



Rockyfield Newsletter

US Economy & Housing Market

While December payrolls increased much less than anticipated, the November figure was greatly revised upward. Employment is improving steadily. This December number eased the inflation fear in the financial market; interest rates stopped rising, and the 30 yr mortgage rate came under 5% again. The gap between the long- and short-term interest rates still remains large; many homeowners with good credit are refinancing with 15 yr fixed rate loans. Too rapid increase in employment will stir the inflation fear with higher interest rates that will suppress the economic. Steady employment recovery is more desirable.

We should personally feel the economic recovery in 2011. The huge corporate cash positions have been largely due to better profitability rather than increased sales. As consumption is still tepid, corporate sales are still insignificant. As a result, businesses are still cautious about hiring and their cash positions are growing. However, work hours are increasing, and there have been signs that businesses have started hiring. Such increase in employment will help consumption. And if corporations start investing their cash in business, new employment for such expansions, in addition to hiring for increased sales, will more rapidly reduce the unemployment rate. 2011 should be the year when the positive cycle replaces the vicious cycle.

The full recovery of the US economy will help ease the European financial crisis. I was in England when the Euro started, and expressed a strong doubt about the future of the single currency because, given the large disparity in productivity and tax systems among members, either severe inflation or recession would trigger a serious discord in absence of the safety valve (the currency exchange market). The EU needs fundamental changes in their financial systems for their real recovery.

The US has its own structural problems: the widening income disparity has weakened the middle class which is the engine for the strong consumption; oligopolies

Can Prices Recover This Spring?

Market Forecast for Sale

Many homeowners are thinking about selling their homes this spring. In addition to returning listings from the holiday season, those owners, who have been waiting for a better market condition, may no longer be able to wait for various reasons. We expect more than usual listings to come on the market this spring. The market inventory may temporarily swell, putting pressure on prices. On the other hand, buyers have been active through the holidays. Their number and seriousness have grown in the New Year. If sales exceed new listings in number, the market condition will remarkably improve, and vice versa. The market price is a function of this supply-demand relation.

Generally speaking, we recommend listing in early March; however, the market condition greatly varies depending on areas and price ranges even within PV. The current sales have been driven by the low-end market, and it is also true that prices are weakest for the low-end market which is sensitive to prices and interest rates. Sellers need to determine selling points of their house vs. target buyers, using a matrix of areas, price ranges and property types. Therefore, it does not have to be March for many homeowners.

The listing agent must stand firm in negotiations as many buyers are hard bargaining. But aggressiveness only would not work. Strategic thinking is required.

across many industries are making the competitive market dysfunctional; growth of small and new businesses is missing except for those less-productive businesses like Facebook.

Palos Verdes Housing Market

An interesting thing is happening this year: high-end properties are selling with 9 of them currently in escrow. The super rich seem to be thinking that housing prices may start rising soon. With the gold price stagnating, if the money in the commodity market shifts back to real estate, purchases of residential properties for rental purposes may resurge. We truly hope that will happen.

Despite the relentless rain and holiday season, housing sales sustained through last month, and buyers' appetite continues to remain strong this year. As Torrance is still slow, good sales seem to be limited to Palos Verdes. New or returned listings started during the 2nd week, and more came in the third week. Yet, it has been not as much as we were worried. The stabilized mortgage rates are also helping. As to the price range below \$1mil., more listings are in escrow than "Active" for sale. Approximately, these houses are selling in about a month on average.

Because the market price is based on statistics, growing sales in low priced houses are ironically keeping the market price (average or median price) low. It is still falling. When the mid price range (the PV's main market) starts selling more, the market price will recover.

December sales of single family homes in PV were very strong at 48. The entire sales for 2010 recorded 525 which were as good as 2006 and 2007. The median price capped the three year continuous decline and turned to a 3.3% increase. We can say with confidence that the housing market in Palos Verdes has hit the bottom and turned around.

While the condo market has been lack-luster due to many foreclosures and short sales; the townhome market continues to be performing very well.

Carbon Monoxide Detectors (SB183)

This law revises the TDS (Transfer Disclosure Statement by Seller) to include a disclosure regarding compliance with the smoke detectors and water-heater bracing laws (eliminating the need for separate disclosure forms). The TDS will also add a disclosure regarding carbon monoxide detection devices.

This law enacts the Carbon Monoxide Poisoning Prevention Act of 2010. The law requires a carbon monoxide device (battery or hard-wired) to be installed in a "dwelling unit intended for human occupancy." A violation is punishable by a maximum fine of \$200 for each offense.

Owners of residential rental property must also comply with this law. Tenants are responsible to notify the owner of an inoperable or deficient carbon monoxide device.

Required Installation Time Period:

- On or before July 1, 2011 for existing single-family dwelling units
- On or before Jan. 1, 2013 for all other existing dwelling units

They cost from \$40 to \$100. Combo (smoke / carbon monoxide) devices are available. Consumer Product Safety Commission recommends that one CO alarm be installed in the hallway outside the bedrooms in each separate sleeping area of the home. CO alarms may be installed into a plug-in receptacle or high on the wall because CO from any source will be well-mixed with the air in the house. Make sure furniture or draperies do not cover up the alarm.

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

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: properties8@rockyfield.com

Search properties for sale on the MLS.

visit: www.rockyfield.com

Need a handyman?

If you are looking for a house cleaner, handyman, painter, plumber, electrician, gardener or contractor, we will 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. If you have no plan to sell your home, please say so when you contact us.

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 Rabbit

SELECTED LISTING SAMPLES

Please Contact

Rockyfield

For Listing Information

A: Active S: Sold B: Backup P: Pending
Prices in '000s. Source: MLS (as of 01/17/11)