Luxury clothing market to rise above $149bn this year, says GlobalData

By Sandra Halliday - 31 May 2022

The luxury apparel market bounced back well last year, despite the ongoing pandemic, and is set to surge again this year, new analysis shows.

In its latest report, *Luxury Apparel Market Size, 2020-2025*, research specialist GlobalData said the market grew 24.1% last year as it recovered from the devastation seen during the first year of the pandemic. Major luxury conglomerates, particularly LVMH and Kering, made the most of the heightened consumer appetite for luxury goods as demand jumped when restrictions were loosened. This meant luxury recovered its Covid-19-related losses.

And that recovery is continuing with growth this year predicted to remain high at 10% to reach a market size of $149.2 billion. That percentage figure is particularly important because it's higher than the wider global apparel market that's set to rise 'only' 8.4% in 2022.

The performance will be driven by “strong domestic demand in the Asia-Pacific region and the US, despite mounting economic difficulties,” we’re told.

In fact, APAC should outperform the total luxury market until 2025, with a compound annual growth rate (CAGR) of 7.9% from now until then, compared to 6.7% for the total luxury market.

But the US will also be key. Many luxury businesses have highlighted the current strength of the segment in the US and GlobalData said that the market was helped in 2020 and 2021 by stimulus cheques that many consumers invested in items such as high-end handbags.

The company expects the US to see a CAGR of 11.3% up until 2025.
The report also noted that the market has been surging in popularity as “Gen Z and millennial consumers perceive them as increasingly aspirational”, with brands selling at ultra-luxury prices such as such as Balenciaga and Louis Vuitton “successfully tailoring their offers to younger shoppers”.

Apparel analyst Louise Deglise-Favre said: “Luxury brands have been incorporating more casual and streetwear styles into their ranges, embracing the general casualisation trend sweeping the fashion industry. For example, Louis Vuitton, Dior and Gucci have collaborated on limited edition collections with leading sportswear and streetwear brands such as Nike, Adidas and The North Face during the past few years. These luxury sportswear collaborations have proved extremely popular, especially with Gen Z consumers, placing luxury brands in an ideal position for growth in 2022 and beyond.”

She also expects the wealth of the segment’s core shoppers to protect it from the rising inflationary pressures on discretionary incomes being seen at present.

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