

Summary

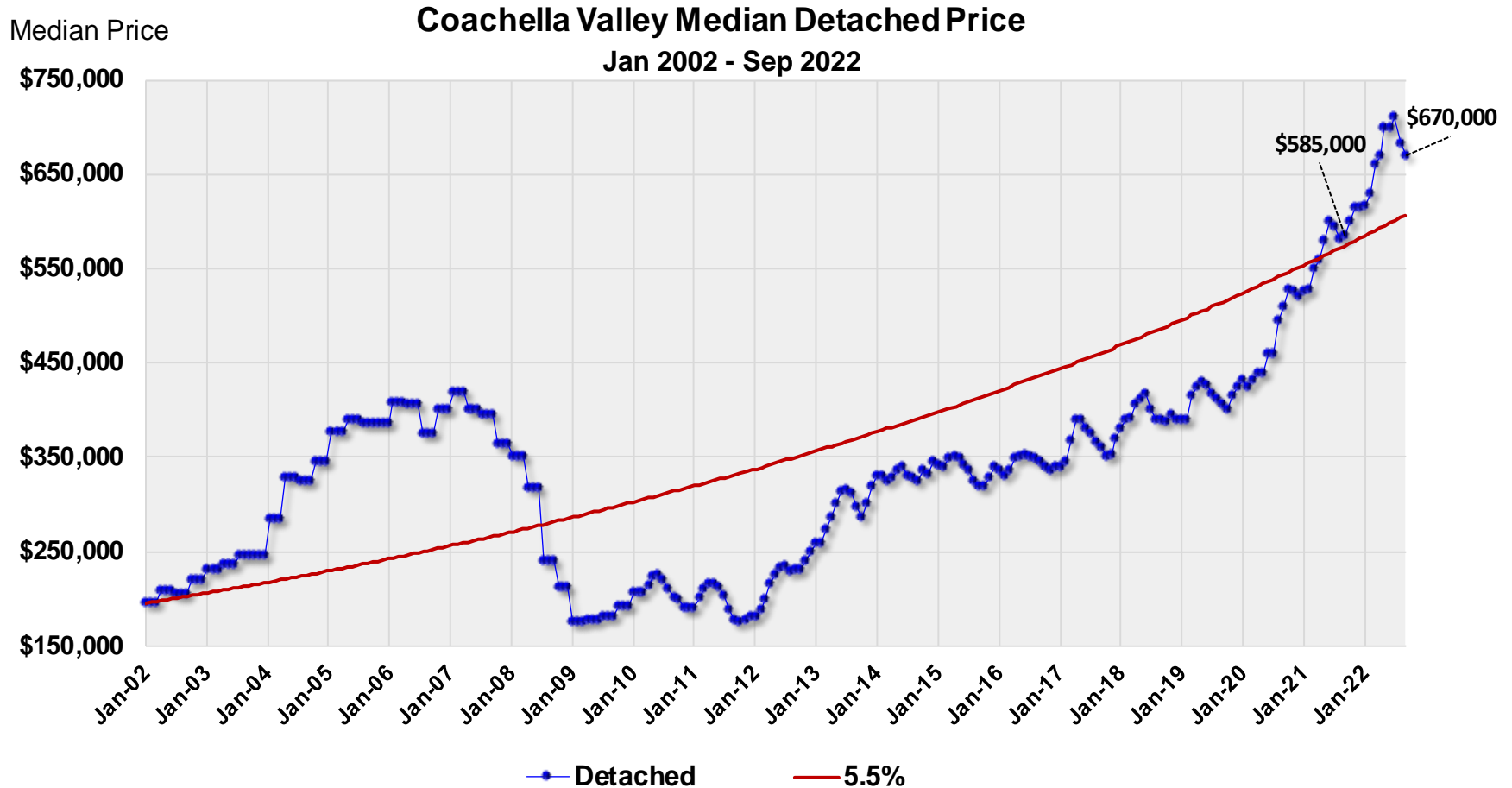
PRICES: The median price of a detached home in the Coachella Valley has declined over the last two months. It's currently at \$670,000, which is up 15% year over year. Most of this decline is seasonal but it also represents the general corrective turn that is occurring in home prices. The median price for attached homes in September was at \$465,000, which is down slightly from the previous month but up 24% year over year. Gains now range from 34.1% in Indian Wells to 12.2% in the Bermuda Dunes. In the attached home market, two cities continue to have gains over 40% - Desert Hot Springs and Indio.

SALES: The three-month average of sales in September was 581 units a month, which is 32% below last year. In the three years before the pandemic, September sales averaged 784 units, so current sales are objectively running about 25% below normal. Every city except Coachella had lower sales in September compared to a year ago. Sales in the city of Coachella are 42% higher. The largest percentage declines were in the cities of Rancho Mirage, La Quinta and Cathedral City, where sales are lower by 43%, 42% and 42% respectively.

INVENTORY & "MONTHS OF SALES" RATIOS: On October 1st, Valley inventory stood at 1,807 units, which is 214 units higher than last month and 924 more than last year. This monthly increase is opposite to almost every other California region, where inventory generally contracted last month. Some of this increase is seasonal and if the seasonal pattern continues, as we expect, inventory might possibly reach 2,500 units by February. On October 1st, the Valley's "months of sales" ratio was 2.2 months, which like inventory is higher than last month. The ratio remains considerably below 3.0 to 3.5 months, which is normal for late-summer.

DIM: At the end of September, the median number of "days in the market" throughout the Valley was 32 days, which is now eight days more than last year. As we've said, we think we've seen the lows in this metric and believe it will rapidly increase back to 50 or 60 days, which is historically "normal" for the region. The city of Indian Wells has the lowest median selling time for detached homes at 24 days, followed by Rancho Mirage at 27 days. In the attached market, Desert Hot Springs has the shortest selling time at 23 days, followed by Cathedral City at 25 days.

PRICE DISCOUNTS/PREMIUMS: At the end of September, 27.7% of sales occurred above list price compared to 50.2% a year ago. As we've stated, we fully expect the ratio will be back to historic norms of around 10% near the end of the year. Only four cities have selling premiums for detached homes, with the cities of Coachella and Desert Hot Springs having the highest premiums at .6% and .3% respectively. No city currently has a selling premium for attached homes.

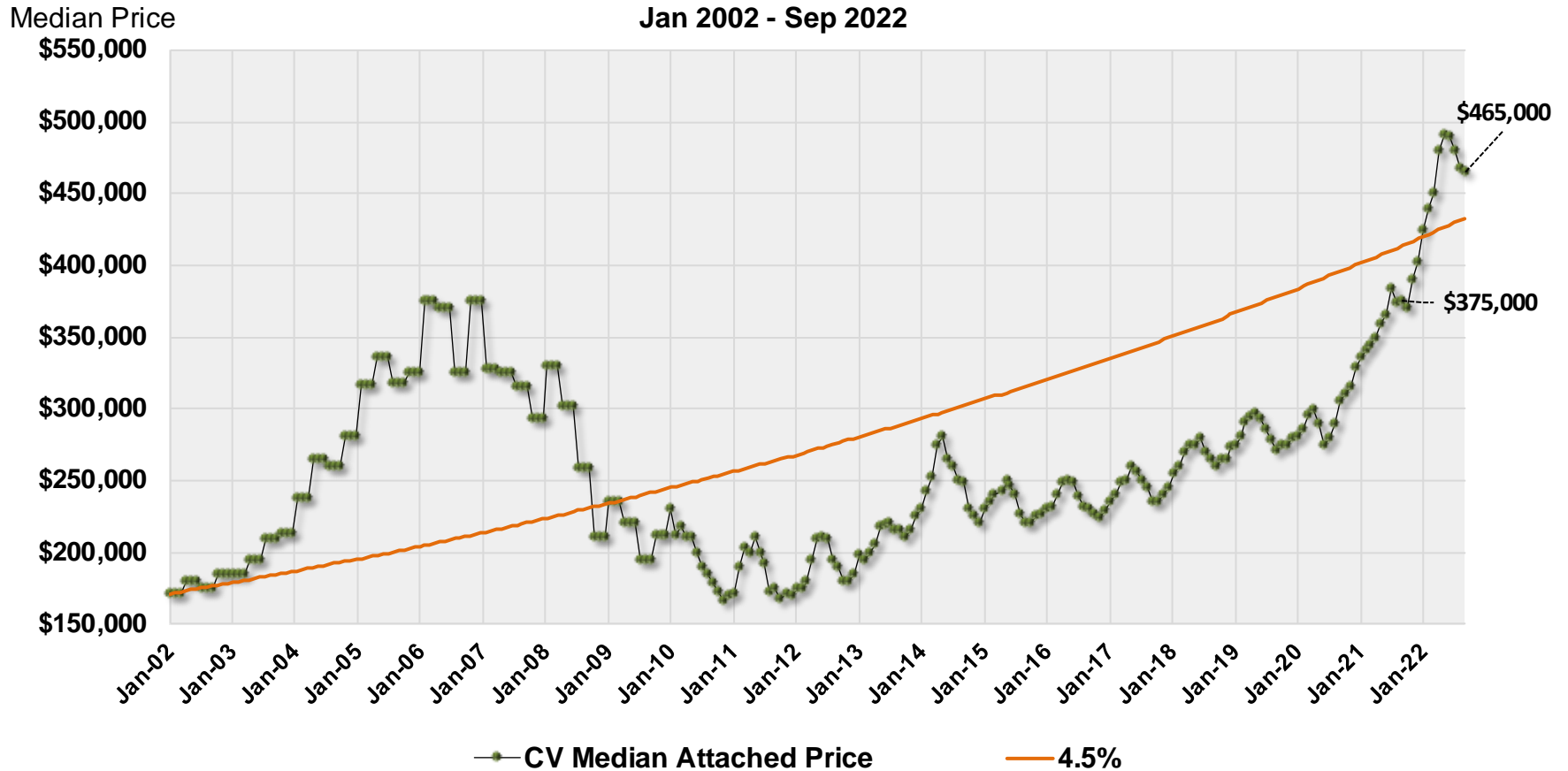


Coachella Valley Median Detached Price

The median price of a detached home in the Coachella Valley has declined over the last two months. It's currently at \$670,000, which is up 15% year over year. Most of this decline is seasonal but some also represents the general corrective turn that is occurring in home prices. We'll have to continue to follow it carefully to see how it progresses through the end of the year. It is important during times like this to follow the data and not the many alarming comments people make.

Coachella Valley Median Attached Price

Jan 2002 - Sep 2022



Coachella Valley Median Attached Price

The median price for attached homes in September was at \$465,000, which is down slightly from the previous month but up 24% year over year. As the chart clearly shows, seasonal price corrections of 10% often occur in the attached market during the summer, so like the detached market, it is difficult to distinguish this from a real price correction. However, we feel we may see a larger than normal adjustment this year to around \$435,000, which would bring prices near the 4.5% growth curve.

Produced for Valley agents through the sponsorship and cooperation of GPSR and CDAR by Market Watch LLC

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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	\$519.65	\$1,792,809	\$1,337,362	34.1%	\$666,885	168.8%
Coachella	1,700	\$276.05	\$469,287	\$360,149	30.3%	\$111,367	321.4%
Indio	2,000	\$289.44	\$578,871	\$489,060	18.4%	\$156,340	270.3%
La Quinta	2,550	\$376.00	\$958,792	\$810,933	18.2%	\$318,164	201.4%
Desert Hot Springs	1,600	\$259.01	\$414,416	\$350,741	18.2%	\$86,656	378.2%
Rancho Mirage	3,175	\$407.28	\$1,293,119	\$1,098,021	17.8%	\$506,317	155.4%
Cathedral City	1,800	\$318.75	\$573,743	\$502,262	14.2%	\$153,216	274.5%
Palm Desert	2,200	\$351.06	\$772,340	\$676,852	14.1%	\$302,302	155.5%
Palm Springs	2,175	\$608.11	\$1,322,635	\$1,160,058	14.0%	\$323,879	308.4%
Bermuda Dunes	2,500	\$317.97	\$794,931	\$708,250	12.2%	\$239,325	232.2%

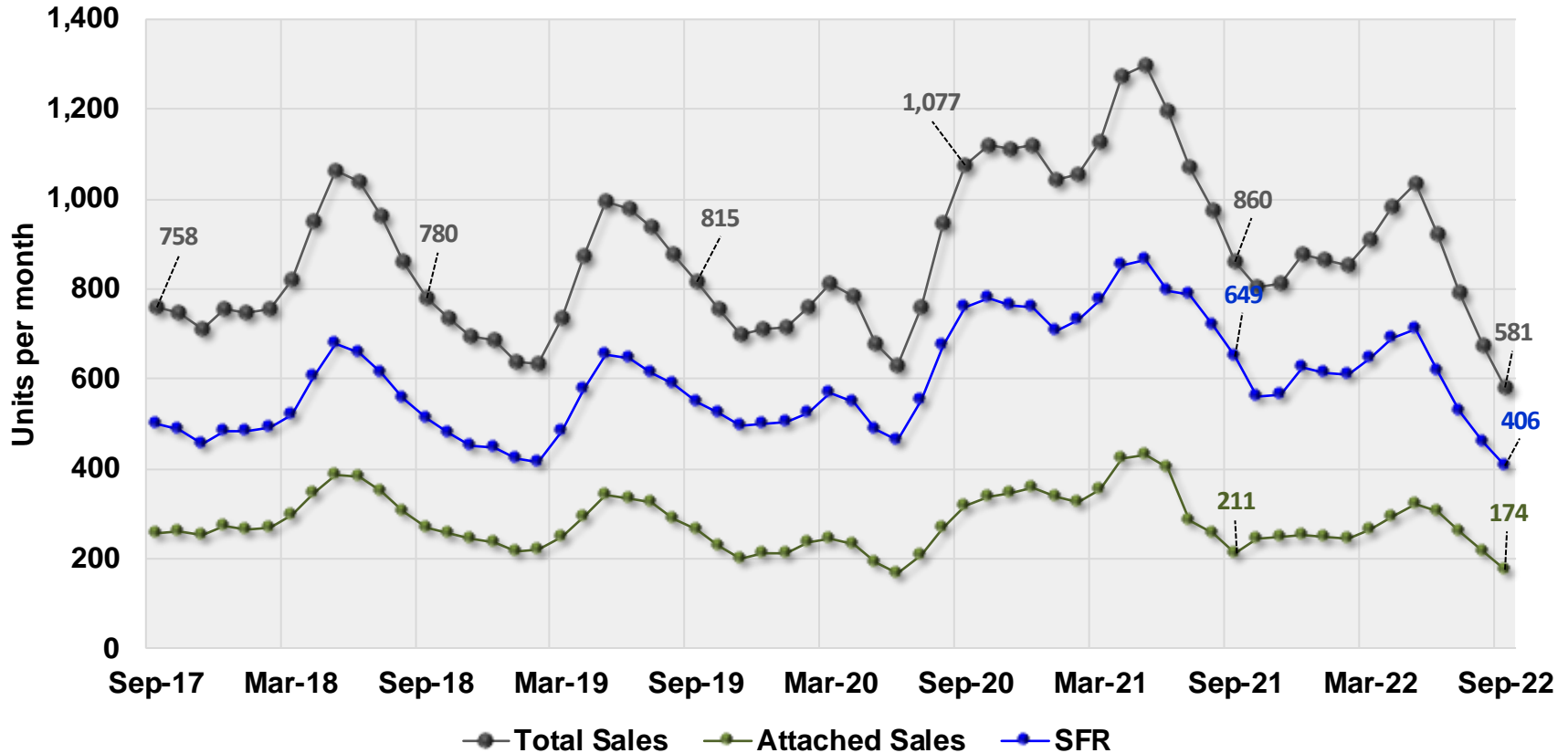
Price of The Average Size Attached Home

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	\$192.88	\$144,662	\$90,473	59.9%	\$16,013	803%
Indio	1,050	\$272.49	\$286,116	\$204,259	40.1%	\$56,396	407%
Palm Springs	1,250	\$382.41	\$478,011	\$355,714	34.4%	\$129,788	268%
Rancho Mirage	1,775	\$337.23	\$598,576	\$459,606	30.2%	\$211,030	184%
Cathedral City	1,250	\$276.13	\$345,157	\$265,528	30.0%	\$80,544	329%
Palm Desert	1,600	\$341.35	\$546,167	\$436,865	25.0%	\$197,896	176%
La Quinta	1,750	\$382.98	\$670,213	\$541,503	23.8%	\$247,713	171%
Indian Wells	1,950	\$352.29	\$686,957	\$564,910	21.6%	\$259,126	165%
Bermuda Dunes	1,450	\$269.74	\$391,118	\$332,297	17.7%	\$89,117	339%

12 Month Change in The Price of The Average Size Home

These two tables display the *price* and *price per square foot* of the average size home in each city. The current price is then compared to year ago levels and to the all-time lows that occurred in 2011 and 2012. There is no doubt price increases are starting to slow. Gains now range from 34.1% in Indian Wells to 12.2% in the Bermuda Dunes. In the attached home market, two cities continue to have gains over 40% - Desert Hot Springs and Indio.

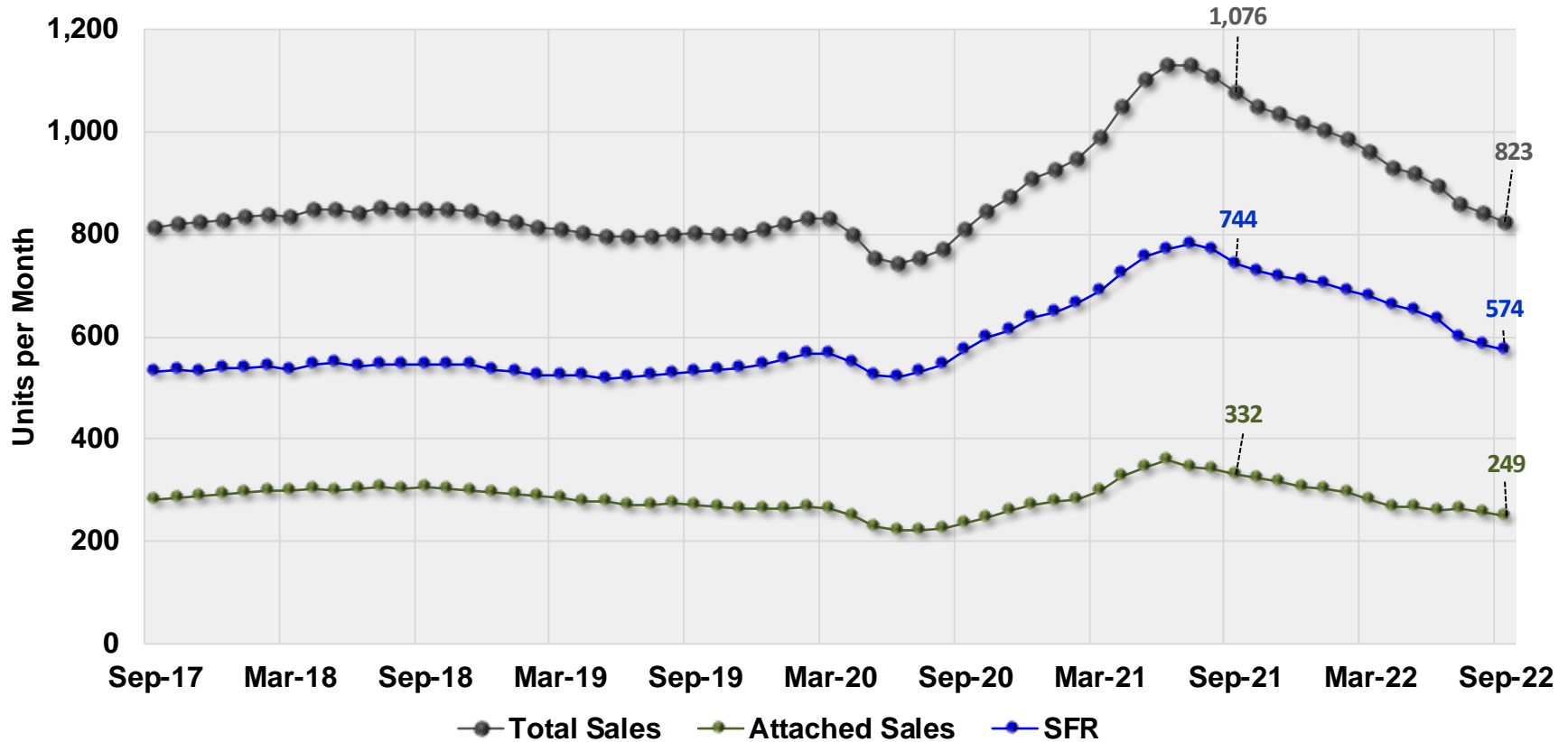
Detached, Attached and Total Sales 3 month moving average



Monthly Sales – 3-month trailing avg.

As the chart clearly shows, home sales continue to decline. The three-month average of sales in September was 581 units a month, which is 32% below last year. In the three years before the pandemic, September sales averaged 784 units, so current sales are objectively running about 25% below normal. This is a significant sales decline and, with the Federal Reserve tightening interest rates as it is, it does not appear these numbers will turn around anytime soon.

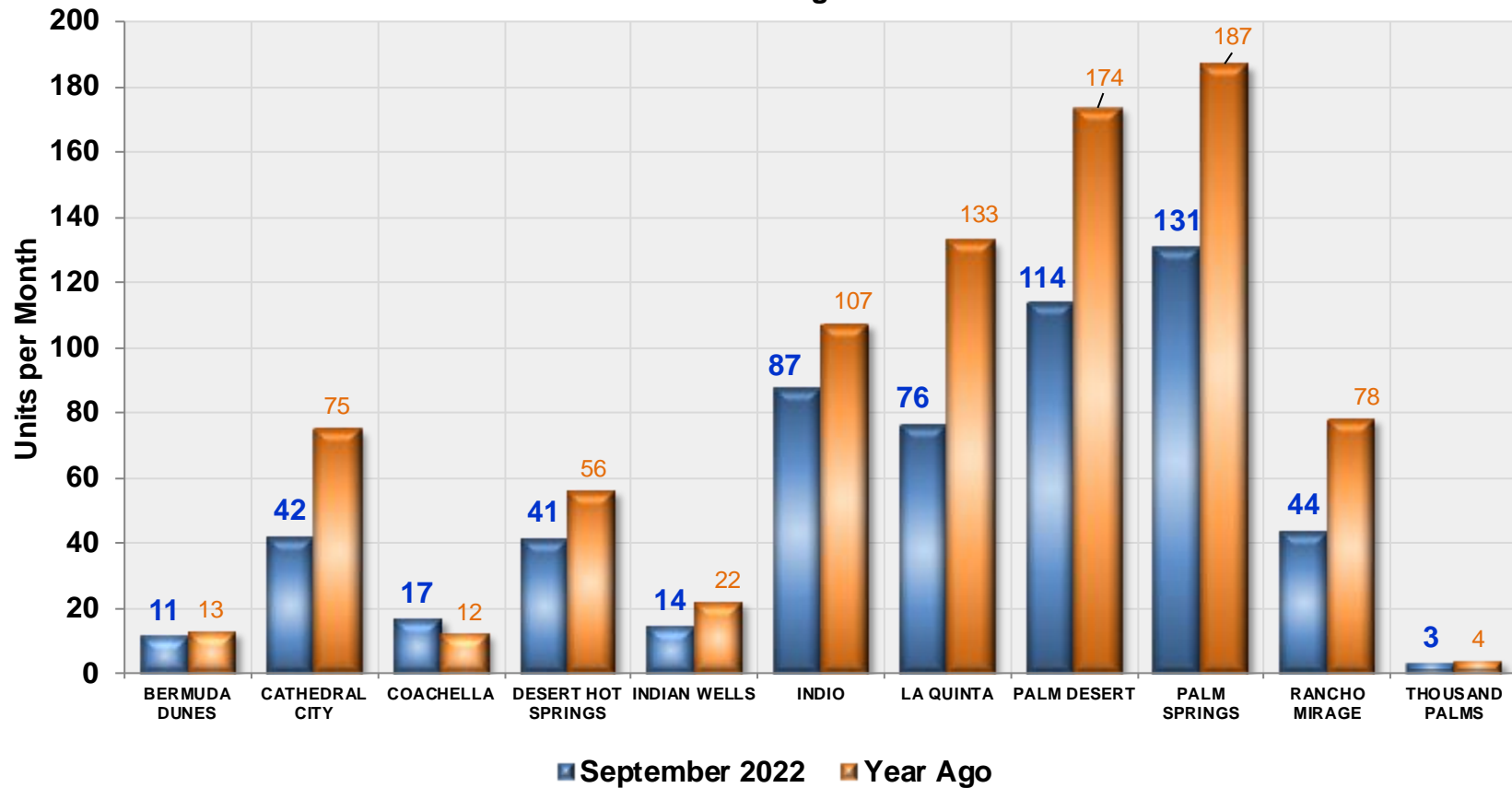
Detached, Attached and Total Sales 12 month moving average



Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out all seasonality, shows total sales averaged 823 units a month in September. This is 23% below last year but right at the normal sales level before the pandemic. Long-term sales of detached homes continue to be above pre-pandemic averages but attached sales are below pre-pandemic norms. We continue to state that, because short-term sales continue to decline, long-term sales will also continue to decline for awhile.

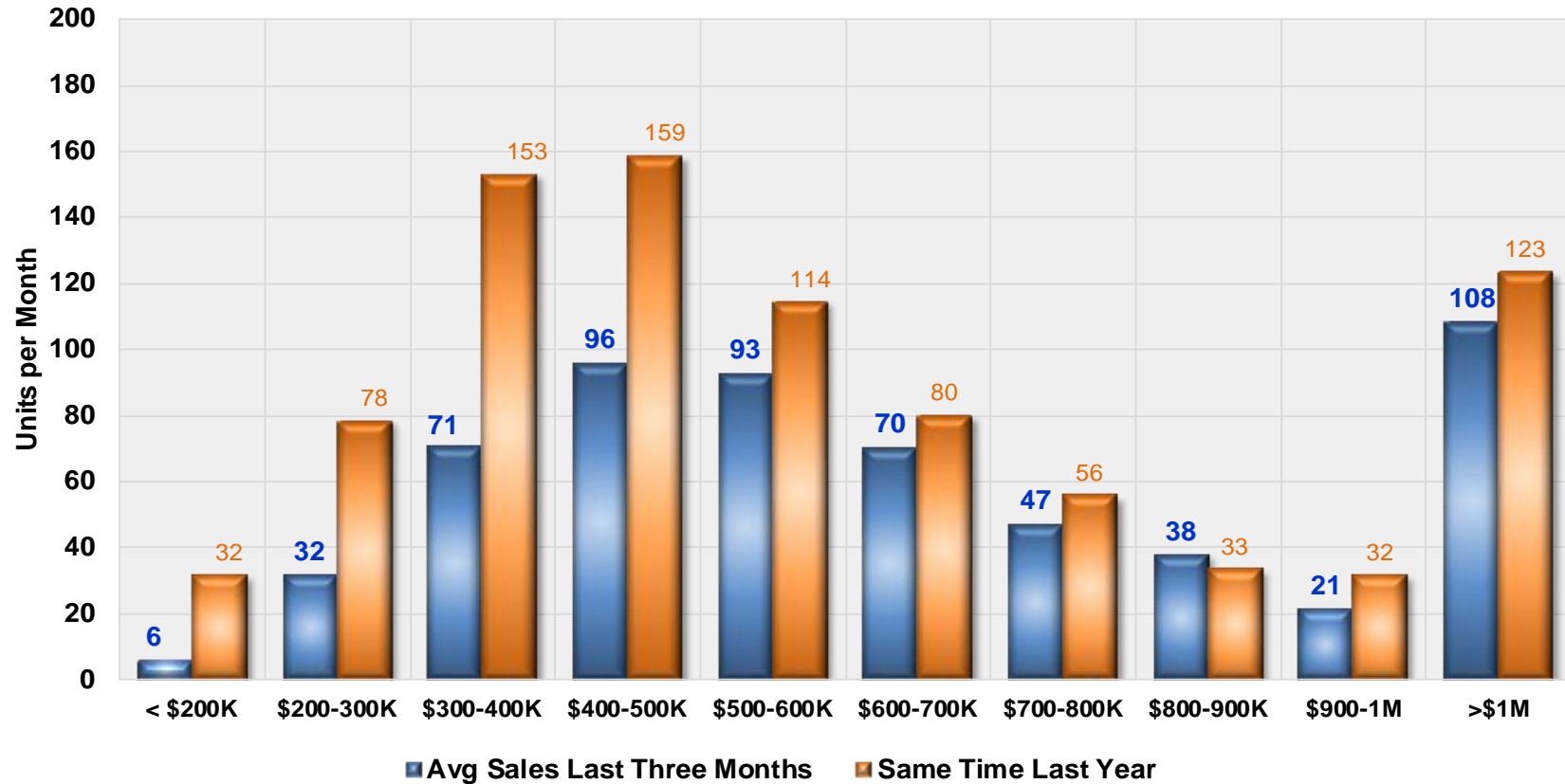
Home Sales by City 3 month avg sales



Home Sales by City

Every city except Coachella had lower sales in September compared to a year ago. Sales in the city of Coachella are 42% higher. The largest percentage declines were in the cities of Rancho Mirage, La Quinta and Cathedral City, where sales are lower by 43%, 42% and 42% respectively.

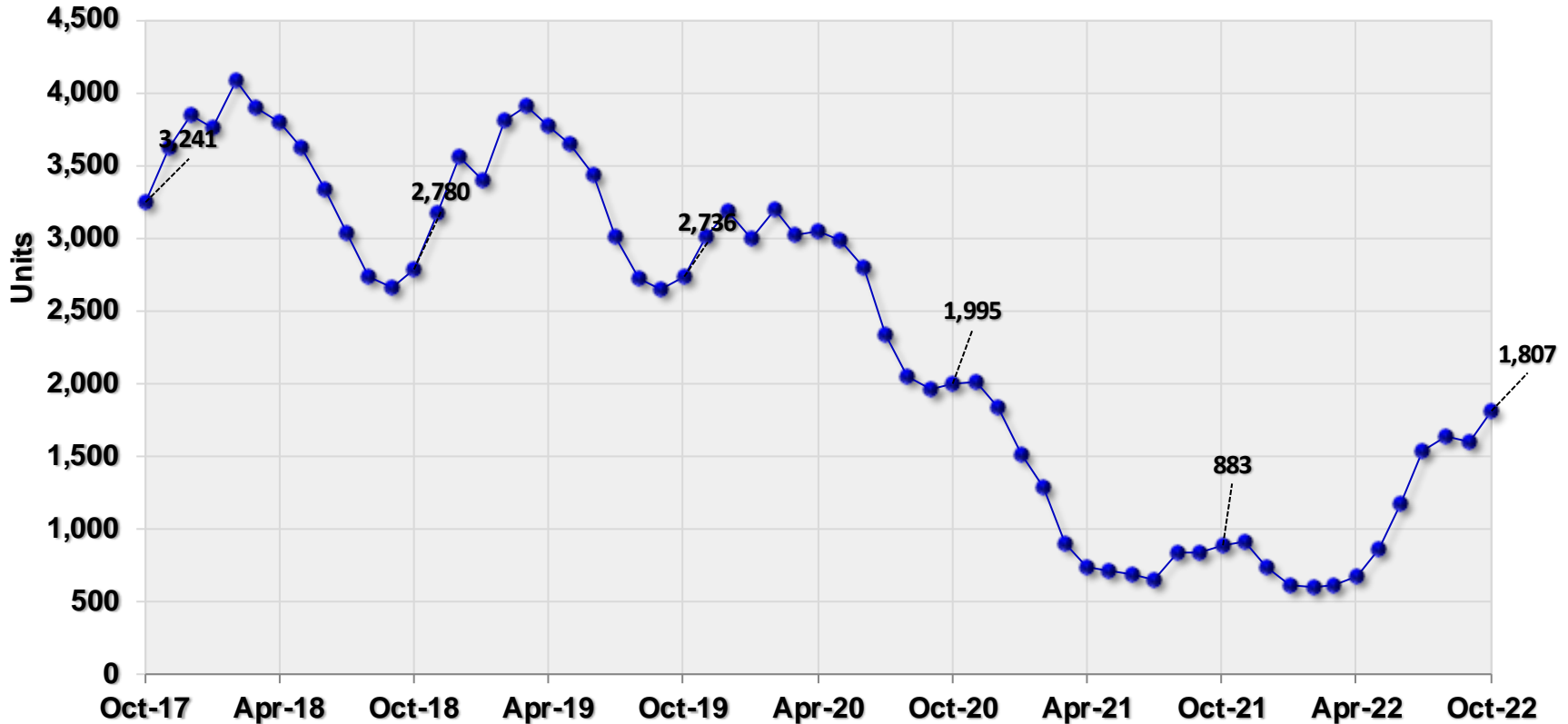
Home Sales by Price Range 3 mos avg



Home Sales by Price Range

This graph shows the decline in three-month sales by price bracket. While every price bracket shows a sales decline except one - \$800k to \$900k - the largest percentage declines are in sales of homes priced under \$500k. For example, for homes priced from \$200k to \$300k, sales are off 59%. For homes priced from \$300k to \$400k, sales are off 53%. Sales of homes priced over \$1M are down 12%.

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



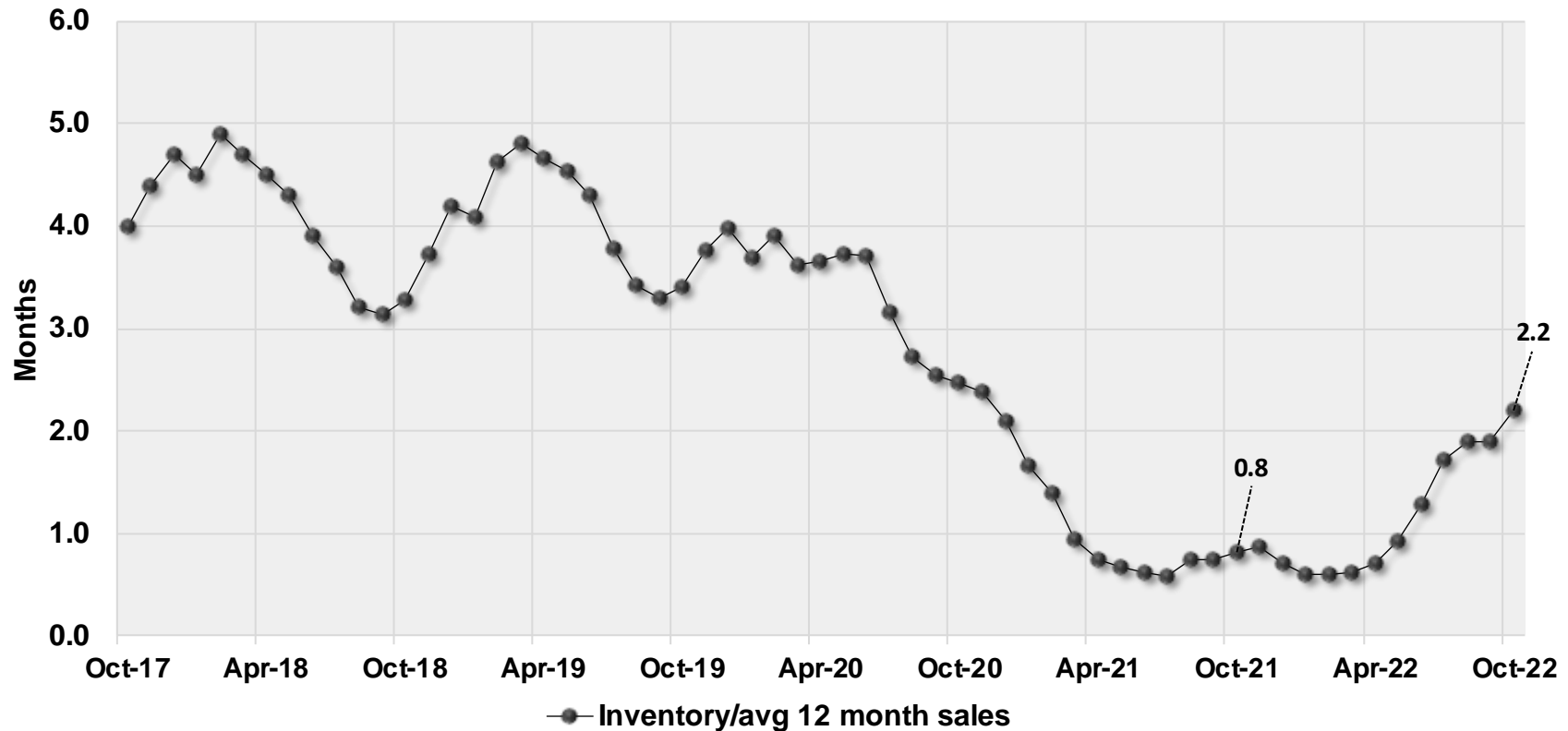
Coachella Valley Total Inventory

On October 1st, Valley inventory stood at 1,807 units, which is 214 units higher than last month and 924 more than last year. This monthly increase is opposite to almost every other California region, where inventory generally contracted last month. Some of this increase is seasonal and if the seasonal pattern continues, as we expect, inventory might possibly reach 2,500 units by February. While this would be an improvement, inventory still has a ways to go before it's back to past norms.

"Months of Sales" Ratio

Coachella Valley

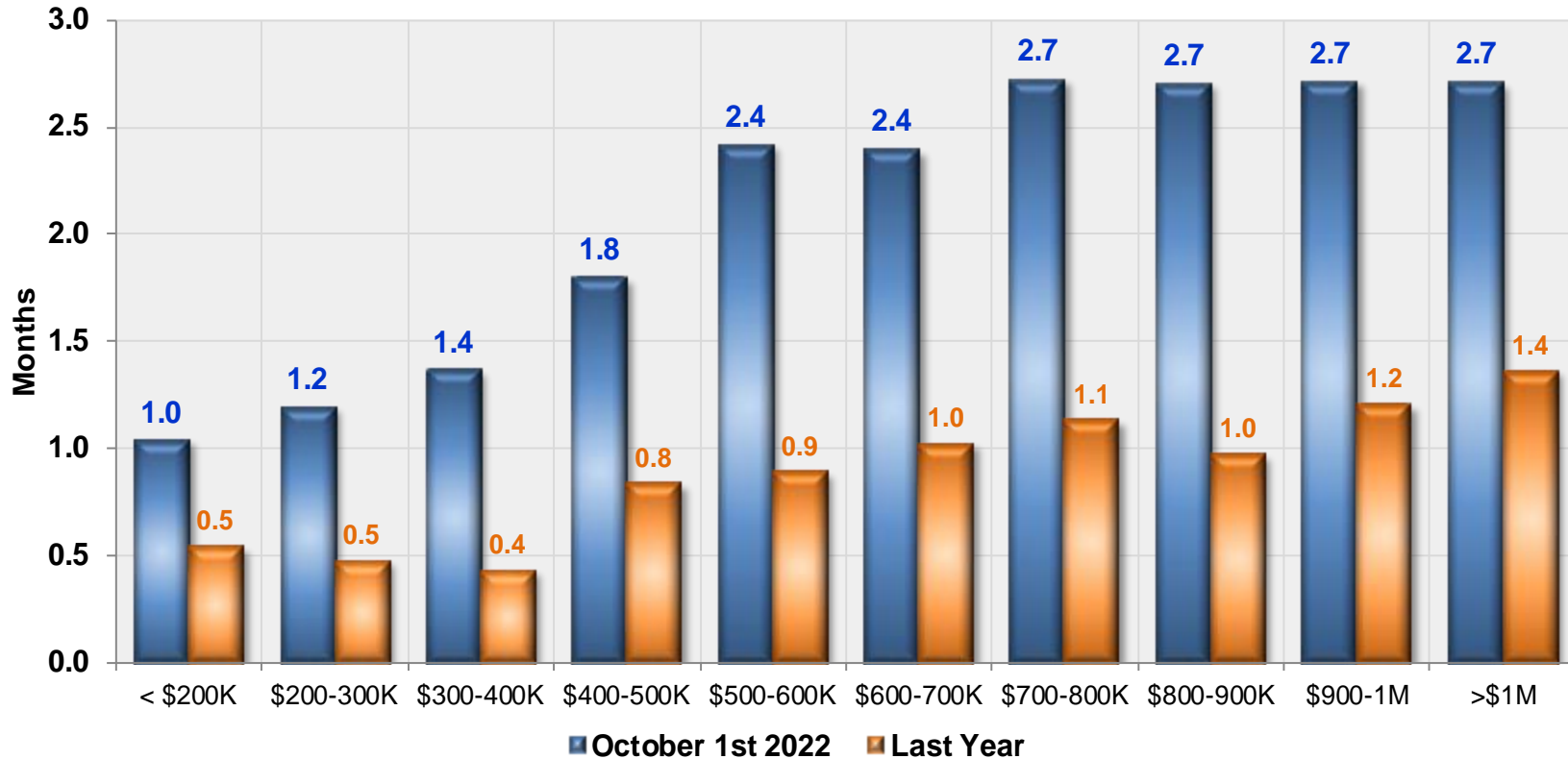
October 1st 2017 - October 1st 2022



Regional "Months of Sales" Ratio

On October 1st, the Valley's "months of sales" ratio was 2.2 months, which like inventory is higher than last month. The ratio remains considerably below 3.0 to 3.5 months, which is normal for late-summer. Even though inventories have been rising and sales falling, the changes are still not enough to bring the ratio back to normal levels. This is important because the "months of sales" ratio measures supply versus demand and a ratio of 2.2 implies that the balance of supply and demand still somewhat favors the seller.

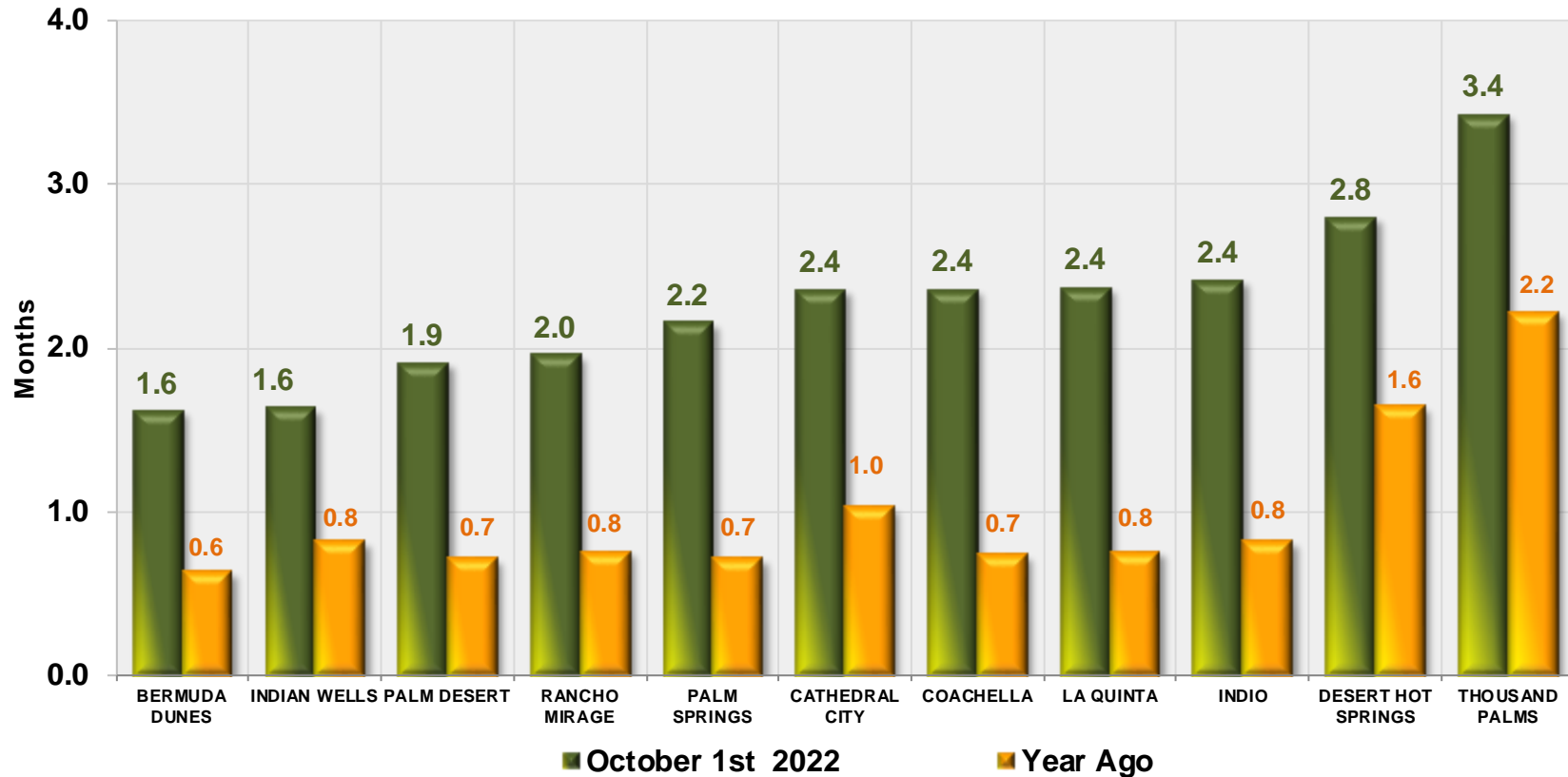
"Months of Sales" by Price Range
uses avg. twelve month sales



"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. Ratios in every price bracket continue to be considerably higher than year ago levels. The current chart shows both the evenness of the recovery, and that the recovery is occurring across all price ranges.

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



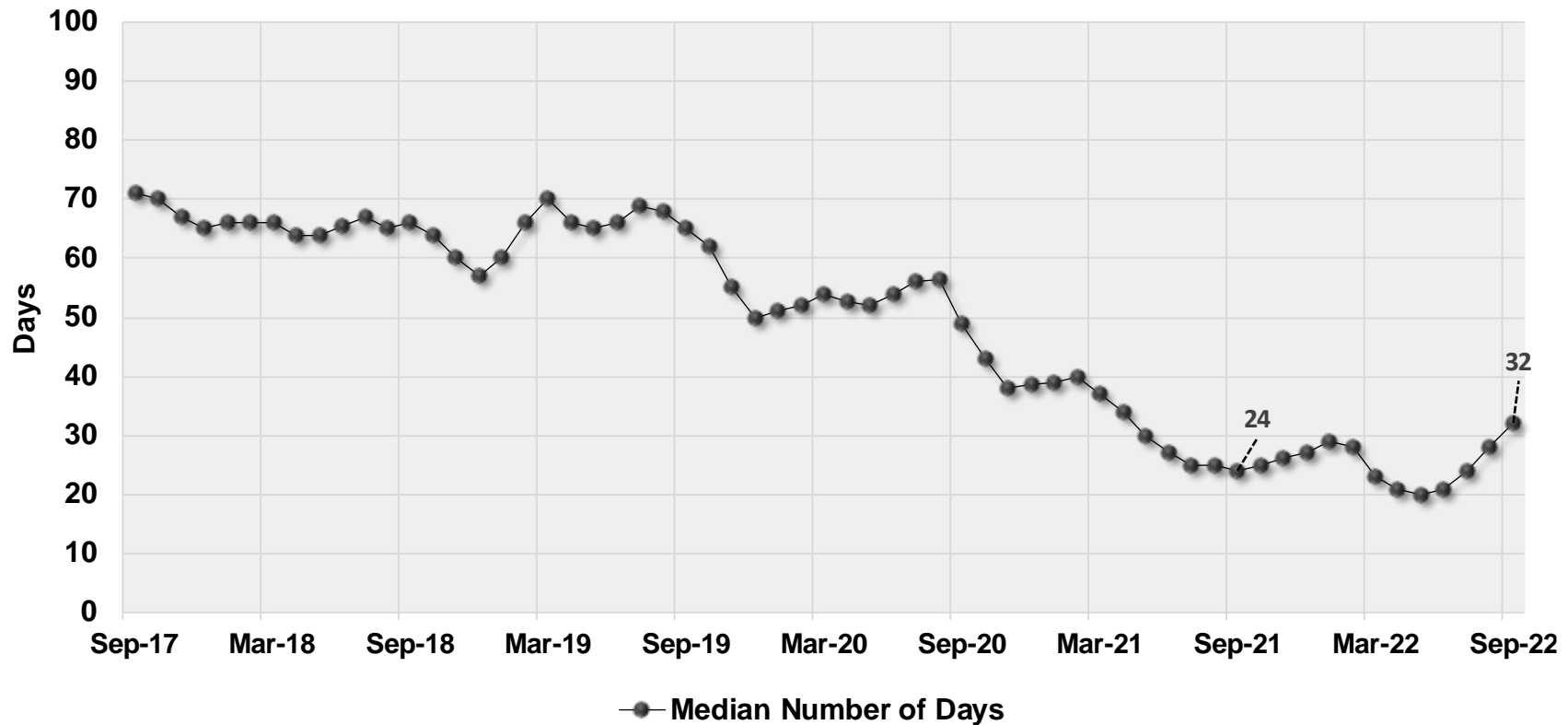
"Months of Sales" by City

This graph compares current "months of sales" ratios in each city to their ratios a year ago. We have sorted the cities left to right by lowest ratio. Bermuda Dunes and Indian Wells have the lowest ratios at 1.6 months. The highest ratios are Desert Hot Springs at 2.8 months and Thousand Palms at 3.4 months. What is noteworthy is how close all the city ratios are.

"Days in the Market"

Coachella Valley

September 2017 - September 2022



Regional "Days in the Market"

Average selling times in the region have been increasing. At the end of September, the median number of "days in the market" throughout the Valley was 32 days, which is now eight days more than last year. As we've said, we think we've seen the lows in this metric and believe it will rapidly increase back to 50 or 60 days, which is historically "normal" for the region.

"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. Average selling times are rapidly increasing. The city of Indian Wells has the lowest median selling time for detached homes at 24 days, followed by Rancho Mirage at 27 days. In the attached market, Desert Hot Springs has the shortest selling time at 23 days, followed by Cathedral City at 25 days.

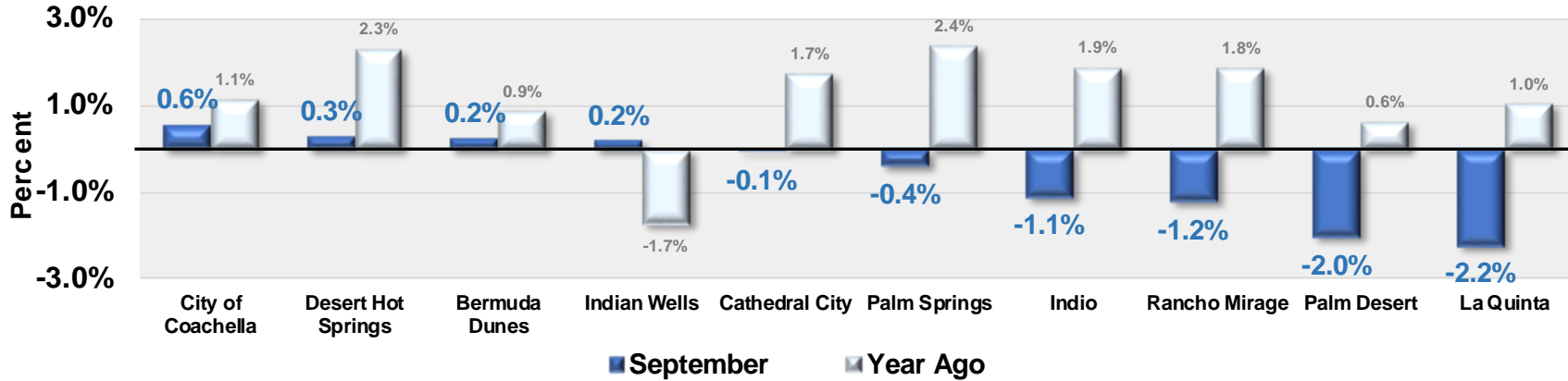
% Homes Selling Over List Price Coachella Valley 2016 - 2022 (September)



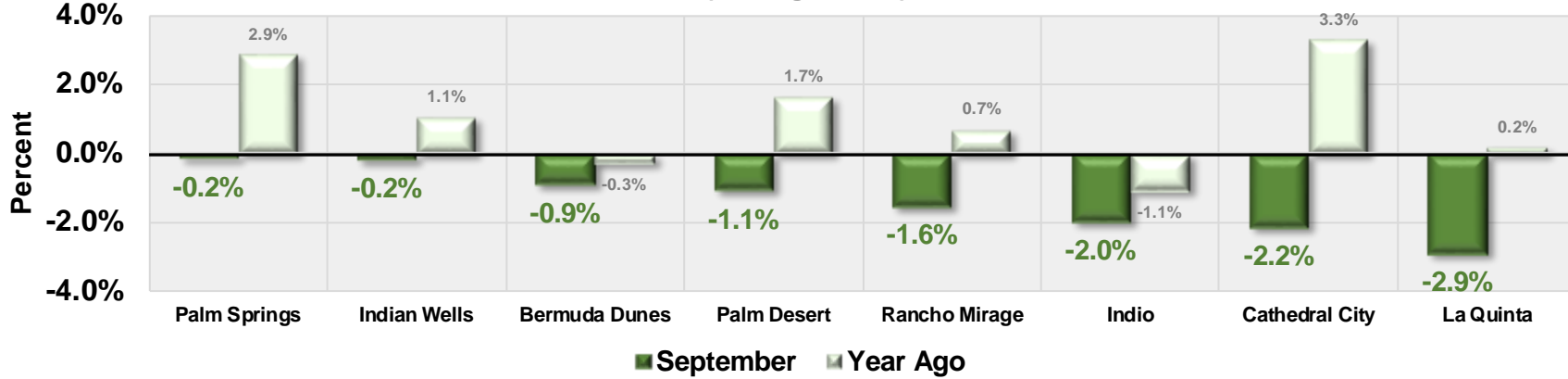
Percent Homes Selling Above List

This chart graphs the percentage of Valley homes over the last three months that sold above list price and shows the percent is rapidly declining. At the end of September, 27.7% of sales occurred above list price compared to 50.2% a year ago. As we've stated, we fully expect the ratio will be back to historic norms of around 10% near the end of the year.

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. Only four cities have selling premiums for detached homes, with the cities of Coachella and Desert Hot Springs having the highest premiums at .6% and .3% respectively. No city currently has a selling premium for attached homes.

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 September 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.