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When Recession Reaches the Rich

Recent news that Tiffany's, Coach, and Neiman Marcus had slow holiday sales show that the affluent and "aspirational" buyers have been feeling the economic pinch.

Yet it's wrong to assume that the truly rich will be equally affected by the slowdown. In fact, the current financial crisis may widen the gap between the affluent (those worth less than \$1 million) and the "real" rich, those worth tens of millions.

Put another way, Lower Richistan (those worth \$1 million to \$10 million) will probably get hit hard by the credit crunch and market crises. Middle Richistan (\$10 to \$100 million) will feel a mild tremble. And Upper Richistan (\$100 million or more) will barely feel a thing, since their economic padding is so thick.

The growing split between haves and have-mores is apparent in a recent study about to be released by *Elite Traveler*/Prince & Associates. Among survey respondents worth \$1 million to \$10 million, 74% said they were "concerned" about the current economic climate. Among those worth \$30 million or more, only 15% were concerned.

The divide shows up again when future spending on luxury goods is considered. The survey shows that most of the Lower Richistan respondents plan to decrease or level off their luxury spending. **Yet among those worth \$30 million or more, 80% said they planned to increase their luxury budgets.**

That's not to say a recession won't ever hit the super-rich. But they'll be among the last to feel it. Like a boat taking on water, the weakening economy will hit the lower decks first, then gradually rise to the luxury cabins.