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Rockyfield Newsletter

US Economy & Housing Market

The Year 2023 could be dubbed as the Year of Anxiety. Political turmoil, the new war, inflation paired with a fear of recession; all those uneasy feelings overshadowed good news like cooling inflation without economic slowdown. Such successful recovery from the pandemic provides credible hopes for this year.

Since the COVID, we have been living through dark unsettled years; however, it is about time that we will soon turn the corner for a brighter future despite all concerning events that are expected. Yes, there are so many of them: Budget fights, court proceedings of Mr. Trump, elections, immigration crisis, fear of spreading war in the middle east, increasing natural disasters, and so on. However, it can be the darkness before dawn, and we are hopeful that those bad things will be okay in the end. Our feelings are based on socio-economic cycles; in short, people are getting tired of stress and longing for positive things.

Given the radically inverted yield curve as a result of market expectations for contained inflation and slower growth in the future, the current FF rate seems too high for the reality. We believe the FRB needs to cut the rate soon, and such action may be coming as early as January 31 when the FOMC meeting is held. Even though the 10-year T yield, which is already at the year ago levels, may not go down much from today's rate, the mortgage rates can decline with FRB's rate cut. Today's 30-year mortgage rate is still about 0.5% higher than a year earlier while T yields are about the same. So, the mortgage rate could go lower.

Today's small number of housing transactions is primarily due to the extreme short supply of affordable listings where a large pool of buyers are awaiting. The housing demand is still strong! Lower interest rates and an increase in listings should spur the housing market.

We homo sapiens have overcome millions of crisis in history with our ingenuity and adaptability. More frequent natural disasters have encouraged us to be more inventive to transform our societies

Happy New Year!

Property Photos

We have heard that the condition of a property is hard to determine by looking at pictures as they are often altered. Indeed, today's property photos tend to look similar: All too "whitish" with blurred details; Rooms look like tunnels; Trees and grasses are too green. While a couple of aerial pictures are nice, too many of them can be bothersome; aerial pictures are readily available on the MLS, Google and others. We hope those photo problems will be sorted out soon for fair marketing purposes.

From our listing agent's point of view, there are two major issues. First, photographers come to the property by appointment; the weather can be bad; the sun's position may not be the best. While the natural sunlight beats any photoshop maneuvers, an ocean view against the strong sun can be a disaster. The best lively picture is a combination of deep blue sky and sunbathed building. In short, it is ideal to take pictures many times on different days and times.

Second, a photographer may take fancy pictures; however, their emphasis tends to miss selling points of the property. Each buyer has a different interest; there are a few widely sought after features like ocean views. Many buyers want to check on the kitchen and bathrooms. It is imperative for real estate professionals to understand key features unique to each property. Today's room pictures show clear colorful window views. That's fine if the focus is to show the window view; however, the purpose is to show the room interior, it interferes and takes away buyers' attention.

To be fair, excellent photographers exist; however, there are too many real estate photographers to pick the right one. Public distrust of photo presentation concerns us. We are fortunate to have the ability to take pictures and edit them; therefore, we take photos by ourselves with occasional use of a photographer as needed to make more realistic and useful photo presentations, admitting our photos may not be as good quality as professionals'.

for better. Political instability could be a process to create new systems. AI should not be feared; it will make us more productive; however, we ourselves must become wiser because further automation would worsen income and wealth disparity. History tells us a society with serious economic disparity could lead to economic weakness and political instability.

Palos Verdes Housing Market

The number of contracts of single family homes in PV during 2023 turned out to be only 523, even smaller than 2022 which was already lower than the preceding 10 years. Closed sales number for 2023 was also historically very few: 515 properties. The low sales volume that started in June 2022 continued through 2023, even the typical spring selling season was disappointing. However, prices have been rather stable with small movements. Lowered mortgage rates helped in December sales; yet they did not increase housing sales in a significant manner.

A few listings that had been off the market during holidays are returning to the market, and we hope new listings will begin this week. If active listings increase over 80, especially below \$2 million, that can boost the market. There is little risk of over-supply conditions.

Potential housing demand is still strong. We expect a sharp sales increase if the mortgage rate gets to mid 6%. Under the circumstances, the rate is the most crucial factor for prices. It may take some time before prices substantially go up.

After the mortgage rate hit 8%, the "interest rate buydown credit" program has emerged, which requires a seller to give a credit to reduce the buyer's rate. We thought it was only for markets where buyers' financial (cash) ability is limited; however, we started seeing a few in PV with credit of 10s of thousand dollars.

Seller and buyers who have patiently waited so long now seem ready to make a move this year. We need a favorable market environment, including rates. An active market provides more choices for buyers and faster sales for sellers; everyone will benefit.

Parcel Tax Exemption

In 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 filing period begins on January 15 and ends on May 31, 2024. A 2024 (2024-25 tax year) first-time parcel tax exemption application may be filed in person by a senior who is 65 years or older, born on or before June 30, 1959, and named on title of their primary residence. Only primary residences are eligible.

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 make an appointment with Megan Wescott, please call (310) 896-3404. 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

2022 Annual Property Tax Bill for primary residence

Proof of "Primary" Residence (One Only)

Most recent SoCal Edison Bill **OR** The Gas Co.

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



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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.

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 01/09/24)