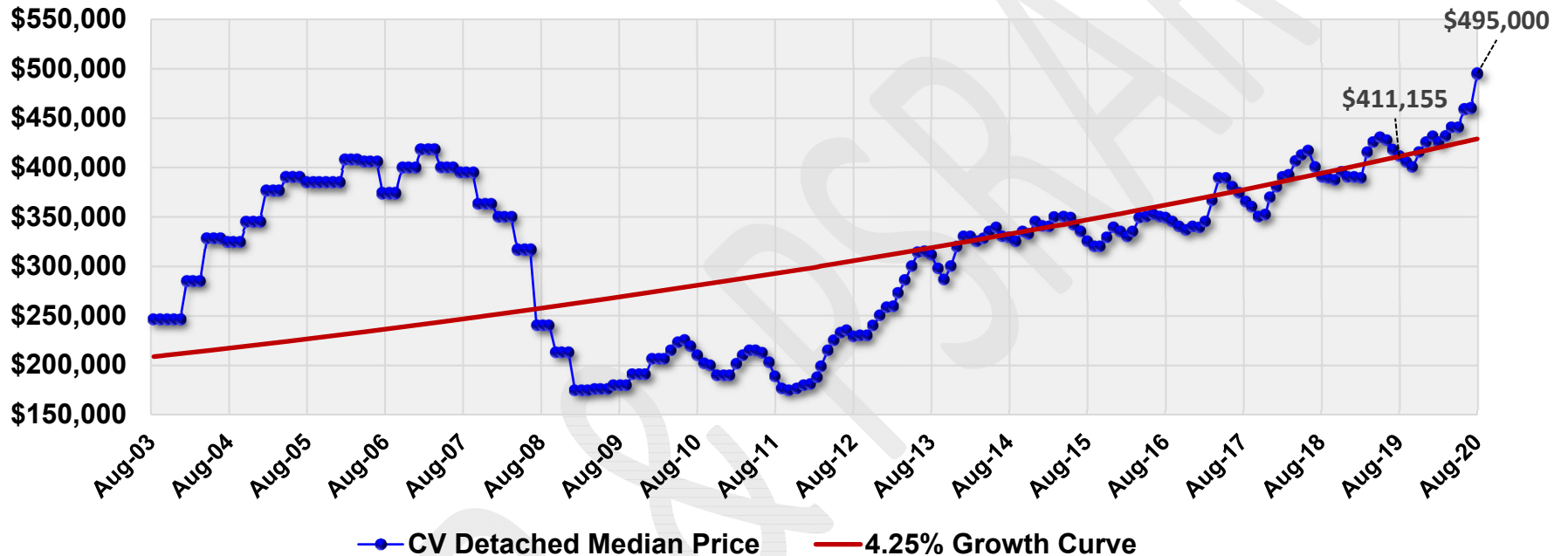


Coachella Valley Median Detached Home Price

August 2002 - August 2020



Summary

The combination of exceptionally low inventory and rising sales is having a profound effect on Valley home prices, especially for detached homes. At the end of August, the median Valley detached home price was \$495,000. This is 20% higher than last year. Since the median value is a statistical calculation, not all of this gain is from price appreciation; 15% is from price gain and the other five percent comes from the fact that this year's grouping of homes in August was 5% larger than last year. The median attached home price in August was \$289,000, up 4% from a year ago. Average total sales over the last 12 months, which takes out all seasonality, is only 3.6% below the average of a year ago. The 12-month average of detached sales is higher by 1.7%, while that of attached homes is down 14%. On September 1st there were only 1,959 homes for sale, the lowest number on record. This low number is one half of the equation that has been driving home prices higher and creating a bidding war situation. The other half is the surging sales. It is over balancing of demand above supply that is creating the price push. Because of growing sales and record low inventory, the "month of sales" ratio is at a record low of 2.5 months.

Coachella Valley Median Attached Price

August 2002 - August 2020

Median Price

\$400,000

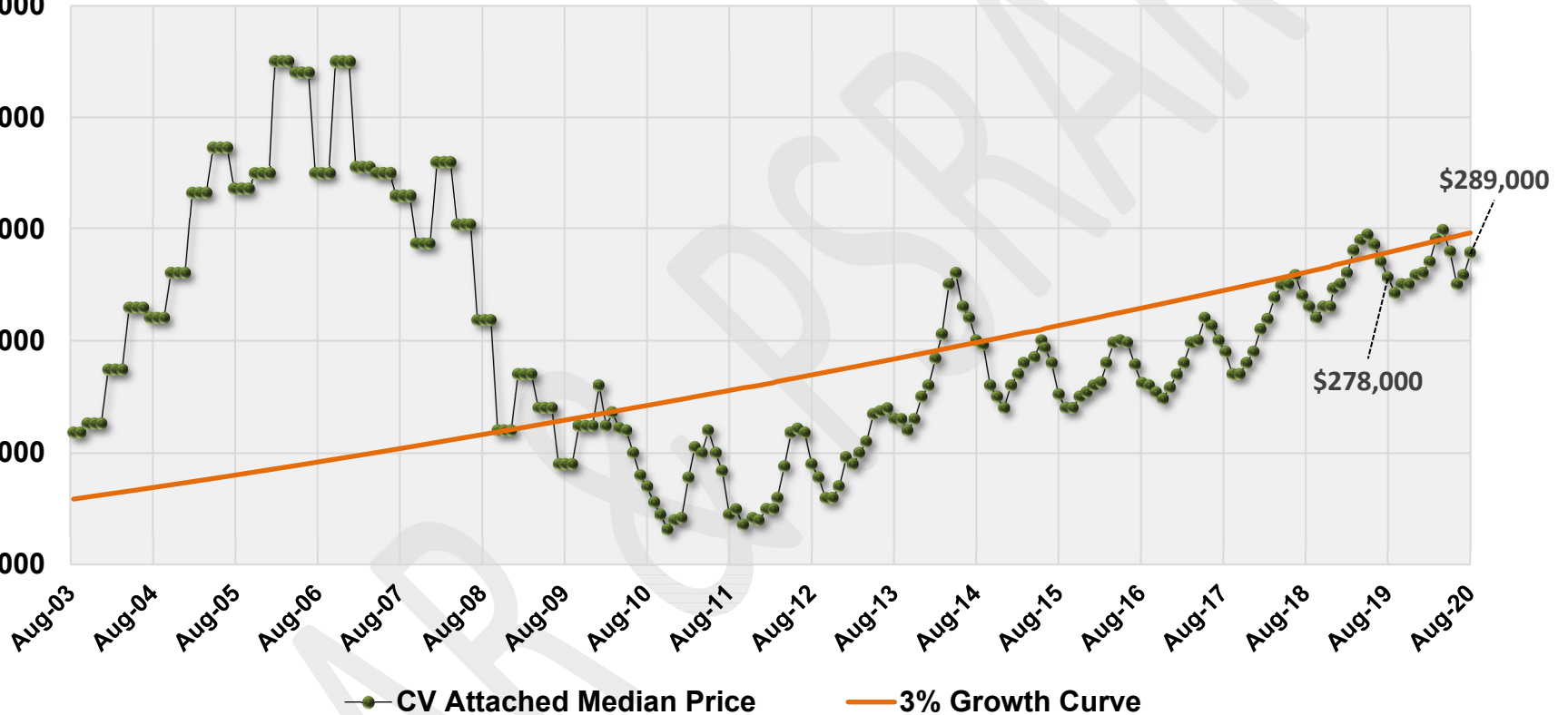
\$350,000

\$300,000

\$250,000

\$200,000

\$150,000



Coachella Valley Attached Median Price

The median attached home price in August was \$289,000, up 4% from a year ago. There is no doubt that price increases of attached homes have been lagging compared to detached homes. However, as the chart clearly shows, we are entering a seasonal period that goes from August to March when attached homes do very well indeed. It could be that the large price increase that occurred last month may be the beginning of a change in this underperformance.



The Desert Housing Report

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Detached Homes

City	Aug-20	Year Ago	12 mo change	2011 Low	Gain off 2011 Low	2006 High	% from High
La Quinta	\$600,000	\$469,000	27.9%	\$245,000	144.9%	\$682,020	-12.0%
Palm Desert	\$476,225	\$428,500	11.1%	\$287,000	65.9%	\$543,000	-12.3%
Palm Springs	\$723,750	\$659,000	9.8%	\$335,000	116.0%	\$600,000	20.6%
Cathedral City	\$384,750	\$357,318	7.7%	\$139,000	176.8%	\$395,000	-2.6%
Desert Hot Springs	\$256,500	\$240,000	6.9%	\$85,000	201.8%	\$295,000	-13.1%
Indio	\$358,423	\$340,000	5.4%	\$158,500	126.1%	\$380,500	-5.8%
City of Coachella	\$295,000	\$285,450	3.3%	\$121,950	141.9%	\$335,000	-11.9%
Rancho Mirage	\$685,000	\$723,000	-5.3%	\$423,000	61.9%	\$950,000	-27.9%
Indian Wells	\$876,500	\$1,100,000	-20.3%	\$540,000	62.3%	\$1,205,000	-27.3%

Attached Homes

City	Aug-20	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
La Quinta	\$382,500	\$339,100	12.8%	\$265,000	44.3%	\$532,500	-28.2%
Palm Springs	\$270,000	\$245,000	10.2%	\$150,000	80.0%	\$350,000	-22.9%
Palm Desert	\$306,250	\$297,000	3.1%	\$175,000	75.0%	\$410,000	-25.3%
Rancho Mirage	\$347,475	\$362,500	-4.1%	\$260,000	33.6%	\$510,000	-31.9%
Cathedral City	\$189,500	\$206,500	-8.2%	\$107,500	76.3%	\$270,500	-29.9%
Indio	\$178,500	\$200,000	-10.8%	\$75,000	138.0%	\$279,000	-36.0%
Indian Wells	\$372,000	\$427,500	-13.0%	\$321,500	15.7%	\$557,500	-33.3%
Desert Hot Springs	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

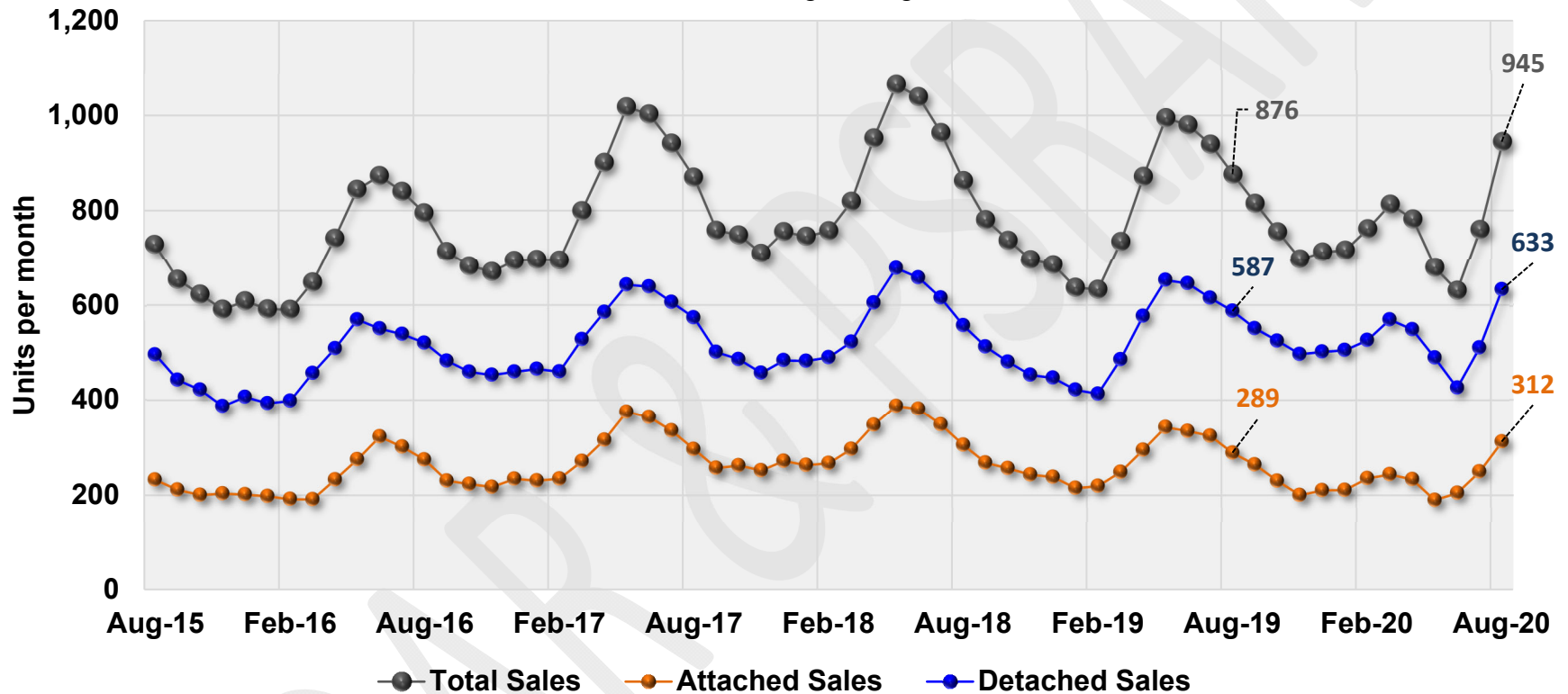
12 Month Change in City Median Prices

These tables compare the median price of detached and attached homes in the nine major cities of the Coachella Valley. They confirm what we saw in the previous two charts: that detached homes are doing better price-wise than attached. As the tables clearly show the city of La Quinta is doing extraordinarily well, not only price-wise, but also in growing sales. So is Palm Desert and Palm Springs, with the latter's median price now 20% above the all-time highs made during the bubble years of 2004-06. Attached homes show mixed results with three cities above year ago prices while four are lower.

Detached, Attached and Total Sales

August 2015 - August 2020

3 month moving average



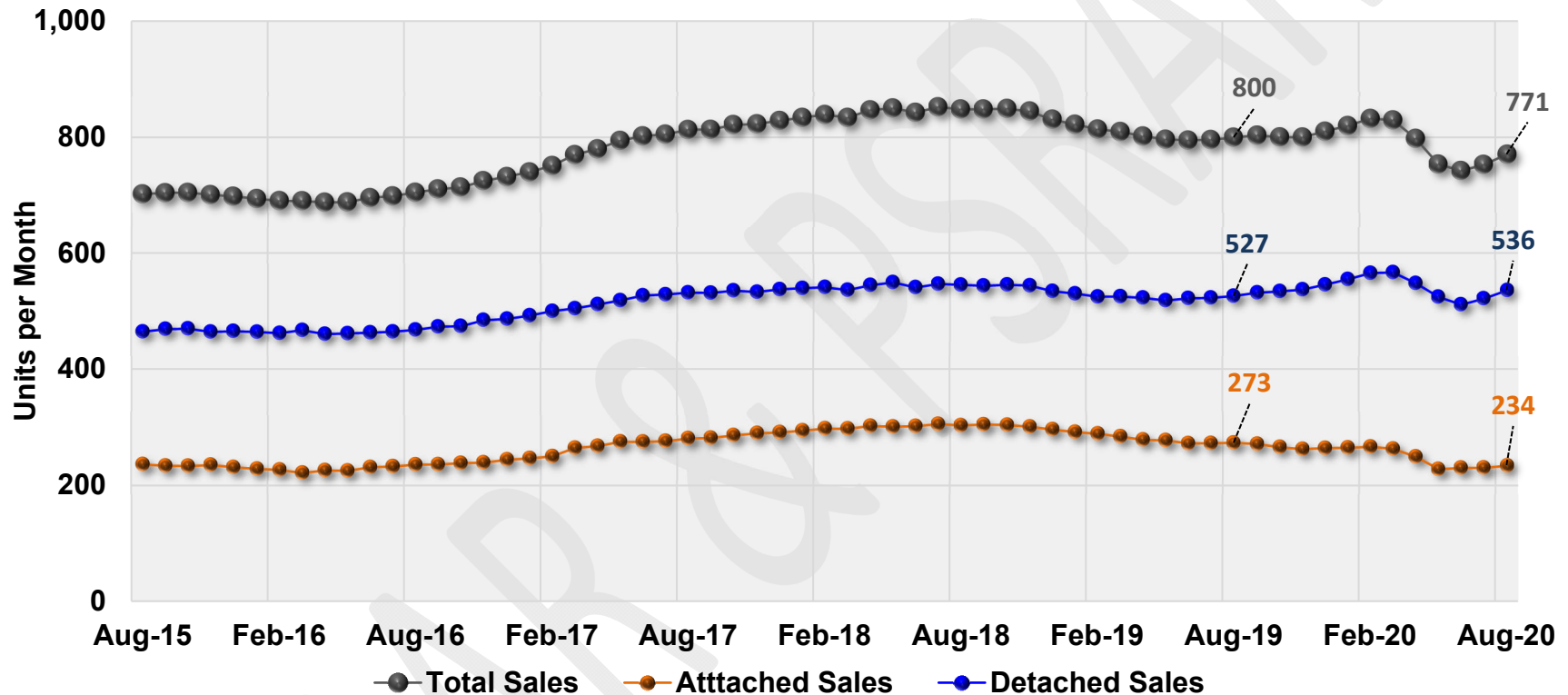
Monthly Sales – 3-month trailing avg.

As the three-month sales chart clearly shows, sales have been surging in the region after the three month quarantine decline (a more detailed picture of this will be found in the accompanying COVID-19 report). What is most surprising is that this surge is occurring during the normally slow period of the year and it has brought sales of both detached and attached homes 8% above last August levels.

Detached, Attached and Total Sales

August 2015 - August 2020

12 month moving average

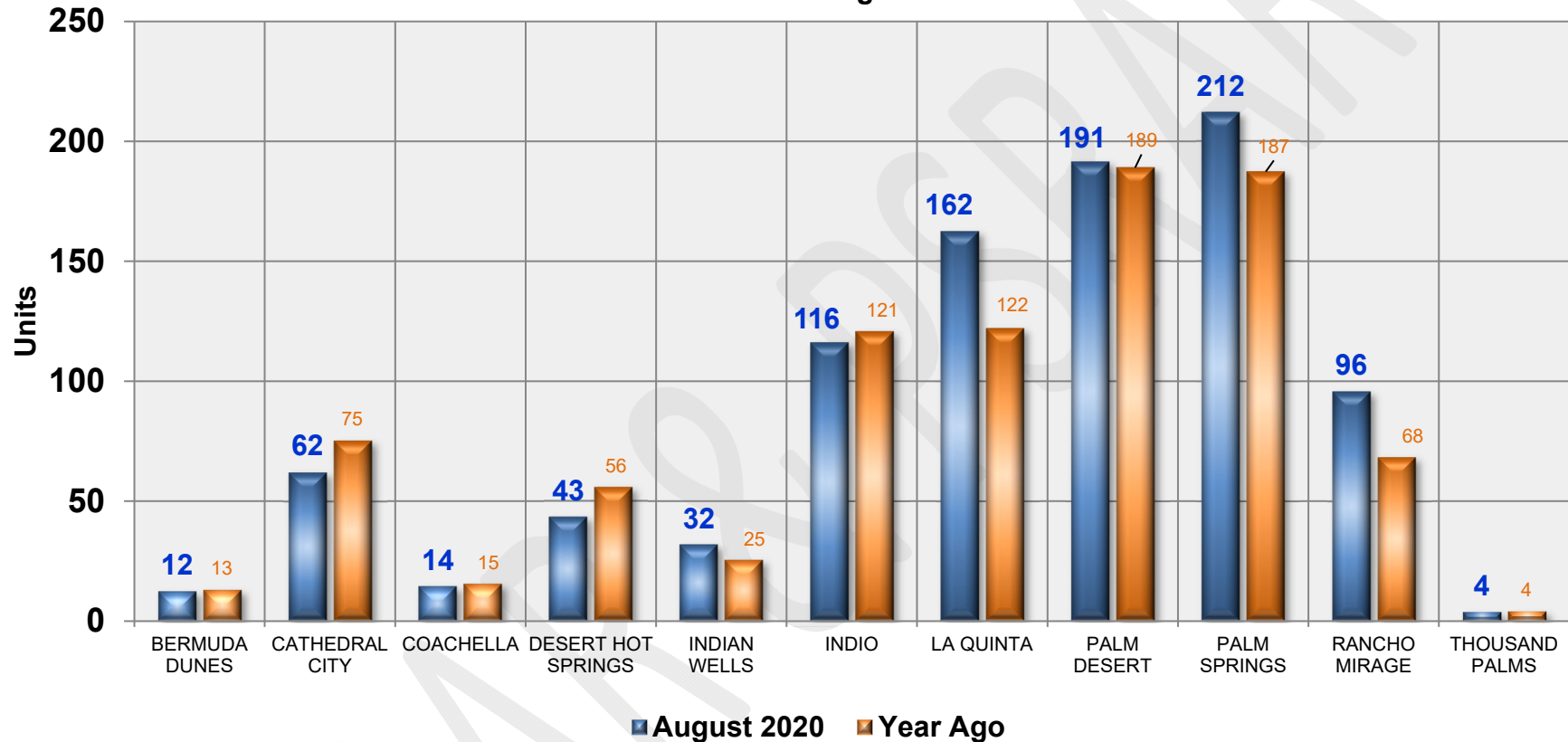


Monthly Sales – 12-month trailing avg.

Average total sales over the last 12 months, which takes out all seasonality, is only 3.6% below the average of a year ago. The 12-month average of detached sales is higher by 1.7% while that of attached homes is down 14%. These long-term numbers highlight what we already know about these two markets – that current demand for detached homes appears to be greater than that for attached homes.

Home Sales by City

3 month avg sales

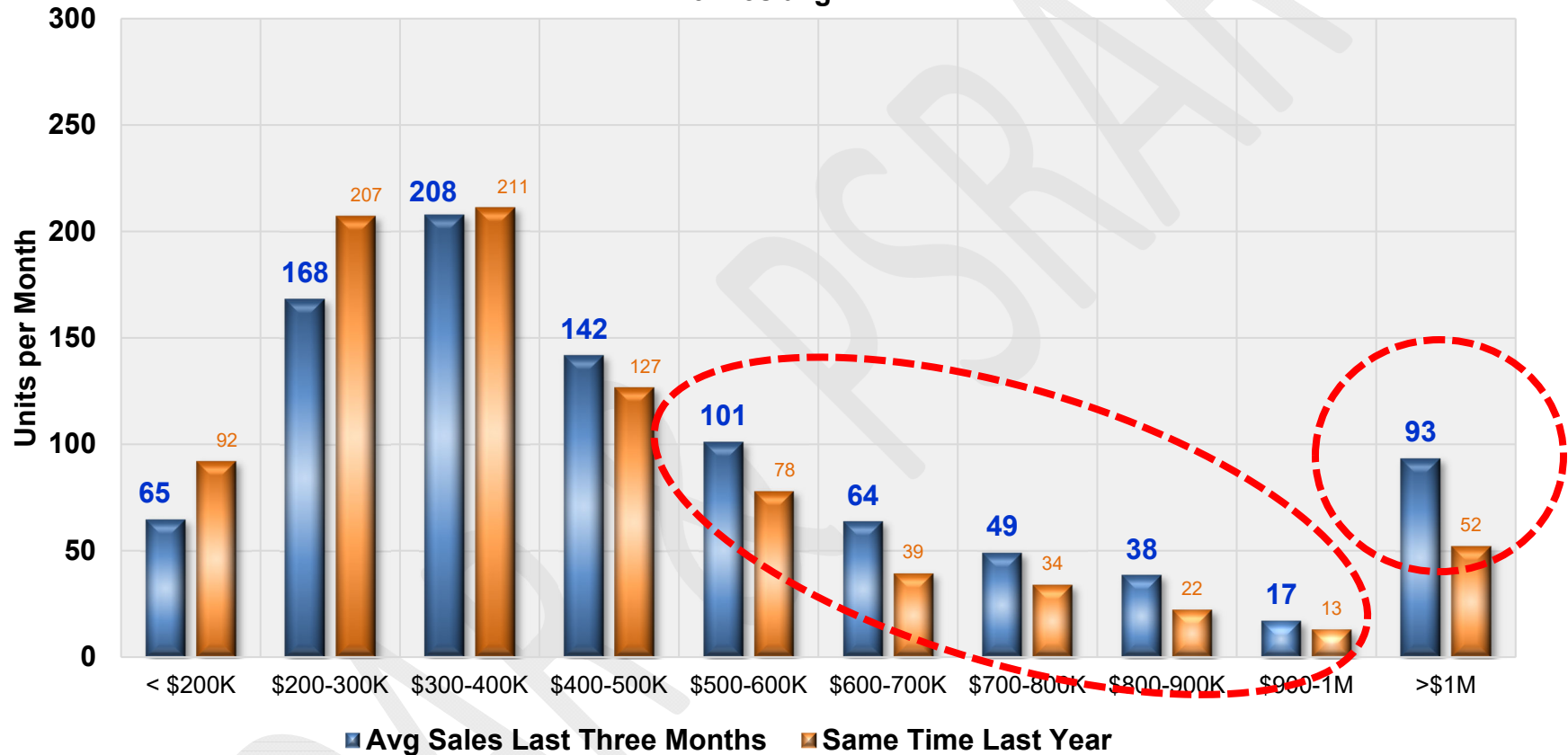


Home Sales per month by City

This graph compares average three-month sales to year ago levels in 11 cities. It is clear from the graph that three cities – La Quinta, Palm Springs and Rancho Mirage – are registering greater sales than year ago levels. La Quinta sales are up 32% while Rancho Mirage sales are up 41%. The increase of sales in La Quinta correlates with the large year-over-year price increase in that city.

Home Sales by Price Range

3 mos avg

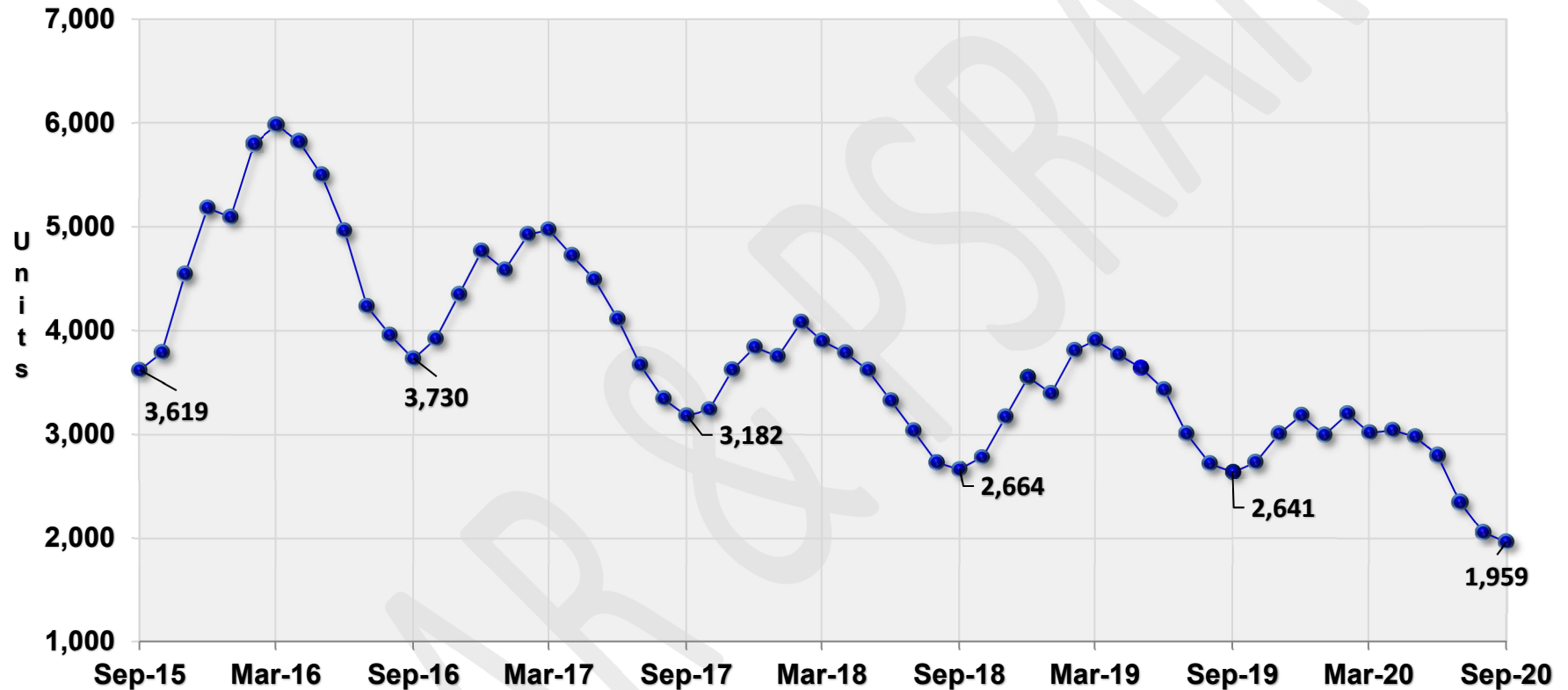


Home Sales by Price Range

When we measure sales in different price brackets, we find the largest sales declines are in lower priced homes, specifically homes priced under \$300,000. This is due primarily to low sales of condominiums, which are primarily in this price range. The increase in sales is primarily in homes priced over \$500,000 and, in particular, for homes priced over a million dollars. We have indicated these two situations on the graph by a dashed red oval and a dashed red circle.

Valley Housing Inventory

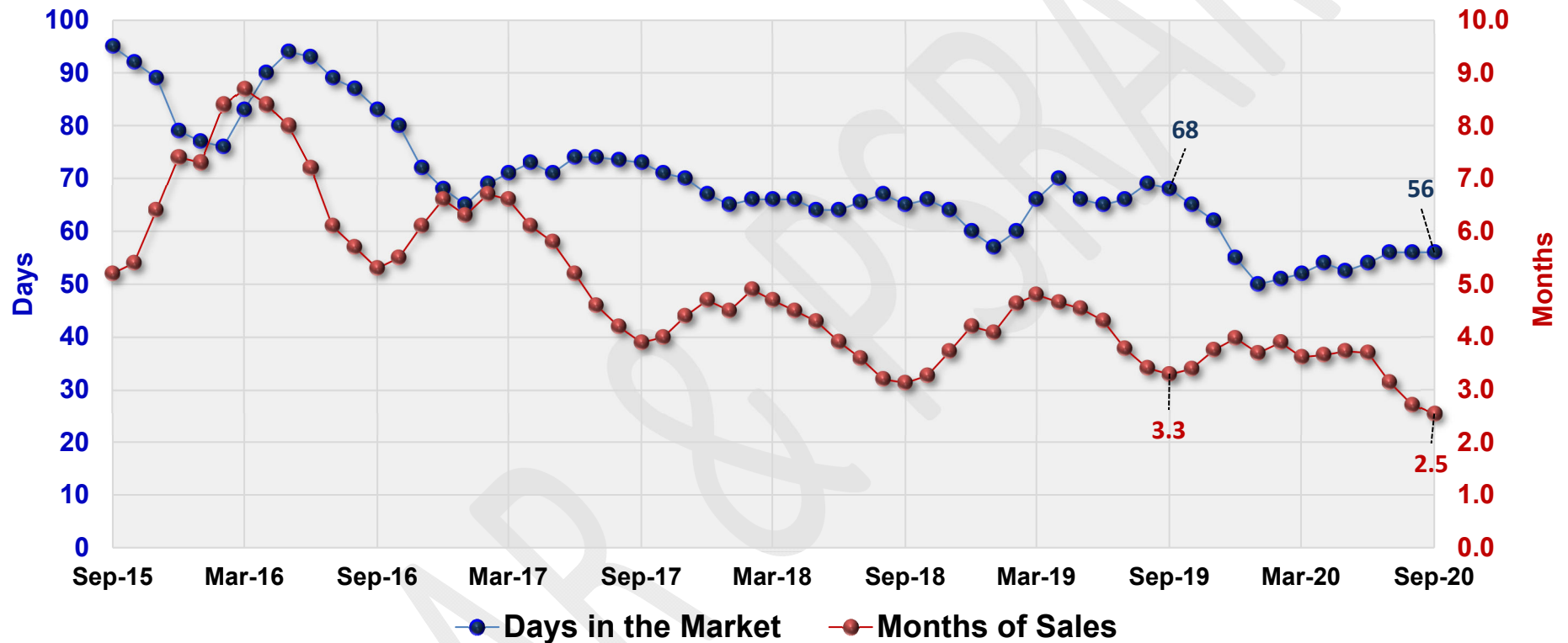
Sept 1st 2016 - Sept 1st 2020



Coachella Valley Inventory

Valley inventory continues to establish new historic lows. On September 1st there were only 1,959 homes for sale. This compares to 2,641 last September, 2,664 the year before and 3,182 the year before that. This low number is one half of the equation that's been driving home prices higher and creating "bidding wars." The other half is surging sales. It is over balancing of demand above supply that is creating the price push.

Days on the Market & Months of Sales September 1st 2015 - September 1st 2020

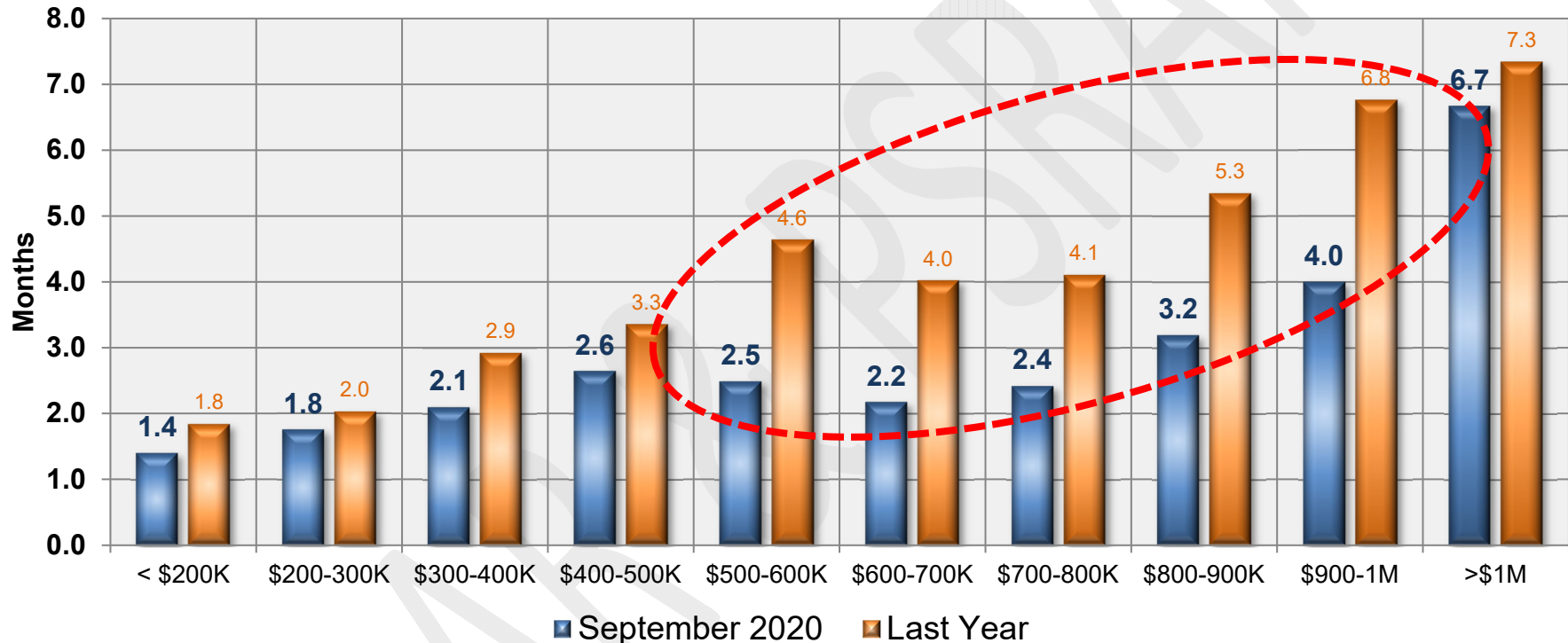


“Days in the Market” and “Months of Sales”

Because of growing sales and record low inventory, the “month of sales” ratio is now at a record low of 2.5 months. This compares to 3.3 months a year ago. While there are broad acceptable bands for this ratio there is no absolute number that is good for all regions; each region must establish what is a normal ratio for that region. In the Coachella Valley it’s between four and six months, so a ratio of 2.5 months is very good indeed. This is confirmed by median value of 56 days for “days in the market”, which is the lowest number of days in the last five years.

"Months of Sales" by Price Range

uses avg. twelve month sales
September 1st 2020

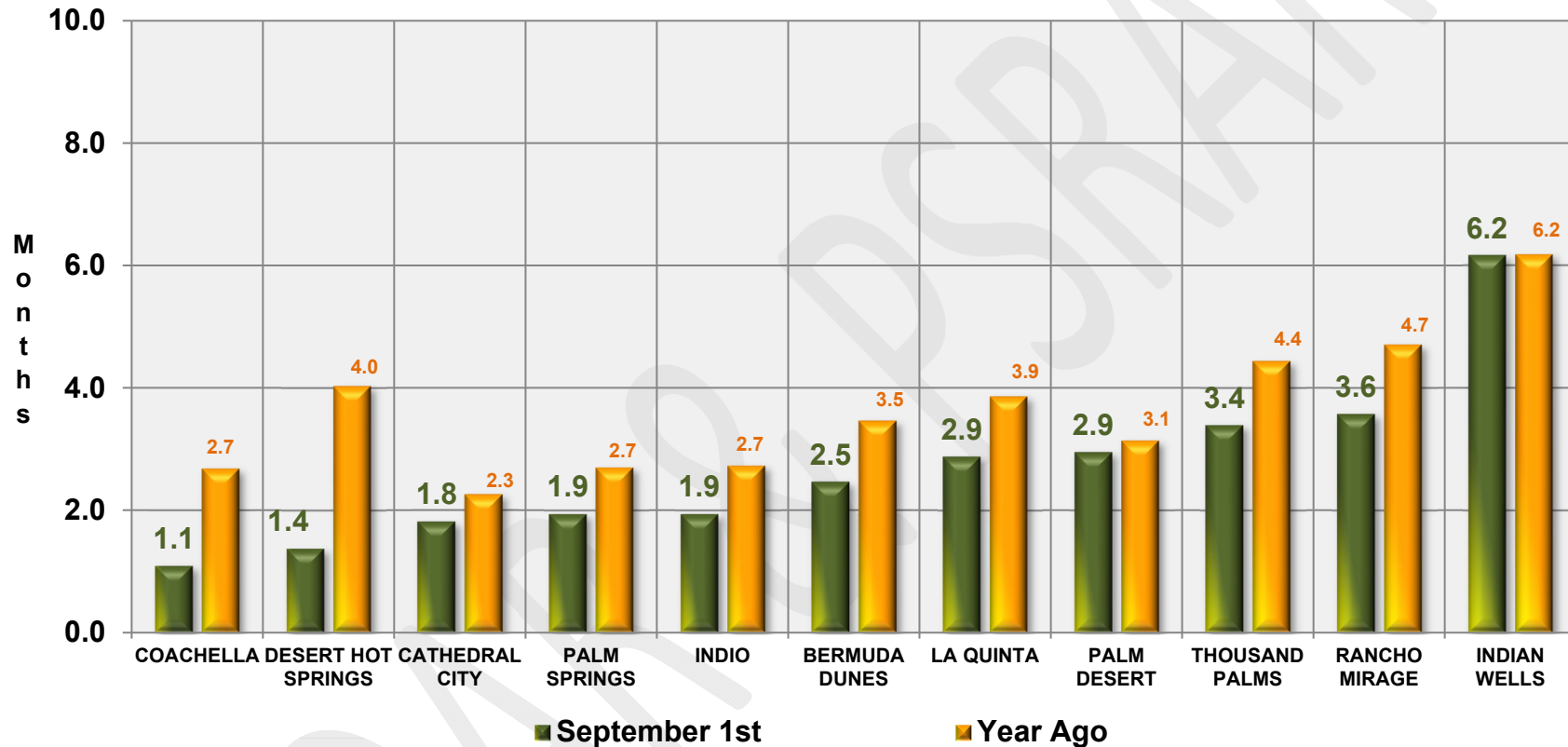


"Months of Sales" by Price Range

The "months of sales" ratio in each price bracket is lower than the previous year's values. This is particularly true for homes priced between \$500,000 and \$1 million. We have indicated these brackets by a red dashed oval. We also want to point out that the ratio is under three months in every price bracket up to \$800,000 and, between \$800,000 and \$900,000, it is only 3.2 months. This shows the strength in the Valley's housing market is broad-based along all price categories.

"Months of Sales" by City

city inventory divided by average twelve month sales

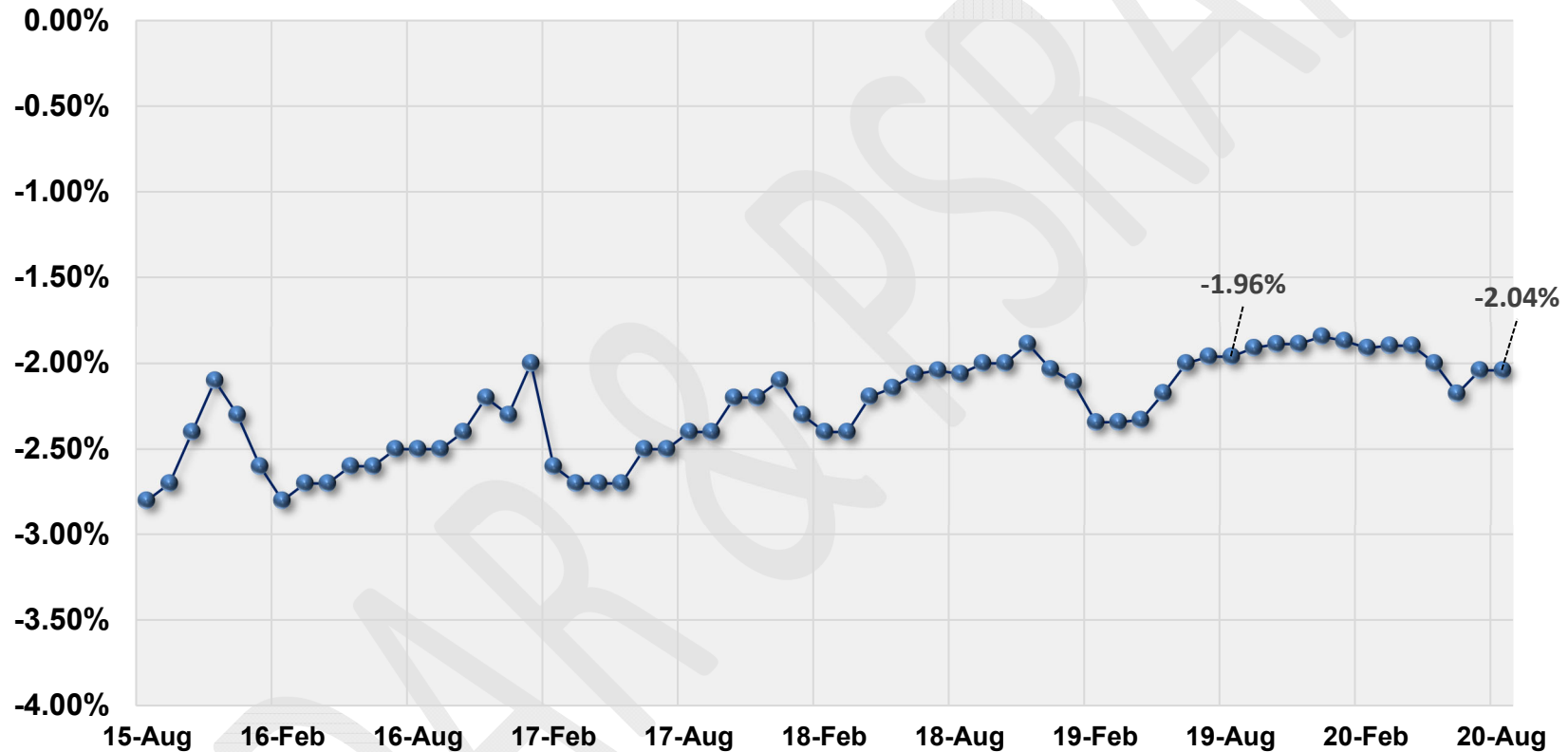


"Months of Sales" by City

On September 1st, the "months of sales" ratio in the region's eleven cities registered the same or an improved ratio compared to a year ago. Eight cities had ratios under three months. It is particularly noteworthy that Palm Springs has a ratio of 1.9 months even though there are many homes near the million-dollar level, and it is a known fact that areas with higher priced homes usually have high ratios.

Sales Price Discount from List

August 2015 to August 2020



Sale Price Discount from List

The August median value for “Sale Price Discount from List” was -2.04%, which is just a little higher than a year ago. The current reading implies that an average home in the region offered at \$400,000 sold for \$391,840.



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Explanation and Description of Market Watch's Graphs and Calculations

Prices: Except for our attached price index, all city and regional median prices are for single family detached homes only. All prices are the median value for all transactions over the last three months (except for Indian Wells, which is twelve months due to the small number of monthly sales). For example, the median price for the month of May will be the median value of all sales in March, April and May of detached homes. This longer time period 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 numbers are the sum of both attached and detached home sales. 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 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. It is the sum of inventory of both attached and detached homes. 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 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.

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 sized homes.

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