



The Desert Housing Report

June 2021



Coachella Valley Median Detached Price

June 2002 - June 2021



Summary

In June, the median price of a detached home in the Valley was \$599,000, up 30.5% over last June. The median price for attached homes in the Valley surged to \$365,000, up almost 33%. Gains in city median prices range from 48% for Rancho Mirage to 9.1% in the city of Coachella. Five cities have gains for detached homes over 30% – Rancho Mirage, Palm Springs, Indian Wells, Desert Hot Springs and Indio.

In June total sales averaged 1,198 sales a month, down from 1,300 units last month. Even with that, sales are still running 90% above year ago levels. Long-term, total sales are up 52%. This is rather evenly distributed between detached and attached sales, with detached sales up 48% and attached sales up 62%.

On July 1st there were 654 units for sale compared to 2,340 units last year. This low supply, coupled with surging sales, are the two forces pushing home prices higher. The month of sales ratio at the end of June was .6 months, the lowest ratio in history. At the current sales rate, inventory would be completely absorbed in just two weeks. A year ago, the ratio was 3.7 months.

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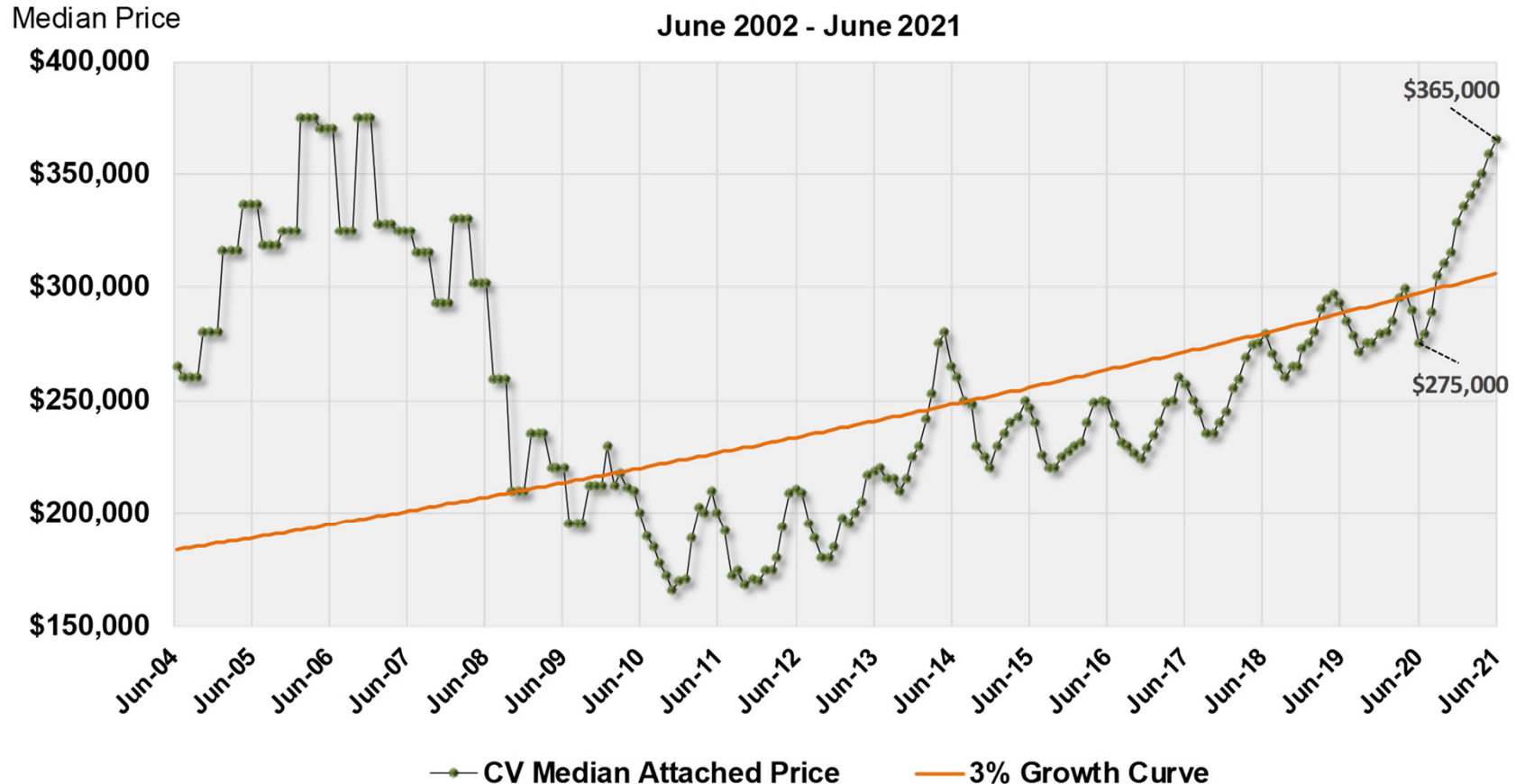
The Desert Housing Report

June 2021



Coachella Valley Median Attached Price

June 2002 - June 2021



Coachella Valley Attached Median Price

The median price for attached homes in the Valley surged to \$365,000 in June, up almost 33%. As the chart clearly shows there is a very distinct seasonal pattern to attached home prices, which invariably reach a peak in June before giving back some of the gains over the next four or five months. We expect something similar this year but, because of the unique situation of so little supply and such heavy demand, the effect this year could be very muted.



The Desert Housing Report

June 2021



Detached Homes

City	Jun-21	Year Ago	12 mo change	2011 Low	Gain off 2011 Low	2006 High	% from High
Rancho Mirage	\$917,500	\$620,000	48.0%	\$423,000	116.9%	\$950,000	-3.4%
Palm Springs	\$949,000	\$706,000	34.4%	\$335,000	183.3%	\$600,000	58.2%
Indian Wells	\$1,250,000	\$942,500	32.6%	\$540,000	131.5%	\$1,205,000	3.7%
Desert Hot Springs	\$331,500	\$250,000	32.6%	\$85,000	290.0%	\$295,000	12.4%
Indio	\$442,375	\$335,000	32.1%	\$158,500	179.1%	\$380,500	16.3%
Palm Desert	\$575,000	\$470,000	22.3%	\$287,000	100.3%	\$543,000	5.9%
La Quinta	\$726,501	\$603,000	20.5%	\$245,000	196.5%	\$682,020	6.5%
Cathedral City	\$455,000	\$378,570	20.2%	\$139,000	227.3%	\$395,000	15.2%
City of Coachella	\$319,000	\$292,500	9.1%	\$121,950	161.6%	\$335,000	-4.8%

Attached Homes

City	Jun-21	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
La Quinta	\$486,975	\$327,625	48.6%	\$265,000	83.8%	\$532,500	-8.5%
Rancho Mirage	\$400,000	\$289,000	38.4%	\$260,000	53.8%	\$510,000	-21.6%
Indian Wells	\$525,000	\$399,000	31.6%	\$321,500	63.3%	\$557,500	-5.8%
Palm Springs	\$320,234	\$248,500	28.9%	\$150,000	113.5%	\$350,000	-8.5%
Cathedral City	\$225,500	\$176,250	27.9%	\$107,500	109.8%	\$270,500	-16.6%
Palm Desert	\$385,000	\$305,000	26.2%	\$175,000	120.0%	\$410,000	-6.1%
Indio	\$224,000	\$197,000	13.7%	\$75,000	198.7%	\$279,000	-19.7%
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

Year over year, home prices continue to increase in the nine major cities of the Valley. Gains in city median prices range from 48% for Rancho Mirage to 9.1% in the city of Coachella. Five cities have gains for detached homes over 30% – Rancho Mirage, Palm Springs, Indian Wells, Desert Hot Springs and Indio. Three cities have gains over 30% for attached homes – La Quinta, Rancho Mirage and Indian Wells.

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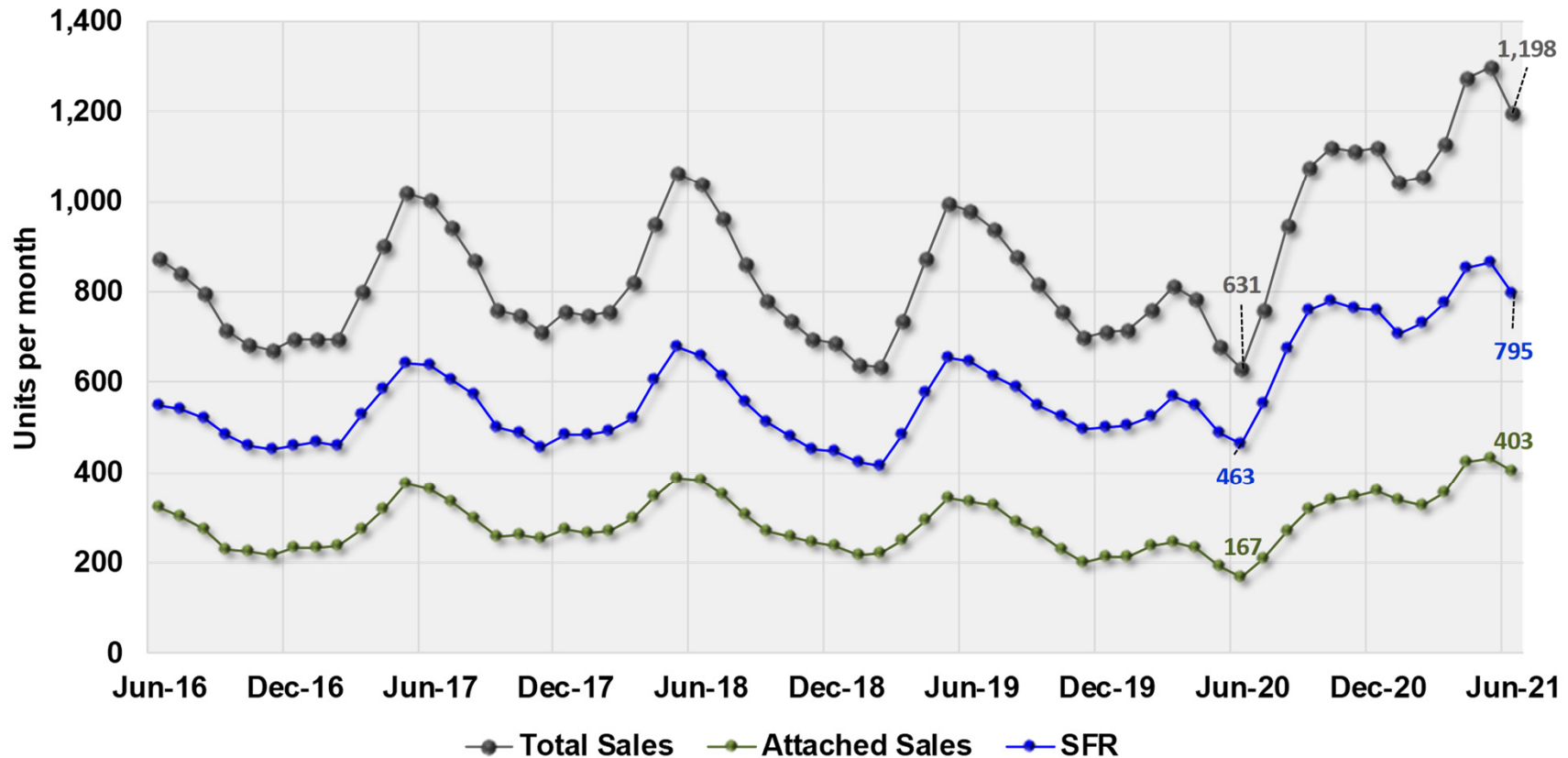
The Desert Housing Report

June 2021



Detached, Attached and Total Sales

3 month moving average



Monthly Sales – 3-month trailing avg.

In June total sales averaged 1,198 sales a month, down from 1,300 units last month. Even at that, sales are still running 90% above year ago levels. This decline, however, appears to be the start of the normal seasonal decline in sales, which as the chart shows usually begins in June and carries through to November. We have found that studying how this unfolds is often very helpful in forecasting what to expect in 2022.



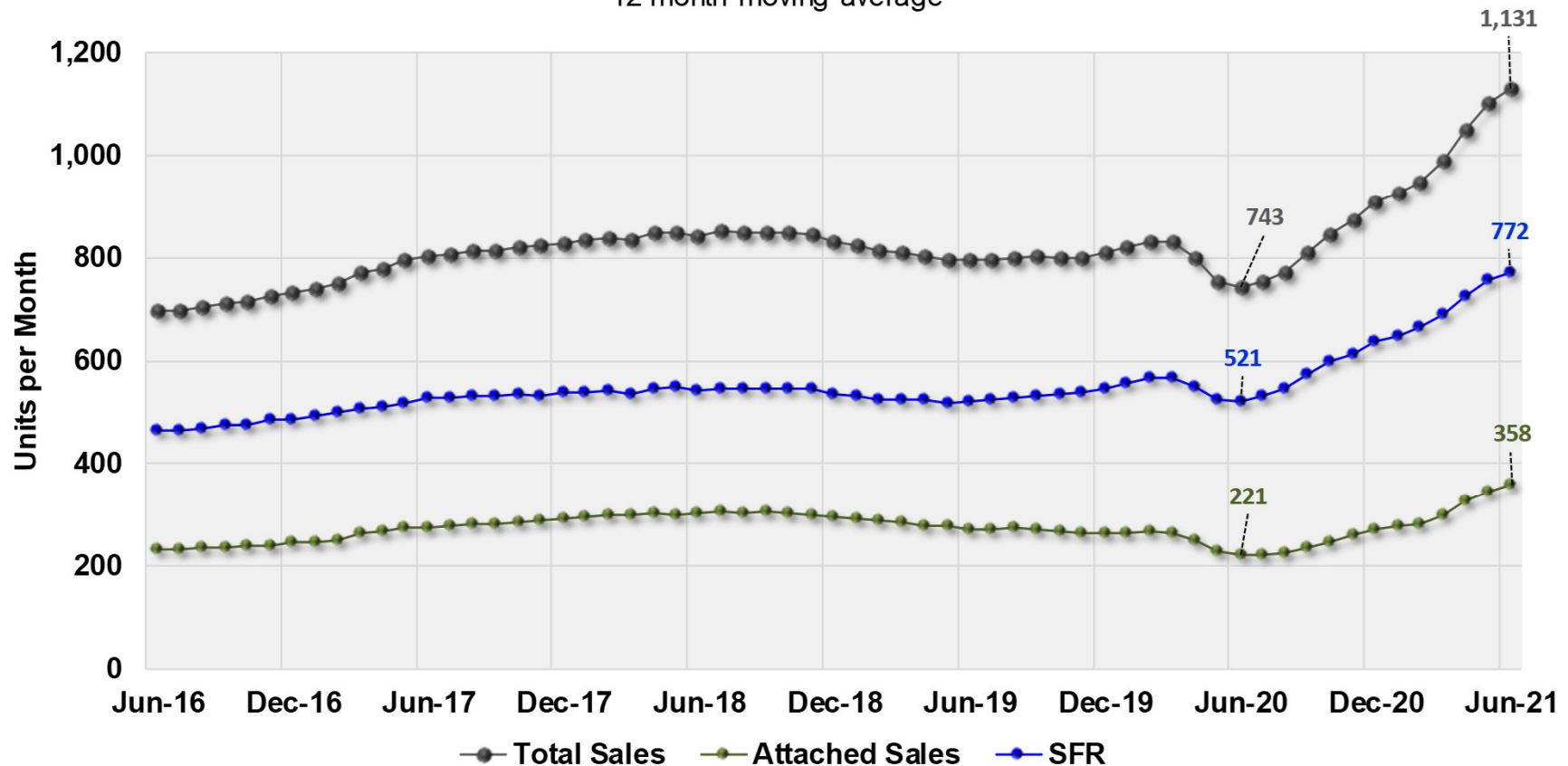
The Desert Housing Report

June 2021



Detached, Attached and Total Sales

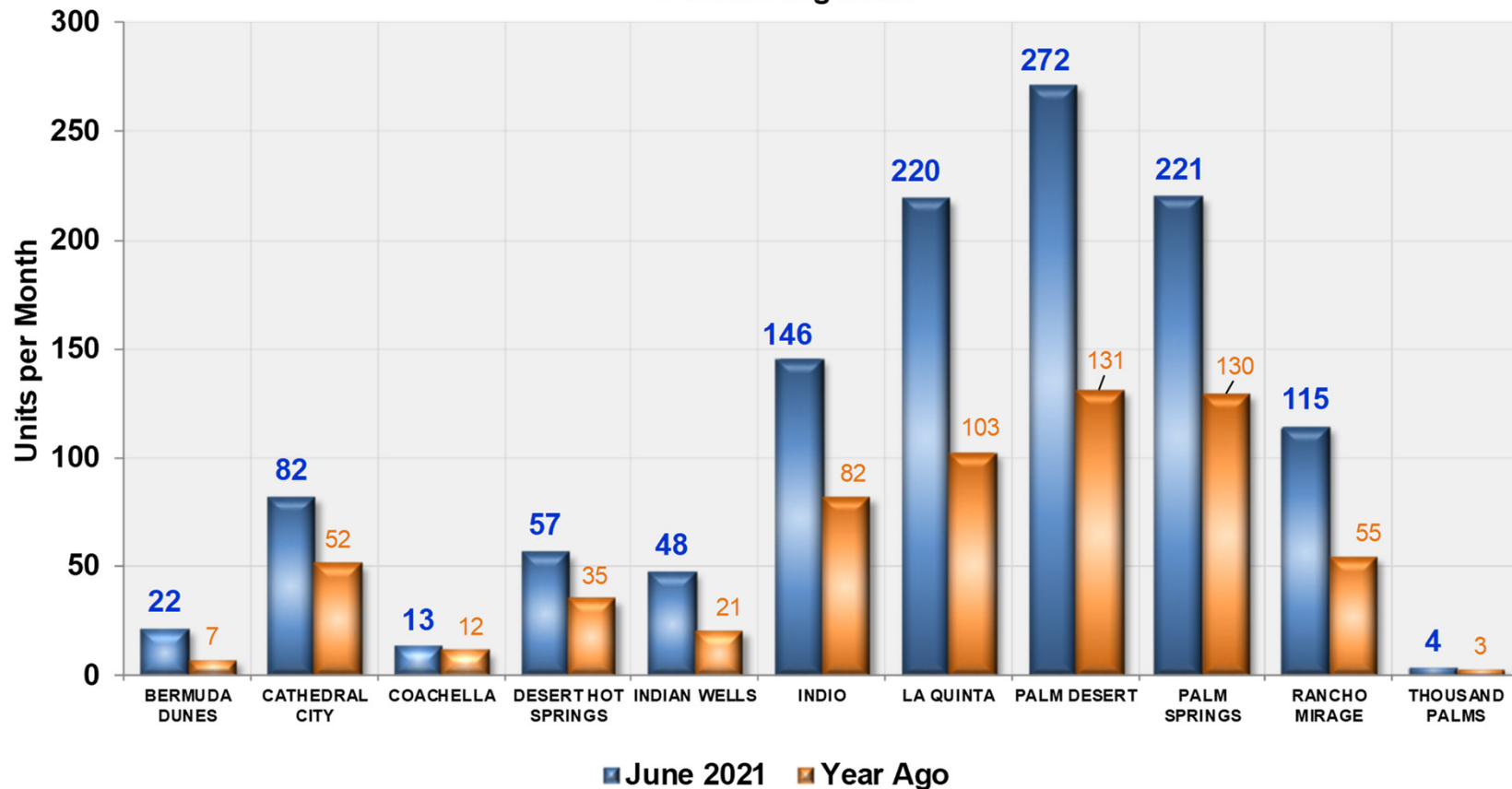
12 month moving average



Monthly Sales – 12-month trailing avg.

This chart, which displays average monthly sales over the last 12 months, takes out all seasonality and shows the long-term trend of sales. It clearly shows the strong sales increase we've experienced over the last 12 months. Long-term, total sales are up 52%. This is rather evenly distributed between detached and attached sales, with detached sales up 48% and attached sales up 62%.

Home Sales by City 3 month avg sales



Home Sales by City

Again, every city in the region shows an increase in average sales compared to last year. The chart clearly shows that the largest sales increases continue to be the cities of Palm Desert and La Quinta. The area of Bermuda Dunes has the largest percentage increase in sales with an increase of 200%. This is followed by Indian Wells at 130%, and then the Quinta at 114%.

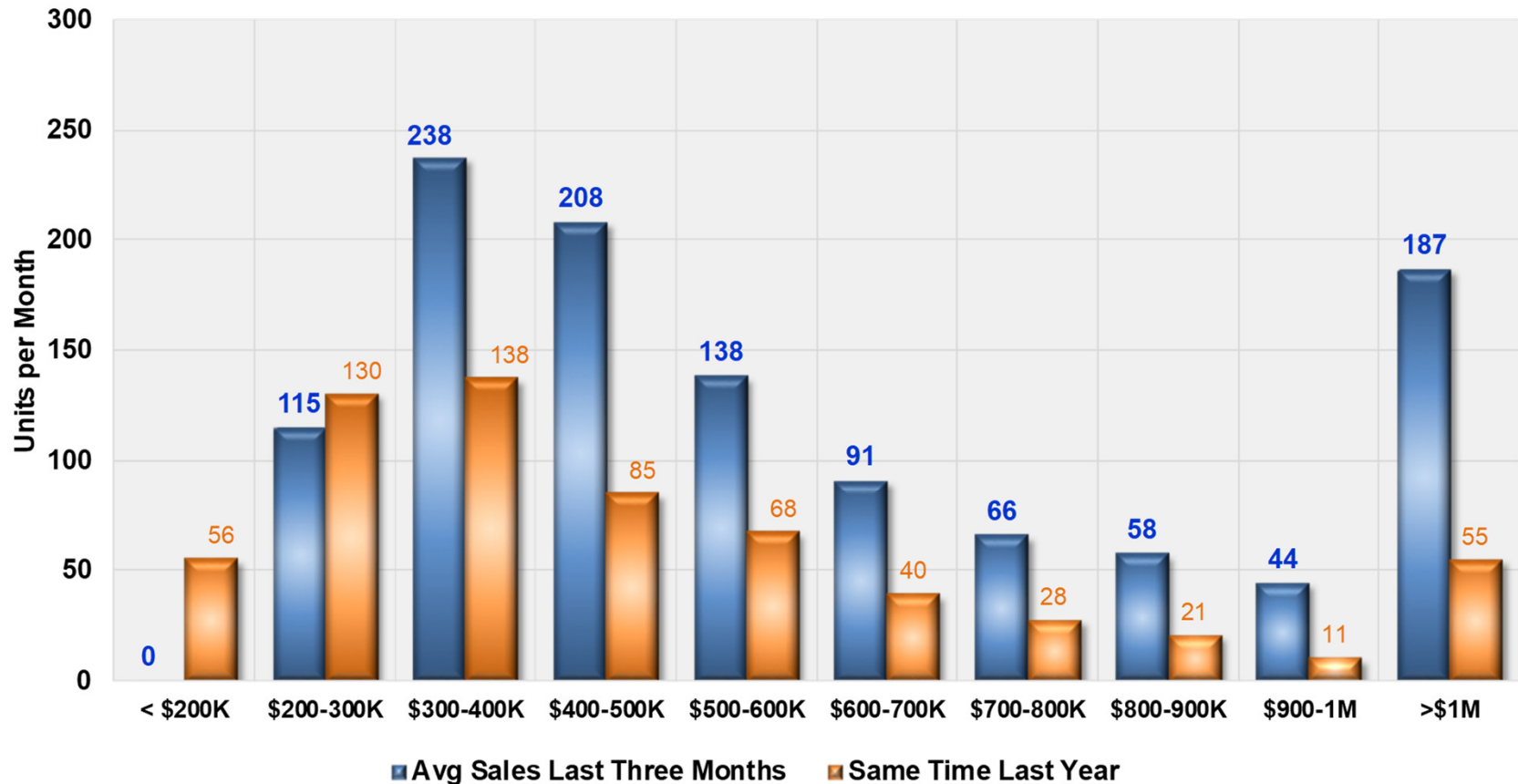


The Desert Housing Report

June 2021



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 in the middle to higher price brackets. Sales of homes under \$300,000 remain low primarily because there are fewer and fewer homes in these brackets due to the large price increases. Sales of million-dollar plus homes continue to remain high with sales at 187 units a month compared to 55 units last year.

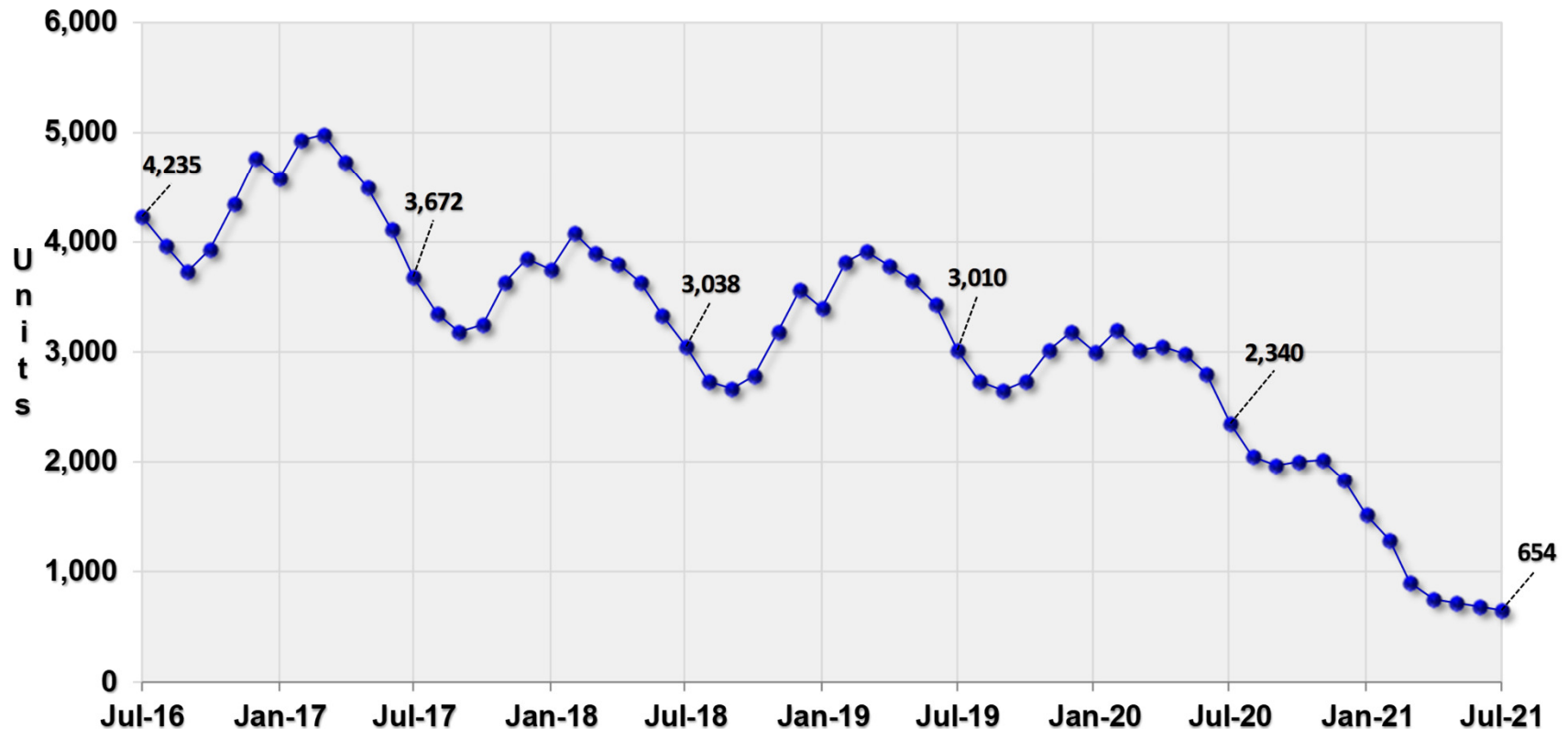


The Desert Housing Report

June 2021



Valley Housing Inventory July 1st 2016 to July 1st 2021



Coachella Valley Inventory

On July 1st there were 654 units for sale compared to 2,340 units last year. The lack of supply, coupled with surging sales, are the two forces pushing home prices higher. As the chart clearly shows we're in the seasonal period when inventory normally declines, and we should probably expect this pattern to continue. We believe, however, that new listings will soon begin to increase due to the widespread use of the vaccine, strongly increasing inventory as we move toward 2022.

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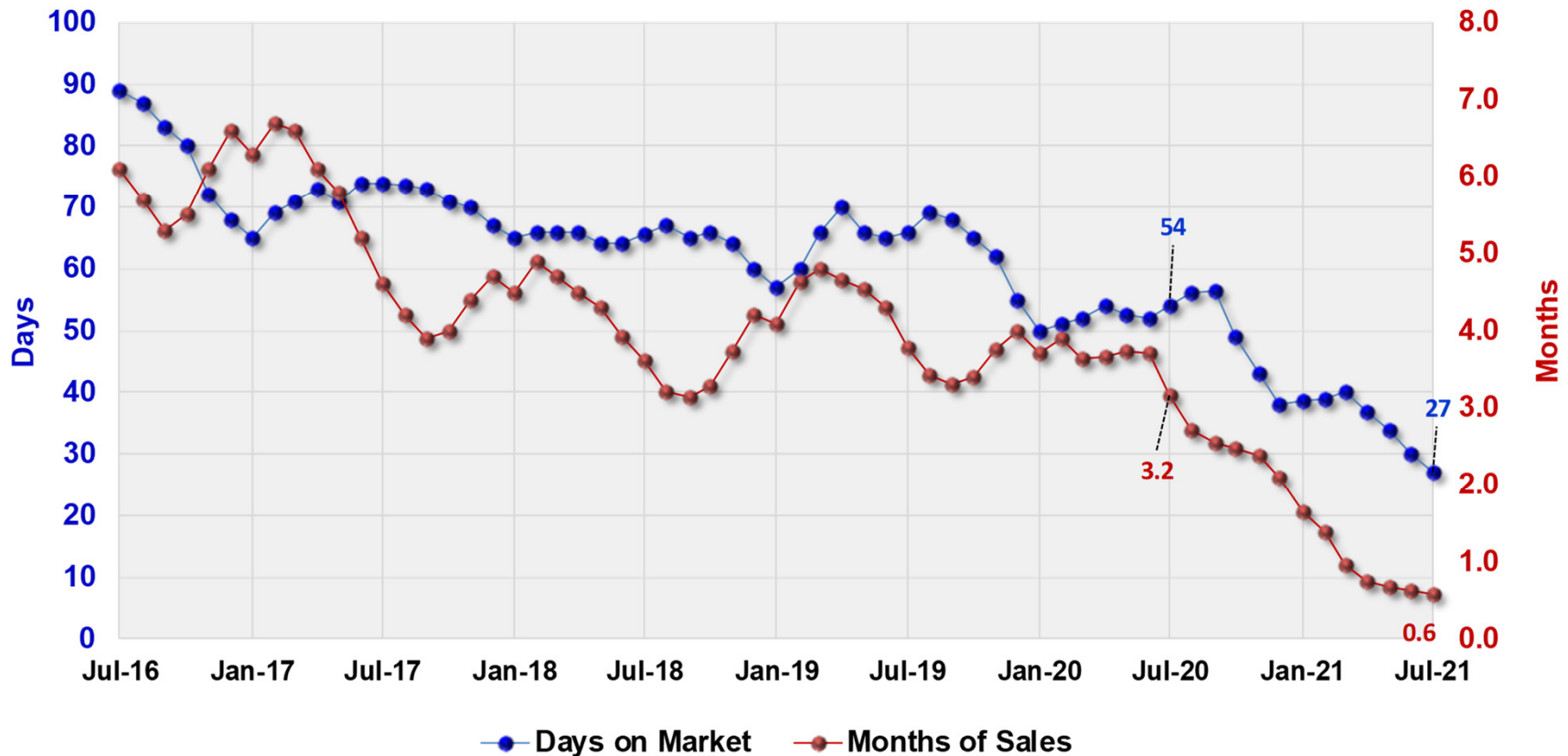
The Desert Housing Report

June 2021



"Days in the Market" & "Months of Sales"

July 1st 2016 - July 1st 2021



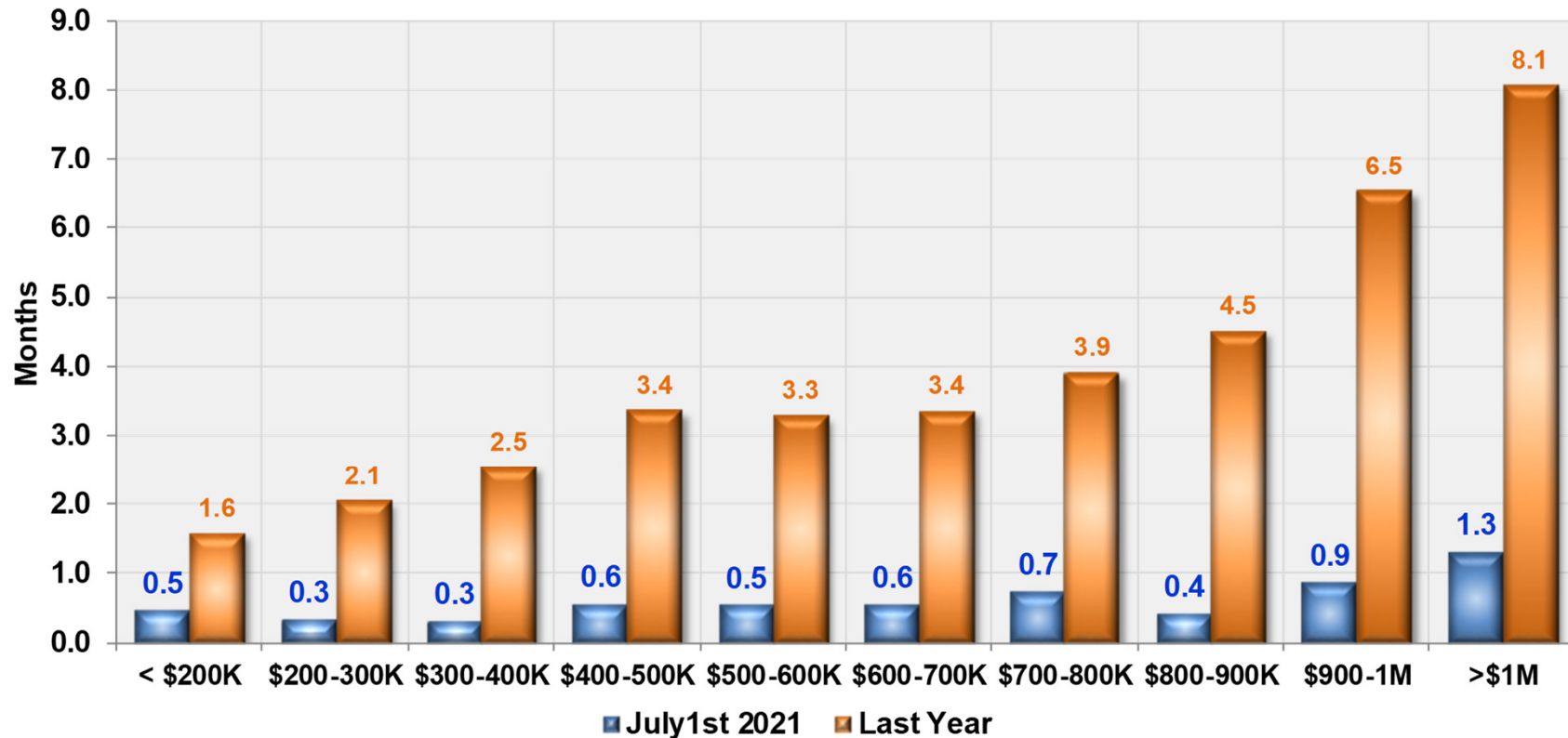
"Days in the Market" and "Months of Sales"

The month of sales ratio at the end of June was .6 months, the lowest ratio in history. At the current sales rate, inventory would be completely absorbed in just two weeks. A year ago, the ratio was 3.7 months. The median value for "days in the market" in the Coachella Valley is now just 27 days compared to 54 days a year ago. We expect this metric to continue to move lower as demand continues to far exceed supply.

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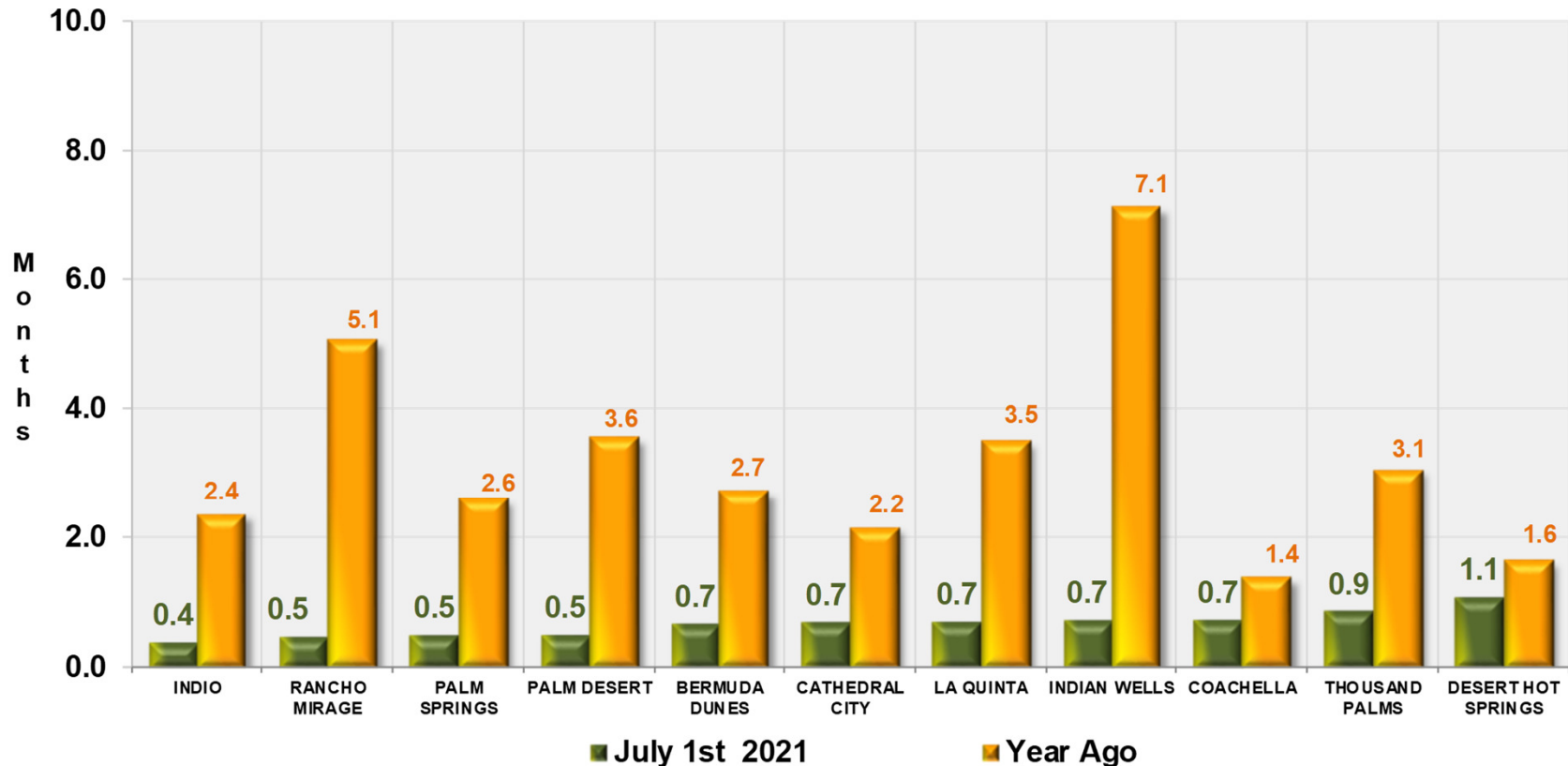
"Months of Sales" by Price Range uses avg. twelve month sales



"Months of Sales" by Price Range

This chart displays the month of sales ratios in different price brackets and then compares these numbers against year ago levels. Except for the price bracket from \$700K to \$800K, where the ratio rises to 7/10 of a month, the month of sales ratio remains under 6/10 of a month for all brackets under \$900,000. The ratio reaches 1.3 months in the million-dollar and over price bracket, which is the lowest ratio in history.

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



"Months of Sales" by City

On July 1st, the month of sales ratio in every major city of the Coachella Valley except Desert Hot Springs was under 9/10 of a month. Even Rancho Mirage and Indian Wells, which normally have the highest ratios in the region because of their higher priced homes, had ratios of .5 months and .7 months, respectively.



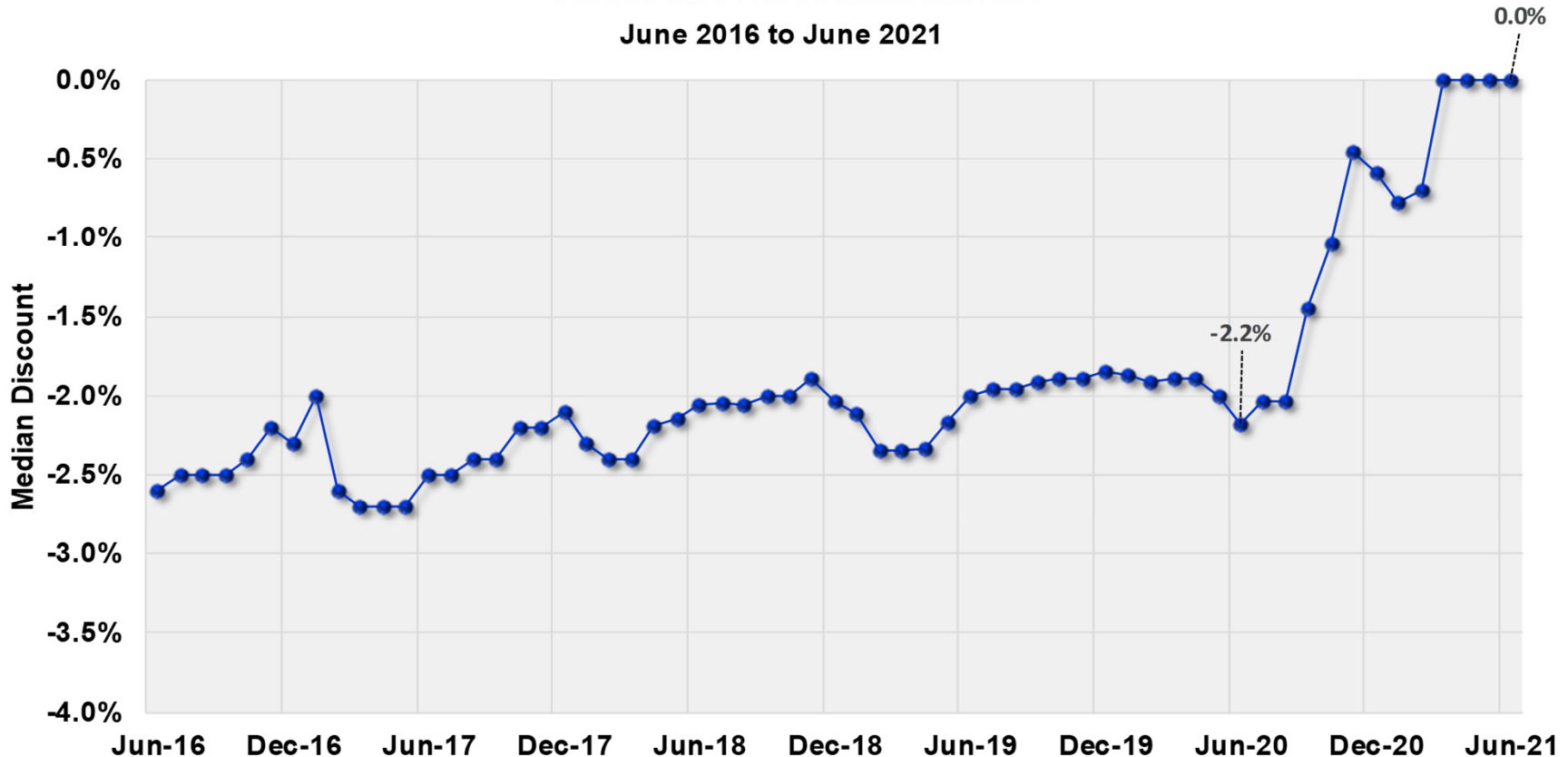
The Desert Housing Report

June 2021



Sales Price Discount from List

June 2016 to June 2021



Sale Price Discount from List

The median value for “Sale Price Discount from List” in June was again at 0.0%, which is the same discount it’s had for the last four months. As we’ve explained, the reason the median discount remains at exactly 0.0% is rather interesting. The reason is somewhat statistical in nature. The median value is the middle value of all sales in the sample, and in this current market more homes are selling at exactly their list price than above or below it. This causes the median number to be exactly zero.

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The Desert Housing Report

June 2021



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: All prices are the median value of sales 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 SFR in the month of May will be the median value of all sales in March, April and May of SFRs. 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.

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