

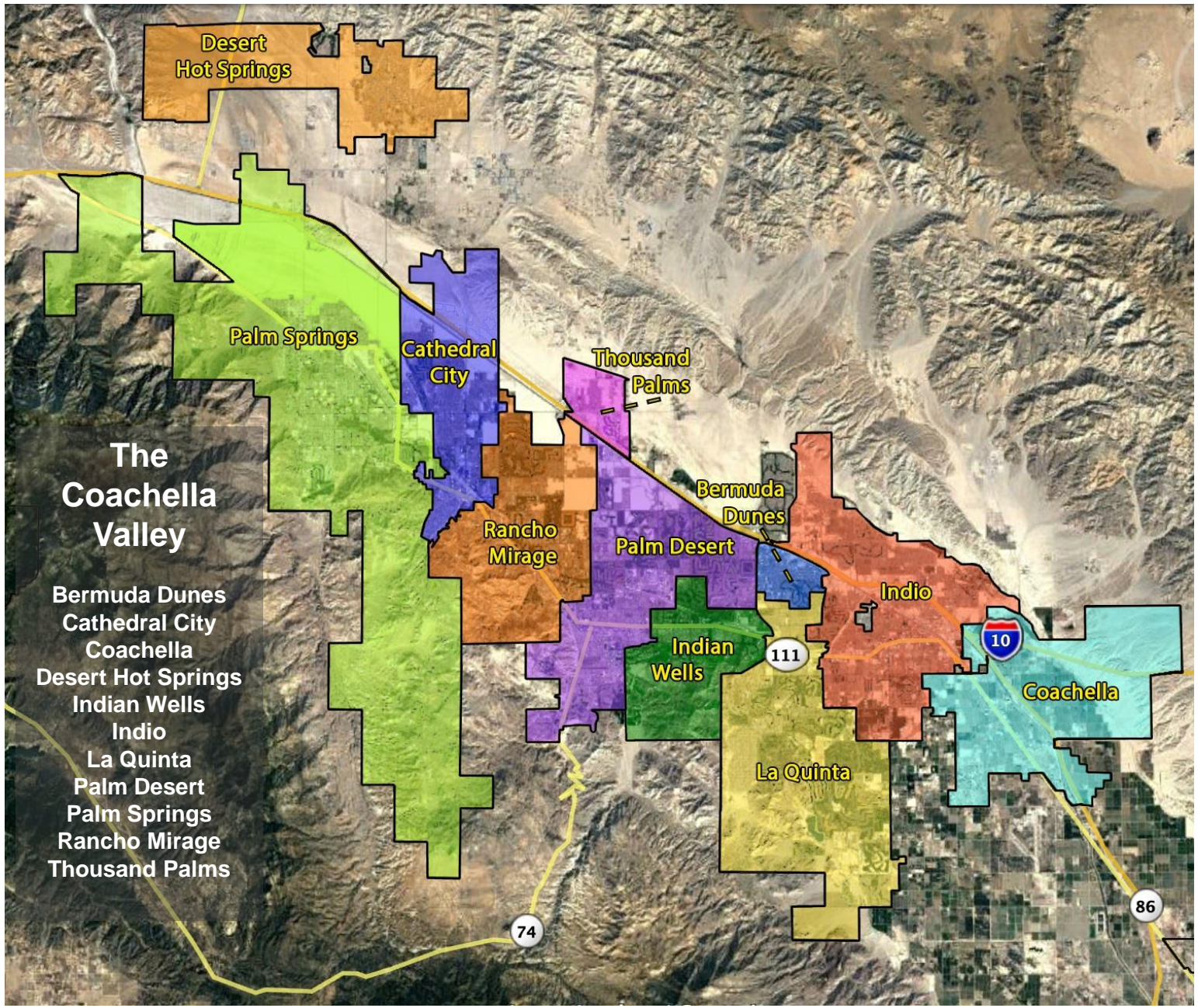
The Desert Housing Report

December 2023



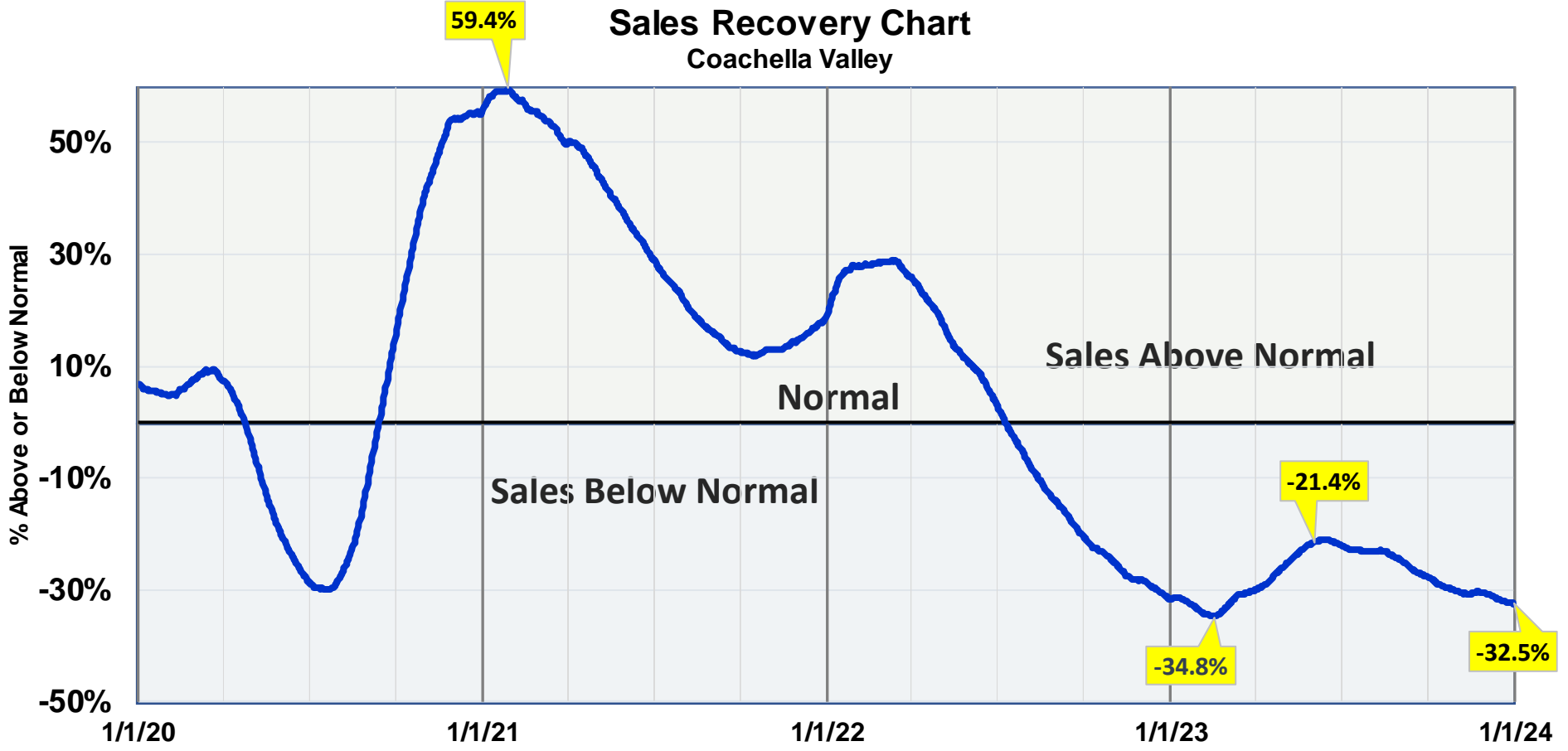
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The Sales Recovery Chart

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. The improvement stopped at 21.4% below normal in May. Sales are now running 31.4% below normal. This is because of the lack of supply at affordable price points due to high interest rates. With lower mortgage rates we expect sales to turn around soon.

Summary

PRICES: The median price of a detached home in the Coachella Valley ended December at \$659,000, up 3.8% for the month and 3% for the year. Prices often begin to rise in December, and we think this seasonal pattern will continue into 2024. The median attached price in the Valley ended the year at \$460,000, up 3.4% for the year. Prices for detached homes in 2023 had a wide variance in gains, which ranged from 7.8% in Palm Springs to a decline of 10.4% in Bermuda Dunes. Six cities had yearly gains in their average size attached home – Indian Wells, Indio, Rancho Mirage, Cathedral City, Palm Springs and Palm Desert.

SALES: Sales seem to have stabilized, but at a low level. The three-month average of sales was 490 units in December, which is 22 units more than last year. This is the first increase in over two years. Every city except Cathedral City, Desert Hot Springs and Indian Wells has higher three-month December sales compared to last year. The city with the largest percentage increase is Coachella, with sales up 48%. This is followed by Rancho Mirage, with sales up 20%, then La Quinta with sales higher by 13%.

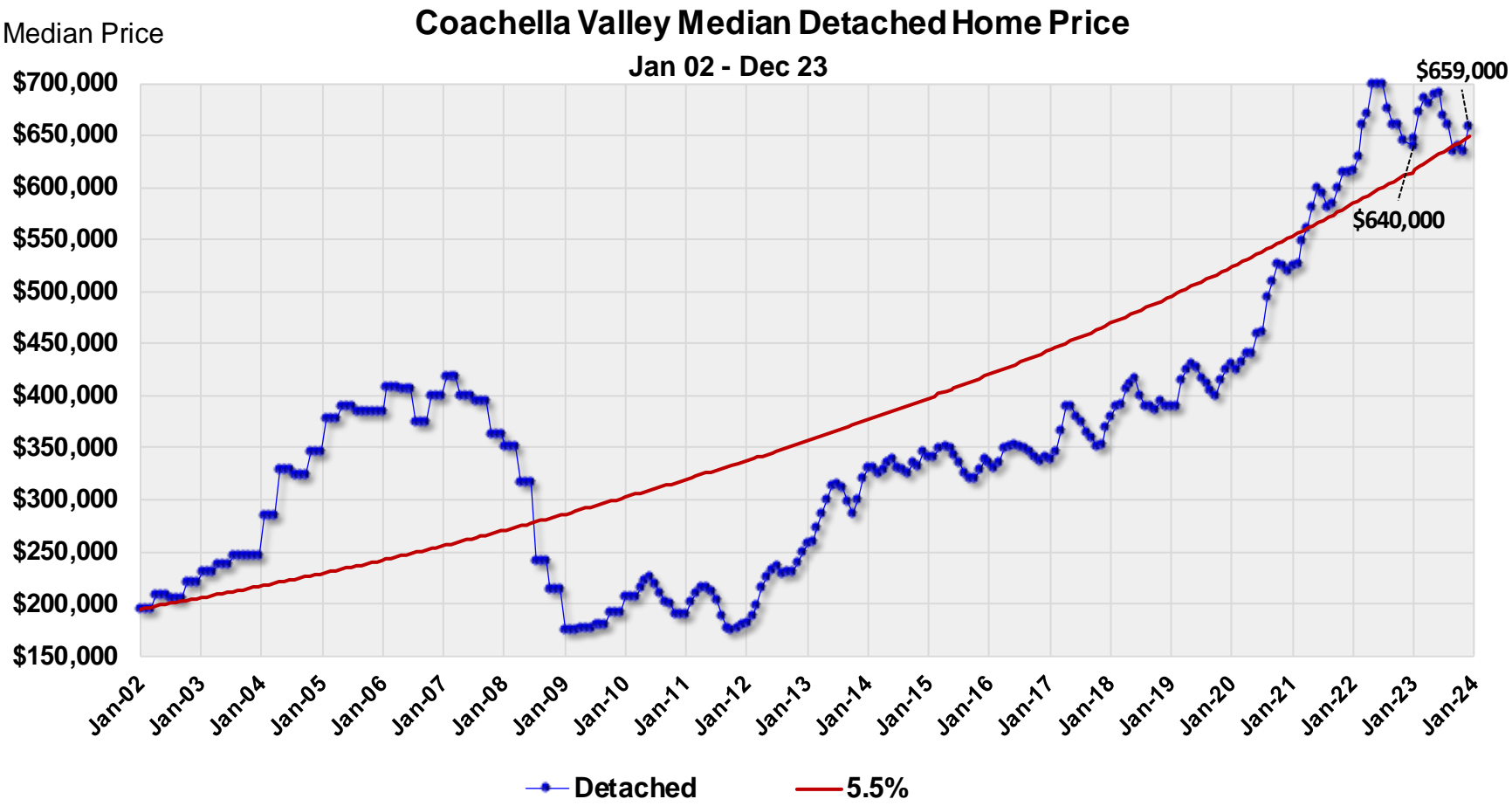
INVENTORY & “MONTHS OF SALES” RATIOS: In December, Valley inventory decreased 167 units and on January 1st it stood at 2,093. For technical reasons, a one-month, year-end decline in inventory is common. Overall inventory remains near the highest levels of the last four years, but it is still 1,000 units less than what’s considered normal. The Valley’s “months of sales” ratio was 3.5 months, which is .9 months more than last year.

DIM: At the end of the year the median number of “days in the market” in the Coachella Valley was 35 days, which is both one day less than last month and last year. The city of Coachella continues to have the lowest median selling time for detached homes at 21 days, followed by Desert Hot Springs at 28 days and Indian Wells at 30 days. In the attached market, Indio has the shortest average selling time at 21 days, followed by Desert Hot Springs at 27 days and Palm Springs at 29 days.

PRICE DISCOUNTS/PREMIUMS: In December, 15.1% of sales sold above list price, which compares to 15.8% a year ago. We continue to expect the percent of homes selling above list to remain around 16%, which is one out of every six sales, for the foreseeable future. Every city has an average selling discount for detached homes, which range from 1.1% in the City of Coachella to 5.3% in Bermuda Dunes. Discounts for attached homes range from 1.1% in Cathedral City to 4.4% in Bermuda Dunes.

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Coachella Valley Median Detached Price

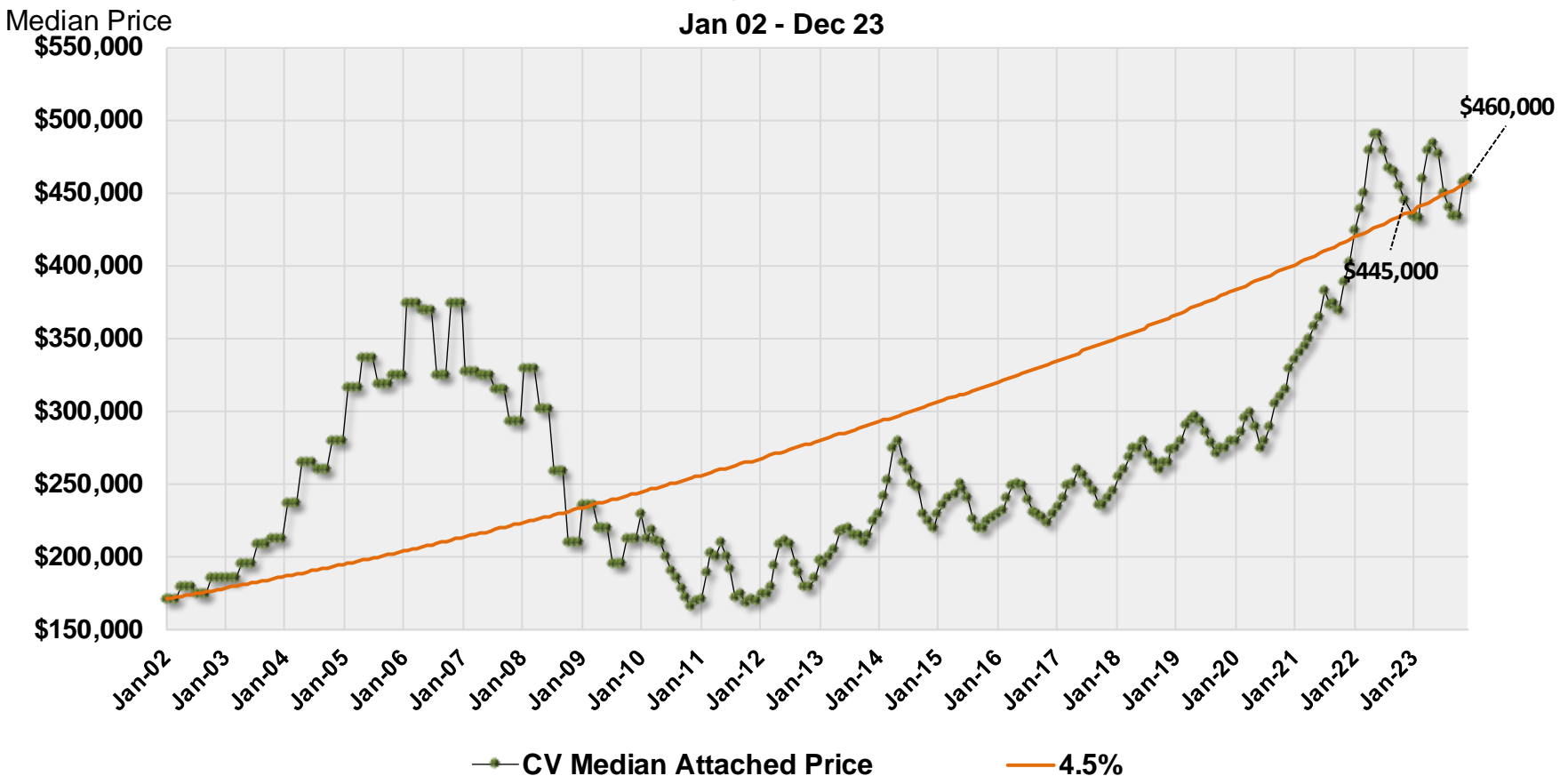
The median price of a detached home in the Coachella Valley ended the year at \$659,000, up 3.8% for the month and 3% for the year. Prices often begin to rise in December, and we think this seasonal pattern will continue into 2024. However, as we mentioned last month, with inventory rising and sales remaining low, supply and demand is beginning to slowly favor buyers.

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Coachella Valley Median Attached Price

Jan 02 - Dec 23



Coachella Valley Median Attached Price

The median attached price in the Valley ended the year at \$460,000, up 3.4% for the year. As the chart clearly shows, the seasonal range of prices for attached homes is much larger than that of detached homes. Prices seem to be following the normal seasonal pattern, so we should expect prices to continue to advance for the next three or four months.

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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
Palm Springs	2,175	\$551.69	\$1,199,929	\$1,112,624	7.8%	\$323,879	270.5%
Desert Hot Springs	1,600	\$262.97	\$420,758	\$391,731	7.4%	\$86,656	385.6%
La Quinta	2,550	\$392.83	\$1,001,728	\$937,500	6.9%	\$318,164	214.8%
Indian Wells	3,450	\$489.93	\$1,690,264	\$1,605,184	5.3%	\$666,885	153.5%
Rancho Mirage	3,175	\$433.91	\$1,377,667	\$1,314,935	4.8%	\$506,317	172.1%
Palm Desert	2,200	\$338.19	\$744,008	\$714,241	4.2%	\$302,302	146.1%
Coachella	1,700	\$260.78	\$443,326	\$431,566	2.7%	\$111,367	298.1%
Cathedral City	1,800	\$314.12	\$565,410	\$577,134	-2.0%	\$153,216	269.0%
Indio	2,000	\$277.39	\$554,785	\$588,101	-5.7%	\$156,340	254.9%
Bermuda Dunes	2,500	\$307.77	\$769,424	\$858,556	-10.4%	\$239,325	221.5%

Price of The Average Size Attached Home

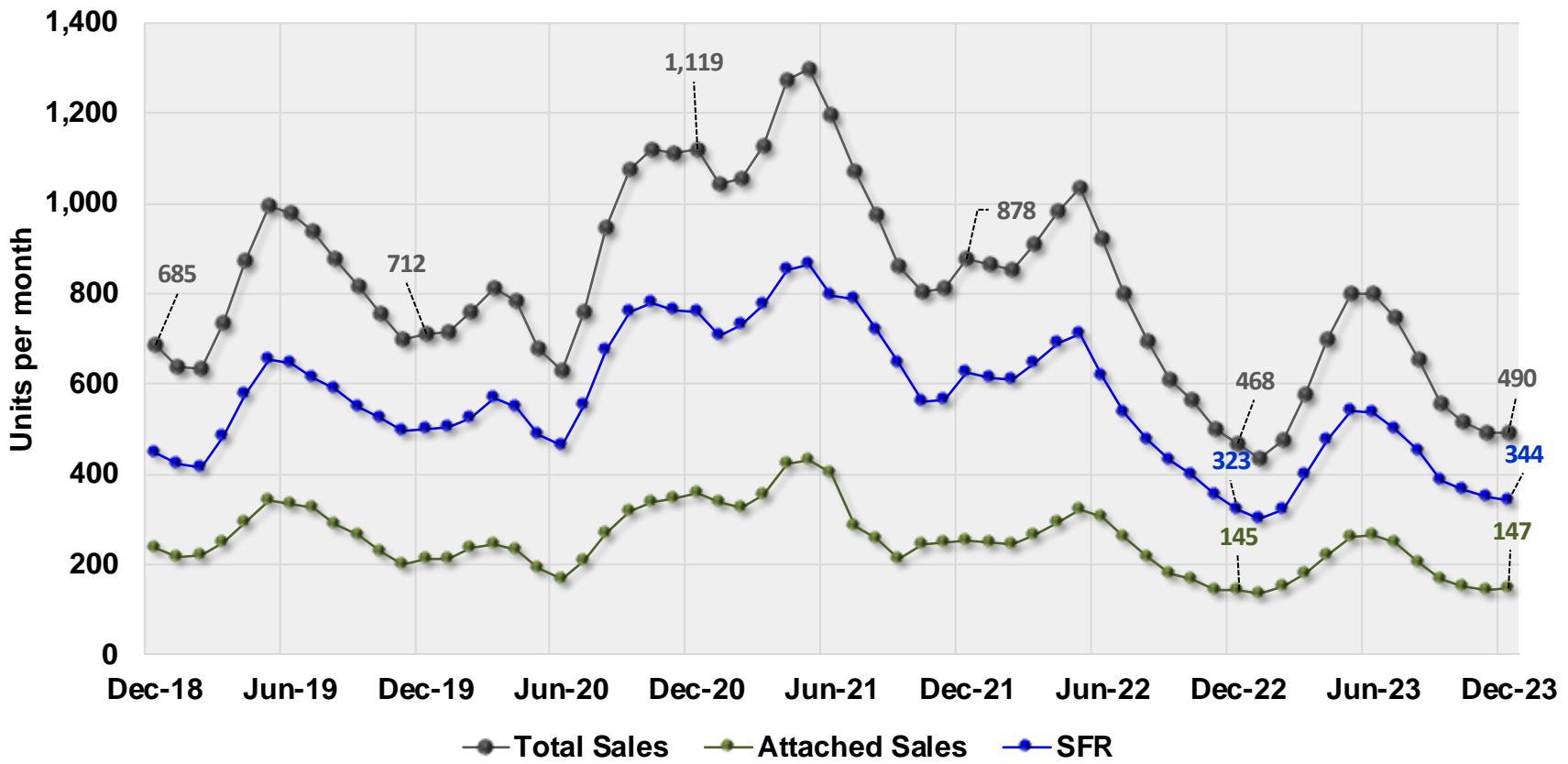
City	Avg. Size Home	Pr. per sq/ft	Price of Avg. Size Home	Price One Year Ago	12 Month Change	2011-12 Price Low	% From Low
Indian Wells	1,950	\$400.92	\$781,787	\$658,063	18.8%	\$259,126	202%
Indio	1,050	\$285.30	\$299,562	\$275,923	8.6%	\$56,396	431%
Rancho Mirage	1,775	\$310.47	\$551,077	\$528,936	4.2%	\$211,030	161%
Cathedral City	1,250	\$262.58	\$328,228	\$321,434	2.1%	\$80,544	308%
Palm Springs	1,250	\$364.55	\$455,687	\$450,212	1.2%	\$129,788	251%
Palm Desert	1,600	\$330.52	\$528,838	\$526,946	0.4%	\$197,896	167%
La Quinta	1,750	\$346.47	\$606,316	\$615,876	-1.6%	\$247,713	145%
Bermuda Dunes	1,450	\$261.84	\$379,671	\$413,610	-8.2%	\$89,117	326%
Desert Hot Springs	750	\$180.62	\$135,464	\$148,673	-8.9%	\$16,013	746%

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 average home size is listed in the second column. The latest price is then compared to the price a year ago. It's also compared to the all-time lows made in 2011. Prices for detached homes had a wide variance in gains in 2023 which ranged from 7.8% in Palm Springs to a decline of 10.4% in Bermuda Dunes. Six cities had yearly gains for their average size attached home – Indian Wells, Indio, Rancho Mirage, Cathedral City, Palm Springs and Palm Desert.

Detached, Attached and Total Sales

3 month moving average



Monthly Sales – 3-month trailing avg.

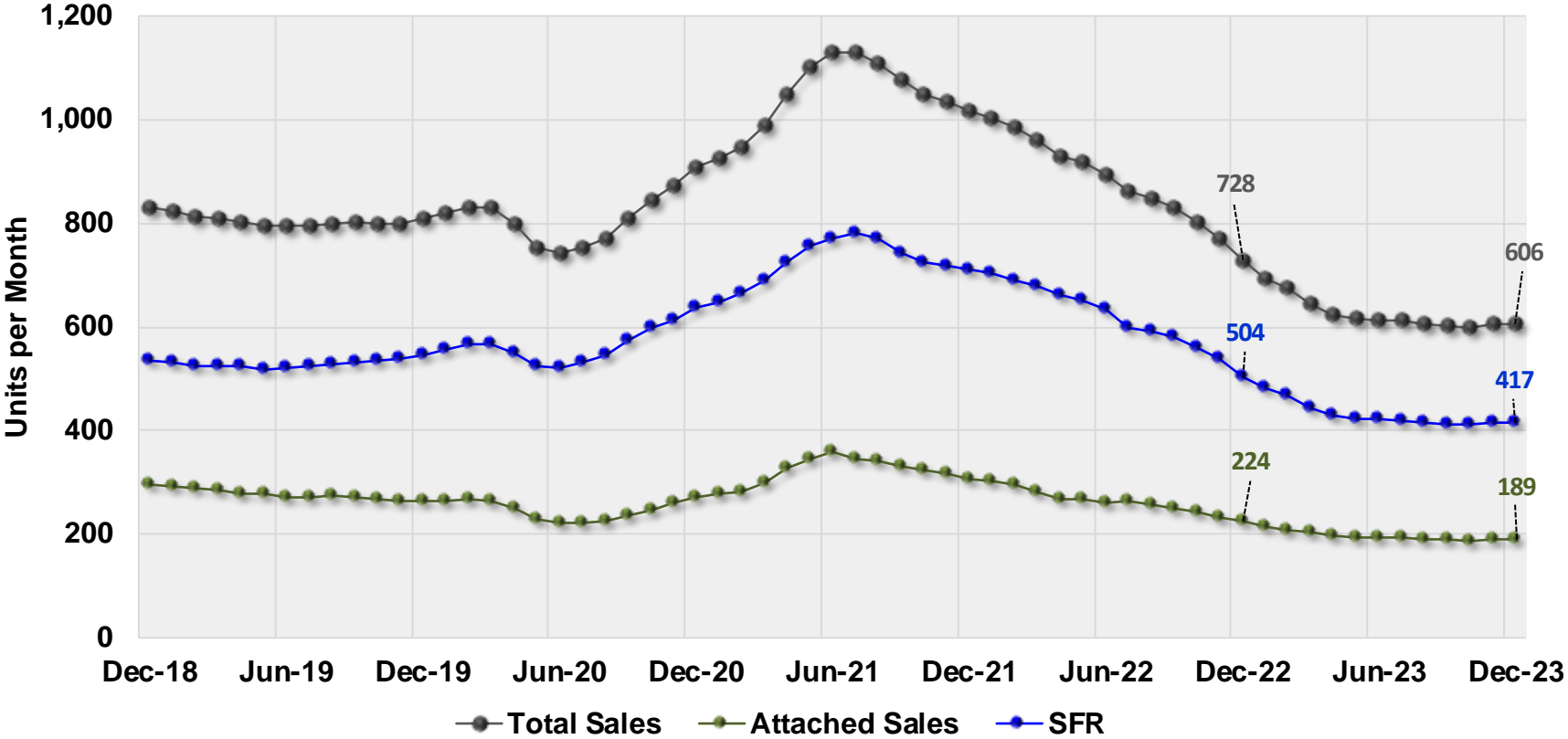
Sales seem to have stabilized but at a low level. The three-month average of sales was 490 units in December, which is 22 units more than last year. This is the first increase in over two years. However, because of seasonality, it's difficult to determine where sales stand on a historical basis. The first chart of this report was designed to help distinguish seasonal changes from real ones. It shows that sales over the last four months are running 32.5% below historic norms.

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Detached, Attached and Total Sales

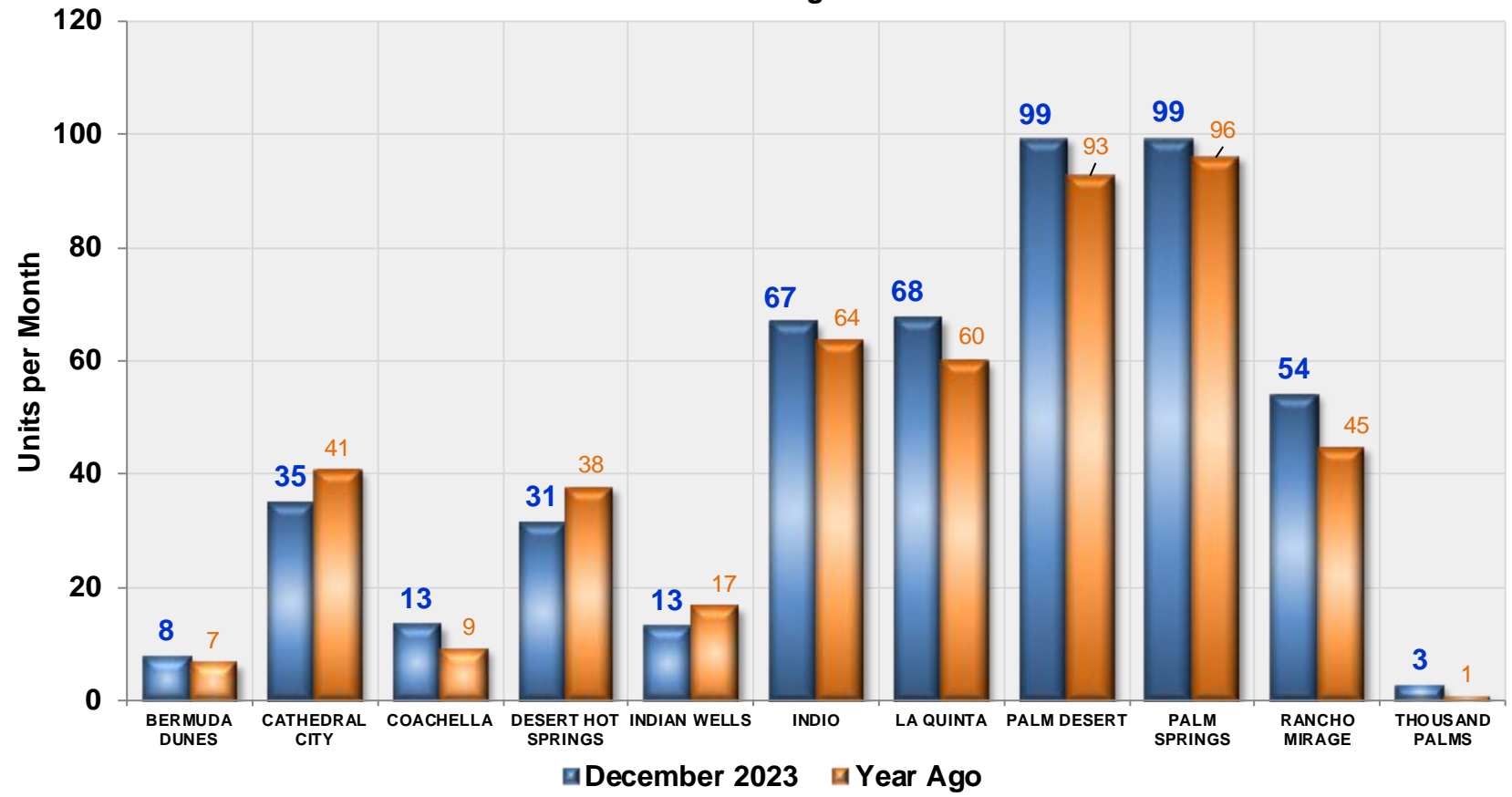
12 month moving average



Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out seasonality, shows total sales are averaging 606 units a month. This is 17% below last year. The long-term average of sales continues to flatten out, which we think helps confirm the idea that the worst is over. However, we continue to think that sales will only recover if mortgage rates come down to 5.5% from their current high level. Recent interest rate changes give us hope that this might have started.

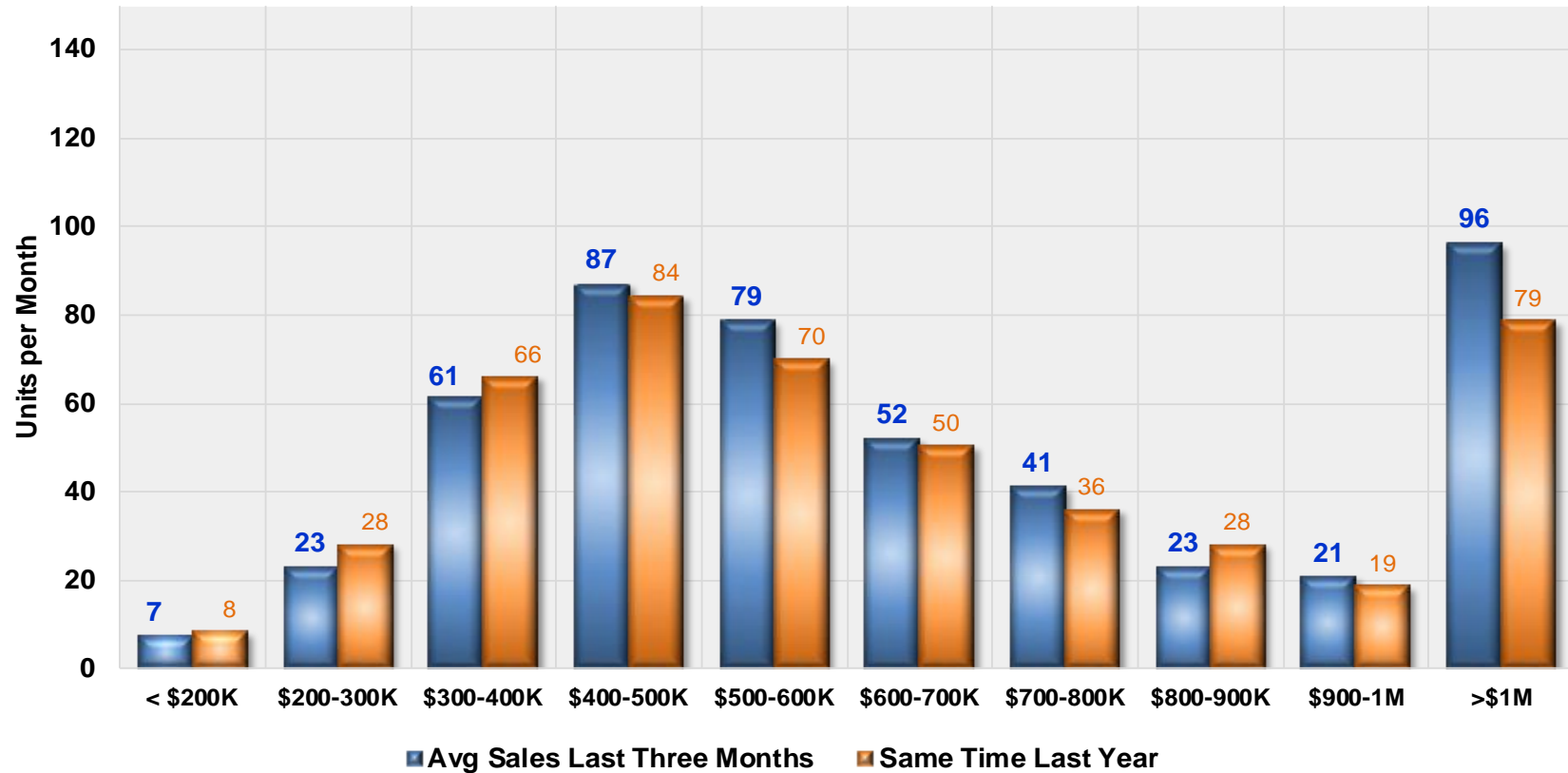
Home Sales by City 3 month avg sales



Home Sales by City

Every city except Cathedral City, Desert Hot Springs and Indian Wells has higher three-month December sales compared to last year. The city with the largest percentage increase is Coachella with sales up 48%. This is followed by Rancho Mirage with sales up 20%, then La Quinta with sales higher by 13%.

Home Sales by Price Range 3 mos avg

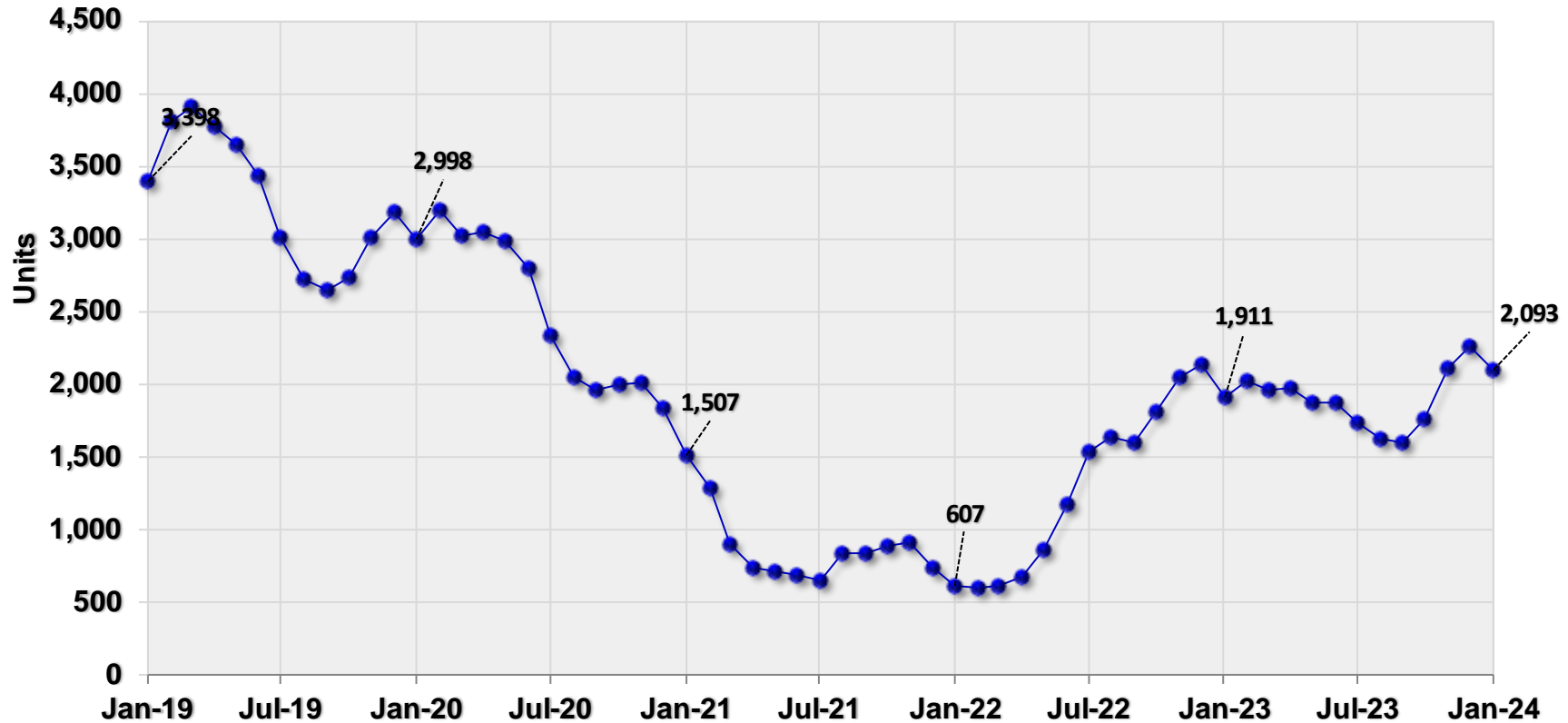


Home Sales by Price Range

This chart of sales by price bracket shows that sales are generally about the same as a year ago in all price ranges. This is positive since it shows the housing market isn't experiencing an imbalance in any price range. The high end is performing about the same as the low end. Sales of homes priced over a million dollars are higher by 21%. This is because, with the price rise of the last few years, more homes are now valued over a million dollars.

Valley Housing Inventory

January 1st 2019 to January 1st 2024



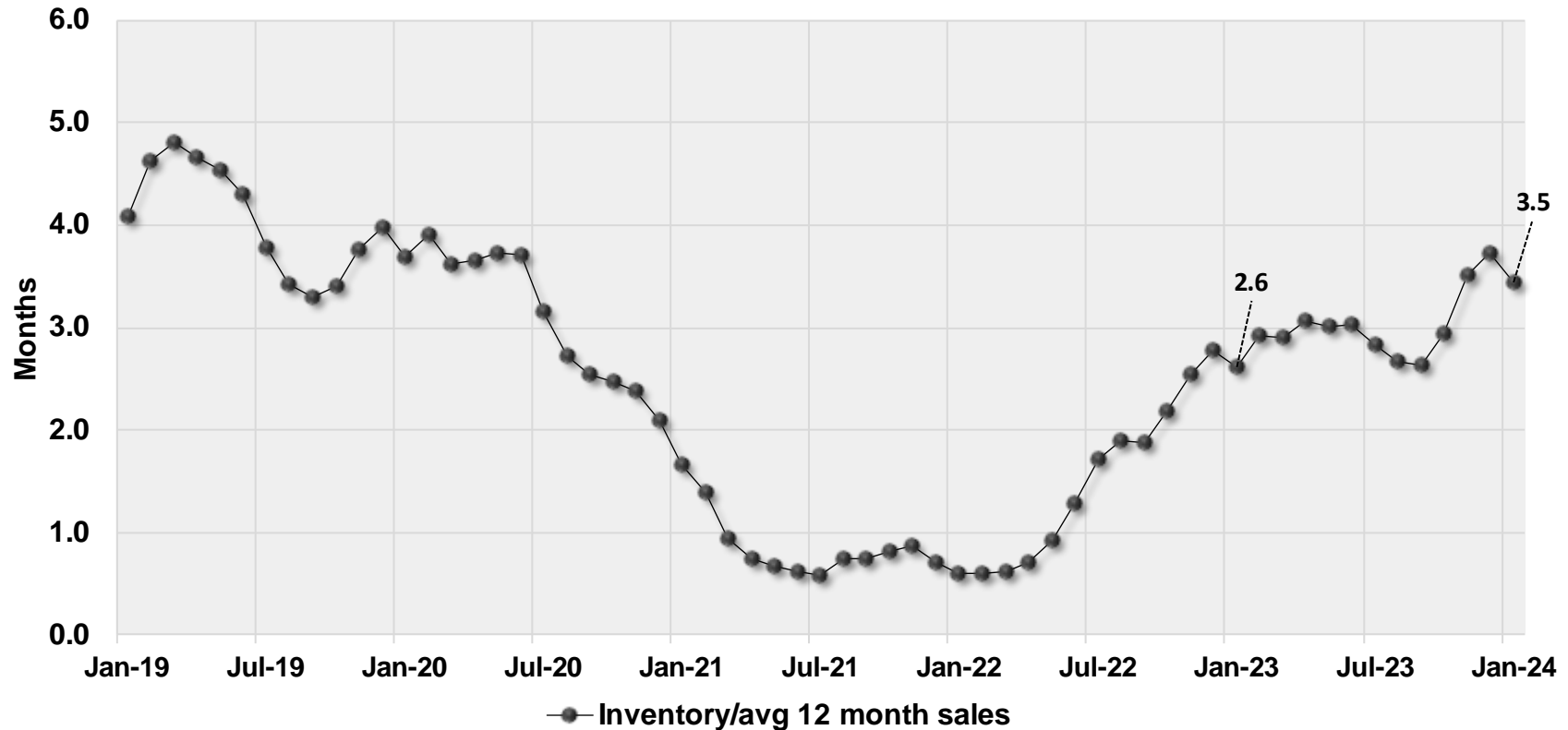
Coachella Valley Total Inventory

In December, Valley inventory decreased 167 units and on January 1st it stood at 2,093 units. For technical reasons, a year end decline in inventory like this is common. Overall, however, inventory remains near the highest levels of the last four years, but it is still 1,000 units less than what's considered normal. We hope the seasonal increase in inventory will continue for a few more months, possibly reaching 2,500.

"Months of Sales" Ratio

Coachella Valley

January 1st 2019 - January 1st 2024



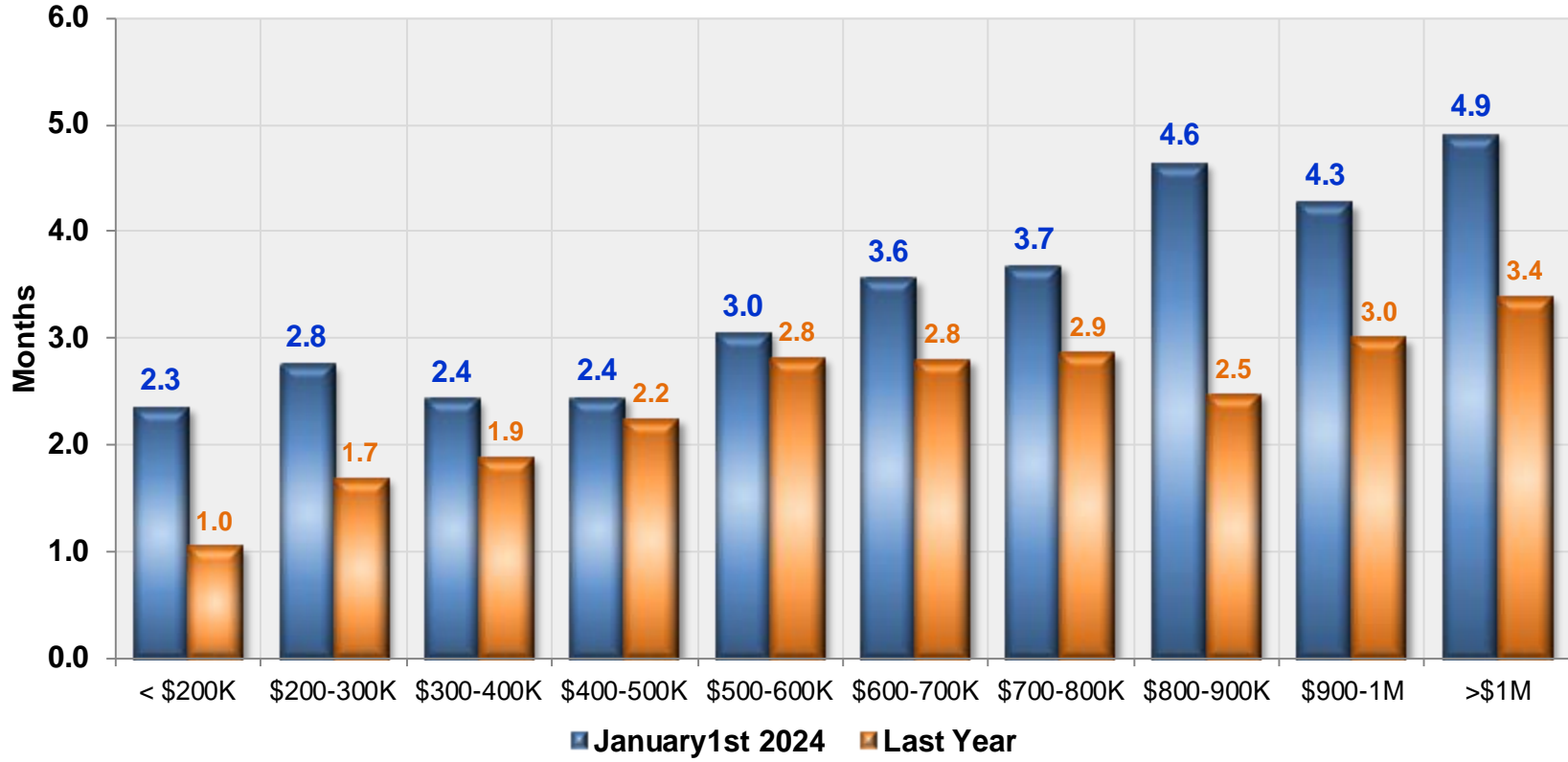
Regional "Months of Sales" Ratio

On January 1st, the Valley's "months of sales" ratio was 3.5 months, which is .9 months higher than last year. As you can see from the chart, this fundamental ratio, which measures supply and demand, is now back to a more normal level. Lower inventory is offset by lower sales which keeping supply and demand in balance. This means that currently there is no overbalancing force pushing prices either higher or lower.

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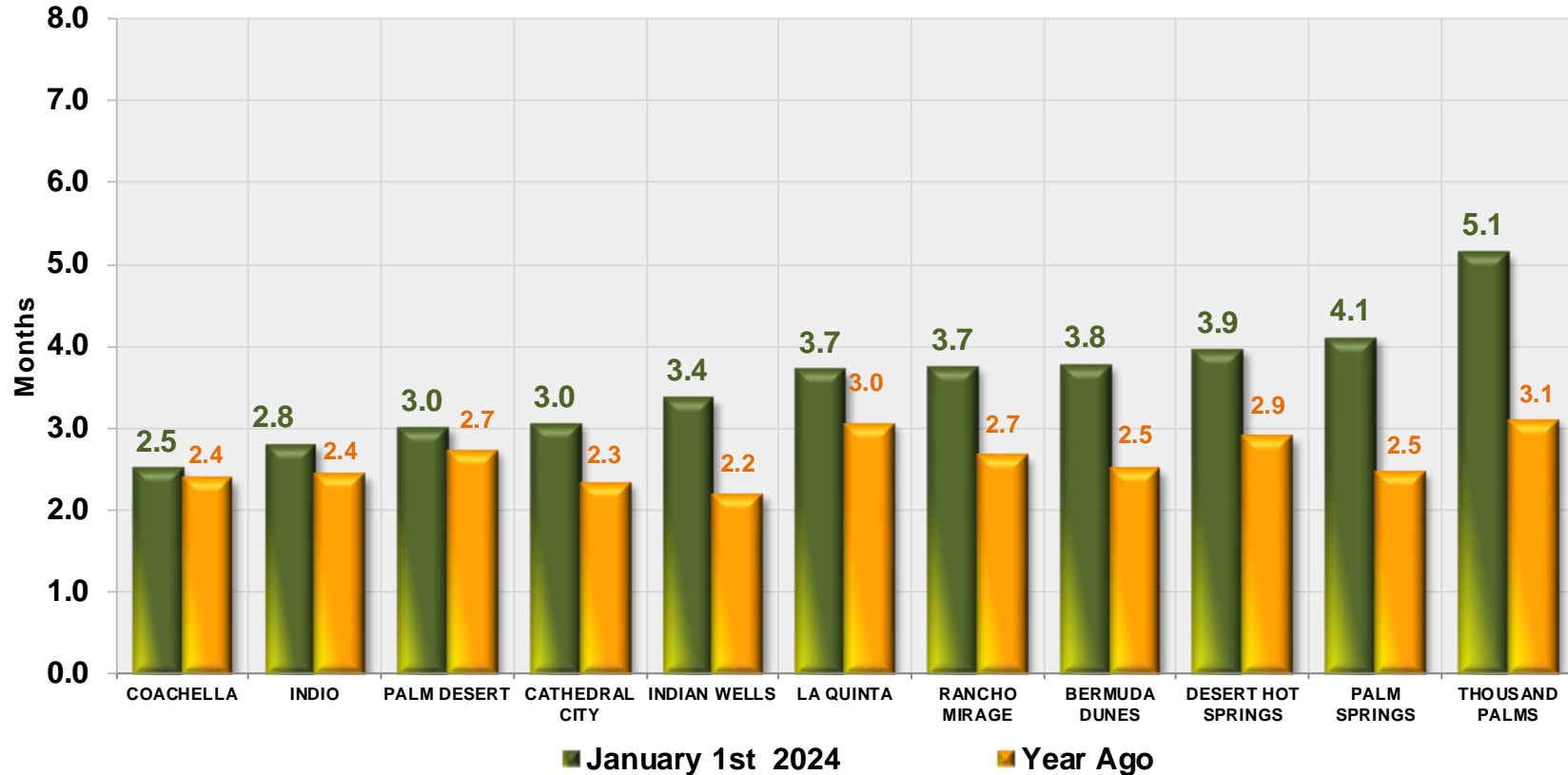
"Months of Sales" by Price Range
uses avg. twelve month sales



"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. As for the entire region every price bracket also has a ratio above year ago levels. The graph also shows the normal pattern of higher ratios for higher priced homes. The ratio of homes priced over a million dollars is 4.9 months, which is historically less than normal.

"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. Every city has a ratio above last year. And every city but Coachella and Indio now has a ratio over three months. A ratio of three to four months is considered normal. This even distribution implies that supply and demand is pretty much balanced throughout the region.

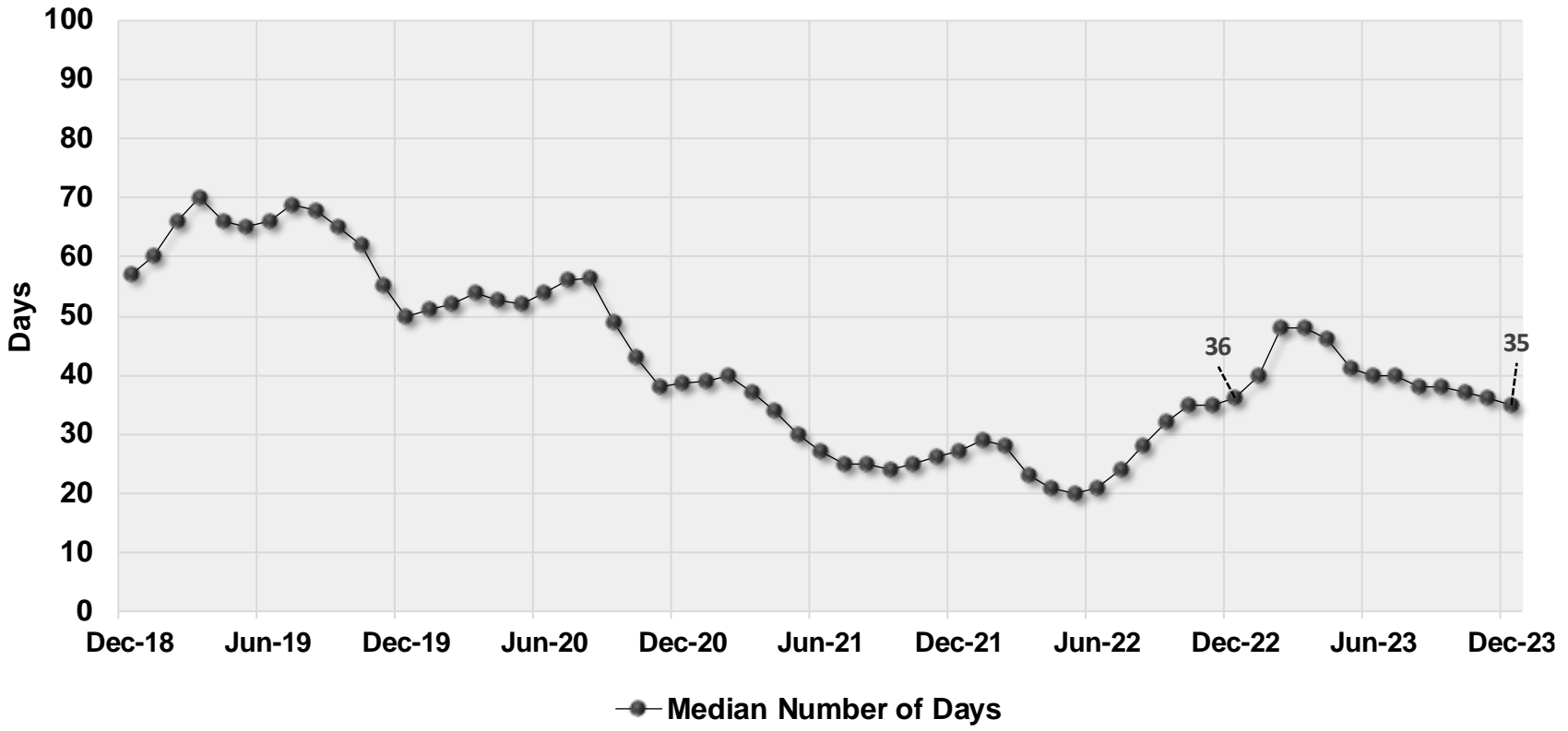
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"Days in the Market"

Coachella Valley

December 2018 - December 2023



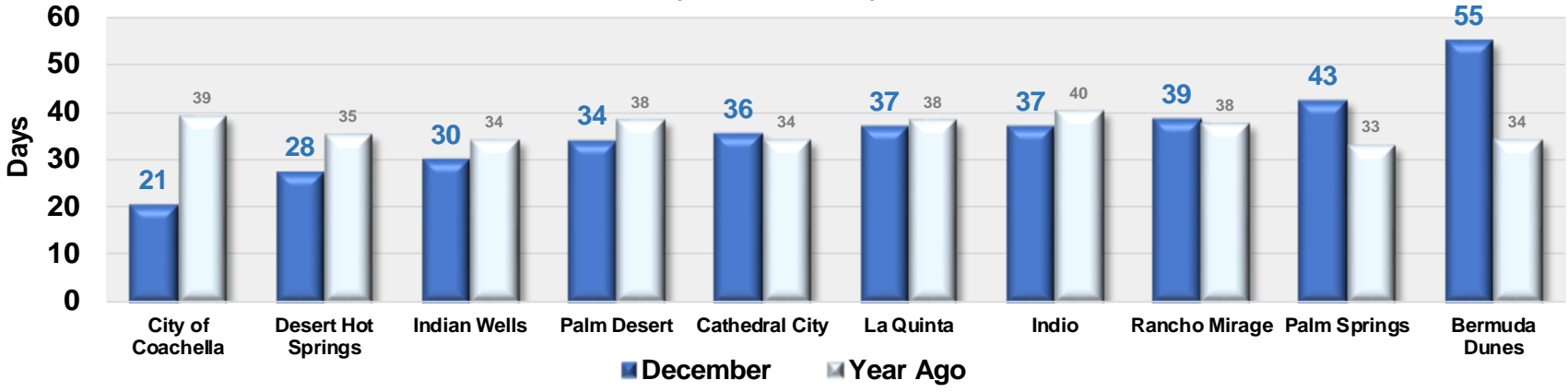
Regional "Days in the Market"

The median selling time in the region remains relatively stable. At the end of the year the median number of "days in the market" in the Coachella Valley was 35 days, which is both one day less than last month and last year. As we've been saying, we believe the median selling time will remain around current levels for at least the next six months.

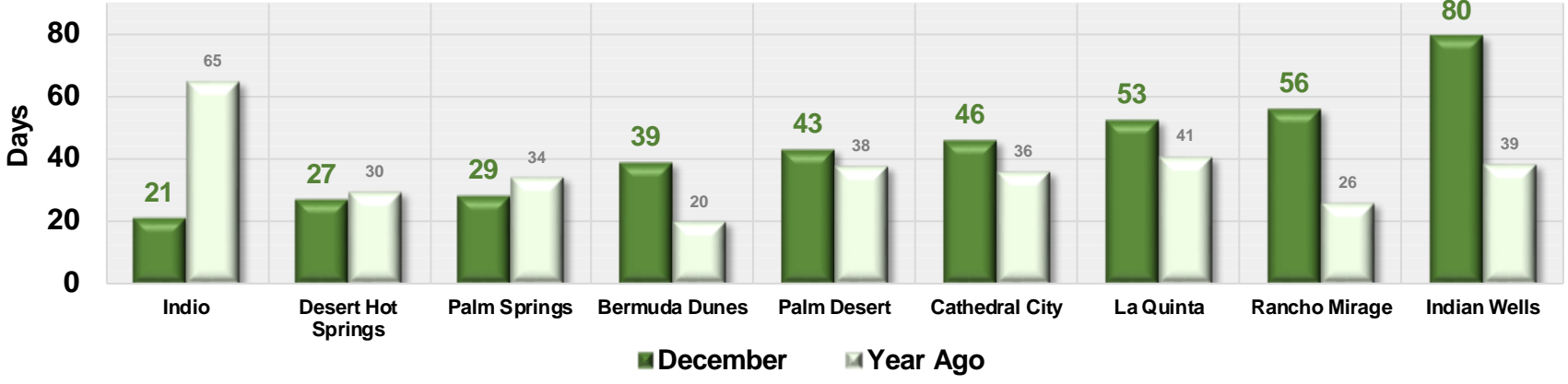
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"Days in Market" - Detached Homes
 (Median Value)



"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 days, followed by Desert Hot Springs at 28 days and Indian Wells at 30 days. In the attached market, Indio has the shortest average selling time at 21 days, followed by Desert Hot Springs at 27 days and Palm Springs at 29 days.

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



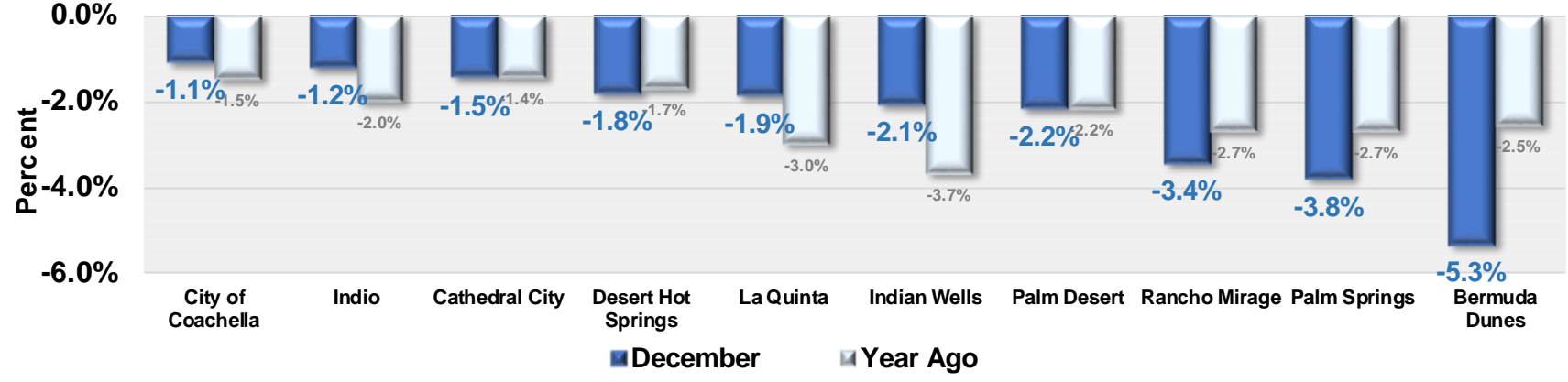
Percent Homes Selling Above List

This chart graphs the percentage of Valley homes that sold above list price over the last three months. In December, 15.1% of sales sold above list price, which compares to 15.8% 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.

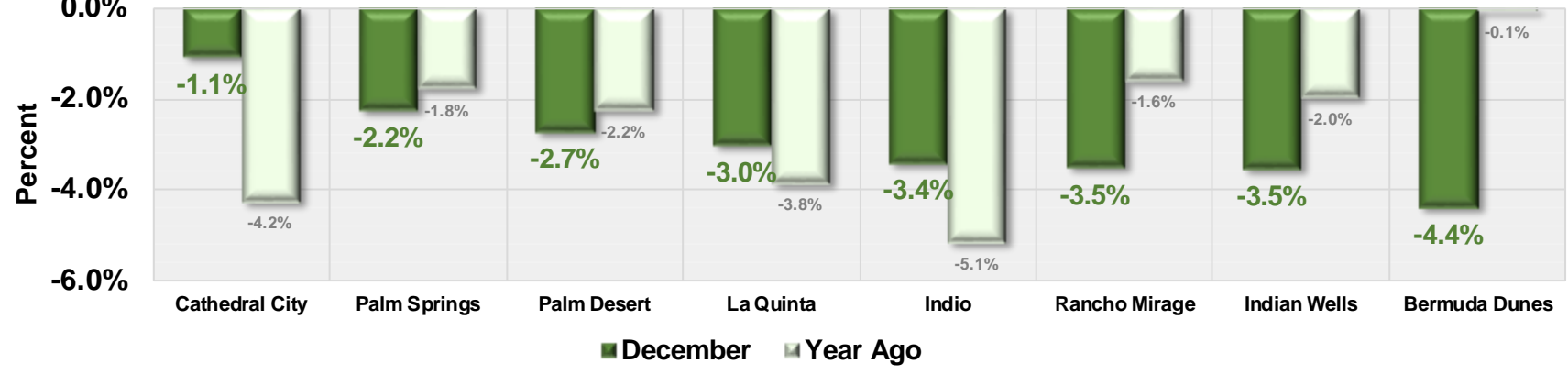
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Price Discount - Detached Homes
(Average Value)



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 the “median” 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 1.1% in the City of Coachella to 5.3% in Bermuda Dunes. Discounts for attached homes range from 1.1% in Cathedral City to 4.4% 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 December, all sales and pricing are done using transactions through that and the previous two months. However, when we measure inventory at the end of December, it's the inventory as of December 1st. Even though inventory December be labeled December 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.