Crypto Collapse Claims Its First Luxury-Good Victim, But It Won't Be the Last

Crypto's endured a long, hard fall in recent months – and it's set off a chain of declining demand that will likely get worse before it gets better.

Luxury watches on the secondary market from brands Rolex and Patek Philippe, which sold for record-high prices earlier this year, have fallen, *Bloomberg* reports. It's the first luxury sector to feel the effects of crypto's collapse, but it's unlikely to be the last.

Why the soaring demand in the first place? In addition to crypto and stock-market gains, stimulus cash bolstered the secondhand-timepiece market, one segment of the larger luxury-goods market, which includes handbags, designer sneakers and fine jewelry, among other high-cost items. Rampant inflation and the war in Ukraine contributed to their appeal, as buyers sought tangible stores of value.

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Additionally, some younger buyers entered the market for the first time, including Gen Zers, drawn in part by watchmakers' responsiveness to their interest in ethical consumerism.

"As a luxury brand, we are now able to gather people at cleanup events," Rolf Studer, the co-chief executive of Swiss watch brand Oris, told *The New York Times*. "Ten years ago, everybody would have said, 'That's crazy.' People wanted a

glass of Champagne. Now they go to the beach to collect trash."

Owners of Rolex and Patek Philippe timepieces in particular saw major benefits from the boom. At one point, the three most popular models – the Rolex Daytona, the Patek Philippe Nautilus and the Audemars Piguet Royal Oak – were fetching their retail prices many times over. Per Bob's Watches, the Rolex Daytona, which debuted in 1963 and was made popular by acting and racing enthusiast Paul Newman, retails for a minimum of $14,550 today. (Newman's own Daytona was recently auctioned off for $17.8 million).

Now, higher interest rates, continuing inflation, and the absence of some Chinese and Russian buyers due to lockdowns and the ongoing war in Ukraine have brought that demand back down, dropping prices by an estimated 25%. While handbags and other luxury goods have yet to see a similar decline, a fall isn't off the table, as demand for them was fueled by the same factors driving the watch market.

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Only time will tell if the watches make a quick comeback, or if the threat of a looming recession takes out their luxury counterparts next.

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