



PERS PECT IVES

SPRING 2024

IN FORE

We are delighted to introduce Perspectives Spring 2024, a market-leading report designed to offer a blend of global, national, and hyper-local perspectives, providing a comprehensive understanding of the luxury real estate landscape. From the pulse of international markets to the nuances shaping our local communities, we offer insights to inform your decisions and empower your endeavors.

Reflecting on the insights of the past year and first quarter of 2024, we observed a profound improvement in the sentiment surrounding the real estate space. To contextualize, one year ago, interest rates had reached a discouraging high, disrupting wealth portfolios on a global scale. The complicated conversation of rising rates was one we were all too familiar with, and eagerly awaited its dismissal.

Despite these pressures of economic and geopolitical instability, those who braved the market saw healthy returns. This year, we confirm a sharp recovery, led by growth in the US and the Middle East, and continued demand from these investors for real estate, with around a fifth looking to purchase residential property this year.

More intimately, our local markets have continued to perform with vigor. Pricing direction has relatively stabilized, encouraging potential buyers to move at a quicker pace, and turning over inventory for sellers. Micro markets, such as Pasadena and Hollywood Hills, led their respective areas with healthy rates of transaction.

With the first quarter of 2024 behind us, we are eager to share our reflections, and continue the conversation with those interested. Whether you're a seasoned investor or a homeowner contemplating your next move, our objective remains to provide the most rounded picture of market data from every position.

We extend our sincerest gratitude to our valued clients, partners, and collaborators for entrusting us with their real estate aspirations. It is our privilege to serve you and to be your trusted advisors in all your real estate endeavors.

Please do not hesitate to reach out. Our group, alongside the greater Douglas Elliman network, would love to offer you a new **perspective**.

Tim Durkovic & Greg Holcomb



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@HOLCOMBDURKOVIC

A BOLD *BRILLIANT* WORLD

Examining global wealth as a means of gauging potential buyer markets, forecasting productive investment destinations, and elucidating the priorities of affluent individuals.

DUBAI ▲ 15.9% ASPEN ▲ 1.1%
RIYADH ▲ 2.8% TOKYO ▼ 0.5%

ANNUAL CHANGE IN LUXURY RESIDENTIAL PRICES



SHARE OF GLOBAL WEALTH

■ USA 30% ■ CHINA 18% ■ JAPAN 5% ■ GERMANY 4% ■ UK 3%

The United States leads the global wealth share, driven by its robust economy and innovation. China closely follows with rapid industrialization and a growing middle class. Japan and Germany trail behind, contributing significantly but facing challenges like aging populations.

HAPPY RETURNS

Against a challenging backdrop, the past 12 months saw an uptick in wealth creation, driven by the robust performance of the US economy, a recovery in equity markets and a shift in outlook for interest rates.

Most major economies managed to steer clear of downturns in 2023. In fact, global GDP expanded by a healthy 3.1%. Emerging economies and Asia led the recovery, with India as a notable example. Europe struggled to gain traction, but the US was the standout developed economy with a strong performance supported by government stimulus.

Following a disastrous investment environment in 2022, marked by the breakdown of the 60/40 equity/bond model and a staggering US\$10 trillion loss in UHNWI portfolios, 2023 saw a turnaround in returns.

The number of UHNWIs globally rose 4.2% to 626,619, from 601,300 a year earlier, more than reversing the 2022 decline. At a regional level, wealth creation was led by North America (7.2%) and the Middle East (6.2%), with Latin America being the only region to see its population of wealthy individuals decline. In terms of key country performance, Turkey leads our rankings with a 10% expansion in UHNWI numbers, followed by the US at 8%.

The rise in wealth creation was supported by global economic growth and the improved fortunes of key investment sectors. In the first half of 2023, despite ongoing rate tightening and rising bond yields, equities surged on the back of

enthusiasm surrounding AI. Even as this trend waned in the second half of the year, declining inflation and the anticipation of earlier and more substantial rate cuts provided renewed momentum to equity markets. The S&P Global 100 delivered a 25.4% annual increase in 2023, albeit this was hugely flattered by the outstanding performance of the "magnificent seven" US tech stocks.

Bond markets experienced improved performance in the final quarter of the year, as investors factored in likely cuts.

While some sectors grappled with the lingering impact of elevated debt costs, commercial real estate and private equity, residential property values surprised on the upside. Residential capital values grew by 3.1% across the world's leading prime markets through 2023.

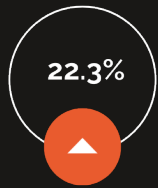
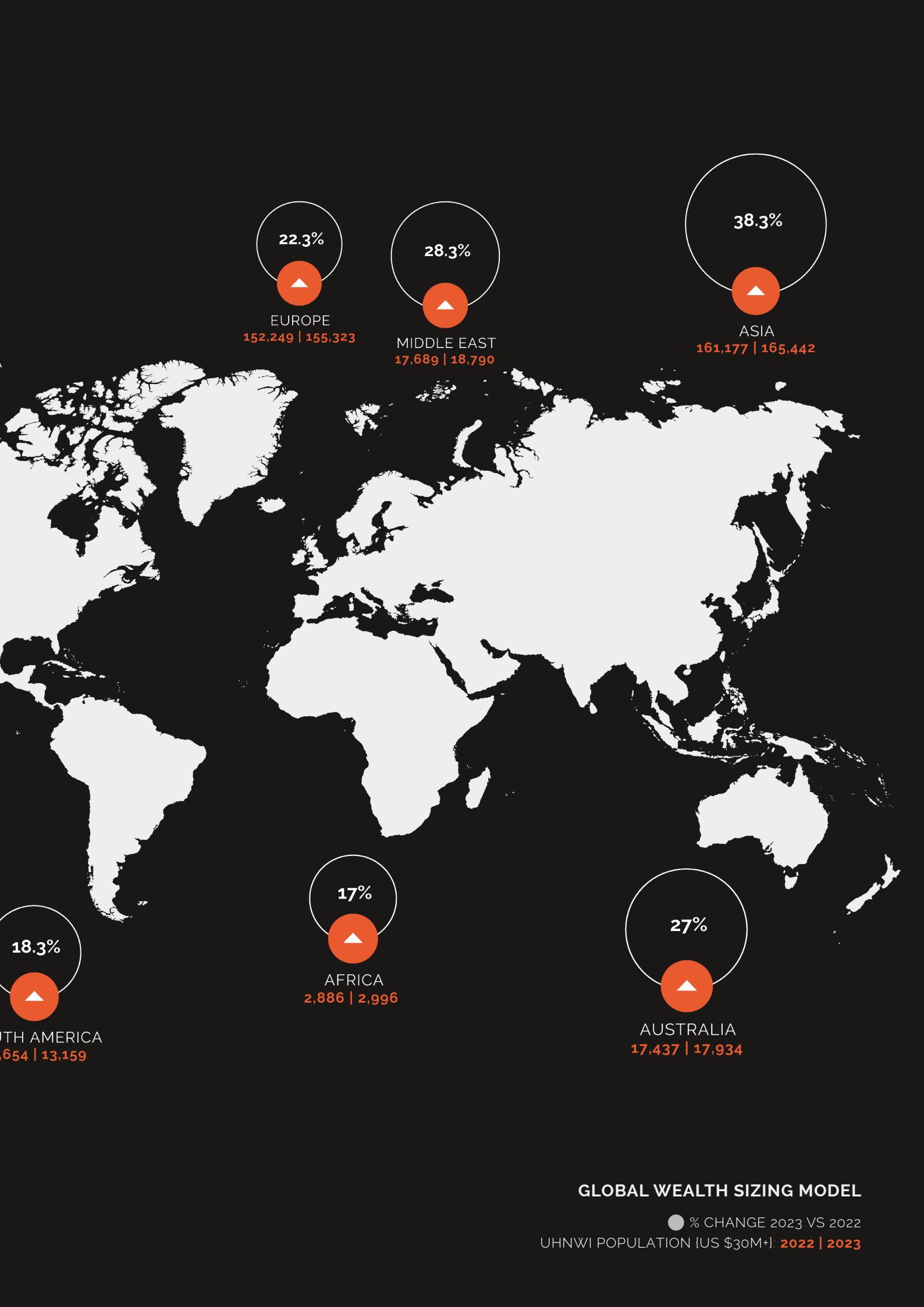
For investors, residential returns were supported by prime global rents rising at an average three times their long-run trend. Other sectors delivered positive returns during the year, with gold up 15% and Bitcoin up 155%, reversing a large part of the losses sustained by this volatile asset in 2022.

AS REPORTED BY
KNIGHT FRANK WEALTH REPORT 2024

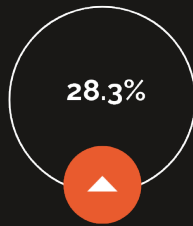
25.7%

NORTH AMERICA
235,998 | 253,066

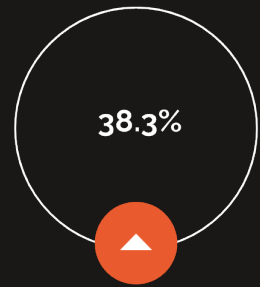
SOU
13



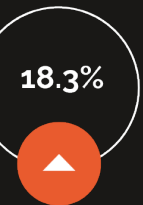
EUROPE
152,249 | 155,323



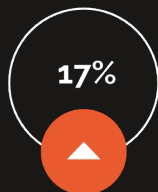
MIDDLE EAST
17,689 | 18,790



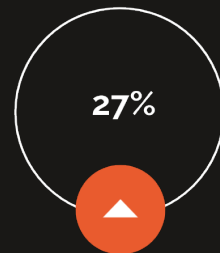
ASIA
161,177 | 165,442



AMERICA
6,654 | 13,159



AFRICA
2,886 | 2,996



AUSTRALIA
17,437 | 17,934

GLOBAL WEALTH SIZING MODEL

● % CHANGE 2023 VS 2022
UHNWI POPULATION [US \$30M+]: 2022 | 2023

NATION MOTION

UNITED STATES REAL ESTATE MARKET ANALYSIS



“ A significant factor underpinning the current economic stability is substantial, albeit unsustainable, U. S. government spending.

Despite initial recession fears, the global economy has displayed remarkable resilience over the past year, particularly in the United States. Robust growth, fueled in part by increased consumer spending buoyed by savings accumulated during the Covid-19 pandemic, has contributed to this unexpected stability. However, there are indications that this growth may slow in the coming year. Global GDP is projected to expand by around 2.9% in 2024, a slight decrease from the previous year's 3.1%. One of the looming concerns is the eventual depletion of pandemic-related savings, which could lead to decreased consumer spending.

A significant factor underpinning the current economic stability is substantial, albeit unsustainable, government spending. Governments around the world have injected unprecedented amounts of capital into their economies, leading to historically high levels of government debt. As a result, higher debt costs could precipitate a reckoning for governments in the near future.

Geopolitical tensions, particularly between the United States and China, further complicate the economic outlook. While there have been some signs of thawing in relations following a meeting between Presidents Joe Biden and Xi Jinping, the underlying economic rivalry between the two superpowers continues to escalate. This geopolitical fragmentation is likely to result in increased investment in strategic sectors such as technology.

These broader economic and geopolitical dynamics have implications for the real estate market globally. While the US market has shown resilience, factors such as potential interest rate hikes and geopolitical uncertainty could introduce volatility in the near term. Investors and stakeholders in the real estate sector will need to closely monitor these developments and adapt their strategies accordingly to navigate the evolving landscape.

LO
CA
LE

LOS ANGELES MACRO

EAST SIDE MICRO
WEST SIDE MICRO

SAN GABRIEL VALLEY MACRO

PASADENA
SOUTH PASADENA
LA CANADA FLINTRIDGE
SAN MARINO
ALTADENA
ARCADIA

SAN FERNANDO VALLEY MACRO

STUDIO CITY
SHERMAN OAKS
TOLUCA LAKE
ENCINO

AN INTERVIEW WITH TIM DURKOVIC
WHERE TO INVEST IN 2024

AREAS OF INTEREST

LOS ANGELES

Renowned for its cultural diversity, iconic landmarks, and vibrant entertainment industry, Los Angeles County encompasses a vast and varied landscape that includes sprawling urban centers, picturesque beaches, and rugged mountains. Home to the city of Los Angeles, the county serves as a global hub for entertainment, technology, and innovation. From the glamour of Hollywood to the laid-back vibes of beach communities like Santa Monica and Malibu, Los Angeles County offers a rich tapestry of experiences, attractions, and opportunities for residents and visitors alike.

WEST SIDE MICRO AREAS

PALISADES
BRENTWOOD
BEVERLY HILLS
BEVERLY HILLS POST OFFICE
SUNSET STRIP/HOLLYWOOD HILLS
BEL AIR

EAST SIDE MICRO AREAS

HOLLYWOOD HILLS EAST
LOS FELIZ
SILVER LAKE
ECHO PARK

32

HOUSES SPENT A MEDIAN OF **32 DAYS**
ON MARKET FROM LIST TO CLOSE.

2531

2531 NEW PROPERTIES WERE BROUGHT
TO MARKET IN QUARTER 1.

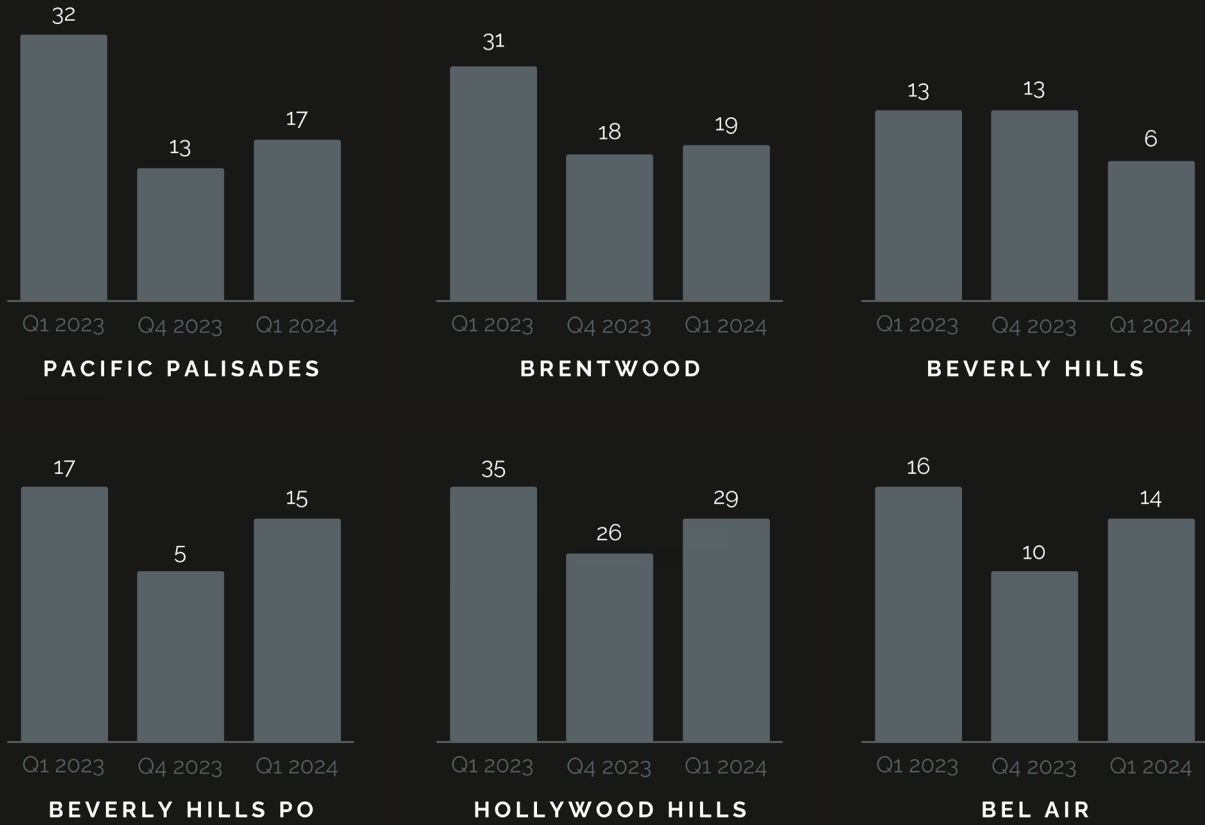
7.9

THE MEDIAN PRICE OF HOMES GRADUALLY
ROSE 7.9% IN THE FIRST QUARTER.

TOTAL WEST SIDE SALES BY AREA

The data below illustrates six micro markets surveyed in the Los Angeles area for Q1, the previous quarter, and the previous year.

■ TOTAL TRANSACTIONS



WEST SIDE MARKET SHARE BY AREA

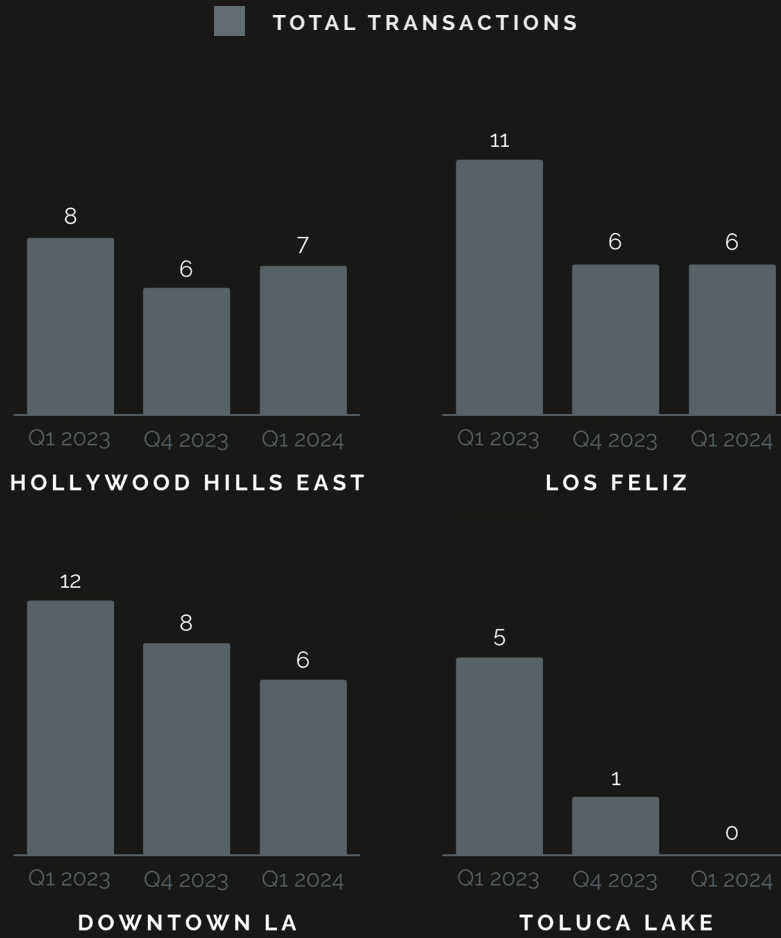
■ PALISADES ■ BRENTWOOD ■ BEVERLY HILLS ■ BHPO ■ HOLLYWOOD HILLS ■ BEL AIR



In the past quarter, the West Side Los Angeles real estate market was characterized by transactional activity primarily centered in Pacific Palisades and the Hollywood Hills. The Hollywood Hills led in inventory, while Brentwood experienced a notable increase in available properties. These trends indicated a dynamic market, especially in upscale neighborhoods, with Brentwood showing significant growth in inventory.

TOTAL EAST SIDE SALES BY AREA

The data below illustrates four micro markets surveyed in the Los Angeles area for Q4, the previous quarter, and the previous year.



We are seeing markedly reduced levels of transactions across Los Angeles County, relative to last year's high production numbers. Slower movement of inventory may mean better terms for future buyers.

TIM DURKOVIC

NYC DALLAS MIAMI LOS ANGELES

From the east coast to the west, long-held perceptions of luxury are being challenged by a new breed of branded developments.

From "The Fresh Prince of Bel-Air" to "MTV Cribs" and "Selling Sunset," the film and TV industry has long promoted the Los Angeles mansion as a global symbol of American wealth. But for a small and growing number of wealthy residents moving to the city in search of the California dream, these opulent homes, at times reaching in excess of 100,000 sq ft, are no longer the only option.

Indeed, across major US cities including New York and Miami, an increasing focus on security and convenience is bringing full-service buildings and branded residences to the fore. In Los Angeles, city authorities are seeking to promote higher-density, mixed-use developments to lock in what it sees as more sustainable growth in the residential ultra-luxury space.

"Los Angeles has always been about the mansion, but the city has so much potential precisely because of the fact that it's still really very much in the early stages of higher-density, mixed-use types of development," says Peter Bazeli, Principal and Managing Director at Weitzman. "I think that there are some really exciting things to come from an urban planning perspective if the city does begin to diversify away from the mansion housing stock that makes up the luxury market there."

The prime housing market is recovering from a downturn sparked by the sharp increase in borrowing costs and the implementation of the so-called "mansion tax" in 2023. The 4% levy on property sales above \$5 million rises to 5.5% for \$10 million-plus sales. While authorities expect almost 40% of revenue to come from sales of single-family homes, the levy also applies to apartments and commercial buildings. Prime residential values in Los Angeles climbed 2.5% in 2023, according to our Prime International Residential Index. Knight Frank expects growth to cool to 1% over the course of 2024 with rising supply as lower mortgage rates encourage owners to sell.

A set of Aman Branded Residences in Beverly Hills, due to open in 2026, provides a glimpse of the competition. The homes will sit alongside an Aman hotel and club, within eight acres of botanical gardens on the 17.5-acre One Beverly Hills development, less than a mile from Rodeo Drive.

The Aman residences are part of a rapidly expanding global market of branded residences that cater to wealthy individuals seeking the benefits of ownership while wanting the services of five- and six-star hotels. There are now 186 operational schemes globally and another 138 are in the pipeline, according to Knight Frank Research. North America accounts for nearly 40% of total projects and 60% of the pipeline.

Meals cooked by Michelin-starred chefs are a big part of the appeal, but safety is now among the primary draws, brokers say. Though official statistics show incidents of violent crime are at or close





to historic lows in both New York City and Los Angeles, perceptions don't always match reality. Three-quarters of New Yorkers said crime was a "very serious" problem in a February Quinnipiac University poll, for example, the highest number since researchers first asked the question in 1999.

Experts put the disconnect down to social media and high-profile campaigns on crime from political leaders. Wealthy buyers – including those coming from overseas – are well-connected enough to pick up on the concerns.

"Safety and property taxes are generally among the first questions from purchasers, but both tend to be outstripped by the degree to which people want to come here, do business and enjoy everything else that New York has to offer," says Hugh Dixon, Head of the US Office at Knight Frank.

Nevertheless, there appears to be a swelling group of wealthy buyers – particularly the newly minted younger generation – who want to be in downtown locations while enjoying the best services and security available. "The trend in Los Angeles is into full-service buildings," says a broker at Douglas Elliman's Los Angeles

office. "I'm seeing buildings that used to predominantly have older people in, and a lot of the younger people are moving in for the safety and convenience. I've had two clients buy second homes here in the past year and they bought in full-service buildings because of the security. I'm just seeing more activity from people considering these buildings that generally wouldn't have in the past."

To be sure, some experts say luxury multi-family homes and branded residences pose little threat to the dominance of the mansion, whether in Los Angeles or elsewhere. The branded residences market is tiny by comparison, and there will always be a large slice of the expanding wealthy community that favours the space and seclusion offered by single-family properties on the outskirts of cities.

Indeed, the branded residence market has experienced growing pains. The premiums are so attractive to developers that poorly conceived schemes have been introduced, resulting in sluggish sales, says Bazeli, whose firm consults on about 80 residence developments each year. The challenge for developers with schemes in the pipeline will be to

ensure what's on offer matches local definitions of luxury and provides a strong enough connection between the brand and the physical space to justify the prices charged.

"As the sector evolves, buyers will become even more demanding and better educated, and they will need clear answers as to what each development is really offering to back up the premium prices being marketed," he concludes.

For investors, residential returns were supported by prime global rents rising at an average three times their long run trend. Other sectors delivered positive returns during the year, with gold up 15% and Bitcoin up 155%, reversing a large part of the losses sustained by this volatile asset in 2022.

AREAS OF INTEREST

san
GABRIEL
VALLEY

The San Gabriel Valley, nestled in eastern Los Angeles County, offers a luxurious blend of cultural richness, scenic beauty, and economic prosperity. With upscale communities like Pasadena and San Marino, boasting stately mansions and sprawling estates, the valley provides breathtaking views of the San Gabriel mountain range. Additionally, the region's thriving economy, anchored by prestigious academic institutions like Caltech, ensures a high standard of living and abundant amenities for residents.

SAN GABRIEL MICRO AREAS

PASADENA
SOUTH PASADENA
LA CANADA FLINTRIDGE
SAN MARINO
ALTADENA
ARCADIA

28

HOUSES SPENT A MEDIAN OF **28 DAYS**
ON MARKET FROM LIST TO CLOSE.

201

201 NEW PROPERTIES WERE BROUGHT
TO MARKET IN QUARTER 1.

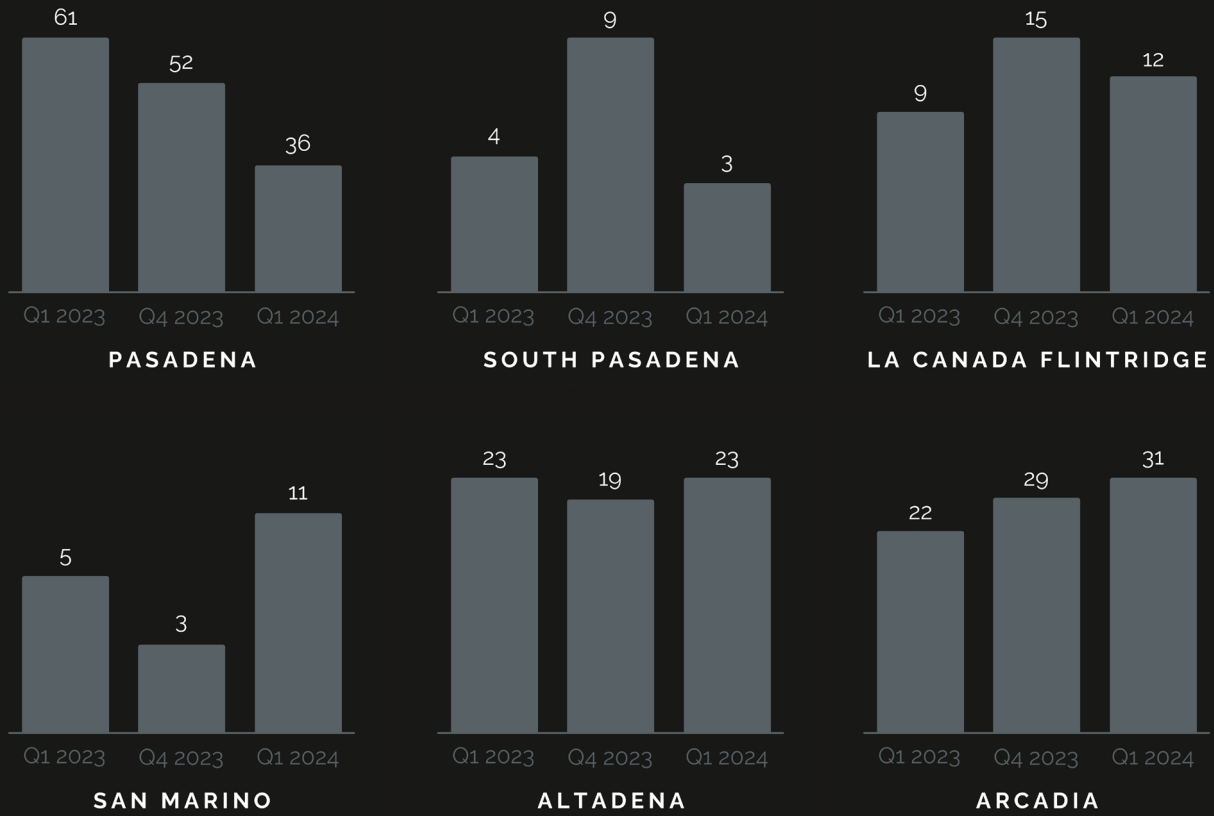
22.8

THE MEDIAN PRICE OF HOMES **ROSE 22.8%**
IN THE FIRST QUARTER.

TOTAL SAN GABRIEL SALES BY AREA

The data below illustrates six micro markets surveyed in the San Gabriel Valley for Q1, the previous quarter, and the previous year.

TOTAL TRANSACTIONS



SAN GABRIEL MARKET SHARE BY AREA

PASADENA S. PASADENA LA CANADA SAN MARINO ALTADENA ARCADIA



TRANSACTIONS



ACTIVE INVENTORY



NEW TO MARKET

Pasadena led in both the number of transactions and available properties, indicating a robust market presence. Meanwhile, Arcadia stood out for its influx of new listings, suggesting a growing interest in the area among buyers and sellers alike. These trends underscored the vibrancy of the San Gabriel market, with Pasadena as a prominent hub for real estate activity and Arcadia attracting attention with its fresh inventory.

320 PATRICIAN WAY
PASADENA, CALIFORNIA
UNDER CONTRACT • \$7,995,000





1086 PROSPECT BOULEVARD

PASADENA, CALIFORNIA
UNDER CONTRACT • \$2,750,000



AREAS OF INTEREST

san FERNANDO VALLEY

Renowned for its upscale neighborhoods like Encino, Sherman Oaks, and Studio City, the San Fernando Valley offers an exclusive enclave of lavish estates, opulent mansions, and sprawling gated compounds. With panoramic views of the surrounding mountains and easy access to premier shopping, dining, and entertainment destinations, the valley epitomizes refined living. Boasting a diverse range of architectural styles, from sleek modern designs to elegant Mediterranean villas, luxury properties in the San Fernando Valley cater to the most discerning tastes.

SAN FERNANDO MICRO AREAS

STUDIO CITY
SHERMAN OAKS
TOLUCA LAKE
ENCINO

26

HOUSES SPENT A MEDIAN OF **26 DAYS**
ON MARKET FROM LIST TO CLOSE.

382

382 NEW PROPERTIES WERE BROUGHT
TO MARKET IN QUARTER 1.

1.1

THE MEDIAN PRICE OF HOMES **NEGLIGIBLY**
ROSE 1.1% IN THE FIRST QUARTER.

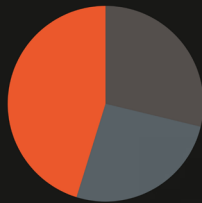
TOTAL SAN FERNANDO SALES BY AREA

The data below illustrates four micro markets surveyed in the San Fernando Valley for Q1, the previous quarter, and the previous

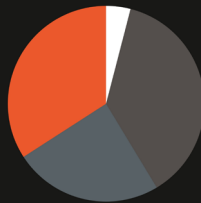


SAN FERNANDO MARKET SHARE BY AREA

■ STUDIO CITY ■ SHERMAN OAKS ■ TOLUCA LAKE ■ ENCINO



TRANSACTIONS



ACTIVE INVENTORY



NEW TO MARKET

In the previous quarter, Sherman Oaks led in closed sales in the San Fernando Valley market, indicating high level of buyer interest, potentially driven by factors such as desirable amenities, location, or property types available in the area. Encino's significant inventory, along with the influx of new listings, suggests a market where sellers are actively listing their properties, possibly in response to perceived demand or favorable market conditions. This combination of factors points to a balanced yet dynamic market in the San Fernando Valley, offering opportunities for both buyers and sellers.



THE SHORT ANSWER IS

[WHERE TO INVEST IN 2024]

TALKING *to*
TIM DURKOV

IN YOUR OPINION, WHERE ARE THE HOTTEST AREAS TO INVEST IN LOS ANGELES IN 2024?

Los Angeles is always an exciting market, constantly evolving and presenting new opportunities. As of 2024, I'd say areas like Beverly Hills, Brentwood, and Malibu continue to be prime locations for luxury real estate investments. These neighborhoods offer prestige and a high quality of life that attract affluent buyers.

WHAT ABOUT EMERGING NEIGHBORHOODS THAT MIGHT BE FLYING UNDER THE RADAR, BUT HAVE GREAT POTENTIAL?

In the San Gabriel Valley, emerging neighborhoods like Alhambra, South Pasadena, and Monrovia are worth considering. These areas offer a blend of affordability, diverse cultures, and proximity to major employment centers. In the San Fernando Valley, neighborhoods like North Hollywood, Burbank, and Glendale are experiencing revitalization and gentrification, making them attractive for both residential and commercial real estate investment.

ARE THERE ANY SPECIFIC TRENDS OR FACTORS DRIVING THESE INVESTMENT OPPORTUNITIES?

Several factors are influencing the real estate market in Los Angeles right now. One major trend is the increased demand for homes with dedicated office spaces, outdoor areas, and smart technology integration. As people reevaluate their living preferences post-pandemic, properties that offer flexibility and convenience are in high demand.

Locationally, the San Gabriel Valley and San Fernando Valley offer relatively more affordable housing options compared to some other parts of Los Angeles, making them appealing to first-time homebuyers and investors looking for value. Additionally, the expansion of public transportation infrastructure, such as the Metro Gold Line extension and the upcoming Sepulveda Transit Corridor project, is enhancing connectivity and driving development in these areas.

WITH THE ONGOING CHANGES IN THE MARKET, WHAT ADVICE WOULD YOU GIVE TO SOMEONE LOOKING TO INVEST IN LOS ANGELES?

My advice would be to conduct thorough research and work with a real estate agent who understands the nuances of these local markets. Take the time to explore different neighborhoods, consider factors like school districts, amenities, and future development plans, and analyze rental demand and property appreciation potential. And always keep in mind your long-term investment goals – real estate can be a valuable asset if approached with patience.

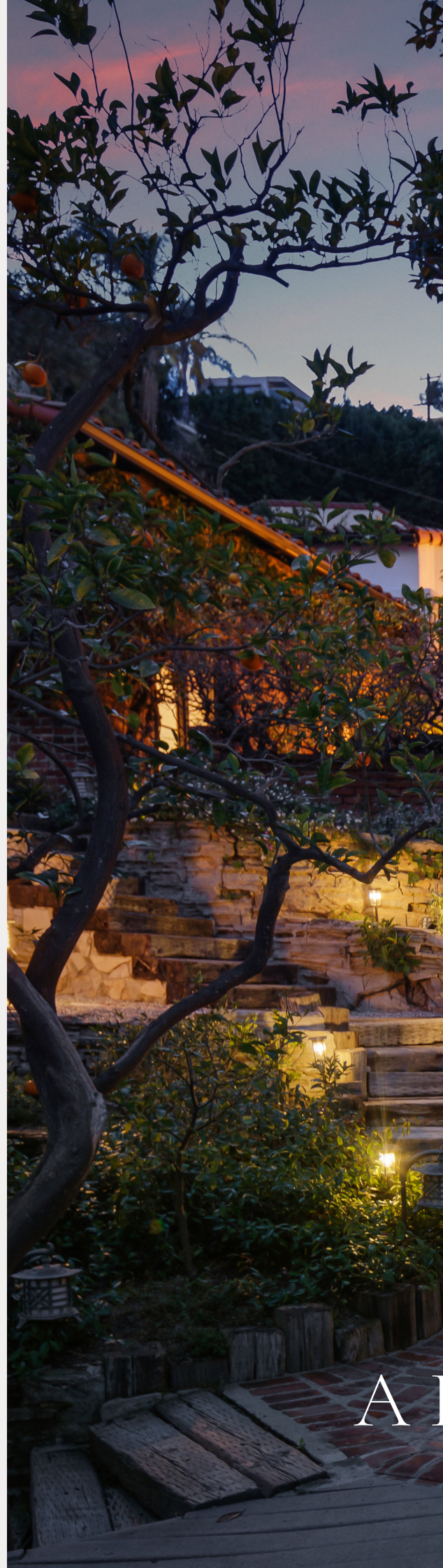
1521 NORTH KINGS ROAD ▶

SUNSET STRIP, CALIFORNIA
SOLD • \$6,145,000



Behind a gated driveway and tucked away from view, is this remarkably restored and lovingly maintained 1933 Spanish. The motor-court provides an abundance of off-street parking and a magnificent front façade welcomes you inside.

The grand entry features soaring ceilings, decorative tiled steps and wrought iron details that wrap you in the opulence of Hollywood's gilded age. A large formal living room features hardwood floors, a stunning black marble fireplace with hand painted motif, vaulted ceilings and a large window to take in the views. An extraordinary lodge-like den features a highly impressive stone fireplace, vaulted ceilings with massive wooden beams and a discreet wine closet. The home is a unique and rich exploration of textures with brick, stucco, stone and tile all working symbiotically with forged wrought iron, a gurgling water fountain and lush, exquisite plantings. The gardens are an enchanted glen of citrus, native plants and blossoming vines with a pathway to a hillside spa.



A



Robb Report

Remarkably Restored & Lovingly
Maintained 1933 Spanish Estate

156 SOUTH AVE 56
LOS ANGELES, CALIFORNIA
SOLD • \$1,895,000



COTTAGES & GARDENS

A Ceramicist's Lush Spanish-Style Oasis Just Hit the Market

It is no secret that successful artists must possess vision, an appreciation of beauty, and plenty of patience—and home design requires many of the same skills. That's why it's always a delight to view the residences of those established in the art world. And, in L.A., one artist's masterpiece standing out for its simplicity and character rather than its grandiosity just hit the market. Ceramicist Eric Roinestad and his partner, Ranney Draper, are selling the circa-1934 Spanish-style home they have extensively restored.

When purchasing the Highland Park home at the end of 1999, Draper shares that, as the second owner of the residence, "the lack of alterations and the original condition of the bathroom tile and kitchen were immediately appealing." Over the past two decades, the pair has maintained the abode's rich architectural details, while refinishing the wood floors and upgrading the electrical, roof, and plumbing.

The grounds are just as charming as the three-bedroom, two-bathroom house itself. The .42-acre property blooms with native plants like sage, buckwheat, deer grass, manzanita, ceanothus ("Californian Lilacs"), Matilija poppy, and toyon. It also boasts olive trees, California pepper, and Valencia orange trees perfect for farm-to-table living. But, for these homeowners, other functionality also came into play. "The mature pair of avocado trees next to that garage has provided fruit and welcome shade to the garden and the garage/ceramic studio," says Draper.

Roinestad himself designed the garden, which is enhanced by gravel pathways and seating areas. A swimming pool allows for cooling off on sunny days. Certainly a labor of love, the couple is ready to plant the roots at their next project—which will be in Pasadena. Greg Holcomb and Tim Durkovic of Douglas Elliman represent this fresh listing priced at \$1,895,000.



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