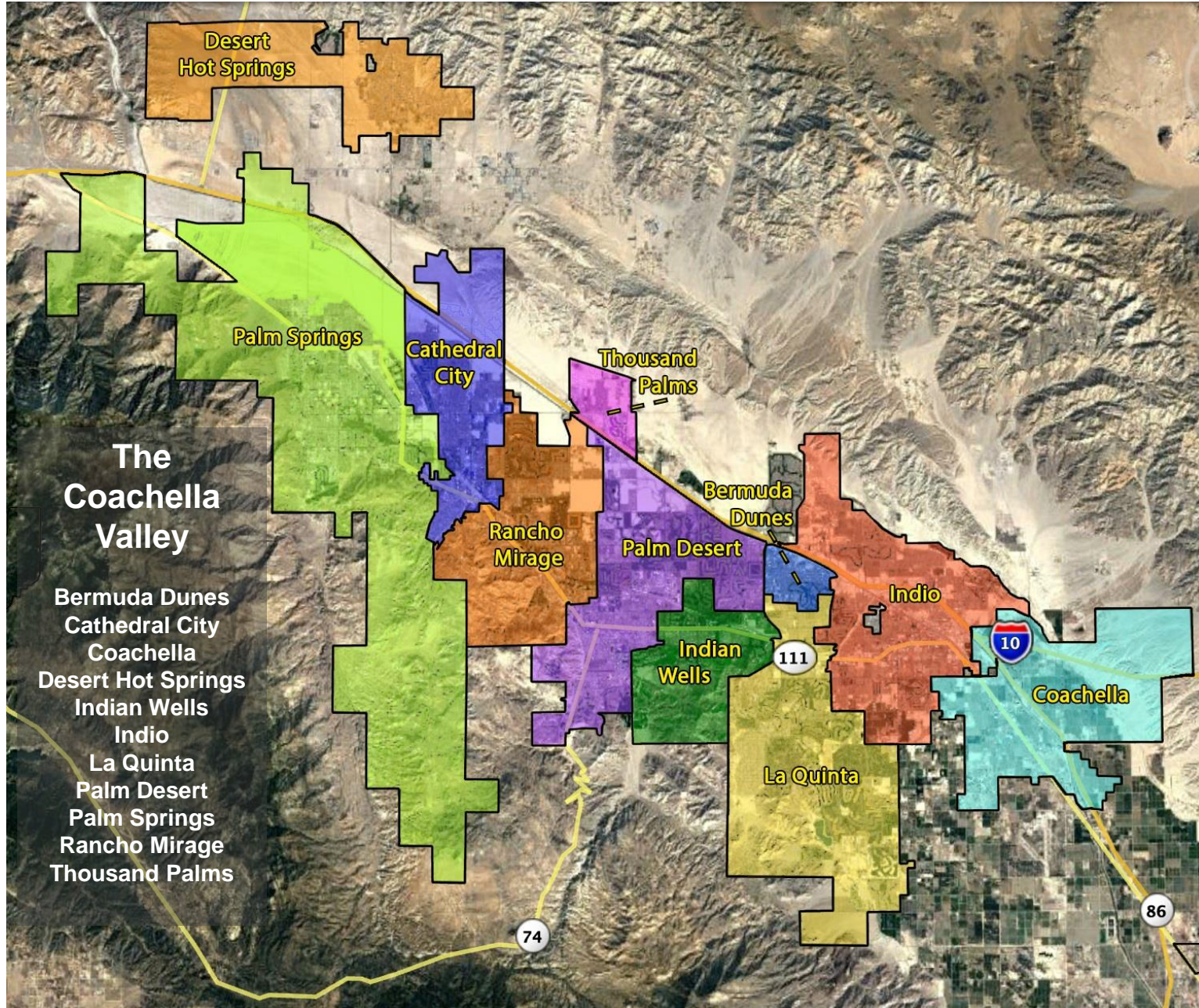




The Desert Housing Report

October 2021



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

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Summary

PRICES: In October, the median price of a detached home in the Coachella Valley was exactly \$600,000, which represents a 12 month gain of 13.7%. The median price for attached homes in October was \$370,000; a year ago, the October price was \$305,000. This represents a gain of 19.3%. Because of their lower price points, attached homes continue to help fill the low supply levels homebuyers find with detached homes.

SALES: Sales continue to contract due to lack of inventory; however, they still are above the sales norms of the pre-pandemic years. Total sales over the last three months averaged 806 units a month, which is less than the 1,120 units last year but above the pre-pandemic October average of 730 units. This means current sales are about 10% above pre-pandemic norms. Percentage wise, the largest sales declines compared to last year are Indian Wells at 51% followed by Rancho Mirage at 42%. Sales in both Palm Springs and Palm Desert are off by 27% because of lack of inventory. The only cities with slightly higher sales are Coachella and Desert Hot Springs.

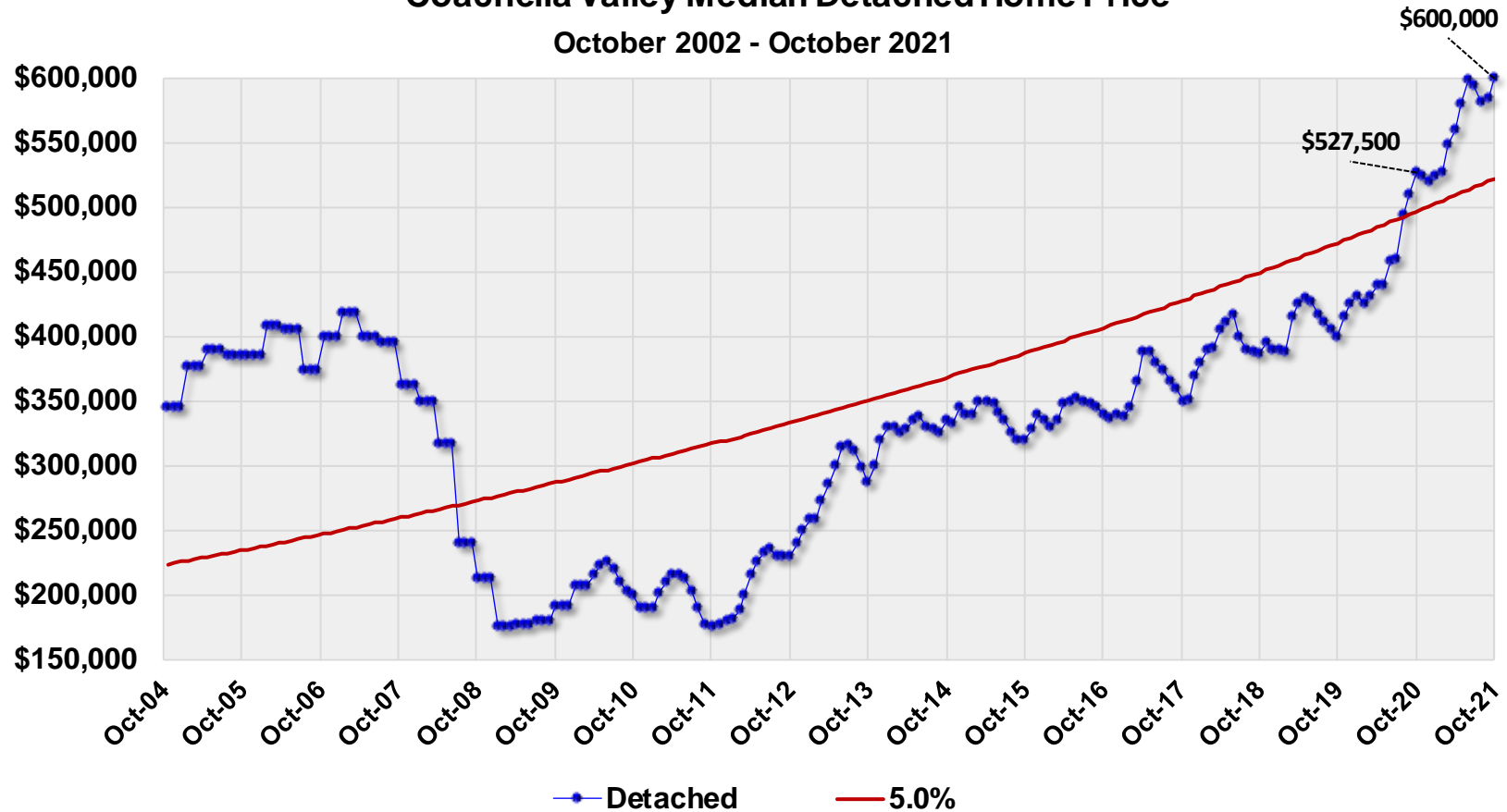
INVENTORY & “MONTHS OF SALES” RATIOS: On November 1st total inventory in the Valley was 915 units, which compares to 883 units last month and 2,014 units a year ago. This ongoing paucity of inventory continues to be the driving force lifting home prices higher. The “months of sales” ratio throughout the Valley on November 1st was 9/10ths of a month, which is one tenth higher than last month but still far below the 2.4 months of a year ago. It is these very low ratios that continue to make this a powerful seller’s market. We believe there is little price risk since demand continues to far outstrip supply, even after the strong price gains of the last year.

DIM: At the end of October, the median value of “days in the market” throughout the Valley was a record low 24 days. This compares to 49 days a year ago. The city of Coachella has the lowest number of days for detached homes at 12 days, followed by 21 days for Cathedral City. In the attached market Desert Hot Springs and Cathedral City have the lowest number of days at 11 and 14 days, respectively.

PRICE DISCOUNTS: The median value for “Sale Discount from List” for detached homes in October was again 0.0%, which is the same discount it’s had for the last eight months. A year ago, it was -1.0%. Bermuda Dunes is now selling detached homes at the highest premium of 2.0%, followed by Indio at 1.8%. In the attached markets Indio is selling homes with an average premium of 3.0%, followed by Palm Springs at 2.3%.

Coachella Valley Median Detached Home Price

October 2002 - October 2021



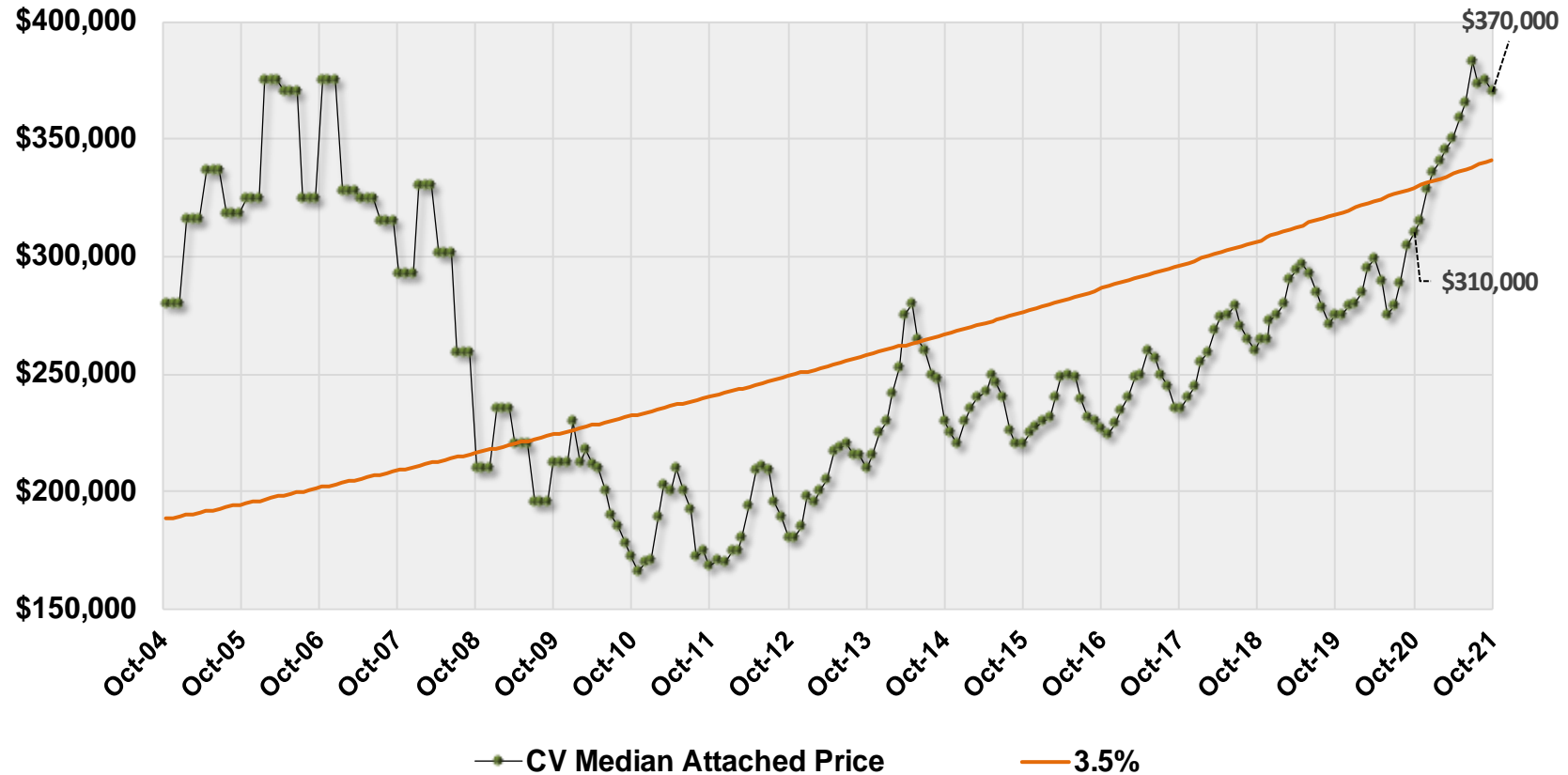
Coachella Valley Detached Median Price

In October, the median price of a detached home in the Coachella Valley was exactly \$600,000, which represents a 12 month gain of 13.7%. As we have been saying, we believe year-over-year price changes should begin to moderate and this appears to be happening. However, we are entering a seasonal period of price strength, so we expect any moderation to be minimal.

Coachella Valley Median Attached Price

Median Price

October 2002 - October 2021



Coachella Valley Median Attached Price

The median price for attached homes in October was \$370,000; a year ago, the October price was \$305,000. This represents a gain of 19.3%. Because of their lower price points, attached homes continue to help fill the low supply levels homebuyers find with detached homes. Although the effect has been small this year, as the graph shows, prices have experienced the seasonal slowdown that normally occurs through late summer.

October Price of The Average Size Detached 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
Bermuda Dunes	2,500	\$301.15	\$752,884	\$525,650	43.2%	\$239,325	214.6%
Rancho Mirage	3,175	\$358.78	\$1,139,127	\$813,292	40.1%	\$506,317	125.0%
Indian Wells	3,450	\$399.81	\$1,379,344	\$1,011,057	36.4%	\$666,885	106.8%
Palm Springs	2,175	\$540.63	\$1,175,878	\$872,675	34.7%	\$323,879	263.1%
Desert Hot Springs	1,600	\$220.90	\$353,432	\$265,712	33.0%	\$86,656	307.9%
Palm Desert	2,200	\$315.52	\$694,148	\$527,912	31.5%	\$302,302	129.6%
Coachella	1,700	\$223.79	\$380,435	\$294,755	29.1%	\$111,367	241.6%
Cathedral City	1,800	\$282.60	\$508,673	\$399,429	27.3%	\$153,216	232.0%
Indio	2,000	\$247.42	\$494,834	\$391,100	26.5%	\$156,340	216.5%
La Quinta	2,550	\$327.81	\$835,916	\$663,128	26.1%	\$318,164	162.7%

October Price of The Average Size Attached Home

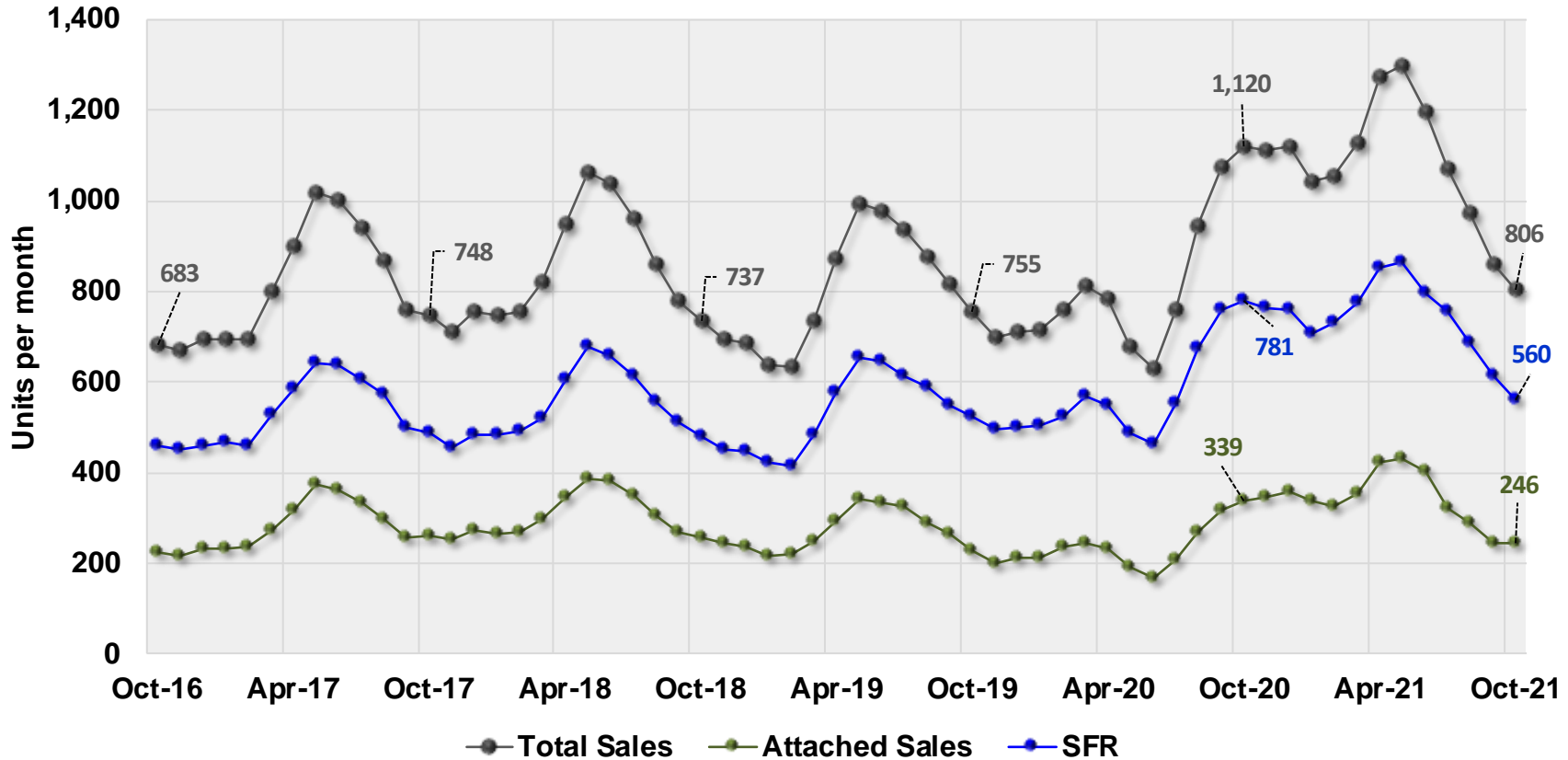
City	Avg. Size Home	Pr. per sq/ft	Price of Avg. Size Home	Price One Year Ago	12 Month Change	2011-12 Price Low	% From Low
Desert Hot Springs	750	\$141.65	\$106,235	\$63,394	67.6%	\$16,013	563%
Bermuda Dunes	1,450	\$229.61	\$332,935	\$242,252	37.4%	\$89,117	274%
La Quinta	1,750	\$309.04	\$540,821	\$396,900	36.3%	\$247,713	118%
Palm Desert	1,600	\$278.84	\$446,138	\$334,072	33.5%	\$197,896	125%
Indio	1,050	\$243.47	\$255,645	\$193,421	32.2%	\$56,396	353%
Cathedral City	1,250	\$219.89	\$274,863	\$210,581	30.5%	\$80,544	241%
Rancho Mirage	1,775	\$268.49	\$476,570	\$372,306	28.0%	\$211,030	126%
Indian Wells	1,950	\$297.38	\$579,892	\$470,886	23.1%	\$259,126	124%
Palm Springs	1,250	\$297.11	\$371,392	\$305,288	21.7%	\$129,788	186%

12 Month Change in The Price of The Average Size Home

We are introducing a new method to calculate city home prices that we believe better represents what's happening in each city. We present the price of the average size home, and the calculation is closer to the method a home appraiser uses when valuing homes. The advantage is you're always pricing the same, average size home in each city. The first numerical column is the size of the average home; it's always the same. The second column is the median price per square foot of sales that month. The third is the price of the average size home (i.e., the product of the two columns). Cities are ranked by the 12-month percentage change.

Detached, Attached and Total Sales

3 month moving average

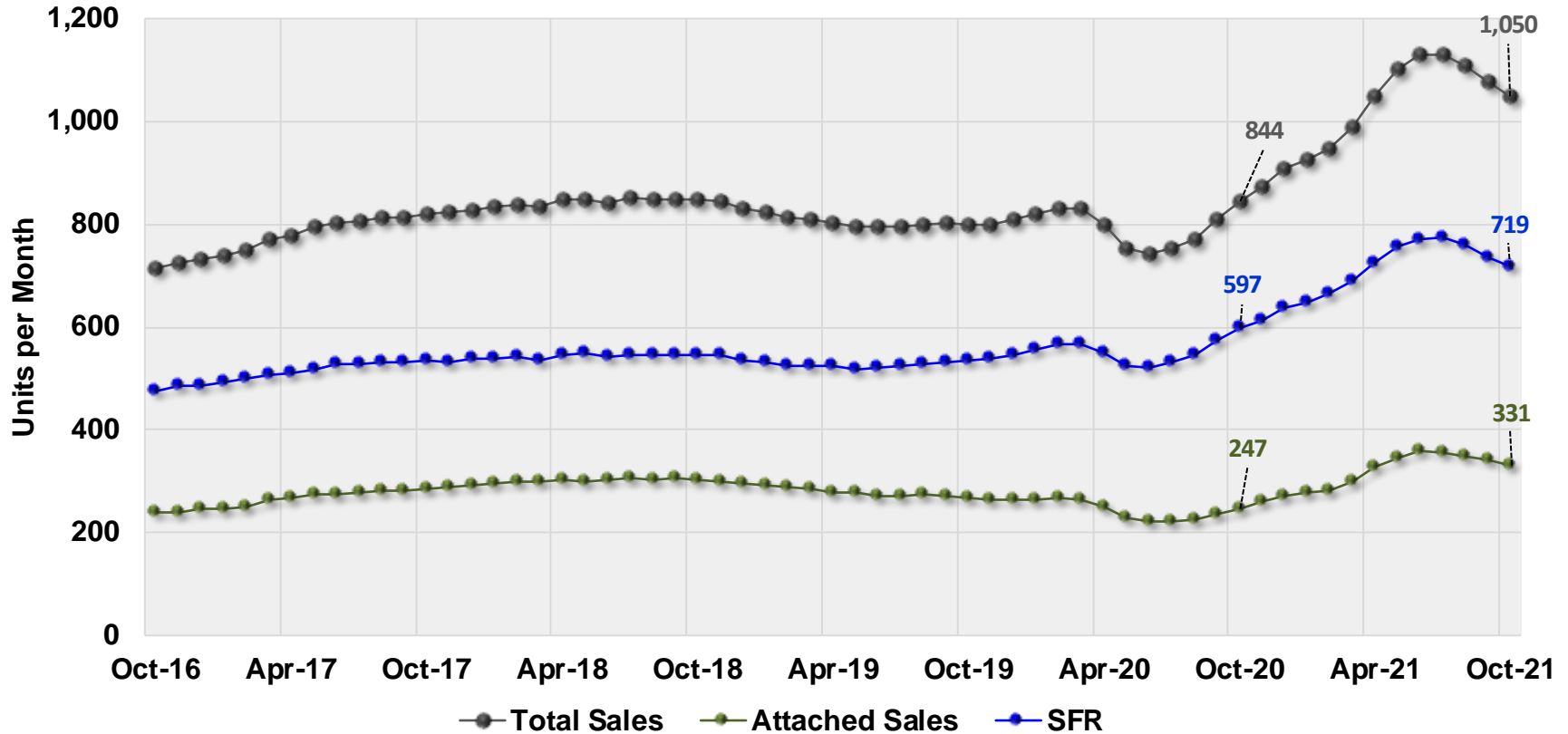


Monthly Sales – 3-month trailing avg.

Sales continue to contract due to lack of inventory; however, they still are above the sales norms of the pre-pandemic years. Total sales over the last three months averaged 806 units a month, which is less than the 1,120 units last year but above the pre-pandemic October average of 730 units. This means current sales are about 10% above pre-pandemic norms.

Detached, Attached and Total Sales

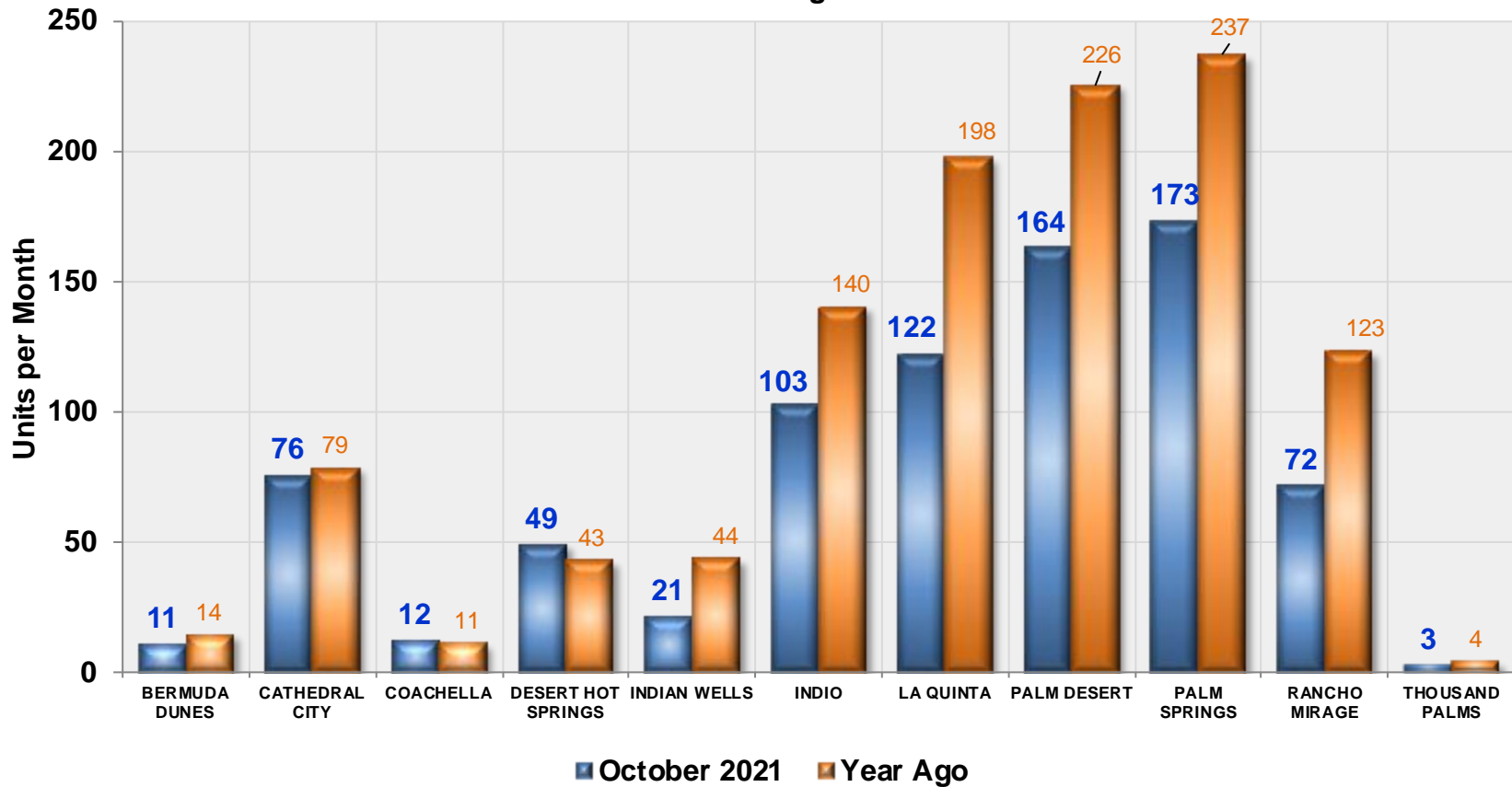
12 month moving average



Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out all seasonality, shows total sales in October averaging 1,050 units, which is 24% above last year. However, this long-term measurement clearly shows that sales are beginning to retreat after last year’s surge. This is especially true in detached homes. We expect long term sales averages to continue to retreat, but stay above pre-pandemic norms.

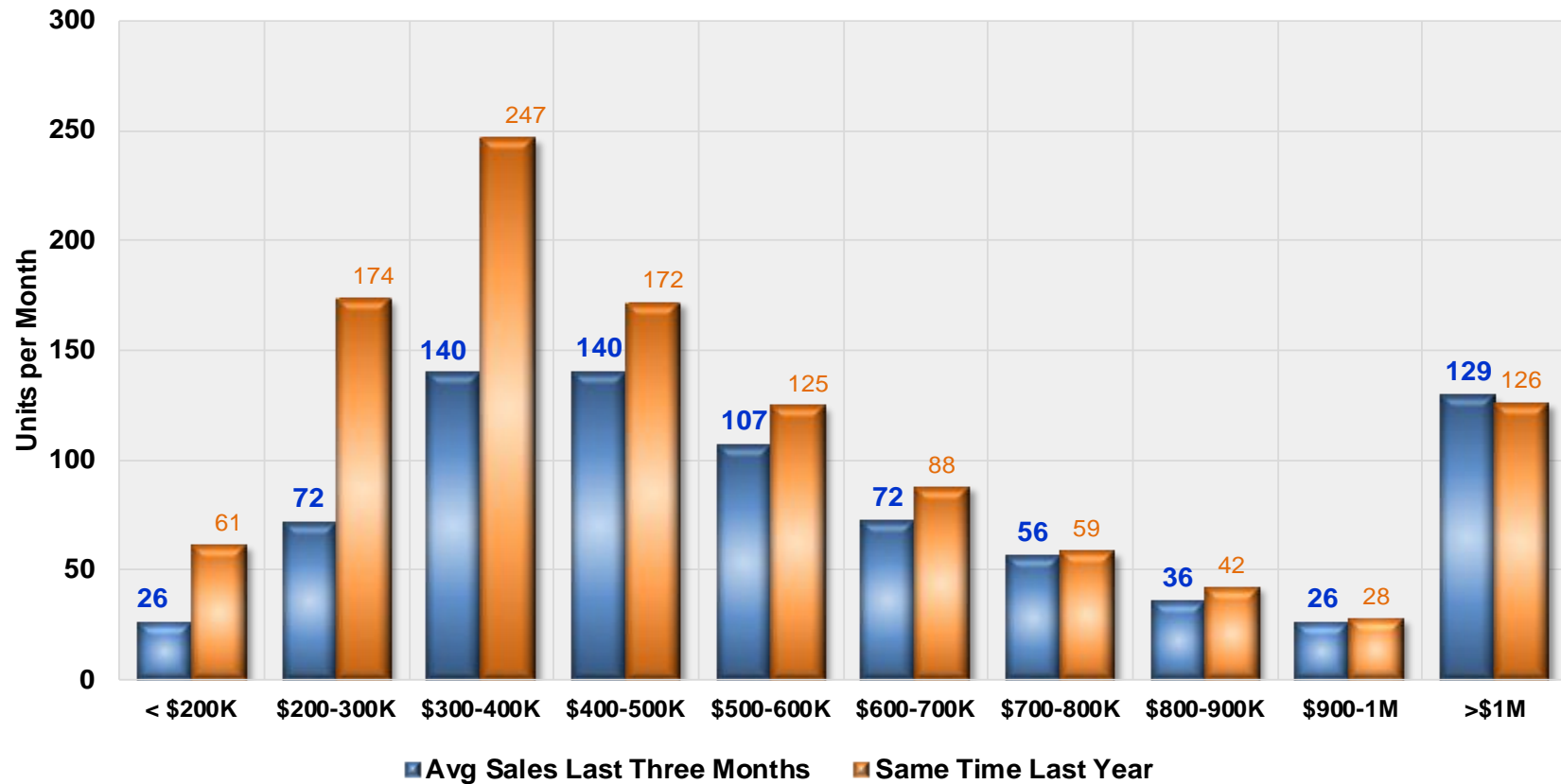
Home Sales by City 3 month avg sales



Home Sales by City

This graph of three-month sales by city continues to show the overall sales slowdown since last year's surge. Percentage wise, the largest sales declines are Indian Wells at 51%, followed by Rancho Mirage at 42%. Sales in both Palm Springs and Palm Desert are off by 27% due to lack of inventory. The only cities with slightly higher sales are Coachella and Desert Hot Springs.

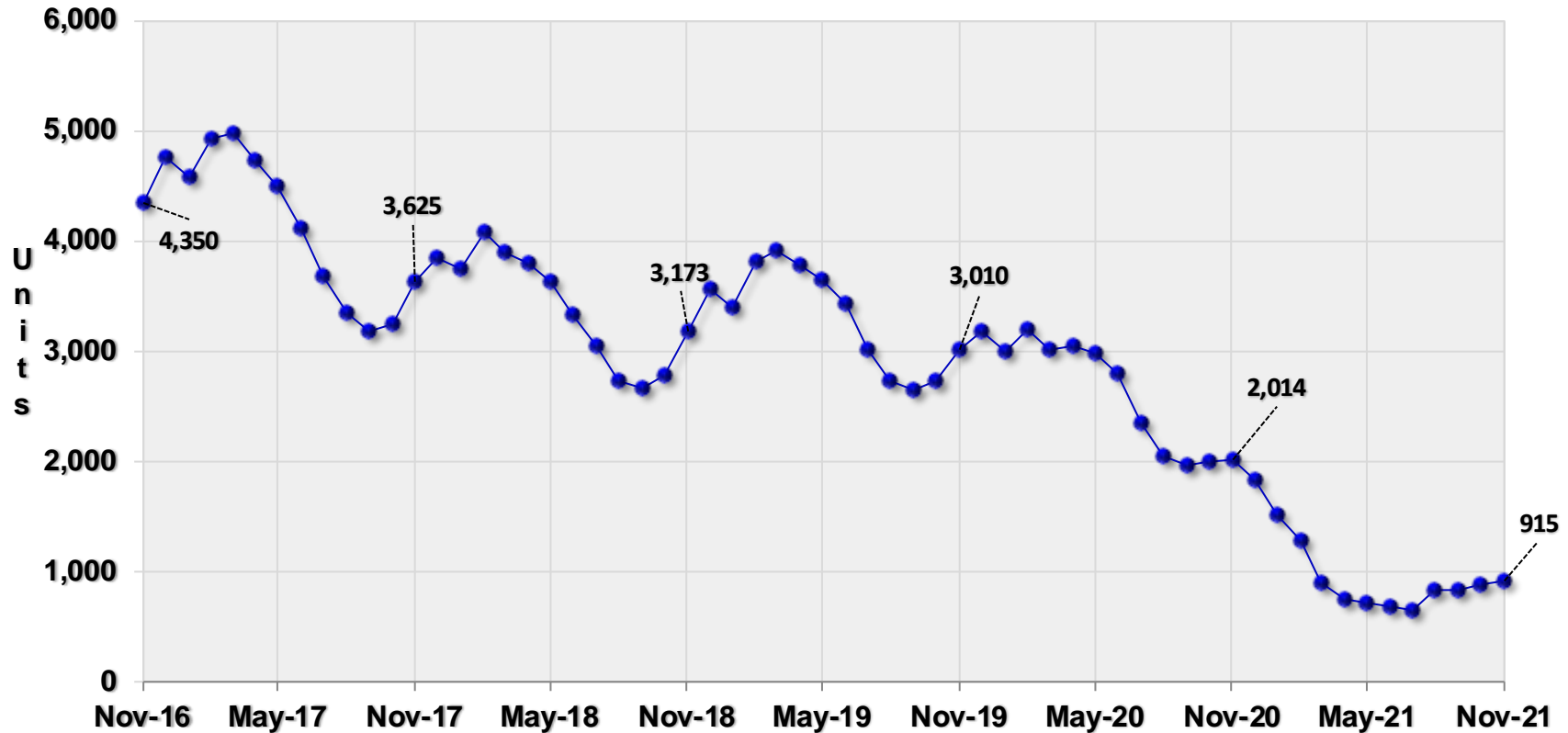
Home Sales by Price Range 3 mos avg



Home Sales by Price Range

Sales of homes priced over \$700,000 continue to maintain the sales levels reached last year, especially for homes priced over \$1M. For another month the largest decline in sales was in homes priced under \$400,000. For example, sales of homes priced between \$300K to \$400K are off 43%, while sales of homes under \$300K are off almost 60%. Most of this is due to lack of inventory in these price ranges.

Valley Housing Inventory November 1st 2016 to November 1st 2021



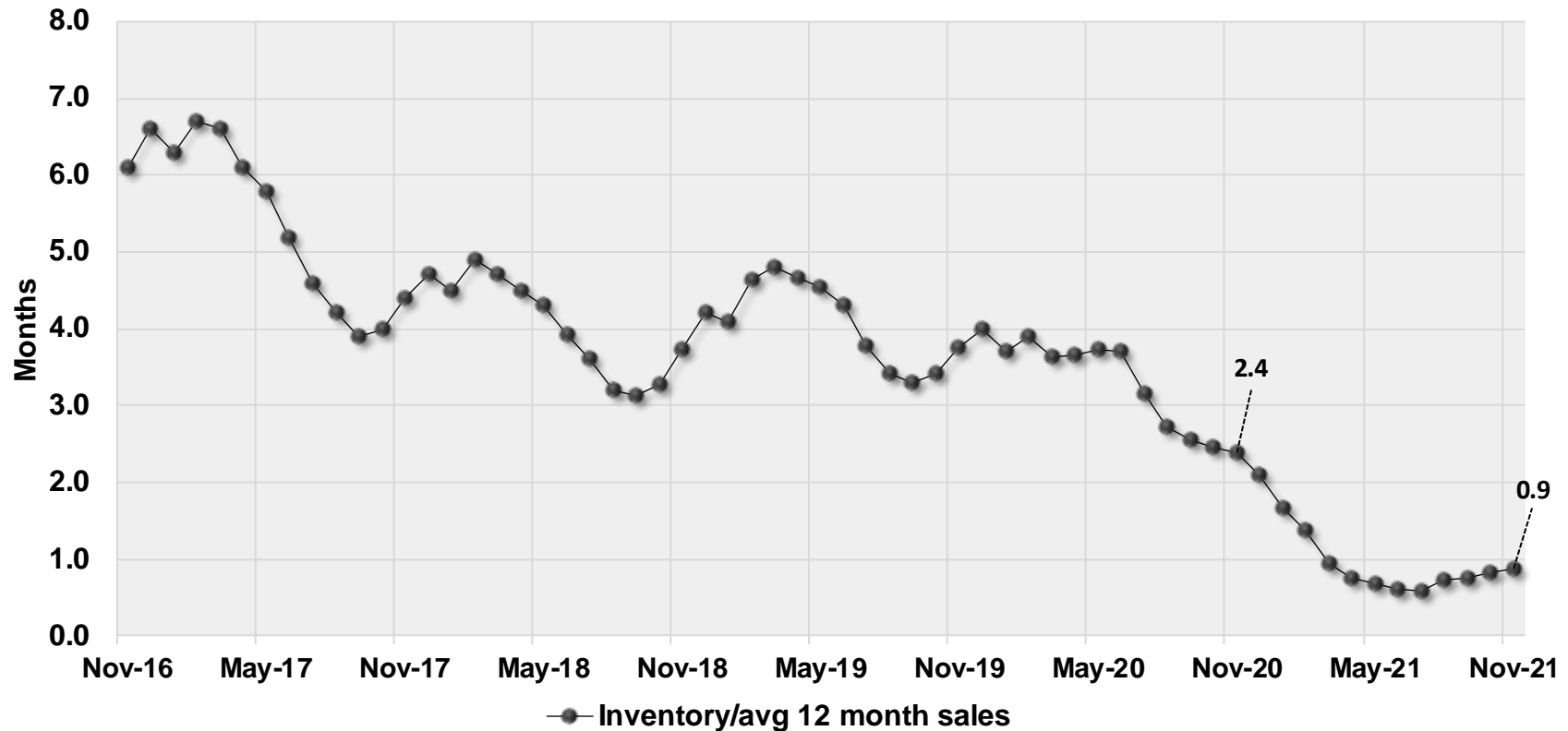
Coachella Valley Total Inventory

On November 1st total inventory in the Valley was 915 units, which compares to 883 units last month and 2,014 units a year ago. This ongoing paucity of inventory continues to be the driving force lifting home prices higher. Since Valley inventory is very seasonal, usually reaching peak levels around March, it will be interesting to watch whether this pattern continues as we move into 2022.

"Months of Sales" Ratio

Coachella Valley

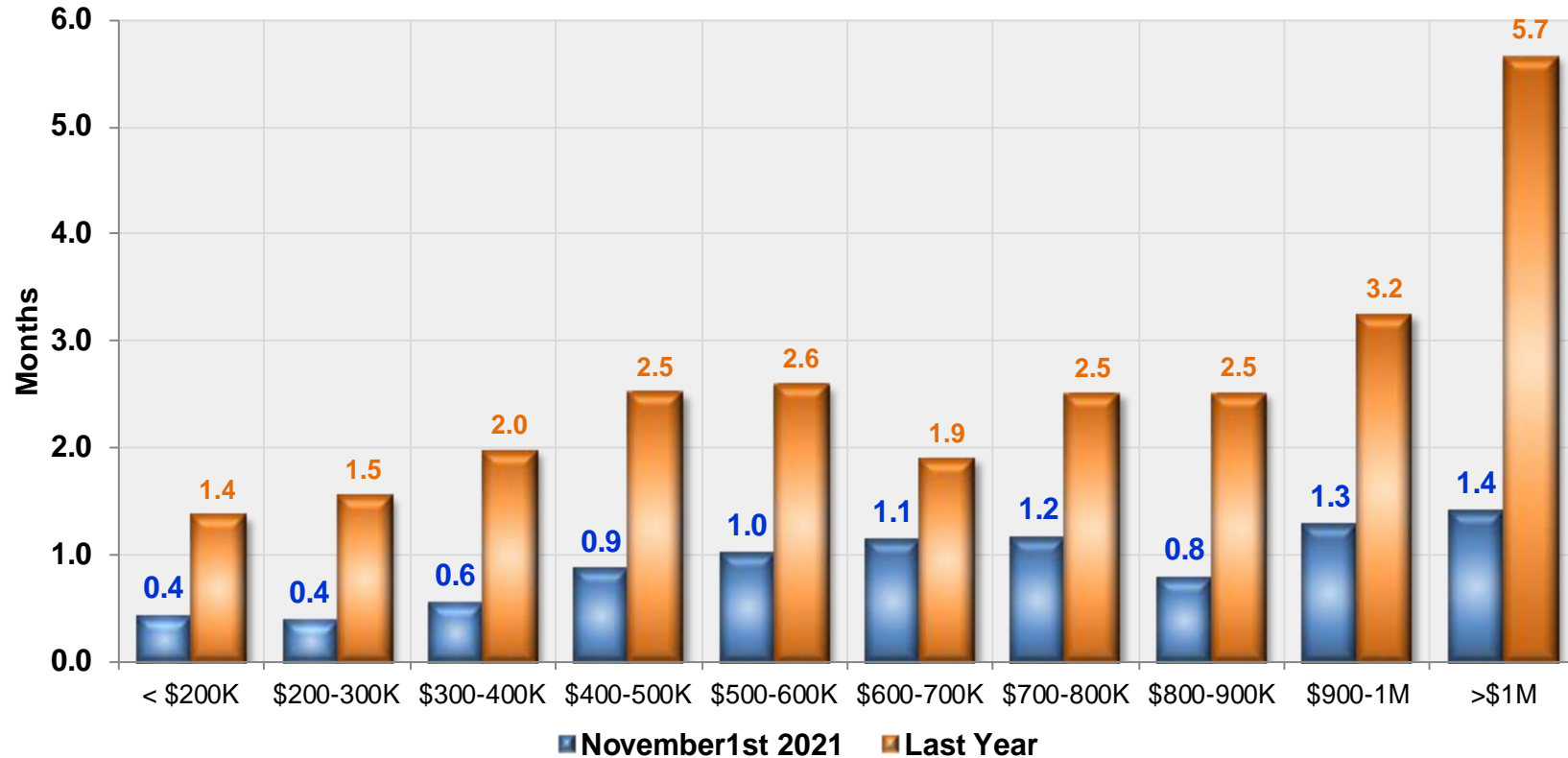
November 1st 2016 - November 1st 2021



Regional "Months of Sales" Ratio

The "months of sales" ratio throughout the Valley on November 1st was 9/10ths of a month, which is one tenth higher than last month but still far below the 2.4 months of a year ago. It is these very low ratios that continue to make this a powerful seller's market. We believe there is little price risk since demand continues to far outstrip supply, even after the strong price gains of the last year.

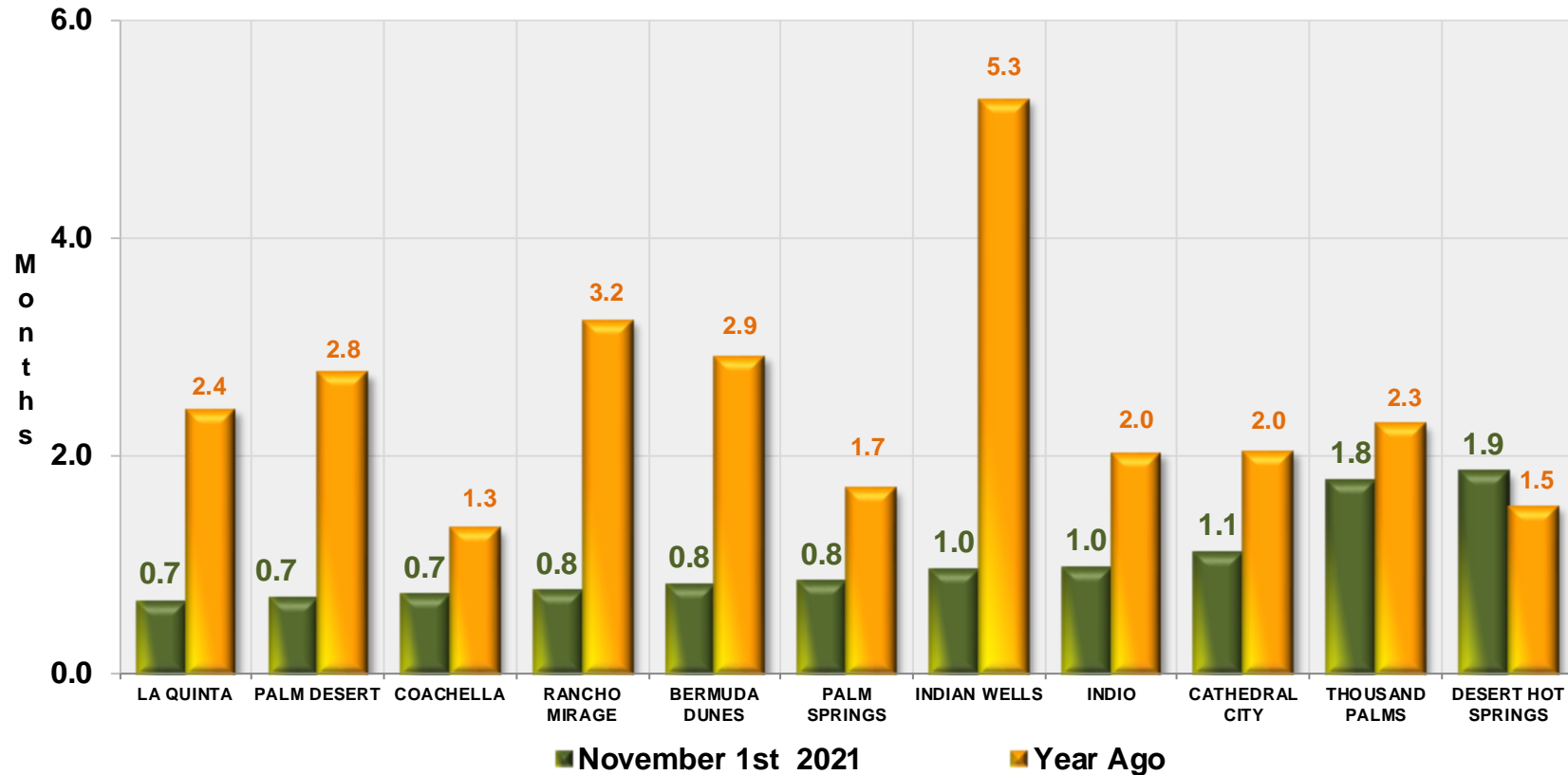
"Months of Sales" by Price Range uses avg. twelve month sales



"Months of Sales" by Price Range

This chart displays the "months of sales" ratios in different price brackets, and then compares these ratios against year ago levels. It shows that the historically low "months of sales" ratios in the Valley continues in all price brackets, especially in the higher priced markets over \$800,000.

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



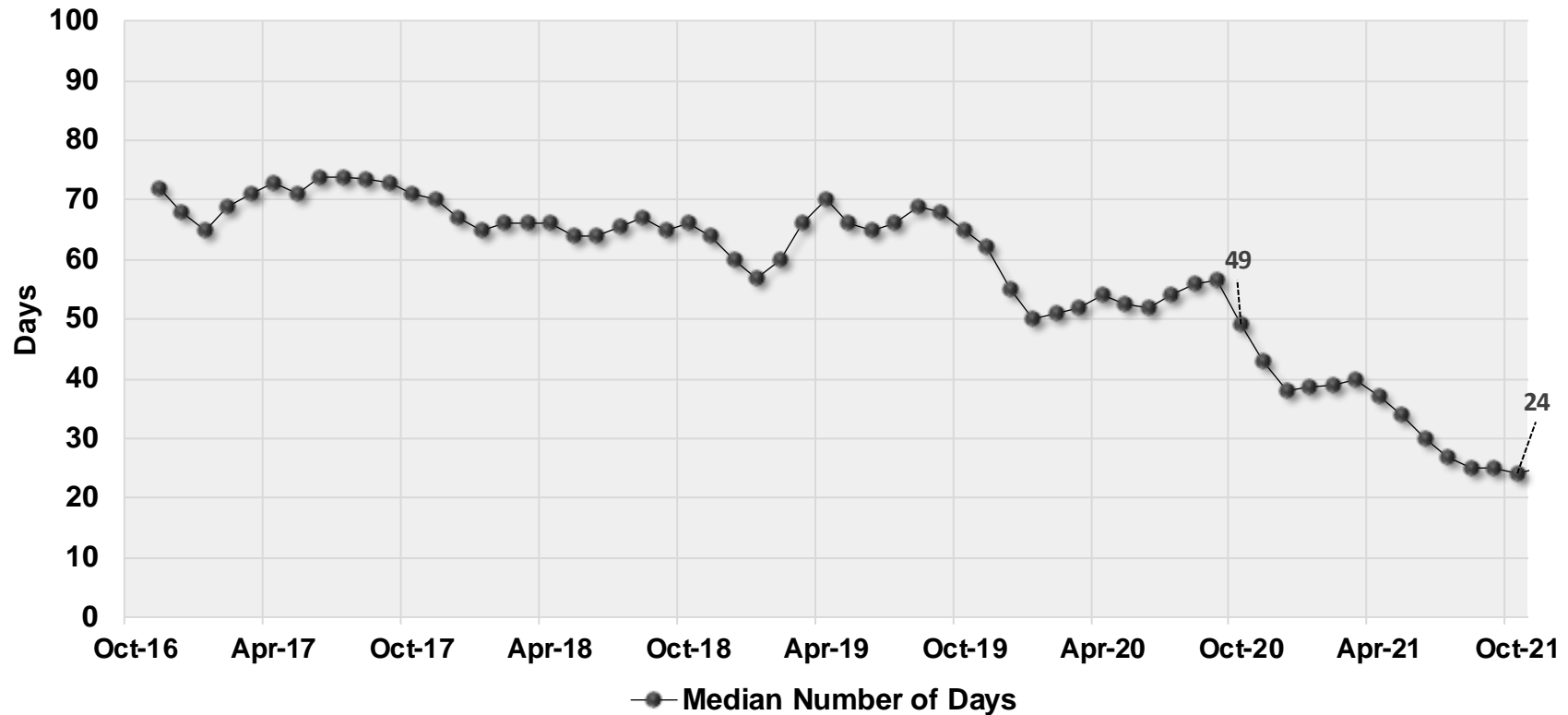
"Months of Sales" by City

Only Desert Hot Springs and Thousand Palms have "months of sales" ratios close to, or higher than, a year ago. All the other cities in the Valley have ratios far below last year. We have sorted the cities left to right by lowest ratio. The three cities with the lowest ratio of .7 months are La Quinta, Palm Desert and Coachella. Six of the cities continue to have ratios under one month.

"Days in the Market"

Coachella Valley

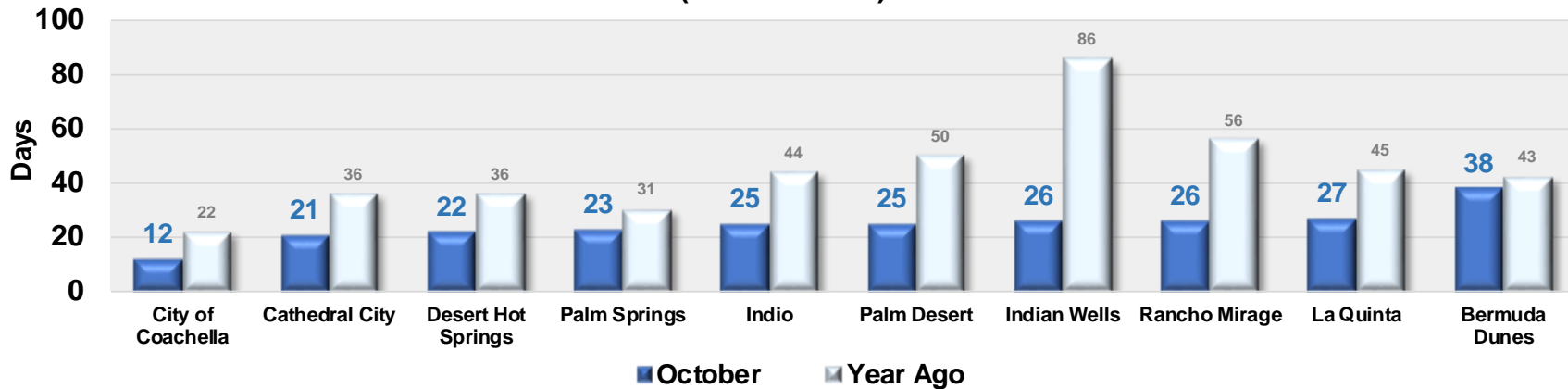
October 2016 - October 2021



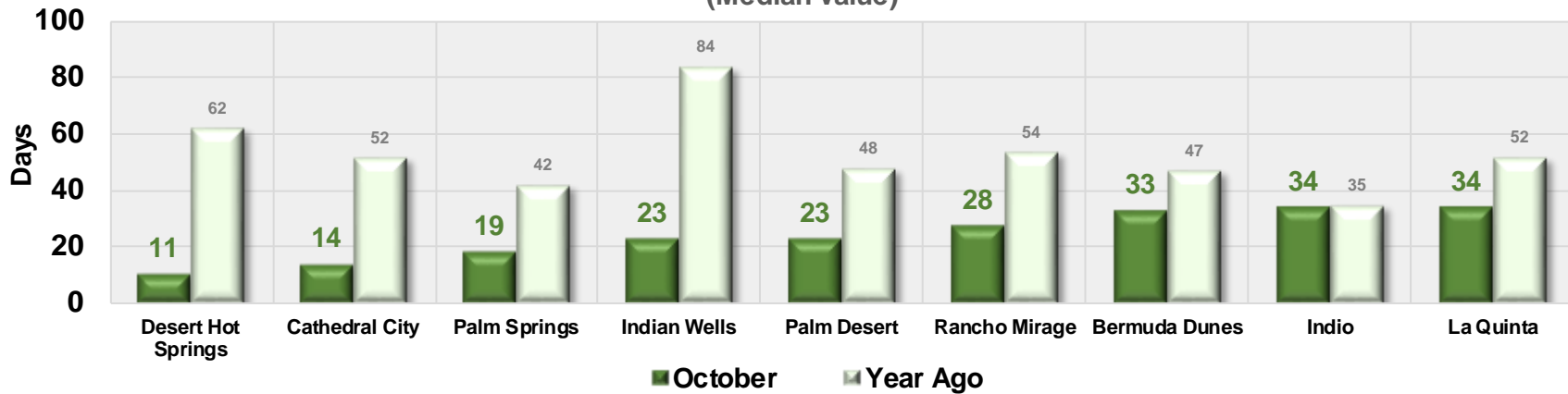
Regional "Days in the Market"

At the end of October, the median value of "days in the market" throughout the Valley was a record low 24 days. This compares to 49 days a year ago. As demand has continued to exceed supply, the average time to sell a home has continued to fall. However, we believe most of the decline has been realized and that the median number will stay near current levels for awhile. As a reminder, this metric is not a predictive indicator but results from the current condition of homebuyer demand far exceeding homeowner supply.

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



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



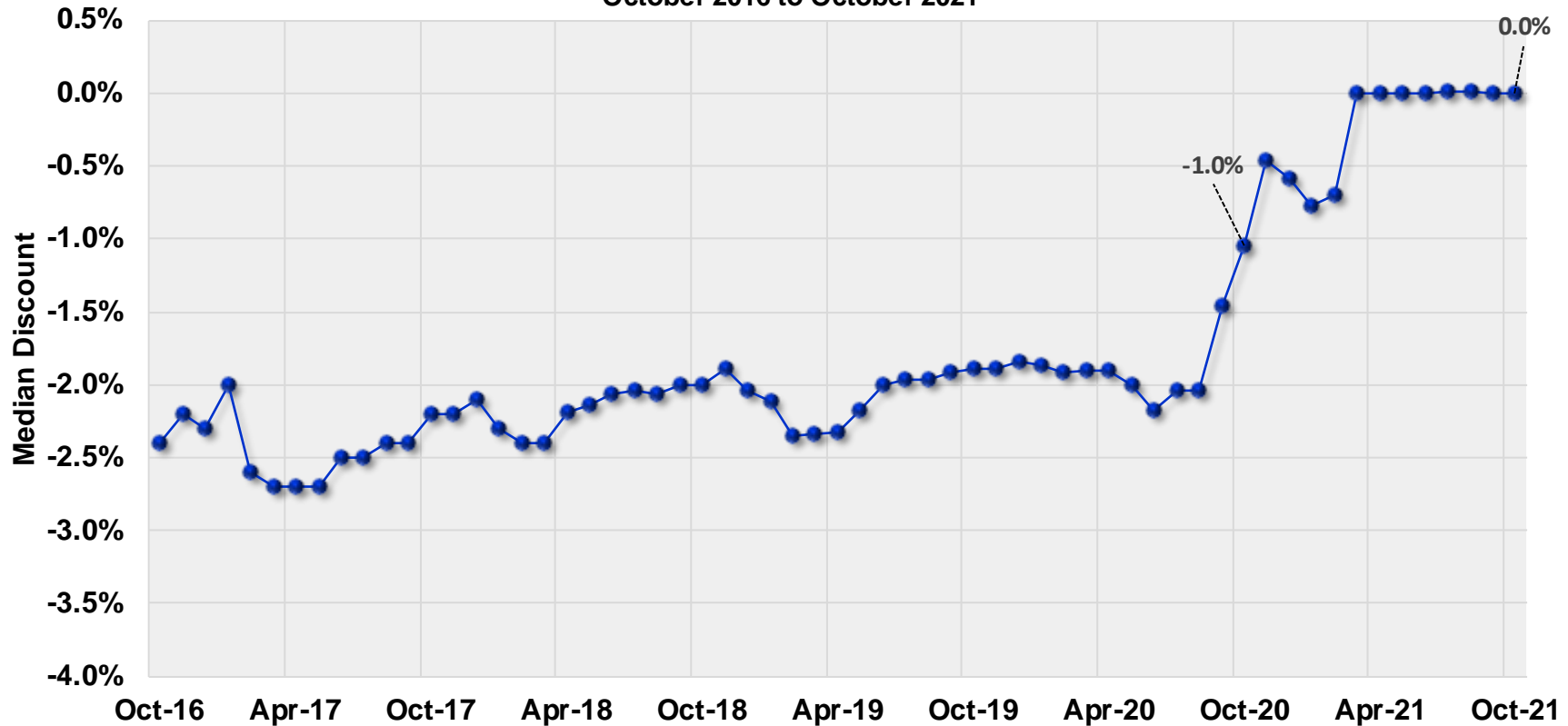
"Days in the Market"

These bar charts rank the cities left to right by the least number of "days in the market" for both detached and attached homes. The city of Coachella has the lowest number of days for detached homes at 12 days, followed by 21 days for Cathedral City. In the attached market Desert Hot Springs and Cathedral City have the lowest number of days at 11 and 14 days, respectively.

Price Discount from List

(Median Value)

October 2016 to October 2021



Reginal Price Discount

The median value for “Sale Discount from List” for detached homes in October was again 0.0%, which is the same discount it’s had for the last eight months. A year ago, it was -1.0%. As we’ve been explaining, since so many homes are selling right at list price, the median value of all sales is exactly 0.0%. When we calculate the average discount of detached homes - which includes the discount or premium of every sale - the average is a selling premium of 1.1%, which means the average home is now selling 1.1% above list price.

Price Discount - Detached Homes (Average Value)



Price Discount - Attached Homes (Average Value)



“Average Price Discounts”

These bar charts show the average price discount for both detached and attached homes in the major cities of the Valley. We use average value instead of median value because it’s a better metric during a period when so many sales occur exactly at list price. Bermuda Dunes is now selling detached homes at the highest premium of 2.0%, followed by Indio at 1.8%. In the attached markets Indio is selling homes with an average premium of 3.0%, followed by Palm Springs at 2.3%.

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 June 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.