



**BERKSHIRE  
HATHAWAY**  
HomeServices

California Properties

November, 2015

Dear Neighbor:

A word about "social media": like a lot of things in this technology-driven world, social media gets a lot of play – you know: Facebook, Twitter, Instagram, Snapchat, etc. The question for you is: will they help sell my house? The answer from me is: not likely. Like a lot of advertising in the real estate business, the main purpose of social media exposure is to use your house to get additional business for the agent. I know you've heard this song from me before, but if your house is listed on the Multiple Listing Service, and therefore on Realtor.com (far and away the best consumer real estate website and the one from which other credible sites pull their data), everyone who is looking for a house like yours is going to know about it. Think about it as if you were the buyer serious about finding a house. You're going to go to the one source that you know lists everything for sale, rather than a wild goose chase to find sites that have this and that. "Tweets" and Facebook ads are designed to raise the profile of the agent, hopefully resulting in calls from other sellers. A serious buyer who sees a Facebook ad about your house is already going to know about it; a non-serious buyer might not, but those aren't the ones you want.

On the subject of social media Zillow, the website that purports to give you the value of your house from a cubicle in Seattle, has been in the news lately, the general subject being the inaccuracy of their "Zestimate". I am including the text of a typical recent article. As I mentioned last time, homeowners and buyers need to understand that Zillow is a business like any other – they exist to make money. No problem with that, except that their "hook" is that they pretend to provide an implicitly objective, computer-generated value of your home. Otherwise, they're just like any other, more credible, site that mines data from the Multiple Listing Service. The problem is that their "Zestimates" are ridiculously inaccurate and, when combined with an implication of accuracy approaching that of Stone Tablets, a significant disservice is being done to the real estate industry in Zillow's quest to make money. After reading the article, one must ask the question: if Zillow, when pressed, basically admits that the "Zestimates" are wildly inaccurate, why provide them at all? Ah, because the site is a vehicle to make money by selling ad space to Realtors who hope you will click on their ad. You won't see me advertising on Zillow (even tho they've been after me for years), because I will not, on principle, patronize an outfit that is so detrimental to homeowners and buyers. If you want to know the value of your house, call a Realtor active in your area. In PV, that would be me – **310 613-1076**.

Last month I mentioned that I would include in this letter little tidbits about the early days in PV. Early for me is just after World War 2, when my family moved here, so if you're looking for anything from the Late Cretaceous thru 1946, go to my website [www.DanaGraham.com](http://www.DanaGraham.com), and click on "About Palos Verdes". The subject this month has to do with why those streets between Hollywood Riviera and PVE are blocked off. Shortly after WW 2 ended, Palos Verdes began to boom, especially in Valmonte and Lunada Bay. About 1948 construction began on those housing tracts in the Upper Riviera. The easiest way to get there in those days was up what was then Hawthorne Blvd (now Via Valmonte), down the Drive, and across Via La Selva to the building sites. Those cross streets used to go thru and streets like Vista Montana did not exist. The problem was that all the construction equipment (dump trucks, back hoes, graders, etc) were using the PVE streets, and the parents of us little Baby Boomers were afraid we'd be run over by them. So in 1949 my parents and a bunch of others got together and lobbied the City to have those posts installed at Via Pasqual, Alameda, Jose, and Colusa, blocking vehicular access to the Riviera. They've been there ever since.

I have got a really lovely home on the best part of Via La Selva coming up about the time you get this, so give me a call if you or anyone you know might have interest.

Sincerely,

Dana H Graham  
DRE #00877973

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## Inaccurate Zillow 'Zestimates' a source of conflict over home prices

When "CBS This Morning" co-host Norah O'Donnell asked the chief executive of Zillow recently about the accuracy of the website's automated property value estimates — known as Zestimates — she touched on one of the most sensitive perception gaps in American real estate.

Zillow is the most popular online real estate information site, with 73 million unique visitors in December. Along with active listings of properties for sale, it also provides information on houses that are not on the market. You can enter the address or general location in a database of millions of homes and probably pull up key information — square footage, lot size, number of bedrooms and baths, photos, taxes — plus a Zestimate.

Shoppers, sellers and buyers routinely quote Zestimates to realty agents — and to one another — as gauges of market value. If a house for sale has a Zestimate of \$350,000, a buyer might challenge the sellers' list price of \$425,000. Or a seller might demand to know from potential listing brokers why they say a property should sell for just \$595,000 when Zillow has it at \$685,000.

Disparities like these are daily occurrences and, in the words of one realty agent who posted on the industry blog ActiveRain, they are "the bane of my existence." Consumers often take Zestimates "as gospel," said Tim Freund, an agent with Dilbeck Real Estate in Westlake Village. If either the buyer or the seller won't budge off Zillow's estimated value, he told me, "that will kill a deal."

Back to the question posed by O'Donnell: Are Zestimates accurate? And if they're off the mark, how far off? Zillow CEO Spencer Rascoff answered that they're "a good starting point" but that nationwide Zestimates have a "median error rate" of about 8%.

Whoa. That sounds high. On a \$500,000 house, that would be a \$40,000 disparity — a lot of money on the table — and could create problems. But here's something Rascoff was not asked about: *Localized median error rates on Zestimates sometimes far exceed the national median*, which raises the odds that sellers and buyers will have conflicts over pricing. Though it's not prominently featured on the website, at the bottom of Zillow's home page in small type is the word "Zestimates." This section provides helpful background information along with valuation error rates by state and county — some of which are stunners.

For example, in New York County — Manhattan — the median valuation error rate is 19.9%. In Brooklyn, it's 12.9%. In Somerset County, Md., the rate is an astounding 42%. In some rural counties in California, error rates range as high as 26%. In San Francisco it's 11.6%. With a median home value of \$1,000,800 in San Francisco, according to Zillow estimates as of December, a median error rate at this level translates into a price disparity of \$116,093.

Some real estate agents have done their own studies of accuracy levels of Zillow in their local markets. Last July, Robert Earl, an agent with Choice Homes Team in the Charlottesville, Va., area, examined selling prices and Zestimates of all 21 homes sold that month in the nearby community of Lake Monticello. On 17 sales Zillow overestimated values, including two houses that sold for 61% below the Zestimate.

In Carlsbad, Calif., Jeff Dowler, an agent with Solutions Real Estate, did a similar analysis on sales in two ZIP Codes. He found that Zestimates came in below the selling price 70% of the time, with disparities ranging as high as \$70,000. In 25% of the sales, Zestimates were higher than the contract price. In 95% of the cases, he said, "Zestimates were wrong. That does not inspire a lot of confidence, at least not for me." In a second ZIP Code, Dowler found that 100% of Zestimates were inaccurate and that disparities were as large as \$190,000.

So what do you do now that you've got the scoop on Zestimate accuracy? Most important, take Rascoff's advice: Look at them as no more than starting points in pricing discussions with the real authorities on local real estate values — experienced agents and appraisers. Zestimates are hardly gospel — often far from it.

# Great Family Home

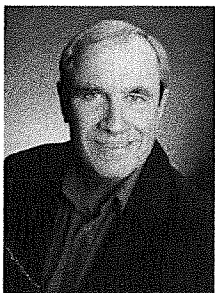
27134 Freeport Road, Rancho Palos Verdes



**This impeccably maintained 3\* bedroom 2.5 bath home on a large flat lot  
is just what you've been looking for!**

- ❖ Formal entry opens to a large kitchen/family room area.
- ❖ Kitchen includes dishwasher, microwave, dual sinks, pantry cupboard, and breakfast bar
- ❖ Dining area adjacent to the kitchen
- ❖ Spacious living room with PV Stone fireplace
- ❖ On the lower level:
  - Family room with wet bar
  - Laundry room
  - Guest bath
  - Direct garage entry – 2-car with newer roll-up doors
  - Sliding doors to large, flat rear garden
- ❖ All bedrooms are up
- ❖ Master suite located at the rear includes both a walk-in and wall closet, plus a ¾ bath
- ❖ Two more bedrooms on this level
  - \*When new, the owner could elect to have the large bedroom at the front be either one or two bedrooms. This home originally had two, and the seller states that the framing for the door is still inside the wall, facilitating conversion back to a 4 bedroom home
- ❖ Full balcony across the front
- ❖ Copper pipes throughout
- ❖ Newer furnace and ducting
- ❖ Central air conditioning
- ❖ Newer water heater
- ❖ 2-car garage with newer roll-up doors
- ❖ Automatic sprinklers all around
- ❖ Low-traffic street – they either live here, are lost, or are realtors showing their clients the house they could have bought, but you did
- ❖ You can walk to everything from this house – Peninsula Center, Peninsula High, Ridgecrest Intermediate, Silver Spur Elementary (via low-traffic streets with sidewalks and crossing guard)
- ❖ 2140 square feet of living area (per tax records – buyer should verify)
- ❖ Lot size: 7442 sf (per tax records – buyer should verify)

**Offered at \$998,000**



**Dana Graham**

**310.613.1076**

DanaHGraham@cs.com

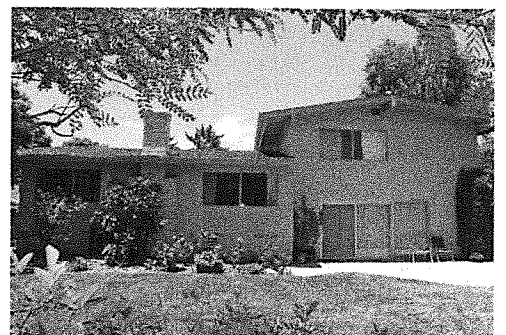
CalBRE #00877973

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# Immaculate 3 Bedroom Townhome!

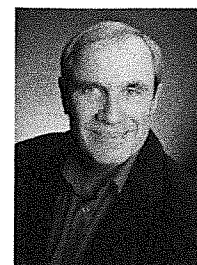
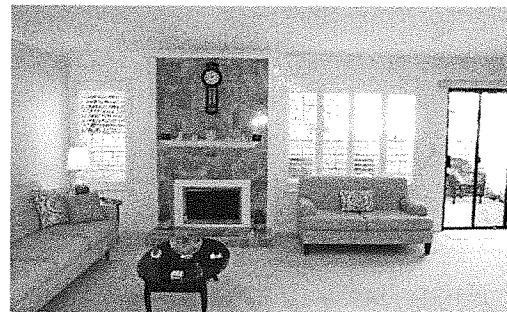
28506 Vista Madera, Rancho Palos Verdes



**Absolutely Turn Key Condition**

**Price: \$549,000**

- ❖ Remodeled kitchen has all amenities, including:
  - Granite Counters
  - Electric Range/Oven
  - Dishwasher
  - Trash Compactor
  - Dual Sinks
  - Slide-Out Shelves
  - Built-In Pantry
  - Soft-Close Doors
- ❖ Convenient pass-thru between the kitchen and dining area
- ❖ Spacious living room features a gas fireplace and entry onto a private patio
- ❖ The master suite is separated, private, large, and includes a full bath, walk-in closet, and a City lights view
- ❖ On the upper level are two more good size bedrooms with a ¾ bath
- ❖ Convenient guest bath is off the entry
- ❖ Plantation shutters throughout
- ❖ 2-car private garage includes laundry hook-ups and direct entry into the residence
- ❖ 3 bedrooms, 2.5 baths
- ❖ 1459 square feet of living area (professionally taped)
- ❖ Great location for commuting, and Palos Verdes Schools!
- ❖ Association amenities includes a lovely pool, spa, entertainment area, and a sports court
- ❖ Association dues: \$388/month



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