

# San Francisco Chronicle

## L.A. fires are tearing through some of its wealthiest neighborhoods. How costly could they become?

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By Christian Leonard



*Iconic beach homes smolder from the Palisades Fire along the Pacific Coast Highway. The typical home value in Pacific Palisades' 90272 ZIP code is \$3.4 million, according to data from real estate brokerage Zillow*

As wildfires continue to devastate a number of Los Angeles' wealthiest neighborhoods, some analysts are already predicting the value of lost homes alone could total in the billions of dollars.

With the two primary fires — the Palisades Fire along the Pacific Coast Freeway and the Eaton Fire near Pasadena — still uncontained, it will be some time before fire officials and insurers provide an official estimate of property damage. But at least 1,100 structures had been reported destroyed as of Wednesday afternoon.

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UCLA climate scientist Daniel Swain suggested that the Palisades Fire, the larger of the two, could “become the costliest on record,” estimating the number of structures lost could reach at least the four figures.

The magnitude of the lost value is augmented by the high price tags carried by many homes in the affected areas. The typical home value in Pacific Palisades’ 90272 ZIP code is \$3.4 million, according to data from real estate brokerage Zillow. That’s the 27th-highest estimate of any U.S. ZIP code in Zillow’s data, as of November 2024, the most recent month for which the company has data. Santa Monica’s 90402 ZIP code, against which the Palisades Fire has pressed, had a typical home value of almost \$4.2 million — the 15th highest nationwide.

Paul Salazar, luxury estates director at the Beverly Hills-based Hilton & Hyland real estate company, estimated that the Palisades Fire alone has already burned somewhere around \$4 billion in homes. But he added that sum is likely an underestimate, and doesn’t include the businesses that are often worth even more than a home of similar size.

*“The cheapest house you can find there is in the low \$3 million range for a really, really older house,” Salazar said. “At the high end, you’re looking at \$80 million to \$100 million.”*

There are other estimates. Michael Wara, a climate policy expert at Stanford University, told the Chronicle that a 2019 estimate put the potential cost of losing every home in Pacific Palisades to a wildfire at roughly \$30 billion. AccuWeather’s preliminary estimate of the costs of the Southern California windstorms and wildfires at between \$52 and \$57 billion, including hits to state tourism and business.

The consequences for home insurance could be dire. Data published by the state Department of Insurance on private insurers in 2021 showed the covered value of homes

in the ZIP codes spanning the three largest fire areas, including the Hurst fire, approaches \$4.7 billion. And that figure is surely a major underestimate of value: Some homes are underinsured (or not insured at all), insurance tends to cover structures rather than land, and above all, the data don't include policies under California's FAIR Act, under which a disproportionate number of homes in Pacific Palisades are covered.

Teresa Fuller, an Altadena-based real estate broker with Compass, said Wednesday that one of her clients who recently moved into a home in Altadena just lost it to the Eaton Fire. Several members of her real estate team lost their homes, and one of Fuller's own commercial properties was destroyed.

The typical home value in Altadena is about \$1.25 million, according to Zillow, roughly the same as in San Francisco. Like Pasadena, the city is known for its architecture, featuring Spanish-style homes from the 1920s, mid-century modern houses and historic bungalows. So many of those are gone now, Fuller said — but worse is the loss of a place to live.

*"The loss of architecture is devastating, but at the end of the day, people are losing homes,"* Fuller said.