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Now It's Serious; Yacht Owners Feel the Pinch

Lean Times Lead Wealthy Americans to Cut Back; Who Needs His Own Bugatti?

By **JUSTIN ROOD**
 August 29, 2008

BRIAN ROSS &
 17 comments

Poor and struggling middle-class Americans aren't the only ones affected by the declining U.S. economy. Wealthy Americans' behavior indicates they are starting to feel the pinch also, according to those who study and cater to the affluent.

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Wealthy Americans' behavior indicates they are starting to feel the economic pinch also, according to those who study and cater to the affluent.
 (ABCNews Photo Illustration)
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A case in point: About a year ago, Loren Simkowitz noticed increasing numbers of wealthy yacht owners were calling to see if he could sell half their boat.

The requests themselves weren't unusual: Simkowitz's business, Florida-based Monocle Fractional Yachts, specialized in splitting up ownership of boats up to 150' long among a small group of buyers, and then managing the vessels' schedules and crew for the new consortium. The deals give the former owners a bunch of cash out of their boats, freedom from most of the boats' costly maintenance fees and crew salaries, and continued use of the vessels a handful of weeks a year.

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It was the number of inquiries that struck Simkowitz -- as well as the "exponential" increase in traffic to his firm's web site -- from potential sellers as well as buyers who are looking for a more frugal option than owning an \$8 million boat outright.

"I hate to say, it's been good for our business," said Simkowitz of the economic downturn. (The high price of oil has helped, also, he noted. "To fill up one of these boats is \$20,000 or \$30,000 worth of fuel.")

The wealthy's new frugality doesn't stop at yachts, says expert Hannah Shaw Grove, who studies the behavior of the ultra-affluent. Many are flocking to fractional ownership of jets instead of buying their own. Some are even trying fractional ownership of an exotic car, buying a

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share in a Bugatti or a Lamborghini instead of owning one outright, according to Grove.

They are also taking their frustrations out on their financial advisors. A recent survey Grove co-authored concluded that about 70 percent of wealthy respondents said they blamed their money managers for their shrinking returns, despite the fact that nearly all surveyed believed the economy was in a recession and things were only going to get worse.



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Imagine people with no money having to cut back: buy food or pay bills? These so-called rich folk don't have a clue what it's like to be in financial trouble. I don't feel sorry for them at all. They've lived the high-life at everyone else's expense anyway and have the audicity to gloat about their lifestyle. Hope the friggin' boat sinks. jensis227 Oct-8

As for great wealth, even Balzac said it, " there's a crime behind every fortune ". There's nothing wrong with abundance. These well heeled fat cats who are forced mandatorily to cut back have probably never read or followed the precepts of a lasting wealth as outlined in the book. The Richest Man in Babylon.It would be too much of a perilous cliff-hanger for them. solarfaith Aug-30

Such a sad story....It just breaks my heart. ABC you have really out done yourself on this story. buzzorn Aug-29

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