

# The Desert Housing Report

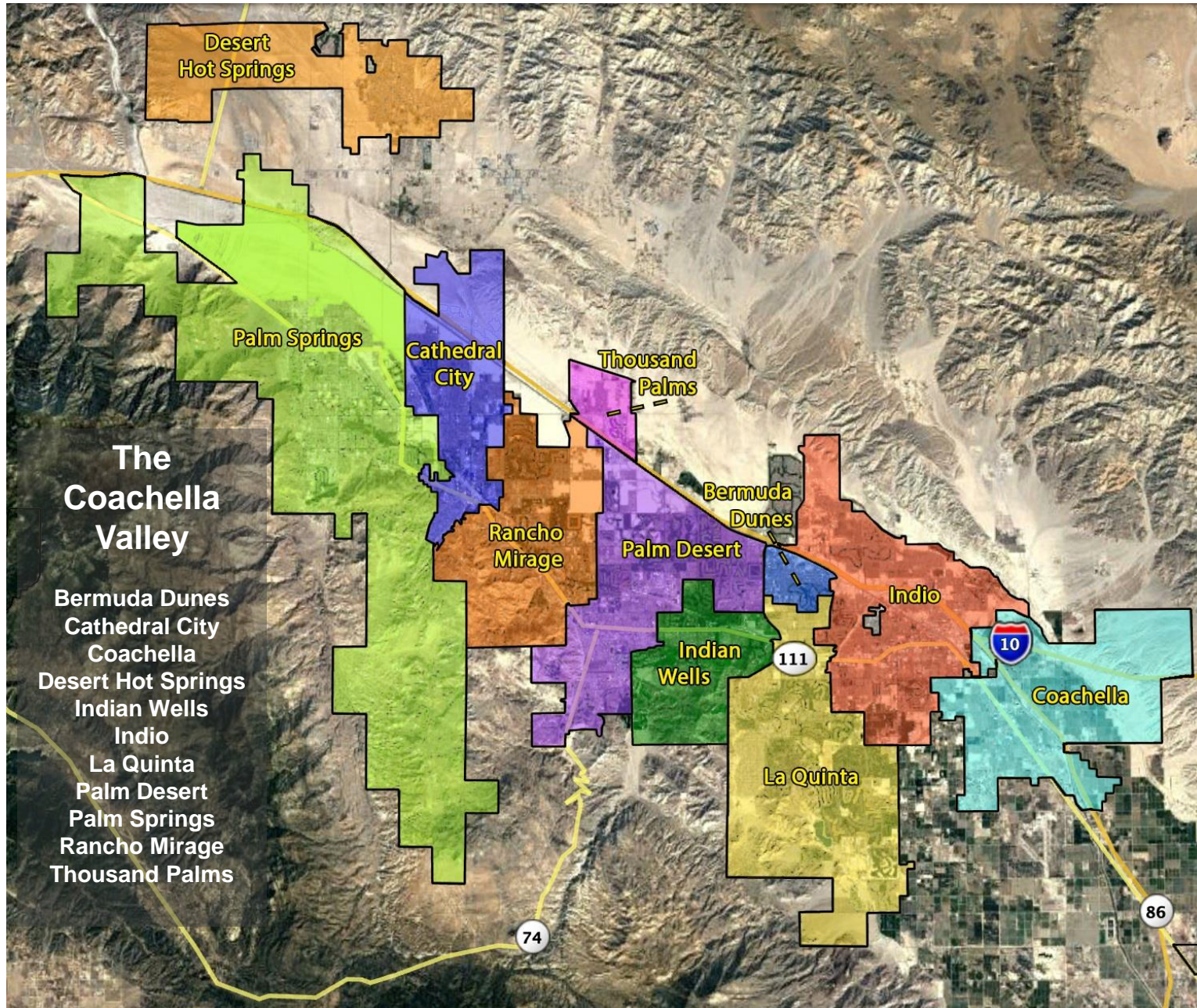
## February 2024

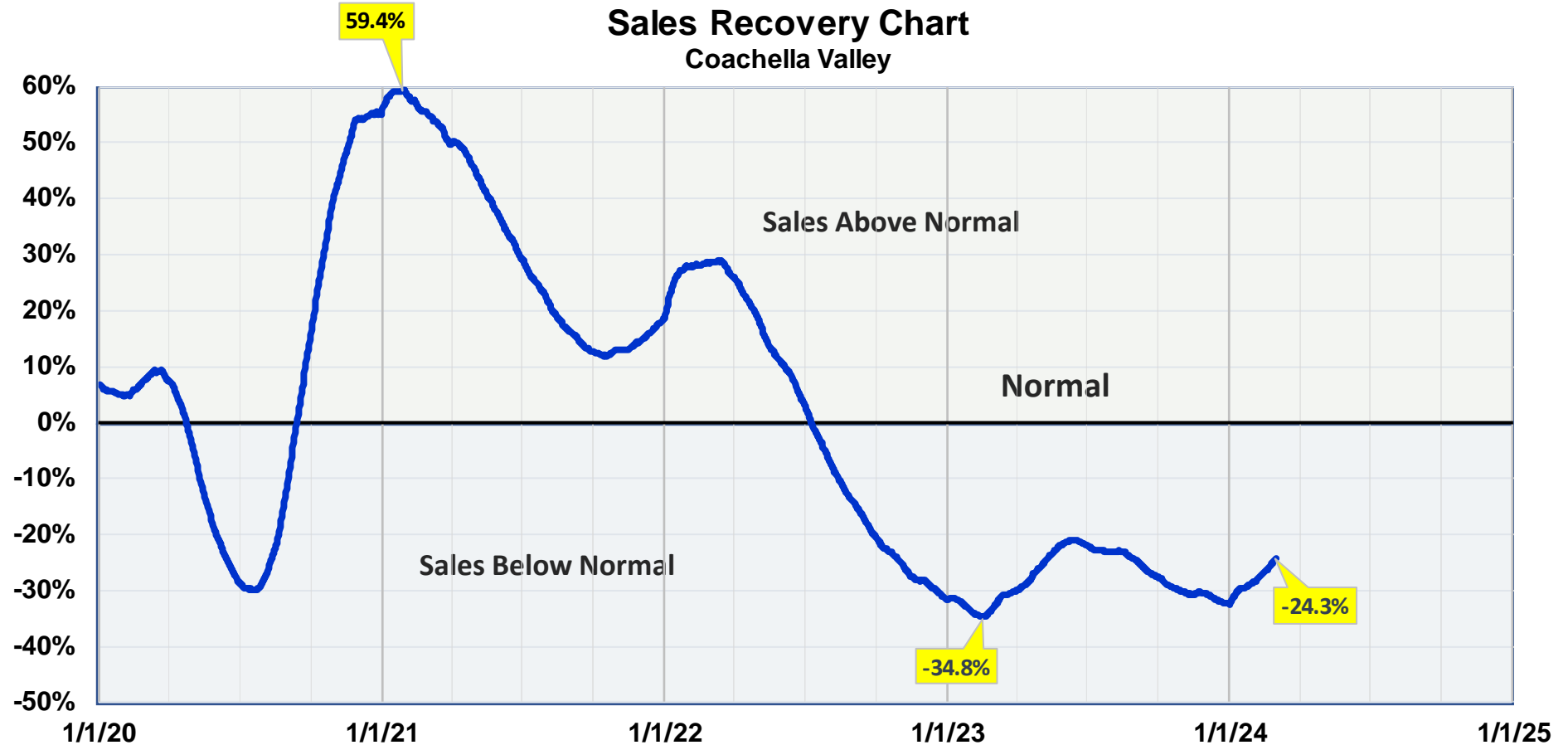




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### The Sales Recovery Chart

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 February of 2021, sales were 59.5% above the norm. Sales fell to 34.7% below normal by February of 2023, but then began to improve. Sales this month are 24.3% below normal which, as you can see, is another improvement from the previous month. We hope to see sales return to normal levels by the end of the year.



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## Summary

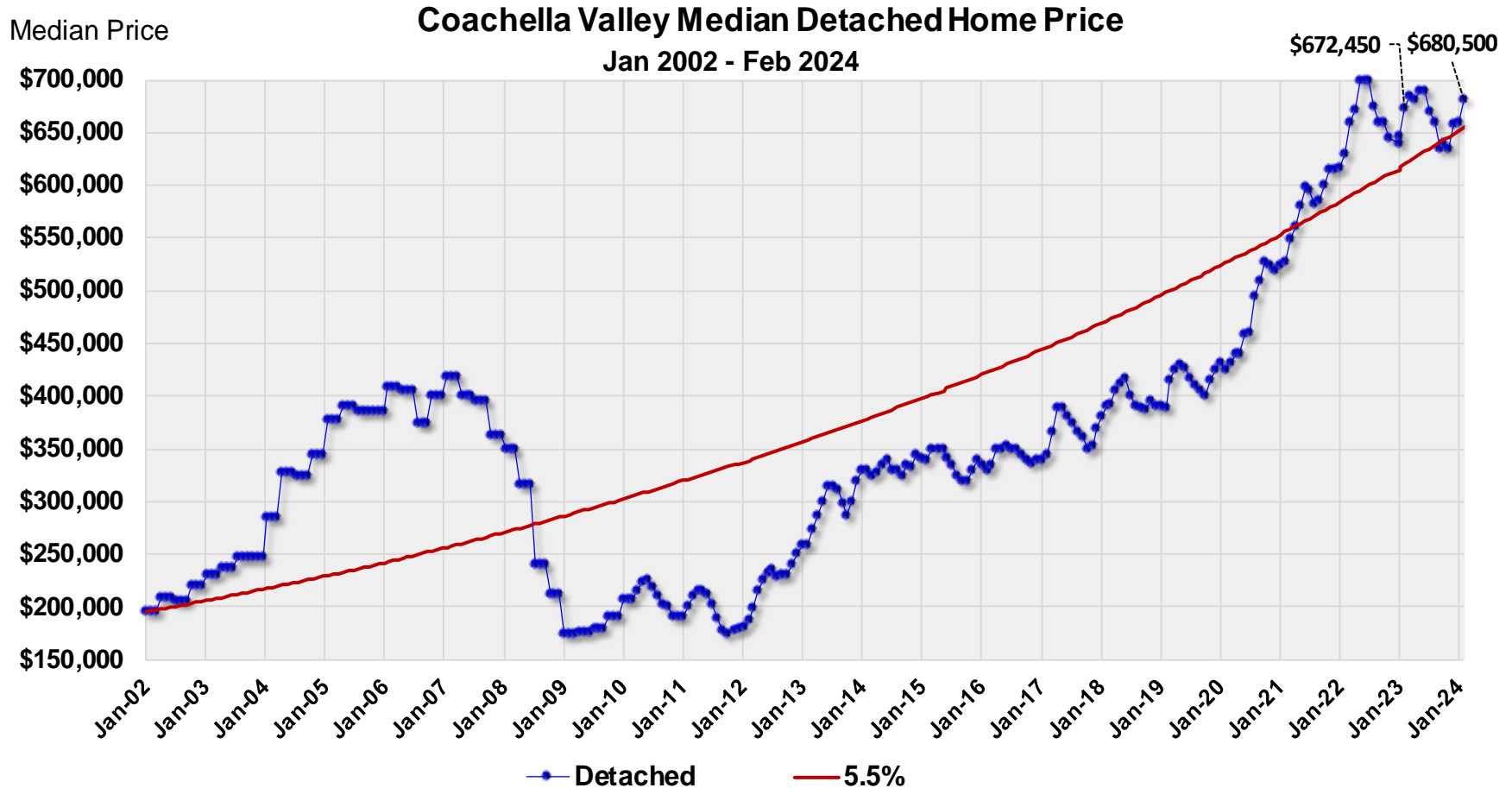
**PRICES:** The median price of a detached home in the Coachella Valley in February was \$680,500, up \$20,500 for the month and 1.2% year over year. The median attached price in the Valley ended February at \$488,250, up 12.7% year over year. Price changes for detached homes in each city continue to show broad variance. Changes range from a 16.7% year over year gain in Indian Wells to a decline of 7.6% in Cathedral City. Four cities had gains for their average size attached home – Indio, Indian Wells, Cathedral City and Palm Springs.

**SALES:** For another month, three-month sales are ahead of last year. The number this February was 518 units per month, compared to 474 units a year ago. Sales this month are 24.3% below normal, which is an improvement from the previous month. For another month, every city except Cathedral City, Desert Hot Springs and Indian Wells had higher three-month sales compared to last year. The cities with the largest increase percentage-wise are Coachella and Rancho Mirage with sales up 38%, followed by La Quinta up 30%.

**INVENTORY & “MONTHS OF SALES” RATIOS:** On March 1<sup>st</sup>, Valley inventory was 2,416 units, which is the largest number in almost four years. While inventory has improved, this number is still about 1,000 units under what was normal in March before the pandemic. The Valley’s “months of sales” ratio at the end of the month was 3.9 months, which is one month higher than last year and somewhat normal for this time of year.

**DIM:** At the end of February, the median number of “days in the market” in the Coachella Valley was 44 days, which is slightly less than last year. The City of Coachella continues to have the lowest median selling time for detached homes at 30 days, followed by Desert Hot Springs at 36 days and Indian Wells at 39 days. In the attached market, Indio has the shortest average selling time at 24 days, followed by La Quinta at 33 days and Desert Hot Springs at 35.

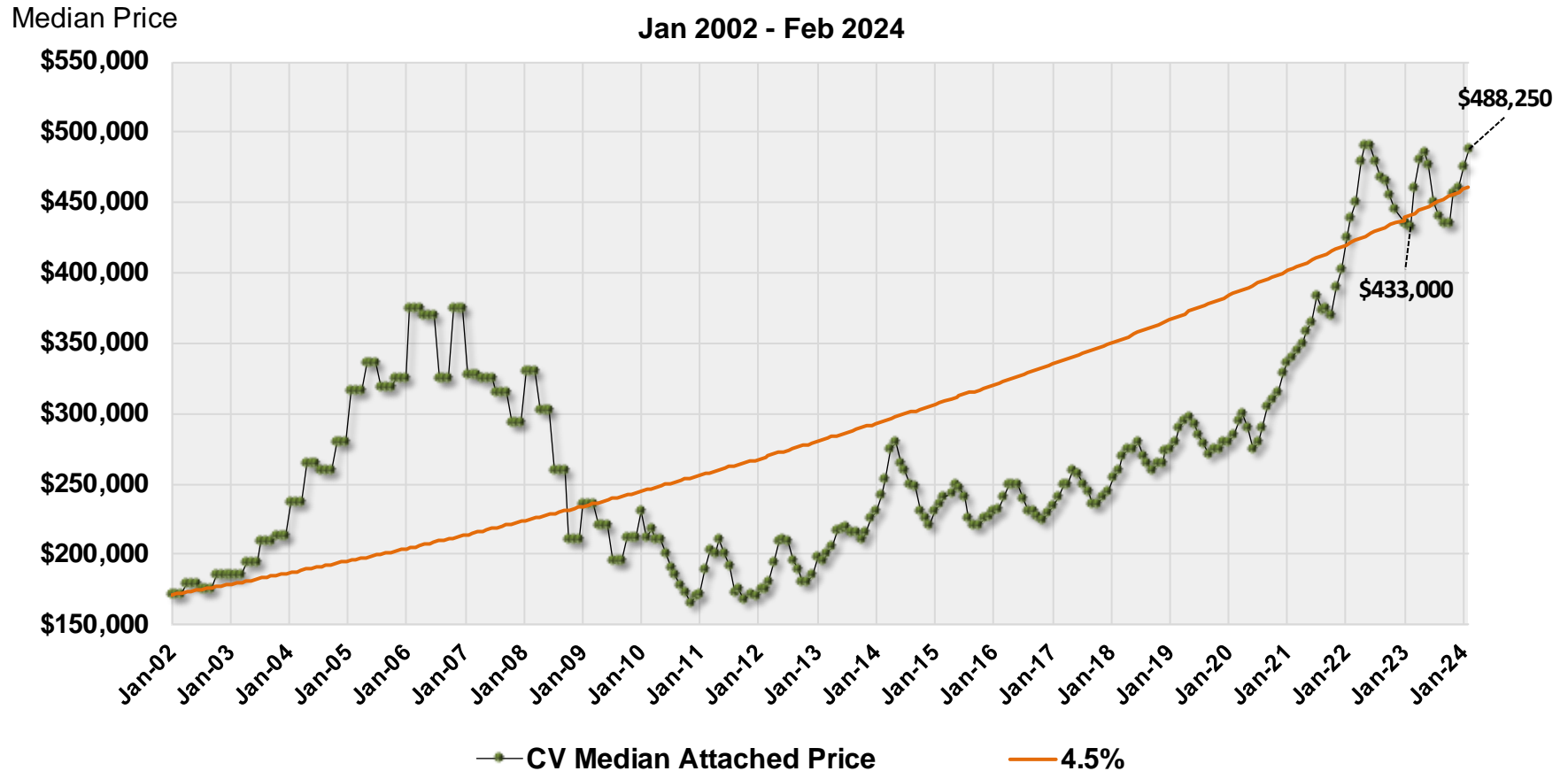
**PRICE DISCOUNTS/PREMIUMS:** In February, the percent of homes selling over list price was 13.5%. This percent is just marginally higher than last year, which was 12.3%. Every city is selling detached homes now at an average discount, which range from a discount of .4% in the City of Coachella to 4.4% in Bermuda Dunes. Average discounts for attached homes range from 1.9% in Cathedral City to 6.1% in Bermuda Dunes.



## Coachella Valley Median Detached Price

The median price of a detached home in the Coachella Valley in February was \$680,500, up \$20,500 for the month and 1.2% year over year. Prices often begin to rise in January or February, 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 continues to slowly favor buyers.

## Coachella Valley Median Attached Price



## Coachella Valley Median Attached Price

The median attached price in the Valley ended February at \$488,250, up 12.7% year over year. As the chart clearly shows, the seasonal range of prices for attached homes is much larger than that of detached homes. As we said last month, prices seem to be following the normal seasonal pattern, so we 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	\$556.43	\$1,919,697	\$1,644,684	16.7%	\$666,885	187.9%
Bermuda Dunes	2,500	\$328.42	\$821,046	\$705,191	16.4%	\$239,325	243.1%
Coachella	1,700	\$249.37	\$423,936	\$395,608	7.2%	\$111,367	280.7%
Palm Desert	2,200	\$338.83	\$745,423	\$710,347	4.9%	\$302,302	146.6%
Rancho Mirage	3,175	\$462.36	\$1,467,983	\$1,400,548	4.8%	\$506,317	189.9%
Indio	2,000	\$282.37	\$564,746	\$545,308	3.6%	\$156,340	261.2%
La Quinta	2,550	\$386.07	\$984,490	\$971,985	1.3%	\$318,164	209.4%
Palm Springs	2,175	\$588.86	\$1,280,780	\$1,268,612	1.0%	\$323,879	295.4%
Desert Hot Springs	1,600	\$238.47	\$381,558	\$401,208	-4.9%	\$86,656	340.3%
Cathedral City	1,800	\$300.53	\$540,960	\$585,369	-7.6%	\$153,216	253.1%

**Price of The Average Size Attached Home**

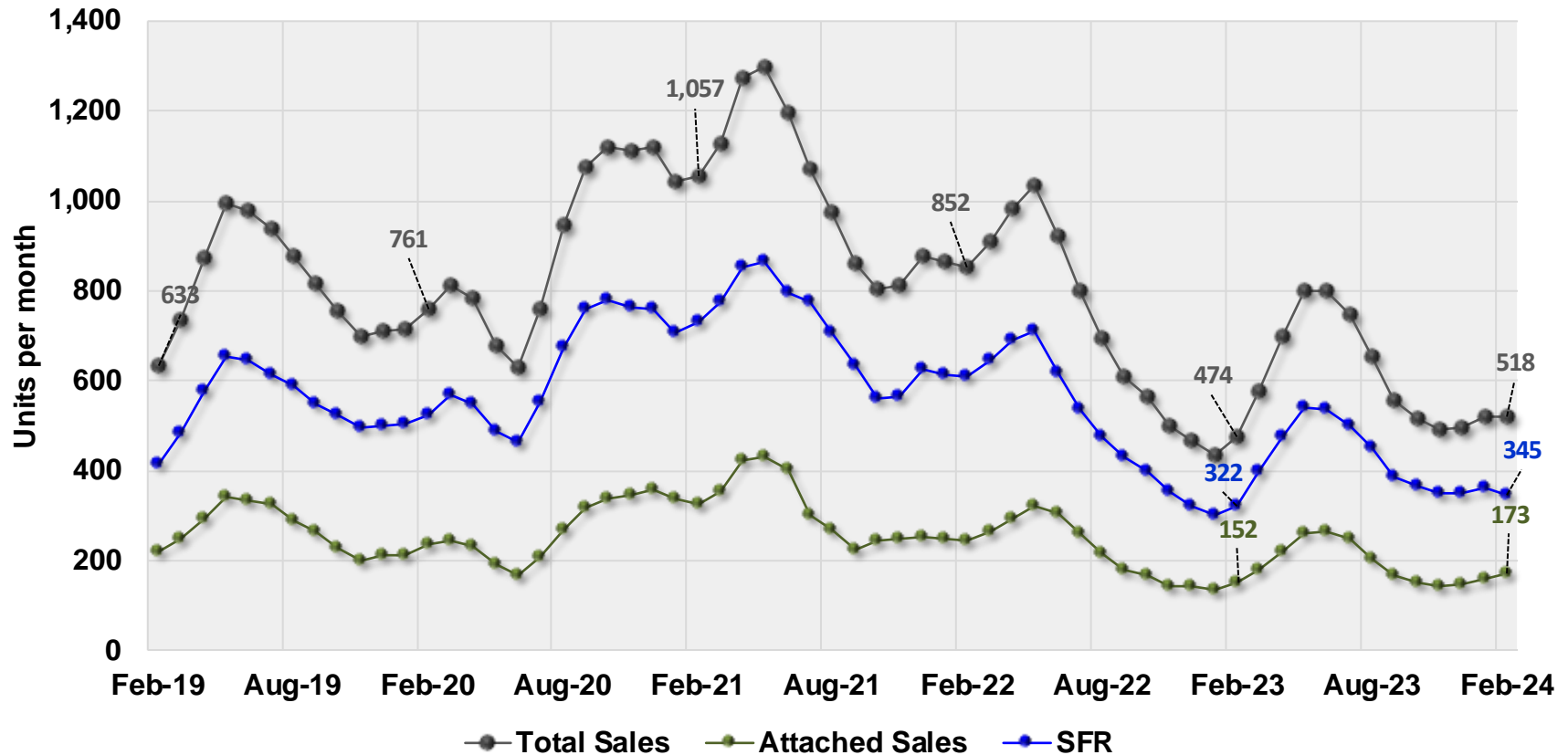
City	Avg. Size Home	Pr. per sq/ft	Price of Avg. Size Home	Price One Year Ago	12 Month Change	2011-12 Price Low	% From Low
Indio	1,050	\$275.95	\$289,749	\$275,048	5.3%	\$56,396	414%
Indian Wells	1,950	\$359.31	\$700,660	\$687,215	2.0%	\$259,126	170%
Cathedral City	1,250	\$266.67	\$333,333	\$328,125	1.6%	\$80,544	314%
Palm Springs	1,250	\$362.25	\$452,818	\$449,956	0.6%	\$129,788	249%
Palm Desert	1,600	\$334.58	\$535,323	\$536,518	-0.2%	\$197,896	171%
La Quinta	1,750	\$380.75	\$666,317	\$669,358	-0.5%	\$247,713	169%
Rancho Mirage	1,775	\$313.56	\$556,570	\$564,940	-1.5%	\$211,030	164%
Bermuda Dunes	1,450	\$260.53	\$377,763	\$389,837	-3.1%	\$89,117	324%
Desert Hot Springs	750	\$178.36	\$133,769	\$145,340	-8.0%	\$16,013	735%

## 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 in each city continue to show wide variance. Changes in February range from a 16.7% gain in Indian Wells to a decline of 7.6% in Cathedral City. Four cities had gains for their average size attached home – Indio, Indian Wells, Cathedral City and Palm Springs.

## Detached, Attached and Total Sales

3 month moving average



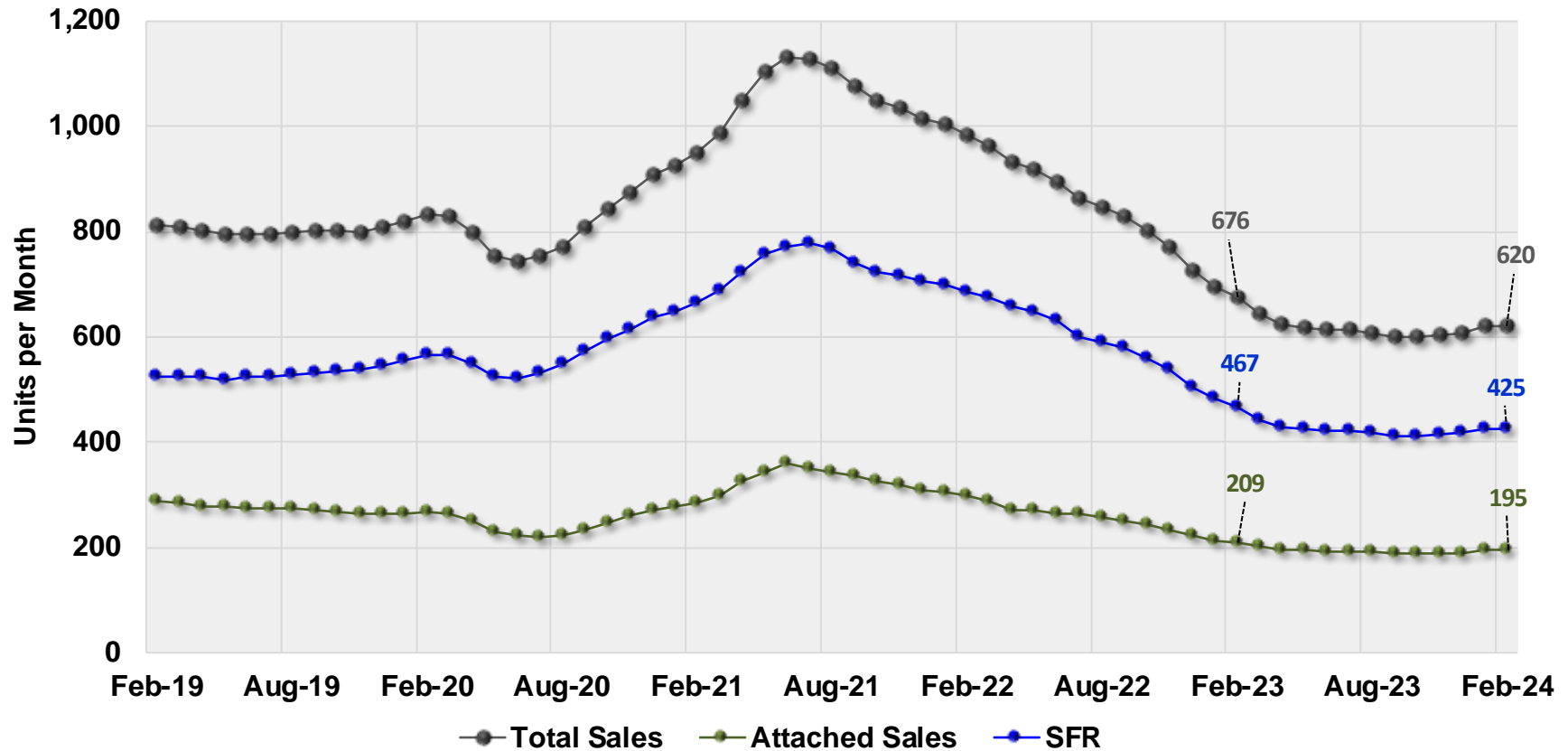
## Monthly Sales – 3-month trailing avg.

For another month, three-month sales are ahead of last year. The number this February was 518 units per month, compared to 474 units a year ago. 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, while sales are improving, they are running 24.3% below historic norms.



## Detached, Attached and Total Sales

12 month moving average



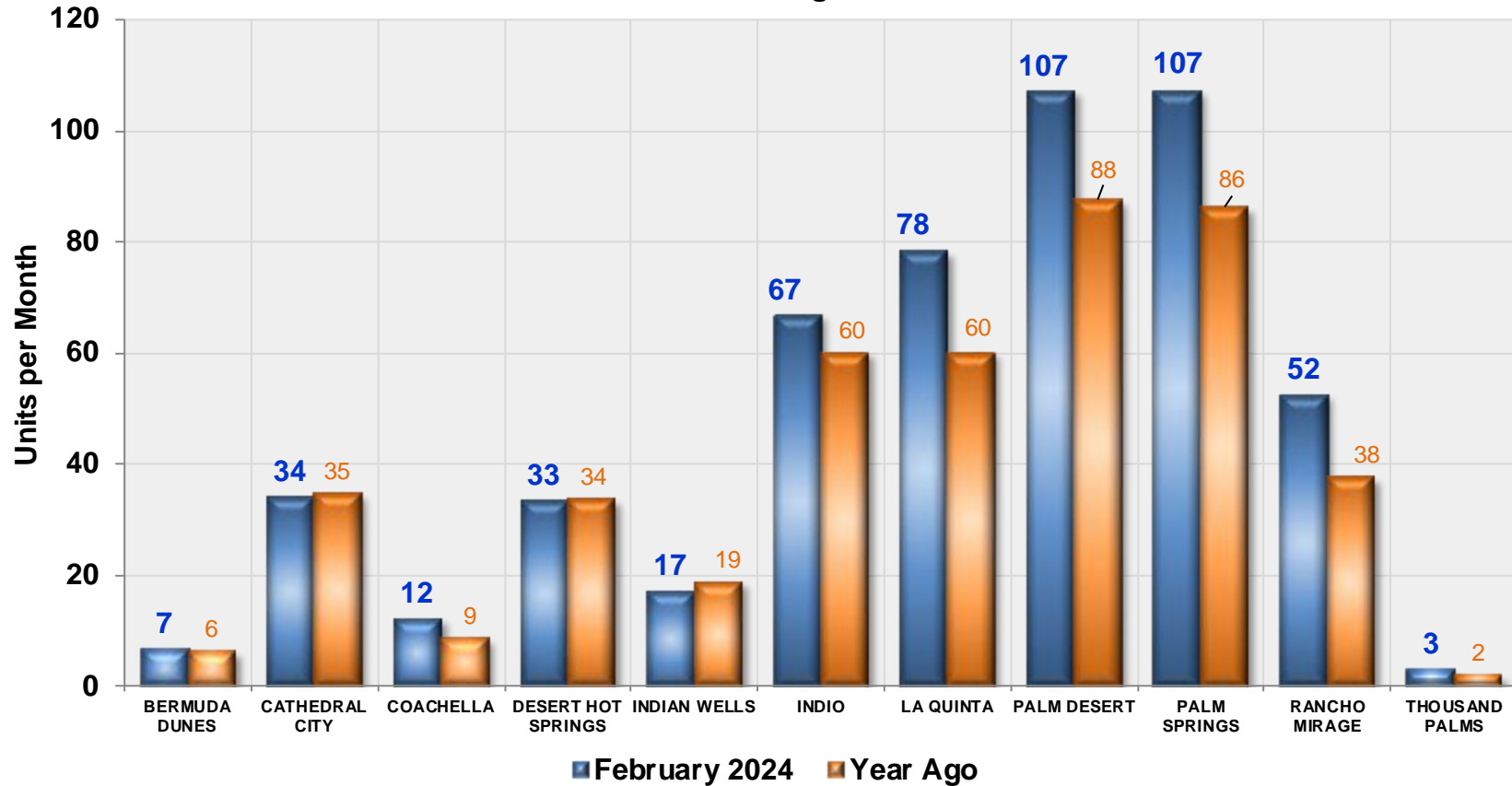
### Monthly Sales – 12-month trailing avg.

The 12-month average of sales, which takes out seasonality, shows total sales are averaging 620 units a month. The long-term average of sales continues to slowly rise as you can see from the chart, but last month was a disappointment as the improvement slowed. 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.

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### Home Sales by City 3 month avg sales



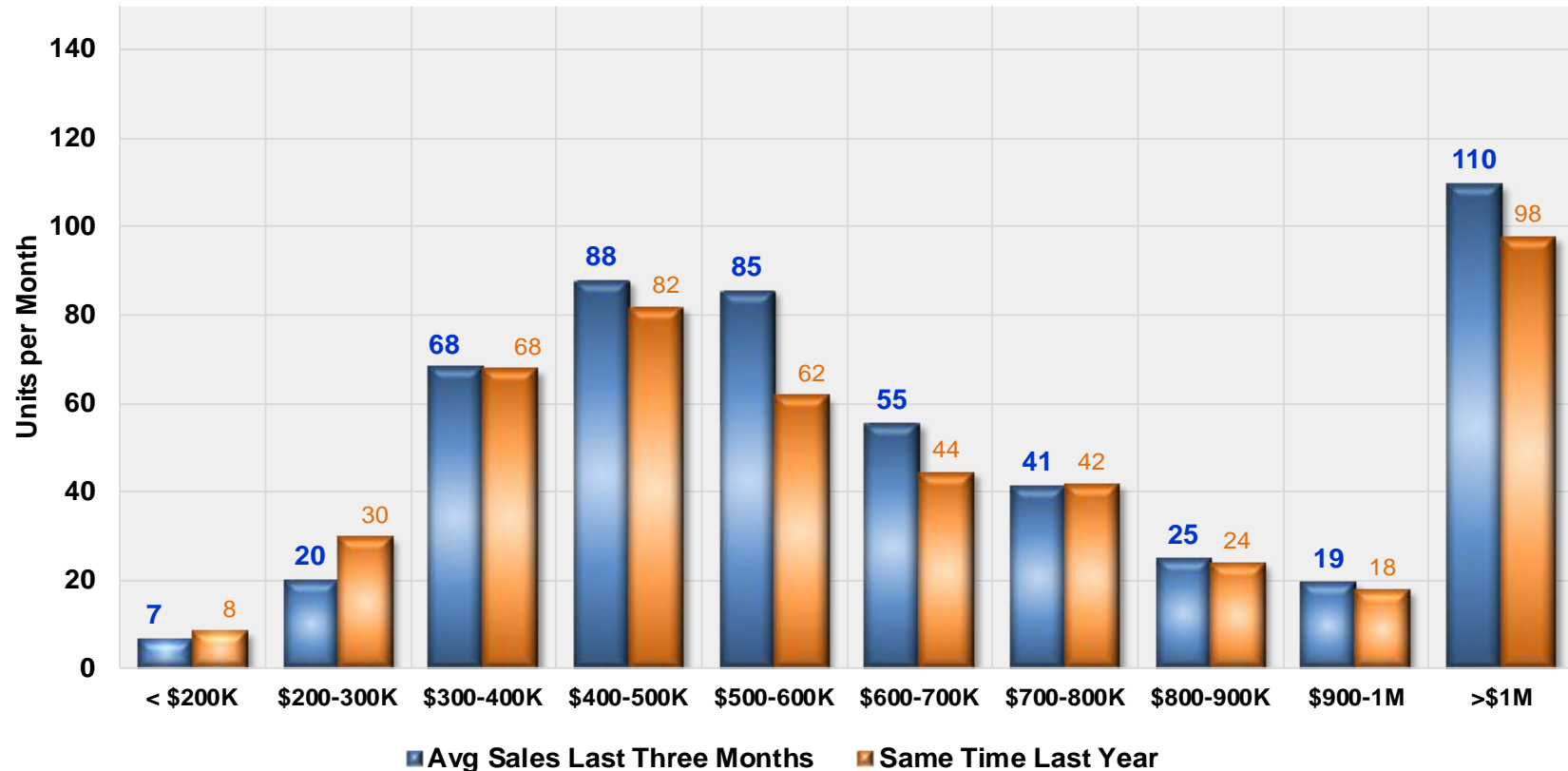
### Home Sales by City

For another month, every city except Cathedral City, Desert Hot Springs and Indian Wells had higher three-month sales compared to last year. The cities with the largest increase in sales percentage-wise are Coachella and Rancho Mirage with sales up 38%, followed by La Quinta up 30%.

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### Home Sales by Price Range 3 mos avg



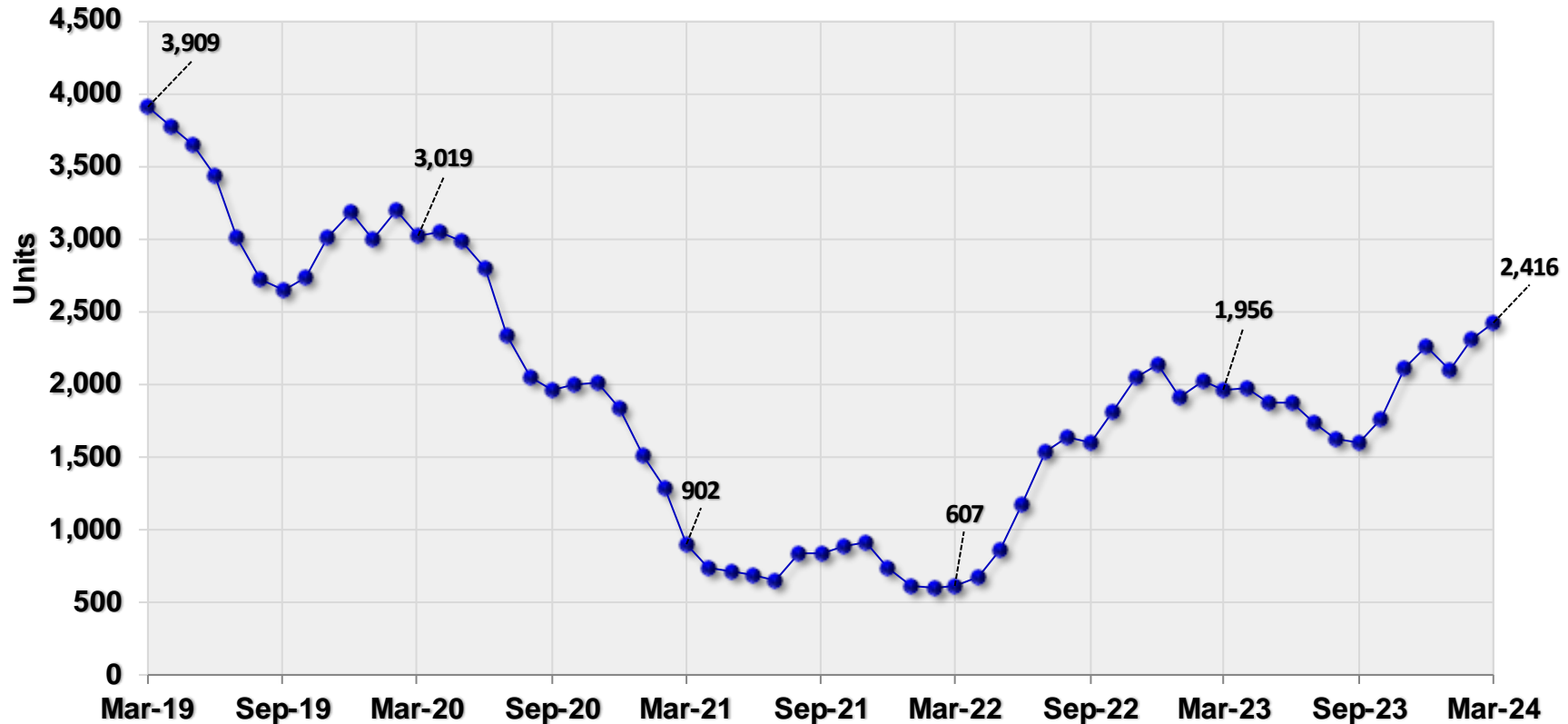
### Home Sales by Price Range

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 \$500k to \$700k. Sales of homes priced over a million dollars are higher by 13%, primarily because more homes now fall in that price bracket. This data is positive since it shows the housing market is well balanced in all price ranges.



### Valley Housing Inventory

March 1st 2019 to March 1st 2024



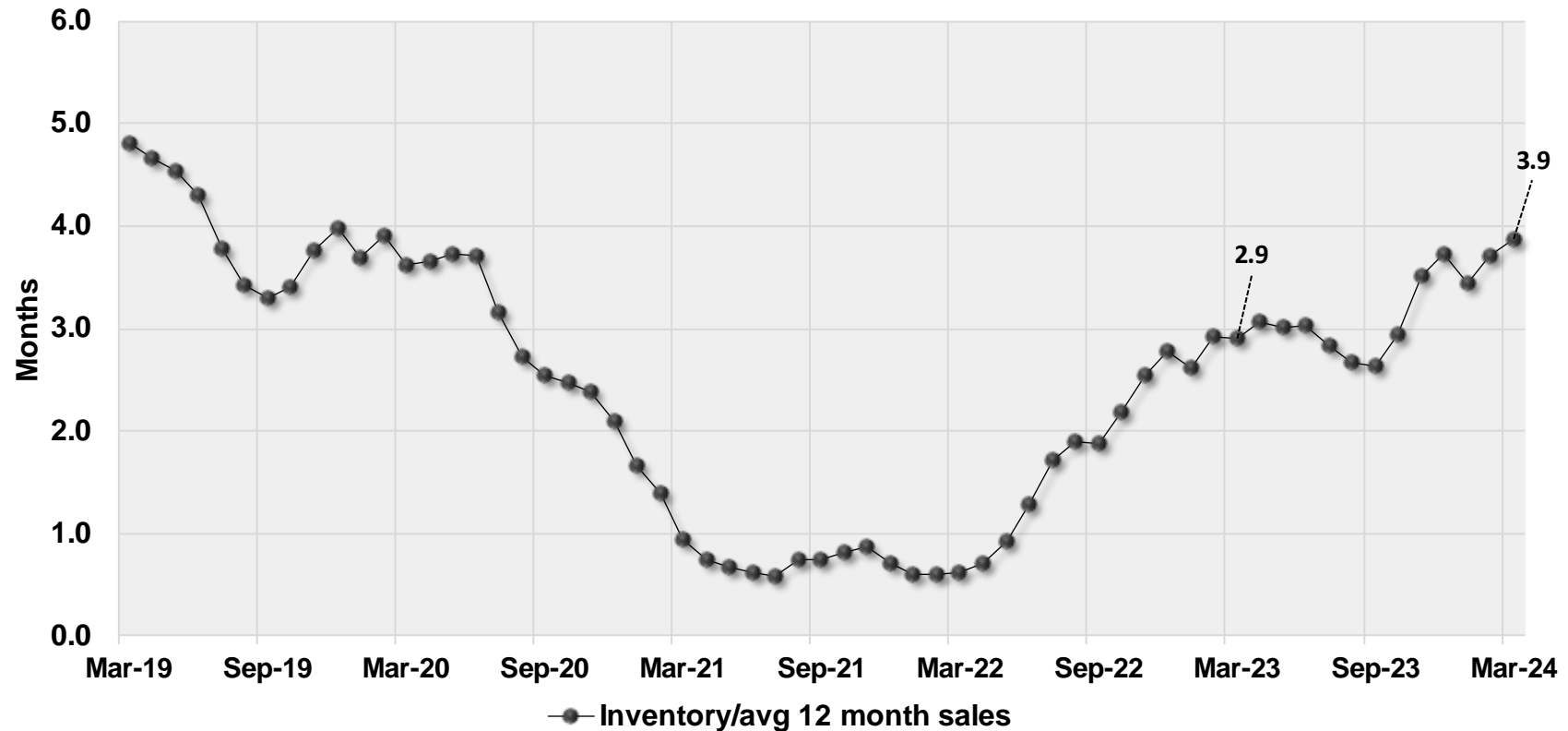
### Coachella Valley Total Inventory

On March 1<sup>st</sup>, Valley inventory was 2,416 units, which is the highest number in almost four years. While inventory has improved, this number is still about 1,000 units under what was normal in March before the pandemic. Some of this increase is seasonal, but the same seasonal pattern now suggests the current number may be near the highs for 2024 since inventory usually declines between March and September.

## "Months of Sales" Ratio

Coachella Valley

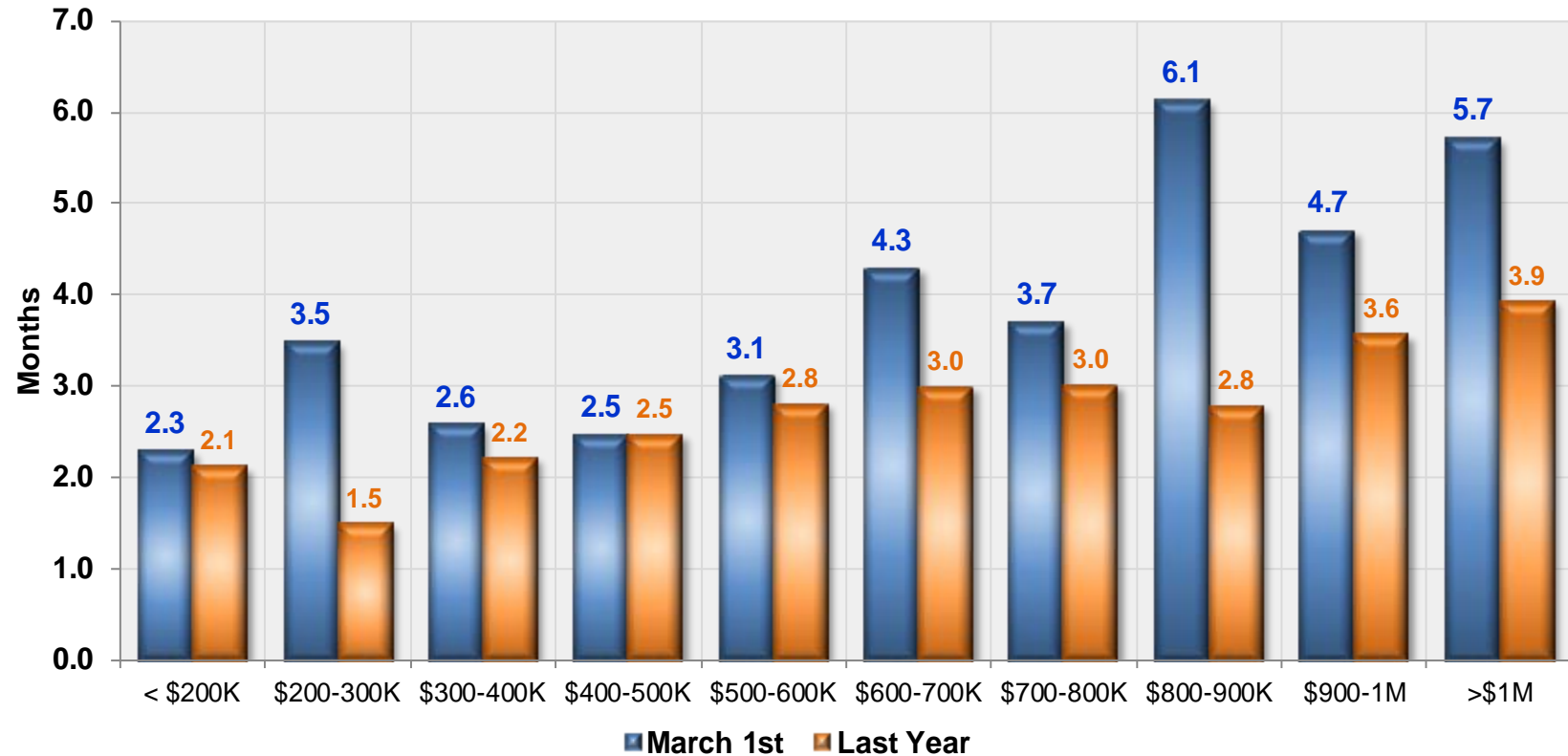
March 1st 2019 - March 1st 2024



## Regional "Months of Sales" Ratio

On March 1<sup>st</sup>, the Valley's "months of sales" ratio was 3.9 months, which is one month higher than last year. As you can see from the chart, this fundamental ratio, which measures supply and demand, is now back to pre-pandemic levels. Even though inventory is still relatively low, the low sales numbers keep supply and demand in balance. This means there is no overbalancing force pushing prices either higher or lower. This is one major reason why home prices haven't changed much over the last year.

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

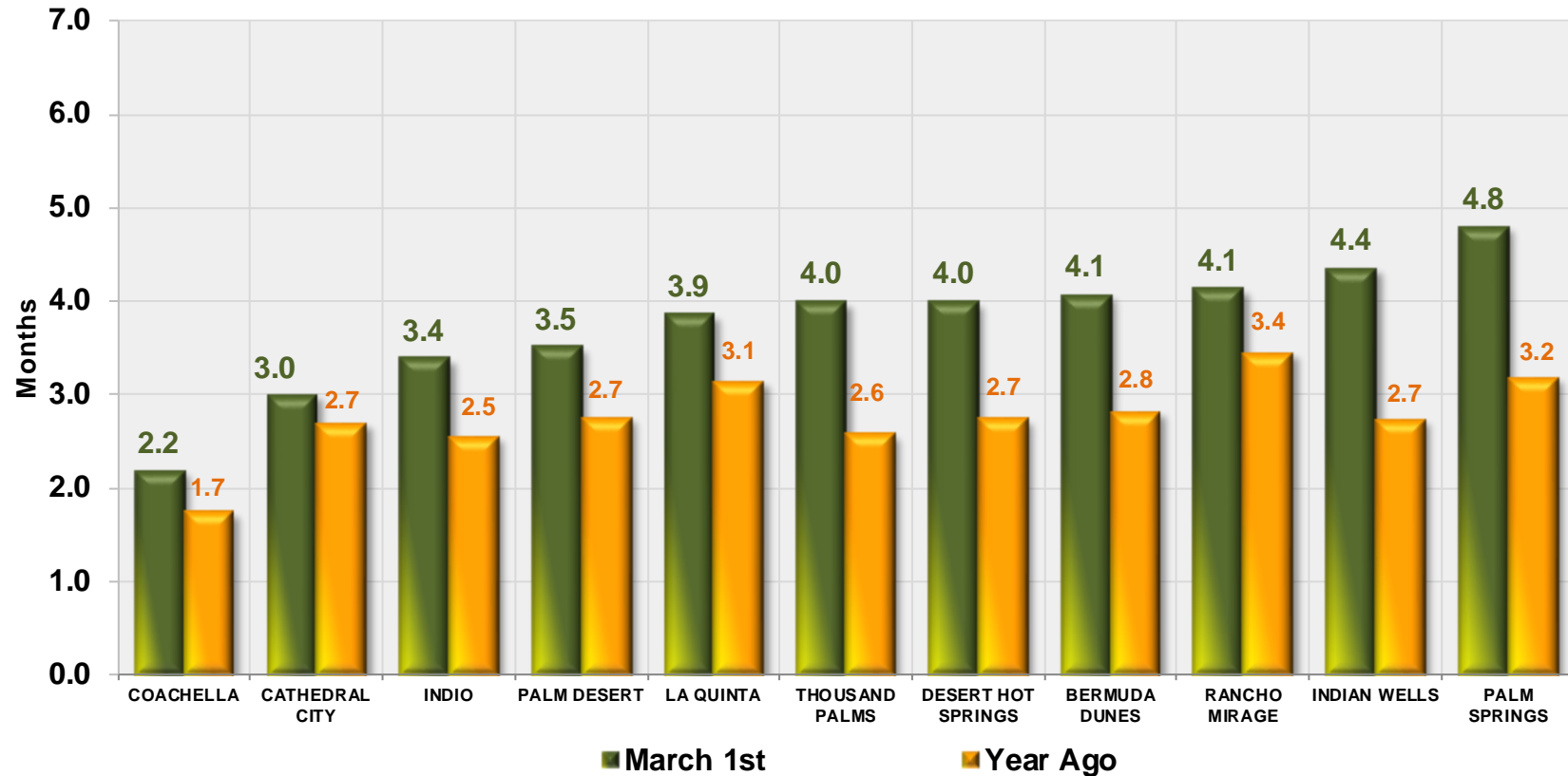


## "Months of Sales" by Price Range

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 with the entire region, most price brackets have a ratio slightly above year ago levels, except in higher priced homes where ratios are considerably above. Homes priced over \$800,000 now have ratios between 5 and 6 months.



## "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 measurably 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. The current distribution of ratios indicates that supply and demand are pretty much balanced throughout the region.

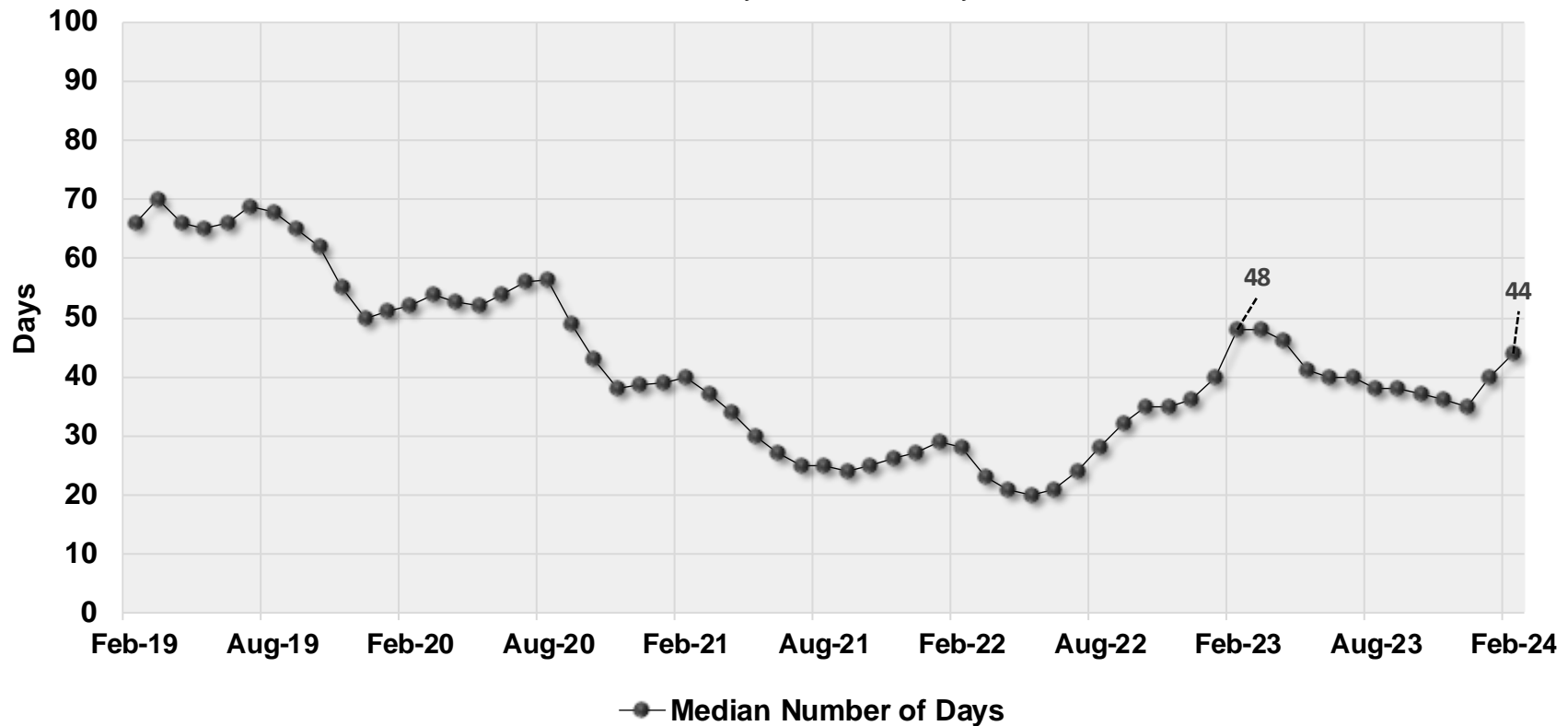
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### "Days in the Market"

Coachella Valley

February 2019 - February 2024



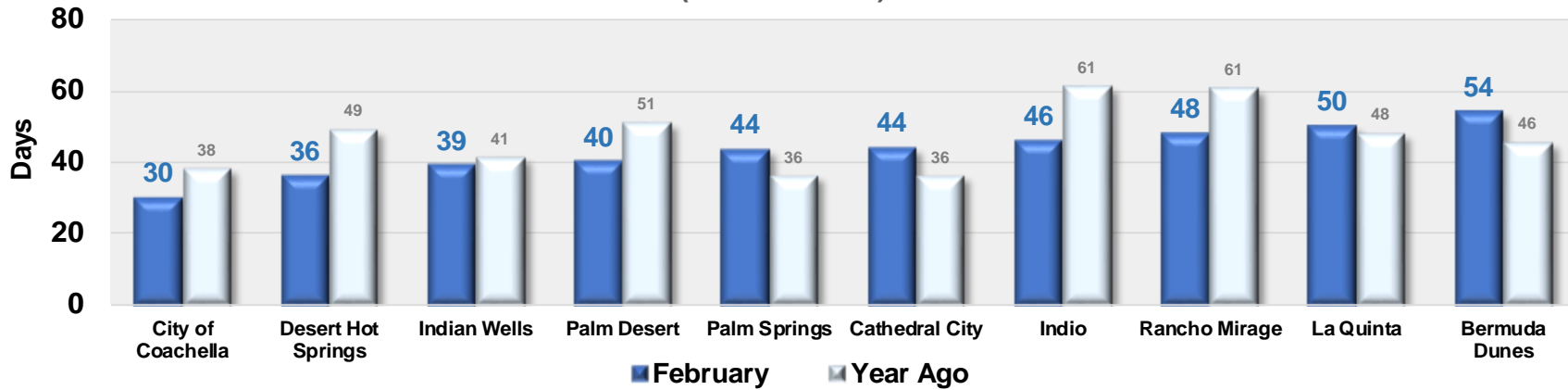
### Regional "Days in the Market"

The median selling time in the region remains relatively stable. At the end of February, the median number of "days in the market" in the Coachella Valley was 44 days, which is slightly less than last year. We continue to believe the median selling time will remain around current levels as we move further into the year.

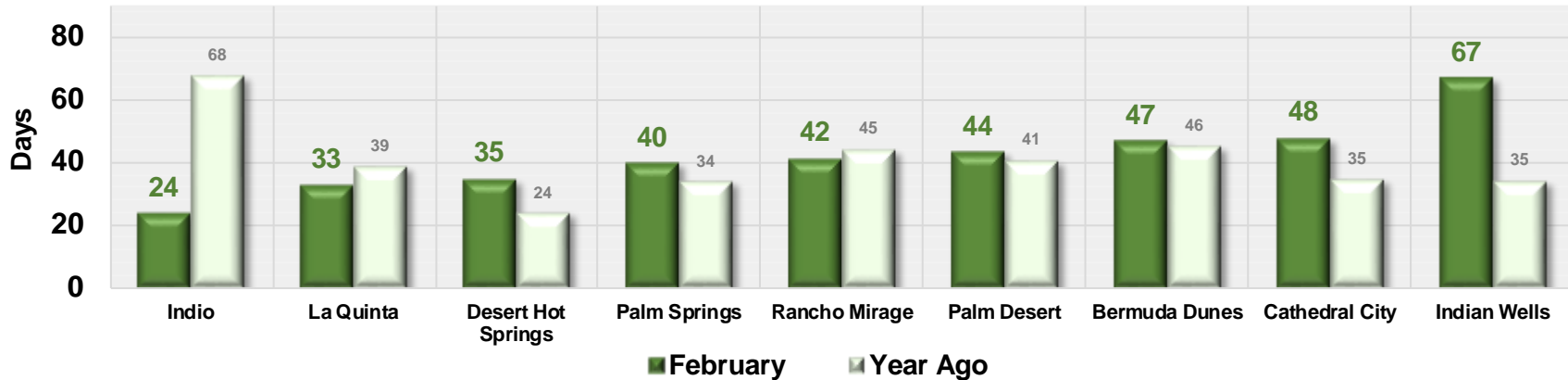
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### "Days in Market" - Detached Homes (Median Value)



### "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 30 days, followed by Desert Hot Springs at 36 days and Indian Wells at 39 days. In the attached market, Indio has the shortest average selling time at 24 days, followed by La Quinta at 33 days and Desert Hot Springs at 35.



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## % Homes Selling Over List Price

Coachella Valley  
2016 - 2024 (February)



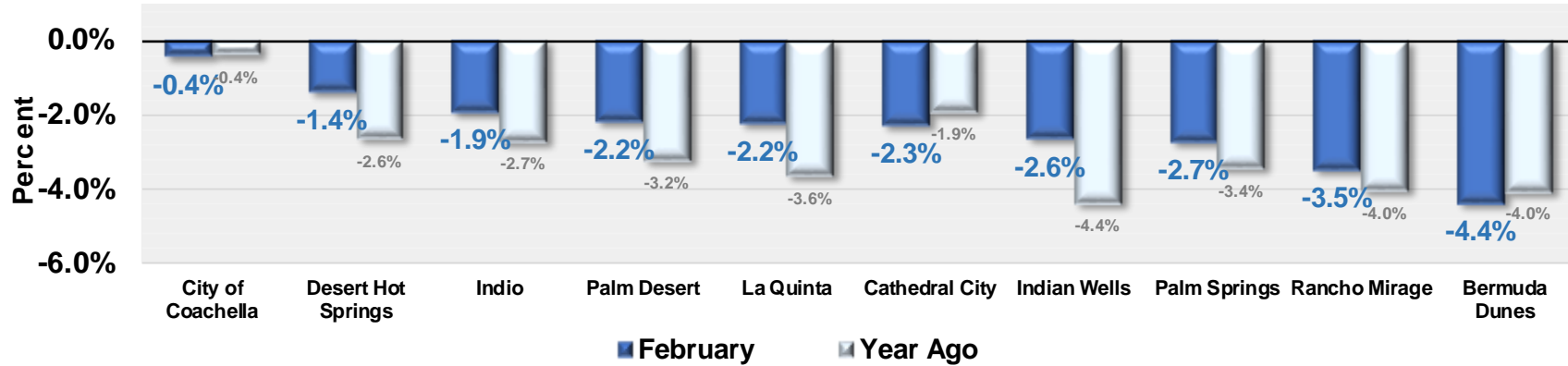
## Percent Homes Selling Above List

This chart graphs the percentage of Valley homes that sold above list price over the last three months. In February, the percent of homes selling over list price was 13.5%. This is marginally higher than last year. As we said last month, we continue to expect the number of homes selling above list to remain around one out of seven.

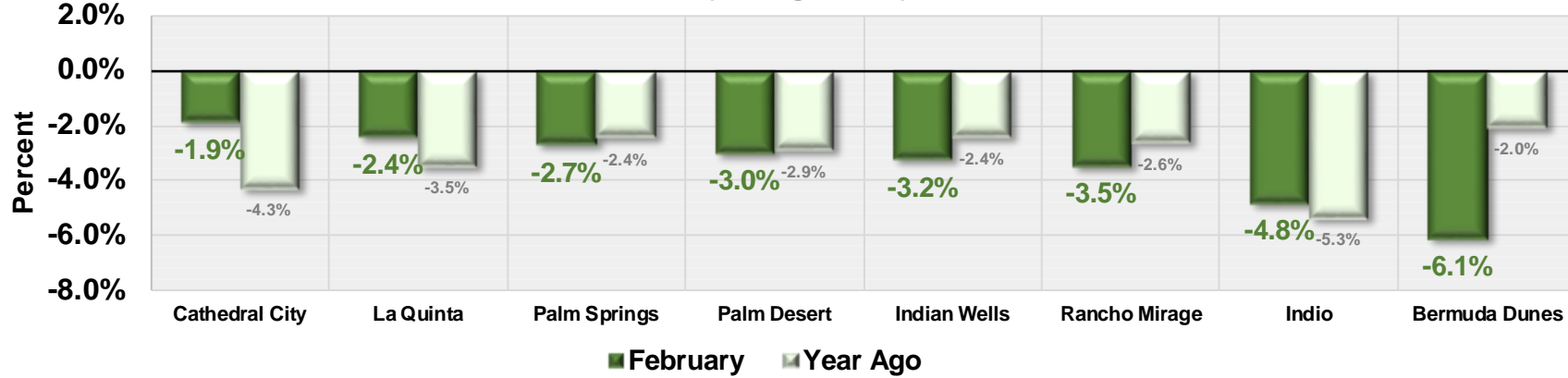
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## Price Discount - Detached Homes (Average Value)



## 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 is selling detached homes at an average discount, which range from .4% in the City of Coachella to 4.4% in Bermuda Dunes. Discounts for attached homes range from 1.9% in Cathedral City to 6.1% in Bermuda Dunes.

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## 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 February, all sales and pricing are done using transactions through that and the previous two months. However, when we measure inventory at the end of February, it's the inventory as of February 1<sup>st</sup>. Even though inventory February be labeled February 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.