

Credit crunch: why the Super Rich are different

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As a Monet goes for £40m, Jessica Fellowes explains why the uber wealthy are spending their way through the credit crunch

"Take as much time as you like," said the Christie's auctioneer, to one of the bidders for Claude Monet's Le Bassin aux Nymphes on Tuesday night. The three-way battle for the painting, between two telephone buyers and a woman at the front of the room, was becoming increasingly fierce.

The bids had been going up in £500,000 leaps but the auctioneer only finally brought down the gavel when the price had reached £40.1 million. A new record for a Monet - and yet amazingly it was only last month that another Monet record of £21.5 million was set.

The sale demonstrates a strange dichotomy. The credit crunch is all around us: food riots, rocketing fuel prices and sinking house values are deepening the gloom. But one group of people are sailing through without a care in their bulging leather wallets: the Super Rich.

There are just two economies now: the Super Rich and Everyone Else. Everyone Else can only hope that the best things in life are free, but the Super Rich know that they can just put them on their American Express Black Card.

To borrow a phrase (I can't afford to buy anything these days): if you don't think money can buy you everything, you just don't know where to shop. I took a look at a typical Super Rich shopping list, and found superjets for \$55 million [£27million], apartments for £36 million, a diamond ring for £3 million, and even a £225 cocktail.



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The luxury goods market alone is set to see a 10 per cent growth this year. Last week, Mulberry reported an impressive set of preliminary results showing revenues up 14 per cent and total UK sales up 29 per cent.

This followed Burberry's figures, which showed a 25 per cent leap in profit [in the last tax year], with sales of accessories rising by 39 per cent alone, generating almost a third of its entire revenue. Hardly surprising when one considers the fact that there is a growing waiting list for its Warrior handbag - a steal at a mere £11,000.

Upmarket accessories brand Bottega Veneta, owned by Gucci, has also seen a 32 per cent sales increase, probably helped by stores opening in Vilnius, the Ukraine, Shanghai, Beijing, Moscow, Dubai and Mumbai in the last year alone.

A wise move: while there's little doubt that the Super Rich still love shopping and partying in Britain, less than half are home grown. There are 75 billionaires living here (according to the Sunday Times Rich List 2008) - but 40 of those originate from Israel, Russia and India.

According to Forbes magazine, there are now 1,125 billionaires worldwide, with 87 of them living in Russia (thanks to oil prices continuing to pump up the country's economy, combined with the fairly recent privatisation of formerly government-owned resources, Russians are currently dominating the billionaire stakes). Of course, those are only the ones that Forbes knows about. One source told me that he had remarked to a friend: "I see you're not on the Forbes list any more." "No, and I'm very happy about it," the Super Rich man replied. "It took some arranging, but I managed to get out of it."

So discreet are the Super Rich that they don't travel with Everyone Else. Instead they call Justine Angelli, CEO and founder of Avolus, based in London's Battersea heliport. In operation since September 2005, the company originally started as a limousine service but quickly found it was getting more calls for jets than limos.

"Now we charter four types of luxury transportation - cars, helicopters, jets and yachts - the only company to do so," says Angelli. "We've done three times as well in the first quarter of this year as we did last year.

When we sold our first flight for £6,000, I thought it was a miracle. Back then, I thought someone with a disposable income of a quarter of a million was doing well. Now, I probably won't do business with you unless you have over a billion."

One client demanded that three kilos of vegetables were picked up and flown to London: "the potatoes from Russia, the tomatoes from Georgia, lettuce from somewhere else..." recalls Angelli. "We had to clear it all through customs, which in itself was almost impossible, for it to reach the restaurant where our client had it all cooked for his supper."

Ten per cent of Avolus's business is in flying pets, as clients don't want their furry friends to go in the hold. "One even thought it was unfair for her dog to have to pee on board. As it was a transatlantic flight, we had to stop in Canada for the dog to do its business. That cost £50,000."

Some of the Super Rich prefer to buy their own private jets. The most coveted at the moment is the Challenger 850 at \$55 million [£27 million]. But demand is greater than supply, and if you order now

you won't get one until 2011.

Angelli has also had 17 enquiries recently for the G450 - a bargain at just \$42 million [£21 million].

"The Russians always want the biggest and the best and it constantly pushes the market forward," she explains. She doesn't expect business to let up any time soon. "If anyone has to downsize, the private jet is always the last thing they want to give up."

But there don't seem to be any cutbacks among the Super Rich, anyway. The art and antique market has held strong in the current climate and foreign investors are especially keen to buy in London while the pound is strong against the dollar.

Roman Abramovich's girlfriend, Daria Zhukova, is establishing herself as a serious gallery owner and Abramovich himself spent £60 million on two paintings by Francis Bacon and Lucien Freud last month. In fact, Russians accounted for nearly 40 per cent of Impressionist sales last year.

If art is holding steady, the jewellery market is even firmer. Why else would Chopard choose Tuesday this week - bang in the middle of the credit crunch - to launch London's most expensive cocktail at the Westbury Hotel?

At £225 a glass, the Chopardissimo - a vodka martini with Beluga caviar, accompanied by a rosewater and mint jelly plus green tea sorbet - was served up to just a hundred or so of the company's closest friends.

Denis Bellessort, director of the exclusive jewellers, is in a good mood. "Right now is the best time ever for exceptional pieces," he says. "The mid-market range has almost dried up" - that'll be Everyone Else then - "but pieces between £1 million and £20 million have never sold better."

But you will rarely see these pieces on display. Denis says the Super Rich are Super Discreet, and this is even reflected in the stones they choose. The cushion-cut diamond is sought after for its soft, internally reflected light. A salmon pink one sold recently to a Middle Eastern client for just over £3 million.

Jennifer "from the Block" Lopez might covet yellow diamonds - her husband presented her with a \$300,000 eight-carat yellow canary diamond ring after the birth of twins - but Denis says they are merely "the start of the super range".

Meanwhile the jewellers of Bond St have been revving up for one of their busiest seasons. It kicked off with the Grosvenor House Art & Antiques Fair earlier this month and there were also rich pickings at London Jewellery Week, where the Japanese designer Ginza Tanaka showed off a £1million handbag.

It was barely big enough to hold a lipstick or credit card, but then if you can afford an accessory made entirely of platinum and diamonds, you probably don't need to carry a credit card.

The big American and Russian buyers of stones and "pieces" visit Britain round about now, as they can combine their shopping trip with visits to Royal Ascot, Wimbledon, Goodwood Festival of Speed and, of course, Elton John's White Tie & Tiara Ball tonight. (Middle Eastern and Asian clients tend to come

shopping later in September, once they've dropped their children off at boarding schools.)

All these regular trips to Britain mean that the Super Rich want a base in the capital. Not all have quite the budget of steel magnate Lakshmi Mittal, who this week splashed out £70 million for his third house in London's Kensington Park Gardens.

But they are still looking firmly in the seven- to eight-figure brackets. Jeremy McGivern, MD and founder of Mercury Homesearch, finds properties for his clients, frequently at £4 to £5 million - "These might just be a pied-à-terre in the city, or something for their children" - or up to £9 million plus.

While mortgage lenders are pulling their offers, McGivern is as busy as ever: many of his clients are cash buyers. "What I would call 'best-of-breed' properties are still selling for the asking price, even going to sealed bids," he says.

Such houses come with all the gizmos you can think of - and several you couldn't: panic rooms, climate-controlled wine cellars for at least 1,000 bottles, remote-control curtains, gym, bespoke joinery ("by a modern-day Chippendale") and underground parking for several cars - including a car lift that automatically selects the car of your choice and brings it to ground level.

Still not impressed? McGivern was recently challenged to find an apartment for a client who wanted 6,000 sq ft on one floor, for a budget of £36 million (he succeeded).

Not that the Super Rich need to try to impress. One Russian oligarch I met at a private house party at Stapleford Park is the owner of a bank.

He was there with his very beautiful girlfriend for a car rally laid on for the guests (she was deliciously tricked out in Chanel driving gloves, despite staying in the passenger seat for the entire duration). Both were charming and polite.

At one point, he asked me if a 1932 Rolls Royce that was on the rally was expensive.

"Very expensive!" I said. "Maybe £100,000!" He nodded and walked off.

Later I learnt he had just put in an order for a Challenger 850 - £27 million, remember. But then he is Super Rich, and I, sadly, am Everyone Else.