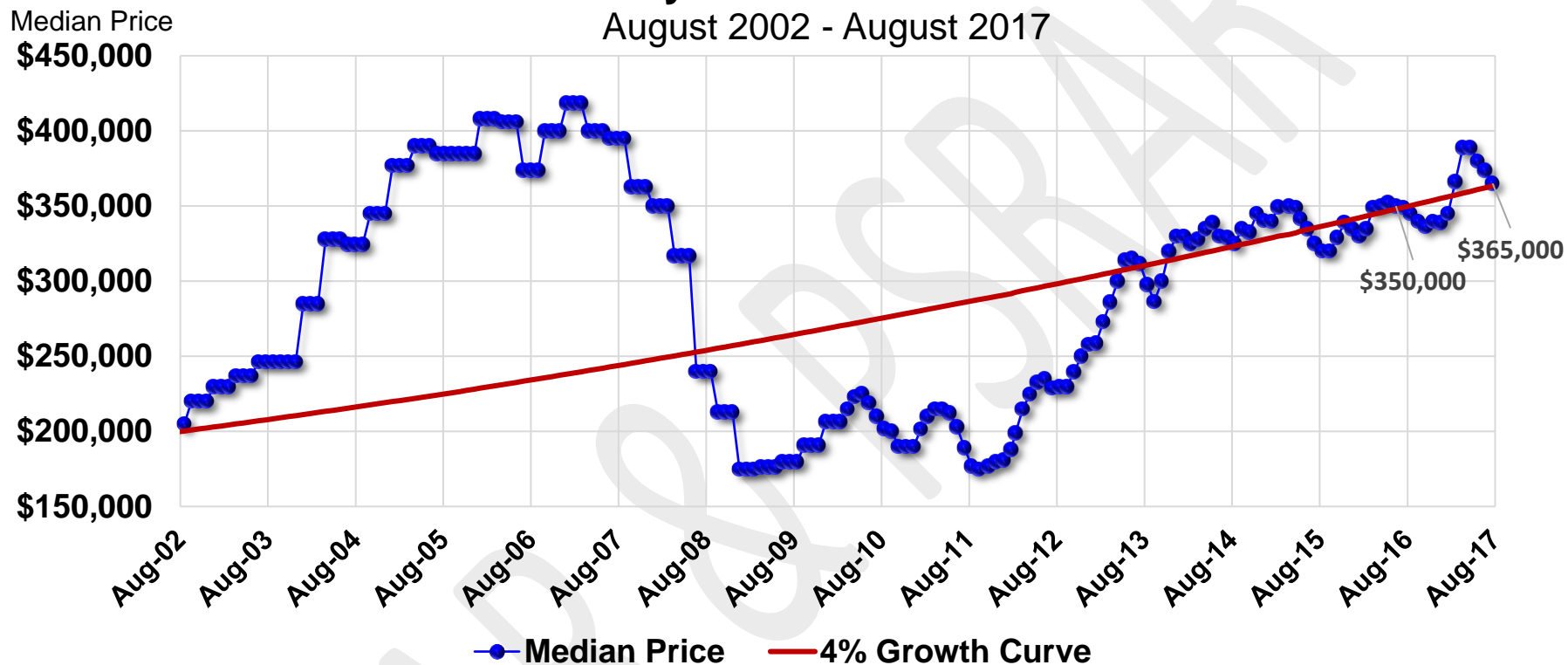


Coachella Valley Median Detached Home Price

August 2002 - August 2017

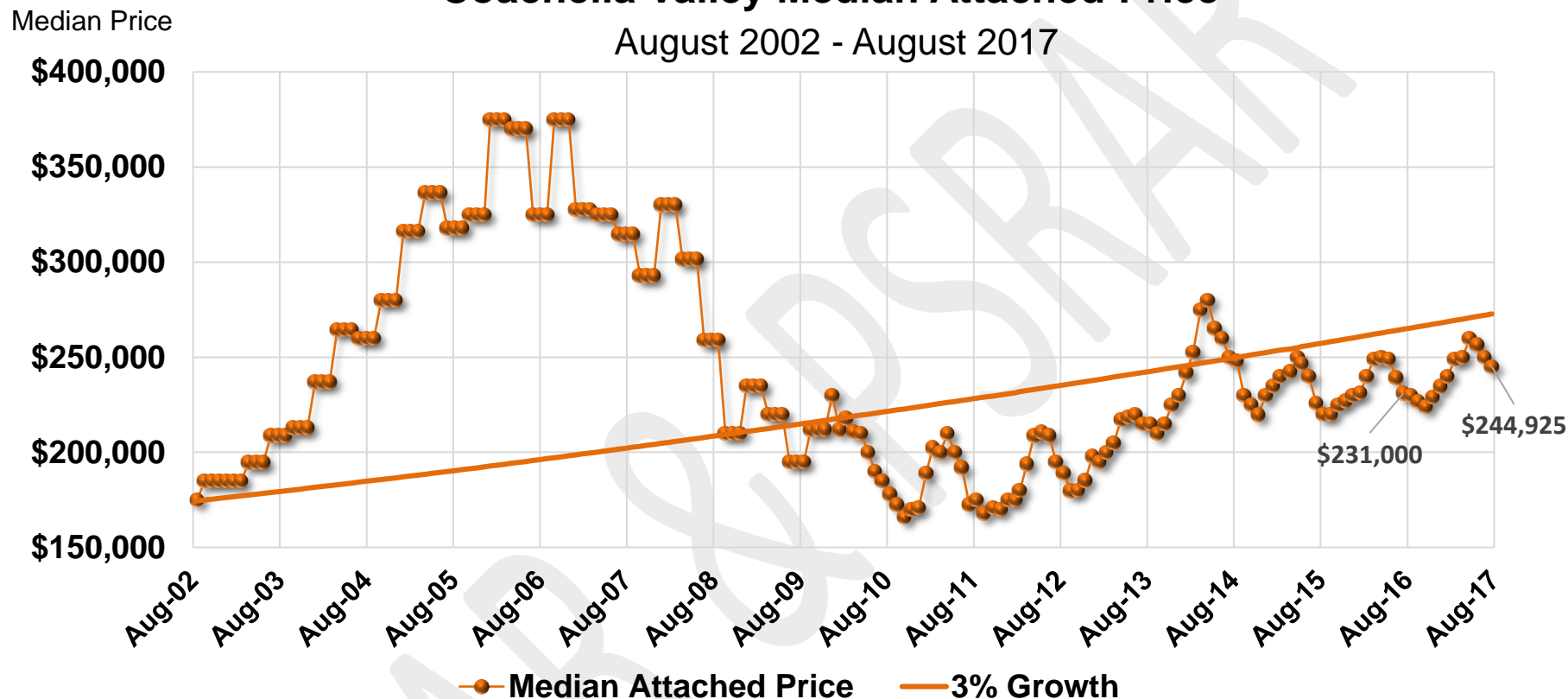


Summary

At the end of August the median price of detached homes throughout the Valley was \$365,000, which is \$15,000 or 4.3% higher than last year. As the chart clearly shows the last four months has brought the price back near the 4% per year growth curve, a level it has oscillated around for the last four years. Attached home prices throughout the Valley are finally beginning to show some strength after four years of little gain. This is seen in the \$13,925 or 6% increase in the median price compared to a year ago. The year over year change in the median price of detached homes in the nine major cities shows eight cities higher and only one – Rancho Mirage – lower. The largest year-over-year gain is La Quinta at 13.9%, followed by Cathedral City at 9.1% and Palm Springs at 7.9%. In August the twelve month average of total sales hit 813 units, which is the highest level of sales since November of 2012! Detached home sales are up 16% while attached sales are higher by 13.7%. On September 1st the Valley's "months of supply" ratio reached 3.9 months, the first time it has fallen below four months since 2013! This is the combined result of lower inventory and a higher sales rate and, as we've said before, is a fundamental sign of a strong housing market. This strength is confirmed by a DOM reading of 73 days, a level it has consistently held for seven months now.

Coachella Valley Median Attached Price

August 2002 - August 2017



Coachella Valley Attached Median Price

Although it might not initially appear so, attached home prices throughout the Valley are finally beginning to show some strength after four years of little gain. This is seen in the \$13,925 or 6% increase in the median price over the price a year ago. If prices continue to maintain their historical seasonal pattern, they should make low in October before beginning to rise again. If that low is above \$225,000 we think it will be a strong indication that attached prices will finally break higher as we enter the new, 2018 selling season.



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Detached Homes

	Aug-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
La Quinta	\$455,000	\$399,450	13.9%	\$245,000	85.7%	\$682,020	-33.3%
Cathedral City	\$300,000	\$275,000	9.1%	\$139,000	115.8%	\$395,000	-24.1%
Palm Springs	\$592,000	\$548,540	7.9%	\$335,000	76.7%	\$600,000	-1.3%
Indian Wells	\$830,000	\$785,000	5.7%	\$540,000	53.7%	\$1,205,000	-31.1%
City of Coachella	\$230,000	\$224,000	2.7%	\$121,950	88.6%	\$335,000	-31.3%
Indio	\$305,000	\$299,000	2.0%	\$158,500	92.4%	\$380,500	-19.8%
Desert Hot Springs	\$193,000	\$189,500	1.8%	\$85,000	127.1%	\$295,000	-34.6%
Palm Desert	\$376,000	\$374,500	0.4%	\$287,000	31.0%	\$543,000	-30.8%
Rancho Mirage	\$600,000	\$640,000	-6.3%	\$423,000	41.8%	\$950,000	-36.8%

Attached Homes

	Aug-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Cathedral City	\$180,525	\$161,500	11.8%	\$107,500	67.9%	\$270,500	-33.3%
Indio	\$172,500	\$155,000	11.3%	\$75,000	130.0%	\$279,000	-38.2%
Palm Springs	\$220,000	\$205,000	7.3%	\$150,000	46.7%	\$350,000	-37.1%
La Quinta	\$335,000	\$315,000	6.3%	\$265,000	26.4%	\$532,500	-37.1%
Palm Desert	\$246,500	\$235,000	4.9%	\$175,000	40.9%	\$410,000	-39.9%
Desert Hot Springs	\$152,500	\$159,500	-4.4%	\$86,000	77.3%	\$303,000	-49.7%
Rancho Mirage	\$284,995	\$300,000	-5.0%	\$260,000	9.6%	\$510,000	-44.1%
Indian Wells	\$377,500	\$420,000	-10.1%	\$321,500	17.4%	\$557,500	-32.3%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

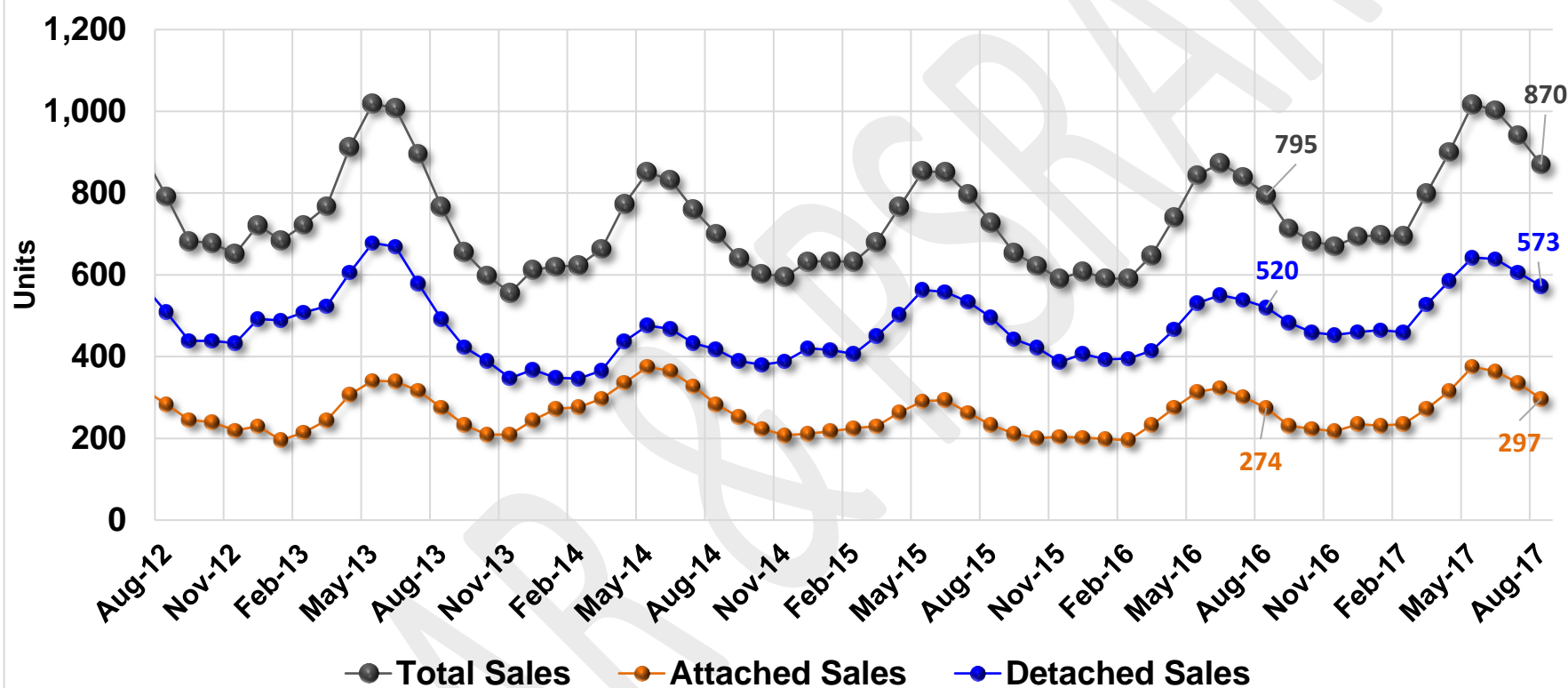
12 Month Change in City Median Prices

The year over year change in the median price of detached homes in the nine major cities shows eight cities higher and only one – Rancho Mirage – lower. The largest year over year gain is La Quinta at 13.9%, followed by Cathedral City at 9.1% and Palm Springs at 7.9%. The median detached home price in Palm Springs is inching ever so close to the all-time high made in 2006 and is now only 1.3% away. Attached home prices show five cities with higher prices and three with lower prices verifying the strengthening in attached prices we saw in the Valley median price.

Produced for Valley agents through the sponsorship and cooperation of PSRAR and CDAR by Market Watch LLC

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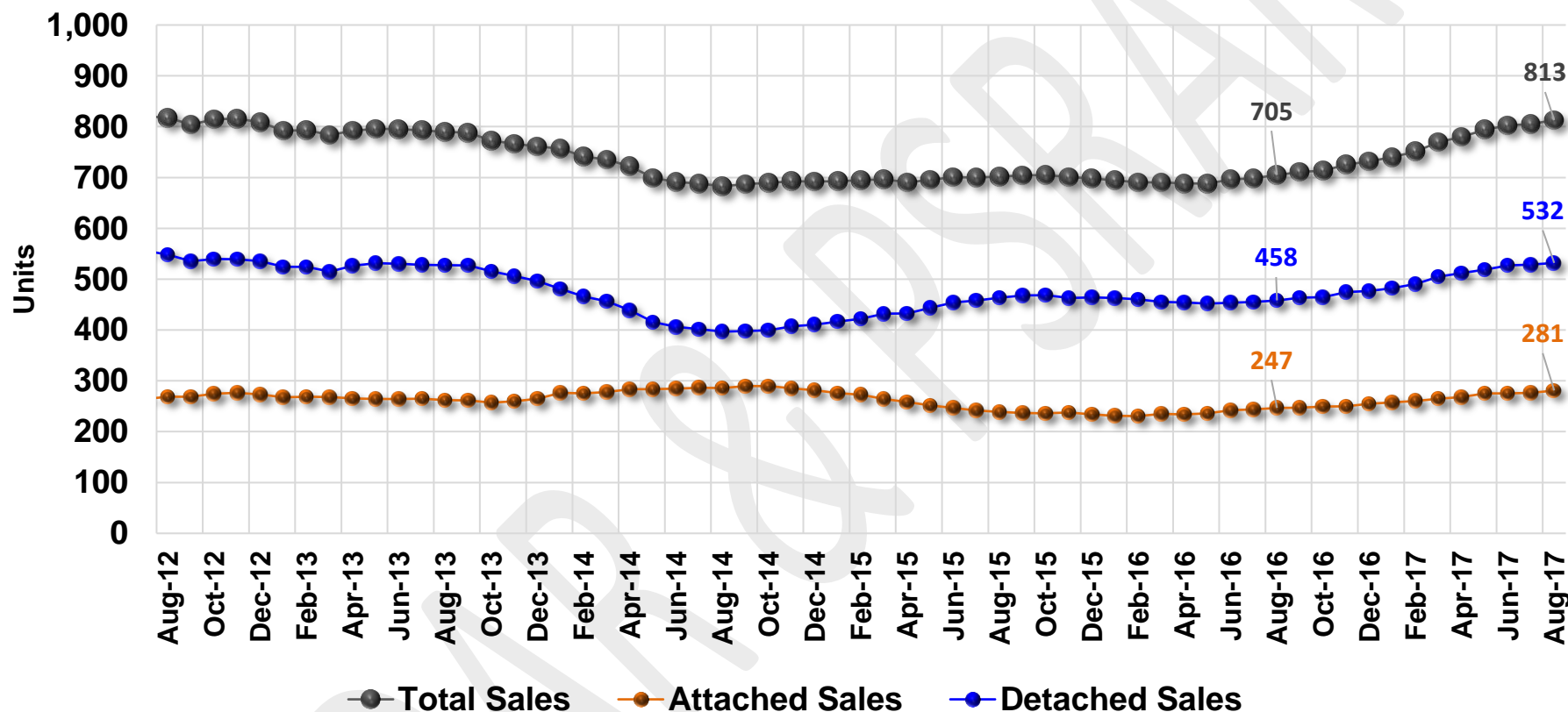
Detached, Attached and Total Sales 3 month moving average



Monthly Sales – 3 month trailing avg.

Sales throughout the Valley continue to grow. In August the three month average of total sales was 870 units a month, which is 75 units or 9.4% more than a year ago. Sales of detached homes was 573 units, which is 10% above last year, while sales of attached homes was 297 units, which is 8% above a year ago.

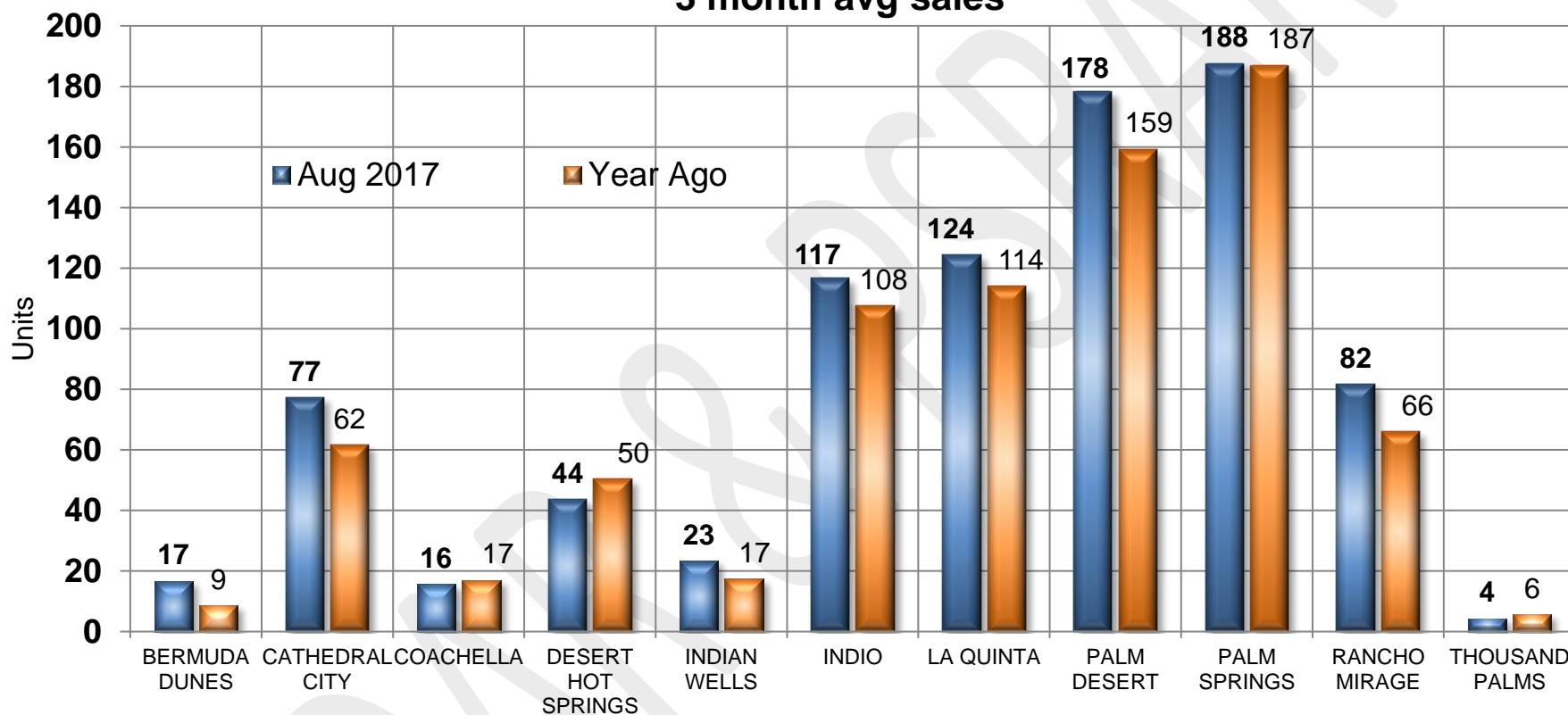
Detached, Attached and Total Sales 12 month moving average



Monthly Sales – 12 month trailing avg.

Longer term measurements of Valley sales, which take out seasonality, are also growing. In August the twelve month average of total sales hit 813 units, which is the highest level of sales since November of 2012! Detached home sales are up 16% while attached sales are higher by 13.7%. We can expect twelve month sales growth to continue but probably taper down to a 10% growth rate similar to what seasonal, three month sales are doing.

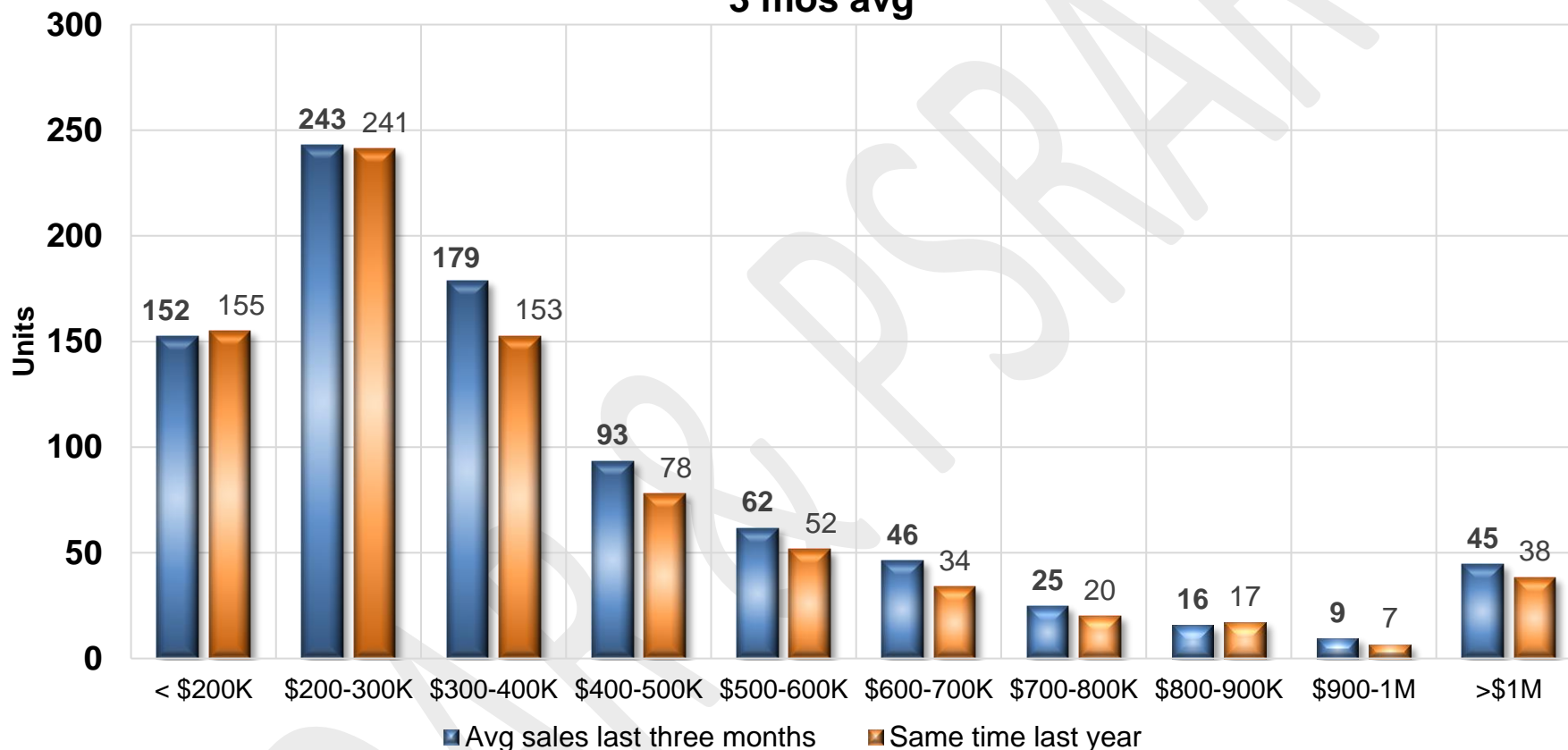
Home Sales by City 3 month avg sales



Home Sales per month by City

All cities except the city of Coachella, Desert Hot Springs and Thousand Palms have higher sales compared to a year ago. The cities with the largest percentage sales increases are Bermuda Dunes with an 88% increase, Indian Wells with a 35% increase and Cathedral City and Rancho Mirage with a 24% increase each. Palm Springs and Palm Desert, at 188 and 178 units a month, continue to lead the Valley in total unit sales.

Home Sales by Price Range 3 mos avg

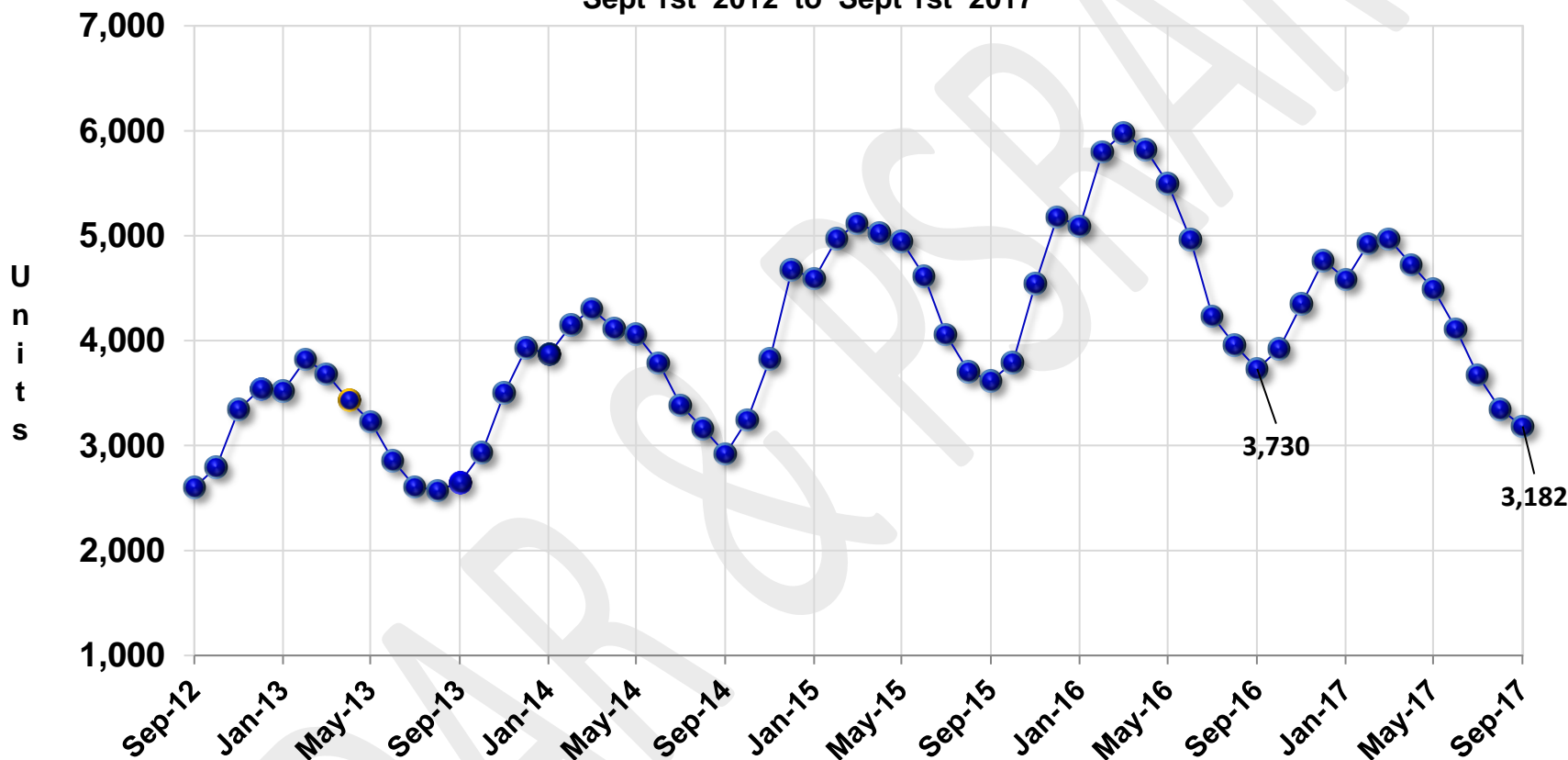


Home Sales by Price Range

In the two price brackets under \$300k, three month sales in August were almost identical to sales one year ago. Then sales in the price brackets from \$300k to \$800k show significant percentage gains. For example, sale of homes priced from \$300k to \$400k rose 17%. Sales from \$400k to \$500k rose 19% and sales of homes priced over one million dollars rose 18% over a year ago.

Valley Housing Inventory

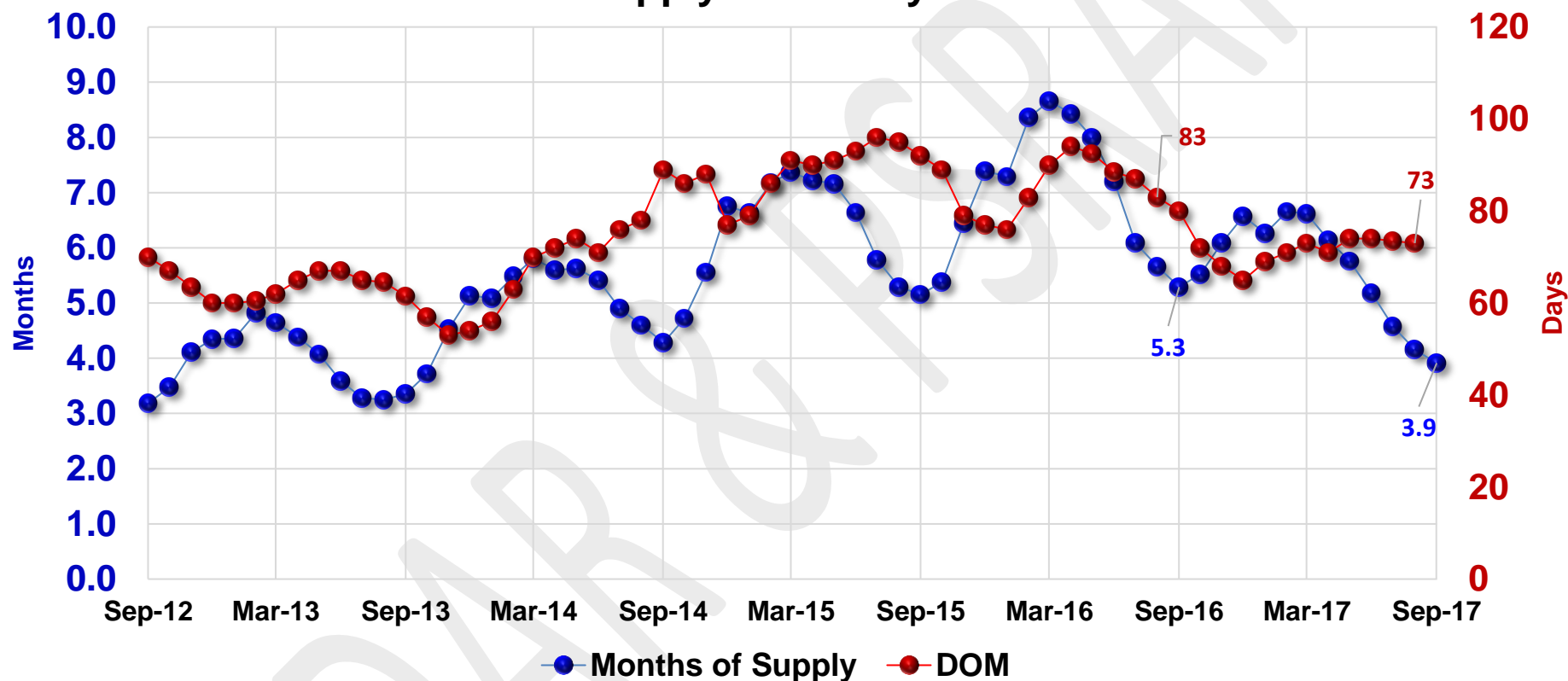
Sept 1st 2012 to Sept 1st 2017



Coachella Valley Inventory.

Inventory continues to decline. On September 1st, Valley inventory stood at 3,182 units, the lowest reading since September 1st of 2014. As the chart clearly shows September has registered the seasonal low in inventory for the last three years. Assuming that this pattern continues, we should now expect it to begin to rise as we enter the fall and winter months. However, because of rising sales, we don't expect inventory to rise beyond the 4,500 level as we move into next year's selling season.

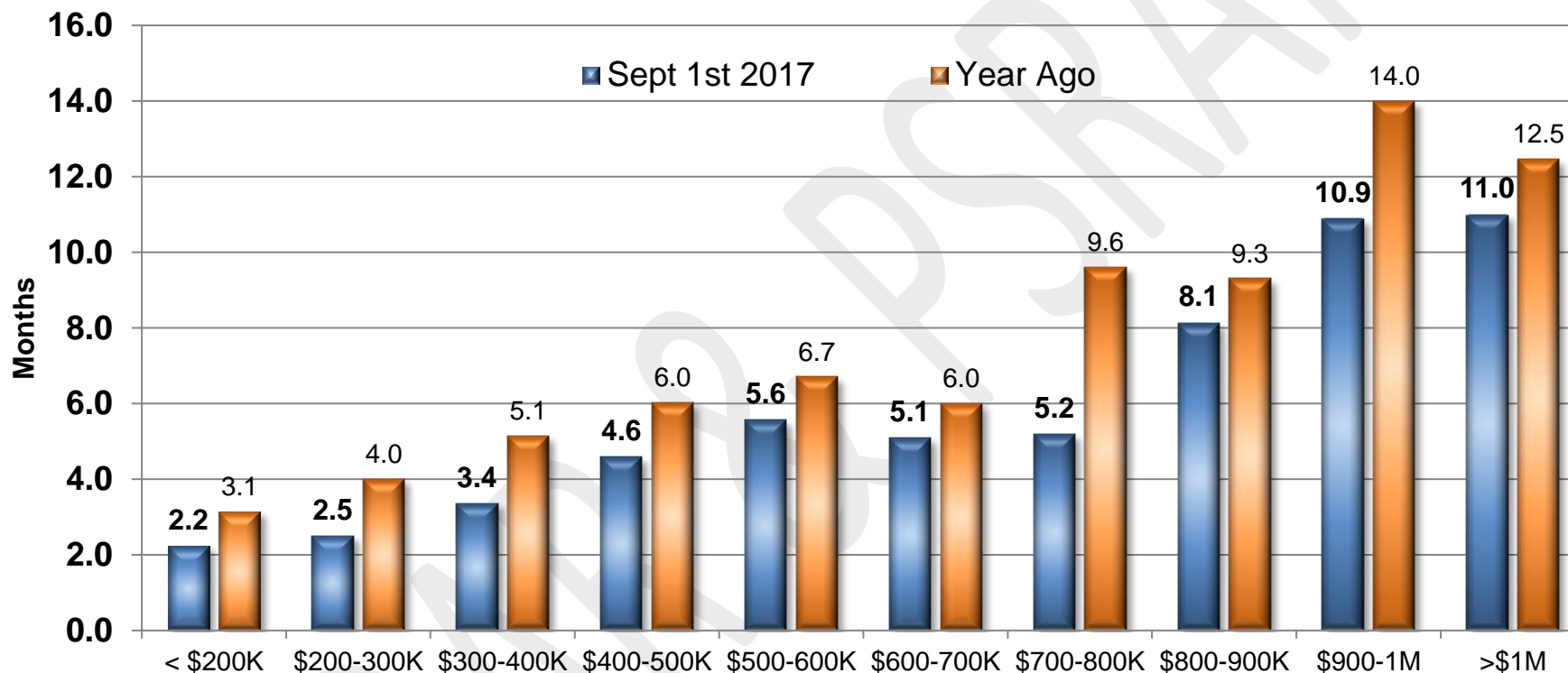
"Months of Supply" and "Days on the Market"



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

On September 1st the Valley's "months of supply" ratio reached 3.9 months, the first time it has fallen below four months since 2013! This is the combined result of lower inventory and a higher sales rate and, as we've said before, is a fundamental sign of a strong housing market. This strength is confirmed by a DOM reading of 73 days, a level it has consistently held for seven months now.

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

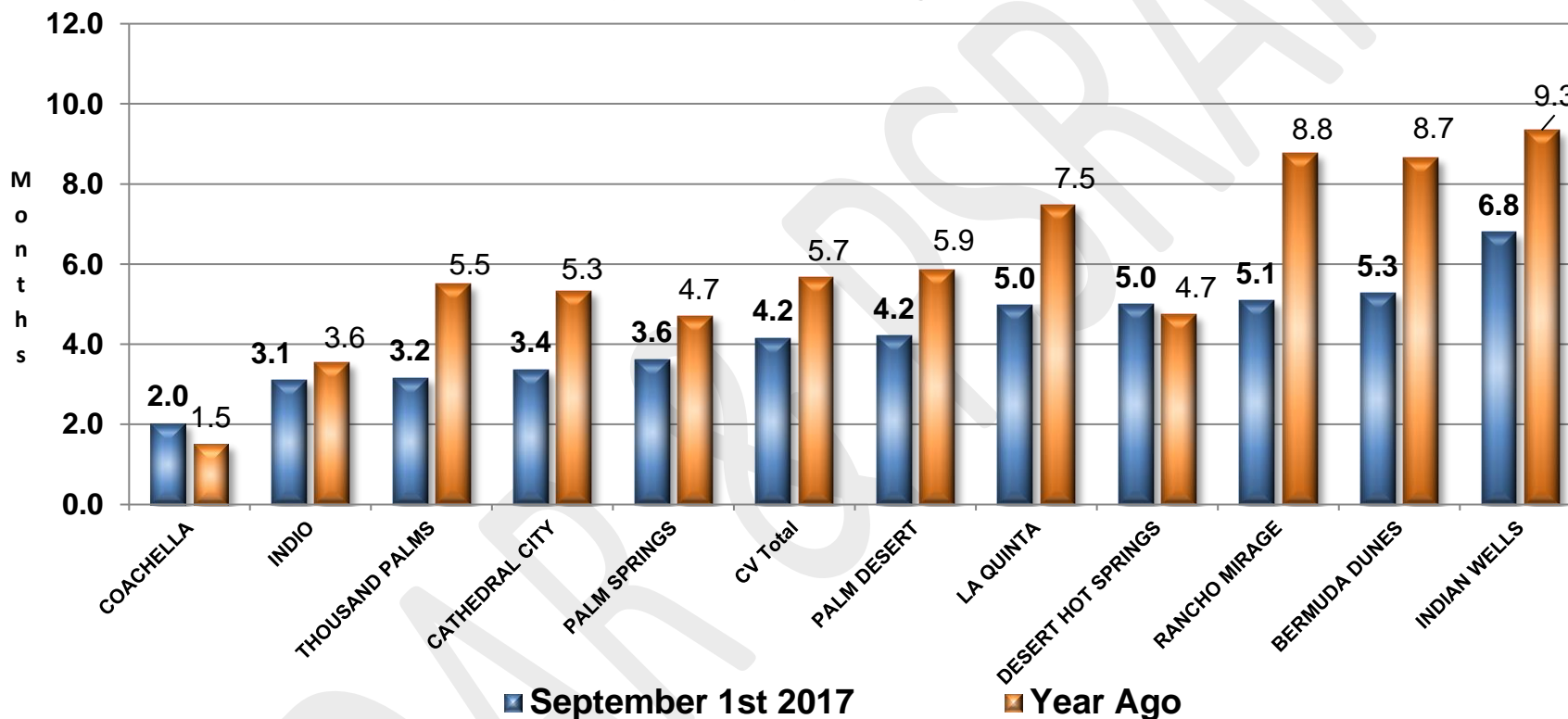


"Months of Supply" by Price Range

We see significant improvement over a year ago of "months of supply" ratios in all price brackets, especially in those price brackets above \$700k. What we especially find encouraging is that the ratio is below six months in all brackets below \$800k.

"Months of Supply" by City

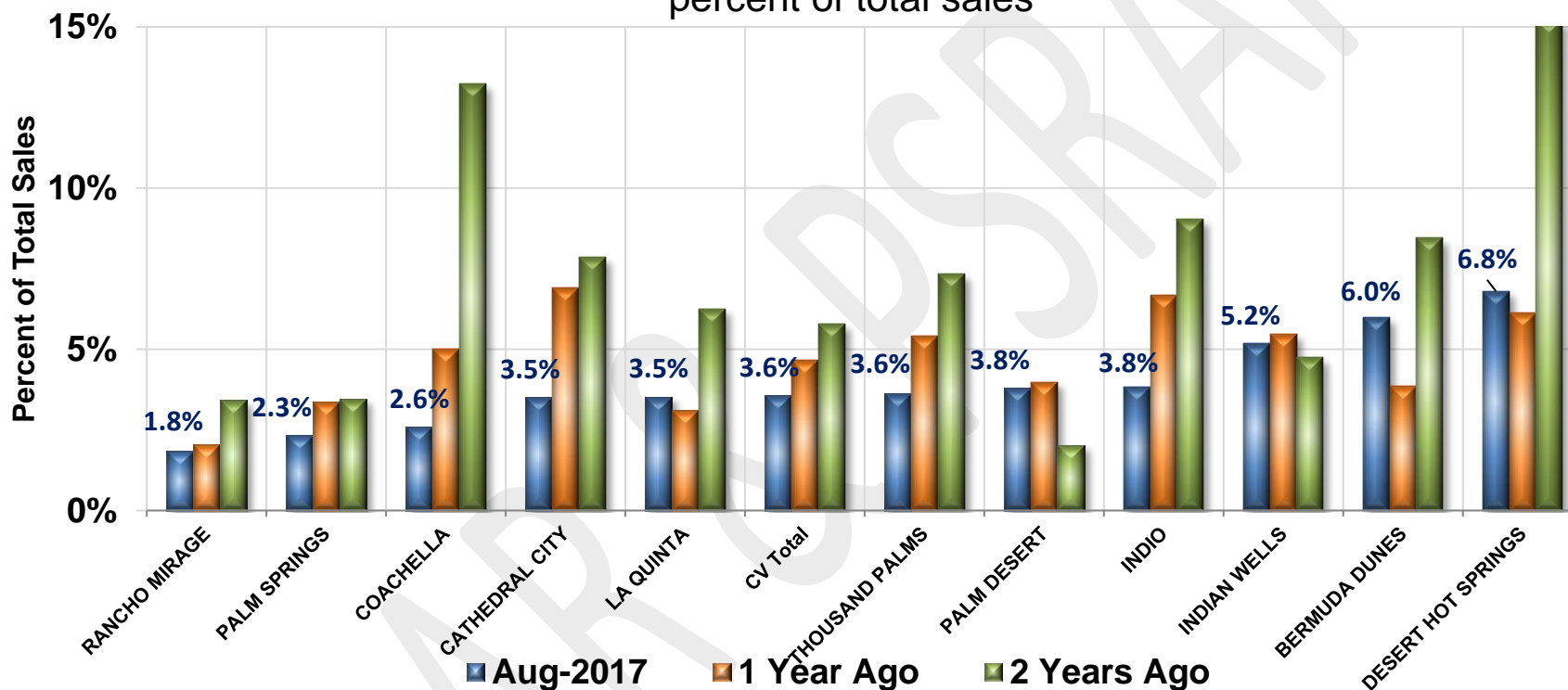
city inventory divided by average twelve month sales



"Months of Supply" by City

Except for the city of Coachella and Desert Hot Springs, the "months of supply" ratio is lower in every major city in the Valley compared to last year. In fact, on September 1st no city had a ratio higher than 6.0 months except Indian Wells. The Indian Wells ratio was 6.8 months, which is historically very low for that city since high end cities with many second homes and a median price close to \$800,000 usually have much higher ratios.

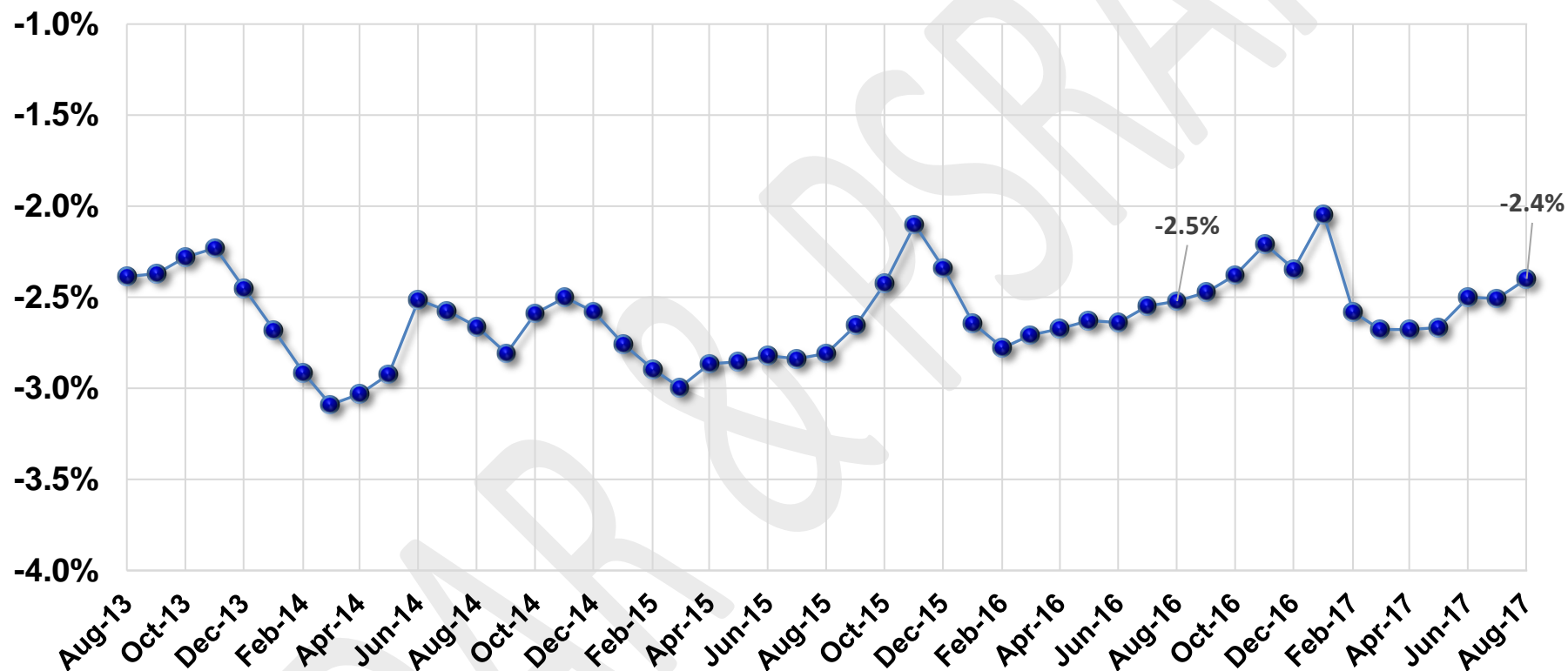
Distressed Sales by City percent of total sales



Distressed Sales by City

The Valley's distressed sales ratio in August was 3.6% and ranged from a low of 1.8% in Rancho Mirage to a high of 6.8% in Desert Hot Springs. As the chart clearly shows these ratios continue to improve compared to one and two years ago. While this problem continues to fade away in the Valley (and elsewhere) we think it best to continue showing the current ratios for two reasons: as a reminder of what past excesses can lead to, and to provide you with statistical answers to any questions potential buyers might still have along the lines of distressed property.

Sale Price Discount from List August 2017



Sale Price Discount from List

The latest "Sale Price Discount from List" is at -2.4%, which is almost the same as the discount one year ago. The current percent implies that the selling discount to a home listed for \$300,000 is approximately \$7,200.



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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 transactions over the last three months (except for Indian Wells, which is twelve 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