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Q&A with
Shamon Shamonki,
Global Real Estate Advisor,
Sotheby's International Realty



Being on the forefront of the luxury real estate industry for the past 18 years and previous to that, a veteran of Wall Street, Shamon Shamonki has a unique perspective that has evolved over his career. As a Senior Global Real Estate Advisor at Sotheby's International Realty, he has seen many trends and dramatic moments in the real estate market.

Q: What is the driving narrative of 2022?

A: The overarching theme for 2022 is the evolution of consumer sentiment and the transition of economic perspectives. The real estate market remains relatively healthy with generally positive consumer sentiment, low inventory and high demand. Looking closer, however, I've noticed that we have begun a transition that is seemingly irreversible. Due to rising inflation, higher interest rates and a general sense of concern over the lasting repercussions of the Covid event of 2020, consumer sentiment is no longer as positive as it used to be. Put simply, 2022 is the year that sellers are becoming less aspirational with their asking prices and buyers are beginning to

see price appreciation slow down as interest and inflation erode their buying power. The once universally understood belief that, 'it's purely a seller's market' is no longer the theme. At some point in the next few years, if interest rates continue to increase, property values may stop appreciating then start to neutralize and possibly retract a bit. That will be the beginning of a buyer's market.

Q: How do you think this is affecting our market in the Palisades?

A: In the Pacific Palisades we enjoy a more insulated market than others around us. Generally speaking, insulated markets are always the last to depreciate in value and the first to rebound. During the historic economic collapse of October 2008, most neighborhoods felt a dramatic impact with real estate prices depreciating, including Pacific Palisades and other affluent neighborhoods. But within 18 months after the 2008 economic collapse, buyers and investors were descending on Pacific Palisades as a primary location for their next real estate acquisition while other neighborhoods were stagnating with a limited amount of buyer interest for another year, or more. The Pacific Palisades is unique in a variety of ways. Currently one of the most desirable places to live in California, it offers a family-friendly environment that is almost impossible to replicate anywhere else in the world. The Palisades blends small town Americana, with a high level of sophistication, and an understated level of elegance, with a relaxed coastal lifestyle. Here, we are still exhibiting signs of a generally bullish and optimistic impression of the real estate market. We continue to have a dramatic inventory shortfall of homes available for sale versus a plethora of buyers looking to acquire homes in our neighborhoods.

Due to this inventory crisis, if a seller prices their home accurately, they can still expect multiple buyers to pursue the property. Although rising interest rates have an impact on a borrower's buying



power, I don't believe that this impact will affect property values in the Pacific Palisades in the near term, as we are still servicing a strong percentage of cash buyers; and for borrowers, interest rates today are still near historic lows.

Q: Which area is seeing the most growth?

A: The Palisades Highlands is *the* neighborhood to watch today. In the past, many Palisades buyers would exclude the Highlands from consideration in their search for a new home. With today's social and political climate in flux, many people are now preferring the privacy, insulation, safety and anonymity of this neighborhood over the immediate conveniences of higher density neighborhoods closer to town. Many families enjoy the variety of outdoor hiking and biking trails, and value the 24-hour armed security patrols throughout the Highlands, along with the resort-like amenities that many of the Highlands HOAs offer.

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