

# THE WALL STREET JOURNAL.

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## HOMES

# The War of the Los Angeles Megamansions

A handful of Los Angeles developers are betting their over-the-top creations will outrun the market and sell for hundreds of millions of dollars.

*By Katherine Clarke*

Sept. 6, 2018 11:44 a.m. ET

Bruce Makowsky knew exactly what he wanted: a gigantic photograph of a statuesque blonde clad in a black gown and standing on the trunk of a Rolls-Royce Phantom Drophead, a \$500,000 coupe with interiors swathed in Hermès leather. In her hands would be a chainsaw branded with Rolls Royce emblems.

“Give a beautiful blonde a chainsaw, But not any chainsaw, give her a chainsaw with Rolls Royce emblems,” chuckles Shawn Elliott, one of Mr. Makowsky’s real-estate agents, as he gazes at the resulting photo. “That’s Bruce’s mind in a nutshell.”

The picture is one of many pieces of art commissioned by Mr. Makowsky for the purpose of decorating his goliath Los Angeles spec home, now on the market for \$188 million. An imposing man who made his first fortune selling affordable leather bags on home shopping channel QVC, Mr. Makowsky has spent millions on custom furniture and accessories from the likes of Fendi, Roberto Cavalli and Louis Vuitton.

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### **Bel-Air's Billionaire Megamansion**

Seeking \$188 million, the spec home built by Bruce Makowsky comes with a helipad, five bars, four-lane bowling alley and a crocodile skin-lined elevator.



Former handbag designer-turned-developer Bruce Makowsky at his latest project: a \$188 million Bel-Air spec house named Billionaire. ASSOCIATED PRESS

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At a time when many believe the ultra high-end real-estate market has peaked, a handful of colorful characters are forging on ahead, building some of the most lavish and expensive homes this country has ever seen. These Los Angeles developers are constructing modern-day palaces that serve as monuments to excess, with candy rooms, commercial-sized movie theaters, helipads and hair salons. The bet: Their over-the-top creations will outrun the market and sell for hundreds of millions—even up to \$500 million for the priciest home hitting the block.

Like Mr. Makowsky, most of these gunslingers didn't start in real estate. Directly adjacent to Mr. Makowsky's Bel Air project is another mammoth spec home. Asking \$180 million, it is the brainchild of Raj Kanodia, a celebrated plastic surgeon who specializes in rhinoplasties and counts Kim Kardashian as a client.

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Scott Gillen, who is building an \$85 million spec mansion in Malibu, was a decade earlier directing commercials for brands like Mercedes-Benz and BMW. And Nile Niami, the builder behind "The One," a \$500 million house under construction in Bel Air, and "Opus," a \$68 million entry in Beverly Hills, did makeup special

effects for low-budget movies and then ran his own company producing movies like "The Patriot," a feature starring Steven Seagal as a doctor who must race to find a cure for a deadly virus.

Mr. Niami, 50, recently offered a tour of his personal West Hollywood home. Sporting sunglasses, a \$55,000 Corum Tourbillon watch and a deep tan, he says he has just returned from an ultraexclusive celeb-studded fasting retreat and dropped 11 pounds for his coming trip to Burning Man.

Walking around his roughly 10,000-square-foot pad, Mr. Niami shows off his "bitchin" 1970s-inspired black leather bed and his "retro and manly" collection of vintage Playboy magazine covers. Mr. Niami says he was inspired in part to enter real estate by a "dude on TV" who did infomercials on buying and flipping homes.

Mr. Niami seems to revel in attention, and even considered his own reality show. "I had a friend who created a pilot that was really good called 'The Mansion Maker,'" he says. "It was me going around all these houses and yelling at people.... I got a call from my investor at the time and he was like, 'You're out of your f— mind. You're not going to go on TV. If you do, I'm not funding one more house.'"

The personalities that thrive in this world tend to be bold and bombastic—with an appetite for risk.

Mr. Makowsky jumped straight into the expensive business of building ultra high-end homes. One of his earlier projects was the subject of a 2014 bidding war between Minecraft creator Markus Persson, who was fresh off selling his company to Microsoft for \$2.5 billion, and Beyoncé and Jay-Z. Mr. Persson won at \$70 million.

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## An \$85 Million Low-Key Malibu Mansion

Real-estate developer Scott Gillen said his roughly 15,500-square-foot spec home is less over-the-top than comparably priced properties in Los Angeles.



Director-turned-real-estate developer Scott Gillen in his \$85 million Malibu spec house. MICHAL CZERWONKA FOR THE WALL STREET JOURNAL

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While Mr. Makowsky says he is building his latest creation with no debt, many of the other builders have taken on large loans to finance their projects. Property records show that Dr. Kanodia, 71, took a loan out from Bank of Internet for his house earlier this year, for instance. Meanwhile, First Credit Bank of Los Angeles has backed Mr. Niami's \$500 million mega-project, as has an unnamed Canadian investment partner.

"It's a crazy business; you don't do it unless you're a little nuts," Mr. Makowsky says.

Mr. Gillen, 58, says that spec developers are generally shooting for a return on investment of about 50%, though more typically he'll get closer to 30%. "If I'm going to invest \$20 million, I need 10 million bucks. If I'm listing a house at \$100 million, I've got to have enough meat on it that, if something goes wrong, I can slice \$25 million off the top," he says.

Mr. Niami, who says he goes over budget with construction "every single time," admits that he

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## A Los Angeles Developer's 'Manly' Mansion

The West Hollywood home of Nile Niami has design details like a 1970s-inspired platform bed and a 24-foot golden giraffe sculpture.



Developer Nile Niami, a former producer of movies like 'The Patriot' starring Steven Seagal, poses outside his personal home in West Hollywood. MICHAL CZERWONKA FOR THE WALL STREET JOURNAL

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finds the pressure so intense that he's launching a fast-casual organic rolled pizza chain in 2019 as a secondary income stream and a needed distraction.

"It's like, my God, look what the mortgage payments are, look how long it's taking," he says. "I cannot keep doing this at this level with this many houses so often. It's too much stress. My girlfriend's a yoga instructor. She's got me doing yoga and drinking yerba mate shit."

Dr. Kanodia, who was raised Hindu, makes the pilgrimage every morning to his \$180 million spec house, which is almost completed, from his personal mansion across the street. He meditates and lays flower petals on a small shrine to the Hindu gods Ganesh and Lakshmi. "I have a very strong relationship and belief in God," Dr. Kanodia says. "I use that as my strength... It's sort of an insurance policy against all odds."

Dr. Kanodia's friends and clients, many of whom are financiers and developers, advised him

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## A Plastic Surgeon's \$180 Million Spec Home in Bel-Air

Built by Raj Kanodia, who lives across the street, the property comes with a floating staircase, a 2,000-bottle wine room and a gym designed by celebrity trainer Harley Pasternak.



Raj Kanodia, a prominent plastic surgeon, poses in the garden of his \$180 million spec house in Los Angeles. MICHAL CZERWONKA FOR THE WALL STREET JOURNAL

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against the project, he says. “You’re way out of your league,” they told me. “I know I am. But the more challenging it became, the more resolute I was. I can’t face the world and say that I failed.”

Rivalries have inevitably emerged as this small group of builders compete for the same pool of billionaires. In Mr. Makowsky’s rented construction office—a mansion once owned by Elizabeth Taylor—Mr. Elliott has pinned to the wall a list of the world’s billionaires with their telephone numbers and a check mark to denote whether or not he’s successfully made contact.

Mr. Gillen calls his home, which was built on the former site of a mock Scottish castle, “architectural” and less over-the-top than other homes. It has a gym, a wine room, a cigar room and a \$1.5 million teak staircase. He laughs about some of the other offerings on the market: “It’s like, why not have a room to hold all my socks?”

Similarly, Dr. Kanodia, whose project has a floating staircase, a dramatic limestone facade and an herb garden, says he finds the other homes too opulent. “They’re great but they don’t have a soul,” he says. “I wanted to create simple elegance.”

Dr. Kanodia’s “house is beautiful but it’s a Prius,” responds Mr. Elliott, Mr. Makowsky’s agent. “We have three movie theaters... I’m not trying to say anything derogatory to Raj, but Raj’s is a room which is a box with a projector pinned to the ceiling and a screen that looks like you could buy it at Walmart. This is Hollywood.”

Mr. Makowsky’s \$188 million house, known as “Billionaire,” is widely regarded as the showiest. “It’s almost a little overwhelming,” Mr. Makowsky concedes. “But my job is to touch every one of your senses. If you’re fortunate enough to have that kind of money, your home should be your kingdom.” On a recent tour, Beyoncé’s “Crazy in Love” blared in the background. Mr. Elliott, who was conducting the house tour while Mr. Makowsky was in Italy, said that Mr. Makowsky has turned down \$2 million a month in rent from a Saudi family, because he wants to keep the property “a virgin house.”

The showiest house mantle may shift, however, once Mr. Miami’s “The One” comes on the market. With 20 bedrooms, a V.I.P. nightclub and jellyfish aquariums, it is asking \$500 million—almost five times the Los Angeles record.

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