



REAL TALK



WINTER 2008

FAST Forward!

Finally the real estate market is off the front pages! Between the presidential primaries and the volatility of the stock market this past month, the real estate market actually feels calm! At last, the constant media blitz about falling housing prices has shifted off of THAT subject and we have a few new topics to set our minds into stress and frenzy!

There is no doubt in anyone's mind that we have experienced a shift in market pricing and a shift in practices and thinking. The shift, however, has been subtle and does not reflect in any way a downturn in Westside values and more importantly demand. Let's take an in-depth look at what has been happening in our own back-yard to better understand the direct affect the real estate market is having on each one of us.

The market absolutely peaked in June of last year, 2007. The incredible 9 year run-up of prices has no precedent whatsoever. Sure there were stalls and activity bursts along the way, but the general direction was up, up, up! There seemed no end to rising prices. The fear of prices continuing to rise was just the fuel the Buyers needed to stay in the game and over-bid each other in order to secure a home at a certain price point before it moved up again. Oh my...did we brokers love that!!!! We did not have to do much convincing...the market had a life-force if its own! And the public had a partner in their colossal appetite for moving up...lenders were loaning money to anyone that had a pulse! This was a no-brainer, indeed! FICO scores and scanty tax returns, who cared...your house was appreciating while you were in escrow. The opportunity for moving up was at a zenith and people were taking advantage of the opportunity.

But there are so many other factors that play into this scenario. The population growth on the Westside, in fact, in all of LA has been tremendous. I have not seen such an

influx of out-of-towners, re-locators and wealthy people claiming their 90210 address for almost 30 years. The motivation, then, for those raring-to-go newcomers were baby-boomers seeing tremendous opportunity in a city that was just beginning to grow. Doctors, lawyers and entrepreneurs found an empty playing field to set up shop and wait for the steady stream of new arrivals.

Now the group of new-comers looks completely different. They are already successful, have made money in other areas and are here to expand what they were doing back home or to join forces with a business opportunity here that gives them a launch point for national or global positioning. They have fat check-books and after their initial sticker shock jump right up and buy. Here in lies *The Secret*. The out-of-towners have a greater sense of urgency to buy. They need to live somewhere. The locals are competing daily in every price range with the newcomer. That fundamental ingredient has sustained the market tension and preserved prices on the Westside. I am not saying that most listed properties have not had to adjust to Buyers resistance to over-paying, but the Buyer's have not taken complete control of the market-place due to this one significant factor.

Another sustaining factor to the market activity is the strong demand for new construction. This continues to outpace sales of older homes by leaps and bounds. However, the Buyer for new construction is one tough customer. They have their abacus out for calculations on the dollar-per-square foot value of every home they look at. The values of these homes have an intrinsic start point that can be lowered or shoot up depending on finishes, amenities and location, location, location. Some developers are taking the hit because they thought they would have a home run because the product was "new". Not so...for the developer to make the big bucks, he better have built the house for the most

REAL TALK

FAST Forward!

continued...

discerning end-use customer in his price point. There is no mercy in this part of the market. New construction houses sink or soar...that is the reality.

The last factor worth throwing out is the phenomenon of the truly high end market-place that actually exists here. Presently there are listings in the \$30, \$40 and \$100+ million dollar price range. One listing for \$125 Million is a house in Holmby Hills on 5 Acres. This 35,000 square foot home is staggeringly beautiful and will command a price close to the ask. A few weeks ago, one of the most coveted Holmby Hills estates, that is quite simply one of the best houses in Los Angeles came on the market. A stately Wallace Neff home built in 1970, referred to as the Singleton estate, poised on 7+ acres, asking \$85 Million is being shown to very qualified Buyers and there are many of them! Compare these homes to family houses on Anita, Medio and Carmelina in Brentwood that are family neighborhoods where prices are \$3.5 and up and you witness the scope of our market-place.

The message I have is that prices have adjusted across the board. Without the fear of rising prices, prices have stabilized and will continue to meet the market so that the inventory can be absorbed. If you follow the Real Estate section, you will see prices have been reduced across the board so that Buyers know they can come back in. But there is not just one type of Buyer in the market-place. There is diversity in the purchaser and because of that there continues to be a market-place where things are traded daily.

Bottom line, it is a great time to be the Buyer. There are opportunities for everyone right now. Keep your eye on the un-realistic Seller. There is an expression "chasing the



WINTER 2008



market down". Here is where your greatest opportunity to buy right exists. Stay current on what and where you want to live and write offers...you have nothing to lose. But be real...no one is going to give away their house...quite simply, they don't need to. It still remains in most cases the greatest asset a person has.

So, while the stock market and politics have taken the heat off the real estate market "nay-sayers", grab your opportunity to land the house of your dreams. I promise you, next year, it will be worth more!

Visit Linda's new website at:

www.LindaMay.com

