

Summary

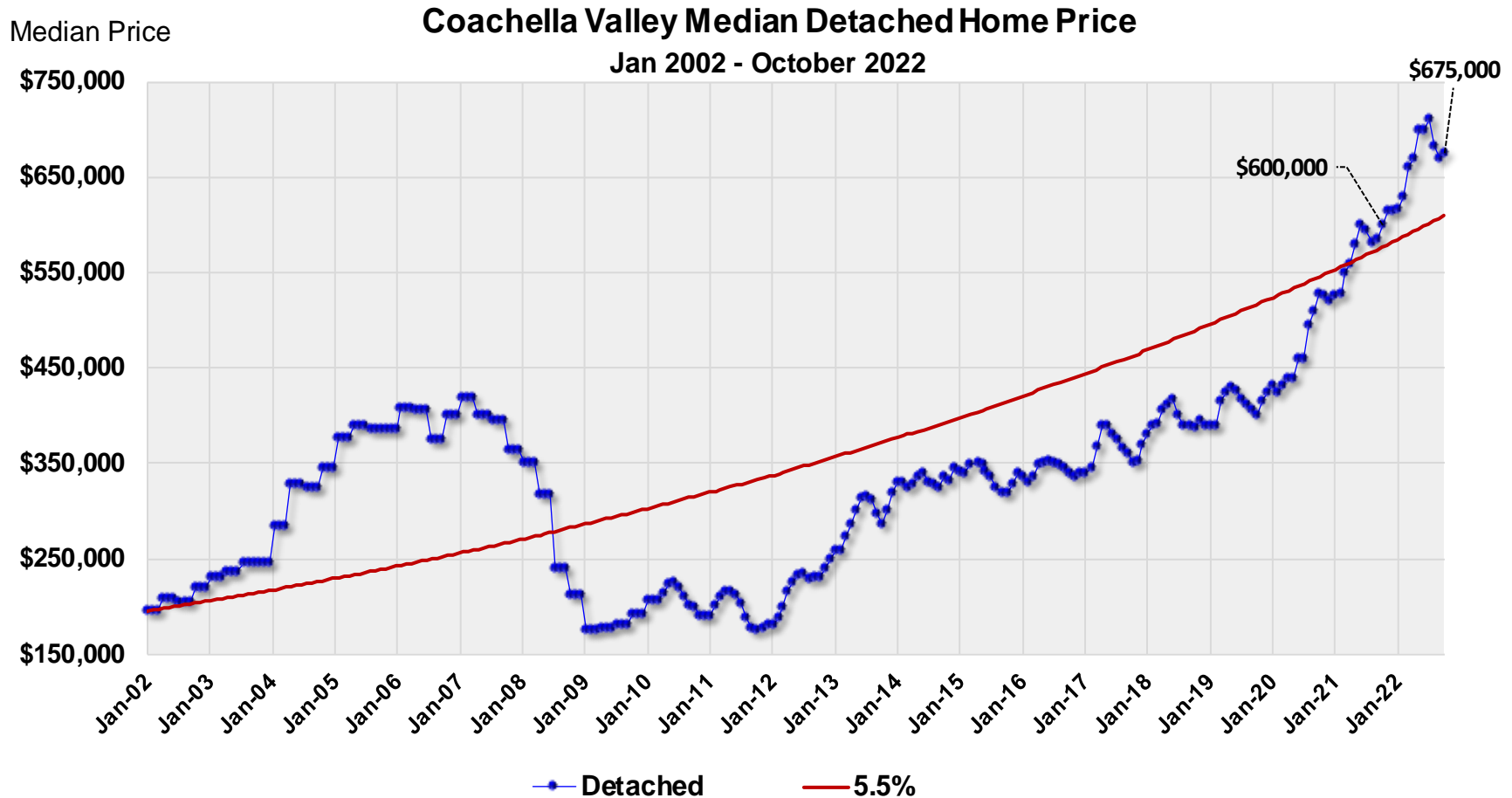
PRICES: The median price of a detached home in the Coachella Valley is currently \$675,000, which is \$5,000 higher than last month and up 12.5% year over year. The median price for attached homes was \$456,250, which is down for the fifth month but still 23% higher than last year. So far, the price correction many have feared has been relatively mild. Some of it, in fact, is seasonal. Only three cities – Indian Wells, Coachella and Desert Hot Springs – now have year over year gains above 20%. Palm Desert and Palm Springs have gains of 8.2% and 5.6% respectively. In the attached market, gains are higher and range from 36.8% to 14.6%.

SALES: Home sales continue to decline. The three-month average of sales in October was 534 units a month, which is 34% below last year. Before the pandemic October sales averaged 746 units per month, so sales are running about 28% below average. Every city except Coachella has lower sales compared to a year ago. The largest percentage declines are in the cities of Cathedral City, La Quinta and Palm Springs, where sales are lower by 49%, 43% and 35% respectively.

INVENTORY & “MONTHS OF SALES” RATIOS: On November 1st, Valley inventory stood at 2,048 units, which is 241 units higher than last month and 1,133 units more than a year ago. This monthly increase is again opposite to almost every other California region, where inventory generally declined last month. The Valley’s “months of sales” ratio was 2.6 months which, like inventory, is higher than last month. The ratio is still considerably below 4.0 months, which is normal for this time of year. Ratios have been rising in every city. Indian Wells have the lowest ratios at 2.2 months. The highest ratios are in Desert Hot Springs at 2.9 months and Thousand Palms at 3.0 months.

DIM: At the end of October, the median number of “days in the market” throughout the Valley was 35 days, which is ten days more than last year. As we’ve said, we think we’ve seen the low in this metric and believe it will rapidly increase to 50 or 60 days, which is historically “normal” for the region. The city of Indian Wells has the lowest median selling time for detached homes at 25 days, followed by Rancho Mirage, now at 29 days. In the attached market, Desert Hot Springs continues to have the shortest selling time at 23 days, followed by Indio at 30 days.

PRICE DISCOUNTS/PREMIUMS: At the end of October, only 21.6% of sales occurred above list price compared to 46.2% a year ago. This ratio continues to move back toward its historic norm of around 10%. Currently, only one city has an average selling premium - Bermuda Dunes; all the others have average discounts. In most cities these discounts are running from 1% to 2%.

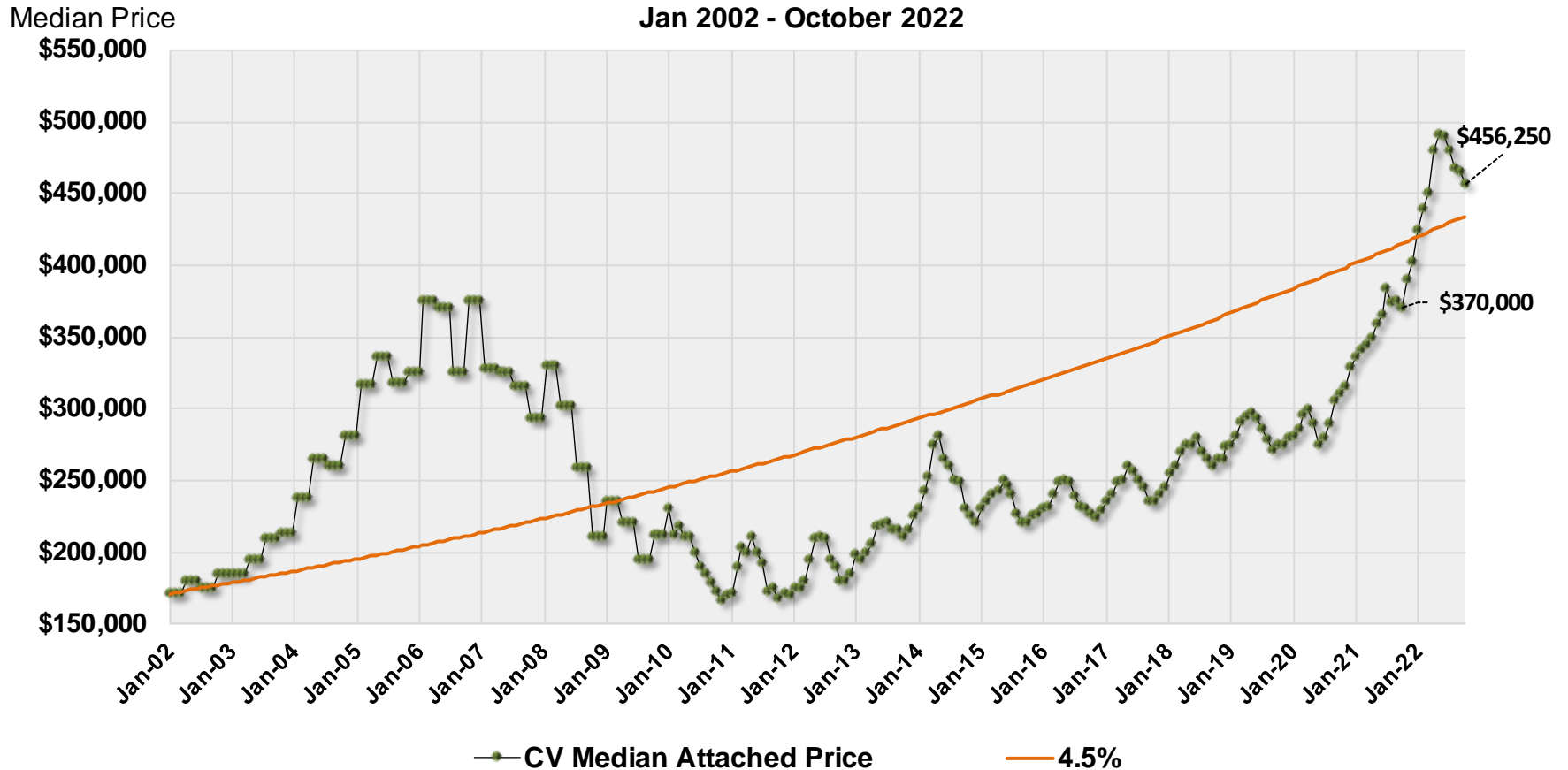


Coachella Valley Median Detached Price

The median price of a detached home in the Coachella Valley is currently \$675,000, which is \$5,000 higher than last month and up 12.5% year over year. So far, the price correction many have feared has been relatively mild. Some of it, in fact, is seasonal. We'll have to continue to carefully track its progress. It is important during times like this to follow the data and not the many alarming comments people often make. That said, it's hard to ignore the effects higher interest rates are having on both buyers and sellers.

Coachella Valley Median Attached Price

Jan 2002 - October 2022



Coachella Valley Median Attached Price

The median price for attached homes in October was \$456,250, which is down for the fifth month but still 23% higher than last year. As the chart clearly shows, seasonal price corrections of 10% to 15% often occur in this market during the summer. Because of this, it's difficult to distinguish seasonality from a real price correction. However, we continue to expect a larger than normal adjustment to around \$435,000, which would bring prices near 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
Indian Wells	3,450	\$515.34	\$1,777,914	\$1,379,344	28.9%	\$666,885	166.6%
Coachella	1,700	\$281.25	\$478,125	\$380,435	25.7%	\$111,367	329.3%
Desert Hot Springs	1,600	\$266.01	\$425,624	\$353,432	20.4%	\$86,656	391.2%
Indio	2,000	\$296.30	\$592,593	\$494,834	19.8%	\$156,340	279.0%
Rancho Mirage	3,175	\$418.46	\$1,328,619	\$1,139,127	16.6%	\$506,317	162.4%
La Quinta	2,550	\$367.45	\$937,008	\$835,916	12.1%	\$318,164	194.5%
Cathedral City	1,800	\$310.17	\$558,313	\$508,673	9.8%	\$153,216	264.4%
Palm Desert	2,200	\$341.54	\$751,385	\$694,148	8.2%	\$302,302	148.6%
Palm Springs	2,175	\$570.98	\$1,241,889	\$1,175,878	5.6%	\$323,879	283.4%
Bermuda Dunes	2,500	\$310.86	\$777,138	\$752,884	3.2%	\$239,325	224.7%

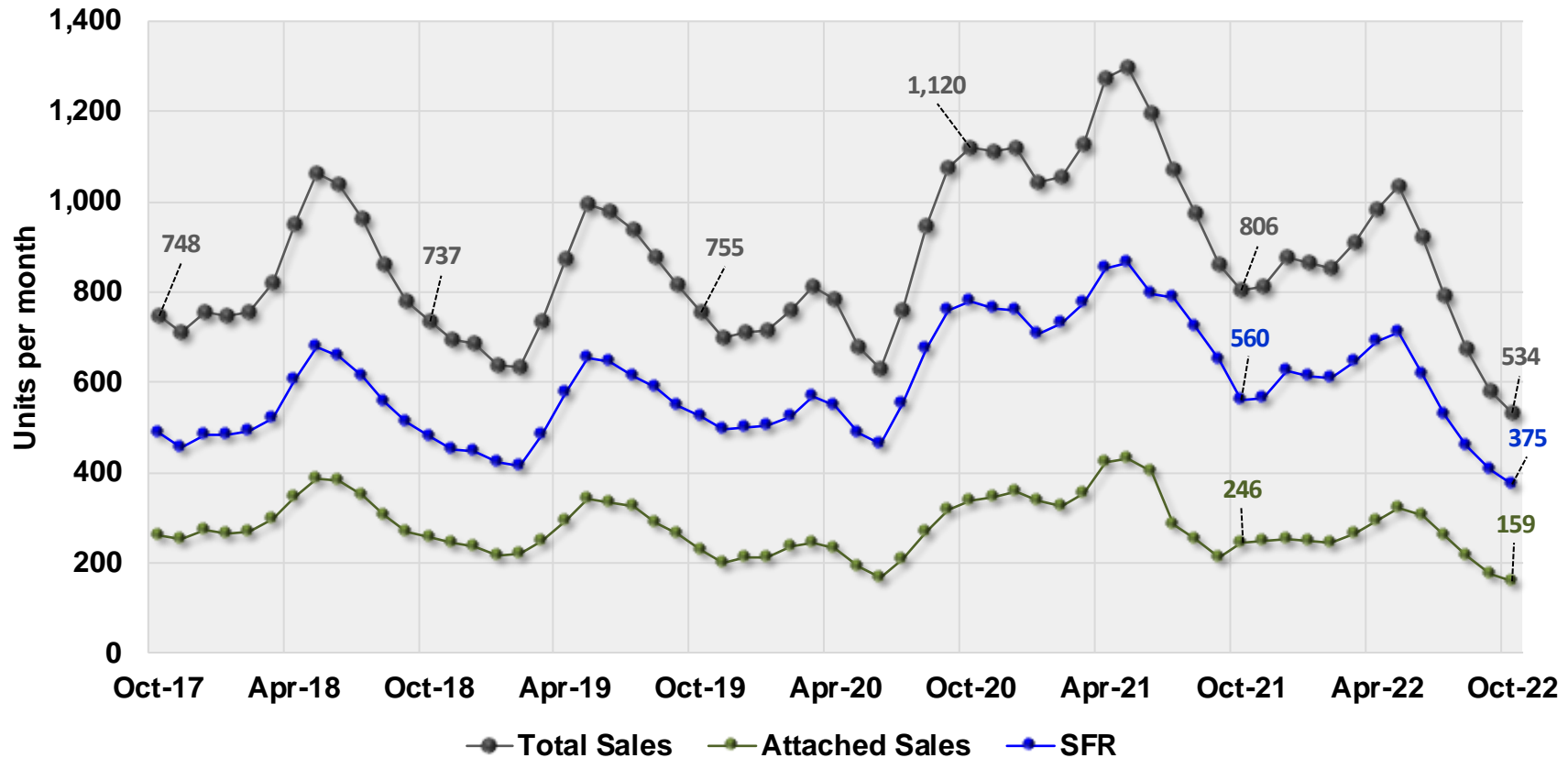
Price of The Average Size Attached Home

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	\$106,235	36.8%	\$16,013	808%
Palm Springs	1,250	\$380.31	\$475,382	\$371,392	28.0%	\$129,788	266%
Bermuda Dunes	1,450	\$285.25	\$413,610	\$332,935	24.2%	\$89,117	364%
Palm Desert	1,600	\$337.35	\$539,759	\$446,138	21.0%	\$197,896	173%
Cathedral City	1,250	\$263.61	\$329,512	\$274,863	19.9%	\$80,544	309%
La Quinta	1,750	\$366.41	\$641,221	\$540,821	18.6%	\$247,713	159%
Indio	1,050	\$283.45	\$297,627	\$255,645	16.4%	\$56,396	428%
Indian Wells	1,950	\$344.26	\$671,300	\$579,892	15.8%	\$259,126	159%
Rancho Mirage	1,775	\$307.76	\$546,269	\$476,570	14.6%	\$211,030	159%

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 current price is then compared to year ago levels and to the all-time lows that occurred in 2011 and 2012. As the tables show, year over year price changes in every city are slowing, especially in the detached market. Only three cities – Indian Wells, Coachella and Desert Hot Springs – have gains over 20%. Palm Desert and Palm Springs have year over year gains of 8.2% and 5.6% respectively. In the attached market, gains are higher and range from 36.8% to 14.6%.

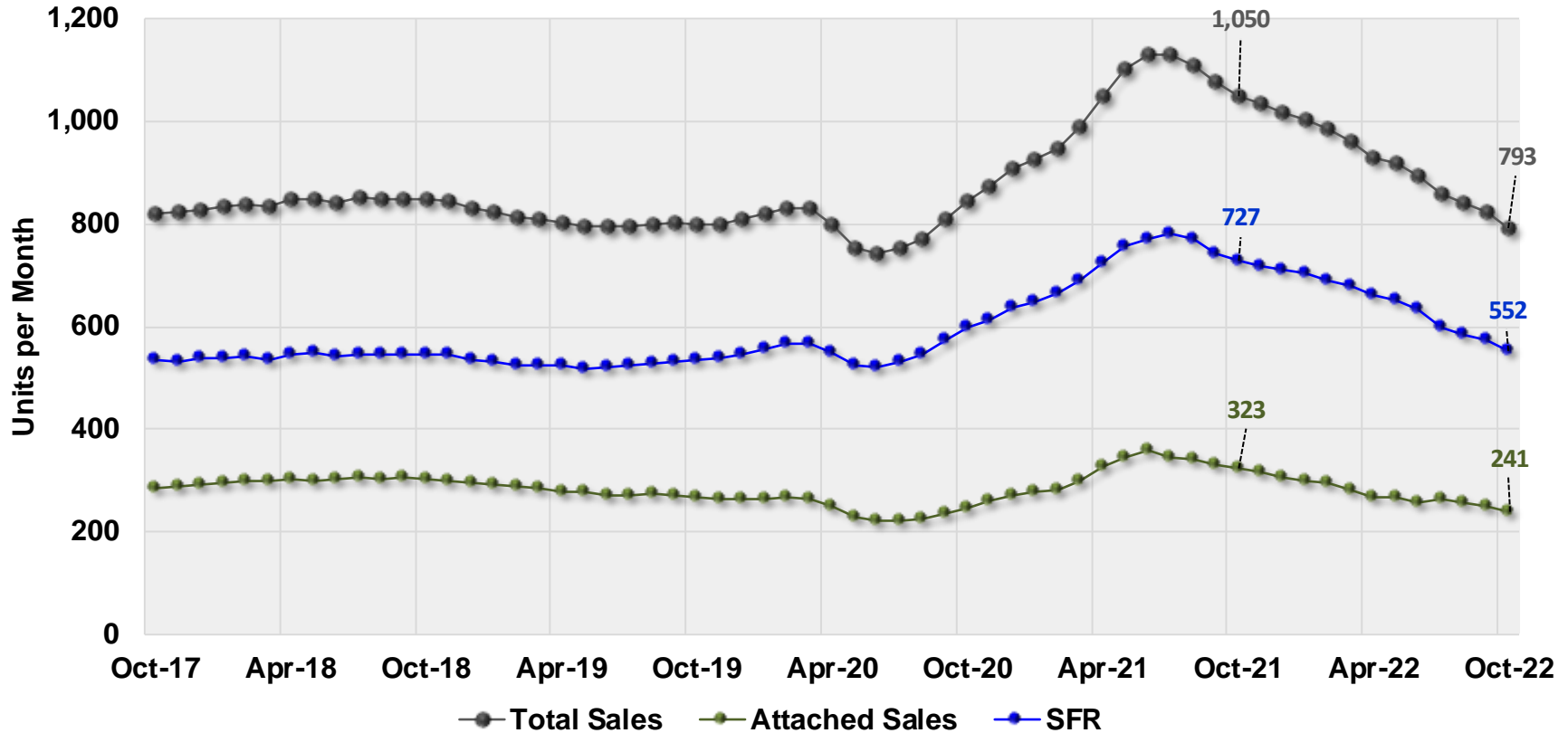
Detached, Attached and Total Sales 3 month moving average



Monthly Sales – 3-month trailing avg.

Home sales continue to decline. The three-month average of sales in October was 534 units a month, which is 34% below last year. Before the pandemic October sales averaged 746 units per month, so sales are running about 28% below average. As we have said, this is a significant sales decline and, with the Federal Reserve continuing to tighten interest rates, it does not appear these numbers will turn around anytime soon.

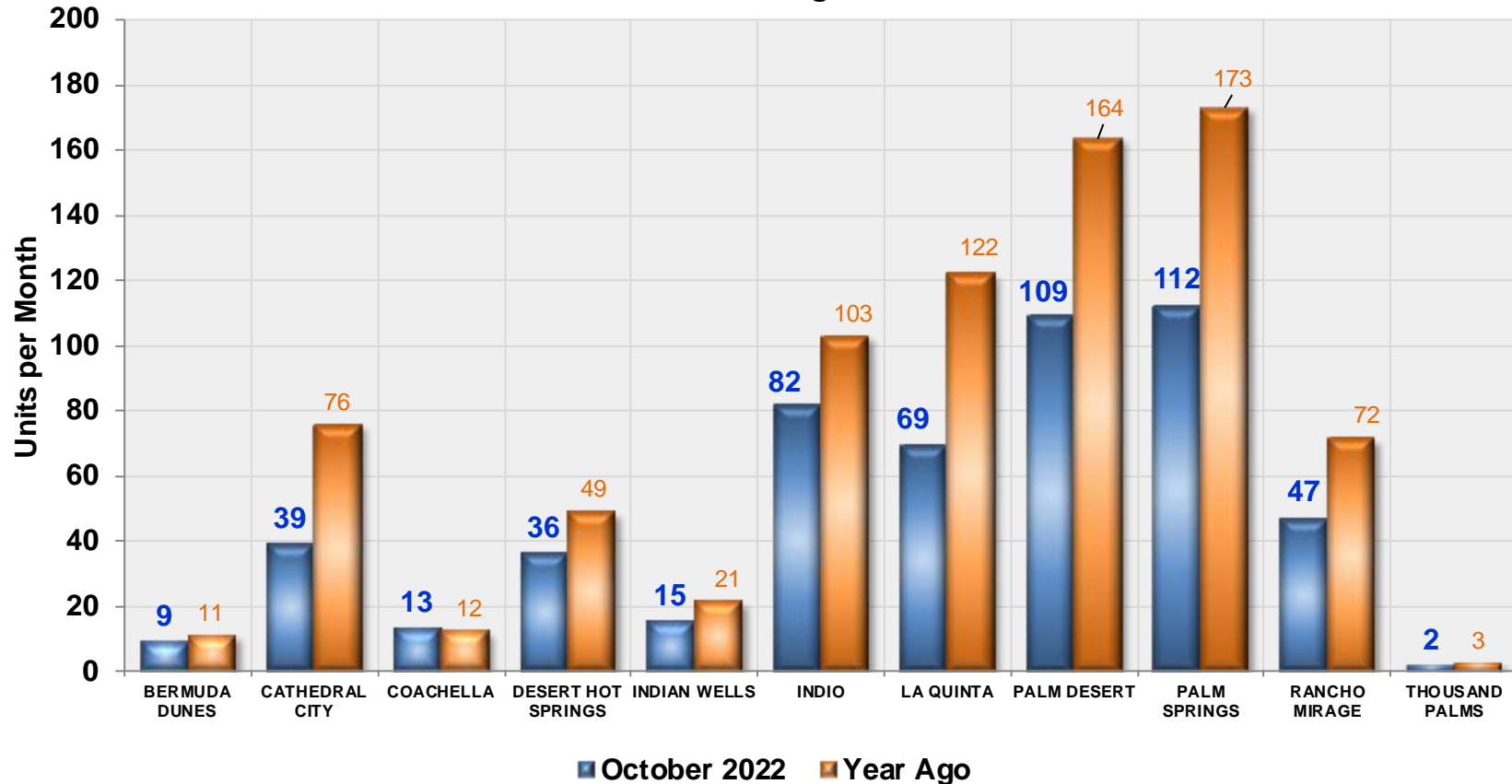
Detached, Attached and Total Sales 12 month moving average



Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out seasonality, shows total sales averaged 793 units a month in October. This is 24% below last year and the 15th consecutive monthly decline. Because short-term sales have recently gone to new lows, we can expect these long-term sales metrics, which lag in time, to continue to decline and go below their pre-pandemic averages as well.

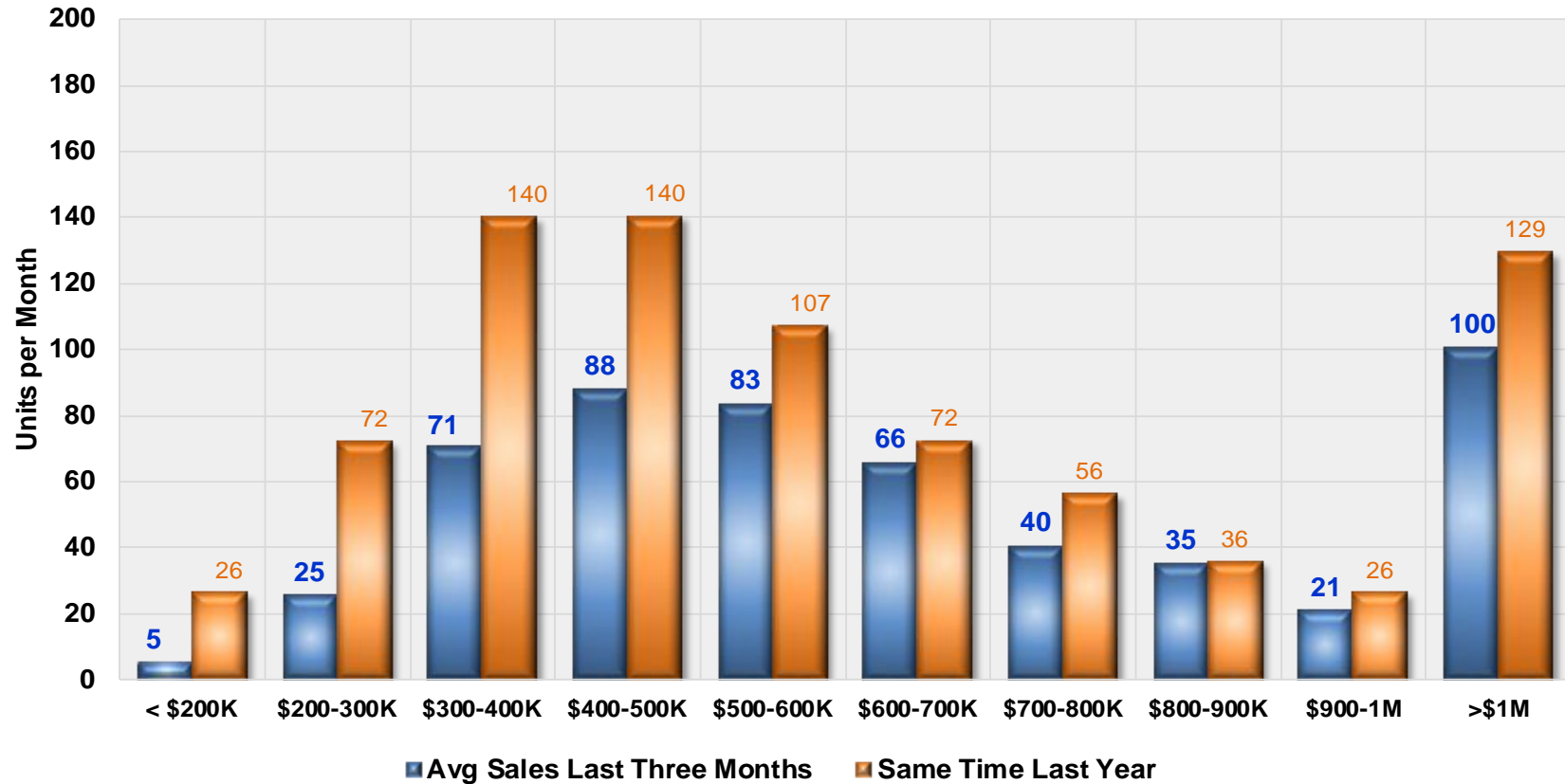
Home Sales by City 3 month avg sales



Home Sales by City

For another month, every city except Coachella had lower sales compared to a year ago. The largest percentage declines were in the cities of Cathedral City, La Quinta and Palm Springs, where sales were lower by 49%, 43% and 35% respectively.

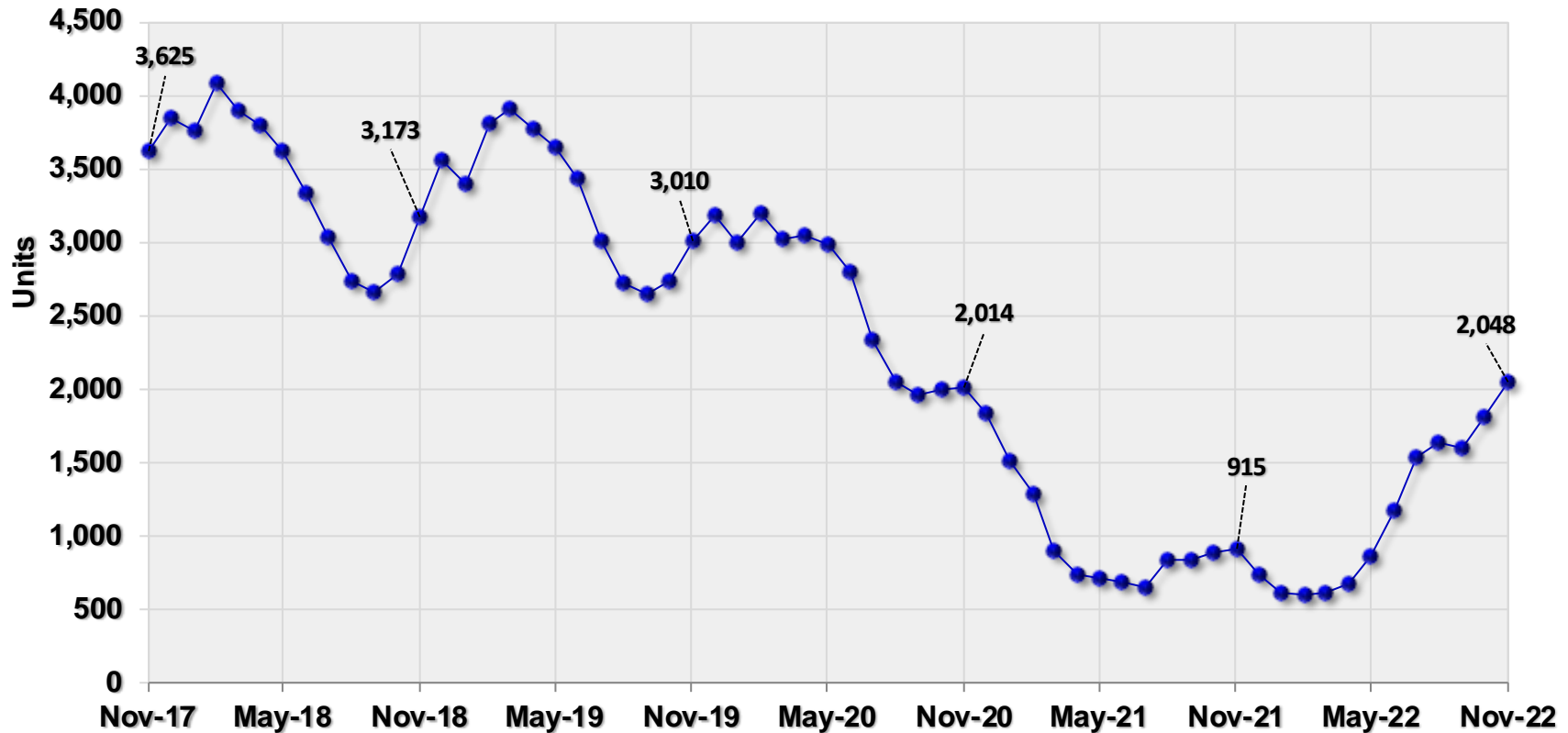
Home Sales by Price Range 3 mos avg



Home Sales by Price Range

This graph shows average three-month sales by price bracket. While every price bracket shows a sales decline, the largest declines are again in sales of homes priced under \$400k. Sales of homes priced from \$200k to \$300k are off 65%. For homes priced from \$300k to \$400k, sales are off 50%. However, sales of homes priced over \$800k are doing much better, with unit sales of homes between \$800k to \$900k almost the same. Sales of homes over \$1,000,000 are down 22%.

Valley Housing Inventory November 1st 2017 to November 1st 2022



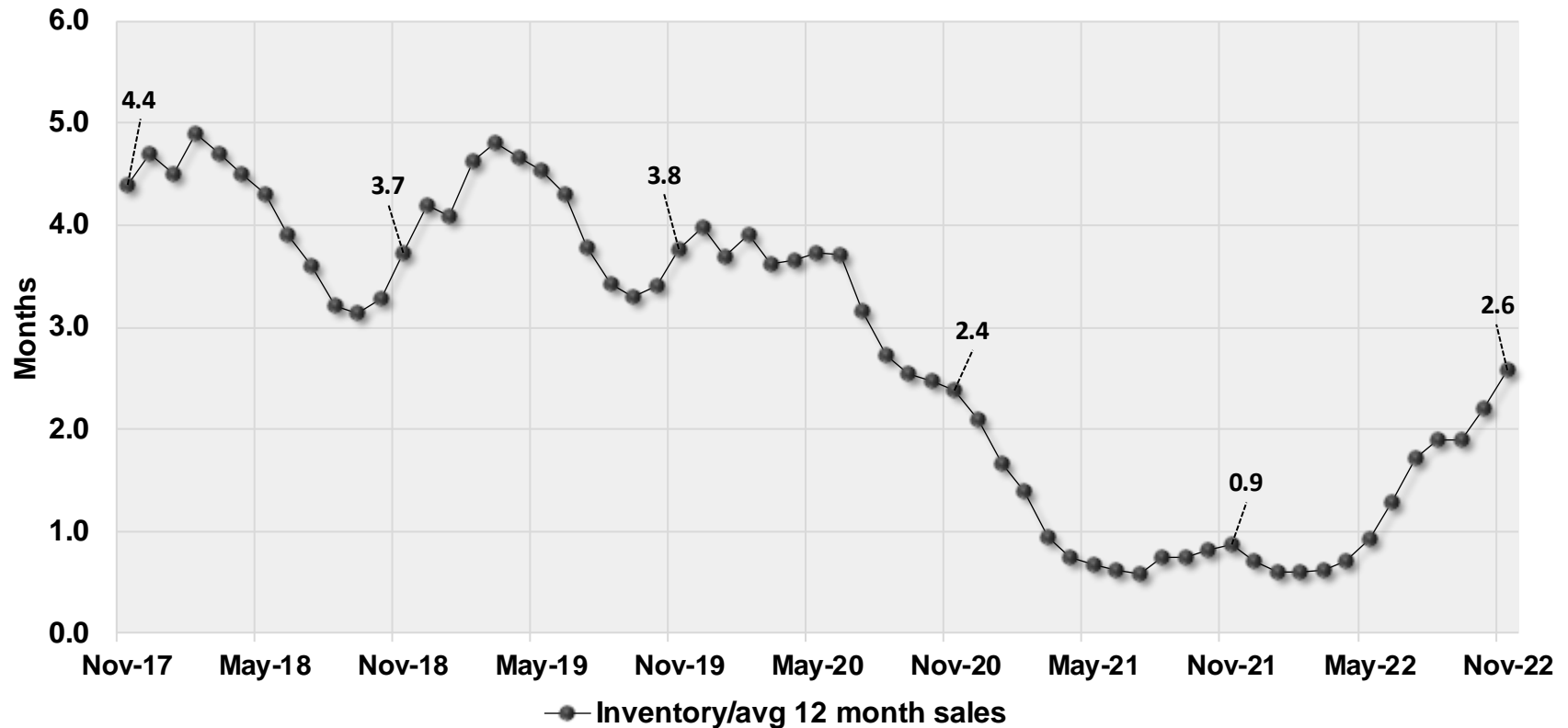
Coachella Valley Total Inventory

On November 1st, Valley inventory stood at 2,048 units, which is 241 units higher than last month and 1,133 more than last year. This monthly increase is again opposite to almost every other California region, where inventory generally declined slightly last month. Some of this increase in the Valley is seasonal and if the pattern continues inventory will probably reach 2,500 units by February. Pre pandemic norms, however, are usually over 3,000 units.

"Months of Sales" Ratio

Coachella Valley

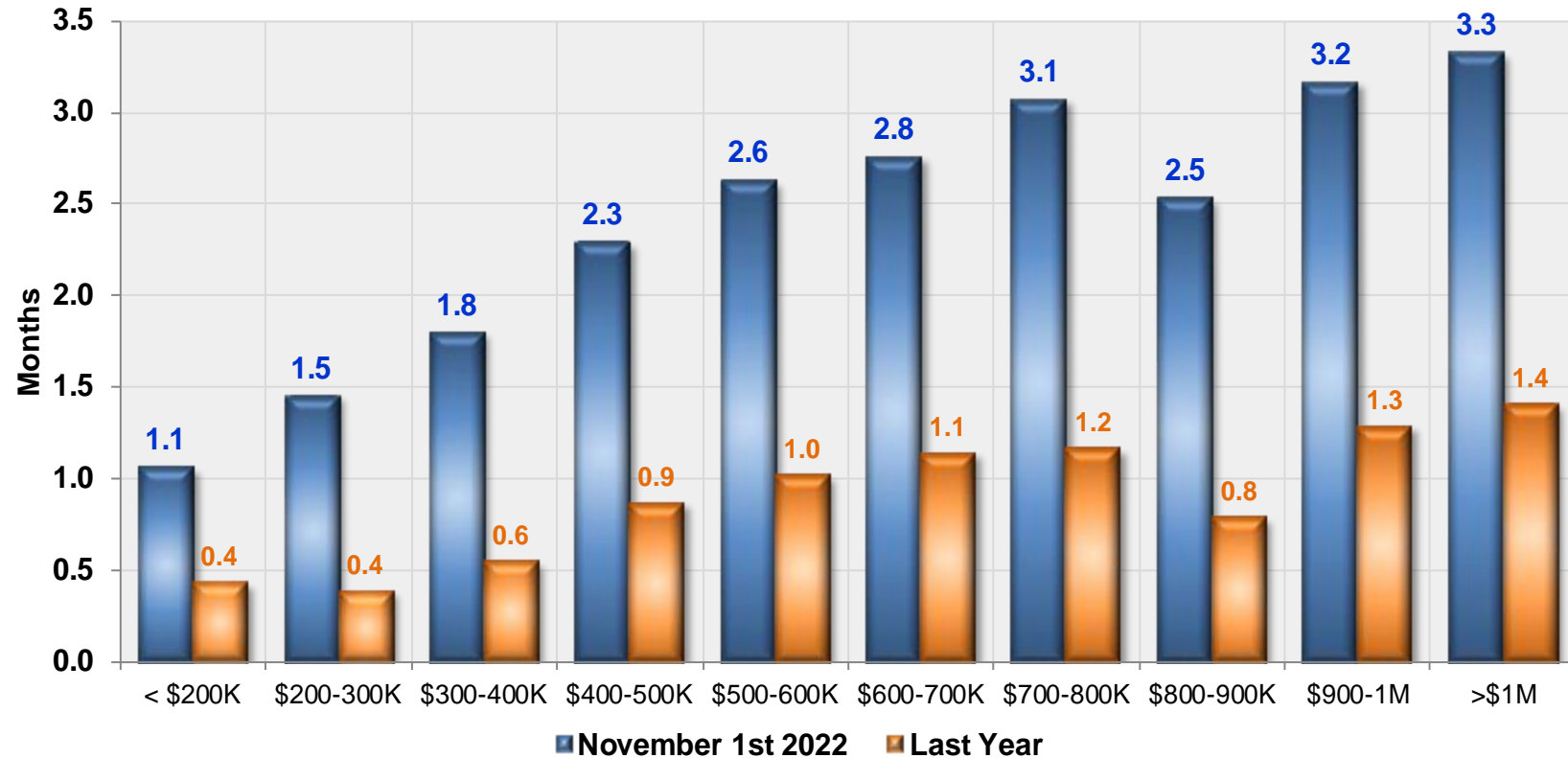
November 1st 2017 - November 1st 2022



Regional "Months of Sales" Ratio

On November 1st, the Valley's "months of sales" ratio was 2.6 months which, like inventory, is higher than last month. The ratio is still considerably below 4.0 months, which is normal for Fall. Even though inventories have been rising and sales falling, the changes are still not enough to bring the ratio back to normal levels. This is important because the "months of sales" ratio measures supply versus demand and a ratio of 2.6 still implies that the balance of supply and demand somewhat favors the seller. Until now this has helped limit any price correction.

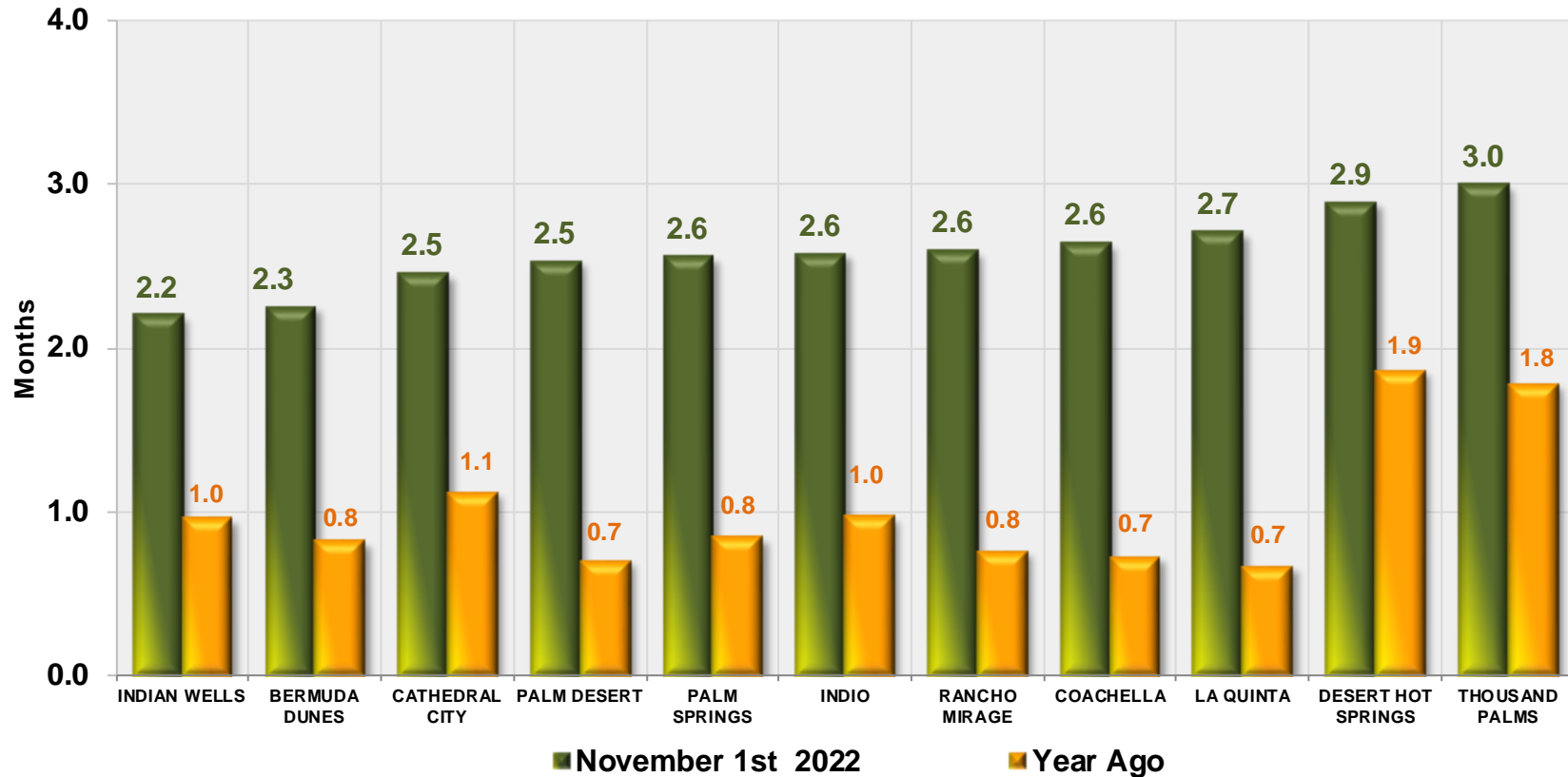
"Months of Sales" by Price Range uses avg. twelve month sales



"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. As the graph clearly shows, ratios in every price bracket far exceed year ago levels. The chart continues to show both the evenness of the inventory recovery, and that the recovery is occurring across all price ranges.

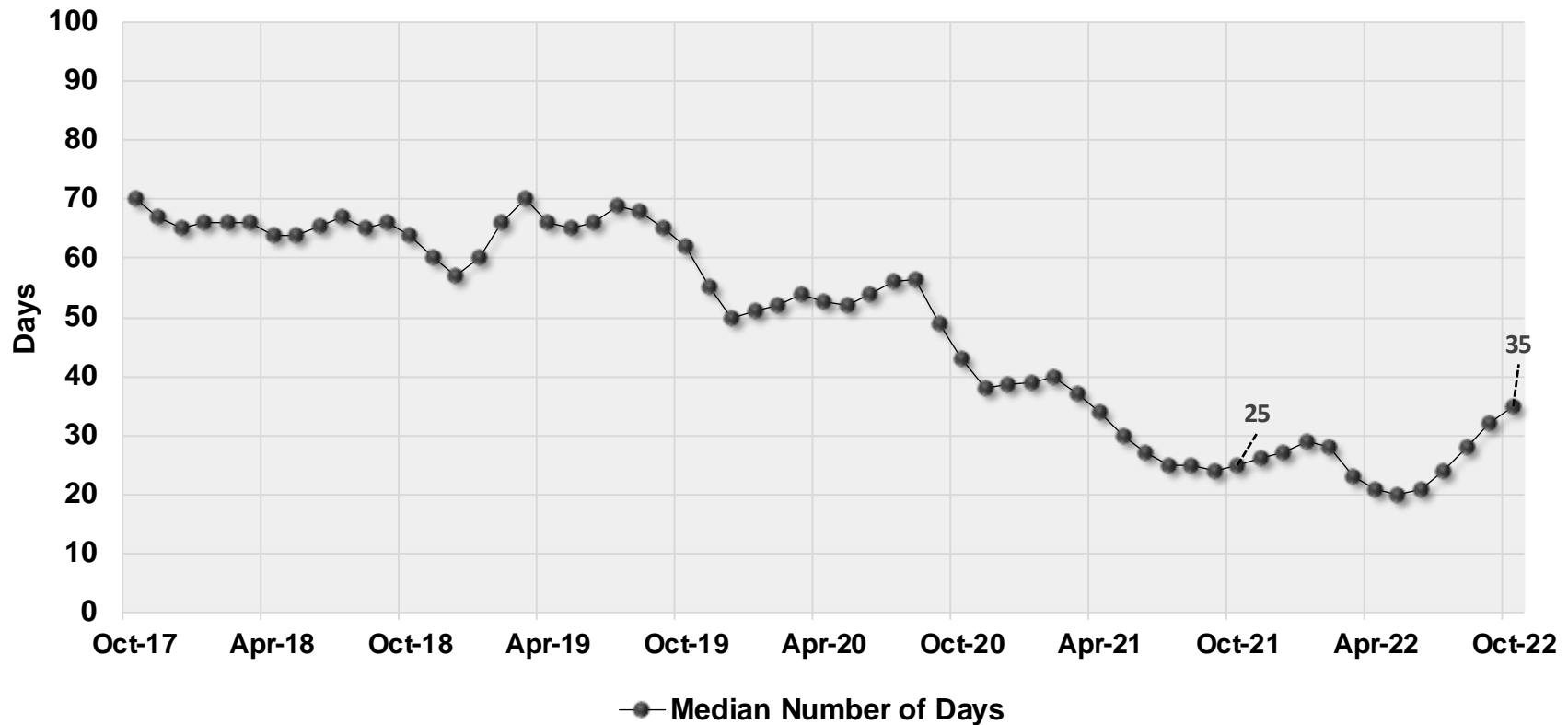
"Months of Sales" by City city inventory divided by average twelve month sales



"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. Indian Wells have the lowest ratios at 2.2 months. The highest ratios are in Desert Hot Springs at 2.9 months and Thousand Palms at 3.0 months. It is again noteworthy how close the ratios are in every city.

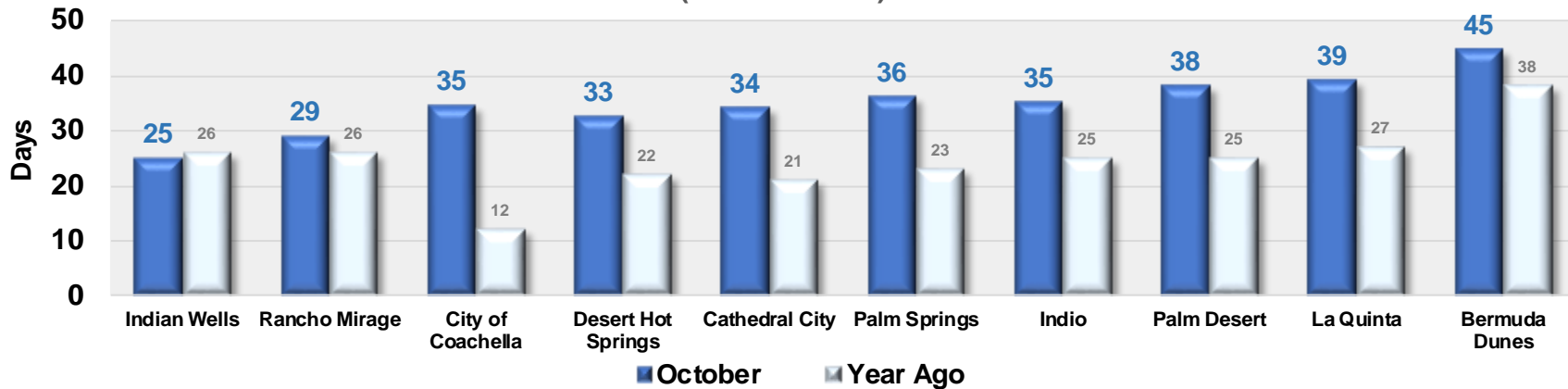
"Days in the Market" Coachella Valley October 2017 - October 2022



Regional "Days in the Market"

The average selling time in the region continues to increase. At the end of October, the median number of "days in the market" throughout the Valley was 35 days, which is ten days more than last year. As we've said, we think we've seen the low in this metric and believe it will rapidly increase back to 50 or 60 days, which is historically "normal" for the region.

"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 city of Indian Wells has the lowest median selling time for detached homes at 25 days, followed by Rancho Mirage now at 29 days. In the attached market, Desert Hot Springs continues to have the shortest selling time at 23 days, followed by Indio at 30 days.

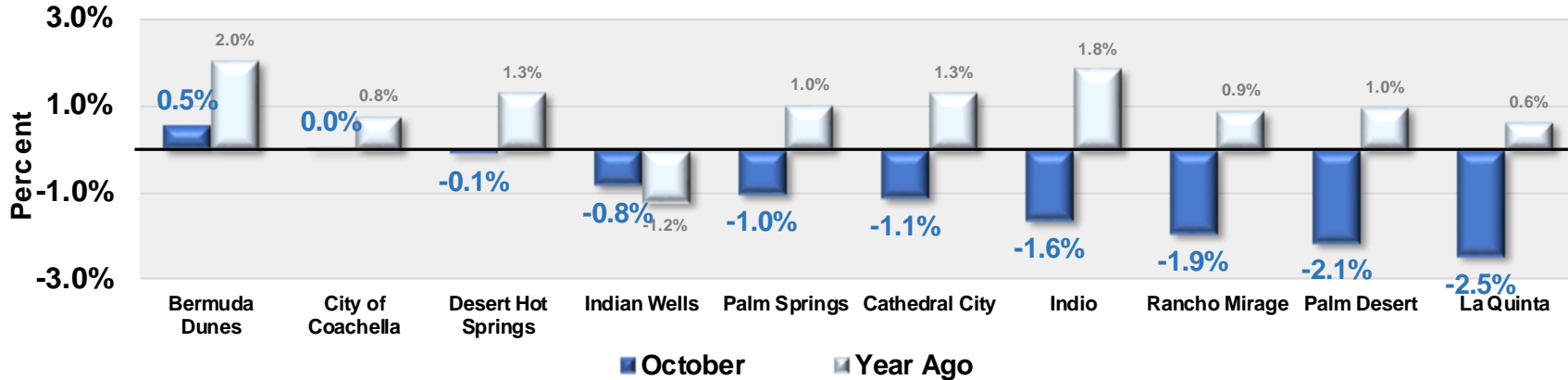
% Homes Selling Over List Price Coachella Valley 2016 - 2022 (October)



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 October, 21.6% of sales occurred above list price compared to 46.2% a year ago. This ratio continues to move back toward its historic norm 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. Currently, only one city has an average selling premium - Bermuda Dunes; all the others have average discounts. In most cities these discounts are running from 1% to 2%.

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 October 1st. Even though inventory may be labeled May inventory, it is the inventory on the 1st 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.