



# Rockyfield Newsletter

## US Economy & Housing Market

The current state of the US Economy is depicted well by the behavior of the stock market. It is our saying: "The market may not be right, but is always honest." Today's market is nervous after hitting record highs. Concerns over the international economic slowdown are casting dark clouds. In Europe, the mighty German economy started struggling; it is questionable how effective further easy money policy could be. China's growth is obviously slowing not due to a cyclical reason, but because its political system seems to be suppressing the continued socio and economic growth. The Japanese new economic policy turned out to be heavily dependent on cheaper Yen, and is yet to be able to get out of the deflationary trap. The consumption tax hike resulted in the negative GDP. Even though exporters' profits are shored up by the cheap Yen, the actual volume is not increasing, and consumers are suffering from higher import prices. The lack of growth in consumption is common to many economies.

Many countries have deficit problems, leaving few effective means to boost their economies. Though the US consumers have large debts, the low interest rates have failed to boost consumption. The same monetary policy (low interest rates + more money supply) would not work in other countries. The world economy needs robust US consumption and imports.

The deterrent to the consumption increase in the US is the stagnating household income. Despite the better employment figures, wages are not following. There are still too many people who have given up looking for a job and part time or underemployed workers. From the macro-economic point of view, while wage increases based on higher productivity are not inflationary, wage increases due to labor shortages are. Excessive income disparity weakens the middle class's purchasing power. We need comprehensive tax reforms to bring home corporate profits that have been kept abroad and to ease the income disparity. In the short-term, an eco-

## Recovering From Sept. Slump

### Electronic Signing

You may have used or heard of electronic signing. In fact, many businesses use electronic signatures. In real estate transactions, in addition to "DocuSign" which has been available for years and recently gained its popularity, zipLogix Digital Ink is also available. Almost 100% of the time we deal with e-signing when we deal with agents of outside Palos Verdes. In our area, however, many agents are still using real signatures. Perhaps for two major reasons: there are many residents whose native tongue is not English; Both agents and residents in Palos Verdes are more traditional.

It is a great surprise to us that some agents do not see their customers except for few must-be-present situations. It is true that many sellers and buyers are very busy and e-signing offers them great convenience to save their time. However, we have a different philosophy.

Even though everyone is busy, our customers are either selling or buying a very expensive item. Especially in case of their own homes, it will be a life changing decision. We must personally meet with the client, explaining details of the contract to make sure they understand what they are signing, and answering all the questions they have. It is impossible to do so either via phone or email.

We do use e-signing when our buyer or seller is away, or with the client who has thorough knowledge of the transaction. However, we always find different and better ways to serve our customers if we personally meet with them. We do not want to be faceless realtors.

nomics policy that leads to increases in disposable income for general consumers is needed. Larger US consumption will help Europe and Japan that cannot recover by themselves.

## Palos Verdes Housing Market

The market inventory of single family homes in Palos Verdes, which had peaked and begun decreasing in mid August, continued declining in October. The difference between the inventory and in-escrow properties is a good leading indicator for near future price movements; it started narrowing during the 2nd week of September, thanks to the modest number of new listings (often less than 15). The median escrow price had been declining since early August, and finally stopped falling and started bouncing back in early October. In short, this year's September slump started early in late August and began recovering in mid September. Although the numbers still do not warrant it, we already feel strong buyer activities while news listings are reasonable in numbers. However, we doubt if prices would jump to the peak territory in early May. The market size will shrink after Thanksgiving. Even if prices go up more given the improved demand-supply condition, a sharp rise in price is unlikely. In our view, mortgage rates will have larger impact on prices. Interest rates are temporarily down right now. If the FRB raises the FF (overnight) rate as a preemptive measure, a modest increase will rather tame the long-term rates with little effect on the economy.

Homeowners who are considering to sell their homes should take an immediate action so that sales can be made before Thanksgiving, or wait until next spring. Next spring's home prices will be determined by the fine balance between mortgage rates and household income. We suggest that sellers plan with modesty in mind when they set the price.

September closed sales were only 57, reflecting the late August market condition. The median price was \$1.3 million. October closed sales will be down both in price and volume due to the September slump.

## Palos Verdes Native Plants

We have a serious drought problem and we should conserve water as much as possible. As well known, sprinklers are a major part of our water bill. If you plant water-conserving plants in place of lawn, you help save our water resources and also save your money. Fall is a great season for planting new plants. And why not our local plants!

Native plants are the foundation of the Peninsula's ecosystem on which native wildlife thrives. Plants indigenous to the Palos Verdes Peninsula use a minimum of water and need no pesticides or herbicides, reducing both water consumption and the amount of contaminants that flow into our oceans. By planting natives, we are providing food, shelter, and nesting areas for many wildlife species. Increasing animal and habitat diversity provides important functions for the environment such as cleaning the air and controlling erosion. Native plants are a wonderful addition to your home garden. There are so many kinds that include California sage brush, narrow-leaf milkweed, milk vetch, coyote brush, Santa Catalina mariposa lily, Indian paintbrush, blueedicks, lanceleaf liveforever, California bush sunflower and so on. (Source: PVP Land Conservancy)

**Native Plant Sales at the White Point Nature Education Center & Preserve:** Purchase drought-resistant native plants grown in the Conservancy's own nursery every 4th Saturday from 12 noon to 2 pm located at 1600 Paseo del Mar, San Pedro, California. Access via Western Avenue (310) 561-0917

**PVP Land Conservancy Native Plants at the South Coast Botanic Garden Gift Shop:** A selection of native plants from the Conservancy's nursery is available at the gift shop open Monday – Sunday, 10 am to 5 pm located at 26300 Crenshaw Blvd., Palos Verdes Peninsula (310) 544-1948

**Natural Landscapes, Tony Baker, Portuguese Bend, CA 90275 (310)377-2536**

**California Native Plant Society:** the local chapter (South Coast) meets the 1st Monday of every month (except July and September) at South Coast Botanic Garden in Rolling Hills Est. at 7:30 P.M. Everyone is welcome to attend. A plant sale is held in the fall. Visit: [http://www.pvplc.org/\\_education/native\\_plants.asp](http://www.pvplc.org/_education/native_plants.asp)

## 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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## Need a handyman?

If you are looking for a house cleaner, handyman, painter, plumber, roofer, electrician, gardener, bathtub repairman, rain gutter installer or contractor, we should 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. No strings attached.

## 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.

Happy Halloween



## SELECTED LISTINGS

Please Contact Rockyfield

A: Active S: Sold B: Backup P: Pending  
Prices in '000s. Source: MLS (as of 09/09/14)