

Where Prices Start at \$115 Million: Bel Air's Trophy Home Boom

By Candace
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Sales at eye-popping prices have been fueled by wealthy international buyers who have turned their sights on Los Angeles – shopping for speculative homes with steep price tags in neighborhoods like Bel Air. Rendering: Domvs London

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In a new development of three spec homes in the tony Los Angeles neighborhood of Bel Air, one property will have a 15,000-square-foot guesthouse. Another home has plans that call for a “Champagne room,” a chilled, glass rotunda with walls filled with bubbling liquid. A third home will have a 2,100-square-foot spa with separate steam and massage rooms.

The only thing missing: a crowd of buyers who can afford to live in them. The Park Bel Air, the 11-acre development currently under construction, has asking prices that start at \$115 million—and go up to \$150 million with upgrades and custom furnishings.

“There are probably only about 3,000 people [in the world] who can afford this,” says Barry Watts, the Los Angeles-based president of Domvs London, the Park Bel Air’s developer. The buyer “[needs to be a billionaire](#).”

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In Los Angeles, the latest trophy homes—[many of them speculatively built](#)—may top the \$100 million mark. Sales at eye-popping prices have been fueled partly by wealthy international buyers who traditionally shopped for second homes in places like New York, London or Monaco, but have lately turned their sights on Los Angeles.

Currently there are more than four dozen homes on the market in the L.A. area priced above \$20 million, and the priciest trophy homes seek over \$50 million. The most ambitious of the projects: A spec home under construction in Bel Air will hit the market when it’s completed next year with an unprecedented asking price of \$500 million, according to its developer, Nile Niami.

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Still, while demand in L.A. remains strong, real-estate experts note that ultrahigh asking prices are seldom the sale prices. Instead, stratospheric pricing is often more of a marketing ploy than an attempt to place a real value on a home, says Jonathan Miller, head of New York-based appraisal firm Miller Samuel. “It’s almost as if there is no shame in wildly overpricing a listing anymore,” he adds.

Stephen Shapiro, chairman of Westside Estate Agency and the listing agent for the homes in the Park Bel Air, says the location and size of the properties justify the prices. The homes will range from 58,000 square feet to 66,000 square feet and are on unusually large lots in the flat section of Bel Air, but have views more typically found in hillside

homes.

Fewer than 10 U.S. homes have ever sold for \$100 million or more, according to Mr. Miller, including just three in the state of California. The priciest was the 2012 sale of a \$117 million property in Woodside to [Softbank CEO Masayoshi Son](#), according to the Los Angeles Times.

If Mr. Niemi's \$500 million home sells at even a 50% discount, it would top what is thought to be the most-expensive home sale: \$221 million paid in 2011 by Ukrainian billionaire Rinat Akhmetov for a [penthouse in London's One Hyde Park condominium](#).

In Los Angeles, the highest known price paid for a private home is \$102 million for [Fleur de Lys, a 41,000-square-foot furnished mansion](#) modeled after a French chateau that sold earlier this year. The home had been on the market [with an asking price of \\$125 million](#) since 2007.

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The grounds include a 128-foot-long reflecting pool. *Marc Angeles*

An interior rendering of one of three speculatively built homes under construction in the Los Angeles neighborhood of Bel Air. Prices for homes in the 11-acre development, called the Park Bel Air, will range from \$115 million to \$150 million. Amenities include full-size IMAX movie theaters and master suites as large as 8,000 square feet with closets that ...

A rendering of a dining room in a Park Bel Air home. Gavin Brodin, who oversaw the renovation of the \$85 million, 57,000-square-foot Spelling Manor, one of the priciest and largest homes ever sold in a Los Angeles, is handling the design. *Domvs London*

An exterior rendering of one of the Park Bel Air homes. When finished, the homes will range from 58,000 square feet to 66,000 square feet. Developers say they will also sell lots for \$45 million. *Domvs London*

In London, a penthouse in the One Hyde Park condominium sold for \$221 million, which is believed to be the highest price ever paid for a residential property. *Getty Images*

If it sells for its \$500 million asking price when it hits the market sometime next year, this 100,000-square-foot spread under construction in Bel Air would set a new world record. *Dronen O'Brien*

A rendering of the \$500 million home by developer Nile Niemi. Four swimming pools are planned for the property. *McClellan Design*

The 4-acre property will include parking for more than 30 cars, a four-lane bowling alley and an 8,000-square-foot nightclub with a VIP room and casino.

McClellan Design

Financier Gary Winnick paid \$94 million for this 29,000-square-foot property on 8 acres in 2000. The sale set a record as the highest price paid for a home in L.A. at the time. *Pictometry*

A penthouse, shown in a rendering above, at 432 Park Avenue, a new residential skyscraper in midtown Manhattan, is contracted to sell for \$95 million. *DBOX for CIM Group/Macklowe Properties*

The 96-story building, interior seen in another rendering, has expansive Manhattan views. *DBOX for CIM Group/Macklowe Properties*

The tower, another rendered view, is one of several ultra-luxurious buildings that have cropped up in Manhattan over the past few years with record asking and sale prices. *DBOX for CIM Group/Macklowe Properties*

A 16-acre estate just south of Palm Beach, Fla., has an asking price of \$195 million, making it one of the priciest listings in the country. *Edward Butera/ibi designs inc.*

The coral-stone clad main house is 62,000 square feet and was originally built in the 1940s. The estate includes an air-conditioned and furnished tunnel that runs underneath a road bisecting the property. *Edward Butera/ibi designs inc.*

The property also includes a seven-bedroom guesthouse, two, four-bedroom cottages on the beach and a manager's house with four apartments. *Edward Butera/ibi designs inc.*

Known as Fleur de Lys, this 41,000-square-foot home sold for \$102 million earlier this year, including furnishings, making it the priciest home ever to sell in Los Angeles. The property first came on the market in 2007 with an asking price of \$125 million. *Pictometry*

A 25-acre Beverly Hills estate known as the Palazzo di Amore is on the market for \$149 million--down from an initial asking price of \$195 million. It has 53,000 square feet of living space, including 12 bedrooms and 23 bathrooms. *Marc Angeles*

Listing agents Joyce Rey and Stacy Gottula of Coldwell Banker Previews International say interest in the home has doubled since the price cut and the seller is motivated. *Marc Angeles*

A 15,000-square-foot entertainment center has a bowling alley, a 50-seat theater and a discotheque with a rotating dance floor. *Marc Angeles*

The grounds include a 128-foot-long reflecting pool. *Marc Angeles*

An interior rendering of one of three speculatively built homes under construction in the Los Angeles neighborhood of Bel Air. Prices for homes in the 11-acre development, called the Park Bel Air, will range from \$115 million to \$150 million. Amenities include full-size IMAX movie theaters and master suites as large as 8,000 square feet with closets that include catwalks and built-in cameras for viewing outfits from multiple angles. *Domvs London*

To set the latest slate of trophy homes apart, developers are loading them up with every imaginable amenity. Designs for homes in the Park Bel Air call for IMAX movie theaters and master suites as large as 8,000 square feet with closets that include catwalks and built-in cameras for viewing outfits from multiple angles. Two of the homes will have race-car simulators. Gavin Brodin, who oversaw the renovation of the \$85 million, 57,000-square-foot Spelling Manor, one of the [priciest and largest homes ever sold in Los Angeles](#), is handling the design.

Paul Habibi, a professor at UCLA's Ziman Center for Real Estate, says many high-end builders take a counterintuitive approach: The pricier the spec home, the more specialized, one-of-a-kind amenities. Developers hope that unique features will prompt one buyer to shell out big bucks.

"It's uncharacteristic for how you usually sell," he says, which is to design a home that would broadly appeal to buyers.

Mr. Niami's spec home will include 100,000 square feet of space across a 4-acre property. Four separate swimming pools, parking for more than 30 cars, a four-lane bowling alley and an 8,000-square-foot nightclub with a VIP room and casino are also planned.

The home will include nine bedrooms, and the 5,500-square-foot master suite could function “more like a private apartment” for the homeowners, says architect Paul McClean. Eight additional bedrooms and living quarters for staff will be located in a completely separate structure underneath the home’s main driveway.

Mr. Miami purchased the hilltop lot three years ago for about \$30 million, according to public records. He says he wasn’t initially planning to build something so large, but that it evolved during the design process.

Some residents say the scale of the latest developments has gone too far, with construction timelines that can stretch into years.

Fred Rosen, the former chief executive of Ticketmaster, co-founded the Bel Air Homeowner’s Alliance last year to voice community concerns over massive construction projects. He says that the home Mr. Miami is building involved the removal of tens of thousands of cubic yards of dirt, which brought an endless stream of large trucks that choked traffic for weeks. Recently, the city set limits on the amount of soil that can be excavated for underground living spaces.

Mr. Rosen says he doesn’t necessarily begrudge the size of the new homes being built—after all, this is Bel Air, where the average sale price last year was \$5.2 million. He does, however, question the logic of some of the home designs. “When you think of it, who in their right mind needs four swimming pools?”

“Why would you *not* need four swimming pools?” says Mr. Miami, who says the number makes sense for a property of this size.

Joe Horacek, an entertainment lawyer, lives in Bel Air below a 30,000-square-foot home under construction by [Mohamed Hadid, an ultraluxury spec-home developer](#) who says he plans to list the home for \$200 million. Mr. Horacek says Mr. Hadid was not approved to build a home of that size on the hillside lot. Prompted by complaints by Mr. Horacek and other neighbors, the city has halted construction because the home exceeds the size it was permitted for and has unpermitted retaining walls.

Mr. Hadid says he is working to comply with the city’s order, and that he plans to resume construction as soon as he is approved to do so. A representative from the city attorney’s says the city is pursuing a misdemeanor criminal complaint against the limited liability company that owns the property. Mr. Hadid says he is developing the property but is not the owner.

Mr. Rosen and other neighbors are also concerned with the risk that the massive spec homes will sit on the market unoccupied for years or never sell. “There is that possibility of abandoned white elephants,” he says.

Developers say they are confident there are buyers for their properties. Mr. Miami says that about 20 potential buyers have expressed interest in the home. He predicts his buyer will likely come from the Middle East.

“I think whoever is buying this house is going to have 10 other houses,” he says. “Nobody buys a 100,000-square-foot house as their principal residence to use every day.”

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