



RESIDENTIAL REAL ESTATE HUB

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RESIDENTIAL INC.

PLANS CHANGE FOR 14,000-SQUARE-FOOT PENTHOUSE NEAR RIVER OAKS

It was initially billed as the most expensive penthouse unit in all of Houston.

It sat atop The River Oaks, an 18-story, 79-unit luxury condominium building that is undergoing redevelopment off Westheimer Road. The nearly 14,000-square-foot unit offered a 14-foot ceiling, space for six or more bedrooms, a terrace with water features and a NanaWall accordion-style folding glass windows with unparalleled views of downtown Houston and the Galleria area.

The cost? More than \$13 million.

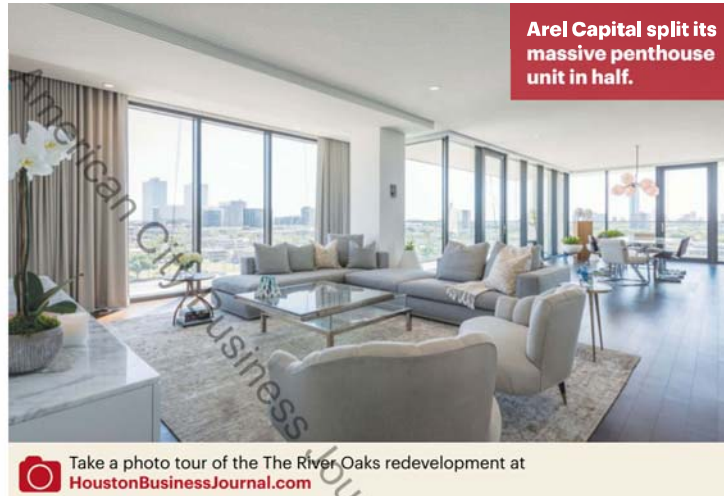
However, after spending more than a year on the market, the penthouse is being split in half, said Richard Leibovitch, the managing partner of New York-based Arel Capital. The two 7,000-square-foot units were recently listed on HAR.com for roughly half the cost: about \$7 million.

Arel Capital decided to split its massive penthouse unit in half because few buyers wanted a 14,000-square-foot unit, Leibovitch said.

"We definitely had some interest, but it's very large," Leibovitch said. "A lot of buyers asked, 'What do I do with 14,000 square feet?' I'm sure we could have eventually found a buyer, but there was so much demand for a 7,000-square-foot unit."

Cost was not much of a factor, Leibovitch said.

"The top 10 percent of Houston is just as wealthy as the top 10 percent in New York City, but the real estate prices are lower here," Leibovitch said. "In New York City, this penthouse unit in a comparable building at a comparable location would cost 10 times more — \$70



Arel Capital split its massive penthouse unit in half.

Take a photo tour of the The River Oaks redevelopment at HoustonBusinessJournal.com

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million."

Arel Capital has sold about 75 percent of the units inside The River Oaks at a rate of about two units per month. Buyers have purchased two out of the four penthouse units as well as four out of six townhome units.

Interest in The River Oaks has surged since Arel Capital opened a model unit — actually Leibovitch's unit — around the end of March. The interior was designed by Rottet Studio, a Houston-based interior design firm.

"We've had very good, steady sales," Leibovitch said. "We have only 20 units left. We're making good progress."

Most buyers have been Houstonians living in nearby River Oaks and West University, not foreign buyers, Leibovitch

said. There has been a mix of empty nesters (about 65 percent) and families with young children interested in nearby schools, like St. John's (about 35 percent). Buyers have come from a wide range of professions, from the medical, energy, retail and real estate spheres, he added.

"Our buyers want the convenience of a condo, but the privacy of a house," Leibovitch said. "The townhomes especially are amazing for pets and there's a play area for kids."

Common-area amenities inside the 250,000-square-foot building will include a fitness center with high-end Precor equipment and Peloton bikes, massage and yoga/pilates rooms, two resort-style pools, an outdoor kitchen, terraced gardens and landscaping, a

dog park, catering kitchen, a dining/conference room, resident lounges, two overnight guest suites, a library with a view of a reflecting pond and a mailroom with custom wood mailboxes and lounge chairs. The River Oaks also will provide hotel-style concierge service and 24/7 valet parking.

"The theme of our building is elegance, so we tried to create a lot of smaller, more intimate spaces for our buyers," Leibovitch said. "The beauty of the condo besides its main location is its unobstructed view. We have views to downtown and the Galleria."

Leibovitch said he is confident he will sell out his condo building in 2018.

"There's a real lack of condos in Houston," Leibovitch said. "Today, there's no more than 100 new condo units for sale."

The River Oaks, which was originally expected to be finished by the spring 2017, is now slated for completion by the end of 2017.

PROJECT PARTNERS:

- Owner/Developer: Arel Capital, based in New York
- Architect: EDI International, based in Houston
- General Contractor: GT Leach Construction, based in Houston
- Structural Engineer: Roger Moore Engineers, based in Houston
- Interior Designer: Rottet Studio, based in Houston
- Landscape Architect: McDugald-Steele, based in Houston
- Sales and Marketing: Sudhoff Cos., based in Houston

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