



The COVID-19 Desert Real Estate Report

October 31st, 2020

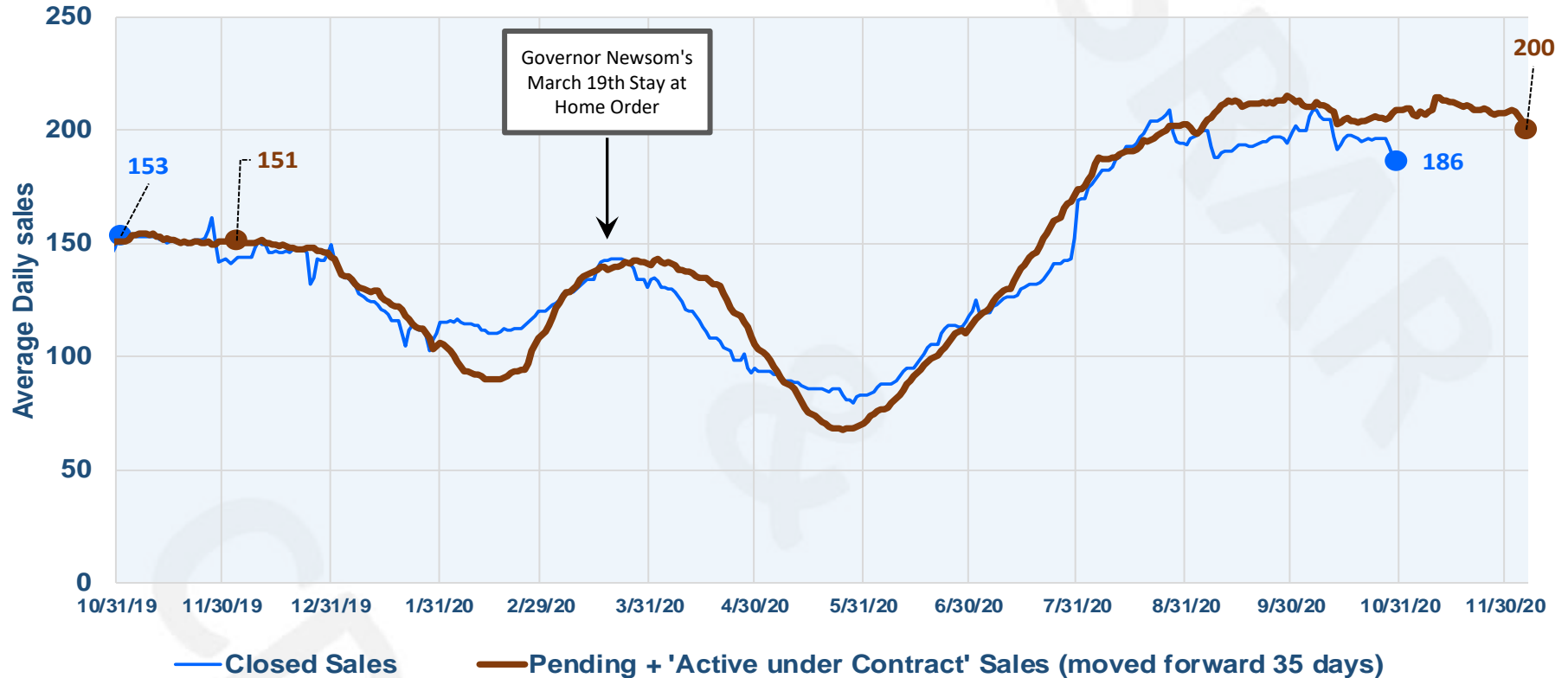


The COVID-19 Desert Real Estate Report is supplemental to the monthly Desert Housing report. It was recognized that a standard housing report would be insufficient to describe the rapidly changing market conditions due to the Coronavirus and general quarantine, so shorter-term housing metrics were developed 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

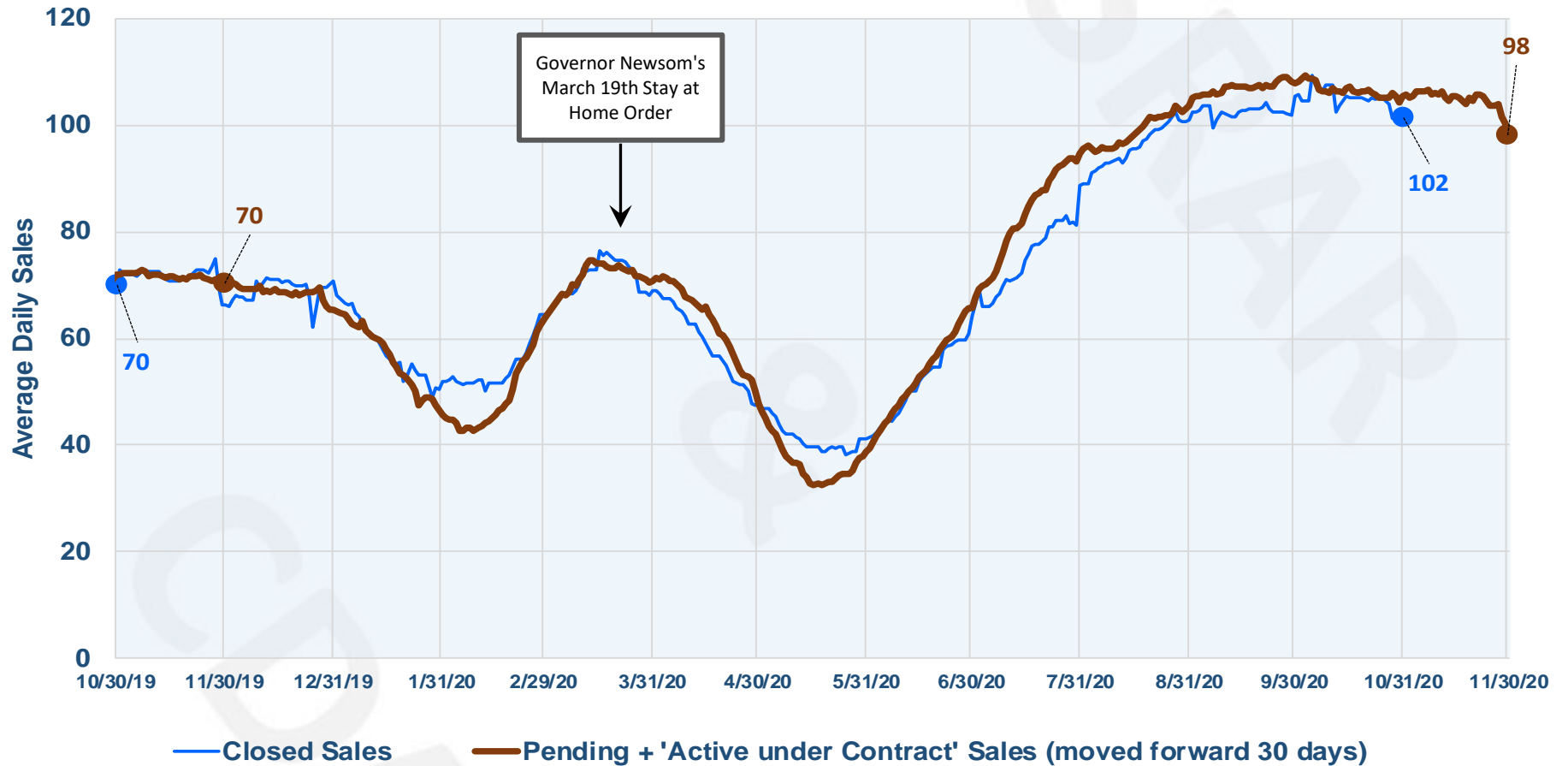
Los Angeles County Average Daily Sales 1 year



Average Daily Sales

(To show how well the Coachella Valley housing market is doing compared to other regions, the first two charts graph closed and pending sales in 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). Sales throughout Los Angeles County have been stable at a high level now for 3 1/2 months. This stability has allowed closed sales to finally catch up to pending sales as the chart clearly shows. Pending sales are still indicating that closed sales will stay at these high levels in LA County for at least another two months.

Orange County Average Daily Sales 1 year



Average Daily Sales

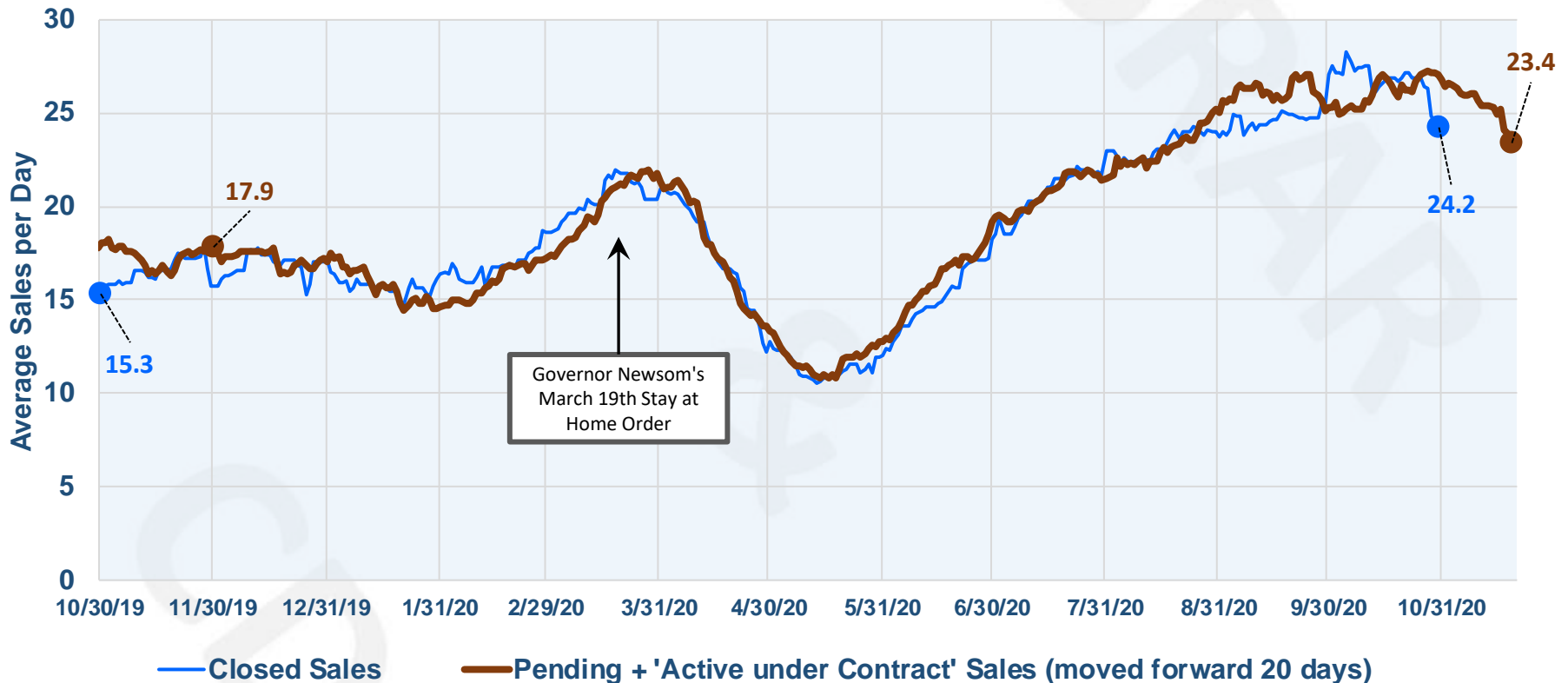
Orange County shows almost an identical recovery pattern to Los Angeles County. In Orange County, however, the chart seems to indicate that sales may be slowing down just a little. That said, both closed sales and pending sales are running 40% ahead of year ago levels.

Average Daily Sales

SFR

Coachella Valley

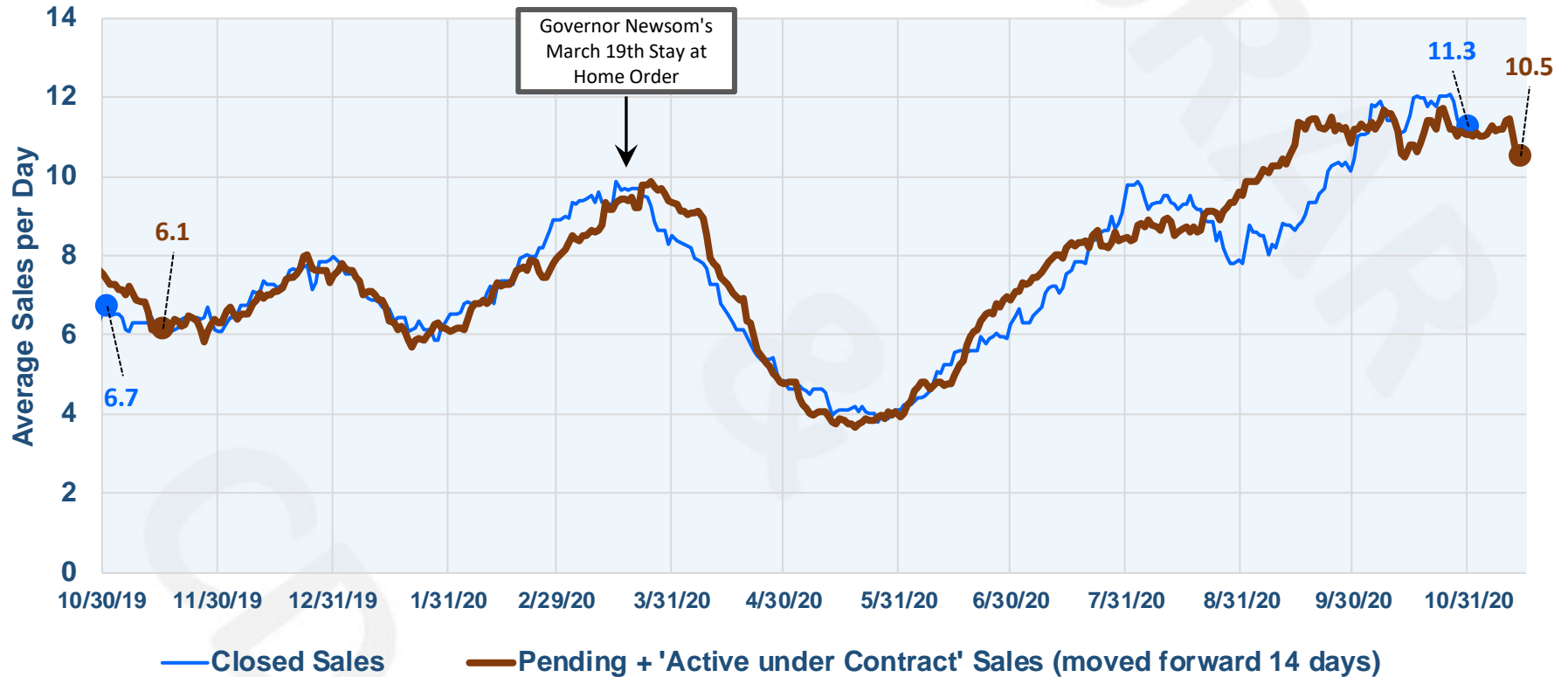
1 Year



Average Daily SFR Sales

In the Coachella Valley escrow times for detached homes average 20 days, so pending sales are moved forward 20 days on the chart. While sales have been stable at current high levels for 3 1/2 months, pending sales are forecasting a continuation at these high levels for at least another month. Because a second COVID infection cycle appears to be forming as we go into the winter months, we expect sales to begin to slow a little bit. That said, pending sales of detached homes are still running 31% above year ago levels.

Average Daily Sales CONDOS Coachella Valley 1 Year



Average Daily Condo Sales

This chart shows Valley pending sales for condominiums are also flattening out at a high level. Pending sales in October averaged 10.5 units a day, which is 72% above a year ago. We think this indicates that closed sales, which averaged 11.3 units a day in October, will continue to stay at current levels for the next three weeks.



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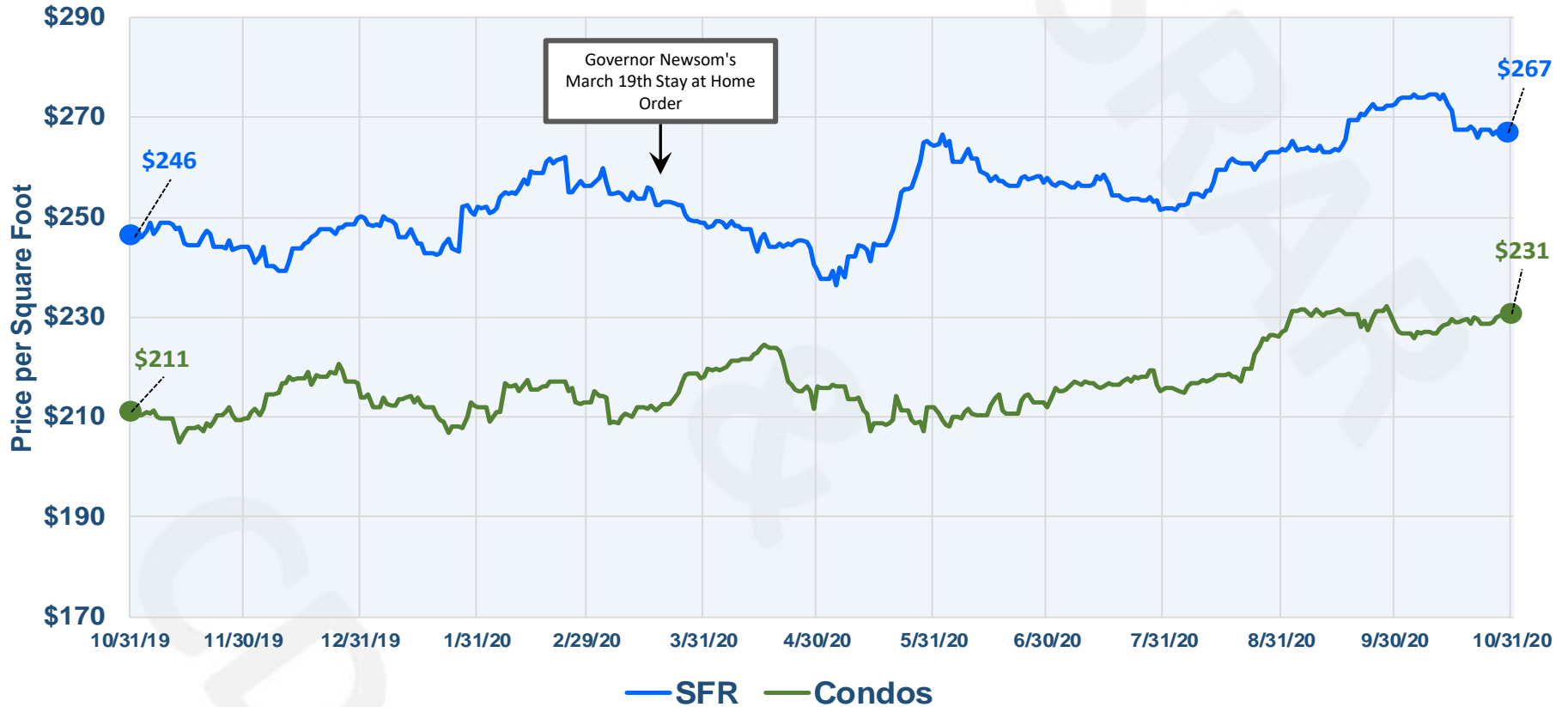
Average Weekly Pending Sales Plus 'Active under Contract' - by City

	SFR			CONDO			ALL HOMES		
	Oct 31st	Year Ago	%Change	Oct 31st	Year Ago	%Change	Oct 31st	Year Ago	%Change
Cathedral City	12.8	10.5	21.4%	3.5	4.0	-12.5%	16.3	14.5	12.1%
City of Coachella	3.8	5.5	-31.8%	N/A	N/A	N/A	3.8	5.5	-31.8%
Desert Hot Springs	11.3	10.8	4.7%	N/A	N/A	N/A	12.3	11.8	4.3%
Indian Wells	6.0	2.0	200.0%	3.0	1.0	200.0%	9.0	3.0	200.0%
Indio	32.0	24.5	30.6%	2.0	1.0	100.0%	34.3	25.5	34.3%
La Quinta	33.3	18.8	77.3%	7.5	4.5	66.7%	40.8	23.5	73.4%
Palm Desert	25.8	20.3	27.2%	23.3	12.5	86.0%	49.5	33.3	48.9%
Palm Springs	22.5	12.0	87.5%	24.0	15.8	52.4%	46.8	28.3	65.5%
Rancho Mirage	14.0	12.0	16.7%	8.5	4.0	112.5%	22.5	16.0	40.6%
CV TOTAL	161.0	116.0	38.8%	73.0	44.0	65.9%	235.0	161.0	46.0%

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 – Indian Wells, Palm Springs and La Quinta. Pending sales in Indian Wells are 200% higher than last year, while La Quinta is 73% higher and Palm Springs 65% higher.

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. Year-over-year detached homes are up 8.5%, while attached prices are up 9.4%.



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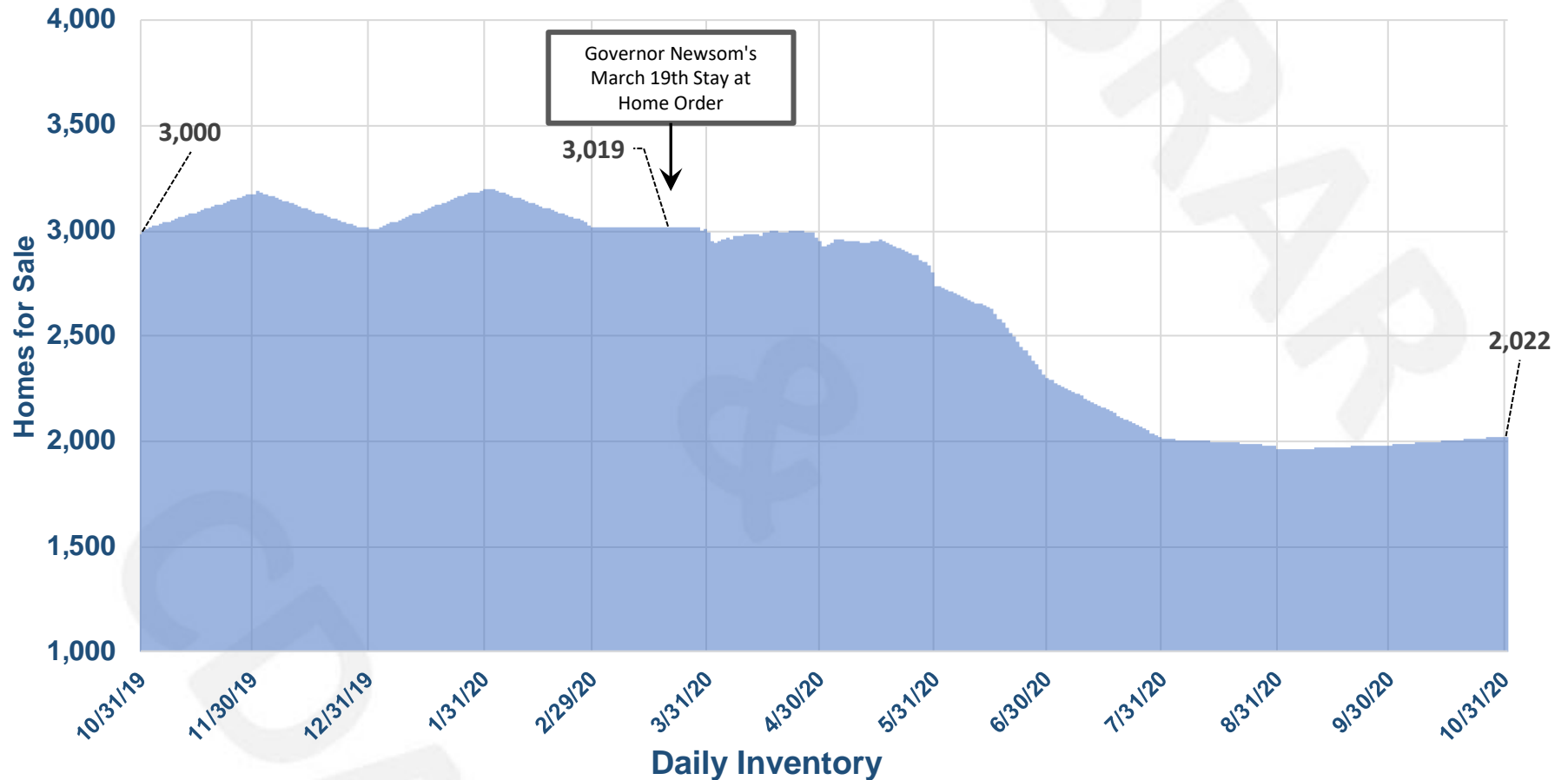
Average Price per sq. ft. by City

	SFR					CONDO				
	Oct 31st	Year Ago	% Change	March 19th	% Change	Oct 31st	Year Ago	% Change	March 19th	% Change
Cathedral City	\$239	\$221	8.5%	\$212	12.8%	\$176	\$154	14.7%	\$153	15.7%
City of Coachella	\$175	\$180	-2.7%	\$177	-1.3%	N/A	N/A	N/A	N/A	N/A
Desert Hot Springs	\$168	\$159	5.7%	\$161	4.3%	N/A	N/A	N/A	N/A	N/A
Indian Wells	\$351	\$383	-8.5%	\$302	16.0%	\$260	\$233	11.6%	\$216	20.4%
Indio	\$195	\$181	7.7%	\$193	1.1%	\$182	\$155	17.4%	\$166	9.8%
La Quinta	\$283	\$249	13.5%	\$275	2.9%	\$240	\$223	7.7%	\$228	5.4%
Palm Desert	\$255	\$234	9.3%	\$256	-0.1%	\$220	\$218	1.0%	\$207	6.5%
Palm Springs	\$423	\$373	13.5%	\$376	12.6%	\$262	\$230	13.8%	\$236	11.0%
Rancho Mirage	\$282	\$286	-1.3%	\$276	2.2%	\$207	\$181	14.8%	\$209	-0.6%
Coachella Valley	\$267	\$246	8.4%	\$253	5.3%	\$231	\$211	9.3%	\$212	8.8%

Average Price per sq. ft. by City

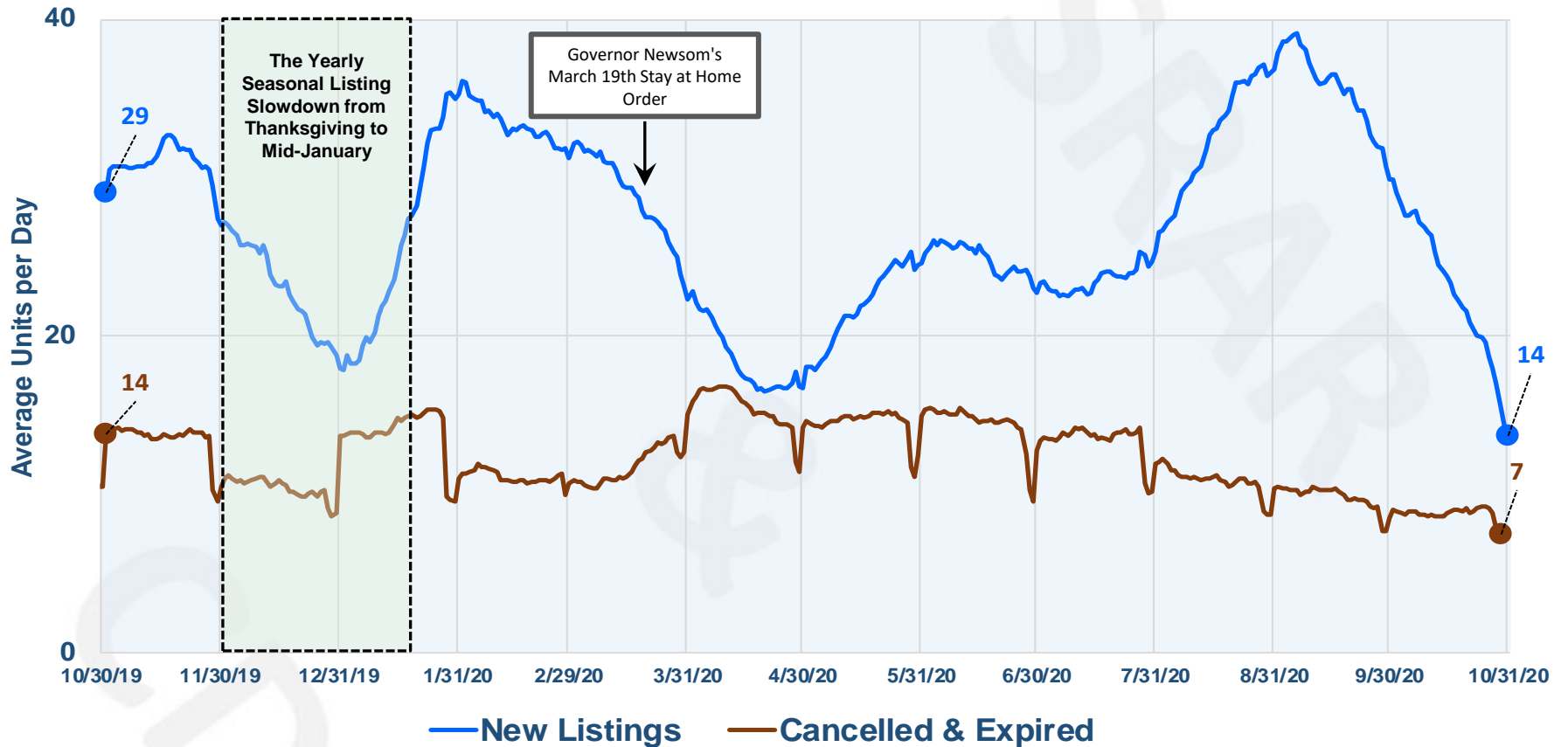
This table shows the current “price per square foot” in the nine regional cities compared to a year ago, and prices on March 19. Year over year gains have slowed slightly, with La Quinta and Palm Springs the only two cities with double digit price increase for detached homes. Five cities – Cathedral City, Indian Wells, Indio, Palm Springs and Rancho Mirage – all have double digit year over year increases in their average condo price .

Daily Inventory Coachella Valley 1 Year



Total Valley inventory on November 1st was 2,014 units. This compares to 3,000 units on November 1st last year and 3,019 on March 19th, which was the start of the California quarantine. It is clear from the chart that inventory has been staying at the 2,000 unit level for four months now. The normal seasonal pattern of increasing inventory from October through March is not occurring. One reason is due to the low number of new listings to replace sold homes.

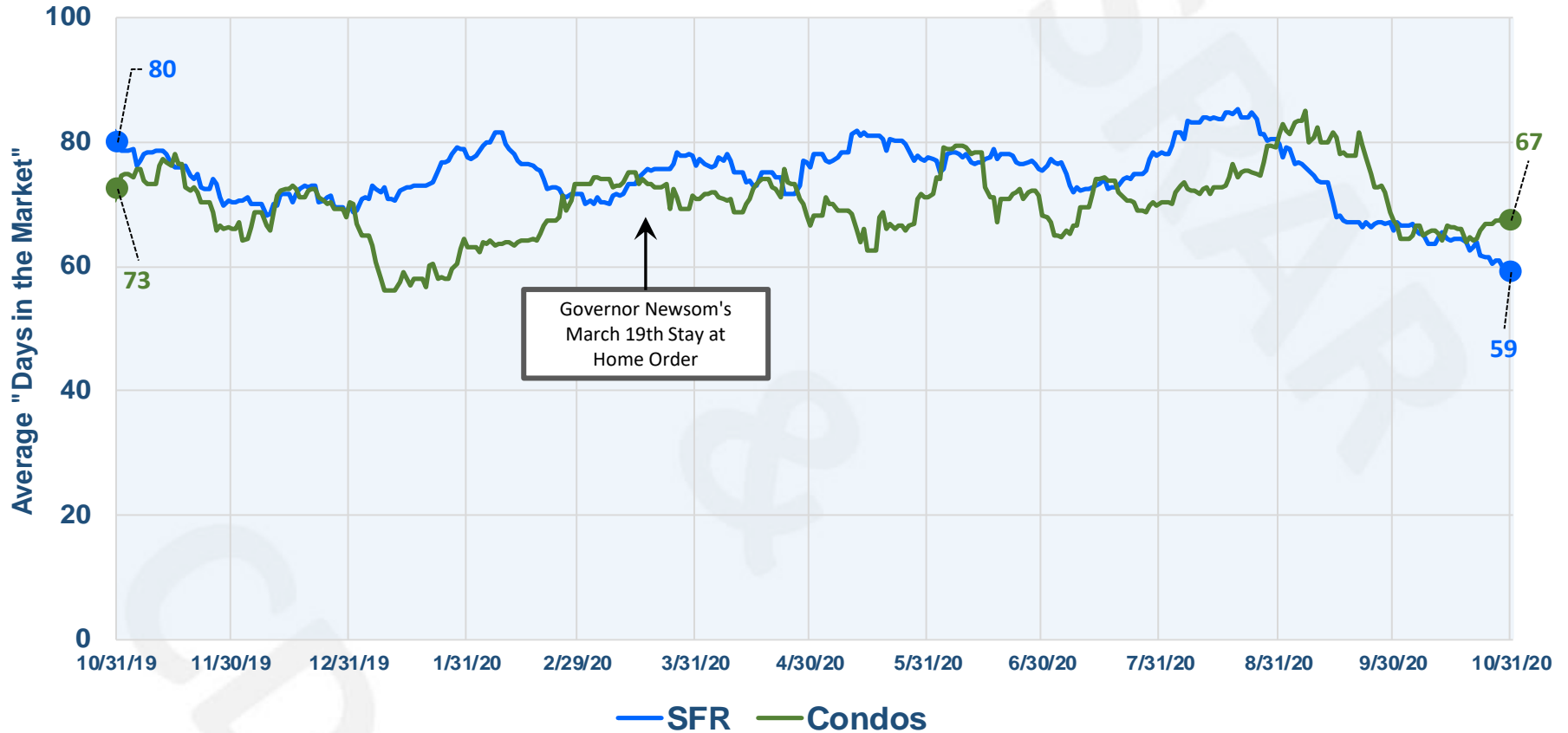
New, Cancelled & Expired Listings



New and Cancelled Listings

This graph plots average daily new listings and the average sum of cancelled and expired listings in the Coachella Valley. They are both the sum of single-family residences and condominiums. It is clear from the chart that the average number of new listings has been falling precipitously for the last two months. This has kept inventory unusually low. There's a natural fall off between Thanksgiving and the third week of January.

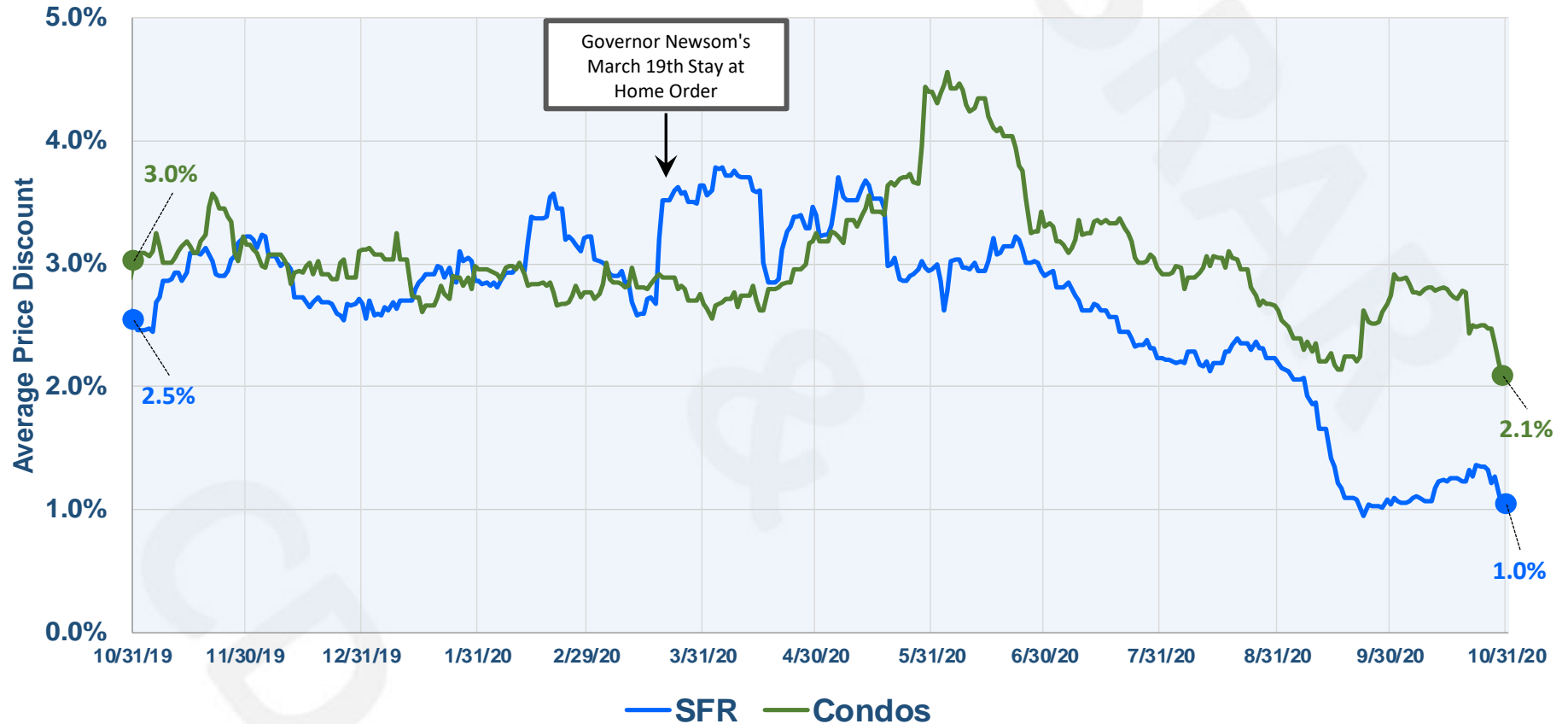
Average "Days in the Market" Coachella Valley



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 in October was 59 days, which compares to 80 days last year. "Days in the market" for condominiums went from 73 days a year ago to 67 days in October.

Average Price Discounts Coachella Valley



Average Price Discounts

This chart graphs average selling discounts for both single family residences and condominiums. Price discounts are increasing if the curves are moving upward and decreasing if the curves are moving downward. As the chart clearly shows, price discounts continue to remain low. The current average discount of 1.0% for detached homes continues to be the smallest discount in the last ten years.



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%

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