

Does The Century Prove The Luxury Condo Model?

In six years, individual unit values at the ultra luxury condo complex the Century in Century City increase more than 30.5%, but is this an anomaly or is condo a good investment?

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LOS ANGELES—Condo development has been making a slow comeback in Los Angeles as of late, but one developer—Related California—was way ahead of the curve. In 2010, with the great recession still visible in everyone’s rear-view mirror, the Los Angeles-based developer completed the Century, an ultra-luxury 42-story condo complex in Century City. Since, the property has experienced enormous success, with resale values up 30.5%, with average prices of \$5.08 million. Compare that to the \$3.89 million average price tag at the opening of the complex. If the property is any indication of the market, condo demand, at least in this Westside market, is an incredible investment.

However, don’t be so quick to join the luxury condo charge, because according to some, it might not be easy to replicate this business plan. “There is currently strong demand in the high-end condominium market, but it’s completely dependent on location,” Gino Canori, EVP of Related California, tells GlobeSt.com. “Other luxury buildings in less desirable and less walkable locations have struggled to sell or resell. Both The Century and Ocean Avenue South are located in two of the best locations in Southern California. The Century is the only ultra-luxury high-rise tower in Century City offering every lifestyle and service amenity buyers come to expect. Ocean Avenue

South has redefined the iconic coastal town of Santa Monica with unparalleled residences, upscale retail and a variety of notable restaurants.”

Location is key to the Century’s success, as is the quality of the asset. Josh Flagg, a residential realtor and market expert says that these types of properties will always go up in value and tend to be recession



proof. “The Century is a great product,” he tells GlobeSt.com. “I think premium properties, whether it be condos or houses, will always increase in value. Even in down markets, choice properties, like the Century, do well. It’s about location, location, location.”



Flagg also says that the Century City market actually offers residents more than other popular condo markets, and for that reason, the market is a greater value to condo buyers. “Century City, in my opinion, has always been undervalued. Considering that L.A.’s major condominium market is the Wilshire Corridor, when you actually compare the two markets, you realize that the Wilshire corridor is building after building with no open space and no land,” he adds. “While it’s a beautiful area to live, when you compare it to the Century—with its property, its amenities, and location—there really is no comparison.” He adds that on the Westside, where newer, post-recession condo product is limited,

the Century and the Sierra Towers in West Hollywood are in the two best locations.

The risk, however, with luxury condo product, like this, is that developers are competing with the single-family housing market. Flagg, however, doesn’t see that as a concern. “In the high end market, where prices are similar, it comes down to a difference in lifestyle,” he says. “In less expensive condos, where people are aspirational buyers, this may matter. But if you’re buying a condo in the \$4 million and higher range, it’s about a different lifestyle. I personally like to be in a building—a real full service building with concierge—where you really feel like you’re living in a hotel—a luxury hotel. There’s a lot to be said for that.”

So, is luxury condo a good investment? Canori says it is all “depends on quality, location and lifestyle.” For Related California, the answer was certainly yes.

