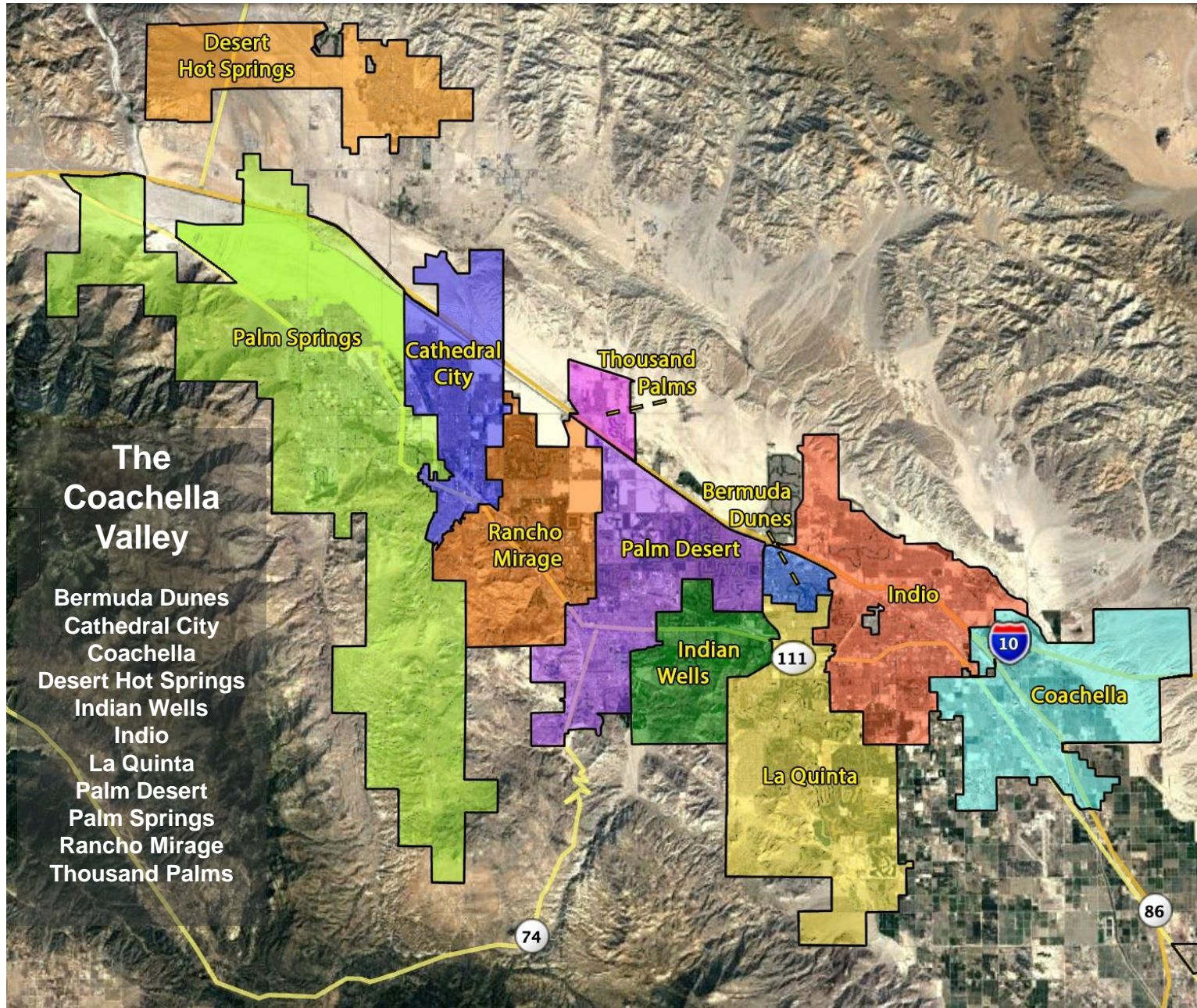


The Desert Housing Report

August 2022





Summary

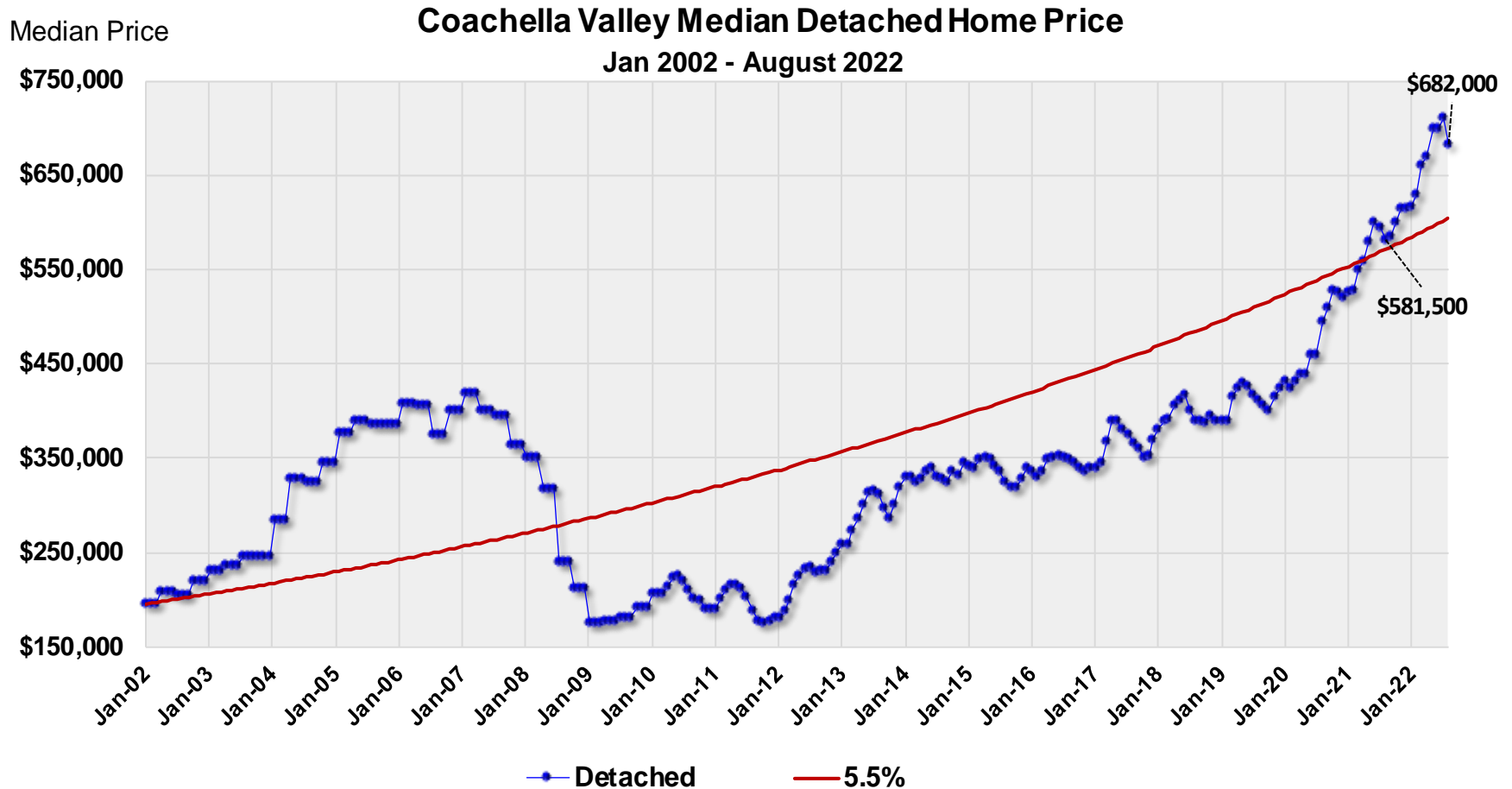
PRICES: The August's median price of a detached home in the Coachella Valley fell to \$682,000 from \$710,000 last month, but it's still up 17.4% year over year. We have entered the seasonal period when home prices usually slow, or even decline, so some of this decline is seasonal but most we believe represents the general corrective turn that is occurring in home prices everywhere. The median price for attached homes in August was at \$467,500, which is down again from the previous month but up 25.1% year over year. Year-over-year gains in detached homes are still large and range from 45.9% in Indian Wells to 15.6% in the city of Coachella. In the attached home market, two cities continue to have gains over 40% - Desert Hot Springs and Bermuda Dunes.

SALES: Home sales have been falling dramatically. The three-month average of sales in August was 674 units a month, which is lower from a year ago by 31%. The largest declines were again in the cities of La Quinta and Palm Desert, where sales were down 42% and 34% respectively. The cities of Bermuda Dunes, Desert Hot Springs and Indio experienced much smaller sales declines. Only the cities of Coachella and Thousand Palms had the same or higher sales numbers.

INVENTORY & "MONTHS OF SALES" RATIOS: On September 1st, Valley inventory was 1,593 units, which is 757 units more than last year. After surging for three months, inventory has stayed around 1,600 units for the last two months. Some of this is seasonal, and we expect it to stay at this level for another month or so. Then, if seasonal forces continue, it should start to grow again, possibly reaching 2,500 units by February. The Valley's current "months of sales" ratio is 1.9 months, which is the same ratio as last month. The ratio remains considerably below 3.0 to 3.5 months, which is normal for late-summer.

DIM: At the end of August, the median number of "days in the market" in the Valley was 28 days, which is three days more than last year. We believe we've seen the lows in average selling times and expect this metric to rapidly increase back to 50 or 60 days, which is normal for the region. The city of Desert Hot Springs continues to have the lowest median selling time for detached homes at 19 days, followed by Rancho Mirage, Cathedral City and Indian Wells at 23 days. In the attached market, Indio has the shortest selling time at 11 days, followed by Cathedral City at 18 days.

PRICE DISCOUNTS/PREMIUMS: At the end of August, 36.1% of sales occurred above list. This compares to 51.1% a year ago. We fully expect that, by the end of the year, the ratio will be back to past norms at around 10%. The cities of Coachella and Desert Hot Springs have the highest average selling premiums for detached homes at 1.4%, followed by Indian Wells at 1.1%. In the attached market, Indio has the highest average premium at 2.2, but these numbers are rapidly declining.



Coachella Valley Median Detached Price

The August's median price of a detached home in the Coachella Valley fell to \$682,000 from \$710,000 last month, but it's still up 17.4% year over year. We have entered the seasonal period when home prices usually slow, or even decline, so some of this decline is seasonal but most we believe represents the general corrective turn that is occurring in home prices everywhere. We'll have to follow it carefully over the next two or three months to see how it progresses.

Coachella Valley Median Attached Price

Jan 2002 - August 2022

Median Price

\$550,000

\$500,000

\$450,000

\$400,000

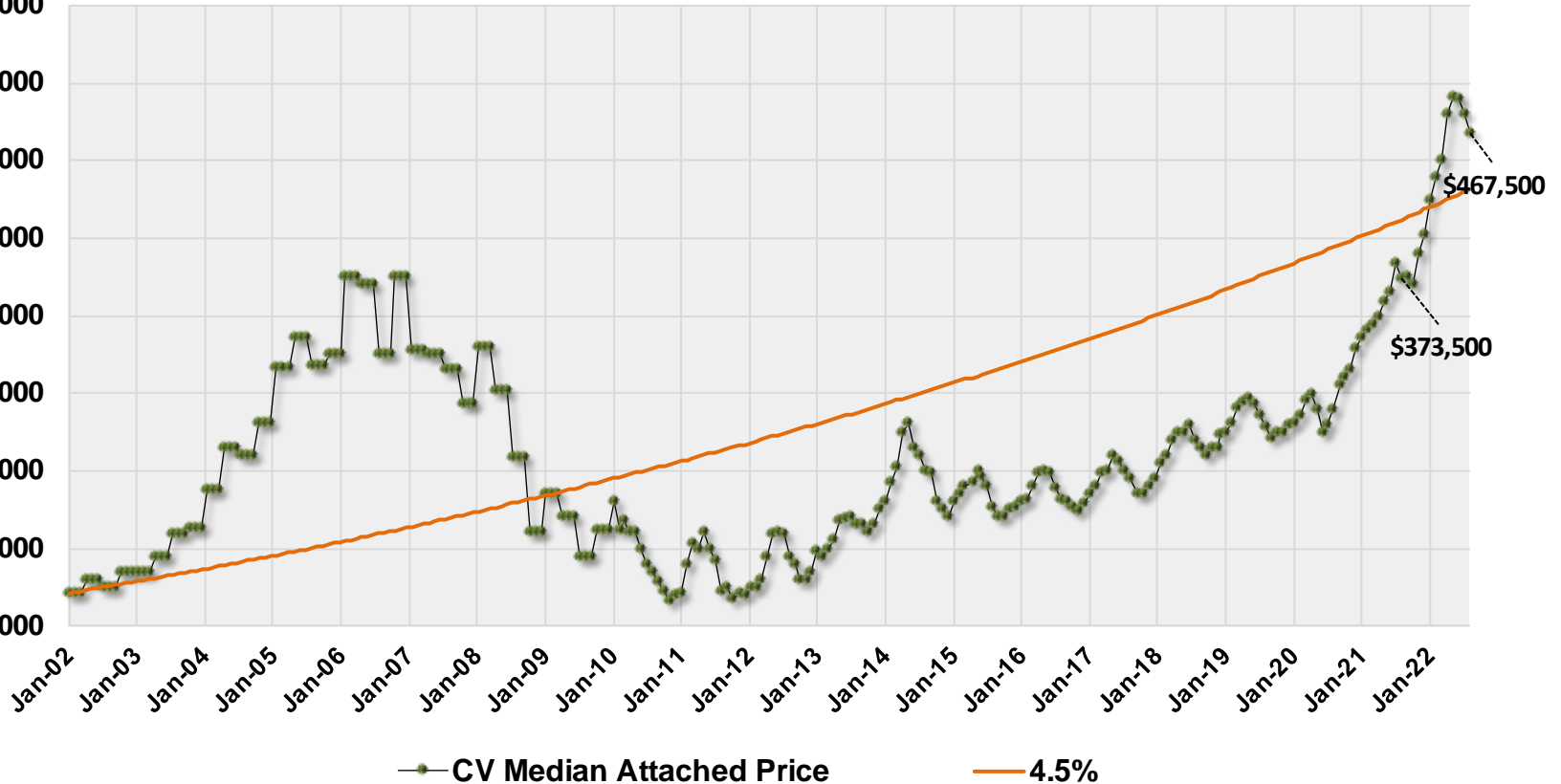
\$350,000

\$300,000

\$250,000

\$200,000

\$150,000



Coachella Valley Median Attached Price

The median price for attached homes in August was at \$467,500, which is down again from the previous month but up 25.1% year over year. As the chart clearly shows, seasonal price corrections of 10% usually occur in the attached market during summer, so it is difficult to distinguish this from a real price correction. We would not be surprised, however, to see a larger than normal adjustment this year to around \$435,000, which would be near the 4.5% growth curve.

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
Indian Wells	3,450	\$532.47	\$1,837,026	\$1,258,940	45.9%	\$666,885	175.5%
La Quinta	2,550	\$402.90	\$1,027,408	\$818,807	25.5%	\$318,164	222.9%
Indio	2,000	\$298.36	\$596,721	\$477,898	24.9%	\$156,340	281.7%
Bermuda Dunes	2,500	\$333.73	\$834,324	\$669,025	24.7%	\$239,325	248.6%
Palm Springs	2,175	\$628.26	\$1,366,467	\$1,105,219	23.6%	\$323,879	321.9%
Desert Hot Springs	1,600	\$257.91	\$412,661	\$336,179	22.8%	\$86,656	376.2%
Rancho Mirage	3,175	\$416.62	\$1,322,765	\$1,104,178	19.8%	\$506,317	161.3%
Coachella	1,700	\$256.56	\$436,147	\$364,286	19.7%	\$111,367	291.6%
Palm Desert	2,200	\$358.70	\$789,149	\$663,147	19.0%	\$302,302	161.0%
Cathedral City	1,800	\$324.11	\$583,390	\$504,450	15.6%	\$153,216	280.8%

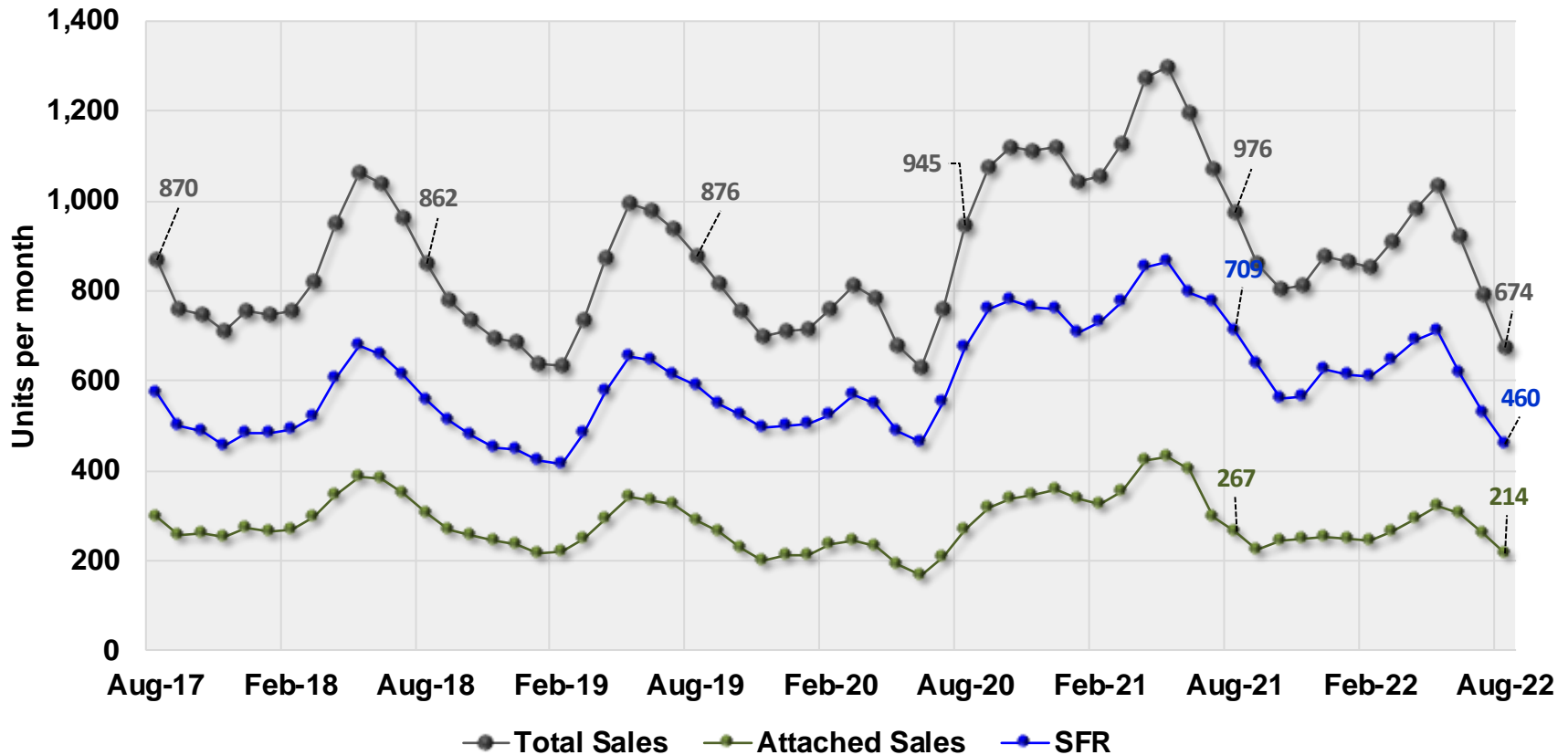
Price of The Average Size Attached Home

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	\$180.63	\$135,476	\$90,428	49.8%	\$16,013	746%
Bermuda Dunes	1,450	\$286.88	\$415,974	\$291,908	42.5%	\$89,117	367%
Indio	1,050	\$285.93	\$300,223	\$215,979	39.0%	\$56,396	432%
Cathedral City	1,250	\$286.89	\$358,607	\$261,573	37.1%	\$80,544	345%
Palm Springs	1,250	\$383.14	\$478,927	\$356,388	34.4%	\$129,788	269%
Rancho Mirage	1,775	\$341.99	\$607,033	\$453,470	33.9%	\$211,030	188%
Palm Desert	1,600	\$354.25	\$566,803	\$428,193	32.4%	\$197,896	186%
Indian Wells	1,950	\$346.05	\$674,803	\$541,330	24.7%	\$259,126	160%
La Quinta	1,750	\$371.85	\$650,730	\$570,529	14.1%	\$247,713	163%

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 current price is then compared to year ago levels and to the all-time lows that occurred in 2011 and 2012. Year-over-year gains in detached homes are still large and range from 45.9% in Indian Wells to 15.6% in the city of Coachella. In the attached home market, two cities continue to have gains over 40% - Desert Hot Springs and Bermuda Dunes.

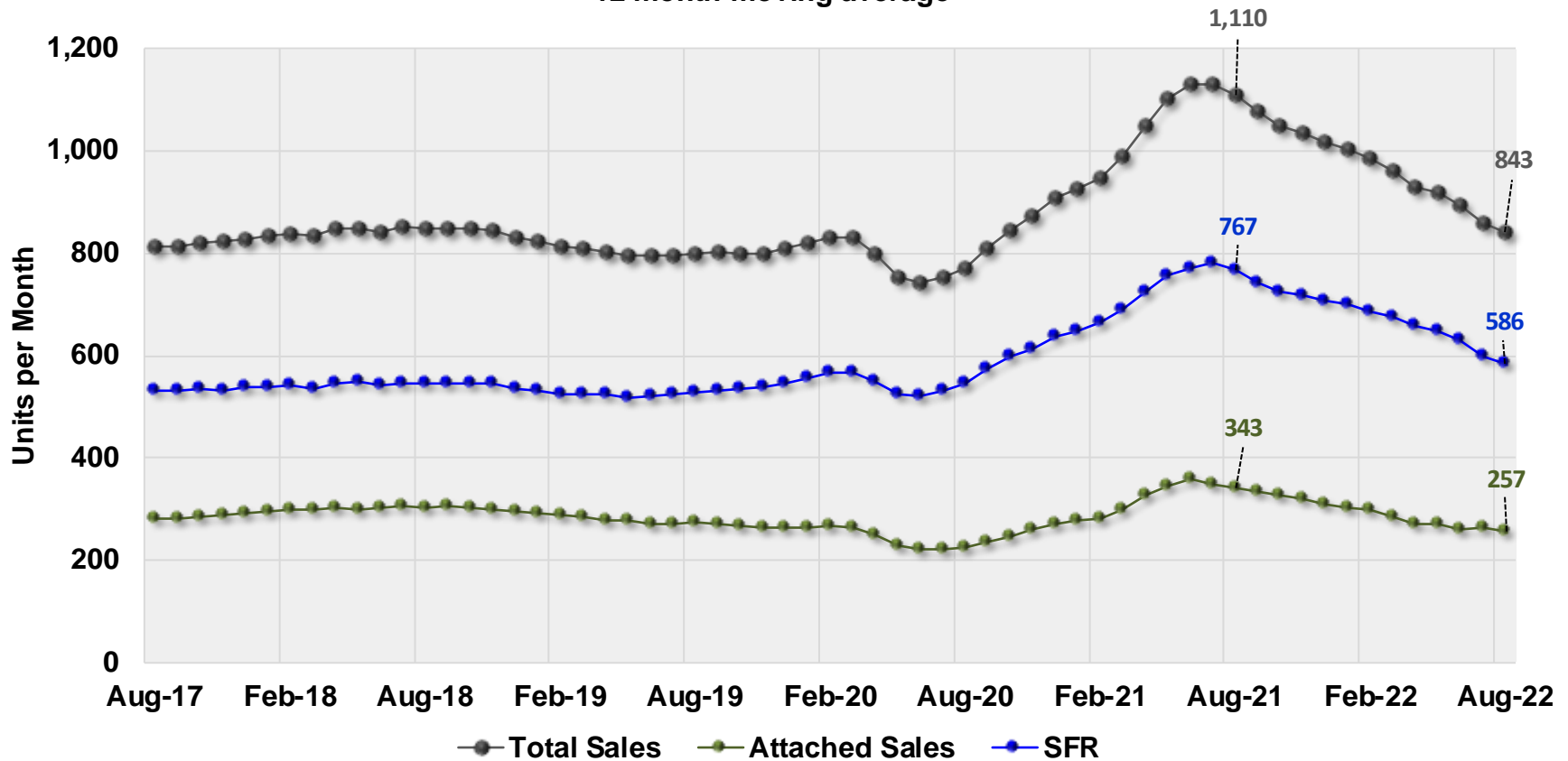
Detached, Attached and Total Sales 3 month moving average



Monthly Sales – 3-month trailing avg.

As the chart clearly shows home sales have been falling dramatically. The three-month average of sales in August was 674 units a month, which is lower from a year ago by 31%. Because of their seasonal nature, sales can only be compared against the same month in past years. As you can see, sales normally average around 875 units in August, so they're running about 23% less than average. These are the lowest numbers since the housing crash 15 years ago.

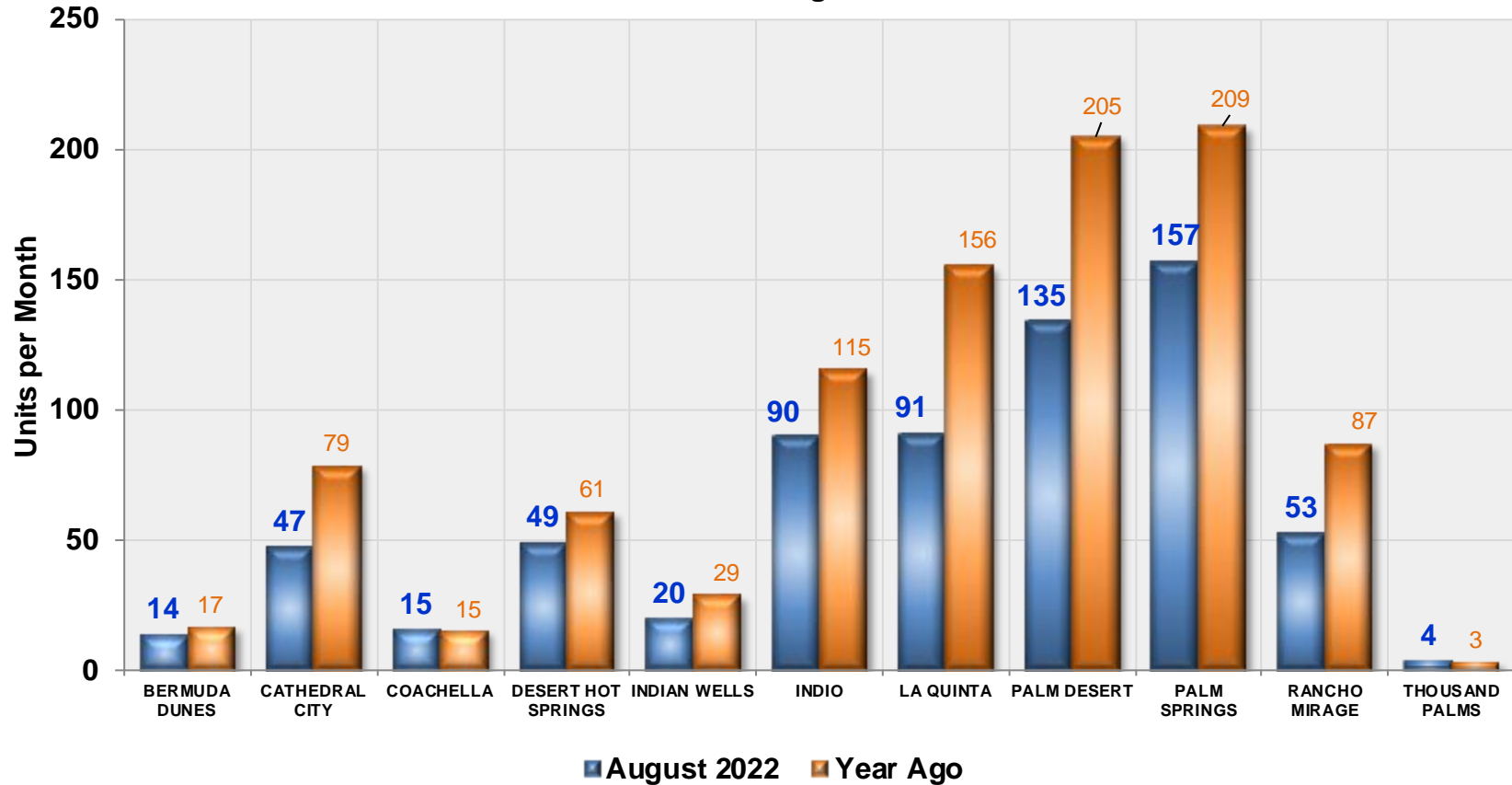
Detached, Attached and Total Sales 12 month moving average



Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out all seasonality, shows total sales averaged 843 units a month in August. This is 24% below last year. Again, long-term sales of detached homes are still above pre-pandemic averages but attached sales are slightly below past norms. We can state with some certainty that, because short-term sales are dropping so dramatically, that total long-term sales will continue to decline and go below normal levels of the past.

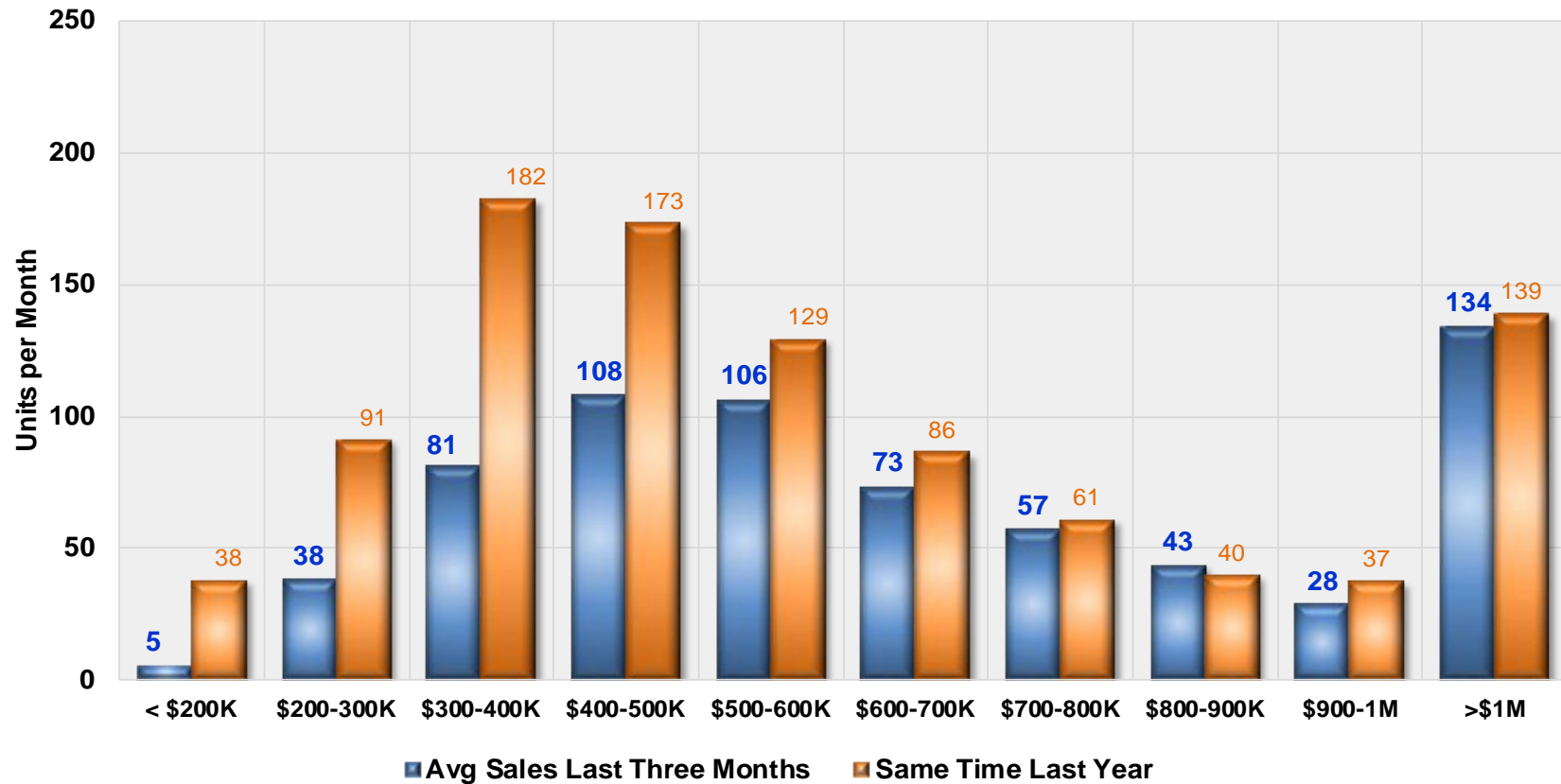
Home Sales by City 3 month avg sales



Home Sales by City

Every city except Coachella and Thousand Palms had lower sales in August compared to a year ago. The largest declines were again in the cities of La Quinta and Palm Desert, where sales were down 42% and 34% respectively. The cities of Bermuda Dunes, Desert Hot Springs and Indio experienced much smaller sales declines. Only the cities of Coachella and Thousand Palms had the same or higher sales numbers.

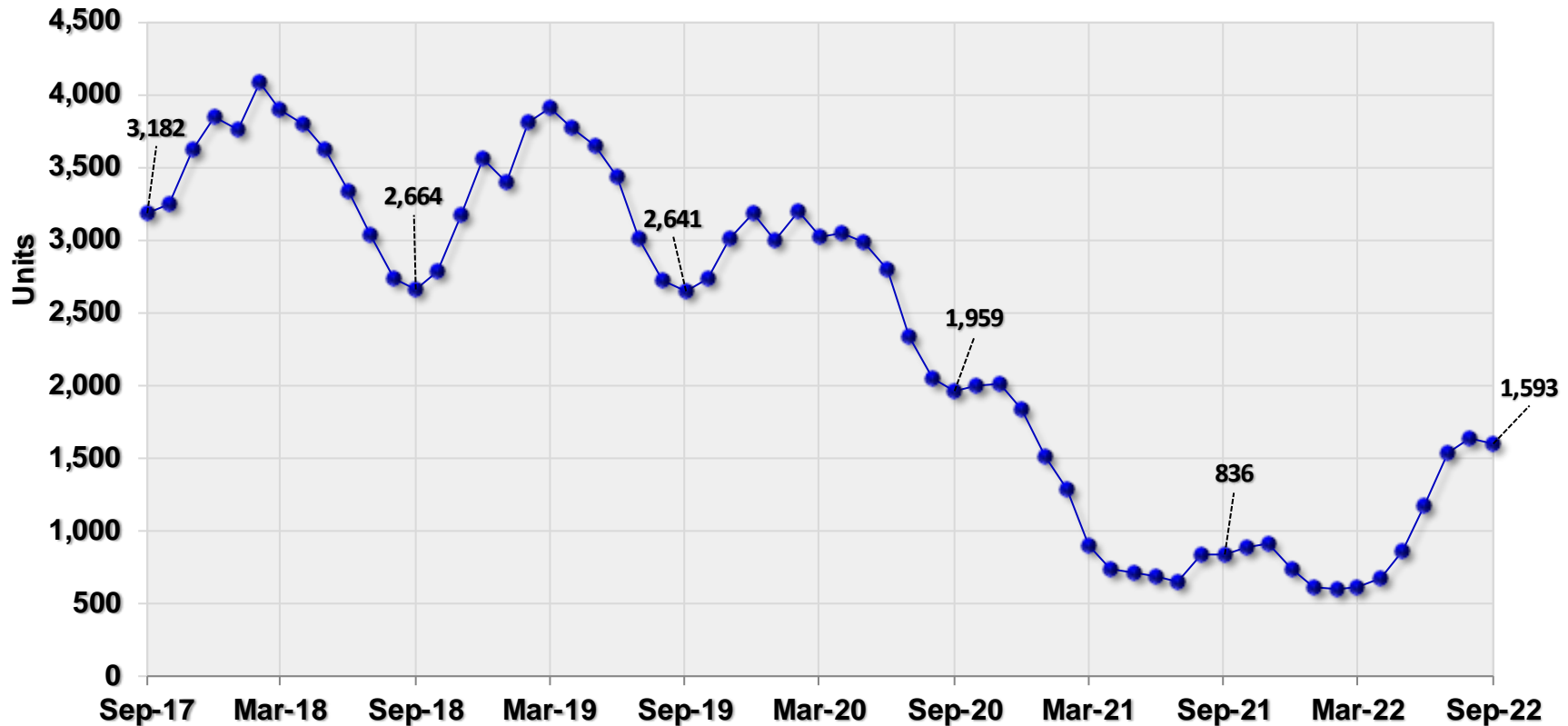
Home Sales by Price Range 3 mos avg



Home Sales by Price Range

This graph shows the decline in three-month sales by price bracket. Even though total sales are down by 31%, the decline is not evenly distributed by price range. Sales are lower in every price bracket except \$800k to \$900k, where they are just marginally higher. There are now only five sales - both condominiums and single-family residences - in homes priced under \$200,000. Last month there were seven.

Valley Housing Inventory September 1st 2017 to September 1st 2022



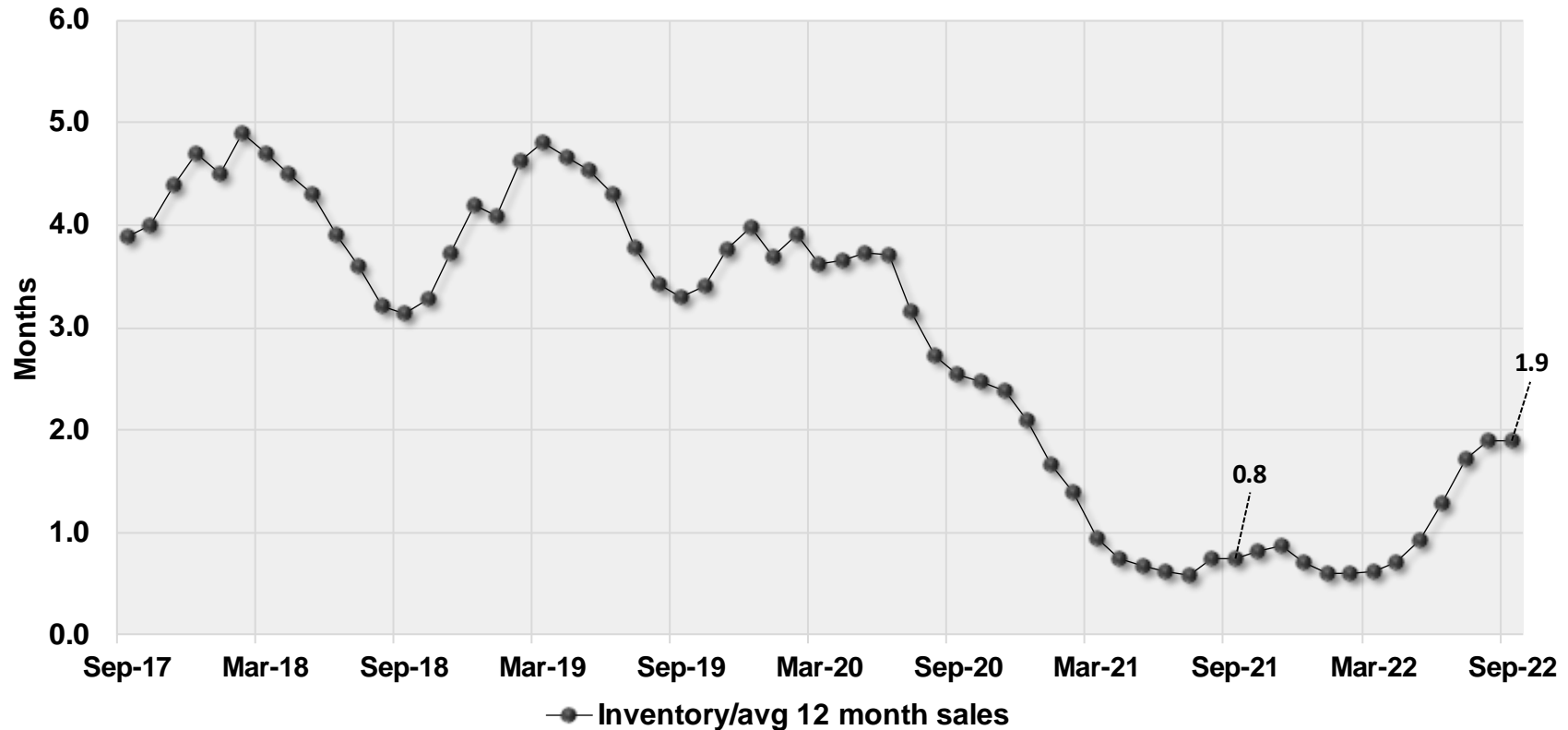
Coachella Valley Total Inventory

On September 1st, Valley inventory was 1,593 units, which is 757 units more than last year. As the graph shows, after surging for three months, inventory has stayed around 1,600 units for the last two. Some of this is seasonal, and we expect it to stay at this level for another month or so. Then, if seasonal forces continue, it should start to grow again, possibly reaching 2,500 units by February. Average inventory is between 3,000 and 3,500 units so, while this would be an improvement, inventory still has a ways to go before the market finally returns to normal.

"Months of Sales" Ratio

Coachella Valley

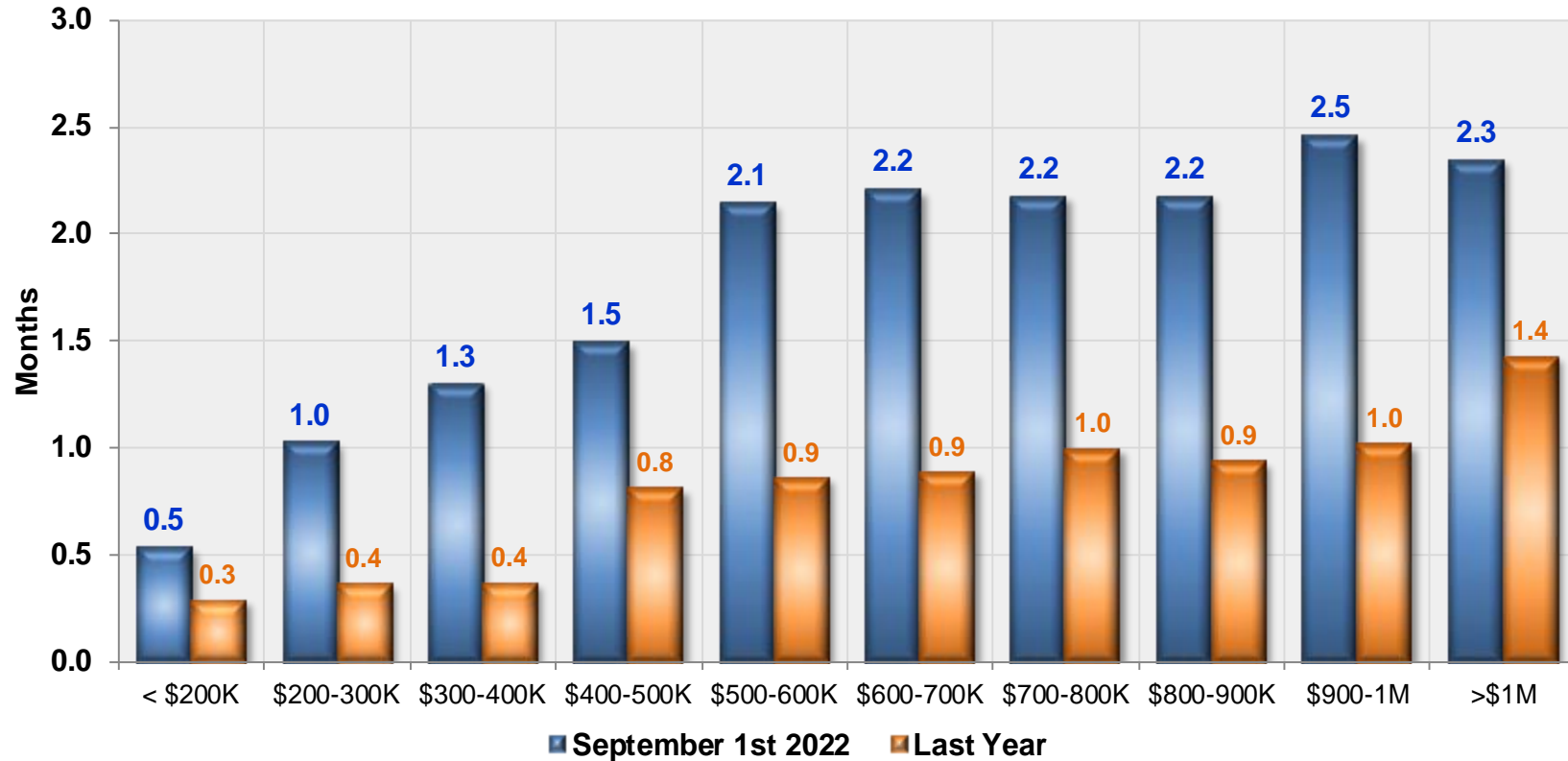
September 1st 2017 - September 1st 2022



Regional "Months of Sales" Ratio

On September 1st, the Valley's "months of sales" ratio was 1.9 months, which is the same ratio as last month. The ratio remains considerably below 3.0 to 3.5 months, which is normal for late-summer. Even though inventories have been rising and sales falling, the changes are still not enough to bring the ratio back to normal levels. However, we believe the Valley might possibly return to normal ratios by February.

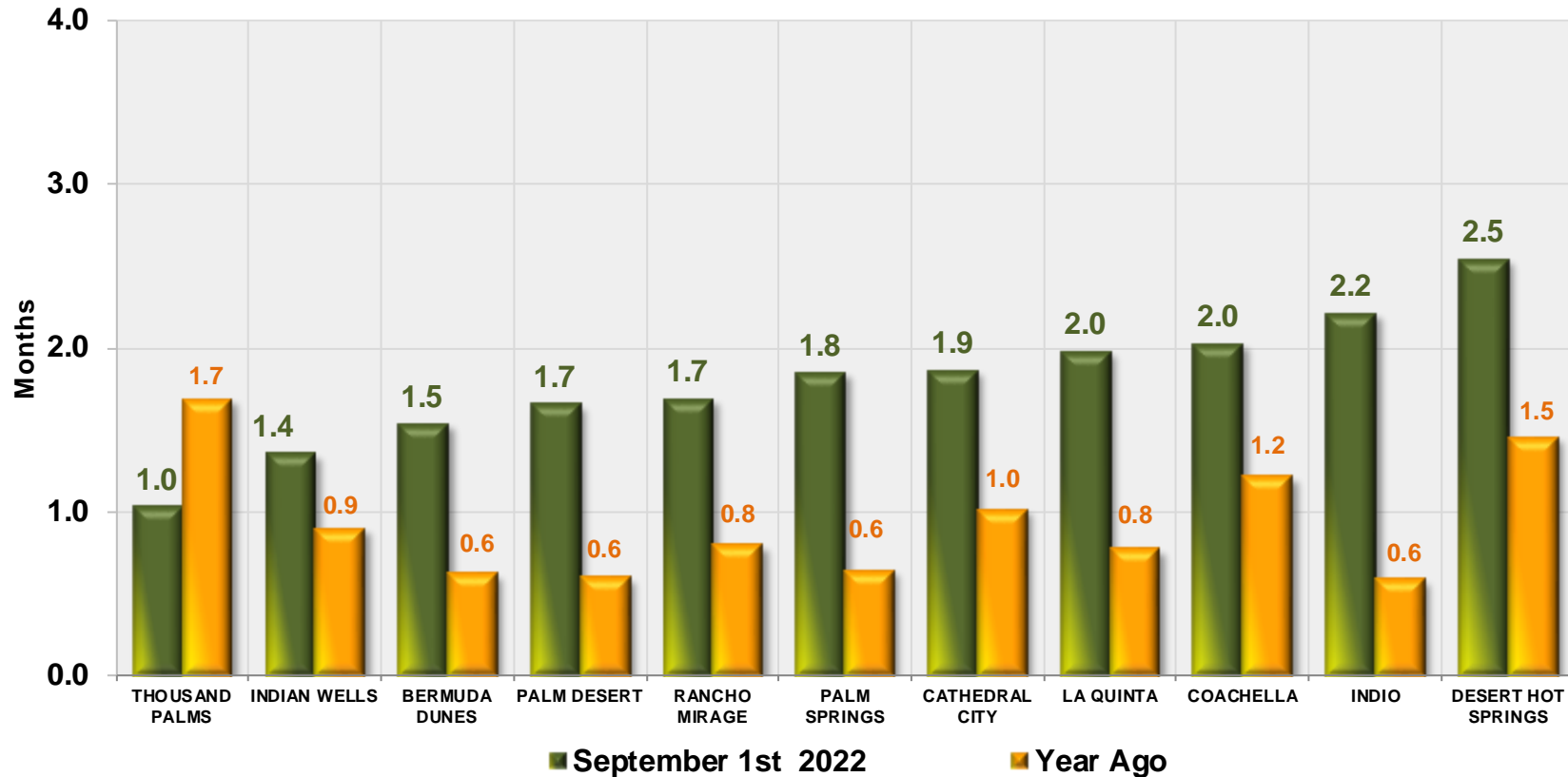
"Months of Sales" by Price Range uses avg. twelve month sales



"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. Ratios in every price bracket are considerably higher than year ago levels, which shows the recovery in inventory is occurring across all price ranges.

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



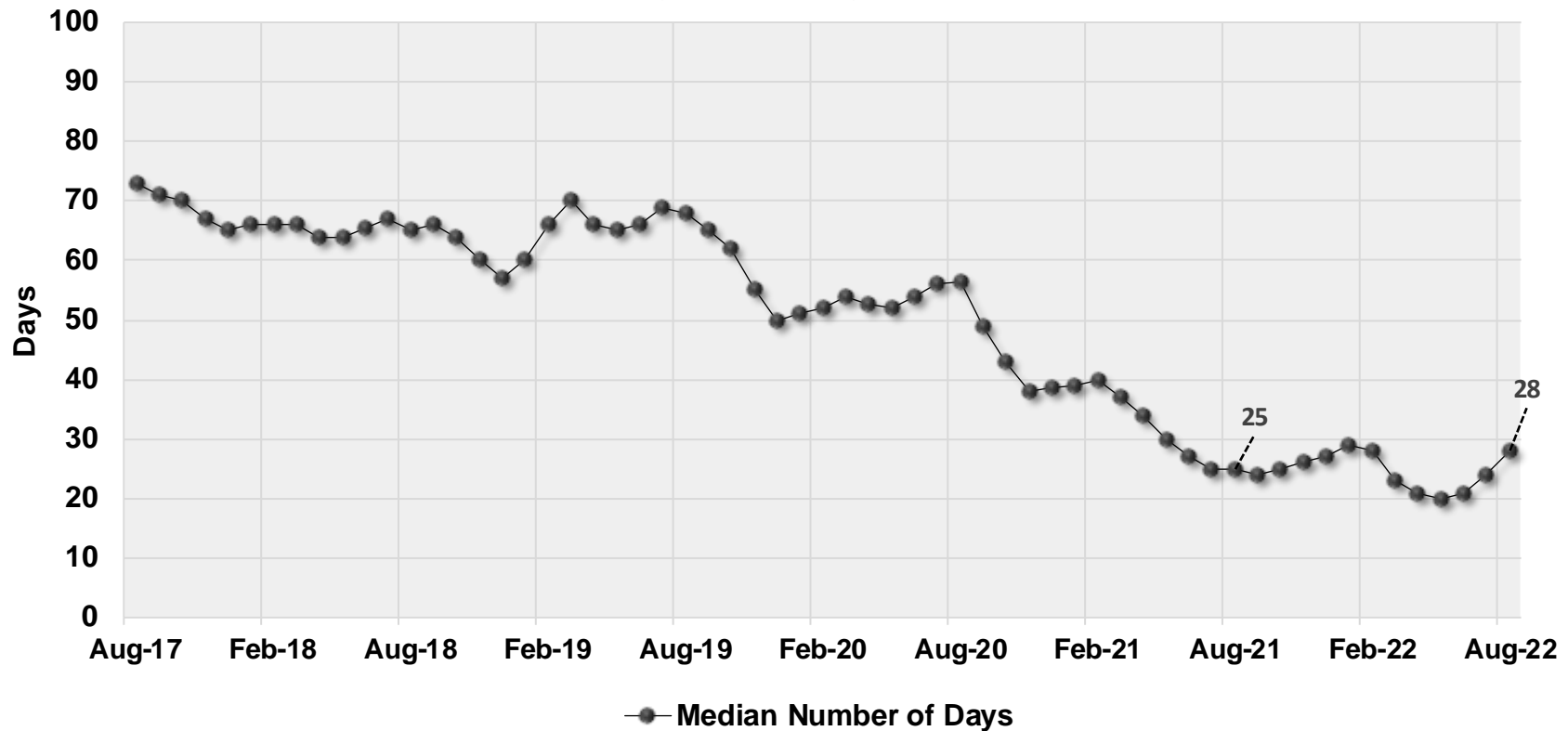
"Months of Sales" by City

This graph compares current "months of sales" ratios in each city their ratios a year ago. We have sorted the cities left to right by lowest ratio. Thousand Palms has the lowest ratio at one month, followed by Indian Wells at 1.4 months. What is noteworthy is how close all the city ratios are. From Bermuda Dunes to the city of Desert Hot Springs, the ratios range from 1.5 months to 2.5 months.

"Days in the Market"

Coachella Valley

August 2017 - August 2022



Regional "Days in the Market"

As markets have been moving away from a "seller's market," average selling times have been increasing. At the end of August, the median number of "days in the market" throughout the Valley was 28 days, which is three days more than last year. We believe we've seen the lows in average selling times and expect this metric to rapidly increase back to 50 or 60 days, which is normal for the region.

"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 Desert Hot Springs continues to have the lowest median selling time for detached homes at 19 days, followed by Rancho Mirage, Cathedral City and Indian Wells at 23 days. In the attached market, Indio has the shortest selling time at 11 days, followed by Cathedral City at 18 days.

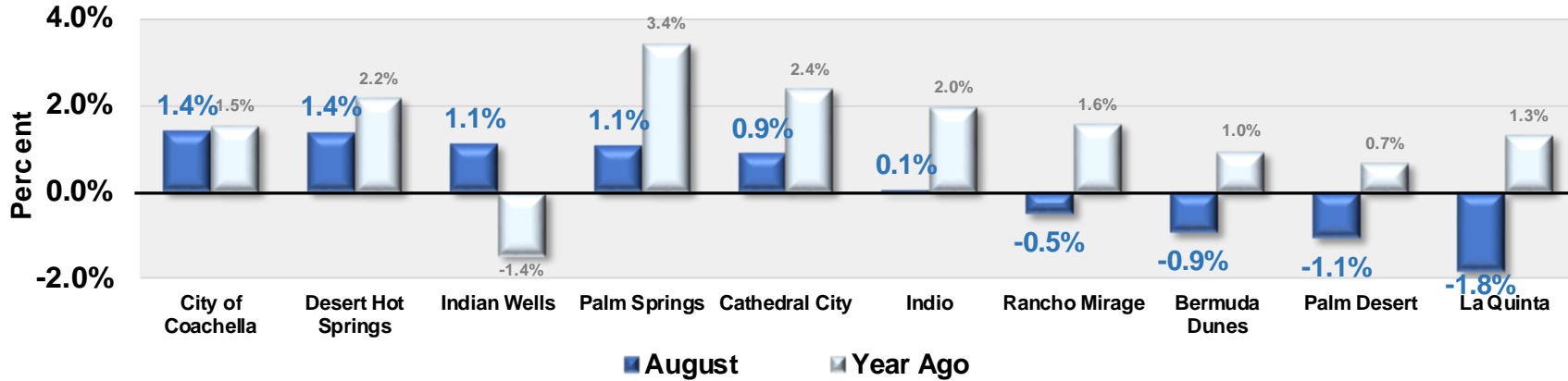
% Homes Selling Over List Price Coachella Valley 2016 - 2022 (August)



Percent Homes Selling Above List

This chart shows the percentage of Valley homes over the last three months that sold above list price. At the end of August, 36.1% of sales occurred above list. This compares to 51.1% a year ago. As the graph shows the percent is rapidly declining. We fully expect that, by the end of the year, the ratio will be back to past norms at 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 in the major cities of the Valley. We use the “average” value instead of “median” value because it’s a better metric during periods when so many homes are selling at or above list. The cities of Coachella and Desert Hot Springs have the highest average selling premium for detached homes at 1.4%, followed by Indian Wells at 1.1%. In the attached market, Indio has the highest average premium at 2.2%, but these numbers are rapidly declining.

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 August 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.