

WHY WELLNESS IS THE NEW WEALTH

TOWN & COUNTRY

MAY 2018

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STABLE MARKET
International buyers are snapping up high-end horses—and properties—in bucolic Lexington, Kentucky.



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BUYING the FARM

A NEW BREED OF LOCAL HAS THE BLUEGRASS STATE SEEING GREEN.

By Kyle Chayka

It's easy to tell when Sheikh Mohammed bin Rashid Al Maktoum, the vice president and prime minister of the United Arab Emirates and the ruler of Dubai, arrives in Lexington, Kentucky. Blue Grass Airport suddenly looks as if it has added a new terminal. The Sheikh, as the locals universally call him, travels in a Boeing 747 that always seems as if it will be too big for the runway. From the airport the Sheikh heads to one of his six farms, which comprise more than 6,000 acres, properties he began acquiring in 1997 to house some of the 4,000 thoroughbred horses he owns in various countries.

Although Lexington might

seem an unlikely destination for the global elite, it's a charming city, with a dense downtown and a thriving bourbon industry. But the real attraction for the wealthy is the ring of horse farms that surround it like a vast

green moat. These are not so much agricultural operations as mansions with fields and stables attached. Home theaters, wine cellars, and catering kitchens are de rigueur, alongside equine luxuries like exercise pools and indoor tracks.

On the strength of its horse breeding history, which stretches back to the 18th century, Lexington has established itself as a place where new money can go to feel old and where land is the currency of choice. "Everyone has their farm," says garden designer Jon Carlotis, an outgoing Kentucky native who was recently named one of the top 100 party hosts in the country.

The city's horse industry

has gradually become international. Prospective buyers arrive from Chile, Brazil, South Korea, China, and the United Kingdom, drawn by Lexington's competition facilities, training resources, and steady supply of champion stallions available for buying and breeding. Queen Elizabeth II made the first of many visits to Lexington in 1984 and has been known to have her mares mate with Lexington studs.

The increased demand means higher prices; while farms sold for \$3750 per acre in the 1980s, today developed properties can go for \$45,000 an acre.

More recent converts to the Lexington way include Benjamin Steinbruch, a Brazil steel industry CEO who bought the 422-acre Brownwood Farm for \$3.3 million; Chile's Heller family, whose Haras Don Alberto conglomerate acquired the 417-acre Vinery (\$13.9 million); and the Irish airline scion Shane Ryan, who owns

Castleton (CONTINUED ON PAGE 54)

Horse PLAY

WHERE TO CASH IN ON LEXINGTON'S EQUINE CRAZE.



\$7.15 MILLION

635 IRON WORKS PIKE
This 94-acre property, also known as St. George Farm, features a 19th-century Greek Revival house and two barns with 40 stalls (top). SOTHEBYREALETY.COM



\$11.25 MILLION

2314 IRON WORKS PIKE
Touted as one of Kentucky's finest horse facilities, this 145-acre estate includes a derby field, outdoor ring, indoor arena, and four barns. JUSTICEREALTY.COM



\$3 MILLION

1125 BRIDLEWOOD LANE
This Georgian mansion comes with a gated entry, pool, rec room, and three-stall barn for the amateur horse enthusiast. SOTHEBYREALETY.COM

(CONTINUED FROM PAGE 56) Lyons, an 1,100-acre farm established in 1793, for \$14 million. Daughters of Michael Bloomberg, Bill Gates, and Bruce Springsteen are also frequent visitors, drawn by the advantages of keeping horses on the bluegrass. "Lexington is the most special place in the country to raise a thoroughbred," the South African wine titan Antony Beck, also a transplant, has said.

The landscape around the city resembles an idealized children's drawing, with fields cut by curving lines of black or white fencing and dotted with groups of mares and their foals. But beyond aesthetics, buying in the area is a good competitive strategy. Just ask Gayle Benson, whose husband Tom owns both New Orleans's football team, the Saints, and basketball team, the Pelicans. The couple recently purchased a farm to the northeast of the city called Greenwood, to kick-start their own breeding operation. "It's just like any other sports team," Benson says. "If you're going to have a horse business, it has to be in Kentucky."

These newcomers could raise their animals nearer their homes, of course, but that was overlooking Lexington's ultimate advantage: geology that makes owning property here a necessity for breeders who could buy literally anywhere else. Millions of years ago most of Kentucky was underwater, an ocean bed of limestone shelves. Composed of the remains of sea creatures that thrived in that long-vanished sea, limestone is rich in calcium, which gets absorbed into the native bluegrass on which the horses graze. The calcium then goes into the animals' bones, making, it is said, for stronger, tougher runners.

Lexington was founded by a party of frontiersmen in 1775 and has been home to horse farms ever since. The city has also developed equestrian infrastructure that helps it stay relevant in the 21st century. In 1936 a coalition of horsemen led by Hal Price Headley and Major Louis Beard founded Keeneland, a racetrack and auction house set that is now part

BUYING THE FARM



of a complex that forms the heart of the city's horse industry. Keeneland is a unique institution in that it hosts both horse sales and races; it's a cross between a football field and a stock trading floor.

"You know Christie's and Sotheby's?" asks Robert Elliston, Keeneland's current vice president of racing and sales. "We're just like that, but instead of a Warhol we've got a Galileo" (an Irish horse who dominated the track in 2000 and '01).

Ted Bassett, the 96-year-old former chairman of Keeneland, dates Lexington's recent fortunes to the discovery of offshore oil in the Middle East in the late 1960s. "The newly rich breeders there wanted to blend American horses' native speed into their own stock," Keeneland became the source of the classic horse," Bassett says, seated in the cottage office he maintains on-site.

Another shift came in 2010, when the Kentucky Horse Park, an estate that had opened to the public in 1978, held the World Equestrian Games. The Horse Park upgraded its hosting facilities, adding more support for show horse events, which have become a Lexington mainstay and draw even more potential farm buyers.

If you're looking to buy a horse farm in Lexington, Bill Justice is the man to know. He has been in the business since the 1980s, and these days his firm sells more Kentucky farms than any other; to clients from all over the world. Per Justice, a few qualities mark a valuable horse farm: "proximity to the airport and the Horse Park, good soil, location. A farm that's proven to produce winners—that's a big plus," he says during a rambling spin around the horse belt by car.

The market doesn't cater to the casual buyer, though there is an upswing in interest from dilettantes every year around Kentucky Derby time. Horse farms require plenty of active upkeep—grass needs cutting, fences painting, and horses running. It's all very expensive, and profit can be elusive. Most farm owners rely on outside income. "Their other business allows them to buy into the horse business," Justice says.

In the ideal scenario, however, thoroughbred economics pay out better than most investments. The breeding rights for a champion stallion can sell for upward of \$20 million after the horse's racing years are over. Stud fees, the price to successfully breed a mare to a top stallion, have recently gone as high as \$300,000, and stallions can breed 200 times annually.

That means you can break even on an expensive horse in less than a year.

Still, like acquiring a vineyard, owning a thoroughbred farm is a tempting pursuit the rewards of which involve pleasure more often than profit. The horse scene is the basis of the social circuit in Lexington, and buying land or bloodstock can offer entrée to the community. "Capitalism is a great equalizer," says Lucas Marquardt, a contributing editor to *Thoroughbred Daily News*. "If somebody wants to come in and do business here, it's good for the entire industry."

Outside the Keeneland offices the four-day January auction is bustling in spite of the cold. One of three annual sales (September sees the largest sale of yearlings in the world, and November has a breeding stock sale), it features horses of all ages, including weanlings (animals that have not yet turned one) and mares, often pregnant. Farm owners, buyers, agents, jockeys, and reporters pace the aisles as dozens of horses are hammered down for anywhere from \$5,000 to \$1 million. "It's like going into Tiffany's," says Headley Bell, owner of Mill Ridge Farm, who is at the auction to sell 33 horses.

Price Bell, Headley's son, points out the Sheikh's staff, who have spent millions trying to win the Kentucky Derby—so far without success. Part of what makes thoroughbred racing compelling is that money is far from the only factor leading to victory. "It's a melting pot of people and accomplishment driven by the horse," Price says.

In addition to representing his family farm, Price is at the auction on behalf of a Saudi Arabian horse dealer. In such a hands-on business, bidding by phone is rare. You need someone with a gut instinct to see a horse up close, another reason Lexington is so important. Price and the Saudi dealer text back and forth, setting top bids for the animals they're after. An appealing colt comes up, and Price heads to the auction hall, bidding by flashing a discreet hand into the aisle as bid spotters whoop and an auctioneer babbles numbers.

Price comes in strong, flashing his hand multiple times in succession, trying to intimidate his competitors by hinting at deep pockets. But the price tops \$20,000, over the Saudi's budget, and soon he's out. He sighs at the unsatisfactory denouement of the failed encounter and says to his phone, "I could have had him if you had more money." ☞

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