



Rockyfield Newsletter

US Economy & Housing Market

New and returned listings are increasing as the New Year ushered in, and so are sales, boosting the market size. As the inventory may not inflate as much concerned, the most imminent risk seems to be interest rates. The 10-Year Treasury note yield, with which the 30-year fixed mortgage rate is most linked, hit just below 3.2% at the end of Nov. and soared to 3.9% in one month. Accordingly, the 30 year mortgage rate also increased about 0.45%. A higher rate means a higher monthly payment for buyers, giving the same effect as a price increase. Sales should continue based on the robust demand; however, prices may not increase much even under an expanding market.

Behind the rising interest rates is a fear of future inflation over the huge injection of money into the economy by the TARP to halt the financial meltdown in 2008, this year's stimulus spending and continuing war spending. The market nervously responds to every bit of good news about the economy and pushes up interest rates.

The FRB attained sustainable economic growth without inflation through meticulous money supply management in the 90s, and this time also, the FRB will return to the anti-inflation bias as the economy recovers. Since Chairman Volker, the FRB's benchmark switched to money supply and the interest rate became merely a tool. The FRB is not watching the market rate, but the inflation per se. Besides, the rate FRB can alter is the FF rate, which is overnight rate; how long-term rates behave is another matter. If the financial market believes that the FRB is taking preemptive measures effectively against future inflation, it is possible for long-term rates to decline. Bernanke's recent statement that a rate hike is an option, is his strong message to the market. If the market trusts Bernanke as much as they trusted Greenspan, then long-term rates will remain stable and so will mortgage rates. However, there is another issue: oil and raw material supplies may become

Happy New Year!

Our New Year Promises

We at Rockyfield are always here to help and assist residents of Palos Verdes.

Real Estate

- It is our joy when our knowledge and expertise can be useful to you. Please feel free to contact us for any thing concerning real estate.
- We guarantee the quality of our service with our promise in writing that our sellers can cancel the listing agreement anytime for any reason.
- "Be modest in selling ourselves; be aggressive in selling houses" – is our motto. This is our way of respecting your privacy.
- We apply the same principle when we are requested to estimate your home value. It is perfectly fine with us even if you have no plans to sell your home.

Market Information

- This newsletter will continue to be the main information venue in 2010. We will include non-business info such as weekend getaways.
- We can still handle more customers for weekly market information via email. Please email your request.

Notary Public Service

We are conveniently located in the center of Palos Verdes Peninsula. Our office setting is appropriate to preserve your privacy. Catarina can handle a wide range of notary needs. She can also come to your place.

tight, given the increased demand by China, India and Brazil. This issue has to be dealt with by the Administration and Congress. Under today's political divisions, we are not optimistic in this regard.

Palos Verdes Housing Market

December sales of single family homes in Palos Verdes were 44, in line with the last half of 2009 average; the median price slightly exceeded the peak price in August (All closed basis; contracted in mid Oct to Nov); yet about 15% off the 2006-07 level. Sales in 2009 were 443, 21% up from 2008, but shy of 533 in 2007. FYI, almost 1000 houses were sold in 2002. The median price in 2006 was \$1369K; the average price in 2007 was \$1635K. Sales started recovering in June last year. Although prices remain low, there are positive signs.

The driving force in the PV housing market has been houses under \$1 million. Dec. average price was very high due to a few sales of over \$5 mil. houses. Recently more REO's and short pay listings are seen in the PV market; however, we hope this is a symptom of the ending of the long tunnel. The price range between \$1 and \$1.5 mil. which should be the main stream of our market, is still not as active as it should be. Even good properties often take some time to sell.

While listings are increasing, sales are also going well, easing the concern of over-supply. Although we do not expect a tight market, a pre-condition for soaring prices, we hope prices will modestly go up in February, unless rates rise sharply.

Because buyers' bargain mentality seems to remain dominant, it may be wrong to hope: "I may be able to sell my house higher if I wait a little more." We are rather nervous about the rising mortgage rates that may cap the market recovery in as early as June. It is recommended that sellers be cautious about aggressive pricing if they want to sell early this year. Since marketing strategies must vary for different properties, please feel free to contact us to discuss any concerns you may have even if it is hypothetical.

SB407 Water Conserving Fixtures

SB 407 establishes requirements for residential and commercial real property built and available for use on or before January 1, 1994, for replacing plumbing fixtures that are not water conserving.

On and after January 1, 2014, this law will require, for all building alterations or improvements to single-family residential real property that water-conserving plumbing fixtures replace other noncompliant plumbing fixtures as a condition for issuance of a certificate of final completion and occupancy or final permit approval by the local building department.

On and after January 1, 2014, the same rules will apply to multifamily residential and commercial real properties.

New disclosure requirement: On and after January 1, 2017, a seller or transferor of single-family residential real property must disclose to a purchaser or transferee, in writing, specified requirements for replacing plumbing fixtures, and whether the real property includes noncompliant plumbing.

New disclosure requirement: On and after January 1, 2019, the same rules apply to multifamily residential real property, or commercial real property. By January 1, 2019, all non-compliant plumbing fixtures in multifamily residential real property and commercial real property must be replaced with water-conserving plumbing fixtures.

This law permits an owner or the owner's agent to enter rental property for the purpose of installing, repairing, testing, and maintaining water-conserving plumbing fixtures, as specified, and requires, on and after January 1, 2019, that the water-conserving plumbing fixtures prescribed by this law operate at the manufacturer's rated water consumption at the time that a tenant takes possession.

Notary Service

We offer notary public service. Customers who buy or sell their homes through 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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Now you can search by yourself properties for sale on the MLS.

visit: www.rockyfield.com

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. If you know very good ones, please let us know, so that we can refer them to other readers. 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. If you have no plan to sell your home, please say so when you contact us.

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 LISTING SAMPLES

Please Contact

Rockyfield

for

Listing Information

A: Active S: Sold B: Backup P: Pending
Prices in '000s. Source: MLS (as of 01/10/10)