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Impresario of lavishness

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Those attending the recent opening of Sam Nazarian's SLS Hotel at Beverly Hills must have wondered if the US really was experiencing its worst recession in decades.

A starry crowd in tuxedos and ball gowns drank a seemingly limitless flow of champagne and feasted on tapas delicacies prepared by José Andrés, an acclaimed Spanish chef. Guests mingled with models, Hollywood stars and political figures such as Antonio Villaraigosa, the Los Angeles mayor.

But then Mr Nazarian knows how to throw a good party, having turned his talent for creating cool venues into a fast-growing empire that includes restaurants, a film production unit, an event-planning company, bars and clubs.



There is a strong entrepreneurial streak in the Nazarian family. Fleeing the revolution in Iran, his parents came to Los Angeles when he was a child. "They came here with four suitcases and four kids," he says. "My dad invested in a company that merged with Qualcomm, which was a very small company at the time."

The investment paid off handsomely and the family became very rich. As a young man, Mr Nazarian started his own telecoms business and invested in real estate before forming SBE, which stands for Sammy Boy Entertainment. His wealth has afforded him a lavish Hollywood lifestyle: he lives in the Hollywood Hills but his previous house belonged to Jennifer Lopez. He paid \$12.5m for it, lived it in for a while and then sold it to pop star Gwen Stefani.

He is a regular face on television, appearing in the MTV reality programme *The Hills* – his SBE group employs Heidi Montag, one of the show's glamorous stars – and is also redeveloping the Sahara casino, a faded Las Vegas property that was popular with Frank Sinatra and the Rat Pack.

But SLS is his most ambitious project to date and one that signals a new direction for an entrepreneur who until now has been best known for glamour-soaked nightspots so trendy that getting in to them is practically impossible.

How reality TV stole the show for SBE

To the fans of MTV's reality show *The Hills*, Sam Nazarian is best known as Heidi Montag's boss. Millions of viewers tune in every week to watch Heidi and her Hollywood friends endure a range of hardships associated with being young, attractive and affluent.



Frighteningly dull to some, *The Hills* has become compelling viewing to millions. His involvement in the show means Mr Nazarian and SBE have won the attention of a young, fashion-conscious crowd without having to spend on marketing.

"From the perspective of us getting exposure to a particular demographic, it's been amazing," he says. "Whenever I meet people who don't like the show they always blame it on their wife or daughter. It's become a real guilty pleasure."

Mr Nazarian says he wants to learn from other market leaders as he builds a portfolio of hotels and restaurants.

"Every one of our brands goes after another iconic brand," he says. "With Katsuya, we want it to be the Nobu of our generation. We look at the success of that brand and why it was so successful."

SLS Hotel at Beverly Hills, meanwhile, will "really go after the Four Seasons".

His office is a shrine to high-tech design: one wall is covered in flat-screen TVs while the automatic sliding doors to his sanctum glide silently in and out of the wall like those on *Star Trek's* Starship Enterprise. "Madonna's company used to have this building," he shrugs.

He does admit that recession makes this a difficult time to open a luxury hotel. The global economy is in the doldrums and business travel is in steep decline. "Every day there seems to be more bad news," he

sighs. Nevertheless, he says there is untapped demand in Los Angeles for upscale hospitality venues and insists that SLS is a “long-term play”.

“In a macro sense, it’s not the best time [to open a hotel]. But West Hollywood and Beverly Hills are the most under-served hotel markets in the country,” he says. SBE owns the hotel but it will be managed by Starwood, which owns brands such as the W and St Regis.

There will be an emphasis on good service, he says, adding that he has drawn inspiration from Ian Schrager, who pioneered the boutique hotel concept, and André Balazs, owner of the Chateau Marmont and Standard hotels in Los Angeles.

Mr Nazarian has also given international designer Philippe Starck free rein over the SLS property. SBE has a 15-year deal with Mr Starck, which has already yielded Katsuya, a high-end Japanese restaurant brand that has expanded from its first site in Brentwood into other southern California locations.

Before launching SLS and taking on the Sahara casino redevelopment, Mr Nazarian was known as a nightlife impresario. His bars and clubs helped rejuvenate parts of Los Angeles that had grown stale. He explains that he persisted where red tape had discouraged other entrepreneurs from trying to operate new properties. “When I started SBE [in 2002] I acquired the most valuable liquor licences and leaseholds in town. Los Angeles is difficult in that respect – it is almost impossible to open new places in areas like the Sunset Strip or the Hollywood Hills.”

The city’s nightspots had lacked the distinction of their counterparts in New York, he says. “No one was really looking at the hospitality business [in Los Angeles] in an institutional way. No one wanted to be a high-end food and beverage provider in the city.”

His Area club and venues such as Hyde and Foxtail attracted Hollywood types like Paris Hilton and Lindsay Lohan and lured eager bar-goers back to the heart of the city. “For two years, Hyde was the hardest bar to get into in the country. For LA that’s unheard of...that usually only happens in New York or Miami.”

Mr Nazarian is more than just a trendy bar owner with a nice eye for design. Pictures on the wall show him with Hillary Clinton and Bill Bratton, the Los Angeles police department chief who pioneered zero-tolerance policing in New York. When the Clinton and Obama presidential campaigns rolled into Los Angeles, SBE venues hosted fundraisers for both candidates on the same night.

SBE has also turned the cachet of its properties into cash. Excluding its hotels, the stand-alone bars and restaurants are projected to generate \$70m (€53m, £49m) in revenues in 2009 (Mr Nazarian declines to give revenue figures for the hotels or the other parts of the group).

SBE has also diversified into entertainment: Element Films, a division of the company, has produced a string of movies, including *Down in the Valley*, starring Edward Norton, and *Mr Brooks*, with Kevin Costner. It has a \$220m loan facility to cover print and advertising costs as well as a nine-film distribution deal with Lionsgate Entertainment, the studio behind *Mad Men* and the *Saw* horror franchise.

While he thinks about expanding SBE in other parts of the US – it is due to open a Starck-designed Ritz Plaza in South Beach, Florida in 2010 and is busy in Las Vegas with the Sahara – he remains committed to his home town. “We have used Los Angeles as the backdrop for launching all of our brands,” he says. “It is the perfect place for a lot of stuff that I do.”