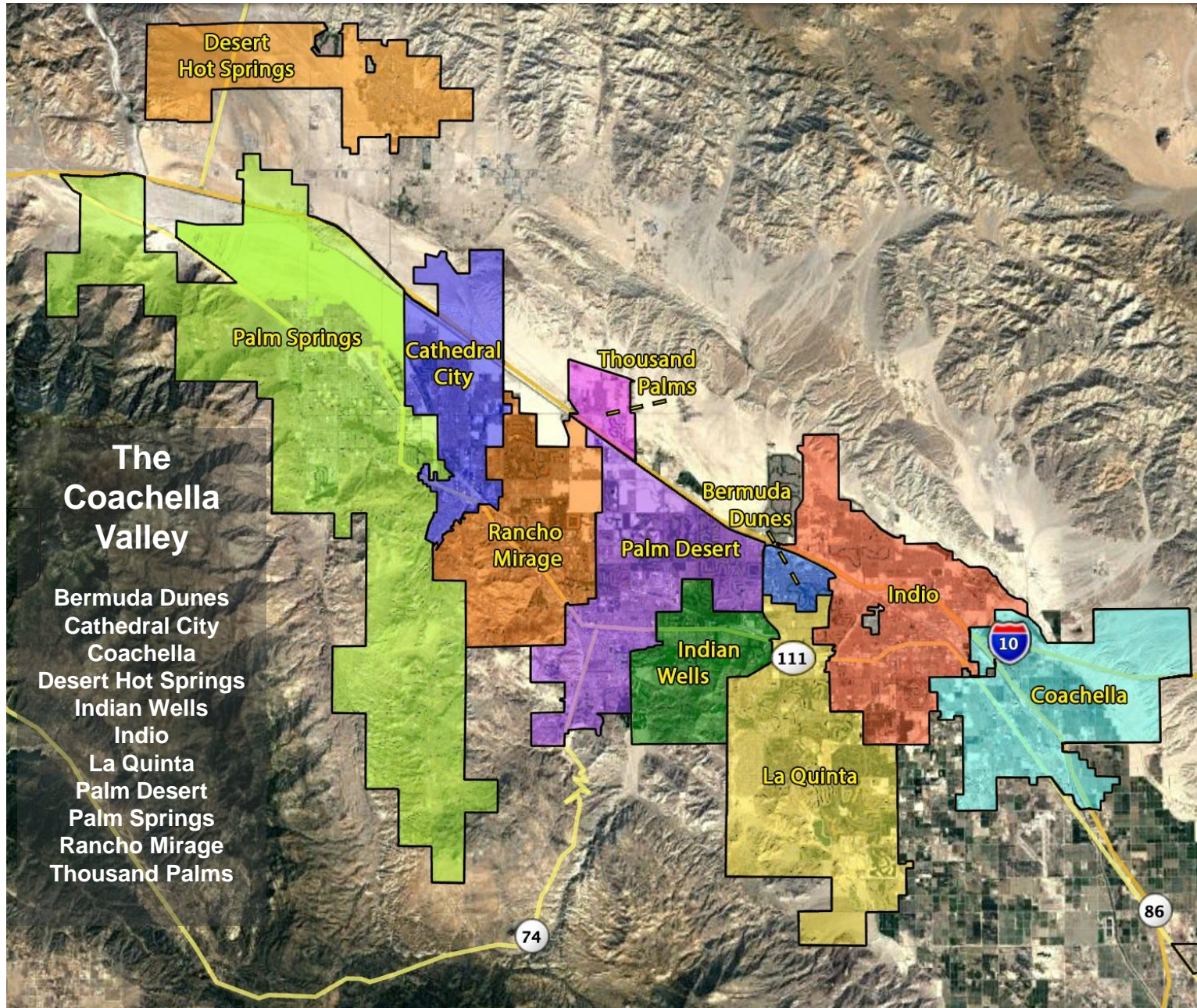




The Desert Housing Report

April 2023



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

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Summary

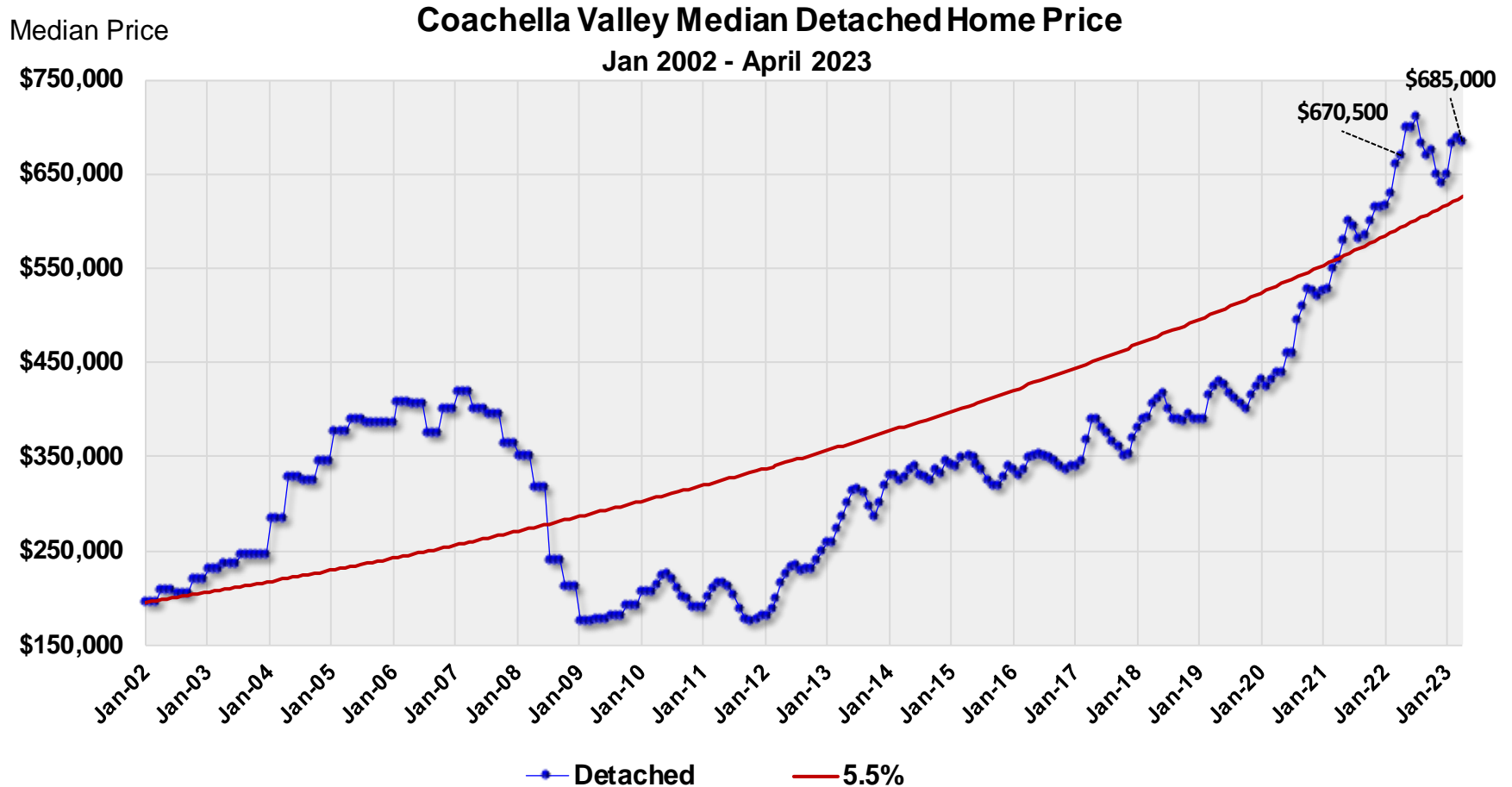
PRICES: The median price of a detached home in the Coachella Valley ended the month at \$685,000, which is up 1.5% year over year. The median attached price surged \$20,000 in April to end at \$480,000. This is the second month of strong price growth with the current price only 2% below last May's record price of \$491,000. Every city but Desert Hot Springs has a year over year price decline in its average size detached home. Price setbacks in the cities of La Quinta, Indio and Palm Desert range from minus 2.2% to minus 5%. The largest declines are in the high-end cities of Indian Wells and Palm Springs. Prices in the attached market remain relatively stable.

SALES: The three-month average of sales rose 120 units to 665 units a month from 545 last month. Most of this is seasonal and we expect the average to continue to increase for another month. The 12-month average of sales, which takes out seasonality, shows total sales averaged 601 units a month. This is the 21st consecutive monthly decline. The largest percentage declines in sales were in Cathedral City, down 50%, followed by Desert Hot Springs, down 47%, and Indio, down 36%. The cities of Coachella and Palm Desert continue to have the smallest percentage decline of 18% and 22% respectively.

INVENTORY & "MONTHS OF SALES" RATIOS: On May 1st, Valley inventory was 1,876 units, which is 100 units less than last month but 1,017 units greater than last year. The primary reason inventory isn't growing in this low sales environment is that monthly new listings continue to remain near historic lows. On May 1st, the Valley's "months of sales" ratio was 3.1 months, which is slightly less than last month. This fundamental ratio, which measures supply versus demand, is slightly less than historic averages for this time of year.

DIM: The average selling time in the region continues to increase. At the end of April, the median number of "days in the market" in the Coachella Valley was 48 days, which is the same as last month but 27 days more than last year. This ratio remains under its pre-pandemic average of 65 days.

PRICE DISCOUNTS/PREMIUMS: In April, 15.2% of sales sold above list price compared to 55.9% a year ago. Every city has an average selling discount for detached homes, which range from 0.0% for Coachella to 3.5% for La Quinta. Attached homes range from average discounts of 1.6% in Cathedral City to 4.6% in Bermuda Dunes.

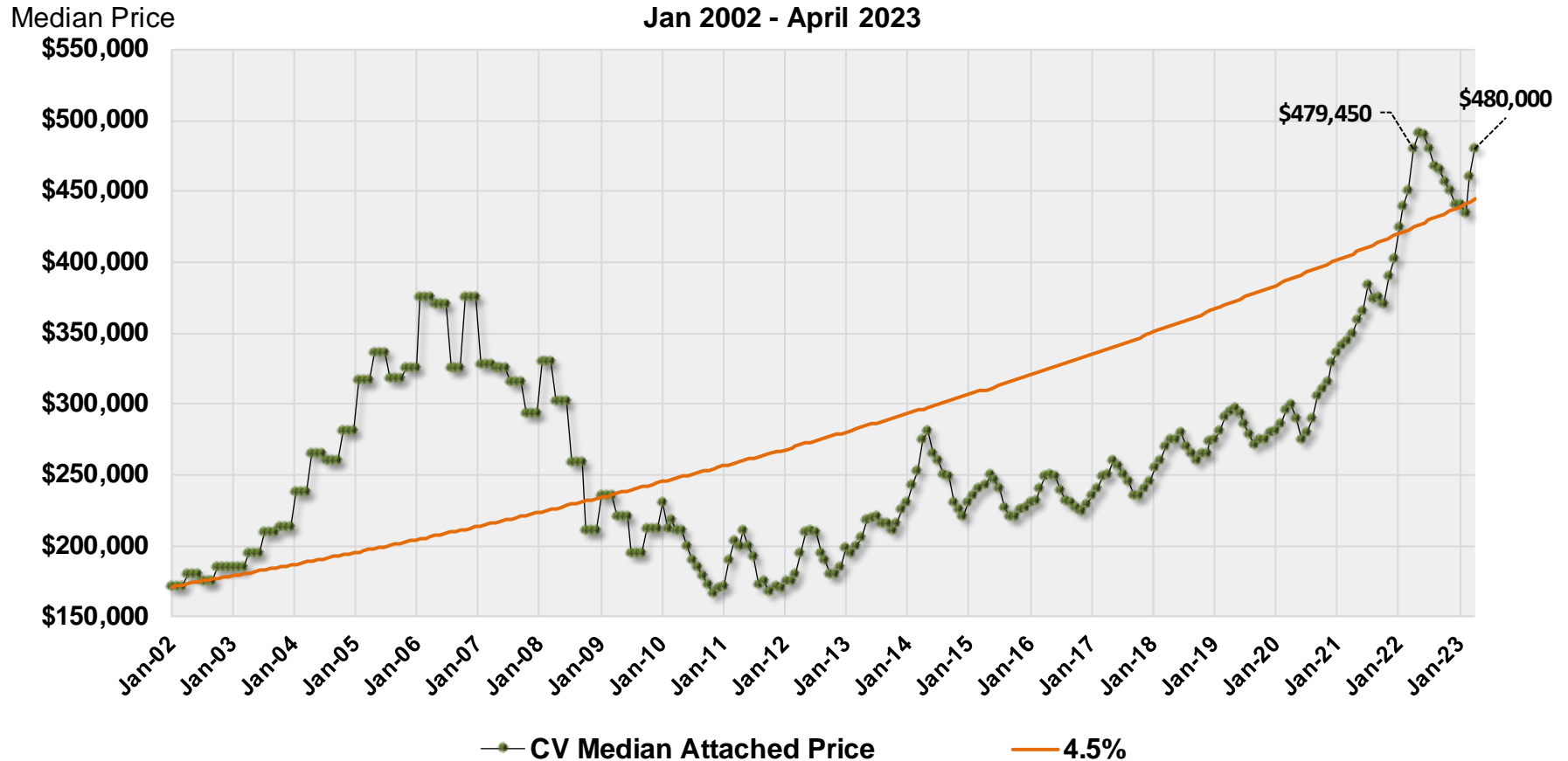


Coachella Valley Median Detached Price

The median price of a detached home in the Coachella Valley ended the month at \$685,000, up 1.5% year over year. As the graph shows we are holding the price gains of the last few months, with the current price only 3% below the peak of \$710,000 nine months ago. However, we are coming to the end of the strong seasonal period and expect upward pressure on detached home prices to relax somewhat.

Coachella Valley Median Attached Price

Jan 2002 - April 2023



Coachella Valley Median Attached Price

The median attached price surged \$20,000 in April to end at \$480,000. This is the second month of strong price growth with the current price only 2% below last May's record price of \$491,000. This chart, plus the chart on the previous page, confirms to us that homeowner worry of large price declines is somewhat misplaced. In fact, we see the opposite. We see supply and demand somewhat balanced. While demand is slowing, so is supply, keeping prices relatively stable.

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
Desert Hot Springs	1,600	\$257.41	\$411,864	\$396,799	3.8%	\$86,656	375.3%
Cathedral City	1,800	\$313.38	\$564,077	\$568,134	-0.7%	\$153,216	268.2%
La Quinta	2,550	\$385.05	\$981,888	\$1,004,001	-2.2%	\$318,164	208.6%
Indio	2,000	\$278.81	\$557,616	\$581,731	-4.1%	\$156,340	256.7%
Palm Desert	2,200	\$339.94	\$747,861	\$787,600	-5.0%	\$302,302	147.4%
Rancho Mirage	3,175	\$418.09	\$1,327,451	\$1,415,364	-6.2%	\$506,317	162.2%
Coachella	1,700	\$239.41	\$406,993	\$447,059	-9.0%	\$111,367	265.5%
Bermuda Dunes	2,500	\$303.74	\$759,346	\$835,412	-9.1%	\$239,325	217.3%
Indian Wells	3,450	\$449.08	\$1,549,341	\$1,715,061	-9.7%	\$666,885	132.3%
Palm Springs	2,175	\$582.27	\$1,266,427	\$1,408,084	-10.1%	\$323,879	291.0%

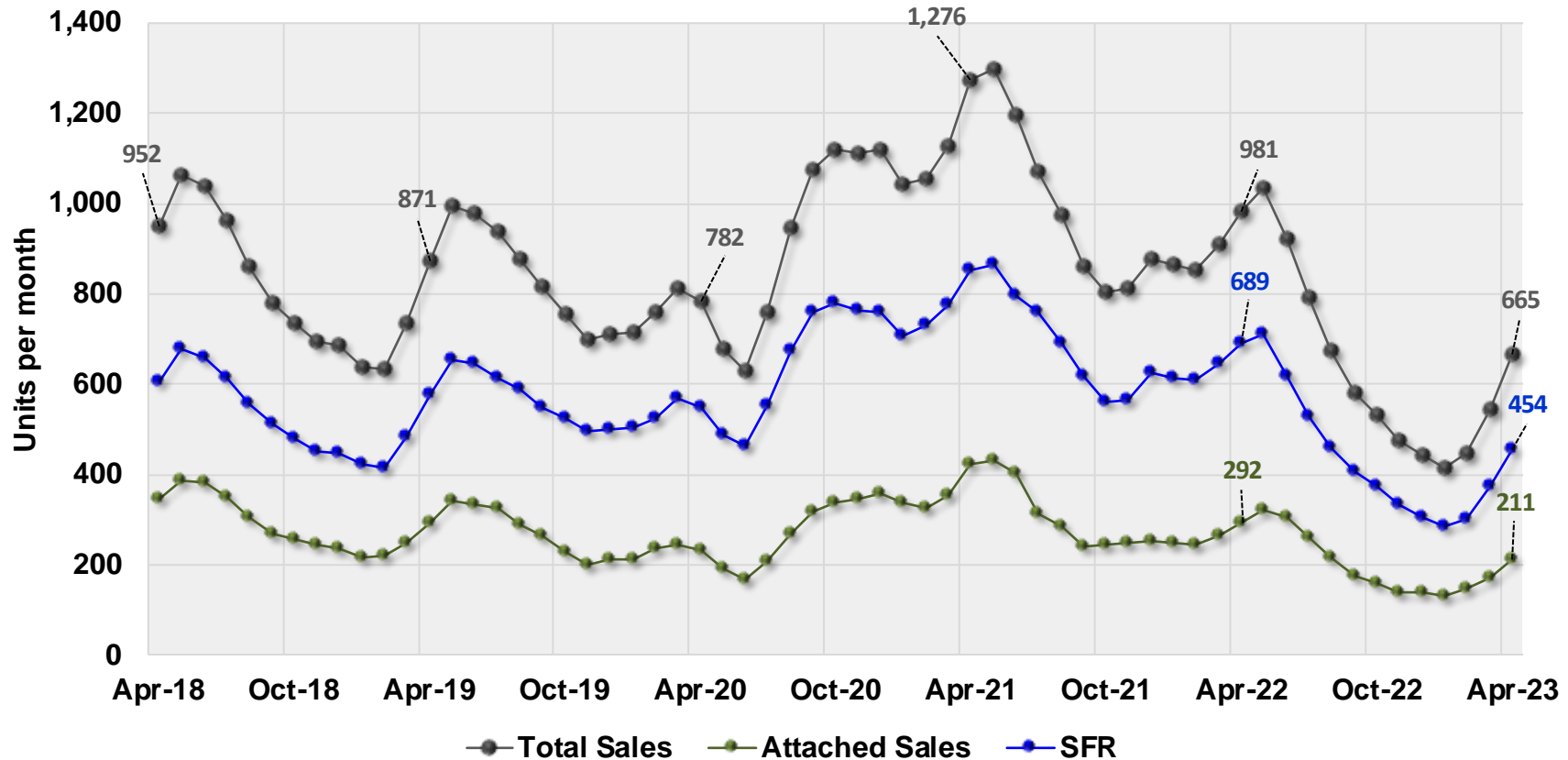
Price of The Average Size Attached Home

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	\$387.11	\$754,869	\$644,974	17.0%	\$259,126	191%
Cathedral City	1,250	\$285.51	\$356,881	\$317,658	12.3%	\$80,544	343%
Palm Springs	1,250	\$370.88	\$463,599	\$455,418	1.8%	\$129,788	257%
Rancho Mirage	1,775	\$327.19	\$580,756	\$579,648	0.2%	\$211,030	175%
Bermuda Dunes	1,450	\$276.04	\$400,260	\$400,260	0.0%	\$89,117	349%
La Quinta	1,750	\$391.30	\$684,783	\$689,020	-0.6%	\$247,713	176%
Palm Desert	1,600	\$328.57	\$525,706	\$543,182	-3.2%	\$197,896	166%
Indio	1,050	\$270.79	\$284,331	\$301,360	-5.7%	\$56,396	404%

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 size of each home is listed in the second column. The latest price is then compared to the price a year ago, and to the all-time lows that occurred in 2011 and 2012. Every city but Desert Hot Springs has a year over year price decline in its average size detached home. Price declines in the cities of La Quinta, Indio and Palm Desert range from minus 2.2% to minus 5%. The largest declines are in the high-end cities of Indian Wells and Palm Springs. Prices in the attached home market remain relatively stable.

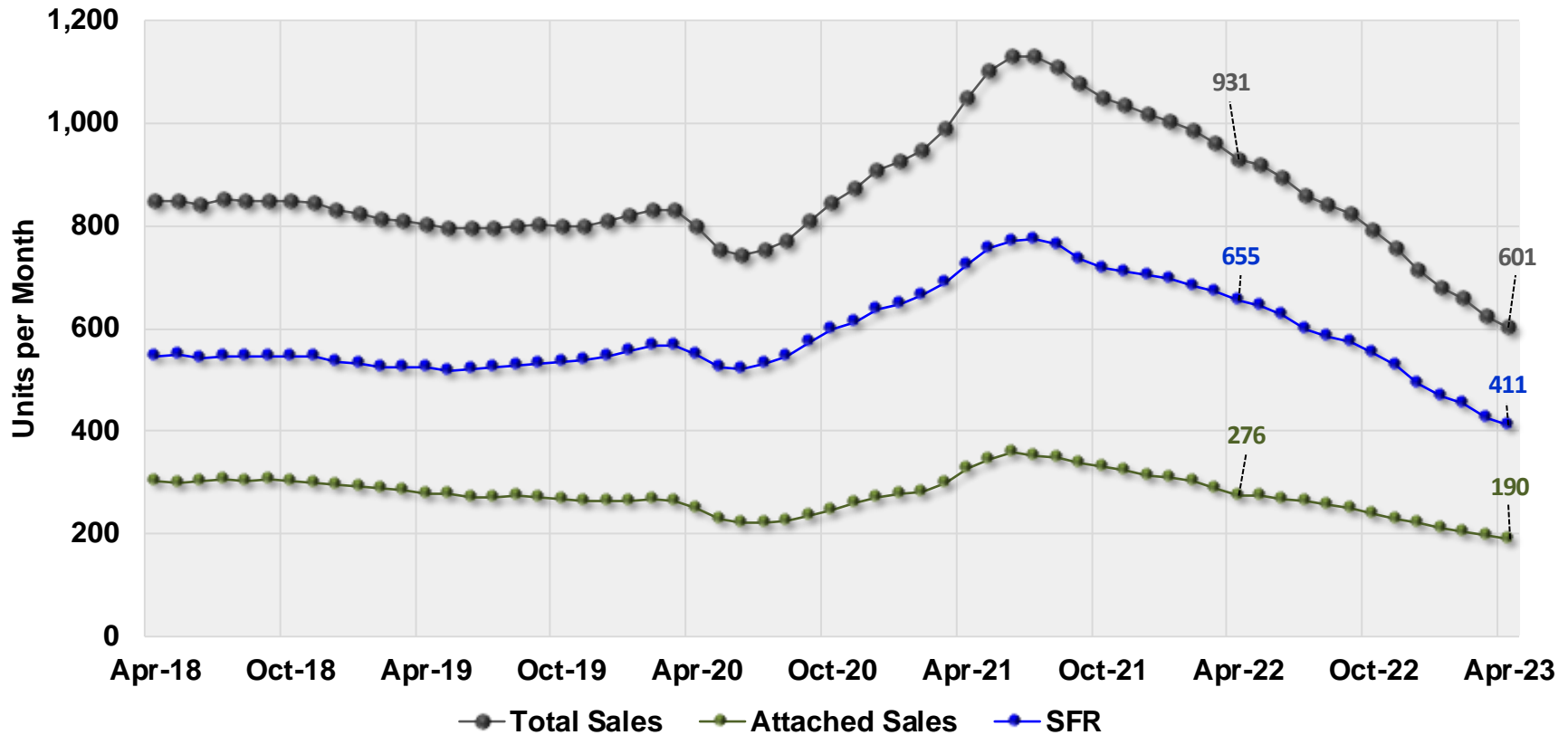
Detached, Attached and Total Sales 3 month moving average



Monthly Sales – 3-month trailing avg.

The three-month average of sales rose 120 units to 665 units a month from 545. Most of this is seasonal and we expect the average to continue to increase for another month. We've marked April sales numbers before the pandemic and they averaged 868 units per month, so even though sales are up they're still running 23% below average. This, however, is a slight improvement since they had been running 30% below past averages.

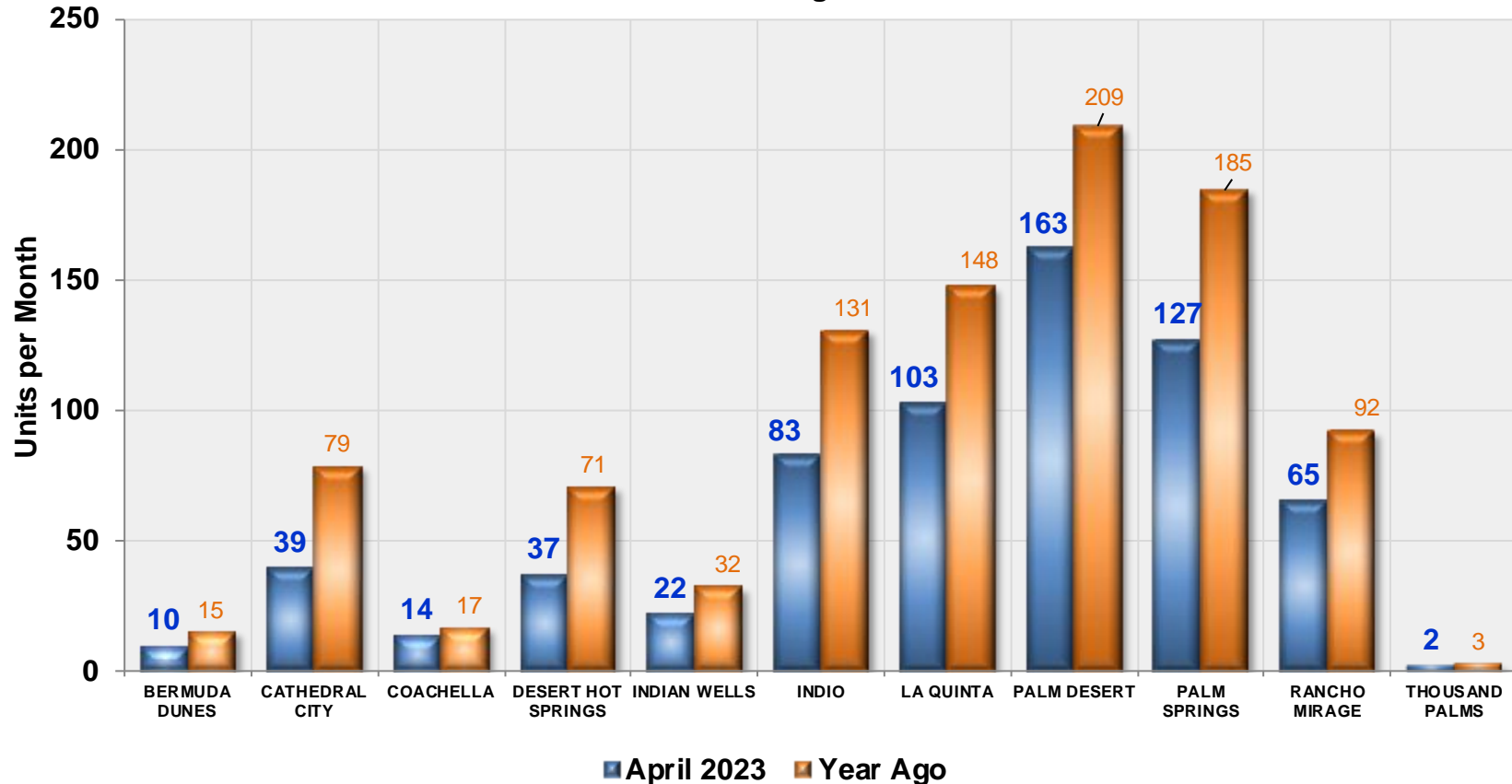
Detached, Attached and Total Sales 12 month moving average



Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out seasonality, shows total sales averaged 601 units a month. This is the 21st consecutive monthly decline. This metric shows that long term sales are running below pre-pandemic sales average of 800 units a month by about 25%, which matches the three-month calculation on the previous page. Since long-term sales lag short-term sales, we expect this metric to stop its decline and begin to level off.

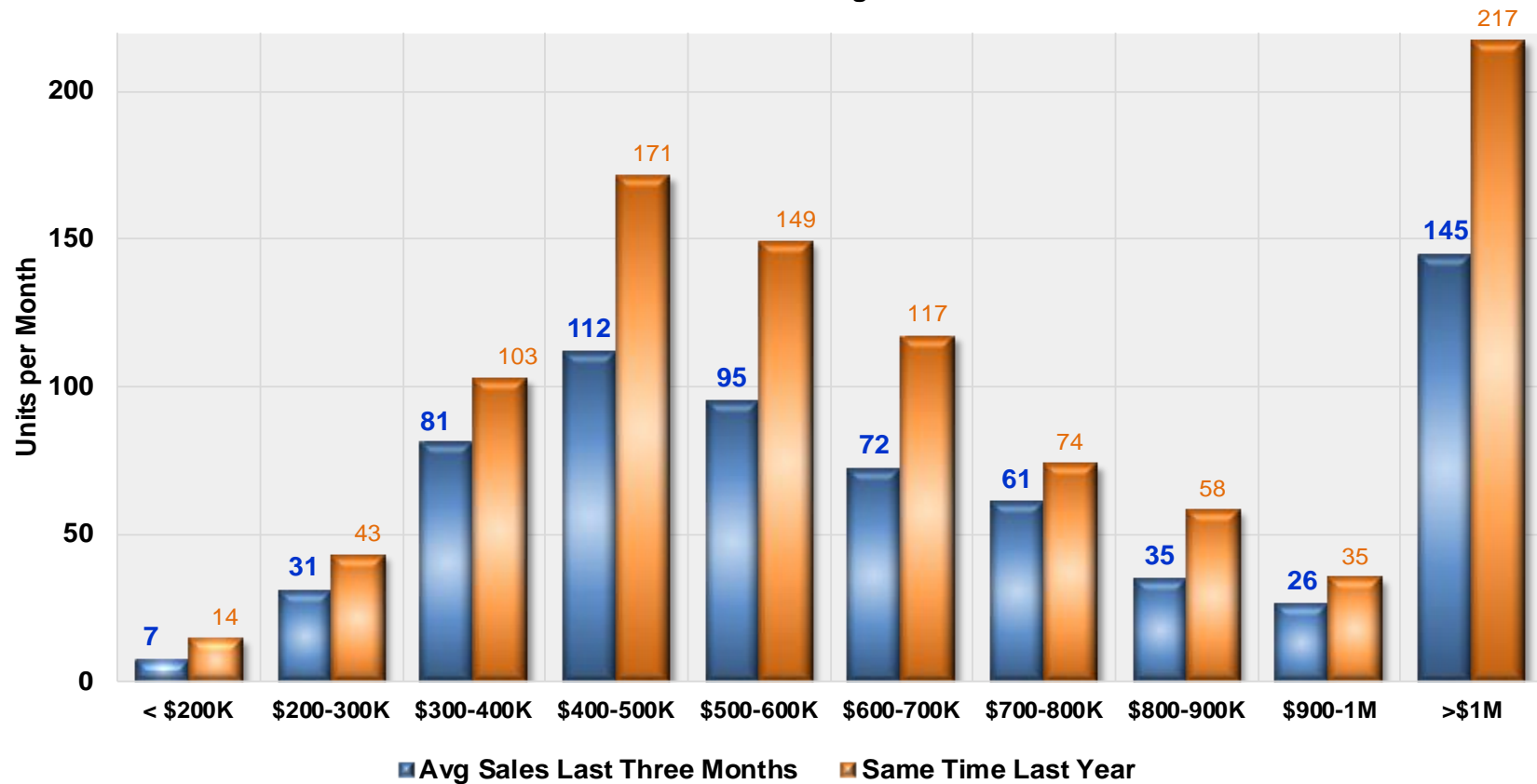
Home Sales by City 3 month avg sales



Home Sales by City

Every city continues to have lower three-month average sales compared to last year. This shows that the sales decline is broad based throughout the region. The largest percentage declines in sales were in Cathedral City, down 50%, followed by Desert Hot Springs, down 47% and Indio, down 36%. The cities of Coachella and Palm Desert continue to have the smallest percentage decline of 18% and 22% respectively.

Home Sales by Price Range 3 mos avg

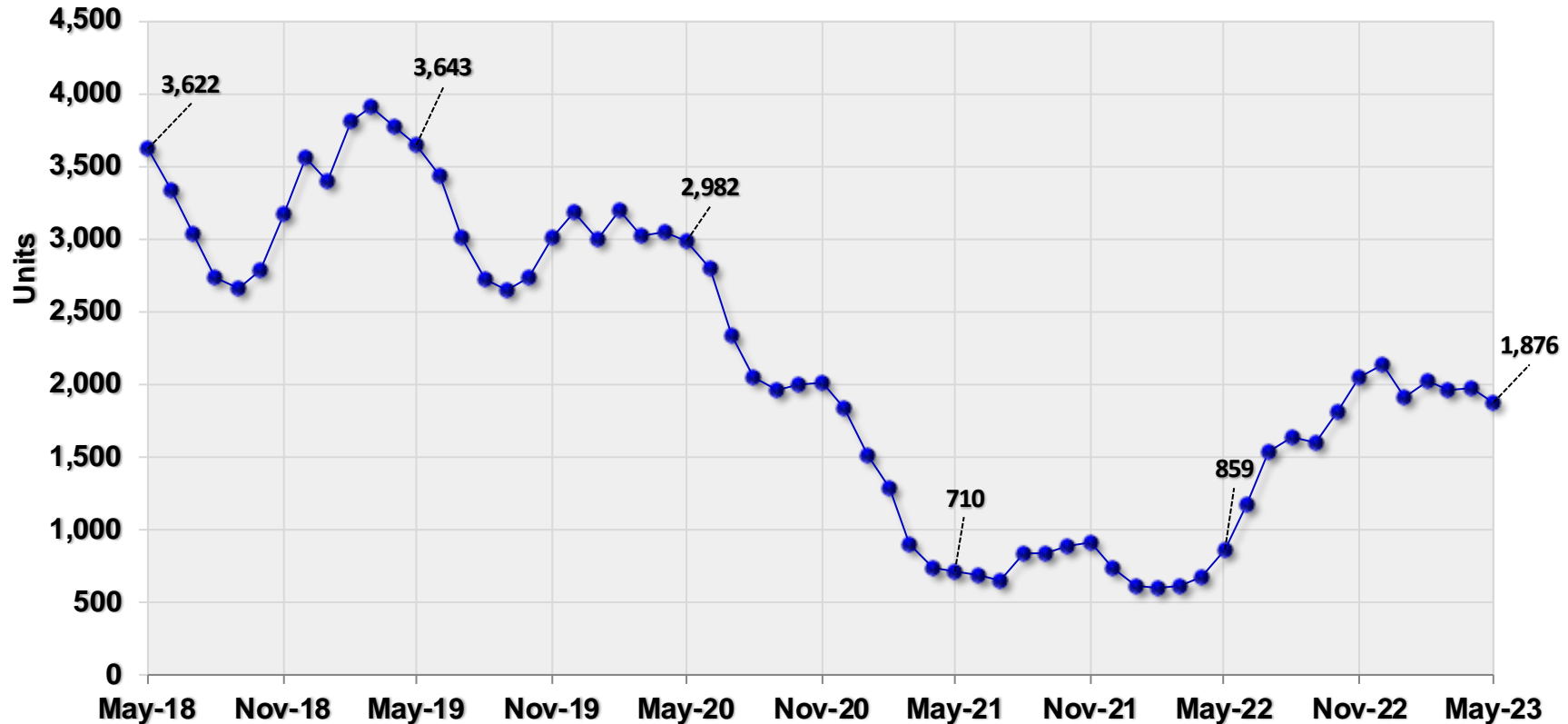


Home Sales by Price Range

While every price bracket shows a sales decline, the largest declines continue to be in homes priced between \$400k and \$700k. Sales of million-dollar homes have improved and are now down only 33%, while homes priced from \$900k to \$1m are down 25%, which is slightly better than last month. To show how much price have increased over the last three years, in April of 2018 seventy-seven homes sold for over a million dollars. This April 145 homes sold for more than a million. This increase in sales is due solely because more homes are now priced over a million dollars.

Valley Housing Inventory

May 1st 2018 to May 1st 2023



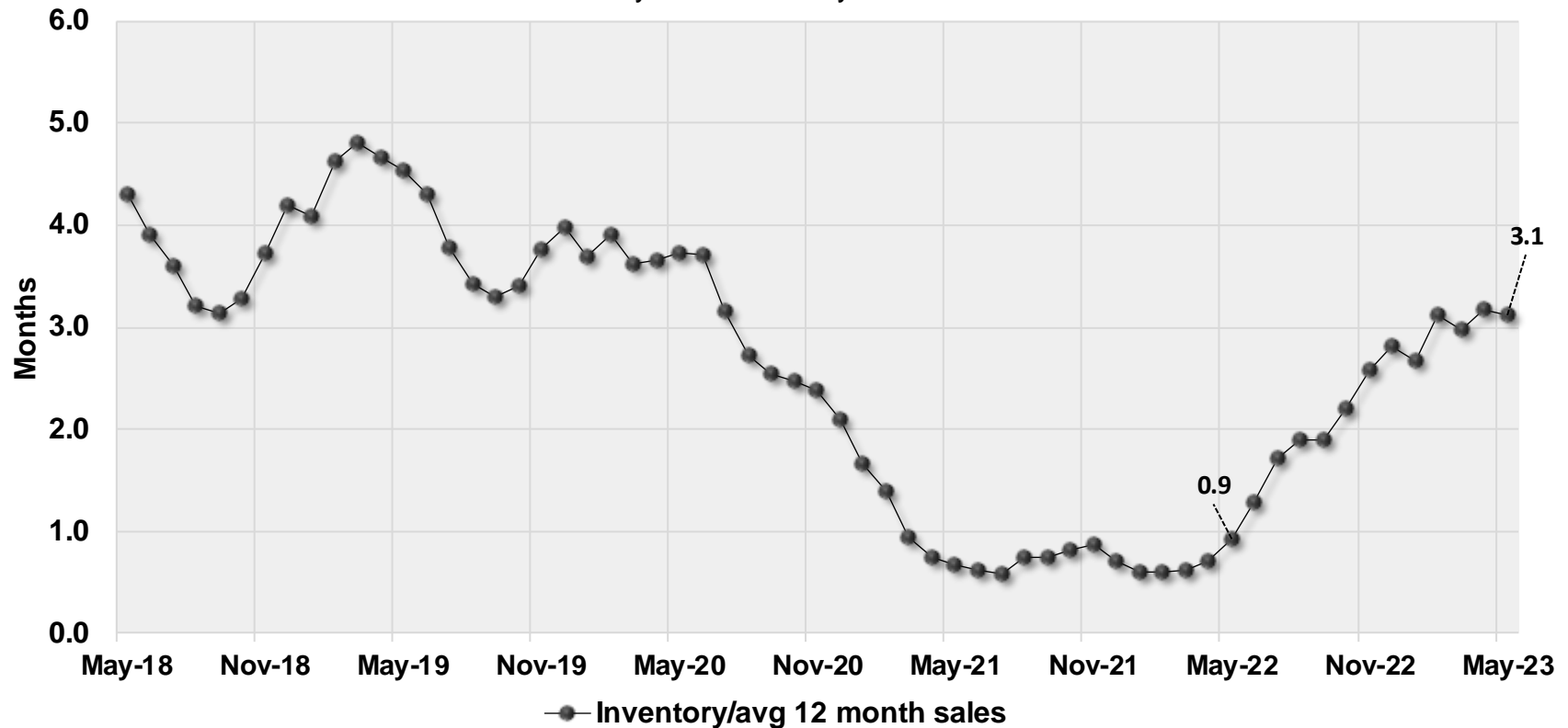
Coachella Valley Total Inventory

On May 1st, Valley inventory was 1,876 units, which is 100 units less than last month but 1,017 units greater than last year. The primary reason inventory isn't growing much in this low sales environment is that monthly new listings continue to remain near historic lows. If the Valley's seasonal pattern continues, it's expected that inventory will continue to contract as we move into summer.

"Months of Sales" Ratio

Coachella Valley

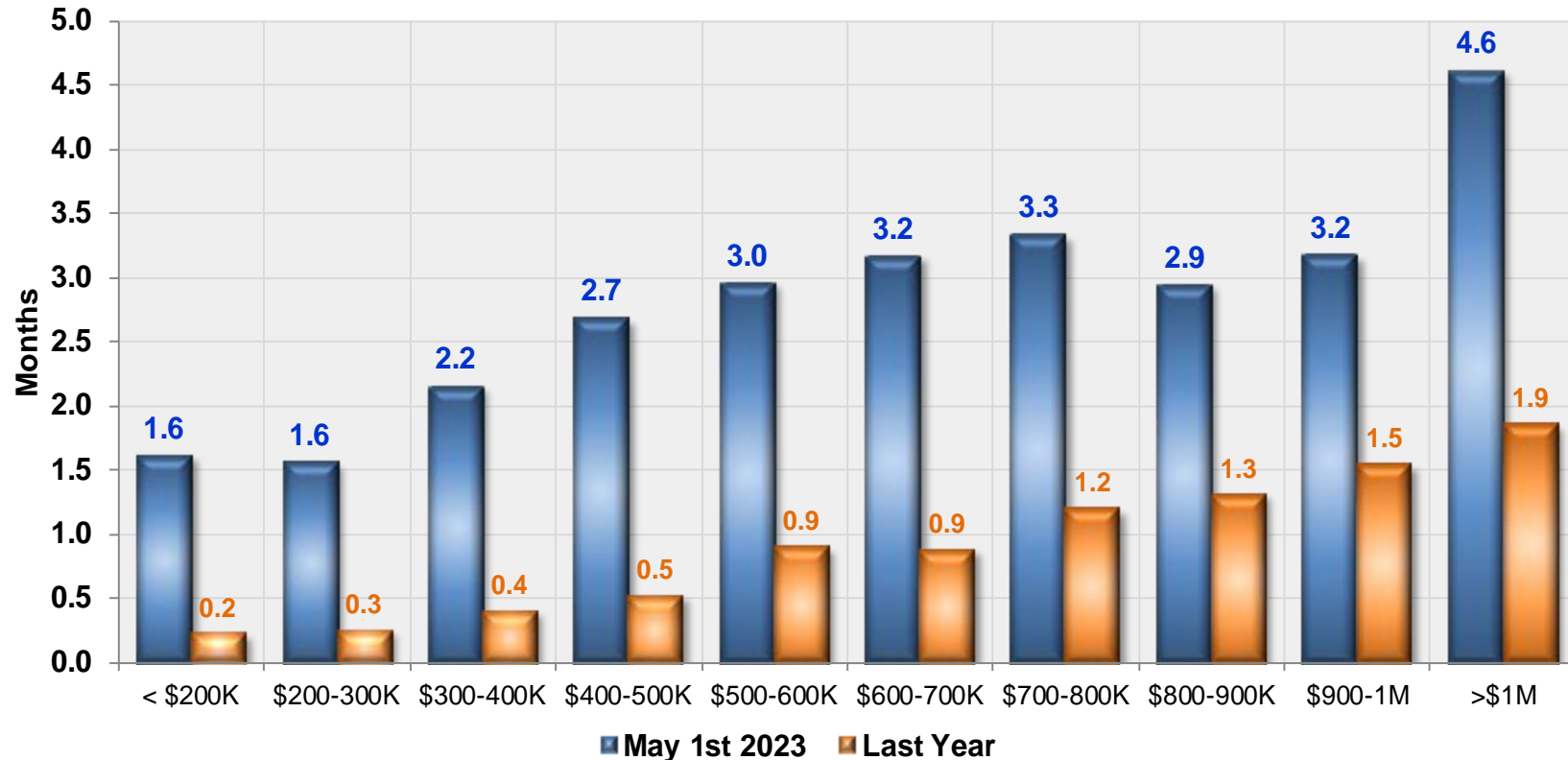
May 1st 2018 - May 1st 2023



Regional "Months of Sales" Ratio

On May 1st, the Valley's "months of sales" ratio was 3.1 months, which is slightly less than last month. This fundamental ratio, which measures supply versus demand, is slightly below the 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. As we mentioned earlier, this balance of supply with demand is helping homes maintain the large price gains of the last two years.

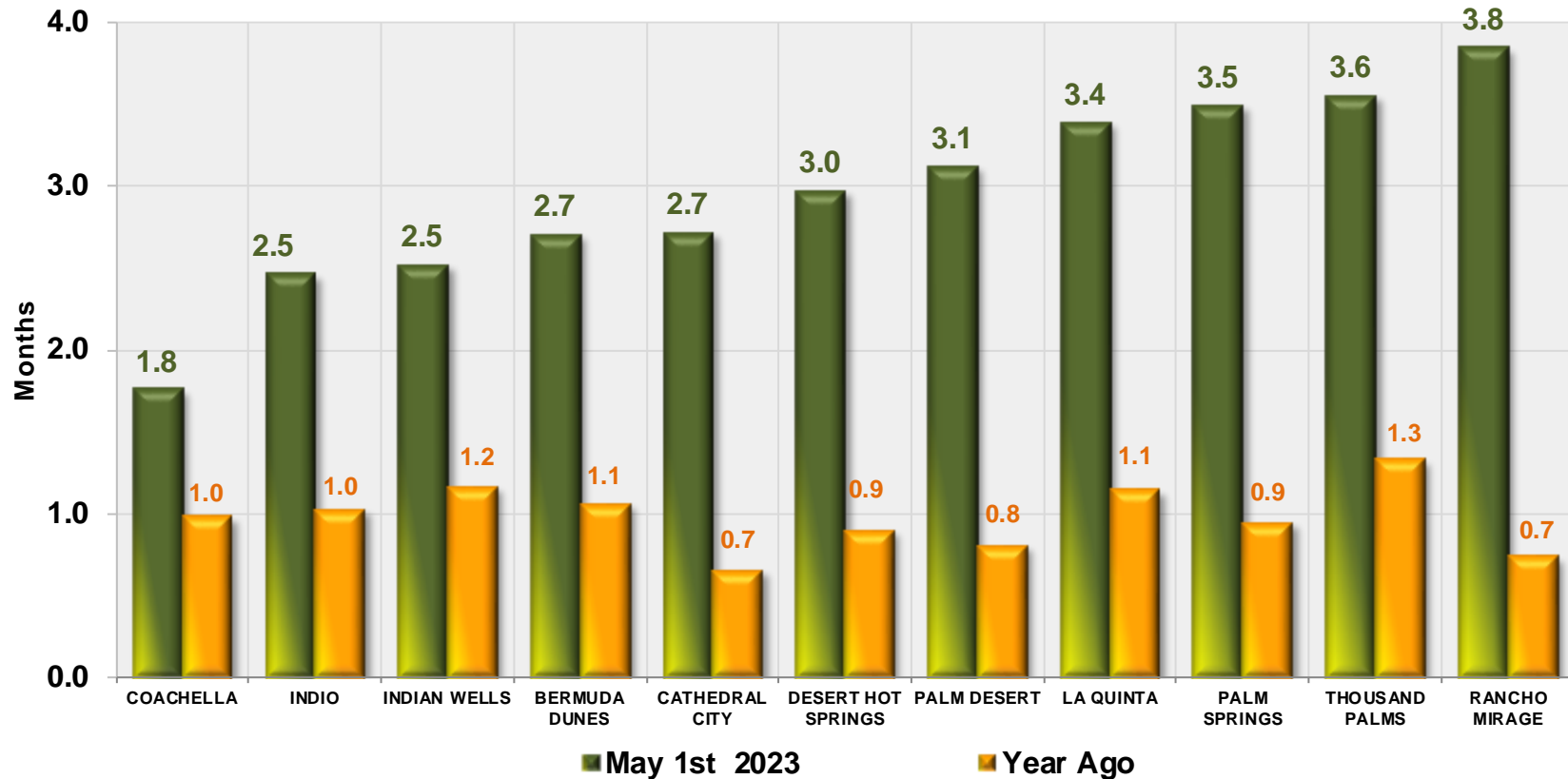
"Months of Sales" by Price Range uses avg. twelve month sales



"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 ratio in every price bracket continues to far exceed year ago levels. They all remain relatively close to the same value of three months. To us, this means that the expected price stability should exist throughout the entire range of home prices.

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



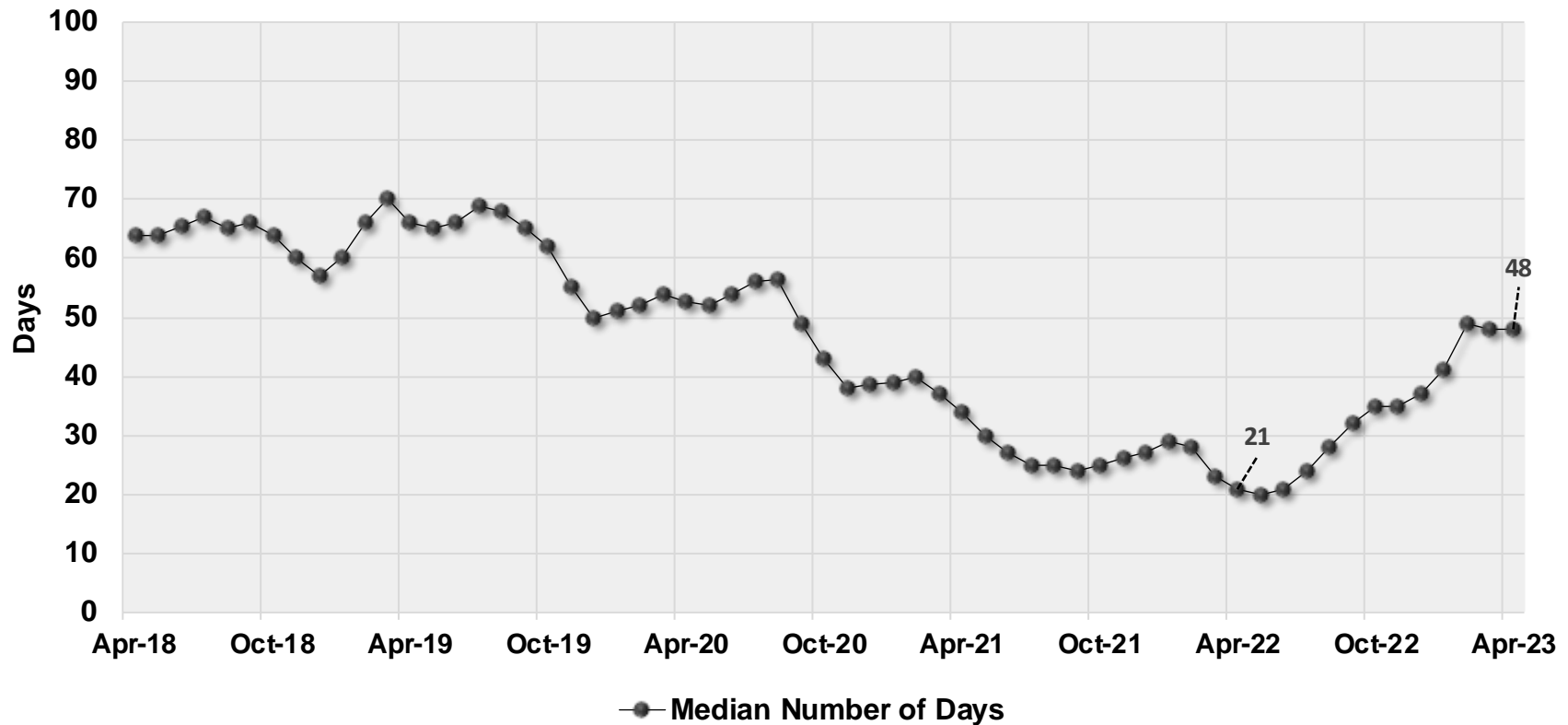
"Months of Sales" by City

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. Six cities now have ratios of three months or less – Coachella, Indio, Indian Wells, Bermuda Dunes, Cathedral City and Desert Hot Springs. What's notable is how close the ratios are in each city. No city has a ratio over four months.

"Days in the Market"

Coachella Valley

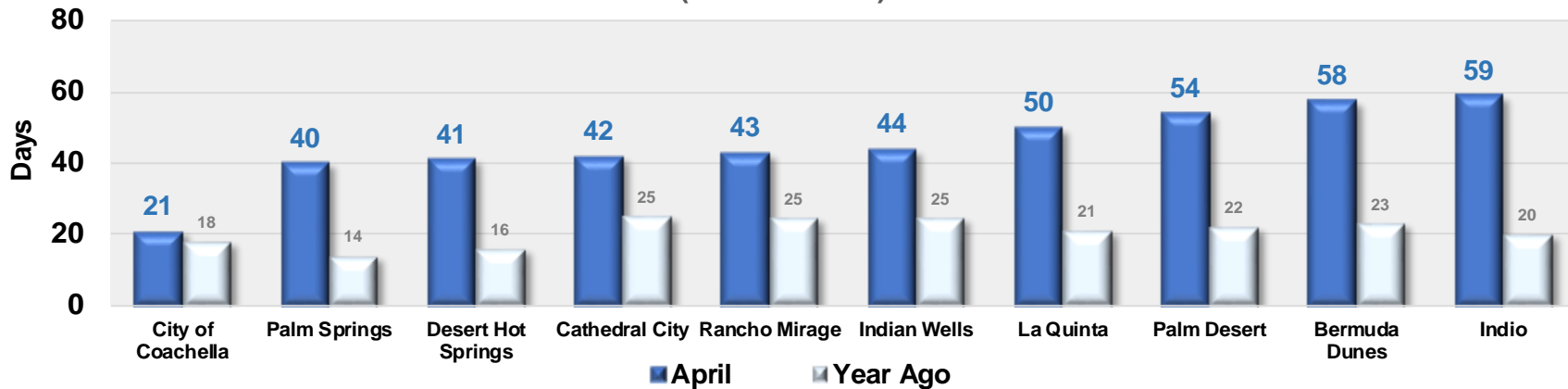
April 2018 - April 2023



Regional "Days in the Market"

The average selling time in the region continues to increase. At the end of April, the median number of "days in the market" in the Coachella Valley was 48 days, which is the same as last month but 27 days more than last year. 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. The cities of Coachella and Palm Springs have the lowest median selling time for detached homes at 21 days and 40 days respectively. In the attached market, Palm Springs has the shortest median selling time at 26 days.

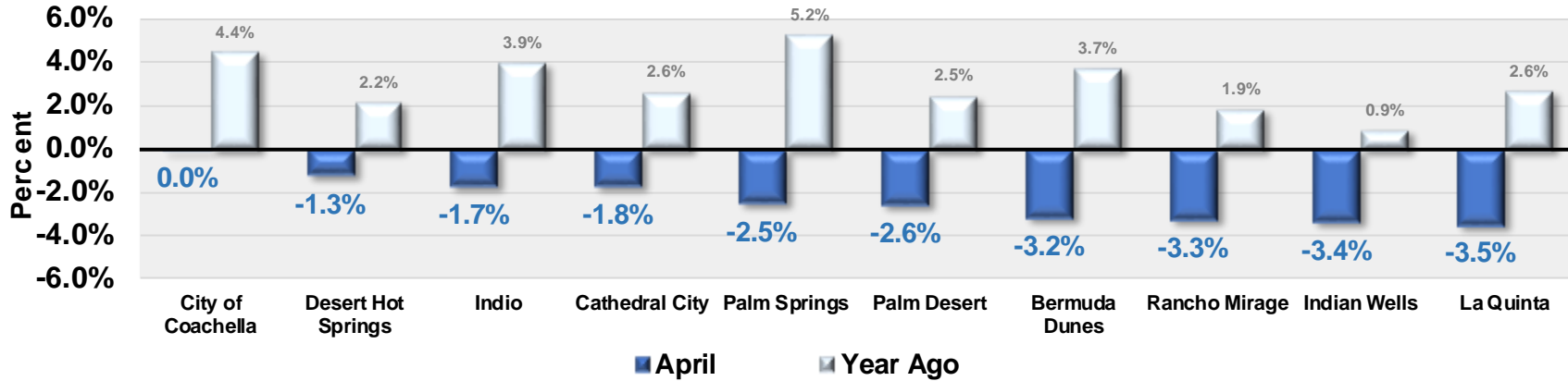
% Homes Selling Over List Price Coachella Valley 2016 - 2023 (April)



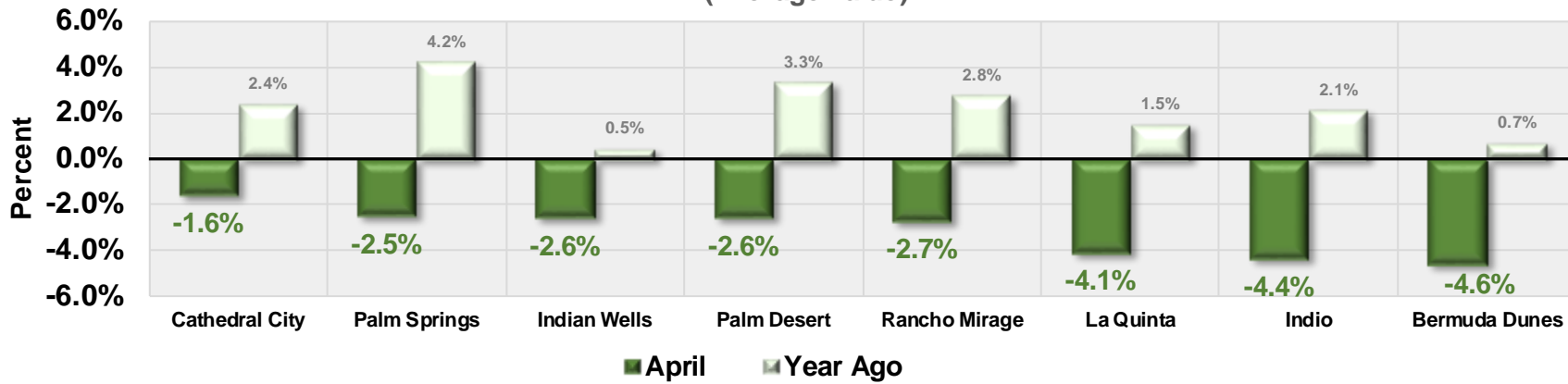
Percent Homes Selling Above List

This chart graphs the percentage of Valley homes that sold above list price over the last three months. In April, 15.2% of sales sold above list price compared to 55.9% a year ago. As the graph clearly shows, the percent has stopped its year long decline and has started to rise.

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 has an average selling discount for detached homes, which range from 0% for Coachella to 3.5% for La Quinta. Attached homes range from average discounts of 1.6% in Cathedral City to 4.6% in Bermuda Dunes.

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 April 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.