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HOMES

Cannabis Open Houses Are Putting the High in High-End Real Estate

Real-estate agents and developers have discovered that cannabis can be a powerful marketing gimmick to sell luxury homes in communities, like Los Angeles, that have legalized recreational marijuana use

By Katherine Clarke

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Los Angeles

On a warm evening in September, guests gathered on the terrace of a roughly \$9.5 million contemporary mansion on the market in the Hollywood Hills for an elaborate seven-course meal. In lieu of a wine-pairing for each course, they opted for a different kind of accompaniment—seven flavors of cannabis vape.

The flavors of pot included “Granddaddy Purple,” a sweet, grape- and berry-tinged strain with a floral smell; “Pineapple Express,” a potent, tropical strain with supposed energy-boosting effects; and “Wedding Cake Profile,” which blends the flavors of cherry pie and Girl Scout Cookies.

Smoke filled the air as guests traded personal stories about the first time they “hit a joint.”



Tempura-battered hemp leaves atop a green salad, one of the items on the menu. **PHOTO:** MICHAL CZERWONKA FOR THE WALL STREET JOURNAL

Welcome to the new-generation open house.



CBD-infused chocolates at a cannabis-themed event. **PHOTO:** MICHAL CZERWONKA FOR THE WALL STREET JOURNAL

In Los Angeles, where recreational cannabis use was legalized in 2016, the real-estate industry is embracing cannabis as the latest gimmick in mansion marketing, designed to draw attention to high-end homes from real-estate agents and prospective buyers in a crowded luxury market. Real-estate agents are throwing cannabis parties and open houses, while one spec-mansion developer is building secret “cannabis conservatories” into his homes.

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What has been the most unusual marketing you've seen for an open house? Join the conversation below.

Proponents of the trend say the cannabis industry is a relatively untapped source of buyers for high-priced homes. They also say these unusual real-estate events jump-start sales by luring curious agents and buyers who would otherwise stay home. They point out that many deep-pocketed Hollywood types, including actors and producers, a major component of L.A.'s real-estate buyer pool, are active smokers and growers.

The Ennis House, a home in Los Feliz designed by Frank Lloyd Wright, recently sold for about \$18 million to a company tied to Cindy Capobianco and Robert Rosenheck, for instance. They are the founders of Lord Jones, a company that sells cannabis-infused health and beauty products.

“Gone are the days of tie dye, bongos and VW Bugs. That’s not the cannabis of 2020,” said Alexander Ali of the Society Group, the marketing company that organized the dinner. “Doing something that is new and different will always scare traditionalists. But the fact of the matter is that there is a lot of wealth being created in the cannabis industry and we can tap into that.”

“It’s not about getting stoned out of your gourd anymore,” said Jessica Olson of the MOTA Group, a soon-to-open cannabis-friendly private members club that helped organize the evening, as she mingled at the party. “Productive business minds are

Pot's Got Potential

Cannabis-themed events and home amenities are tapping into the legal cannabis boom



The patio area of a Thrasher Avenue home in L.A.'s Bird Streets area, where a cannabis open house was recently hosted. MICHAL CZERWONKA FOR THE WALL STREET JOURNAL

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taking it to promote creativity.”

Detractors say home sellers risk alienating potential buyers who might be turned off by having their future home linked to cannabis. When looking to cast as wide a net as possible for purchasers, agents have to be sensitive to the tastes, and morals, of buyers from other parts of the world, like the Middle East and the East Coast of the U.S., said Stefan Pommepuy of The Agency, a Beverly Hills-based brokerage. The owner of the Hollywood Hills home that hosted the cannabis party declined to comment.



The living room of the home on Thrasher Avenue, in L.A., that hosted a cannabis-themed event. **PHOTO:** MICHAL CZERWONKA FOR THE WALL STREET JOURNAL

Some real-estate agents in cities like New York, where recreational cannabis use is not legal, said they can't imagine such parties being effective there, even if they were permitted by law.

“When I think about cannabis, I don't think about buying an expensive house,” said New York agent Jason Haber of Warburg Realty. “It's not a call for action so much as a call for Doritos.”

The appeal of such events is complicated more by the recent spate of vaping-related deaths across the country. Federal authorities have not identified a specific cause, so are currently recommending that people do not use any vaping products containing THC, the active ingredient in marijuana.

Mr. Ali said he's not concerned about that as far as his parties go. “The vape pens we use are \$50 a pop. They're not black market,” he said, declining to comment further on the matter.

The September party was designed to relaunch the \$9.5 million house, located on Thrasher Avenue in L.A.'s prestigious Bird Streets area. The four-bedroom property had been on the market for as much as \$13.25 million last year and had undergone several price cuts—only to be removed from the market in July. “It needed to be



A vape pen containing one of the flavored-pot pairings for a seven-course dinner. PHOTO: JASON SEAN WEISS / GUEST OF A GUEST



A cannabis-themed party featuring CBD-infused chocolates. PHOTO: JASON SEAN WEISS / GUEST OF A GUEST

rebranded,” said the listing agent, Enzo Fiore of Revel Real Estate.

The seven-course meal included a collagen soufflé made from fried beef tendons, hemp-infused ravioli with Brazil nut pecorino and roasted fungi. Guests were invited to pour cannabis-infused olive oil on their food, while sipping on cinnamon-

whiskey-inspired cannabis cocktails. Hemp leaves were used to decorate the plates and were later fried in tempura-chickpea batter and placed atop salads. Some guests opted to have CBD-oil massages as they admired the views of the L.A. basin. The invitation called the event Elevated Estates.

The night had little to do with highlighting the details of the real estate, though marketing brochures for the home were strategically positioned next to buckets of cannabis-infused, ginger-and-lime cocktails—and the owner of the home was on hand to give tours. Rather, it was mostly devised to generate buzz around the property, particularly on social media, and get the industry talking, Mr. Ali said.



This Sherman Oaks, Calif., home sold for \$3.45 million shortly after a cannabis-themed event. **PHOTO:** NILS WITH LA LIGHT PHOTOS

Real-estate agent Ben Quibrera said he's already had success with the concept. He recently sold a \$3.45 million mansion in Sherman Oaks, Calif., after throwing a couple of cannabis-related events there, he said. First, he lured more than 50 local agents to see the house with a live cannabis-trimming class, where they learned how to harvest and cure cannabis buds. Later, he threw a cannabis laboratory-themed event, with organizers dressed in lab coats. He said that about 100 guests attended the event in the far-flung San Fernando Valley; some munched on infused foods and had CBD massages. The house was branded as the Cannabis House.

“Getting 100-plus people out there on a Friday night is unheard of,” Mr. Quibrera said. “People don’t come out to a listing in the Valley on a Friday night.”

The party also attracted a couple of potential buyers, who saw a sign outside about the party and decided to pop into the open house for a tour—and some cannabis products. Mr. Quibrera said he sold the house two days later to a couple whose agent saw pictures of the party on Instagram. They weren’t smokers themselves but the “buzz” had made their agent aware of the home, he said.



Ramtin Ray Nosrati, a developer of luxury homes with cannabis conservatories, in front of one of his projects in Brentwood, Calif. **PHOTO:** MICHAL CZERWONKA FOR THE WALL STREET JOURNAL

Ramtin Ray Nosrati, the developer and designer building cannabis rooms in his spec-mansion projects, said he was inspired by his client base, which includes athletes, celebrities and Hollywood types. “What I have learned from a lot of my friends is that these celebrities can’t go out and smoke,” Mr. Nosrati said. “They go out and it’s paparazzi all over the place. They would feel more comfortable in a private atmosphere.”

Mr. Nosrati’s company, Huntington Estate Properties, is building five “marijuana mansions” in the Los Angeles area, including in Bel-Air and Brentwood. Described by Mr. Nosrati as “adult playgrounds,” his ventilated cannabis rooms have fingerprint-only access and entrances hidden behind bookshelves for privacy and

security. The rooms will also have areas for growing as well as lounging and smoking.

Some will come with bowling alleys, golf simulators, game rooms, karaoke facilities and video walls, Mr. Nosrati said. Renderings show sprawling entertainment spaces with large murals depicting Bob Marley and glass-walled cannabis growing areas. One conservatory, in Bel-Air, will be located directly beneath a clear-bottomed swimming pool, so the owner can watch people swimming above. Mr. Nosrati said he'll throw in a bud tender, who comes to the house every week to care for and cultivate the plants, for the first three years. It's legal in California for people to grow up to six plants at a time in their homes, he said.

“Right now, it's becoming the norm,” he said. “I feel like 10 years from now, the wine cellars that are being installed in these luxury homes are going to be transformed into cannabis rooms.”



A rendering of one of Mr. Nosrati's cannabis conservatories, featuring a glass-bottomed pool as the ceiling.

ILLUSTRATION: RAMTIN RAY NOSRATI

Mr. Nosrati said he's received multiple inquiries about the homes and has had previous clients ask him if cannabis rooms can be built into their homes retroactively. But he recognizes it is not for everyone. In one recent instance, a new client told him he liked the concept of having a cannabis room, but wasn't sure it was the right thing for the home.

“The client was like, ‘Wow, this is amazing, I love it. I just don't know how my friends and family are going to feel about it.’ ”

Instead, Mr. Nostrati turned it into an indoor garden for growing vegetables and herbs.

VAPING THC: THE CDC'S HEALTH WARNING

A recent spate of vaping-related deaths has led to questions of safety. As of October 22, there were 34 vaping-related deaths confirmed in 24 states, according to the Centers for Disease Control and Prevention. The agency's initial findings suggest that the deaths are linked to products containing THC (tetrahydrocannabinol is the chemical that causes marijuana's psychological effects), and in particular products obtained off the street or through black-market dealers. While an inquiry is ongoing, the agency is recommending that people do not use any e-cigarettes or vape products containing THC.

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