



Rockyfield Newsletter

US Economy & Housing Market

There are two opposing forecasts for the economy for 2015. 1) Accelerating growth as a sign of wage increases amid solid job gains; 2) Troubled European and Asian economies would prevent rapid GDP growth. Let's look into the second one.

Even Germany fell into negative growth last year; Greek's political turmoil casts a new concern. The common currency has imprisoned the Euro currency counties in the vicious circle. The UK has recently been doing well; however, the UK's problem was rather self-inflicted; giving up further austerity measures have helped the UK's recovery. It is not the case that the austerity policy is finally working. China seems to be reaching the point where the political system and the free market economy are clashing. Given the regional disparities and outflows of human and capital resources, further economic growth may create more problems than solutions.

While the US economy is credit based, the Japanese economy is asset based. For the first time in history, the Japanese household saving rate became negative; they are spending more than their income. The high individual saving rate had been the major source of capital for businesses, and support for the huge government deficit. This indicates how much damage has been done to the consumers' purchasing power. The zero interest rate that depletes retirees' assets, the huge money supply that only boost the financial market and overseas investments, higher import prices due to cheaper Yen and the consumption tax raise (the second phase has been postponed after the GDP dip), all these are depressing the consumption, recovery of which is the very key to get out of the deflationary trap. The "Abenomics" is nothing new: cheap yen and easy money policies. They are actually harming the consumption rather than helping.

The recent low oil price should help European and Asian countries. It will also help the US consumers. Strong US consumption is imperative for international economic recovery which in turn helps US

*Happy
New Year
2015*

Seasonality of Housing Market

In any trade, it is ideal to buy low and sell high; however, it is not easy. Selling a residential property is even more difficult than stocks. Income properties are constrained by lease contracts and tenant relations. Personal reasons must take priority in selling one's own home. You are just lucky if you can sell your home in the seller's market. Nonetheless, it is useful to know the seasonality of the local housing market even if you need to list your home in a bad time. For example, if you price your home based on the previous good market condition despite a fewer buyers now, the listing may stay on the market many months, possibly ending up with a lower selling price than the price you could have sold earlier.

Although the pattern varies every year, sales starts growing in late January to February, and the market becomes quite active in March. Prices usually begin rising in mid-March. Such a good market condition typically lasts until mid-July often with a short break.

Every year, sales dwindle in September to early October, and prices dip during the latter half of September. It is a good time for buyers because the number of sellers do not decrease as much. December is not very good for buyers as choices will substantially fewer.

It would be the best if your home is listed between late February and early June. If you need to sell your home at a different time, a meticulous marketing plan is needed for the specific price range, area and property type of your home.

economic growth. Higher wages may trigger concerns over inflation, meaning higher interest rates that are important for the housing market. As long as foreign monies are flowing into the US Treasury market, we do not expect a sharp increase in interest rates.

Palos Verdes Housing Market

Single family home sales in Palos Verdes for 2014 recorded 643, down 6.5% from 2013. Given the large market inventory, the higher price might have contributed to the decline. The median price was up 8.3% from 2013, but still 4.6% shy of the peak in 2006. We are now starting the New Year with a much worse condition than the last year. The inventory was 97 on January 5, 2014 as opposed to this year's 137. There were 62 in-escrow listings; 67 this year. The key is the difference between the inventory and in-escrow listings, which was only 35 last year and 70 this year.

Given this bad start, we may have a massive inventory build-up when many new and returning listings rush on to the market. As the current price level is favorable, the large inventory may not discourage new sellers. We believe there will continue to be many buyers, yet not enough to offset the sharply increasing inventory.

Our forecast is that prices modestly fall in late January to early February; lower prices encourage more purchases. Prices will eventually start moving up a few weeks after the market inventory begins decreasing or at least stop rising. Of course, interest rate movements will significantly affect prices and sales. Therefore, if you plan to sell your home this spring, we suggest you wait until the upward market trend becomes clear. Buyers are also afraid of price increases if they wait too long. Homes with gorgeous views and other rare values may be sold at a premium price when sales increase regardless of the level of the market inventory.

As we start the year with rather undesirable supply-demand condition, overpricing can be fatal for sellers. Understanding of economic environment is also critical.

HOA Document Fees

This law will also require a seller to provide a prospective purchaser with all mandated CID (Common Interest Development) documents that the seller possesses -- free of charge. Moreover, if a seller confirms in writing that the document is a current document then the HOA may not bill for it. Lastly, the association may collect a reasonable fee based upon the association's actual cost for the procurement, preparation, reproduction and delivery of the documents -- but only from the seller. It is the responsibility of the seller to pay the association, person, or entity that provides the mandated CID disclosures.

HOA Must Allow Personal Agriculture

This law requires a landlord to permit a tenant to participate in "personal agriculture" in portable containers approved by the landlord in the tenant's outdoor backyard area. It must be on the ground level of the rental unit; for planting edible fruits or vegetables; for personal use or donation; and cannot include marijuana or any unlawful crops, among other conditions. This law also affects HOAs. It would make void any provision of a governing document of a common interest development that effectively prohibits or unreasonably restricts the use of a homeowner's backyard for personal agriculture as described above.

The Buyer's Choice Act now Permanent

This law presently prohibits a lender of REO directly or indirectly that the buyer purchase title insurance or escrow services from a particular title insurer or escrow agent. This law applies to residential property of four units or fewer. A seller (lender) who violates these provisions is liable for an amount equal to three times all the charges made for the title insurance or escrow services. This existing law was due to sunset in 2015. Now however, the law will continue indefinitely.

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

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: properties14@rockyfield.com

visit: www.rockyfield.com

DRE broker license:
01328577

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.



Year of the Sheep

SELECTED LISTINGS

Please Contact Rockyfield

A: Active S: Sold B: Backup P: Pending
Prices in '000s. Source: MLS (as of 01/05/15)