



# Rockyfield Newsletter

## US Economy & Housing Market

The US economy has stalled on its recovery path with disappointing employment and GDP. The European financial crisis with the double dip recession is among several reasons for such sluggishness. I was in the UK when the Euro currency was launched, expressing my strong opposition to the Euro in every occasion. Given the difference in taxation, labor regulations, productivity, and cultural/language barriers, I believed that the Euro would fail under inflation or recession without the safety valve function of the floating currency exchange system. The UK, whose economy and Sterling Pound are more closely related to the US than Europe, wisely did not participate in the Euro. In the late 1990's, major German corporations had moved their operations to other EU countries, taking advantage of weak currencies, paying almost no or little taxes in Germany. Germany was also losing in exports. The weak countries were promised economic stability (no inflation) and higher living standards.

In the beginning, the Euro seemed to be successful; however, the higher living standard and generous social programs were financed by government debts. Various exceptions had been made to the Euro's fiscal deficit requirement. The worldwide financial meltdown and great recession triggered the de-facto government insolvency in a few countries. They were just dreaming. In Greece, a small, weak economy with low productivity, their social programs grew beyond their means, and the revenue decline bankrupted the country. With no means to increase tax revenue or borrowing, fiscal spending cuts was the only way out. The problem is that people see such austerity has been imposed not only by their own government but also by other EU countries, namely Germany. Greece should leave the Euro. While the Greek Drachma will plummet and their living standard would naturally decrease, exports and tourism would shoot up, giving hopes for the economic recov-

## Many New Listings Dampen Sharp Price Increase

### Market Analysis Tools

In addition to those widely used, we track, analyze and forecast the housing market with our own tools. We conduct weekly analysis, and if necessary under fast moving condition like today's market, we do more often.

The most important indicator for the housing market is "supply-demand" condition just like any other market. The media use closed sales records which are readily available. They may be good for yearly analysis; however, actual contract dates are 30-60 days prior to closing, and the same closing dates do not mean the same contract dates. We track the supply-demand condition with the E/A ratio (escrow/active listings): the higher the E/A ratio, the tighter the market is. But the actual percentage is not as important as the movements of the E/A ratio. Prices usually follow the E/A ratio movements with variable time lags. We announce the ratios by price ranges and areas on every Sunday on our website.

We also publish a graph on our website, showing the market inventory (active listings), in-escrow listings and their differences for one year period.

As to housing price movements, because prices vary from below \$800,000 to over \$10 million in Palos Verdes, the average price is not reliable. We use median prices. Although prices in escrow are listed prices (not the final prices), their movements (not the median price per se) are useful as a parallel indication of price movements. We record the median escrow price every Sunday. Our "Trend" graph shows moving averages of escrow median prices. You are welcome to visit:

[www.rockyfield.com/propertymenu.html](http://www.rockyfield.com/propertymenu.html)

ery. Of course, financial aid from Euro bond issue by the EU will be necessary. The UK dipped into the second recession by adopting unnecessary austerity policy. The real challenge will be Spain and Italy. The fundamental rescue will be the strong recovery of the US economy; the EU alone cannot get out of this mess.

## Palos Verdes Housing Market

Although the single family residence market in PV tightened in early March, thanks to the sharply increased sales, prices had been struggling to move up. Finally, prices made a brisk increase in May. However, the improved market encouraged so many new sellers to jump into the market. The bad economic news seemed to have some effect on sales, too. As a result of the new listing rush and slowing sales (still at a high level), the market inventory has been inching up to 200. Prices stumbled, but the major reason behind the price increase in May was that the low-end market shrunk and more sales at higher prices were made. This implies a fundamental change in the direction of the market. Of course, many buyers still believe it is a buyers' market as there are many choices for them, and competition among sellers remains keen. However, we hear some buyers saying they could not buy a property because they were too slow to act or their offers were too low.

When prices recover enough, those homeowners, who are under water or do not have enough equity, would be able to refinance their homes with the historical low rate. This will dramatically improve many people's financial condition, and will boost the economy through their increased consumption. But, prices will not rise in a straight line. They will continue ups and downs as there are still many potential sellers waiting for better prices.

Brisk price increases require a certainty of future jobs and household income. Low interest rates are currently benefiting primarily those who are financially better off. From that point of view, the PV housing market is good.

### Environmental Hazards (3) - Hazardous Waste

Hazardous waste is anything left over from a manufacturing process, chemical laboratory, or a commercial product that is dangerous and could hurt people, animals, or the environment. Many industries, such as soil and gas, petrochemical, electronics, dry cleaners, and print shop, generate hazardous waste.

Hazardous waste must be properly managed and shipped to special facilities for treatment, storage, disposal or recycling. If not, it may escape into the environment and contaminate the soil, surface and ground water, or pollute the air.

State law requires certain written disclosures to be made to prospective homeowners. The seller is required to disclose whether he or she is aware that the property has any environmental hazards. There are easy fill-out forms and a disclosure service company can also provide other information.

### Env. Hazards (4) - Household Hazardous Waste

Each year Californians discard tons of hazardous waste in trashcans or down the drain. To determine if a product is hazardous, you can ask yourself the following questions: Is it poisonous when swallowed, touched or inhaled? Does it catch fire easily? Is it corrosive? Can it eat through certain containers? Is it reactive? Could it explode if improperly handled? Light bulbs, computers, toners are among them.

Hazardous products should be stored in a cool, dry, secure location. They should be stored in a locked place or in a high shelf, out of the reach of children and pets.

The best way to dispose of household hazardous waste is to take it to a community household hazardous waste collection center in your area. It is illegal in California to pour hazardous products down the drain. Call 1-800-253-2687 or [www.1800cleanup.org](http://www.1800cleanup.org) for collection center information. [www.ciwmb.ca.gov](http://www.ciwmb.ca.gov) is also useful.

### 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

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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, roofer, 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

Please Contact

Rockyfield

For

Listing Information

A: Active S: Sold B: Backup P: Pending  
Prices in '000s. Source: MLS (as of 06/15/12)