



# Rockyfield Newsletter

## US Economy & Housing Market

Non-farm payrolls in March (88,000) were less than a half of the market consensus, highlighting the lagging recovery in employment. Although upward revisions of 61,000 were made to Jan and Feb figures, the decline from 254,000 to 95,000 in private employment was significant. The end of payroll cuts seems to have begun affecting retail jobs. Post office laid off 14,000, bringing the government job to negative 7,000. Because there are about 12 million unemployed people, wages and household incomes are stagnating. Corporations have money and the stock market is robust, but the slow GDP growth is preventing the large pool of money to be invested in real businesses for expansion. Further incentives for corporations or investors will be limited in boosting employment. The fiscal spending has been curbed and the easy monetary policy by the FRB is currently the only economic policy which is creating the bubble or fake growth in the financial markets. The effect of the Sequestration seems to be taking tolls. So we have reservation about the economy for the latter half of 2013.

The basic of the economy is "exchange." Exchanges of services or financial instruments only will not create values. Manufacturing built on natural resources and farming creates initial values which will be supported and enhanced by services and financial instruments. The bright spot in the US economy is the energy industry. We hope the government economic policy is geared toward consumption for purchases of "things" and infrastructures to improve efficiency for manufacturing.

The housing market has surely been improving as foreclosures and short sales are becoming much smaller in number. Sales are booming across the nation. Prices have also started recovering. The question now is if prices will keep rising. Mortgage rates are at historically low with little room to go down. Without growth in household income, housing prices is likely to level in the near future. Quite a few people are expressing concerns over the stock market

## Prices in PV Poised to Take A Breath

### Sale or Lease

After the financial meltdown in 2008, the rental housing market also took a dive, and then quickly started recovering in 2009. A swelling number of people who lost their homes or sold them to survive moved to rental residences. But the demand for rental residences is now cooling as more people started buying. The market rent has not recovered to the pre-2007 level and is still rising, but at a slower rate. After being leased, the house will need some face lifting. The cost of vacancy is heavy, especially if the loan balance is large.

Housing prices are recovering as sales are going very fast in large volume. "Sell or lease" is not an easy decision. We have to remind you, however, that, beyond the market condition, primary residence or leased, your family situation, financial condition and other personal situations will be far more important.

A difficult question we often face is: "If we lease this house, how much higher the price will be next year?" As the market price is yet to reach the previous peak in 2007, it is likely to rise in the long run; however, we are not so much certain about housing prices after this summer. Easy money has created huge liquidity in the financial market which will pose a serious risk of "bubble" in the economic recovery process, while the political impasse may deter economic and employment recovery.

The price is only one of the factors in real estate; one cannot ignore taxes. Even if you lease your current residence, you can still enjoy the \$500,000 deduction (joint) if you sell it within 5 years. If you have a large capital gain for the rented property, you may be subject to 20% capital gain tax rate and higher State tax rate, 3.8% Medicare surcharge and State withholding tax. If possible, you may consider moving into the rented house for two years. We will be happy to talk about these issues with you. Please feel free to drop by our office.

bubble and uncertainty in the European financial and economic conditions. We have to be a bit cautious about the near future housing prices although we are not expecting any major declines.

## Palos Verdes Housing Market

The single family home market in Palos Verdes is robust. The median escrow price has risen 25% by March end from the bottom price at the beginning of the year (seasonal dip). After this sharp increase in March, it may be just normal for the market price to take a breath. We expect prices to level with small ups and downs in April. Given no change in the supply shortage, popular properties will continue receiving multiple offers and enjoying higher prices as the market price is merely a general reference.

With the sharp rise in prices, a huge number of new listings came on the market during the first two weeks of April with stunning 25 during the first week. There seem to be still many potential sellers waiting for higher prices. This is another reason that prices may not go up so much in April. If the number of new listings comes down to 15 or less per week, prices may start moving up again but probably not as sharply as in March. The market inventory is moderately increasing, and so is the number of in-escrow listings. Given the supply shortage, more listings will expand the market size, bringing in more buyers.

By areas, Lunada Bay and Valmonte are strong in PVE, and PV Dr. North in RHE is in excellent condition. RPV is generally very tight: the west side is very good; especially Los Verdes has been in extreme short supply condition for months. By price ranges, only very few available below \$900,000 as short sales and foreclosures are disappearing. Buyers are forced to look at more expensive homes. It should be noted that the price range in the \$2 million's has been amazing since January, and even accelerating now.

Higher house prices have improved townhome prices; the condo market is also good though the supply is a bit excessive.

## Carbon Monoxide

Carbon Monoxide (CO) is an odorless, colorless and tasteless gas. It is highly toxic to humans and animals in higher quantities. At lower concentrations, CO may produce flu-like symptoms, including headache, dizziness, disorientation, nausea and fatigue.

CO is the result of incomplete combustion of carbon fuels and is produced from both man-made and natural sources. Typical sources of CO in the home are: Unvented kerosene and gas space heaters; Gas water heaters; Improperly adjusted or maintained furnaces or boilers; Wood stoves and fireplaces; Gas stoves and ovens; Gasoline powered equipment, such as generators Automobile exhaust; Tobacco smoke.

Following inhalation, CO combines with hemoglobin in the blood producing carboxyhemoglobin, which is ineffective in delivering oxygen to the body tissues. Carbon monoxide binds to other molecules such as myoglobin and mitochondrial cytochrome oxidase and may cause significant damage to the heart and central nervous system. High levels of CO during pregnancy may result in miscarriage. Moderate levels can result in slower than normal mental development of children. Children with asthma may be more susceptible to respiratory effects.

California Senate Bill (SB 183) requires owners of single family homes with a fossil-fuel burning appliance, fireplace or attached garage to install a CO alarm(s) effective July 1, 2011. Unfortunately, no standards have been adopted for indoor air. Nor is the location of CO alarm specified. In general, it is recommended to have one to cover the sleeping quarters, if not individual bedrooms, though a bedroom with a fireplace should have one. If you are worried, installing CO alarms in other areas with gas equipment or wood burning places may be suggested. Make sure that gas appliances are maintained and properly installed.

## 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](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 LISTINGS

Please Contact

Rockyfield

For

Listing information

A: Active S: Sold B: Backup P: Pending  
Prices in '000s. Source: MLS (as of 04/11/13)