



## The COVID-19 Desert Real Estate Report

August 31st, 2020

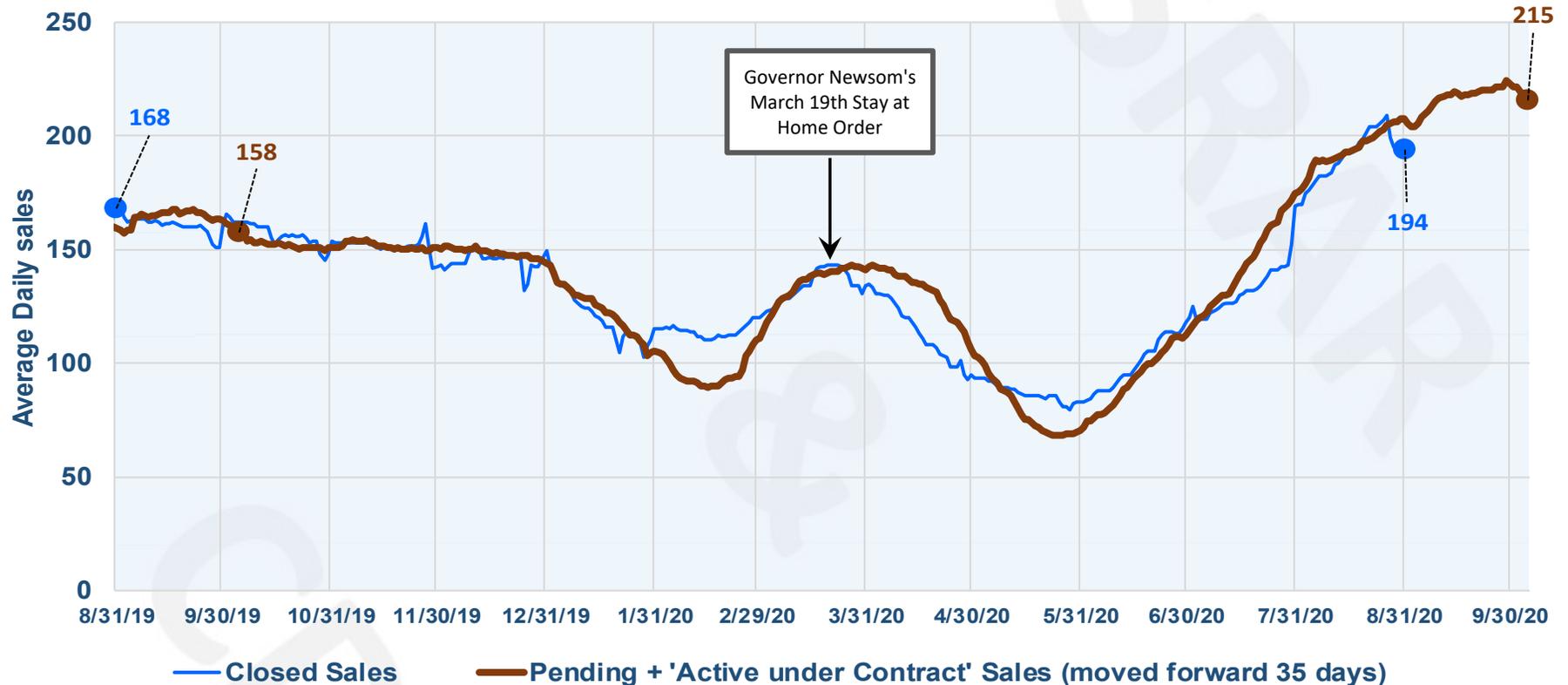


The COVID-19 Desert Real Estate Report is supplemental to the monthly Desert Housing report. It was recognized that a standard housing report would be insufficient to describe the rapidly changing market conditions due to the Coronavirus and general quarantine, so shorter-term housing metrics were developed that we believe indicate changing market conditions on a daily basis. They're based on a 28-day average. A full explanation behind these shorter metrics is found on the last page.

All calculations are made from MLS data available at the time of the calculation as there is no way to allow for a slow response time of some agents to update the status of a listed home. Because of this, summary sales calculations made today may differ from the same summary calculation made later.

Market Watch LLC

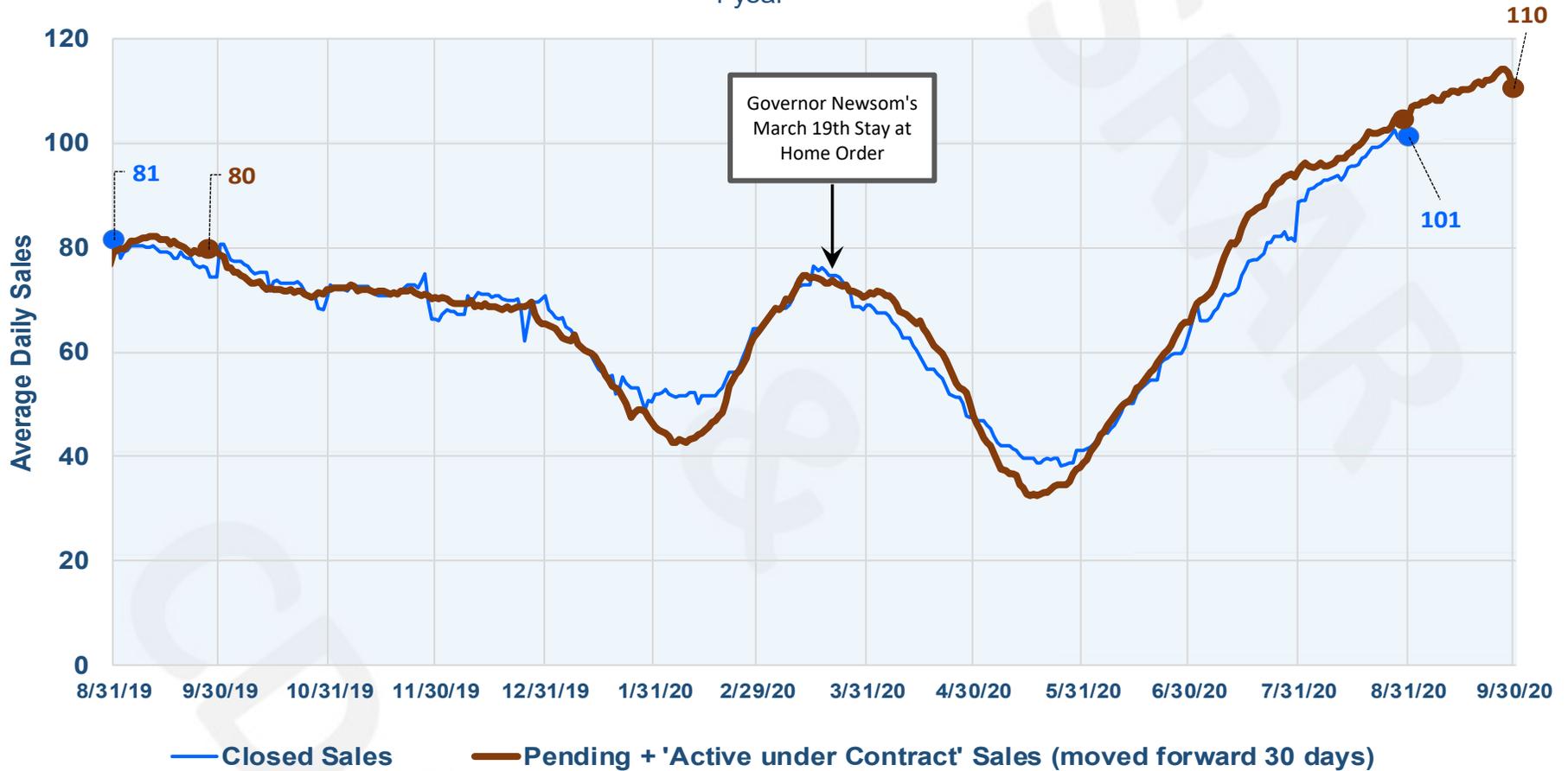
## Los Angeles County Average Daily Sales 1 year



## Average Daily Sales

*(To show how well the Coachella Valley housing market is doing compared to other regions, we present in these first two charts closed and pending sales for both Los Angeles County and Orange County. Because average escrow times in these two counties are between 30 to 35 days, by moving pending and "active under contract" sales forward by 35 days, pending sales becomes a tremendous forecasting tool for closed sales). The three-month surge in sales in Los Angeles County, which began in June, appears to be flattening out at a high level. Pending sales are averaging 215 units a day versus 158 a year ago, which is 36% higher. We'll have to see if this is just a post quarantine snapback that is beginning to stall or the beginning of a housing expansion that will endure.*

## Orange County Average Daily Sales 1 year



## Average Daily Sales

*Orange County shows a similar recovery pattern to Los Angeles County. In Orange County pending sales are 37% above a year ago, while closed sales are 24% higher. The same question can be posed here and in other real estate regions in California: is this just a post quarantine snapback that is beginning to fade or is it the beginning of a longer-term housing expansion?*

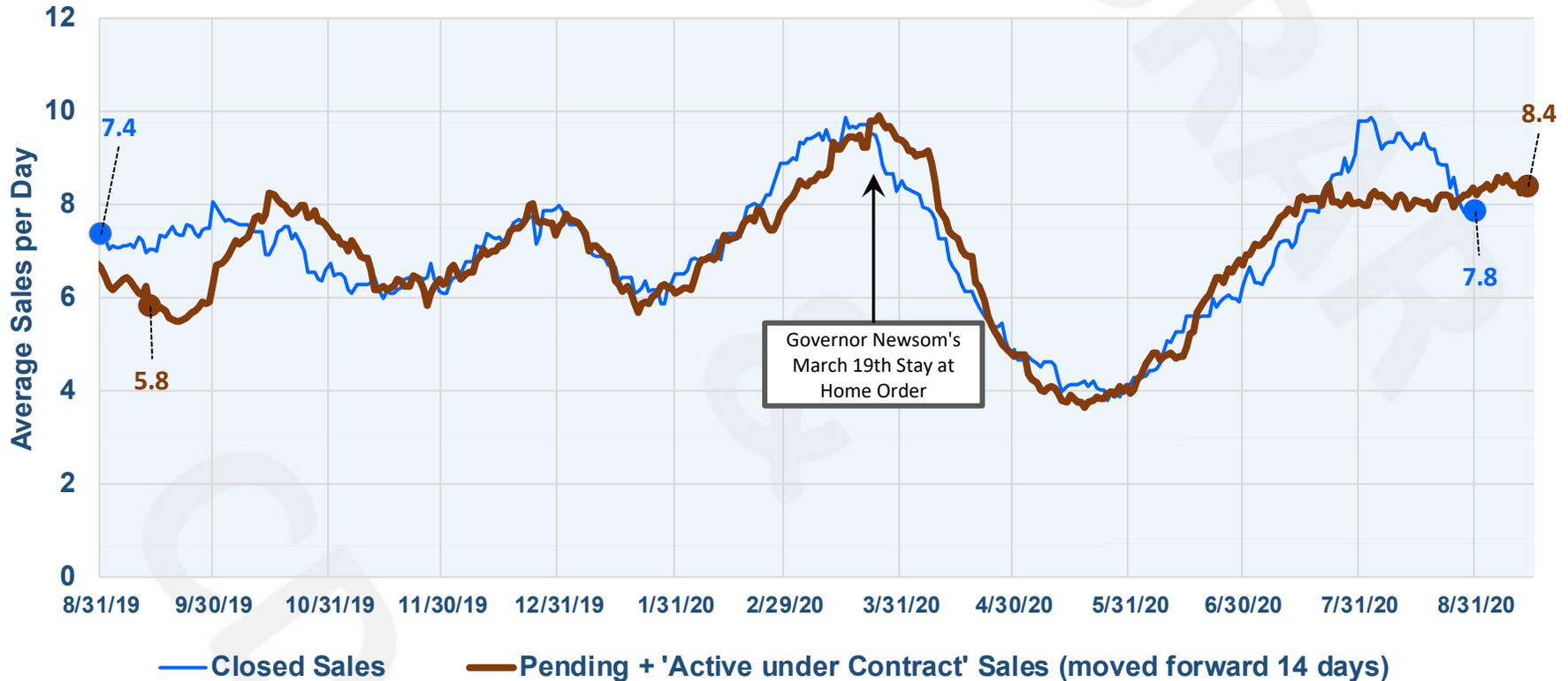
## Average Daily Sales SFR Coachella Valley 1 Year



## Average Daily SFR Sales

*In the Coachella Valley escrow times for detached homes average 20 days, so pending sales are moved forward 20 days. As with other California regions, sales of SFR's in the Valley have been surging. In August pending sales of detached homes averaged 22.5 units a day, compared to 16.5 a year ago. This is an increase of 36%. It is clear from the chart that sales are beginning to flatten out like they are in other California regions. A flattening would be good since it means sales of detached homes in the area are at least maintaining their recent high level.*

## Average Daily Sales CONDOS Coachella Valley 1 Year



### Average Daily Condo Sales

*This chart shows that Valley sales for condominiums are also flattening out at a high level. Closed sales of condos in August averaged 7.8 units a day, which is 5% above a year ago. Pending sales averaged 8.4 units, which means we can expect closed sales in September to rise another 15% over August levels. However, like sales in other California regions, condominium sales in the Valley appear to be flattening out after the post-quarantine surge.*



# The COVID-19 Desert Real Estate Report

## August 31st, 2020



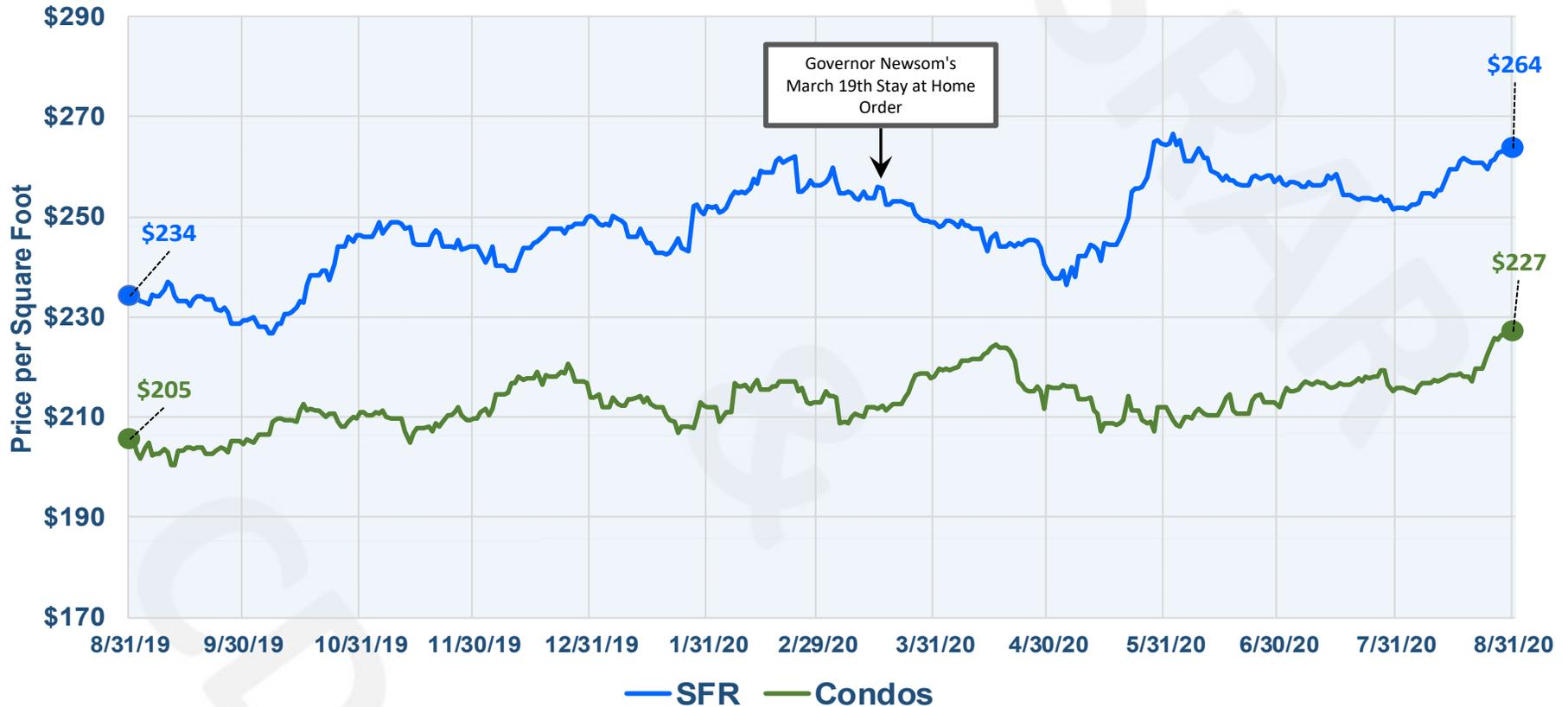
### Average Weekly Pending Sales Plus 'Active under Contract' - by City

	SFR			CONDO			ALL HOMES		
	Aug 31st	Year Ago	%Change	Aug 31st	Year Ago	%Change	Aug 31st	Year Ago	%Change
Cathedral City	10.8	11.3	-4.4%	4.0	2.8	45.5%	14.8	14.3	3.5%
City of Coachella	2.3	4.3	-47.1%	0.0	0.0	N/A	2.3	4.5	-50.0%
Desert Hot Springs	6.5	10.3	-36.6%	0.0	0.0	N/A	7.0	11.0	-36.4%
Indian Wells	6.0	3.0	100.0%	1.3	0.8	66.7%	7.3	3.8	93.3%
Indio	29.3	25.5	14.7%	1.8	2.0	-12.5%	31.0	27.5	12.7%
La Quinta	34.8	22.5	54.4%	6.3	3.0	108.3%	41.3	25.8	60.2%
Palm Desert	25.5	18.3	39.7%	20.0	12.5	60.0%	46.0	31.3	47.2%
Palm Springs	19.0	11.8	61.7%	16.0	11.5	39.1%	35.0	24.5	42.9%
Rancho Mirage	21.5	9.0	138.9%	7.5	7.0	7.1%	29.0	16.0	81.3%
<b>CV TOTAL</b>	<b>155.5</b>	<b>115.8</b>	<b>34.3%</b>	<b>57.3</b>	<b>40.0</b>	<b>43.1%</b>	<b>213.5</b>	<b>159.0</b>	<b>34.3%</b>

### Weekly Pending Sales by City

*This table shows average pending sales per week over the last four weeks for single-family residences, condominiums, and all homes in the nine regional cities. Three cities stand out in these tables -- La Quinta, Palm Springs and Rancho Mirage. In La Quinta pending sales of detached homes are 54% higher than year ago levels. In Palm Springs sales are higher by 61%, while in Rancho Mirage they're higher by 139%. In the condo market La Quinta has sales higher by 108%.*

## Average Price per sq. ft. Coachella Valley 1 Year



## Average Price per sq. ft. by Home Type

*This chart plots the daily, average “price per square foot” for both single-family residences and condos in the Coachella Valley. Single-family residences are the blue line, and condos are the green line. We plot “average price per square foot” and not “average price” because the statistical calculations are more accurate when calculated over a four-week period. Year-over-year detached homes are up 13%, while attached prices are up 11%. A large part of these gains occurred over the last month and we expect this trend to continue, and possibly even accelerate.*



# The COVID-19 Desert Real Estate Report

## August 31st, 2020



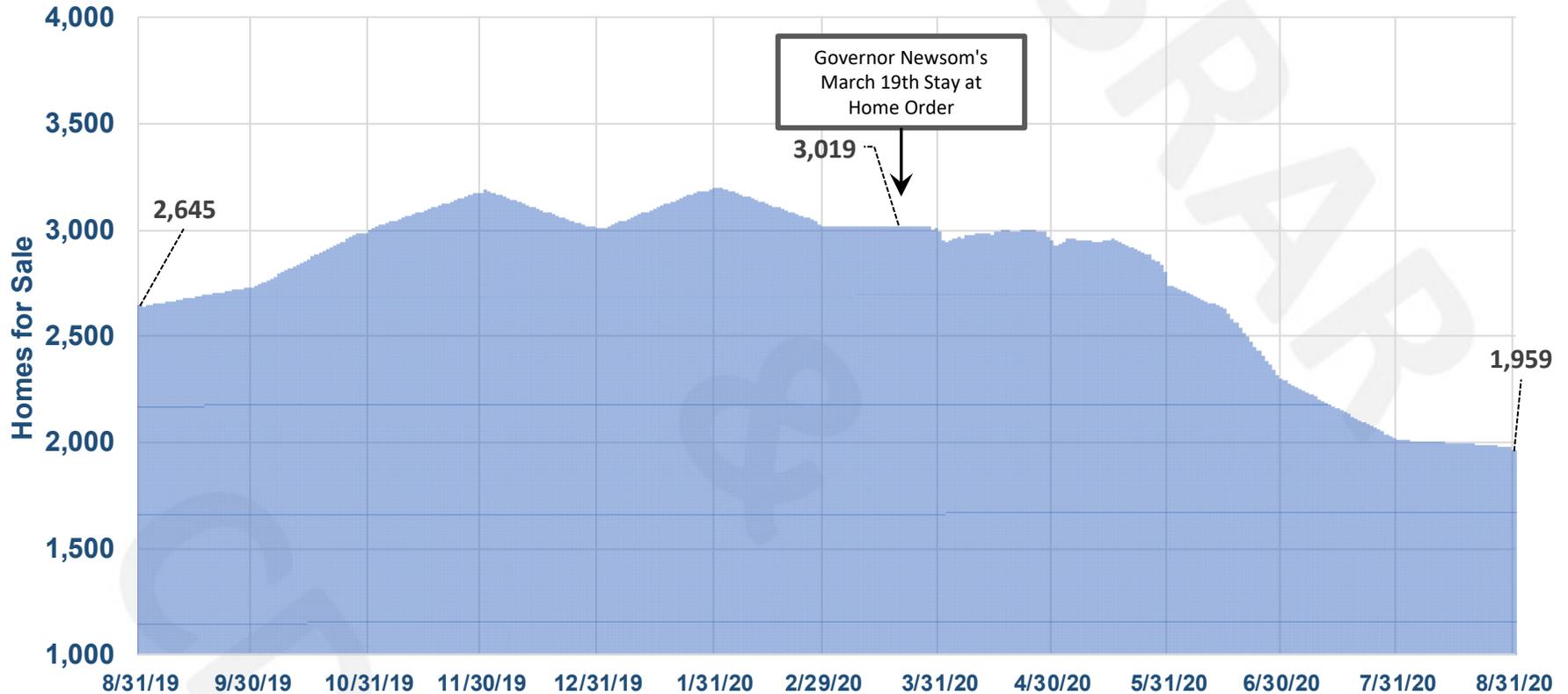
### Average Price per sq. ft. by City

	SFR					CONDO				
	Aug 31st	Year Ago	% Change	March 19th	% Change	Aug 31st	Year Ago	% Change	March 19th	% Change
<b>Cathedral City</b>	\$215	\$215	-0.1%	\$212	1.4%	\$170	\$151	12.3%	\$153	11.1%
<b>City of Coachella</b>	\$190	\$165	15.2%	\$177	7.3%	N/A	N/A	N/A	N/A	N/A
<b>Desert Hot Springs</b>	\$170	\$145	16.7%	\$161	5.2%	N/A	N/A	N/A	N/A	N/A
<b>Indian Wells</b>	\$330	\$274	20.6%	\$302	9.3%	\$293	\$200	46.5%	\$216	35.7%
<b>Indio</b>	\$206	\$181	14.3%	\$193	6.7%	\$172	\$170	1.3%	\$166	3.9%
<b>La Quinta</b>	\$280	\$237	18.0%	\$275	1.8%	\$238	\$216	10.1%	\$228	4.5%
<b>Palm Desert</b>	\$260	\$228	14.1%	\$256	1.9%	\$210	\$208	1.3%	\$207	1.8%
<b>Palm Springs</b>	\$409	\$362	13.0%	\$376	8.8%	\$261	\$222	17.9%	\$236	10.9%
<b>Rancho Mirage</b>	\$265	\$263	0.6%	\$276	-4.1%	\$203	\$198	2.6%	\$209	-2.5%
<b>Coachella Valley</b>	\$264	\$234	12.6%	\$253	4.0%	\$227	\$206	10.5%	\$212	7.1%

### Average Price per sq. ft. by City

*This table shows the current “price per square foot”, prices a year ago, and prices on March 19 for both single-family residences and condominiums by city. Using “average price per square foot” instead of “average price” when showing price changes produces more accurate statistical results, especially in low populated, high-priced areas like Indian Wells. As the table clearly shows price changes for detached homes are all double-digit, except for the two cities of Cathedral City and Rancho Mirage.*

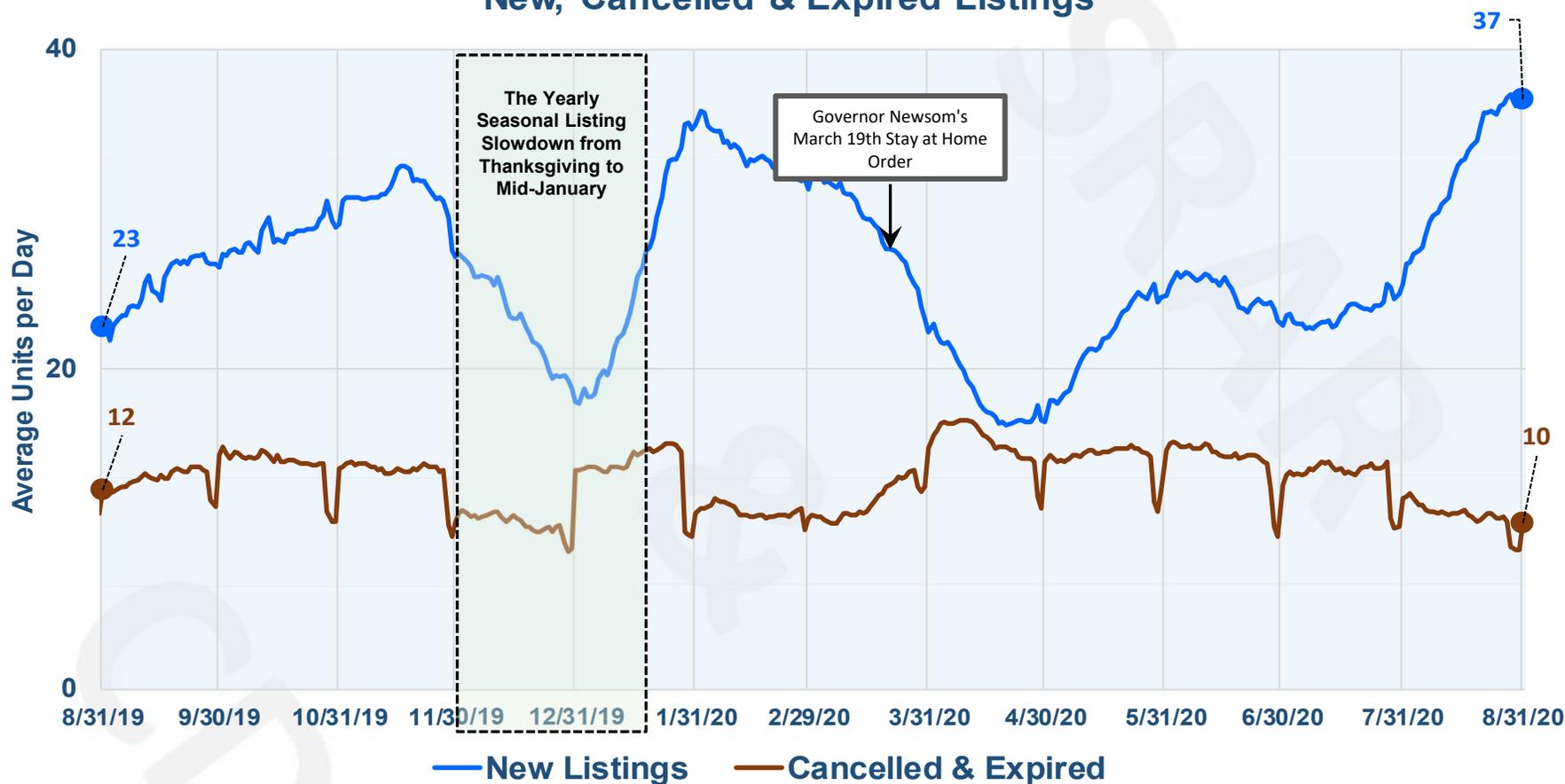
## Daily Inventory Coachella Valley 1 Year



### Daily Inventory

*Total Valley inventory on September 1<sup>st</sup> was 1,959 units. This compares to 2,645 units on August 1<sup>st</sup> a year ago. Inventory has fallen over a thousand units since the beginning of the quarantine on March 19<sup>th</sup>. Seasonal pressures should begin to raise inventory numbers as we move into September and October. How much they rise compared to year ago levels remains the mystery. It has been low inventory which has been putting strong upward pressure on home prices throughout the region.*

### New, Cancelled & Expired Listings



### New and Cancelled Listings

*This graph plots average daily new listings and the average sum of cancelled and expired listings for the Coachella Valley. It is comprised of both single-family residences and condominiums. There's a natural fall off between Thanksgiving and the third week of January. It is clear from the chart that the average number of daily new listings has risen dramatically to 37 units a day. This is 14 units above year ago levels, so it is not a seasonal rise. Because sales have also been rising, this increase in new listings has not yet translated into increasing inventory, but if sales begin to slow, we should finally see inventory also increase. The average number of canceled and expired listings in August is comparable to year ago levels.*

## Average "Days in the Market" Coachella Valley



## Average "Days in the Market" – Closed Sales

*This chart shows the average number of "days in the market" for closed sales since the quarantine and over the entire year for both single-family residences and condominiums. The average number of days in the market for detached homes, which is the blue line, is comparable to year ago levels at 80 days. Condos are taking a little bit longer to sell this year than last year. It should be pointed out that condos, being much lower-priced, are taking just about as long to sell as detached homes, which are significantly higher priced. This is not what one normally finds and is an indication that the Valley's condo market is struggling somewhat.*

## Average Price Discounts Coachella Valley



## Average Price Discounts

*This chart graphs average selling discounts for both single family residences and condominiums. Discounts are increasing if the curves are moving upward and decreasing if the curves are moving downward. As a chart clearly shows price discounting for both type homes has been decreasing over the last two months. It should be pointed out that it is unusual to have larger price discounts for less expensive homes (condos) than for more expensive homes (single family residences).*



# The COVID-19 Desert Real Estate Report

## August 31st, 2020



### Definitions and Glossary

**The 28 Day Moving Average:** To measure the effects of the coronavirus and quarantine on the housing market, normal housing metrics wouldn't work; they're too long term. We needed metrics that would show short-term sales and price changes, but be long enough to produce reliable numbers. We decided to use a 28-day moving average. We average sales and prices over the last 28 days and do it every day. When a new day arrives, prices and sales from that day are included and the last day is dropped out of the average. That's why it's called a moving average; the average is always moving forward in time. All our charts and tables show either daily or weekly averages, averaged over the last 28 days.

**Pending and Closed Sales:** Until now we have not found much value in looking at pending sales; we've always calculated and displayed closed sales. Pending sales are sales currently in escrow waiting to be closed. In the Coachella Valley the median number of days in escrow is 14. This is very short compared to other regions. The median number of days in Los Angeles County is 35; in Orange County it's 30 days. The primary reason for the shorter period is because the Coachella Valley has a high percentage of cash sales and cash sales have very short escrow periods.

However, during an extended quarantine the value of looking at pending sales emerges. That's because a potential sale goes to pending about 14 days before it closes and since we're interested in what's happening short-term, pending sales becomes the perfect forecasting tool. Pending sales indicate where closed sales will be in about two weeks, so all sales metrics that we show in this crisis report will be pending sales.

**The Coachella Valley Average Price per sq. ft., Average "Days in the Market" and Average Price Discounts:** We've developed a unique way to calculate an average price, average "days in the market" and average price discount for the Coachella Valley region, which we believe is very accurate. Average values for these three metrics is calculated for each city, and then a sales weighted total is calculated for the entire region. It is similar to the way the 500 stocks that make up the S&P 500 come together to make one price index. The city weightings in these regional composites are as follows:

	SFR	CONDOS
Cathedral City	8.9%	7.1%
Coachella	2.8%	0.0%
Desert Hot Springs	8.9%	0.0%
Indian Wells	3.1%	2.7%
Indio	18.6%	3.0%
La Quinta	18.2%	8.5%
Palm Desert	16.9%	31.4%
Palm Springs	14.3%	35.8%
Rancho Mirage	8.3%	10.5%

To reach Market Watch LLC contact  
Vic Cooper at 949-493-1665