

FASHION &amp; STYLE

# Who Would Pay \$300,000 for a Handbag?

By DESIREE AU JUNE 3, 2016

HONG KONG — In a packed bidding room last Monday, Christie's Hong Kong hosted its 30th-anniversary auction. The tightly curated catalog featured 30 lots, each chosen for its desirability and origin in categories such as fine art, ancient ceramics, jewelry, watches and rare wines.

And handbags.

One of the auction's stars was a 12-inch Hermès Birkin matte Himalayan crocodile handbag, with white-gold hardware set with 245 F-color diamonds weighing close to 10 carats. With a presale estimate of \$190,000 to \$260,000, it was billed as “the most valuable handbag in the world.”

The standing-room-only crowd, mostly from mainland China, with a smattering of collectors from Taiwan and Japan, watched with barely bated anticipation as Jussi Pylkkanen, the global president for Christie's, presided from the podium over bidders who drove prices for the Birkin quickly past \$128,679 (or about 1 million Hong Kong dollars). In a mere four minutes, the bag was sold (to a private collector), and a record set, at \$244,490, before a buyer's premium (for a total of \$300,168, just over the standard retail price of \$280,000).

That an Hermès Birkin fetched more money than a hanging scroll belonging to the Chinese Empress Dowager Cixi of the Qing dynasty (1 million Hong Kong dollars), or a rare solar-powered dome clock by Patek Philippe (also 1 million

Hong Kong dollars), is testament to the mythical status the bag commands.

“Our London office began auctioning off fashion items as part of estate sales in the 1990s, and in 2000 began including contemporary handbags as collectors’ pieces,” said Matthew Rubinger, the Hong Kong-based international director of handbags and accessories for Asia. After a successful stint selling bags in online auctions, Christie’s opened its handbags and accessories departments in Hong Kong and Paris in 2014. Christie’s now holds twice-yearly handbag and accessory auctions in Hong Kong, alongside its more traditional sales.

As to the frenzy over the Himalayan Birkin (aside from the diamonds), “White is the hardest color to achieve with crocodile skin, as you have to remove all of its natural pigment,” Mr. Rubinger said of the graduated tone from gray to white, inspired by majestic mountains. “To find a bag in its unused condition is even more rare.”

The seller was a private collector who had owned the unused Birkin since 2008. It is believed that only one or two of these bags are produced each year by the Hermès atelier.

Mr. Rubinger’s job is now focused on sourcing the bags for his growing clientele and assessing the quality of the consigned products on a four-grade scale (from a score of one for a brand-new bag to a four for a used one). Many of his customers are clients of Christie’s and collectors of jewelry and art, but Asia’s affluent customers are quickly fueling demand.

“Chanel has always done well in the secondary market, and we also sell Gucci and Balenciaga, but Hermès clearly is the leader,” he said, adding that the client base “is split between Asia and Europe,” with many repeat customers.

“Our previous record-holder was a 35-centimeter fuchsia crocodile Birkin with diamond hardware, which sold for 1.4 million, without the premium,” he said, referring to the sale in Hong Kong dollars. “Custom orders and exotic skins are always popular. Lizard skin is having a moment right now.”

It might seem ridiculous to some to treat a handbag as an investment, but for a Birkin collector like Emily Chan, a Hong Kong-based investment banker, it is one worth making. She owns more than 50 of the bags, purchased as a V.I.P. customer from the Paris, Hong Kong and Tokyo boutiques, as well as on

secondary markets, via auctions. “Birkins are both an investment and a fashion accessory to me,” she said. “Birkins are like currency: You can cash out any time.”

Of all the ways to access the bags, “I like auctions, as you are not shopping alone,” she added.

Her favorite Birkin is “unreservedly” the Himalayan. “For the past 35 years, the Birkin’s price trend has been all the way up, performing even better than gold,” said Ms. Chan, who began collecting in 1993. “Art and jewelry are also good investments, but their barrier to entry is much higher, and those markets, too, have volatility. And they are not as liquid as the Birkin.”

Birkins have climbed in value by 500 percent in the last 35 years, an increase expected to double in the next 10 years, according to baghunter.com, an online platform for buying and selling luxury handbags.

This may be why — even beyond auction houses — a secondary Birkin market run by a handful of resellers has sprung up in settings from Japan to Florida. Brand Off’s flagship store in Tokyo’s Ginza district is just a short walk from Hermès’s own flagship boutique, while the pre-eminent reseller in Paris, Loïc Bocher, the founder of Collector Square, has created the LuxPrice Index, a referencing chart for Hermès, as well as for watches and jewelry, with results from about 200,000 auction transactions. He acquires his bags from a network of shoppers in Europe with ties to Hermès boutiques, and resells them to customers in the Middle East and Asia. His showroom, elegantly decorated like a home rather than a vintage boutique, displays an array of Hermès Birkin and Kelly bags, as well as Chanel’s classic 2.55 handbag.

“From our research, we know that the Asian customer prefers the smaller 30-centimeter,” Mr. Bocher said, “while the European customer likes the 35-centimeter. And the most popular colors are beige, black and brown. For new, unused Birkins, we would have a markup of 10 percent to 20 percent above retail. Our customers are always looking for something unique.

“We had a Birkin So Black,” he continued, referring to a limited-edition style with black hardware released during Jean Paul Gaultier’s tenure, “which we sold within a few hours of acquisition.”

Collector Square also works with Artcurial, an auction house to which it

sends pieces of exceptional quality and rarity.

In the United States, Privé Porter, a dealer based in Boca Raton, Fla., sold a red crocodile Birkin with diamond hardware last year for \$298,000. Jeff Berk, Privé Porter's founder, who had previously sold liquidated luxury watches, started selling Birkins on eBay in 2012. "We received an overwhelming amount of interest on the bags," he said of the two he sold, "and my wife and I pulled together \$250,000 to invest in our first inventory. It's been a process of consolidation, as we started to work with a V.I.P. clientele, stylists and those who have relatives working at Hermès to receive a steady supply of bags."

Sixty percent of Mr. Berk's clients are from the United States and 30 percent from the Middle East and Asia, with the remainder from South America, he said. He has a staff of five, and a warehouse of about \$1.5 million in handbags. "There is just something about a Birkin," he said. "It's like owning a Mercedes-Benz: When you close the door of a Mercedes, it sounds different than a Toyota. And that's what Hermès customers know and buy into. To many of our customers, to own this bag is to achieve a sense of competence like nothing else."

In 2014, Robert Smith, a Texas hedge fund titan, and his wife, Hope Dworaczyk, a Playboy Playmate who appeared on "Celebrity Apprentice," requested that Mr. Berk find them 30 Birkins to give away at a staff Christmas party. (Their budget was \$500,000.) "It took us 30 days, but we did it," Mr. Berk said.

Ms. Dworaczyk, who is an Hermès V.I.P., said: "I wasn't expecting them to succeed on the Christmas party. But when I saw the Brink's truck pull up, I lost my mind."

All of which makes the fact that Wednesday's follow-up auction at Christie's included 200 handbag lots — more than half of which were Birkins — and that handbag sales for the two days totaled \$5,044,890 a little more understandable.

"As handbags become more easily traceable, and values continue to increase, more collectors are seeing their handbags as assets," Mr. Rubinger said. "Even those with no intention to sell want to better understand the lasting value of these pieces."

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