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Rockyfield Newsletter

US Economy & Housing Market

One of the reliable economic indicators is vehicle sales. Excluding housing, a vehicle maybe the most expensive item for many people. It is a necessity but it is not consumable. It is also subject to personal taste and preference. After the 2nd quarter GDP was revised upward to 3.1%, concerns over international tensions and domestic politics remain. September payroll number was negative due to special reasons. The economy, employment, wages are all moving upward. September vehicle sales were up 6.1%, and big automakers fared well: GM 11.8%, Ford 14.9% and Toyota 8.9%.

The Federal Reserve with confidence in the economic growth will start selling their bond portfolio which they bought up after the meltdown. We have been consistently advocating that the FRB's asset reduction should take priority over rate hikes. We have almost full employment and wages have finally started rising. Unless the FRB absorbs the huge money stock, the pressure on resources, including energy, raw materials and labor, will mount and precipitate inflation. By selling bond holdings, mid and long-term yield will rise, restoring a desirable yield curb which is too flat right now. It is also urgent and imperative for the FRB to regain its tools to manage inflation for the future steady growth.

Let's play a devil's advocate about corporate taxes. Large corporations want lower tax rates. However, growth and employment are always driven by start-ups and fast-growing businesses which need to keep investing lots of money. Because they often produce little or negative profit, they are less sensitive to tax rates. Large corporations can make good profit with limited growth except via M&A's. Excess cash may be paid to shareholders as dividends, or invested in financial instruments, rather than in productive equipment and facilities. More real investments mean more expenses and less profit. Higher tax rates can be an incentive for large corporations for productive investments, while small

Sudden Fall Of Housing Sales

While You Are Away

When you go on a long trip, you are worried about the security of your home. Especially, caution must be taken toward the year-end. A couple of years ago, a surge of residential burglaries occurred in PV; thanks to the police and city's efforts, we did **not** have so many problems last year.

People are taking a variety of measures to prevent thefts while their homes are vacant; here are a few of them:

Leaving a car on the driveway (single family house). If your trip is a long one, it may become ineffective and the car may be broken into or even worse stolen.

Use of timer to turn on a light from dusk till midnight. Timers which turn on and off at random times are available. It may be used to turn on and off a radio just loud enough to be heard from outside.

Request the Post Office to stop mail delivery may be imperfect. You may ask your neighbor to take your mail out of your mail box a couple of times a week. Flyers and cards left at the door should be removed. Neighbors are usually willing to help as they would need your help, too.

If you have a friend or neighbor to ask for help, trash bins can be put out to the street every week even though they are empty. The trash collector would not know because it is the machine arm which picks up trash bins. This makes your house look as if you are not away.

You can ask your friend to check inside the house once a week, and ideally to run the dishwasher and toilets. Changing the air keeps the house in a better condition.

Any other good ideas?

growing companies get less benefit from low tax rates. Entrepreneurs benefit from the low capital gain taxes. Yes, tax reforms are necessary but the focus should be on a simpler, efficient tax system as tax cuts could create inflation especially when the economy is growing.

Palos Verdes Housing Market

The PV housing market unexpectedly became frozen, despite the positive economic prospects. As sales fell precipitously, the inventory made a sharp upward turn and the in-escrow number dwindled. In addition, prices kept falling, though gradually.

It seems obvious that buyer's mind has suddenly contracted. But why? Four major hurricanes, Las Vegas mass shooting, looming nuclear risk with North Korea and Iran, domestic political turmoil, etc. Mortgage rates rose last month by 0.10%, but rates are still lower than 6 months ago. So, interest rates are not the cause.

This year's September slump was unusual because expensive property sales were substantially down while low priced listings kept selling well. This sudden decline was caused by very few sales around \$1 million.

The median escrow price is falling mainly because of more low-priced property sales than expensive ones. It dropped more than 7% from the peak in May. However, it is too early to say that individual property prices are falling.

We hope this market freeze is just a one-week event, and it is likely to recover in the coming weeks unless a major negative event happens. If your house is over \$2 million and if you are thinking about selling, you may be better off by waiting until next year. If your home is below \$1.5 million, you may be able to sell successfully before Thanksgiving.

The townhouse market is usually good in October, and there have been severe supply shortages of townhouses in South Bay. It is a great market for townhome owners.

New Floor Materials

Nowadays, we come across new floors that look like wood with various colors and shades. Wood floors are susceptible to moisture; luxury vinyl plank is water proof and durable. They are cheap and can be installed peel-and-stick or floating like laminate; however, high-end LV planks should be installed with adhesive. High-end LV tiles should be installed with special grout just like regular tiles. Installation with adhesive requires higher labor costs. While LV floors may look great, they do not have hardwood's gentle friendly feeling. VCT (vinyl composition tiles) are now available for residential use. In general, vinyl floors are water-resistant and suitable for a kitchen and bathroom; however, we sometimes see them in living rooms.

Linoleum has been available for over 100 years mainly for commercial uses, and many people may have unfavorable view of linoleum. Thanks to the new technologies, linoleum is making a comeback as a new generation discovers its benefits: all-natural/eco-friendly, extremely durable, withstanding heavy traffic and scratches, and it will last for decades. Linoleum comes in a wide variety of colors, from quiet neutrals to vibrant hues, and the color runs all the way through rather than being printed on the surface. However, like wood products, linoleum is also susceptible to moisture and unsuitable for a kitchen and bathroom. Linoleum comes with a higher price and higher labor cost than vinyl floors.

Hardwood adds values to the house, and will remain popular for up-scale houses; however, today's handymen and flooring companies prefer to use "engineered hardwood" while homeowners believe they are hardwood.

When it comes to floor, do not go cheap!

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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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

Free weekly market information

We can provide a free weekly update of the housing market in your area, including graphs. Please contact us via e-mail with your property address. The list below does not include many listings.

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.



SELECTED LISTINGS

Please contact Rockyfield

A: Active U: Contracted P: Pending S: Sold
Prices in '000s. Source: MLS (as of 10/10/17)