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## Navigating the Waves: A 2023 Overview of the Westside Real Estate Market

By BRIAR PECSOK  
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As we stand at the crossroads of 2023, the real estate landscape reflects a dynamic interplay of various factors that have left an indelible mark on property values, availability and the overall market sentiment. This year, the forces shaping the real estate trajectory in our neighborhoods seem more pervasive and impactful.

One of the pivotal elements shaping the Westside's real estate narrative is the ever-fluctuating interest rates. In 2023, the market witnessed a delicate dance with interest rates that impacted both buyers and sellers.

The Federal Reserve's decisions on rates influenced borrowing costs, thereby influencing the affordability of homes. Despite starting the year on a relatively stable note, the latter part of 2023 saw a marginal increase in interest rates, adding an extra layer of complexity to the market dynamics.

A major challenge reverberating through the real estate landscape was the persistent issue of limited housing inventory. The scarcity of available homes has been a defining characteristic of these neighborhoods, putting upward pressure on prices and intensifying competition among prospective buyers. This scarcity is not solely a local woe but a nationwide trend.

High prices—another defining feature of the Westside—have been a double-edged sword. While elevated property values indicate the desirability of these neighborhoods, they also pose barriers to entry for many aspiring homeowners. The challenge lies in finding a delicate balance that ensures the sustainable growth of property values without alienating potential buyers.

Inflation emerges as an instrumental factor in the real estate drama. The rising cost of goods and services has a direct im-



Photo courtesy of Amalfi Estates

act on construction costs and home maintenance, putting additional pressure on property values as well as affordability in these sought-after communities. The combination of declining purchasing power and higher mortgage rates results in fewer buyers, which in turn, slows the market.

Enacted on April 1, Measure ULA, which stands for United to House LA, is a tax on all real estate sold at or above \$5 million in the city of Los Angeles to pay for new homeless support. ULA requires sellers of properties valued at \$5 million to \$10 million to pay a 4% tax to the city, and sellers of properties at or above \$10 million to pay 5.5%.

Subsequently following the implementation of ULA, transaction volume drastically fell off and inventory supply dwindled.

Turning our gaze beyond our Pacific shoreline, international conflicts have cast a shadow on the real estate market. Uncertainties stemming from geopolitical tensions abroad have led to fluctuations in investor confidence and, consequently, impacted the global economy. The Westside is not immune to these tensions and has felt the ripples of these uncertainties.

Closer to home, the anticipation surrounding upcoming elections has added a layer of uncertainty to the equation. Histori-

cally, election periods have been marked by cautious optimism and a “wait-and-see” approach from buyers and sellers alike.

The Westside has not been devoid of the ebb and flow of electoral cycles. As the community awaits the outcome of these elections, the real estate market is poised for potential shifts based on the new policy directions that may emerge.

On a macro level, in navigating these multi-faceted challenges, our community must collaborate on innovative solutions. Local government, real estate professionals and the community at large must work together to address issues of housing affordability, inventory shortages and market stability.

On a micro level, if you intend on selling, buying or renting, it is vital to work with a real estate agent who is experienced, knowledgeable and creative, capable of navigating the tenuous real estate terrain that is being reshaped almost daily.

In a nutshell, 2023 has been a year of twists and turns for the real estate market. As interest rates fluctuate, inventory plays hide-and-seek, and global and domestic factors throw in their curveballs, the Westside communities are holding their own in a shifting landscape, responding with adaptation and resilience, albeit at a slower pace.

Acknowledging and addressing the pitfalls and creatively overcoming them will help ensure we ride the waves and outlast the turbulence that develops.

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*Briar Pecsok is a sales partner at Amalfi Estates, whose team has sold over \$2 billion in properties and was selected by the Wall Street Journal as one of the top 10 teams in the country out of one million agents. If you are thinking of buying a home or selling your own, contact Briar Pecsok at 310-922-4241 or [briar@amalfiestates.com](mailto:briar@amalfiestates.com).*