

# THE AUSTRALIAN Financial Review Magazine

[Life & Luxury](#)[Fashion & Style](#)

## Why Australians are spending up a storm on luxury items

*In defiance of logic, they are spoiling themselves like there's no tomorrow – from used Birkin bags to in-home hair salons.*

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Melbourne investment banker and avowed long luncher David Williams recalls a happy afternoon at Sydney beachside restaurant Mimi's, where he treated himself to a “caviar pie”; a disc of scallop mousseline encased in pastry and topped with a thick layer of black caviar. It cost \$150. Further down the menu was steak, for \$298.

That might seem steep, but not to Williams' palate. “They should be charging more,” he says, adding that a recent trip overseas had put Australian prices into perspective. “In New York, I thought, ‘I'm never going to complain about the price of Melbourne restaurants again’ ... I look at the price of labour, of fresh food, and these restaurants are full ... and they're not covering their costs. But people are clearly prepared to pay.”

Indeed they are. Two years of enforced savings – lockdowns, closed borders – plus the highest inflation rate in 30 years have recalibrated our perception of value. For Anthony Puharich, of Victor Churchill butchers [<https://www.afr.com/life-and-luxury/food-and-wine/mail-order-meat-on-the-menu-for-most-beautiful-butcher-in-the-world-20191111-p539cp>] in Sydney's Woollahra and Melbourne's Armadale, this year has been one to savour. "It's like a bottle of champagne popped," says Puharich. "The valve released."



Australians are spending up a storm on luxury items. **Tanya Cooper**

"In two decades we have never sold so much high-end wagyu [<https://www.afr.com/policy/economy/inflation-rate-rises-why-worry-we-still-want-our-wagyu-and-shiraz-20220810-p5b8u5>] as we have in the past 12 months. We're importing it from Japan; it's 500 bucks a kilo. It's the most expensive meat in the world, 10 times the price of a good piece of meat." Puharich explains it's pricey because the cattle are massaged, fed beer and treated to music by Chopin and Mozart.

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over.” Welcome to Australia, where riches are not so rare. Throw another \$500 T-bone on the barbie.

Economist Chris Richardson says Australians saved an extra quarter of a trillion dollars through 2020 and last year. That’s equivalent to about eight months of total retail spending, which helps explain why monthly retail sales were still rising as at September. It’s quite an achievement, given the Reserve Bank of Australia has been lifting interest rates

[<https://www.afr.com/policy/economy/rba-s-rate-rises-to-keep-coming-20221206-p5c42v>] since May.

“It also explains the big conundrum: consumers are shopping, but they’re feeling terrible doing it,” says Richardson, noting that consumer sentiment has tanked to recessionary levels. “We’re starting to see a slowing in retail spending. But you could say that so far, the Reserve Bank hasn’t done too much damage to the retail therapy that began after COVID.”

And what therapy it has been. At Sydney’s Trading In Style consignment store, a grained black leather Birkin [<https://www.afr.com/life-and-luxury/fashion-and-style/it-s-fashionable-to-turn-cast-off-birkins-into-money-bags-20211205-p59ey8>] sold for \$19,000 within an hour. Brisbane’s Luxe It Fwd has sold three this year, for \$20,000, \$17,000 and \$15,000. Trading In Style mainly uses Instagram to sell. Customers direct-message to purchase, often within a minute of it going online.

It all makes art consultant and occasional luxury-brand shopper Viola Raikhel-Bolot shake her head. When, at the age of 30, she bought her first Hermes Birkin, it was a considered purchase. “I nourished my relationship with the sales associate. I was willing to wait. I did the work. I mean, it’s not work. But you know what I mean. Girls these days, they cannot wait.” The Hermes Birkin, of course, has a particular allure. Even before the post-COVID supply shock you would have waited at least a year to buy one. But

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It's a similar story in cars. Prices for second-hand Range Rover

[\[https://www.afr.com/life-and-luxury/cars-bikes-and-boats/you-ll-have-to-wait-for-the-first-full-sized-range-rover-since-2012-20220718-p5b2k6\]](https://www.afr.com/life-and-luxury/cars-bikes-and-boats/you-ll-have-to-wait-for-the-first-full-sized-range-rover-since-2012-20220718-p5b2k6) Sports have eclipsed the \$180,000 it costs to buy a new one because buying new means waiting for up to a year. Last month, Lamborghini said it had sold out all its stock – through to 2024. Midway through this year, one Sydneysider put down a deposit for a \$400,000 Porsche 911 coupe. He was later told they couldn't supply his car within the current model cycle. He could have his deposit back or go on the waiting list for a car he hasn't seen, at a price yet to be determined.

Nothing, it seems, is too expensive to be out of stock. Bombardier has nearly \$1.36 billion of private jets

[\[https://www.afr.com/companies/transport/frustrated-business-travellers-get-a-better-deal-on-private-jets-20221125-p5c19l\]](https://www.afr.com/companies/transport/frustrated-business-travellers-get-a-better-deal-on-private-jets-20221125-p5c19l) on order for Australians. Demand is so strong that the Montreal-based company has established its first local service centre, at Melbourne Airport.

Interviewed last month by *The Australian Financial Review*, chief executive Eric Martel suggested any looming recession was unlikely to produce much turbulence. "Customers have put down substantial deposits already," he said. "I don't think they want to lose their money. Because if they cancel, they will."

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Says Merivale's Frank Roberts: "People are treating themselves. They want to make things special; 'premium-isation' is key to the experience." **Tanya Cooper**

Some of the passengers on these hard-to-get private jets are the chief executives of global luxury giants. Before the pandemic, it was rare to see a global fashion CEO in Australia, but now they pop in quite frequently. Touchdowns this year include the CEOs of Chanel, Cartier, Montblanc, Ferragamo, Bally, Fendi, Ralph Lauren and Van Cleef & Arpels. That last brand is growing so quickly in Australia that it decided to try something that no other brand in the Richemont conglomerate that owns it has ever tried before – to open in Auckland.

And if its chief, Nicolas Bos [<https://www.afr.com/life-and-luxury/fashion-and->

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half a dozen choppers. “This year, we were booked out through all of August and into early September.”

Jewellers have had an especially good year. At Leonard Joel, an Argyle fancy pink diamond ring sold for \$600,000 in August – the most expensive coloured diamond sold at auction locally so far. At Bonhams, too, records have tumbled; two Van Cleef & Arpels brooches sold for more than \$14,000 each. Gift-giving has also taken a step up.

“I saw this woman buying Paspaley for her friend,” says prominent Sydney real estate agent [Monika Tu](https://www.afr.com/life-and-luxury/fashion-and-style/the-property-entrepreneur-who-wears-chanel-on-her-days-off-20200715-p55cd2) [https://www.afr.com/life-and-luxury/fashion-and-style/the-property-entrepreneur-who-wears-chanel-on-her-days-off-20200715-p55cd2].

“Her friend? I was like, buy it for yourself!” The local head of one luxury French jewellery brand says weekly turnover in October was equal to weekly turnover in December last year. That is, October is the new Christmas.

And as for Christmas? “We have 800 Kurobuta hams,” says Puharich. “By the second week of November, half of them had sold. They’re \$365 a pop. You have to book holidays months in advance. Now you have to order your ham months in advance too.”

Nick Hildebrandt calls them “wine tourists”: a category of customer at his Sydney venues, which include Bentley Restaurant + Bar, Monopole and Yellow, who probably don’t have cellars of their own at home, but are looking to spend big on bottles when they dine out.

“A lot of them will tell me, ‘this wine is on my bucket list,’” says Hildebrandt. “They’ll take a picture of the bottle, put it on social media. We are regularly selling bottles at upwards of \$1000. Five years ago, that didn’t really exist.”

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tradie or a retiree. And it's flying off the shelves. They could have fish and chips for \$20, but they're wanting to make it more special than that. It's Tuesday!"

The spate of high-profile restaurant openings across the country shows a hopefulness that this trend will continue. At Chris Lucas' Grill Americano, which opened in April, white-jacketed waiters serve bistecca: starting price \$135 (add truffle for \$16.50 a gram). In Sydney, Parlar offers a Catalan-inspired seafood platter for \$225. A note on the online menu reads as a warning: please pre-order to avoid disappointment.

Brett Robinson opened Shell House, in Sydney, for exactly this kind of customer. His biggest problem right now is staffing. "We could open for lunch and dinner seven days a week, but we don't have the staff. And when we are open, people are settling in for long lunches, lock-in dinners. It's not unusual to have Saturday night tables where the bill is \$10,000 – even \$20,000."

When we are not dining out, we are making our homes more luxurious. Since the pandemic began, interior designer Thomas Hamel has had "the busiest years" of his career, during which high-net-worth clients requested bespoke elements like never before.

"Specialty appliances are very hard to come by right now," he says. "Wine fridges, double ovens, steam ovens ... people want their homes to be curated exactly for them." Also on the wish list are Lego rooms for children, his-and-hers offices (as hybrid work continues) and theatres. "Oh," he adds, "I've also had people ask for hairdressing stations. Just in case we go into lockdown again."

Lockdown again? Surely not. But a recession? That's got better odds. Inflation keeps going up, and with it expectations of more rate rises.

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Mortgage holders with fixed rates have been spared the rate rises, but Commonwealth Bank chief Matt Comyn says 70 per cent of the increases will be passed through by March as those fixed loans roll off. Happy new year? Let's check in come autumn. Chris Richardson strikes a hopeful note: although house prices are still falling, the pace of falls is moderating. "If the ultimate aim of the Reserve Bank is for a soft landing, then achieving a soft landing for house prices is a good start."

But more prosaic is the advice that comes from Monika Tu, who sells properties to wealthy Chinese-Australians. "Chinese people used to be like, save for a rainy day, you never know what is around the corner. And now we are like, spend it, you never know what is around the corner."

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## **Matthew Drummond**

*AFR Magazine editor*

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*National reporter*

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