



# The Market Watch Monthly Housing Report

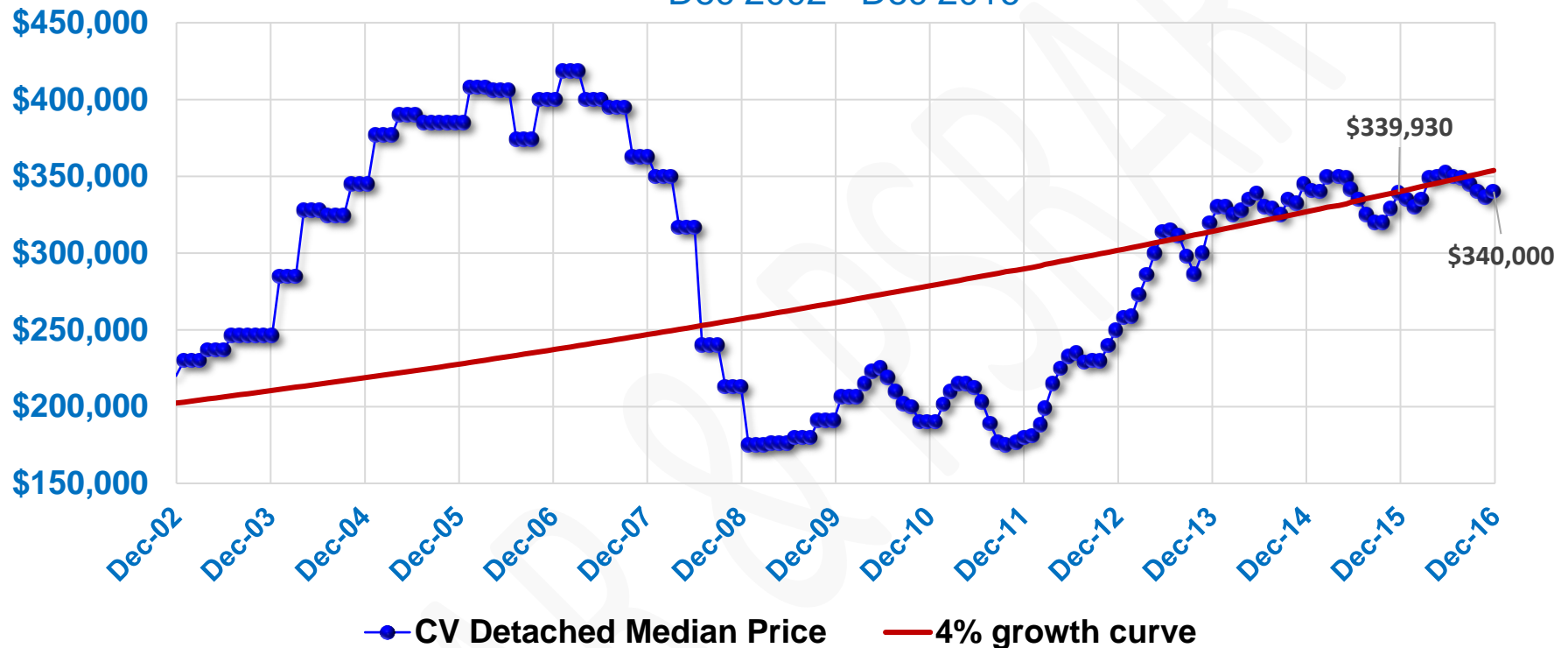
## December 2016



### Coachella Valley Median Detached Home Price

Dec 2002 - Dec 2016

Median Price



### Summary

The median price for the Valley's detached homes was \$340,000 which was effectively unchanged from a year ago. This year's change in the median price for Valley condos was \$2,000, which is a gain of just under 1%. The yearly change in the median price of individual cities shows a generally positive year for detached homes and a slightly negative bias for condominiums. In the detached market Desert Hots Springs, with a yearly gain of 15.6%, and Palm Springs, with a gain of 8.1%, continue to be the price leaders in the Valley. After a long period of stagnation, a very positive indicator is the growing trend in long term sales in both detached homes and condominiums. Condominium sales rose 9% and detached sales 2.8% from last year. They combined to produce a total sales increase of 4.9% for the year. As we end the year the second very positive trend for housing is inventory. Inventory on January 1st was 4,585 units compared to 5,092 unit's last January 1<sup>st</sup>. Higher sales and lower inventory combined to produce a lower ratio of months of sales. The ratio on January 1st stood at 6.3 months, which is one month less than the ratio on January 1st of last year.



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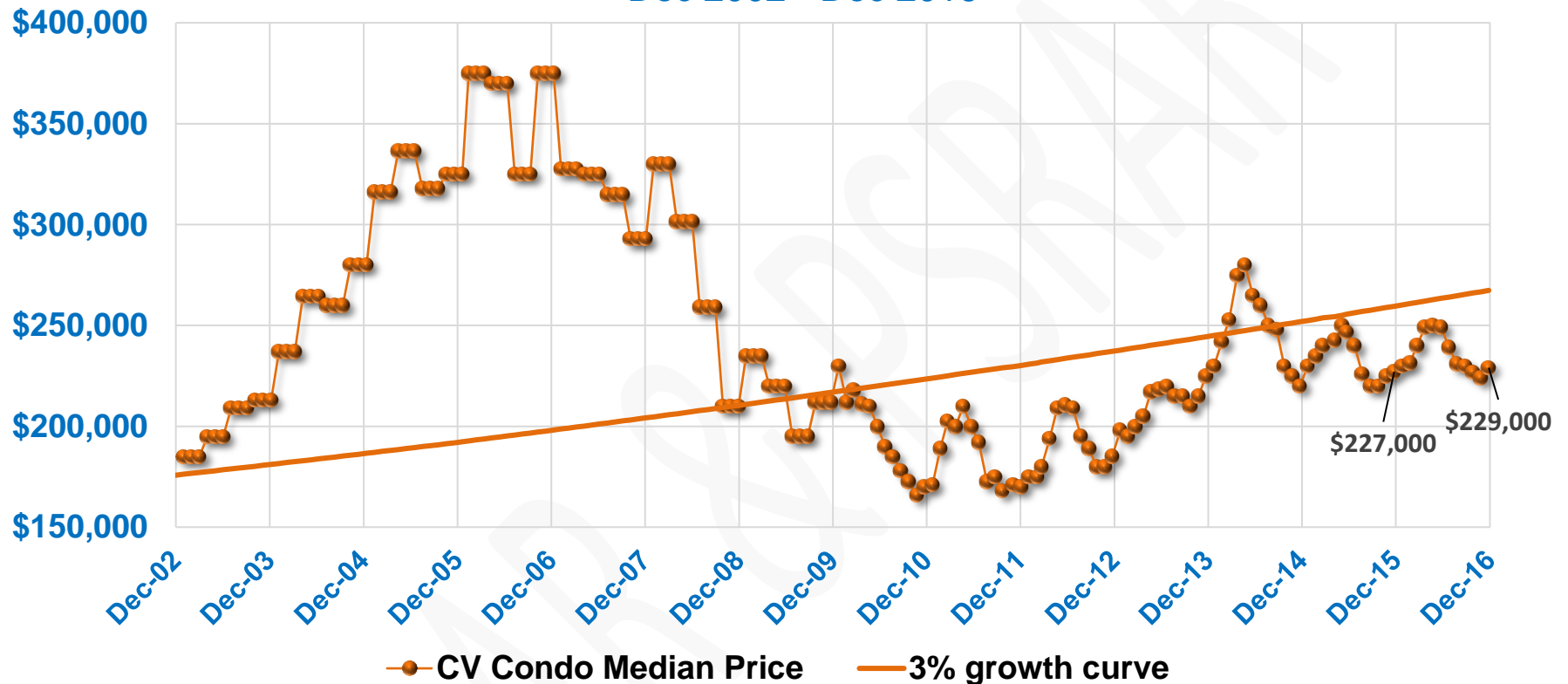
## December 2016



### Coachella Valley Median Condo Price

Dec 2002 - Dec 2016

Median Price



### Coachella Valley Condo Median Price

This year's change in the median price for Valley condos is \$2,000, which is just under 1%. As the graph clearly shows the median price is essentially unchanged for the last three years. In fact the median price is still around 2009 price levels. Much of this is because about 70% of Valley condo owners are not owner occupants but remote owners; they usually live outside the region and numbers of remote owners are maintaining but not growing.



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### Detached Homes

	Dec-16	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Desert Hot Springs	\$185,000	\$160,000	15.6%	\$85,000	117.6%	\$295,000	-37.3%
Palm Springs	\$565,000	\$522,500	8.1%	\$335,000	68.7%	\$600,000	-5.8%
City of Coachella	\$245,000	\$227,500	7.7%	\$121,950	100.9%	\$335,000	-26.9%
Cathedral City	\$289,000	\$275,000	5.1%	\$139,000	107.9%	\$395,000	-26.8%
Indio	\$295,000	\$284,999	3.5%	\$158,500	86.1%	\$380,500	-22.5%
La Quinta	\$445,000	\$434,500	2.4%	\$245,000	81.6%	\$682,020	-34.8%
Indian Wells	\$791,250	\$790,000	0.2%	\$540,000	46.5%	\$1,205,000	-34.3%
Palm Desert	\$350,000	\$355,000	-1.4%	\$287,000	22.0%	\$543,000	-35.5%
Rancho Mirage	\$580,000	\$649,000	-10.6%	\$423,000	37.1%	\$950,000	-38.9%

### Condominiums

	Dec-16	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Indian Wells	\$431,000	\$352,500	22.3%	\$321,500	34.1%	\$557,500	-22.7%
Desert Hot Springs	\$129,325	\$110,000	17.6%	\$86,000	50.4%	\$303,000	-57.3%
Cathedral City	\$162,000	\$143,375	13.0%	\$107,500	50.7%	\$270,500	-40.1%
Indio	\$169,000	\$155,250	8.9%	\$75,000	125.3%	\$279,000	-39.4%
Palm Desert	\$247,000	\$253,250	-2.5%	\$175,000	41.1%	\$410,000	-39.8%
Palm Springs	\$200,000	\$208,000	-3.8%	\$150,000	33.3%	\$350,000	-42.9%
Rancho Mirage	\$283,500	\$295,000	-3.9%	\$260,000	9.0%	\$510,000	-44.4%
La Quinta	\$292,500	\$306,250	-4.5%	\$265,000	10.4%	\$532,500	-45.1%
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 yearly change in the median price of individual cities shows a generally positive year for detached homes and a slightly negative bias for condominiums. In the detached market Desert Hots Springs with a yearly gain of 15.6% and Palm Springs, with a gain of 8.1%, continue to be price leaders in the Valley. In fact Palm Springs, with a price of \$565,000 is now only 5.8% under its 2006 all-time high. The four cities of Palm Desert, Palm Springs, Rancho Mirage and La Quinta, for reasons mentioned on the previous page all show negative returns for the year in the condo market.



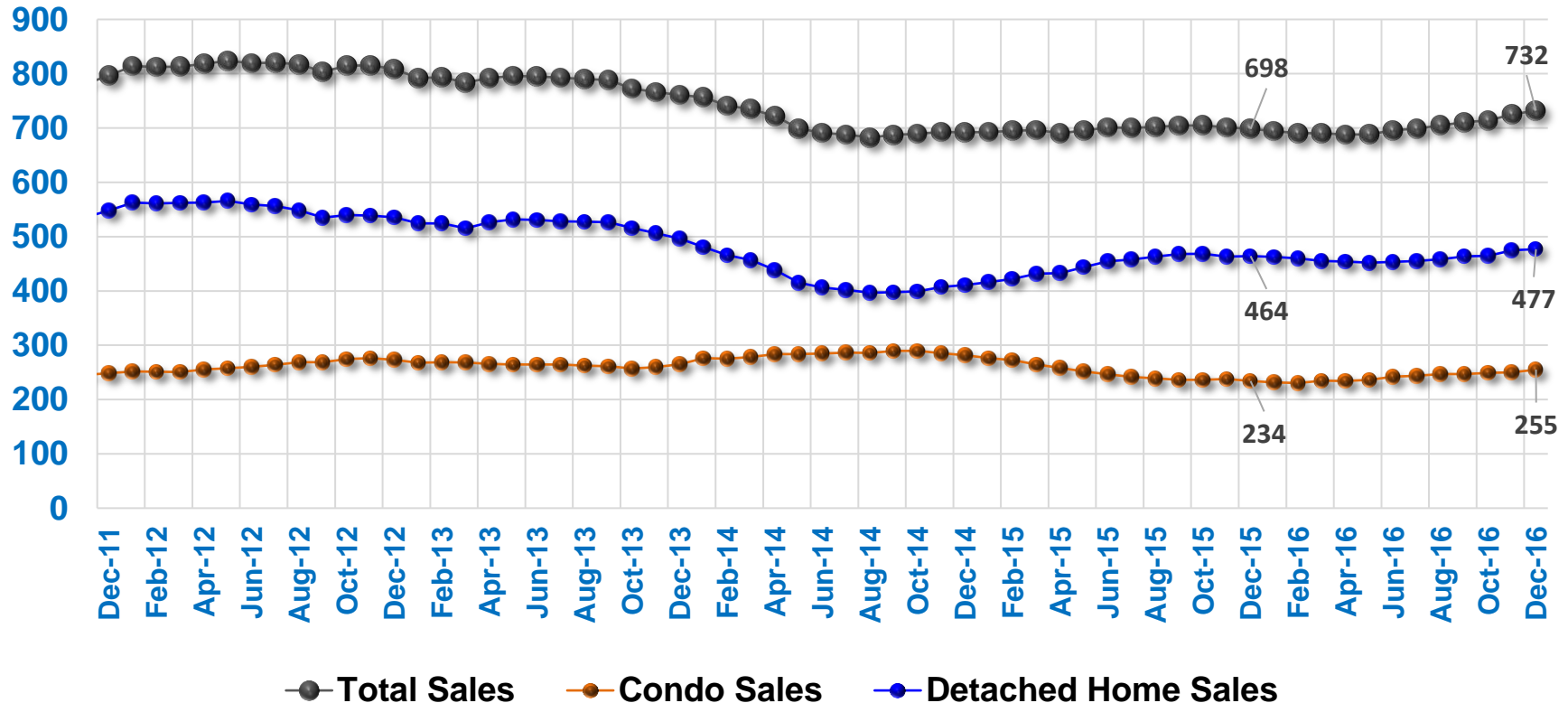
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## December 2016



### Monthly Detached, Condo and Total Sales

12 month moving average



### Monthly Sales – 12 month trailing avg.

After a long period of stagnation, a very positive indicator is the growing trend in long term sales in both detached homes and condominiums. Condominium sales rose 9% and detached sales 2.8% last year. They combined to produce a total sales increase of 4.9% for the year. We fully expect that total long term sales over the coming New Year will rise over 10% from 2016 levels.



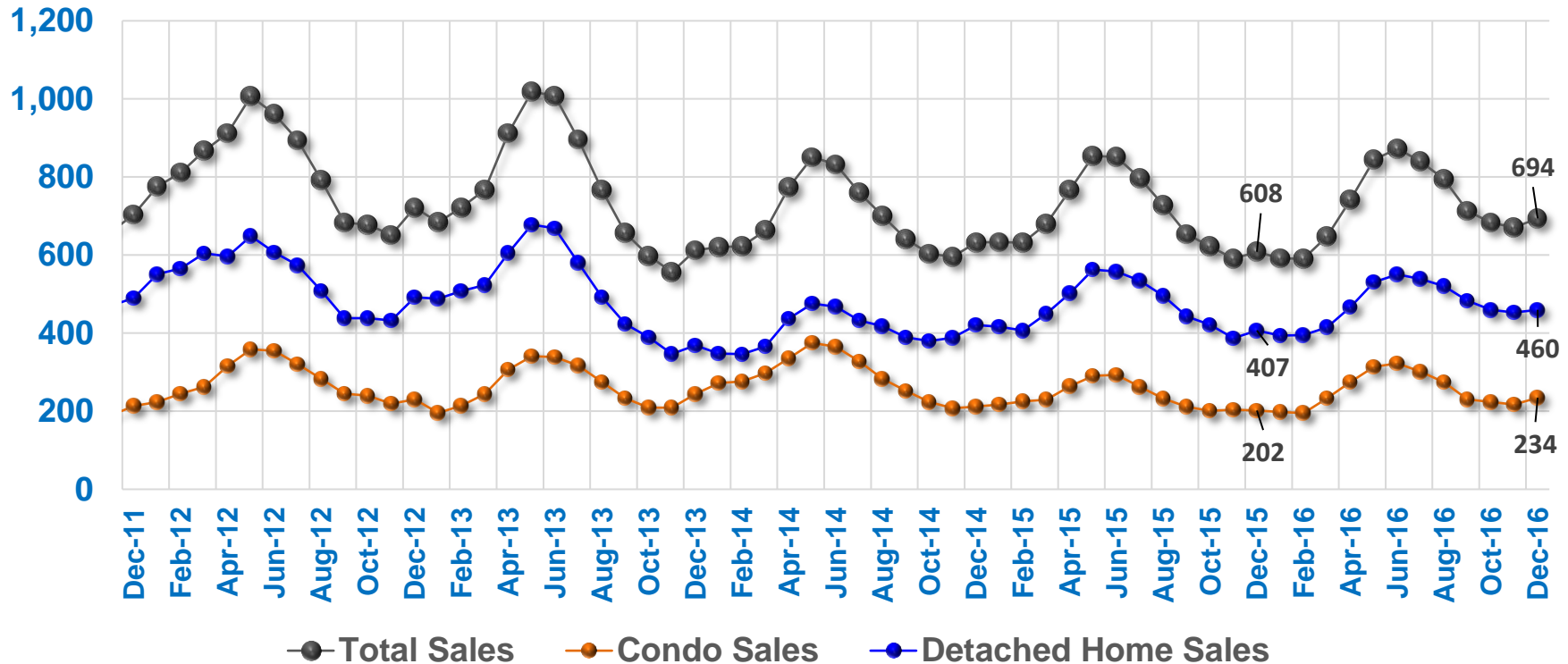
# The Market Watch Monthly Housing Report

## December 2016



### Monthly Detached, Condo and Total Sales

3 month moving average



### Monthly Sales – 3 month trailing avg.

When we measure the change in the three month average of sales - a time period that clearly shows the seasonality of the Valley's real estate market - we see stronger sales growth than the long term trend by a substantial margin. Detached sales grew 13% while condo sales grew 15%. This produced a gain of 14% in total sales and it's the primary reason we expect long term sales to also grow by double digit numbers.

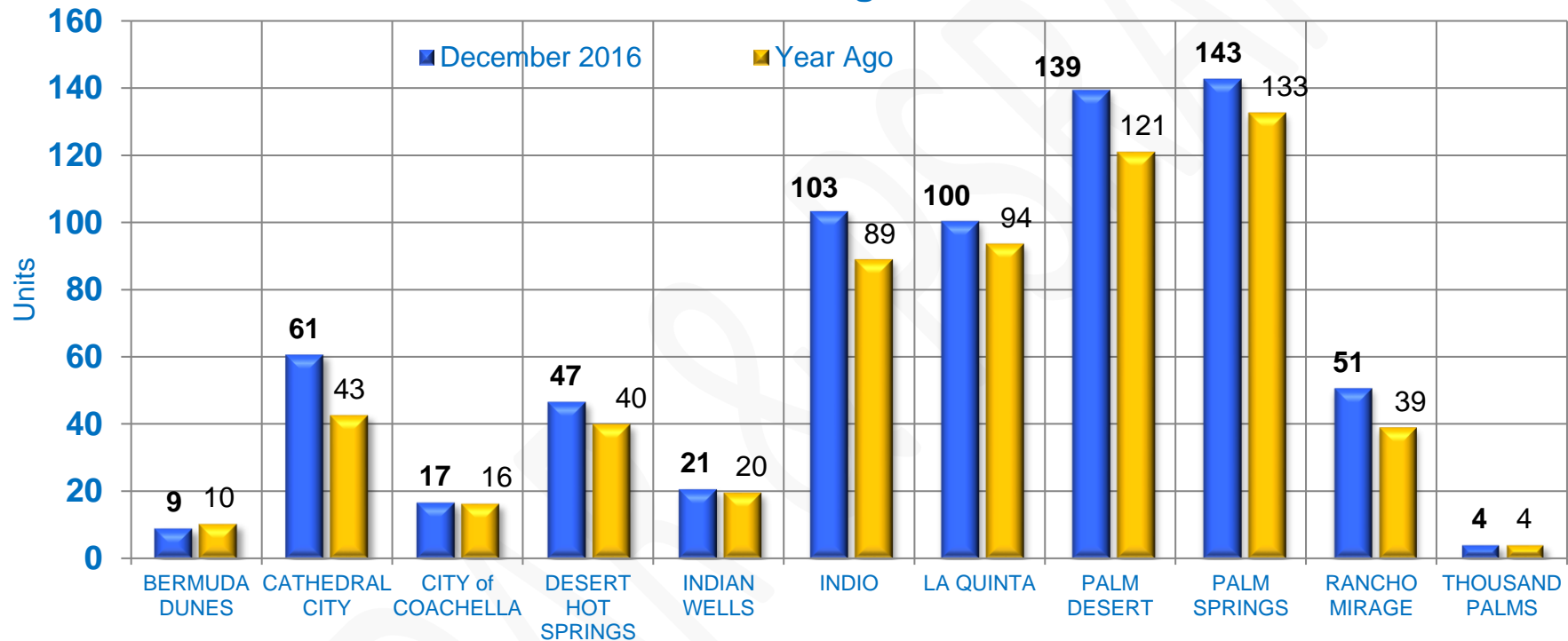


# The Market Watch Monthly Housing Report

## December 2016



### Home Sales by City 3 month avg sales



### Home Sales per Month by City

The growth in three month sales for the region show up in every city except Bermuda Dunes. The largest increase is the 42% gain in sales for Cathedral City. This is followed by a 30% gain for Rancho Mirage sales and a 16.6% increase in sales of Desert Hot Springs.

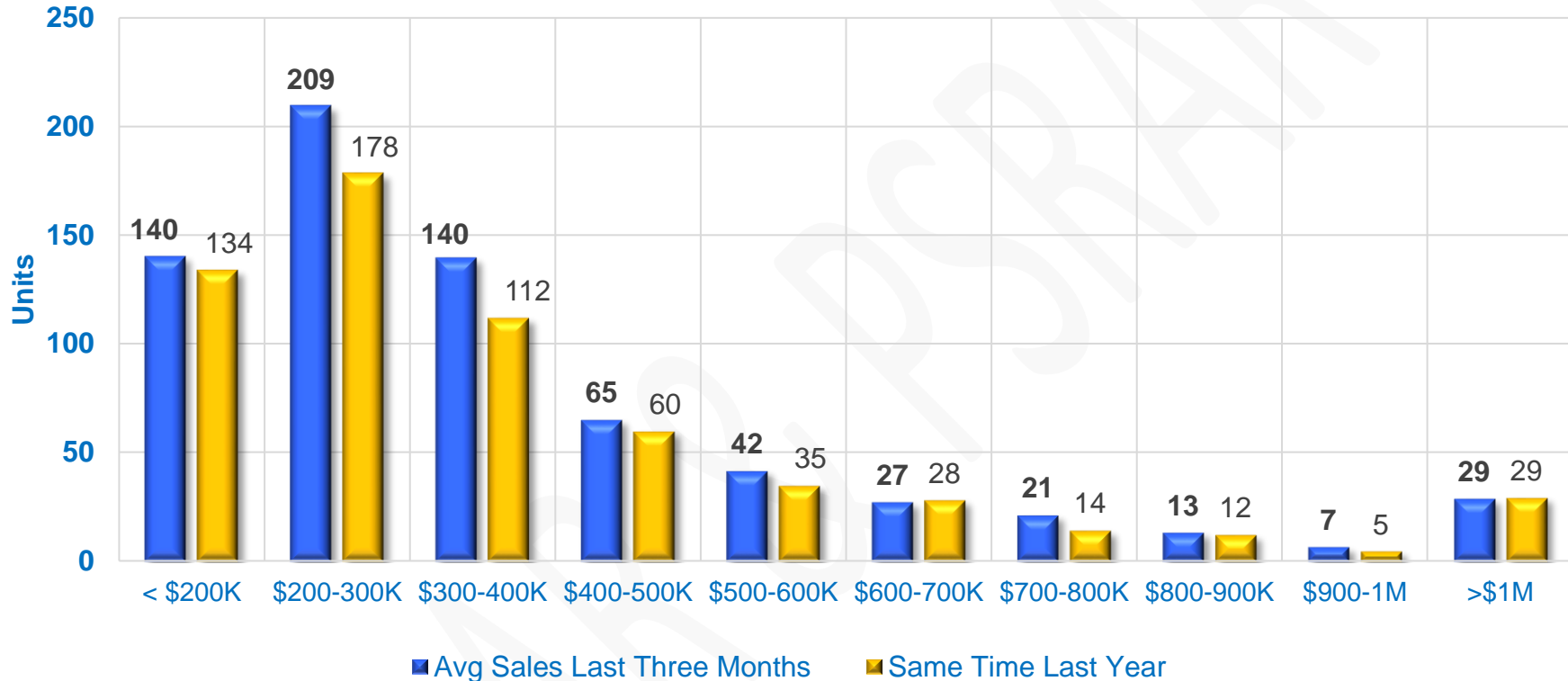


# The Market Watch Monthly Housing Report

## December 2016



### Home Sales by Price Range 3 mos avg



### Home Sales by Price Range

We see a similar result when we measure and compare sales in the various price brackets. Sales are higher than a year ago in all price brackets except from \$600k to \$700k, where they are only lower by one unit. The largest unit sales increase is in the \$200k to \$300k price bracket with a 31 unit increase. The largest percentage increase is the \$300k to \$400k range where there is an increase of 28%. Sales of million dollar homes averaged 29 units and is unchanged from a year ago.





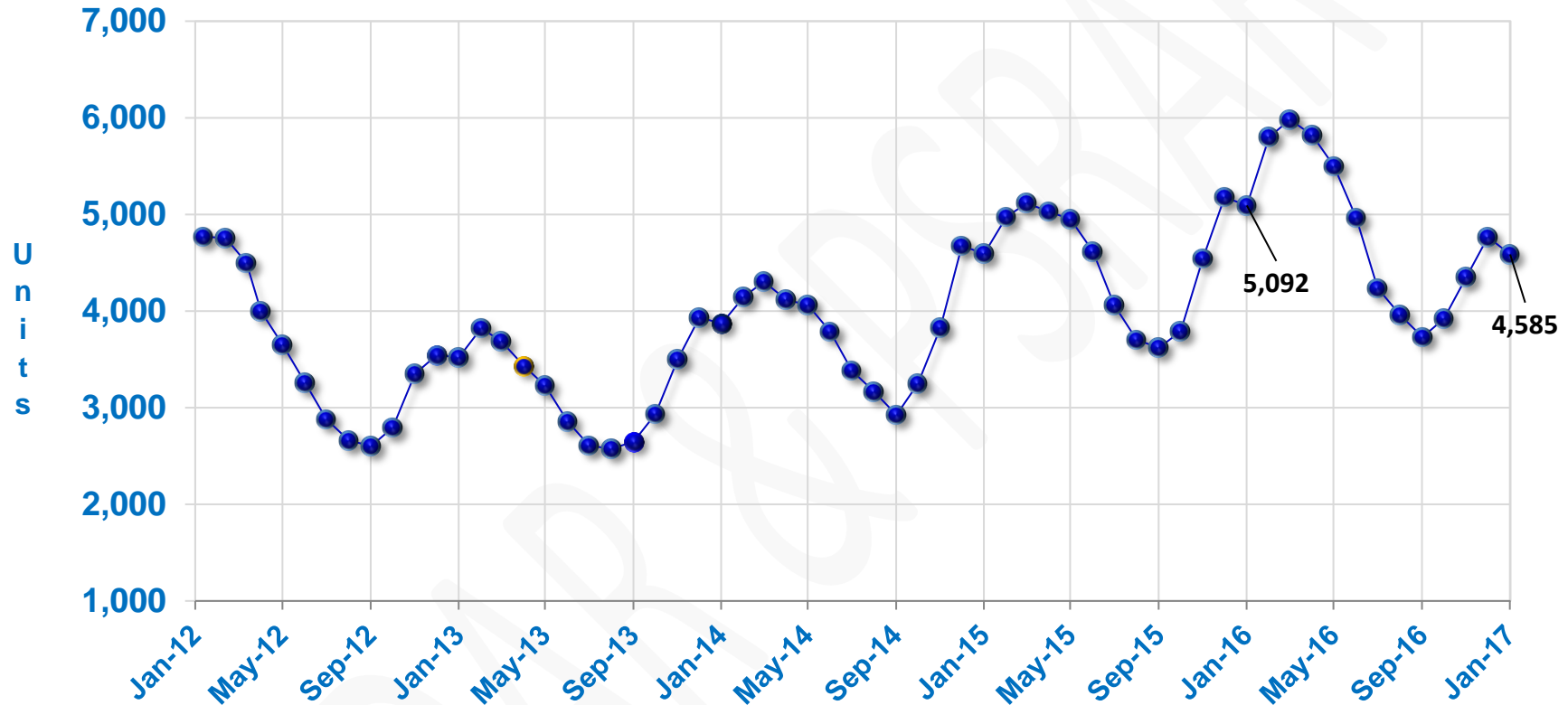
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## December 2016



### Valley Housing Inventory

Jan 1st 2012 to Jan 1st 2017



### Coachella Valley Inventory.

As we end the year the second very positive trend for housing is with inventory. Inventory on January 1st was 4,585 units compared to 5,092 units last January 1<sup>st</sup>. This is a 10% decrease and the number is exactly equal to the inventory on January 1<sup>st</sup> of two years ago. Much of this is the result of higher sales numbers of the last few months compared to a year ago.



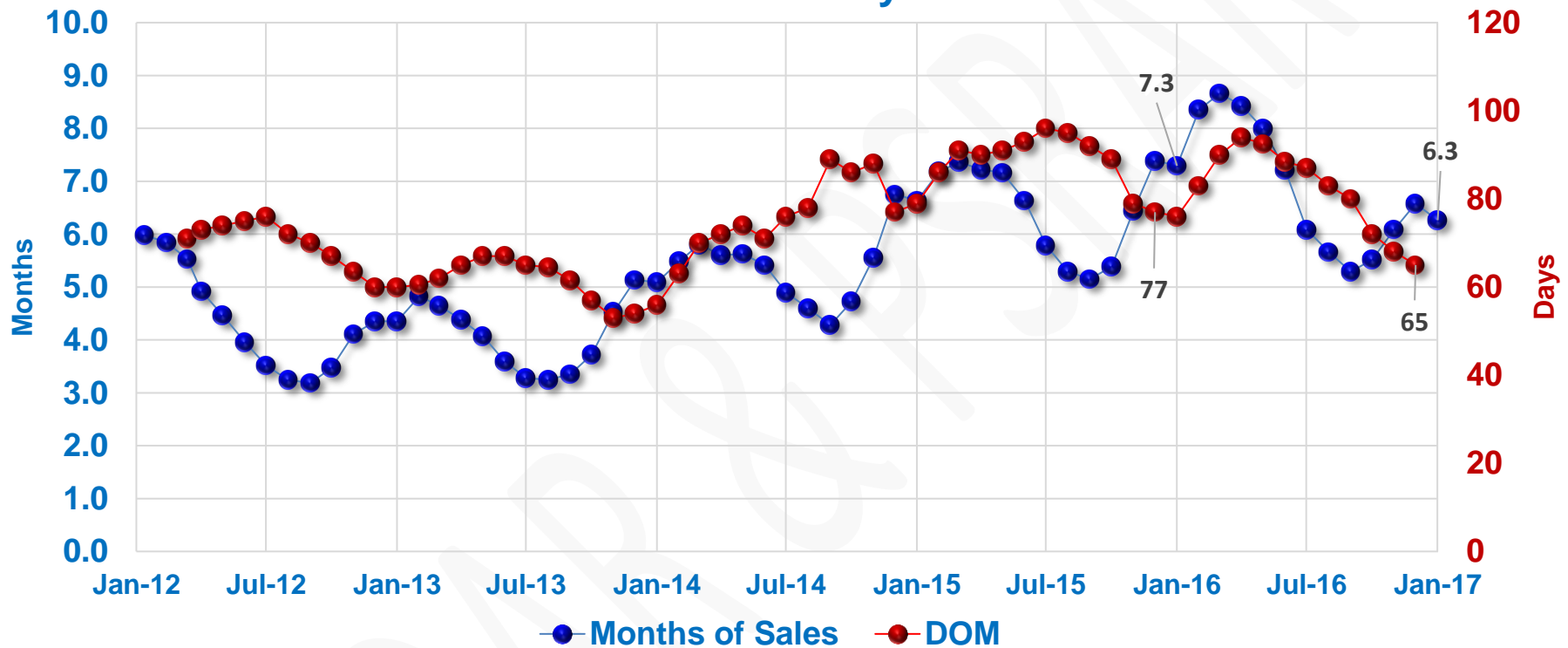


# The Market Watch Monthly Housing Report

## December 2016



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



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

Higher sales and lower inventory combined to produce a lower ratio of months of sales. The ratio on January 1<sup>st</sup> stood at 6.3 months which is one month less than the ratio on January 1<sup>st</sup> of last year. This positive trend is confirmed by another important metric called days on the market, which is another way to measure low or high inventory. As inventory grows so usually does DOM and vice versa. The current reading of 65 days is twelve days less than the 77 days at the end of last year.

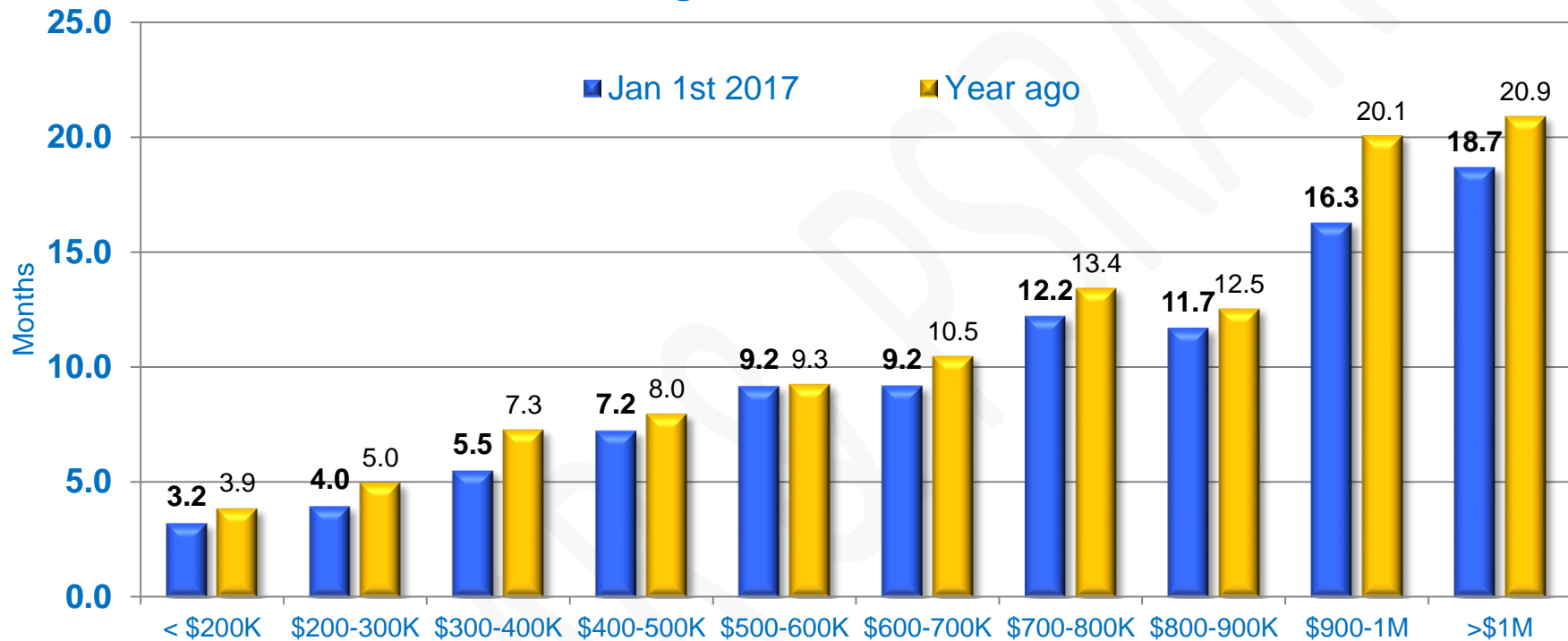


# The Market Watch Monthly Housing Report

## December 2016



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



### "Months of Sales" by Price Range

We see a similar result when we measure and compare "months of sales" in the different price brackets. Every price bracket we measure shows a lower ratio compared to last year. The overall pattern of higher ratios in the higher price brackets is normal and expected. However, the ratios in the four price brackets above \$700k, while lower than last year, are still relative high and it would be good if these could work a little lower.



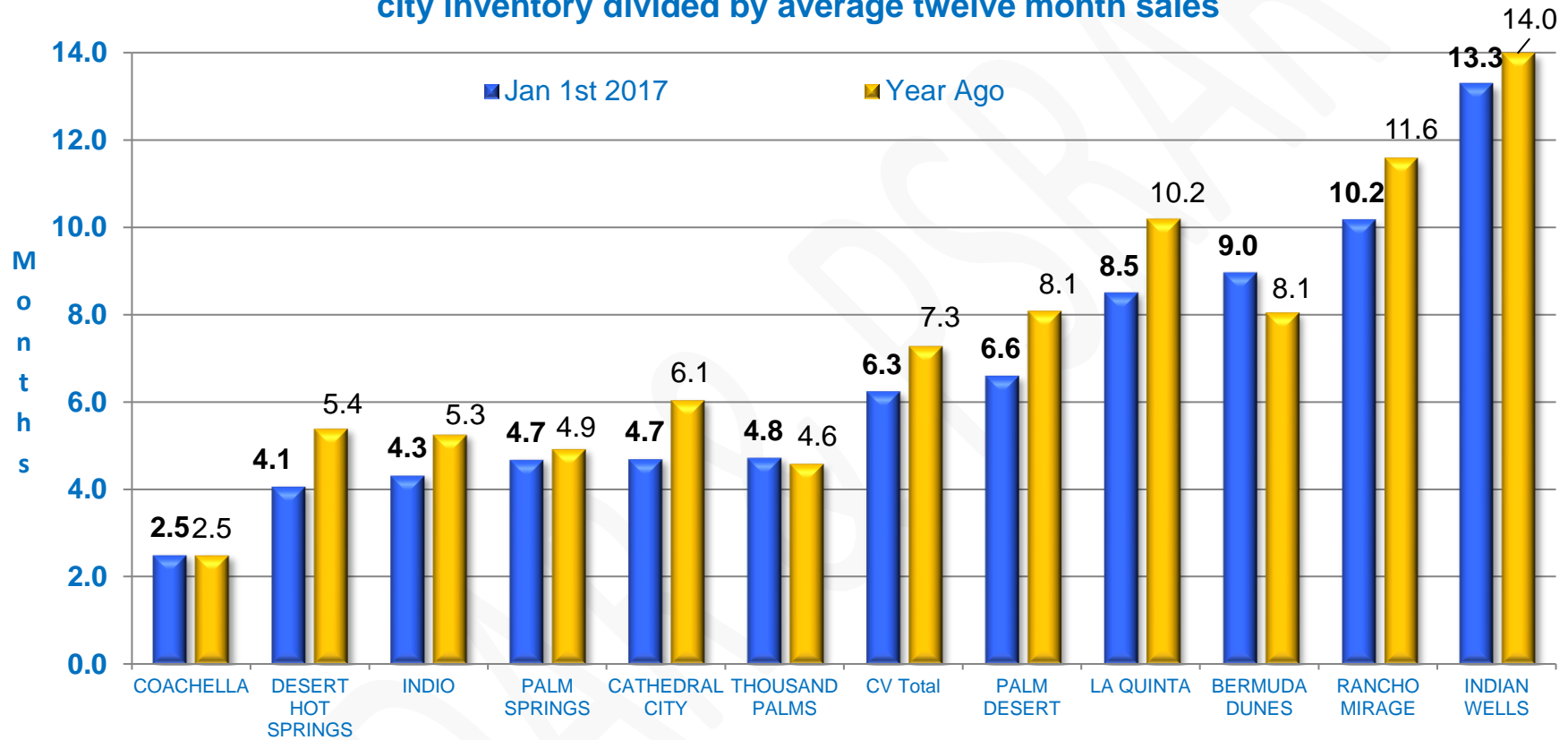
# The Market Watch Monthly Housing Report

## December 2016



### "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, and plot them lowest to highest, we see acceptable ratio from the city of Coachella up top Palm desert. In our opinion, La Quinta, with a ratio of 8.6 and almost two months below last year, is still relatively high. We also feel that Indian Wells, at 13.3 months and only 7/10 of a month less than last year, is also relatively high.

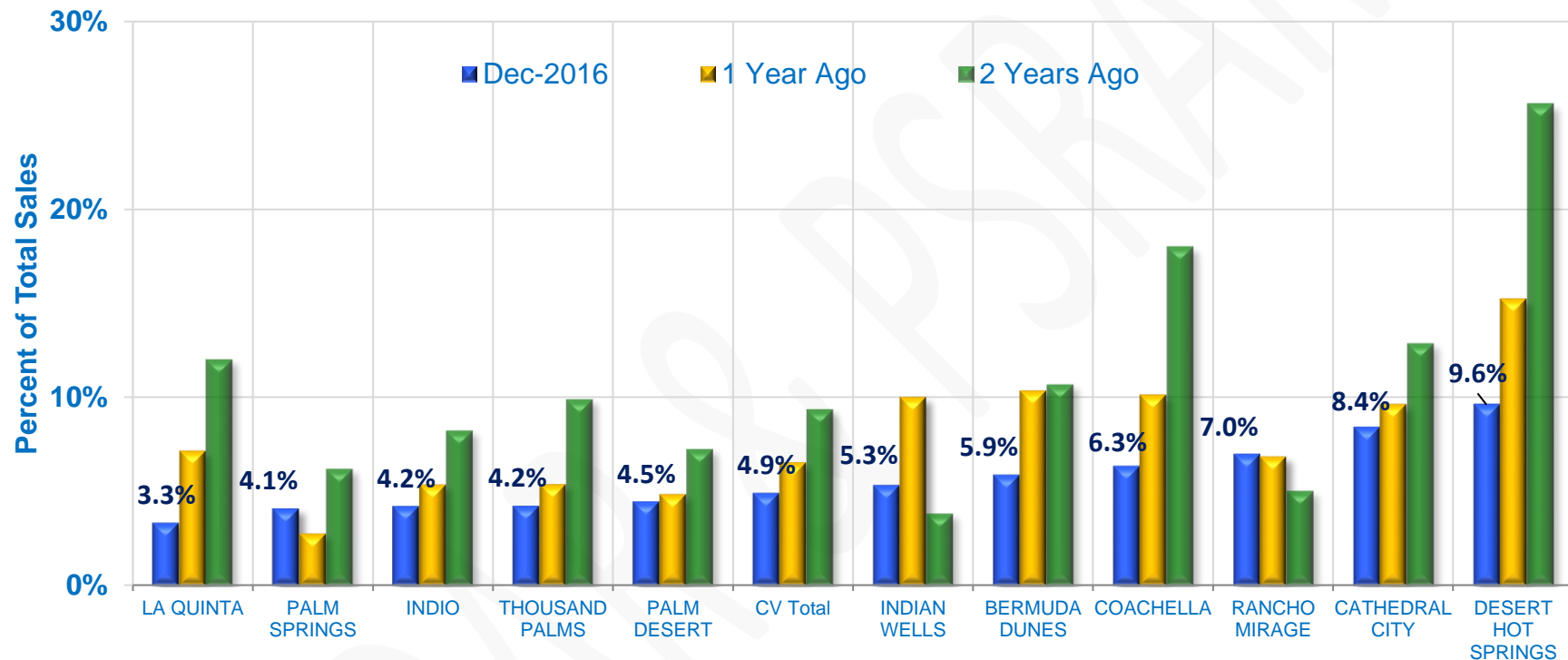


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### Distressed Sales by City percent of total sales



### Distressed Sales by City

Distressed sales (REO and short sales) are 4.9% of all sales in the Valley. While this shows continued improvement the improvement continues to be very slow. While the current number is not low enough to measurably affect home like foreclosures and short sales did a number of years ago, we would still like to see the ratio get down to 2%. Cathedral City and Desert Hot Springs still show relatively high percent's of 8.4% and 9.6% respectively.

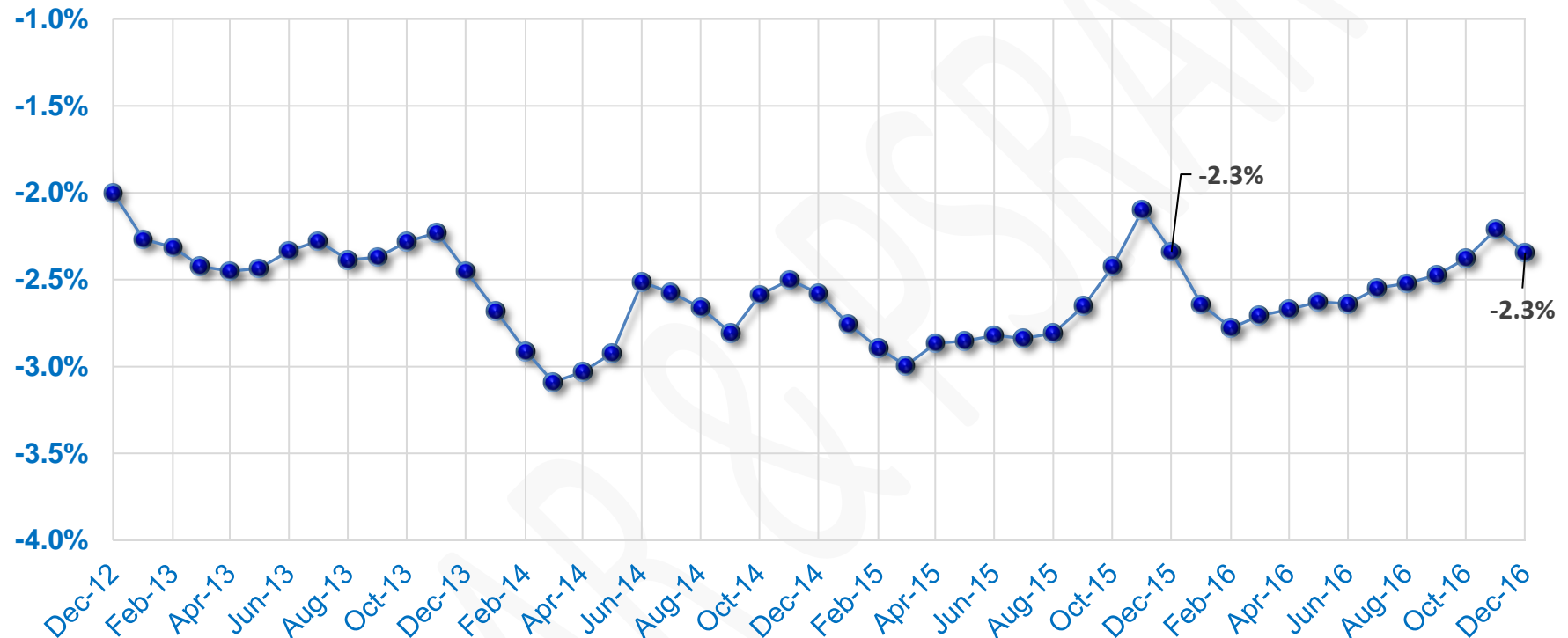


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### Sale Price Discount from List December 2016



### Sale Price Discount from List

The latest "Sale Price Discount from List" is at -2.3%, which is unchanged from a year ago. This percent implies that the selling discount to a home listed for \$300,000 home was approximately \$6,900.



# The *Market Watch* Monthly Housing Report

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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 1<sup>st</sup> 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 1<sup>st</sup>. 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