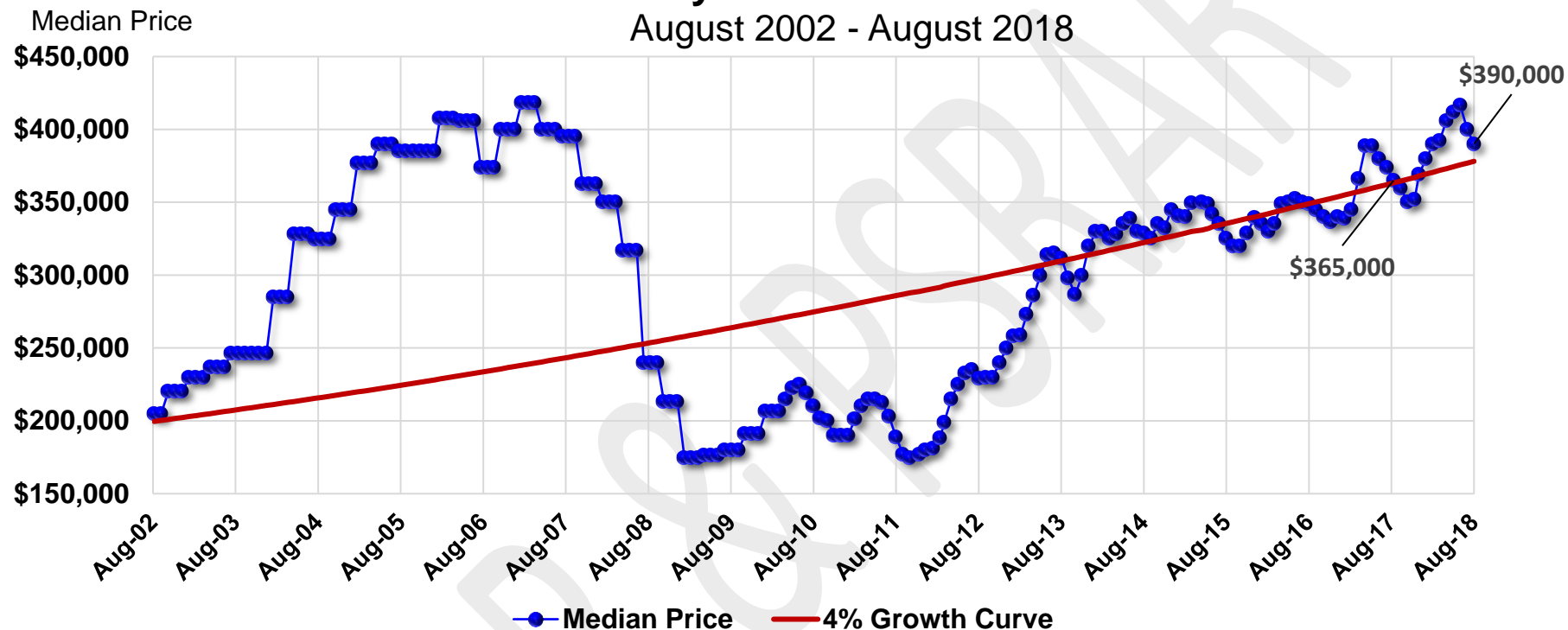


Coachella Valley Median Detached Home Price

August 2002 - August 2018



Summary

The regional median price for detached homes in August was \$390,000, which is up \$25,000, or 6.8% above last August. As the long-term chart shows, small price declines from June through October for detached homes are a somewhat normal occurrence in the Coachella Valley housing market. The median price for attached homes in the Coachella Valley in August was \$265,000, up 8.2% from last year. Five cities now have twelve-month, double digit gains in the median price for their detached homes – Indian Wells, Desert Hot Springs, Palm Desert, Rancho Mirage and Cathedral City. These gains range from 36.5% for Indian Wells to 10% for Cathedral City. The three-month average of total sales, which shows the seasonality of the region's real estate market, was slightly lower this August than a year ago. But the difference was very small - 862 units a month versus 870 units last August. The twelve-month average of sales, which takes out the seasonal pattern and shows the long-term trend, continues to show higher numbers compared to a year ago. Inventory on September 1st stood at 2,664 units. At 3.1 months, the "months of supply" ratio is at its lowest level in six years! This is due to higher sales and consistently declining inventory. This combination has maintained the balance of supply and demand distinctly to the benefit of the seller. We have been in a sellers' market now for over a year and it seems to be intensifying.

Coachella Valley Median Attached Price

August 2002 - August 2018



Coachella Valley Attached Median Price

The median price for attached homes in the Coachella Valley in August was \$265,000, up 8.2% from last year. The summer seasonal pattern in prices for attached homes is much more apparent than in the detached market. It also tends to start about a month earlier. We believe this more intense seasonal pattern develops from the greater number of remote owners and buyers in the attached market. Seventy five percent of condo buyers are remote buyers while only about 40% of remote buyers drive the detached market. That said, the pattern this year has more positive characteristics than previous

The Desert Housing Report

August 2018

Detached Homes

	Aug-18	Year Ago	12 mo change	2011 Low	Gain off Low	2006 High	% from High
Indian Wells	\$1,040,000	\$792,000	36.5%	\$540,000	81.0%	\$1,205,000	-18.9%
Desert Hot Springs	\$220,000	\$193,000	14.0%	\$85,000	158.8%	\$295,000	-25.4%
Palm Desert	\$425,750	\$376,000	13.2%	\$287,000	48.3%	\$543,000	-21.6%
Rancho Mirage	\$665,000	\$600,000	10.8%	\$423,000	57.2%	\$950,000	-30.0%
Cathedral City	\$329,950	\$300,000	10.0%	\$139,000	137.4%	\$395,000	-16.5%
City of Coachella	\$250,000	\$230,000	8.7%	\$121,950	105.0%	\$335,000	-25.4%
Indio	\$330,000	\$305,000	8.2%	\$158,500	108.2%	\$380,500	-13.3%
La Quinta	\$475,000	\$455,000	4.4%	\$245,000	93.9%	\$682,020	-30.4%
Palm Springs	\$577,000	\$592,000	-2.5%	\$335,000	72.2%	\$600,000	-3.8%

Attached Homes

	Aug-18	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Rancho Mirage	\$370,000	\$284,995	29.8%	\$260,000	42.3%	\$510,000	-27.5%
Indio	\$215,000	\$172,500	24.6%	\$75,000	186.7%	\$279,000	-22.9%
Desert Hot Springs	\$185,000	\$152,500	21.3%	\$86,000	115.1%	\$303,000	-38.9%
Palm Desert	\$278,000	\$246,500	12.8%	\$175,000	58.9%	\$410,000	-32.2%
La Quinta	\$360,000	\$335,000	7.5%	\$265,000	35.8%	\$532,500	-32.4%
Palm Springs	\$235,000	\$220,000	6.8%	\$150,000	56.7%	\$350,000	-32.9%
Indian Wells	\$400,000	\$377,500	6.0%	\$321,500	24.4%	\$557,500	-28.3%
Cathedral City	\$172,500	\$178,550	-3.4%	\$107,500	60.5%	\$270,500	-36.2%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

12 Month Change in City Median Prices

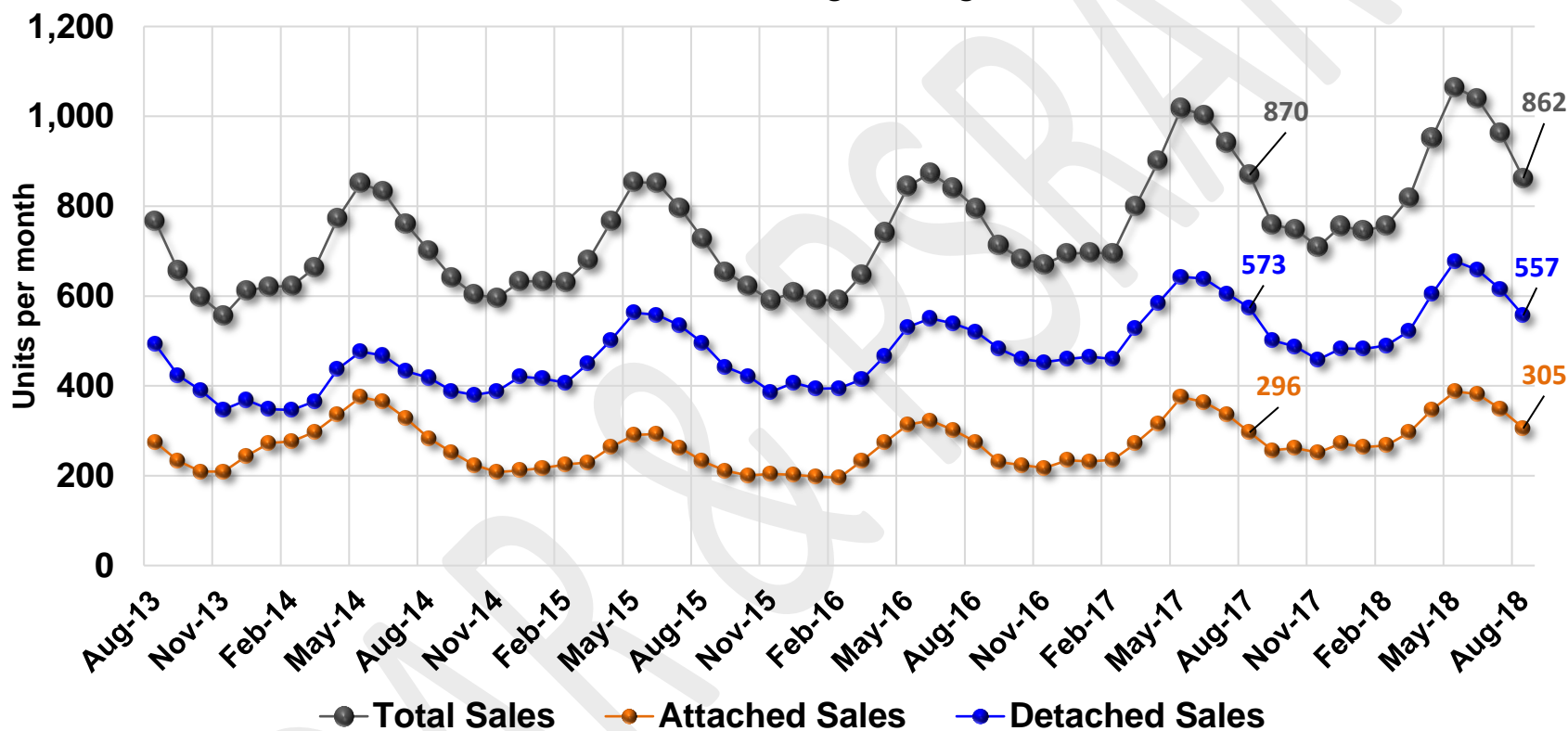
Five cities now have twelve-month, double digit gains in the median price for their detached homes – Indian Wells, Desert Hot Springs, Palm Desert, Rancho Mirage and Cathedral City. These gains range from 36.5% for Indian Wells to 10% for Cathedral City. The negative change for Palm Springs, which has been the Valley leader, needs an explanation. The negative number appears due to a random statistical variation. For the last three months the average home sold in Palm Springs was 5% smaller than normal. It's not a real decline; we're pricing a slightly smaller home at a slightly lower value. This will correct over time. When we look at the change in Palm Springs' price per square foot, we see a positive 5.2% twelve-month gain.

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Detached, Attached and Total Sales

3 month moving average

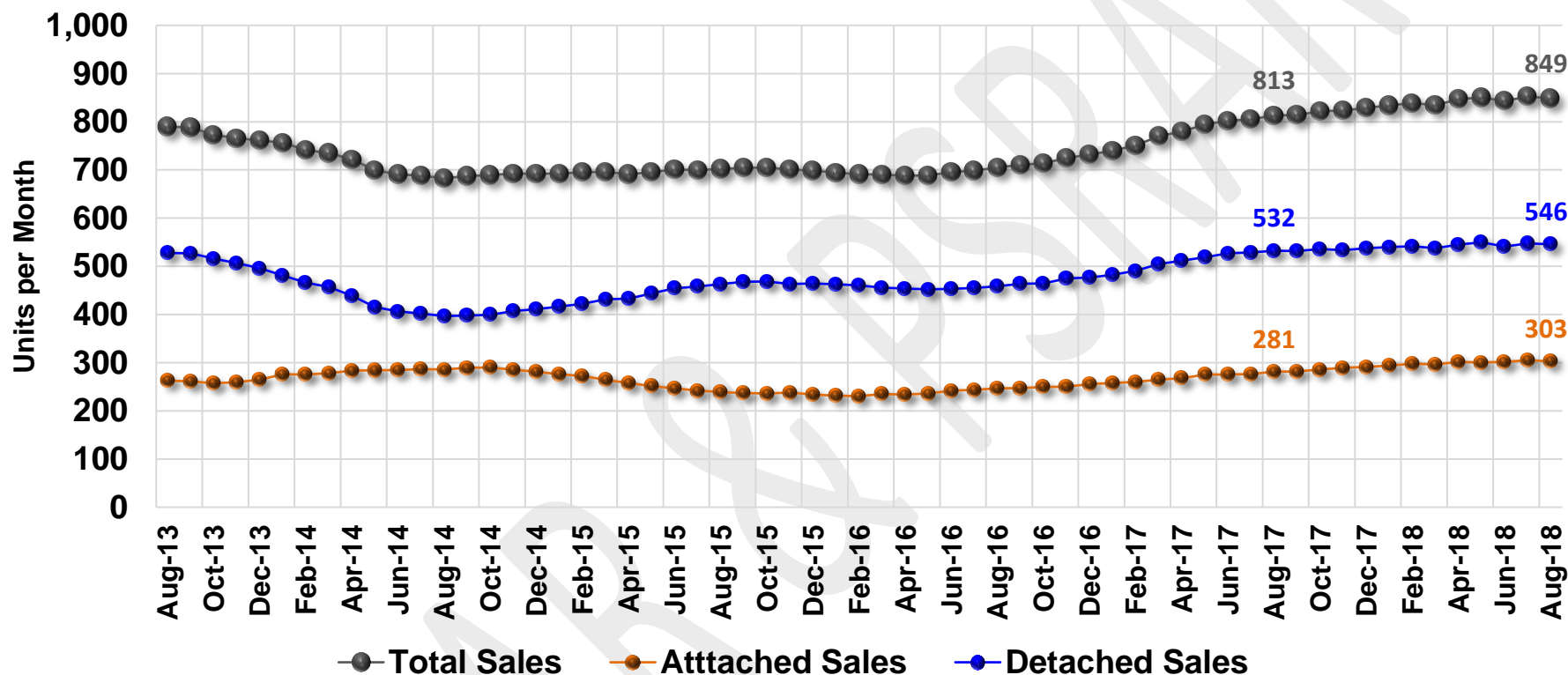


Monthly Sales – 3 month trailing avg.

The three-month average of total sales, which shows the seasonality of the region's real estate market, was slightly lower this August than a year ago. But the difference was very small - 862 units a month versus 870 units last August. However, when we break this sales number down into attached and detached home sales, we see a divergent picture. Detached sales were down 3% while attached sales were up 3%. While these are very small differences – and are occurring during the off season – we do believe they may indicate a subtle strengthening in the attached market in the coming year.

Detached, Attached and Total Sales

12 month moving average



Monthly Sales – 12 month trailing avg.

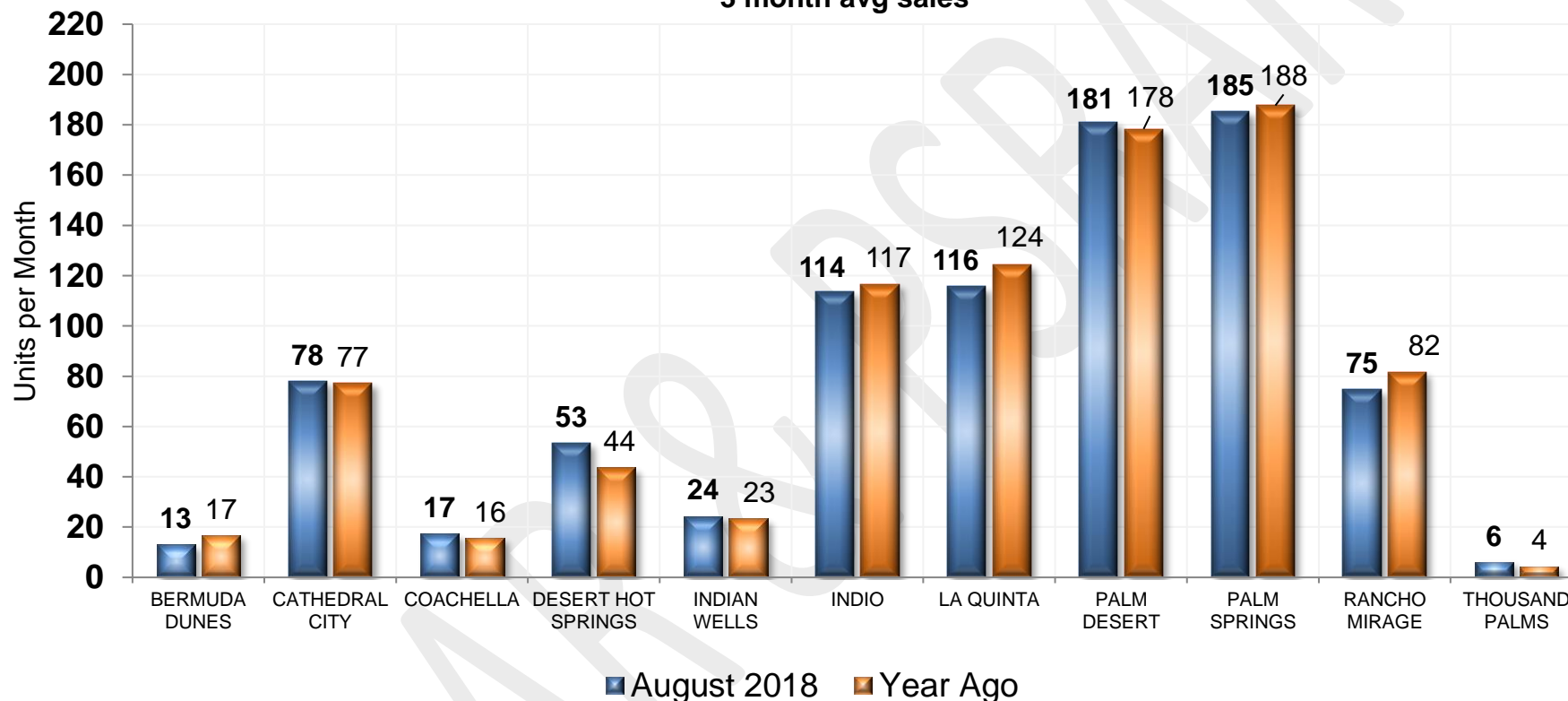
The twelve-month average of sales, which takes out the seasonal pattern and shows the long-term trend, continues to show higher numbers compared to a year ago. In August, total twelve-month sales for the region were averaging 849 units a month compared to 813 units last year. Detached sales were 2.6% higher while attached sales were 7.8% higher. However, the leveling off in the growth of three-month sales seen on the previous page indicates we should probably start to see long term sales begin to level off at current high numbers.

The Desert Housing Report

August 2018

Home Sales by City

3 month avg sales

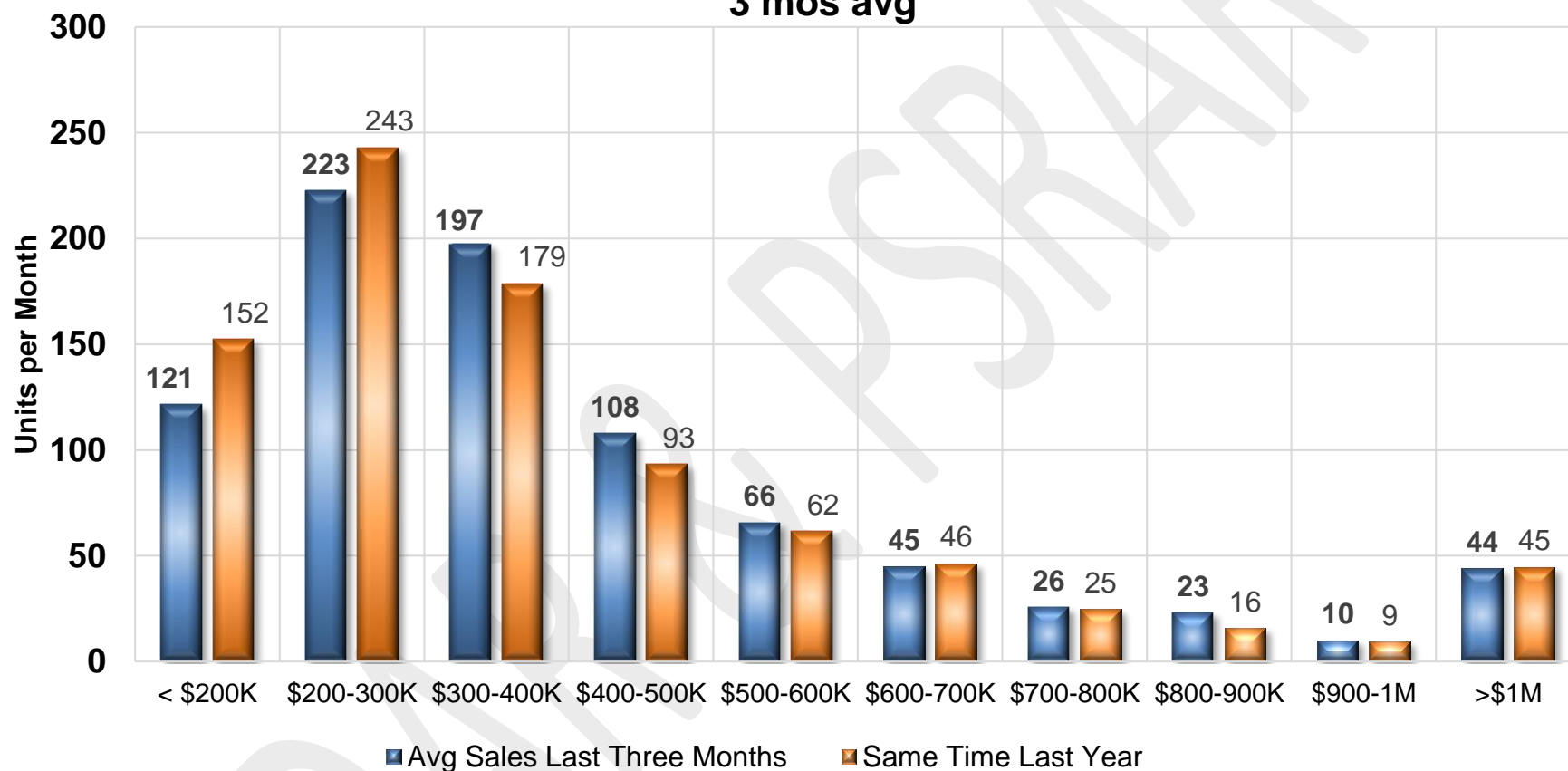


Home Sales per month by City

Of eleven cities in the Valley, five show lower three-month sales while six show higher sales. Except for four cities, the differences were very small. Sales in Bermuda Dunes went from 17 units a month down to 13 units, awhile Rancho Mirage went from 82 units to 75 units. La Quinta likewise went from 124 units down to 116. Desert Hot Springs, however, had a sales increase to 53 units, from 44.

Home Sales by Price Range

3 mos avg

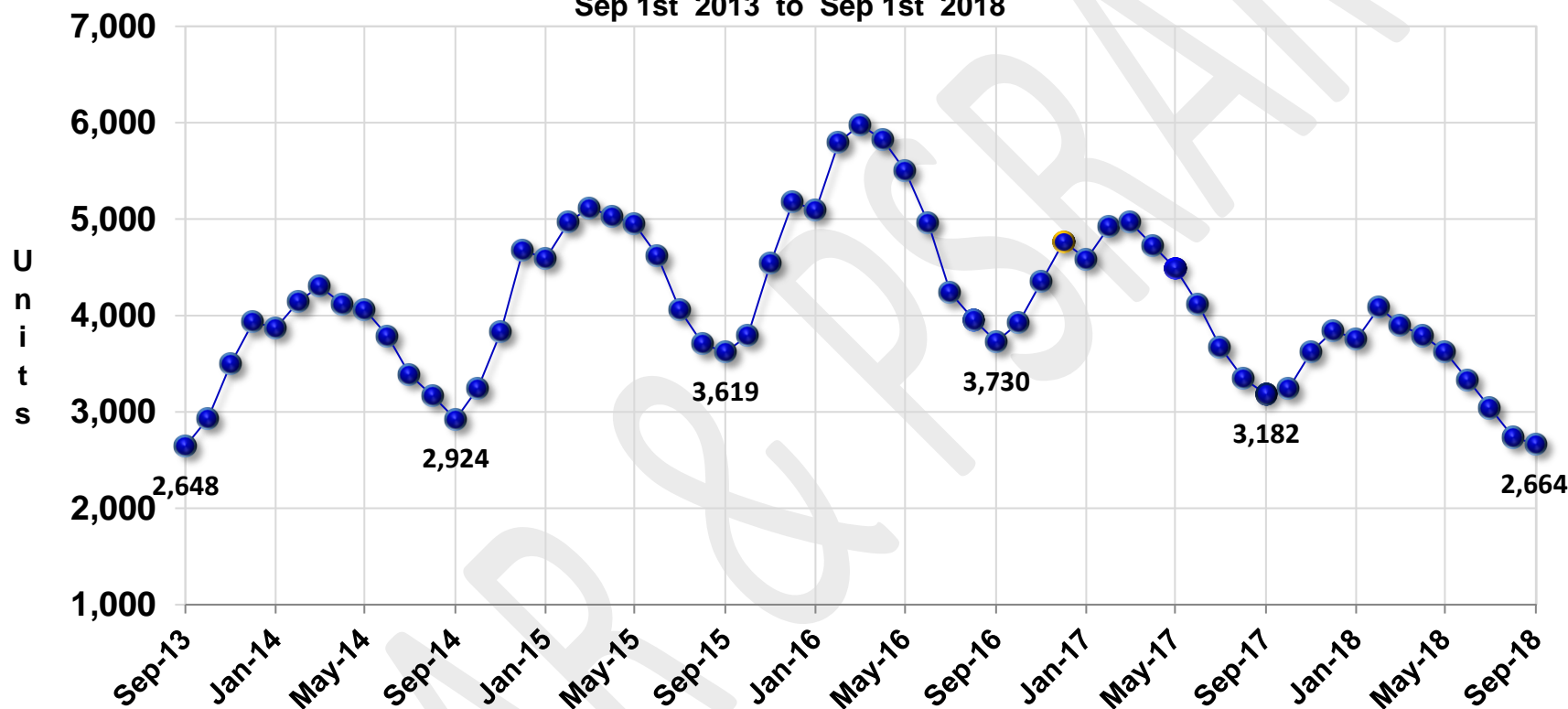


Home Sales by Price Range

While total regional three-month sales are down just slightly, when we break sales down by price bracket, we get a clearer picture. While sales of homes priced below \$300k are down 13%, sales of homes price over \$300k are up 8.4%. This shift is due primarily to the increase in regional home prices over the last year; there are simply fewer homes being offered below \$300k. We find it very encouraging that total sales are staying relatively strong in the face of both higher prices and a rapidly declining inventory.

Valley Housing Inventory

Sep 1st 2013 to Sep 1st 2018

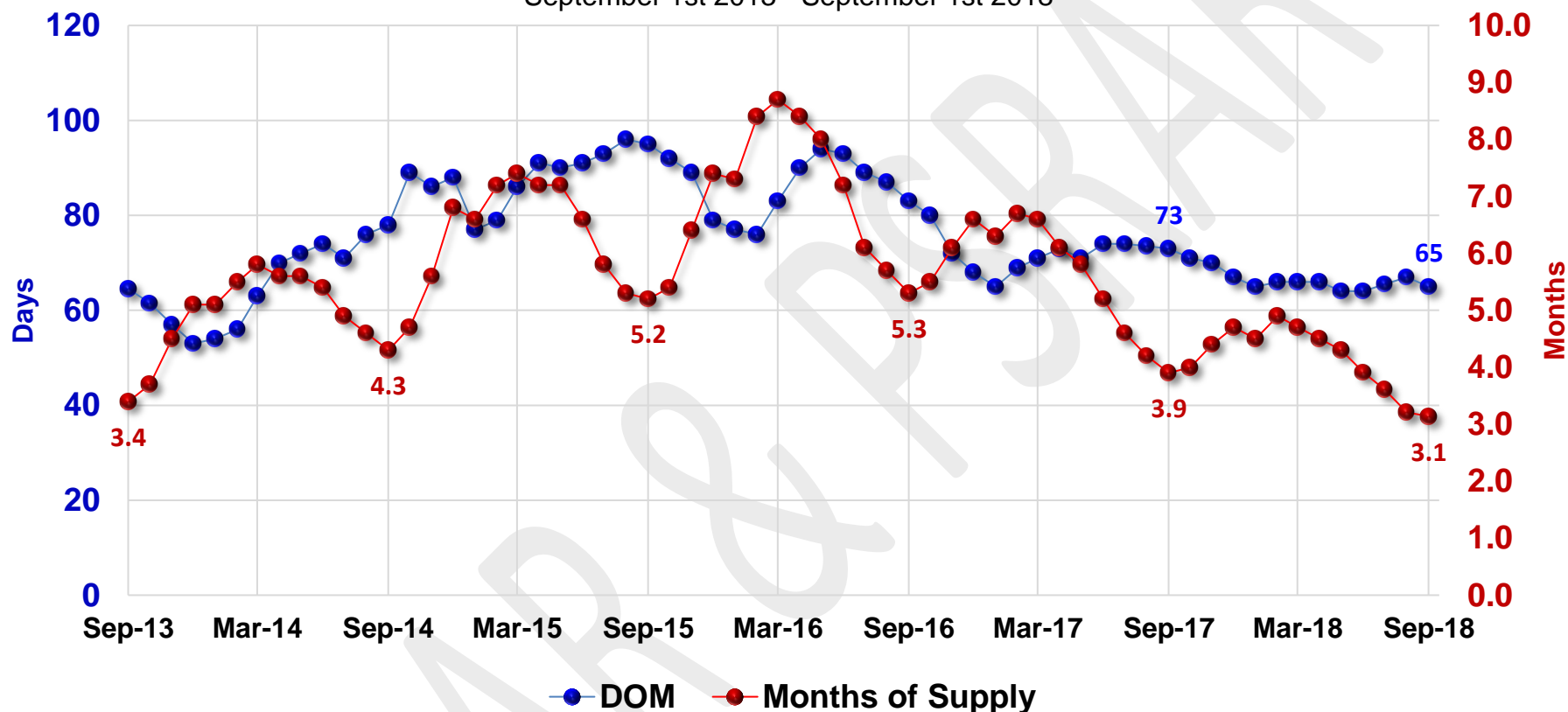


Coachella Valley Inventory

Inventory on September 1st stood at 2,664 units. Because of seasonal influences clearly seen in the graph, inventory in any month can only be compared to the same month in previous years. The current number is the lowest reading since September of 2013 and 28% below the inventories of just a few years ago. If history is a guide, seasonal forces should now push inventory higher as September 1st has been the lowest inventory month for the last six years.

Days on the Market & Months of Supply

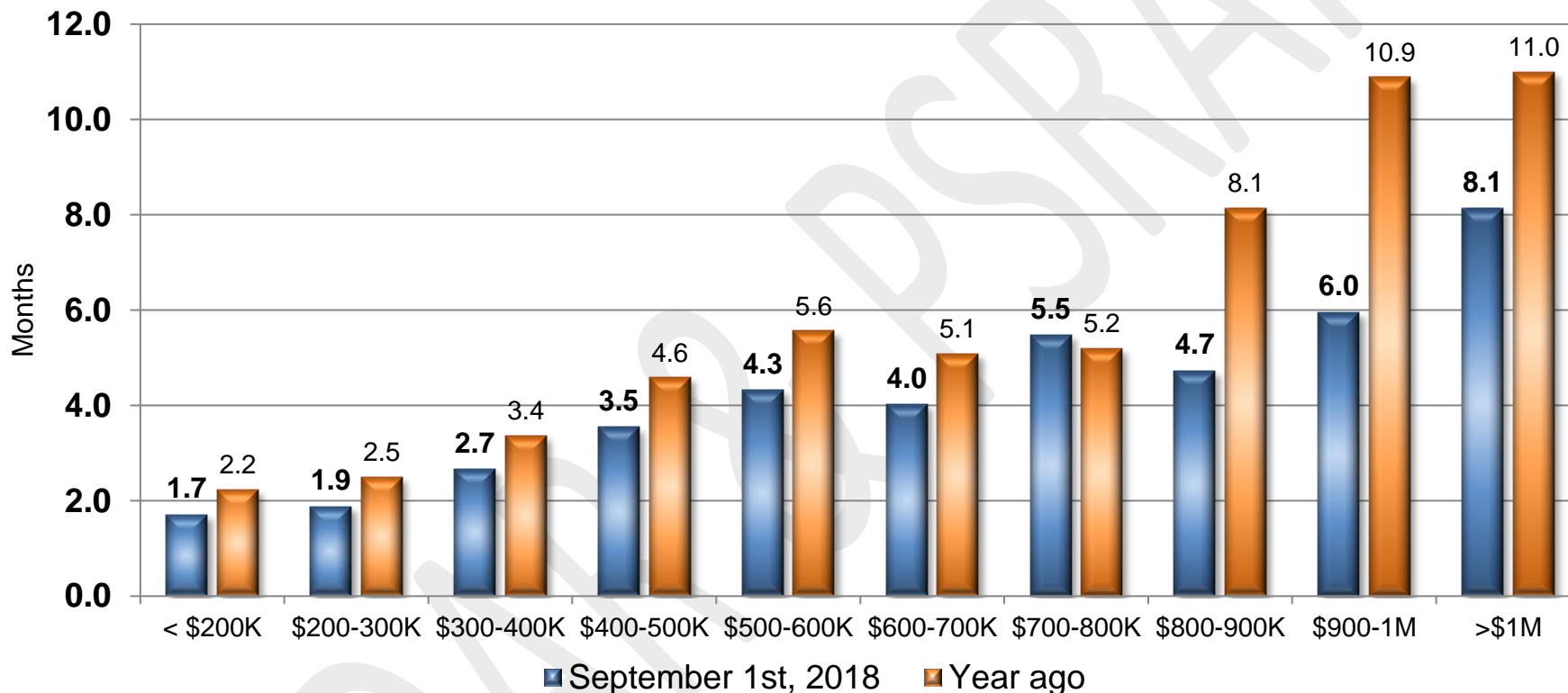
September 1st 2013 - September 1st 2018



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

At 3.1 months, the “months of supply” ratio is at its lowest level in six years! This is due to higher sales and consistently declining inventory. This combination has maintained the balance of supply and demand distinctly to the benefit of the seller. We have been in a sellers’ market now for over a year and it seems to be intensifying. The median value for “days in the market” in August was 65 days, compared to 73 days last year. This reflects the growing pressure on buyers to speed up their decision making in the face of declining inventory, else some other buyer gets there ahead of them.

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

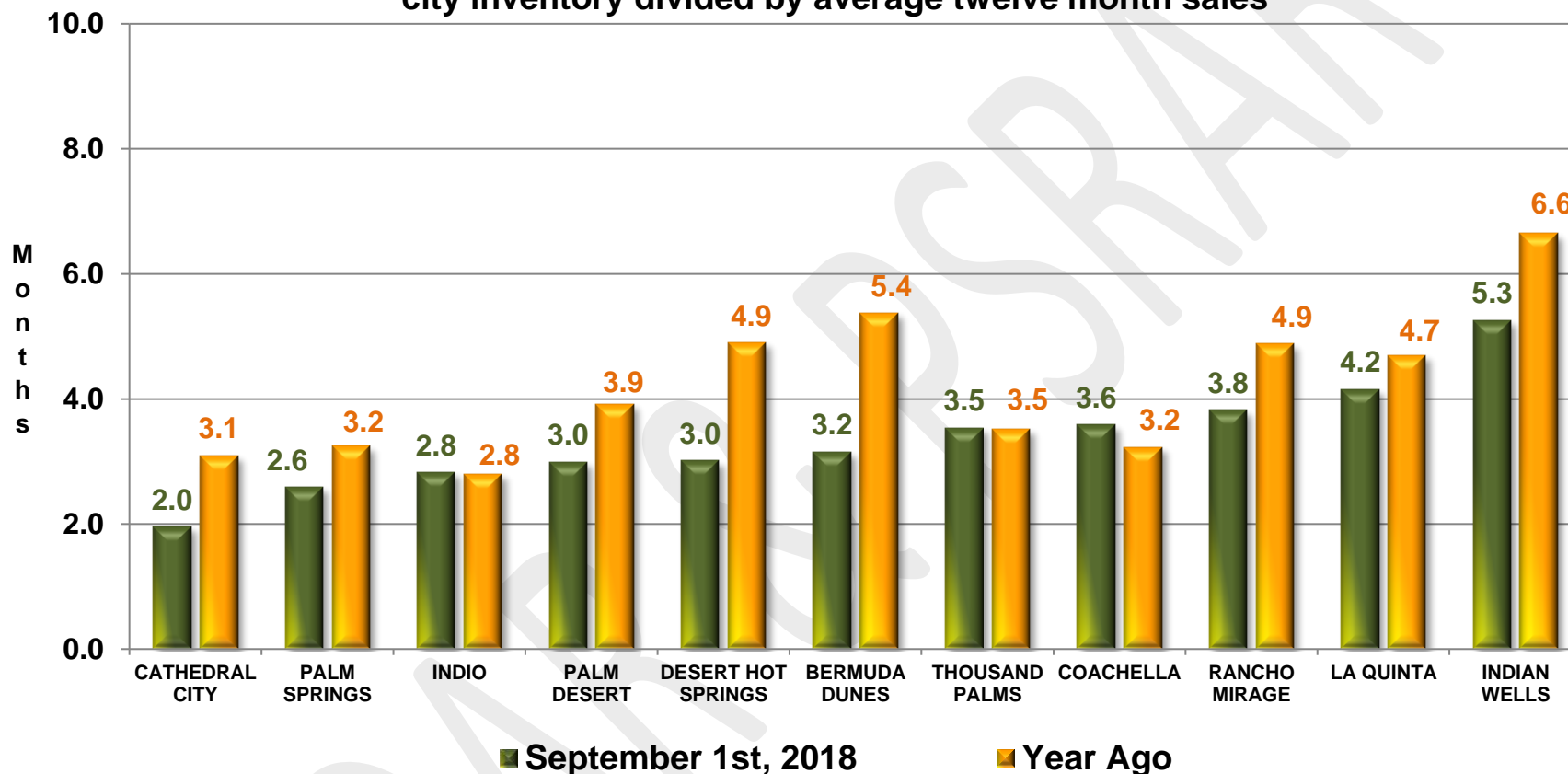


"Months of Supply" by Price Range

The lower "months of supply" ratio is found in almost all price brackets but especially in the three brackets above \$800k. Only the bracket from \$700k to \$800k shows any increase and we believe this is just a statistical anomaly. In the bracket from \$800k to \$900k we see a drop of 3.4 months - from 8.1 months down to 4.7 months. From \$900k to \$1M we see a decline from 10.9 months to just six months. Above \$1M we see a three month decline from 11 months down to 8.1 months.

"Months of Supply" by City

city inventory divided by average twelve month sales

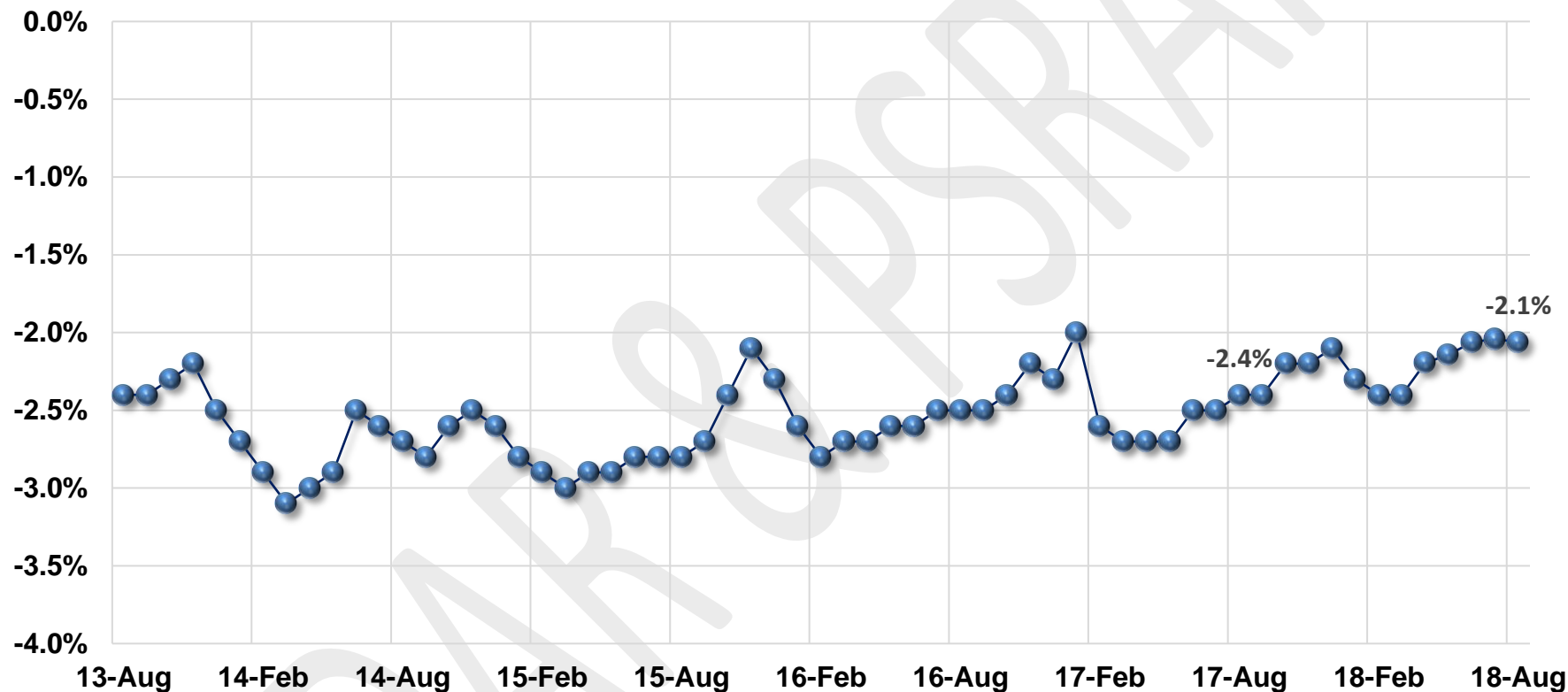


"Months of Supply" by City

The "months of supply" ratio for each city shows the similar pattern of lower numbers. Only the city of Coachella is higher but only by 4/10^{ths} of a month. All the other cities show lower ratios except Indio and Thousand Palms, with both having the same ratio as last September 1st. The cities with the largest declines in their ratio are Bermuda Dunes, Desert Hot Springs, Palm Desert, Indian Wells and Rancho Mirage.

Sales Price Discount from List

August 2013 to August 2018



Sale Price Discount from List

The latest “Sale Price Discount from List” is -2.1%, which is .3% less than a year ago. This ratio means an average home listed for \$400,000 sold for \$391,600, or an \$8,400 discount.



The Desert Housing Report

August 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