



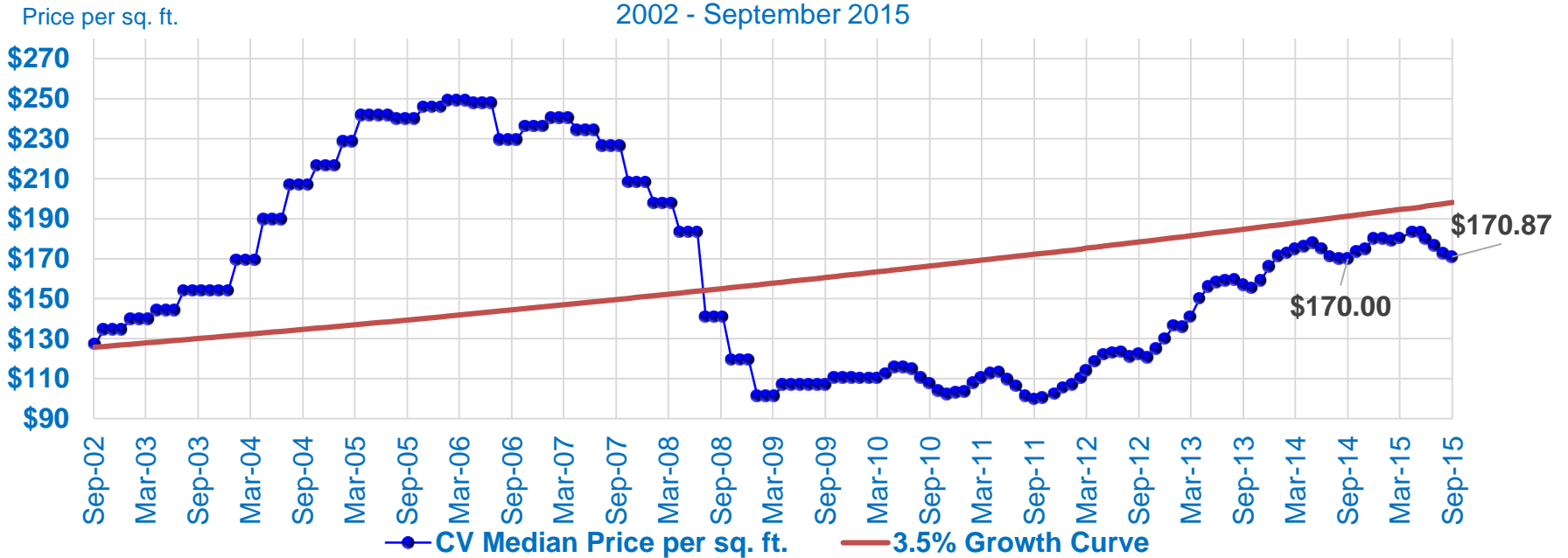
The Market Watch Monthly Housing Report

September 2015

Prepared for the Members of PSRAR as a Member benefit

Coachella Valley Median Price per sq. ft.

2002 - September 2015



Summary

The median price per sq. ft. throughout the Valley declined from a high of \$183 five months ago to the current level of \$170. This price is practically unchanged from one year ago. While the median for the whole Valley is unchanged the year over year change in city prices is still rather positive, highlighting some of the limitations of using statistics like median or mean values when analyzing home prices. On a city by city basis, year over year changes go as high as 22% for the City of Coachella down to -.3% for La Quinta. In most cases the major cities have changes in the positive mid-single digit range.

Both seasonal and annual sales are running about 2% higher than last year, which while positive is just barely so. A similar “small change” pattern is seen in the sales of the nine individual cities. Five have higher three month sales while four are lower, with the changes being very small. Only two cities have rather large increases in sales compared to a year ago – Desert Hot Springs and Palm Springs with increases of 20% and 12% each.

Inventory ended September at 3,790 units, an increase of 142 units during the month and 544 when compared to a year ago. “Months of sales” – the ratio of inventory divided by average monthly sales – rose 2/10 to 5.4 months which is an acceptable ratio.



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12 months change in median price per sq. ft.

	Sep-15	Sep-14	12 mos change	2006 High	% from all- time high
City of Coachella	\$131.52	\$107.51	22.3%	\$215.01	-38.8%
Desert Hot Springs	\$107.46	\$94.97	13.2%	\$186.94	-42.5%
Cathedral City	\$157.91	\$142.13	11.1%	\$236.76	-33.3%
Indio	\$138.88	\$129.25	7.5%	\$216.45	-35.8%
Palm Desert	\$187.40	\$176.43	6.2%	\$267.07	-29.8%
Rancho Mirage	\$228.89	\$216.99	5.5%	\$331.15	-30.9%
Palm Springs	\$275.85	\$267.98	2.9%	\$306.60	-10.0%
Indian Wells	\$259.27	\$256.58	1.0%	\$358.83	-27.7%
La Quinta	\$182.09	\$182.68	-0.3%	\$292.55	-37.8%

Changes in City Price per sq. ft.

After four years of continuous price recovery, the year over year change in city median prices is still relatively strong, especially in those cities that started late in the cycle. These are the cities of Coachella, Desert Hot Springs and Cathedral City. The double digit gains in these cities are more due to a mathematical effect stemming from the Distressed Housing pricing model than in any real gains in the price of individual homes. Nonetheless, the price change is just as real as the price declines that occurred during the worst of the distressed selling period. Only the city of La Quinta shows a negative return and even that is a miniscule .3%. Palm Springs, being only 10% below the peak price in 2006, is closets to it all time high.

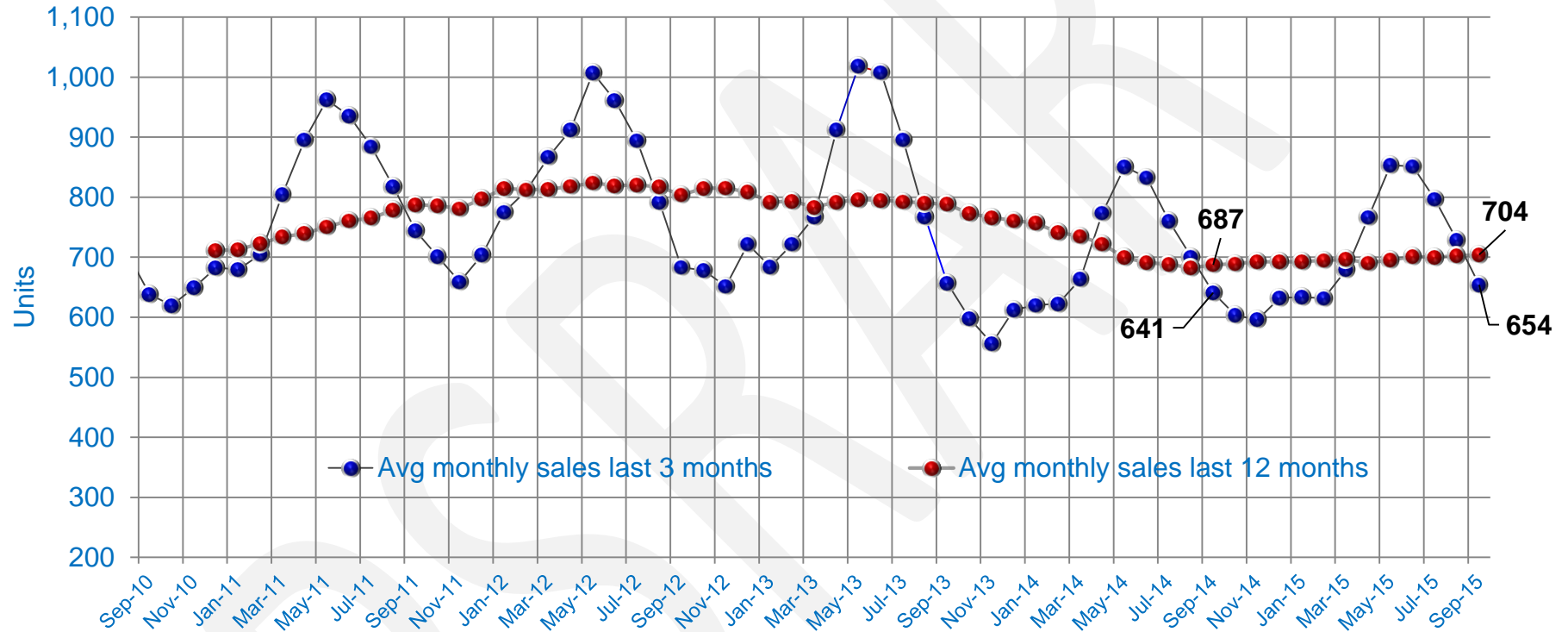


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Coachella Valley Home Sales Sep 2010 to Sep 2015



Monthly Sales

Sales are slightly higher than last year, as measured by the seasonal three month average and also the longer term twelve month average. The September three month average is 654 units or two percent higher when compared to 641 units a year ago. The twelve month average at 704 units is 2.5% higher than the twelve month average September of last year. It is clear from the graph that the slow decline in sales that started in September of 2013 has ended and either a stabilization period or a slow rising period has begun.



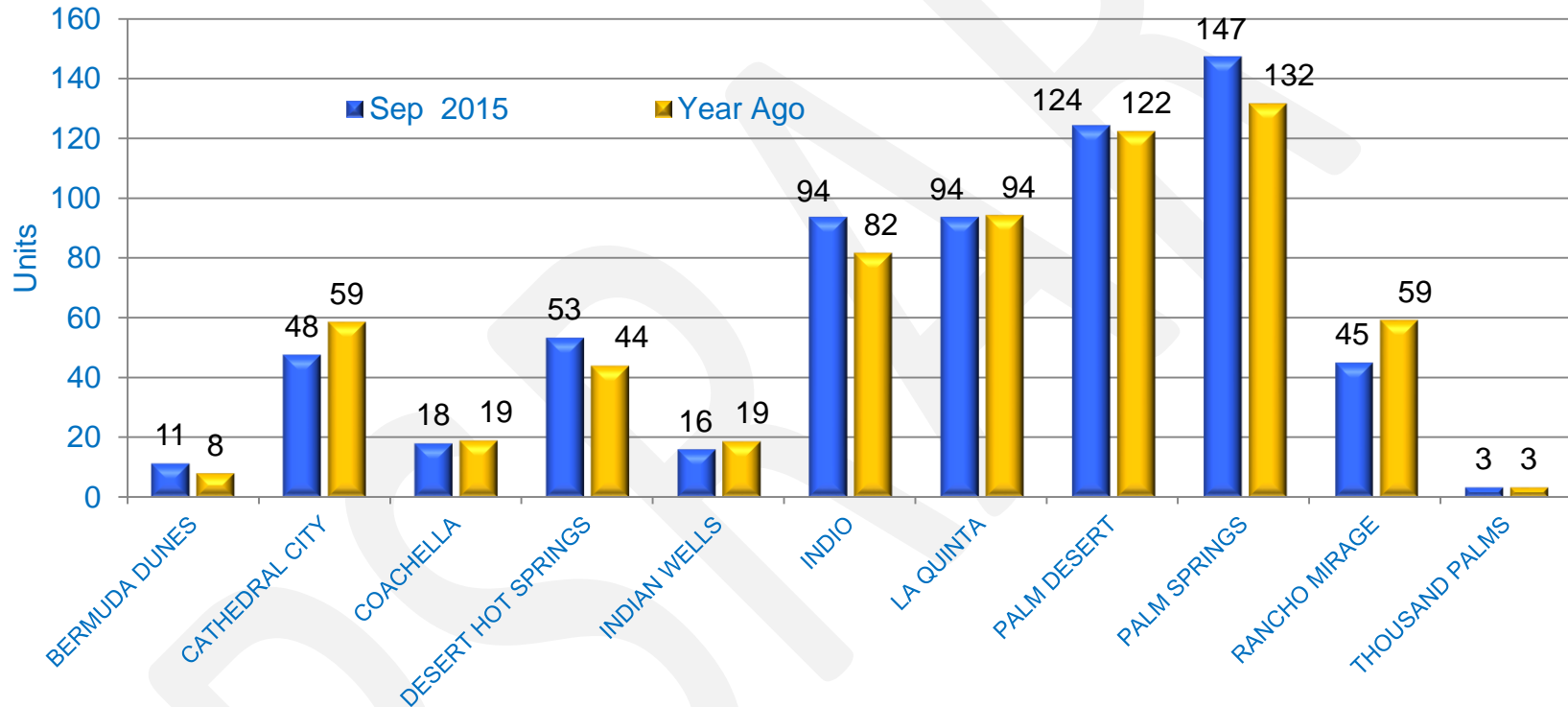
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Home Sales by City

3 month avg sales



Home Sales per Month by City

On a city by city basis, five cities – Bermuda Dunes, Desert Hot Springs, Indio, Palm Desert and Palm Springs - show higher three months sales when compared to a year ago. Rancho Mirage, Indian Wells, Coachella and Cathedral City show declines. On a percentage basis Desert Hot Springs is the city with the largest increase at 20% above a year ago. It is also noteworthy that it is the city with the second highest year over year price gain.

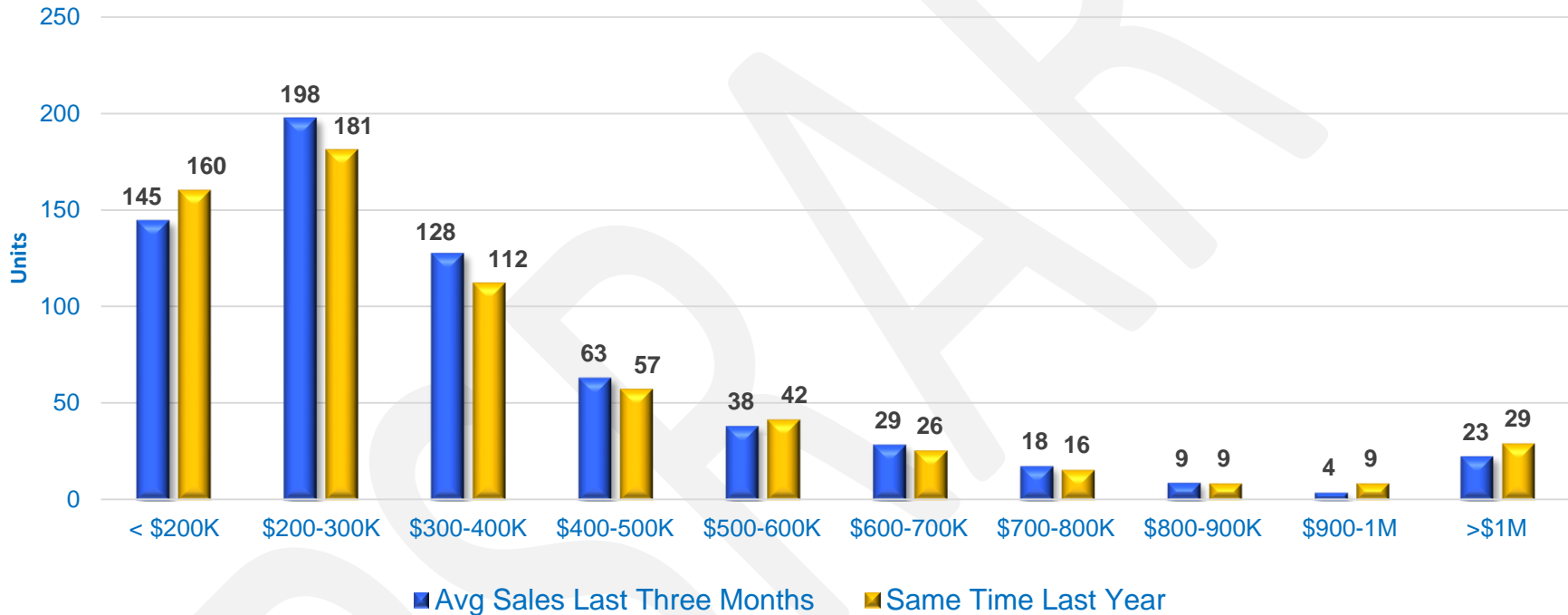


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Home Sales by Price Range Sep 2015



Home Sales by Price Range

When we compared three month sales in the different price ranges we see a very even and table stable pattern. In general sales of homes priced under \$200,000 are lower than a year ago, primarily because there are fewer homes priced under \$200,000. Sales are just marginally higher in the three price brackets from \$200,000 to \$500,000 and then are rather consistent until we get to homes priced over \$900,000. Over \$900,000 and one million we see a notable decline in sales. This fall off in interest in homes priced over \$900,000 will be found later in other metrics relating to inventory and months of sales



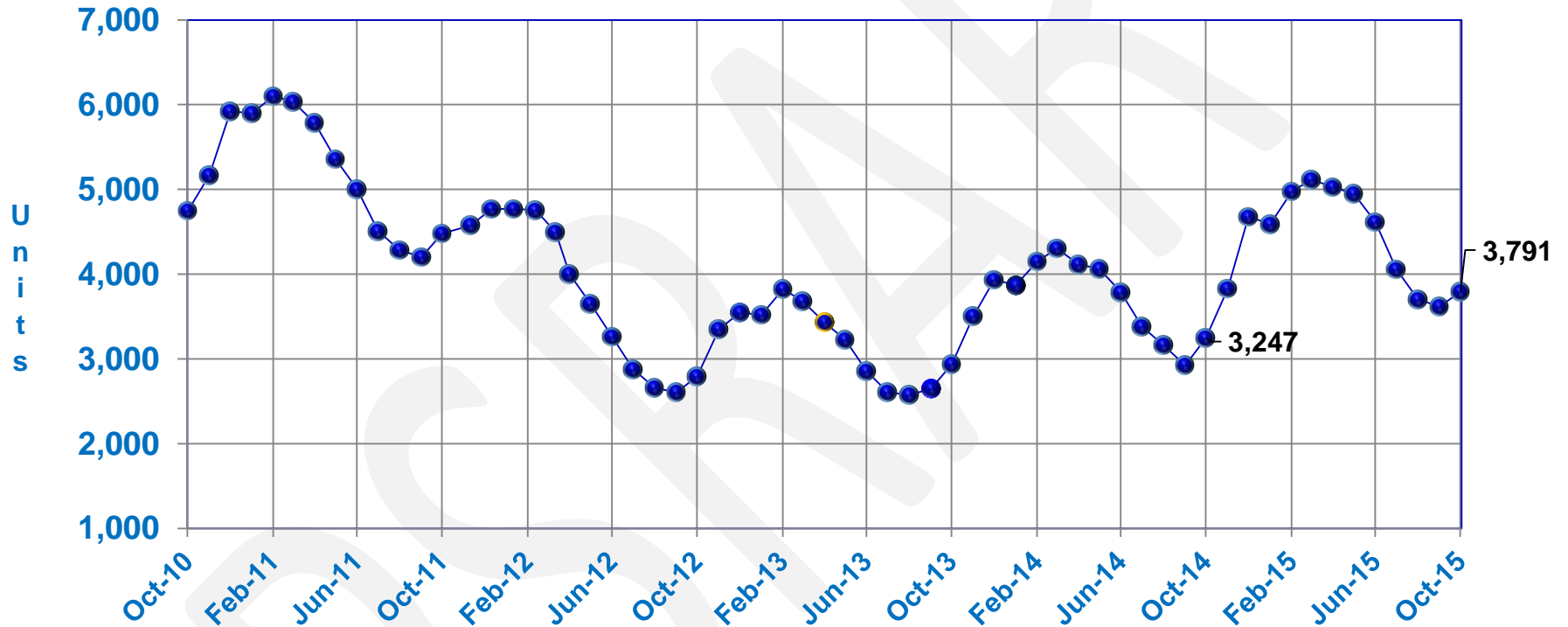
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Valley Housing Inventory

Oct 1st 2010 to Oct 1st 2015



Coachella Valley Listed Inventory.

It is clear from the five year chart on housing inventory that we have started into the seasonal period of rising inventory, which almost always begins in September or October. If the past is a guide, inventory should now rise until around February 1st, which is usually near the peak month. We are beginning this season with a listing of 3,791 units, which is 544 units higher than the 3,247 units on October 1st of last year. Hopefully, unless sales begin to expand, inventory will not rise much above the peak number of 5,116 of last year.

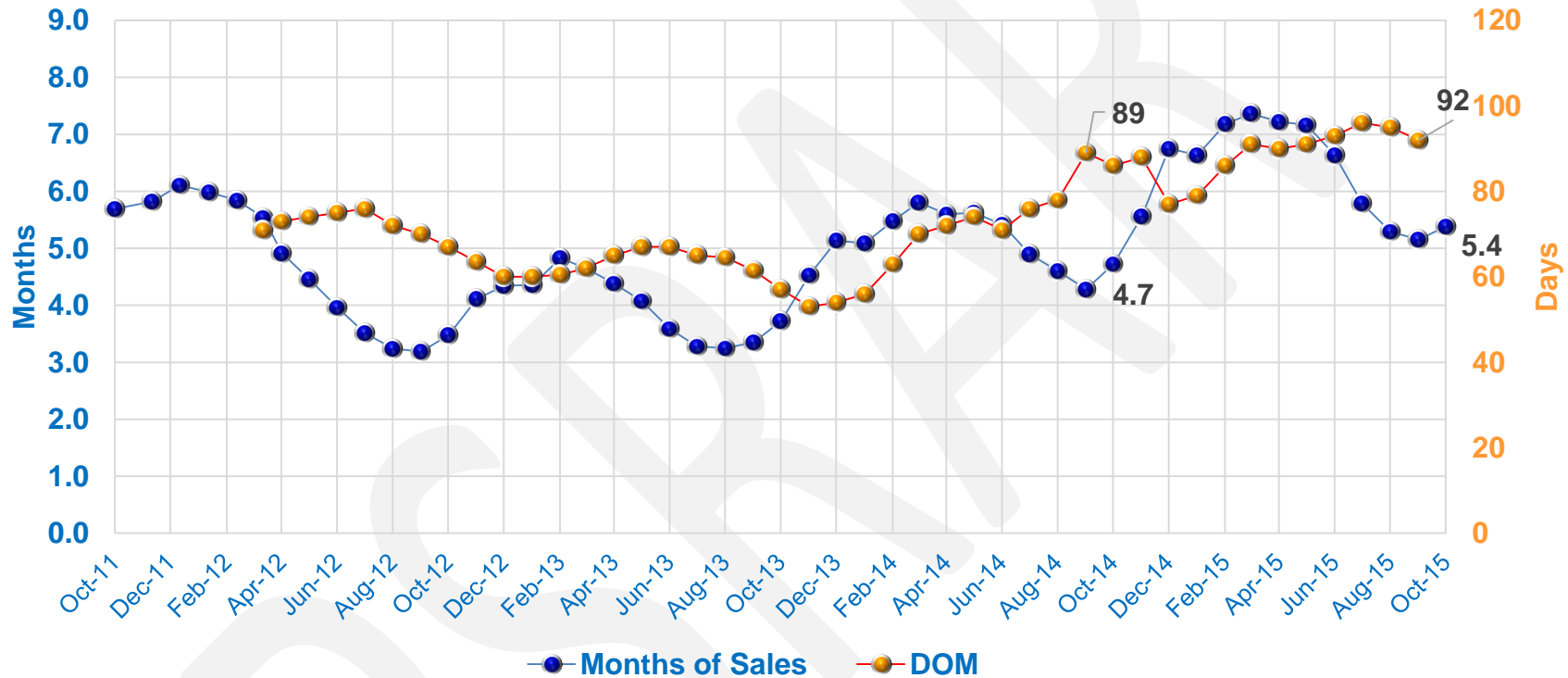


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"Months of Sales" and "Days on the Market"



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

The slight rise in inventory in September increased the ratio called "months of sales" to 5.4 months which is considered a safe ratio. "Months of sales", which divides the current inventory by the average monthly sales rate, is a rough indication of the size of that inventory. The ratio represents how many months it would take to sell the entire inventory at the current sales rate. While there are no absolute guide lines, ratios under four months are usually considered a seller's market; ratios from four to seven months is a balanced market, while ratios over seven months are considered a buyers' market. The median value of "Days on the Market" dropped from 95 days to 92 days or almost exactly three months.



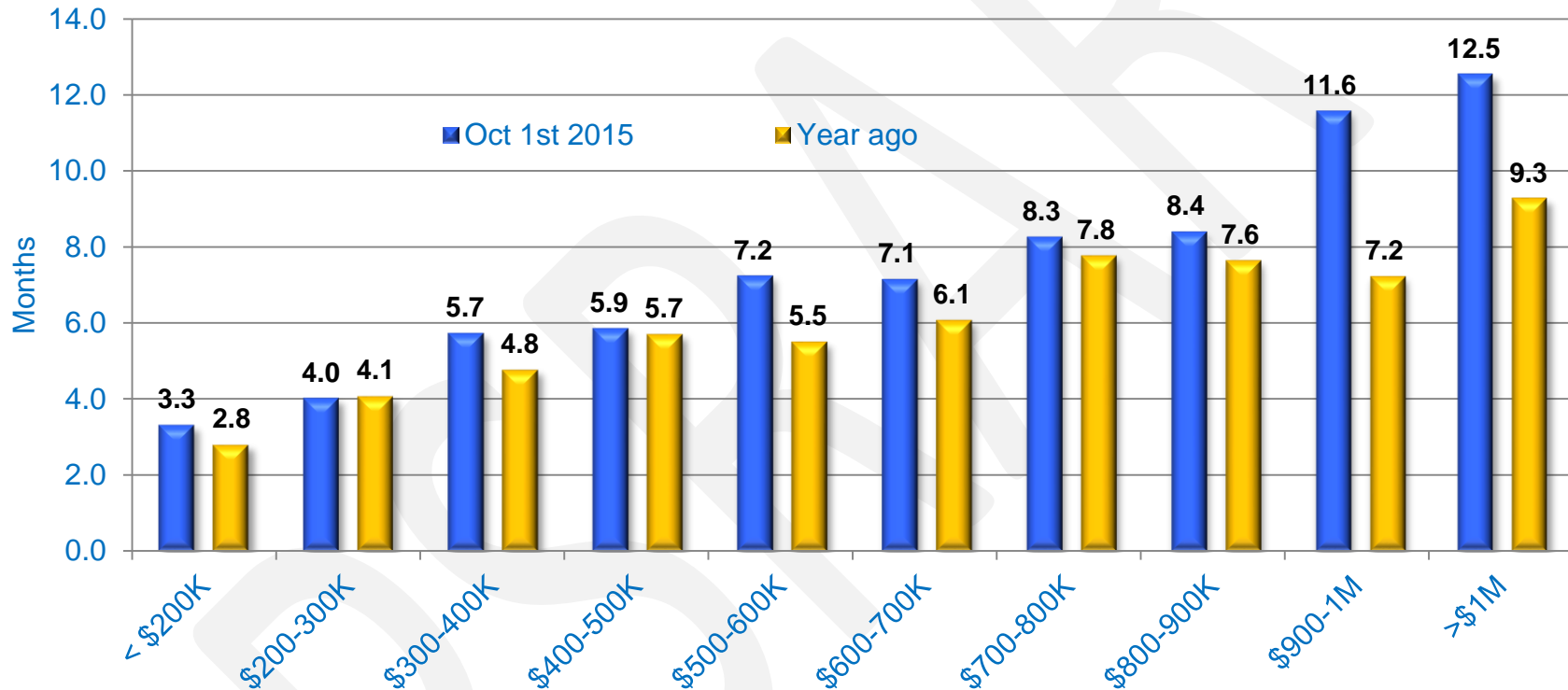
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Months of Sales by Price Range

uses avg. twelve month sales



“Months of Sales” by Price Range

“Months of Sales” by price range shows the standard pattern of rising months with higher priced homes. In general we also see the ratio higher than the corresponding value last year at each price range which matches the regional result in the previous chart. In our opinion nothing is out of line until we get to the ratios for homes over \$900k. It’s at this point we see the months of sales ration close to twelve months or one year. These higher ratios are more the result of the lower sales rates in these higher priced areas than an increase in inventory.



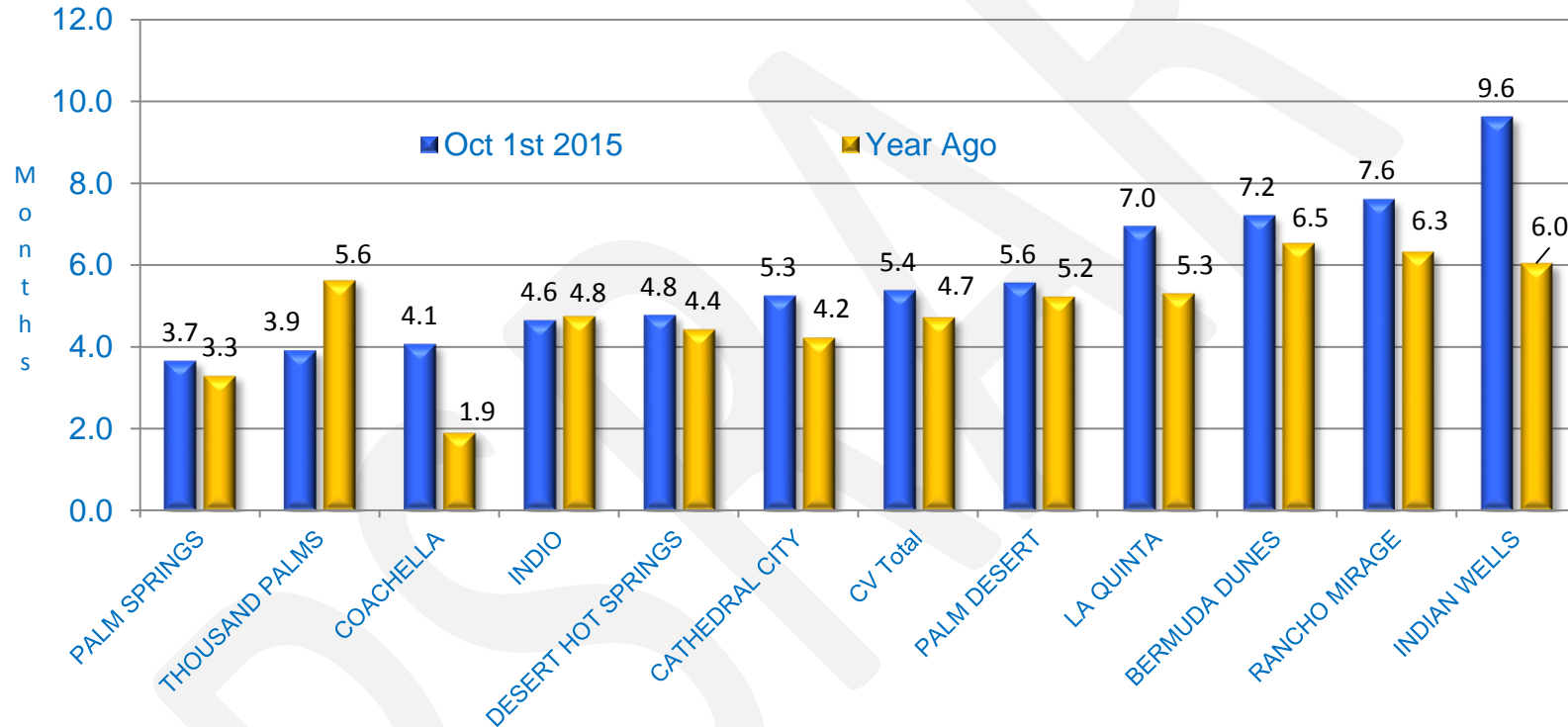
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Months of Sales by City

city inventory divided by average twelve month sales



“Months of Sales” by City

In general, except for Indio and Thousand Palms, the “months of sales” ratio is higher this year then the same time last year. However, no ratio is over six months or seems worrisome in any way except perhaps La Quinta and maybe Indian Wells. However, the current high ratio of 7.0 months for La Quinta is an improvement over the 7.6 months on September 1st or the 9.2 reading on August 1st so the trend is improving. At 9.6 months, Indian Wells seems a little high except that higher priced areas always have higher ratios. The same is true of 7.6 months for Rancho Mirage.

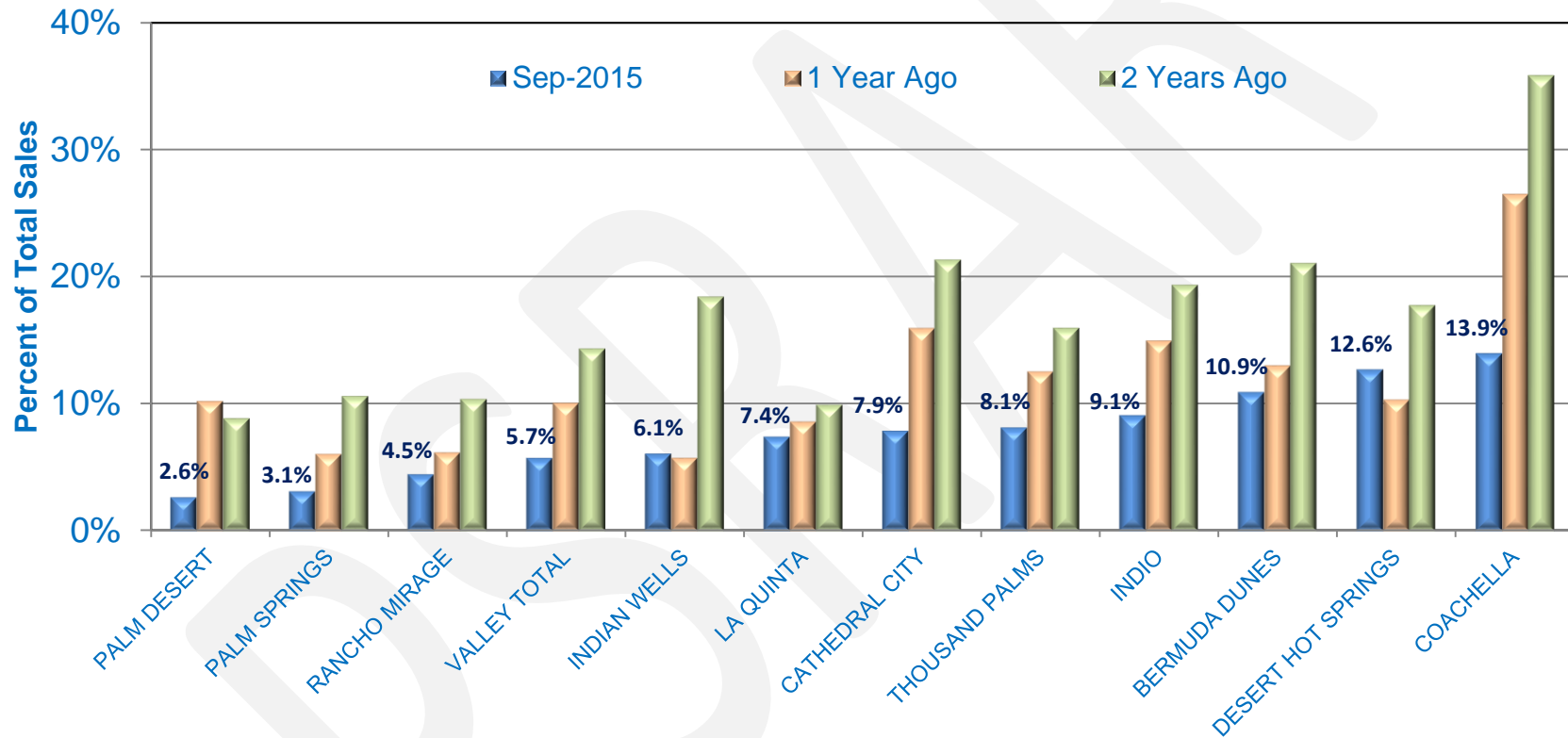


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Distressed Sales by City percent of total sales



Distressed Sales by City

The average of distressed sales (REO and short sales) throughout the Valley – called “Valley Total” in the above chart – rose ever so slightly in September from 5.5% to 5.7%. It has hovered around 5% now for six months having dropped from 10% about a year ago. These percent’s are now far below the levels that can negatively affect the appraisal values of homes. However, in the two cities of Desert Hot Springs and Coachella where the ratio is still somewhat high, the declining rate has had a positive effect on the median home prices in those cities.

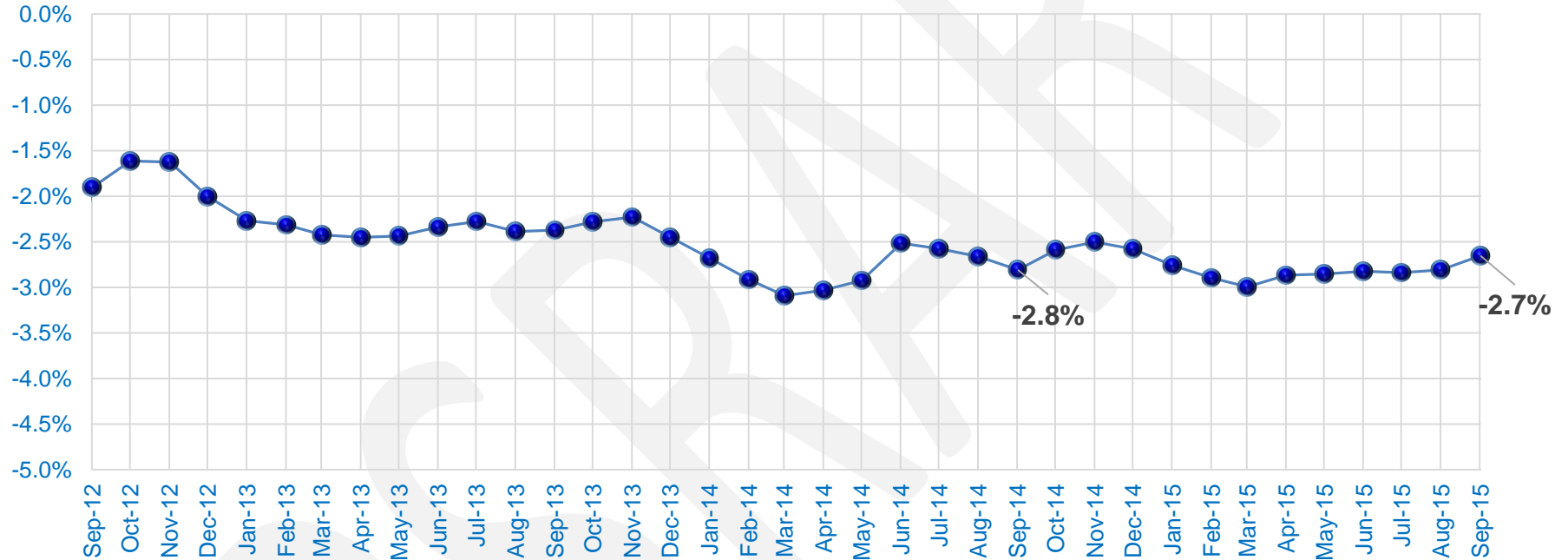


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Sale Price Discount from List Sep 2015



Sale Price Discount from List

The “Sale Price Discount from List” is the median value for the last three months of the percent difference between the sale price and the asking list price on all transactions. The current value is minus 2.7% which is just barely higher than a year ago. This percent implies that the selling discount to a home listed for \$300,000 home was approximately \$8,100.

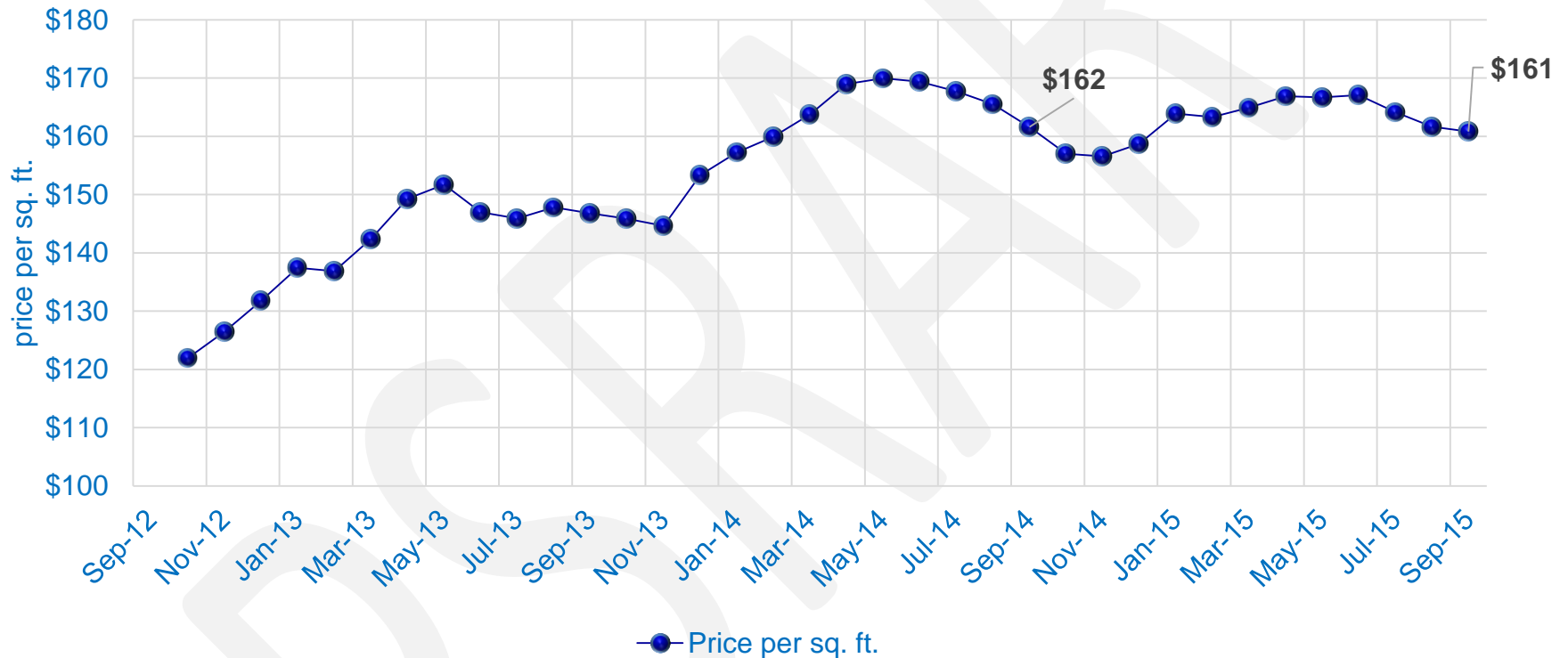


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Attached Units - median price per sq. ft. September 2015



Attached Units - Median Price per sq. ft.

The median price per sq. ft. of attached units in the Valley was \$167 in September, which is only one dollar less than a year ago. Seasonal patterns suggest prices might stabilize around this level before beginning to rise sometime in November or December.

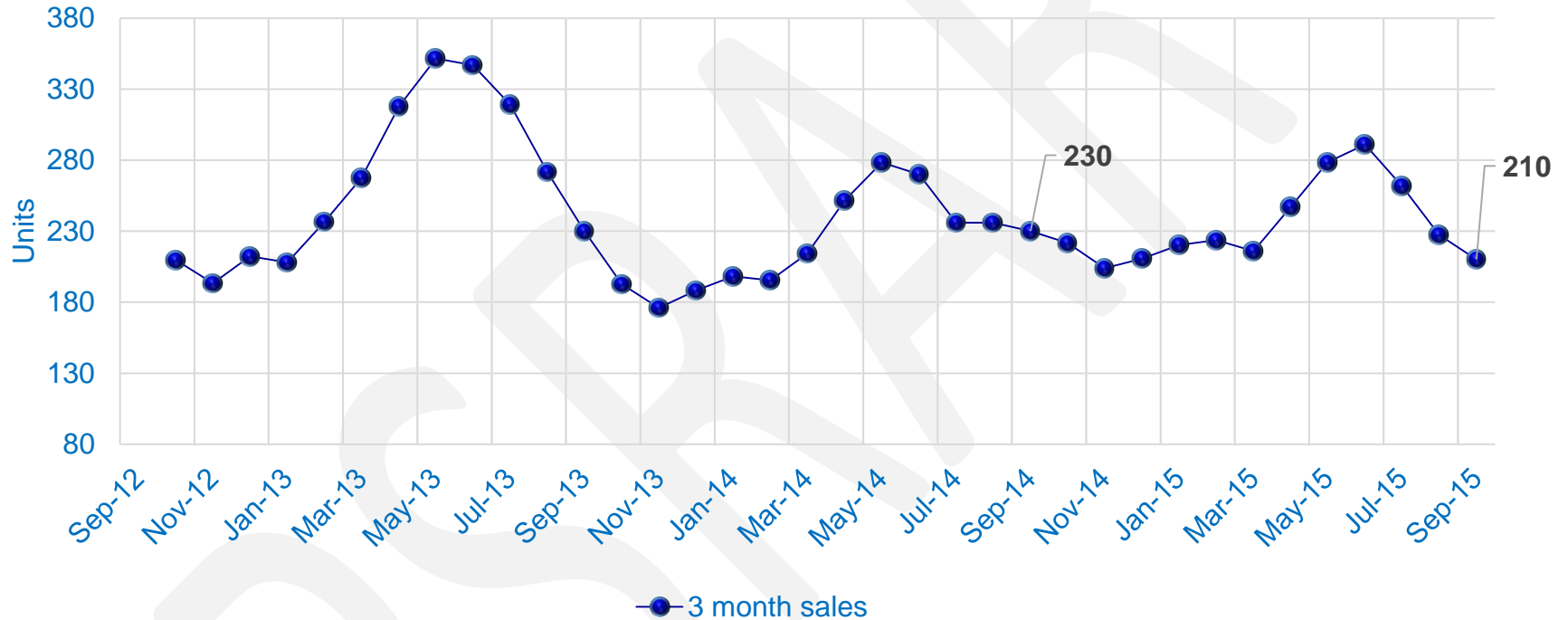


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Attached Sales September 2015



Attached Units - Sales

The three month average of attached sales was 210 units in September, which is 20 units below sales levels one year ago. However, as can be seen from the graph, sales numbers often stabilize starting around this period before moving higher in late winter.



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Explanation and Description of Market Watch's Graphs and Calculations

Prices: All prices for the region and for cities are the median value of all transaction over the last three months. For example, the median price for the month of May will be the median value of all sales in March, April and May. This longer time period tremendously 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 are reported either as three month average sales or 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. 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 also to reduce unnecessary variation and random 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 generally 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 size homes.

To Contact Market Watch call Vic Cooper at 949-493-1665