

# The GPSR Desert Housing Report

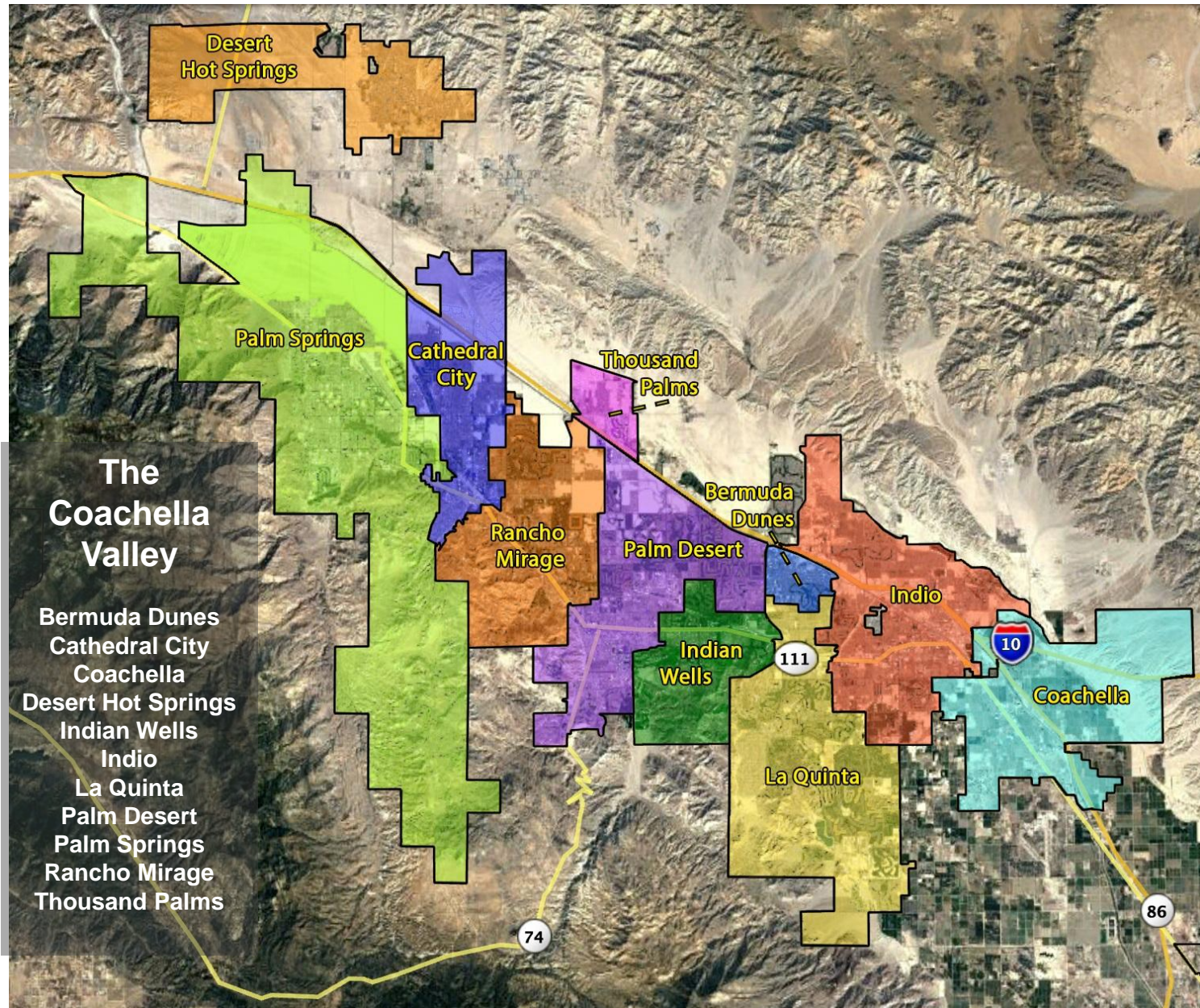
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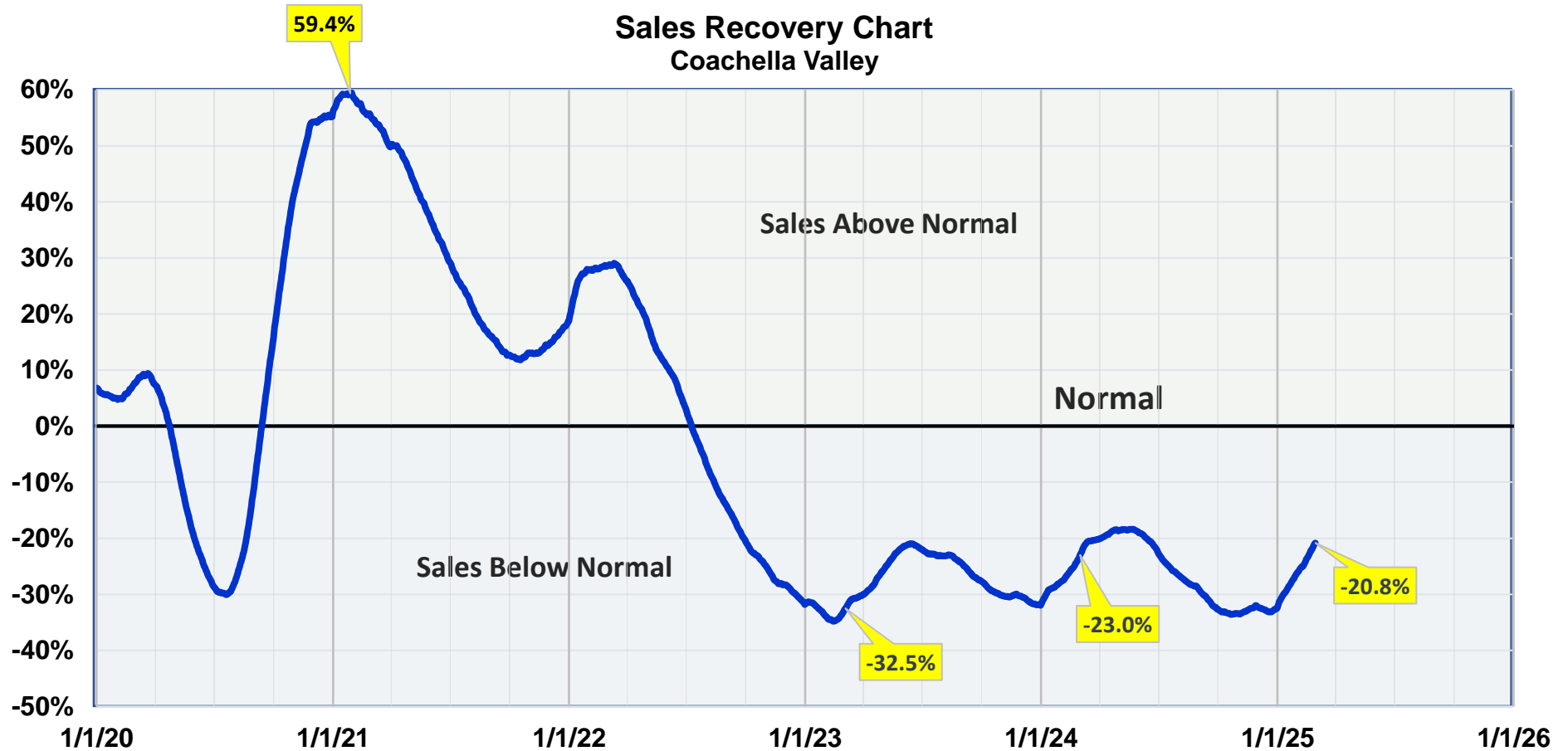
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## The Sales Recovery Chart

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 59.4% above normal. Sales have been slowly improving the last three years from down 32.5%, to down 23%, to now down just 20.8%.



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## Summary

**PRICES:** The median price of a detached home in the Coachella Valley increased for the third straight month to \$700,000. It's \$15,000 higher than last year. The median attached price of attached homes in the Valley ended February at \$505,000, which is \$16,000 higher than last year. Year over year price changes in the average size detached home range from a gain of 11.5% in Coachella to a decline of 9.0% in Rancho Mirage. Gains of the average size attached home range from 16.4% in Indian Wells to minus 5.6% in Cathedral City.

**SALES:** The three month average this February was 579 units compared to 550 units a year ago. Sales are about the same as last year in most cities. Palm Desert still has the highest unit sales at 128, followed by Palm Springs with 111 and La Quinta with 98. The first chart in this report was designed to help distinguish seasonal changes from real ones. It shows that sales are below normal by 20.8%.

**INVENTORY & "MONTHS OF SALES" RATIOS:** On March 1st, Valley inventory was 3,510 units, which is 1,144 units more than last year. Inventory has been improving, and current numbers are now comparable to inventory before the pandemic. The Valley's "months of sales" ratio was 5.7 months, which is 1.9 months more than last year. We see consistent ratios between 5.0 and 7.0 months in most of the nine cities. The ratio in Rancho Mirage is now the highest at 8.2 months.

**DIM:** At the end of February, the median number of "days in the market" in the Coachella Valley was 46 days, which is only three days more than last year. The city of Rancho Mirage has the lowest average selling time at just 41 days. This is followed by Bermuda Dunes at 42 days and Palm Springs at 43 days. Desert Hot Springs has the highest median selling time at 59 days.

**PRICE DISCOUNTS/PREMIUMS:** Currently, detached homes are selling at an average discount of 2.5% compared to 2.3% a year ago. Attached homes are selling at a 2.9% discount. The city of Coachella has the smallest average discount at 0%, while Palm Springs is selling homes with the highest average discount of 3.8%. In February, the percent of homes selling over list price was 11.1%. This is 2.8% less than last year.

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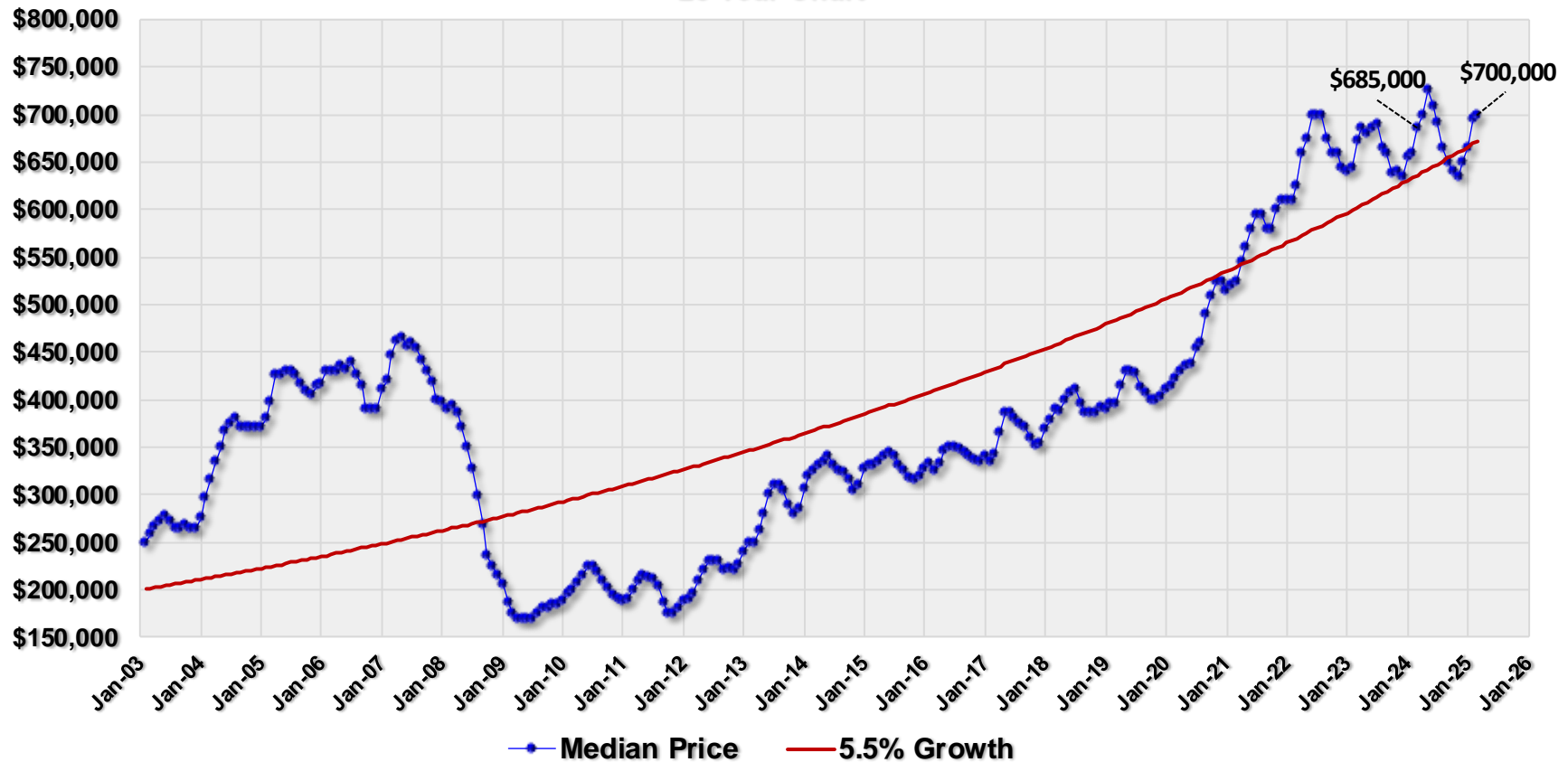
## Prices

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## Coachella Valley Median Detached Home Price

23 Year Chart



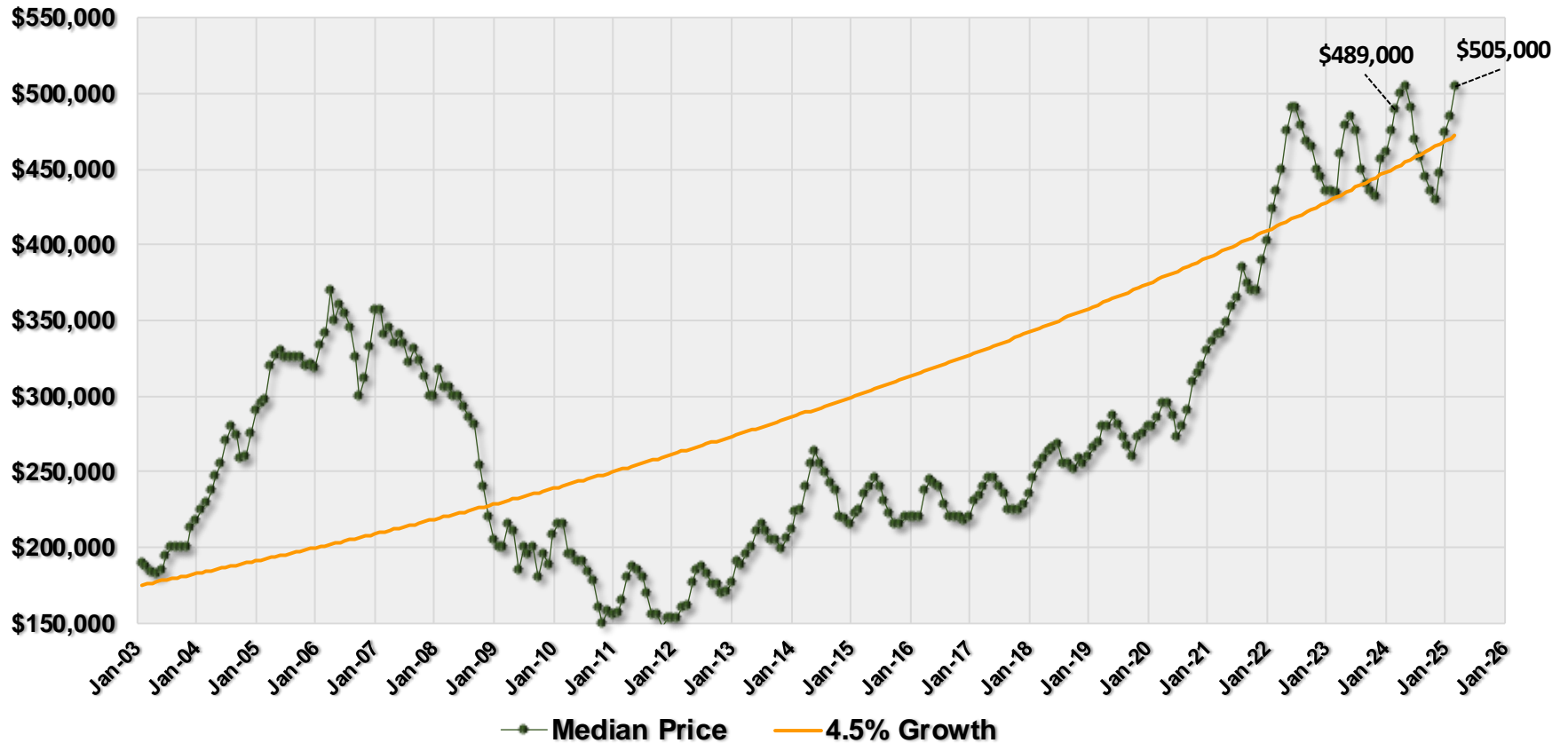
## Coachella Valley Median Detached Price

The median price of a detached home in the Coachella Valley increased for the third straight month to \$700,000. It's \$15,000 higher than last year. The median price usually hits its seasonal low between September and December, and that appears to be true again this year. The graph clearly shows that detached home prices have made little progress over the last three years.

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## Coachella Valley Median Attached Home Price 23 Year Chart



## Coachella Valley Median Attached Price

The median price of attached homes in the Valley ended February at \$505,000, which is \$16,000 higher than last year. As the chart clearly shows, the seasonal price range for attached homes is much larger than that of detached homes, and prices seem to be following the normal seasonal pattern here, too.

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**Price of Each City's Average Size Detached 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
Coachella	1,700	\$278.94	\$474,190	\$425,221	11.5%	\$111,367	325.8%
Cathedral City	1,800	\$325.09	\$585,162	\$540,954	8.2%	\$153,216	281.9%
Indian Wells	3,450	\$630.64	\$2,175,708	\$2,028,117	7.3%	\$666,885	226.2%
La Quinta	2,200	\$414.10	\$911,009	\$849,365	7.3%	\$318,164	186.3%
Desert Hot Springs	1,600	\$251.99	\$403,184	\$382,376	5.4%	\$86,656	365.3%
Indio	2,200	\$292.36	\$643,192	\$623,161	3.2%	\$156,340	311.4%
Palm Desert	2,200	\$348.58	\$766,876	\$746,658	2.7%	\$302,302	153.7%
Bermuda Dunes	2,200	\$330.06	\$726,132	\$722,524	0.5%	\$239,325	203.4%
Palm Springs	2,175	\$567.62	\$1,234,574	\$1,277,356	-3.3%	\$323,879	281.2%
Rancho Mirage	3,175	\$420.90	\$1,336,358	\$1,467,993	-9.0%	\$506,317	163.9%

**Price of Each City's 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	\$413.16	\$805,652	\$692,094	16.4%	\$259,126	210.9%
Desert Hot Springs	750	\$189.38	\$142,035	\$132,743	7.0%	\$16,013	787.0%
Palm Desert	1,600	\$346.94	\$555,104	\$531,392	4.5%	\$197,896	180.5%
Bermuda Dunes	1,450	\$272.05	\$394,473	\$377,769	4.4%	\$89,117	342.6%
La Quinta	1,750	\$384.30	\$672,525	\$666,313	0.9%	\$247,713	171.5%
Rancho Mirage	1,775	\$314.27	\$557,820	\$554,688	0.6%	\$211,030	164.3%
Palm Springs	1,250	\$364.60	\$455,750	\$453,488	0.5%	\$129,788	251.1%
Indio	1,050	\$267.25	\$280,607	\$290,467	-3.4%	\$56,396	397.6%
Cathedral City	1,250	\$251.72	\$314,650	\$333,338	-5.6%	\$80,544	290.7%

## Price of The Average Size City Home

These two tables display the *price* and *price per square foot* of the average size home in each city. The average size home, rounded to the closest 25 sq. ft., doesn't change. Then the median price per sq. ft. is calculated over the last three months. This is multiplied by the average size to produce a price, which is compared to the price a year ago. It's also compared to the all-time lows made in 2011. Year over year price changes in the average size detached home range from a gain of 11.5% in Coachella to a decline of 9.0% in Rancho Mirage. Gains of the average size attached home range from 16.4% in Indian Wells to minus 5.6% in Cathedral City.

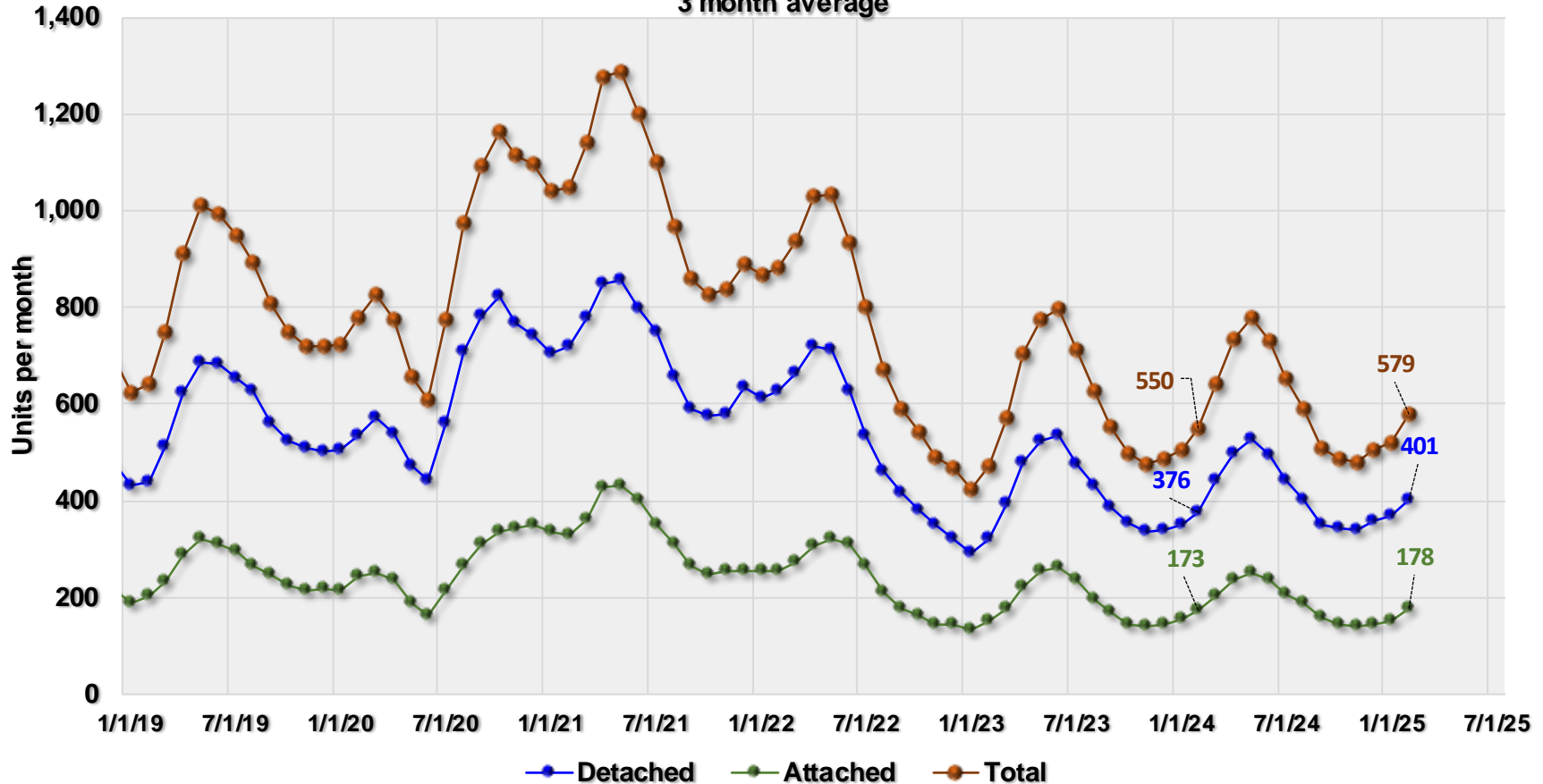


# Unit and Dollar Sales

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## Detached, Attached and Total Sales 3 month average



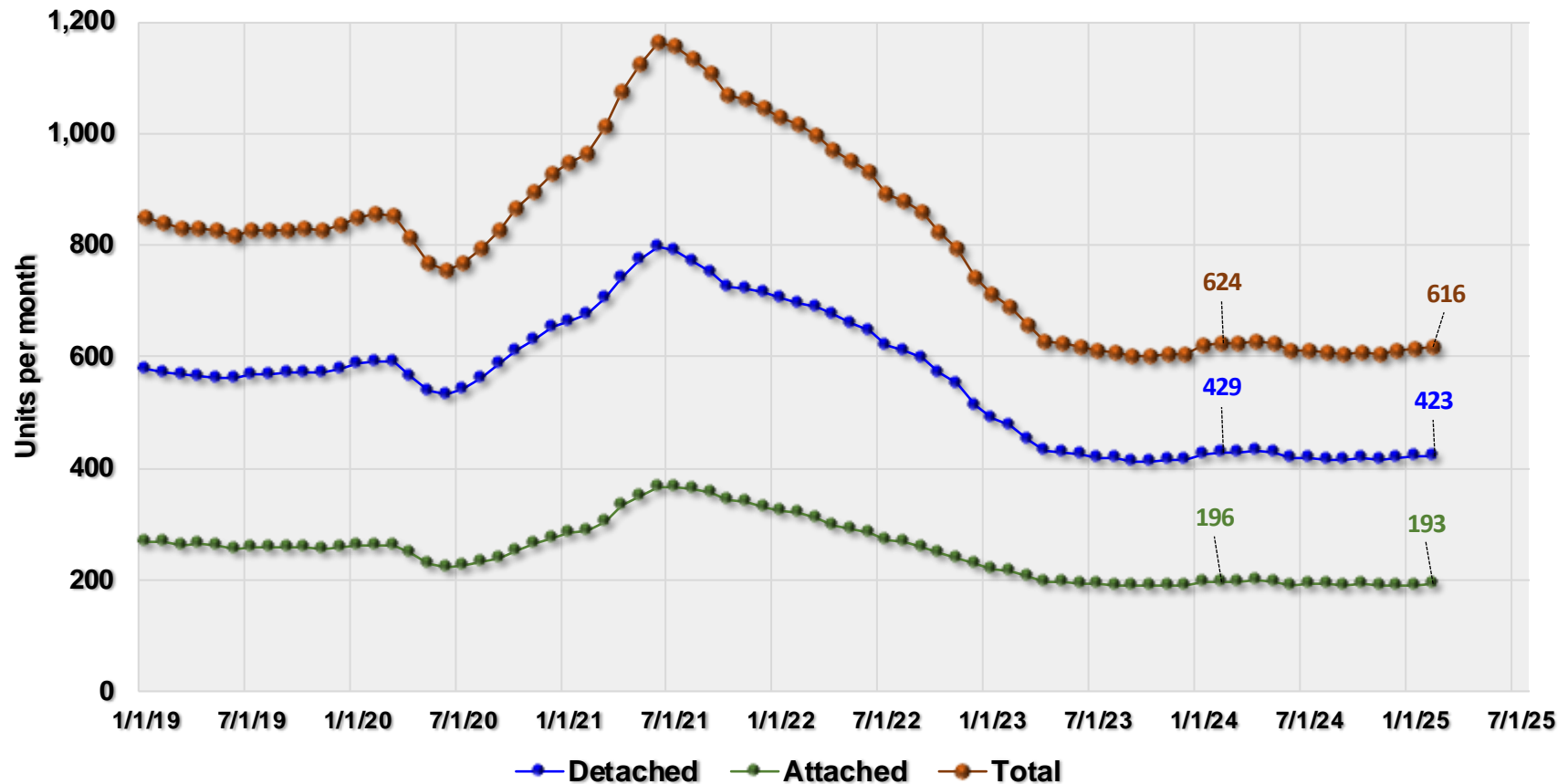
## Monthly Sales – Three Month Average

Total three-month sales are effectively unchanged from last year. The three month average this February was 579 units compared to 550 units a year ago. Because of seasonality, it's difficult to determine where sales stand on a historical basis. The first chart in this report was designed to help distinguish seasonal changes from real ones. It shows that sales are below normal by 20.8%.

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## Detached, Attached and Total Sales 12 month average



## Monthly Sales – Twelve Month Average

The 12-month average of sales, which takes out seasonality, was 616 units a month. This long-term average is slightly less than last year and has been hovering just over 600 units for almost two years. The housing market needs lower mortgage rates. The Federal Reserve Board has finally begun to lower short term rates, but this hasn't done much to lower fixed mortgage rates, which are longer term.

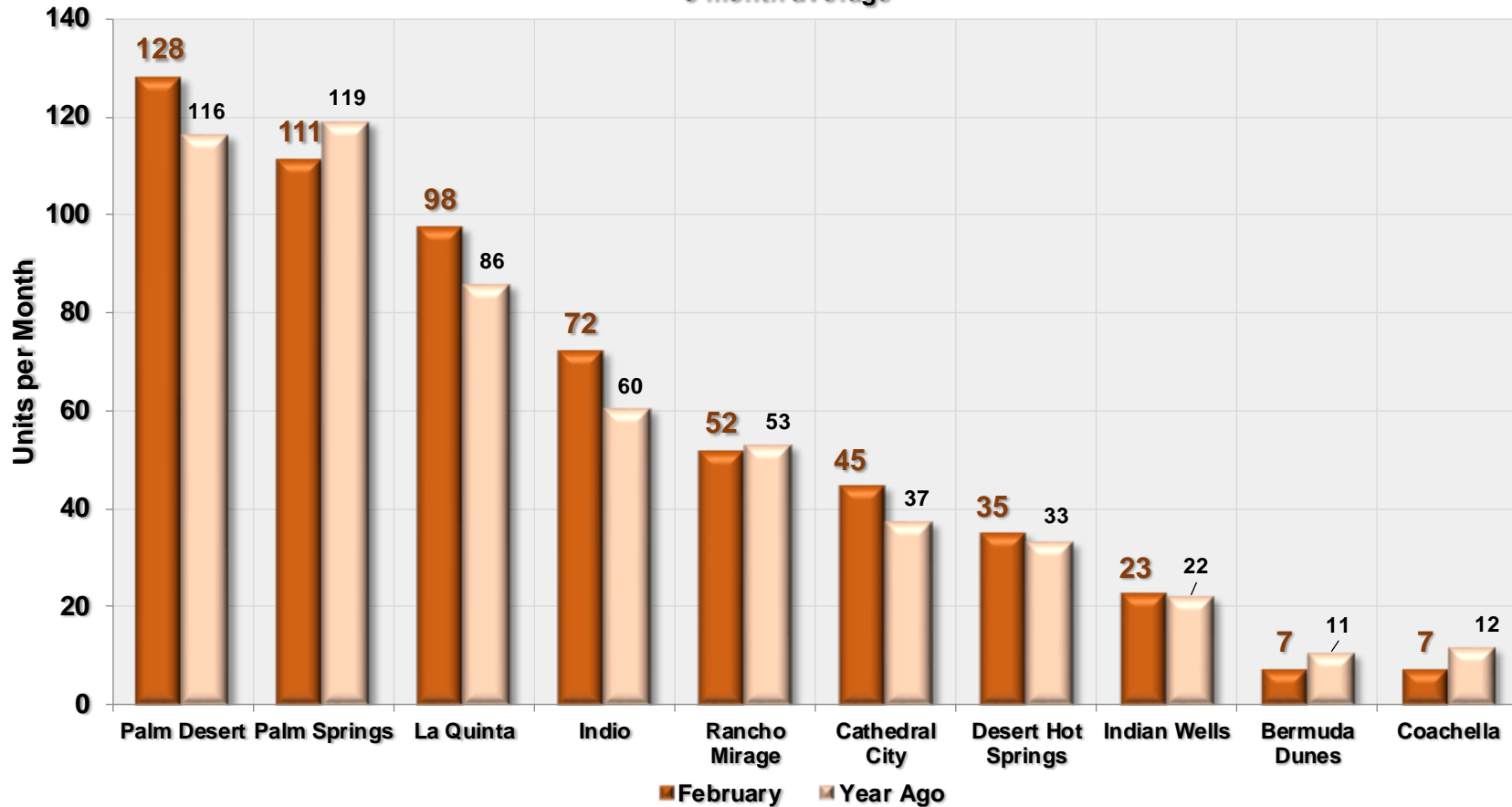


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## Home Sales by City

3 month average



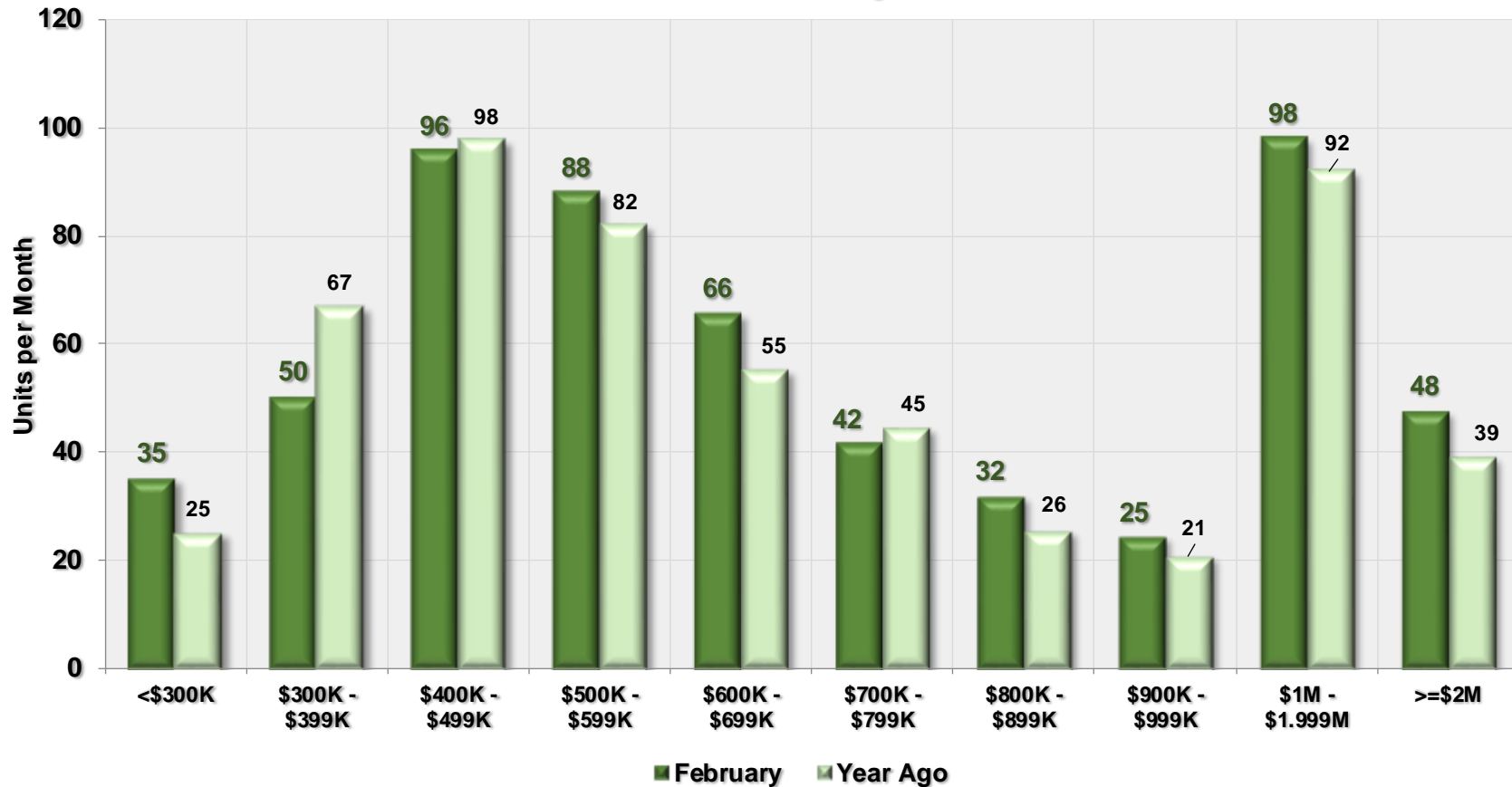
## Home Sales by City

Sales by city are now ranked left to right by highest average unit sales. Sales are about the same in most cities. Palm Desert still has the highest unit sales at 128, followed by Palm Springs with 111 and La Quinta with 98.

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## Sales by Price Bracket 3 month average



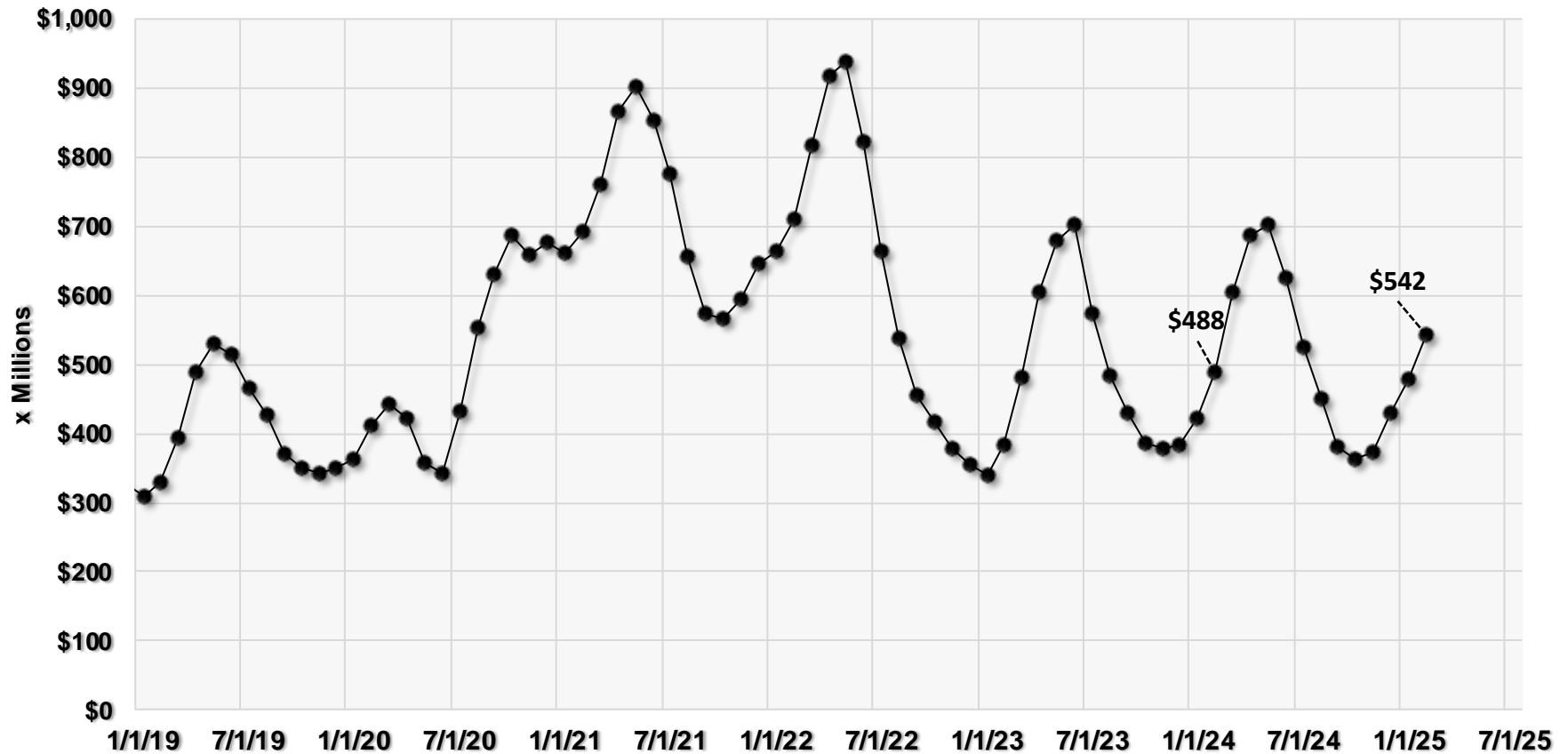
## Home Sales by Price Range

We've changed the price brackets to reflect the price increases of the last few years. The lowest bracket is now \$300,000 or lower, and there are now two brackets over \$1,000,000. The largest part of the overall sales decline continues to be sales of homes in one price bracket – from \$300K to \$399K. The rest show slight increases.

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## Coachella Valley Dollar Sales



## Coachella Valley Dollar Sales (all homes)

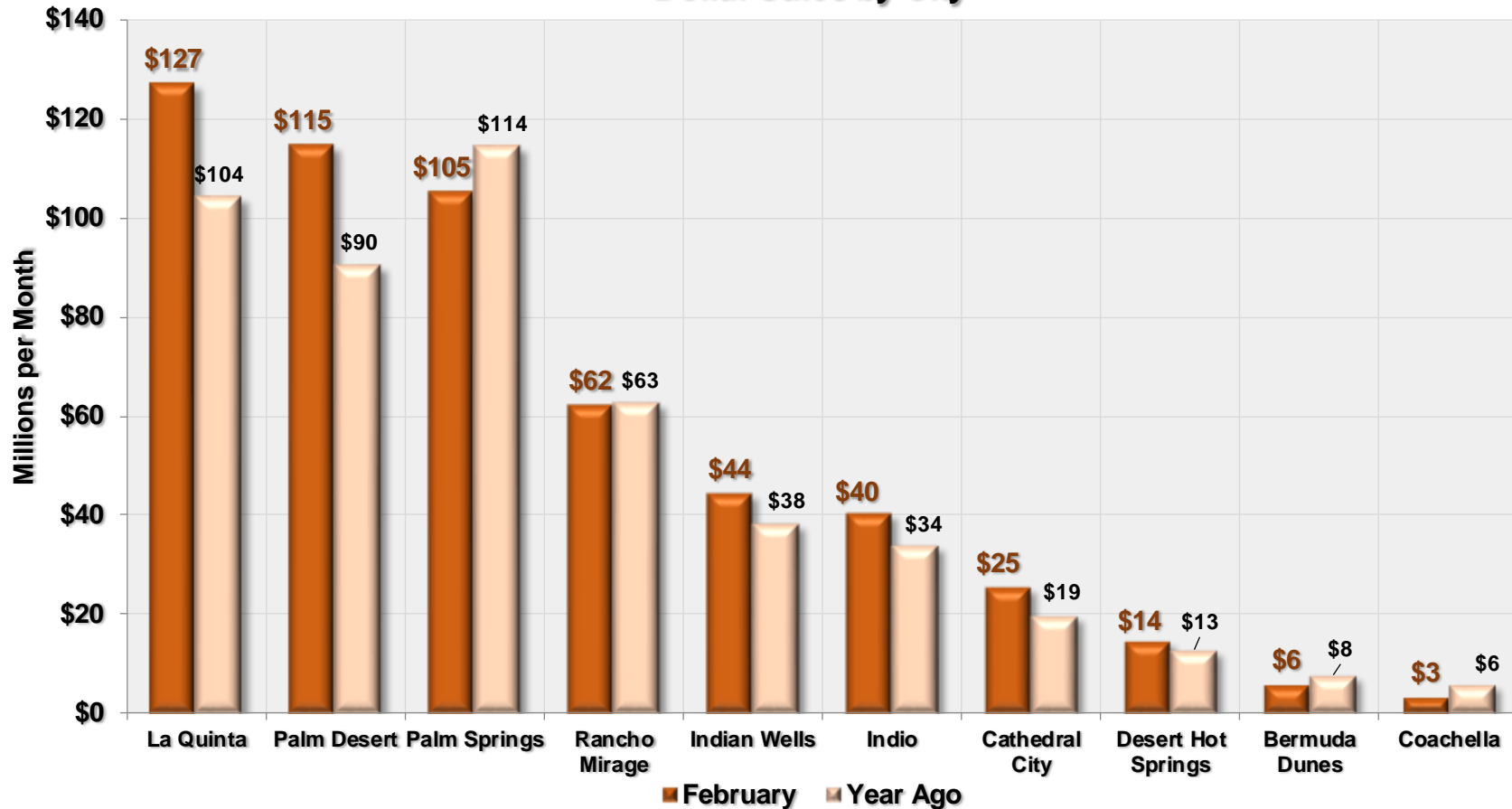
This chart graphs dollar sales, averaged over three months, of all Coachella Valley home sales. The scale on the left is in millions of dollars. It shows the same seasonal pattern as the chart of three-month unit sales, except the relative highs and lows are different due to price changes over time. Dollar sales in February were \$542 million, which is 11% above last year.



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## Dollar Sales by City



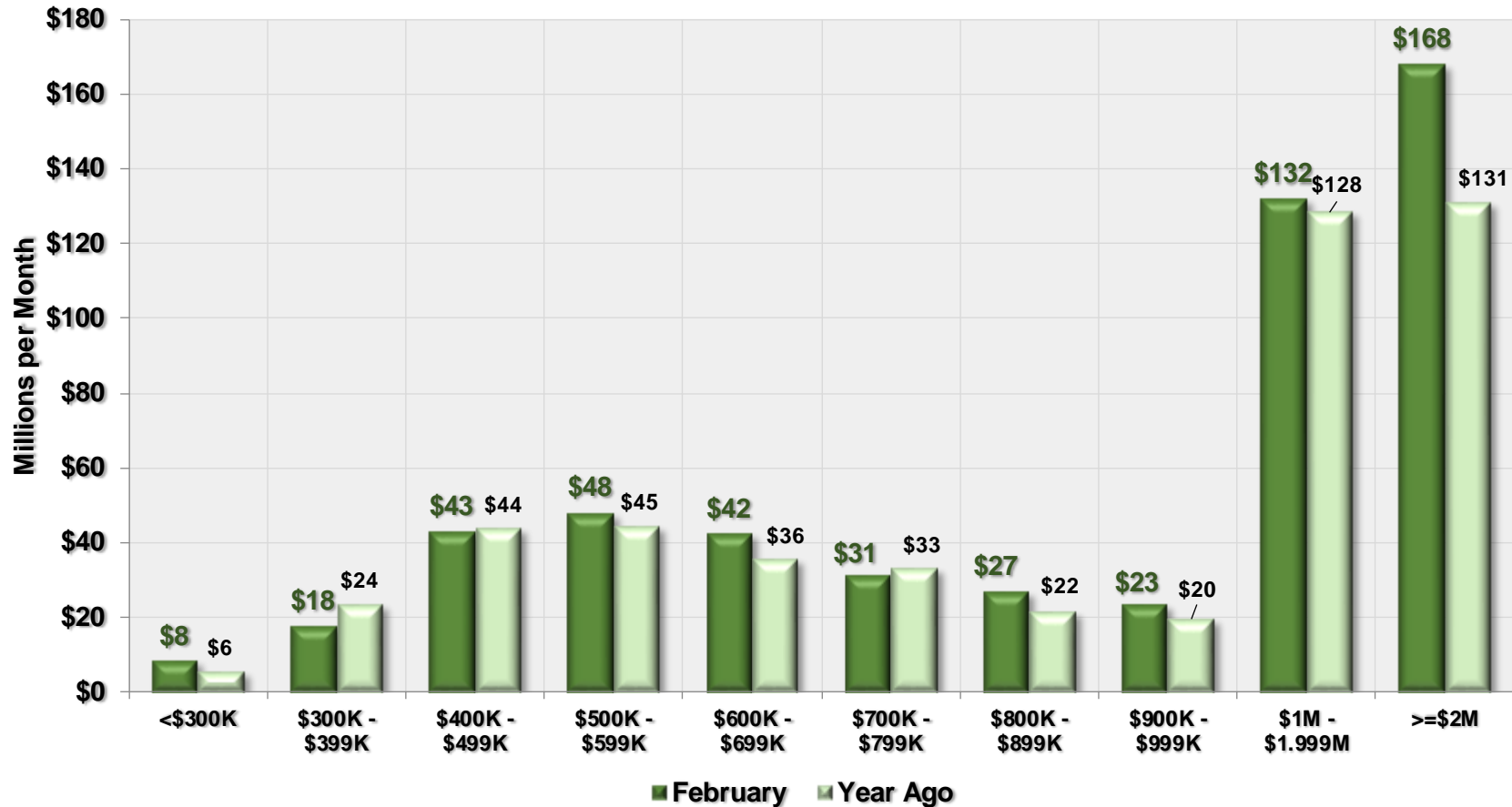
## Home Sales by City

On this graph, cities are ranked left to right by greatest dollar sales. Since revenue depends on dollar sales more than unit sales, the numbers in this chart are better proxies for “revenue” than unit sales. Dollar sales appear to be comparable to last year in every city except Palm Desert and La Quinta where sales are measurably higher.

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## Dollar Sales by Price Bracket



## Home Sales by Price Range

This chart of dollar sales by price bracket shows a different pattern than unit sales by price bracket in the earlier chart. The large amounts in the two price brackets over a million dollars are accentuated more than the unit sales chart. In fact, dollar sales in these two brackets continue to account for 50% of all dollar sales in the Coachella Valley.

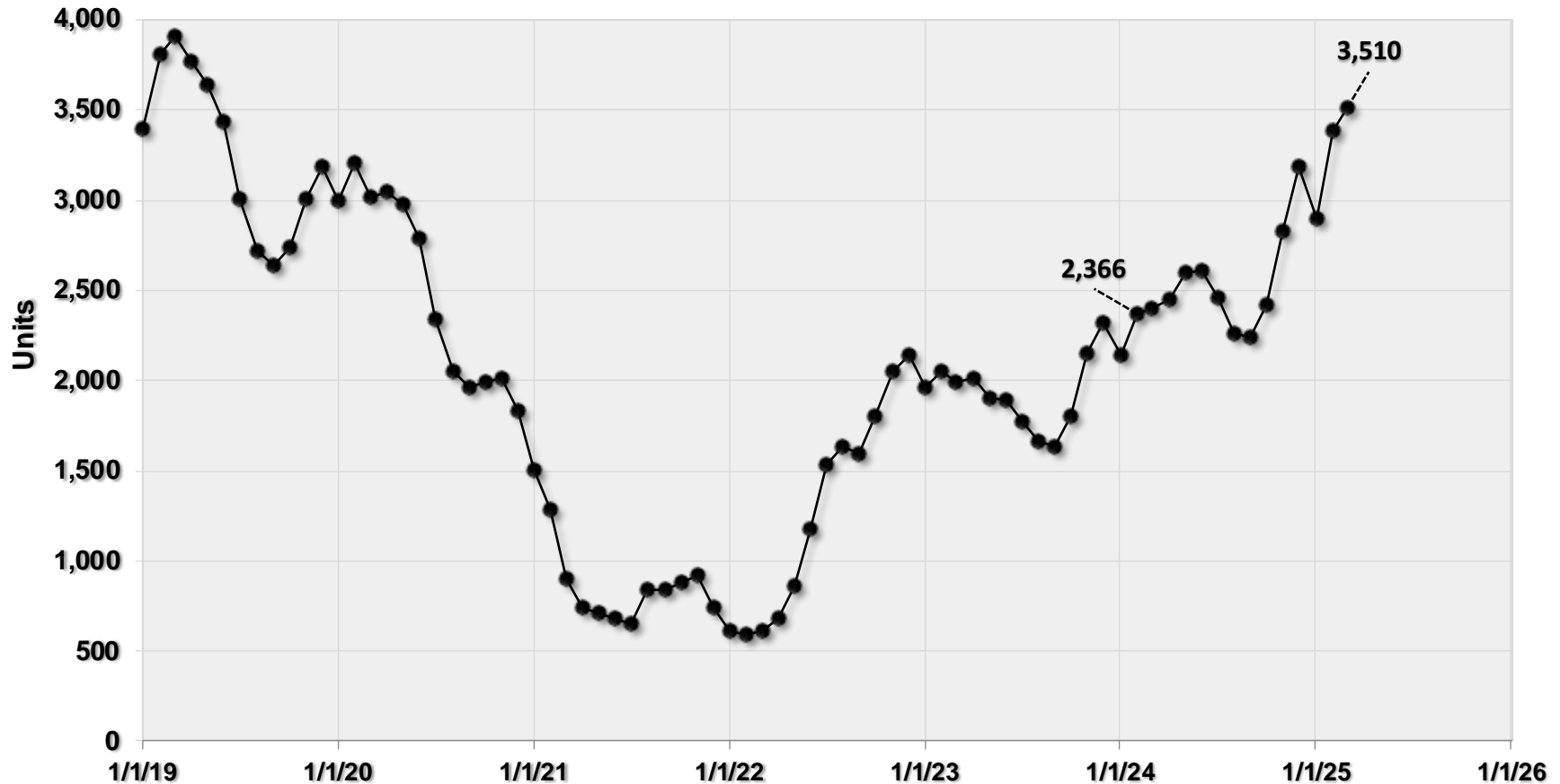
# **Inventory & “Months of Sales” Ratios**



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## Coachella Valley Housing Inventory (all homes)



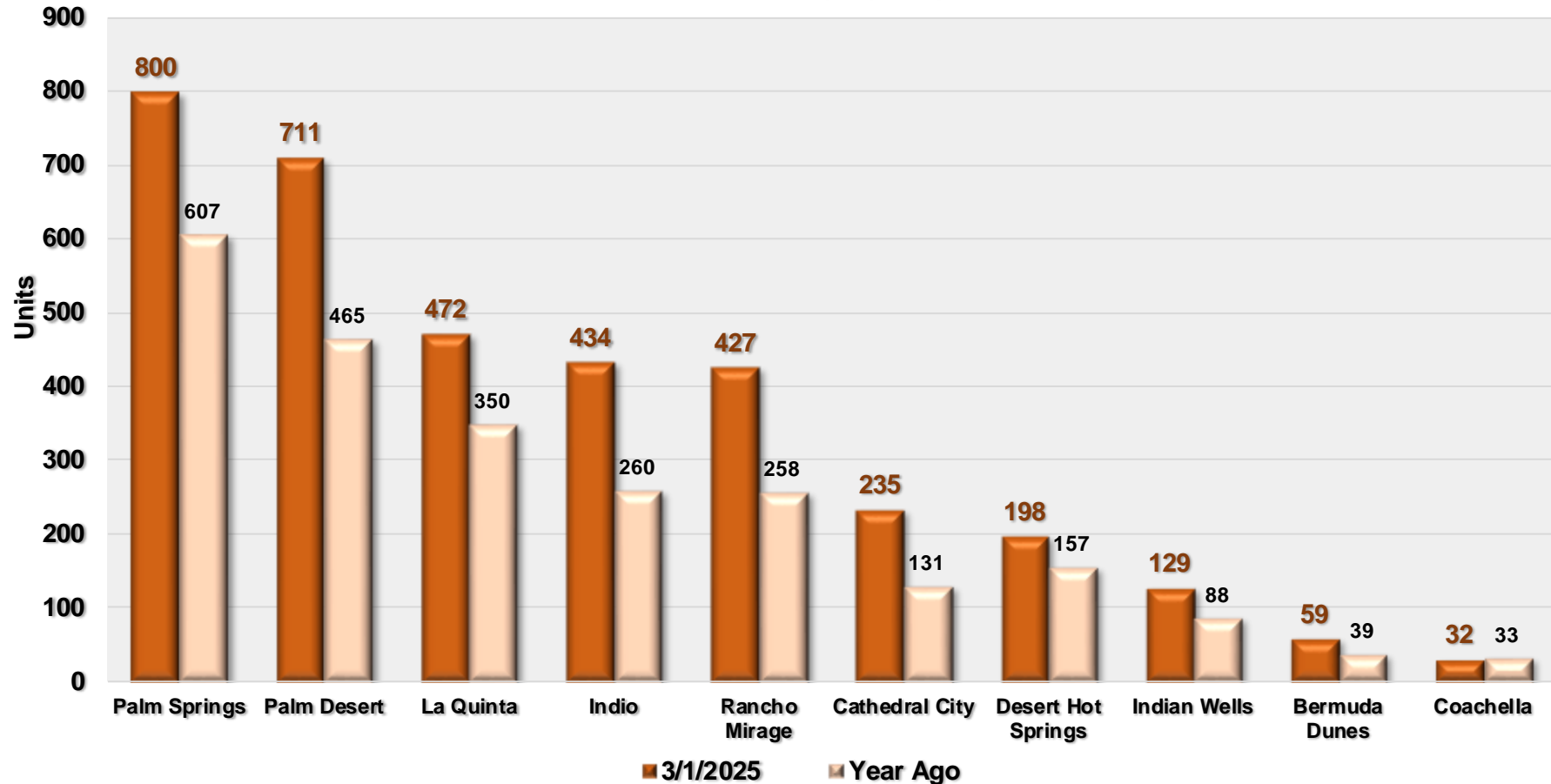
## Coachella Valley Total Inventory

On March 1<sup>st</sup>, Valley inventory was 3,510 units, which is 1,144 units more than last year. Inventory has been improving, and current numbers are now comparable to inventory before the pandemic. The seasonal pattern now suggests that inventory is near its peak as we pass into March.

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## Inventory by City



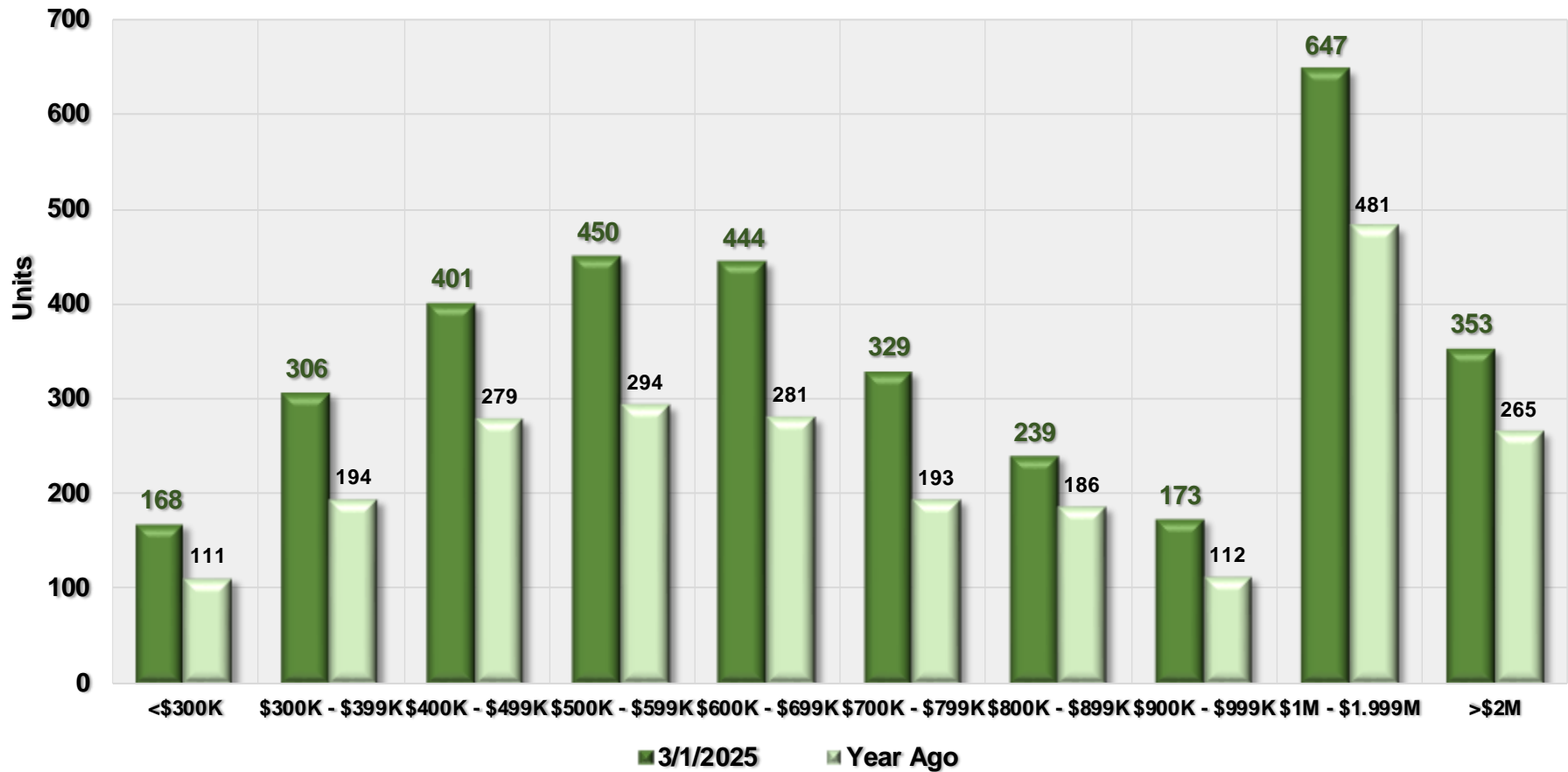
## Inventory by City

This chart ranks Coachella Valley cities left to right by highest number of homes for sale. The dark colored bars are current listings, while the lighter colored bars are last year's number. This chart helps agents know what cities have homeowners with the greatest selling interest and how it compares to last year.

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## Inventory by Price Bracket



## Inventory by Price Bracket

This chart shows the number of homes selling in the different price brackets. Current numbers, shown by the dark colored bars, are compared to last year's numbers, shown by the lighter colored bars. The price brackets now include the two new brackets of homes priced over \$1,000,000. This chart helps locate what price brackets might be responsible for the growth or contraction of inventory.

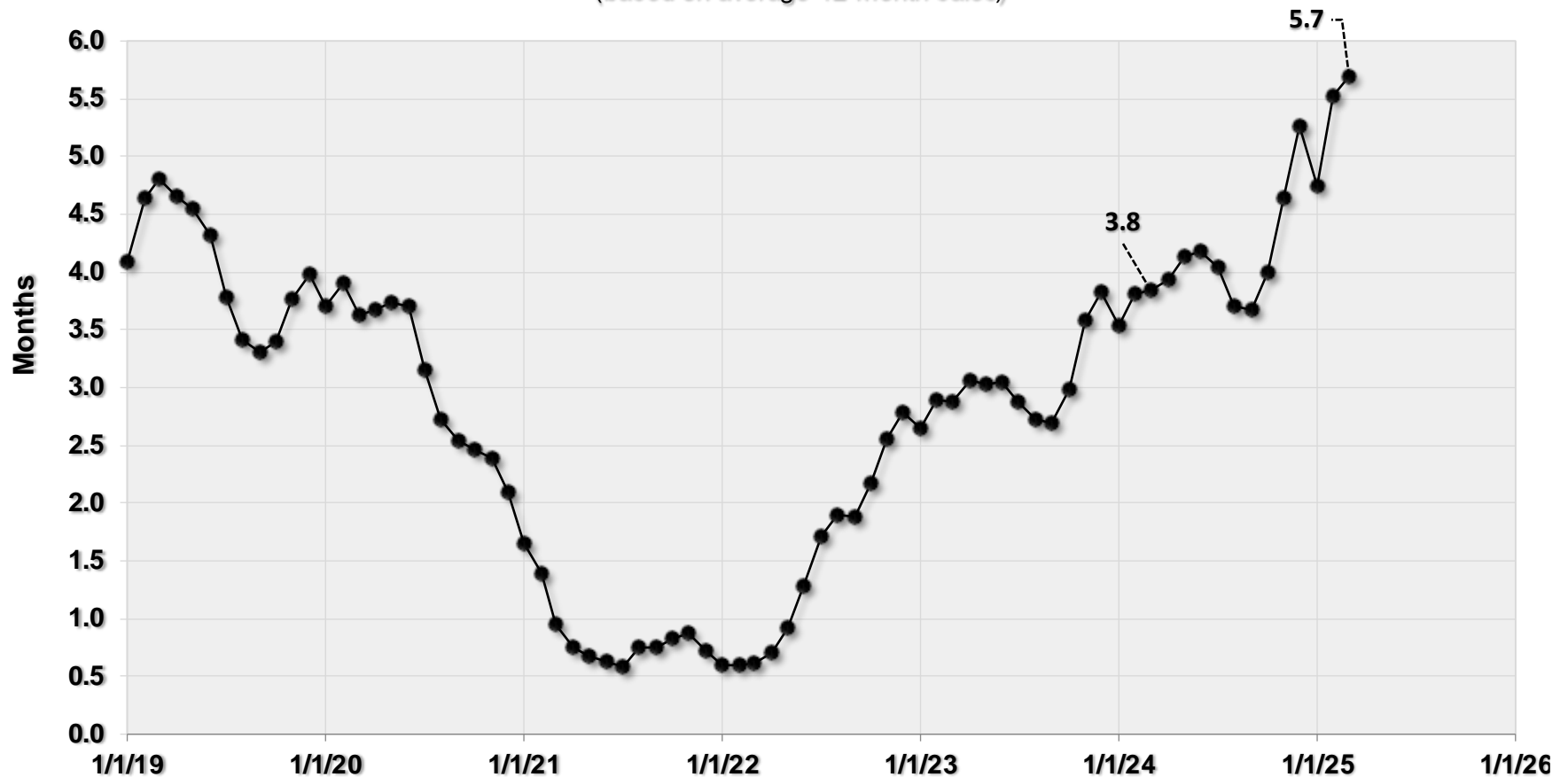


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## Coachella Valley "Months of Sales" Ratio

(based on average 12 month sales)



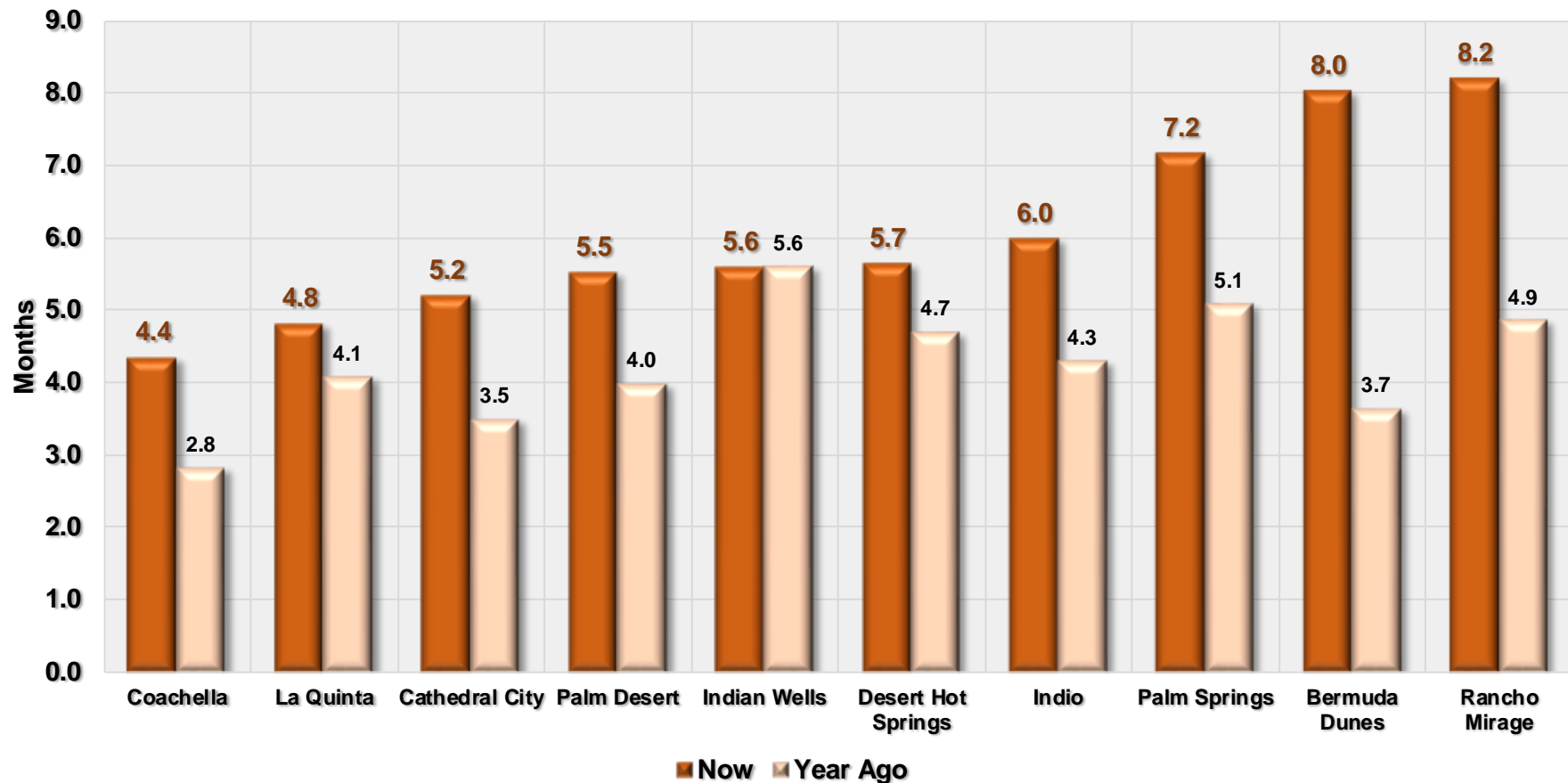
## Regional "Months of Sales" Ratio

On March 1<sup>st</sup>, the Valley's "months of sales" ratio was 5.7 months, which is 1.9 months more than last year. As you can see, this fundamental ratio, which measures supply and demand, is now above pre-pandemic levels. While inventory has recovered, because of low sales, supply is beginning to exceed demand. This should not cause a problem for home prices unless it begins to extend average selling times.

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## "Months of Sales" by City



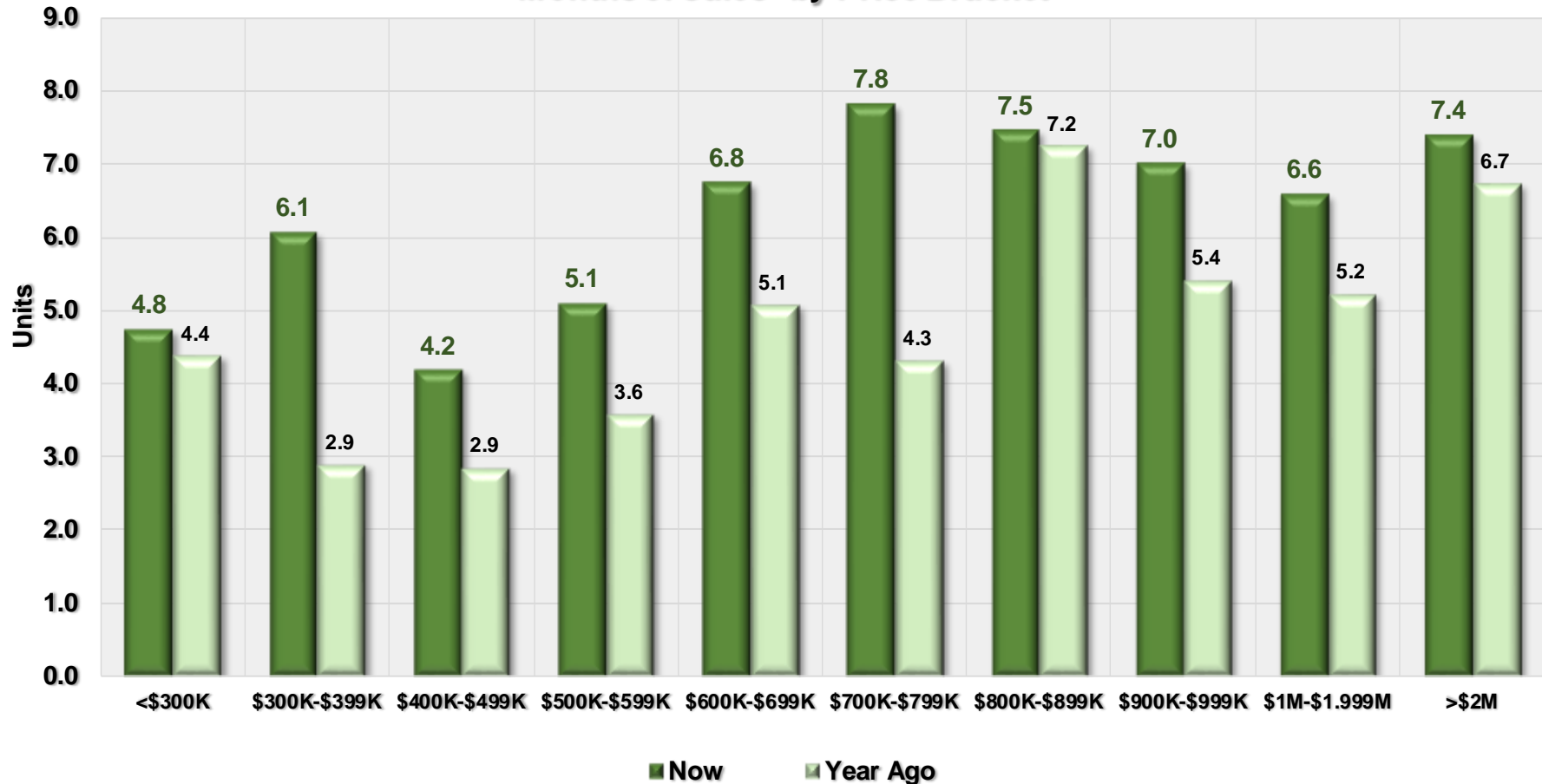
## The "Months of Sales" Ratio by City

This chart ranks cities left to right by smallest number of "months of sales." The sales and inventory in these ratios include both attached and detached homes. We see consistent ratios between 5.0 and 7.0 months in most of the nine cities. The ratio in Rancho Mirage is now the highest at 8.2 months. Since "months of sales" is really the supply-demand equation for housing, it shows the housing market is becoming supply heavy. If the ratios move higher it will begin to increase selling times eventually putting downward pressure on home prices.

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## "Months of Sales" by Price Bracket



## The "Months of Sales" Ratio by Price Bracket

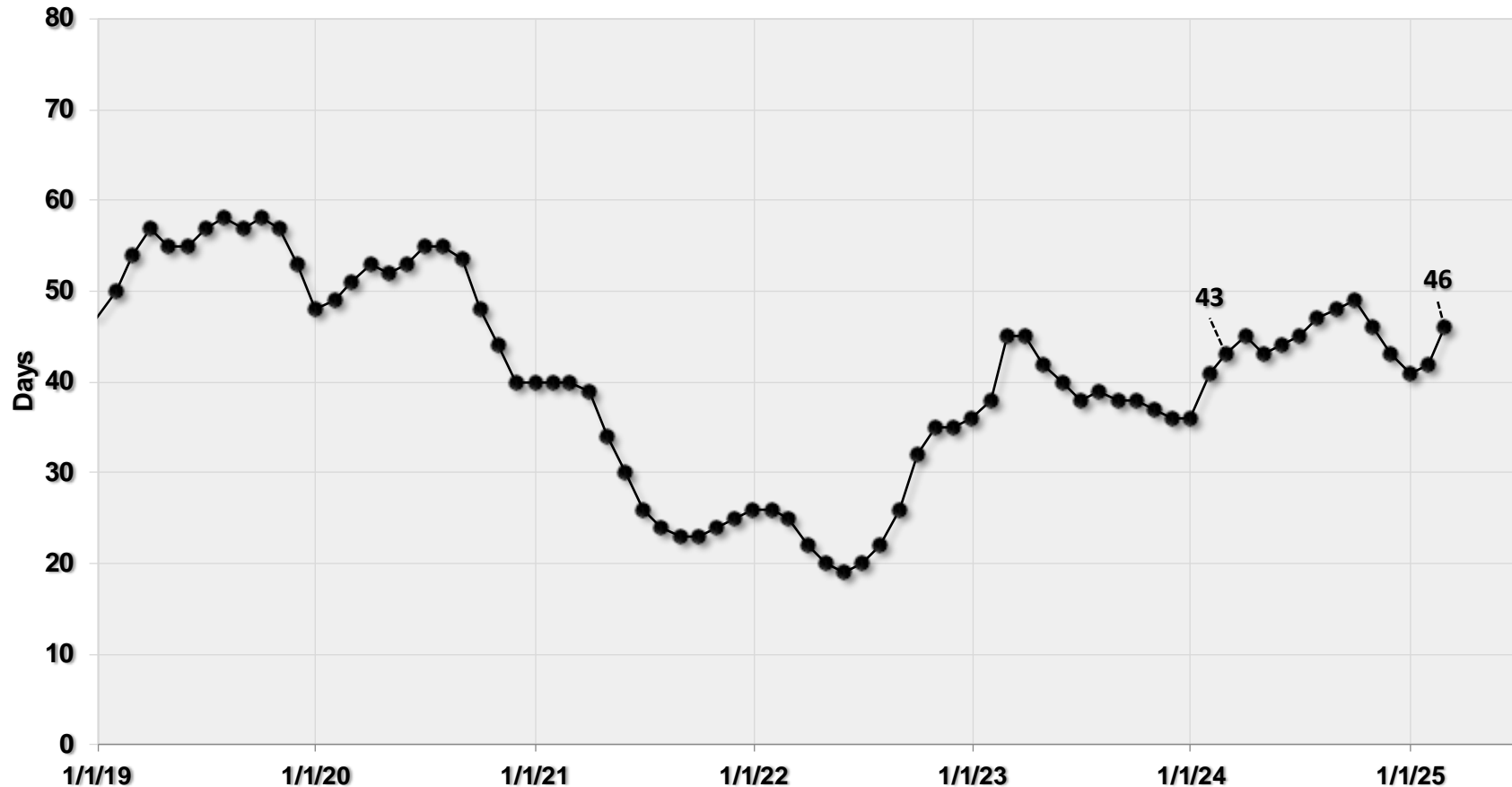
This chart shows "months of sales" by price bracket. The sales and inventory in the ratios includes both attached and detached homes. Since "months of sales" ratios are really the supply-demand equation for housing, the large increases over last year shows supply is starting to exceed demand in almost all price brackets. It hasn't affected prices yet and most probably won't until selling times begin to lengthen.

# **DIM & Price Premium/Discount**

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## Median DIM - Coachella Valley (all homes)



## Regional “Days in the Market”

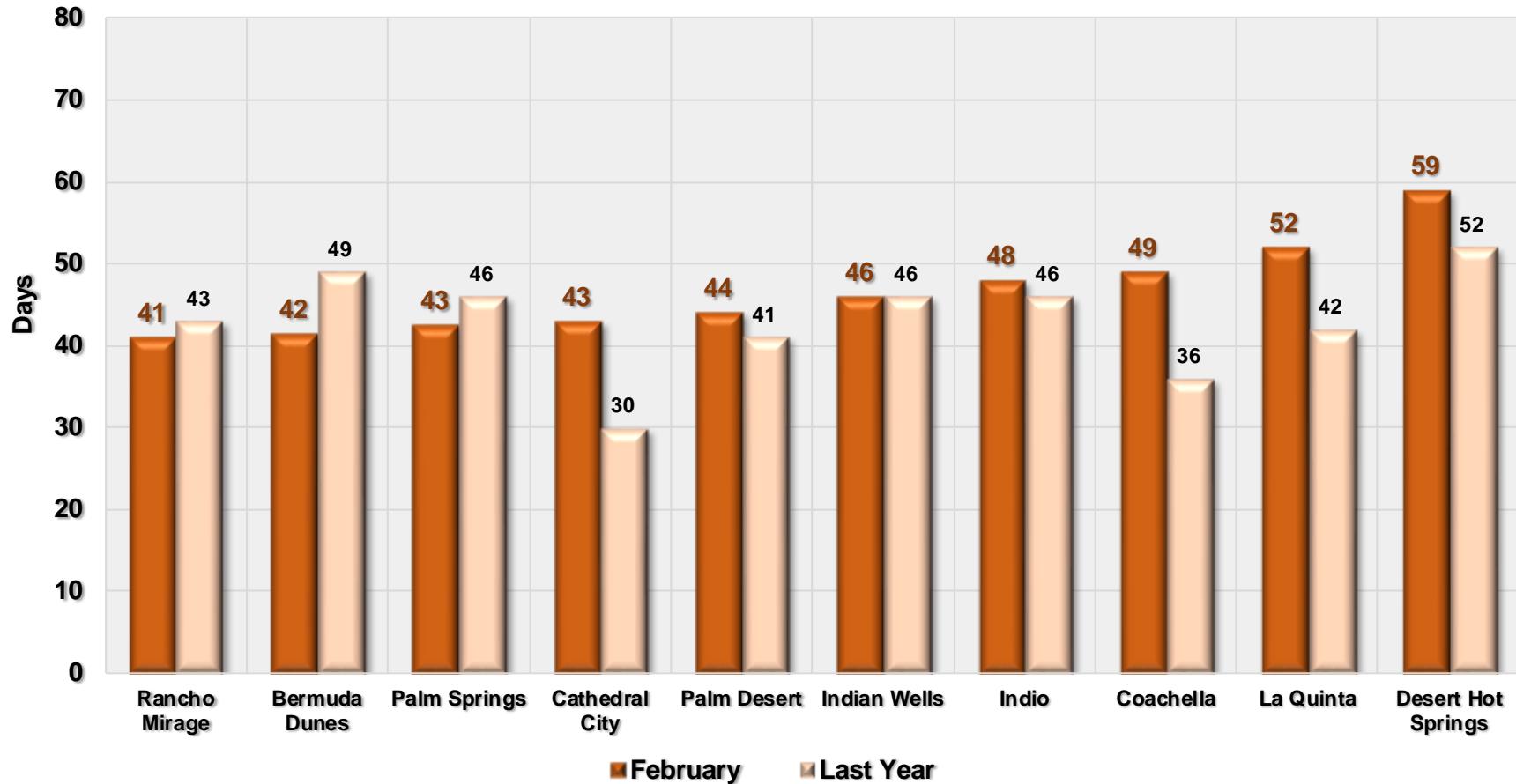
The median selling time in the region has been running between 40 and 50 days for two years. This includes both detached and attached homes. At the end of February, the median number of “days in the market” in the Coachella Valley was 46 days, which is only three days more than last year. These historically short median selling times help keep home prices stable.



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## Median DIM by City (all homes)



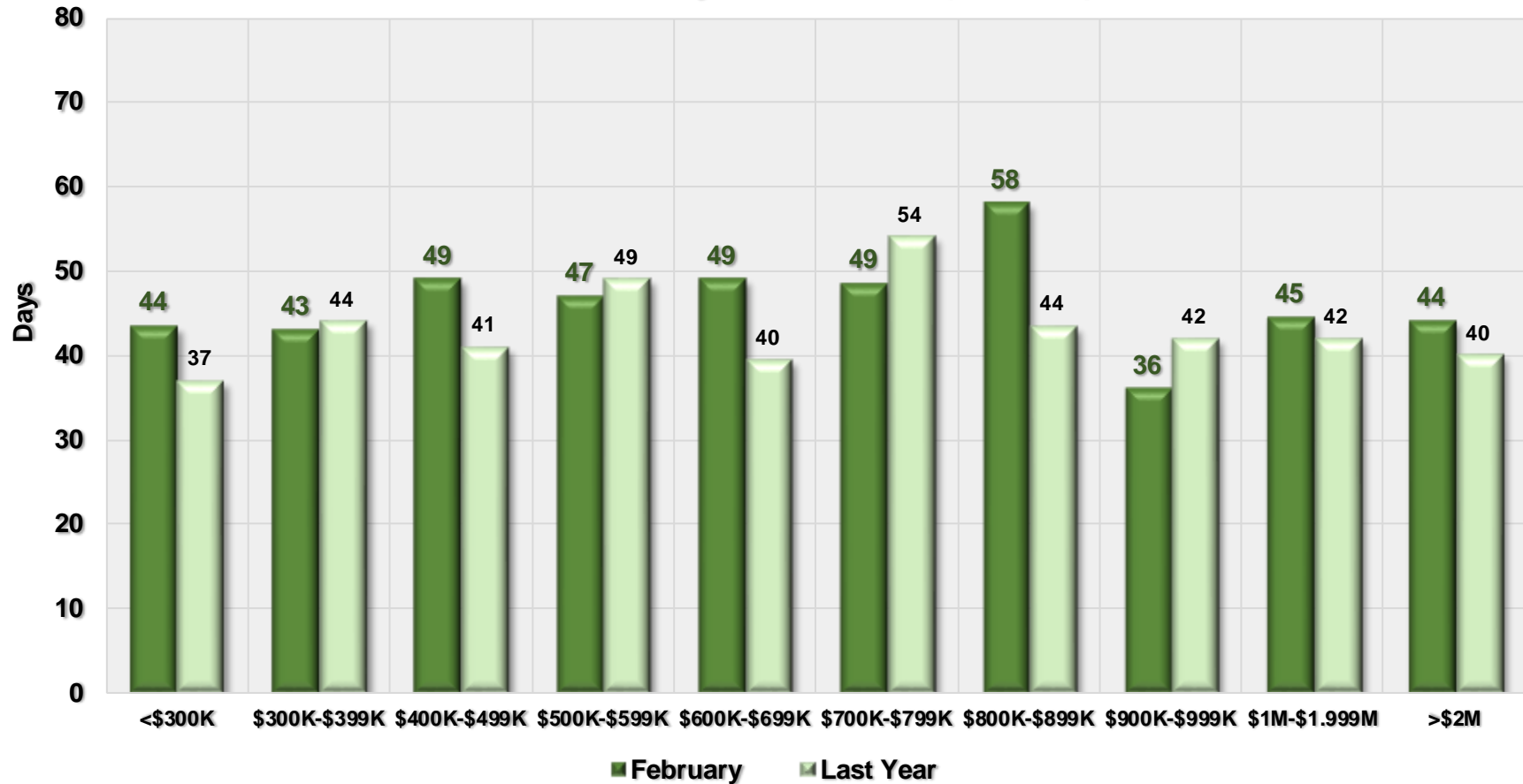
## “Days in the Market” by City

This graph compares the median number of “days in the market” in each city to their ratios a year ago. The number includes both detached and attached homes. We have sorted the cities left to right by lowest number of days. The city of Rancho Mirage has the lowest average selling time at just 41 days. This is followed by Bermuda Dunes at 42 days and Palm Springs at 43 days. Desert Hot Springs has the highest median selling time at 59 days.

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## Median DIM by Price Bracket (all homes)



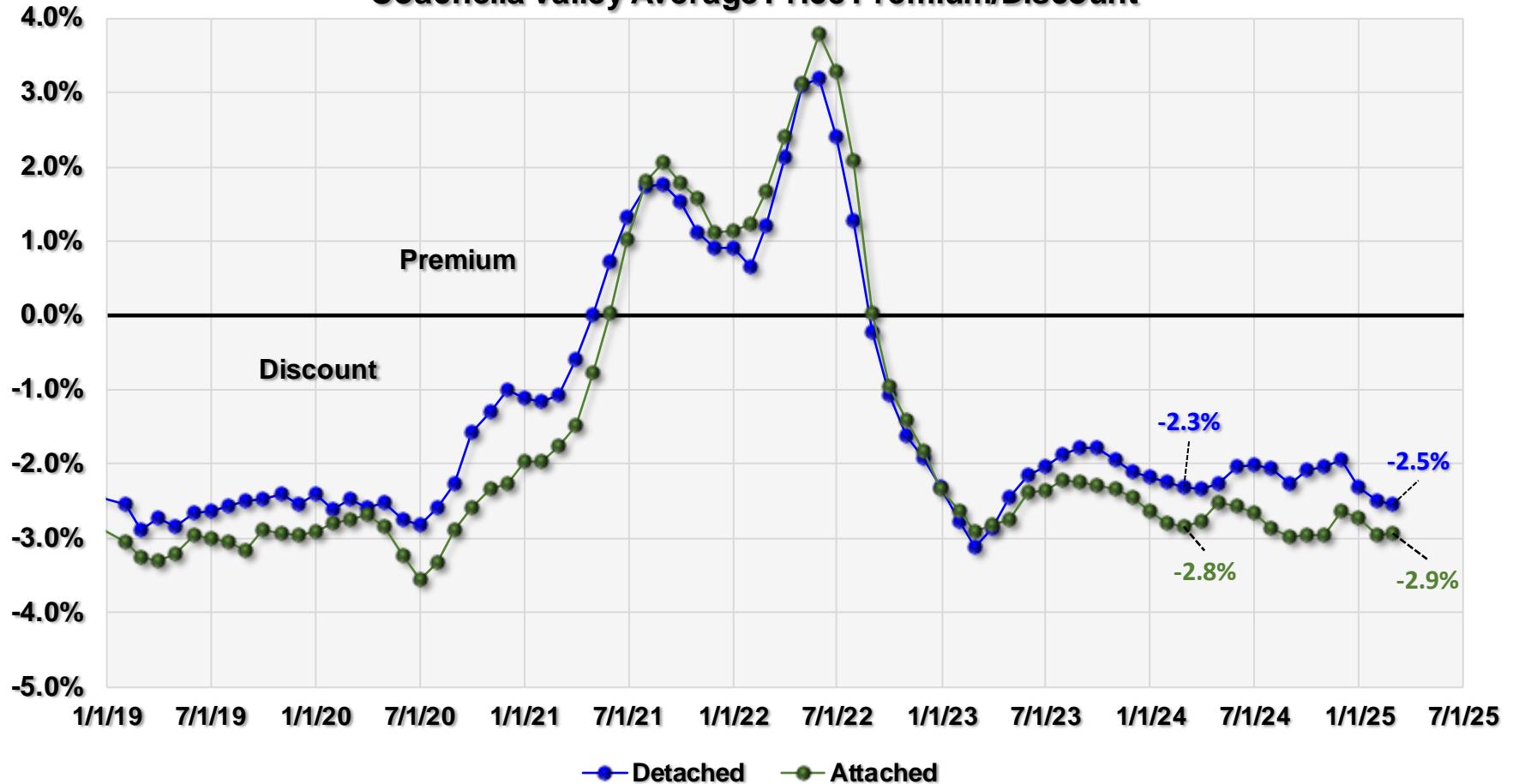
## “Days in the Market” by Price Bracket

This graph compares the median number of “days in the market” by price bracket to the ratio a year ago. The number includes both detached and attached homes. When looking at these numbers, it’s important to notice if any price bracket has an abnormal number of days. Usually, selling times increase with higher priced homes. However, in the current market we don’t see that, which is a positive situation.

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## Coachella Valley Average Price Premium/Discount



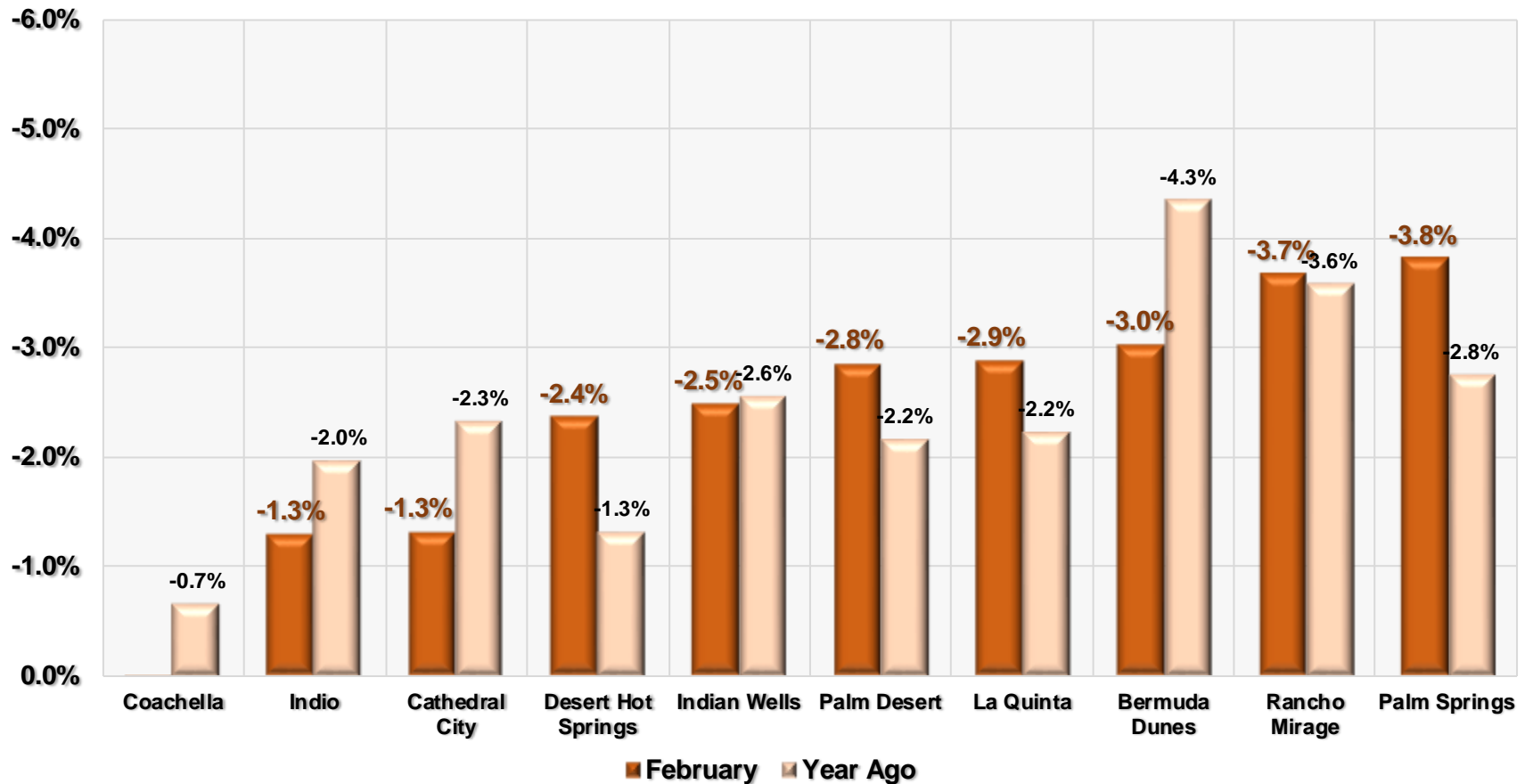
## Regional Price Premium/Discount

This graph charts the average price premium or discount of detached and attached homes selling in the region. Currently, detached homes are selling at an average discount of 2.5% compared to 2.3% a year ago. Attached homes are selling at a 2.9% discount. Notice how the numbers for both detached and attached homes seem to move up and down together. We are now back to pre-covid norms.

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## Average Selling Discount by City



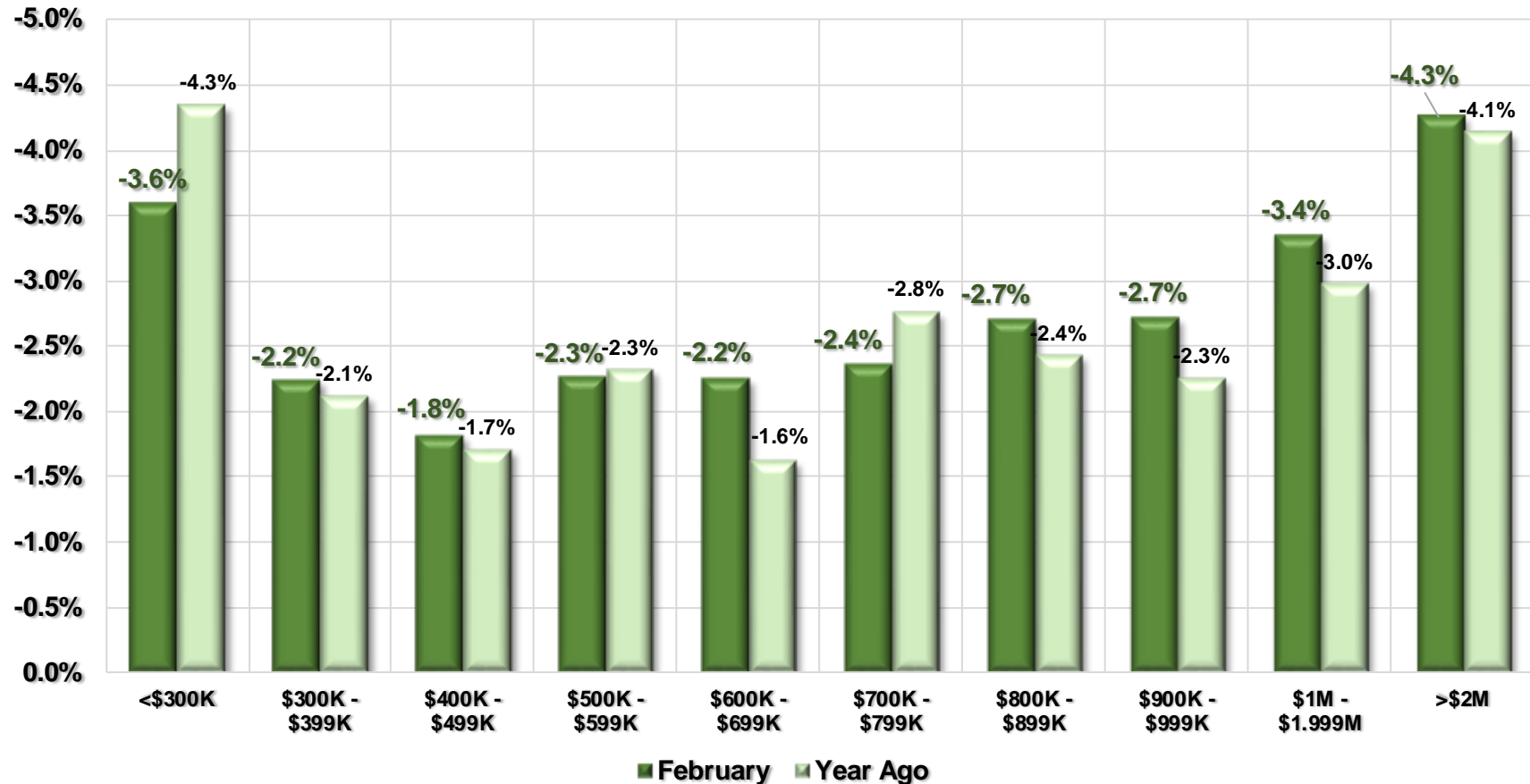
## Price Discount by City

This shows the average price discount for detached homes in each city to their ratios a year ago. We have sorted the cities left to right by lowest discount. In general, cities with higher priced homes sell at larger discounts. The city of Coachella has the smallest average discount at 0%, while Palm Springs is selling homes with the highest average discount of 3.8%.

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## Average Selling Discount by Price Bracket



## Price Discount by Price Bracket

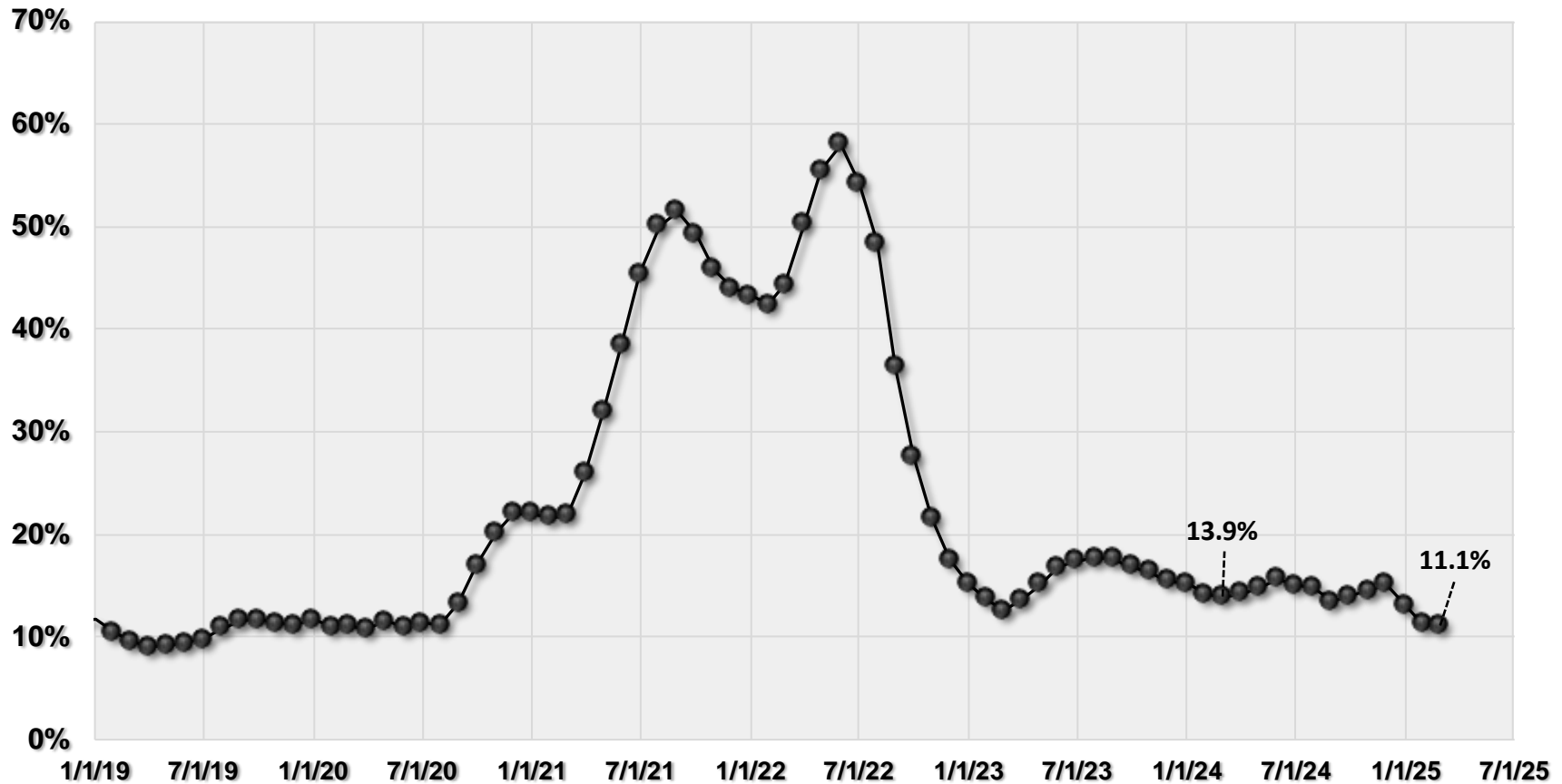
This chart shows the average price discount by price bracket throughout the region compared to the discount a year ago. The average includes both detached and attached homes. As a rule, price discounts increase with higher priced homes, except here we have the lowest discounts in the mid range price brackets. Homes over two million dollars now sell with an average discount of 4.3%.



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## Percent Homes Selling Over List Price (all homes)



## 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 11.1%. This is 2.8% less than last year. The percent of homes selling above list price is now back to pre pandemic levels.

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## Explanation and Description of Desert Housing Report's Calculations and Graphs

**Regional Numbers:** For the purposes of this report, the Coachella Valley consists of ten cities or CDPs – Bermuda Dunes, Cathedral City, the city of Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs and Rancho Mirage. Thousand Palms is excluded because it has too few sales for statistical meaning.

Regional sales and inventory numbers are the sum of sales or inventory in these 10 cities. Sales are averaged over either three or twelve months depending on the situation. The Coachella Valley median detached home price is the median price of all sales of single-family residences in the 10 cities over the prior 90 days (three months). The Coachella Valley Median Attached Price is the median price of sales of condos and townhomes over the past 90 days in all 10 cities. There are from 700 to 1,400 sales that go into these calculations, so they are statistically very reliable. The MLS data source is FLEX. Before any calculation is made, we first try to fix any incomplete or wrongly entered information.

**City Prices:** It is important that statistical analysis accurately reflects what one is trying to show. For example, calculating the median price of all sales in a city over three months, while called the “median” price, isn’t really the median price of homes in that city. It’s just the median price of the homes sold over that period. If larger homes sell that month, the medium price will go up, not because home prices are rising, but because you’re analyzing a pool of larger, higher priced homes. We believe a better method exists to actual measure what is happening to home prices in a city. It centers around using price-per- square-feet.

A better metric to use is the median price-per-square-foot of homes sold over that time span. That's because this metric changes less than price, especially if, by chance, larger or smaller homes sell during a given period. The trouble is price per sq. ft. is not as consumer friendly as price. Homeowners think in terms of home price, they don't usually think in terms of price-per-square-foot. So, while median or average price-per-square-feet is good, we need a way to convert it into a home price that has meaning for that city.

To do this we first determine the average size home in that city. Once we know this, we multiply the median price-per-square-foot by this average size home. This is similar to the way appraisers value a home. Appraisers find the average or median price-per-square-foot of comparable size homes that have recently sold. They then multiply that number by the square feet of the home they're appraising. The table of city prices in this report follows this procedure.

In the table, the second column is the size of the average home in that city. This is not the average sq. ft. of the homes that sold. The number we use is determined after research and it's the average sq. ft. of all homes in the city, which we round off to the nearest 25 sq. ft. The exact number isn't important. What's important is that it's approximately correct and that you always use the same number.

The third column is the median price-per-square-foot of all homes sold in the city over the last 90 days.

The 4th column is the home price, which is calculated by multiplying column two by column three. This represents the price of the average size home in that city. For reasons which we explained, changes in this price are more reliable than changes in the normal “median” or “average” price of homes sold.

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**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 shows the seasonal variations of the region. These three-month averages should only be compared against the same three months in previous years. For example, one should never compare three-month sales in spring to those 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, three-month means sales over the preceding 90 days. Using 90 days gives equal time weight to shorter months.

**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 available listings on a specific date. When we show month end inventory, it’s the inventory on the 1<sup>st</sup> of the next month. Our inventory is the sum of both attached and detached homes. We keep a record of past inventory downloads, so our past inventory is not reconstructed, which is prone to error, but is the actual inventory on that date.

When calculating the “months of sales” ratio, we almost always use average monthly 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.” Most people feel the ratio is much easier to understand.

**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 90 days 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.