

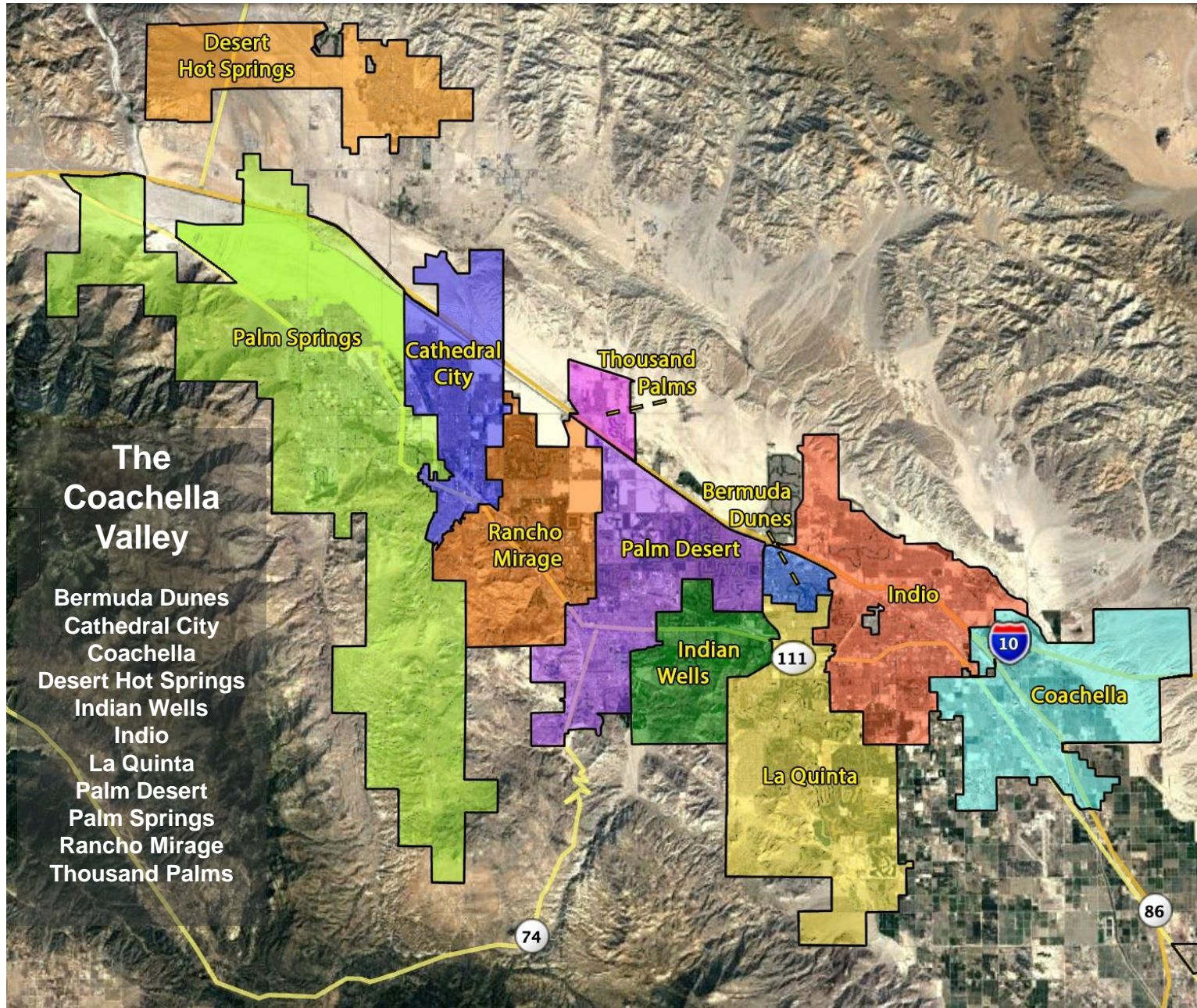
# The Desert Housing Report

December 2021



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

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## Summary

**PRICES:** The median price of a detached home in the Coachella Valley ended the year at \$615,000, which represents a yearly gain of 18.3%. The median price for attached homes in the Valley ended the year at \$402,900, which represents an increase of 22.5%. The price gains in detached homes go from a high of 49.2% in Bermuda Dunes to 22.3% in Cathedral City. The largest price increases for attached homes are 60.4% for Desert Hot Springs, 47.5% for La Quinta and 42.3% for Bermudas Dunes. The demand for homes in the lower price ranges is being filled by attached homes.

**SALES:** Three-month sales in December averaged 878 units a month, which is again considerably less than the 1,119 units last year but significantly above the pre-pandemic December averages of the prior four years. Sales in each city show that the decline in regional sales is primarily due to a drop in sales in the four, high-end cities of La Quinta, Palm Desert, Palm Springs and Rancho Mirage. The decline in sales is not due to lack of demand but lack of supply! Sales of attached homes, currently at 252 units a month, have been effectively unchanged over the last four months.

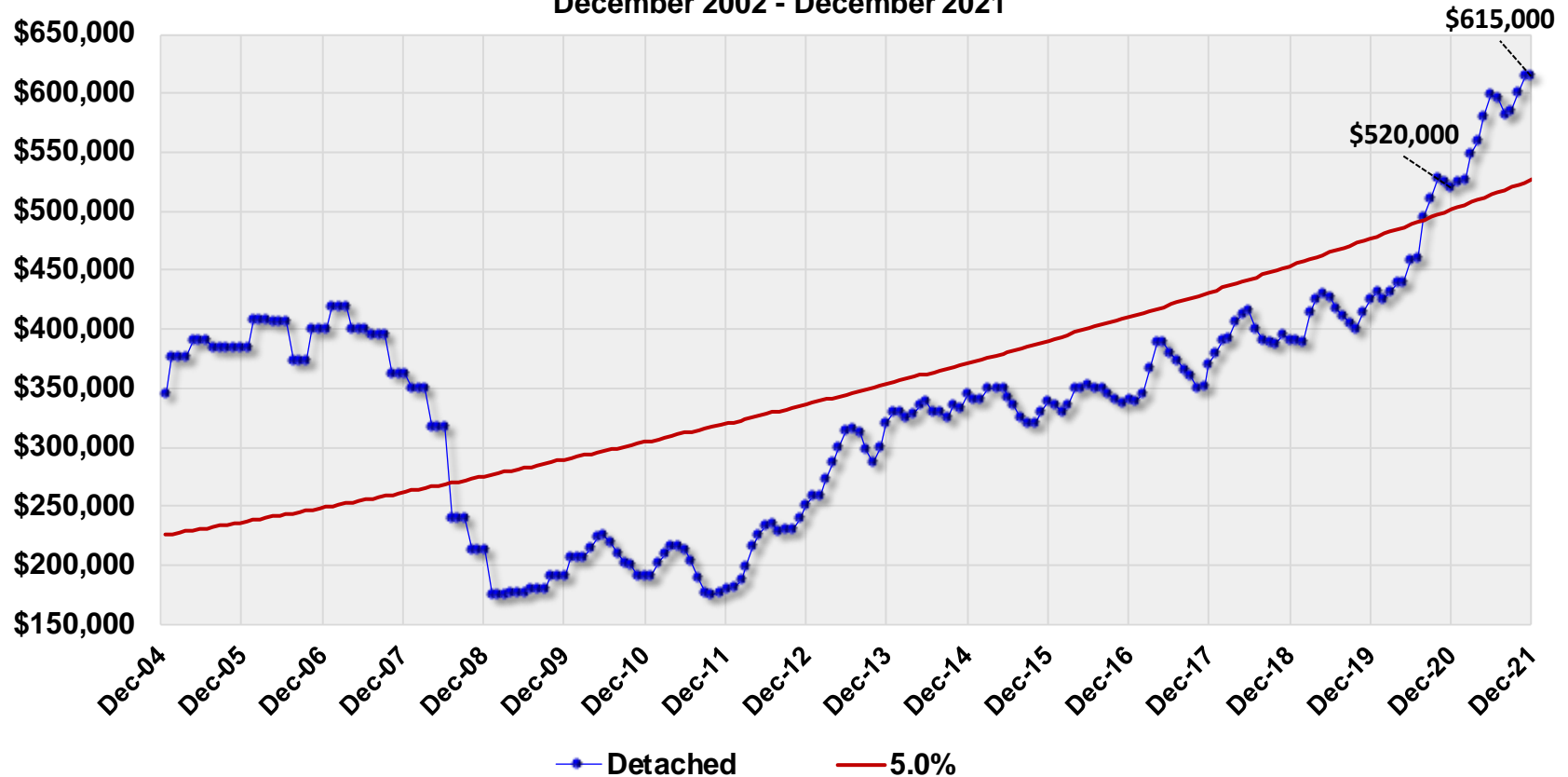
**INVENTORY & “MONTHS OF SALES” RATIOS:** On January 1<sup>st</sup> total inventory in the Valley was 607 units, which is the lowest number on record and 900 units less than last year. This is disappointing since we’ve just moved through the three historically strongest months of inventory increase. On January 1<sup>st</sup> the “months of sales” for the Valley was .6 months, which is equal to the all-time low ratio registered last summer. A year ago, the ratio was 1.7 months. Every price bracket under a million dollars has a “months of sales” ratio less than .7 months, which is truly extraordinary.

**DIM:** At the end of the year, the median number of “days in the market” throughout the Valley was 26 days, one day more than last month and 12 days less than last year. The number of days has been hovering around 25 days for six months. Desert Hot Springs has the lowest number of days for detached homes at 20 days, followed by Indian Wells with 22 days and Rancho Mirage at 23 days.

**PRICE DISCOUNTS:** The median value for “Sale Discount from List” for detached homes in November was again 0.0%, which is the same discount it’s had for ten months now. Since so many homes are selling right at list price, the median value of all sales continues to be exactly 0.0%. The city of Bermuda Dunes has the highest selling premium for detached homes at 1.8%, followed by Desert Hot Springs and Indio at 1.6%. Only Indian Wells has a selling discount of .4%. In the attached home market Rancho Mirage has an average selling premium of 2%.

## Coachella Valley Median Detached Home Price

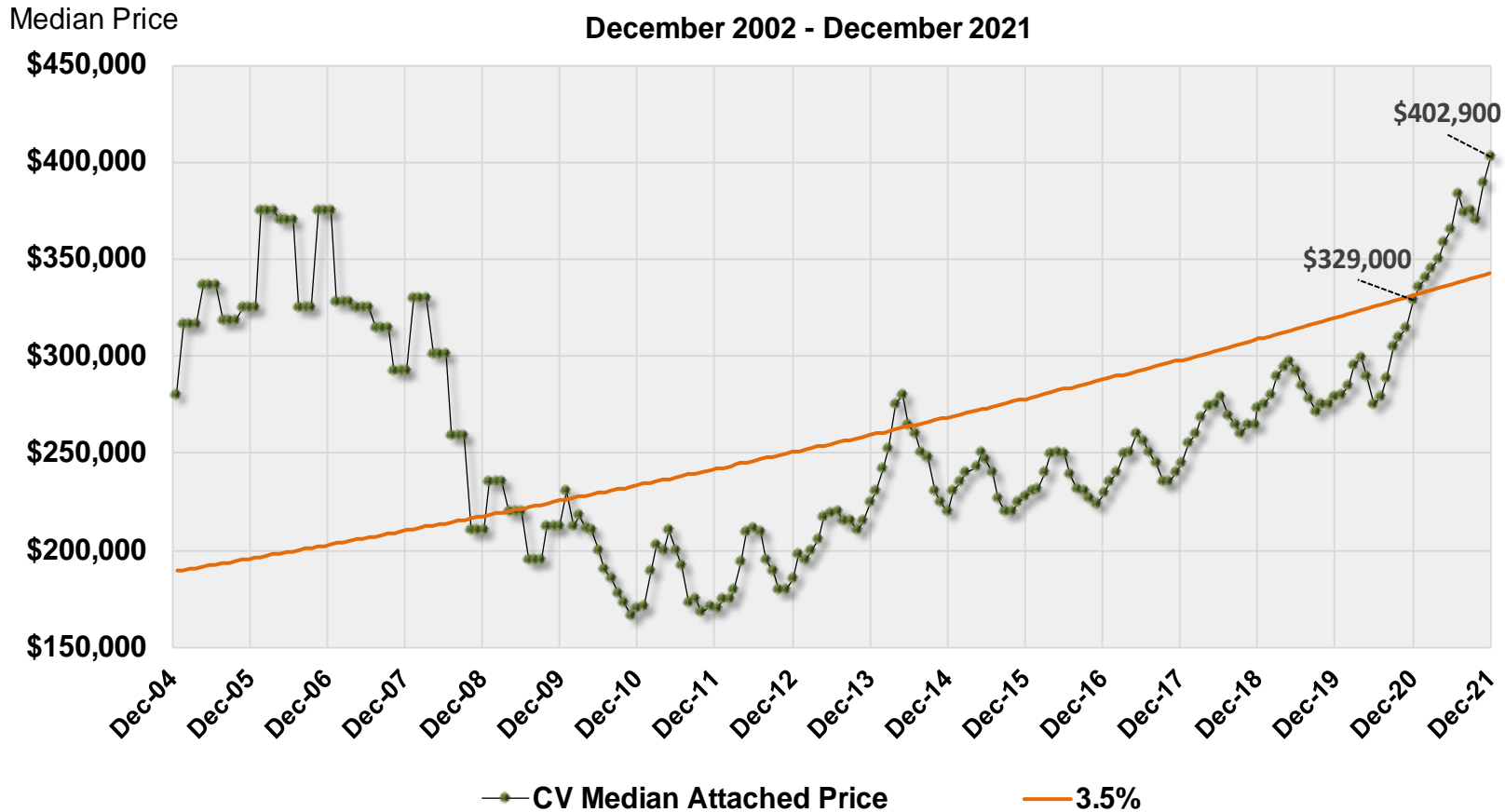
December 2002 - December 2021



### Coachella Valley Detached Median Price

The median price of a detached home in the Coachella Valley ended the year at \$615,000, which represents a yearly gain of 18.3%. As the graph shows, we've now entered the seasonal period of price strength, a pattern that goes back at least 15 years or more, and we expect this seasonal pattern of price strength to continue into 2022.

## Coachella Valley Median Attached Home Price



### Coachella Valley Median Attached Price

The median price for attached homes in the Valley ended the year at \$402,900, which represents a yearly increase of 22.5%. Attached homes also have a seasonal pattern, which usually begins in November and carries through until May. As you can tell from the chart, this seasonal pattern is very strong, so we expect this pattern to also continue into 2022.

### 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	\$314.10	\$785,249	\$526,250	49.2%	\$239,325	228.1%
Rancho Mirage	3,175	\$369.81	\$1,174,150	\$859,441	36.6%	\$506,317	131.9%
Palm Springs	2,175	\$544.99	\$1,185,357	\$871,871	36.0%	\$323,879	266.0%
Indian Wells	3,450	\$425.79	\$1,468,976	\$1,095,979	34.0%	\$666,885	120.3%
Palm Desert	2,200	\$322.93	\$710,451	\$545,930	30.1%	\$302,302	135.0%
Indio	2,000	\$256.26	\$512,528	\$395,030	29.7%	\$156,340	227.8%
Desert Hot Springs	1,600	\$223.43	\$357,493	\$276,624	29.2%	\$86,656	312.5%
La Quinta	2,550	\$346.70	\$884,095	\$690,872	28.0%	\$318,164	177.9%
Coachella	1,700	\$221.09	\$375,850	\$295,418	27.2%	\$111,367	237.5%
Cathedral City	1,800	\$289.56	\$521,215	\$426,276	22.3%	\$153,216	240.2%

### Price of The Average Size Attached Home

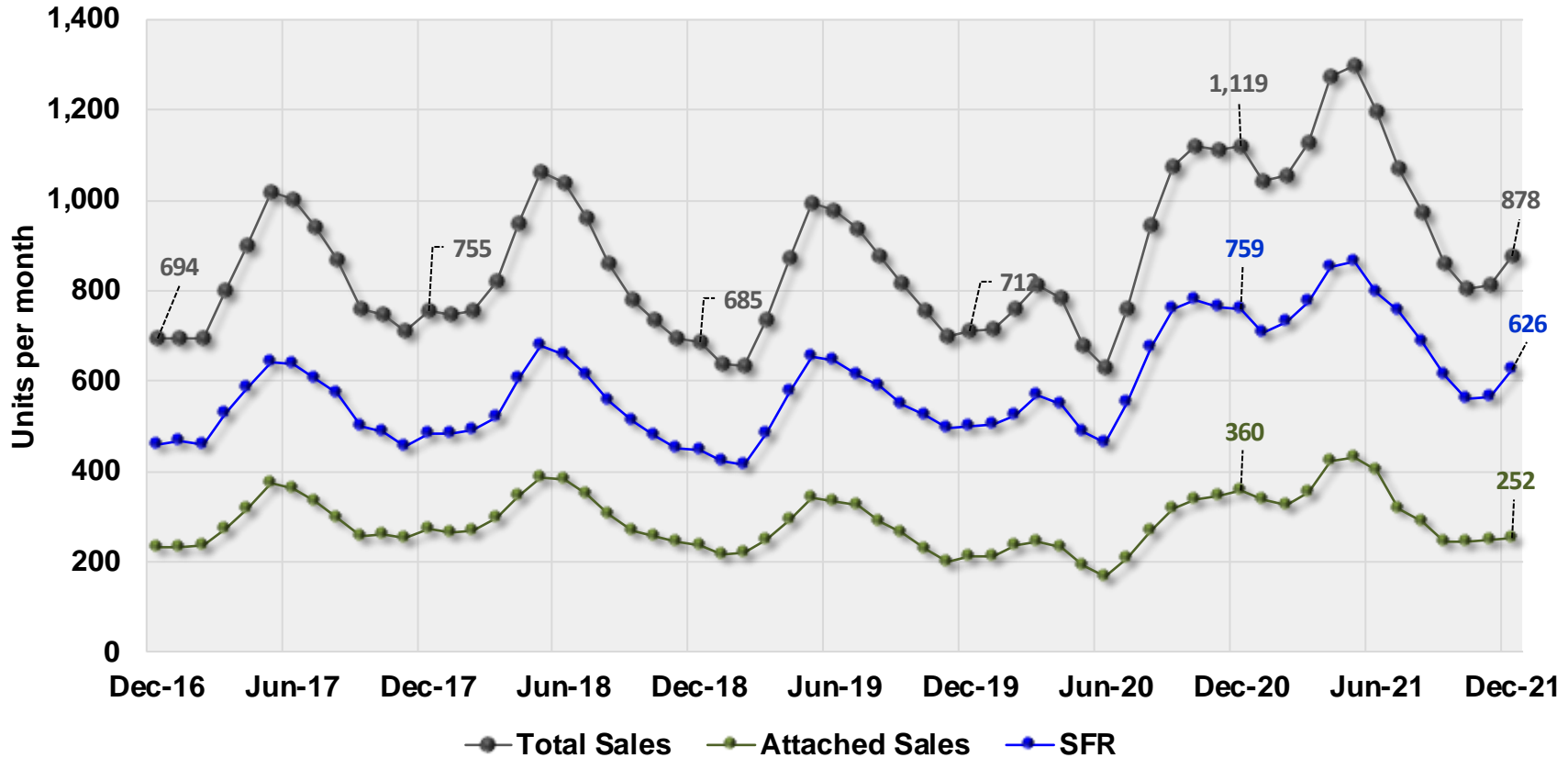
City	Avg. Size Home	Pr. per sq/ft	Price of Avg. Size Home	Price One Year Ago	12 Month Change	2011-12 Price Low	% From Low
Desert Hot Springs	750	\$148.79	\$111,595	\$69,581	60.4%	\$16,013	597%
La Quinta	1,750	\$349.83	\$612,204	\$414,925	47.5%	\$247,713	147%
Bermuda Dunes	1,450	\$255.36	\$370,273	\$260,297	42.3%	\$89,117	315%
Cathedral City	1,250	\$235.21	\$294,013	\$208,875	40.8%	\$80,544	265%
Palm Desert	1,600	\$295.54	\$472,863	\$346,640	36.4%	\$197,896	139%
Rancho Mirage	1,775	\$286.78	\$509,030	\$377,862	34.7%	\$211,030	141%
Indio	1,050	\$248.34	\$260,762	\$198,077	31.6%	\$56,396	362%
Indian Wells	1,950	\$310.74	\$605,948	\$463,905	30.6%	\$259,126	134%
Palm Springs	1,250	\$321.00	\$401,254	\$307,669	30.4%	\$129,788	209%

### 12 Month Change in The Price of The Average Size Home

These columns show the size of the average home in each city, followed by its *price* and *price per square foot*. Current prices are then compared to both year ago levels and all-time price lows that occurred in 2011 and 2012. At the end of the year price gains for detached homes go from a high of 49.2% in Bermuda Dunes to 22.3% in Cathedral City. The largest price increases for attached homes are 60.4% for Desert Hot Springs, 47.5% for La Quinta and 42.3% for Bermuda Dunes.

## Detached, Attached and Total Sales

3 month moving average

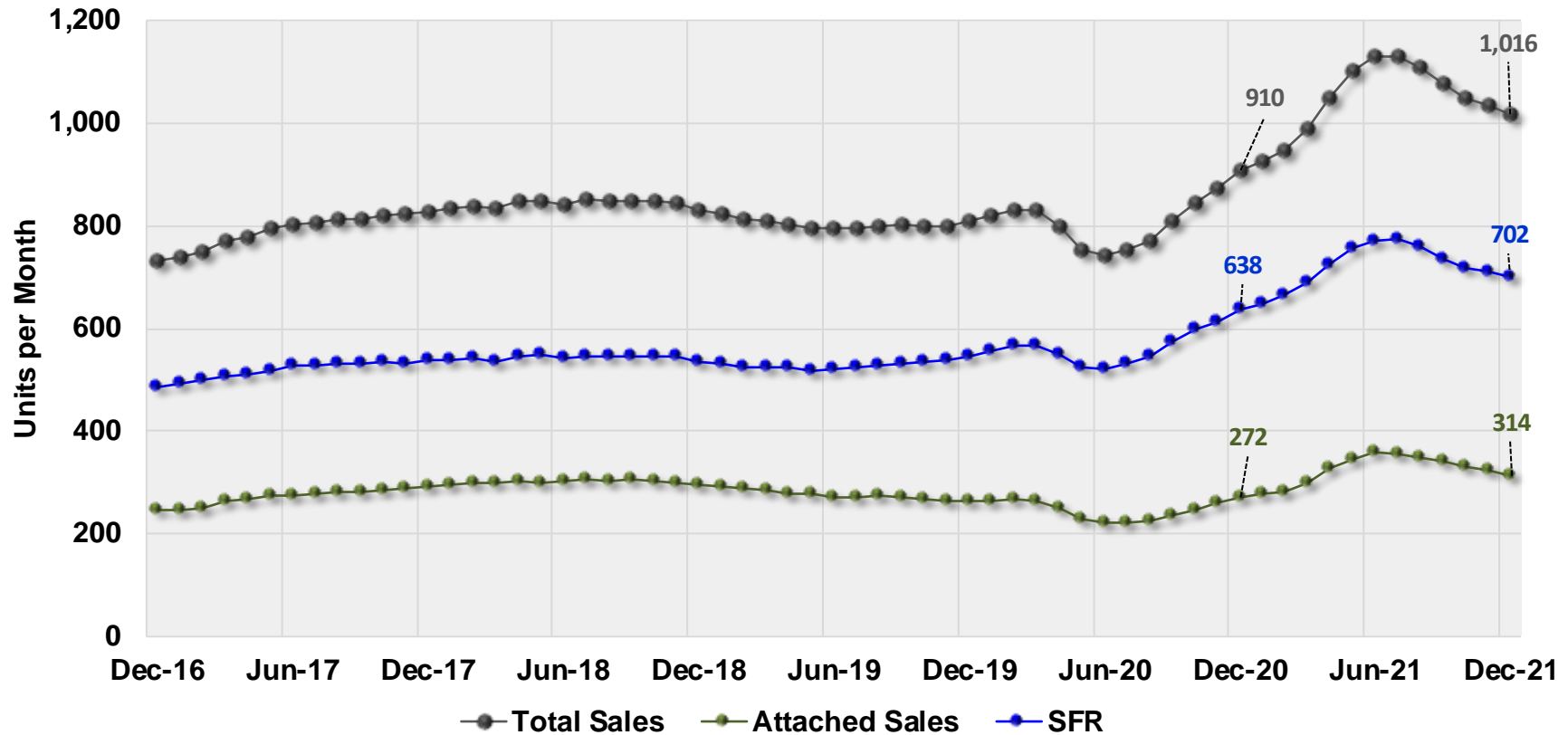


### Monthly Sales – 3-month trailing avg.

Three-month sales in December averaged 878 units a month, which is again considerably less than the 1,119 units last year but significantly above the pre-pandemic December averages of the previous four years, displayed by the call-out numbers. Sales of detached homes averaged 626 units compared to 759, which is down 17%. Sales of attached homes, currently at 252 units a month, have been effectively unchanged over the last four months.

## Detached, Attached and Total Sales

12 month moving average

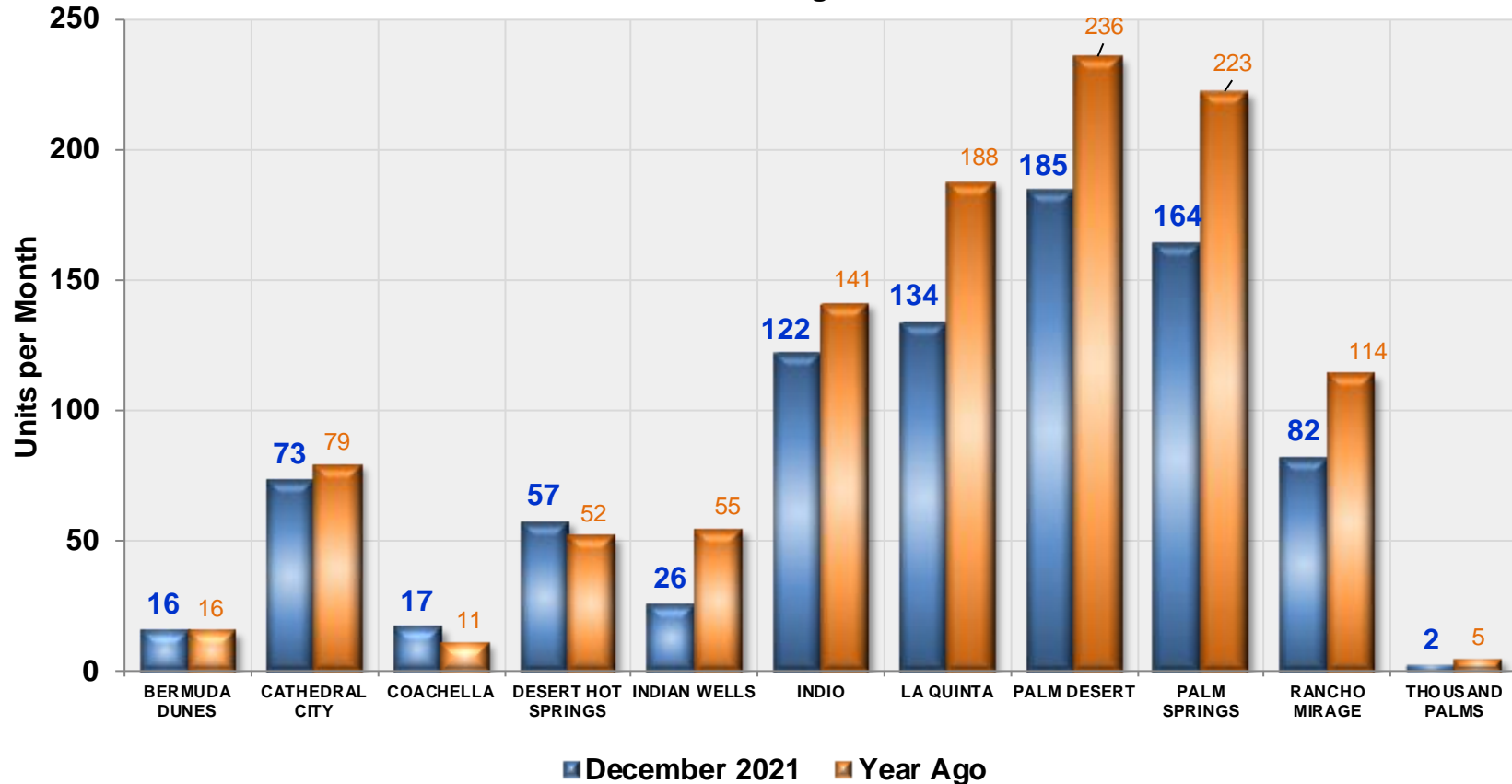


### Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out all seasonality, shows total sales in December averaging 1,016 units a month, which is 11.6% above last year’s average. Sales of detached homes are 10% higher while those of attached homes are 15.4% higher. We continue to expect long term sales to slowly retreat from June highs but stay above pre-pandemic norms.



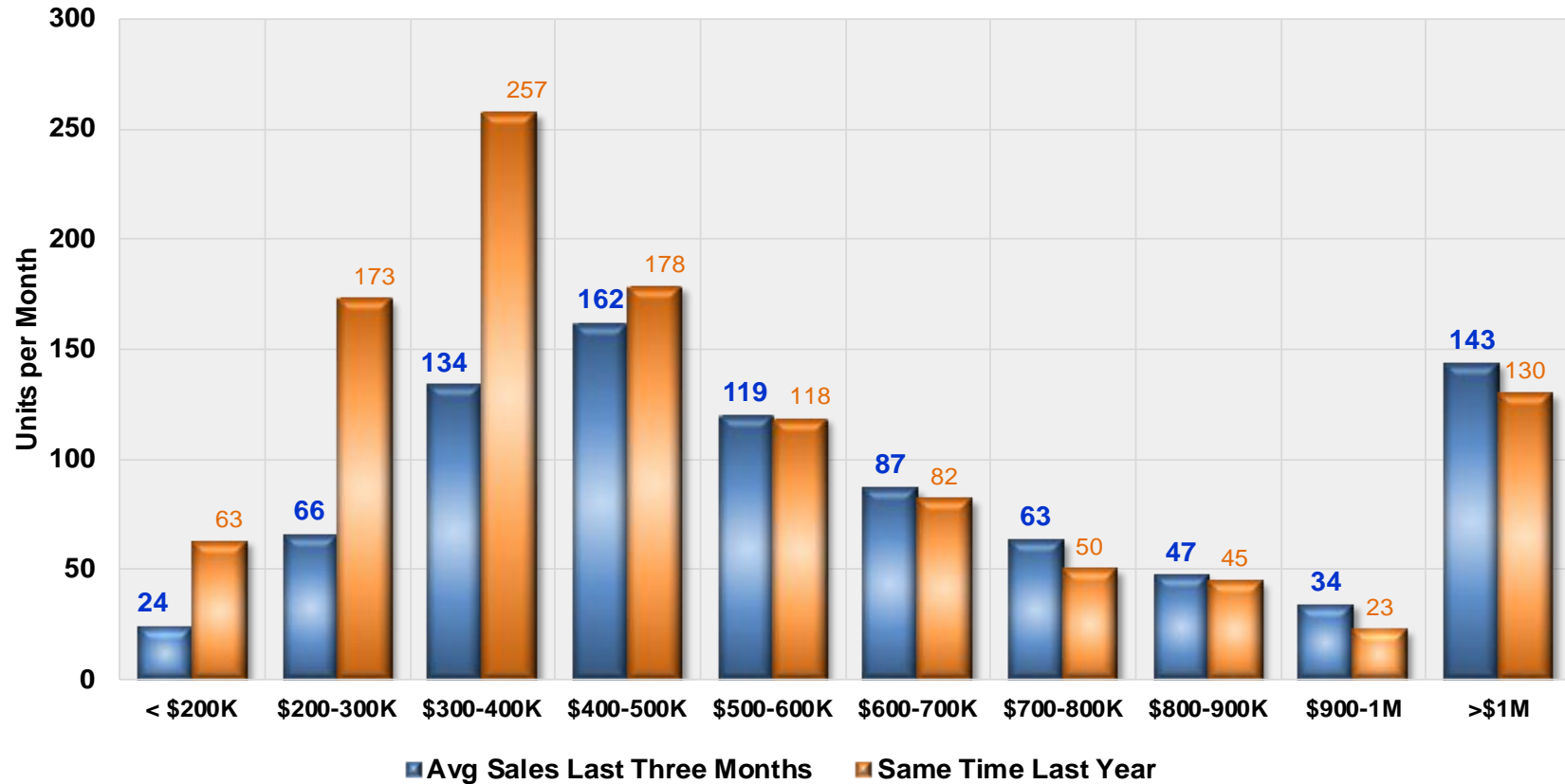
## Home Sales by City 3 month avg sales



## Home Sales by City

Sales in each city show that the regional sales decline is primarily due to a drop in sales in the four, high-end cities of La Quinta, Palm Desert, Palm Springs and Rancho Mirage. Bermuda Dunes has sales equal to last year while sales in Cathedral City are down only 8%. Two cities have sales above last year – Coachella and Desert Hot Springs.

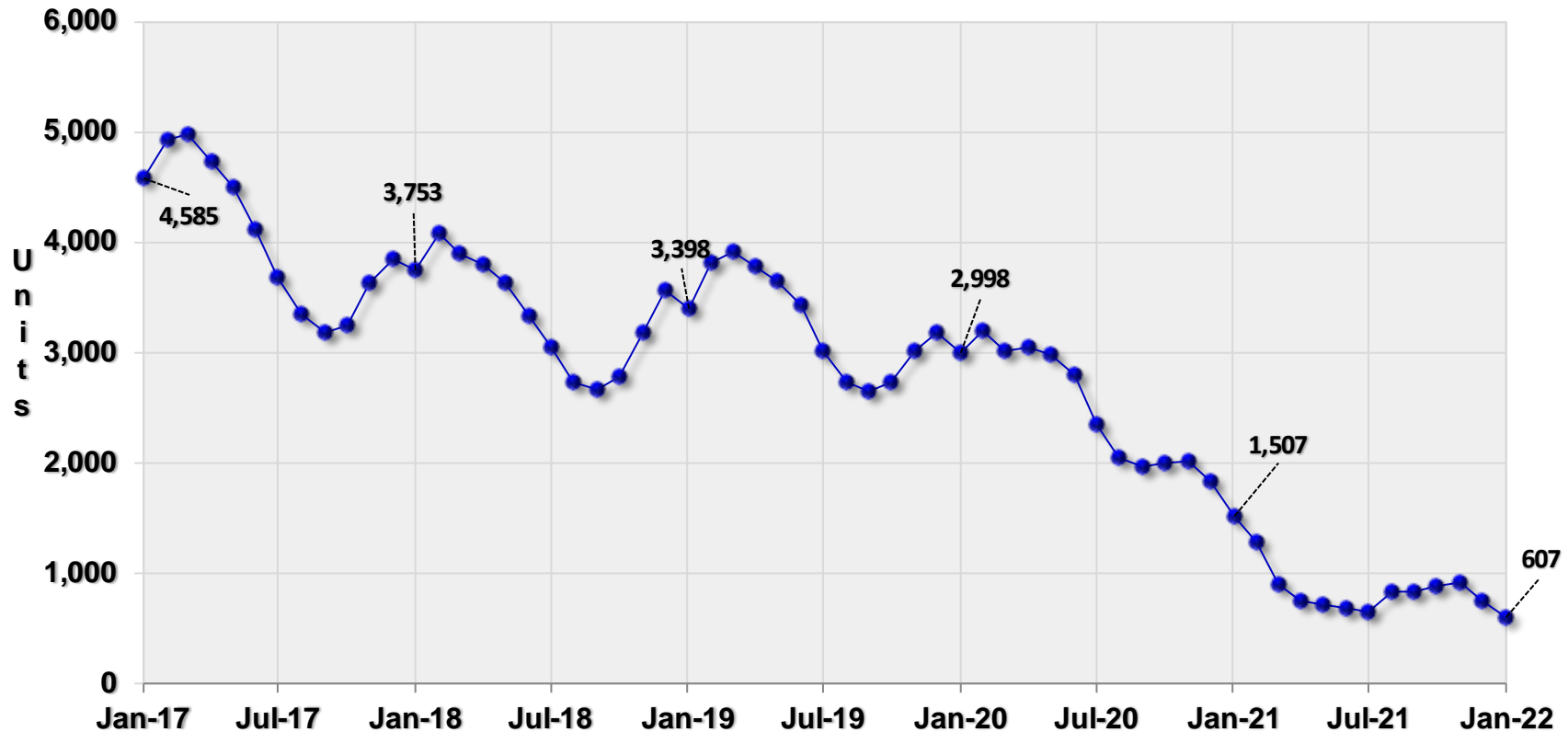
## Home Sales by Price Range 3 mos avg



## Home Sales by Price Range

The drop in sales compared to year ago levels is almost all in homes priced under \$400,000. Sales of homes in price brackets over \$500,000 are higher than year ago levels. Some of this is due to the general price increase with fewer homes listed in the under \$500,000 price brackets. Sales under \$400,000 used to be composed of sales of both detached and attached homes, with a focus on the attached market. However, there are very few detached homes now in these price ranges.

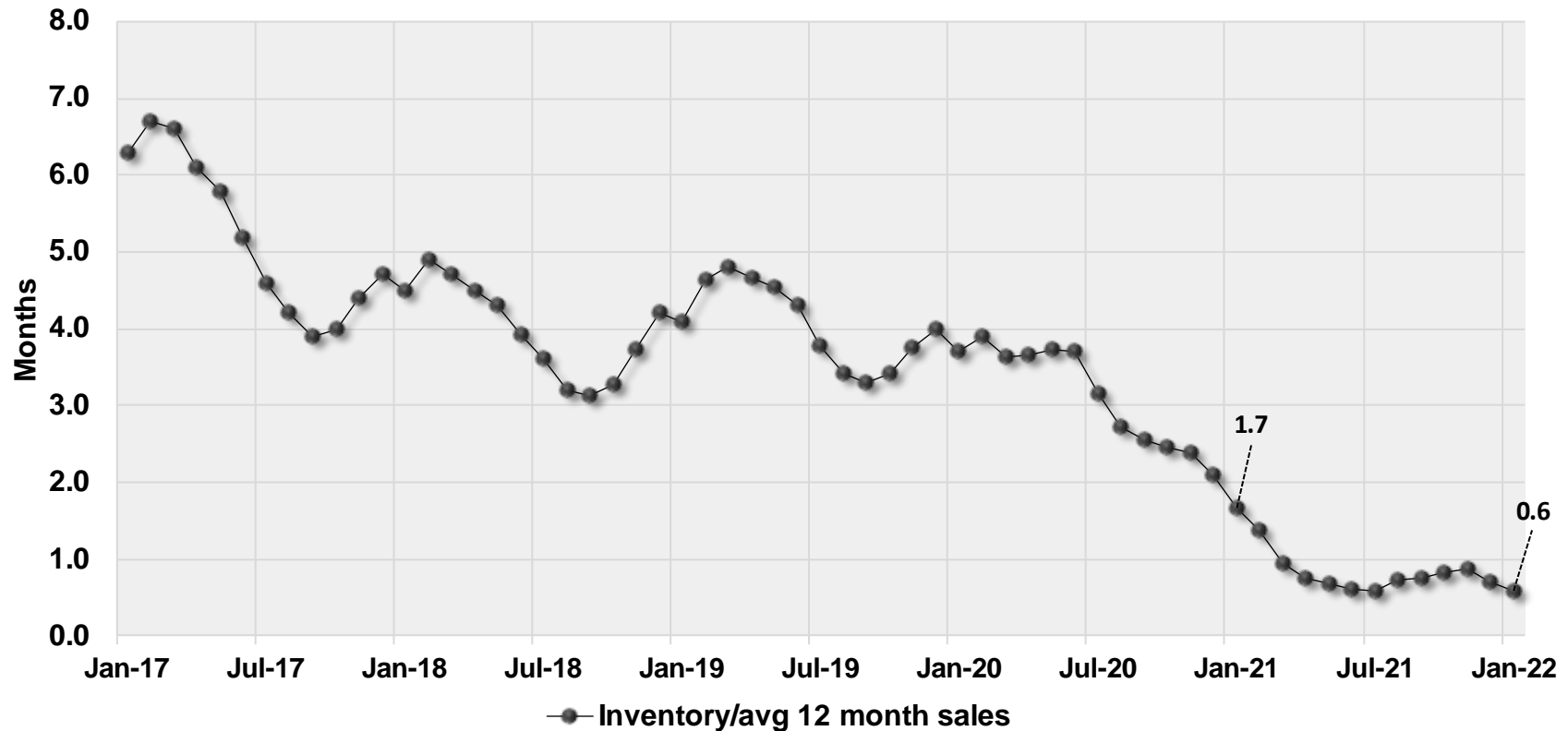
## Valley Housing Inventory January 1st 2017 to January 1st 2022



### Coachella Valley Total Inventory

On January 1<sup>st</sup> total inventory in the Valley stood at 607 units, which is the lowest number on record and 900 units less than last year. This is disappointing since we've just passed through the three historically strongest months of inventory increase. This continues to highlight the restrictive effects of the COVID pandemic and the new Omicron variant. Other Southern California regions show the same pattern; that inventory is again falling toward historic lows.

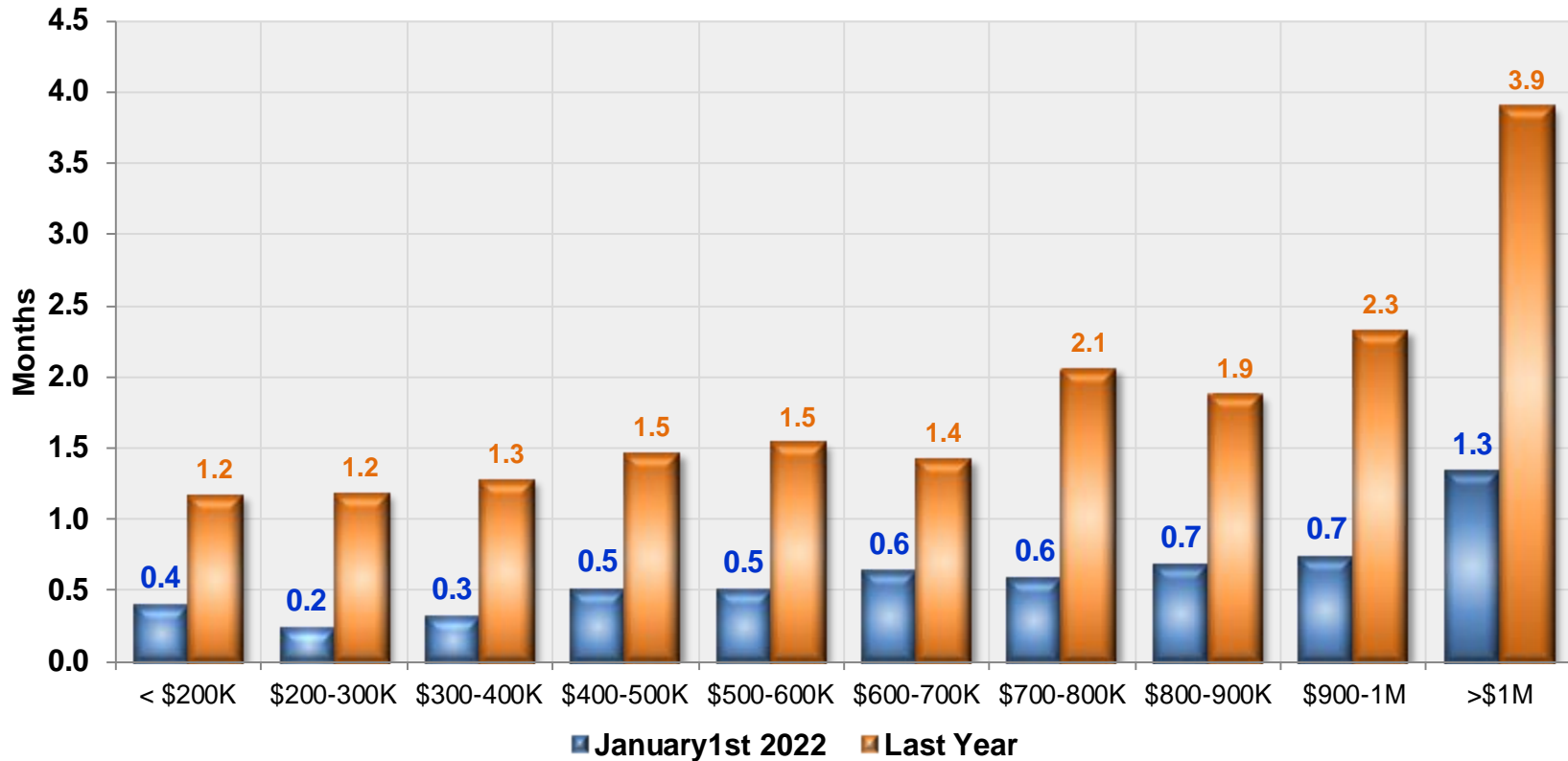
## "Months of Sales" Ratio Coachella Valley January 1st 2017 - January 1st 2022



### Regional "Months of Sales" Ratio

On January 1<sup>st</sup> the "months of sales" for the Valley was .6 months, which is at the historically low ratios registered last summer. A year ago, the ratio was 1.7 months. The chart pattern is very similar to what we see with the inventory chart. As we've said, while these low ratios bode well for home sellers, it continues to make it difficult for homebuyers to find homes that meet their wants and needs.

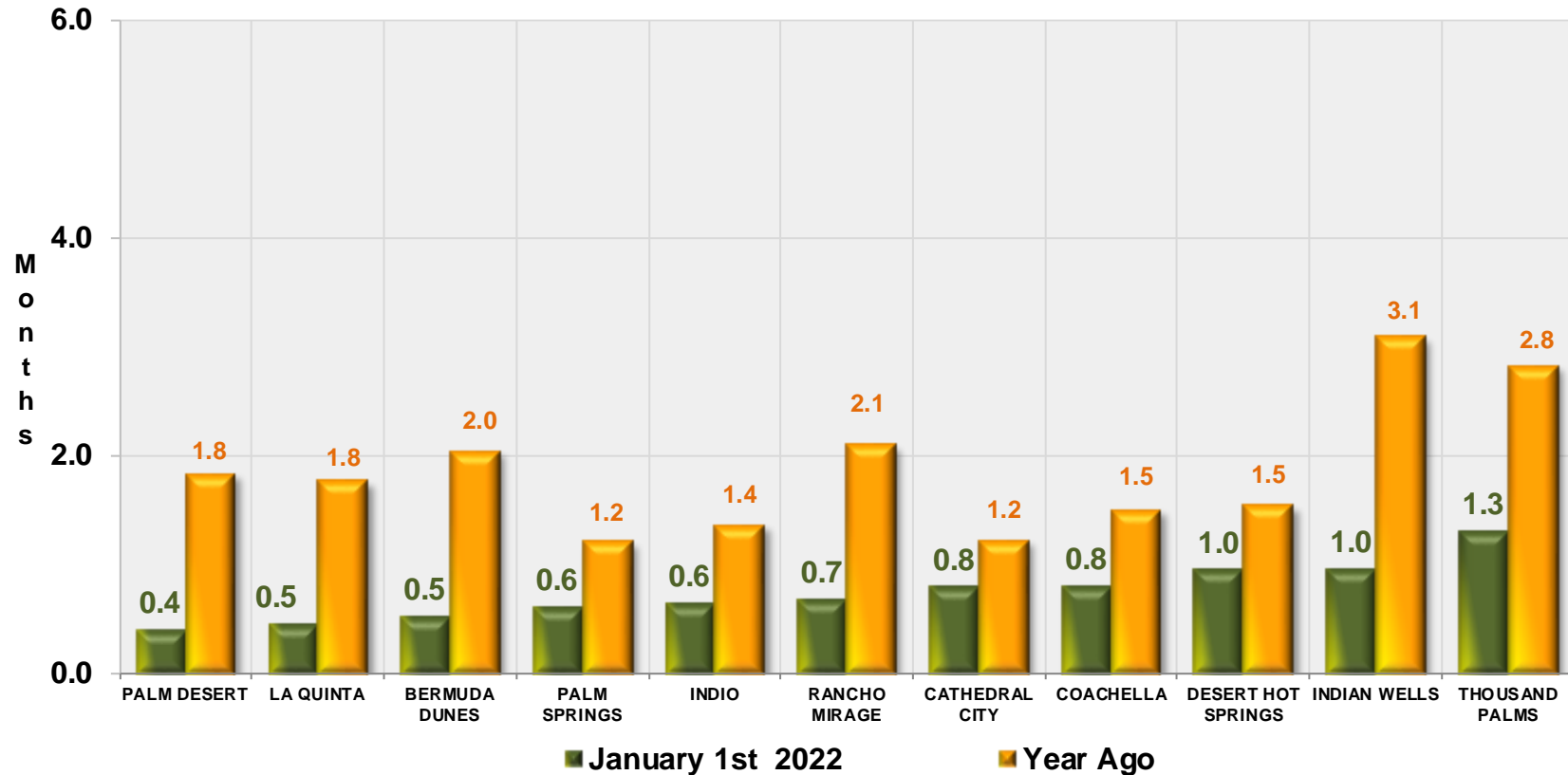
## "Months of Sales" by Price Range uses avg. twelve month sales



## "Months of Sales" by Price Range

This chart displays the "months of sales" ratios in the different regional price brackets compared to last year. Blue bars are current ratios and orange bars are last year. Every price bracket under a million dollars has a "months of sales" ratio less than .7 months, which is truly extraordinary. For homes over a million dollars, the ratio is 1.3 months.

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



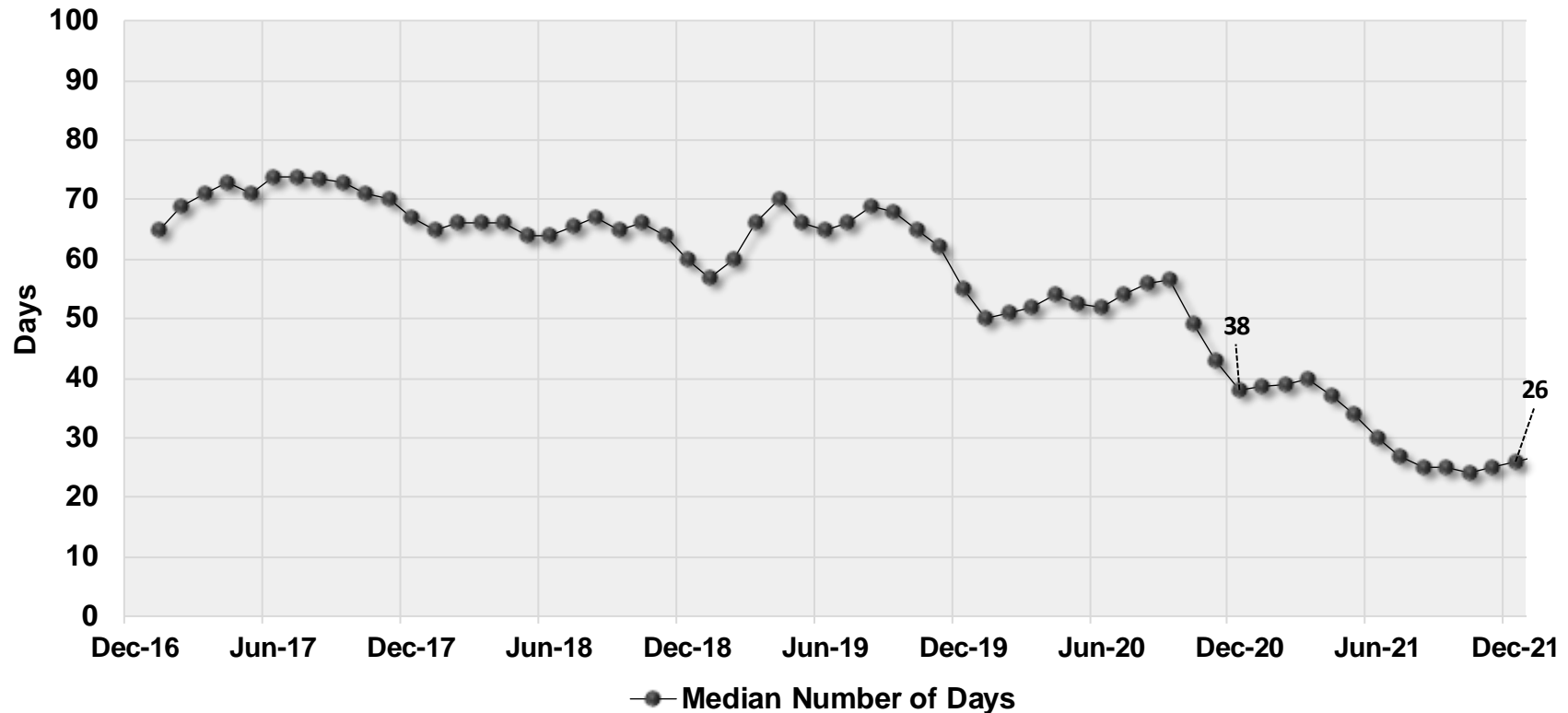
## "Months of Sales" by City

This graph compares current "months of sales" ratios in each city compared to last year. We have sorted the cities left to right by lowest ratio. The city with the smallest ratio is Palm Desert, with a reading of .4 months. This is followed by La Quinta and Bermuda Dunes with ratios of one-half month. The cities of Desert Hot Springs, Indian Wells and Thousand Palms are the only cities with ratios of one-month or greater.

## "Days in the Market"

Coachella Valley

December 2016 - December 2021



## Regional "Days in the Market"

At the end of the year, the median number of "days in the market" throughout the Valley was 26 days, one day more than last month and 12 days less than last year. The number of days has been hovering around 25 days now for six months. As inventory remains low and sales stay high, forces are in place to possibly push this number even lower. However, we believe the median number will stay near current levels for a while longer.

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



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



## "Days in the Market"

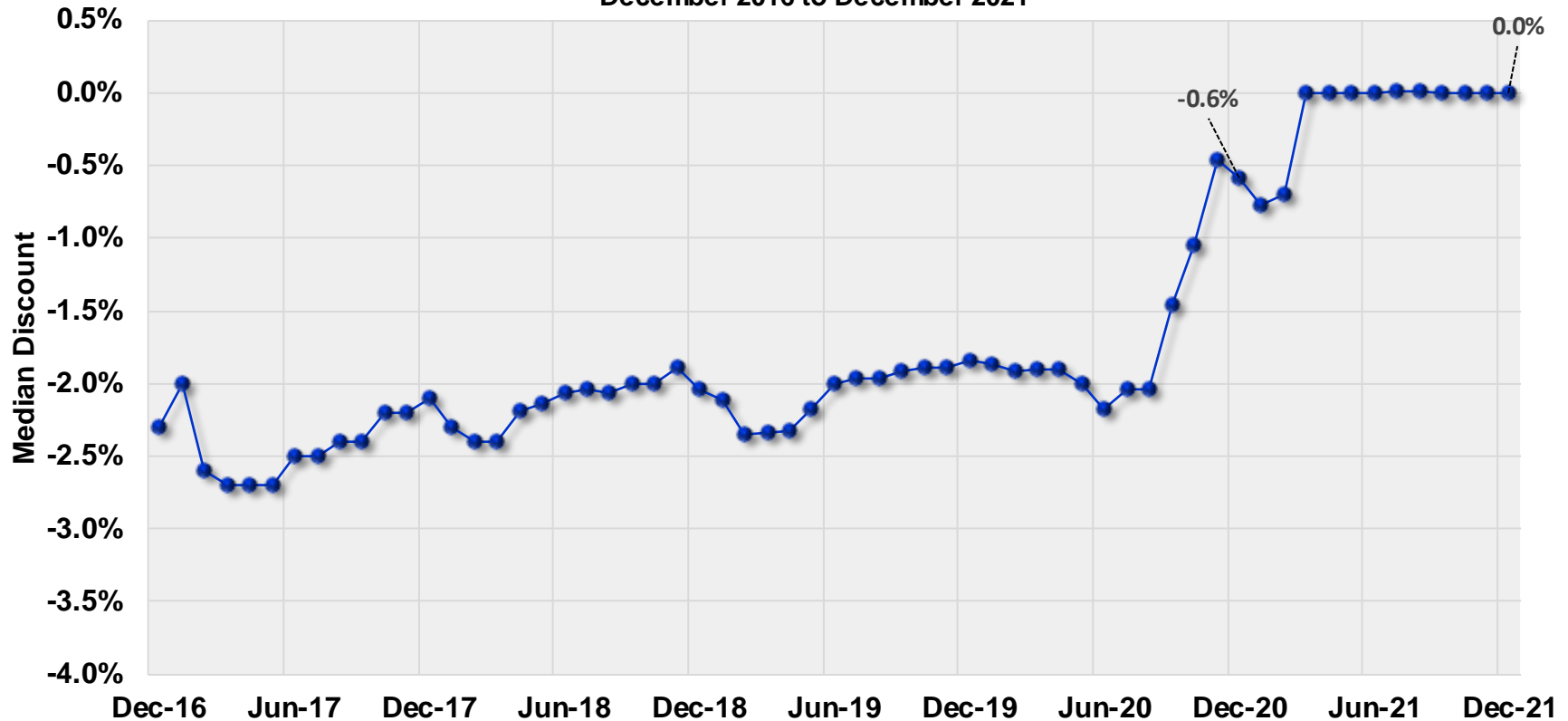
These bar charts rank the cities left to right by the smallest number of "days in the market" for both detached and attached homes. Desert Hot Springs has the lowest number of days for detached homes at 20 days, followed by Indian Wells with 22 days and Rancho Mirage at 23 days. These are the same number of median days as last month. In the attached home market selling times are averaging exactly two weeks in Cathedral City.



## Price Discount from List

(Median Value)

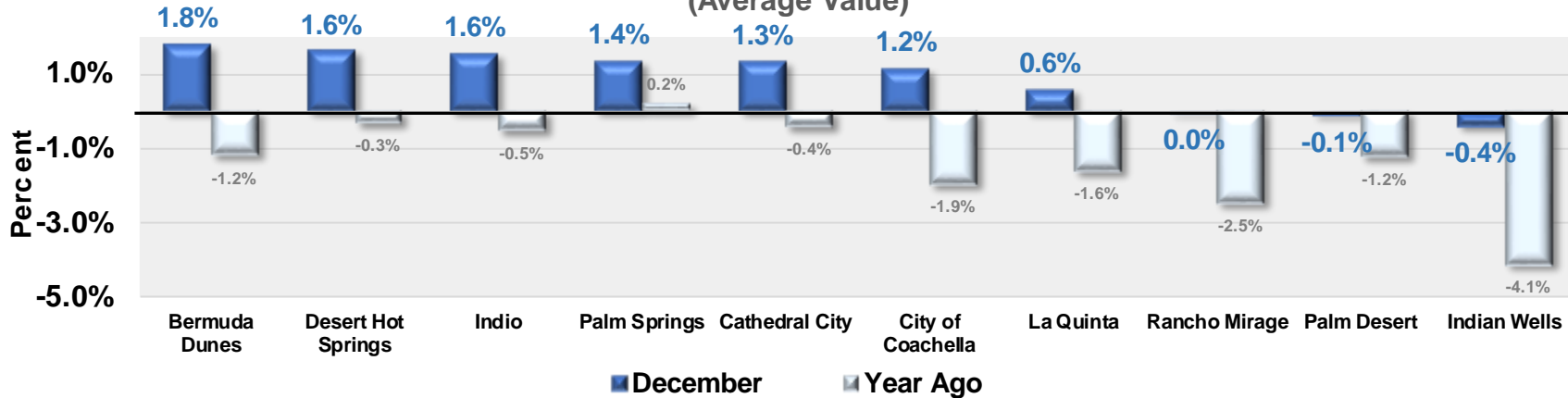
December 2016 to December 2021



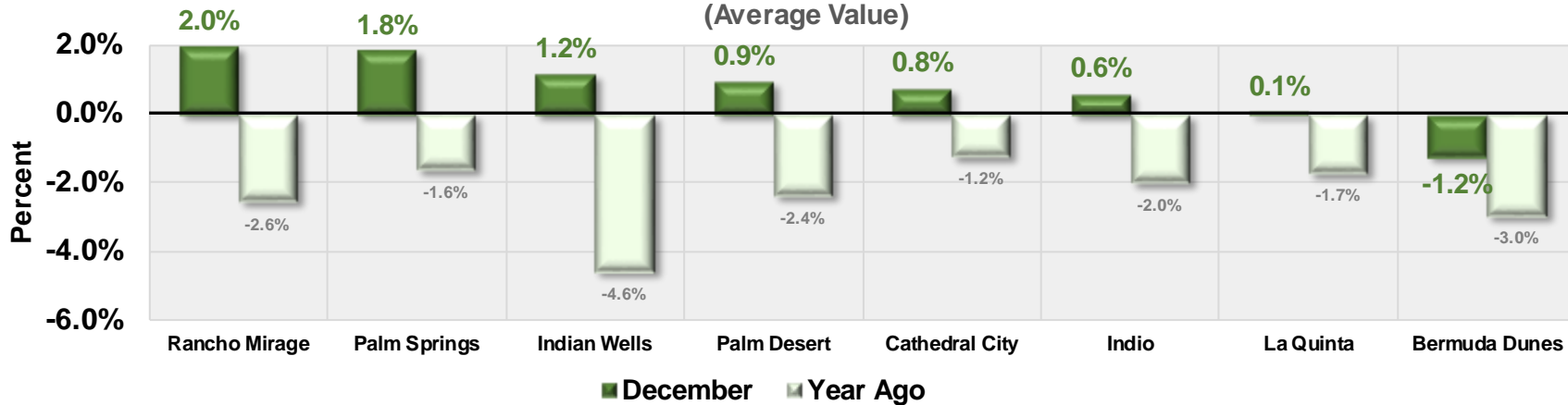
## Reginal Price Discount

The median value for “Sale Discount from List” for detached homes in November was again 0.0%, which is the same discount it’s had for ten months now. Since so many homes are selling right at list price, the median value of all sales continues to be exactly 0.0%. A year ago, it was -.6%. A better look at the premium/discount situation throughout the Valley can be seen in the next bar chart, which uses average values in each city.

## 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 “average” value instead of “median” value because it’s a better metric during periods when so many sales are occurring right at list price. Bermuda Dunes continues to have the highest selling premium for detached homes at 1.8%, followed by Desert Hot Springs and Indio at 1.6%. Only Indian Wells has detached homes selling at a discount. In the attached home market Rancho Mirage has an average selling premium of 2%.

## 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 1<sup>st</sup>. Even though inventory may be labeled May inventory, it is the inventory on the 1<sup>st</sup> 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.