

The L.A. Hood Where Snapchat Millionaires Will Snap Up Houses Post-IPO

12/20/2016 by Peter Kiefer



Courtesy of Brandon Arant/JSPR

The \$5.7 million white aluminum-encased Wave House on Morningside Way was designed by artist Mario Romano.

Venice's already busy market will get even hotter as an expected early 2017 IPO for parent company Snap will unleash fresh wealth likely to spill over into Santa Monica and Playa Vista while locals block development and cry, "Vexit."

With Venice-based Snap eyeing an IPO at a reported valuation of \$25 billion in the coming months, the stage is set for the greatest unleashing of homegrown tech wealth that Los Angeles has ever seen. For the past year, the technology company founded by Evan Spiegel and Bobby Murphy, formerly known as Snapchat, has been gobbling up office space around the famed Venice Boardwalk, and the ripple effect of an IPO will deeply

impact nearby residential markets as well. Venice clearly is positioned as the greatest beneficiary of this influx of capital, but several factors now besetting the beachside community — a pushback against development, a brewing movement to secede from L.A. (aka Vexit) and a homeless epidemic — may push some newly minted millionaires to spend their riches in adjacent naves.

"[Snap is] the 800-pound gorilla in the room," says Paul Habibi, a real estate developer who also teaches finance and real estate at UCLA's Anderson Graduate School of Management. "I don't think there are IPOs that rival the size of this one anywhere other than Silicon Valley."

Snap has just 325 employees, which gives it one of the highest valuations per employee (\$77 million) of any major technology company. But it's growing at a healthy clip (120 L.A.-based jobs are now open, according to its website) and has expanded its office footprint to include space at the Santa Monica Airport.

Co-founders Murphy and Spiegel — both already fabulously wealthy — linked up during their fraternity days at Stanford. Murphy bought a two-bedroom house in Venice mere blocks away from the company's headquarters, while Spiegel and his fiancé, Miranda Kerr, own a Gerard Colcord-designed home in Brentwood purchased for \$12 million. And while it is unclear how many of their employees will join their financial ranks (Snap declined to comment for this article), it is safe to assume that dozens, if not hundreds, of newly created millionaires will be hitting the market, which already has brokers lining up.

Halton Pardee + Partners founder Tami Pardee notes that abrupt influxes of tech money generated by a booming Silicon Beach in recent years haven't led to a market frenzy. "They are going to stagger their buying. When Google came in, the market didn't go crazy overnight," says Pardee, who is working with a number of Snap employees. She cites a \$4.4 million Marmol Radziner-designed four-bedroom on Santa Clara Avenue as the quintessential tech home. "A lot of these buyers have never had that much money, and engineer types tend to buy smaller houses. They are not used to the flash — it's a personality thing. They are looking for 'soulful' homes."



Courtesy of Brandon Arant/JSPR

Pardee's 3,644-square-foot new build on Santa Clara is steps away from Abbot Kinney.

Several brokers predict that the stretch of Millwood Avenue running from Abbot Kinney to Lincoln Boulevard will be of particular interest due to a growing concentration of notable neighbors. Academy Award-winning screenwriter Mark Boal has lived there for several years, and actress Emilia Clarke recently spent \$4.64 million on a 2,800-square-foot home on the street. Two homes that neighbor the one purchased by the *Game of Thrones* star recently were renovated by designer Kim Gordon; one sold to the Norwegian producing/songwriting team of Tor Erik Hermansen and Mikkel Storleer Eriksen, the brains behind Stargate, which has churned out hits for Beyonce, Rihanna and Wiz Khalifa.

"Tech buyers want something that is unique, and they want walkability," says Partners Trust broker Mark Kitching, who predicts the area north of Oakwood Park also will lure buyers thanks to its proximity to Abbot Kinney and Rose Avenue. That street has emerged as a rival thoroughfare of chic boutiques and hotspots like the newly redesigned Rose Cafe, where Robin Wright and Arnold Schwarzenegger have brunch, and the Indonesian restaurant Wallflower. But much of the housing stock in Oakwood requires significant renovation, Kitching notes — and the typical tech buyer is looking for a turnkey purchase. That may mean expanding a search beyond Venice, which has seen development of several new homes grind to a halt because of delays in the permitting process.



Courtesy of Brian Cooley/Partners Trust

Kitching has the listing for a \$3.7 million unit on Eastwind Avenue that features a rooftop lounge.

Farther north is the Ocean Park neighborhood of Santa Monica, where residents can walk to Main Street and the Expo Line. It's drawing interest from tech buyers, according to Partners Trust's Alex Quaid, who is listing a two-bedroom, three-bath Mina Javid-designed bungalow on Second Street for \$4.5 million.

To the south, several new homes have come online in Playa Vista, which has evolved from Silicon Beach spillover territory to tech epicenter, with Google and Facebook building out their corporate campuses and IMAX and Yahoo recently relocating there. Playa has seen multiple Brookfield developments this year — including the briskly selling Everly and Marlowe single-family homes, priced from about \$2.5 million to more than \$3 million, depending on the features.



Courtesy of Todd Goodman

Quaid's \$4.5 million, 2,500-square-foot Ocean Park listing houses smart-home technology in an 1898 Craftsman.

But Playa's turnkey options can't match the hipster credibility of Venice proper, especially a unique new build like the striking Wave House, a \$5.7 million Halton Pardee + Partners listing on Morningside Way; the artist-designed, aluminum-encased five-bedroom is the stuff of a tech exec's California dreams — and a smart place to park some IPO millions.



Courtesy of Brandon Arant/JSPR

Halton Pardee + Partners' Nancy Osborne holds the listing on the 5,700-square-foot new build.

"Venice is as solid as a rock," notes Douglas Elliman's Juliette Hohnen. "If you are a New Yorker or from San Francisco, this is where they all want to live."

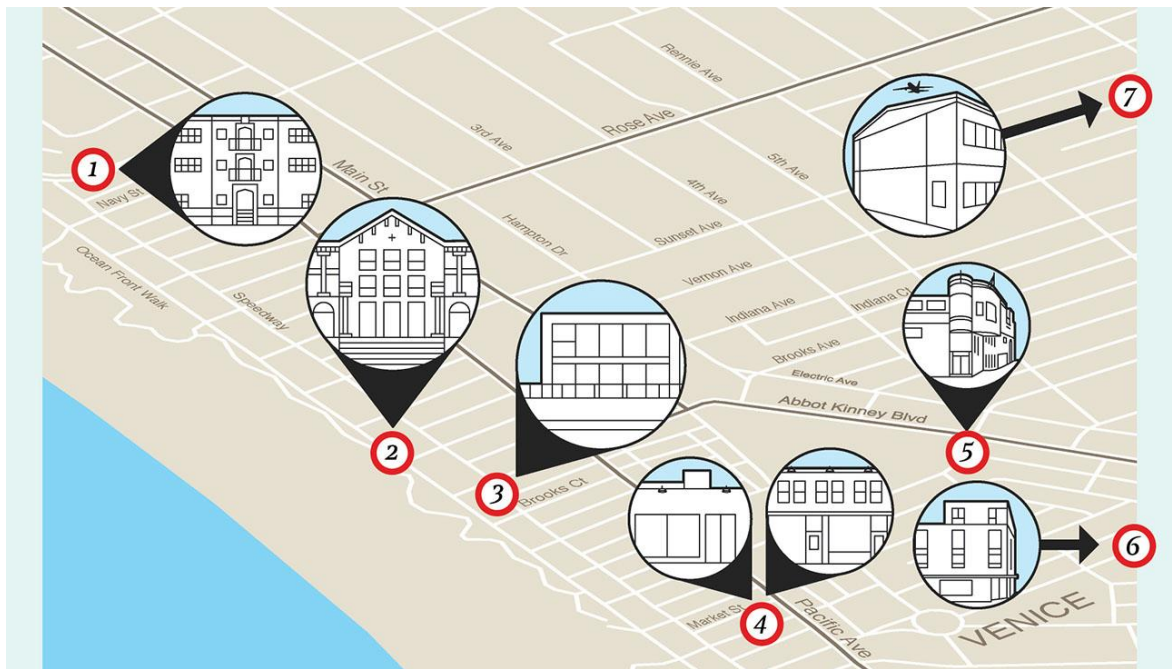
Unlike its tech forefathers Google and Facebook, both of which are fashioning large, contiguous campuses in Playa Vista, Snap has built a network of offices that more closely resembles an archipelago across Venice. Just blocks from the boardwalk and in some cases right on it, the company has been snatching up parcels of office and residential space that stretch north to Navy Street and south to Market Street. "They run a lean ship, but to become the company they want to become, they have to keep scaling," says Ben Bajaran, an analyst for the market research firm Creative Strategies. Venice presents challenges for an operation that ultimately may be seeking a building big enough to fit hundreds of employees under one roof — which may explain why the company signed a five-year lease for 80,000 square feet of space at Santa Monica Airport this year.

The Snap Map of Venice

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Map by Chris Philpot

1. 29 Navy St.

Leasing a 25-unit apartment building

2. 909 Ocean Front Walk Leasing about 30,000 square feet

913 Ocean Front Walk Subleasing unknown amount of space at Jerde

3. 701 Ocean Front Walk (Thornton Lofts)

Leasing 25,000 square feet

4. 63 Market St. Snap headquarters; leasing 8,000-plus square feet

73 Market St. Bought 13,843 square feet

5. 248 Westminster Ave.

Leasing 10,525 square feet

6. Abbot Kinney and Venice Boulevard

Leasing 40,000 square feet in multiple buildings

7. Santa Monica Airport

Leasing 80,000 square feet of office buildings and hangars

<http://www.hollywoodreporter.com/news/la-hood-snapchat-millionaires-will-snap-up-houses-post-ipo-957063>