

WEALTH

Luxury developers in Los Angeles bet someone will pay record prices for these condos

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KEY POINTS

- Two Los Angeles developers hope to find buyers who will pay between \$50 million and a \$100 million for a condo.
- No single LA condo unit has ever sold for more than \$22.5 million.
- A behemoth duplex in Beverly Hills comes with a price tag of \$75 million.
- Two penthouses at another building are being packaged for \$100 million.



Two developers in California are looking to lure a buyer willing to do something no other buyer has ever done before in Los Angeles history – pay between \$50 million and a \$100 million for a condo.

A deal anywhere near those asking prices would shatter a record in the City of Angels, where no single condo unit has ever sold for more than \$22.5 million, according to public records.



A rendering depicts the penthouse terrace and pool at the Four Seasons Private Residences Los Angeles which is on the market for \$75M.

Martyn Lawrence Bullard and CRTKL

A behemoth duplex-apartment located at 9000 West 3rd Street in Beverly Hills comes with a price tag of \$75 million.

One LA, as the penthouse is called, hit the market back in July. It spans the top two floors of the [Four Seasons Private Residences Los Angeles](#), part of an ultra-luxe condo project by the Genton Development Company that includes 59 units across 12 stories.



Rendering depicting the finished penthouse atop the Four Seasons Residences Los Angeles.

Martyn Lawrence Bullard and CRTKL

It's the first stand-alone Four Seasons residence in North America and it sits across the street from its namesake hotel. According to the building's website, the crown-jewel residence delivers almost 13,000 sq ft of indoor living area and nearly 6,000 sq ft of outdoor space.



Rendering of the primary bedroom at the penthouse known as ONE LA.

Martyn Lawrence Bullard and CRTKL

The penthouse, which appears fully furnished in renderings used to market the unit, is actually being sold “white-box,” meaning a buyer would take possession of unit as an unfinished shell. That means no kitchen, no baths, no millwork, no fixtures. It’s so empty that [Billy Rose, co-founder of The Agency RE and co-listing agent on the deal](#), can be seen with his team in a marketing video riding bikes through the vast raw space.

At the current asking price, the unfinished unit is over \$5,700 a sq ft. Rose told CNBC finishing costs vary widely depending on a buyer’s taste, but \$8 million is a ballpark estimate. Some buyers, he said, actually prefer the blank canvas delivery so they can customize the residence to their personal taste.



A 19-person IMAX theater is one of the luxe amenities offered at the Four Seasons Private Residences Los Angeles.

Martyn Lawrence Bullard and CRTKL

The building’s amenities include in-residence dining and housekeeping, a private [19-seat IMAX theater](#) with access to first-run films and private screenings, a fitness center designed by nutritionist and celebrity trainer Harley Pasternak, a pool with private cabanas, and Four Seasons staff at your beck and call, according to the website.

A double shot of luxury

The other ultra high-priced penthouse that’s reaching for LA’s most rarified air is located at [8899 Beverly Blvd in West Hollywood](#). It has a \$50 million asking price that can be super-sized to \$100 million.

The 10-story, 40-unit building, designed by architecture firm Olson Kundig, was developed by Townscape Partners. The top floor is divided into two similarly sized penthouses, one on the east and the other on the west.

According to broker Fredrik Eklund of Douglas Elliman, who reps the development and [recently took CNBC on a tour of penthouse east](#), the four-bedroom, five-bath residence spans about 6,450 sq ft, with 14-foot ceilings. It has motorized glass panel walls that slide away for access to another almost 1,500 sq ft of outdoor space on the wrap-around balcony.

Unlike One LA, unit PHE is being delivered finished. It's currently staged with furnishings by ASH Staging. They are not included in the \$50 million asking price, which comes to over \$7,700 a square foot.



The view from 8899 Beverly Blvd's unit PHE where glass panels walls slide away and open to a wraparound balcony.

ASH Staging

The developer has yet to officially list either of the two top-floor penthouses, but has been testing the market's appetite for PHE since at least April. That's when the developer started marketing the unit with a \$50 million price-tag in a so-called whisper campaign – a term that usually describes the word-of-mouth marketing used to shop around an off-market residence.

In this case, Townscape Partners and Eklund have been whispering pretty loudly about the deal to the press for months. The team is simultaneously shopping an even pricier off-market deal that pairs both of the top-floor penthouses as a combo with a \$100 million ask.



The primary bedroom in Penthouse East at 8899 Beverly Blvd.

ASH Staging

The combination residence would position its owner at the highest vantage point in West Hollywood. As a pair, the penthouses deliver eight bedrooms, 10 baths and four kitchens – each includes a main kitchen and an adjacent staff kitchen.

According to Eklund, the package deal brings the total interior footage to somewhere around 13,000 sq ft with an additional 6,000 sq ft outside. Building amenities include an over 12,000 sq ft outdoor area with pool, fireplaces and dining area. There's also a fitness area and a yoga studio, and a fine-dining restaurant is coming soon.



Penthouse PHE's primary bath.

ASH Staging

On the subterranean level there are so-called car stables, a term Eklund uses to describe the building's luxury garage. The parking area includes moody lighting, herringbone-patterned tile flooring and parking spots tucked behind sliding doors made of wood and steel.

The broker told CNBC a pair of parking spots here cost \$750,000, but as part of the penthouse deals the developer would throw in a few spots for free. It would also include a garage-level penthouse-only private lobby with views of the garage, plus seating and elevators that can whisk penthouse guests directly to the top floor.



The so-called auto stables on the garage level at 8899 Beverly Blvd.

DroneHub Media

Too expensive even for LA?

The \$100 million question here is: Will either of these developers find a buyer willing to spend anywhere near that kind of dough on a condo?

The all-time highest price ever achieved for a single-unit condo sale in LA was at The Century Condos in Century City, where a 9,300 sq ft penthouse closed for \$22.5 million, or a little over \$2,400 a sq ft, back in 2015, according to public records analyzed by Jonathan Miller, president of Miller Samuel Appraisers and Consultants.

The Century, which was completed in 2009, stands 42 stories tall with 140 units, and was designed by Robert A.M. Stern Architects. The development also holds the record for highest priced condo sold last year when “Friends” actor [Matthew Perry reportedly sold](#) his almost 9,300 sq ft condo for \$21.6 million, or just over \$2,300 a sq ft.

Believe it or not, the same building broke another record in 2010, when legendary TV producer Aaron Spelling’s widow, Candy Spelling, spent a record breaking \$34.8 million on two contiguous units, which she later combined. Her mega-deal spanned 15,500 sq ft at a price per sq ft of almost \$2,250.



A rendering of the rooftop terrace at ONE LA.

Martyn Lawrence Bullard and CRTKL

At the current asks, a prospective buyer of either One LA or the penthouses at 8899 Beverly Blvd would have to take a gigantic leap from the records established at The Century. While Miller told CNBC real estate markets don't typically make drastic moves like this, this sort of thing has [happened before in LA](#).

The example he points to is a sliver of the town's single-family housing inventory known as ultra-luxury spec-mansions. Over the past decade, these homes suddenly achieved sales that broke through the \$50 million mark and sustained it. Now the once unimaginable price-level is breached regularly in the high-end spec market.

"It's a subset of the greater market that doesn't have a linear or direct connection to what was the luxury market before," said Miller.

According to Miller, a sudden spike in a housing subcategory like spec homes can happen when developers convince buyers that they've created a new real estate product that's so different from what existed before that it should command a significant premium.



The full-service pool area at the Four Seasons Private Residences Los Angeles.

Martyn Lawrence Bullard and CRTKL

“It’s the beginning of a new dataset,” Miller said.

Rose calls LA’s new super-luxury condo inventory “2.0,” a wave of apartments he describes as more modern, luxurious, and amenity-packed than any condo inventory that came before it. He believes those are some of the reasons the units should command higher prices over the previous wave, which Rose believes includes the record breaking sales at The Century Condo.

So far Rose’s 2.0 theory is supported by a recent sale at the The Pendry Residences, another luxury condo project in West Hollywood, where a 2,700 sq ft unit sold for \$13 million and breached \$4,800 a sq ft. That is now the highest price per sq ft ever achieved for a condo in LA. This record is more than double the price per sq ft reached in each of those three top sales at The Century Condo.



A seating area on the wraparound balcony of penthouse east at 8899 Beverly Blvd.

ASH Staging

Eklund believes his \$100 million whisper listing can and will break a price record in LA. What's happened already in New York helps. On Central Park, he said, trophy condos have surpassed \$10,000 and even \$12,000 a sq ft.

"That happens a lot, so is Los Angeles undervalued still? Long term, maybe," Eklund said.

Over the last decade, multiple listing service data shows more than 140 units in New York have sold for \$35 million, compared to zero at that level in LA. But Miller adds a giant caveat: the two condo markets are very different. While he said The Pendry sale is clearly a sign, this new market would need to deliver a lot more transactions to determine if it's sustainable.

In other words: developers of One LA and the trophy penthouses at 8899 Beverly are in uncharted territory.

"This is a new market segment," Miller said. "So we'll have to see how consumers respond."



A seating area and fireplace inside 8899 Beverly Blvd's penthouse east residence.

ASH Staging