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# Rockyfield Newsletter

## US Economy & Housing Market

Brexit may not happen as people in the UK have started realizing that they were totally misled by those politicians who exploited the rise of nationalism for their own political ambition. Alas, they seem to have campaigned too well. There is no doubt that no one expected Brexit would actually pass. Backstabbing is quite normal in the UK politics. Remember the original "House of Cards" was created in the UK in 1990! Boris Johnson was abandoned; Nigel Farage was shamed. Whoever it is, the new prime minister must have people's mandate to be effective during the upcoming negotiations with the EU, and an increasing number of people are demanding another referendum. We believe, there will be sooner or later a general election in which the "Remain" may prevail. We need to discuss two potential issues, however.

First, there have been speculations: "Which city will take over London as the international financial centre." It should be reminded that the UK is not a member of the Euro currency; there will be no difference for the role and operations of the "City" even if the UK exits the EU. No other European cities can provide physical, financial and human resources like London. The most potent city may be Frankfurt; however, financial institutions are unlikely to accept German control. In any case, there is no reasons or justifications for financial institutions to move out from London.

Second, if the UK exits from the EU, unlike financial institutions, many, especially foreign, corporations will consider moving to the EU territory. Scotland wants to stay in the EU, and they may fight for independence. If Scotland remains in the EU, moving to Scotland will be the easiest and the most beneficial way for those corporations. Politically, Scotland's attempt for independence may inflame Northern Ireland. The bloody history of Scotland and Ireland against

## *Selling Season Is Over*

### Watch Out for Iffy Buyers

We have heard from quite a few agents about questionable behavior by some of today's buyers. They include: A sudden cancellation even after opening escrow that may be due to simultaneously making offers to more than one property, or find a better deal. This type of behavior is typically found among buyers from overseas.

Disrespect for the initial agreement that typically happens over repairs and contingency removals. Request for repairs may be made for all items mentioned in the home inspection report which could be 20-30 items. We have no doubt their intention is to get a credit, not expecting the seller to do all these requested repairs. Most sellers are outraged and reject the entire repair request which we would recommend. Then such buyer typically comes back with request for a credit. For a purchase with a loan, a lower price does not mean so much cash to the buyer; a credit toward the closing cost means cash to the buyer.

Once in escrow, seller's options are limited while buyers can do so much; sellers have to take a few steps to cancel the transaction, which is usually the last thing sellers want. Therefore, it is increasingly more important to carefully evaluate buyers as well as how offers are made. We strongly suggest that Seller decline a blind offer (making an offer without actually seeing the property); if the buyer is so anxious to buy the house, they would make a new offer after seeing the house. Incomplete offers may indicate that the buyer may not respect the initial agreement.

(There will be no August issue)

England cannot be forgotten.

Again, it is quite possible that the UK will remain in the EU in the end. (continued on the backpage.)

## Palos Verdes Housing Market

Everyone understands now that there is excessive inventory of single family homes in Palos Verdes. We had only 140 homes for sale on January 3, and now 240. Since new listings exceeded 30 two weeks in a row in mid May, there have been consistently more than 20 new listings every week. Sales (contracts), which have been going well around 20 per week, simply cannot match the crazy volume of new listings.

The median escrow price started decreasing in mid May, reflecting the deteriorating oversupply condition, and started declining faster in June. Although the market price recently reversed its direction, the E/A (escrow/active) ratio is still sharply declining, indicating such price recovery is temporary or due to statistical changes in component.

As we predicted, the selling season is over. The inventory, in-escrow listings, prices – all these factors are much worse that one year ago. Given the international turmoils, we expect to have a long slump through this summer and fall, and we may not see a seller's market until next year.

A positive or hopeful factor is that sales volume is still good. Even if there were no new listings, it would take 3 months to restore a good market condition. Given that a large number of listings have been cancelled, withdrawn or put on hold during the past few weeks, sellers who have no urgency to sell may be giving up. We hope that weekly new listings will be around 15 or less; then we can expect some decent market condition in October.

June closed sales were 81, compared to 90 in June 2015. While the average price was up, the median price was down.

To our surprise, the condominium market in PV was excellent this year; but it finally came to an end. The townhouse market has been much slower but it is still selling well.

(continued from the front page)

David Cameron may be remembered as one of the two worst prime ministers in the UK history. After the financial crisis in 2008, unlike other European countries, the UK was not in a recession; actually the UK economy was still healthy. Cameron took advantage of it, warning people that the UK would face a fiscal crisis like weak economies such as Greece, and put an austerity plan in place. The UK economy collapsed and suffered multiple recessions. Working class people not only faced job losses, but also were crushed by cuts in government support. Cameron pinned the blame on the over regulations and control by the EU. Thus nationalism and Brexit movements started. To fend the pressure, Cameron promised a national referendum for Brexit. Of course, he never imagined he would lose.

The EU will lose net contribution of £8.5 billion (\$12 billion) from the UK (gross is \$18 billion), which is the third largest after German and France. The EU is already saying that the departed UK should not expect "benefit without responsibility" or the European Free Trade status like Norway. However, this could have negative impacts on the EU too. In our opinion, after a series of exchanges of tough words, both parties will eventually reach a mutually beneficial arrangement.

While the financial sector will have negligible changes, real economic impacts could be significant though it should be very gradual and slow. The tense relationship with Scotland and Ireland would diminish the UK's political power. Politically, Russia would become our major concerns.

Again, we believe, it is quite possible that the UK will reverse its decision. Remember that the referendum is an "unbound resolution." The UK's political elites have had no intention to leave the EU.

## 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

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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

- 6530 Certa, 1544sf, 3bd/2ba, \$989. A
- 29132 Warnick, 2247sf, 4bd/2ba, \$1125. A
- 28318 Trailriders, 2060sf, 5bd/2ba, \$1199. A
- 28215 Ambergate, 1942sf, 3bd/3ba, \$1289. A
- 28047 San Nicolas, 2332sf, 4bd/3ba, \$1448. A
- 29004 Warnick, 2399sf, 4bd/4ba, \$1459. A
- 7016 Starstone, 3077sf, 6bd/4ba, \$1799. A
- 6944 Larkvale, 1816sf, 4bd/2ba, \$999. B
- 7002 Abbottswood, 1895sf, 4bd/2ba, \$1150. B
- 7016 Hartcrest, 2184sf, 4bd/3ba, \$1229. B
- 28203 Golden Meadow, 2269sf, 3bd/3ba, \$1359. B
- 6233 Monero, 2683sf, 4bd/3ba, \$1398. B
- 7015 Starstone, 2246sf, 4bd/3ba, \$1275. P
- 6608 Verde Ridge, 2420sf, 4bd/3ba, \$1478. P
- 6954 Verde Ridge, 2513sf, 4bd/3ba, \$1488. P
- 6703 El Rodeo, 1925sf, 4bd/2ba, \$999. S
- 6911 Willowtree, 1716sf, 3bd/2ba, \$1055.5. S
- 29106 Whites Point, 2420sf, 4bd/3ba, \$1125. S
- 7005 Hartcrest, 2076sf, 3bd/2ba, \$1145. S
- 28325 Golden Meadow, 1816sf, 4bd/2ba, \$1241.5. S
- 6937 Kings Harbor, 2352sf, 4bd/3ba, \$1420. S
- 28361 Plainfield, 2484sf, 4bd/3ba, \$1550. S

A: Active B: Backup P: Pending S: Sold  
Prices in '000s. Source: MLS (as of 07/05/16)