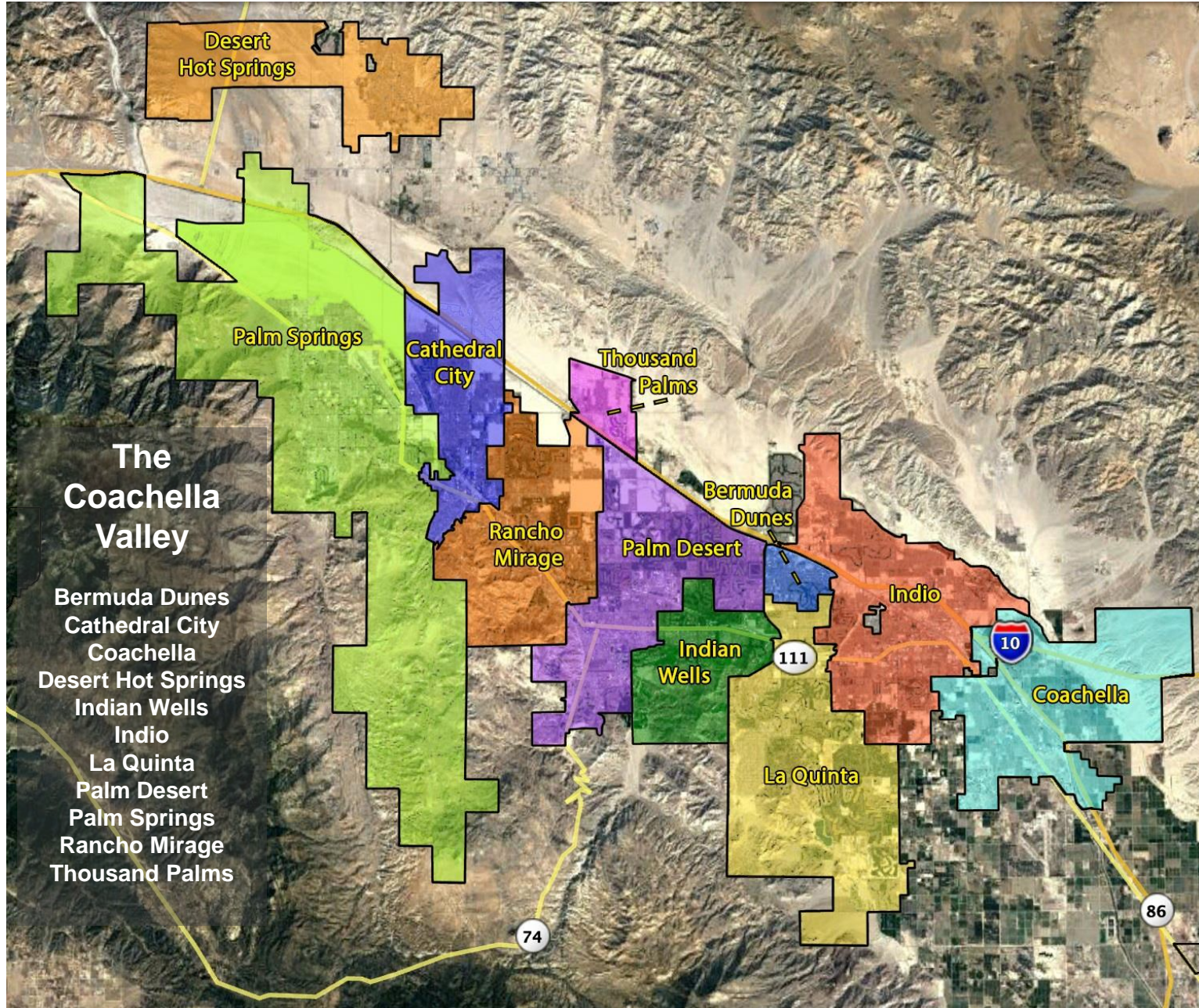




# The Desert Housing Report

February 2023



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

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## Summary

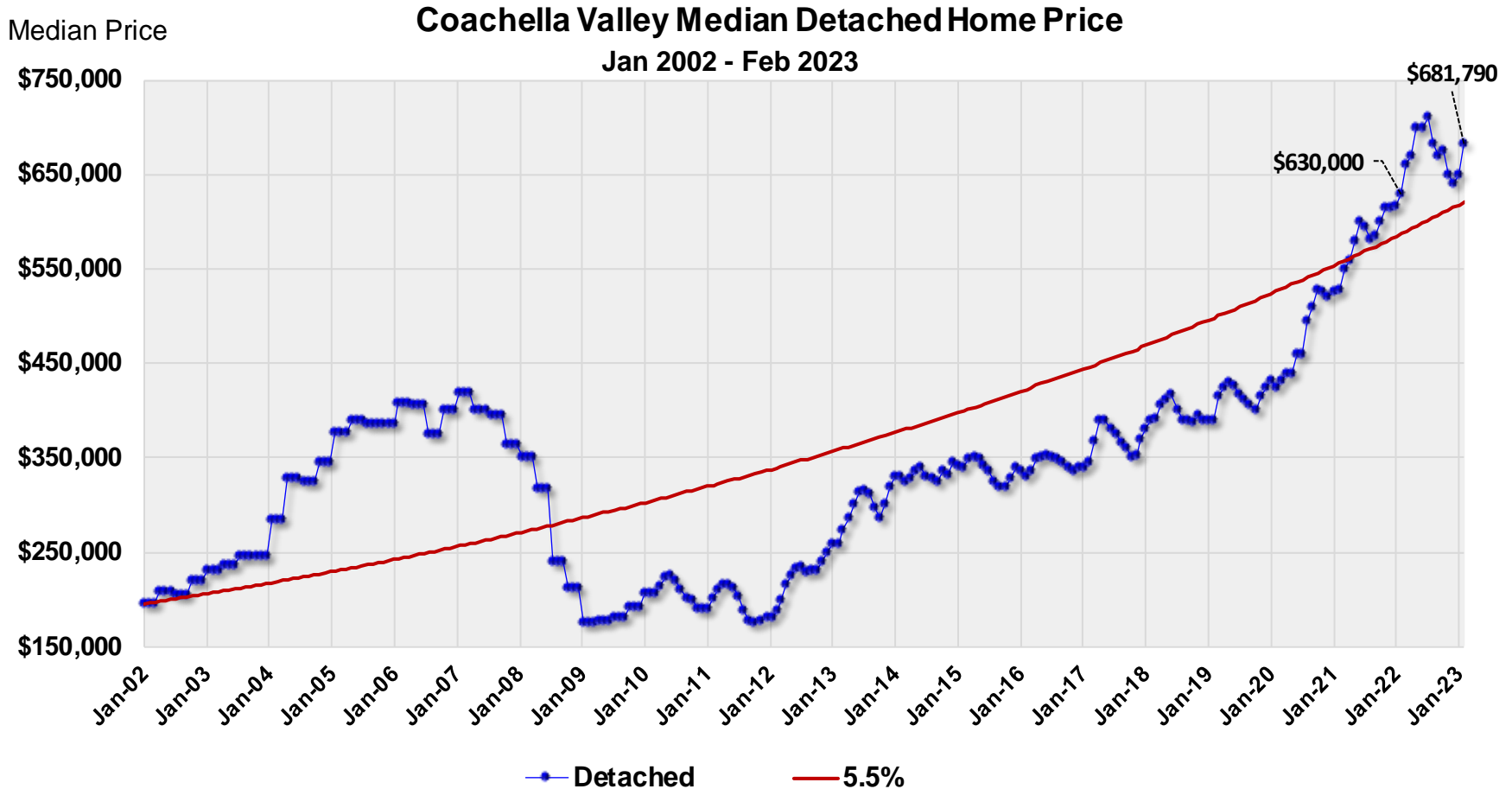
**PRICES:** The median price of a detached home in the Coachella Valley rose last month to \$681,790, which is \$31,790 higher than last month and up 8.2% year over year. This is the second monthly increase and was somewhat expected since prices typically begin their seasonal rise this month. The price is now only 4% below the peak price of \$710,000 six months ago. The median price for attached homes was \$434,000. This is 11.6% below the price peak in May and down 1% year over year. Three cities continue to have double digit price gains for their average size detached homes – Rancho Mirage, Cathedral City and Desert Hot Springs. Three other cities, however, are now down year over year – Palm Desert, Coachella and Bermuda Dunes.

**SALES:** The three-month average of sales rose in February from 413 units a month to 449. Most of this is seasonal but it is still positive to see it. Before the pandemic, February sales averaged 717 units per month, so sales are still running 37% below average. The largest percentage sales declines are in the city of Indio, down 58%, followed by Cathedral City at 57%. The cities of Coachella and Indian Wells continue to have the smallest percentage decline in sales.

**INVENTORY & “MONTHS OF SALES” RATIOS:** On March 1<sup>st</sup>, Valley inventory was 1,956 units, which is slightly below last month but 1,349 units more than last year. Some of the inventory gain over the last few months is seasonal but this year has been less than previous years. The Valley’s “months of sales” ratio was 3.0 months, which is down slightly from last month. This fundamental ratio, which measures supply versus demand, is below its historic average for this time of year. This means that, while sales are down, there is still a balance between buyers and sellers. This should help keep price fluctuations within acceptable bounds.

**DIM:** The average selling time in the region continues to increase. At the end of February, the median number of “days in the market” throughout the Valley was 48 days, which is up eight days from last month and twenty-one days over last year. The city of Palm Springs has the lowest median selling time for detached homes at 35 days, followed by Cathedral City and Coachella at 38 days. In the attached market, Desert Hot Springs has the shortest median selling time at 24 days.

**PRICE DISCOUNTS/PREMIUMS:** Currently, only 12.8% of Valley sales occurred above list price compared to 44.4% a year ago. The percent is almost back to historic norms of around 10%. Every city but Coachella has an average selling discount for detached homes, which range from .1% for Coachella down to -4.3% for Indian Wells. Attached homes range from average discounts of -2% in Bermuda Dunes to -5.3% in Indio.

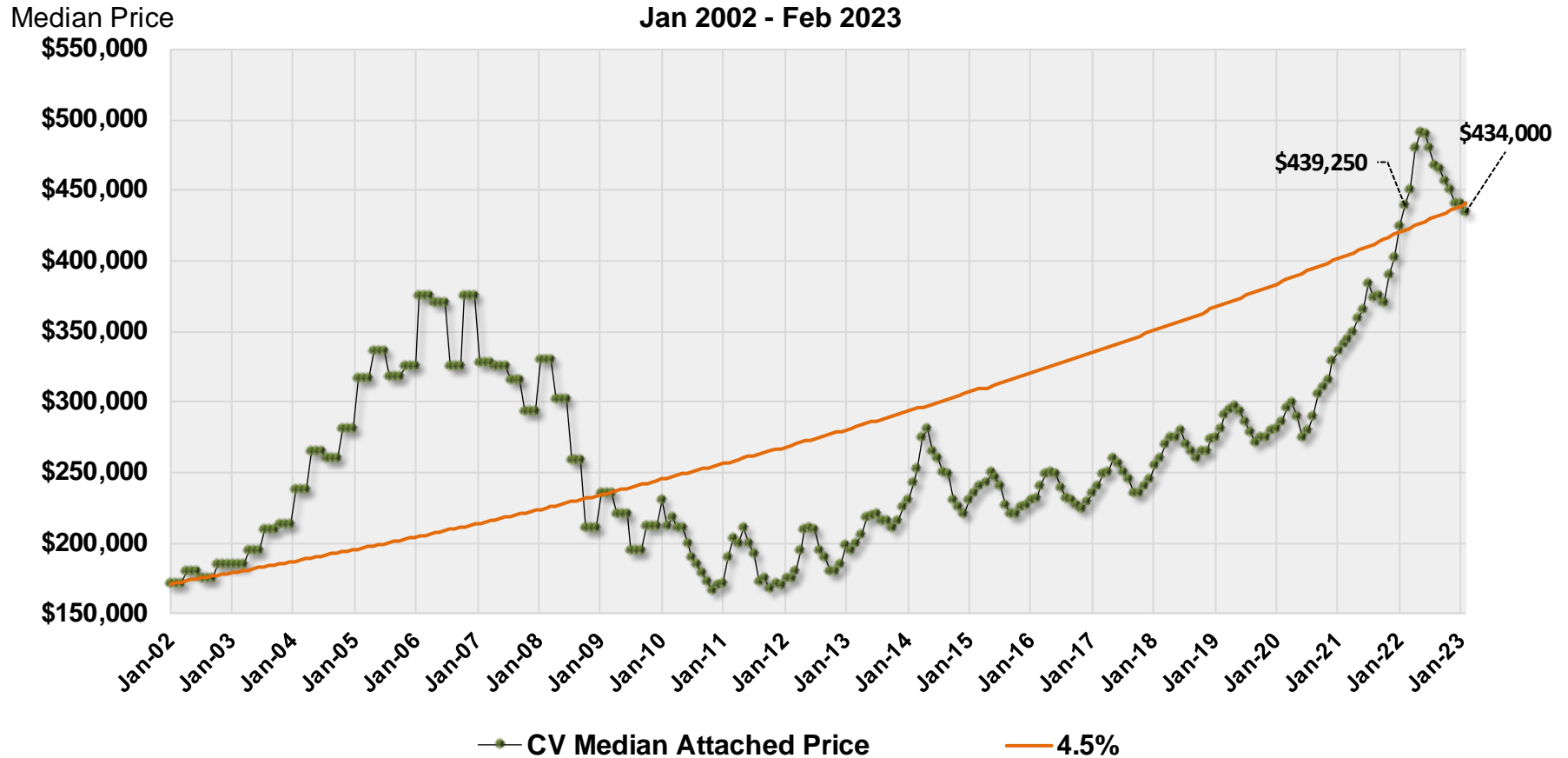


### Coachella Valley Median Detached Price

The median price of a detached home in the Coachella Valley rose last month to \$681,790, which is \$31,790 higher than last month and up 8.2% year over year. This is the second monthly increase and was somewhat expected since prices typically begin their seasonal rise this month. The price is now only 4% below the peak price of \$710,000 six months ago. We will continue to track its progress from here, since it is important to follow the data and not opinions during critical times like this.

## Coachella Valley Median Attached Price

Jan 2002 - Feb 2023



## Coachella Valley Median Attached Price

The median price in February for attached homes was \$434,000. As the chart clearly shows the price is back to the long-term growth rate of 4.5%. The current price is 11.6% below its peak level in May and down 1% year over year. As the chart clearly shows, seasonally driven price increases normally begin by January or February. Unlike the detached market, this year was an exception. This could be because 75% of the buyers and sellers in this market are remote owners from outside the region.

### 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
Rancho Mirage	3,175	\$450.90	\$1,431,613	\$1,265,159	13.2%	\$506,317	182.8%
Cathedral City	1,800	\$332.02	\$597,641	\$531,105	12.5%	\$153,216	290.1%
Desert Hot Springs	1,600	\$253.78	\$406,042	\$362,985	11.9%	\$86,656	368.6%
Indian Wells	3,450	\$493.11	\$1,701,233	\$1,552,555	9.6%	\$666,885	155.1%
La Quinta	2,550	\$387.60	\$988,372	\$912,131	8.4%	\$318,164	210.6%
Palm Springs	2,175	\$597.10	\$1,298,698	\$1,229,585	5.6%	\$323,879	301.0%
Indio	2,000	\$274.30	\$548,597	\$539,082	1.8%	\$156,340	250.9%
Palm Desert	2,200	\$322.89	\$710,347	\$713,837	-0.5%	\$302,302	135.0%
Coachella	1,700	\$233.72	\$397,327	\$400,943	-0.9%	\$111,367	256.8%
Bermuda Dunes	2,500	\$282.08	\$705,191	\$793,082	-11.1%	\$239,325	194.7%

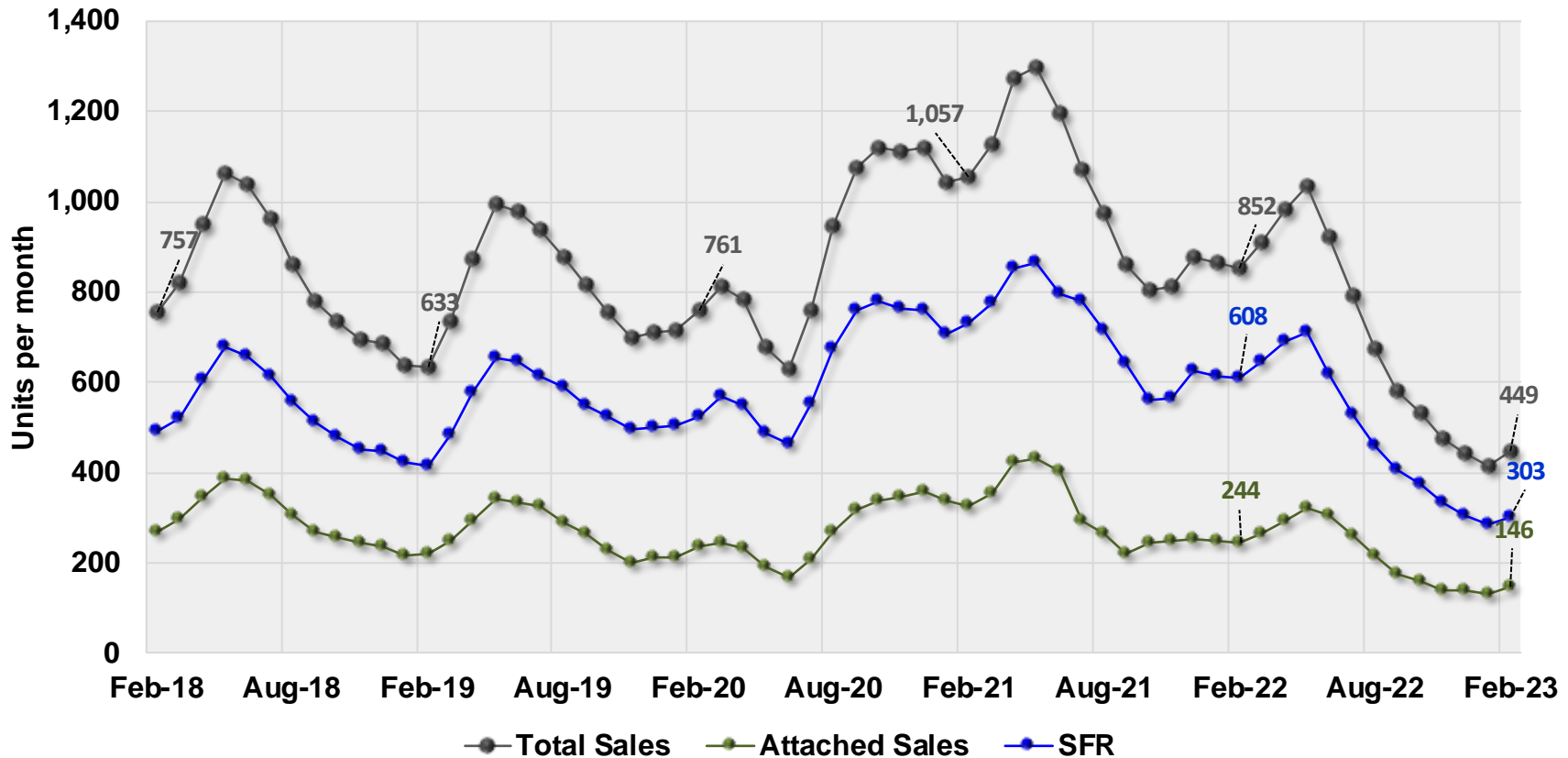
### Price of The Average Size Attached Home

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	\$193.79	\$145,340	\$114,829	26.6%	\$16,013	808%
Indian Wells	1,950	\$352.42	\$687,215	\$609,467	12.8%	\$259,126	165%
Rancho Mirage	1,775	\$320.82	\$569,451	\$515,572	10.5%	\$211,030	170%
Cathedral City	1,250	\$262.34	\$327,920	\$306,420	7.0%	\$80,544	307%
Palm Desert	1,600	\$334.89	\$535,823	\$503,435	6.4%	\$197,896	171%
Palm Springs	1,250	\$359.96	\$449,956	\$424,856	5.9%	\$129,788	247%
Bermuda Dunes	1,450	\$268.85	\$389,837	\$370,273	5.3%	\$89,117	337%
La Quinta	1,750	\$382.49	\$669,358	\$643,421	4.0%	\$247,713	170%
Indio	1,050	\$261.95	\$275,048	\$277,672	-0.9%	\$56,396	388%

### 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 latest price is then compared to the price a year ago and to the all-time lows that occurred in 2011 and 2012. Three cities continue to have double digit price gains for their average size detached homes – Rancho Mirage, Cathedral City and Desert Hot Springs. Three cities are now down year over year – Palm Desert, Coachella and Bermuda Dunes.

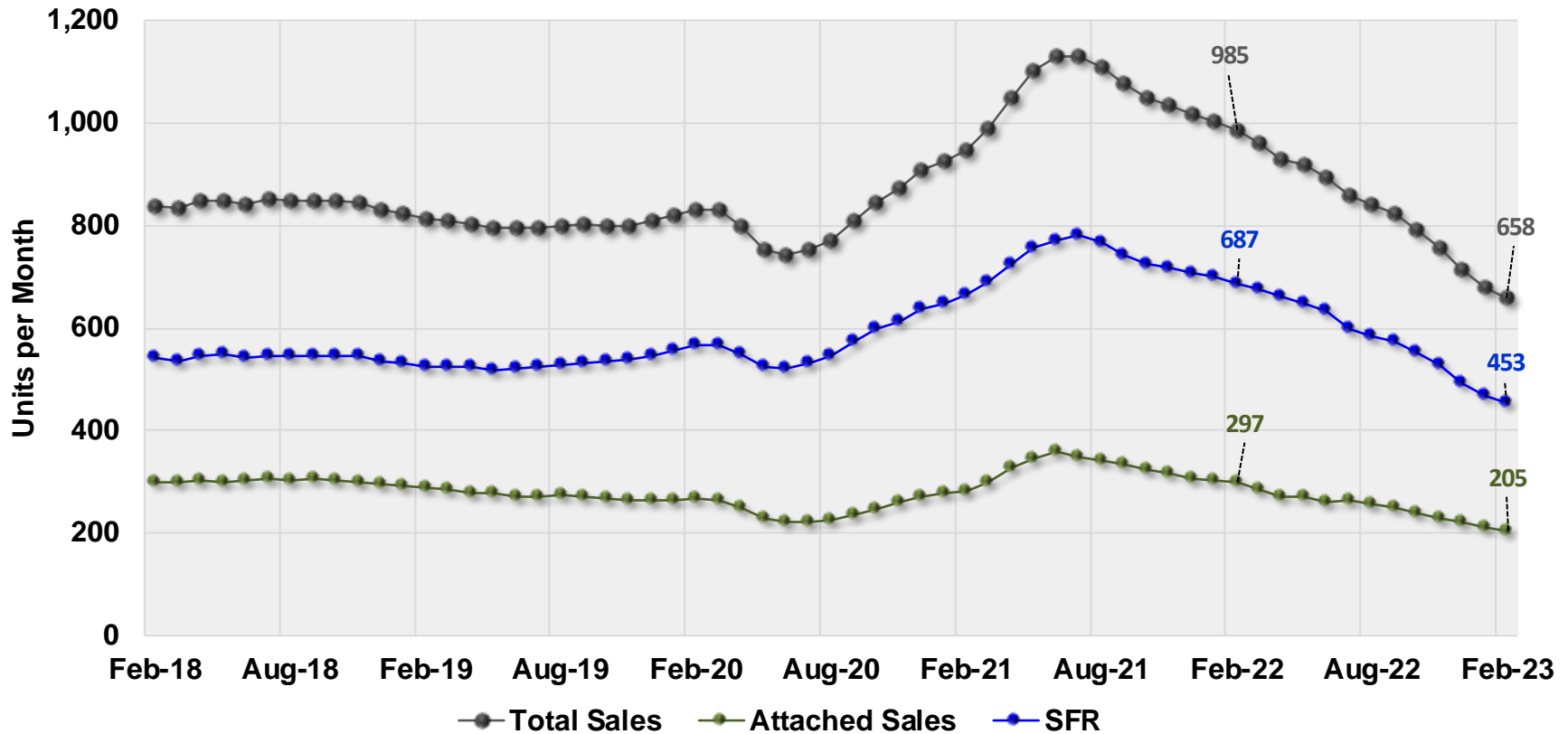
## Detached, Attached and Total Sales 3 month moving average



### Monthly Sales – 3-month trailing avg.

The three-month average of sales rose in February from 413 units a month to 449. Most of this is seasonal but it is still positive to see it. Before the pandemic, February sales averaged 717 units per month, so sales are still running 37% below average. We have entered that time of year when desert sales usually increase. Hopefully, this seasonal pattern will continue to lift sales as we move into Spring.

## Detached, Attached and Total Sales 12 month moving average

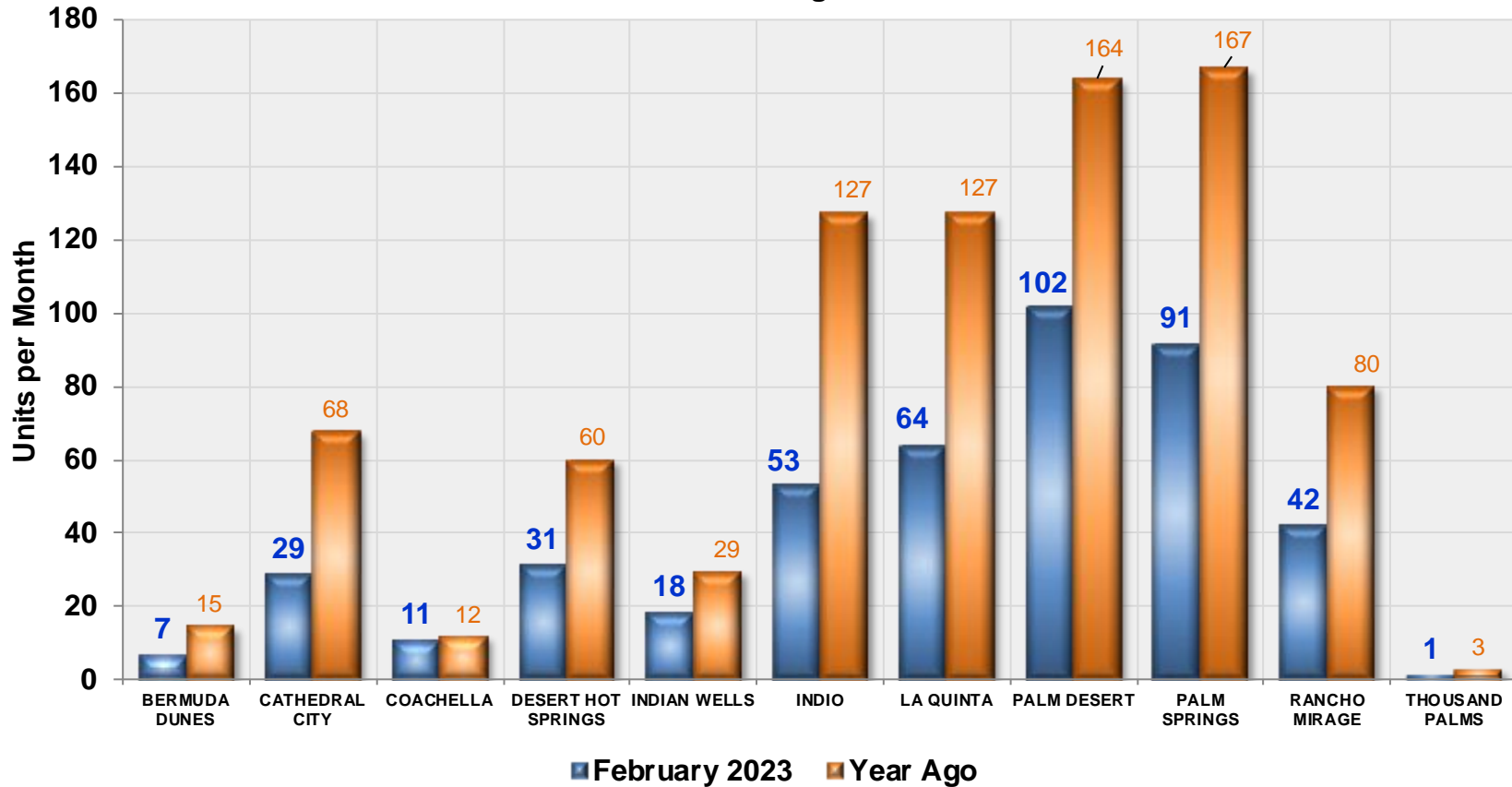


### Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out seasonality, shows total sales averaged 658 units a month. This is 33% below last year and the 19th consecutive monthly decline. Long term sales continue to move below pre-pandemic averages by about 17%. Since long-term sales lag short-term sales, this metric should continue to decline for awhile even as monthly sales begin their seasonal increase.



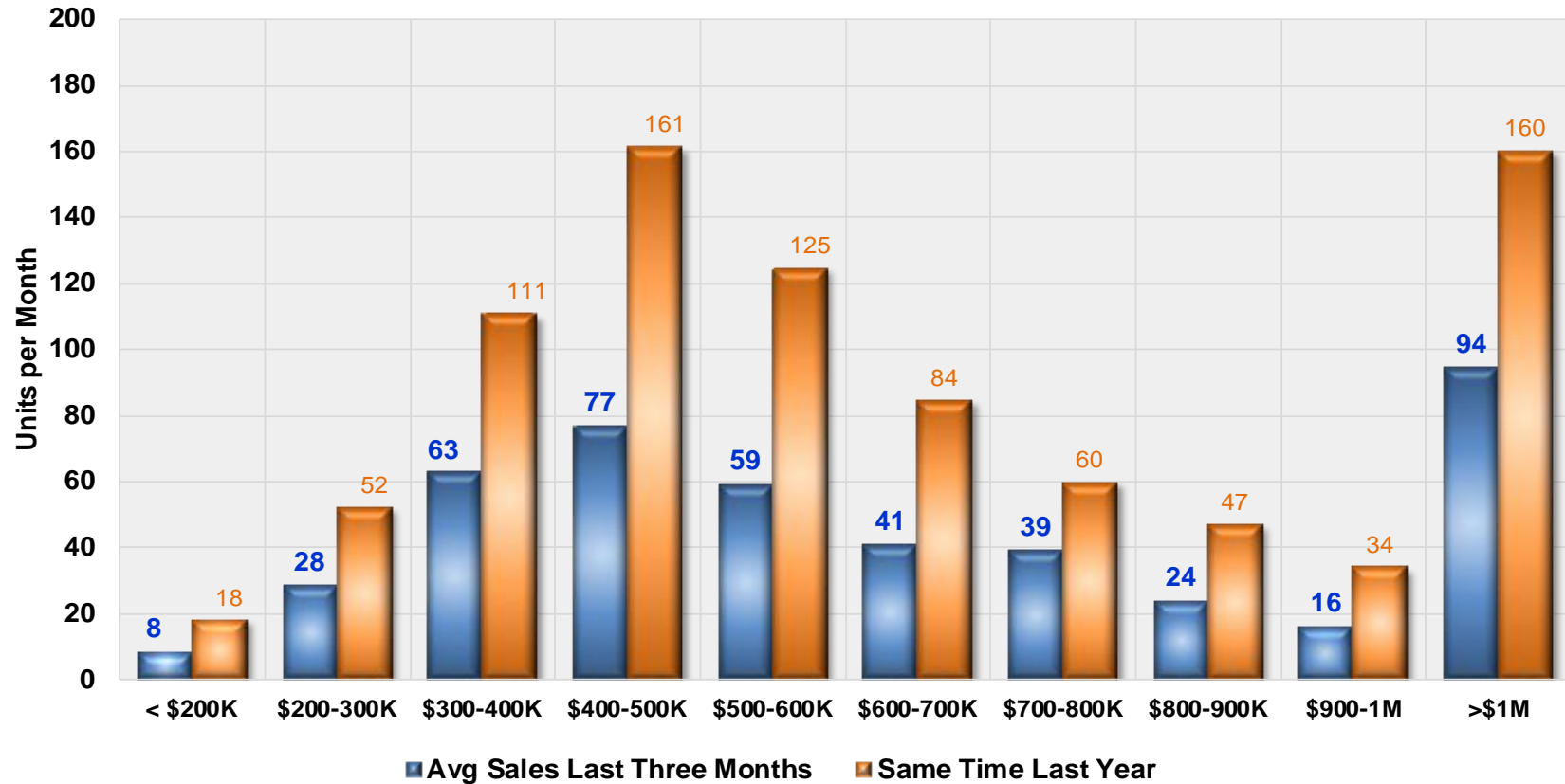
## Home Sales by City 3 month avg sales



## Home Sales by City

Every city continues to have lower three-month average sales compared to last year, which again shows the decline is broad based throughout the region. The largest percentage sales declines are in the city of Indio with 58% followed by Cathedral City at 57%. The cities of Coachella and Indian Wells continue to have the smallest percentage declines in sales.

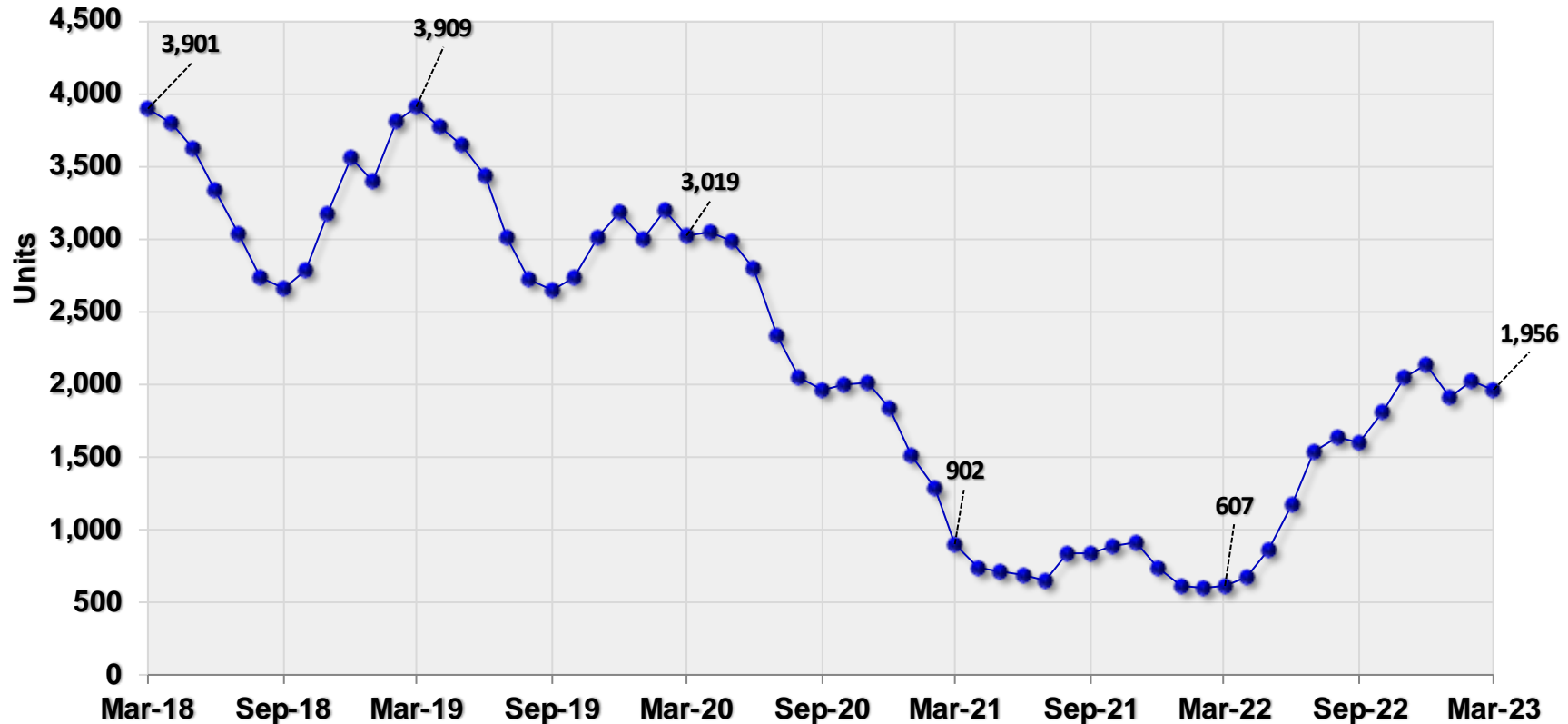
## Home Sales by Price Range 3 mos avg



## Home Sales by Price Range

While every price bracket shows a sales decline, the largest declines continue to be in homes priced between \$400k and \$700k. The percentage decline in sales in even the highest bracket remain consistently high. For example, sales of million-dollar homes are now down 41%, while homes priced from \$900k to \$1m are down 53%.

## Valley Housing Inventory March 1st 2018 to March 1st 2023



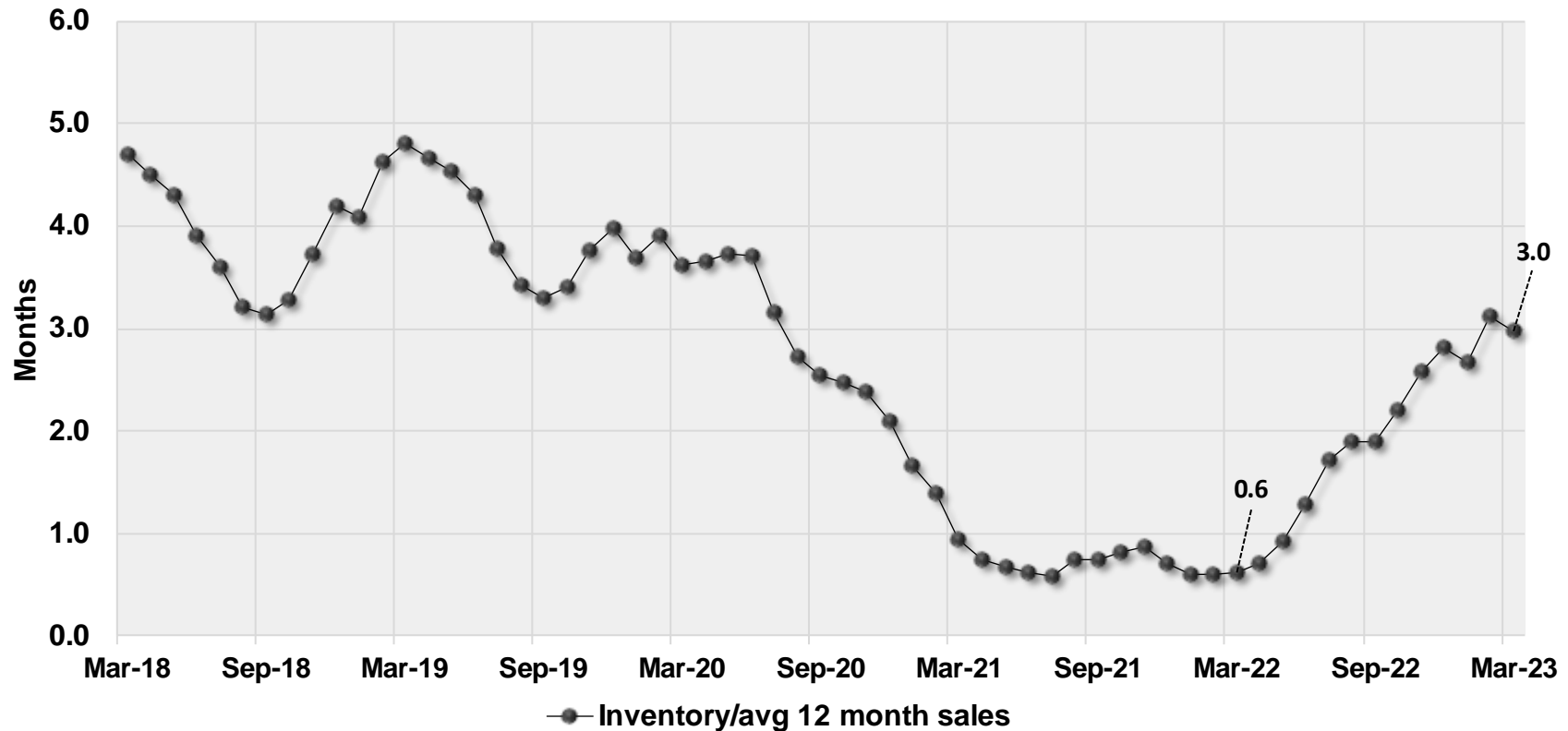
### Coachella Valley Total Inventory

On March 1<sup>st</sup>, Valley inventory was 1,956 units, which is slightly below last month but 1,349 units more than last year. Some of the inventory gain over the last few months is seasonal but this year has been less than previous years. We had hoped that inventory might possibly reach 2,500 units by the end of February or March, but we no longer think that will happen. The primary reason is that new listings remain near historic lows.

## "Months of Sales" Ratio

Coachella Valley

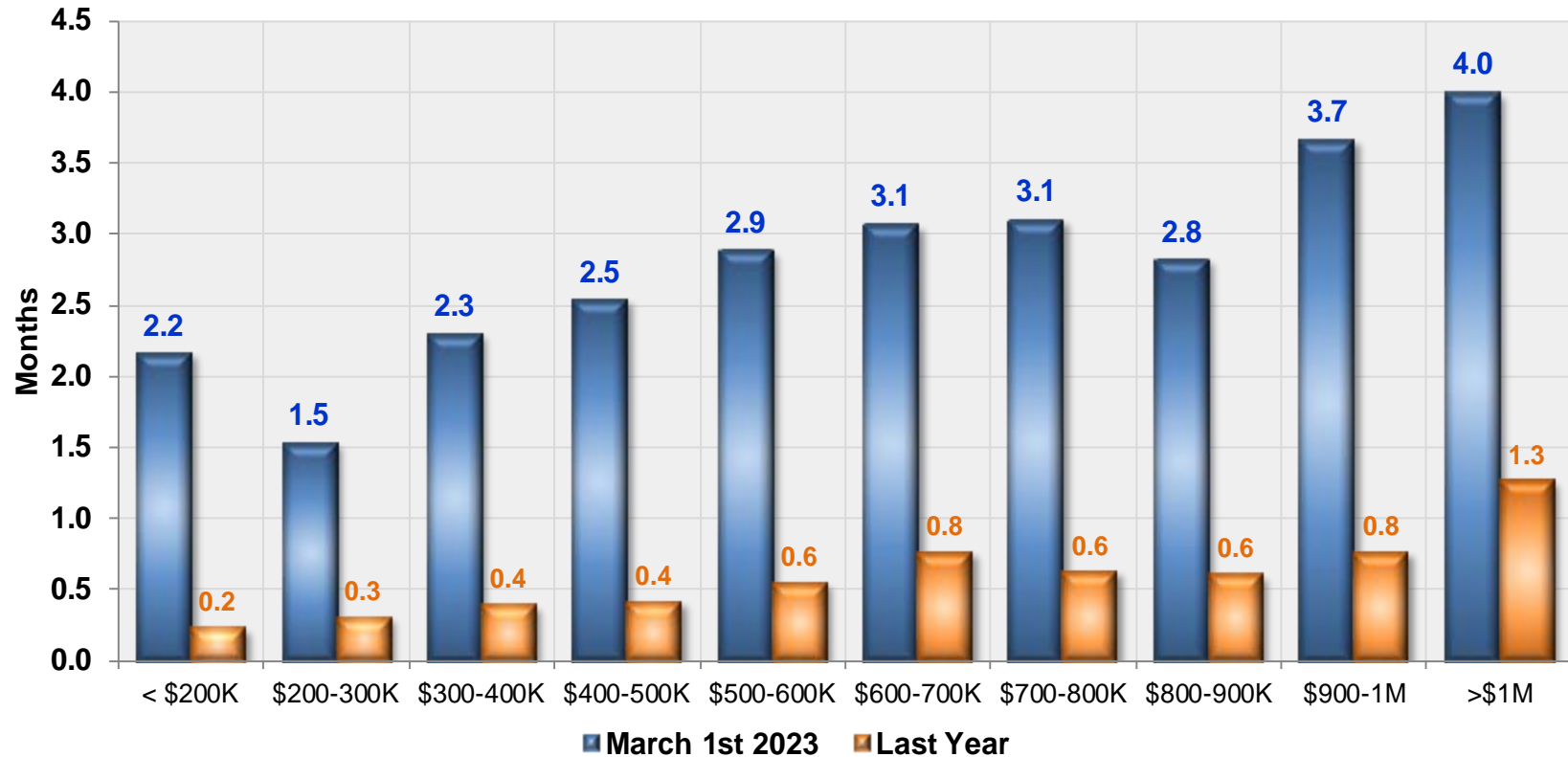
March 1st 2018 - March 1st 2023



## Regional "Months of Sales" Ratio

On March 1<sup>st</sup>, the Valley's "months of sales" ratio was 3.0 months, which is down slightly from last month. This fundamental ratio, which measures supply versus demand, is below its historic average for this time of year. This means that, while sales are down, there is still an acceptable balance between buyers and sellers. This should help keep price fluctuations within acceptable bounds.

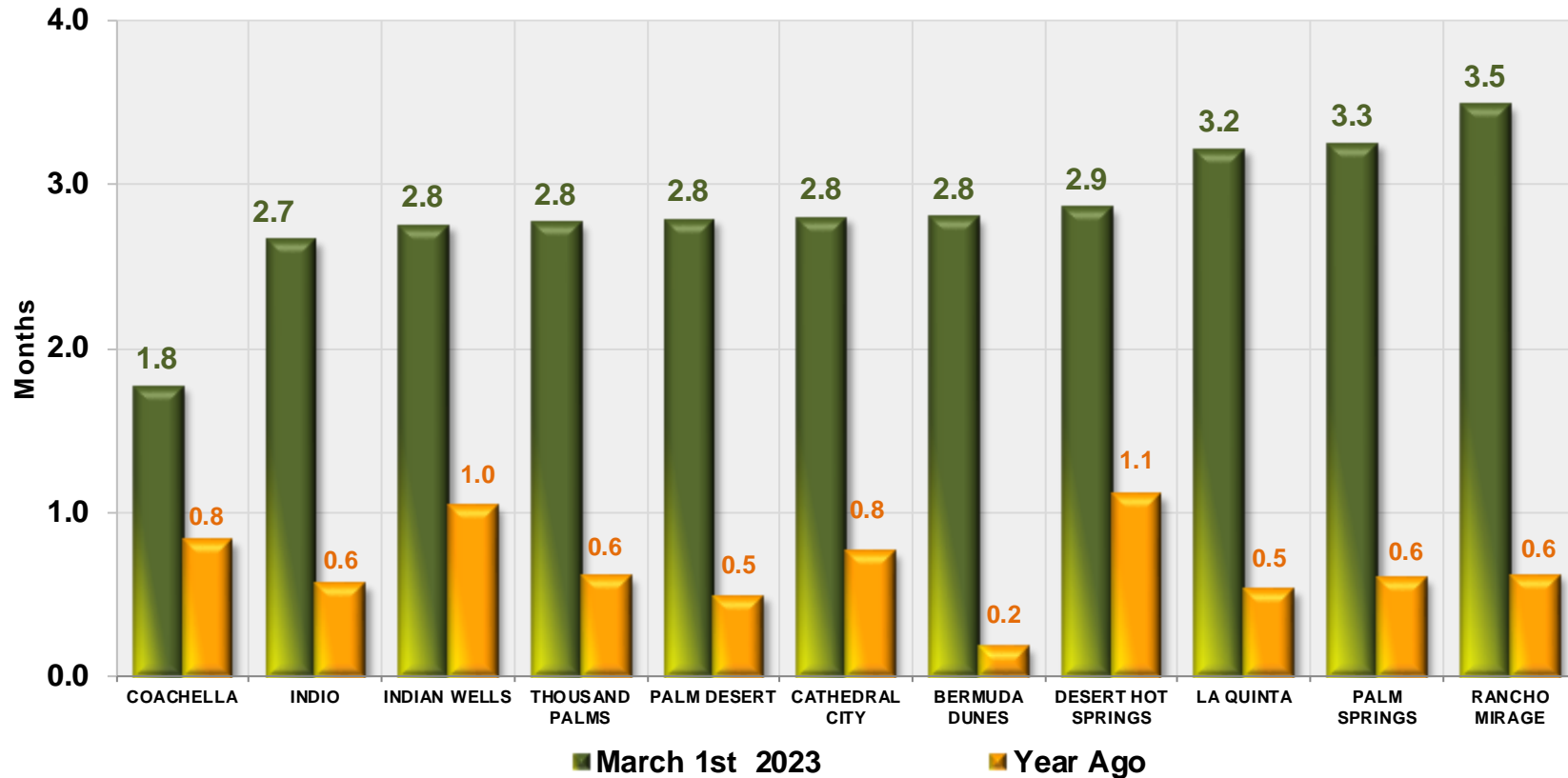
## "Months of Sales" by Price Range uses avg. twelve month sales



## "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. The ratios in every price bracket continue to far exceed year ago levels. It should be noted the chart still shows the normal pattern of higher "months of sales" ratios for higher priced homes, but the difference is less than the difference in past markets. This means that we should have price stability throughout the entire range of home sizes.

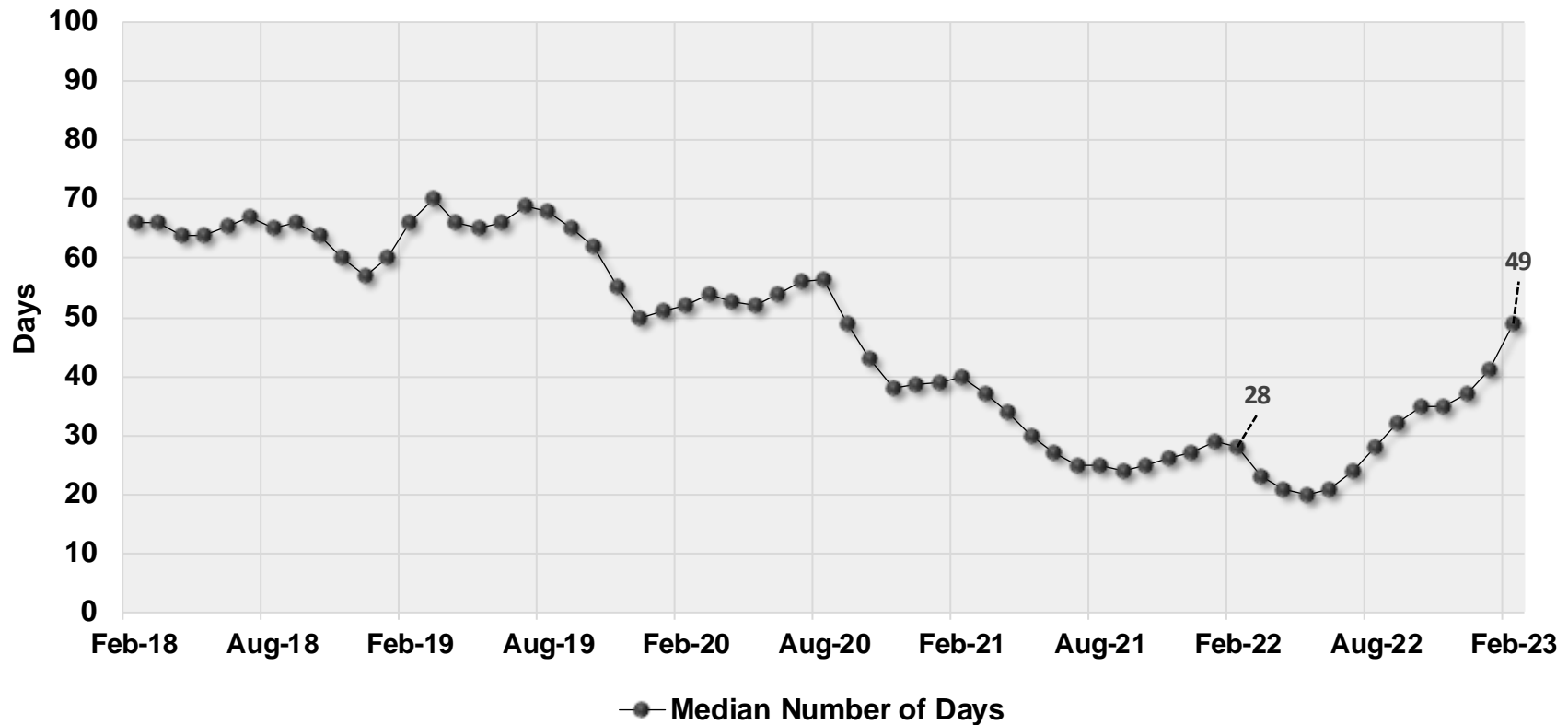
## "Months of Sales" by City city inventory divided by average twelve month sales



## "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. Three cities have ratios of three months or more – La Quinta, Palm Springs and Rancho Mirage. All the rest are under three months. What continues to be most notable is how close the ratios are in each city.

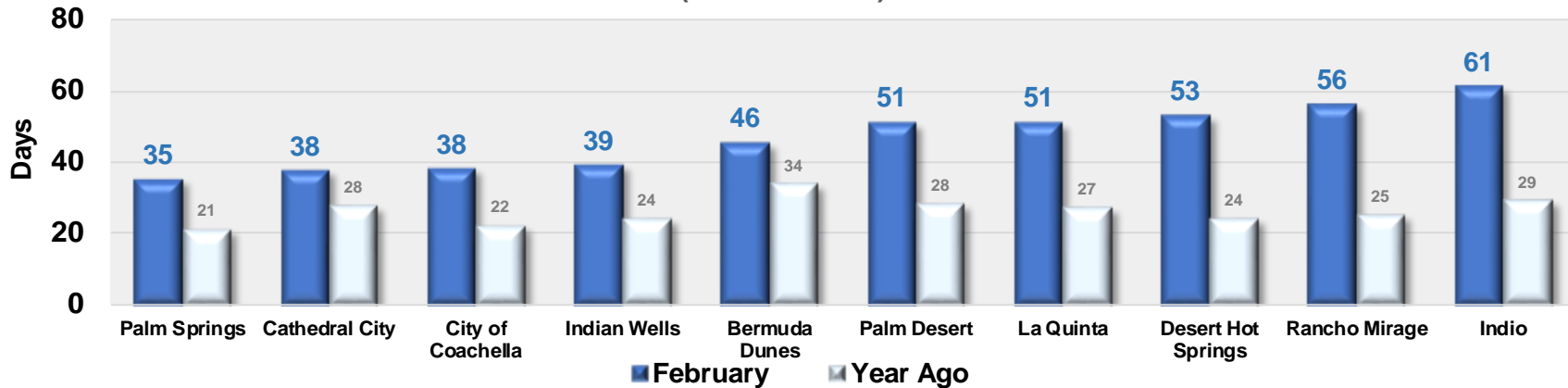
## "Days in the Market" Coachella Valley February 2018 - February 2023



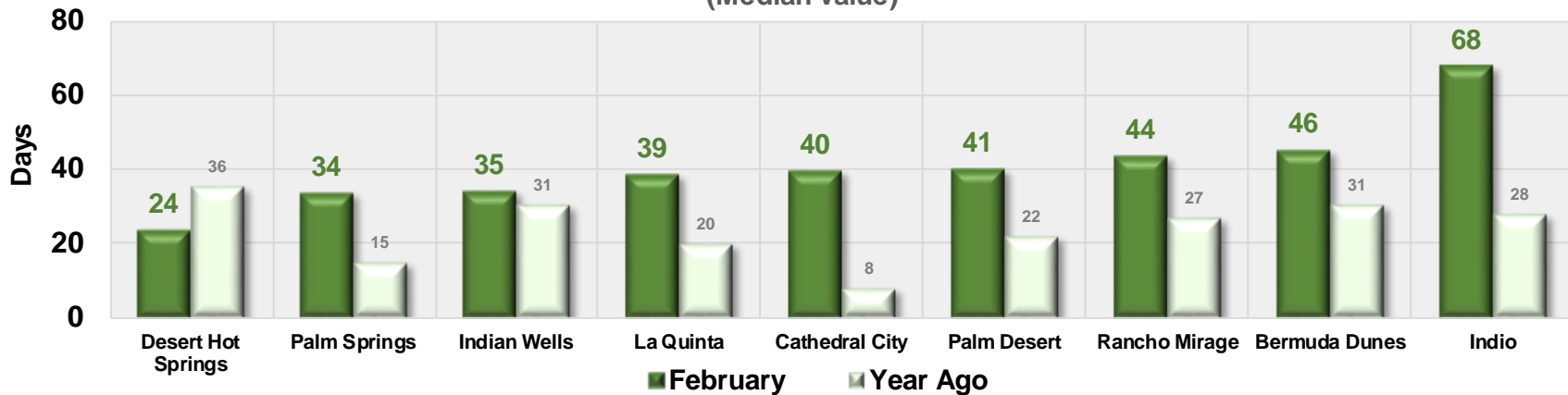
### Regional "Days in the Market"

The average selling time in the region continues to increase. At the end of February, the median number of "days in the market" throughout the Valley was 48 days, which is up eight days from last month and twenty-one days over last year. As we expected, this ratio is almost back to its pre-pandemic average of 65 days.

## "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. As the previous chart showed, average selling times in each city has been increasing. The city of Palm Springs has the lowest median selling time for detached homes at 35 days, followed by Cathedral City and Coachella at 38 days. In the attached market, Desert Hot Springs has the shortest median selling time at 24 days.



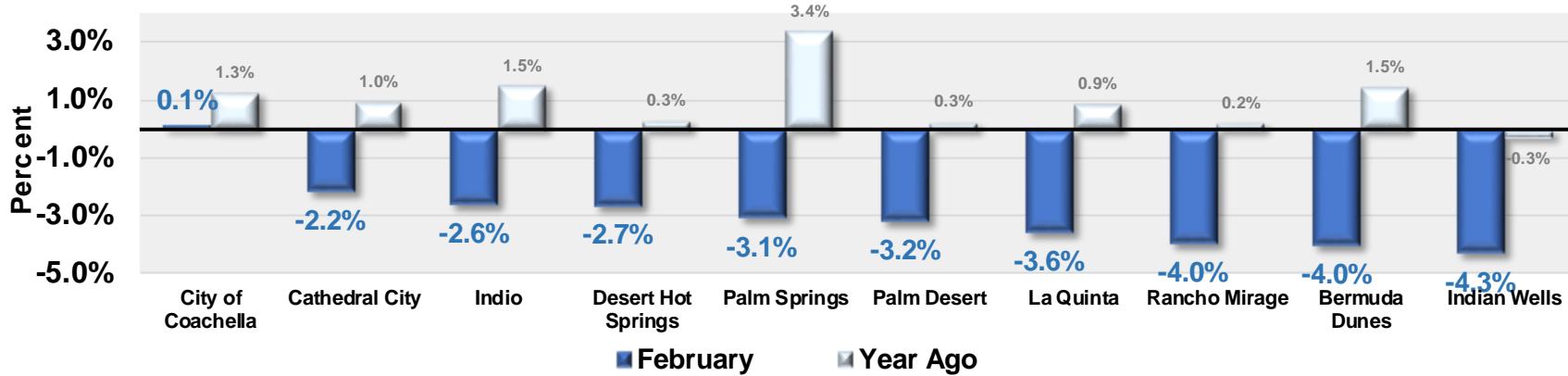
## % Homes Selling Over List Price Coachella Valley 2016 - 2023 (February)



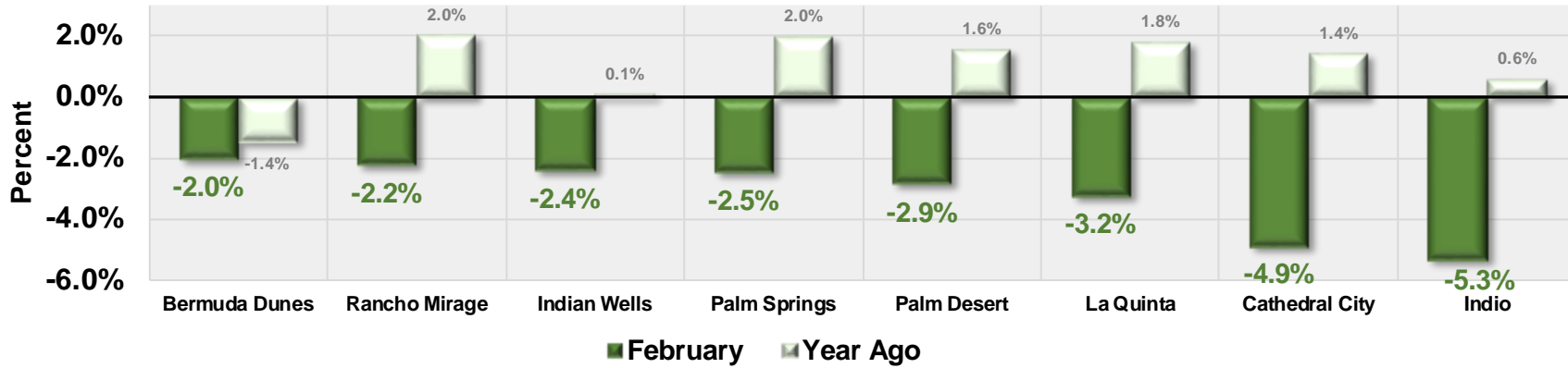
### Percent Homes Selling Above List

This chart graphs the percentage of Valley homes that sold above list price over the last three months and shows the percent continues to rapidly decline. Currently only 12.8% of sales occurred above list price compared to 44.4% a year ago. The percent is almost back to historic norms of 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. We use the “average” value instead of “median” value because it’s a better metric during periods when so many homes are selling near list. Every city but Coachella has an average selling discount for detached homes, which range from .1% for Coachella down to -4.3% for Indian Wells. Attached homes range from average discounts of -2% in Bermuda Dunes to -5.3% in Indio.

## 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 February 1<sup>st</sup>. Even though inventory may be labeled May inventory, it is the inventory on the 1<sup>st</sup> 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.