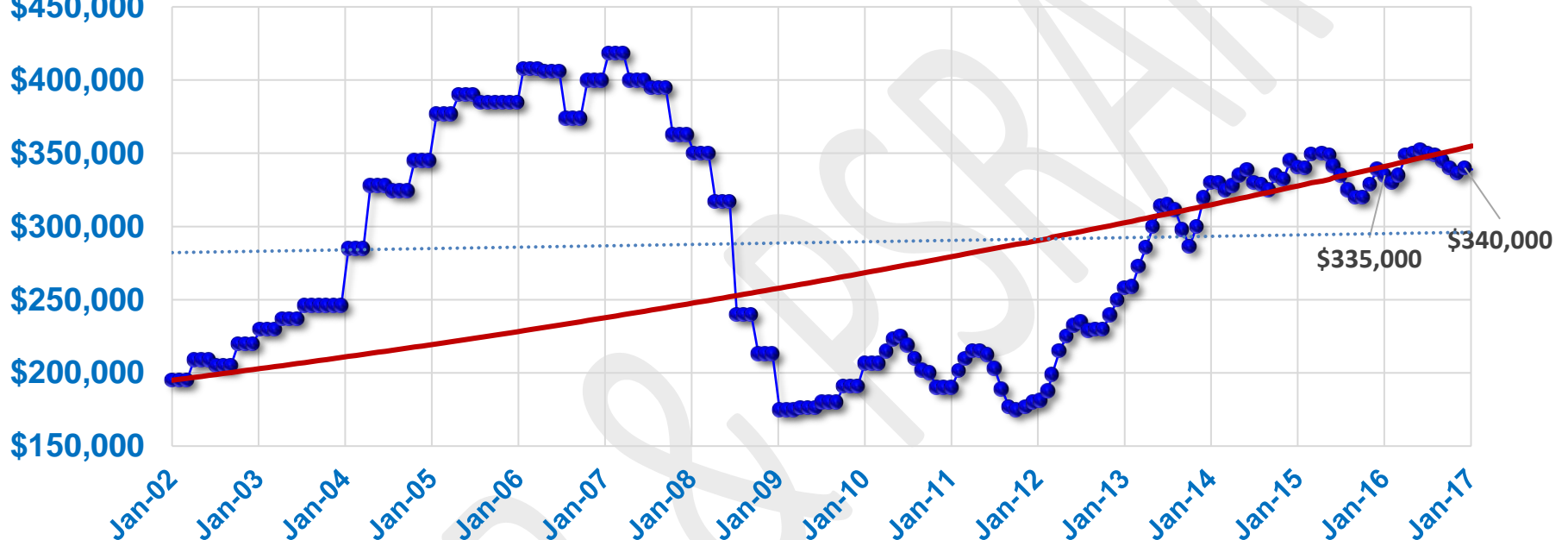


Coachella Valley Median Detached Home Price

Jan 2002 - Jan 2017

Median Price
\$450,000



● CV Detached Median Price — 4% growth curve Linear (CV Detached Median Price)

Summary

The median price for the Valley’s detached homes in January was \$340,000, which is unchanged from the previous month but up 1.5% over the last twelve. On a year over year basis, the median price of detached homes for eight of the nine major cities were positive in January while only one, Rancho Mirage, was negative. The median condominium price in January was \$234,750, up 2% from a year ago. Condominium prices continue to lag percentage wise those of detached homes in the overall recovery. The three month average of sales, which measures the seasonal patterns, continues to point to higher sales in both detached homes and condos in 2017. We estimate sales will be higher by about 10% to 15%. On February 1st Valley inventory was 4,926 units, 879 less than the same time last year. Higher sales and lower inventory have lowered the “months of supply” ratio to 6.7 months, which is 1.7 months less than February 1st of last year. These positive developments are confirmed by the DOM metric. DOM averaged 69 days in January, which is 7 days less than the 76 day average last year.

Coachella Valley Median Condo Price

Jan 2002 - Jan 2017

Median Price

\$400,000

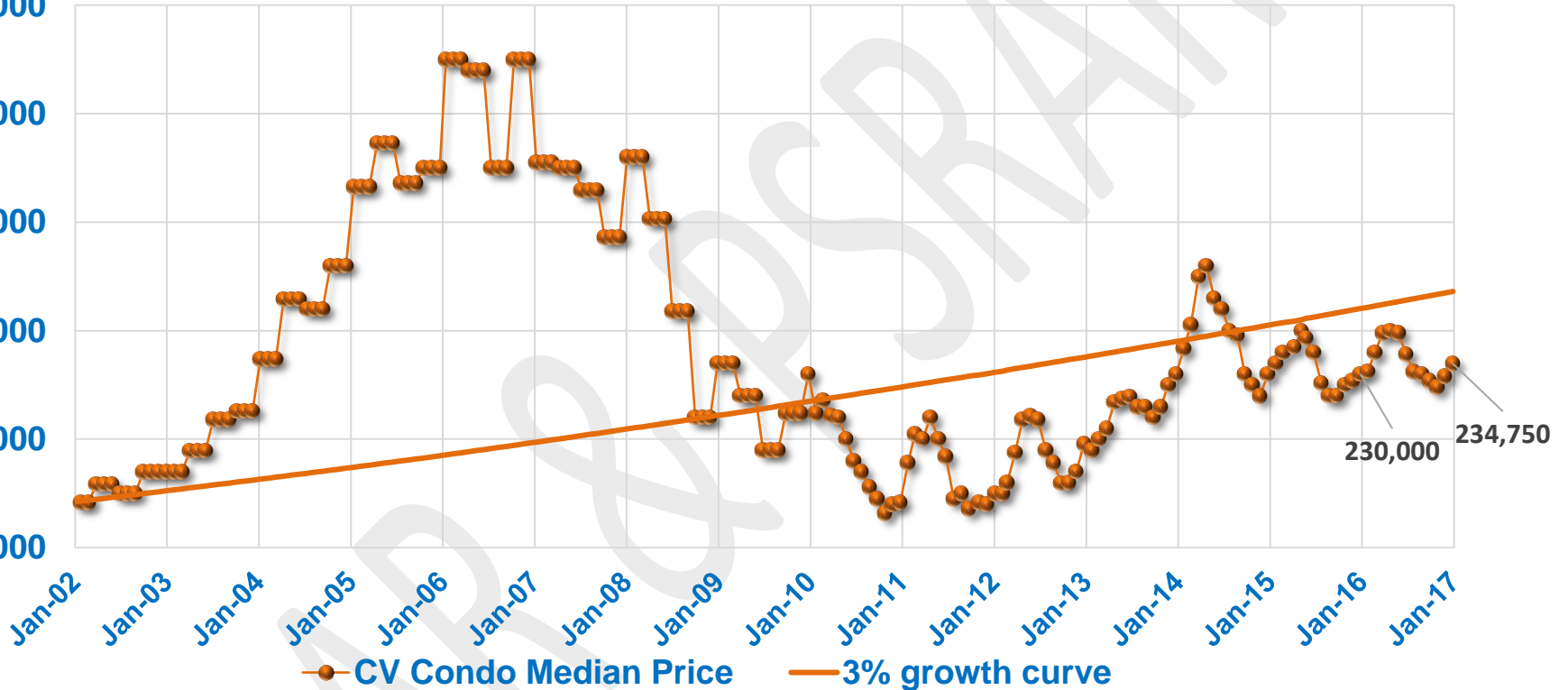
\$350,000

\$300,000

\$250,000

\$200,000

\$150,000



Coachella Valley Condo Median Price

The median condominium price in January was \$234,750, up 2% from a year ago. The median price is continuing to exhibit a cyclical price pattern that established itself seven years ago and which is easily seen in the graph above. The pattern shows a median price low sometime around September after which it steadily rises to an eventual high around April, after which it falls back until another low point is made in autumn. The median price for detached homes has a similar pattern but it's more variable and far less pronounced.



The Desert Housing Report

January 2016



Detached Homes

	Jan-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Desert Hot Springs	\$185,000	\$159,900	15.7%	\$85,000	117.6%	\$295,000	-37.3%
City of Coachella	\$245,000	\$222,500	10.1%	\$121,950	100.9%	\$335,000	-26.9%
Cathedral City	\$289,000	\$265,000	9.1%	\$139,000	107.9%	\$395,000	-26.8%
La Quinta	\$473,000	\$435,000	8.7%	\$245,000	93.1%	\$682,020	-30.6%
Indian Wells	\$780,000	\$732,000	6.6%	\$540,000	44.4%	\$1,205,000	-35.3%
Palm Springs	\$559,000	\$529,500	5.6%	\$335,000	66.9%	\$600,000	-6.8%
Indio	\$285,000	\$279,000	2.2%	\$158,500	79.8%	\$380,500	-25.1%
Palm Desert	\$360,000	\$355,000	1.4%	\$287,000	25.4%	\$543,000	-33.7%
Rancho Mirage	\$620,000	\$634,663	-2.3%	\$423,000	46.6%	\$950,000	-34.7%

Condominiums

	Jan-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Indian Wells	\$428,500	\$352,500	21.6%	\$321,500	33.3%	\$557,500	-23.1%
Cathedral City	\$152,500	\$143,375	6.4%	\$107,500	41.9%	\$270,500	-43.6%
Palm Springs	\$218,500	\$208,000	5.0%	\$150,000	45.7%	\$350,000	-37.6%
Palm Desert	\$255,000	\$253,250	0.7%	\$175,000	45.7%	\$410,000	-37.8%
La Quinta	\$305,000	\$306,250	-0.4%	\$265,000	15.1%	\$532,500	-42.7%
Indio	\$147,500	\$155,250	-5.0%	\$75,000	96.7%	\$279,000	-47.1%
Rancho Mirage	\$265,000	\$295,000	-10.2%	\$260,000	1.9%	\$510,000	-48.0%
Desert Hot Springs	\$95,000	\$110,000	-13.6%	\$86,000	10.5%	\$303,000	-68.6%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

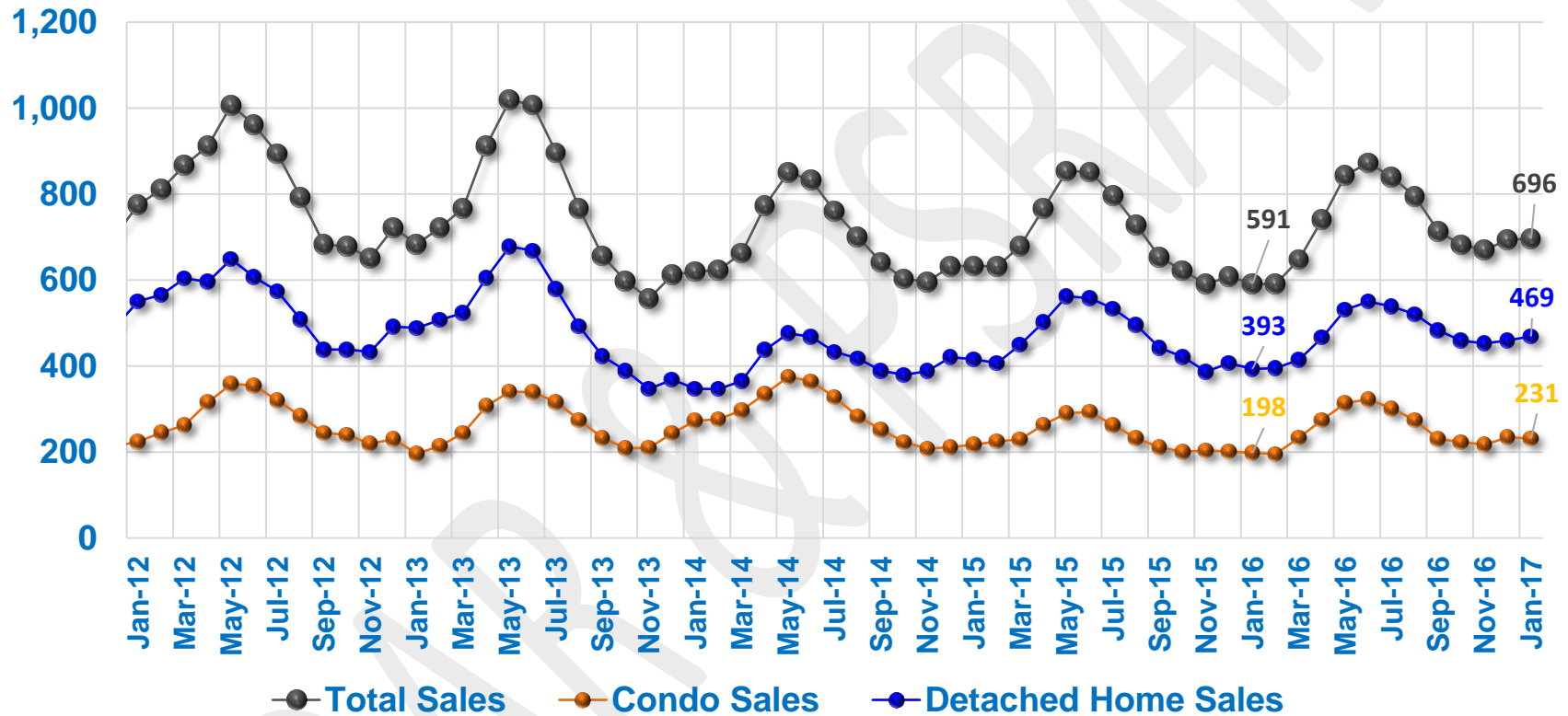
12 Month Change in City Median Prices

On a year over year basis, the median prices of detached homes for eight of the nine major cities were positive in January while only one, Rancho Mirage, was negative. Desert Hot Springs, the City of Coachella and Cathedral City continue the strong price gains they established last year. Condominium prices continue to lag detached homes in the overall recovery. Some of this can be attributed to the fact that 75% of condominium owners are not residents but remote owners.

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Detached, Condo and Total Sales 3 month moving average



Monthly Sales – 3 month trailing avg.

The three month average of sales, which measures the seasonal patterns, continues to point to higher sales in both detached homes and condos in 2017. We estimate sales will be higher by about 10% to 15%. In January condo sales were 231 units which is 16% higher than January of last year. Detached sales at 469 units were 19% higher. This pattern of higher three month sales has been in effect for the last six months.

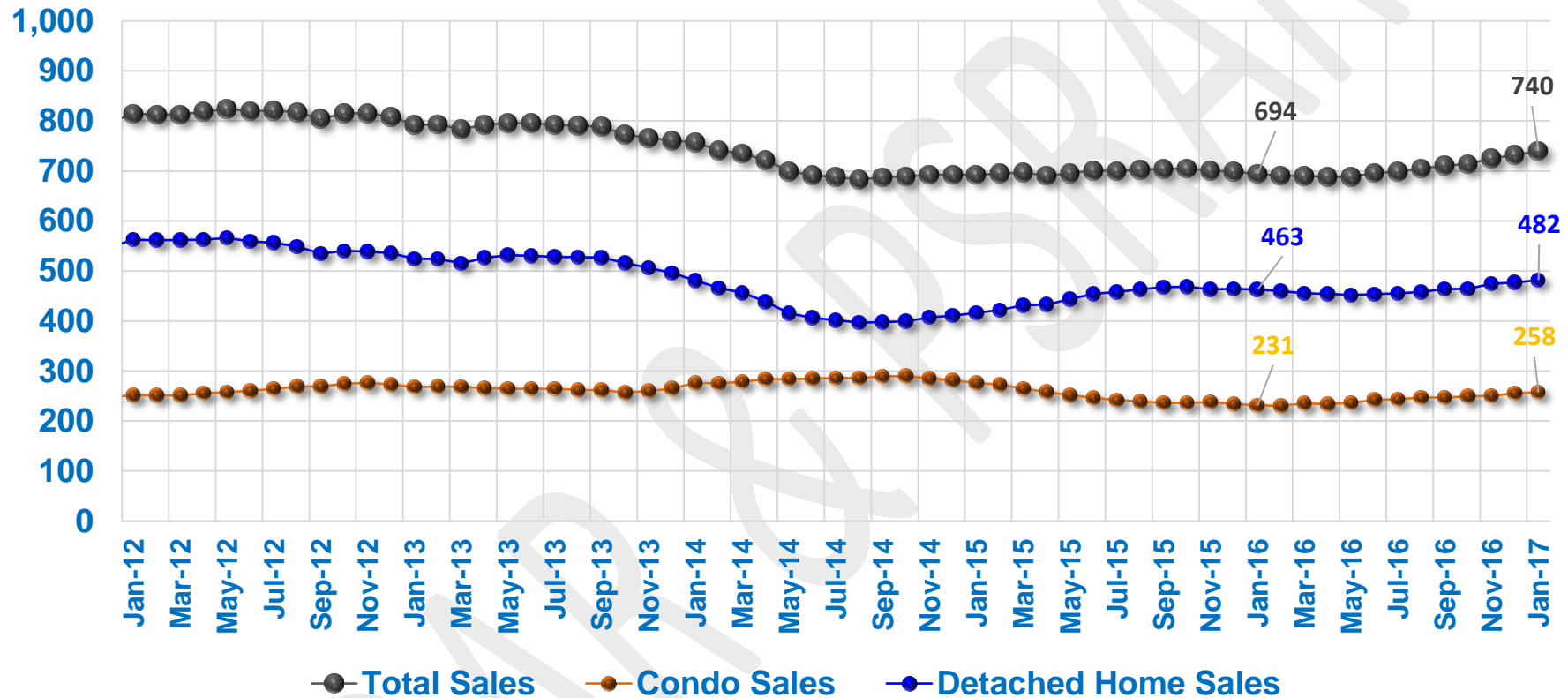


The Desert Housing Report

January 2016



Detached, Condo and Total Sales 12 month moving average



Monthly Sales – 12 month trailing avg.

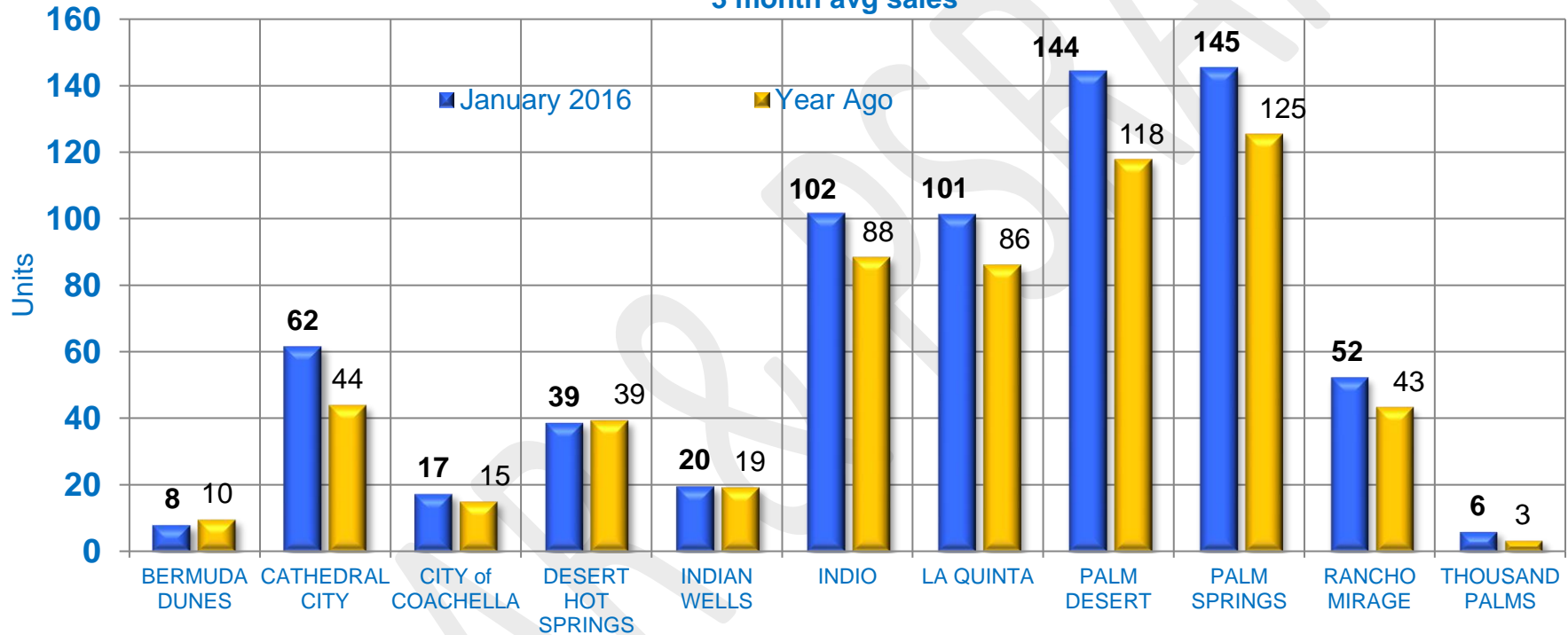
The long term 12 month average of sales takes out all seasonality so every month can be compared to any other month. And the accumulated effect of having higher three month sales is starting to show in this long term measure. In January the 12 month average was 6% above a year ago. We should continue to see the twelve month average move higher until it finally reaches about 800 unit sales a month. That would be almost 15% above the 700 unit average of a year ago.

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Home Sales by City

3 month avg sales

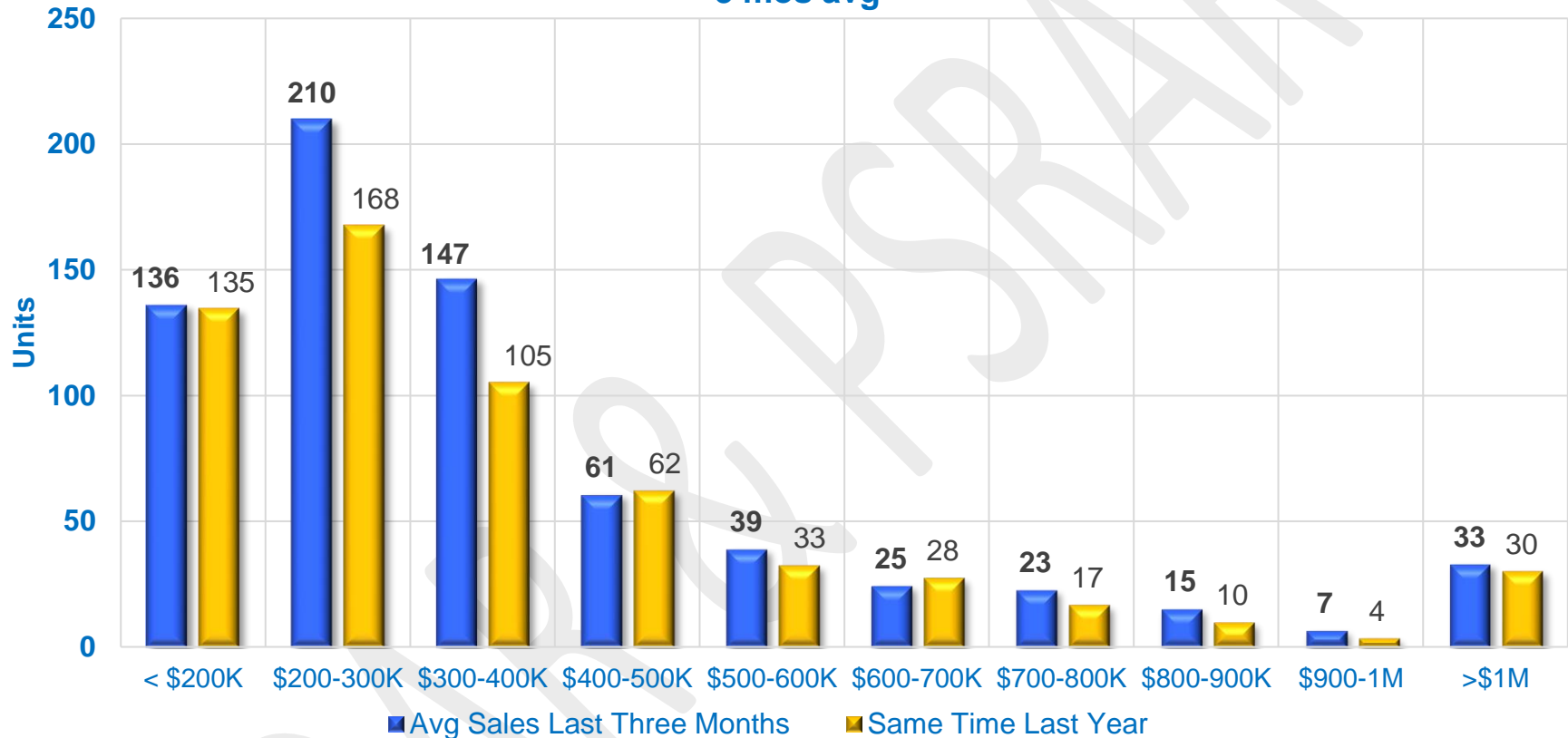


Home Sales per Month by City

We see higher three month sales in almost every city. The largest percent increase is in Cathedral City where sales in January were 41% above last year. Palm Desert and Palm Springs also saw high percent increases of 22% and 18% respectively. Desert Hot Springs had the same level of sales while Bermuda Dunes actually had lower sales.

Home Sales by Price Range

3 mos avg

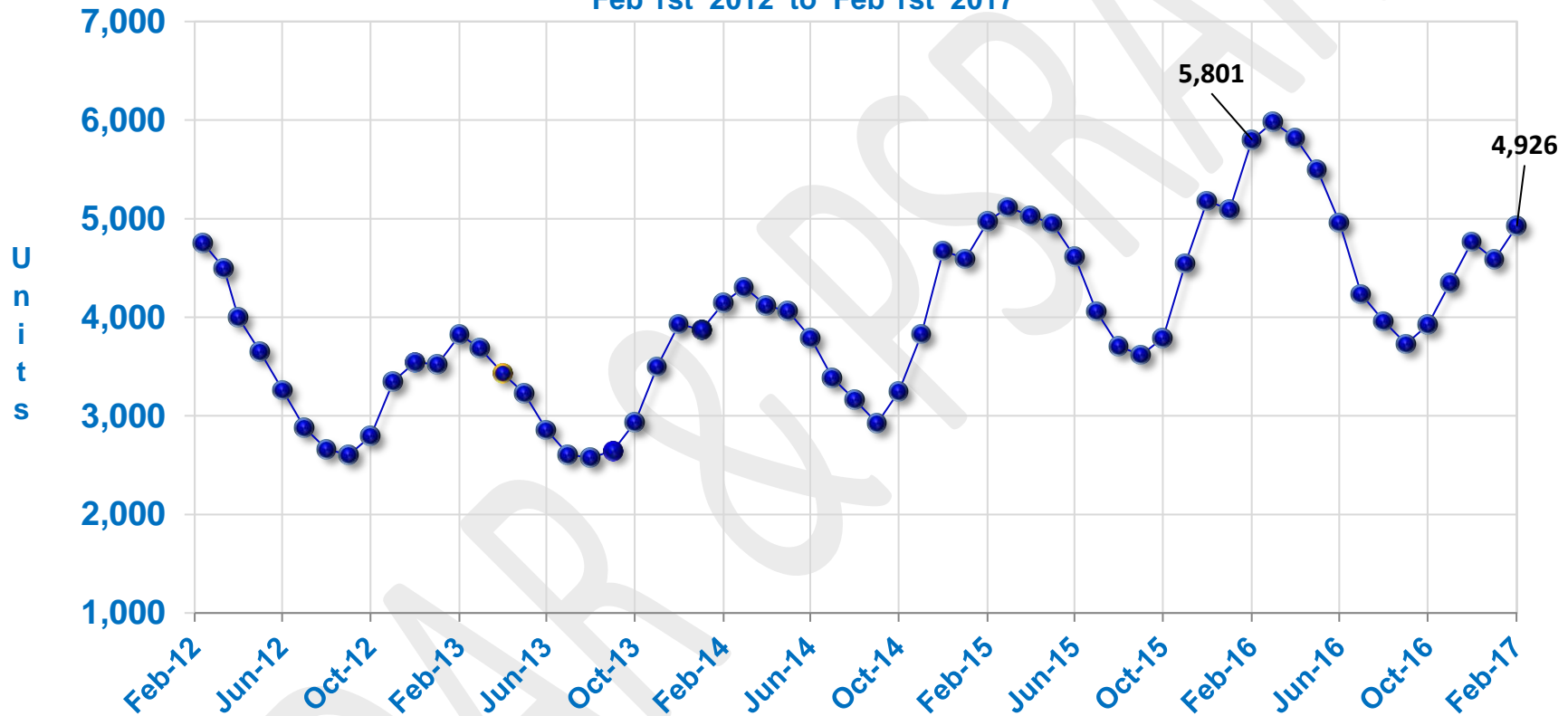


Home Sales by Price Range

When we compare three month sales by the various price brackets, there was a measureable increase in the \$200k to \$300k and \$300k to \$400k price ranges - the \$200k to \$300k bracket had a 25% increase while the \$300k to \$400k range had the largest increase at 40%. Combined sales for homes that sold from \$400k to \$700k also increased but only by 2%.

Valley Housing Inventory

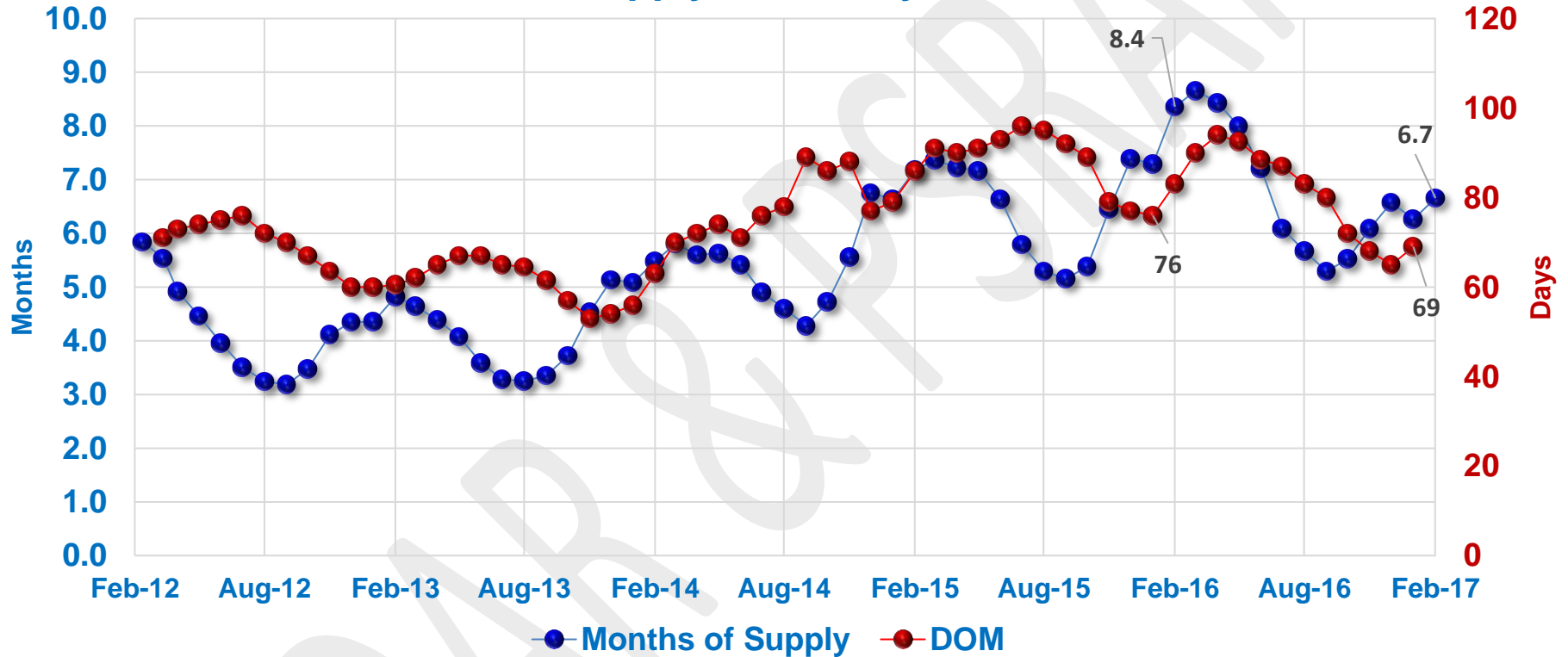
Feb 1st 2012 to Feb 1st 2017



Coachella Valley Inventory.

As we go into the new selling season, inventory continues to look positive. On February 1st it stood at 4,926 units, 879 less than the same time last year. The current number is almost exactly equal to the inventory on February 1st of two years ago. Expected higher sales should continue to help keep inventory in line.

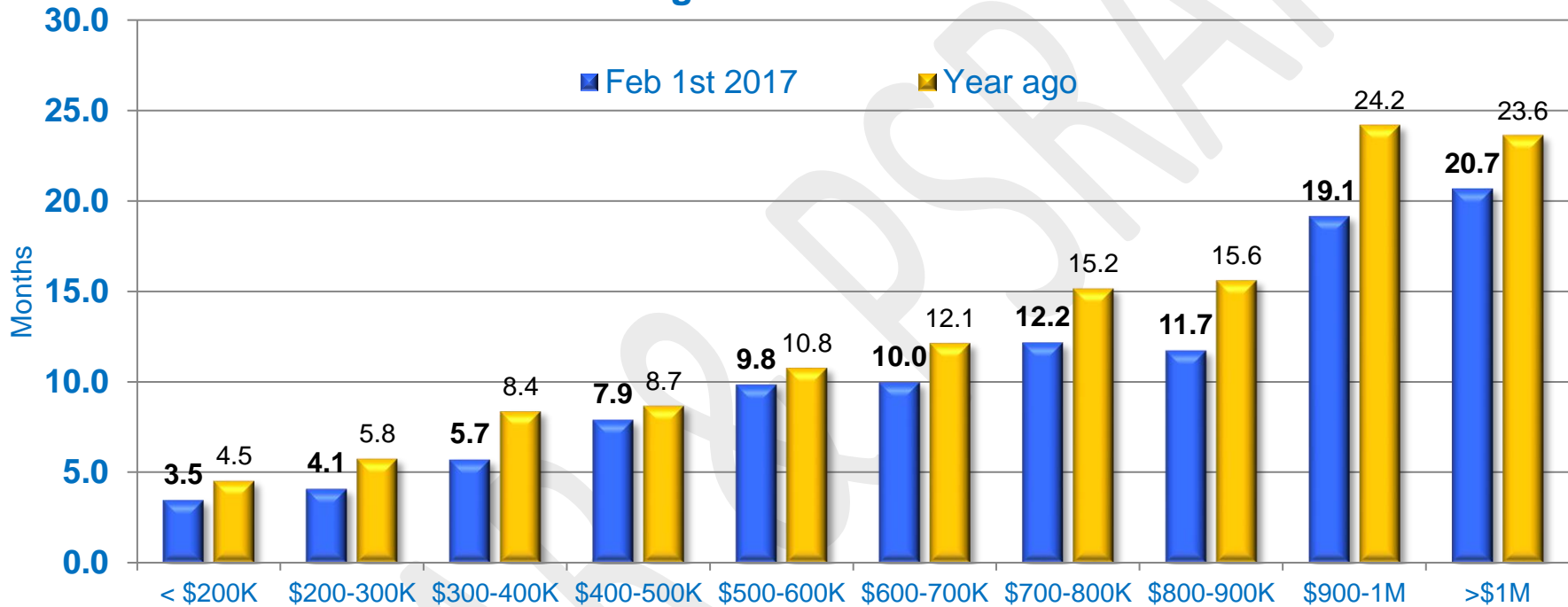
"Months of Supply" and "Days on the Market"



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

Higher sales and better inventory numbers have lowered the "months of supply" ratio to 6.7 months, which is 1.7 months less than February of last year. That is solid improvement. The current ratio is lower than even two years ago, when at this time it was seven months. These positive inventory developments are confirmed by the DOM metric, which over time should parallel the movement of inventory. DOM averaged 69 days in January, which is 7 days less than the 76 days last year.

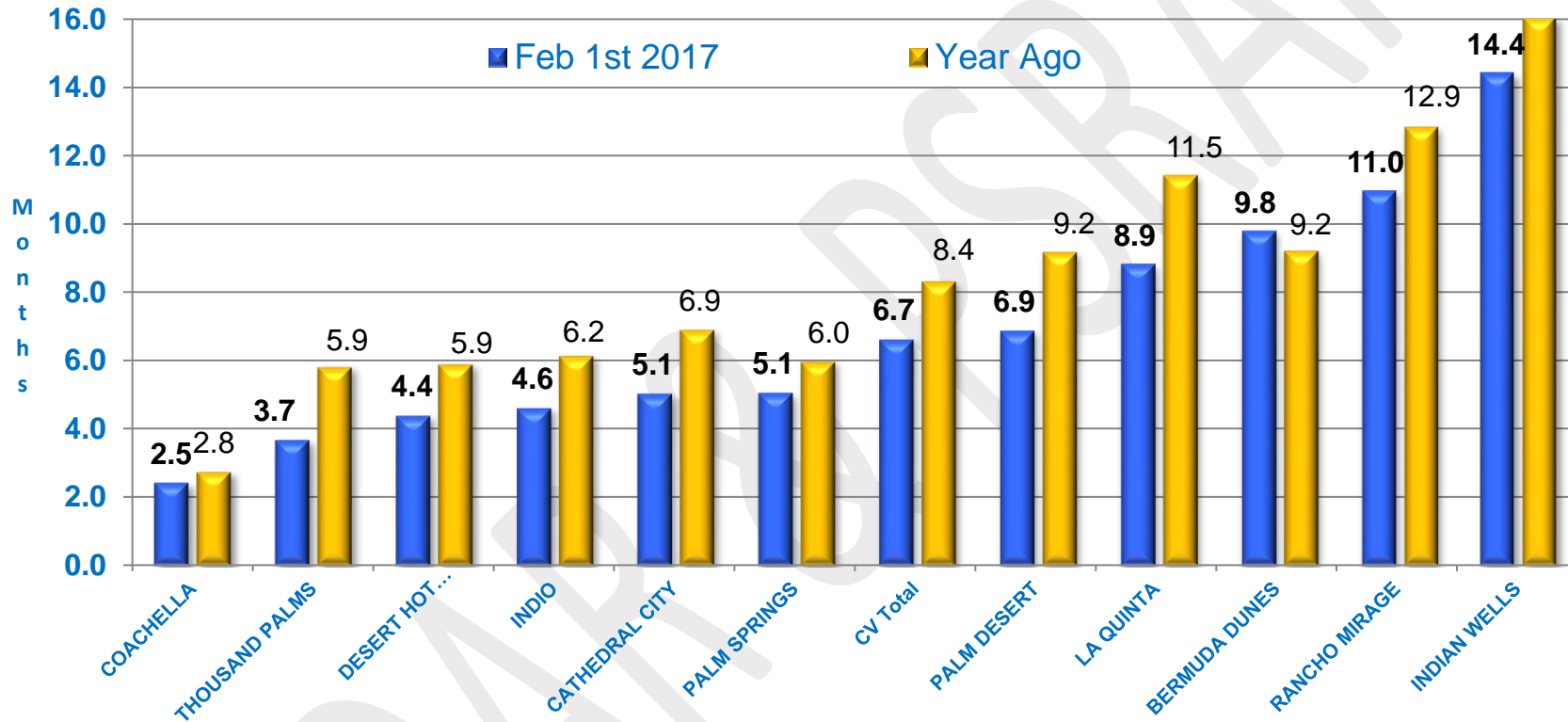
"Months of Supply" by Price Range uses avg. twelve month sales



"Months of Supply" by Price Range

We see the same positive pattern of lower "months of supply" compared to a year ago in all price brackets. The biggest improvement are the large declines in the ratio for homes priced over \$800k. However, it must be remembered that last year saw very high ratio readings in these higher price brackets so we think these large declines are just bringing the ratios back to more normal levels.

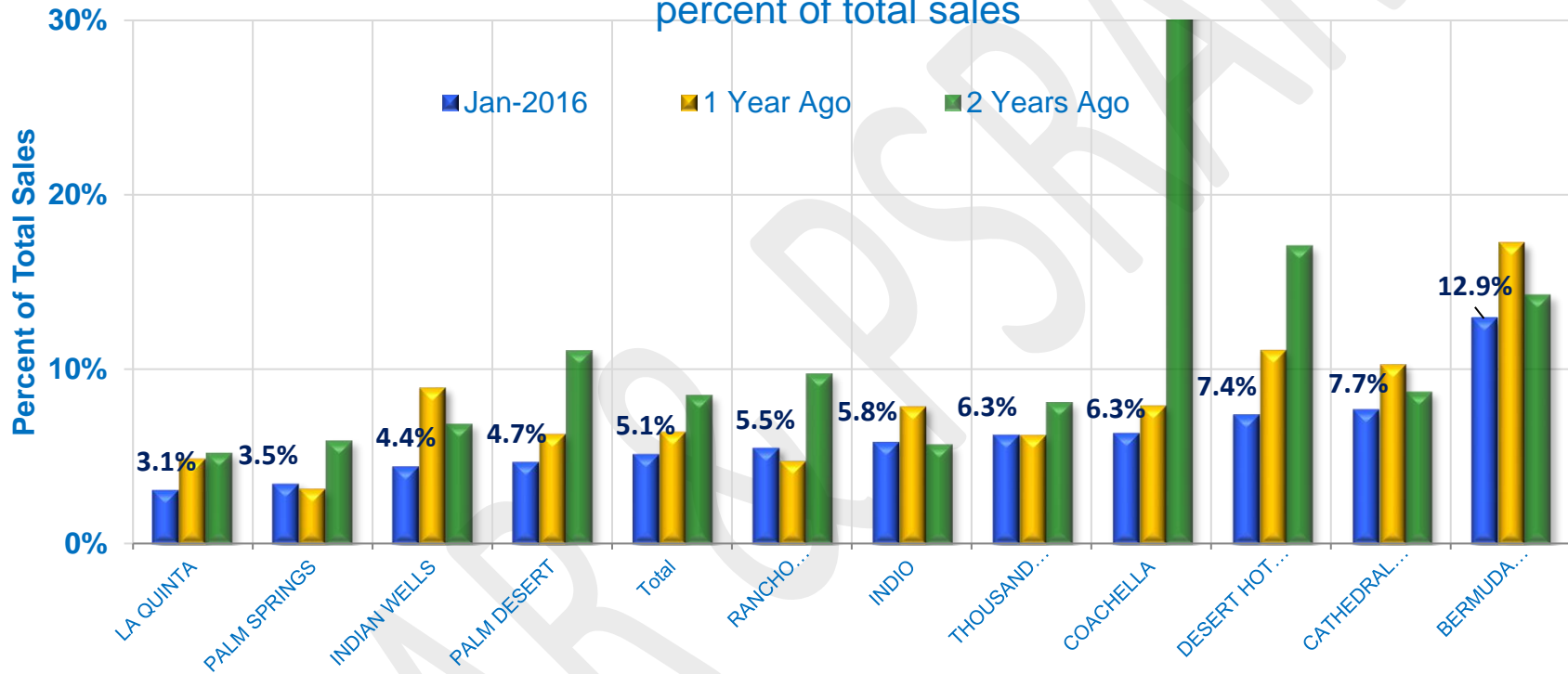
"Months of Supply" by City city inventory divided by average twelve month sales



"Months of Supply" by City

When we calculate "months of sales" for each city, then graph them lowest to highest, we see acceptable ratios in the first six - from Coachella City to Palm Desert. In our opinion, La Quinta, while it has a much improved ratio of 8.9 months, is still rather high for a city with a median price of \$473,000. We'd also like to see sales increases in Rancho Mirage and Indian Wells so their ratios also improve. When ratios get over or near one year, there is always some increased risk of downward price pressure from sellers who might become a little impatient.

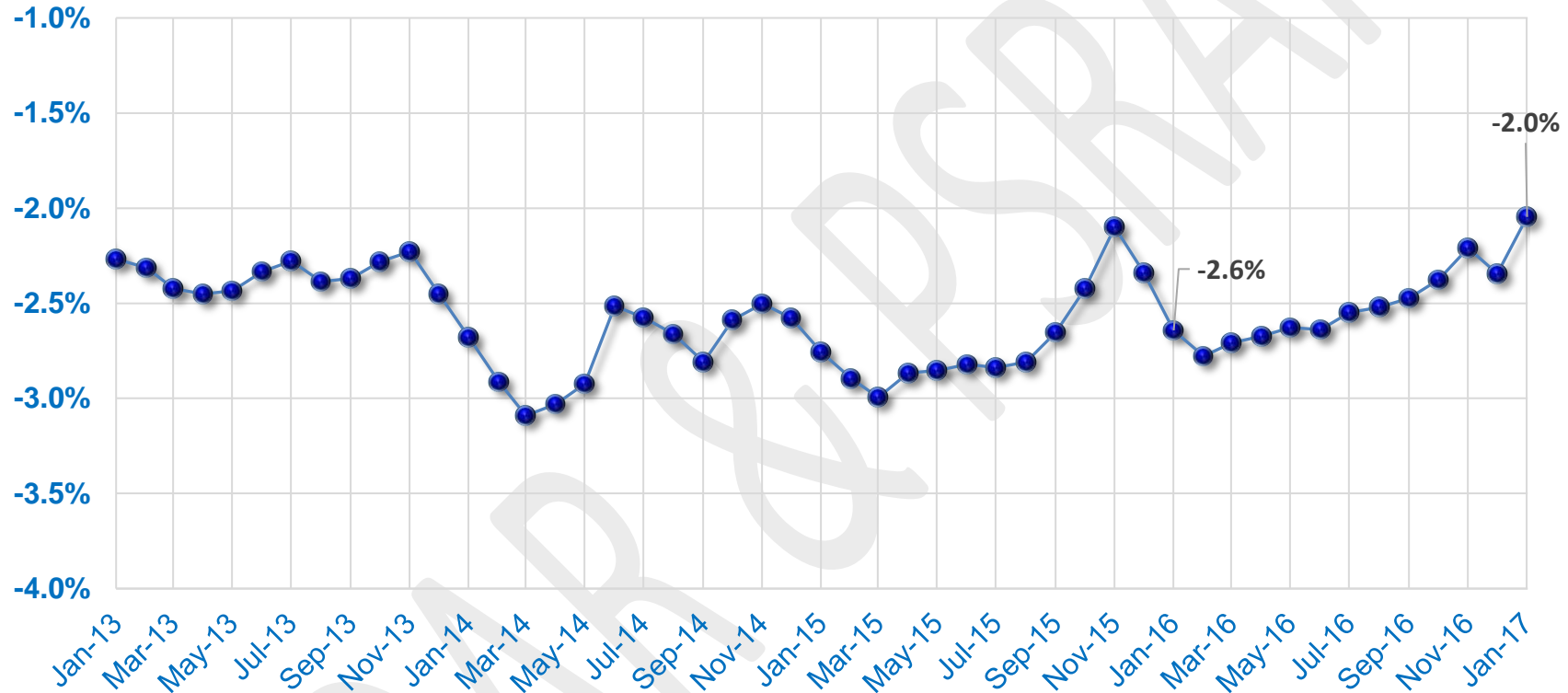
Distressed Sales by City percent of total sales



Distressed Sales by City

Distressed sales (REO and short sales) in January were 5.1% of all sales. While this is still a low number it is a slight increase over recent lows where the percent went below 5%. While the increase is very small, two cities did have slight increases over last year, which could have caused the increase - Rancho Mirage and Palm Springs. This is a reminder that there are still a measurable number of homes with negative equity that require either a short sale or a strategic default for those individuals who have to sell.

Sale Price Discount from List January 2016



Sale Price Discount from List

The latest “Sale Price Discount from List” is at -2.0%, which is 6/10 of a percent better than a year ago. This percent implies that the selling discount to a home listed for \$300,000 home was approximately \$6,000.



The Desert Housing Report

January 2016



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 transaction 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 size homes.

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

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