

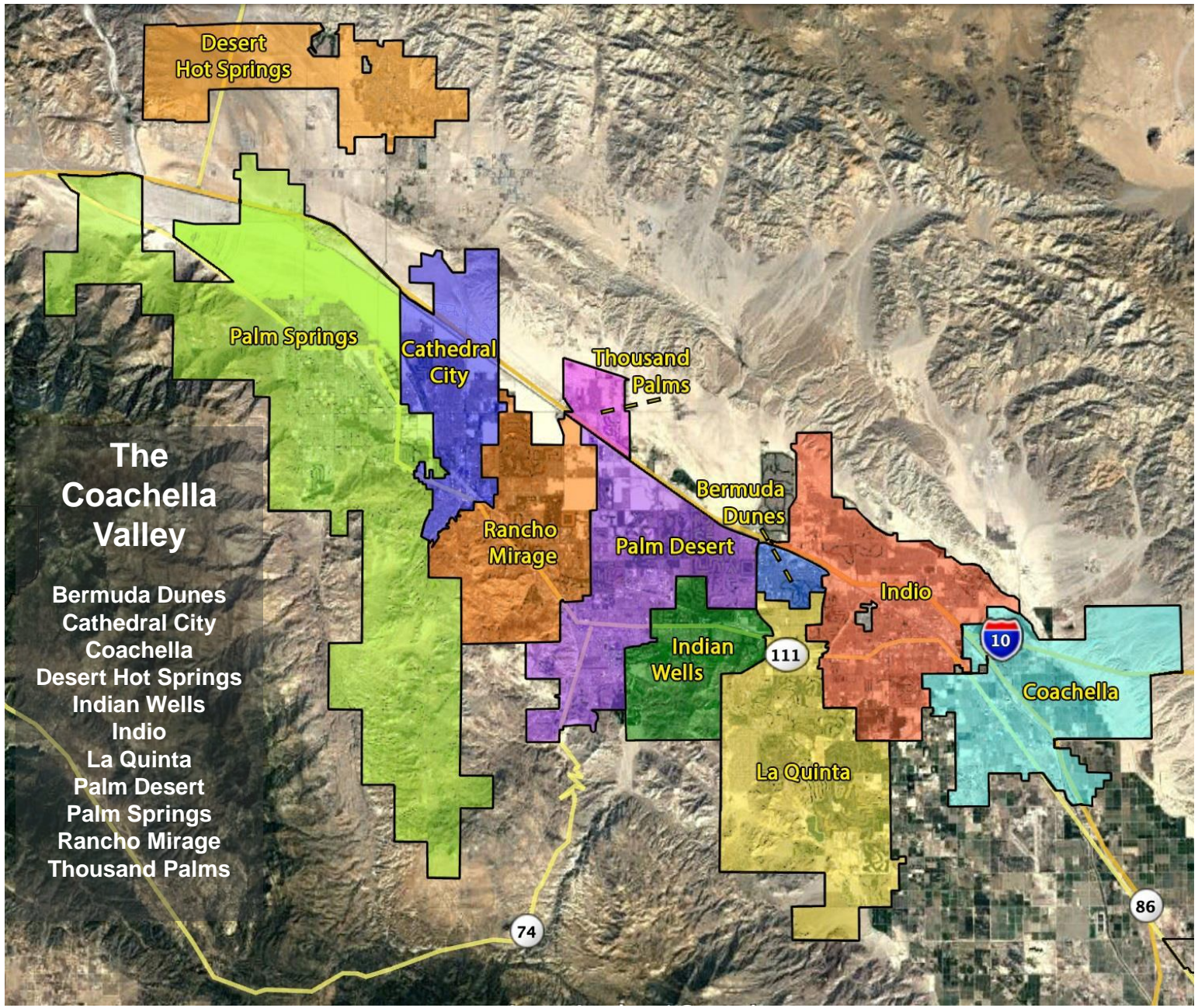
The Desert Housing Report

September 2023

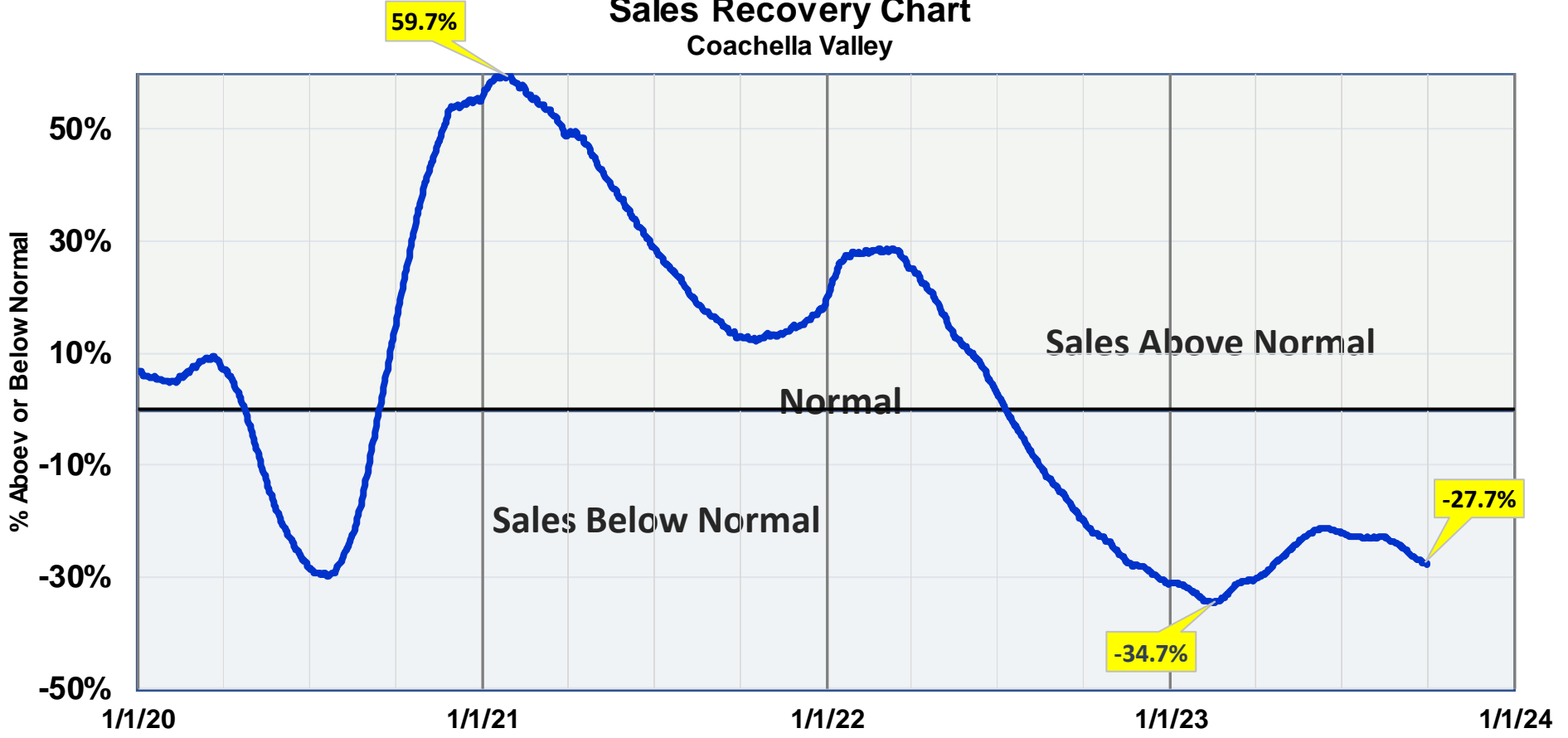


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Sales Recovery Chart Coachella Valley



The Sales Recovery Chart

This seasonally adjusted curve shows where current sales are as a percent of historic norms. The light blue area is when sales are below average, the light green area when they're above average. What is normal is calculated from sales over the years - 2016, 2017, 2018 and 2019. For example, at the height of the pandemic in January of 2021, sales were 59.5% above the norm. Sales then fell to 34.7% below normal by January of this year. After improving for four months at the beginning of the year, sales have stopped improving and are now 27.7% below average. Our projection for normal sales by the end of the year is no longer realistic. It was based on our belief that inflation would fall to 3% and mortgage rates would be 5.5% by the end of the year but recent actions by the FED now makes this unlikely.

Summary

PRICES: The median price of a detached home in the Coachella Valley ended September at \$660,404, unchanged for the month but down 1.4% year over year. The small decline over the last four months has been primarily a seasonal decline since, like with attached homes, the summer months almost always brings some price weakness in detached homes. The median attached price in the Valley declined \$4,000 in September to \$435,000 and is now down 6.5%. Every city but La Quinta and Bermuda Dunes has year over year declines in the price of their average size detached home. These cities have declines that range from -.8% for Desert Hot Springs to -7.9% for Palm Desert. Six cities still have year over year gains for their attached homes - Indian Wells, Desert Hot Springs, Indio, La Quinta, Rancho Mirage and Bermuda Dunes.

SALES: The rapid rise in long term mortgage rates continues to impact monthly sales. The three-month average of sales declined in September to 532 units a month, which is 49 units less than last year. The sales decline continues proportionally in both the detached and attached market. Every city except Cathedral City, Indian Wells and Rancho Mirage has lower three-month sales. The city with the largest sales decline is Palm Springs. There the percentage sales declines was 18%. The city with the largest sales increase was Rancho Mirage, with sales up 18%.

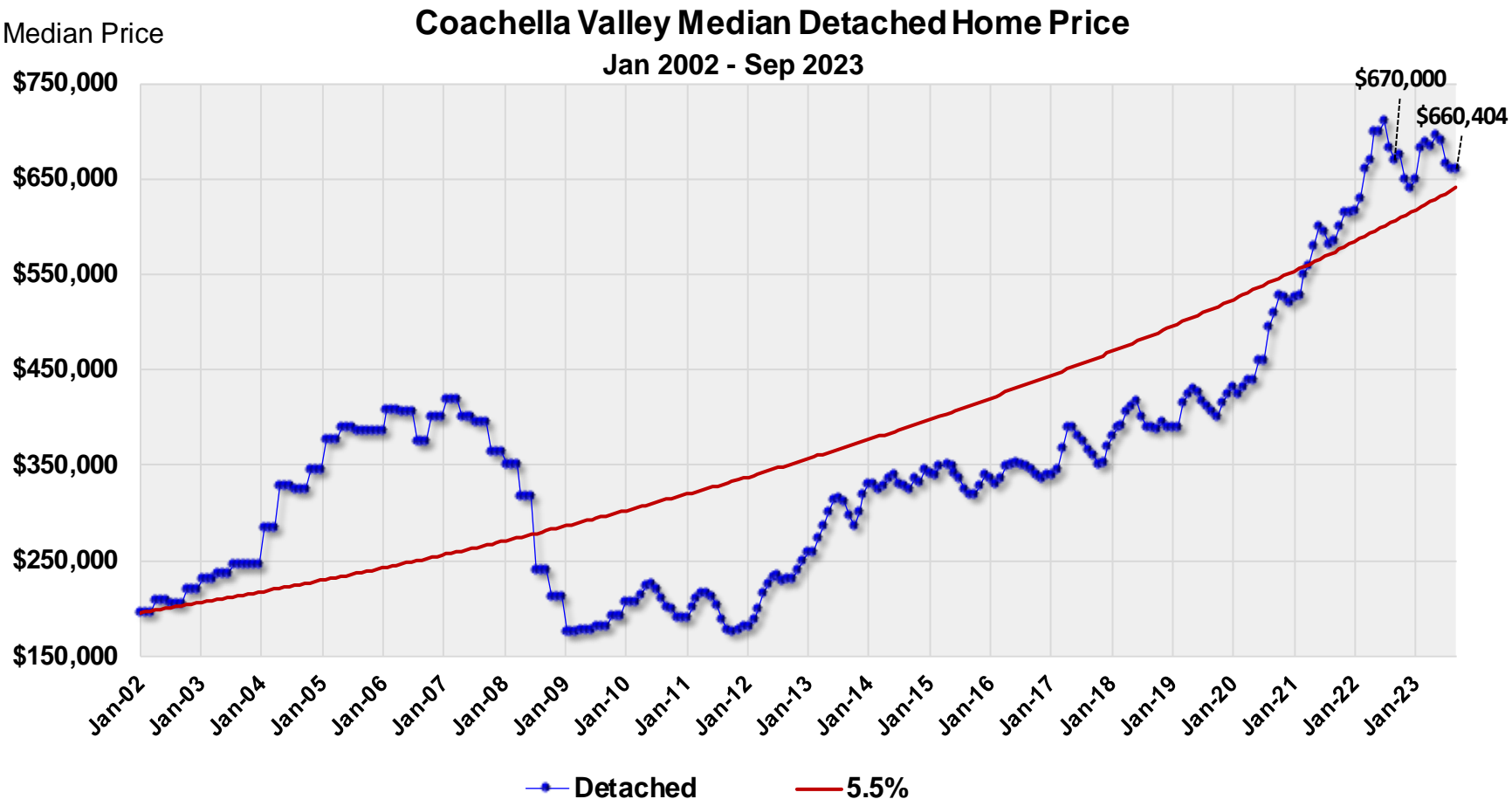
INVENTORY & "MONTHS OF SALES" RATIOS: On October 1st, Valley inventory was 1,762 units, which is 161 units more than last month. Current inventory is just a few units less than a year ago. Some of this monthly increase is seasonal, the other can be attributed to the continuing low number of new listings. The Valley's "months of sales" ratio was 3.1 months, which is up .3 months from last month and almost one month more than last year.

DIM: At the end of September, the median number of "days in the market" in the Coachella Valley was 38 days, which is the same as last month and six days more than last year. The city of Coachella continues to have the lowest median selling time for detached homes at 24, followed by Cathedral City at 31, and then Desert Hot Springs with 32 days. In the attached market, Desert Hot Springs continues to have the shortest average selling time at 28 days, followed by La Quinta at 33 days.

PRICE DISCOUNTS/PREMIUMS: In September, 17.1% of sales sold above list price, compared to 28.8% a year ago. We expect the percent to continue to stay at current levels as we move into fall and winter and inventory grows. Every city is now averaging a selling discount for detached homes, which range from -.2% in the City of Coachella to 3.0% in Rancho Mirage. Discounts for attached homes in September range from -1.5% in Indio to -4.3% in Bermuda Dunes.

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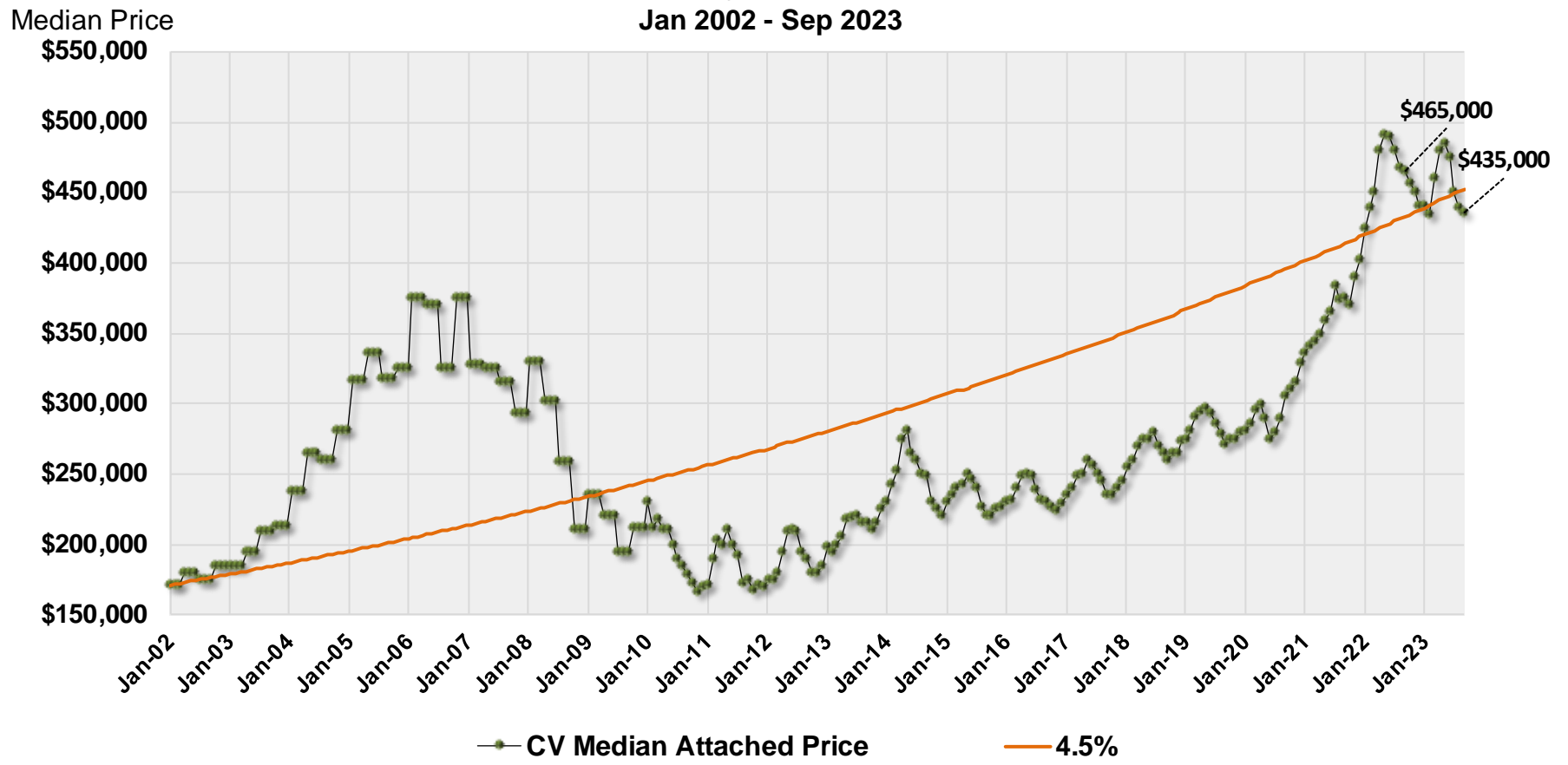
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Coachella Valley Median Detached Price

The median price of a detached home in the Coachella Valley ended September at \$660,404, unchanged for the month but down 1.4% year over year. The small decline over the last four months has been primarily a seasonal decline since, like with the attached market, the summer months almost always brings some price weakness in detached homes. With both inventory and sales low, supply and demand continue to remain in balance.

Coachella Valley Median Attached Price Jan 2002 - Sep 2023



Coachella Valley Median Attached Price

The median attached price in the Valley declined \$4,000 in September to \$435,000 and is now down 6.5% year over year. As the chart clearly shows, the seasonal range of the price of attached homes is much larger than that of detached homes. If the normal seasonal pattern continues, we should expect attached home prices to now rise as we move to the end and into the new year.

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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
La Quinta	2,550	\$384.02	\$979,263	\$958,792	2.1%	\$318,164	207.8%
Bermuda Dunes	2,500	\$319.83	\$799,568	\$794,931	0.6%	\$239,325	234.1%
Desert Hot Springs	1,600	\$257.01	\$411,216	\$414,416	-0.8%	\$86,656	374.5%
Cathedral City	1,800	\$312.53	\$562,555	\$573,743	-1.9%	\$153,216	267.2%
Rancho Mirage	3,175	\$398.34	\$1,264,743	\$1,293,119	-2.2%	\$506,317	149.8%
Indio	2,000	\$281.69	\$563,380	\$578,871	-2.7%	\$156,340	260.4%
Palm Springs	2,175	\$587.40	\$1,277,598	\$1,322,635	-3.4%	\$323,879	294.5%
Coachella	1,700	\$255.23	\$433,886	\$469,287	-7.5%	\$111,367	289.6%
Indian Wells	3,450	\$479.24	\$1,653,381	\$1,792,809	-7.8%	\$666,885	147.9%
Palm Desert	2,200	\$323.34	\$711,358	\$772,340	-7.9%	\$302,302	135.3%

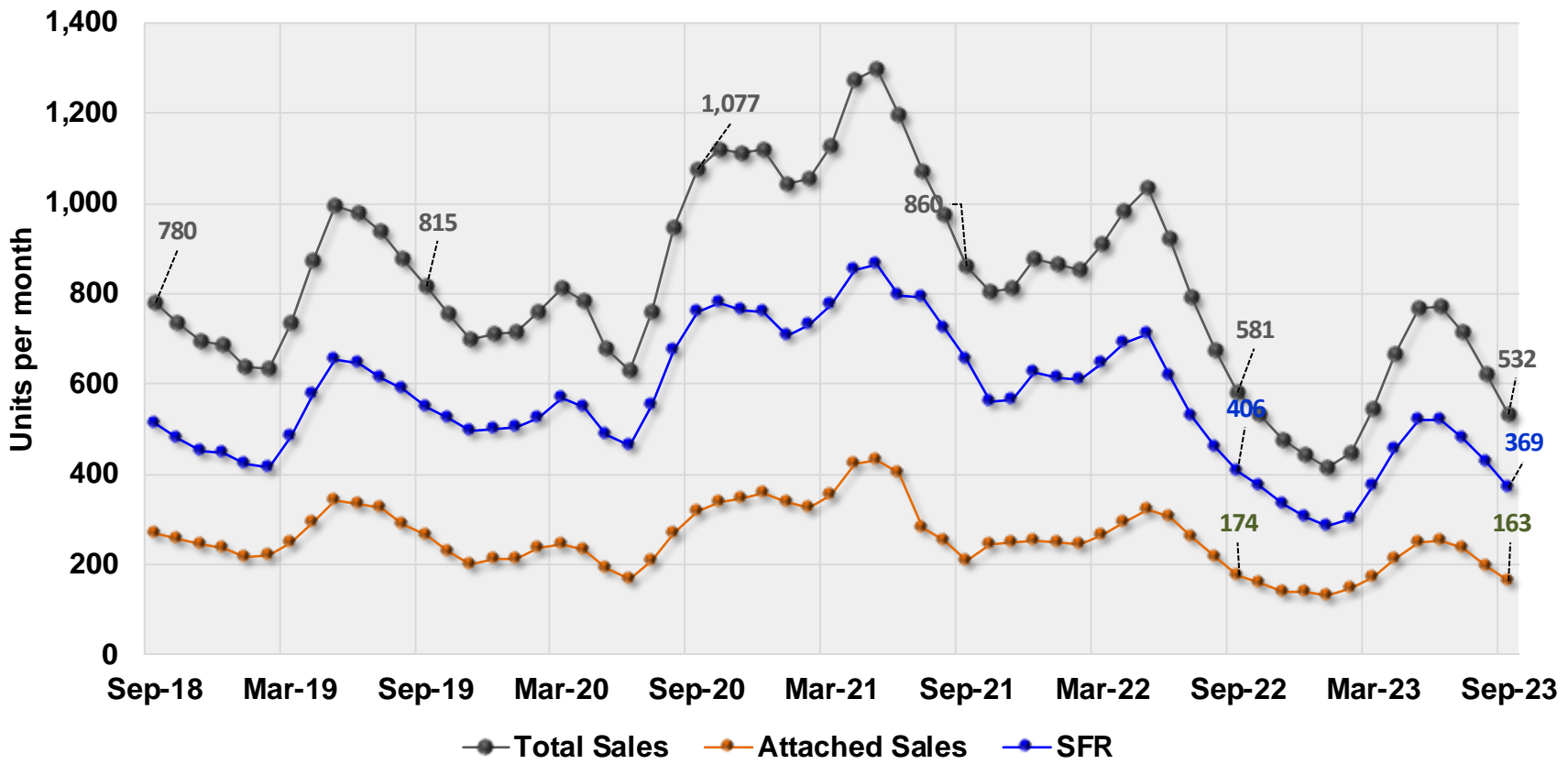
Price of The Average Size Attached Home

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
Indian Wells	1,950	\$387.90	\$756,400	\$686,957	10.1%	\$259,126	192%
Desert Hot Springs	750	\$201.77	\$151,327	\$144,662	4.6%	\$16,013	845%
Indio	1,050	\$284.40	\$298,622	\$286,116	4.4%	\$56,396	430%
La Quinta	1,750	\$398.24	\$696,926	\$670,213	4.0%	\$247,713	181%
Rancho Mirage	1,775	\$345.75	\$613,713	\$598,576	2.5%	\$211,030	191%
Bermuda Dunes	1,450	\$272.99	\$395,835	\$391,118	1.2%	\$89,117	344%
Cathedral City	1,250	\$271.20	\$338,998	\$345,157	-1.8%	\$80,544	321%
Palm Springs	1,250	\$360.45	\$450,567	\$478,011	-5.7%	\$129,788	247%
Palm Desert	1,600	\$320.63	\$513,000	\$546,167	-6.1%	\$197,896	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 home size is listed in the second column. The latest price is then compared to the price a year ago, and to the all-time lows that occurred in 2011. Every city but La Quinta and Bermuda Dunes has year over year declines in the price of their average size detached home. The cities with declines range from -.8% for Desert Hot Springs to -7.9% for Palm Desert. Six cities have gains for their attached homes - Indian Wells, Desert Hot Springs, Indio, La Quinta, Rancho Mirage and Bermuda Dunes.

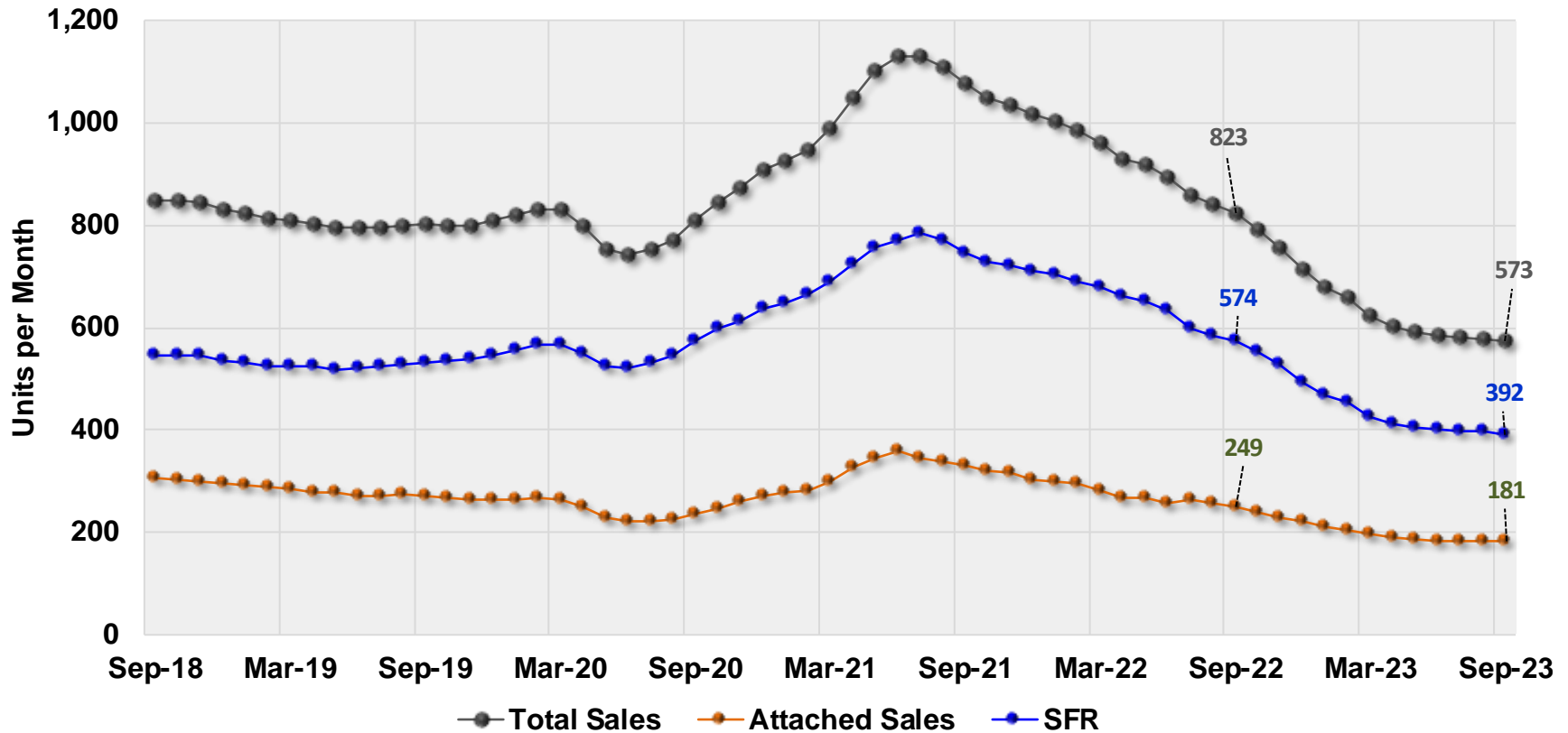
Detached, Attached and Total Sales 3 month moving average



Monthly Sales – 3-month trailing avg.

The three-month average of sales declined in September to 532 units a month, which is 49 units less than last year. The sales decline continues proportionally in both the detached and attached market. Because of the seasonal nature of sales, it's difficult to assess from this chart where things stand on a historical basis. The first chart of this report is designed to separate seasonal changes from real ones. It illustrates that sales over the last four months are running about 27.7% below normal and shows that the sales recovery expected a few months ago has stalled.

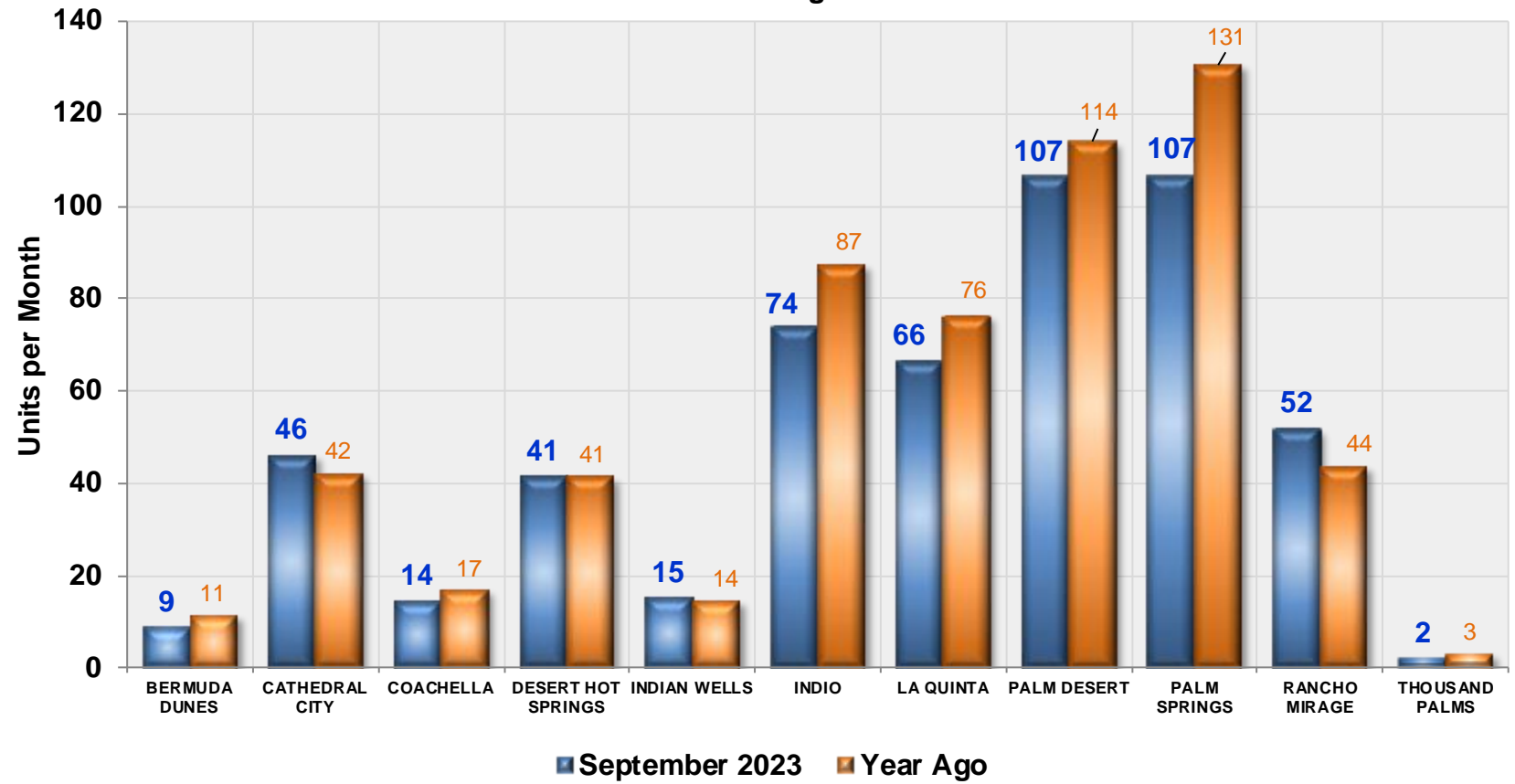
Detached, Attached and Total Sales 12 month moving average



Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out seasonality, shows total sales are averaging 573 units a month. This is six less than last month. As the chart continues to show, the long-term average of sales is flattening out and we believe the worst is over. But we continue to believe that sales won't recover until mortgage rates come down from 7.5% to around 5%.

Home Sales by City 3 month avg sales



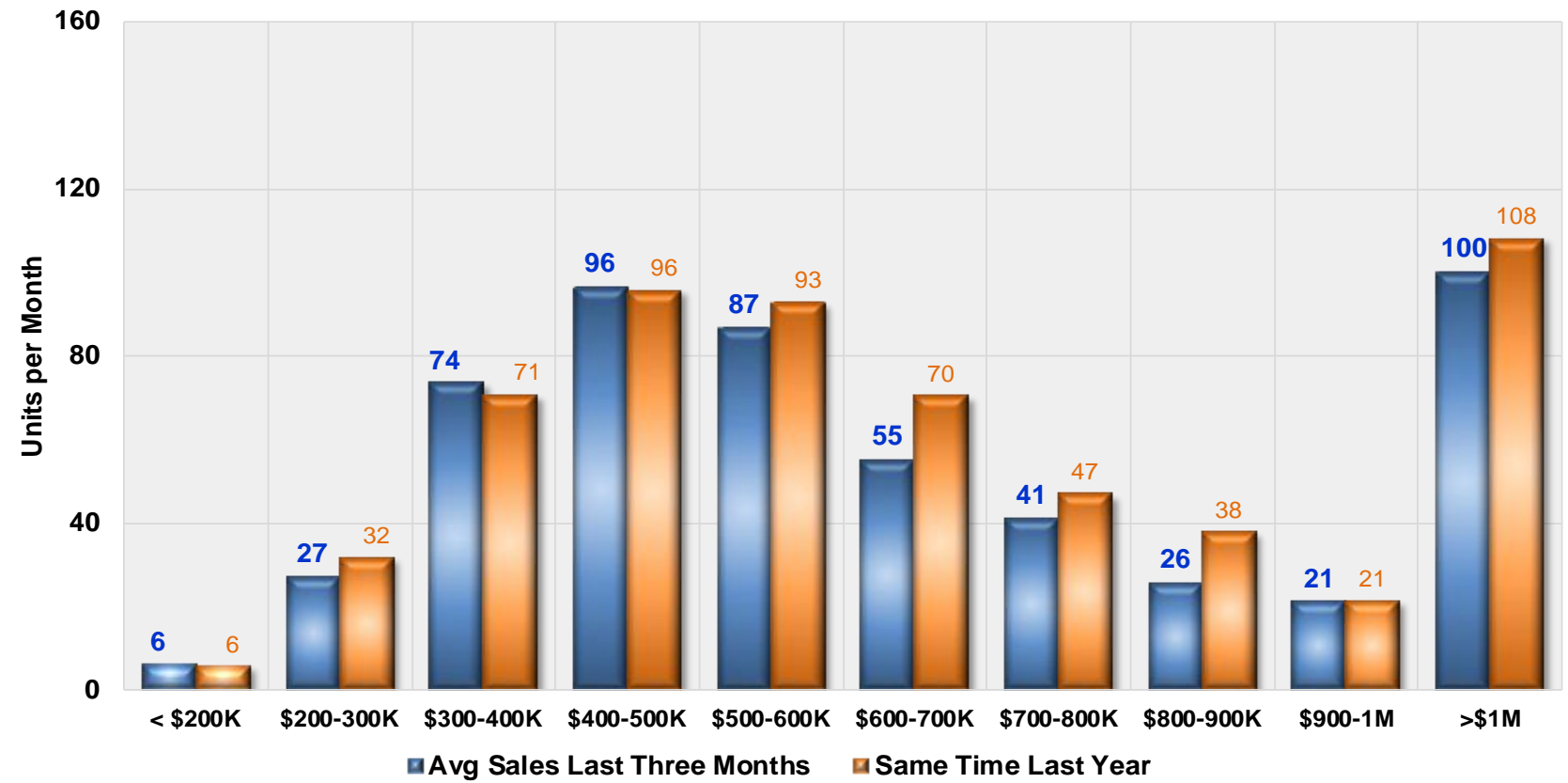
Home Sales by City

Every city except Cathedral City, Indian Wells and Rancho Mirage has lower three-month sales. The city with the largest sales decline is Palm Springs. There the percentage sales declines was 18%. The city with the largest sales increase was Rancho Mirage, with sales up 18%. The graph shows that sales are comparable to year ago levels in every city, which shows the low sales problem in the region is widespread and not unique to a particular market.

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Home Sales by Price Range 3 mos avg

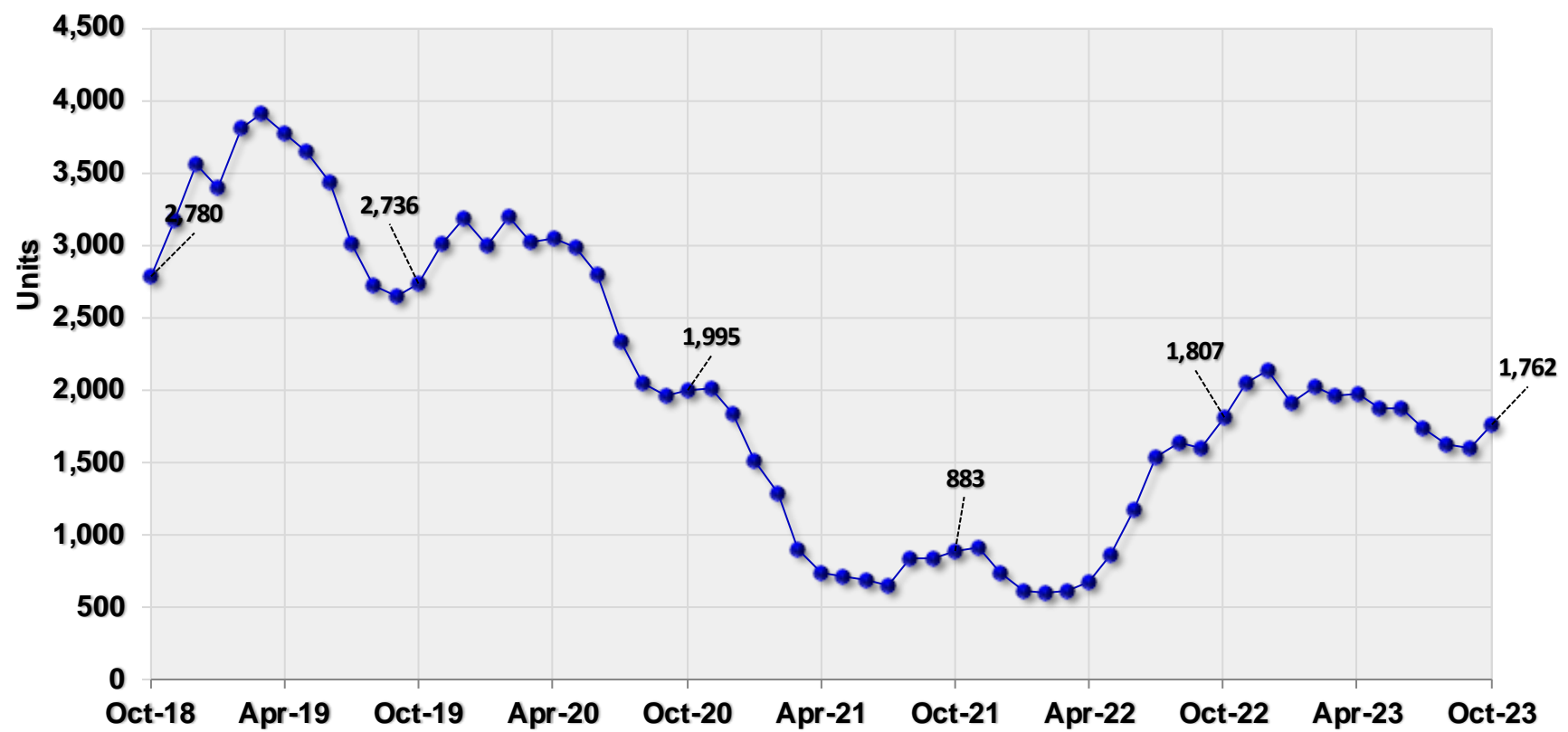


Home Sales by Price Range

This chart is comparable to the city chart and shows that sales are comparable to year ago levels in all price brackets just like they are in all the cities. In fact, the two years looked like mirror images of each other. The only real difference are in homes priced from \$600,000 to \$900,000. Sales in all other price brackets looks similar.

Valley Housing Inventory

October 1st 2018 to October 1st 2023



Coachella Valley Total Inventory

On October 1st, Valley inventory was 1,762 units, which is 161 units more than last month. Current inventory is just a few units less than a year ago. Some of this monthly increase is seasonal, the other can be attributed to the continuing low number of new listings. We expect the seasonal increase in inventory to continue for the next three or four months.

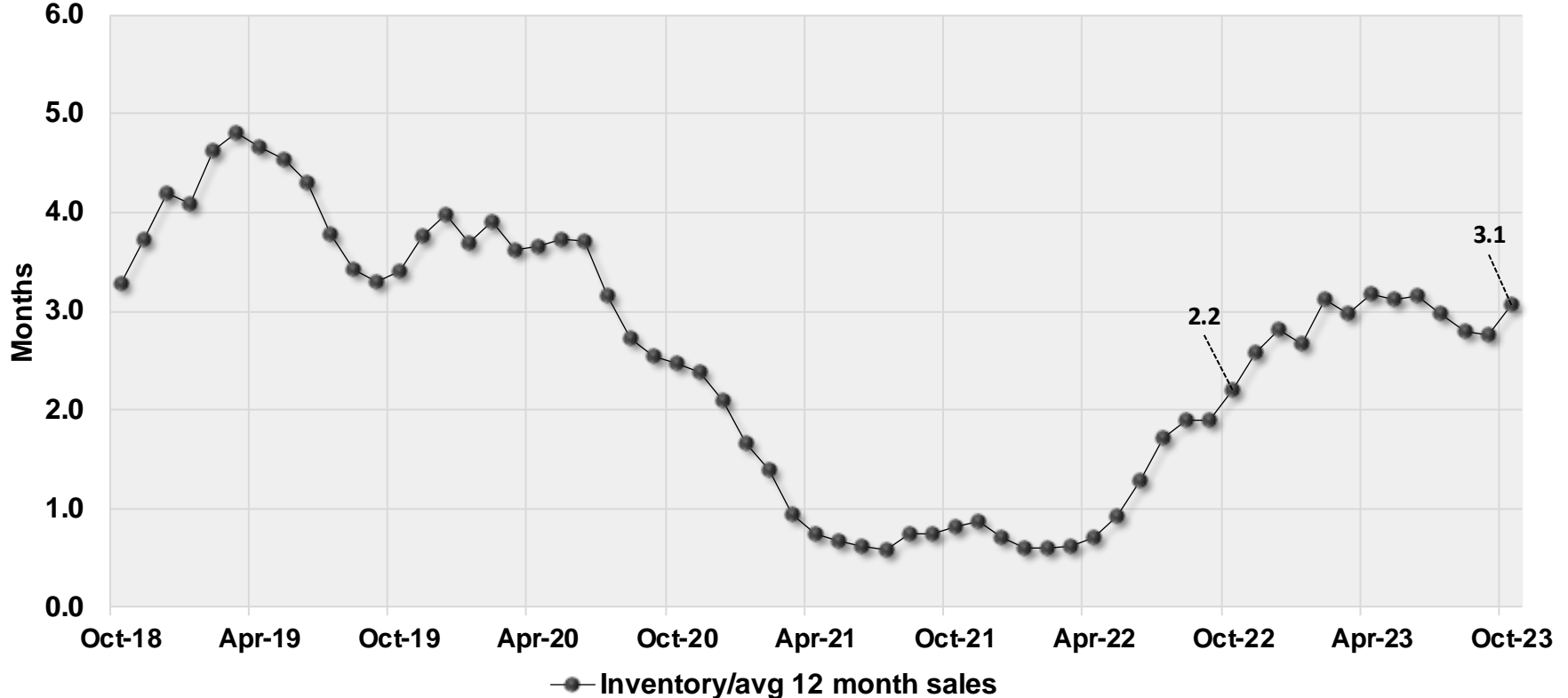
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"Months of Sales" Ratio

Coachella Valley

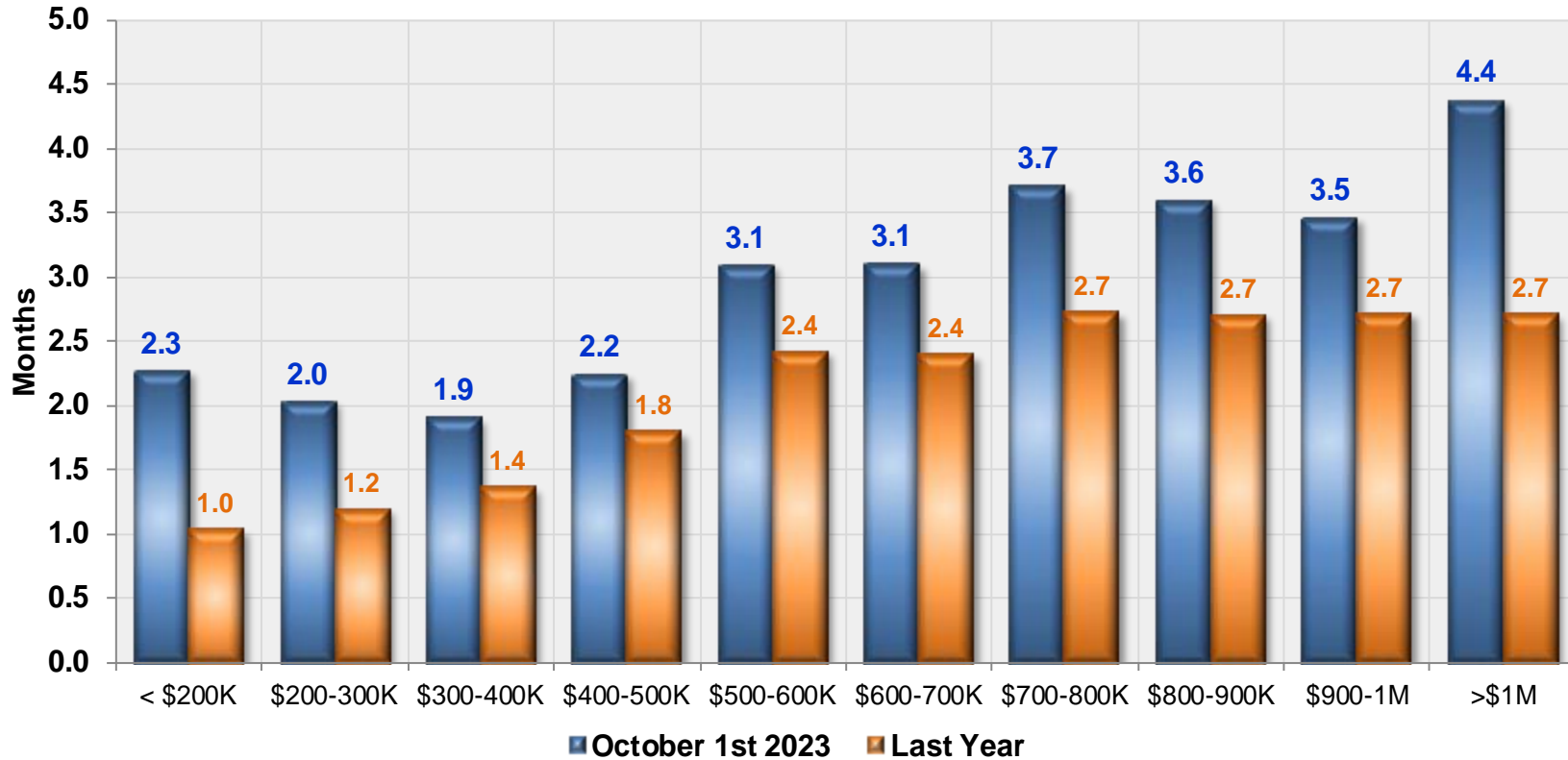
September 1st 2018 - September 1st 2023



Regional "Months of Sales" Ratio

On October 1st, the Valley's "months of sales" ratio was 3.1 months, which is up .3 months from last month and almost one month more than last year. This fundamental ratio measures supply and demand and, at 3.1 months, is at a level that continues to represent a balanced housing market. This ratio points to relatively stable home prices going forward.

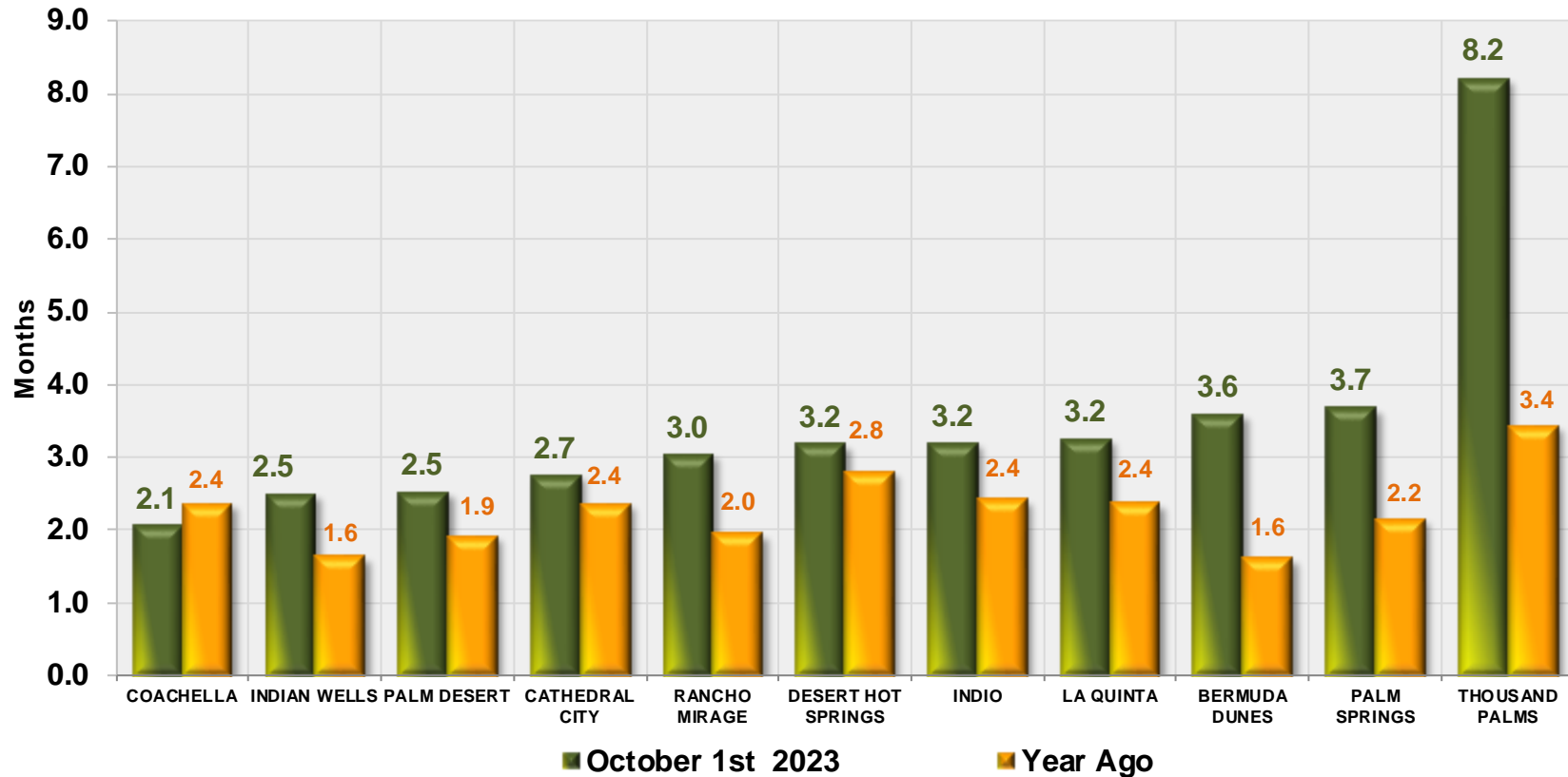
"Months of Sales" by Price Range uses avg. twelve month sales



"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. Every price bracket continues to have a ratio above year ago levels. The increase over last year is approximately the same in all price brackets. This continues to show that the market has no distortions in supply and demand in any price bracket.

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



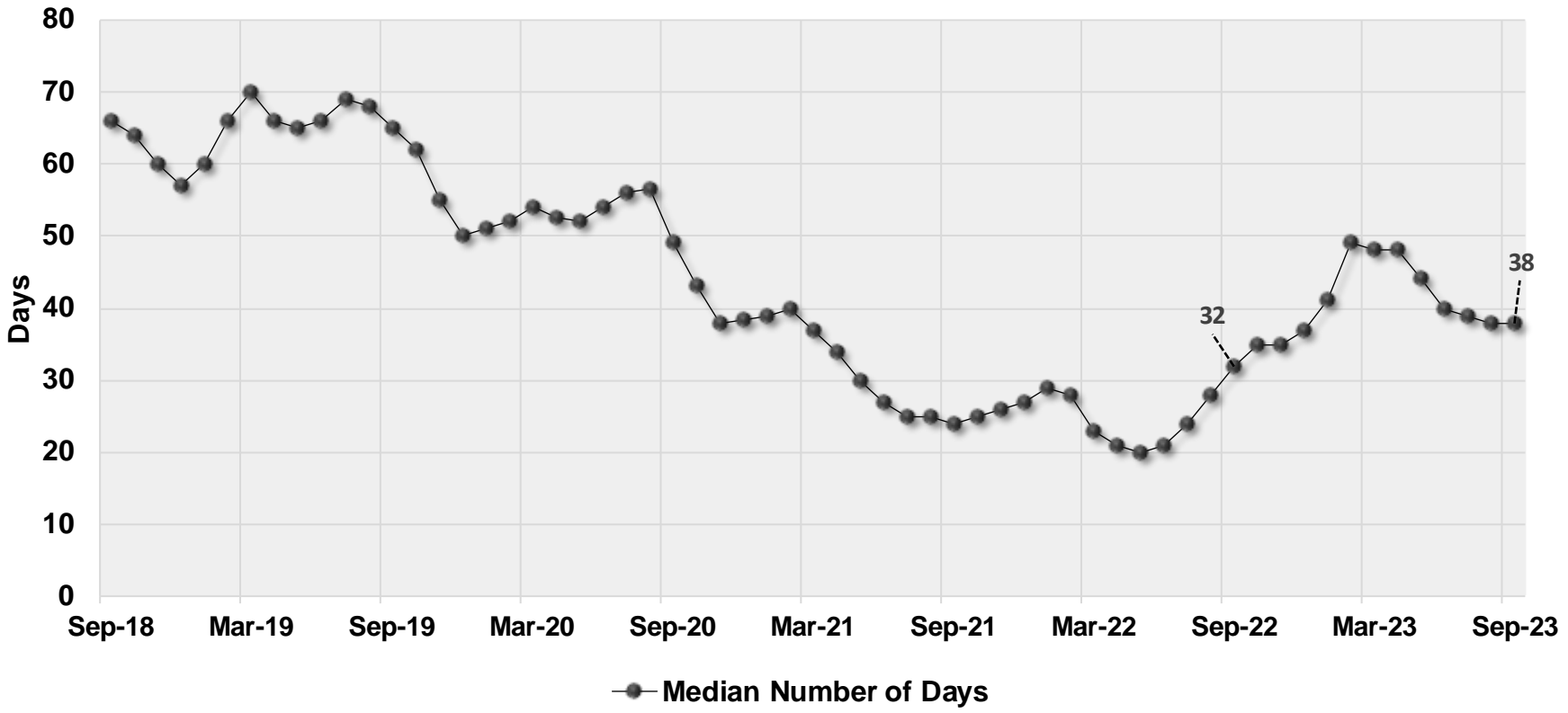
"Months of Sales" by City

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. Except for Thousand Palms, which is an outlier, almost every city has comparable ratios to year ago levels. This is similar to the price bracket chart and implies that the supply and demand equation is balanced in all the cities.

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"Days in the Market" Coachella Valley Sep 2018 - Sep 2023



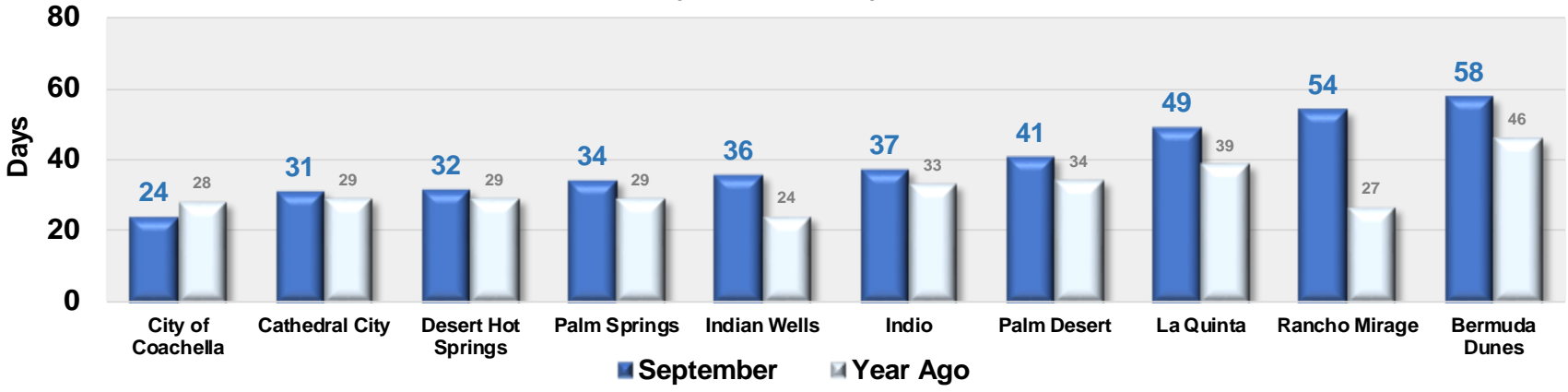
Regional "Days in the Market"

The median selling time in the region is starting to decrease. At the end of September, the median number of "days in the market" in the Coachella Valley was 38 days, which is the same as last month and six days more than last year. Because of continuing low inventory, we think the median selling time will stay around current levels for some time.

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"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. The city of Coachella continues to have the lowest median selling time for detached homes at 24, followed by Cathedral City at 31, and then Desert Hot Springs with 32 days. In the attached market, Desert Hot Springs continues to have the shortest average selling time at 28 days, followed by La Quinta at 33 days.

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% Homes Selling Over List Price Coachella Valley 2016 - 2023 (September)



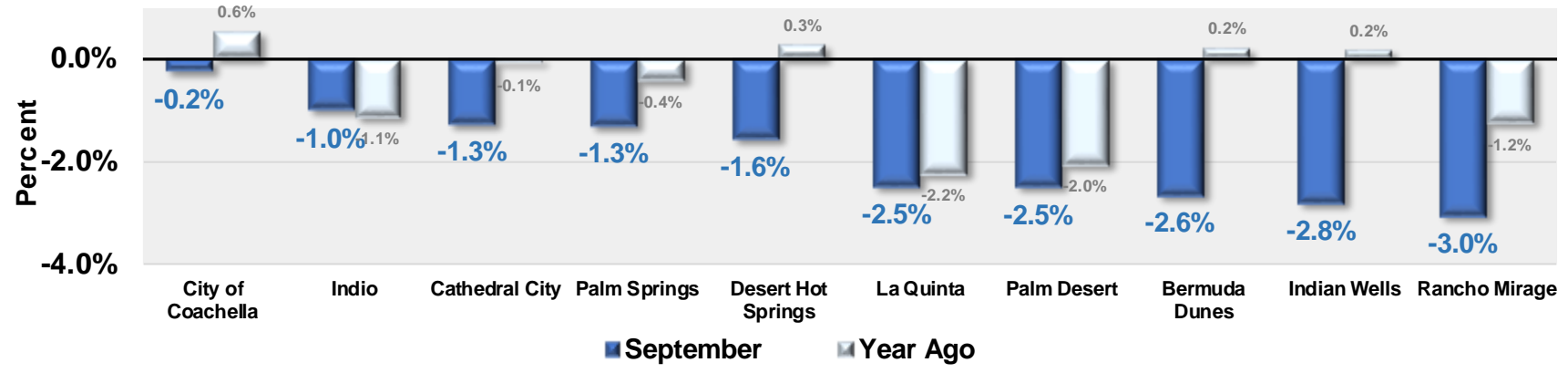
Percent Homes Selling Above List

This chart graphs the percentage of Valley homes that sold above list price over the last three months. In September, 17.1% of sales sold above list price, compared to 28.8% a year ago. We expect the percent to continue to stay around current levels as we move into fall and winter and inventory grows.

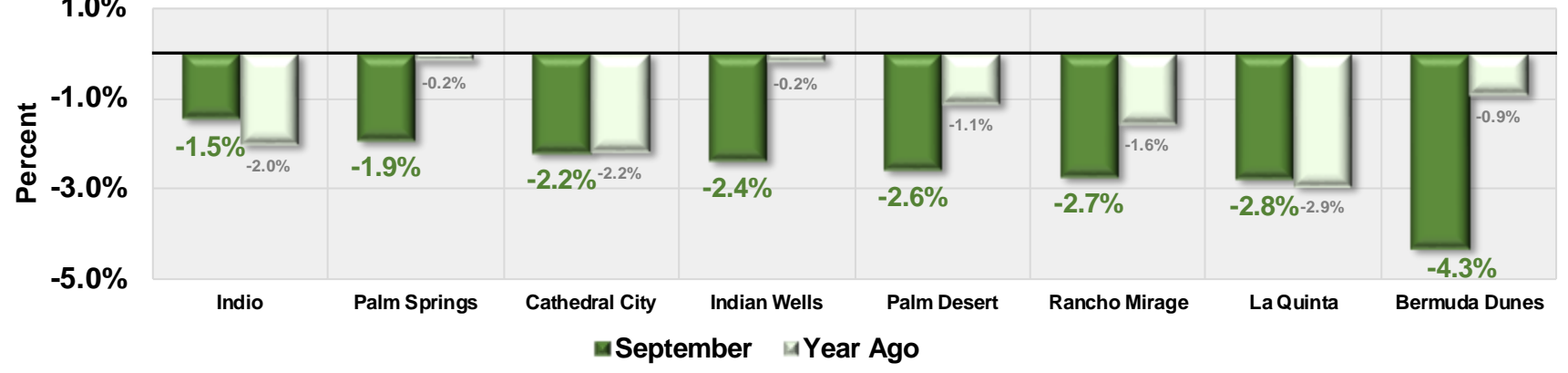
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Price Discount - Detached Homes (Average Value)



Price Discount - Attached Homes (Average Value)



“Average Price Discounts”

These bar charts show the average price discount/premium for both detached and attached homes. 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. Every city is averaging a selling discount for detached homes, which range from -2% in the City of Coachella to 3.0% in Rancho Mirage. Discounts for attached homes in September range from -1.5% in Indio to -4.3% in 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 September, all sales and pricing are done using transactions through that and the previous two months. However, when we measure inventory at the end of September, it's the inventory as of September 1st. Even though inventory September be labeled September 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.