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Old Nantucket Warily Meets the New  
By GERALDINE FABRIKANT

### Correction Appended

NANTUCKET, Mass. - In spring, along with the daffodils, crowds on the ferry and workers raking the beaches, comes the ritual of real estate gossip. What properties changed hands over the winter? And who could possibly be paying those out-of-sight prices?

That 15-acre waterfront parcel for sale for \$15 million? It was snatched up after only one day on the market. Turns out the purchaser was Steven Rales, the billionaire entrepreneur who owns at least 61 acres next door and bought the parcel to protect his privacy and waterfront views, said Dalton Frazier, a local real estate agent.

Have any other palatial estates expanded? Not so long ago H. Wayne Huizenga, the billionaire founder of Blockbuster and owner of the Miami Dolphins, wanted more elbow room and bought a neighboring house for \$2.5 million. Richard Mellon Scaife, the publisher and heir to a banking fortune, bought an extra house too; he needed it for the staff.

The real estate frenzy, even in the dead of winter, is only the most visible reminder that over the past decade or so this 50-square-mile, fishhook-shaped island off the Cape Cod coast has come to be dominated by a new class: the hyper-rich. They emerged in the 1980's and 1990's, when tectonic shifts in the economy created mountains of wealth. They resemble the arrivistes of the Gilded Age, which began in the 1880's when industrial capitalists amassed staggering fortunes, except that there are so many of them and they seem to be relatively anonymous.

Like their precursors, they tend to be brash, confident and unapologetic. They feel they have earned their money, and they are not shy about spending it. They construct huge mansions, outdo one another in buying high-end status symbols like mega-yachts (100 years ago it was private railroad cars) and not infrequently turn to philanthropy. Their wealth is washing over the upper reaches of society as it did a century ago, bringing cultural and political clout as they take up positions on museum boards and organize presidential campaign fund-raising dinners.

And they seem unconcerned about being accepted by the old money. If the blue bloods want to mix with them, fine. But if not, the hyper-rich are content to stick with their kind. If they cannot join an exclusive country club, they form their own. They are very good at creating a self-enclosed world where the criterion for admission is not the Social Register, but money.

Once a low-key summer resort, Nantucket is rapidly turning into their private preserve, joining the ranks of other enclaves like Palm Beach, Aspen, the Hamptons and Sun Valley. Now that the hyper-rich have achieved a critical mass, property values have zoomed so high that the less-well-off are being forced to leave and the island is becoming nature's ultimate gated community.

"It's a castle with a moat around it," said Michael J. Kittredge, a 53-year-old entrepreneur who realized a fortune when he sold his Yankee Candle Company seven years ago for about \$500 million. He was relaxing in the living room of his 10,000-square-foot house, which has a basement movie theater and a 2,000-bottle wine cellar. A separate residence a quarter-mile away houses staff members and a gym.

"Successful people want to be with other successful people," Mr. Kittredge said. "Birds of a feather," he added. "On Nantucket you don't feel bad because you want a nice bottle of wine. If you order a \$300 bottle in a restaurant, the guy at the next table is ordering a \$400 bottle."

Dressed in blue jeans and a pink button-down shirt, he looked across the breadth of his swimming pool at a spectacular water view. The island, he said, is rapidly dividing into two types of people: "the haves and the have-mores."

### New-Fashioned Values

Nantucket, with its vistas overlooking cranberry bogs and more than 80 miles of beaches, has always had its share of rich people. In the first half of the 19th century, owners of whaling ships amassed fortunes from oil and built the still well-preserved Federalist and Greek Revival mansions on upper Main Street.

During the last century, Vanderbilts, Mellons, duPonts and other wealthy families built residences here. Over time, as inherited wealth smoothed the rough edges, their descendants morphed into American high society and evolved a signature style of living based on understatement and old-fashioned patrician values.

Some of the scions of these older families are still here. They spend their time sailing, playing tennis and sometimes recalling the halcyon days of crossing the moors behind packs of beagles to hunt down rabbits. The mix of the old aristocratic families and the hyper-rich often plays out as a none-too-subtle tug of war between class and money.

Nina Chandler Murray, an 85-year-old relative of the Poor family from Standard & Poor's, the investment credit rating firm, is convinced that the world of the elite was more genteel in the old days.

"Coming from a New England background, you had a honed discipline of what was expected," Dr. Murray, a psychologist, said over iced tea and chocolate chip cookies on the porch of her hillside home above the harbor. "Showing off money was a sin. It was not that status was not important, but marriage was very closely controlled and predetermined, and everyone knew where everyone else fit."

A family name alone was enough to place someone in the pecking order. Wealthy people dressed down. Women eschewed heavy jewelry. The uniform for a man was a plain shirt, faded "Nantucket red" Bermuda shorts and Topsiders. Now, Dr. Murray suggested, the rule is: If you've got it, flaunt it.

"What has happened in America is that achievement is so important that everyone wants everyone else to know what they have done," she continued. "And in case you don't know, they want to tell you with a lethal combination of houses, cars and diamonds."

Dr. Murray was appalled at a recent dinner party when a woman leaned over to her and said, "My husband paid \$250,000 to join the golf club, and he doesn't even play golf."

### **Work Hard, Spend Hard**

Mr. Kittredge, who began his candle-making business at age 16 in his mother's kitchen and says he was raised in a "lower-class to lower-middle-class" home, holds attitudes typical of many of the newcomers. When prodded he will say that he worked hard for his money and that others can do the same. He is unapologetic about spending it lavishly and says that he has paid his dues in the form of taxes, which he estimates at \$500 million so far. He also says that the chasm between the old-timers and the newcomers is inevitable.

"Money makes a lifestyle," he said. "It creates a division between the old money and the new. It is a little bit of class jealousy. We go to a cocktail party and a guy is telling my wife about his airplane. So finally the question comes up: 'How do you get over to the island?' and she says, 'We come by plane.' And he says, 'What kind of plane?' and she says, 'A G-IV.' And so the wind comes out of the guy's sails."

"The old money guy has a twin-prop airplane and that is pretty incredible," Mr. Kittredge continued. "For his time, that is pretty great. Now he is talking to a guy who is half his age who has a transcontinental jet. That is the end of the conversation."

"Or you meet someone and they start telling you about their boat. He has a 45-foot boat and he is very happy with it. Then he'll say, 'Do you have a boat?' And you say, 'Yes.' 'Well, what kind of boat do you have?' And you say, 'A Fed Ship.' And he says, 'How big is it?' That's how people rank them. So I have to say, 'It's 200 feet.' It's the end of the conversation. Is there envy? Yes, could be. Was he a wealthy guy in his day? Absolutely, but relative to today - no. The two worlds can mix as long as they don't talk too much."

The accoutrements of wealth play a different role for the old-money clans than they do for the new wealthy, says Nelson W. Aldrich Jr., author of "Old Money."

"For many self-made men," Mr. Aldrich said, "homes, boats and even membership in expensive clubs are trophy signs of wealth. But for the older money, a boat may well be part of a tableau that has to do with family, with his grandparents and his children. It is part of his identity. If he walked away from the conversation, it was because he thought he was talking about his boat as part of his life. Instead he found he was talking about money, and he doesn't like being reminded that he lives in a competitive world."

Over time, some say, the new money will not prove much different. "Ultimately, the new money becomes as insular as the old money because it gains the power to exclude," said Michael Thomas, a novelist who, like his father, was a partner at Lehman Brothers and whose mother came from an old New England family. "Once you have the power to exclude, you have what people have been seeking in old money."

The single greatest change brought by the hyper-rich is in the cost of housing. The average Nantucket house price last year jumped 26 percent, to \$1.672 million, said H. Flint Ranney, a veteran real estate broker.

Last fall one waterfront residence, with its own elevator, wine cellar, theaters and separate guesthouse, sold for \$16 million, the year's record.

"Shame has somehow gone out the window," Mr. Thomas said. "There is no incentive to exercise control."

A handful of the new affluent indulge their fantasies with gusto. Michael S. Egan, the founder of Alamo Rent-a-Car, built his own baseball field, complete with a batting cage and stands. Roger Penske, the automotive tycoon and former race car driver, tussled for months with the Historic District Commission until he finally won permission to build a faux lighthouse that joins the two wings of his multimillion-dollar home. The investment banker Robert Greenhill likes to fly his Cessna jet to the Nantucket airport or his Cessna seaplane to his waterfront dock.

The rise in real estate values has, of course, benefited many of the old-timers. With some of their fortunes eroding, they find they are sitting on an extremely valuable asset, a realization that adds a touch of ambivalence to their protests against changes that are all too obvious.

One such change is at the airport. On high summer weekends, more than 250 Challengers, Gulfstreams and Citations a day might land

there, vying for parking spaces. Some jets drop off passengers for a round of golf and whisk them away after.

In easternmost Siasconset, the gray-shingled fishermen's cottages that occupied the corners of plots of sea grass and wildflowers are giving way to mansions in private cul-de-sacs. Here and there hedges have sprouted up, tall as windsurfers, to partition the property parcels. They separate the community, contributing to the ineffable sense that something familiar and precious about the ethos of the island is disappearing.

"At least one new family has built a hedge to avoid people seeing them as they pass by," said Wade Green, 72, who has summered here for years. "Those open paths had an old-fashioned elegance to them. It is part of an old and fading spirit of community. Blocking them off is an unfriendly and antipublic thing to do."

Not all the changes here are striking. Downtown, with its cobblestone streets and absence of traffic lights, could still pass as a quaint New England fishing village. But some harbingers horrify the old-timers: upscale restaurants, boutique windows displaying expensive designer jewelry and the arrival of the first ever chain store, a Ralph Lauren shop.

On the sidewalks, class speaks through clothes. "The old money wears Lilly Pulitzer, J. McLaughlin and C K Bradley," said one saleswoman, who wanted her name withheld to avoid offending customers. "They wear gold hoops, and if they buy new jewelry it is pearls or they upgrade their diamond rings. The new money wears Juicy Couture, Calypso and big necklaces. They even go to different restaurants. The old people go to 21 Federal and the new people go to the Pearl. They don't want to mix. They want to show off for each other."

But the lines cross. A handful of the hyper-rich gravitate toward Lily Pulitzer to give themselves a blue-blood look. And some pedigreed teenagers lust for Juicy Couture.

Daisy Soros, wife of the harbor designer Paul Soros and sister-in-law of the financier George Soros, has been coming to Nantucket since the 1960's, an era when few women, new money or old, dressed up. She thinks that the newcomers are beginning to influence the culture.

"Everybody is building monster houses now, and they are all dressing up," Mrs. Soros said. "Now even I wear Manolos," she added with a laugh.

Some say that too much is being made of all these distinctions. "The only people who are truly class conscious," said Roger Horchow, who realized his fortune when he sold his catalog business to Neiman Marcus in 1988 for \$117 million, "are the second tootsie wives of men with big bankrolls."

### **Why Wait? Build a New One**

When there is a division between the old and the new, it is apt to express itself on the most time-honored of battlefields: the putting green, the tennis court or the marine berth.

The existing clubs are still the preserves of the old wealth, but new clubs are springing up to welcome newcomers, as well as some longtime residents who grew impatient with waiting lists. For years the Sankaty Head Golf Club had a waiting list that seemed to extend for decades. So in 1995, Edmund A. Hajim, an investment banker in Manhattan, and others created the Nantucket Golf Club, assiduously designed to look as if it had been around forever. It became such a hit that its list is now full, too, even at a cost of \$325,000 (80 percent reimbursable upon departure), as opposed to the \$30,000 it costs to join Sankaty Head.

In the same way, the old Nantucket Yacht Club has spawned a rival, the Great Harbor Yacht Club. About 300 families have already bought memberships, which now cost \$300,000.

Some Nantucketers applaud the new clubs.

"Why shouldn't they start a club if they can't get into the old ones," said Letitia Lundeen, who was raised in the social whirl of New York and Washington and now runs an antiques store here.

The resentment of new money riles Liz Petkevich, whose husband, J. Misha Petkevich, an investment banker and former Olympic figure skater, helped found the new yacht club.

Her husband worked hard for what he achieved, she said. "Does that mean we are better than anyone else? No. But we should not be penalized because we cannot get into the old yacht club."

In the old days, the clubs were homogenous and dominated by white Anglo-Saxon Protestant families.

"When I first came here it was the tail end of the 'grande dame' era," said David L. Hostetler, a sculptor, who arrived in 1971. "The place was dominated by WASP women in Bermuda shorts. There were hardly any Jews."

Today the island's elite is diversified enough to support a synagogue where membership has reached 250 families and where the yarmulke worn during services is Nantucket red and decorated with miniature whales.

One place where the old and the new do mix is charity events. As in cultural and philanthropic institutions from San Francisco to New York City, the old money has made room at the table for the new money to replenish the coffers. There are more and more fund-raising events, and they are no longer the low-key affairs they once were. Last year the annual cocktail party and auction for the Nantucket Historical Association instituted valet parking and a classical quartet in black tie.

Some appreciate the infusion of money and energy that the newcomers have brought. "The old money doesn't like to spend money because they worry about whether they can make it again," Ms. Lundeen said. "Even when they can spend it, they often think it's vulgar and unnecessary. The newcomers have brought the island up to par with their demands."

### **Everything New Is Old**

Old-time Nantucketers are given to trading what one of them called "barbarian stories." Did you hear that Rick Sherlund, a Goldman Sachs partner, annoyed some of his neighbors when he hired Jackson Browne to entertain at his anniversary party? Or that Jon Winkelried, another Goldman Sachs partner, had the nerve to close off a small road that people had been using for as long as anyone can remember? Or that Louis V. Gerstner, the former I.B.M. chief executive, hired a Boston litigator to help him push through a plan for a large new house on his \$11 million waterfront plot?

Aggressive behavior, Dr. Murray said, is natural to the species. "And after all, why should they give it up?" she said. "Look where it has gotten them. That is exactly how they made their money."

One Nantucketer was L. Dennis Kozlowski, the former chief executive of Tyco International, on trial a second time on charges of criminal larceny, accused of looting the company of tens of millions of dollars. His lavish New York apartment, with its \$6,000 shower curtain, became a symbol of the over-the-top corporate lifestyle.

To some, the multimillion-dollar party that Mr. Kozlowski gave on Sardinia to celebrate his wife's birthday - replete with a vodka-spewing ice sculpture fashioned after Michelangelo's "David" - was a modern echo of the lavish celebrations of the Gilded Age.

Subtler distinctions between old and new money lie in the attitude toward work. The financier David Rubinstein bought a 15-acre waterfront property, tore down the existing house, as many wealthy buyers have done, and put up an 8,000-square-foot home. The stunning view lets him watch the sun rise and set, and yet he has boasted to friends that he spends only 12 days a year here; a rock on his front lawn reads: "I'd rather be working."

Robert E. Torray, who is a co-manager of a mutual fund family and has been flying here on his company's Gulfstream since the 1980's, is either on the golf course or working the phone in his cranberry red library. He likes it here because there are Wall Street moguls everywhere and wherever he goes he can talk business.

That is hardly the attitude of some veteran summer residents, who find comfort in the thought that they can occasionally be fogged in without worrying about the office. For them, being rich means a license to break schedules and to play. "If you are working," said Nicki Gamble, whose husband, Richard, is an heir to the Proctor & Gamble fortune, "it is very nerve-racking. The way to be here is not to be working."

### **Caught by a Boom**

The high cost of housing is squeezing middle-class people off the island.

The former principal of Nantucket High School, Paul Richards, and his wife, Martina, a nurse, moved last year to Needham, Mass., after renting here for five years. "The expense of that together with having two little children made a home beyond reach," Mr. Richards said. "It was frustrating to be driven away from two jobs that we very much enjoyed, but a starter home for our family would have cost over \$600,000."

Linda Finney Williams, administrator of the Nantucket Zoning Board of Appeals, who has a 19-year-old son in college and an older daughter in law school, said, "I'm hanging on by my fingernails."

"The cost of living has risen so much that it's very hard on us."

The demand for labor is so great that every weekday roughly 400 workers fly in from the mainland for construction, gardening, plumbing and other services. The commute may be a nuisance, but the money makes it worthwhile. It also explains why building is so expensive; the additional costs are passed along to customers.

John Sheehan, a 65-year-old construction worker who rises every day at 4:30 a.m. to catch a plane from Hyannis, does not complain. "I have always been in the lower-middle-class area," Mr. Sheehan said. "But the times are good for me now. I'm making more money than I ever did and I'm living more comfortably."

To try to stem the outflow of workers the Nantucket Housing Office, a private nonprofit group, has proposed a one-time "McMansion" tax of \$8 per square foot on any construction space exceeding 3,000 square feet.

The bill has several more hurdles, but if it is approved, the proceeds would be used to build housing for families making \$120,825 a year or

less.

Some real estate agents worry that the hyper-rich will resent the tax, but so far wealthy homebuilders seem to regard it as a pittance compared with the other costs they incur.

Despite the money to be made, some shop owners and other locals miss the way the island used to be.

Though she applauds their self-confidence, Ms. Lundeen, the antiques dealer, says she is sometimes appalled by what she considers the cavalier ignorance of some women who are suddenly rich. "They don't want to learn," she said. "I had a monogrammed tray and when I proposed it to a customer, she said, 'Why would I want other people's monograms?' These women have never inherited anything."

Robin Bergland, a young florist who moved here from Manhattan, has stopped providing flowers for weddings. "The final straw was a wedding where a Wall Street executive tried to bill me for the wedding gown and medical expenses," she said. "He charged that the roses I used to decorate their party tent ruined the hem of the bride's dress and caused her aunt to trip and break her leg.

"I got threatening phone calls daily. I was terrified until I gave the case to my lawyer and they went away. There's no question it was unlikely to have happened five years ago."

The old summer people "used to try and fit in," said Arlene Briard, a taxi driver who has lived here 35 years. "They didn't want to differentiate themselves by class or by a look that said how much money I have. When I sold TV Guides to people, I'd walk into a house, sit down and have a lemonade with people or play tennis with them at the yacht club. Now they get in my taxi and find a way to tell me that they belong to the Nantucket Golf Club.

"Class has a certain grace," Ms. Briard said. "Just because you can go to Chanel and buy a dress does not mean you have class. A person who just pays their bills on time can have class."

**Correction:** June 10, 2005, Friday:

A front-page article on Sunday about the life of the rich in Nantucket and a front-page article on June 1 about affluent families who often relocate because of their employment both misspelled the name of a clothing brand emblematic of the upper middle class. It is Lilly Pulitzer, not Lily.

**Correction:** June 23, 2005, Thursday:

A front-page article on June 5 about the life of the rich in Nantucket referred incorrectly to a type of yacht owned by some. It is a Feadship - that is, from the Feadship yards in the Netherlands - not a Fed ship.