

# LOS ANGELES BUSINESS JOURNAL

May 7 - 13, 2007

## Powerhouses

### How about a \$25 million condo? L.A. pushes penthouse envelope

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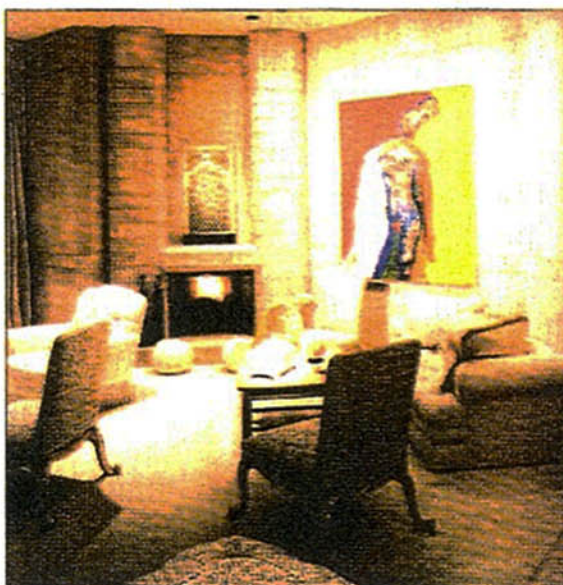
**L**os Angeles has long been known as a city where the ultra rich purchase expansive homes on the beach or a gated compound in the hills.

But the mega wealthy will soon have a new kind of place to live – over-the-top urban penthouses.

Top-floor condominiums costing up to \$9 million or so have been around for decades in Los Angeles, mostly on the Wilshire Corridor in Westwood. But the latest wave of development is promising a slew of penthouses with staggering views and staggering price tags that are double or triple the prices of old units.

About 30 ultra high-end penthouses are expected to come on the market in the next three years, according to local real estate industry figures. Priced at up to \$25 million with talk of \$28 million,

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A rendering of the 42-story condo tower to be built in Century City, left. Related Cos. wants to sell the 12,000-square-foot penthouse for about \$25 million. At top is the interior from a Wilshire House penthouse, now among L.A.'s priciest at \$9 million.

## Condos: Raft of Pricy Projects Are Pushing the Posh Envelope

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these units will crown new high-rise buildings in Beverly Hills, Century City and Westwood. "These penthouses are like rare gems," said Steve Fifield, president and founder of Fifield Cos., which is building Club View, a high-end condo tower just east of the Los Angeles Country Club. "They are like large De Beers diamonds; they sell at a factor that is different from regular real estate."

For all that extra money, buyers will get huge units in new, tall buildings, several of which command views of the ocean, downtown and the mountains. Some of the typical features include five-star hotel-style services, cathedral ceilings, floor-to-ceiling windows, marble staircases and multiple terraces. Some are being designed by world famous architects.

Aside from the general run-up in real estate prices over the last several years, multiple factors are at play in creating a market for the penthouses, as well as the less expensive but still multi-million dollar units located on lower floors.

To begin with, improved amenities and cultural options have made urban living in Los Angeles more appealing to prospective buyers – as worsening traffic has made it less attractive to live in suburban locales.

There's also the buoyant stock market and L.A.'s reinvigorated, tech industry, which have created a new class of millionaires. Many of them are older baby boomers whose children have left home and for whom a penthouse, rather than a house, is attractive. And as Los Angeles has matured, it is attracting more international buyers accustomed to vertical, urban living and who have no problem paying big sums for a condo.

"In the 1980s, it was a tough time. The mentality was, who would ever give up their suburban home and give up their big house and big yard?" said Bill Schwarz, chairman of Wilshire Realty Co., who has brokered the sales of several penthouses. "Now people are more than willing to go vertical."

### Present perfect

Currently, most of Los Angeles' high-end penthouses are situated on the Wilshire Corridor, from the western border of Beverly Hills to Westwood proper. Over the years, several have traded in the \$6 million to \$9 million range. Many of these buildings include 24-hour valet service and full security teams. Marquee units can be found on the corridor in the Remington, the Californian, and the Wilshire House.

It is difficult to say what the record price is for a Los Angeles penthouse because the buyers can work to keep their purchase prices hidden. But Stephen Shapiro, chairman of Westside Estate Agency Inc., a high end residential brokerage, says his firm sold two penthouse units in the Remington condo tower in 2003 to the same buyer for a total of \$14 million. The buyer combined the units for a total of 15,000 square feet of space.

Still, the new class of buildings is something else. For example, the Century, a development by Related Cos. in Century City, is designed by acclaimed architect Robert A.M. Stern and includes almost four acres of "estate grounds." Then there's the Montage Hotel and condo development by the Athens Group. It is set in the heart of Beverly Hills and condo residents will have full access to the hotel's amenities. And the Carlyle on the Wilshire Corridor by Woodridge Capital LLC will include private wine cellars.

So far, it appears the priciest unit to go on the market will be a 12,000-square-foot penthouse at the Century, a 42-story condo tower under construction at One Century Drive, site of now razed St. Regis hotel. Related has not released specific plans for the unit, but sources said it's expected to be priced at \$25 million,

and be completed in the first quarter of 2010.

Related will not confirm the price, but David Wine, vice chairman of the New York City-based company, said there has been a sea change in recent years as Los Angeles has emerged as a gateway, international city.

"You have international people who need residences in L.A. in a way that they didn't before," Wine said. "We are very confident that our building will redefine peoples' ideas of what condo living is about."

Related, also the lead developer of the \$2 billion Grand Avenue development in downtown Los Angeles, has experience building and selling ultra high-end penthouses. Penthouses in the company's Time Warner Center in New York sold for \$25 to \$50 million, Wine said.

However, Los Angeles is still not New York, where the highest-end penthouses often fetch \$4,000 per square foot. But things are changing in Los Angeles, with the current crop of units expected to easily top \$2,000 per square foot, and in a few cases hit or exceed \$4,000.

"By most standards around the world, we look pretty inexpensive," said Schwarz of Wilshire Realty, comparing Los Angeles to London or Tokyo. "But it seems that all of a sudden we have been able to break through almost a glass ceiling in terms of the product that is desired by this market."

### Big plans

Indeed, Fifield's 35-unit 1200 Club View tower in Westwood will include a penthouse that is said to be for sale in the \$18 million range. At that price, the 8,328-square-foot penthouse would sell for \$2,161 a foot. But with the rush of multiple high-end projects expected to hit the market the company is actually considering raising prices. The top five floors of the 21-story building will be penthouses, with just one unit per floor. The condo tower is scheduled to open in fall 2009.

The penthouse units at the Montage Hotel in Beverly Hills are somewhat of a wild card – the building tops out at eight stories, making the project shorter than many of the buildings slated for Century City or Westwood. However, the project includes just 20 condo units that sit atop a first class hotel.

Slated to open October 2008, the development will include two 5,700-square-foot penthouse units on the top floor. Jay Newman, chief operating officer for developer Athens Group, said that his company has been receiving offers in the \$4,000 per foot range for units in the building. He said the penthouses may sell for \$5,000 a foot, or about \$28.5 million.

"That is on par with what people are paying for condos in London or New York City," said Newman, Athens Group's project manager for the development. "It's Beverly Hills, and it's the only project in the (Golden Triangle) amenitized with a five-star luxury hotel."

Another unique project is 9900 Wilshire Blvd. Last month, London developer Candy & Candy bought the property from New Pacific Realty Corp. for \$500 million.

The project, which is still awaiting final approvals from Beverly Hills, is designed by Pritzker Prize-winning architect Richard Meier and is slated to include a few two-story penthouses. Those units could easily hit \$15 million.

Despite the glamour of big-money penthouses, some in the business wonder whether all of the planned projects will actually be built. The late 1980s also saw numerous plans for posh Wilshire Corridor high-rises, some of which were not completed for years after the real estate market collapsed in the early 1990s.

"I think the jury is out," said Shapiro, the broker. "At some point, the absorption will not be equivalent to the new amount of inventory. If you go back to when this happened last, there were a couple of arrested structures on Wilshire Boulevard that just sat there."

