

Coachella Valley Median Detached Home Price

January 2002 - January 2021



Summary

The sales surge and the resultant price increases, which began mid-summer, are showing signs of abating. The median detached home price in January was \$525,000 and as the chart clearly shows, it's in the same price range it's been for the last three months. That said, it's still up 22% year-over-year. The median price for attached homes in the nine city Valley region in January was \$335,500, up 19.8%. Total sales, at 1045 units a month, are currently running 46% above last year's numbers. When we measure sales in different price brackets, we continue to find the largest sales increases are in the middle to higher price brackets. The largest increases are in the \$400,000 to \$600,000 price brackets, and in the million-dollar plus price bracket. Inventory continues to decline and on February 1st stood at 1,283 units. Last year it was 3,202 units, which represents a 60% decline. This degree of inventory decline is abnormal and it's happening in many other California regions. We believe it is simply the natural result of the reluctance of homeowners to list their homes during a pandemic and does not represent a true reduction in the number of people wanting to sell their homes.

Coachella Valley Median Attached Price

January 2002 - January 2021

Median Price

\$400,000

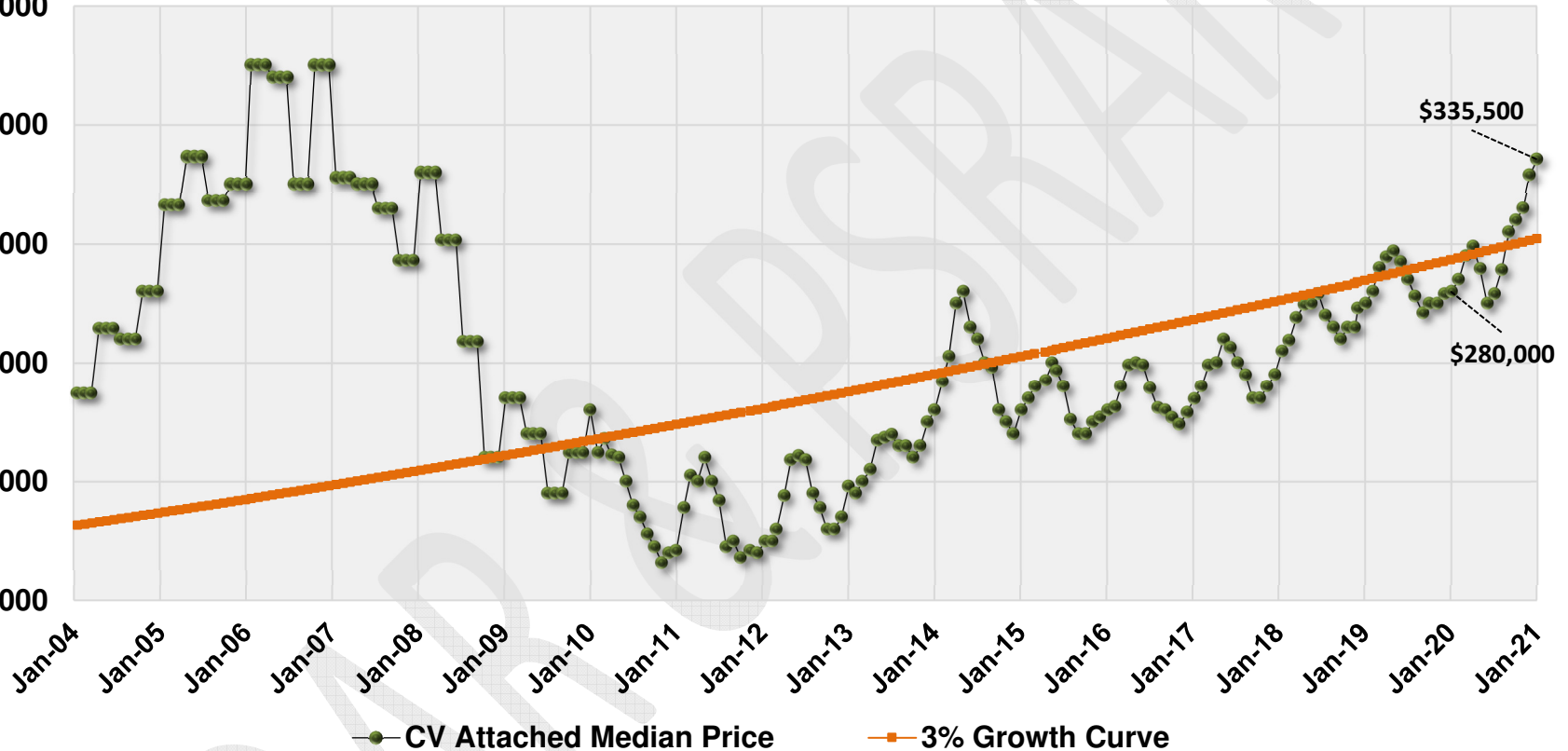
\$350,000

\$300,000

\$250,000

\$200,000

\$150,000



Coachella Valley Attached Median Price

The median price for attached homes in the nine city Valley region in January was \$335,500, up 19.8% from last year. It is clear from the chart that attached home prices have finally broken out from a long period of inaction and are playing catch-up pricewise to detached homes. Prices still have a ways to go before catching up since they have not yet reached the all-time highs made back in 2006 like detached homes have.



The Desert Housing Report

January 2021



Detached Homes

City	Jan-21	Year Ago	12 mo change	2011 Low	Gain off 2011 Low	2006 High	% from High
Indian Wells	\$1,100,000	\$826,000	33.2%	\$540,000	103.7%	\$1,205,000	-8.7%
Palm Springs	\$840,000	\$657,500	27.8%	\$335,000	150.7%	\$600,000	40.0%
La Quinta	\$675,000	\$536,500	25.8%	\$245,000	175.5%	\$682,020	-1.0%
Cathedral City	\$420,000	\$351,750	19.4%	\$139,000	202.2%	\$395,000	6.3%
Desert Hot Springs	\$272,000	\$235,000	15.7%	\$85,000	220.0%	\$295,000	-7.8%
Palm Desert	\$519,900	\$449,500	15.7%	\$287,000	81.1%	\$543,000	-4.3%
Indio	\$389,900	\$353,000	10.5%	\$158,500	146.0%	\$380,500	2.5%
City of Coachella	\$305,000	\$283,000	7.8%	\$121,950	150.1%	\$335,000	-9.0%
Rancho Mirage	\$717,500	\$668,000	7.4%	\$423,000	69.6%	\$950,000	-24.5%

Attached Homes

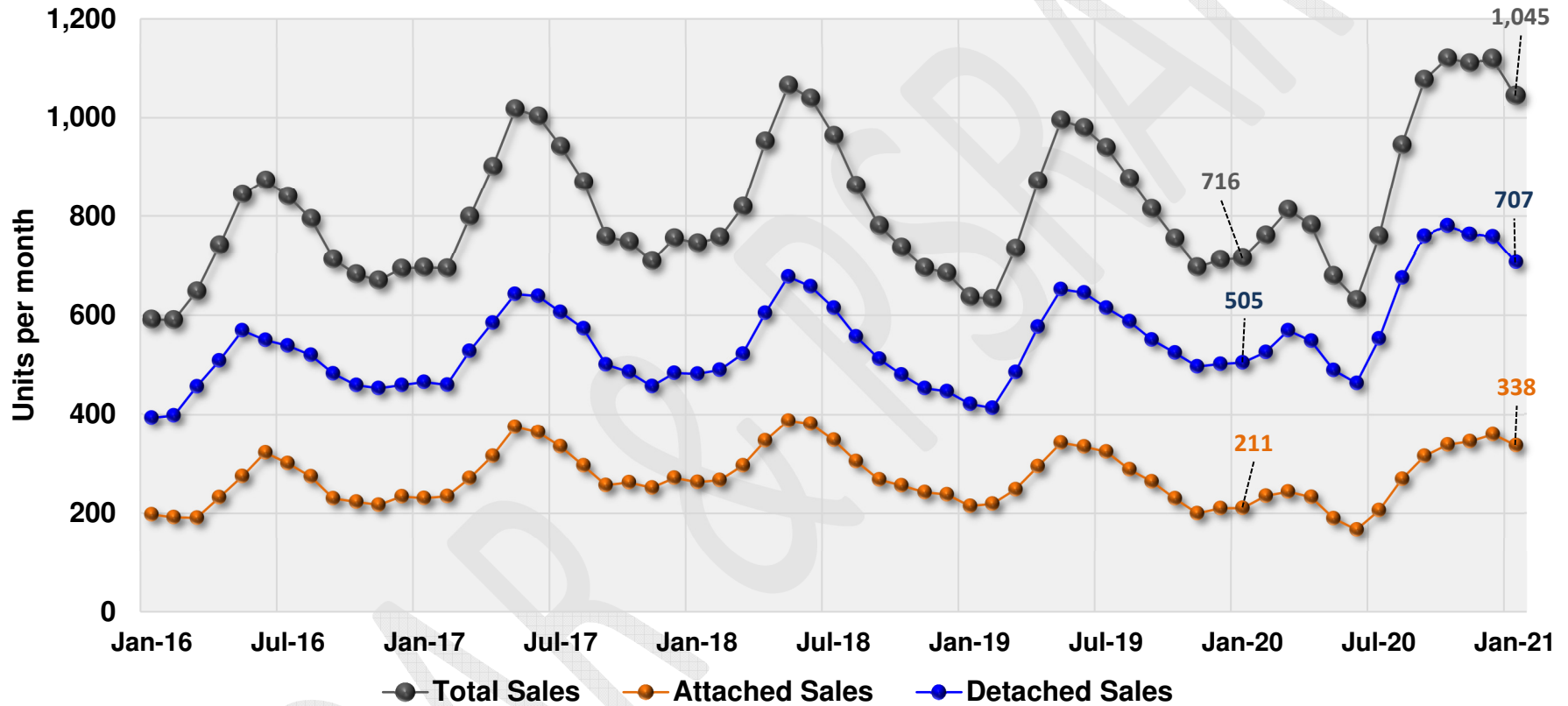
City	Jan-21	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Indian Wells	\$482,500	\$387,000	24.7%	\$321,500	50.1%	\$557,500	-13.5%
La Quinta	\$425,000	\$345,000	23.2%	\$265,000	60.4%	\$532,500	-20.2%
Palm Springs	\$301,500	\$254,500	18.5%	\$150,000	101.0%	\$350,000	-13.9%
Palm Desert	\$345,000	\$300,000	15.0%	\$175,000	97.1%	\$410,000	-15.9%
Rancho Mirage	\$399,900	\$349,000	14.6%	\$260,000	53.8%	\$510,000	-21.6%
Indio	\$204,500	\$193,750	5.5%	\$75,000	172.7%	\$279,000	-26.7%
Cathedral City	\$198,000	\$195,000	1.5%	\$107,500	84.2%	\$270,500	-26.8%
Desert Hot Springs	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

12 Month Change in City Median Prices

When we look at median prices of detached and attached homes in each city, we see a similar pattern to the median regional prices. The table above ranks the cities largest to smallest by their twelve-month change. In the detached market the cities of Indian Wells, Palm Springs, La Quinta and Cathedral City are up 20% or higher. In the attached market the cities of Indian Wells and La Quinta have median price gains over 20%.

Detached, Attached and Total Sales

3 month moving average

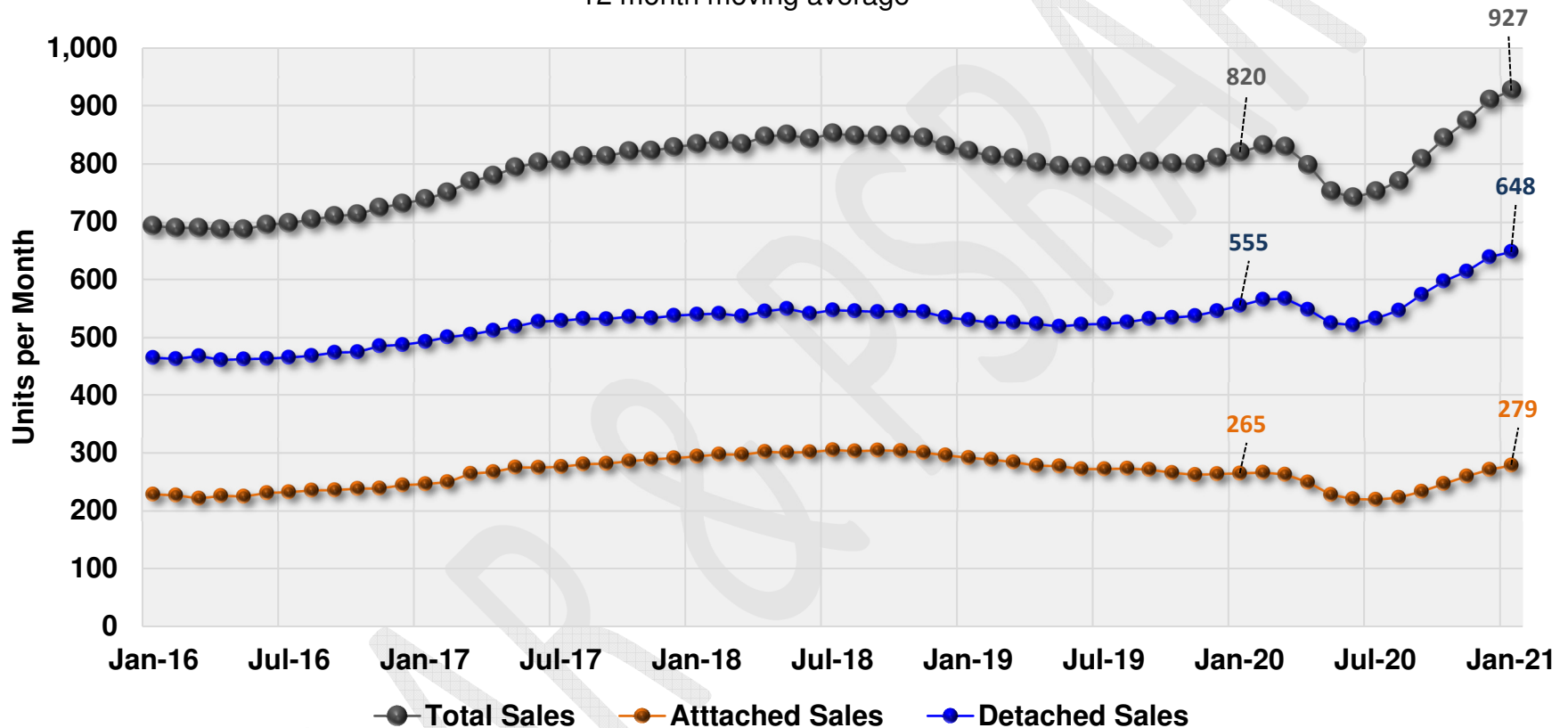


Monthly Sales – 3-month trailing avg.

The established seasonal pattern of home sales reaching low numbers in October and highs in May appears to have dissolved during the pandemic. As you can see, sales have been at all-time highs from October to December and just now appear to be rolling, which is counter to what normally happens. Total sales, at 1045 units a month, are currently running 46% above last year's numbers. As we move into spring, we expect sales to remain near these levels.

Detached, Attached and Total Sales

12 month moving average

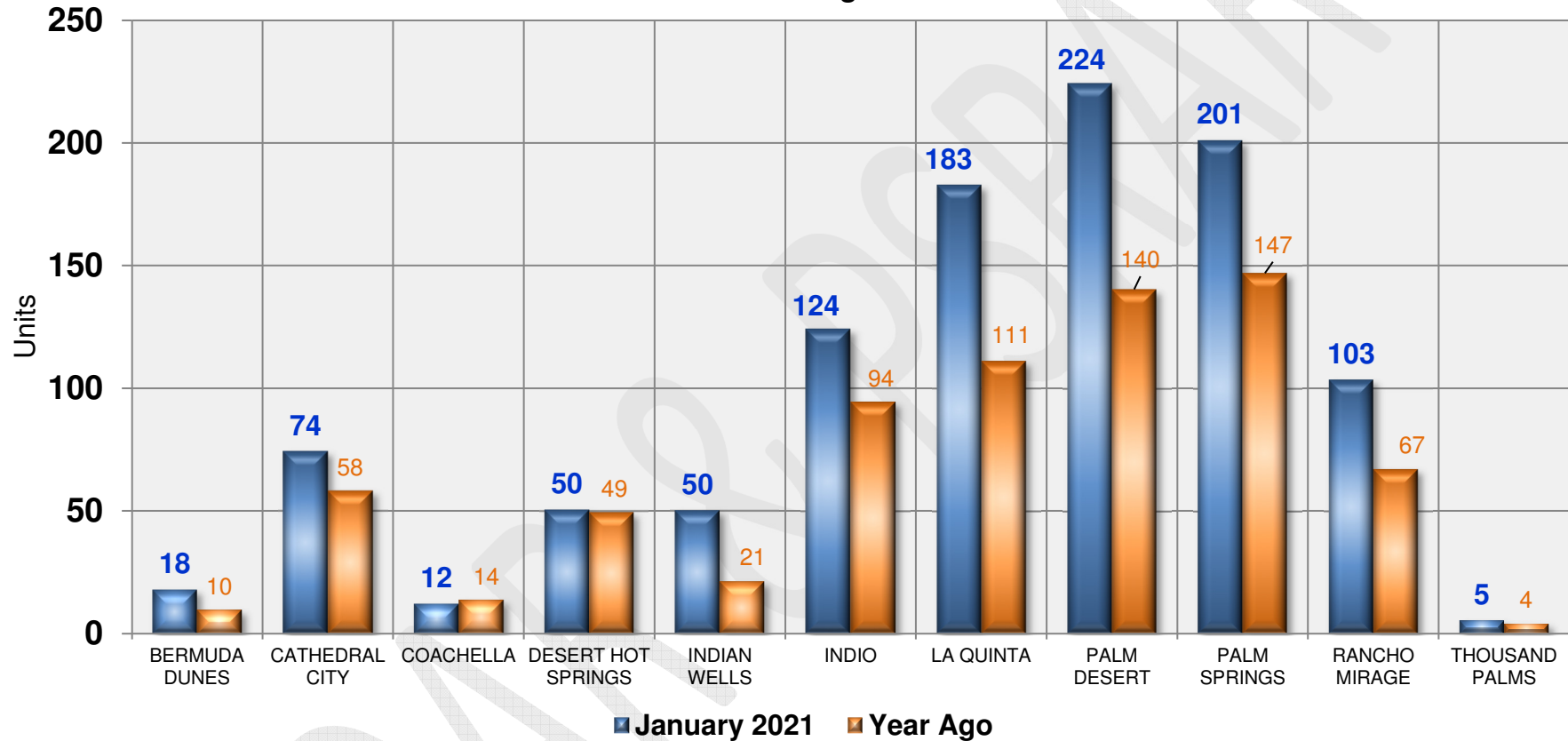


Monthly Sales – 12-month trailing avg.

Total sales over the last 12 months, a period that removes any seasonal pattern, are averaging 927 units a month. This is the number in the last five years and 13% above last year. Of the two sales components – detached and attached sales – detached sales have been the primary driver of the increase. Detached sales are up 17% while attached and condominium sales are up only 5%.

Home Sales by City

3 month avg sales

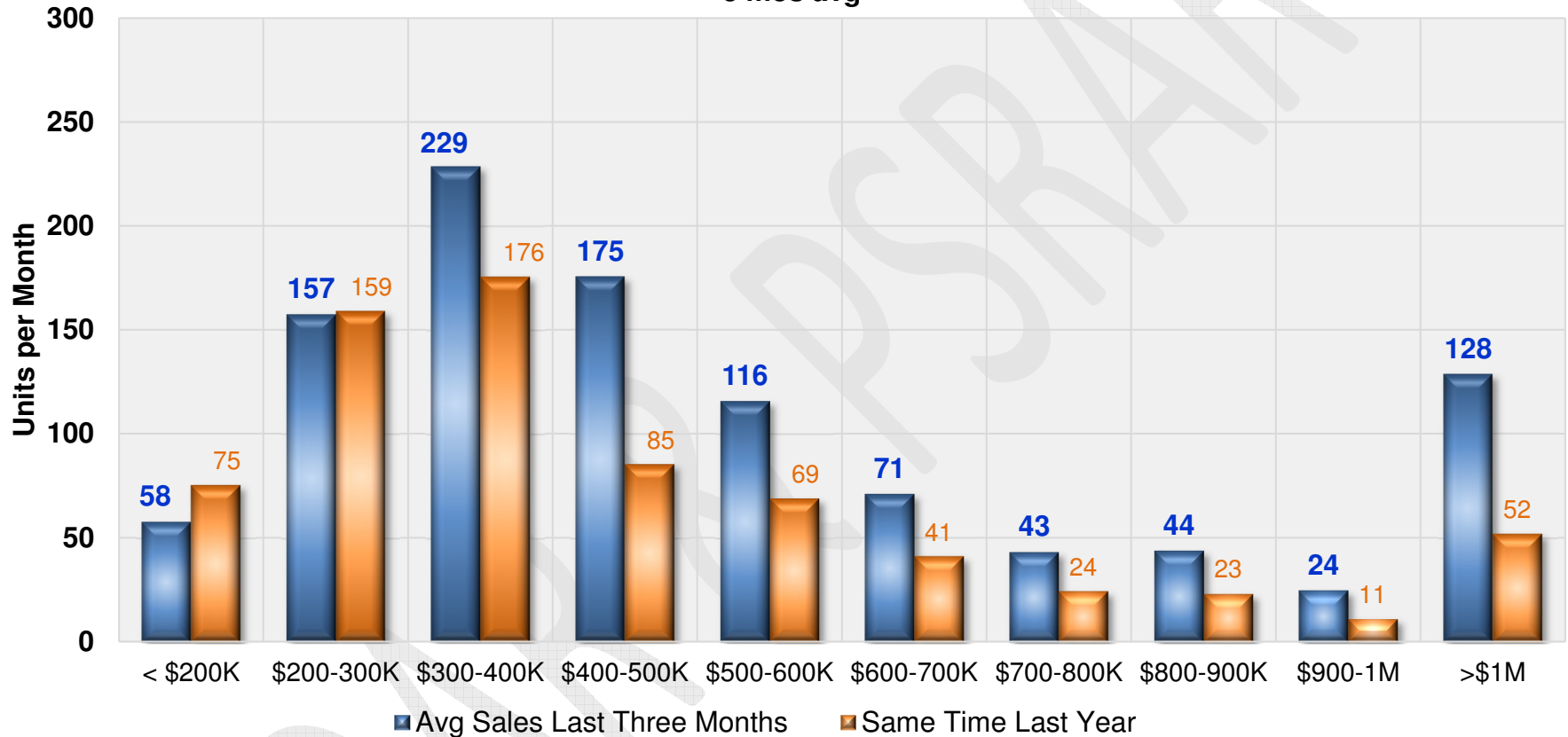


Home Sales by City

This chart of city sales continues to show that the sales increase has been primarily in the second-home resort cities and not the cities primarily housing working families, which are Cathedral City, Desert Hot Springs, Coachella, and Indio. In these cities, sales have changed little from last year. The largest sales increases are in four cities, with Indian Wells up 138%, La Quinta up 65%, Palm Desert up 60% and Rancho Mirage up 54%.

Home Sales by Price Range

3 mos avg

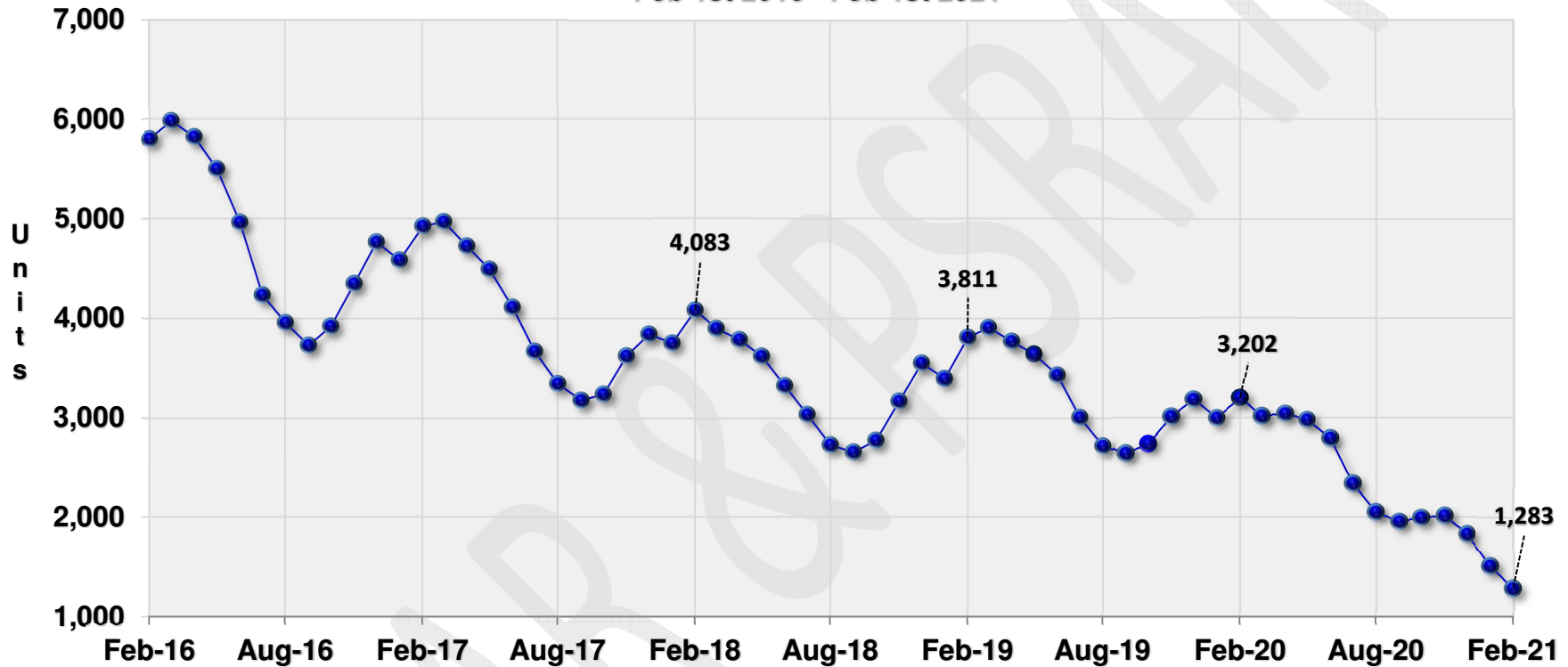


Home Sales by Price Range

When we measure sales in different price brackets, we continue to find the largest sales increases are in the middle to higher price brackets. The most visible increases in the graph are in the \$400,000 to \$600,000 price brackets, and in the million-dollar plus price bracket.

Valley Housing Inventory

Feb 1st 2016 - Feb 1st 2021

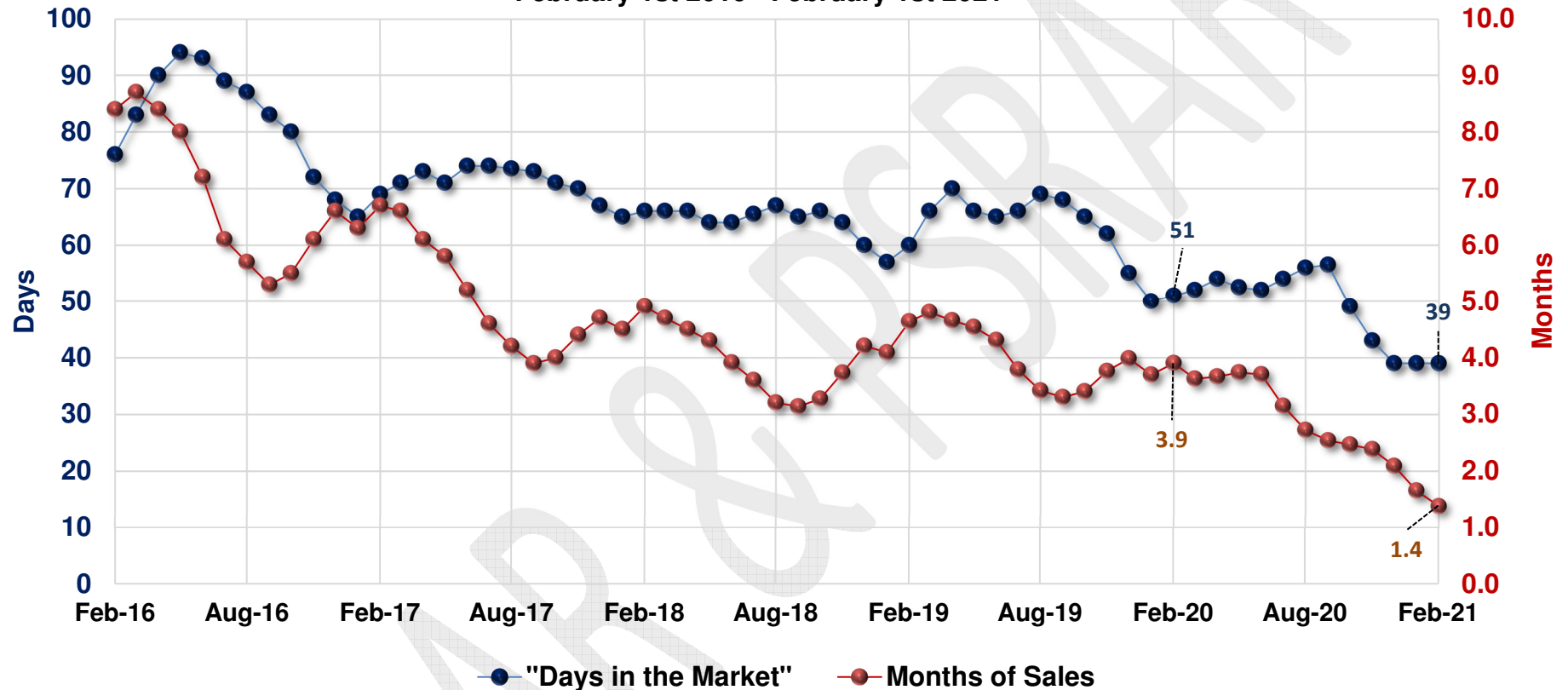


Coachella Valley Inventory

Inventory continues to decline and on February 1st stood at 1,283 units. Last year it was 3,202 units, which is a large decline of 60%. This degree of inventory decline is abnormal and it's happening in many other California regions. We believe it is simply the natural result of the reluctance of homeowners to list their homes during a pandemic and does not represent a true reduction in the number of people wanting to sell their homes. If this is correct, we can expect inventory to return to normal - if not higher - levels once the vaccine has been widely distributed and people feel safe again to open up their homes to others.

"Days in the Market" & "Months of Sales"

February 1st 2016 - February 1st 2021

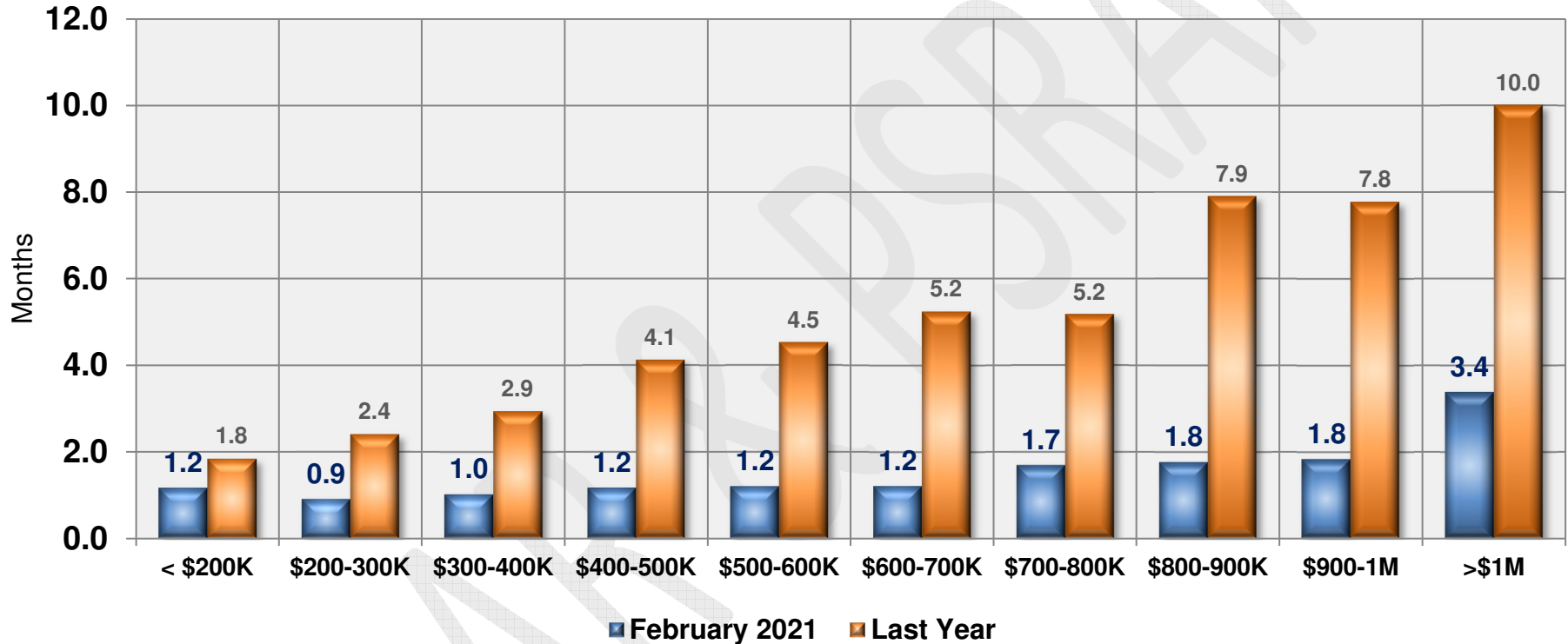


"Days in the Market" and "Months of Sales"

The "months of sales" ratio, which is inventory divided by the sales rate, measures how many months it would take to sell the entire inventory at the current sales rate. This ratio is currently at 1.4 months, which is again at an all-time new low. This chart shows that we could increase inventory 300% and just go back to a ratio of four months, which is still considered an acceptable ratio. The median value of days in the market in January was 39 days compared to 51 days a year ago.

"Months of Sales" by Price Range

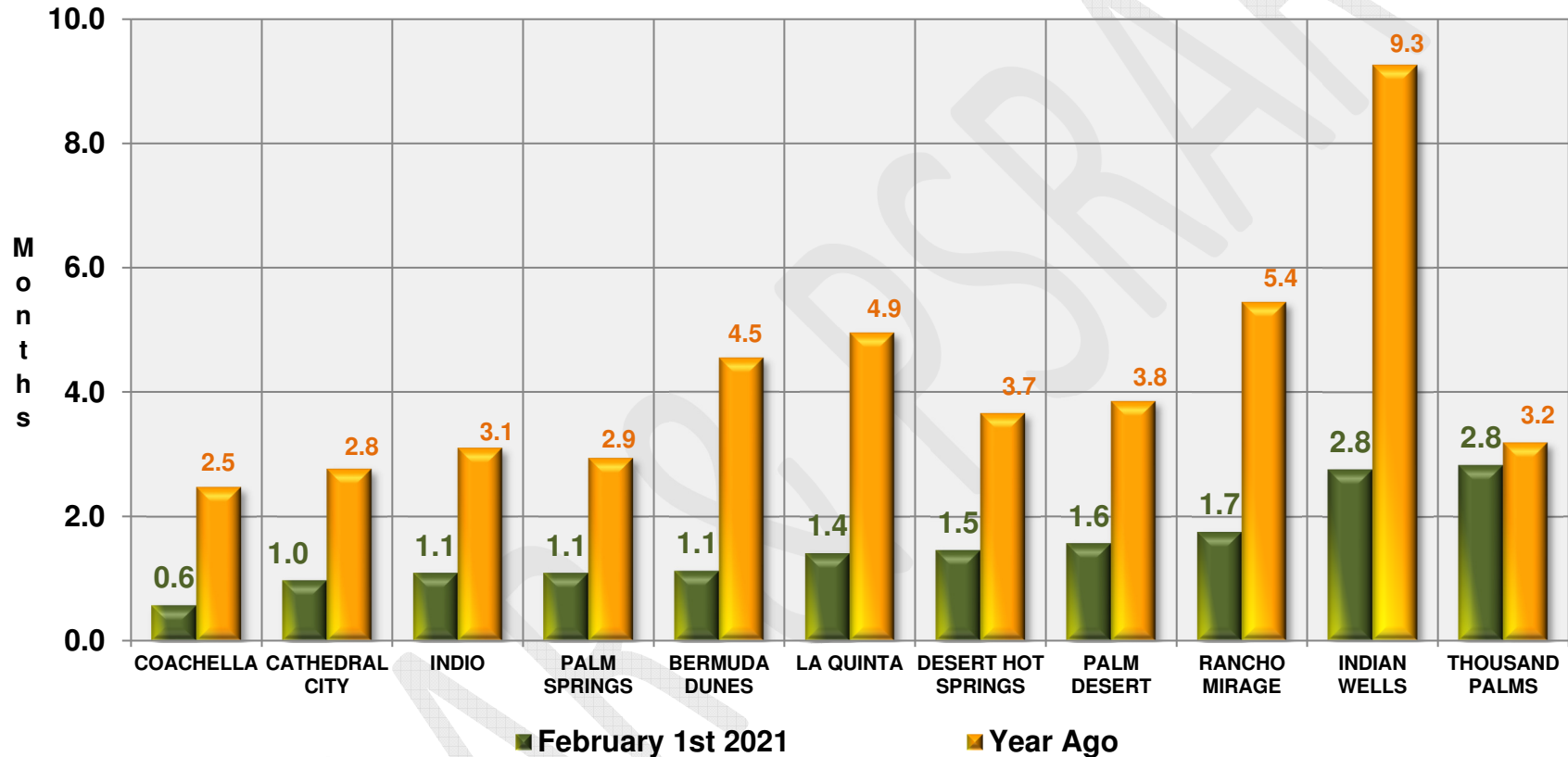
uses avg. twelve month sales
February 1st 2021



"Months of Sales" by Price Range

The "months of sales" ratio in every price bracket continues to be far below year ago levels. What is especially noteworthy is the exceptionally low ratio in the higher price ranges. It is a time-tested fact that months of sales ratios are always much higher with higher priced homes. This is normal since the universe of potential homebuyers who can purchase high priced homes is much smaller. But we are not seeing this pattern manifest during the pandemic.

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

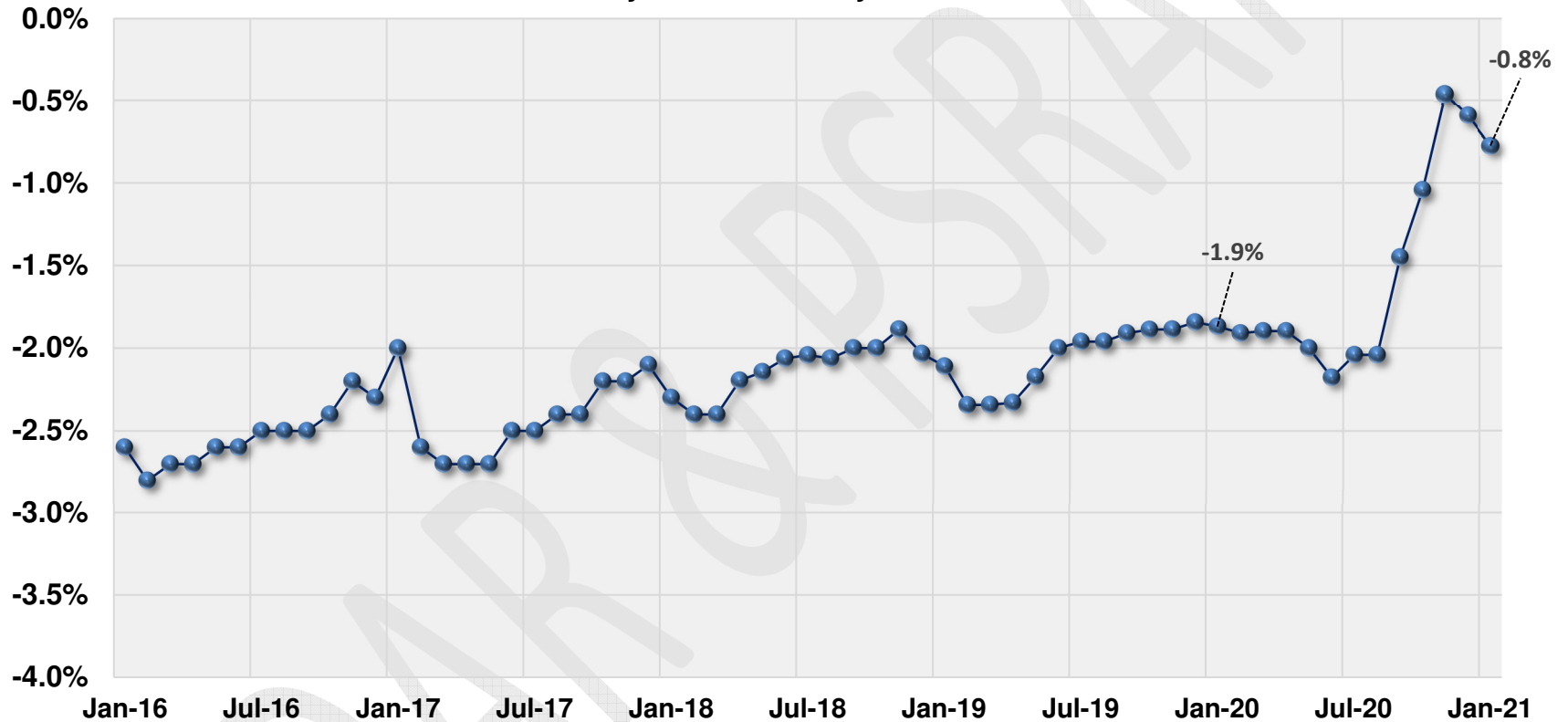


"Months of Sales" by City

On February 1st, the "months of sales" ratio in all of the region's eleven cities was below three months; in fact, nine cities had ratios below two months. It is this lack of supply that has been putting strong, upward price pressure on home prices in every city of the region. However, we fully expect inventory levels to "bounce up" to higher levels again once the vaccine is widely distributed.

Sales Price Discount from List

January 2016 to January 2021



Sale Price Discount from List

The January median value for “Sale Price Discount from List” was -0.8% which, as the chart clearly shows, continues the significant improvement since August. This number implies that an average house offered at \$500,000 sold for \$496,000. Also, one out of every four sales are now selling for more than their asking price.



The Desert Housing Report

January 2021



Explanation and Description of Market Watch's Graphs and Calculations

Prices: Except for our attached price index, all city and regional median prices are for single family detached homes only. All prices are the median value for all transactions over the last three months (except for Indian Wells, which is twelve months due to the small number of monthly sales). For example, the median price for the month of May will be the median value of all sales in March, April and May of detached homes. This longer time period reduces the amount of wide and meaningless variation that one gets taking only the last month's transactions and provides more reliable information. While we do show the median selling price in our city reports, we try to emphasize the median price per sq. ft. in both these and our regional reports. For technical reasons this metric is more reliable than median price and presents us and the reader with fewer statistical anomalies and variations.

Sales: Sales numbers are the sum of both attached and detached home sales. 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 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.

Inventory and Months of Sales: When we provide a monthly report for, say, the month of May, all sales and pricing are done using transactions throughout that month and the previous two months. However, when we measure inventory at the end of May, it's the inventory as of June 1st the next month. It is the sum of inventory of both attached and detached homes. Remember sales and prices are accumulative while inventory is a momentary snapshot of inventory on a specific date. To avoid confusion, the inventory reported in the May report is for June 1st, and our graphs and charts for inventory and months of sales will give this date and not the date of the month of the report.

When calculating "months of sales" we almost always use average sales over the last twelve months and not three months. If we do use three months, we will indicate that we are dividing inventory by three-month sales and not the normal twelve-month average.

Days on 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.

Scatter Diagram Value Curve: In the individual city reports we provide a Scatter Diagram Value Curve which plots the price per sq. ft. of every sale for the last three months versus the square feet of that home. In the graph each small blue circle represents a sale. Then a best fit linear line is calculated through those points using the least square method to arrive at the value curve. The value curve represents the price per sq. ft. that the market is generally giving different size homes. We provide the actual linear equation for people who might want to use it to calculate prices for different sized homes.

To contact Market Watch call Vic Cooper at 949-493-1665