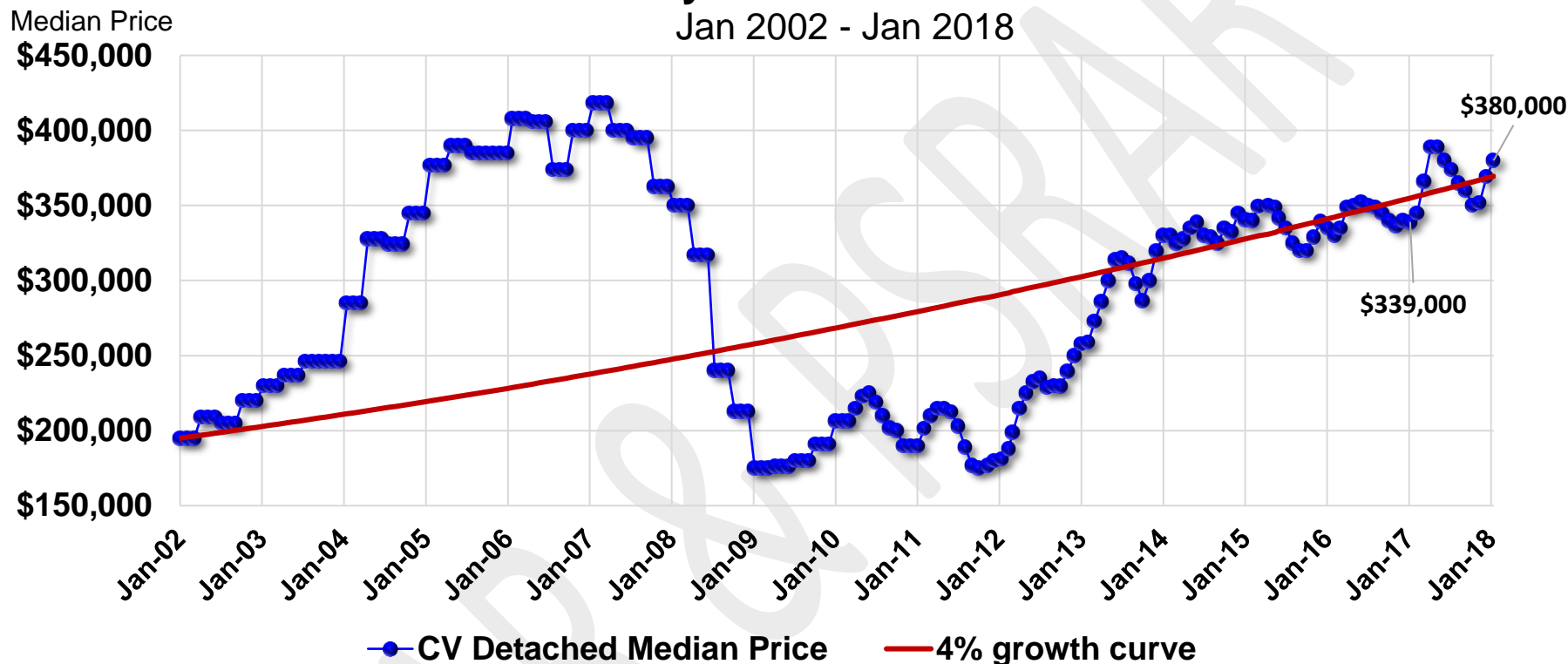


Coachella Valley Median Detached Home Price

Jan 2002 - Jan 2018

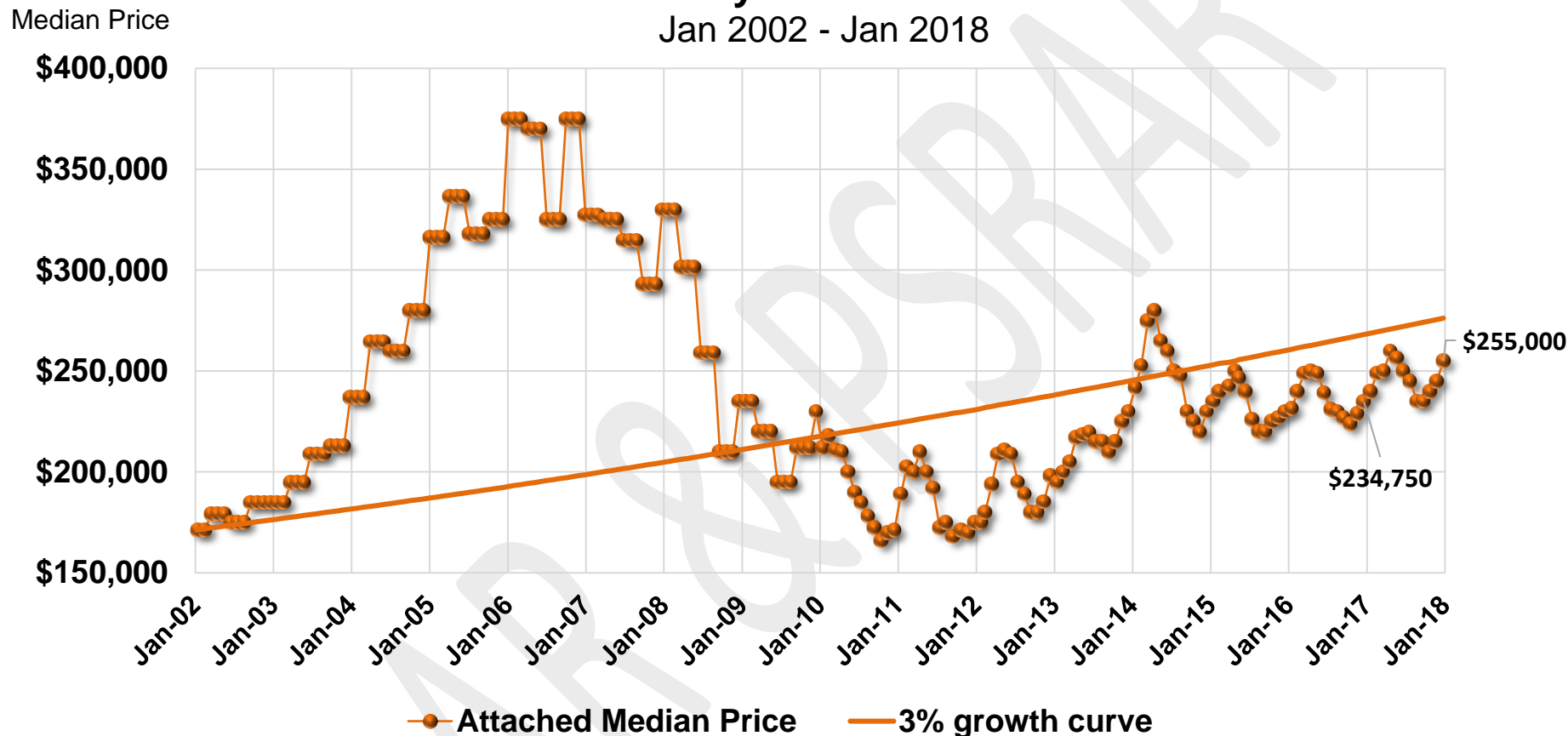


Summary

The median Valley price for detached homes in January was \$380,000 up 12% over January of 2017. This represents a strong start for the New Year. The median price of Valley attached homes in January was \$255,000, which is 8.6% above January of last year. We think this is a positive sign for the attached market price wise, which has been lagging the detached market by trending sideways for the last four years. Year over year changes in detached median home prices of the nine cities remains remarkably strong. Only La Quinta has a lower median price than a year ago. The other eight cities are all higher. Coachella is higher by 3.3% and Desert Hot Springs continues to lead in month over month price changes, being up 21.6% over a year ago. The average of twelve month sales takes out all seasonality and allows comparing year over year sales at any month. January shows an increase of 14% in attached sales compared to 2016, a 12% increase in detached sales and a 12.7% increase in total sales over a year ago. Inventory rose 330 units in the month of January for a reading of 4,083 units listed on February 1st. As the graph clearly shows, for the last five years every January has shown an increase in inventory, some larger than others.

Coachella Valley Median Attached Price

Jan 2002 - Jan 2018



Coachella Valley Attached Median Price

The median price of Valley attached homes in January was \$255,000, which is 8.6% above January of last year. We think this is a positive sign for the attached market which, as the chart above shows, has been lagging the detached market by trending sideways for the last four years. We also think this market will move up in price to at least the 3% growth curve, which would be a move of about 8% from here.

The Desert Housing Report

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Detached Homes

	Jan-18	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	\$409,000	\$360,000	13.6%	\$287,000	42.5%	\$543,000	-24.7%
Palm Springs	\$635,000	\$559,000	13.6%	\$335,000	89.6%	\$600,000	5.8%
Indio	\$310,000	\$285,000	8.8%	\$158,500	95.6%	\$380,500	-18.5%
Cathedral City	\$314,000	\$289,000	8.7%	\$139,000	125.9%	\$395,000	-20.5%
Indian Wells	\$832,500	\$796,250	4.6%	\$540,000	54.2%	\$1,205,000	-30.9%
Rancho Mirage	\$642,500	\$620,000	3.6%	\$423,000	51.9%	\$950,000	-32.4%
City of Coachella	\$253,000	\$245,000	3.3%	\$121,950	107.5%	\$335,000	-24.5%
La Quinta	\$405,000	\$473,000	-14.4%	\$245,000	65.3%	\$682,020	-40.6%

Attached Homes

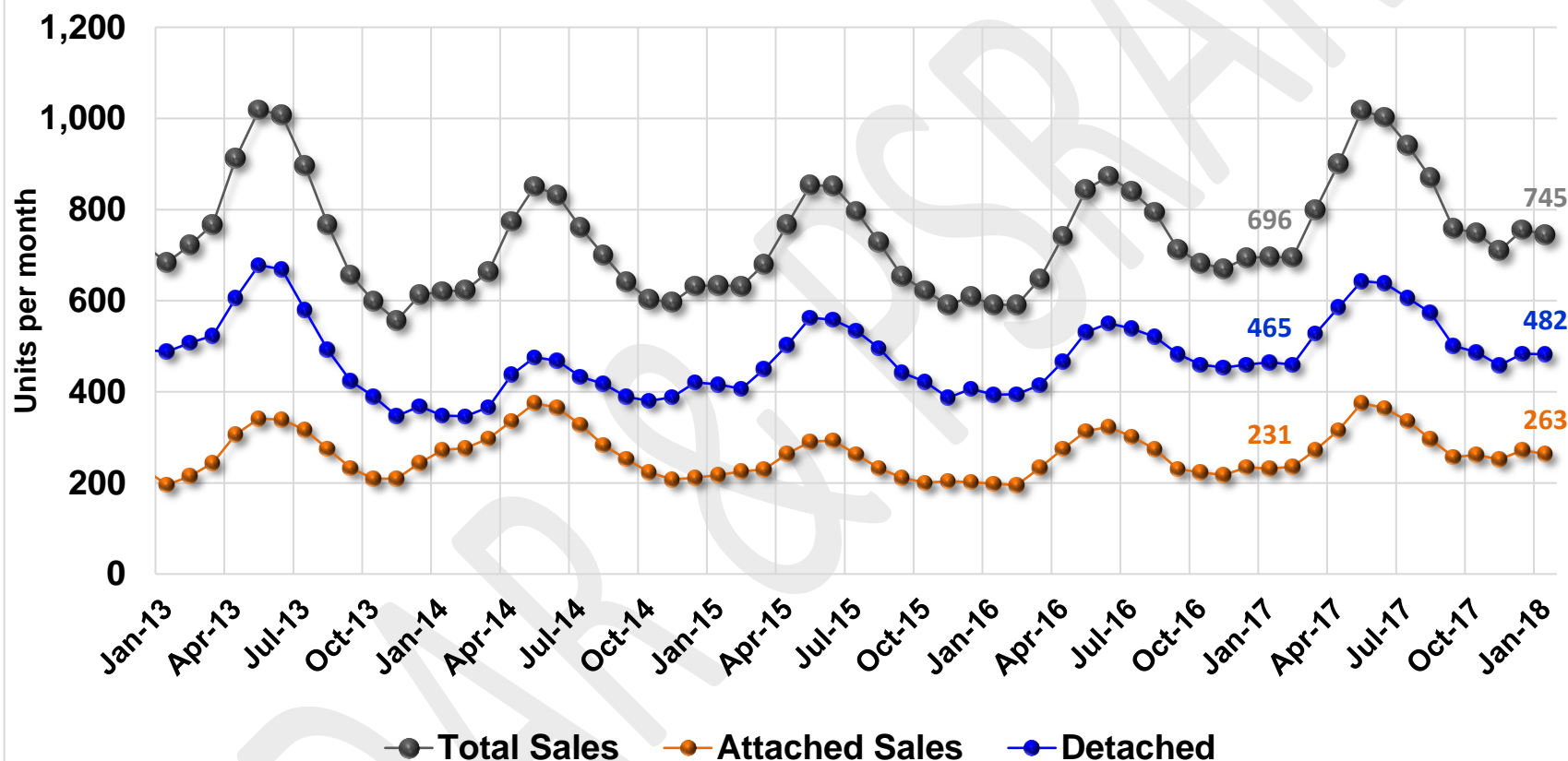
	Jan-18	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Rancho Mirage	\$321,500	\$265,000	21.3%	\$260,000	23.7%	\$510,000	-37.0%
Indio	\$169,000	\$147,500	14.6%	\$75,000	125.3%	\$279,000	-39.4%
La Quinta	\$327,489	\$305,000	7.4%	\$265,000	23.6%	\$532,500	-38.5%
Palm Desert	\$267,500	\$255,000	4.9%	\$175,000	52.9%	\$410,000	-34.8%
Palm Springs	\$225,000	\$218,500	3.0%	\$150,000	50.0%	\$350,000	-35.7%
Cathedral City	\$153,000	\$152,500	0.3%	\$107,500	42.3%	\$270,500	-43.4%
Indian Wells	\$380,000	\$428,500	-11.3%	\$321,500	18.2%	\$557,500	-31.8%
Desert Hot Springs	\$70,000	\$95,000	-26.3%	\$86,000	-18.6%	\$303,000	-76.9%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

12 Month Change in City Median Prices

Year over year changes in detached median home prices of the nine major cities remain remarkably strong. Only La Quinta has a lower median price than a year ago. The other eight cities are all higher. Coachella is higher by 3.3% and Desert Hot Springs continues to lead in month over month price changes, being up 21.6%. The attached market continues to show marginal price increases. The two largest condo cities – Palm Desert and Palm Springs – show increases of 4.9% and 3.0% respectively.

Detached, Attached and Total Sales

3 month moving average

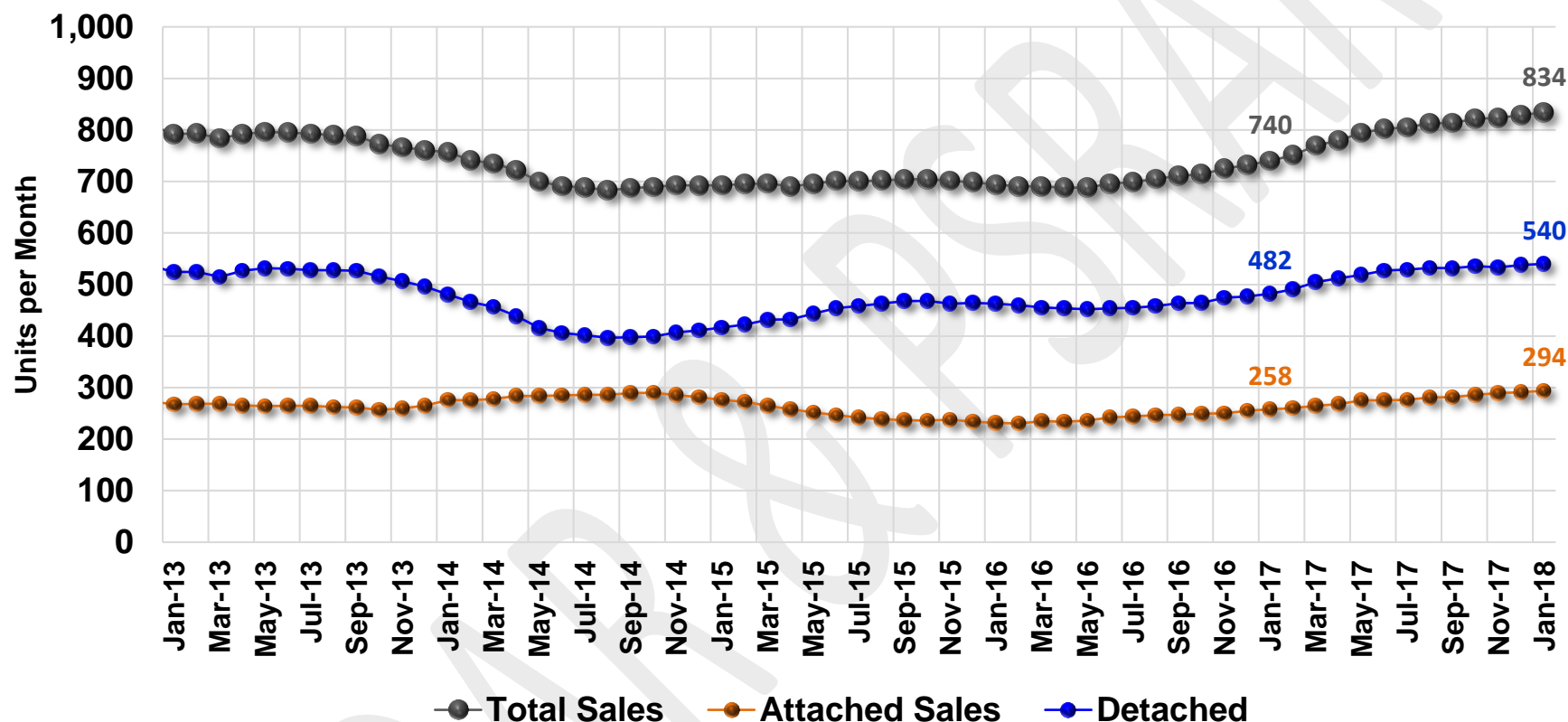


Monthly Sales – 3 month trailing avg.

The three month moving average of total home sales in January was 765 units per month, which is 7.0% higher than the average last year. Detached sales were 3.6% higher than last year while attached sales, at 263 a month, were considerably higher than last year.

Detached, Attached and Total Sales

12 month moving average

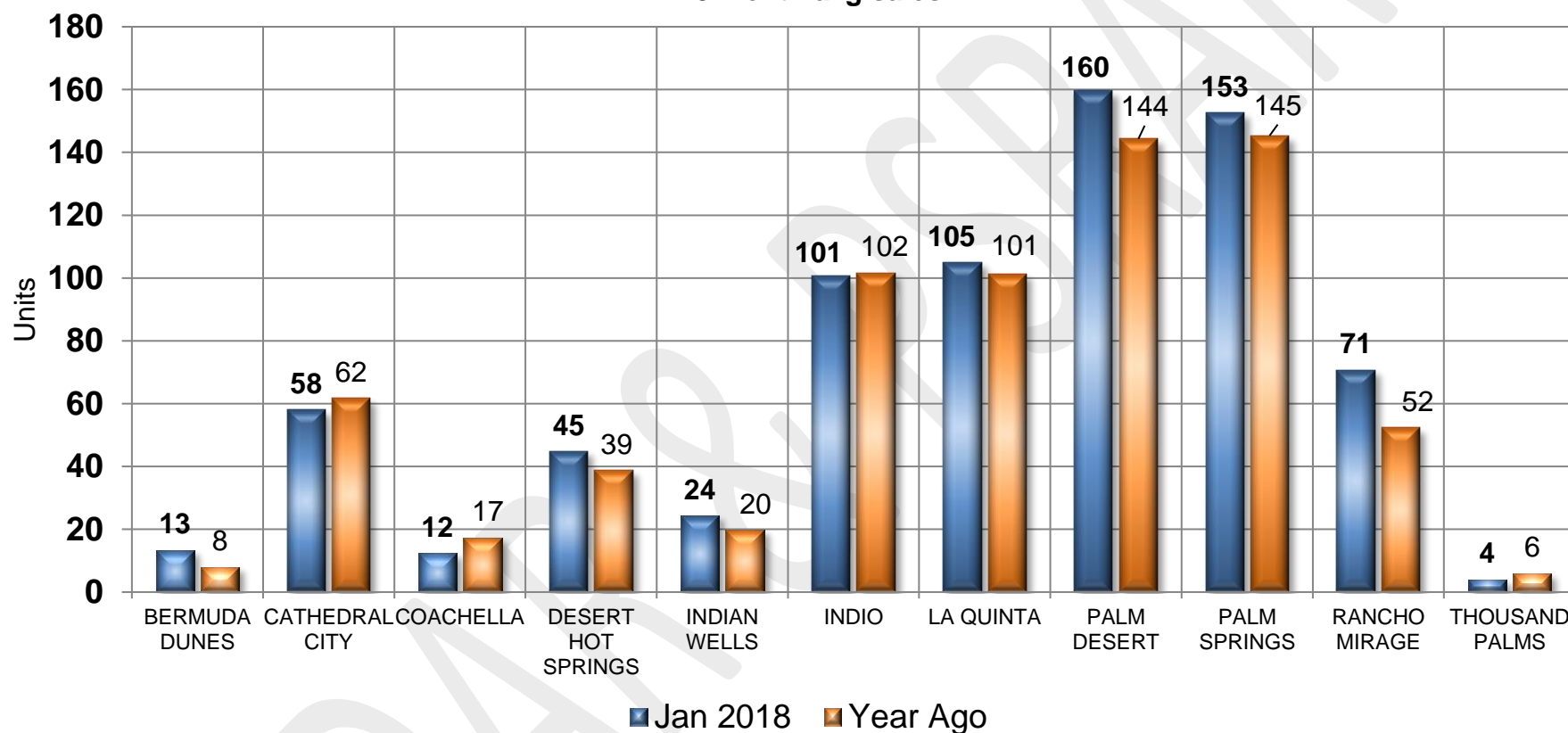


Monthly Sales – 12 month trailing avg.

The average of twelve month sales, which takes out seasonality and allows comparing year over year sales at any month, shows an increase of 14% in attached sales compared to 2016, a 12% increase in detached sales and a 12.7% increase in total sales. These numbers continue to reflect the trend of expanding sales that began in the region over a year ago, and we expect this to continue into 2018. Total sales are now higher than at any time in the last five years.

Home Sales by City

3 month avg sales

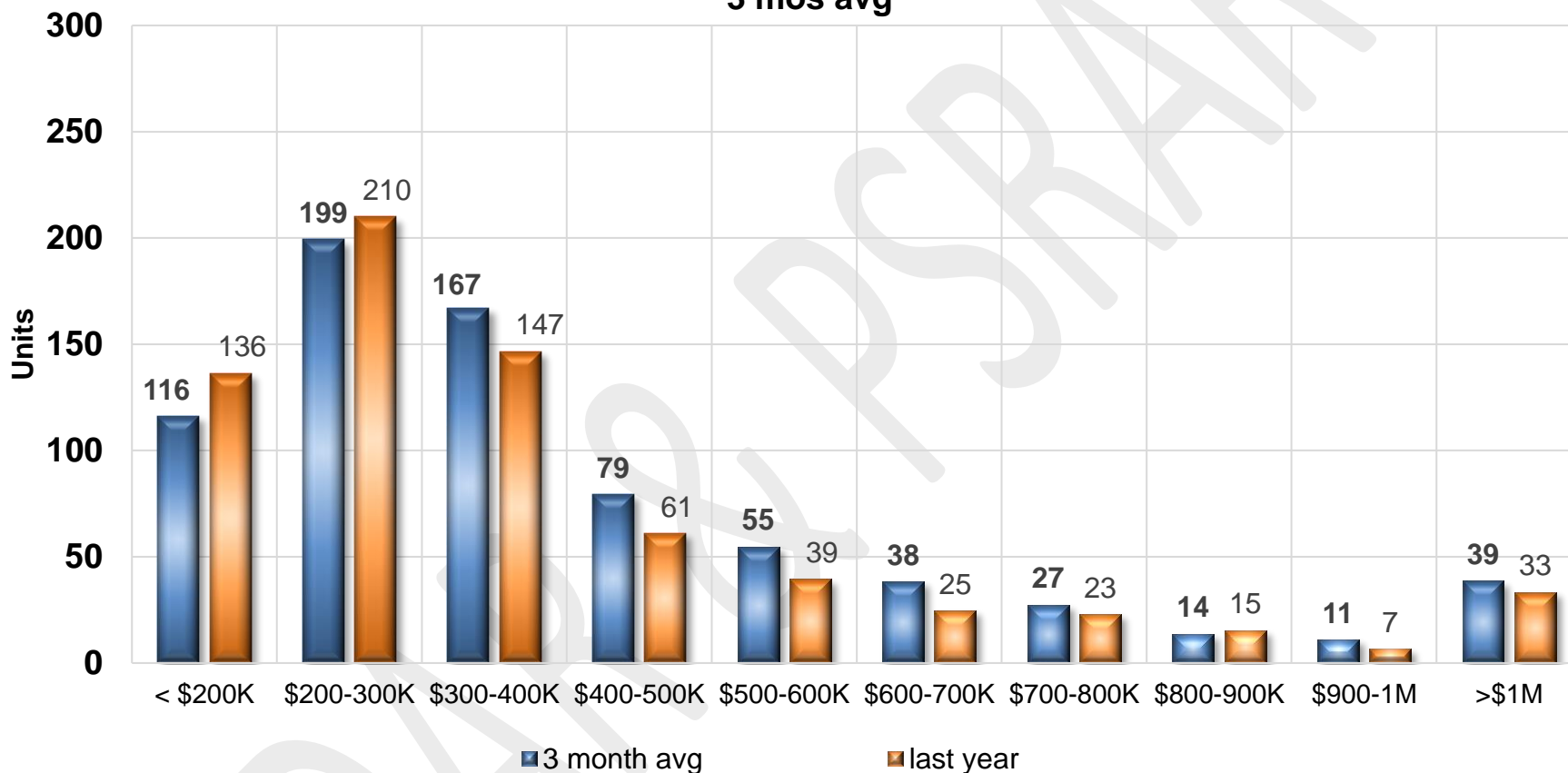


Home Sales per month by City

As we enter the new selling season, seven cities show higher three month sales compared to a year ago, while four cities have lower sales. Rancho Mirage shows the largest percentage gain with an increase of 39%. This is confirmed by longer term sales in Rancho Mirage, which are 30% over a year ago. Palm Springs is another city with continuing strong sales, with an increase of 11% over last year.

Home Sales by Price Range

3 mos avg

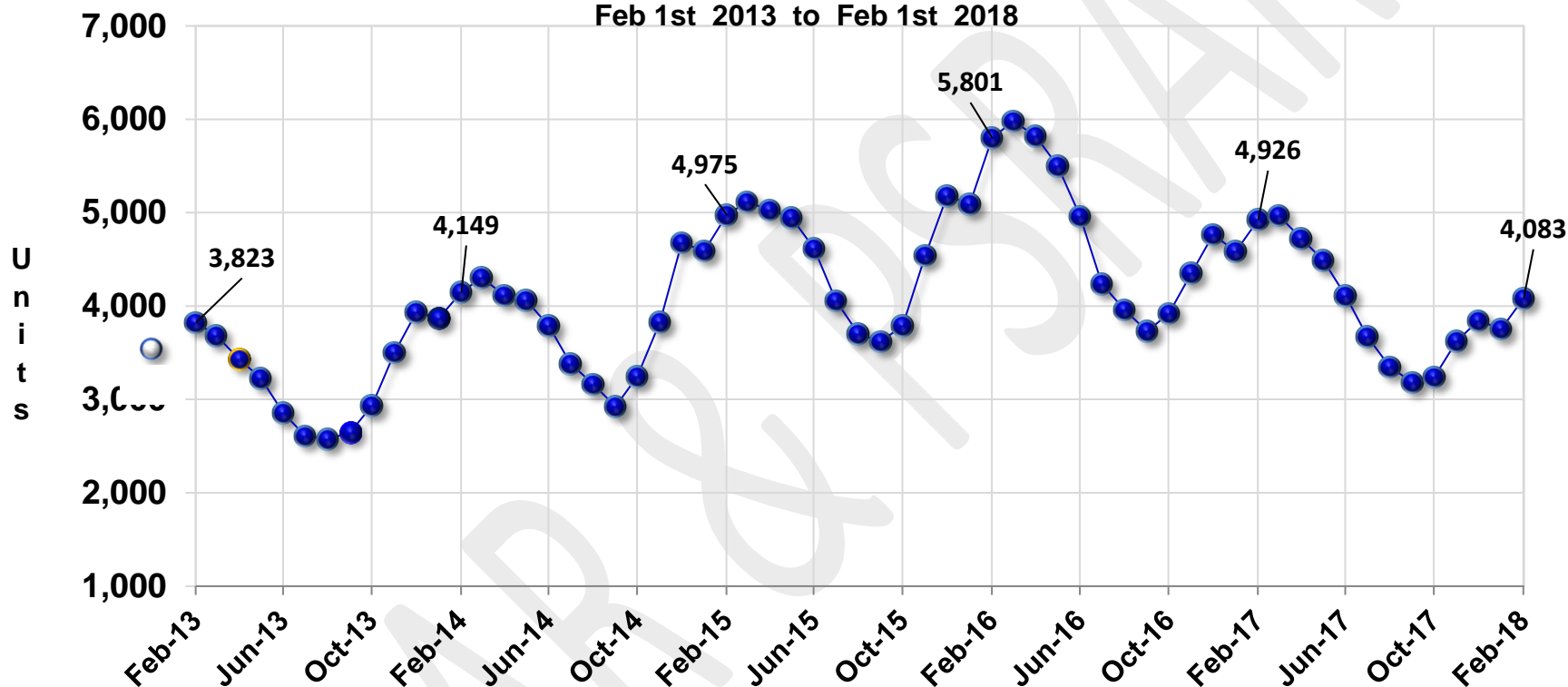


Home Sales by Price Range

As prices rise, sales under \$200k are falling compared to a year ago. Most of this is due to a lack of inventory in the under \$200k price bracket. It should be noted that over two thirds of all sales under \$200k are condo sales. Sales of homes between \$200k and \$300k were also less than a year ago. However, in all price brackets from \$300k to \$800k, sales were considerably higher than a year ago. For example, sales from \$400k to \$500k are up 30% and sales from \$600k to \$700k are higher by 52%.

Valley Housing Inventory

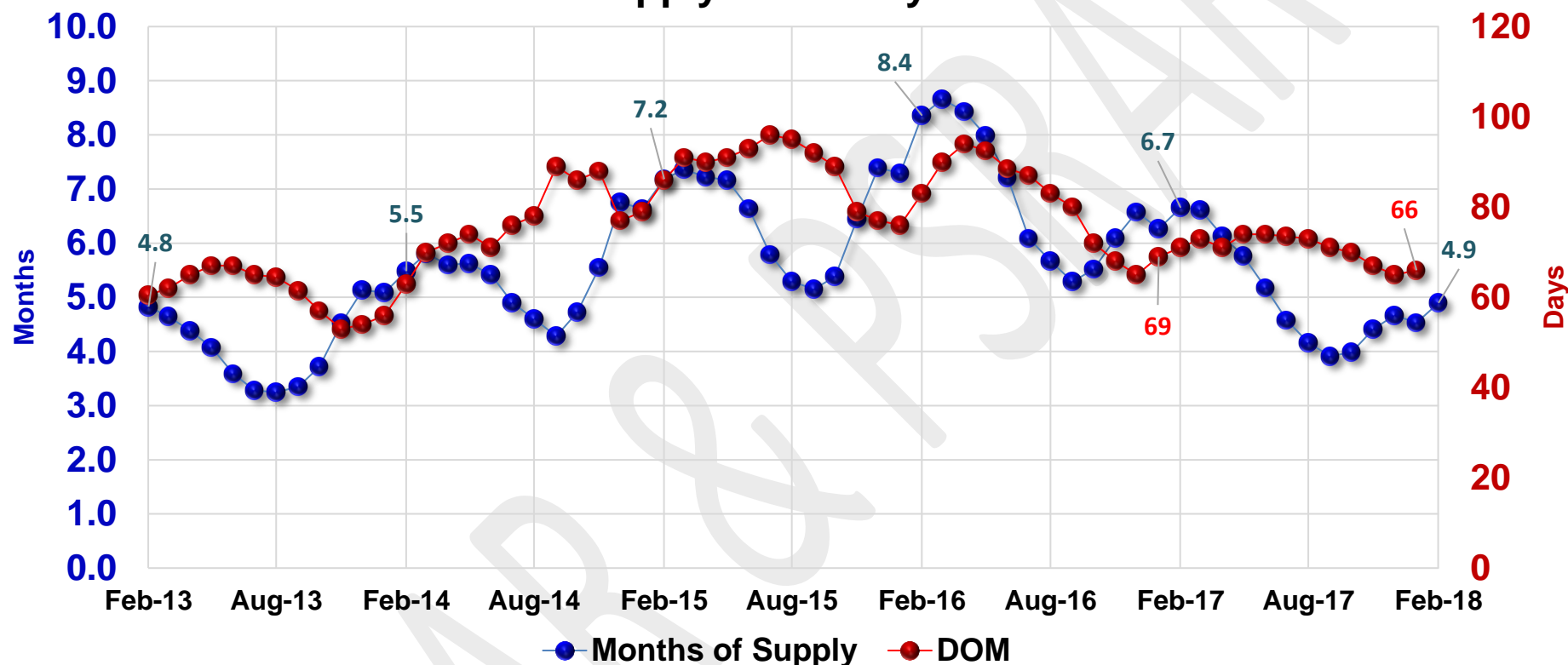
Feb 1st 2013 to Feb 1st 2018



Coachella Valley Inventory.

Inventory rose 330 units in the month of January for a total of 4,083 units listed on February 1st. As the graph clearly shows, for the last five years, January has shown an increase in inventory, with some January increases larger than others. The largest increase was the almost 1,000 unit rise in January 2016. If inventory continues its historical pattern, we should see it peak sometime next month in the low 4,000s then slowly decline. This continuing low supply should help buoy home prices.

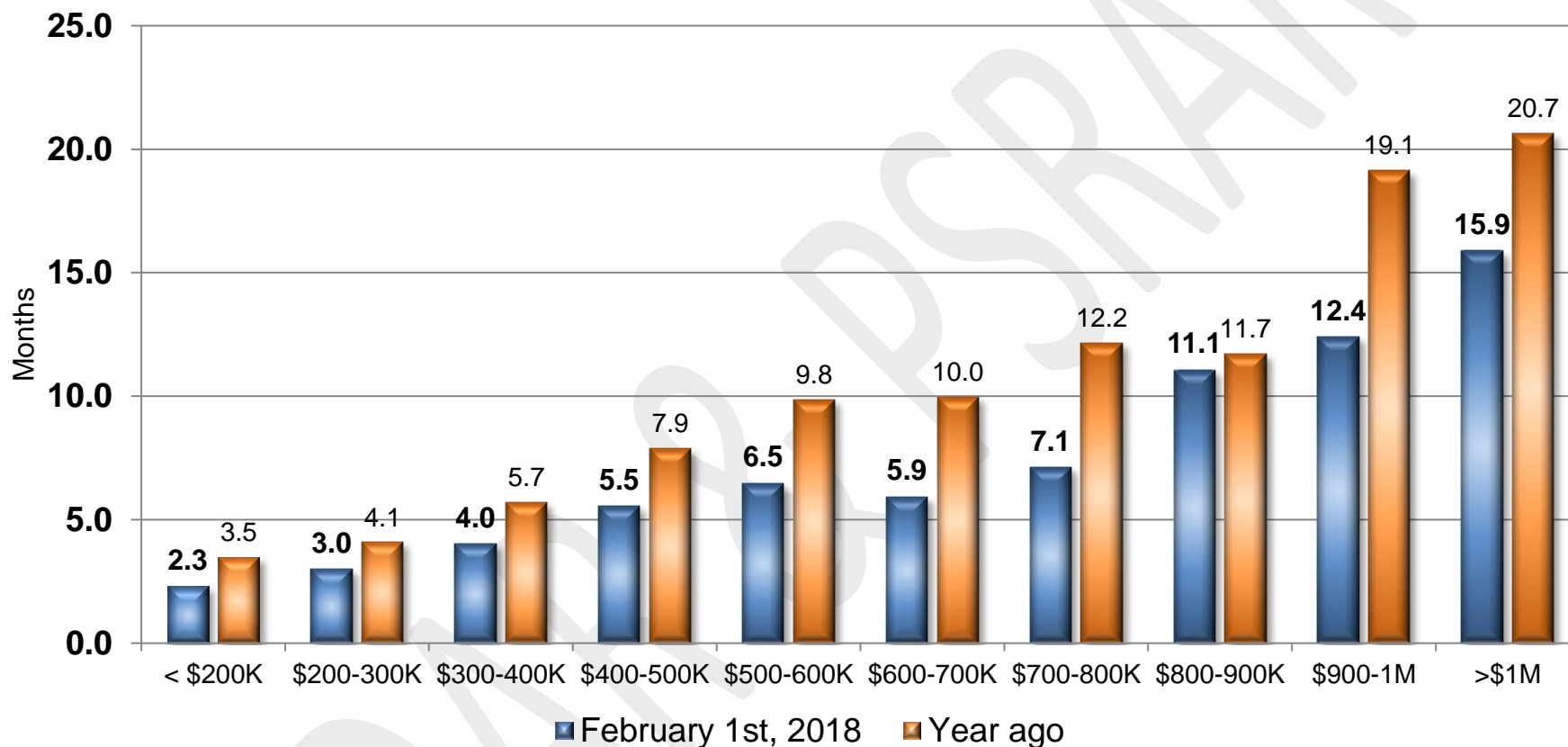
"Months of Supply" and "Days on the Market"



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

The February 1st "months of supply" ratio was 4.9 months, which is historically a rather low ratio. As the chart clearly shows next month is usually the high in this ratio and we expect that it not to get over five months anytime during the year. This is a considerable improvement over the last three years, when it often went above six months for extended periods of time. This indicates that inventory will probably remain tight this year, making it a sellers' market and putting upward pressure on prices. Days on the market remain low at 66 days.

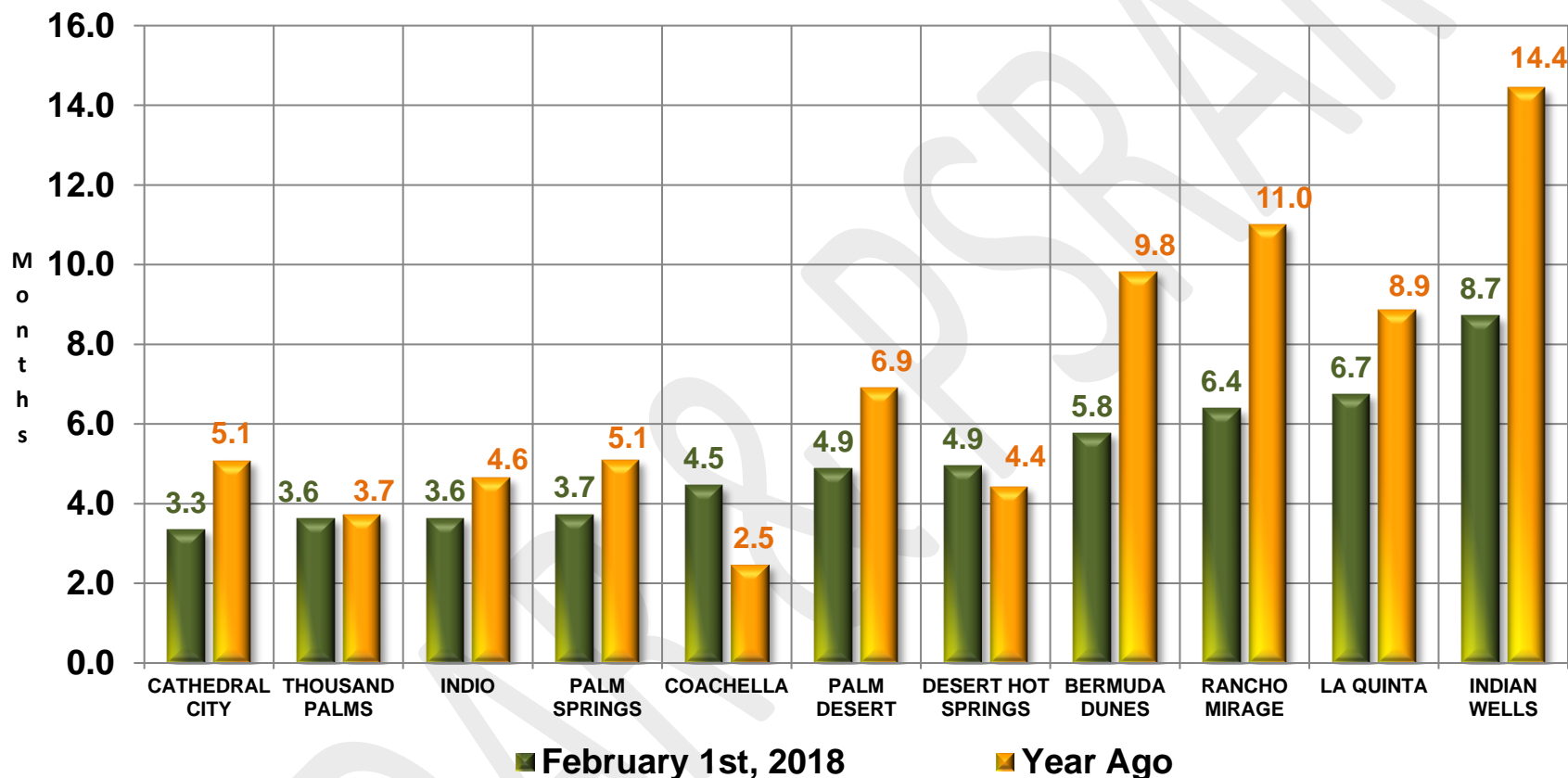
"Months of Supply" by Price Range uses avg. twelve month sales



"Months of Supply" by Price Range

The inventory improvement compared to a year ago is found in all price brackets, especially between \$400k and \$800k. It's expected to see the "months of supply" ratio increase at higher prices but here it really doesn't start until prices get over \$700k. While inventory ratios for prices above \$900k are better than a year ago, we still would like to see further improvement at the higher price levels.

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

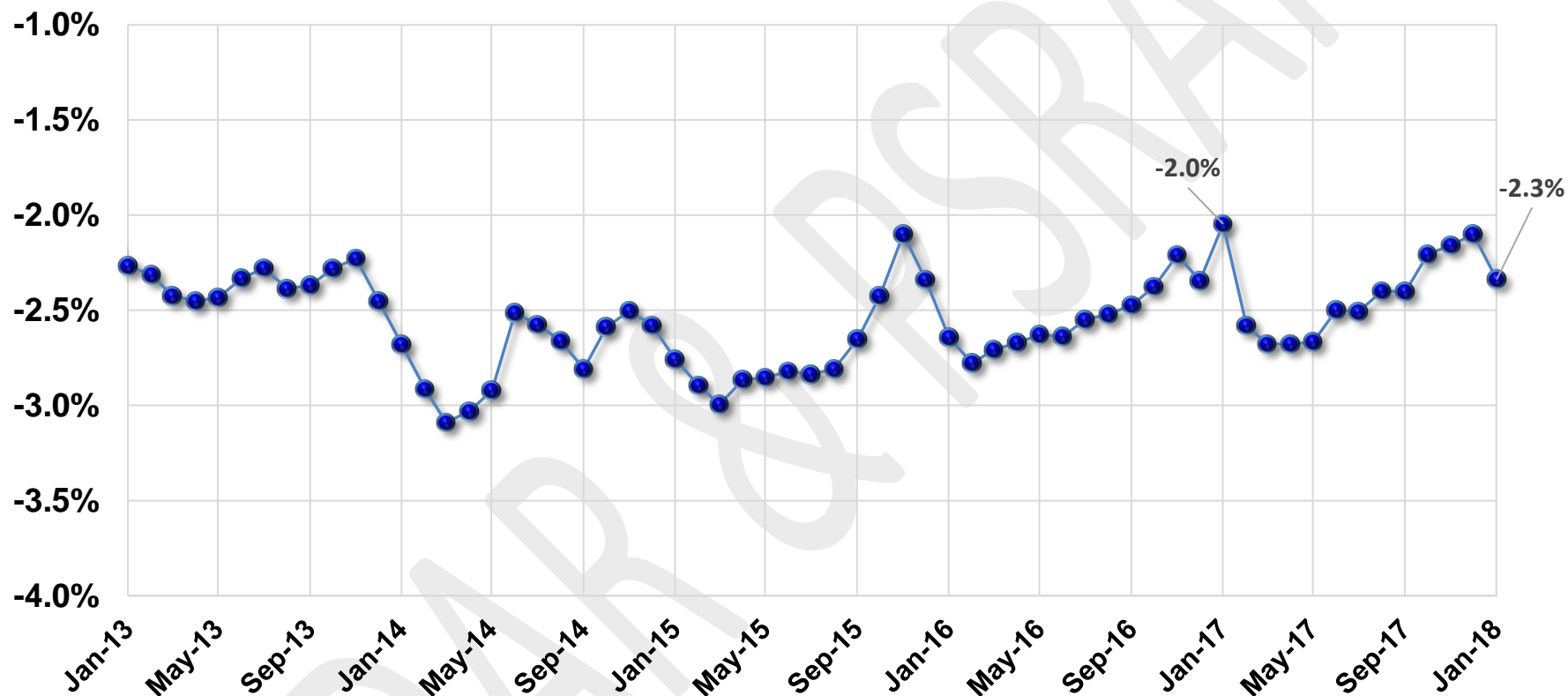


"Months of Supply" by City

Of eleven cities in the Valley only three have "months of supply" ratios over six months – Rancho Mirage, La Quinta and Indian Wells. Cathedral City, Thousand Palms, Indio and Palm Springs all have ratios below four months, which is a very healthy sign. Even Palm Desert, which a few years ago had ratios consistently over six months, is now at 4.9 months.

Sale Price Discount from List

Jan 2018



Sale Price Discount from List

The latest "Sale Price Discount from List" is -2.3%, which is .3% more than last year. This ratio means an average home listed for \$300,000 sold in December at a \$6,900 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