

## October 2017



**Hello!**

The sales figures for the 3rd Quarter 2017 are in and the Palos Verdes Peninsula market is still in a strong seller's market. The price per sq. ft. is up and the average price is above 6% for the Peninsula.

The second article in the e-newsletter focuses on the slow down of foreign buyers in Southern California.

Please check out the sidebar for information on the Foreign Investment in Real Property Tax Act or FIRPTA.

*Cindy Chew*

### 3rd Quarter 2017 Sales Survey

In most areas of the Palos Verdes Peninsula the number of houses sold this year, compared to this quarter last year, indicate we are still in a strong seller's market. The price per sq. ft. is up and the average price is above 6% for the Peninsula.

If you need help to decide whether to sell, what to do to the house to get the best price, and you would like to hear my marketing plan to attract the right buyer for your home, I'm here to assist you. I look forward to hearing from you and working with you for a WIN! WIN!

## 3rd Quarter 2017

RE/MAX  
ESTATE PROPERTIES2017 MARKET DATA REPORT  
July 1st - September 30th 3rd Quarter

Sales of Single Family Residences, Palm Beaches, Florida

[illegible]

Total Charges / Average	4.02	3.71	3.77	3.67	3.64	\$63,303	\$1,543,033	\$1,543,033	\$1,484,284	96%	98%
% Covered (2014 vs 2013)									0.0%		0.0%
Median Rate Paid							\$1,752,303	\$1,883,054	98%		98%

Note: This representation is based on data supplied by the Multiple Listing Service. Neither the Board nor the MLSP guarantees its accuracy or its completeness. Buyer is advised to verify all data independently and consult with their agent for the results.

[Click on link for larger image on my website.](#)

## Foreigners Snap Up Homes

*Drawn from a Los Angeles Times Report*

In a recent study, Lawrence Yun, the chief economist for the National Assn. of Realtors said foreigner buyers in California purchased \$35 billion worth of properties, up from \$27 billion a year earlier. Chinese nationals were the biggest buyers, purchasing \$31.7 billion worth of property, up from \$27.3 billion a year earlier and more than ever before. Buyers from Asia and Oceania represented 71% of foreign buyers in California compared with 51% a year earlier, the Realtors found in their report.

But interestingly, the survey results run counter to observations from real estate agents in Southern California, who said they have noticed a slowdown in Chinese buyers. Agents have commented that luxury properties marketed toward Chinese buyers are taking longer to sell, as Beijing has cracked down on the amount of capital that can be taken out of the country for foreign investments. Some real estate agents observed that the luxury home market has stalled because it has become increasingly difficult to move funds out of China.

However, William Yu, an economist with the UCLA Anderson Forecast, said the most restrictive measures to stem outflows from China came at the end of 2016. As home prices have risen in California and capital restrictions increased, he said, buyers from China might simply be casting a wider net for cheaper properties.



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### Foreign Buyers

**FIRPTA**

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FIRPTA, which stands for Foreign Investment in Real Property Tax Act (of 1980), authorizes the United States to tax foreign persons on U.S. real property interests.

A resident alien, for purposes of FIRPTA, is not a foreign person. FIRPTA defines a foreign person as a **NON-resident** alien individual, a foreign corporation, as well as a foreign **NON-resident** partnership, trust or estate.

In most cases, the transferee/buyer is the withholding agent. If you are the transferee / buyer you must find out if the transferor is a foreign person. If the transferor is a foreign person and you fail to withhold, you may be held liable for the tax. For cases in which a U.S. business entity such as a corporation or partnership disposes of a U.S. real property interest, the business entity itself is the withholding agent.

Penalties apply to a purchaser who fails to withhold, or pay the required withholding within 20 days of the sale.

If the buyer intends to use the real estate property as a residence the tax liability would be:

\$300,001 to \$1,000,000 = 10%  
Over \$1,000,000 = 15%

If the buyer does NOT intend to use the real estate property as a residence for more than 50% of the year (for example: as an investment) the tax liability would be:

\$0 to \$300,000	= 15%
\$300,001 to \$1,000,000	= 15%
Over \$1,000,000	= 15%



## Cindy Chew

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