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# Rockyfield Newsletter

## US Economy & Housing Market

The US economy keeps going strong despite growing dark cloud of concerns over the future prospect. The stock market has bounced back and interest rates have come down again. We now feel positive about this spring's housing market. The longest ever government shutdown finally ended, and another shutdown maybe avoided. But, the real concern we have is March 1. Last year, the Congress passed the measures that automatically increased the government debt limit until March 2, 2019. Although the Treasury Dept. can maneuver the debt ceiling by extraordinary measures (managing payment priorities) until mid-summer, missing payments on either interests or principals will be catastrophic for the international financial system. The US Treasury debt market serves as a vault where foreign governments and entities keep US dollars, and also provides bench marks for all kinds of interest rates. All financial transactions would face extreme difficulties: any types of loans and other financing instruments, international trades, corporate bond issues and stock markets are likely to fail. Of course, mortgage loans would become impossible. We hope politicians have already been in tacit agreement.

The January employment figure positively shocked many people. The non-farm payrolls increased by 304,000, almost double the market consensus forecast. The December payrolls number was also revised downward by 90,000 or 29%. While it is well-known that the first employment forecast can be revised significantly, 90,000 is very large. Therefore, it is very possible that the January's 304,000 may be adjusted with a large margin. While the employment figure is important because it is the first one to come out every month, we should not overreact to them.

The US economy is likely to remain steady and the housing market may be robust this spring; however, other major economies are all going south right now. It seems that China's slowing economy is dampening other countries' businesses. So, inflationary pressure is diminishing: Given weakness in the world economies and growth of alternative energies, the demand for oil is not expected to rise. Oil

## *This Spring's Market Should be Good*

### Parcel Tax Exemption

Palos Verdes Peninsula Unified School District assesses "Parcel Tax" (Measure M) to support advanced programs in math, science and technology, keep classroom technology up-to-date, attract and retain highly qualified teachers, and to maintain manageable class sizes. The tax amount is \$342+\$0.20 per sqft of the building. The PVPUSD offers its senior residents age 65 or older an exemption from parcel tax.

The senior parcel tax exemption filing period begins on January 15 and concludes on the last business day in May. Only primary residences may be exempted from the tax. There is no need to re-apply.

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 schedule a meeting with Rita Moyers or GiGi, call 310/ 378-9966, Extension 404. The application form will be completed at your appointment, where you must bring the following required documents (one of each):

- Verification of Date of Birth
- CA Driver License, CA Sr ID, Passport
- Proof of Ownership
- 2018 Annual Property Tax Bill
- Proof of "Primary" Residence (One Only)
- Most recent bill from So CA Edison or The Gas Co.

prices should remain around where they are now. And interest rates are unlikely to soar.

In conclusion, we are optimistic about the US economy and housing market for the first half of this year.

### Palos Verdes Housing Market

We started 2019 under unfavorable supply-demand condition in the housing market. Unexpectedly a large number of contacts were made during the third and fifth weeks of January, and it seems to be continuing. As new listings are rather modest in number, in-escrow properties are rapidly growing, improving the supply-demand condition. Mortgage rates have dropped to the lowest levels during the past 12 months. All good for the housing market! The almost flat yield curve indicates little concern for future inflation in the market. Unless the US defaults on its debt, which is totally unlikely, mortgage rates should remain low. As a result, our forecast for this spring housing market has been upgraded from "Uncertain" to "Sunny."

Price ranges between \$1M and \$1.5M are dominating the recent sales, though they had been in serious slump for months. Good listings below \$1M are also selling well. Because of those lower priced sales, the median escrow price has declined sharply, which is actually correcting the statistical misleading figure since late December. The median escrow price is now closer to the reality.

We have come across a few properties that were sold at an unreasonably high price. They are naturally desirable to sellers who are preparing to list their homes. However, unknown, undisclosed reasons are often behind real estate transactions; they should be removed from comps to set the listing price.

The market inventory is about 40% more than a year ago; increased sales are unlikely to create a seller's market. Come February, many sellers seem to be jumping in the market. Prices may not start increasing in the near future.

By areas, west RPV has less inventory; good listings should sell very quickly. East RPV is still suffering from the oversupply, though sales there are picking up.

## New Laws to Regulate Insurers

With wildfires and other disasters devastating areas across the state, insurance companies have employed various tactics to avoid paying out on claims and to minimize their losses in the future. This set of eight new laws attempts to ensure that a homeowner who has purchased insurance will realize the benefits of their policy and will not be improperly or unfairly denied coverage presently or in the future. Here are a gist of 5 new laws:

Senate Bill 824 Prohibits an insurer from canceling or refusing to renew a homeowner's insurance policy for one year from the date of a declaration of emergency and requires insurers to report specified fire risk information to the Department of Insurance.

Senate Bill 894 Provides assistance to survivors of major disasters or catastrophic events, including requiring insurers to renew a residential insurance policy for at least two renewal periods (24 months), requiring insurers to grant an additional 12 months of additional living expenses and allowing combined payments for losses to a primary dwelling and other structures so homeowners can apply those losses as they see fit, such as rebuilding the main home.

Senate Bill 917 Requires insurers to cover a loss resulting from a combination of disasters (landslide, mudslide, mudflow or debris flow) if an insured disaster is the proximate cause of the loss or damage and would otherwise be covered.

Assembly Bill 1772 Extends from 24 months to 36 months the period of time within which an insurance policyholder is entitled to collect full replacement benefits under a replacement cost fire insurance policy.

Assembly Bill 1800 Prohibits, in the event of a total loss, a residential property insurance policy from limiting or denying payment based on the fact that the policyholder has chosen to rebuild or purchase a home at a new location.

## 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 ext. 2#



## 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

## 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.

## 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. No strings attached.



## SELECTED LISTINGS

Please Contact Rockyfield

A: Active U: Contracted P: Pending S: Sold  
Prices in '000s. Source: MLS (as of 02/06/19)