



Rockyfield Newsletter

US Economy & Housing Market

Democrats took the House; then what will happen to the economy? President and Congress can work together on issues like aged, obsolete infrastructure to improve economic/social efficiency. However, repairing infrastructure only would cost \$3.5 trillion. Given the exploding deficit by the huge tax cuts, strong economy (4.2%, 3.7% growths), 3.7% unemployment rate, wage increases (3.1% y2y) and so forth, huge outlays on infrastructure will become an economic stimulus, only to cause inflation. Others predict that confrontations over the Russian issue would create political turmoil. We now have signs for both inflation and economic slowdown; managing the economy may become impossible.

The current economic growth is supported by consumption (4%), especially centered in durable-goods. Demand for long awaited replacement of durable goods suddenly became real, thanks to improved employment and personal income. The strong consumption is accompanied by increases in consumer debt. Depending on the balance between household income growth and inflation, consumption may not continue growing fast. Another concern is tepid business investment (only 0.8%), which grew 8.7% and 11.5% after the tax cuts. Residential real estate investments continue slowing. Trade deficit increased to \$99 billion in 3rd quarter. While exports decreased, imports continue increasing with the strong economic growth. The imposed tariffs have decreased US exports while no effects on imports. Higher steel and aluminum costs seem to be permeating all industries; businesses are trying to raise their prices to cope with higher purchase prices and higher wages. Inflation is definitely in the making. The Treasury's auction of 30-year bonds on 11/7 met the weakest demand since 2009. Inflation pulls down bond prices; the market is obviously afraid of future inflation.

The fight over the budget and spending may lead to a government shutdown; and could be exacerbated to default on the US debt, which would trigger free falls of US

Tough Market for Home Sellers

Importance of Cleaning

The effect of the printed advertising has become negligent, except for realtors' own ads. We would rather spend money on things that directly support sales than advertise ourselves using sellers' properties. When you are living in your home, you may overlook a few things that may turn off buyers. If it is a small repair, we correct it on our own. Many agents bring flowers and such to make the house look nicer. However, additional things would not change the house itself; serious buyers see beyond things.

When it comes to appearance, clean, shiny condition gives newer impression. We are sometimes surprised to see newly listed houses that are not cleaned. Many cleaning companies' workers are under pressure to complete quickly; they often left a few places uncleaned or not perfectly clean. Good cleaners take time and shine ceilings, windows and especially revive the sparkling kitchen and bathrooms. Wood floors should not be wet too much; cleaners have to wipe them at least 3 times to finish them. You need to choose a good carpet cleaner as results would be quite different. Owners can remove the white buildup at faucets by soaking them overnight in CLR as cleaners may not have enough time to do so. Often, they become like new. Replacing faucets is not cheap; and you cannot change only one unless you find the exact same model.

As we have been involved in repair work and cleaning and we have learned so much, our know-how will be useful. We always work together as a perfect team and devote as much amount of time as needed. We are confident we spend more time on each property we represent than others. Thank you for your support during this year and hope we can serve you in 2019.

Treasury bonds/notes and stocks. And soaring interest rates will damage the economy and housing market. 2018 has been a volatile year; we are afraid 2019 will be a disruptively volatile year.

Palos Verdes Housing Market

Single family home sales were depressed to 6 contracts for two weeks in a row, and a fear of "frozen" market for the rest of the year spread under the worst supply-demand condition since the fall of 2010. Then, during the following two weeks, 18 and 20 contracts were made with the majority of sales being dominated by more expensive houses, and the median escrow price was statistically boosted. It is not unusual to have a good week or two in the fall housing market; however, the extreme volatility surprised and confused us. October single family home contracts in PV ended up with "normal" 57 with the median price up from the September slump.

Our hope for the recovery was quickly dashed out by merely 7 contracts during the first week of November. With the market inventory at huge 211 and in-escrow at 56 only, we cannot be optimistic for the 4th quarter. All numbers except for the median escrow price are worse than a year ago. Although we may have a good week before Thanksgiving and also in early December, "uncertainty" seems to be the best word to envisage the future. It would be futile to cut the price when the market is inactive; it would be more effective to cut the price and sell quickly as soon as positive signs appear.

A property value derived from comps is based on "past" records while pricing is for the future. We must correctly read the market directions, weigh competing listings and examine prices of the comps in escrow which will indicate what listing prices are doable.

This year has been volatile and defying all typical seasonal patterns and relationships between market parameters. Buyers are also unsure about the future prices and may be deterred by rising interest rates. Wages are increasing only to match the inflation. We predict a tough market for both sellers and buyers next year.

Marketing (2)

What is the most important factor in selling a house: Ultimately it is the PRICE! Apart from unchangeable features like view and locations, we all talk about remodeling, adverts, open house, staging and so forth. All these factors are relative to the price. However, "PRICE" is not a simple stuff. You are not selling commodities; your home is unique and one of a kind. A market value is an estimate with comparison to similar houses. Again, none of those comps are identical to your home. There is more to it. The market continues changing and so does the value of your home. And the value of your home is different to each buyer. Some buyers pay a premium for the view; some buyers need to buy a house for school reasons and they are less interested in view; some seek a one level house with no steps and they will ignore all second story houses; others seek privacy and quiet environment. Buyers' main interest varies endlessly. Sellers often ask us to push forward a certain feature that was the reason for purchasing their home. It works, however, only if a buyer has exactly the same needs, taste and preference of the owner.

So, what do we do? First, we study the house to achieve complete understanding of its selling features and points without ranking them. Then, create a profile(s) of buyers that the house can match the best: family size, ages, preferred features, etc. (It has nothing to do with discrimination! For example, a 6 bedroom house is unlikely to appeal to a single person; senior people are likely to prefer a one level home. If "unlikely" buyers are interested in your home, why not!) We will prepare the description, photos and other promotional materials with these matching features in mind.

We believe pricing is an art. Many appraisers do not systematically factor the different timing as the general market price changes everyday. Value of the view varies greatly, even from the next door. And more importantly, a general market value and value to the seller are different; and each buyer has a different value for the same house. The agreed price is created by mutual or either party's concession. Pricing can be strategic, intentionally setting a higher or lower price than the estimated value. At Rockyfield, we keep trying to achieve the best result based on such considerations.

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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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

Please Contact

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A: Active U: Contracted P: Pending S: Sold
Prices in '000s. Source: MLS (as of 11/08/18)