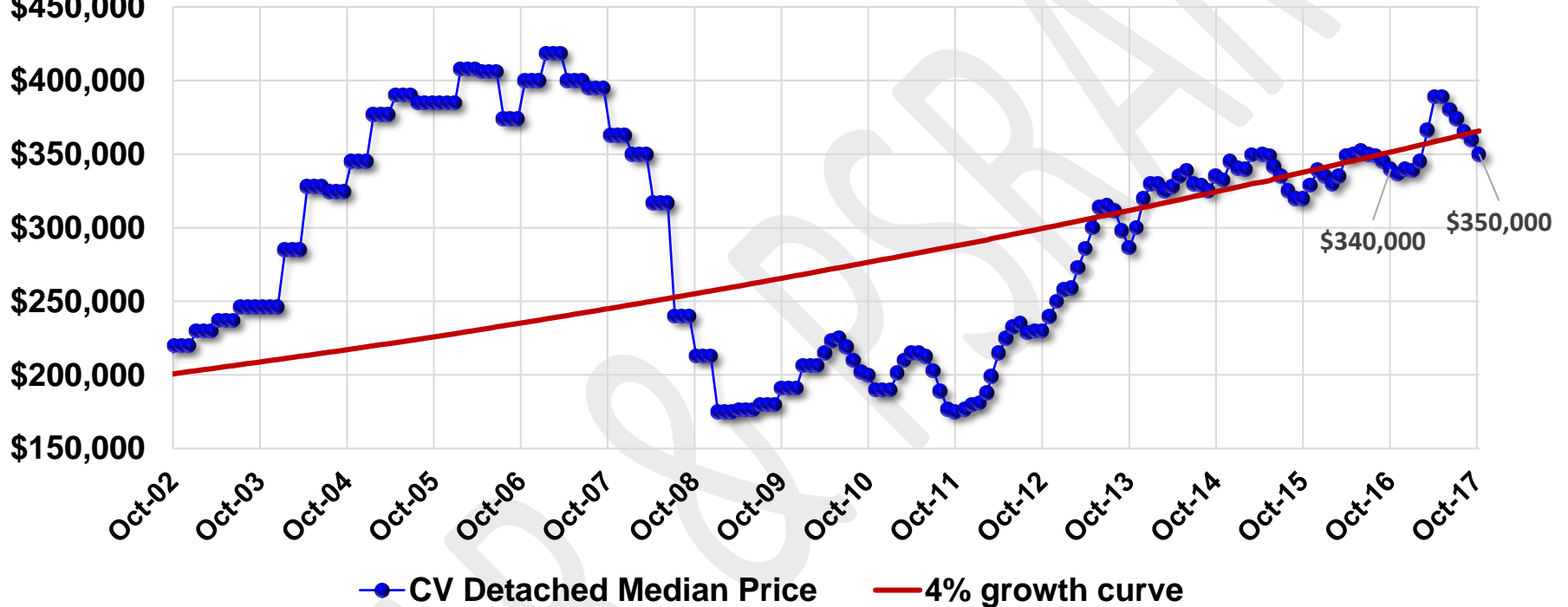


## Coachella Valley Median Detached Home Price

Oct 2002 - Oct 2017

Median Price  
\$450,000



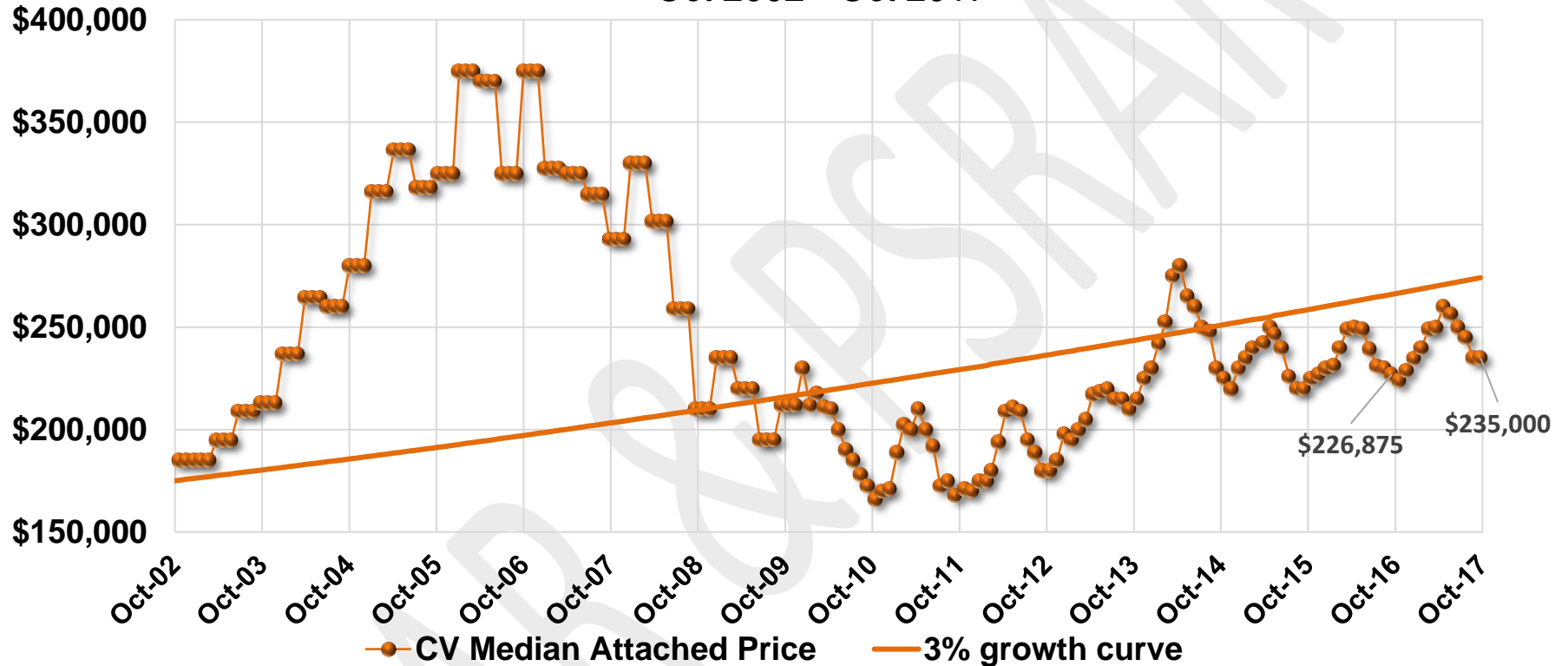
### Summary

The October median price for the nine city wide Coachella Valley was \$350,000, which was \$10,000 or 2.9% above a year ago. As the chart shows prices have settled just below the 4% growth curve as it tends to do every autumn. The median price for Coachella Valley attached homes and condominiums in October was \$235,000, which was \$8,125 or 3.6% above a year ago. We find this particularly encouraging for the attached housing market as we approach the spring home buying season. The year over year change in median home prices of the nine cities shows overall strong gains but also wide variation in the numbers. For detached homes, year over year changes go from a 16.2% increase for Desert Hot Springs to minus 4.3% for Indian Wells. On November 1st Valley housing inventory started its seasonal rise. The 384 unit increase in one month was relatively small, however, when compared to previous years. This is a positive and we think it's primarily due to the higher sales over the off season. The net result is that the November 1st inventory of 3,625 was 725 units less than last year. The combination of higher sales over the last 12 months and a lower inventory makes the important "months of supply" ratio on November 1st equal 4.4 months. This is the lowest ratio on that date for the region since 2012 and is the number one indicator pointing to the strength of this housing market.

## Coachella Valley Median Attached Price

Oct 2002 - Oct 2017

Median Price



### Coachella Valley Attached Median Price

The median price for Coachella Valley attached homes and condominiums in October was \$235,000, which was \$8,125 or 3.6% above a year ago. We find this particularly encouraging for the attached housing market as we approach the spring home buying season. Why? Because in the prior four years there was zero to negative year over year price changes in that market in prior Octobers. We think the current situation bodes well for prices to finally break above the long term 3% growth curve when we enter the spring buying season.



# The Desert Housing Report

October 2017



## Detached Homes

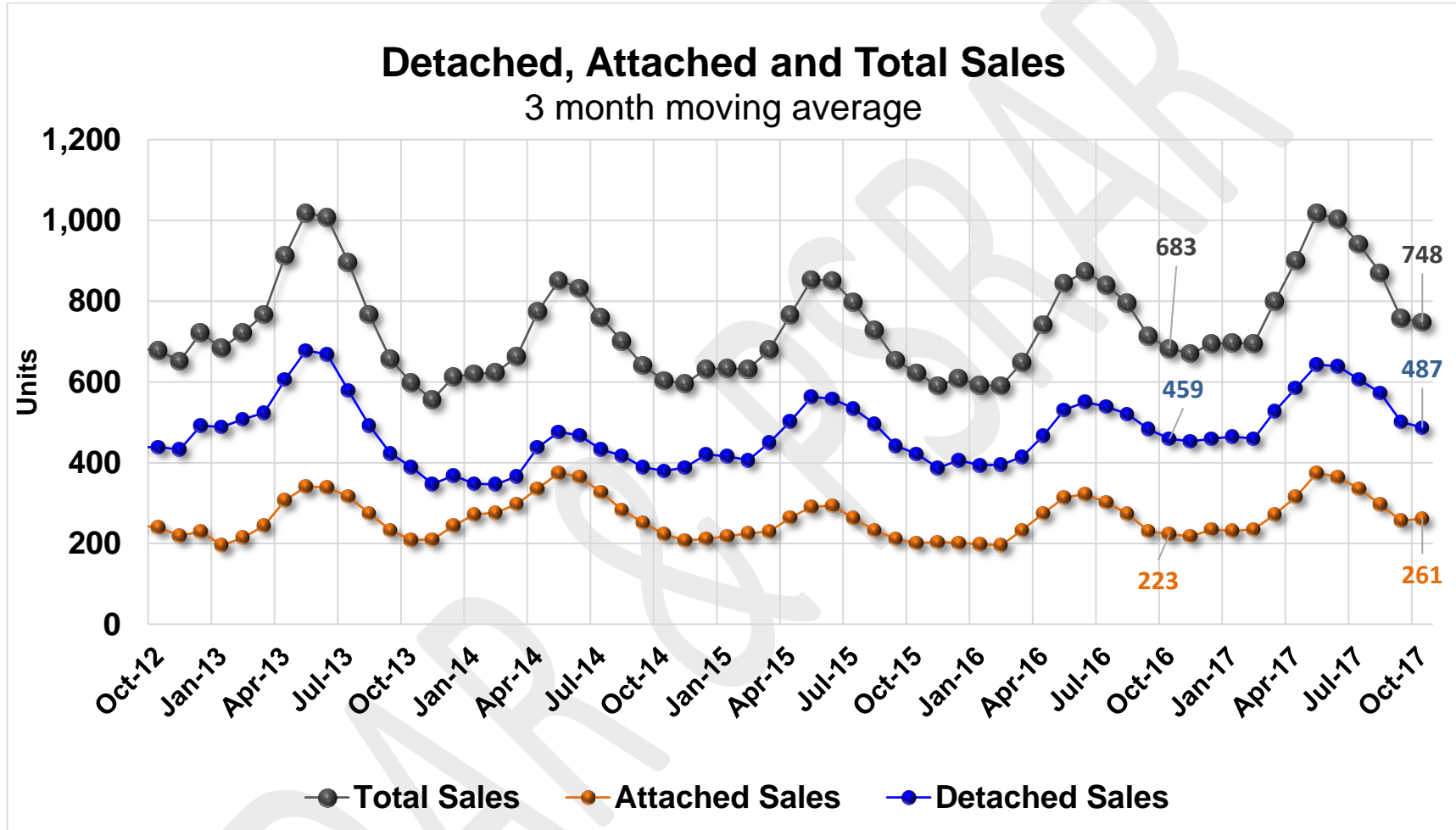
	Oct-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Desert Hot Springs	\$215,000	\$185,000	16.2%	\$85,000	152.9%	\$295,000	-27.1%
Rancho Mirage	\$608,500	\$540,000	12.7%	\$423,000	43.9%	\$950,000	-35.9%
Cathedral City	\$302,500	\$282,500	7.1%	\$139,000	117.6%	\$395,000	-23.4%
Palm Springs	\$589,000	\$552,500	6.6%	\$335,000	75.8%	\$600,000	-1.8%
Palm Desert	\$377,700	\$355,000	6.4%	\$287,000	31.6%	\$543,000	-30.4%
La Quinta	\$405,000	\$385,000	5.2%	\$245,000	65.3%	\$682,020	-40.6%
Indio	\$309,495	\$299,000	3.5%	\$158,500	95.3%	\$380,500	-18.7%
City of Coachella	\$245,000	\$240,000	2.1%	\$121,950	100.9%	\$335,000	-26.9%
Indian Wells	\$761,000	\$795,000	-4.3%	\$540,000	40.9%	\$1,205,000	-36.8%

## Attached Homes

	Oct-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Rancho Mirage	\$345,000	\$280,500	23.0%	\$260,000	32.7%	\$510,000	-32.4%
La Quinta	\$350,000	\$302,070	15.9%	\$265,000	32.1%	\$532,500	-34.3%
Palm Desert	\$266,500	\$240,000	11.0%	\$175,000	52.3%	\$410,000	-35.0%
Indio	\$177,500	\$160,500	10.6%	\$75,000	136.7%	\$279,000	-36.4%
Palm Springs	\$195,350	\$195,000	0.2%	\$150,000	30.2%	\$350,000	-44.2%
Cathedral City	\$151,750	\$152,500	-0.5%	\$107,500	41.2%	\$270,500	-43.9%
Indian Wells	\$365,000	\$396,000	-7.8%	\$321,500	13.5%	\$557,500	-34.5%
Desert Hot Springs	\$114,450	\$162,000	-29.4%	\$86,000	33.1%	\$303,000	-62.2%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

## 12 Month Change in City Median Prices

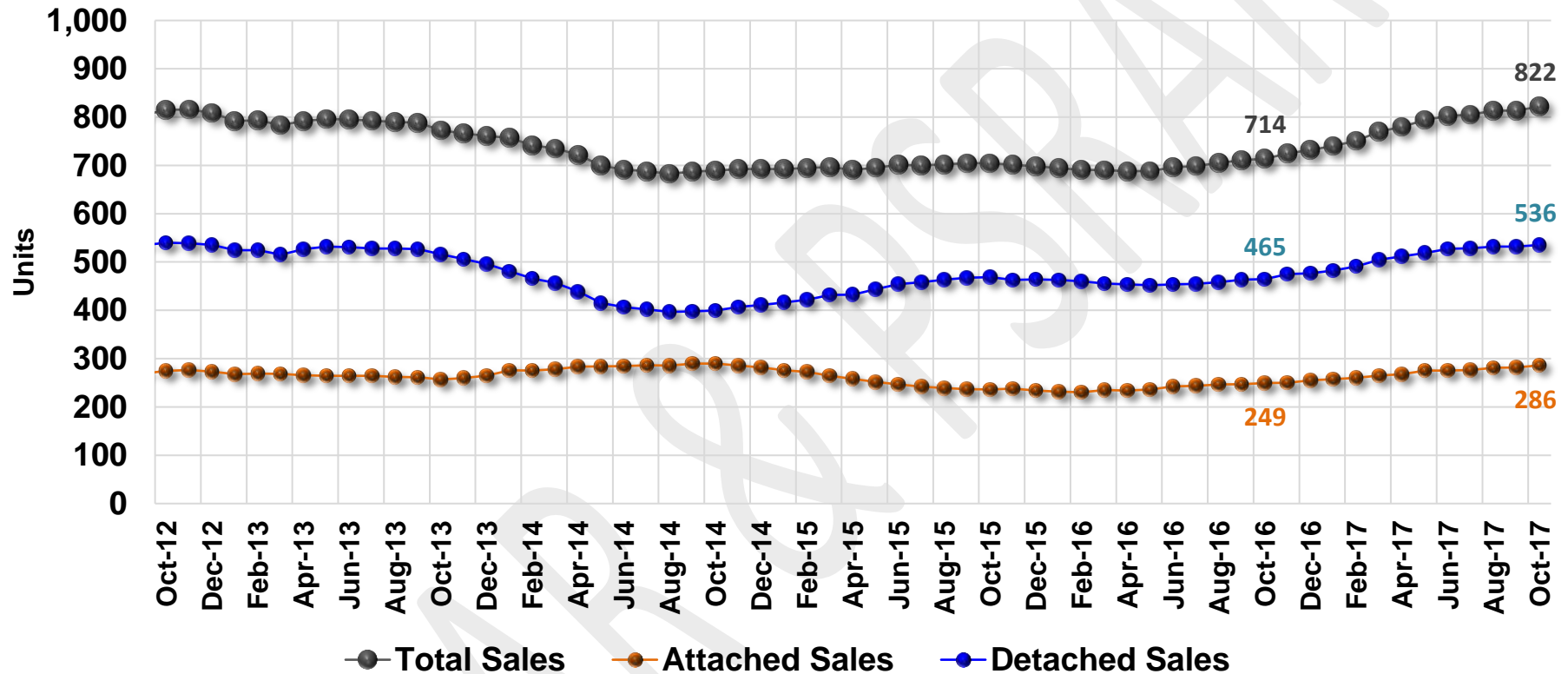
The year over year change in median home prices of the nine cities shows overall strong gains but also wide variation in the numbers. For detached homes, year over year changes go from a 16.2% increase for Desert Hot Springs to minus 4.3% for Indian Wells. We see similar results for attached homes but with an even wider spread in year over year changes. Here they go from a 23% gain for Rancho Mirage down to a negative 29% for Desert Hot Springs. We should note that the number of sales in Desert Hot Springs was very low and some of the decline was due to statistical variations.



### Monthly Sales – 3 month trailing avg.

The three month moving averages of sales continues to show market growth but at a reduced rate of about half of last year. Detached sales are 6.2% higher than last October while attached sales are 17% higher. This is the first solid evidence of a positive shift in interest for attached homes. Total three month sales are running 9% above last October. This points to an expectation for slightly higher sales next year compared to 2017.

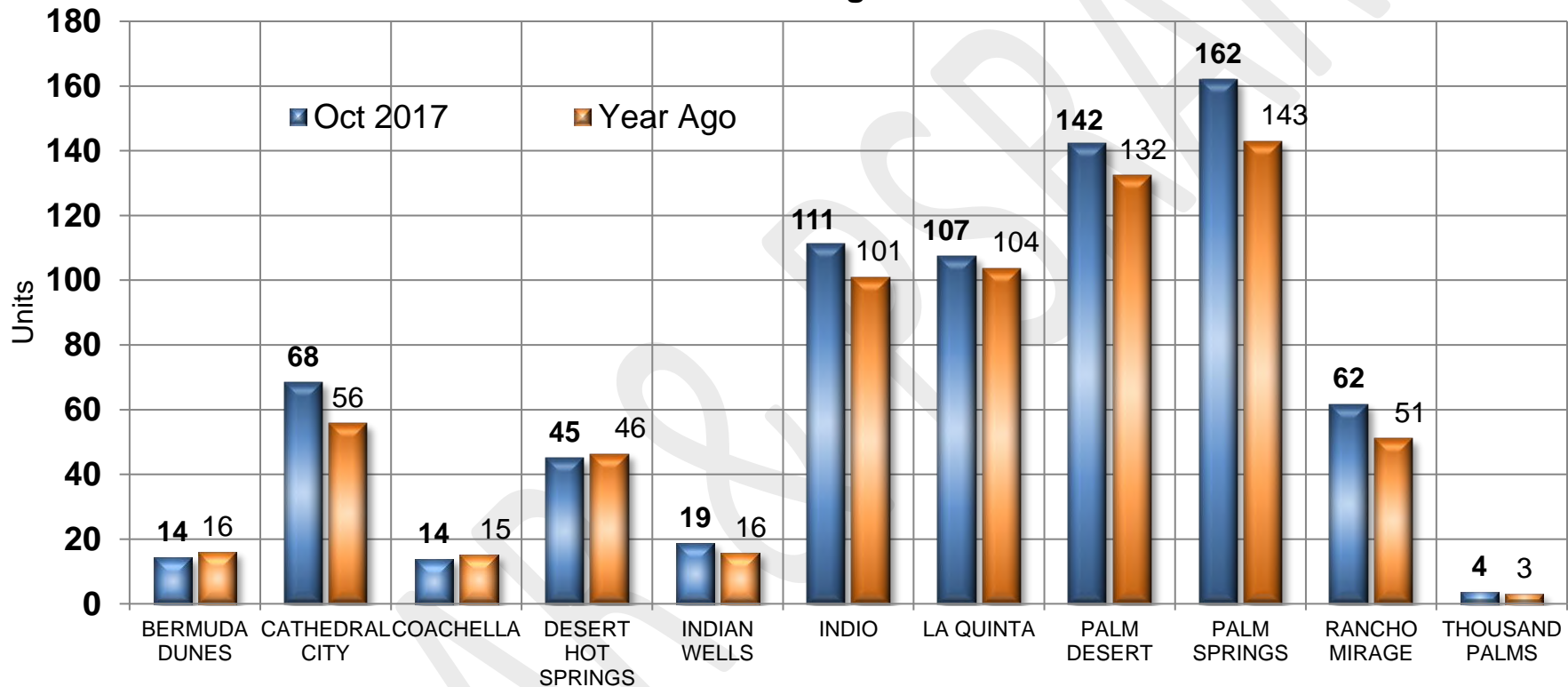
## Detached, Attached and Total Sales 12 month moving average



### Monthly Sales – 12 month trailing avg.

The 12 month average of detached home sales, which takes out seasonality and also highlights the long term picture, is 15% higher than last October. Attached sales are also higher by almost the same margin – 14%. This means total sales have to be running about the same percentage point over last year and they are. So far sales in the off season have been a good predictor of how sales in the on season will be. With this as the basis, current sales numbers are pointing to 5% to 10% sales in 2018 than 2017.

## Home Sales by City 3 month avg sales

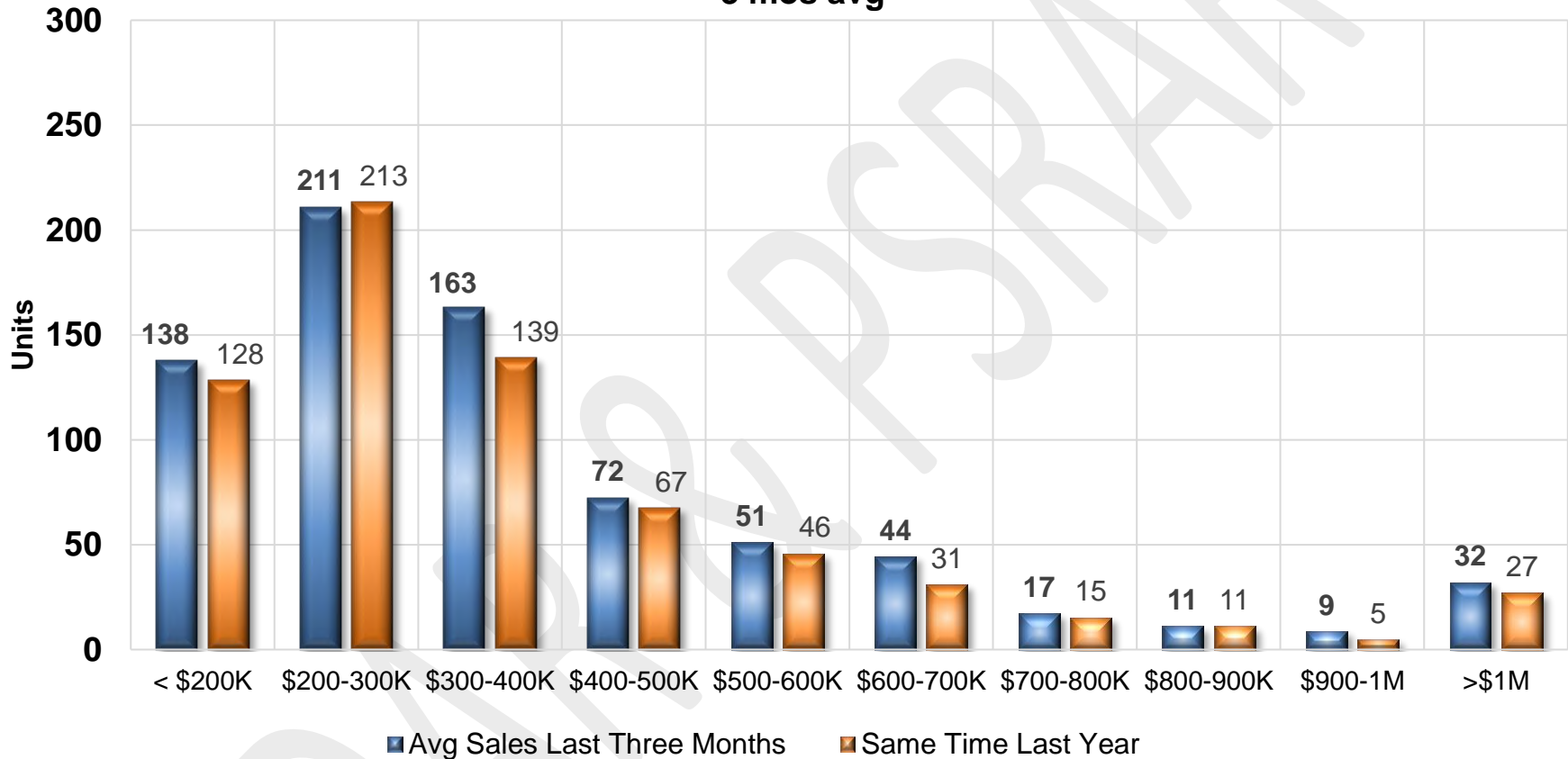


### Home Sales per month by City

Eight cities have higher October sales when compared to last year, while three are slightly lower. The cities with the largest percentage sales increases are Cathedral City and Rancho Mirage, both 21% higher, Indian Wells with sales up 18% and Palm Springs where sales are 3% higher. The three cities with slightly lower sales are Bermuda Dunes, Coachella and Desert Hot Springs.

## Home Sales by Price Range

3 mos avg



### Home Sales by Price Range

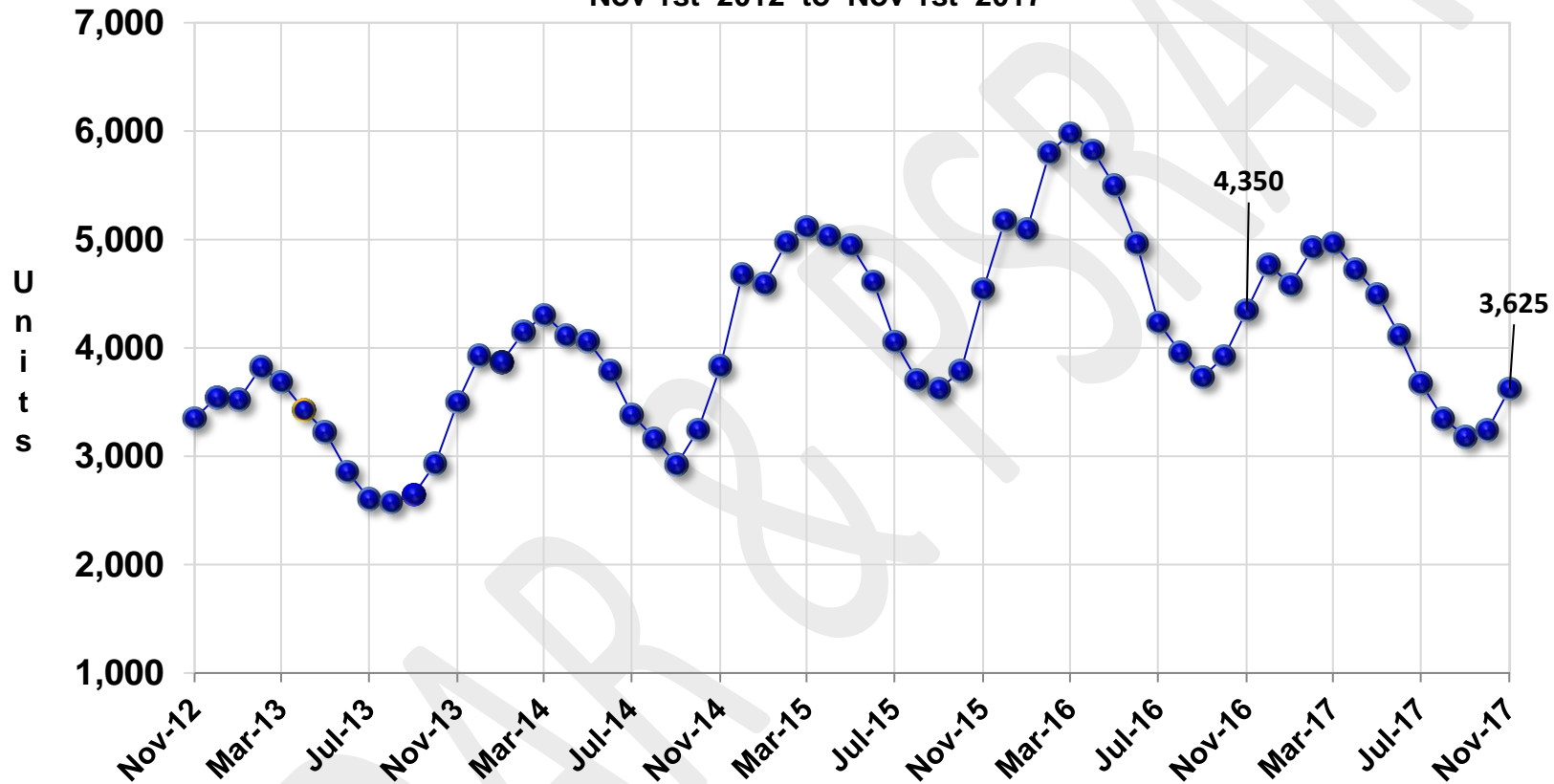
When we sort home sales into specific price brackets, we see higher sales compared to a year ago in all but one of the brackets. The largest increase in sales were in homes priced from \$300,000 to \$400,000. The only decline in sales were those homes selling between \$200K and \$300K, which is due to the lack of supply in this price range. It's important to note that some of these changes could be random variations in the number and prices of homes sold. Because of this possibility it's always important to make sure a trend stays true over a few months.

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## Valley Housing Inventory

Nov 1st 2012 to Nov 1st 2017

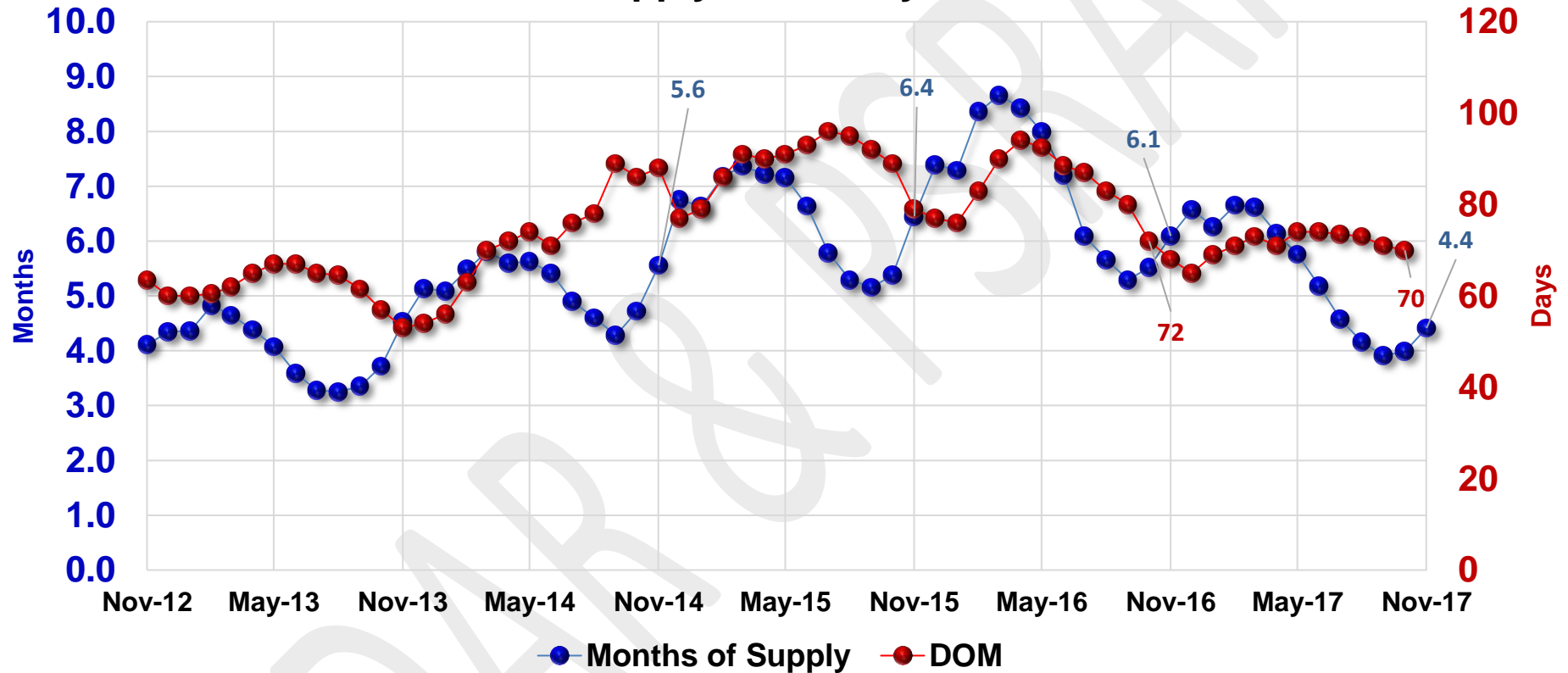


### Coachella Valley Inventory.

On November 1<sup>st</sup> Valley housing inventory started, as it has done almost every year, what appears to be an inevitable seasonal rise. The 384 unit increase in one month was relatively small, however, when compared to previous years. This is a positive and we think it's primarily due to the higher sales over the off season. The net result is that the November 1<sup>st</sup> inventory of 3,625 was 725 units less than last year.



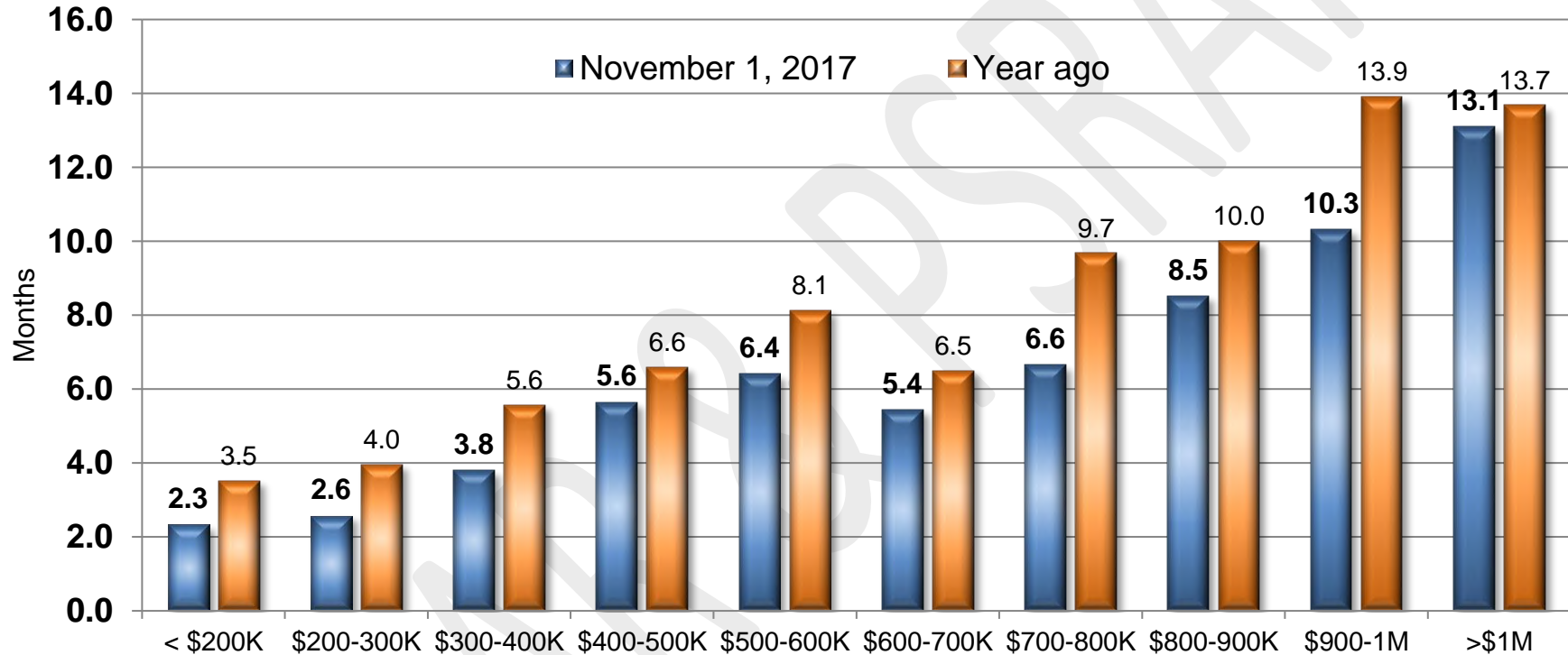
## "Months of Supply" and "Days on the Market"



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

The combination of higher sales over the last 12 months and a lower inventory makes the important "months of supply" ratio on November 1<sup>st</sup> equal 4.4 months. This is the lowest ratio on that date for the region since 2012 and is the number one indicator pointing to the strength of this housing market. This strength is confirmed by the other, similar time indicator – days in the market - which had an October median value of 70 days, the lowest number of days in October since 2013.

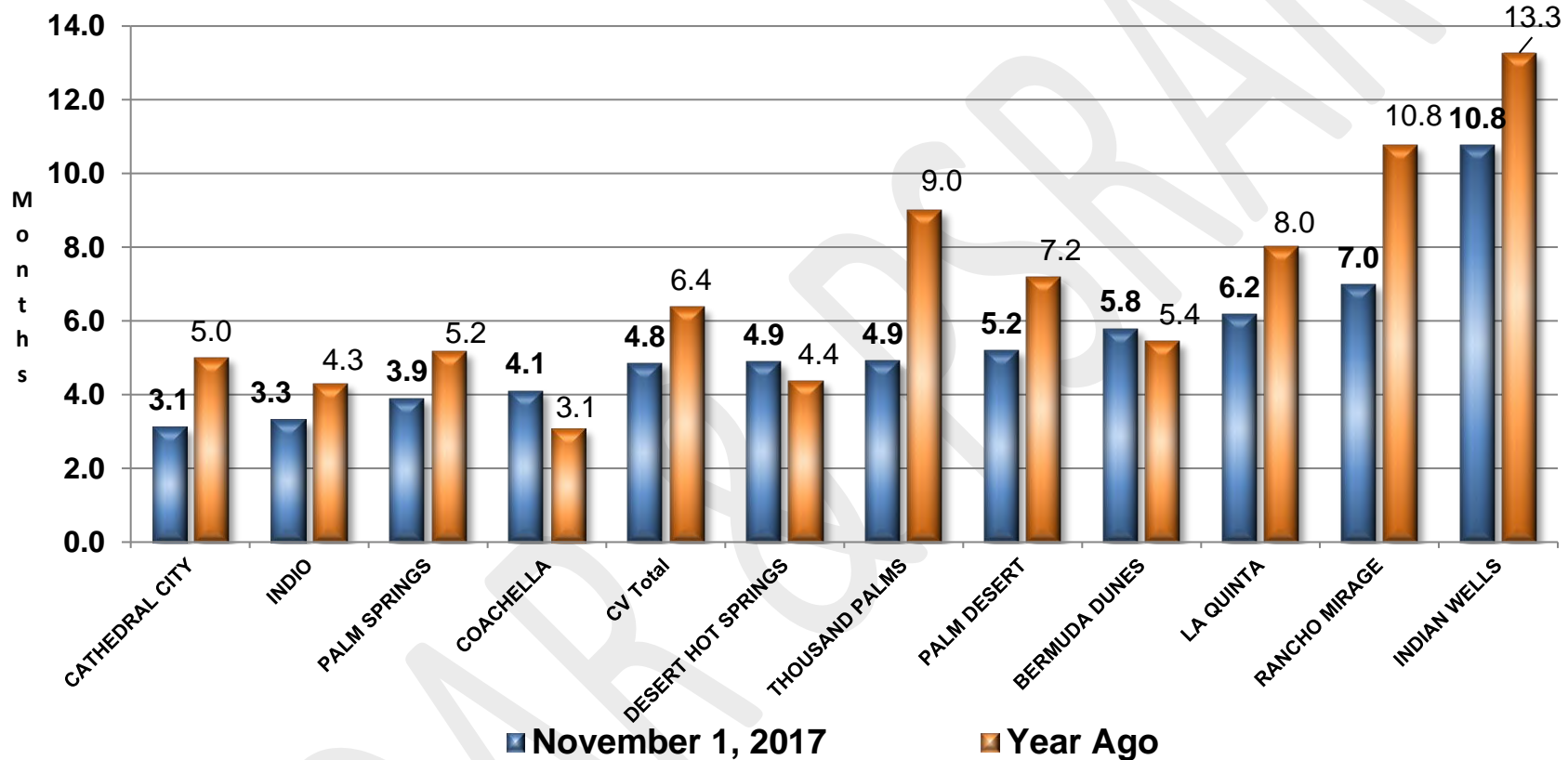
## "Months of Supply" by Price Range uses avg. twelve month sales



### "Months of Supply" by Price Range

We see lower "months of supply" ratios in all price brackets, which indicates the Valley's improving housing market is broad based and strengthening through all price ranges. That said, we would still like to see "months of supply" for homes priced over \$900k to improve a little more; 10.3 months and 13.7 months, while much improved, are a little too high.

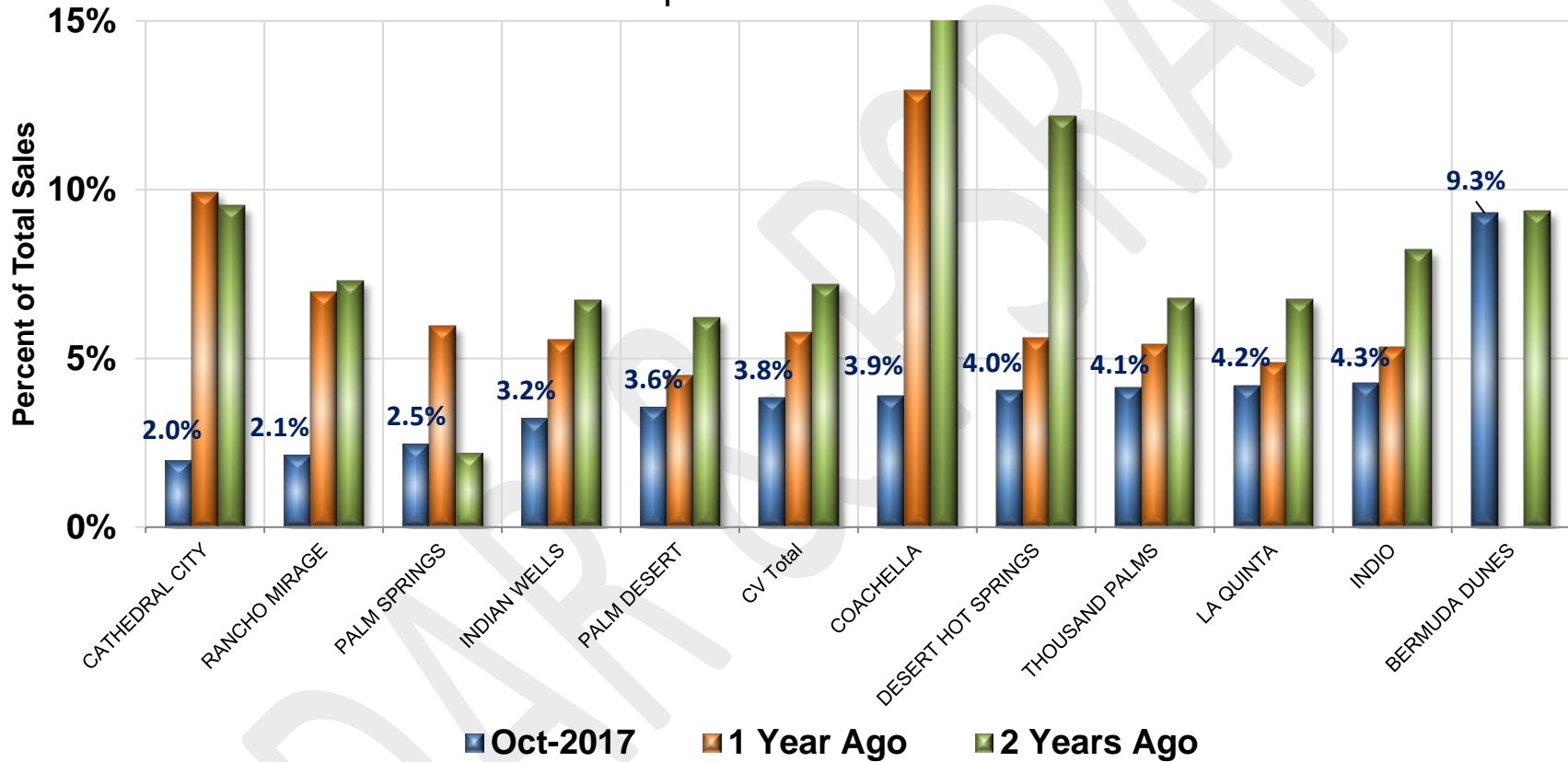
## "Months of Supply" by City city inventory divided by average twelve month sales



### "Months of Supply" by City

As the chart shows, we have lower "months of supply" compared to last year in every city except Coachella, Desert Hot Springs and Bermuda Dunes. We also show where each city stands against the overall ratio for the Coachella Valley, which is 4.8 months. They all look healthy compared to historic norms but we would like to see a little further improvement in the "months of supply" of the high end city of Indian Wells.

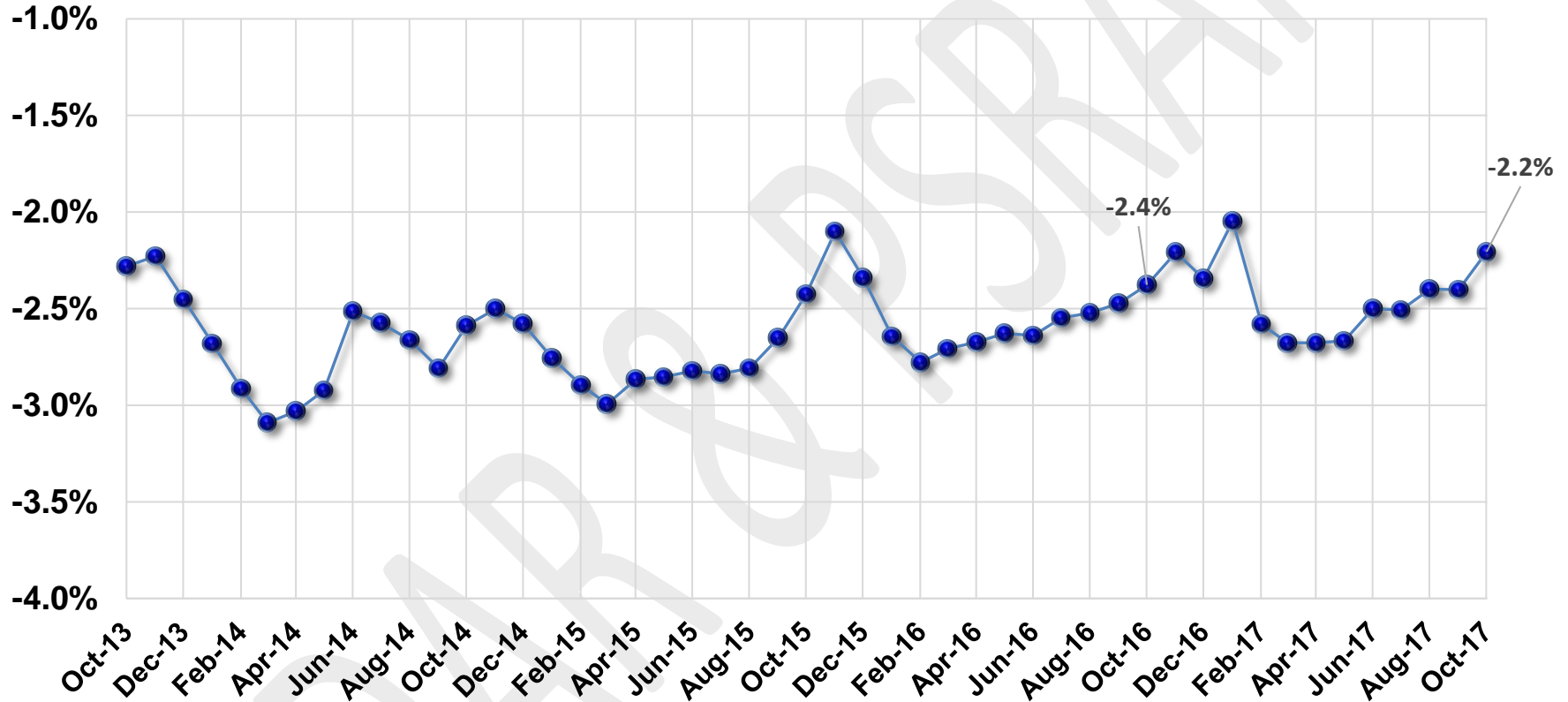
## Distressed Sales by City percent of total sales



## Distressed Sales by City

The Valley's distressed sales ratio in October was 3.8%, which is a one tenth of a percent improvement over September. This is the lowest ratio since the housing crisis started eight or nine years ago. All the major cities now have distress ratios under 4.4%, which is a negligible amount, and the chart clearly shows the slow continuing yearly improvement in the old concern.

## Sale Price Discount from List Oct 2017



### Sale Price Discount from List

The latest “Sale Price Discount from List” is -2.2%, which is a few tenths lower than last year. As the chart clearly shows there is a seasonal pattern to this metric, like there are to so many other things in the Valley. If the pattern established over the last three years continues, we should expect the discount to continue to fall as we approach winter, then move up a little into the new buying season.



# The Desert Housing Report

October 2017



## 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 twelve 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 1<sup>st</sup> 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 1<sup>st</sup>, 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

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