

***“Miami Beach is where neon goes to die” Lenny Bruce***

---

For columns on columns, because of beaches, I’ve obsessed over people spending multimillions for a resort home here... questioning not the general logic, but rather the particular choices. I said before Value comes Quality, then demonstrated that there’s often no correlation between the two (I invite you to take a spin on the web: there’s some pretty poor values out there dressed in some pretty high listing prices).

Nevertheless, I confessed that making a judgment call about quality is fraught with controversy. So, I’ve tried to simplify it: starting by examining the rationale for spending multimillions (home, lot, neighborhood, and view) and ended up with (my judgment) the unique feature that justifies value: the beach. Not only is it omnipresent in lavish realtor brochures but it is omnipresent in the sales data. And the data shows that it is the one thing that pushes prices into the top-most tier of the market... and then pushes prices through the roof, again, setting the record for a single family home.

What is it about a little sand and water that makes people react so? Good question, and one easier to answer by pointing to examples of the behavior, rather than defining it. My way of looking at it? Locate major economic activity (and wealth), and then survey where they recreate. In the US, the New York City is top dog... and they pay their way to Long Island (the Hamptons), Florida (Palm Beach) and the Caribbean (Bermuda\*, Bahamas, come on pretty mama, Key Largo, Montego... per the Beach Boys song) (aha, another example of branding your business – music making -- to the exotic images of the sand and surf). For Tokyo, San Francisco, Los Angeles and Seattle, it’s usually Hawaii.

**\* Speaking of Bermuda, aren’t the local papers having fun with the fact that Bermuda’s department of tourism used Hawaiian beaches in lieu of homegrown ones in their latest ad campaign (... and you think I’m obsessing? The Detective Joe Friday fact of the matter is that beaches sell).**

Do you still want to put a peg on what makes beaches special (and valuable)? Let me quote a world-renown economist: John Kenneth Galbraith, the most loquacious (and influential) economist of his time (the 60s). He put it thus:

*Total physical and mental inertia are highly agreeable, much more so than we allow ourselves to imagine. A beach not only permits such inertia but enforces it, thus neatly eliminating all problems of guilt. It is now the only place in our overly active world that does.*

This from a Harvard professor, an ambassador to India, a best-selling author. Written for the forward of a book by another well-known figure, feminist/author Gloria Steinem (for her [The Beach Book](#), 1963). Now you know why economists aren’t quoted very often. Letting Galbraith’s dense logic and sparse prose stand in stark contrast to his subject, I want to return to my big point: beaches sell. And they hold their value.

Prove it? Check the chart. Every single sale was on a beach. Every one was for over \$1,500,000. Look how high the prices went on Oahu, when the Japanese were buying. Look how high the prices are going on the neighbor islands with the North Americans buying. Too high for you? For me, too. But, to paraphrase just about everyone, “life’s a beach.”

### Waterfront Homes Sales Over \$1.5 Million

