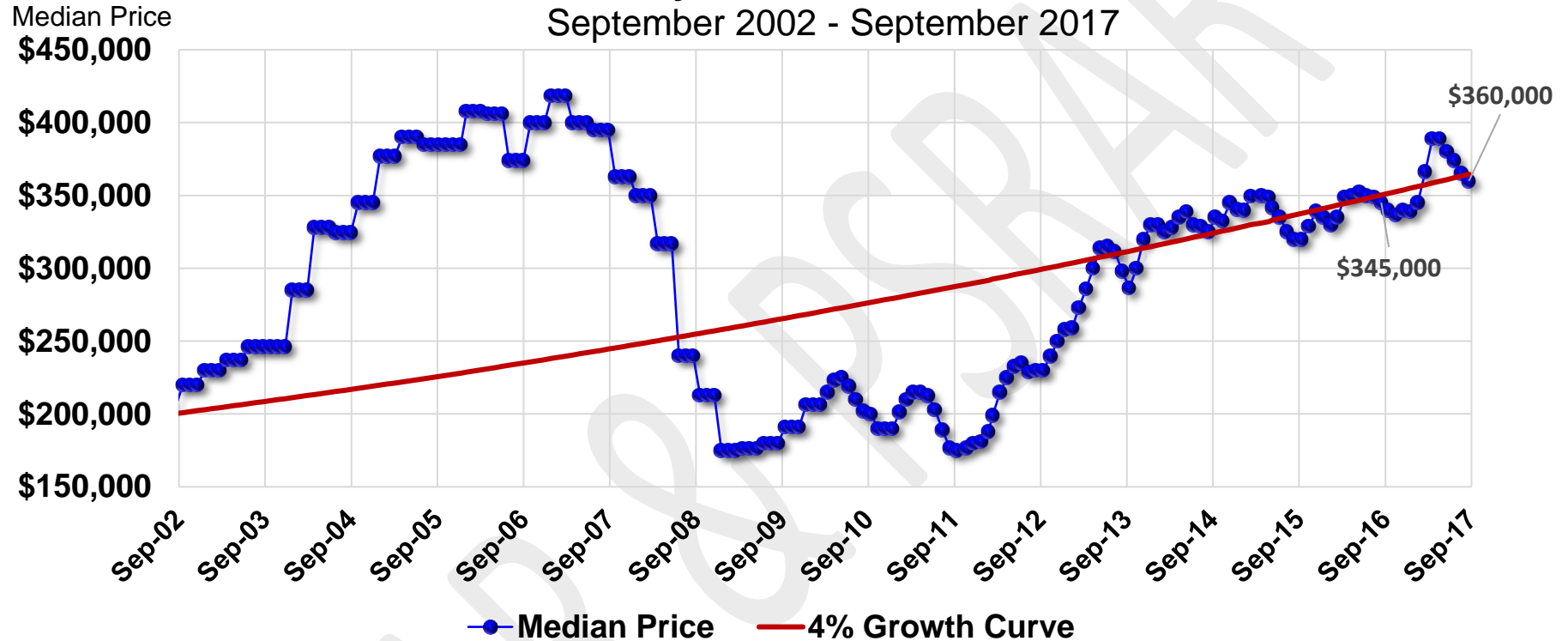


Coachella Valley Median Detached Home Price

September 2002 - September 2017



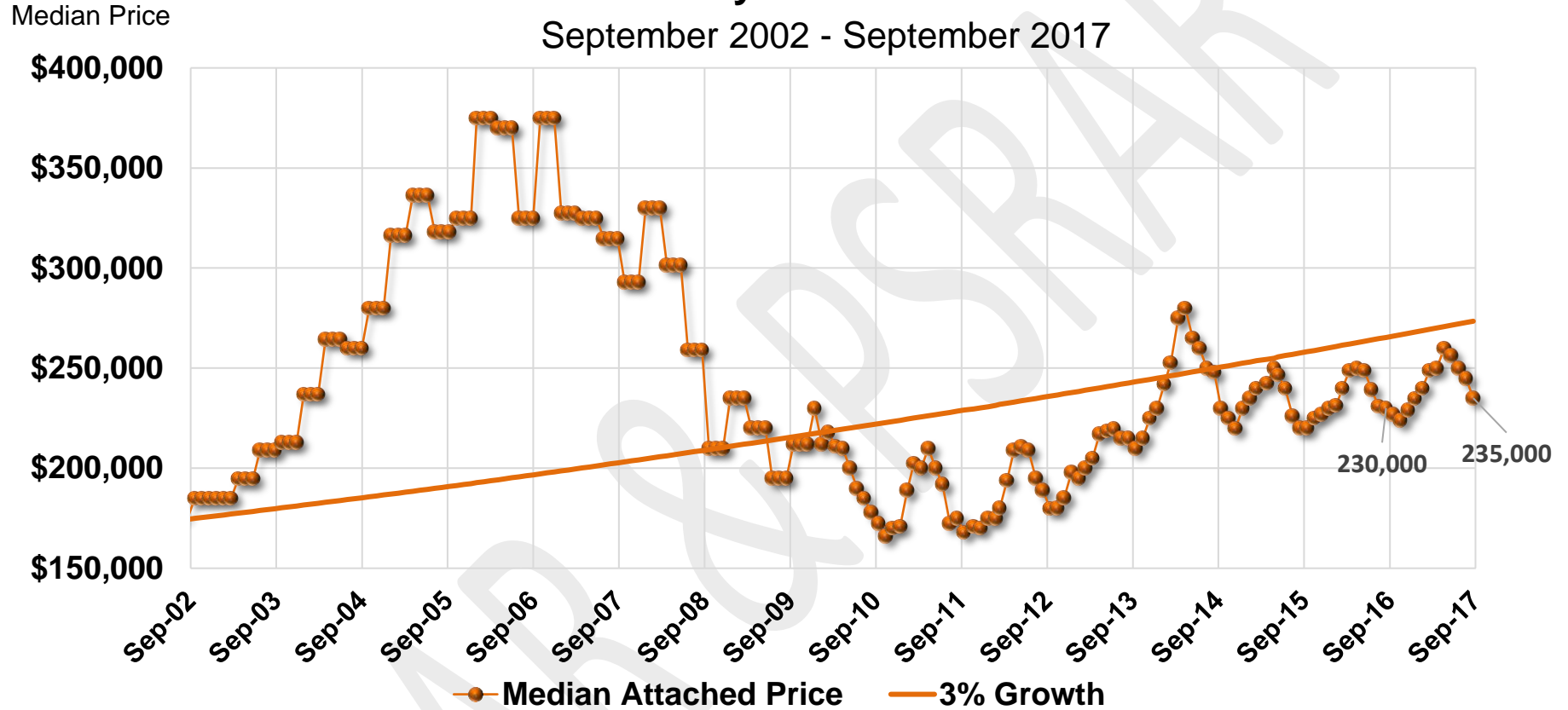
Summary

The median price for the entire Coachella Valley at the end of September was \$360,000, which is 4.3% above a year ago but 8% below the peak price of \$389,000 last May. As the chart clearly shows, prices have once again returned to the long term 4% growth curve. Price “give backs” are a seasonal summer phenomena in both the detached and attached markets as the current chart and the chart on the following page clearly show. However, even with the “give back” the median September price of \$235,000 for attached homes was still 2.2% above last year. The year over year change in city median home prices shows wide variation. For detached homes it goes from an 11.7% increase for Rancho Mirage down to minus 7% for Indian Wells. We see a similar result for attached homes which go from a high of 14% for Rancho Mirage down to minus 8.2% for La Quinta. Even though sales have declined the last three months - as they do every year at this time - the three month average of total sales in September was still ahead of last year by 6.3%. Sales of detached units was 3.8% higher while those of attached units was 11.7% higher. On October 1st the Valley’s “months of supply” ratio was 4.0 months, the lowest ratio on October 1st since 2013. Last year the ratio on October 1st was 5.5. This is a very encouraging sign as we approach next year’s selling season. This positive indicator is confirmed by September’s median value of 71 “Days on the Market”, which is nine days less than the number one year ago.

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Coachella Valley Median Attached Price September 2002 - September 2017



Coachella Valley Attached Median Price

We had hoped that the strong price gains through winter and spring in the attached market earlier this year would limit the summer price give back but it hasn't quite done what we had hoped. However, the median September price of \$235,000 for attached homes was still 2.2% above a year ago. If the standard seasonal price pattern continues to manifest itself, as it has for the last eight years, we should now see prices stabilize at current levels, and then begin to rise as we enter the winter - spring period.



The Desert Housing Report

September 2017



Detached Homes

	Sep-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Rancho Mirage	\$608,500	\$545,000	11.7%	\$423,000	43.9%	\$950,000	-35.9%
Desert Hot Springs	\$205,000	\$189,500	8.2%	\$85,000	141.2%	\$295,000	-30.5%
La Quinta	\$430,000	\$398,000	8.0%	\$245,000	75.5%	\$682,020	-37.0%
Palm Springs	\$560,000	\$521,000	7.5%	\$335,000	67.2%	\$600,000	-6.7%
Cathedral City	\$303,750	\$285,000	6.6%	\$139,000	118.5%	\$395,000	-23.1%
Palm Desert	\$370,000	\$355,000	4.2%	\$287,000	28.9%	\$543,000	-31.9%
City of Coachella	\$235,000	\$227,000	3.5%	\$121,950	92.7%	\$335,000	-29.9%
Indio	\$305,000	\$295,000	3.4%	\$158,500	92.4%	\$380,500	-19.8%
Indian Wells	\$770,000	\$830,000	-7.2%	\$540,000	46.8%	\$1,205,000	-34.2%

Attached Homes

	Sep-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Rancho Mirage	\$310,000	\$272,000	14.0%	\$260,000	19.2%	\$510,000	-39.2%
Cathedral City	\$178,550	\$158,250	12.8%	\$107,500	66.1%	\$270,500	-34.0%
Indio	\$167,500	\$160,500	4.4%	\$75,000	123.3%	\$279,000	-40.0%
Palm Desert	\$244,000	\$235,000	3.8%	\$175,000	39.4%	\$410,000	-40.5%
Palm Springs	\$215,950	\$208,000	3.8%	\$150,000	44.0%	\$350,000	-38.3%
Desert Hot Springs	\$150,000	\$159,000	-5.7%	\$86,000	74.4%	\$303,000	-50.5%
Indian Wells	\$380,000	\$403,000	-5.7%	\$321,500	18.2%	\$557,500	-31.8%
La Quinta	\$280,000	\$305,000	-8.2%	\$265,000	5.7%	\$532,500	-47.4%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

12 Month Change in City Median Prices

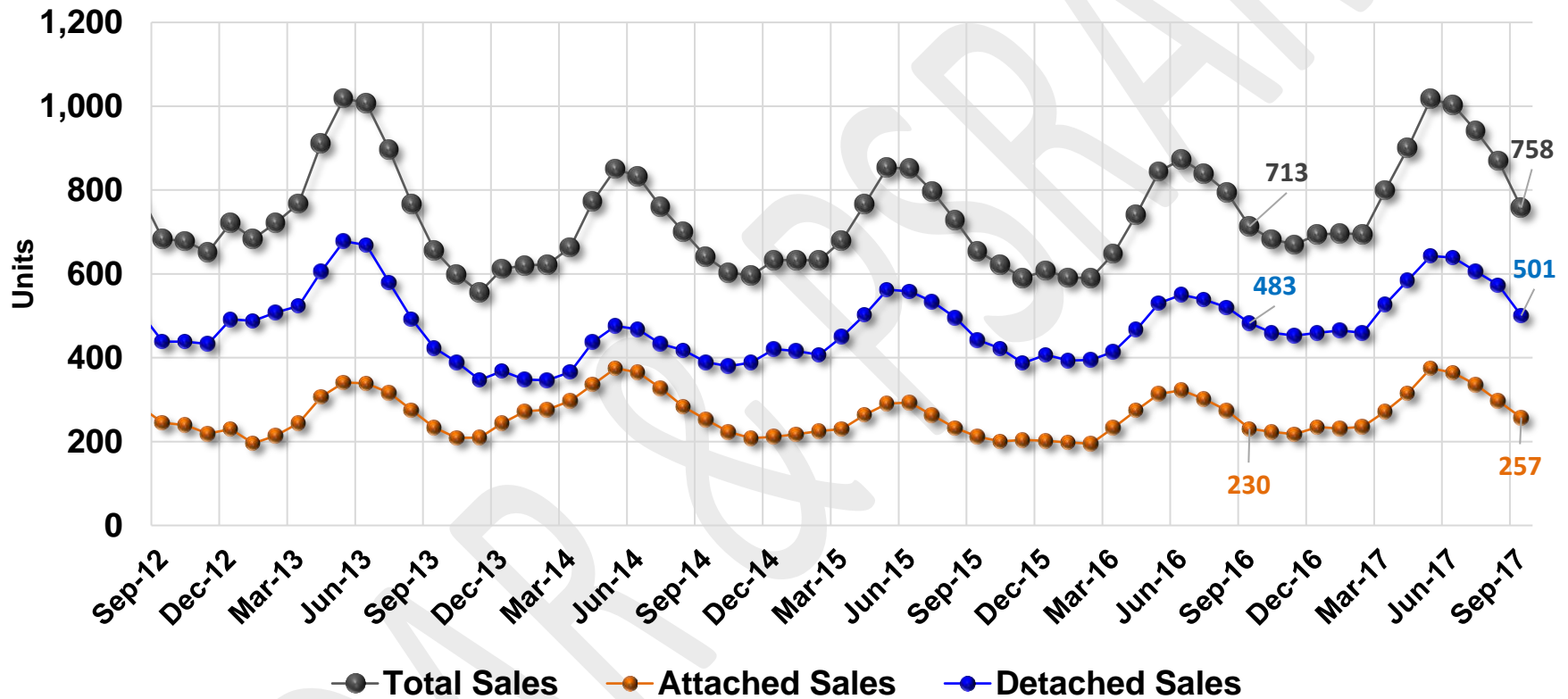
The year over year change in city median home prices shows wide variation. For detached homes it goes from an 11.7% increase for Rancho Mirage down to minus 7% for Indian Wells. We see a similar result for attached homes which go from a high of 14% for Rancho Mirage down to minus 8.2% for La Quinta. We also see an interesting phenomena that occurs every year around this time. Since prices decline to some degree every summer, prices are down from their spring highs but are still up compared to the low prices of last summer. That's why Palm Springs is now 6.7% below its all-time high (last week it was only 1.3% below) but still up 7.5% compared to last September's seasonal low.

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Detached, Attached and Total Sales

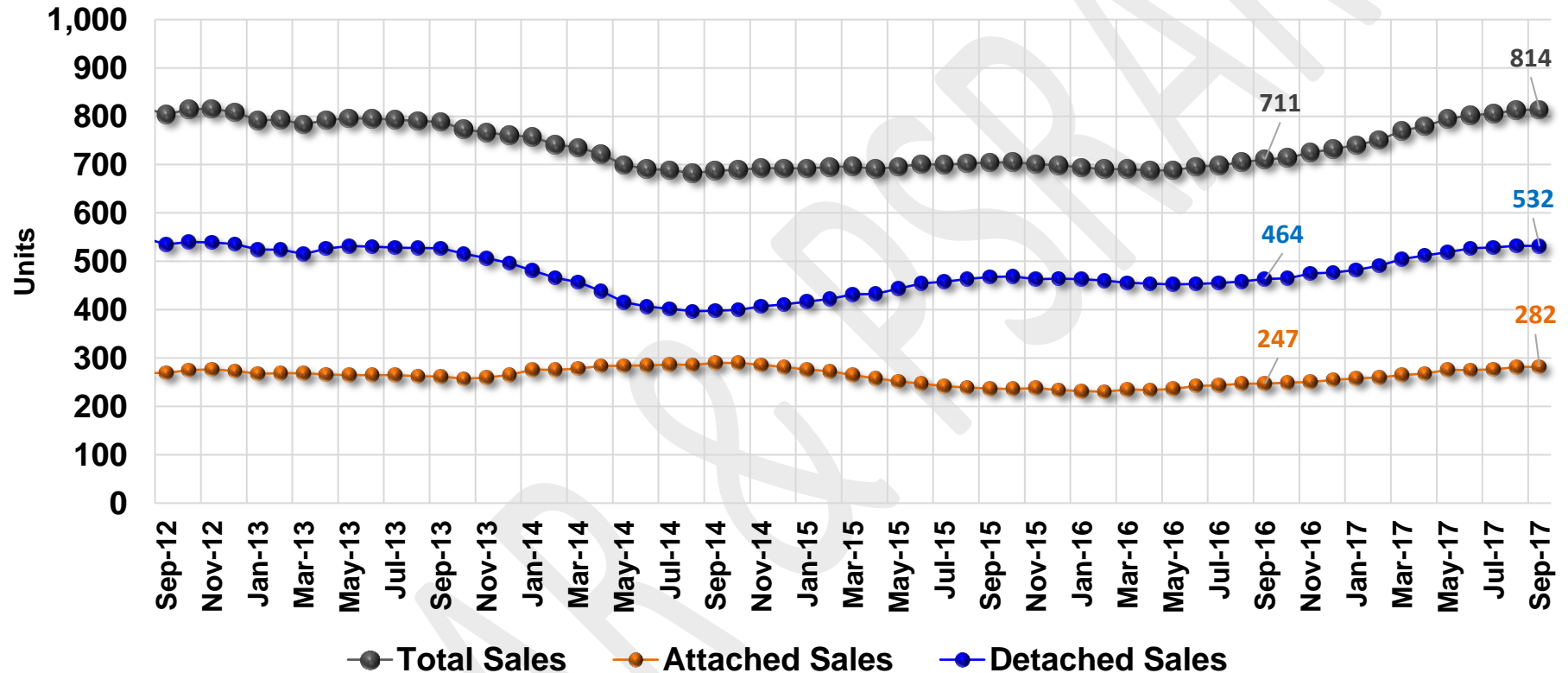
3 month moving average



Monthly Sales – 3 month trailing avg.

Even though sales have declined the last three months - as they do every year at this time - the three month average of total sales in September was still ahead of last year by 6.3%. Sales of detached units were 3.8% higher while those of attached units were 11.7% higher. The large percentage increase in attached sales over last year gives some credibility to the idea that once the selling season finally begins in earnest, the attached market might finally participate price wise in the region's housing recovery.

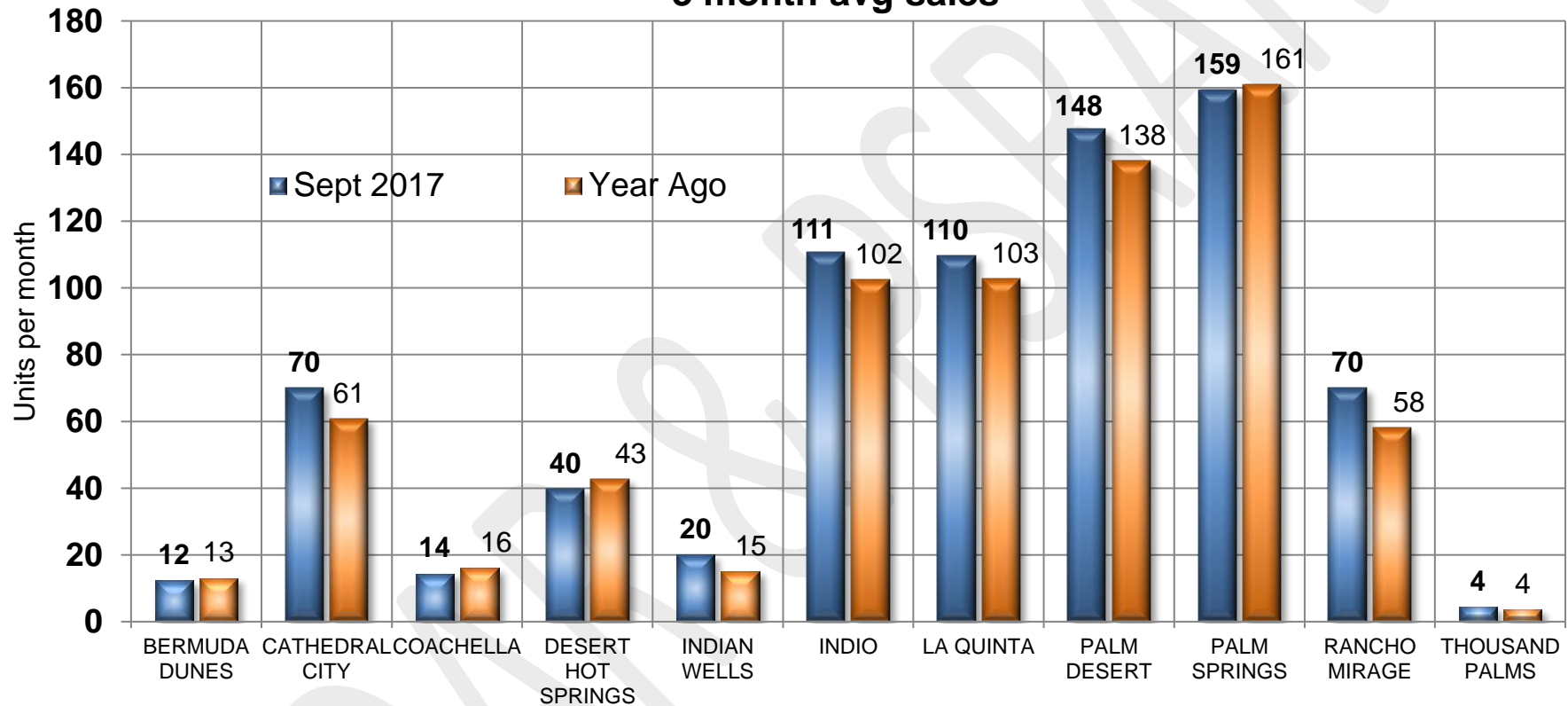
Detached, Attached and Total Sales 12 month moving average



Monthly Sales – 12 month trailing avg.

Longer term measurements of Valley sales, which take out seasonality, are still showing strong percentage increases. Total September sales, at 814 units, are 14.5% above the 711 units averaged the same time last year. Detached sales are up by 14.6% while attached sales are 14.2% higher. However, since the increase in short term sales is slowing down as the previous chart showed, we expect these long term measures to probably stabilize at these higher levels and not grow at the rapid pace of last year.

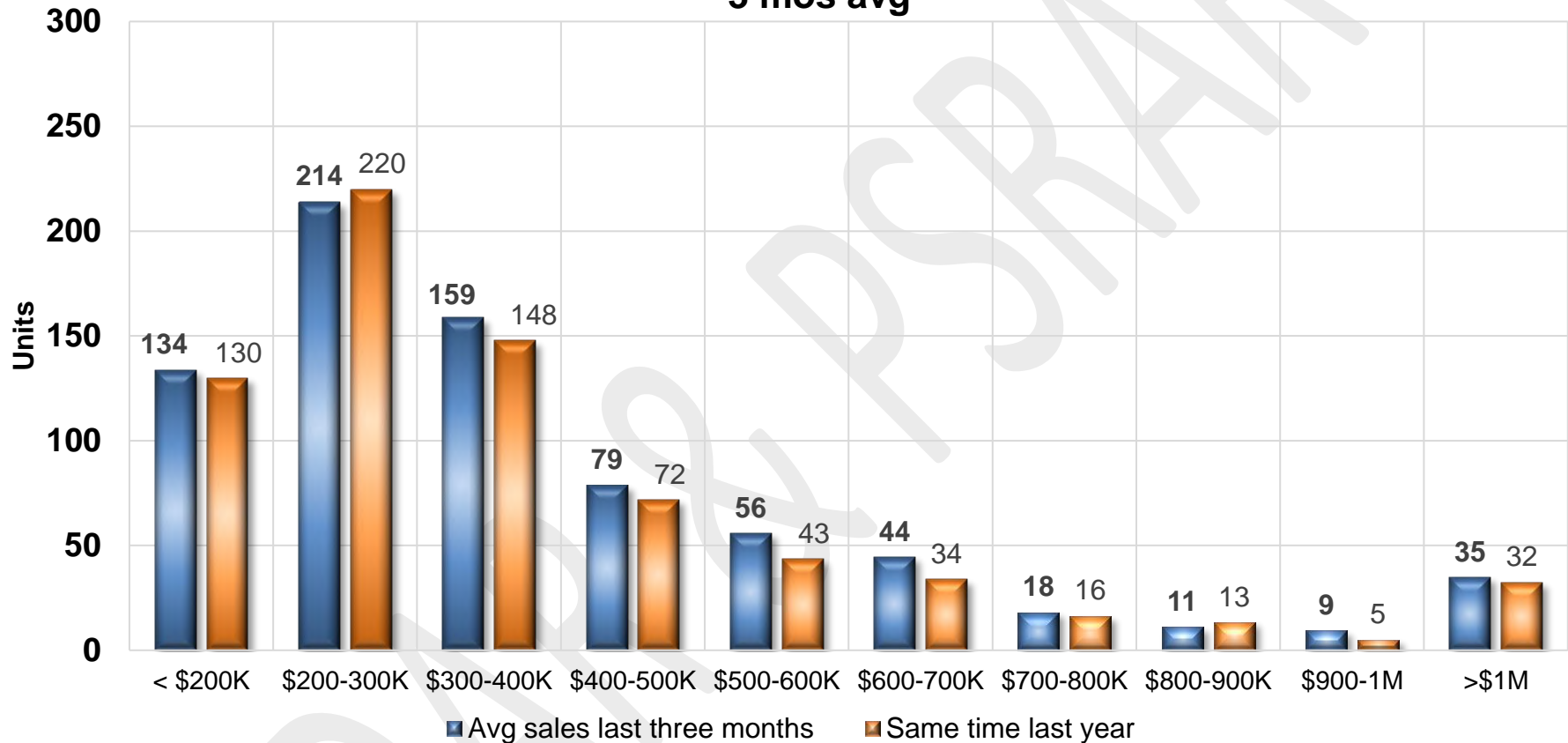
Home Sales by City 3 month avg sales



Home Sales per month by City

With lower short term sales growth in the overall region, we might expect to see a few cities with slightly lower sales numbers compared to last year, and we do. Bermuda Dunes has 8% fewer sales, Desert Hot Springs has 7% fewer, Coachella has 12% less and Palm Springs is just marginally lower by 1.3%. On the positive side Cathedral City is higher by 14%, Rancho Mirage is higher by 21%, Indio and La Quinta by 9% and Palm Desert by 7.2%.

Home Sales by Price Range 3 mos avg

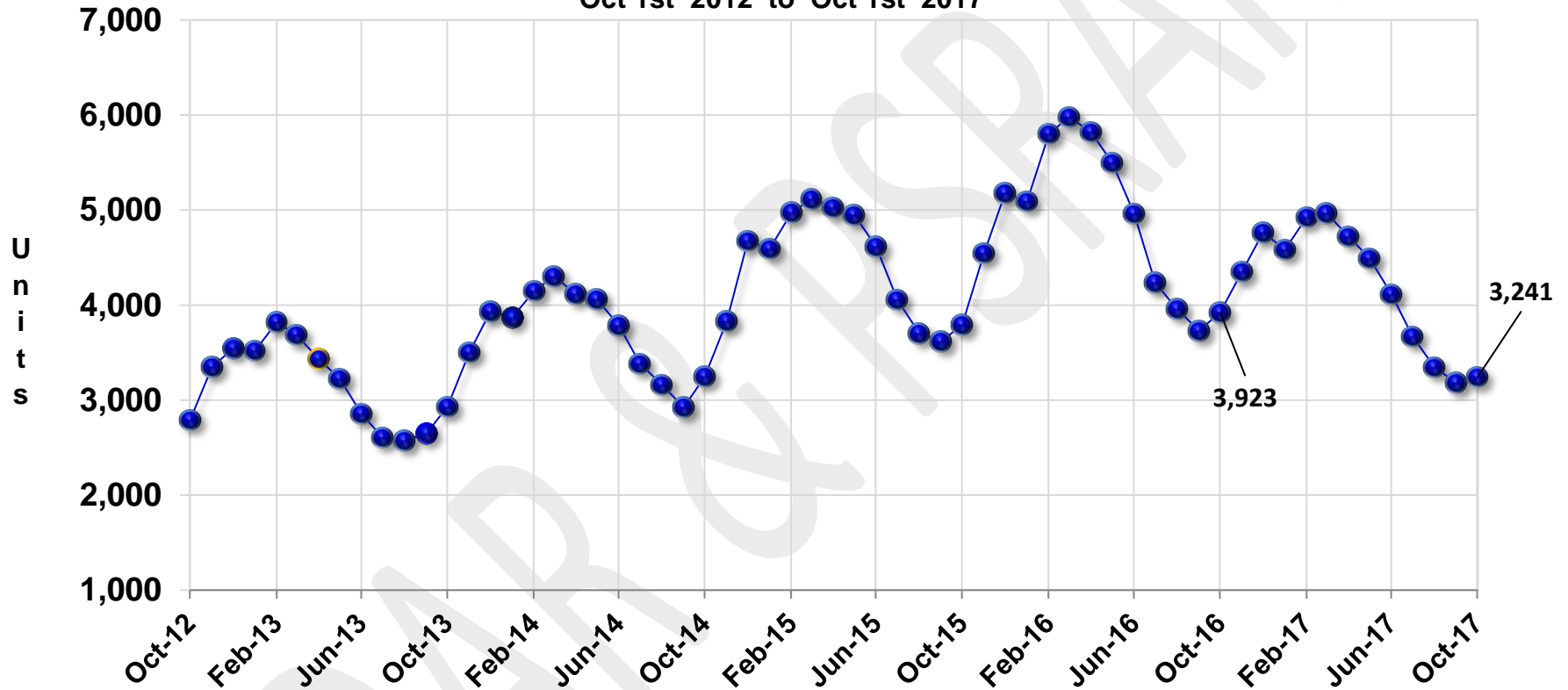


Home Sales by Price Range

When we break home sales down into specific price brackets we see higher sales in every bracket except two - \$200k to \$300k and \$800k to \$900k. Some of the sales increases are large percentage wise. For example, sales between \$500k and \$600k were up by 13 units, or 30%, and sales between \$600k and \$700k were up 29.4%. Sales from \$900k to one million dollars went from five sales per month to nine sales for an increase of 80%!

Valley Housing Inventory

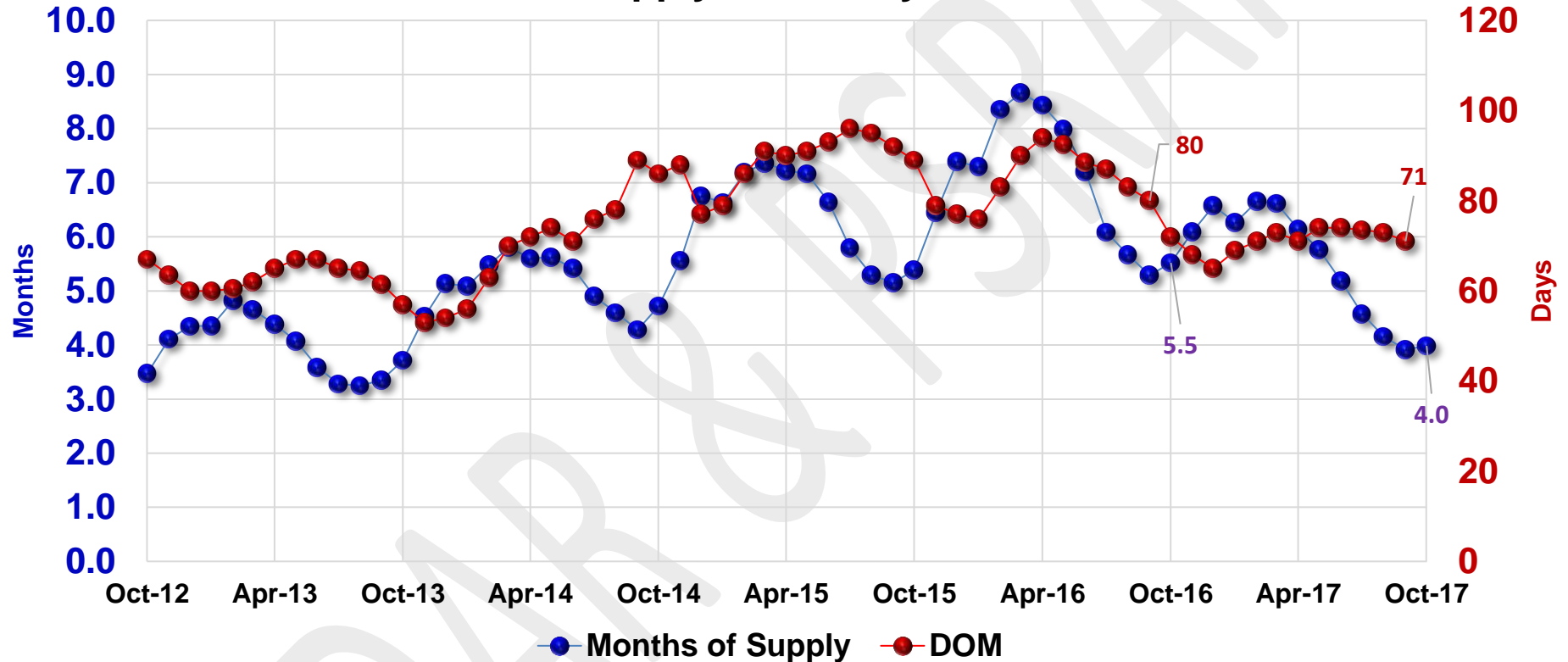
Oct 1st 2012 to Oct 1st 2017



Coachella Valley Inventory.

As it does almost every October 1st, inventory appears to have started its rise as it usually does between October and March. It's encouraging that it's starting this upward move from a lower level than it has for the last couple of years. The current number of 3,241 units is 682 units, or 17% less than it was October 1st last year. Time will tell but we feel it would be a very good indicator if the seasonal rise in inventory this year stabilized around 4,500 units.

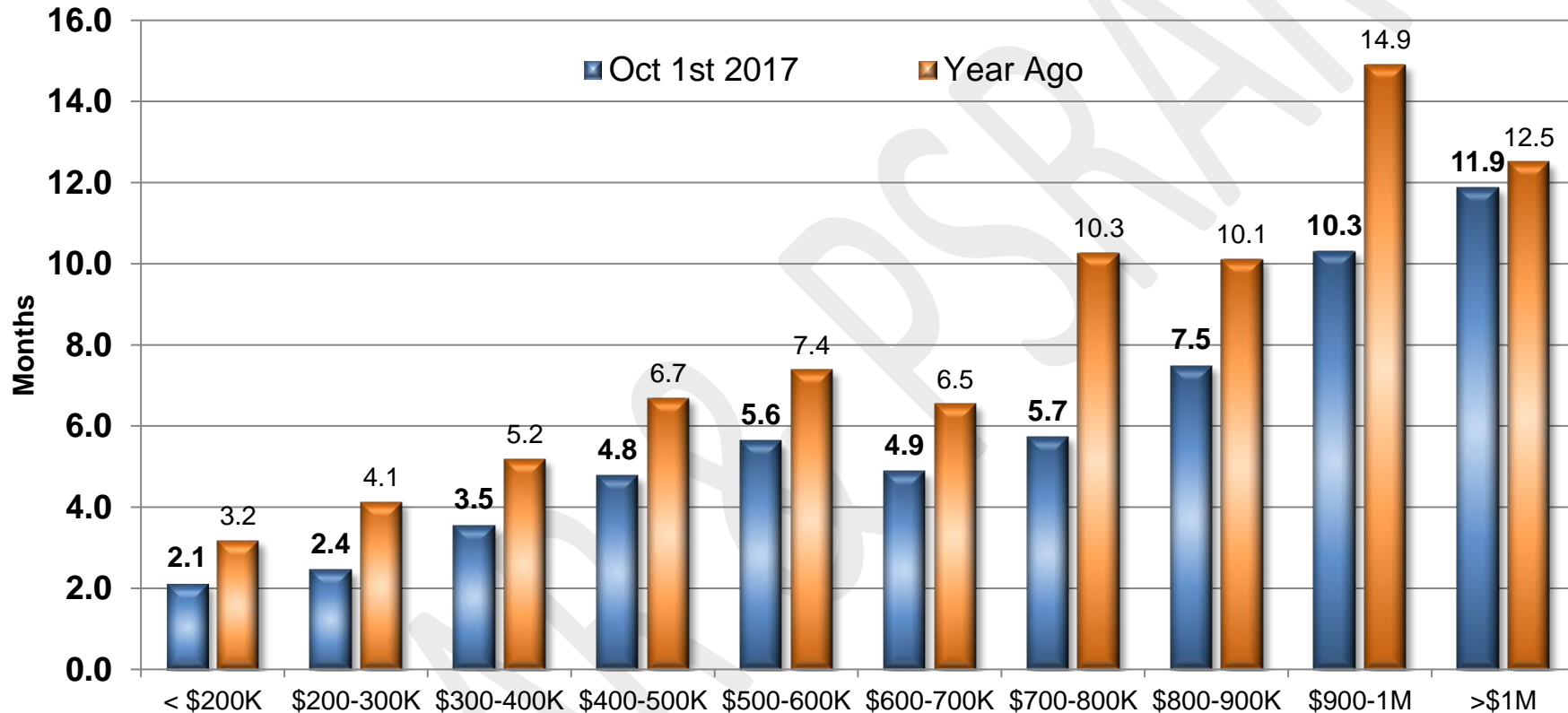
"Months of Supply" and "Days on the Market"



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

On October 1st the Valley's "months of supply" ratio was 4.0 months, the lowest ratio on October 1st since 2013. Last year the ratio on October 1st was 5.5. This is a very encouraging sign as we approach next year's selling season. This positive indicator is confirmed by September's median value of 71 "Days on the Market", which is nine days less than the number one year ago.

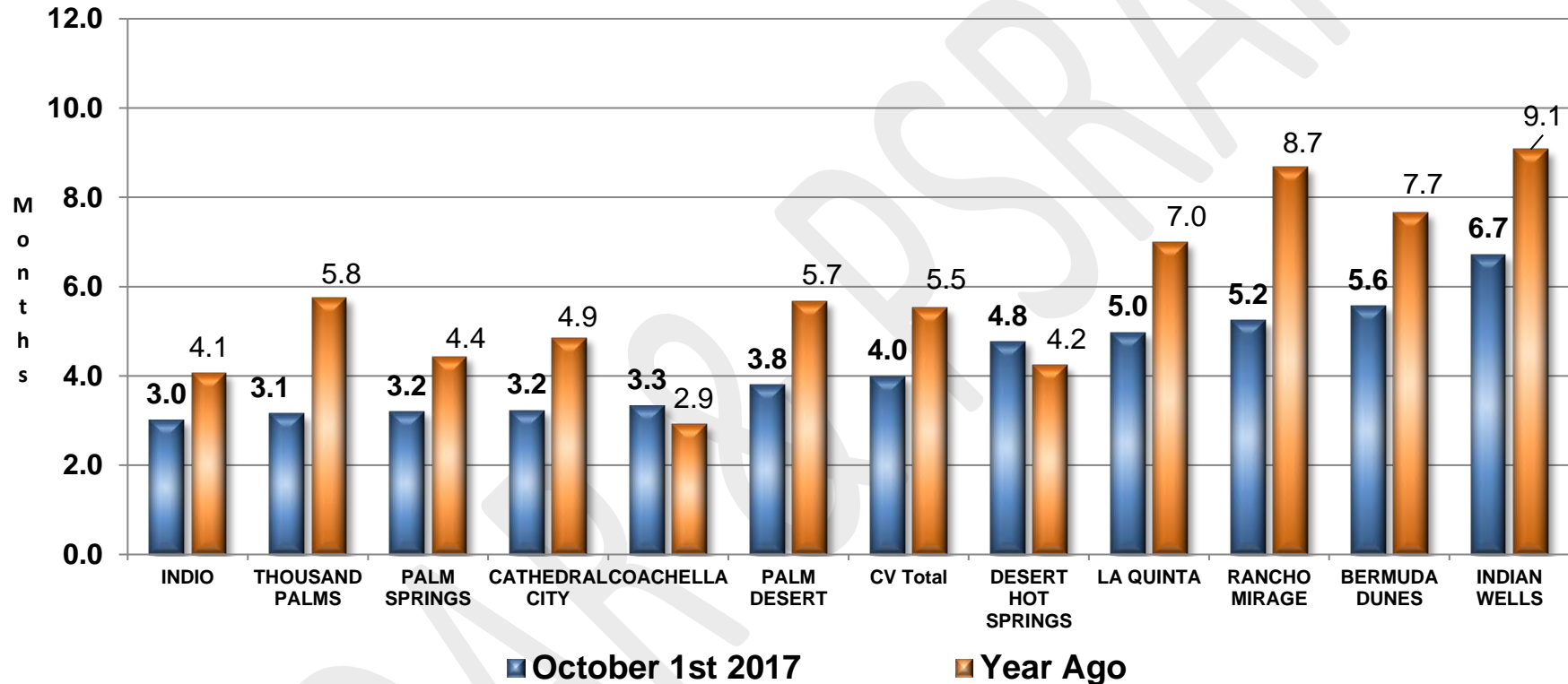
"Months of Supply" by Price Range uses avg. twelve month sales



"Months of Supply" by Price Range

We see lower "months of supply" ratios in all price brackets, which shows the improvement in months of supply is broad based across all price ranges. The improvement over last year is particularly strong in the three price brackets from \$700k to one million dollars. The improvement in months of sales for homes price over a million dollars is less so.

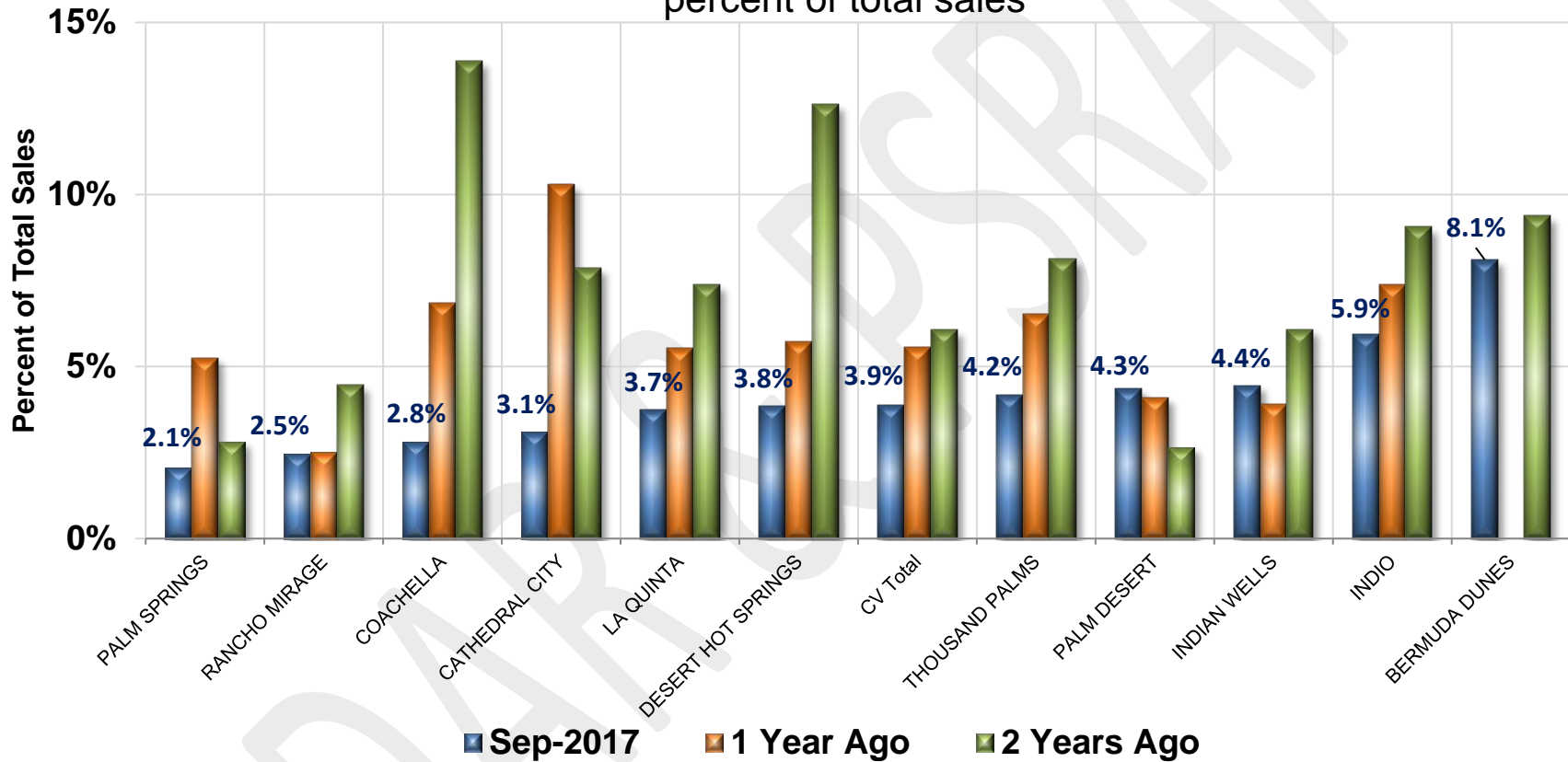
"Months of Supply" by City city inventory divided by average twelve month sales



"Months of Supply" by City

We have lower "months of supply" compared to last year in every city except Coachella and Desert Hot Springs, the two lowest priced cities in the region. Four cities in particular have current ratios at least 30% or more below their ratio last October 1st. Both Palm Desert and Cathedral City with ratios of 3.8 months and 3.2 months are 33% below last year. Rancho Mirage is 40% below last year and Thousand Palms 45% below. These represent strong market improvements.

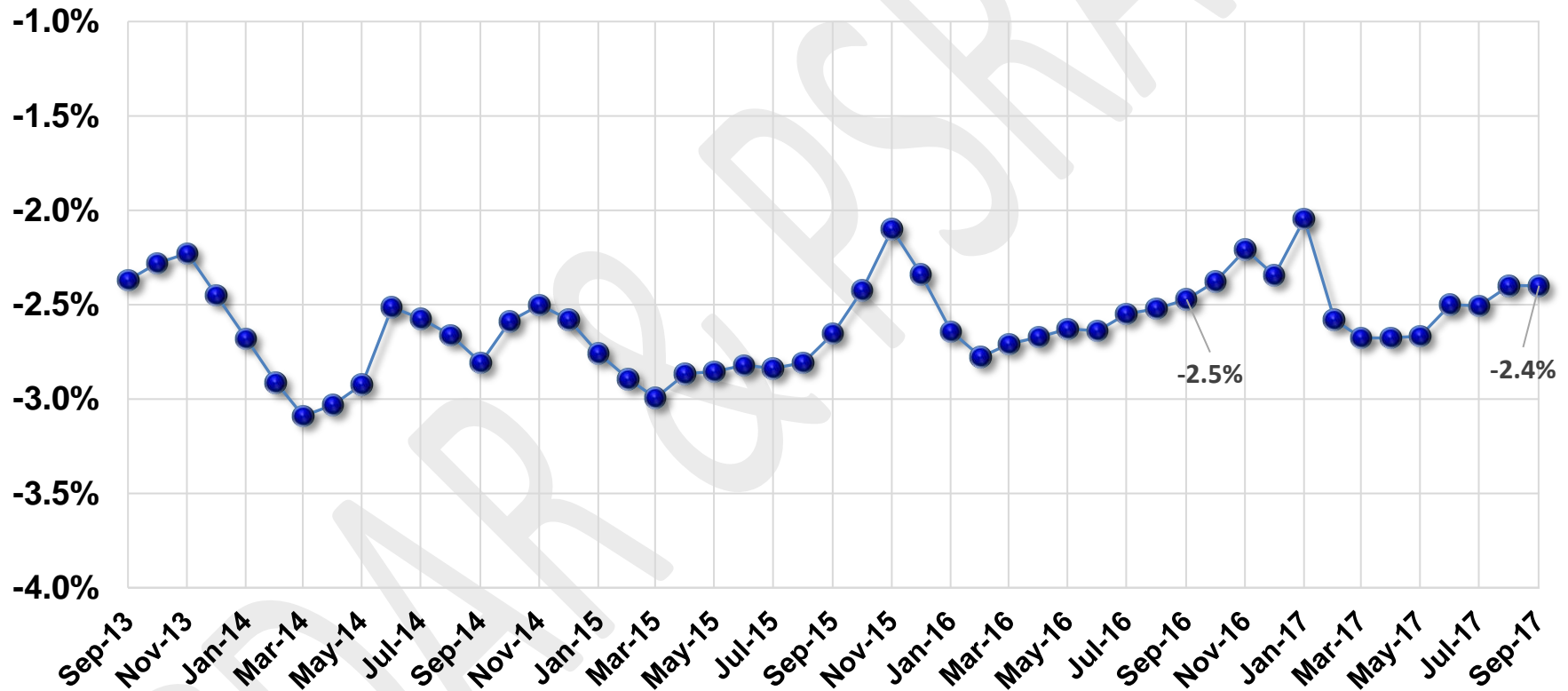
Distressed Sales by City percent of total sales



Distressed Sales by City

The Valley's distressed sales ratio in September was 3.9% and ranged from a low of 2.1% in Palm Springs to a high of 8.1% in Bermuda Dunes. The strong improvement over the last few years in the cities of Coachella, Cathedral City and Desert Hot Springs is clearly visible in the above chart.

Sale Price Discount from List September 2017



Sale Price Discount from List

The latest “Sale Price Discount from List” is at -2.4%, which is a tenth higher than the -2.5% reading one year ago. The current percent implies that the selling discount to a home listed for \$300,000 is approximately \$7,200. Historical patterns seem to indicate we should expect the discount to continue to move lower over the next two or three months.



The Desert Housing Report

September 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 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

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