

# Housing crash spurs high-end L.A. shopping spree

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## LOS ANGELES (Hollywood Reporter) - The recession is great news for house buyers looking to drop \$5 million on a pad in Los Angeles.

Across the city's wealthy suburbs, from Tony Hancock Park to coastal Malibu, sales in the \$5 million-plus range are up 15% year-over-year, according to Joyce Flaherty, a broker at real estate firm Coldwell Banker.

"A \$10 million house in the bubble days is now a \$5 million house," she explains. "Prices were outrageously inflated, and now they're plummeting. After unsuccessfully shopping their property for years, sellers have been forced to get realistic."

Overall, southern California home prices have declined 43% since the 2007 peak, according to DataQuick, a San Diego real estate research firm.

Some of the markdowns are impressive. A \$30 million Bel Air property was marked down to \$21.9 million before eventually closing escrow at \$19.5 million in January. Paramount chairman and CEO Brad Grey managed to unload his \$29 million estate for \$21.5 million in June. The William Randolph Hearst estate, a 50,000-square-foot mansion sitting on 3.7 flat acres above the Beverly Hills Hotel, is back on the market for \$95 million. Three years ago, the compound was listed at \$165 million.

These are hefty price tags to be sure, but they're a bargain compared with the going rates in 2007. Buyers are scrambling to take advantage of the price reductions -- and sellers who insist on sticking with their original asking prices find their homes stagnating so long that cobwebs form on the listing agreement.

"It's a price-driven market for sure," says Jan Eric Horn, head of Coldwell Banker's architectural division. "If a house is priced slightly below market value it's perceived as a value and that attracts buyers."

Yet some wealthy sellers are holding the line on today's deal making, price-slashing mentality. Even as their properties have lingered on the market, these sellers haven't budged on initial asking prices, some of which were set in the waning days of the housing bubble.

Suzanne Saperstein, ex-wife of Metro Networks founder David Saperstein, is still asking \$125 million for "Fleur de Lys," a 41,000-square-foot French chateau-inspired mansion near Beverly Hills with gold-embossed leather wall coverings and a ballroom. The listing has been on the market since at least April 2007.

"That stratum of the population isn't impervious to what's happening in the market, but they operate by their own set of dynamics," says Sam Khater, a senior economist at real estate research firm CoreLogic.

"Prestige home sales are a unique subcategory of the real estate market," adds John Walsh, president of DataQuick. "Buyers and sellers respond to a different set of motivations. In the multimillion-dollar price ranges, decisions are largely discretionary and aren't as dependent upon jobs, prices and interest rates the way they are for most buyers."

Still, it's a rule of thumb that the longer a listing lingers, the less desirable it often seems to buyers. For some of these holdouts, brokers have masked the length of time "on market" by avoiding officially listing them or yanking them on and off multiple-listing services. Instead, properties are marketed on brokers' own web sites, by word-of-mouth or through targeted mailings.

Candy Spelling's home in Holmby Hills, which is believed to have more than 100 rooms, officially hit the market in March 2009, for example, but was shown in 2008. Across the street, a relatively modest home listed for \$25 million in 2008, sold for \$10.35 million in March.

Nearly all high-end homes are being picked up by locals, say the experts. According to Mohammed Hamza of Rodeo Realty in Woodland Hills, the exceptions are those rare \$30 million-plus sales. Hamza represented an Indian couple who paid \$50 million in June for a 2.2-acre French chateau estate in Bel Air that was originally listed at \$85 million. The deal represented the largest broker-involved home transaction in Los Angeles history. "When you get into that stratosphere you're waiting for the [Russian](#) billionaire or the oil sheik," Hamza says.

Short sales, also known as pre-foreclosure sales when the owner is in default, are a rarity in this neck of the woods.

"The higher the value of the property the less likelihood of a distress sale because the equity is greater than the loan," says Stephen Shapiro, president of Westside Agency, adding that anybody who buys in the \$5 million-plus range will show up with a checkbook, not a subprime mortgage.