



The Market Watch Monthly Housing Report

June 2016

Prepared for the Members of PSRAR as a Member benefit

Coachella Valley Median Home Price (detached homes) June 2002 - June 2016

Median Price

\$450,000

\$400,000

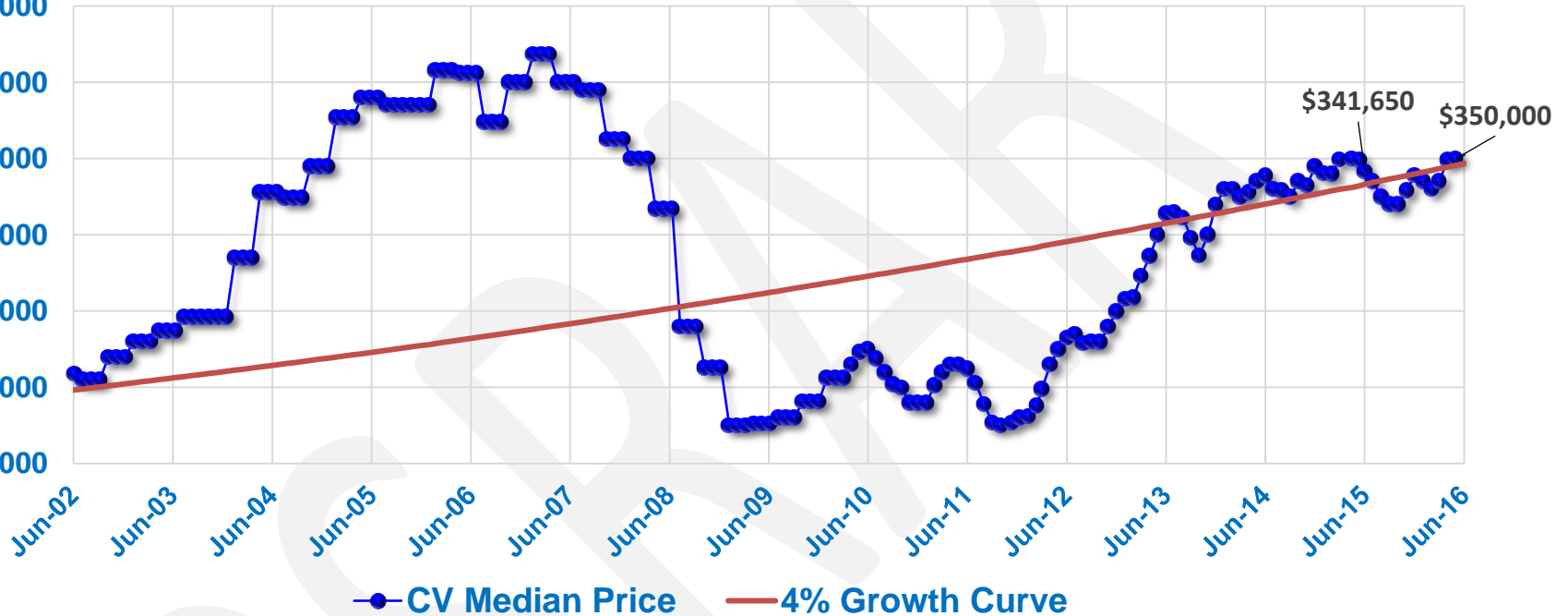
\$350,000

\$300,000

\$250,000

\$200,000

\$150,000



Summary

In June the median price throughout the Valley was \$350,000, which is \$8,350 higher than last June and calculates to a year over year gain of 2.4%. The red, 4% per year growth curve shows that, after all the up and down price moves, prices have essentially been advancing at about 4% per year over the last three years. On a monthly basis, five city prices advanced in June, three were down and one, the City of Coachella, was unchanged. On a year over year basis city median prices continue to show strong positive gains. Eight cities have positive returns while only one is down. For the first time in four years there is evidence that home sales are finally starting to grow. While average sales over the last twelve months are still lower than a year ago (696 versus 701), shorter term metrics are moving higher. While inventory on July 1st was slightly higher than a year ago, the inventory decline that always occurs this time of year is happening at a much faster rate than previous years. With the rapid decline in inventory from 5,980 to 4,239 units, the worrisome months of sales ratio that almost reached nine months has now dropped to 6.1 months. Days on the market in June was 89 days, which is four days less than last year.

PSRAR – 760-320-6885
Source data - MLS.COM



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12 month change in city median prices (detached homes)

	Jun-16	Year Ago	12 Month Change	2011 Low	Gain off Low	2006 High	% from High
Desert Hot Springs	\$185,750	\$158,500	17.2%	\$85,000	118.5%	\$295,000	-37.0%
La Quinta	\$450,000	\$400,000	12.5%	\$245,000	83.7%	\$682,020	-34.0%
Palm Desert	\$391,750	\$350,000	11.9%	\$287,000	36.5%	\$543,000	-27.9%
City of Coachella	\$225,000	\$207,000	8.7%	\$121,950	84.5%	\$335,000	-32.8%
Palm Springs	\$560,625	\$530,000	5.8%	\$335,000	67.4%	\$600,000	-6.6%
Indian Wells	\$819,500	\$787,000	4.1%	\$540,000	51.8%	\$1,205,000	-32.0%
Cathedral City	\$274,000	\$264,000	3.8%	\$139,000	97.1%	\$395,000	-30.6%
Indio	\$281,750	\$275,000	2.5%	\$158,500	77.8%	\$380,500	-26.0%
Rancho Mirage	\$610,500	\$620,000	-1.5%	\$423,000	44.3%	\$950,000	-35.7%

Changes in City Median Prices

On a monthly basis, five city prices advanced in June, three were down and one, the City of Coachella, was unchanged. On a year over year basis city median prices continue to show strong positive gains. Eight cities have positive returns while only one is down. Three cities show double digit price gains. This strong result is somewhat surprising given the rather large selling inventory that existed at the start of the selling season and we feel it reflects the strong effort agents and the financial industry have put in to find and qualify buyers for the region's home sellers. Lower interest rates have also helped.

Why high city median price gains don't necessarily translate to a high regional median price gain

A few people have enquired why changes in the Valley's median home price often seems less than the individual cities. For example, one might think increased sales and prices gains in DHS and Coachella would lift the Valley's median price but in actual fact it lowers it. The reason is found in the limitation of statistics and understanding what a median price is. The median price is the middle price of all home sales over the measured period. Increased sales in these two lower priced cities simply adds more low priced sales to the regional total. This addition moves the median price down slightly on the price scale. The Valley's calculation also includes sales from Thousand Palms and Bermuda Dunes, which accentuates this trend. This can go the other way too. If sales increase in Indian Wells and Rancho Mirage, it can shift the median price upward. These differences are small and over the long term they generally cancel out.



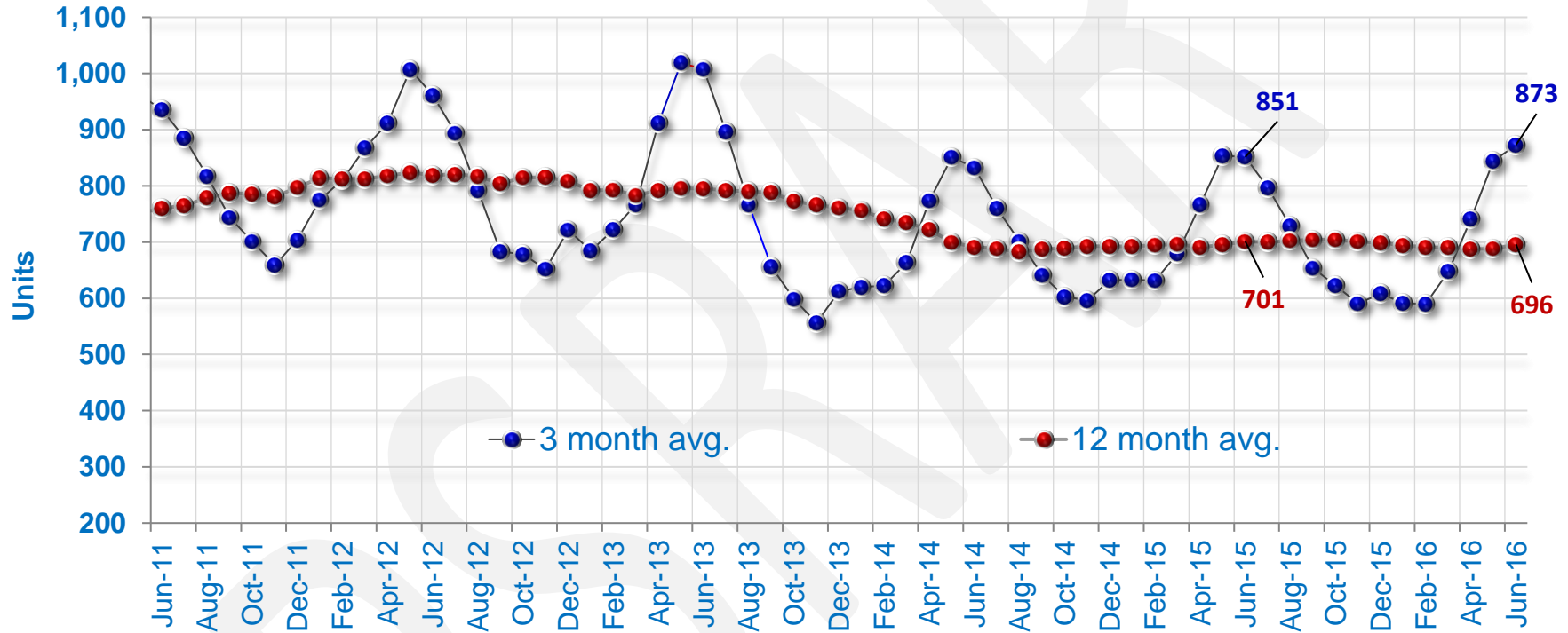
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Coachella Valley Home Sales

June 2011 to June 2016



Monthly Sales

For the first time in four years there is evidence that home sales are finally starting to grow. While average sales over the last twelve months are still lower than a year ago (696 versus 701), shorter term metrics are moving higher. For example, June sales were 924 units. This compares to 835 units last year and is the highest monthly sales number since April of 2014. Over the last three months sales have averaged 873 units a month. This compares to 851 last June and is the highest three month average since May of 2013. This sales increase has helped absorb and normalize the Valley's larger than normal beginning year inventory.



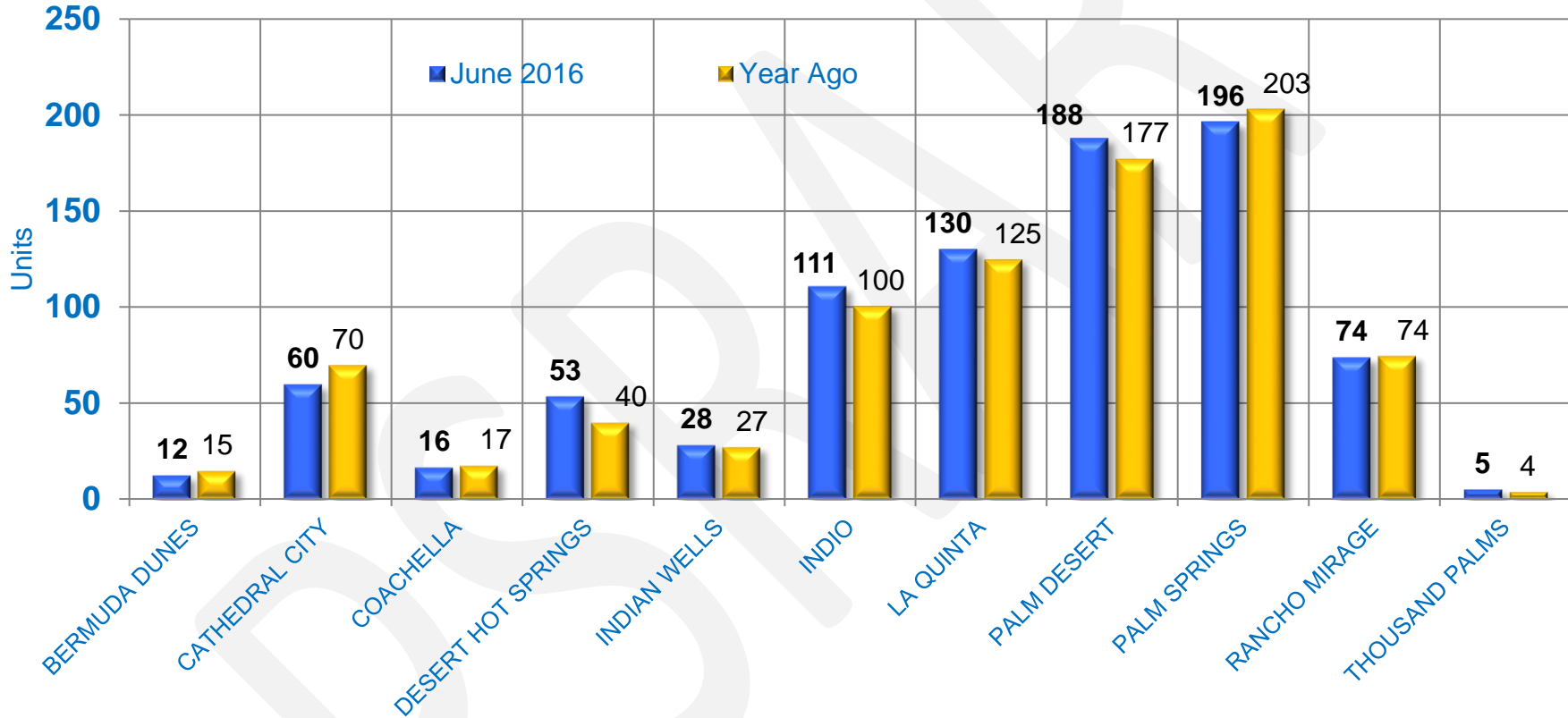
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Home Sales by City

3 month avg sales



Home Sales per Month by City

The higher numbers for three month Valley sales are due mainly to higher sales in four major cities – Palm Desert, La Quinta, Indio and Desert Hot Springs. Sales in Palm Spring and Cathedral City were slightly lower. Sales in Desert Hot Springs showed the largest percentage change compared to last year with a sales increase of 33%.



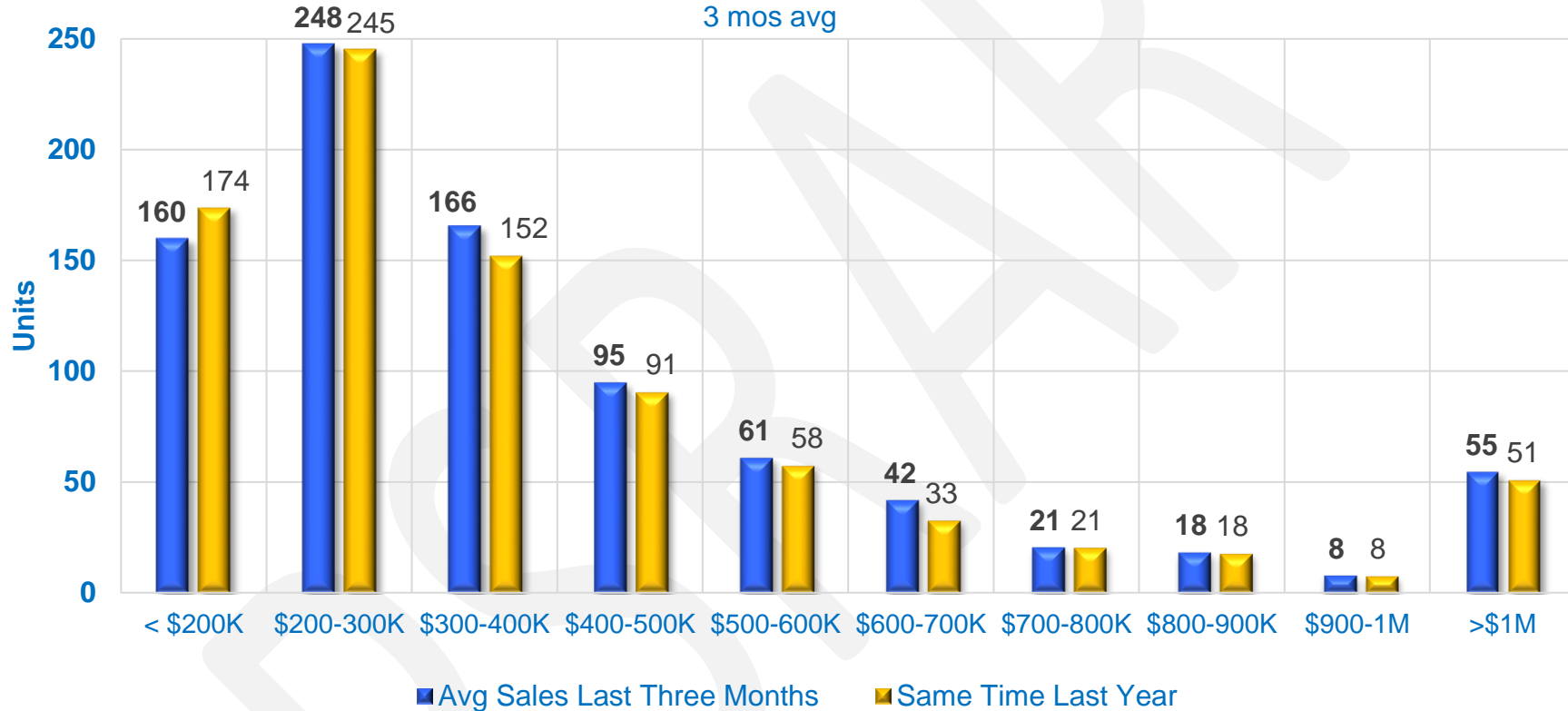
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Home Sales by Price Range

3 mos avg



Home Sales by Price Range

When we calculate sales levels in the various price brackets we see the overall sales increase is occurring generally in homes priced between \$300,000 and \$700,000. Sales in this bracket were up 9.2% compared to last year and accounted for 41% of all home sales. Sales of homes priced under \$200k were generally lower while sales between \$700k and \$1M were completely unchanged from a year ago. Sales of million dollar homes are up 8% over last year.



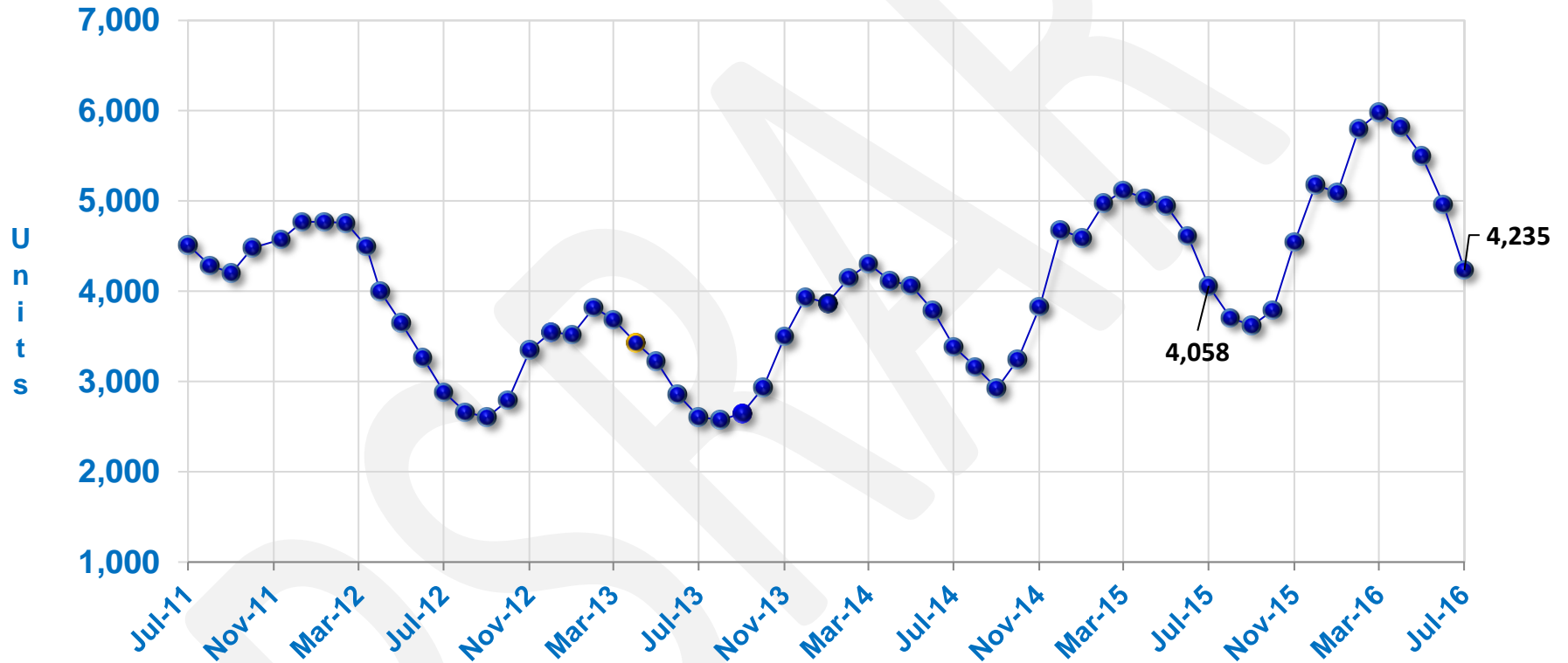
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Valley Housing Inventory

July 1st 2011 to July 1st 2016



Coachella Valley Listed Inventory.

While Inventory on July 1st was slightly higher than a year ago, the inventory decline that always occurs this time of year is happening at a much faster rate than previous years. For example, since reaching a peak of 5,980 units on March 1st, inventory has dropped to 4,239, which is total decline of 1,741 units or 580 units a month. As mentioned earlier, some of this is due to higher sales. Some is also due to the delisting's process that seasonally occur this time a year. However, the lions shares appears to be the result of fewer new listings coming in replace homes sold.

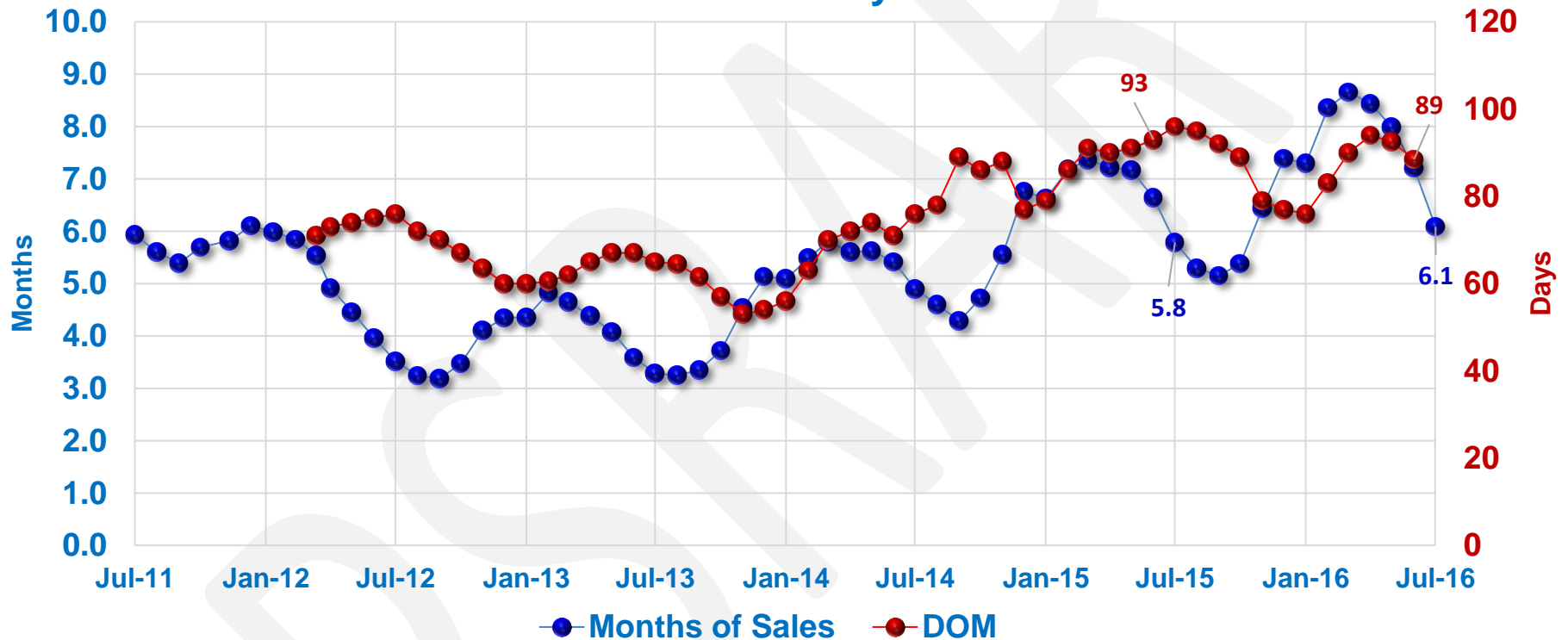


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"Months of Sales" and "Days on the Market"



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

With the rapid decline in inventory from 5,980 to 4,239 units, the worrisome months of sales ratio that almost reached nine months has dropped to 6.1 months. The ratio is now only 3/10's of a month higher than a year ago. Seasonal factors should continue to move the ratio lower, possibly down to five months by September. Then it will be important to watch how much it grows as we move into next year's season. Days on the market in June was 89 days, which is lower than last year.



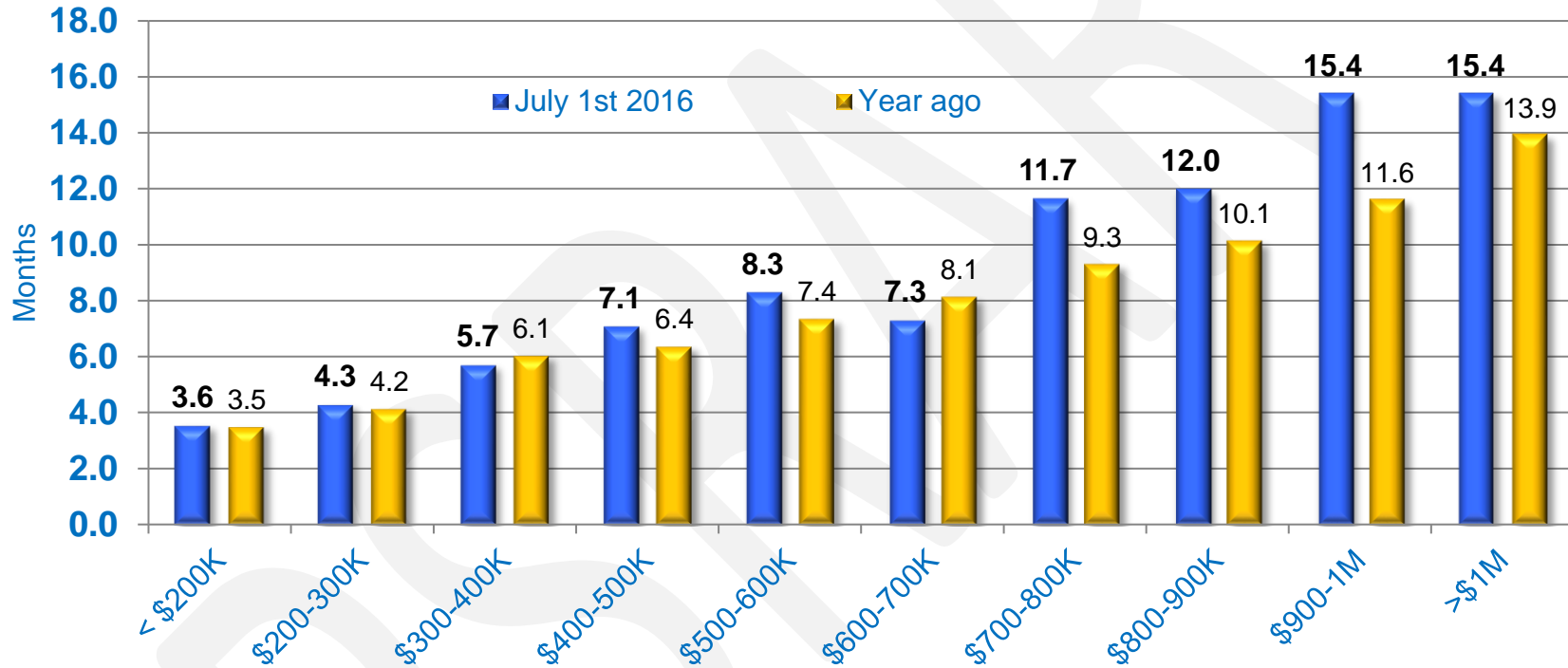
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"Months of Sales" by Price Range

uses avg. twelve month sales



"Months of Sales" by Price Range

When we calculate "months of sales" at various price ranges we see comparable ratios to last year except for homes priced over \$700,000. While sale are rising for homes priced over a million dollars the inventory of these homes seem to be rising even more rapidly. For these homes, while ratios are much improved from three months ago (where they got close to twenty four months or two years), they are still a little worrisome at fifteen months.



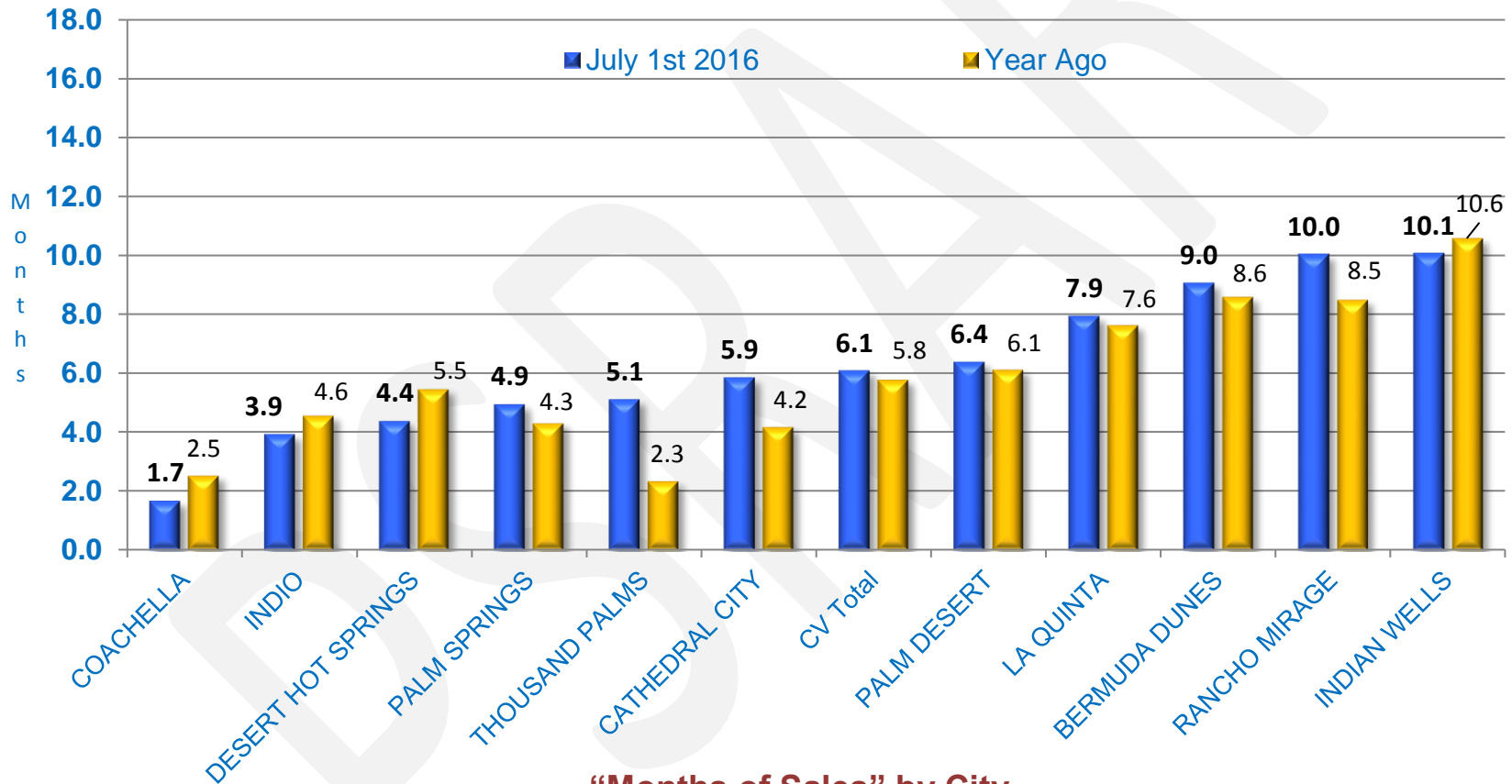
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"Months of Sales" by City

city inventory divided by average twelve month sales



"Months of Sales" by City

When we calculate "months of sales" for each city, Market Watch sees acceptable ratios compared to last year in almost all cases. The two cities where ratios significantly diverge from a year ago – Cathedral City and Thousand Palms – still have current ratios below six months which is considered normal and safe.

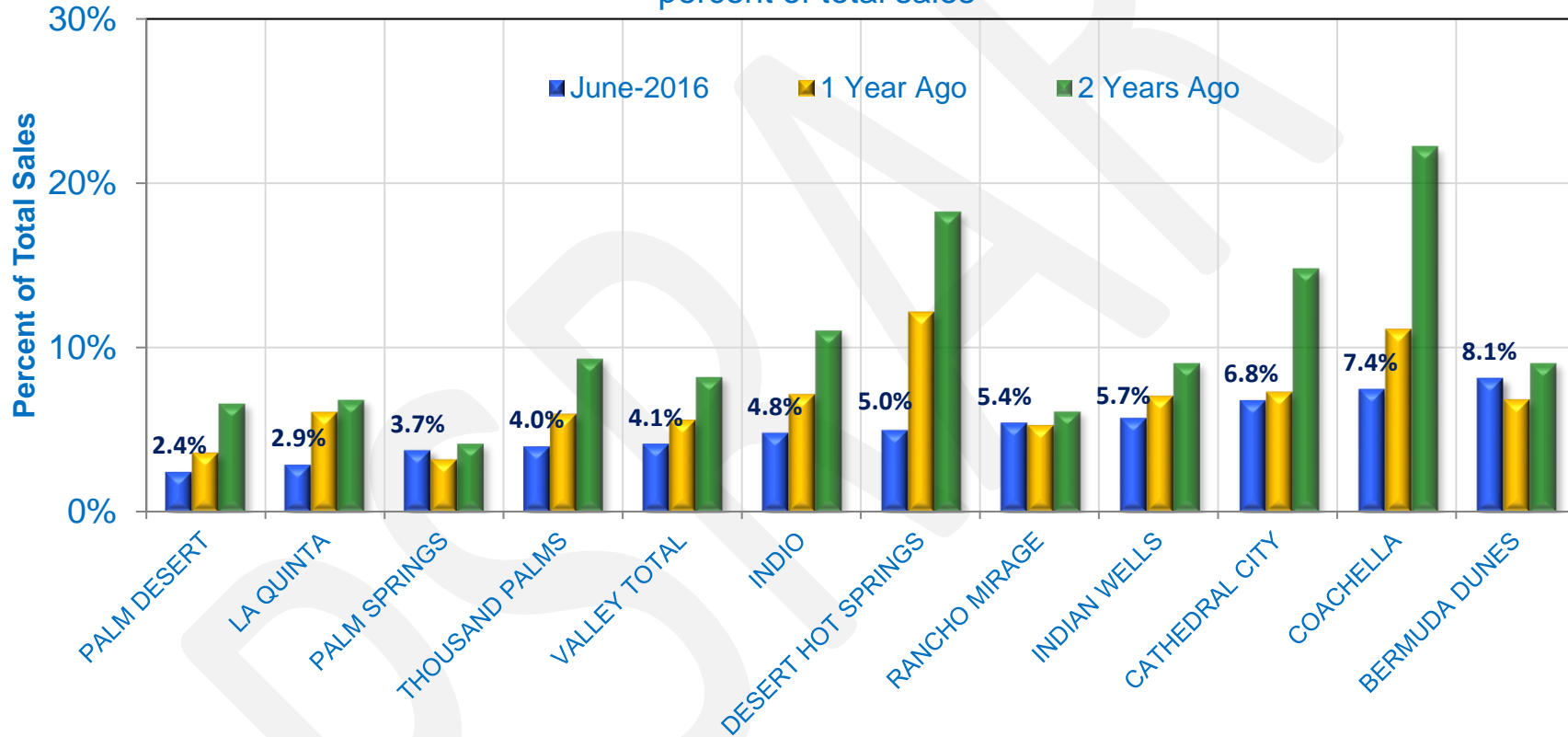


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Distressed Sales by City percent of total sales



Distressed Sales by City

The valley average of distressed sales finally fell below 5%, which is a seven year low, and for the first time since the housing crisis began distressed sales in all eleven cities in the Valley fell below 10% with the highest being Bermuda Dunes at 8.1%.

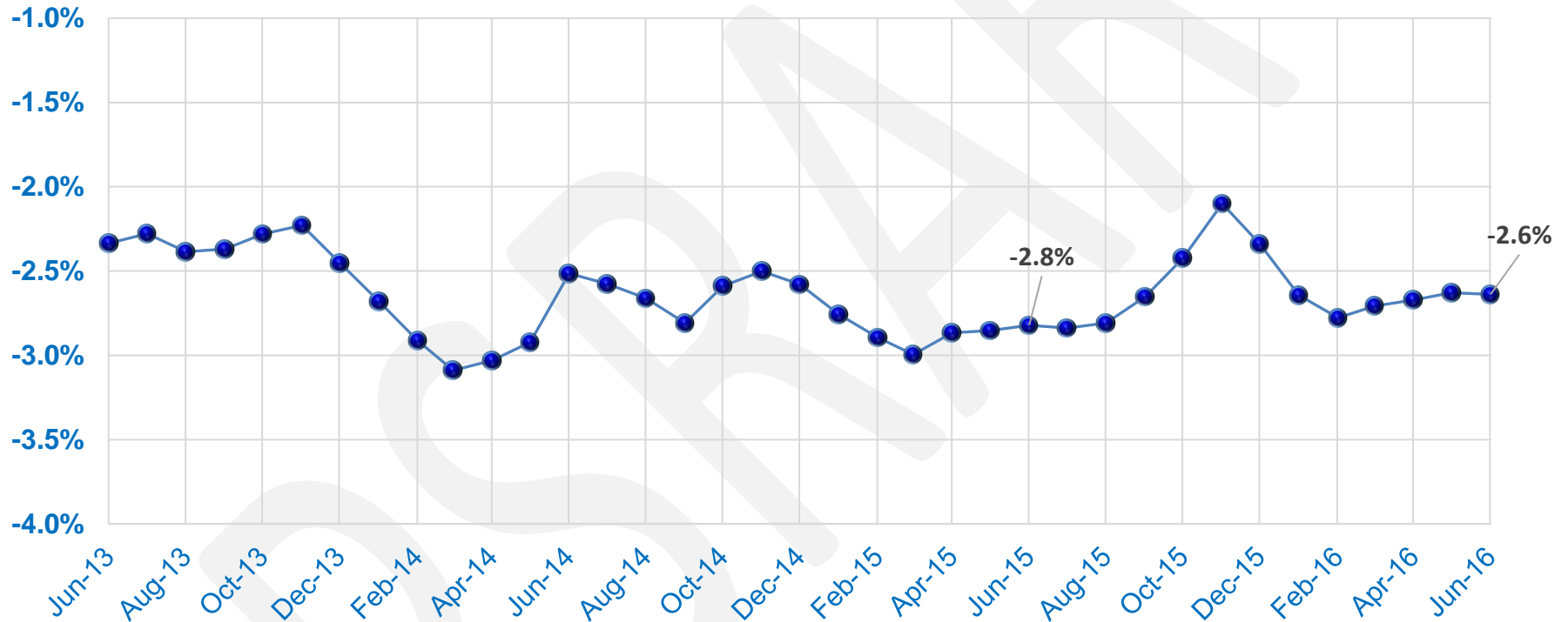


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Sale Price Discount from List June 2016



Sale Price Discount from List

The June "Sale Price Discount from List" is at -2.6%. The "Sale Price Discount from List" is the median value over the last three months of the percent difference between the sale price and the asking list price on all transactions. The current value shows slow steady improvement from a year ago number of -2.8%. The current percent implies that the average selling discount in June for a \$300,000 home was approximately \$7,800.

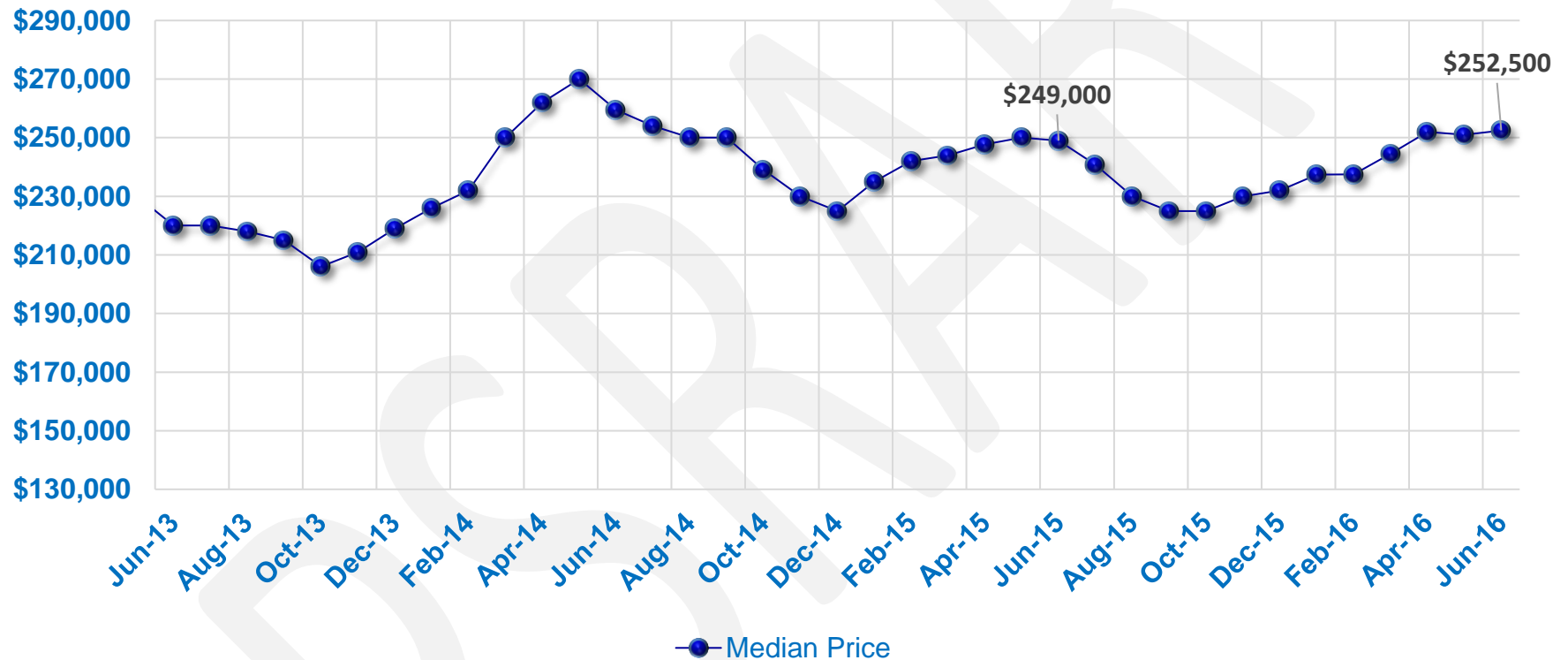


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Attached Units - median price
June 2016



Attached Units - Median Price.

The median price of \$252,500 for attached units in the Valley was slightly higher than the year ago value of \$249,000 and parallels the same pattern of higher home prices for detached units. We are reaching a point, however, where seasonal factors should begin to put some downward pressure on prices as they have the last three years as we move into late summer and early fall.

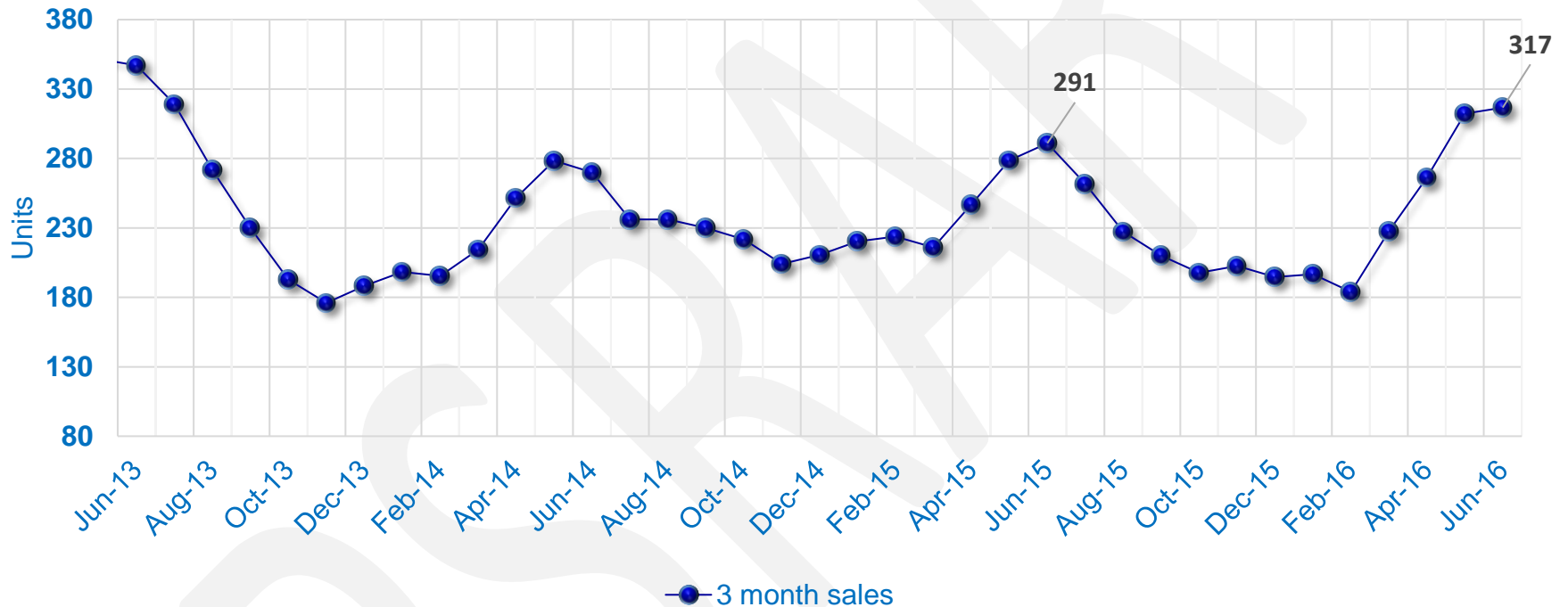


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Attached Sales June 2016



Attached Units - Sales

The three month average of attached sales was 317 units in June, which is 26 units more than a year ago. The rapid rise in attached home sales over the last four months is very visible in the chart. This gain in attached sales parallels the overall increase in total home sales throughout the Valley.



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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.