

August 24, 2007

'Underpriced' at \$100 Million

Five houses are vying to be the most expensive ever sold, market slump notwithstanding. Ben Casselman and Christina S.N. Lewis handicap the race.

By **BEN CASSELMAN** and **CHRISTINA S.N. LEWIS**

August 24, 2007; Page W1

(See Corrections & Amplifications item [below](#).)

It might seem foolish given the recent news from Wall Street, but a group of homeowners is holding firm on an ambitious goal -- to break the record for the most expensive home sale in American history.

The price to beat is \$103 million.

Two years ago, at the peak of the real-estate boom, only a handful of homes in the U.S. had ever been listed for \$75 million, let alone \$100 million. Even the highest residential sale to date -- investor Ron Baron's \$103 million purchase earlier this year of a 40-acre compound in East Hampton, N.Y. -- was never publicly listed. The deal was so secret that the brokers weren't named.

SLIDESHOWS

Click each thumbnail to see more photos.



Hala Ranch: The 56,000-square-foot, Aspen, Colo., chalet is on the market for \$135 million.



Fleur de Lys: The L.A. mansion is modeled mainly after the 17th-century palace of Louis XIV's finance minister.



Maison de l'Amitié: The seven-acre, Palm Beach, Fla., compound features 475 feet of ocean frontage.



Tranquility: This nine-bedroom compound sits on 210 acres in Zephyr Cove, Nev., overlooking Lake Tahoe.

There are five contenders for the current prize, including a Beverly Hills compound once owned by William Randolph Hearst and Marion Davies that's listed for \$165 million; the Aspen home of Saudi Prince Bandar bin Sultan, which has been visited by the past three U.S. presidents (\$135 million); and an estate overlooking Lake Tahoe with a staircase modeled after the one aboard the Titanic (a dark horse at \$100 million). All have come on the market since summer 2006.

To drum up interest, brokers for these properties are working like political operatives -- issuing press releases, leaking news about potential buyers and making personal appeals to billionaires. They admit to looking through SEC filings to vet interested parties. Robert Kass, who is co-listing the fourth contender -- a Los Angeles chateau for \$125 million -- recently spent a month traveling to London, Moscow, Istanbul, Dubai and the Côte d'Azur, meeting with potential customers. "There are buyers that could be in Pakistan," says Shari Chase, who is handling the Tahoe estate.

Brokers and owners say they aren't involved in a footrace but they do admit to keeping tabs on the competition. Donald Trump, whose Palm Beach estate rounds out the list at \$125

million, dismisses Prince Bandar's \$135 million asking price as a case of "some character putting on a price just to try to top Trump." (Prince Bandar declined to comment.) As for the \$165 million Beverly Hills listing, Mr. Trump calls it "a joke." ("If Donald Trump owned it, it would be the best house in the world," says the property's broker, Stephen Shapiro.)

While the top of the real-estate market has been thriving, fueled by Wall Street bonuses and foreign cash, buyers at this level aren't immune to wobbly markets. Pat McPherron, a housing analyst at Moody's Economy.com, says banks may want to see more cash on hand, even from billionaire borrowers.


SEE A PHOTO SLIDESHOW ▶



Then there's the question of whether anyone will pay these prices. "One hundred million is an insane amount to pay for a house," says Jim Clark, the billionaire co-founder of Netscape. Joan Waitt, the wife of Gateway co-founder Ted Waitt and the owner of multiple homes including a San Francisco mansion on the market for \$25.9 million, says she has no plans to write a check in excess of \$100 million for a house. "It's kind of a ludicrous number," she says, "unless you're buying an island."

Record asking prices haven't always guaranteed record sales -- or sales

DOW JONES REPRINTS

 This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit: www.djreprints.com.

- See a sample reprint in PDF format.
- Order a reprint of this article now.

Historic grand homes

at all. Executors of the estate of oil- and film-industry billionaire Marvin Davis originally listed his Beverly Hills home for \$70 million, but people familiar with the deal say it sold in 2005 for roughly \$45 million. Manhattan's most expensive listing, Martin Zweig's \$70 million penthouse atop the Pierre Hotel, has been on the market for more than two years. (Listing agent Elizabeth Lee Sample says that she's had offers at the asking price but didn't think the prospective buyers could get past the building's rigorous co-op board.)

Nonetheless, Suzanne Saperstein, owner of the \$125 million Los Angeles chateau, says she has no plans to cut her price. "I'm in no rush," she says. And more contenders are on the way. Developer Frank McKinney is building a house in Manalapan, Fla., that he plans to list for "at least" \$135 million, while land baron Tim Blixseth is asking \$155 million for a yet-to-be-built Montana estate. Entertainment billionaire David Geffen has quietly shopped his historic 9.4-acre Los Angeles estate for \$100 million, according to a broker who has shown the property. Mr. Geffen says his home in Los Angeles is not for sale.

The U.S. doesn't have a monopoly on extreme listings -- or extreme sales. The international home sale record is thought to be held by a London property that sold in 2004 for £70 million (about \$128 million at the time). A Paris home is on the market for €100 million, or roughly \$135 million.

As for the current domestic contenders, the jury is out. Mr. Trump's property includes valuable Palm Beach ocean frontage, but some agents call the house a "teardown." Los Angeles brokers are unanimous in their opinion that the Hearst estate is overpriced -- by some accounts by as much as \$100 million. And while Ms. Chase says she believes the Tahoe property is "underpriced" at \$100 million, others point out that it isn't even on the lake.

So which one, if any, will break the \$103 million U.S. record?

Hearst Estate

Location: Beverly Hills, Calif.

Seller: Leonard Ross, a financier

The Spread: A 6.25-acre compound with a total of 72,000 square feet of living space. Mediterranean-style main house, built in 1927, plus three additional houses. Three pools, two tennis courts. Mr. Ross renovated in 1992, adding 20,000 square feet, including an Art Deco-style disco, a playroom and a gym. The main house has a living room with 22-foot ceilings, a two-story, wood-paneled library, a circular driveway with a fountain, and a series of cascading ponds descending to the swimming pool. The listing agent is Stephen Shapiro, Westside Estate Agency.



This Beverly Hills compound, once owned by William Randolph Hearst and Marion Davies, lists for \$165 million.

The Upside: Featured in "The Godfather," it is one of the largest properties in Beverly Hills, 90210. Gordon Kaufmann, architect of the Hoover Dam, designed the original estate. John and Jackie Kennedy honeymooned here. **The Downside:** Located on a busy street. Brokers say the home was privately shown last winter, asking roughly \$85 million. According to Mr. Shapiro, Mr. Ross denies showing the house. Hasn't been updated in at least 15 years. One broker familiar with the interior describes it as "Liberace."

Handicappers Say: Less than 1% chance of breaking the record. "Someone who loved the property may go up to \$100 million," says Bruce Nelson, owner of John Bruce Nelson & Associates. Five years ago, Mr. Ross turned down a \$65 million offer, Mr. Nelson says.

Hala Ranch

Location: Aspen, Colo.

Seller: Prince Bandar bin Sultan, national-security adviser for Saudi Arabia



The Spread: A roughly 56,000-square-foot, 15-bedroom chalet, built in 1991, on 95 acres, with views of the Elk Mountains. Fishing pond stocked with trout; government-level security system and eight-horse stable. Spa, beauty salon and a nonchlorinated indoor pool with custom-designed fish-mosaic bottom. House is sold furnished. The listing agent is Joshua Saslove, Joshua & Co., an affiliate of Christie's Great Estates.

[Click to see a slideshow](#)

The Upside: Easily the largest residence in Aspen, the facilities rival those of a private resort (Hala means "welcome" in Arabic). House has mahogany doors and beams -- a spectacular expense (the stable is part mahogany, too).

The Downside: Property is within a gated community with one main entrance, and it can't be subdivided. Much of the expense is tied up in security measures and odd extras -- including 243 phone lines. Pitkin County recently assessed the property at \$83.8 million. Asking price is nearly triple the area's current home-sale record of \$47 million.

Handicappers Say: 60% chance of breaking the record. "I know it's a crazy price," says Maureen Stapleton, of BJ Adams & Co. "But you never know here in Aspen."

Fleur de Lys

Location: Los Angeles

Seller: Suzanne Saperstein, ex-wife of David Saperstein, founder of Metro Networks.



The Spread: A 41,000-square-foot limestone chateau on more than five acres in Holmby Hills. The house, built in 2000, is modeled mainly after Vaux le Vicomte, the 17th-century palace of Louis XIV's finance minister, Nicolas Fouquet. Features include 22-karat gold-leaf moldings and a ballroom that can seat 100 people. There's also a pool pavilion and a three-quarter-mile jogging path. Listing agents are Joyce Rey of Coldwell Banker Previews International and Robert Kass of Windermere Real Estate.

[Click to see a slideshow](#)

The Upside: The house, which was featured in *Vanity Fair*, is in mint condition. David Geffen's residence -- he paid \$47.5 million for it in 1990 -- is across the street, and supermarket magnate Ron Burkle is also a neighbor. The house sits on rollers in case of an earthquake.

The Downside: Buyers may be more interested in early-20th-century than 18th-century French. "I love it, but it's not everyone's taste," says Los Angeles broker Jade Mills, of Coldwell Banker Previews International. Another broker called it "over the top."

Handicappers Say: 55% chance of breaking the record. "It may sell to a Russian or someone with new money," says Jeff Hyland, of local brokerage Hilton & Hyland.

Maison de l'Amitié

Location: Palm Beach, Fla.

Seller: Donald Trump



The Spread: A seven-acre compound with 475 feet of ocean frontage. The 33,000-square-foot, French Regency-style main house, built in 1990, has seven bedrooms and eight full baths (each in a different color of marble). Entertaining spaces include an onyx-floored circular ballroom and a "wine bistro." Parking for 36 cars. Also on the property: A 100-foot swimming pool and two guest houses. Listing agent is Cristina Condon of Sotheby's International Realty.

[Click to see a slideshow](#)

The Upside: Ranks among the largest oceanfront parcels in Palm Beach (only next-door neighbor Nelson Peltz has more direct beachfront). Brokers say the land alone could be worth \$75 million to \$95 million. The record, a multipart deal totaling \$92 million, was set less than three years ago, and prices have increased since then.

The Downside: Mr. Trump paid \$41.4 million for the property in 2004 and has done only a cosmetic renovation. Brokers say the buyer will have to spend millions on upgrades, or tear the house down.

Handicappers Say: 42% chance of breaking the record. "If somebody wants to move into Palm Beach and get a lot of publicity and money is no object, they might pay a huge price," says local broker Carol Digges.

Tranquility

Location: Zephyr Cove, Nev.

Seller: Joel Horowitz, former CEO of Tommy Hilfiger Corp., and his wife, Ann



The Spread: A 38,000-square-foot, nine-bedroom compound on 210 acres overlooking Lake Tahoe. Completed in 2000, it has a private lake, a great hall with 30-foot-tall windows and a dining room with 300-year-old French plank flooring. There's a cigar lounge modeled on one in New York's St. Regis Hotel and a skylit entryway with marble floors patterned after those in the New York Public Library. Home is being sold furnished. Listing agent is Shari Chase of Chase International.

[Click to see a slideshow](#)

The Upside: Perhaps the largest property in the area and one of the most private -- abutting national forest land. Room to build.

The Downside: It's not actually on Lake Tahoe. "Most people want to be on the lake for that money," says Jean Merkelbach of Distinctive Homes Sotheby's International Realty.

Handicappers Say: 1% chance. Because it's listed at only \$100 million, it would take a bidding war to win. "I think they're going to get very close to what they're asking," says Jerry Boren of Boren Group Real Estate, a local

firm.

--Hannah Karp contributed to this article.

Write to Ben Casselman at ben.casselmann@wsj.com¹⁰ and Christina S.N. Lewis at christina.lewis@wsj.com¹¹

Corrections & Amplifications:

David Geffen says his home in Los Angeles is not for sale. An earlier version of this article didn't include his comment.

URL for this article:

<http://online.wsj.com/article/SB118791696265107415.html>

Hyperlinks in this Article:

- (1) OpenWin
(/article/SB118787494514706516.html', 'wsjpopup', '760', '524', 'off', true, 0, 0, true); void
()); return false;
- (2) OpenWin
(/article/SB118787531231506519.html', 'wsjpopup', '760', '524', 'off', true, 0, 0, true); void
()); return false;
- (3) OpenWin
(/article/SB118787544072006529.html', 'wsjpopup', '760', '524', 'off', true, 0, 0, true); void
()); return false;
- (4) OpenWin
(/article/SB118787555894106541.html', 'wsjpopup', '760', '524', 'off', true, 0, 0, true); void
()); return false;
- (5) OpenWin
(/article/SB118779564895205389.html', 'wsjpopup', '760', '524', 'off', true, 0, 0, true); void
()); return false;
- (6) OpenWin
(/article/SB118787494514706516.html', 'wsjpopup', '760', '524', 'off', true, 0, 0, true); void
()); return false;
- (7) OpenWin
(/article/SB118787531231506519.html', 'wsjpopup', '760', '524', 'off', true, 0, 0, true); void
()); return false;
- (8) OpenWin
(/article/SB118787544072006529.html', 'wsjpopup', '760', '524', 'off', true, 0, 0, true); void
()); return false;
- (9) OpenWin
(/article/SB118787555894106541.html', 'wsjpopup', '760', '524', 'off', true, 0, 0, true); void
()); return false;
- (10) <mailto:ben.casselmann@wsj.com>
- (11) <mailto:christina.lewis@wsj.com>

Copyright 2007 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com.

RELATED ARTICLES AND BLOGS

Related Content may require a subscription | [Subscribe Now -- Get 2 Weeks FREE](#)

Related Articles from the Online Journal

- [Existing-Home Sales Dropped in June, But Inventories Fell and Prices Rose](#)
- [Medtronic Gears for Review Of Stent; Profit Jumps 13%](#)
- [ASX Profit Soars as Listings, Trading Climb](#)
- [GM Swings to a Profit On Strong Overseas Revenue](#)

Blog Posts About This Topic

- [A \\$62 M. Townhouse? In Mad Manhattan, Prices Are Meaningless](#) observer.com
- [PARIS HILTON BUYS MILLION DOLLAR HOUSE](#) timessquaregossip.com

[More related content](#) Powered by Sphere 