



# Rockyfield Newsletter

## US Economy & Housing Market

How much the disaster in Japan will affect the US and world economy cannot be speculated at this moment; supplies of electronic and high-tech products do not seem to be significantly affected. If it were earthquake damages only, recovery could be rather quick. However, the nuclear issues will pose troubles at many fronts from human psychology to practical power supply problems. Financially, Japan is now the largest holder of US Treasury debts, over \$880 billion. If Japan starts selling them off, unless China takes them, interest rates will shoot up.

Meanwhile, the lagging employment finally showed a good boost. Though the February employment was short of the market consensus, the private sector payrolls increased 222,000, much larger than the estimate. The financial crisis at state and local governments continues slashing employment. We need to keep adding more than 150,000 every month for full recovery in employment.

Cost inflation created by sharp price increases of oil, gold and other commodities is looming as a real possible threat. The FRB must gradually, not sharply, reduce the money stock in the financial market. As the brighter prospect for employment started showing, Chairman Bernanke indicated that the FRB is shifting their attention to inflation. We hope they will scrap the \$600 billion Treasury debt buyback plan. Excess money has been circling within the financial and commodity markets without helping the real economy, but has created the mortgage crisis. This excess money stock in the financial market seems to be the reason why interest rates are calm despite the spikes of commodity prices, including gold and oil. For the same reason, we believe the effect on the economy is rather mild if the money supply is reduced.

However, it is ironical that sharp declines in gold and oil prices may bring about another financial meltdown. The FRB's maneuver must be very delicate and

## Market Inventory May Slow Price Recovery

### New Commercial RE Refi. SBA Loan Program

Small businesses facing maturity of commercial mortgages or balloon payments before Dec. 31, 2012, may be able to refinance their mortgage debt with a 504 loan from the U.S. Small Business Administration under a new, temporary program.

The new refinancing loan is structured like SBA's traditional 504, with borrowers committing at least 10% equity and working with third-party lending institutions and SBA-approved Certified Development Companies in the standard 50/40 split. A key feature of the new program is that it does not require an expansion of the business in order to qualify. SBA has already begun accepting refinancing applications on Feb. 28.

The declining value of real estate has had a significant negative impact on small businesses with mortgages maturing within the next few years. Even small businesses that are performing well and making their payments on time could face foreclosure because of the difficulties in refinancing.

Borrowers will be able to refinance up to 90% of the appraised property value or 100% of the outstanding mortgage, whichever is lower, plus eligible refinancing costs. Loan proceeds may not be used for other business expenses. Existing 504 loans are not eligible to be refinanced.

504 loans provide small businesses with long-term, fixed-rate financing to acquire major fixed assets for expansion or modernization.

thoughtful, especially if the cost inflation takes place before the economy fully recovers. There are now two areas of weakness in the economy: employment and housing. Rate increases by the FRB will hurt the housing market recovery, especially their prices.

## Palos Verdes Housing Market

The market price of single family residences in Palos Verdes is recovering with a brisk pace. The market price has already regained the loss in December and January, and a half of the decline in last October. It is still a long way to the last year's peak in April. (Based on contract dates.)

As the employment has started recovering, the housing prices in PV should further improve in the coming months. However, some concerns still exist. The recent rush of new listings has been widening the gap between the market inventory and in-escrow listings. The housing prices may experience speed bumps in late March. Nonetheless, we maintain our optimistic forecast for the housing recovery due to the following two reasons: First, by price ranges, the increase in the market inventory is more significant among higher priced properties than \$2,000,000, while the supply-demand condition for the price ranges below \$1.25 million has been stable; Second, sales are going at a high level, and the main selling price ranges are moving up from the very bottom to the above \$1 million.

February closed sales of single family homes in PV was 32, which is large for February. The median price dipped for two months in a row below \$1 million. The price recovery will become apparent for closed sales in April.

While price increases may bring more new listings, buyers' appetite is also strong and a temporary setback in prices may push buyers to purchase homes with fears of future higher prices.

Even within PV, the conditions are quite different in different areas. We will be very happy to give you advice on the market condition in your area.

## New California Energy Upgrade Program

Energy Upgrade California is an unprecedented collaboration between the California Energy Commission, the Public Utilities Commission, utilities, local governments, non-governmental organizations and the private sector to promote and finance energy efficiency and renewable energy projects for homes and businesses, reduce energy use and help train contractors and building professionals.

The web portal [www.EnergyUpgradeCA.org](http://www.EnergyUpgradeCA.org) is a one-stop clearinghouse for information, incentives, scholarship and rebates including alternative financing for residential and commercial building improvements and financial incentives by lenders. All 58 counties have their own page.

Property owners can enter their zip code to learn about available upgrade programs, rebates, financing options and participating contractors. Initially, the program will be available for single-family homes and multi-family properties of up to four units. Later in 2011, the program will expand to multi-family properties of five or more units. In fall 2011, the program will include commercial properties.

Upgrades offer Basic and Advanced programs. Basic consists of 7 required elements to improve energy efficiency by approximately 10% with a fixed rebate of \$1,000. Advanced is customized for the property owner with rebates based on the energy savings between 15-40%, with rebates ranging from \$1,250 to more than \$4,000

### Free Notary Service

We offer free notary public service to the readers on our mailing list. Customers who buy or sell their homes with Rockyfield will have free notary service for 5 years. (Direct service only, excl. loan documents; additional charge for a trip to your place.)

Please make an appointment with Catarina at 310-544-0857 ext. 2#



## Rockyfield *contacts*

DRE broker license:  
01328577

27520 Hawthorne Blvd. Suite 144  
Rolling Hills Estates, CA 90274  
Phone: (310) 544-0857

Anthony Iwata Ext. 1#

(English+Japanese)

Catarina Zerbinatti Iwata Ext. 2#

(English, Spanish, Portuguese, Japanese, Italian)

email: [properties8@rockyfield.com](mailto:properties8@rockyfield.com)

Search properties for sale on the MLS.

visit: [www.rockyfield.com](http://www.rockyfield.com)

### Need a handyman?

If you are looking for a house cleaner, handyman, painter, plumber, electrician, gardener or contractor, we will be able to introduce a quality one.

Contact: Catarina. 310-544-0857 Ext 2#

### Our free fair market value analysis

If you just remodeled your house, you ought to be interested in how much your home is worth now. Or you may be simply curious. We will be happy to provide a fair market value estimate. If you have no plan to sell your home, please say so when you contact us.

### Free weekly market information

We can provide a free weekly update of the housing market in your area. Please contact us via e-mail with your property address. The list below does not include many listings.



### SELECTED LISTING SAMPLES

For Listing information

Please Contact

Rockyfield

A: Active S: Sold B: Backup P: Pending  
Prices in '000s. Source: MLS (as of 03/15/11)