

COLUMNS

Trends in the Los Angeles real estate market

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By **Michael Noumand**

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The Los Angeles real estate market has experienced varying levels of highs and lows, but it is still going strong compared to other markets.

While there are many different areas and price points, the majority of neighborhoods have more demand than supply. Below are some highlights of what is causing the shift in real estate in Los Angeles.

Pricing and impact

The high-end market homes in excess of \$20 million was slower during the first quarter.

There were less foreign buyers due to lower oil prices, a strong United States dollar, higher real estate prices, an international economic slowdown and difficulty getting money out of their home countries and into the U.S.

Therefore, the majority of big sales in the U.S. were from domestic buyers.

Fortunately, it seems like the luxury market is picking up more steam the past couple of months with a sprinkling of pricey homes sales.

Price appreciation for the most expensive parts of Los Angeles has been leveling off.

One home, in particular, was sold in Bel Air at the end of 2014 for \$16.25 million. It had been on the market for close to a year and, for several months, the asking price has been \$15,95 million. This is a new trend that you may not be selling your home for more than you paid for it.

Los Angeles is still one of the most desirable places to live and it is cheaper than other international markets such as London and New York, but this is because of the difference in incomes.

Los Angeles is a great value long term and it has become one of the most attractive cities in the world.

The real estate market on the Westside of Los Angeles has continued to be quite resilient.

Move-up homes in the \$5 million to \$10 million range are selling quickly in most markets if they are priced appropriately.

With interest rates being low and rapid price appreciation over the past four years, it is a great time for a move-up

purchase.

The main challenge is finding a place to buy, so it is common for people who are selling their home to have a slightly longer escrow and a leaseback.

Some sellers are willing to move into a lease until they find the right home to buy, which means that they have to move twice.

One market that is extremely hot is the Flats of Beverly Hills, which is a flat terrain in a prime part of the city.

Homes in this area are selling quickly and usually have multiple offers. There have been several teardowns selling for more than \$400 per square foot for the land and most move-in condition homes are selling in excess of \$1,000 per square foot.

There are a limited number of homes for sale in this area, so competition is fierce with many of the buyers paying all cash with short escrows or waiving their contingencies.

Design of homes

When it comes to design, luxury buyers are getting tired of ultra-modern homes. They still want open floor plans with clean lines and walls for art but they do not want the house to feel cold.

And while views are still in vogue, there seems to be a shifting preference for land over views.

Buyers want bigger backyards to entertain and have a place for their kids to play.

The other benefit of homes with larger yards is that they tend to be closer to shopping and restaurants, which makes them more convenient.

Still, the days of wanting to live in the suburbs has been out of fashion for a long time and will remain that way for a while.

Developer trend

Another trend has been developers listing properties with plans, renderings and permits rather than building or remodeling a home before they come on the market. They are trying to cash out rather than take the risk and a potentially bigger profit.

If you go online now, you can see several of these properties for sale.

THIS WILL BE another strong year for Los Angeles real estate.

The upcoming summer months are the strongest part of the year from a seasonal standpoint.

Demand should continue to be strong and you can expect low single-digit appreciation as buyers continue to compete for properties.

The high-end market should see sporadic deals, but prices will remain flat.

Buyers who are patient and disciplined may be able to pick up a good buy in the coming months.

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1 thought on “Trends in the Los Angeles real estate market”

1. Mike says:

June 28, 2016 at 5:56 pm

You should write more articles on real estate. First article that actually is correct and tells you what's really going on. All these trends and data are on point, Beverly Hills Flats I feel is under valued at this point. The Flats used to be the same price or more expensive than Trousedale, today the Hills are way more expensive. When I see a spread that wide it tells me the Flats are undervalued. Every time I've seen spread like I have made huge returns. As an old timer told me years ago you can't go wrong with lower Bel Air or anything in Beverly Hills, especially above Santa Monica.