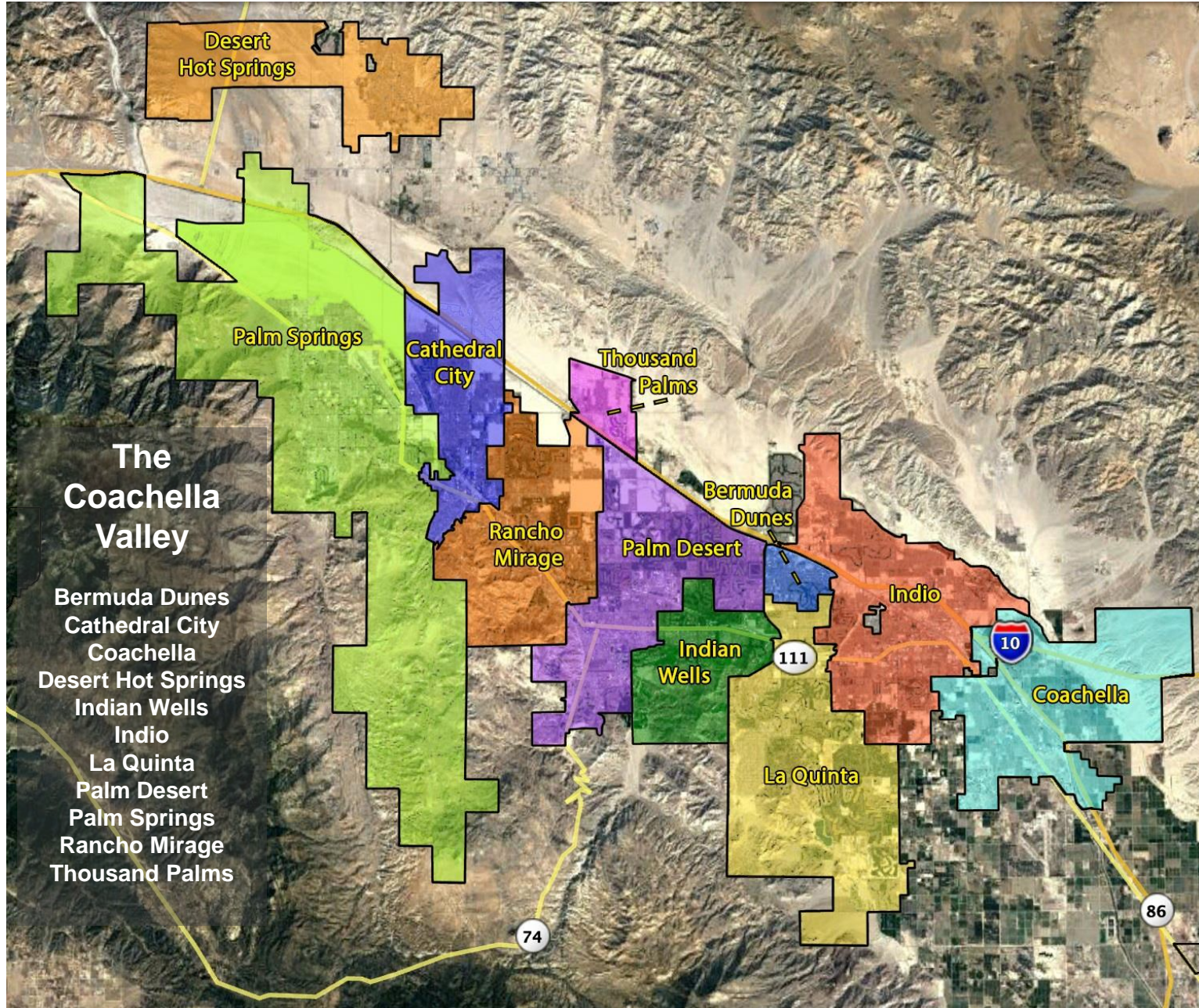




# The Desert Housing Report

March 2023



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

©2022 CDAR & GPSR. All rights reserved. Use and distribution by members only.

## Summary

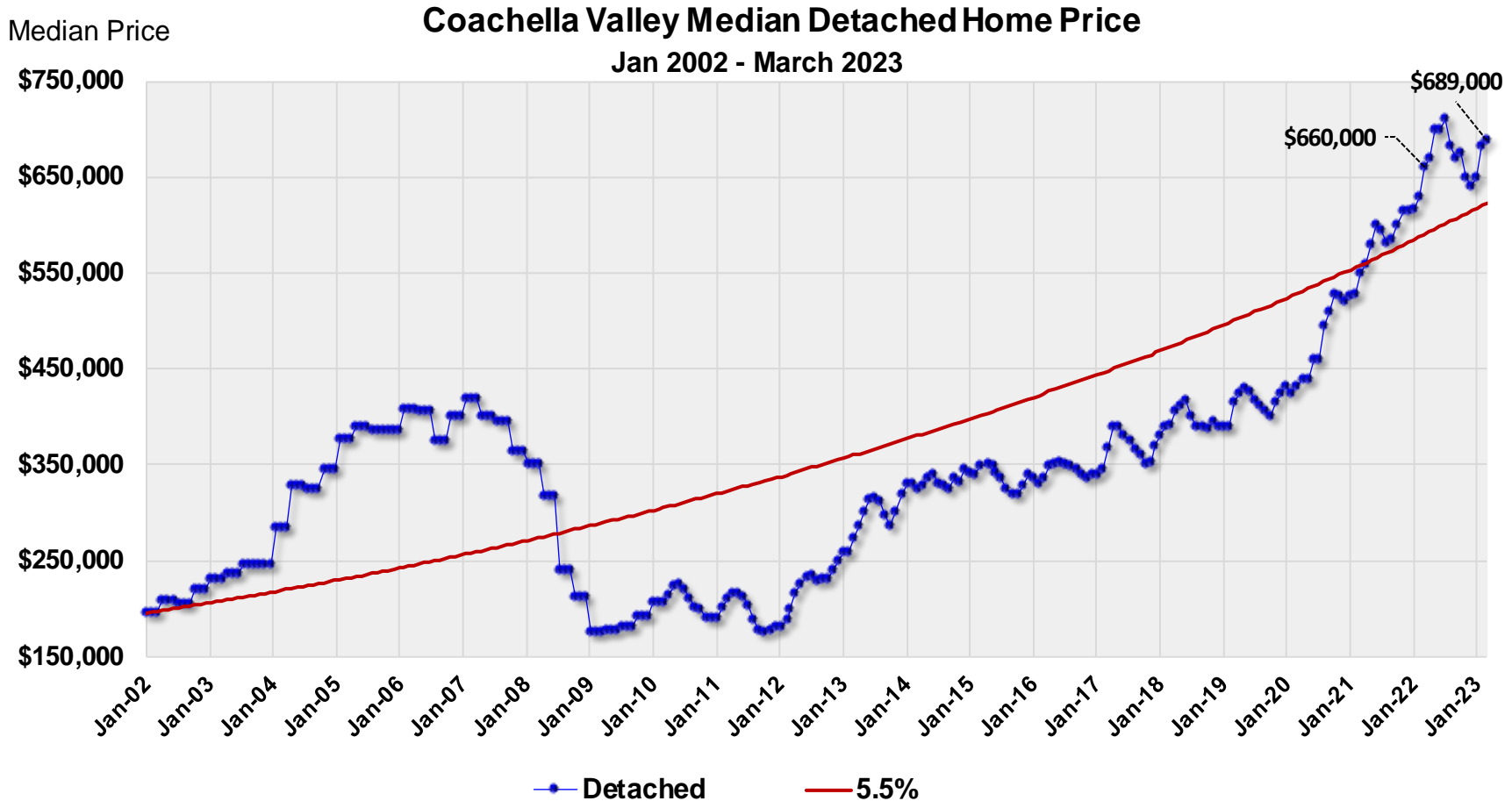
**PRICES:** The median price of a detached home in the Coachella Valley rose \$7,210 last month to \$689,000, which is up 4.4% year over year. This is the third monthly increase but was somewhat expected since prices are in their seasonal strong period. The median attached price surged \$26,000 in March to end at \$460,000. The current price is 6% below its peak level in May and up 2% year over year. The largest increases are Cathedral City and Desert Hot Springs, with year over year gains of 6.6% and 6.2% respectively. In the attached market, every city but Indio and La Quinta have year over year increases.

**SALES:** There were over 700 sales last month and the three-month average of sales rose to 545 units a month from 449. Most of this is seasonal and we expect it to continue a few more months. Before the pandemic, March sales averaged 788 units per month, so sales are running 30% below average. The largest percentage declines in sales are in Cathedral City, down 57%, followed by Desert Hot Springs, down 47% and Indio, down 44%. The cities of Coachella and Palm Desert have the smallest percentage of sales decline.

**INVENTORY & “MONTHS OF SALES” RATIOS:** On April 1st, Valley inventory was 1,976 units, which is almost the same as last month but 1,298 units greater than last year. We had hoped that inventory might possibly reach 2,500 units by the end of April, but we now doubt this will happen. The primary reason inventory isn't growing in this low sales environment is that monthly new listings are staying near historic lows. The Valley's “months of sales” ratio was 3.2 months, which is up slightly from last month. Most of the increase is due to lower sales, not higher inventory.

**DIM:** At the end of March, the median number of “days in the market” throughout the Valley was 48 days, which is the same as last month but 25 days more than last year. The cities of Palm Springs and Coachella have the lowest median selling time for detached homes at 37 days. In the attached market, Palm Springs has the shortest median selling time at 28 days.

**PRICE DISCOUNTS/PREMIUMS:** In March, 13.4% of sales occurred above list price compared to 50.3% a year ago. The percent continues to approach the historic norm of around 10%. Every city now has an average selling discount for detached homes, which range from .2% for Coachella to 5.4% for Bermuda Dunes. Attached homes range from average discounts of 1.8% in Cathedral City to 5.5% in Indio.

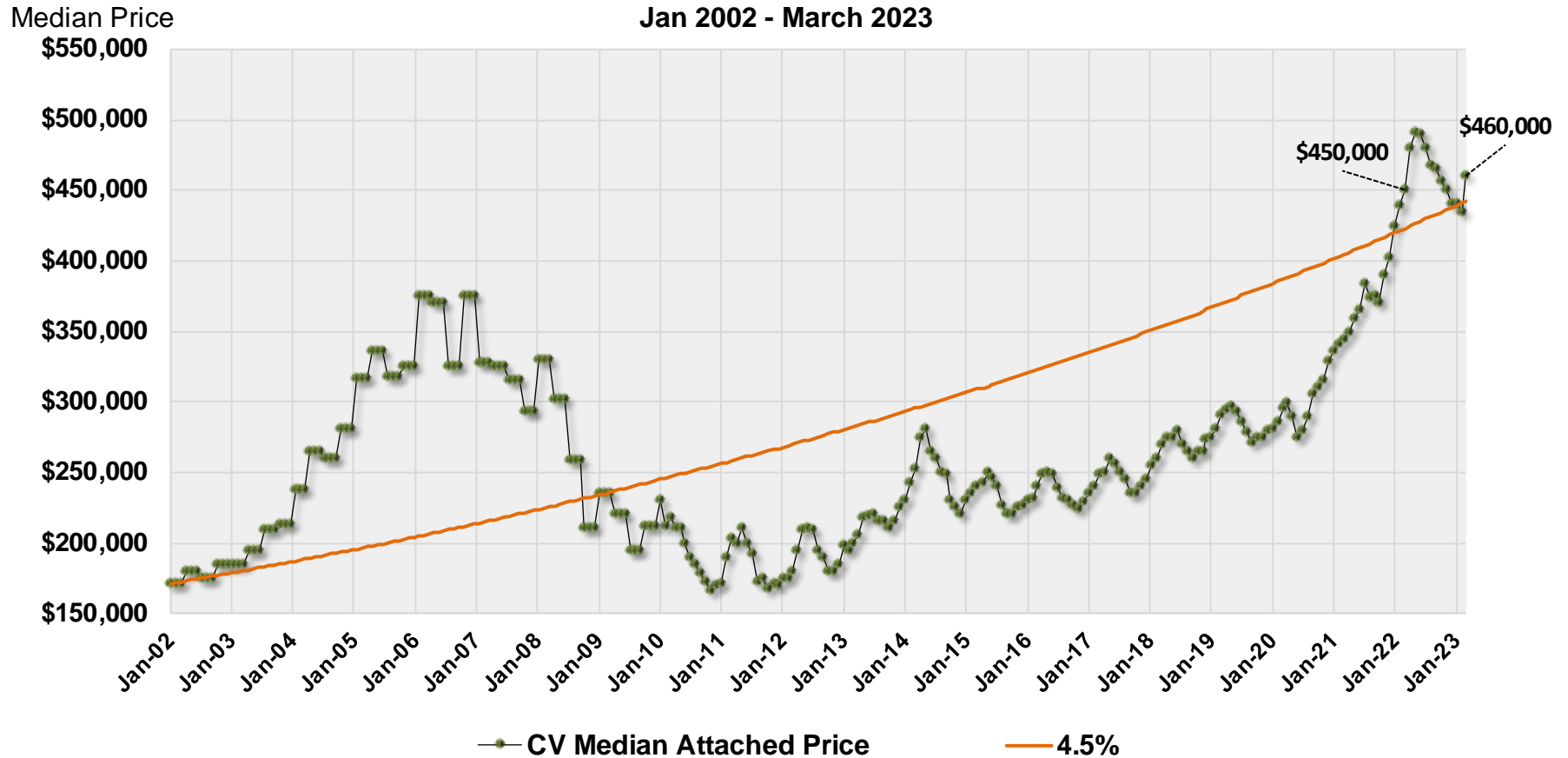


### Coachella Valley Median Detached Price

The median price of a detached home in the Coachella Valley rose \$7,210 last month to \$689,000, which is up 4.4% year over year. This is the third monthly increase but was somewhat expected since prices are in their seasonal strong period. The price is now only 3% below the peak price of \$710,000 eight months ago. Since it is important to follow the data and not opinions during critical times like this, we will continue to carefully track its progress.

## Coachella Valley Median Attached Price

Jan 2002 - March 2023



## Coachella Valley Median Attached Price

The median attached price surged \$26,000 in March to end at \$460,000. As the chart clearly shows the price is back above the long-term growth rate of 4.5%. The current price is 6% below its peak level in May and up 2% year over year. As the chart clearly shows, seasonally driven price increases normally begin by January or February. We expected these price increases to continue as we move toward Summer.

### 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
Cathedral City	1,800	\$327.62	\$589,725	\$553,410	6.6%	\$153,216	284.9%
Desert Hot Springs	1,600	\$254.17	\$406,677	\$382,760	6.2%	\$86,656	369.3%
Rancho Mirage	3,175	\$431.97	\$1,371,490	\$1,322,549	3.7%	\$506,317	170.9%
La Quinta	2,550	\$386.73	\$986,173	\$980,057	0.6%	\$318,164	210.0%
Palm Springs	2,175	\$597.66	\$1,299,900	\$1,304,451	-0.3%	\$323,879	301.4%
Indio	2,000	\$275.03	\$550,055	\$563,395	-2.4%	\$156,340	251.8%
Palm Desert	2,200	\$330.90	\$727,990	\$757,767	-3.9%	\$302,302	140.8%
Indian Wells	3,450	\$462.74	\$1,596,461	\$1,666,989	-4.2%	\$666,885	139.4%
Bermuda Dunes	2,500	\$301.85	\$754,623	\$809,707	-6.8%	\$239,325	215.3%
Coachella	1,700	\$248.61	\$422,641	\$455,246	-7.2%	\$111,367	279.5%

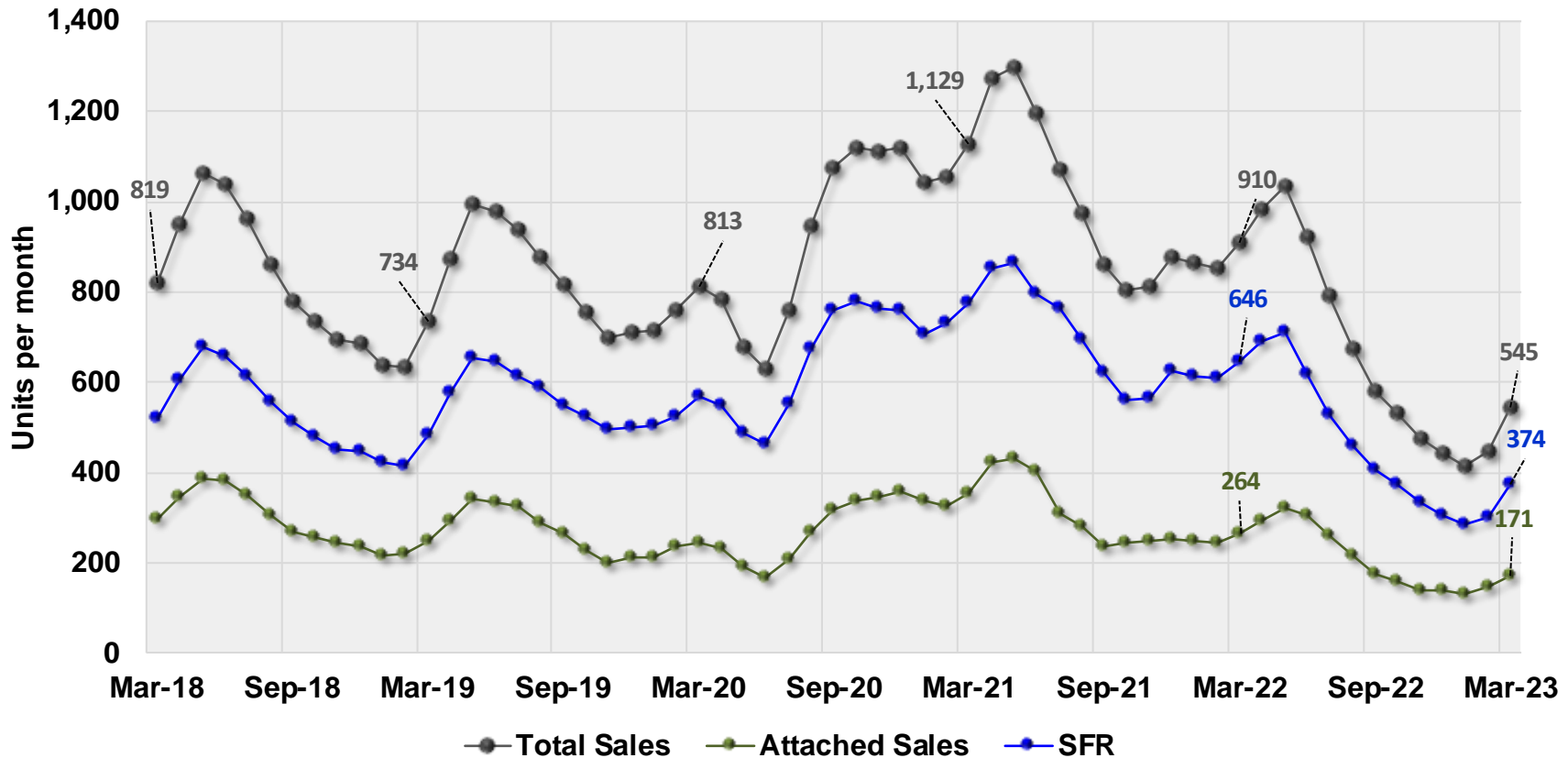
### Price of The Average Size Attached Home

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	\$194.69	\$146,018	\$118,147	23.6%	\$16,013	812%
Indian Wells	1,950	\$368.01	\$717,611	\$624,172	15.0%	\$259,126	177%
Cathedral City	1,250	\$277.25	\$346,558	\$307,997	12.5%	\$80,544	330%
Rancho Mirage	1,775	\$327.36	\$581,065	\$528,396	10.0%	\$211,030	175%
Bermuda Dunes	1,450	\$261.65	\$379,385	\$368,224	3.0%	\$89,117	326%
Palm Springs	1,250	\$362.51	\$453,134	\$441,798	2.6%	\$129,788	249%
Palm Desert	1,600	\$330.45	\$528,726	\$525,283	0.7%	\$197,896	167%
La Quinta	1,750	\$381.57	\$667,749	\$688,073	-3.0%	\$247,713	170%
Indio	1,050	\$264.77	\$278,004	\$300,466	-7.5%	\$56,396	393%

### 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. In detached homes, four cities have positive price gains for their average size home, while six are now negative. The largest increases are Cathedral City and Desert Hot Springs, with year over year gains of 6.6% and 6.2% respectively. In the attached market, every city but Indio and La Quinta have year over year increases.

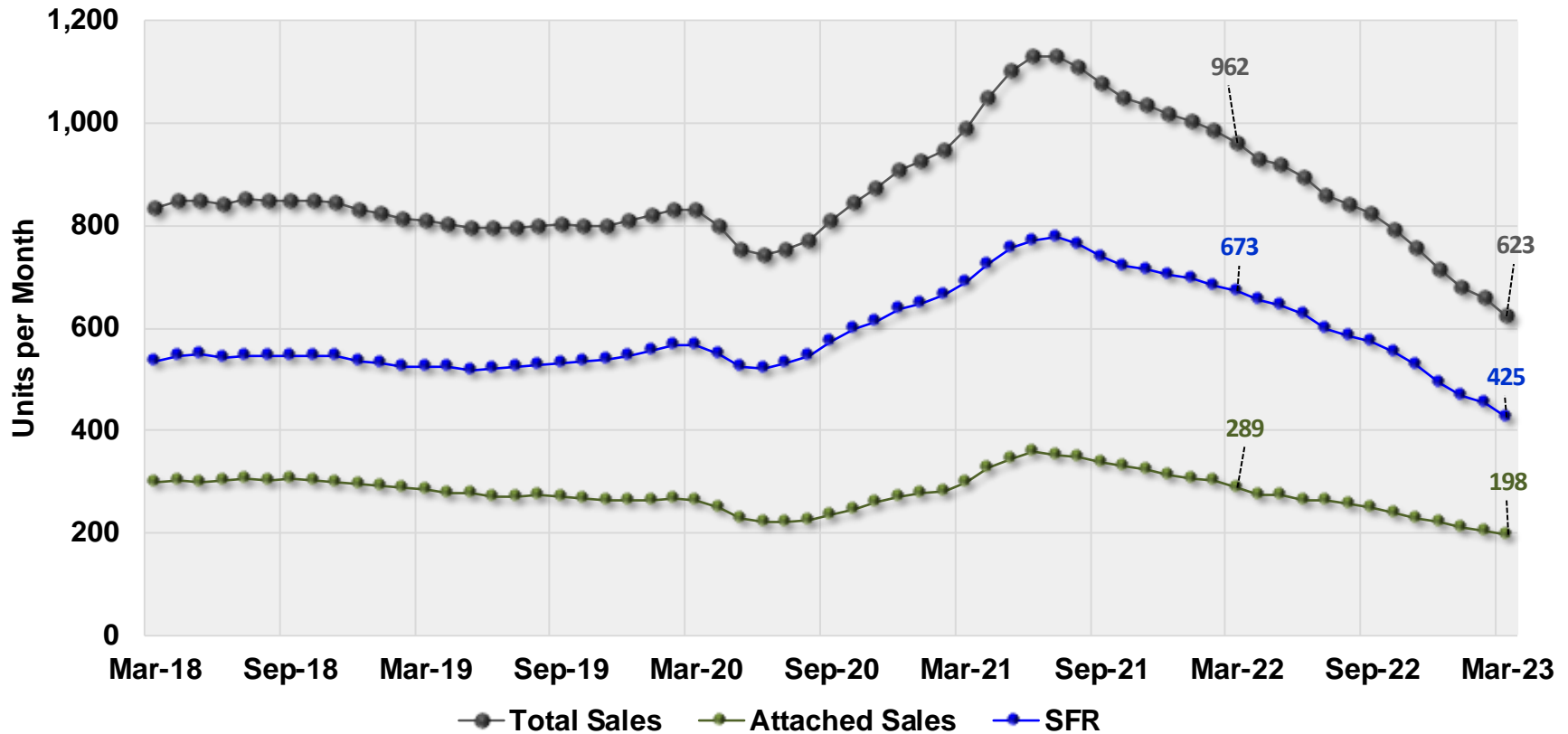
## Detached, Attached and Total Sales 3 month moving average



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

There were over 700 sales last month and the three-month average of sales rose to 545 units a month from 449. Most of this is seasonal and we expect it to continue a few more months. Before the pandemic, March sales averaged 788 units per month, so sales are running 30% below average. As the graph shows, most of the increase last month was in sales of detached homes.

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

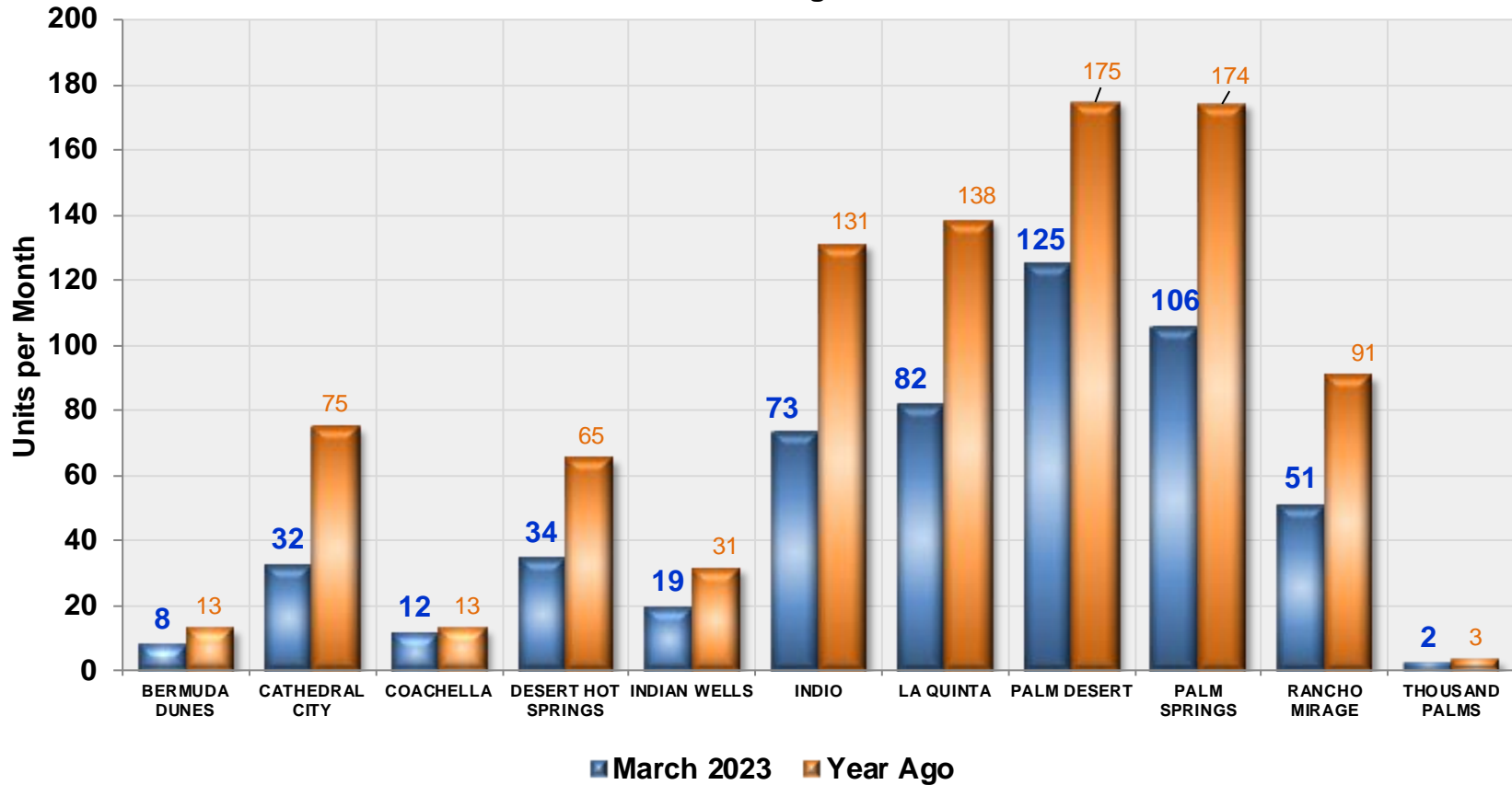


### Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out seasonality, shows total sales averaged 623 units a month. This is 35% below last year and the 20th consecutive monthly decline. This metric shows that long term sales are running below pre-pandemic sales average of 800 units by about 22%. Since long-term sales lag short-term sales, we expect this metric to continue to decline for awhile, even as monthly sales begin their seasonal increase.



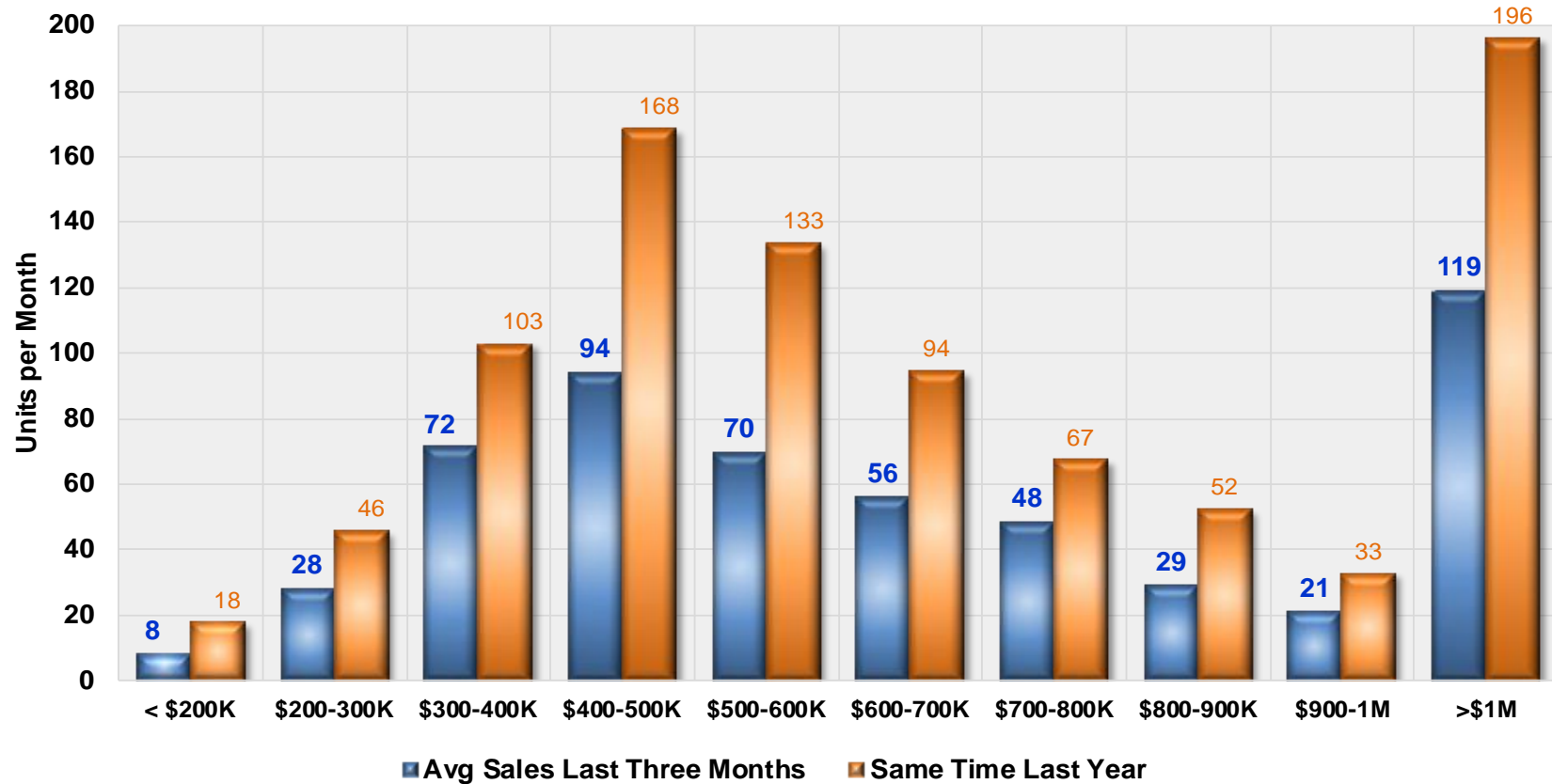
## Home Sales by City 3 month avg sales



## Home Sales by City

Every city continues to have lower three-month average sales compared to last year. This shows the sales decline is broad based throughout the region. The largest percentage declines in sales are in Cathedral City, down 57%, followed by Desert Hot Springs, down 47% and Indio, down 44%. The cities of Coachella and Palm Desert have the smallest percentage of sales decline.

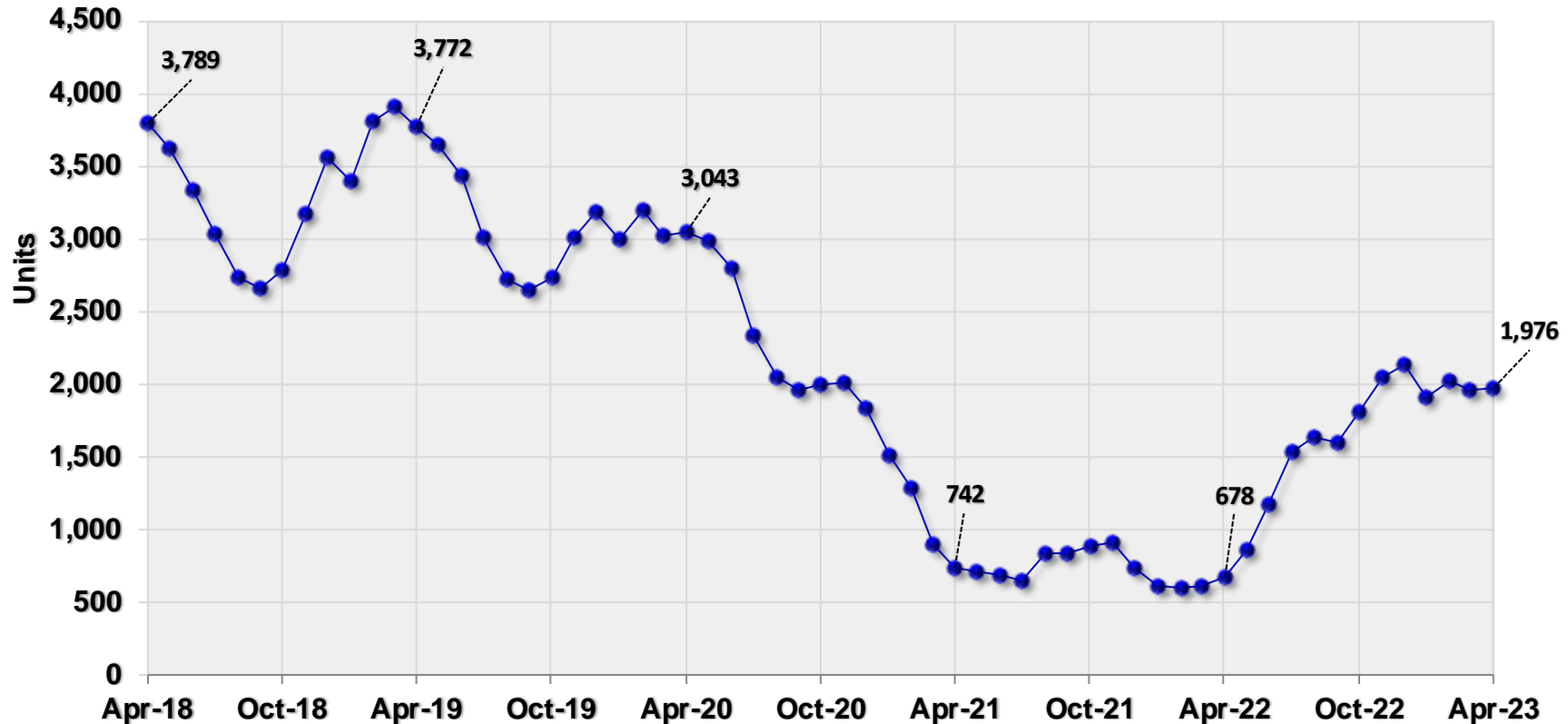
## Home Sales by Price Range 3 mos avg



## Home Sales by Price Range

The pattern of sales by price bracket is almost exactly the same as last month. 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 remains high. Sales of million-dollar homes have improved and are now down 39%, while homes priced from \$900k to \$1m are down 36%, which is slightly better than last month.

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



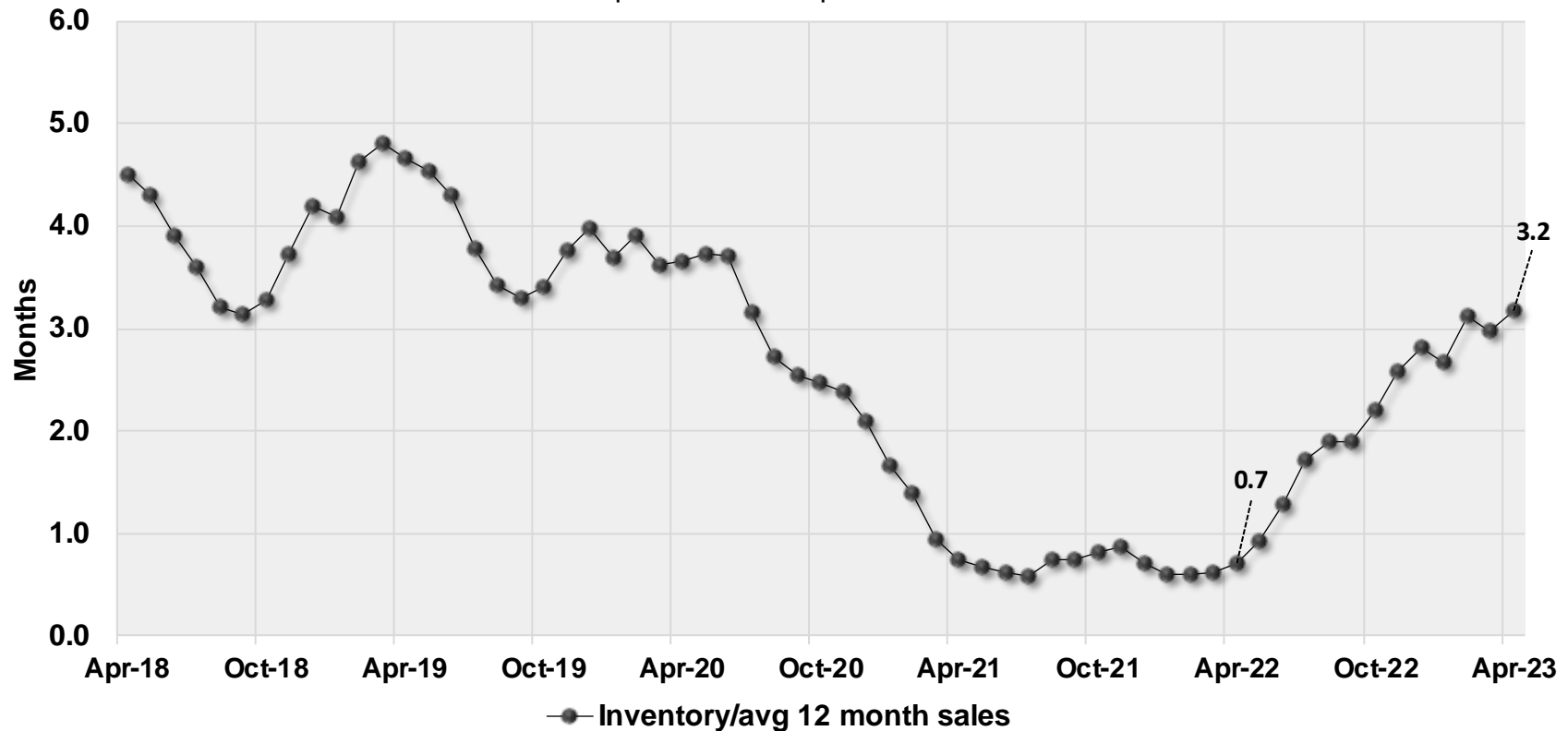
## Coachella Valley Total Inventory

On April 1<sup>st</sup>, Valley inventory was 1,976 units, which is almost the same as last month but 1,298 units greater than last year. We had hoped that inventory might possibly reach 2,500 units by the end of April, but we now doubt this will happen. The primary reason inventory isn't growing in this low sales environment is that monthly new listings are staying near historic lows. Unless our seasonal pattern is somewhat broken, it would be normal for inventory to contract as we move toward summer.

## "Months of Sales" Ratio

Coachella Valley

April 1st 2018 - April 1st 2023



## Regional "Months of Sales" Ratio

On April 1<sup>st</sup>, the Valley's "months of sales" ratio was 3.2 months, which is slightly higher than last month. Most of the increase is from falling sales, not higher inventory. This fundamental ratio, which measures supply versus demand, is approaching its historic averages for this time of year. This means that, even though sales are down, there continues to be a balance between buyers and sellers. This is helping homes hold the large price gains of the last two years.

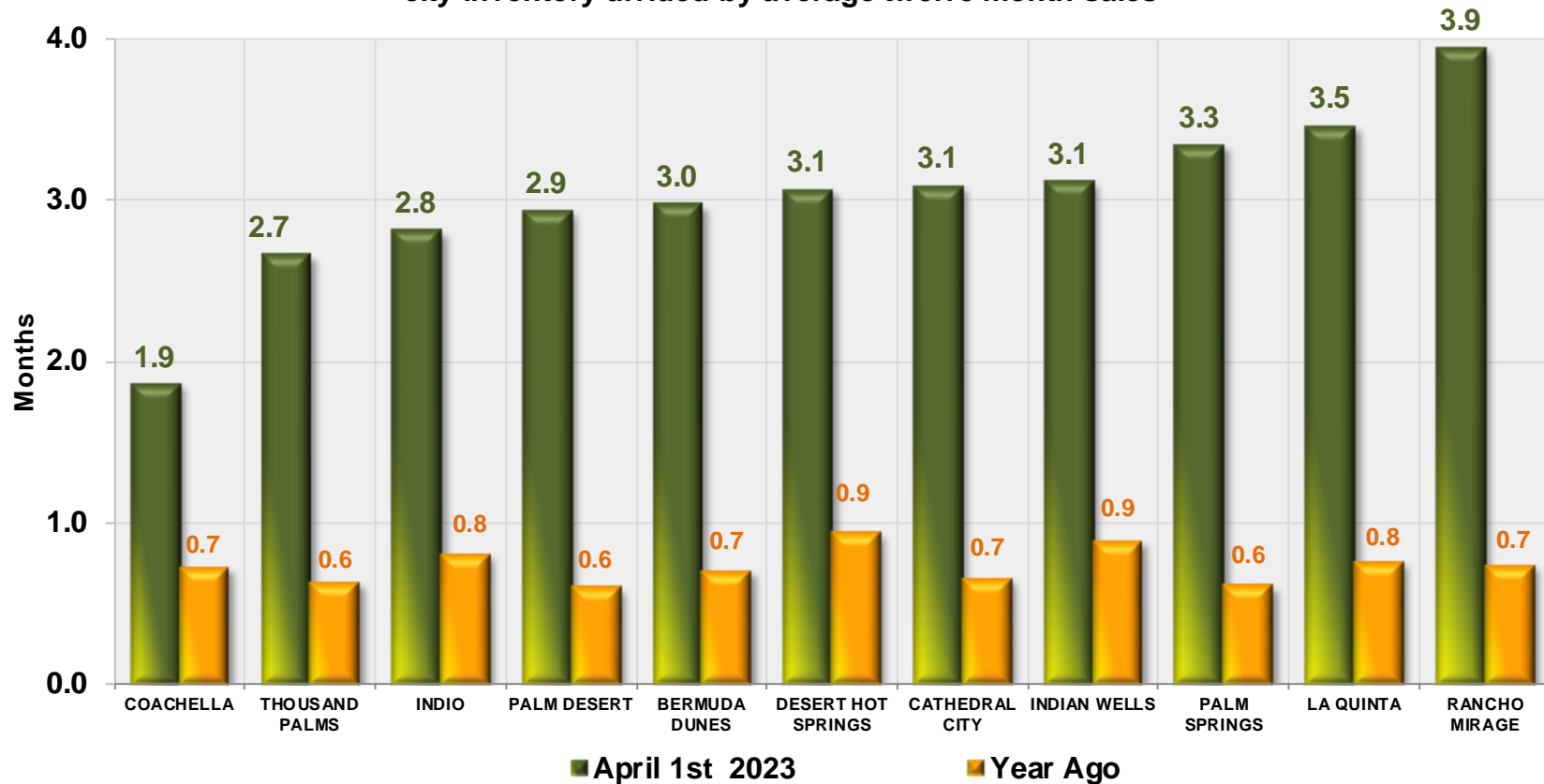
## "Months of Sales" by Price Range uses avg. twelve month sales



## "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 also shows something a little unusual. The ratios for each bracket are relatively close in value. Usually, higher priced homes have much higher ratios. To us, this means 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



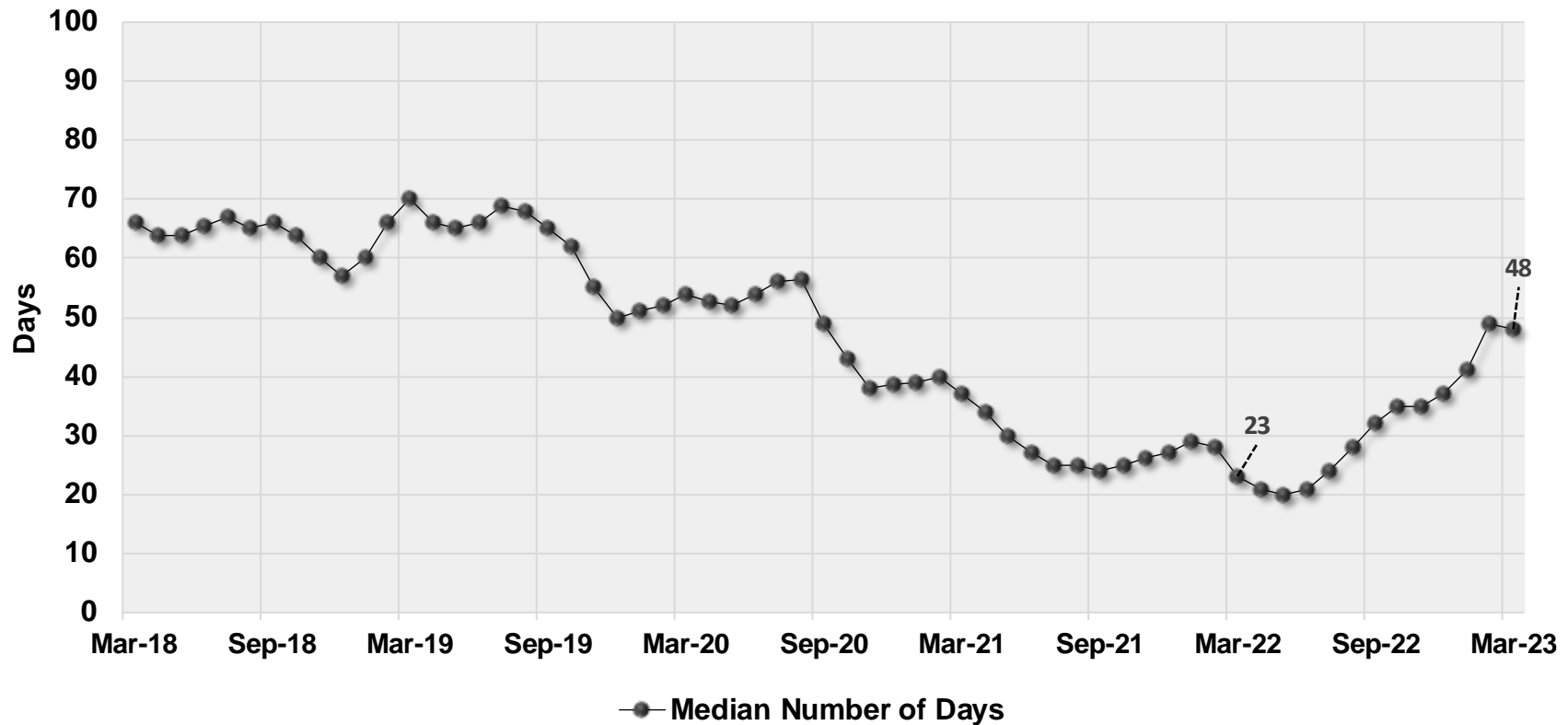
## "Months of Sales" by City

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. Five cities now have ratios of three months or less – Coachella, Thousand Palms, Indio, Palm Desert and Bermuda Dunes. What continues to be notable is how close the ratios are in each city.

## "Days in the Market"

Coachella Valley

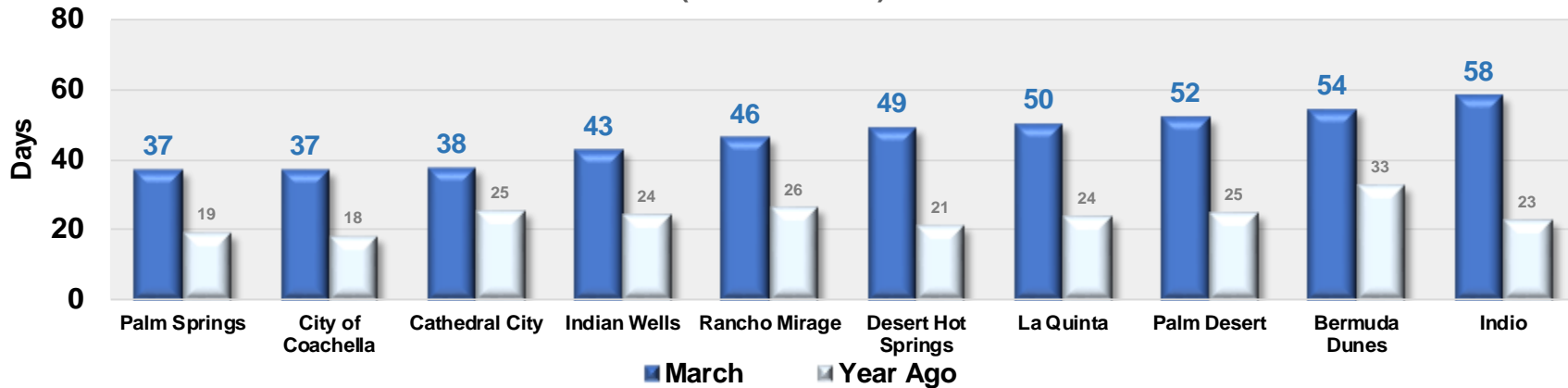
March 2018 - March 2023



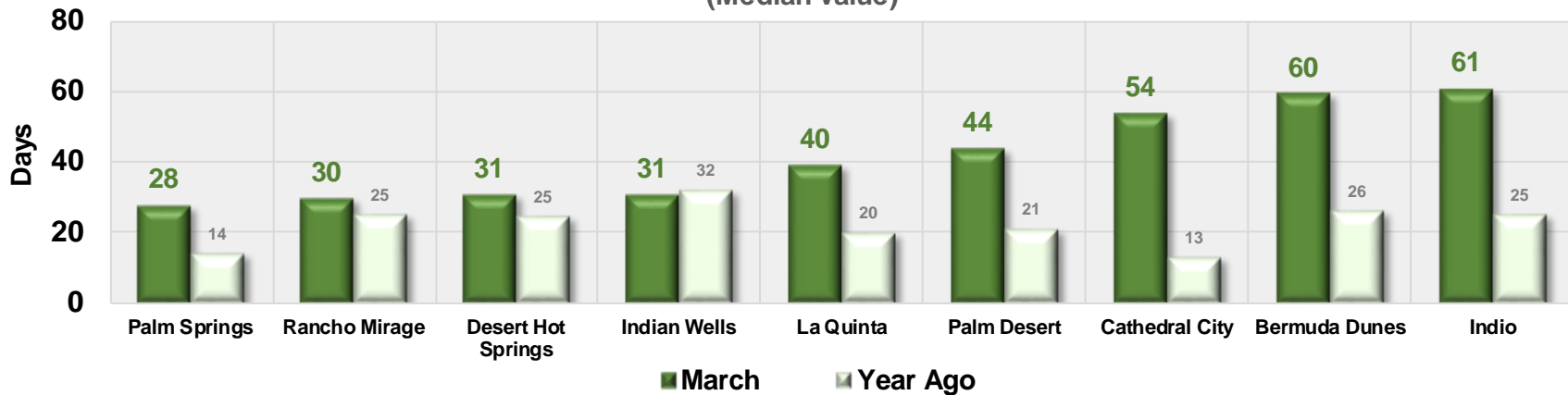
## Regional "Days in the Market"

The average selling time in the region continues to increase. At the end of March, the median number of "days in the market" in the Coachella Valley was 48 days, which is one day less than last month but 25 days more than last year. While increasing, this ratio remains under 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 cities of Palm Springs and Coachella have the lowest median selling time for detached homes at 37 days. In the attached market, Palm Springs has the shortest median selling time at 28 days.



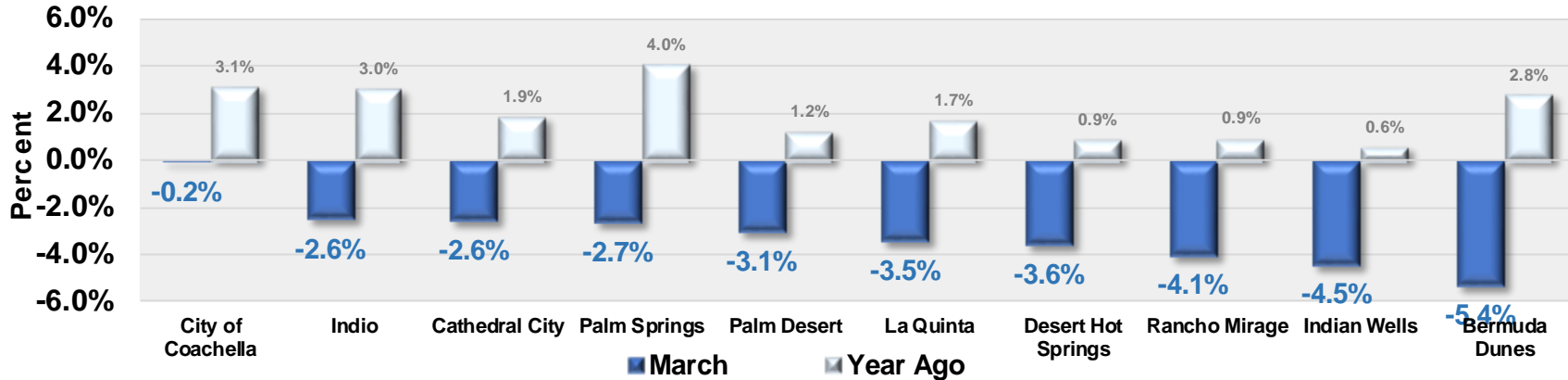
## % Homes Selling Over List Price Coachella Valley 2016 - 2023 (March)



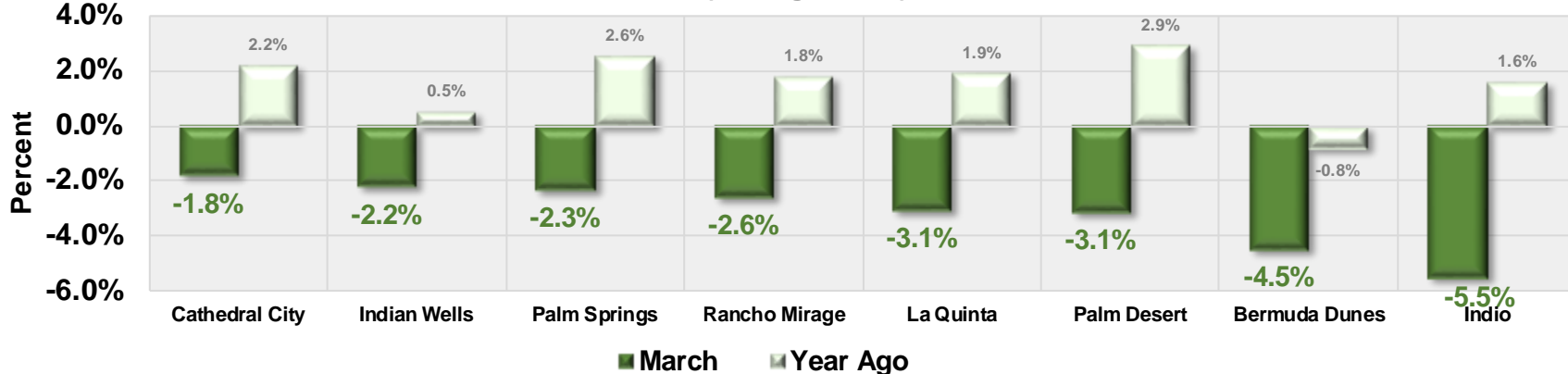
### Percent Homes Selling Above List

This chart graphs the percentage of Valley homes that sold above list price over the last three months. This percent continues to rapidly decline. In March, 13.4% of sales sold above list price compared to 50.3% a year ago. The percent continues to approach the historic norm 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 now has an average selling discount for detached homes, which range from .2% for Coachella to 5.4% for Bermuda Dunes. Attached homes range from average discounts of 1.8% in Cathedral City to 5.5% 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 March 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.