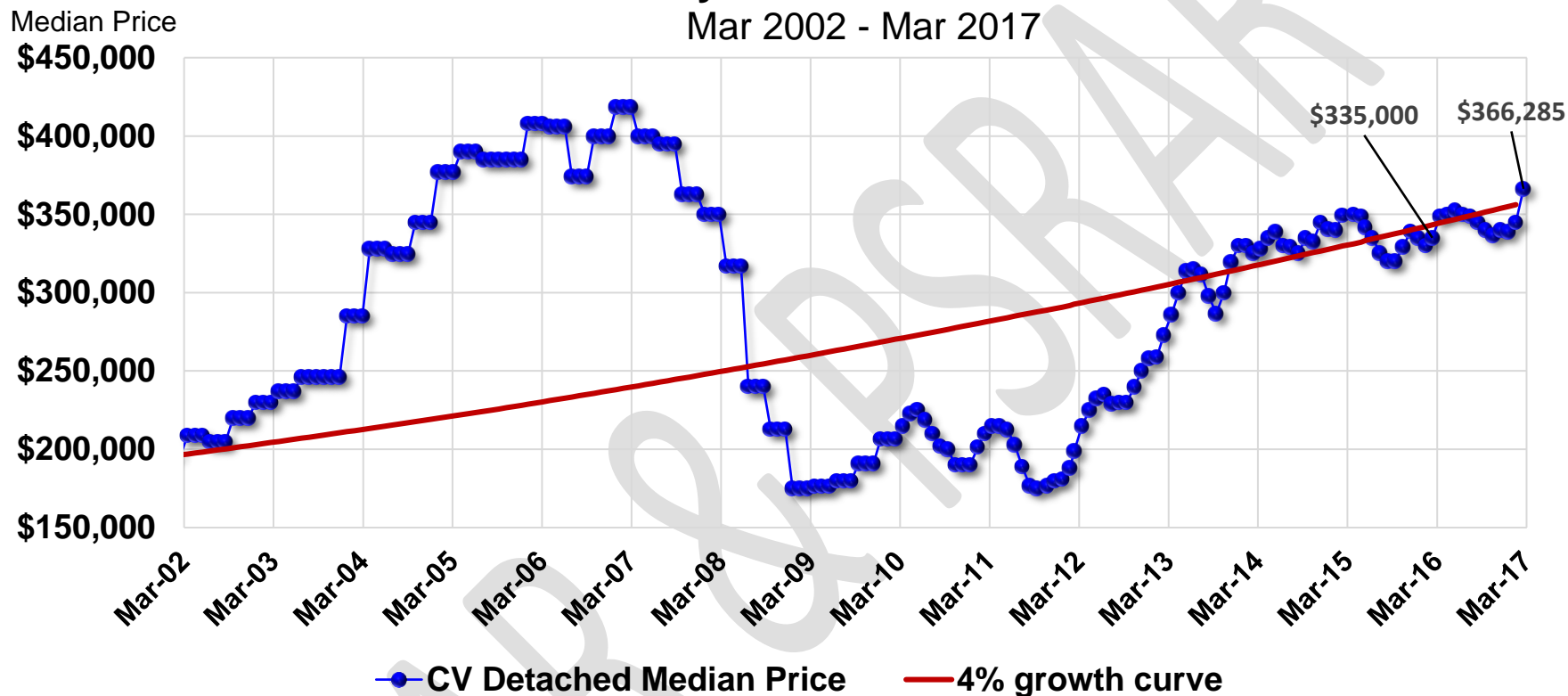


Coachella Valley Median Detached Home Price

Mar 2002 - Mar 2017



Summary

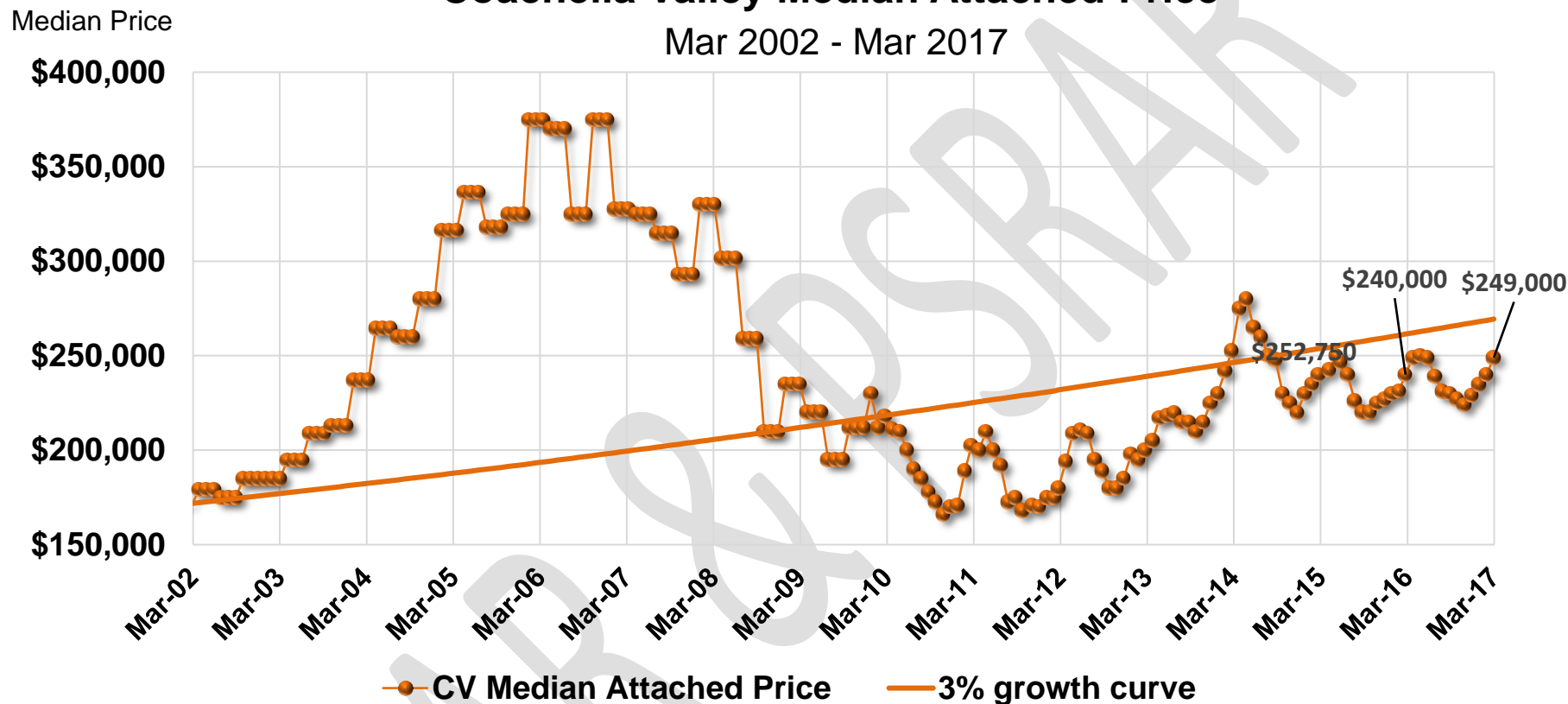
All major housing metrics continue to indicate a strong market for detached homes and a neutral market for attached units. The Coachella Valley median price for detached homes hit a 10-year high of \$366,285 in March, which is a 9.3% increase over the median price one year ago. The median condominium price in March was \$249,000, which is 3.8% higher than a year ago but 1.5% less than it was three years ago. When we calculate city median prices for detached homes, we see eight cities with positive year over year gains and only one, Rancho Mirage, with a negative return. We should point out that the city of Palm Springs, with a median price of \$584,000, is now only 2.7% short of its all-time high of \$600,000 made in 2006. Longer term measurements of Valley sales, which take out seasonality, continue to grow at an accelerating pace. In March the average of total sales over the last twelve months was 770 units a month, which is 11.6% above the same time last year. With lower inventory and higher sales we are seeing continual improvement in the “months of supply” ratio. On April 1st the ratio was 6.1 months. This is vast improvement over the 8.4 months a year ago.

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Coachella Valley Median Attached Price

Mar 2002 - Mar 2017



Coachella Valley Attached Median Price

The median condominium price in March was \$249,000, which is 3.8% higher than a year ago but 1.5% less than it was three years ago. This highlights the weakness of the attached home market, which is very visible in the chart by the up and down sideways price pattern over the last four years. We have stated before we think a lot of this weakness is due to the fact that 75% of attached owners are not local but come from outside the region. Since these buyers surge into the region during the winter and exit during the summer, the effect is to create highs and lows in demand that align with the season.



The Desert Housing Report

March 2017



Detached Homes

	Mar-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Desert Hot Springs	\$194,000	\$159,450	21.7%	\$85,000	128.2%	\$295,000	-34.2%
La Quinta	\$500,000	\$469,000	6.6%	\$245,000	104.1%	\$682,020	-26.7%
Indian Wells	\$817,500	\$772,000	5.9%	\$540,000	51.4%	\$1,205,000	-32.2%
Indio	\$290,000	\$275,000	5.5%	\$158,500	83.0%	\$380,500	-23.8%
Palm Springs	\$584,000	\$554,750	5.3%	\$335,000	74.3%	\$600,000	-2.7%
Palm Desert	\$375,000	\$360,500	4.0%	\$287,000	30.7%	\$543,000	-30.9%
Cathedral City	\$277,700	\$270,500	2.7%	\$139,000	99.8%	\$395,000	-29.7%
City of Coachella	\$236,000	\$230,000	2.6%	\$121,950	93.5%	\$335,000	-29.6%
Rancho Mirage	\$668,000	\$710,000	-5.9%	\$423,000	57.9%	\$950,000	-29.7%

Attached Homes

	Mar-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
La Quinta	\$327,500	\$295,000	11.0%	\$265,000	23.6%	\$532,500	-38.5%
Cathedral City	\$145,000	\$138,000	5.1%	\$107,500	34.9%	\$270,500	-46.4%
Palm Springs	\$234,000	\$230,000	1.7%	\$150,000	56.0%	\$350,000	-33.1%
Indian Wells	\$399,500	\$399,000	0.1%	\$321,500	24.3%	\$557,500	-28.3%
Rancho Mirage	\$279,000	\$300,000	-7.0%	\$260,000	7.3%	\$510,000	-45.3%
Indio	\$148,750	\$163,000	-8.7%	\$75,000	98.3%	\$279,000	-46.7%
Palm Desert	\$240,000	\$270,000	-11.1%	\$175,000	37.1%	\$410,000	-41.5%
Desert Hot Springs	\$118,750	\$150,000	-20.8%	\$86,000	38.1%	\$303,000	-60.8%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

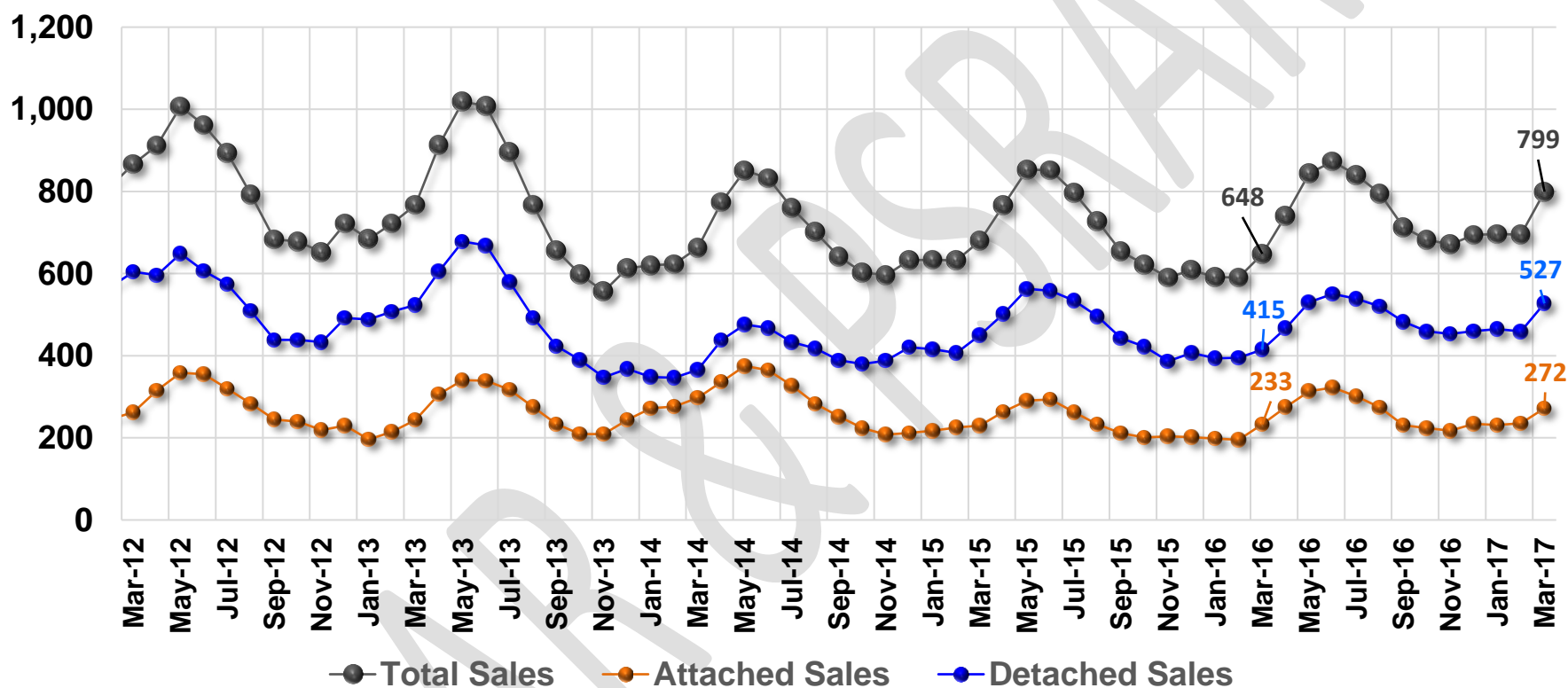
12 Month Change in City Median Prices

When we calculate city median prices for detached homes, we see eight cities with positive year over year gains and only one city, Rancho Mirage, with a negative return. The positive returns range from a high of 21.7% for Desert Hot Springs down to 2.7% and 2.6% respectively for Cathedral City and Coachella City. We should point out that the city of Palm Springs, with a median price of \$584,000, is now only 2.7% short of its all-time high of \$600,000 made in 2006. City attached prices are evenly distributed with four cities showing positive 12 month returns and four cities with negative numbers.

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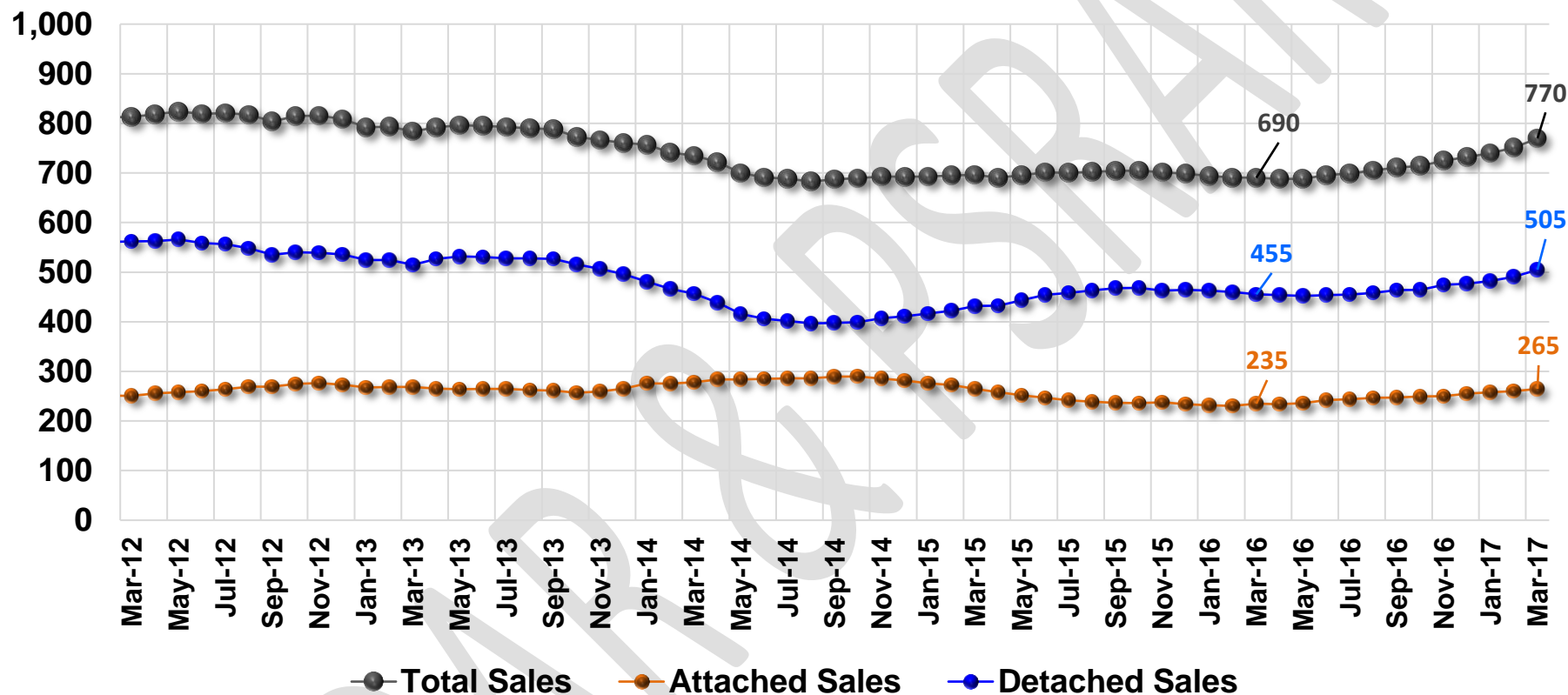
Detached, Attached and Total Sales 3 month moving average



Monthly Sales – 3 month trailing avg.

In the chart of three month sales, it is easy to see the large surge in total sales of 799 units in March, which is 23% higher than last year. Detached sales, at 527 units, are 27% higher while attached sales, at 272 units, are 17% higher. This pattern of growing three month sales, which started in January 2016, appears to be accelerating. Because of this we believe that in the next three months we could see total three months sales reach 1,000 units a month, a level it has not seen since 2013.

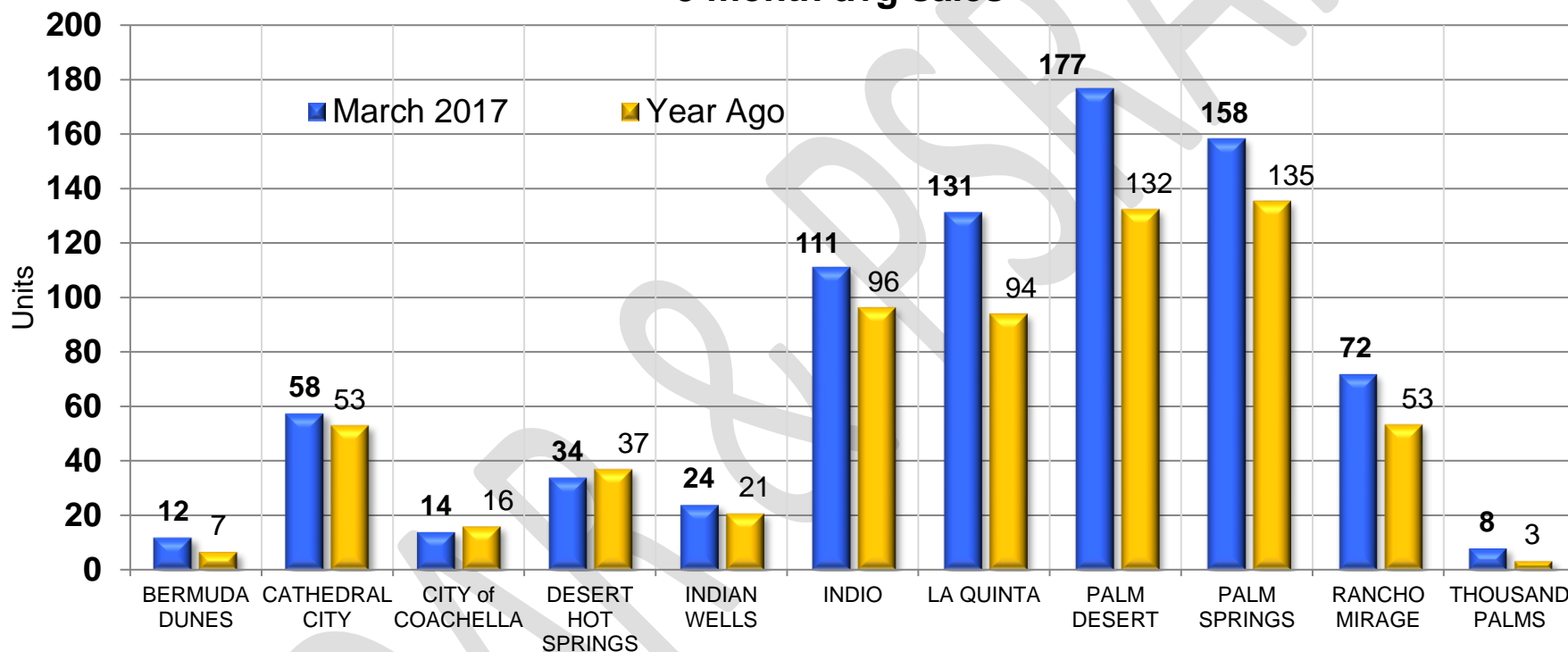
Detached, Attached and Total Sales 12 month moving average



Monthly Sales – 12 month trailing avg.

Longer term measurements of Valley sales, which take out seasonality, continue to grow at an accelerating pace. In March the average of total sales over the last twelve months was 770 units a month, which is 11.6% above the same time last year. Detached sales at 505 units was 11% higher while attached sales were 12.7% higher. Since longer term sales follow what shorter term seasonal sales do, we fully expect total sales to reach over 800 units a month by June or July.

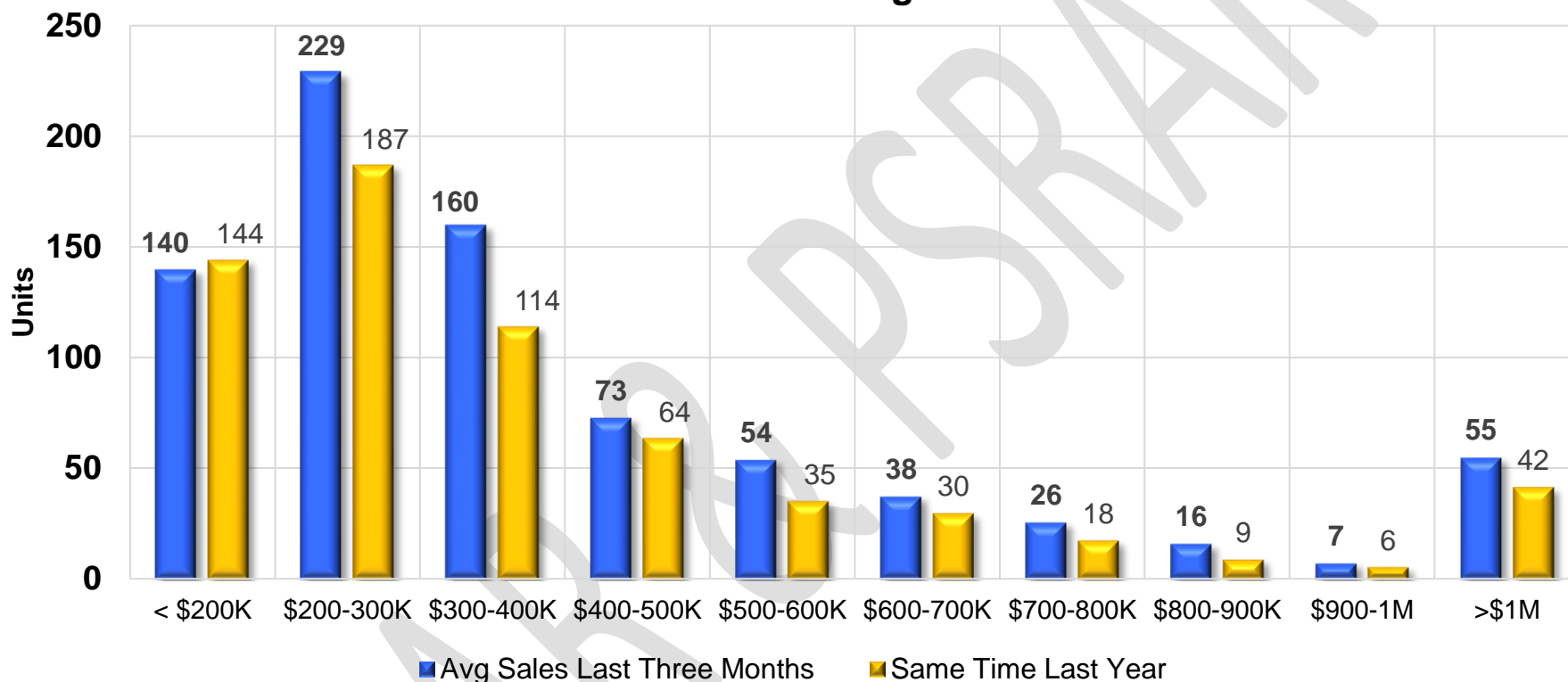
Home Sales by City 3 month avg sales



Home Sales per month by City

Except for the cities of Coachella and Desert Hot Springs, three month sales in March were higher in every city in the Valley. The largest increases were in La Quinta and Palm Desert. In La Quinta sales of 131 units were 39.3% higher than last year while in Palm Desert they were 34% higher at 177 units. While sales in Rancho Mirage are much less than La Quinta or Palm Desert, they still showed a large percentage increase of 36%.

Home Sales by Price Range 3 mos avg

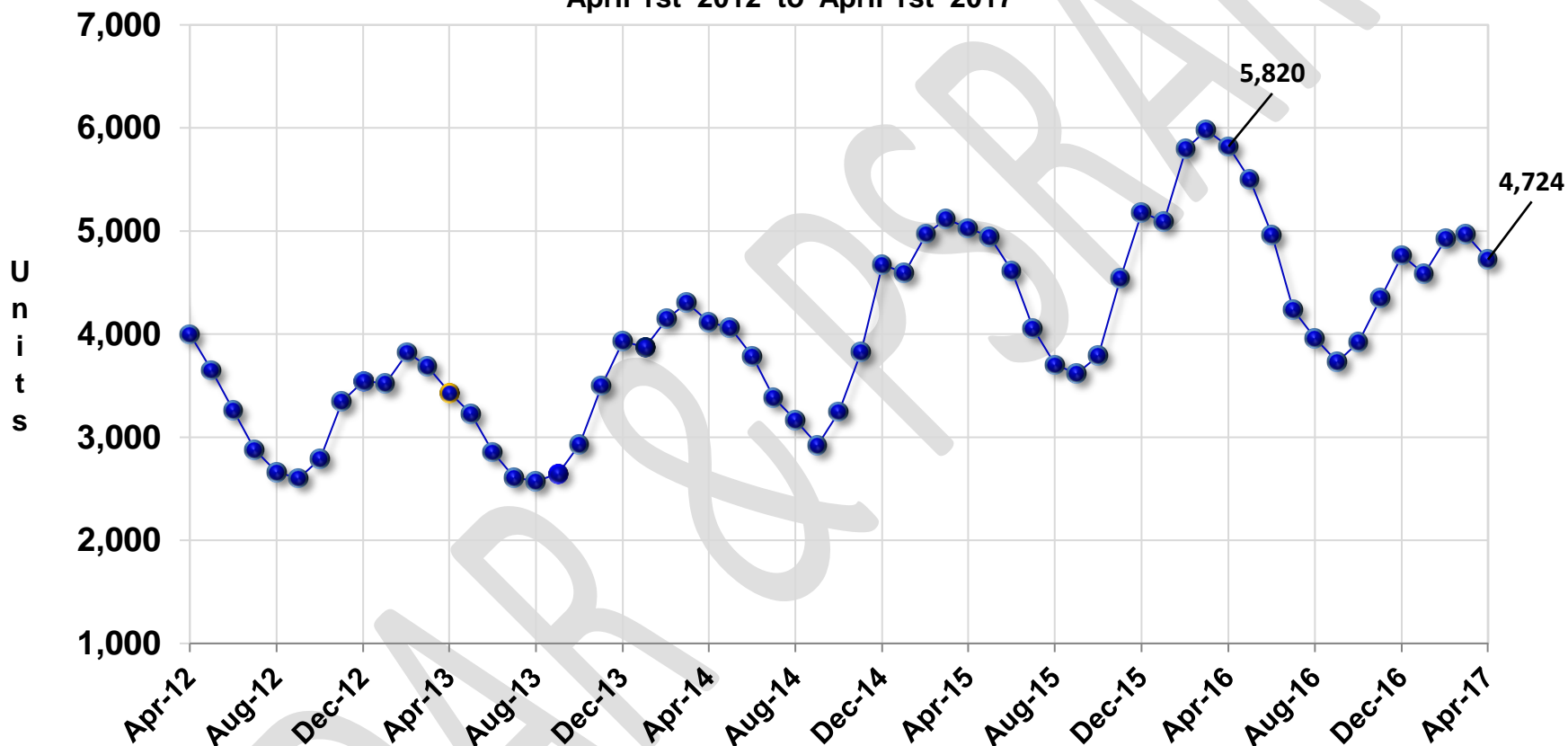


Home Sales by Price Range

Total sales increased in every price bracket except for sales under \$200k. In particular the largest increases were in two price brackets - \$300k to \$400k and sales of million dollar homes and up. The first showed an increase of 40% while sales in the million dollar and over bracket were up 31% over last year.

Valley Housing Inventory

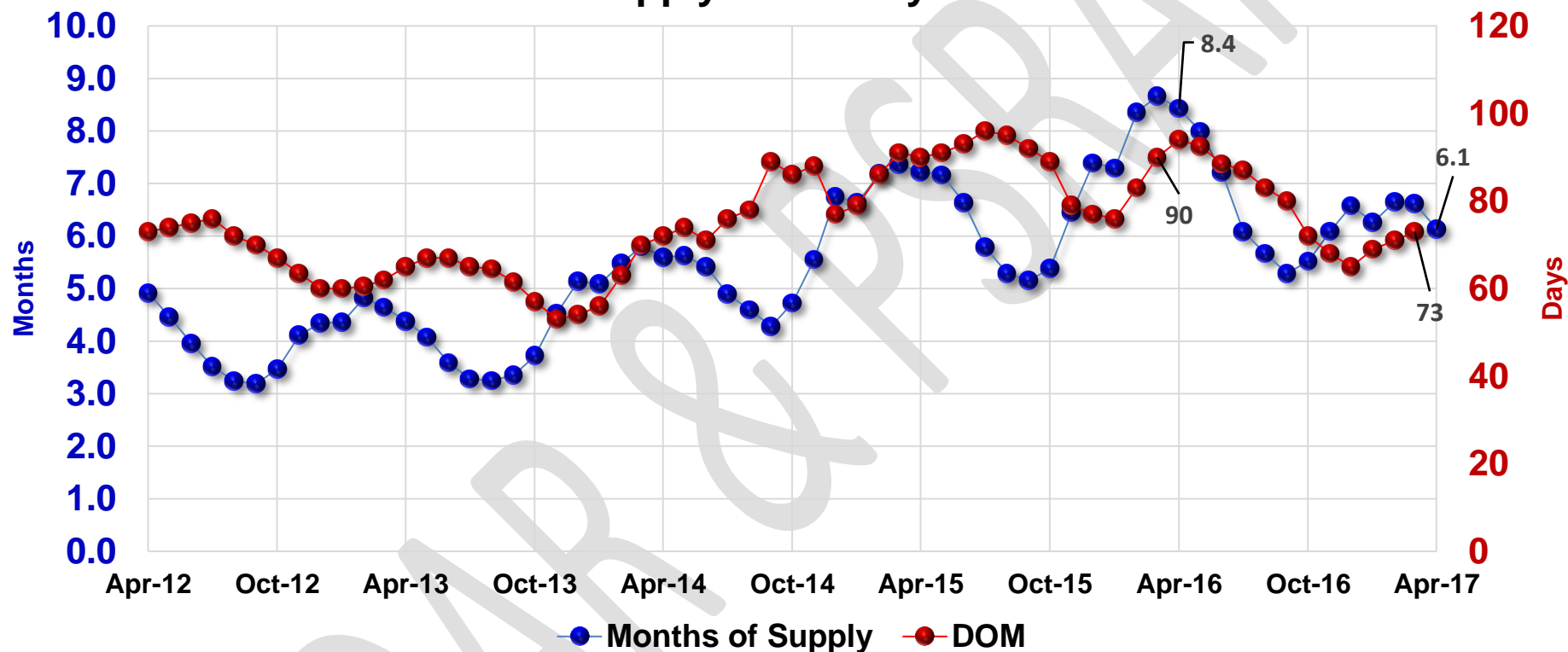
April 1st 2012 to April 1st 2017



Coachella Valley Inventory.

As it tends to do every year, inventory appears to have peaked in March and to have started a downward path into summer. But this trend is starting at a much lower inventory number than it has the last two years. On April 1st inventory was 4,724 units, which is almost 1,100 units less than last year. It is also 305 less than April 1st of the previous year. This constant decline in inventory appears to be the result of the higher sales numbers we have been experiencing since January 2016.

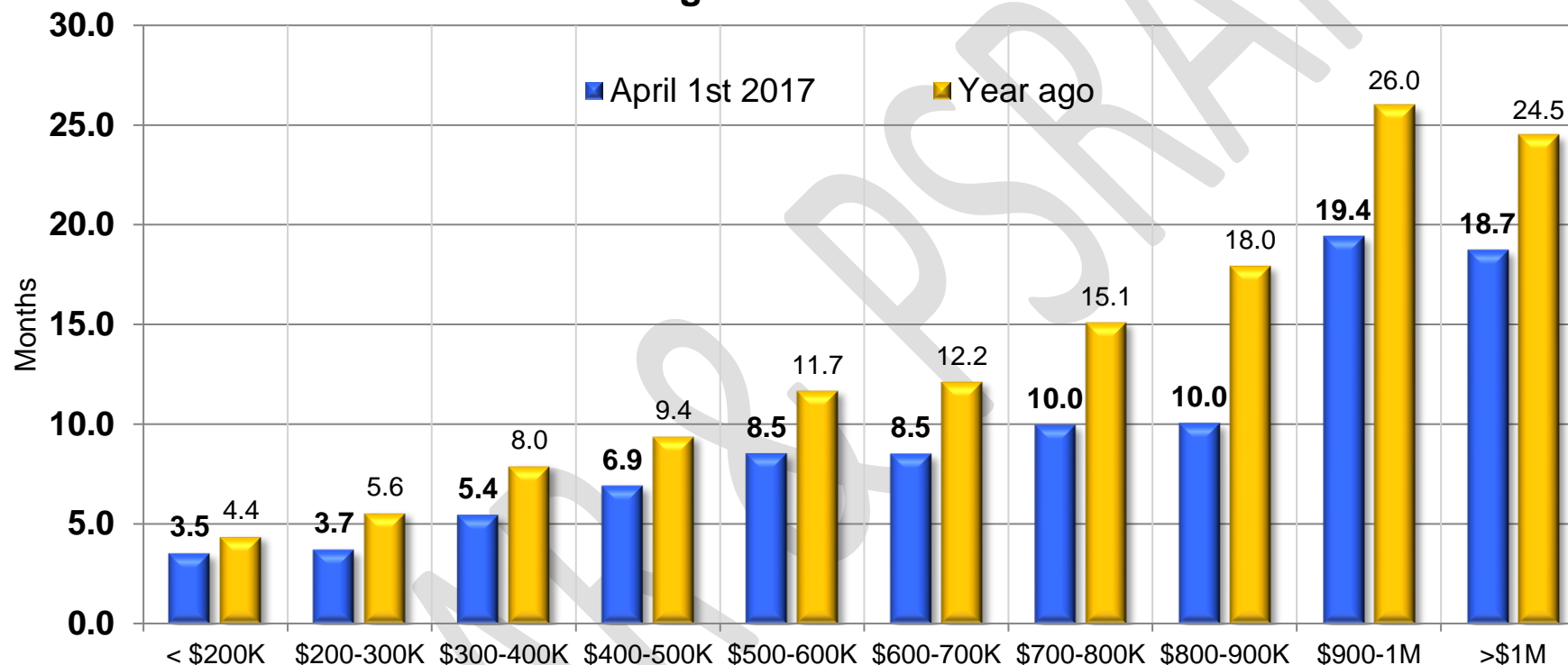
"Months of Supply" and "Days on the Market"



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

With lower inventory and higher sales we are seeing continual improvement in the "months of supply" ratio. On April 1st the ratio was 6.1 months. This is vast improvement over the 8.4 months of a year ago. It is also very close to the 5.6 ratio on April 1st of three years ago. The DOM calculation is also showing considerable improvement with a median value of 73 days in March compared to 90 days one year ago.

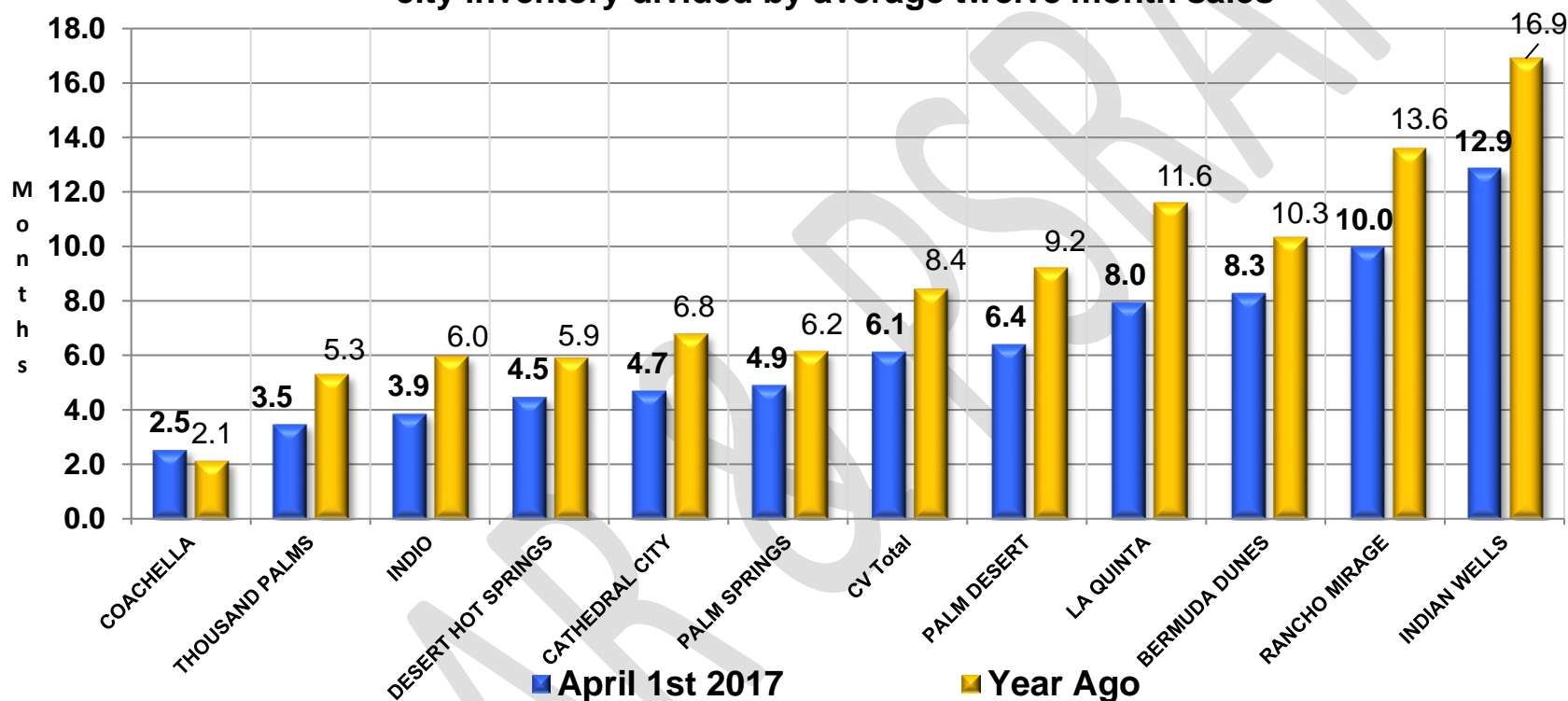
"Months of Supply" by Price Range uses avg. twelve month sales



"Months of Supply" by Price Range

We see significant improvement in "months of supply" in every price bracket, especially in those above \$500k. Last year every price bracket above \$500k showed ratios equal to or higher than one year, which are historically very high ratios. Now we don't have ratios above 12 months until we get to price brackets close to 1 million dollars. Although we would like to see the million dollar bracket lower than 18 months, it is still an improvement over the two year number of last year.

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

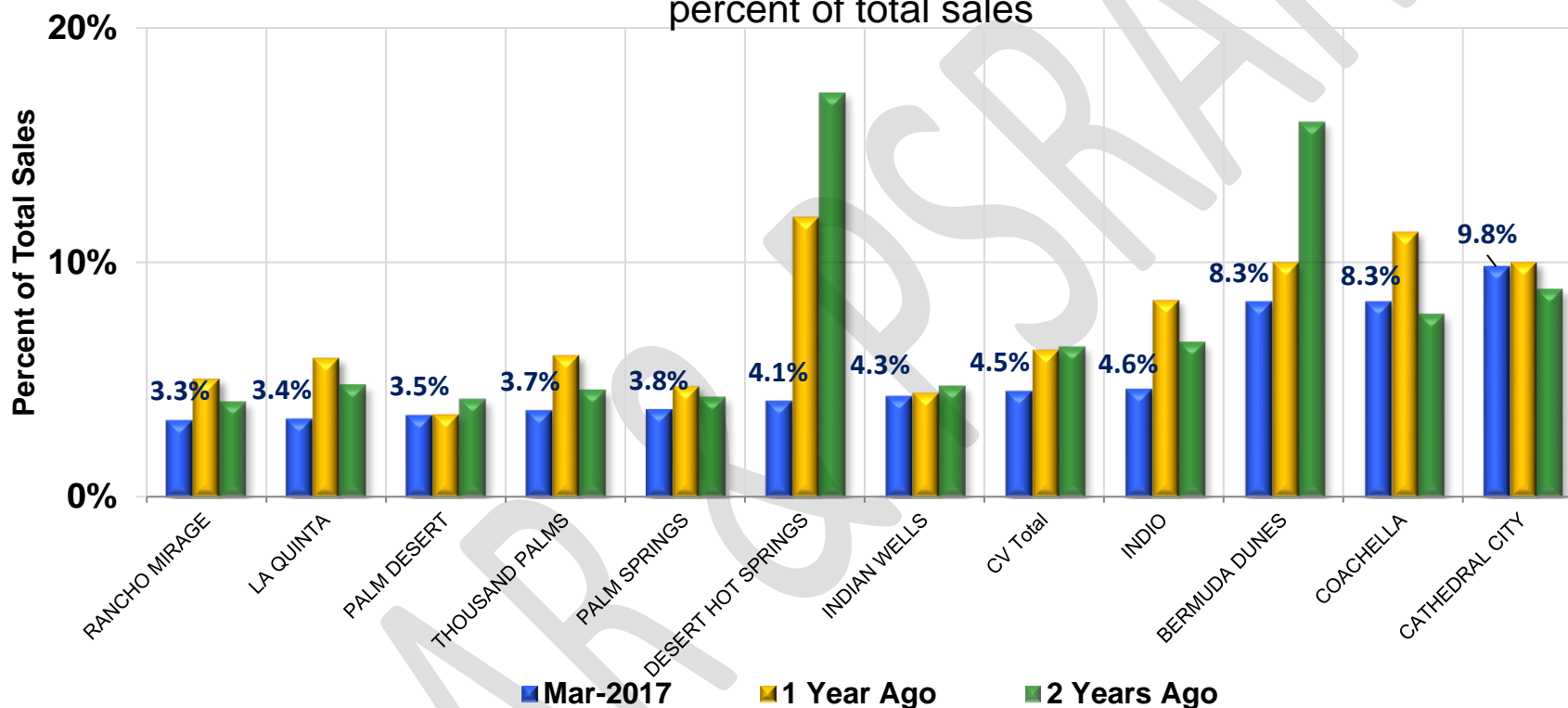


"Months of Supply" by City

Every major city in the Valley shows considerable improvement in its "months of supply" ratio except for Coachella, which has a meaningless increase since any city would be happy to have a ratio at 2.5 even if it was a slightly higher than 2.1. Six cities now have ratios below five months – Coachella, Thousand Palms, Indio, Desert Hot Springs, Cathedral City and Palm Springs. While Palm Desert and La Quinta have ratios over six months, their current ratios are vast improvements over last year.

Distressed Sales by City

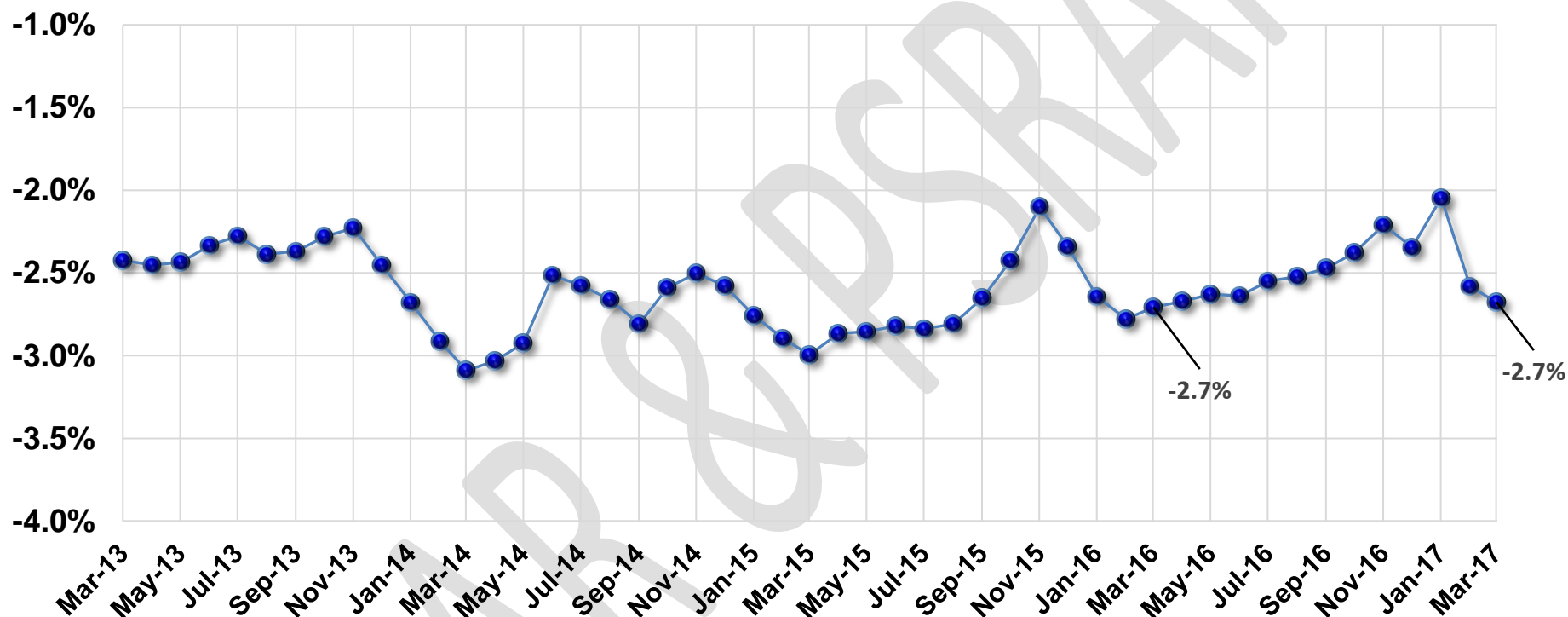
percent of total sales



Distressed Sales by City

Distressed sales (REO and short sales) are now only 4.5% of total sales in the Valley. This is the lowest percent since 2010 when we first began to monitor it. Only the cities of Bermuda Dunes, Coachella and Cathedral City have ratios near 10% and have had ratios near 10% for the last two years. Most of this are due to the fact that there are still a number of homes under water in these cities and a homeowner who has to sell or move must do a strategic default of a short sale.

Sale Price Discount from List March 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 home is approximately \$8,100.



The Desert Housing Report

March 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 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 sized homes.

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

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