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2014 Real Estate Year in Review

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Last year proved to be a strong one in the residential real estate market. As 2014 came to a close, it signaled the end of the third consecutive year of a strong run of appreciating home values.

In 2014, the average price of a home was \$3,201,303, which is a 15 percent increase compared with 2013. The median average price of \$2.5 million is a 12 percent increase compared with 2013. The cost per square foot of \$895.78 is a 9 percent increase compared with the previous year.

In addition, 304 homes sold in 2014. Although that number is lower than 2013 when 321 homes sold, it was still the second highest number of homes to sell in the past eight years. In comparison, only 189 homes sold in 2009.

One of the most encouraging aspects of 2014 was the days on market average of 62 days, which was the low-

est in 10 years.

“Days on market” is defined as not simply when a home goes into escrow but rather when all contingencies are removed, something the MLS classifies as “pending.”

The least expensive home to sell was on Sunset Blvd. for \$825,000. The most expensive was on Chautauqua for \$15,729,000. All the data above is based on single-family home sales as taken from the MLS. No condos or land were included.

The rate of appreciation stayed about the same in 2014 with approximately 12 to 15 percent annual appreciation when comparing the median and average home prices.

The most accurate way to analyze a market is to compare annualized data with monthly figures. In addition, rather than using just one metric, such as average home prices, it’s best to look at a number of things, including average prices, median prices and price per foot.

In the accompanying chart, additional data shows the number of home sales as well as the average days on market. The Palisades has averaged approximately 1 percent a month appreciation for the past three years. In the past couple months, there has been a slight slowing in the rate of appreciation to approximately ½ percent per month, down from 1 percent per month.

I predict there will be a 5 to 7 percent annual appreciation for 2015.

As you can see from the chart, the previous price peak for the Palisades was in 2008. We are currently about 12 percent over the previous price peak so if you are a seller it is a good time to sell.

With interest rates close to an all-time low, it also makes it very desirable for buyers to lock in those rates now. Overall, the market is very active with more buyers looking to purchase than there are homes available.

Anthony founded Amalfi Estates 21 years ago and has reviewed 2,000 contracts. For 12 years he has taught at UCLA to over 1,500 students covering contracts and negotiations. He co-authored California Real Estate Client Strategies and published 150 articles. He has sold \$600 million in properties and was selected by The WSJ as one of the top 250 agents in the country out of one million agents. He can be reached at 310-293-9280, www.amalfiestates.com.

PACIFIC PALISADES HOME PRICES FOR LAST 10 YEARS

Year	Median Price	Change	Average Price	Change	Cost per ft.	Change	# of Sales	Average DOM
2005	\$1,875,000	11%	\$2,293,634	18%	\$752.02	16%	337	62
2006	\$2,102,500	12%	\$2,535,318	11%	\$801.63	7%	305	66
2007	\$2,157,210	3%	\$2,575,562	2%	\$856.96	7%	269	63
2008*	\$2,315,000	7%	\$2,847,472	11%	\$841.43	-2%	191	101
2009	\$1,950,000	-16%	\$2,427,691	-15%	\$682.65	-19%	189	118
2010	\$1,820,000	-7%	\$2,294,299	-5%	\$684.02	0%	255	109
2011	\$1,696,090	-7%	\$2,139,381	-7%	\$665.85	-3%	262	83
2012	\$1,922,500	13%	\$2,465,738	15%	\$709.14	7%	285	87
2013	\$2,240,000	17%	\$2,772,753	12%	\$818.43	15%	321	70
2014	\$2,500,000	12%	\$3,201,303	15%	\$895.78	9%	304	62

* Market peak