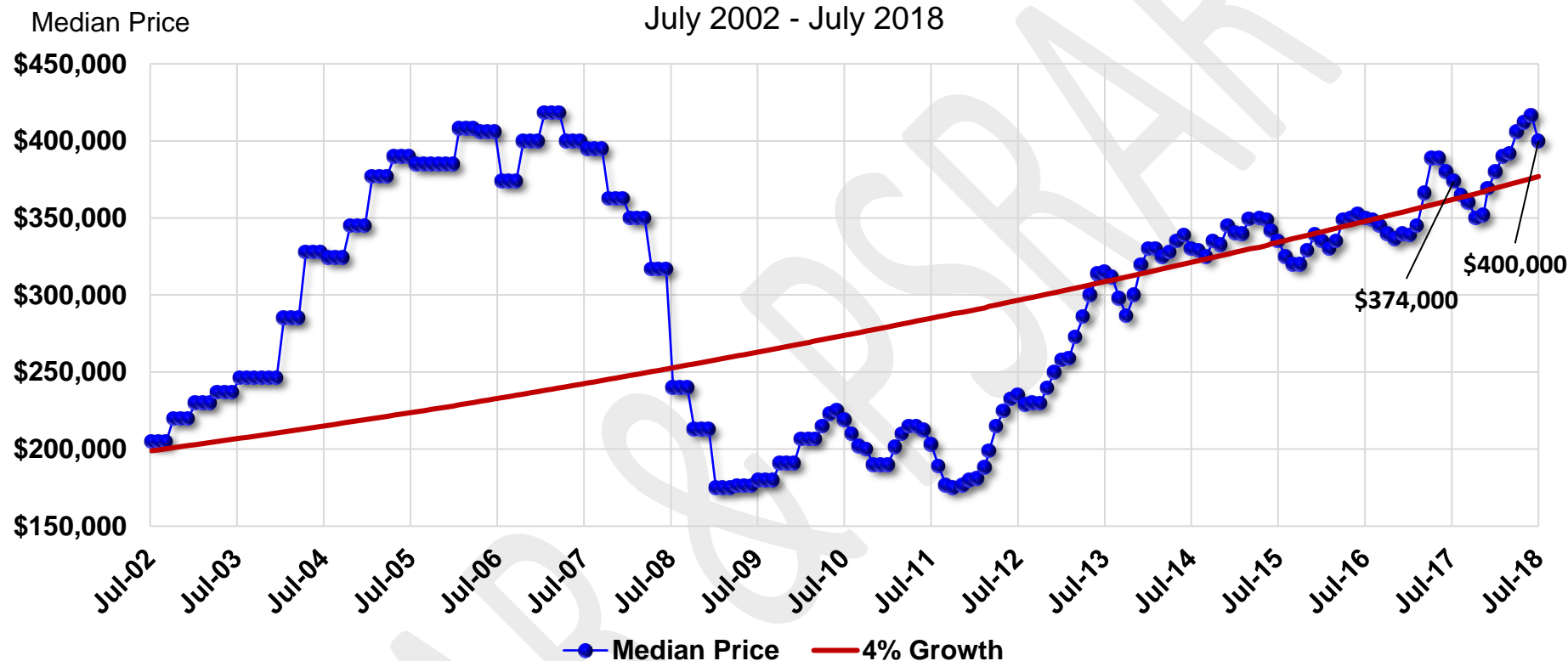


## Coachella Valley Median Detached Home Price

July 2002 - July 2018



### Summary

The median detached home price in the Valley in July was \$400,000, down \$16,500 from last month but up \$26,000 over the last twelve months for a gain of 7%. From the chart it's easy to see that July is historically the start of a few months of weak to neutral price performance and this year appears to be no exception. The median price for attached homes in the Coachella Valley in June was \$270,000, up 6% from last year. However, it was down \$9,000 from last month's high and it appears that we have also begun the normal seasonal pattern of price weakness from July to October. The median values of detached homes in each of the nine Valley cities show strong twelve month price gains. They range from a high of 37.5% for Indian Wells down to 3.4% for Palm Springs. Total sales in July averaged 963 units a month, compared to 943 units last year. Detached home sales averaged 615 units a month, compared to 606 a year ago while attached sales were 348, compared to 336 last year. Inventory on August 1st stood at 2,735 units, 611 units less than last August. It's the lowest inventory number since August of 2013! On August 1st the "months of supply" ratio was 3.2 months, the lowest ratio since 2013. We can probably expect this ratio to go even lower over the next two months before seasonal forces begin to take the ratio higher as it usually begins to do around October

1c†

## Coachella Valley Median Attached Price

July 2002 - July 2018

Median Price

\$400,000

\$350,000

\$300,000

\$250,000

\$200,000

\$150,000

Jul-02

Jul-03

Jul-04

Jul-05

Jul-06

Jul-07

Jul-08

Jul-09

Jul-10

Jul-11

Jul-12

Jul-13

Jul-14

Jul-15

Jul-16

Jul-17

Jul-18

Median Price

3% Growth

\$270,000  
\$250,000

## Coachella Valley Attached Median Price

The median price for attached homes in the Coachella Valley in June was \$270,000, up 6% from last year. However, it was down \$9,000 from last month's high and it appears that we have begun the normal seasonal pattern of price weakness of attached homes from July to October. It will be interesting to watch this year to see if and how much prices retreat. We believe that if the retreat is relatively mild, 2019 could finally be a very positive year for attached homes.

# The Desert Housing Report

July 2018

## Detached Homes

	Jul-18	Year Ago	12 mo change	2011 Low	Gain off Low	2006 High	% from High
Indian Wells	\$1,050,000	\$799,000	31.4%	\$540,000	94.4%	\$1,205,000	-12.9%
Palm Desert	\$426,250	\$375,000	13.7%	\$287,000	48.5%	\$543,000	-21.5%
Desert Hot Springs	\$219,900	\$195,000	12.8%	\$85,000	158.7%	\$295,000	-25.5%
Rancho Mirage	\$675,000	\$600,000	12.5%	\$423,000	59.6%	\$950,000	-28.9%
Cathedral City	\$329,950	\$300,000	10.0%	\$139,000	137.4%	\$395,000	-16.5%
Indio	\$327,990	\$299,000	9.7%	\$158,500	106.9%	\$380,500	-13.8%
City of Coachella	\$250,000	\$230,000	8.7%	\$121,950	105.0%	\$335,000	-25.4%
La Quinta	\$500,000	\$476,500	4.9%	\$245,000	104.1%	\$682,020	-26.7%
Palm Springs	\$608,000	\$588,250	3.4%	\$335,000	81.5%	\$600,000	1.3%

## Attached Homes

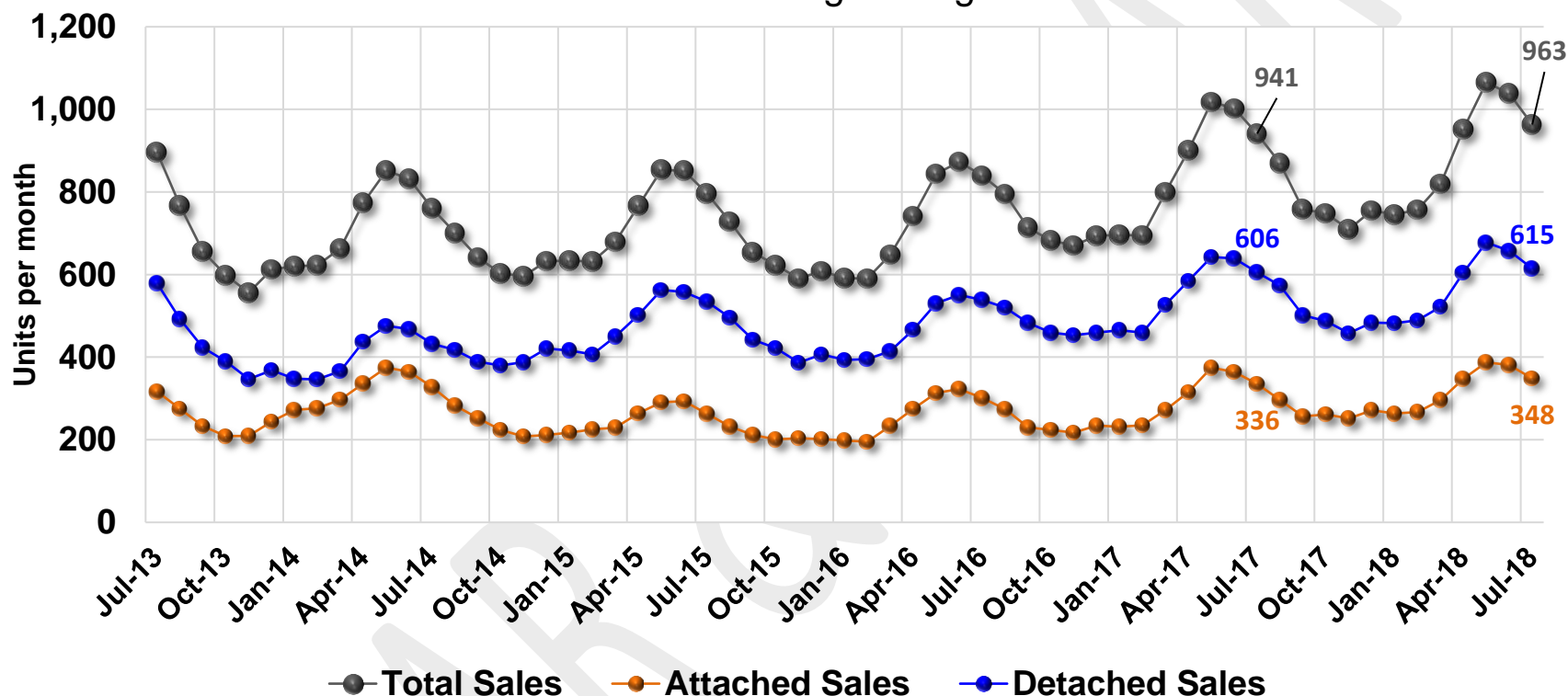
	Jul-18	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Rancho Mirage	\$379,500	\$276,000	37.5%	\$260,000	46.0%	\$510,000	-25.6%
Indio	\$225,000	\$167,250	34.5%	\$75,000	200.0%	\$279,000	-19.4%
Desert Hot Springs	\$186,500	\$155,000	20.3%	\$86,000	116.9%	\$303,000	-38.4%
Palm Desert	\$285,000	\$248,000	14.9%	\$175,000	62.9%	\$410,000	-30.5%
Palm Springs	\$242,500	\$226,250	7.2%	\$150,000	61.7%	\$350,000	-30.7%
Indian Wells	\$387,500	\$370,000	4.7%	\$321,500	20.5%	\$557,500	-30.5%
La Quinta	\$340,000	\$330,000	3.0%	\$265,000	28.3%	\$532,500	-36.2%
Cathedral City	\$185,000	\$197,250	-6.2%	\$107,500	72.1%	\$270,500	-31.6%
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 median values of detached homes in each of the nine Valley cities show strong twelve month price gains. They range from a high of 37.5% for Indian Wells down to 3.4% for Palm Springs. Palm Springs, which has been the price leader in the region for the last three years, appears to temporarily be slowing down a little. In the meantime other cities, such as Palm Desert, Rancho Mirage and Indian Wells, seem to be playing a little price catch up.

## Detached, Attached and Total Sales

3 month moving average

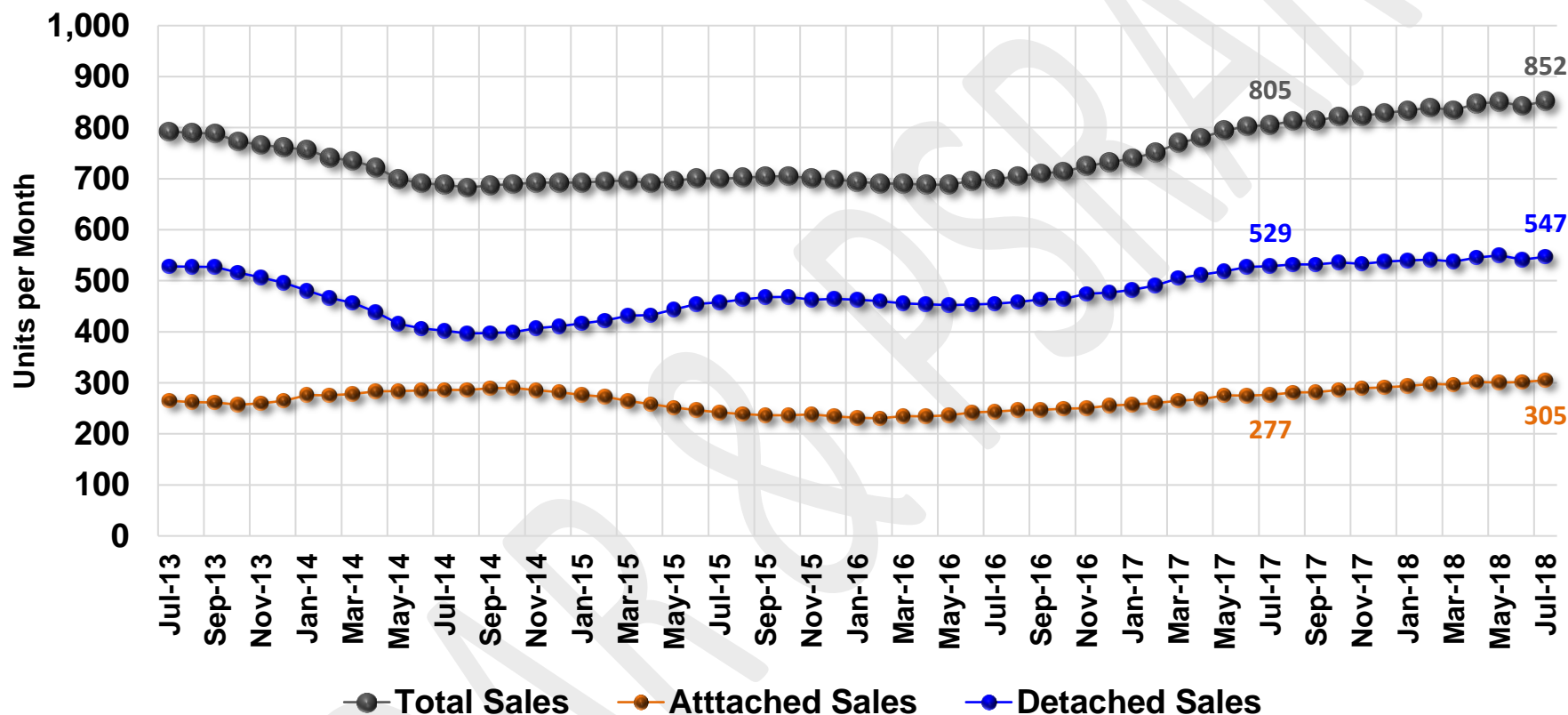


### Monthly Sales – 3 month trailing avg.

As the chart clearly shows, the three month average of sales peaked in May, same as it did last year. Total sales in July averaged 963 units a month compared to 943 units last year. Detached home sales averaged 615 units a month, compared to 606 a year ago while attached sales were 348, compared to 336 last year. Overall sales continue to rise not only seasonally but also year over year. However, the rate of sales growth is slowing somewhat.

## Detached, Attached and Total Sales

12 month moving average



### Monthly Sales – 12 month trailing avg.

Average monthly sales over the last twelve months – a time period long enough to take out seasonality – was 852 units in July. This compares to an average of 805 units a year ago. This is a 5.8% increase. Of that, total detached home sales were 3.4% higher while attached sales were 10% more. With average sales over three months still growing, we expect this long term trend will also continue.

## Home Sales by City 3 month avg sales



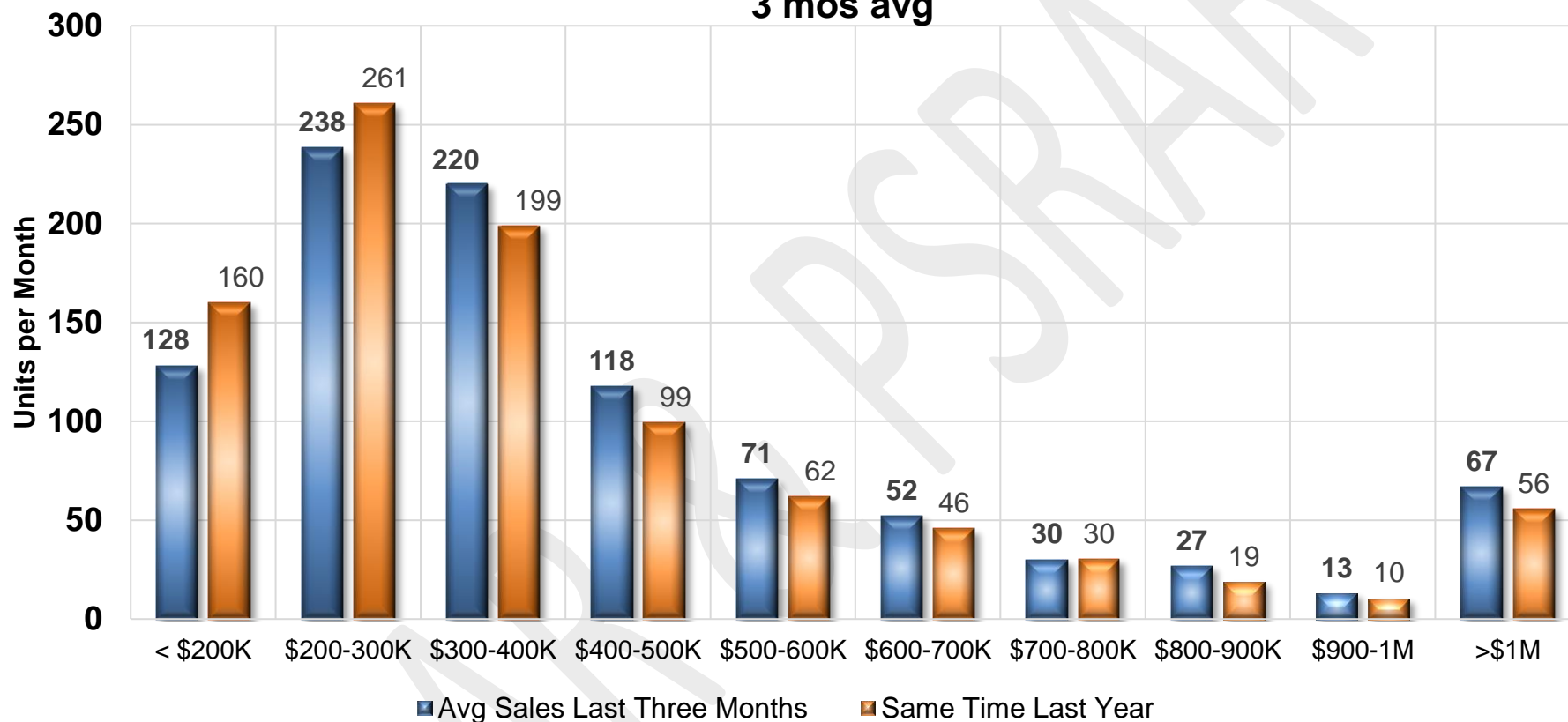
## Home Sales per month by City

In July seven cities registered higher three month sales, three cities were lower while one had the same sales. Thousand Palms had the largest sales increase with 75%, followed by Coachella at 28%, Desert Hot springs at 12% and Palm Desert at 3.5%. Bermuda Dunes had the largest sales decrease with 12% lower sales.



## Home Sales by Price Range

3 mos avg

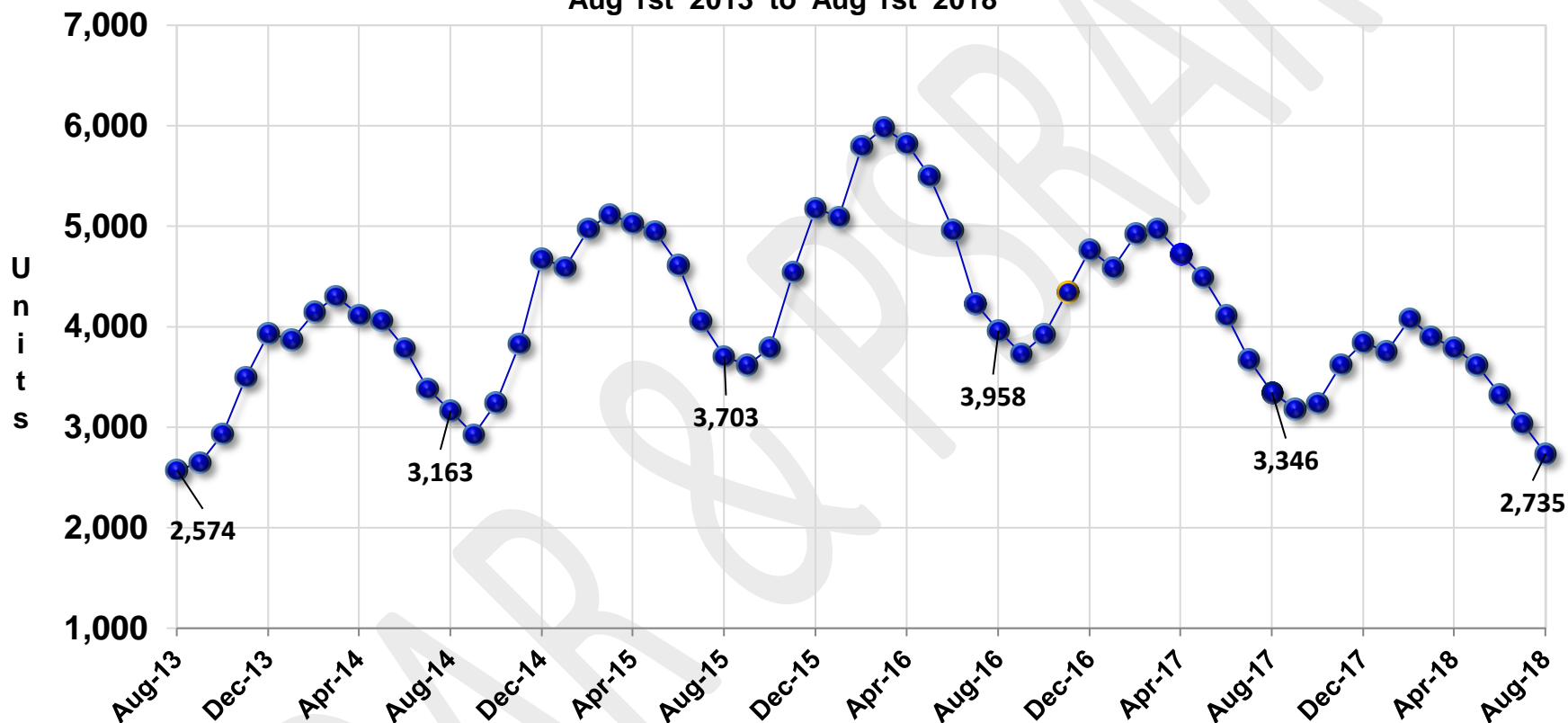


## Home Sales by Price Range

While overall three month sales in the region are up 2.1%, this isn't the complete picture. When we break sales down by price bracket, a much clearer picture emerges. Unit sales of homes priced under \$300k are lower by 13% but unit sales of homes priced over \$300k are higher by 14.4%! The net of the two price zones above and below 300k is the 2.1% increase.

## Valley Housing Inventory

Aug 1st 2013 to Aug 1st 2018

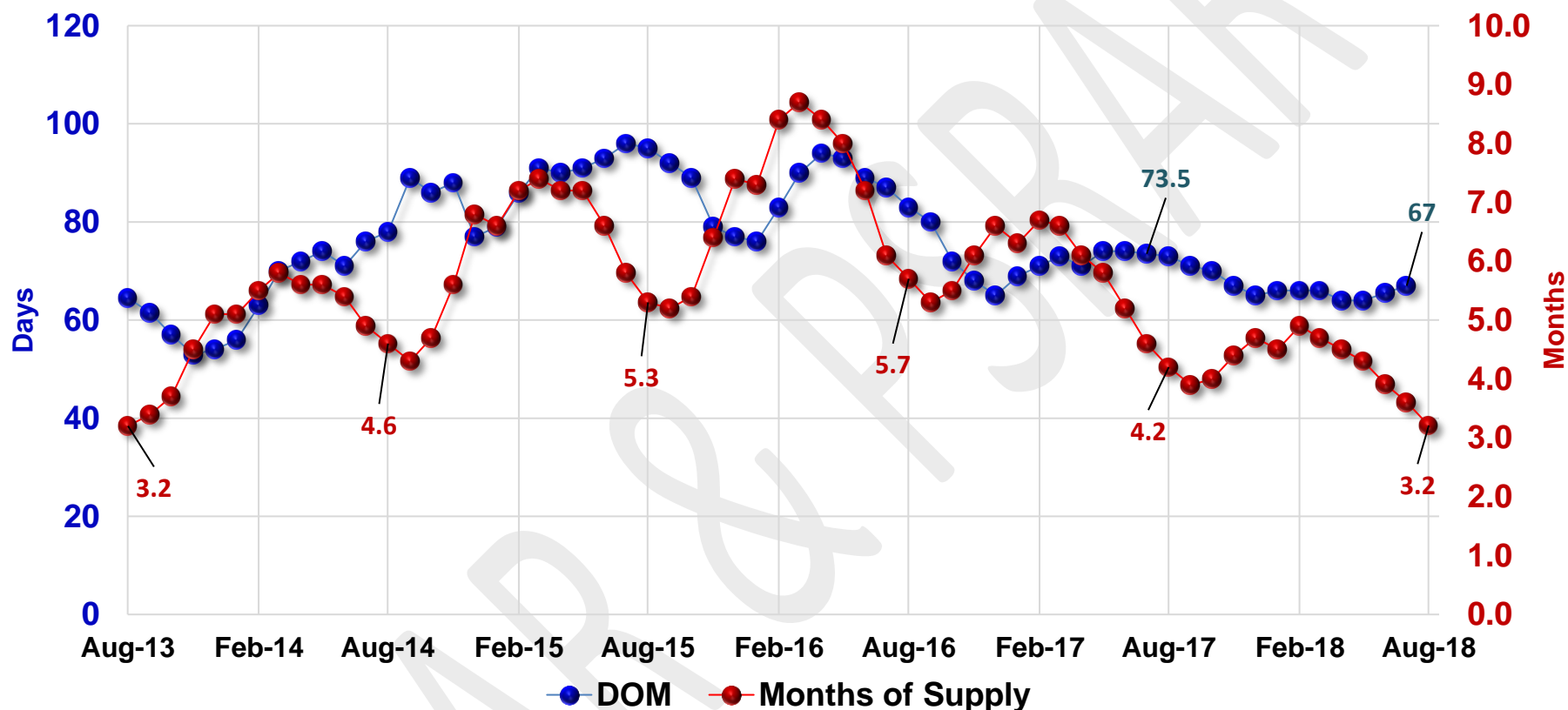


## Coachella Valley Inventory

Inventory on August 1<sup>st</sup> stood at 2,735 units, 611 units less than last August. It's the lowest inventory number since August of 2013! The current inventory situation is a complete reversal of the situation that existed two and a half years ago when it rose to 6,000 units. At that time there was a worry that the large overhang might slow the recovery but sales grew at an accelerated rate neutralizing that threat and lowering it to its current low level.



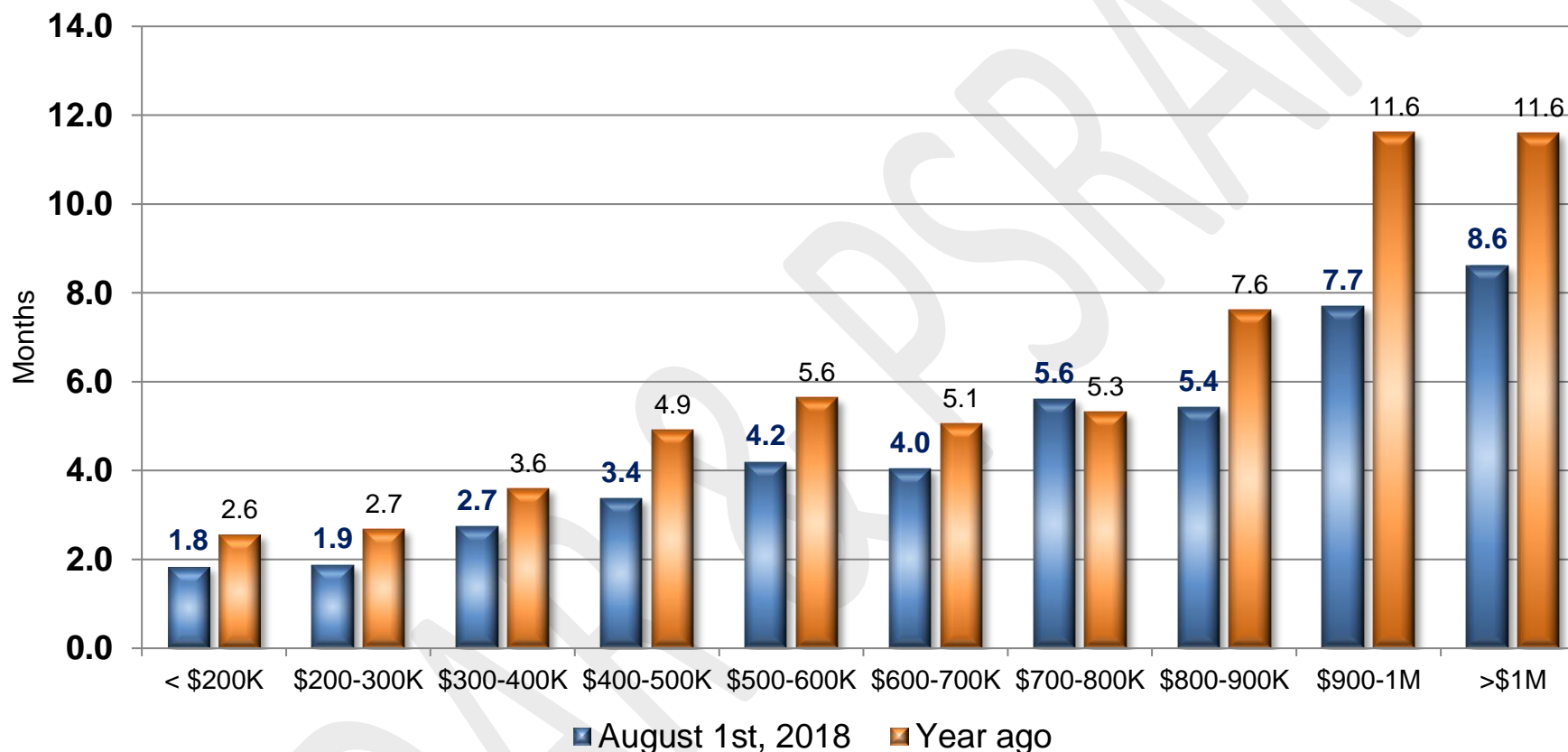
## Days on the Market & Months of Supply



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

On August 1<sup>st</sup> the “months of supply” ratio was 3.2 months, the lowest ratio since 2013! We can probably expect this ratio to go even lower over the next two months before seasonal forces begin to take the ratio higher. Historically a low ratio like this means the balance of supply and demand in the Valley is definitely weighted in favor of the sellers. This means that the upward pressures driving prices higher should continue. The median value of “days on the market” is 67 days, six and a half days less than last year.

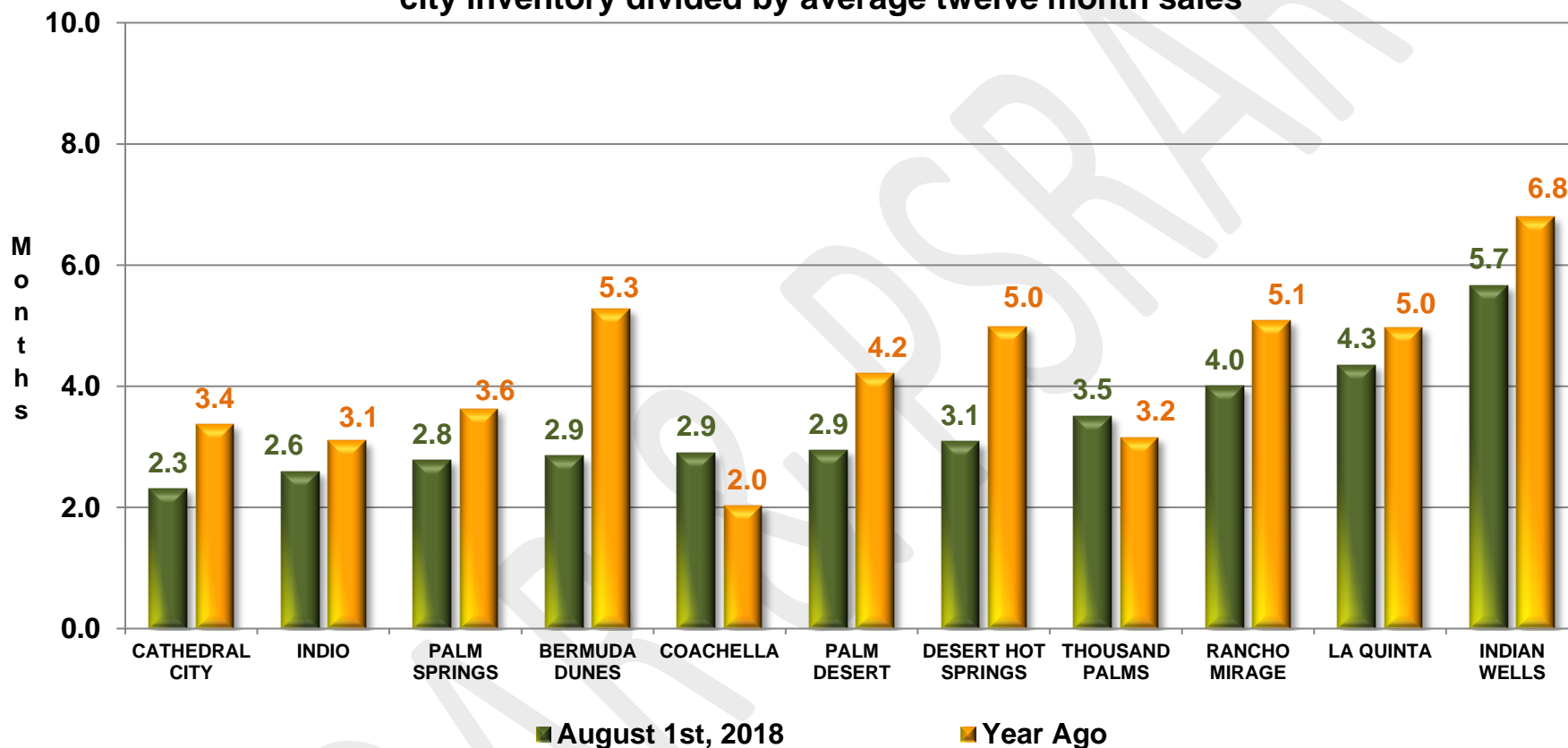
## "Months of Supply" by Price Range uses avg. twelve month sales



### "Months of Supply" by Price Range

We see lower "months of supply" ratios in all price brackets except the price bracket from \$700k to \$800k, which we think is just a statistical anomaly. It should be noted that the ratio is close to four months or less for all homes priced under \$700k. This is very positive. For homes priced over a million dollars the ratio is 8.6 months, which is also a low ratio for homes in the over a million dollar price bracket.

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

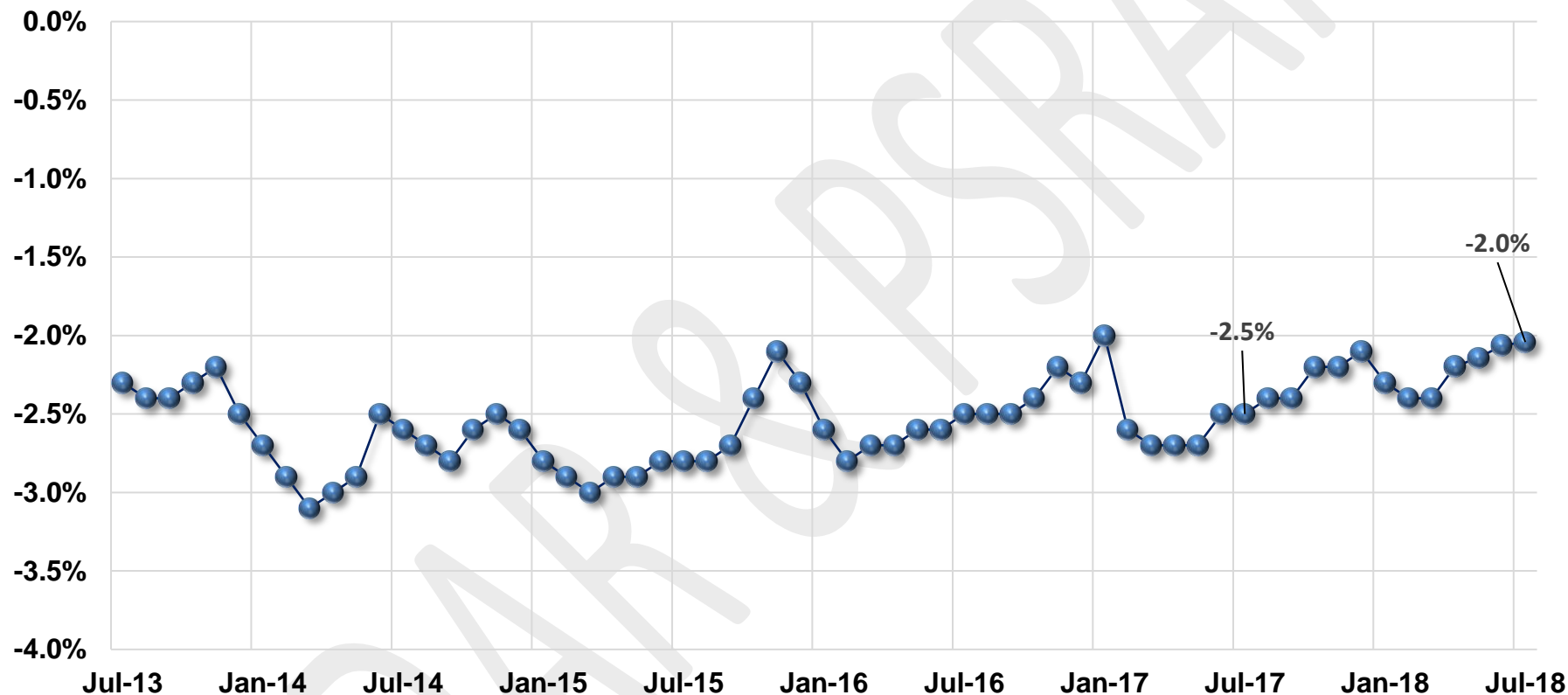


## "Months of Supply" by City

The "months of supply" ratio is very positive for every city in the region. Cathedral City has the lowest ratio at 2.3 months followed by Indio at 2.6 months and Palm Springs at 2.8 months. All cities currently have ratios equal or below four months except La Quinta at 4.3 months and Indian Wells at 5.7 months.

## Sales Price Discount from List

July 2013 to July 2018



### Sale Price Discount from List

The latest “Sale Price Discount from List” is -2.0%, which is .5% less than a year ago. This ratio means an average home listed for \$400,000 sold for \$392,000, or an \$8,000 discount.



# The Desert Housing Report

July 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 1<sup>st</sup> 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 1<sup>st</sup>, 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