



SECOND OPINION



## Surprise! A Moveable Feast of Waterfront

BAYSIDE, Maine - The midday sky darkens as the Surprise slides toward its mooring. We drop the sails. We have everything tied down just as the rain shifts from drops to downpour. The radio announces thunderstorms along the entire midcoast of Maine, an area that may be the most beautiful sailing ground in the world.

Unlike previous sailing trips, the Surprise is not a rented vessel. She is a J30 sloop, vintage 1981. She was named in honor of the legendary Capt. Jack Aubrey's vessel after my brother Doug and I bought her with a winning bid at the Maine Maritime Academy charity boat auction last year.

She is fast. A mere puff of wind will move her at 5 knots. A good breeze will take her to 7 knots and more. Below decks she nominally sleeps six in the space one might find in a 25-foot Airstream. Light the cabin heater and she offers a comfortable nest of well-varnished wood. More important, she is a moveable feast of stunning waterfront.

Whether they are sail or power, boats are often described as money pits - "like taking an ice-cold shower while burning \$100 bills," or as "holes in the water into which one pours large quantities of money."

I beg to differ.

Today, boats are one of the few ways people who aren't rich may get to enjoy magnificent water views. Along this part of the Maine coast a very rustic waterfront cottage is likely to sell for \$500,000 or more. In the

more posh areas, like Castine and Blue Hill, the cost of entry is well over \$1 million.

The math here is oppressive. A \$1 million mortgage (at 6 percent) costs \$6,000 a month for all 12 months. But prime season is less than three months, so the real cost is \$24,000 a month, or about \$800 a day. And that's before you consider taxes, insurance, maintenance and utilities.

This is not unique to Maine. Check the prices of waterfront houses on Cape Cod, Long Island and Annapolis, or anywhere along the Florida coast, and waterfront is priced in multiples of \$1 million. The same is true, in spades, on the West Coast. Anything on the water, anywhere, is the stuff of trophies- and priced accordingly.

The prices, I think, are further evidence of the growing gap between the Paycheck Economy and the Portfolio Economy. In the Paycheck Economy - the one most of us live in - houses are bought (and rent is paid) with monthly payments. Those monthly payments are tied very closely to monthly income. The monthly income, in turn, is sustained by the indignity and inconvenience of work.

In the Portfolio Economy - the one Forbes Life, the Robb Report and Architectural Digest chronicle - everything is done with small shifts in large piles of pre-existing assets. Nothing is tied to a paycheck or something as ephemeral as monthly income. Everything is a portfolio transaction, a movement of assets from one form (hedge fund, IPO, inherited stock, etc.) to another (trophy waterfront house, mega-yacht, etc.).

When it comes to waterfront and water-view property, the Portfolio Economy is crowding out the Paycheck Economy.

What can those of us who live in the Paycheck Economy do about it?

One answer: Buy a boat. It is possible to get on the water in a habitable boat for less than \$30,000.

Another answer: Rent a waterfront house. While it may cost \$500,000 or more to buy one of these properties, a great many cottages are available by the week for about \$1,000. That's less than \$150 a day, well under the actual or imputed costs of the owner. The gap between the cost of owning waterfront vacation property and the cost of



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renting it has been enormous for decades.

All we need to do is remind ourselves: It is possible to experience something without owning it.

(Questions about personal finance and investments may be sent by e-mail to [scott@scottburns.com](mailto:scott@scottburns.com) or by fax to 505-424-0938. Check the Web site: [www.scottburns.com](http://www.scottburns.com). Questions of general interest will be answered in future columns.)

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