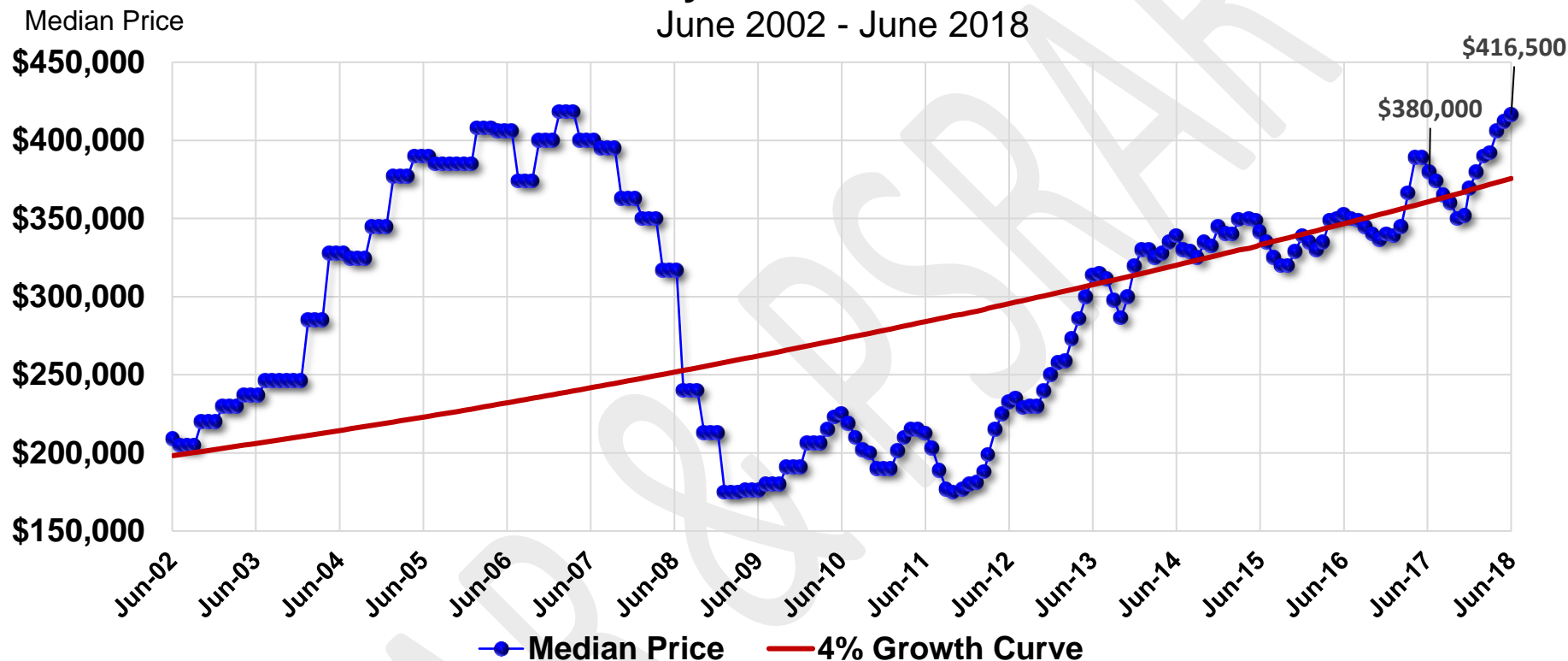


Coachella Valley Median Detached Home Price

June 2002 - June 2018

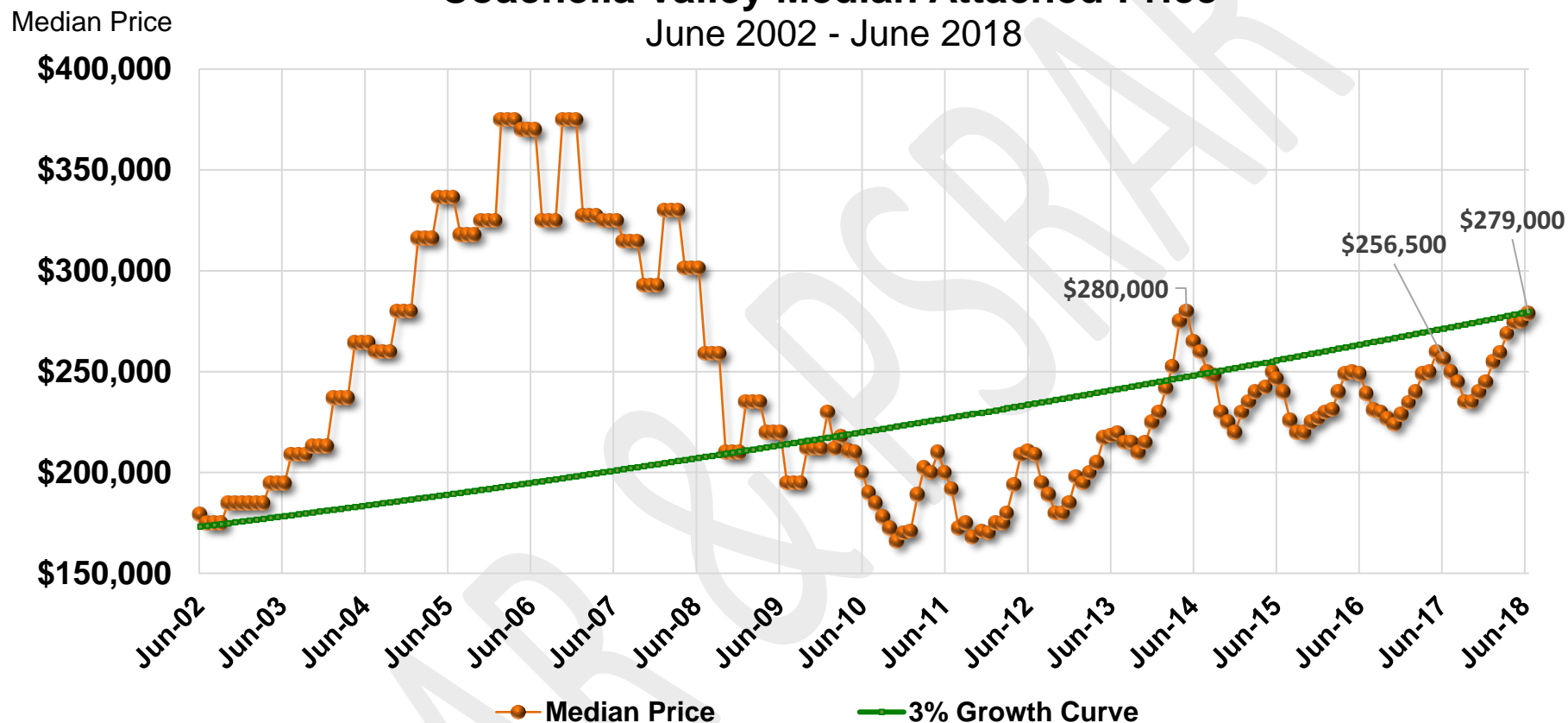


Summary

The median price for detached homes throughout the Valley rose for the eighth straight month, reaching \$416,500 in June. This is 9.6% above a year ago and the largest consecutive gain since 2013. The median price for attached homes in the Coachella Valley in June was \$279,000, up 8.8% from last year. The year over year changes in city median prices for both detached and attached homes are the strongest we've seen since 2013. All but two cities show double digit increases for detached home median prices. Total three month sales in June averaged 1,039 units a month, compared to 1,003 units a year ago. This is an increase of 3.6%. Detached home sales averaged 658 units a month, which is 3% above a year ago and attached sales were 381 units or 4.6% higher than last year. Inventory on July 1st stood at just over three thousand units. The number was 634 units less than last July and the lowest July inventory since 2013. As one might expect, with higher sales and lower and lower inventory, the "Months of Supply" ratio should continually improve. And it is. The ratio, at 3.6 months, is now less than four months for the first time since 2013. This is very positive and clearly defines the Valley's housing market at this time as a "sellers' market."

Coachella Valley Median Attached Price

June 2002 - June 2018



Coachella Valley Attached Median Price

The median price for attached homes in the Coachella Valley in June was \$279,000, up 8.8% from last year. The price is now only \$1,000 from the May 2014 recovery high of \$280,000. It's clear from the chart that 2018 is the strongest year price wise since 2014. However, we can expect seasonal forces to come into play from June to October and it is natural to expect some price give back during this period.

The Desert Housing Report

June 2018

Detached Homes

	Jun-18	Year Ago	12 mo change	2011 Low	Gain off Low	2006 High	% from High
Indian Wells	\$1,072,500	\$757,000	41.7%	\$540,000	98.6%	\$1,205,000	-11.0%
Palm Desert	\$449,250	\$380,500	18.1%	\$287,000	56.5%	\$543,000	-17.3%
Rancho Mirage	\$710,000	\$602,500	17.8%	\$423,000	67.8%	\$950,000	-25.3%
Desert Hot Springs	\$219,900	\$195,000	12.8%	\$85,000	158.7%	\$295,000	-25.5%
Cathedral City	\$323,500	\$290,750	11.3%	\$139,000	132.7%	\$395,000	-18.1%
City of Coachella	\$250,000	\$225,000	11.1%	\$121,950	105.0%	\$335,000	-25.4%
Palm Springs	\$649,125	\$585,000	11.0%	\$335,000	93.8%	\$600,000	8.2%
Indio	\$328,250	\$305,000	7.6%	\$158,500	107.1%	\$380,500	-13.7%
La Quinta	\$514,000	\$479,500	7.2%	\$245,000	109.8%	\$682,020	-24.6%

Attached Homes

	Jun-18	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Desert Hot Springs	\$205,000	\$150,000	36.7%	\$86,000	138.4%	\$303,000	-32.3%
Indio	\$217,000	\$160,000	35.6%	\$75,000	189.3%	\$279,000	-22.2%
Cathedral City	\$199,000	\$159,000	25.2%	\$107,500	85.1%	\$270,500	-26.4%
Palm Springs	\$250,000	\$225,000	11.1%	\$150,000	66.7%	\$350,000	-28.6%
Palm Desert	\$290,000	\$265,750	9.1%	\$175,000	65.7%	\$410,000	-29.3%
Rancho Mirage	\$379,500	\$352,000	7.8%	\$260,000	46.0%	\$510,000	-25.6%
Indian Wells	\$399,500	\$380,000	5.1%	\$321,500	24.3%	\$557,500	-28.3%
La Quinta	\$351,000	\$349,500	0.4%	\$265,000	32.5%	\$532,500	-34.1%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

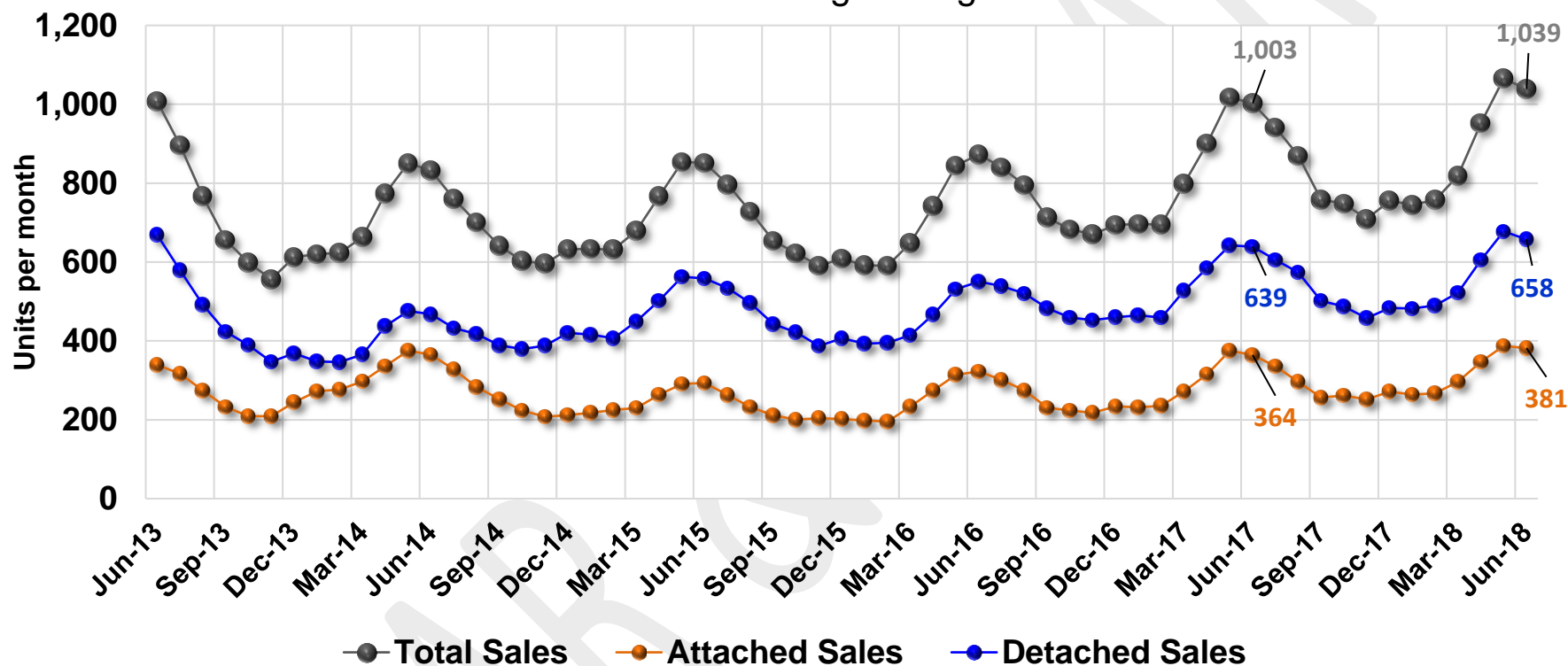
12 Month Change in City Median Prices

The year over year changes in city median prices for both detached and attached homes are the strongest we've seen since 2013. All but two cities show double digit increases for detached median prices. Both Palm Desert and Rancho Mirage have year over year changes near 20%. The smallest change is the city of La Quinta, with a change of 7.2%. Last month we wondered if the large gain in Indian Wells, which continues again this month, was a possible statistical anomaly. However, after some study we think only about 9% of the current 41.7% gain appears to be questionable. The remaining 32% appears to be real!

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Detached, Attached and Total Sales 3 month moving average

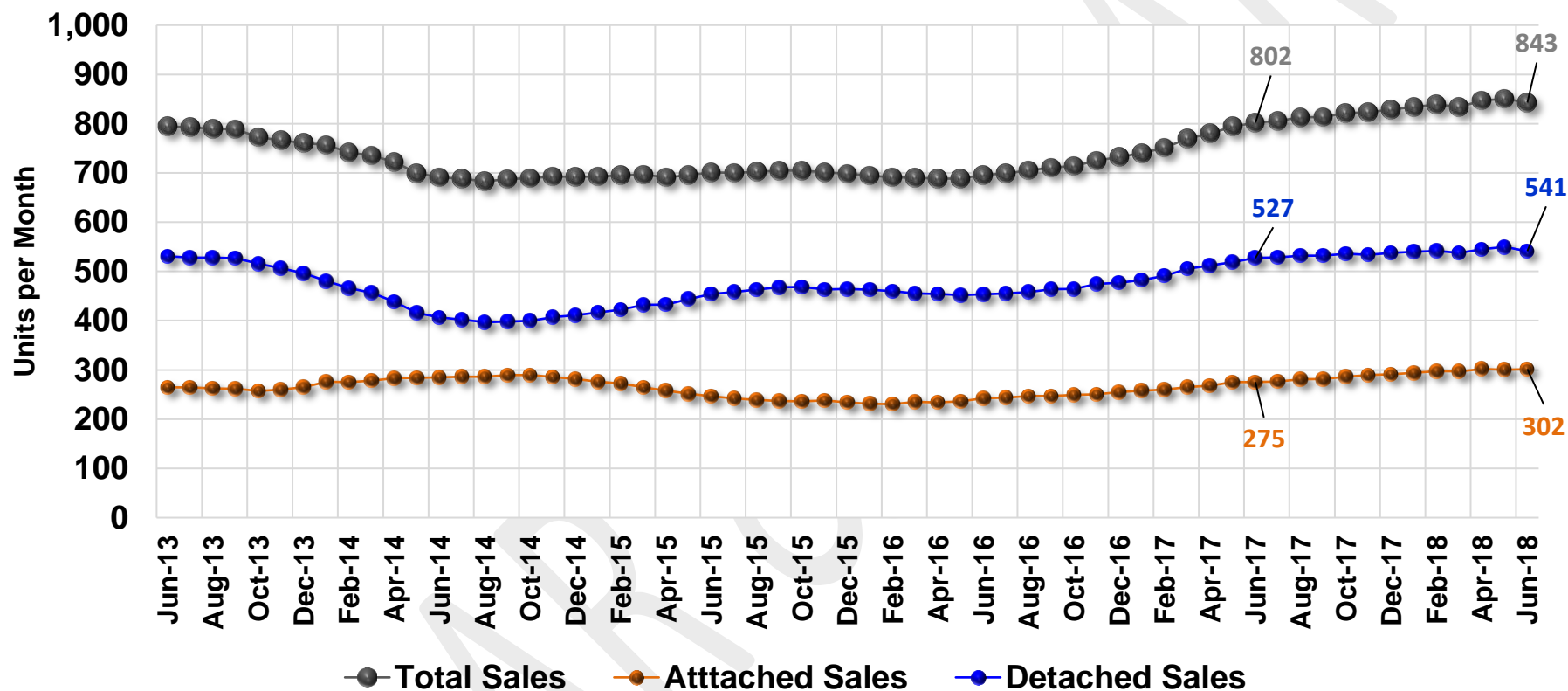


Monthly Sales – 3 month trailing avg.

As the chart clearly shows, the three month average of sales peaked again in May, same as it did last year. Total sales in June averaged 1,039 units a month, compared to 1,003 units a year ago. This is an increase of 3.6%. Detached home sales averaged 658 units a month, which is 3% above a year ago and attached sales were 381 units or 4.6% higher than last year. We should now expect the normal seasonal decline with total sales slowly declining to about eight hundred units a month by November.

Detached, Attached and Total Sales

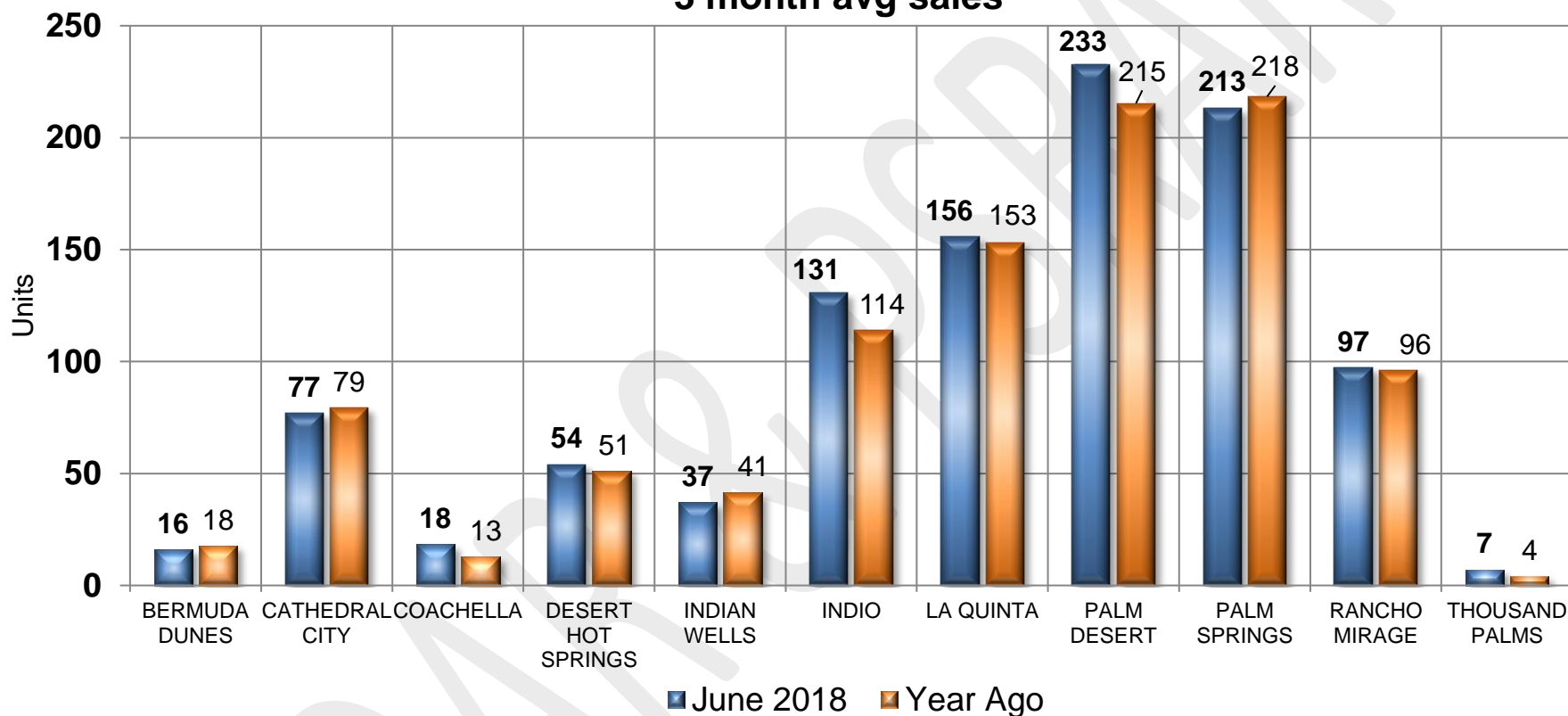
12 month moving average



Monthly Sales – 12 month trailing avg.

The twelve month average of total sales in June - which takes out seasonality so any month can be compared to any other month - went lower than the previous month for the first time in two years. The twelve month average went from 850 a month to 843 a month. This was also true of detached sales, which went from 550 to 541. It appears that the long two year growth in sales, where total sales rose 23% over the period, might be stabilizing around current high levels.

Home Sales by City 3 month avg sales

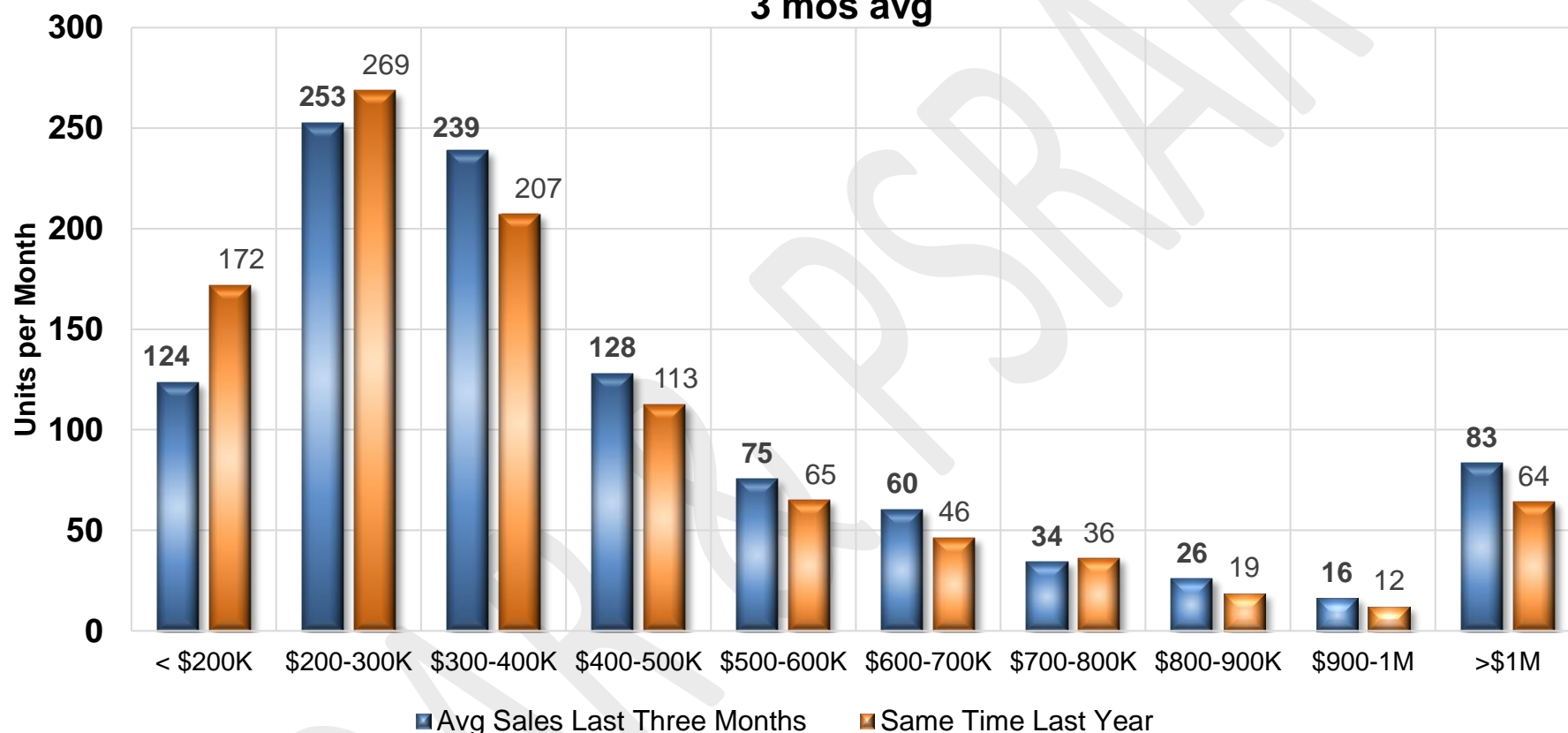


Home Sales per month by City

In June seven cities show higher sales while four show lower sales. The largest increase is Palm Desert, with sales at 233 units compared to 215 a year ago. Indio also shows a large increase – 131 units compared to 114. Of the four cities with lower sales, none show a large decline. For example, Palm Springs is selling 213 units a month, down only five units from a year ago. Indian Wells is at 37 units, down four units from last year.

Home Sales by Price Range

3 mos avg

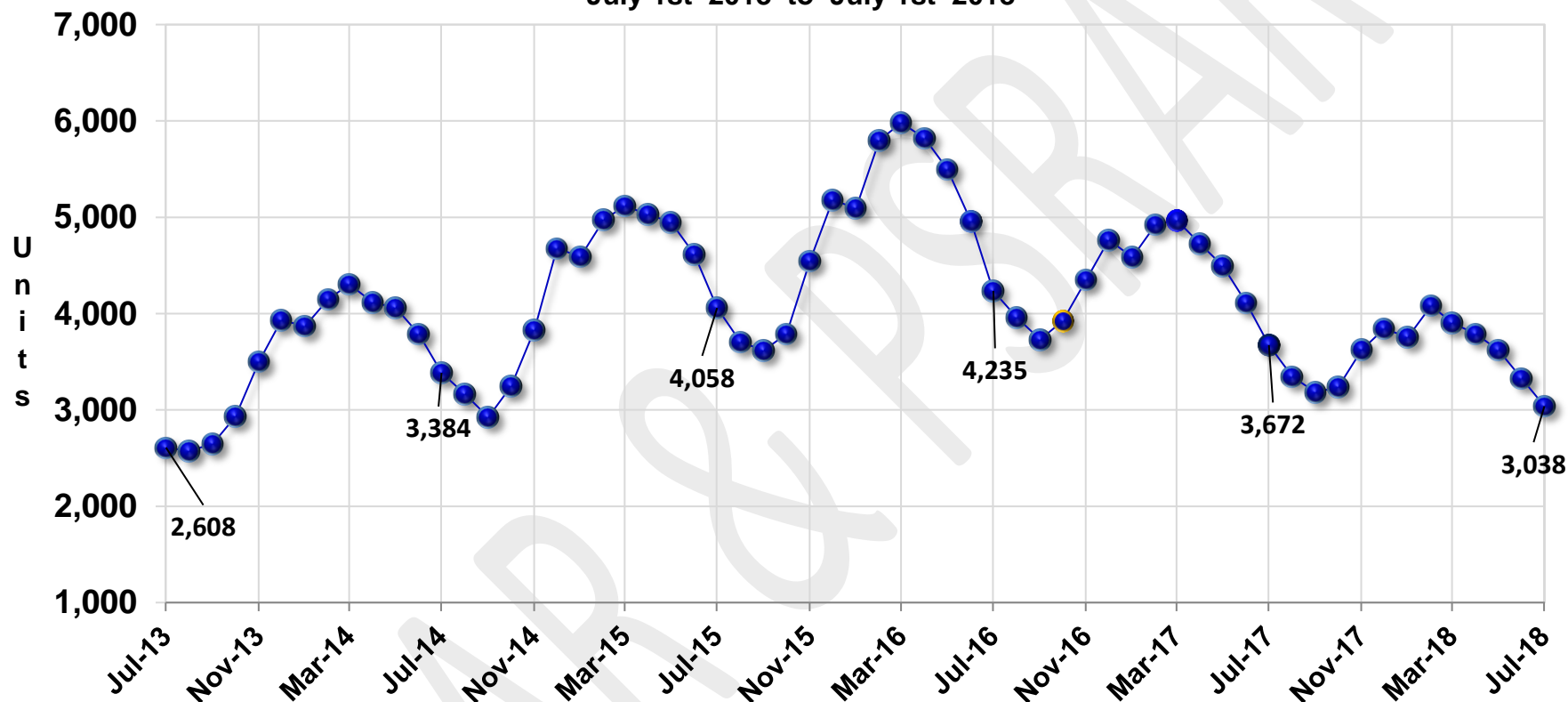


Home Sales by Price Range

For homes priced under \$300k, sales are off substantially. The primary reason is because there are so few homes selling under \$300k. However, we see strong increases in sales of homes over \$300k. In the price range from \$300k to \$400k, sales are now 239 units a month. This compares to 207 units a month a year ago. For homes priced from \$400k to \$500k sales are 128 units, up 15 units from last year. Sales of homes priced over \$1M now average 83 sales a month, up 19 units from a year ago.

Valley Housing Inventory

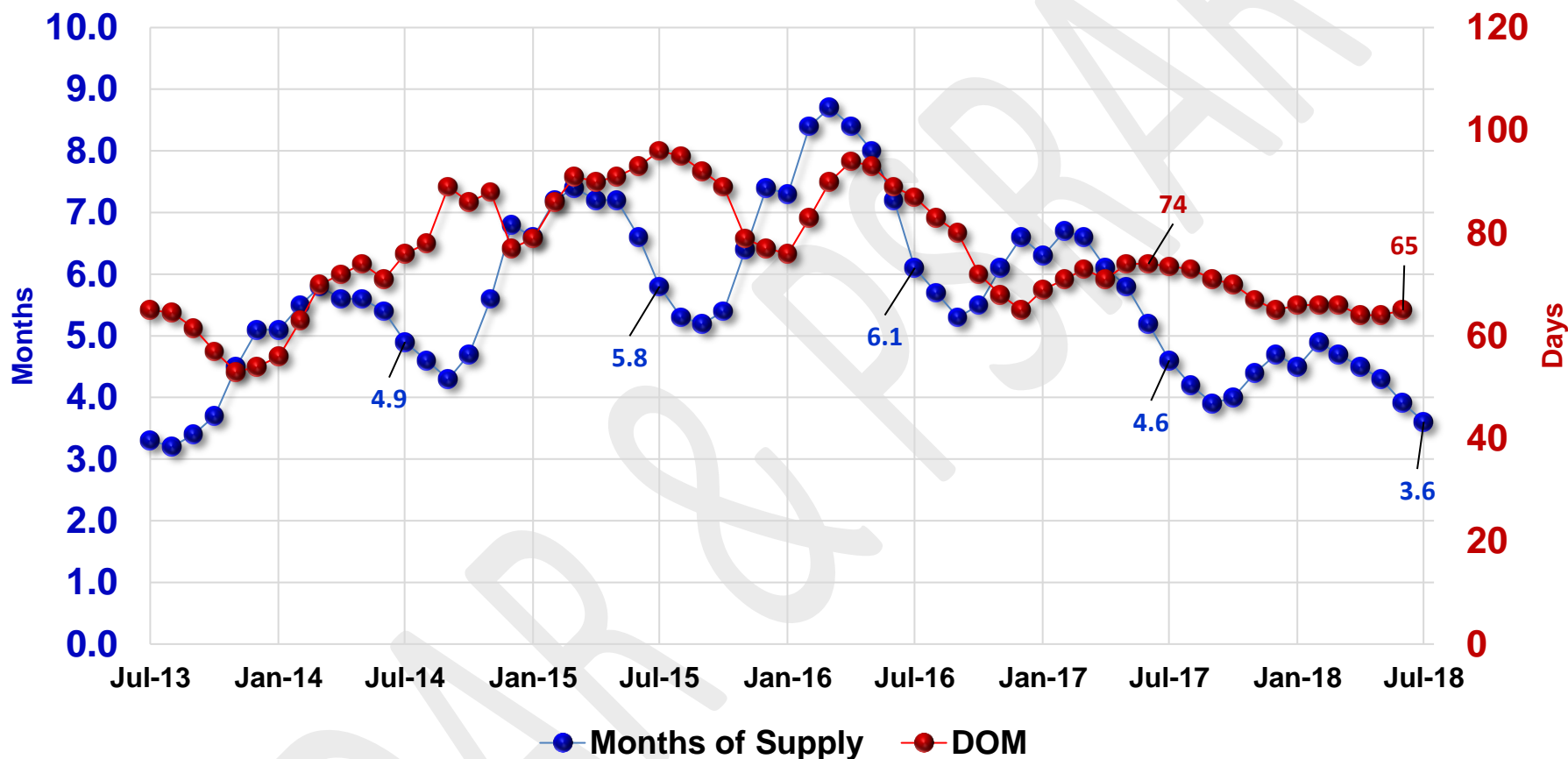
July 1st 2013 to July 1st 2018



Coachella Valley Inventory

Inventory on July 1st stood at just over three thousand units. The number was 634 units less than last July and the lowest July inventory since 2013. As the graph clearly shows, seasonal forces should continue to carry it lower for the next two months before starting to rise. Declining inventory is the primary reason for stronger home prices in the Valley as competing buyers are finding it more and more difficult to find a home. This problem has been running throughout California and is now, for the first time, finally showing up in the Valley.

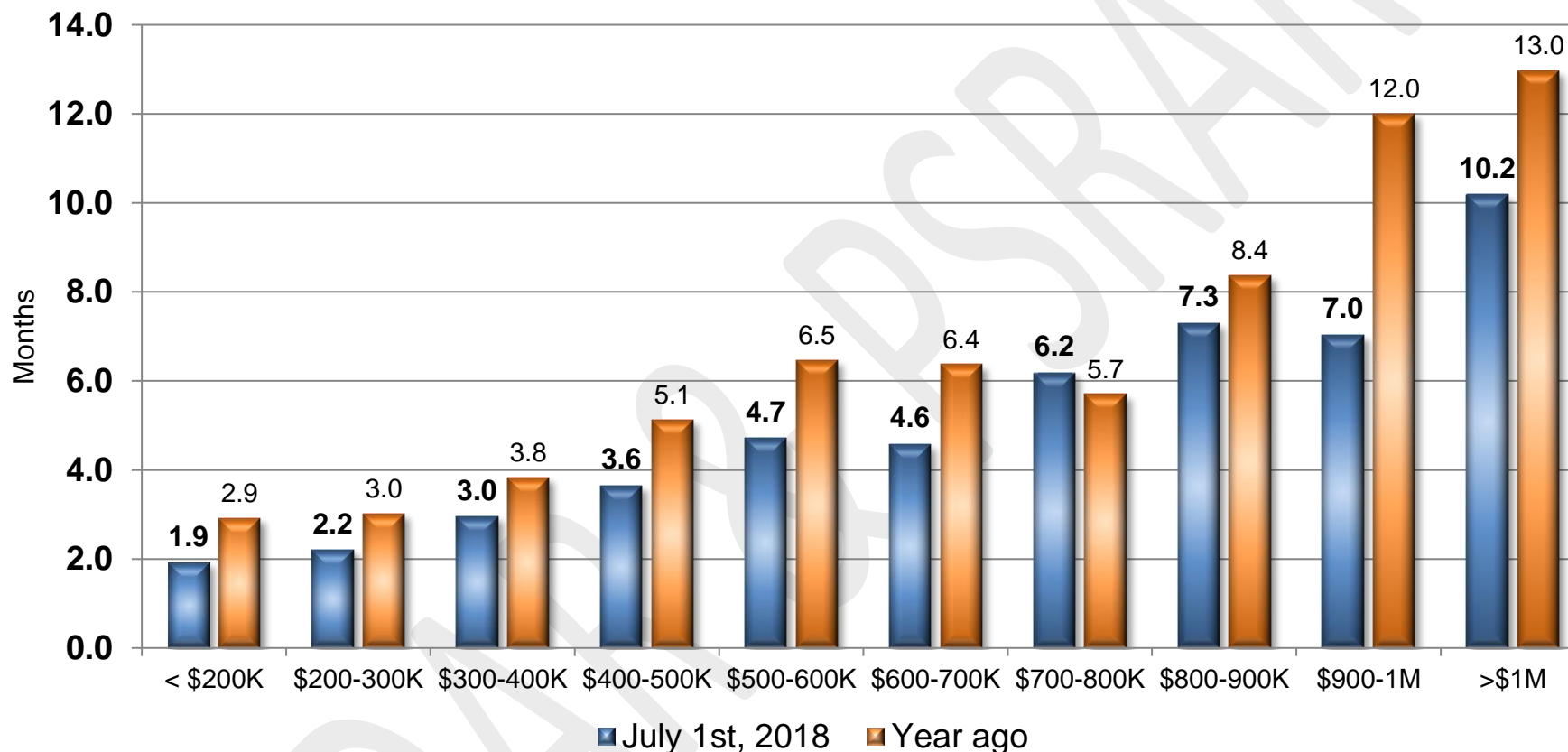
"Months of Supply" and Days on the Market



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

As one might expect, with higher sales and lower and lower inventory, the "Months of Supply" ratio should continually improve. And it is. The ratio, at 3.6 months, is now less than four months for the first time since 2013. This is very positive and clearly defines the Valley's housing market at this time as a "sellers' market." The median value for "days on the market" is 65 days, nine days less than a year ago.

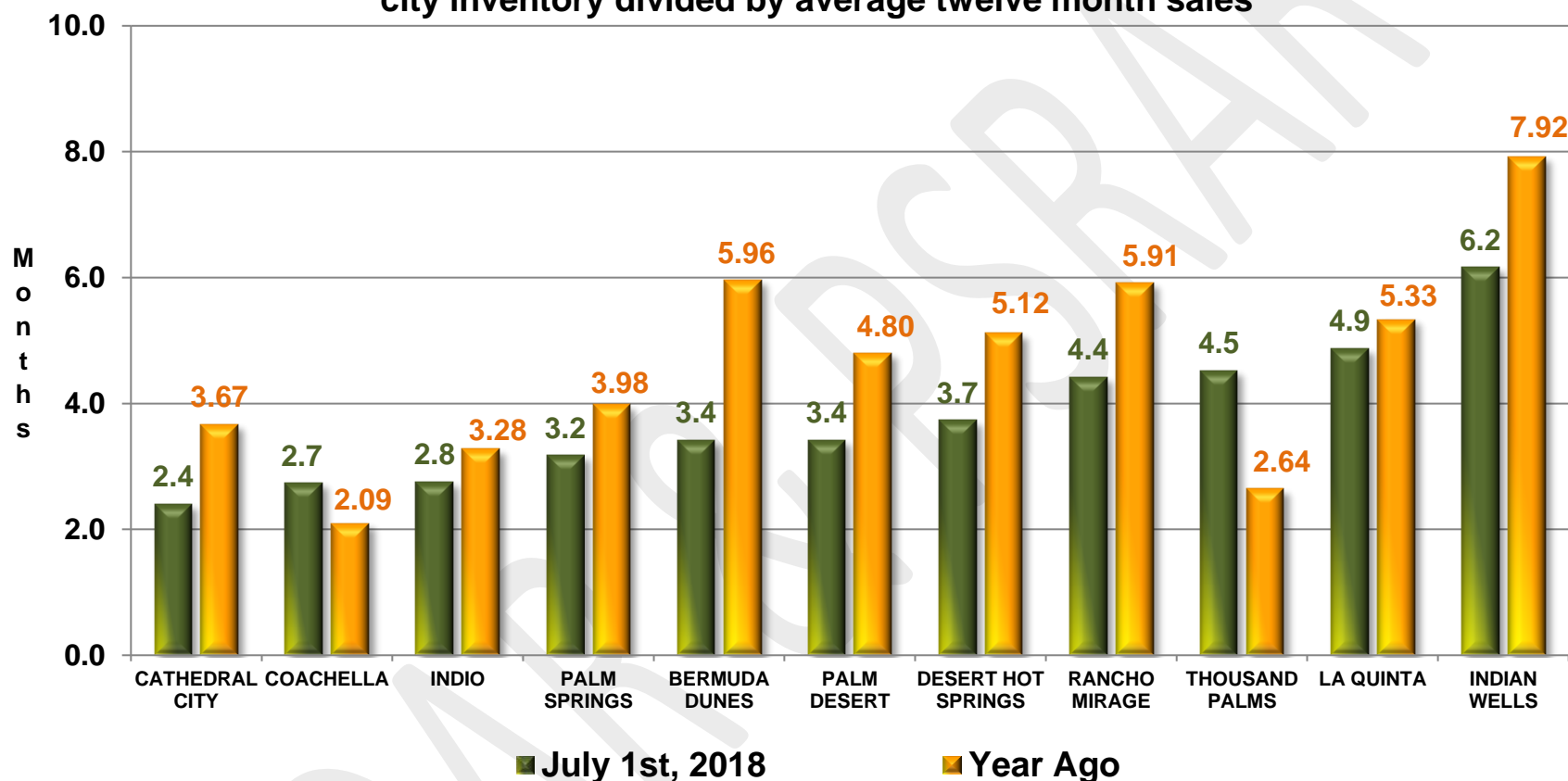
"Months of Supply" by Price Range uses avg. twelve month sales



"Months of Supply" by Price Range

We continually see large improvements in the "months of supply" ratio in all price brackets except the price bracket from \$700k to \$800k. The price bracket from \$800k to \$900k shows marginal improvement. Except for these, all other brackets look very good compared to a year ago. The "Months of Supply" is below five months in all brackets less than \$700k.

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

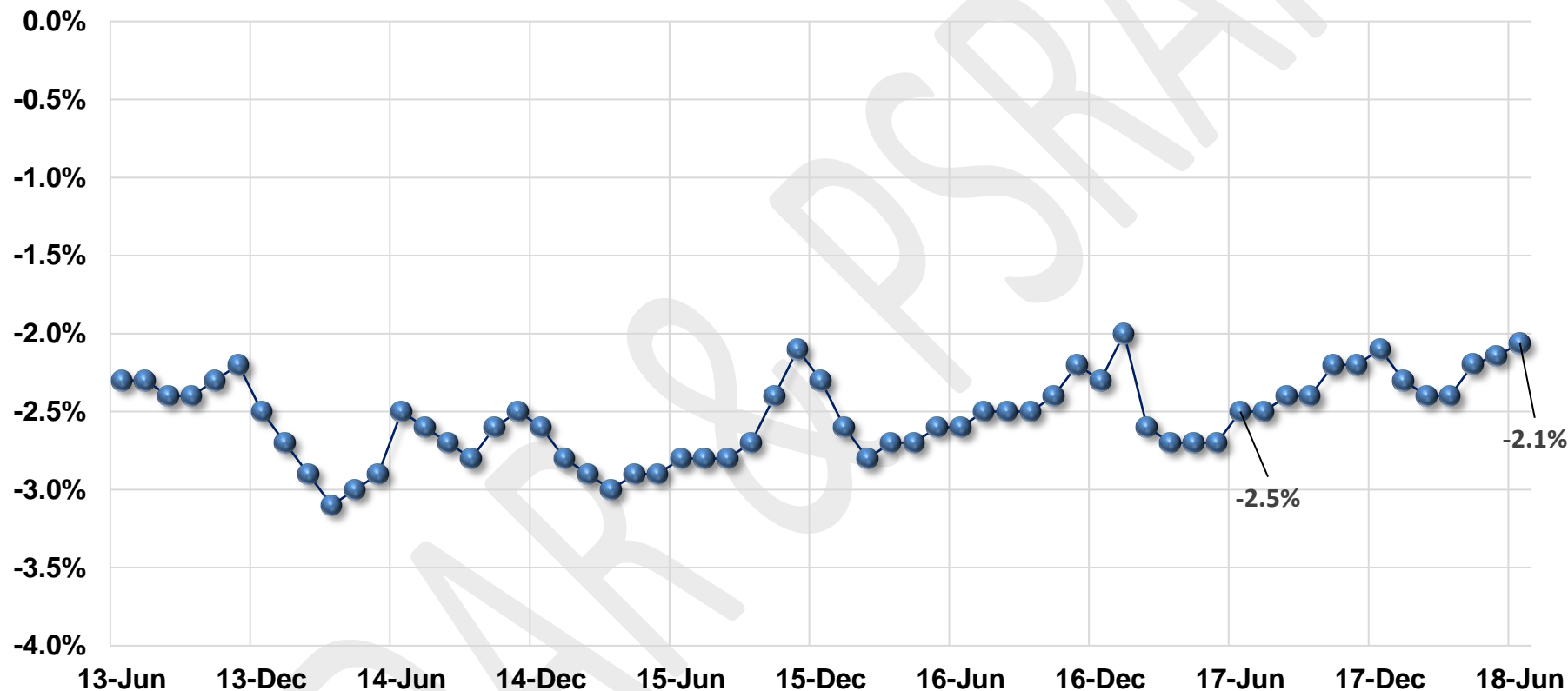


"Months of Supply" by City

On July 1st every city had a "months of supply" ratio under five months except Indian Wells, which was 6.2. This is a "below normal" ratio for a city with the fine, high priced homes this city has. Every city except Coachella and Thousand Palms show improved ratios compared to a year ago. We are pleased and encouraged to see the city of Palm Desert improve its inventory. A few years ago it was common to see Palm Desert with a ratio at six or seven months; the ratio is currently only 3.4 months

Sales Price Discount from List

June 2013 to June 2018



Sale Price Discount from List

The latest “Sale Price Discount from List” is -2.1%, which is .4% less than a year ago. This ratio means an average home listed for \$400,000 sold at an \$8,400 discount from its list price.



The Desert Housing Report

June 2018



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