

Summary

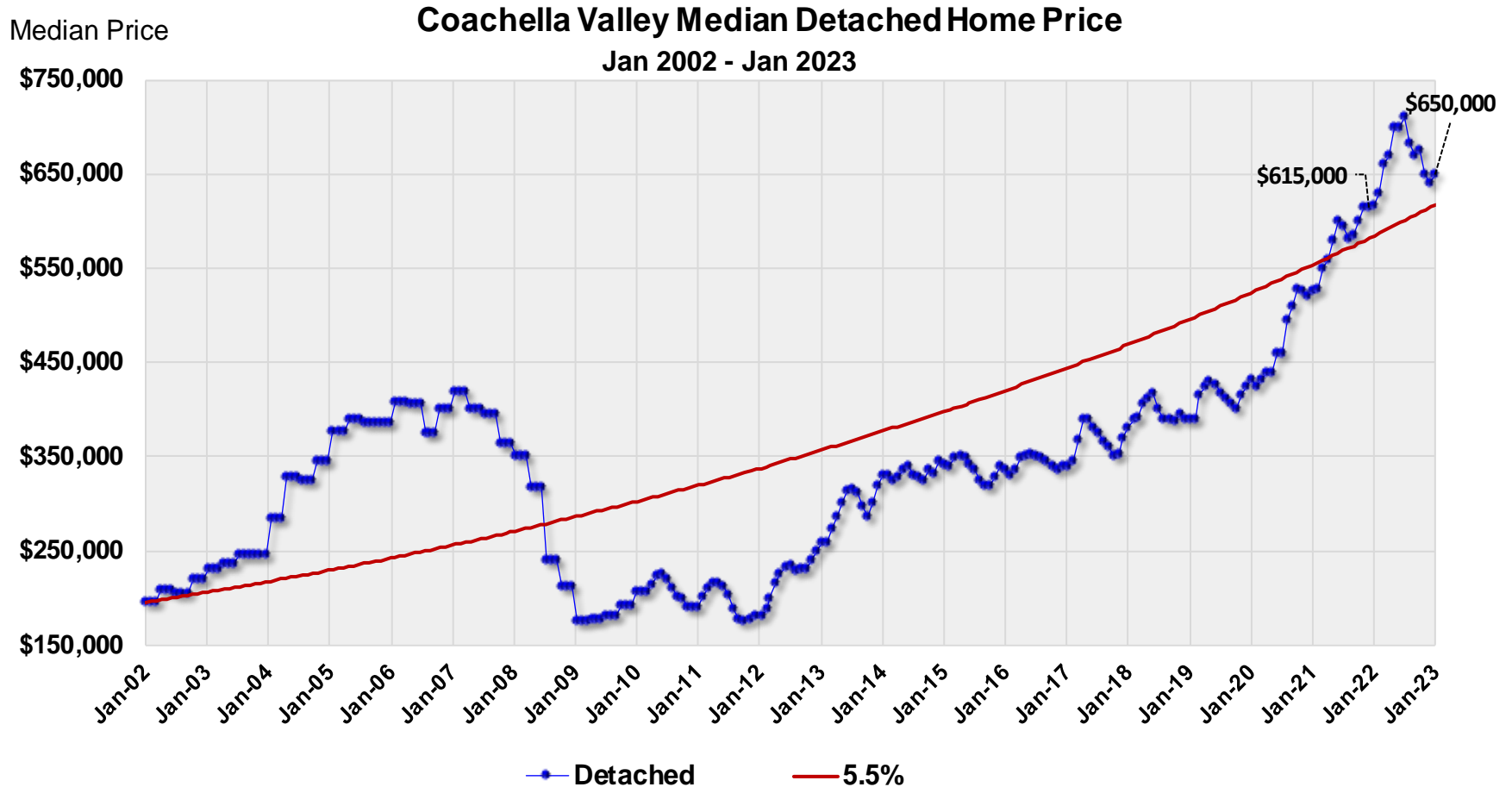
PRICES: The median price of a detached home in the Coachella Valley rose last month by \$10,000 and is currently \$650,000, which is up 5.7% year over year. This monthly increase is somewhat expected since prices typically begin their seasonal rise around January. The median price for attached homes was \$440,000, which is unchanged from last month. Five cities continue to have double digit price gains for their average size detached homes with only Palm Desert having a negative year over year price change. Every city still has positive year over year price changes in their average size attached home.

SALES: It's distressing that home sales continue to decline. The three-month average of sales in January was down to 413 units a month, which is 52% less than last year. Before the pandemic, January sales averaged 700 units per month, so sales are now running 41% below average. The 12-month average of sales, which takes out seasonality, shows total sales averaged 680 units a month. This is 32% below last year and the 18th consecutive month of a decline. Long term sales are now running below pre-pandemic averages by about 15%.

INVENTORY & "MONTHS OF SALES" RATIOS: On February 1st, Valley inventory stood at 2,025 units, which is slightly above last month and 1,429 units more than last year. Some of the inventory gain over the last few months was seasonal but this factor was less than in previous years. The Valley's "months of sales" ratio rose to 3.1 months, which is the highest ratio since the summer of 2020. This important and fundamental ratio, which measures supply versus demand, is below its historic average for this time of year. To us this means that, while sales are down, there is still a relative balance between buyers and sellers.

DIM: The average selling time in the region continues to increase. At the end of January, the median number of "days in the market" throughout the Valley was 41 days, which is now twelve days more than last year. The city of Palm Springs has the lowest median selling time for detached homes at 28 days, followed by Bermuda Dunes at 34 days. In the attached market, Desert Hot Springs has the shortest median selling time at 24 days.

PRICE DISCOUNTS/PREMIUMS: Only 13.5% of sales occurred above list price in January compared to 42.6% a year ago. We think the percent is gradually returning to its historic norm of around 10%. Every city in the region now has an average selling discount for detached homes, which ranges from -.1% for Coachella to -4.2% for Indian Wells. Attached homes range from discounts of -.2 for Bermuda Dunes to -7.7% for Indio.



Coachella Valley Median Detached Price

The median price of a detached home in the Coachella Valley rose last month by \$10,000 and is currently \$650,000, which is up 5.7% year over year. This monthly increase is somewhat expected since prices typically begin their seasonal rise around January. The price is now 8.5% below the peak price of \$710,000 six months ago. We will track its progress from here, since it is important to follow the data and not opinion during critical times like this.

Coachella Valley Median Attached Price

Jan 2002 - Jan 2023

Median Price

\$550,000

\$500,000

\$450,000

\$400,000

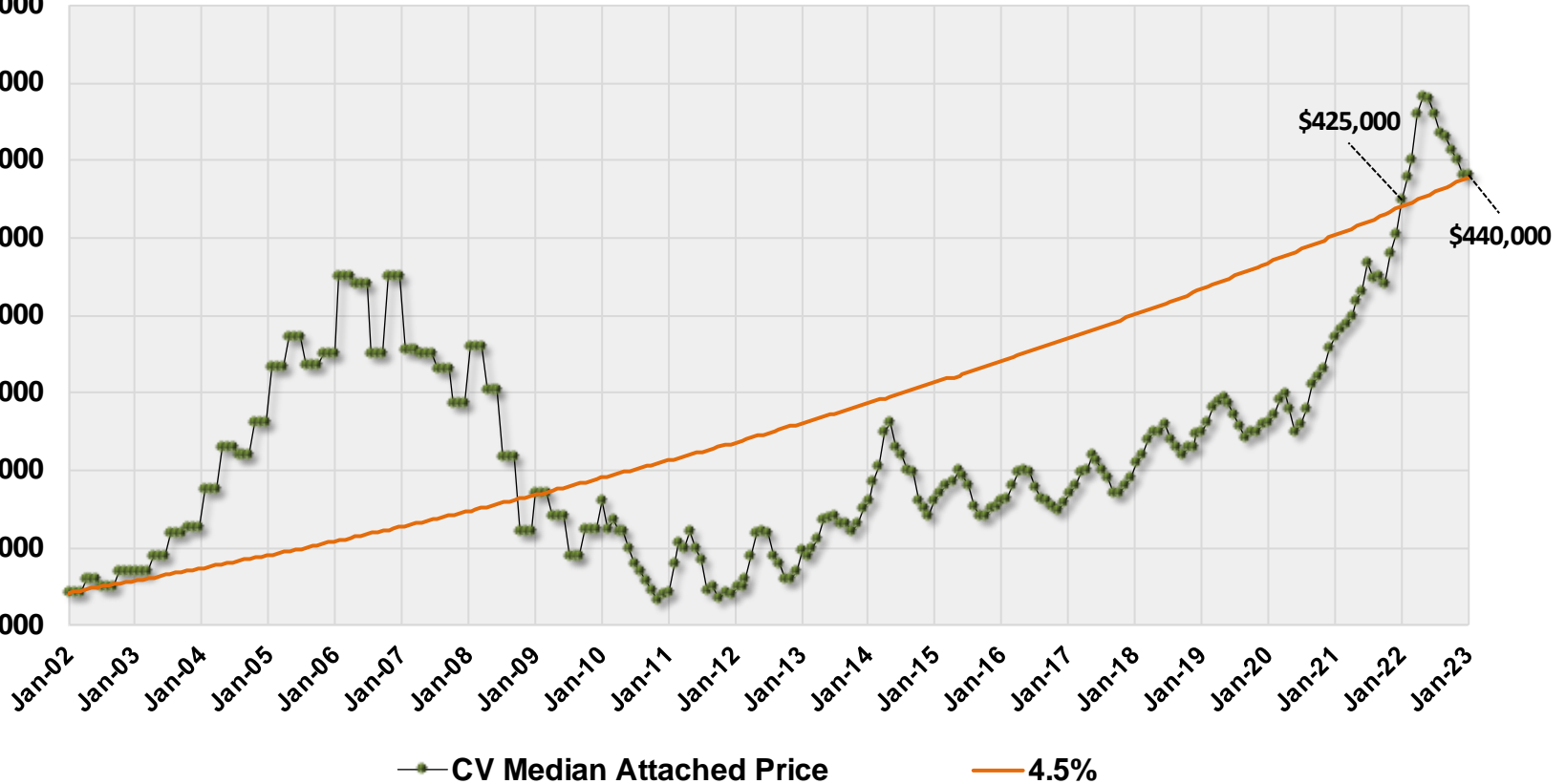
\$350,000

\$300,000

\$250,000

\$200,000

\$150,000



Coachella Valley Median Attached Price

The median price in January for attached homes was \$440,000, which is unchanged from last month. As the chart clearly shows the price is back to the long-term growth rate of 4.5%. The current price is 10.4% below its peak level in May but is still up year over year. As the chart clearly shows, seasonally driven price increases normally begin in December or January. We'll have to see if this pattern continues in 2023.

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
Coachella	1,700	\$250.83	\$426,404	\$366,925	16.2%	\$111,367	282.9%
Rancho Mirage	3,175	\$428.38	\$1,360,093	\$1,201,542	13.2%	\$506,317	168.6%
Cathedral City	1,800	\$333.21	\$599,772	\$532,291	12.7%	\$153,216	291.5%
La Quinta	2,550	\$395.63	\$1,008,868	\$905,558	11.4%	\$318,164	217.1%
Indian Wells	3,450	\$462.83	\$1,596,777	\$1,446,326	10.4%	\$666,885	139.4%
Palm Springs	2,175	\$575.50	\$1,251,719	\$1,142,843	9.5%	\$323,879	286.5%
Indio	2,000	\$285.03	\$570,062	\$521,955	9.2%	\$156,340	264.6%
Desert Hot Springs	1,600	\$244.01	\$390,419	\$361,984	7.9%	\$86,656	350.5%
Bermuda Dunes	2,500	\$312.73	\$781,818	\$774,722	0.9%	\$239,325	226.7%
Palm Desert	2,200	\$319.59	\$703,093	\$712,500	-1.3%	\$302,302	132.6%

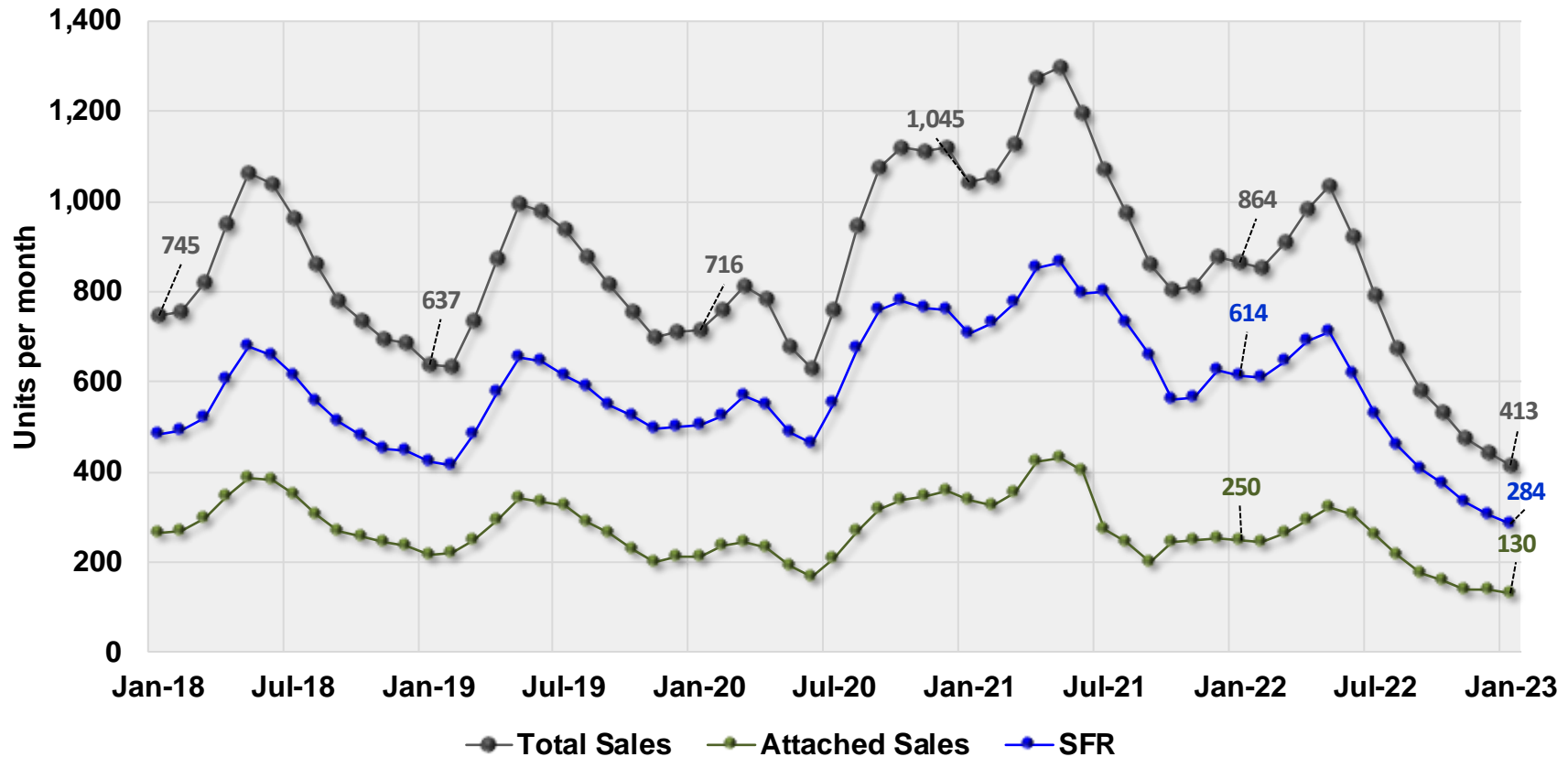
Price of The Average Size Attached Home

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	\$115,046	26.3%	\$16,013	808%
Cathedral City	1,250	\$271.88	\$339,847	\$296,375	14.7%	\$80,544	322%
Rancho Mirage	1,775	\$307.81	\$546,367	\$489,237	11.7%	\$211,030	159%
Palm Desert	1,600	\$336.42	\$538,265	\$485,422	10.9%	\$197,896	172%
Palm Springs	1,250	\$359.12	\$448,902	\$407,173	10.2%	\$129,788	246%
Bermuda Dunes	1,450	\$268.13	\$388,795	\$370,273	5.0%	\$89,117	336%
Indian Wells	1,950	\$326.19	\$636,076	\$605,948	5.0%	\$259,126	145%
La Quinta	1,750	\$368.42	\$644,737	\$627,111	2.8%	\$247,713	160%
Indio	1,050	\$253.91	\$266,602	\$261,631	1.9%	\$56,396	373%

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 latest price is then compared to the price a year ago and to the all-time lows that occurred in 2011 and 2012. Five cities continue to have double digit price gains for their average size detached homes with only Palm Desert having a negative year over year price change. Every city still has positive year over year price changes in their average size attached home.

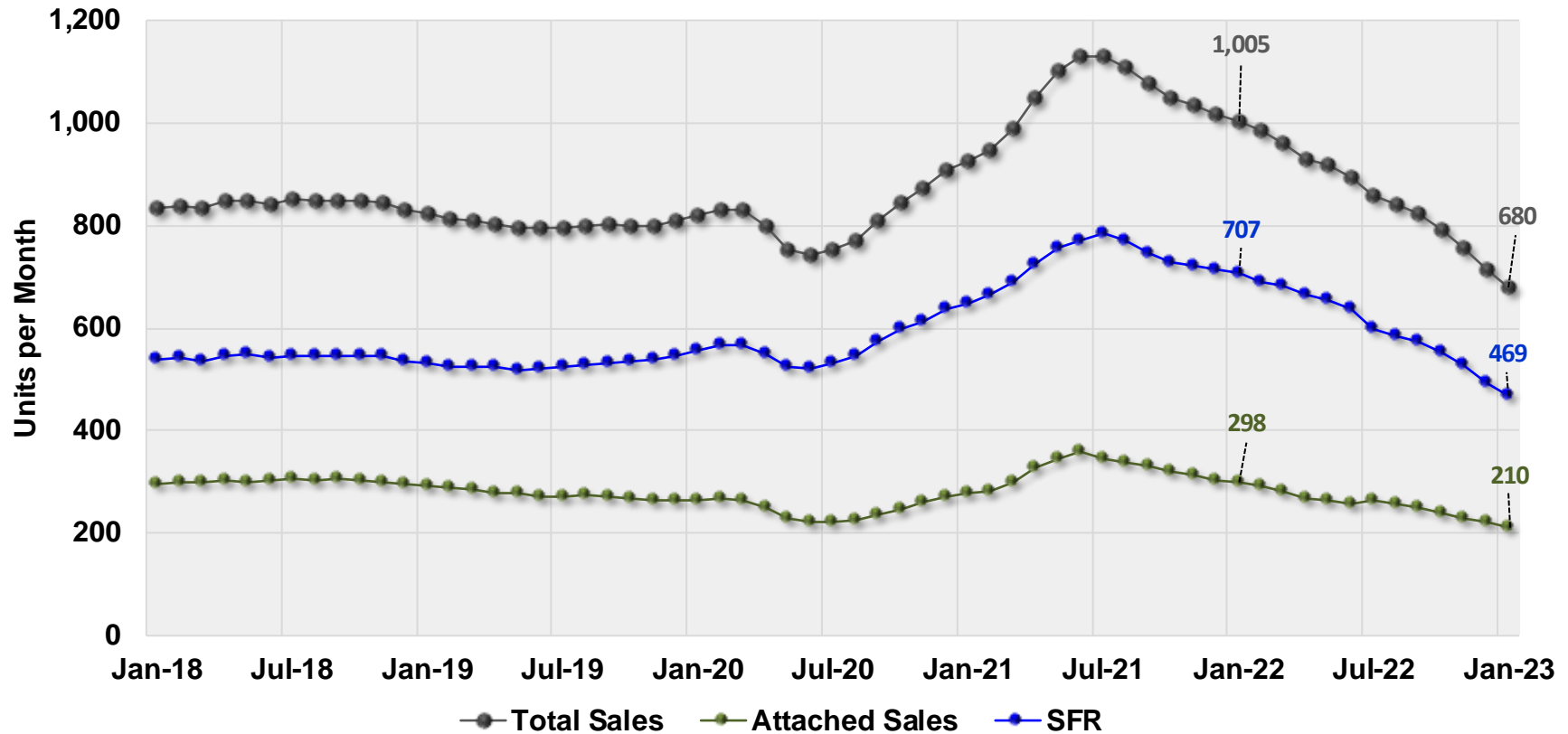
Detached, Attached and Total Sales 3 month moving average



Monthly Sales – 3-month trailing avg.

As we said last month, it's distressing that home sales continue to decline. The three-month average of sales in January was down to 413 units a month, which is 52% less than last year. Before the pandemic, January sales averaged 700 units per month, so sales are now running 41% below average. We are entering the time of year, however, when desert sales usually stop declining and begin to rise. Hopefully, this seasonal pattern will help slow, or even stop, the decline as we move into 2023.

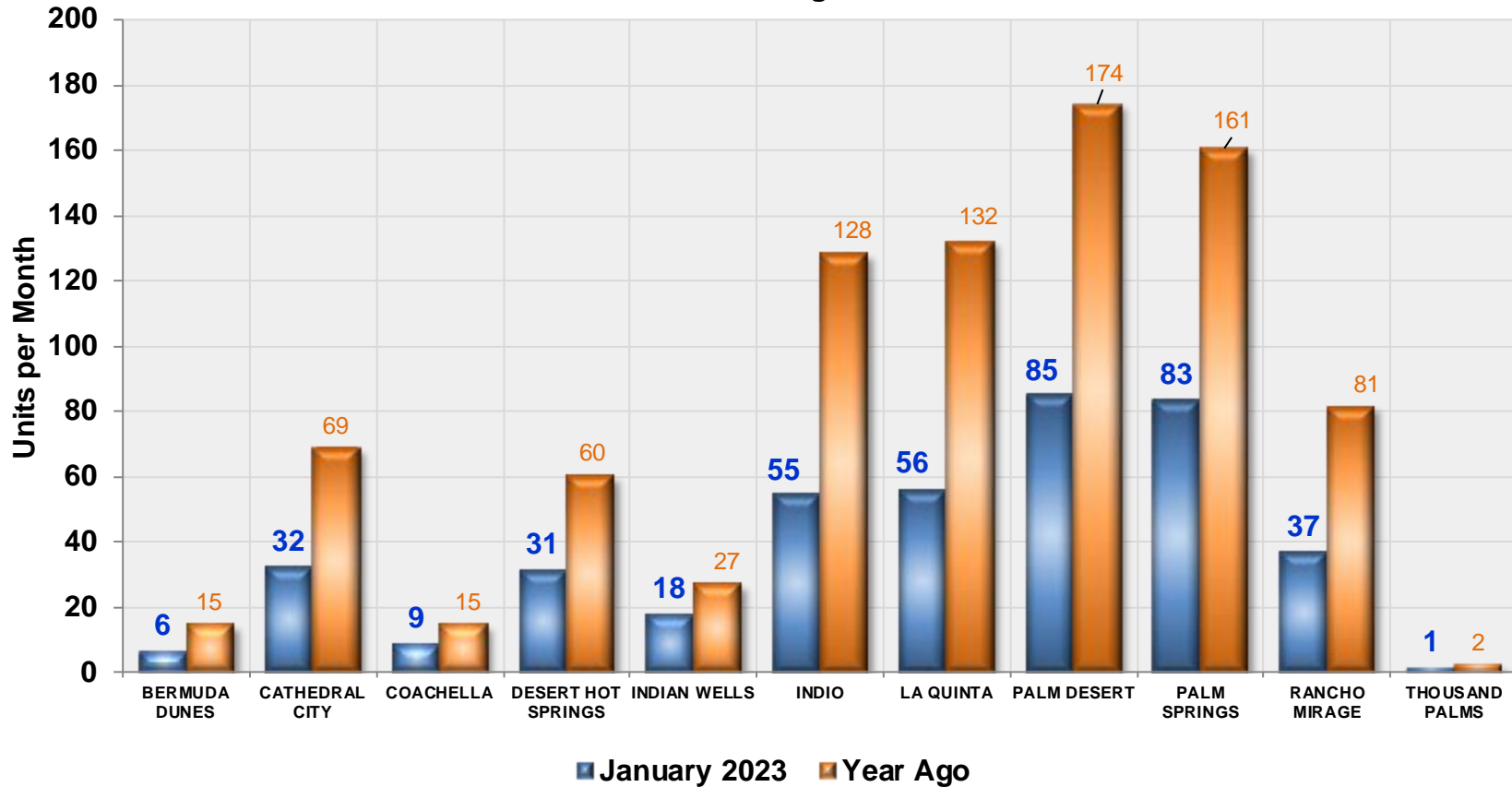
Detached, Attached and Total Sales 12 month moving average



Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out seasonality, shows total sales averaged 680 units a month. This is 32% below last year and the 18th consecutive month of a decline. Long term sales are now running below pre-pandemic averages by about 15%. Since long-term sales lag short term sales, this metric should continue to decline for awhile even if monthly sales begin to increase.

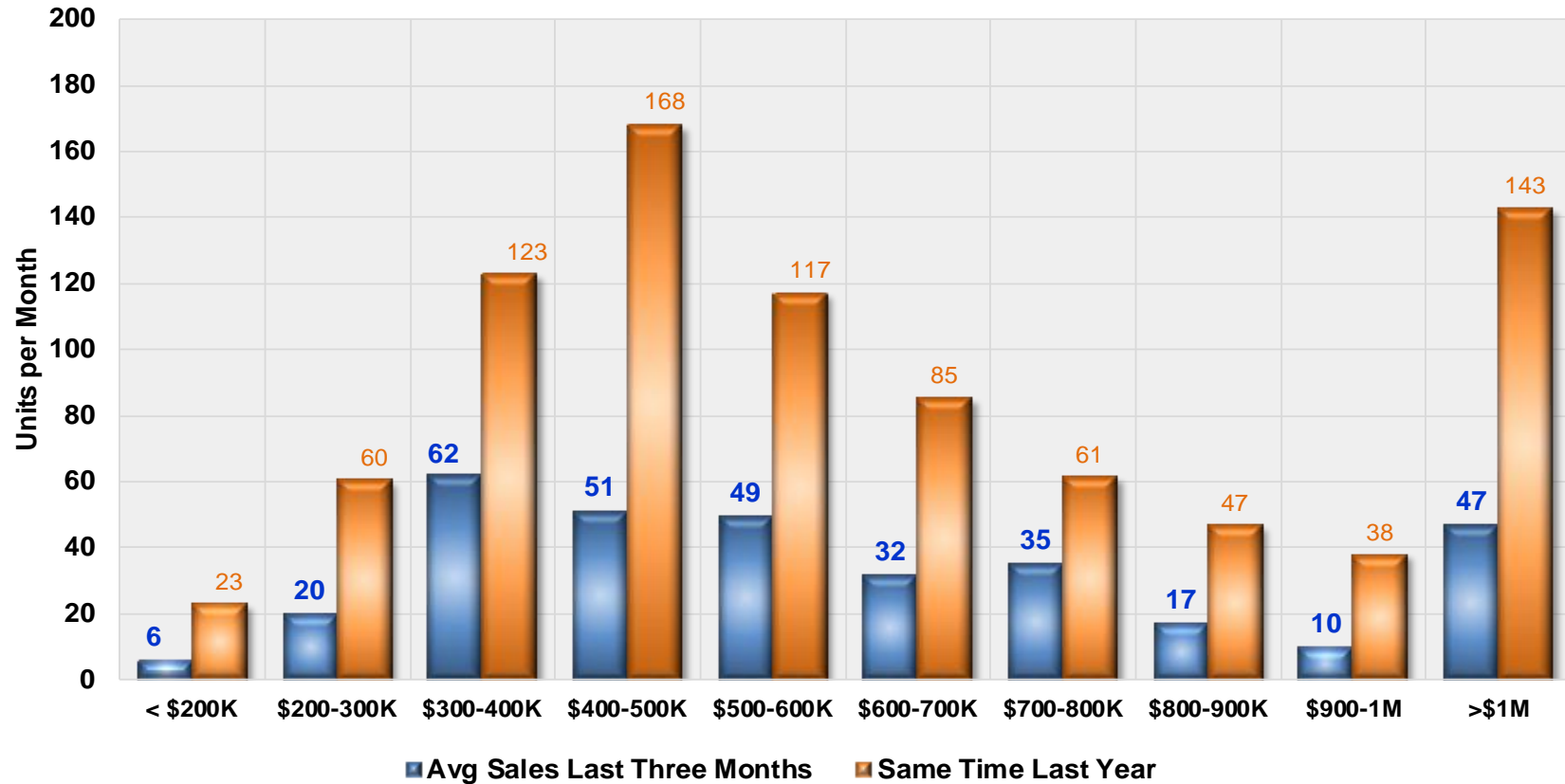
Home Sales by City 3 month avg sales



Home Sales by City

Every city has considerably lower sales compared to a year ago, which shows the decline is broad based in every area of the Valley. The largest percentage sales declines are now in the cities of in La Quinta and Indio, down 57% from last year, followed by Rancho Mirage down 54%. The cities of Coachella and Indian Wells have the smallest percentage declines in sales.

Home Sales by Price Range 3 mos avg

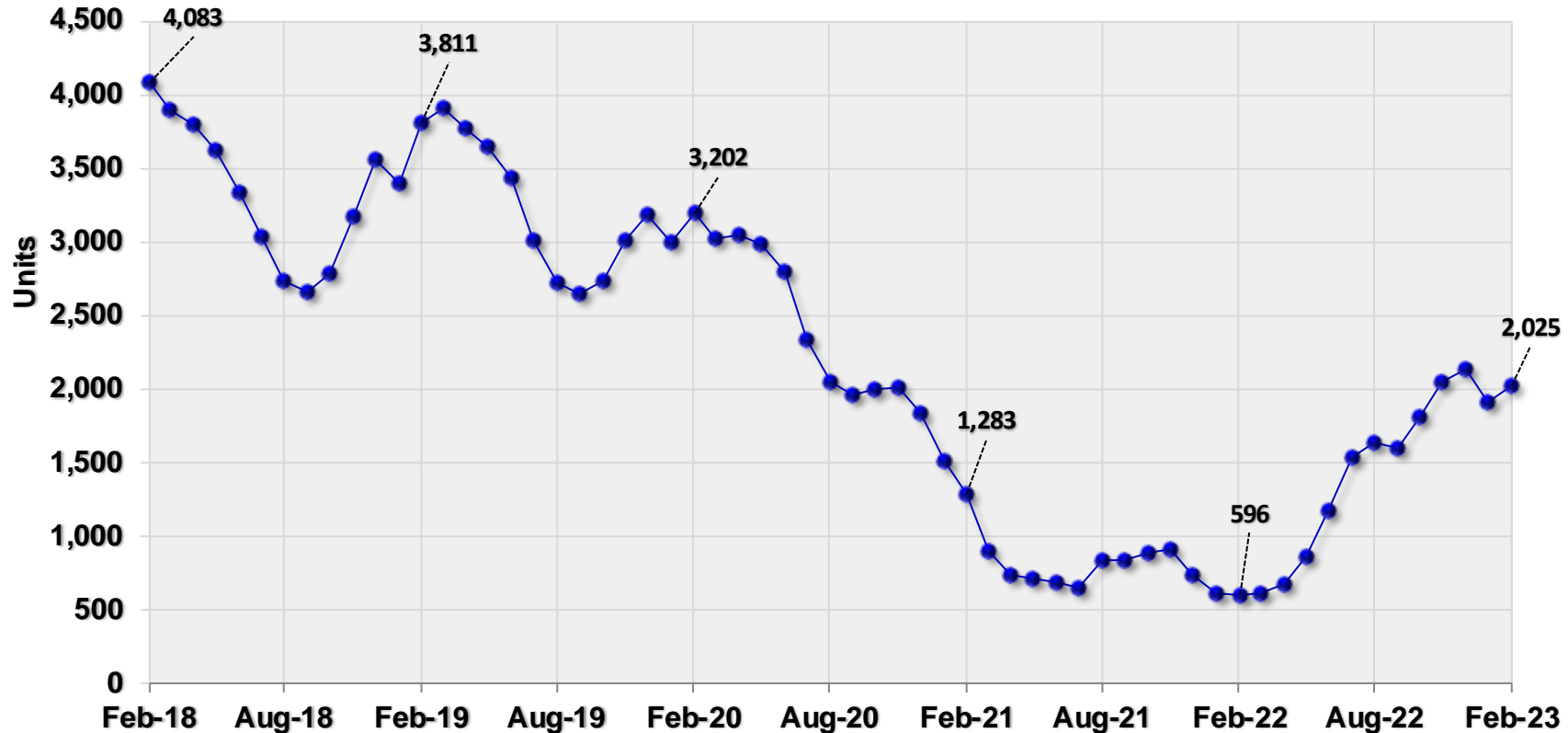


Home Sales by Price Range

While every price bracket shows a sales decline, the largest declines are in homes priced between \$400k and \$700k. But even the higher price brackets, which initially resisted the sales decline, now show sales considerably below last year. For example, sales of million-dollar homes are now down 67%, while homes priced from \$900k to \$1m are down 74%.

Valley Housing Inventory

Feb 1st 2018 to Feb 1st 2023



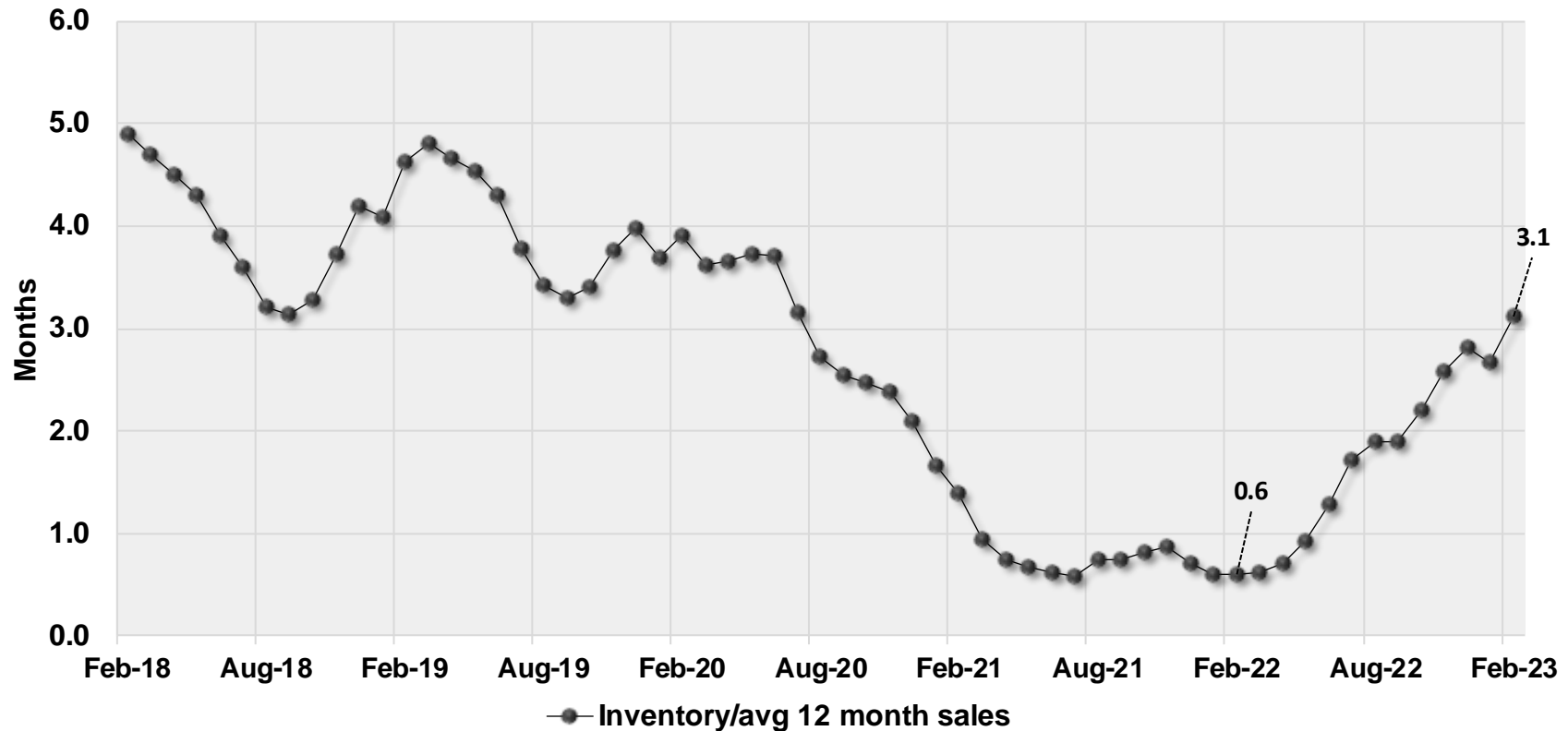
Coachella Valley Total Inventory

On February 1st, Valley inventory stood at 2,025 units, which is slightly above last month and 1,429 units more than last year. Some of the inventory gain over the last few months was seasonal but this factor was less than previous years. We had hoped that inventory might possibly reach 2,500 units by the end of February or March, but we don't think that will happen now. The primary reason inventory is not growing is that, while sales are limited, new listings also remain very muted.

"Months of Sales" Ratio

Coachella Valley

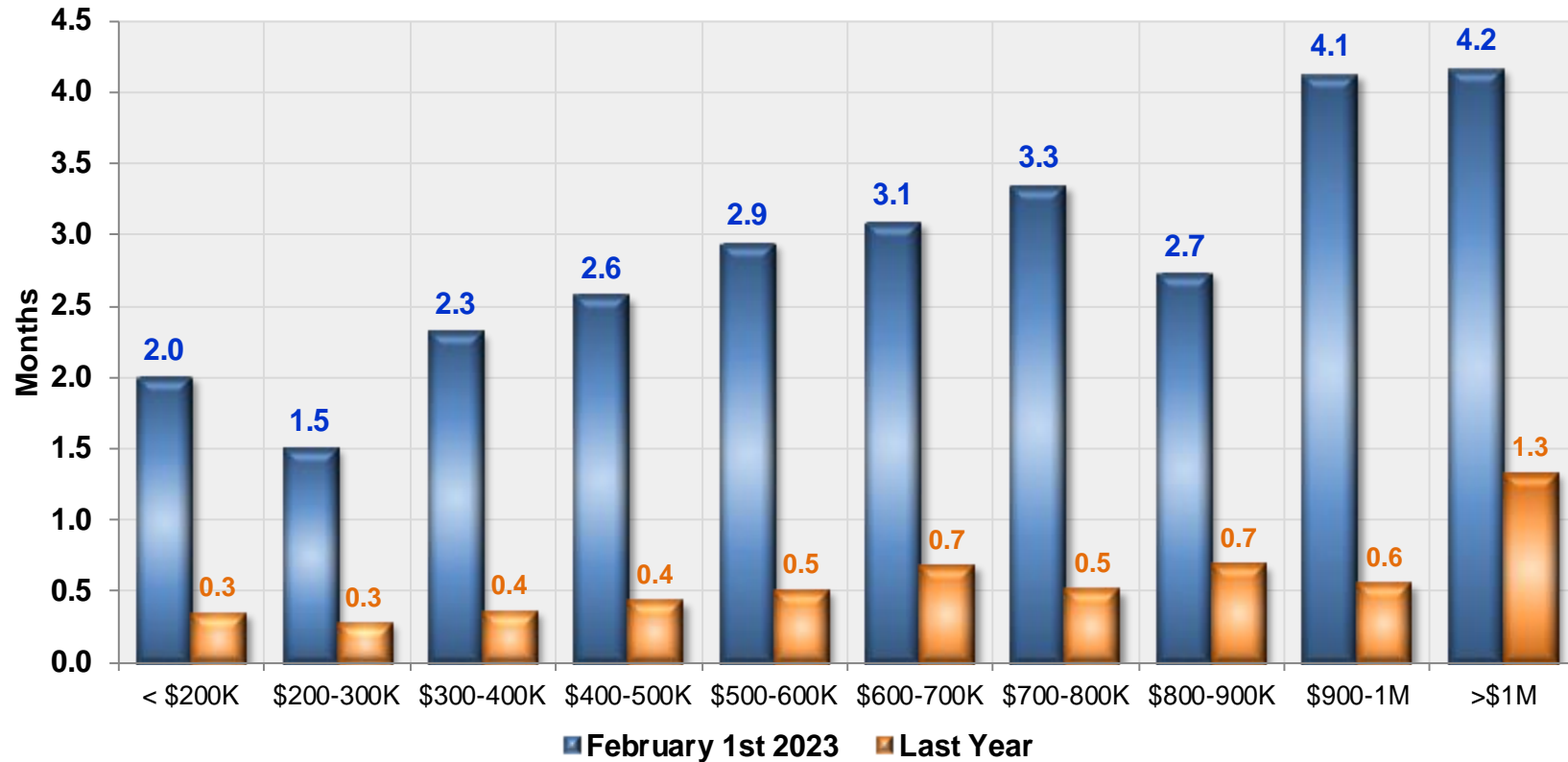
Feb 1st 2018 - Feb 1st 2023



Regional "Months of Sales" Ratio

On February 1st, the Valley's "months of sales" ratio rose to 3.1 months, which is the highest ratio since the summer of 2020. This important and fundamental ratio, which measures supply versus demand, is below its historic average for this time of year. To us this means that, while sales are down, there is still a good balance between buyers and sellers. Some people fear we may be moving into a housing crisis like 2009-10 but this fundamental ratio doesn't support that idea.

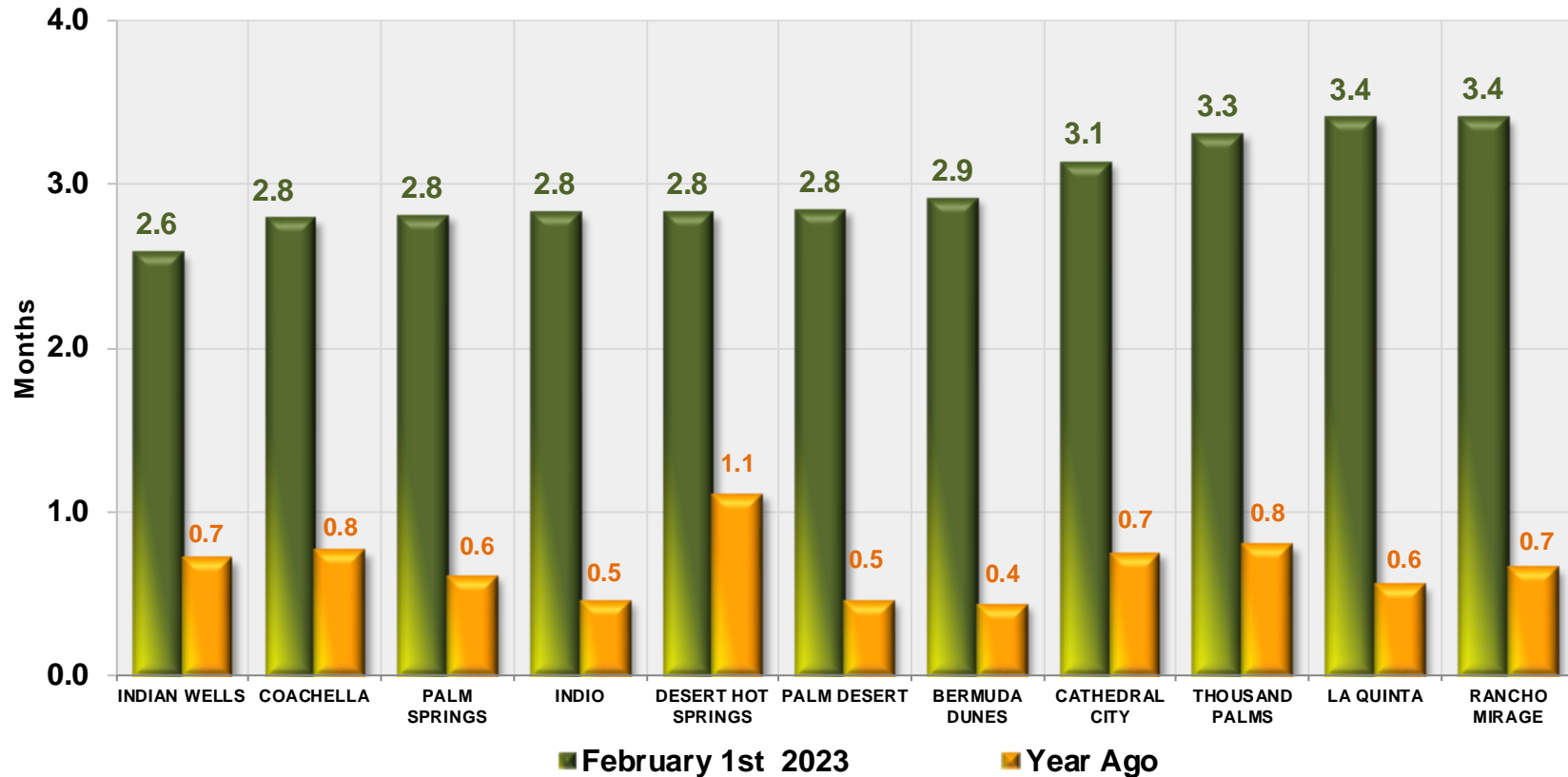
"Months of Sales" by Price Range uses avg. twelve month sales



"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. Just like city ratios, the ratios in every price bracket continue to far exceed year ago levels. It should be noted the chart still shows the normal pattern of higher "months of sales" ratios for higher priced homes. But the difference here is less than the difference in past markets.

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



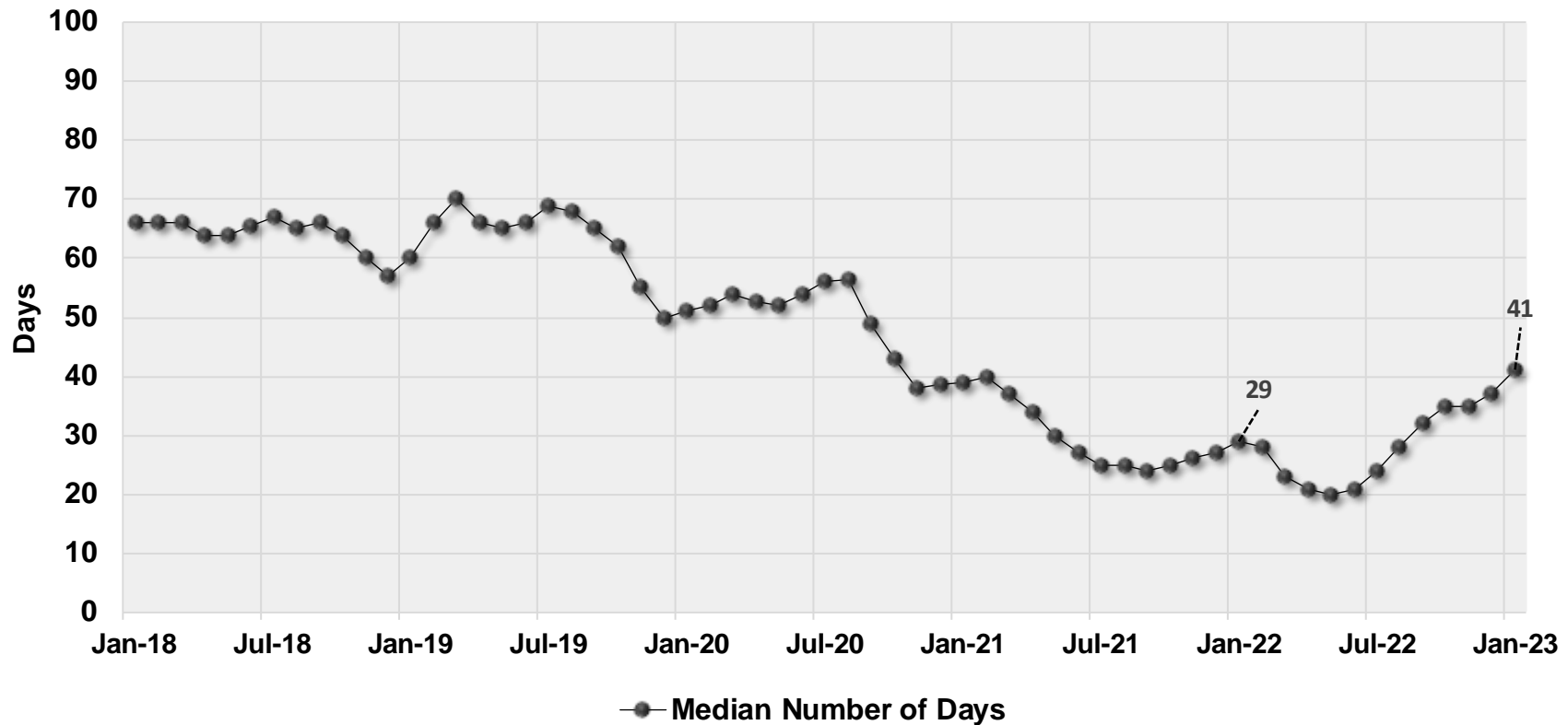
"Months of Sales" by City

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. What continues to be most notable is how close the ratios are in every city. Four cities have ratios of three months or over – Cathedral City, Thousand Palms, La Quinta and Rancho Mirage. All the rest are under three months.

"Days in the Market"

Coachella Valley

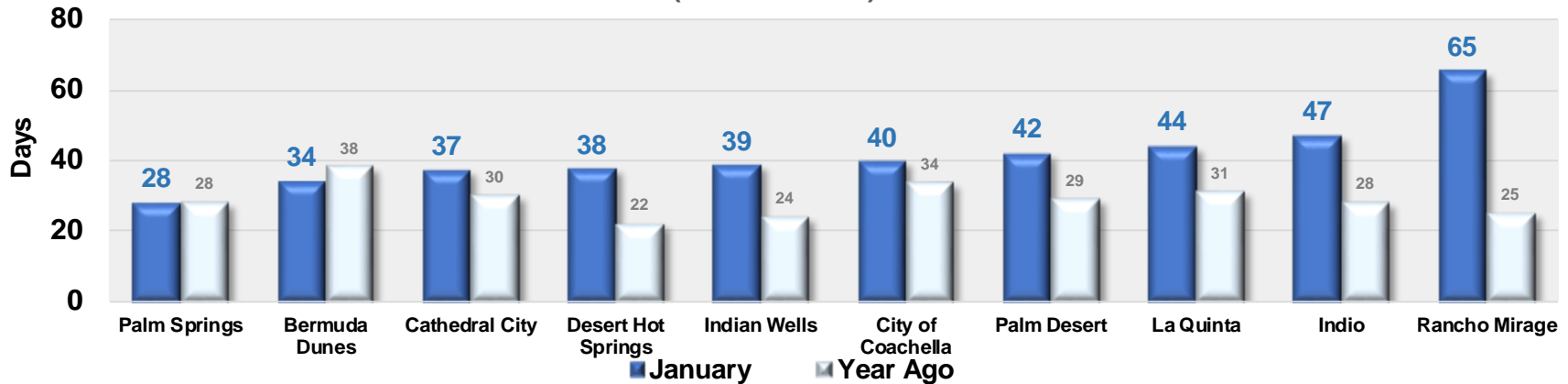
Jan 2018 - Jan 2023



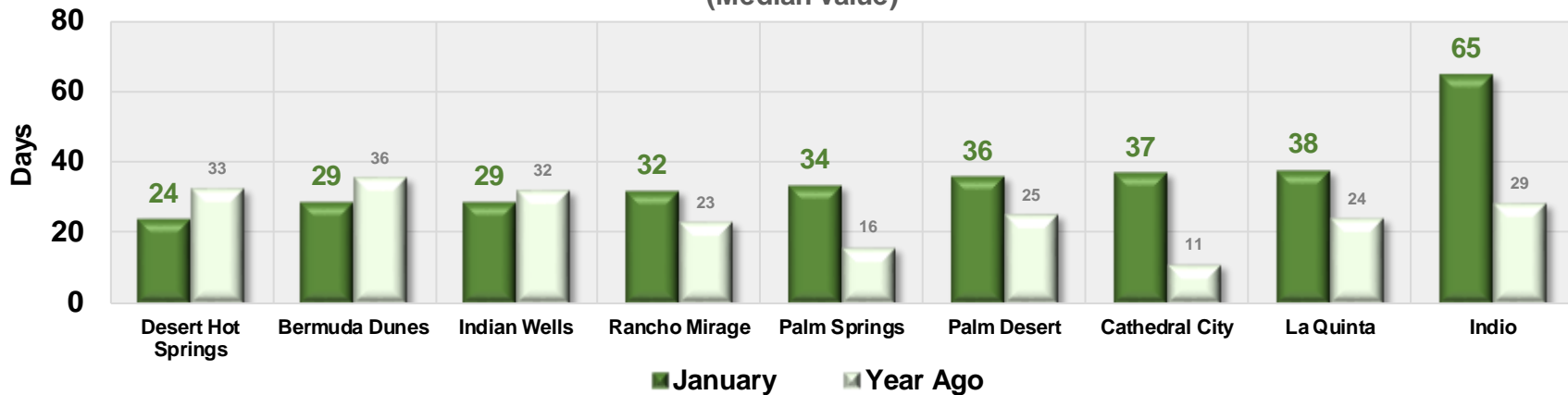
Regional "Days in the Market"

The average selling time in the region continues to increase. At the end of January, the median number of "days in the market" throughout the Valley was 41 days, which is now twelve days more than last year. As we've stated, we're certain we've seen the low in this metric and believe it will be back to 50 or 60 days relatively soon.

"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. As the previous chart showed, average selling times in each city has been increasing. The city of Palm Springs has the lowest median selling time for detached homes at 28 days, followed by Bermuda Dunes at 34 days. In the attached market, Desert Hot Springs has the shortest median selling time at 24 days.

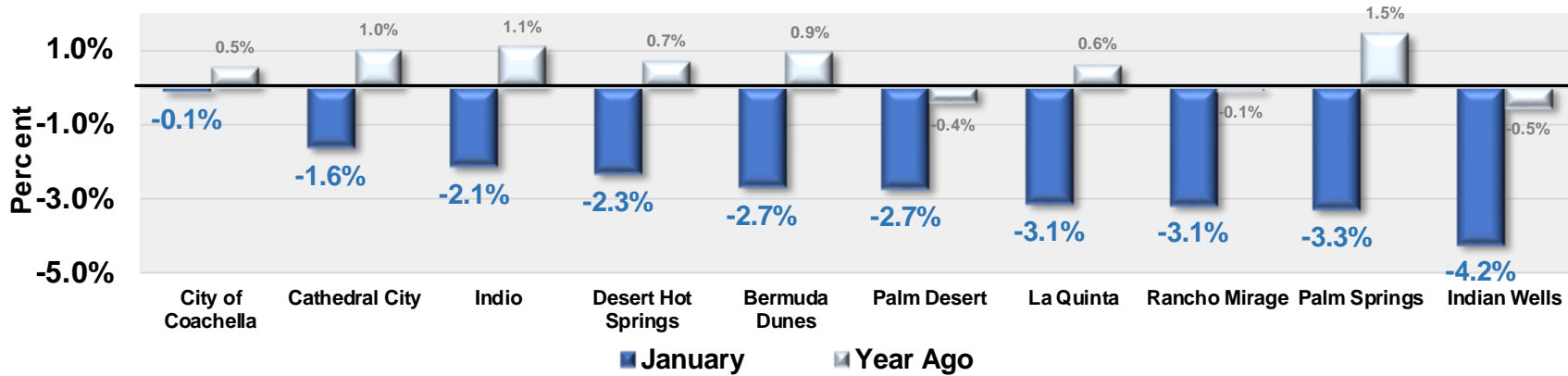
% Homes Selling Over List Price Coachella Valley 2016 - 2023 (January)



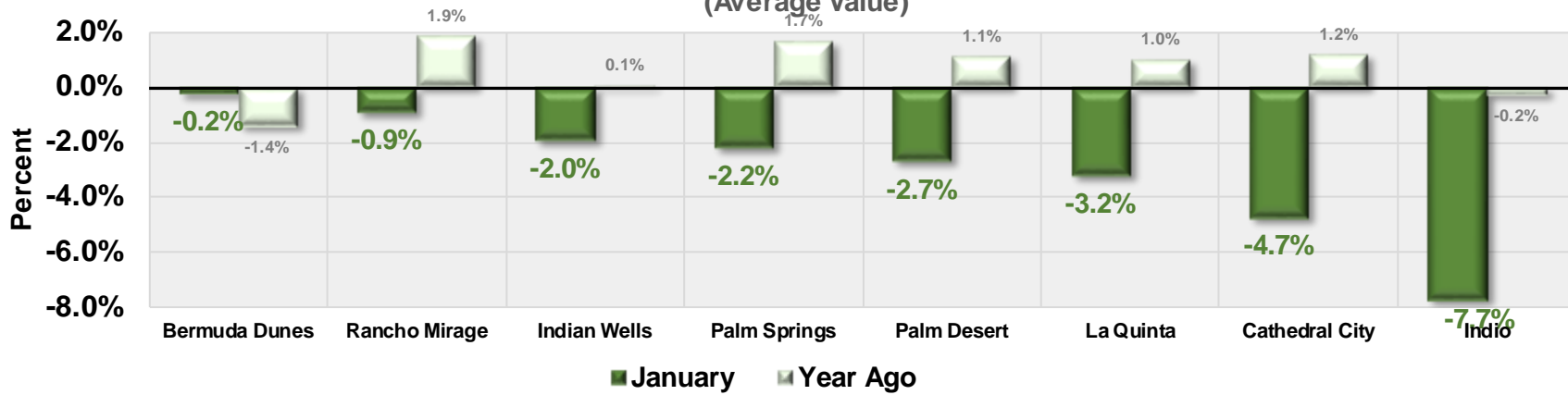
Percent Homes Selling Above List

This chart graphs the percentage of Valley homes that sold above list price over the last three months and shows the percent continues to rapidly decline. Currently only 13.5% of sales occurred above list price compared to 42.6% a year ago. We think the percent is gradually returning to 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. 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 in the region now has an average selling discount for detached homes, which range from -.1% for Coachella to -4.2% for Indian Wells. Attached homes range from discounts of -.2 for Bermuda Dunes to -7.7% for Indio.

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 January 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.