

## **Real Estate in 2005: What a Schizophrenic Market It Was!**

### **The Roller Coaster Ride of 2005**

I can't remember a more dramatic real estate market than the one we all rode in 2005. The first six months were marked by a severe shortage of houses for sale. Perhaps the torrential rains distracted sellers who, more often than not, were tending to leaky roofs and mud everywhere. Perhaps sellers just decided to sit tight as prices rose ever higher.

Buyers, spurred by continued ultra-low interest rates, battled among themselves for the few offerings. Any old house, no matter how ugly, flawed or neglected, commanded multiple offers. The inevitable "bidding wars" drove prices to startling levels well over asking prices. Sellers reveled as their wealth soared beyond expectations. Buyers, stressed and disappointed in the "wars", often put their purchases on hold—whether they planned to do so or not.

Suddenly in mid-summer, as if alerted to some instinctual signal, sellers decided that the top of the market had, indeed, arrived. The number of houses for sale grew. Long-frustrated buyers eagerly snapped up the fresh inventory. For a good part of the summer, market supply and demand seemed pleasantly in balance.

Then came September. An avalanche of houses tumbled onto the market. Buyers, suddenly given more choices than before, shopped more carefully. They became picky about issues that earlier were acceptable. Market times lengthened. Offers became fewer—and offering prices dropped, even to "low-ball" levels. Sellers' strategies fell into disarray. Once home inspections were performed, buyers demanded more concessions from sellers than before. Escrows began to fail. Buyers doubted whether the end of 2005 was the right time to buy, even though, by year's end, sellers were ready to cut some attractive deals. Were prices, indeed, at the top and sure to drop in 2006? Would buying now be, in retrospect, a stupid move? As Thanksgiving passed, the market's pace came to a slow crawl.

The world seemed turned on end—and in just a matter of months!

**Here's how the 2005 local real estate market shaped up as the Ledger went to press:**

#### **Los Feliz and Franklin Hills (90027 and 90068):**

Homes sold: 231 (+5% change from same period 2004)  
Median home price: \$1,079,000 (+10% from 2004)  
Median home size: 3 bedrooms; 2.5 baths; 2,000 square feet on a 7,000 square foot lot; built in 1936.  
High home sale: \$5,350,000 (+1% change from same period 2004)

Condos sold: 43 (-21% change from same period 2004)  
Median condo price: \$452,000 (+19% change from same period 2004)  
Median condo size: 2 bedrooms; 1.75 baths; 1,042 square feet.

*Remarks: Significantly lower rate of home appreciation over 2004, when appreciation in Los Feliz was 21%. Very modest increase in volume. Condo inventory tends to be older and smaller than surrounding areas, but appreciation stayed on the up tick, as buyers availed themselves of the last of the super-cheap loans. Ultra-luxury sales seem to have hit a ceiling, for now, at about \$5.3 million.*

#### **Silver Lake (90039):**

Homes sold: 122 (-8% change from same period 2004)  
Median home price: \$770,000 (+13% from 2004)  
Median home size: 3 bedrooms; 2 baths; 1,350 square feet on a 5,500 square foot lot; built in 1929.

High home sale: \$2,005,000 (+28% change from same period 2004).

Condos sold: 18 (no change from same period 2004)  
Median condo price: \$529,000 (+15% change from same period 2004)  
Median condo size: 2 bedrooms; 2 baths; 1,235 square feet.

*Remarks: Prime Silver Lake homes posted some breath-taking record sales—just about in the same league as “north of the Boulevard” Los Feliz. Condo market was steady.*

**Silver Lake and Echo Park (90026):**

Homes sold: 185 (-15% change from same period 2004)  
Median home price: \$535,000 (+2% from 2004)  
Median home size: 3 bedrooms; 2 baths; 864 square feet on a 6,750 square foot lot; built in 1912.  
High home sale: \$1,315,000 (+18% change from same period 2004).

Condos sold: 18 (-28% change from same period 2004)  
Median condo price: \$515,000 (+26% change from same period 2004)  
Median condo size: 2 bedrooms; 2.5 baths; 1,180 square feet.

*Remarks: Steady as she goes in this part of town. Tighter condo market (many newer, townhouse-style units here) pushed prices up noticeably.*

**Atwater Village (90039):**

Homes sold: 53 (-30% change from same period 2004)  
Median home price: \$625,000 (+12% from 2004)  
Median home size: 3 bedrooms; 1 bath; 1,100 square feet on a 5,400 square foot lot; built in 1925.  
High home sale: \$1,075,000 (+28% change from same period 2004).

Condos sold: 2 (-300% change from same period 2004)  
Median condo price: \$400,000 (+15% change from same period 2004)  
Median condo size: 2 bedrooms; 1 bath; 980 square feet.

*Remarks: A tighter-than-before market pushed prices ever higher—in one instance, to a dizzying benchmark.*

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