

LUXURY MEMO SPECIAL REPORTS

Cities of luxury: Los Angeles – Luxury Memo special report

November 1, 2018



Los Angeles is known as one of the trendiest cities worldwide

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While opulence and luxury have hubs and destinations all over the world, the Los Angeles area makes a name for itself as one of the most glamorous, as Hollywood continues to push high-end trends forward.

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Rodeo Drive, Melrose Avenue and the San Fernando Valley are shopping hubs known for their high price tags and celebrity sightings, but retail is just the start to Los Angeles' status within luxury. The City of Angels is also known for its widely trendy amenities, hospitality and some of the highest-priced real estate in the world.

"The glitz and glamour of Hollywood still makes the Los Angeles area a prime spot for luxury be it retail, cars, dining or real estate," said Damon Banks, editor in chief of [LuxeGetaways Magazine](#). "From the chic boutiques of Melrose Avenue to the signature shops of Rodeo Drive, retail therapy is just a way of life for the locals and tourists alike."

Top five trends in Los Angeles:

Increased visibility

Because of the over-saturation in the market, many brands scramble to make a noise to stand out amongst the crowd versus taking the cautious route.

Sustainability

In Los Angeles, the idea of saving the planet is of much more concern than other parts of the United States, which makes going green in this market much more vital.

Wellness

Much like going green, consumers are highly interested in the idea of mind and body wellness, and Los Angeles has followed suit with offers for not just travelers, but residents as well.

Celebrities

More so here than any other city, Los Angeles is a town that focuses on celebrity. Consumers all over the world look to this city for their next trend thanks to its celebrity influence.

Excess

While consumers all over the world, no matter how affluent, enjoy showing off their ability to live a minimalist lifestyle, Los Angeles is quite the opposite. Affluents here like to show off their wealth with extreme versions of real estate and retail.

Celebrities and luxury

When most people think of Los Angeles, it is hard for Hollywood and celebrities not to come to mind.

It is no surprise that the film industry's most prominent location has attracted the most glamorous retail and hospitality brands, and has so for decades. The city's opulence caters to not only its residence, but a host of wealthy travelers coming and going throughout the city for a wide array of reasons ranging from business to pleasure.

"Celebrity and Hollywood are always woven together in people's minds," said John Frierson, president of department store [Fred Segal](#). "In today's direct-to-consumer oriented world, celebrities can also have a direct and powerful impact on sales."

Even the city's airport focuses on offering the finer things in life, as many affluent individuals and celebrities frequently travel through Los Angeles International Airport, better known as LAX.



Four Seasons Private Suite at LAX. Image credit: Four Seasons

LAX recently joined a growing list of airports catering to wealthy travelers with the addition of an exclusive terminal for VIPs.

Opened last year, the new terminal is called The Private Suite and comes with a host of features exclusive for affluent fliers. LAX is now in the company of airports in London, Dubai, United Arab Emirates and other markets that cater to luxury travelers ([see story](#)).

There is also an exotic car rental service for those looking to rent a high-end vehicle for their trip to Los Angeles including models from Ferrari, Maserati, Porsche, Bentley and Range Rover.

While there are many wealthy visitors in Los Angeles, a new report shows it is also home to 280 homeowners who are considered homeowner millionaires, listed as the third city with the most homeowner millionaires ([see story](#)).

With so many wealthy visitors and homeowners, it is not just the airport that has become a luxury hub.

"Shopping is not about shopping anymore," Mr. Frierson said. "People want to have fun eat, drink, see music or hang out with friends.

"So we have to be super-engaged, and be an exciting part of their week," he said. "We typically do that with a lot of newness and visual impact. Our store is constantly changing since we bring in lots of different brand partners for pop-ups and trunk shows, so our product offering is always fresh and exciting.

"We also host a variety of events from book signings and intimate musical performances, which keeps customers coming back."

Driving down Rodeo

Rodeo Drive is one of the most well-known areas for designer shopping in Beverly Hills, featuring brands and retailers such as Bulgari, Chanel, Cartier, Audemars Piguet, Balenciaga, Bottega Veneta, Fendi, Ermengildo Zegna, Gucci, Jimmy Choo and Dolce & Gabbana.

French leather goods maker Goyard opened its first standalone boutique in Beverly Hills last year on Rodeo Drive. Goyard, which participates in zero ecommerce whatsoever, relies on its growing network of brand storefronts and retail partners to sell its leather goods. Originally, Goyard's only West Coast presence was at department store chain Neiman Marcus' Beverly Hills location and a standalone boutique in San Francisco ([see story](#)).



Decor illustrations of Goyard's new Beverly Hills store. Image credit: Goyard

"The greater Los Angeles area is essentially a collection of cities, neighborhoods and suburbs, each with its own unique feel," said Taylor Rains, managing partner at [Flugel Consulting](#). "As a result, the consumption habits for the luxury industry vary based on the look and feel of the brand itself.

"The most visible of luxury hubs is Beverly Hills," he said. "The Greater Rodeo Drive area is perfect for brands looking for prominence and prestige, while Melrose has more of an eclectic feel perfect for boutique-style luxury.

"More coastal brands flock to Malibu and Pacific Palisades, where that aesthetic is extremely popular for obvious reasons. Santa Monica offers relatively high foot traffic among a younger, high-spending demographic. Regardless of the luxury niche, there's a community of consumers to be found in Los Angeles."

Burberry's Rodeo Drive store, opened in 2014, caters to VIP clientele, with a penthouse on the top floor, including a private entrance. Equipped with a fitting room, staffed pantry, bathroom and dressing room, the suite also has access to a rooftop garden ([see story](#)).

"Every major market has a guiding industry that helps to frame the direction of the luxury industry within it," Mr. Rains said. "In New York, for example, it's finance. As a result, most of the luxury industry events and localized offerings are catered more to that audience.

"In Los Angeles, that industry is entertainment," he said. "Hollywood and the luxury industry are hugely enmeshed, and that is especially evident in Los Angeles, where the industry is at its most visible. Luxury marketing efforts within the Los Angeles market are largely driven by celebrity, even more so that what is seen on a national level.

"In addition, brands that are headquartered in the Los Angeles area tend to adopt a more visible, celebrity-aligned growth strategy. As a result, these brands typically see more mass-market visibility than some of the more traditionally-guarded luxury brands."

Another luxury destination in Los Angeles is the Grove, an outdoor mall featuring trolley rides and an ornate fountain where Diane von Furstenberg and Michael Kors have prominent locations.

The Grove in LA

Also extremely well known is Melrose Avenue, which has a more artistic side and features vintage stores with designer shops such as Marc Jacobs, John Varvatos and Alexander McQueen.

One of the trendier destinations is Robertson Boulevard, with Chanel making one of its Los Angeles homes there.

"LA has become a destination for the global creative class," Fred Segal's Mr. Frierson said. "They come to LA not just to relax, but to get inspired by the vibe and the lifestyle.

"Our Fred Segal Sunset flagship store receives a constant stream of visitors who are coming to see and experience experiential retail at its most stylish," he said.

Fashion Week

While Los Angeles' Fashion Week is lesser known than the behemoth New York Fashion Week, its importance and innovations are hardly lesser than its East Coast counterpart.

This past fashion week in October, powered by Art Hearts Fashion, saw a comprehensive five-day schedule, one of the most-filled that LAFW has ever seen.

Los Angeles Fashion Week

While it is significantly smaller than NYFW, this year it saw more than 30 designers.

"Being awarded the Official Certificate of Recognition by the City of Los Angeles for creating the biggest fashion platform in Los Angeles was truly a special and validating moment in our journey," said Erik Rosete, founder and president of Art Hearts Fashion International, in a statement. "We set out to create something special and, in the process, we grew into the biggest and longest-running platform in Los Angeles.

"We kicked off the week with Boy London as we celebrated Fashion Night Out," he said. "We created a unique experience for our guests and allowing them to personalize clothing from the brand with their unique alterations.

"Celebrity designer Michael Costello kicked off the runway shows with a bang at the Majestic Downtown, followed by three of our most art-inspired designers comprised of Nathalia Gavira, George Styler and Candice Cuoco."

LA real estate

While retail is a significant factor in Los Angeles' place in luxury, its real estate is hard to beat.

Besides San Francisco, United States cities Los Angeles and Miami both saw prices jump year-over-year, at rates of 5.8 and 4.0 percent respectively, while New York saw a drop of 0.3 percent over the last 12 months, including a 0.6 percent price decrease in the last quarter ([see story](#)).

"The trend in high-end real estate in LA is we're seeing a shift of buyers that traditionally look in areas like Beverly Hills and pockets like the 'Bird Streets' now seeking homes in neighborhoods west of the [Interstate] 405 like Brentwood and Pacific Palisades," said F. Ron Smith of the Smith & Berg Partners team at [Pacific Union International](#), "driven by a desire to be closer to the ocean, overall lifestyle and better value.

"What may be \$20-plus million in the Bird Streets would likely be under \$15 million west of the 405," he said. "They want a truer California lifestyle."



Four Seasons to debut first private residences in Los Angeles at gateway to Beverly Hills. Image credit: Four Seasons

Los Angeles' luxury status and high-priced real estate listings are a force with which to be reckoned. Its luxury assets are what many individuals think of when it comes to high-end real estate, with opulent houses in secluded areas, whereas in cities such as New York affluents are paying for a location in a high rise, without a free-standing home.

"We're high-touch with our clients and our relationship goes far beyond the buying or selling of a home," Pacific Union's Mr. Smith said. "For many of our buyers that are building homes from the ground up, we're involved with all aspects of the construction of the home and all the way through to the interior design. Beyond the home, we like to host events.

"From philanthropy-related events, like our 'Behind the Bar' event for the Children's Burn Foundation to a curated experience like Porsche Driving Experience for our car enthusiast clients or getting box seats to a King's game at Staples Center," he said.

Because of the intense competition that exists in Los Angeles and Beverly Hills for luxury real estate listings, many real estate brands feel they must take a strong approach to marketing.

For instance, luxury real estate firm Hilton & Hyland took a cue from Hollywood to promote its most prestigious listing.

On the market for \$100 million, the mansion named OPUS hoped to get bids through two "seductive" trailers. The listing is located in Beverly Hills, CA with more than 20,500 square feet and took a risqu approach to promoting the expensive listing ([see story](#)).



Real estate firms attract affluents with more art-focused strategies. Image credit: OPUS

Wellness and sustainability

Affluent consumers in Los Angeles are thought of as ahead of the curb in terms of wellness and sustainability. Consumers here look to ways to keep fit or to keep their bodies healthy in addition to saving the planet.

For instance, the city of Beverly Hills, CA launched a district-wide initiative in response to the growing representation of wellness as a glamorous lifestyle choice.

For a citywide campaign, the Beverly Hills Conference & Visitors Bureau gathered hospitality locations and restaurants to provide special offerings in relation to wellness in tourism. The campaign also included celebrity spokespeople, a wellness forum, hotel packages and healthy menu options ([see story](#)).



Beverly Hills claims to be the city of health

Department store chain Barneys New York also focused on wellness when it combined shopping, entertainment and experience by hosting the second iteration of its annual thedropLA@barneys event this past September.

Similar to last year, the event featured capsules and surprise appearances from hot designers of the day who may drop unannounced new collections, and valued sustainability. ThedropLA@barneys was hosted in collaboration between Barneys and Highsnobity, an online publication dedicated to fashion and streetwear ([see story](#)).

Chinese department store chain Lane Crawford helped consumers elevate their well-being through a campaign that invites them to learn and play with help from a few Los Angeles-based brands.

"Good Feels" included a series of workshops that allowed shoppers to get in touch with their artistic or spiritual sides. Beyond serving as purveyors of physical goods, retailers are increasingly positioning themselves as one-stop shops for both acquisition and personal improvement ([see story](#)).

"Environmental concerns are a major factor in the LA market and among the chief concerns for California consumers as a whole," Flugel Consulting's Mr. Rains said. "As a result, luxury brands have been forced to adopt more progressive and visible green strategies."

Best-practice tips for the Los Angeles market

- Taylor Rains, managing partner of Flugel Consulting
 - "Know your market and identify your location carefully. Los Angeles is a notoriously difficult city to travel within, and traffic can easily lead to the death of a business. You need to position your store within an easy commute of your customer, and that means doing your research. Identify which pocket community makes the most sense and work from there."
 - "Try to work your visibility on a neighborhood level first, and then scale. And whenever possible, find a celebrity."
- F. Ron Smith of the Smith & Berg Partners team at Pacific Union International
 - "As it relates to the actual home, high-end buyers are seeking homes that are built in a more thoughtful, conscientious and purposeful manner. Not just bigger for sake of being bigger. For instance, we just sold a home which had a basement-level media room that doubled as a hang-out room that opened up and out onto the backyard living space. Another home had an outrageously spacious laundry room that also had a dry cleaning area and doubled as a crafts room and TV-viewing area."

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