

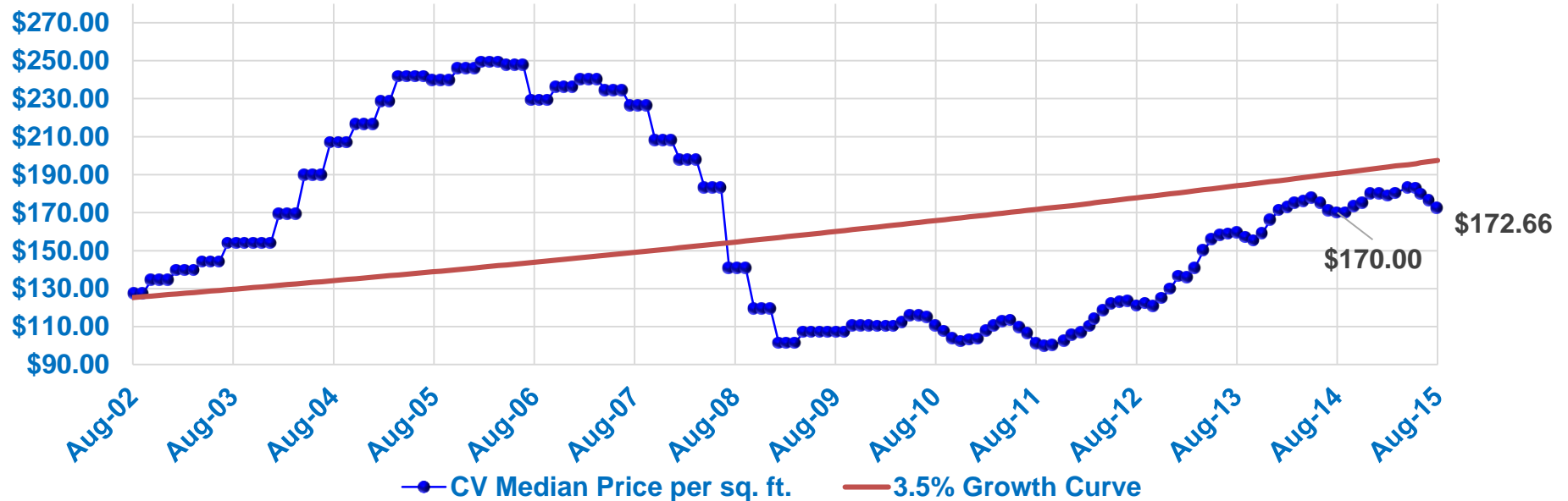
# The *Market Watch* Quarterly New Home Report

## August 2015

### Coachella Valley Median Price per sq. ft.

2002 - August 2015

Price per sq. ft.



### Summary

The Valley's median price per square foot declined four dollars in August to \$172, however this is still two dollars above a year ago. A price decline in the month of August is not unexpected since August has historically been the weakest month price wise. Over the last five years August has been down an average of \$3. However, because of statistical variance, this weakness didn't show up at the individual city level. In August seven of the nine cities had higher median values while two were lower. Also, at the end of August eight cities had positive year over year price returns, while only one, Rancho Mirage, was lower. This is steady improvement over the last two months since in July two cities were negative and the month earlier, four were negative.

Total Valley sales, which slowly began to decline starting at the end of 2012, are now stable at around 700 units a month. In fact twelve month sales are now showing a very slow increase.

As of September 1st, "Months of Sales" stands at 5.2 months. A ratio at this level is usually a signal that the market is somewhat in balance meaning neither buyers nor sellers have an advantage.

# The *Market Watch* Quarterly New Home Report

August 2015

## 12 months change in median price per sq. ft.

	Aug-15	Aug-14	12 mos change	2006 High	% from all- time high
<b>City of Coachella</b>	\$125.13	\$102.70	<b>21.8%</b>	\$215.01	<b>-52.2%</b>
<b>Indian Wells</b>	\$299.89	\$256.05	<b>17.1%</b>	\$358.83	<b>-28.6%</b>
<b>Desert Hot Springs</b>	\$106.02	\$93.85	<b>13.0%</b>	\$186.94	<b>-49.8%</b>
<b>Indio</b>	\$140.12	\$128.94	<b>8.7%</b>	\$216.45	<b>-40.4%</b>
<b>Cathedral City</b>	\$156.62	\$144.49	<b>8.4%</b>	\$236.76	<b>-39.0%</b>
<b>Palm Springs</b>	\$276.19	\$262.19	<b>5.3%</b>	\$306.60	<b>-14.5%</b>
<b>Palm Desert</b>	\$187.73	\$179.17	<b>4.8%</b>	\$267.07	<b>-32.9%</b>
<b>La Quinta</b>	\$184.75	\$182.74	<b>1.1%</b>	\$292.55	<b>-37.5%</b>
<b>Rancho Mirage</b>	\$219.23	\$222.38	<b>-1.4%</b>	\$331.15	<b>-32.8%</b>

### Changes in City Price per sq. ft.

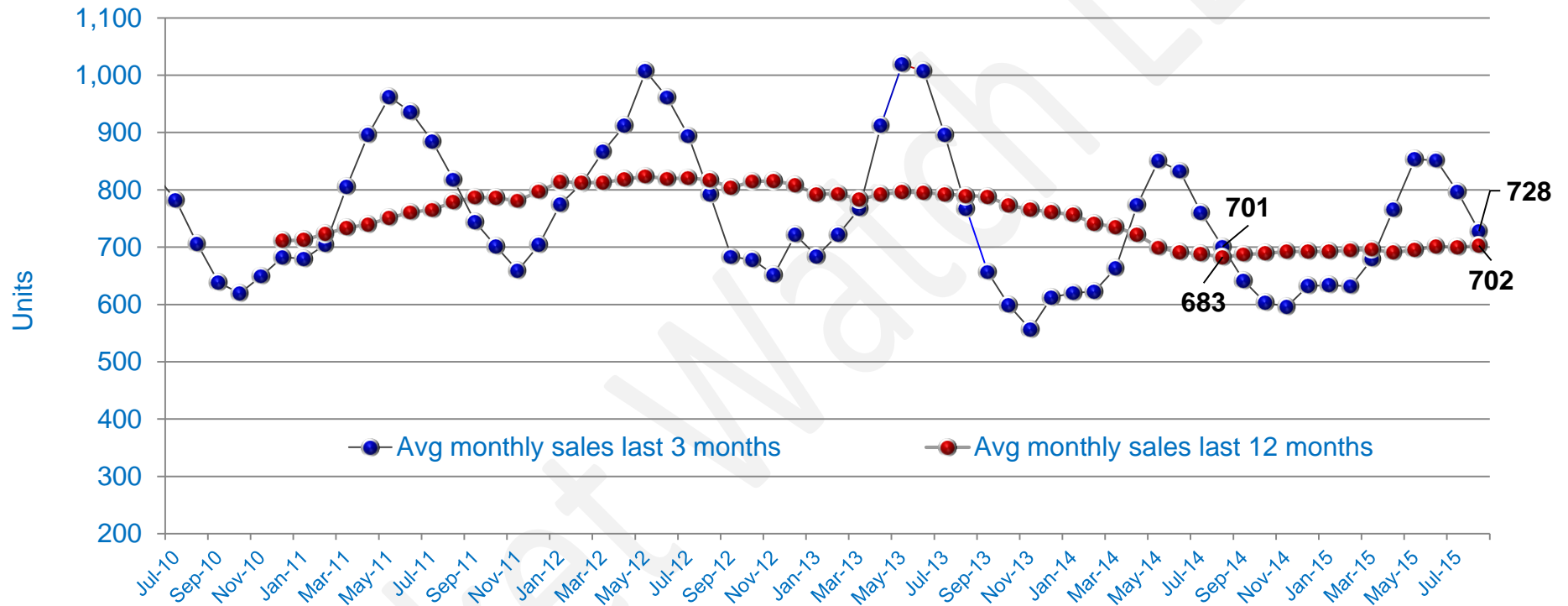
At the end of August, eight of the nine cities had positive year over year price returns, while only one, Rancho Mirage, was lower. This is steady improvement over the last two months since July had two negative cities and the month earlier it was four negative cities. What is also encouraging is that this is occurring during the weakest seasonal price months – July and especially August. In fact in August seven of the nine cities had higher median prices than in July. Even though it's occurring during the slow season, the fact that it's happening in the worst pricing month is significant.

# The *Market Watch* Quarterly New Home Report

## August 2015

### Coachella Valley Home Sales

Aug 2010 to Aug 2015



### Monthly Sales

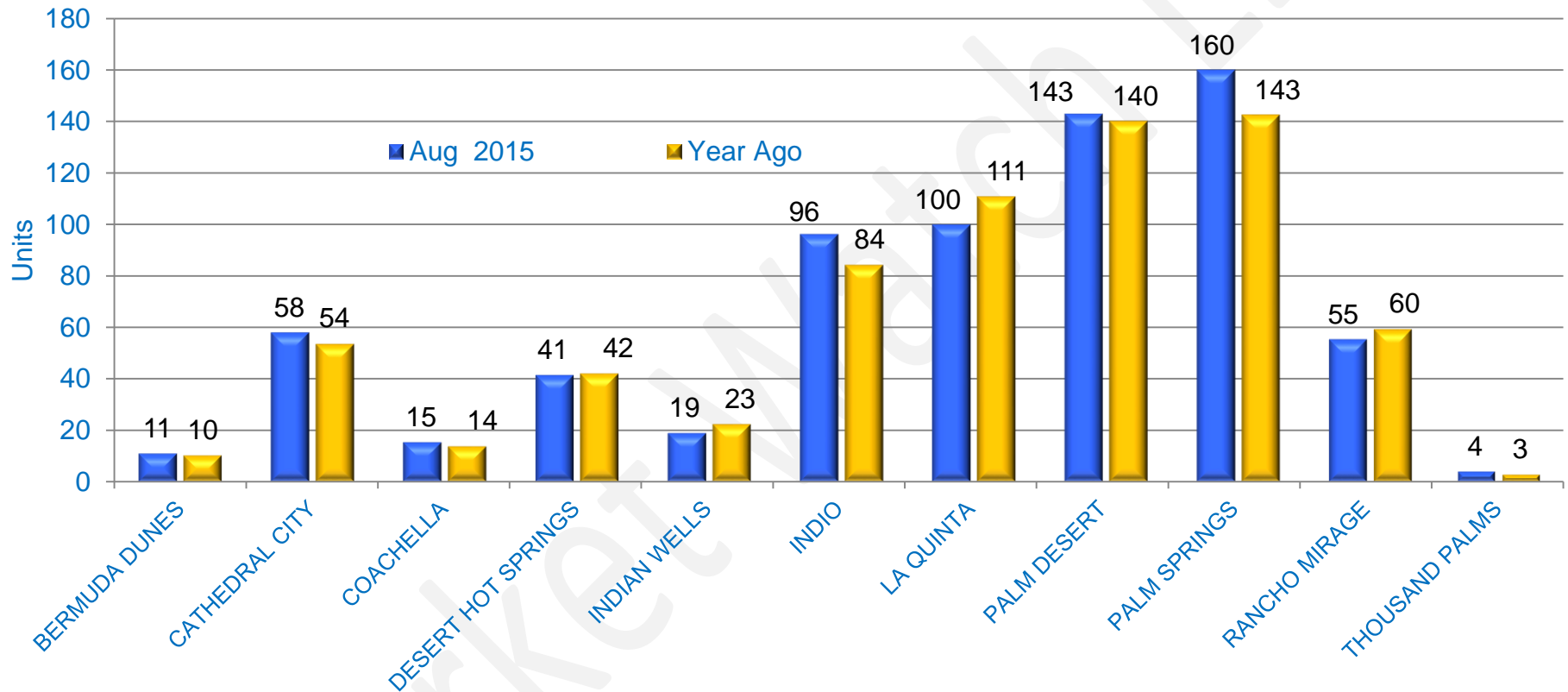
Total Valley sales, which slowly began to decline starting at the end of 2012, have been stable around 700 units now for over a year. In fact they have actually now been on a very slow increase. This increase is measurable on both the three and twelve month average of sales. A year ago last August the twelve month average was 683 units; it is currently 702. The very seasonal three month average was 701; currently it is 728.

# The Market Watch Quarterly New Home Report

## August 2015

### Home Sales by City

3 month avg sales



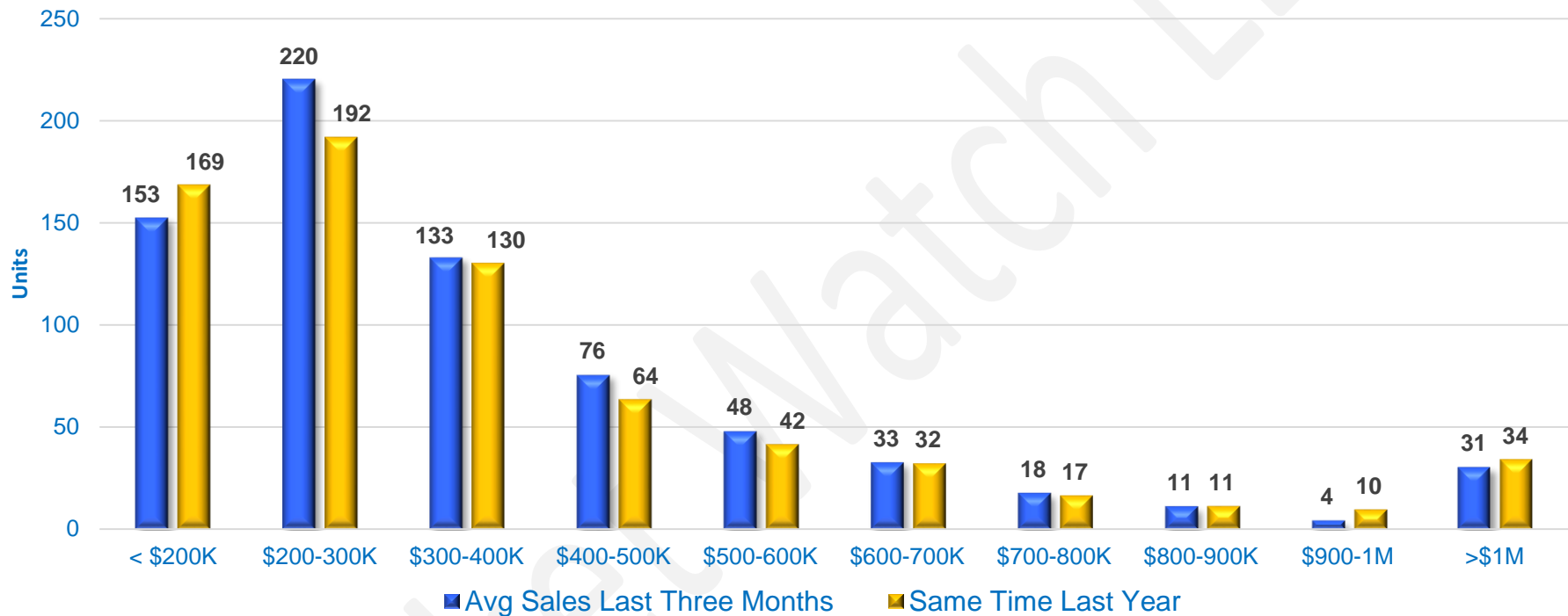
### Home Sales per Month by City

The slight increase in average sales for the entire Valley doesn't translate evenly to all nine cities - eleven cities if we include Thousand Palms and Bermuda Dunes. In fact on a three month basis, seven of eleven cities have higher sales than a year ago while four are lower. The most significant increases are 14% in Indio and 12% in Palm Springs.

# The *Market Watch* Quarterly New Home Report

## August 2015

### Home Sales by Price Range



### Home Sales by Price Range

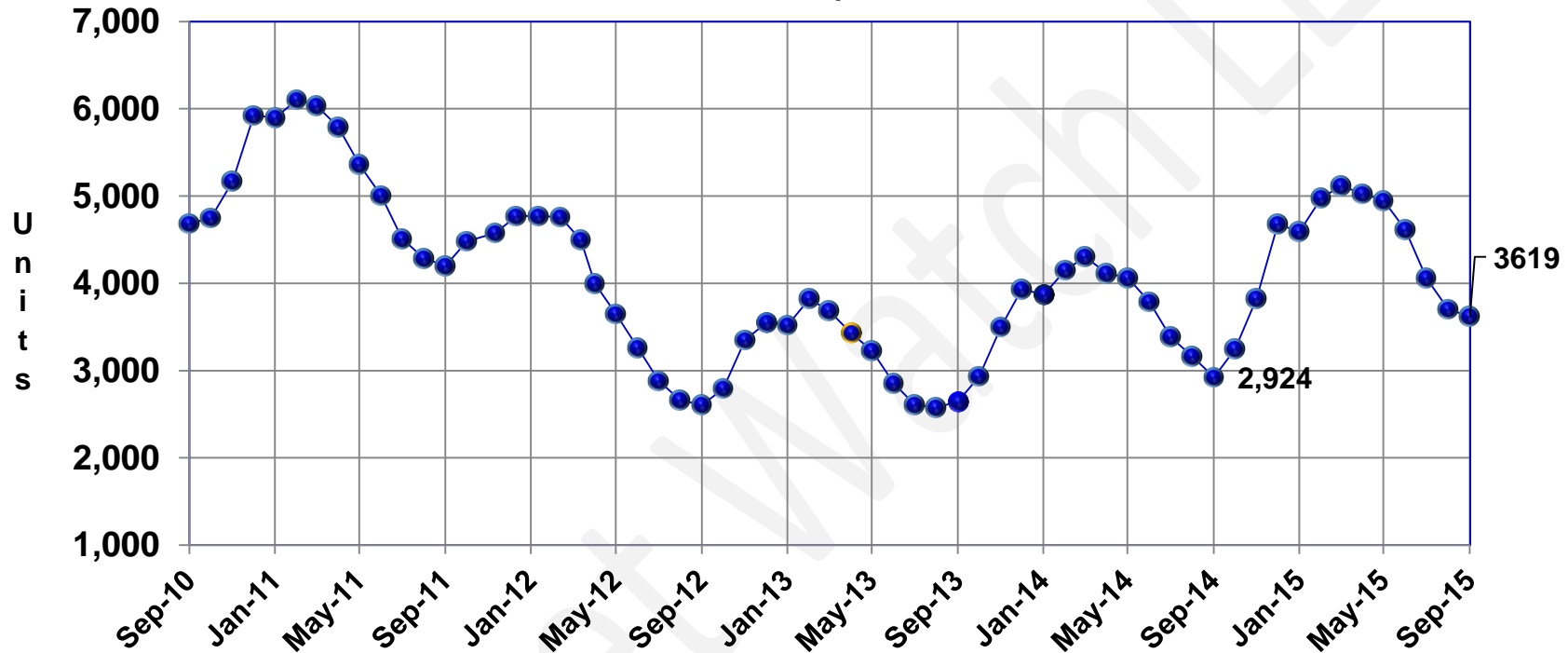
When we measure home sales by price bracket, we see little change in sales of the high, mid-range brackets that go from \$600k to \$900k. However, we see increases in sales in all the brackets from \$200k to 600k. Sales at the extreme ends of prices – homes under \$200k and homes priced over \$900k – show overall declines in sales. This is especially true in homes under \$200k, primarily because there are now so few homes still in that low price range. There sales are down 10%.

# The *Market Watch* Quarterly New Home Report

August 2015

## Valley Housing Inventory

2010 to Sep 1st 2015



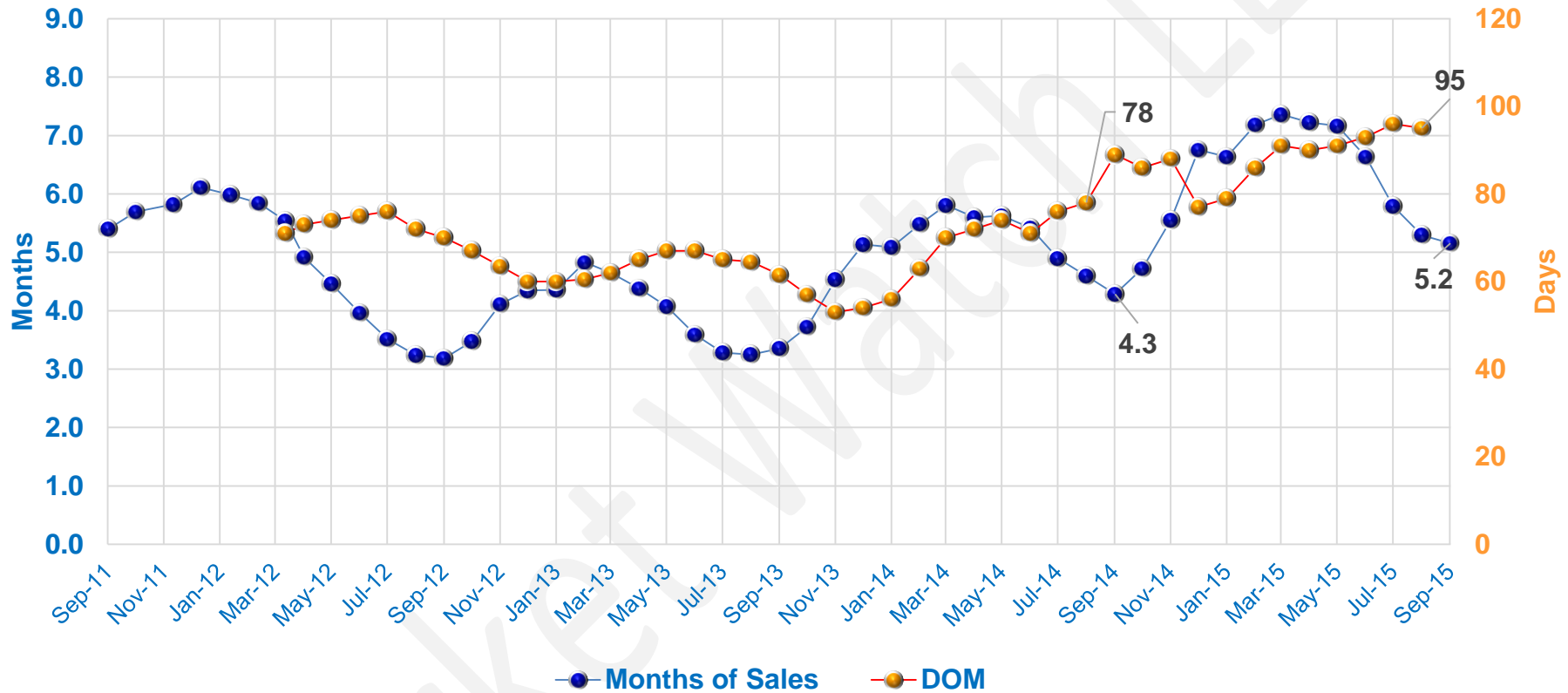
### Coachella Valley Listed Inventory.

On September 1<sup>st</sup> inventory stood at 3,619 units, 685 units higher than September 1<sup>st</sup> of last year. The seasonal nature of inventory is very visible in the graph. When we look over the last five years, we see that September 1<sup>st</sup> was the low point in inventory in four of those years. The other low point was one month earlier - August 1<sup>st</sup> in 2013. We think this seasonal pattern will continue. If it does inventory will now slowly rise each month, reaching a peak in January – February.

# The *Market Watch* Quarterly New Home Report

## August 2015

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



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

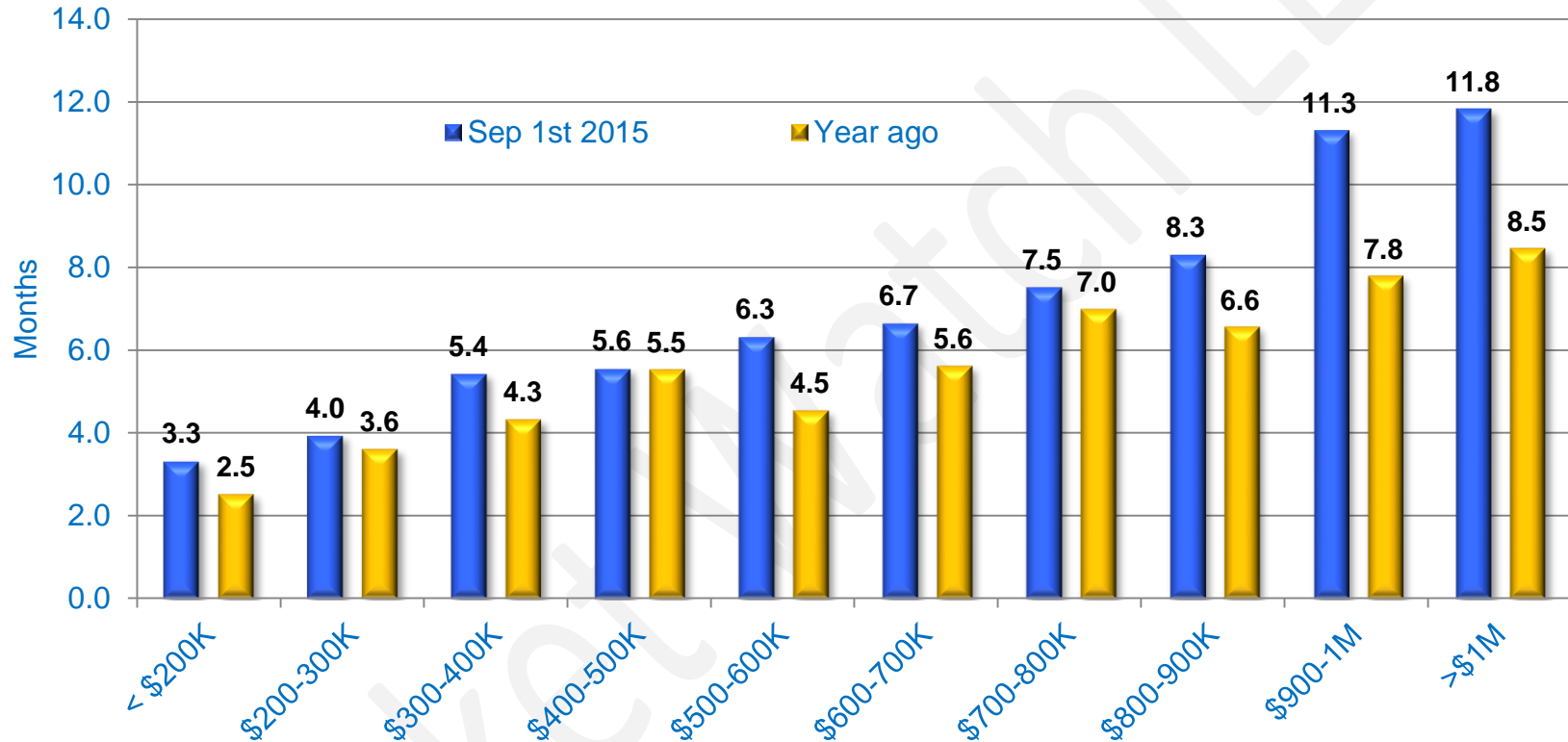
Since inventory is higher than a year ago we would expect "Month of Sales", which is inventory divided by the twelve month sales rate, to also be higher and it is. However, the slight increase in sales over the year has moderated it slightly. As of September 1<sup>st</sup>, months of sales is 5.2 months. Historically a ratio at this level is usually a sign of a market in balance – neither buyers nor sellers have an advantage. Like inventory this ratio is seasonal and it should now rise until February. "Days on the market", which is the median time it has been taking to sell a home over the last three months, is now at 95 days.

# The *Market Watch* Quarterly New Home Report

## August 2015

### Months of Sales by Price Range

uses avg. twelve month sales



### “Months of Sales” by Price Range

When we calculate “months of sales” by price range we see nothing out or range except maybe at the higher price ranges – homes priced over \$900k. In those ranges inventory has increased and sales have decreased to the point of raising the ratio into double digit levels. While it’s expected that higher priced property will take longer to sell, if the ratio eventually gets to over a year, it can cause some downward price pressure.

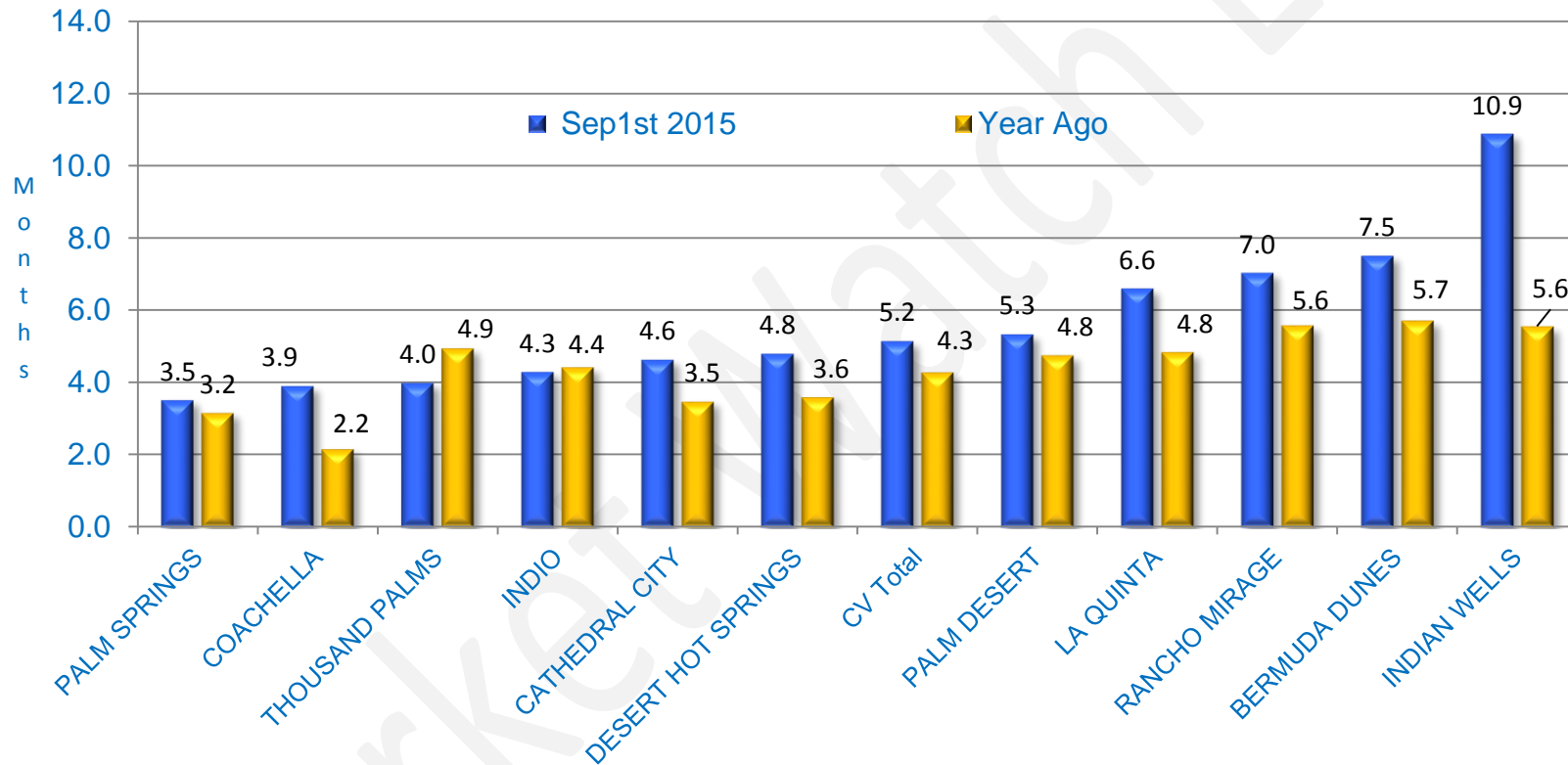


# The *Market Watch* Quarterly New Home Report

## August 2015

### Months of Sales by City

city inventory divided by average twelve month sales



### “Months of Sales” by City

When we look at the “Months of Sales” ratio for each city we generally see higher numbers when compared to a year ago. However, nothing stands out as abnormal, except Indian wells at 10.9 months and Palm Springs at 3.2. Although Indian Wells looks bad visually, it’s not because the current ratio is so high, it’s because the value a year ago was so abnormally low. Palm Springs catches our attention simply because the ratio is so low even after all the large price gains

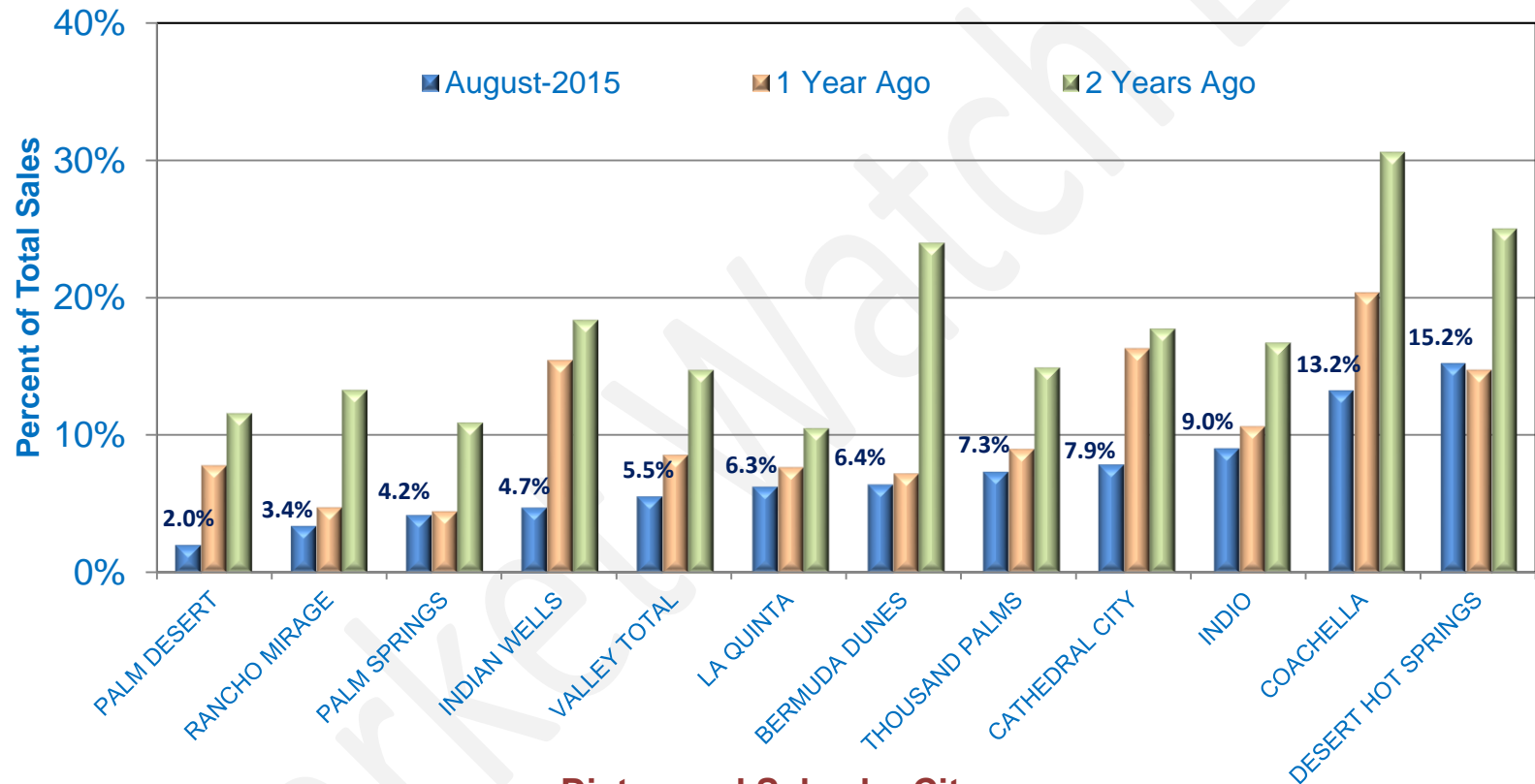
**The *Market Watch* Quarterly New Home Report**  
**August 2015**

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# The *Market Watch* Quarterly New Home Report

## August 2015

### Distressed Sales by City percent of total sales



### Distressed Sales by City

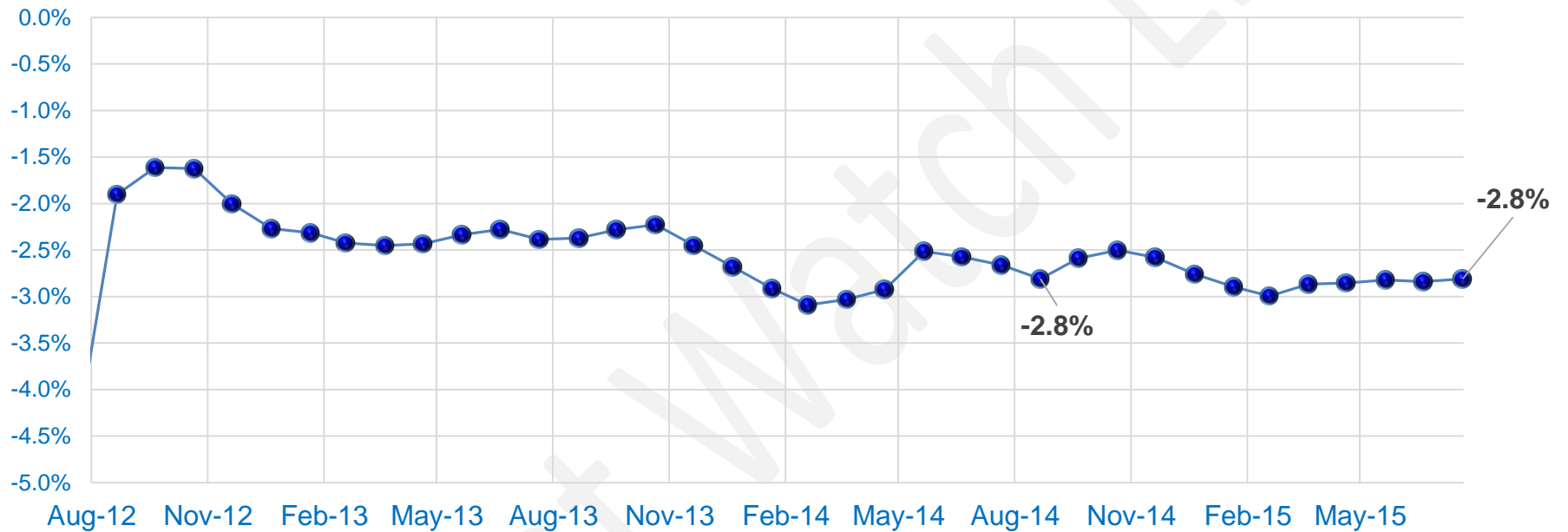
Distressed sales (REO and short sales) are now generally at a level where they no longer affect home prices or the appraisal process. However, we continue to show them because, while most real estate professional know this, many homebuyers and the public don't. The only two cities where distressed sales are above 10% are Coachella and Desert Hot Springs, with Desert Hot Springs the highest at 15%.

# The *Market Watch* Quarterly New Home Report

## August 2015

### Sale Price Discount from List

Aug 2015



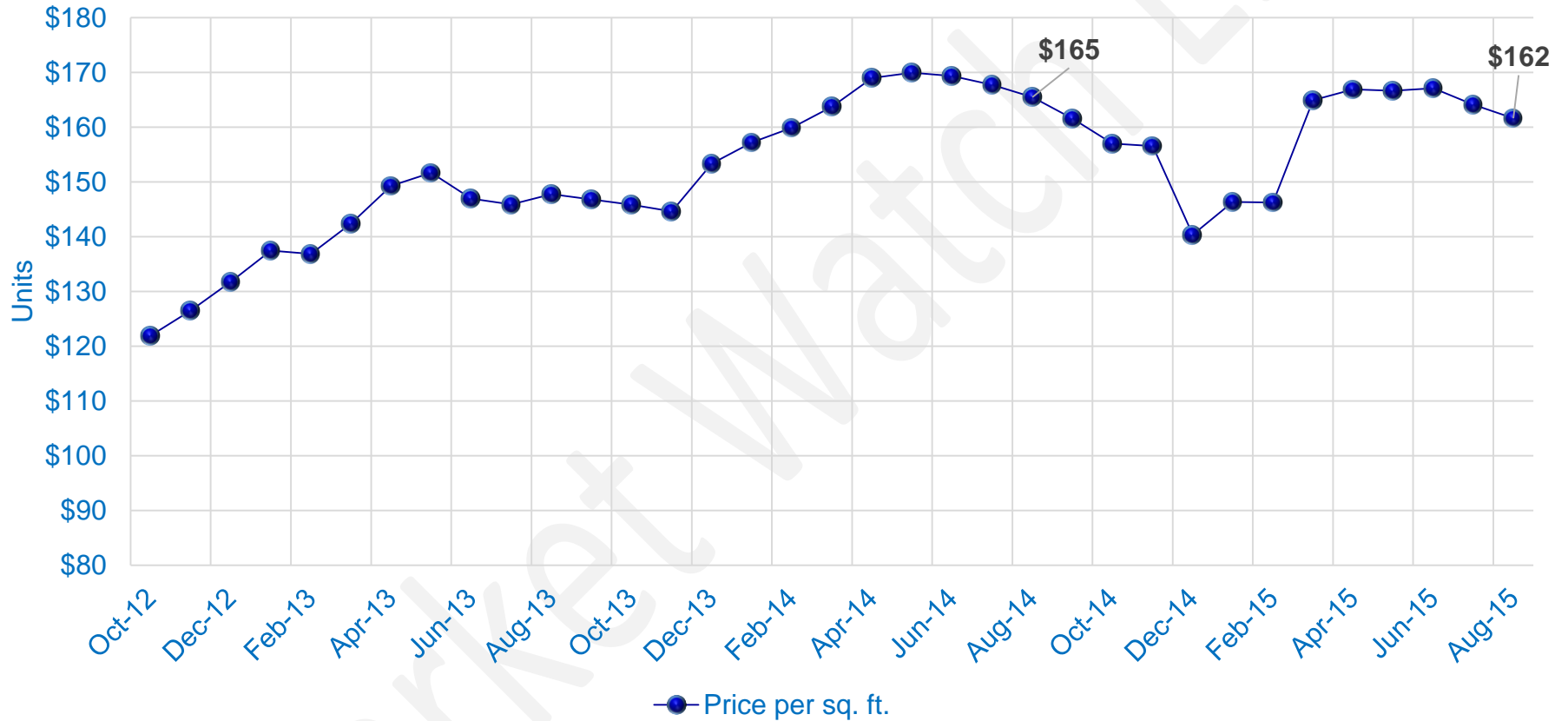
### Sale Price Discount from List

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 2.8% which is exactly equal to a year ago. A reading of minus 2.8% implies that the selling discount was \$8,400 for a home listed at \$300,000.

# The *Market Watch* Quarterly New Home Report

## August 2015

### Attached Units - median pr per sq. ft. August 2015



### Attached Units - Median Price per sq. ft.

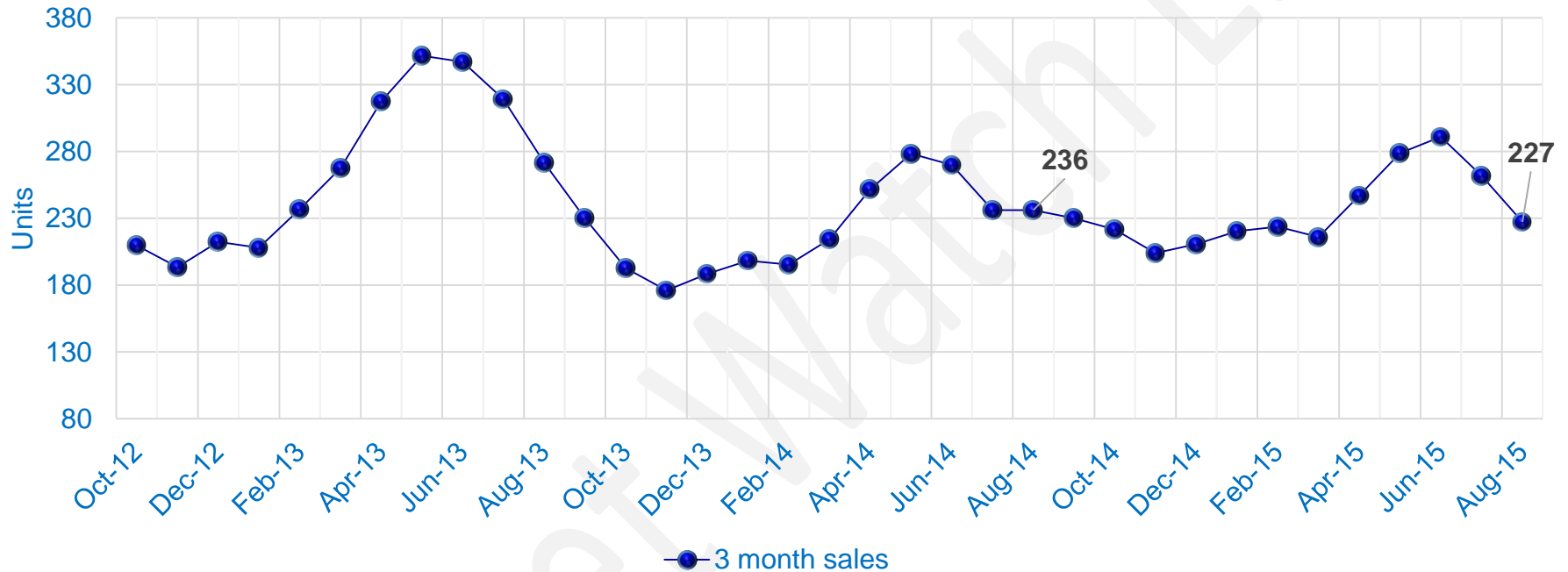
The median price per sq. ft. of attached units in the Valley declined slightly in August to \$162. This is \$3 less than the price a year ago. Seasonal patterns suggest further downward price movement probably until December.

# The Market Watch Quarterly New Home Report

## August 2015

### Attached Sales

August



### Attached Units - Sales

The three month average of attached sales also declined last month to 227 units, which is 9 units less than sales one year ago. We should also expect seasonal patterns to manifest here too. Attached sales should continue to contract until the end of the year then began to expand again as we start 2016.

# The *Market Watch* Quarterly New Home Report

## August 2015

### 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 1<sup>st</sup> 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 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 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

949-493-1665