



The COVID-19 Desert Real Estate Report

July 31st, 2020

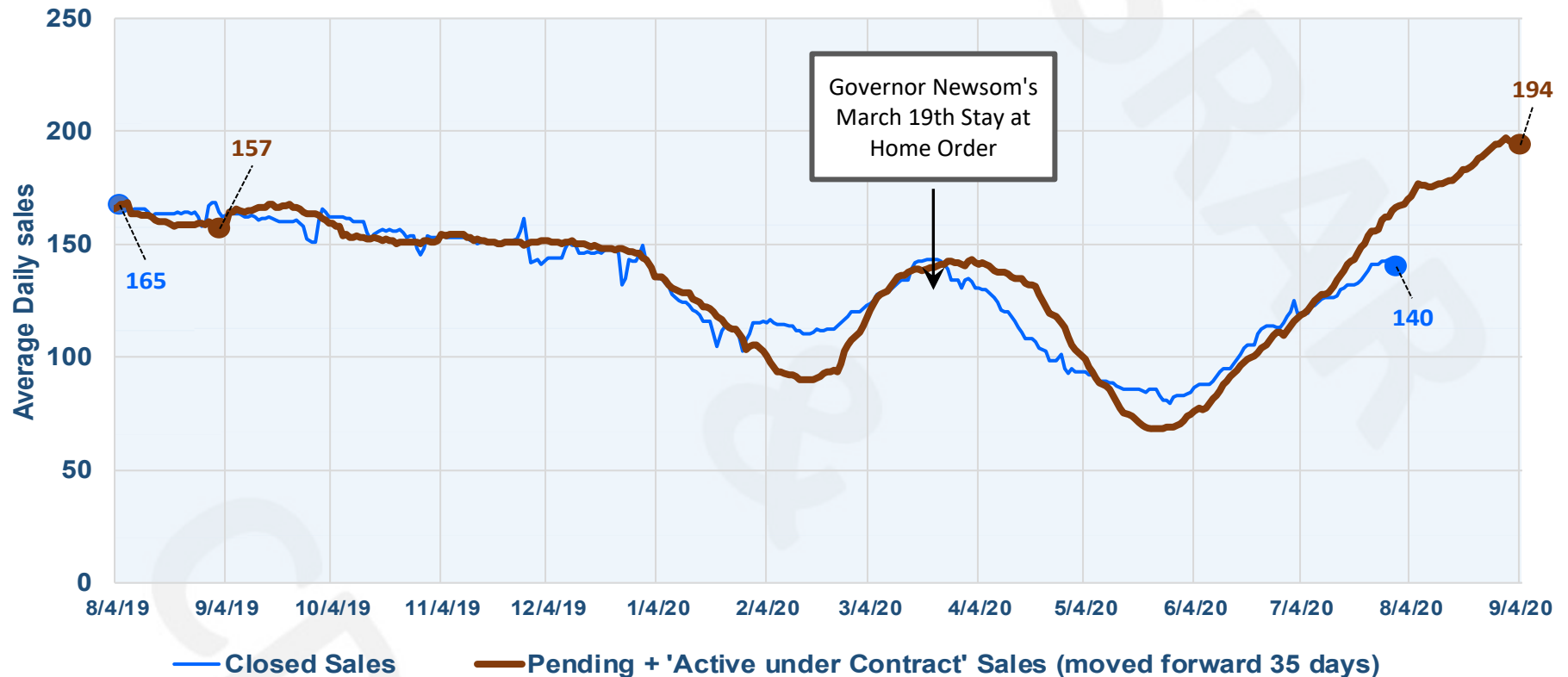


The COVID-19 Desert Real Estate Report is supplemental to the monthly Desert Housing report. It was recognized that a standard housing report would be insufficient to describe the rapidly changing market conditions due to the Coronavirus and general quarantine, so shorter-term housing metrics were developed that we believe indicate changing market conditions on a daily basis. They're based on a 28-day average. A full explanation behind these shorter metrics is found on the last page.

All calculations are made from MLS data available at the time of the calculation as there is no way to allow for a slow response time of some agents to update the status of a listed home. Because of this, summary sales calculations made today may differ from the same summary calculation made later.

Market Watch LLC

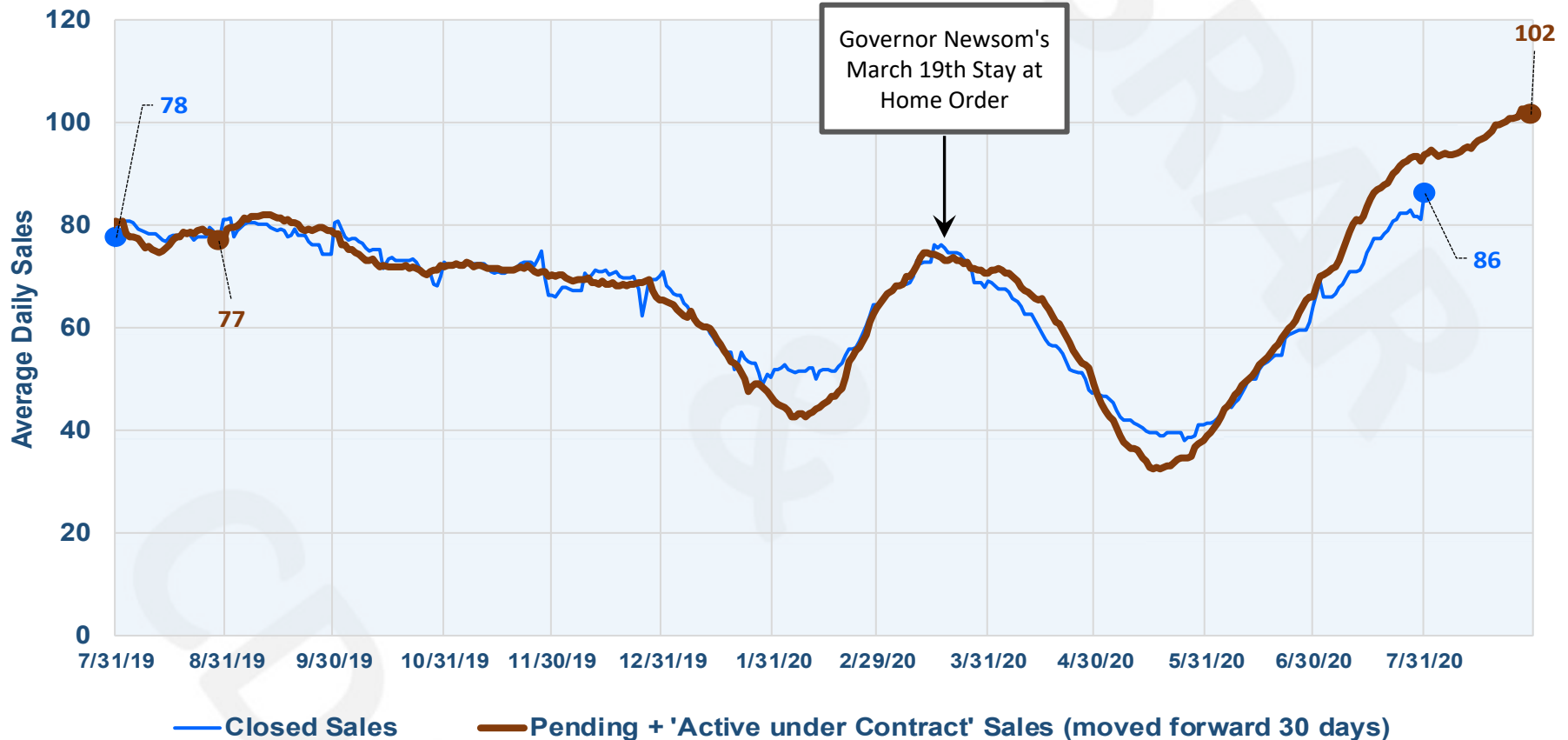
Average Daily Sales Los Angeles County 1 year



Average Daily Sales

To show how well the Coachella Valley housing market is doing compared to other regions, we present in these first two charts closed and pending sales for both Los Angeles County and Orange County. Because average escrow times in these two counties are between 30 to 35 days, by moving pending and "active under contract" sales forward by 35 days, pending sales becomes a tremendous forecasting tool for closed sales. The chart shows that Los Angeles County is experiencing a strong recovery. While closed sales are currently 15% below year ago levels, pending sales are 23% ahead of last year. This means that closed sales in Los Angeles County will likely move ahead of last year sales by 20% within a month.

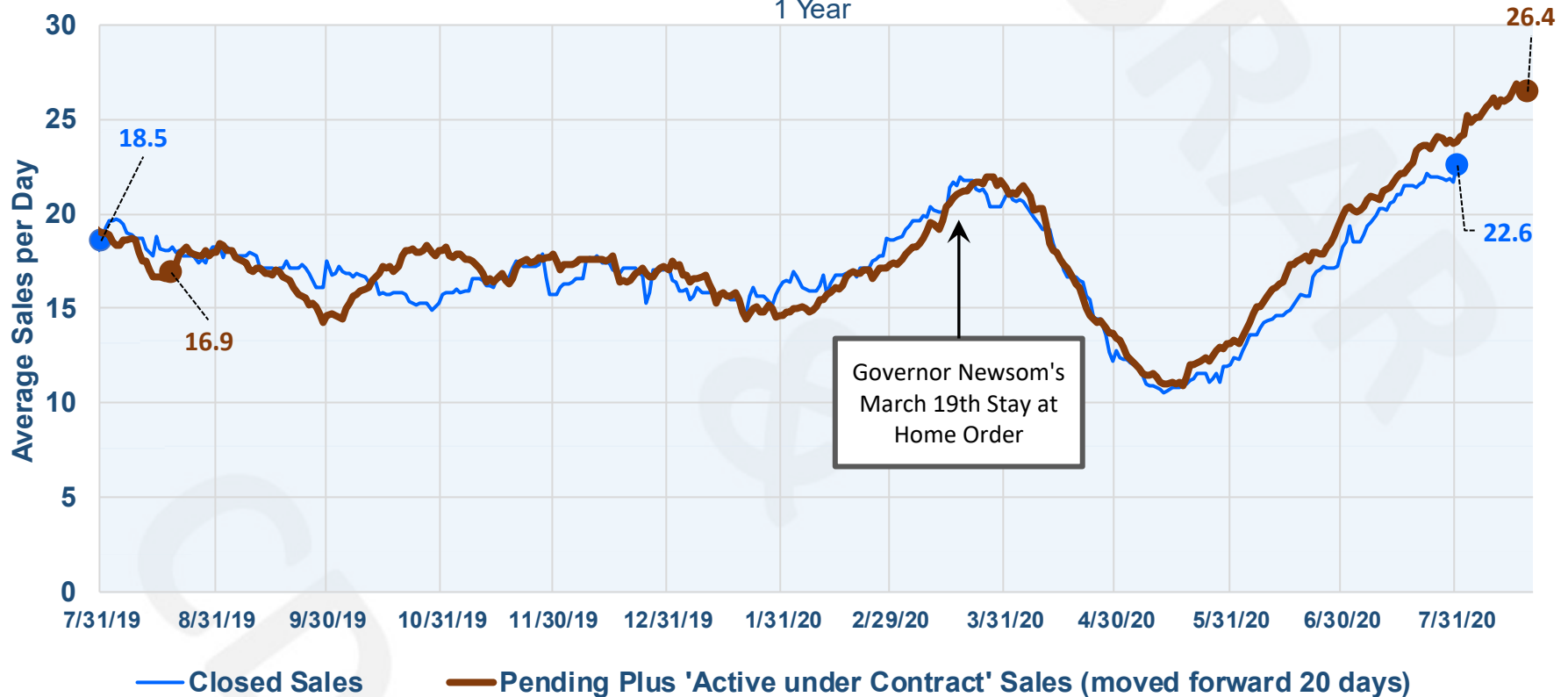
Average Daily Sales Orange County 1 year



Average Daily Sales

Orange County shows a similar recovery pattern to Los Angeles County. In this case, however, closed sales are 10% above year ago levels. The sum of pending and "active under contract" sales, moved forward 30 days, indicates that total closed sales should continue to grow over the next month, probably reaching an increase of 30% above year ago levels.

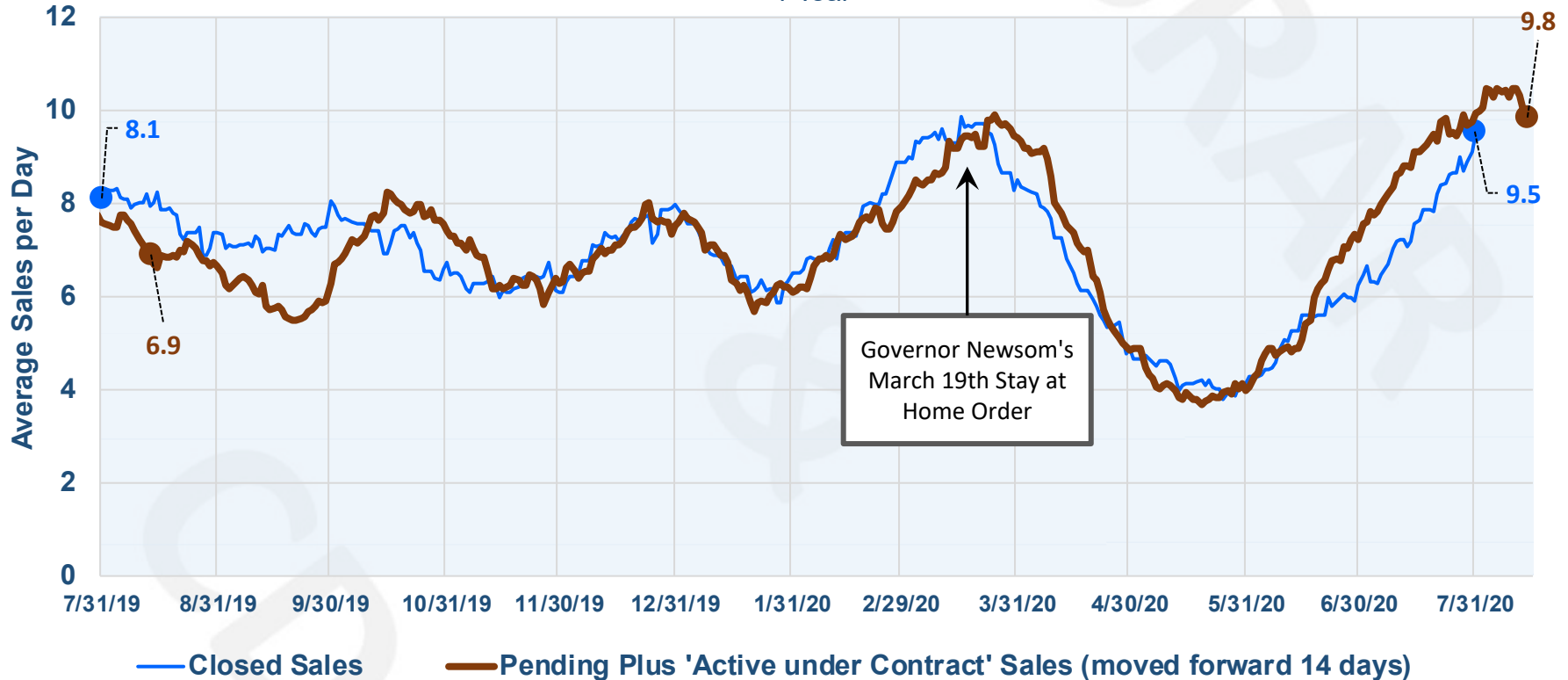
Average Daily Sales SFR Coachella Valley 1 Year



Average Daily SFR Sales

In the Coachella Valley escrow times for detached homes average 20 days, so pending sales are moved forward accordingly. As the chart clearly shows, Valley sales of SFR's have been surging. At the end of July closed sales of single-family residences were averaging 22.6 units a day, which is 22% above year ago and the highest number for the entire year. Pending sales are 56% above year ago levels, which means closed sales should probably rise another 20% to 25% over the next couple of weeks. These are truly amazing numbers considering we're in the middle of a national pandemic.

Average Daily Sales CONDOS Coachella Valley 1 Year



Average Daily Condo Sales

This chart shows that Valley sales for condominiums are also surging. Closed sales in July, at 9.5 units a day, were 17% ahead of last year. Because of the large number of cash purchases for condominiums, average escrow periods are only 14 days. As the chart shows, pending sales (plus 'active under contract' homes with a pending sales date) are 42% above year ago levels.



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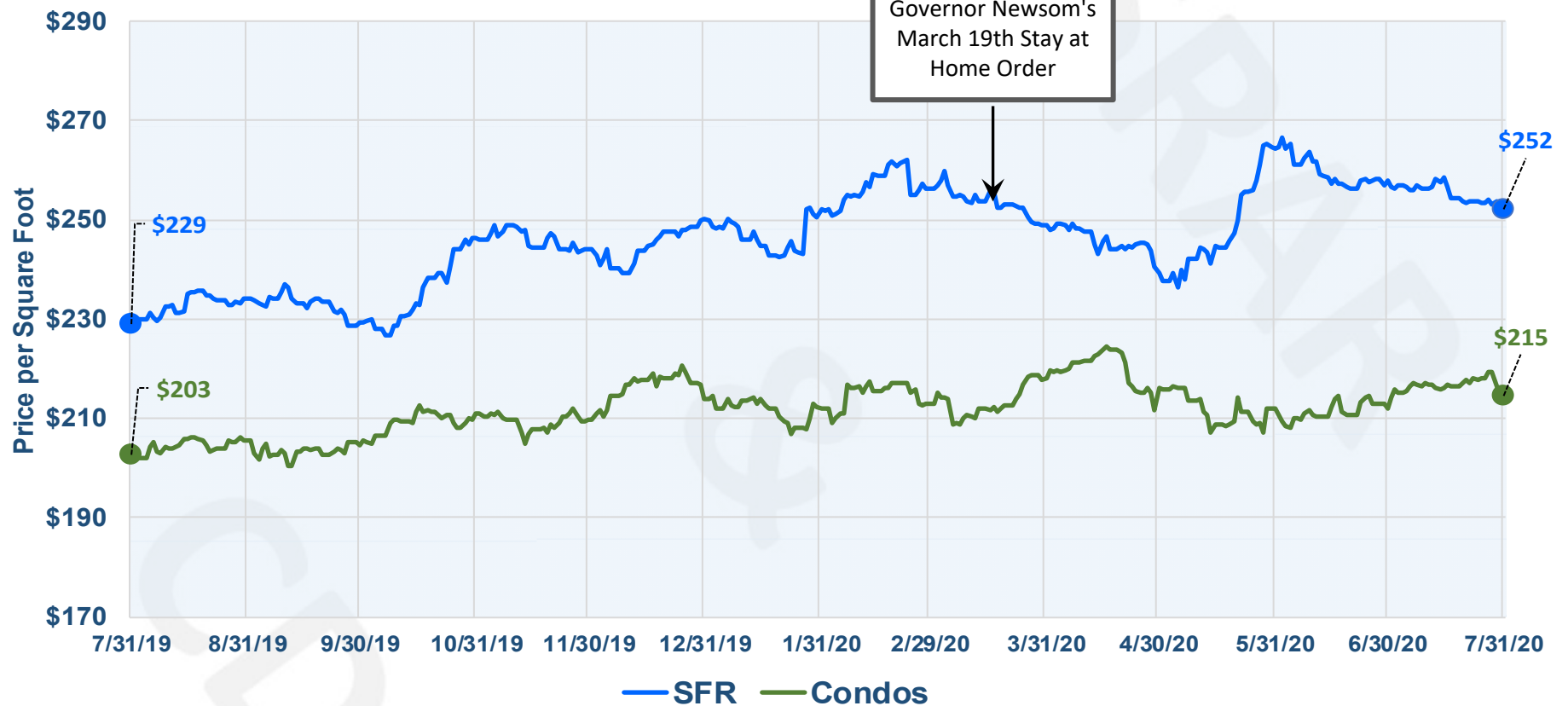
Average Weekly Pending Plus 'Active under Contract' Sales - by City

	SFR			CONDO			ALL HOMES		
	July 31st	Year Ago	%Change	July 31st	Year Ago	%Change	July 31st	Year Ago	%Change
Cathedral City	13.8	10.8	27.9%	3.8	3.8	0.0%	17.8	14.8	20.3%
City of Coachella	4.8	3.5	35.7%	0.0	0.0	N/A	4.8	3.5	35.7%
Desert Hot Springs	11.3	8.5	32.4%	0.0	0.3	N/A	11.3	9.5	18.4%
Indian Wells	7.5	3.3	130.8%	1.3	1.0	25.0%	8.8	4.3	105.9%
Indio	32.3	24.5	31.6%	1.8	3.3	-46.2%	34.5	27.8	24.3%
La Quinta	34.5	18.5	86.5%	7.5	4.3	76.5%	42.0	22.8	84.6%
Palm Desert	32.3	25.5	26.5%	21.5	16.0	34.4%	54.0	41.8	29.3%
Palm Springs	33.0	14.5	127.6%	26.8	14.3	87.7%	61.0	29.8	105.0%
Rancho Mirage	15.8	9.3	70.3%	6.3	4.0	56.3%	22.3	13.5	64.8%
CV TOTAL	185.0	118.3	56.4%	68.8	47.0	46.3%	256.3	168.0	52.5%

Weekly Pending Sales by City

This table shows average pending sales per week over the last four weeks for single-family residences, condominiums, and all homes in the nine regional cities. The sales increases in a few of cities are truly amazing. For example, in Palm Springs average total pending sales are over double (105%) what they were a year ago. Sales in La Quinta are 84% above last year while pending sales in Rancho Mirage are 64% above a year ago. The sampling size behind these calculations is large enough to make these statistically reliable results.

Average Price per sq. ft. Coachella Valley 1 Year



Average Price per sq. ft. by Home Type

This chart plots the daily average price per square foot for both single-family residences and condos in the Coachella Valley. Single-family residences are the blue line, and condos are the green line. While sales have been surging over the last few months, we are not yet seeing it reflect in higher prices. The Valley's average price for single-family residences and condominiums are approximately the same as they were on March 19, the start of California quarantine. However, on a year-over-year basis, the average price per sq. ft. of a single-family residence is up 10%, while that of the average condominium is up 6%.



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Average Price per sq. ft. by City

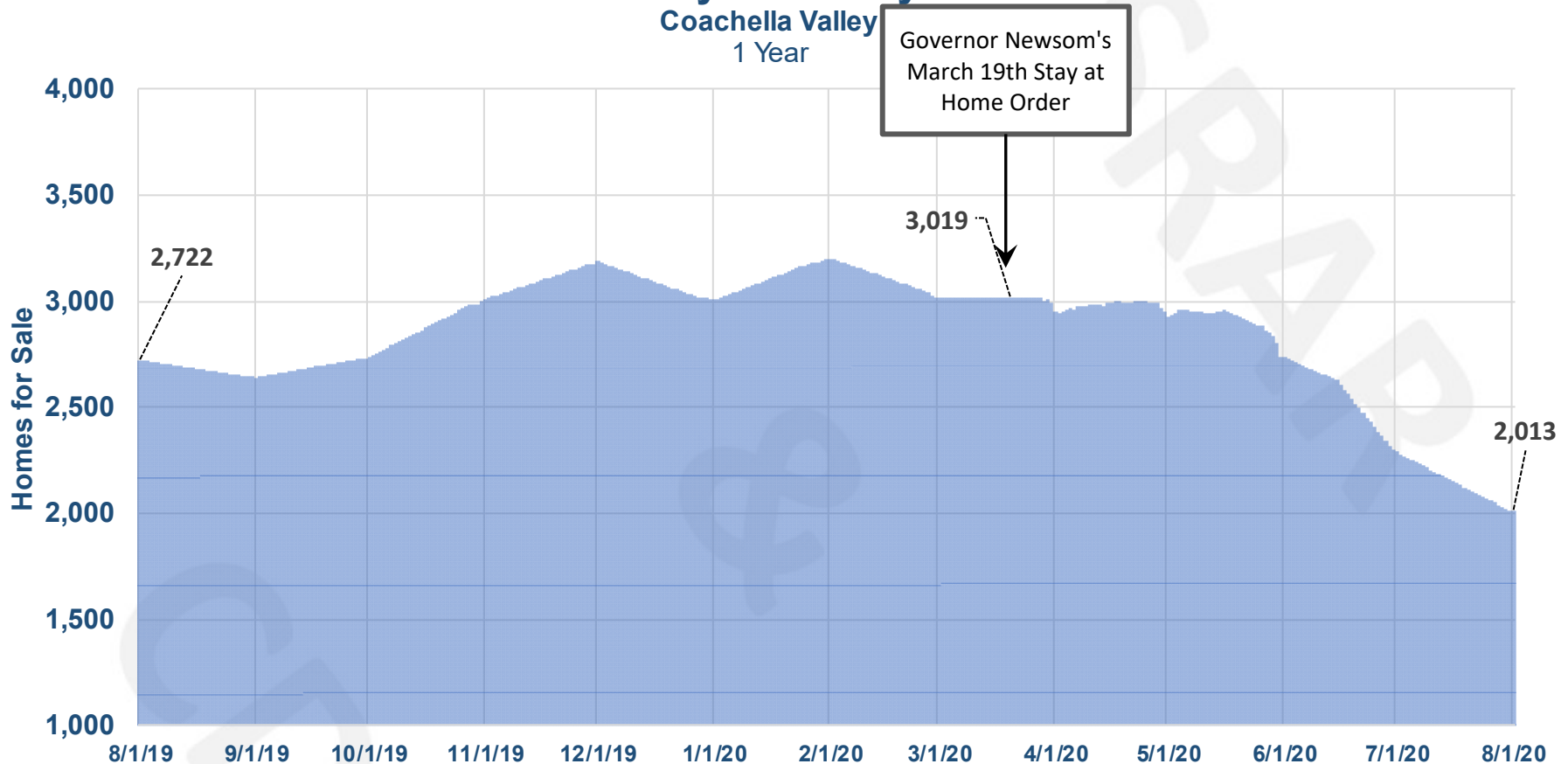
	SFR					CONDO				
	July 31st	Year Ago	% Change	March 19th	% Change	July 31st	Year Ago	% Change	March 19th	% Change
Cathedral City	\$218	\$194	11.9%	\$212	2.6%	\$176	\$157	11.9%	\$153	15.2%
City of Coachella	\$189	\$150	26.1%	\$177	7.0%	N/A	N/A	N/A	N/A	N/A
Desert Hot Springs	\$165	\$148	10.8%	\$161	2.0%	N/A	N/A	N/A	N/A	N/A
Indian Wells	\$275	\$288	-4.3%	\$302	-8.9%	\$208	\$245	-15.2%	\$216	-3.7%
Indio	\$192	\$177	8.3%	\$193	-0.7%	\$128	\$178	-28.1%	\$166	-22.9%
La Quinta	\$265	\$241	10.3%	\$275	-3.4%	\$219	\$202	8.6%	\$228	-3.5%
Palm Desert	\$240	\$221	8.5%	\$256	-6.2%	\$210	\$204	2.7%	\$207	1.5%
Palm Springs	\$392	\$338	16.2%	\$376	4.3%	\$241	\$216	11.6%	\$236	2.1%
Rancho Mirage	\$286	\$278	2.7%	\$276	3.5%	\$202	\$203	-0.2%	\$209	-3.0%
Coachella Valley	\$252	\$229	10.1%	\$253	-0.5%	\$215	\$203	5.8%	\$212	1.2%

Average Price per sq. ft. by City

This table shows current price per square foot, the price a year ago, and the price on March 19 by city for both single-family residences and condominiums. Most cities show positive year-over-year gains for both single-family residences and condominiums. The standout city is decidedly Palm Springs. Year-over-year, the average price of a single-family residence in Palm Springs is up 16.2%. It's also up 4.3% since March 19, the start of the California quarantine. The average Palm Springs condominium is up 11.6% year-over-year and 2.1% since the quarantine.

Daily Inventory

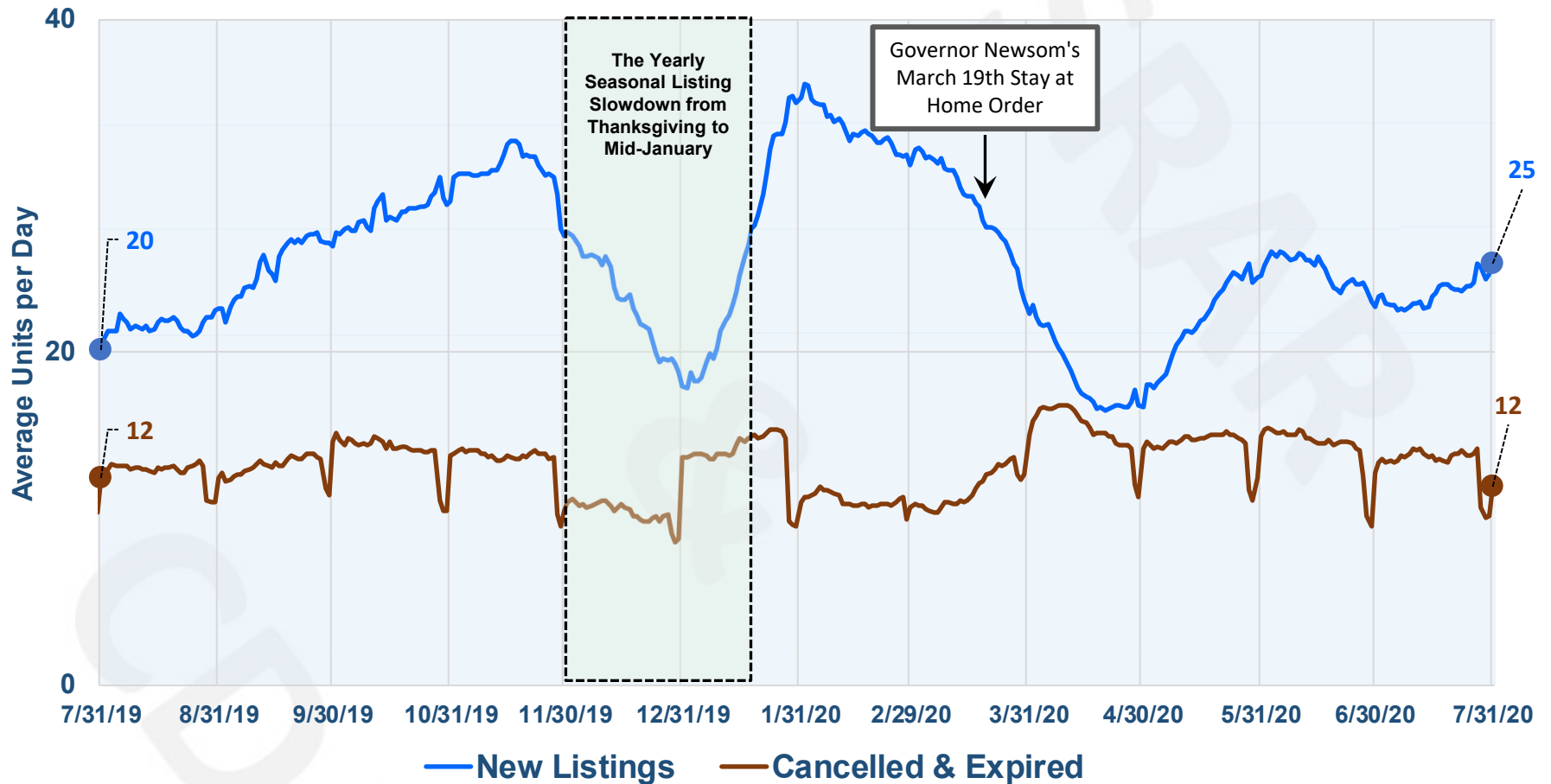
Coachella Valley
1 Year



Daily Inventory

Total Valley inventory on August 1st was 2,013 units. This compares to 2,722 units on August 1st a year ago. Inventory has dropped 1,000 units, or 33%, since March 19th. Most of this occurred over the last two months. With surging sales and record low inventory we have entered a market where it is not uncommon for sellers to get multiple bids. This, coupled with record low interest rates, is creating an unparalleled overbalance of demand versus supply, which theory says should soon translate into much higher prices. That this might occur during a major, national pandemic is truly amazing.

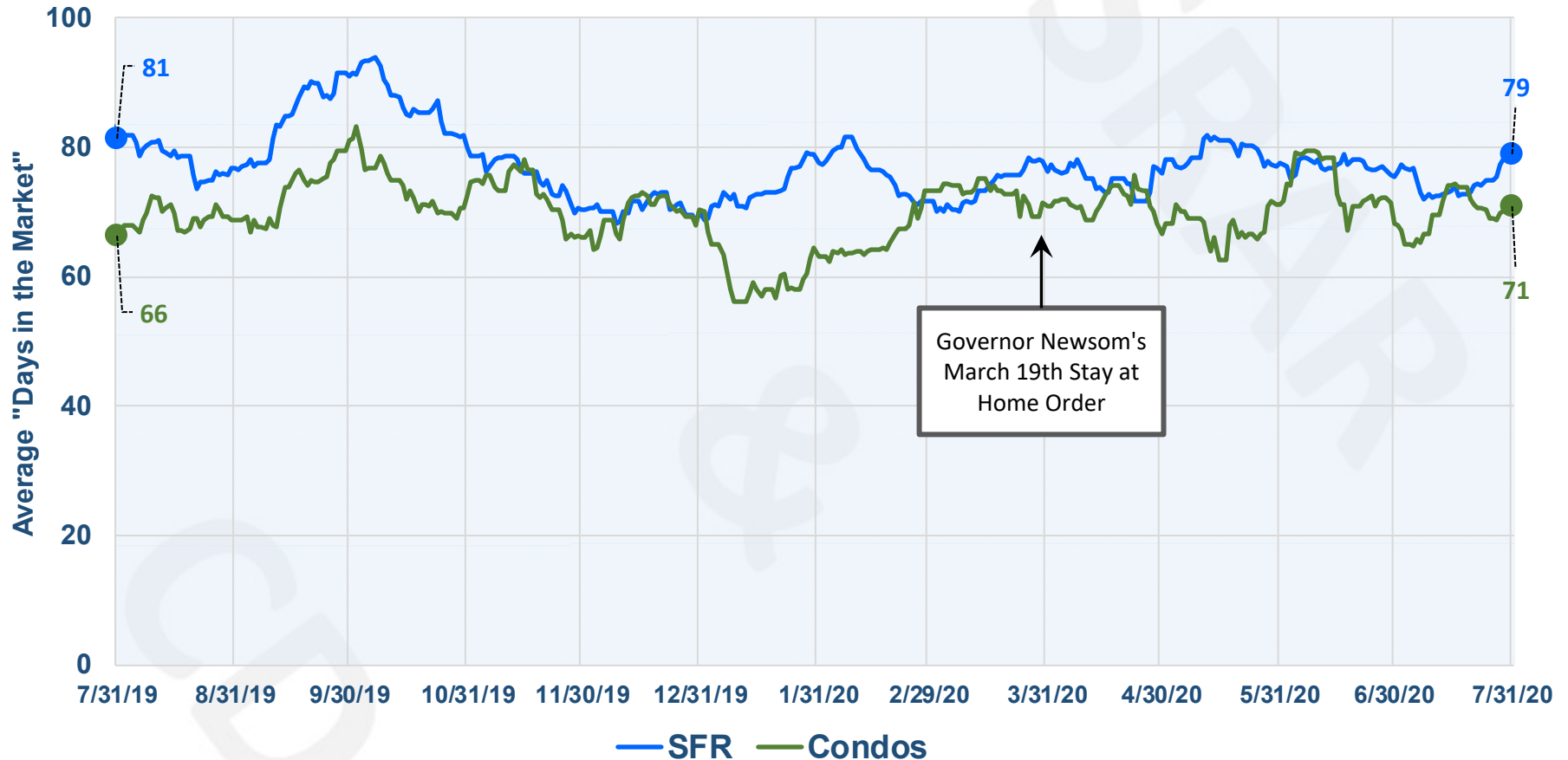
New, Cancelled & Expired Listings



New and Cancelled Listings

This graph plots average daily new listings and the average sum of cancelled and expired listings for the Coachella Valley. It is comprised of both single-family residences and condominiums. New listings are very seasonal, as this chart indicates. There's a natural fall off between Thanksgiving and the third week of January. Canceled and expired listings are averaging 12 units a day, which equals last year's average. New listings are averaging 25 a day, which is slightly above the average of 20 units a day a year ago.

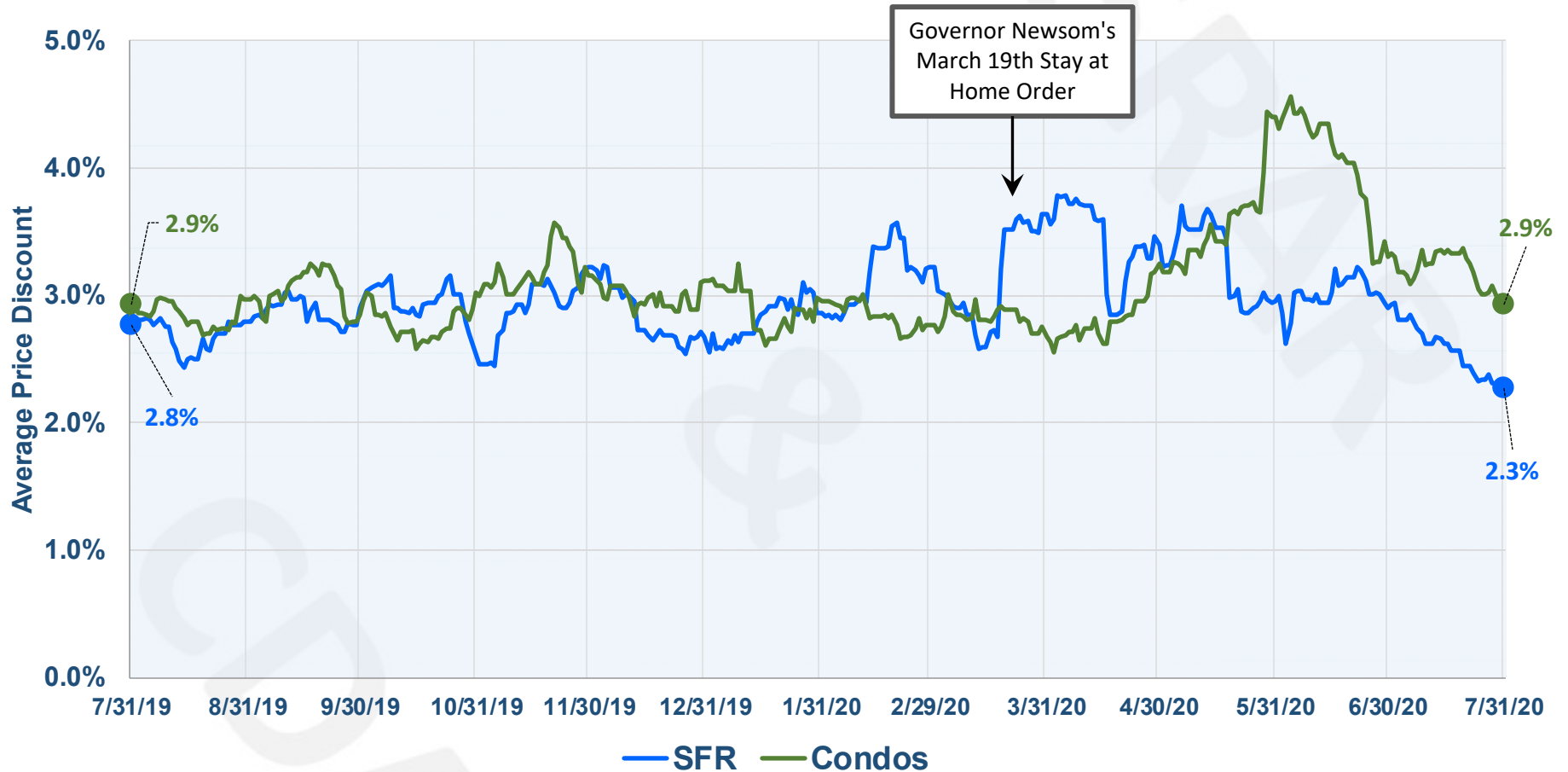
Average "Days in the Market" Coachella Valley



Average "Days in the Market" – Closed Sales

This chart shows the average number of "days in the market" for closed sales since the quarantine and over the entire year for both single-family residences and condominiums. The number of days for both single-family residences and condominiums shows little change over the last four months, as well as over the entire year.

Average Price Discounts Coachella Valley



Average Price Discounts

This chart graphs average selling discounts for both single family residences and condominiums. Discounts are rising if the curves are moving upward and declining if the curves are moving downward. The chart clearly shows that price discounts have been getting smaller for the last two months. On a year-over-year basis discounts for condominiums remain unchanged at 2.9%. The discount for detached homes has fallen from 2.8% a year ago to 2.3% by July 31st.



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Definitions and Glossary

The 28 Day Moving Average: To measure the effects of the coronavirus and quarantine on the housing market, normal housing metrics wouldn't work; they're too long term. We needed metrics that would show short-term sales and price changes, but be long enough to produce reliable numbers. We decided to use a 28-day moving average. We average sales and prices over the last 28 days and do it every day. When a new day arrives, prices and sales from that day are included and the last day is dropped out of the average. That's why it's called a moving average; the average is always moving forward in time. All our charts and tables show either daily or weekly averages, averaged over the last 28 days.

Pending and Closed Sales: Until now we have not found much value in looking at pending sales; we've always calculated and displayed closed sales. Pending sales are sales currently in escrow waiting to be closed. In the Coachella Valley the median number of days in escrow is 14. This is very short compared to other regions. The median number of days in Los Angeles County is 35; in Orange County it's 30 days. The primary reason for the shorter period is because the Coachella Valley has a high percentage of cash sales and cash sales have very short escrow periods.

However, during an extended quarantine the value of looking at pending sales emerges. That's because a potential sale goes to pending about 14 days before it closes and since we're interested in what's happening short-term, pending sales becomes the perfect forecasting tool. Pending sales indicate where closed sales will be in about two weeks, so all sales metrics that we show in this crisis report will be pending sales.

The Coachella Valley Average Price per sq. ft., Average "Days in the Market" and Average Price Discounts: We've developed a unique way to calculate an average price, average "days in the market" and average price discount for the Coachella Valley region, which we believe is very accurate. Average values for these three metrics is calculated for each city, and then a sales weighted total is calculated for the entire region. It is similar to the way the 500 stocks that make up the S&P 500 come together to make one price index. The city weightings in these regional composites are as follows:

	SFR	CONDOS
Cathedral City	8.9%	7.1%
Coachella	2.8%	0.0%
Desert Hot Springs	8.9%	0.0%
Indian Wells	3.1%	2.7%
Indio	18.6%	3.0%
La Quinta	18.2%	8.5%
Palm Desert	16.9%	31.4%
Palm Springs	14.3%	35.8%
Rancho Mirage	8.3%	10.5%

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