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LOS ANGELES REAL ESTATE NEWS

IS LA READY FOR ULTRA-LUXE CONDO MOMENT?

Alagem, Shvo among developers aiming to lift trend into rarefied air in market that's long favored landed mansions

By Andrew Asch



Michael Shvo with Mandarin Oriental Residences (Michael Shvo, Wikipedia, iStock)

Developers from near and far have grown bullish about luxe condominiums in Los Angeles, a place where the ultra-wealthy have historically been more interested in mansions with acreage.

New York-based high-end impresario Michael Shvo is putting the final touches on the hotel-branded Mandarin Oriental Residences Beverly Hills condo development with 54 residences, including six penthouses. Beny Alagem, owner of the Beverly Hilton and adjacent Waldorf-Astoria at Wilshire and Santa Monica boulevards, just announced a deal to include 37 condos under the brand of the ultra luxe Aman resorts at his One Beverly Hills project.

Shvo and Alagem aim to join a burgeoning trend. Townscape Partners' 8899 Beverly in West Hollywood opened in April, with prices ranging from around \$3 million to \$17.5 million, based on closings to date—and an aspirational ask of \$100 million on a pair of penthouses.

Another couple of projects with hotel links--the Pendry West Hollywood Residences and Four Seasons Private Residences in Beverly Hills--both opened last year.

These ultra-luxe residences offer resort-style living with butlers, valets, chefs, trainers, even dog-walkers available to serve residents. Star architects and interior designers have developed unit styles in styles which include DNA from the hotels brands that grace the residences' nameplates.

Some of the real estate business' savviest sales people, such as the co-founders of ambitious brokerage The Agency, have been employed to make luxe condos appealing to a town built on the single-family home. They're betting that current trends are on their side.

Some in the luxe game say that Los Angeles is ready to make a deeper investment into luxe condos because fear of the pandemic has receded and people aren't as wary of common lobbies, elevators and other factors that go with swapping private lots for multifamily developments, even at very high end.

There's also been more product on Los Angeles' market. Part of that is due to a construction boom in Downtown Los Angeles over the past decade. In any case, Jonathan Miller, an appraiser who authors market studies for Douglas Elliman, has noticed a surge of interest in condos from the city's center to points west.

"In the context of recent years, the vertical housing market has caught on," he said. "Before then, new development in Los Angeles largely meant family spec development."

There was a 25 percent increase in new signings for condos valued over \$2 million in Los Angeles County in May, when 35 signed contracts, according to the most recent Douglas Elliman report. Luxury listings increased 48 percent, with 74 hitting the Los Angeles market, compared with 50 a year prior.

There are some other leaps to be made, though,

About a year after Pendry West Hollywood Residences' opening, half of the luxe condos are still on the market, said Tina Necrason, executive vice president, residential for Montage International, the hotel group which developed Pendry Residences. Luxe condos start at two beds at the Pendry, some are priced at \$4.67 million, or \$1,713 per-square-foot and for a condo that runs a bit over 2,700-square-feet.

At the Four Seasons Private Residences, where prices started at \$2.995 million for a 2,400-square-foot condo-- or \$1,247-per-square-foot--sales were formerly handled in-house, but now are in the hands of Billy Rose, co-founder and chief culture officer of The Agency. Rose was brought on to sell the last 29 residences of the ultra luxe units, which account for about half of the building. The remaining inventory includes the One LA Penthouse, a \$75 million, two-story space, which could be a record breaker price tag for Los Angeles condos.

While the Four Seasons officially opened in 2020, Rose said that he is not worried about the relatively leisurely pace of sales. He started his career with The Agency in 2011 by helming sales for The Ritz-Carlton Residences in Downtown Los Angeles. It took a couple of years to sell the building's 224 luxury condominiums.

"The water is finding its own level," Rose said of the Los Angeles market. "Prices are not reaching New York, Miami or London levels. This is still an alternative, new style of living for Los Angeles."

The job of selling Mandarin Oriental Residences in Beverly Hills is just starting. The Agency's co-founder Mauricio Umansky is helming sales, with prices edging up even in a luxe context. A 1-

bed, 1,200-square-foot condos lists at around \$3.6 million, or \$3,000 per-square-foot. Two-bedroom residences at \$6.3 million, and three-bedroom residences at \$9.5 million.

Umansky talks more like an agent sitting on a gusher.

"Beverly Hills has been waiting over a decade for a condominium offering of this caliber," he said via press release.

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