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A Look at What the 2015 Numbers Mean

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Real estate relies heavily on population data, legal documentation, contracts and financial information.

However, as anyone selling or buying a house knows, the heart of real estate is deeply human and demands an understanding of the personal, often private stories behind the numbers.

Each sale, each purchase represents someone's hopes, someone's work, someone's crisis, someone's dream.

Tracking and making sense of real estate statistics in a community is a lot like taking the pulse of the community. It represents so much more than a transaction.

The numbers indicate the ebb and flow of a thriving human community with its own culture, values, experiences and needs. For this reason, we feel that the truth can only be served if some sense is made of the data, even if that truth is slightly theoretical.

Real estate transactions come in three basic flavors: single-family homes, condominiums and leases.

A single-family home sits on its own lot, where you own the soil and you have control over its appearance, landscaping and privacy. In the Palisades, single-family homes range from \$1 million to over \$20 million.

Thus far there have been 182 single-family homes sold or purchased in the Palisades in 2015. Depending

on yearly fluctuation and factoring in the slow holiday season, transactions could reach 300 by the end of the year.

With a population of 25,396, if we assume an average family size of 3.5, approximately 4.2 percent of the families in the Palisades are transitioning into or out of a single-family home.

Condominiums are a different experience. You are more closely connected to an immediate community. There is shared responsibility for grounds and common areas and there may be access to pools, gyms and recreation rooms.

Transactions involving condos have been much lower this year—just 32 so far. Again, because of the slower holiday season, we could reasonably project 50 condo sales by year's end.

Putting condos and single-family homes together, we are looking at about 350 transactions, and that's a conservative estimate. The reality will more likely match or surpass 2014 when there were 367 transactions representing about one sale a day.

Leases may apply to condos or houses and lease transactions are at 139, allowing us to make a conservative projection of approximately 200 in 2015.

In economic terms, this means there have been around \$670 million dollars in real estate transactions to date allowing us to project at around \$1 billion, and this is conservative since we are not factoring in off-market sales.

So what do these numbers mean? The volume indicates a very healthy local economy and real estate industry. On an individual level, each of these sales represents an incredible variety of human enterprise or experience.

A block of sales may result from an individual developer who buys a number of lots, and develops and sells two or three homes a year. Though a developer repeats this process over and over, every one of these purchases and sales demands major investment, creativity, craftsmanship and entrepreneurial courage.

Single-family homes represent even more unseen human emotional, economic and time investment.

The sale of a family home may result from the tragedy of a family death. The purchase of a family home may indicate the hope and joy of a wedding or the birth of a child.

Regardless of the cause, each transaction involving a single-family home or condominium certainly indicates the loss of a neighbor, the gain of a neighbor, increased or decreased families and social connections and shifts in the community.

Imagine, in any year, approximately 5.5 percent of families in the Palisades are making a major life decision, investing hope, time and capital, changing neighbors and neighborhoods and putting down roots in the community.

Without this context, the numbers are just that: numbers.