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John Arlidge

The excesses of the filthy rich

There are 1,200 multi-billionaires in the world and, as the rest of us tighten our belts, they're desperate to splash out. Personal jumbo jets, nine-storey giga-yachts, football clubs, icons of contemporary art, museums in the desert — these are just some of their recent trophy purchases. A report on the big super-spenders

Prince Alwaleed bin Talal's private Boeing 747 cast a shadow over the ranks of Gulfstream VIs and Learjets as it taxied along the runway at Dubai International airport and hissed to a halt. The Saudi tycoon had just flown in from his home in Riyadh to enjoy the city's air show. But Alwaleed was not a spectator. He stepped out and crossed the tarmac to an even larger aircraft, the double-decker Airbus A380. He climbed the three-storey-high steps and, after being shown round, signed on the dotted line to buy one of his own. The price? £150m, plus another £150m to convert the interior to his signature no-embellishment-is-an-embarrassment taste.

Dropping £300m in a few minutes is, by any standards, an exotically exorbitant demonstration of immense personal disposable wealth. The sky-high price tag is more than 10,000 times the annual household income of an "average" British family. Such extravagance used to be limited to emperors and the odd kleptocrat, but a new class – the super-affluent – is emerging. They are unaffected by the credit crunch, which they loftily dismiss as "some new breakfast cereal".While most of us are tightening our belts, they are planning to increase spending, taking advantage of the falling price of everything from property to private jets. About 80% of those worth £50m or more plan to spend more this year, according to a survey by the US-based wealth analysts Prince & Associates.

Take Alwaleed. The small fortune he dropped on the Airbus is, it turns out, pocket change. The 53-year-old recently bought the Savoy hotel in London for £250m and is spending a further £100m giving the grande dame of the Thames the kind of makeover that would make Demi Moore blush. He is also doing up his other favourite five-star bolt holes, the George V in Paris and the Plaza in New York. But there's no place like home. His £500m palace in Riyadh is constantly being remodelled and enlarged.

At the last count it had 317 rooms, including 20 kitchens that can cater for up to 1,000 people.

But even that is not enough. He is splashing a stratospheric £5 billion (five is his lucky number) on a new way to join the mile-high club: building the world's tallest skyscraper, in Jeddah, in which he will have an office and an apartment.

Alwaleed is one of around 1,200 free-spending multi-billionaires, most of whom have attained their gilded status in the past decade. The number of billionaires is growing by almost 20% a year, according to Forbes magazine, the US periodical that quantifies and chronicles global wealth creation. There were 476 billionaires in 2003 and 946 last year, since when a further 179 have joined the ranks. The richest 50 are now worth £723.4 billion, a 22.6% increase on one year ago. To put this liquidity boom into perspective, John D Rockefeller's steel and railroad fortune of £500m, which many analysts thought would never be topped in real terms, would be worth £7 billion in today's money – barely enough to get into the Forbes Top 10. The richest man in the world, Warren Buffett, has a net worth of almost £62 billion.

The spending habits of the super-affluent now dwarf those of entire nations – and not just the poor ones. In the US the richest 0.5% of the population spends £75 billion a year – equal to total household expenditure in Italy. No wonder Steve Forbes, Forbes's veteran publisher, says the rich have never had it so good. "These are the richest years in human history," he says.

London plays a key role in the rise of this superclass. Thanks to its low taxation, convenient time zone and financial-services expertise, it has become the capital of footloose international wealth, personified by its richest residents: Lakshmi Mittal, the Indian steel mogul, who is worth £27.7 billion, and Roman Abramovich, the Russian oligarch, whose personal fortune stands at £12 billion. London boasts 36 resident billionaires, all eager to find lifestyle options that fit like a second skin and communicate their new-found status.

Robert Frank, the author of Richistan, the definitive study of the lives of the new rich, says: "Never before have the new wealthy spent so much in established old money cities like New York and London."

How have so many got so rich, so fast? Who are the richest of the rich, what are they buying, and why? The groundwork was laid in the past two decades, with the triumph of the market and the collapse of old command-style economies; the spread of transformative new technology, notably the internet; and globalisation, which has increased competition but also the spoils for the economic winners. But it is the booming financial markets of the past decade, record oil and gas prices, and the fizzing growth in the Bric economies – Brazil, Russia, India and China, which are growing by up to 10% a year, minting multimillionaires by the day – that have generated the tidal wave of new money in new hands.

The fast-growing Gulf states have enjoyed the most dramatic rise in wealth and spending power. Barclays Wealth Report says there has been "a seismic shift in the location of wealth around the world [and] the term 'emerging markets' will be redundant in 10 years' time". With oil reaching a peak of $150 a barrel recently, up from less than $60 a decade ago, Gulf gazillionaires are desperate to spend. So desperate, in fact, that they are trying to buy things that it is impossible to price and may even turn out to be impossible to buy.

Sheikh Khalifa bin Zayed al-Nahyan, the president of the United Arab Emirates, has all the palaces and seven-star hotels a ruling monarch could wish for, but what he really wants is to be taken seriously and not dismissed as the latest oily sheikh with more money than sense. So he is using his fortune to try to buy culture. He is spending £20 billion hiring the world's best architects and licensing the best museum "brands" to transform his sun-dried state into a cultural desert.

On Saadiyat island, just off the coast of downtown Abu Dhabi, the US-based architect behind the Guggenheim Bilbao, Frank Gehry, is building the latest – and at 450,000 square feet the biggest – Guggenheim Museum. The French modernist Jean Nouvel is designing the first outpost of the Louvre. The Louvre and the Guggenheim will lend works, and each museum is being paid hundreds of millions of pounds for the right to use their name.

A 6,500-seat performing-arts centre, designed by the Iraqi-born, London-based architect Zaha Hadid, is also rising from the dusty desert scrub, and Sir Norman Foster is building the new national museum.

Luring established western architects and museum brands with petrodollars might in the long run make the capital of capital a cultural capital but, so far, Sheikh Khalifa's experiment has caused him nothing but headaches. Art critics have accused him of "bribing" western museums to give their seal of approval to what is merely the artistic version of the leisure theme parks being built all over the Gulf. Design critics complain of "architectural megalomania".

Gehry himself – despite taking the dirham –has condemned the decision to build so many signature buildings so close to each other on Saadiyat island as "a group grope… a cabinet of horrors". Others argue that there is something rotten about a cultural complex that will bring the fruits of the Renaissance, the Enlightenment and the intellectual adventures of modernity into a land where materialism and exploitation are rampant, freedom of expression is limited and democracy nonexistent.

So, in case his grand projet collapses like a sandcastle into the Persian Gulf, Sheikh Khalifa is hedging his bets by splurging in more traditional sectors. One of the Abu Dhabi government-backed investment vehicles that he controls, the Abu Dhabi United Group, has just bought Manchester City for £210m and announced plans to spend "whatever" to make the club "the biggest in the Premier League" – the ultimate trophy investment.

In Russia, it is mineral wealth of a different kind that has created the gush of private liquidity. The bargain-basement sell-off of state natural resources in the former Soviet Union to the likes of Abramovich and Moscow's metaligarchs, notably Alisher Usmanov, has created a post-Soviet elite of previously unimaginable wealth. Until 1986 the number of legally rich Russians was, in effect, zero. Today there are more billionaires in Moscow – 74 – than in New York, with 71, Forbes reports.

London is the oligarch's playground. Their baubles of choice? Property and football clubs. While Abramovich is the biggest property owner in Lowndes Square, Belgravia, a short ride from Chelsea Football Club, which he also owns, Usmanov lays his head at Sutton Place, a Tudor mansion once owned by John Paul Getty, and flies by helicopter to watch his team, Arsenal, in which he has bought a 15% stake for £75m.

Only the Indians can match the Russians in the spending marathon. Their preferred stakes are buildings and weddings. Lakshmi Mittal, Britain's richest man, has bought the nation's most expensive home, a £117m mansion in Kensington Palace Gardens, from Noam Gottesman, 47, the Israeli-American financier. Mittal also owns the previous most expensive house in Britain, on the same road, which he picked up for £70m. The Indian steel boss blew £34m on a six-day wedding party in Paris for his daughter, Vanisha. It was held at the Palace of Versailles, and Kylie Minogue gave a private performance for 1,000 guests, who drank their way through 5,000 bottles of vintage champagne.

Not to be outdone, India's richest man, the metals-to-mobiles entrepreneur Mukesh Ambani, whose £43 billion puts him in the top five in the global wealth list, is building the most extravagant private home since William Randolph Hearst built Hearst Castle: a £500m, 60-storey, twin-tower skyscraper on Mumbai's harbour front. Six floors will be devoted to his 168 imported cars, and there will be a private health centre, an entire floor for entertaining, three floors of Babylon-inspired hanging gardens and three rooftop helipads. About 600 staff will run the gleaming mini-city on the hill.

Of all the sheikhs, oligarchs and Asian entrepreneurs, who are the biggest spenders of them all? Undisputed heavyweight champion of the petrodollar plutocrats is Sheikh Mohammed bin Rashid al-Maktoum, the ruler of Dubai and prime minister of the UAE. In the past couple of years alone, his shopping list has included: the tallest building in the world, the Burj Dubai; the QE2, complete with Tilbury and Southampton docks; Barneys, the upscale department store in New York; two buildings on

Park Avenue, and the nearby W and Essex House hotels in Manhattan; a share of the London-based Standard Chartered Bank; beaches across Africa, from Zanzibar to Cape Town; a chunk of the luxury One & Only resorts group; half of the Las Vegas Strip; and Australia's leading thoroughbred stud operation, to add to his stud farms in the UAE, Britain and Ireland. His latest must-have is Turnberry golf course in Scotland. He paid £60m for it – and he doesn't even play golf.

The 59-year-old's previous purchases include the world's first seven-star hotel, the Burj Al Arab; Emirates airline, which his family set up with seed money and which is growing so fast that it may overtake British Airways as the world's favourite airline by 2012; and the largest current ocean-going megayacht, The Dubai, which boasts a vast owner's suite, five VIP suites and six guest suites, a swimming pool and a squash court.

The yacht has not, however, been the success he had hoped for. Its air-conditioning system cannot cope with the 50C summer heat in the Gulf. On a recent cruise to Oman, he was forced to leave the vessel and check into a hotel to get a decent night's sleep. No matter. He is having an even larger boat built that can cope with the heat.

That's what he does when he can't find exactly what he wants. He invents it. He has sunk billions into land reclamation off the coast of Dubai – creating giant islands arranged in the shape of a map of the world and the stars of the solar system – because he wants his home city to have more waterfront. His favourite feature in the offshore villa he bought is the blinds that rise automatically when the sun hits the windows and the temperature of the glass exceeds a certain level, and fall again when the sun moves and the glass cools. But it's not all al-bling. Sheikh Mohammed has also established a charitable foundation of £5 billion to promote development in the Middle East.

The bill for this spending spree is £300 billion. It's an almost ungraspable figure – almost double every single foreign dollar invested in the US and China last year combined. Most of Sheikh Mohammed's buying is done by key lieutenants who run private-equity-style investment houses, but it is the sheikh himself who stumps up the cash. As one Gulf observer puts it, "Sheikh Mohammed runs sovereign wealth funds in the truest sense of that term. These funds represent the wealth of the sovereign – him. It's not Dubai's money, it's Sheikh Mo's."

When it comes to Russians, there is only one contender for the crown of most free-spending oligarch: Roman Abramovich, whose expenditure in the past five years alone is an estimated £2 billion, from an overall fortune of £12 billion. His most high-profile investment is the £500m he has lavished on Chelsea FC, but he has also been quietly building up a portfolio of private homes, cars and boats that outclasses that of Alwaleed. In a still mysterious deal, he may recently have become the owner of the most expensive house in Europe, paying anything up to £400m for Villa Leopolda, which sits on 20 acres overlooking the Mediterranean in the south of France. He already owns the £15m Chateau de la Croë just down the road. In Britain he has a 440-acre estate in West Sussex, with a seven-bedroom house, two polo pitches, a private car-racing track and stables for 100 horses.

He bought his first apartment in Lowndes Square, Knightsbridge, for a comparatively modest £1.7m, but has since been buying the flats around it and is rumoured to be planning to knock them together to form one super-apartment worth £150m, overtaking Lakshmi Mittal in the race to own the most expensive home in Britain. He is applying for planning permission to build an underground garage for his two armoured Maybach 62 limousines, worth £1m. Elsewhere, he owns a sprawling £18m mansion in Aspen, Colorado, set in 200 acres, and is said to own a £15m home in Tel Aviv, which he is spending a further £15m doing up.

The 41-year-old has had some hefty bills to settle, notably last year's £150m divorce settlement with his former wife, Irina. And now his new girlfriend, the 26-year-old art-loving former model Daria Zhukova, is encouraging him to adopt expensive new habits. In May he paid the highest price on record for post-war art when he spent £43m on Francis Bacon's Triptych at Sotheby's in New York. He dropped £17m on Lucian Freud's Benefits Supervisor Sleeping, at Christie's. And he has ploughed £100m into Zhukova's new modern-art gallery in Moscow.

It is not homes, cars or girls, however, that Abramovich is sinking his real fortune into, but boats. His latest extravagance is entering its final phase in a German shipyard. For now, it simply goes by its code name, Project M-147, but when the covers come off in a few months, the world of competitive yacht-building will have a new superlative to conjure with. Forget superyachts and megayachts: Abramovich has created the world's first giga-yacht.

The M-147 is the 550ft-long, 12,000-tonne Eclipse, the largest privately owned yacht ever. Built over nine levels, the £225m vessel will have two helipads for its two £1m-a-piece Eurocopters, four pleasure craft, a 50ft tender, 20 jet skis and a private submarine. Abramovich already owns the 377ft Pelorus, the 282ft Ecstasea and the 160ft Sussurro. He gave a fifth vessel, the 370ft Le Grand Bleu, to an associate, Eugene Shvidler, two years ago. When the Eclipse is launched, Abramovich will have a bigger navy than Ireland and will wrest quayside bragging rights from his nearest rival, Sheikh Mohammed.

Long before Roman Abramovich was bobbing round the Mediterranean, the Sultan of Brunei was the most celebrated free-spending, globe-trotting billionaire. He may not be the wealthiest monarch any more, and his spending has been curtailed pour encourager les autres, in particular his younger brother Prince Jefri. The brothers are embroiled in a bitter £3 billion legal dispute following claims that Jefri misappropriated state funds. But documents supplied to the Privy Council in London last year as part of the legal dispute have confirmed that the Sultan, 61, remains one of the most reckless – or generous – employers on the planet. A 50-page report reveals that over four years he spent £7.3m and £6.59m on two house supervisors, and £5.86m on each of his five public-relations officials, named Janet, Prall, Shelly, Vicky and Yoya. He lavished £1.26m on a badminton coach and £1.25m on masseuses and acupuncturists, as well as £48,859 on guards for his exotic birds.

In the breakaway state of prosperity in which they live, the super-affluent are driving up the market for luxury goods and services to almost unimaginable levels as they seek new services and objects to fetishise. They live in homes where even the marble driveways are heated and the swimming pools come with internal perforated steel floors, which can be raised to create a toddler-friendly pool and lowered for adult laps. They take their own furniture, cars and private doctors on holiday. The more creepy are cloning their beloved pets. Larry Ellison, the US computer multi-billionaire who owns almost as many giga-yachts as Abramovich, says the feverish search for beyond-luxury goods and services is "absolutely excessive – no question about it". He smiles and then adds: "But it's amazing what you can get used to."

Some super-rich are single-handedly creating new markets. Sheikh Hamad bin Jasim al-Thani, prime minister of oil- and gas-rich Qatar, is the man behind London's One Hyde, the most expensive property development ever, where apartments are selling for up to £6,000 per square foot. His investment has helped to create a new market for unique developments where homes command a premium of up to 30%. "Some buyers will only consider buying in one-off, big-name developments," says London's leading up-market property agent, Charles McDowell.

The next must-buy development for big spenders is the £1.5 billion Chelsea Barracks, also bankrolled by Qatar, whose emir, Sheikh Hamad bin Khalifa al-Thani, has a weakness for whizzy buildings. This autumn in Doha, the capital of Qatar, he will open the £1 billion Museum of Islamic Art, designed by the Chinese-American architect I M Pei. The 400,000-square-foot building will house most of the emir's private collection of art, which dates back to the 14th century.

New money is also transforming traditional old-money markets. Some, such as Savile Row tailoring and French haute couture, have been saved from extinction by the new rich. Others, notably the art market, have been reshaped.

New money is pushing the prices of contemporary work to such levels that living artists are now the most successful in history. According to Hiscox, a leading art insurer, prices for contemporary art have risen by 55% in the past 12 months. Damien Hirst recently picked up £50m for his work For the Love of God, the glittering diamond-encrusted skull made by the Bond Street jewellers Bentley & Skinner. His overall wealth is estimated to be as high as £500m.

It is the new Russian and Chinese investors who are driving the shift to modernism, says Edward Dolman, chief executive of Christie's. "They see themselves as part of the global society. They look at the new world they're in – global markets, internet, instant access to huge amounts of information – and the works of art they want are those that say something about the society they are living in." Art is so highly prized because it guarantees the exclusivity buyers crave. As Richistan's author, Robert Frank, says, "The challenge for today's rich is to set themselves apart from the merely affluent. They want things nobody else can afford, experience or, preferably, even imagine."

It is not just the market for exorbitantly exotic "stuff" that is reaching fever pitch. The desire of billionaires to get what they want, when they want it, has created an entire new industry: in-the-know concierge services, available 24/7/365, known in billionaire circles as "my outsourced wife". Take London-based Earth, for example. It is one of the most successful travel agencies in the world, offering undiscovered, off-the-radar corners of the globe to its 150 have-and-have-yacht clients. Never heard of it? That's just the way its founder, Glen Donovan, 42, likes it. Its phone number is unlisted, it publishes no lists or brochures, and its website is a dead end, displaying only a dramatic image of the planet's surface and an enigmatic message: "Membership is currently restricted to recommendations from existing clients or by invitation." "We are rare," says Donovan, with commendable understatement.

Entire new jobs have been invented to cater to every whim of the super-affluent, each requiring a great deal of tact and patience and the ability to keep a straight face in moments of improbable excess. One leading London concierge has a client who insists on being invited to the private birthday parties of well-known figures he does not know and has never met. Among the new services available through concierge outfits, such as the London-based Quintessentially, are pre-nup lawyers and, if it's too late for that, post-nup lawyers; contemporary art conservators and art-gallery designers; family wealth counsellors; medical concierges; off-the-menu nutritionists; helicopter-fleet managers, and, newest of all, aircraft interior architects.

Edése Doret, the private-jet interior designer based in New York, is creating a long-haul jet with a 50-square-metre "principal's suite", fibre-optic curtains that reflect images of the terrain over which the plane is flying, and the first whirlpool tub that complies with Federal Aviation regulations: it drains into the cargo hold in three seconds in the event of extreme turbulence.

But even these pimp-my-fuselage services are not enough for some. The word in the hangars of the Middle East is that the American firm Aerion will unveil its new supersonic aircraft, nicknamed "Son of Concorde", at the next Dubai air show. It can fly at both subsonic and supersonic speeds and promises to reduce long-haul flight times by two-thirds. It not only represents the ultimate private aviation technology, but offers the select few the chance to buy the most luxurious and valuable commodity of all: time. Prince Alwaleed has put his name down.