



# Rockyfield Newsletter

## US Economy & Housing Market

Despite the underlying housing shortage and historically low rates, housing prices have been suppressed by lack of consumer confidence under the high unemployment. Several indicators seem to suggest "double dip." Unemployment and economic recovery may be forming a vicious circle. Another reason for the stumbling recovery is lack of business investments while corporate cash holding is over \$1.7 trillion. We need to think over what encourages businesses to add new employees.

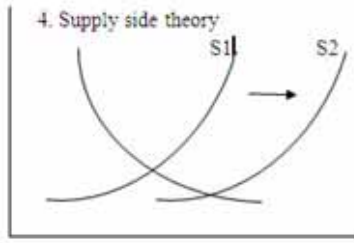
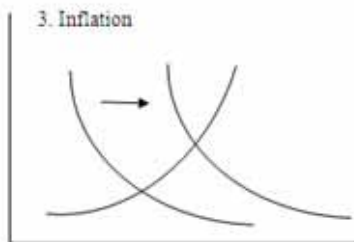
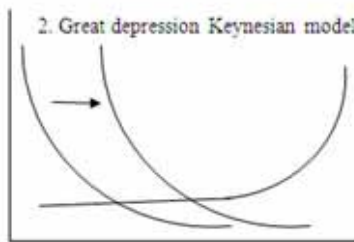
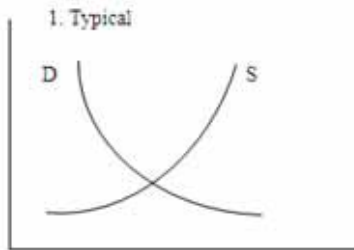
No corporations would hire people or invest in equipment just because they have excess money; nor would large profit help. It is "Sales" that force any organization to add people. When they cannot handle increased sales, they will have to add employees regardless. It is especially true for small businesses that account for 70% of the employment. What would increase sales? Economic policy to boost consumption and business investments is needed.

Government spending, if smartly targeted on a long-term basis, could break the vicious circle. Our infrastructures are aged and inefficient; especially transportation directly affects the economic efficiency. If a special fund financed by tax exempt bonds can attract corporate cash with preferential purchases from investing corporations, fixing and building infrastructures with private money may be possible. Efficient transportation especially improves productivity (see supply-side theory below). Civil engineering work will help employment rather than handing out money.

A different economic policy is required under different circumstances. Our economic policy has become too inflexible as conservatives always push tax and spending cuts while Democrats advocate fiscal spending and welfare. The top diagram (1) shows typical demand and supply curves. The crossing point is the current state of the economy with output on X axis and price on Y axis. (2) Due to unutilized resources, supply curve became flat. The economy recovered by the New Deal

## Listing Rush Further Softens Market Prices

### Demand-Supply Curves



without inflation. (3) Government spending shifts the demand curve to right, often causing inflation without increasing the output as much. (The cost inflation caused by the oil shock shifted the supply curve to left.) (4) Supply-siders advocate growth without inflation is possible by shifting the supply curve to right (more output at the same price) through improved productivity. Although the market competition is a must, oligopolies are regrettably more evident today across many industries.

Swift actions, desirable or undesirable, by both Bush and Obama administrations prevented another great depression. Spending cuts under this weak economy is too risky. When the economy recovers, the supply-side economic policy should be employed. Deficit reduction, which is imperative for long-term prosperity, is unattainable with spending cuts only without revenue increase from economic growth.

## Palos Verdes Housing Market

The listing rush has not shown a sign of subsiding. Because sales slowed slightly during the last two weeks in June, the market inventory of single family homes jumped over 260! The real concern is the price. After peaking in mid April, the market price has been consistently and little by little declining every week; now about 6% down. However, we are not pessimistic yet. Sales have recovered recently. The listing rush that started in March should slow down soon. If that happens, the market inventory would decrease rapidly. If the market inventory gets below where it was in early March (180), the price recovery would be possible thanks also to the historically low mortgage rates. But we expect such a recovery to remain a modest one until spring 2011 even if happens.

Today's buyers are aware of the excess inventory and are very aggressive. If the list price is high, they wait until the price is reduced, then they tend to offer even a lower price. It is a tough time for sellers.

The market trend and tendency by price ranges and by areas keep changing every week; it is an uncertain market.

## Listings by Rockyfield

### California Solar Initiative (CSI)

California is striving to create megawatts of solar-generated electricity towards a clean energy future. The CSI offers cash rebates for every watt of solar energy installed. Just follow these five easy steps:

#### 1. Energy Efficiency Audit

Energy-saving actions are the best way to save energy, reduce your energy bills and provide real, lasting benefits to the environment. Plus, you reduce the size of the solar system you need, saving thousands in up-front installation costs.

#### 2. Find a Solar Installer

Qualified licensed contractors can apply for the CSI rebates and incentives on your behalf and arrange for your system to be interconnected to your utility company's power grid. The installer may also apply for local permits and assist you with federal tax credits on the installation.

#### 3. Apply for Rebate

When approved, funds will be reserved for you and you will receive written notice. There are two ways to receive the rebate: Expected Performance Based Buydown (EPBB): Entire incentive payment at the time the system is installed. (up to 30KW) Performance Based Incentive (PBI): Paid every month over five years, and the payment is based on the actual metered output of the system.

#### 4. Install Your System

Your contractor will install roof panels, separate meter and hook it up to the utility grid. After installation, inspections by local authorities, power company and the CSI (random) may take place.

#### 5. Claim Your Incentive

You submit Incentive Claim Form and backup documents.

For details: <http://www.gosolarcalifornia.ca.gov/csi/>

#### Welcoming Home in Los Verdes for Sale

- Elegant curb appeal with red ceramic tile roof
- 3 bedrooms, 2 baths, 1,573sf, 9,271sf flat lot
- Beautiful, spacious backyard with 8 fruit trees
- \$899,000

#### Torrance Home for Lease

- 3 bedrooms, 2 baths with a master bedroom
- 1626sf. Large living room and family room
- \$2,500 per month

#### Torrance Home for Lease

- 3 bedrooms, 1.5 baths with a master bedroom
- 1540sf. Large living room and family room; Remodeled.
- \$2,450 per month

#### Upper Lunada Bay Executive Home for Lease

- 5 bedrooms, incl. one on the first floor; 4.5 baths
- 4,956sf and 15,672sf lot
- Ocean view, swimming pool with spa
- \$6,500 per month



### 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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Search properties for sale on the MLS.

visit: [www.rockyfield.com](http://www.rockyfield.com)

### SELECTED LISTING SAMPLES

For Listing information

Please contact

Rockyfield

A: Active S: Sold B: Backup P: Pending  
Prices in '000s. Source: MLS (as of 07/19/10)