

Why will luxury always be in high demand?

The past decade has demonstrated that - even against an uncertain economic backdrop - people will continue to invest in luxury goods.

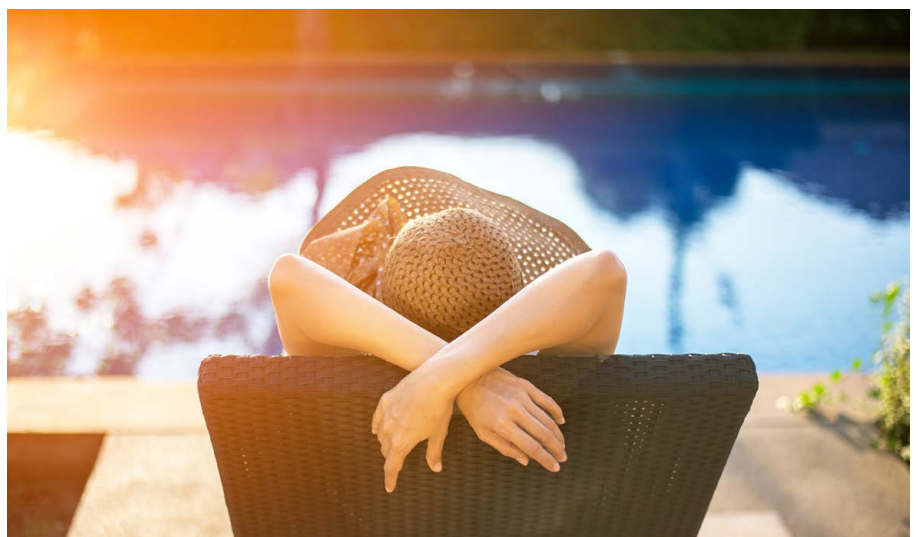
Deloitte's Global Powers of Luxury Goods 2017 report revealed that year-on-year, luxury goods sales have grown by 6.8 per cent. Also, the average luxury goods sales of Top 100 companies now stands at \$2.1 billion (£1.6 billion).

It was also found that consumers in emerging markets are continuing to drive growth in the luxury sectors, with the UAE, China and Russia all being major players. In these emerging luxury markets, consumers claimed to have increased their spending by 70 per cent, while those in more mature markets such as the EU, US and Japan reported a 53 per cent rise in spending.

So why will luxury goods always be in high demand?

The feel-good factor

There is no doubt that the feel-good factor plays a huge role in the decision to purchase luxury goods. Whether you're investing in luxury property, cars or other high-end retail goods, there is a huge amount of satisfaction to be had knowing you have the best product available on the market.





High quality

There is a reason that luxury brands are able to charge far more than cheaper retailers: a long-standing reputation for producing high-quality goods.

While consumers might be able to access lookalike products on the high street, they cannot have that watertight assurance of quality unless they possess the genuine article. People will pay more for a desirable piece knowing it will stand the test of time, rather than opting for cheaper alternatives they have to constantly replace.

Rewarding themselves

One of the major reasons consumers will hand their credit card over to buy a luxury brand is to reward themselves. Luxury items are incredibly desirable, and - whether they've been working particularly hard lately, or just had a bad couple of weeks - buying an expensive product is likely to guarantee a rewarding uptick in mood.



Positioning themselves as a luxury purchaser

Researchers from the Hanken School of Economics found that when consumers gift themselves luxury products, they are not only rewarding themselves with a high-end treat, but that comments from others surrounding their new purchase are also an important part of the reward process.

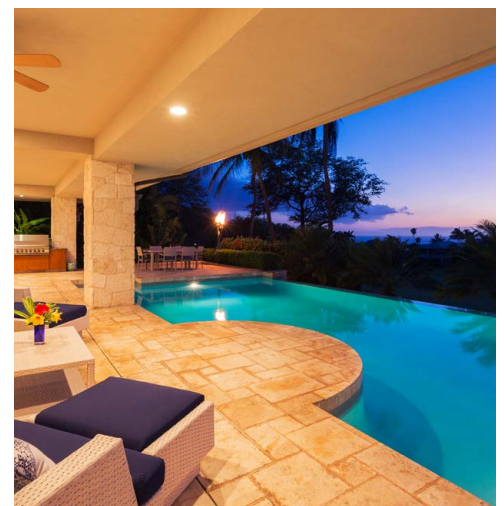
This suggests that while superior quality and the feel-good factor certainly contribute to luxury purchasing decisions, others' opinions of the product - and by extension its owner - also play a huge role.

Aspirational

Consumers' desire to be associated with luxury products is never clearer than on social media channels such as Instagram.

Luxury brands commonly use the photo-sharing platform to entice followers to spend - and consumers are fast following in their footsteps.

It's common to see aspirational products displayed on the social network, and brands tagged in the image. This, in turn, makes the poster's followers aspire to live a similar lifestyle, and to upload images of their own belongings.



Property market



The property sector is a huge part of the luxury market. Where you live says a lot about the person you are - from location and interior decor to the floor of a development you live on - and smart investors are well aware of this fact.

People love to show off their surroundings and take comfort in living in – or owning – their own piece of luxury which they can call home. From inviting friends and family over for a meal or to stay for the weekend, a home reflects the lifestyle of the individual living in it and it allows them to project who they are to the people they care about.

However, luxury property investment is not all about identity. Spending more on property should also ensure that comfort is interwoven into the aspirational lifestyle: from designer furnishings and built-in gadgets to the beautiful yet convenient locations of such homes.

This can be said for the luxury rental market. Landlords who own a luxury property can command higher rents as the higher standard of property they provide is typically easier to rent out.

The target rental market may not be able to afford to own a property of that specification however, they are comfortable with paying a premium rent to live in an apartment or house that reflects their lifestyle and status in life.

For more information about investing in luxury UK buy-to-let opportunities, contact Experience Invest today. Email info@experienceinvest.com, call +44 (0)207 834 1113 or visit experienceinvest.com.