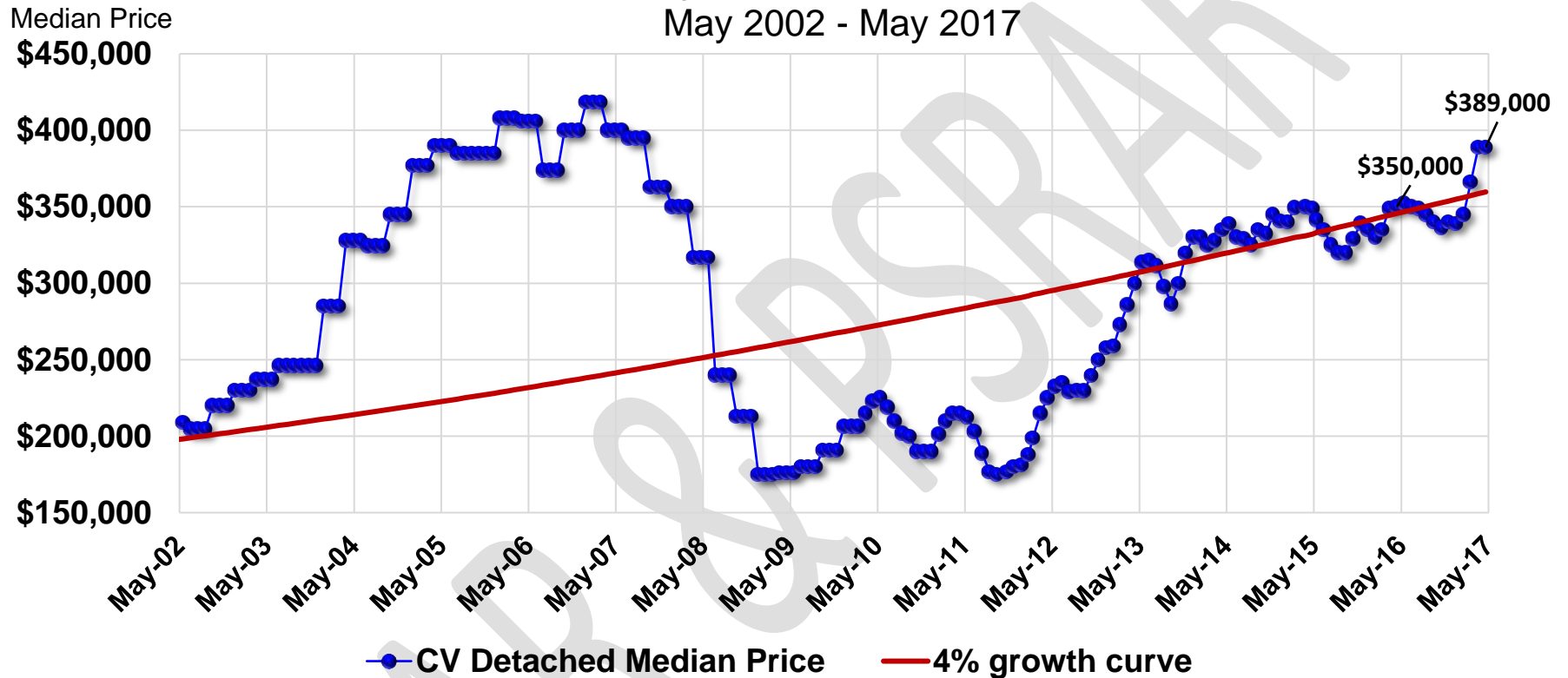


Coachella Valley Median Detached Home Price

May 2002 - May 2017



Summary

The median Coachella Valley price for detached homes was unchanged from last month at \$389,000. This represents a \$39,000 increase or 11.1% gain over last year. The median Coachella Valley price for attached homes rose to \$260,000 in May, finally breaking out above \$250,000 which had been its limit for two years. The median price for detached homes in six of the nine major Valley cities showed positive year over year returns. The six positive returns ranged from 11.7% for Desert Hot Springs down to 3.8% for Rancho Mirage. One city, Coachella, was unchanged price wise and two cities had negative returns - Palm Desert was down 1.3% and Indian Wells down 5.2%. Attached home prices were a mixed bag; four cities had positive year over year returns while four were negative. Total three month sales have now surpassed 1,000 units a month and are up 20% over last year. Both attached and detached sales are participating in this sales expansion. Detached sales are up 21% while attached sales are up 19%. Inventory continues to improve. On June 1st it stood at 4,113 units, which is 849 units less than last year. With lower inventory and higher sales, the "months of supply" ratio on June 1st stood at 5.2 months. A year ago it was 7.2 months. The DOM ratio for May confirms this improvement going from 93 days a year ago to 74 days today.

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Coachella Valley Median Attached Price

May 2002 - May 2017

Median Price

\$400,000

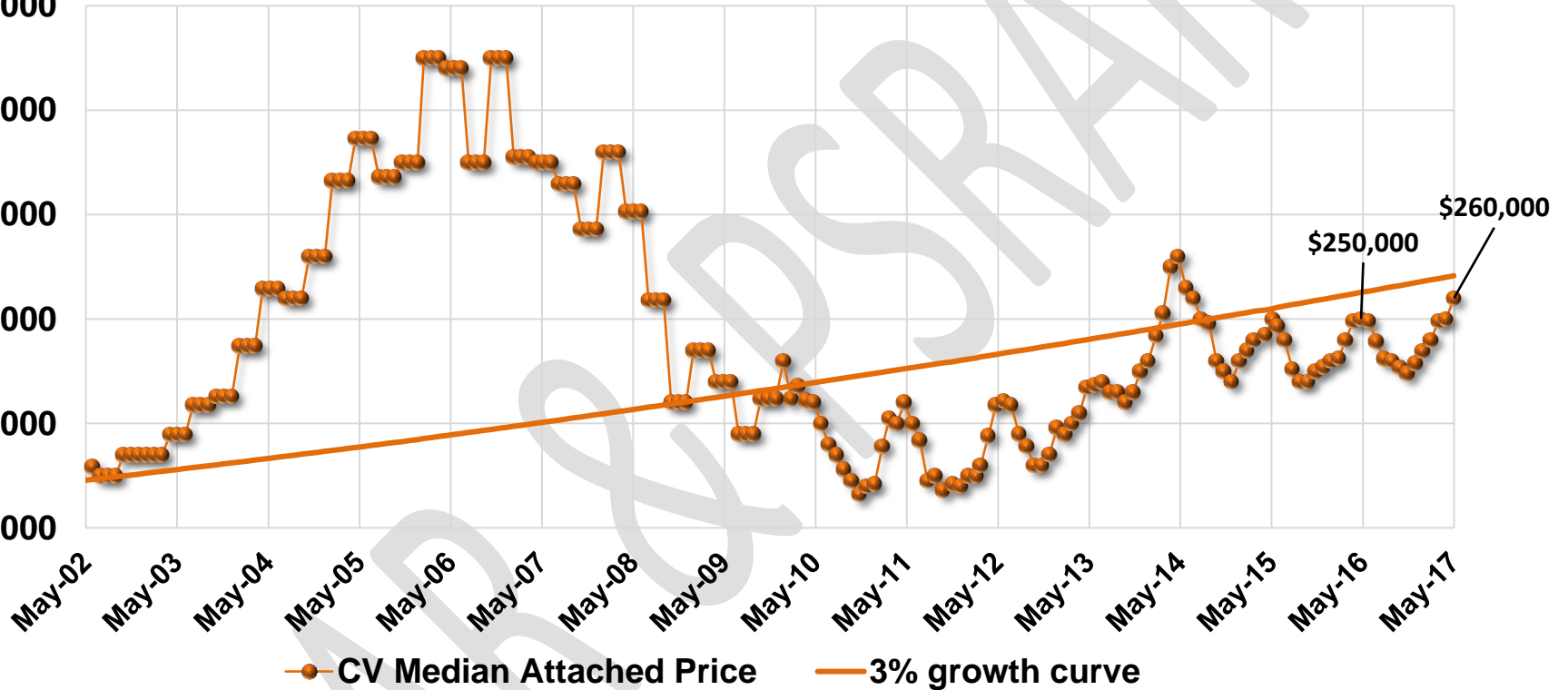
\$350,000

\$300,000

\$250,000

\$200,000

\$150,000



Coachella Valley Attached Median Price

We are pleased to finally see some strength in attached home prices. The median price for the Valley rose to \$260,000 in May, finally breaking out above \$250,000 which had been its limit for two years. While it's modest it still represents a gain of 4%. As the graph shows, the next four months have historically been a problem for attached home prices. We believe it's because over 75% of all condominiums are owned by non-residents and non-resident buyers leave the Valley as the hot, summer months approach. Hopefully the price give back this year will be modest, setting the stage for possibly larger gains next year.



The Desert Housing Report

May 2017



Detached Homes

	May-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Desert Hot Springs	\$199,450	\$178,500	11.7%	\$85,000	134.6%	\$295,000	-32.4%
La Quinta	\$518,000	\$465,000	11.4%	\$245,000	111.4%	\$682,020	-24.0%
Indio	\$300,000	\$279,700	7.3%	\$158,500	89.3%	\$380,500	-21.2%
Palm Springs	\$585,000	\$550,500	6.3%	\$335,000	74.6%	\$600,000	-2.5%
Cathedral City	\$286,750	\$272,500	5.2%	\$139,000	106.3%	\$395,000	-27.4%
Rancho Mirage	\$649,000	\$625,000	3.8%	\$423,000	53.4%	\$950,000	-31.7%
City of Coachella	\$225,000	\$225,000	0.0%	\$121,950	84.5%	\$335,000	-32.8%
Palm Desert	\$380,000	\$385,000	-1.3%	\$287,000	32.4%	\$543,000	-30.0%
Indian Wells	\$815,000	\$860,000	-5.2%	\$540,000	50.9%	\$1,205,000	-32.4%

Attached Homes

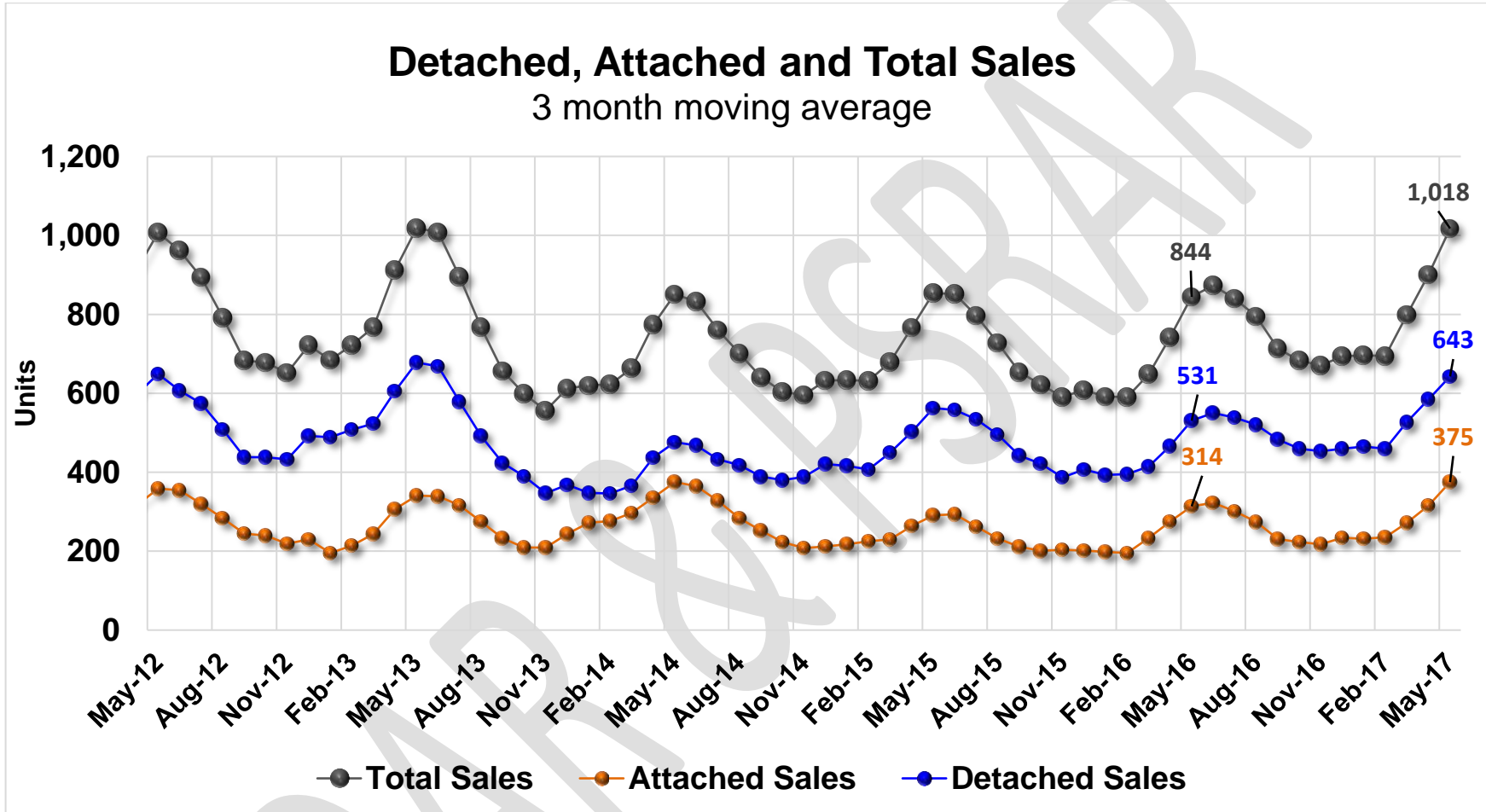
	May-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Cathedral City	\$155,000	\$135,000	14.8%	\$107,500	44.2%	\$270,500	-42.7%
La Quinta	\$349,500	\$305,500	14.4%	\$265,000	31.9%	\$532,500	-34.4%
Indio	\$160,000	\$149,000	7.4%	\$75,000	113.3%	\$279,000	-42.7%
Rancho Mirage	\$347,500	\$325,000	6.9%	\$260,000	33.7%	\$510,000	-31.9%
Palm Desert	\$268,000	\$269,500	-0.6%	\$175,000	53.1%	\$410,000	-34.6%
Palm Springs	\$234,000	\$239,500	-2.3%	\$150,000	56.0%	\$350,000	-33.1%
Indian Wells	\$394,500	\$413,500	-4.6%	\$321,500	22.7%	\$557,500	-29.2%
Desert Hot Springs	\$146,000	\$157,000	-7.0%	\$86,000	69.8%	\$303,000	-51.8%
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 median price for detached homes in six of the nine major Valley cities showed positive year over year returns, one – Coachella – was unchanged and two cities had negative returns. Palm Desert was down 1.3% and Indian Wells down 5.2%. The six positive returns ranged from 11.7% for Desert Hot Springs down to 3.8% for Rancho Mirage. Attached home prices were a mixed bag; four cities had positive year over year returns while four were negative. The two highest returns were Cathedral City and La Quinta, with year over year gains just over 14%.

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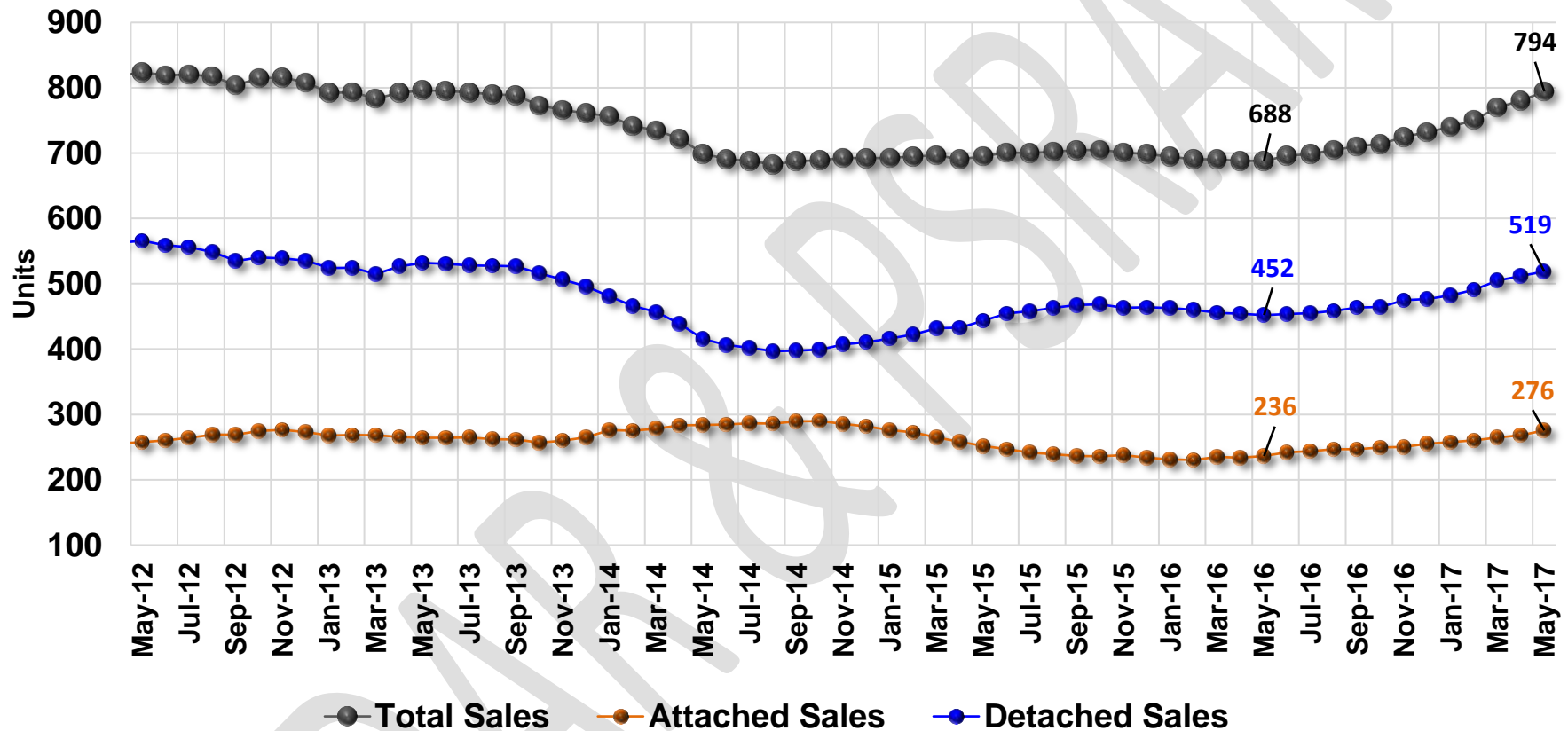
Monthly Sales – 3 month trailing avg.

As we said last month - and emphasize again now - home sales in the Valley are surging. This is very important and was the missing factor to a strong market the last three years. Total three month sales have now surpassed 1,000 units a month and are up 20% over last year. Both attached and detached sales are participating in this sales expansion. Detached sales are up 21% while attached sales are up 19%. We expect these numbers to continue to increase over the next month or two, then reverse somewhat as the seasonal pattern takes hold.

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Detached, Attached and Total Sales 12 month moving average



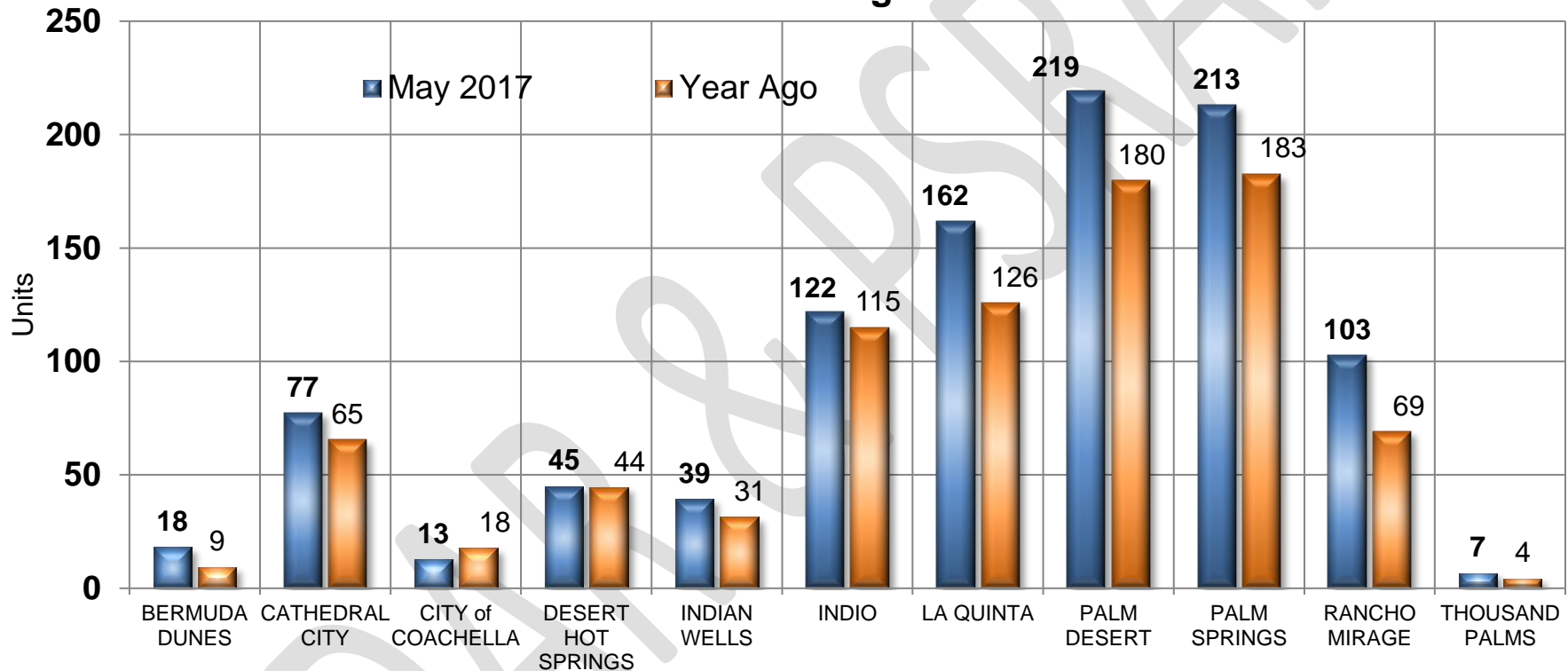
Monthly Sales – 12 month trailing avg.

As we predicted late last year, total longer term Valley sales are finally approaching 800 units a month, a level not seen since the spring of 2013. This is an increase of 15.4% over last year. Detached sales at 519 units are up 14.8% and attached sales, at 276, are up 16.9%. We now predict that total long term sales will reach a five year high of 850 units before the end of this year, as this is the level three month sales seem to be indicating.

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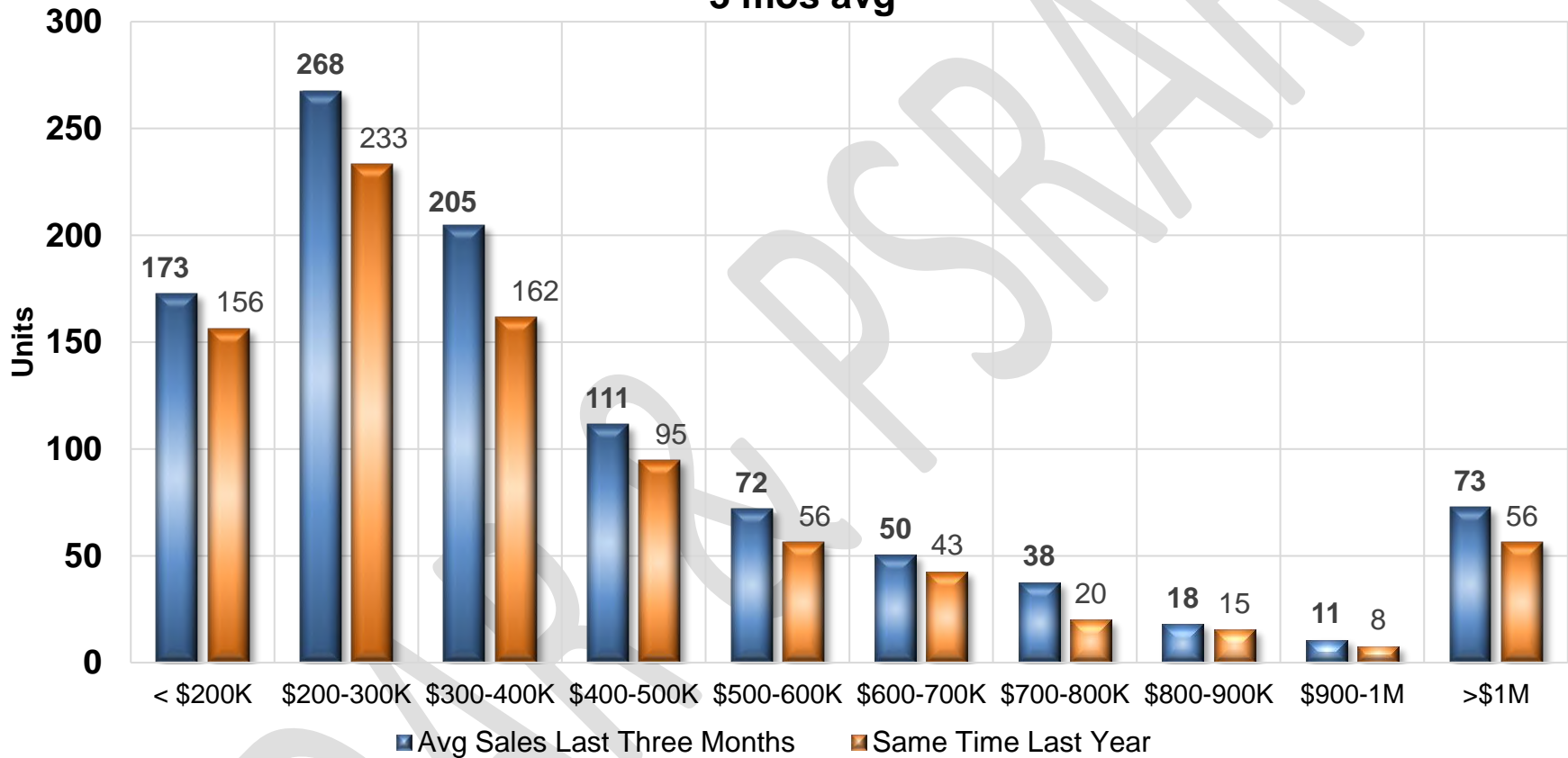
Home Sales by City 3 month avg sales



Home Sales per month by City

All cities except Coachella have substantially higher three month sales over last year. Percentage wise, sales in Bermuda Dunes are 93% higher, Thousand Palm sales are 53% higher and Rancho Mirage sales are up 48%. In absolute numbers, Palm Desert has the highest three month sales averaging 219 units a month, followed by Palm Springs at 213 units, La Quinta at 162 units and Indio at 122.

Home Sales by Price Range 3 mos avg

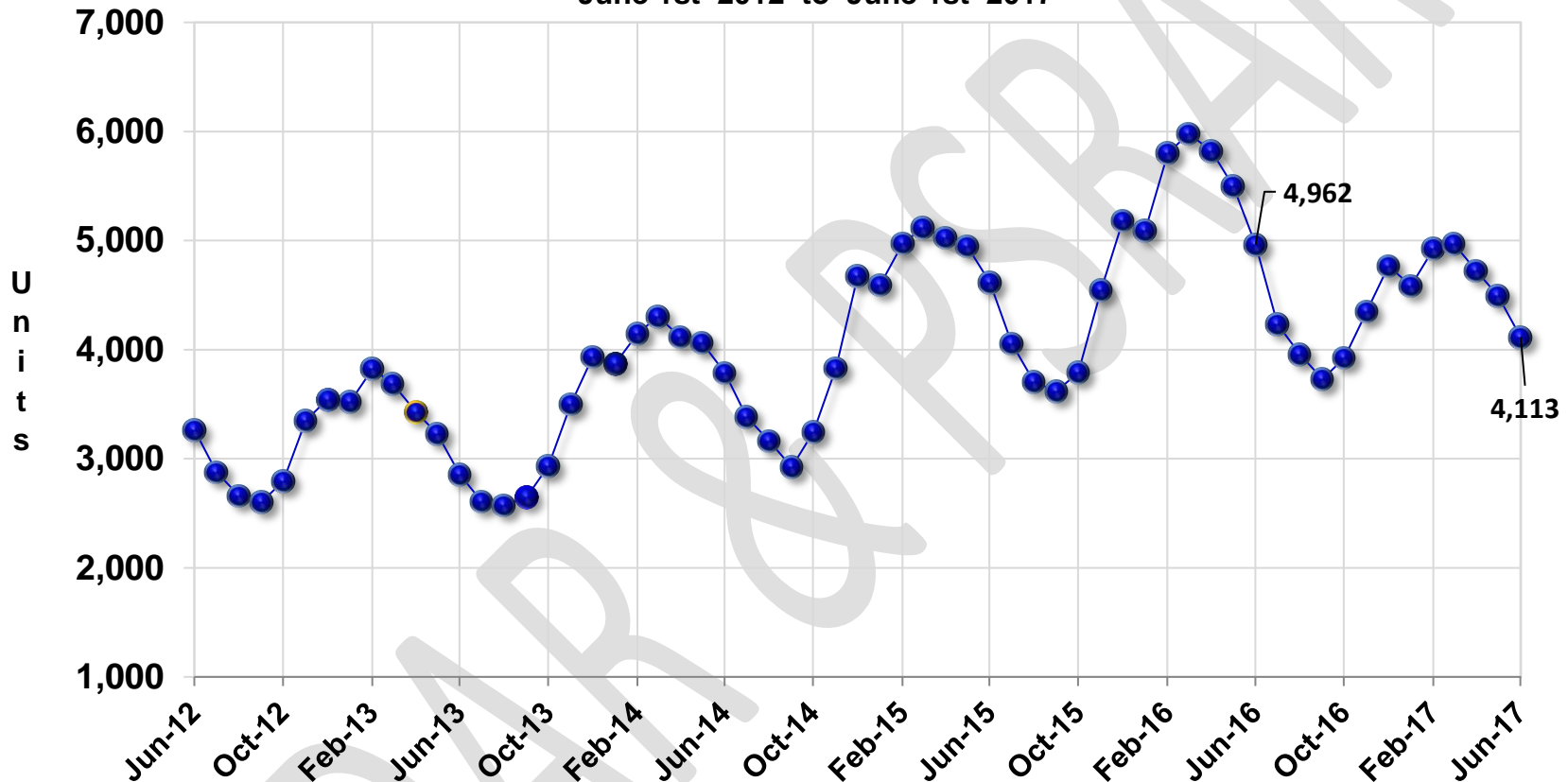


Home Sales by Price Range

Like it did last month, total three month sales increased in every price bracket compared to last year. The largest increases, percentage-wise, were in the higher priced homes – from \$700k and above. The sales increase in homes over \$1M was 30%. The increases in sales in price brackets below \$700k were smooth and consistent across the entire band.

Valley Housing Inventory

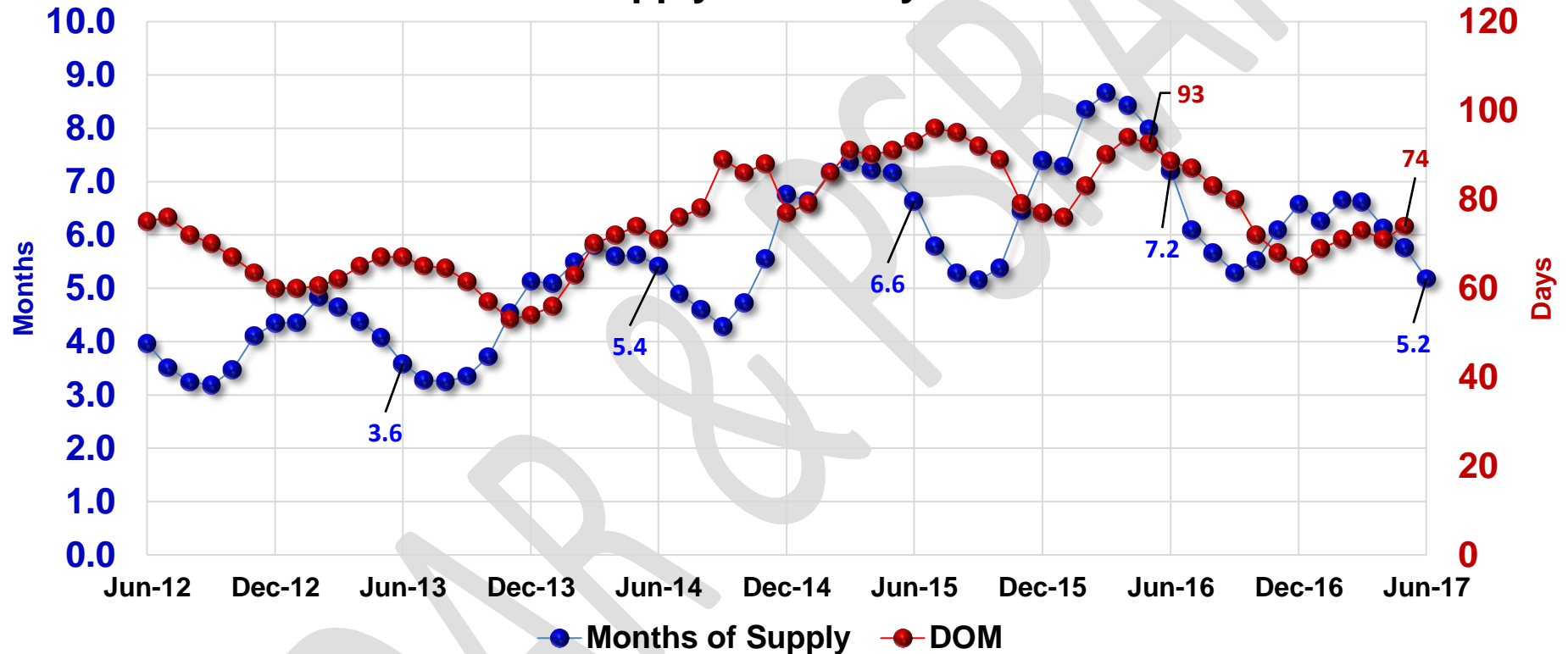
June 1st 2012 to June 1st 2017



Coachella Valley Inventory.

Inventory continues to improve. On June 1st it stood at 4,113 units, which is 849 units less than last year. If inventory continues to follow the historical pattern, it should now decline until August or September where we estimate it will probably reach 3,000 units, a low level not seen since the autumn of 2014.

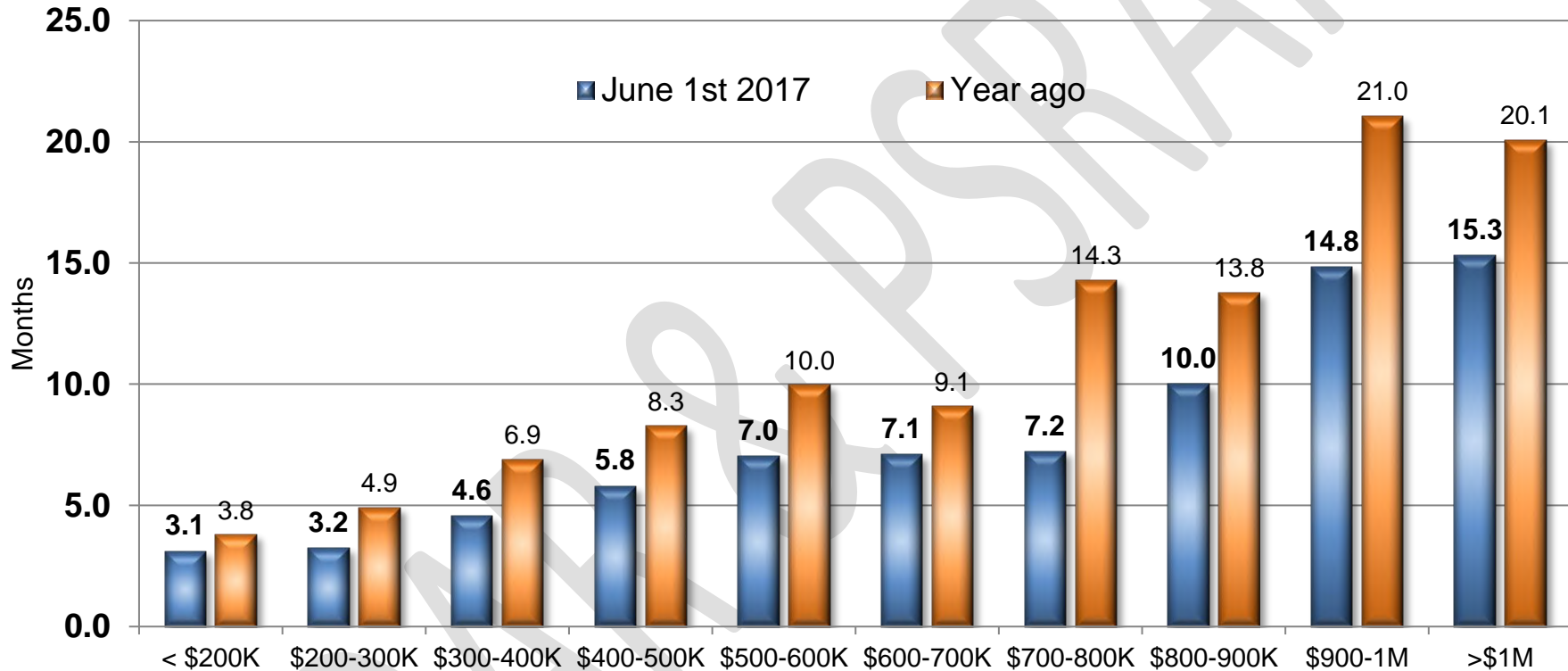
"Months of Supply" and "Days on the Market"



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

With lower inventory and higher sales, the "months of supply" ratio on June 1st stood at 5.2 months. A year ago it was 7.2 months. To show the improvement in this important metric over time, we've indicated the ratio not only for last year but June 1st for the last four years. As the above chart clearly shows, the current ratio of 5.2 months is the lowest ratio since June 1st 2013. The DOM ratio for May confirms this improvement going from 93 days a year ago to 74 days today.

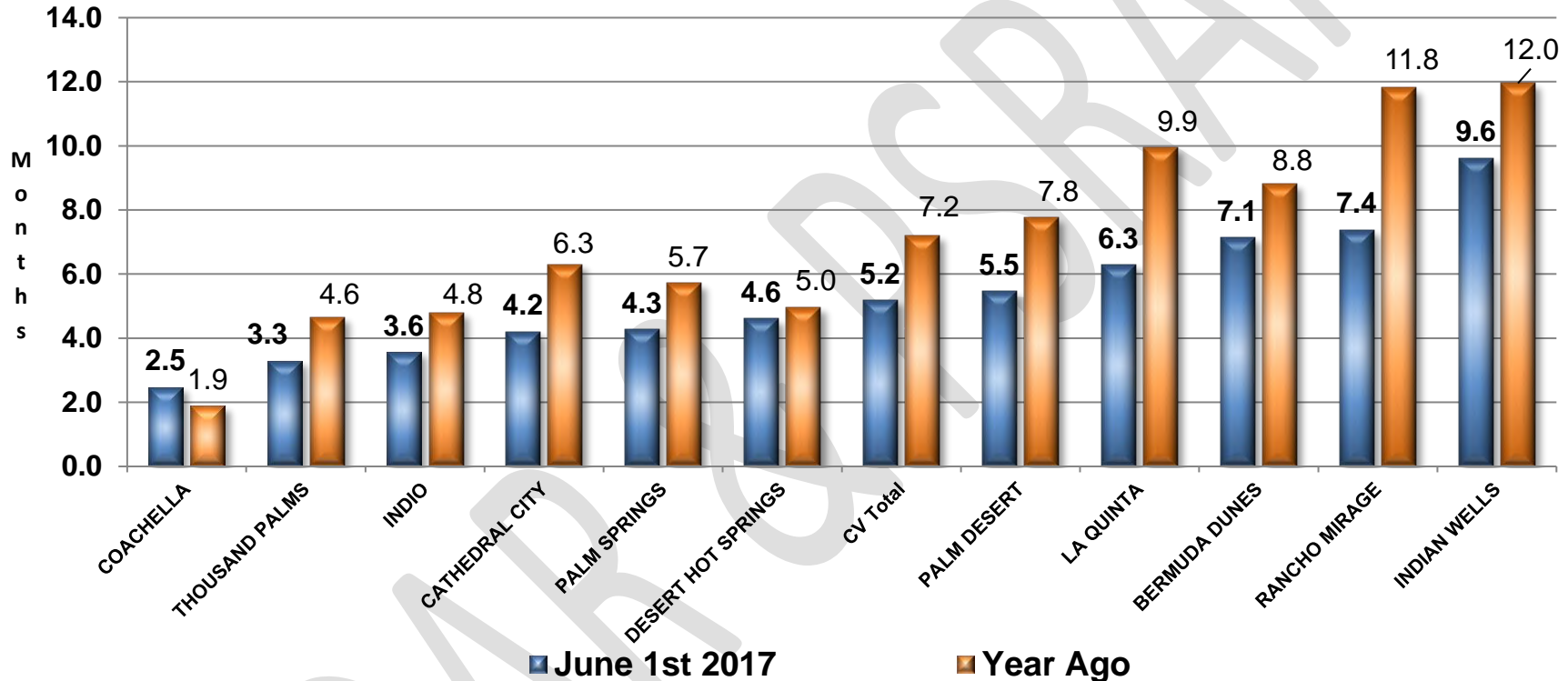
"Months of Supply" by Price Range uses avg. twelve month sales



"Months of Supply" by Price Range

We see significant improvement in "months of supply" in every price bracket. The improvement is particularly concentrated in homes priced over \$700k. For homes priced between \$700k and \$800k, the improvement from 14.3 months to the current 7.2 months is almost 50%! In particular, for homes priced over \$1M, the ratio is finally getting into a lower, acceptable range closer to 1 year.

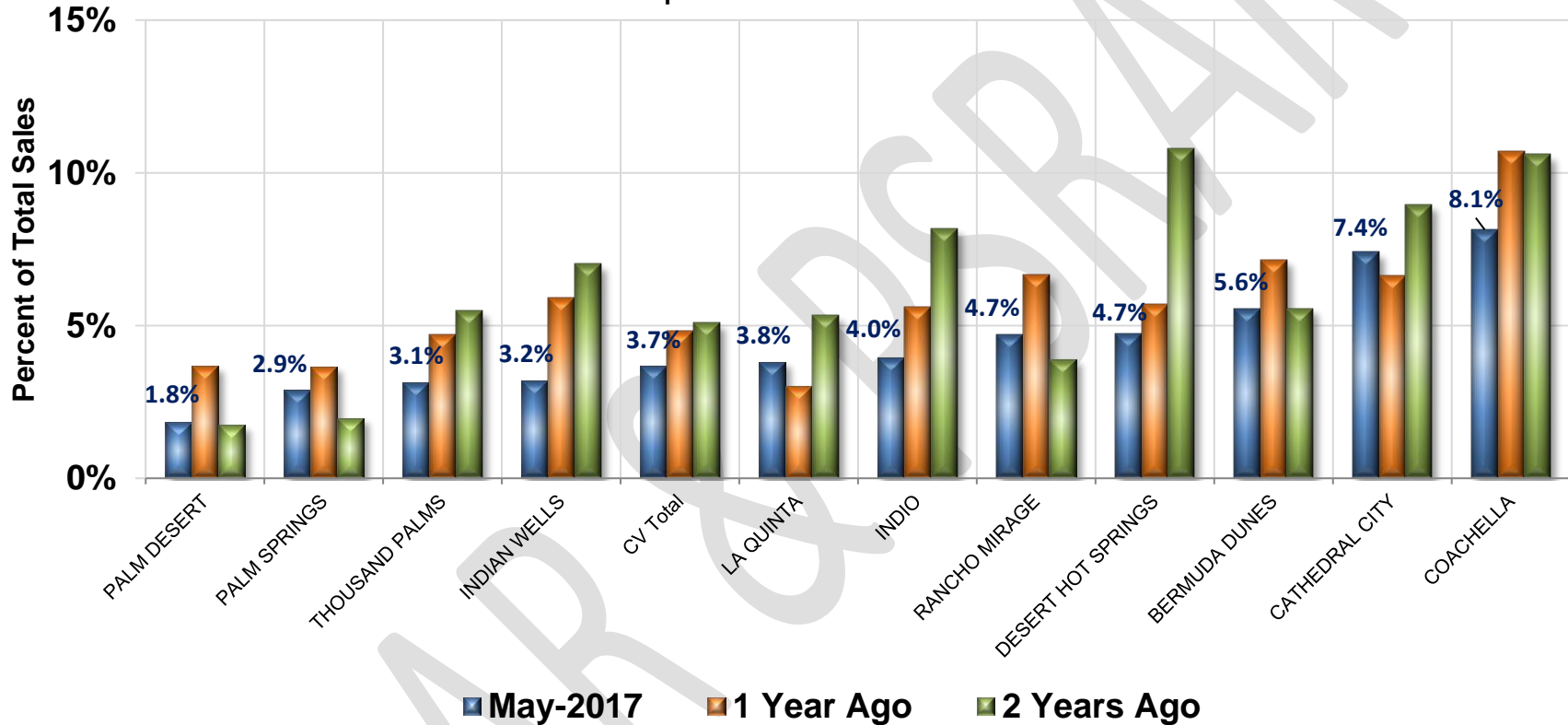
"Months of Supply" by City city inventory divided by average twelve month sales



"Months of Supply" by City

Every major city in the Valley except Coachella city shows considerable improvement in its "months of supply" ratio over last year. Seven cities now have ratios below 6 months and no city has a ratio over ten months. Because of seasonal trends, we can expect to see these ratios continue to improve over the next three months

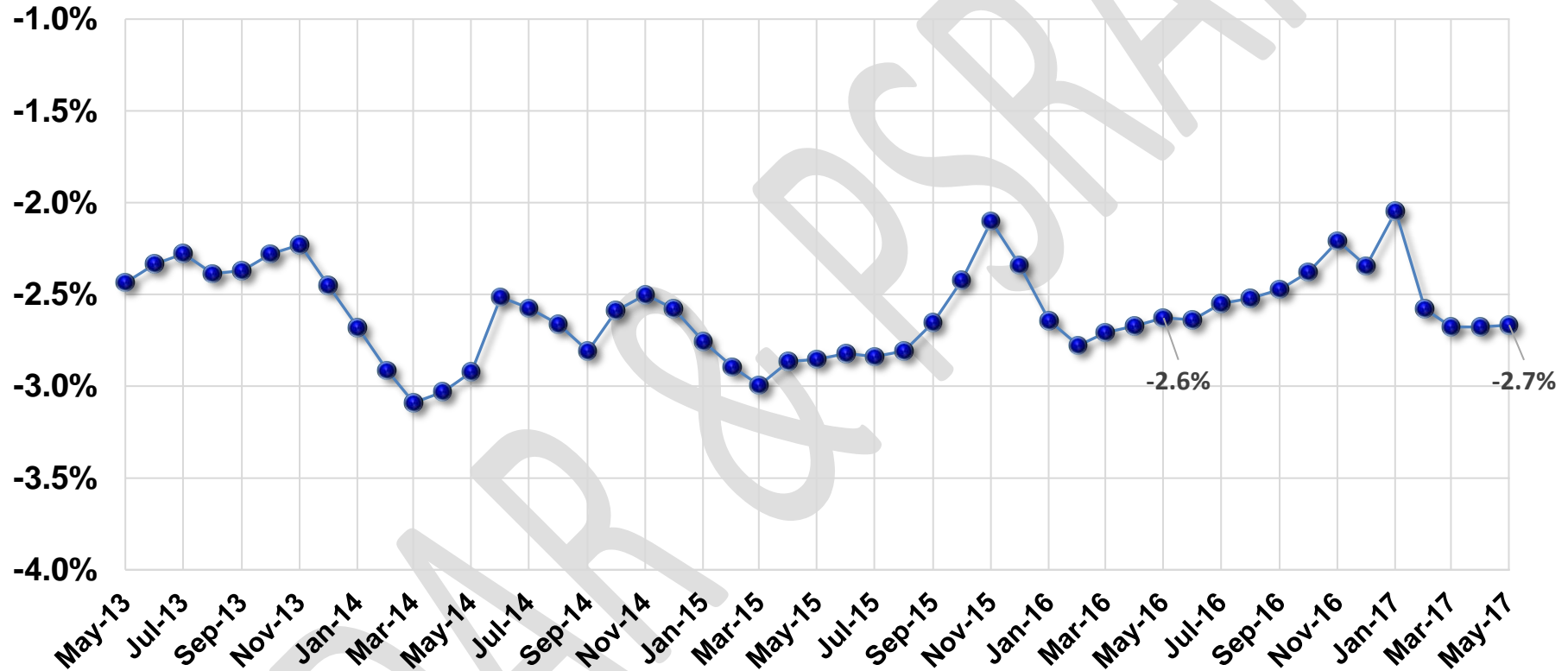
Distressed Sales by City percent of total sales



Distressed Sales by City

Distressed sales (REO and short sales) are now only 3.7% of total sales, the first time this ratio has fallen below 4% since 2006. All cities now have ratios below 10%, the first time this has happened since the foreclosure crisis over seven years ago. Two cities have slightly higher ratios than they did a year ago – La Quinta and Cathedral City – but the increase is very small.

Sale Price Discount from List May 2017



Sale Price Discount from List

The latest “Sale Price Discount from List” is at -2.7%, which is just one tenth of a percent over a year ago. The chart clearly shows the discount has been consistently oscillating between 2% and 3% for the last four years. The current percent implies that the selling discount to a home listed for \$300,000 is approximately \$8,100.



The Desert Housing Report

May 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 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

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