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Rockyfield Newsletter

US Economy & Housing Market

Even though many economic figures keep going strong, defying many economists' negative forecast, people in general are feeling frustrated or uneasy about their financial future. Perhaps it is because of the general atmosphere like two major wars without ending in sight, sociopolitical turmoil, high everyday prices despite flattening inflation, shrinking job openings, threat of government shutdown every few months. The relentless violent weather patterns across the nation also tend to affect people's mood.

The late January surge in our housing market gave us a false impression: A strong uptrend market in February on; however, apparently a combination of elevated mortgage rates and repeated long spells of rain by atmospheric river literally froze the market in February for both sellers and buyers. Nonetheless, we are still hopeful for March.

While lots of economic and social turmoil is expected this year, calming inflation under the robust economy has given us hopes. The FRB will start cutting (normalizing) the FED rate some time this year, making people's life much easier with lower credit card and other borrowing rates. Currently the difference between the 10-year Treasury yield and 30-year mortgage rate is roughly 3% which may become smaller with the FED rate cuts; however, given the very inverted yield curve (short-term is much higher than long-term), we may not see so much decline in the mortgage rate unless the FED rate comes down to about 2% from today's 5.25-5.50%.

It is likely that people's uneasy feelings will remain until the election is over and settled peacefully. For the long-term US economic prosperity, it is necessary to rebuild the strong middle class by gradually (not fast) easing the financial disparity accelerated during the COVID.

Oil is still the foundation of the modern economy. Escalation of the war in the Middle East, which would lead to skyrocketing oil prices, could bring back inflation. This is the major economic risk we can see.

Market Chills In February

LED Lighting

While easy, inexpensive face lifts are considered before listing if not remodeling, lighting often fails to get owners' attention. Today's LED lighting offers a wide variety of choices; not only brightness and color temperatures, but many shapes for different uses. Totally remodeled houses tend to have very white LED lighting to make it look contemporary. Even without remodels, a kitchen can revive with whiter and brighter LED lights.

Many recessed lights have a switch to change the color temperature. Though it is unavailable for bulbs, many LED light fixtures also have such a switch (even cheap ones). We suggest different brightness and colors for different rooms and tastes. Substitutes for florescent tubes are also available as a covered light fixture which is easy to install. Old lights in the center of a bedroom can be easily replaced by a flat LED light (flush mount) which does not require a professional. Recessed lights (labor) can be expensive (\$150-\$200 each). Flush mount lights are cheap (a few tens of dollars).

It is important to understand Lumens (brightness) and Kelvin (color temperature). Lumens are not adjustable; 800 lm is about equivalent to 60W incandescent bulb. Color temperatures range from 1000k to 10,000K; usually those between 2700k and 5000K are used. 2700K is close to incandescent light and 5000K feels very white. Over 5000K may be offensive to eyes. We choose 5000K for kitchens, 4000-4500K for living rooms and 3000K-3500K for bedrooms. Bathrooms depend on the wall colors and sizes. If a vanity light is too white, you can see more wrinkles and spots.

Lighting is an inexpensive and also effective option to change the house's impression; you should consider changing lightings for yourself.

Palos Verdes Housing Market

Since mid December, new contracts (sales) of single-family homes in PV were fewer than 10 every week, and new listings also became few. New listings began increasing during the 2nd week of January, and sales started following in mid January. Due to the scarcity of listings under \$1.75M, any such listings were sold instantly; the short-supply prevented sales from recovering. Then suddenly in late January, more new listings were launched, boosting sales also being helped by lowered mortgage rates. We felt it was a resurgence of a hot market. To our disappointment, higher rates and the bad weather froze the market in February. Open houses have less visitors. Under today's economic environment, substantially lower mortgage rates are just a dream without a rate cut by the FRB. Nonetheless, potential housing demand is still firm and the period from March to June is historically booming months; we are still hopeful for March.

Those buyers, who have been unable to purchase a house for months, still exist and may pay a premium for their dream home. However, the property must have a special feature which appeals to specific buyer's preference like a great view, special location, large flat lot, etc. Remodeled or quasi new houses are still popular, but their success depends on the price. Today's buyers are savvy and loaded with information; they do not care for over-priced listings. The final price of a property with a special feature can be driven up with multiple offers; the risk of pricing too high is far greater.

The first one week is the most crucial for any listings. A typical example is: if a listing remains on the market too long either due to passing initial offers, or due to over-pricing, the final price ends up with the price which is lower than the price that "would have been sold early." Buyers see weakness and try to take advantage of those listing sitting for many weeks. However, under the booming market with rising prices, the market will scoop up those troubled listings. In essence, "Avoid being unsold too long."

Rain Gutters

A series of rains have just reminded us of the importance of rain gutters. Living in southern California, many people simply do not recognize damages from rain to windows, stuccos, patio, etc. Windows get stuck due to the dirt or leaks from damaged caulk around the frames; Splash from the ground will damage exterior wall stucco which could be expensive repairs. If rain water falls down from an upper roof to lower roof, it can create a lot of noise. Good news is rain gutters are not too expensive. However, they must be installed right; and it is also important to maintain to ensure that gutters are clean without blocking mud or leaves.

Water Pipes

In recent years, especially for new constructions, PEX water pipes became popular over copper pipes as PEX plumbing is much faster (cheaper) to install. Unlike copper pipes, PEX does not cause knocking noise. However, we suddenly start hearing health concerns over PEX. The recent studies found that 62 chemicals leached into the water, with half of those organic compounds leached are considered toxicological—basically, toxic—but not carcinogenic. In short, it may not be good for drinking water. “Hyperpure” seems to be a good alternative to PEX, with similar flexibility and ease of installation without concern of toxicity, though it is new and you may wait and see further information. Should you know more about Hyperpure, please share it with us.

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 3/01/24)