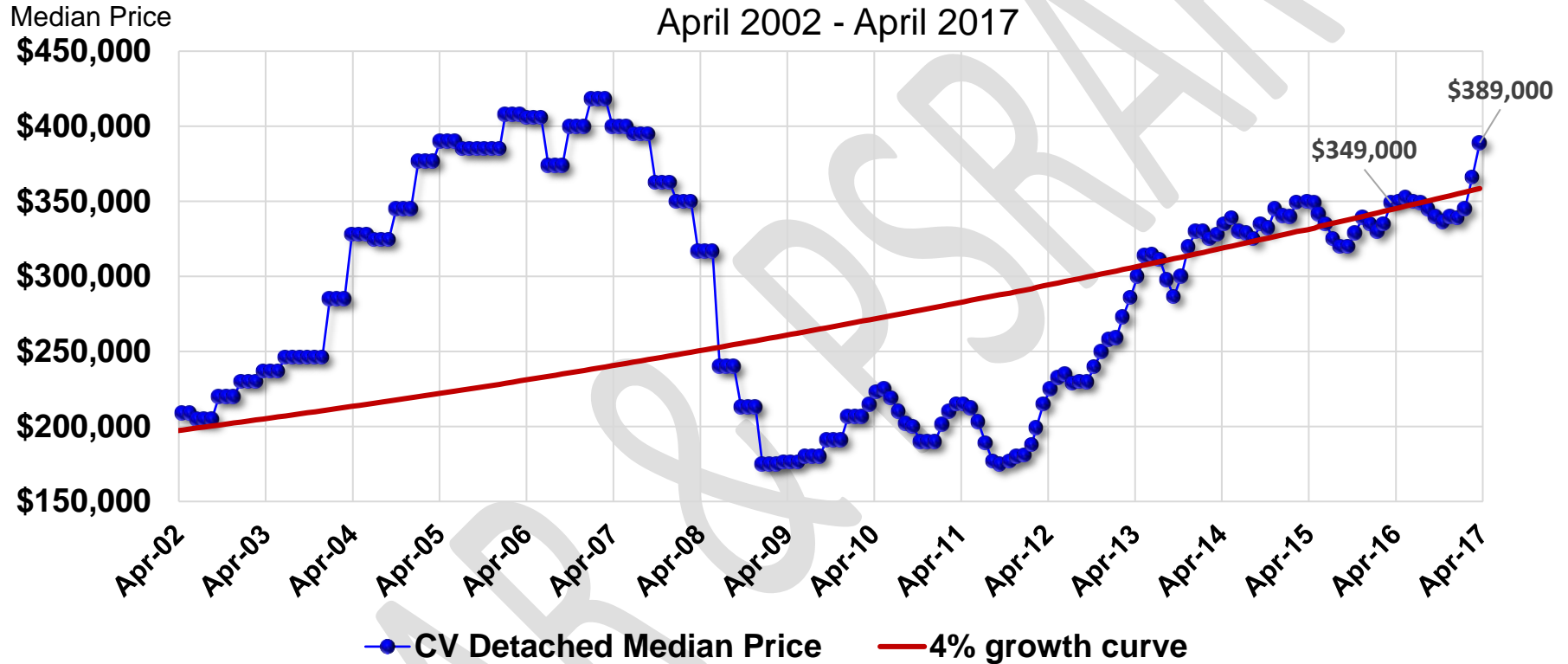


Coachella Valley Median Detached Home Price

April 2002 - April 2017

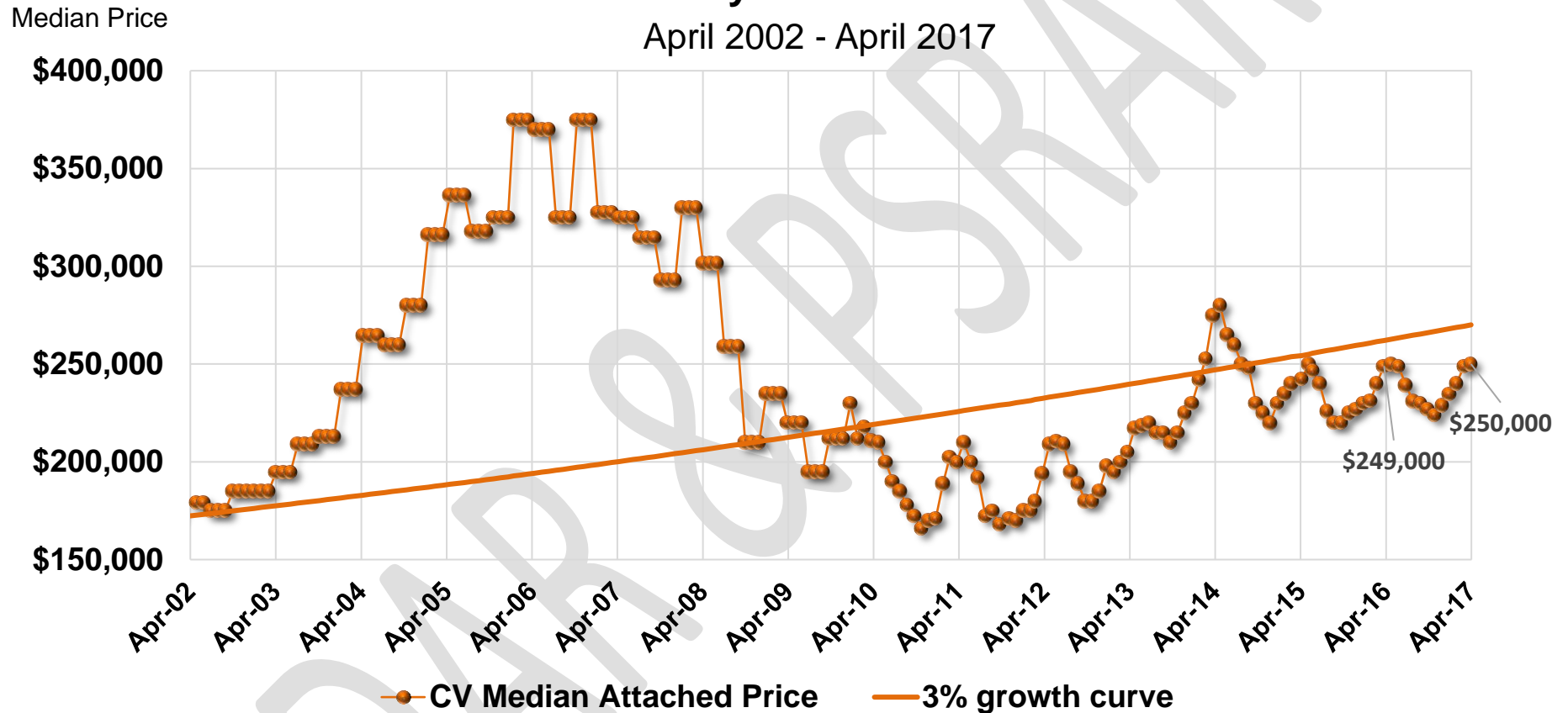


Summary

The Coachella Valley median price for detached homes hit a high of \$389,000 in April, a price not seen since 2007. This is two strong back-to-back price increases clearly visible on the chart and represents a 11.4% gain over a year ago. Attached home (condominium) prices continue to lag in the Valley. The median value in April was \$250,000, just a thousand dollars over April of last year. When we calculate city median prices for detached homes, we see seven cities with positive year over year gains and two cities, Rancho Mirage and Coachella, with negative returns. The positive returns range from highs of 24.8% for Desert Hot Springs and 10.2% for Indio, down to 1.2% for Palm Springs. All cities except Coachella and Desert Hot Springs have substantially higher sales over last year. In order of increasing percent: Indio is higher by 14%, Palm Springs is higher by 16%, Palm Desert is higher by 26%, La Quinta by 30% and Rancho Mirage sales are up a whopping 40%. With continuing lower inventory and higher sales, the “months of supply” ratio has fallen from 8.0 months on May 1st a year ago down to only 5.8 months this year. This is a tremendous improvement in only one year in this very important metric. It’s confirmed by its companion time metric, “days on the market”, which is now down to only 71 days.

Coachella Valley Median Attached Price

April 2002 - April 2017



Coachella Valley Attached Median Price

Attached home (condominium) prices continue to lag in the Valley. The median value in April was \$250,000, just a thousand dollars over April of last year. The back and forth price pattern of the last three years, which is obvious from the chart, seems to be forming again as we enter the summer months of 2017. If so, then prices should start giving ground again sometime in June. We hope at some point to see prices finally break this pattern by either holding steady at current levels or even by moving higher.



The Desert Housing Report

April 2017



Detached Homes

	Apr-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Desert Hot Springs	\$199,000	\$159,500	24.8%	\$85,000	134.1%	\$295,000	-32.5%
Indio	\$308,495	\$280,000	10.2%	\$158,500	94.6%	\$380,500	-18.9%
La Quinta	\$509,000	\$469,000	8.5%	\$245,000	107.8%	\$682,020	-25.4%
Indian Wells	\$925,000	\$877,500	5.4%	\$540,000	71.3%	\$1,205,000	-23.2%
Palm Desert	\$389,000	\$375,000	3.7%	\$287,000	35.5%	\$543,000	-28.4%
Cathedral City	\$280,000	\$275,000	1.8%	\$139,000	101.4%	\$395,000	-29.1%
Palm Springs	\$582,000	\$575,000	1.2%	\$335,000	73.7%	\$600,000	-3.0%
City of Coachella	\$230,000	\$231,244	-0.5%	\$121,950	88.6%	\$335,000	-31.3%
Rancho Mirage	\$674,950	\$700,000	-3.6%	\$423,000	59.6%	\$950,000	-29.0%

Attached Homes

	Apr-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Rancho Mirage	\$375,000	\$300,000	25.0%	\$260,000	44.2%	\$510,000	-26.5%
La Quinta	\$333,000	\$306,000	8.8%	\$265,000	25.7%	\$532,500	-37.5%
Desert Hot Springs	\$150,000	\$147,500	1.7%	\$86,000	74.4%	\$303,000	-50.5%
Palm Springs	\$239,000	\$242,500	-1.4%	\$150,000	59.3%	\$350,000	-31.7%
Cathedral City	\$135,000	\$138,000	-2.2%	\$107,500	25.6%	\$270,500	-50.1%
Indio	\$154,500	\$159,000	-2.8%	\$75,000	106.0%	\$279,000	-44.6%
Indian Wells	\$400,000	\$420,000	-4.8%	\$321,500	24.4%	\$557,500	-28.3%
Palm Desert	\$249,900	\$271,130	-7.8%	\$175,000	42.8%	\$410,000	-39.0%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

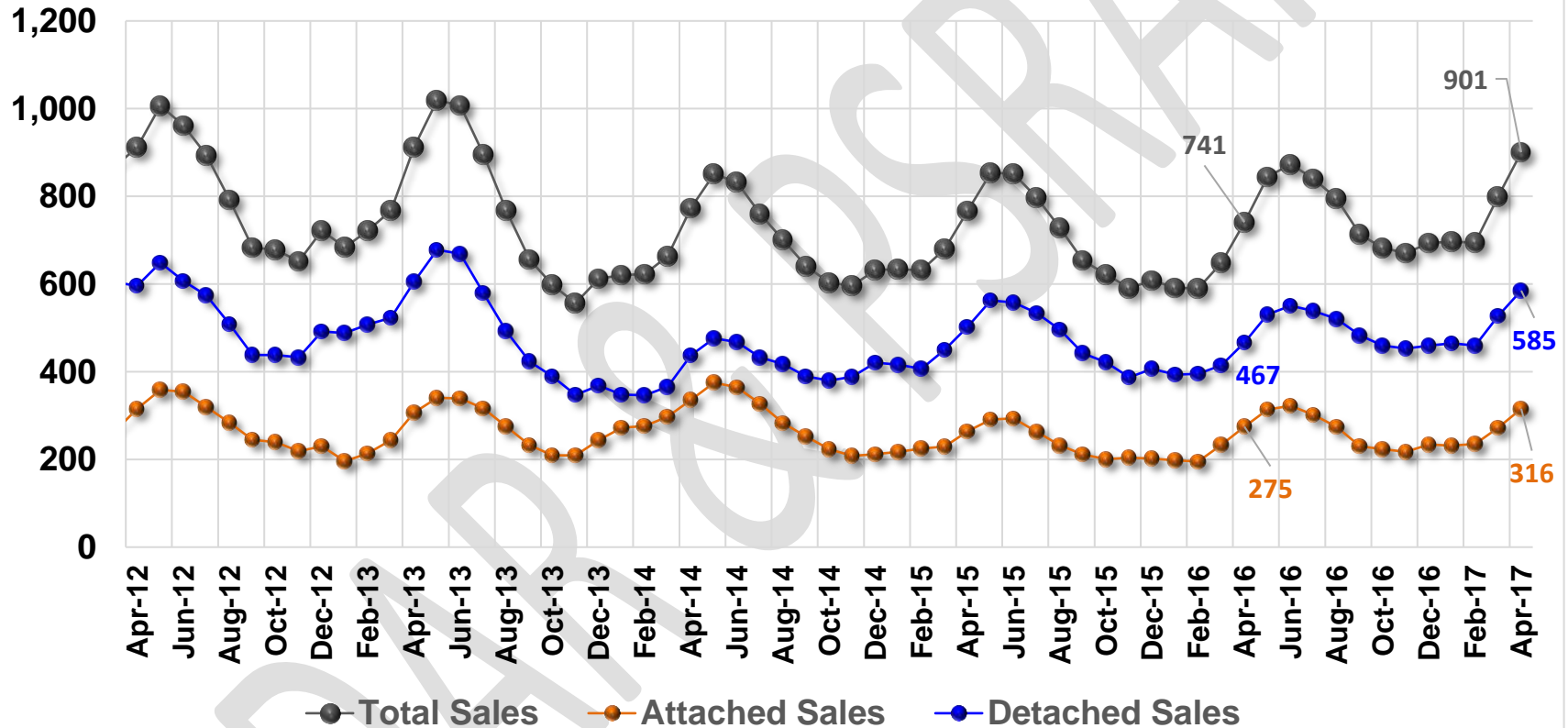
12 Month Change in City Median Prices

When we calculate city median prices for detached homes, we see seven cities with positive year over year gains and two, Rancho Mirage and Coachella, with negative returns. The positive returns range from highs of 24.8% for Desert Hot Springs and 10.2% for Indio, down to 1.2% for Palm Springs. Except for Rancho Mirage and La Quinta, which show strong year over year price increases, the price weakness for attached homes in the individual cities is clearly visible. We are hoping to see this pattern change at some point rather soon.

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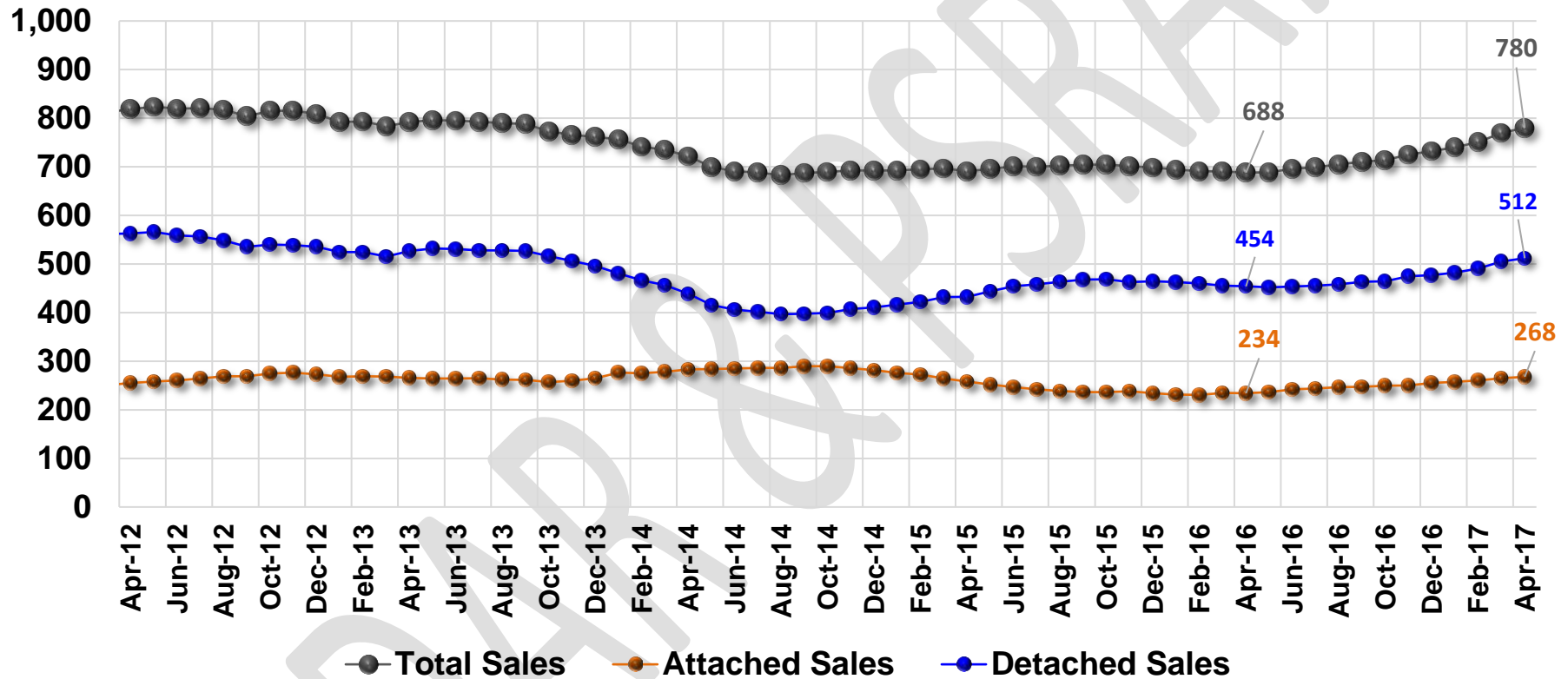
Detached, Attached and Total Sales 3 month moving average



Monthly Sales – 3 month trailing avg.

Home sales continue to surge as the year progresses. Three month sales, which show the seasonal nature of the Valley’s market, are higher for both detached and attached units. The three month average of detached home sales rose to 585 units, which is the highest level since June of 2013 and 25% above sales of last year. The increase for attached homes was slightly lower at 15%. Total three month sales in April were 901 units, 22% higher than a year ago.

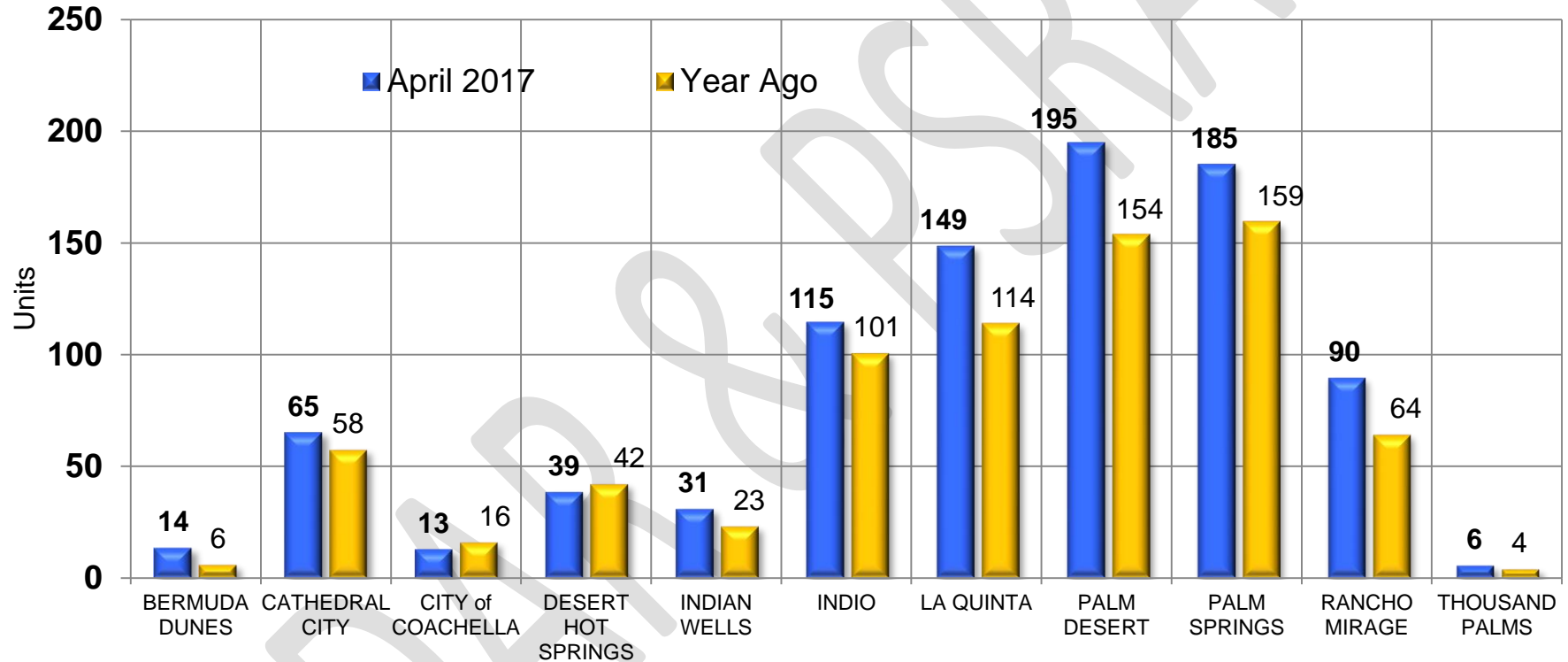
Detached, Attached and Total Sales 12 month moving average



Monthly Sales – 12 month trailing avg.

Longer term measurements of Valley sales, which take out seasonality, are also growing at an accelerated rate. In April total sales averaged 780 units a month, which is 13.4% above the same time last year. Detached sales rose to a twelve month average of 512 units, which is 12.7% higher than last year. Attached sales are 14.5% above last year.

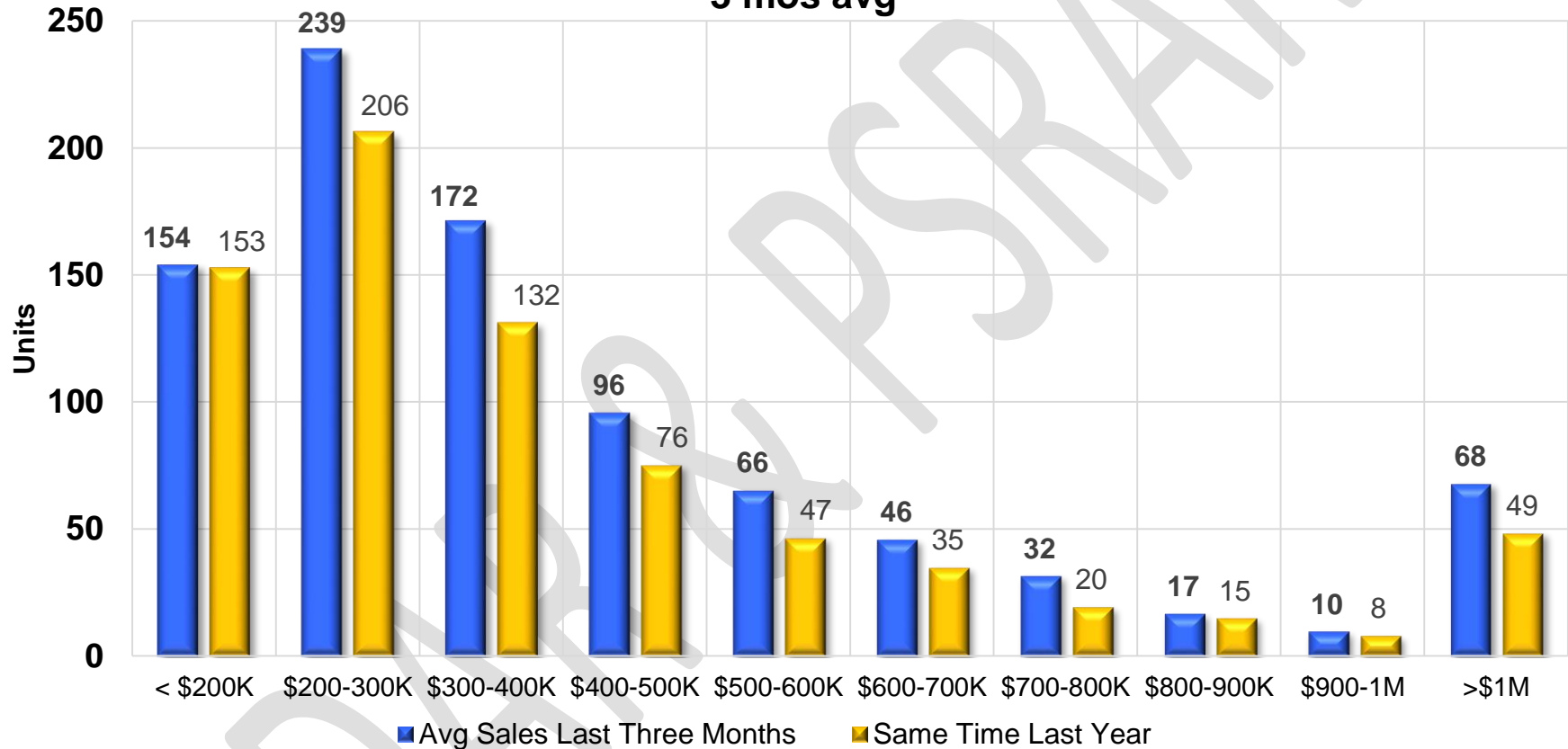
Home Sales by City 3 month avg sales



Home Sales per month by City

All cities except Coachella and Desert Hot Springs have substantially higher sales over last year. In order of increasing percent: Indio is higher by 14%, Palm Springs is higher by 16%, Palm Desert is higher by 26%, La Quinta by 30%, and in Rancho Mirage sales are up a whopping 40%.

Home Sales by Price Range 3 mos avg

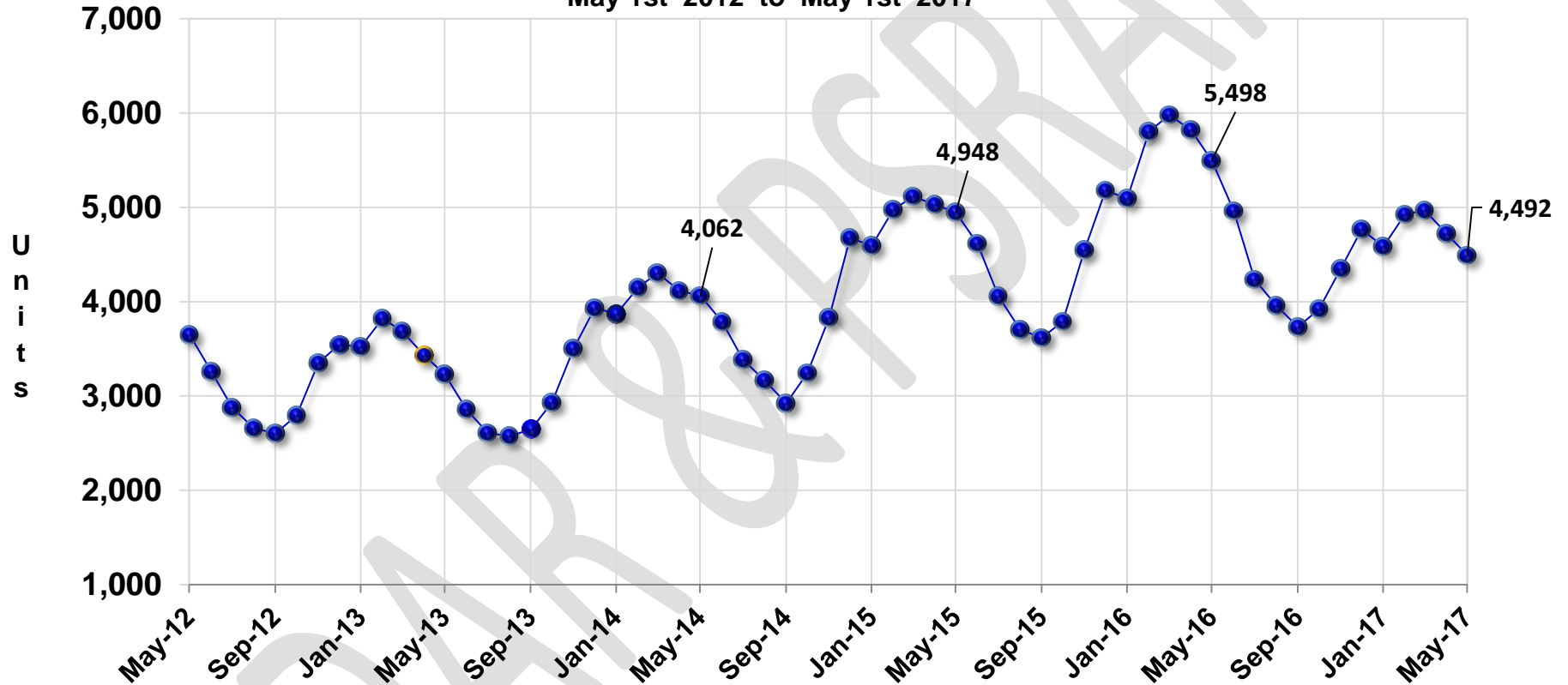


Home Sales by Price Range

Total sales increased in every price bracket over the previous year. The largest increase percentage-wise was in sales over a million dollars. The increase in sales in that price bracket was 39%. The increases in all the other brackets were very even and consistent, as is seen in the graph.

Valley Housing Inventory

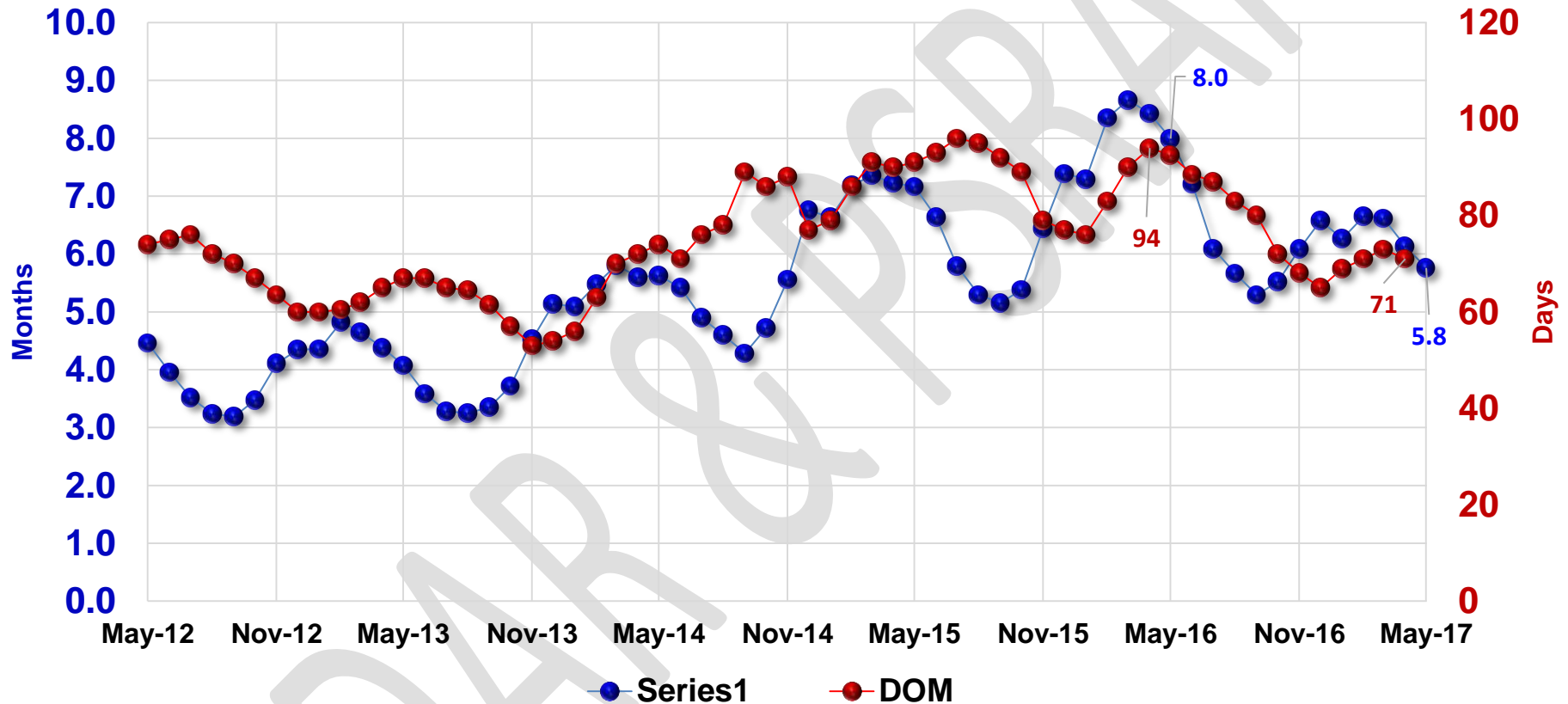
May 1st 2012 to May 1st 2017



Coachella Valley Inventory.

As we expected, inventory reached its peak again on March 1st, something it has done now for the last four years. On May 1st inventory stood at 4,492 units, 1008 less than last year. On the chart above we have indicated not only last year's number but the previous three years, showing that the current number is not only below 2016 and 2015, but not far above the inventory of 2014. This is a vast improvement over the inventory problem that appeared to be forming in late 2015.

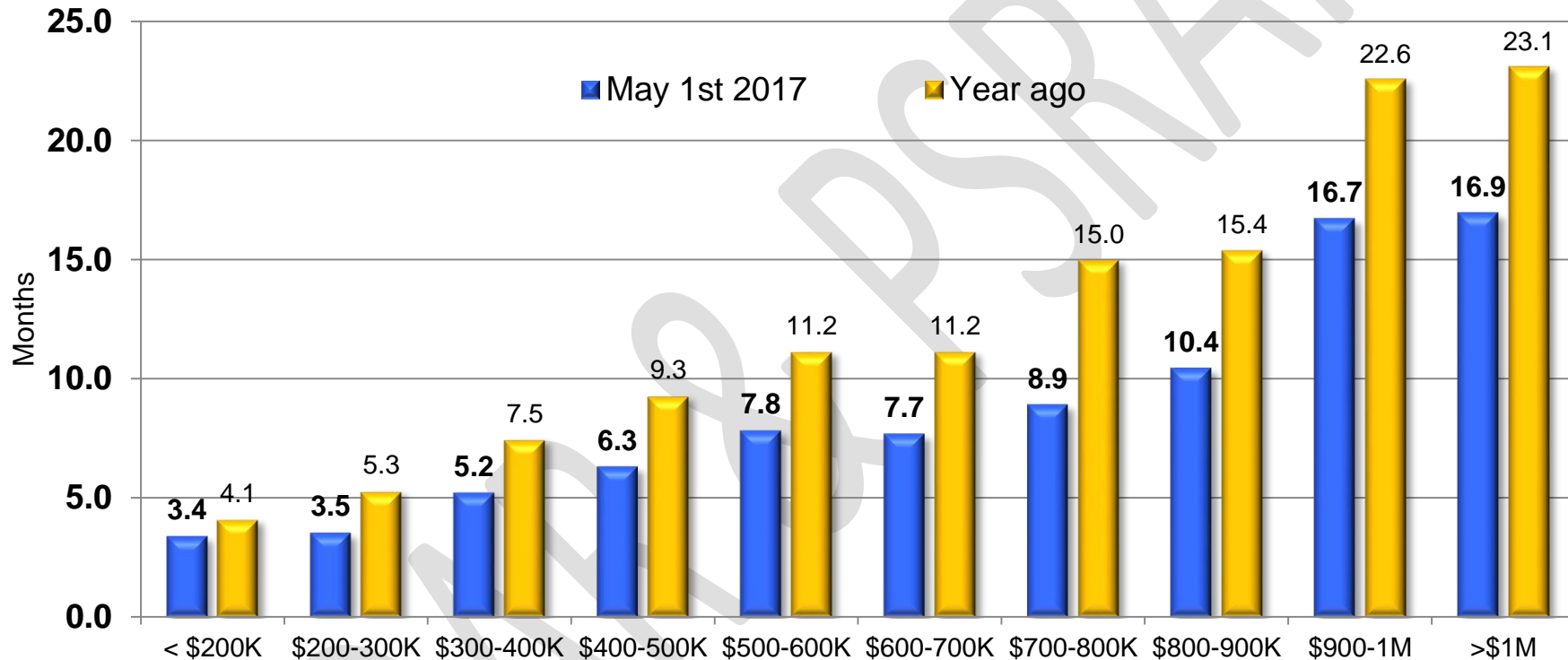
"Months of Supply" and "Days on the Market"



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

With continuing lower inventory and higher sales, the "months of supply" ratio has fallen from 8.0 months on May 1st a year ago down to only 5.8 months this year. This is a tremendous improvement in this very important metric in only one year. It's confirmed by its companion time metric, "days on the market", which is now down to only 71 days. This is the lowest number of days in May since May 1st 2013!

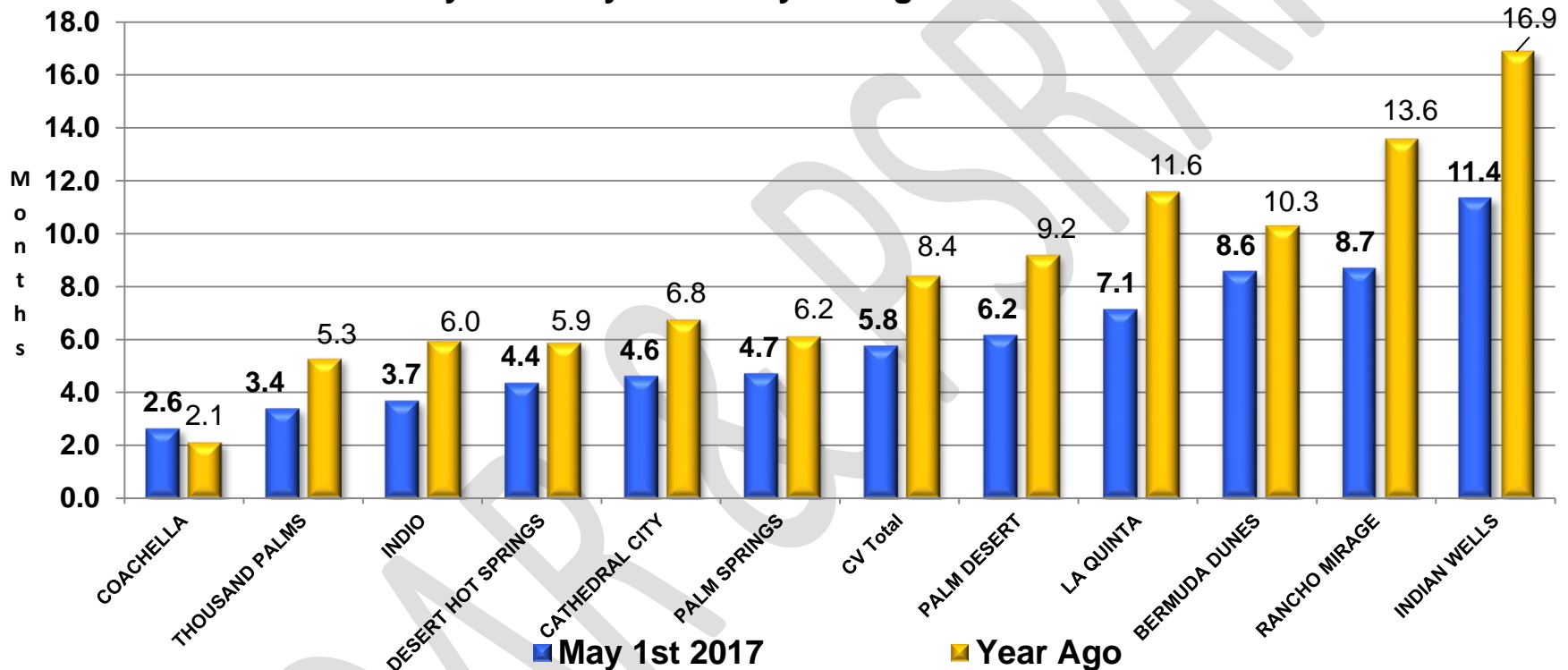
"Months of Supply" by Price Range uses avg. twelve month sales



"Months of Supply" by Price Range

We see significant improvement again in "months of supply" in every price bracket, especially in those above \$400k. In the \$400k to \$500k bracket, the ratio has dropped three months, from 9.3 months down to only 6.3. We see corresponding three month drops in the two price brackets just above that. While there is also vast improvement in inventory for homes priced above \$900k, we would be pleased to maybe see just a little bit more.

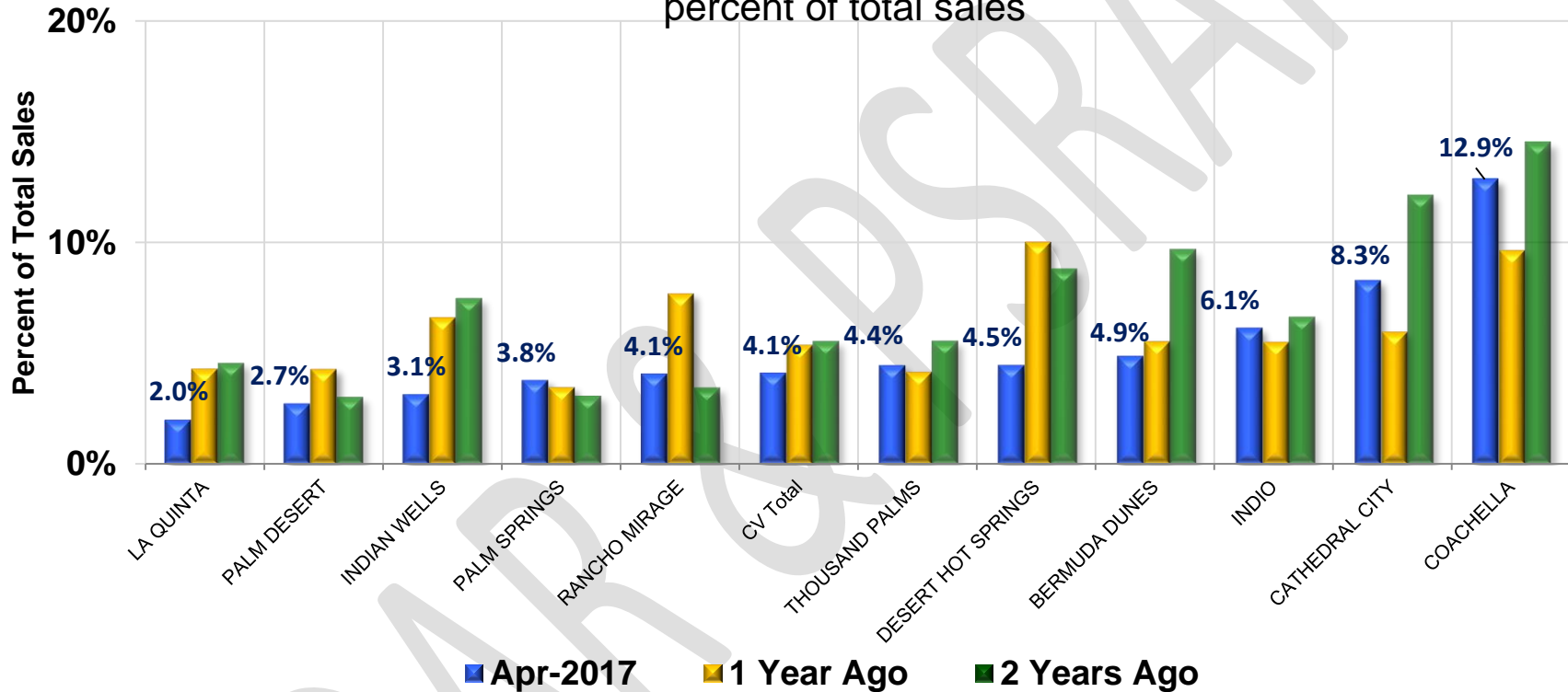
"Months of Supply" by City city inventory divided by average twelve month sales



"Months of Supply" by City

Again, every major city in the Valley shows considerable improvement in its "months of supply" ratio except for Coachella, which has a meaningless increase from 2.1 months to 2.6. Seven major cities have ratios 6 months or less (we're including Palm Desert in this because, while its ratio is 6.2, it's a vast improvement over the 9.2 months of last year). The remaining high end cities of La Quinta, Rancho Mirage and Indian Wells are above seven months, but show the largest declines of all the cities in the Valley.

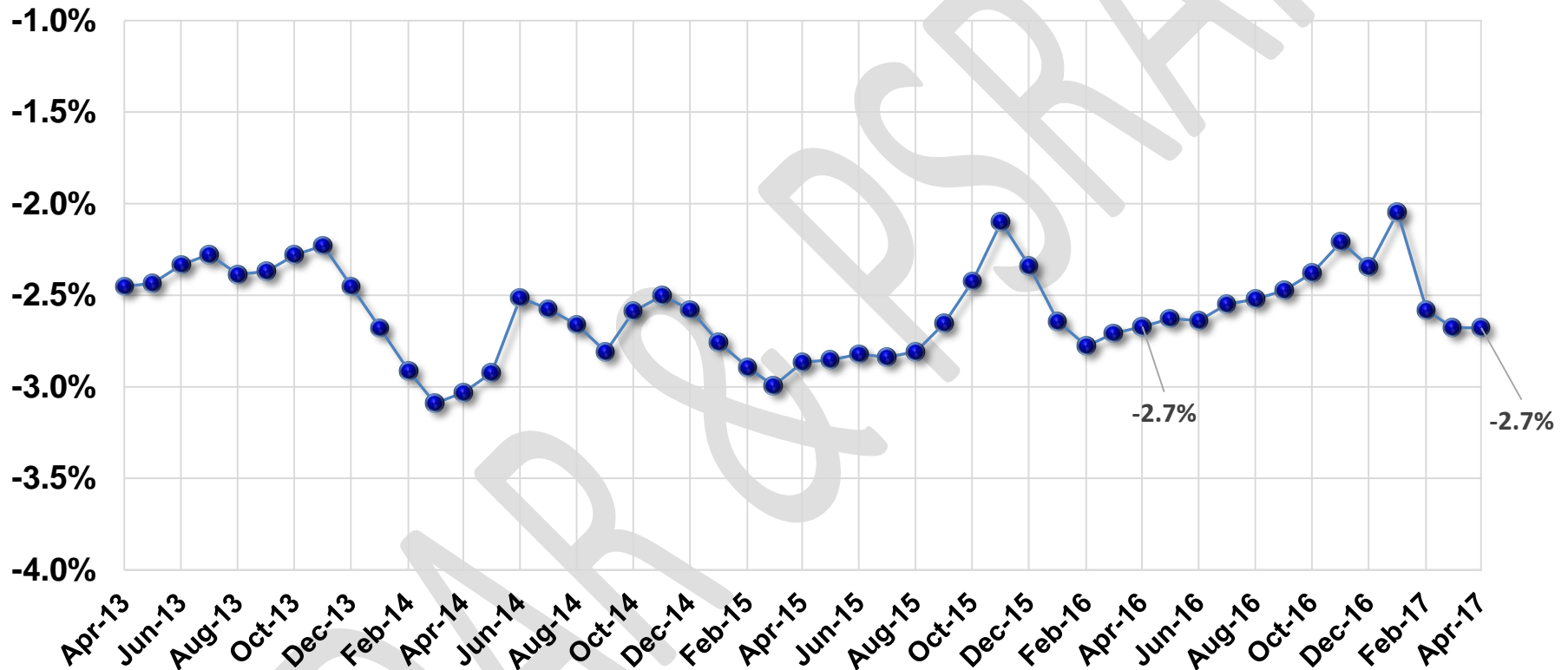
Distressed Sales by City percent of total sales



Distressed Sales by City

Distressed sales (REO and short sales) are now only 4.1% of total sales, but a few cities are showing a small but possibly emerging trend of slightly higher distressed sales when compared to a year ago. For example, the last three months in Palm Springs saw the ratio rise to 3.8%, up from last year's 3.5%. While this is miniscule and will not affect any pricing, it does seem to point to the idea that as prices rise, more banks holding REOs and homeowners underwater might be taking the opportunity to liquidate inventory. This is also true of Thousand Palms, Indio, Cathedral City and Coachella.

Sale Price Discount from List April 2016



Sale Price Discount from List

The latest “Sale Price Discount from List” is at -2.7%, which is exactly equal to the discount one 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

April 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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