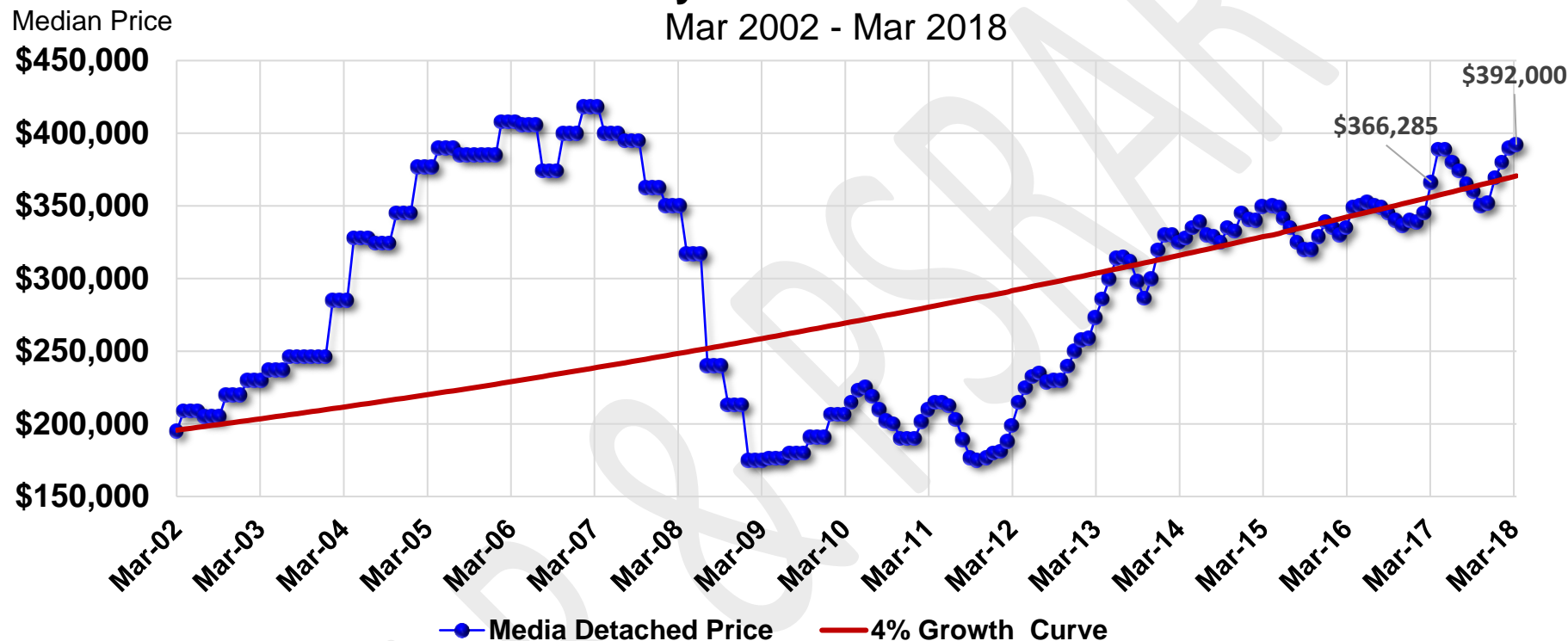


Coachella Valley Median Detached Home Price

Mar 2002 - Mar 2018

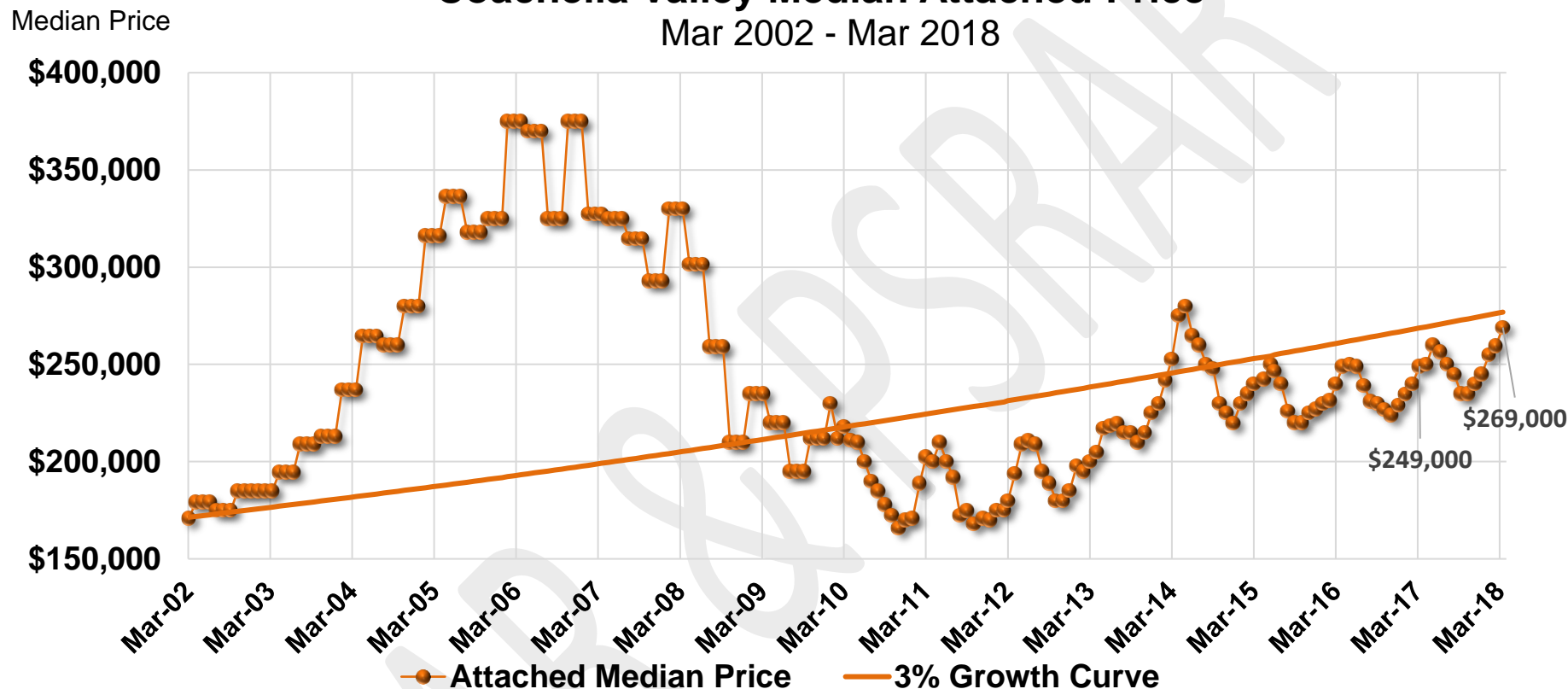


Summary

The median detached home price in March was \$392,000. This compares to last March's price of \$366,285, which is a 7% year over year improvement and the highest median price since the summer of 2007. The median price of attached homes in March rose to \$269,000, which represents an 8% trailing 12 month gain. The average of three month sales continues to increase over last year but at a declining rate. The twelve month average of total sales in March was 819 units a month, which is only 2.5% above last year. With seasonality taken out, total Valley sales should consistently average about 834 units a month. Detached home sales should average about 540 units a month, while attached sales should average about 300 units a month. This would produce a sales mix of 36% attached and 64% detached homes. With low inventory and higher sales, the "months of supply" ratio on April 1st was at a very low 4.5 months. This is the lowest ratio since April 1st 2013. The seasonal pattern now indicates the ratio should decline even more into late summer and early autumn, possibly declining to under three months. If it does it should provide strong, technical support for home prices during the normally weak summer months.

Coachella Valley Median Attached Price

Mar 2002 - Mar 2018



Coachella Valley Attached Median Price

The median price of attached homes in March rose to \$269,000, which represents an 8% trailing 12 month gain. Although it may be hard to see in the chart, this is strong price improvement over the last two years and brings overall long term gains close to the 3% per year growth curve. There is a strong seasonal pattern to attached prices that the graph does clearly show, and that price improvement usually starts in September and continues through May. Because of this pattern, we expect the median price to continue higher for another month or two, possibly reaching \$275,000.

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Detached Homes

	Mar-18	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Cathedral City	\$325,000	\$277,700	17.0%	\$139,000	133.8%	\$395,000	-17.7%
Desert Hot Springs	\$217,500	\$194,000	12.1%	\$85,000	155.9%	\$295,000	-26.3%
Palm Springs	\$646,750	\$584,000	10.7%	\$335,000	93.1%	\$600,000	7.8%
Palm Desert	\$411,000	\$375,000	9.6%	\$287,000	43.2%	\$543,000	-24.3%
Indio	\$315,000	\$290,000	8.6%	\$158,500	98.7%	\$380,500	-17.2%
City of Coachella	\$249,900	\$236,000	5.9%	\$121,950	104.9%	\$335,000	-25.4%
Rancho Mirage	\$682,500	\$668,000	2.2%	\$423,000	61.3%	\$950,000	-28.2%
La Quinta	\$500,000	\$500,000	0.0%	\$245,000	104.1%	\$682,020	-26.7%
Indian Wells	\$855,000	\$965,000	-11.4%	\$540,000	58.3%	\$1,205,000	-29.0%

Attached Homes

	Dec-17	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Desert Hot Springs	\$180,000	\$118,750	51.6%	\$86,000	109.3%	\$303,000	-40.6%
Indio	\$190,750	\$148,750	28.2%	\$75,000	154.3%	\$279,000	-31.6%
Cathedral City	\$182,500	\$145,000	25.9%	\$107,500	69.8%	\$270,500	-32.5%
Palm Desert	\$275,000	\$240,000	14.6%	\$175,000	57.1%	\$410,000	-32.9%
Rancho Mirage	\$315,000	\$279,000	12.9%	\$260,000	21.2%	\$510,000	-38.2%
Palm Springs	\$251,000	\$234,000	7.3%	\$150,000	67.3%	\$350,000	-28.3%
La Quinta	\$304,500	\$327,500	-7.0%	\$265,000	14.9%	\$532,500	-42.8%
Indian Wells	\$361,000	\$399,500	-9.6%	\$321,500	12.3%	\$557,500	-35.2%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

12 Month Change in City Median Prices

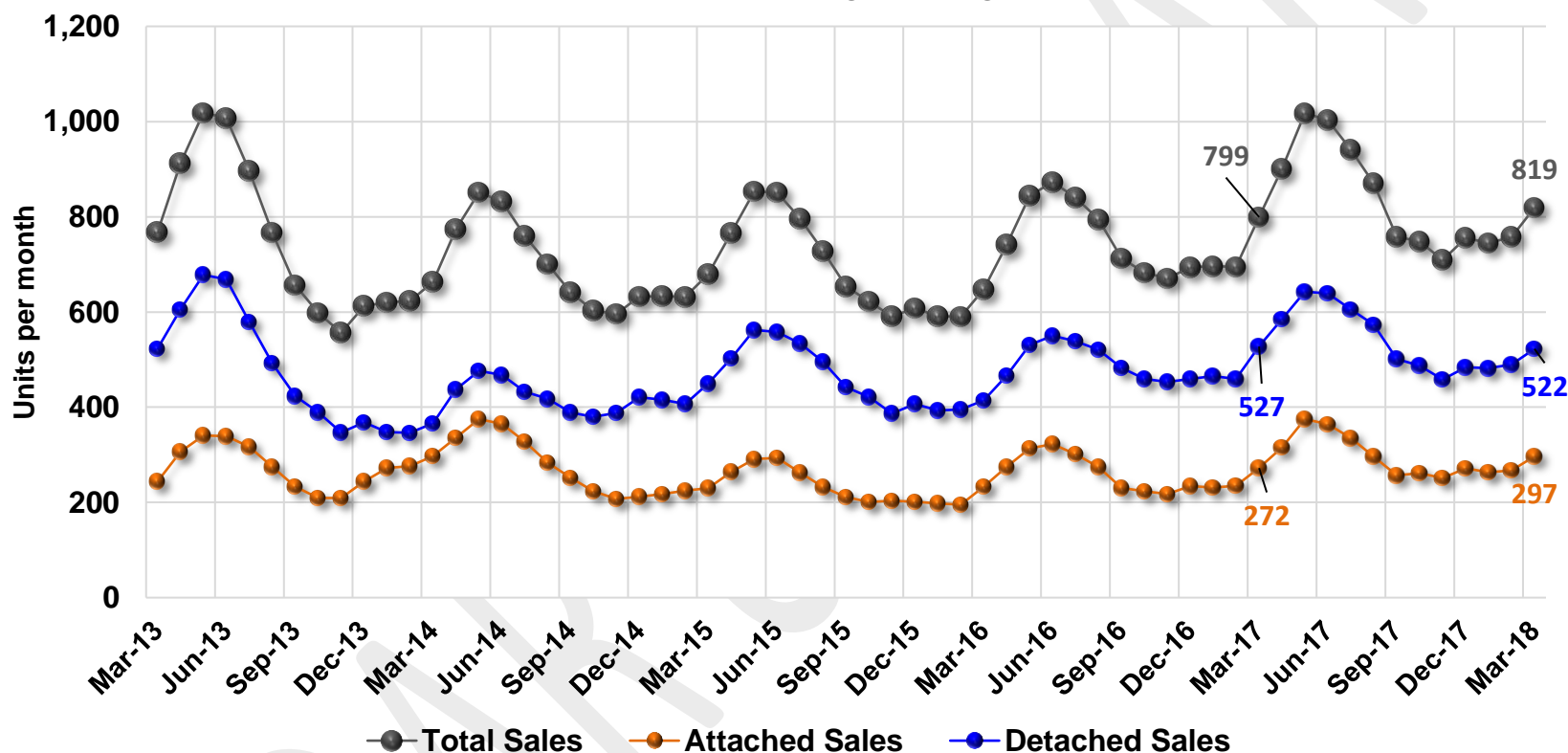
The median prices for Cathedral City and Desert Hot Springs continue to show strong year over year gains, which we believe is a sign that many local households are finally recovering from the financial crisis and are beginning to swing back from renting to owning. Palm Springs, with a median price now 7.8% above it previous all-time high of \$600,000, is still ahead of the other major cities. However, we think the other cities are in the process of rapidly catching up and could also approach their all-time highs relatively soon. Attached prices in Palm Desert and Rancho Mirage are finally showing stronger price recovery.

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Detached, Attached and Total Sales

3 month moving average

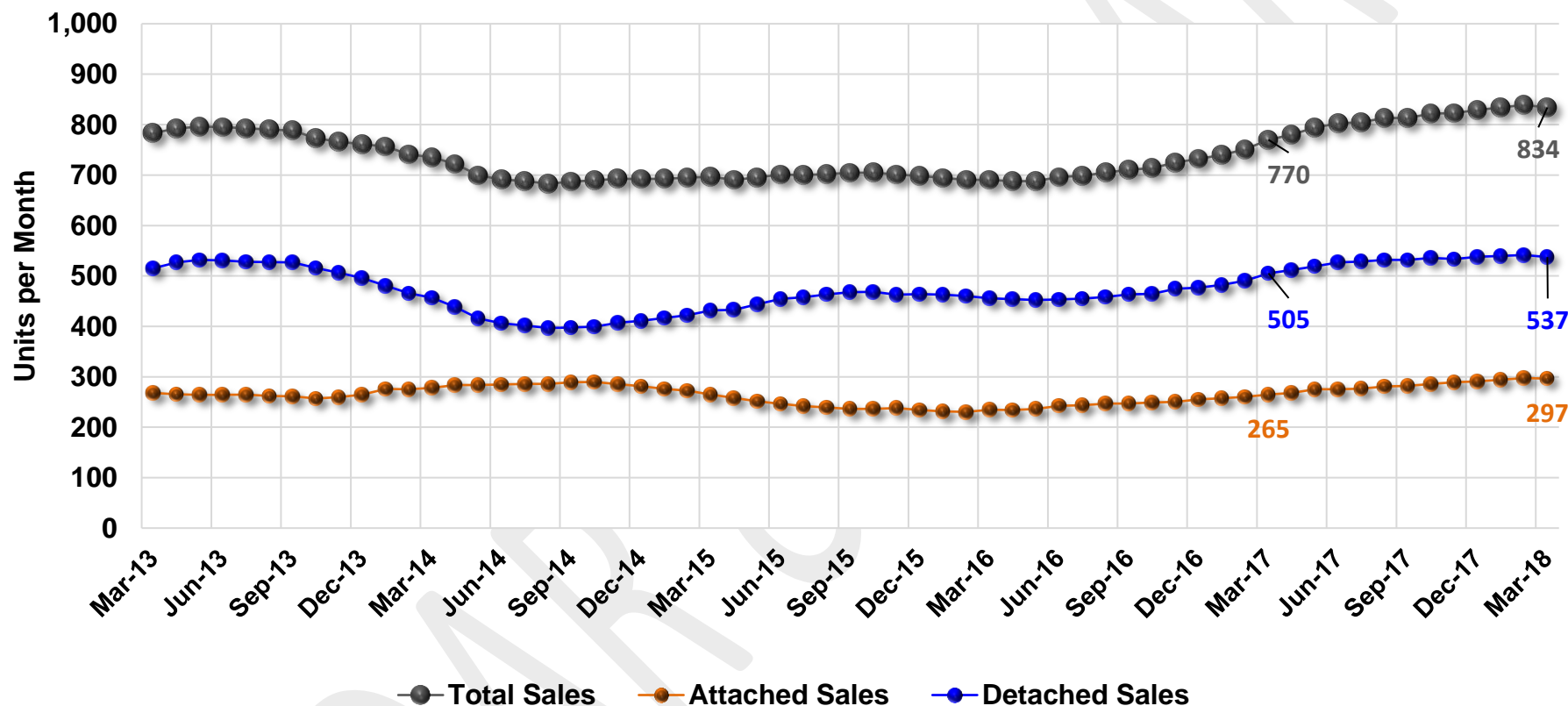


Monthly Sales – 3 month trailing avg.

The average of “three month sales” continues to increase over a year ago, but at a declining rate. The average of total sales in March was 819 units a month, which is only 2.5% above last year. This just means the increasing double digit sales gains we saw over the last year and a half is slowing. This doesn’t imply sales will decline. On the contrary, it just means long term sales will probably stay around their current high levels for a while.

Detached, Attached and Total Sales

12 month moving average

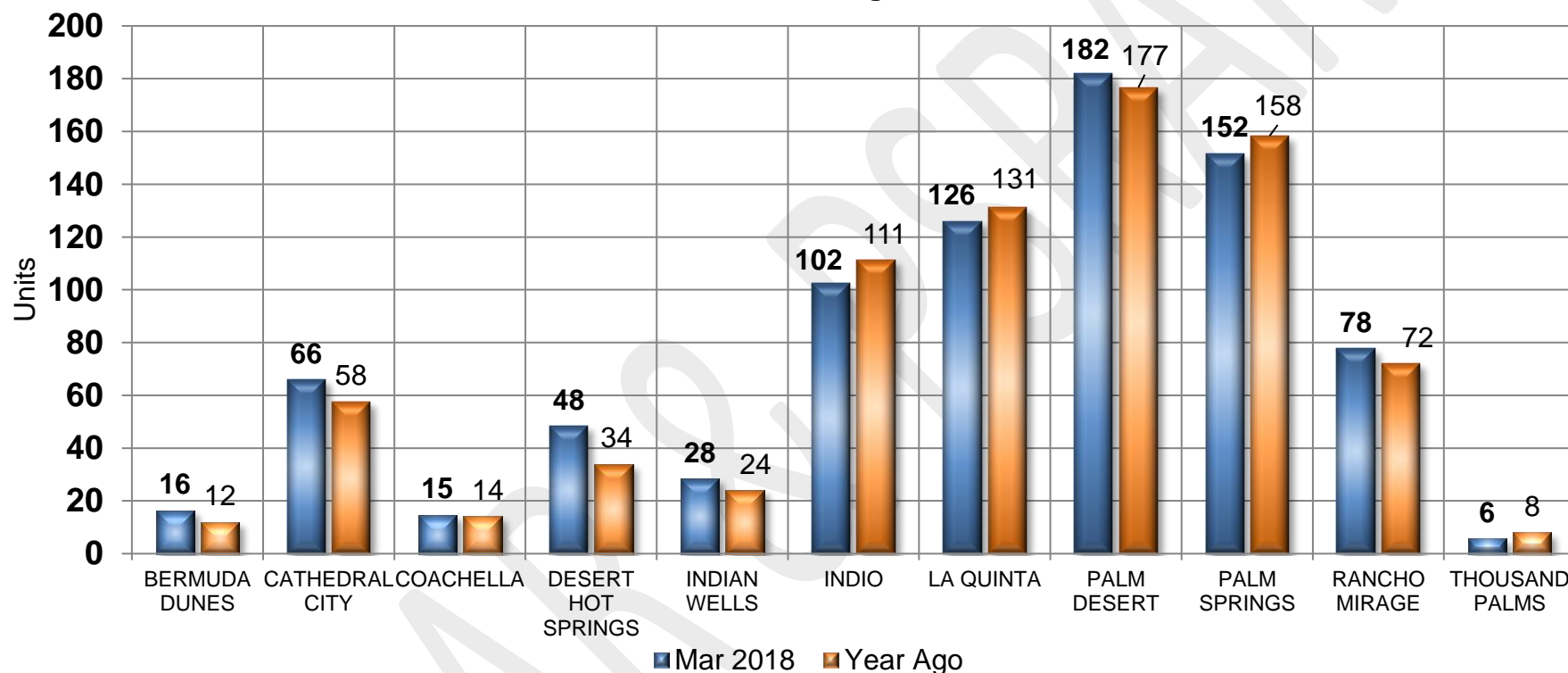


Monthly Sales – 12 month trailing avg.

This chart shows average trailing 12 month sales over the last five years. Total Valley sales in March had a twelve month average of 834 units a month. Detached home sales averaged 537 units a month, while attached sales averaged 297 units a month. This produces a sales mix of 36% attached and 64% detached homes. The increase in average sales from 770 units a month to 834 is the factor that has been driving inventory lower over the last twelve months.

Home Sales by City

3 month avg sales

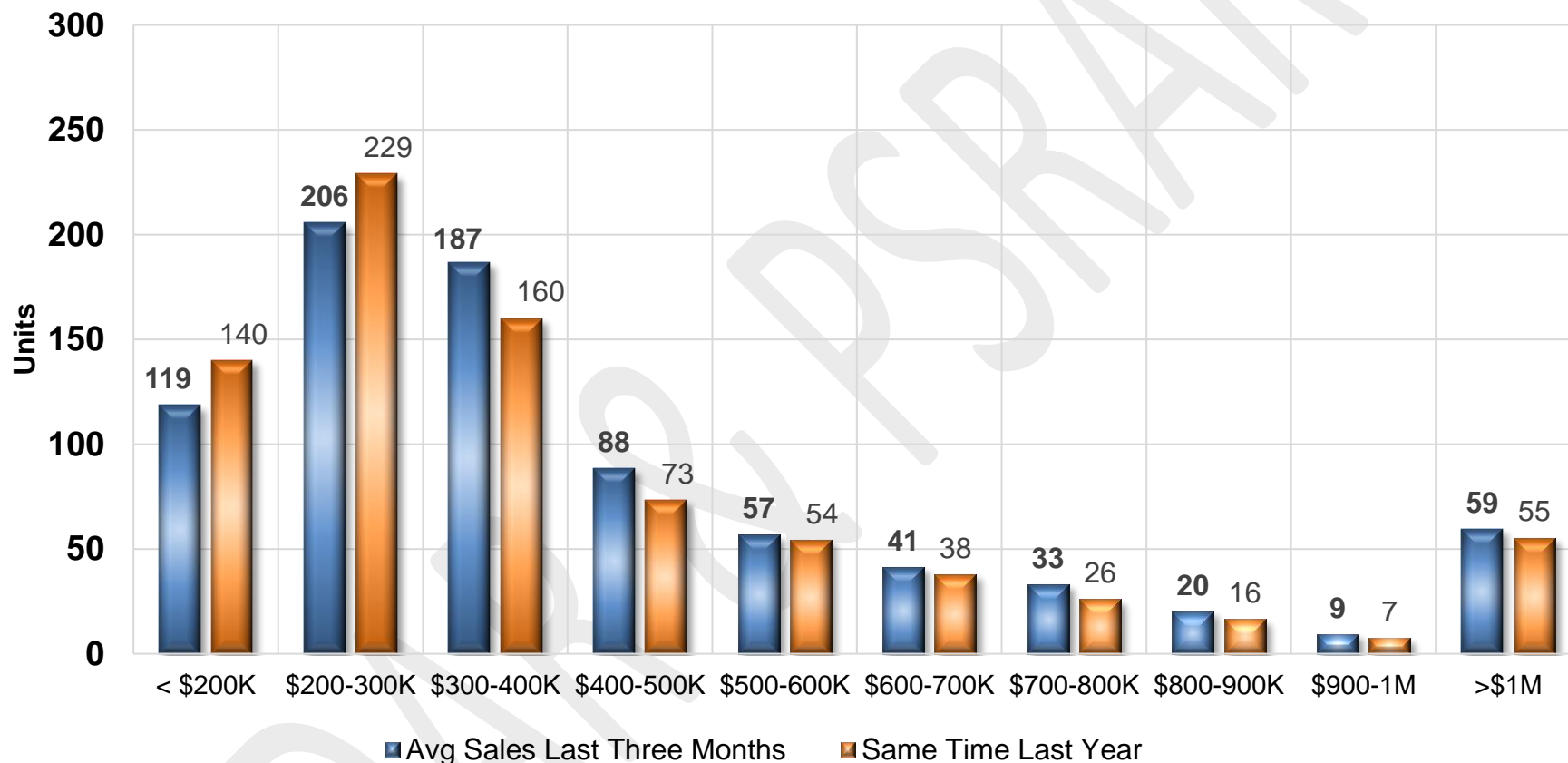


Home Sales per month by City

Four cities now have sales slightly lower than last year – Palm Springs, La Quinta, Indio and Thousand Palms. It should be noted that the difference is very small. For example, sales in Palm Springs are only 4% less. The two cities with the largest year over year increase in sales are Cathedral City and Desert Hot Springs. Currently Palm Desert has the largest monthly sales of the eleven cities at 182 units a month.

Home Sales by Price Range

3 mos avg

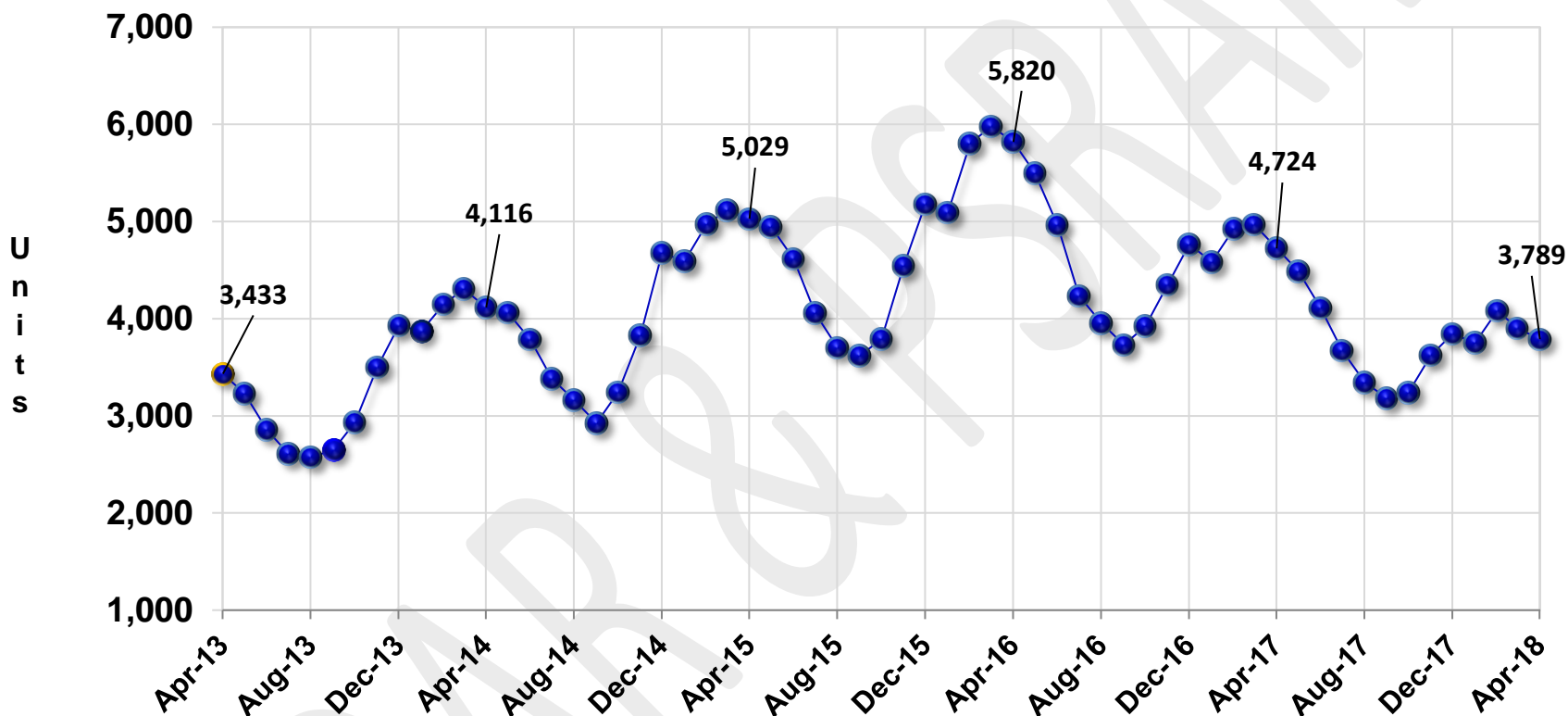


Home Sales by Price Range

We see higher sales compared to a year ago in all price brackets over \$300k and, because inventory is so light, lower sales in the two price brackets under \$300k. The percent sales increase tends to get larger the higher the price bracket. For example, between \$600k and 700k sales are up 8%, while between \$700k and \$900k they're up 25%. Sales of home over one million dollars are up 7%.

Valley Housing Inventory

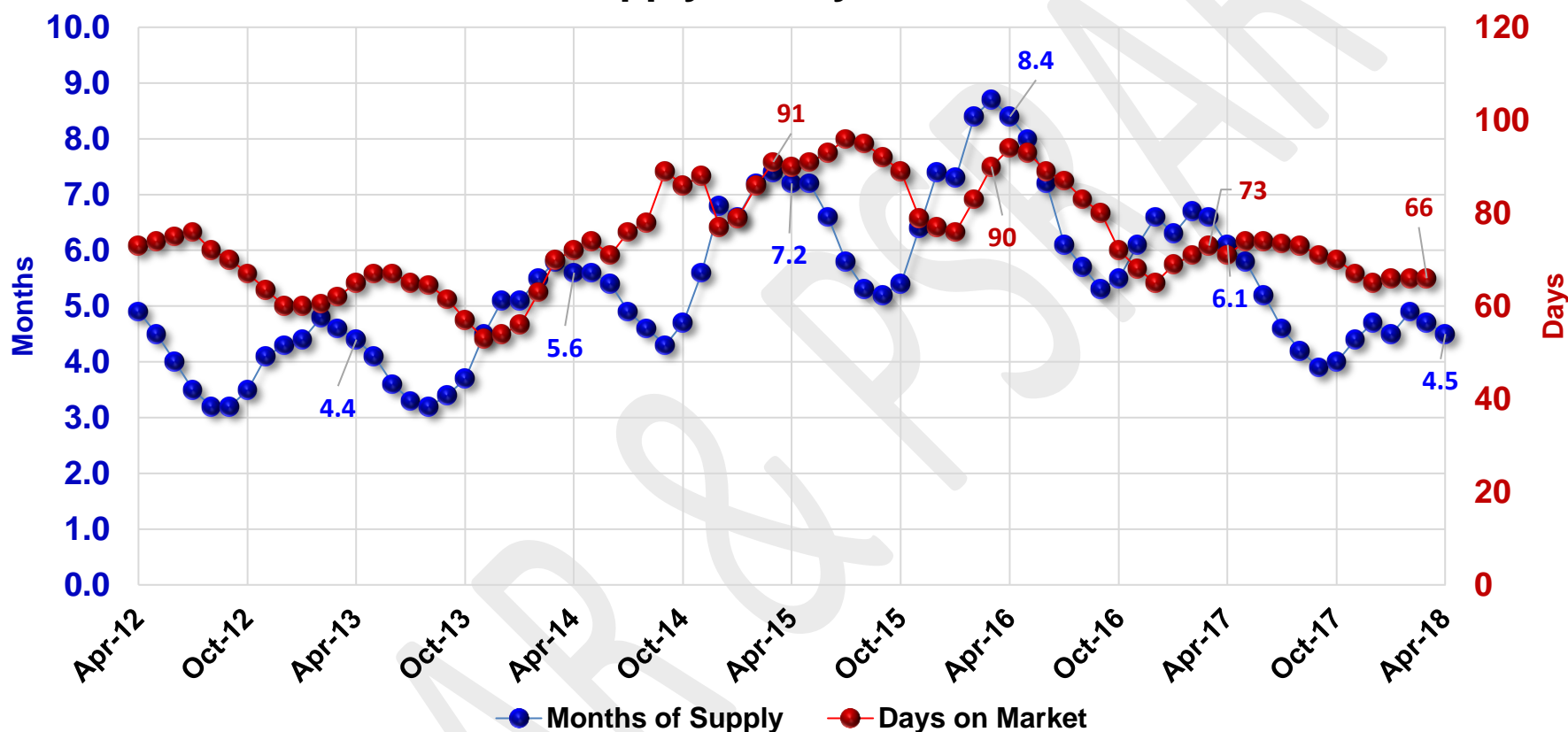
Apr 1st 2013 to Apr 1st 2018



Coachella Valley Inventory

Market Watch has always tried to be conservative in its outlooks or predictions for Valley housing but it's hard to remain conservative in the face of the strong inventory pattern we see in the above chart. For one, April inventory numbers have been about 1,000 units less than the prior year for two years now. But the second - and probably more important - factor is that the increase in inventory that occurred between September and April this year is much smaller than in previous years (see chart). For reasons that we'll explain on the next page, we think this is extremely positive for home prices.

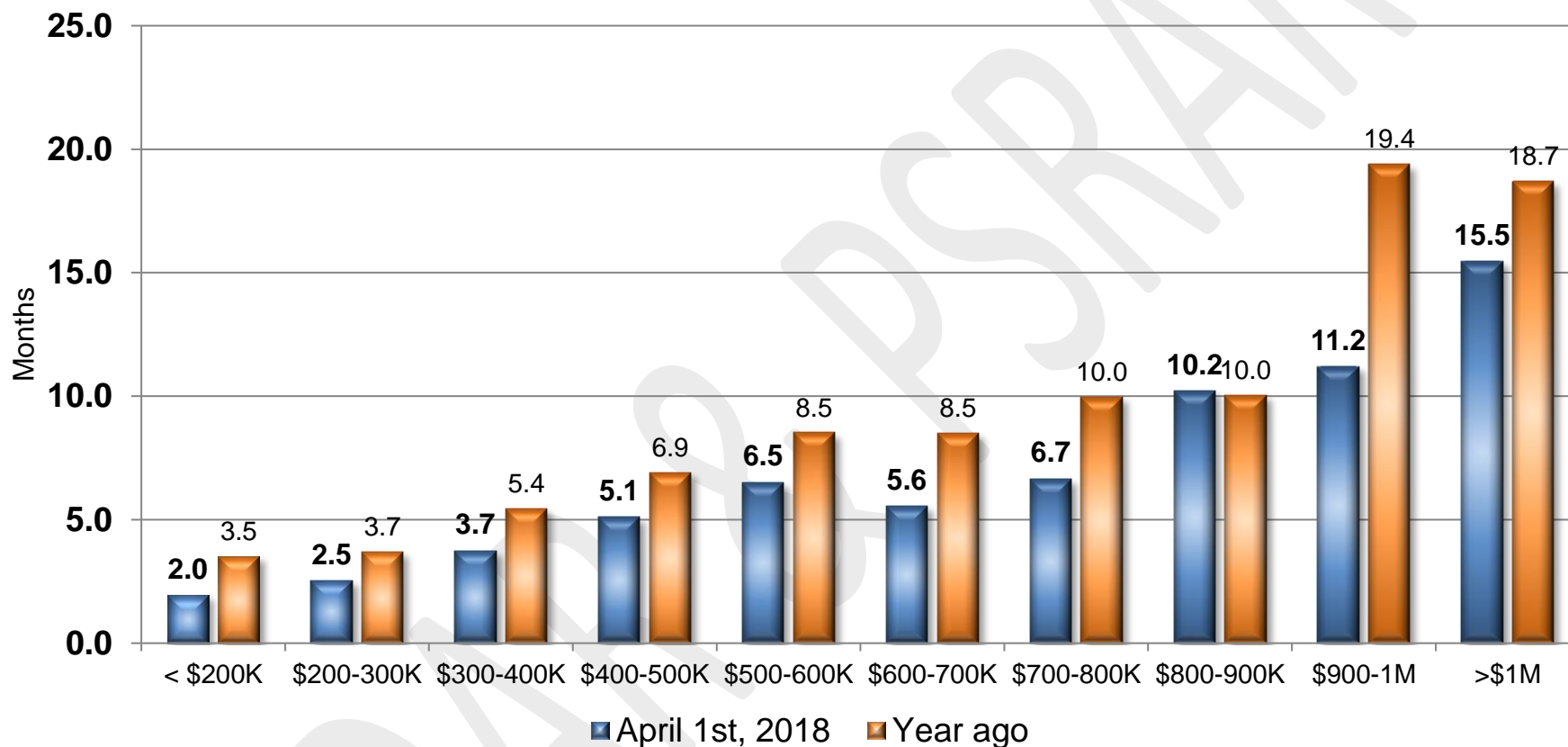
Months of Supply and Days on the Market



“Months of Supply” and “Days on the Market”

With low inventory and higher sales, the “months of supply” ratio on April 1st was a very low 4.5 months. This is the lowest April ratio since April 1st, 2013. The seasonal pattern now indicates the ratio should decline into late summer and early autumn, possibly going under three months. If it does it should provide strong, technical support for prices during the normally weak summer months. We think this is laying a foundation for good price gains throughout all of 2018. Days on the market should continue low at around 65 days.

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



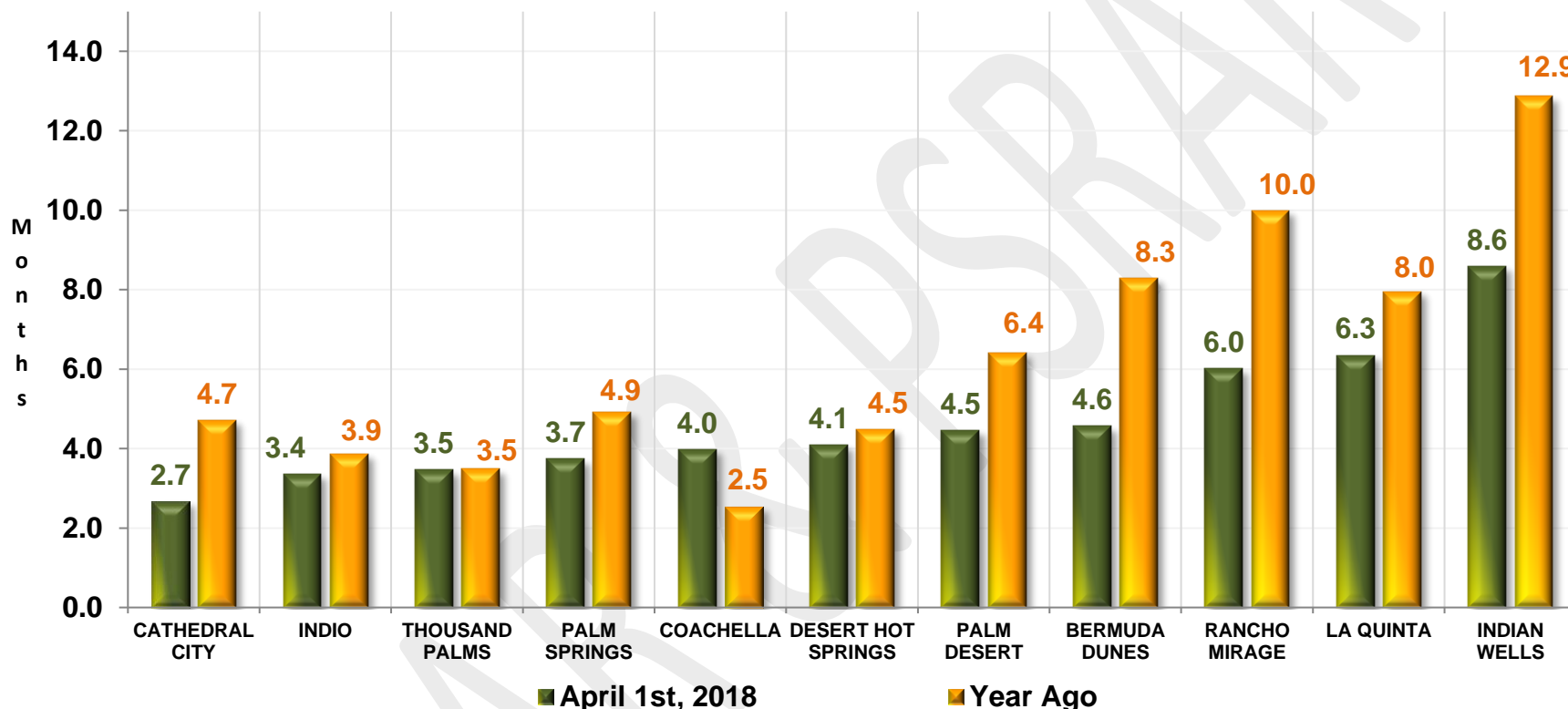
"Months of Supply" by Price Range

Except for the \$800k to \$900k price bracket, we see improved "months of supply" ratios at all price levels. This is especially true for homes priced over \$900k and for homes priced from \$600k to \$800k. While the ratio for million dollar homes has improved, we would like to see the ratio get to 12 months or below for this class of homes.

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



"Months of Supply" by City

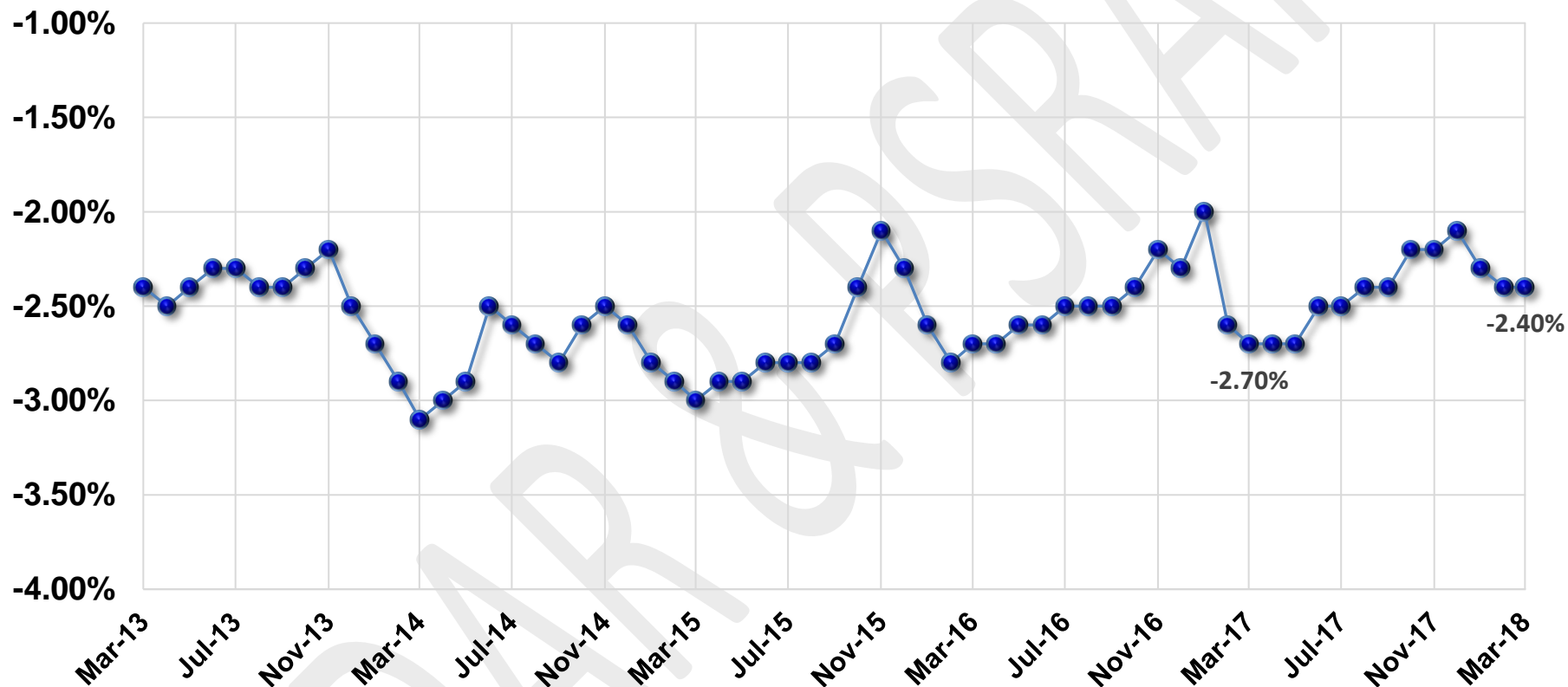
We also see strong improvement in the "months of supply" ratio of every city except Coachella and Thousand Palms. In particular, both Palm Desert and Cathedral City show strong inventory improvement. On April 1st the ratio for Cathedral City was a very low 2.7 months while Palm Desert went from 6.4 months last April to 4.5 months this April. Bermuda Dunes, Rancho Mirage and Indian Wells are the three cities that show the largest year over year improvement in "months of supply."

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Sale Price Discount from List

March 2018



Sale Price Discount from List

The latest “Sale Price Discount from List” is -2.4%, which is .3% less than a year ago. This ratio means an average home listed for \$300,000 sold in December at a \$7,200 discount from its list price.



The Desert 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 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