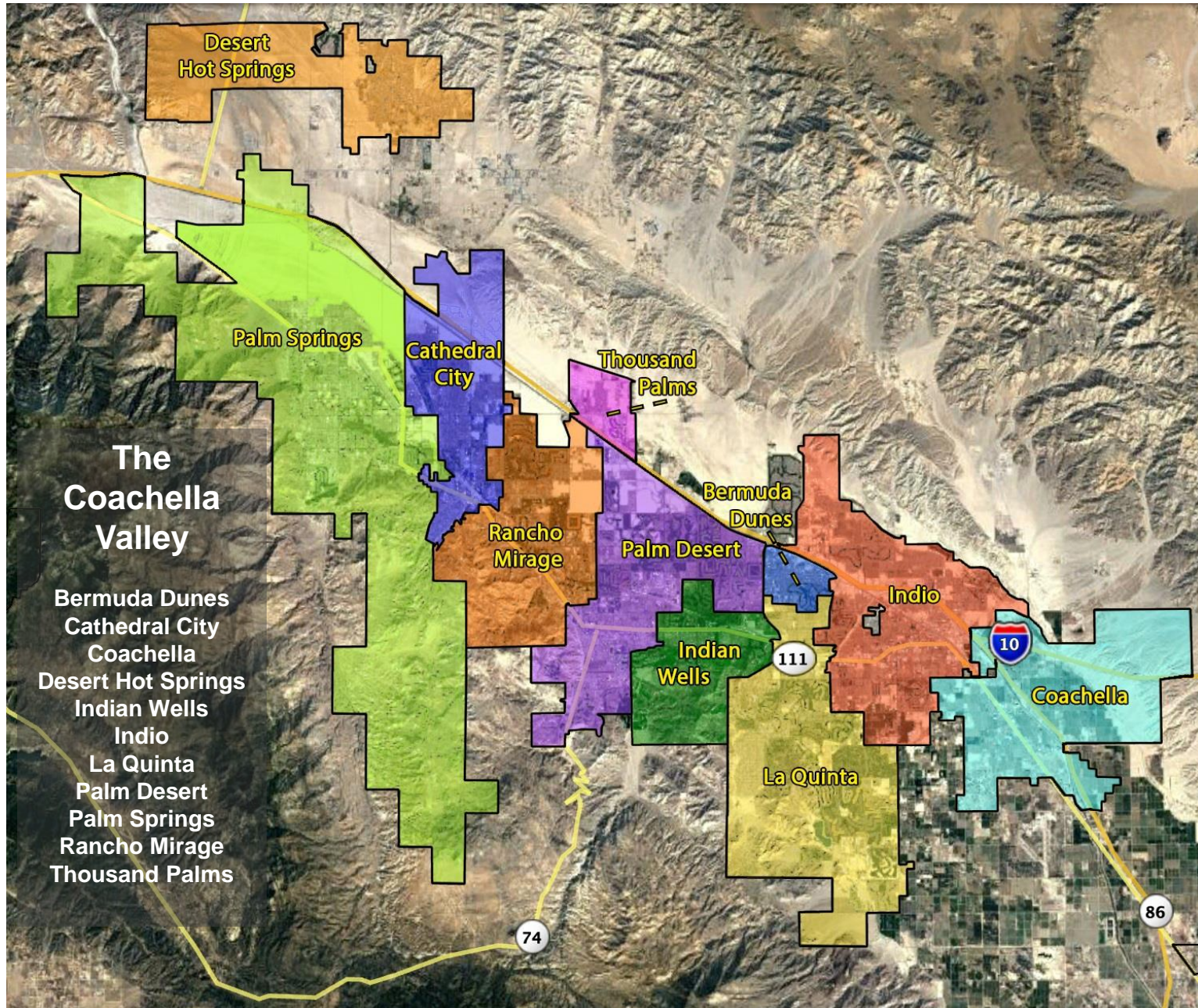


# The Desert Housing Report

February 2022





## Summary

**PRICES:** At the end of February the median price of a detached home throughout the Coachella Valley was \$617,000, which is a year-over-year gain of 19.5%. The median price for attached homes was \$439,250, which is a 12 month gain of 29%. The cities of Rancho Mirage, Indian Wells and Indio have year-over-year increases for their average detached home above 30%. Eight cities have price gains for attached homes over 30%, with La Quinta having a year over year increase of 51.4%! The high demand for attached homes is due to the lack of detached home supply in the lower price ranges.

**SALES:** Total sales in February averaged 852 units a month, which is 19% less than last February. While lower than last year, sales are still one hundred units higher than pre-pandemic levels. Sales of detached homes are down 17%, while those for attached homes are down 25% due to continued lack of supply. When we compare sales by city, we find the largest declines are in the four major resort cities of La Quinta, Palm Desert, Palm Springs in Rancho Mirage. Some of this is due to the large price increases in these cities, which naturally reduces the size of the overall buying pool. Cities classified as working cities – Cathedral City, Desert Hot Springs and Indio – generally have sales comparable to year ago levels.

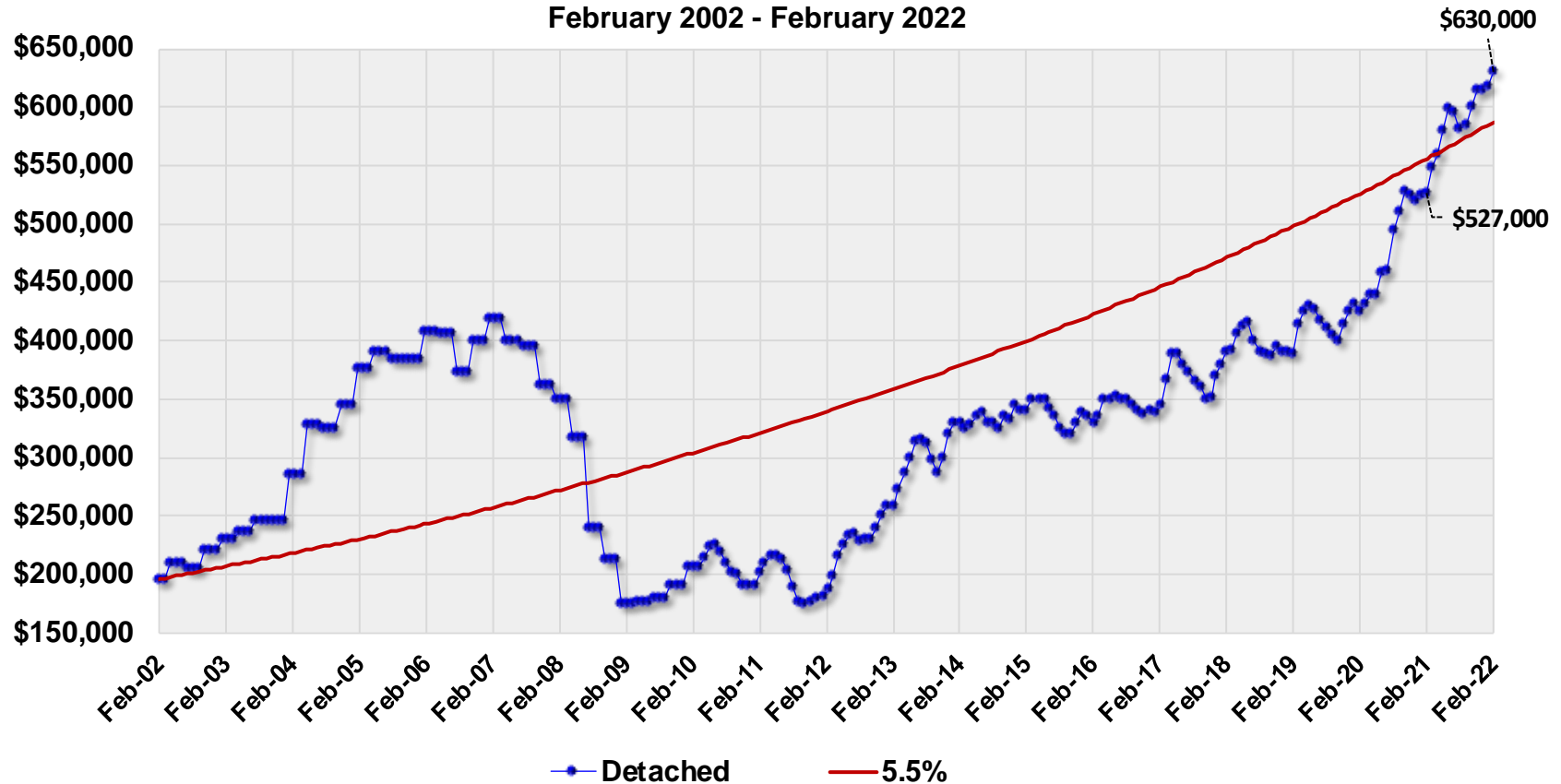
**INVENTORY & “MONTHS OF SALES” RATIOS:** Inventory continues to hover near record lows and on March 1st was at 607 units. We find it rather disconcerting that the normal seasonal increase in inventory that usually occurs between September and March failed to materialize this year, just like it failed last year. On March 1st the “months of sales” for the Valley was the same as the last months at .6 months. A year ago, the ratio was one month. These historically low ratios continue indicate very low supply and moderate to strong demand, which are the two ingredients for much higher prices. As we’ve stated before, even though home prices have surged, this fundamental ratio strongly indicates that the upward price trend will continue.

**DIM:** At the end of February, the median number of “days in the market” throughout the Valley was 29 days, which is two days more than last month. With inventory remaining low and sales staying high, demand continue to keep selling times near record lows. Palm Springs has the lowest selling time for detached homes at just 21 days, followed by the city of Coachella at 22 days. In the attached market, Cathedral City has average selling times of just 8 days, followed by Palm Springs at 15 days.

**PRICE DISCOUNTS:** Palm Springs has the highest selling premium for detached homes at 3.4%, followed by Bermuda Dunes at 3% and the city of Coachella at 2.3%. In the attached market, Rancho Mirage has the highest selling premium at 2%.

## Coachella Valley Median Detached Home Price

February 2002 - February 2022



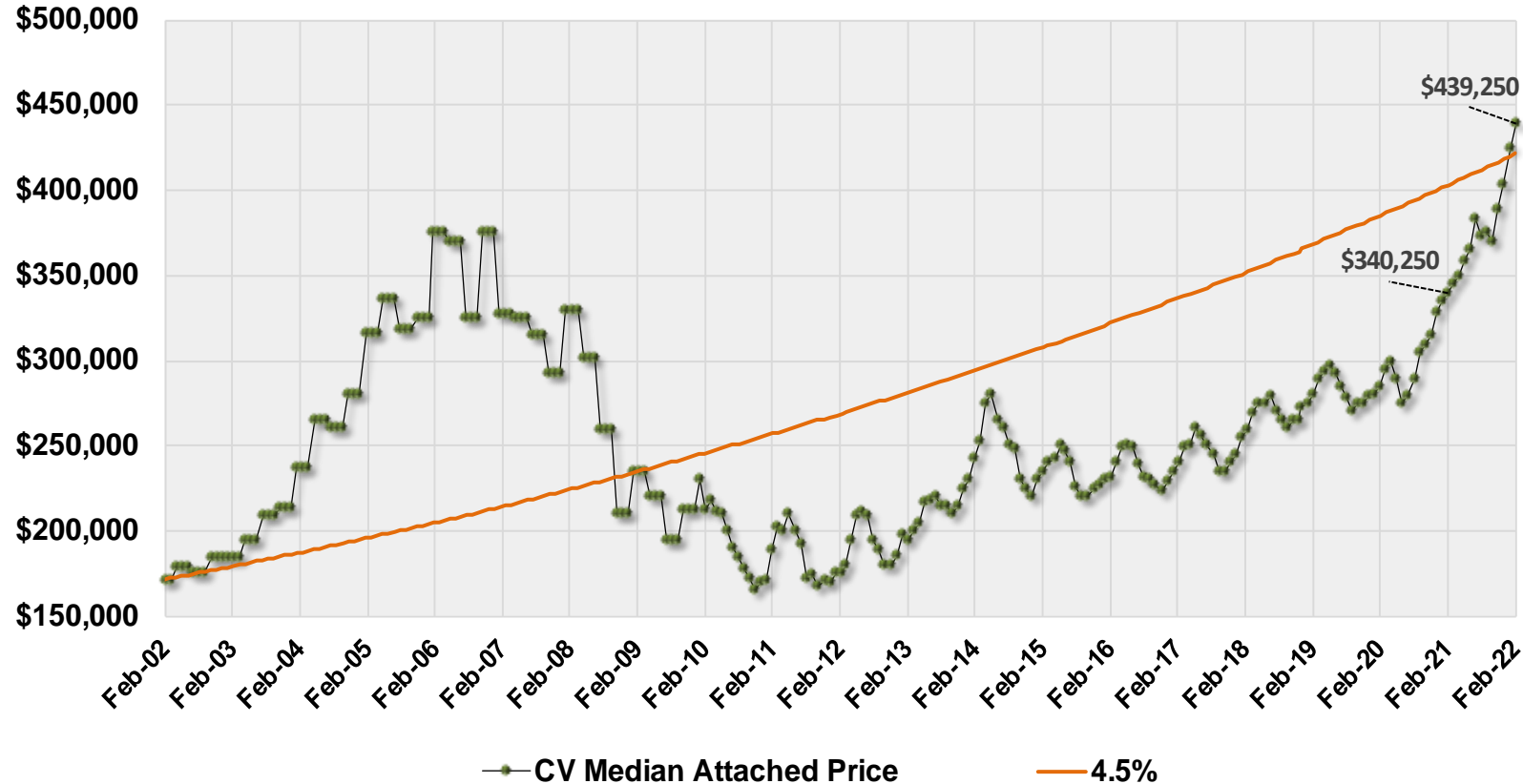
## Coachella Valley Detached Median Price

The median price of a detached home throughout the Coachella Valley at the end of February was \$617,000, which is a year-over-year gain of 19.5%. We continue to be in the seasonal period for price strength, and we expect this to continue. The forces that have driven prices higher – low inventory and rising sales – continue to dominate this housing market.

## Coachella Valley Median Attached Price

Median Price

February 2002 - February 2022



## Coachella Valley Median Attached Price

The median price for attached homes in February was \$439,250, which is a 12 month gain of 29%. As we've noted before, attached homes also have a seasonal pattern, which usually begins in November and carries through until May. Because of this, we expect the strong price gains, so visibly displayed in the graph, to continue for at least three or four more months.

### 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
Rancho Mirage	3,175	\$398.48	\$1,265,159	\$903,923	40.0%	\$506,317	149.9%
Indian Wells	3,450	\$450.02	\$1,552,555	\$1,164,479	33.3%	\$666,885	132.8%
Indio	2,000	\$269.54	\$539,082	\$405,240	33.0%	\$156,340	244.8%
Palm Desert	2,200	\$324.47	\$713,837	\$560,714	27.3%	\$302,302	136.1%
Coachella	1,700	\$235.85	\$400,943	\$301,886	32.8%	\$111,367	260.0%
Bermuda Dunes	2,500	\$317.23	\$793,082	\$577,800	37.3%	\$239,325	231.4%
La Quinta	2,550	\$357.70	\$912,131	\$724,047	26.0%	\$318,164	186.7%
Cathedral City	1,800	\$295.06	\$531,105	\$429,336	23.7%	\$153,216	246.6%
Palm Springs	2,175	\$565.33	\$1,229,585	\$970,278	26.7%	\$323,879	279.6%
Desert Hot Springs	1,600	\$226.87	\$362,985	\$289,720	25.3%	\$86,656	318.9%

### Price of The Average Size Attached Home

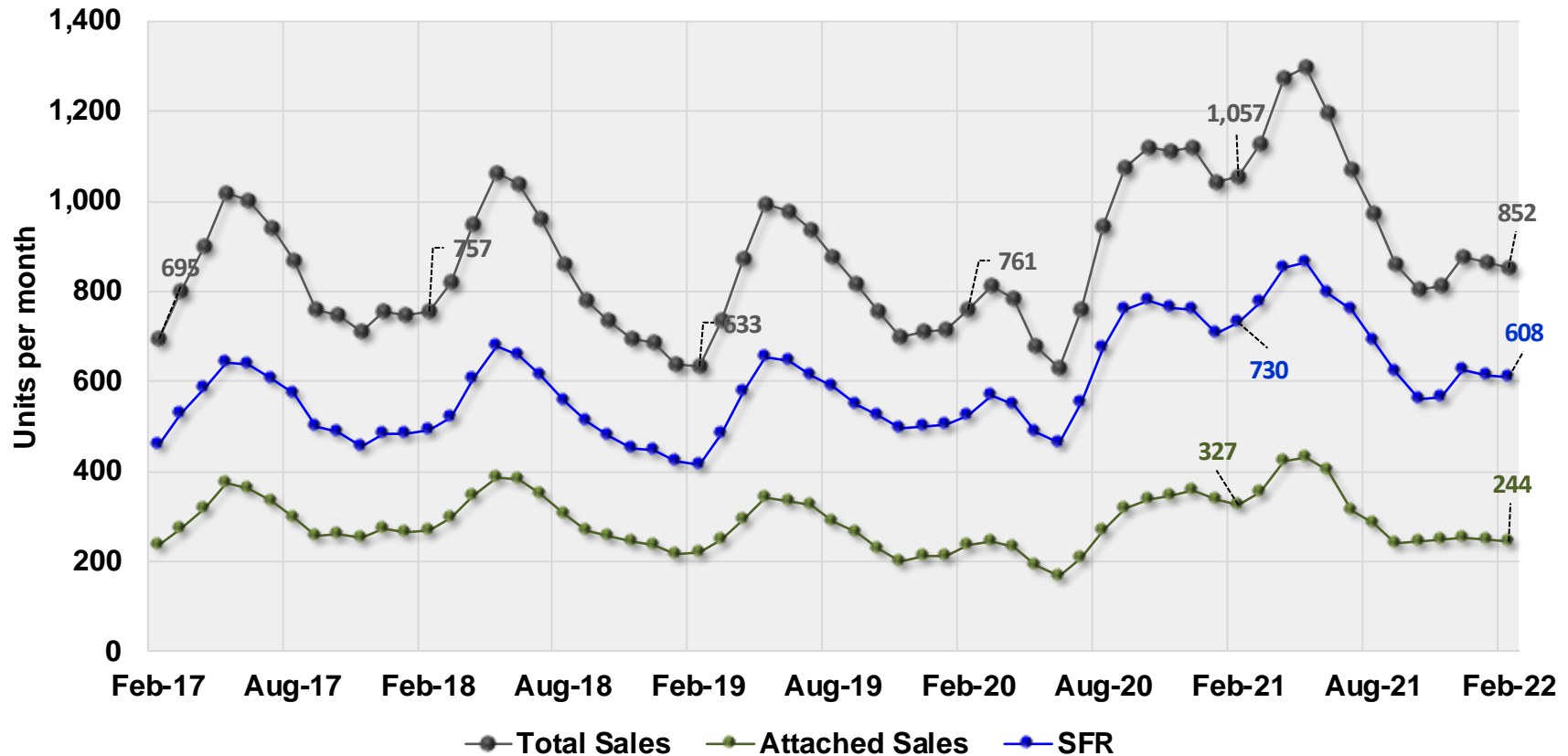
City	Avg. Size Home	Pr. per sq/ft	Price of Avg. Size Home	Price One Year Ago	12 Month Change	2011-12 Price Low	% From Low
Desert Hot Springs	750	\$153.10	\$114,829	\$73,013	57.3%	\$16,013	617%
La Quinta	1,750	\$367.67	\$643,421	\$424,865	51.4%	\$247,713	160%
Cathedral City	1,250	\$245.14	\$306,420	\$207,813	47.5%	\$80,544	280%
Bermuda Dunes	1,450	\$255.36	\$370,273	\$253,678	46.0%	\$89,117	315%
Indio	1,050	\$264.45	\$277,672	\$193,536	43.5%	\$56,396	392%
Palm Desert	1,600	\$314.65	\$503,435	\$354,928	41.8%	\$197,896	154%
Rancho Mirage	1,775	\$290.46	\$515,572	\$386,134	33.5%	\$211,030	144%
Palm Springs	1,250	\$339.88	\$424,856	\$324,438	31.0%	\$129,788	227%
Indian Wells	1,950	\$312.55	\$609,467	\$468,985	30.0%	\$259,126	135%

### 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. The cities of Rancho Mirage, Indian Wells and Indio have year-over-year increases above 30% for their average detached home. Eight cities have price gains over 30% for attached homes, with La Quinta having a year over year price increase of 51.4%.

## Detached, Attached and Total Sales

3 month moving average

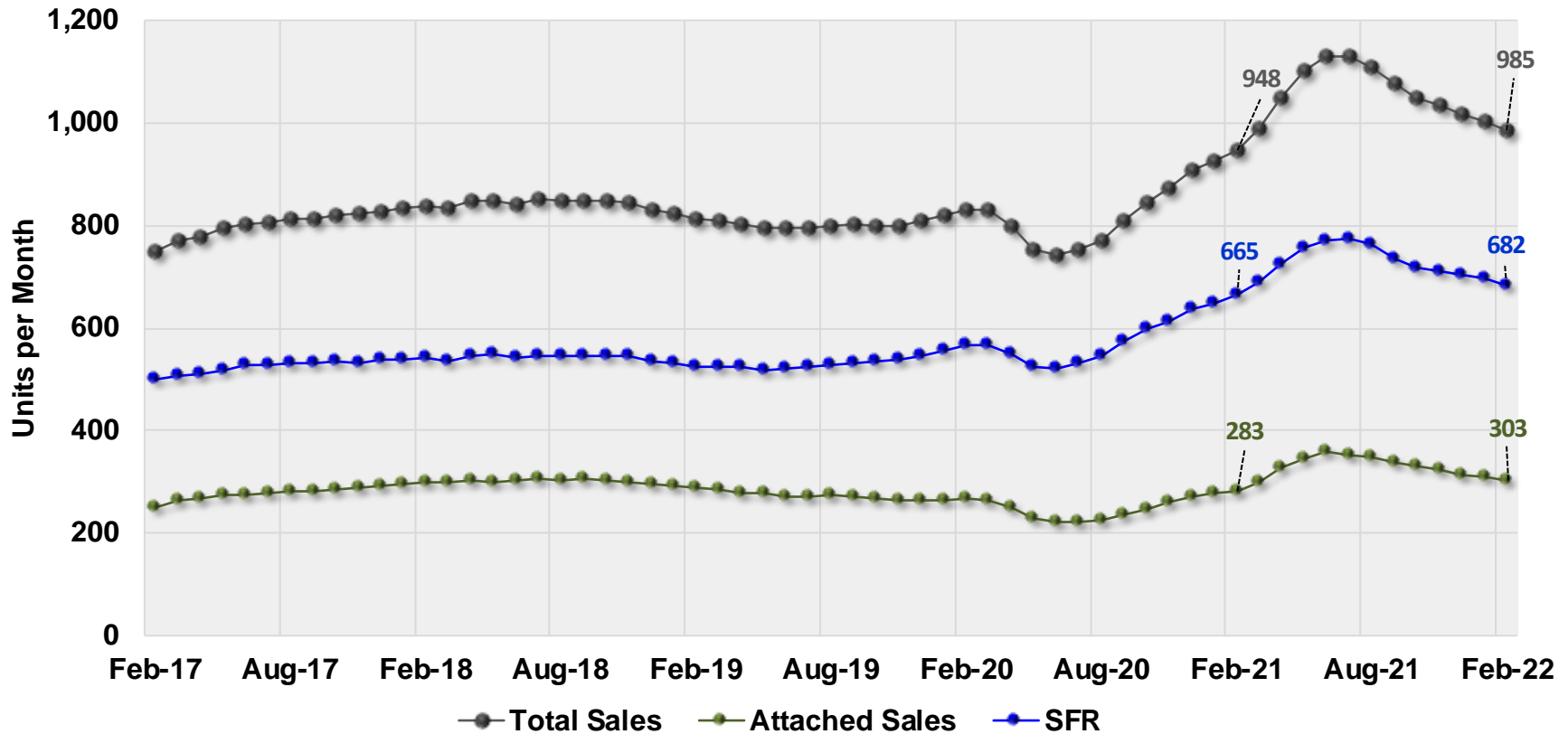


### Monthly Sales – 3-month trailing avg.

Three-month total sales in February averaged 852 units a month, which is 19% less than last February. While down from last year it is still a hundred units higher than pre-pandemic levels. Sales of detached homes are down only 17%, while those for attached homes are down 25%.

## Detached, Attached and Total Sales

12 month moving average

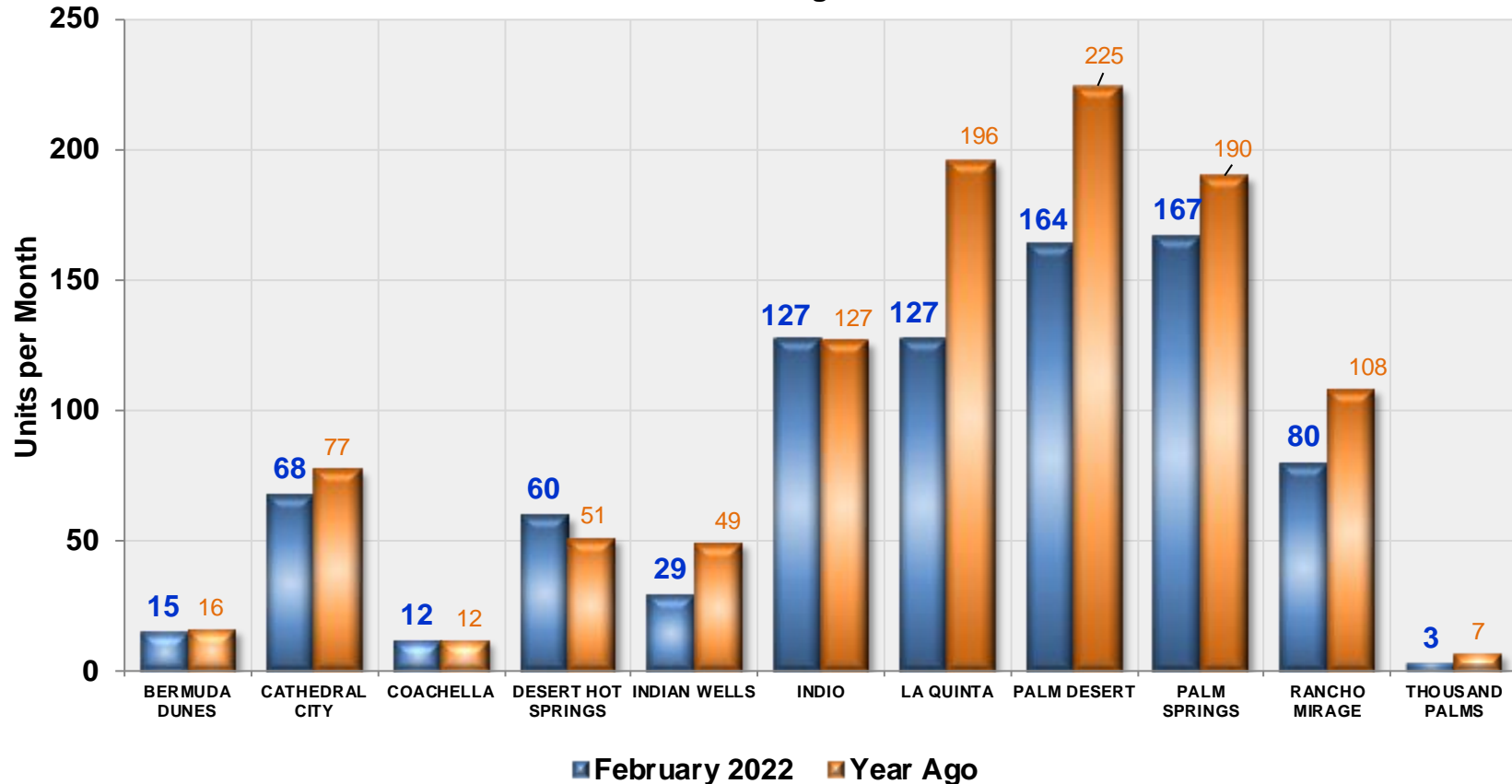


### Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out all seasonality, shows total sales in February averaging 985 units a month, which is 4% above last year. Sales of detached homes are 2.5% higher, while those of attached homes are 7% higher. It’s important to notice that while long-term sales are trending down, they are still 20% to 25% above pre-pandemic levels. We expect long term sales to continue to retreat from the June highs of last year as supply remains constrained.



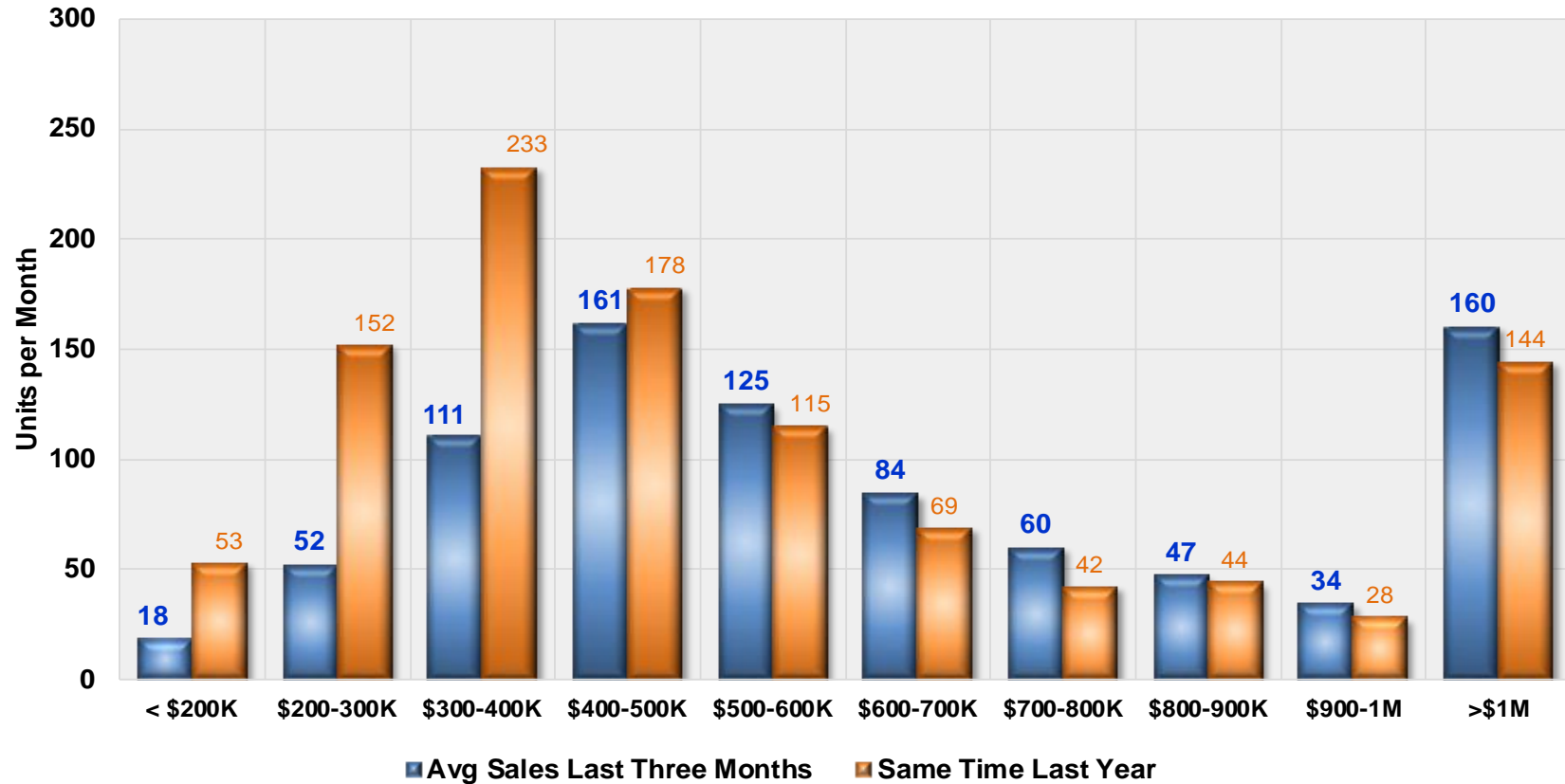
## Home Sales by City 3 month avg sales



## Home Sales by City

When we compare city sales to year ago levels, we find the largest declines are the four major resort cities - La Quinta, Palm Desert, Palm Springs in Rancho Mirage. Some of this is due to the large price increases in the resort cities, which naturally reduces the size of the overall buying pool. Cities classified as working cities – Cathedral City, Desert Hot Springs and Indio – generally show sales comparable to year ago levels.

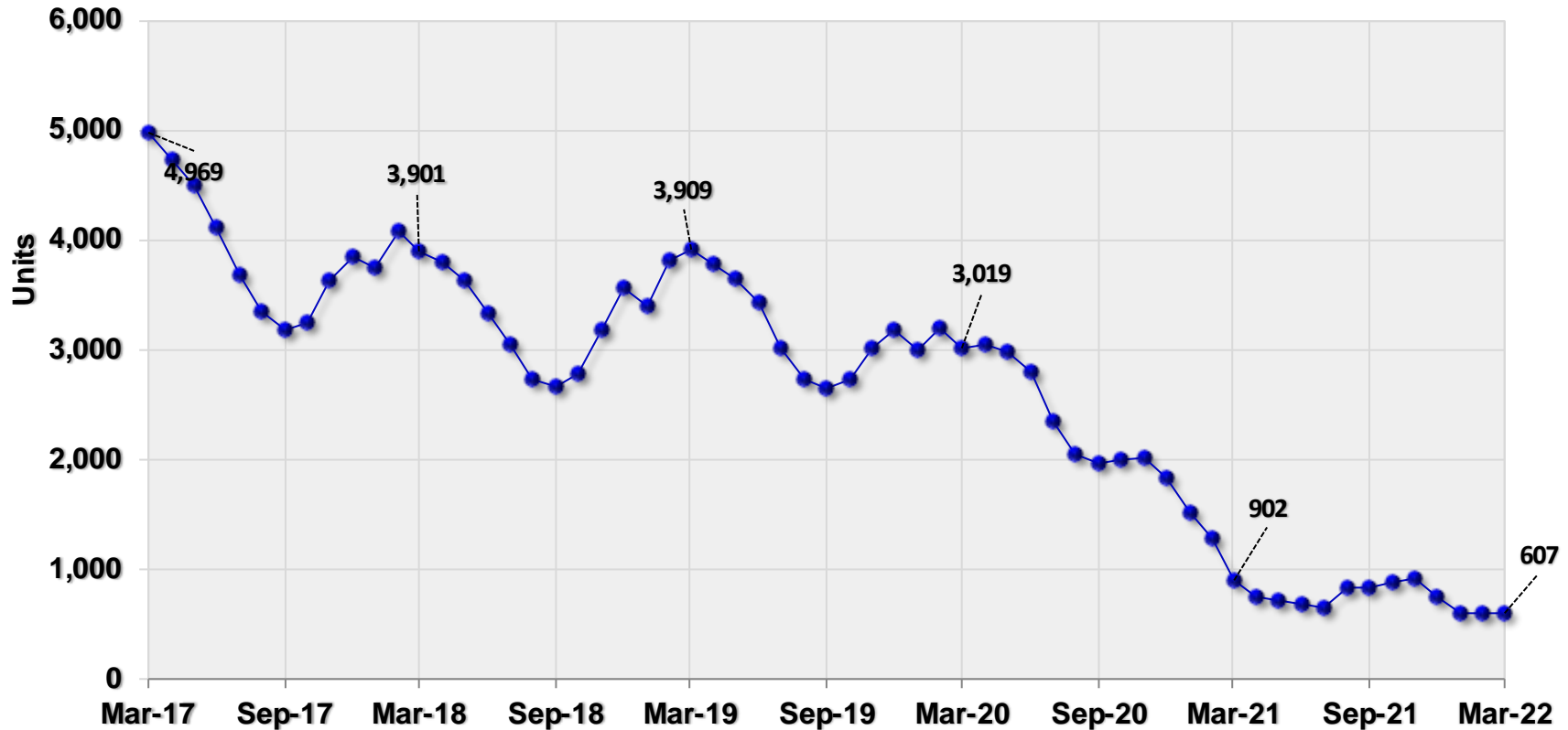
## Home Sales by Price Range 3 mos avg



## Home Sales by Price Range

The graph continues to show the drop in sales in homes priced under \$500,000. Sales exceed year ago levels in all price brackets over \$500,000. Most of the decline in sales under \$500,000 is due to the huge price increases of the last two years, with few homes now available in these lower brackets.

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



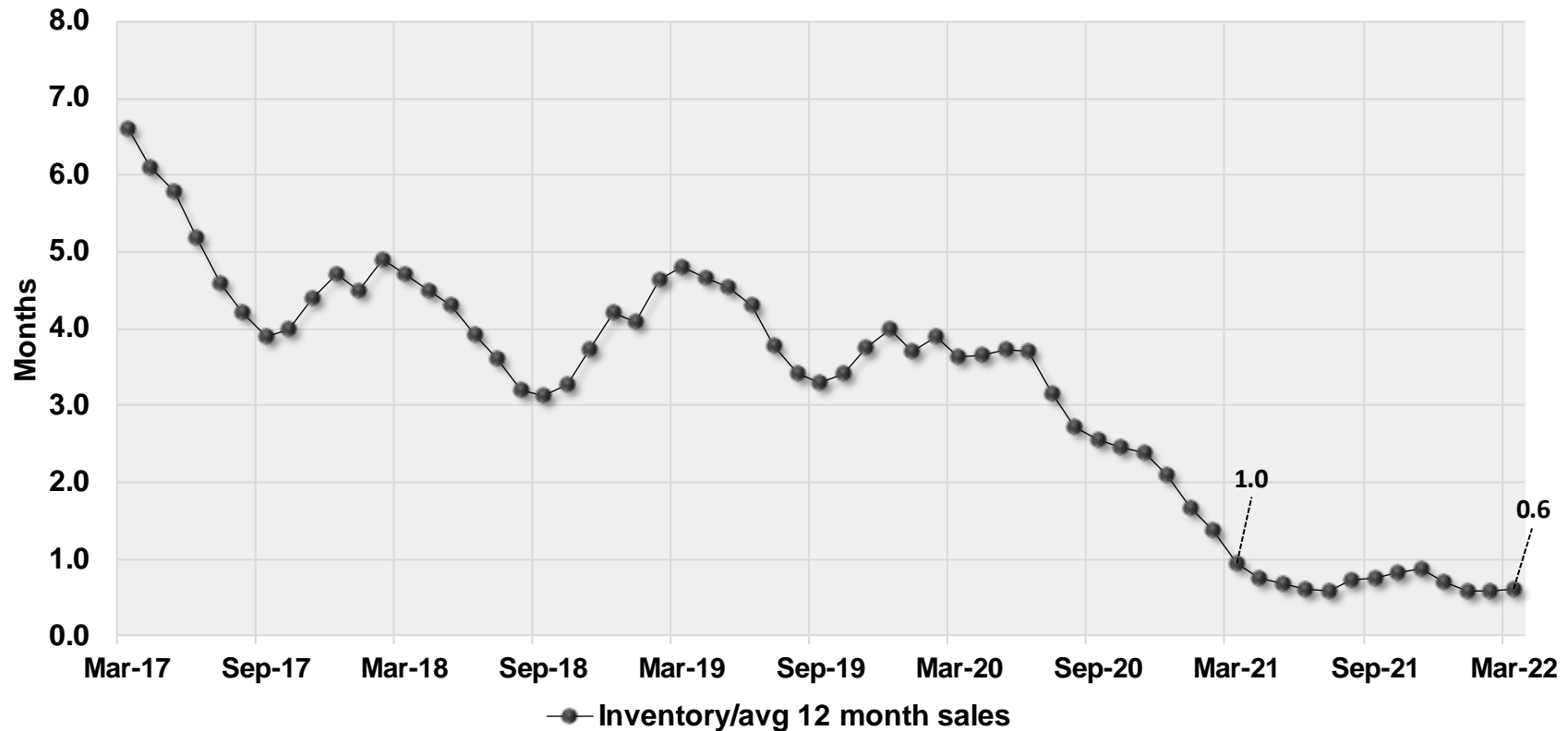
### Coachella Valley Total Inventory

Inventory continues to hover near record lows and on March 1st was at 607 units. We find it rather disconcerting that the seasonal increase in inventory that normally occurs between September and March failed to materialize this year, just like it failed last year. Unless new listings increase, creating more inventory, the net effect of low or contracting inventory must ultimately result in a reduction of the sales rate.

## "Months of Sales" Ratio

Coachella Valley

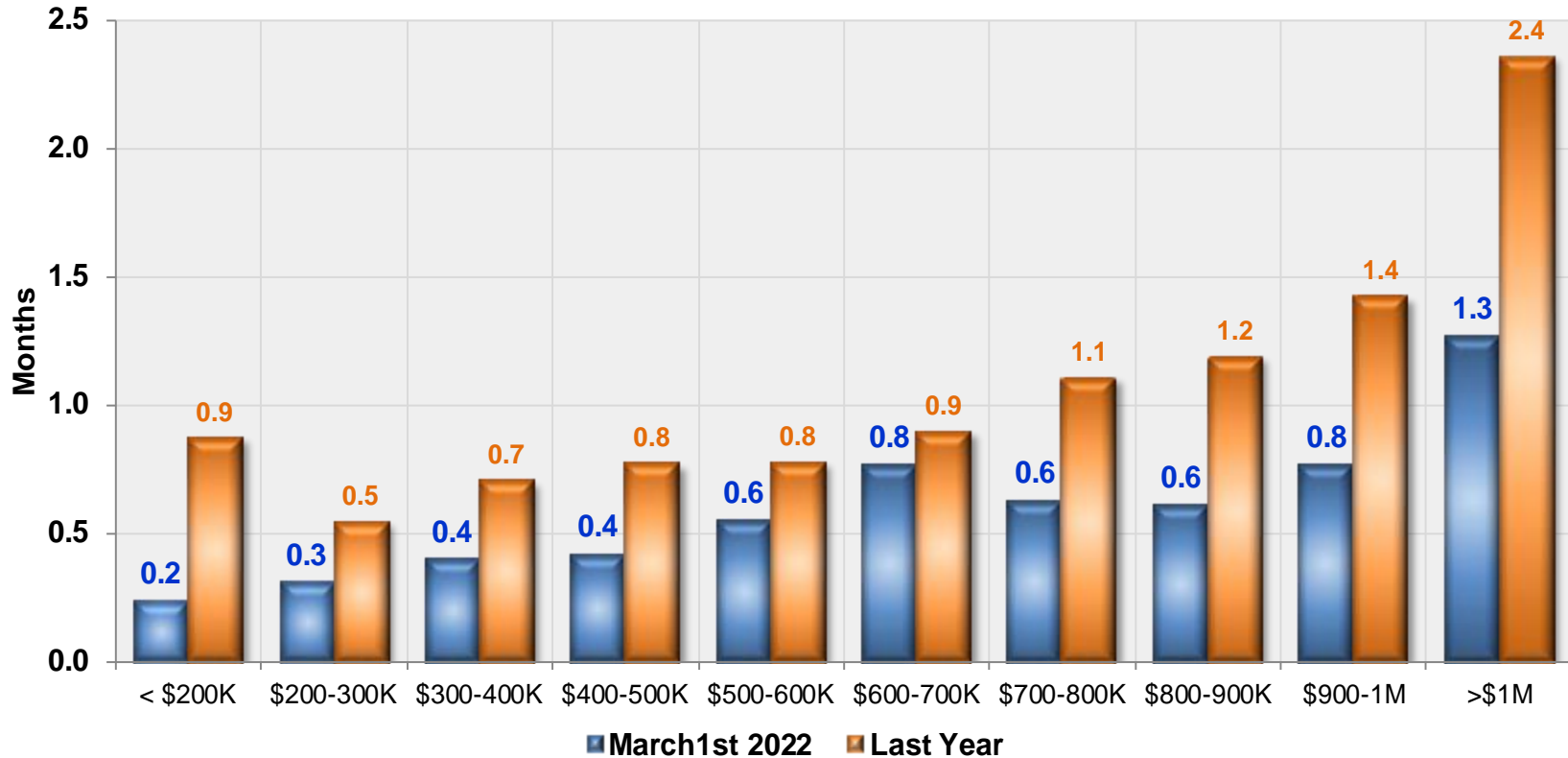
March 1st 2017 - March 1st 2022



## Regional "Months of Sales" Ratio

On March 1st the "months of sales" for the Valley was the same as the last months at .6 months. A year ago, the ratio was one month. These historically low ratios continue to indicate extremely low supply and moderate to strong demand, which are the two ingredients for much higher prices. As we've stated before, even though home prices have surged, this fundamental ratio is a strong indicator that the upward price trend will continue.

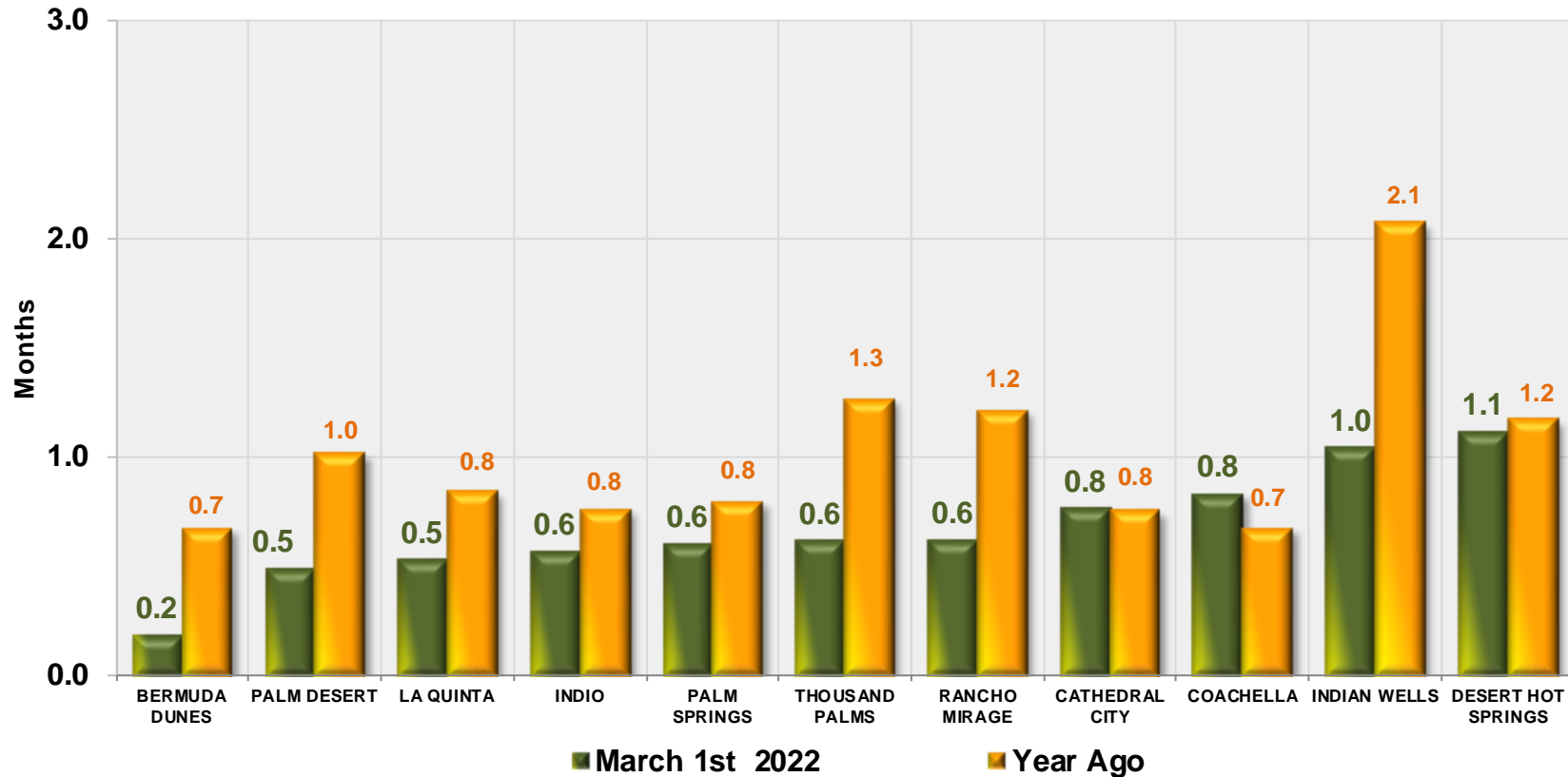
## "Months of Sales" by Price Range uses avg. twelve month sales



## "Months of Sales" by Price Range

This chart displays the current "months of sales" ratio by price bracket compared to last year's ratio. Blue bars are current ratios and orange bars are the ratios for last year. The ratio in every price bracket is less than year ago levels. For homes over a million dollars, the ratio is 1.3 months, which is the same as last month. These ratios show that it's a strong seller's market across the entire price spectrum.

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



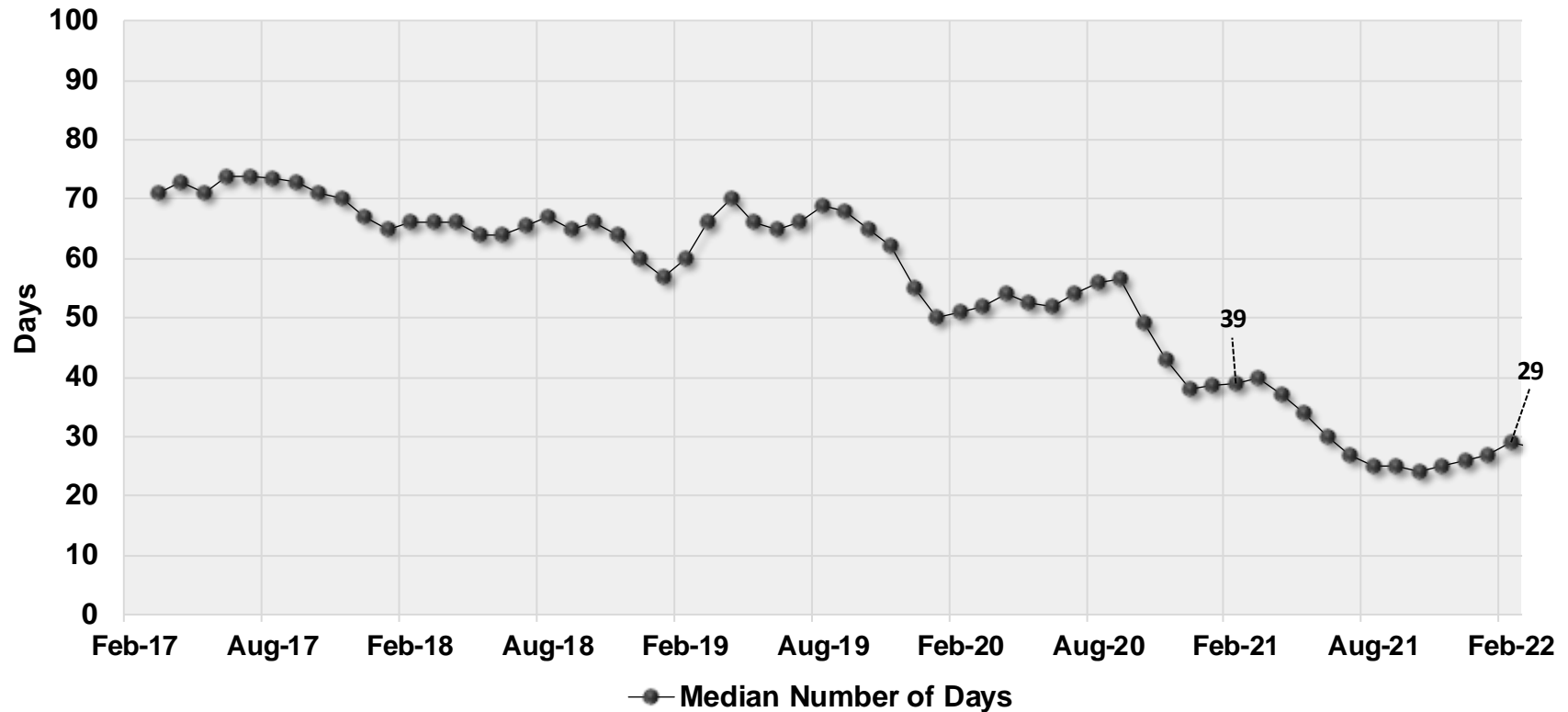
## "Months of Sales" by City

This graph compares current "months of sales" ratios in each city to last year. We have sorted the cities left to right by lowest ratio. The city with the smallest ratio continues to be Bermuda Dunes at .2 months, followed by Palm Desert and Indio at half a month. Indian Wells has a ratio of one month. Only Desert Hot Springs has a ratio higher than one month.

## "Days in the Market"

Coachella Valley

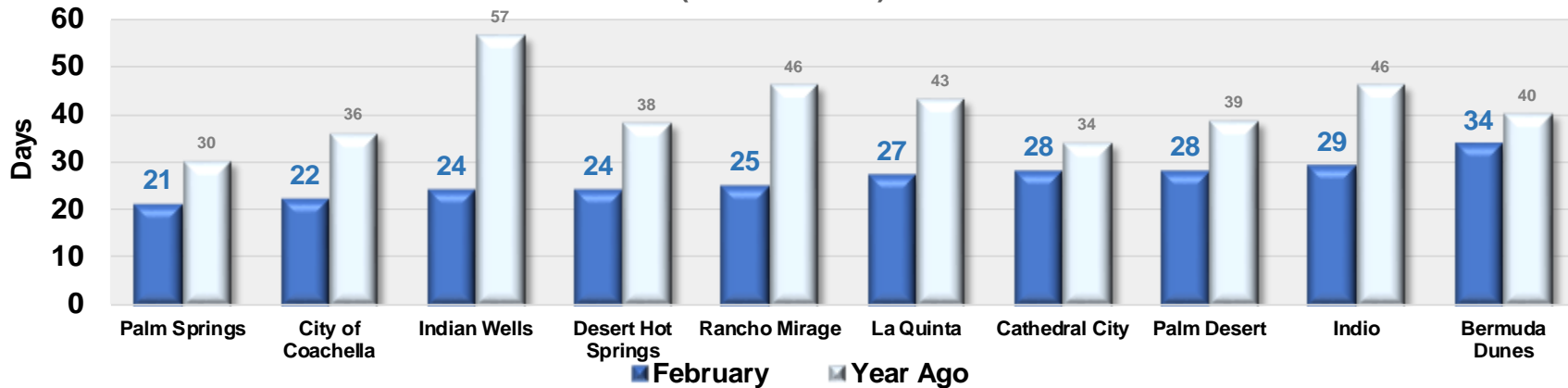
February 2017 - February 2022



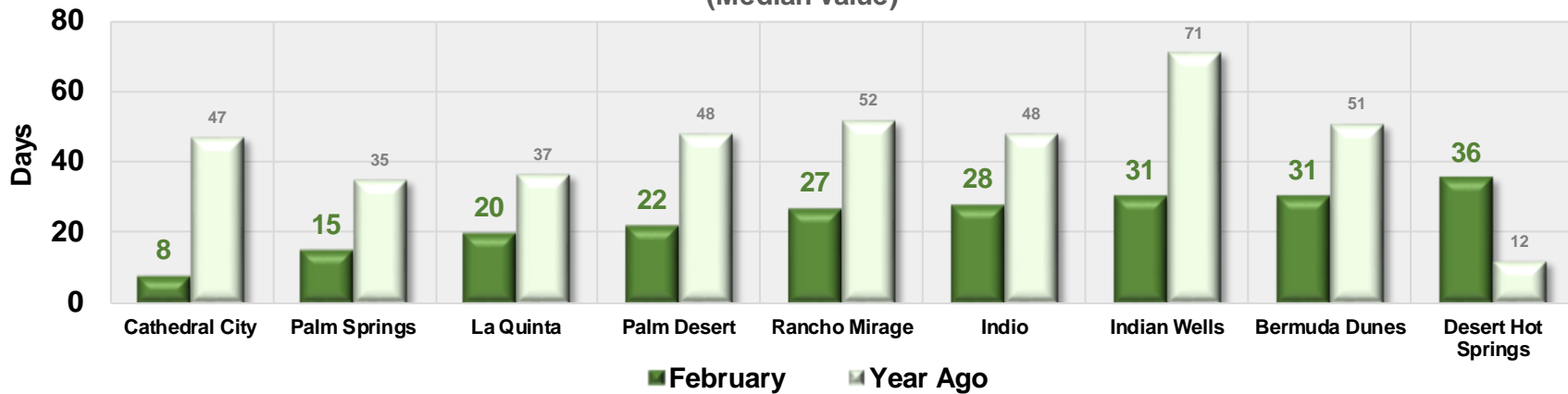
## Regional "Days in the Market"

At the end of February, the median number of "days in the market" throughout the Valley was 29 days, which is two more than last month. As the graph clearly shows, selling times in the Valley have been gradually inching up. With inventory remaining low and sales staying high, forces continue in place to keep selling times near current low levels.

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



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



### "Days in the Market"

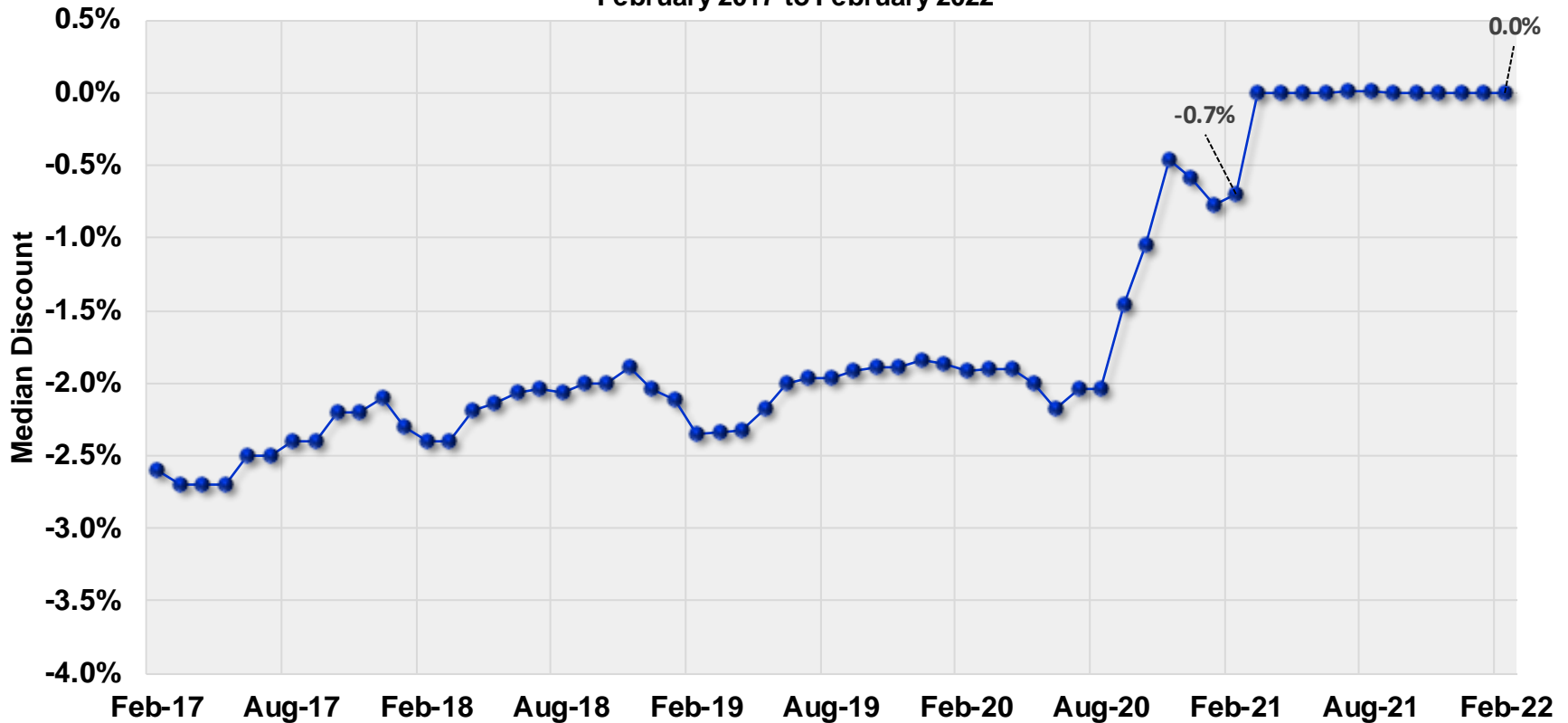
These bar charts rank the cities left to right by the smallest number of "days in the market" for both detached and attached homes. Palm Springs has the lowest selling time for detached homes at just 21 days followed by the city of Coachella at 22 days. In the attached market, Cathedral City has average selling times of just 8 days, followed by Palm Springs at 15 days.



## Price Discount from List

(Median Value)

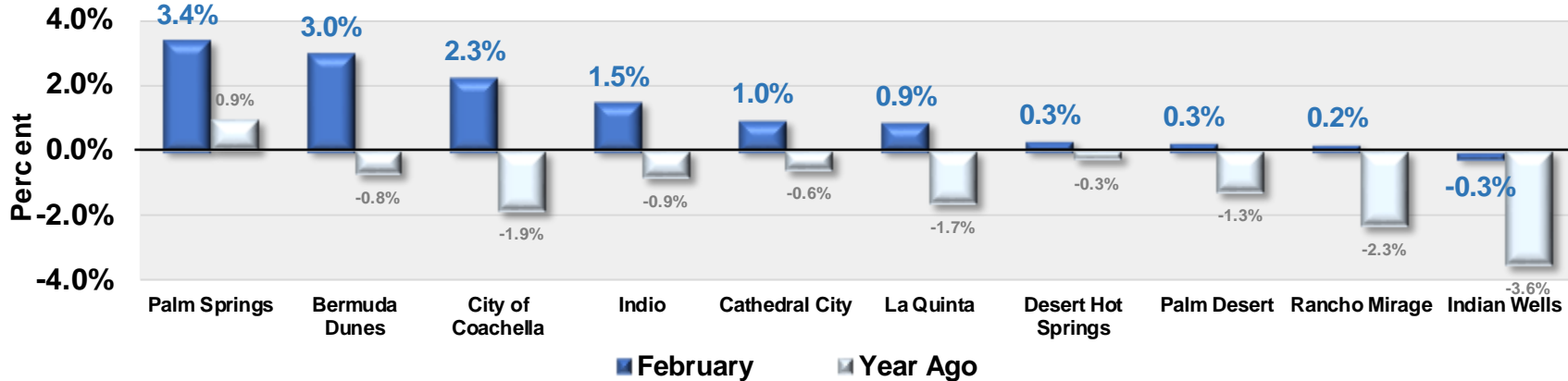
February 2017 to February 2022



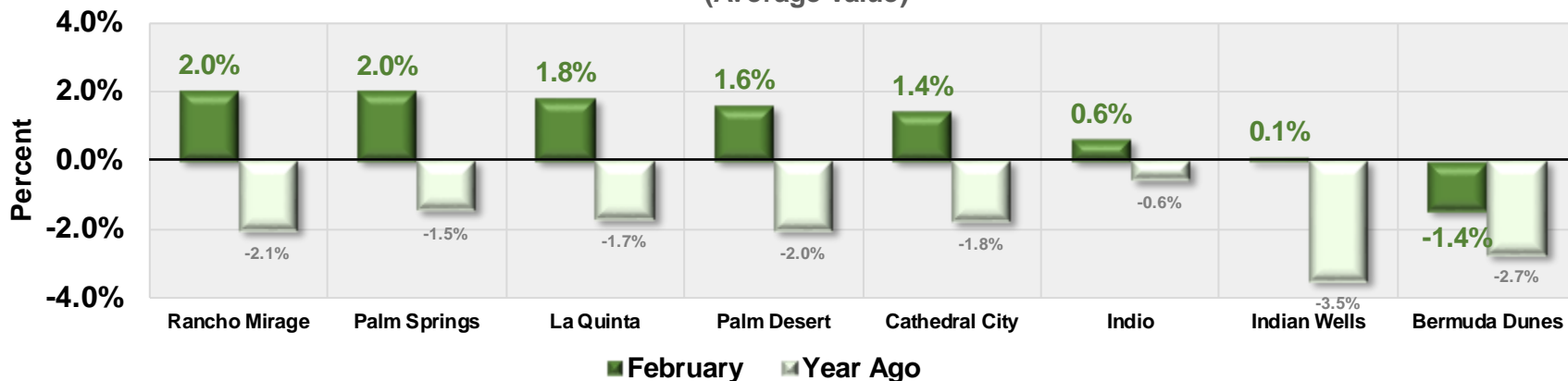
## Regional Price Discount

The median value for “Sale Price Discount from List” for detached homes in February was again 0.0%, which is the same median discount it’s had for 12 months. 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 -0.7%. 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. Palm Springs has the highest selling premium for detached homes at 3.4%, followed by Bermuda Dunes at 3% and the city of Coachella at 2.3%. In the attached market, Rancho Mirage has the highest selling premium at 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.