

The Desert Housing Report

September 2020

Coachella Valley Median Detached Home Price

September 2002 - September 2020



Summary

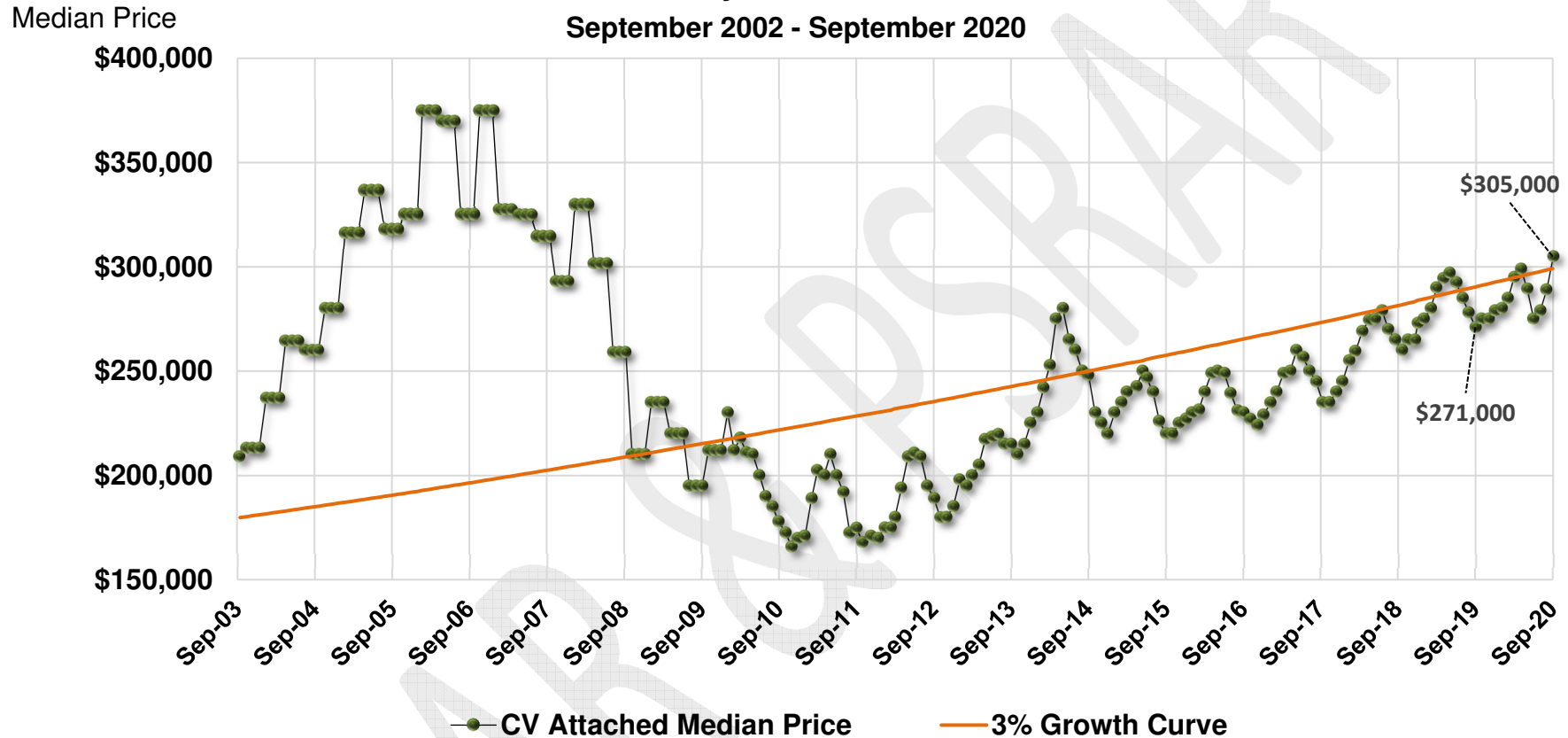
As the chart clearly shows there's been a huge surge in detached home prices over the last four months. The median price in September was \$510,000, which is up 26% over a year ago. This is the largest percentage price increase since 2012. The median attached home price in September was \$305,000, up 12 1/2%. The three-month average of total sales, at 1,077 units a month, is the highest in recent history. This level is 32% above last September. Detached homes sales are up 34% while attached sales are up 28%. In the price bracket from \$700k to \$800k, sales increased 96%. In the million-dollar and over price bracket, sales in September went from an average of 45 units a month to 110 units a month, which is an increase of 144%. Valley inventory continues to hover at historically low levels. On October 1st there were only 1,995 units for sale. Because of growing sales and record low inventory, the "month of sales" ratio is again at a record low of 2.5 months. The ratio is really a measurement of demand versus supply and a low ratio of 2.5 months is a mathematical sign that current demand far exceeds supply.

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Coachella Valley Median Attached Price

September 2002 - September 2020



Coachella Valley Attached Median Price

The median attached home price in September was \$305,000, up 12 1/2% over last year. It is clear from the chart that there's a strong seasonal pattern in prices for attached homes. For the last 10 years prices have always hit bottom around September or October and then they rise for the next six months. We seem to be getting a head start this year. Because of this momentum we expect prices for attached homes to continue to move higher for the next six months.

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Detached Homes

City	Sep-20	Year Ago	12 mo change	2011 Low	Gain off 2011 Low	2006 High	% from High
La Quinta	\$603,500	\$467,000	29.2%	\$245,000	146.3%	\$682,020	-11.5%
Palm Springs	\$744,000	\$642,500	15.8%	\$335,000	122.1%	\$600,000	24.0%
Cathedral City	\$395,000	\$345,000	14.5%	\$139,000	184.2%	\$395,000	0.0%
Palm Desert	\$480,000	\$422,500	13.6%	\$287,000	67.2%	\$543,000	-11.6%
Rancho Mirage	\$747,000	\$665,000	12.3%	\$423,000	76.6%	\$950,000	-21.4%
Desert Hot Springs	\$263,500	\$239,950	9.8%	\$85,000	210.0%	\$295,000	-10.7%
Indio	\$372,038	\$339,000	9.7%	\$158,500	134.7%	\$380,500	-2.2%
City of Coachella	\$295,000	\$275,500	7.1%	\$121,950	141.9%	\$335,000	-11.9%
Indian Wells	\$905,000	\$1,100,000	-17.7%	\$540,000	67.6%	\$1,205,000	-24.9%

Attached Homes

City	Sep-20	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Palm Springs	\$295,000	\$249,000	18.5%	\$150,000	96.7%	\$350,000	-15.7%
La Quinta	\$385,000	\$337,050	14.2%	\$265,000	45.3%	\$532,500	-27.7%
Palm Desert	\$306,250	\$285,000	7.5%	\$175,000	75.0%	\$410,000	-25.3%
Cathedral City	\$204,000	\$190,000	7.4%	\$107,500	89.8%	\$270,500	-24.6%
Indian Wells	\$455,000	\$430,000	5.8%	\$321,500	41.5%	\$557,500	-18.4%
Rancho Mirage	\$375,000	\$360,000	4.2%	\$260,000	44.2%	\$510,000	-26.5%
Indio	\$175,000	\$200,000	-12.5%	\$75,000	133.3%	\$279,000	-37.3%
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

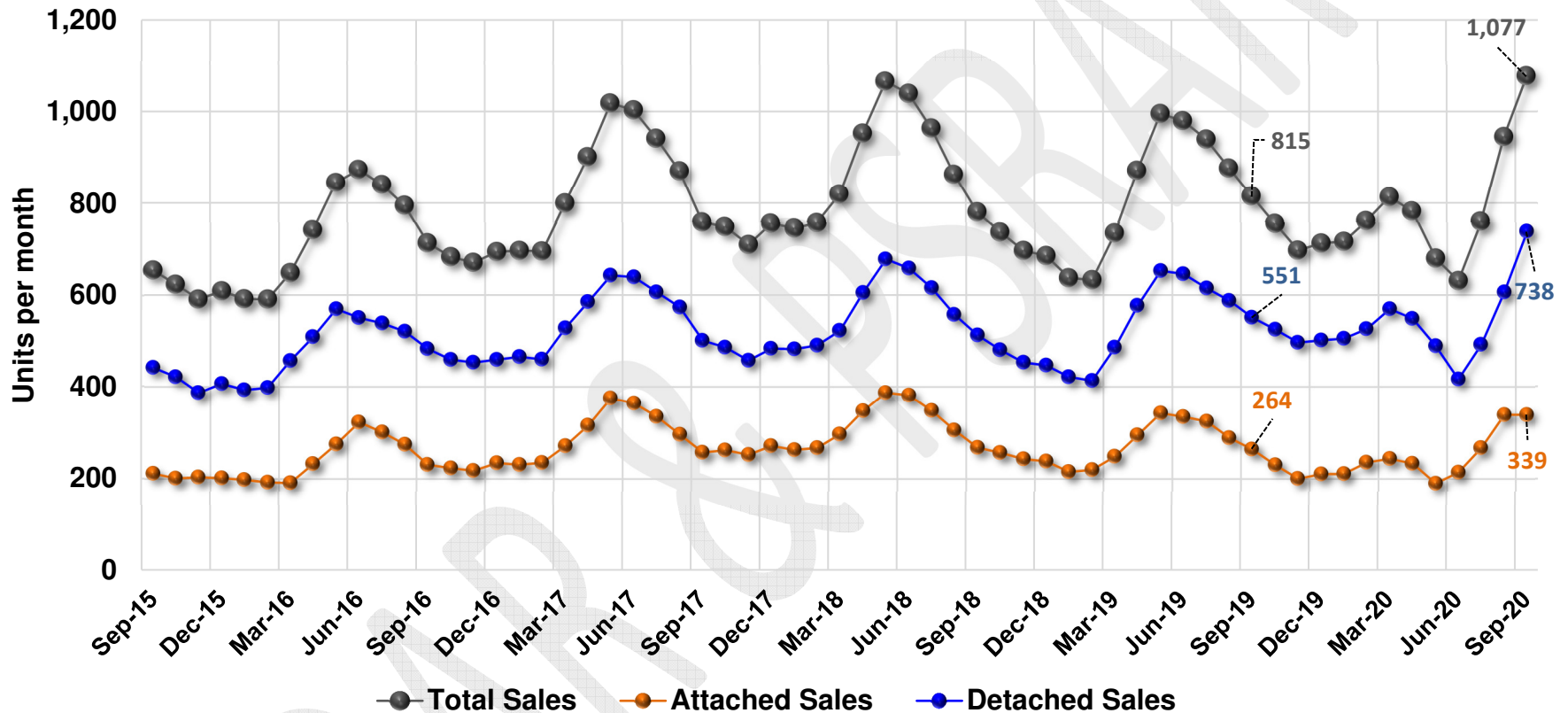
These tables compare the median price of detached and attached homes in the nine major cities of the Coachella Valley. They show what the first two charts showed – that detached home prices are surging throughout the Valley, while attached home prices are also beginning to advance. The median price of a detached home in La Quinta is up almost 30% above year ago levels while the median for Palm Springs prices is up 16% and Cathedral City up 14 1/2%. Only one city – Indian Wells – has a lower median detached home price.

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Detached, Attached and Total Sales

3 month moving average

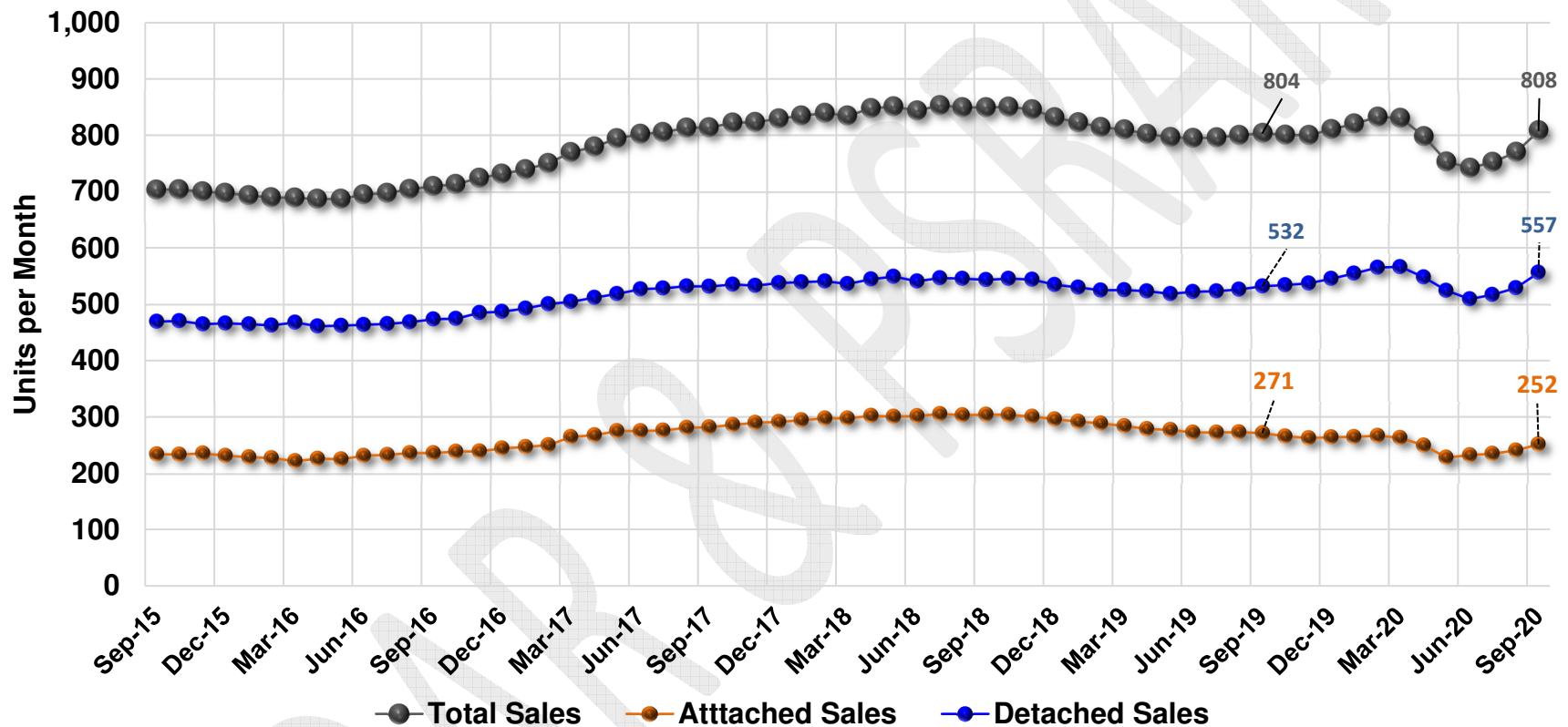


Monthly Sales – 3-month trailing avg.

As the three-month sales chart clearly shows, sales in the Valley are also surging. The three-month average of total sales, at 1,077 units a month, is the highest in recent history. This level is 32% above last September. Detached homes sales are up 34% while attached sales are up 28%. What is surprising about these numbers is that they are contrary to the normal seasonal pattern when sales normally contract during the hot summer months.

Detached, Attached and Total Sales

12 month moving average

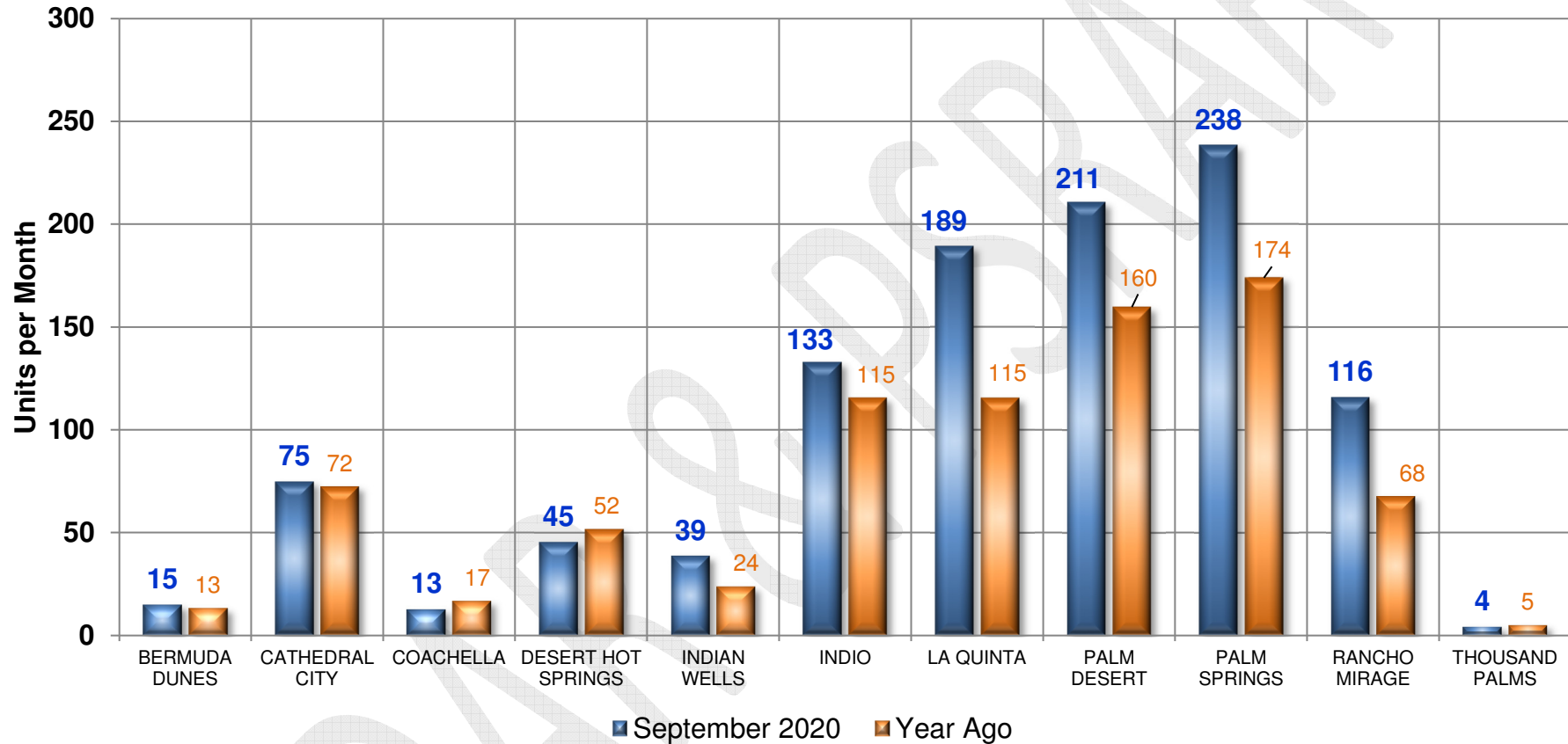


Monthly Sales – 12-month trailing avg.

Average total sales over the last 12 months, at time frame that takes out seasonality, is 808 units a month. This is almost equal to the year ago number of 804. This shows that the surge in sales in the last three months has now completely erased the decline in sales that occurred between March and June. We expect these longer-term sales metrics, especially for detached homes, to continue to rise to record levels.

Home Sales by City

3 month avg sales

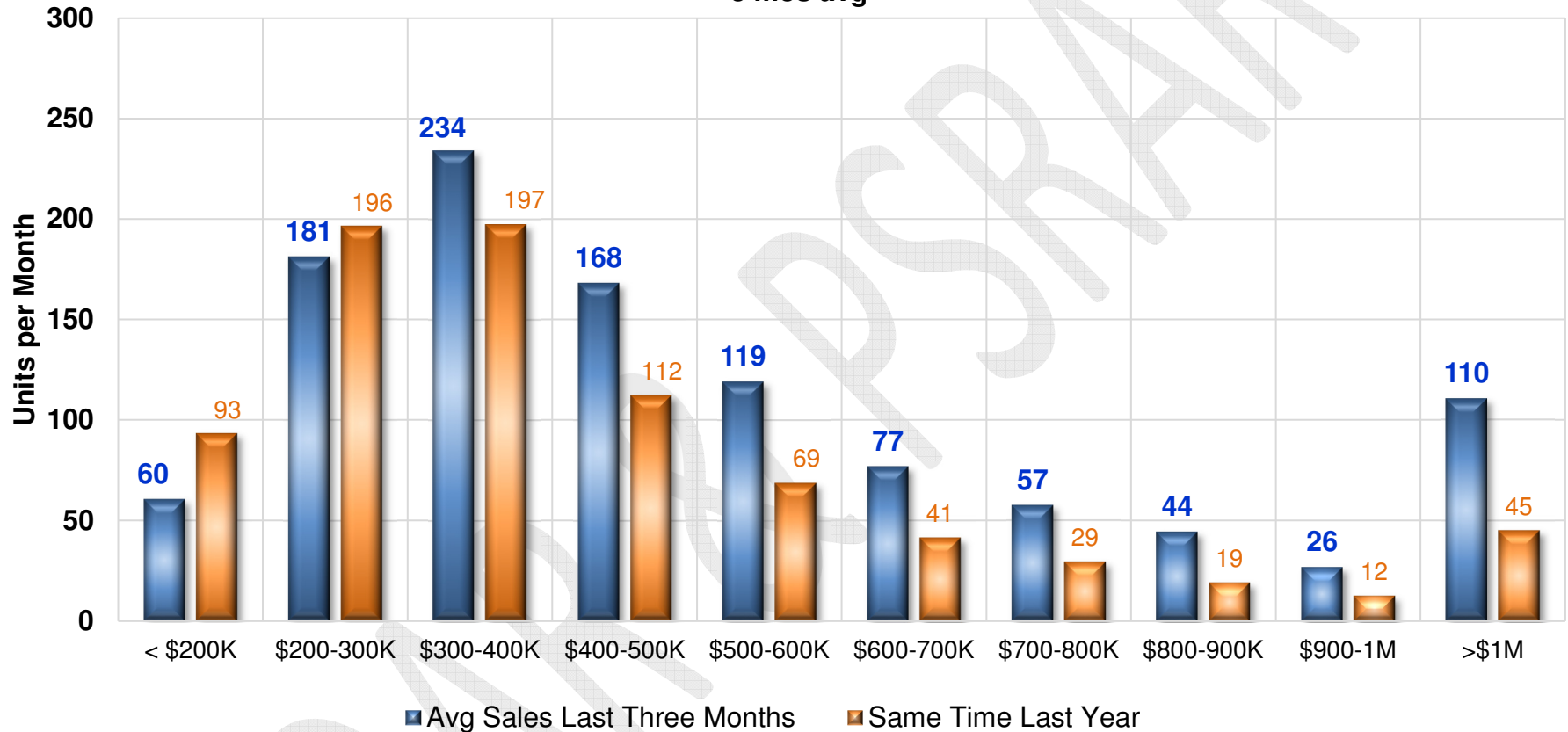


Home Sales per month by City

This graph compares average three-month sales in eleven cities to their year ago levels. Four cities show particularly large increases over last year – La Quinta, Palm Desert, Palm Springs and Rancho Mirage. The largest increase from 68 units to 116 units is in Rancho Mirage. That is a sales increase of 71%. Next is La Quinta, with an increase of 64%, followed by Palm Desert with an increase of 38% and Palm Springs with an increase of 37%.

Home Sales by Price Range

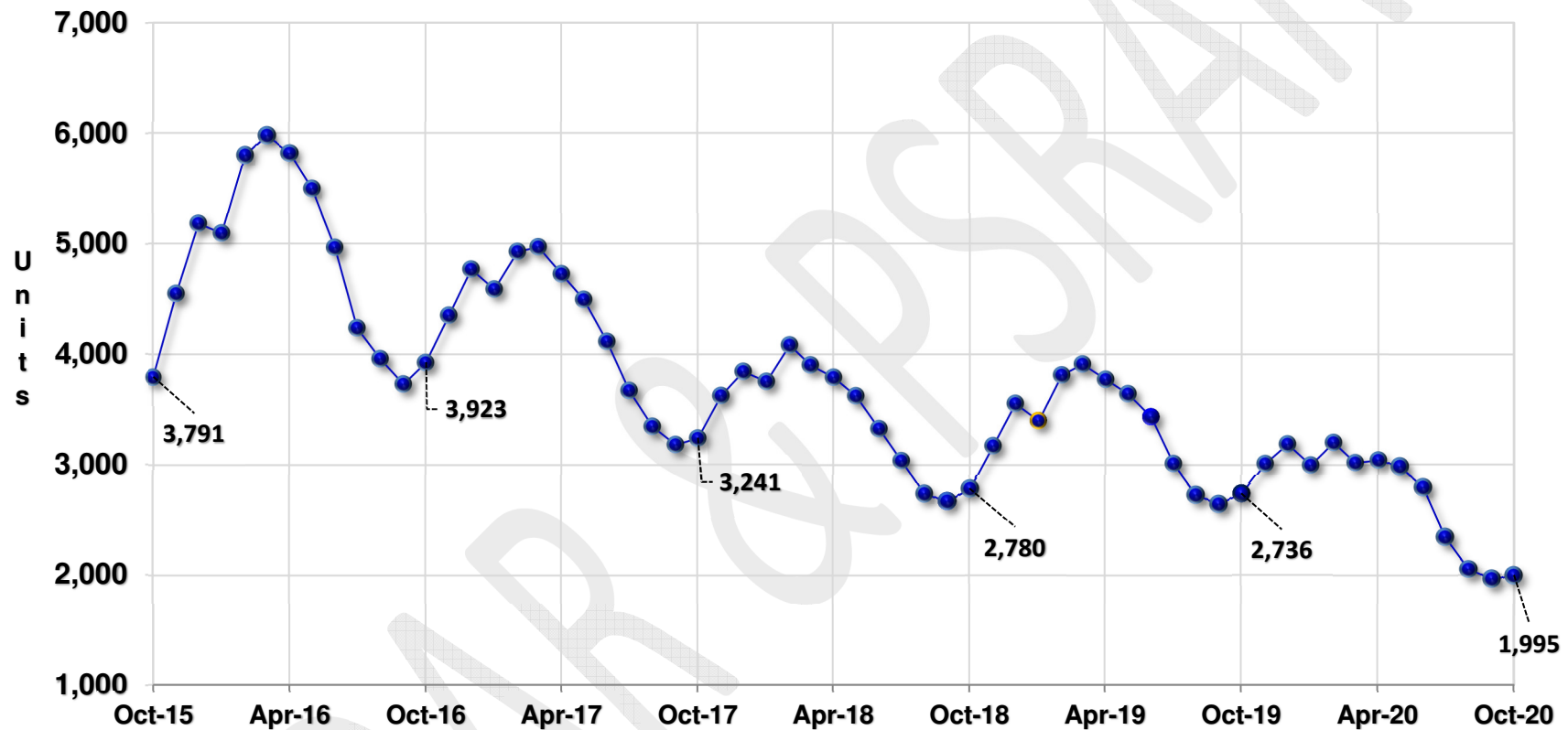
3 mos avg



Home Sales by Price Range

When we measure sales in different price brackets, we find the largest increases begin in homes priced over \$400,000. In fact, by far the largest percentage sales increases are in homes priced over \$700,000. In the price bracket from \$700k to \$800k, sales increased 96%. In the million-dollar and over price bracket, sales went from an average of 45 units a month to 110 units a month, which is an increase of 144%.

Valley Housing Inventory 2015 - 2020

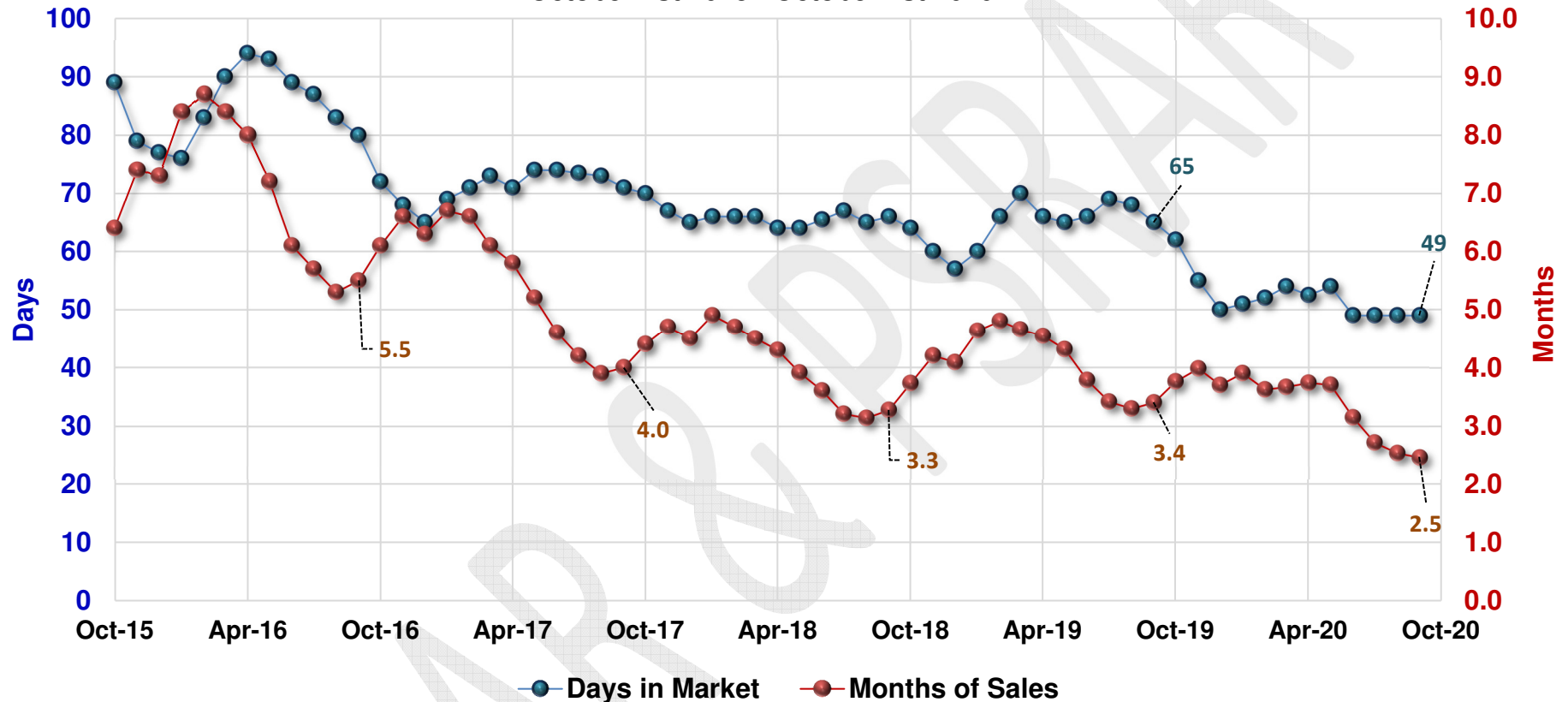


Coachella Valley Inventory

Valley inventory continues to hover at historically low levels. On October 1st there were only 1,995 units for sale. As you can see from the chart this is far below previous years. It is this low supply coupled with surging demand that is driving prices higher. However, we expect inventory to rise over the next four months as it does almost every year. Last year this seasonal increase was small. The current large number of homebuyers may keep inventory increases low again this year.

Days on the Market & Months of Sales

October 1st 2015 - October 1st 2020

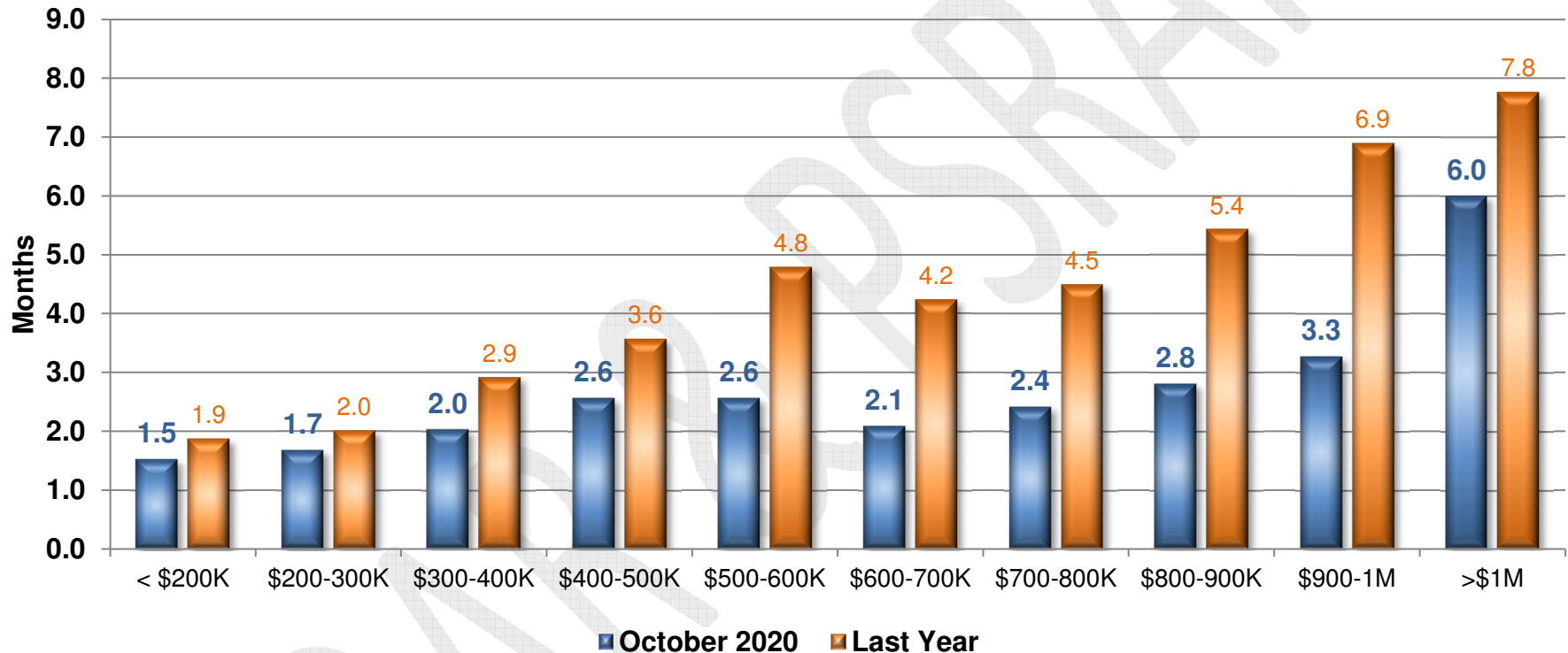


“Days in the Market” and “Months of Sales”

Because of growing sales and record low inventory, the “months of sales” ratio is again at a record low of 2.5 months. The ratio is really a measurement of demand versus supply and a low ratio of 2.5 months is a mathematical sign that demand far exceeds supply. The previous October 1st low was 3.3 months. This indicator is confirmed by another important indicator called the median number of “days in the market.” It is currently at 49 days, which is 16 days less than it was a year ago.

"Months of Sales" by Price Range

uses avg. twelve month sales
October 1st 2020

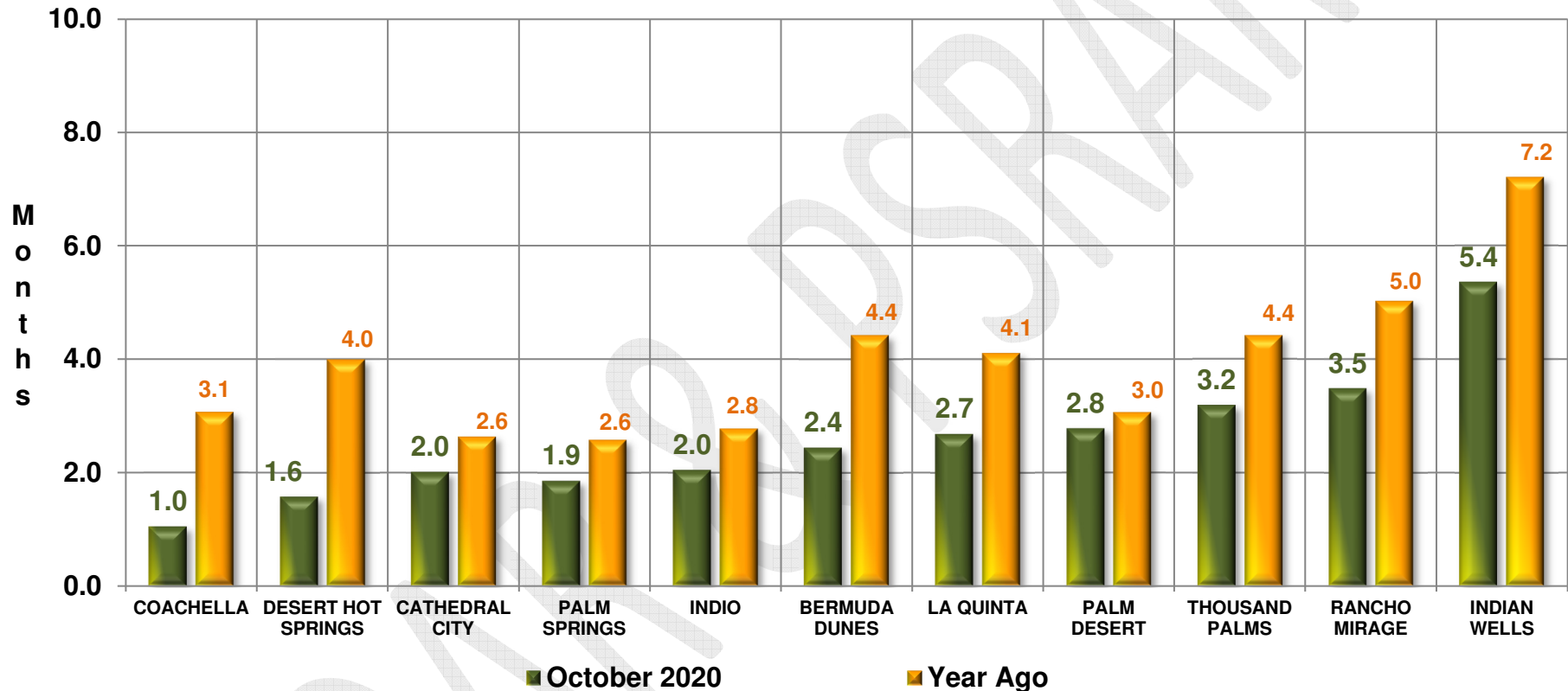


"Months of Sales" by Price Range

The "months of sales" ratio in each price bracket is lower than the previous year's value. The ratio is now below three months in every price bracket under \$900,000. This shows that the strong housing market is occurring across the entire price spectrum but is especially strong in homes priced over \$500,000.

"Months of Sales" by City

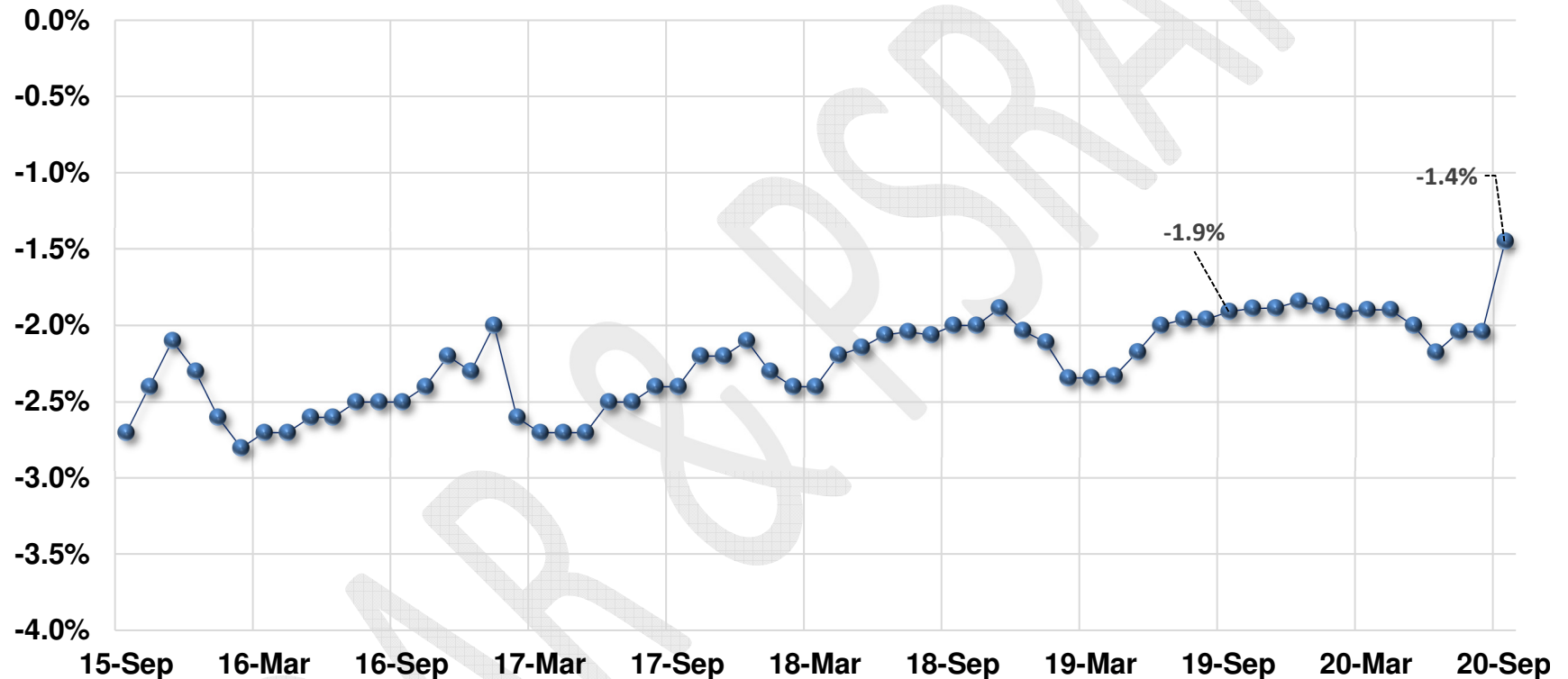
city inventory divided by average twelve month sales



"Months of Sales" by City

On October 1st, the "months of sales" ratio in each of the region's eleven cities registered improved ratios compared to year ago values. The cities of Coachella, Desert Hot Springs, Cathedral City, Palm Springs, Indio, Bermuda Dunes, La Quinta and Palm Desert all have ratios under three months. Even the high-priced cities of Rancho Mirage and Indian Wells, which normally have double-digit ratios, have ratios of 3.5 months and 5.4 months respectively.

Sales Price Discount from List September 2015 to September 2020



Sale Price Discount from List

The September median value for “Sale Price Discount from List” was -1.4%, which is half percentage less than a year ago. In this chart improvement is shown by the dots moving higher, which represents smaller price discounts. We expect this upward trend of smaller discounts to continue until at least the end of the year. The current reading implies that an average home in the region offered at \$500,000 sold for \$493,000.



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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