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Have Palisades Home Prices Finally Peaked?

By ANTHONY MARGULEAS
Special to the Palisadian-Post

We get this question asked a lot from sellers, potential buyers and other people who own real estate and are just curious. The answer is possibly, but it is a little too early to tell.

What we do know is that the average price for a home in Pacific Palisades appreciated 15 percent in 2014 and 9 percent in 2015. And what about in the first three months of 2016? It's *depreciated* 4 percent.

Yes, that is not a typo. That shocking word "depreciation" equates with price declines and makes people think the sky is falling, *oh no!*

The average price of a home in the Palisades in 2015 was \$3,458,545 and for the first quarter of this year it is \$3,331,180.

Likewise the median price of a home in 2015 was \$2,820,000 while it is just \$2,717,000 for the first quarter of this year.

As such both the average and the median price of Palisades' homes are showing 4 percent declines in home values from the previous year.

The reality is the Palisades has benefited from an almost 50 percent appreciation for the past four and a half years and prices are up 25 per-

cent over the previous peak of 2008.

For all the stat majors out there, I want to point out we normally recommend using a year's worth of data since that is the most accurate and less likely to be swung by abnormalities in the market. So with only 12 weeks of data to compare for the year, we are breaking our own recommendation.

However, given the year-over-year appreciation decline from 2014 to 2015 and the obvious slowdown this year, it seems important enough to inform consumers about it.

If you are a seller and are still sitting on the fence, waiting to squeeze a little more equity out of your home before putting it on the market, I highly suggest you not wait any longer.

While it has been tempting to play the market and watch your home (let's say it's a \$2,000,000 for illustration purposes) appreciate approximately \$20,000 per month for the past four and a half years, it is not as exciting to see your biggest investment drop by even \$10,000 per month.

We are noticing a little less urgency among buyers in the market, given it is not appreciating like it did and could be declining.

It is important to note if a home is priced well, we are still seeing multiple offers and a bidding war.

To a small degree interest rates, but more so individual factors seem to be influencing buyers now, for example, outgrowing their current home, needing to be closer to their work, schools and so on.

Now for my crystal ball predictions.

We will most likely end the year flat (within 3 percent up or down for the year). We will start to see the days on market (how long before a home goes into escrow) tick up by 15 to 30 days. Many sellers whose homes are priced too high (you know who you are) will slowly start to realize the market is not the same market as it was the past few years.

Overall it has been a strong seller's market the past few years. For the next couple years, we will see a more level playing field more evenly balanced between a buyers' and a sellers' market.

Anthony Marguleas founded Amalfi Estates 22 years ago. He has sold close to \$1 billion in properties and was selected by The Wall Street Journal as one of the top 100 agents in the country out of one million agents. He is currently the #1 agent in the Palisades based on sales volume and number of transactions. He can be reached on his cell at 310-293-9280, www.AmalfiEstates.com.