



Rockyfield Newsletter

US Economy & Housing Market

It seems that the US economy started showing a few signs toward recovery; yet it is more like stopping to fall, but the fear of another great depression has been eased. Since companies are unlikely to resume hiring anytime soon, job losses are expected to continue for the time being; toxic assets and capital inadequacy among financial institutions still exist. This recession will stay for a while.

While the very aggressive stimulus plan and "bail-outs" seem to have avoided a disaster, the huge spending on the top of the already large deficit, a small economic recovery tends to boost interest rates, capping the further growth. After the GDP turns into positive, we expect either "zero" growth or meager growth for years.

As the OMB projection shows, a small growth in GDP can substantially reduce the deficit projection because the average tax rate accelerates as the national income increases due to deductions and progressive tax rates. This tax mechanism also has anti-inflation effect. A progressive tax rate system is acceptable when the economy is recovering under large deficit. However, once the economy regains a full growth potential, in order to grow further without inflation, a good balanced combination of deficit reduction by spending cut and tax cut/flatter tax rate become necessary. The economic policy must be dynamic and flexible for different situations. Politicized economic policy debates are simply too dangerous. Many states, including California, that suffer budget shortages, are raising sales tax. Sales tax, in our opinion, is the worst kind of taxation, especially in a recession time.

Inflation concerns are already prevalent in the market. Small signs of economic recovery have pushed up the interest rates. The 10 yr T-note yield with which the 30 yr mortgage rate has a strong co-relation was 2.1% in January and is now close to 3.2%. And it has gone up sharply during the recent days with good economic news,

PV Housing Sales Grow Strong

Seasonality of Housing Market

Due to financial, family or job reasons, it is impractical to choose the best time to list your home. However, under today's tough market, it is useful to know the seasonal sales trend. Even if your home is priced right, if it is listed at a very low time of the year, it may stay on the market for a long time with DOM (days on the market) piling up, and sale will become very difficult even when the good season comes around.

(The seasonal trend varies every year.)

The market starts moving in mid January after the holiday season, but a weak market may slide into February. We usually feel a strong uptrend beginning in late February. The best selling month occurs from March to June; sometimes there are two peak months. The market price that usually lags behind sales numbers may be felt in March. This year, a modest recovery in price was felt in late April.

The good market may continue into July. During summer, both sellers and buyers decrease in number, but prices are maintained. A favorable market tends to emerge just for one week or so in late August, and September is usually quiet. In autumn, there is a relatively short surge between October to early November; the timing is unpredictable. Prices are generally weak in October. From Thanksgiving to early January, the market becomes dormant with often exceptions.

April issue was not mailed; it is available on our website only. Or we can send it to you by email.

and the 30 yr mortgage rate is following suit. For this reason, even though housing sales numbers grow, prices are expected to remain for a long time.

Palos Verdes Housing Market

After the market inventory peaked over 320 in mid April, it declined for 3 weeks in a row, especially the market strongly picked up during the last 14 days. For the first time since last year, houses are selling at all price ranges from the low-end to high-end. Townhomes, that tend to move the opposite direction of the low-end single family homes, are also selling well. The low mortgage rates and first-time buyer tax credit (up to \$8,000) are among factors that are helping buyers to feel the housing market is bottoming out, especially in Palos Verdes.

The price remains an issue. This year's trend differs from last year's. Due to uneven sales at a time for different price ranges, the average/median price declined when low-end houses sold well in late Feb to Mar. Then the low-end sales slowed and sales of over-million price ranges started, pushing up the average/median price. The statistical data do not reflect the reality this year. Looking at individual properties, prices are not falling but stagnating. Listings that came out too high are aggressively cutting their prices, giving a false impression that prices are falling fast. We believe that the market price hit bottom now; however, we expect the market price to stay low or grow modestly for a couple of years. After the housing slump in 1992-1993, the price recovery to the pre-slump level was not seen until 1997. The recent boom was hollow and overly inflated by questionable mortgage loans. It may take a few years or even more to regain the 2006-2007 peak prices. The economic recovery will not come until the year-end, and the unemployment rate will remain high for some time.

Listing at over the market value is very likely to be fatal as there are so many competing properties in the market.

Home Vegetable Garden

The recession seems to have created a home vegetable garden boom, maybe stimulated by Michelle Obama's White House garden. Sales of seeds and plants are soaring. According to ScottsMiracle-Gro, the average family with a vegetable garden spends just \$70 a year and grows an estimated \$600 worth of vegetables. Burpee says green beans will generate \$75 worth of crops for each \$1 spent on seeds. Even lowly potato will produce \$5 of spuds for each \$1 invested in seeds.

Money is not the only reason for home garden. Taste and nutrients of home grown veggies are far greater than those you can buy at supermarkets. Some people are growing hard-to-find vegetables. Health experts say: "It is the best for your health to eat locally grown foods during their season."

Families that have never grown vegetables at home will need to invest in tools to till the soil, and to terrace your land or build raised beds. You may need a fence to keep animals out. Although they are one-time expenses, they can cost more than seeds, let alone the spare time you have to invest. In fact, many people quit when it gets tough: hard work in the garden, fighting with insects and weeds. If the gardening becomes your hobby, then it will be joyous as well as profitable.

To start, lettuce would be a good choice. Most anywhere grass can grow, lettuce will grow. No need for fertilizer. If you plant the lettuce tight enough, there will not be room for weeds. Planting four sqft of lettuce per person is about right estimate.

Free Notary Service

We offer free notary public service to the readers on our mailing list. Customers who buy or sell their homes through Rockyfield will have free notary service for 5 years. (Direct service only, excll. 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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Now you can search by yourself properties for sale in the MLS.

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Need a handyman?

If you are looking for a house cleaner, handyman, painter, plumber, gardener or contractor, we may be able to introduce a quality one. Please contact Catarina.

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. Due to the recent large market inventory, the list below does not include many listings.

Our free fair market value analysis

If you just remodeled your house, it is very natural to be interested in how much your home is worth now. Or simply you are curious. We will be happy to provide a fair market value estimate based on our own method. If you have no plan to sell your home, please say so when you contact us.



SELECTED LISTING SAMPLES

Please contact

Rockyfield

for listing details

S: Sold B: Backup P: Pending
C: Contingent A: Active
Prices in '000s. Source: MLS (as of 05/0709)