



July 8, 2020 VOL.167 -WEB

Rockyfield Newsletter

US Economy & Housing Market

When the economy has a large amount of unused resources, including labor and materials, fiscal spending will not cause inflation; however, after this pandemic, we will have gigantic government debt, and economic recovery may possibly cause soaring interest rates. Then, how can we ensure rapid growth without threat of inflation? The supply-side theory may have the answer as its goal is to achieve sustainable growth without inflation by boosting productivity. It means: Inputting same amount of resources, we can get more, resulting in lower unit costs. In policy, it can be achieved with increased investments to improve the productivity. While there are a few ways to achieve the goal, tax cuts became the main policy in the 1980's, when the highest marginal tax rate for individuals was 70%.

Infrastructure, including various transportation, communications, internet and utilities, is crucial to ensure the economic productivity and social efficiency. However, no private entities will make such investments for general public use. Given the gigantic government debt, further huge fiscal spending will pose a risk of inflation. Unlike government handout aides however, infrastructure spending is investment that enhances productivity and efficiency for all across the society, businesses to individuals. Then, "sustainable" economic growth will increase tax revenue to reduce the deficit. Remember the deficit cannot be eliminated by spending cuts only, but by a revenue increase like the late 1990's as spending cuts reduce the tax revenue.

In the short term, we will need to dramatically increase consumption. Again, relief money will boost consumption only temporarily and it is inflationary. Infrastructure investments employ many people for a period of time; consumers start spending even more by borrowing when they become confident of their future income.

The real difficulty is the red tape. Normally, such government spending bill would take more than 6 months to pass; then appropriation and awarding contracts; it may take more than one year before those pro-

Single Family Home Sales Growing

Selling Homes in Pandemic

We hesitated to actively seek housing transactions in March just because we wrongly thought few buyers would be around. In the meantime, a few tenants of our landlords left, and we listed several houses for lease. We were surprised by a large number of inquiries we received. Housing sales in PV have been up and down, but generally speaking, our housing sales have been going up, and more importantly, sales are spreading from inexpensive ones to expensive homes.

We have prepared to list more houses with our prudent safety protocol. First of all, we strongly recommend that a house be vacant for the owner's sake. You may consider vacating the home until escrow is opened. Even if it is vacant, showing is still with appointment only, and all visitors must understand and sign the specific safety instructions. When an agent shows, we either accompany them or install a lockbox each time before showing. We also request a submission of a loan pre-approval as condition to show the property. Buyers with solid financial abilities are more important than ever.

We have also noticed that many transactions closed with a substantial discount from their listing prices; buyers tend to demand many repairs or credit. The best way to prevent such trouble is to spell out "no repairs or credit" as a part of the contract, although it is still not perfect.

jects get started. Due to the urgency, we will need strong leadership by both Congress and White House. Raising tax rates for the higher brackets should not hurt the economy as taxable incomes are depressed for now due to the Pandemic recession.

Palos Verdes Housing Market

Despite signs of losing steam in late May, the PV housing market resurged and has kept improving. Watching increased sales, many sellers (new and also from Hold) continue coming on the market. Thanks to the strong sales, the market inventory is growing rather modestly. Those listings over \$2 mil have recently started selling, and the median escrow price is moving up. But as we have noticed many final prices are substantially lower than listing prices, the real prices may not be increasing; however, we believe the market price is not declining either.

While we hear negative effect of COVID-19 on loan approvals, we have not seen any sign of an increase in escrow failures due to the loan difficulty, although it seems to be happening to a few townhomes and condos. The impacts of the recent spikes in the LA County is rather indirect through job losses and the loan issues, the PV housing market particularly seems to keep going for the time being.

Clever sellers list their homes at a low price from the launch, and sell in a few days. Quite a few sellers cut their prices more than \$50,000 after staying on the market for a while. It is not unusual to see \$100k to \$200 reduction for expensive houses.

The pandemic has made the normal seasonal patterns irrelevant. It is not necessary to worry about the summer or September slump. However, it is also true that we are like driving at night without head lights. Given the total uncertainty, the PV housing market and prices would repeat ups and down. However, one thing that is clear to us is: it will significantly damage the housing market if this pandemic lasts too long like well deep into the next year.

It will be a trade off between the pandemic losses and economic losses, both of which could lead to deadly consequences.

Home Cooking During Pandemic

During the lockdown, many people cooked at home. Both my wife and I love cooking, trying new recipes, and experimenting our creative ideas. Here are a few of our secrets though you may already know.

Many people eat only broccoli crowns; what do you do with the stems? You can add to soup, or sauté with other vegetables. A delicious way we have found to eat broccoli stems is Tempura which will produce a smooth texture and flavor.

Rolled cabbage wrapped by a slice of bacon is always heartwarming. Turkey ground (not lean one) creates a creamy and flavorful texture, a perfect match with cabbage and tomato source.

Hamburger steaks are softer and easier for kids than regular steaks. Unlike hamburger patties, we add bread soaked in milk and diced onions with seasoning to ground meat. Our secret, though it's normal to Japanese people, is that we combine ground beef and pork about 50/50; then more importantly, we compress the mix by hands before flattening to make a desired shape. This action squeezes out air and water for better, richer taste.

Many people have lemon trees. Among many ways to enjoy lemons, here is our favorite. We make lemon sherbet (lemon juice, water and sugar), and before serving, we smash the portion and mix with plain Kefir. This makes a creamy, tart delicious desert.

Aloe vera juice is supposed to be good for our stomach especially with acid reflux. However, aloe vera juice is distasteful, say the least. Sweetened aloe vera drink has too much sugar that actually worsens the heartburn. I have tried so many things to mix with. Though it is still no way tasty, vegetable juice with less sodium is bearable: Having this cocktail before going to bed would help.

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

DRE Broker License: 01328577

727 Silver Spur Rd. Suite 205
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

New Lease Listings

We are looking for new tenant for two houses in Torrance High area. Both are a three-bedroom house. One available now is \$2930 per month; the other will be coming soon at \$3400.

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

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 even if you have no plan to sell. No strings attached.



SELECTED LISTINGS

Please contact
Rockyfield

A: Active U: Contracted P: Pending S: Sold
Prices in '000s. Source: MLS (as of 07/07/20)