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Purse Tycoon Aims at Ultra-Rich With \$85 Million Home

By John Gittelsohn and Nadja Brandt - Sep 22, 2014



The property at 1181 N. Hillcrest Road, in the Trousdale Estates neighborhood of Beverly Hills, has eight-bedrooms, 15-bathrooms, a wall of caramel onyx and an 18-seat screening room with doors clad in Italian lizard skin. Photographer: Simon Berlin/1181Hillcrest.com

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The eight-bedroom, 15-bath Beverly Hills, [California](#), mansion has \$5,600 toilets, a wall of caramel onyx and an 18-seat screening room with doors clad in Italian lizard skin. Asking price: \$85 million.

Rapper Jay Z has taken two tours of the hillside aerie with views that sweep from downtown Los Angeles to the Pacific Ocean. The estate was developed by Bruce Makowsky, who made his fortune selling handbags through department stores and the QVC television channel.

“There was a void of homes for super-wealthy people, and that’s why I did it,” Makowsky said while sitting near a curved 54-foot (16-meter) glass wall that slides open to an infinity pool with iPad-controlled fountains. “I don’t think there’s anybody who’s served up \$85 million-to-\$100 million homes at this level for somebody to step into and buy.”

Makowsky may be the boldest developer of Los Angeles mansions built on speculation, without a buyer in place. He’s betting on growing demand from billionaires, technology magnates and entertainers -- a global elite who collect mansions in cities such as Hong Kong, London or Miami, where they alight a few times a year from their yachts and private jets.

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“Even though this represents 0.1 percent of the housing market, this kind of a price tag is not out of the realm of possibilities,” said Jonathan Miller, president of New York-based appraiser Miller Samuel Inc. and a Bloomberg View contributor. “About three years ago, this global phenomenon built momentum where luxury real estate has become a new global currency.”



East Hampton

At least 20 U.S. homes have sold for \$50 million or more since 2010, according to Miller Samuel. This year, [Barry Rosenstein](#), founder of hedge-fund firm Jana Partners LLC, agreed to buy a home for \$147 million in East Hampton on New York’s Long Island in what would be the most expensive deal ever when completed, said Tim Davis, a broker with Corcoran Group Real Estate. Davis sued the sellers in July, claiming he was cut out of the deal and a \$8.8 million commission, he said in a telephone interview today.

The highest current U.S. asking price is \$139 million for the Le Palais Royal, a 60,000-square-foot (5,600-square-meter) estate north of Fort Lauderdale, [Florida](#), William P.D. Pierce, a broker at Coldwell Banker Residential Real Estate, said in a statement this month.

The sale of the Fleur de Lys mansion for \$102 million in March was the most expensive in Los Angeles.

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'Narrow Group'

Homes costing in the tens of millions of dollars stand in stark contrast to the dwellings of most local residents. Angelenos use a bigger slice of their paychecks on shelter than people in New York, San Francisco or Miami, studies by economists at Harvard University and Zillow Inc. show. Surging property prices are pushing some lower-income households into converted garages or to move to distant suburbs.

“Clearly, the buyer that I’m trying to attract is a very narrow group of people,” Makowsky said during a tour of the two-story, 22,300-square-foot Beverly Hills home, complete with a vehicle elevator that lowers cars to a glass-walled showroom. “It’s the super-wealthy people that might own a big mega-yacht for \$250 million, or they own a big Gulfstream plane for \$100 million.”



California Billionaires

Twenty-seven of the world’s 400 richest people live in California, according to the Bloomberg Billionaires Index. Globally, there were about 128,000 ultra-wealthy individuals, who each have at least \$30 million of investable assets, a population that grew 12 percent last year, according to the Capgemini-RBC Wealth Management 2014 World Wealth Report.

In addition to U.S. tech, energy and entertainment money, Los Angeles has lured investors from China, Indonesia, Russia, Latin America and the Middle East who use U.S. real estate as a haven from political and economic uncertainty back home, said Alessandro Cajrati Crivelli, the builder of a speculative home listed for \$45 million in the Holmby Hills area of Los Angeles.

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“If you buy a house for \$50 million, \$60 million, and it falls to \$40 million, it’s still better than having your money under a dictator who decides that money doesn’t belong to you any more,” the Italian-born Cajrati Crivelli said in a telephone interview. “It’s the return of capital rather than the return on capital.”



Jay Z

Makowsky’s luxury abode has attracted interest from shoppers both international and domestic, including the two visits by Shawn Carter, the musician better known as Jay Z and husband of singer Beyonce, according to two people with knowledge of the tours who asked not to be named because the matter is private. Makowsky declined to comment on the visits.

Jana Fleishman, a representative at Roc Nation, Jay Z’s entertainment company, didn’t respond to an e-mail seeking comment on the tours, reported last week by gossip website TMZ. Yvette Noel-Schure, a publicist for Beyonce at Schure Media Group, didn’t return a phone call.

The property at 1181 N. Hillcrest Road, in the Trousdale Estates neighborhood of Beverly Hills, has already received two offers, said Branden Williams, a real estate agent with Hilton & Hyland.

“There’s a very good chance we could get asking or above,” said Williams, who shares the listing with Ben Bacal of Rodeo Realty Inc.

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\$56,000 Chairs

As Makowsky led an hour-long tour of the house, he cited prices and brands of furniture and fixtures, speaking in the patter that made him a QVC star. A 24-person dining-room table has place settings by Roberto Cavalli priced at \$3,700 each, and the living room has 10 chairs designed by Bentley Motors that cost \$56,000 apiece. A climate-controlled wine cellar is stocked with Dom Perignon and Perrier-Jouet champagne along with Cohiba and Montecristo cigars.

“I want every detail inside of the house to be as good as the view,” he said. “I will tell you because I’m not going to sell you.”

Makowsky and his wife, Kathy Van Zeeland, spent 30 years making handbags and shoes, a business they sold in 2008 to Hong Kong-based trading company Li & Fung Ltd for \$495 million, according to a company filing. Makowsky, a Rhode Island native who would say only that he’s in his 50s, built his fashion business in New York before the couple moved to Los Angeles four years ago.

“What I was coming out here for was the lifestyle,” he said. “Happy people, entrepreneurs, not quite the rat race that New York was.”

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High Demand

The couple bought an oceanfront house in Malibu in 2010 for about \$15 million. Four months later, they purchased a second home, in Beverly Hills, for \$22.6 million. Makowsky jumped into homebuilding after observing the high demand for ultra-luxury mansions in Beverly Hills, Bel Air and Holmby Hills, an area known as the Platinum Triangle.

The Trousdale neighborhood alone has 46 construction sites, according to a city of Beverly Hills report from June.

“I was inspired by the amount of construction I saw out here,” said Makowsky, dressed in a T-shirt, white jeans and black blazer with white elbow patches by Beverly Hills designer Bijan.

“People are really starting to care what their house looks like more than ever -- the really wealthy people.”

Makowsky said he’s put money into six residential investment properties so far. He paid \$5.3 million in January 2013 for a house above the Sunset Strip that he renovated and then sold for \$19 million this past April. He’s updating a Bel Air property formerly owned by Michael Strahan, the retired New York Giants football player, bought last July for \$11 million. Makowsky has three ground-up developments in the pipeline, each larger and more opulent than the Trousdale home, he said.

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More Competition

Rather than relying on investors or bankers to finance his projects, Makowsky said he's spending his own cash.

A growing number of luxury developments and renovations in Los Angeles's toniest neighborhoods may hurt demand for Makowsky's houses. On a lot adjacent to his Trousdale estate, a mansion is under construction by another speculative developer, according to Williams, the real estate agent, and several newly built or renovated homes line Hillcrest Road.

"Yes, there is competition, but nobody will invest this kind of money and build this kind of a house," said Makowsky, who said he has 150 architects, designers and other people working on his projects.

Beverly Hills imposed [restrictions](#) on truck traffic in the neighborhood in June "in recognition of the significant levels of construction-related activity" after two police officers were killed by runaway vehicles in separate accidents, the city said in a website posting.

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Candy Wall

Toward the end of the Trousdale mansion tour, Makowsky headed to the home's lower level, where a candy wall that cost \$130,000 is stocked with \$70,000 of jelly beans, chocolates and other sweets. Three flat-screen televisions above a bar show panoramic views from rooftop cameras. Nearby, a turntable in the car showroom displays a two-tone blue Bugatti Veyron next to a black Spyker supercar and a 2015 Rolls-Royce Phantom, which aren't included in the \$85 million asking price.

"I want to create and design things that I am proud of and that people will die for or love," Makowsky said. "That's what we did in the handbag-and-shoe business, and that's hopefully what we'll do here."

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