



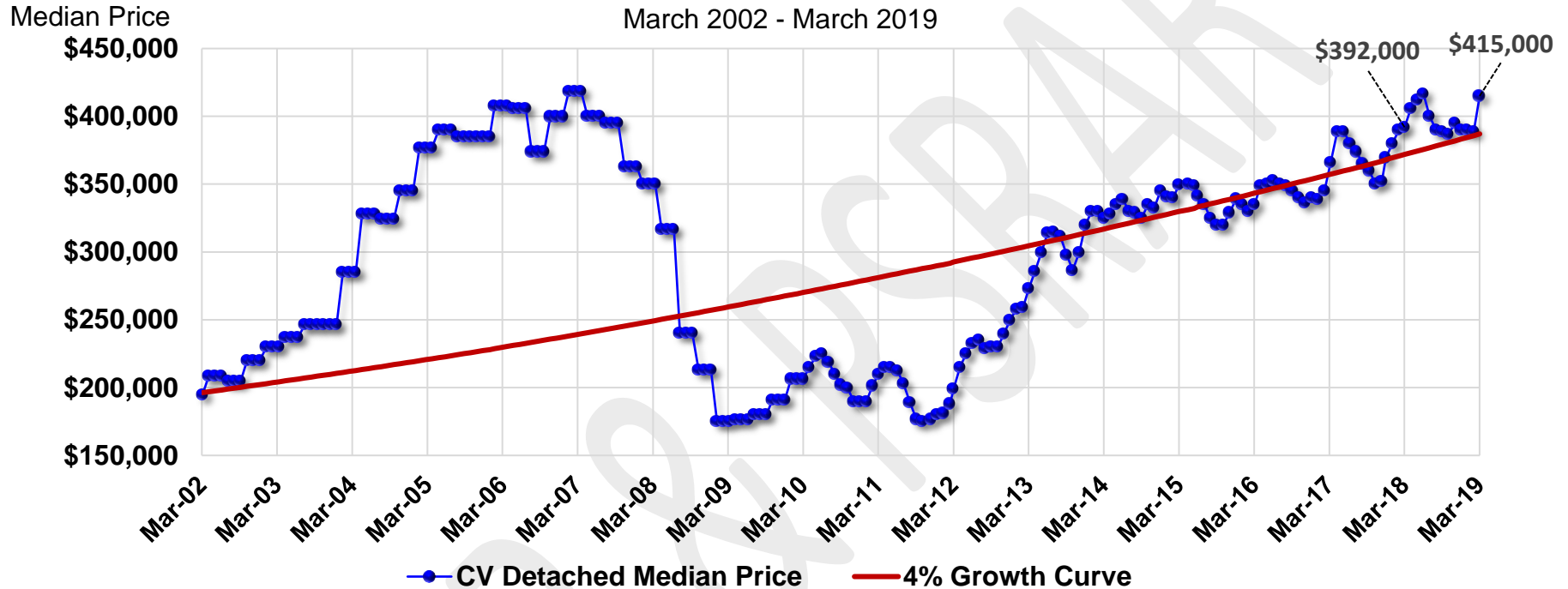
The Desert Housing Report

March 2019



Coachella Valley Median Detached Home Price

March 2002 - March 2019



Summary

The month of March saw a strong surge in both sales and home prices throughout the region. The Valley's median detached home price in March was \$415,000, which is 5.9% higher than a year ago. The Valley's median attached price in March was \$290,000, which is 7.8% above a year ago. When we measure the median value of detached homes in the nine major cities, we see positive year over year gains in all nine cities. These gains range from a high of 25.7% for Indian Wells down to 1.8% for Palm Springs. Four cities have double-digit gains. Besides Indian Wells at 25.7%, Rancho Mirage has a year-over-year gain of 15%, Desert Hot Springs has a gain of 15% and the city of Coachella is up 10%. The March average of three-month total sales increased in one month, from 633 units to 734 units, an increase of 101 units. This one-month increase reduced the decline in sales to only 10.3% compared to a year ago. The decline in home sales, plus the large price recovery of the last four or five years, created a general worry that inventory would begin to rise as local homeowners and second homeowners took advantage of the high prices to sell their homes. So far, this worry has been groundless as the Valley's selling inventory has not risen. On April 1st the months of sales ratio, which is inventory divided by the average 12-month sales rate, showed a reading of 4.7 months. This is only 2/10 of a month higher than the April 1st ratio last year, showing that the current balance of supply and demand is almost identical to what it was a year ago.

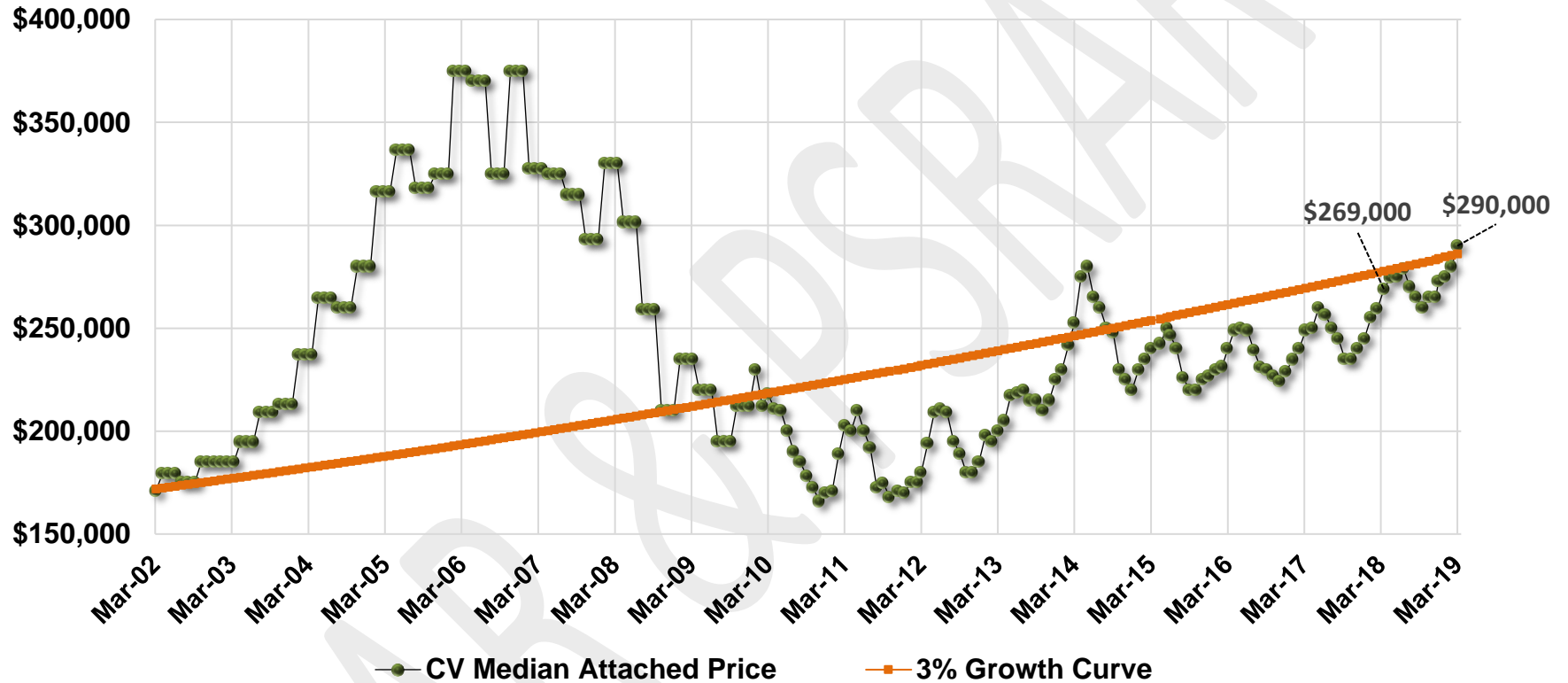
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Coachella Valley Median Attached Price

March 2002 - March 2019

Median Price



Coachella Valley Attached Median Price

The Valley's median attached price in March was \$290,000, which is 7.8% above a year ago. As we have been forecasting, the median price is finally above its 3% growth curve, shown by the orange line, which was started in the year 2002. We expect this strength in the attached home market to continue for the rest of the year, as it finally begins to play catch-up to the strong price performance we've witnessed in the detached housing market for the last 5 to 6 years.



The Desert Housing Report

March 2019



Detached Homes

| City | Mar-19 | Year Ago | 12 mo change | 2011 Low | Gain off 2011 Low | 2006 High | % from High |
|--------------------|-------------|-----------|--------------|-----------|-------------------|-------------|-------------|
| Indian Wells | \$1,075,000 | \$855,000 | 25.7% | \$540,000 | 99.1% | \$1,205,000 | -10.8% |
| Rancho Mirage | \$785,000 | \$682,500 | 15.0% | \$423,000 | 85.6% | \$950,000 | -17.4% |
| Desert Hot Springs | \$225,000 | \$217,500 | 15.0% | \$85,000 | 164.7% | \$295,000 | -23.7% |
| City of Coachella | \$275,000 | \$249,900 | 10.0% | \$121,950 | 125.5% | \$335,000 | -17.9% |
| La Quinta | \$547,000 | \$500,000 | 9.4% | \$245,000 | 123.3% | \$682,020 | -19.8% |
| Indio | \$337,000 | \$315,000 | 7.0% | \$158,500 | 112.6% | \$380,500 | -11.4% |
| Cathedral City | \$339,000 | \$325,000 | 4.3% | \$139,000 | 143.9% | \$395,000 | -14.2% |
| Palm Desert | \$422,500 | \$411,000 | 2.8% | \$287,000 | 47.2% | \$543,000 | -22.2% |
| Palm Springs | \$658,500 | \$646,750 | 1.8% | \$335,000 | 96.6% | \$600,000 | 9.7% |

Attached Homes

| City | Mar-19 | Year Ago | 12 Month Change | 2011 Low | Gain off 2011 Low | 2006 High | % from High |
|--------------------|-----------|-----------|-----------------|-----------|-------------------|-----------|-------------|
| Rancho Mirage | \$399,250 | \$315,000 | 26.7% | \$260,000 | 53.6% | \$510,000 | -21.7% |
| La Quinta | \$350,000 | \$304,500 | 14.9% | \$265,000 | 32.1% | \$532,500 | -34.3% |
| Indio | \$219,000 | \$190,750 | 14.8% | \$75,000 | 192.0% | \$279,000 | -21.5% |
| Indian Wells | \$400,000 | \$361,000 | 10.8% | \$321,500 | 24.4% | \$557,500 | -28.3% |
| Palm Desert | \$292,500 | \$275,000 | 6.4% | \$175,000 | 67.1% | \$410,000 | -28.7% |
| Palm Springs | \$265,000 | \$251,000 | 5.6% | \$150,000 | 76.7% | \$350,000 | -24.3% |
| Cathedral City | \$191,875 | \$182,500 | 5.1% | \$107,500 | 78.5% | \$270,500 | -29.1% |
| Desert Hot Springs | \$167,000 | \$180,000 | -7.2% | \$86,000 | 94.2% | \$303,000 | -44.9% |
| City of Coachella | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

12 Month Change in City Median Prices

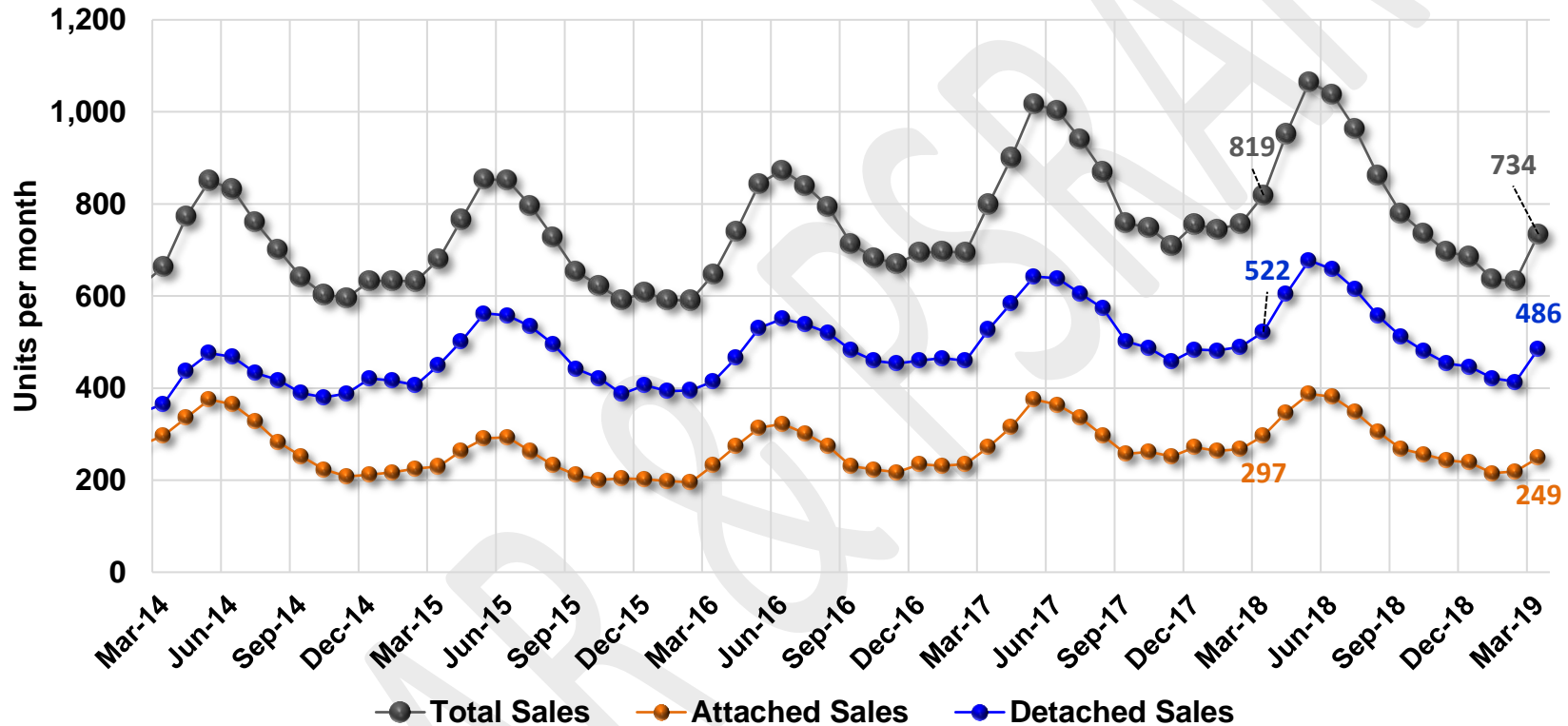
When we measure the median value of detached homes in the nine major cities, we see positive year over year gains in all nine cities. These gains range from a high of 25.7% for Indian Wells down to 1.8% for Palm Springs. Four cities have double-digit gains. Besides Indian Wells, Rancho Mirage has a year-over-year gain of 15%, Desert Hot Springs has a gain of 15% and the city of Coachella is up 10%. There are similar positive returns for the attached home market with four cities showing double-digit gains.

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Detached, Attached and Total Sales

3 month moving average

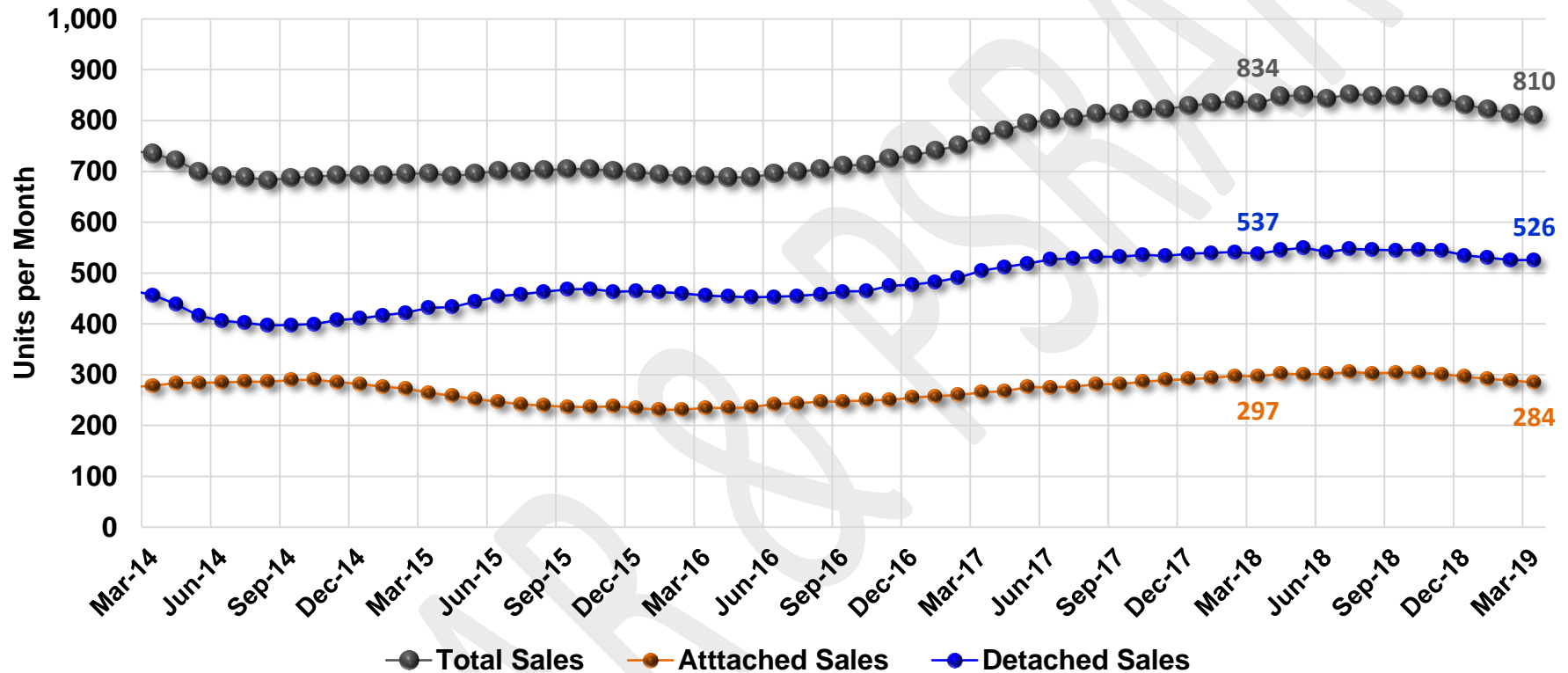


Monthly Sales – 3-month trailing avg.

The March average of three-month total sales increased in one month from 633 units to 734 units, an increase of 101 units. This one-month increase reduced the decline in sales to only 10.3% compared to a year ago. This is a large improvement over the 16% last month. Three months sales of detached homes were down only 6.9%, while sales for attached units are down 16.1% compared to a year ago.

Detached, Attached and Total Sales

12 month moving average

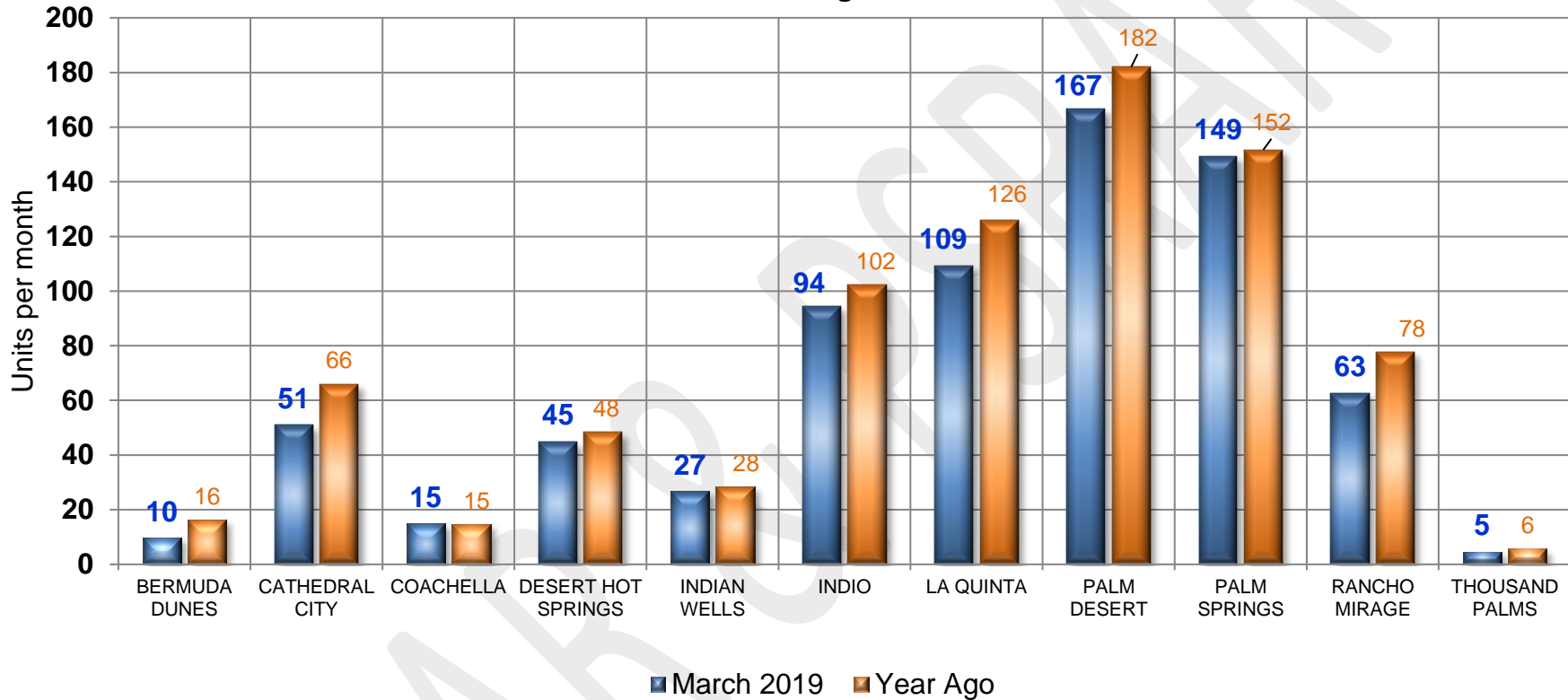


Monthly Sales – 12-month trailing avg.

The 12-month average of total sales in March averaged 810 units a month, 24 less than a year ago. A twelve-month average takes out the seasonality of the desert housing market and shows the long-term sales trend. It's clear from the chart that the long-term trend in sales has slowly rolled over since the end of last year, but the decline is very slow. As we forecast in February, we expected long-term sales to average approximately 10% units less than 2018. However, the unexpected drop in mortgage interest rates that occurred in February and March is stimulating home sales and may upset this forecast.

Home Sales by City

3 month avg sales

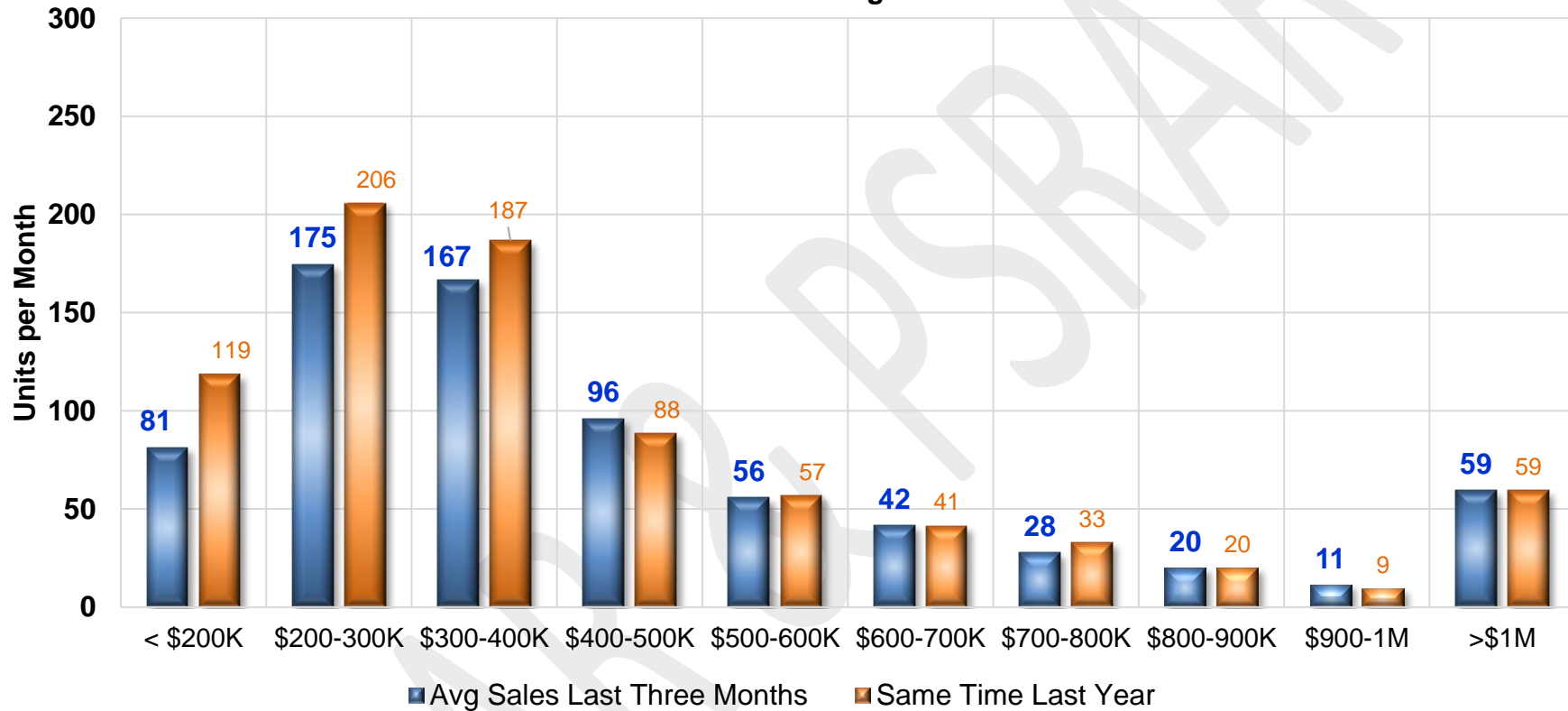


Home Sales per month by City

Ten of 11 Valley cities have lower three-month sales compared to a year ago, while one – the city of Coachella – has the same sales of 15 units a month. Bermuda Dunes has the largest decrease in sales at 37.5%. This is followed by Cathedral City off 22.7% and Rancho Mirage off by 20%. Indio's sales are down 7.8%, La Quinta has sales off by 13.5% and in Palm Desert, sales are off by 8.2%. Sales in the city of Palm Springs are down only 2% from last year.

Home Sales by Price Range

3 mos avg

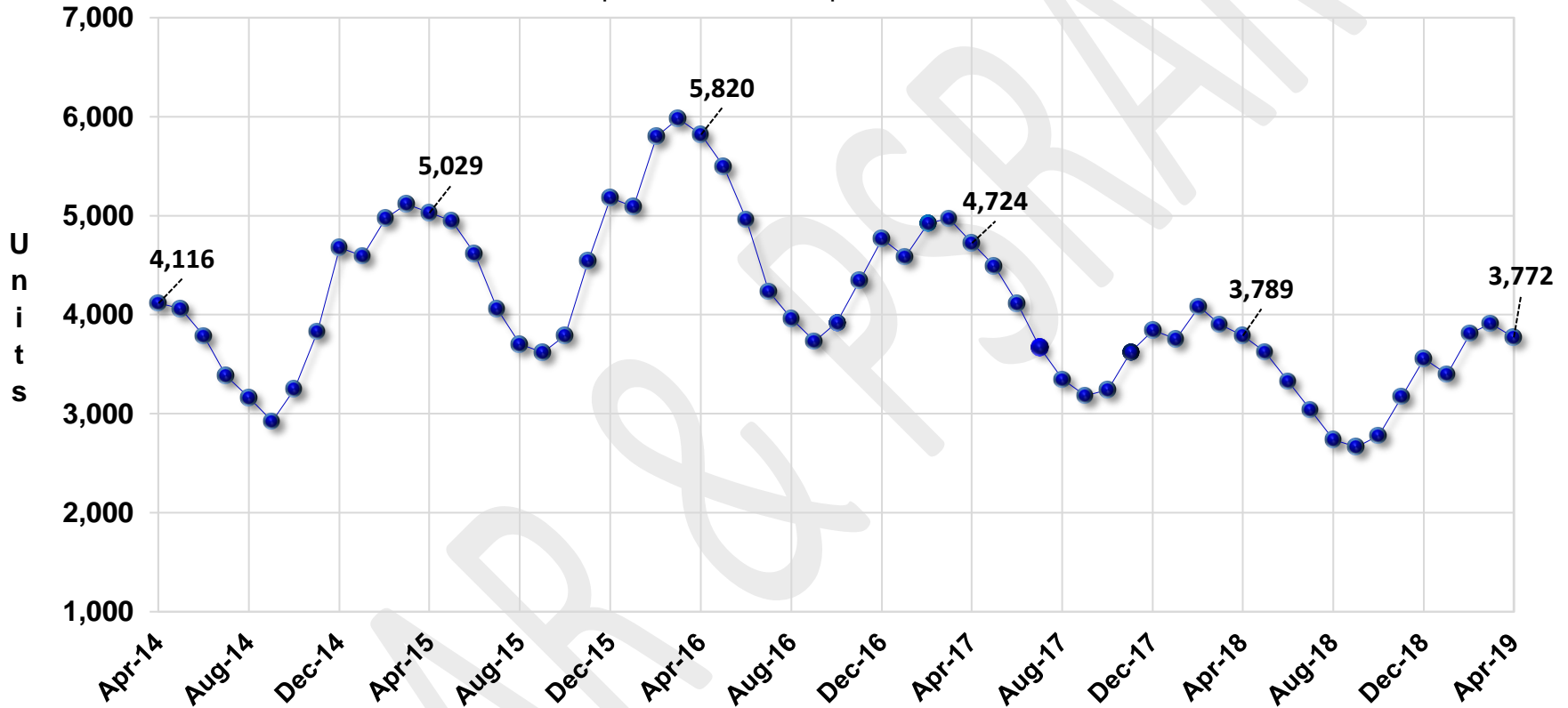


Home Sales by Price Range

When we break down sales by price bracket, we discover the primary drop in sales are for homes priced under \$400,000 due to the dwindling supply of homes in this price range as home prices increase. Unit sales of homes priced under \$200,000 dropped from 119 units to 81 units this year. This is a decline of 32%. Sales of homes priced between \$200k and \$300k dropped from 206 units a month to 175, which is a decline of 15%. Sales of homes priced between \$300k and \$400k were off 10%. Sales and homes priced over \$400k up through \$1 million were comparable to last year

Valley Housing Inventory

April 1st 2014 to April 1st 2019

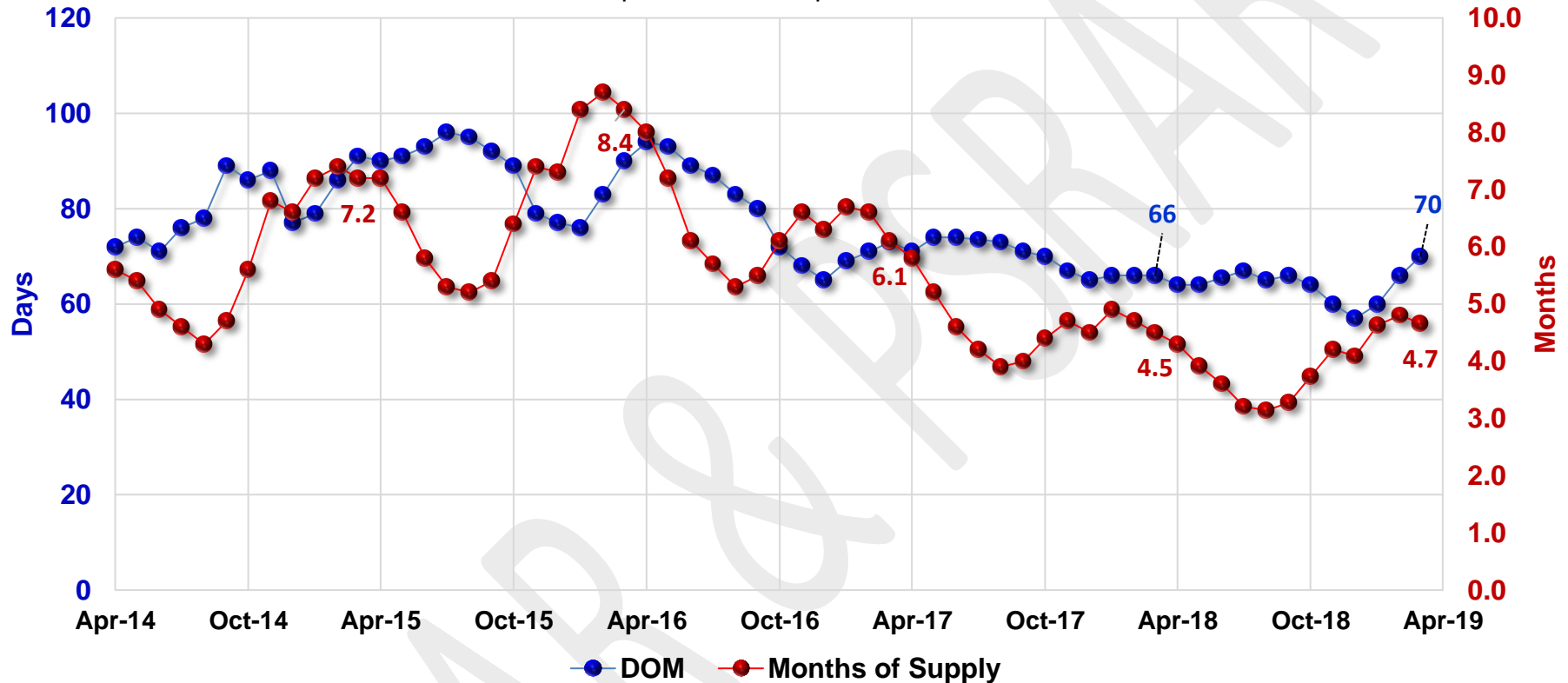


Coachella Valley Inventory

The decline in home sales, plus the large price recovery of the last four or five years, created a general worry that inventory would begin to rise as local homeowners and second homeowners took advantage of the high prices to sell their homes. So far, this worry has been groundless as the Valley's selling inventory has not risen. The above chart displays the Valley inventory on April 1st of 3,772 units and inventory on April 1st of the preceding five years. This chart clearly shows that inventory is at the lowest levels it's been for the last five years.

Days on the Market & Months of Supply

April 1st 2014 - April 1st 2019

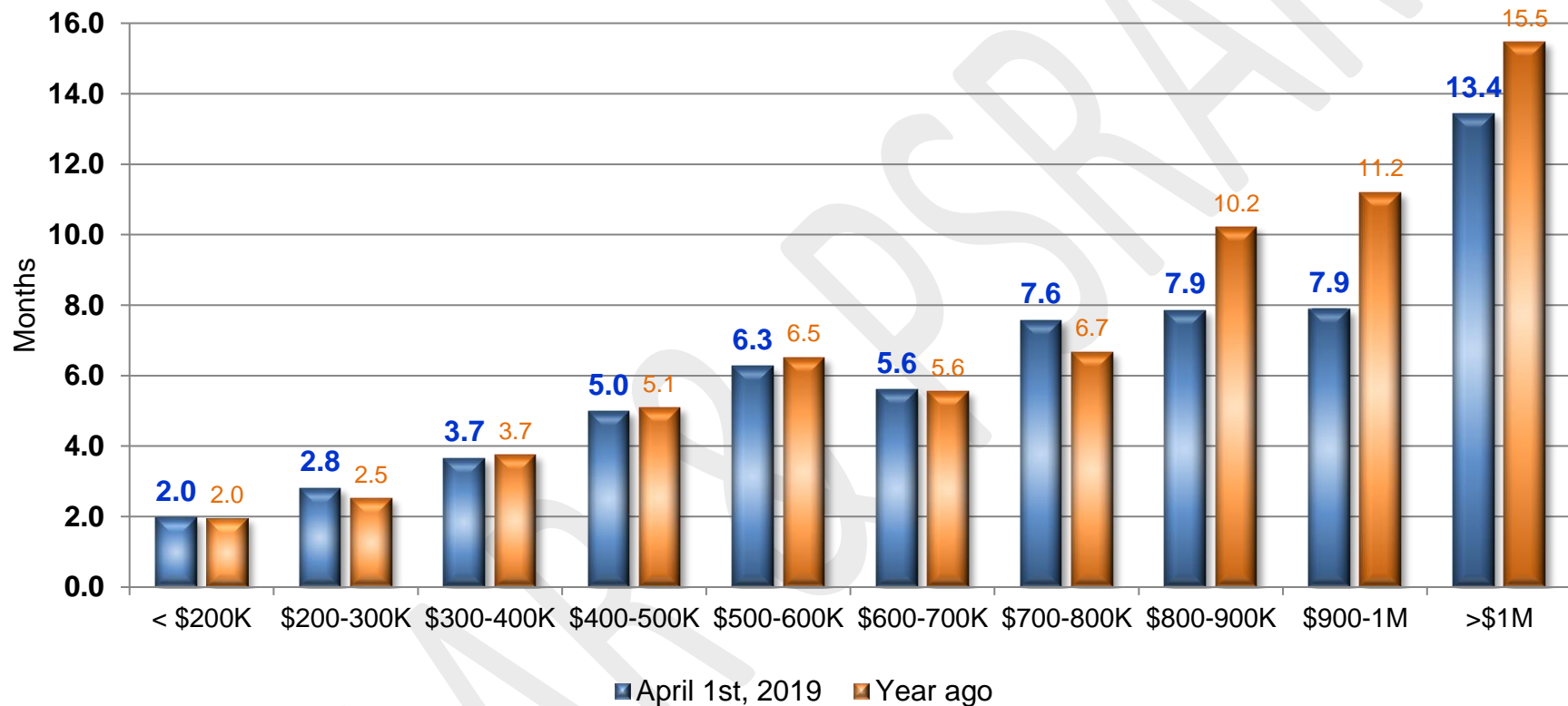


“Months of Sales” and “Days on the Market”

On April 1st the months of sales ratio, which is inventory divided by the average 12-month sales rate, showed a reading of 4.7 months. This is only 2/10 of a month higher than the April 1st ratio last year, showing that the current balance of supply and demand is almost identical to what it was a year ago. In other words, the decline in sales has been offset somewhat by a corresponding decline in inventory, keeping the ratio almost the same. We are beginning to see, however, a slight increase on the average number of days on market. As the graph clearly shows, this metric is not very seasonal and has been rising for the last three months. The current number is 70 days, which compares to 66 days last March.

"Months of Supply" by Price Range

uses avg. twelve month sales

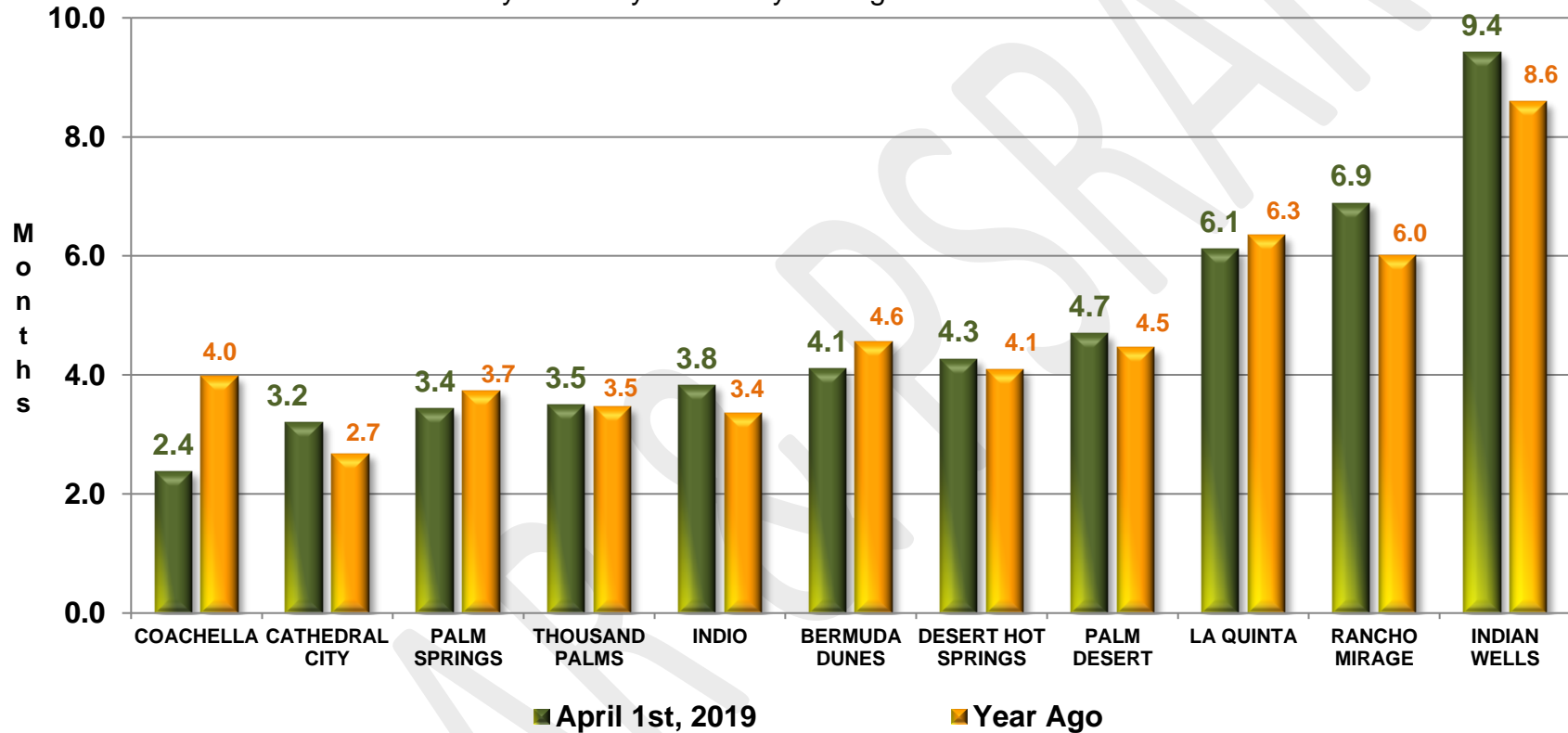


"Months of Supply" by Price Range

When we look at the "months of sales" ratio in the different price brackets, we see comparable ratios to a year ago in the price brackets under \$800,000. For example, for homes priced under \$200,000, the ratio of two months is exactly what it was a year ago. For homes priced between \$300k and \$400k the ratio is 3.7 months, which again exactly equals the ratio a year ago. It's only when we get to homes priced over \$800k that we begin to see a decline and strengthening in the month of sales ratio.

"Months of Supply" by City

city inventory divided by average twelve month sales

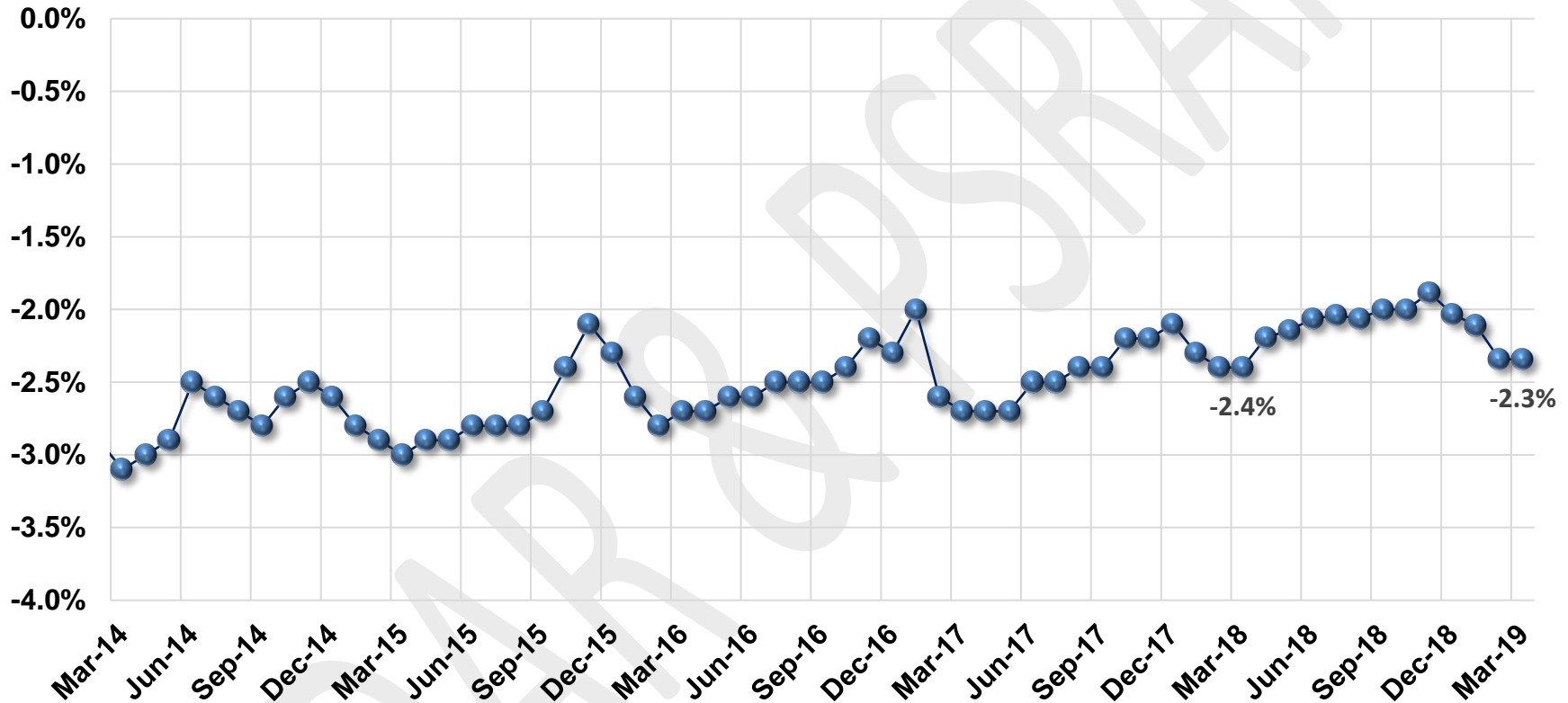


"Months of Supply" by City

The above graph shows the "month of sales" ratio for eleven Valley cities against the ratio last year. We find that four cities have lower ratios while five cities are the same or have higher ratios. The four cities with lower ratios are Coachella, Palm Springs (a ratio of 3.4 months compared to 3.7 months last year), Bermuda Dunes and La Quinta. One city – Thousand Palms - has the same ratio.

Sales Price Discount from List

March 2014 to March 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 was true last month, too. This ratio means the average home listed for \$400,000 sold for \$390,800, or a \$9,200 price 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