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Photographer: Christopher Lee

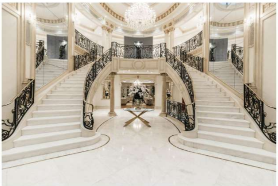
Real Estate

To Sell an $80 Million House, Its Owners Raise the Price

A mansion in Los Angeles wouldn't sell. But what if it cost $8 million more?

By James Tarmy
August 17, 2017, 5:00 PM GMT+8

In early 2008, Albert Elkouby bought a 1.54-acre piece of land on the corner of a main thoroughfare in Beverly Hills for $18 million and set about erecting a 28,000 square-foot “French chateau-inspired” house. Four years later, in 2012, Elkouby, who owns JH Design, an apparel company that makes branded jackets for the NFL, NBA, and Nascar, put the shell of the home on the market for $29.9 million.



The entryway to the house. *Photographer: Christopher Lee*

Elkouby had originally bought the land for himself, said his daughter Vered Nisim, who through a family trust is a partial owner of the property. But after seeing yet another lot on the same street at a higher elevation, he decided to unload the property quickly, hence the not-quite-completed house going onto the market when it did. “I think he did it on a whim,” she said, but after minimal market interest, Elkouby took it off the market to finish it.

The house is spread across three levels. *Photographer: Christopher Lee*

After another three years passed, the house, which has 11 bedrooms, 18 bathrooms, and a garage that holds 15 cars, returned to the market in 2015 for $72 million, or nearly a 141 percent price increase. The one catch? It still wasn't done.

“Some of the finishes were far from being done,” said Nisim, who is the vice president of marketing at her father's company. “And the landscaping wasn't completed.”

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The total property runs 1.54 acres. *Photographer: Christopher Lee*

The family's logic for listing the property before it was complete was simple, she said. With a listing that expensive, "we were thinking that the potential buyer would come in with their own vision and taste, and then we would finish it for them."

But after it languished with no takers, they realized that "at this price point, the buyer needs to see the finished product," she said. "It's difficult for the buyer to envision what the house would look like, and that was our biggest barrier."

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So the house disappeared from the market once again, only to reappear earlier this month listed by Sam Real from Nest Seekers International, fully complete and with an even higher price: $80 million.

A "Comparison Shopping" Issue

From a strategic standpoint, at least, the new price has some area brokers scratching their heads. "We don't see a lot of high-end luxury developers raising their prices," said Connie Blankenship, the director of luxury sales at Douglas Elliman Real Estate in Los Angeles. "If anything, they do it the other way, starting higher with the price they would love to get, and then if they're not getting the activity they need, lowering the price."

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The ballroom. *Photographer: Christopher Lee*

One explanation could be that the elevated price is effectively a marketing move. "It seems the higher you price your house, the more attention it gets," Blankenship said.

Another could simply be that sellers have unreasonable expectations based on other, similarly aspirational homes currently on the market. "What also happens is that other owners look and say, 'Well, this person is pricing their house high, so mine also must be worth that amount.' But the problem," she continued, "is that those houses haven't actually sold, so they're not real comparisons."

One of the house's 11 bedrooms. *Photographer: Christopher Lee*

Yet another explanation is that the new price and new listing are a way to reinvigorate a property that's now been on the market for more than half a decade.

"Owners try to manipulate the market just as agents try to manipulate the market to make it fresh," said Drew Mandile, an L.A. broker for Sotheby's International Realty. "They'll change the market data, or put it out as a new listing, and all of that is done, for lack of a better word, to trick the market and to make new buyers believe that no one knows about it or has seen it."

The chandeliers are Italian crystal. *Photographer: Christopher Lee*

The question whether the $8 million price hike will help or hurt the house's chances is irrelevant, he said. "Eight million dollars doesn't mean anything, because no one knows what a $72 million or $80 million house looks like," he said. "It's a comparison shopping issue."

Is Worth It?

Nisim put forward more straightforward logic for the $8 million price change: The improvements are worth the price. "For two years, we just worked on the details," she said. "Every wall, floor, molding in there is hand-cut. Just to do the wood floor in the ballroom took a good five to six months, because it's all hand-carved."

One of 18 bathrooms. *Photographer: Christopher Lee*

The house also features an elevator, indoor pool, greenhouse, sauna, and screening room. "We put, I would say, over $5 million in just some of the additional finishes," she said. "There's Italian marble, plus the changed landscaping. We've definitely upgraded it."

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As lofty as the $80 million price tag might appear, though, a handful of homes have sold for similar prices. In February, a house that had been asking for $135 million sold for $65 million, while one in the Owlwood Estate in Holmsby Hills sold for $90 million, after sitting on the market for several years with an asking price of about $150 million.

The house is being sold completely finished. *Photographer: Christopher Lee*

This current house, in other words, isn't a dramatic departure from the current, super-high-end market.

That market, however, is unpredictable. "Many of these asking prices aren't anywhere near the sales prices," said Mandile. "Unless the house is at $30 million or $40 million and there are more sales to compare it to, you really can't tell exactly what it's really worth."

The screening room. *Photographer: Christopher Lee*

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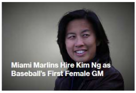

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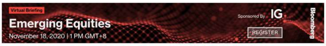
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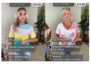

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