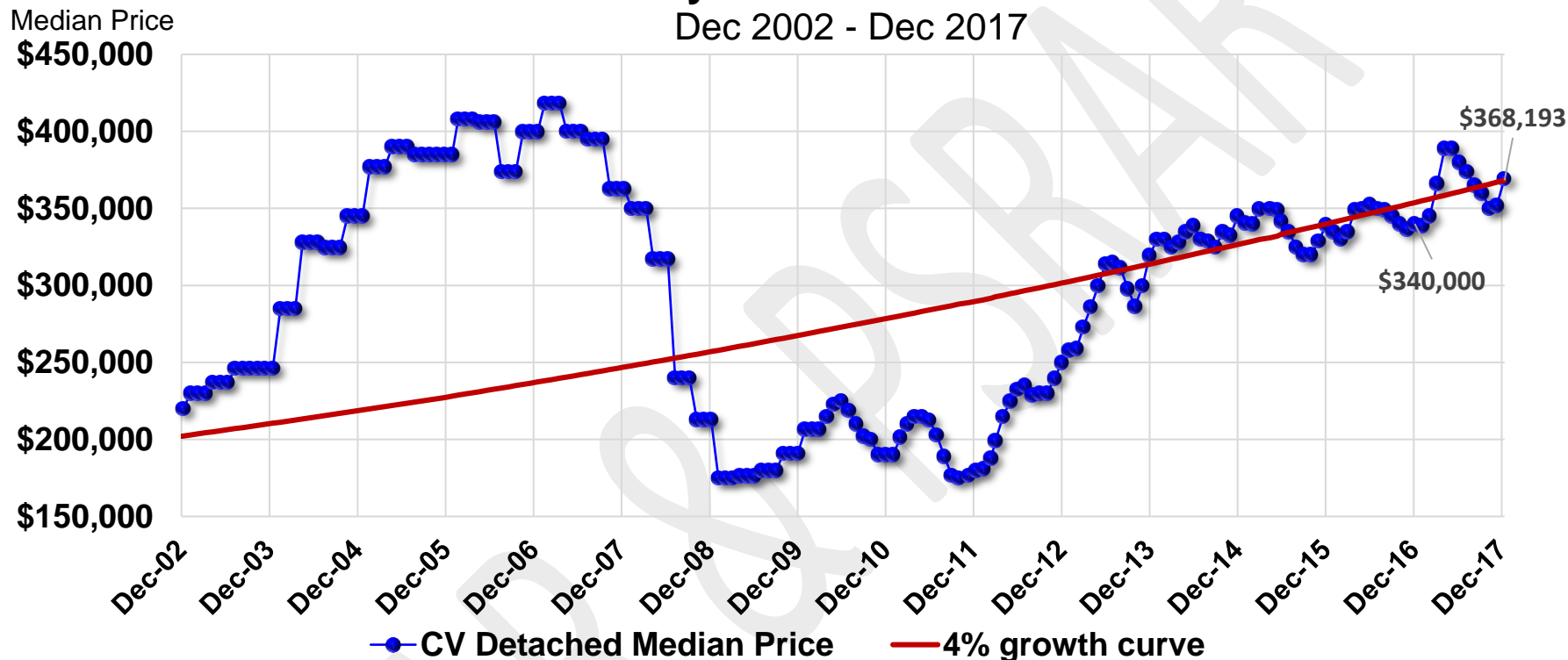


Coachella Valley Median Detached Home Price

Dec 2002 - Dec 2017



Summary

The median Valley home price increased 8.3% in 2017 and finished the year at \$368,193. As the chart clearly shows, it's been moving back and forth through the red, 4% growth curve since 2013. The median price of attached homes ended the year at \$245,000 for a 7% gain. Four cities ended the year with double digit percentage increases in detached median home prices – Desert Hot Springs, Palm Desert, Rancho Mirage and Palm Springs. It should be noted that the Palm Springs median price of \$635,000 set a new all-time high, finally exceeding the high made in 2006. The twelve month average of sales, which takes out seasonality and shows the long term trend, was consistently higher in all categories. Attached sales averaged 291 per month for 2017 while detached sales average 538 per month. This brought total sales to 829 units a month, which is the highest yearly sale's number in five years. The analysis of three month sales by price brackets shows sales under \$200k to be lower than last year by 13 units a month. Sales between \$200k and \$300k are unchanged while sales in all price brackets above \$300k are noticeably higher. In fact total sales above \$300k are exactly 22% higher than the same time last year. On January 1st of 2018, Valley inventory stood at 3,753 units. This is the sum of both detached and attached units. Last January 1st it was 4,585 units, which was 832 units higher than the current number.

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Coachella Valley Median Attached Price

Dec 2002 - Dec 2017

Median Price

\$400,000

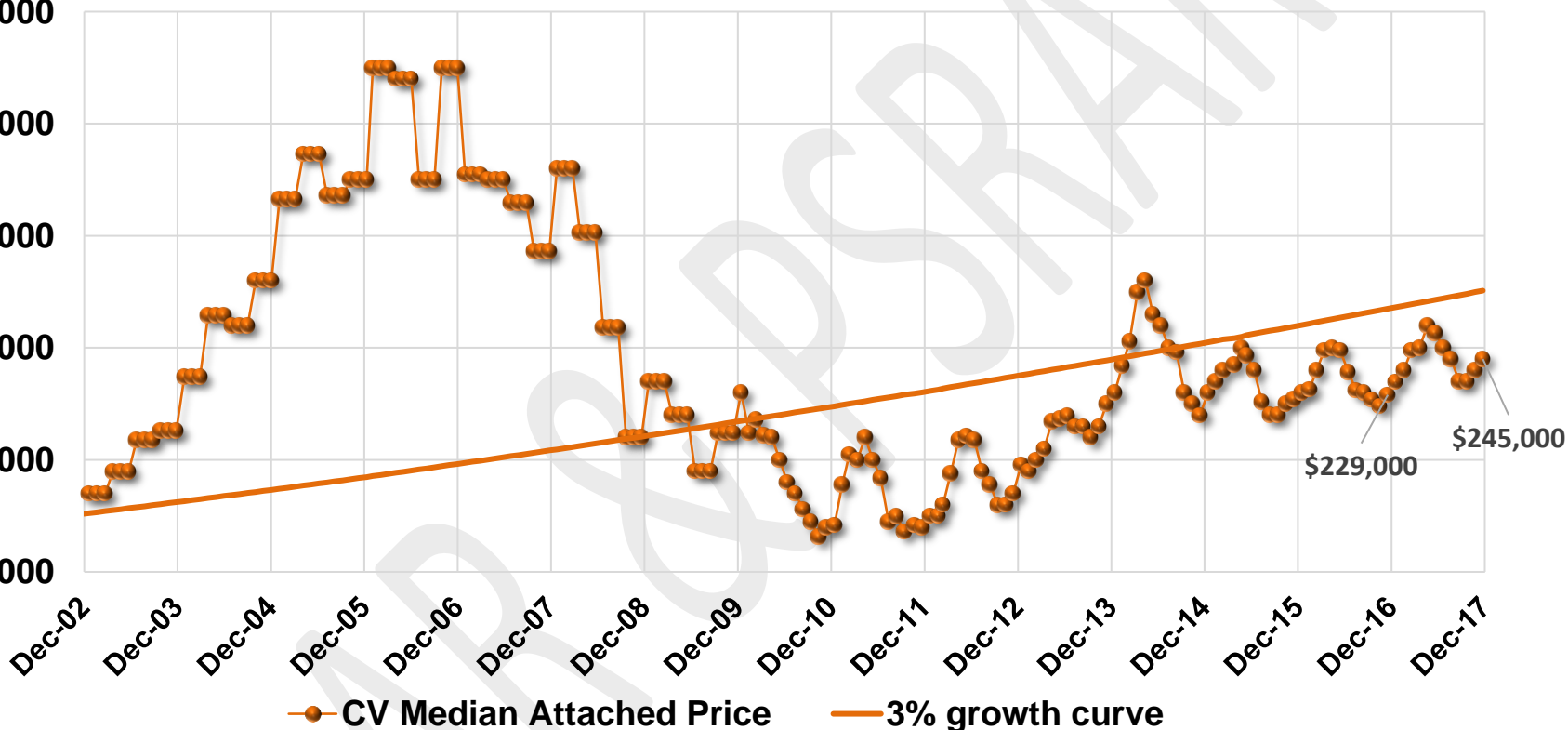
\$350,000

\$300,000

\$250,000

\$200,000

\$150,000



Coachella Valley Attached Median Price

The median price of attached homes ended the year at \$245,000 for a 7% gain. The Coachella Valley attached market has not experienced the same price increases that the detached market has over the last four years. As the chart clearly shows the median price had been moving sideways. There were signs earlier this year, however, that 2017 might end differently and it did. We believe 2018 will continue to show price increases similar to 2017.



The Desert Housing Report

December 2017



Detached Homes

	Dec-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Desert Hot Springs	\$225,000	\$185,000	21.6%	\$85,000	164.7%	\$295,000	-23.7%
Palm Desert	\$399,000	\$350,000	14.0%	\$287,000	39.0%	\$543,000	-26.5%
Rancho Mirage	\$654,000	\$580,000	12.8%	\$423,000	54.6%	\$950,000	-31.2%
Palm Springs	\$635,000	\$565,000	12.4%	\$335,000	89.6%	\$600,000	5.8%
Cathedral City	\$314,000	\$289,000	8.7%	\$139,000	125.9%	\$395,000	-20.5%
City of Coachella	\$259,500	\$245,000	5.9%	\$121,950	112.8%	\$335,000	-22.5%
Indian Wells	\$832,500	\$791,250	5.2%	\$540,000	54.2%	\$1,205,000	-30.9%
Indio	\$310,000	\$295,000	5.1%	\$158,500	95.6%	\$380,500	-18.5%
La Quinta	\$395,000	\$445,000	-11.2%	\$245,000	61.2%	\$682,020	-42.1%

Attached Homes

	Dec-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
La Quinta	\$375,500	\$292,500	28.4%	\$265,000	41.7%	\$532,500	-29.5%
Rancho Mirage	\$325,000	\$283,500	14.6%	\$260,000	25.0%	\$510,000	-36.3%
Palm Desert	\$259,950	\$247,000	5.2%	\$175,000	48.5%	\$410,000	-36.6%
Indio	\$177,500	\$169,000	5.0%	\$75,000	136.7%	\$279,000	-36.4%
Palm Springs	\$210,000	\$200,000	5.0%	\$150,000	40.0%	\$350,000	-40.0%
Desert Hot Springs	\$135,750	\$129,325	5.0%	\$86,000	57.8%	\$303,000	-55.2%
Cathedral City	\$153,000	\$162,000	-5.6%	\$107,500	42.3%	\$270,500	-43.4%
Indian Wells	\$365,000	\$431,000	-15.3%	\$321,500	13.5%	\$557,500	-34.5%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

12 Month Change in City Median Prices

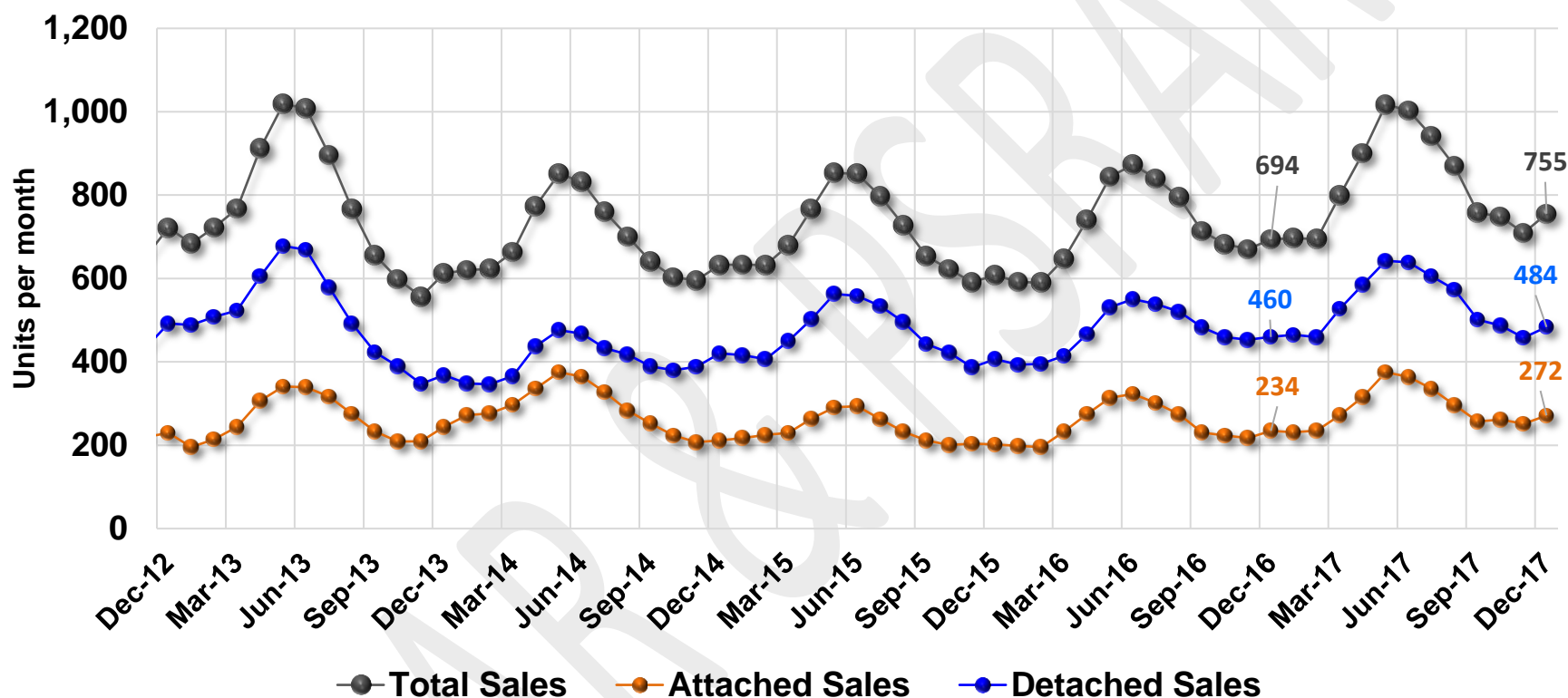
Four cities ended the year with double digit percentage increases in detached median home prices – Desert Hot Springs, Palm Desert, Rancho Mirage and Palm Springs. It should be noted that the Palm Springs median price of \$635,000 set a new all-time high, finally exceeding the high made in 2006. Only La Quinta showed a negative change, which seemed strange to us so we investigated. We found that while the median price decreased, the median price per sq. ft. actually increased by 4% and was a better representation of the La Quinta market. The price decline was due to a rare statistical anomaly caused by the wide variation in home sizes and prices throughout La Quinta.

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Detached, Attached and Total Sales

3 month moving average

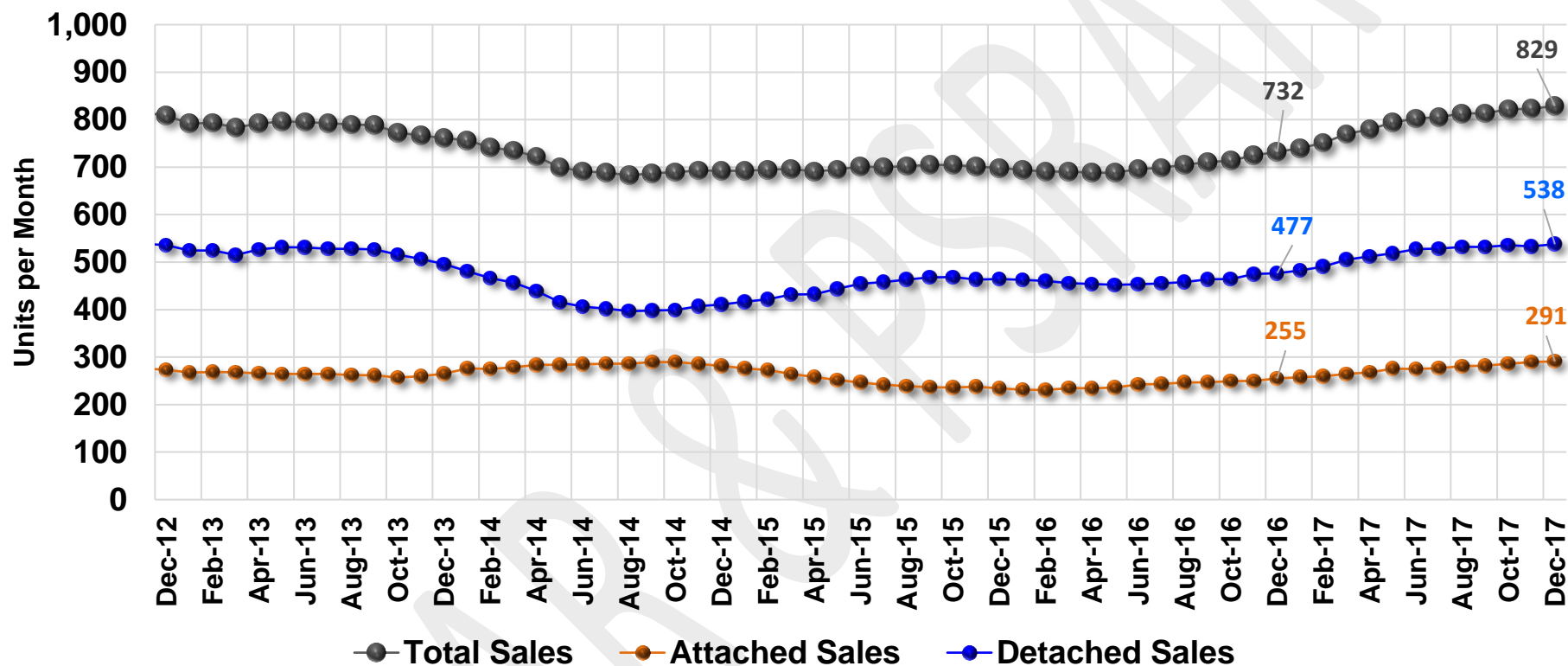


Monthly Sales – 3 month trailing avg.

The three month moving average of total home sales in December was 755 units per month which was 8.8% higher than the average at the end of 2017. This continues the pattern established last year when total sales at the end of 2016 were 14% higher than 2015. Detached sales in December were 5.2% higher than last year while attached were 16.2% higher. Overall detached homes account for 64% of the total while attached homes account for 36%.

Detached, Attached and Total Sales

12 month moving average

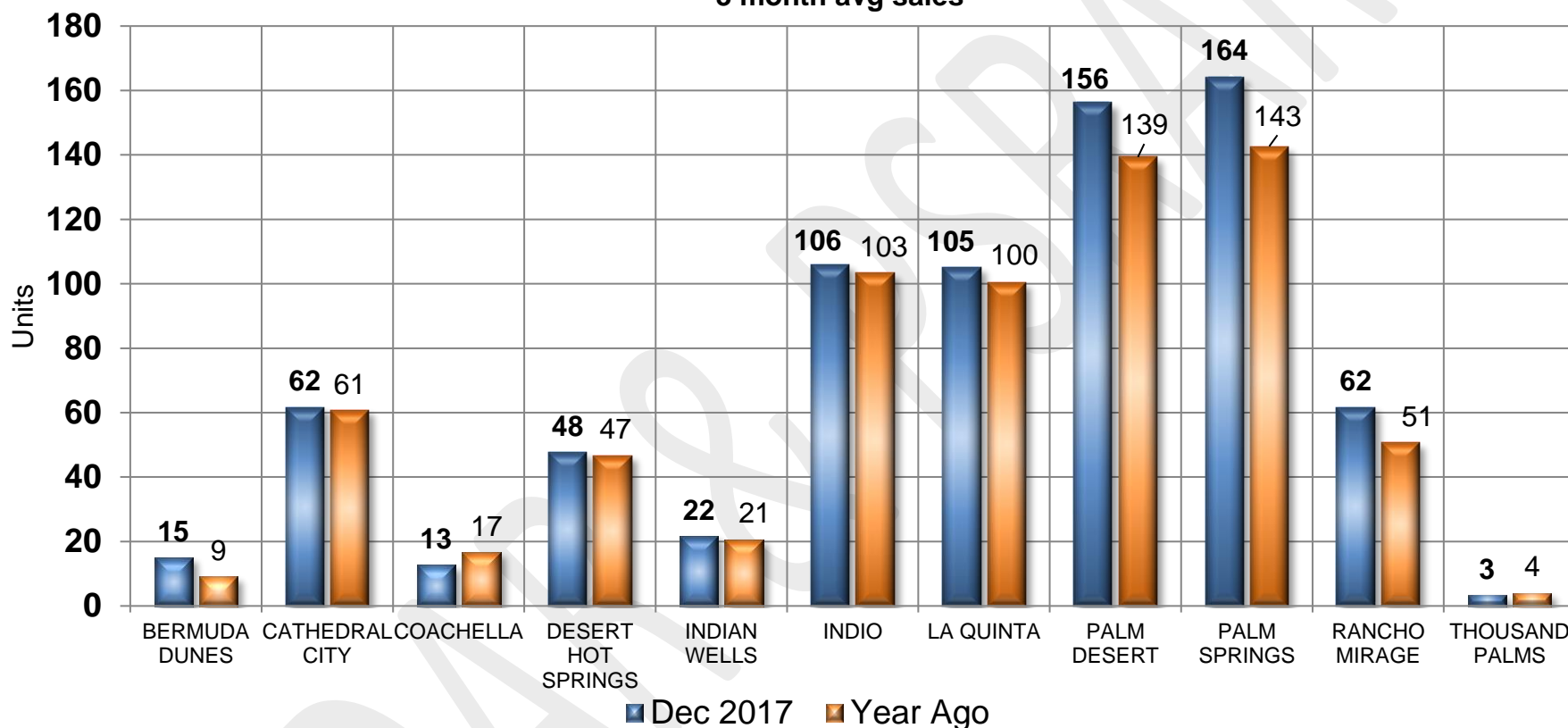


Monthly Sales – 12 month trailing avg.

The twelve month average of sales, which takes out seasonality and shows the long term trend, was consistently higher in all categories. Attached sales averaged 291 per month for 2017 while detached sales average 538 per month. This brought total sales to 829 units a month, which is the highest yearly sales number on the five year chart. Attached sales in 2017 were 14.1% higher than 2016, detached were 12.8% higher and total sales were 13.2% higher.

Home Sales by City

3 month avg sales

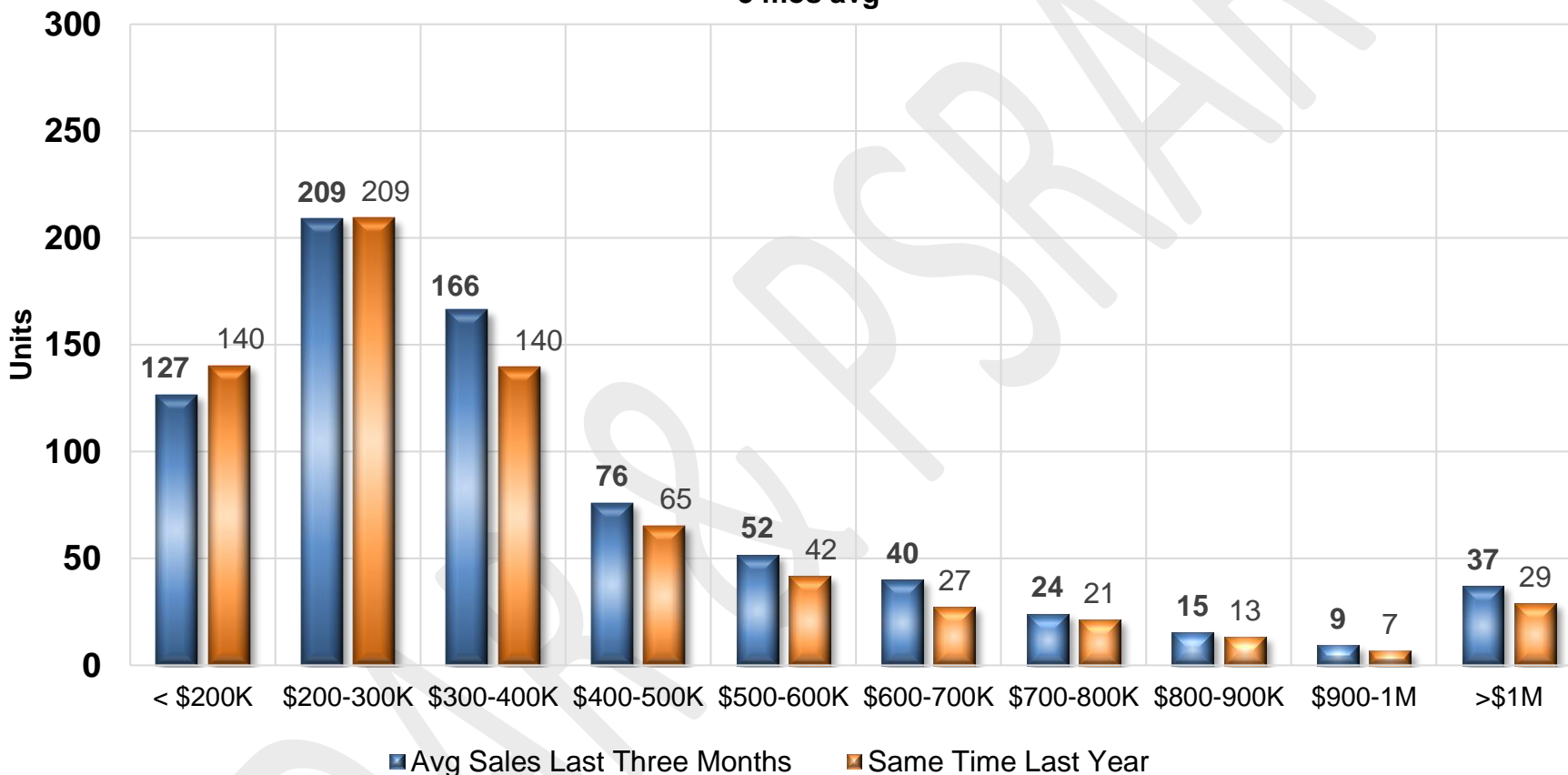


Home Sales per month by City

Nine cities show higher three month sales compared to a year ago, while two cities have lower sales. The two with lower sales are Coachella and Thousand Palms. The four cities with the largest percent increases over last year are Bermuda Dunes, Palm Springs, Palm Desert and Rancho Mirage.

Home Sales by Price Range

3 mos avg

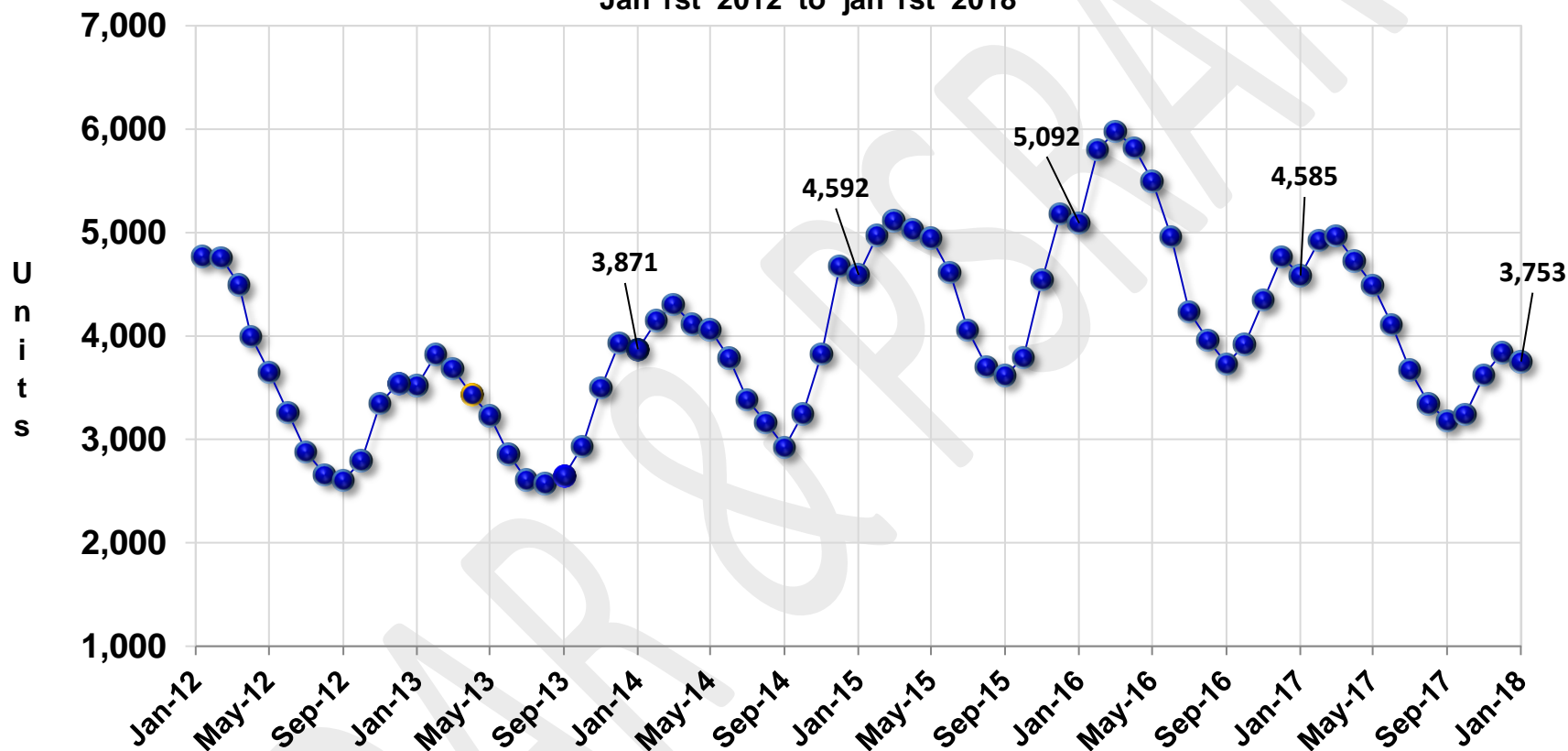


Home Sales by Price Range

The analysis of three month sales by price brackets shows sales under \$200k to be down 13 units a month due to the lack of supply in this price range. Sales between \$200k and \$300k are unchanged while sales in all price brackets above \$300k are noticeably higher. In fact total sales above \$300k are exactly 22% higher than the same time last year. Of particular note are sales over one million dollars, which are 27% above December of 2016.

Valley Housing Inventory

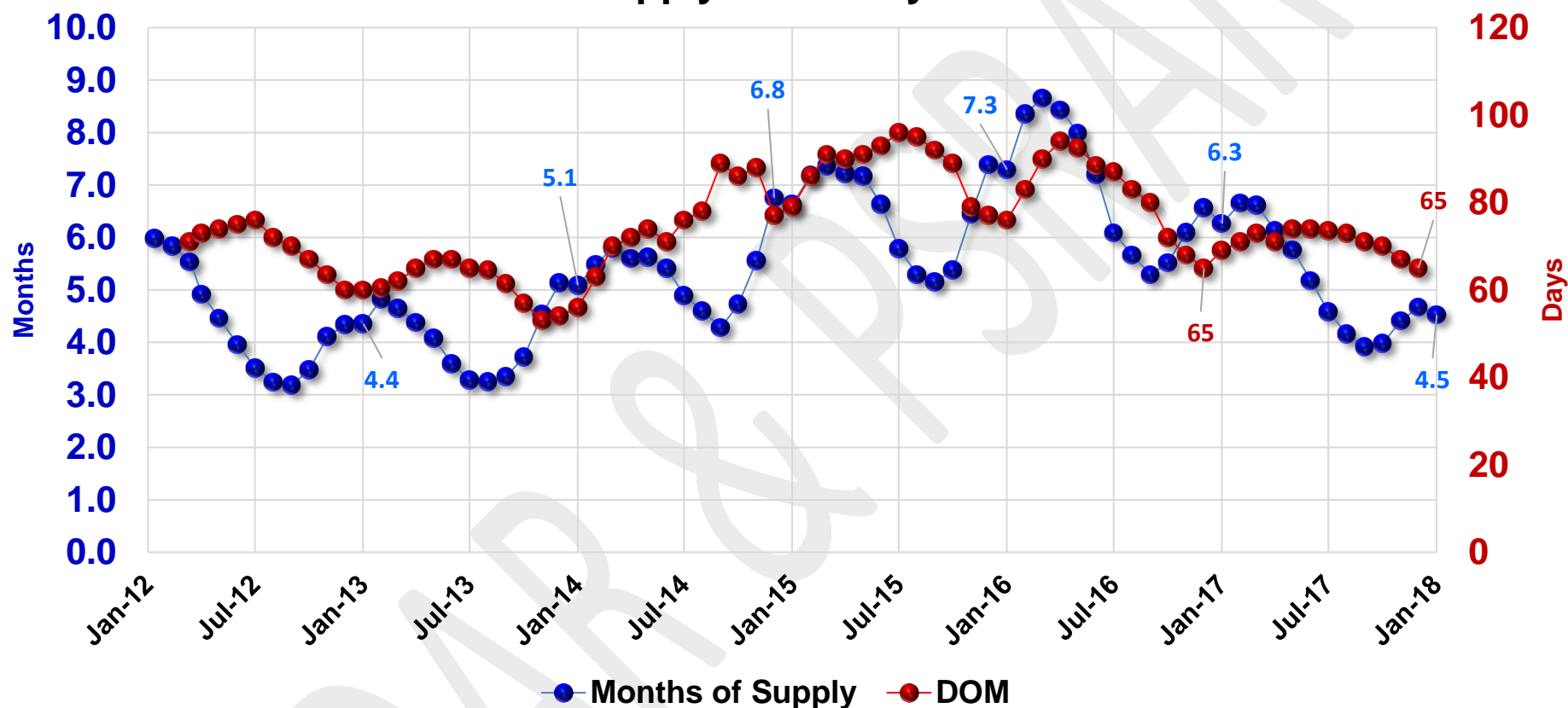
Jan 1st 2012 to Jan 1st 2018



Coachella Valley Inventory.

On January 1st of 2018, Valley inventory stood at 3,753 units. This is the sum of both detached and attached units. Last January 1st it was 4,585 units, which was 832 units higher than the current number. The six year inventory chart above shows that the current reading is the lowest January 1st inventory number in the last five years. This positive situation is primarily the result of consistently higher sales helping prevent any inventory buildup.

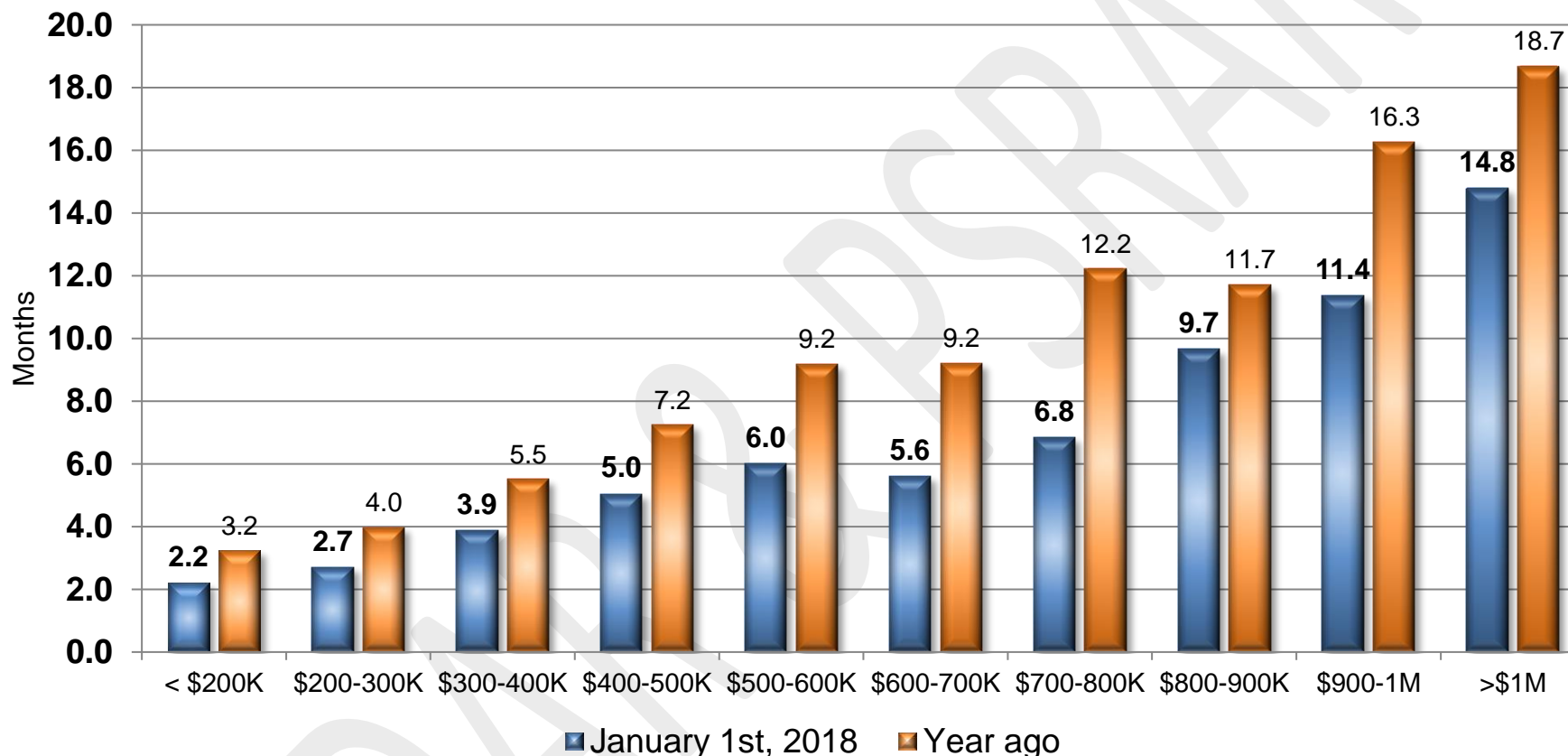
"Months of Supply" and "Days on the Market"



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

The January 1st "months of supply" ratio (inventory divided by the average of twelve month sales) was 4.5 months. As the above chart clearly shows this is the lowest reading since January 2013. Historically speaking, this is a low reading for the Coachella Valley. The median value of DOM in December was 65 days, which closely matches last year and is also near historical lower levels.

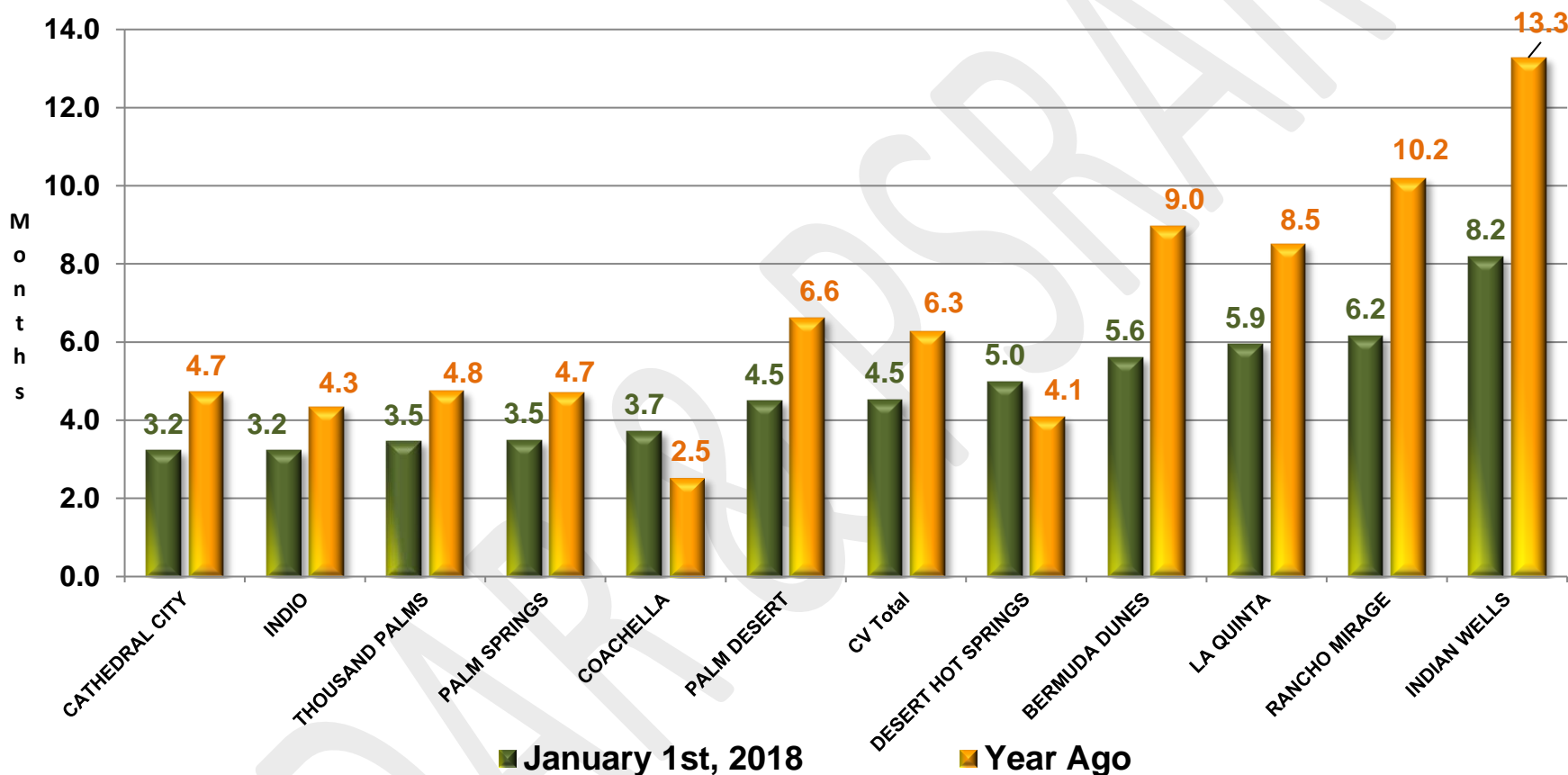
"Months of Supply" by Price Range uses avg. twelve month sales



"Months of Supply" by Price Range

The positive fact that regional "months of supply" is significantly lower than the last year is reinforced by the fact that "months of supply" ratio is lower in all price brackets. This is especially true in price ranges from \$400k to \$800k. In fact, the ratio is almost 50% less (6.8 months vs 12.2 months) in the 700k to 800k price bracket. This said, we would like to see the ratio improve a little more for homes priced over one million dollars.

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

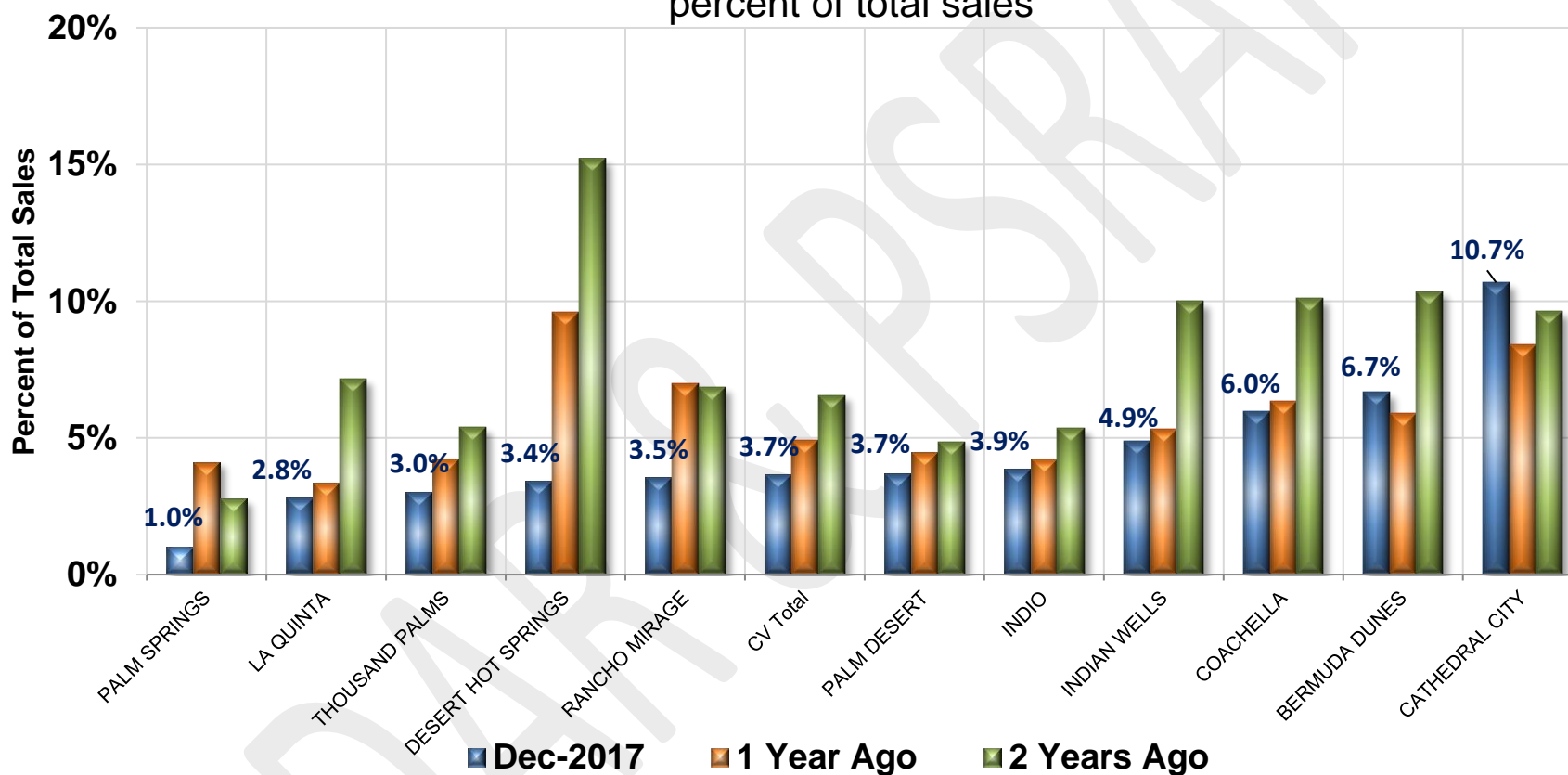


"Months of Supply" by City

Of the twelve cities in the Coachella Valley region, ten have lower "months of supply" ratios compared to last year while two – Coachella and Desert Hot Springs - are higher. The cities with the largest improvement are Palm Desert (4.5 vs 6.6), Bermuda Dunes (5.6 vs 9), La Quinta (5.9 vs 8.5), Rancho Mirage (6.2 vs 10.2) and Indian Wells (8.2 vs 13.3).

Distressed Sales by City

percent of total sales

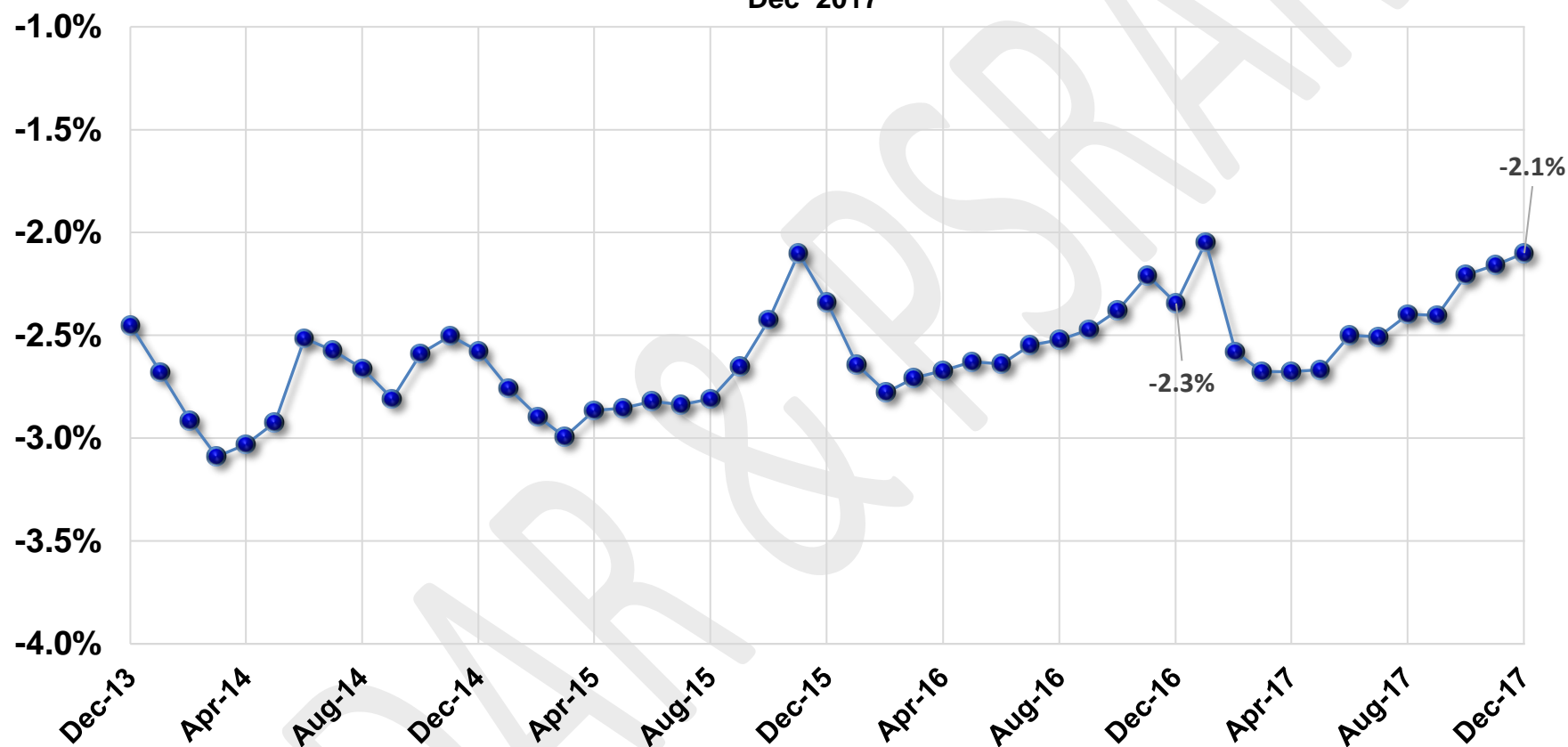


Distressed Sales by City

The Valley's distressed sales ratio in December was 3.7%, which is .3% less than November. All the major cities except Bermuda Dunes and Cathedral City have distress ratios lower than a year ago. As the chart clearly shows, while the distress ratio is just marginally above a year ago, improvement continues month after month at a slow and steady pace.

Sale Price Discount from List

Dec 2017



Sale Price Discount from List

The latest "Sale Price Discount from List" is -2.1%, which is .2% less than last year. This ratio means an average home listed for \$300,000 sold in December at a \$6,300 discount from its list price.



The Desert Housing Report

December 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 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