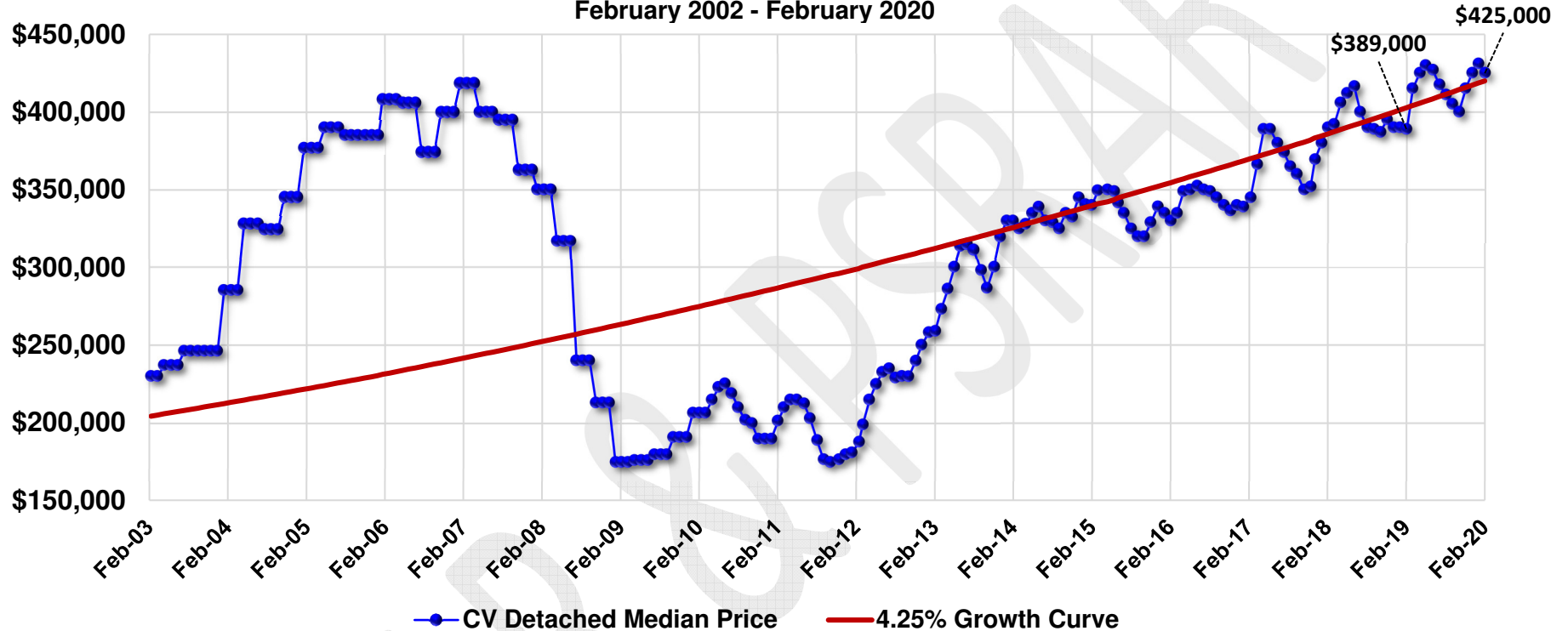


## Coachella Valley Median Detached Price

February 2002 - February 2020



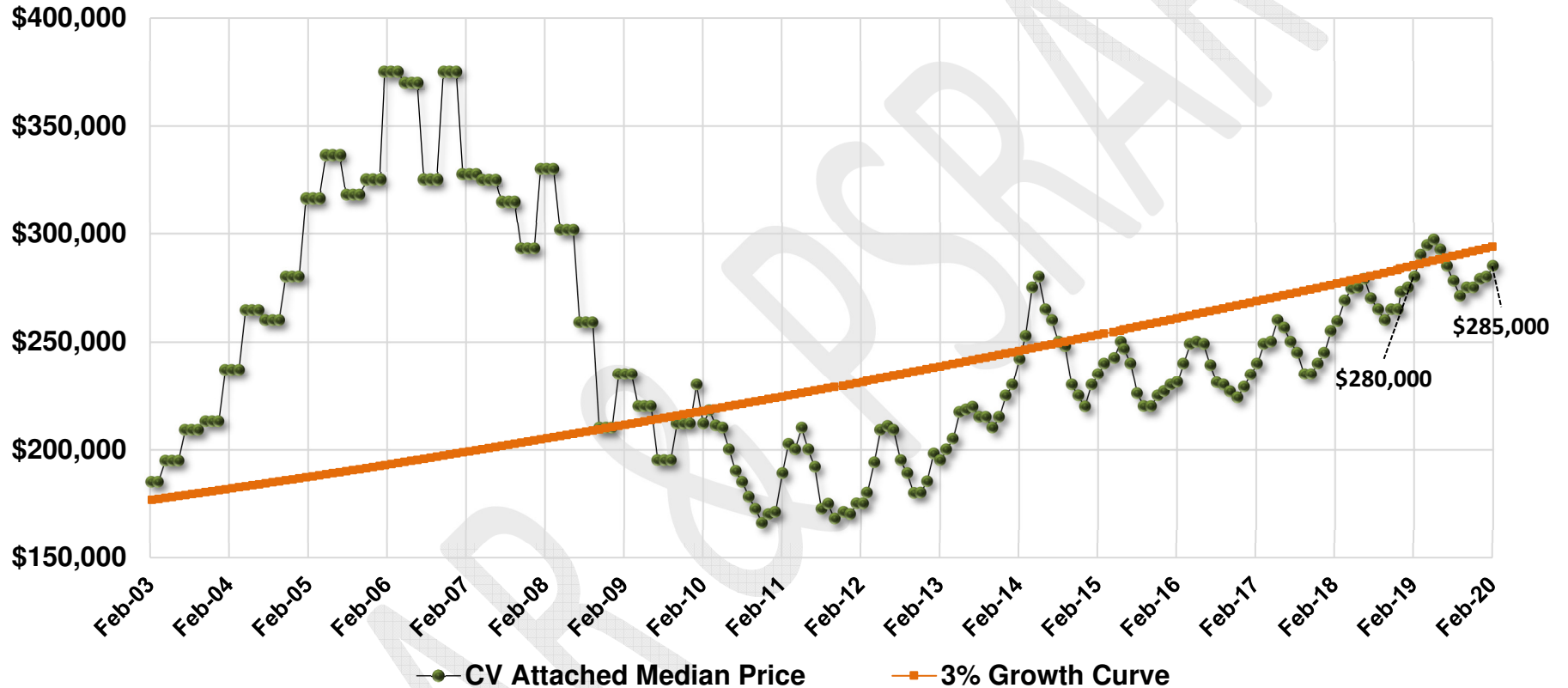
### Summary

We want to say up front that, overall, the major housing metrics for the Coachella Valley are the strongest we've seen in the last 10 years. Prices and sales are both beginning to accelerate, while supply continues to decline. If it wasn't for the coronavirus, we would unconditionally forecast a tremendous year ahead. However, we will have to see how it progresses. In the meantime, the Valley's median detached home price in February was \$425,000, up 9.3% over last year. The Valleys median price for attached homes in February was \$285,000, up \$5,000 or 1.8% above last year. In February total sales average 761 units a month compared to 633 units last year for a sales increase of 20%. This is significant. On March 1st the total supply of detached and attached homes in the Valley was 3,019 units. This compares to 3,909 units last year. As one would expect, with expanding sales and contracting inventory, the current ratio at 3.6 months is historically very low.

### Coachella Valley Median Attached Price

February 2002 - February 2020

Median Price



### Coachella Valley Attached Median Price

As the above graph clearly shows, the month of February is the middle month in the seasonal push towards higher prices that usually starts in September and carries all the way through to May and June. The Valleys median price for attached homes in February was \$285,000, up \$5,000 or 1.8% above last February. Because of the seasonal forces we expected the median price to rise above the 3% growth curve as we go into the summer months.

### Detached Homes

City	Feb-20	Year Ago	12 mo change	2011 Low	Gain off 2011 Low	2006 High	% from High
Cathedral City	\$359,000	\$328,500	9.3%	\$139,000	158.3%	\$395,000	-9.1%
Indio	\$349,000	\$321,250	8.6%	\$158,500	120.2%	\$380,500	-8.3%
Desert Hot Springs	\$239,500	\$222,250	7.8%	\$85,000	181.8%	\$295,000	-18.8%
Palm Desert	\$430,900	\$400,000	7.7%	\$287,000	50.1%	\$543,000	-20.6%
Palm Springs	\$679,250	\$631,000	7.6%	\$335,000	102.8%	\$600,000	13.2%
City of Coachella	\$270,000	\$263,000	2.7%	\$121,950	121.4%	\$335,000	-19.4%
La Quinta	\$542,500	\$540,000	0.5%	\$245,000	121.4%	\$682,020	-20.5%
Indian Wells	\$885,000	\$990,000	-10.6%	\$540,000	63.9%	\$1,205,000	-26.6%
Rancho Mirage	\$685,000	\$785,000	-12.7%	\$423,000	61.9%	\$950,000	-27.9%

### Attached Homes

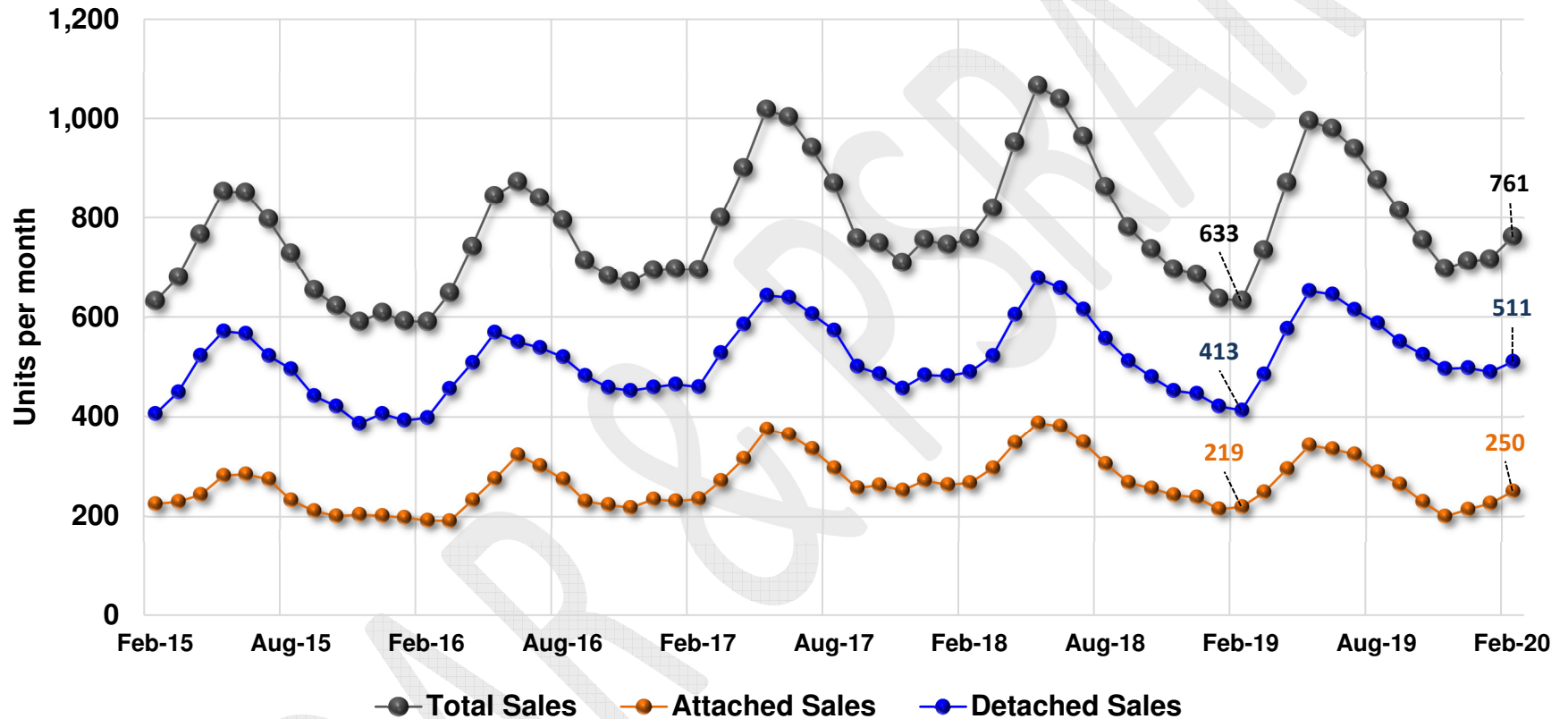
City	Feb-20	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Palm Desert	\$299,000	\$275,000	8.7%	\$175,000	70.9%	\$410,000	-27.1%
Cathedral City	\$202,450	\$190,000	6.6%	\$107,500	88.3%	\$270,500	-25.2%
La Quinta	\$351,850	\$349,000	0.8%	\$265,000	32.8%	\$532,500	-33.9%
Palm Springs	\$263,750	\$265,000	-0.5%	\$150,000	75.8%	\$350,000	-24.6%
Indian Wells	\$380,000	\$392,000	-3.1%	\$321,500	18.2%	\$557,500	-31.8%
Indio	\$191,250	\$227,000	-15.7%	\$75,000	155.0%	\$279,000	-31.5%
Rancho Mirage	\$329,500	\$398,500	-17.3%	\$260,000	26.7%	\$510,000	-35.4%
Desert Hot Springs	\$63,000	\$167,000	-62.3%	\$86,000	-26.7%	\$303,000	-79.2%
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

### 12 Month Change in City Median Prices

On a city by city basis, median prices continue to rise for detached homes. Seven cities show increases in detached home prices, while two - Indian Wells and Rancho Mirage - show declines. Prices for attached homes are mixed. Palm Desert and Cathedral City show increases of 8.7% and 6.6% respectively. Palm Springs and La Quinta show little change, while Indian Wells, Indio and Rancho Mirage show price declines. The large change in price for Desert Hot Springs is a reflection more of the small number of attached homes in that city than any real price decline of those homes.

### Detached, Attached and Total Sales

3 month moving average

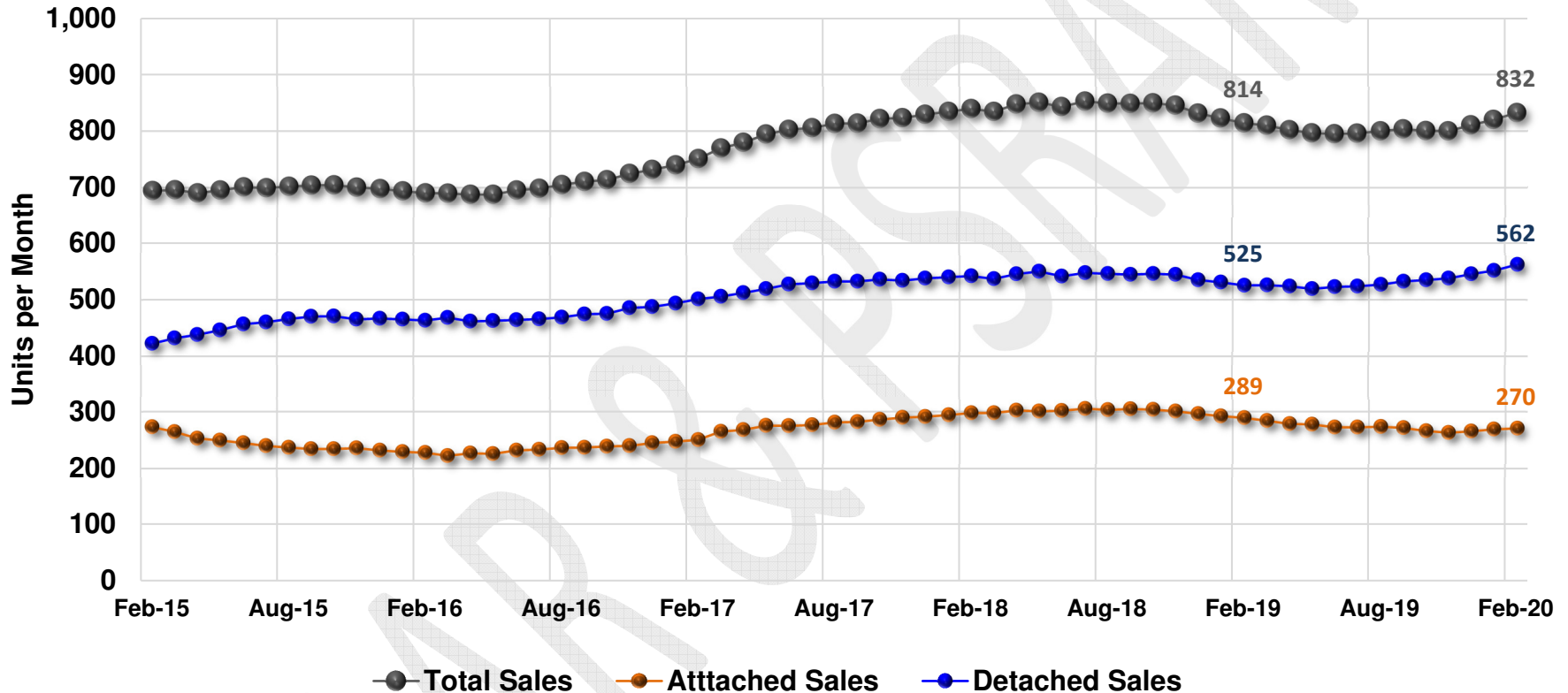


### Monthly Sales – 3-month trailing avg.

The average of three-month sales for both detached and attached homes are strongly ahead of last year. In February total sales average 761 units a month compared to 633 units last year for a sales increase of 20%. This is significant. Detached home sales went from 413 units a month to 511, which is an increase of 24%. Attached home sales went from 219 a month to 250 a month for an increase of 14%. This is the force, at least for detached homes, which is driving prices higher.

## Detached, Attached and Total Sales

12 month moving average

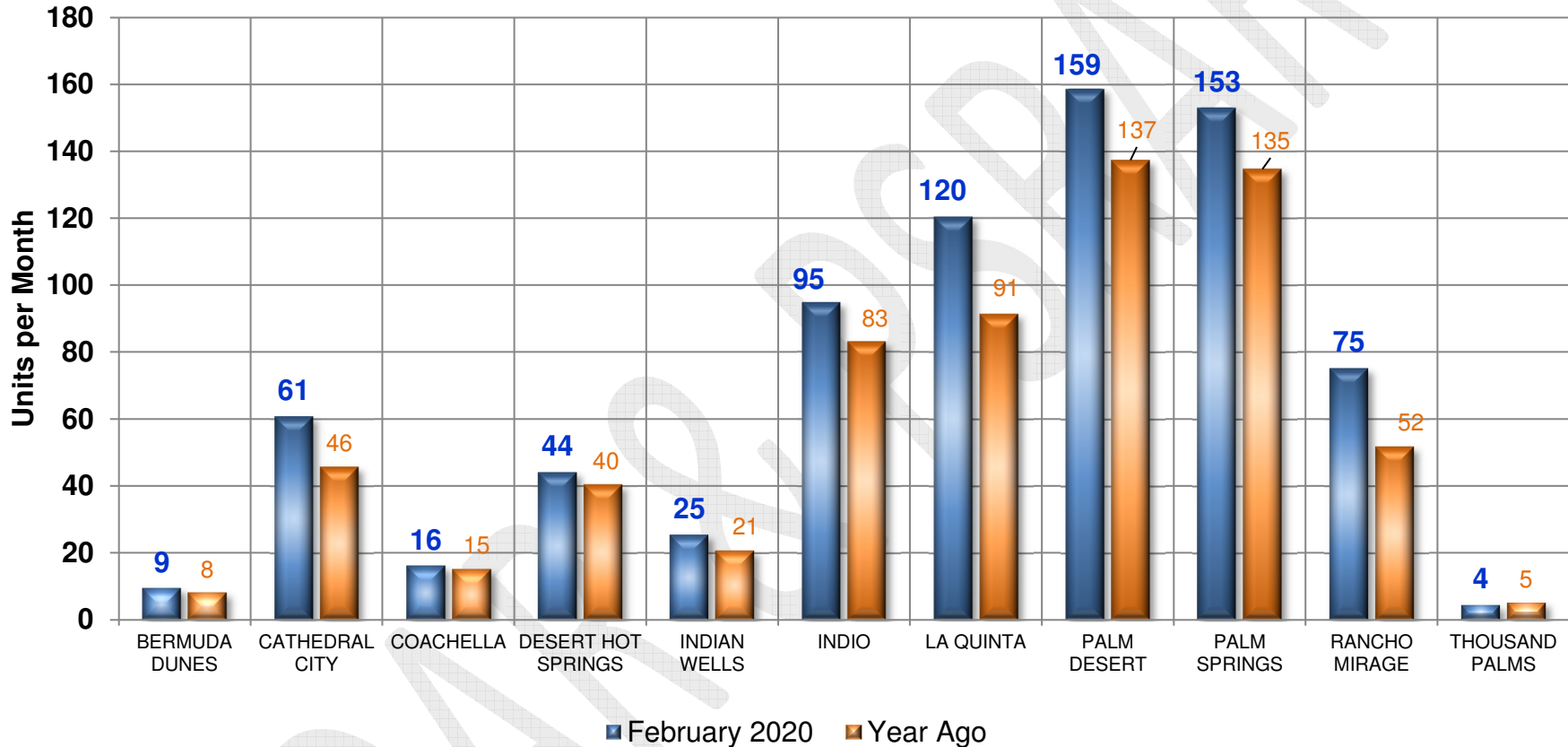


### Monthly Sales – 12-month trailing avg.

The 12-month sales average takes out seasonality and shows the long-term trend. The longer-term measurement finally shows that 12-month average of sales in February was higher than a year ago – 832 units a month versus 814. This is the first time in a year and a half when longer-term sales measurements exceeded the previous year. If it weren't for the uncertainty caused by the coronavirus, we could confidently project this trend of higher long-term sales would continue into 2020.

## Home Sales by City

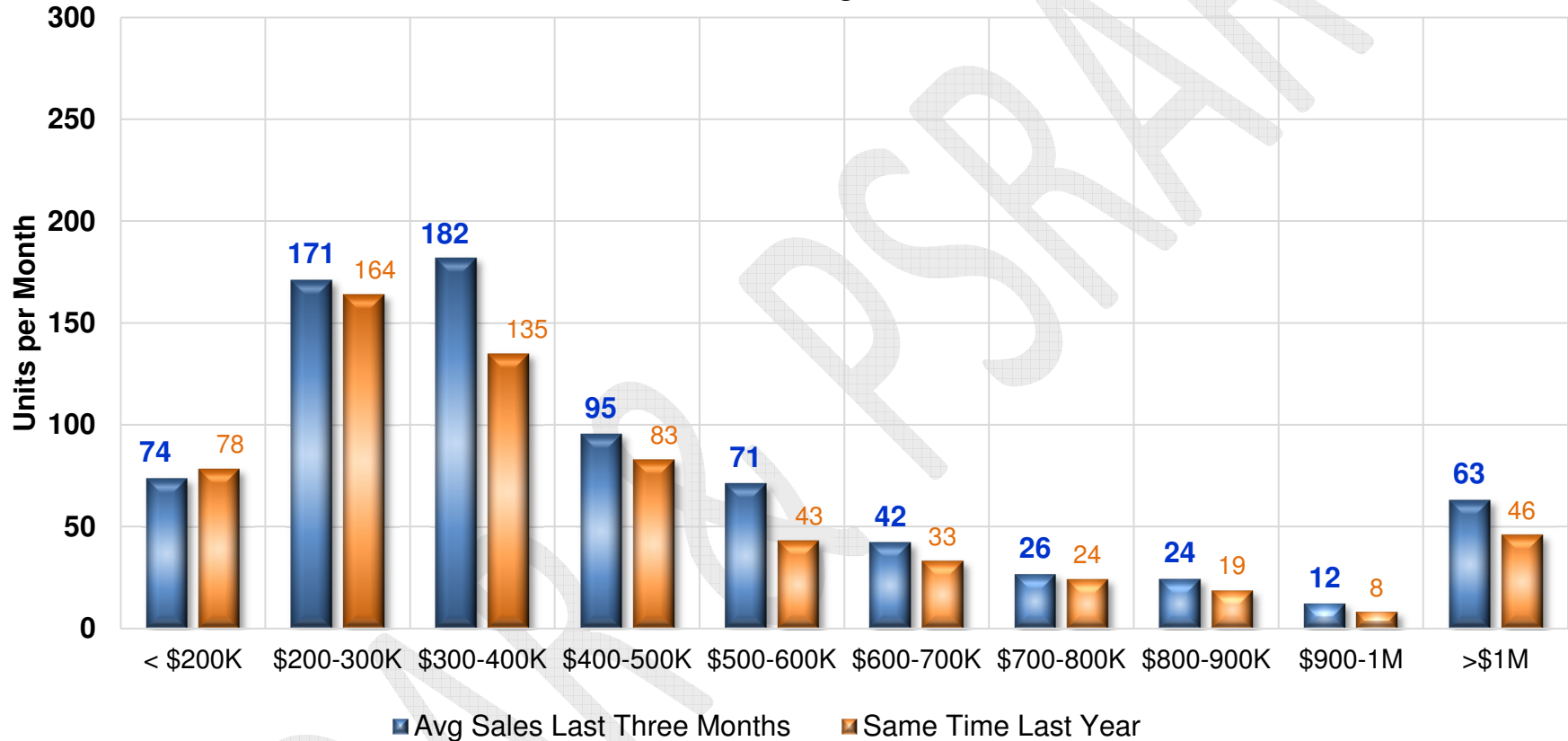
3 month avg sales



## Home Sales per month by City

When we measure average sales over the last three months in each city, we see increases in every city except Thousand Palms, which is effectively unchanged. In the previous charts we saw that three months sales had increased 20% over last year throughout the region. We now see that this increase is not just in one or two cities but all of them. Indio, La Quinta, Palm Desert, Palm Springs, Cathedral City and Rancho Mirage all show significant sales increases.

## Home Sales by Price Range 3 mos avg

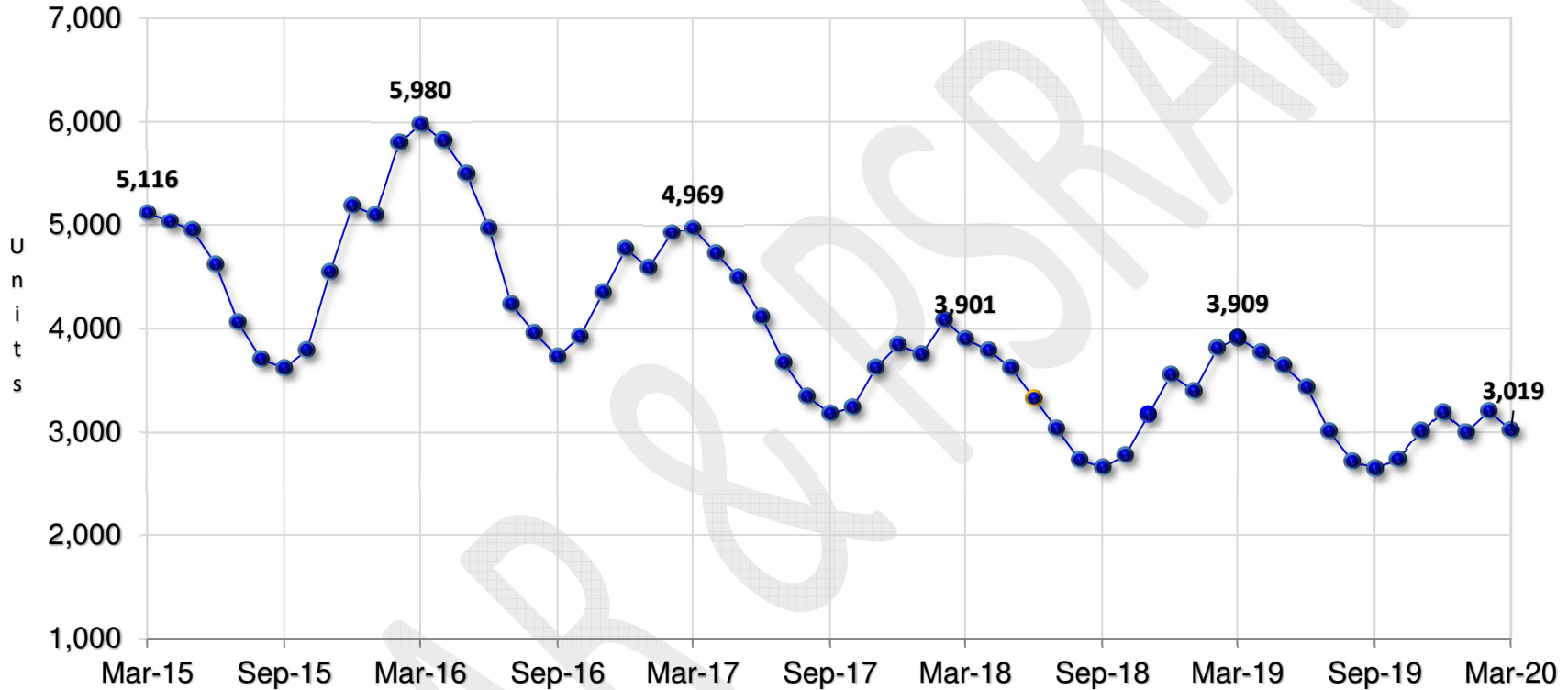


## Home Sales by Price Range

We find the same pattern when we look at average sales in the different price ranges. Every price bracket from \$200,000 up to over \$1 million shows an increase in sales over last year. This is especially true in the price ranges from \$500,000 to \$700,000 and for homes priced over a million dollars. In the million-dollar price category sales are up 37% over a year ago.

### Valley Housing Inventory

March 1st 2015 to March 1st 2020



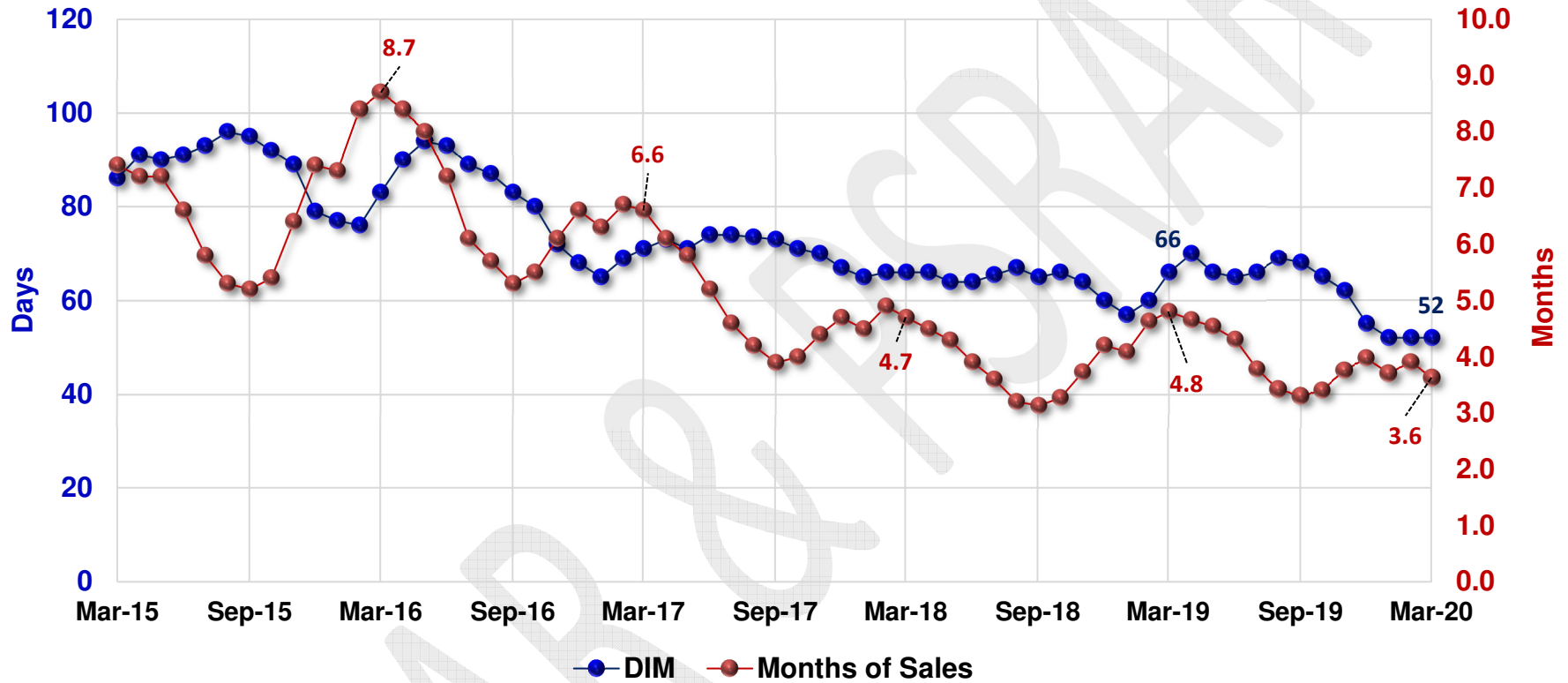
### Coachella Valley Inventory

While sales measures homebuyer demand or buying, inventory measures supply or the number of homeowners selling. It's a second half of supply and demand. It's clear from the chart that, because of seasonal factors one should only compare inventory with the same time each year. On March 1st the total supply of detached and attached homes in the Valley was 3,019 units. This compares to 3,909 units last year. This is an immense decline in inventory. For example, last March 1st inventory was almost exactly equal to a year earlier.



## Days in the Market & Months of Sales

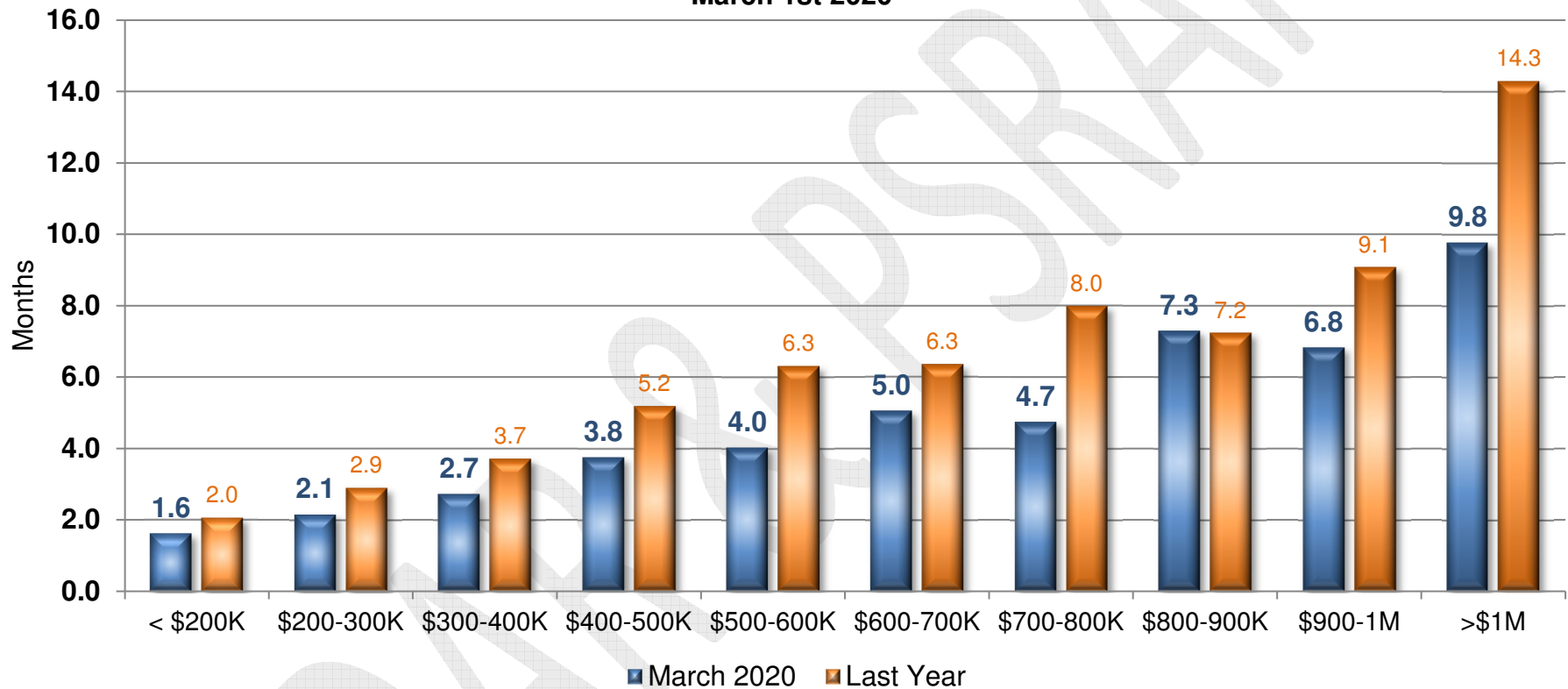
March 1st 2015 - March 1st 2020



### “Days in the Market” and “Months of Sales”

The month of sales ratio, which is calculated by dividing the inventory by the average sales rate, measures supply versus demand. A low number represents low supply and high demand while a large number represents larger supply and low demand. A low number is a good precursor to higher prices. As we would expect, with expanding sales and contracting inventory, the current ratio at 3.6 months is historically very low. Again, because the seasonal factors, one should only compare the ratio to the same time every year. The current ratio 3.6 months is one month less than the 4.8 months a year ago.

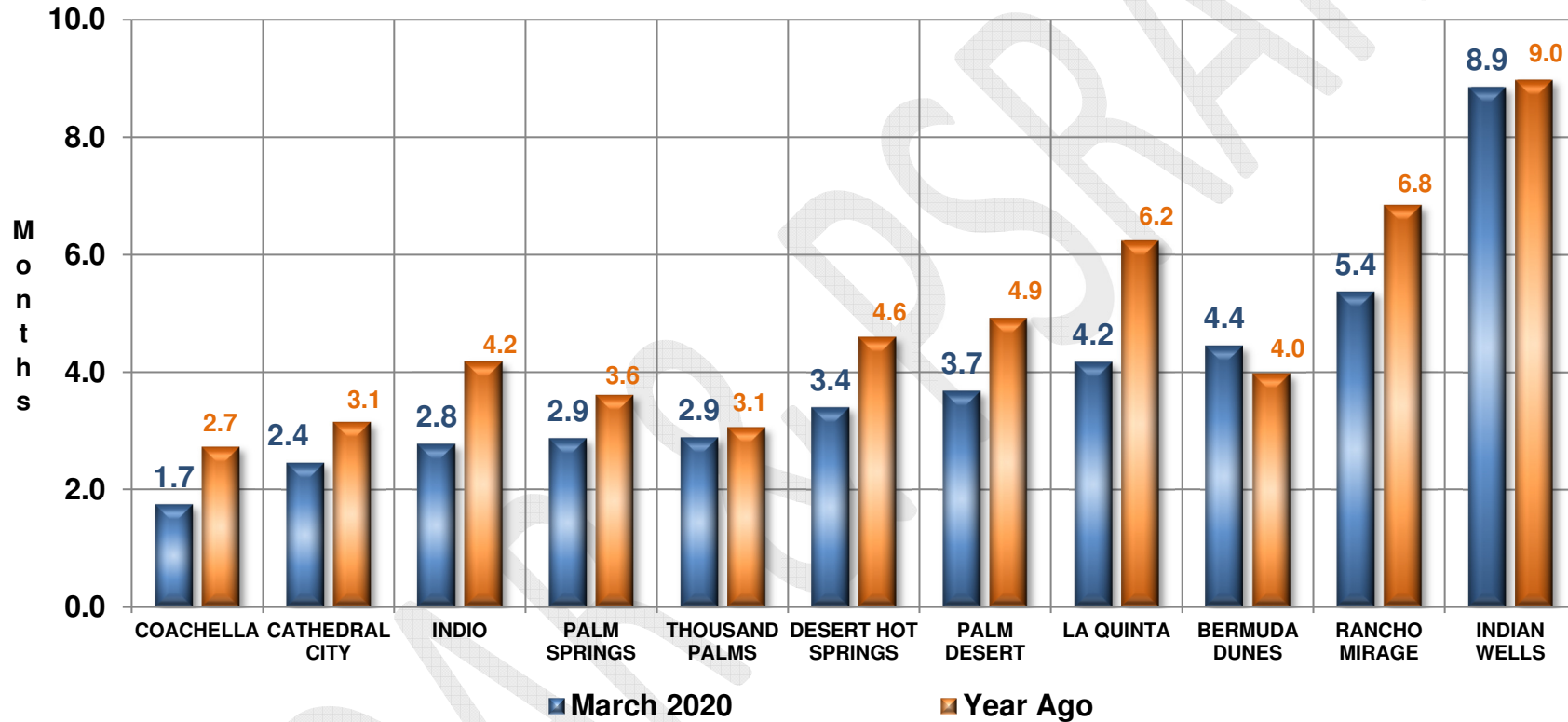
## "Months of Sales" by Price Range uses avg. twelve month sales March 1st 2020



## "Months of Sales" by Price Range

When we measure the month of sales ratio at the various price brackets, we find lower ratios compared to a year ago in every bracket except one, the \$800,000-\$900,000 price range. The largest decline is in the million dollar and over price range. We should expect that because of the 39% sales increase in that bracket, which helps bring down the ratio. The worry last year that inventory in this price range was beginning to build is falling away now with the lower ratio.

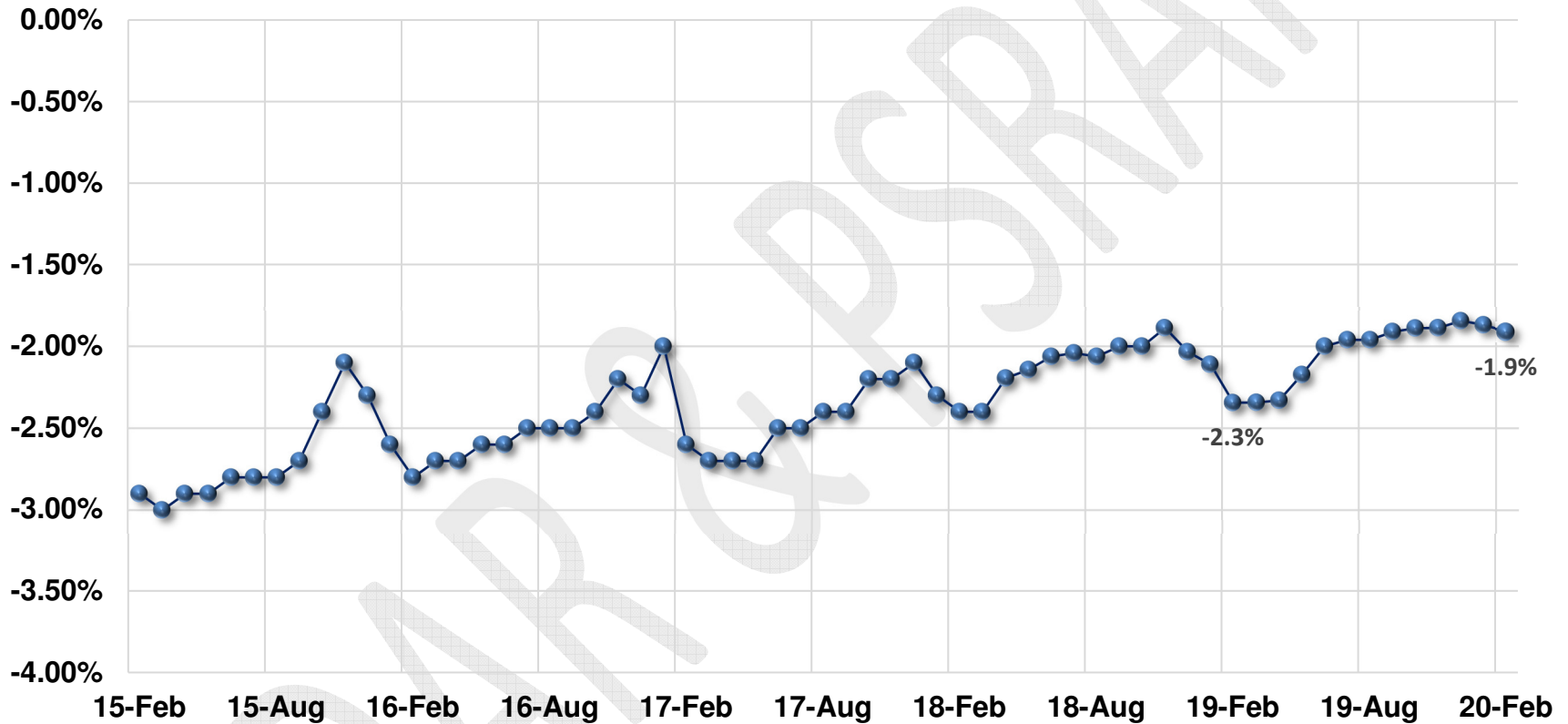
## "Months of Sales" by City city inventory divided by average twelve month sales March 1st 2020



## "Months of Sales" by City

The above graph shows the "months of sales" ratio in each major city in the Valley against their ratio a year ago. The cities are ranked by lowest to highest ratios. Every city except Bermuda Dunes has a lower month of sales ratio. This means that the strengthening housing market as indicated by the metrics in this report is broad-based throughout the Valley and not located in any one area or market segment.

### Sales Price Discount from List February 2015 to February 2020



### Sale Price Discount from List

The February “Sale Price Discount from List” was -1.9%, which is .4% less than a year ago. The current reading implies that an average home in the region offered at \$400,000 sold for \$392,400.



# The Desert Housing Report

February 2020



## Explanation and Description of Market Watch's Graphs and Calculations

**Prices:** Except for our attached price index, all city and regional median prices are for single family detached homes only. All prices are the median value for all transactions over the last three months (except for Indian Wells, which is twelve months due to the small number of monthly sales). For example, the median price for the month of May will be the median value of all sales in March, April and May of detached homes. This longer time period reduces the amount of wide and meaningless variation that one gets taking only the last month's transactions and provides more reliable information. While we do show the median selling price in our city reports, we try to emphasize the median price per sq. ft. in both these and our regional reports. For technical reasons this metric is more reliable than median price and presents us and the reader with fewer statistical anomalies and variations.

**Sales:** Sales numbers are the sum of both attached and detached home sales. 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 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.

**Inventory and Months of Sales:** When we provide a monthly report for, say, the month of May, all sales and pricing are done using transactions throughout that month and the previous two months. However, when we measure inventory at the end of May, it's the inventory as of June 1<sup>st</sup> the next month. It is the sum of inventory of both attached and detached homes. Remember sales and prices are accumulative while inventory is a momentary snapshot of inventory on a specific date. To avoid confusion, the inventory reported in the May report is for June 1<sup>st</sup>, and our graphs and charts for inventory and months of sales will give this date and not the date of the month of the report.

When calculating "months of sales" we almost always use average sales over the last twelve months and not three months. If we do use three months, we will indicate that we are dividing inventory by three-month sales and not the normal twelve month average.

**Days on 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.

**Scatter Diagram Value Curve:** In the individual city reports we provide a Scatter Diagram Value Curve which plots the price per sq. ft. of every sale for the last three months versus the square feet of that home. In the graph each small blue circle represents a sale. Then a best fit linear line is calculated through those points using the least square method to arrive at the value curve. The value curve represents the price per sq. ft. that the market is generally giving different size homes. We provide the actual linear equation for people who might want to use it to calculate prices for different sized homes.

To contact Market Watch call Vic Cooper at 949-493-1665