The Desert Housing Report

November 2023

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

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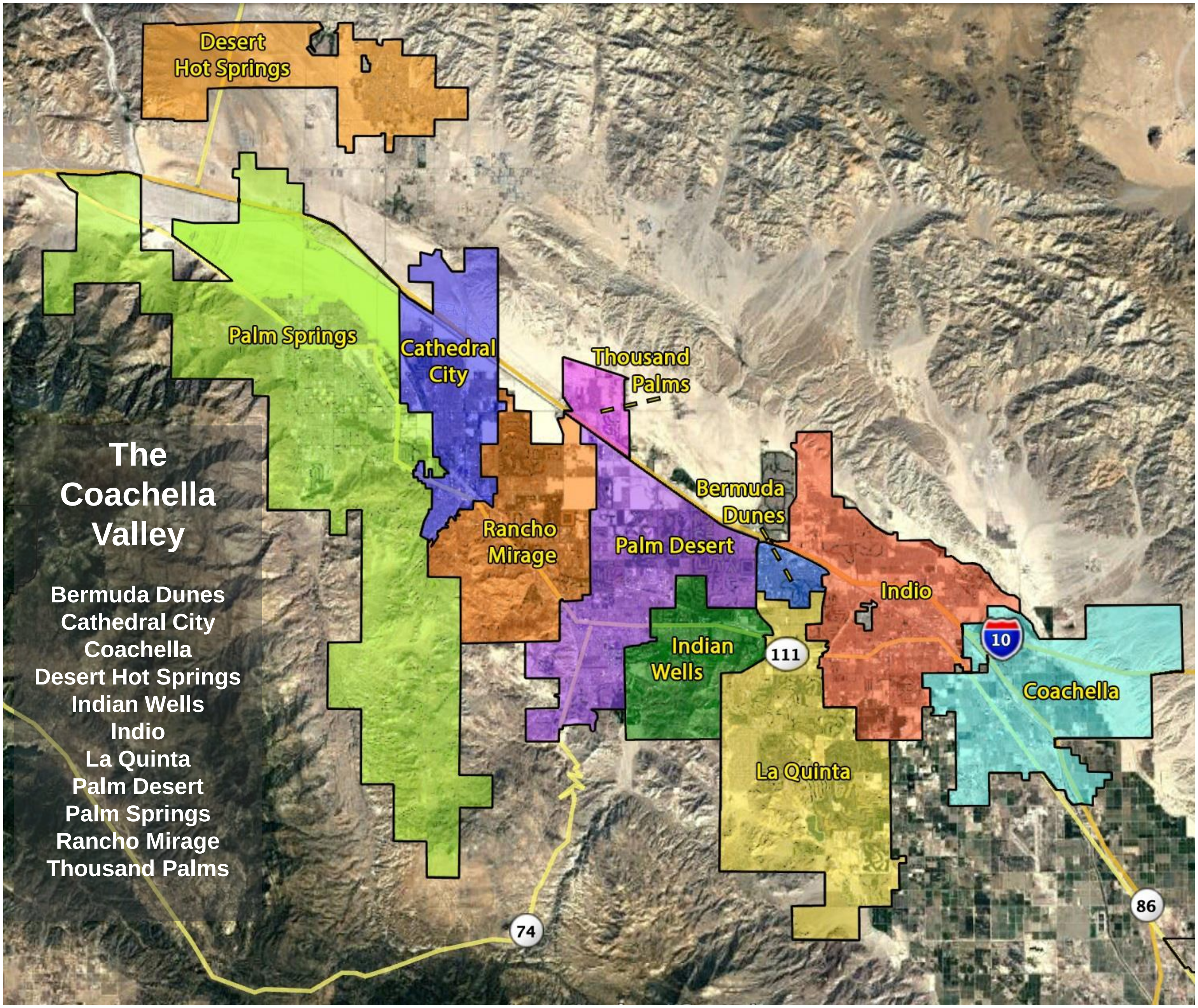

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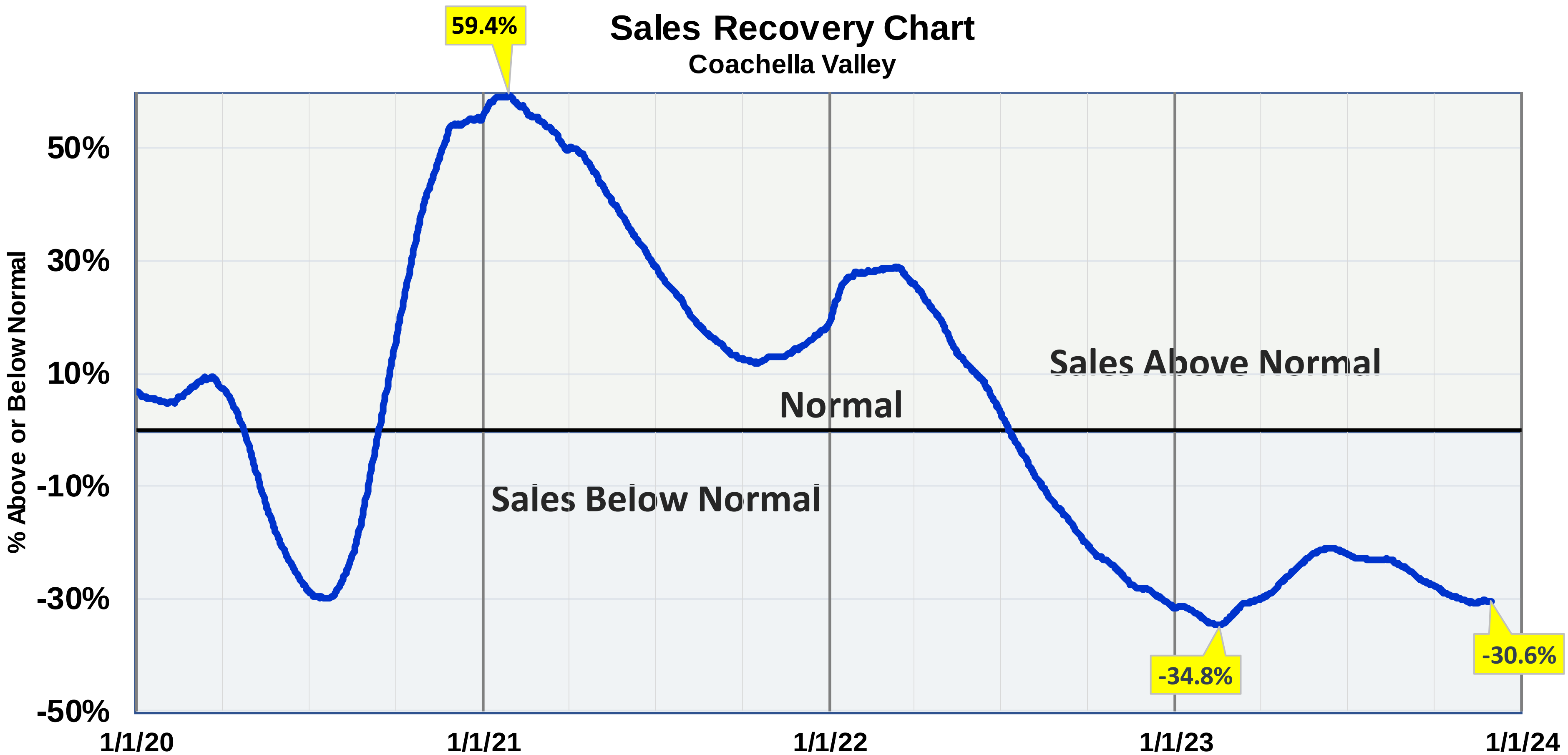

The Sales Recovery Chart

This seasonally adjusted curve shows where current sales are as a percent of historic norms. The light blue area is when sales are below average, the light green area when they're above average. What is normal is calculated from sales 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 the norm. Sales fell to 34.7% below normal by January of 2023 but then began to improve. This stopped by May and sales are now running 30.6% below normal. This is unchanged from last month. This slowdown in sales is almost entirely due to high interest rates as well as market absorption of the accelerated demand created by low rates during Covid. We believe both are coming to an end and sales will soon return to normal.

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Summary

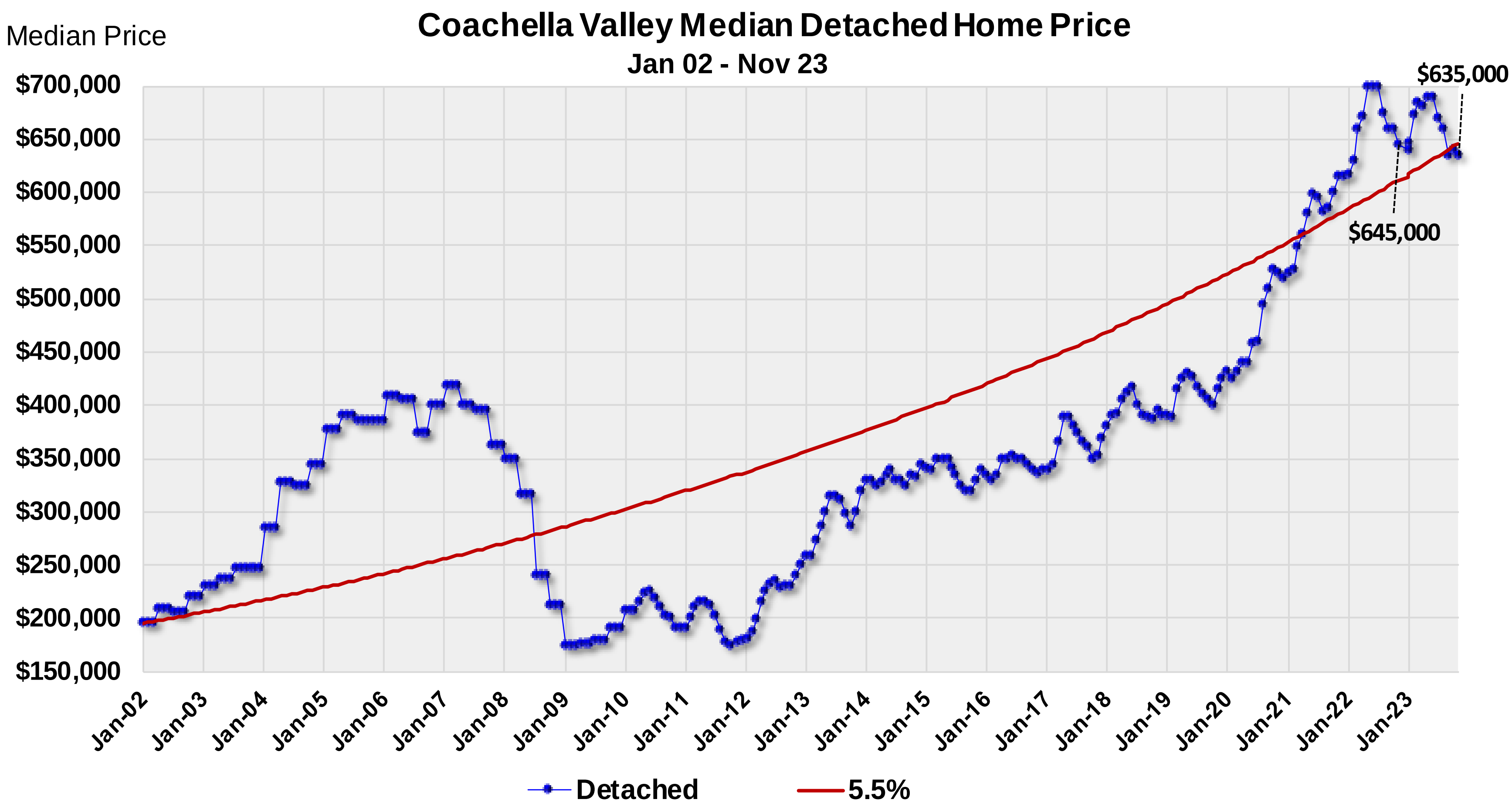
PRICES: The median price of a detached home in the Coachella Valley ended November at $635,000, down for the month and also down 1.6% year over year. The median attached price in the Valley rose to $457,000 and is now up 2.7% year over year. Price changes for detached homes have a wide variance, which range from a 11.9% gain in La Quinta to a decline of 12% in the city of Coachella. Six cities have year over year gains for their attached homes – Indio, Rancho Mirage, Indian Wells, Bermuda Dunes, Palm Desert and Cathedral City.

SALES: The three-month average of sales was 480 units a month in November, which is 20 units below last year. Our recovery chart, which compares current sales against seasonal averages, shows that sales over the last four months are running 30.6% below normal. Every city except Coachella, Desert Hot Springs, Rancho Mirage and Thousand Palms has lower three-month sales. The city with the largest percentage increase continues to be Rancho Mirage, with sales up 23%. The cities with the largest declines are Indio and Cathedral City, with sales down 23% and 12% respectively.

INVENTORY & "MONTHS OF SALES" RATIOS: In November, Valley inventory increased 150 units and by December 1st it stood at 2,260 units. This is the highest inventory since the start of the pandemic in early 2020. The Valley's "months of sales" ratio was 3.8 months, which is one month higher than last year. This fundamental ratio that measures supply and demand is now back to normal levels.

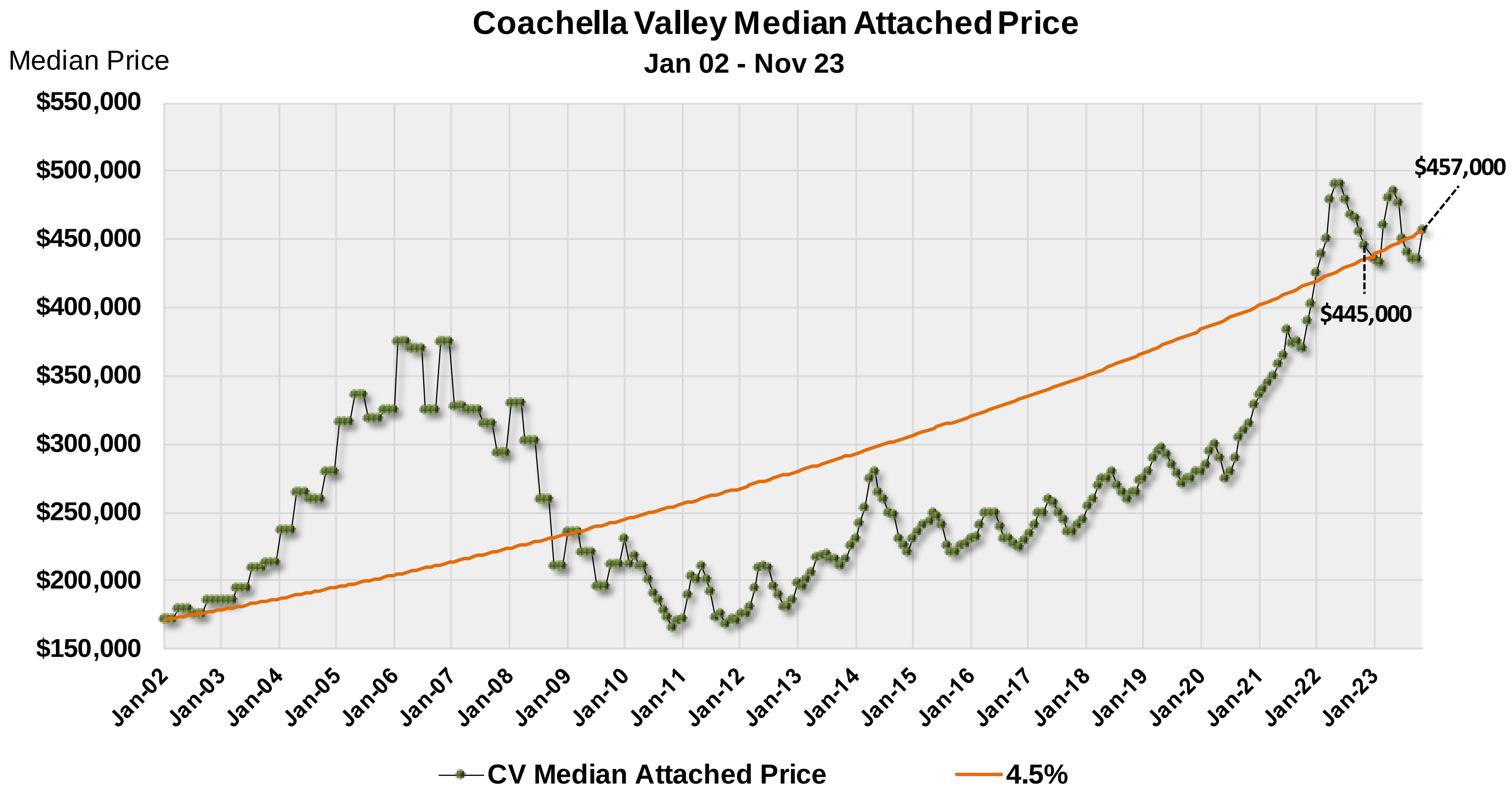
DIM: At the end of November, the median number of "days in the market" in the Coachella Valley was 36 days, which is one day less than last month, but one day more than last year. The city of Coachella continues to have the lowest median selling time for detached homes at 25 days, followed by Desert Hot Springs at 31 days and Indian Wells at 32 days. In the attached market, Indio has the shortest average selling time at 26 days, followed by Desert Hot Springs at 28 days.

PRICE DISCOUNTS/PREMIUMS: In November, 15.9% of sales sold above list price, compared to 17.5% a year ago. We continue to expect the percent of homes selling at a premium to remain around 16%, which is one out of every six sales. Every city continues to average a selling discount for detached homes, which range from an average discount of .9% in the City of Coachella to a discount of 5.7% in Bermuda Dunes. Average discounts for attached homes range from .4% in Bermuda Dunes to 3.4% in La Quinta.



Coachella Valley Median Detached Price

The median price of a detached home in the Coachella Valley ended November at $635,000, down slightly for the month but also down 1.6% year over year. The price decline since June has been primarily seasonal but prices often begin to rise in November, and we think this seasonal pattern will appear. However, as we mentioned last month, with inventory rising and sales remaining low, supply and demand is beginning to slowly favor buyers.



Coachella Valley Median Attached Price

The median attached price in the Valley rose last month to $457,000 and is now up 2.7% year over year. As the chart clearly shows, the seasonal range of prices for attached homes is much larger than that of detached homes. If the normal seasonal pattern continues, we should expect attached home prices to rise as we move into the new year.

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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
La Quinta	2,550	$399.89	$1,019,732	$912,061	11.8%	$318,164	220.5%
Desert Hot Springs	1,600	$261.90	$419,048	$402,739	4.0%	$86,656	383.6%
Palm Springs	2,175	$577.07	$1,255,128	$1,206,546	4.0%	$323,879	287.5%
Indian Wells	3,450	$485.59	$1,675,299	$1,623,460	3.2%	$666,885	151.2%
Rancho Mirage	3,175	$413.17	$1,311,818	$1,295,918	1.2%	$506,317	159.1%
Palm Desert	2,200	$325.92	$717,025	$731,880	-2.0%	$302,302	137.2%
Cathedral City	1,800	$314.19	$565,551	$581,802	-2.8%	$153,216	269.1%
Bermuda Dunes	2,500	$334.50	$836,260	$863,596	-3.2%	$239,325	249.4%
Indio	2,000	$275.57	$551,136	$588,101	-6.3%	$156,340	252.5%
Coachella	1,700	$254.98	$433,461	$492,611	-12.0%	$111,367	289.2%

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
Indio	1,050	$291.10	$305,651	$275,923	10.8%	$56,396	442%
Rancho Mirage	1,775	$325.26	$577,337	$526,706	9.6%	$211,030	174%
Indian Wells	1,950	$380.07	$741,140	$698,864	6.0%	$259,126	186%
Bermuda Dunes	1,450	$301.04	$436,510	$412,569	5.8%	$89,117	390%
Palm Desert	1,600	$336.59	$538,546	$531,792	1.3%	$197,896	172%
Cathedral City	1,250	$274.43	$343,035	$339,483	1.0%	$80,544	326%
La Quinta	1,750	$353.70	$618,971	$620,708	-0.3%	$247,713	150%
Palm Springs	1,250	$361.58	$451,977	$463,455	-2.5%	$129,788	248%
Desert Hot Springs	750	$192.24	$144,180	$160,130	-10.0%	$16,013	800%

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 then to the all-time lows that occurred in 2011. In November, year over year price changes for detached homes had a wide variance which went from a gain of 11.8% in La Quinta to a decline of 12% in the city of Coachella. Six cities have gains for their attached homes – Indio, Rancho Mirage, Indian Wells, Bermuda Dunes, Palm Desert and Cathedral City.

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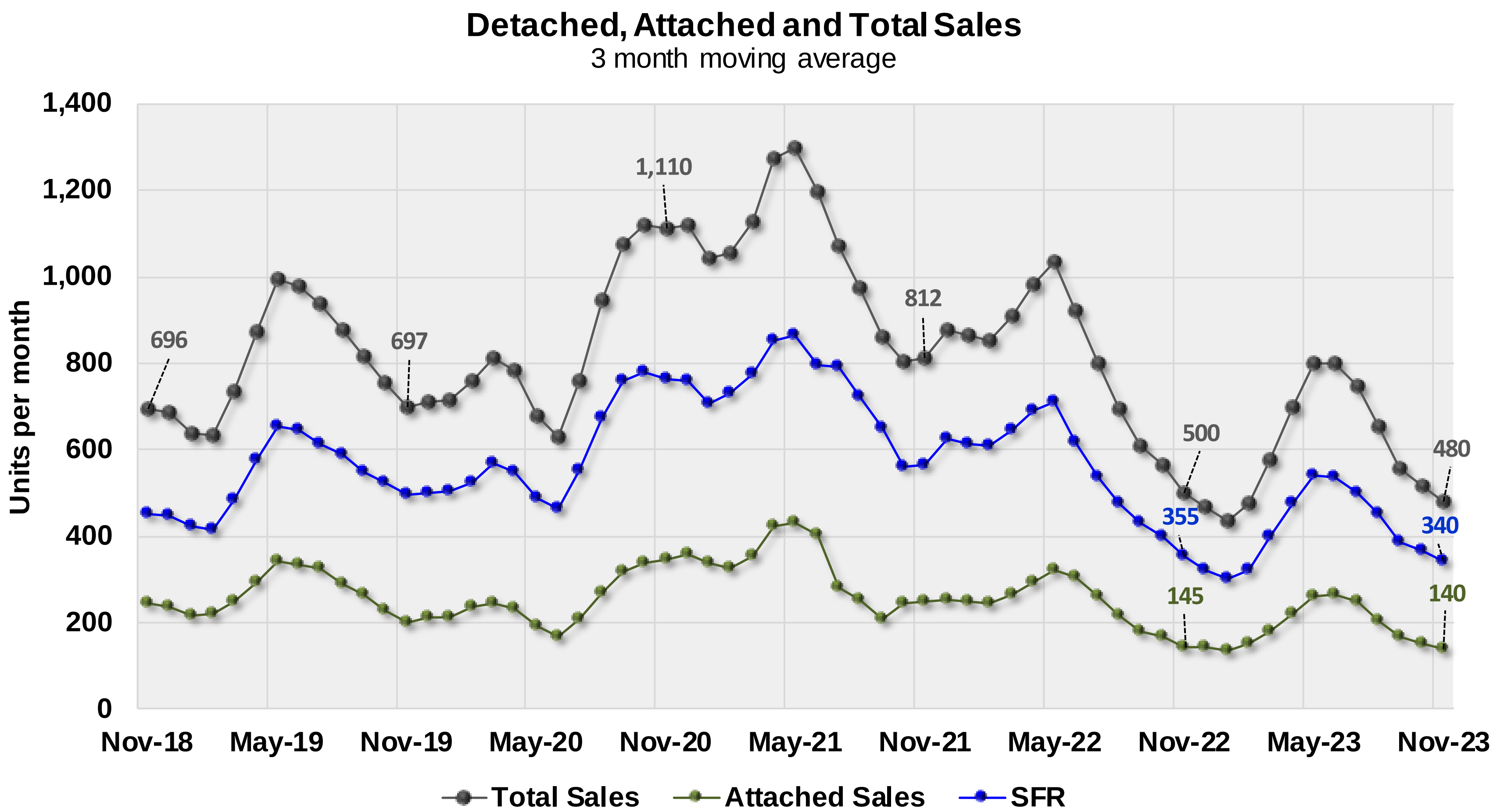
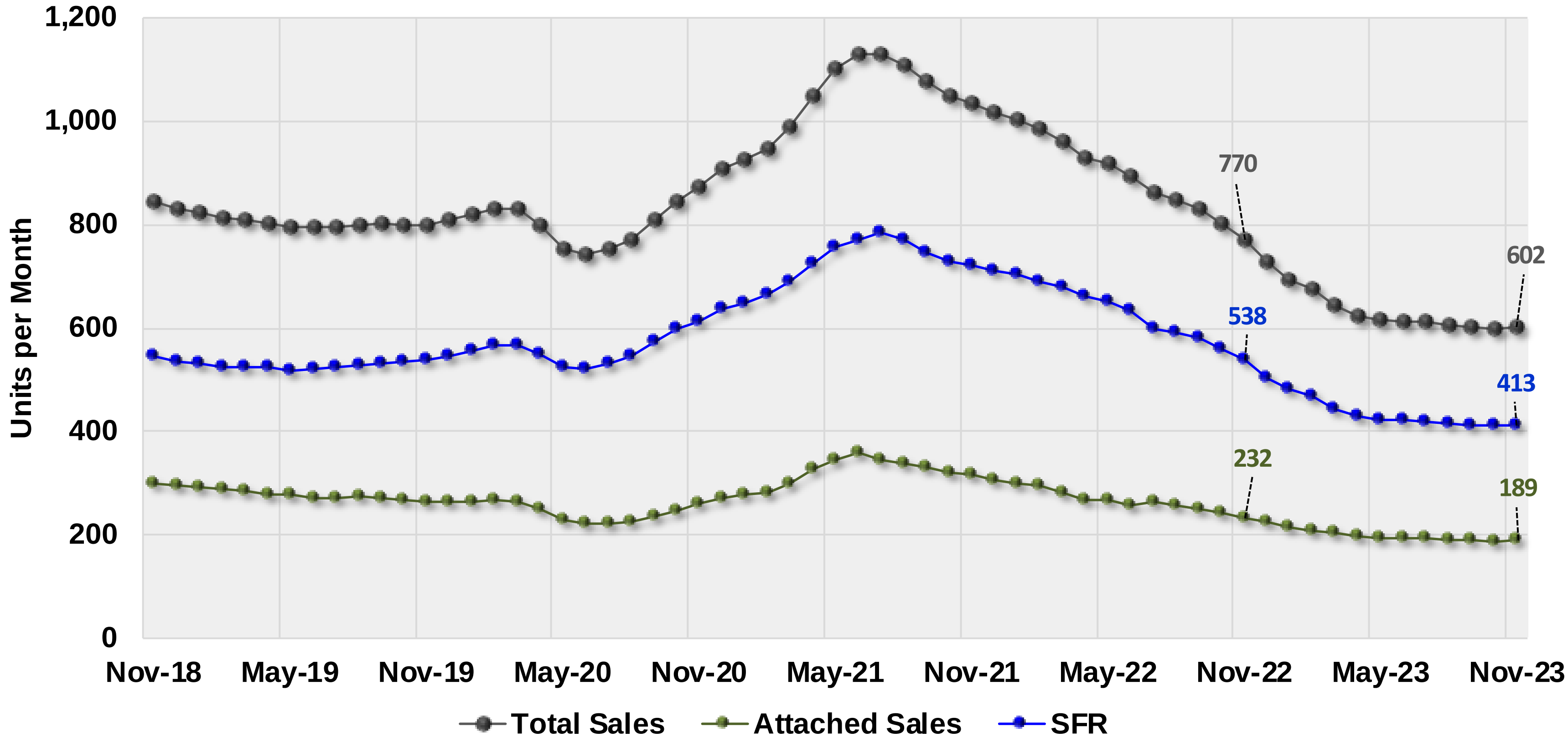


Monthly Sales – 3-month trailing avg.

Sales continue to decline. The three-month average of sales was 480 units in November, which is 20 units less than last year. Because of seasonality, it's difficult to determine from this chart where sales stand on a historical basis. The first chart of this report, however, is designed to distinguish seasonal changes from real ones. It shows that sales over the last four months are running 30.6% 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 602 units a month. This is 22% below last year. The long-term average of sales has been flattening out over the last seven months and we think the worst is over. But we continue to believe that sales won't fully recover until mortgage rates come down to 5.5% from their current level of 7.5%.

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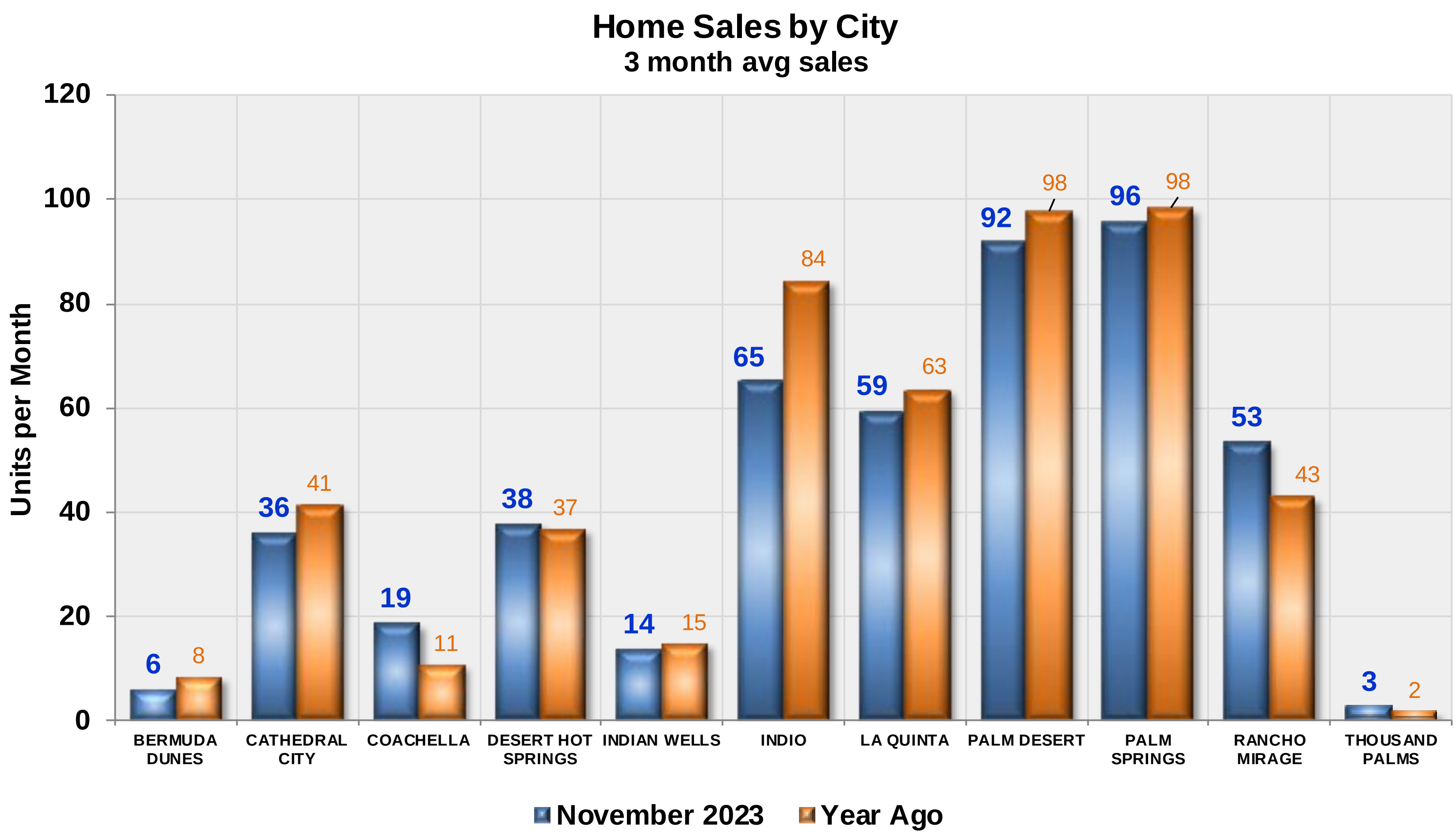

Home Sales by City

Every city except Coachella, Desert Hot Springs, Rancho Mirage and Thousand Palms has lower three-month sales compared to last year. The city with the largest percentage increase continues to be Rancho Mirage, with sales up 23%. The cities with the largest declines are Indio and Cathedral City, with sales down 23% and 12% respectively.

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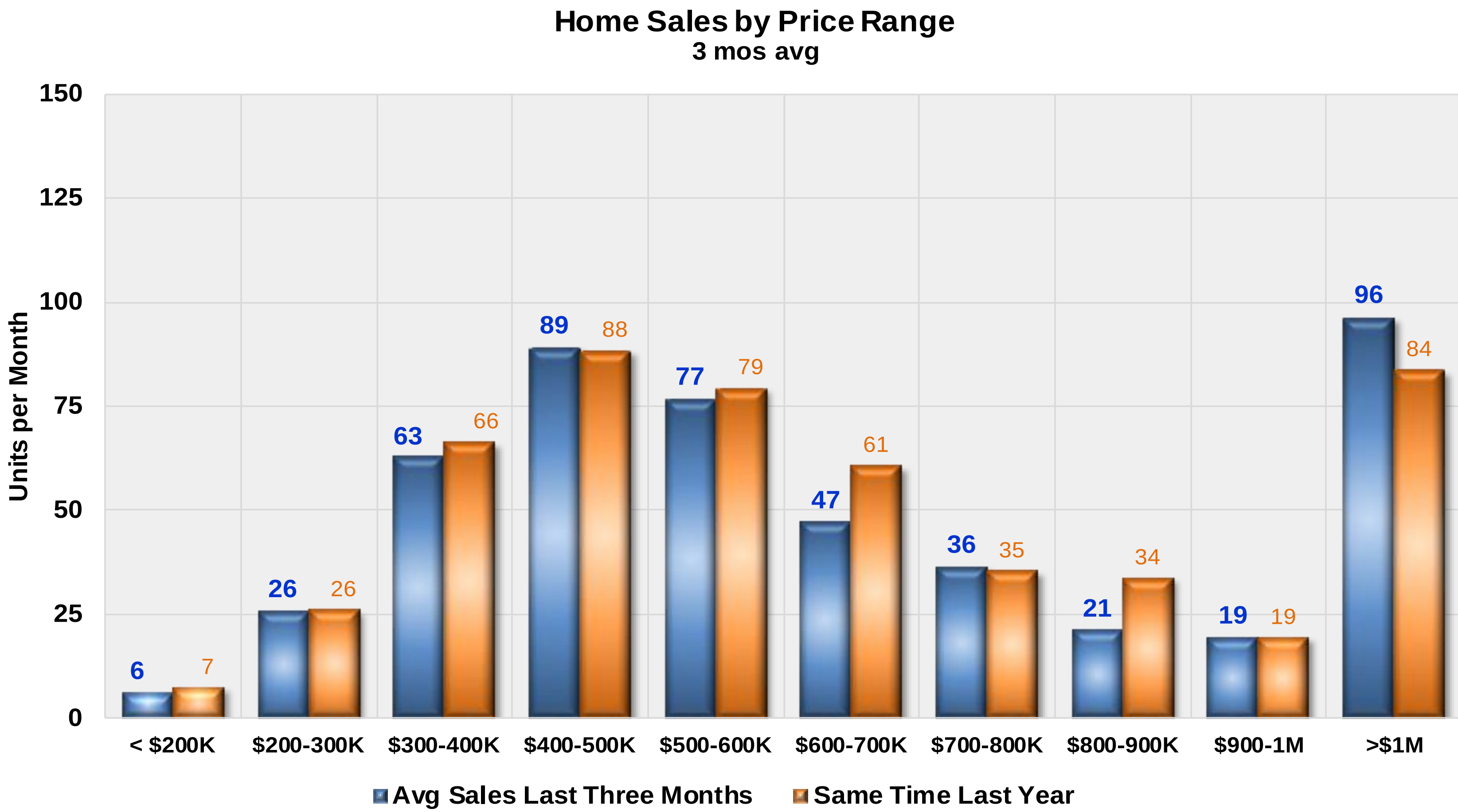

Home Sales by Price Range

This chart of sales by price bracket shows that sales are generally about the same as a year ago in most price brackets except those from $600k to $900k. Sales of homes priced over a million dollars are higher than a year ago by over 14%. Sales of homes priced under $500k are almost identical to last year.

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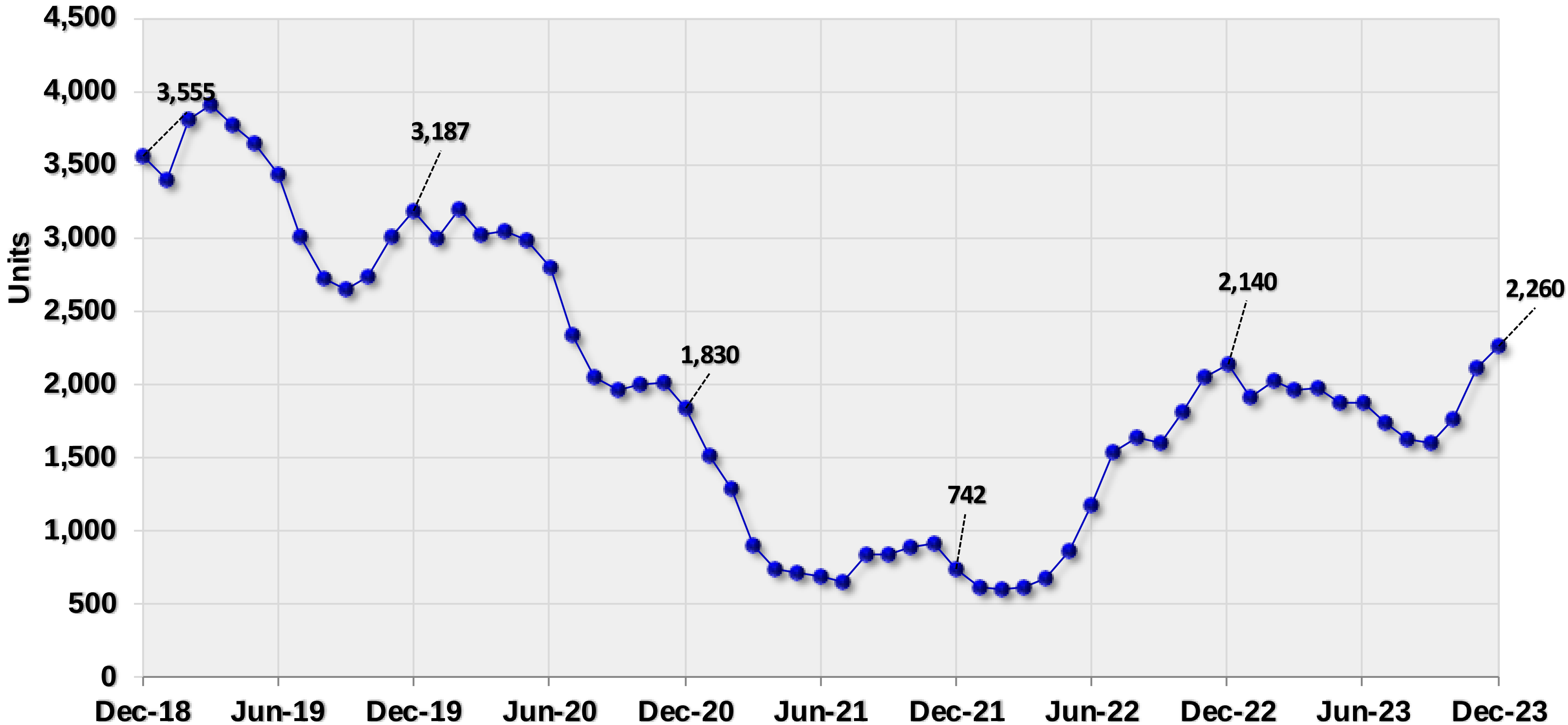
Valley Housing Inventory
December 1st 2018 to December 1st 2023



Coachella Valley Total Inventory

In November, Valley inventory increased 150 units and by December 1st it stood at 2,260 units. This is the highest inventory since the start of the pandemic in early 2020. Most of this increase is seasonal and is caused by the higher-than-normal number of new listings that occur this time of year. However, it is still 1,000 units less than what's normal. We expect the seasonal increase in inventory to continue for the next three or four months, possibly reaching 2,500.

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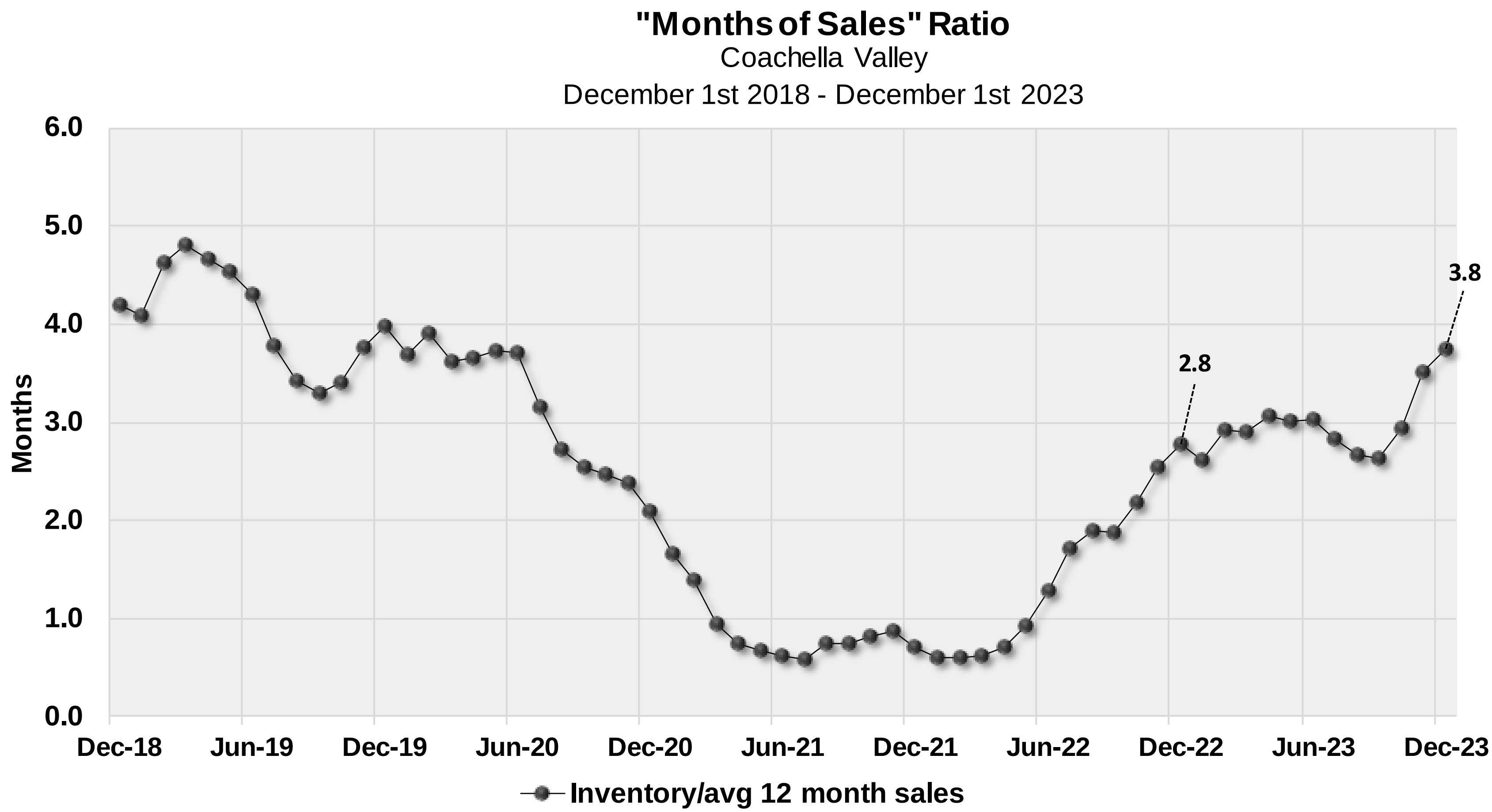

Regional "Months of Sales" Ratio

On December 1st , the Valley's "months of sales" ratio was 3.8 months, which is one month higher than last year. This fundamental ratio measures supply and demand is now back to a more normal level. That's because, while inventory is below normal, so are sales and the combination is producing a somewhat normal ratio.

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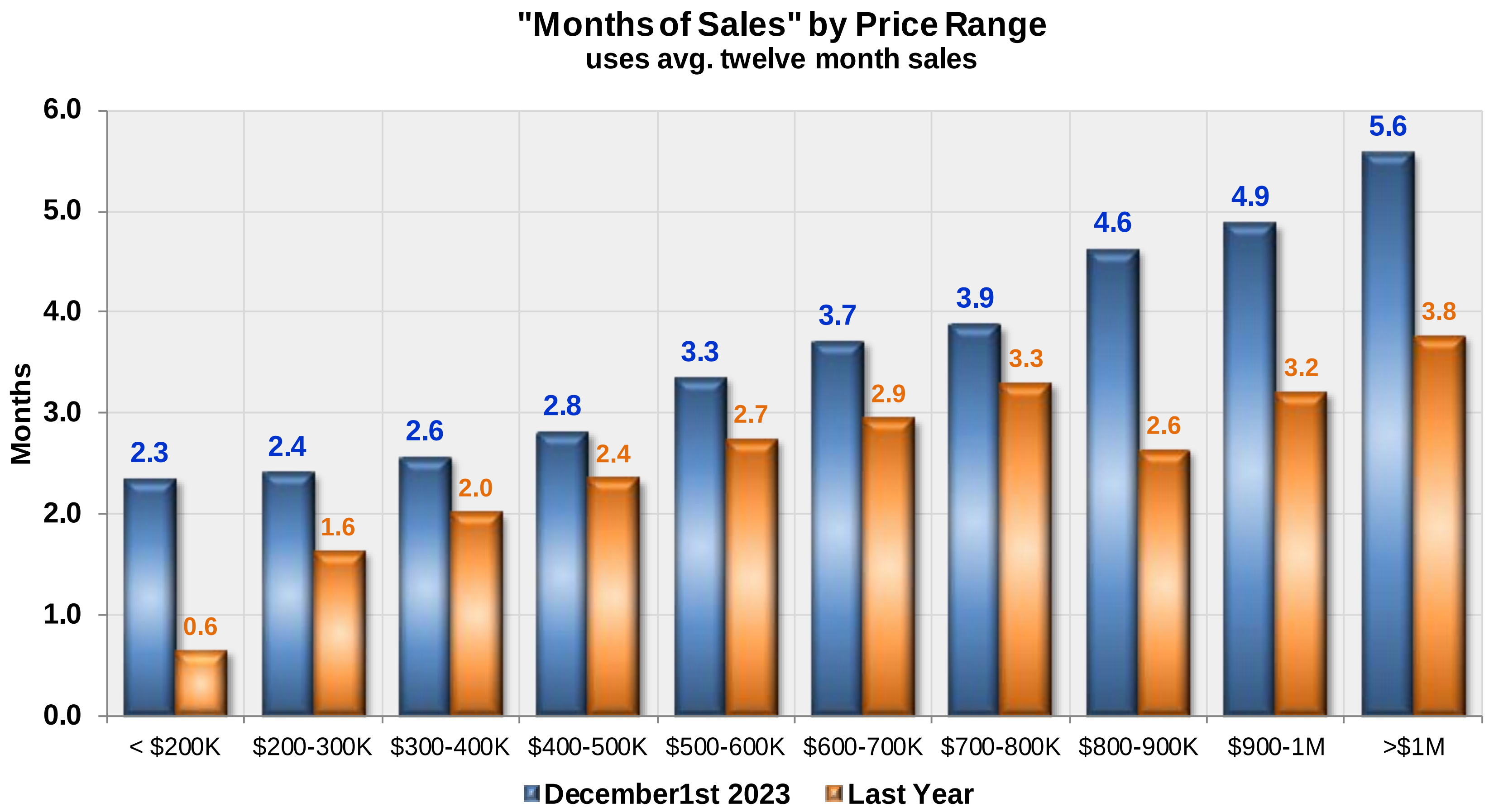

"Months of Sales" by Price Range

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 above year ago levels. Every price bracket over $500k now has a ratio over three months. The ratio of homes priced over a million dollars is 5.6 months, which is still historically less than normal.

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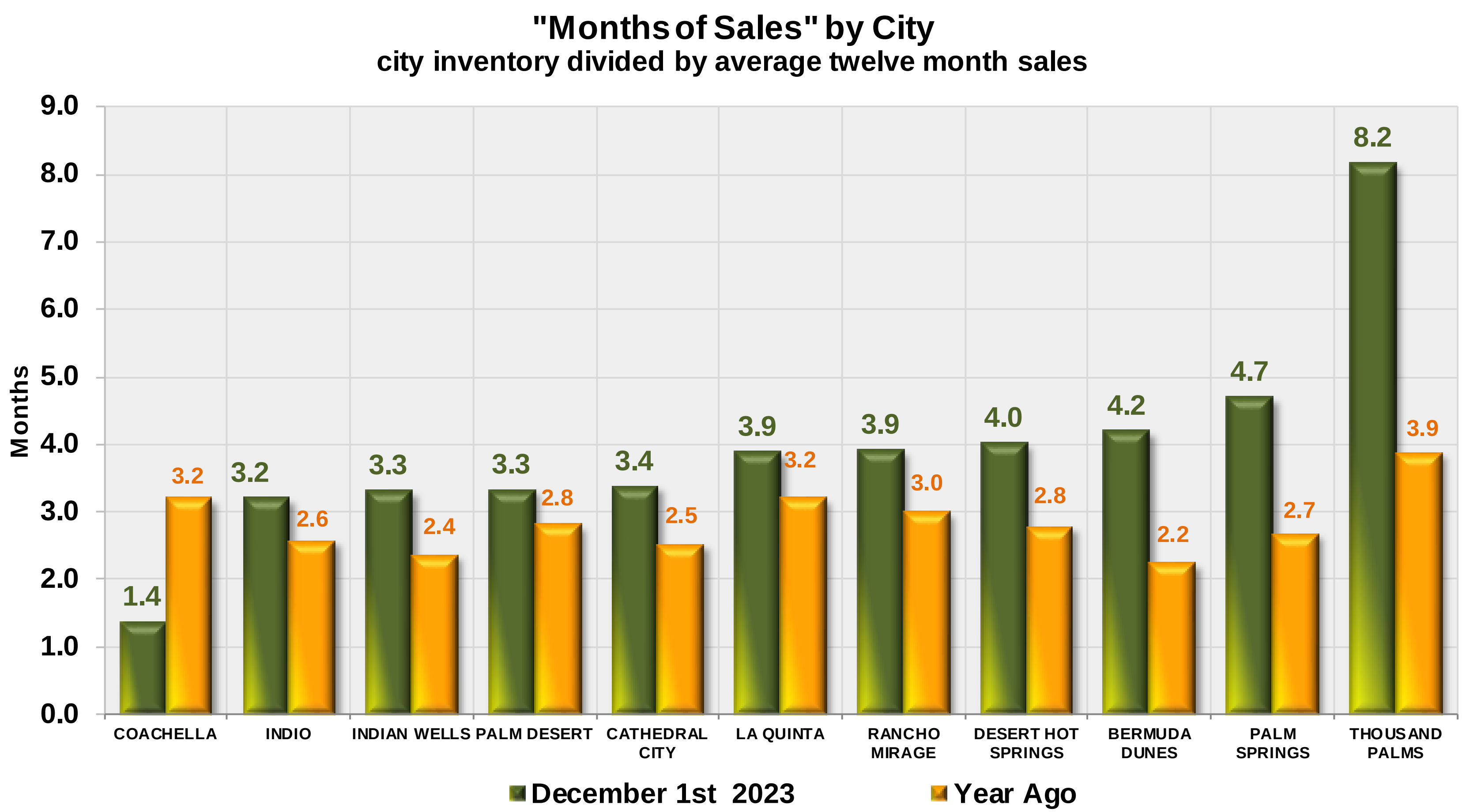

“Months of Sales” by City

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. Every city but Coachella has a ratio above last year. And every city but Coachella now has a ratio over three months. This implies that supply and demand are pretty much balanced throughout the region.

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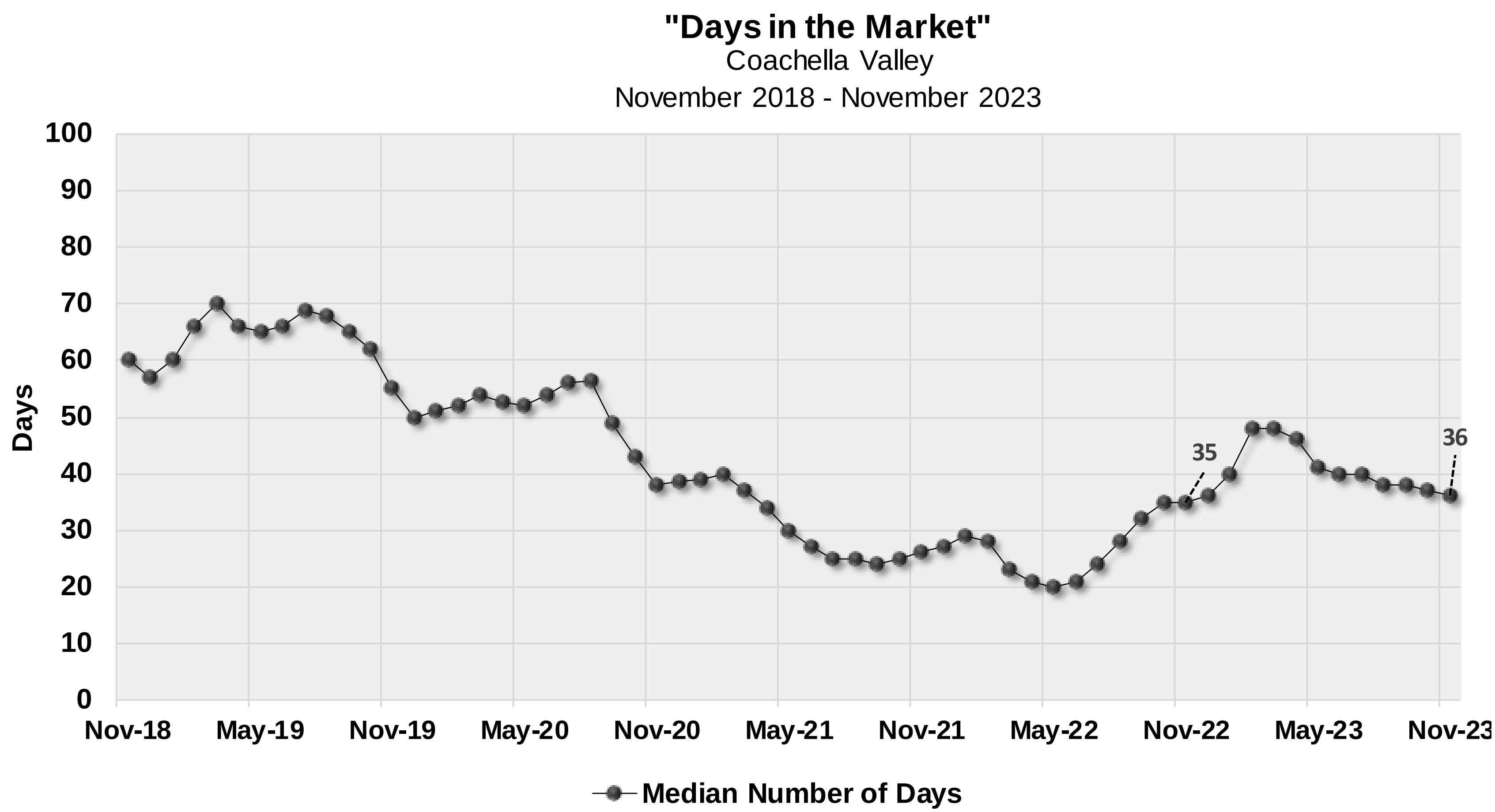

Regional "Days in the Market"

The median selling time in the region is relatively stable. At the end of November, the median number of "days in the market" in the Coachella Valley was 36 days, which is one day less than last month and one day more than last year. As we've been saying, we believe the median selling time will remain around current levels over the next six months.

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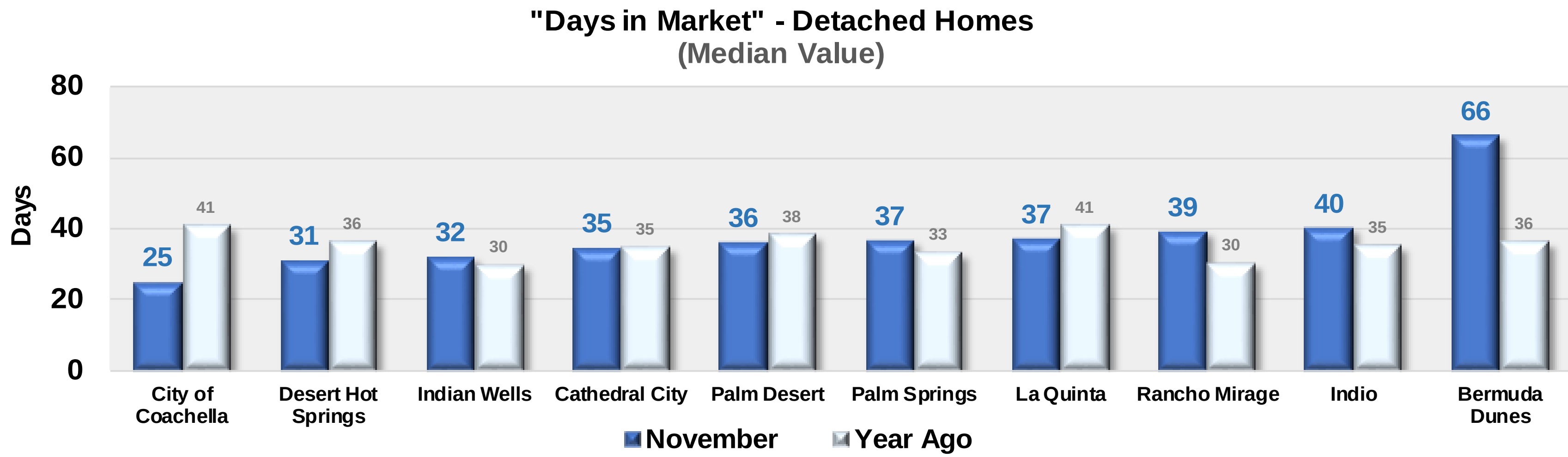

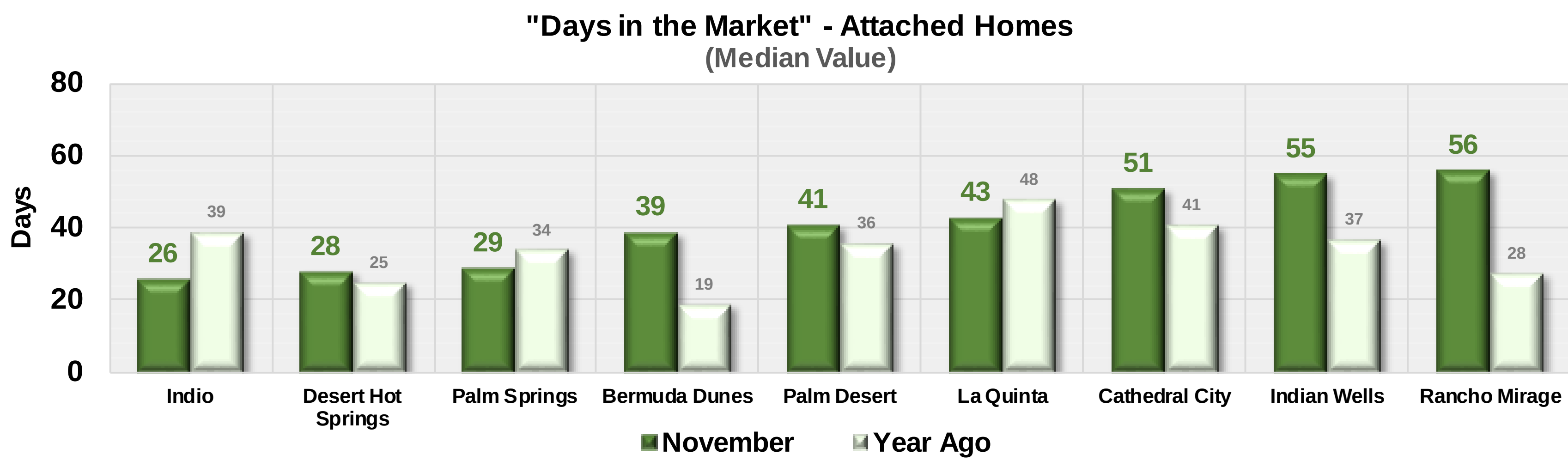

"Days in the Market"

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 25 days, followed by Desert Hot Springs at 31 days and Indian Wells at 32 days. In the attached market, Indio has the shortest average selling time at 26 days, followed by Desert Hot Springs at 28 days.

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

Percent Homes Selling Above List

This chart graphs the percentage of Valley homes that sold above list price over the last three months. In November, 15.9% of sales sold above list price, compared to 17.5% a year ago. We continue to expect the percent of homes selling at a premium to remain around 16%, which is one out of every six sales, for the foreseeable future.

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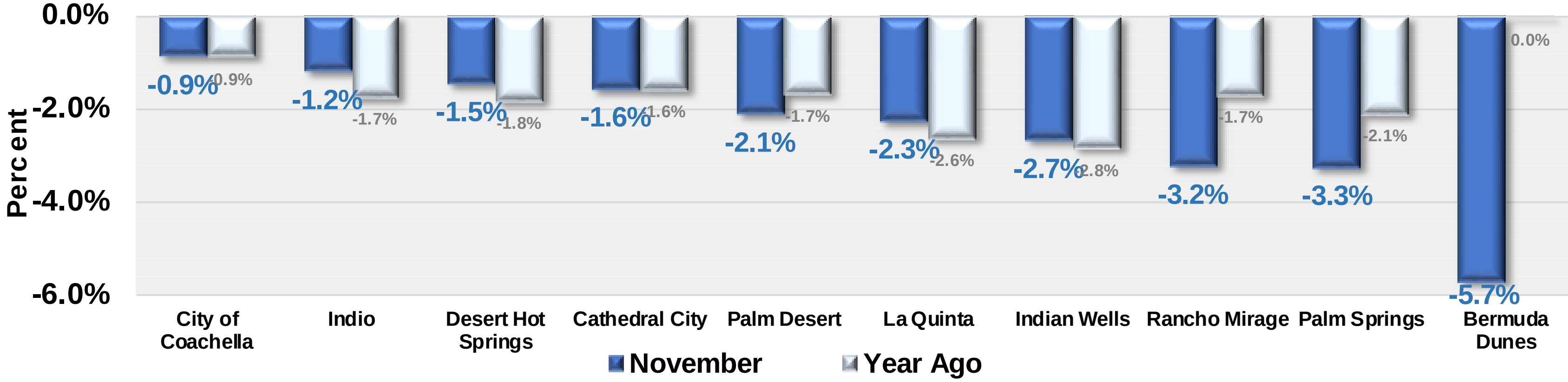

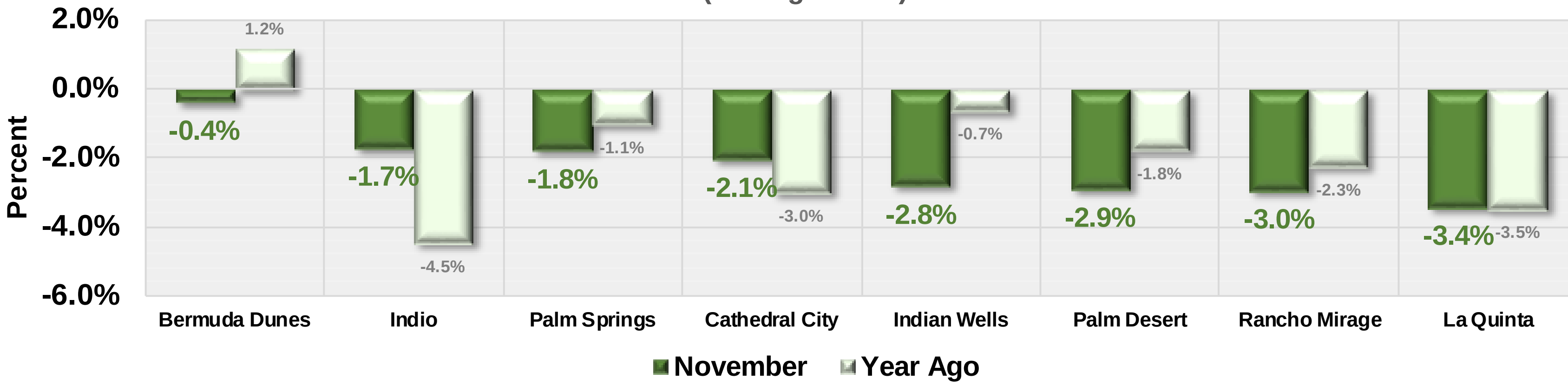

"Average Price Discounts"

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 continues to average a selling discount for detached homes, which range from .9% in the City of Coachella to 5.7% in Bermuda Dunes. Discounts for attached homes range from .4% in Bermuda Dunes to 3.4% in La Quinta.

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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 November, all sales and pricing are done using transactions through that and the previous two months. However, when we measure inventory at the end of November, it's the inventory as of November 1st. Even though inventory November be labeled November 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.

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