

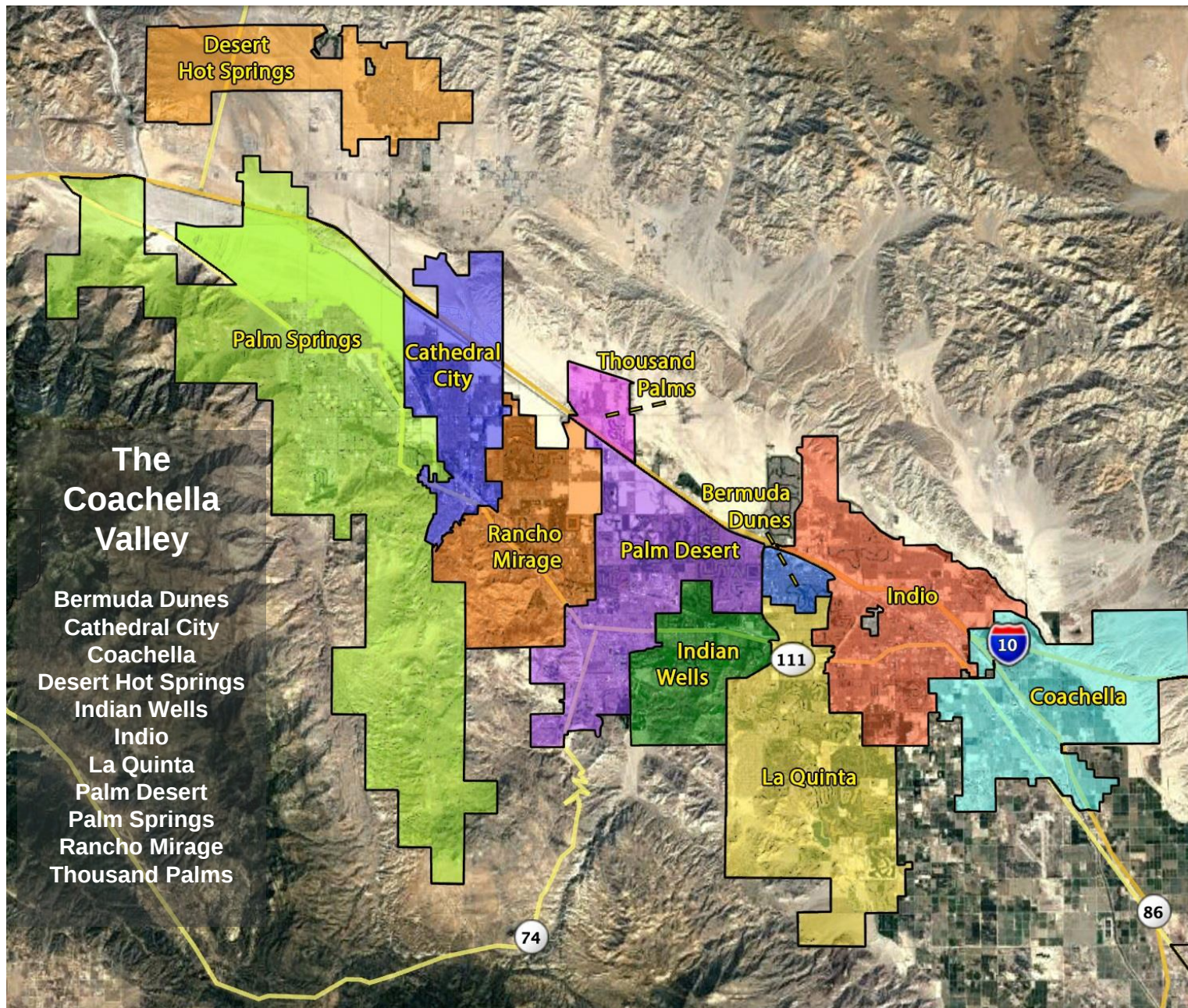
The Desert Housing Report

September 2021



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

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Summary

PRICES: In September, the median price of a detached home in the Coachella Valley reached \$585,000. This is a twelve month increase of 14.7%. The median price for attached homes was \$375,000; a year ago, the price was \$305,000. This is a gain of almost 23%. Attached homes have been filling the void in detached homes due to their lower price points. Every city in the Valley has a year-over-year change in its median price for detached homes over 20%. The city with the largest change is Indian Wells at 42.8%, followed by Indio at 32.2% and Palm Springs at 29.7%. In the attached home market price changes in Indian Wells also lead at 32.2%, followed by La Quinta at 30.1%.

SALES: Average total sales of the last three months have been 860 units a month, which is considerably less than the 1,077 units a year ago. However, it is still above the September numbers of the previous three years, which averaged 815 units, 780 units and 758 units, respectively. The 12-month average of sales, which takes out all seasonality, shows long term sales averaging 1,076 units a month.

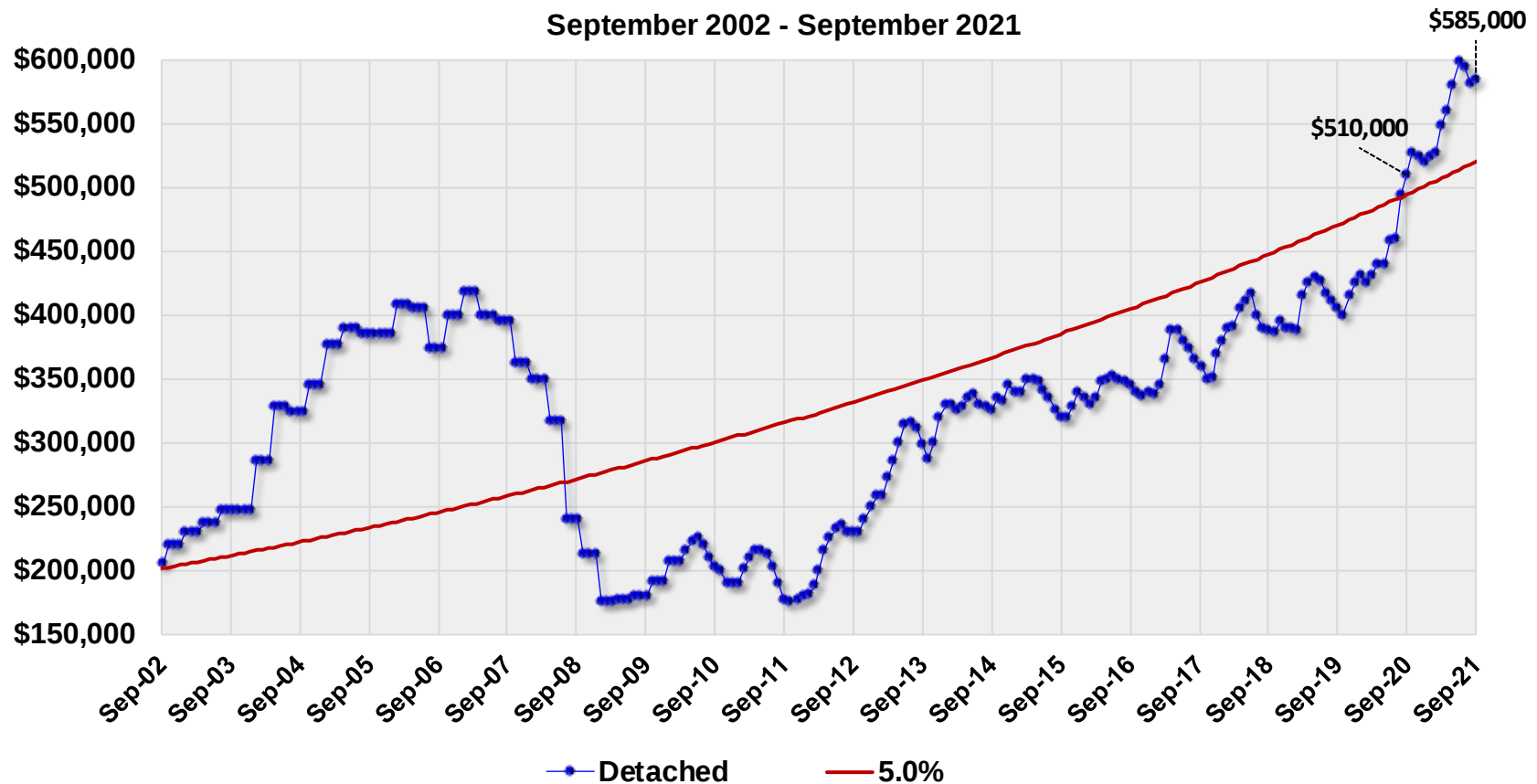
INVENTORY & “MONTHS OF SALES” RATIOS: On October 1st total inventory in the Valley stood at 883 units, which compares to 1,959 units a year ago. Again, this paucity of selling inventory continues to be the primary force driving home prices higher. The median value for the “months of sales” ratio throughout the Valley on October 1st was 8/10ths of a month. This compares to 2.5 months a year ago. It is because of these low ratios, which measure the balance of supply and demand, that we are not worried about any significant price declines or pullbacks after last year’s surge. Demand continues to far exceed supply. The condition of record low “month of sales” ratios is found in almost every Valley city. Only Desert Hot Springs has a ratio above last year’s.

DIM: The median value of “days in the market” in the Valley is 25 days compared to 57 days a year ago. Both Cathedral City and Desert Hot Springs have the lowest number of days for detached homes at 20 days, followed by 21 days for Palm Springs. In the attached market Palm Springs has the lowest median number at 17 days.

PRICE DISCOUNTS: The median value of “Price Discount from List” for detached homes in September was again 0.0%, which is the same discount it’s had for the last seven months. A year ago, it was -1.4%. Palm Springs is selling detached homes at the highest premium over list price at 2.4%. This is followed by Desert Hot Springs at 2.3% and Indio at 1.9%. In the attached markets Cathedral City is selling homes on average 3.3% above list, while Palm Springs is 2.9%.

Coachella Valley Median Detached Home Price

September 2002 - September 2021



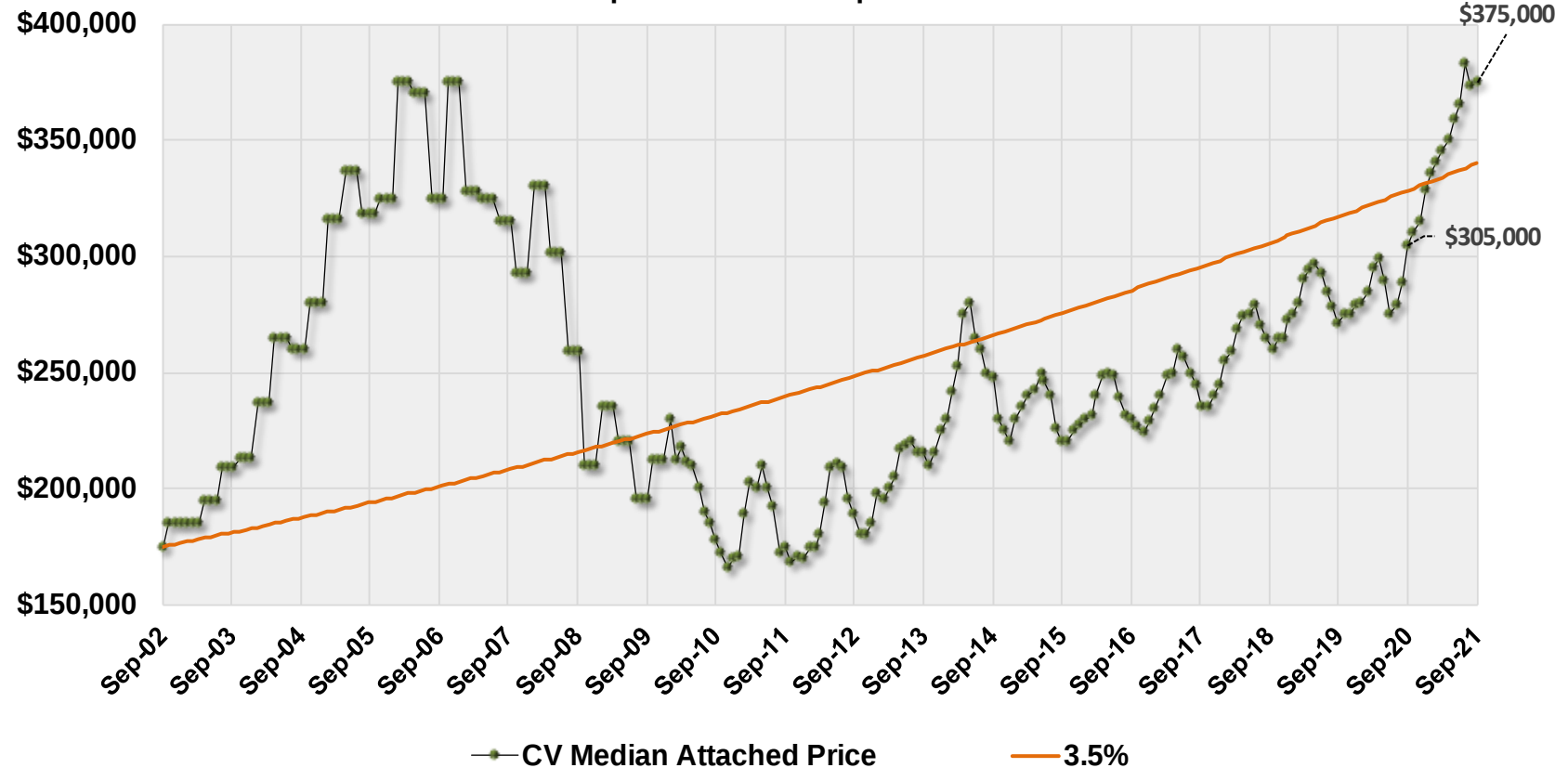
Coachella Valley Detached Median Price

In September, the median price of a detached home in the Coachella Valley was \$585,000. This is a year over year increase of 14.7%. Because of the price increase that continued through most of last year, we believe year-over-year price comparisons should begin to moderate. We further believe the major housing metrics have started the slow process of returning to more normal levels.

Coachella Valley Median Attached Price

Median Price

September 2002 - September 2021



Coachella Valley Median Attached Price

The median price for attached homes in September was \$375,000, up almost 23%. A year ago, the price was \$305,000. Attached homes have been filling the supply void for detached homes because of their lower price points. Prices are just beginning to show the seasonal slowdown that usually occurs during late summer.

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Detached Homes

City	Sep-21	Year Ago	12 mo change	2011 Low	Gain off 2011 Low	2006 High	% from High
Indian Wells	\$1,267,500	\$887,500	42.8%	\$540,000	134.7%	\$1,205,000	5.2%
Indio	\$489,000	\$370,000	32.2%	\$158,500	208.5%	\$380,500	28.5%
Palm Springs	\$960,000	\$740,000	29.7%	\$335,000	186.6%	\$600,000	60.0%
Desert Hot Springs	\$335,000	\$260,500	28.6%	\$85,000	294.1%	\$295,000	13.6%
Rancho Mirage	\$910,000	\$712,500	27.7%	\$423,000	115.1%	\$950,000	-4.2%
Cathedral City	\$500,000	\$395,000	26.6%	\$139,000	259.7%	\$395,000	26.6%
Palm Desert	\$595,000	\$482,250	23.4%	\$287,000	107.3%	\$543,000	9.6%
City of Coachella	\$352,500	\$290,000	21.6%	\$121,950	189.1%	\$335,000	5.2%
La Quinta	\$650,000	\$600,000	8.3%	\$245,000	165.3%	\$682,020	-4.7%

Attached Homes

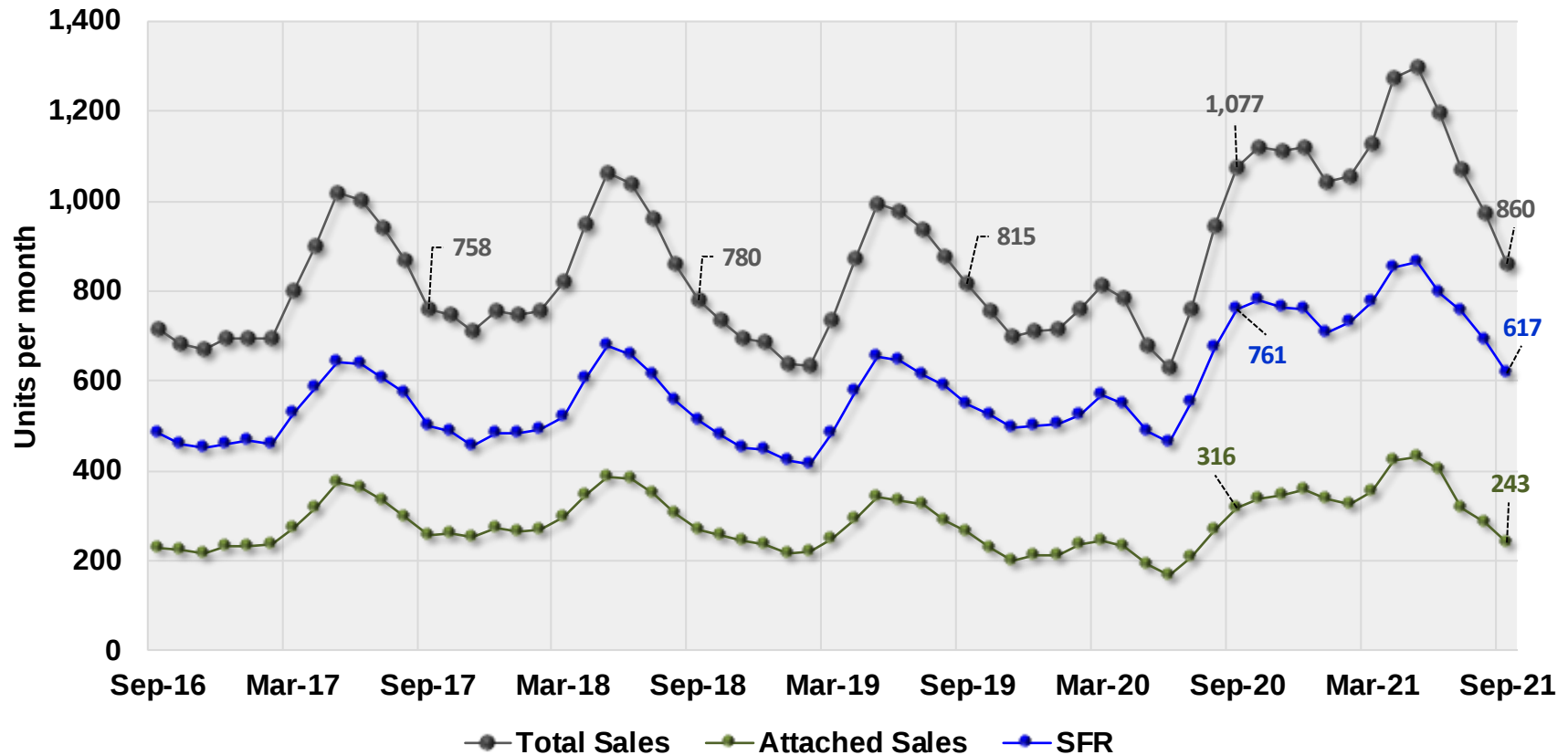
City	Sep-21	Year Ago	12 mo change	2011 Low	Gain off 2011 Low	2006 High	% from High
Indian Wells	\$572,500	\$433,000	32.2%	\$321,500	78.1%	\$557,500	2.7%
La Quinta	\$510,000	\$392,000	30.1%	\$265,000	92.5%	\$532,500	-4.2%
Palm Desert	\$400,000	\$311,500	28.4%	\$175,000	128.6%	\$410,000	-2.4%
Rancho Mirage	\$469,000	\$375,000	25.1%	\$260,000	80.4%	\$510,000	-8.0%
Cathedral City	\$255,000	\$205,400	24.1%	\$107,500	137.2%	\$270,500	-5.7%
Indio	\$197,000	\$179,000	10.1%	\$75,000	162.7%	\$279,000	-29.4%
Palm Springs	\$320,000	\$294,500	8.7%	\$150,000	113.3%	\$350,000	-8.6%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Desert Hot Springs	N/A	N/A	N/A	N/A	N/A	N/A	N/A

12 Month Change in City Median Prices

Every city in the Valley has a year-over-year median price change for detached homes over 20%. The city with the largest price change is Indian Wells at 42.8%, followed by Indio at 32.2% and Palm Springs at 29.7%. Every city except Rancho Mirage has now exceeded the price highs made in 2006. In the attached home market price changes in Indian Wells also lead at 32.2%, followed by La Quinta at 30.1%.

Detached, Attached and Total Sales

3 month moving average

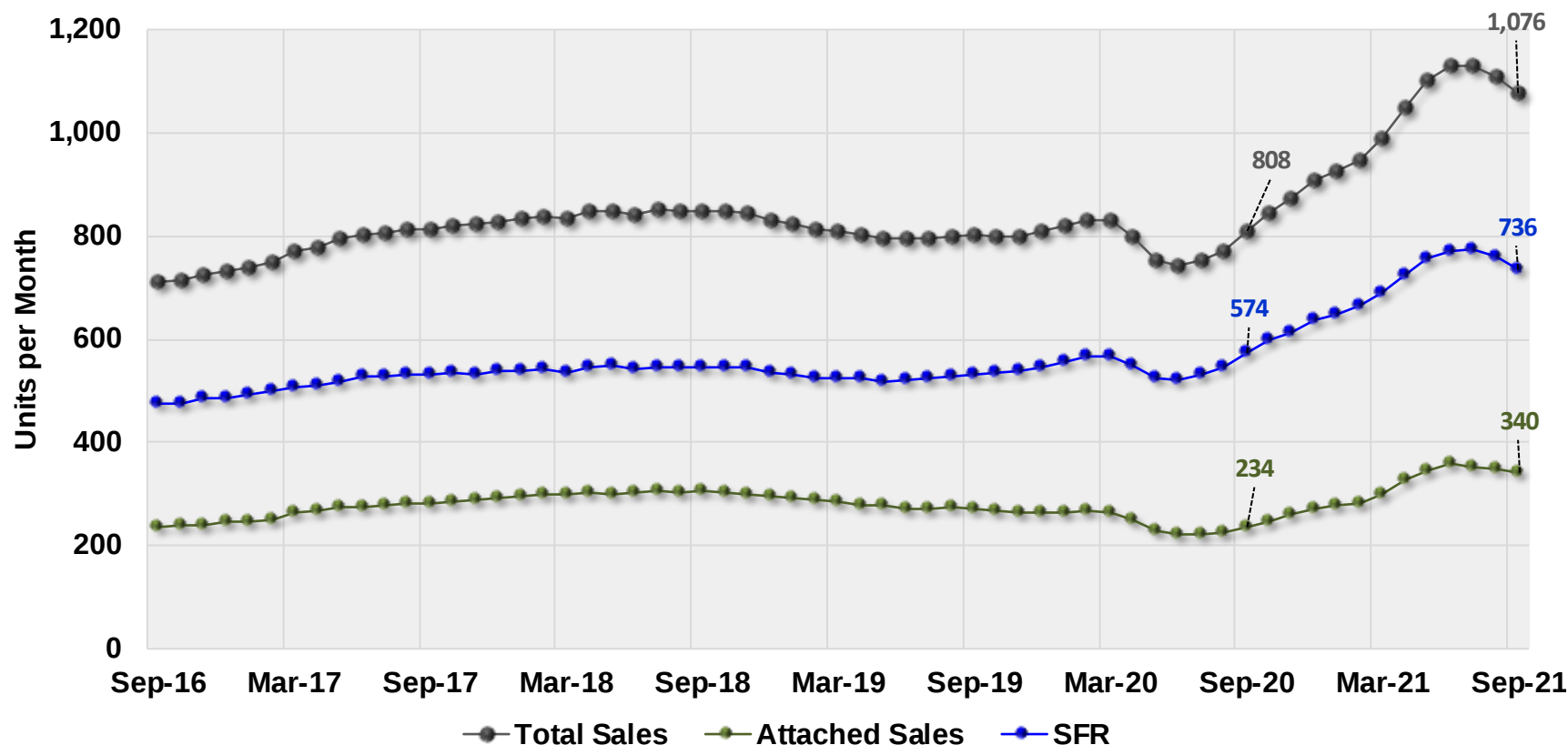


Monthly Sales – 3-month trailing avg.

Sales are rapidly slowing compared to year ago numbers but are still higher than sales norms of the past five years. Average total sales of the last three months have been 860 units a month, which is considerably less than the 1,077 units a year ago. However, it is still above the September sales numbers of the previous three pre-pandemic years, which were 815 units, 780 units and 758 units, respectively.

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 September averaging 1,076 units. This long-term measurement clearly shows that sales are still above past norms but are beginning to come back a little. This is especially true in detached homes more than attached. We expect long term sales averages to continue to pull back but still stay above past norms.

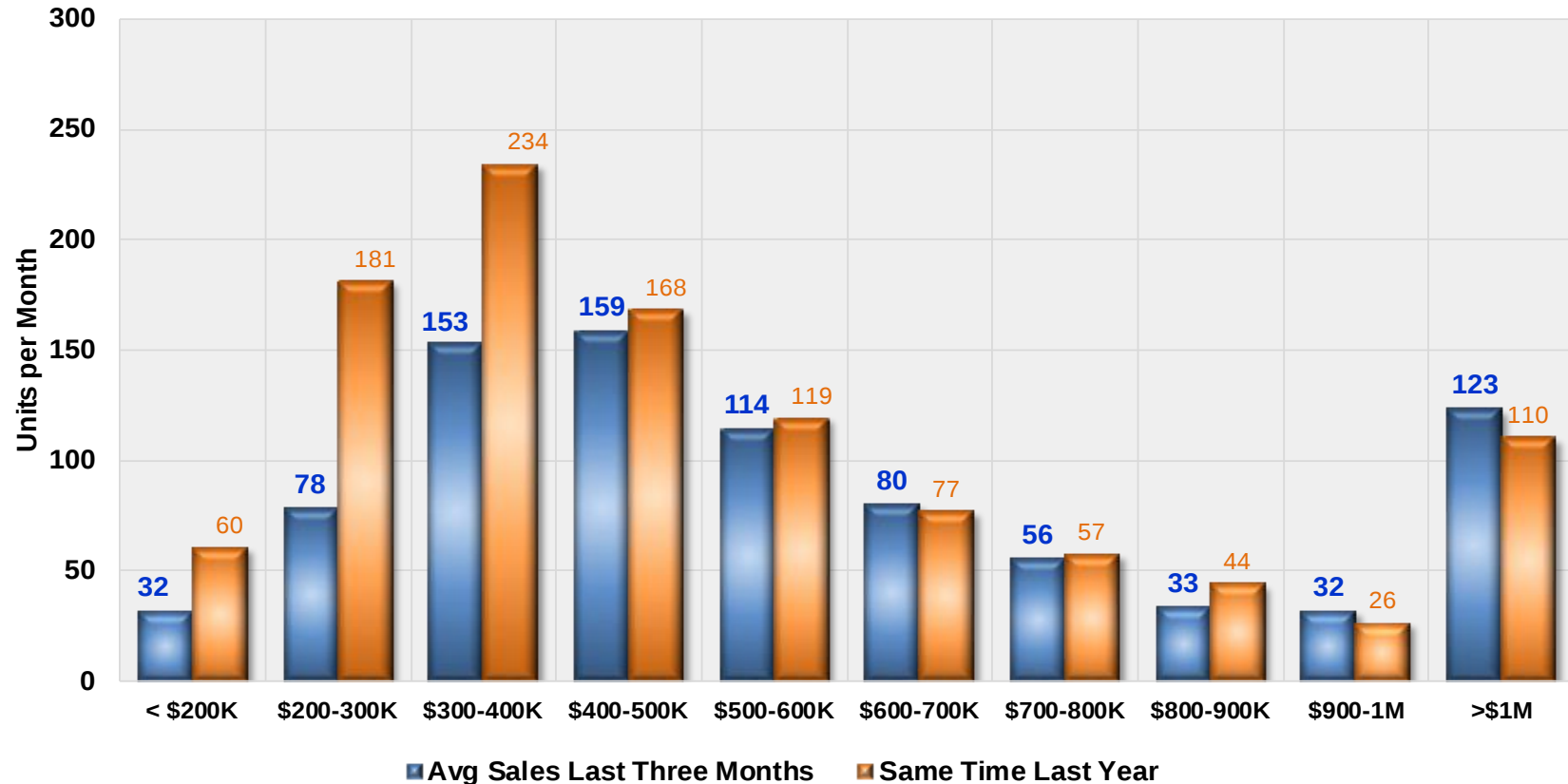
Home Sales by City 3 month avg sales



Home Sales by City

The graph of sales by city clearly shows the overall sales slowdown throughout the region. Most cities now have three-month sales averages below year ago levels, which confirms what we saw in the three-month average of sales for the entire region. Only Cathedral City and Desert Hot Springs have sales above year ago levels.

Home Sales by Price Range 3 mos avg

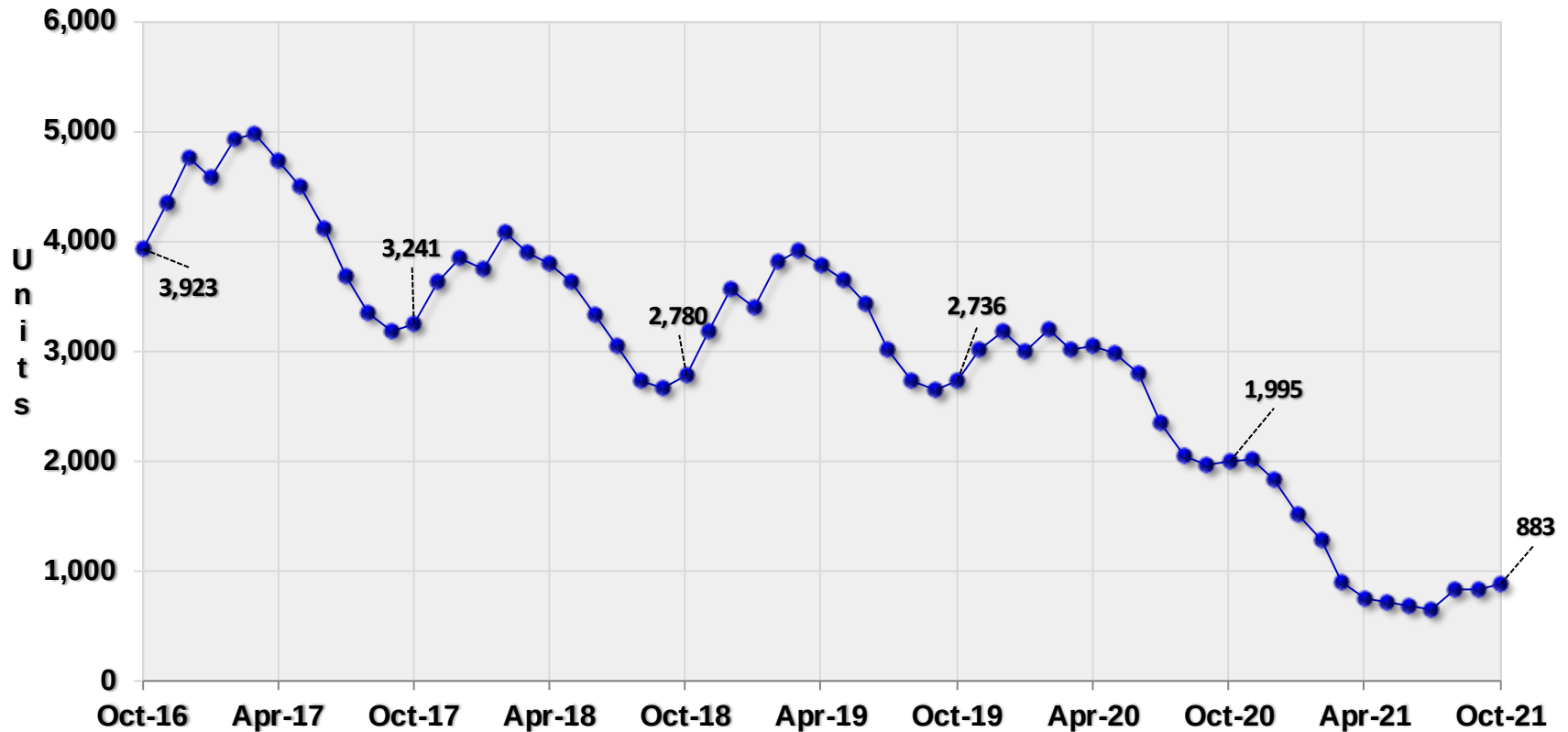


Home Sales by Price Range

When we look at sales by price bracket, we see a very interesting pattern. Sales of homes priced over \$500,000 in maintaining the levels reached last year, especially for prices over \$900,000. The large drop in sales has occurred in homes priced under \$400,000.

Valley Housing Inventory

October 1st 2016 to October 1st 2021



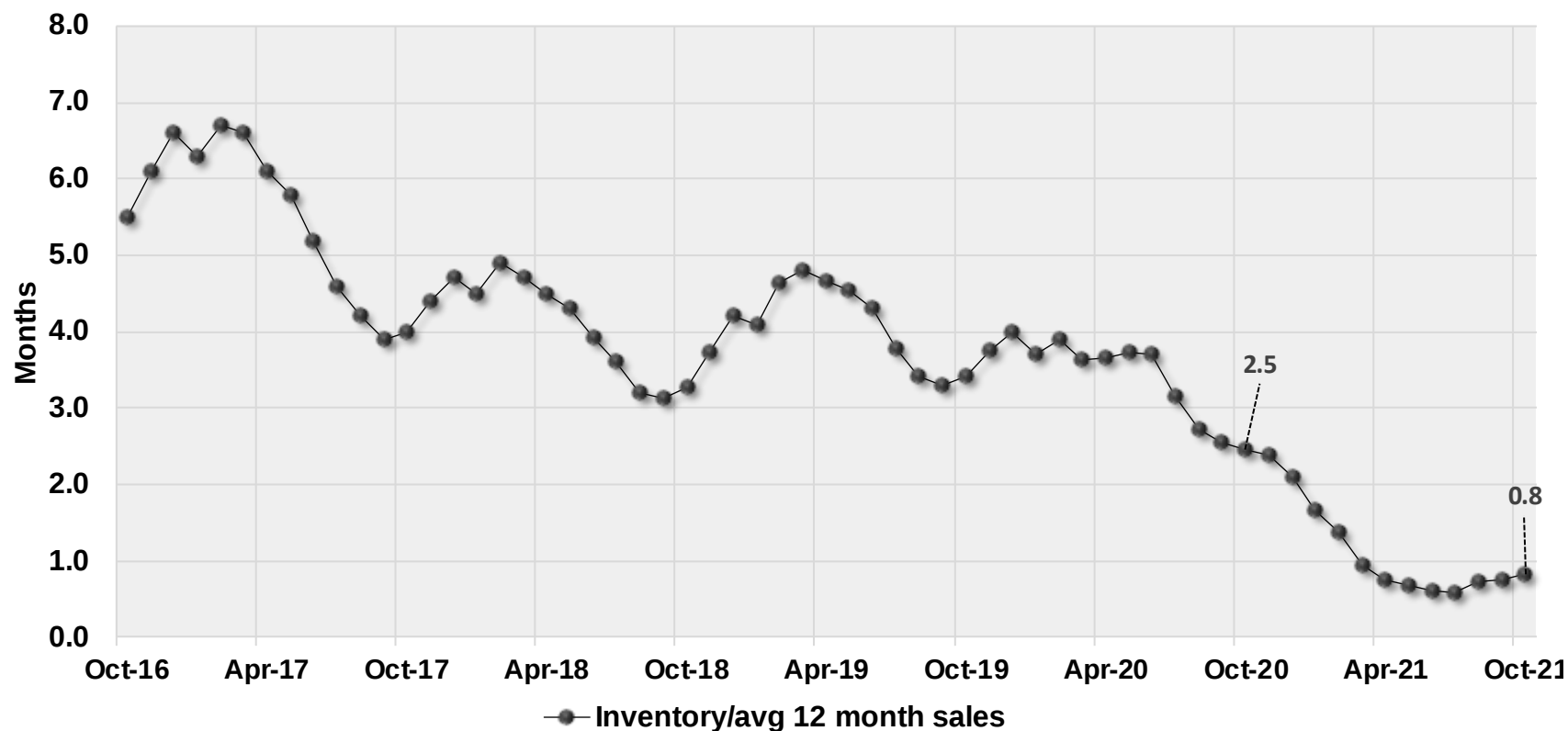
Coachella Valley Total Inventory

On October 1st total inventory in the Valley was 883 units, which compares to 1,959 units a year ago. Again, this paucity of selling inventory continues to be the overall force that is driving home prices higher. It will be interesting to see if Valley inventory maintains the seasonal pattern of rising from October into March and, if so, how much it rises.

"Months of Sales" Ratio

Coachella

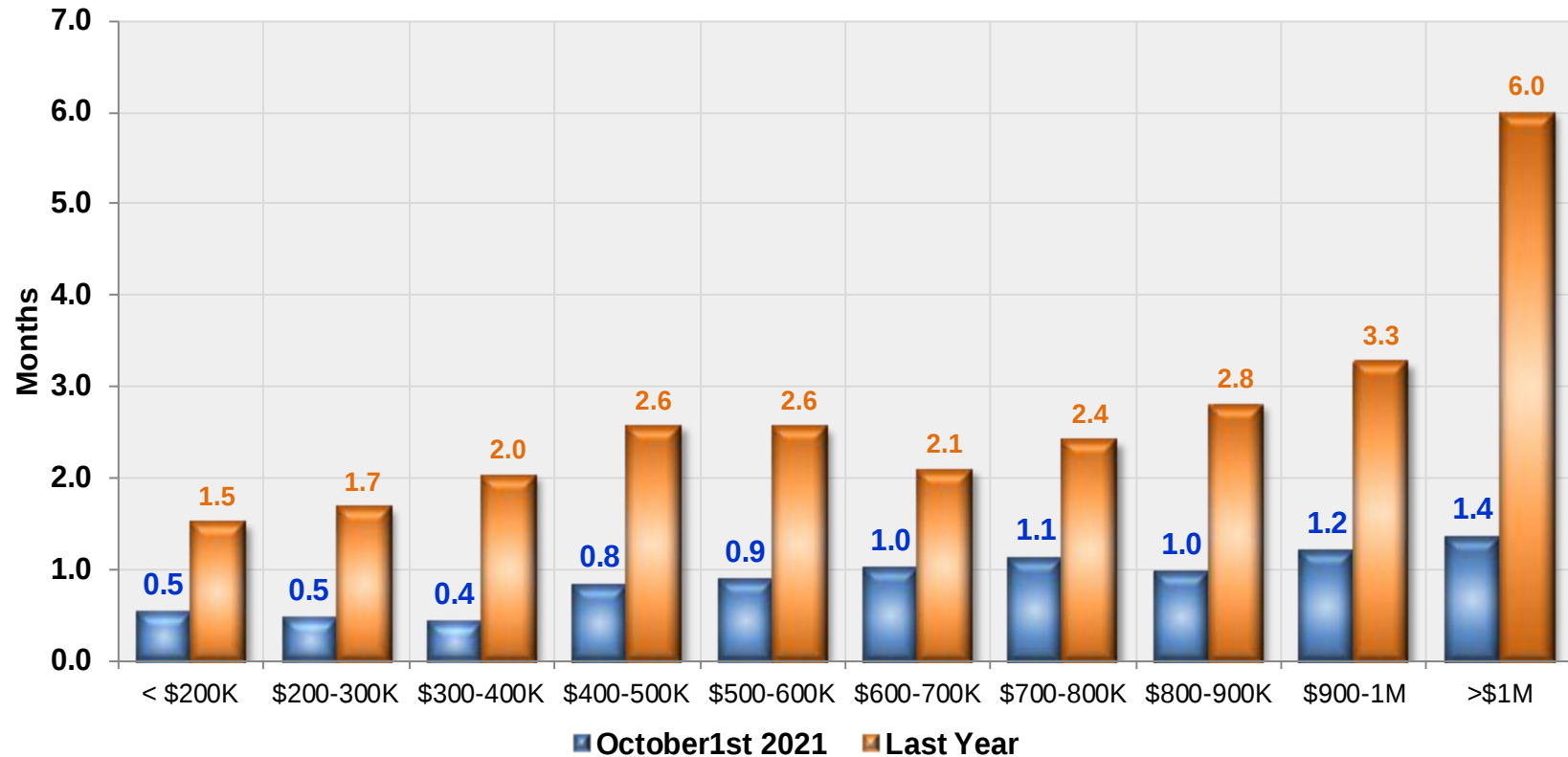
October 1st 2016 - October 1st 2021



Regional "Months of Sales" Ratio

The median value for the "months of sales" ratio throughout the Valley on October 1st was 8/10ths of a month compared to 2.5 months last year. It is because of these low ratios, which measure the balance of supply and demand, that we are not worried about any significant price decline or pullback after last years price surge. Demand still far exceeds supply.

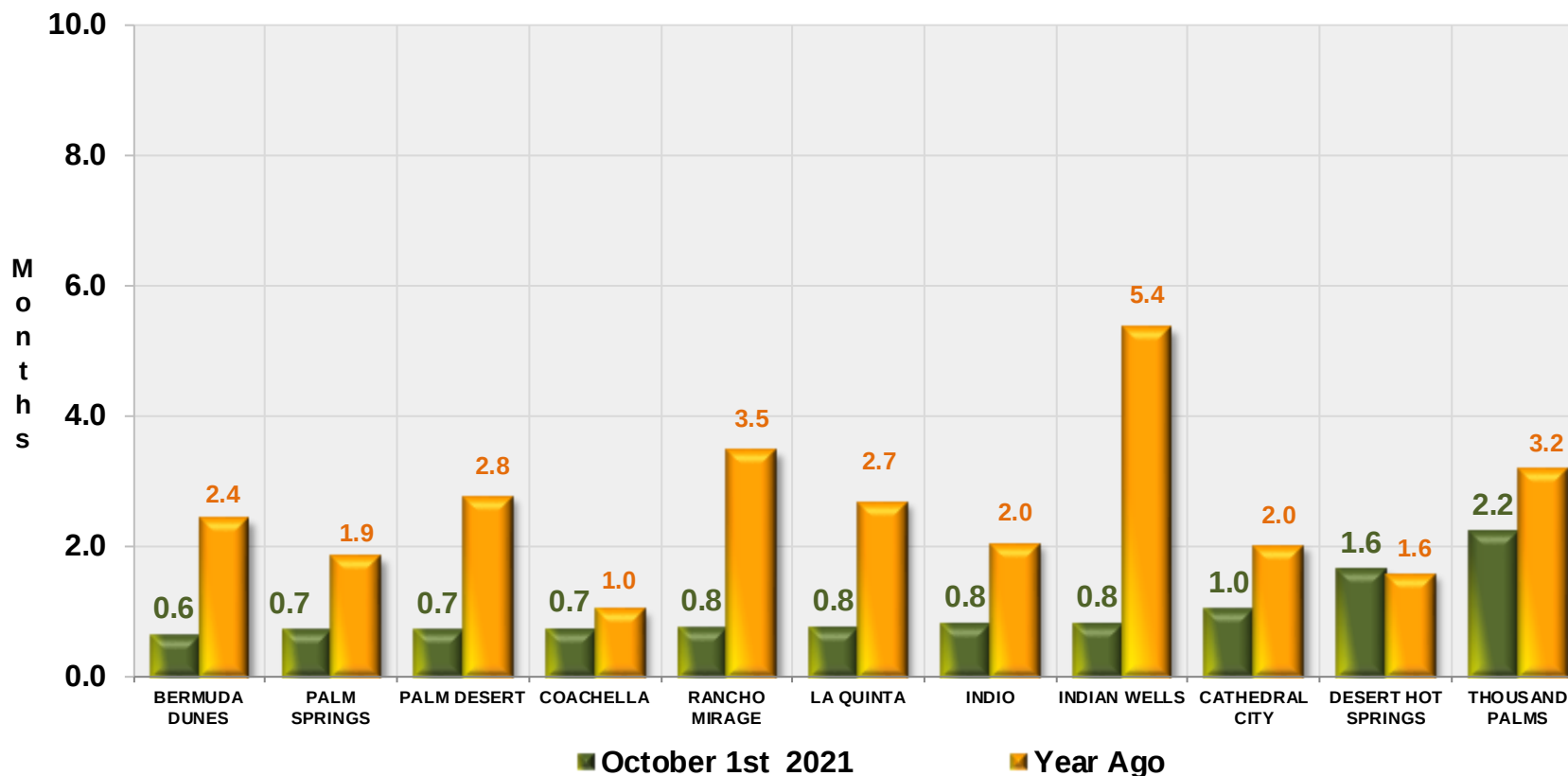
"Months of Sales" by Price Range uses avg. twelve month sales



"Months of Sales" by Price Range

This chart displays the "months of sales" ratios in different price brackets and then compares these ratios against year ago levels. It continues to show that the historically low "months of sales" ratios in the Valley are found in all price brackets. This is especially true in the higher price brackets because these brackets usually have much higher ratios and we don't see significantly higher current ratios in the far-right numbers.

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



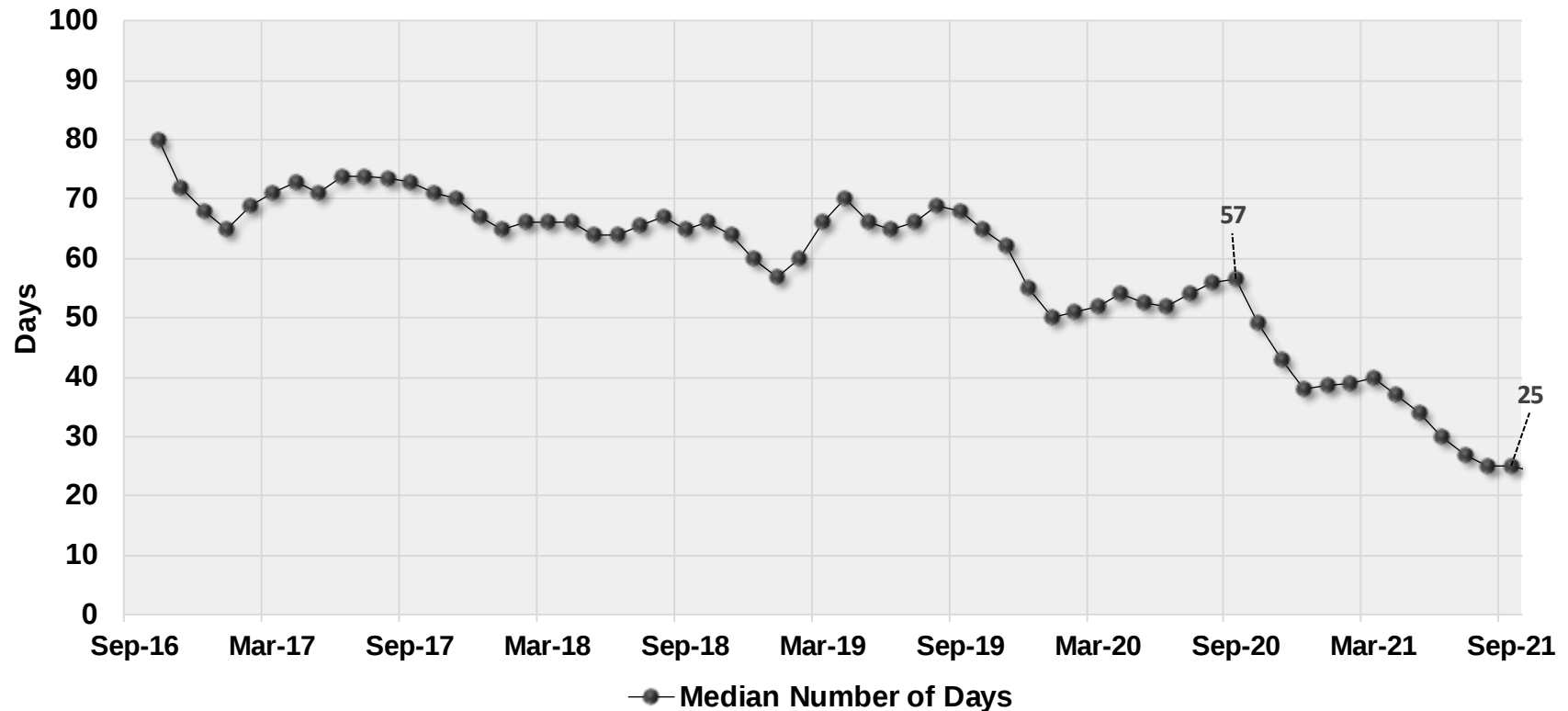
"Months of Sales" by City

The condition of record low "months of sales" ratios is found in almost every Valley city. Only Desert Hot Springs has a ratio higher than last year. We are especially impressed by the low ratios in Palm Springs and Rancho Mirage because these are two, very high-priced cities that are entitled to much higher ratios.

"Days in the Market"

Coachella

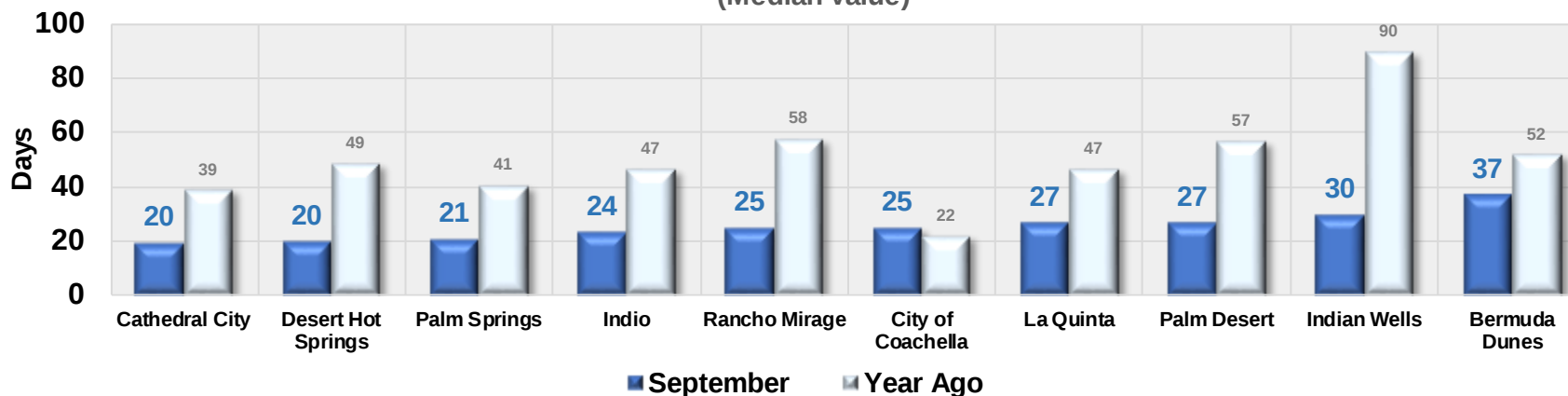
September 2016 - September 2021



Regional "Days in the Market"

The median value of "days in the market" throughout the Valley is now at 25 days compared to 57 days a year ago. This indicator is not a predictive indicator but indicates the current condition of the market due to the overall forces of supply and demand. As demand continues to exceed supply the average time period to sell a home continues to decline. We think selling times will stay near current levels while supply and demand slowly return to more normal levels in the coming months.

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



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

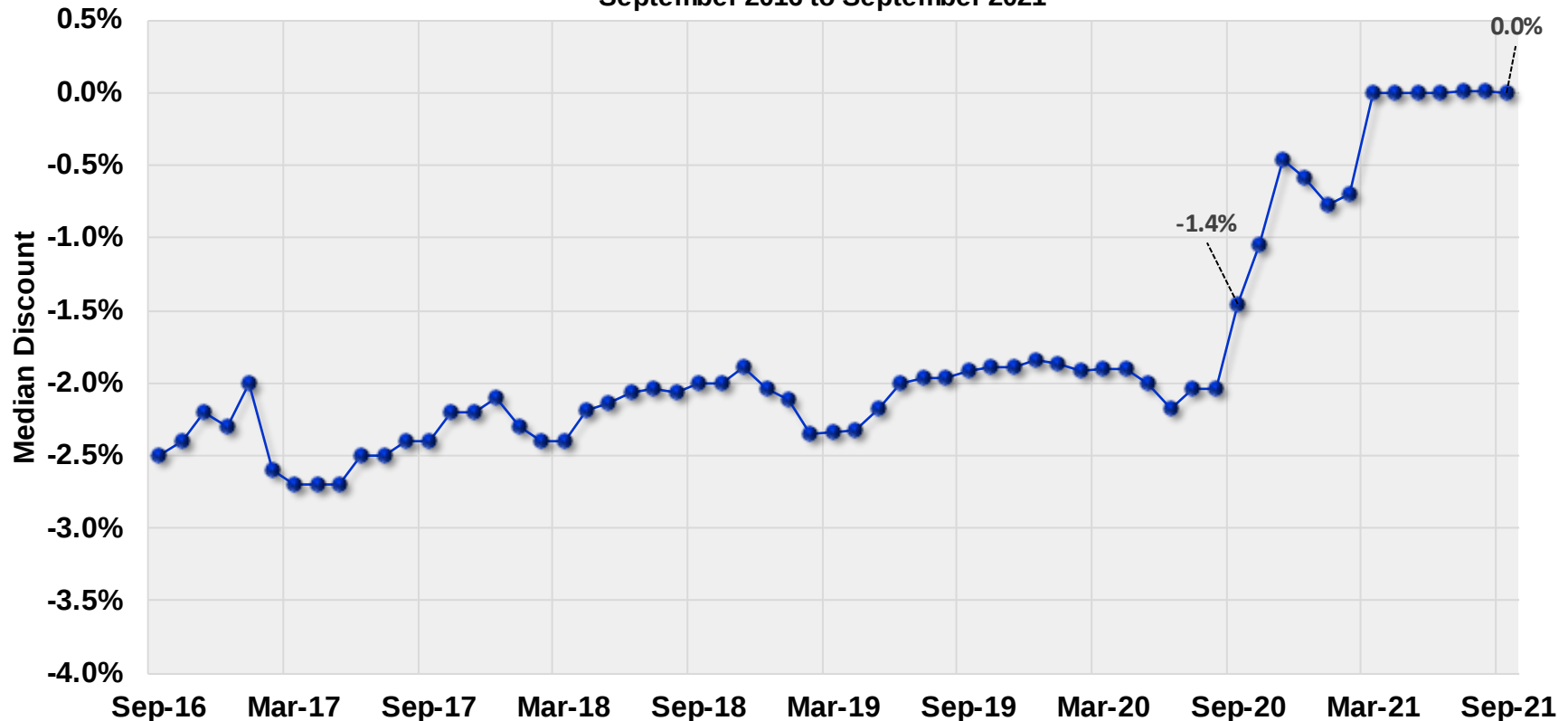


"Days in the Market"

These bar charts rank the cities left or right by the least number of days in the market for both detached and attached homes. Both Cathedral City and Desert Hot Springs have the lowest number of days for detached homes at 20 days, followed by 21 days for Palm Springs. In the attached market Palm Springs has a median number of days of 17.

Price Discount from List (Median Value)

September 2016 to September 2021



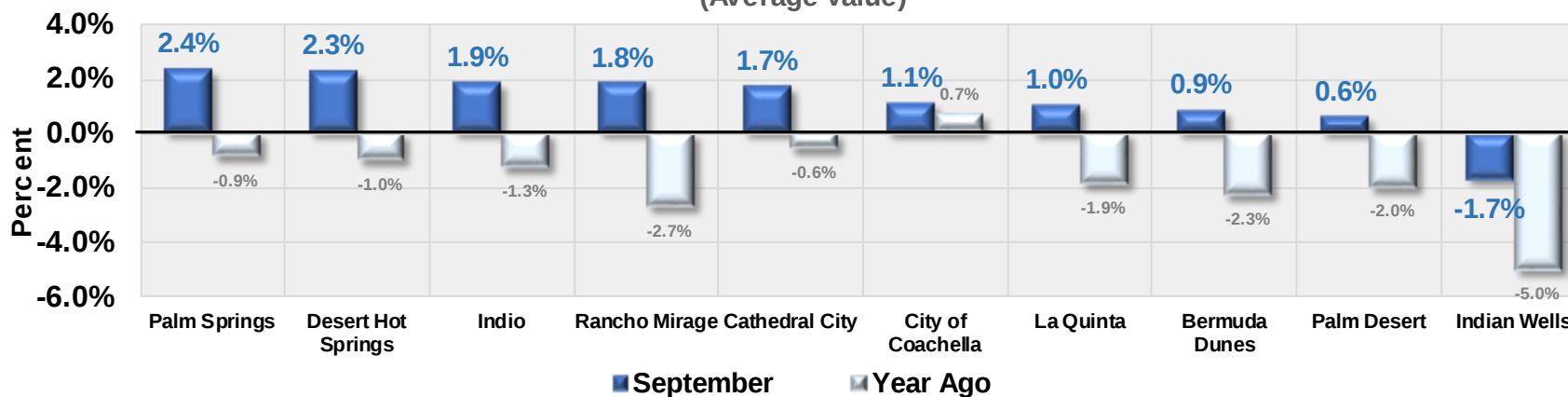
Reginal Price Discount

The median value for “Sale Discount from List” for detached homes in September was again 0.0%, which is the same discount it’s had for the last seven months. A year ago, it was -1.4%. As we’ve been explaining, since so many homes are selling right at list price, the median value of all sales is exactly 0.0%. When we calculate the average discount of detached homes, which averages the price discount of every sale, the average is again at a premium of 1.8%, which means the average home is selling 1.8% above list price.

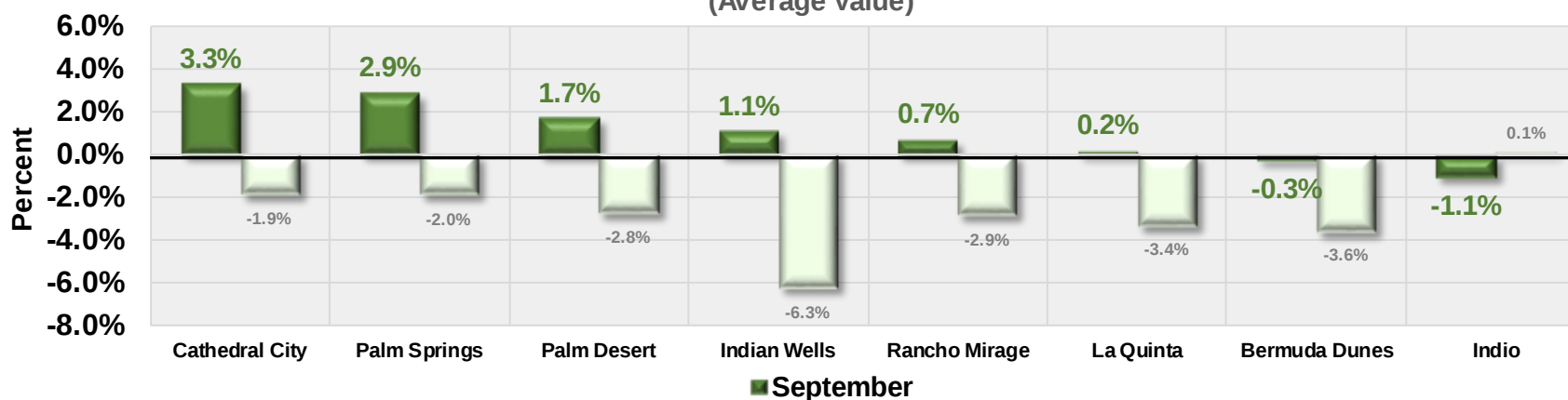
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Price Discount - Detached Homes (Average Value)



Price Discount - Attached Homes (Average Value)



“Average Price Discounts”

These bar charts show the average price discount 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 when so many sales occur exactly at list price. Palm Springs is selling detached homes at the highest average premium of 2.4%. This is followed by Desert Hot Springs at 2.3% and Indio at 1.9%. In the attached markets Cathedral City is selling homes with an average premium of 3.3%, while Palm Springs is 2.9%.

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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: All prices are the median value of sales 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 SFR in the month of May will be the median value of all sales in March, April and May of SFRs. 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.

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 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.