



January 8, 2026 VOL.217 - WEB

Rockyfield Newsletter

US Economy & Housing Market

Inflation devalues financial products while raises prices of real things. And real estate has both aspects. Today's inflation differs from the conventional one as it is not caused by overheating demand. Prices have been going up for a few reasons: global tariffs (temporary), supply chain issues, certain classes of labor and product shortages. The last one is our most concern, and they are all supply-side issues. Since it is not caused by a traditional overheating demand, excessive rate cuts are likely to inflame the inflation.

AI driven layoffs have been warned and started happening for white color workers and service businesses, though such unemployment would increase overtime, not overnight. Interestingly, the policy to encourage more domestic manufacturing may not increase employment as much as anticipated; it will rather force corporations to invest more in automation. At the same time, we seem to have increasingly serious labor shortage in farming, catering and retail industries.

Multiple rate cuts are expected during 2026. While year-on-year inflation rate may stay high for months, month-to-month rates are already within the reasonable range because the effect of tariffs is rather temporary. Therefore, inflation may become acceptable because the resilient consumption has been driven by luxury spending by the top 10-20%; the consumption by the rest is expected to remain weak by bleak employment expectations and ballooning consumer debt.

Expensive home market segments like those in PV are expected to stay active. However, we are concerned about short sales, NOD and REO (bank owned) in the near future. They will kill the many lower priced housing markets and eventually housing slump could spread to our PV market.

We sense that the Year 2026 would be eventful and full of surprises. It could create opportunities depending on how we deal with.

*Happy
New Year!*

Selling/Buying Strategy

Selling a home and buying a replacement require clever strategic thinking. And more importantly, any plan must be fine tuned for the market condition. Unless you (Seller/Buyer) have a luxury of ample cash to buy a new home, or you can get an enough loan amount out of the current home, the common financial issue is that the current home must be closed prior to the new home, if not concurrent closing. As the risk would be larger with concurrent closing, it is better to have them 1-3 days apart.

We used to recommend certain terms and conditions to accommodate Seller's purpose and convenience. No longer, as it is changing to buyers' market. Because it is difficult for many sellers to organize ideas, we start the plan from the buying side.

Contingency For Sale of Buyers Property (COP) used to be a non-starter with sellers; now it is a viable option for a Seller/Buyer. This form provides a variety of ways to structure the conditions; we will try to maximize the benefit/protection for Seller/Buyer, and still to make it acceptable to the seller. To make it more acceptable to the seller, the current home should be listed, and ideally, in escrow. The COP can be designed to start the day count at the time of Acceptance of the offer, EXCEPT for the loan contingency and closing date.

It is possible to add Seller's Purchase of Replacement Property (SPRP) which may not be favored in the buyers' market. Instead, a delayed delivery of the current home after closing by a few days would make the back-to-back transaction smoother. It can be a paid or free stay. If paid, it is better to include the per diem in the seller counter offer. We suggest the market rental price.

Palos Verdes Housing Market

The Realtor Association reports as if the housing market turned around in November; however, the long slump since June 2023 is far from over. Despite our negative impression, the numbers for the housing market (closed, single-family) during 2025 show a 3.6% increase with 551 closed which is still 36.4% smaller than 2021, and roughly 18% down from typical yearly average; it is a far cry from "Recovery." The number of contracts in 2025 also increased by 9% (likely to be adjusted downward).

This year began with a couple of big surprises; we expect more to come. As interest rates are unlikely to jump sharply, this spring market may become very active if consumer sentiment improves. Right now, anxiety is blanketing the whole society: the stock market, boosted by AI, is also very nervous; jobs are threatened by AI. People tend to feel like hankering down. "What can I do after sale" is the concern of potential sellers.

For the housing market to have a robust recovery, it is imperative that people regain confidence in their lives. Through mid January we expect many re-listings which have been taken off the market during the holiday season. We also expect many new listings to come on the market from mid January on. Caution: Overpriced homes will disturb the housing recovery. As affluent people still have ample money, properties with great features can attract multiple buyers and may sell at high prices; nonetheless, improvements in consumer sentiment will be the key for the entire housing market. As to prices, we do not expect them to soar even with increased volumes.

When single-family homes became slow, the demand used to move down to townhouses, and then to condos. The current slump has been for 2.5 years, and the condo market is in trouble with the large market inventory. Due to the inflation, including insurance and repairs, HOA fees have become disproportionately too big for "affordable" condo prices.

PVPUSD Parcel Tax Exemption

In every January issue, we have been informing of PVPUSD senior parcel tax exemption. It seems that many people still have not done or are unaware of it. Quite a few readers of ours are saving about \$400 every year.

The purpose of this parcel tax by Measure M is to recruit high quality teachers and maintain small class sizes, being taxed with the regular property tax.

The filing period begins on January 15 and ends on the last business day of May. A 2026 (2026-27 tax fiscal year) first-time parcel tax exemption application may be filed in person by seniors who are 65 years or older, born on or before June 30, 1961, and named on title of their primary residence. Only primary residences may be exempted from the tax. Once the exemption is setup, there will be no need to re-apply.

An appointment at the PVPUSD Malaga Cove Administration Center, 375 Via Almar, Palos Verdes Estates, CA 90274-1277 is required for all first-time filers. To schedule a date and time to meet with Megan Wescott, please call (310) 896-3404 after January 1, 2026. The application form will be completed at your appointment, where you must bring the following required documents:

Verification of Date of Birth (One Only)

CA Driver License, CA Senior ID or Passport

Proof of Ownership

2025 Annual Property Tax Bill for primary residence

Proof of "Primary" Residence (One Only)

So CA Edison (Date Bill Prepared ...2026, most recent)

OR

The Gas Co. (Date Mailed ...2026, most recent)

For additional information, please refer to the Information and Frequently Asked Questions (FAQs) on PVPUSD website or call Megan Wescott at (310) 896-3404 or email wescottm@pvpusd.net

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



Rockyfield contacts

DRE Broker License: 01328577

727 Silver Spur Rd. Suite 205
Rolling Hills Estates, CA 90274
Phone: (310) 544-0857

Anthony Iwata - Broker (English+Japanese)
Catarina Zerbinatti Iwata – Broker Associate
(English, Spanish, Portuguese, Japanese, Italian)
email: properties21@rockyfield.com
visit: www.rockyfield.com

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

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 even if you have no plan to sell.

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.



SELECTED LISTINGS

Please Contact Us

A: Active U: Contracted P: Pending S: Sold
Prices in '000s. Source: MLS (as of 01/06/26)