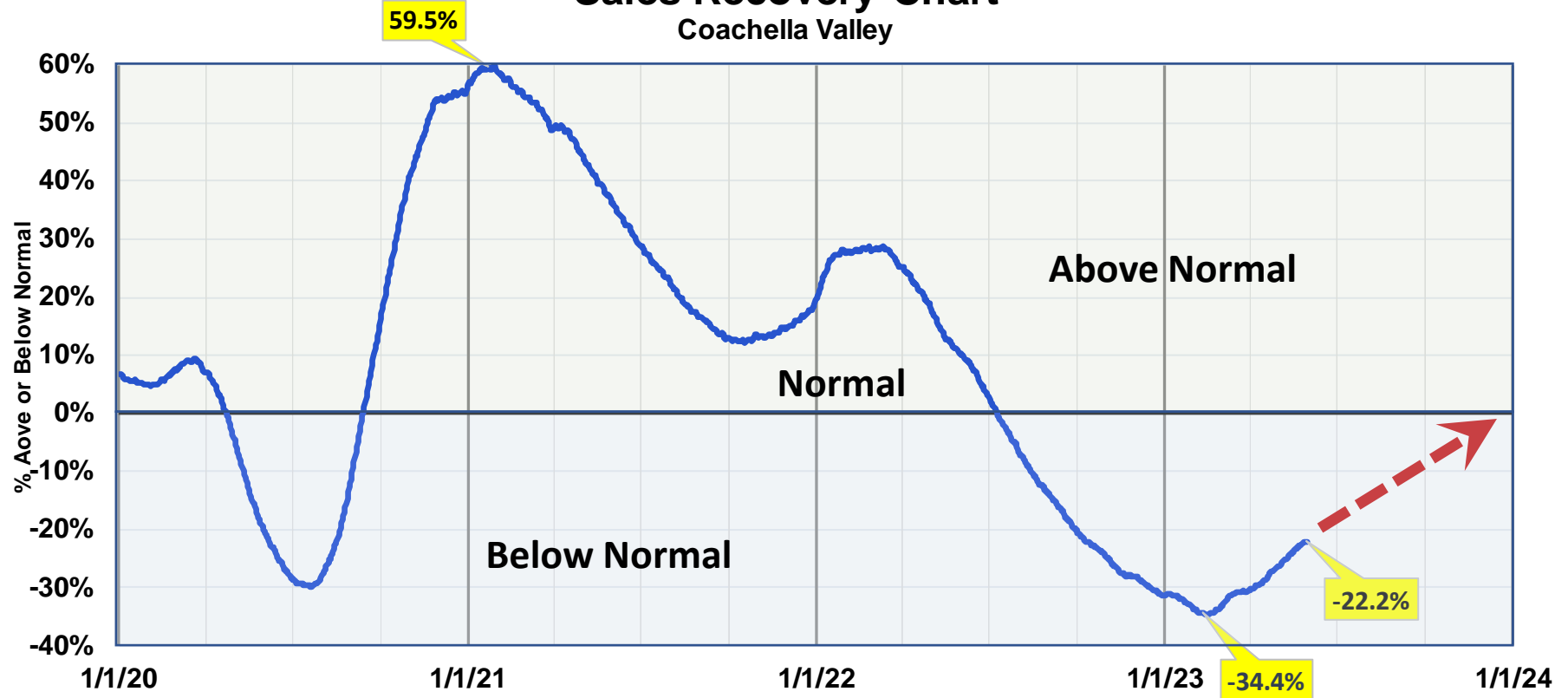


Sales Recovery Chart

Coachella Valley



The Sales Recovery Chart

This seasonally adjusted curve shows where current sales are as a percent of average sales before the pandemic. The light blue area is when sales are below average, and the light green area when they're above average. The average is calculated over the years - 2016, 2017, 2018 and 2019. For example, at the height of the pandemic in January of 2021, sales were 59.5% above average. Sales then fell to 34.7% below average by January of this year. They have improved over the last few months and are now 22.6% below average. We project a return to normal sales by the end of the year (red dotted line). This is based on the current trend of recovery, plus our belief that mortgage rates will return to 5.5%. This new monthly chart should help you monitor the state of the sales recovery in the Valley.

Summary

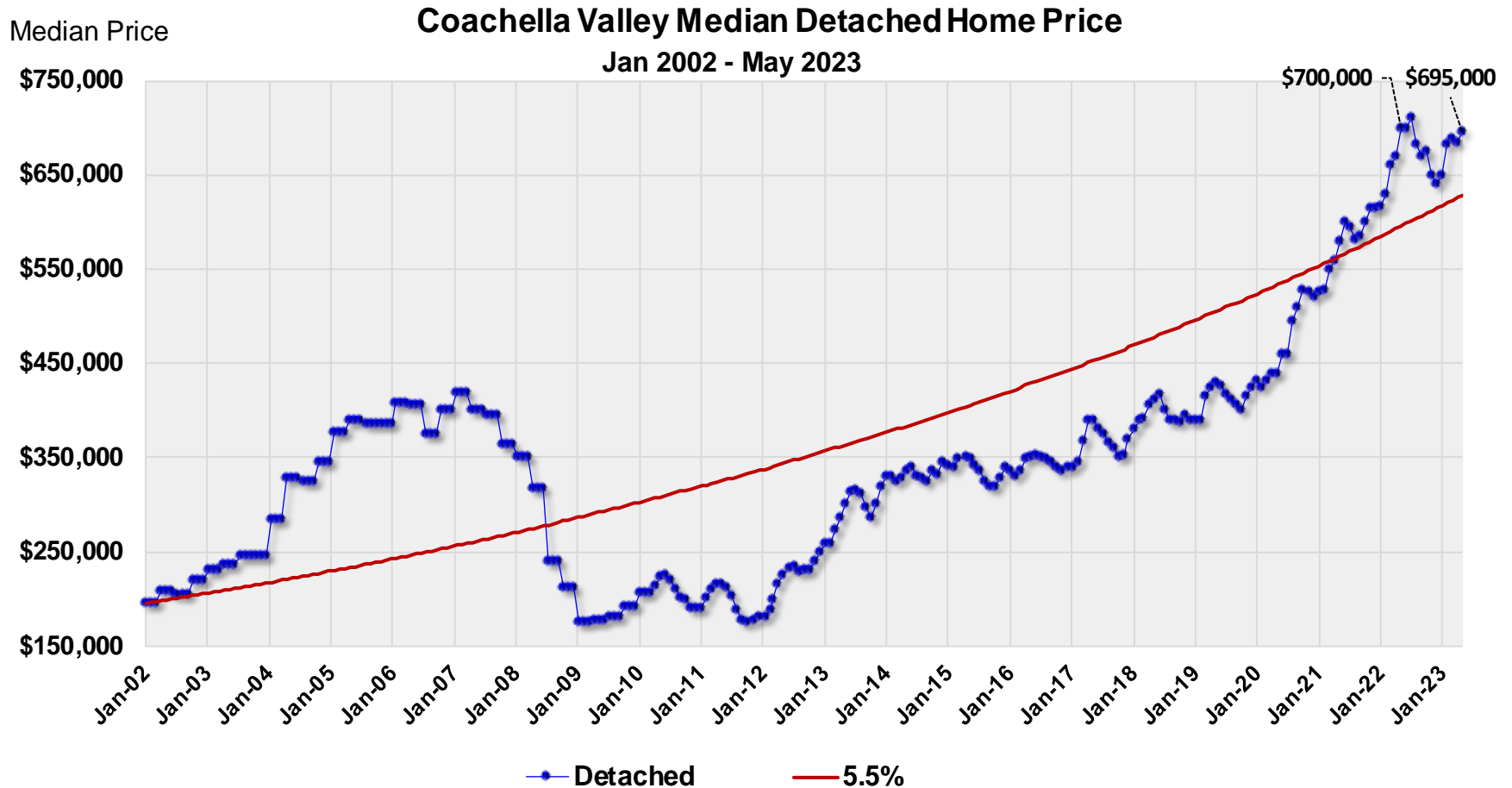
PRICES: The median price of a detached home in the Coachella Valley ended May at \$695,000, down just .7% year over year. This is a very small decline, and the market continues to hold the price gains of the last five months. The median attached price rose \$5,000 in May to end at \$485,000. This is the third month of strong price growth, and the current price is only 1.2% below last May's record price of \$491,056. Just like last month, every city but Desert Hot Springs has a year over year price decline in its average size detached home. The declines range from -2.2% for La Quinta to -14.7% for Indian Wells. Desert Hot Springs is unchanged. Price changes in the attached market have a broader range, which goes from 18.5% in Desert Hot Springs to -10.1% in Indio.

SALES: The three-month average of sales rose again this month to 769 units a month from 665 last month. Some of this is seasonal but a lot is due to a general recovery in the market. It's occurring in both the detached and attached market. The largest percentage declines were in Desert Hot Springs, down 48%, followed by Bermuda Dunes, down 39% and Cathedral City, down 34%. Of the large cities, La Quinta and Palm Desert have the smallest percentage sales declines of 18% and 19% respectively.

INVENTORY & "MONTHS OF SALES" RATIOS: On June 1st, inventory was 1,867 units, which is only nine units less than last month. Inventory has effectively remained unchanged for the last eight months. On June 1st, the Valley's "months of sales" ratio was 3.2 months, which is .1 month higher than last month but almost two months greater than last year. Four cities now have ratios of three months or less – Coachella, Cathedral City, Indio and Palm Desert. What's notable is how close the ratios are in each city. No city has a ratio over four months.

DIM: At the end of May, the median number of "days in the market" in the Coachella Valley was 44 days, which is four less than last month but 24 days more than last year. The city of Coachella continues to have the lowest median selling time for detached homes at 21. This is followed by 35 days for Desert Hot Springs, then Bermuda Dunes at 36 days. In the attached market, Cathedral City has the shortest median selling time at 22 days.

PRICE DISCOUNTS/PREMIUMS: In May, 17% of sales sold above list price compared to 58.3% a year ago. This is a slight increase from last month. Every city but Coachella has an average selling discount for detached homes, which range from -.7% for Desert Hot Springs to -3.4% for Indian Wells. The city of Coachella has an average premium of .2%. Attached homes range from average discounts of -1.6% in Cathedral City to -6.4% in Bermuda Dunes.

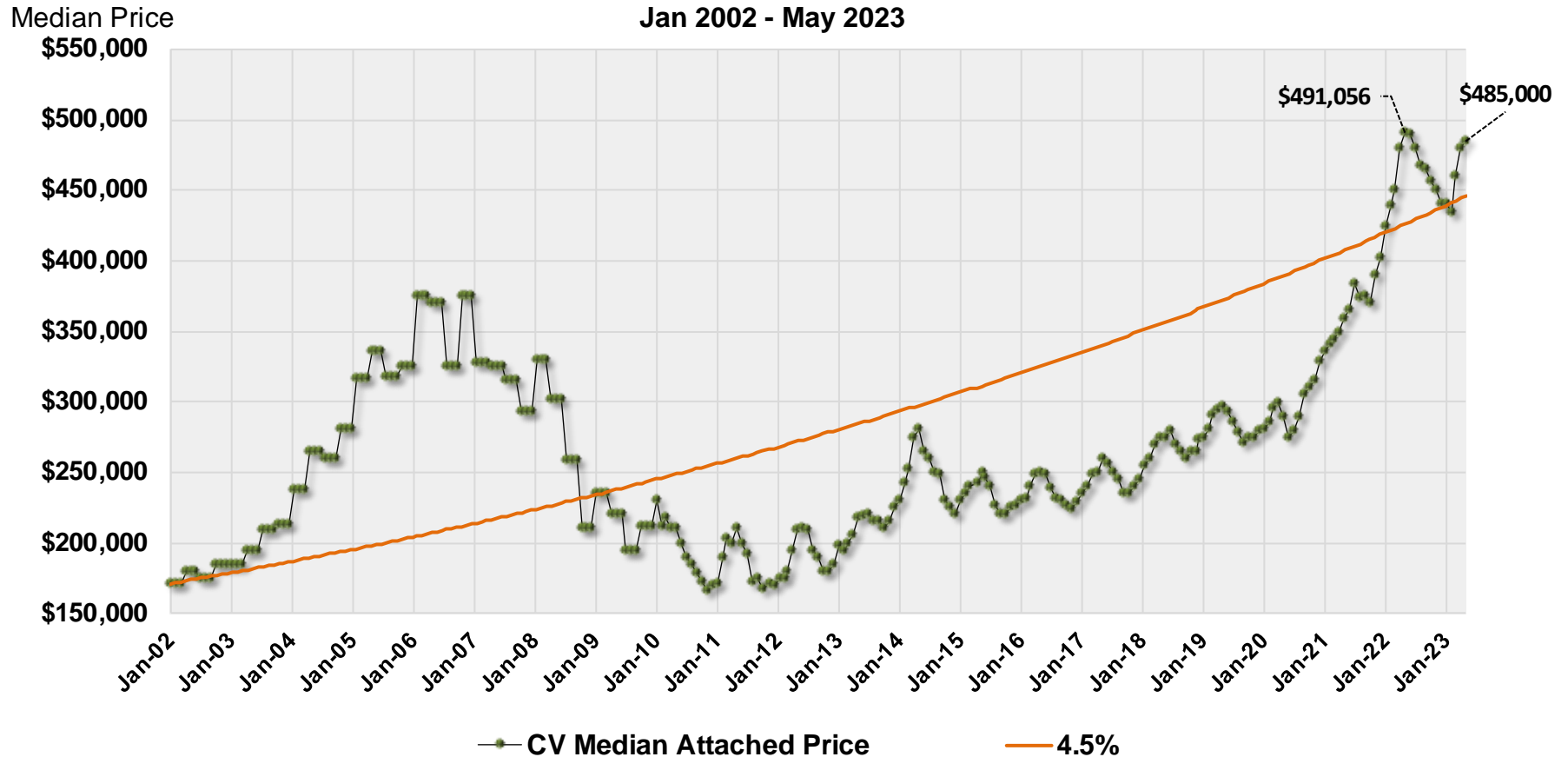


Coachella Valley Median Detached Price

The median price of a detached home in the Coachella Valley ended May at \$695,000, down just .7% year over year. This is a very small decline, and the market continues to hold the price gains of the last five months. We have a few more months of seasonal price strength so we expect slight upward pressure on detached home prices to continue a short while. We think most homeowners and agents are quite pleased with how prices have held up during this difficult interest rate period.

Coachella Valley Median Attached Price

Jan 2002 - May 2023



Coachella Valley Median Attached Price

The median attached price rose \$5,000 in May to end at \$485,000. This is the third month of strong price growth, and the current price is only 1.2% below last May's record price of \$491,056. As we said last month, this and the previous chart confirms that homeowner worry of large price declines has so far been misplaced. We see supply and demand continue to stay somewhat balanced.

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	\$252.85	\$404,558	\$404,383	0.0%	\$86,656	366.9%
La Quinta	2,550	\$394.55	\$1,006,110	\$1,029,268	-2.2%	\$318,164	216.2%
Coachella	1,700	\$250.36	\$425,607	\$437,020	-2.6%	\$111,367	282.2%
Indio	2,000	\$283.26	\$566,510	\$587,697	-3.6%	\$156,340	262.4%
Cathedral City	1,800	\$313.14	\$563,649	\$595,309	-5.3%	\$153,216	267.9%
Palm Desert	2,200	\$339.97	\$747,943	\$799,645	-6.5%	\$302,302	147.4%
Bermuda Dunes	2,500	\$323.97	\$809,923	\$885,326	-8.5%	\$239,325	238.4%
Rancho Mirage	3,175	\$417.61	\$1,325,896	\$1,450,227	-8.6%	\$506,317	161.9%
Palm Springs	2,175	\$581.83	\$1,265,484	\$1,408,907	-10.2%	\$323,879	290.7%
Indian Wells	3,450	\$468.81	\$1,617,394	\$1,895,812	-14.7%	\$666,885	142.5%

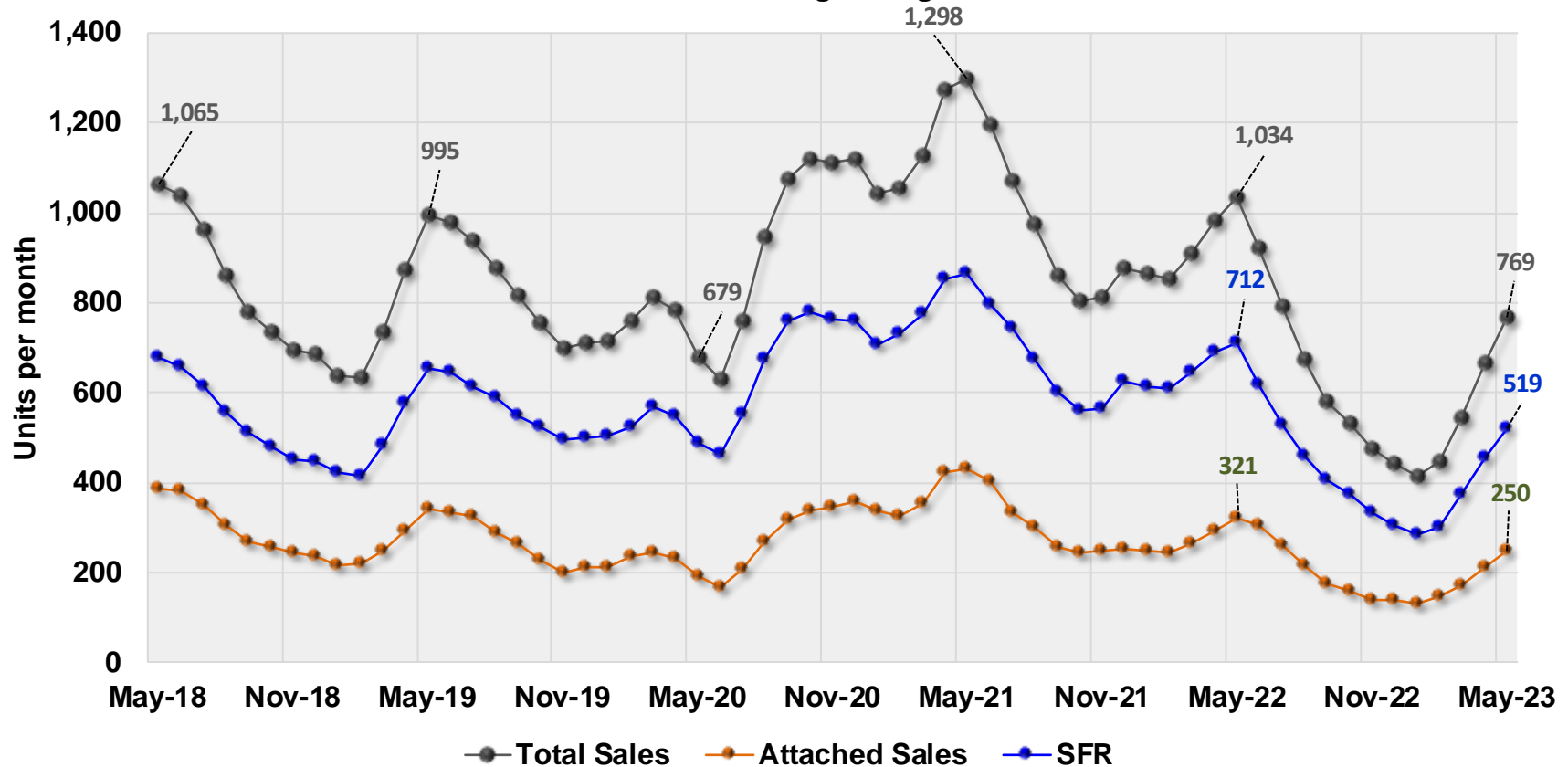
Price of The Average Size Attached Home

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	\$198.23	\$148,673	\$125,479	18.5%	\$16,013	828%
Indian Wells	1,950	\$389.45	\$759,432	\$650,720	16.7%	\$259,126	193%
Cathedral City	1,250	\$275.24	\$344,044	\$323,920	6.2%	\$80,544	327%
Rancho Mirage	1,775	\$336.44	\$597,179	\$587,505	1.6%	\$211,030	183%
Palm Springs	1,250	\$370.84	\$463,555	\$469,904	-1.4%	\$129,788	257%
Palm Desert	1,600	\$332.33	\$531,735	\$559,333	-4.9%	\$197,896	169%
La Quinta	1,750	\$369.95	\$647,410	\$682,047	-5.1%	\$247,713	161%
Bermuda Dunes	1,450	\$243.09	\$352,480	\$376,809	-6.5%	\$89,117	296%
Indio	1,050	\$263.92	\$277,114	\$308,185	-10.1%	\$56,396	391%

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 home size 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. Just like last month, every city but Desert Hot Springs has a year over year price decline in its average size detached home. The declines range from -2.2% for La Quinta to -14.7% for Indian Wells. Desert Hot Springs is unchanged. Price changes in the attached market have a broader range, which goes from 18.5% in Desert Hot Springs to -10.1% in Indio.

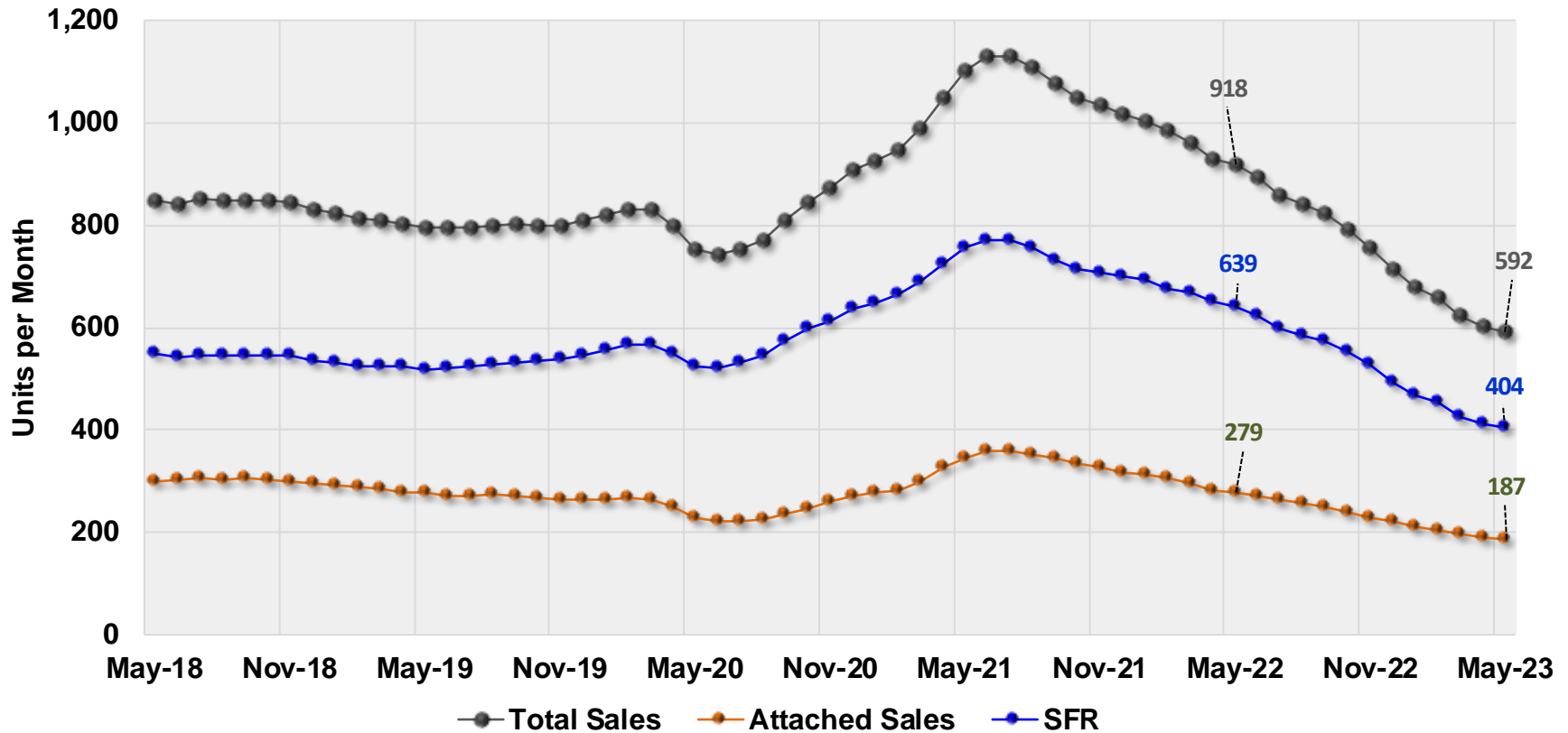
Detached, Attached and Total Sales 3 month moving average



Monthly Sales – 3-month trailing avg.

The three-month average of sales rose again this month to 769 units a month from 665. Some of this is seasonal but a lot is due to a general recovery in the market. It's occurring in both the detached and attached market. We created a new chart in the first part of this report designed to specifically separate seasonal changes from real ones. It was designed so you could follow the housing recovery in the Valley by comparing the current state of the housing market against past averages or norms. It shows that sales are running about 22.6% below average.

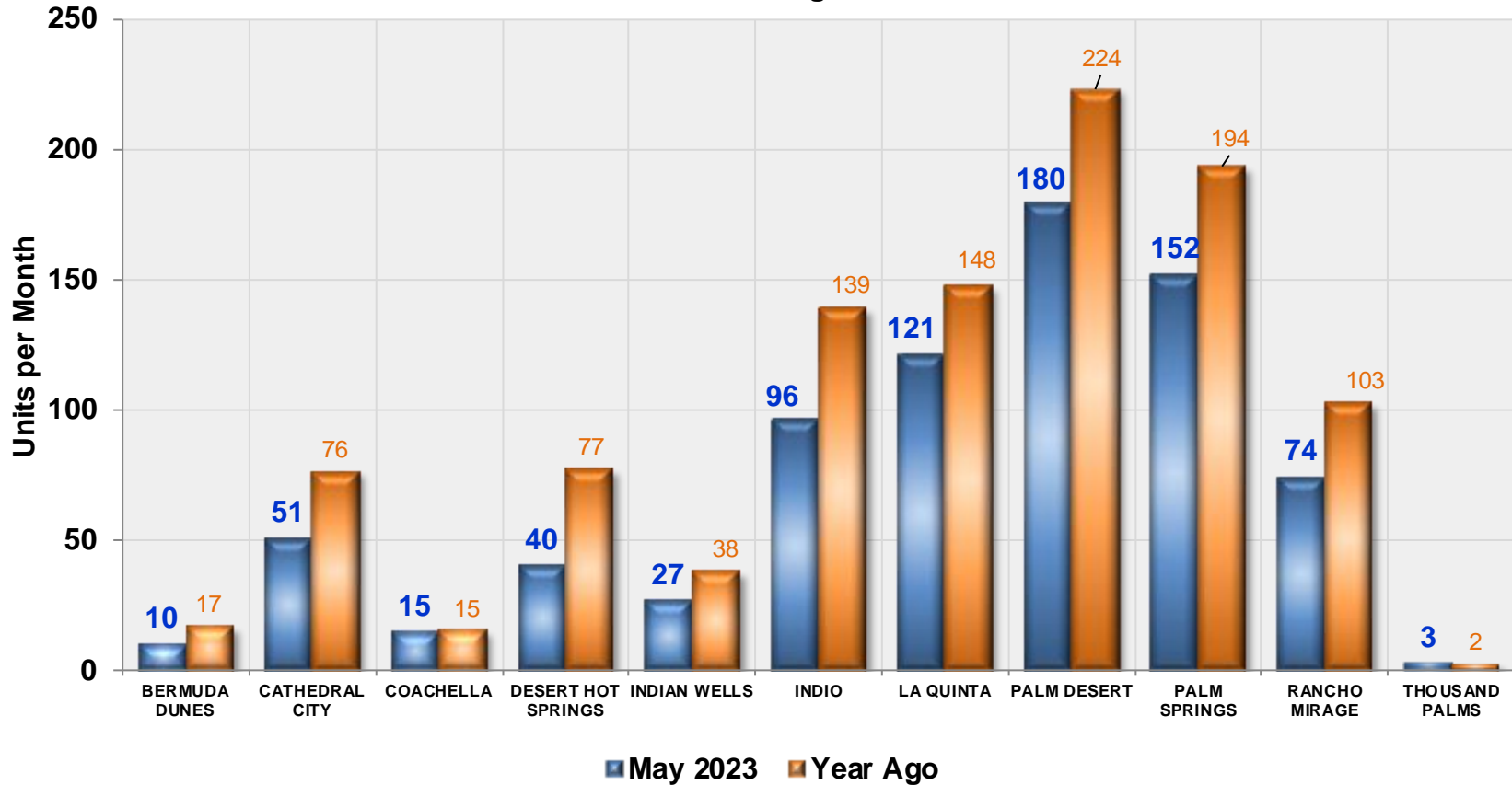
Detached, Attached and Total Sales 12 month moving average



Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out seasonality, shows total sales averaged 592 units a month. This is the 22nd consecutive monthly decline. This metric shows that long term sales are running below pre-pandemic sales average of 800 units a month by about 26%, which is slightly larger than our recovery chart number of 22.6%. The recovery number is more current, however, since long-term sales lag short-term sales. These long-term sales numbers should begin to rise in a month or two, finally breaking the long down trend.

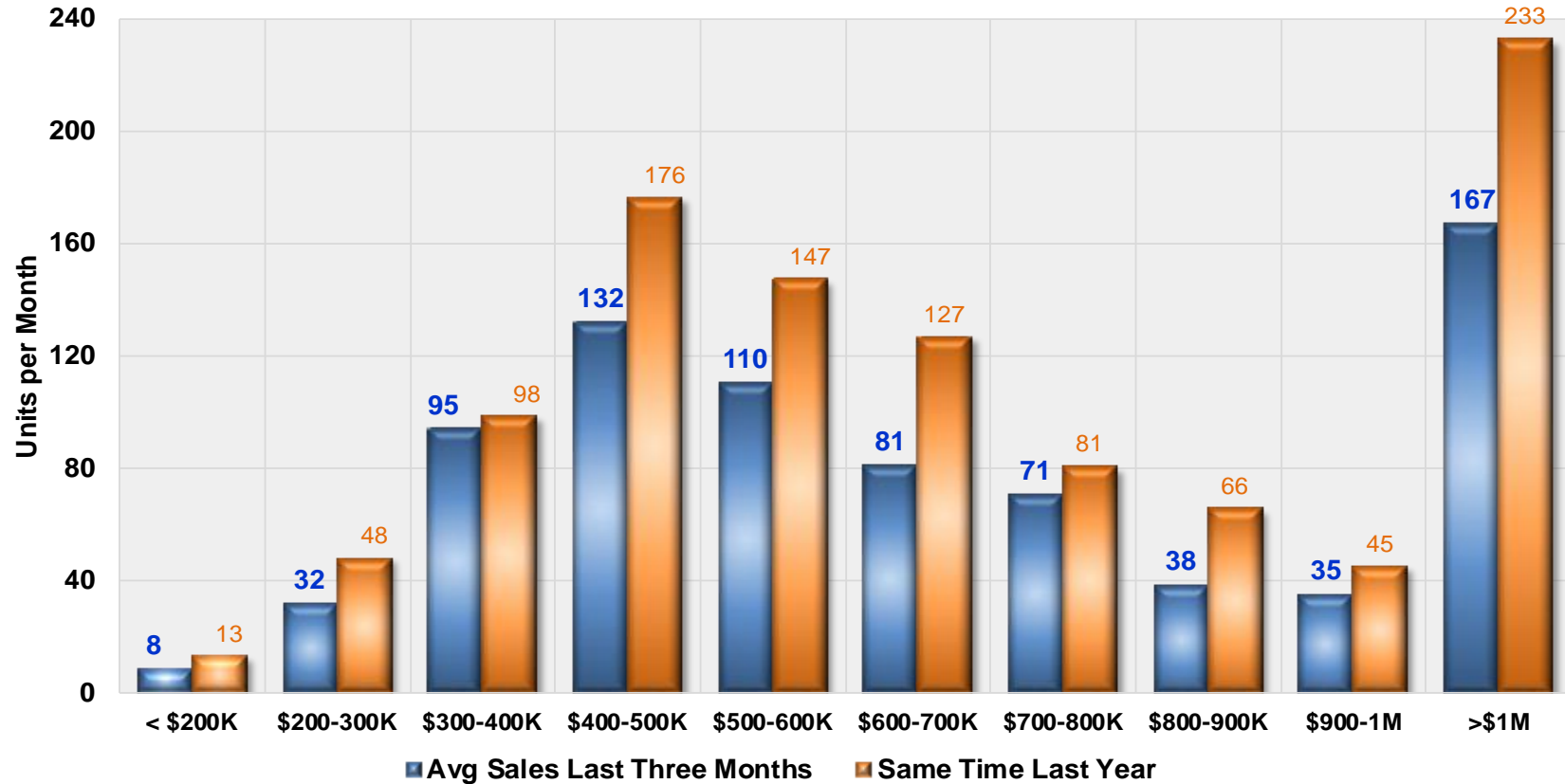
Home Sales by City 3 month avg sales



Home Sales by City

Every city except Thousand Palms and Coachella has lower three-month sales but the numbers are improving. The largest percentage declines were in Desert Hot Springs, down 48%, followed by Bermuda Dunes, down 39% and Cathedral City, down 34%. Of the large cities, La Quinta and Palm Desert have the smallest percentage sales declines of 18% and 19% respectively.

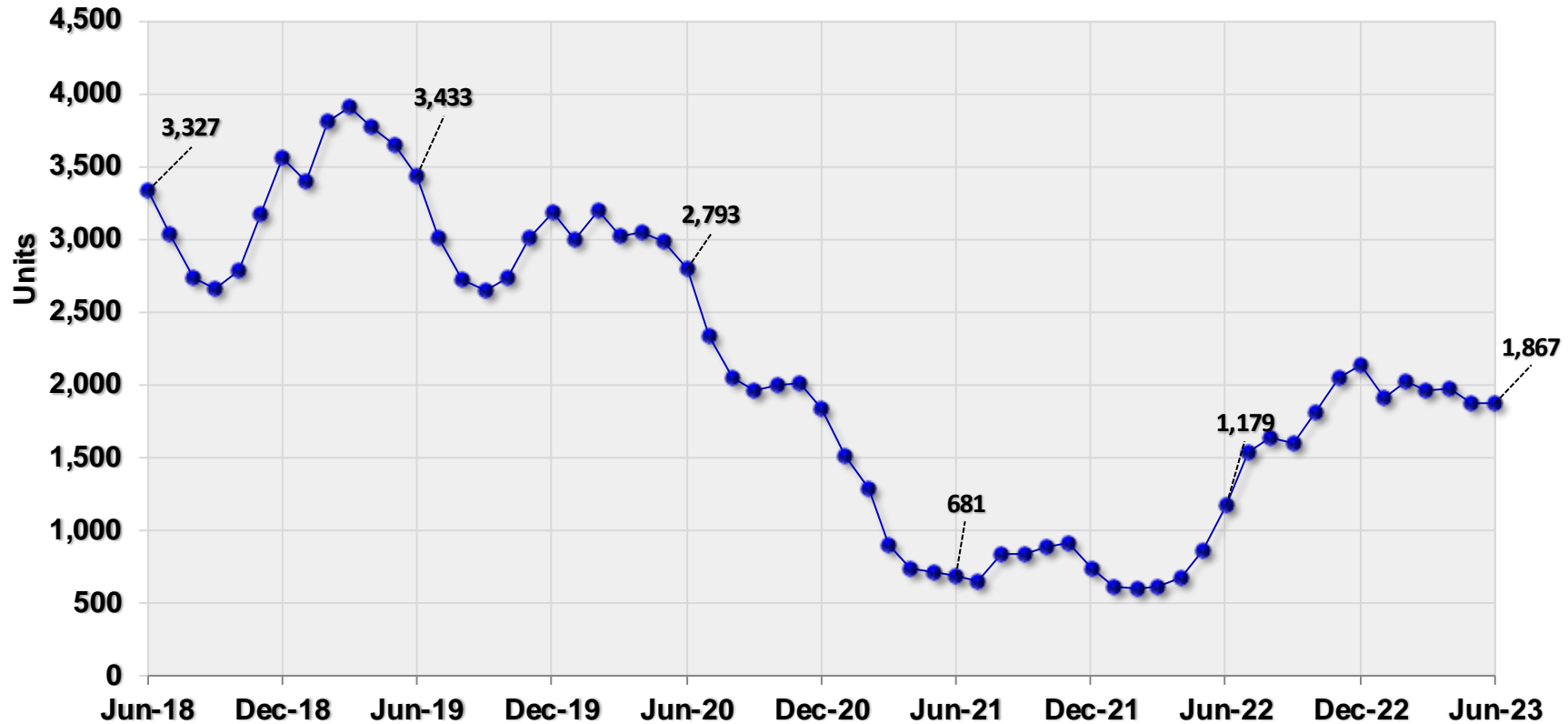
Home Sales by Price Range 3 mos avg



Home Sales by Price Range

Sales of homes priced under \$400 have been improving and are now close to year ago levels. Even sales between \$400k and \$500k, which represents the largest sales bracket except million-dollar sales, has improved. The largest decline appears to be in homes priced between \$500k and \$700k. Sales of million-dollar homes are off 28%. This is a vast improvement of a few months ago when million-dollar sales were running 60%, or more, below year ago levels.

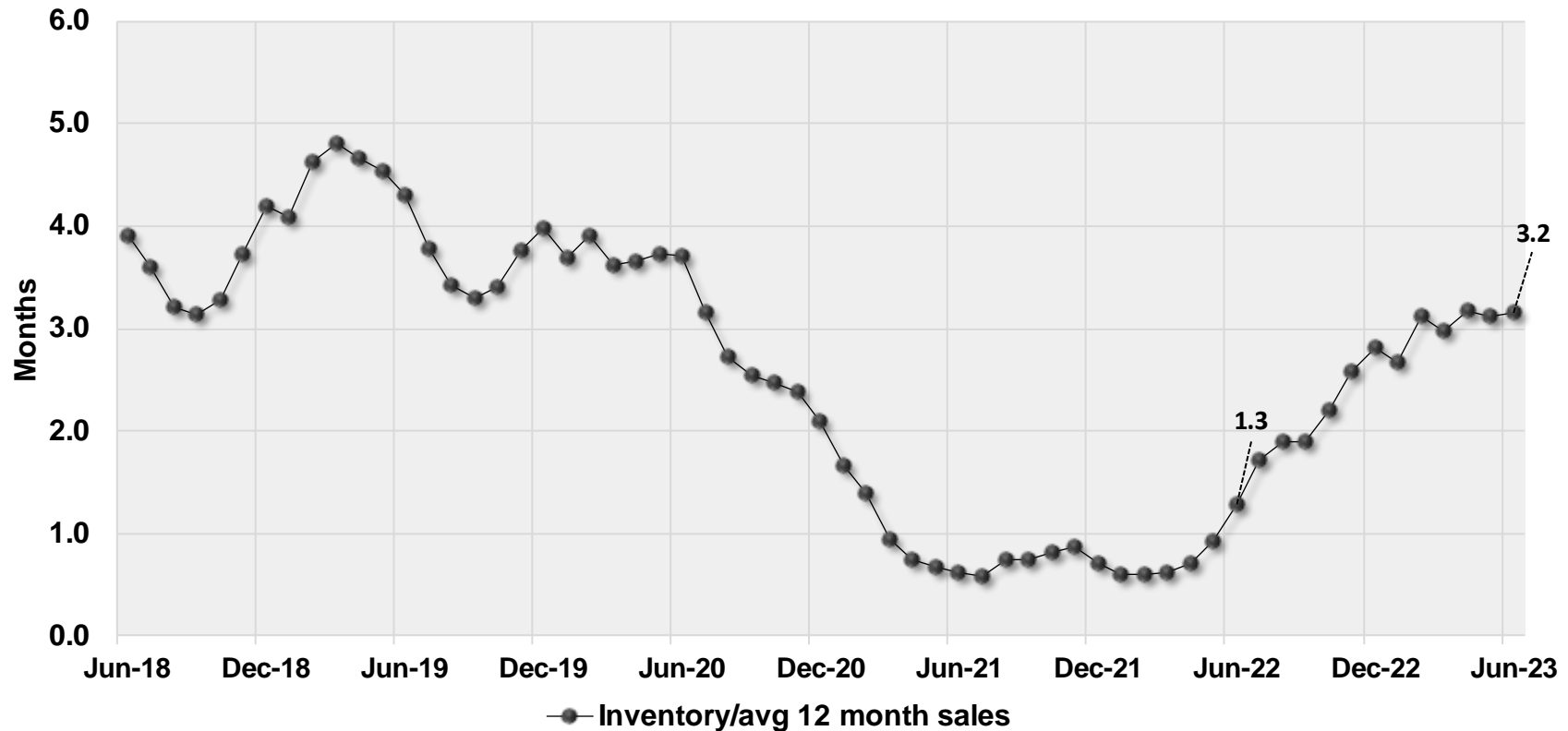
Valley Housing Inventory June 1st 2018 to June 1st 2023



Coachella Valley Total Inventory

On June 1st, Valley inventory was 1,867 units, which is only nine units less than last month. A careful study of the graph shows that inventory has effectively remained unchanged for the last eight months. The primary reason inventory isn't growing is because low sales have been evenly matched with low new listings. Valley inventory also has a seasonal pattern and if it continues, we expect the number will begin to contract as we move into summer.

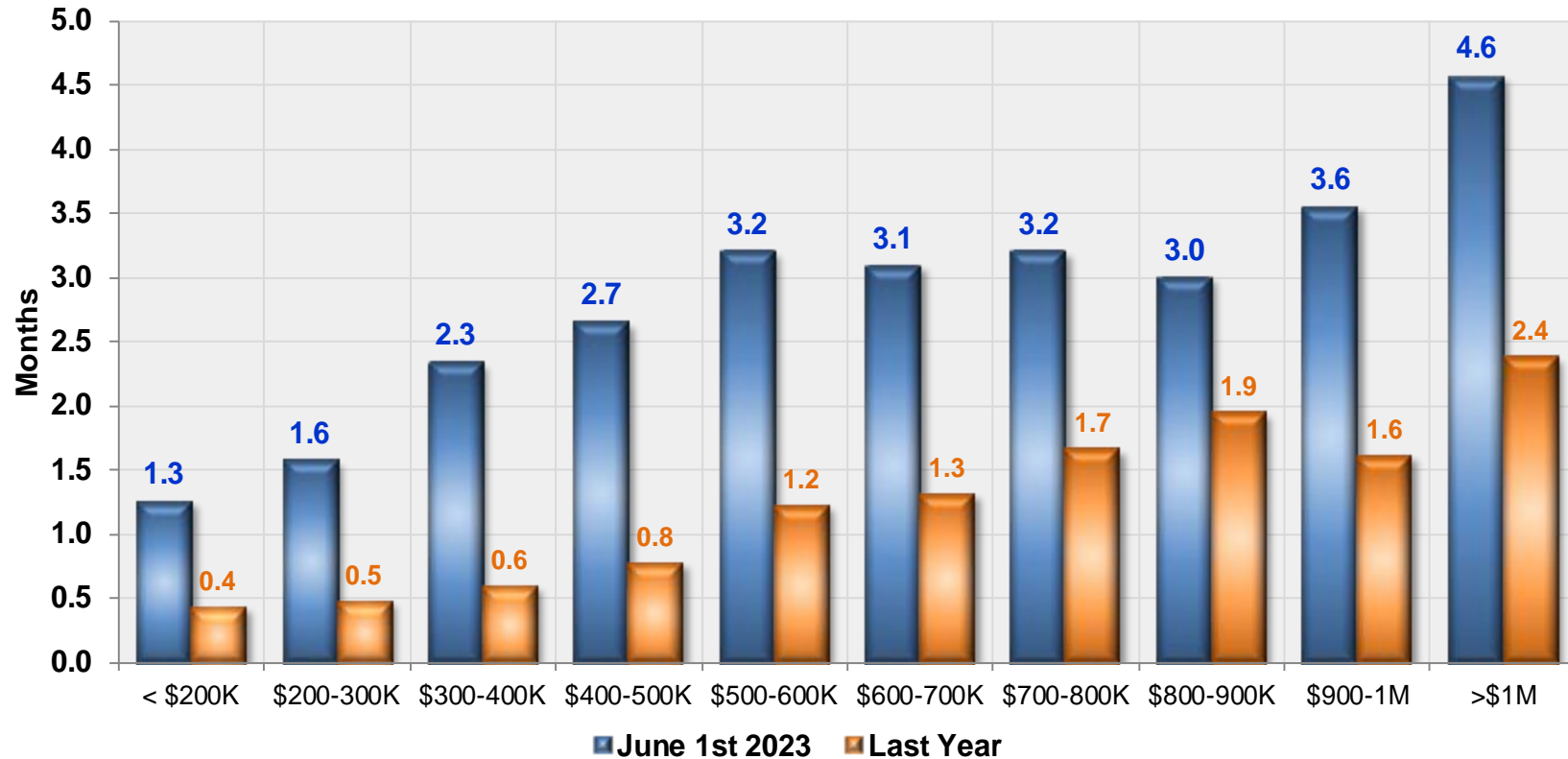
"Months of Sales" Ratio Coachella Valley June 1st 2018 - June 1st 2023



Regional "Months of Sales" Ratio

On June 1st, the Valley's "months of sales" ratio was 3.2 months, which is .1 month higher than last month but almost two months greater than last year. 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. This helps stabilize home prices.

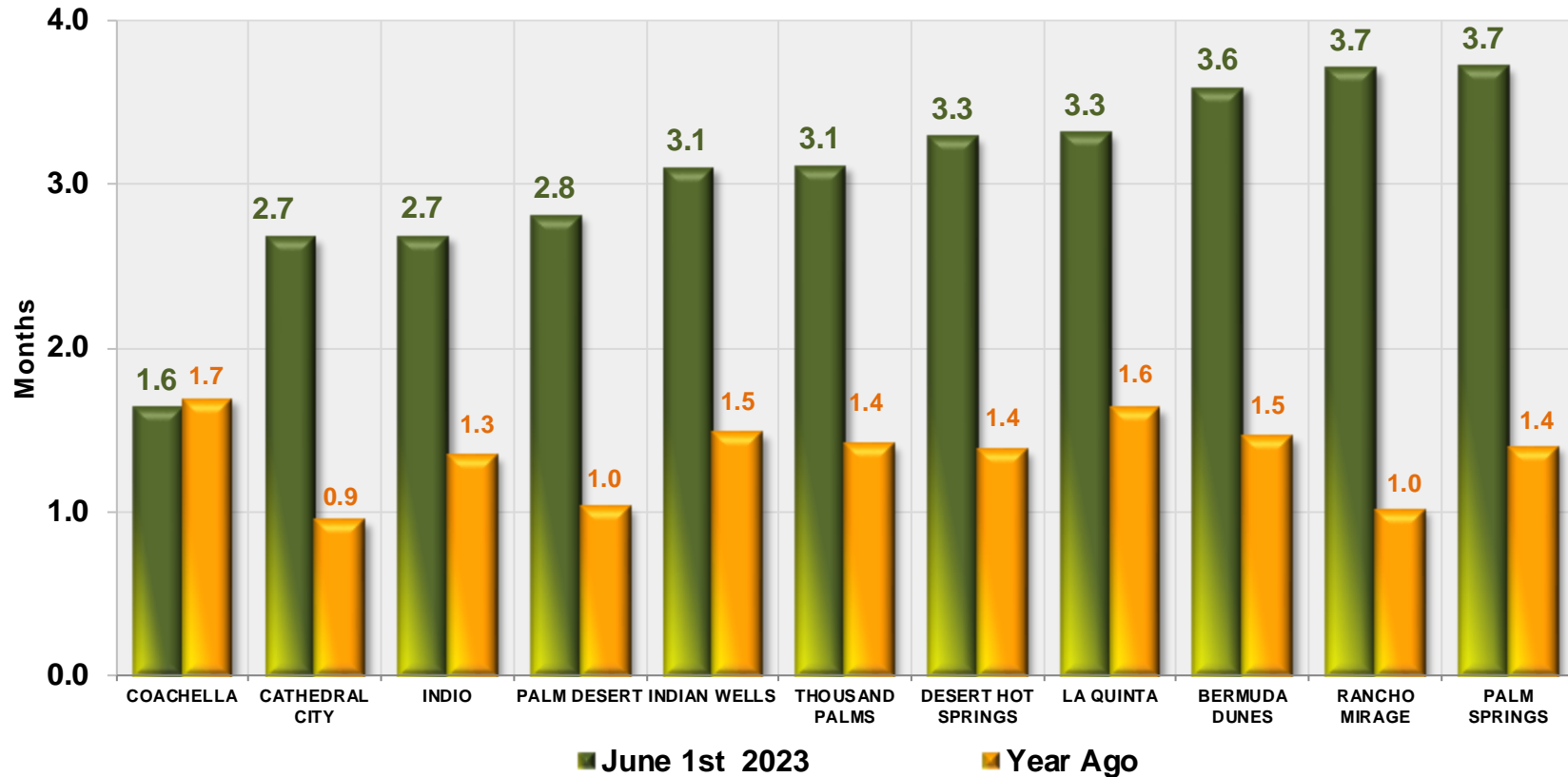
"Months of Sales" by Price Range uses avg. twelve month sales



"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. Every price bracket continues to have a ratio that significantly exceeds last year. And, except for the extreme high and low price brackets, they're all close to the regional average of 3.2 months. This helps explain why prices are relatively stable throughout the entire range of home prices.

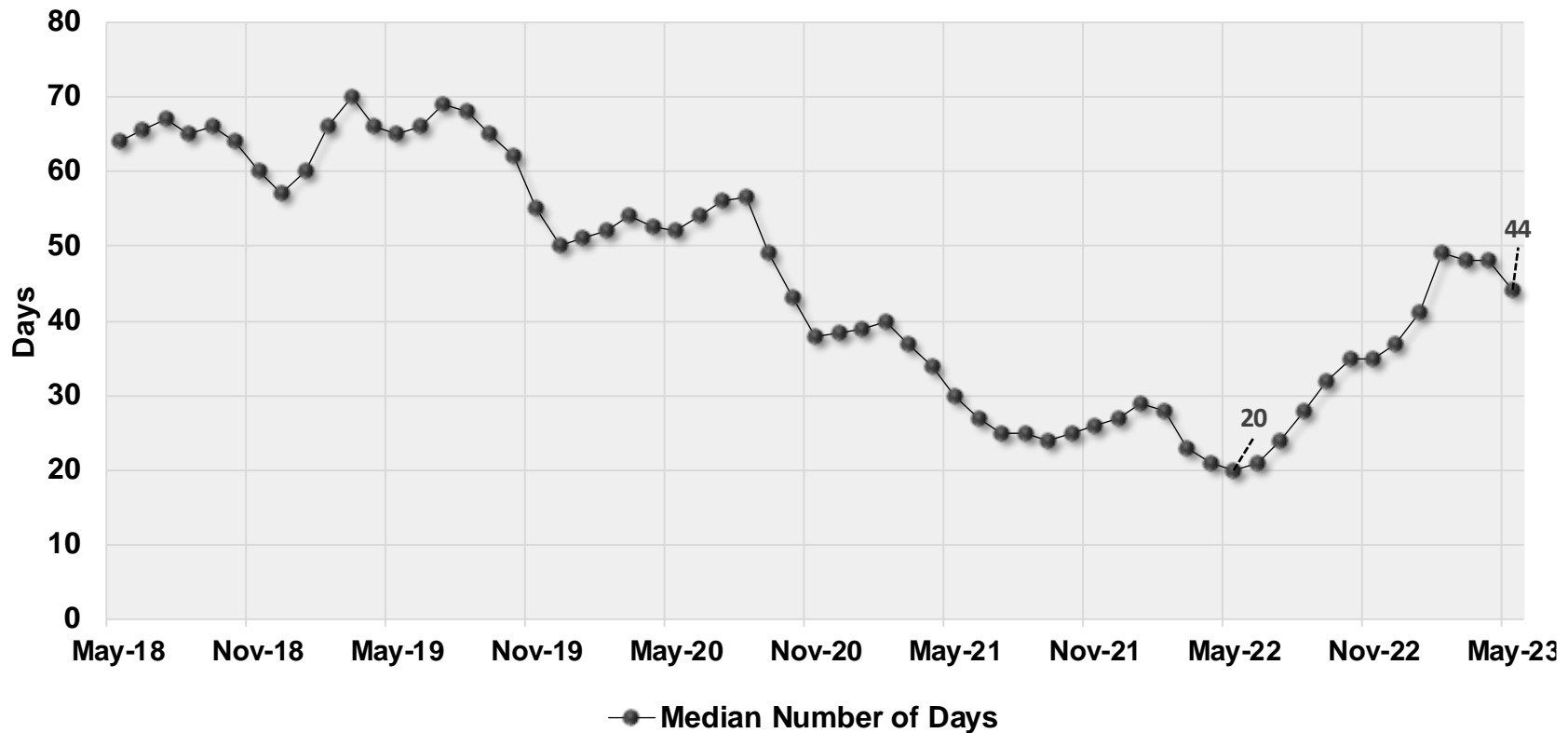
"Months of Sales" by City city inventory divided by average twelve month sales



"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. Four cities now have ratios of three months or less – Coachella, Cathedral City, Indio and Palm Desert. What's notable is how close the ratios are in each city. No city has a ratio over four months.

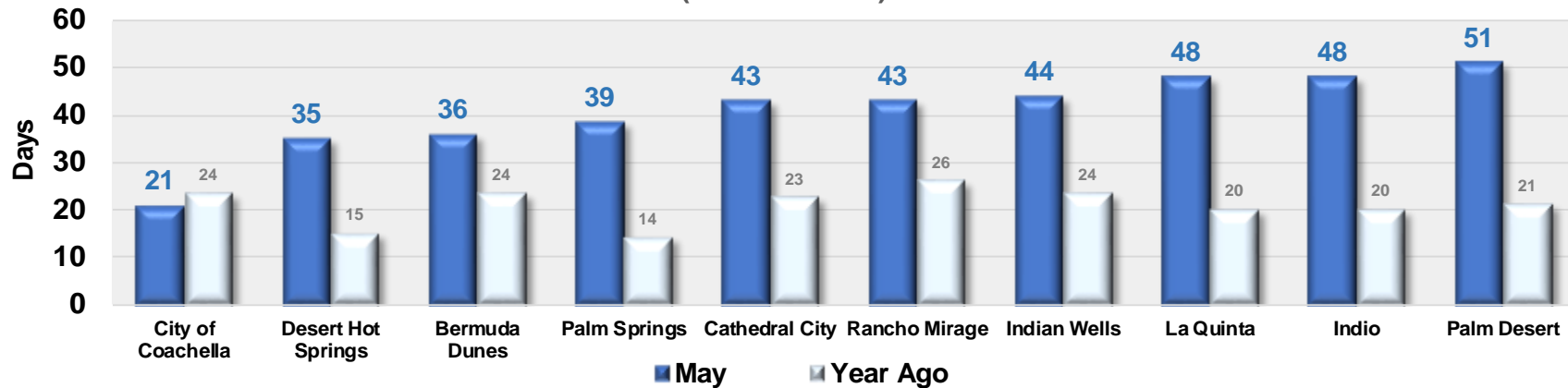
"Days in the Market" Coachella Valley May 2018 - May 2023



Regional "Days in the Market"

The average selling time in the region is starting to decrease. At the end of May, the median number of "days in the market" in the Coachella Valley was 44 days, which is four less than last month but 24 days more than last year. We think this ratio will continue to gradually move lower and will not recover to the 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 city of Coachella continues to have the lowest median selling time for detached homes at 21. This is followed by 35 days for Desert Hot Springs, then Bermuda Dunes at 36 days. In the attached market, Cathedral City has the shortest median selling time at 22 days.

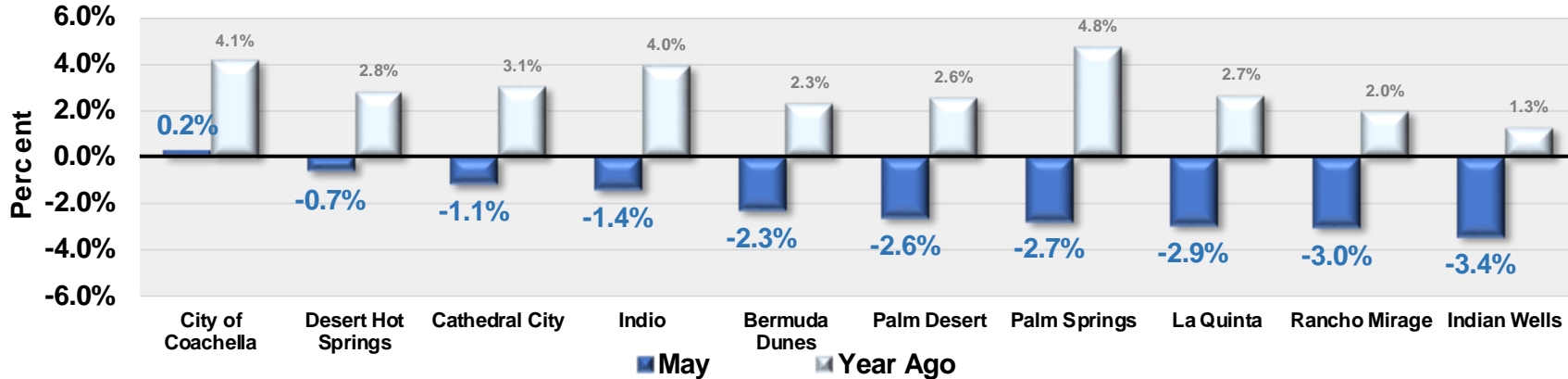
% Homes Selling Over List Price Coachella Valley 2016 - 2023 (May)



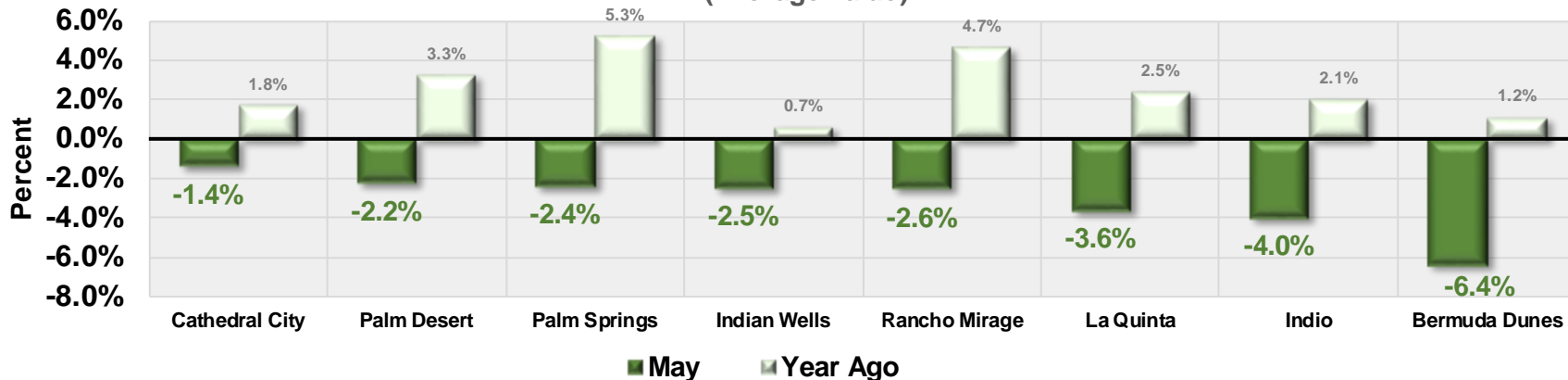
Percent Homes Selling Above List

This chart graphs the percentage of Valley homes that sold above list price over the last three months. In May, 17% of sales sold above list price compared to 58.3% a year ago. As the graph clearly shows, the percent has stopped declining and has started to increase.

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 -.7% for Desert Hot Springs to -3.4% for Indian Wells. The city of Coachella has an average premium of .2%. Attached homes range from average discounts of -1.6% in Cathedral City to -6.4% 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 May 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.