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The Prada-Versace deal is officially underway. On Tuesday, the **European Commission approved Prada Group's €1.25 billion acquisition of Versace**, stating the merger poses no competition concerns in the luxury market. The transaction is expected to close before the end of 2025.

The acquisition marks a new chapter for Versace, which Capri Holdings (owner of Michael Kors and Jimmy Choo) put up for sale earlier this year after its blocked merger with Tapestry. Versace, once an icon of flamboyant glamour, has struggled financially — reporting a **15% revenue decline to \$193 million in FY2025**. Prada, meanwhile, has defied the global slowdown with **9% sales growth to €2.74 billion in the first half of 2025**.

Prada steps in as Versace seeks revival

Versace recently welcomed **Dario Vitale**, its first-ever non-family creative director, from Miu Miu. Vitale succeeded **Donatella Versace**, closing a defining 45-year era for the house. His debut SS26 collection leaned on Versace's '80s DNA with bold tailoring and vibrant colors, drawing both praise and debate.

Industry analysts see Prada's move as a **strategic power play against French giants LVMH and Kering**. The acquisition strengthens Italy's luxury standing but comes with challenges: Versace is currently unprofitable and will need reinvestment in design, distribution, and brand positioning.

"Prada is far more focused on fashion and will likely put more emphasis on strengthening Versace's brand identity rather than chasing volume," says Neil Saunders of GlobalData. Analysts highlight growth potential in **leather goods, accessories, retail upgrades, and international expansion** across Asia and the Middle East.

What's next for Versace?

In the short term, Prada must complete financing agreements, legal approvals, and ownership transfers before beginning full integration. Once under Prada's fold, Versace will need sharper merchandising, stronger marketing investments, and a cleaner retail strategy focused on **full-price luxury positioning**.

"The bottom line here is that Versace is a big name but still a relatively small business that should be bigger," says Saunders. "Prada needs to work to ensure Versace reaches its true potential."

As fashion watchers await Versace’s transformation, all eyes will be on how **Prada balances the house’s flamboyant heritage with disciplined luxury growth.**

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