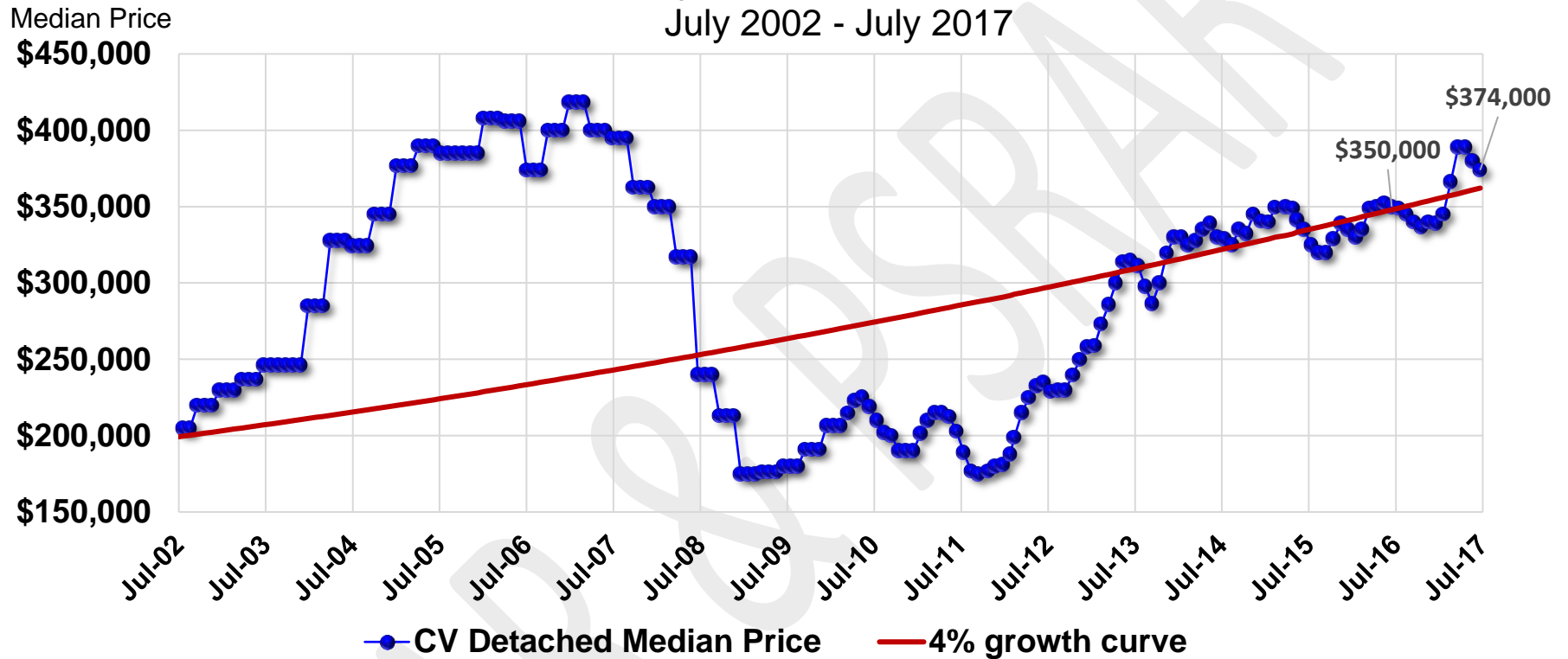


Coachella Valley Median Detached Home Price

July 2002 - July 2017



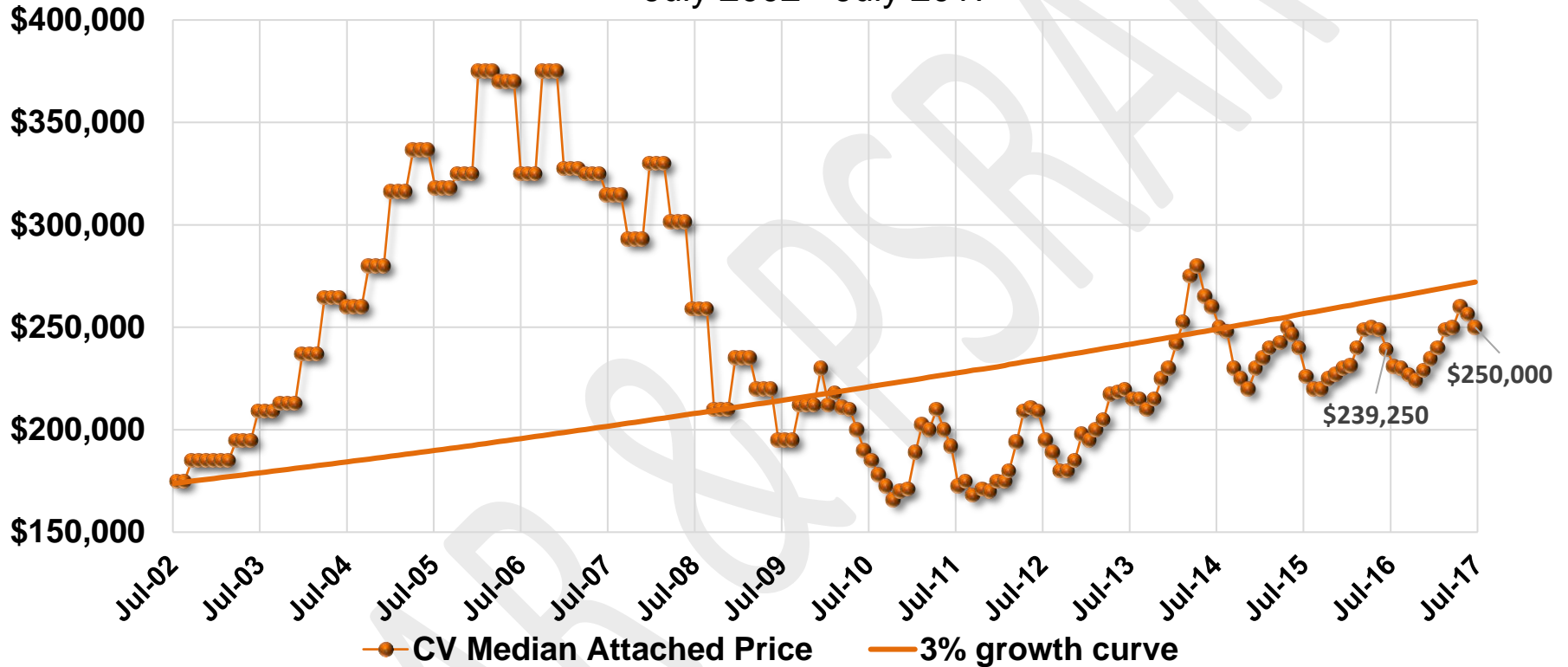
Summary

Prices throughout the Valley are following the seasonal pattern of giving back some of the price gains earned during the strong spring season. Even so, the median Valley price at the close of July was \$374,000, which is 6.8% higher than \$350,000 last July. After three years of sideways price movement, attached home prices are showing some strength. This is seen in the year over year gain of the median attached home price, which ended July at \$250,000, a 4.5% increase over last July. The year over year change in the median price of detached homes of the nine major cities shows a wide dispersal of results – from +11.5% for La Quinta down to -7.8% for Indian Wells. Palm Springs, with an 8.9% gain, is now only 2% below its all-time high of \$600,000. In July, detached home sales averaged 606 units a month over the last three months. This is a 12% increase over a year ago. On August 1st the “months of supply” ratio was 4.2 months. This low reading is the result of the combination of lower inventory and a higher sales rate and is a fundamental sign of a strong housing market. This is confirmed by a low DOM of 73.5 days averaged over the last three months.

Coachella Valley Median Attached Price

July 2002 - July 2017

Median Price



Coachella Valley Attached Median Price

After three years of sideways price movement, attached home prices throughout the Valley are showing some strength. This is seen in the year over year gain of the median attached home price which ended July at \$250,000, a 4.5% increase over last July. While this is a mild increase it's better than the zero gains of the last three years. It will be important to watch how prices unfold during late summer and fall. If year over year gains continue, it could be a precursor to a stronger attached market in 2018.



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Detached Homes

	Jul-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
La Quinta	\$476,500	\$427,500	11.5%	\$245,000	94.5%	\$682,020	-30.1%
Cathedral City	\$300,000	\$274,000	9.5%	\$139,000	115.8%	\$395,000	-24.1%
Palm Springs	\$588,250	\$540,000	8.9%	\$335,000	75.6%	\$600,000	-2.0%
Indio	\$299,000	\$290,000	3.1%	\$158,500	88.6%	\$380,500	-21.4%
City of Coachella	\$230,000	\$224,950	2.2%	\$121,950	88.6%	\$335,000	-31.3%
Desert Hot Springs	\$195,000	\$191,000	2.1%	\$85,000	129.4%	\$295,000	-33.9%
Palm Desert	\$375,000	\$375,000	0.0%	\$287,000	30.7%	\$543,000	-30.9%
Rancho Mirage	\$600,000	\$610,500	-1.7%	\$423,000	41.8%	\$950,000	-36.8%
Indian Wells	\$792,500	\$860,000	-7.8%	\$540,000	46.8%	\$1,205,000	-34.2%

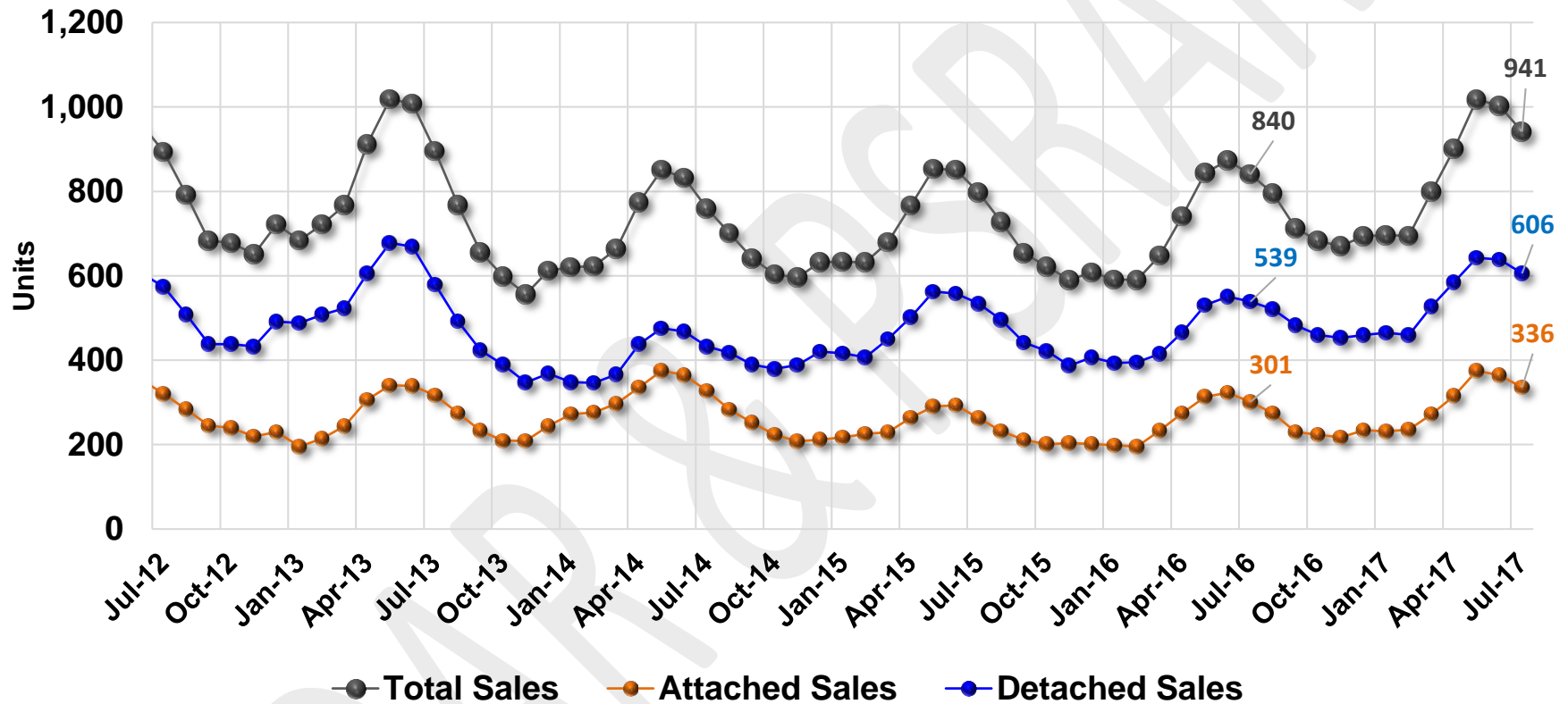
Attached Homes

	Jul-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Cathedral City	\$197,250	\$164,500	19.9%	\$107,500	83.5%	\$270,500	-27.1%
Indio	\$167,250	\$155,000	7.9%	\$75,000	123.0%	\$279,000	-40.1%
La Quinta	\$330,000	\$315,000	4.8%	\$265,000	24.5%	\$532,500	-38.0%
Palm Desert	\$248,000	\$239,000	3.8%	\$175,000	41.7%	\$410,000	-39.5%
Palm Springs	\$226,250	\$220,000	2.8%	\$150,000	50.8%	\$350,000	-35.4%
Desert Hot Springs	\$155,000	\$164,900	-6.0%	\$86,000	80.2%	\$303,000	-48.8%
Indian Wells	\$370,000	\$420,000	-11.9%	\$321,500	15.1%	\$557,500	-33.6%
Rancho Mirage	\$276,000	\$320,000	-13.8%	\$260,000	6.2%	\$510,000	-45.9%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

12 Month Change in City Median Prices

The year over year change in the median price of detached homes of the nine major cities shows a wide dispersal of results – from +11.5% for La Quinta down to -7.8% for Indian Wells. Palm Springs, with an 8.9% gain, is now only 2% below its all-time high of \$600,000. Attached home prices show even wider price dispersal, with a high of +19.9% for Cathedral City down to -13.8% for Rancho Mirage.

Detached, Attached and Total Sales 3 month moving average



Monthly Sales – 3 month trailing avg.

Sales throughout the Valley continue to grow when compared to a year ago. This is true of the seasonal three month average as well as longer term metrics. In July, detached home sales averaged 606 units a month over the last three months, which is a 12% increase over a year ago. Attached sales averaged 336 units, which is an 11% increase. This growth should continue into 2018 as long as the pattern of higher sales stays in effect throughout the slow summer-fall period



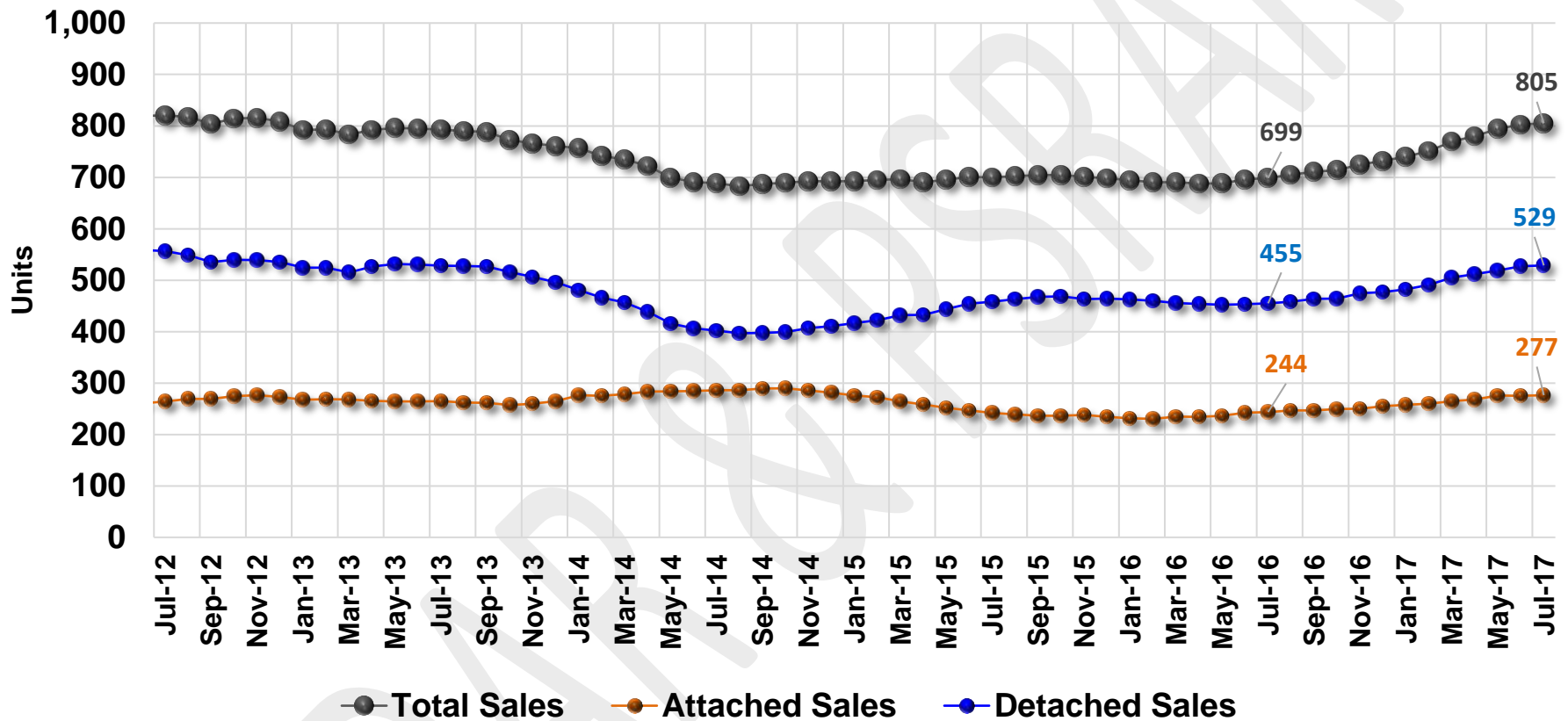
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Detached, Attached and Total Sales

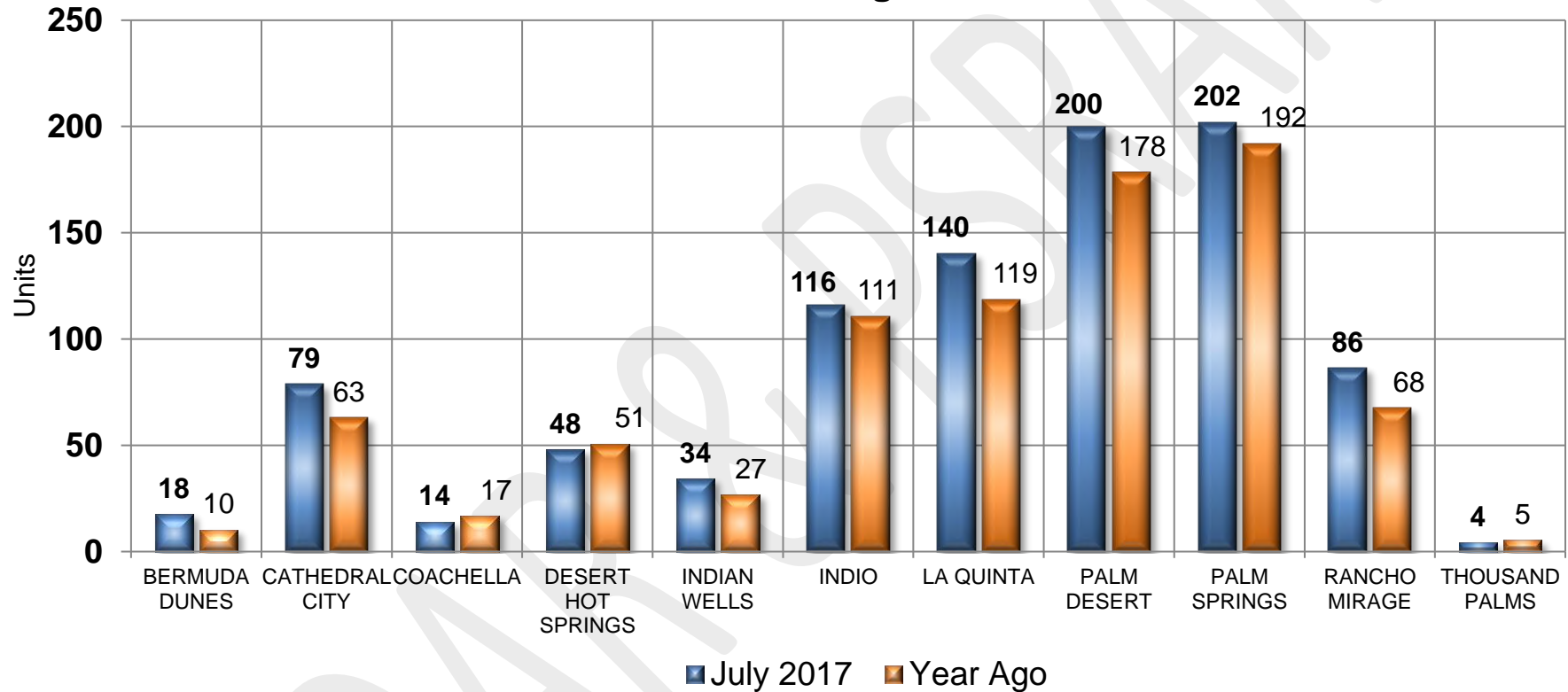
12 month moving average



Monthly Sales – 12 month trailing avg.

Longer term measurements of Valley sales, which take out seasonality, are also growing. In July total sales averaged 805 units a month, which is 15% above the same time last year. Detached sales rose to a twelve month average of 529 units, which is 16% higher than last year. Attached sales are 13.5% above last year.

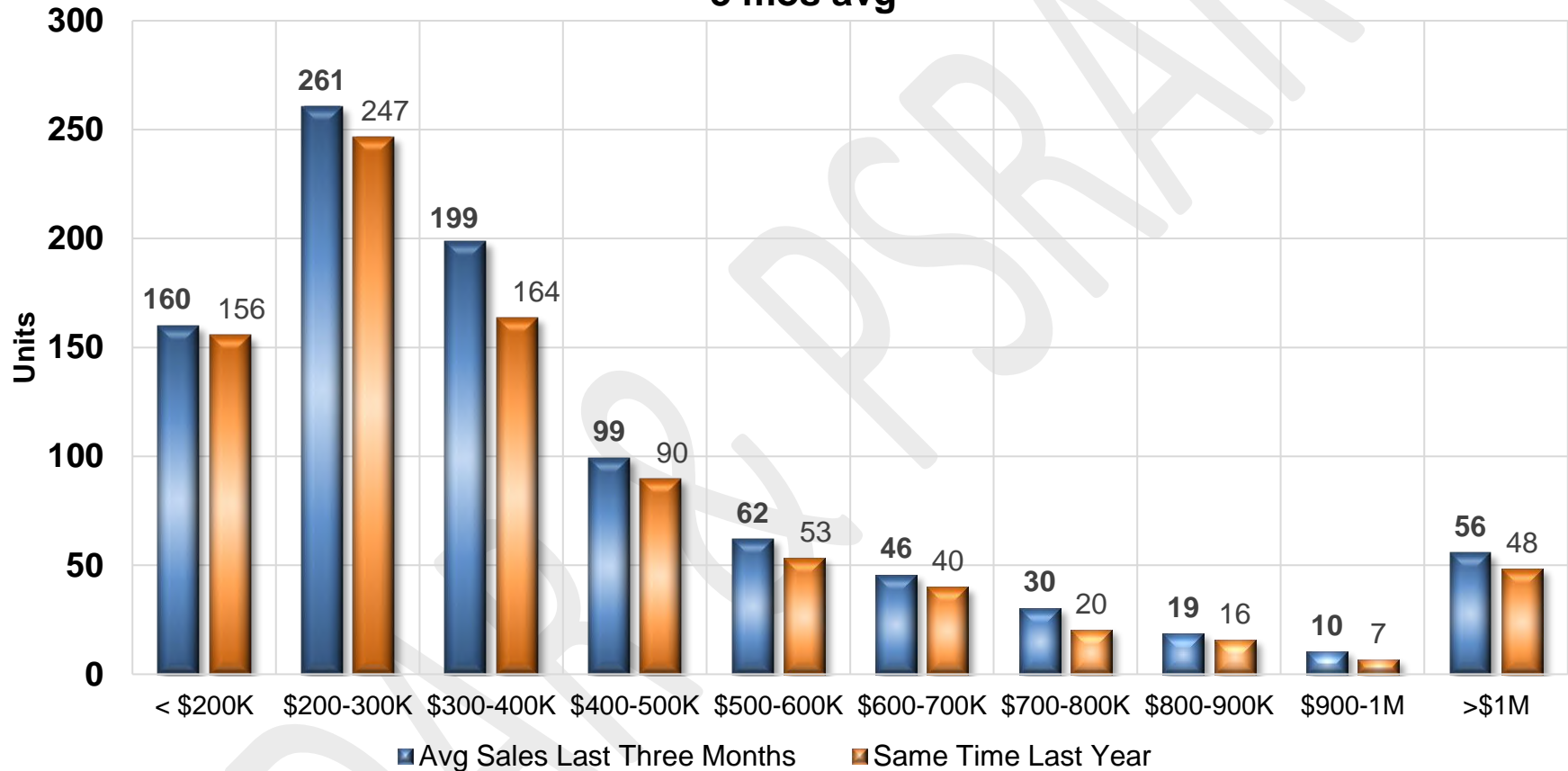
Home Sales by City 3 month avg sales



Home Sales per month by City

All cities except the city of Coachella, Desert Hot Springs and Thousand Palms have higher sales compared to a year ago. In order of highest percent increase downward: Bermuda Dunes sales show the largest increase at 70%. Indian Wells is 29% higher, Rancho Mirage is 28% higher and Cathedral City is 25% higher.

Home Sales by Price Range 3 mos avg

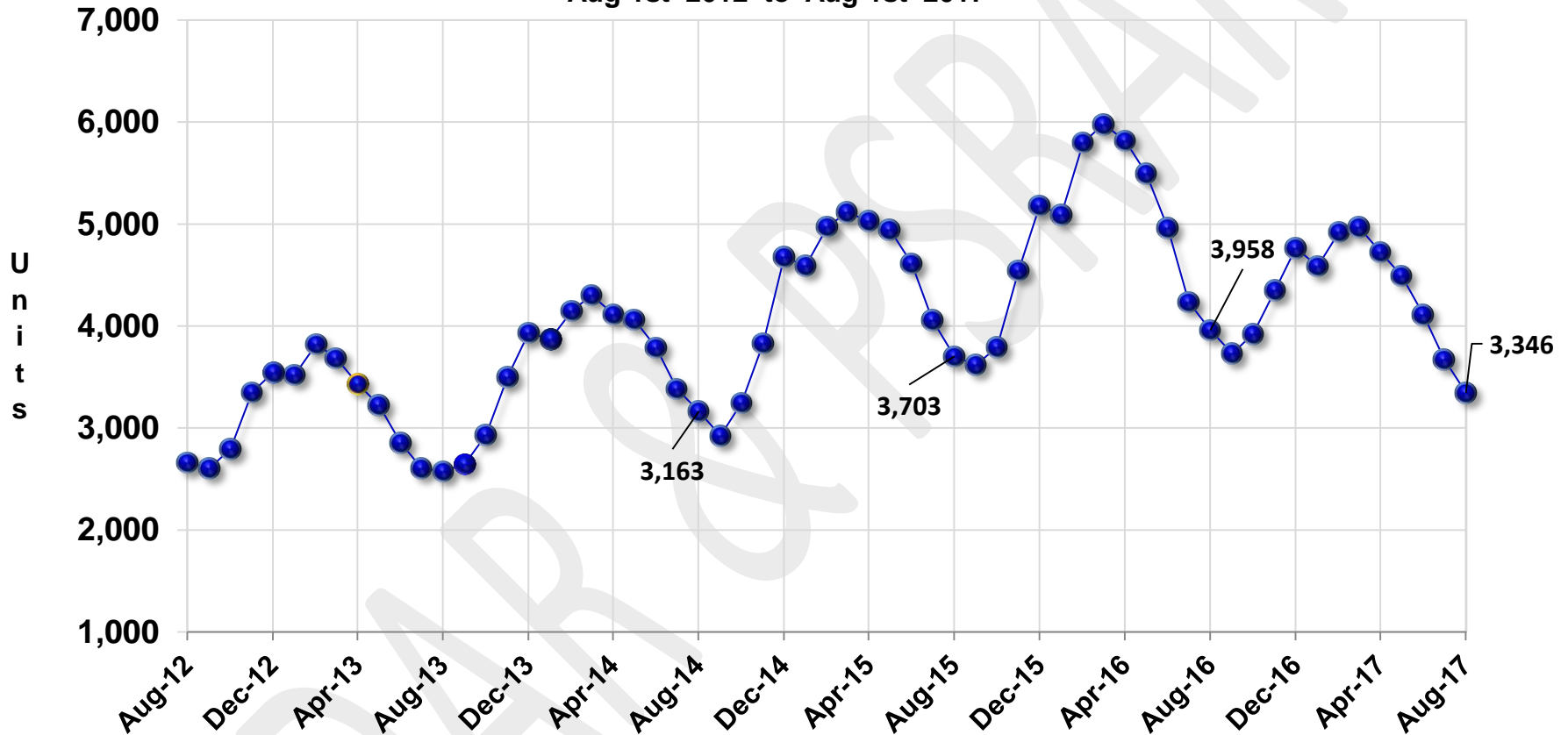


Home Sales by Price Range

Total sales increased in every price bracket in July compared to July of last year. The largest increase percentage-wise (50%) was in sales of homes priced from \$700k to \$800k. The increases in all the other brackets were very even and consistent, as is seen in the graph. Sales of homes priced over one million dollars were up 17%.

Valley Housing Inventory

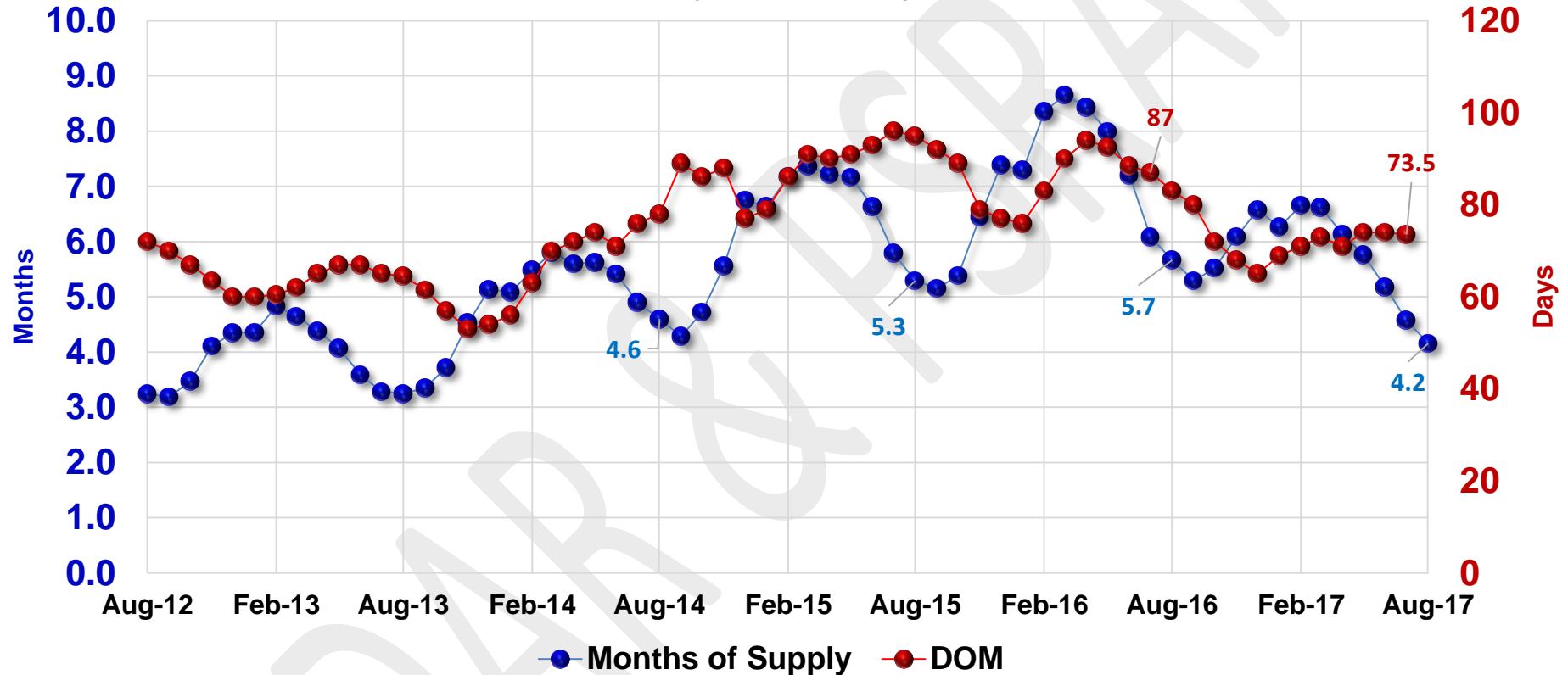
Aug 1st 2012 to Aug 1st 2017



Coachella Valley Inventory.

Inventory continues to decline as it has historically done every year from late spring and summer. However, the current number of 3,346 units is 612 less than August 1st of last year and 357 less than two years ago. As the chart clearly shows, inventory lows almost always occur sometime around September 1st. We expect this year's lows to be just short of 3,000 units before rising again as we enter the fall season.

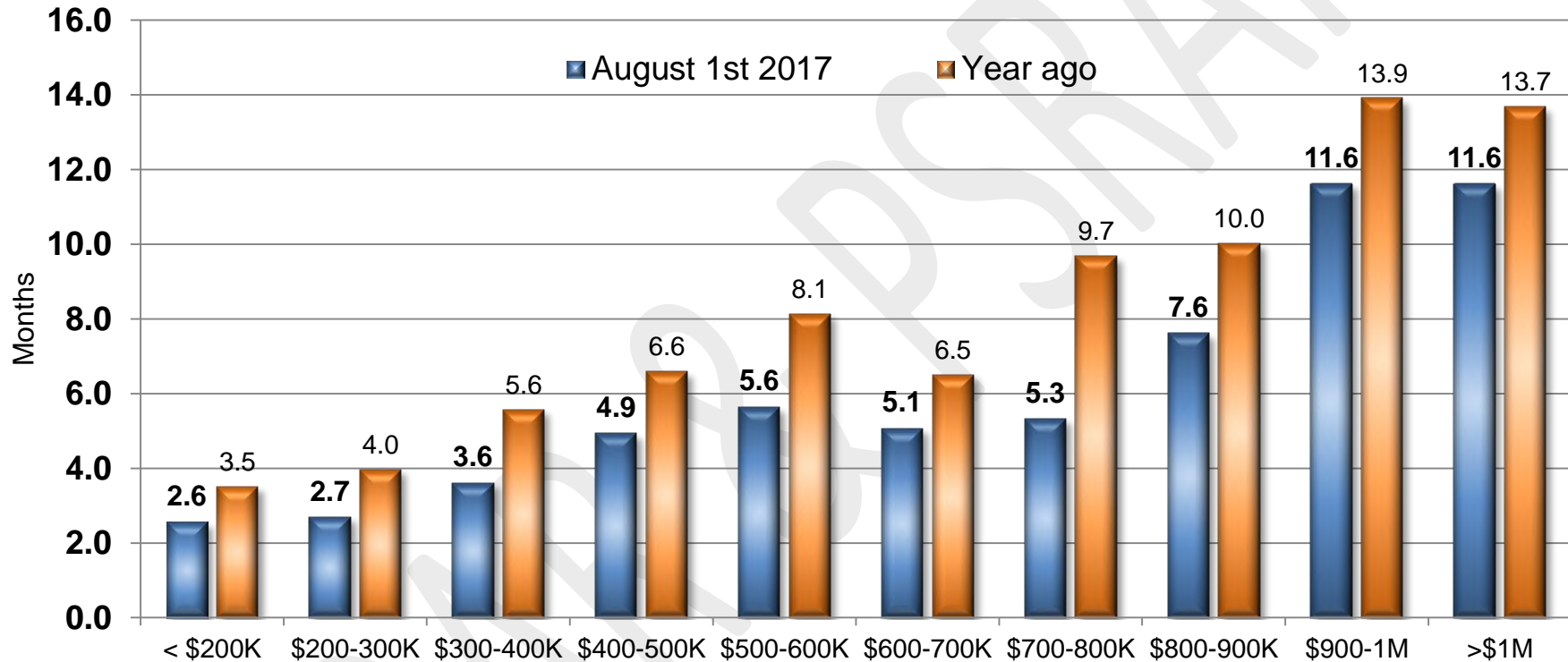
"Months of Supply" and "Days on the Market"



"Months of Supply" and "Days on the Market"

On August 1st the "months of supply" ratio was a low 4.2 months. We've indicated on the chart the last four August 1st ratios. The chart clearly shows the latest ratio is the lowest since 2013. This is the combined result of lower inventory and a higher sales rate and is a fundamental sign of a strong housing market. This is confirmed by a low DOM of 73.5 days averaged over the last three months.

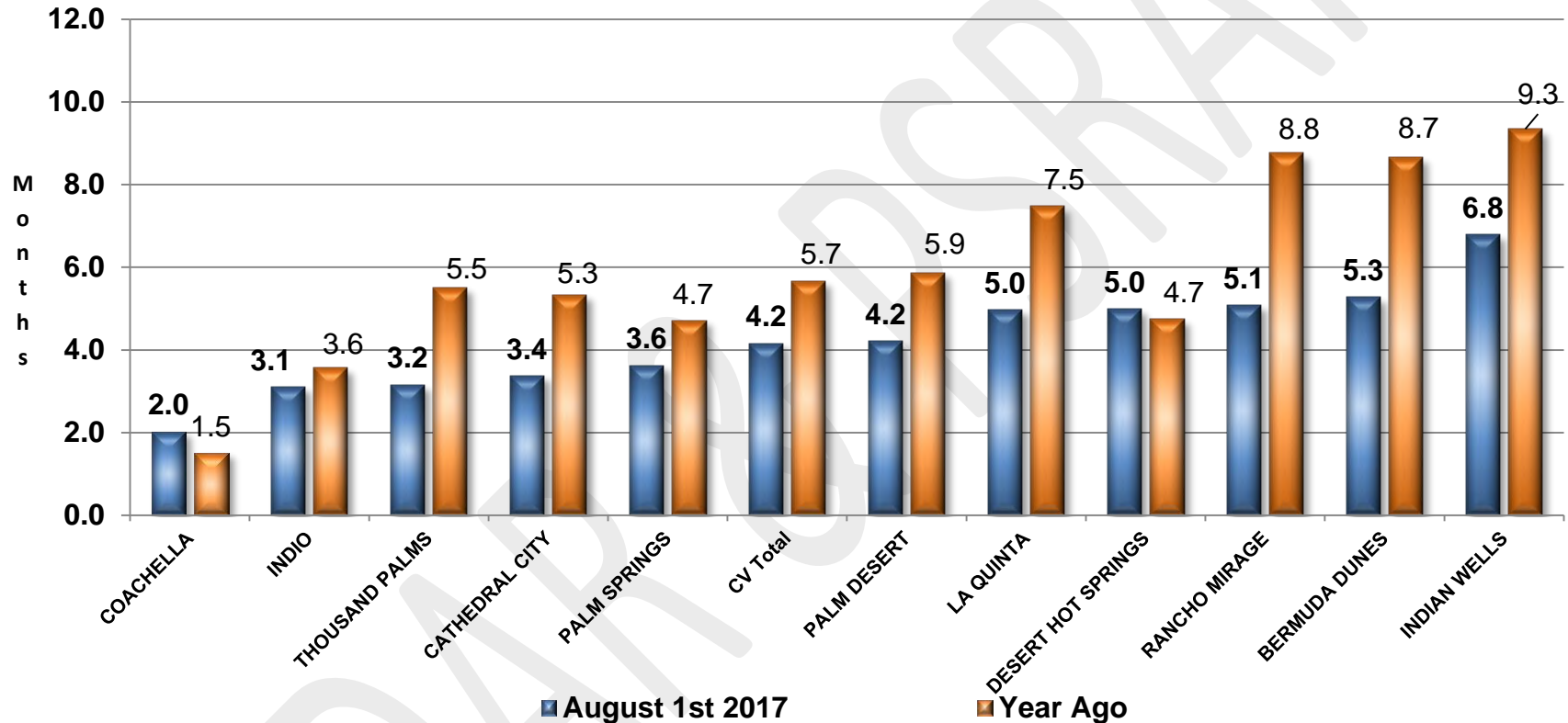
"Months of Supply" by Price Range uses avg. twelve month sales



"Months of Supply" by Price Range

We see significant improvement in "months of supply" ratios in all price bracket but especially in those above \$300k. No ratio is over 6.0 until we reach homes priced over \$800k. This shows that the strengthening of Valley housing is broad and occurring throughout all price brackets.

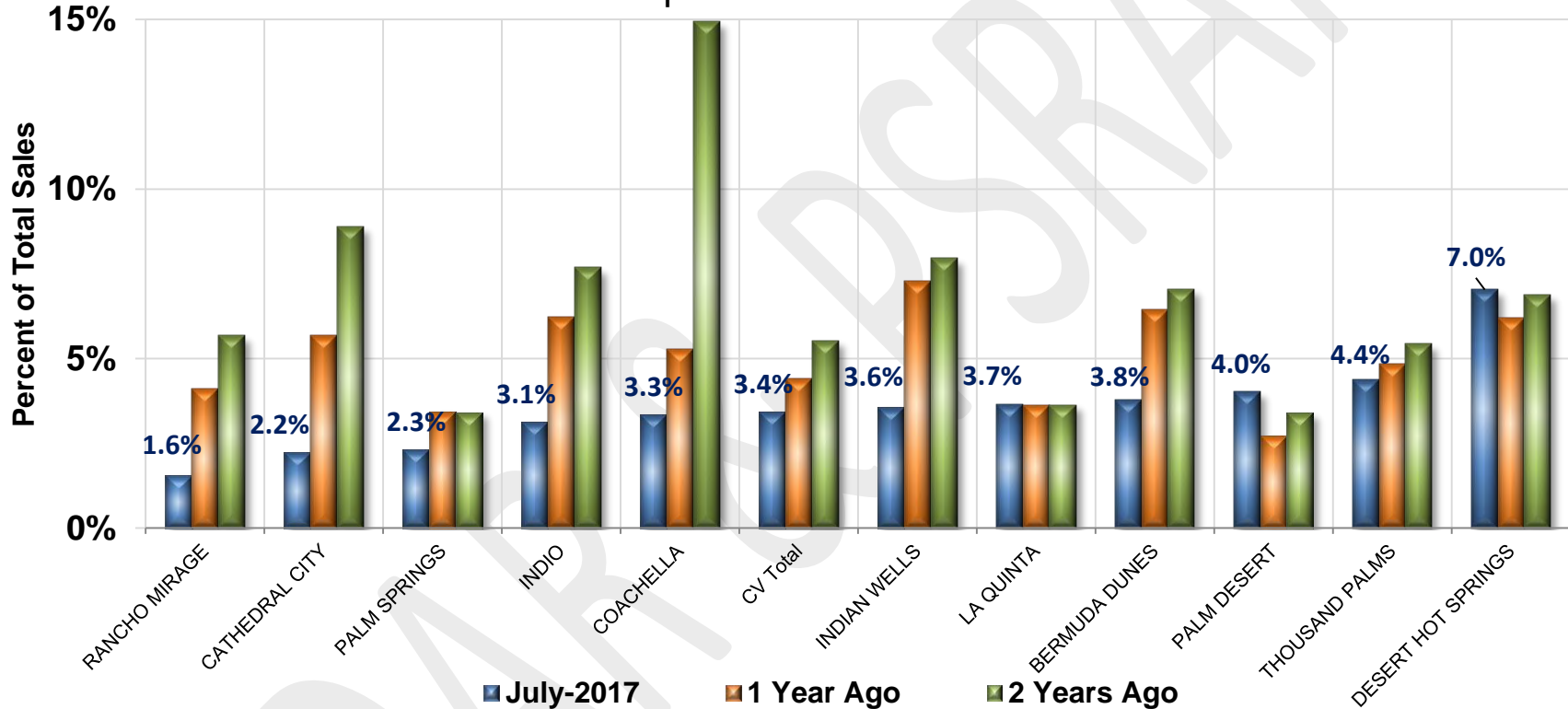
"Months of Supply" by City city inventory divided by average twelve month sales



"Months of Supply" by City

We see very strong "months of supply" ratios in eleven Valley cities. This indicates that the strengthening of housing is Valley wide and not located in a few cities or one corner of the Valley. No city has a ratio over 6.0 months except Indian Wells, which is somewhat expected since high priced cities usually have higher than normal ratios.

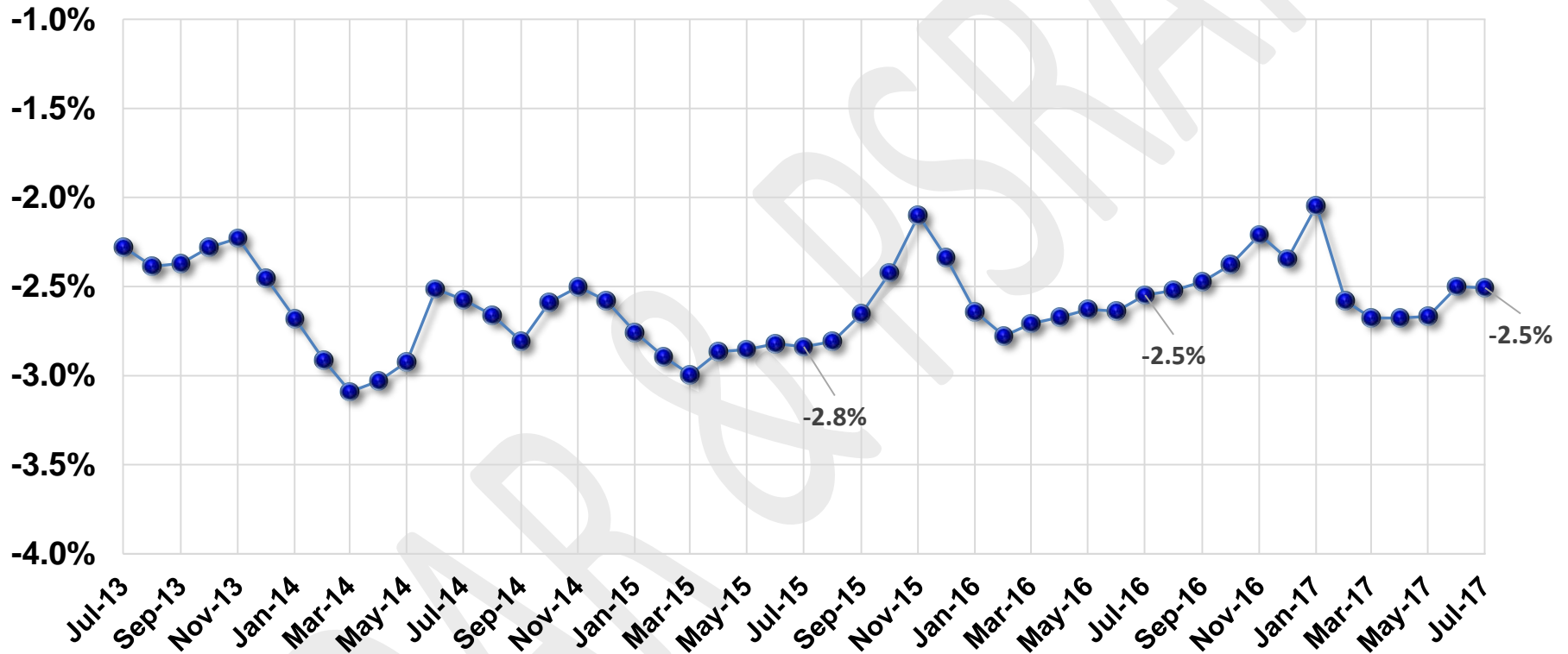
Distressed Sales by City percent of total sales



Distressed Sales by City

The Valley's distressed sales ratio of 3.4% is now at its lowest reading since 2002. Even cities, which used to have ratios close to 10% just two years ago – Cathedral City, Indio and Coachella – are now all below the 5% level. Only the Desert Hot Springs' ratio remains over 5%.

Sale Price Discount from List July 2017



Sale Price Discount from List

The latest “Sale Price Discount from List” is at -2.5%, which is exactly equal to the discount one year ago but 3/10 of a percent lower than two years ago. The current percent implies that the selling discount to a home listed for \$300,000 is approximately \$7,500.



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Explanation and Description of Market Watch's Graphs and Calculations

Prices: Except for our attached price index, all city and regional median prices are for single family detached homes only. All prices are the median value for all transactions over the last three months (except for Indian Wells, which is six months due to the small number of monthly sales). For example, the median price for the month of May will be the median value of all sales in March, April and May of detached homes. This longer time period reduces the amount of wide and meaningless variation that one gets taking only the last month's transactions and provides more reliable information. While we do show the median selling price in our city reports, we try to emphasize the median price per sq. ft. in both these and our regional reports. For technical reasons this metric is more reliable than median price and presents us and the reader with fewer statistical anomalies and variations.

Sales: Sales numbers are the sum of both attached and detached home sales. We present two sales numbers – three month average of sales and twelve month averages. The three month average measures and shows the seasonal variations of the region. These three month averages should only be compared against the same three months of previous years. For example, one should never compare three month sales in spring to that of the fall. The twelve month average takes out all seasonality and is very useful when trying to assess the long term growth or contraction of sales in the region and at the city level.

Inventory and Months of Sales: When we provide a monthly report for, say, the month of May, all sales and pricing are done using transactions throughout that month and the previous two months. However, when we measure inventory at the end of May, it's the inventory as of June 1st the next month. It is the sum of inventory of both attached and detached homes. Remember sales and prices are accumulative while inventory is a momentary snapshot of inventory on a specific date. To avoid confusion, the inventory reported in the May report is for June 1st, and our graphs and charts for inventory and months of sales will give this date and not the date of the month of the report.

When calculating "months of sales" we almost always use average sales over the last twelve months and not three months. If we do use three months we will indicate that we are dividing inventory by three month sales and not the normal twelve month average.

Days on the Market and Sale Price Discount from List Price: These calculations are also the median value of the metrics reported from the MLS listing and are calculated over the last three months of transactions like price and sales. This is done to help reduce random variation and movements.

Call Out Numbers: The two numbers inserted in the charts are the most recent value(s) and the value(s) one year ago. Each number is connected to the point on the chart it refers to by a small thin line.

Scatter Diagram Value Curve: In the individual city reports we provide a Scatter Diagram Value Curve which plots the price per sq. ft. of every sale for the last three months versus the square feet of that home. In the graph each small blue circle represents a sale. Then a best fit linear line is calculated through those points using the least square method to arrive at the value curve. The value curve represents the price per sq. ft. that the market is generally giving different size homes. We provide the actual linear equation for people who might want to use it to calculate prices for different sized homes.

To contact Market Watch call Vic Cooper at 949-493-1665