

THE WALL STREET JOURNAL. Digital Network WSJ.com MarketWatch BARRON'S All Things Digital. FINS SmartMoney More ▾ News, Quotes, Companies, Videos **SEARCH**

Friday, January 7, 2011 New York 36° | 23

THE WALL STREET JOURNAL. REAL ESTATE Welcome, **Chuck Rowars** Logout
My Account - My Journal - Help

U.S. Edition Home ▾ Today's Paper ▾ Video ▾ Blogs ▾ Journal Community **GO PRO** Upgrade to WSJ Pro: **Get 4 Weeks Free**

World ▾ U.S. ▾ New York ▾ Business ▾ Markets ▾ Tech ▾ Personal Finance ▾ Life & Culture ▾ Opinion ▾ Careers ▾ **Real Estate ▾** Small Business ▾

Buying & Selling | House of the Day | Second Homes | Home & Garden | Developments Blog | Commercial | Property Search

TOP STORIES IN Real Estate



A Picasso and a Yoga Room



Lofts Under \$1 Million



The Shrinking Second Home



HOMES | JANUARY 7, 2011

The \$60 Million Dream House

Sand imported from the Bahamas. An indoor Olympic-size pool. Now all these developers need is a buyer. Betting the house on a multimillion-dollar spec home.

Article

Video

Comments (11)

MORE IN REAL ESTATE MAIN »

Email Print Save This Like 91 + More Text

By CANDACE JACKSON

A group of wealthy art collectors and philanthropists dined on risotto and listened to chamber music at a 10-bedroom estate on a private island off Florida's Biscayne Bay last month. The mansion isn't owned by a Russian oligarch or a certain NBA player who recently moved to town. It was built purely on speculation by developers in search of a buyer.

Its asking price: \$60 million.



Despite the current housing slump, a small but growing group of developers and investors is building multimillion-dollar mega-mansions for wealthy potential buyers who've never seen them. Candace Jackson explains why.

Three years into the housing bust, at a time when home values are hitting new lows in many markets, a small group of developers has plunged into the risky business of betting millions on high-end speculative homes. They are erecting amenity-rich mansions for wealthy buyers that they hope will materialize. While the vast majority of the "spec" market remains moribund, some developers, pointing to a handful of big sales and the recent recovery of the stock market, believe the world's wealthiest buyers are out again shopping for trophy mansions, often as second, third or fourth homes.

While there aren't any national sales statistics for homes in this range, there are signs that purchases by the super-rich have begun to rebound. Though down from the peak three or four years ago, art auctions in New York and London in 2010 brought in total sales that far surpassed 2009, including an all-time auction record of \$104.3 million for sale of a Giacometti sculpture in February, topped in May by a \$106.5 million sale of a Picasso painting.

The current crop of newly built spec mansions on the market includes a five-bedroom, seven-bathroom ski home on 1.2 acres of land in Aspen, Colo.'s Red Mountain neighborhood. Built by a group of investors last year, it has hand-scraped wide-plank ash floors, an onyx-and-steel chandelier in the dining room and a garage



The Plum Card
1.5% Early Pay Discount - OR - Up to 2 Months to Defer Payment



LEARN MORE

Start Booming. OPEN

Email Newsletters and Alerts

The latest news and analysis delivered to your in-box. Check the boxes below to sign up.

- Real Estate Update
- Commercial Real Estate Update
- Personal Journal Update

SIGN UP

New! To sign up for Keyword or Symbol Alerts click here.

To view or change all of your email settings, visit the Email Setup Center.

MARKETPLACE

Community Home Loans: FOR SALE

PALM BEACH HOMES & CONDOS

- | | |
|-----------------------------|--------------------------------|
| NC Mountain Golf Living | Sotheby's International Realty |
| Residential Paradise Belize | AZ Foreclosures From \$20K |
| Prudential CT Realty | Houston Galleria Hi-Rise |
| Downtown San Diego Condos | Upstate NY Retreat For Sale |
| Joey Fatone Home Auction | Clear Lake TX Waterfront |
| Investment Land For Sale | California Riviera Estate Home |
| Investing Tools | Home Insurance |
| Sept Real Estate Auctions | Commercial Search |
| Newport RI Waterfront | New York City Apartments |



Andrew Kaufman for The Wall Street Journal
View of the Miami mansion, poolside

that has a dock for charging hybrid or electric vehicles as well as a dog-washing facility. Price tag: \$23.9 million. In New York's Hamptons, an eight-bedroom farmhouse-style home in Sagaponack, built

last year, is on the market for \$26 million. In Los Angeles, a minimalist house with a 26-foot-long fire trough and a home theater with stadium seating is on the market for \$13.7 million.

Real-estate agents say brand-new construction appeals to those who may already have other homes around the world to maintain. Rob Giem, a broker based in Newport Beach, Calif., says new houses are the most attractive listings for his wealthiest clients, some of whom are older and don't want to spend years dealing with construction headaches. "They've worked very hard and the greatest commodity to them is time," he says.



View Full Image
Andrew Kaufman for The Wall Street Journal
A seating area in the \$60 million Miami mansion

No mega-mansion is complete without the latest in high-tech gadgetry. Lighting, televisions, heat, hot-tub temperature and security systems can be controlled remotely via an iPad or cellphone, an important convenience for long-distance owners. Some incorporate green technology like hidden solar panels and geothermal heating. Though amenities like bowling alleys, massage rooms and master-suite kitchenettes have become relatively common, the latest crop incorporate a few new ones as well, like in-home beauty

salons with manicure, pedicure and hairdressing stations; virtual golf rooms, dockage for super yachts and movie-theater-size screening rooms.

The developers of the \$60 million Miami Beach house say the estate, which has cost them \$30 million so far, has one of the state's first in-home projection 3-D movie theaters. The home, which was built by developers Shlomi Alexander and Felix Cohen, also has a hidden art vault, an elaborate security system and a wine room that can be accessed only via fingerprint identification. Materials like mother of pearl, rare marble and Austrian oak are used throughout. To find the right gold-flecked marble for the master bathroom, the developers say they flew to Italy to personally pick it out from a quarry. To get inspiration for the home's waterscape and pool, which has a waterfall cascading from the second floor, they visited the Amanyata resort in the Turks and Caicos Islands.



Constructed on Indian Creek Island across a series of limestone pavilions, the 30,000-square-foot glass-fronted home is divided by waterways and koi ponds. Its architect, Rene Gonzalez, who was also a project designer on the Getty Museum in Los Angeles, describes it as a "conceptual" house that's supposed to feel like a private resort. There's a central courtyard with landscaped walls and a beach with several tons of sand imported from the Bahamas (chosen over local Florida sand for its pinkish color). Since the potential buyer likely will already own several homes, Oren Alexander, the developer's son and New York-based broker who is marketing the listing to buyers outside Miami, says the home's inclusion of furniture will be a big selling point. "The house is such a unique style I think only the developers can furnish it," he says. "And

Newport Beach

Find Your Home Value

Exceptional Ranches

Instant RE Analysis

GREENWICH CONNECTICUT
MLS

New York City Apartments

Weichert Realtors

Farms and Ranches

Advertise Locally on WSJ.com

Video >



News Hub: Builders Bet Big on Big Mansions
2:17



PM Report: Obama Nods to Big Business
7:18



For Sale or Rent: The Governor's Mansion
1:56

More in Real Estate Main

The \$60 Million Dream House

A Picasso and a Yoga Room

Lofts Under \$1 Million

The Green, Green Luxury of Home

Imus Cuts Price On Compound

Most Popular >

- Read
- Emailed
- Video
- Commented
- Searches

- The Best and Worst Jobs
- A Chinese Stealth Challenge?
- Slain Ex-Bush Aide Videotaped in Daze
- China Newspaper Refers to New Jet
- U.S. Boosts Afghan Surge

Most Read Articles Feed

Latest Tweets

Follow

"@SaraMurray Is it OK to clip your toenails?"
3 hrs 10 min ago from JamesRHagerty (James R. Hagerty)

"How the Housing Bust Created Ghost Towns...[#hw #realestate #homebuilders](http://bit.ly/gRC7Vp)"
5 hrs 42 min ago from dwotapka (Dawn Wotapka)

"@martywolk I seriously considered it once. I ate something sugary."
6 hrs 19 min ago from dwotapka (Dawn Wotapka)

"@andreaweigl what are you doing in NYC??"
6 hrs 21 min ago from dwotapka (Dawn Wotapka)

"@neighborworkspr yes. i will be there."
8 hrs 10 min ago from dwotapka (Dawn Wotapka)

Latest Headlines



[View Full Image](#)

David Marlow

At \$23.9 million, this Aspen, Colo. home includes a garage with a dog-washing facility and a dock for charging electric or hybrid vehicles.

the owner of a Turkey-based yacht and furniture production company. A representative for Mr. Turnanligil said he was managing some business for a company that bought the home and is no longer affiliated with the property. The home, which Mr. Hadid lived in before it was

sold, was initially listed for \$85 million.

Though he says he's building spec estates at a slower pace than he was several years ago, Mr. Hadid's current crop includes a 100-acre gated community on a mountain ridge in the Beverly Hills Post Office area of Los Angeles that will have six spec homes, each priced between \$30 million and \$40 million. The development will be heavily secured, he says, and include its own vineyard.

Construction is nearly complete on a 32,000-square-foot, three-story French chateau-style mansion on 1.2 acres across the street from the Beverly Hills Hotel, which he plans to officially put on the market for about \$60 million in March. The house will have three swimming pools (including an Olympic-size one indoors), a ballroom that can hold 150 and a Moroccan-style room meant for entertaining and socializing after relaxing in the home's spa. A home theater will seat 60.



[View Full Image](#)

Western Exposure

A Newport Beach home is listed for \$23 million, down from \$29 million.

"It will have to be managed like a small hotel," explains Mr. Hadid, who estimates monthly operating costs for the buyer to be around \$50,000 to \$100,000 in addition to annual taxes.

Another big bet sits on a winding, wooded lot on California's Belvedere Island, just across the bay from San Francisco. During a tour of the home's site a few months ago, Olivia Hsu Decker, the home's listing broker, pointed out a bullet-shaped yacht anchored in the water few hundred feet away. "That could be our buyer," said Ms. Decker,

optimistically. (The Phillippe Starck-designed vessel is owned by Russian billionaire Andrey Melnichenko.)

When it's completed next summer, the three-story home, which the developer says likely will list for \$45 million, will have a projection-screen theater, a gym with a steam room and sauna and an elevator and sliding glass doors that will open almost the entire back of the house. "People at this end of the market always have money," says Jeff Paster, an investment manager who retired in 2008 and has been building luxury homes for eight years, including the Belvedere Island mansion. But the competition is steep: There are at least five mansions priced around \$20 million and above that are officially listed as for sale on Belvedere Island, a rocky landmass that measures less than one square mile.

The risks for speculators are huge. Developers generally have to foot annual tax bills and carrying costs while the home waits for a buyer, which can sometimes take months and run

Pentagon Faces the Knife

[Obama Revs Up Effort to Make Peace With Business](#)

[GOP Governors Target Medicaid Rolls](#)

[Ex-CIA Officer Charged With Leak](#)

[U.S. Looks to End Mexico Truck Fight](#)

[Initial Blows on Debt-Cap Fight](#)

[Incendiary Device Sent to Md. Governor](#)

[Economists' Group May Revamp Ethical Guide](#)

[FDA Defends Decision on Avastin](#)

[Colorado Uranium Mill Moves Forward](#)

[More Headlines](#)

into hundreds of thousands of dollars annually. A number of multimillion-dollar homes built during boom times have taken years for investors to unload, with dozens still left over on the market today at reduced prices. A mansion in the Brentwood neighborhood of Los Angeles now priced at \$14 million has been on the market for more than two years and seen several cuts from its original asking price in 2008 of \$21.5 million. In Newport Beach, Calif., a Pennsylvania Dutch Colonial-style home on just under an acre with elaborate manicured gardens is listed for \$23 million, down from its original asking price of \$29 million in 2007.

Last month, one of Los Angeles's best-known spec homes sold for \$23.5 million, about half its initial asking price of \$50 million in 2007. Broker Mauricio Umansky said the singer Prince rented the home for two years while it was on the market, and that he wasn't able to show it often during that time.

Despite the jaw-dropping price tags on these supermansions, many developers aren't asking nearly what they would have during the market's peak. In Palm Beach, Fla., builder Dan Swanson currently has an \$84 million home adjacent to a large nature preserve that's been on the market since May. The project began three years ago, when he tore down two homes on a cul-de-sac and built a 27,000-square-foot house that has parking for more than 50 cars, a 60-foot swimming pool and six juice bars spread across the main and guest quarters. The asking price, he says, could have been more than \$100 million several years ago.

Write to Candace Jackson at candace.jackson@wsj.com

MORE IN REAL ESTATE MAIN »

Email Printer Friendly Order Reprints

Share: Facebook Twitter StumbleUpon Dribbble LinkedIn

Like 91 likes. Sign Up to see what your friends like.

SPONSORED LINKS

2.9% Mortgage Refinance \$150k Refi for \$632/Mo- 3.19% APR! FREE, Secure & Fast. No SSN needed. DeltaPrimeRefinance.com

\$437/Day Work From Home Can You Type? Make Over \$437/Day From Home. Read This Shocking Report! LA-Sentinel.com

Banks Forgiving Debt See how much of your credit card debt can be erased! www.LowerMyBills.com

Add a Comment

JOURNAL COMMUNITY

We welcome your thoughtful comments. Please comply with our Community rules. All comments will display your real name.

Text input field for adding a comment.

Track replies to my comment

Go to Comments tab

CLEAR POST

Share articles and post your comments on Facebook | What's this?

Login with Facebook

Related Stories

Real Estate News about Frank Pritt, Allman Brothers' Butch Trucks and Lee Vogelstein 11/19/2010

Jonathan Adler and Simon Doonan's Anti-Depressive Apartment 11/5/2010

Real Estate News, Tips, and Trends: Intermix's Khajak Keledjian Buys a Shigeru Ban in the Hamptons 10/15/2010

A Luxury Shopping Guide to Buying Wine, Helicopters, Vintage Cars, Handbags, Face-Lifts and Estate Jewelry 10/21/2010

The Henry Clay Frick Collection at a Glowing 75 | By Ann Landi 12/15/2010

Starting Over as an Artist in Retirement 10/25/2010

Related Videos



14 hrs ago Builders Bet Big on Big Mansions - News Hub



14 hrs ago Obama Nods to Big Business in Appointment of Daley as White House Chief of Staff - News Hub

An Insider's Guide to Miami 11/6/2010

Art Gallery Owner Gian Enzo Sperone's Art-Filled Swiss House 10/21/2010

Editors' Picks



Hands Off After Wafer Scare



Earpieces Get More Celebrity Pitches



How to Beat the AFC's Playoff Teams



China Newspaper Refers to New Jet



Are Station Wagons Cool Again?

THE WALL STREET JOURNAL.

[BACK TO TOP](#) ▲

WSJ.com Account:

- My Account
- Subscriber Billing Info

Create an Account:

- Register for Free
- Subscribe to WSJ.com
- Sign up for WSJ Professional

Help & Information Center:

- Help
- Customer Service
- Contact Us
- New on WSJ.com
- Tour the new Journal

About:

- News Licensing
- Advertising
- Advertise Locally
- Conferences
- About Dow Jones
- Privacy Policy - Updated
- Subscriber Agreement & Terms of Use - Updated
- Copyright Policy
- Jobs at WSJ.com

WSJ.com:

- Site Map
- Home
- World
- U.S.
- New York
- Business
- Markets
- Market Data
- Tech
- Personal Finance
- Life & Culture
- Opinion
- Autos
- Careers
- Real Estate
- Small Business
- Student Journal
- Corrections

Tools & Formats:

- Today's Paper
- Video Center
- Graphics
- Columns
- Blogs
- Topics
- Guides
- Alerts
- Newsletters
- Mobile
- Tablet Edition
- Podcasts
- RSS Feeds
- Journal Community
- WSJ on Twitter
- WSJ on Facebook
- WSJ on Foursquare
- My Journal
- Portfolio

THE WALL STREET JOURNAL.

Digital Network

- WSJ.com
- Marketwatch.com
- Barrons.com
- SmartMoney.com
- AllThingsD.com
- FINS: Finance, IT jobs, Sales jobs
- BigCharts.com
- Virtual Stock Exchange
- WSJ Radio
- ProfessorJournal.com
- WSJ U.S. Edition
- WSJ Asia Edition
- WSJ Europe Edition
- WSJ India Page
- Foreign Language Editions:
 - WSJ Chinese
 - WSJ Japanese
 - WSJ Portuguese
 - WSJ Spanish

ACAP ENABLED

Copyright ©2010 Dow Jones & Company, Inc. All Rights Reserved

