

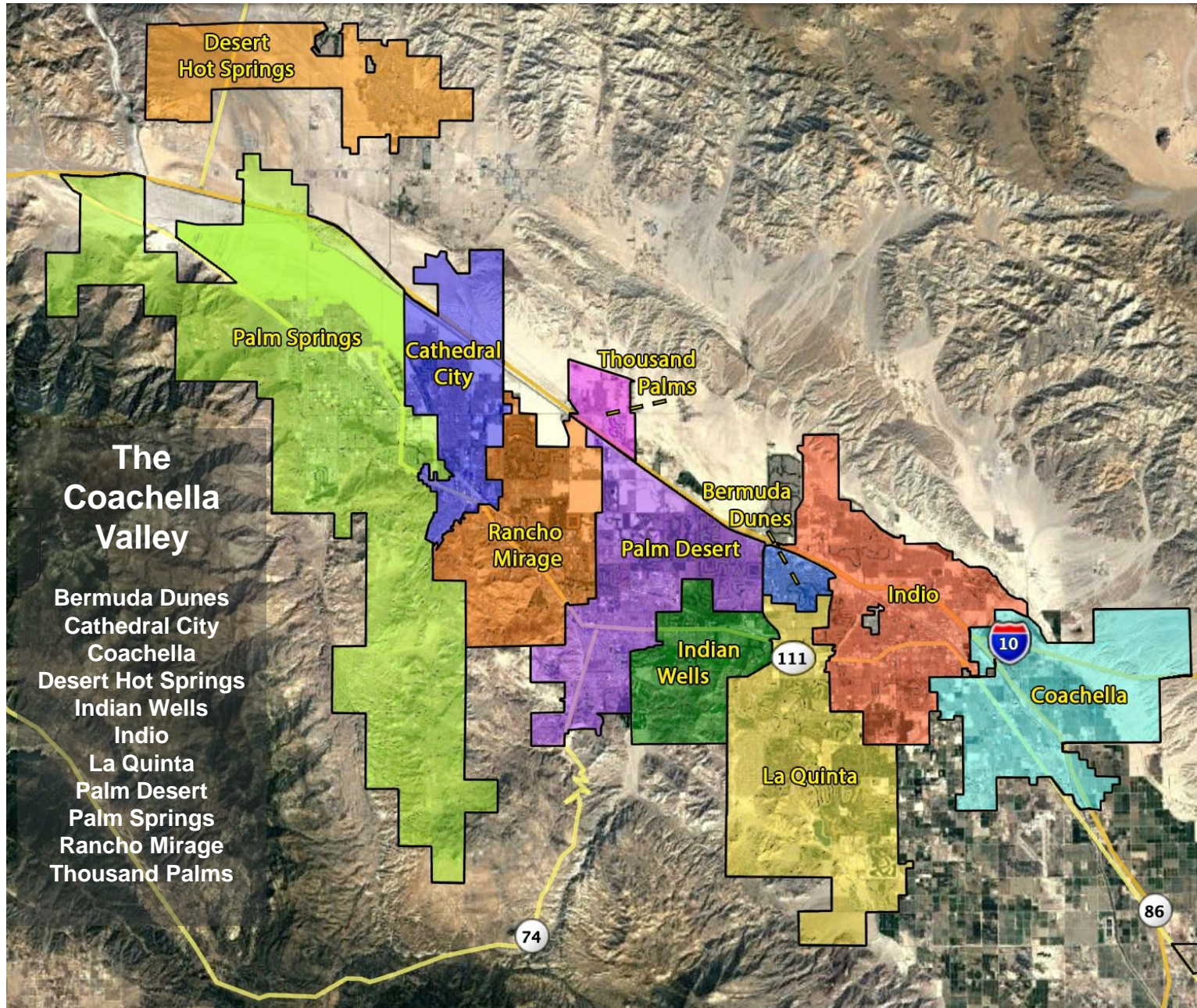
The Desert Housing Report

July 2022



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Summary

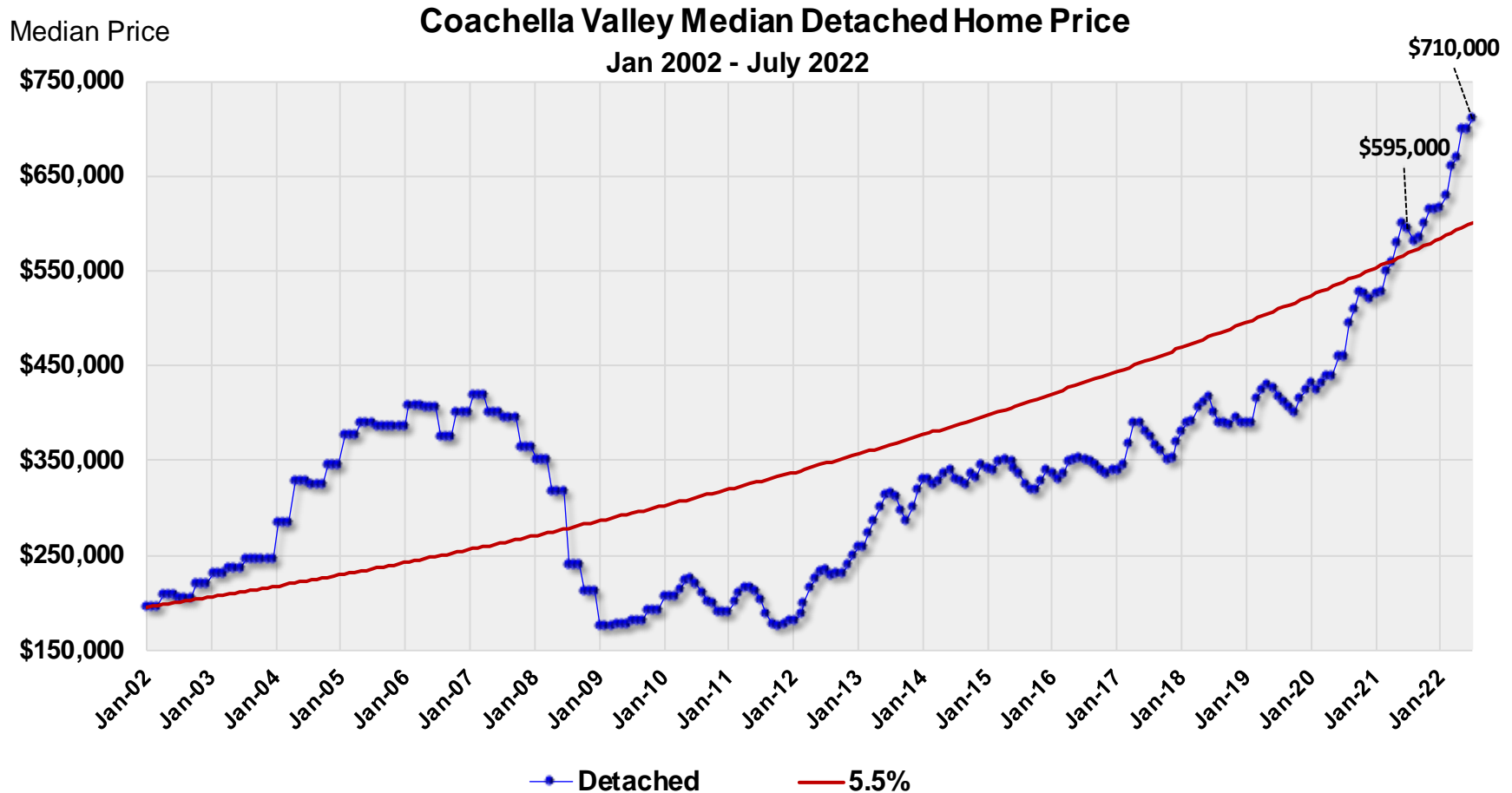
PRICES: July's median price of a detached home in the Coachella Valley was \$710,000, up \$10,000 for the month and 19.3% year over year. We have entered the seasonal period when home prices usually slow, or even decline, but we have not seen much so far this year. The median price for attached homes in July was \$479,500, up 25.1% year over year but down \$10,500 from last month. Seasonal factors also point to downward price pressures on attached homes in the summer. Year-over-year gains in detached homes range from 50.9% in Indian Wells to 20.4% in the city of Coachella. In the attached home market, three cities continue to have gains over 40% - Desert Hot Springs, Bermuda Dunes and Indio. The forces that have been driving prices higher - high sales and low inventory - are rapidly reversing so we should begin to see some price correction soon.

SALES: Total sales averaged 791 units a month in July, which is 26% less than last year. The current number is 16% below the July pre-pandemic average of 948 units a month. This decline is primarily in detached sales. Every city except Coachella had lower sales in July compared to last year. The largest sales declines were in the cities of La Quinta and Palm Desert, where sales were down 43% and 32% respectively. The cities of Indian Wells, Indio and Cathedral City experienced smaller sales declines. Only sales in Coachella were higher by 7%.

INVENTORY & "MONTHS OF SALES" RATIOS: On August 1st, Valley inventory was 1,637 units, which is 801 units more than last year. This is a 96% increase. Inventory has finally started to grow and it's occurring during the season when it normally contracts. The Valley's "months of sales" ratio was 1.9 months, up 1.2 months from a year ago. Like inventory, this is the highest ratio in almost two years. The ratio remains considerably below 3 to 3.5 months, which is the norm for late-summer. Even though inventories have been rising and sales falling, the changes have not been enough yet to lift the ratio back to normal levels.

DIM: At the end of July, the median number of "days in the market" throughout the Valley was 24 days, which is three days more than last month but one day less than last year. The city of Desert Hot Springs has the lowest median selling time for detached homes at 18 days, followed by Palm Springs with 19 days and Cathedral City at 20. We believe we've seen the lows in average selling times and expect this metric to rapidly rise toward more normal levels.

PRICE DISCOUNTS/PREMIUMS: In the month of July, 47.9% of sales were above list. This is the average over the preceding three months and compares to 49% a year ago. The city of Palm Springs has the highest average selling price premium for detached homes at 2.7%, followed by Desert Hot Springs at 2.2%. In the attached market, Palm Springs continues to have the highest average premium at 3.5%, but the number is rapidly declining.

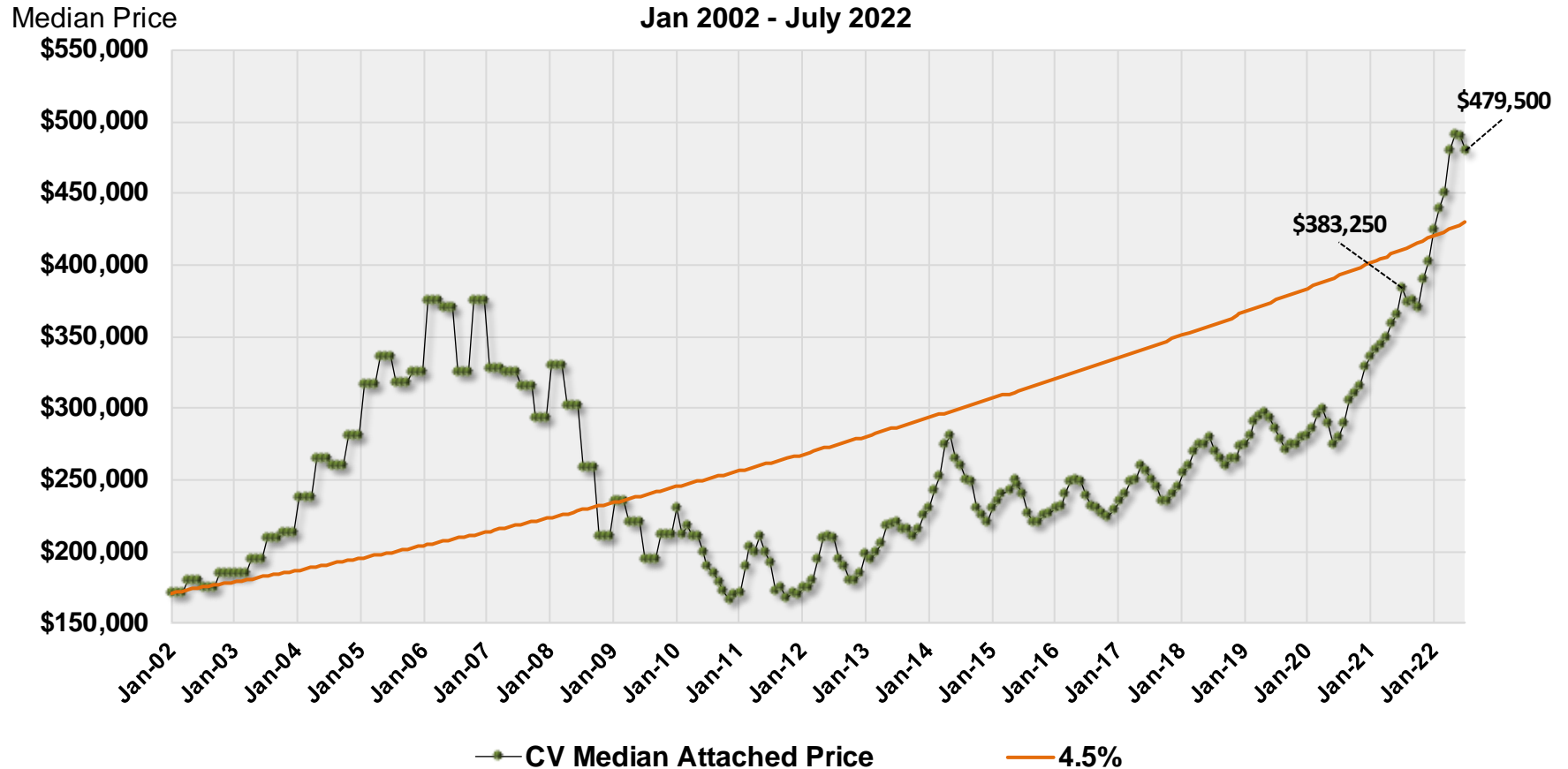


Coachella Valley Median Detached Price

July's median price of a detached home in the Coachella Valley was \$710,000, up \$10,000 for the month and 19.3% year over year. We have entered the seasonal period when home prices usually slow, or even decline, but we have not seen much so far this year. However, the forces that have been driving prices higher – high sales and low inventory - are rapidly reversing so we should begin to see some price correction soon.

Coachella Valley Median Attached Price

Jan 2002 - July 2022



Coachella Valley Median Attached Price

The median price for attached homes in July was \$479,500, up 25.1% year over year but down \$10,500 from last month. Seasonal factors also point to downward price pressures in the summer. As we mentioned last month, the chart shows it is not uncommon to see the median attached price decline 10% between now and October. The \$10,500 decline last month may be the start of this seasonal pattern.

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Price of The Average Size Detached Home in Each City

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
Indian Wells	3,450	\$542.84	\$1,872,794	\$1,240,910	50.9%	\$666,885	180.8%
Bermuda Dunes	2,500	\$356.15	\$890,386	\$658,691	35.2%	\$239,325	272.0%
Rancho Mirage	3,175	\$443.96	\$1,409,568	\$1,096,305	28.6%	\$506,317	178.4%
La Quinta	2,550	\$407.35	\$1,038,748	\$819,156	26.8%	\$318,164	226.5%
Indio	2,000	\$297.16	\$594,318	\$472,056	25.9%	\$156,340	280.1%
Desert Hot Springs	1,600	\$254.20	\$406,717	\$327,366	24.2%	\$86,656	369.3%
Palm Desert	2,200	\$365.07	\$803,165	\$646,778	24.2%	\$302,302	165.7%
Palm Springs	2,175	\$633.48	\$1,377,813	\$1,120,087	23.0%	\$323,879	325.4%
Cathedral City	1,800	\$340.48	\$612,869	\$501,826	22.1%	\$153,216	300.0%
Coachella	1,700	\$258.01	\$438,620	\$364,286	20.4%	\$111,367	293.9%

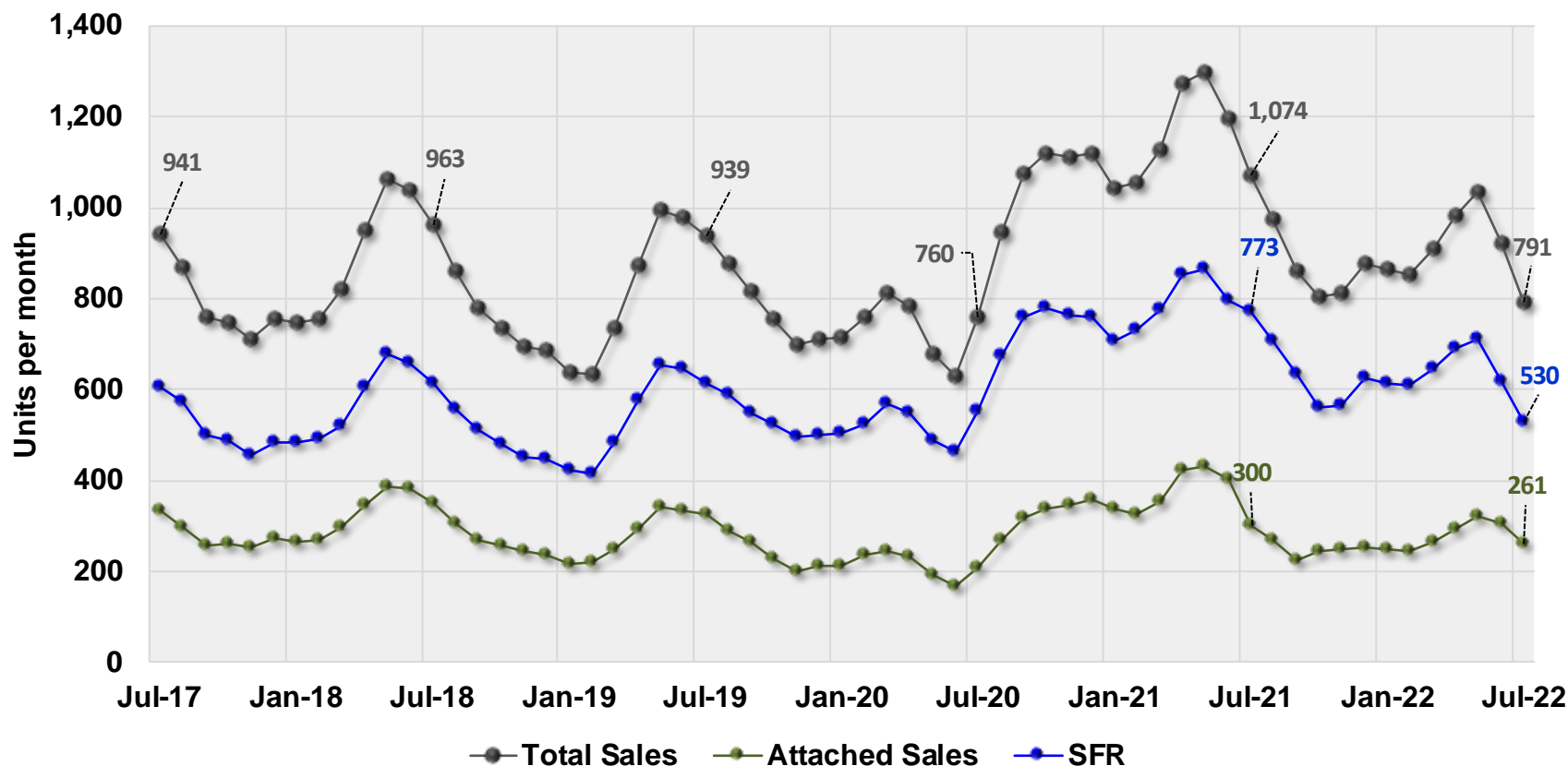
Price of The Average Size Attached Home

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	\$180.74	\$135,553	\$86,882	56.0%	\$16,013	747%
Bermuda Dunes	1,450	\$272.68	\$395,383	\$264,415	49.5%	\$89,117	344%
Indio	1,050	\$292.73	\$307,367	\$217,473	41.3%	\$56,396	445%
Rancho Mirage	1,775	\$343.07	\$608,953	\$443,514	37.3%	\$211,030	189%
Cathedral City	1,250	\$276.61	\$345,760	\$254,187	36.0%	\$80,544	329%
Palm Desert	1,600	\$359.05	\$574,473	\$424,954	35.2%	\$197,896	190%
Palm Springs	1,250	\$382.60	\$478,245	\$356,523	34.1%	\$129,788	268%
Indian Wells	1,950	\$346.05	\$674,803	\$537,303	25.6%	\$259,126	160%
La Quinta	1,750	\$380.10	\$665,167	\$535,758	24.2%	\$247,713	169%

12 Month Change in The Price of The Average Size Home

These tables display the average home size in each city, followed by its *price* and *price per square foot*. These prices are then compared to year ago levels and to the all-time lows that occurred in 2011 and 2012. Year-over-year gains in detached homes range from 50.9% in Indian Wells to 20.4% in the city of Coachella. In the attached home market, three cities continue to have gains over 40% - Desert Hot Springs, Bermuda Dunes and Indio.

Detached, Attached and Total Sales 3 month moving average

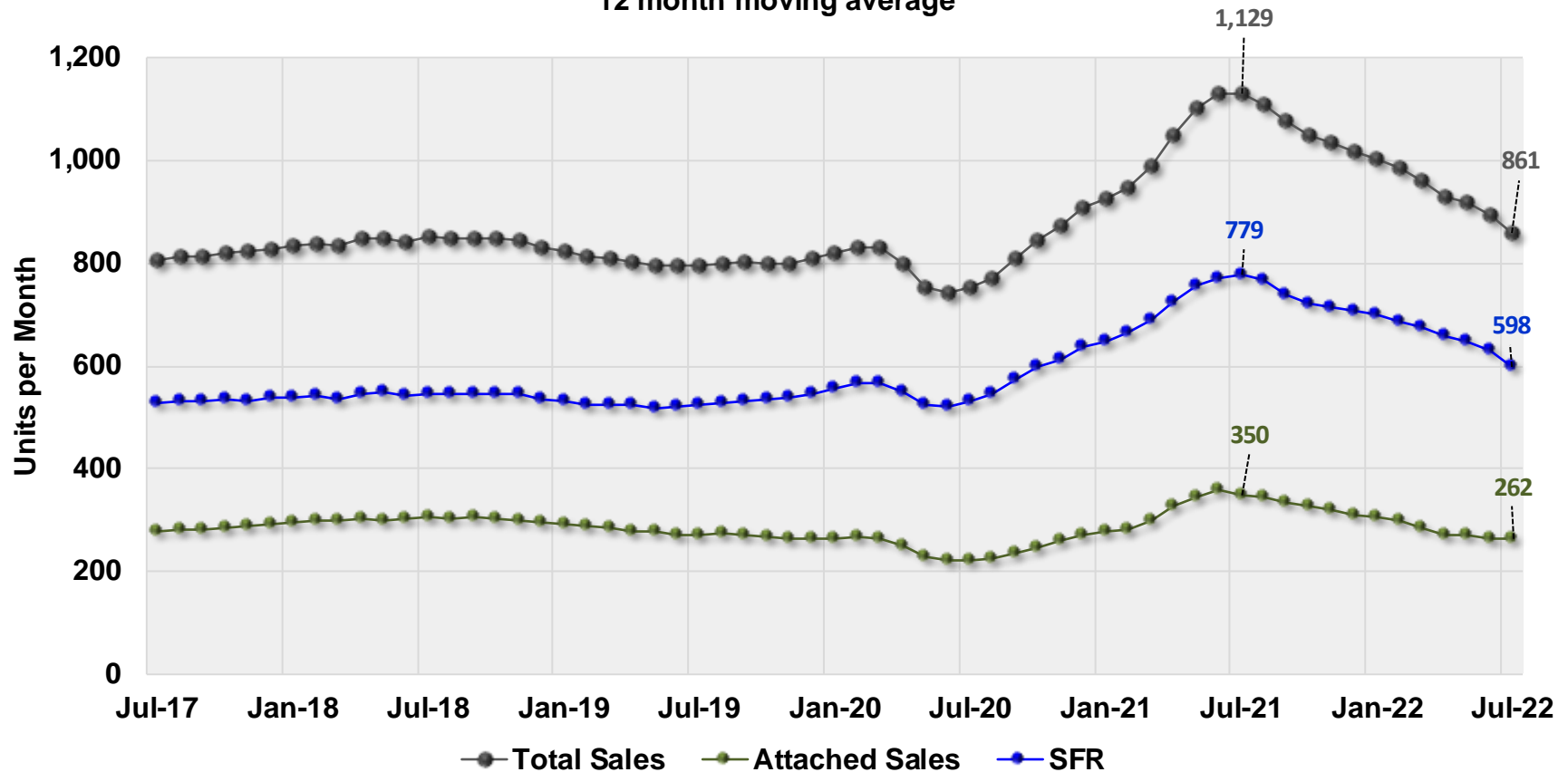


Monthly Sales – 3-month trailing avg.

Total sales averaged 791 units a month in July, which is 26% less than last year. The current number is 16% below the July pre-pandemic average of 948 units a month. The decline is primarily in detached sales. We have entered the seasonal period of low sales, which may go extra low this year to compensate for the high level of sales in 2021. In other words, some of this is seasonal but some is also due to the recession and a reaction to the surge in sales during COVID.

Detached, Attached and Total Sales

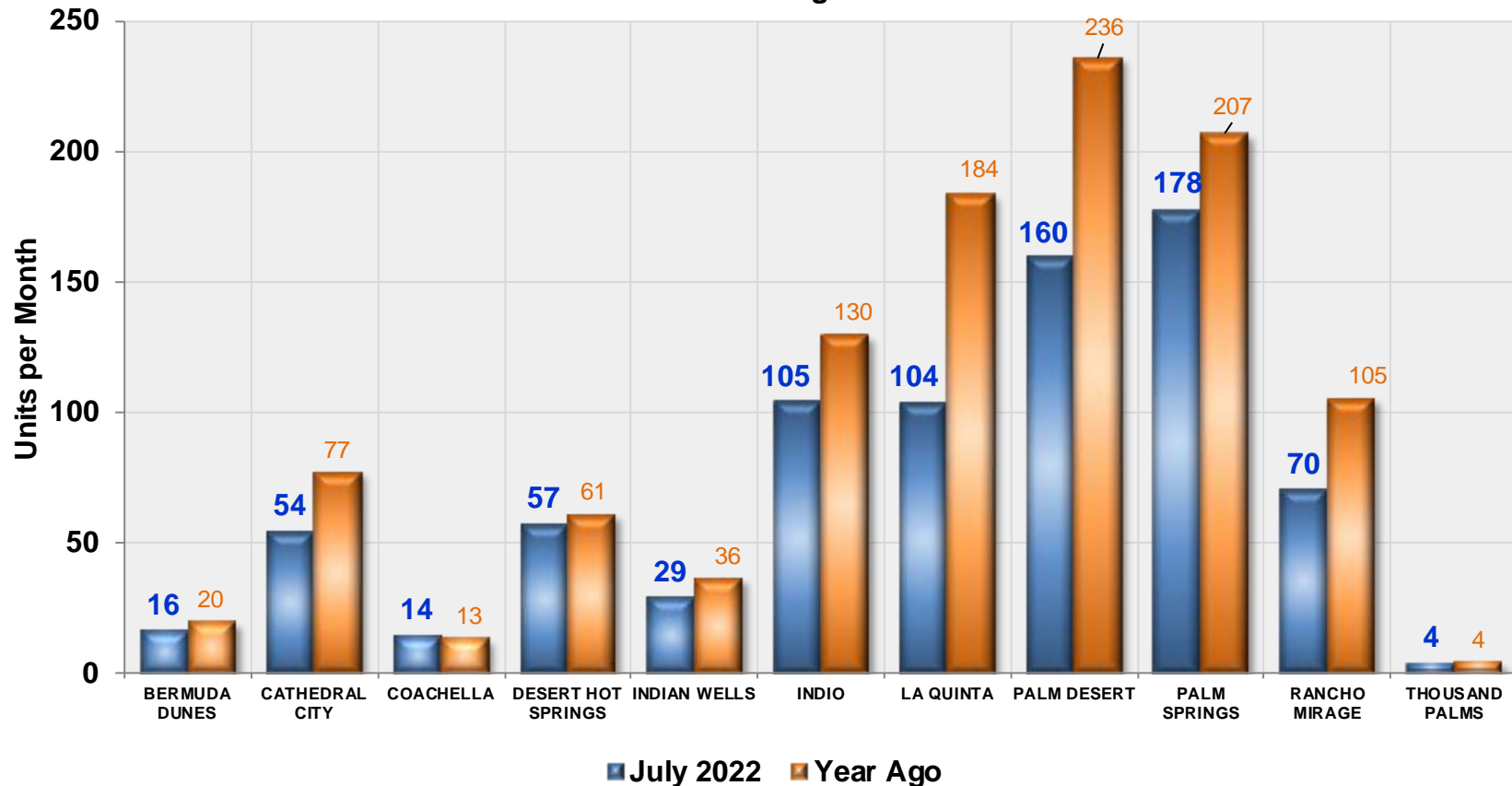
12 month moving average



Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out all seasonality, shows total sales averaged 861 units a month in July. This is 24% below last year. Long-term sales of detached homes are still above pre-pandemic averages but attached sales have returned to past norms. As the chart clearly shows, these longer-term sales metrics are rapidly approaching pre-pandemic levels and we expect, over the next six months, to go below them.

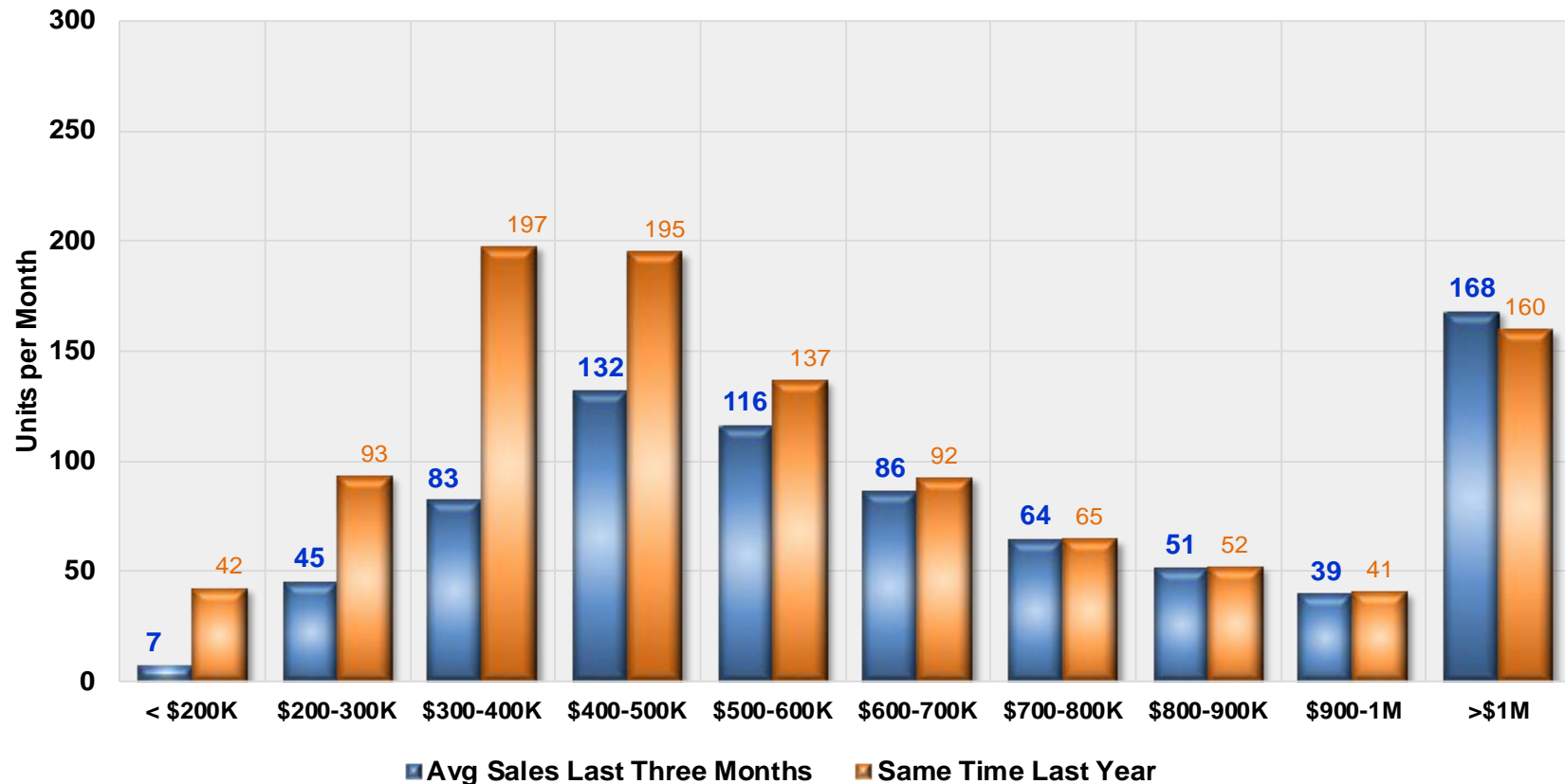
Home Sales by City 3 month avg sales



Home Sales by City

Every city except Coachella had lower sales in July compared to last year. The largest sales declines were in the cities of La Quinta and Palm Desert, where sales were down 43% and 32% respectively. The cities of Indian Wells, Indio and Cathedral City experienced smaller sales declines. Only sales in Coachella were higher by 7%.

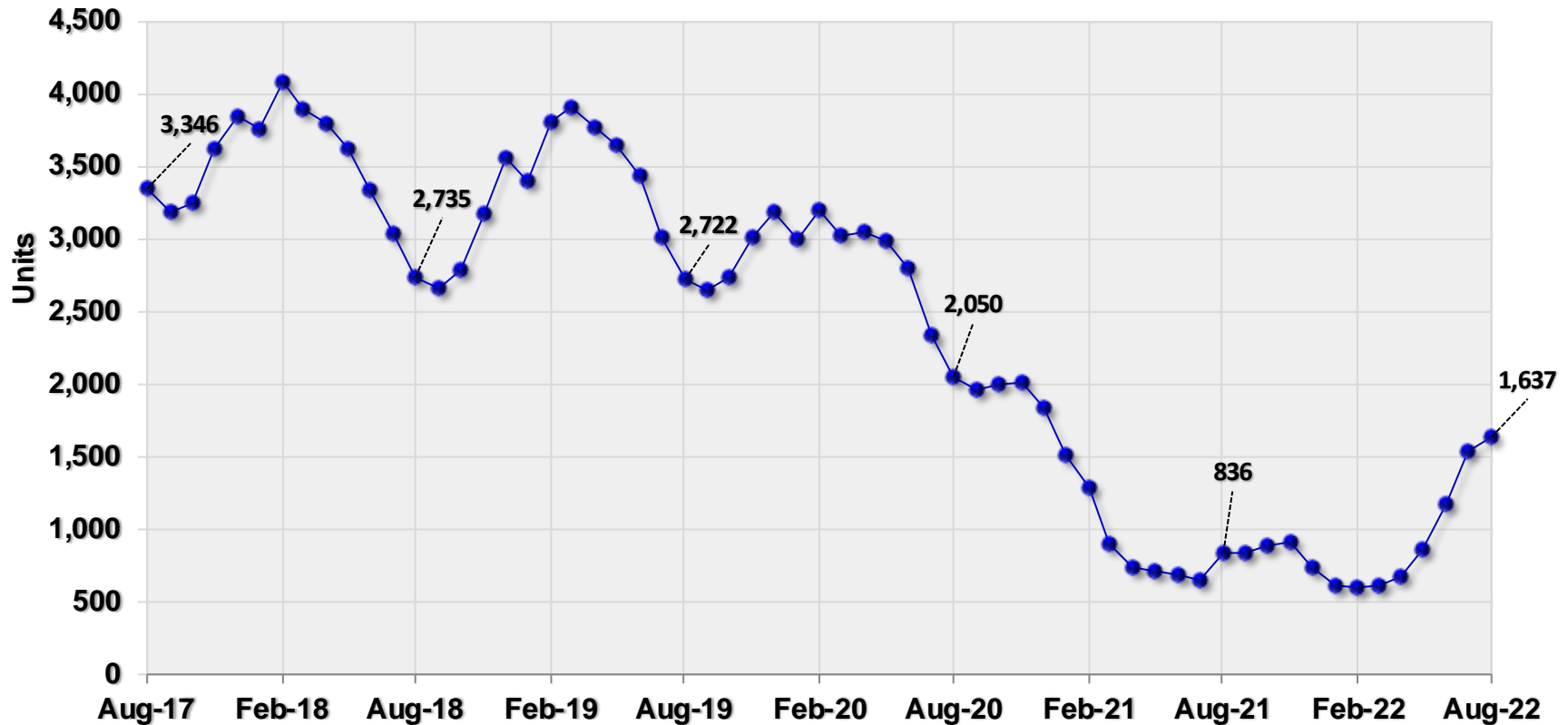
Home Sales by Price Range 3 mos avg



Home Sales by Price Range

This graph shows the decline in three-month sales by price bracket. Overall sales are down by 26% but the decline is not evenly distributed by price range. Sales in every price bracket are down except homes priced at \$1 million and up. In that price bracket they're higher by 5%. There are now only seven sales - both condominiums and single-family residences - in homes priced under \$200,000.

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



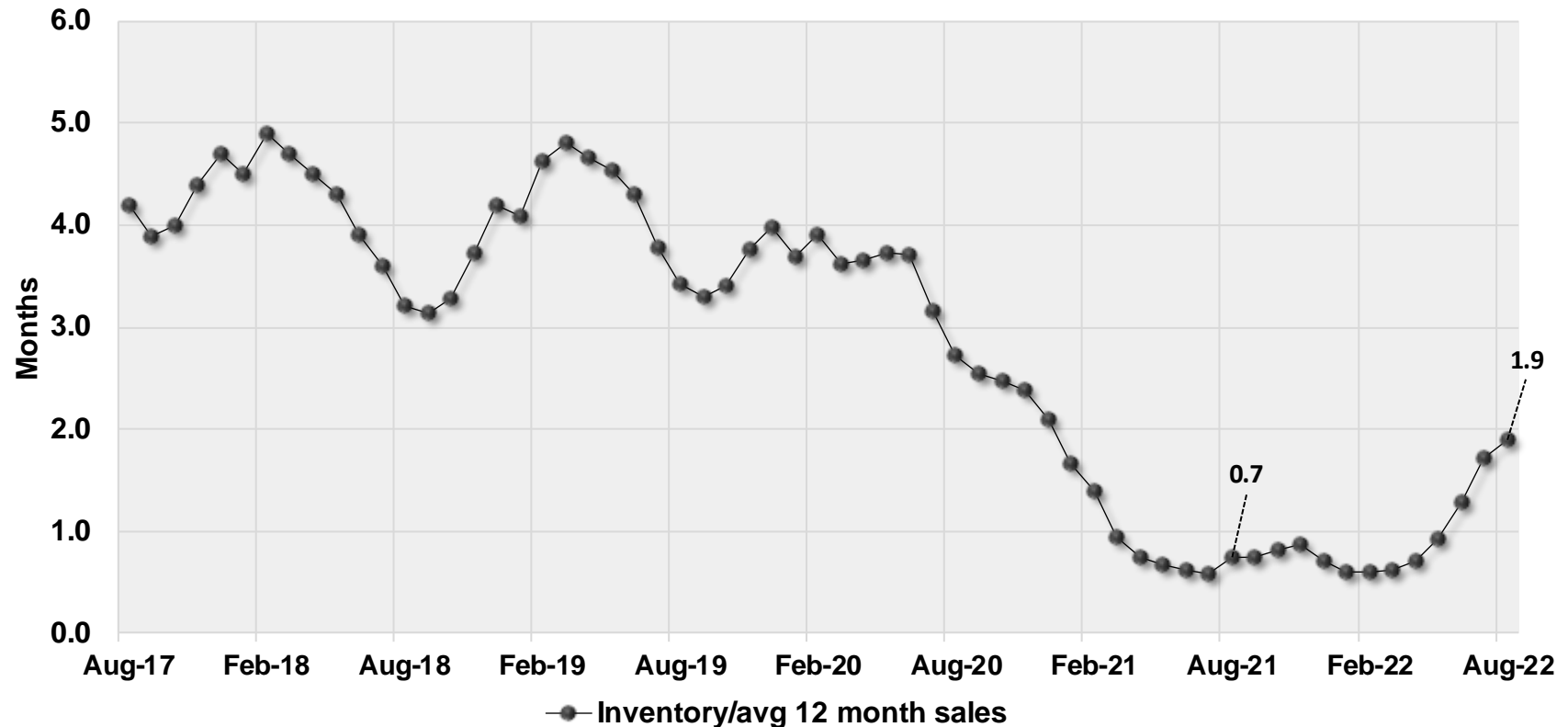
Coachella Valley Total Inventory

On August 1st, Valley inventory was 1,637 units which is 801 units more than last year. This is a 96% increase. As the graph clearly shows inventory has finally started to grow and it's occurring during the season when it normally contracts. As we stated before it will be important to watch these levels as we approach September, which is the month when inventory normally begins to grow. If this pattern continues, we could start that growth from a higher level and possibly re-normalize inventory and reach 2,500 units - or possibly 3,000 units - by January or February.

"Months of Sales" Ratio

Coachella Valley

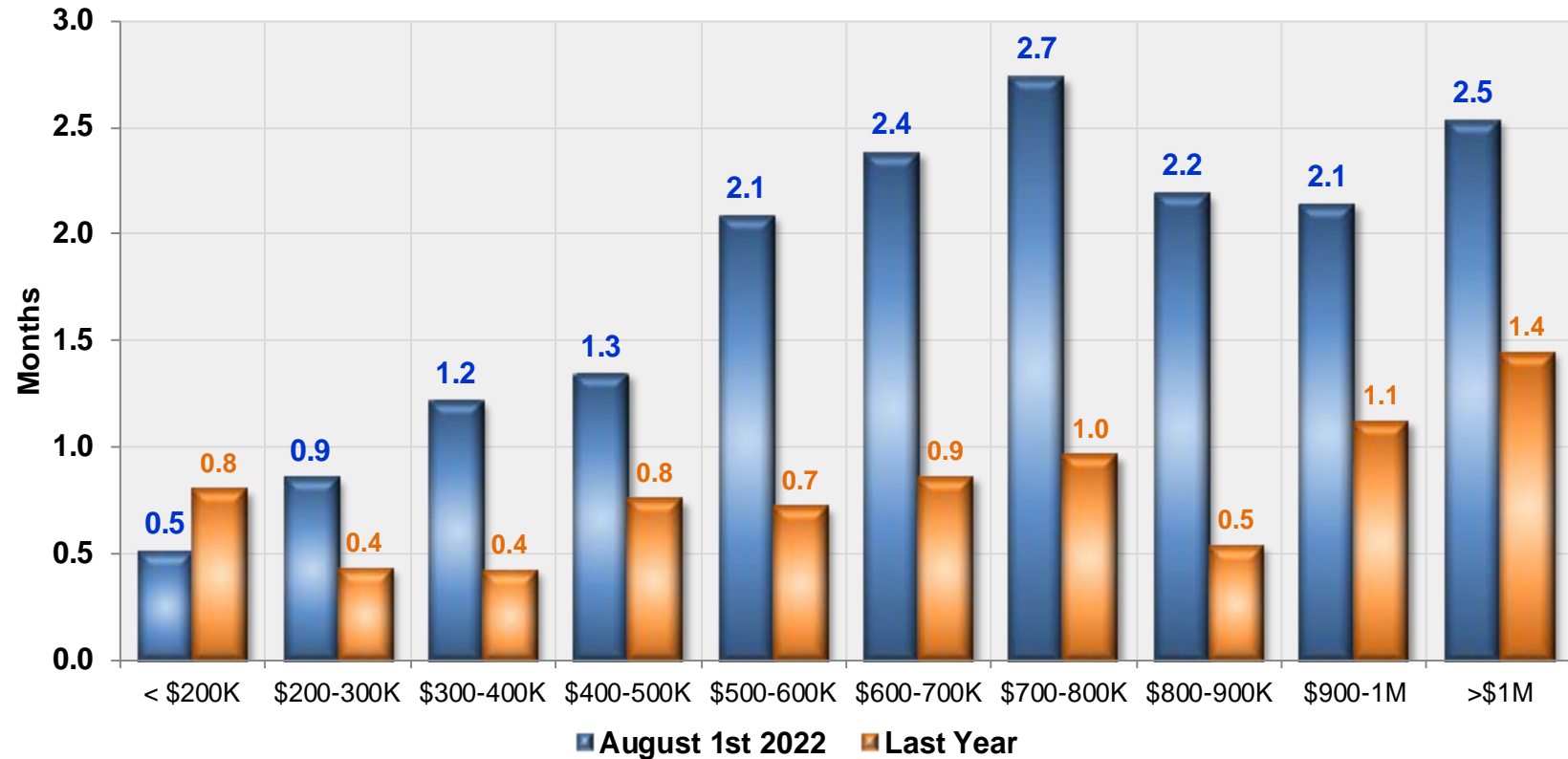
Aug 1st 2017 - Aug 1st 2022



Regional "Months of Sales" Ratio

On August 1st the Valley's "months of sales" ratio was 1.9 months, up 1.2 months from a year ago. Like inventory, this is the highest ratio in almost two years. The ratio remains considerably below 3 to 3.5 months, which is normal for late-summer. Even though inventories have been rising and sales falling, the changes have not been enough to lift the ratio back to normal levels yet. However, we believe that if inventories as expected, the ratio could reach normal levels by year's end.

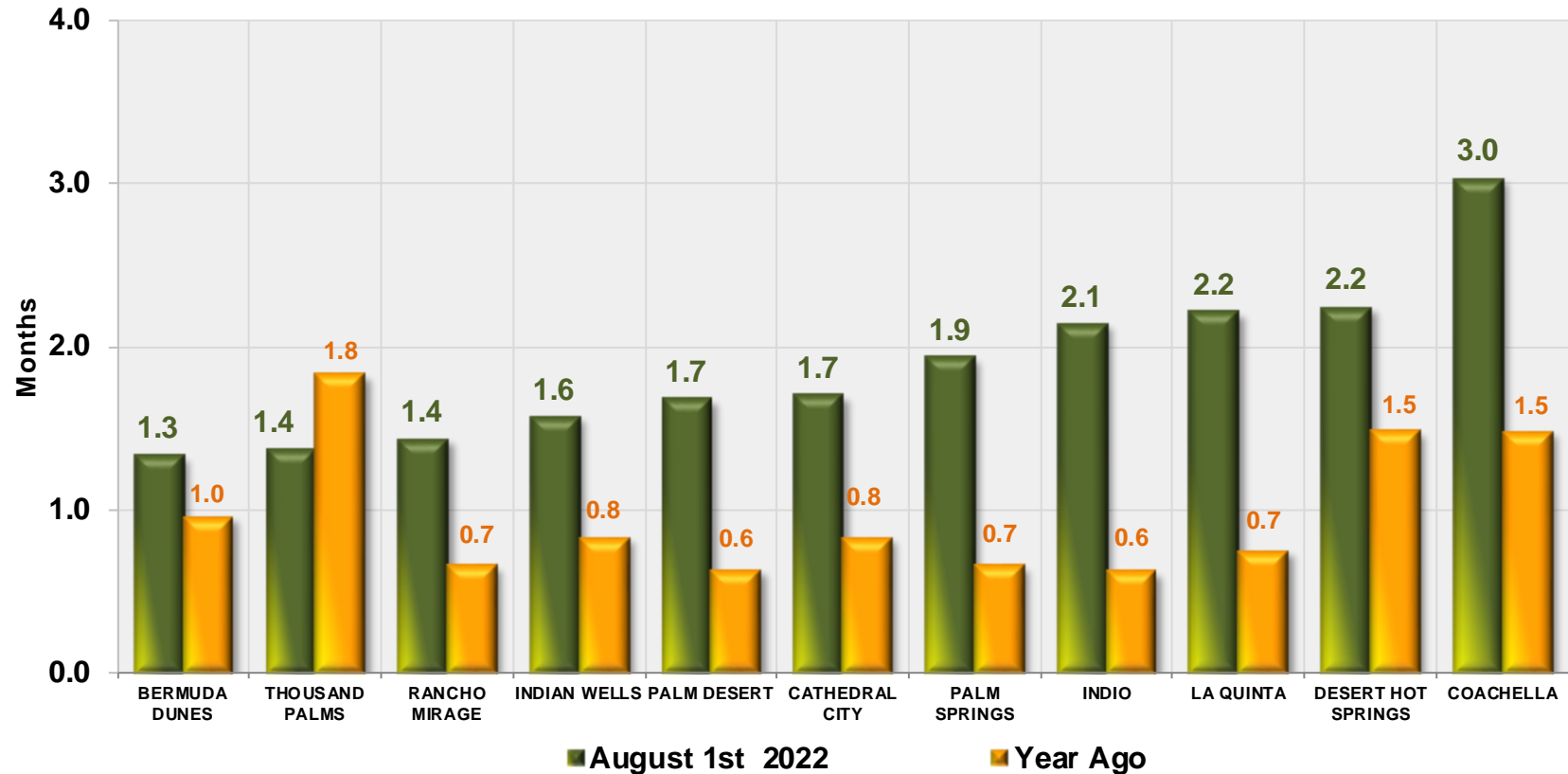
"Months of Sales" by Price Range uses avg. twelve month sales



"Months of Sales" by Price Range

This chart displays the current "months of sales" ratio by price bracket compared to last year. Blue bars are current ratios and orange bars are the ratios for last year. As the chart clearly shows the ratios in the higher price brackets have had the largest increases. Homes priced over \$600,000 now have ratios close to 2.5 months. We can expect all ratios to increase as we move toward winter.

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



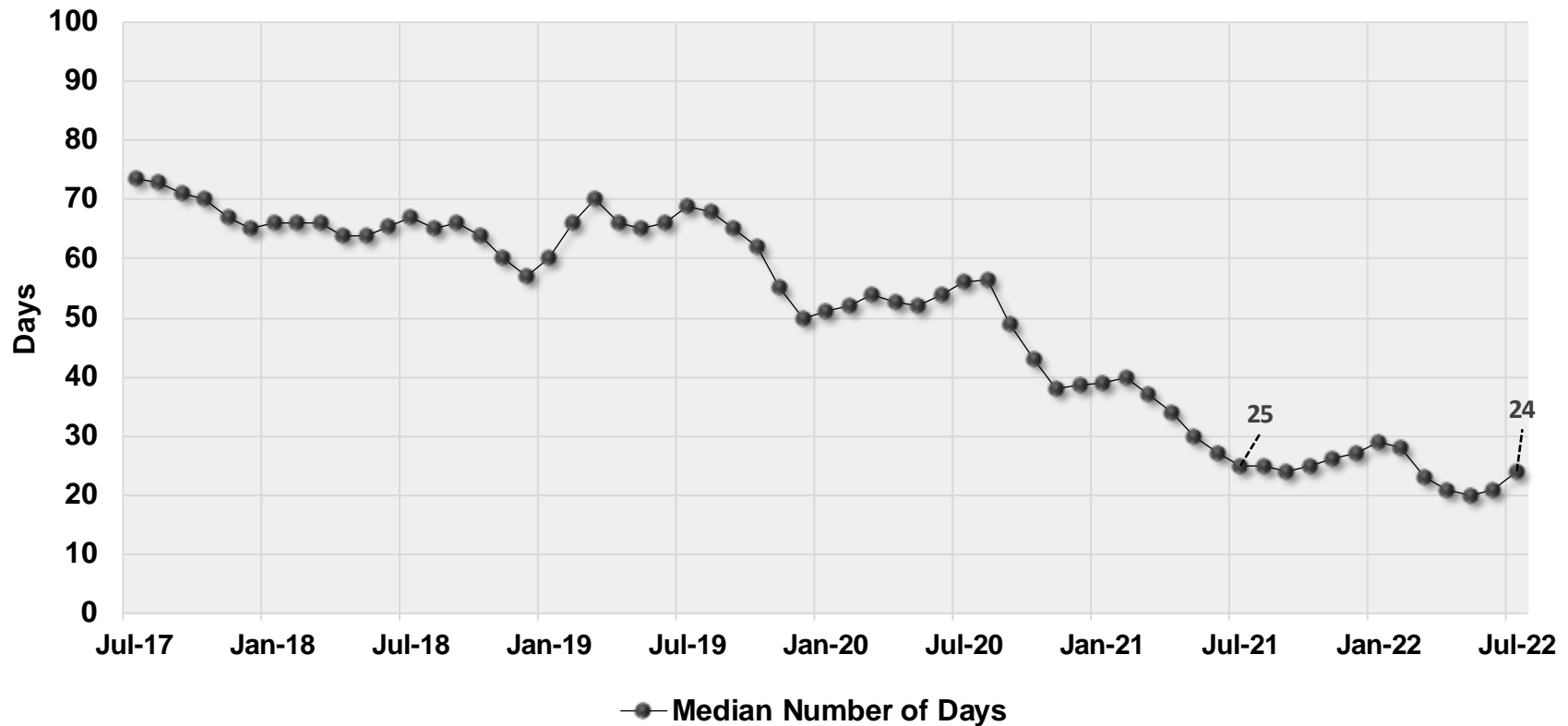
"Months of Sales" by City

This graph compares current "months of sales" ratios in each city to ratios last year. We have sorted the cities left to right by lowest ratio. Bermuda Dunes has the lowest ratio at 1.3 months, followed by Thousand Palms and Rancho Mirage at 1.4 months. The city of Coachella has the highest ratio at exactly three months.

"Days in the Market"

Coachella Valley

July 2017 - July 2022



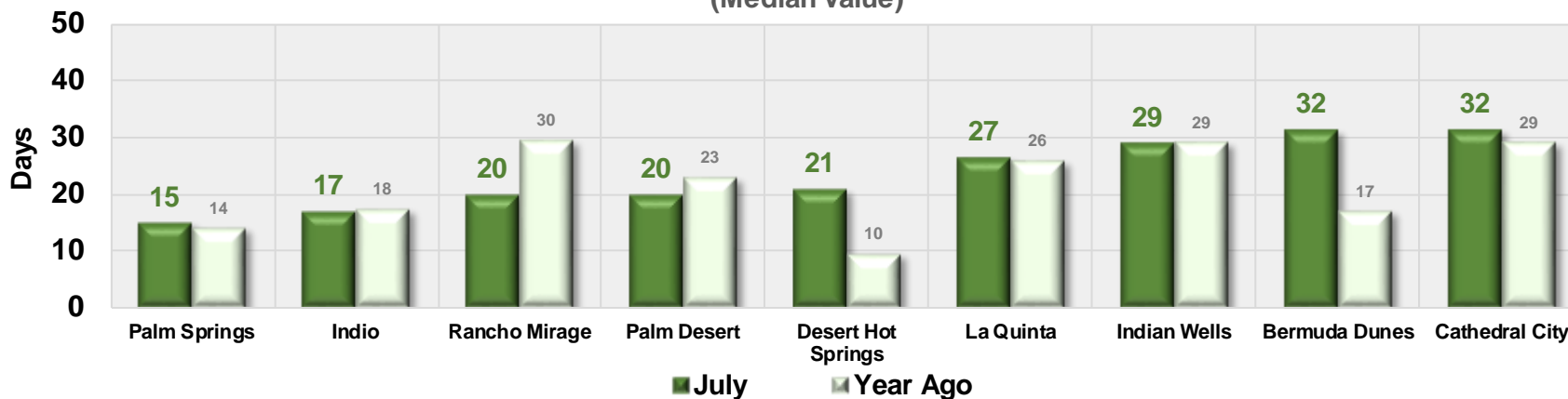
Regional "Days in the Market"

At the end of July, the median number of "days in the market" throughout the Valley was 24 days, which is three days more than last month but one day less than last year. We believe we've seen the lows in average selling times and expect this metric to rapidly rise toward more normal 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 median number of "days in the market" for both detached and attached homes. The city of Desert Hot Springs has the lowest median selling time for detached homes at 18 days, followed by Palm Springs with 19 days and Cathedral City at 20. In the attached market, Palm Springs has the shortest selling time at 15 days, followed by Indio at 17 days.

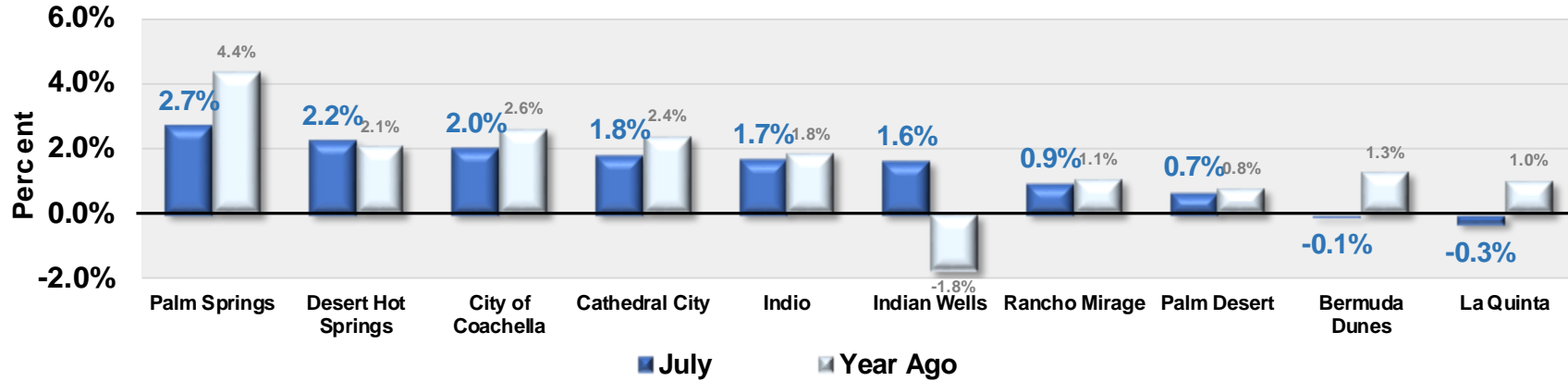
% Homes Selling Over List Price Coachella Valley 2016 - 2022 (July)



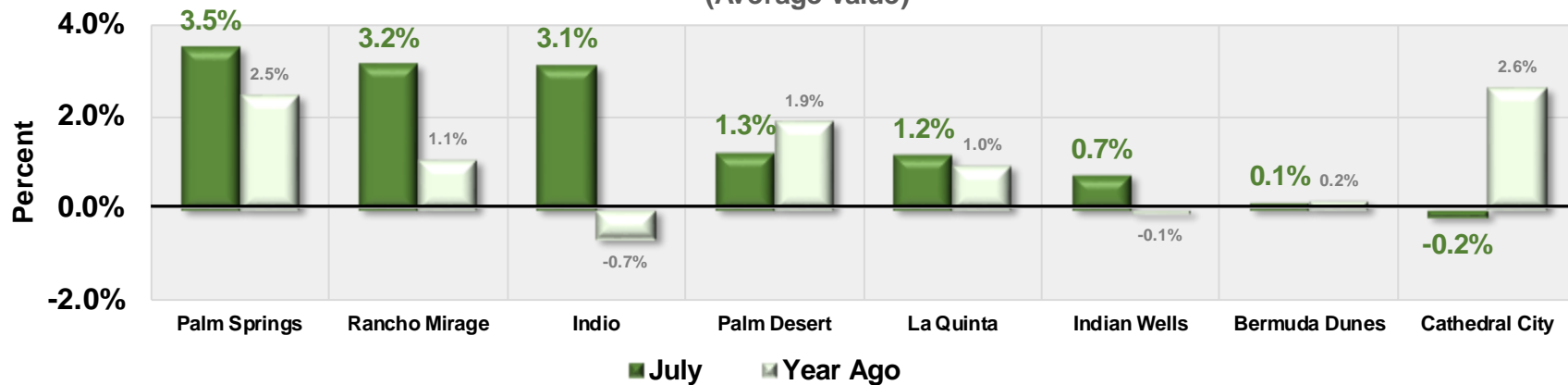
Percent Homes Selling Above List

This chart shows the percentage of Valley homes that sold above list price over the last three months. At the end of July, 47.9% of sales were above list. This compares to 49% a year ago. As the graph shows the number has begun to fall and we expect it to drop rather quickly as inventory increases and homeowners have more choices. Historic norms for this metric are around 10%.

Price Discount - Detached Homes (Average Value)



Price 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 the “average” value instead of “median” value because it’s a better metric during periods when so many homes are selling at or above list. The city of Palm Springs has the highest average selling premium for detached homes at 2.7%, followed by Desert Hot Springs at 2.2%. In the attached market, Palm Springs continues to have the highest average premium at 3.5%, but the number is rapidly declining.

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 July 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.