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**REAL ESTATE INC.**

## Why this \$38 million Napa Valley spec home is a big deal

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Aerial view. The modern estate includes a 6,500-square-foot home with four bedrooms —... [more](#)

A 20-acre wine estate being built on spec in Napa Valley is on the market for \$38 million. The estate is under construction until 2016, but already there are interested buyers, said listing agents Gregg Lynn and Ginger Martin of Sotheby's International Realty.

The St. Helena single-family residence, called the Whitehall estate, is likely the most expensive listing without a winery in the region, but realtors Lynn and Martin don't expect it to stay on the market long.

The modern estate includes a 6,500-square-foot home with four bedrooms, a three-bedroom guesthouse, a roughly 800-square-foot spa house, an infinity pool and a lap pool. It also will come with 14 acres of planted Rutherford cabernet sauvignon grapes.

Luxury listings like these typically stay on the market for four months, said Martin. "When you get up to where the air is thin, there is less of a buyer pool, but there is lots of wealth," she said. Currently, there are only five public listings between \$25 million and \$35 million in the Wine Country, according to real estate databases Trulia and Zillow.

Mark McLaughlin, CEO of Northern California luxury real estate firm Pacific Union, said high-end spec projects of more than \$10 million are common in Silicon Valley, San Francisco and Marin County. "We see consistent demand for high-end, well-finished projects where buyers prefer the finished product versus managing the build of their own dream home," he said.

Though demand is high, McLaughlin expects the estate to be on the market for at least a year. "If someone is looking for a \$30 million to \$40 million home, unless it is a vineyard as well, the buyer is likely considering luxury communities from Santa Barbara to Pebble Beach to the Wine Country — not just specifically Napa," he said.

Building a luxury spec home at the sky-high end of the price range may seem risky business in an area where similar homes have sat on the market for years or been price cut significantly, such as the home of former 49ers quarterback Joe Montana. His Calistoga estate entered the market in 2009 at a \$49 million asking, but has since been reduced to \$35 million. It remains on the market. "The difference between our property and that property is night and day," Martin said. "It was built a number of years ago and though it was beautifully done, the house does not stand up to the quality (and modernity) of the house we're offering."

From Schuco windows to high-quality steel, the Whitehall estate is being made with an investment of “several million dollars over and beyond what you’d normally find in a beautiful house,” Martin said. The difference between building with Schuco and the number two window manufacturer is \$500,000, said Lynn. According to Lynn, a development with this level of quality can cost around \$1,300 to \$1,500 per square foot to build, not including acquisition or entitlement costs.

“The idea here is someone is going to benefit from four to five years of planning and building experience by walking onto this vineyard lifestyle,” Martin said. Though Napa real estate agent Agi Smith agrees that high-quality estate home sales are booming in the region — a \$12 million listing on the market just sold at \$10.5 million in under 30 days, she said — she believes it will be hard to get the asking price for the \$38 million Whitehall.

“It’s definitely an anomaly estate, and buyers are really hungry for luxury contemporary homes, but I think a more realistic price range for 20 acres is under \$30 million, like \$28 million,” she said. Martin believes the Whitehall estate appeals to the new demographic flooding into Bay Area real estate. “I think what sets us apart is that we didn’t build this as a spec house, per se,” said Martin, of the 1561 South Whitehall Lane location, which was originally meant as a second home for developer Patrick Cahill. “It was built with the client in mind — the modern architecture is bar none, and that is what we’re hearing from clients right now.”

“Most people migrating to Silicon Valley right now are modernists. They are looking for the California lifestyle: glass walls and indoor-outdoor spaces,” Lynn said. “We’re not sure where the money is going to come from,” said Martin. “It could be European money, or money from Hong Kong or Silicon Valley, but it’s going to be someone who understands the value of walking onto a set completely available to them from the moment they walk in.”

“The pricing for this property was based upon what we saw on other markets — not just in the Bay Area, but in Malibu, Miami and the East Hamptons, where you see contemporary architecture in place,” Lynn said.