



Rockyfield Newsletter

US Economy & Housing Market

As the job recovery becomes real, the improved consumer sentiment means more consumption and increased business sales that will lead to more jobs, and the economic recovery should accelerate. The best scenario would be: Better household income shores up housing prices and many home values rise above their mortgage loan balances. Regaining equity will save many homeowners from losing their homes through sale or refinancing.

There are a few major factors for concerns that may wreck the recovery. Prices of the critical raw materials for the economic growth like oil, rare metals, iron ores and others are soaring as the commodity market bubble continues due to the excessive money stock in the financial market. When the economy starts growing in full swing with higher wages, inflation will turn from "worry" to "reality." Given the huge fiscal deficit, the US Treasury yields will soar. Although the government shutdown was avoided for now, there will be even bigger fights ahead. Either failure of the debt ceiling increase or shutdown could bring about catastrophes to the global economies.

The government spending can be categorized in consumption and investment. Consumption type spending has multiplier effect on GDP; yet it is temporary and inflationary. Though tax cuts are aimed to boost private investments, today's money tends to stay in the financial market or to be invested overseas. Unlike the Reagan era, given today's much lower rates, further tax cuts are likely to increase deficit.

The conversion rate from oil to electricity in Japan is 90%, Germany is 85%, but the US is only 35%. Almost 25% of power is lost through aging power grids. Many roads, bridges and other transportation facilities need repairs and upgrades. Socially Many high school graduates cannot do a little complex math in the office. Skyrocketing medical costs are hampering corporations' competitive edges. The US economy needs more efficient social infrastructure.

Sales Can't Catch up with Listing Rush

Discounted Properties

Housing sales and prices both seem to have turned upwards. This may be the good time to buy properties for investment or for children. But remember "Cheap" is not necessarily profitable. Discounts from the fair market value and future price potential must be evaluated. View and special features (not about buildings) have also been affected during the housing recession; they will accelerate the property value once the boom returns. Choosing the property that suits your purpose is often forgotten, but important.

Cash buyers can target REOs (bank owned) or auctions. While you can buy a property at a large discount, it is difficult to find a suitable property and no buyer's protection like inspection contingency exists. Keen competition may push up the price too much. Cash buyers may be able to find a standard sale by a desperate seller.

If you are not in a hurry at all, short sales can be a great opportunity. From our own experience, one lender/one loan offers a better chance to get the bank approval. In case of 2 lenders, the first lender may prefer foreclosure. Short sale with NOD can be good or bad. If the NOD amount is too large, the bank may want to foreclose, while short sale with no payment problems is no urgency for the bank to act quickly.

We often see a short sale home with unfinished remodeling; the owner started remodeling by borrowing but ran out of money before finishing it. They can be a great buy.

You may consider making offers to more than one properties. We can advise how.

Spending cuts ought to be on the consumption type and investment type spending should rather be increased. Without revenue increase, spending cuts only will not reduce the deficit.

Palos Verdes Housing Market

News media report that the housing market had the second dip; but such news is based on closed sale, reflecting late Dec. to early Feb contracts. Yes, prices dipped during this period. Good sales since February have been overshadowed by waves of new listings, bloating the market inventory. Single family home prices in Palos Verdes had been on the recovery path until recently. While we do not foresee notable declines given the strong sales, we do expect prices to struggle until the oversupply condition eases.

It is very encouraging to see the main selling price ranges have been moving from the bottom to around \$1,000,000. In addition, 16 houses priced over \$3,000,000 have been sold (closed and in escrow) this year, compared to 23 last year; and the majority happened in March.

By areas, the area along PV Dr. North that has been depressed so long finally started selling. Malaga Cove, Valmonte in PVE, and Peninsula Center North, Los Verdes in RPV areas are performing well.

Despite the current setback caused by too many listings, we are still optimistic about this spring selling season: the market price may surpass the last year's peak in April. Good properties that are well priced are selling within a week or two, often with multiple offers.

If you are thinking of selling your home, this spring should offer you a good opportunity when the current listing rush eases.

March closed sales were 43 which is mediocre, but both average and median prices shot up. The median price was up from 999,000 to 1,395,000 due to closing of 9 houses over \$3 million in March.

The townhouse market in PV is still going strong, while the condo market has been still haunted by too many short sales and foreclosures.

Reduce Property Tax Again!

The national median housing price (closed sales) substantially dipped in February; In Palos Verdes, while sales were good, prices followed the national trend. This reflected the price decline between early December and late January on a contract basis. Though the March closed price rose sharply; comps from Jan. Feb. should do.

Two years ago, a few readers of this newsletter took advantage of the depressed housing prices, and reduced their property taxes. The rule is to compare with the price as of Jan. 1 for the property tax year beginning on July 1. "Jan. 1" actually means comparable properties' prices that closed between Jan 1 and March 31.

This year's median price in PV in Jan. and Feb. was below \$1,000,000, lower than 2 years ago, and close to the same period in 2002. Although, of course, area differences exist even within PV, and we need to examine each case, this poor market condition definitely gives some homeowners the opportunity to explore lower property taxes.

Predators and scammers are already out there approaching many homeowners for money. However, it is very easy for anyone to make the claim, and we are here to help you as our newsletter readers. The application form for 2011 will be available on June 1. If you want us to check if you have the chance to reduce your property tax, just email to us, your name, property address, assessed value on your tax bill. If it seems possible, we will be very happy to assist you with preparing the application, including providing comparable properties. Nothing to lose, so try!

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#



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Search properties for sale on the MLS.

visit: www.rockyfield.com

South RPV House for Lease

4262 Dauntless Dr., Rancho Palos Verdes

Rent: \$3,300 per month
4 bedrooms / 2.5 baths, 1909sf

Enjoy relaxing ocean and Catalina view from this bright and airy four-bedroom house with high ceilings and hardwood floors. Grassy backyard and covered patio. The gated RV space can be used for barbecue fun, or simply as an additional parking space. This established community is close to the Trump Golf course and Terranea Resort.



SELECTED LISTING SAMPLES

Please Contact

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For

Listing Information

A: Active S: Sold B: Backup P: Pending
Prices in '000s. Source: MLS (as of 04/11/11)