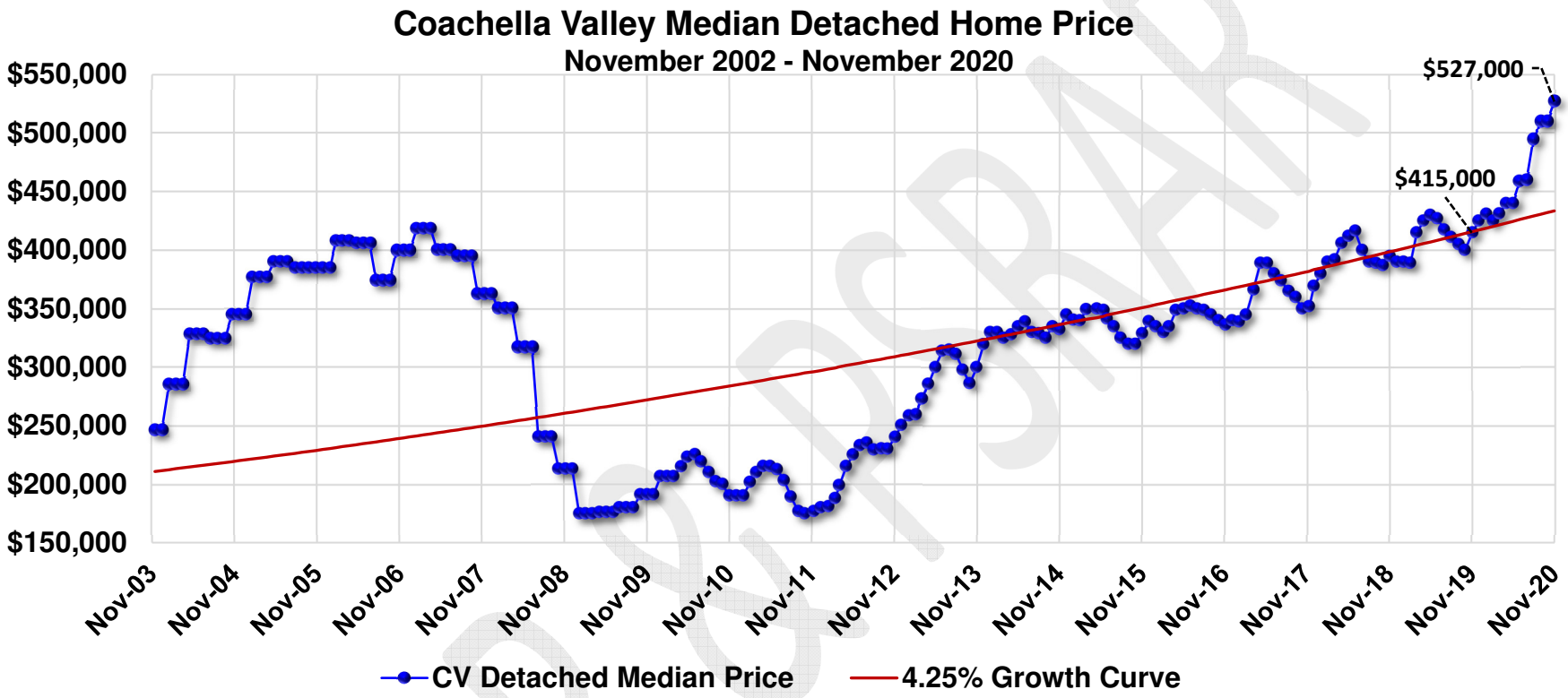
The Desert Housing Report

November 2020



Summary

As the chart clearly shows, prices for detached homes in the Valley have been surging. The median price in November for a detached home in the Valley was $510,000, which is up 27% over a year ago. The median attached home price in the Valley in November was $315,000, up 14.5% over last year. All nine cities show year-over-year price gains in their median price for detached homes, which range from 37% in La Quinta down to 2.6% for Indian Wells. Palm Springs and Palm Desert have price gains of 27.5% and 21% respectively, followed by Cathedral City at 19.9% and Desert Hot Springs at 19.2%. Palm Springs has a 16% year-over-year increase in its median attached home price. Detached home sales have been averaging 777 sales a month compared to 597 units a year ago. This is a year-over-year sales increase of 56%. Attached home sales, at 333 units a month, are up 67% over a year ago. Valley listings on December 1st stood at 1,830 units, which is 42% less than a year ago. The current ratio of 2.1 months is the lowest in Valley history and is almost 50% less than a year ago. This means that demand currently far exceeds supply and is forecasting a continuation of higher prices.

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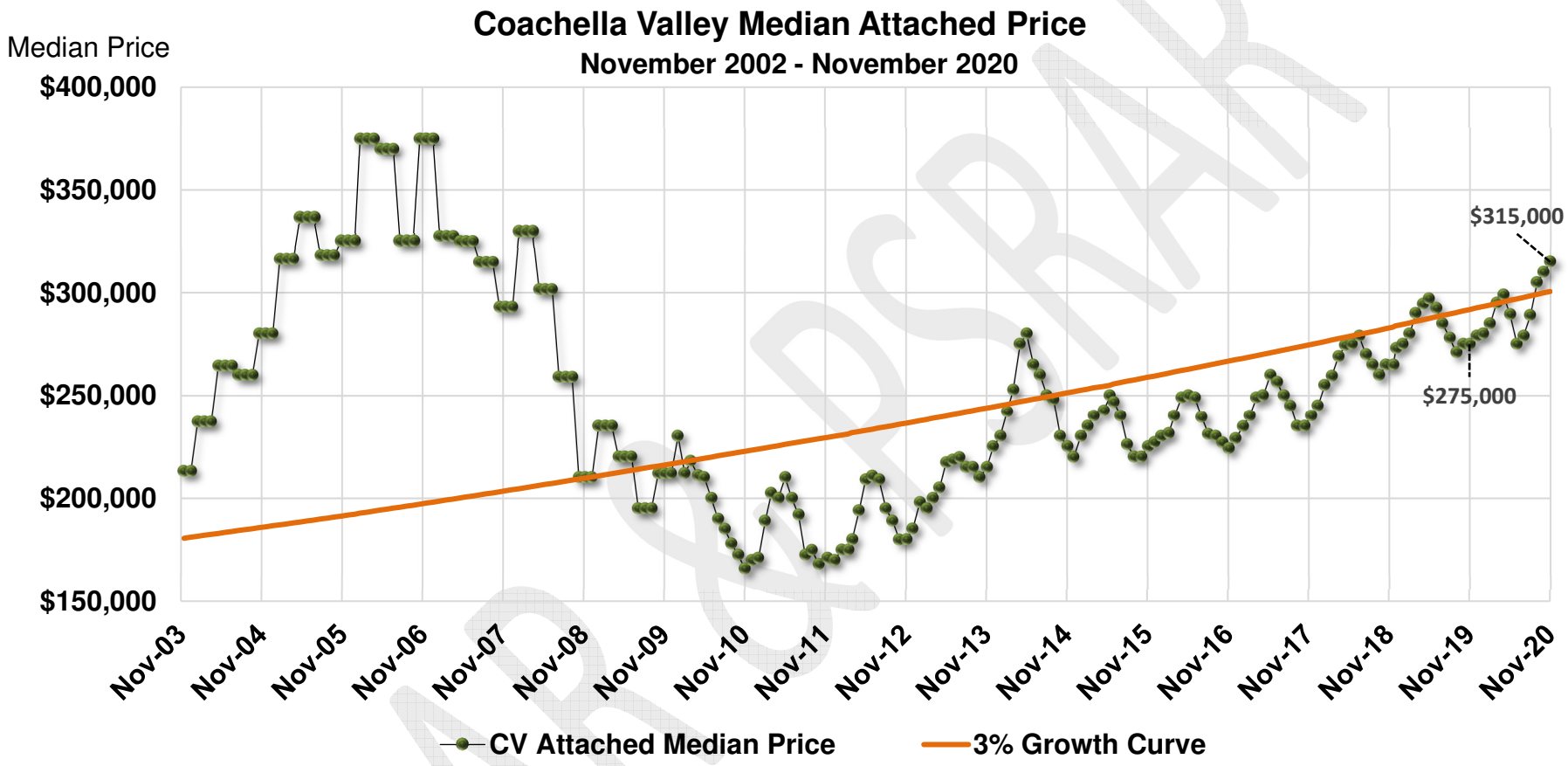

Coachella Valley Attached Median Price

The median attached home price in the Valley in November was $315,000, up 14.5% over last year. It is clear from the chart that prices for attached homes and condominiums have finally caught up with the positive trend of detached homes and we expect this to continue. It must be remembered that the attached home market is primarily a remote owner market where the buyers do not live in the region but come from outside.

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Detached Homes

City	Nov-20	Year Ago	12 mo change	2011 Low	Gain off 2011 Low	2006 High	% from High
La Quinta	$625,000	$455,000	37.4%	$245,000	155.1%	$682,020	-8.4%
Palm Springs	$829,000	$650,000	27.5%	$335,000	147.5%	$600,000	38.2%
Palm Desert	$503,500	$416,000	21.0%	$287,000	75.4%	$543,000	-7.3%
Cathedral City	$410,000	$342,000	19.9%	$139,000	195.0%	$395,000	3.8%
Desert Hot Springs	$275,000	$230,750	19.2%	$85,000	223.5%	$295,000	-6.8%
Rancho Mirage	$744,000	$675,000	10.2%	$423,000	75.9%	$950,000	-21.7%
Indio	$377,000	$343,737	9.7%	$158,500	137.9%	$380,500	-0.9%
City of Coachella	$283,500	$260,000	9.0%	$121,950	132.5%	$335,000	-15.4%
Indian Wells	$910,000	$887,250	2.6%	$540,000	68.5%	$1,205,000	-24.5%

Attached Homes

City	Nov-20	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Palm Springs	$310,000	$267,000	16.1%	$150,000	106.7%	$350,000	-11.4%
Indian Wells	$447,500	$392,500	14.0%	$321,500	39.2%	$557,500	-19.7%
Rancho Mirage	$380,000	$335,000	13.4%	$260,000	46.2%	$510,000	-25.5%
La Quinta	$381,500	$342,500	11.4%	$265,000	44.0%	$532,500	-28.4%
Palm Desert	$315,000	$290,000	8.6%	$175,000	80.0%	$410,000	-23.2%
Cathedral City	$195,000	$188,000	3.7%	$107,500	81.4%	$270,500	-27.9%
Indio	$175,000	$199,500	-12.3%	$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. All nine cities show year-over-year price gains in their median price for detached homes, which range from 37% in La Quinta down to 2.6% for Indian Wells. Palm Springs and Palm Desert have price gains of 27.5% and 21% respectively, followed by Cathedral City at 19.9% and Desert Hot Springs at 19.2%. Palm Springs has a 16% year-over-year increase in its median attached home price.

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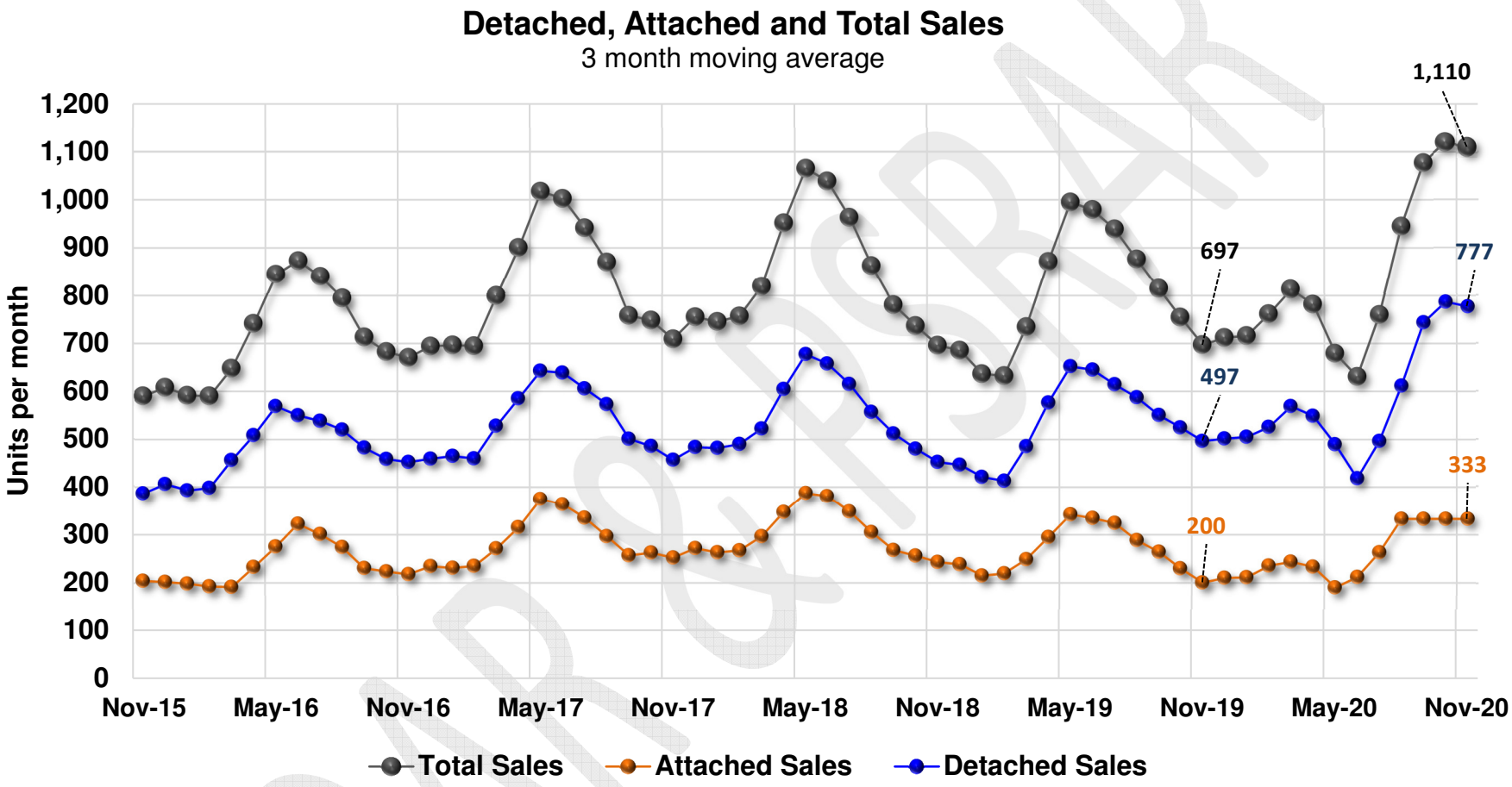

Monthly Sales – 3-month trailing avg.

As the three-month average sales chart shows, sales continue to surge in the Valley. Detached home sales have been averaging 777 sales a month compared to 597 units a year ago. This is a year-over-year sales increase of 56%. Attached home sales, at 333 units a month, are up 67% over a year ago. This utterly amazing result is occurring during the season when sales are normally much lower. As the companion COVID report will show, pending sales are forecasting that closed sales continue around current high levels.

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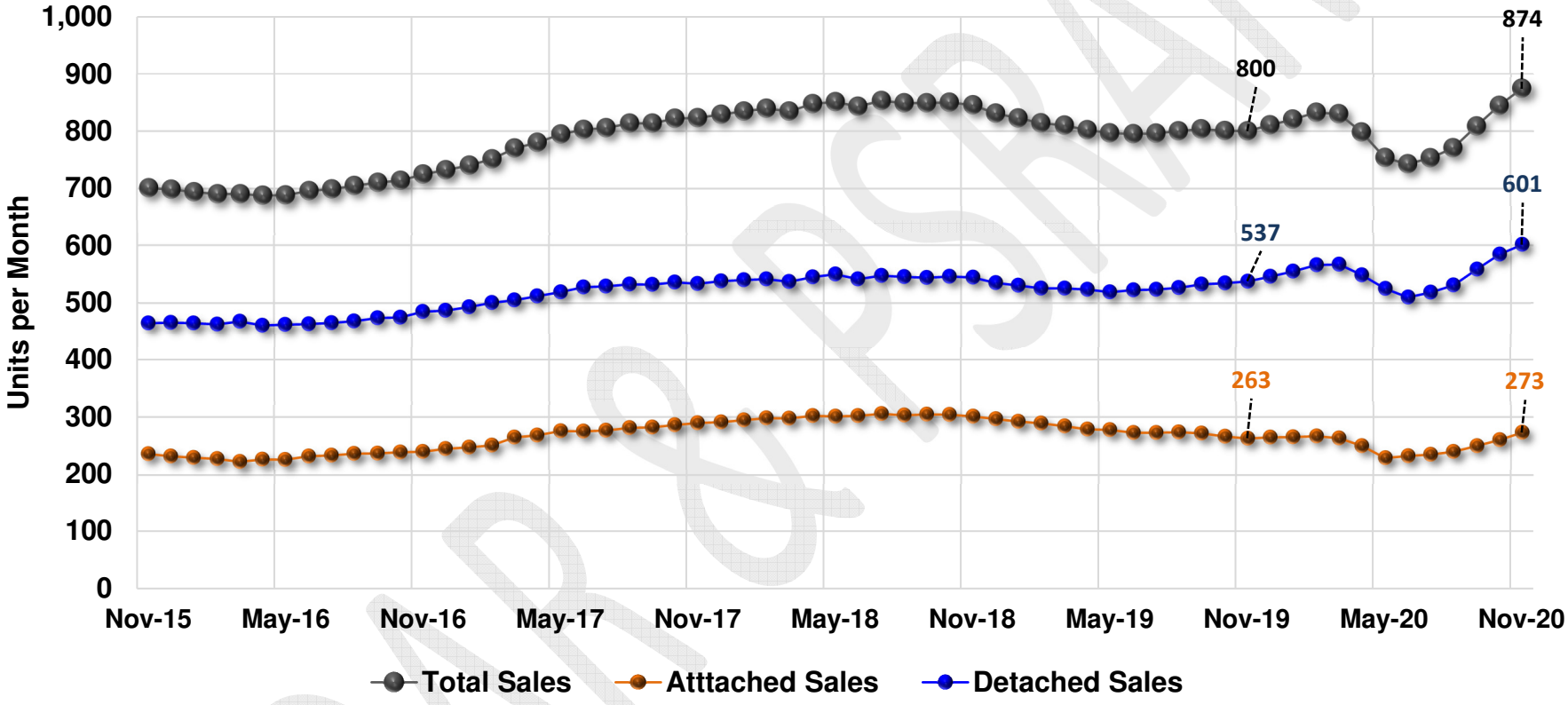
Detached, Attached and Total Sales

12 month moving average



Monthly Sales – 12-month trailing avg.

Total sales over the last 12 months, a period that removes any seasonal pattern, is averaging 874 units a month. This is the highest average sales number over any 12-month period since 2005. The sales average of detached homes is 12% higher than it was last year. However, sales of attached homes are not yet participating in this surge, being only 4% above year ago levels.

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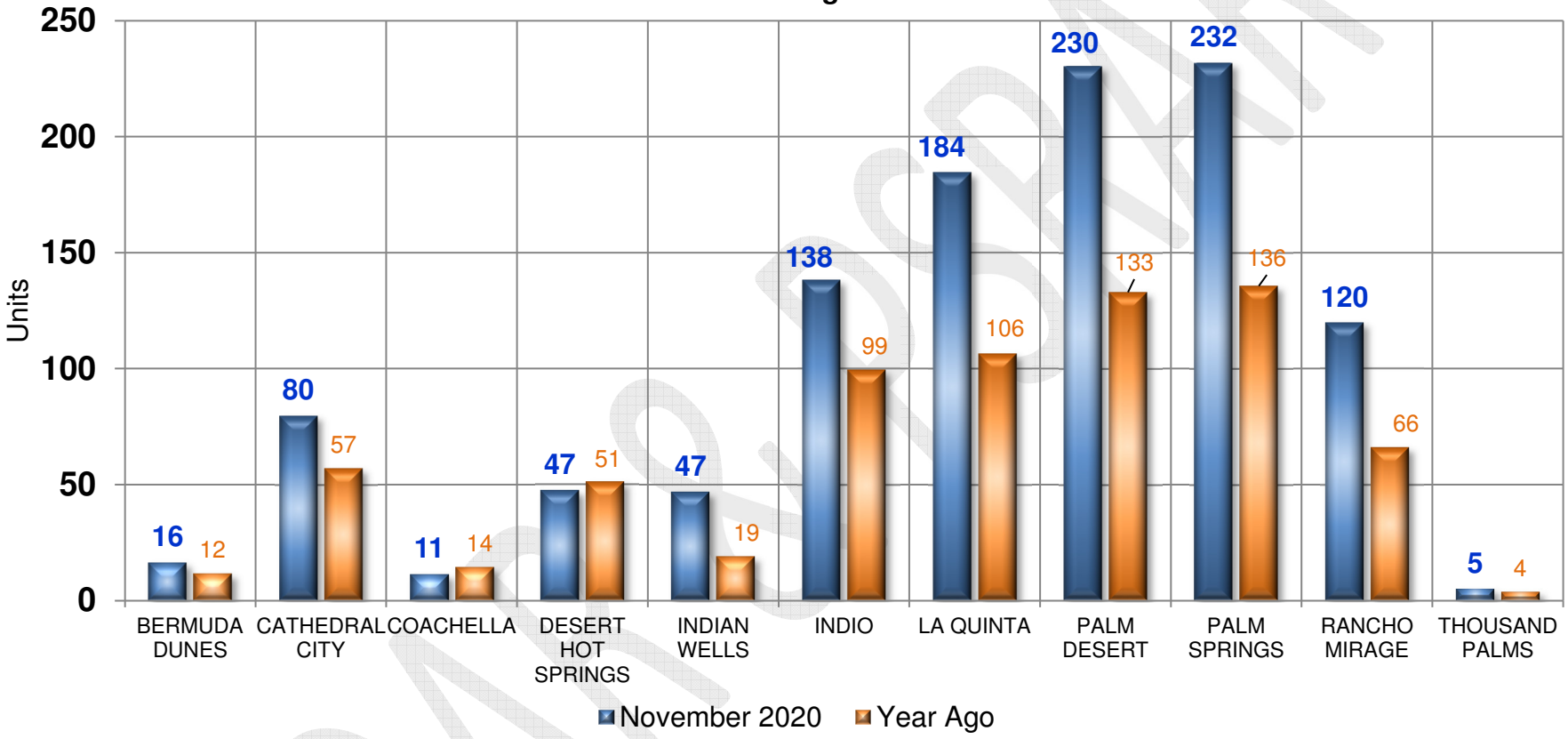
Home Sales by City

3 month avg sales



Home Sales per month by City

This graph compares average three-month sales in eleven cities to sales a year ago. Five cities have the highest percentage sales increase over year ago levels. The largest increase is in Indian Wells, where numbers are up 147%. This is followed by Rancho Mirage up 82%, La Quinta with sales up 74%, Palm Desert up 73% and Palm Springs up 71%. Sales in the job oriented communities of Cathedral City, Desert Hot Springs and Indio are up but by smaller percents.

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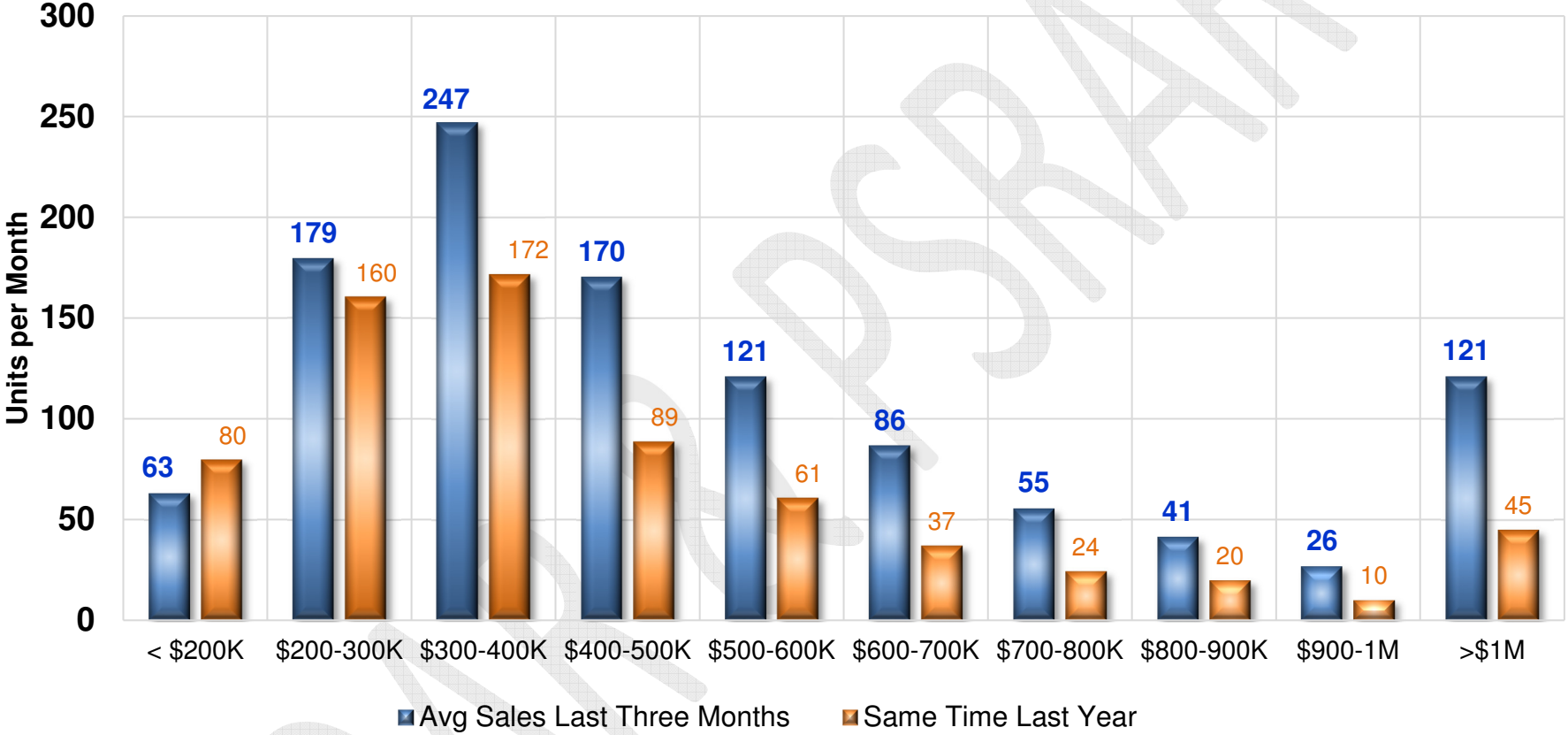
Home Sales by Price Range

3 mos avg



Home Sales by Price Range

Again, when we measure sales in different price brackets, we find the largest increases begin in homes priced over $500,000. By far the largest sales increases are in homes priced over $1 million. In November the three-month average of sales for these homes was 121 units a month, which is up 169% over year ago levels.

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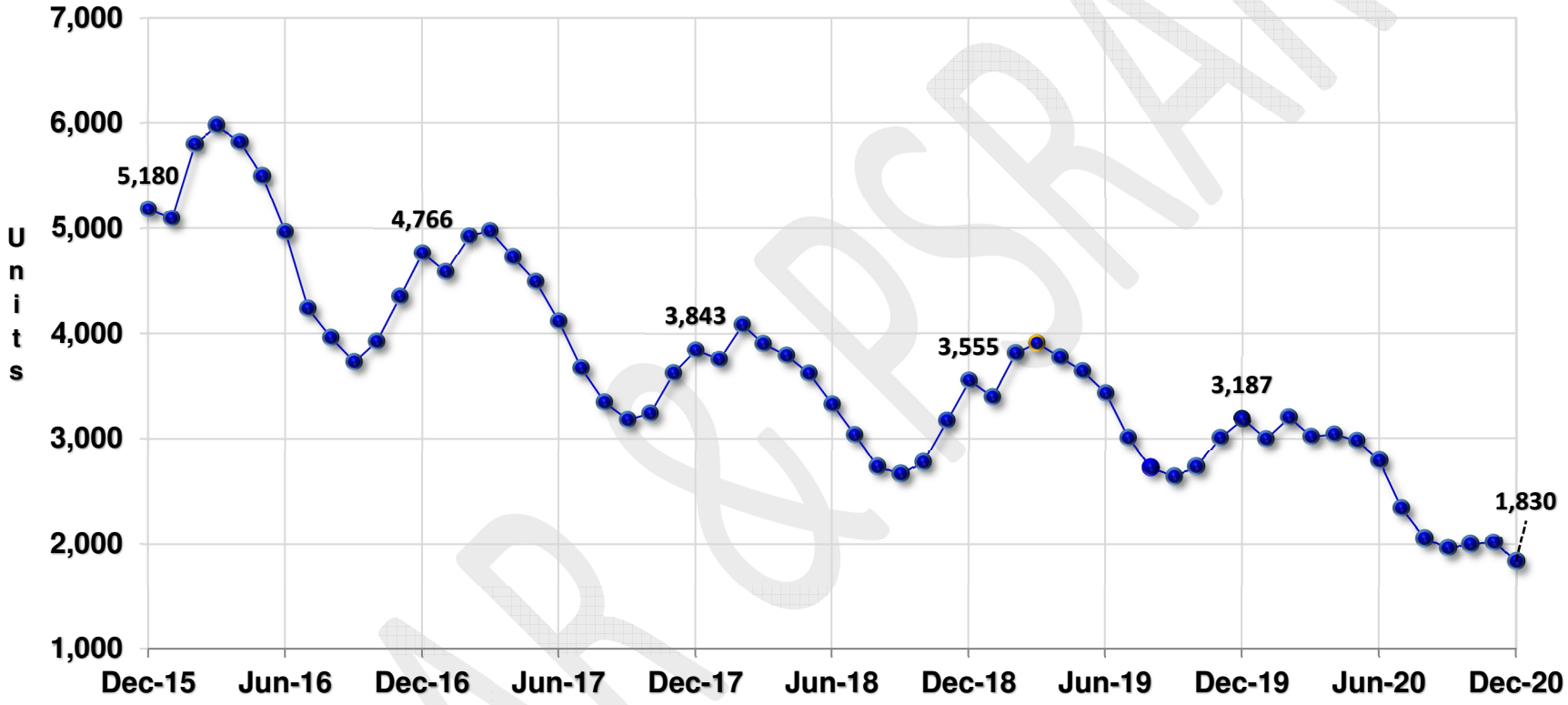
Valley Housing Inventory



Coachella Valley Inventory

Just when we think inventory can't go any lower, it does! Valley listings on December 1st stood at 1,830 units, which is 42% less than a year ago. This five-year graph plots total Valley inventory, which is the combined number for both detached and attached homes. The seasonal pattern is obvious and historically listings should have been increasing over the last two months, but they haven't been. We think this seasonal anomaly is forecasting continued tight inventories as we move into the new selling season.

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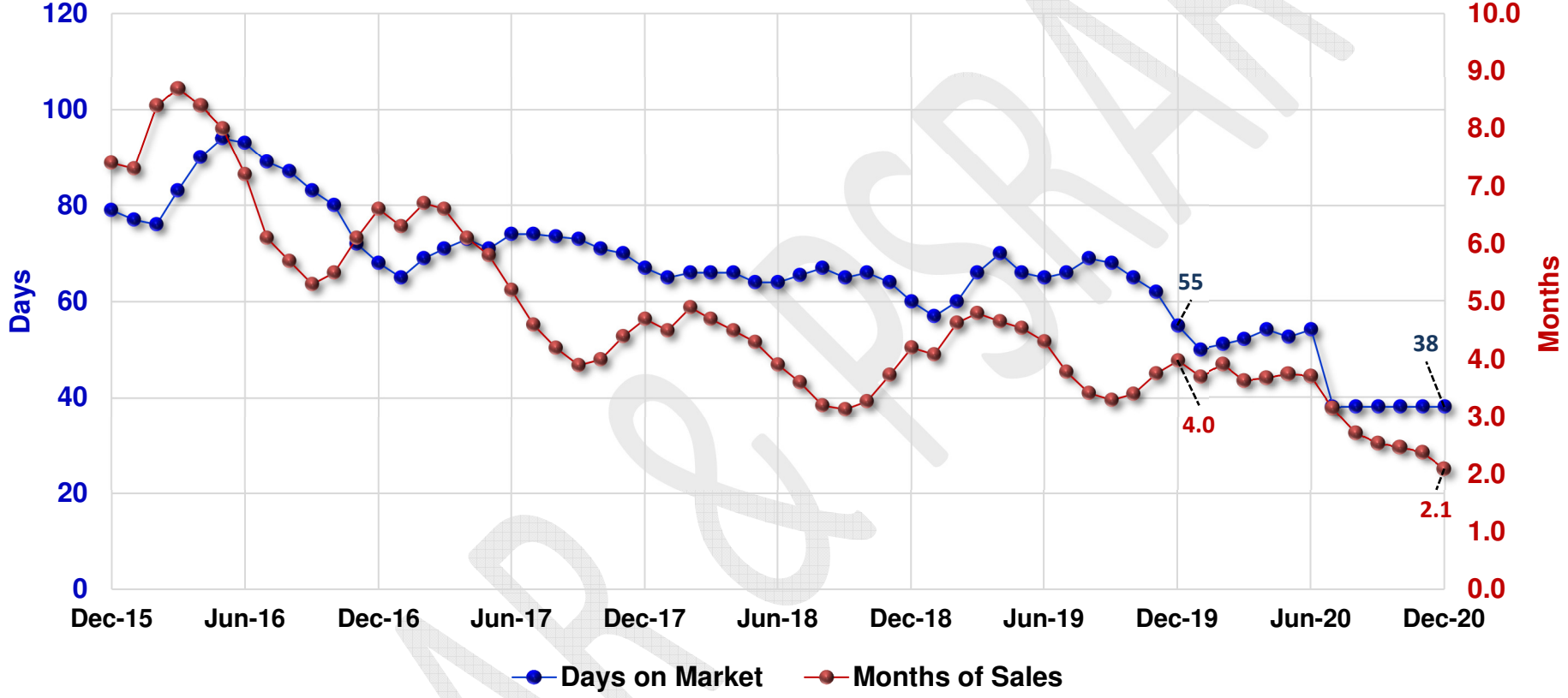
Days on the Market & Months of Sales

December 1st 2015 - December 1st 2020



"Days in the Market" and "Months of Sales"

The "months of sales" ratio, which is inventory divided by the sales rate, measures how many months it would take to sell off the entire inventory at the current sales rate. It is the most accurate indicator of supply versus demand that real estate markets have. The current ratio of 2.1 months is the lowest in Valley history and is almost 50% less than a year ago. This means that demand currently far exceeds supply and is forecasting a continuation of higher prices. The median value of days in the market in November was 38 days compared to 55 days a year ago.

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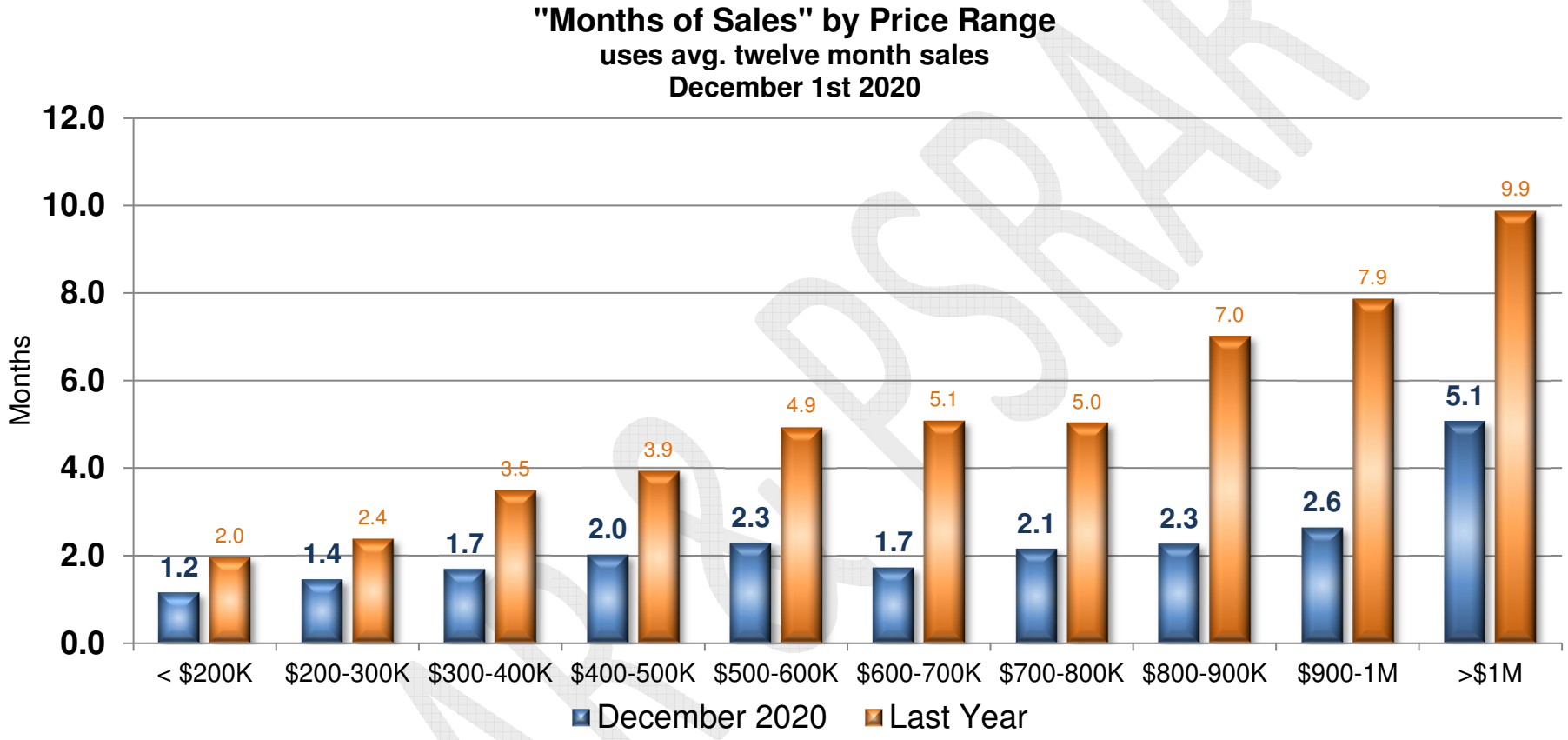

"Months of Sales" by Price Range

The "months of sales" ratio in every price bracket continues to be far below year ago levels. This is especially true in the higher price brackets. Normally, the ratio is higher in the higher price markets, but as the chart clearly shows, the ratios in all brackets are hovering around two months up to the $900,000 bracket. Only when we get the homes over $1 million does the ratio rise to five months. These facts mean that the housing market throughout the Valley is strong in all price ranges and particularly strong in the higher priced markets.

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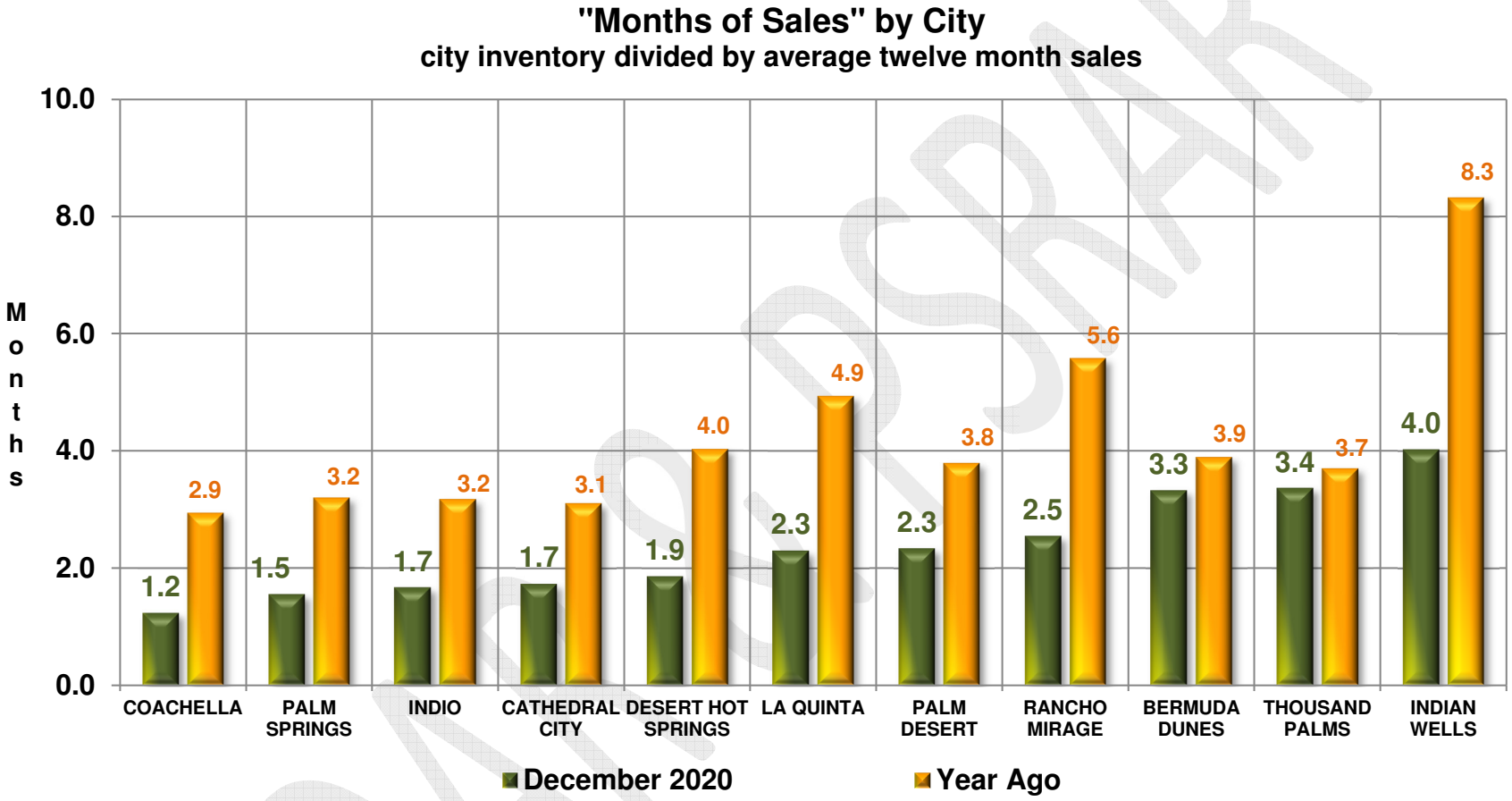

"Months of Sales" by City

On December 1st, the "months of sales" ratio in all of the region's eleven cities was equal or less than four months. Five cities had ratios under two months – Coachella, Palm Springs, Indio, Cathedral City and Desert Hot Springs. The cities of La Quinta, Rancho Mirage and Indian Wells all had declines of over 50% in their ratios.

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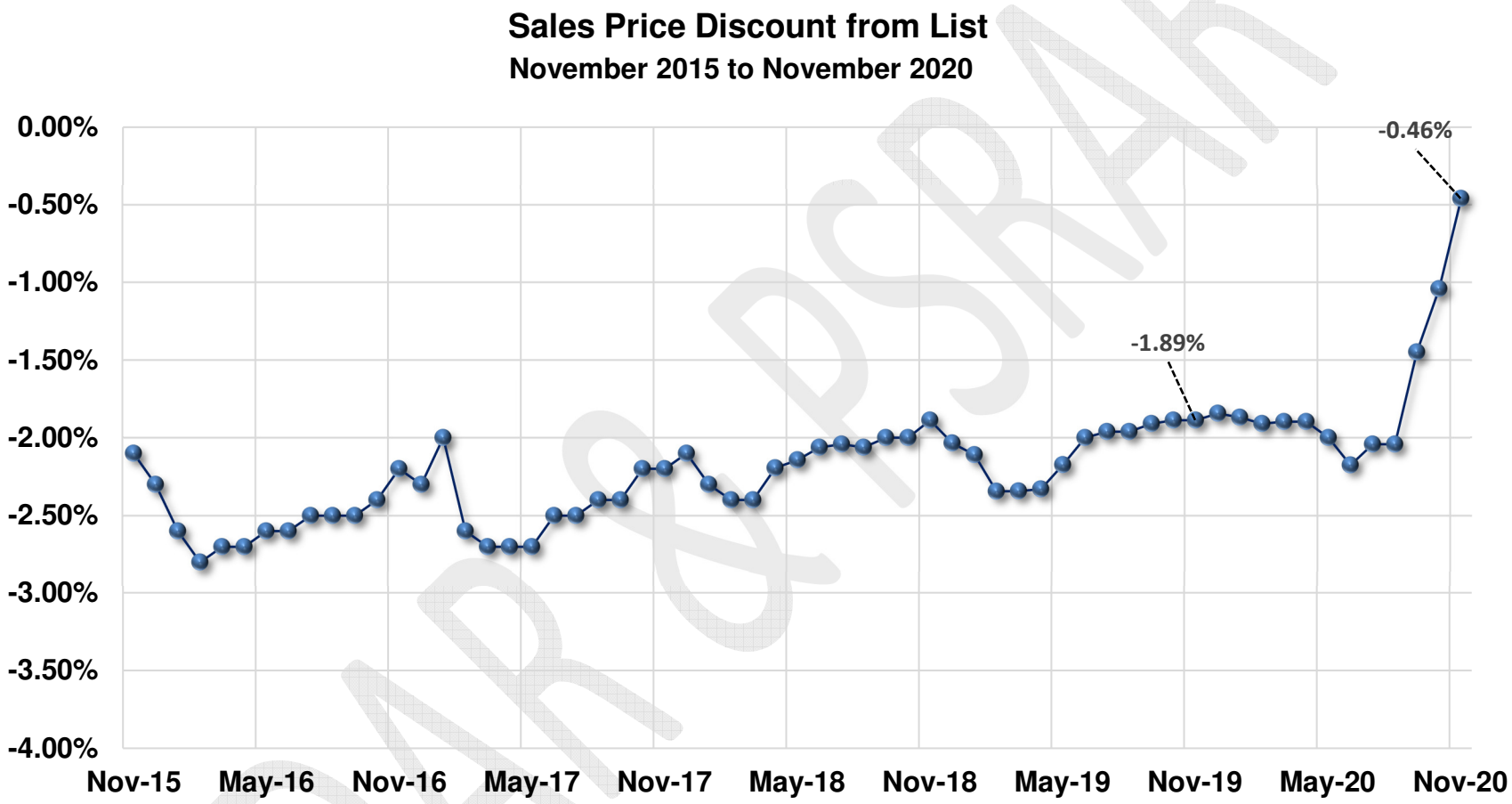

Sale Price Discount from List

The November median value for "Sale Price Discount from List" was -0.46% which, as the chart clearly shows, continues the significant improvement since August. This number implies that an average house offered at $500,000 sold for $497,700. One out of every four sales are now selling for more than their asking price.

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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

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