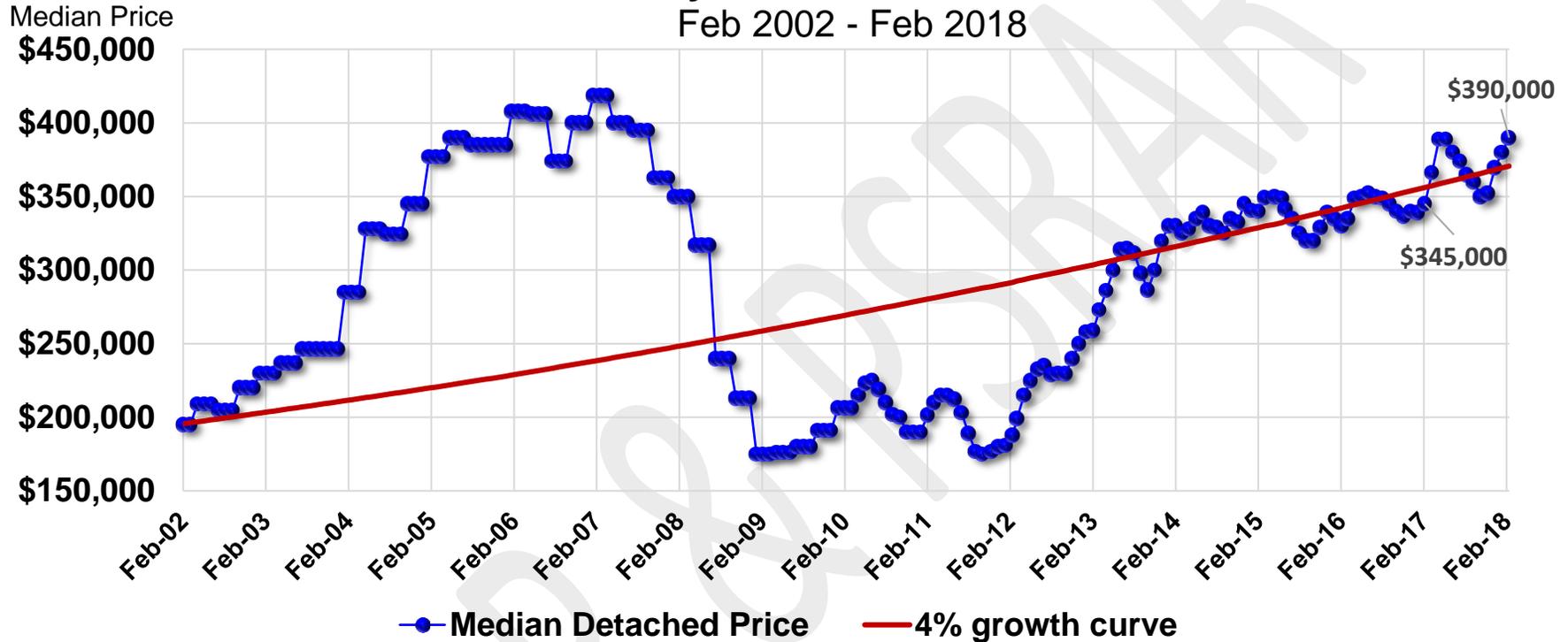


Coachella Valley Median Detached Home Price

Feb 2002 - Feb 2018

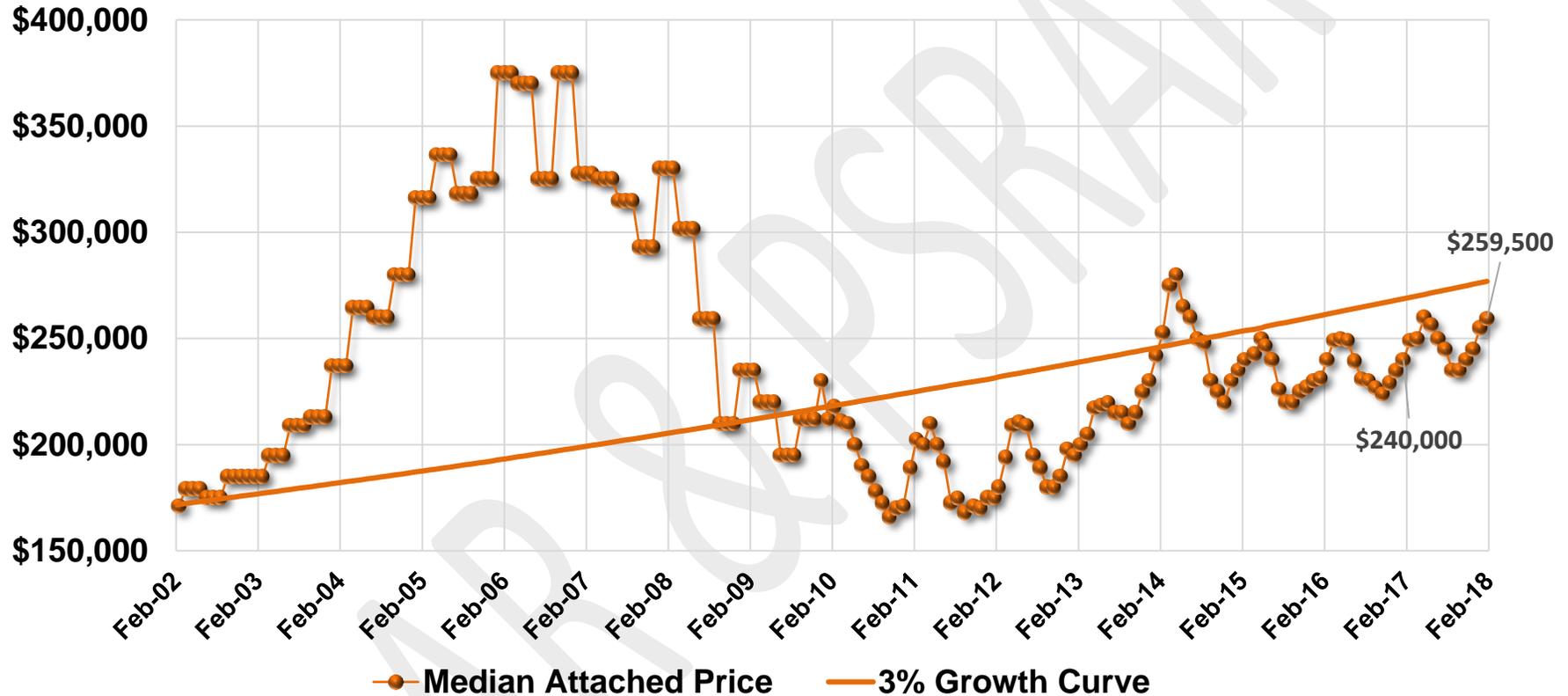


Summary

Price indicators, such as the one shown above, are pointing to a strong market this year. The median price of detached homes for the region is 13% higher than last year. The median price of Valley attached homes in February was \$259,500, which is 8.1% above last year. If history is a guide we should have another two or three months of strong prices. Year over year changes in city median home prices show the strength the median valley indexes showed. Palm Springs' median detached price is now 5.8% above its 2006 bubble high while two other cities – Cathedral City and Indio - are now less than 20% away. Five cities show double digit year over year gains in detached median prices. Sales remain strong. The average of three month sales continues to show increases over last year, which is positive since last year was a very strong sales year. Twelve month total sales in February were 839 units. This is an increase of 11.7% over last year and an annual rate of 10,068 units a year, which is the highest rate since the recovery began. Inventory rose 218 units in February to 3,843. This number is the lowest March inventory number since March 2013. The continual decline in inventory, which has been in effect now since the spring of 2016, is turning the Valley's housing market, into a seller's market; a market where sellers are more in control of prices than the buyers.

Coachella Valley Median Attached Price Feb 2002 - Feb 2018

Median Price



Coachella Valley Attached Median Price

The median price of Valley attached homes in February was \$259,500, which is 8.1% above last year. If history is a guide we should have another two or three months of strong prices. We think prices could end this year reaching the 3% growth curve, a level it has not hit since 2014. One buying incentive is that condominium prices have not risen for three years now, while they have in other areas of the state, which makes current prices look “cheap” in many outside buyers’ eyes



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Detached Homes

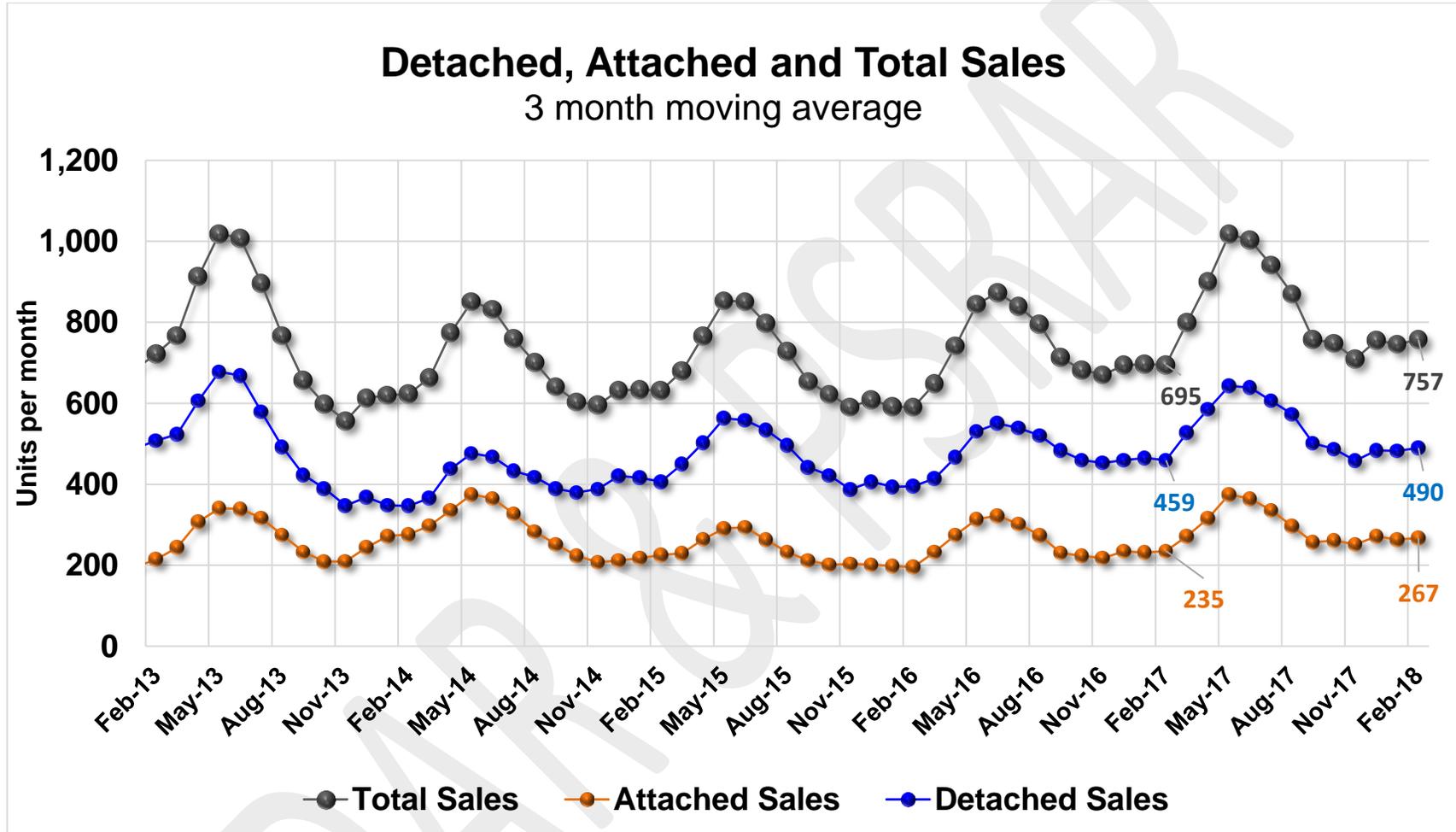
	Feb-18	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Desert Hot Springs	\$220,000	\$187,200	17.5%	\$85,000	158.8%	\$295,000	-25.4%
Palm Desert	\$420,000	\$372,000	12.9%	\$287,000	46.3%	\$543,000	-22.7%
Palm Springs	\$635,000	\$570,000	11.4%	\$335,000	89.6%	\$600,000	5.8%
Cathedral City	\$320,000	\$289,500	10.5%	\$139,000	130.2%	\$395,000	-19.0%
Indio	\$315,000	\$285,000	10.5%	\$158,500	98.7%	\$380,500	-17.2%
Indian Wells	\$850,000	\$830,000	2.4%	\$540,000	57.4%	\$1,205,000	-29.5%
La Quinta	\$465,000	\$459,950	1.1%	\$245,000	89.8%	\$682,020	-31.8%
Rancho Mirage	\$635,000	\$640,000	-0.8%	\$423,000	50.1%	\$950,000	-33.2%
City of Coachella	\$240,000	\$245,000	-2.0%	\$121,950	96.8%	\$335,000	-28.4%

Attached Homes

	Feb-18	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Desert Hot Springs	\$150,000	\$106,875	40.4%	\$86,000	74.4%	\$303,000	-50.5%
Cathedral City	\$173,000	\$145,000	19.3%	\$107,500	60.9%	\$270,500	-36.0%
Indio	\$173,000	\$152,250	13.6%	\$75,000	130.7%	\$279,000	-38.0%
Rancho Mirage	\$319,000	\$285,000	11.9%	\$260,000	22.7%	\$510,000	-37.5%
Palm Springs	\$245,000	\$222,250	10.2%	\$150,000	63.3%	\$350,000	-30.0%
Palm Desert	\$265,000	\$245,000	8.2%	\$175,000	51.4%	\$410,000	-35.4%
La Quinta	\$312,100	\$300,000	4.0%	\$265,000	17.8%	\$532,500	-41.4%
Indian Wells	\$362,000	\$409,000	-11.5%	\$321,500	12.6%	\$557,500	-35.1%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

12 Month Change in City Median Prices

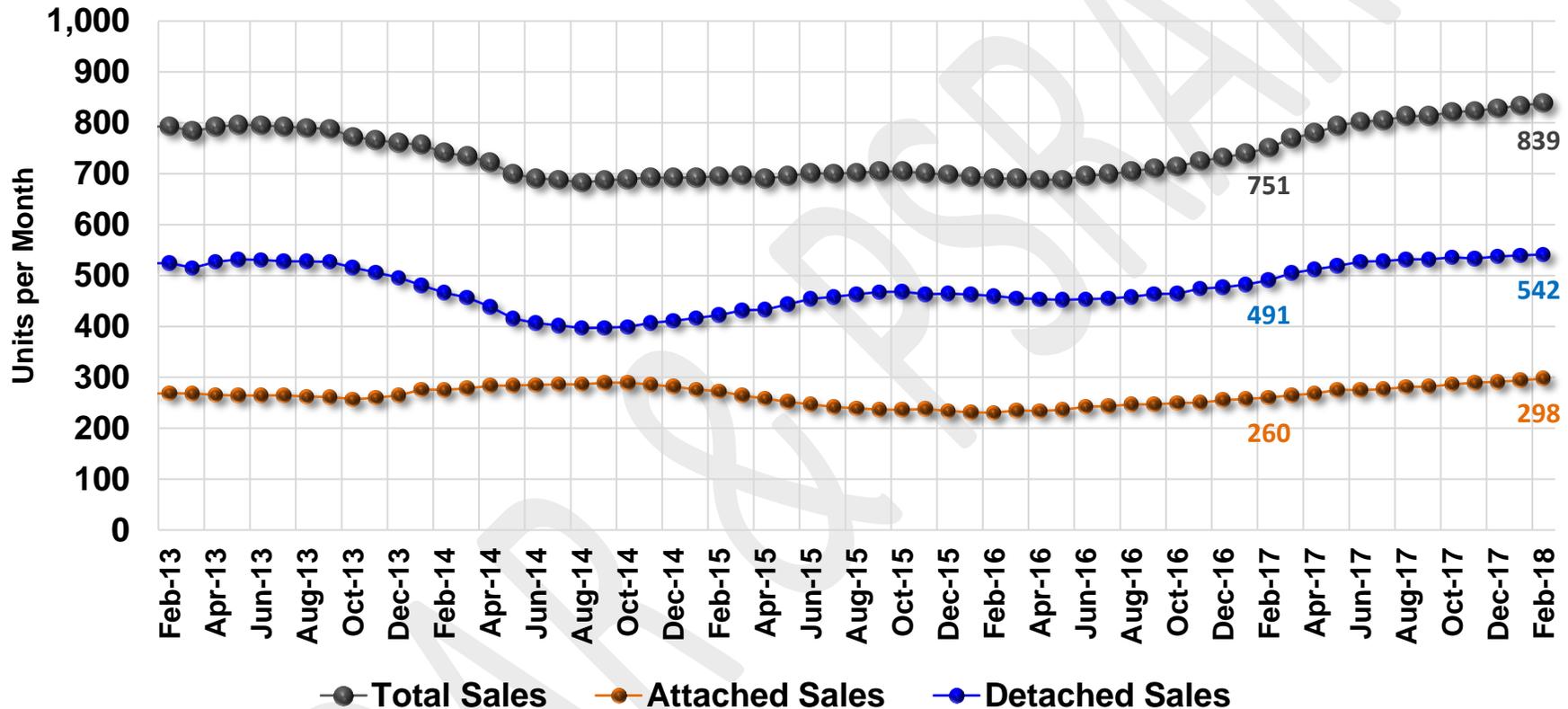
Year over year changes in city median home prices show the strength that the Valley's median indexes showed. Five cities show double digit year over year gains in detached median prices. Attached median home prices show similar strength to the detached market. Palm Springs' median detached price is now 5.8% above its 2006 bubble high while two other cities – Cathedral City and Indio - are less than 20% away.



Monthly Sales – 3 month trailing avg.

The average of three month sales continues to show increases over last year, which is positive since last year was a very strong sales year. Attached sales in February averaged 267 units which is 13.6% higher than last year. Detached sales at 490 units were 6.7% higher while total sales, at 757 units, were up 8.9%. The continued increase in three months sales guarantee that, longer term, twelve month sales will continue to make record post bubble highs.

Detached, Attached and Total Sales 12 month moving average

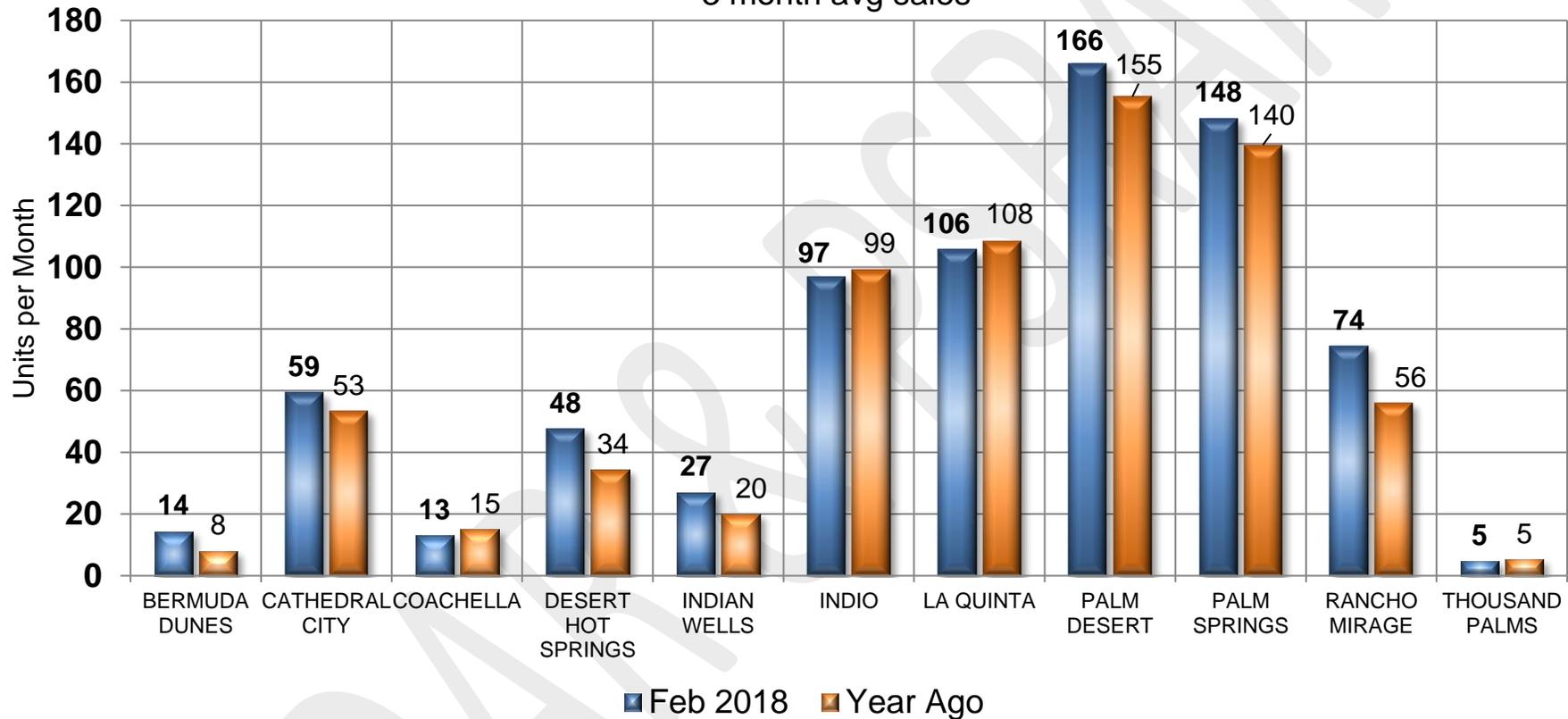


Monthly Sales – 12 month trailing avg.

As mentioned in the previous chart, we should continue to see higher and higher 12 month sales. Twelve month total sales in February were 839 units, which means that, over the last twelve months, total sales averaged 839 units a month. This is an increase of 11.7% over last year and an annual rate of 10,068 units a year, which is the highest rate since the recovery began. Of this total number, detached sales made up 542 units, or 64%, while attached sales are 298, or 36%.

Home Sales by City

3 month avg sales

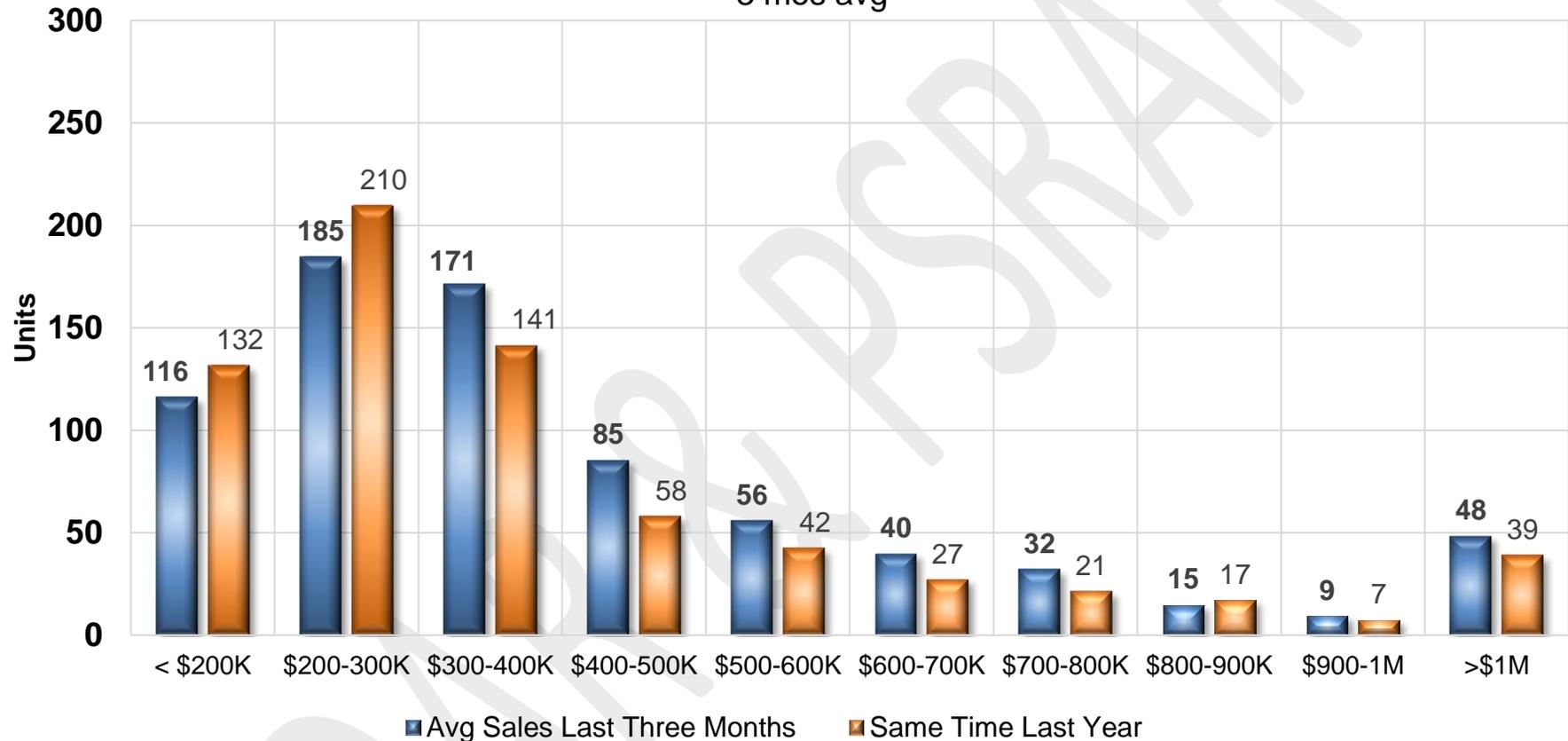


Home Sales per month by City

Seven cities show higher three month sales compared to a year ago, three show lower sales and one city, Thousand Palms, has the same sales. The largest percentage increase is the 41% percent for Rancho Mirage, which went from 56 sales a month to 74 (Bermuda Dunes, with 14 sales, has actually the largest percent increase at 75% but since it has such small sales we've focused on Rancho Mirage). The next largest increase is Desert Hot Springs, where sales increased 32%

Home Sales by Price Range

3 mos avg

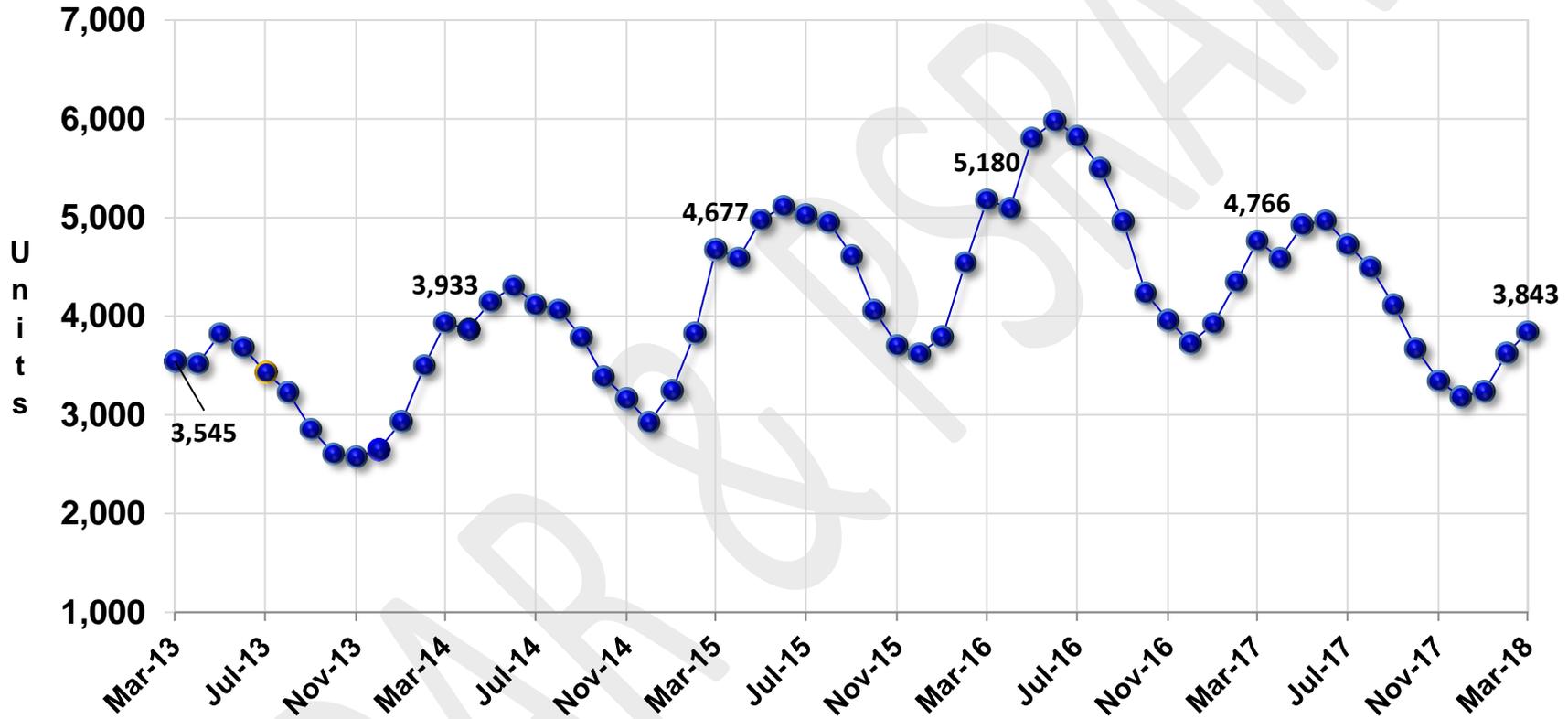


Home Sales by Price Range

As prices rise and the inventory of lower priced homes and condos shrink, sales under \$300k are falling compared to a year ago. For example, sales for homes priced under \$200k are down 12% while sales between \$200k and \$300k are off 12%. However, sales above \$300k are up substantially. Sales between \$300k and \$400k are up 21% while sales between \$400k and \$500k are up over 46%.

Valley Housing Inventory

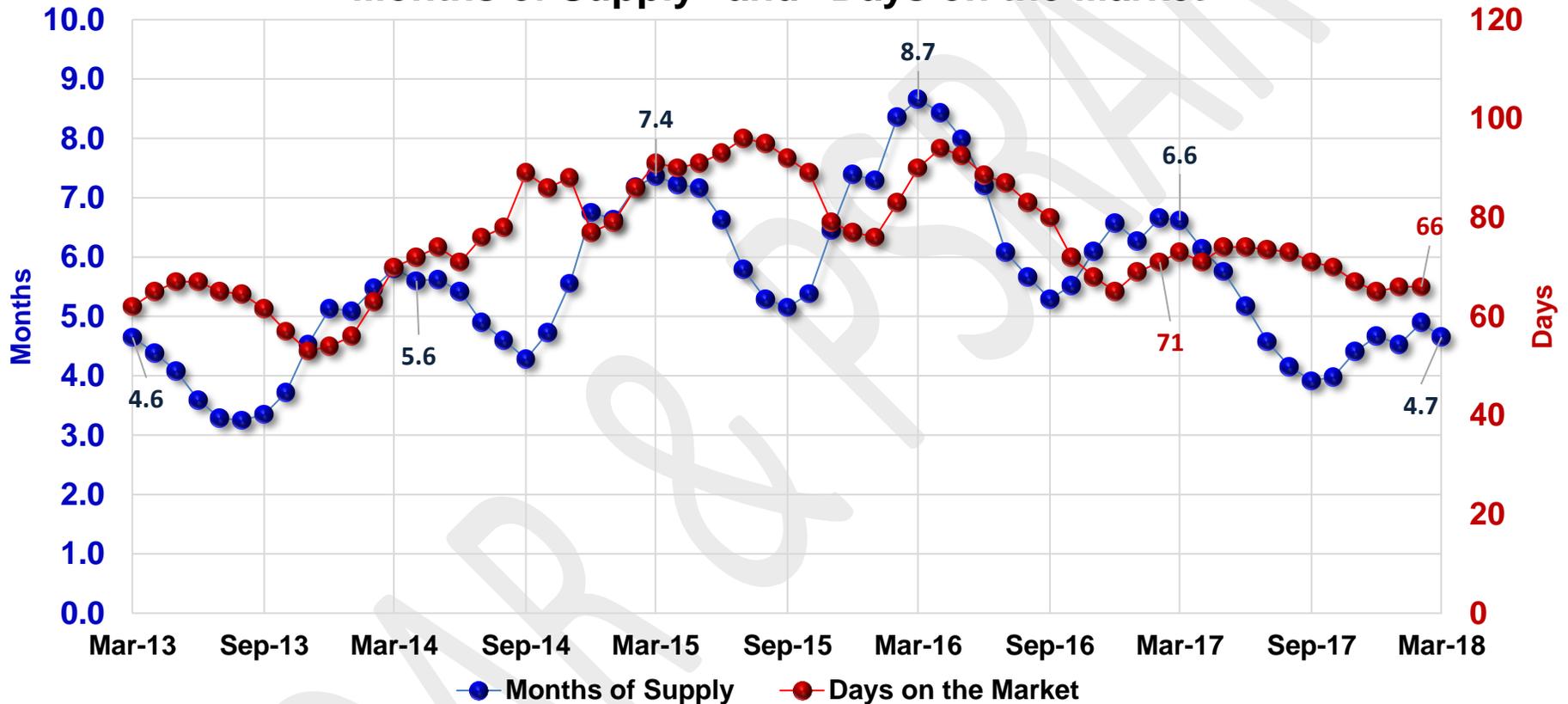
Mar 1st 2013 to Mar 1st 2018



Coachella Valley Inventory.

Inventory rose 218 units in February to 3,843. As the graph clearly shows this number is the lowest March inventory number since March 2013. The continual decline in inventory, which has been in effect now since the spring of 2016, is turning the Valley's housing market into a sellers' market; a market where sellers are more in control of prices than the buyers. This transformation in the market should continue to put upward pressure on home prices in the region.

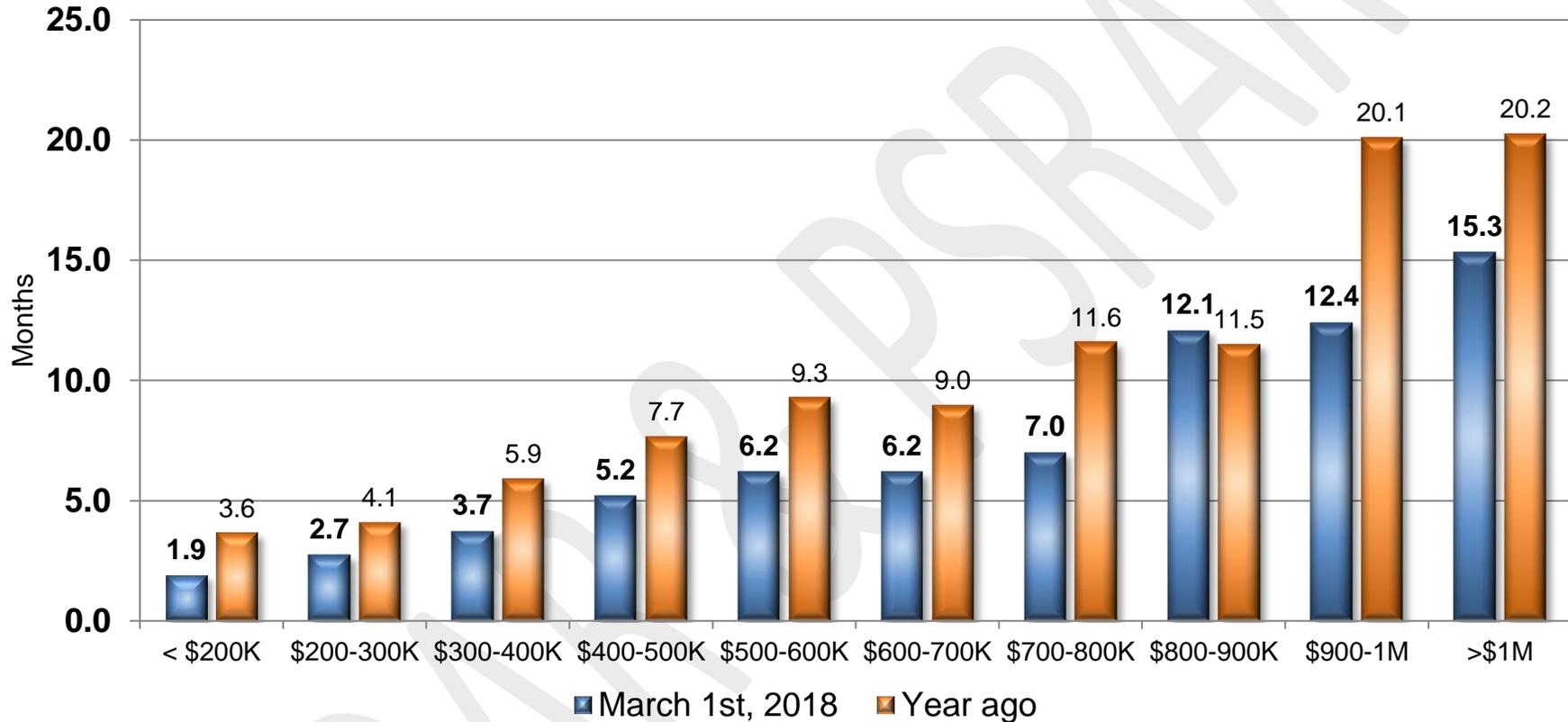
"Months of Supply" and "Days on the Market"



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

This transformation of the region's housing market into a sellers' market is best seen by looking at the "month of sales" ratio in the chart above. On March 1st it reached 4.7 months, the lowest ratio since March 1st of 2013, which was only 1/10 of a month less. This is confirmed by the continual low number of "days on the market" at 66 days, which is four days less than March 1st last year.

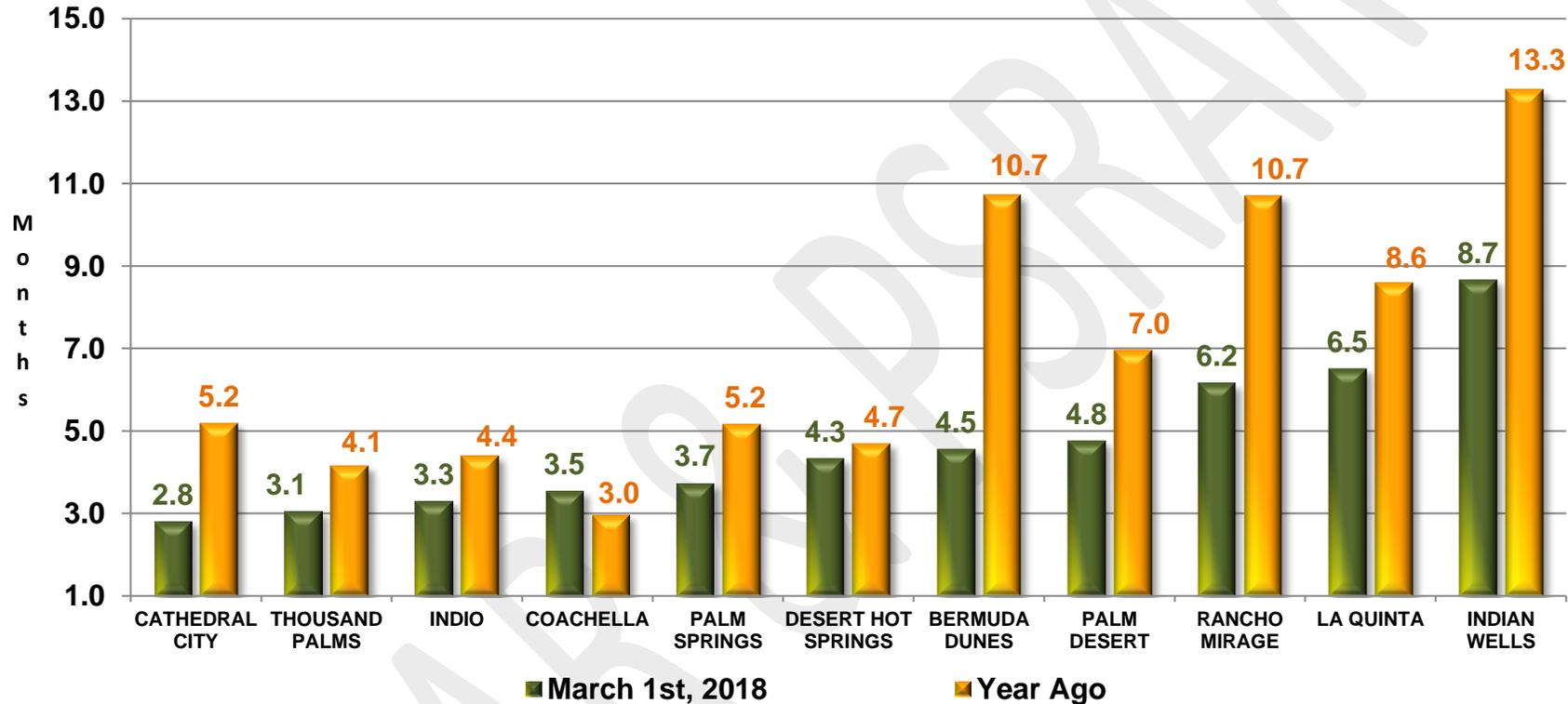
"Months of Supply" by Price Range uses avg. twelve month sales



"Months of Supply" by Price Range

The strong improvement in "months of supply" is best seen in the graph above, which compares the current ratio to a year ago by price brackets. Every price bracket shows vast improvement over a year ago except for homes priced from \$800k to \$900k.

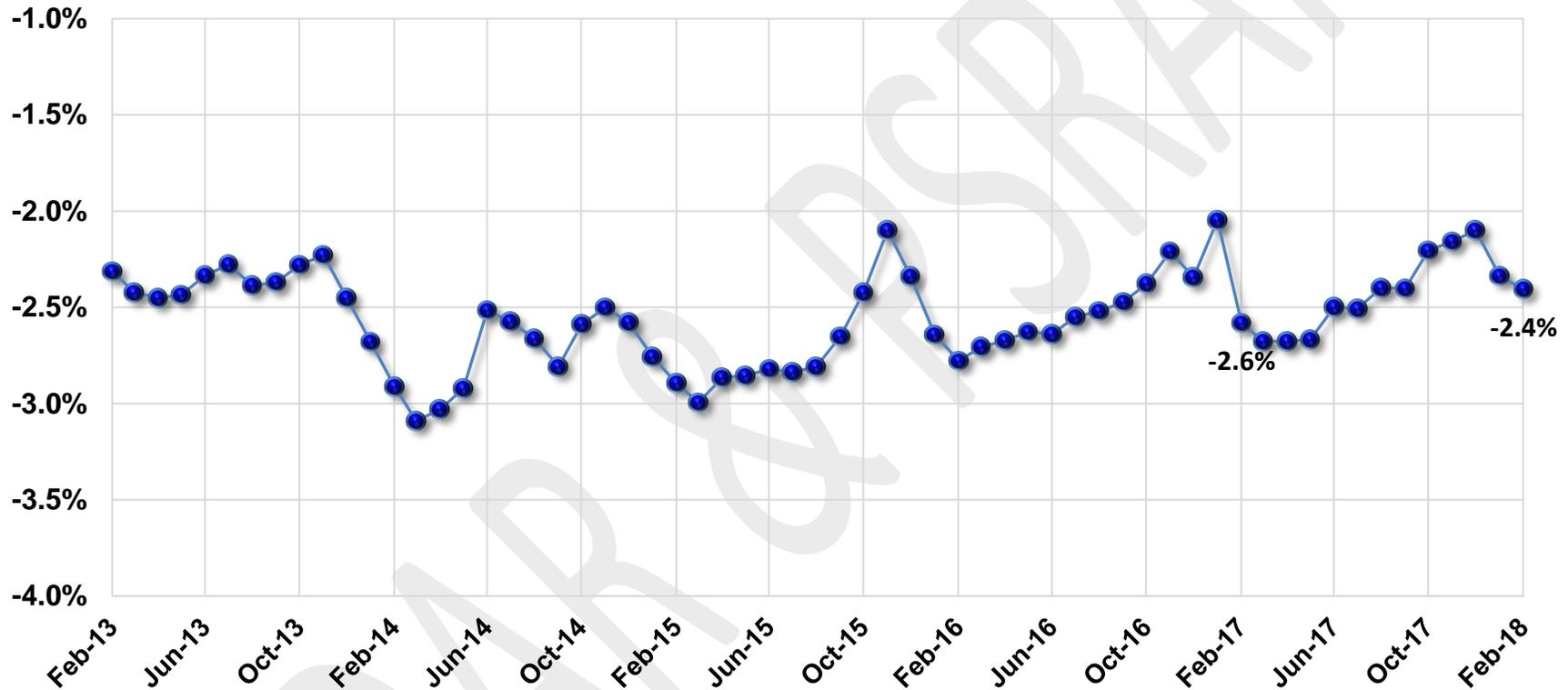
"Months of Supply" by City city inventory divided by average twelve month sales



"Months of Supply" by City

We also see strong improvement in the "months of supply" ratio of every city except Coachella and Desert Hot Springs (even though the ratio in Desert Hot Springs did decline, the decline was marginal). Only three cities have ratios over 6 months - Rancho Mirage, La Quinta and Indian Wells – with the first two only marginally above it. We think the strongest improvement, considering it's the city with the highest sales, is Palm Desert, which has generally been lagging behind the other cities in price gains the last three years. It's our overall opinion we are going to see some strong price improvement in Palm Desert this year.

Sales Price Discount from List February 2018



Sale Price Discount from List

The latest “Sale Price Discount from List” is -2.4%, which is .2% 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.



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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