

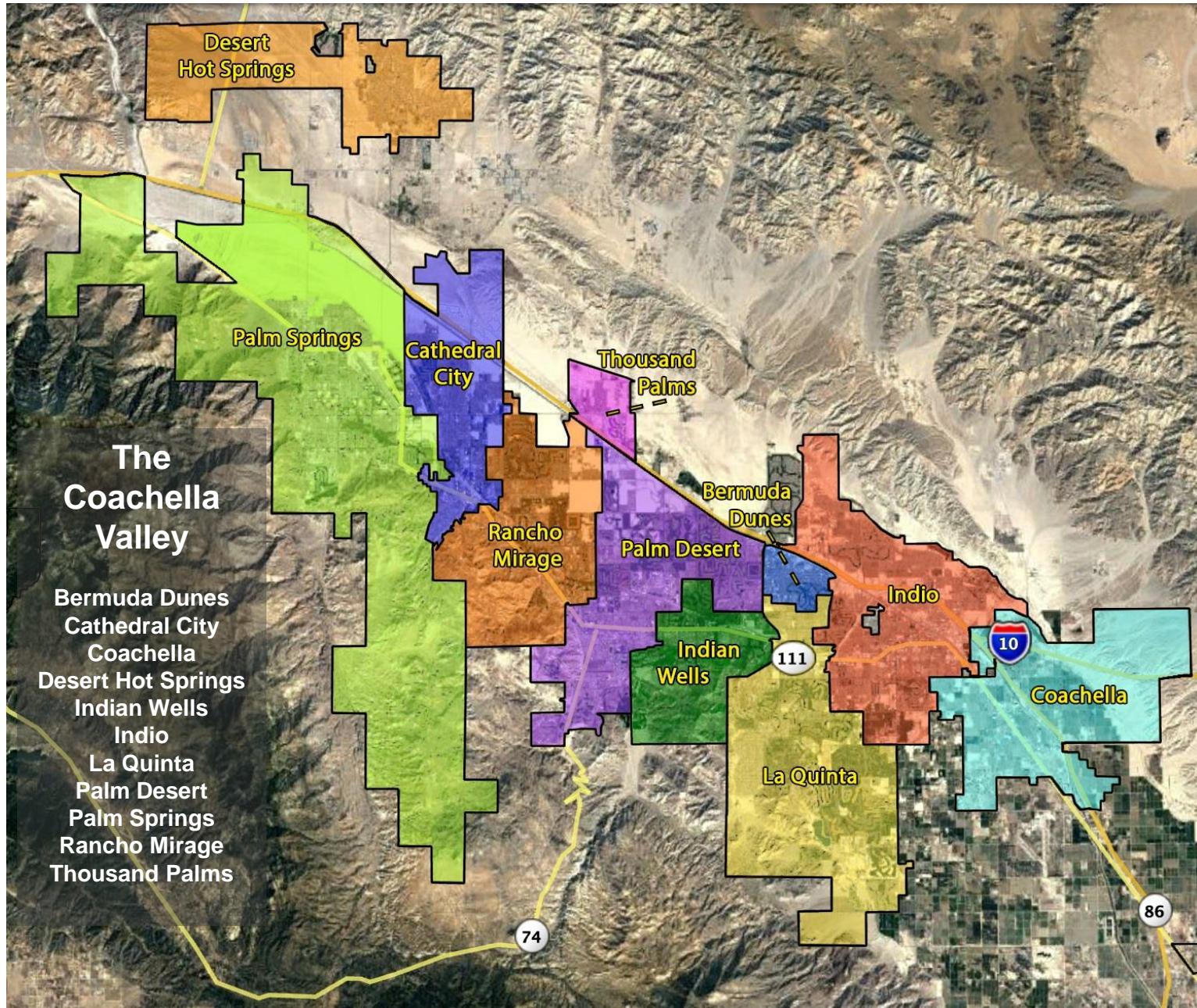
# The Desert Housing Report

November 2022



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Produced for Valley agents through the sponsorship and cooperation of GPSR and CDAR by Market Watch LLC

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## Summary

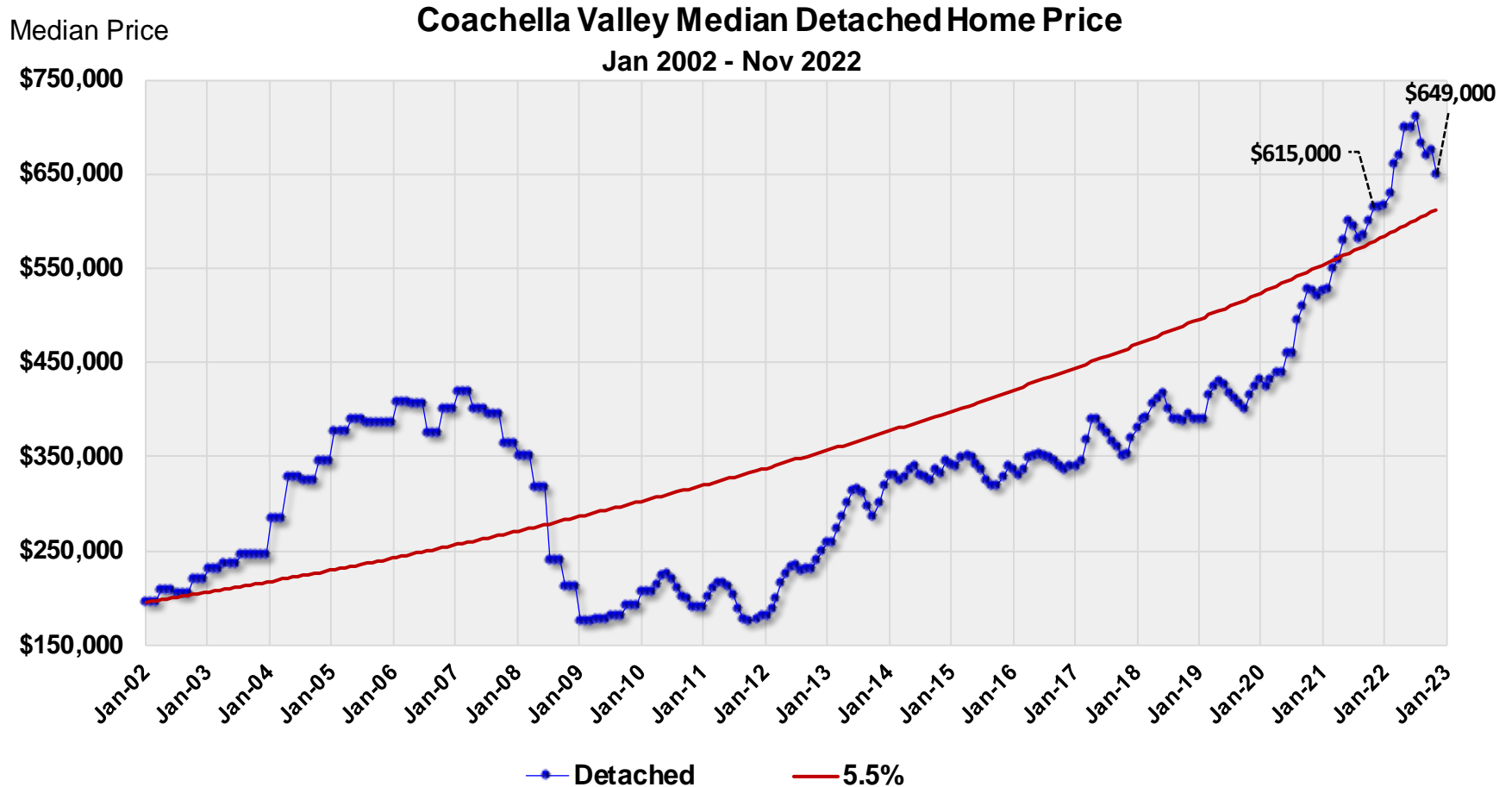
**PRICES:** The median price of a detached home in the Coachella Valley fell last month and is currently \$649,000, which is up 5.5% year over year. This monthly decline is a little unusual since prices typically begin to rise in November. The latest price is now 8.6% below the peak of a few months ago. The median price for attached homes in November was \$450,000, which is down for the sixth month. Only one city – Coachella – has a year over year gain above 20%. Palm Desert and Palm Springs have the smallest gain at 3%. In the attached market, gains range from 32% down to 5.1%.

**SALES:** Home sales continue to decline. The three-month average of sales in November was 474 units a month, which is 41% less than last year. In the three years before the pandemic, November sales averaged 700 units per month, so sales are running 32% below average. Every city has lower sales now compared to a year ago. The largest percentage sales declines are in the cities of La Quinta at 54%, then Cathedral City at 46%, Rancho Mirage at 45% and Palm Springs and Palm Desert at 43%. Indio had the smallest sales decline at 25%.

**INVENTORY & “MONTHS OF SALES” RATIOS:** On December 1<sup>st</sup>, Valley inventory stood at 2,048 units, which is higher than last month and 1,398 units more than last year. This monthly increase is again opposite to most other California regions, where inventory generally declined in November. The Valley’s “months of sales” ratio was 2.8 months, which is again higher than last month. The ratio continues to run below 4.0 months, which is normal for this time of year.

**DIM:** At the end of November, the median number of “days in the market” throughout the Valley was 35 days, which is the same as last month and nine days more than last year. As we’ve stated, we’re pretty certain we’ve seen the low in this metric and believe it will be back to 50 or 60 days relatively soon. The cities of Indian Wells and Rancho Mirage have the lowest median selling time for detached homes at 30 days, followed by Palm Springs 33 days. In the attached market, Bermuda Dunes has the shortest selling time at 19 days, followed by Desert Hot Springs at 24 days.

**PRICE DISCOUNTS/PREMIUMS:** At the end of November, 17.5% of sales occurred above list price compared to 44.2% a year ago. We are rapidly approaching the historic norm for this metric of around 10%. Not one city is currently selling detached homes at an average selling premium and only one city now has an average selling premium for attached homes - Bermuda Dunes.

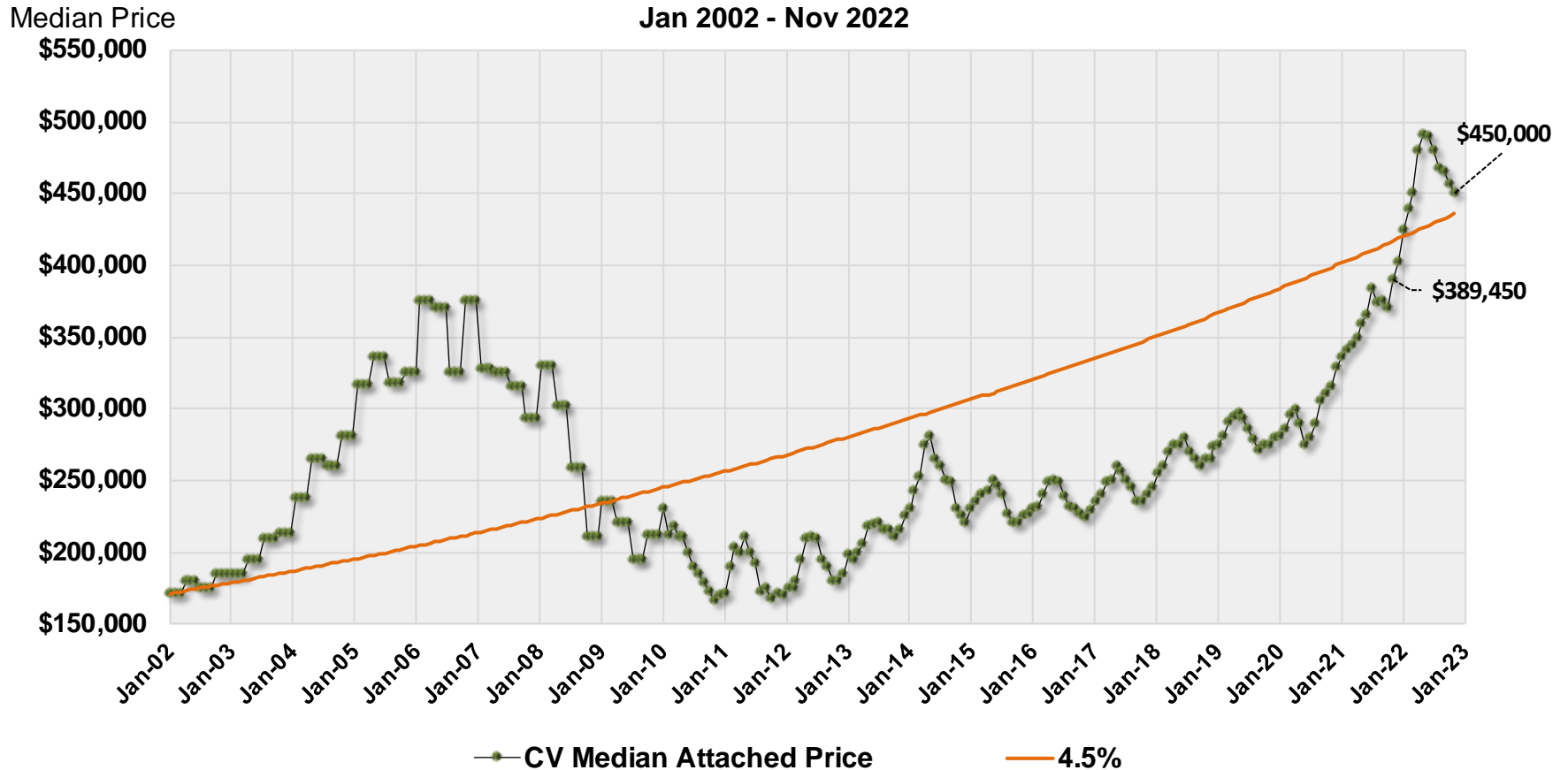


### Coachella Valley Median Detached Price

The median price of a detached home in the Coachella Valley fell last month and is currently \$649,000, which is up 5.5% year over year. This monthly decline is a little unusual since prices typically begin to rise in November. The latest price is now 8.6% below the peak of a few months ago. We'll have to continue to carefully track its progress. As we've said before, it is important to follow the data during times like this and not the many alarming comments often made.

## Coachella Valley Median Attached Price

Jan 2002 - Nov 2022



## Coachella Valley Median Attached Price

The median price for attached homes in November was \$450,000, which is down for the sixth month. However, it is still 15.5% higher than last year. As the chart clearly shows, seasonal price corrections of 10% to 15% often occur during the summer. So far, the from the peak six months ago is 8.4%. However, we continue to expect a larger than normal price adjustment to around \$435,000, which would bring them nearer the 4.5% growth curve.

### Price of The Average Size Detached Home in Each City

City	Avg. Size Home	Pr. per sq/ft	Price of Avg. Size Home	Price One Year Ago	12 Month Change	2011-12 Price Low	% From Low
Coachella	1,700	\$289.77	\$492,611	\$375,933	31.0%	\$111,367	342.3%
Indio	2,000	\$295.61	\$591,215	\$503,600	17.4%	\$156,340	278.2%
Indian Wells	3,450	\$475.75	\$1,641,344	\$1,403,599	16.9%	\$666,885	146.1%
Rancho Mirage	3,175	\$413.00	\$1,311,262	\$1,124,914	16.6%	\$506,317	159.0%
Desert Hot Springs	1,600	\$253.25	\$405,198	\$359,545	12.7%	\$86,656	367.6%
Cathedral City	1,800	\$321.71	\$579,070	\$515,614	12.3%	\$153,216	277.9%
Bermuda Dunes	2,500	\$345.44	\$863,596	\$774,599	11.5%	\$239,325	260.8%
La Quinta	2,550	\$359.17	\$915,879	\$873,118	4.9%	\$318,164	187.9%
Palm Springs	2,175	\$559.99	\$1,217,974	\$1,182,120	3.0%	\$323,879	276.1%
Palm Desert	2,200	\$330.48	\$727,050	\$705,855	3.0%	\$302,302	140.5%

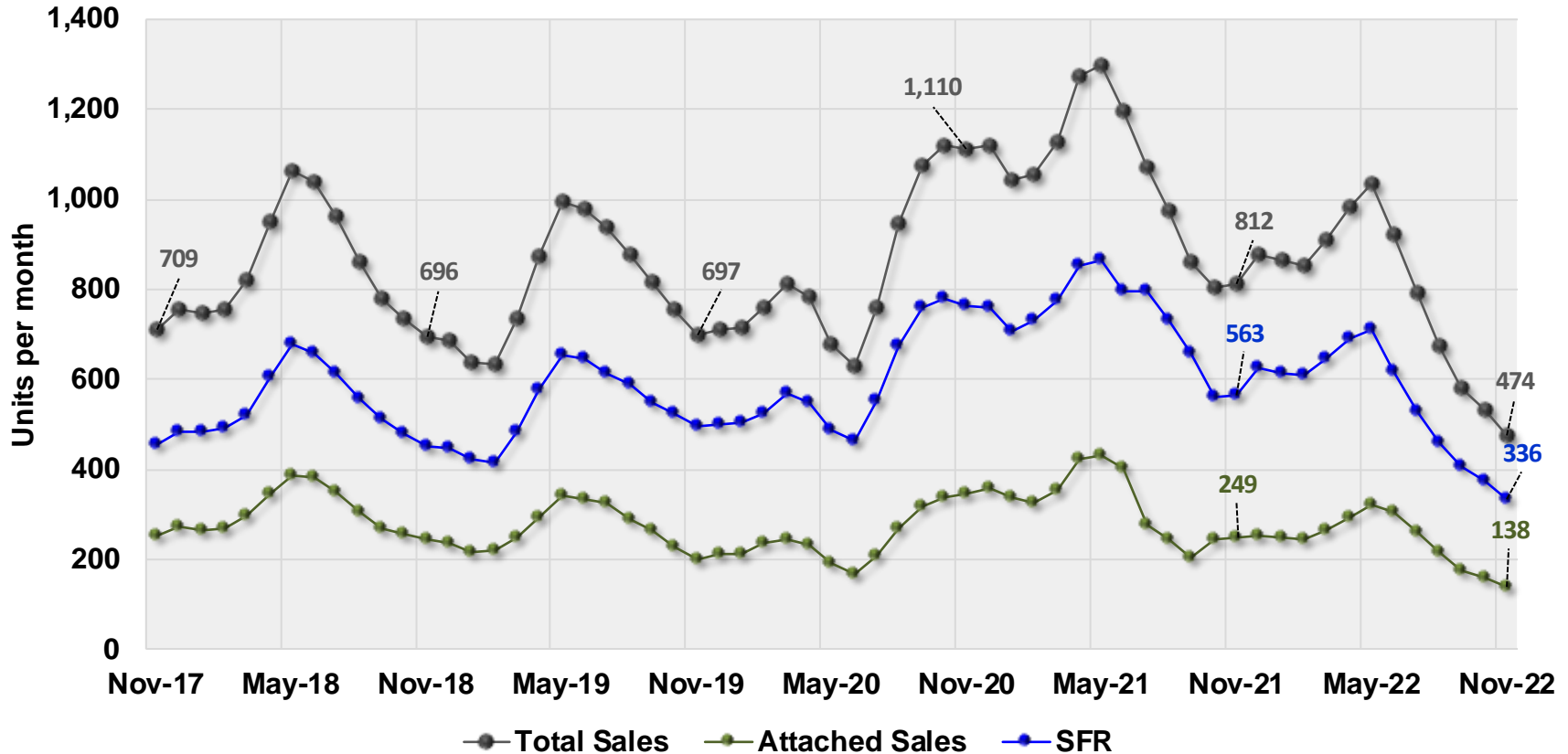
### Price of The Average Size Attached Home

City	Avg. Size Home	Pr. per sq/ft	Price of Avg. Size Home	Price One Year Ago	12 Month Change	2011-12 Price Low	% From Low
Desert Hot Springs	750	\$193.79	\$145,340	\$110,071	32.0%	\$16,013	808%
Bermuda Dunes	1,450	\$284.53	\$412,569	\$333,882	23.6%	\$89,117	363%
Cathedral City	1,250	\$271.88	\$339,847	\$278,910	21.8%	\$80,544	322%
Palm Springs	1,250	\$374.30	\$467,871	\$389,401	20.2%	\$129,788	260%
Indian Wells	1,950	\$358.39	\$698,864	\$592,220	18.0%	\$259,126	170%
Palm Desert	1,600	\$334.49	\$535,182	\$465,863	14.9%	\$197,896	170%
Indio	1,050	\$261.65	\$274,735	\$248,674	10.5%	\$56,396	387%
La Quinta	1,750	\$354.69	\$620,708	\$580,208	7.0%	\$247,713	151%
Rancho Mirage	1,775	\$295.52	\$524,547	\$498,940	5.1%	\$211,030	149%

### 12 Month Change in The Price of The Average Size Home

These two tables display the *price* and *price per square foot* of the average size home in each city. The latest price is then compared to a year ago and to the all-time lows that occurred in 2011 and 2012. As the tables show, priced gains are slowing. Only one city – Coachella – has a year over year gain above 20%. Palm Desert and Palm Springs have the smallest gain at 3%. In the attached market, gains range from 32% down to 5.1%.

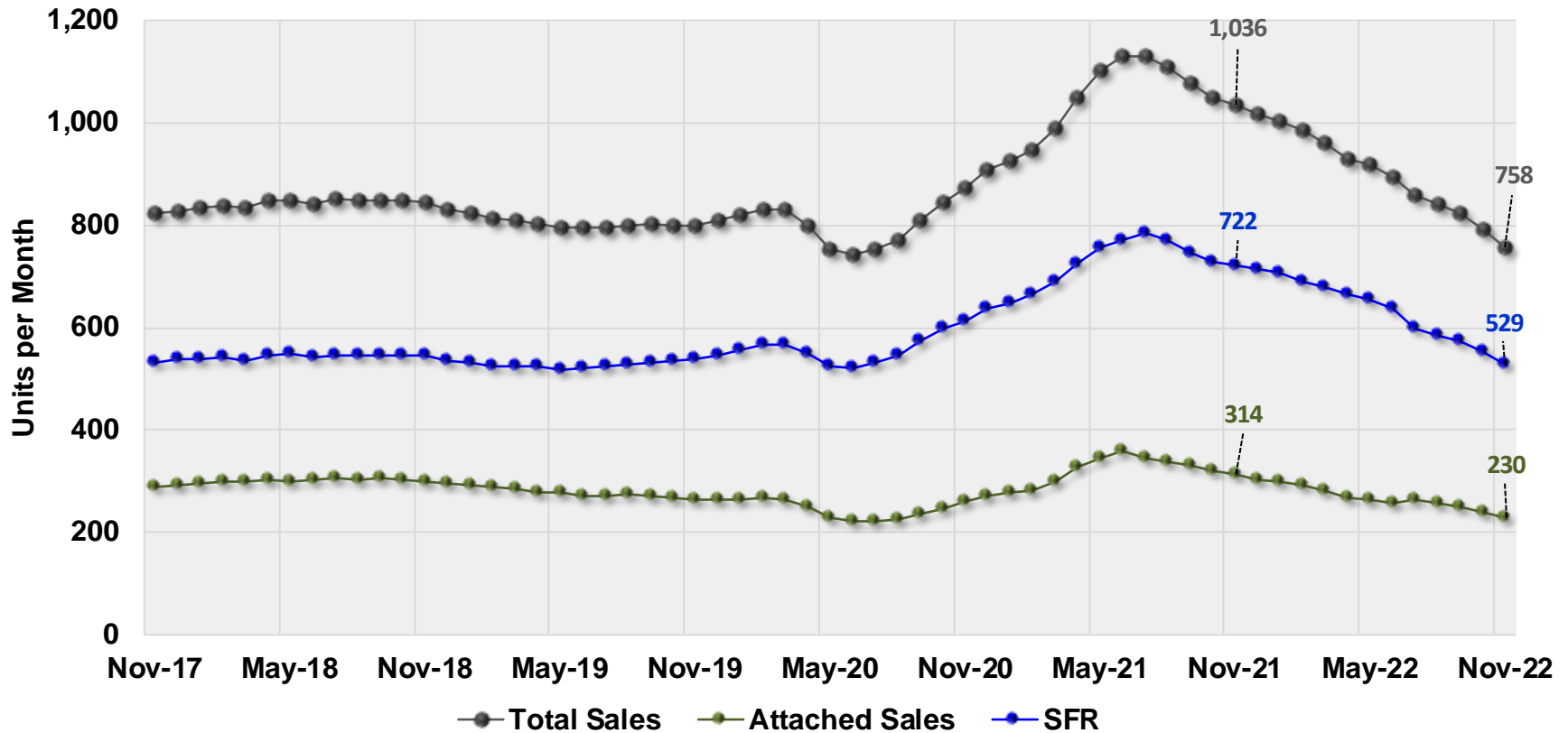
## Detached, Attached and Total Sales 3 month moving average



### Monthly Sales – 3-month trailing avg.

Home sales continue to decline. The three-month average of sales in November was 474 units a month, which is 41% less than last year. In the three years before the pandemic, November sales averaged 700 units per month, so sales are running 32% below average. With mortgage rates continuing to run high, it does not appear sales will turn around anytime soon.

## Detached, Attached and Total Sales 12 month moving average

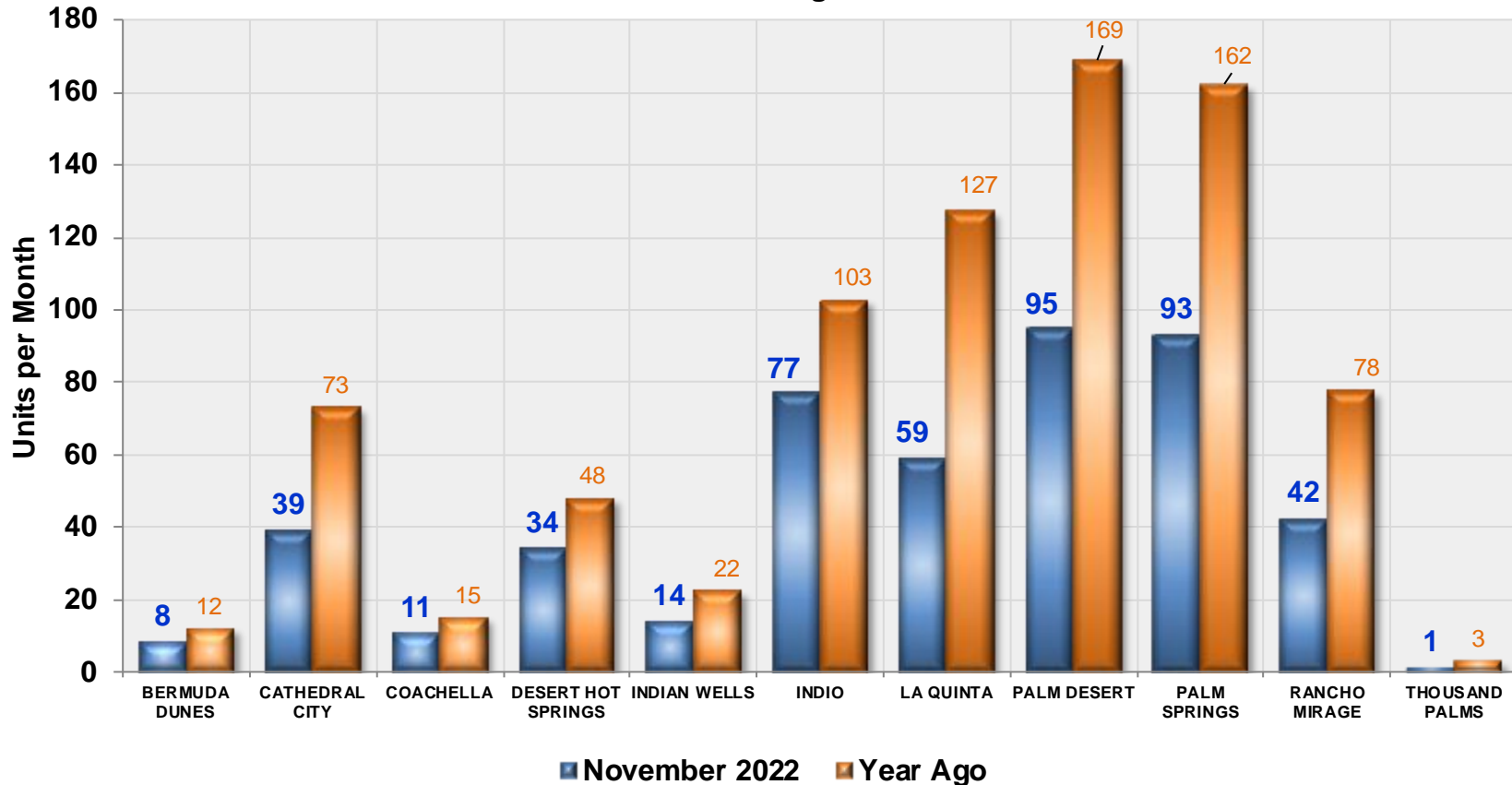


### Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out seasonality, shows total sales averaged 758 units a month. This is 27% below last year and the 16th consecutive month of a declining sales pattern. As the chart shows, long term sales are now running below pre-pandemic averages. We can expect these long-term sales numbers, which lag short term sales, to continue to decline.



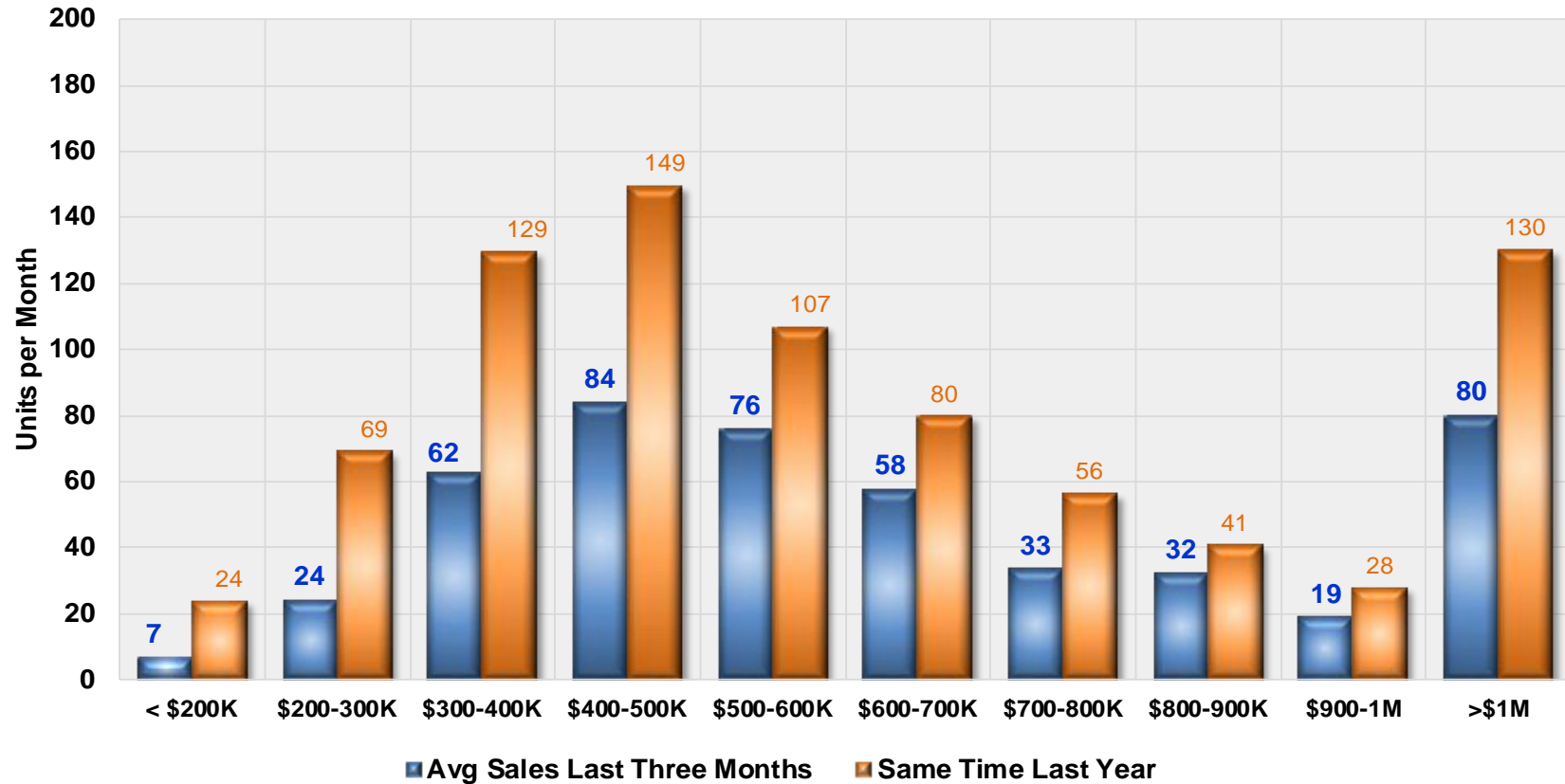
## Home Sales by City 3 month avg sales



## Home Sales by City

Every city has lower sales now compared to a year ago. The largest percentage sales declines are in the cities of La Quinta at 54%, then Cathedral City at 46%, Rancho Mirage at 45% and Palm Springs and Palm Desert at 43%. Indio had the smallest sales decline at 25%.

## Home Sales by Price Range 3 mos avg

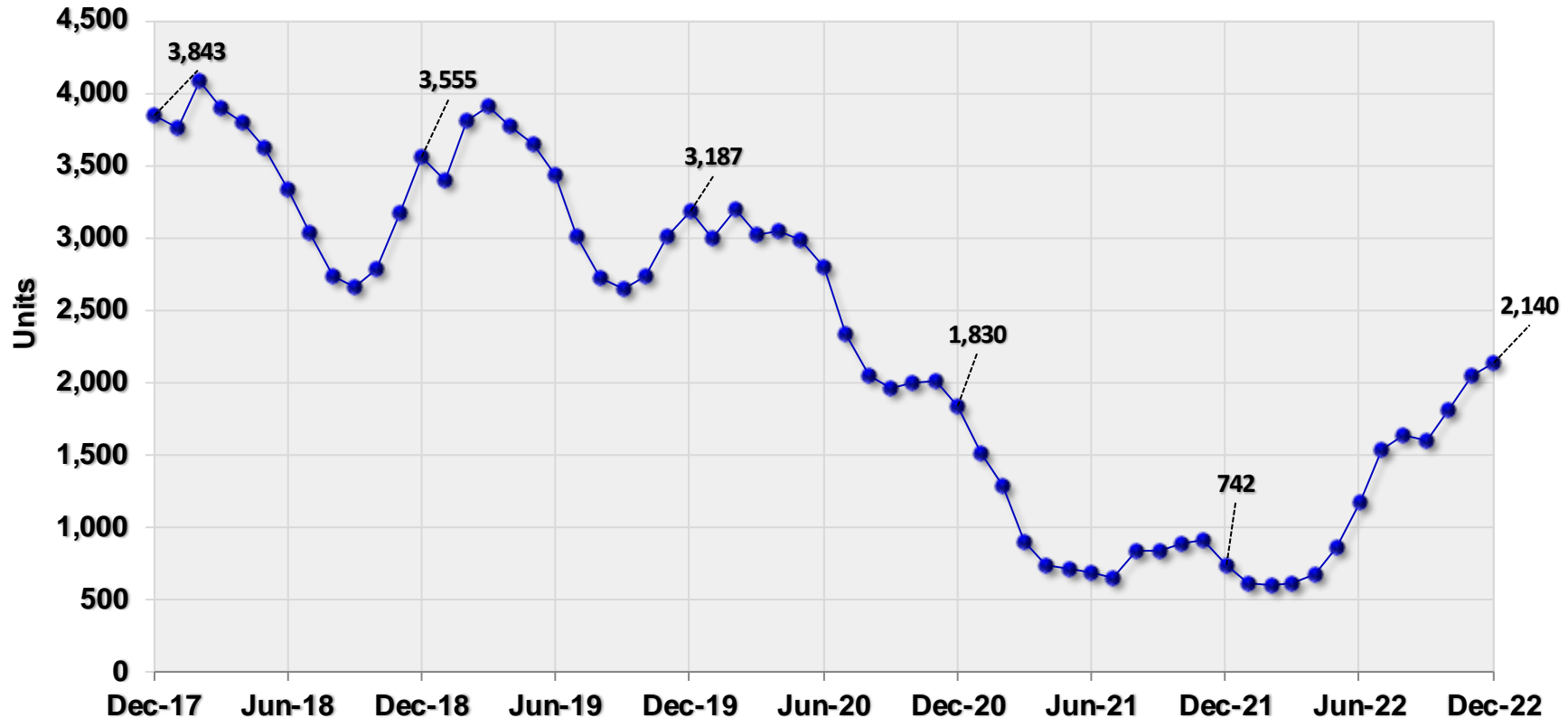


## Home Sales by Price Range

While every price bracket shows a sales decline, the largest sales declines are in homes priced under \$500k. Sales of homes priced from \$200k to \$300k continue to be off 65%. For homes priced from \$300k to \$400k, sales are off 52%. Sales of homes priced over \$800k are doing much better, with unit sales of homes from \$800k to \$900k off only 22%. Sales of homes priced over \$1,000,000 are down 38%.

## Valley Housing Inventory

Dec 1st 2017 to Dec 1st 2022



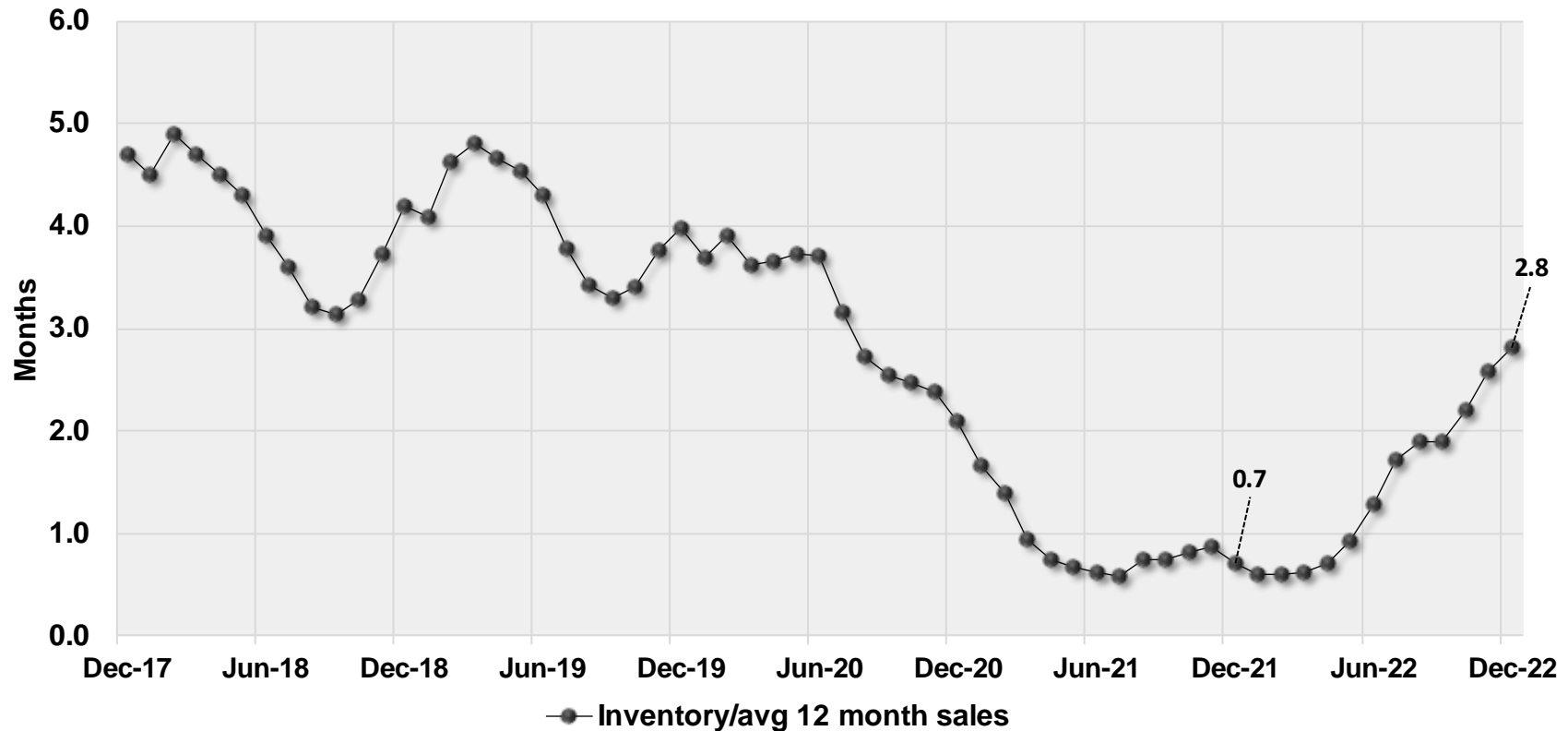
## Coachella Valley Total Inventory

On December 1<sup>st</sup>, Valley inventory stood at 2,048 units, which is higher than last month and 1,398 units more than last year. This monthly increase is again opposite to most other California regions, where inventory generally declined in November. Some of the inventory gain in the Valley is seasonal. We believe that if the pattern continues, total inventory will probably reach 2,500 units by February.

## "Months of Sales" Ratio

Coachella Valley

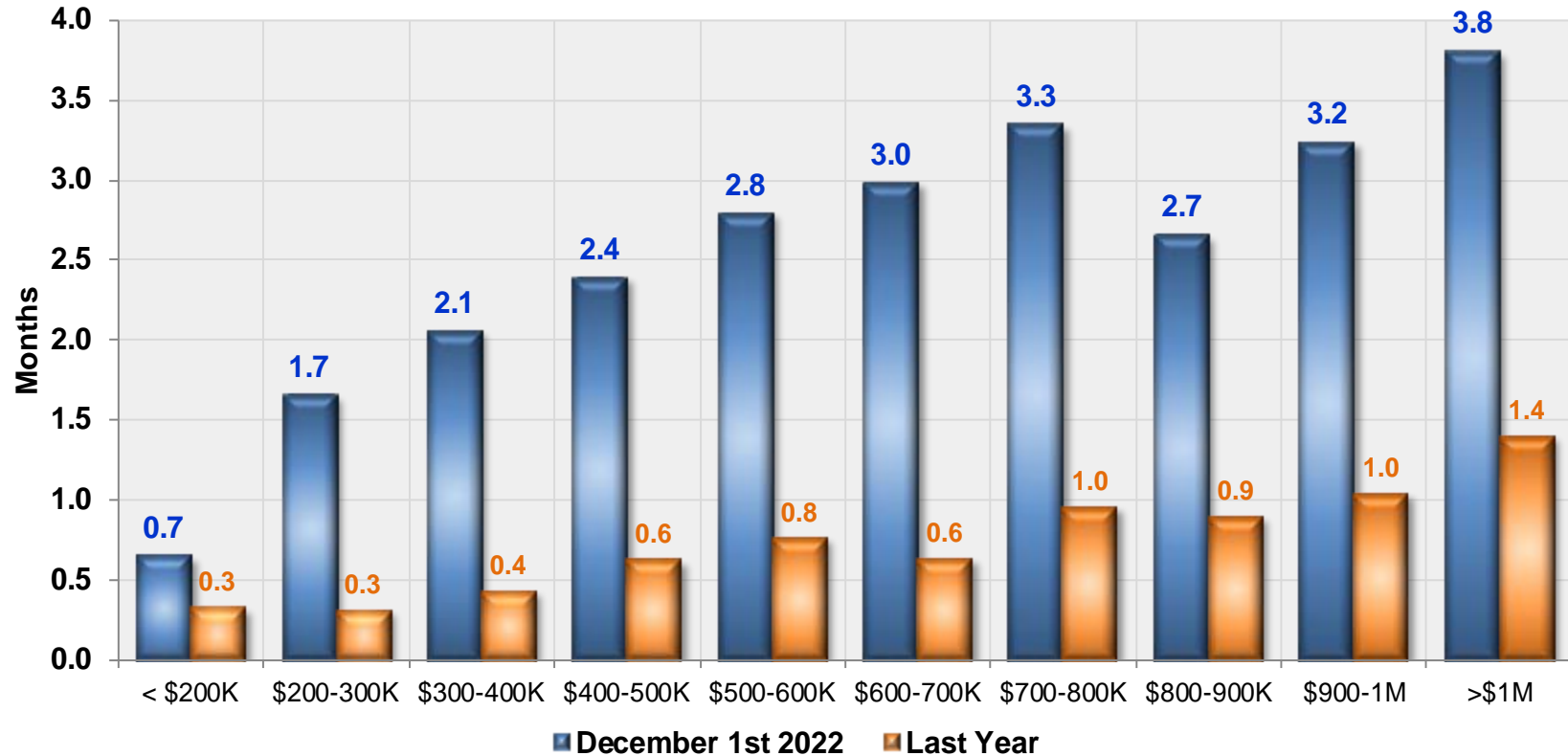
Dec 1st 2017 - Dec 1st 2022



## Regional "Months of Sales" Ratio

On December 1<sup>st</sup>, the Valley's "months of sales" ratio was 2.8 months, which is again higher than last month. The ratio continues to run below 4.0 months, which is normal for this time of year. This is important because the "months of sales" ratio measures supply versus demand and a ratio of 2.8 implies that the balance of supply and demand still somewhat favors the seller. Even though inventories have been rising and sales falling, the changes are still not enough yet to bring the ratio back to normal levels.

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



## "Months of Sales" by Price Range

This chart displays the current "months of sales" ratio by price bracket compared to last year. Blue bars are current ratios and orange bars are the ratios for last year. Ratios in every price bracket far exceed year ago levels but they are still below what is average for that price range. The chart also shows the normal pattern of the "months of sales" ratio being higher for higher priced homes than lower priced homes.

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



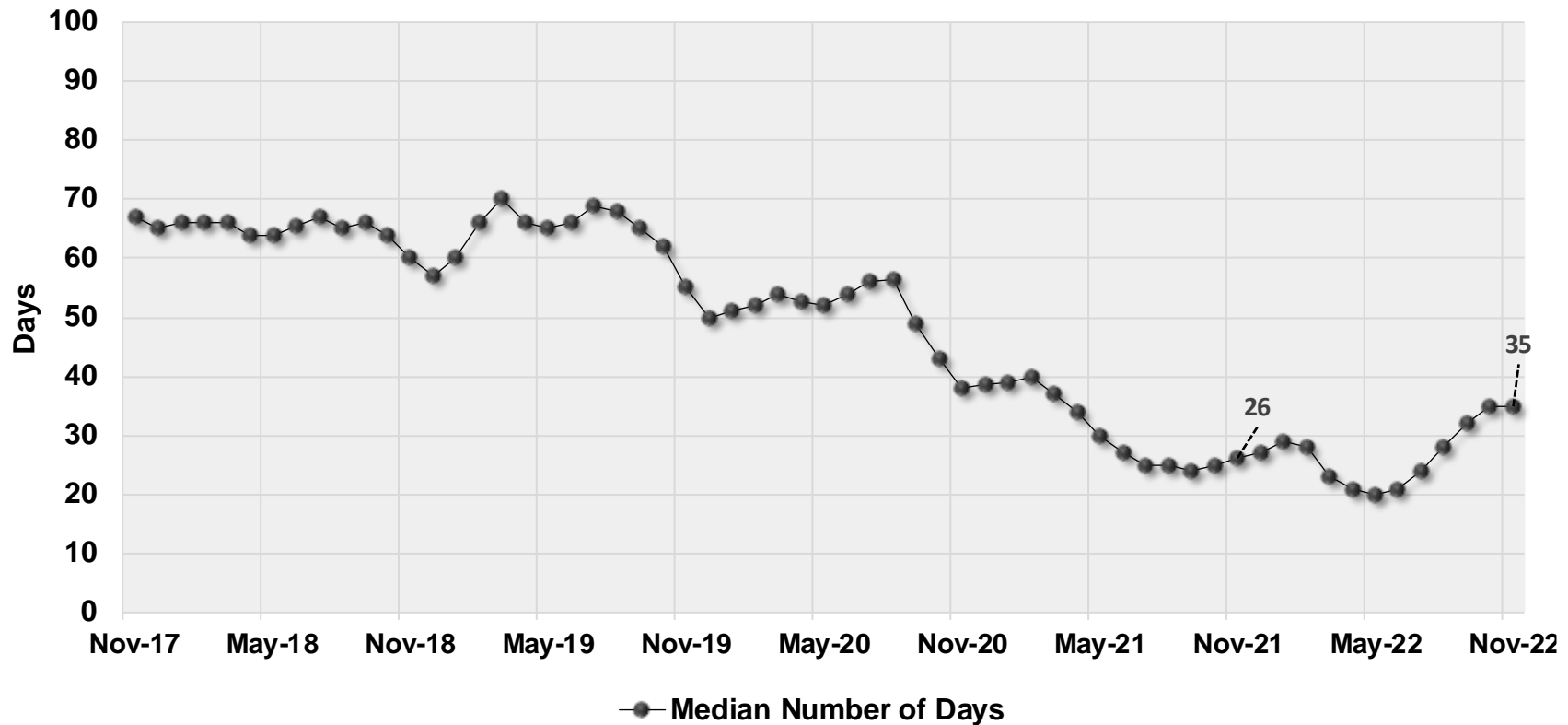
## "Months of Sales" by City

This graph compares current "months of sales" ratios in each city to their ratios a year ago. We have sorted the cities left to right by lowest ratio. Ratios have been rising in every city and it is again noteworthy how close the ratios are in every city. Bermuda Dunes has the lowest ratio at 2.2 months. The highest ratio is Thousand Palms at 4.0 months.

## "Days in the Market"

Coachella Valley

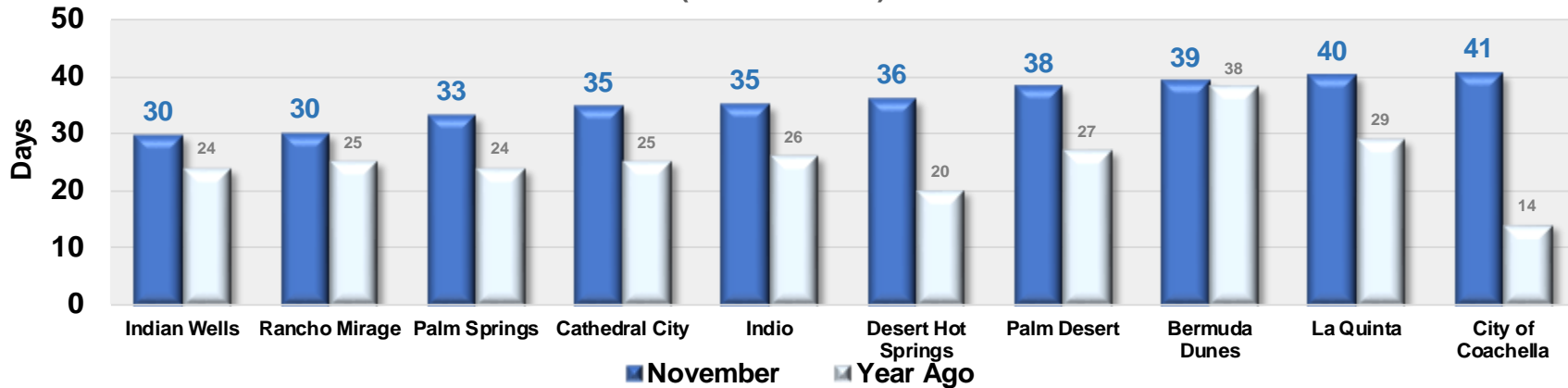
November 2017 - November 2022



## Regional "Days in the Market"

The average selling time in the region continues to increase. At the end of November, the median number of "days in the market" throughout the Valley was 35 days, which is the same as last month and nine days more than last year. As we've stated, we're pretty certain we've seen the low in this metric and believe it will be back to 50 or 60 days relatively soon.

## "Days in Market" - Detached Homes (Median Value)



## "Days in the Market" - Attached Homes (Median Value)



## "Days in the Market"

These bar charts rank the cities left to right by the smallest median number of "days in the market" for both detached and attached homes. Average selling times have been rapidly increasing. The cities of Indian Wells and Rancho Mirage have the lowest median selling time for detached homes at 30 days, followed by Palm Springs 33 days. In the attached market, Bermuda Dunes has the shortest selling time at 19 days, followed by Desert Hot Springs at 24 days.



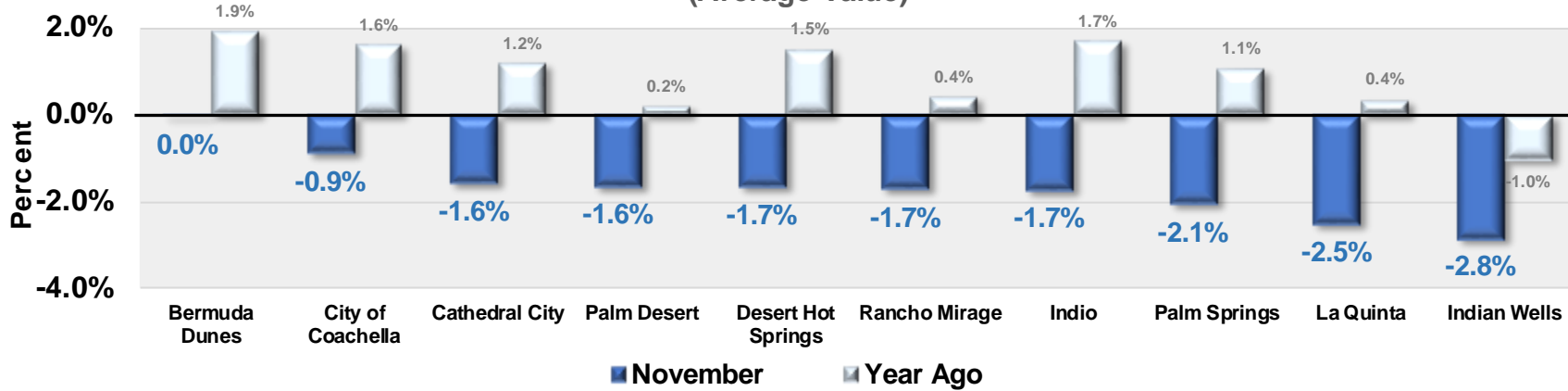
## % Homes Selling Over List Price Coachella Valley 2016 - 2022 (November)



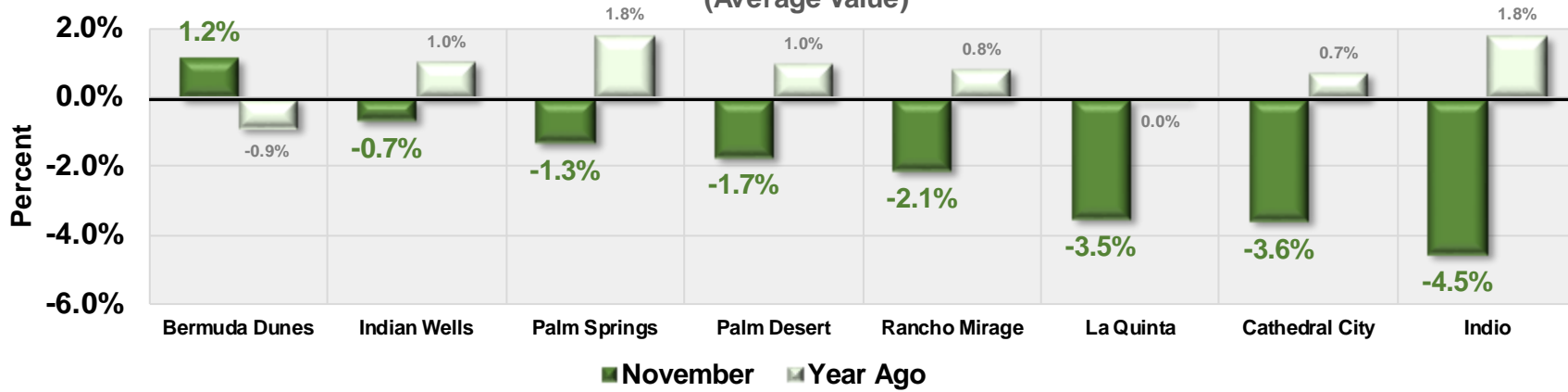
### Percent Homes Selling Above List

This chart graphs the percentage of Valley homes over the last three months that sold above list price and shows the percent is rapidly declining. At the end of November, 17.5% of sales occurred above list price compared to 44.2% a year ago. We are rapidly approaching the historic norm for this metric of around 10%.

## Price Discount - Detached Homes (Average Value)



## Price Discount - Attached Homes (Average Value)



### “Average Price Discounts”

These bar charts show the average price discount/premium for both detached and attached homes in the major cities of the Valley. We use the “average” value instead of “median” value because it’s a better metric during periods when so many homes are selling near list. Not one city is currently selling detached homes at an average selling premium and only one city now has an average selling premium for attached homes - Bermuda Dunes.

## Explanation and Description of Market Watch's Graphs and Calculations

**Regional Numbers:** For the purposes of this report, the Coachella Valley region consists of these eleven cities or CDPs – Bermuda Dunes, Cathedral City, the city of Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage and Thousand Palms. Regional sales and regional inventory numbers are the sum of sales or inventory of these 11 cities averaged over some time interval – usually three or twelve months. The Coachella Valley median detached home price is the median price of sales of single-family residences over the prior three months in all 11 cities. The Coachella Valley Median Attached Price is the median price of sales of condos and townhomes over the past three months in all 11 cities.

**City Prices:** Our city price tables display the median price per square foot as well as the price of the average size home of all detached or attached sales over the last three months (6 months for Indian Wells). The price of the average size home is determined as follows: the median price per sq. ft. is multiplied by the size of the average home in that city. The size of the average home is determined from the square feet of all sales in that city over the last twenty years, which is then rounded to the nearest 25 sq. ft.. The size of the average home is therefore constant month by month.

**Sales:** For cities, sales numbers are the sum of sales of SFR, Condos and townhomes. 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 of sales 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. In our calculations every month is represented by sales over the preceding 31 days. This gives equal weight to each month.

**Inventory and “Months of Sales”:** Our inventory numbers are homes classified as “active” listings; we exclude listings called “active under contract.” We believe this is a more accurate measure of real supply since most “active under contract” listings will soon be closed sales. Remember sales and prices are accumulative while inventory is a momentary snapshot of inventory on a specific date. When we provide a monthly report for, say, the month of May, all sales and pricing are done using transactions through that and the previous two months. However, when we measure inventory at the end of May, it's the inventory as of November 1<sup>st</sup>. Even though inventory may be labeled May inventory, it is the inventory on the 1<sup>st</sup> of the next month. Our inventory is the sum of both attached and detached homes.

When calculating the “months of sales” ratio, we almost always use average sales over the last twelve months and not three months. If we do use three month sales, we indicate it. We use the classic “months of sales ratio”, which is inventory divided by sales, and not its inverse called the “absorption rate” since most people feel the ratio is much clearer and more easily understood.

**Days in 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.

To contact Market Watch call Vic Cooper at 714-390-1418.