



Rockyfield Newsletter

US Economy & Housing Market

The impasse of government shutdown and debt ceiling increase finally ended, and the economic recovery is back on track. It is interesting that the debt limit was not increased in the amount; the Treasury Dept is authorized to borrow as needed until next February. Interest rates that were down with the fear of another recession rose back to the same level as before, but there is no clear sign that rates will continue rising. Mortgage rates are still rising lagging behind the general interest rates. Housing sales that sharply dropped during the political fight quickly recovered in November. The 3rd quarter GDP was much better than the market forecast, and the 2nd quarter remained the same despite the lower forecast. However, the GDP growth was supported by inventory and exports; consumption was still weak. October employment also surprised the market with more than 200,000 with strong upward revision of previous months. Strong October car sales, lower gasoline prices and positive signs in European and Asian economies are encouraging. If the upcoming shopping season ends with a positive note, we can expect a strong economic growth next year, unless another stupid political deadlock over the budget and debt ceiling happens. And the spring housing market would be fantastic.

The financial markets are very nervous about when the FRB will start dwindling down the \$85 billion/month bond purchase program. We do not believe the FRB saying they will continue the easy money policy until employment recovers. Because this program is effectively printing and dumping money into the market, as soon as the FRB senses a small sign of inflation, we believe, a smaller purchase volume will begin. The appointee for the FRB chairwoman, Ms. Yellen, is perceived as liberal and biased for higher employment; it is unlikely that the FRB policy under her will dramatically shift. The purpose of the FRB is to ensure the health of the financial markets to support the steady economic growth. As Mr. Bernanke reiterated at

New Listings Finally Dwindle Sales Going Strong

Today's Lease Market

After the 2008 meltdown, an increased number of homeowners chose to lease rather than to sell their homes. The demand for lease/rent had been even stronger as many people facing financial difficulties sold their homes, or buyers who were no longer confident of their future financial status decided to lease/rent instead of buying. While there is no true market price in leasing business as the circumstances of sellers and buyers greatly affect the rent amount, we believe the rent has been leveling or slightly down since late last year with seasonal ups and downs.

The Palos Verdes single family home lease market becomes most active from June to August for school reasons. This year's lease contracts have been 19 in Jan., 24, 24, 39, 30, 39, 31, 35, 25 and 22 in Oct. These numbers show the similar movements as the buy/sell market; however, it should be noted that the lease market often moves totally independently.

Recently, we noticed that fewer agents are working with tenants. In the Orange County, it is a normal practice to offer a very tiny tenant agent commission. Though the high-end markets like PV are different, the majority of our lease listings have been dealt directly with tenants without such intention. The reason is clearly "Internet." Many tenants are looking for houses by themselves.

hearings, it is not desirable for the FRB to undertake the main role in fighting the recession, and we believe Ms. Yellen has the same stance. As fiscal policy cannot deal with inflation, the FRB's bias toward anti inflation policy will remain, especially given the past success records.

Palos Verdes Housing Market

The very active housing market until August had been supported by so many sellers/buyers and low interest rates. Due to higher mortgage rates in early September, followed by the government shutdown, housing sales sharply dropped while a large number of new listings kept coming on the market, deteriorating the supply-demand condition with the increased market inventory. Even though the market slump during the second half of September is seasonal, this year's decline felt severe as the preceding sales were so high. Since October, a few major changes in the market have been observed: much fewer new listings; recovery in sales in early November; higher median escrow price because of fewer low-priced listings under \$900,000. The majority of the past sales were low-priced listings that are closing now in large numbers. The in-escrow number is decreasing despite the recent sales recovery, also contributing to the higher median escrow price.

October closed sales were 49 reflecting the slump in September, down from 68 closed sales in September. Because October sales were down, November closed sales should also be weak.

Since the number of buyers and their strong desire remain strong with fewer new listings, we expect good market condition for the rest of the year, but it also depends on availability of the listings that offer good values. Given today's strong demand, we may see an active market during the period between Thanksgiving and Christmas. And unless another political disturbance occurs, we expect a very exciting housing market in spring to early summer next year. We recommend that potential sellers wait until early next year.

Environmental Hazards – Mold (2)

Molds are everywhere both outdoors and indoors. We are exposed to and inhaling spores every day. There exist about 400,000 kinds of molds, of which a few than 100,000 have specific names, and about 80,000 are said to be poisonous. Even non-toxic molds may cause allergic reaction with certain people. There is no legal limit or standard for mold as the symptoms vary from a person to another.

When you sell your home, a home inspector suspects mold when excess moisture is detected. If the mold is visible, some inspectors may send a sample to a lab test. If it is not toxic, cleaning mold with bleach may satisfy the inspector, though it is up to the buyer to hire a licensed mold inspector.

Licensed mold inspectors will check and often open up parts of walls where moisture is detected and mold is suspected. They send samples to a lab and, create a report with instructions for a mold remediation service company. They usually seal off the indoor with plastic sheets, open up walls, dry wall interiors with blowers, clean up, treat the mold and vacuum all the mold dusts. This work process may take several days, though it will be much simpler if the affected area is small. The first mold inspection is paid by the buyer. The second inspection, remediation and replacing and painting drywalls could cost 10's of thousand dollars. In short, mold specialists are very expensive, especially when it is done according to the strict legal requirements.

Of course, you should not attempt to hide mold. It is much more economical if you deal with mold whenever you see, suspect or feel mold in your house. You can hire a licensed general contractor to treat mold. Prevention is even more important, any leaks must be fixed quickly. When you open a wall to fix a leak, clean inside as much as possible and do not close the wall until it gets completely dry. Make sure sprinklers are not hitting the house.

Very helpful and educational "Mold FAQ" by California Department of Public Health.

http://www.rockyfield.com/customers/mold_faq.pdf

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

Need a handyman?

If you are looking for a house cleaner, handyman, painter, plumber, roofer, electrician, gardener or contractor, we should 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. No strings attached.

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 11/10/13)