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Rodeo Drive building sells for \$2,471 per square foot, or \$28 million

Hong Kong investors buy the three-story Beverly Hills property in one of the highest per-square-foot prices paid for commercial real estate since the recession began. Hugo Boss is a tenant.

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Real estate may be in the doldrums, but Rodeo Drive is still Rodeo Drive when it comes to property prices.

The Hugo Boss building on Beverly Hills' famous shopping street has been purchased by Hong Kong-based investors for \$28 million in one of the highest per-square-foot prices paid for commercial real estate since the recession began, the seller's broker said Wednesday.

Rodeo Drive has such cachet that many high-profile retailers want to be there even if their rents are too high in some cases for them to turn a profit at that location, said broker Dave Feldman of Marcus & Millichap.

"Rodeo Drive stores are billboards for these companies," he said.

The sale of the building rented by clothing retailer Hugo Boss earned a substantial return for porcelain figurine maker Lladro, which sold the gated three-story building at 414 N. Rodeo Drive for \$2,471 per square foot.

The Spanish figurine company was ready to take some profit, Feldman said. It paid about \$14.8 million for both 408 and 414 N. Rodeo Drive in 1994, another year when the property market was depressed. Lladro recently spent \$3 million on improvements to the Hugo Boss space.

Lladro will continue to occupy the building it still owns at 408 N. Rodeo Drive and Hugo Boss will remain a tenant in the building now owned by Allied Golden, a Hong Kong corporation. Allied Golden was willing to pay top dollar for what it considered a secure investment, its first in Southern California, Feldman said.

Retail properties on the prime three blocks of Rodeo Drive are almost all occupied, said broker Jay Luchs of CB Richard Ellis, who wasn't involved in the Hugo Boss building transaction.

"Rodeo Drive has not taken the dive that Madison Avenue has," Luchs said. Many storefronts are vacant on New York's elite shopping street.

Rodeo Drive has done better because it's much more compact, he said, and because many retailers on Rodeo Drive signed long-term leases before the recession began. There are four empty stores on Rodeo out of about 60 spaces, he said.

The Hugo Boss store is surrounded by other high-end retailers, including Cartier, Gucci, Ralph Lauren, Chanel, Louis Vuitton, Giorgio Armani and Tiffany & Co. Rodeo Drive's cluster of famous retailers draws millions of visitors annually.

Rents run from \$27 to \$45 a square foot each month on the 400 block of Rodeo Drive, Luchs said. The 300 block is even more pricey: about \$45 to \$50 a square foot.

When commercial real estate was still near its peak in 2007, the Max Mara building in the 300 block sold for \$4,000 a square foot. Also that year, the Gucci building sold for \$3,000 a square foot and 2 Rodeo Drive, a shopping center just north of Wilshire Boulevard, sold for \$2,200 a square foot.