

THE REAL DEAL

NEW YORK REAL ESTATE NEWS

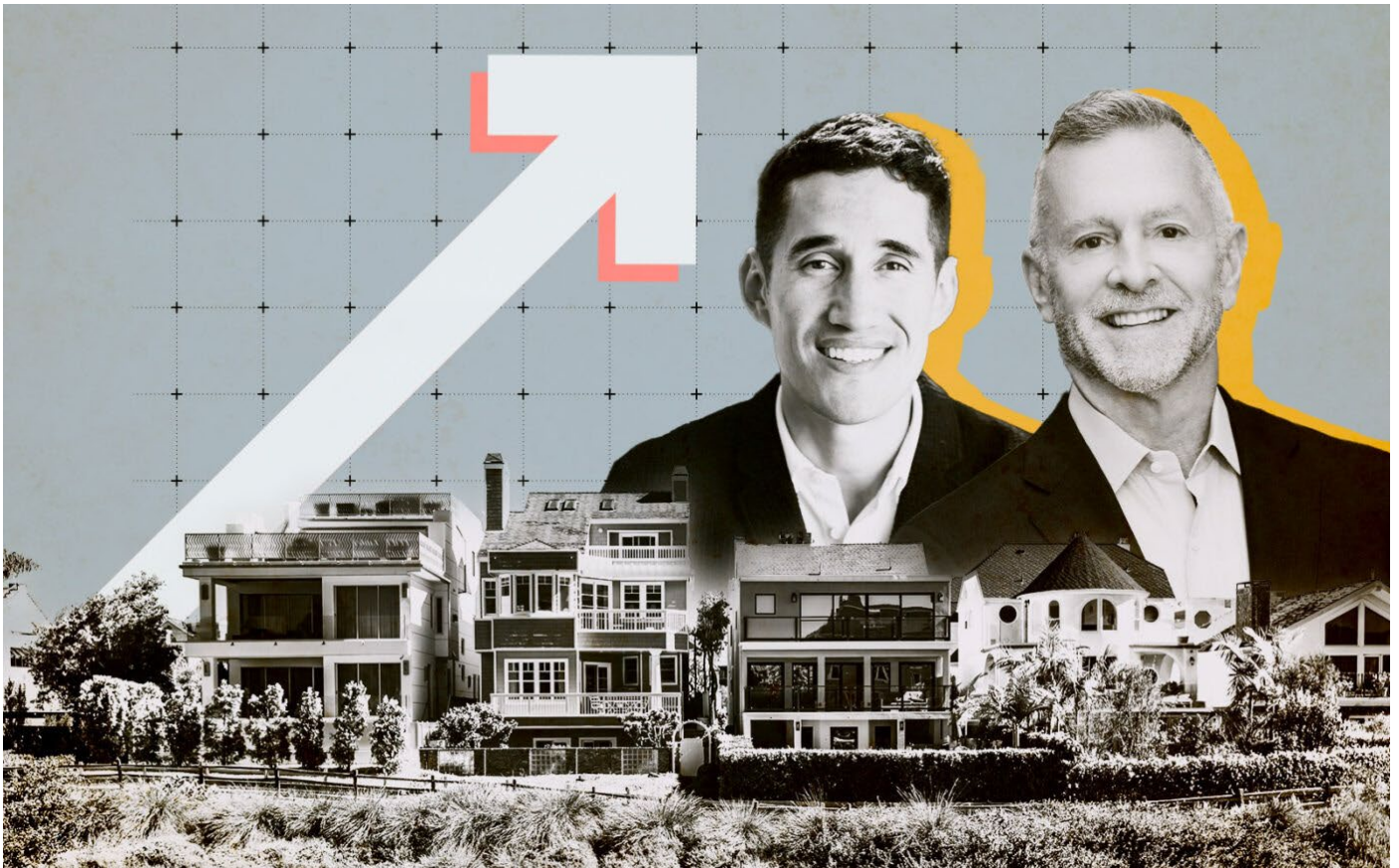
RESIDENTIAL LOS ANGELES

For LA agents, luxury home sales surge in December

Market delivers 41% month-to-month increase for deals priced \$5M or more

By Andrew Asch

JAN 4, 2024, 1:45 PM



Hilton & Hyland's Paul Salazar; Coldwell Banker's Tom Dunlap (Paul Salazar, Tom Dunlap, Getty)

Los Angeles residential agents ended 2023 on a mixed note — but luxury agents saw a boom in December.

In a year-to-year comparison, December business was good, with a 4.5 percent uptick in signed contracts for single-family homes in Los Angeles County, according to a Douglas Elliman report. There were 1,611 contracts in this category last month, compared to 1,541 in December 2022.

However, in a month-to-month comparison, there was about a 14 percent decline. In November, there were 1,851 contracts signed for single-family homes, the report said.

The last few weeks of the year are traditionally a quiet time for residential real estate.

Activity expanded the most in the luxury segment in December. For homes priced \$5 million and above, there was about a 41 percent increase in year-over-year transactions. There were 38 signed contracts for homes above the \$5 million threshold in December compared to 27 signed contracts in the same month in 2022.

In a month-to-month comparison, there was a 15 percent increase in signed contracts for luxury homes. In November, 32 homes were sold, according to the Elliman Report.

December is the second month in a row where the luxury market for single family homes has increased in a year-over-year comparison. In November, there was a 28 percent year-over-year increase for signed contracts in homes priced over \$5 million. It's also the third month in a row where contracts for homes priced over \$1 million have increased.

Jonathan Miller of appraiser Miller Samuel, the report's author, said that the market is getting used to the ULA transfer tax which levies a tax on residential and commercial property sold for more than \$5 million and less than \$10 million.

"I think the tax is now baked into pricing," Miller said. After all, this is the third month in a row where high-end contracts (homes priced over \$1 million) expanded year-over-year."

ULA remains a deep concern to the market, said Paul Salazar, an agent with Hilton & Hyland. Every negotiation on a home's price considers how the ULA tax will impact it. However, 2023 finished on a high note for him. Salazar sold three houses in December, which was 50 percent up from his business last year.

"It was the biggest month of my year, which is usually not the case for December," Salazar said.

He credited the surge to people sprinting to wrap up business by the end of the year. He also said that the market was spurred by the Federal Reserve's promise to cut rates in 2024.

"(Buyers) were saying 'Why don't we buy now when it is slower, instead of waiting until next year when there will be more buyers and competition?'" Salazar said.

Tom Dunlap, a broker for Coldwell Banker Realty in Beverly Hills, said buyers were also encouraged by good stock market performances in December. The S&P 500 marked a 24 percent gain in 2023, according to a recent Wall Street Journal story. The Dow and Nasdaq closed out 2023 with big increases.

“There’s a higher level of confidence in the economy,” Dunlap said.

Dunlap said transactions in his office have increased in a year-over-year comparison. In December 2022, his office booked \$66 million in sales volume in 43 transactions, compared to last month when it booked \$195 million in sales volume in 55 transactions.

Los Angeles’ residential real estate had a tougher time with new listings in December. The number of new listings dropped around 14 percent in a year-over-year comparison. New listings dropped 41 percent compared to the month of November.