



Rockyfield Newsletter

US Economy & Housing Market

February non-farm payroll increase was 295,000, 65,000 more than consensus forecast, extending 200,000 or more over 12 months. From the GDP and labor stats, the US economy appears to be robust; however, February wage was up only 0.1%. As some indicators are showing signs of consumption recovery, better employment may be helping household income. However, given the lagging wages, we cannot expect strong consumption growth. And interestingly, the February employment news brought down the stock market because concerns over interest rates are far greater than positive expectations for better business results. This market reaction proves that today's financial markets are driven by borrowed money. After the initial stimulus spending, the US economy has been solely dependent upon the FRB's extreme easy money policy. As a consequence, huge excess liquidity still remains in the financial market. Now that economy and employment are rapidly improving, the market participants naturally predict the FRB will soon raise interest rates. Well, given that household income is still struggling, and oil price remains low, inflation is not an immediate threat. The Federal Reserve should absorb the excess money by other means than rate hikes until inflation becomes a real threat.

The immediate crisis in Europe has been thwarted as the Greek debt extension was agreed; however, no underlying problems have been resolved. The ECB began its bond purchase program, which may be ineffective. The economy cannot get out of deflation by the policy just opposite of anti-inflation policy. In deflation, people do not buy today knowing that prices will fall tomorrow. The Euro currency makes even more difficult for Europe to deal with the deflation trap. Among BRIC, only India is in a good shape. The whole world needs a strong boost by the US economy.

When wages start increasing, inflationary pressure will mount. For the housing market, wage increases are positive; rate increases are negative. Several bumps

Both Sales, New Listings Increase

Required Seller's Disclosures

The volume of disclosures are increasing every year. But most of them are just statements or public records which your agent or escrow will obtain for you. You just sign them. There are two documents you will need to fill out by hand.

TDS (Transfer Disclosure Statement) describes what features and equipment your home has and other general statement about the property. It also requires known defects to be disclosed. Basically, you will need to mark check boxes next to the pre-printed questions.

Before the changes in the recent Purchase Agreement, Buyer could choose either Supplemental Statutory Disclosures (SSD) or Seller Property Questionnaire (SPQ) in addition to TDS. The new agreement simply states that Seller has to furnish buyer with SSD or SPQ. Unless Buyer requests the SPQ, Seller may choose to use SSD which is a one page simple form. Although Seller is required to disclose material facts that Seller is aware of, disclosures are not guarantee. Nevertheless, if a material defect, which Seller fails to disclose, becomes known to Buyer later, there is a risk of a law suit. Even though Seller did not know, legally Seller is liable for the facts that Seller ought to know. Therefore, we recommend SPQ. We have seen a few sellers mark all "NO." Never do this. You may be accused of lying. If you are not sure how to answer, ask your agent for help. We normally sit and work with Sellers.

We also suggest that you gather records of past repairs and other records before selling the house.

against the US economy to grow faster exist: Europe, Middle East, political fights that subdue policy making, the higher dollar, economic impact of the Supreme Court decision on Obamacare, etc. Lots of uncertainties lie ahead for the next two years.

Palos Verdes Housing Market

New listings (single family homes) began increasing in mid-February and the market inventory turned upward. Sales had already been performing very well since early February, and the in-escrow listings rapidly increased; the supply-demand condition has greatly improved. New listings caught up with sales and curved the increase of the in-escrow listings in late February. The gap between the inventory and in-escrows has narrowed to 35. It is very tight condition. Many listings that remained on the market after the market inventory hit bottom were priced too high or had some issues. The DOM (days on the market) tends to be polarized, as buyers focus on new listings.

We have also noticed that many buyers visit "brokers open house" (every Tuesday) unaccompanied by an agent, just like weekend public open houses. It seems that these buyers want to get ahead of other buyers.

Prices, which homeowners are most interested, shot up on statistics during the holiday season from December to January when the market size shrank. Unusually large sales of high-end properties also contributed in the shrunk market. The total sales grow when low-end sales increase. The increased market inventory also eased the supply shortage. Prices continued their steep declines during February. However, this was not a real decrease; just seasonal and statistical stuff. We expected the median escrow price to start going up in March; and it is already happening! While the supply-demand condition is very tight, mortgage rates seem to be rising. But foreigners are very actively buying US Treasuries, keeping their yields low. We do not expect sharp rises in mortgage rates in the near future.

Townhomes' shortage is noteworthy.

New Purchase Agreement (2)

Contract Date: The old agreement has "Date: _____" at the top right corner. This date is for reference date and the effective (execution) date is the last signature date. Residential transaction's effective date is the date of the final Acceptance. Some agents wrongly believe the contract date (reference date) is the effective date. To avoid confusion, the new agreement indicates "Date Prepared: _____".

Contingency for purchase of Sellers' replacement property has been removed; only sale of buyer's property remains. Seller's purchase contingency was removed from Form (COP), though the title has not been changed. If Seller wants to have a contingency for a replacement home purchase, Seller can indicate it on the counter offer.

Possible Representation of More than One Buyer/Seller Disclosure has been added. An agent relationship is between seller/buyer and a broker, not individual agent. One broker may represent two buyers for the same property even though two different agents without knowing represent each buyer. The same broker may list two competing properties by different agents.

Every time forms are revised, it is almost a norm that more forms are added or many forms increase in their length. This time, however, **Buyer Advisory** (for inspection) has been reduced from two pages to one.

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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Los Verdes House for Lease

A single family home in Los Verdes will be available for lease on April 1. The house has 4 bedrooms/2baths (1800sf), beautifully remodeled, spacious kitchen/dining area. It also has ocean view. The rent is not finalized yet.

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#

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

A: Active S: Sold B: Backup P: Pending
Prices in '000s. Source: MLS (as of 03/10/15)