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Despite Tough Times, Ultrarich Keep Spending

Aaron Houston for The New York Times

Paul Parmar has added a BMW and a Bentley to his stable of cars in Colts Neck, N.J.

By CHRISTINE HAUGHNEY and ERIC KONIGSBERG
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Who said anything about a recession? Sometime between the government bailout of Bear Stearns and the Bureau of Labor Statistics report that America lost 80,000 jobs in March, Lee Tachman spent roughly $50,000 last month on a four-day jaunt to Miami for himself and three close friends.

The trip was an exercise in luxuriant male bonding. Mr. Tachman, who is 38, and his friends got around by private jet, helicopter, Hummer limousine, Ferraris and Lamborghinis; stayed in V.I.P. rooms at Casa Casuarina, the South Beach hotel that was formerly Gianni Versace's mansion; and played "extreme adventure paintball" with former agents of the federal Drug Enforcement Administration.

Mr. Tachman, a manager for a company that executes trades for hedge funds and the owner of "a handful" of buildings in New York, said he has not felt the need to cut back.

"I always feel like there's a sword of Damocles over my head, like it could all come crashing down at any time," he said. "But there's always going to be people who are trading, and there's always going to be a demand for real estate in New York."

He is hardly alone in his eagerness to keep spending. Some businesses that cater to the superrich report that clients — many of them traders and private equity investors whose work is tied to Wall Street — are still splurging on multimillion-dollar Manhattan apartments, custom-built yachts, contemporary art and lavish parties.

Buyers this year have already closed on 71 Manhattan apartments that each cost more than $10 million, compared with 17 apartments in that price range during all of 2007. Last week, a New York art dealer paid a record $1.6 million for an Edward Weston photograph at Sotheby's. And the GoldBar, a downtown lounge, reports that bankers continue to order $3,000 bottles of Rémy Martin Louis XIII Cognac.

"When times get tough, the smart spend money," said David Monn, an event planner who is organizing a black-tie party on May 10 for dignitaries and recent purchasers of apartments at the Plaza Hotel; the average price there was $7 million. "Short of our country going on food stamps, I don't think we're doing anything differently."

Some extreme spenders say they have not cut back on their impulse Bentley or apartment purchases because they have made so much money in the good times from the Internet, stock market and real estate. Some have been able to move their money into investments like private equity that are available only to those with extensive capital. Some rationalize cars and home renovations as "investments." And some simply don't want to skimp on the weddings and anniversary parties that they see as milestone events.

"We're trying to spend on what we feel is important," said Victor Self, an executive with a fitness company who, with his partner, is planning to spend $100,000 on a commitment ceremony on St. Barts and a dessert party for 200 to 300 guests at Jeffrey, a clothing store in the meatpacking district.

Many economists warn that the nation's financial troubles may spread far more widely, and could ultimately touch even the wealthiest. The financial sector could lose as many as 20,000 jobs in New York City by the end of 2009, according to the city's Independent Budget Office. And at a March 18 policy meeting, Federal Reserve Board members raised the possibility of a "prolonged and severe economic downturn," recently released minutes show. That threat has undoubtedly caused some affluent people to consider some degree of frugality.

But that still leaves plenty who are consuming away, and one of the things New Yorkers love to consume is real estate. In October, Marc Sperling, the 36-year-old president of an equity-trading company, bought a new condo on the Upper West Side in a building where four-bedroom apartments like his cost more than $4 million. When he moves into the completed building next year, he plans to hold on to his other two apartments in Murray Hill and Miami Beach — each of which he values at about $2.5 million.

Mr. Sperling views the nation's economic slump as a temporary problem, and is grateful that it has yet to affect him. "I think if you have the means to ride it out, that's what you do," he said.

His view of the subprime mortgage crisis seemed to reflect a sort of inverse class resentment.

"I don't want to sound harsh, but the people who were buying million-dollar houses with a combined household income of $70,000 or $80,000 were the ones who were chasing easy money," he said.

Days before the collapse of Bear Stearns, the bank's chairman, James E. Cayne, paid $25 million for a 14th-floor condo at the Plaza Hotel.

He, too, is invited to the May 10 party at the Plaza. It will feature a dozen female string musicians made up to look like statues and clothed in dresses of fresh flowers, like roses and gardenias. There will be caviar and Cognac bars, as well as a buffet designed to visually replicate 17th-century Dutch paintings from the recent Metropolitan Museum of Art exhibit, "The Age of Rembrandt."

Even high-end rentals are going fast. In just the three weeks since it arrived on the market, a four-bedroom apartment at 15 Central Park West, advertised for $55,000 a month, has gone to contract. The broker, Roberta Golubock with Sotheby's International Realty, said she showed the apartment to eight financially qualified prospects.

Some New Yorkers defend their spending as investments or gifts to themselves. In August, Karen Borkowsky and Robert Kennedy, a partner in a law firm, were married at the Rainbow Room. The reception, which the event planner, Shawn Rabideau, lavished with glass and calla lilies, cost $150,000 to $200,000. But when Ms. Kennedy considered that she had survived breast cancer and, at age 41, married a guy she had dated in high school, the wedding's cost seemed less exorbitant. Then, shortly after returning from their honeymoon, the couple started a $400,000 project to combine and restore two apartments into a three-bedroom, three-bath co-op on the Upper West Side. "We are investing in the longevity of the apartment," she said.

There are also some people who say they have not been hurt because they have poured so much money into opportunities not available to the Main Street investor. Paul Parmar, a 37-year-old investor in companies specializing in health care, defense, media, luxury items and private aviation, says he is living just as large as ever.

In recent months, Mr. Parmar, who lives in Colts Neck, N.J., said he bought 140 acres in Mineola, Tex., and is spending $20 million to begin building a refuge there for abused tigers. Since January, he said he added to his car collection with a $110,000 BMW 750 Li (for his girlfriend) and a Bentley Arnage for himself, for about $300,000. He is leasing a Maybach through Luxautica, an "ultimate car club" that has annual fees of about $125,000.

"On a spending level," Mr. Parmar said, speaking about a possible recession, "it doesn't affect me at all." That said, providers of luxury goods reported anecdotal evidence of a widening gap between the merely rich and the ultrarich. Clifford Greenhouse, who owns a household-staff employment company, said he suspects that the merely rich might be starting to lag behind their far richer counterparts, and are trimming their budgets. He cited reduced demand for chauffeurs — a relatively small-ticket service — yet ever-strong demand for private chefs, butlers and "household managers."

Darren Sukenik, a real estate broker with Prudential Douglas Elliman, said that while business may be slower for clients with a mere million to spend on apartments, none of his clients with budgets of more than $2.5 million have stopped shopping. Seth Semilof, the publisher of Haute Living, a luxury magazine, said that luxury car dealerships that advertise with him are pushing Bentleys and Rolls-Royces at the expense of less-extravagant cars like the BMW 5 Series.

"If you look at the $20 million-plus market, it's still strong as ever," Mr. Semilof said. Some of the ultrarich are still willing to pay above sticker price for things they want badly enough. Mr. Semilof helped three buyers in the past two months acquire Rolls-Royce Phantom convertibles for as much as $200,000 above the asking price of $465,000.

And Eric Lepeingle, a yacht salesman for the Rodriguez Group, said that since January, three New Yorkers bought yachts worth $8 million to $35 million. Although the weak dollar does give some pause to buyers considering Italian-built yachts, Mr. Lepeingle said, they eventually give in. "They want the product anyway," he said.

All sorts of products, actually.

"They want their Jeroboam, or Methuselah, or Nebuchadnezzar," said Ronnie Madra, referring to the sizes of Champagne bottles served at 1OAK, a lounge on West 17th Street where he is a part-owner. A Nebuchadnezzar, weighing in at 15 liters, costs up to $35,000.

There would be no Nebuchadnezzar for Mr. Tachman and his friends in Miami, but they soldiered on until the moment the wheels of their private jet returned to the tarmac in New York.

There were hand-rolled cigars, massages, guided rides in racing boats and fighter jets — all arranged by In The Know Experiences, a travel and concierge service in Manhattan.

"It was just all out — it was insane," said Mr. Tachman. "I'm not afraid to spend money like that."

Sharon Otterman contributed reporting.