

Spending money is what they do, from \$15 glasses of wine to \$5,000 suits to \$3 million condos. They're loud and proud, and they've taken Boston from the Brahmins. Is this what it means to be a world-class city?

MAKE WAY *for* MILLIONAIRES

BY KRIS FRIESWICK

t's Wednesday night at 28 Degrees, and every soft leather banquette in the place is taken. Outside on Appleton Street, valets sprint back and forth to keep up with the double-parked Jaguar sedans, Mercedes SUVs, and Bentley coupes. Weekends bring out the birthday-and-anniversary crowd, but Wednesdays at 28 are for locals: entrepreneurs, philanthropists, designers, developers, gay, straight, young, and old, bound together by a shared abundance of good looks, a general lack of body fat – and piles of money. Chloe blouses, Manolo Blahnik pumps, and Paul Smith stripes swirl as the staff delivers \$15 glasses of wine and \$30 steaks. The room is dimly lit, but it's easy to see that it's packed with the faces of the new rich.

You should expect to see a lot more of them in the future. Among the 1.4 million households in the Boston metropolitan area, nearly 52,000 had at least \$1 million in assets in 2004, not including primary residences or 401(k) accounts – up 8 percent from the year before. Claritas, the San Diego-based research firm that counted all that money, predicts that the proportion of millionaires will jump by another 50 percent by 2009. In the next five years, households earning more than \$150,000 annually will be the fastest growing income group in Suffolk, Norfolk, Essex, and Middlesex counties, according to estimates from Wisconsin-based Third Wave Research, just one of the many wealth- and trend-tracking firms that study this desirable demographic for the companies lining up to market goods and services to that target.

They're a spendy lot, these new millionaires, choosing to wear their wealth in highly visible ways and eschewing the

ILLUSTRATION BY KIM ROSEN

Status Symbols

Academics say that Boston's newly minted rich are just doing what other waves of newly minted rich folks have done: spend their money. How different, really, were the 1890s from today?

THEN		NOW
Beacon Street	STATUS ADDRESS	Mandarin Oriental
Filene's	HEIGHT OF FASHION	Barneys New York
Bicycle	HOT WHEELS	Bentley
Boston Public Library	OBJECT OF BENEVOLENCE	Institute of Contemporary Art
Somerset Club	EVENING OUT	Mistral
Private rail car	VACATION SPLURGE	Private plane
Harvard	SCHOOL OF CHOICE	Harvard

conservative style associated with those old-money trend-setters, the Boston Brahmins, whose idea of high fashion is dusting off granddad's tuxedo (it's still in a closet somewhere) or breaking out the family pearls. Boston's wealthy are part of a spending frenzy that is sweeping the nation as a whole, but according to the 2005 Mendelsohn Affluent Survey, the rate at which Boston-area families with an annual income over \$200,000 are consuming luxury goods – watches, fashion, furniture, and luggage – is increasing faster than the national average for the same income group. Take, for example, the new Vertu cellphones. Handmade in England of a superlight, NASA-tested metal alloy, the phones have rubies embedded under the keys and a button that connects directly to a concierge. Prices start at \$4,900. Their popularity surprises even those who make a living selling high-priced baubles.

"It's definitely interesting to us that something like that could sell in this city," says Nidhi Handa, a vice president at Alpha Omega Jewelers and the daughter of its president, Raman Handa, who has sold jewelry and watches in the Boston area for almost 30 years. "Do you need to spend \$5,000 on a phone to get great cellphone reception? No. Do you need to spend \$5,000 on a phone to do all the things that that phone does? Absolutely not. That phone is 100 percent status symbol. Are people buying into that? Absolutely."

This is part of the cultural shift that other retailers focused on this end of the market have observed. "In old Boston, people used to dress as far down as possible," says Debi Greenberg, the third-generation owner of high-fashion, high-priced Louis Boston on Berkeley Street, which started out selling men's suits in 1929. "You showed your wealth through your

ZIP code more than what you were wearing." She says that the fashionable types she sees in her store have for decades come from out of town. "They moved here, went to school here," she says, and now "they're influencing Boston." As they've slowly outnumbered the Brahmins, and certainly outdressed them, these newcomers – and now their children – have raised the style bar, Greenberg says, for the city as a whole.

Handa explains the change in terms of jewelry. "Boston has always been known as a white-gold-and-diamonds kind of town," she says. "People want to play it safe. They want to buy things that they can wear forever and pass down to their children. Something beautiful, elegant, and understated. That's really changing. People are taking to the trends." She adds: "It's not a matter of wealth. It's a cultural shift, because we've always had money to spend. It's been a matter of where we're going to spend it."

In the 21st century, it seems, the trend is to spend it on \$150,000 cars, multimillion-dollar condos with river views and room service, and personal shoppers who select new designer wardrobes every season. One of the most sought-after tickets of the past few months – think opening day at Fenway or opening night at Symphony Hall – was for a party marking the opening of a department store in a downtown mall. Expensive, chic Barneys New York came to Copley Place in March, and local customers turned out to celebrate. Some put on head-to-toe Christian Dior, proudly and loudly projecting their good fortune; others mixed their subtler Chanel and Lanvin nicely – very nicely – or wore custom-made suits and fine new shoes. However, if you looked in one corner, past the buffet of paella and roast beef, there was a woman who came dressed in high Brahmin style. She was standing in her best blue-wool suit, beige nylons, and scuffed black pumps and carrying a matching scuffed purse. It was almost poignant when she started dancing to the O'Jays song that starts, "Money, money, money, money," since she and her kind no longer define what it means to have it in this town.

Some Bostonians no doubt believe that showy spending is a sign of the apocalypse, proof that our tweedy city is going to the diamond-studded collar-wearing dogs. They must long for the days when money was spent in more respectable ways: a large but understated home behind a high hedge, an endowed chair at Harvard, a donation to the Museum of Fine Arts, perhaps a new pony for one of the children. Historians trace this unique, local ethos – blending outward restraint with fervent success and accumulation – to the city's founding.

The first families of Boston struggled mightily in the 17th and 18th centuries over the theological question of whether or not material wealth was a path to heaven, says Daniel Horowitz, a professor of American studies at Smith College and the author of several books on affluence in America. "The deeply religious Protestants who founded Boston thought that the true world was beyond this plane of existence," he says. "They thought things in this world were transitory." Those who failed to adhere to these ideals were considered blasphemers, and laws were passed restricting consumption. A mistrust for things material didn't stop settlers from pursuing worldly success with all the Puritan work ethic they could muster, and as their descendants started to build fortunes here, they were followed by sea captains, merchants, inventors, and men of dubious means who liked the opportunities they found in the New World and stayed.

During the 19th century, Puritan values modernized as a

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commitment to philanthropy melded with a level of discretion unheard of in flashy cities like New York and Philadelphia; giving generously was the socially acceptable way to show your wealth while also pleasing your Maker. "It was thought that piety and commitment to the public good were ways to mark yourself socially in the city," Horowitz says. Donations to the Public Garden, the Museum of Fine Arts, or the Boston Public Library were "statements of individual arrival," he says. Along with supporting civic projects, wealthy families paid to send their children to private prep schools and colleges – The Buckingham School and Browne & Nichols, both in Cambridge, Phillips Academy in Andover, Milton Academy, The Park School in Brookline, Wellesley College, and, of course, Harvard and Radcliffe. Wealthy families from around the world began sending their children to the Boston area to be educated. Over the years, many of those children fell in love with this place, or perhaps fell in love with a Cabot or an Adams, and so they stayed, started their own businesses and families, and grew rich, too.

But even as Brahmin restraint and generosity came to define what it meant to be a wealthy Bostonian, economic cycles, technology booms, and the financial markets periodically flooded the city and its entrepreneurs with cash. This created waves of newly rich people who surprised and pleased shop owners of the day with their own tendencies to spend money like drunken sailors.

It's not as if this hasn't happened before, Horowitz says. "It's just that we don't think of buying Chippendale furniture and having Bulfinch design your house or having the finest carriage as chasing after fashion." But these fine things once were considered as ostentatious as a new Bentley sedan. "What we see now is familiar to those who know the 1890s, when there was a tremendous display of wealth and a growing disparity between rich and poor," he says.

Some new rich in earlier waves eventually chose to emulate the style of the Brahmins as a way of gaining entree to the city's rarefied social heights, but others spent as they pleased. The building boom of the 1880s and '90s that gave us so many stately homes was a result of one such cash flood. Spending to impress was decried then, as now, as "conspicuous consumption," a term coined back in 1899.

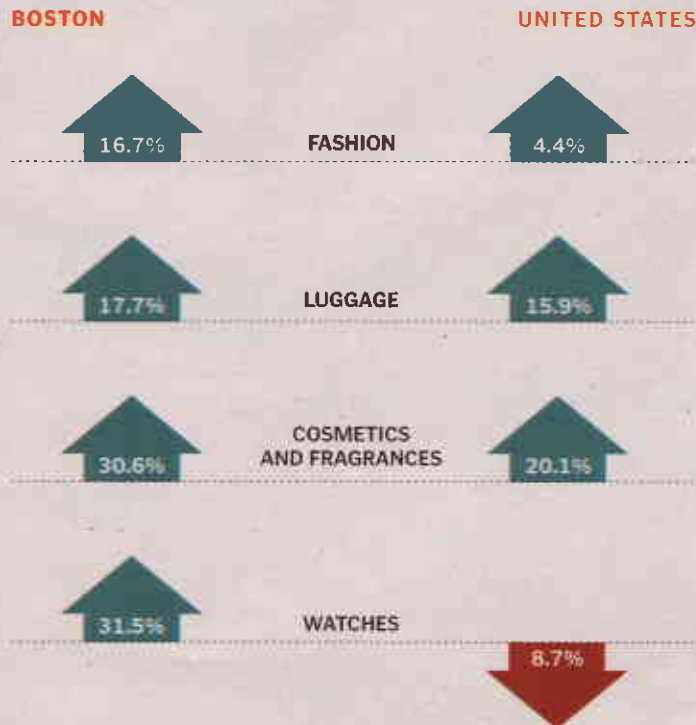
Yet, no matter the trend, Boston's old families held several things sacrosanct for hundreds of years: making money, civic philanthropy, and blending in. This last was practically genetic, a lingering effect of laws passed in the 1600s to govern dressing (no lace, no silver or gold threads), public behavior (no touching), and work habits (idleness was punishable by imprisonment).

Even today, the old rich still blend in: Many of the descendants of the first Bostonians dress with so little flair that Louis Boston's Greenberg calls the look "non-fashion." They send their kids to those same private schools, join the same charity boards, and keep alive the no-frills, understated style that defined Boston's wealthy for centuries.

Today's wave doesn't seem to care about Brahmin styles or traditions. "The recent generation of successful, well-to-do businesspeople enjoy their financial success," says Jack Manning, CEO and president of Boston Capital, who reportedly has a personal net worth of more than \$1 billion. "This group will spend money in places where the Brahmins never would have. We are not a group of financial conservatives. We are willing to enjoy our lives." Bostonians who have recently garnered

Big Spenders

Apparently we want to look great at the airport. The superrich are bullish on spending across the US, even more so in Boston for clothes, watches, and luggage.



SOURCE: 2004, 2005 MENDELSON AFFLUENT SURVEY ANALYZED BY CURTCO MEDIA; DATA REFLECT SPENDING IN HOUSEHOLDS EARNING AT LEAST \$200,000 ANNUALLY; "BOSTON" REFERS TO THE DIRECT MARKET AREA AS DEFINED BY NIELSEN MEDIA RESEARCH

power and success have worked hard to achieve it, Manning says. "We've had to cut through some barriers that existed – I remember it wasn't always easy making it in this town if you didn't come from the landed gentry."

For some new rich, all the spending is less about enjoying the fruits of their labor and more about impressing one another. Juliet Schor, chairwoman of the sociology department at Boston College, calls the phenomenon "competitive consumption." With a rapidly expanding wealthy population and a growing disparity between rich and poor, she says, things like \$5,000 cellphones are how new arrivals to the demographic let one another know they're in the club. "They always have to spend to establish their social position," says Schor, author of *Do Americans Shop Too Much?* and other books about spending and consumption. "They've caught a lot of flack for their ostentatiousness, but in order to get recognition for their new economic power, they spend. That's how everyone finds out they have the money. It's an old story."

Some of the city's wealthier residents agree that the competitive spirit is alive and well among their peers. "The Brahmin mentality was stuffing it under the mattress and not letting anyone know what they had," says Maggie DeSantis Ahearn, vice president of business development at Otis & Ahearn Real Estate. She and her husband, Kevin J. Ahearn, grew rich through its success /// CONTINUED ON PAGE 28

(he is president). "People that are working hard today are proud of it, and for some, spending it is a competitive thing. They want everyone to know they've made the wealth, so they're more demonstrative about it."

The retail and real estate communities are happy to help. Grand openings of luxury retailers now dot social calendars regularly. And according to Allen Kaplan, senior vice president of leasing for Simon Properties, which owns the Copley Place mall where Barneys just opened, the flow of free canapes isn't expected to stop in the near future. In 2007, he says, Christian Dior plans to double the size of its Copley Place store, and a new Porsche Design store, along with other high-end retailers, will open there.

He spins the new consumption as a kind of freedom, a coming out for the wealthy. "Boston for a long time was considered provincial or staid," says Kaplan. "It was a Polo crowd," he says, referring to the Ralph Lauren clothing line. "Bostonians didn't dress the same way that people from New York dressed. But that's an outdated situation. The stores at the Heritage, like Hermes and St. John, they were front-runners. They were the catalyst for luxury retail. They were the guinea pigs and ahead of their time, but notice that they're still there. There is now a long list of players that want to have a significant presence in Boston."

Those players are not just selling \$500 driving moccasins, which anybody with a credit card can leverage. This is serious money. The vast majority of buyers for the \$2.5 million-and-up condominiums at the Mandarin Oriental, Boston — 49 of 50 were sold two years before scheduled completion — earned their wealth, says Robin Brown, one of the project's developers and a former general manager of the Four Seasons Hotel. Those buyers included only a handful of Brahmin families, he says; most are newly wealthy and still spend a lot of time earning. "They're buying time," says Brown, referring to the building's Prudential Center location and its hotellike amenities. "They work hard, and these places will become the center of their family, social life, and business worlds."

Tony Pangaro, principal of Millennium Partners-Boston, which built the equally expensive and luxurious Ritz-Carlton Towers on Avery Street and the One Charles condominium building, says that the superrich who buy these properties are doing exactly what

wealthy people have always done, but that there are just a lot more of them now. "The city has always been a great playground for people who want to enjoy themselves after they've done well," says Pangaro. "So that's not so different. In a lot of ways, it's exactly the same."

But shifts in Boston's demographic mix mean that things may actually be different this time. Third Wave Research projects that white-collar employment in Norfolk, Middlesex, and Essex counties will grow faster than any other job type in the next five years. The proportion of owner-occupied housing units will rise in those counties as well as in Suffolk, while renter-occupied units will decline or barely budge, it says. The number of people with graduate degrees will be the fastest growing education demographic in all four counties.

Recent Census Bureau data reflect a population decline in Greater Boston between 2000 and 2004, leading some economists to pin the changes on an exodus of lower- and middle-class families that can no longer afford to live here. But Alvaro Lima, director of research for the Boston Redevelopment Authority, disputes the Census data, pointing to problems in the way the bureau computes its figures and citing high occupancy rates and demand for housing, as well as new job growth in both Boston and the state. "It's really hard to make the case for a mass exodus," Lima says. Then he points to newly desirable demographics. "Having this much wealth in town raises the tax base," he says. "I think it's good news."

Adding to home-grown wealth, Pangaro and others surmise, are magnates from other cities, empty nesters from the suburbs flush with retirement cash, entrepreneurs seeking a livable city, and maybe even a few of those men of dubious means.

LOST IN THE VERY REAL WORRIES ABOUT

a widening rich-poor gap, rising prices, and rampant ostentation and greed is one positive change. Slowly, probably over decades, Boston has let go of its history as an informal oligarchy powered by a select few families and shifted to a system of meritocracy where anyone who has a breakout idea and a good head for business can, with luck and hard work, move into society's upper echelons.

"There's a great deal to criticize about the new elite," says James B. Twitchell, a professor of English and advertising at the University of Florida and the author of books on luxury, wealth, and culture, "but the construction of the earlier Bos-

ton elite – it's the lucky sperm culture. Your social place was based on who your father was, which is hardly democratic or meritorious." The new elite is "incredibly refreshing," says Twitchell. "It's very wasteful, it's very ahistorical, and it has no memory, but it's wonderfully liberating."

As a group, they consume plenty, yet the newly wealthy are turning out to be just as generous in their commitment to philanthropy as their old-money counterparts, according to sociology professor Paul Schervish, director of Boston College's Center on Wealth and Philanthropy. The boards of the city's largest charities, once dominated by Brahmin families, are happily taking new members. Schervish adds that wealthy people who don't have a family legacy of philanthropy are often even more generous than those with inherited money. "People who create their own wealth eventually become bigger givers," he says. "A lot of third-generation, blue-blood, or inherited wealth has from the very beginning of their lives been involved with philanthropy, but it's limited," says Schervish, because the family fortunes have been diluted over generations. "You may find them very often as propo-

nents of a charity or engaged in work as philanthropists, but they're not giving as much. . . . In neither case do you have a lack of generosity. You just have different patterns of giving."

Jim Apteker, founder of Longwood Events in Brookline, owns event spaces throughout Boston and has recently expanded his business to Newport, Rhode Island. He says that he has made philanthropy a part of his life, thanks, in part, to lessons he learned from friends with old money.

"One of the things I did early on, which I learned with the old families, is to set up a trust and give away a certain amount each year," says Apteker, who is renovating his multimillion-dollar home in Brookline, where he lives with his wife, Alina, and infant daughter Aniela. He estimates that they donate about \$1 million a year through the trust, "not including the freebies we give out through the business."

And even as they shop, it turns out, the newly rich want to do some good. "Inevitably, the conversation I have about most openings in this town is that they want to align themselves with a charity," says 15-

Millionaires

CONTINUED FROM PAGE 29

year party planning veteran Bryan Rafanelli. "It's a really important thing to understand about Bostonians."

The bottom line for Boston is that, like it or not, where we are now is exactly where we've said for decades that we wanted to be. Barely a day goes by without some business leader or politician referring to Boston as a "world-class city." Until recently, this claim was met with a polite smile by anyone who had actually been to a world-class city like London, New York, Paris, or Rome.

But now it is one — with all the concomitant perks and perils. Downtown living is increasingly a luxury reserved for the extremely wealthy players on our world-class baseball and football teams and CEOs of our world-class corporations. We have top-notch restaurants with \$40 entrees and designer clothing stores, and the finest of most everything is now available — no longer an Acela ride away but right here in town, and with valet parking. "Living in this city is not only very enjoyable," says Kevin Ahearn, "but it's very efficient for a business person. I can walk to everything I want to do. I can walk two blocks from our home to the office. There's no commute involved. The efficiency is very marked, and it's very important."

"We have all this great shopping now," says Herb Chambers, founder of the auto dealership that bears his name and soon-to-be resident of the Mandarin Oriental complex. "You have everything here that you have in New York. Bostonians are traditionally more conservative, but they have all of the

choices now. There are a lot of people making a lot of money in Boston, and the good news is that they are spending it."

It is very good news for all of the Herb Chambers types — and for those who might follow his path. Historically there has been plenty of opportunity in this kind of economy for people Horowitz calls "wealth intermediaries," those whose business it is to help the rich be rich. Arguably the area's most established example, other than its historic private schools, is the financial services industry, a top employer. In addition, there is a subculture of interior designers, restaurateurs, private chefs, house managers, skilled craftspeople, clothing stylists, hairdressers, jewelers, high-end retailers, art gallery owners, and others who make a living by streamlining the lives of the wealthy or educating them on such delicate matters as style and taste. "This is what happens when you get affluence," says Horowitz. "Intermediaries emerge that show people how to spend money."

If history itself is any indicator, this wave of new money will wash over the city much like every other — leaving Boston changed but the same, lining the pockets of those who can afford to stay and forcing others out. But as it always has, the pendulum will eventually swing back. In a few decades, the grandchildren of this newest wave will see the crowds lined up at some hot new bar and bristle at the thought of all that new money rolling into town in showy cars and bidding up real estate prices. They'll just have to take refuge on those leather banquettes at good old