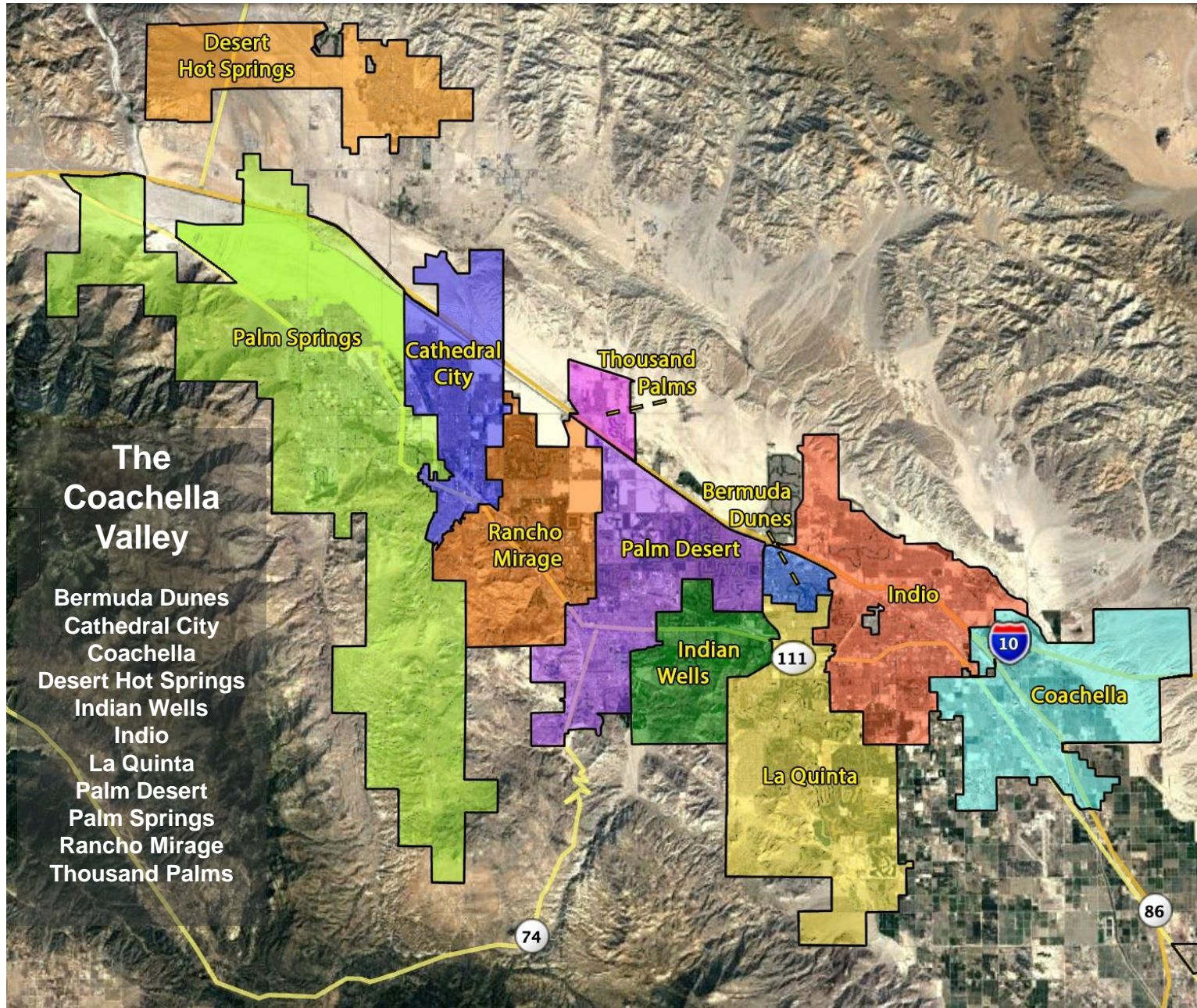




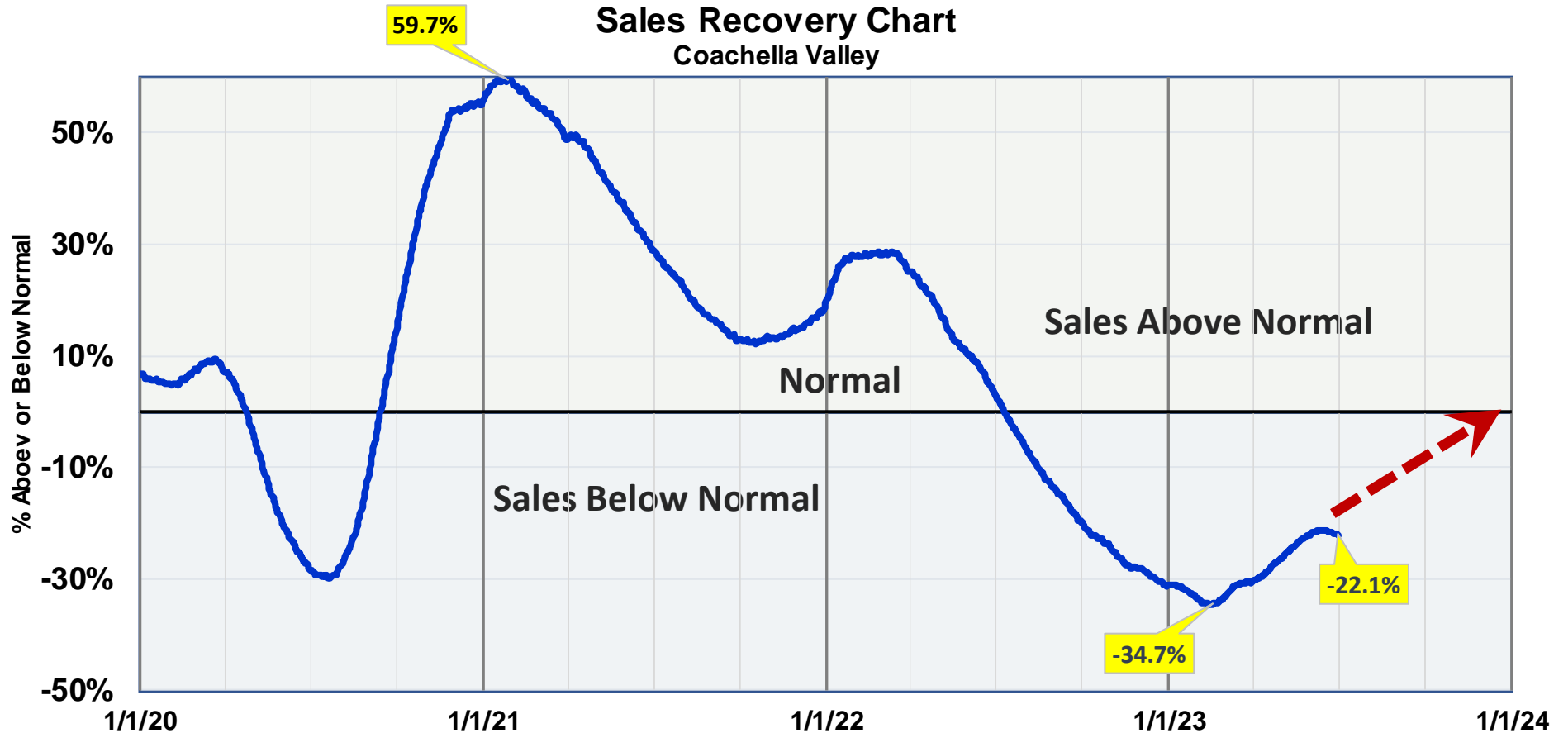
The Desert Housing Report

June 2023



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

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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. After improving for four months, sales have stopped moving toward normal and continue to hover at 22% below average. We project normal sales by the end of the year (red dotted line). This is based on our belief that the inflation rate will fall to 3% and mortgage rates will return to 5.5%. If they don't sales could remain below normal for longer.

Summary

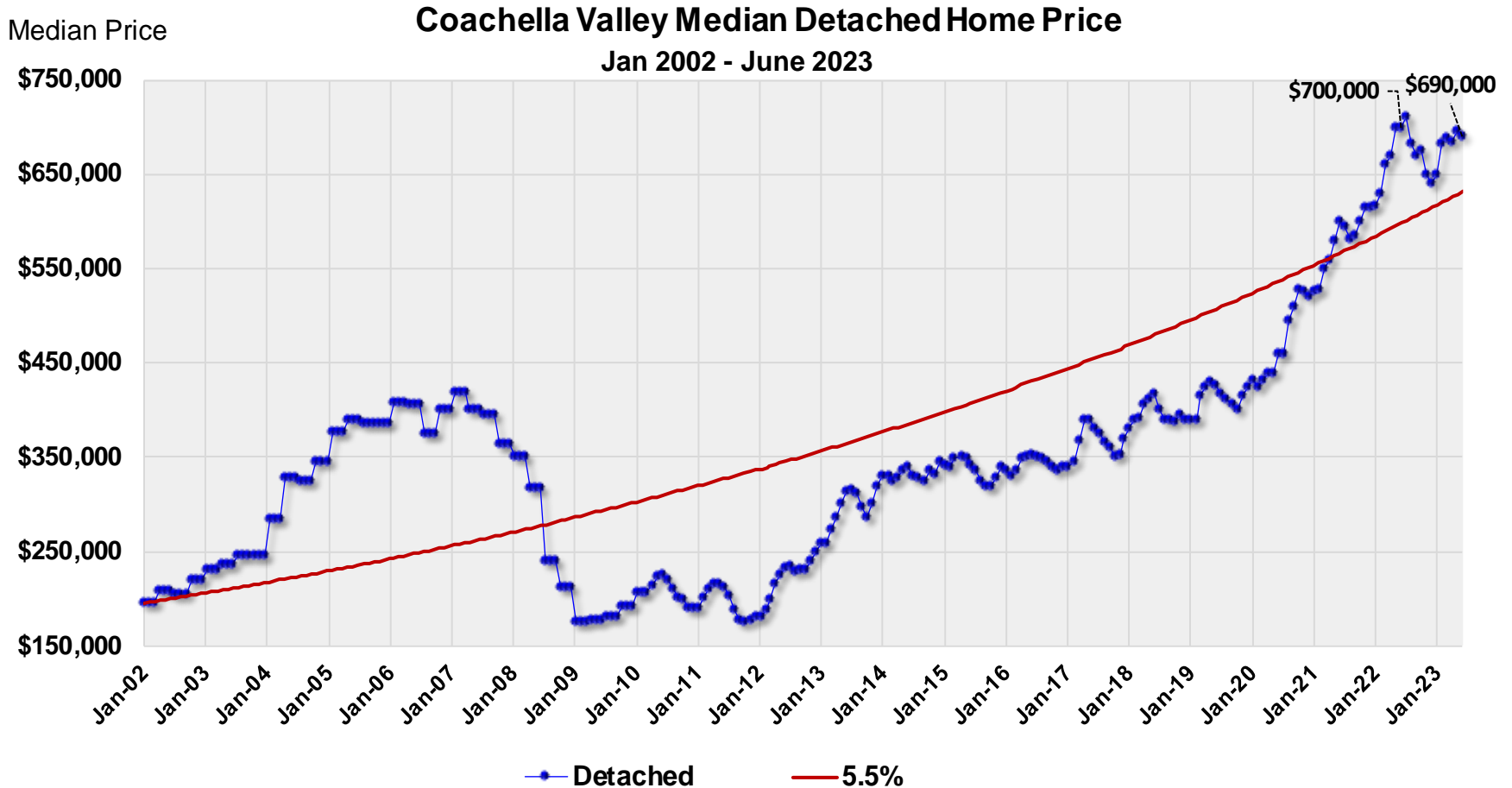
PRICES: The median price of a detached home in the Coachella Valley at the end of June was \$690,000, down 1.4% year over year. This is a very small decline, and the market continues to hold the price gains of the last five months. The median attached price declined \$10,000 in June to \$475,000. This is the first decline in four months and prices are now down 3% from last June. Every city but Desert Hot Springs has a year over year price decline in its average size detached home. The declines range from -4.1% for La Quinta to -12.1% for Indian Wells. Desert Hot Springs is up 1.9%. Four cities continue to have positive changes for their attached homes - Desert Hot Springs, Indian Wells, Cathedral City and Rancho Mirage.

SALES: The three-month average of sales rose three units this month to 772 units a month from 769. Some of this increase is seasonal and it's occurring equally in both the detached and attached market. We should expect sales to contract as we move into summer. Every city except La Quinta and Coachella has lower three-month sales but the comparative numbers to last year are improving. The largest percentage declines were in Desert Hot Springs, down 32%, and Indio, lower by 28%.

INVENTORY & "MONTHS OF SALES" RATIOS: On July 1st, Valley inventory was 1,741 units, which is a little more than one hundred less than last month. The "months of sales" ratio was 3.0 months, which is .2 month less than last month but 1.3 months more than last year. This fundamental ratio, which measures supply versus demand, is slightly below the historic averages for this time of year. The current ratio points to the continuing balance between buyers and sellers.

DIM: At the end of June, the median number of "days in the market" in the Coachella Valley was 40 days, which is four less than last month but 19 days more than last year. The city of Coachella continues to have the lowest median selling time for detached homes at 27, followed by Desert Hot Springs with 33 days, then Palm Desert with 38 days. In the attached market, Indio, Indian Wells and Desert Hot Springs have the shortest median selling time at 29 days. Because of dwindling inventory, we expect these numbers will continue to move lower.

PRICE DISCOUNTS/PREMIUMS: In June, 17.2% of sales sold above list price, compared to 55% a year ago. Every city is averaging a selling discount for detached homes, which range from -.1% for Coachella to -3.6% for Indian Wells. Discounts for attached homes range from -1.6% in Cathedral City to -5.4% in Bermuda Dunes.

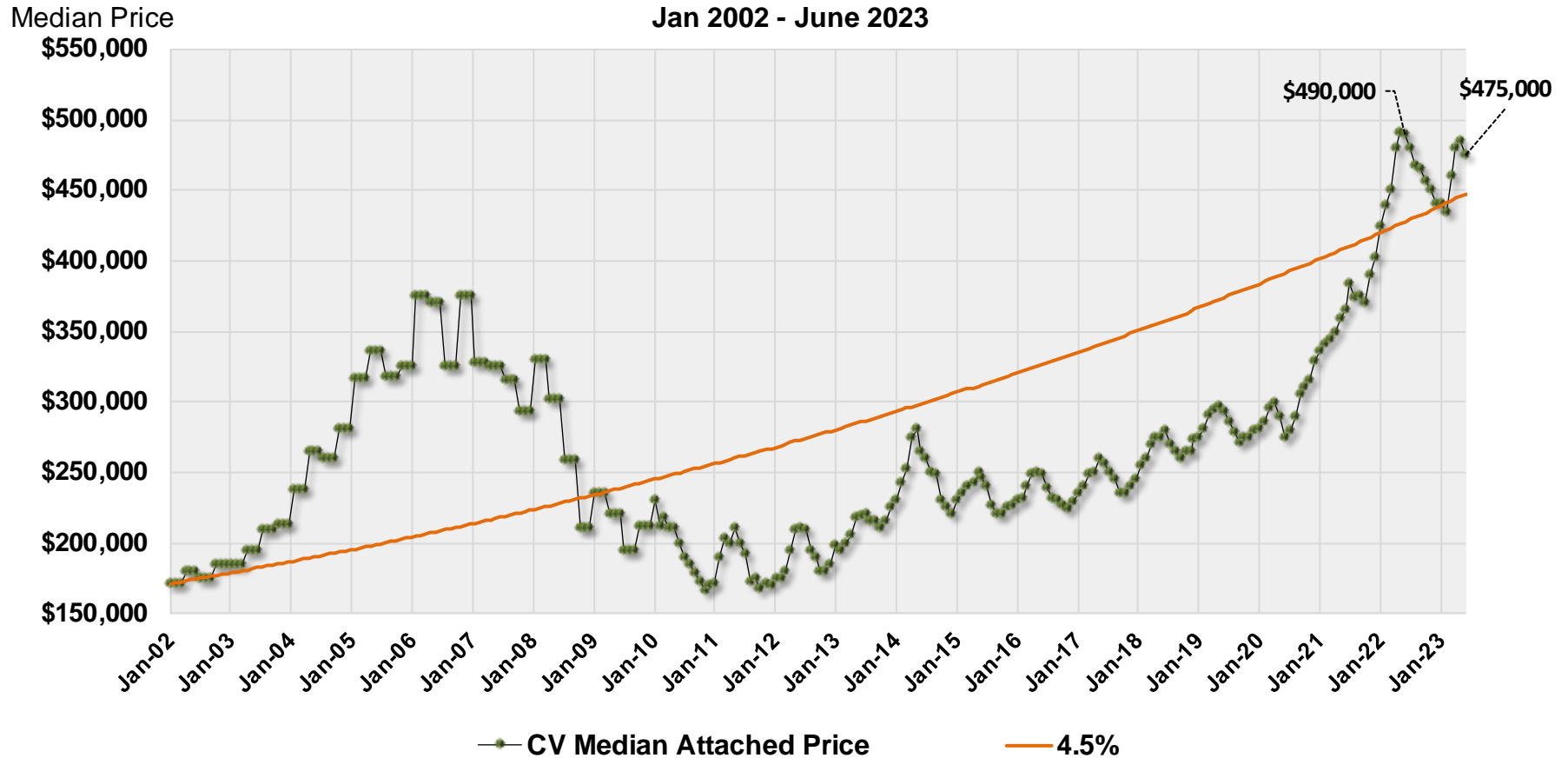


Coachella Valley Median Detached Price

The median price of a detached home in the Coachella Valley at the end of June was \$690,000, down 1.4% year over year. This is a very small decline, and the market continues to hold the price gains of the last five months. We are coming to the end of seasonal price strength, however, so we expect a slight downward pressure on detached home prices as we move into summer.

Coachella Valley Median Attached Price

Jan 2002 - June 2023



Coachella Valley Median Attached Price

The median attached price declined \$10,000 in June to \$475,000. This is the first decline in four months and prices are now down 3% from last June. As we said last month, this and the previous chart confirms that homeowner worry of large price declines has so far been misplaced. We expect supply and demand to remain in balance. However, as we mentioned on the previous page, seasonal pressures should push prices slightly lower over the next few months.

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	\$258.43	\$413,490	\$405,589	1.9%	\$86,656	377.2%
La Quinta	2,550	\$394.67	\$1,006,417	\$1,049,815	-4.1%	\$318,164	216.3%
Coachella	1,700	\$239.41	\$406,994	\$428,407	-5.0%	\$111,367	265.5%
Indio	2,000	\$285.20	\$570,402	\$602,412	-5.3%	\$156,340	264.8%
Palm Desert	2,200	\$339.60	\$747,110	\$799,645	-6.6%	\$302,302	147.1%
Bermuda Dunes	2,500	\$331.60	\$829,002	\$890,386	-6.9%	\$239,325	246.4%
Cathedral City	1,800	\$307.72	\$553,903	\$607,179	-8.8%	\$153,216	261.5%
Rancho Mirage	3,175	\$416.55	\$1,322,549	\$1,450,227	-8.8%	\$506,317	161.2%
Palm Springs	2,175	\$583.59	\$1,269,307	\$1,412,962	-10.2%	\$323,879	291.9%
Indian Wells	3,450	\$468.81	\$1,617,394	\$1,840,000	-12.1%	\$666,885	142.5%

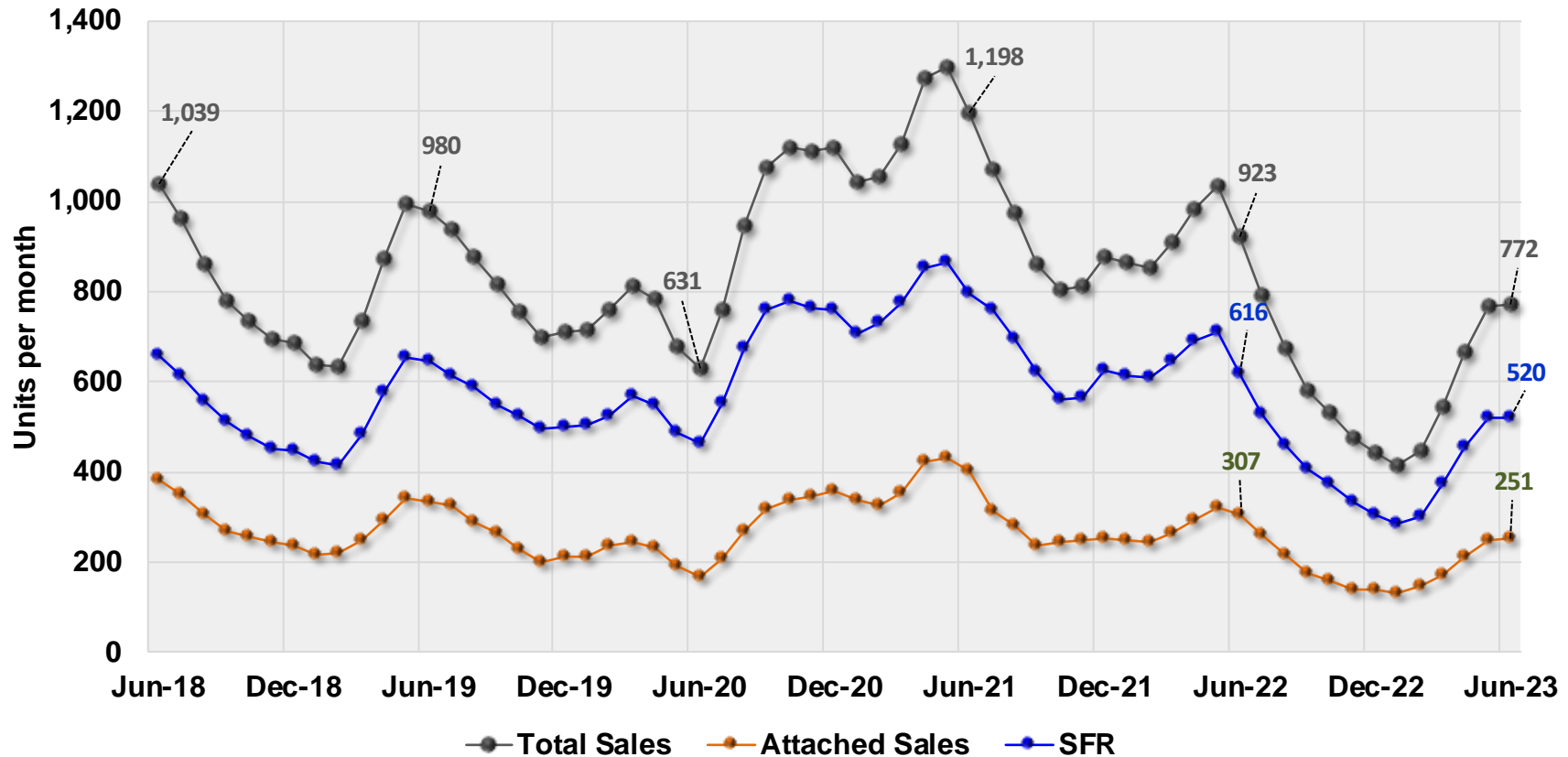
Price of The Average Size Attached Home

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	\$194.69	\$146,018	\$125,755	16.1%	\$16,013	812%
Indian Wells	1,950	\$377.62	\$736,358	\$666,246	10.5%	\$259,126	184%
Cathedral City	1,250	\$275.00	\$343,750	\$338,692	1.5%	\$80,544	327%
Rancho Mirage	1,775	\$334.75	\$594,174	\$590,256	0.7%	\$211,030	182%
La Quinta	1,750	\$372.67	\$652,174	\$673,741	-3.2%	\$247,713	163%
Palm Springs	1,250	\$366.13	\$457,661	\$477,504	-4.2%	\$129,788	253%
Palm Desert	1,600	\$333.92	\$534,273	\$575,547	-7.2%	\$197,896	170%
Indio	1,050	\$270.13	\$283,641	\$307,367	-7.7%	\$56,396	403%
Bermuda Dunes	1,450	\$237.64	\$344,575	\$407,506	-15.4%	\$89,117	287%

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. Every city but Desert Hot Springs has a year over year price decline in its average size detached home. The declines range from -4.1% for La Quinta to -12.1% for Indian Wells. Desert Hot Springs is up 1.9%. Four cities have positive changes for their attached homes - Desert Hot Springs, Indian Wells, Cathedral City and Rancho Mirage.

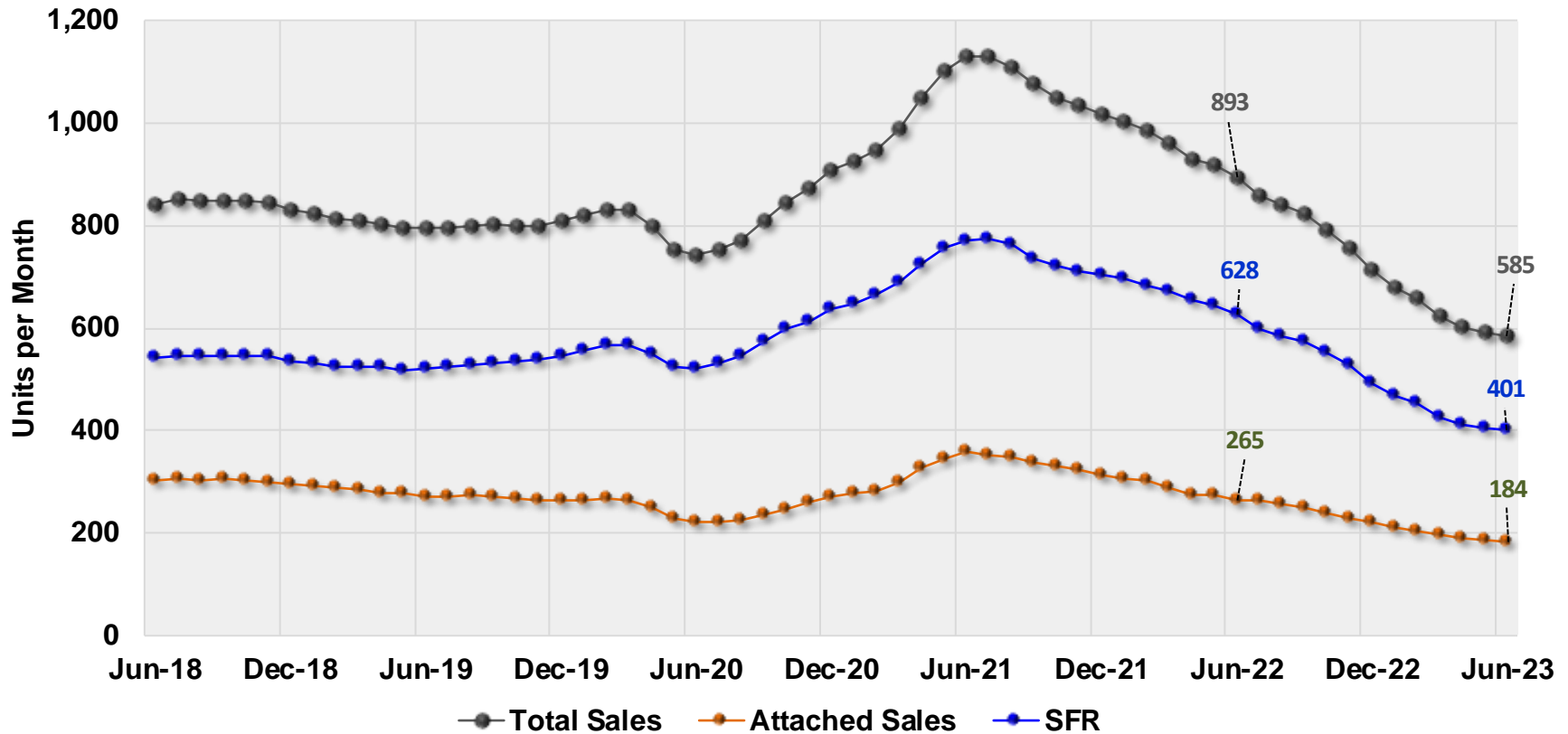
Detached, Attached and Total Sales 3 month moving average



Monthly Sales – 3-month trailing avg.

The three-month average of sales rose three units this month to 772 units a month from 769. Some of this increase is seasonal and it's occurring equally in both the detached and attached market. We should expect sales to contract as we move into summer. We created a new chart in the first part of this report designed to specifically separate seasonal changes from real ones. It shows that sales are running about 22.1% below normal.

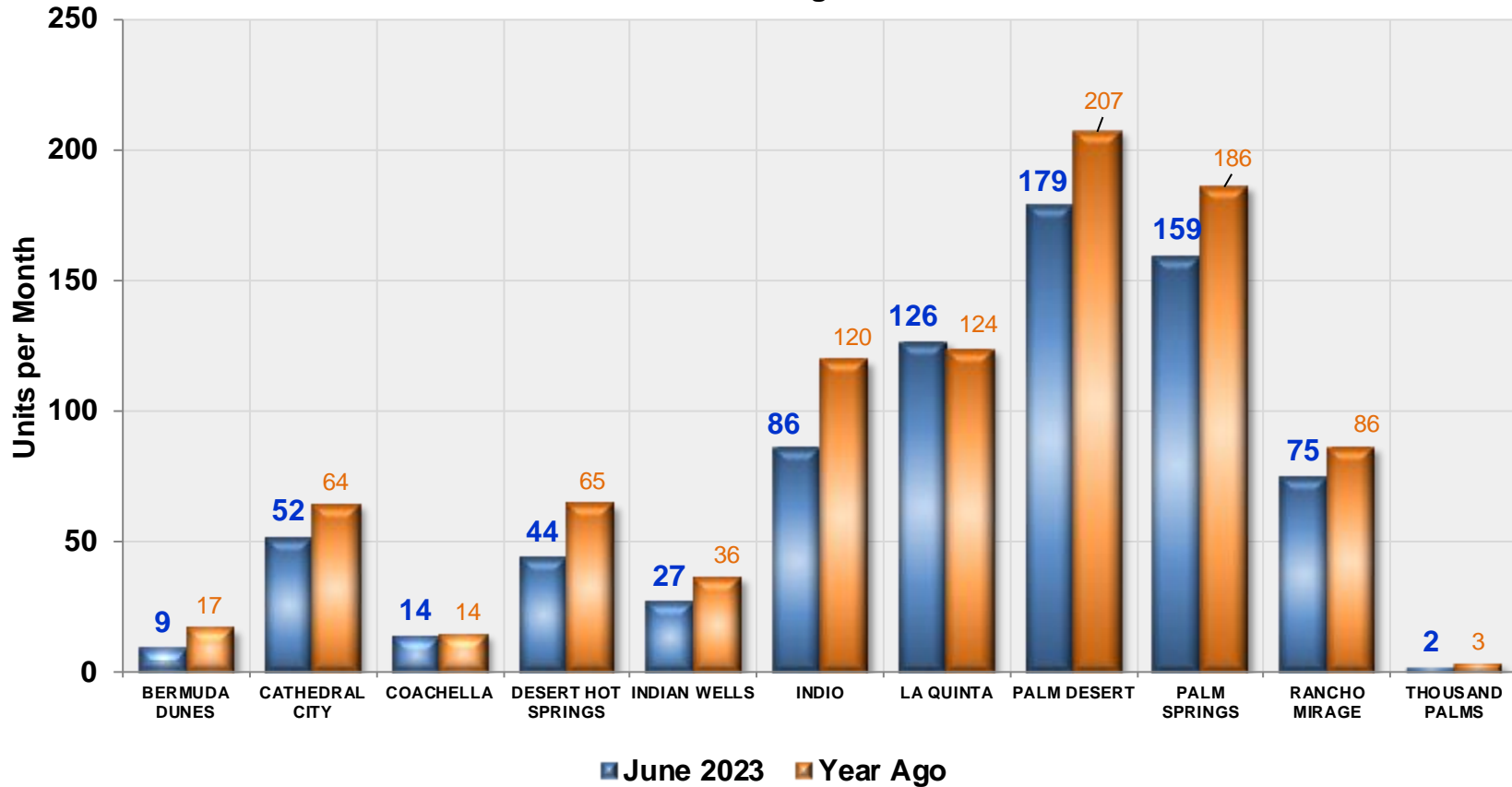
Detached, Attached and Total Sales 12 month moving average



Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out seasonality, shows total sales are averaging 585 units a month. This is the 23rd consecutive monthly decline in this long-term average. These sales numbers should begin to rise in a month or two, finally breaking the long down trend. We say this because long term sales averages follow the direction of short-term sales, and these have been on the rise since February.

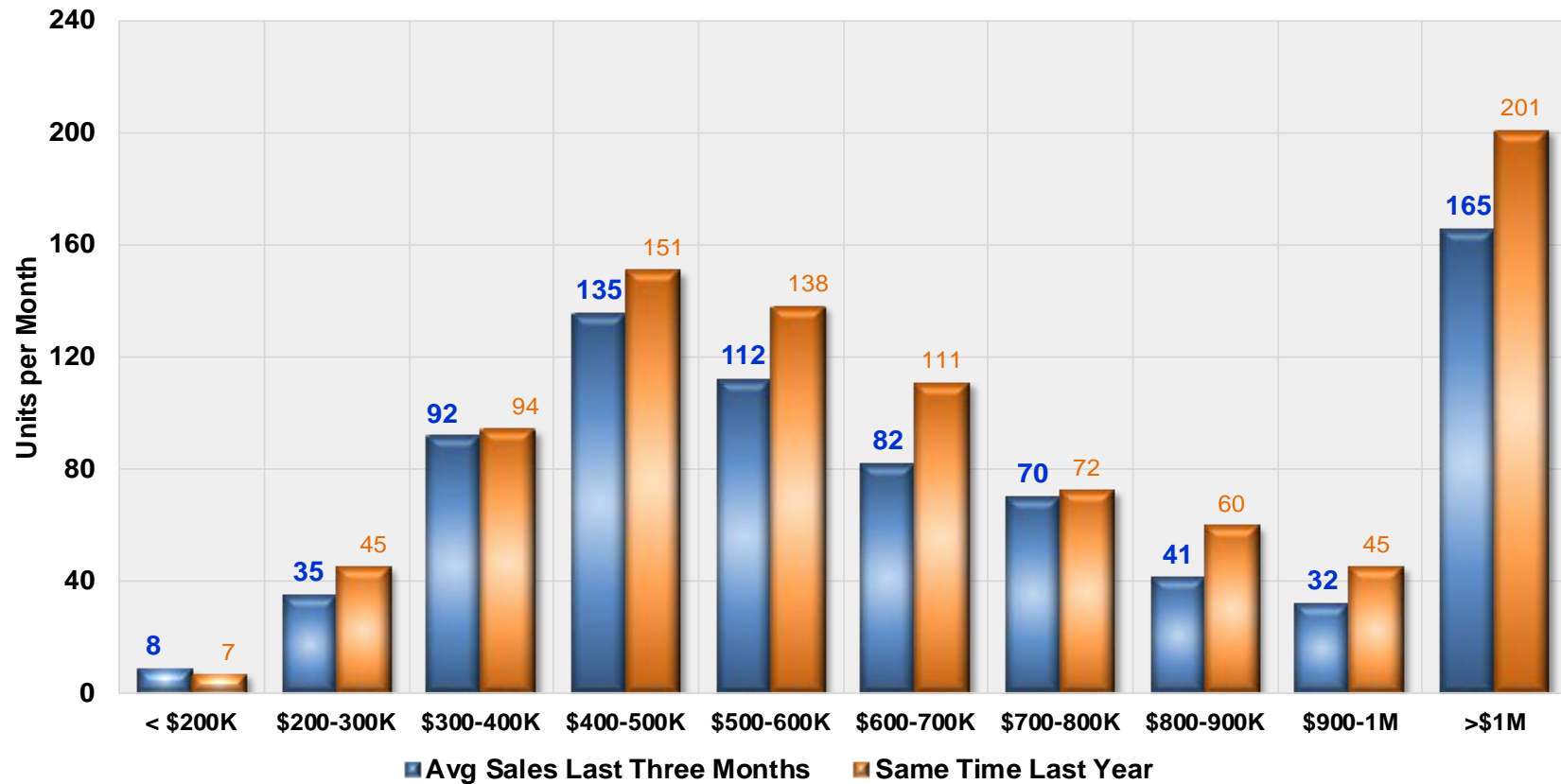
Home Sales by City 3 month avg sales



Home Sales by City

Every city except La Quinta and Coachella has lower three-month sales but the comparative numbers to last year are improving. The largest percentage declines were in Desert Hot Springs, down 32%, and Indio, lower by 28%. It is easy to see from the chart that sales compared to last year are improving in every city.

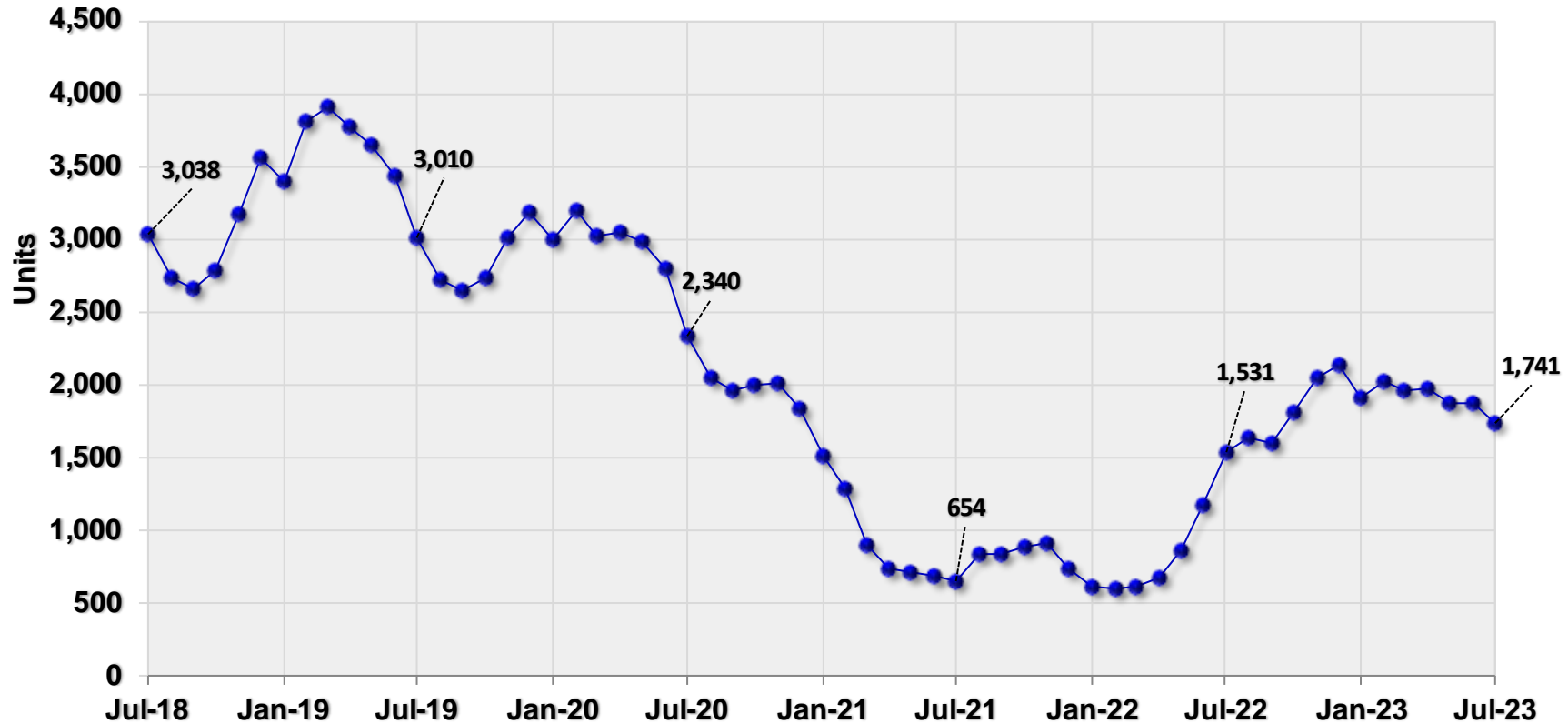
Home Sales by Price Range 3 mos avg



Home Sales by Price Range

Sales of homes priced under \$500K are close to year ago levels. The largest sales declines continue to be in homes priced between \$500k and \$700k. Sales of million-dollar homes are off only 18%. 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 July 1st 2018 to July 1st 2023



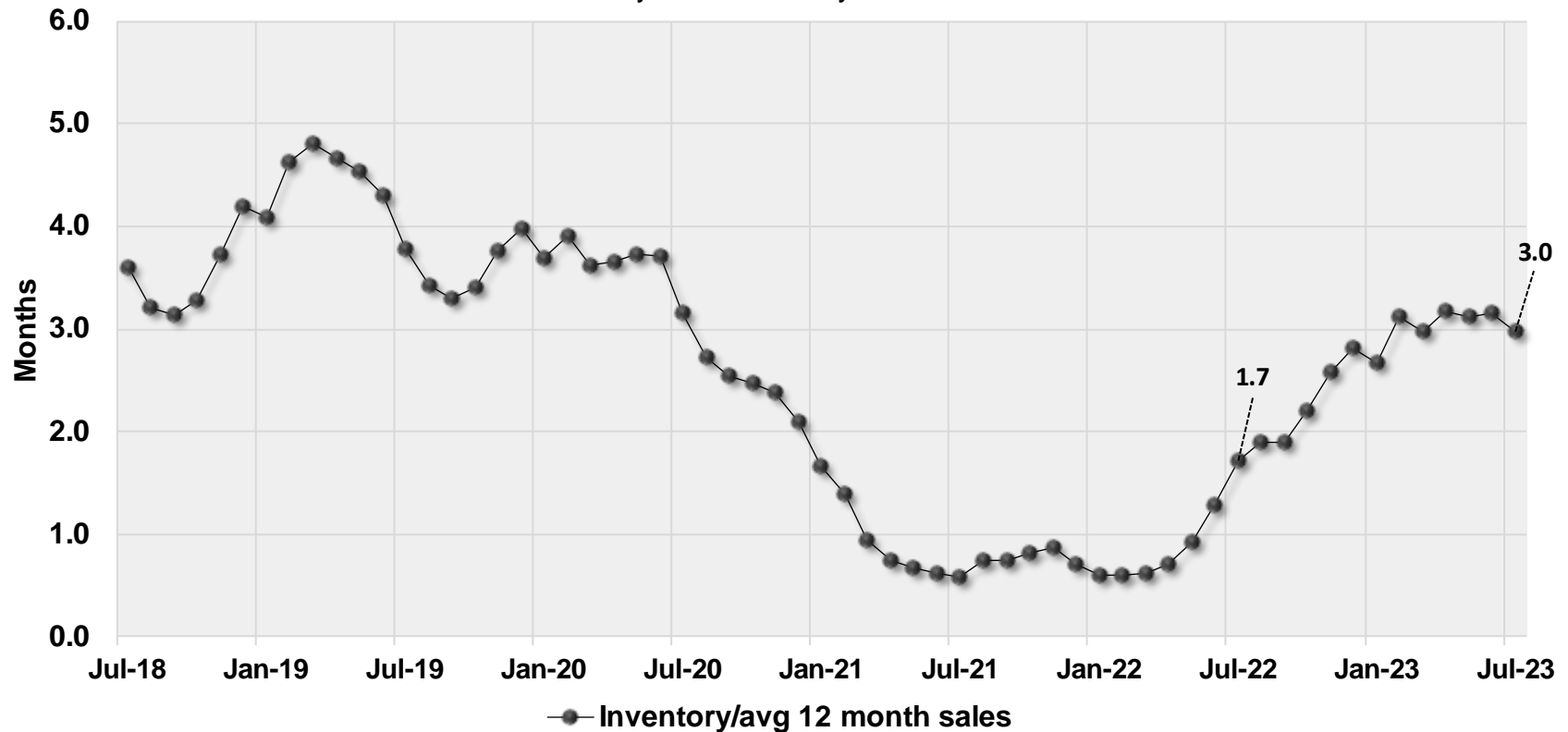
Coachella Valley Total Inventory

On July 1st, Valley inventory was 1,741 units, which is a little more than one hundred less than last month. A careful study of the graph shows that inventory has effectively remained unchanged for the last eight months, with a very gradual decline. The primary reason inventory isn't growing continues to be a low number of new listings. Valley inventory also has a seasonal pattern, and we expect it to contract as we move into summer.

"Months of Sales" Ratio

Coachella Valley

July 1st 2018 - July 1st 2023



Regional "Months of Sales" Ratio

On July 1st, the Valley's "months of sales" ratio was 3.0 months, which is .2 month less than last month but 1.3 months more than last year. This fundamental ratio, which measures supply versus demand, is slightly below the historic averages for this time of year. The current ratio points to the continuing balance between buyers and sellers, which helps stabilize home prices.

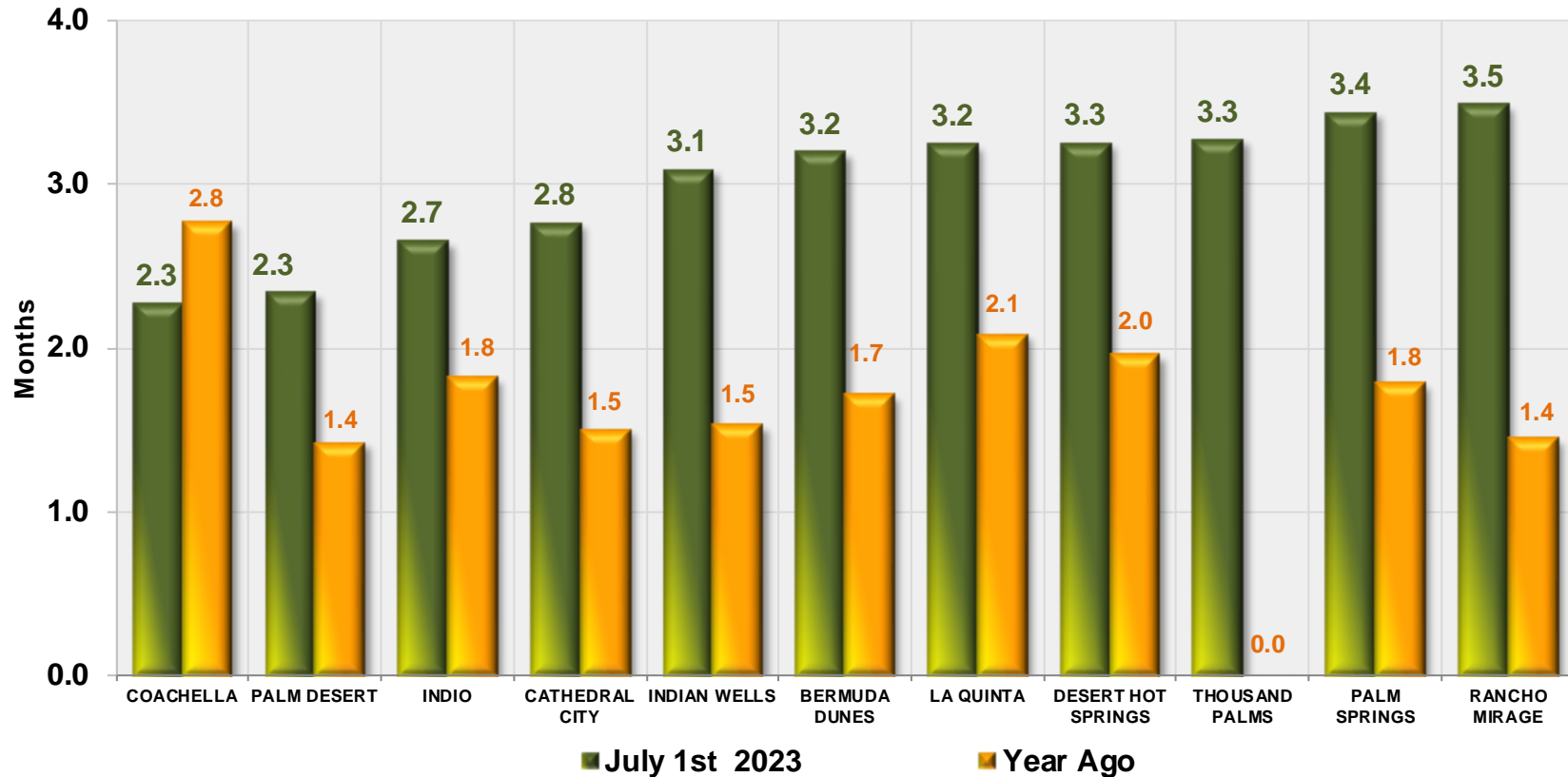
"Months of Sales" by Price Range uses avg. twelve month sales



"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 has a ratio measurably above a year ago. Except for the extreme high and low price brackets, the ratio in most of the middle price brackets are close to the regional average of 3.0 months.

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



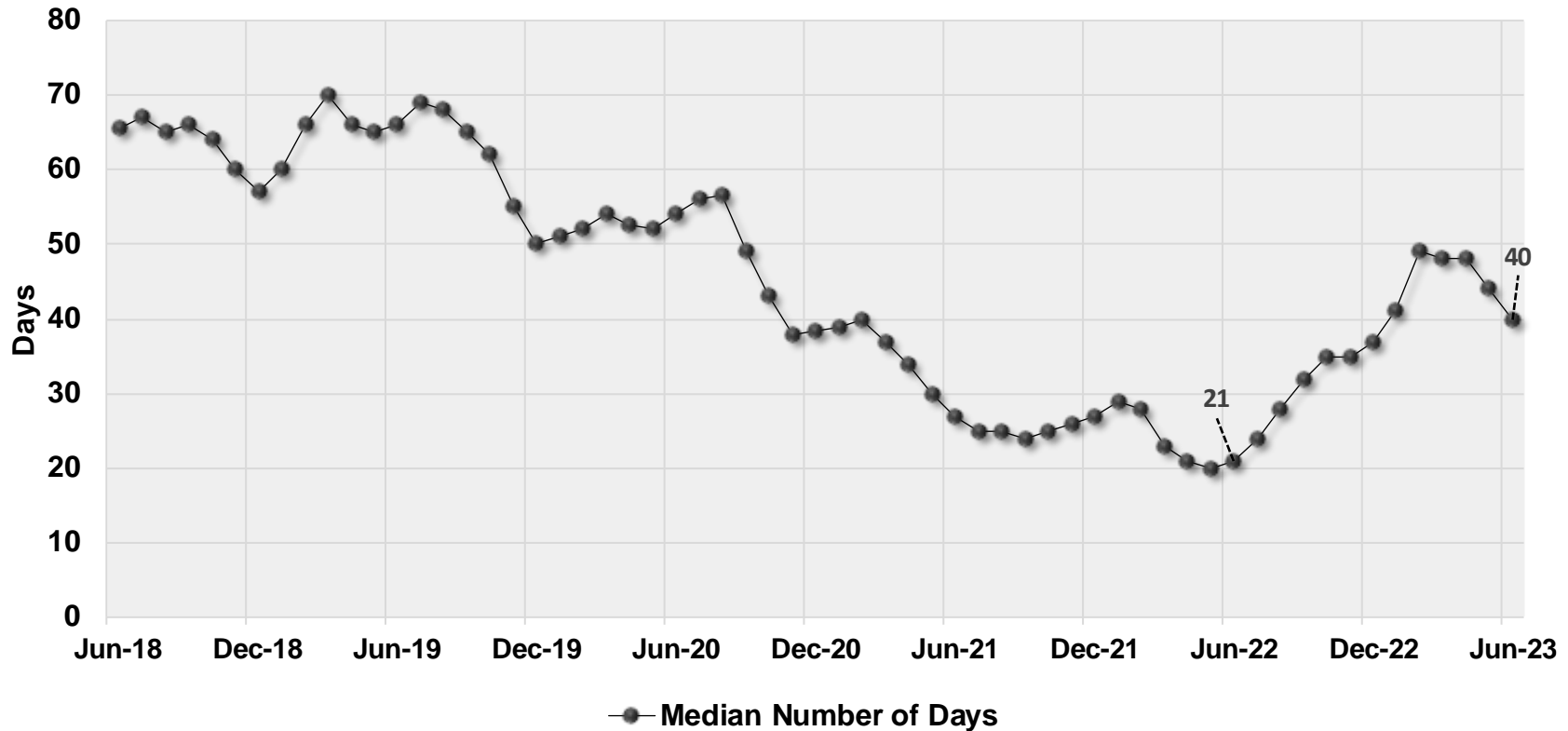
"Months of Sales" by City

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 continue to have ratios under three months – Coachella, Palm Desert, Indio and Cathedral City. What continues to be notable is how close the ratios are in each city.

"Days in the Market"

Coachella Valley

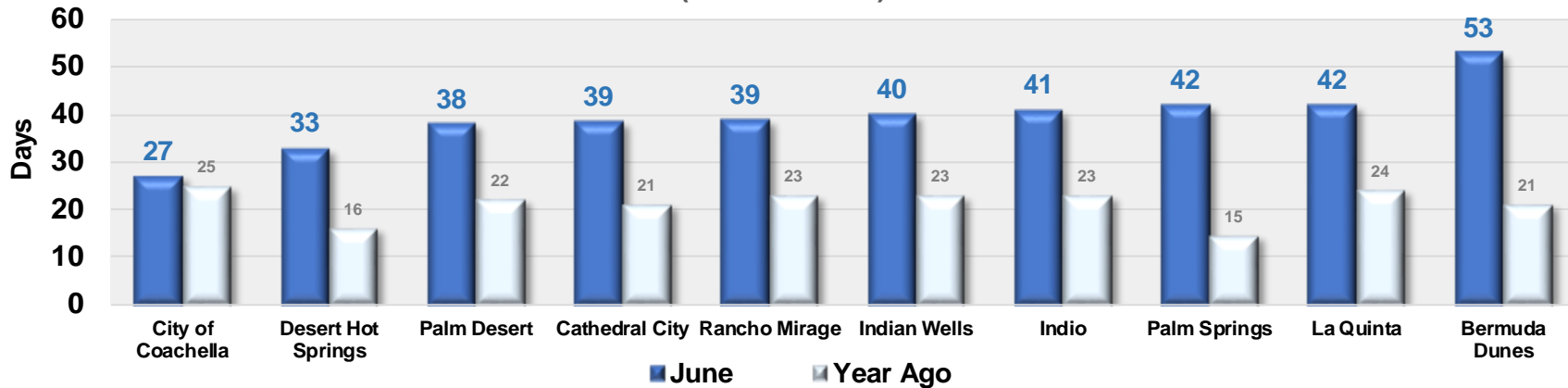
June 2018 - June 2023



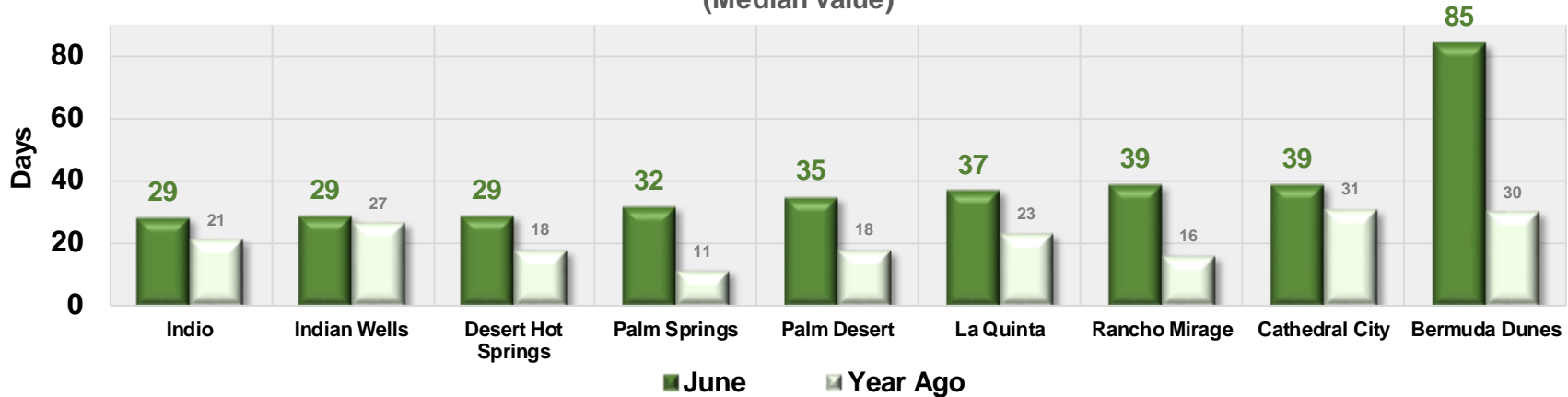
Regional "Days in the Market"

The median selling time in the region is starting to decrease. At the end of June, the median number of "days in the market" in the Coachella Valley was 40 days, which is four less than last month but 19 days more than last year. Because of dwindling inventory, we expect this number will continue to gradually move lower.

"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 27, followed by Desert Hot Springs with 33 days, then Palm Desert with 38 days. In the attached market, Indio, Indian Wells and Desert Hot Springs have the shortest median selling time at 29 days.

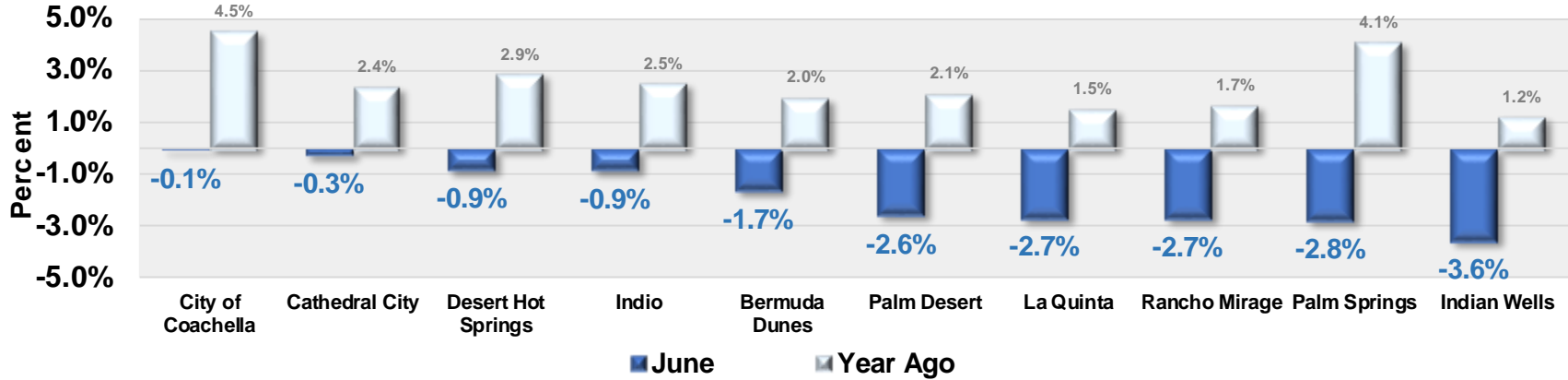
% Homes Selling Over List Price Coachella Valley 2016 - 2023 (Jun)



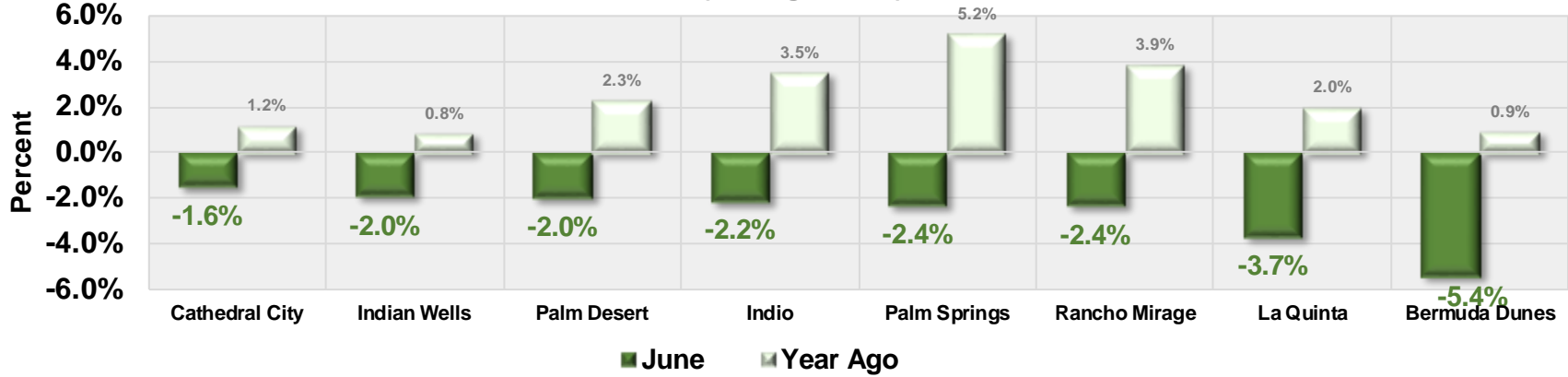
Percent Homes Selling Above List

This chart graphs the percentage of Valley homes that sold above list price over the last three months. In June, 17.2% of sales sold above list price, compared to 55% a year ago. With tightening inventory, we expect the number of sales at or above list price will continue 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 is averaging a selling discount for detached homes, which range from -.1% for Coachella to -3.6% for Indian Wells. Discounts for attached homes range from -1.6% in Cathedral City to -5.4% 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 June, all sales and pricing are done using transactions through that and the previous two months. However, when we measure inventory at the end of June, it's the inventory as of June 1st. Even though inventory June be labeled June 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.