



# REAL TALK

SUMMER 2007

## BECKHAM Has Arrived!

Far from a Galaxy...local folks are complaining that prices just keep rising and query me at cocktail parties with questions like "When are prices coming down?" Shaking their heads in wonderment about the most recent price soar, they are looking for the answer. To get there, I recommend that one takes note of what is occurring in our marketplace to sustain this phenomenon and what the prediction is for the future.

I have commented almost every quarter that I have been writing my newsletter about either the lack of inventory or the phenomenal expansion of everywhere in Los Angeles, including Downtown. Both of those conditions have not changed. The results of those conditions running parallel with each other have created some fascinating market opportunities and an incredible under-the-radar-market, if you will, of single-family transactions.

A singular event like the arrival of David Beckham tells more than the story of a world-renowned soccer player buying a *posh* (s'cuse the pun) mansion for himself and his family as they move to Los Angeles. It is the harbinger of what is to come! For all of us in the real estate industry who have been closely tied to the incredible expansion of Los Angeles, this very act of a world citizen re-locating here makes an awesome statement indeed. His arrival carried more press than most, but in fact, the shift from *there* to *here* has been happening for a long time. As Los Angeles has diversified and become home to tremendous real estate expansion, every major Wall Street real estate investment group has established a huge presence in LA. With close proximity to Las Vegas and other expanding areas, this has become the center of the action. If the business is *tech* or *net*, those industry entrepreneurs can engage with media and entertainment companies who are looking for opportunities in this geographical *incubator* environment. The latest crop of Buyers are not only the David Beckhams,

but also the are entrepreneurs and want-to-be entrepreneurs from New York, San Francisco, Miami and London. The enormous wealth accumulation by a younger crowd, is played out daily in the purchases this group is making in the real estate marketplace. *Globe-trotters see Los Angeles as their base.*

So what are these newcomers looking for? If there is no inventory, what are they buying? Newcomers love new construction and the fact that they can have an instant lifestyle in a newly finished home. The fascinating thing is that there is less sticker shock experienced by these new invaders. They are coming from cities where dollar per square foot is more than likely higher than LA prices. They have an appreciation for the fact that LA real estate affords you the luxury of driving your kid to a school close by and having a pool in the back-yard and not an hour drive with an overnight stay. Because of the tremendous lack of inventory, there is an under-the-radar or *pocket listing* action that is a serious and a substantial part of the residential real estate market. Brokers are dialing each other daily talking about the needs of their Buyers looking for a *quiet* listing to show to a potential Buyer (something not on the open market). This can be risky. A Seller of an unlisted property that agrees to show their house thinks they are a Seller until a full price offer is presented to them and they can not pull the emotional trigger of moving. Even if they can pull the trigger, there is quite often no place for them to go. Showing *pockets* is an art. Only the most savvy agents are playing in that arena. Last year, fifty percent of my sales were *under the radar*.

The International investors see Los Angeles very differently than we see ourselves. If Angelenos ever needed a vote of confidence, and particularly Westsiders on the growth and expansion of our city, the record-breaking purchase by the Candy Brothers, British developers, of the

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*continued...*

Robinson's-May Beverly Hills site for \$500 Million Dollars tells the story. The LA Times reported the sale and stated "The extraordinary price catapults Los Angeles real estate values into the realm of such top European markets as London and Paris." Another recent sale was an entire luxury condominium tower under construction on the Wilshire Corridor, the Carlyle. It was purchased by the Elad Group, who is the same developer that is also restoring New York's Plaza Hotel. They paid \$140 Million for the Carlyle and will spend another \$190 Million to complete the project. As the world continues to tilt towards China and the Pacific Rim, and the economic power attached to that, one realizes the quickest access to that part of the world is through the Los Angeles Gateway. I believe that supports a great deal of how the international investment community views us. With the population of California to exceed more than 60 million by the year 2050 (22 million more than today), the exclusivity of Westside real estate will only continue to be more sought after. As Los Angeles goes vertical and Boomers trade their houses for lifestyles-in-the-sky, Downtown becomes a vibrant residential and entertainment destination, immigrants become a financial force with new home purchases... so it is only fitting that Beckham arrives! Movie Stars and Rock Stars, Philanthropists and Investors, Young People and Old People, International Style and Hip-Hop Style...It is all here. Get ready for a whole new wave of opportunity. It has already started.

Call me...I will help you catch that wave!



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## REAL BUYS

15216 Antelo Place, Bel Air



Perched on its own promontory with city, valley and ocean views, this 8,000sf home was recently featured in Feb. 2007 House & Garden and March 2007 New York Times Magazine. This showpiece has been renovated top-to-bottom with all the amenities: gourmet kitchen, huge and glamorous master with retractable ceiling, wrap-around pool, cascading fountains, 50-foot ceilings, spectacular great-room, billiard room, two offices, four car garage, four-room guest wing, outdoor fire-pit, new high-efficiency systems and more. The 2.5 acre property is totally fenced and double-gated: a breathtaking celebrity estate that must be seen to be believed.

**\$9,995,000**

1501 Summitridge Drive, BHPO



Nestled in the hills overlooking Beverly Hills with unobstructed explosive city and ocean views, this gated Old Hollywood 1930's Mediterranean (once owned by famous Austrian-American film Director, Fritz Lang) rests on approximately 3.5 acres and is immersed in a botanical oasis of specimens and meandering pathways. Included in this recently restored 3 bedroom 4.5 bathroom Zen-like home, is a private drive and motor court, media room, gourmet kitchen, library/office, state-of-the-art security system, custom built stone spa, generous outdoor patios, fountains and a wonderful landscape.

**\$5,450,000**