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The LOAN Rangers

How the rental economy came for the rich.

BY DANIEL HOFFMAN

Justin Wine can afford to buy an apartment. But when the founder of Aspen Wealth Management decided recently to put down roots in Tribeca—the richest zip code in Manhattan—he didn't buy one of the neighborhood's sought-after lofts. Instead he decided to rent.

"When you factor in a 25 percent down payment, taxes, and maintenance fees, renting just makes more sense," says Wine, whose firm specializes in supervising family wealth. "With the stock market doing so well, my portfolio is outperforming my rent, while I keep my money liquid and nimble."

He isn't alone; according to the brokerage firm CORE, the number of Manhattan homes that rent for more than \$10,000 per month increased by 20 percent in the past year—roughly the same amount that sales have fallen. Additionally, CORE reports that the number of homes going for more than \$10 million has dropped 36 percent in the past three years. "For wealthier consumers, renting is about being savvy," says Neil Saunders, managing director of retail at GlobalData, an analytics and consultancy company. "Even though they could afford to buy at full price."

It's happening across the country. In Los Angeles, where owning a Beverly Hills estate used to be the ultimate sign of success, today the most desirable address is the aptly named Ten Thousand, a luxury rental tower in Century City where prices start at \$10,000 per month. "I have three clients renting in the ➤➤➤

GETTY IMAGES (2)



It isn't just fashion that one-percenters are renting. The craze for leased luxury has expanded to include jewelry, flatware—even fine art.

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building for their children, who are students,” says Hilton & Hyland’s Leonard Rabinowitz, who notes that luxury rentals are growing on the West Coast. “We also have several clients who make temporary stops [in rentals] while they search for their next home or during construction of their current one.”

Welcome to the new one percent rental economy, where consumers who could own anything they desire are deciding to rent—not to save money but to skip the hassles that come with ownership. Until recently old-fashioned acquisition was the preferred symbol of accomplishment. Whether you were buying jewelry or a jet, tangible assets not only satisfied a personal desire but were a welcome addition to a presumably robust portfolio. Not anymore. The high-end retail rental market is reported to be worth more than \$1 billion a year today, and by 2028 it’s expected to reach \$4.4 billion. Retail brands including Bloomingdale’s and Diane von Furstenberg have launched subscription rental services, and no less an authority than McKinsey & Company predicted in a recent report that one of the biggest shifts in the future of retail culture is set to be “the end of ownership.”

You can partially blame it on Marie Kondo. “I like to get rid of things that no longer spark joy,” says Manhattanite Halle Heyman, an avid Rent the Runway user. “About a year ago I pared my wardrobe down to limited basics and now experiment with rental pieces. This way I enjoy an item and can then return it and try something new.”

The same philosophy also applies to



FOR RENT

JEWELRY

For DJ and jewelry fanatic Marjorie Gubelmann, renting won’t do. “I like to own jewelry,” she says. “I’m not afraid to wear the same thing over and over.” Perhaps the concept just needs time. “I haven’t wrapped my head around renting,” she says, “but maybe the next generation will.”

bigger-ticket items, like real estate. “People no longer want the sense of obligation that comes with ownership,” says interior decorator Alex Papachristidis, who has worked on both owned homes and rentals. “True, clients won’t go as wild with construction, but they still like to design a rental property, particularly ones who rent a place for five or 10 years.”

San Francisco entrepreneur Liz Curtis says the luxury rental craze isn’t without precedent. Centuries ago in Britain and colonial America, pineapples were the most fashionable fruit around, worth up to \$6,500 each in today’s money. They were almost never actually eaten—instead they were placed, sometimes rotting, in prominent spots like mantel-pieces and dining tables to convey status.

“Pineapples were so coveted that people would rent them to carry around at dinner parties,” says Curtis, the founder of Table + Teaspoon, which rents tabletop settings for both informal get-togethers and high-end soirees. And while pineapples were being rented only for an evening, she says that today “this mentality has resurfaced for everything from high-end watches to exotic cars.”

Curtis, a former corporate lawyer, launched her company following the explosion of the home delivery meal market. With people increasingly ordering food on demand, why not, she wondered, provide them with temporary table settings to go along with it? Social San Franciscans are taking note. “I attend a ridiculous number of parties,” says Bay Area social fixture Damion Matthews. “If I were to throw one I’d rely entirely on Liz, or else I’d be courting disaster.”

Curtis’s model is indicative of the upscale rental businesses now becoming more common. At this year’s World Economic Forum,

Ralph Lauren CEO Patrice Louvet predicted that “10 years from now it’s very likely that your closet is going to look like it has three distinct sections,” one for rented clothes, one for pre-owned items, and one for new purchases.

And the trend keeps evolving. Newcomer Beekman New York, which launched in February, offers a wide range of fine jewelry, the kind it could take generations to acquire. Beekman clients rent pieces (such as diamond and onyx cuff links for men or 1960s emerald and diamond earrings from Van Cleef and Arpels for women) for up to eight days at a time for rates ranging from \$25 to \$1,500 per day.

Beyond apparel and real estate, renting has found popularity in categories like furniture and even fine art. “Renting lets people who are hesitant about the art market give it



FOR RENT

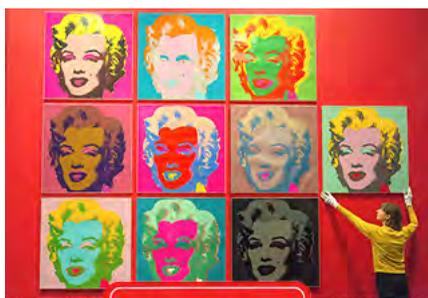
TABLETOP

Monogrammed dishes are nice, but service for an army that someone else will wash? That’s priceless. “Rentals are so helpful when you’re hosting a large group,” says author and social expert Kimberly Schlegel Whitman. “I don’t want to store 250 wineglasses at my house.”

a try,” says April Evans, who has rented around 20 pieces over five years from Seattle’s Ryan James Fine Art. “We have one particularly difficult spot to fill, and we switch it up with a new work every three months.”

But don’t sell all your belongings just yet. Neil Saunders of GlobalData says the luxury rental market is still new, and not all product categories are a good fit. Casual fashion likely won’t work because it’s too inexpensive, he says, and consumable items like beauty products are too personal (and perishable) to be shared.

Still, the biggest challenge to growth might just be growth itself. “Luxury rentals are time-sensitive. People want items for a specific date and time,” Saunders says. “So one thing that could derail growth is the ability of rental firms to keep up with demand.” **T&C**



FOR RENT

ART

Some collectors embrace renting, others not so much. “It’s not something I’d be interested in,” collector and philanthropist Sarah Arison says. “The way I collect has a lot of emotion attached. I don’t see art as part of interior design. These are objects I want to pass down to my kids.”