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High-rises, High prices

With luxury penthouses in Los Angeles, developers pursue the ultra-wealthy buyer.

By Jennifer Lisle

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If you want a killer condo in L.A., the stakes are getting higher. Several über-luxe penthouses are defying the gravitational pull of the housing market and redefining the meaning of luxury.

Mostly new, they are set atop buildings awash in every service and amenity imaginable and target the ultra-wealthy multi-property owner more concerned with maintaining an upscale lifestyle than the cost of it.

Prices for these ultimate residences, up to \$30 million, sound fantastical amid the gloom and doom of the rest of the market. But analysts say that this uppermost end -- properties \$5 million and up -- is one of the few bright spots on the horizon.

"The multimillion-dollar luxury housing market held up much better than the overall market in 2007," said Andrew Le-Page, a market analyst at DataQuick Information Systems. "There was no evidence the rich were getting poorer."

"This is in that rarefied air, where the buyers are shopping in Paris, Rome and L.A.," said Leslie Appleton-Young, chief economist at the California Assn. of Realtors. "They are much more immune to the rest of the market."

Because penthouses usually afford the best views, builders are seeing their value and increasingly offering them as one-of-a-kind trophy properties -- a twist for a part of a building historically intended as servants' quarters and storage units for excess furnishings.

To attract penthouse buyers, developers of new high-end buildings are vying to create and market their units as the ultimate in luxury, exclusivity and individuality.

And with a high-rise boom going on downtown and other buildings sprouting along the Wilshire Corridor and in the Mid-Wilshire areas, the bar for "luxury" is rising and prices along with it.

Kerry Marsico, a Coldwell Banker Realtor in Los Feliz who has been selling property in downtown high-rises for the last three years, has noticed a significant change in his clientele. There are now more wealthy buyers in the mix.

"There have been lofts downtown for a while," he said, "but this luxury option wasn't there."

Some high-end developers are unabashedly seeing this as the ultimate one-upmanship challenge.

"We wanted to build something incomparable in Los Angeles," said David J. Wine, vice chairman of Related LP, developer of the Century, a new 42-story luxury high-rise set on the former site of the St. Regis Hotel in Century City. "Estate living in a high-rise."

To build the Century, Related employed architect Robert A.M. Stern, who designed several of Related's high-end buildings, including the Time Warner Center and 15 Central Park West, both in New York and both of which have penthouses that sold for more than \$40 million.

Although cities like New York have had a penthouse culture for many years, trophy residences in L.A. have traditionally been more mansion-in-Bel-Air than urban-penthouse oriented. But Wine and other high-end developers think that L.A.'s time has come.

"Los Angeles has a growing population of wealthy multi-property owners who want a place that is like a mansion but has a central location and resort-style amenities," he said. "Seeing penthouses in other cities has also made them more aware and open to the idea of a penthouse in Los Angeles."

Stern plans to create a resort-like atmosphere by setting his oval-shaped building at an angle and back from the street amid lushly landscaped, tiered gardens. Residents will enter from Avenue of the Stars by way of a long and winding driveway reminiscent of a grand old-world property.

The top seven floors will be termed "penthouses," Wine said, as they will be placed back from the rest of the building and offer architectural elements such as multiple and expansive decks and entertaining spaces. These 10 units will include six that are 6,000-square-foot half-floor condos priced at \$18 million, two 8,000-square-foot two-level units priced at \$27 million each, and two full-floor 10,000-square-foot units priced at \$30 million.

Each will offer up to 2,000 square feet of outdoor space, and the building will house a gym, spa, restaurant and outdoor pool with cabanas. There are 24-hour concierge services. The building is due to open at the end of 2009; construction and sales started late last year. Thirteen of the 140 units have sold so far, including one of the half-floor penthouses that was listed at \$15 million.

Another new building with trophy penthouses is Park Fifth, billed as the tallest residential tower west of Chicago. Here the architects, Kohn Pederson Fox, wanted to "create an iconic building" and unique living experience by "taking the Southern California lifestyle vertical" in a downtown location, said Erika Nelson, vice president of marketing for Park Fifth.

Set on Pershing Square, each of the two towers of condominiums, 43 and 76 stories high, will offer outdoor space as well as smart-home technology and design features. The building will house a five- star hotel, a health spa, a lecture hall, a screening room and two swimming pools with cabanas and fire pits as well as a street-level retail floor.

Working plans are for the towers to house 10 penthouses in all -- from 1,200 to 4,500 square feet -- that will be designed to take full advantage of the expansive downtown-to-the-ocean views and can be fully customized.

"It will be like picking out a lot and building your own home somewhere," Nelson said, "something that will appeal to this market."

The penthouse units are on sale for \$1.7 million to \$9.5 million.

One downtown developer decided not to push the company's penthouses into stratospheric price ranges.

Rhonda Slavik, director of sales and marketing for the South Group, which has built three South Park high-rises, said that the developer could have combined two of its premier penthouses in Evo, its most upscale building, but chose not to.

"We wanted our building to have more of a neighborhood feel and didn't think that having a \$20-million property here would fit in with the artists and professors who are moving downtown," she said.

Along the Wilshire Corridor, however, there is a more established luxury-condominium market, and many penthouses command high prices. Among the most expensive on the market is an 8,000-square-foot, two-floor unit offering "unsurpassed elegance" (according to its brochure) at the Wilshire for \$11.5 million.

The level of service becomes apparent immediately upon entering the circular cobblestone courtyard from Wilshire Boulevard. A uniformed corps of white-gloved attendants is on the scene to whisk cars to the parking lot, unload groceries and packages and smilingly open the grand doors. Privacy can be maintained even in the elevators, because they are key activated and open directly onto the units.

At the penthouse, visitors are met with stunning views of Bel-Air and an elegant gilt- and crystal-coated two-story grand salon. Interior rooms are laden with elaborate moldings, marble fireplaces, 19th century antiques and views of the Westside, the ocean and

downtown from several different angles. The unit also offers a screening room large enough for the extended family, an in-unit elevator and elegant his-and-her dressing rooms.

"It's being offered furnished as a possibility, so the buyer wouldn't have to do a thing," said Joyce Rey, a real estate broker and executive director of Coldwell Banker Previews International, Beverly Hills, who has the listing.

The owner, Don Byerly, said he wasn't necessarily looking for a penthouse when he bought it 11 years ago but liked the size of this double unit. He said that he and his wife are looking to downsize but would like to stay in the building because of its amenities.

"We like it because people take care of things. If a lightbulb is out, you call down and they come with a replacement," he said. "It's a pretty simple lifestyle, a hotel with kitchen privileges."

The property has been on and off the market for the last few years, which can be typical for high-priced properties.

Although Park Fifth's Nelson said that one \$5.3-million penthouse there pre-sold within a month of being offered last year, properties listed above \$5 million can take longer to sell than those in less expensive price ranges.

Local buyers, the Century's Wine said, could include estate owners looking for less maintenance as well as condo owners trying to trade up.

Rey exuded confidence about connecting with such buyers due to the continued interest in her listings, but DataQuick's LePage expressed caution about the overall market.

The slowdown in home sales and other factors may eventually trickle up, LePage said.

"A recession and continued losses for stock and hedge funds would dampen the will of the wealthy to buy luxury real estate," he said.