

# The Desert Housing Report

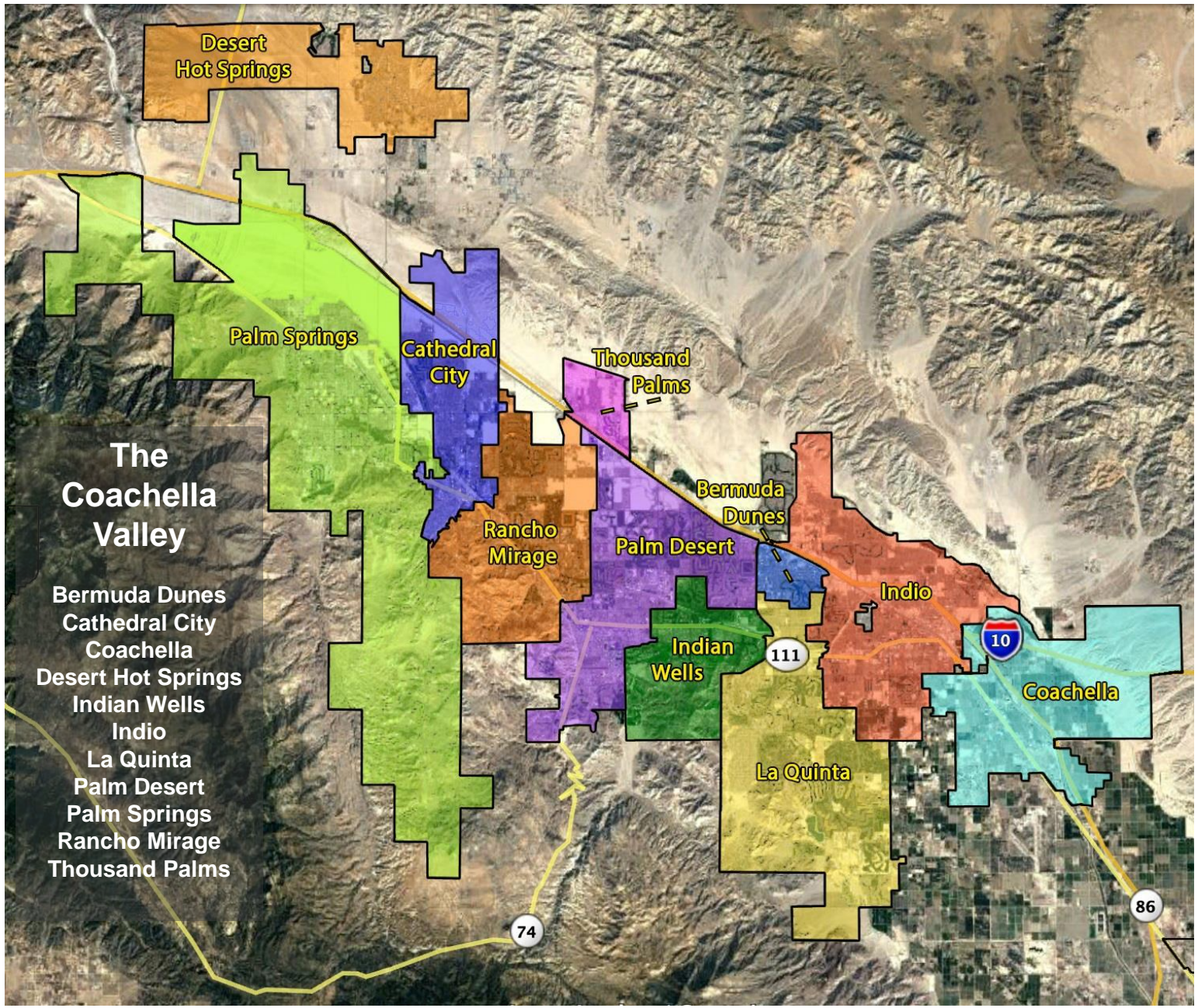
## January 2024





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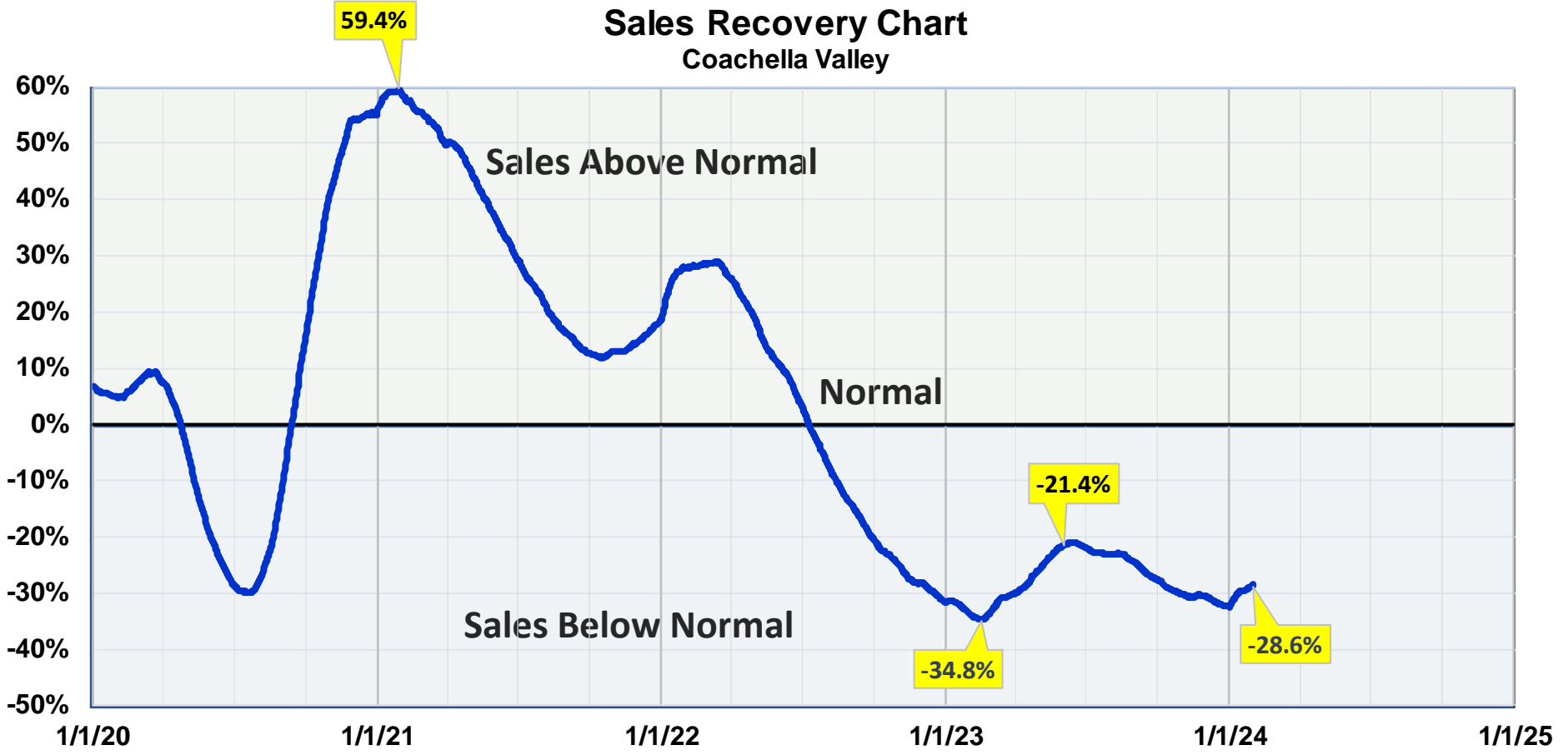
January 2024



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### Sales Recovery Chart Coachella Valley



### 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 in May at 21.4% then began to deteriorate. Sales this month are 28.6% below normal which, as you can see, is an improvement from last month. With lower inflation and mortgage rates we hope to see sales finally return to normal later this year.



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## January 2024

### Summary

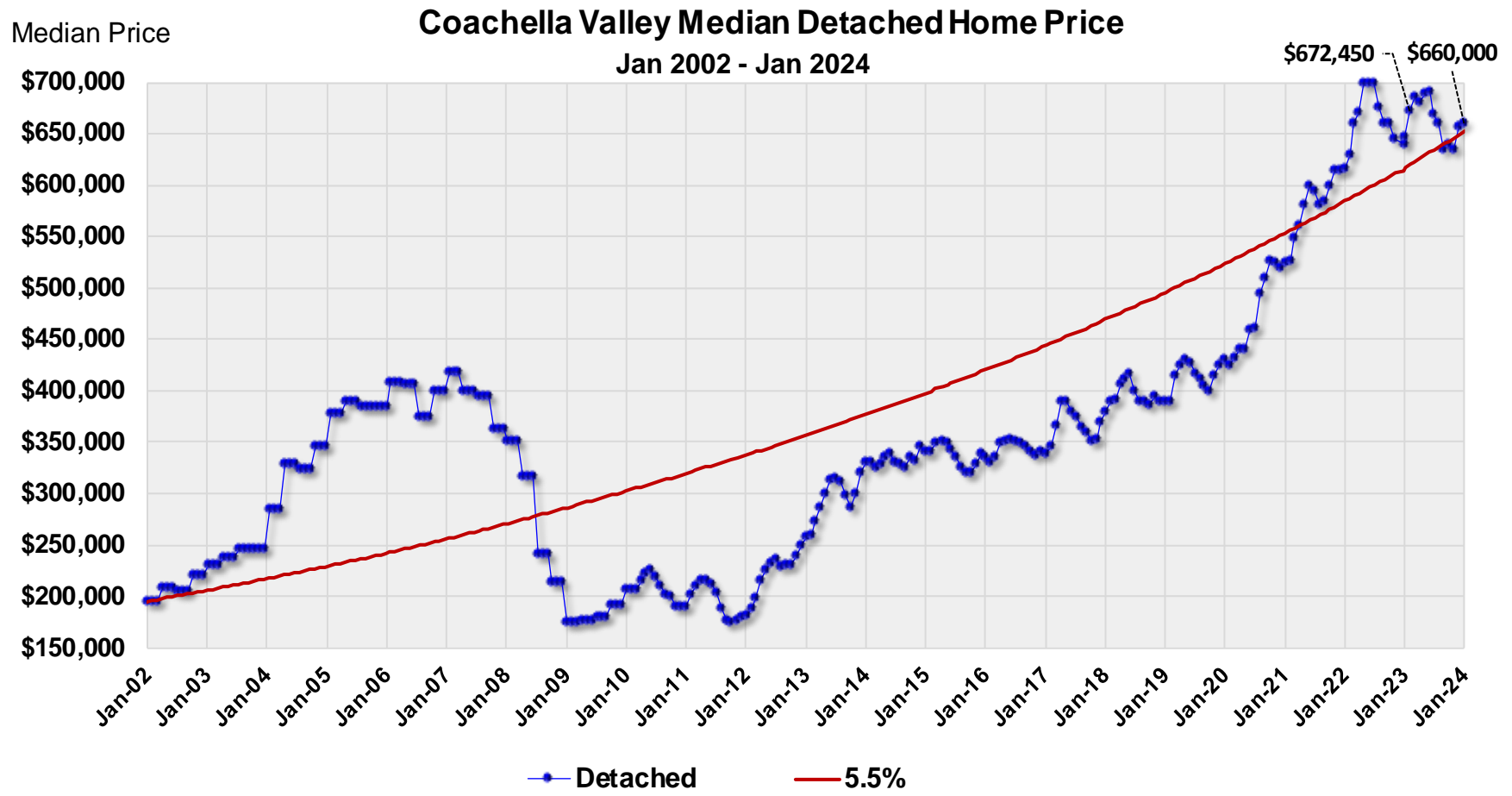
**PRICES:** The median price of a detached home in the Coachella Valley in January was \$660,000, down 1.8% year over year. The median price of an attached home in January was \$475,000, up 9.2% year over year. Prices for detached homes continue to show wide variance in gains, which range from a 9.0% gain in Indian Wells to a decline of 11% in Bermuda Dunes. Four cities - Indian Wells, Indio, Palm Springs and Rancho Mirage - had gains in their average size attached home. Prices often begin to rise in January, and we think this seasonal pattern has started this year.

**SALES:** For another month, three-month sales are ahead of last year. The number this January was 510 units sold, compared to 436 units a year ago. Sales in January are now running 28.6% below normal, which is an improvement from last month. The city with the largest percentage increase in sales is Rancho Mirage with sales up 38%, followed by Coachella at 35%, then La Quinta with sales up 28%. With lower inflation and lower mortgage rates we hope to see sales finally back to normal later this year.

**INVENTORY & “MONTHS OF SALES” RATIOS:** Valley inventory rose to the highest levels since 2020, and on February 1st it stood at 2,309 units. While this is a distinct improvement, it is still 1,000 units under what’s considered normal for this time of year. On February 1st, the Valley’s “months of sales” ratio was 3.7 months, which is .8 months higher than last year.

**DIM:** At the end of January, the median number of “days in the market” in the Coachella Valley was 40 days, which is equal to last year. The City of Coachella continues to have the lowest median selling time for detached homes at 26 days, followed by Desert Hot Springs at 30 days, then Indian Wells at 36 days. In the attached market, Indio has the shortest average selling time at 23 days, followed by Desert Hot Springs at 35 days and Palm Springs at 39 days.

**PRICE DISCOUNTS/PREMIUMS:** In January, the percentage of homes selling over list declined a little, with 14.0% of all sales selling above list price. This is exactly one out of every seven sales. Every city has an average selling discount for detached homes, which range from 1.4% in the City of Coachella to 4.8% in Bermuda Dunes. Discounts for attached homes range from 1.1% in Cathedral City to 5.3% in Bermuda Dunes.



### Coachella Valley Median Detached Price

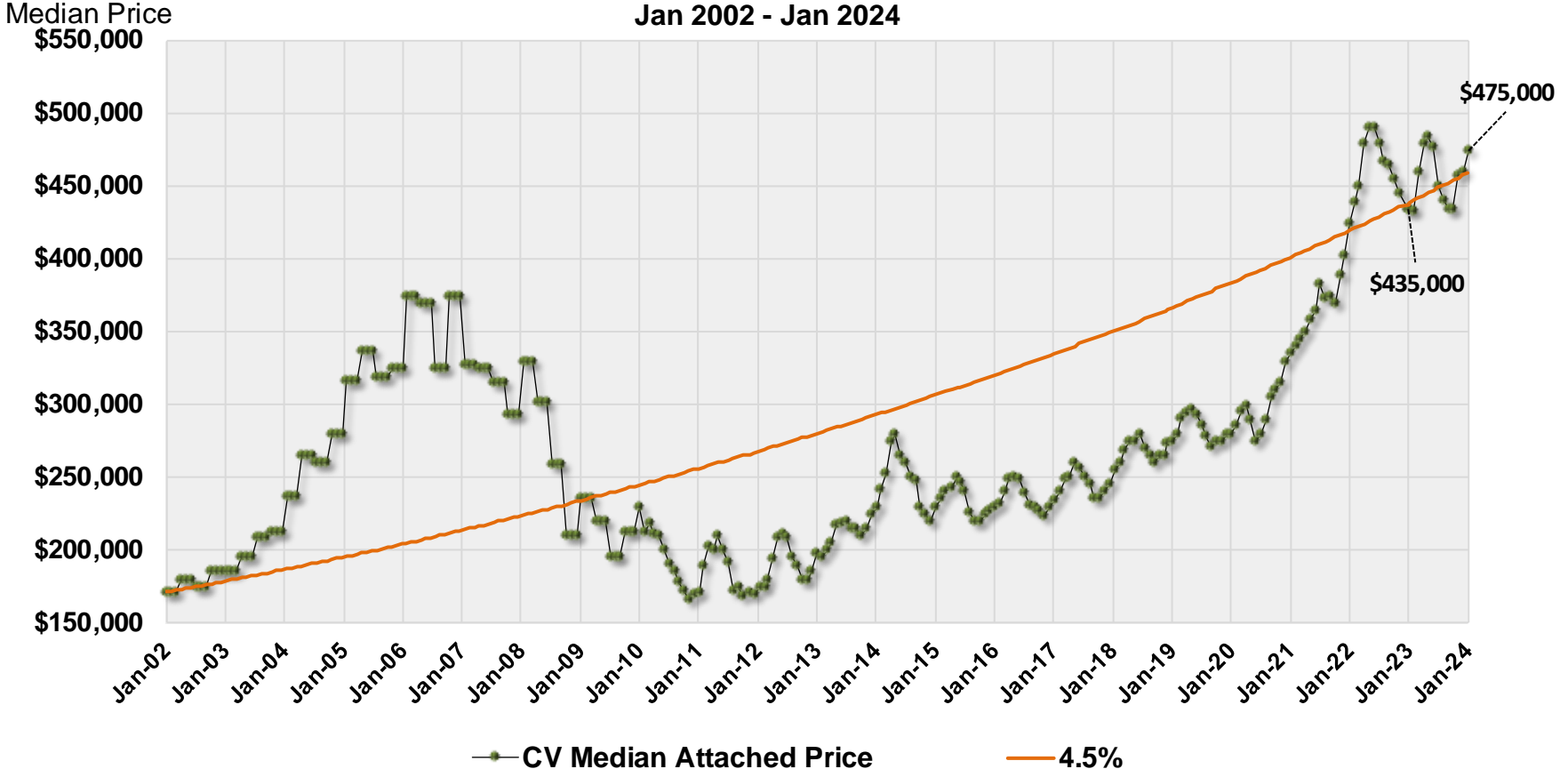
The median price of a detached home in the Coachella Valley in January was \$660,000, down 1.8% year over year. Prices often begin to rise in January, and we think this seasonal pattern has started in 2024. However, as we mentioned in previous months, with inventory rising and sales remaining low, supply and demand is beginning to slowly favor buyers.

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### Coachella Valley Median Attached Price

Jan 2002 - Jan 2024



### Coachella Valley Median Attached Price

The median attached price in the Valley ended January at \$475,000, up 9.2% year over 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
Indian Wells	3,450	\$500.19	\$1,725,639	\$1,582,732	9.0%	\$666,885	158.8%
Coachella	1,700	\$251.85	\$428,148	\$400,743	6.8%	\$111,367	284.4%
Rancho Mirage	3,175	\$457.29	\$1,451,904	\$1,359,305	6.8%	\$506,317	186.8%
Palm Desert	2,200	\$334.90	\$736,789	\$703,093	4.8%	\$302,302	143.7%
Desert Hot Springs	1,600	\$251.66	\$402,649	\$390,117	3.2%	\$86,656	364.7%
La Quinta	2,550	\$390.07	\$994,681	\$984,708	1.0%	\$318,164	212.6%
Indio	2,000	\$279.81	\$559,626	\$568,891	-1.6%	\$156,340	258.0%
Palm Springs	2,175	\$541.30	\$1,177,332	\$1,210,014	-2.7%	\$323,879	263.5%
Cathedral City	1,800	\$313.56	\$564,406	\$592,017	-4.7%	\$153,216	268.4%
Bermuda Dunes	2,500	\$278.48	\$696,194	\$781,818	-11.0%	\$239,325	190.9%

**Price of The Average Size Attached Home**

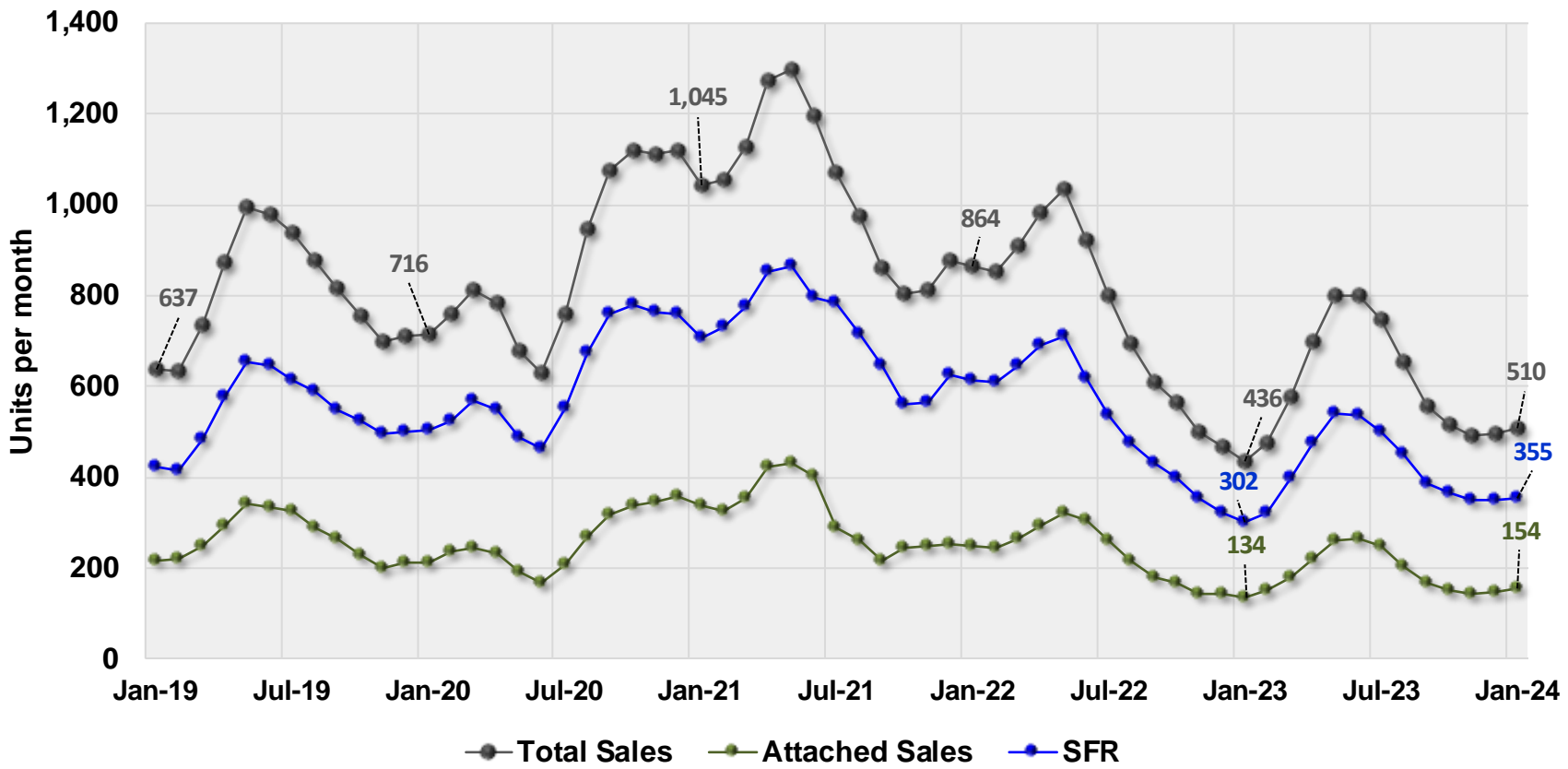
City	Avg. Size Home	Pr. per sq/ft	Price of Avg. Size Home	Price One Year Ago	12 Month Change	2011-12 Price Low	% From Low
Indian Wells	1,950	\$380.33	\$741,649	\$636,076	16.6%	\$259,126	186%
Indio	1,050	\$292.20	\$306,805	\$270,074	13.6%	\$56,396	444%
Palm Springs	1,250	\$369.79	\$462,241	\$448,902	3.0%	\$129,788	256%
Rancho Mirage	1,775	\$314.93	\$558,998	\$549,267	1.8%	\$211,030	165%
Palm Desert	1,600	\$332.73	\$532,363	\$539,721	-1.4%	\$197,896	169%
Cathedral City	1,250	\$265.38	\$331,726	\$342,515	-3.1%	\$80,544	312%
La Quinta	1,750	\$349.98	\$612,458	\$649,203	-5.7%	\$247,713	147%
Desert Hot Springs	750	\$180.62	\$135,464	\$146,018	-7.2%	\$16,013	746%
Bermuda Dunes	1,450	\$248.68	\$360,592	\$388,795	-7.3%	\$89,117	305%

### 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 continue to show wide variance in gains in January, which range from a 9.0% gain in Indian Wells to a decline of 11% in Bermuda Dunes. Four cities had gains for their average size attached home – Indian Wells, Indio, Palm Springs and Rancho Mirage.

### Detached, Attached and Total Sales

3 month moving average



### Monthly Sales – 3-month trailing avg.

For another month, three-month sales are ahead of last year. The number this January was 510 units per month compared to 436 units a year ago. As we mentioned last month, 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 are running 28.6% below historic norms but are improving.

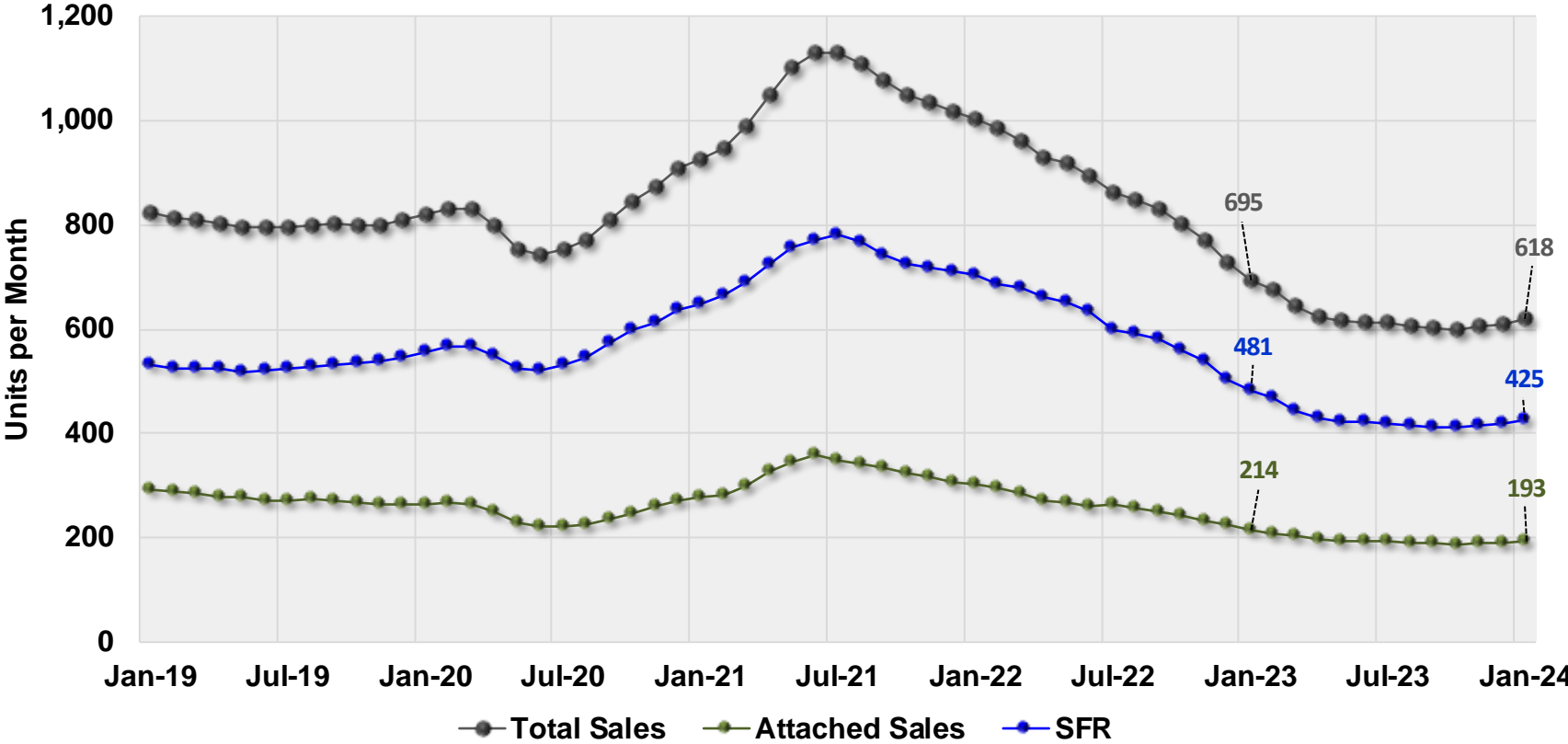


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### Detached, Attached and Total Sales

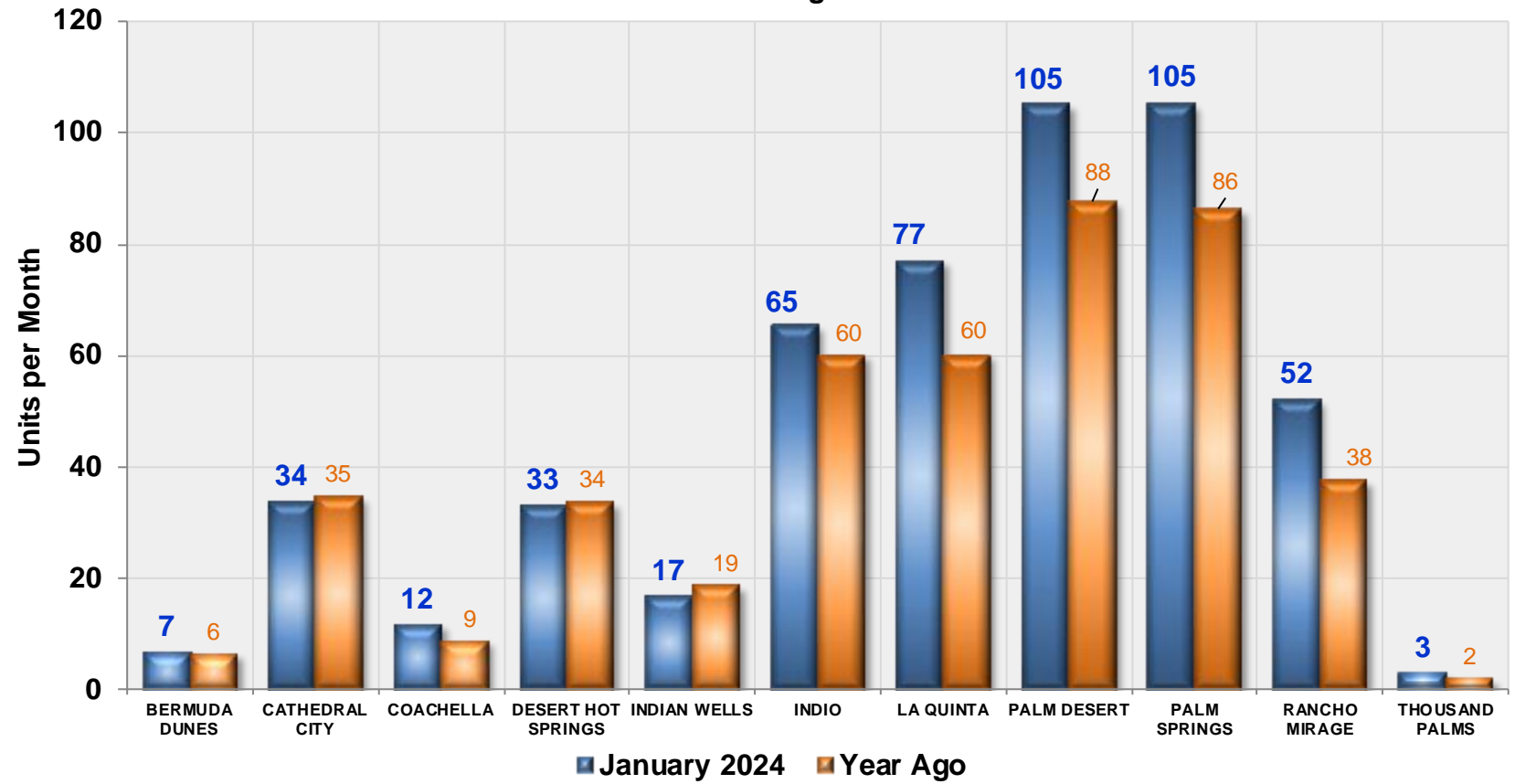
12 month moving average



### Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out seasonality, shows total sales are averaging 618 units a month. This is an increase over last month but 11% less than last year. The long-term average of sales is beginning to rise as you can just see from the chart. We think it helps confirm the idea that the worst is over. However, we continue to believe it will recover only when mortgage rates come down to 5.5% to 6%. Recent declines in inflation give us hope this might have already started.

### Home Sales by City 3 month avg sales



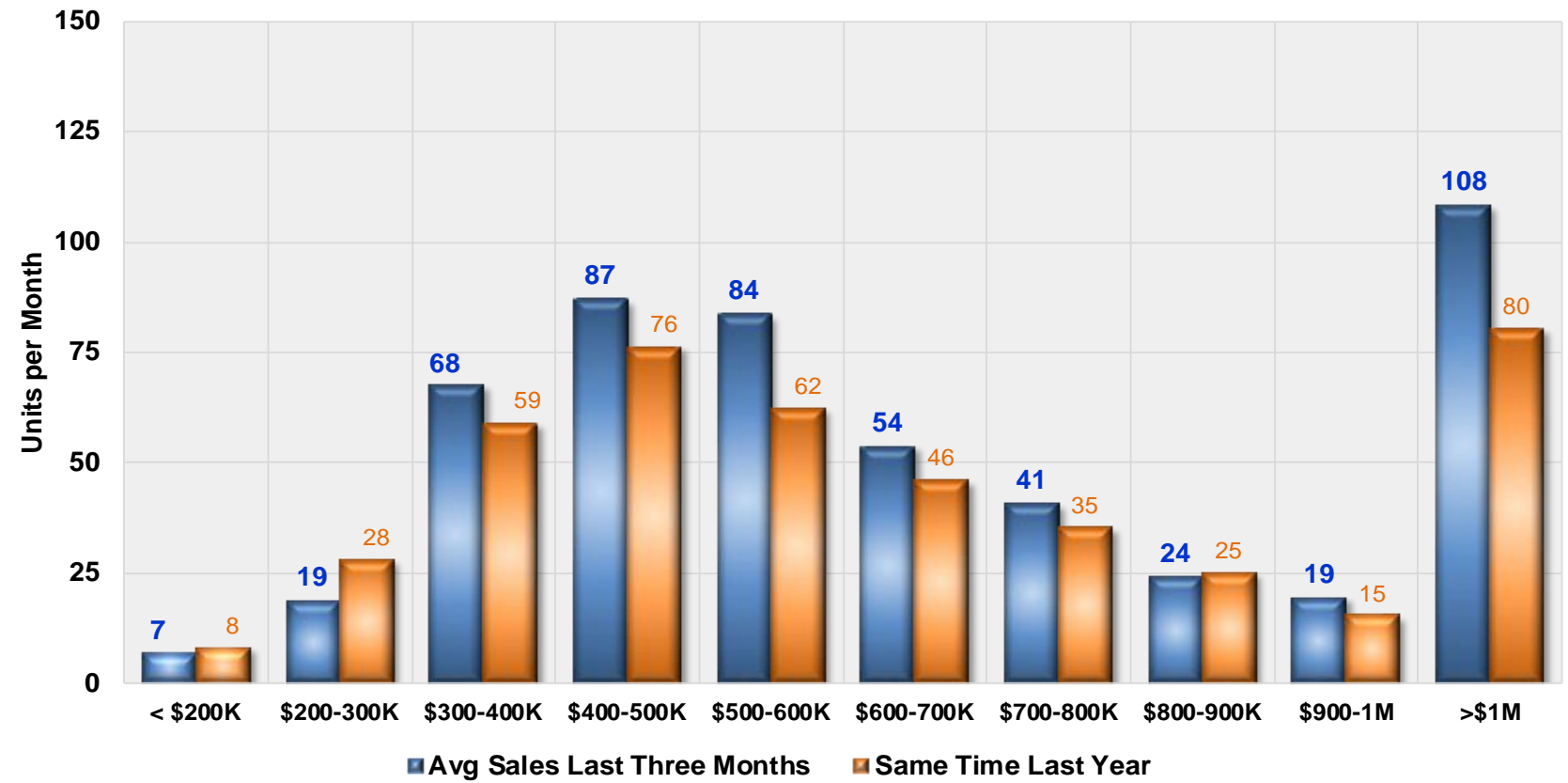
### Home Sales by City

Again, every city except Cathedral City, Desert Hot Springs and Indian Wells has higher three-month sales compared to last year. The city with the largest increase percentage-wise is Rancho Mirage with sales up 38%, followed by Coachella up 35%, then La Quinta up 28%.

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### 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 most price ranges. The largest sales increases are in homes priced from \$300k to \$600k. Sales of homes priced over a million dollars are higher by 35%. This is because, with the price rise of the last few years, more homes are now valued over a million dollars. This is all positive since it shows the housing market isn't experiencing an imbalance in any price range.



### Valley Housing Inventory February 1st 2019 to February 1st 2024



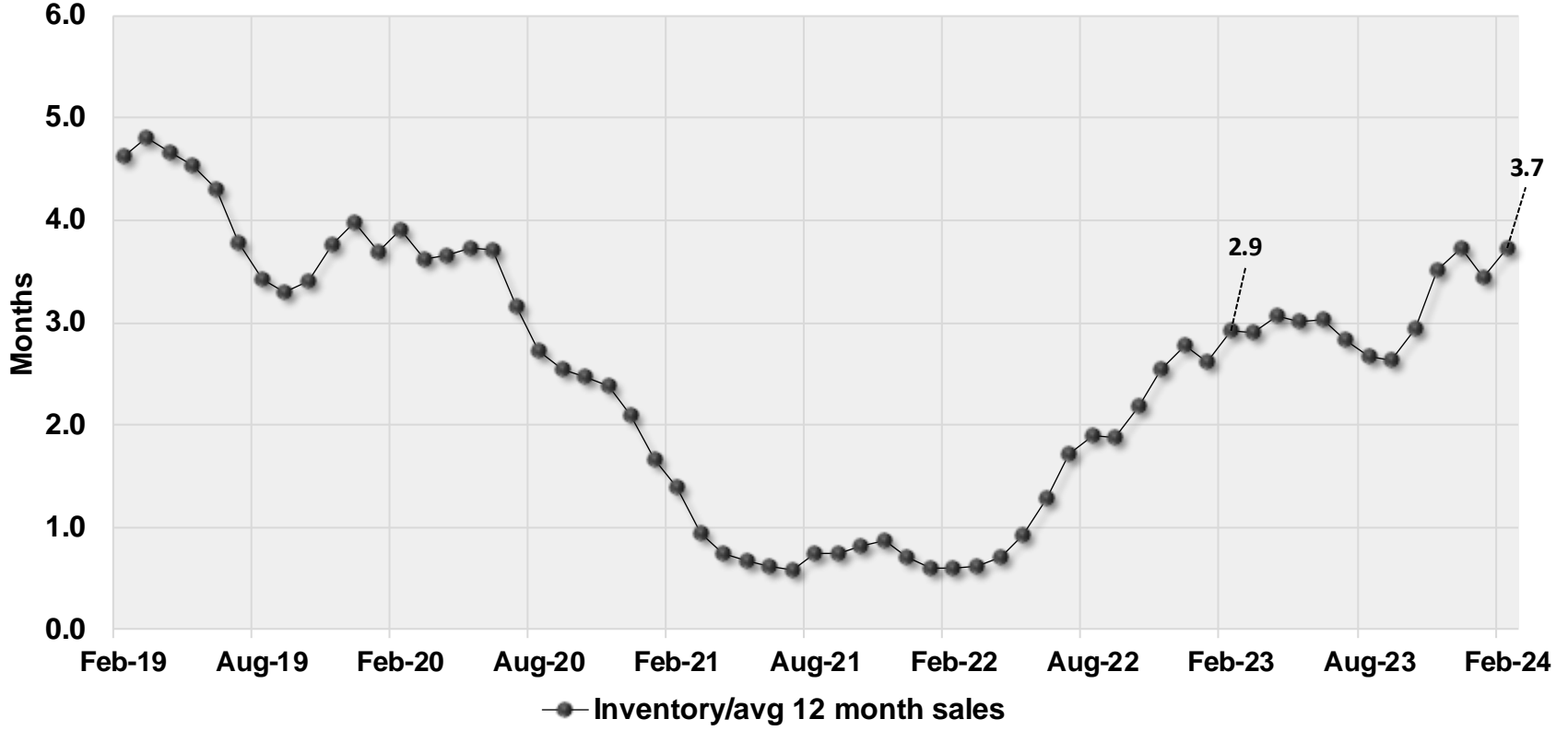
### Coachella Valley Total Inventory

Valley inventory rose to the highest levels since 2020 and on February 1<sup>st</sup> it registered 2,309 units. However, this is still 1,000 units under what's considered normal for this time of year. But it's a distinct improvement. We hope the seasonal increase in inventory will continue for a few more months, possibly reaching 2,500 by March.

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**"Months of Sales" Ratio**  
Coachella Valley  
February 1st 2019 - February 1st 2024



### Regional "Months of Sales" Ratio

On February 1<sup>st</sup>, the Valley's "months of sales" ratio was 3.7 months, which is .8 months higher than last year and back to the December 1<sup>st</sup> ratio. 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 keeps 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

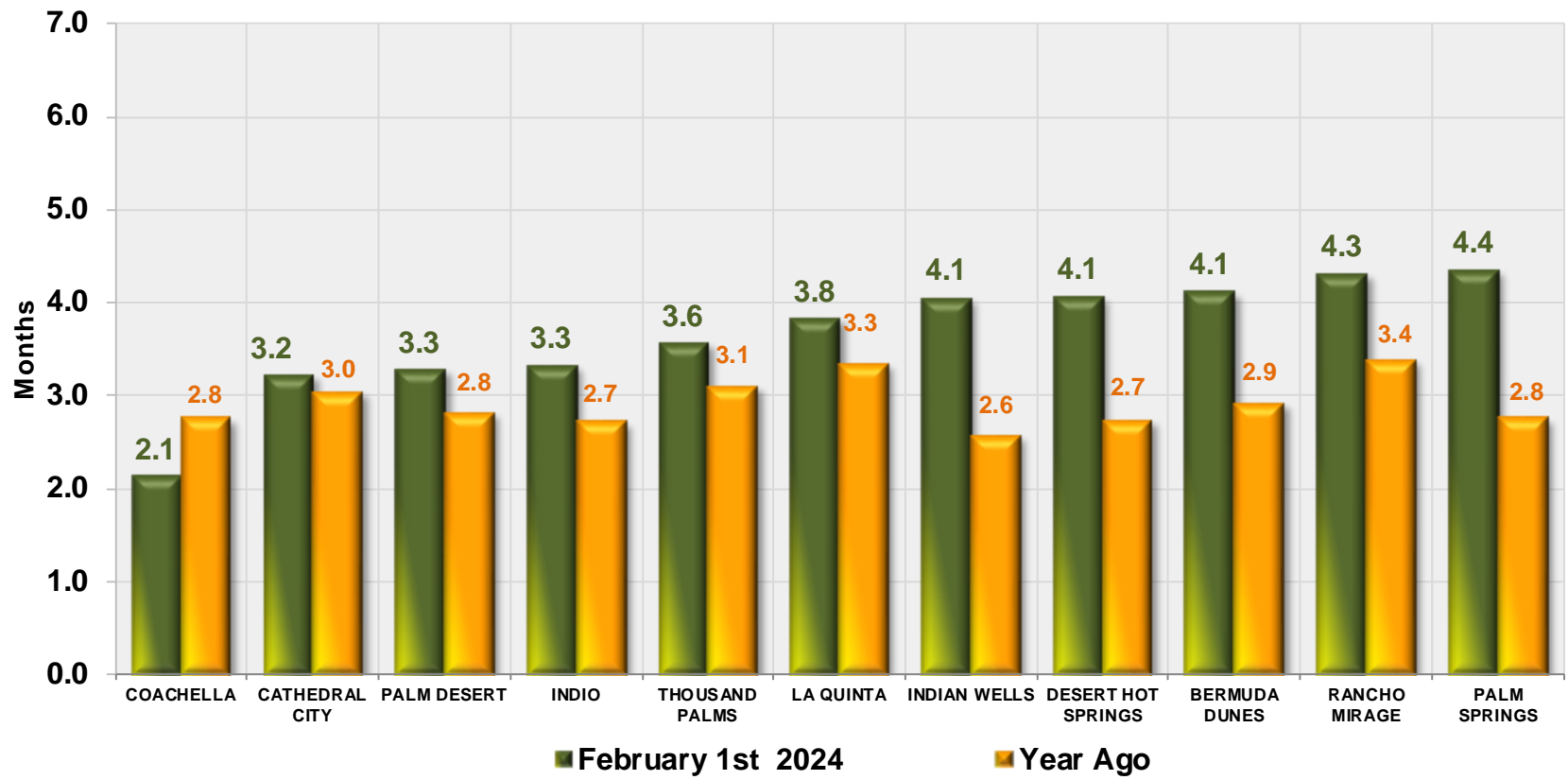
This chart displays the current "months of sales" ratio by price bracket compared to last year. Blue bars are current ratios and orange bars are the ratios for last year. As like the entire region, every price bracket has a ratio above year ago levels, some just marginally. The ratio of homes priced over a million dollars is 5.4 months, which is historically less than normal.



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



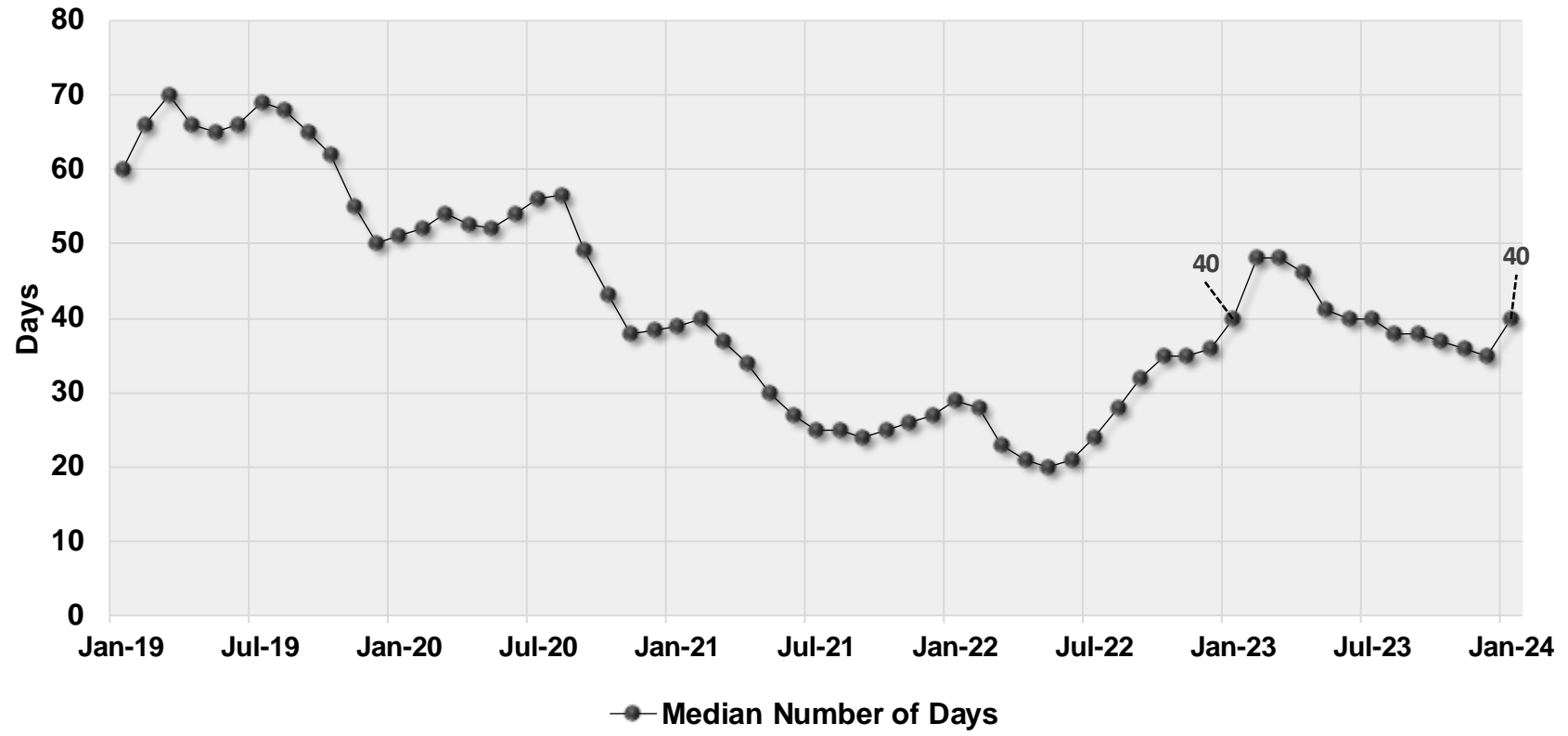
### "Months of Sales" by City

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. Like with price brackets, every city has a ratio higher than a year ago. And every city but Coachella has a ratio over three months. A ratio of three to four months is considered normal. This even distribution tells us that supply and demand is pretty much balanced throughout the region.

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### "Days in the Market" Coachella Valley January 2019 - January 2024



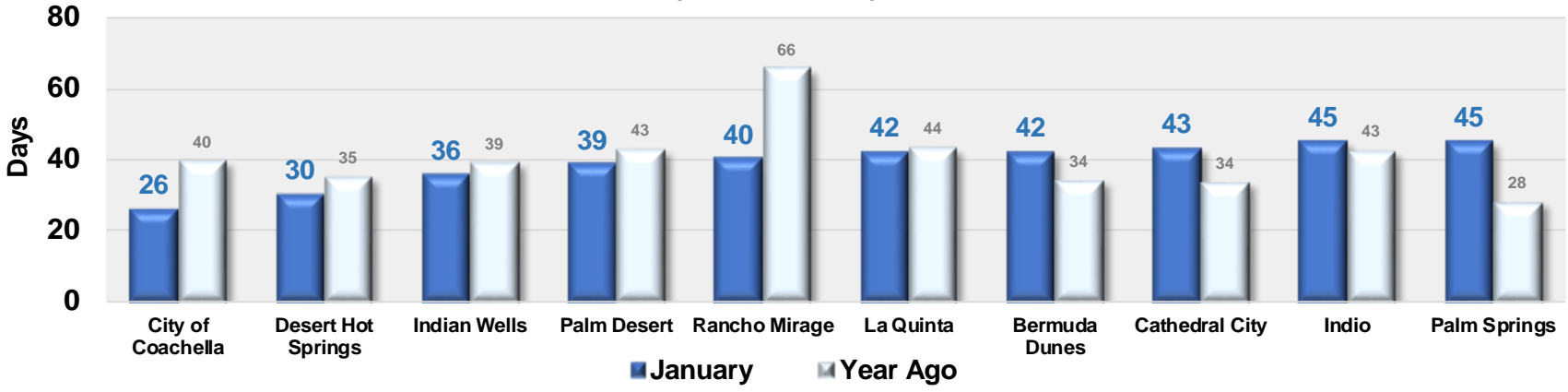
### Regional "Days in the Market"

The median selling time in the region remains relatively stable. At the end of January, the median number of "days in the market" in the Coachella Valley was 40 days, which is the same as 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 26 days, followed by Desert Hot Springs at 30 days and Indian Wells at 36 days. In the attached market, Indio has the shortest average selling time at 23 days, followed by Desert Hot Springs at 35 days and Palm Springs at 39 days.



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### % Homes Selling Over List Price Coachella Valley 2016 - 2024 (January)



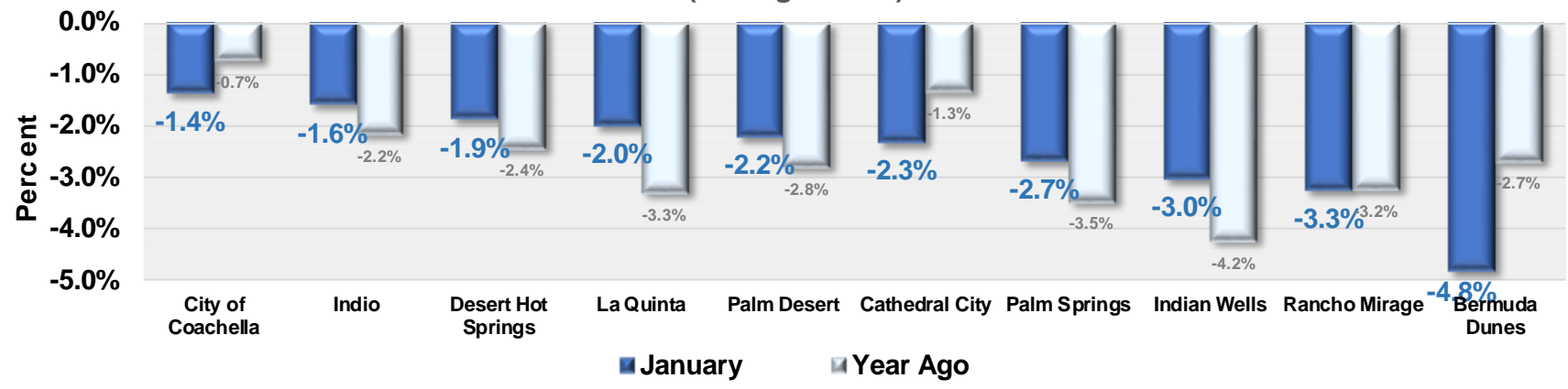
### Percent Homes Selling Above List

This chart graphs the percentage of Valley homes that sold above list price over the last three months. In January, the percentage declined with 14.0% of all sales selling above list price. This is exactly one out of every seven sales. We continue to expect the number of homes selling above list to remain around these levels.

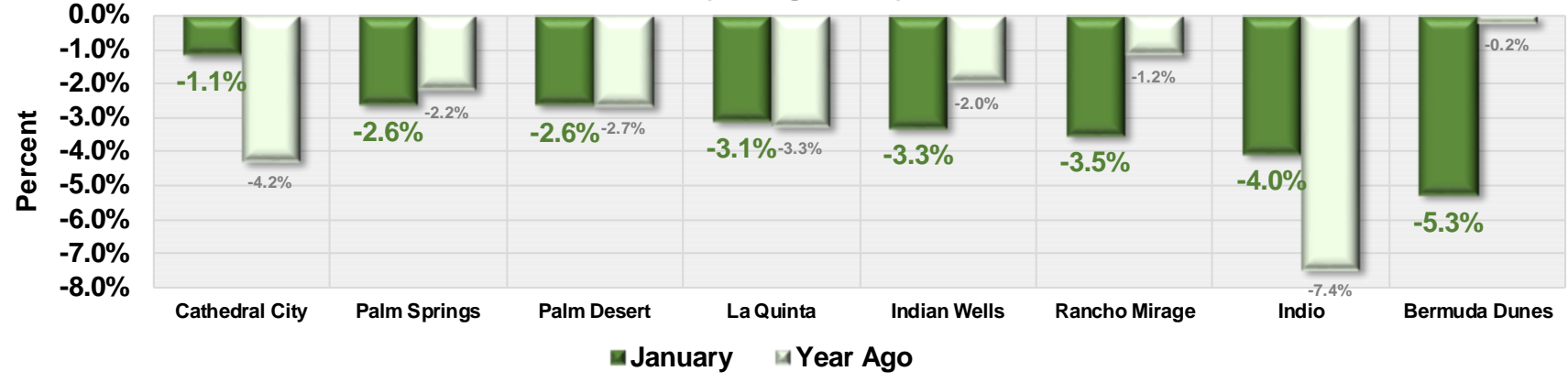
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### Price Discount - Detached Homes (Average Value)



### 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 1.4% in the City of Coachella to 4.8% in Bermuda Dunes. Discounts for attached homes range from 1.1% in Cathedral City to 5.3% 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 January, all sales and pricing are done using transactions through that and the previous two months. However, when we measure inventory at the end of January, it's the inventory as of January 1<sup>st</sup>. Even though inventory January be labeled January inventory, it is the inventory on the 1<sup>st</sup> 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.