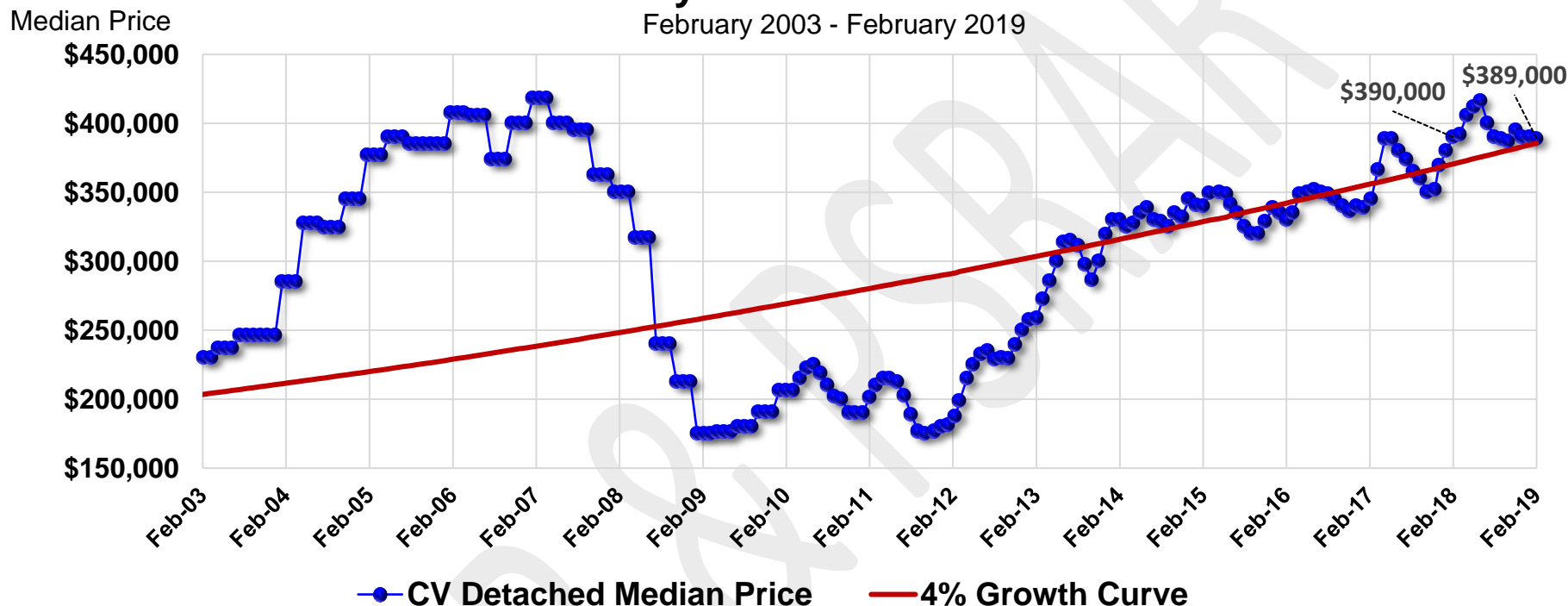


Coachella Valley Median Detached Home Price

February 2003 - February 2019



Summary

We are beginning to see signs of a slowdown in price gains due to a decline in sales. The regional median detached home price in February was \$389,000, which is \$1,000 less than a year ago. This is the first time we've seen a year-over-year price decline in some time. The Coachella Valley median attached price index in February was \$280,000. This compares to \$259,500 a year ago, which is a year-over-year increase of 8.1%. The twelve month increases in city median prices for detached homes are beginning to slow in a comparable way to what we see in the regional detached index. For example, Cathedral City now shows a 12 month gain of only 2.7%, Indio a gain of 2%, Desert Hot Springs a gain of 1%, while Palm Springs and Palm Desert now show year over year price declines. The three-month average of home sales for both detached and attached homes show year-over-year declines. Long-term measurements of home sales are starting to roll over too, and for the first time in almost three years are showing lower 12-month average sales compared to a year ago. Valley inventory continues to remain relatively well contained, however. The Valley inventory on March 1 was 3,909 units, which is almost exactly equal to the 3,901 units last March 1st. The "month of sales" ratio on March 1st was 4.8 months, which compares to 4.7 months a year ago. The median number of "days on the market" in February was 66 days, which exactly equals the number of days last February.

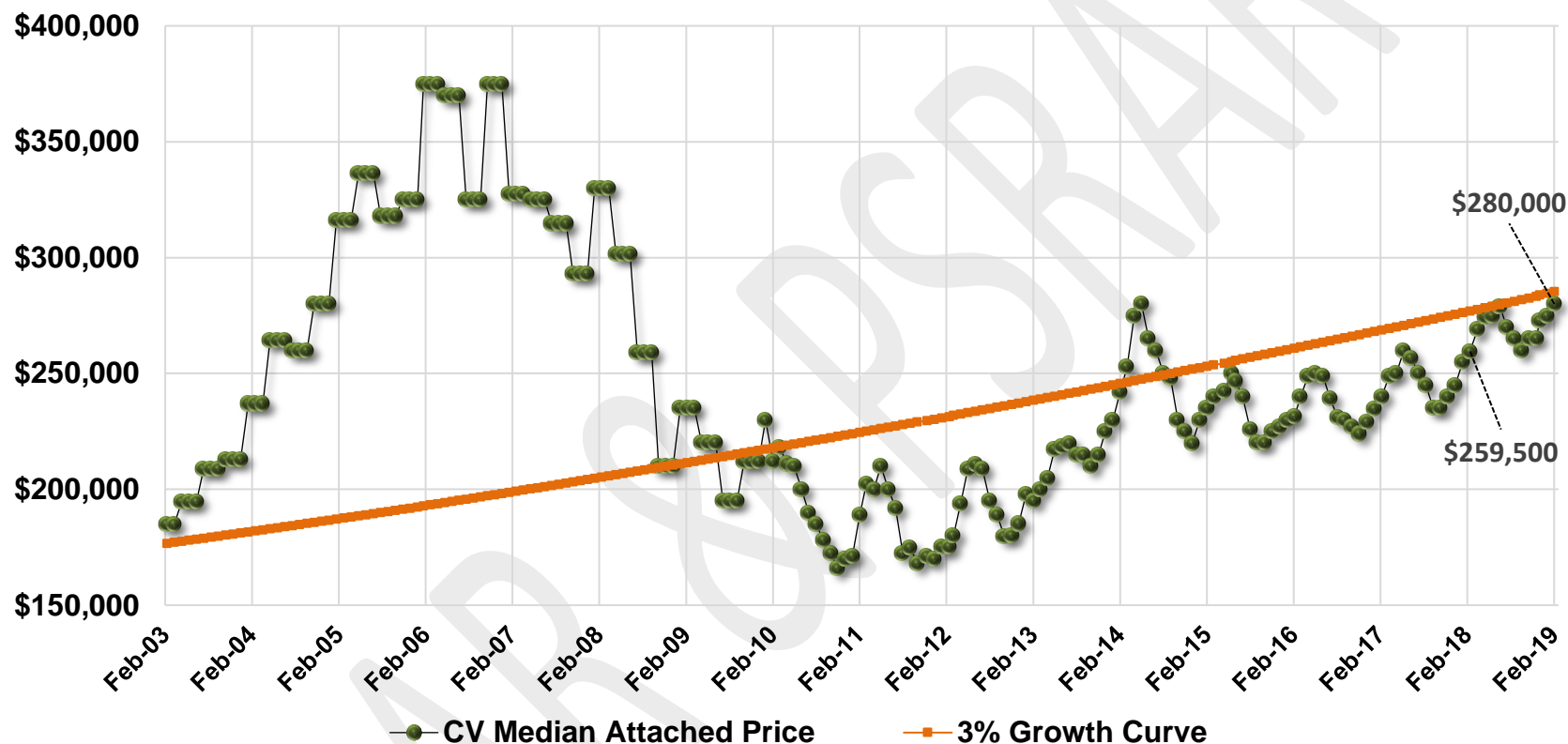
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Coachella Valley Median Attached Price

February 2003 - February 2019

Median Price



Coachella Valley Attached Median Price

The Coachella Valley median attached home price in February was \$280,000. This compares to \$259,500 a year ago, which is a year-over-year increase of 8.1%. As the chart clearly shows the current price is moving right along the 3% average growth curve that started in January 2003. We have noted in the past that the attached home market appears to be gaining strength while detached home prices are lagging somewhat. We expect this strength to continue for a while.

The Desert Housing Report

February 2019

Detached Homes

City	Feb-19	Year Ago	12 mo change	2011 Low	Gain off 2011 Low	2006 High	% from High
Rancho Mirage	\$785,000	\$635,000	23.6%	\$423,000	85.6%	\$950,000	-17.4%
Indian Wells	\$990,000	\$850,000	16.5%	\$540,000	83.3%	\$1,205,000	-17.8%
La Quinta	\$540,000	\$465,000	16.1%	\$245,000	120.4%	\$682,020	-20.8%
City of Coachella	\$263,000	\$240,000	9.6%	\$121,950	115.7%	\$335,000	-21.5%
Cathedral City	\$328,500	\$320,000	2.7%	\$139,000	136.3%	\$395,000	-16.8%
Indio	\$321,250	\$315,000	2.0%	\$158,500	102.7%	\$380,500	-15.6%
Desert Hot Springs	\$222,250	\$220,000	1.0%	\$85,000	161.5%	\$295,000	-24.7%
Palm Springs	\$631,000	\$635,000	-0.6%	\$335,000	88.4%	\$600,000	5.2%
Palm Desert	\$400,000	\$420,000	-4.8%	\$287,000	39.4%	\$543,000	-26.3%

Attached Homes

City	Feb-19	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Indio	\$227,000	\$173,000	31.2%	\$75,000	202.7%	\$279,000	-18.6%
Rancho Mirage	\$398,500	\$319,000	24.9%	\$260,000	53.3%	\$510,000	-21.9%
La Quinta	\$349,000	\$312,100	11.8%	\$265,000	31.7%	\$532,500	-34.5%
Desert Hot Springs	\$167,000	\$150,000	11.3%	\$86,000	94.2%	\$303,000	-44.9%
Cathedral City	\$190,000	\$173,000	9.8%	\$107,500	76.7%	\$270,500	-29.8%
Indian Wells	\$392,000	\$362,000	8.3%	\$321,500	21.9%	\$557,500	-29.7%
Palm Springs	\$265,000	\$245,000	8.2%	\$150,000	76.7%	\$350,000	-24.3%
Palm Desert	\$275,000	\$265,000	3.8%	\$175,000	57.1%	\$410,000	-32.9%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

12 Month Change in City Median Prices

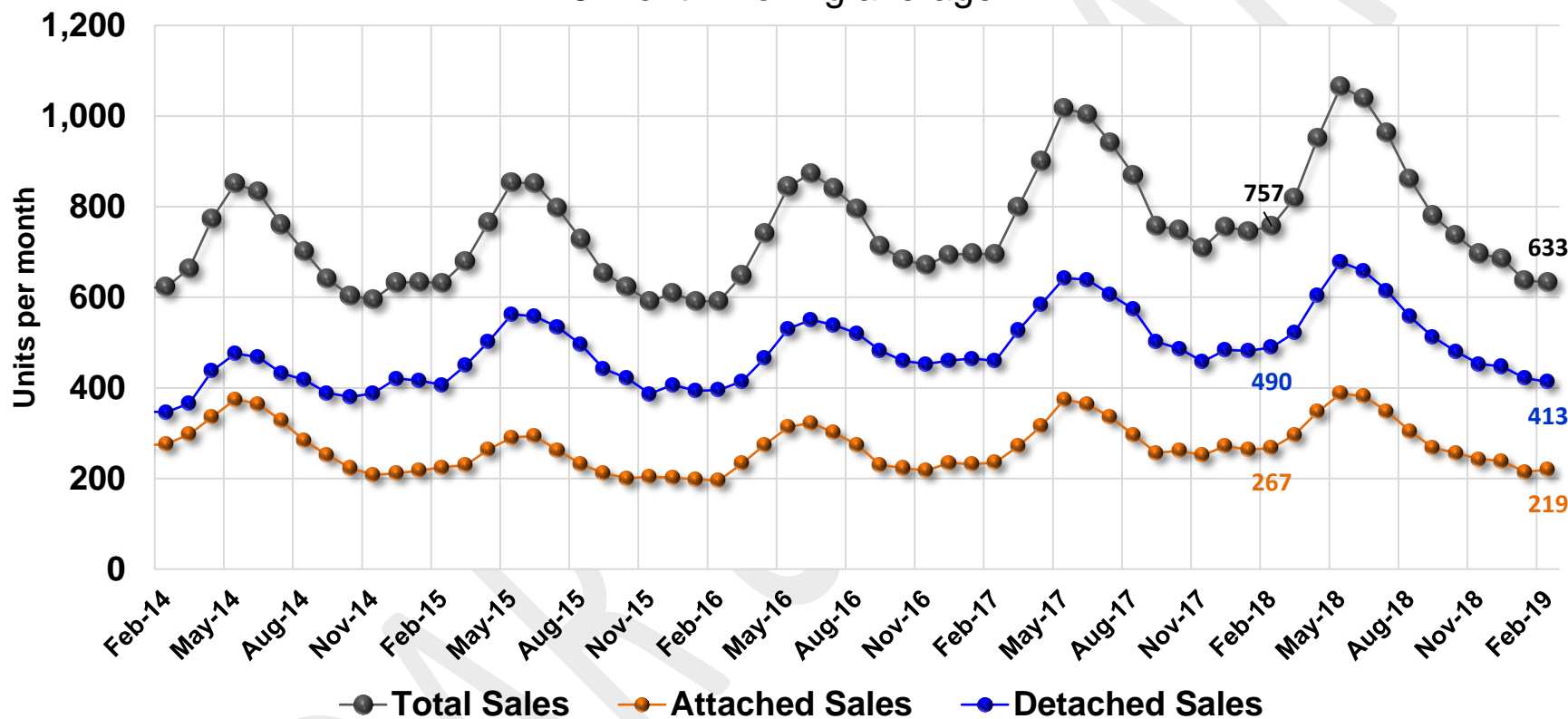
Twelve month increases in city median prices for detached homes are beginning to slow in a comparable way to what we see in the regional detached index. For example, Cathedral City now shows a 12 month gain of only 2.7%, Indio a gain of 2%, Desert Hot Springs a gain of 1%, with Palm Springs and Palm Desert now showing year over year price declines. In the attached market we see strength in all cities starting with Indio and an increase of 31%, Rancho Mirage up 24.9%, La Quinta up 11.8%, and Desert Hot Springs up 11.3%.

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Detached, Attached and Total Sales

3 month moving average

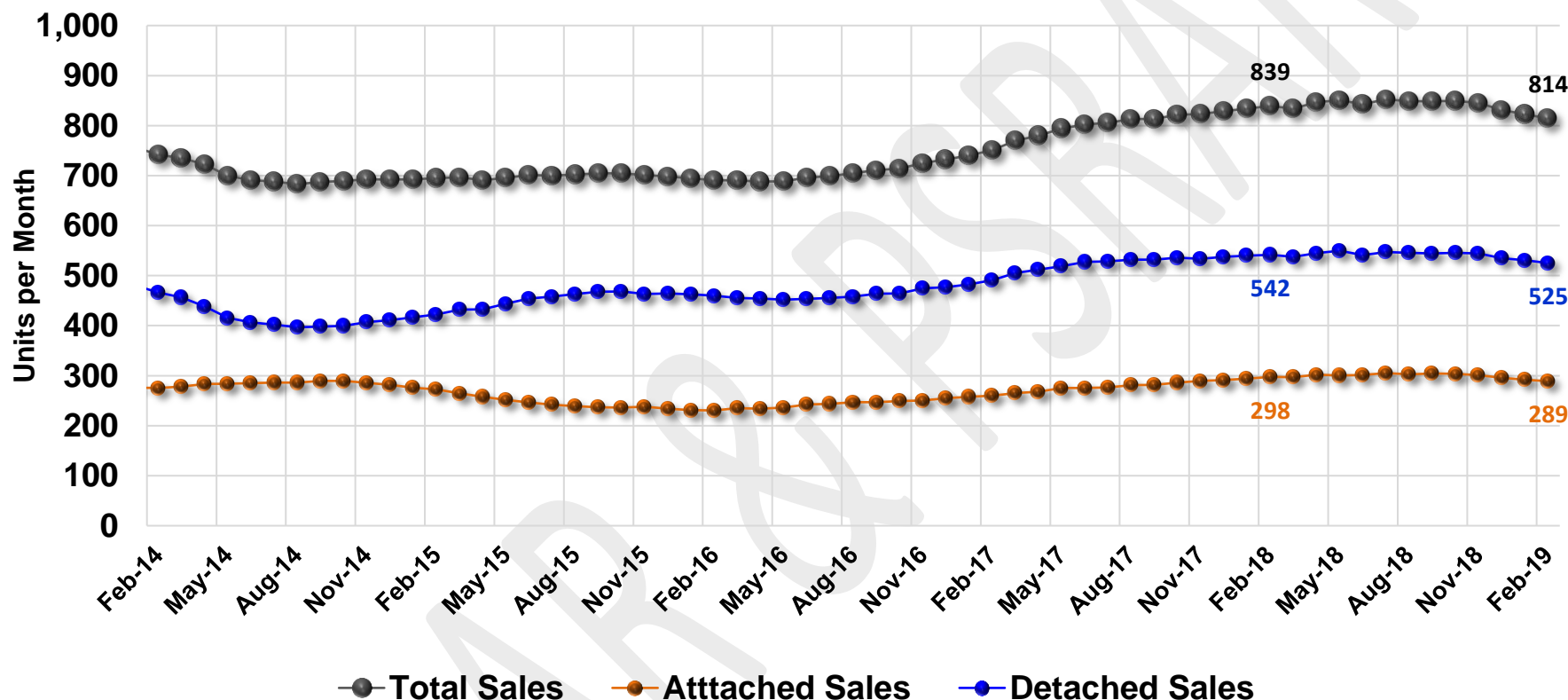


Monthly Sales – 3-month trailing avg.

The three-month average of home sales for both detached and attached homes show year-over-year declines. Attached home sales at an average of 219 units a month in February is 18% below sales a year ago. Detached home sales at 413 units a month is running 15.7% below last year, bringing total home sales to 633 units a month, which is 16.4% below a year ago. This pattern of lower three-month sales has been in effect now for over six months. As we stated before it's our opinion this is forecasting lower, long-term sales measurements, which we are finally starting to see in the next chart.

Detached, Attached and Total Sales

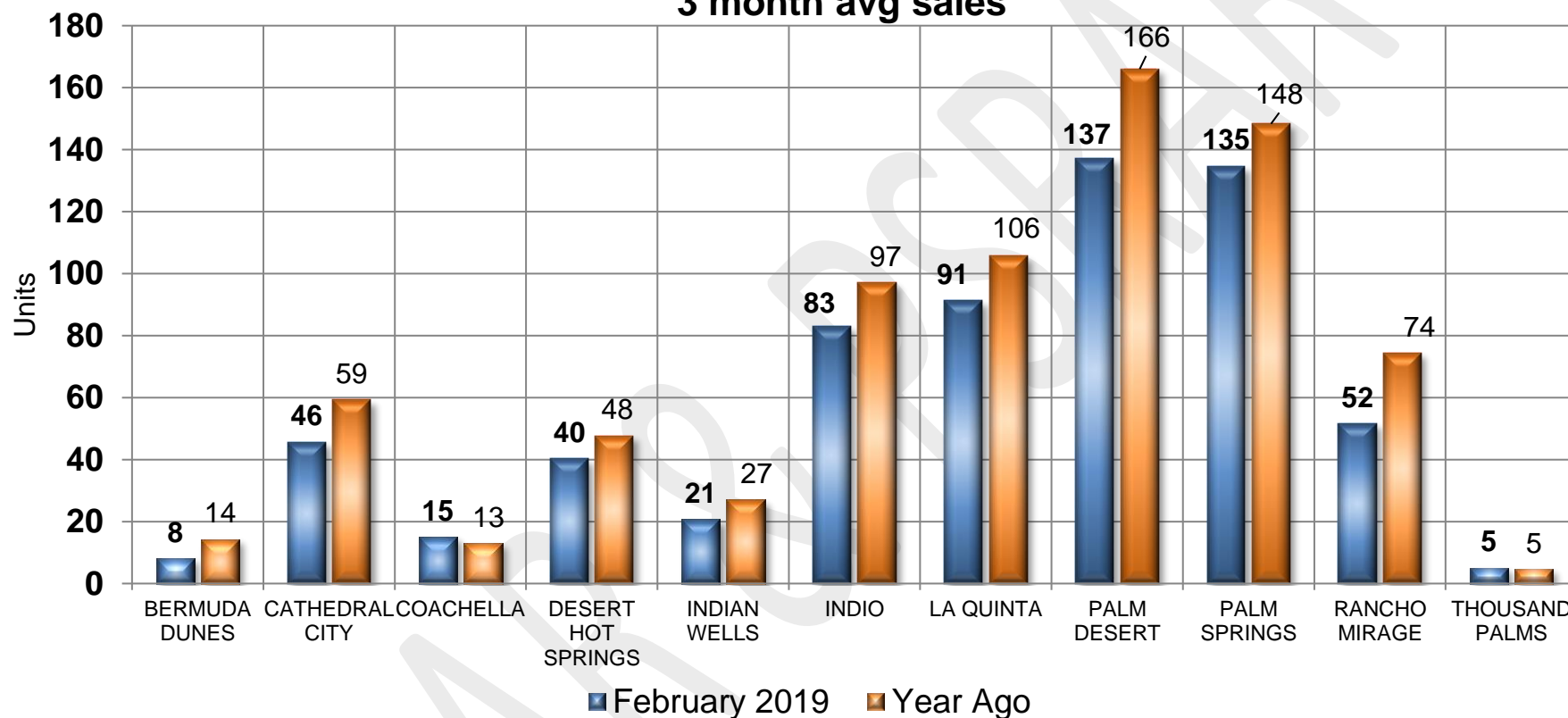
12 month moving average



Monthly Sales – 12-month trailing avg.

This chart graphs long-term sales, which is monthly sales averaged over the last 12 months. As this chart clearly shows long-term measurements of home sales are starting to roll over, and for the first time in almost three years are showing lower 12 month sales compared to a year ago. For example, total sales over the last 12 months have been averaging 814 units a month, which compares to last February's average of 839 units a month. We expect this decline in long-term sales to continue for a while, at least until shorter-term measurements of sales begin to even out or rise again.

Home Sales by City 3 month avg sales

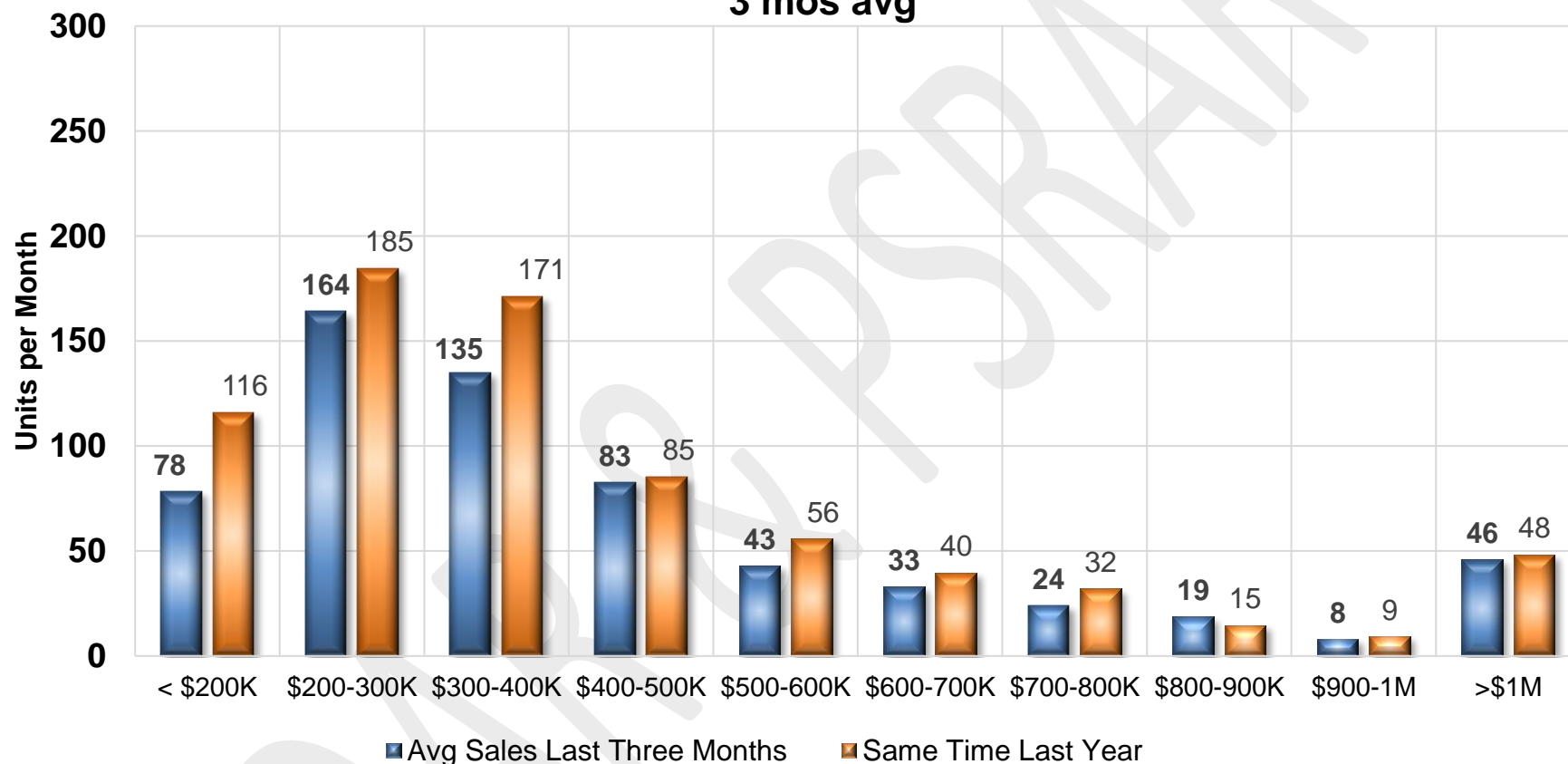


Home Sales per month by City

In February every city in the Valley showed a decline in three months sales, except Coachella and Thousand Palms. Cathedral City's sales were down 22%, Indio down 14.4%, La Quinta down 14%, Palm Desert down 17% and Palm Springs down 8.8%. The two high-end cities of Rancho Mirage and Indian Wells were down 29.7% and 22.2% respectively. These are rather large declines and might reflect the decline in sentiment caused by the 20% drop in the stock market in December and January. If so, we might begin to now see sales recover a little following the strong stock market move in February.

Home Sales by Price Range

3 mos avg

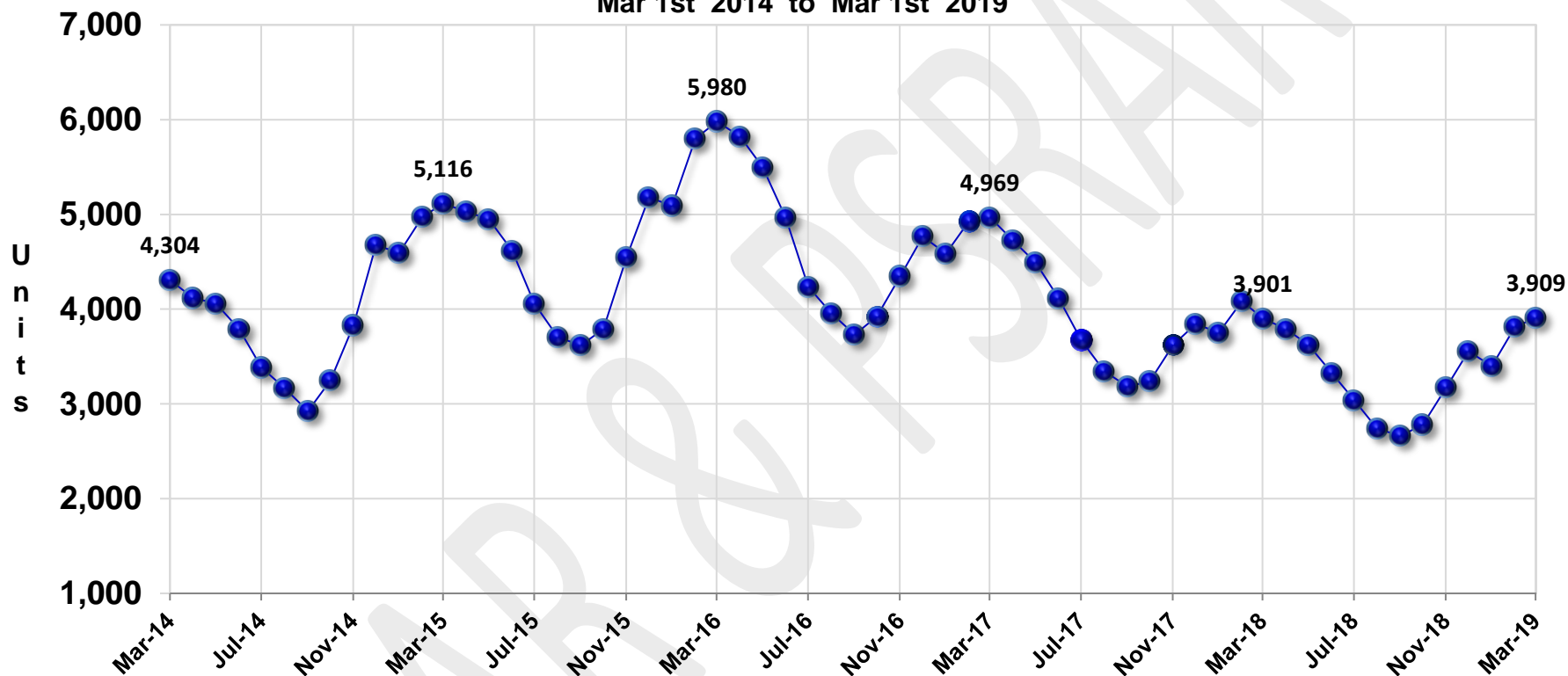


Home Sales by Price Range

When we compare three months sales in various price brackets, we see a decline in sales for homes in the three price brackets under \$400,000. We see little change in sales in the \$400,000 to \$500,000 price bracket. In the price brackets from \$500,000 to \$800,000 we again see a decline. In the high-end market over \$900,000, we see comparable sales to last year.

Valley Housing Inventory

Mar 1st 2014 to Mar 1st 2019

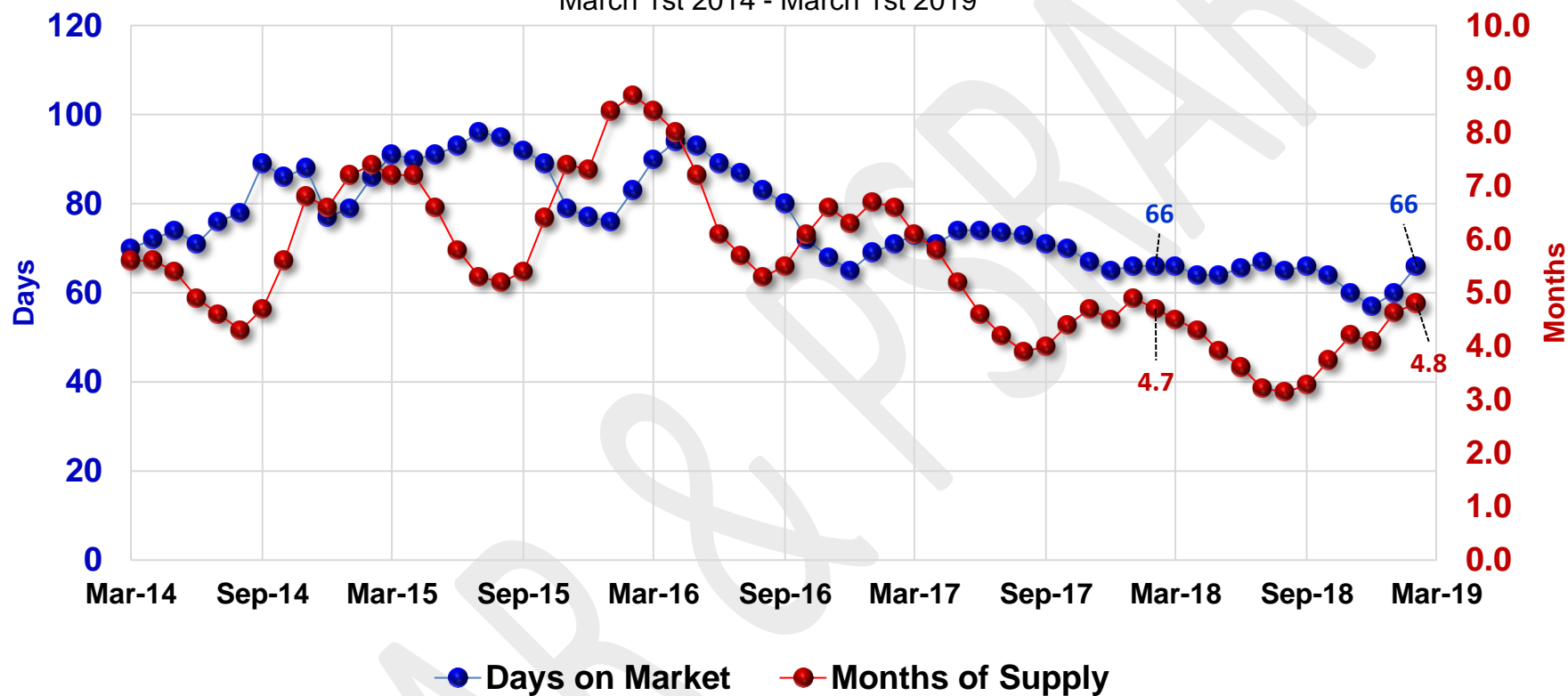


Coachella Valley Inventory

Valley inventory continues to remain relatively well contained. The Valley inventory on March 1 was 3,909 units, which is almost exactly equal to the 3,901 units last March 1st. These are the lowest March 1st inventory numbers for the last five years, which we find encouraging considering the measurable drop in sales. What this implies is that buying and selling is still relatively balanced even with lower sales.

Days on the Market & Months of Supply

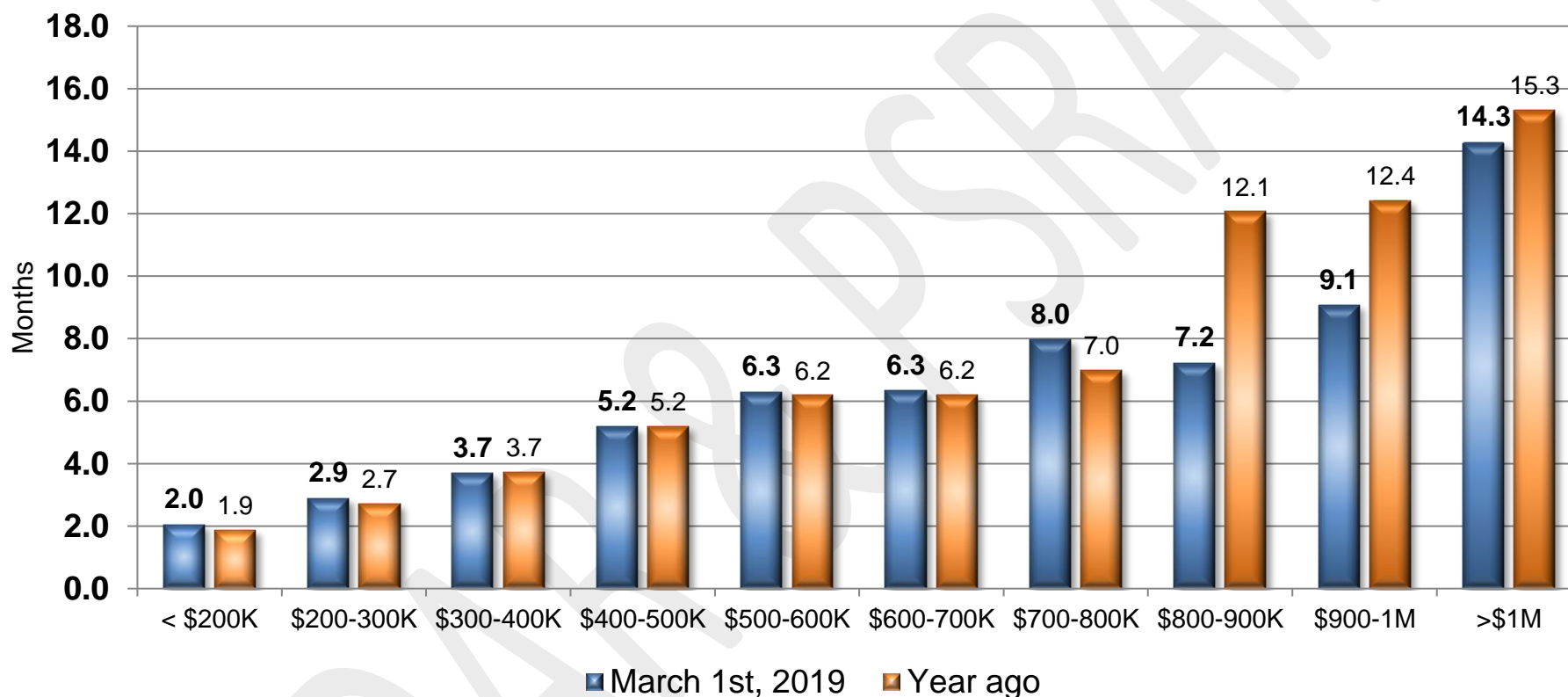
March 1st 2014 - March 1st 2019



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

The “month of sales” ratio on March 1st was 4.8 months, which compares to 4.7 months a year ago. These are the lowest ratios of the last five years and confirm that even though sales have declined inventory remains well contained. This means that the current lower sales absorption rate seems to nearly match or equal the number of net new homes coming into the market for sale. The median number of “days on the market” in February was 66 days, which exactly equals the number of days last February.

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

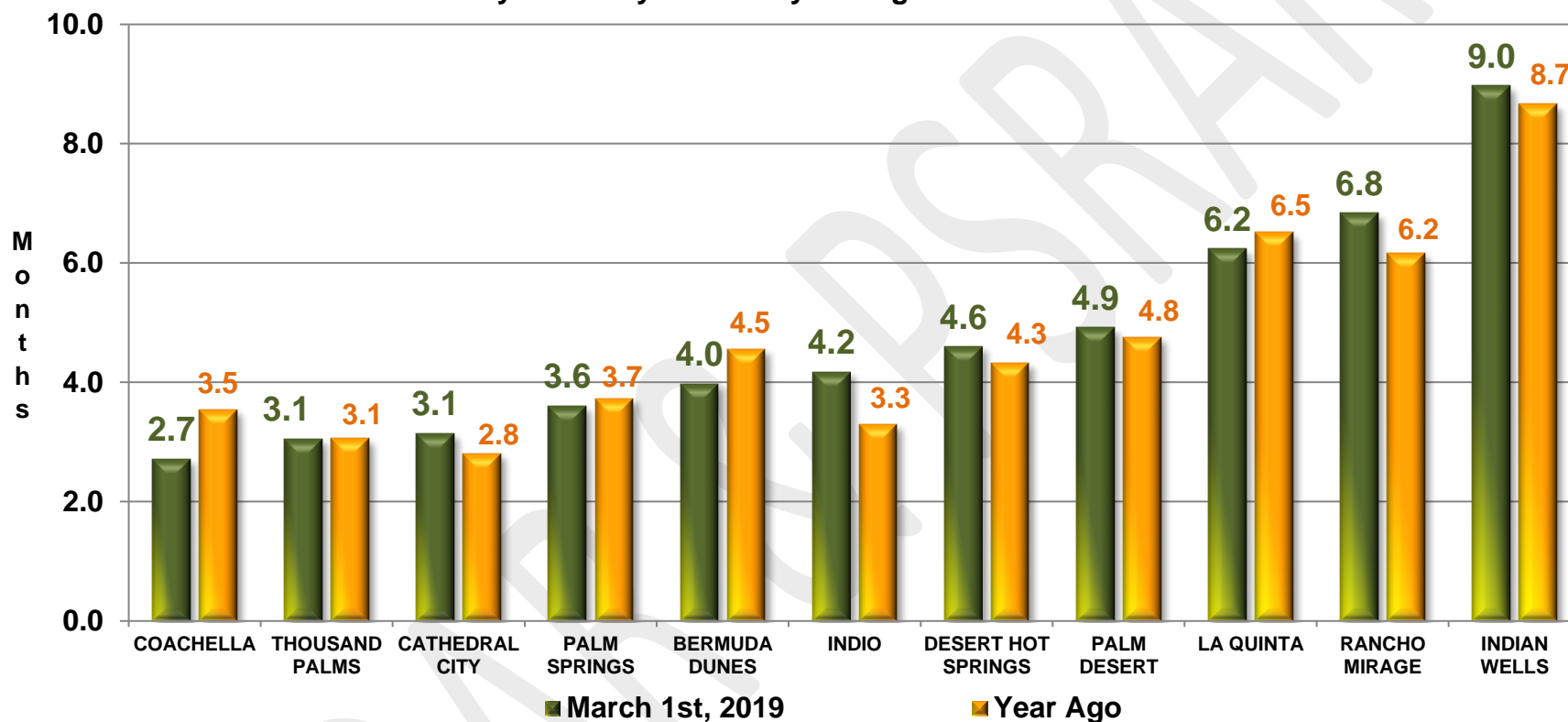


"Months of Sales" by Price Range

When we look at the "months of sales" ratio in the different price brackets, we see comparable ratios to last year in all price brackets under \$700,000. In the price brackets over \$800,000 we find lower months of sales compared to a year ago. This supports the idea that the high-end price market is showing good relative strength compared to other price sectors of the housing market.

"Months of Supply" by City

city inventory divided by average twelve month sales

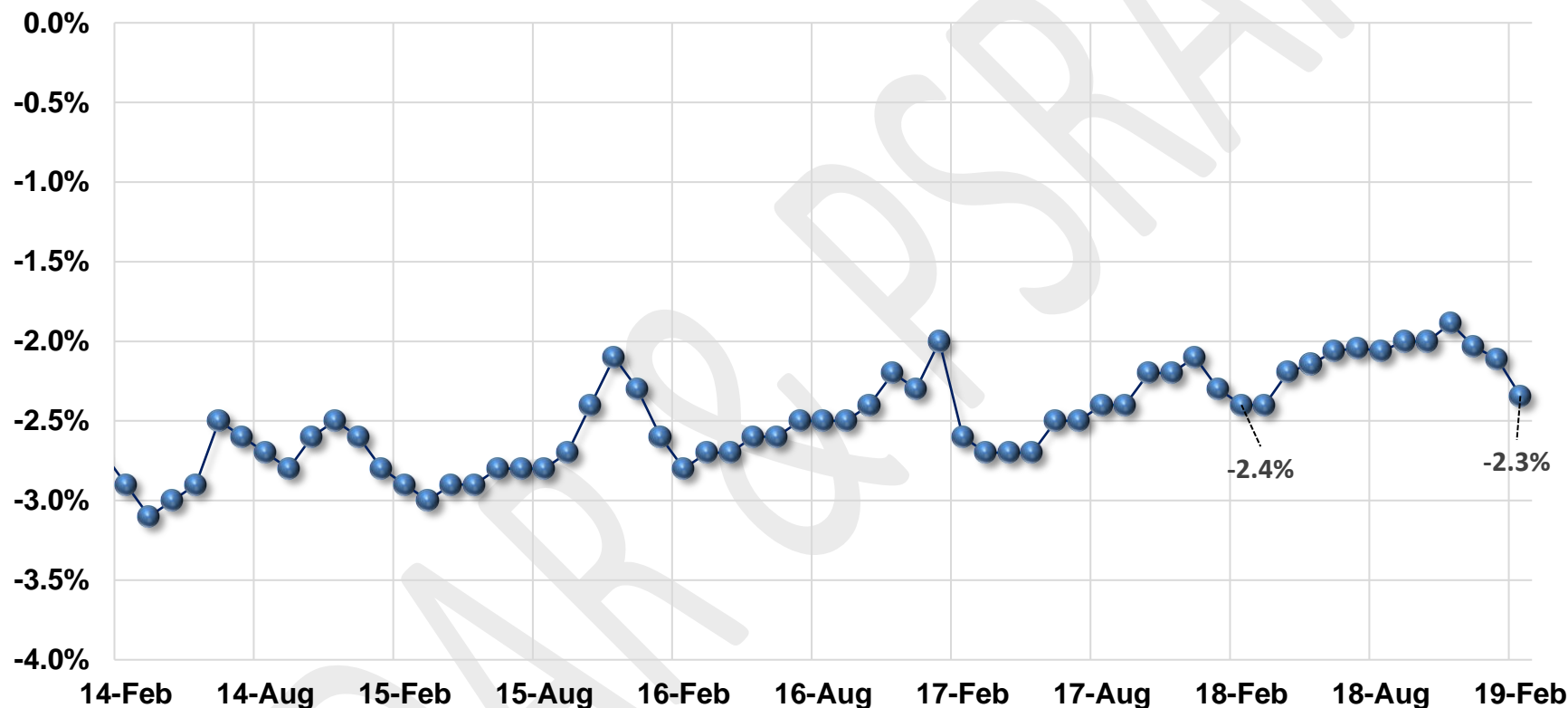


"Months of Supply" by City

The above graph shows the "month of sales" ratio for eleven Valley cities against the ratio at the same time last year. Four of the 11 cities show lower ratios, one city – Thousand Palms - has the same ratio, and six cities show higher ratios. All cities have comparable numbers to a year ago except Indio, which had a ratio of 4.2 months versus 3.3 months last year.

Sales Price Discount from List

February 2014 to February 2019



Sale Price Discount from List

The latest “Sale Price Discount from List” is -2.3%, which is .1% less than a year ago. This ratio means the average home listed for \$400,000 sold for \$390,800, or a \$9,200 discount.



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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