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# Rockyfield Newsletter

## US Economy & Housing Market

We expect the government spending will soar, blowing up the deficit and debt. Under the Pandemic circumstances, such huge amount may be acceptable. However, as the Pandemic situation improves, spending should be geared toward "investment" to improve productivity and employment, rather than handing out money. Higher productivity is imperative for the economic recovery while taming inflationary pressure. And improvement in productivity should not be limited to businesses, but it should also happen in our social and daily life.

A recent New York Fed survey shows an interesting household behavior regarding the stimulus money: Saved, 36.4%; Paid down debt, 34.5%; Spent on essential and non-essential, 25.9%; Donated, 3.2%. So, 71% of the money received was not spent. There are two contradicting points about this survey. First, the stimulus money was given to so many people who actually did not need it. At this moment of the Pandemic, attempts to stimulate the economy before overcoming the COVID-19 is futile. Stimulus money should be called rescue money and must target the people struggling to survive. Second, increased savings will be a launching pad for the future economic recovery because people have more money to spend and increased savings provide funds for investments. In fact, both household income and savings are increasing.

The gigantic US debt is a serious concern. Due to the Pandemic, municipalities of many countries are financially struggling, and are selling their assets, including US Treasuries, as recently reported that Japanese local governments are selling the US T bonds. Selling itself may not be so much trouble; however, increasing new debt issuances may not be secured by enough demand, possibly leading to higher interest rates. After getting out of this Pandemic, all of us, businesses or in-

## Housing Mkt Fever Continuing

### Fire Hazard Disclosure

Effective January 2021, a new law which requires sellers to disclose "Home Hardening" information if the property is located within a fire hazard area and built before 2010. The law has been written in such a way that it is very difficult to understand what to do probably because it varies widely from one property to another. We are waiting for more clarification and guidance from the California Association of Realtors.

The entire Palos Verdes Peninsula is designated as a "Very High Fire Hazard" area (the highest in designation). So even if there is no flammable bushes or trees around your house, you are required to disclose certain information to the buyer when you sell your home. The association has already published a new form "Home Fire Hardening Disclosure and Advisory" in which a seller is required to check "pre-printed" information. Don't worry. We go through all required disclosures with you in Q and A format, and we can type your answers in the forms.

Hardening your home against wildfire just means taking steps to improve the chance of your home and structures withstanding ignition by the inevitable wildfire, firebrands and other factors. It is a combination of many things, many of which are just common sense measures.

dividuals, rich or poor, would have to share the burden to normalize the economy by reducing debt and economic growth at the same time. We hope that the Biden Administration's economic policy will be adjusted as the economy starts recovering.

### Palos Verdes Housing Market

Closed sales of single-family homes in PV during 2020 plummeted in May by the Pandemic, and the robust recovery in July launched the housing market fever which has no sign of fading to this date. The 2020 sales in PV exceeded 700 houses for the first time in 5 years; a 6.5% increase in volume and 53.9% higher in the median price from 2019. Due to the shortage, sales figures are not large right now, the red hot market condition is evident with individual transactions.

The general trend of moving from inner city to a single-family home in the suburbs is persistent while homeowners in the suburbs do not want to move under the Pandemic. This combination has been amplifying this unprecedented housing boom.

The price range over \$4M are in oversupply condition, although sales volume is "normal." They share 45% of the total market inventory. Sales of the \$3M's are doing fine.

Buyers' enormous appetite for single-family homes is also stunning outside our area. This strong market seems to continue for the time being. Buyers from Hong Kong are trolling houses in the UK and US. This may be another contributing factor. In fact, we often see cash buyers with Chinese names.

The future of the housing market depends, either in a positive or negative way, on the COVID-19. The delay in vaccination, South African variant, the current vaccine's unknown efficacy against those new variants – we need a clear turning point, or the economic recovery can be hampered by the Pandemic again.

Townhouses are sold out in PV, and so are traditional condos.

## Zillow's New Policy for Rental Listings

Zillow has successfully grown to be a prominent real estate information website, especially after acquiring Trulia. Zillow and Realtor.com are two major real estate websites. While Zillow may pose competition to real estate agents, we cannot ignore their presence as many consumers search properties on Zillow. Like other websites, Zillow has tried to lure sellers and landlords with limited success because owners are either too busy to show their properties or do not want to do so by themselves. Housing business is "local" regardless of however the world of internet develops; "Nationwide" power is and will remain irrelevant, unlike other industries.

Zillow is a syndicate partner of the Multiple Listing Service (MLS), which is the original listing service for real estate professionals. This allows Zillow to feed the information from the MLS to Zillow.com, and Zillow has brilliantly built their business with its user oriented technology and additional analytical information.

The majority of landlords are non-professionals who need a real estate agent to recruit tenants even though the majority of prospective tenants search properties by themselves and directly contact listing agents, except for expensive leases. Zillow must have realized this reality, and changed their policy in mid January. They stopped automatically feeding lease listings; listing agents must enter the listing information and pay \$9.99 per week. Some issues with this policy are: 1) Real estate agents earn a small amount in lease transactions (lease is not a profitable business for realtors); 2) Temporarily, there have been less lease listings shown on Zillow.com, though the number may increase; 3) the rival Realtor.com and others show everything on the MLS free of charge.

For us Rockyfield, lease business is a relationship building tool; profitability is not of our concern. We are just curious to see how this new Zillow's policy will fare.

## 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

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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

## 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. No strings attached.

## 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  
Rockyfield

A: Active U: Contracted P: Pending S: Sold  
Prices in '000s. Source: MLS (as of 02/03/21)