

## Ultra-Rich Clutch \$191,000 Bags for Comfort as Wealth Shrinks

By Sara Gay Forden and Cotten Timberlake

Dec. 5 (Bloomberg) -- The black crocodile Birkin handbag displayed at [Hermes SA](#)'s Milan boutique in October was one of a kind, with a diamond-studded clasp and a 150,000-euro (\$191,000) price tag. It had already been sold.

In Tampa, Florida, [Gucci](#) sold a pair of gold and topaz earrings for \$73,000, the price of a small suburban house. Also in the U.S., [Bottega Veneta](#) sold a \$75,000 crocodile Cabat handbag and a \$61,000 gold-link necklace.

Some wealthy shoppers continue to splash out on exotic-skin bags, fine jewelry and custom-made pieces while the U.S., Japan and the 15 European nations using the euro slip into a recession, cutting the value of their assets. Their purchases may offer some consolation to the 175-billion-euro luxury goods industry bracing for the worst holiday shopping season since the Sept. 11, 2001, terrorist attacks.

**Most people worth at least \$30 million "are not facing a personal liquidity crisis and expect to spend as much or more this holiday season than they did last year," said Russ Prince, the president of Prince & Associates Inc. The private-wealth researcher surveyed 518 people, each of whom own at least one jet.**

**"They aren't cutting back because of some kind of moral rationale," Prince added. "They don't feel guilty about spending."**

Sales of luxury goods at Milan showroom [Winwood](#) have grown 20 percent this year on repeat orders for items such as Nancy Gonzalez crocodile handbags, which start at 1,500 euros, said owner Morena Zabeni. "People with money either want Hermes or something that isn't recognizable."

Australians, Finns

Kathleen Beckett, who runs personal shopping service Beckett's Black Book in New York, said an Australian lawyer spent \$100,000 this year on clothes, including Tom Ford, Alan Flusser and Duncan Quinn designs. Last month, a Finnish lawyer spent \$20,000 in four hours on clothes with brands such as Jussara Lee and Shelly Steffee.

"Wealthy consumers will continue to buy luxury," said [Milt on Pedraza](#), chief executive officer of the [Luxury Institute](#), a New York-based research firm. "People who were worth \$10 million now are worth \$7 million. That's a big drop, but they still have a significant amount of money."

In Milan, jeweler [Mario Buccellati](#) sold a 150,000-euro handmade silver set with a champagne cooler to a Russian client, while a U.S. customer ordered a 90,000-euro pair of gold and diamond earrings for his wife after seeing a photo on the Internet.

'Crisis, No Crisis'

"Quality is expensive, crisis or no crisis," according to Gianni Versace SpA Chief Executive Officer [Giancarlo](#)

[Di Risio](#), who said the 140,000-euro gold and diamond limited edition Gianni Versace Couture watch has a six-month waiting list.

To be sure, the world's wealthiest shoppers may not offset the recession's impact on high-end brands. Luxury goods sales may decline 15 percent next year in Europe, which accounts for almost half the industry's revenue, Morgan Stanley analyst [Louise Singlehurst](#) said in a report.

She predicted a 14 percent drop in the U.S., where luxury brands make 16 percent of revenue.

Rich people's assets may contract this year for the first time since 1996, when Capgemini SA began tracking "high net worth individuals," who have liquid assets of more than \$1 million, and "ultra high net worth individuals," said [Ileana van der Linde](#), who helps produce the company's annual wealth report.

'Feel Better'

Before the financial crisis, shopping for luxury goods was "a 'Sex and the City' thing," said Karina Bignone, an American interior decorator based in Milan. It was "psychologically an 'I want to feel better' moment, and you'd go shopping."

Now she buys clothes and accessories that won't go out of style in a season. She purchased some 2,000 euro dresses from Lanvin and Balmain for year-end festivities, 600 euro shoes from Jimmy Choo and a 5,500 euro brown Birkin, while canceling her 10th wedding anniversary party in April because "it doesn't feel right" to send out invitations.

Sixty percent of those in Prince & Associates' survey "don't care about how much they spend" on luxury goods, said Prince. While they may reduce spending on items such as yachts and helicopters, they "will still buy the \$200,000 necklace for the wife."

Yves Saint Laurent last month sold two Uptown crocodile handbags for 19,000 euros and a mink coat for 17,000 euros. [Mulberry Group Plc](#) sold all 20 of its 2,000-pound (\$3,000) Ostrich Bayswater bag in six weeks.

Russian Spending

In Moscow, shoppers continue to spend even after Russia's benchmark [Micex Index](#) plummeted 55 percent in the three months through November and the price of crude oil, the country's main source of export revenue, fell 50 percent in the same period.

Chanel sold a 6.3 million ruble (\$225,000) white alligator purse with a diamond-encrusted clasp last month, while [Louis Vuitton](#)'s Stolesnikov store sold five out of six mink coats in stock for between 620,000 rubles and 1.1 million rubles. Vuitton's Gum store on Moscow's Red Square also sold a made-to-order Louis Vuitton steamer trunk for 610,000 rubles, store manager Vera Zenkovskaya said.

"The crisis won't hit those society elements who buy these things," Zenkovskaya said. "They are unlikely to save. Such exclusive things will continue to get sold."