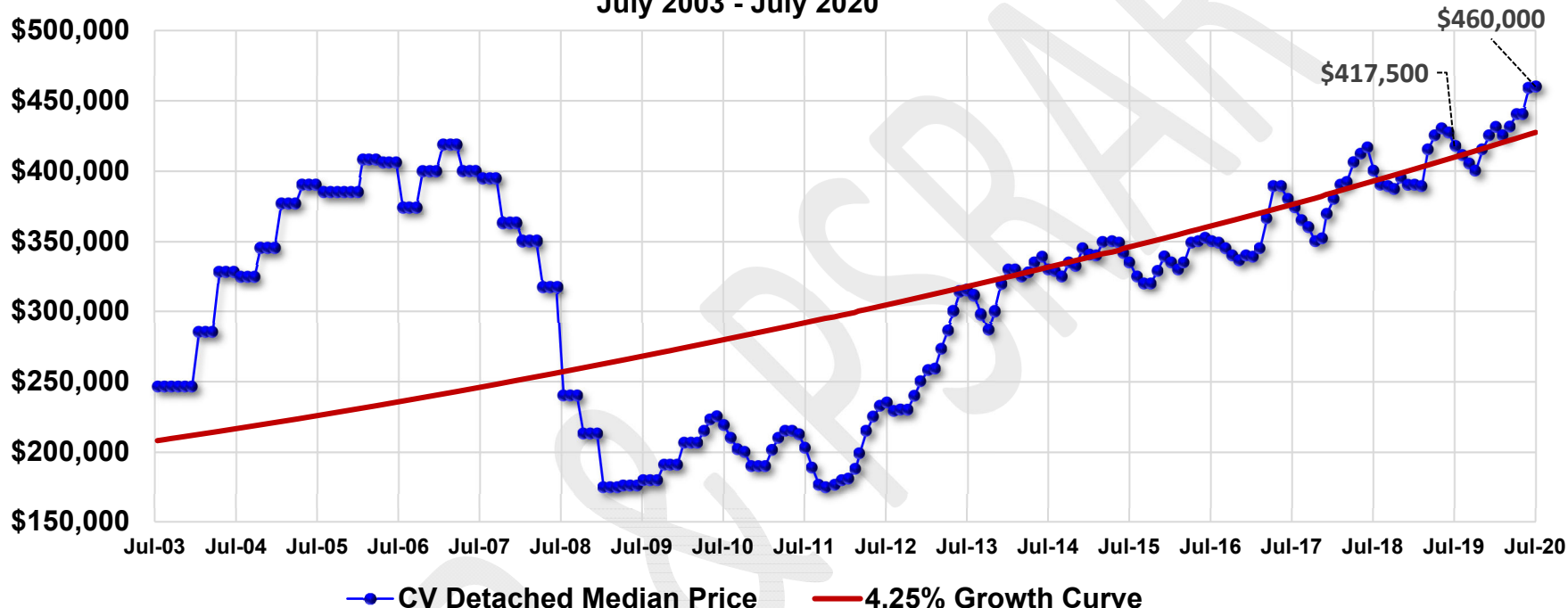


The Desert Housing Report

July 2020

Coachella Valley Median Detached Home Price July 2003 - July 2020



Summary

The Coachella Valley median detached home price in July was \$460,000, up 10.2% above a year ago. The Valley's median attached price in July was \$279,500, down 2.1% from last year. The price strength of detached homes compared to condominiums is found in all the cities and is confirmed by increasing sales in detached homes. Seven cities show positive year-over-year price gains for detached homes while two are lower. The cities of Palm Desert and Palm Springs, with year-over-year gains of 11.5% and 11.2%, are the region's leaders. Sales averaged over the last 12 months declined in April, May and June but have stabilized and are now beginning to slightly turn up. We can expect this increase in long-term sales to continue over the next three or four months, potentially rising back to normal levels. Valley inventory, at 2,050 units, is historically at the lowest level in history. Because of growing sales and record low inventory, the "month of sales" ratio is also at a record low of 2.7 months. This low ratio, which means that demand far exceeds supply, coupled with the lowest mortgage interest rates of the last 70 years, should continue to put upward pressure on home prices throughout the Valley.

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Coachella Valley Median Attached Price

July 2003 - July 2020

Median Price
\$400,000

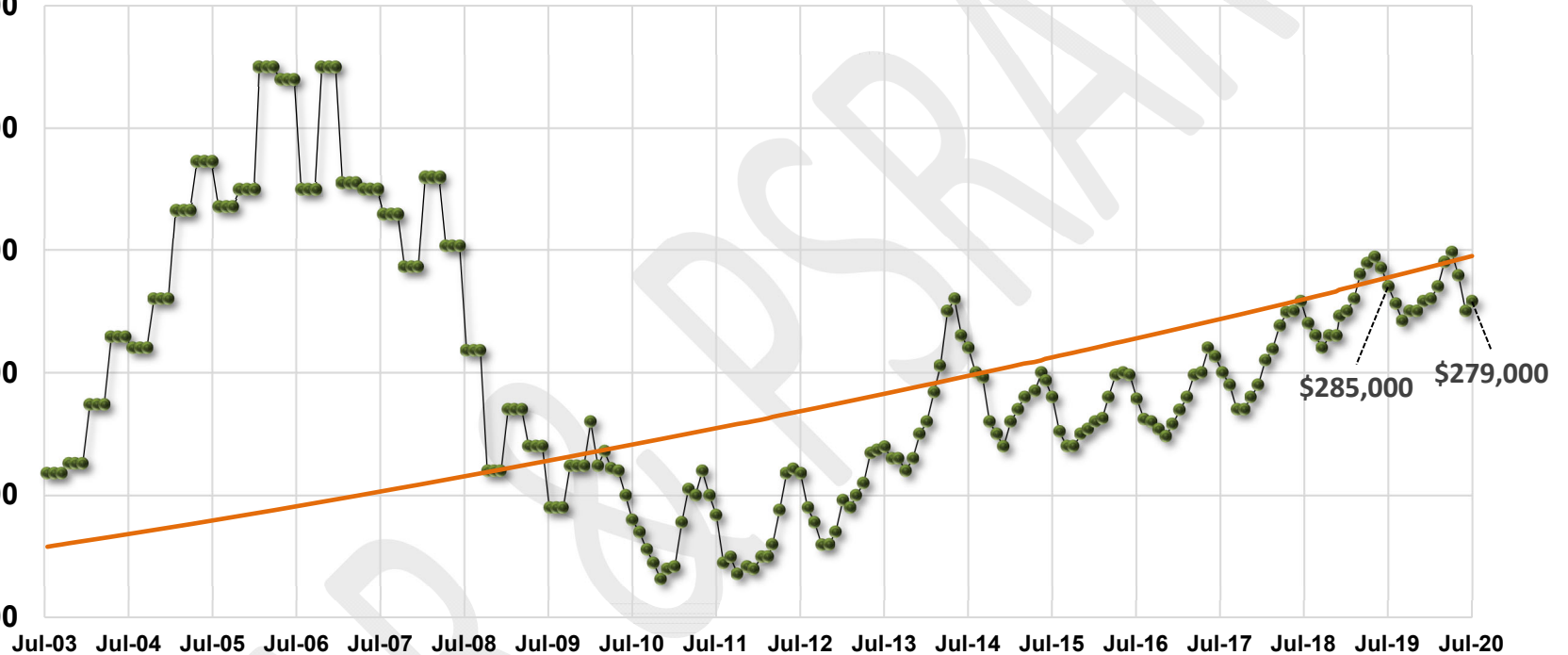
\$350,000

\$300,000

\$250,000

\$200,000

\$150,000



● CV Attached Median Price

— 3% Growth Curve

Coachella Valley Attached Median Price

The Valley's median attached home price in July was \$279,500, down 2.1% from last year. Relative price weakness in the attached home market was first noted about a year ago and is not the result of the current pandemic. As the chart clearly shows, demand for condominiums is very seasonal and the period between June and September has been weak every year since 2010. We are in that period now and it will be important to see if this pattern continues.



The Desert Housing Report

July 2020



Detached Homes

City	Jul-20	Year Ago	12 mo change	2011 Low	Gain off 2011 Low	2006 High	% from High
Palm Desert	\$475,000	\$426,000	11.5%	\$287,000	65.5%	\$543,000	-12.5%
Palm Springs	\$722,500	\$650,000	11.2%	\$335,000	115.7%	\$600,000	20.4%
Cathedral City	\$375,000	\$345,000	8.7%	\$139,000	169.8%	\$395,000	-5.1%
La Quinta	\$565,000	\$527,500	7.1%	\$245,000	130.6%	\$682,020	-17.2%
City of Coachella	\$295,000	\$278,000	6.1%	\$121,950	141.9%	\$335,000	-11.9%
Desert Hot Springs	\$250,000	\$236,000	5.9%	\$85,000	194.1%	\$295,000	-15.3%
Indio	\$340,000	\$339,000	0.3%	\$158,500	114.5%	\$380,500	-10.6%
Rancho Mirage	\$660,000	\$700,000	-5.7%	\$423,000	56.0%	\$950,000	-30.5%
Indian Wells	\$884,000	\$1,188,312	-25.6%	\$540,000	63.7%	\$1,205,000	-26.6%

Attached Homes

City	Jul-20	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Palm Springs	\$261,500	\$261,500	0.0%	\$150,000	74.3%	\$350,000	-25.3%
Palm Desert	\$295,800	\$296,750	-0.3%	\$175,000	69.0%	\$410,000	-27.9%
La Quinta	\$345,000	\$353,000	-2.3%	\$265,000	30.2%	\$532,500	-35.2%
Cathedral City	\$189,500	\$210,000	-9.8%	\$107,500	76.3%	\$270,500	-29.9%
Indio	\$180,000	\$199,500	-9.8%	\$75,000	140.0%	\$279,000	-35.5%
Rancho Mirage	\$322,500	\$362,500	-11.0%	\$260,000	24.0%	\$510,000	-36.8%
Indian Wells	\$372,000	\$434,500	-14.4%	\$321,500	15.7%	\$557,500	-33.3%
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

Seven cities show positive year-over-year price gains for detached homes while two are lower. The cities of Palm Desert and Palm Springs, with year-over-year gains of 11.5% and 11.2%, are the region's leaders. Palm Springs by far has the strongest detached home market. With a median price of \$722,500 it is now 20% above the all-time highs made in 2006 and 2007. The primary driver for all this is heavy demand. This is evident in this month's companion report titled "the COVID-19 Desert Housing Report", which shows short term pending sales of detached homes in Palm Springs up 127% over last year. In the attached market we see price weakness in all seven cities that have attached homes.

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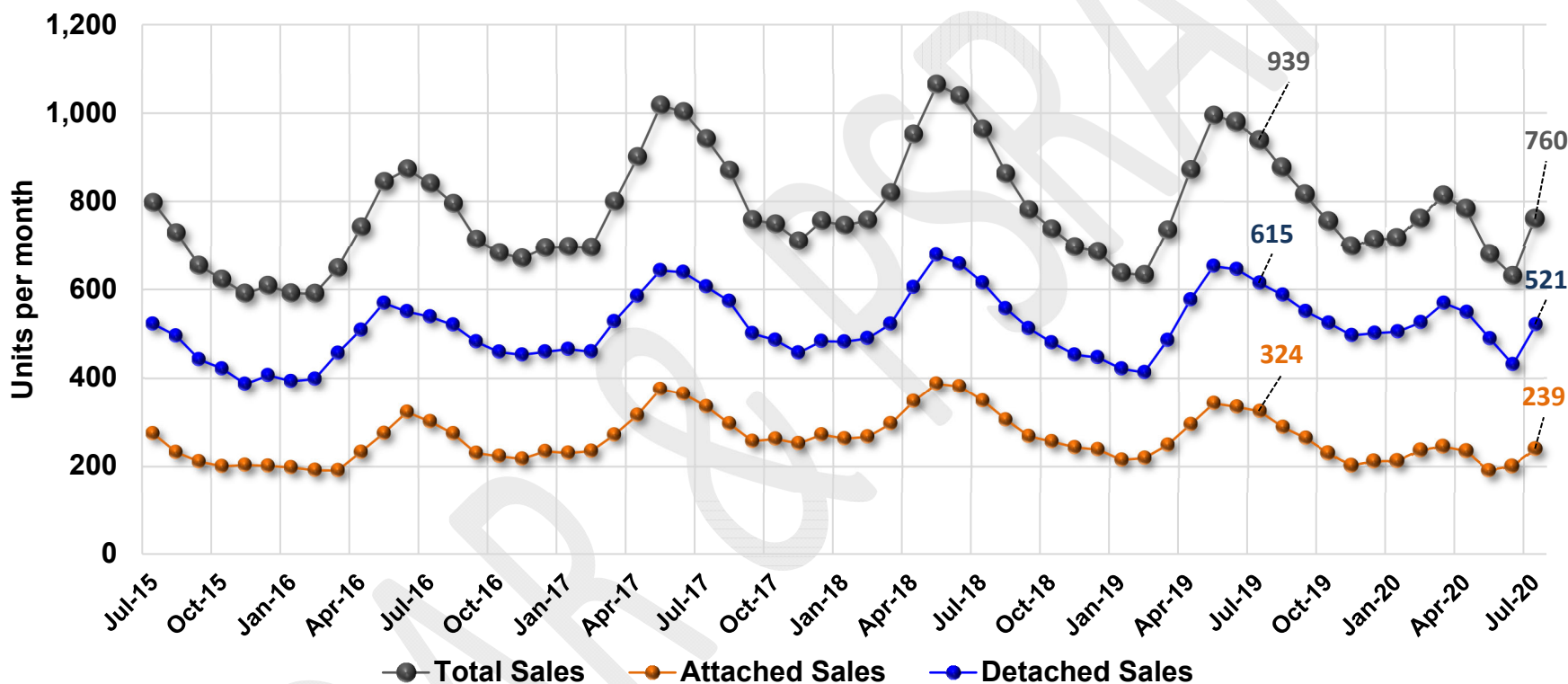
The Desert Housing Report

July 2020

Detached, Attached and Total Sales

July 2015 - July 2020

3 month moving average



Monthly Sales – 3-month trailing avg.

As the chart clearly shows, average sales measured over the last three months showed dramatic improvement in July for both detached and attached homes. This is the result of the surge in sales we've seen over the last month and a half. You will see this statistically in this month's COVID companion report, which shows short term pending sales up 40% compared to year-ago levels. What this means is this trend we see in higher closed sales will continue for the next two months, probably reaching sales of 1,000 units a month.

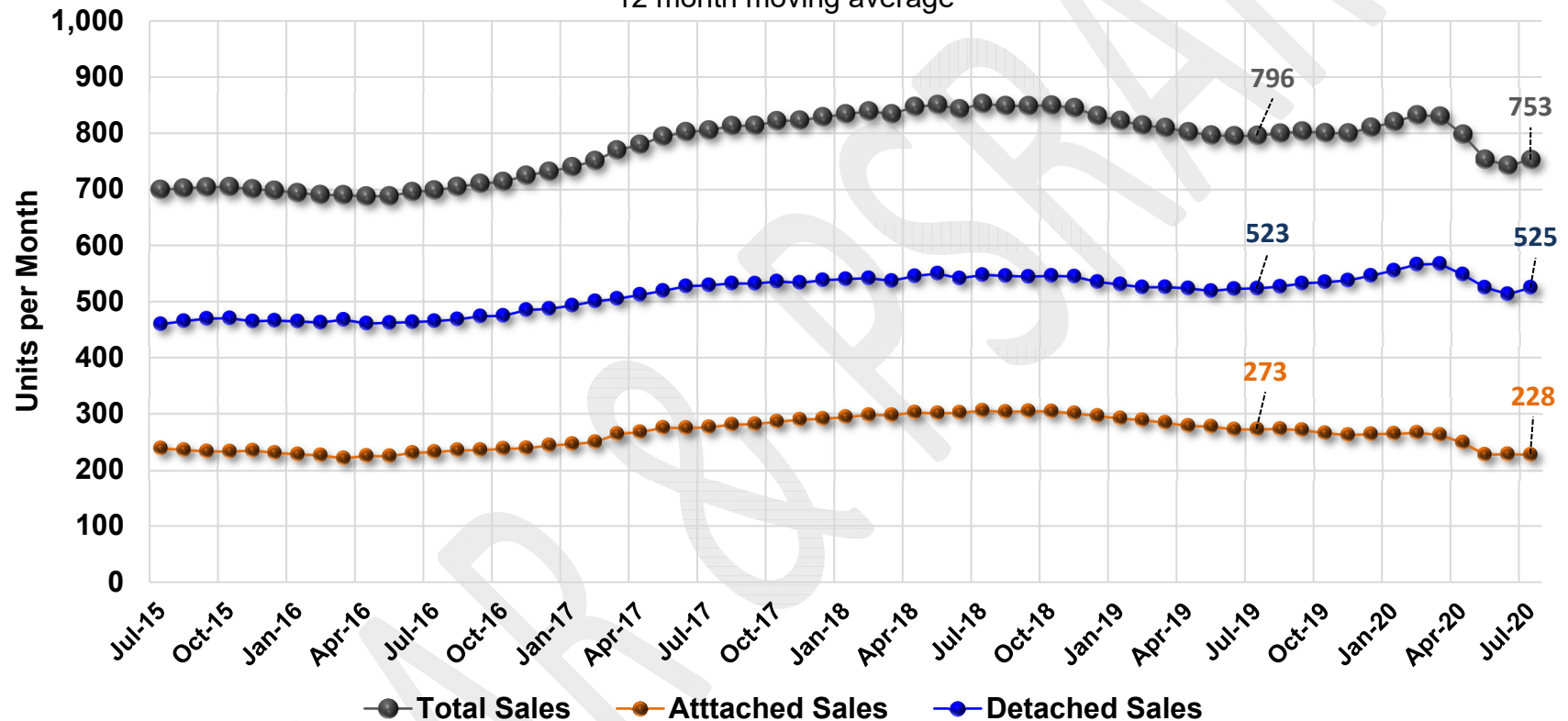
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Detached, Attached and Total Sales

July 2015 - July 2020

12 month moving average

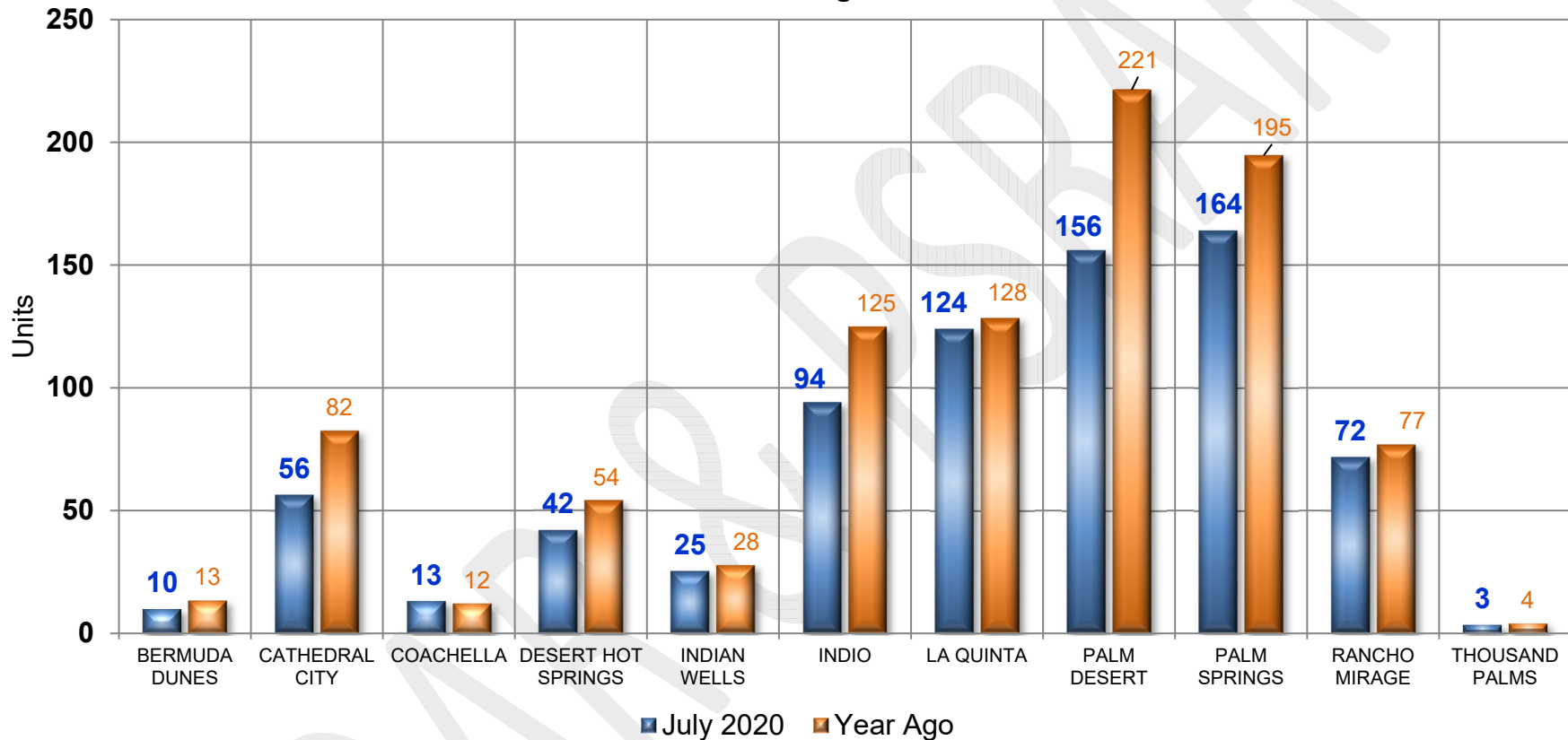


Monthly Sales – 12-month trailing avg.

Sales averaged over the last 12 months declined in April, May and June but have stabilized and are now beginning to slightly turn up. We can expect this increase in long-term sales to continue over the next three or four months, potentially rising back to normal levels. Even with the May to June sales decline, average sales are down only 5.4% from a year ago. Most of this is due to the 16.5% decline in attached sales, since detached sales are practically unchanged from last year.

Home Sales by City

3 month avg sales



Home Sales per month by City

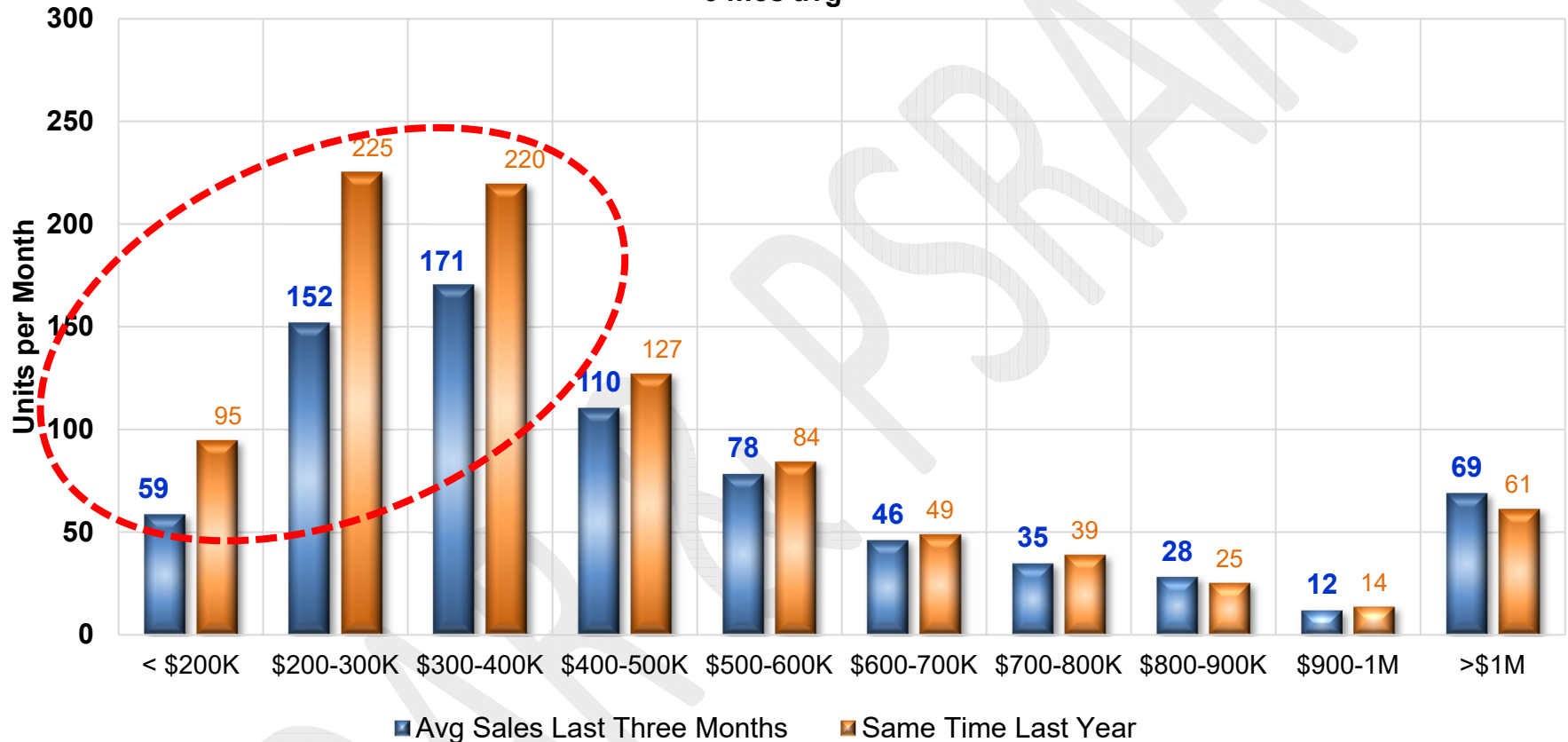
This graph compares average three-month sales to year ago levels in 11 cities. Every city, except Coachella, shows a year-over-year sales decline. This can be attributed to the lack of available supply of detached homes, particularly in the lower price ranges, and a high level of attached inventory in a few cities, such as Palm Springs and Palm Desert. We find it encouraging that the city of La Quinta, which has a wide diversity of home prices and home types, has three-month sales almost unchanged from a year ago.

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Home Sales by Price Range

3 mos avg



Home Sales by Price Range

When we measure sales in different price brackets, we find the largest sales declines are in lower priced homes, specifically homes priced under \$400,000. We have highlighted by a red circle the three price brackets under \$400,000. The primary reason for this is the significant drop off in condominium sales, which are generally priced under \$400,000, and an extremely low supply of detached in this price range. The higher price brackets show comparatively little sales change to year ago levels.

Total Valley Housing Inventory

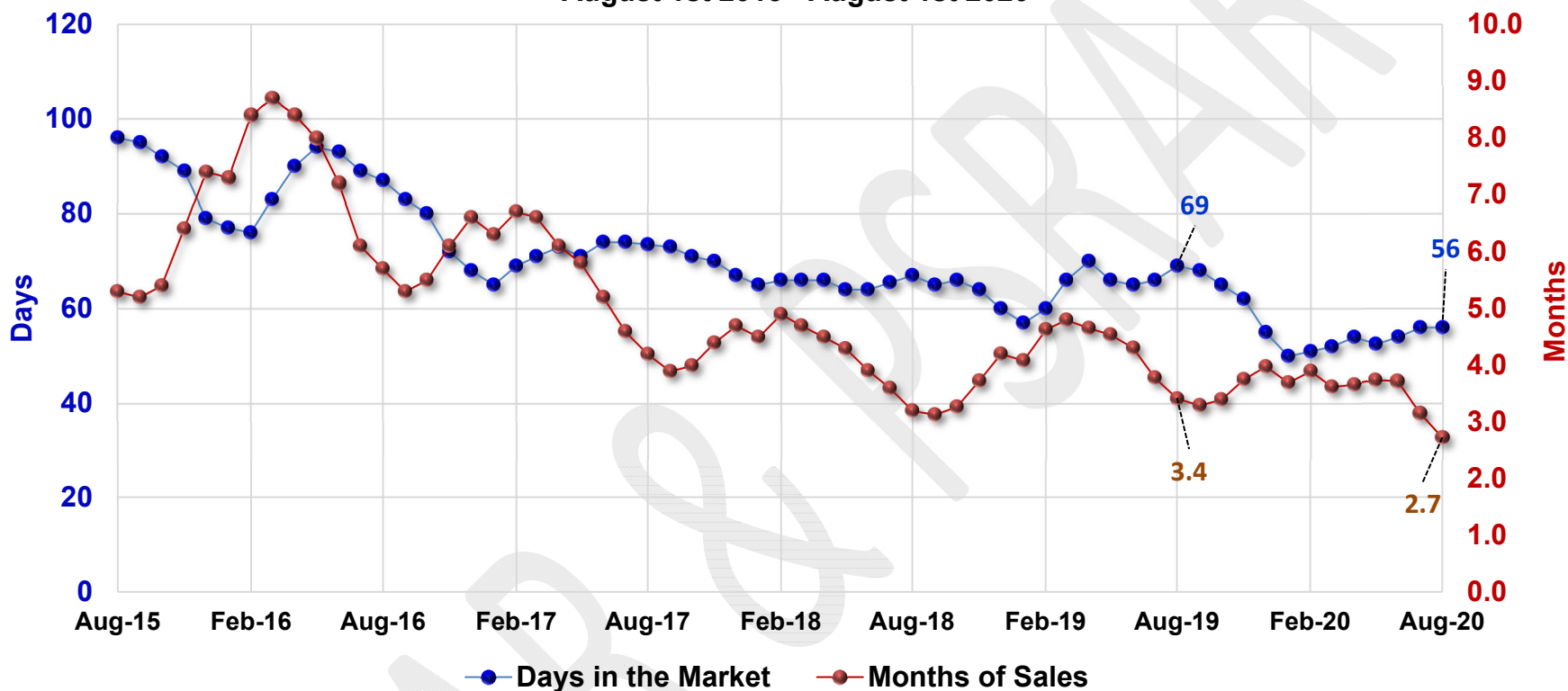


Coachella Valley Inventory

Inventory is historically at the lowest level in history. Because of the seasonal nature of Valley housing, which is clearly evident in the chart, one should only compare current inventory against inventory numbers in the same month in previous years. We have done this with callout numbers, which represent August 1st inventory numbers in the previous five years. The current inventory of 2,050 units is almost 700 units less than any previous August 1st. Such a low number is beginning to create a “multiple bidding” market, where buyers actively compete for the small number of available homes.

Days on the Market & Months of Sales

August 1st 2015 - August 1st 2020

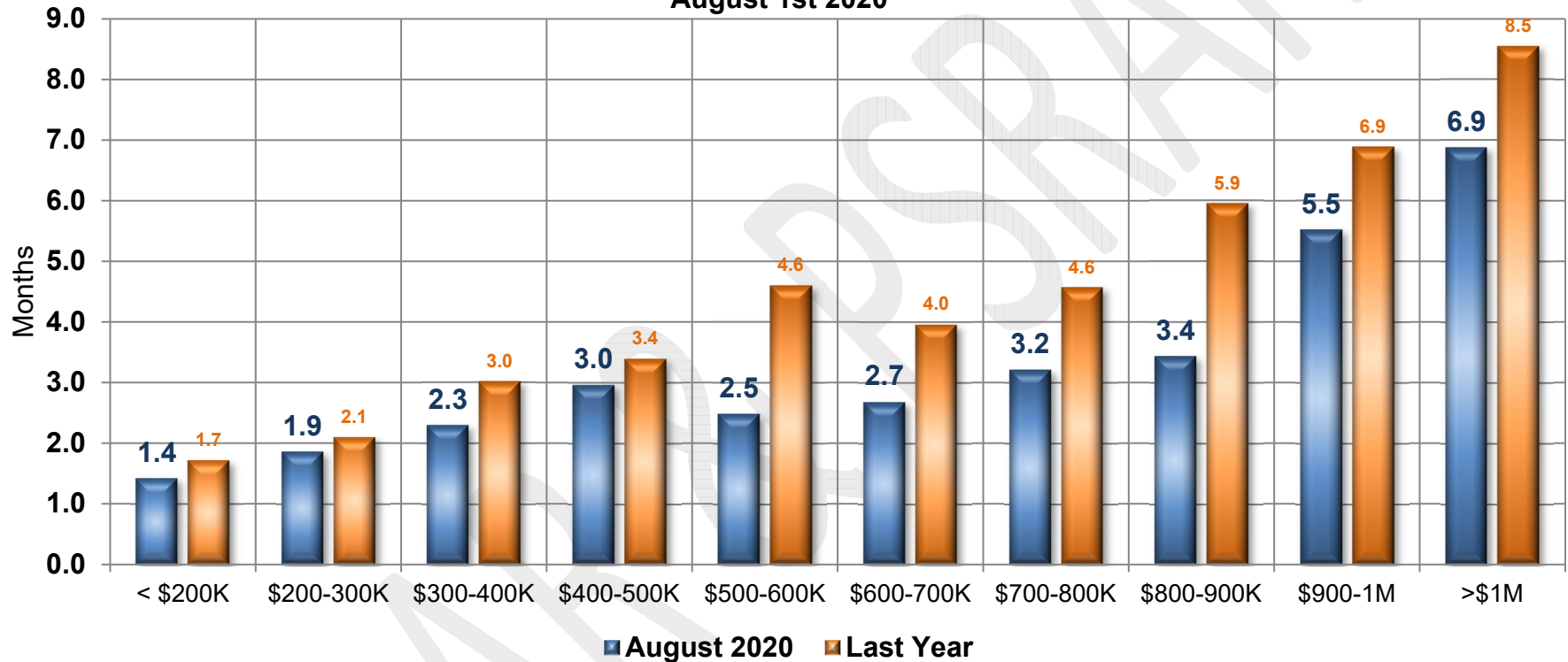


“Days in the Market” and “Months of Sales”

Because of growing sales and record low inventory, the “month of sales” ratio is also at a record low of 2.7 months. This low ratio, which means that demand far exceeds supply, coupled with the lowest mortgage interest rates of the last 70 years, should continue to put upward pressure on home prices throughout the Valley. It is ironic, and almost unbelievable, that this is occurring in the middle of an unprecedented national pandemic. This strength is confirmed by a median value of only 56 “days in the market”, which is the lowest number of days in over five years.

"Months of Sales" by Price Range

uses avg. twelve month sales
August 1st 2020

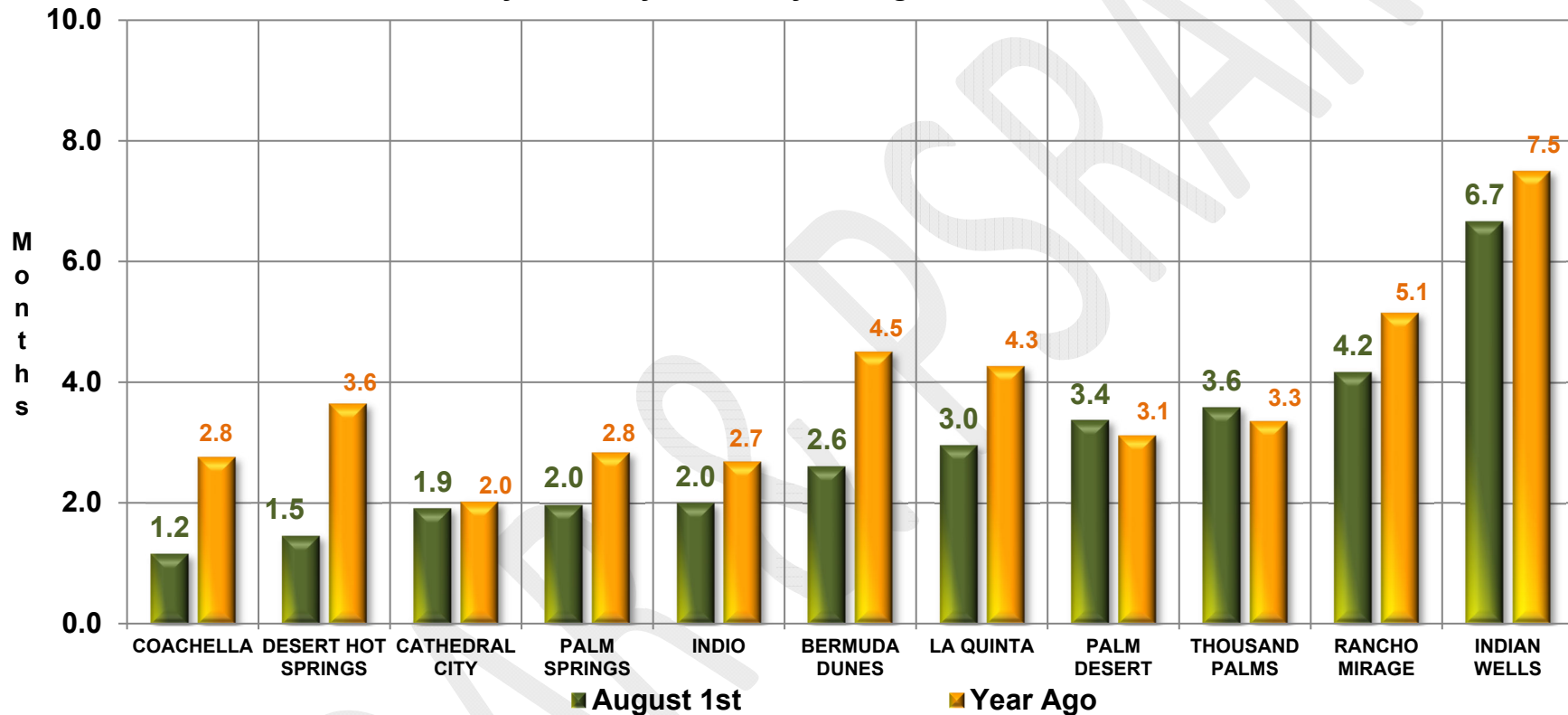


"Months of Sales" by Price Range

The current "months of sales" ratios by price brackets is lower than the previous year's values in every bracket. It is especially low for homes priced between \$500,000 and \$900,000. All price brackets in the Valley register as a "seller's market", including the million dollar plus bracket, which has a 6.9 month ratio. It is a common mistake to think that ratios over six months are a "buyer's market." Higher-priced homes, and regions with higher-priced homes, are allowed much higher ratios before they can be declared a buyer's market.

"Months of Sales" by City

city inventory divided by average twelve month sales

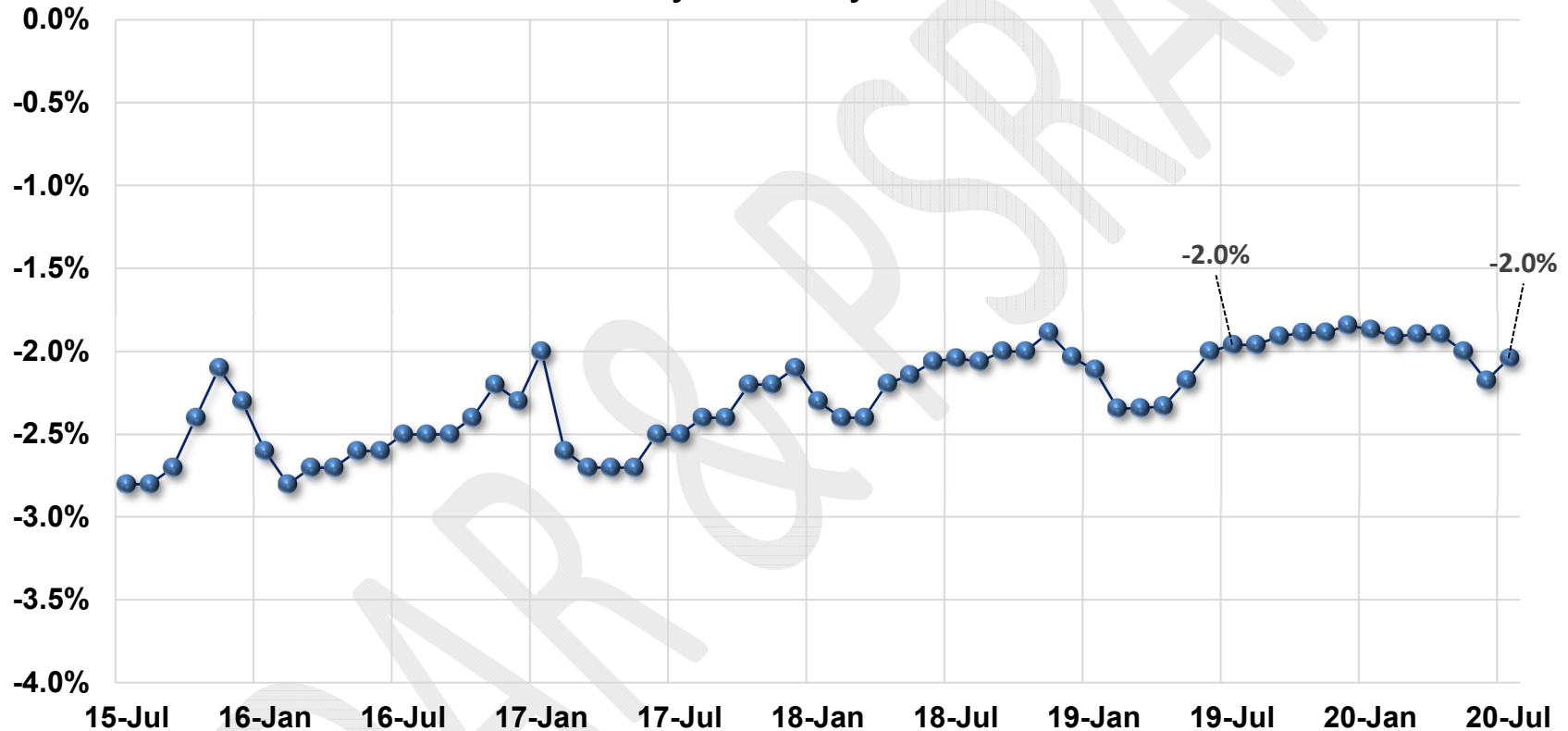


"Months of Sales" by City

On August 1st, the "months of sales" ratio in nine of the Valley's eleven cities registered the same or an improved ratio compared to a year ago. Only Palm Desert and Thousand Palms had slightly higher ratios. Again, the city of Indian Wells, with a ratio of 6.7 months, is still considered a "seller's market" because of the large number of high-priced homes throughout the city.

Sales Price Discount from List

July 2015 to July 2020



Sale Price Discount from List

The July median value for “Sale Price Discount from List” was -2.0%, which is unchanged from a year ago. The current reading implies that an average home in the region offered at \$400,000 sold for \$392,000.



The Desert Housing Report

July 2020



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