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REALTORS®

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- RDS works closely with The Desert Sun staff to service their unique editorial and statistical needs.
- Member firms get a significant discount on our customized analysis and consulting services packages.

About Real Data Strategies, Inc.

- The nation's leading analysts of Multiple Listing Service data:
 - 19 year history in objective, factual service to leading (and competing) real estate brands, firms and agents.
 - Considered the “*JD Power*” of real estate.
 - In over 325 US and Canadian MLSs and about 240 major metro markets.
 - Frequently quoted as objective market experts in local and national business publications.
 - Learn more about our methods and read our press at www.realdatastrategies.com.

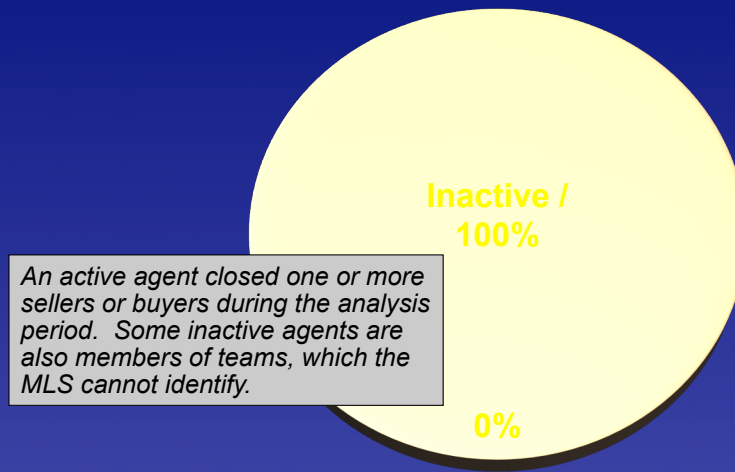
About Me

- Licensed California Real Estate Broker since 1988.
- Life-long resident of Orange County and lover of all things desert.
- Failed Algebra A in high school.
 - This is all about understanding....not math or statistics.
- I put my money where my mouth is.

Your Competitive Landscape

Percent of Licenses Active

Desert Area MLS



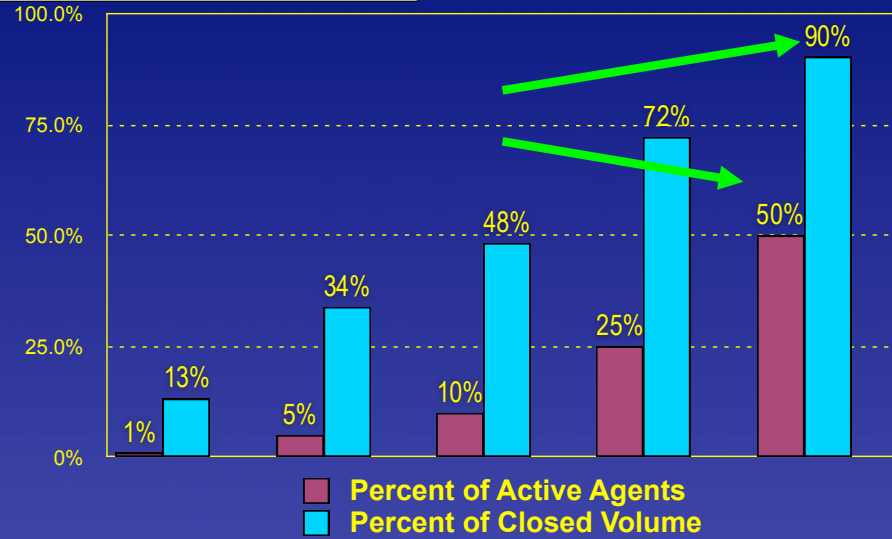
An active agent closed one or more sellers or buyers during the analysis period. Some inactive agents are also members of teams, which the MLS cannot identify.

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Total Closed Volume by Active Agents

The famed "80/20 Rule" does not apply among active agents. Note that the bottom 50% of active agents (not shown) closed only about 10% of total closed volume.

Desert Area MLS
through September 30, 2010

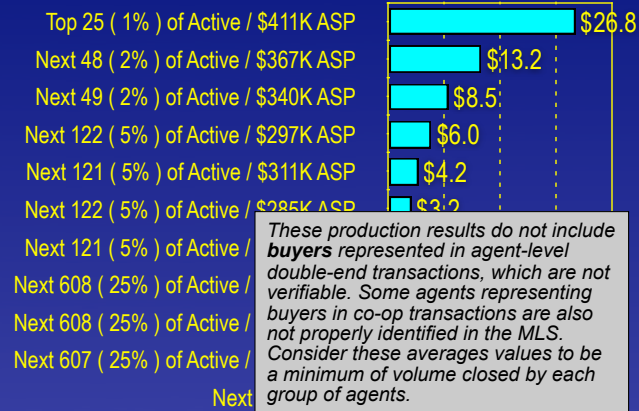


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Total Closed Volume by Active Agents

In Desert Area MLS

October 1, 2009 through September 30, 2010



These production results do not include buyers represented in agent-level double-end transactions, which are not verifiable. Some agents representing buyers in co-op transactions are also not properly identified in the MLS. Consider these averages values to be a minimum of volume closed by each group of agents.

\$0 \$8.0 \$16.0 \$24.0 \$32.0

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Observations On Our Business

More of The Same

- While the counts of active and inactive agents have climbed slightly since last year, there is no change in the percentage closing business.
 - How can we have more than a quarter of our “workers” not generating income?
 - You have fewer “competitors” than you think!
- The Top 1% of active agents continue to control about 13% of all the business and commissions.
 - And the bottom 50% are still fighting over only 10%.
 - To which group would you rather belong?

And Some Improvement

- Climbing sale prices are increasing volume and (assumed) net income for leading agents.
 - Average sale price of the Top 1% climbed 68% to \$411K.
 - Their average units closed has fallen 28%, but...
 - Average volume for this group climbed 20%.
- But lower producers still see challenges:
 - Active agents below the 50th percentile and above the 75th percentile saw **no change** in their average price or closed volume.
 - Active agents below the 75th percentile saw no change in their average closed volume, but saw a **drop in their average price of 5%**.

Market Circumstances

- Improving sale prices and leveling or slightly lower sales activity.
- Continued job market issues slowing (or possibly reversing) recent improvements.
- Troubled consumer confidence.
- Inventories:
 - Equity sellers getting serious or off market.
 - “Shadow inventory” urban myth vs. reality.

Inflation Fears Realized

- Blatant - Since Spring, 2010:
 - Gold, Up 24%. Silver, Up 60%. Oil, Up 24%. Wheat, Up 67%. Corn, Up 71%.
 - RDS medical insurance premiums. Up 14%.
- Ignored - Bond purchase announcement:
 - Fed will buy \$600 billion in Treasuries in next 8 months. With what?
- Personal Experience - Hidden inflation:
 - Ice cream. (Down-sizing.)

Pat's RE Career Tips

- Great opportunity RIGHT NOW to reinvent or jump-start your career for the next 10-year cycle. (Start date unknown!)
- Don't aspire to ranks of the Top 1% unless you are prepared to pay the price.
- Shoot for between the Top 25% and Top 10% for a healthy income of \$52K to \$120K and a manageable life balance.

Pat's RE Career Tips

- Success in this business depends entirely on 4 simple (but not “easy”) activities:
 - Prospecting. (It's why your broker holds your license, and risks his or hers!)
 - Presenting and closing your sales message. (Including “elevator” speech and listing presentation.)
 - Managing negotiations and transactions through stellar interpersonal communications.
 - Doing what others won't.
- Repeat through systems and other people so business happens with or without you.

Local Market Trends

9-Quarter Sales & Price History

- Use these to compare recent market activity to that of the past.
 - Effectively ground sellers in current pricing reality and competitive environment.
 - Provide better pricing counsel to buyers.
- Why use 9 quarters on these graphs?
 - Real estate is a seasonal business. 9 quarters compares of most recent quarter to the two previous seasonal calendar quarters, both 1 year and 2 years in history.

9 Quarter Trend of Home Sales & Average Sale Prices

In Desert Area MLS



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9 Quarter Trend of Home Sales & Average Sale Prices

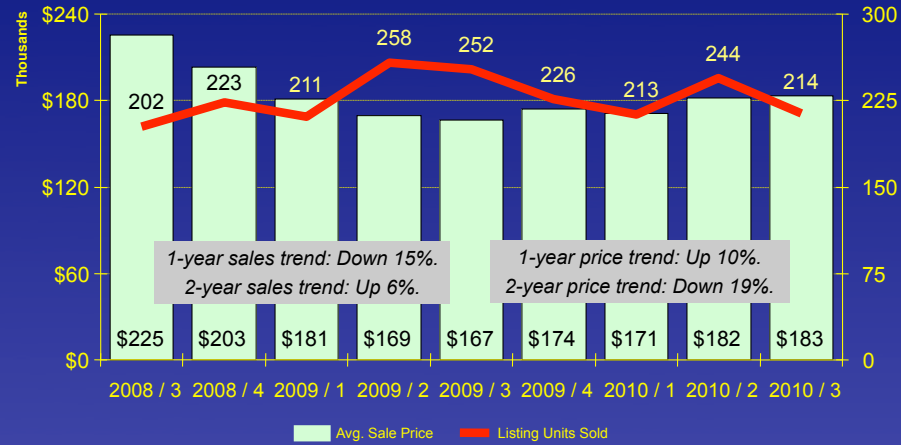
Bermuda Dunes ZIP Code 92203
 July 1, 2008 through September 30, 2010



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9 Quarter Trend of Home Sales & Average Sale Prices

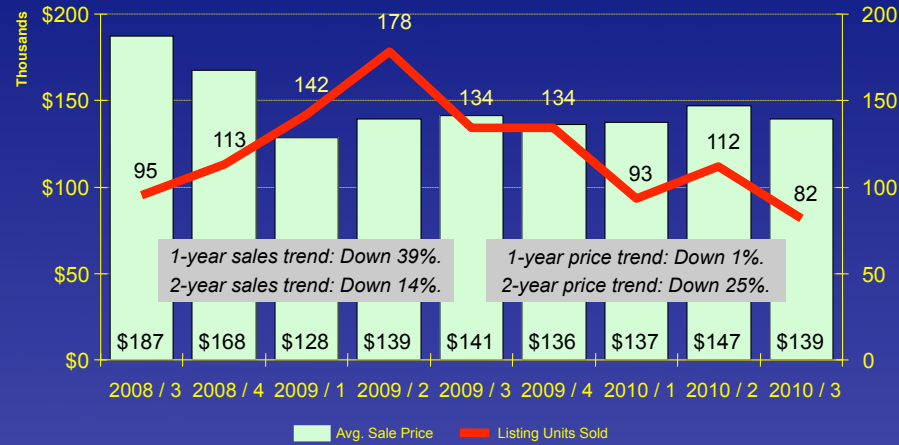
Cathedral City ZIP Code 92234



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9 Quarter Trend of Home Sales & Average Sale Prices

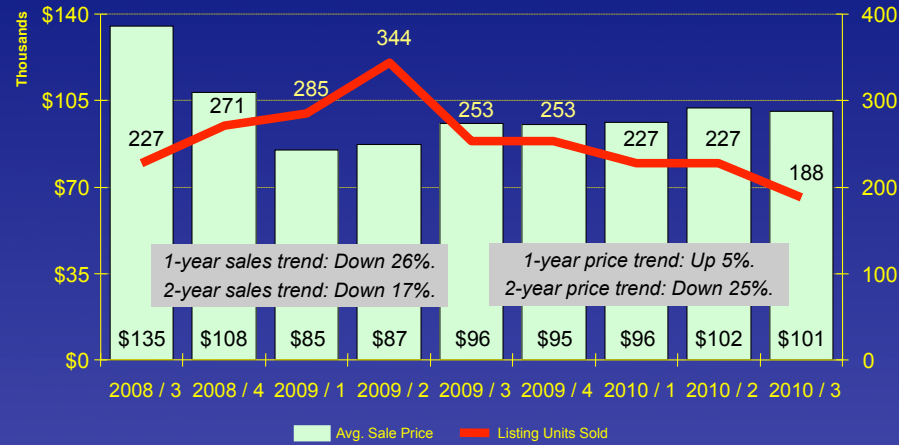
Coachella ZIP Code 92236



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9 Quarter Trend of Home Sales & Average Sale Prices

Desert Hot Springs ZIP Code 92240
 July 1, 2008 through September 30, 2010



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9 Quarter Trend of Home Sales & Average Sale Prices

Desert Hot Springs ZIP Code 92241



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9 Quarter Trend of Home Sales & Average Sale Prices

Indian Wells ZIP Code 92210



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9 Quarter Trend of Home Sales & Average Sale Prices

Indio ZIP Code 92201



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9 Quarter Trend of Home Sales & Average Sale Prices

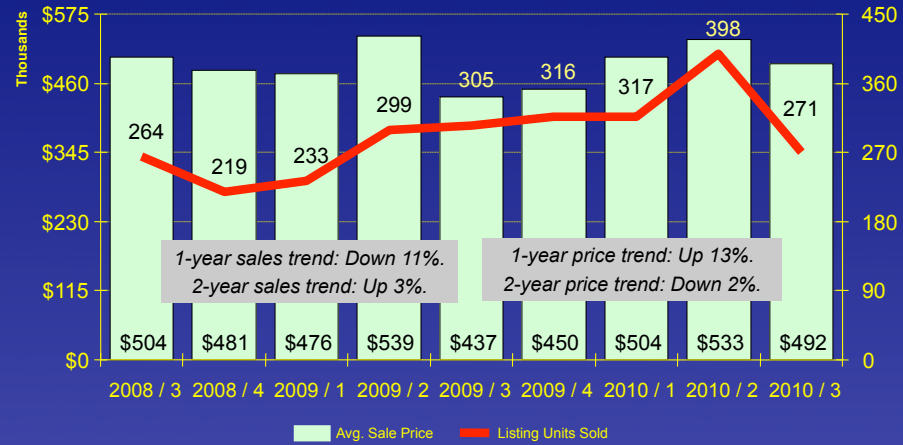
Indio ZIP Code 92203



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9 Quarter Trend of Home Sales & Average Sale Prices

La Quinta ZIP Code 92253



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9 Quarter Trend of Home Sales & Average Sale Prices

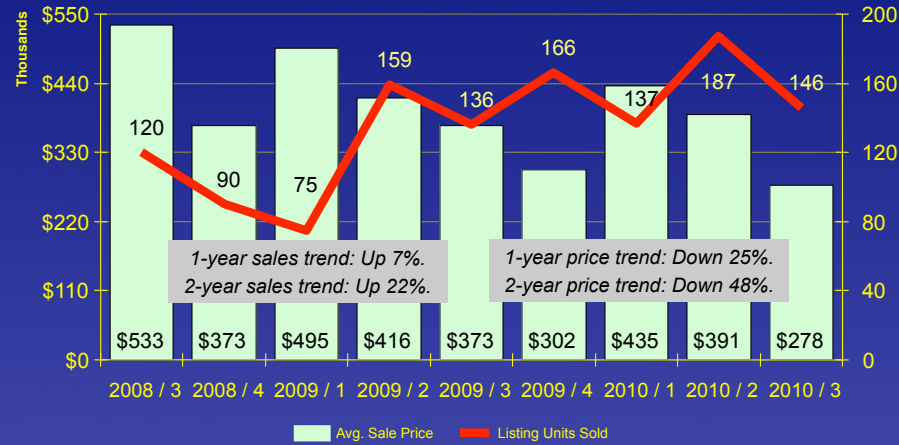
Palm Desert ZIP Code 92211



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9 Quarter Trend of Home Sales & Average Sale Prices

Palm Desert ZIP Code 92260



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9 Quarter Trend of Home Sales & Average Sale Prices

Palm Springs ZIP Code 92262



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9 Quarter Trend of Home Sales & Average Sale Prices

Palm Springs ZIP Code 92264



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9 Quarter Trend of Home Sales & Average Sale Prices

Rancho Mirage ZIP Code 92270



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9 Quarter Trend of Home Sales & Average Sale Prices

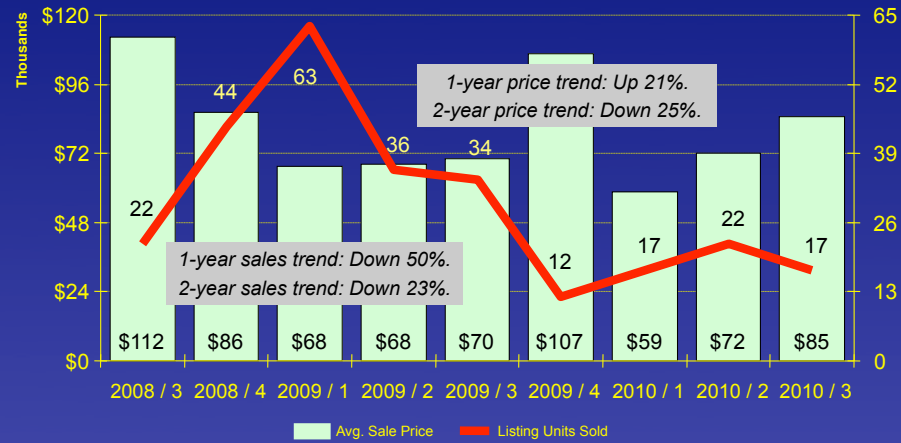
Salton City ZIP Code 92275



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9 Quarter Trend of Home Sales & Average Sale Prices

Thermal ZIP Code 92274



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9 Quarter Trend of Home Sales & Average Sale Prices

Thousand Palms ZIP Code 92276



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9 Quarter Trend of Home Sales & Average Sale Prices

Twentynine Palms ZIP Code 92277



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9 Quarter Trend of Home Sales & Average Sale Prices

Yucca Valley ZIP Code 92284



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Inventory in Months' Supply

Inventory in Months' Supply

- Use these graphs with sellers to:
 - Communicate how overpricing will result in longer market time and likely price reductions.
 - Understand the market time benefit of pricing at -- or slightly below -- market value.
 - To counter *unreasonably* low offer prices in a tight inventory market segment.
 - To support *reasonably* lower offer prices in relation to realistic list prices received by your seller in a high inventory market segment.

Inventory in Months' Supply

- Use these graphs with buyers to:
 - Target property type, geographical and list price market segments which have an oversupply of available inventory, and which also may have more highly motivated sellers.
 - Establish realistic expectations about offer prices relative to supply-and-demand within the prospect's purchase market segment.
 - Support *reasonable* low offer prices relative to a seller's list price, considering competing inventory and a seller's likely time on market.

Inventory in Months' Supply

- Every property is unique and has its own unique value to possible buyers. Remember that use of this *aggregated* data to measure inventory assumes:
 - No new listings will come to market before the supply is absorbed.
 - Buyer activity levels of the preceding 12 months will remain constant before the supply is absorbed.
 - All homes are equal in their appeal.

Available & Absorbed MLS Status

MLS Status	Inventory Status
Active	Available
Contingent – Other	Absorbed
Contingent – Upon Sale	Available
Hold	Available
Pending	Absorbed
Sold	Absorbed

Inventory in Months' Supply

Bermuda Dunes / 92203

Using Inventory Available on November 6, 2010,
And Pending & Sales Activity for Previous 12 Months



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Inventory in Months' Supply

Cathedral City / 92234

Using Inventory Available on November 6, 2010,
And Pending & Sales Activity for Previous 12 Months

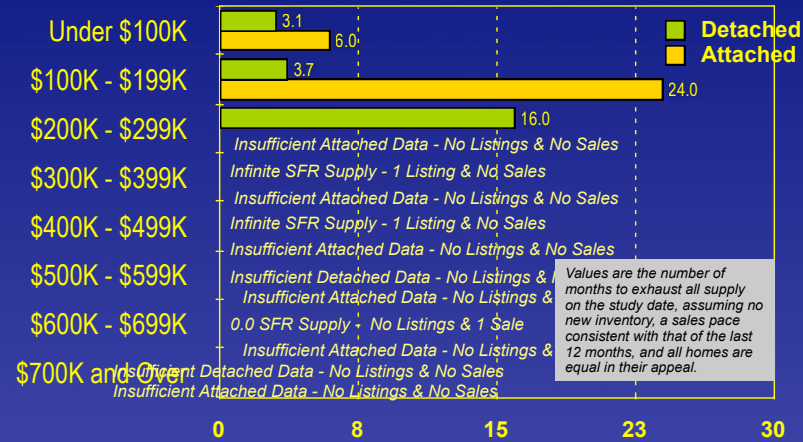


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Inventory in Months' Supply

Coachella / 92236

Using Inventory Available on November 6, 2010,
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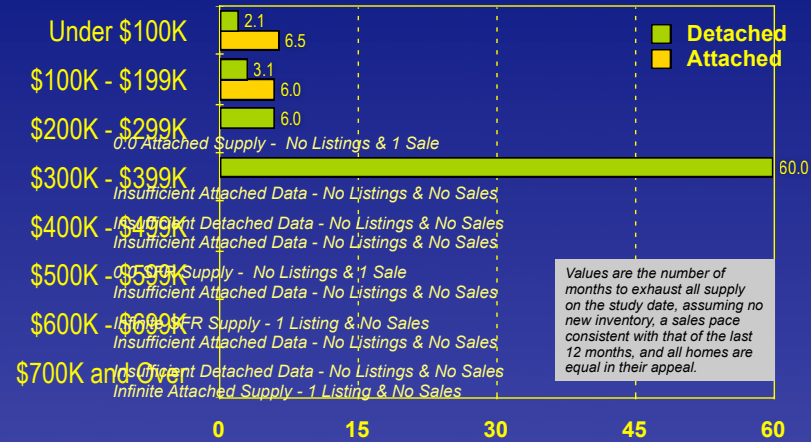


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Inventory in Months' Supply

Desert Hot Springs / 92240

Using Inventory Available on November 6, 2010,
And Pending & Sales Activity for Previous 12 Months

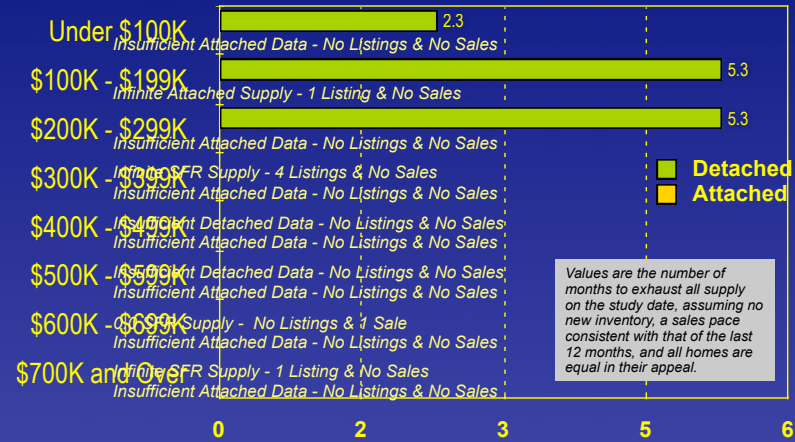


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Inventory in Months' Supply

Desert Hot Springs / 92241

Using Inventory Available on November 6, 2010,
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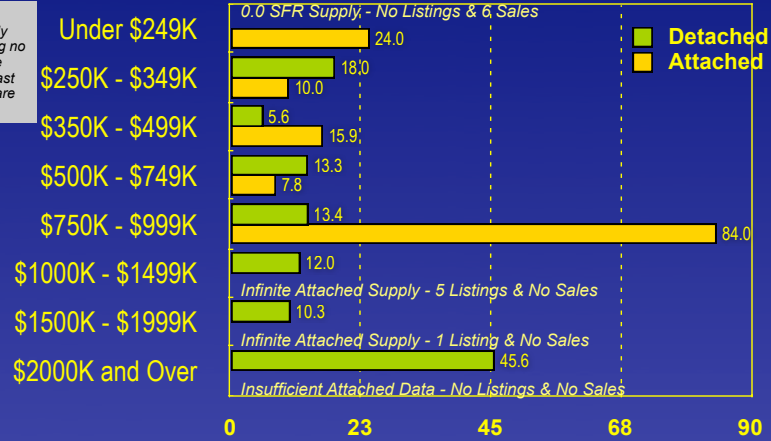
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Inventory in Months' Supply

Indian Wells / 92210

Using Inventory Available on November 6, 2010,
And Pending & Sales Activity for Previous 12 Months

Values are the number of months to exhaust all supply on the study date, assuming no new inventory, a sales pace consistent with that of the last 12 months, and all homes are equal in their appeal.

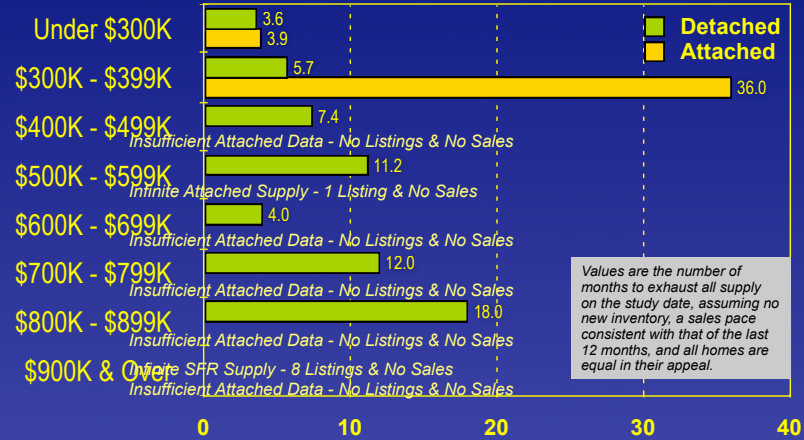


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Inventory in Months' Supply

Indio / 92201

Using Inventory Available on November 6, 2010,
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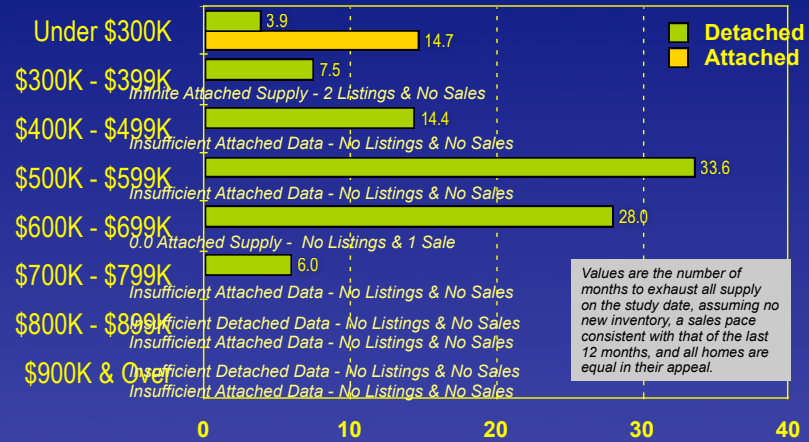


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Inventory in Months' Supply

Indio / 92203

Using Inventory Available on November 6, 2010,
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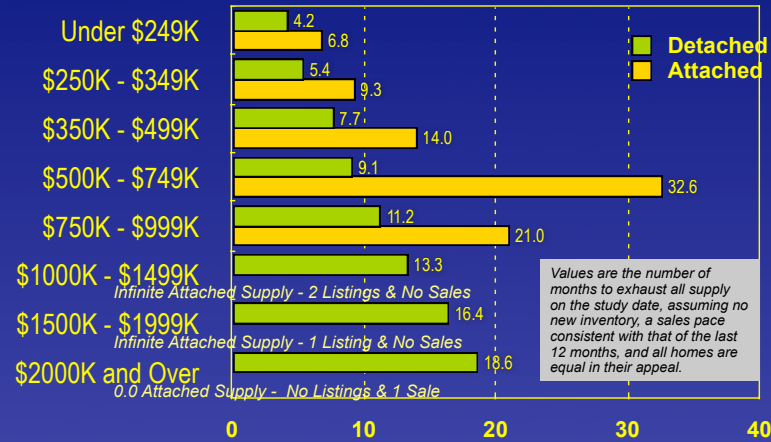


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Inventory in Months' Supply

La Quinta / 92253

Using Inventory Available on November 6, 2010,
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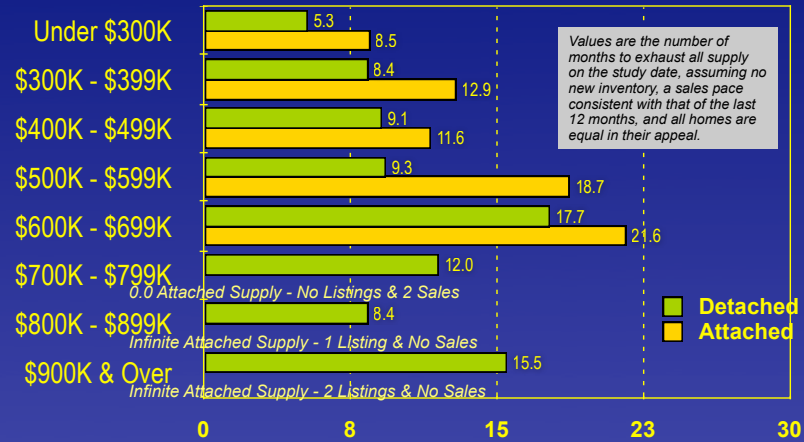


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Inventory in Months' Supply

Palm Desert / 92211

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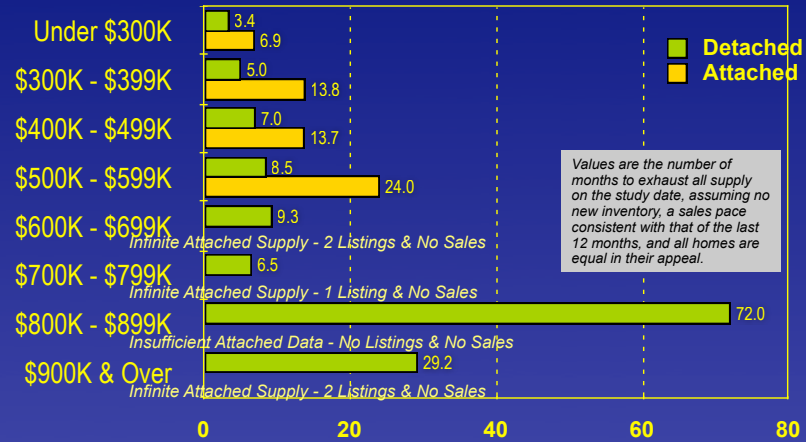


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Inventory in Months' Supply

Palm Desert / 92260

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Inventory in Months' Supply

Palm Springs / 92262

Using Inventory Available on November 6, 2010,
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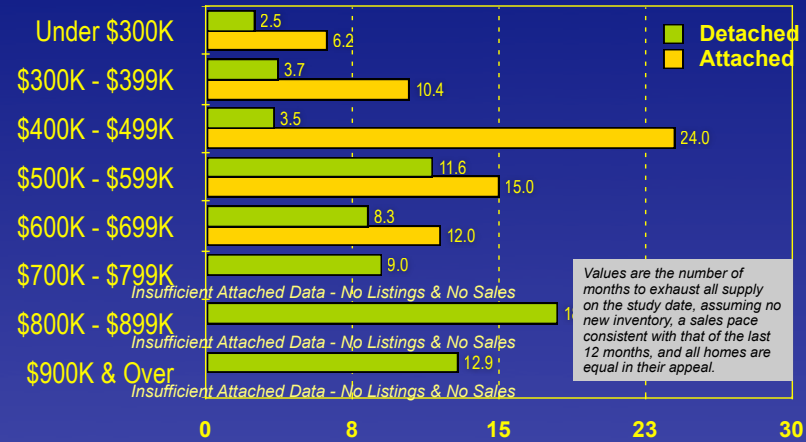


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Inventory in Months' Supply

Palm Springs / 92264

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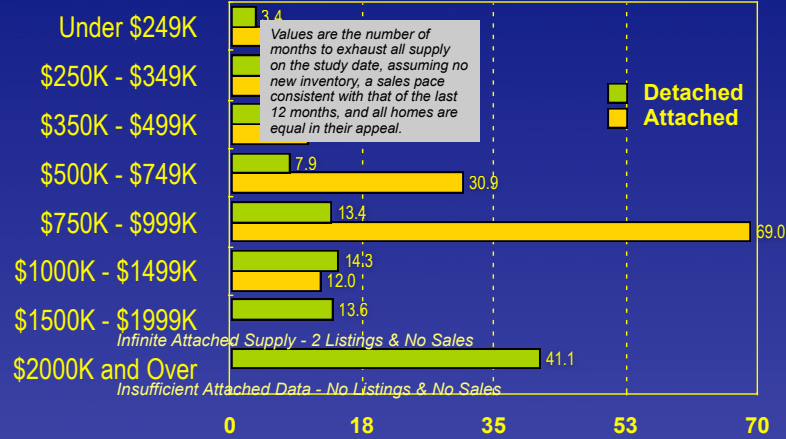


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Inventory in Months' Supply

Rancho Mirage / 92270

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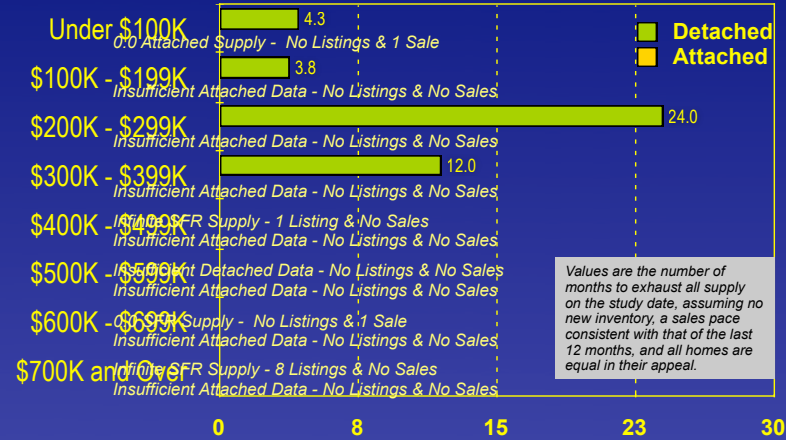


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Inventory in Months' Supply

Thermal / 92274

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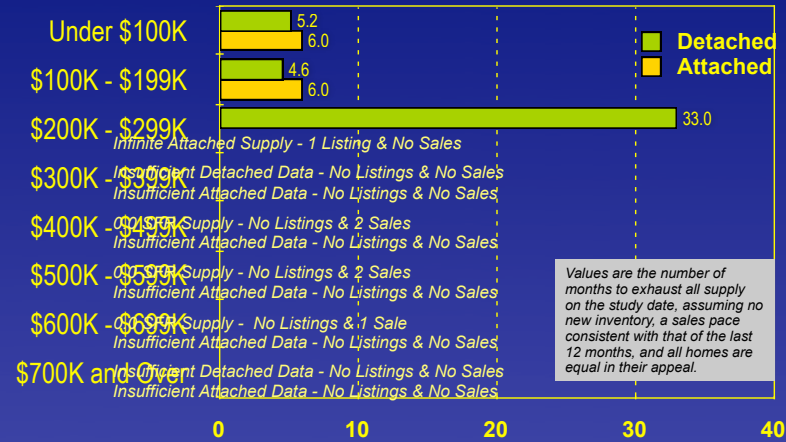


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Inventory in Months' Supply

Thousand Palms / 92276

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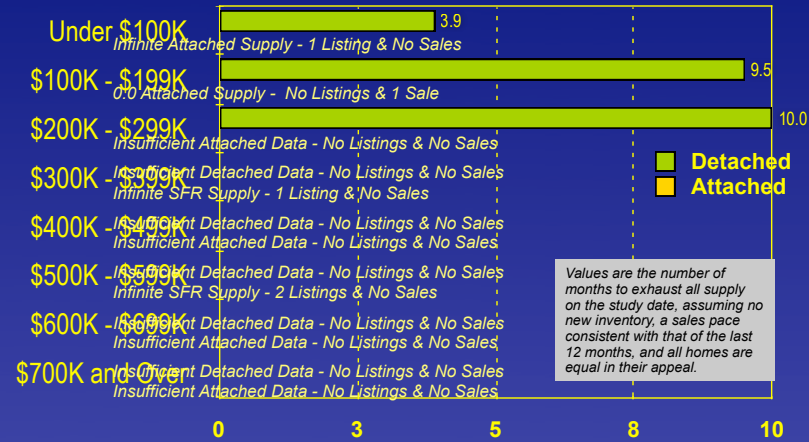


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Inventory in Months' Supply

Twentynine Palms / 92277

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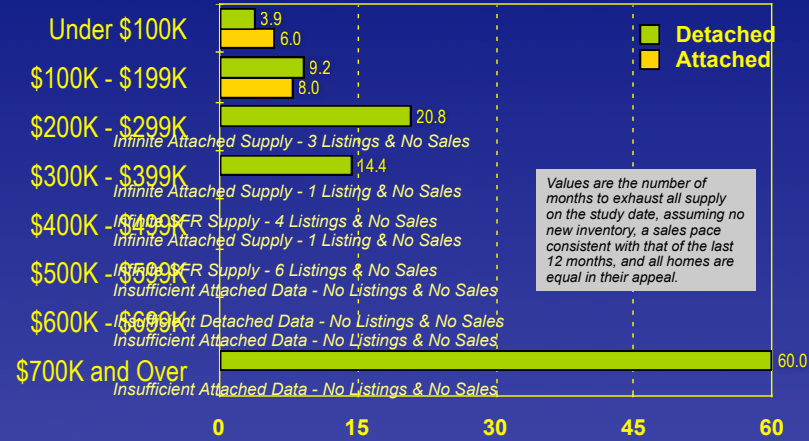


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Inventory in Months' Supply

Yucca Valley / 92284

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