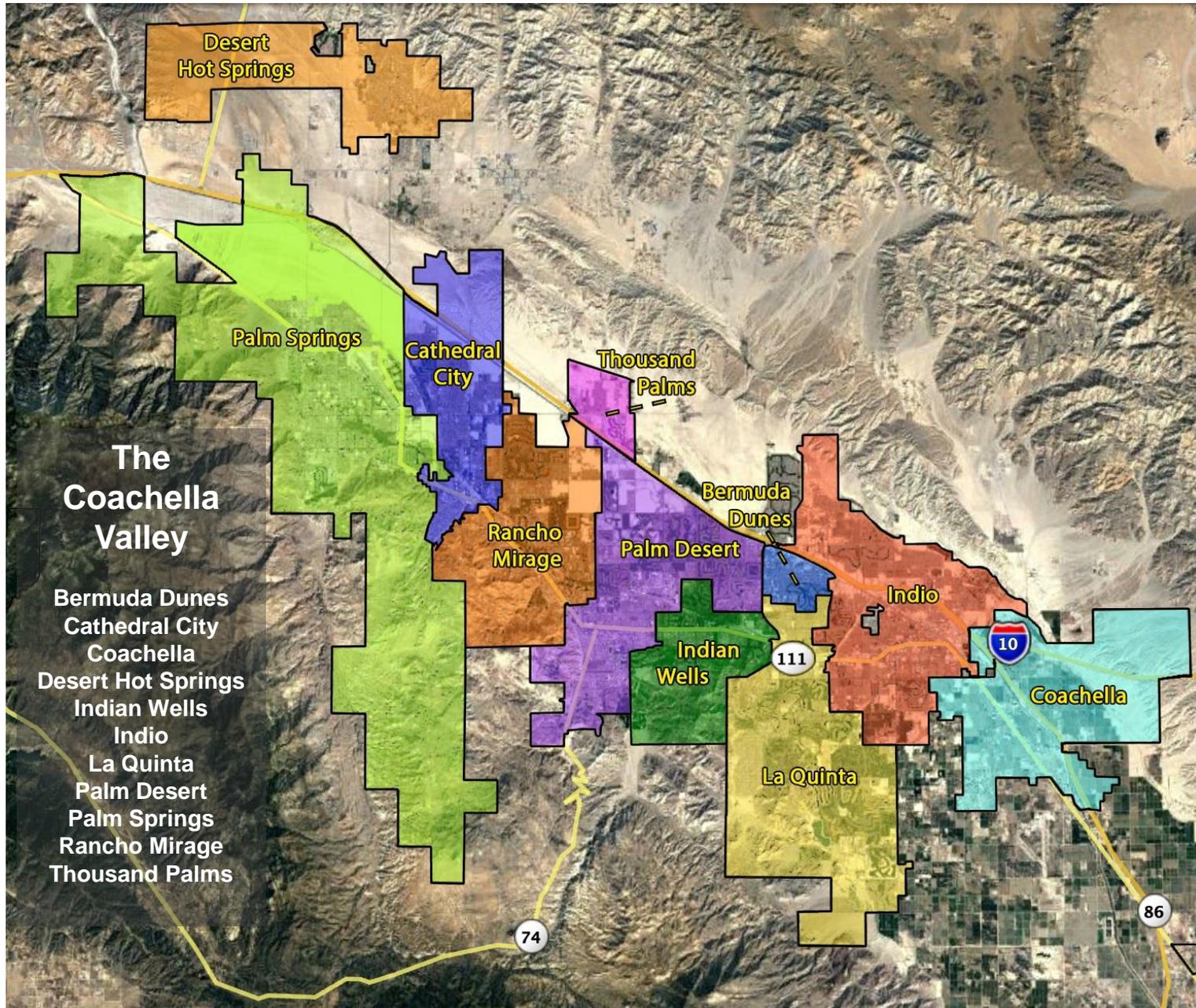


The Desert Housing Report

January 2022





Summary

PRICES: At the end of January, the median price of a detached home in the Coachella Valley was \$617,000. This represents a year-over-year gain of 17½%. The median price for attached homes in the Valley in January was \$425,000, which is more than \$20,000 higher than last month and a year-over-year increase of 27%. The cities of Rancho Mirage, Bermuda Dunes and Indio all have year-over-year increases above 30% for detached homes. Year-over-year gains in attached home prices range from 29.2% up to 67.2%. With continuing record low inventory and relatively high sales, we expect these powerful price trends to continue.

SALES: Three-month total sales in January averaged 864 units a month. This is 17% less than last January but 23% against the pre-pandemic January averages. The 12-month average of sales, which takes out all seasonality, shows total sales in January averaging 1,005 units a month, which is 8.4% above last year but the number is gradually trending down. Numbers for each city show that the sales decline (3-month average) is primarily from lower sales in three major cities - La Quinta, Palm Desert and Palm Springs.

INVENTORY & “MONTHS OF SALES” RATIOS: On February 1st total inventory stood at 596 units, which is effectively at record low levels. From a seasonal perspective this low number is becoming rather alarming. Historically inventory always rises between September 1st and March 1st. There has been no inventory increase this year, which means that seasonally, there will now be downward pressure on inventory going forward. On February 1st the “months of sales” for the Valley was .6 months, which is the same as last month and at the historically low ratios registered during the summer. A year ago, the ratio was 1.4 months.

DIM: At the end of January, the median number of “days in the market” throughout the Valley was 27 days, which is the same it was last month. Desert Hot Springs has the lowest number of days for detached homes at 22 days, followed by Indian Wells with 24 days and Rancho Mirage at 25 days. In the attached market, Cathedral City has average selling times of just 11 days, followed by Palm Springs at 16 days.

PRICE DISCOUNTS: Palm Springs now has the highest selling premium for detached homes at 1.5%, followed by Indio at 1.1% and Cathedral City at 1%. In the attached market, Rancho Mirage has the highest selling premium at 1.9%.

Coachella Valley Median Detached Home Price

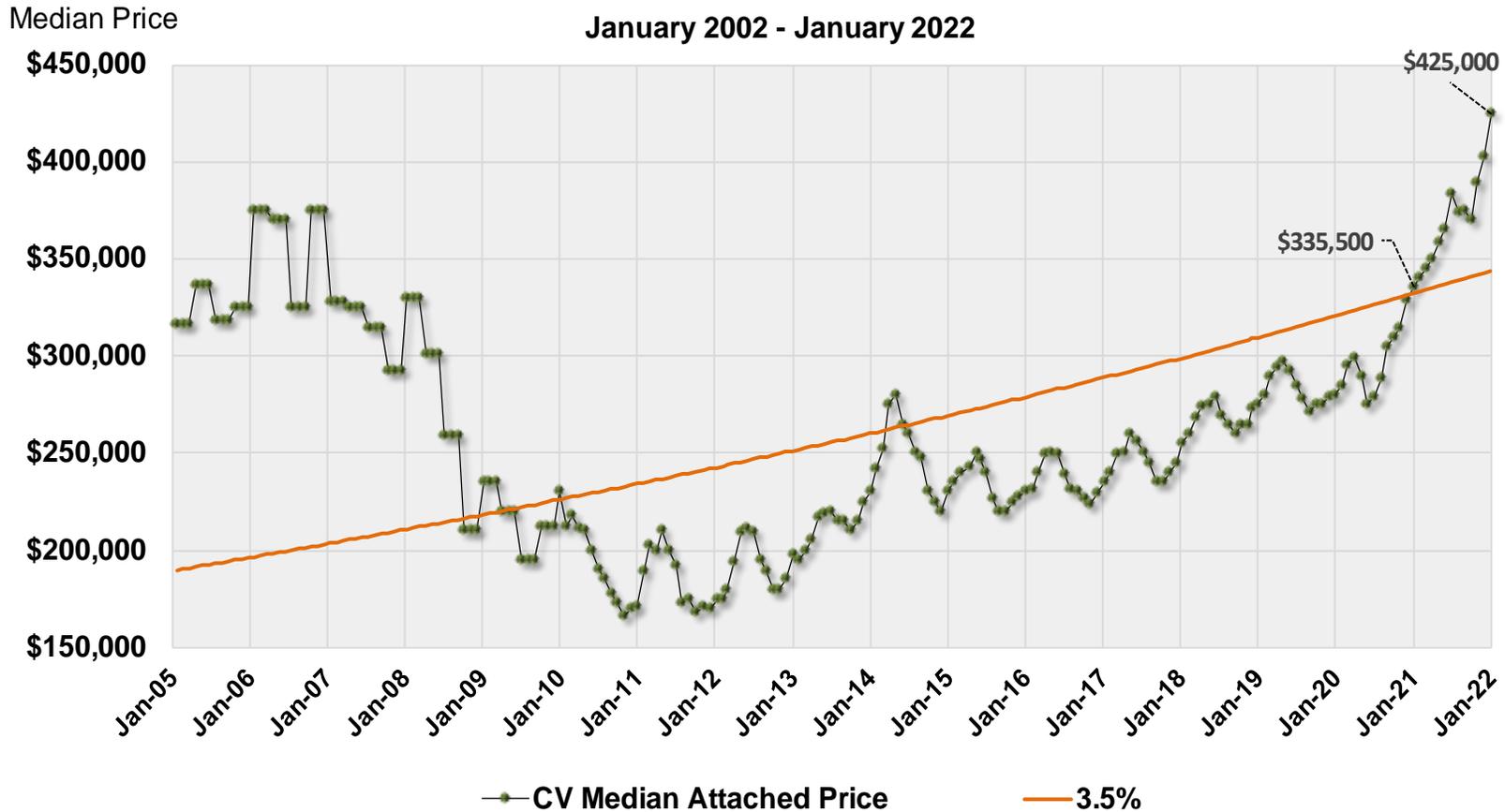
January 2002 - January 2022



Coachella Valley Detached Median Price

At the end of January, the median price of a detached home in the Coachella Valley was \$617,000. This represents a year-over-year gain of 17.5%. We have entered the strong seasonal period for price strength, and we expect that to continue into 2022. The forces that have driven prices higher – low inventory and rising sales – continue to dominate the housing market, so we expect home prices to strongly move higher.

Coachella Valley Median Attached Price



Coachella Valley Median Attached Price

The median price for attached homes in the Valley in January was \$425,000, which is more than \$20,000 higher than last month and a year-over-year increase of 27%. Attached homes also have a seasonal pattern, which usually begins in November and carries through until May. So, we also expect attached home prices to continue to move strongly higher.

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	\$378.44	\$1,201,542	\$885,095	35.8%	\$506,317	137.3%
Bermuda Dunes	2,500	\$309.89	\$774,722	\$584,050	32.6%	\$239,325	223.7%
Indio	2,000	\$260.98	\$521,955	\$399,000	30.8%	\$156,340	233.9%
La Quinta	2,550	\$355.12	\$905,558	\$700,766	29.2%	\$318,164	184.6%
Indian Wells	3,450	\$419.22	\$1,446,326	\$1,130,082	28.0%	\$666,885	116.9%
Palm Desert	2,200	\$323.86	\$712,500	\$558,404	27.6%	\$302,302	135.7%
Desert Hot Springs	1,600	\$226.24	\$361,984	\$286,488	26.4%	\$86,656	317.7%
Palm Springs	2,175	\$525.45	\$1,142,843	\$922,896	23.8%	\$323,879	252.9%
Cathedral City	1,800	\$295.72	\$532,291	\$432,324	23.1%	\$153,216	247.4%
Coachella	1,700	\$215.84	\$366,925	\$311,576	17.8%	\$111,367	229.5%

Price of The Average Size Attached Home

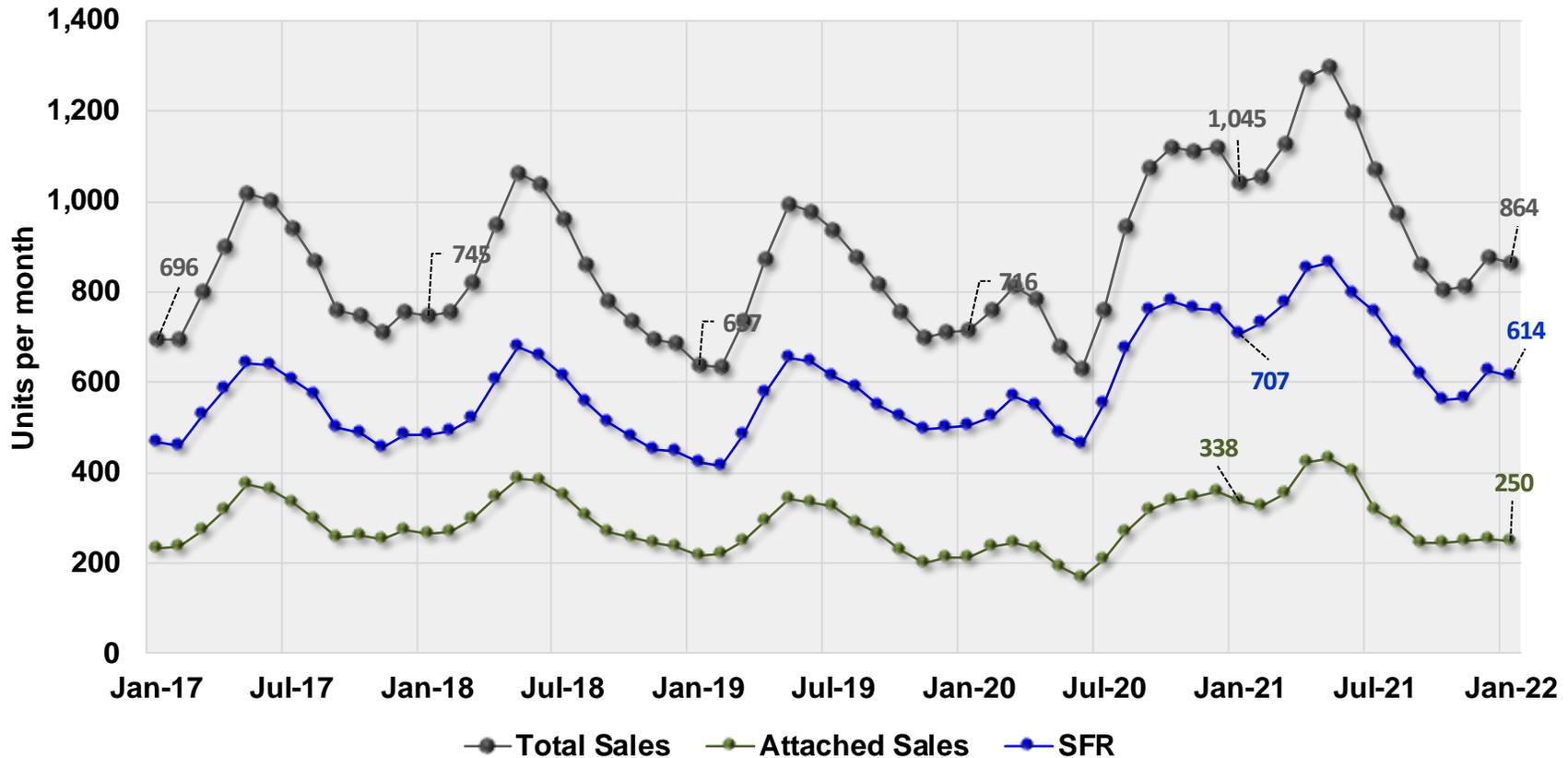
City	Avg. Size Home	Pr. per sq/ft	Price of Avg. Size Home	Price One Year Ago	12 Month Change	2011-12 Price Low	% From Low
Desert Hot Springs	750	\$153.40	\$115,046	\$68,805	67.2%	\$16,013	618%
La Quinta	1,750	\$358.35	\$627,111	\$413,980	51.5%	\$247,713	153%
Bermuda Dunes	1,450	\$255.36	\$370,273	\$252,757	46.5%	\$89,117	315%
Cathedral City	1,250	\$237.10	\$296,375	\$206,275	43.7%	\$80,544	268%
Palm Desert	1,600	\$303.39	\$485,422	\$352,032	37.9%	\$197,896	145%
Indio	1,050	\$249.17	\$261,631	\$191,132	36.9%	\$56,396	364%
Palm Springs	1,250	\$325.74	\$407,173	\$312,500	30.3%	\$129,788	214%
Rancho Mirage	1,775	\$275.63	\$489,237	\$378,519	29.3%	\$211,030	132%
Indian Wells	1,950	\$310.74	\$605,948	\$468,985	29.2%	\$259,126	134%

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, Bermuda Dunes and Indio all have year-over-year increases above 30% for detached homes. Year-over-year gains in attached home prices range from 29.2% up to 67.2%.

Detached, Attached and Total Sales

3 month moving average

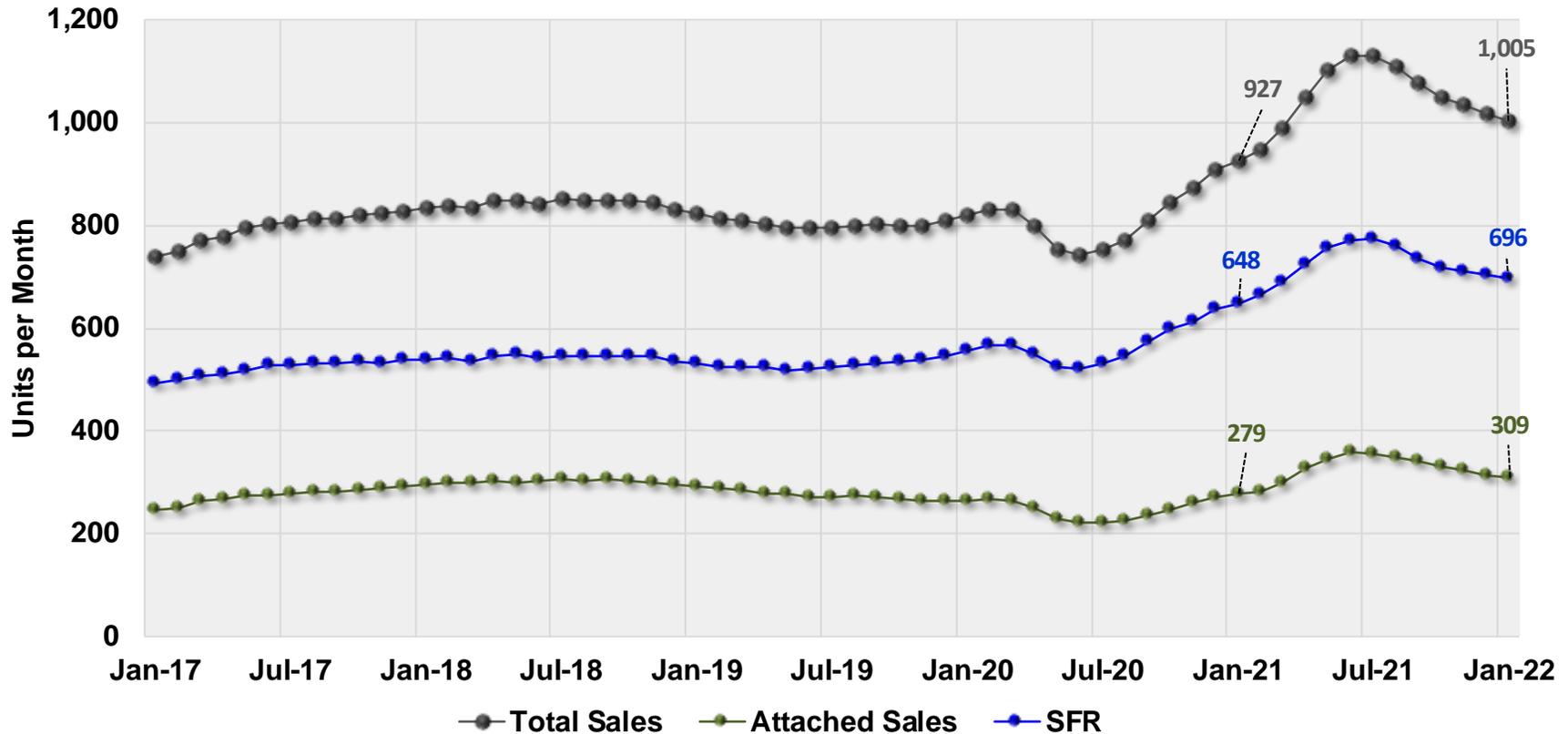


Monthly Sales – 3-month trailing avg.

Three-month total sales in January averaged 864 units a month. This is 17% less than last January but 23% against the pre-pandemic January averages. Sales are down in both detached and attached homes but more so in the attached market. Sales of detached homes are down only 13%, while those for attached homes are down 26%.

Detached, Attached and Total Sales

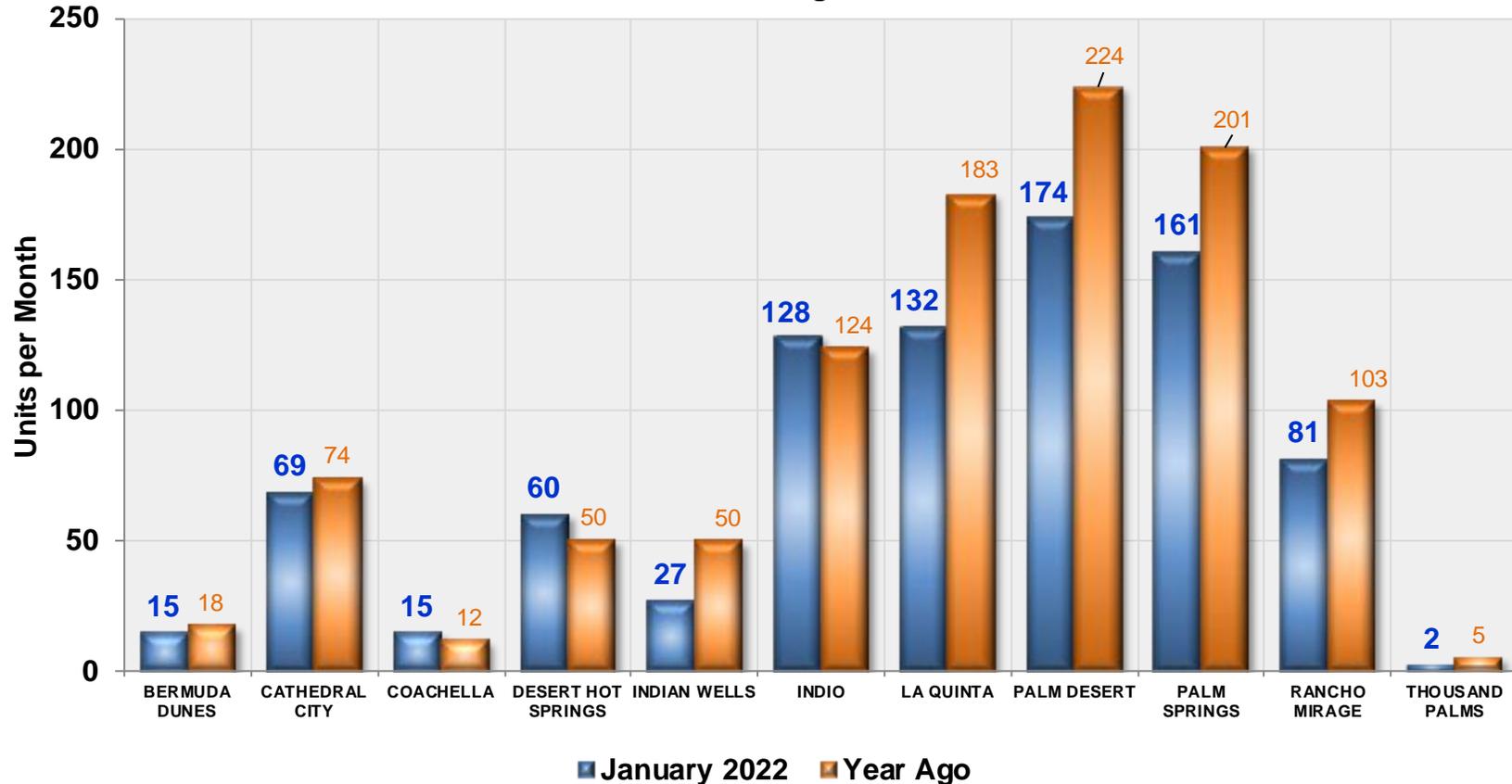
12 month moving average



Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out all seasonality, shows total sales in January averaging 1,005 units a month, which is 8.4% above last year but gradually trending down. Notice that long-term sales are still 20% to 25% above pre-pandemic levels. Sales of detached homes are 7.4% higher, while those of attached homes are 10.7% higher. We expect long term sales to continue to slowly retreat from the June highs of last year.

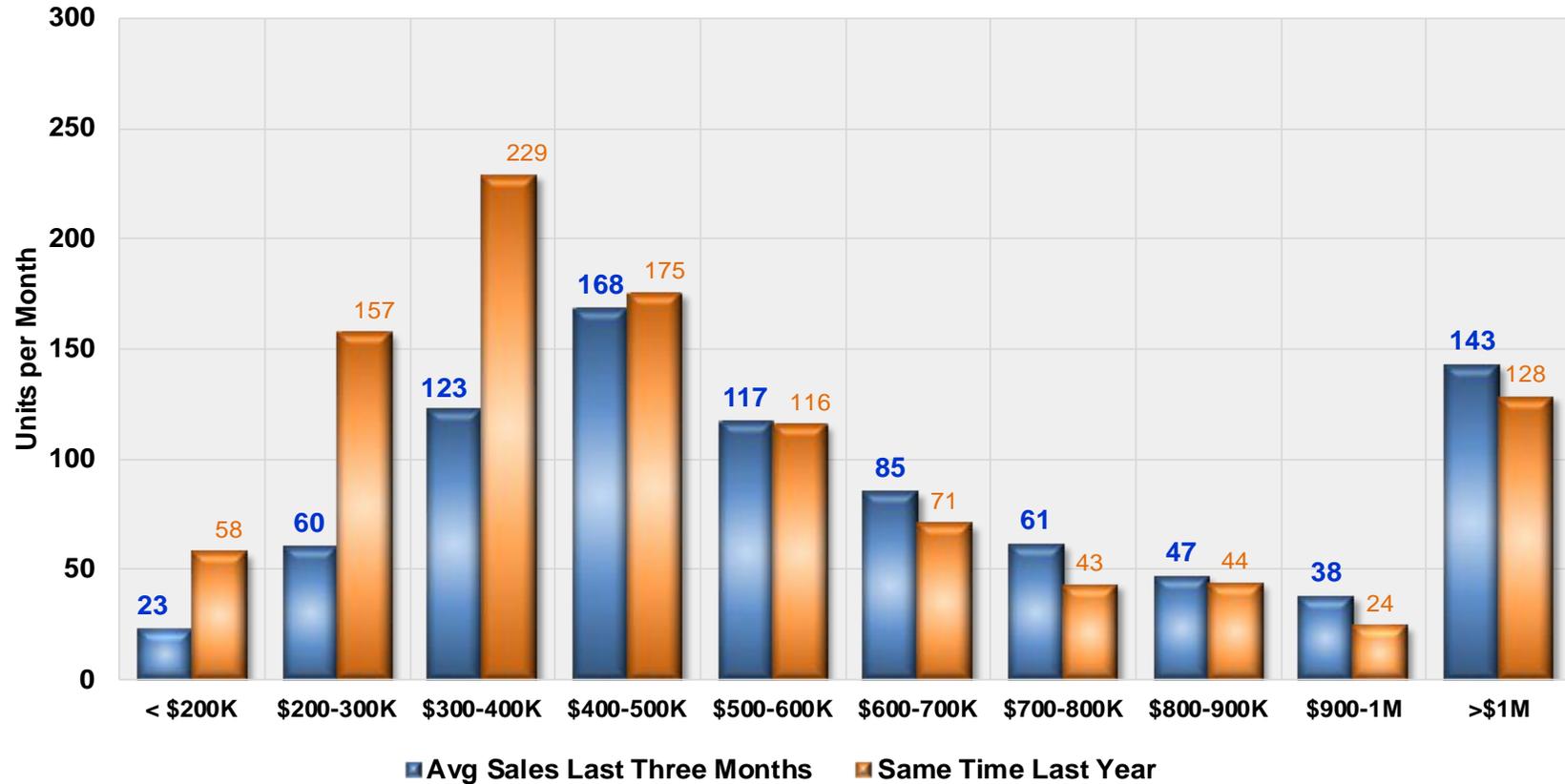
Home Sales by City 3 month avg sales



Home Sales by City

Numbers for each city show that the sales decline (3-month average) is primarily from lower sales in three major cities - La Quinta, Palm Desert and Palm Springs. Sales in Cathedral City, Desert Hot Springs and Indio are higher, or at least comparable to, year ago levels. This is primarily due to shrinking inventory and higher prices in these three major cities. Cities with overall lower prices are maintaining last year sales levels.

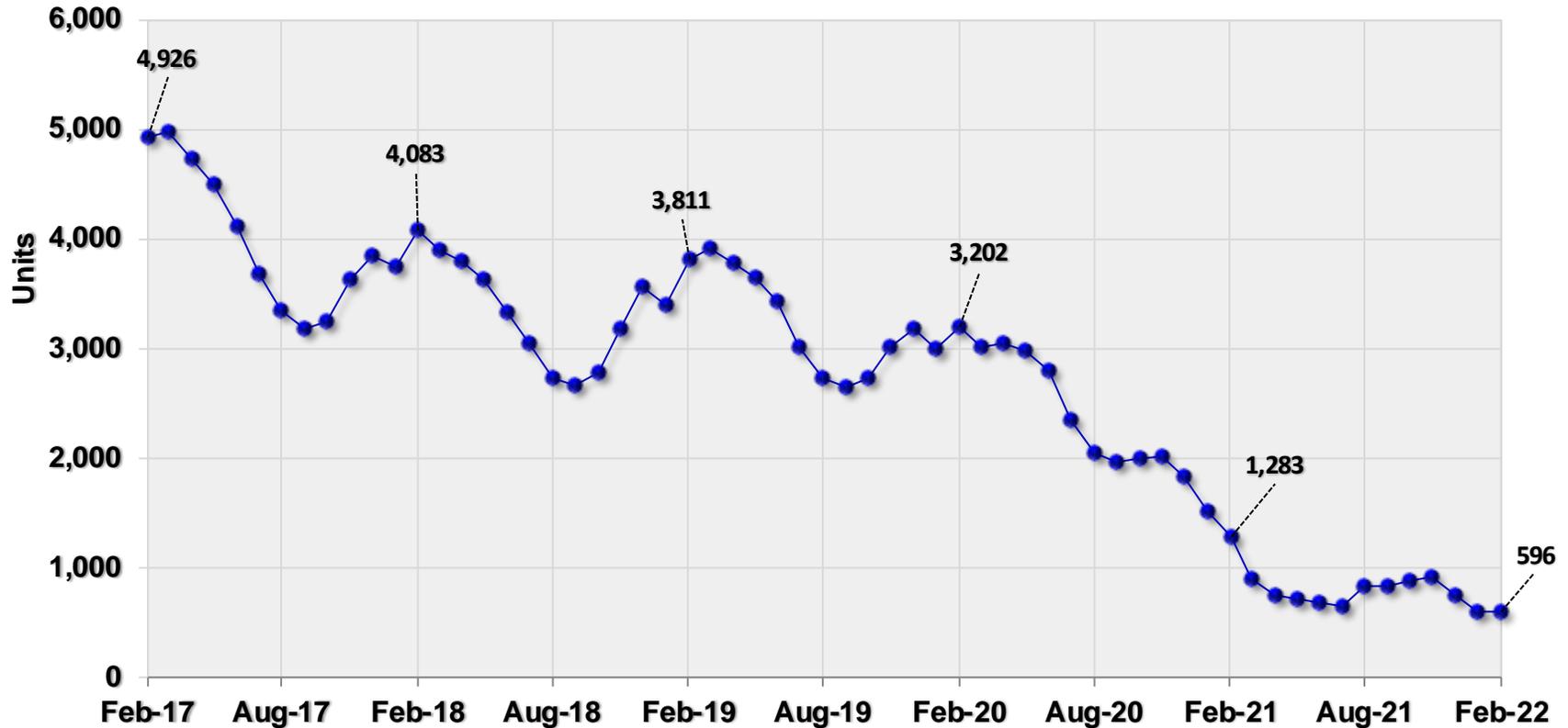
Home Sales by Price Range 3 mos avg



Home Sales by Price Range

As in previous months, the graph clearly shows the drop in sales is almost all in homes priced under \$400,000. Sales of homes in price brackets over \$500,000 are higher than year ago levels. Sales of homes priced between \$400,000 and \$600,000 are effectively unchanged from year ago levels. Sales of homes priced over \$600,000 are generally higher than year ago levels.

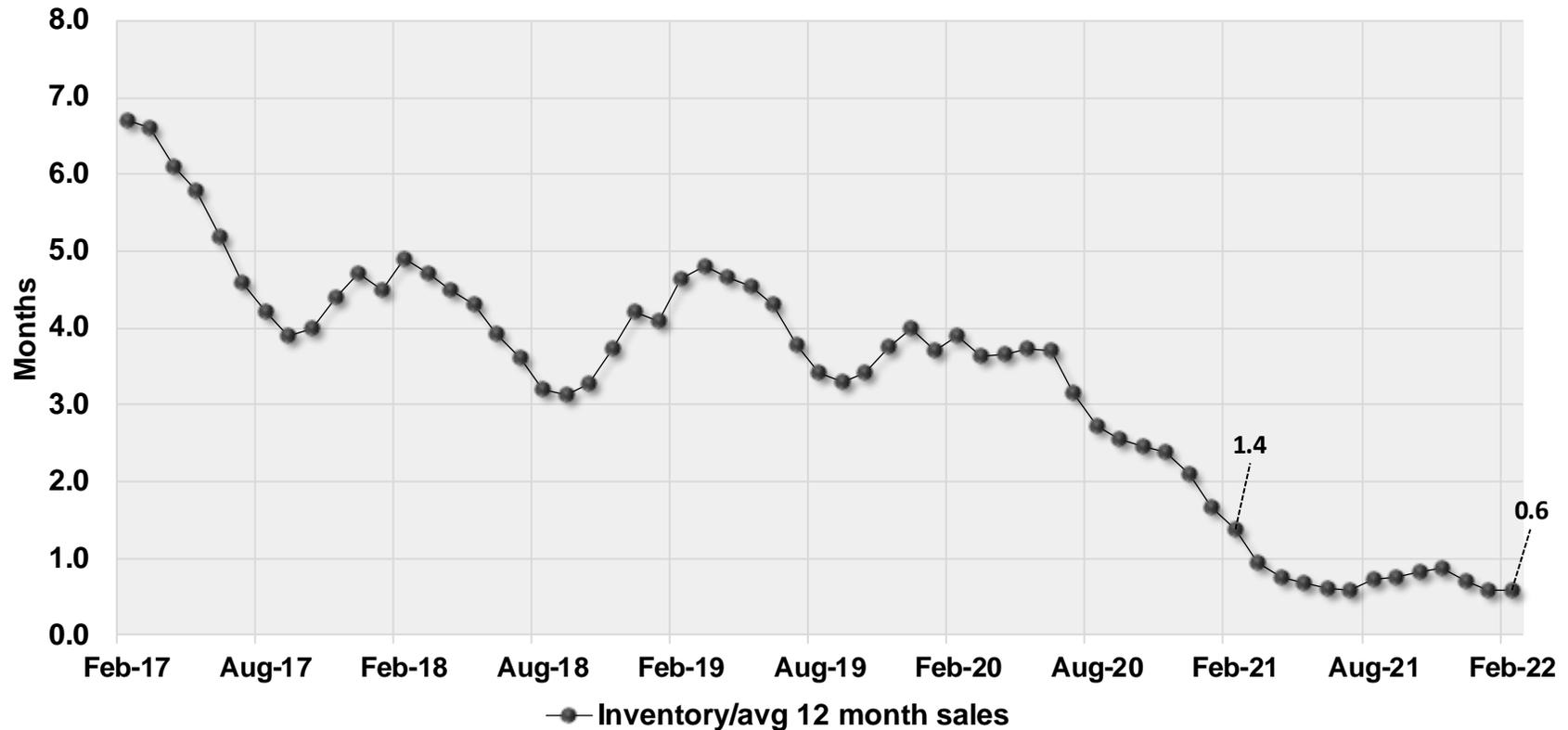
Valley Housing Inventory February 1st 2017 to February 1st 2022



Coachella Valley Total Inventory

On February 1st total inventory stood at 596 units, which is effectively at record low levels. From a seasonal perspective this low number is becoming rather alarming. Historically inventory always rises between September 1st and March 1st. There has been no inventory increase this year, which means that seasonally, there will now be downward pressure on inventory going forward. Unless new listings explode, creating more inventory, the net effect of this must be a reduction in the sales rate as we continue into 2022.

"Months of Sales" Ratio
Coachella Valley
February 1st 2017 - February 1st 2022



Regional "Months of Sales" Ratio

On February 1st the "months of sales" for the Valley was .6 months, which is the same as last month and at the historically low ratios registered last summer. A year ago, the ratio was 1.4 months. These historically low ratios continued indicate heavy demand and very low supply, which are the two requirements for much higher prices. Even though prices are 30% or more above year ago levels, this ratio is a strong indicator that higher prices still lie ahead.

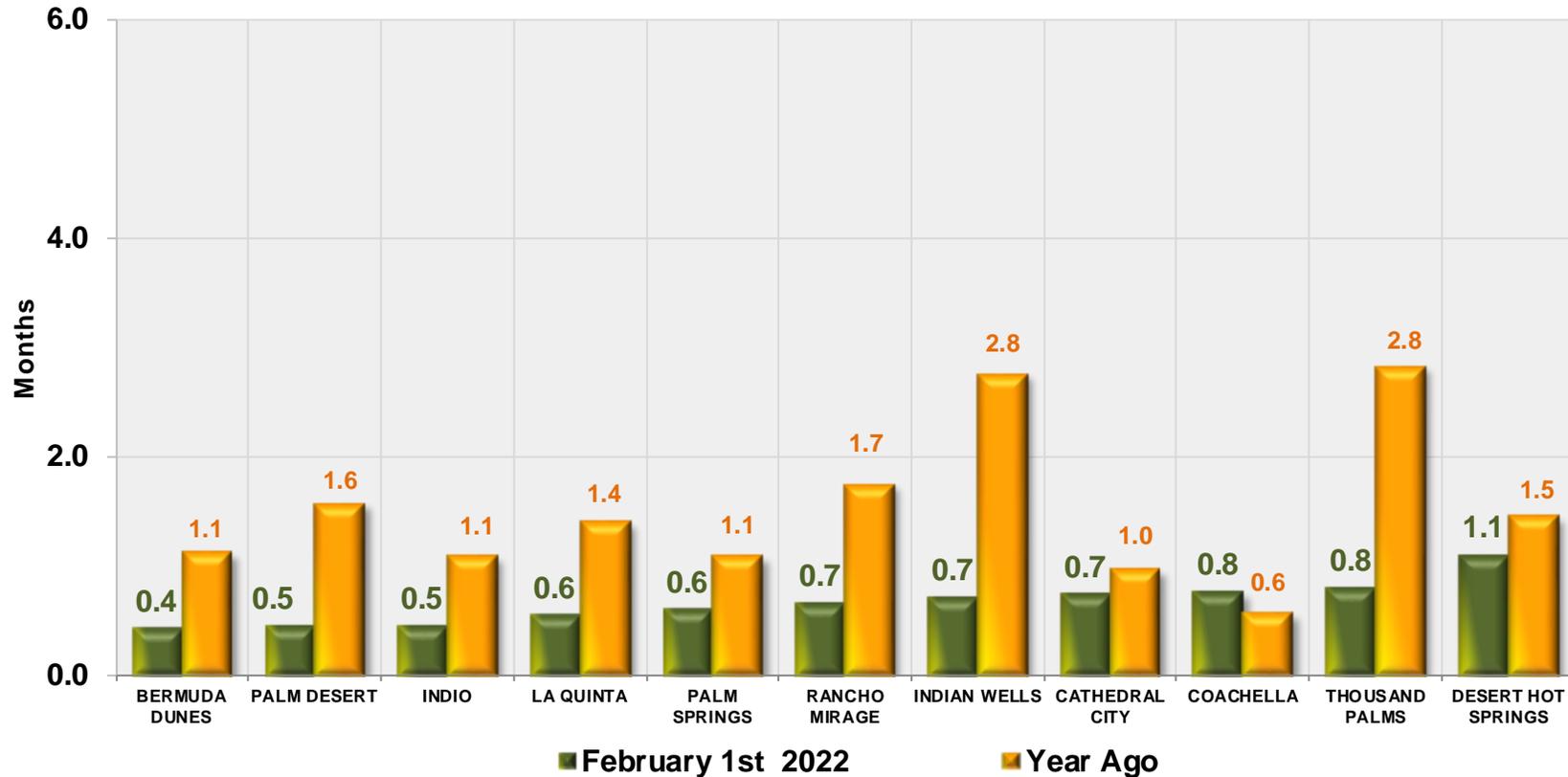
"Months of Sales" by Price Range uses avg. twelve month sales



"Months of Sales" by Price Range

This chart displays the "months of sales" ratios in the different regional price brackets compared to last year. Blue bars are current ratios and orange bars are the ratios last year. Every price bracket, except for homes over a million dollars, has a "months of sales" ratio under .7 months. For homes over a million dollars, the ratio is 1.3 months, which is the same as last month. This shows that the strong seller's market exists across the entire price spectrum.

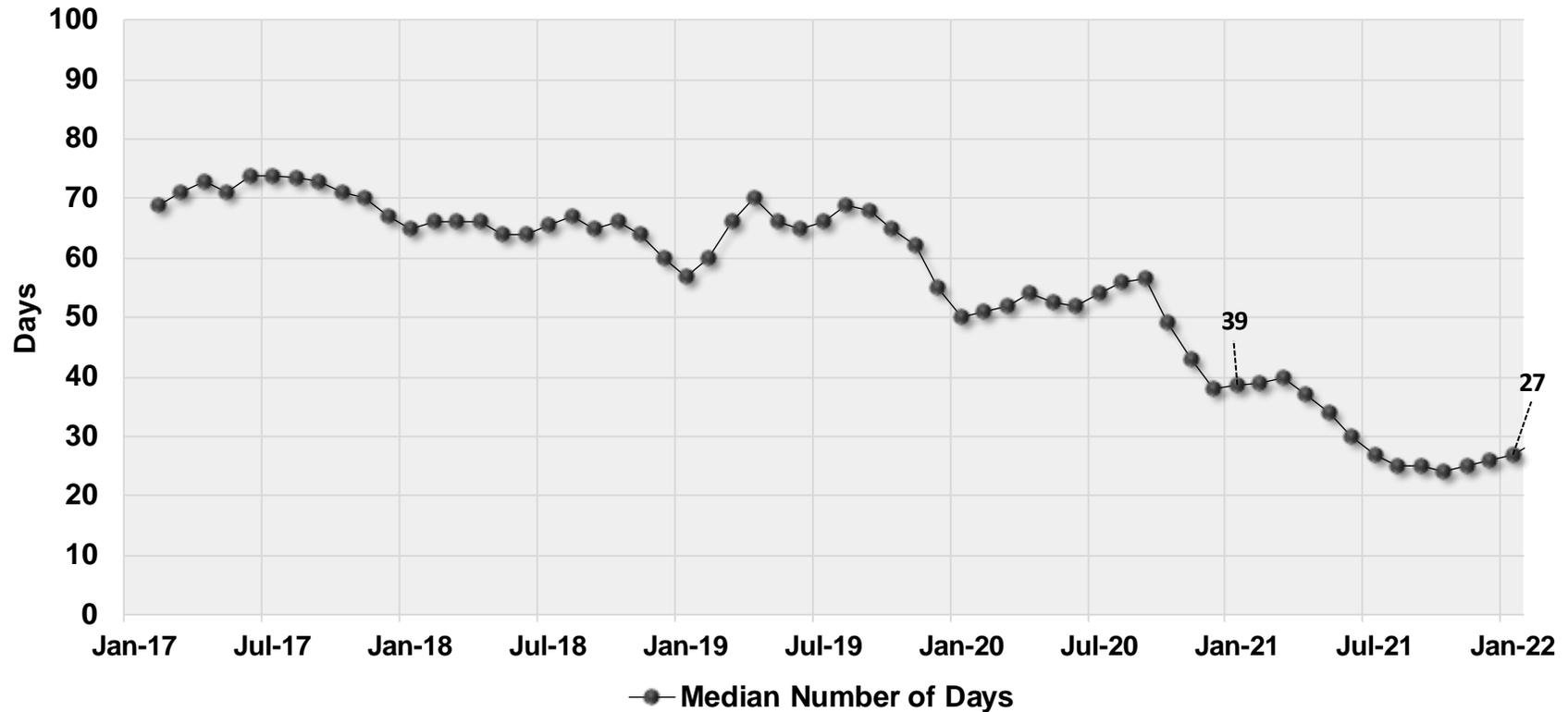
"Months of Sales" by City city inventory divided by average twelve month sales



"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 is now Bermuda Dunes at .4 months, followed by Palm Desert and Indio at half a month. Only Desert Hot Springs has a ratio over one month.

"Days in the Market"
Coachella Valley
January 2017 - January 2022



Regional "Days in the Market"

At the end of January, the median number of "days in the market" throughout the Valley was 27 days, which is the same it was last month. As the graph clearly shows selling times in the Valley have been gradually inching higher over the last four months. With inventory remaining low and sales staying high, forces continue in place to keep selling times at 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. Desert Hot Springs has the lowest number of days for detached homes at 22 days, followed by Indian Wells with 24 days and Rancho Mirage at 25 days. In the attached market, Cathedral City has average selling times of just 11 days, followed by Palm Springs at 16 days.

Price Discount from List

(Median Value)

January 2017 to January 2022



Reginal Price Discount

The median value for “Sale Discount from List” for detached homes in January was again 0.0%, which is the same discount it’s had for eleven 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 -.8%. 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 Premium/Discount - Detached Homes
(Average Value)



Price Premium/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 now has the highest selling premium for detached homes at 1.5%, followed by Indio at 1.1% and Cathedral City at 1%. In the attached market, Rancho Mirage has the highest selling premium at 1.9%.

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 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.