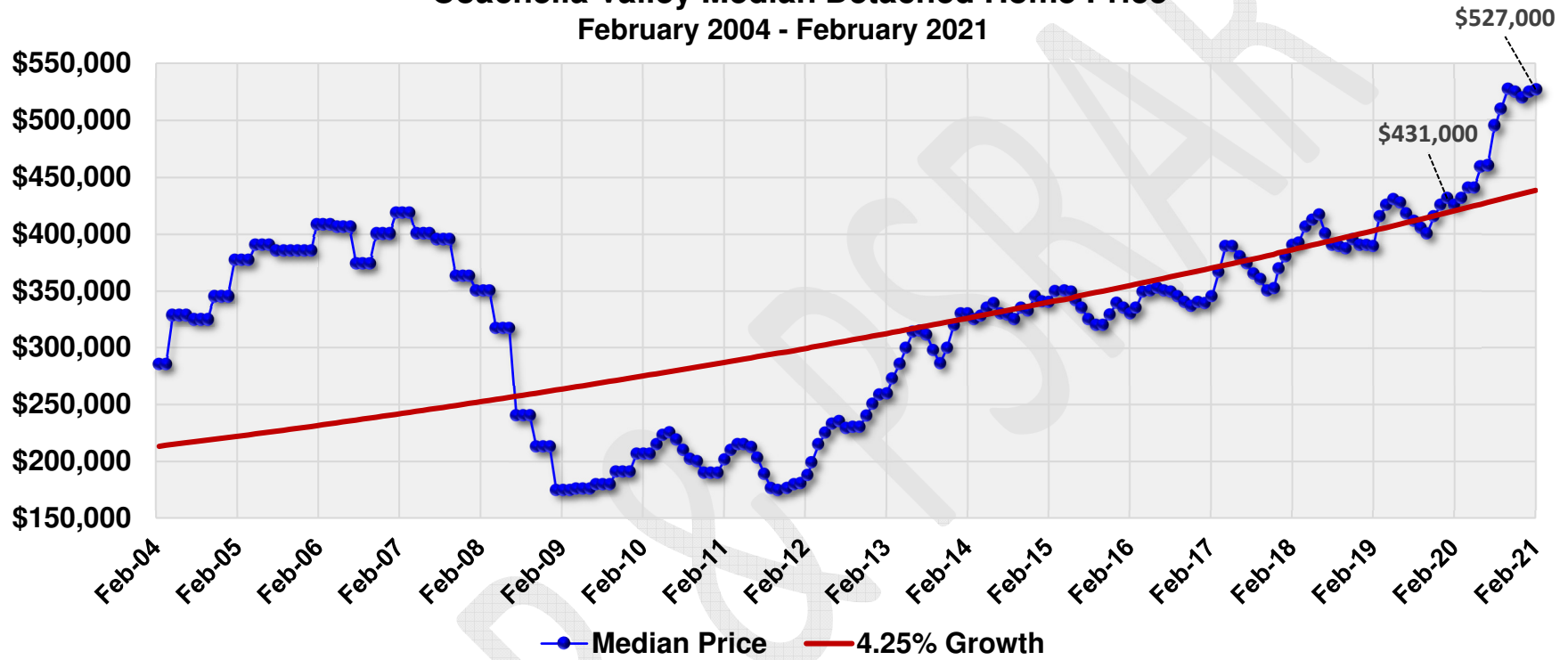


The Desert Housing Report

February 2021

Coachella Valley Median Detached Home Price

February 2004 - February 2021



Summary

At the end of February, the Coachella Valley median detached home price was \$527,000, up 22% from twelve months ago. The median price for attached homes in February was \$340,250, up 19.4% over the last twelve months. When we compare city median prices in February against year ago values, we see that every city is participating in this strong price move. Four cities now have year-over-year price increases for detached homes above 20% – Indian Wells, La Quinta, Palm Springs, and Desert Hot Springs. Total sales are now averaging 1,057 units a month and have been in this range for the last six months. Sales of both detached and attached homes, as well as total sales, are currently 39% higher than they were a year ago before the pandemic. Inventory broke under a thousand by registering just 902 units on March 1st. This number, which includes attached and detached homes, is by far the lowest inventory in history. We believe this is mainly due to COVID and a reluctance currently to open one's home up. We also believe this will probably reverse once the vaccine is widely distributed, presenting a once in a lifetime "predictable" opportunity for many agents.

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The Desert Housing Report

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Coachella Valley Median Attached Price February 2002 - February 2021

Median Price

\$400,000

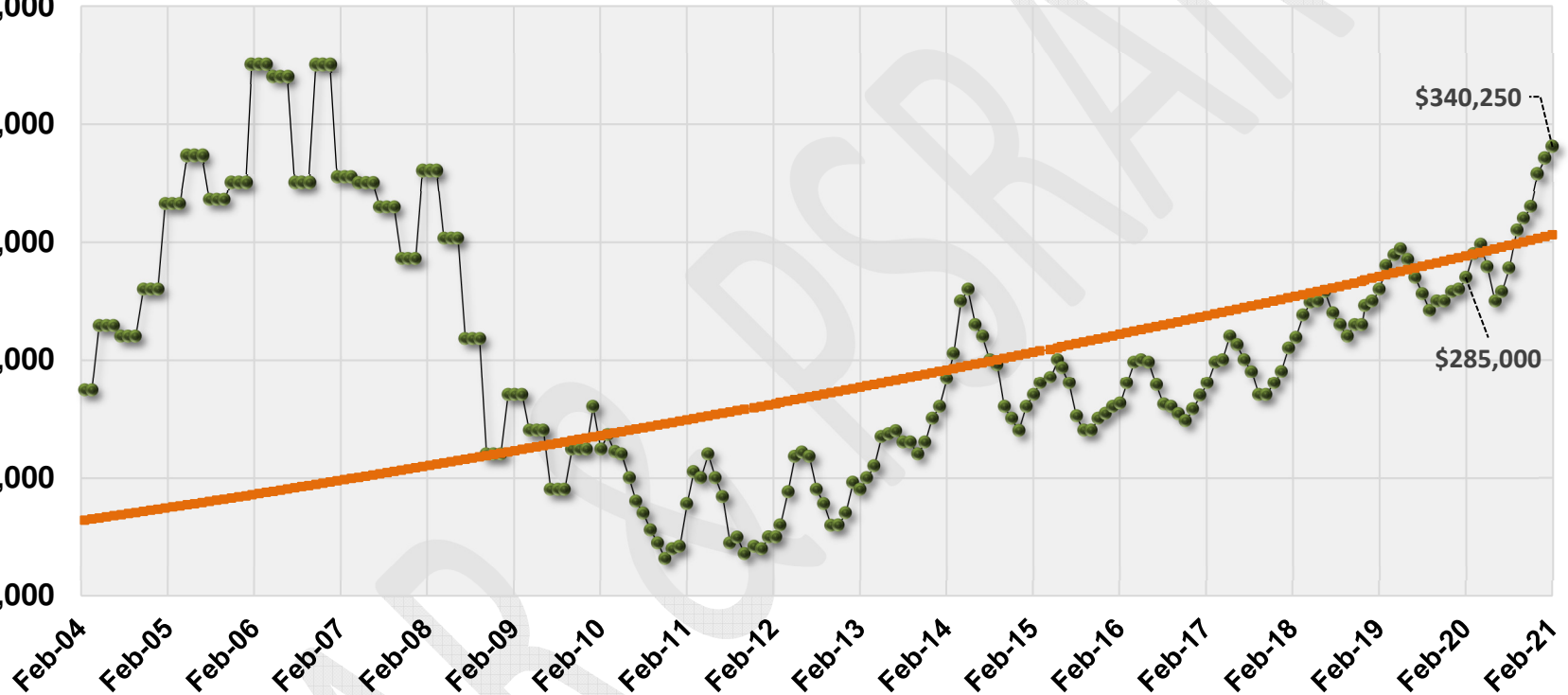
\$350,000

\$300,000

\$250,000

\$200,000

\$150,000



● CV Attached Median Price

— 3% Growth Curve

Coachella Valley Attached Median Price

The median price for attached homes in February was \$340,250, up 19.4% over the last twelve months. It is clear from the chart that attached prices have experienced a powerful, upward surge over the last eight months and have broken through the restraints of the last few years. We think prices will continue to follow the seasonal pattern of reaching highs normally in the month of May before pulling back.



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Detached Homes

City	Feb-21	Year Ago	12 mo change	2011 Low	Gain off 2011 Low	2006 High	% from High
Indian Wells	\$1,169,000	\$885,000	32.1%	\$540,000	116.5%	\$1,205,000	-3.0%
La Quinta	\$702,500	\$542,500	29.5%	\$245,000	186.7%	\$682,020	3.0%
Palm Springs	\$870,000	\$679,250	28.1%	\$335,000	159.7%	\$600,000	45.0%
Desert Hot Springs	\$297,250	\$239,500	24.1%	\$85,000	249.7%	\$295,000	0.8%
Cathedral City	\$420,000	\$359,000	17.0%	\$139,000	202.2%	\$395,000	6.3%
Palm Desert	\$495,000	\$430,900	14.9%	\$287,000	72.5%	\$543,000	-8.8%
City of Coachella	\$310,000	\$270,000	14.8%	\$121,950	154.2%	\$335,000	-7.5%
Indio	\$391,600	\$349,000	12.2%	\$158,500	147.1%	\$380,500	2.9%
Rancho Mirage	\$767,500	\$685,000	12.0%	\$423,000	81.4%	\$950,000	-19.2%

Attached Homes

City	Feb-21	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
Indian Wells	\$489,000	\$380,000	28.7%	\$321,500	52.1%	\$557,500	-12.3%
Rancho Mirage	\$397,450	\$329,194	20.7%	\$260,000	52.9%	\$510,000	-22.1%
La Quinta	\$425,000	\$372,000	14.2%	\$265,000	60.4%	\$532,500	-20.2%
Palm Desert	\$345,500	\$305,500	13.1%	\$175,000	97.4%	\$410,000	-15.7%
Indio	\$200,000	\$182,000	9.9%	\$75,000	166.7%	\$279,000	-28.3%
Palm Springs	\$302,000	\$279,000	8.2%	\$150,000	101.3%	\$350,000	-13.7%
Cathedral City	\$202,500	\$187,250	8.1%	\$107,500	88.4%	\$270,500	-25.1%
Desert Hot Springs	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A

12 Month Change in City Median Prices

When we compare city median prices in February against year ago values, we see that every city is participating in this strong price move. Four cities now have year-over-year price increases for detached homes above 20% – Indian Wells, La Quinta, Palm Springs and Desert Hot Springs. It should be noted that five cities have now exceeded their historic highs made in the year 2006, with the median value of Palm Springs now 45% above its high. Attached homes have similar patterns with slightly lower percentage changes.

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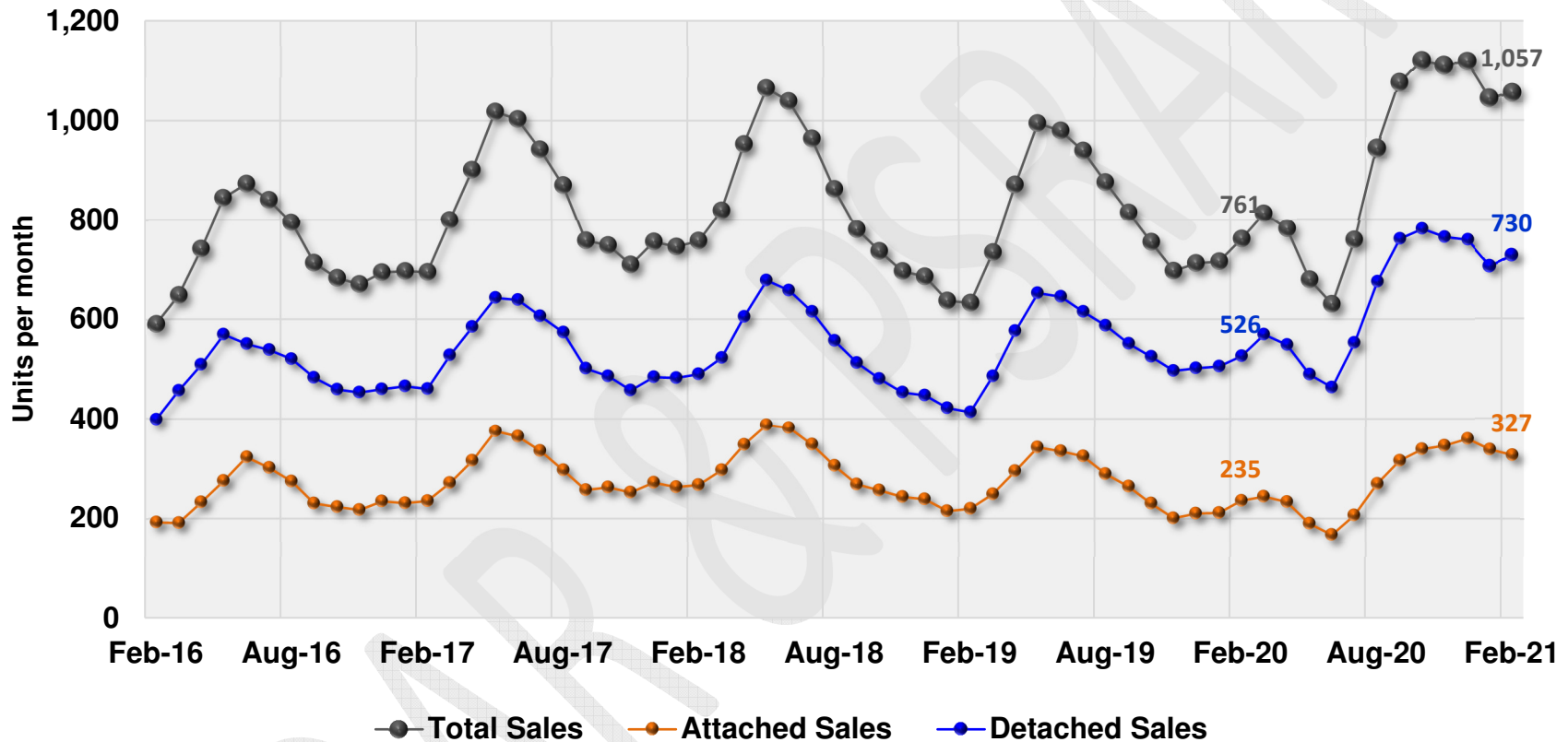
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The Desert Housing Report

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Detached, Attached and Total Sales

3 month moving average



Monthly Sales – 3-month trailing avg.

The three-month average of sales is a long enough time period to produce statistically reliable numbers but small enough to show the seasonal characteristics of the desert. Total sales are now averaging 1,057 units a month and have been in this range for the last six months. Sales of both detached and attached homes, as well as total sales, are currently 39% higher than they were a year ago before the pandemic. We think it is very encouraging that sales have stayed high for an extended period.

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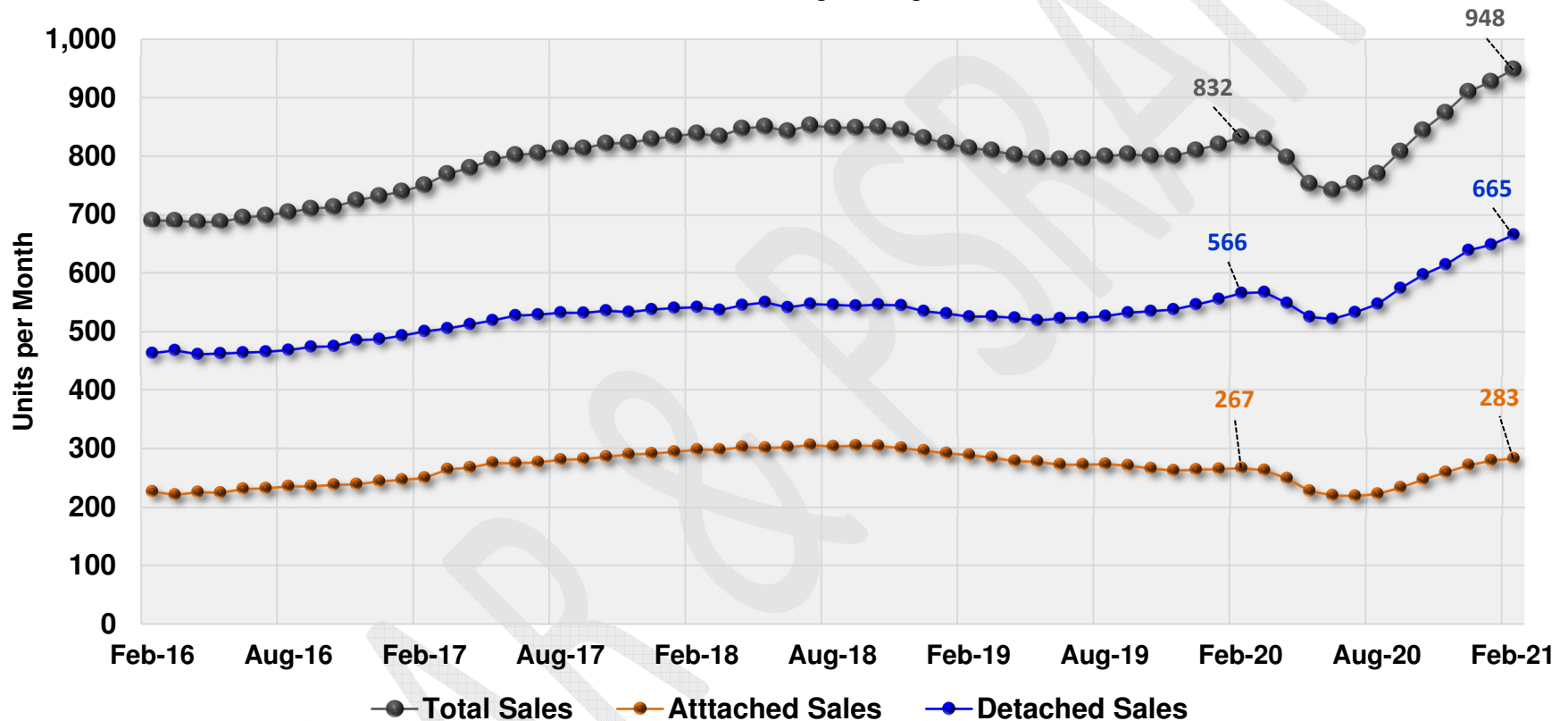
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The Desert Housing Report

February 2021

Detached, Attached and Total Sales

12 month moving average



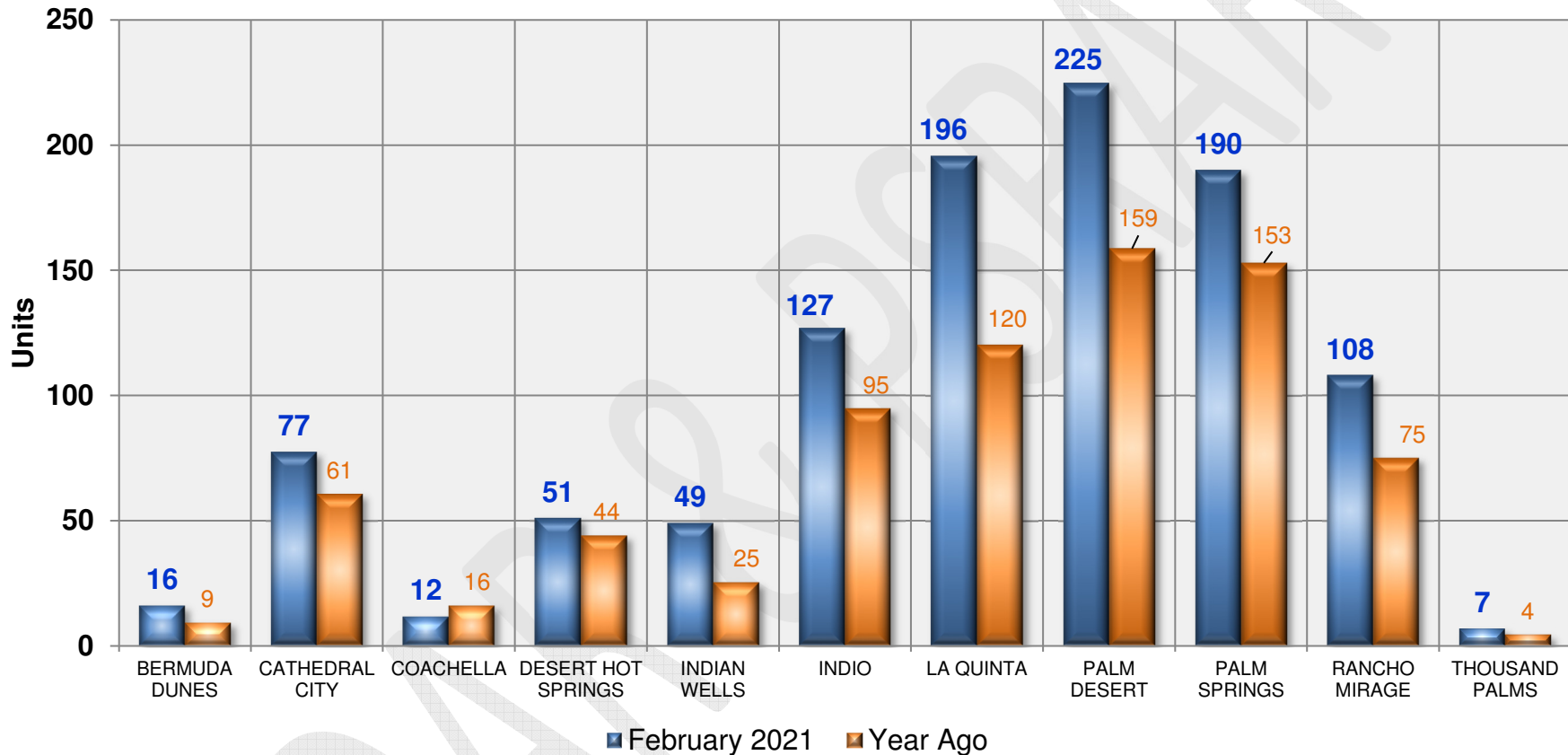
Monthly Sales – 12-month trailing avg.

The 12-month average of sales takes out the seasonal pattern and shows the true, long-term sales trend. Looking at the graph, one can clearly see the sharp dip in sales last spring during the first three months of the pandemic, as well as the sales surge that followed. Total sales over the last 12 months averaged 948 units a month and this number seems poised to continue to move even higher. The increase in sales has been primarily in detached homes and less so in the attached home market.

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Home Sales by City 3 month avg sales



Home Sales by City

When we look at three months sales in each city compared to a year ago levels, we see most of the regional sales increase comes from a select few cities - specifically La Quinta and Palm Desert, followed by Palm Springs and Rancho Mirage. Percentage-wise, the largest increase is in Indian Wells, with a 96% sales increase. The working cities of Cathedral City, Coachella and Desert Hot Springs show smaller sales increases.

Home Sales by Price Range 3 mos avg



Home Sales by Price Range

When we measure sales in the different price brackets, we continue to find the largest sales increases are in the middle to higher price brackets. The largest percentage increase is the million-dollar and over price bracket, with a sales gain of 128%. Another large increase is in the \$400,000 to \$500,000 price bracket, where sales went from 95 units a month to 178 units a month, which is an increase of 87%.

Valley Housing Inventory Mar 1st 2016 - Mar 1st 2021

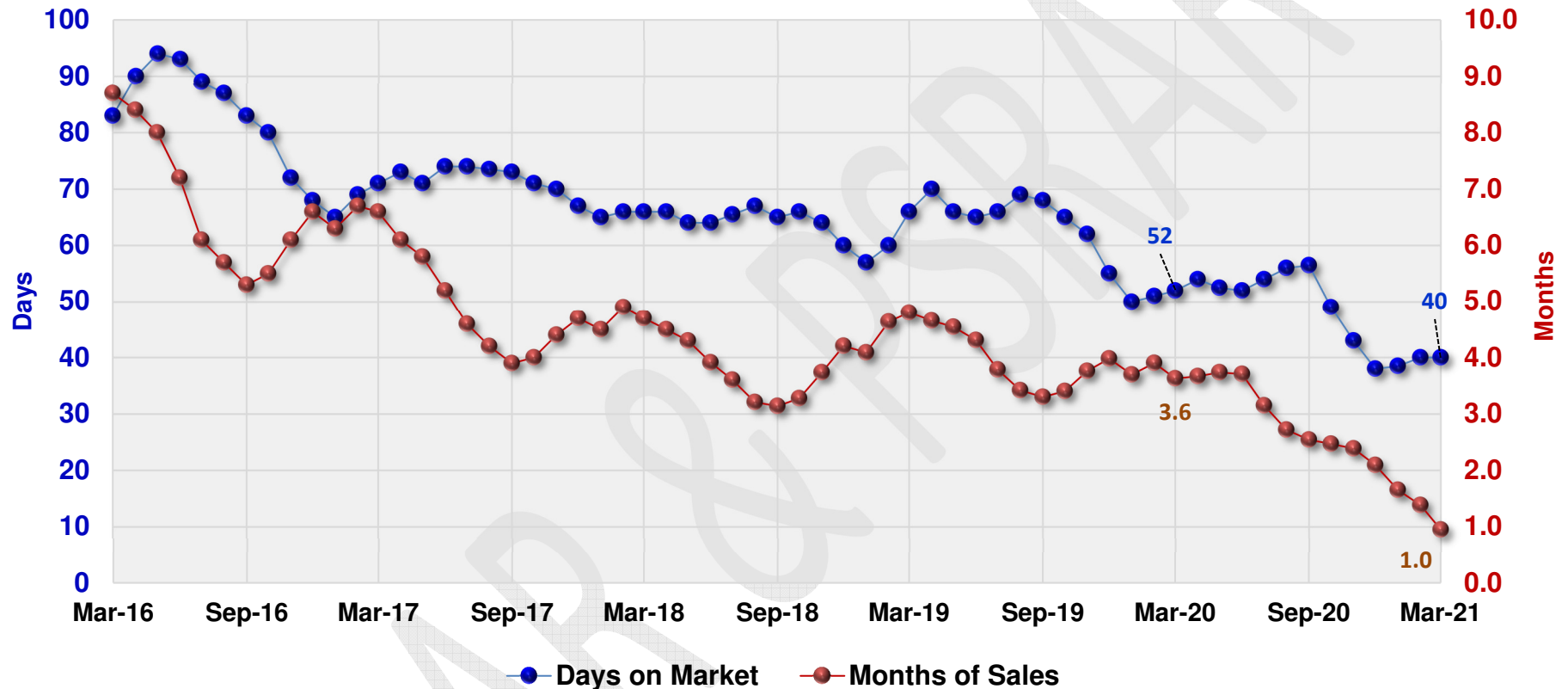


Coachella Valley Inventory

Inventory broke under a thousand by registering just 902 units on March 1st. This number, which includes attached and detached homes, is by far the lowest inventory in history. As the graph clearly shows, inventory follows a strong, seasonal pattern with lows generally in September and highs in March. However, the pattern broke down in 2020 (indicated in red). When inventory should have risen to around 2,600, it instead fell off a cliff. We believe this is mainly due to COVID and a reluctance at this time to open one's home up. We also believe this will probably reverse once the vaccine is widely distributed, presenting a once in a lifetime "predictable" opportunity for many agents.

Days on the Market & Months of Sales

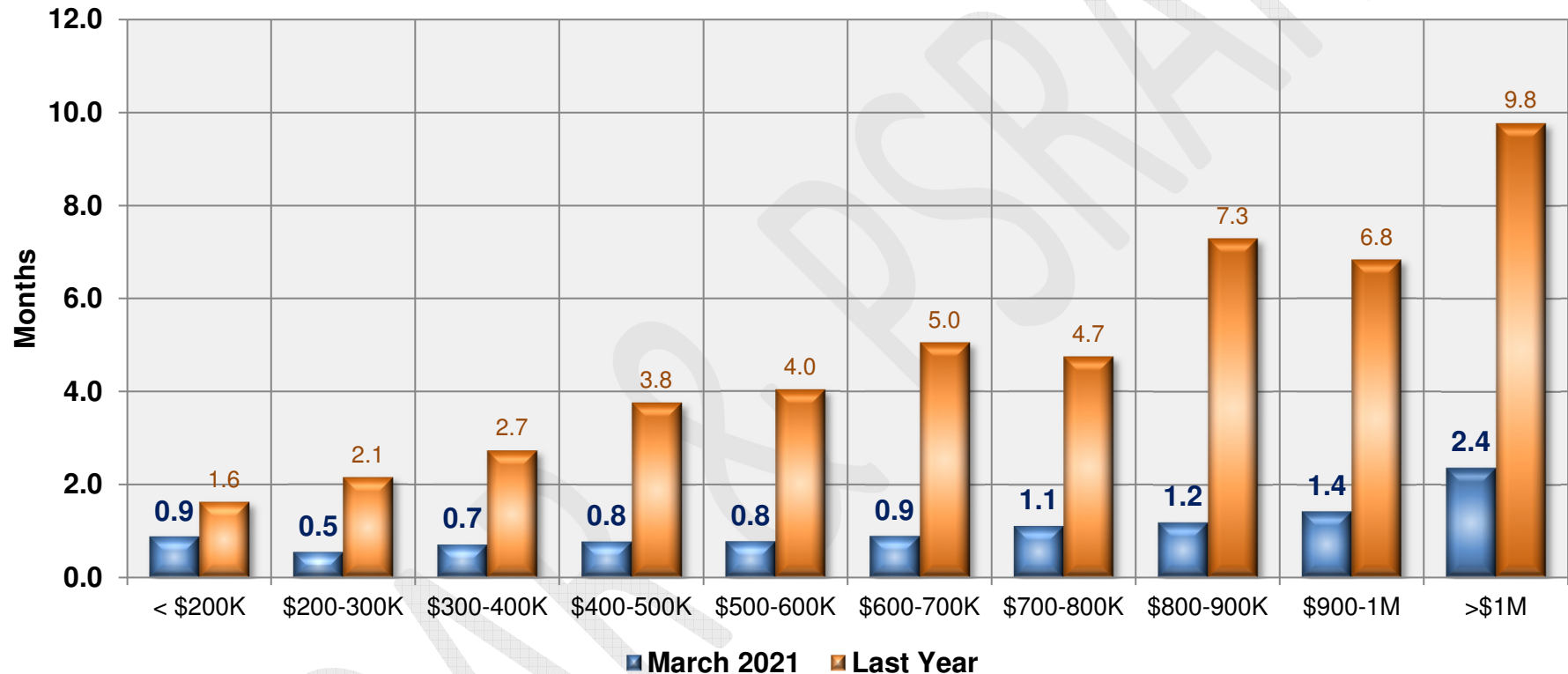
March 1st 2016 - March 1st 2021



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

As one would expect, the large drop in inventory coupled with the continuation of high sales has reduced the month of sales ratio to an all-time low. The ratio is now just one month; a year ago it was 3.6 months. This is by far the lowest ratio in history. It means that at the current sales rate it would take just one month to liquidate the entire inventory. This is the force of supply and demand that is driving prices higher almost daily. It is also the cause for the median value of “days in the market” being just 40 days compared to 52 days a year ago.

"Months of Sales" by Price Range uses avg. twelve month sales March 1st 2021



"Months of Sales" by Price Range

The "months of sales" ratio in every price bracket continues to be far below year ago levels. The month of sales ratio in every price bracket under \$700,000 is now less than one month, with the lowest ratio being one half of a month for homes or condominiums priced between \$200,000 and \$300,000. For homes priced over \$1 million, where the ratio is normally around 10 months, it's now just 2.4 months.

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



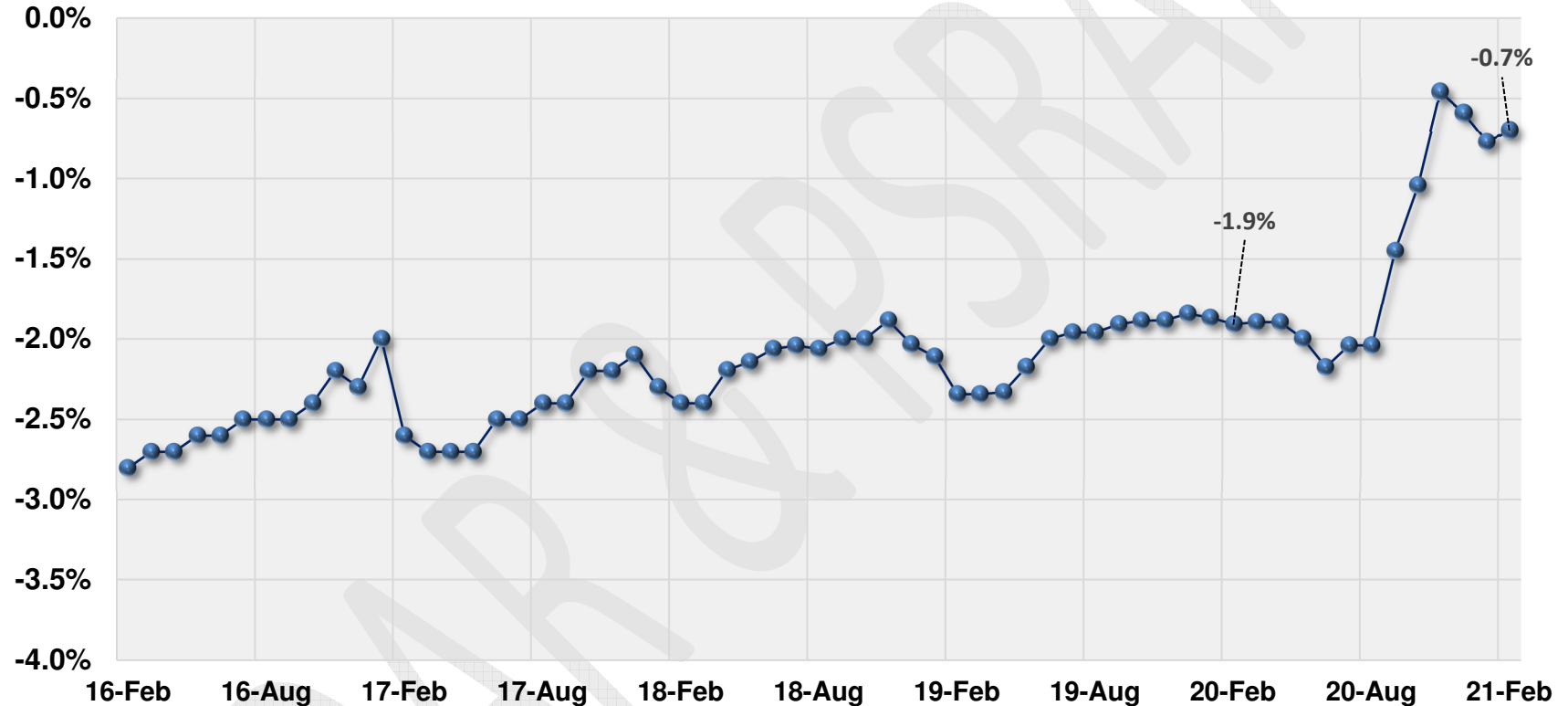
"Months of Sales" by City

On March 1st six cities had a month of sales ratio under one month - Bermuda Dunes, Coachella, Cathedral City, Indio, Palm Springs, and La Quinta. Palm Desert has a ratio of exactly one month. Indian Wells, which normally has a ratio of 10 months or higher, has a current ratio of just 2.1 months.

The Desert Housing Report

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Sales Price Discount from List February 2016 to February 2021



Sale Price Discount from List

The February median value for “Sale Price Discount from List” was -0.7%. This number implies that an average Valley home offered at \$500,000 sold for \$496,500. Also, one out of every four and a half homes continues to sell for more than its asking price.



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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 1st 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 1st, 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 714-390-1418