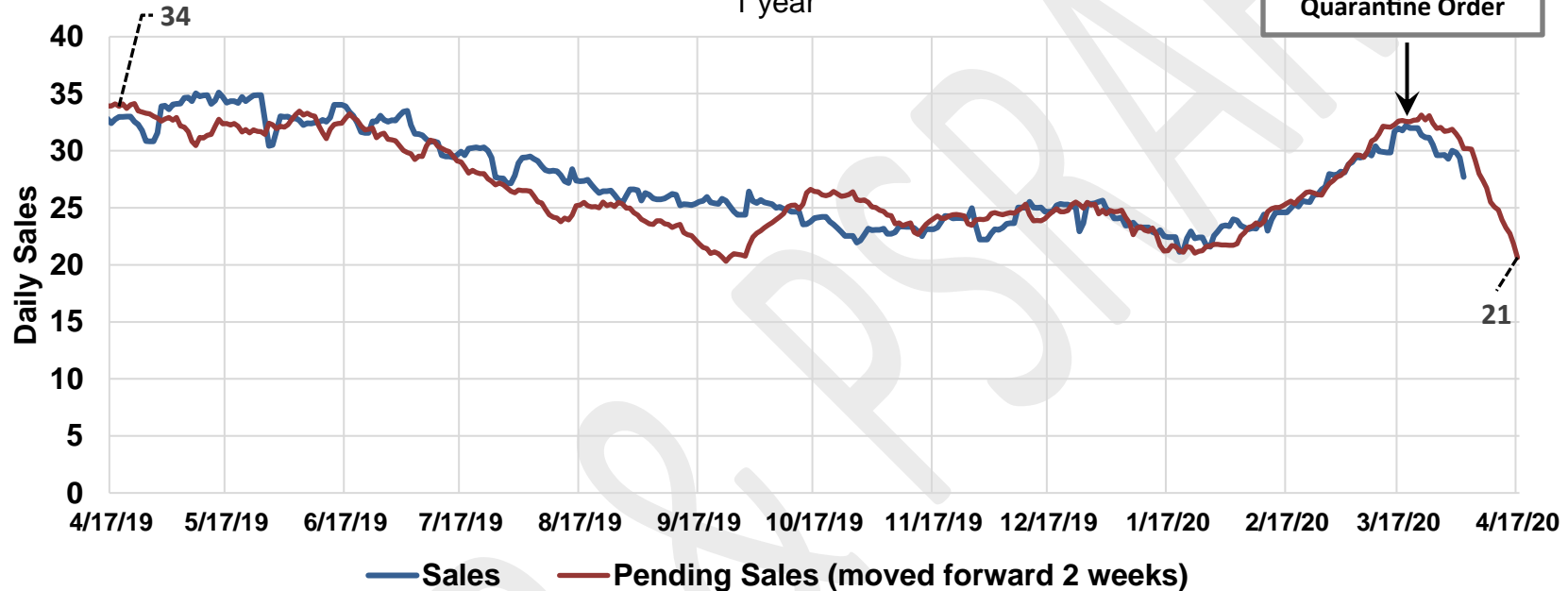


## Using Pending Sales to Forecast Sales Coachella Valley 1 year

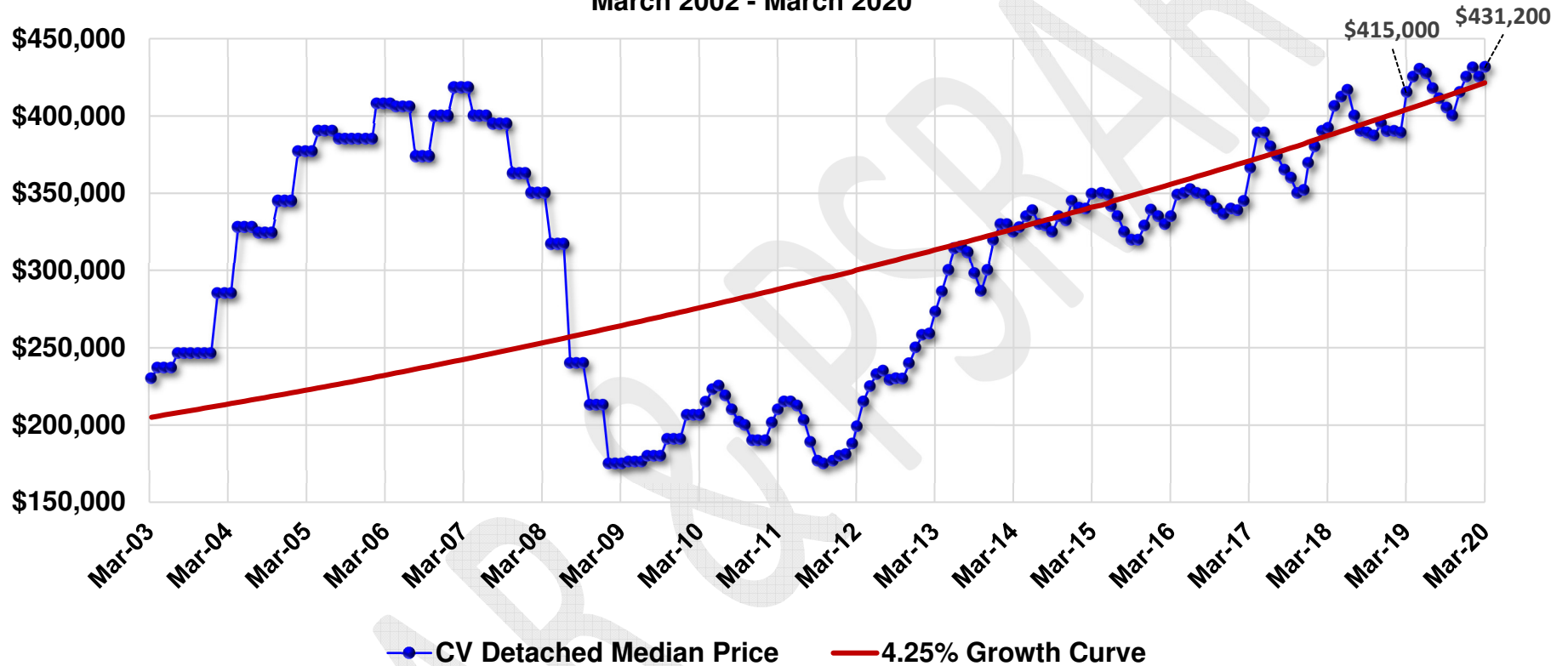


### *The Coronavirus Changed Everything*

This report shows the state of the Valley's housing market through the end of March. Since it uses three-month averages to reduce monthly variance, the prices and sales shown are the average of January, February and March, which is before the crisis. Due to this, it will show a very healthy housing market, with one of the strongest outlooks we've seen. However, the statewide quarantine starting March 18<sup>th</sup> abruptly everything, and most agents are now left in the dark as to what's happening to sales, prices and other important metrics since that date. We understand this situation and intend to do something about it. For one, metrics for normal housing markets won't work well during the crisis so we're developing custom metrics specifically for it. The measurements will be much shorter in duration, so they will respond to rapid changes in the market. We hope to present these to you in two weeks and then follow them on a regular basis. The chart above is a sample. Studies have shown that pending sales precede real sales by about 14 days. Normally this fact isn't very useful, but now it is. The chart plots a four-week (28 day) moving average of sales against a four-week moving average of pending sales, with the pending sales moved forward two weeks. You can see the rapid drop in pending sales since Governor Newson's stay-at-home order. The red line in the chart, which is pending sales moved forward two weeks, points to where real sales (blue line) will be in about two weeks. Currently real sales are averaging 28 units a day; by April 17<sup>th</sup> they should be under 20 units. This new report will cover daily inventory changes, price discounts, pending sales and other metrics in a way that will help you know what's happening to your markets on a weekly basis.

## Coachella Valley Median Detached Home Price

March 2002 - March 2020

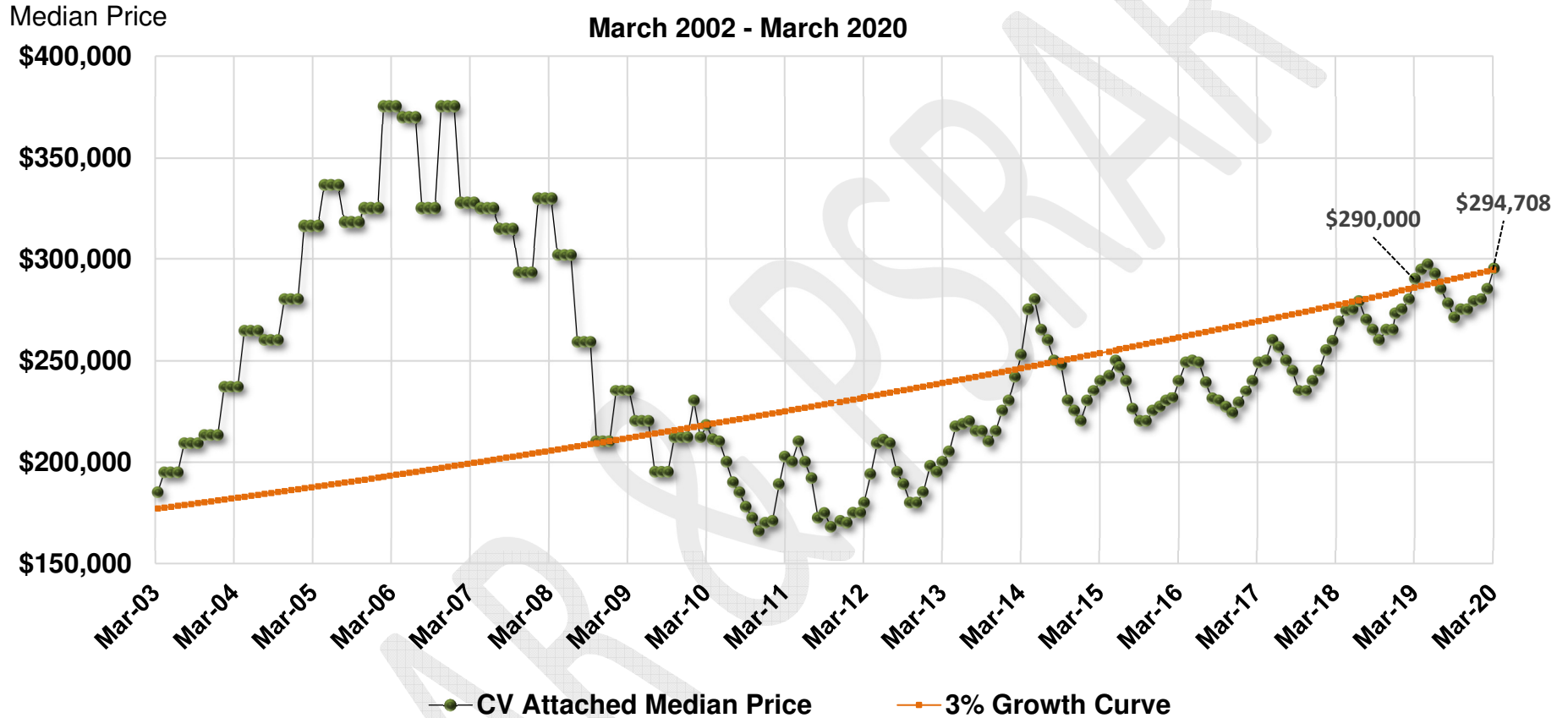


### *Coachella Valley Median Detached Home Price*

The Coachella Valley median detached home price in March was \$431,200, up 3.9% above a year ago. As the chart clearly shows it has been rising along the 4.25% growth curve for the last six years. The chart also shows that our markets are not experiencing any price excesses as a number of writers have spoken about. It is normal for prices to rise around 4% to 5% a year. You can also see the seasonal pattern in the chart; prices usually peak sometime in May and drop by the end of summer. We were on track to repeat this pattern before the interruption by the coronavirus crisis.

## Coachella Valley Median Attached Price

March 2002 - March 2020



## Coachella Valley Attached Median Price

The Valley's median attached home price in March was \$294,708, up 1.6% above a year ago. Attached home prices also show a very strong seasonal pattern as is evident from the chart. Price changes can range 10% to 15% from top to bottom just due to seasonal factors. However, we can probably expect that to be interrupted by the current situation.



# The Desert Housing Report

March 2020



## Detached Homes

City	Mar-20	Year Ago	12 mo change	2011 Low	Gain off 2011 Low	2006 High	% from High
Desert Hot Springs	\$250,000	\$225,000	11.1%	\$85,000	194.1%	\$295,000	-15.3%
City of Coachella	\$291,775	\$275,000	6.1%	\$121,950	139.3%	\$335,000	-12.9%
Cathedral City	\$354,500	\$339,000	4.6%	\$139,000	155.0%	\$395,000	-10.3%
Palm Springs	\$680,000	\$658,500	3.3%	\$335,000	103.0%	\$600,000	13.3%
Palm Desert	\$430,450	\$422,500	1.9%	\$287,000	50.0%	\$543,000	-20.7%
Indio	\$342,900	\$337,000	1.8%	\$158,500	116.3%	\$380,500	-9.9%
La Quinta	\$550,000	\$547,000	0.5%	\$245,000	124.5%	\$682,020	-19.4%
Rancho Mirage	\$655,000	\$785,000	-16.6%	\$423,000	54.8%	\$950,000	-31.1%
Indian Wells	\$867,500	\$1,075,000	-19.3%	\$540,000	60.6%	\$1,205,000	-28.0%

## Attached Homes

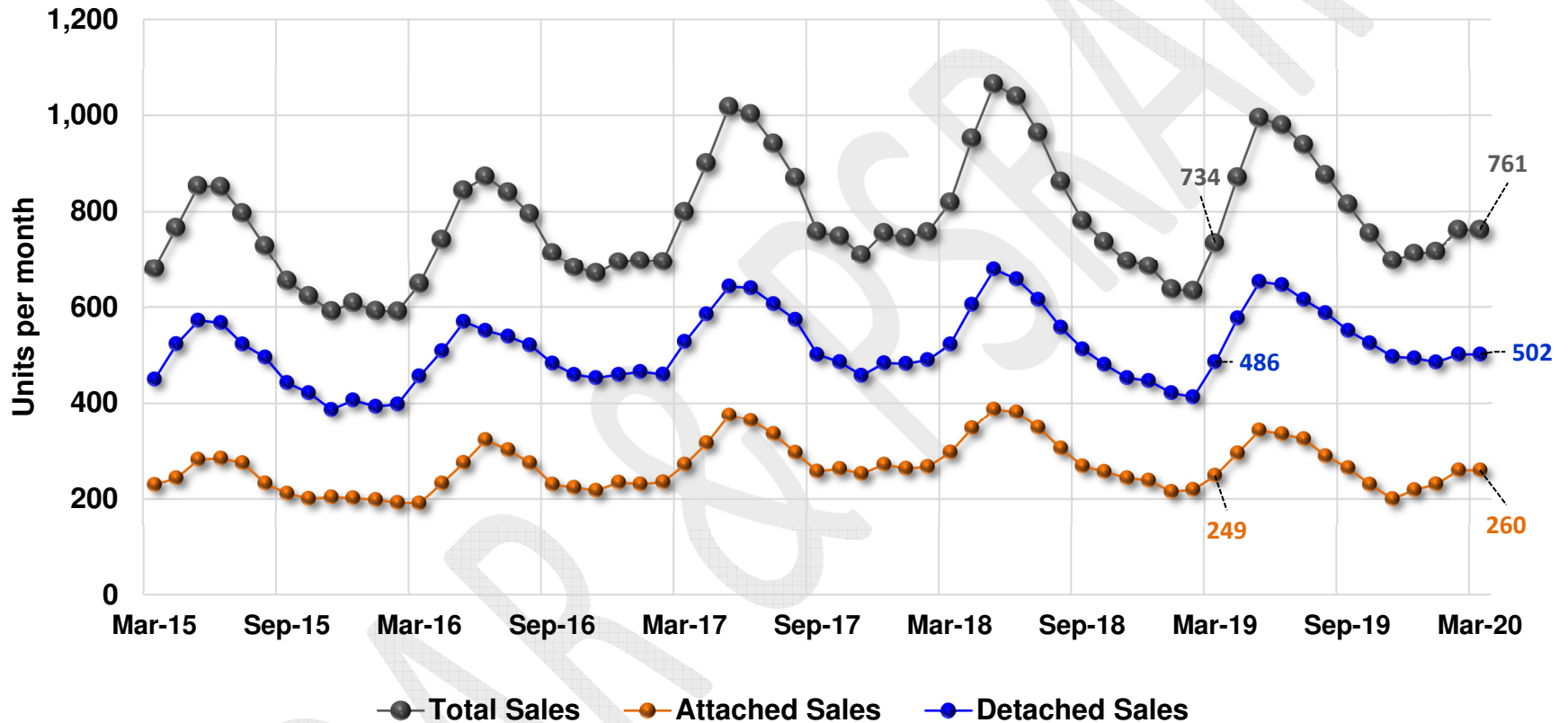
City	Mar-20	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
City of Coachella	N/A	N/A	N/A	N/A	N/A	N/A	N/A
La Quinta	\$372,000	\$350,000	6.3%	\$265,000	40.4%	\$532,500	-30.1%
Palm Springs	\$279,000	\$265,000	5.3%	\$150,000	86.0%	\$350,000	-20.3%
Palm Desert	\$305,500	\$292,500	4.4%	\$175,000	74.6%	\$410,000	-25.5%
Cathedral City	\$187,250	\$191,875	-2.4%	\$107,500	74.2%	\$270,500	-30.8%
Indian Wells	\$380,000	\$400,000	-5.0%	\$321,500	18.2%	\$557,500	-31.8%
Indio	\$182,000	\$219,000	-16.9%	\$75,000	142.7%	\$279,000	-34.8%
Rancho Mirage	\$329,194	\$399,250	-17.5%	\$260,000	26.6%	\$510,000	-35.5%
Desert Hot Springs	\$62,750	\$167,000	-62.4%	\$86,000	-27.0%	\$303,000	-79.3%

## 12 Month Change in City Median Prices

The changes in the median price of detached homes by city in March shows a range from +11% for Desert Hot Springs to -20% for Indian Wells. Seven cities show positive gains while two, Rancho Mirage and Indian Wells, are negative. Palm Springs is now 13% over its all-time price high in 2005, while Indio is next closest with a price that's only 9.9% away. The median value of attached homes in each city shows wider variation. If we ignore Desert Hot Springs (whose numbers are not representative since it only has a few attached homes) prices range from up 6.3% for La Quinta to -17.5% for Rancho Mirage.

## Detached, Attached and Total Sales

3 month moving average



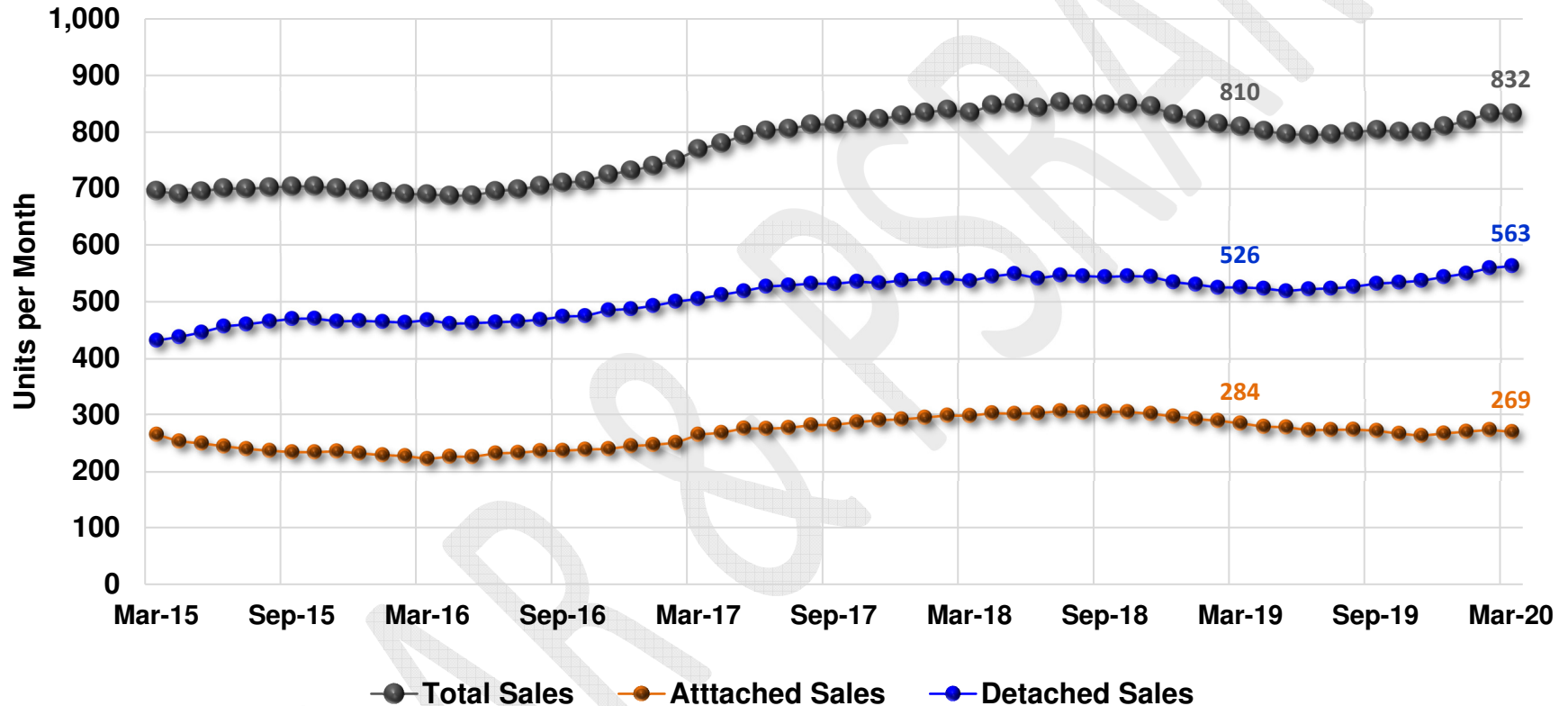
### Monthly Sales – 3-month trailing avg.

Sales over the last three months, which is short enough to show seasonality and long enough to get rid of meaningless monthly changes, shows 761 units a month in March compared to 734 units a year ago. This is an increase of 3.6%. Of the total, detached sales were up 3.3% to 502 units a month while attached sales were up 4.4% to 260 units a month. However, for the first time we can see the effects of the coronavirus on our markets. Notice that March sales in past years showed higher sales than February. However, March sales this year are flat.



## Detached, Attached and Total Sales

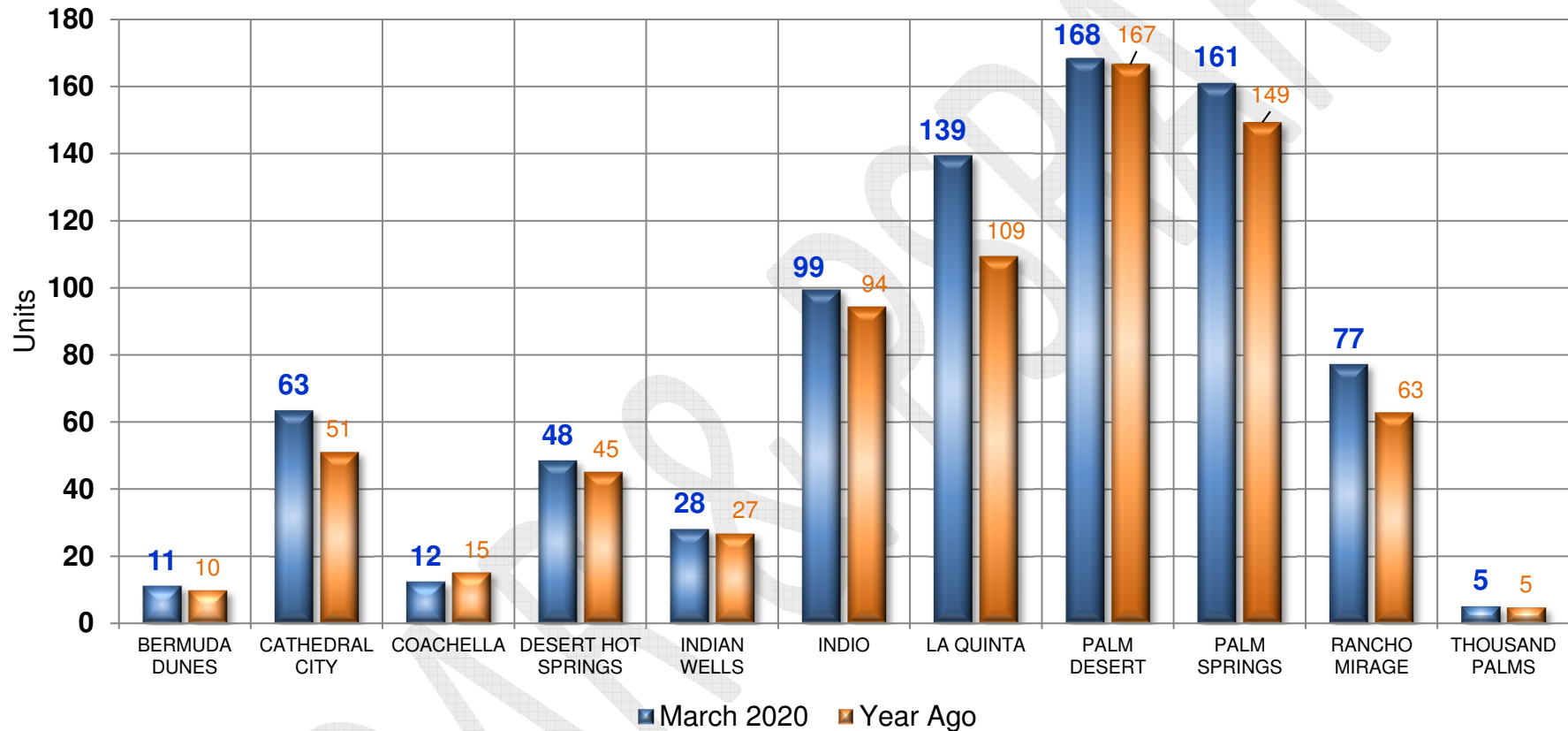
12 month moving average



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

As we've said, the year 2020 was on track to be a fabulous year and this chart shows that. It plots the 12 month moving average of sales, which is long enough to take out any seasonal pattern and shows the long-term trend of Valley sales. After sales dropped off in late 2018 and 2019, they've been rising again and were on target to reach the previous sales peaks of 2017 and early 2018. The largest increase in sales was for detached homes which are up 7%, while attached home sales were down 5.3%

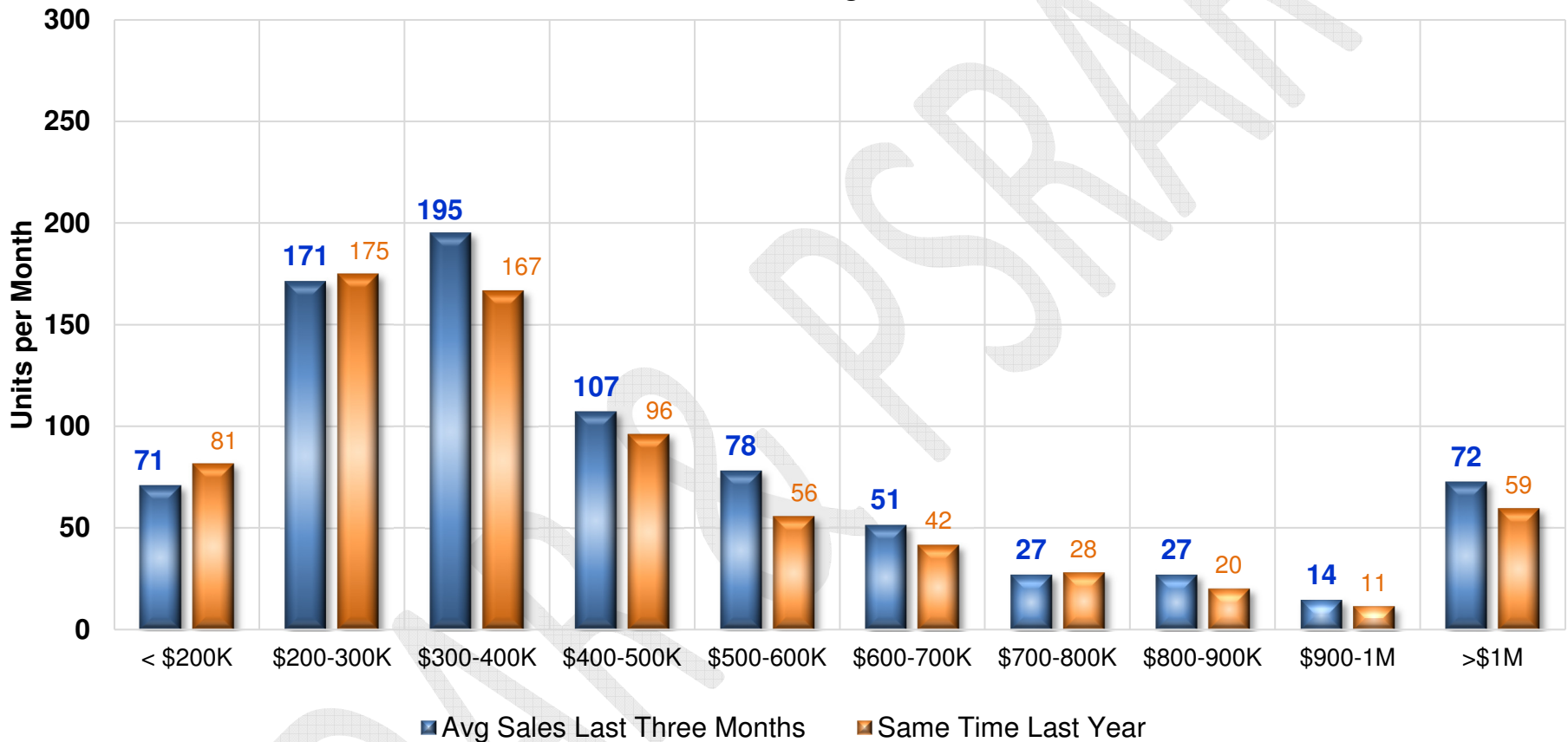
## Home Sales by City 3 month avg sales



## Home Sales per month by City

The increase in regional sales is not evenly spaced through all the cities; a few cities show larger than normal increases. On a percentage basis the largest increase is in the city of La Quinta, which went from 109 units a month a year ago to 139 units in March. This is an increase of 27%. Palm Springs is up 8% while Rancho Mirage is up 22%. Cathedral City went from 51 units a month to 63 for an increase of 23%.

## Home Sales by Price Range 3 mos avg

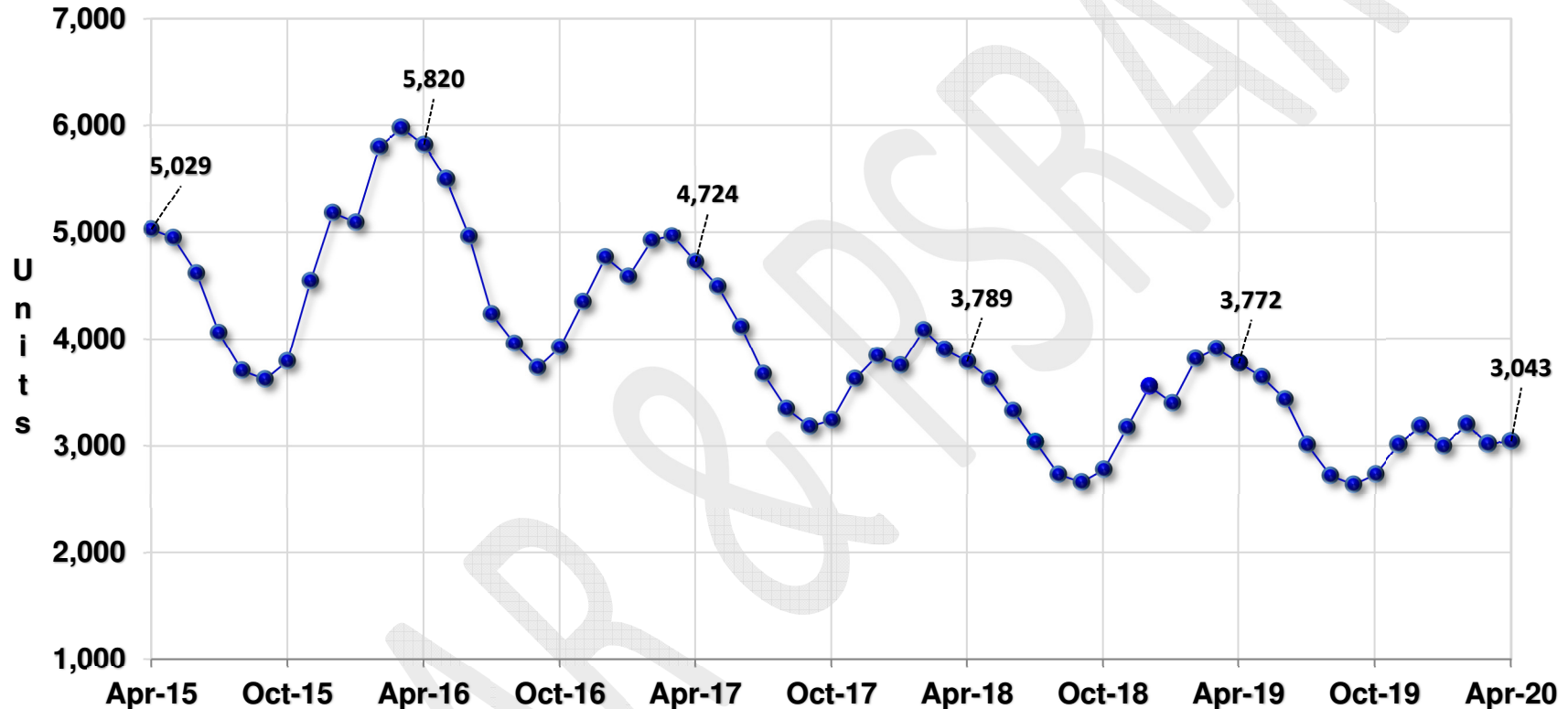


## Home Sales by Price Range

When we measure sales growth in different price brackets, we find that the sales growth is spread over almost all price ranges. Sales are up in every price range from \$300,000 to over \$1 million except in one small bracket of \$700,000 to \$800,000. In that bracket sales are effectively unchanged compared to a year ago. We continue to note that sales of homes priced over \$1 million dollars are considerably higher than they were a year ago.



## Valley Housing Inventory April 1st 2015 - April 1st 2020

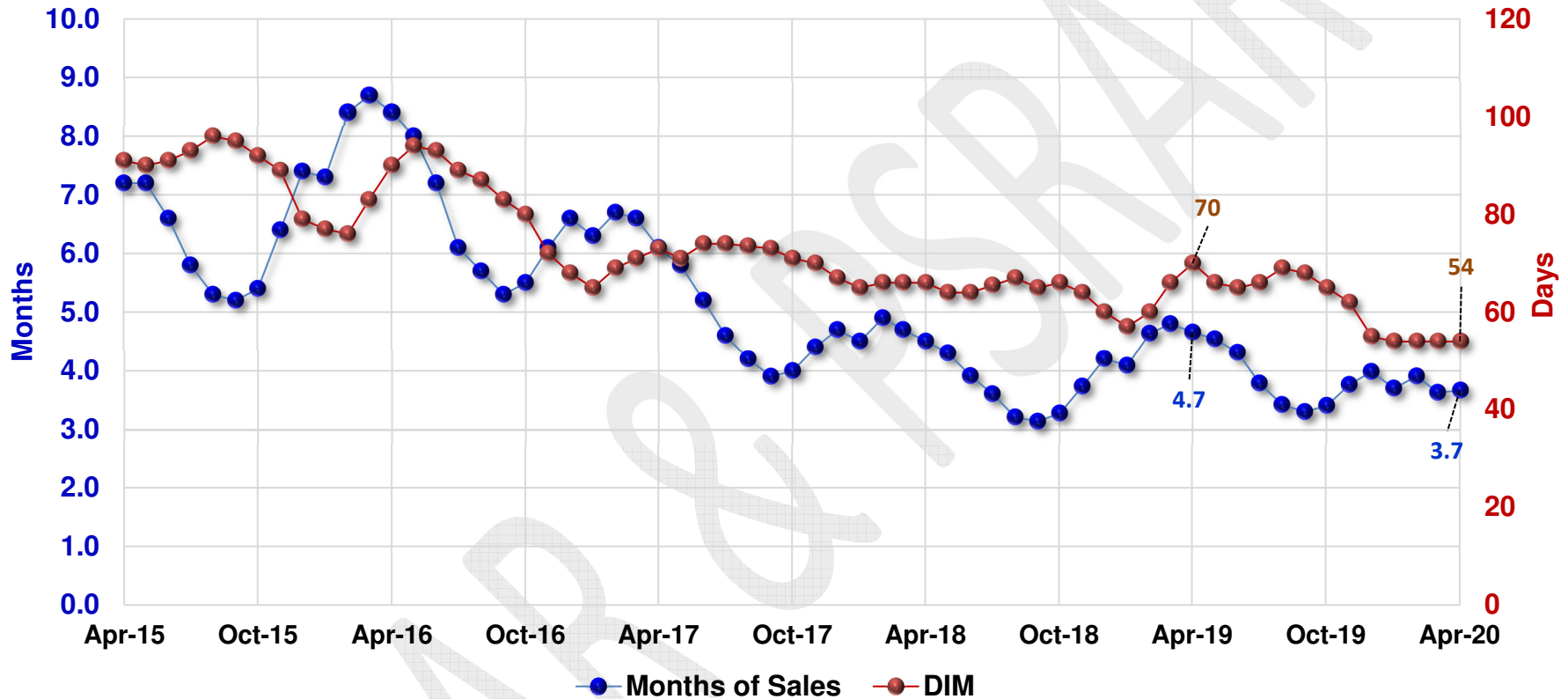


### Coachella Valley Inventory

Inventory continues to be historically very low. Inventory on April 1<sup>st</sup> was just over 700 units less than last April, which is very positive. Besides expanding sales this was the second factor that pointed to another strong year for Valley housing. Like everything else, the current crisis will undoubtedly change this. We intend to monitor inventory very closely – on a daily basis, in fact – so we can carefully watch the effects of the crisis on our markets.

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

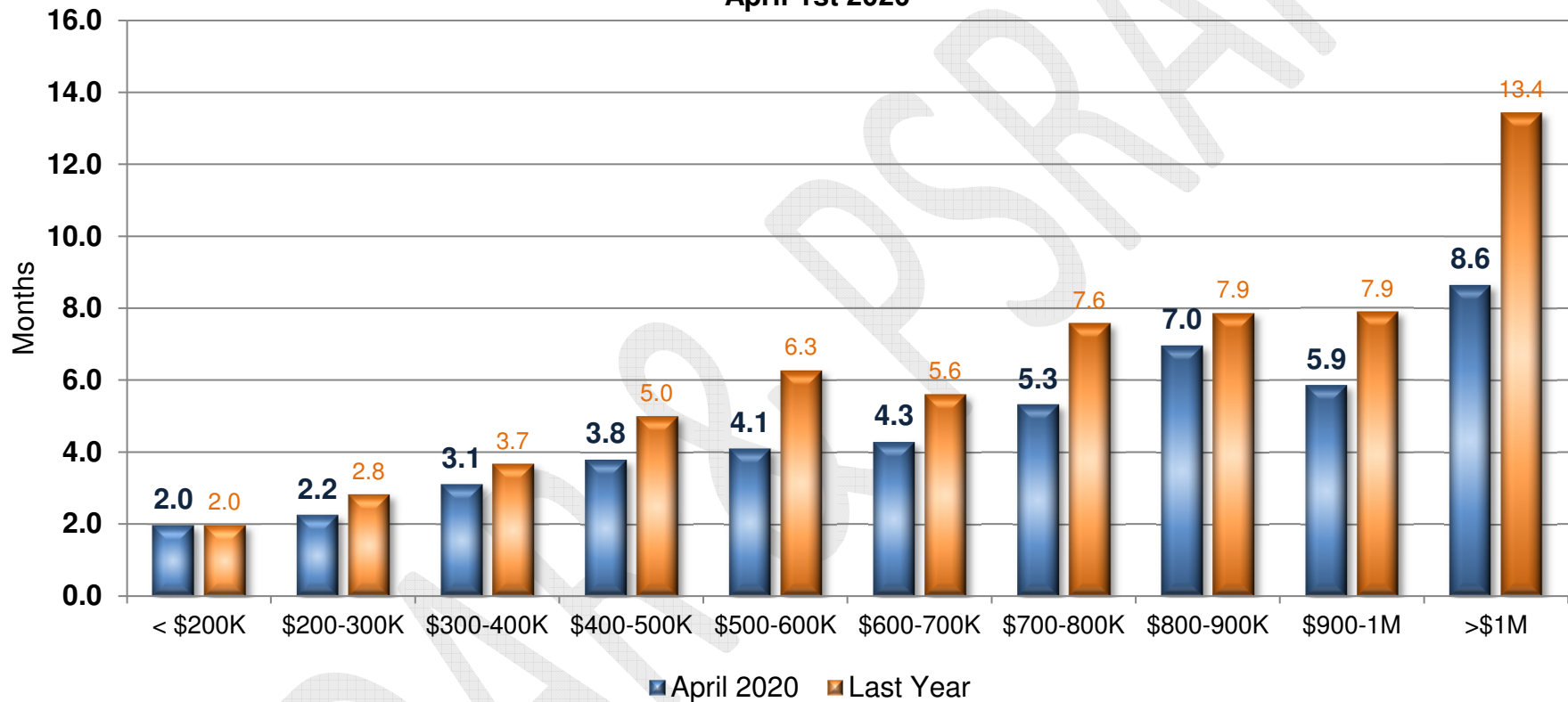
April 1st 2015 - April 1st 2020



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

On April 1<sup>st</sup>, the two important metrics - the median value of "Days on the Market" and the "Months of Sales" ratio - were both very positive. However, they do not yet reflect the effects of the coronavirus. We plan on carefully monitoring these two statistics every day and hopefully we can notify you of the results in special reports to be put out twice a month.

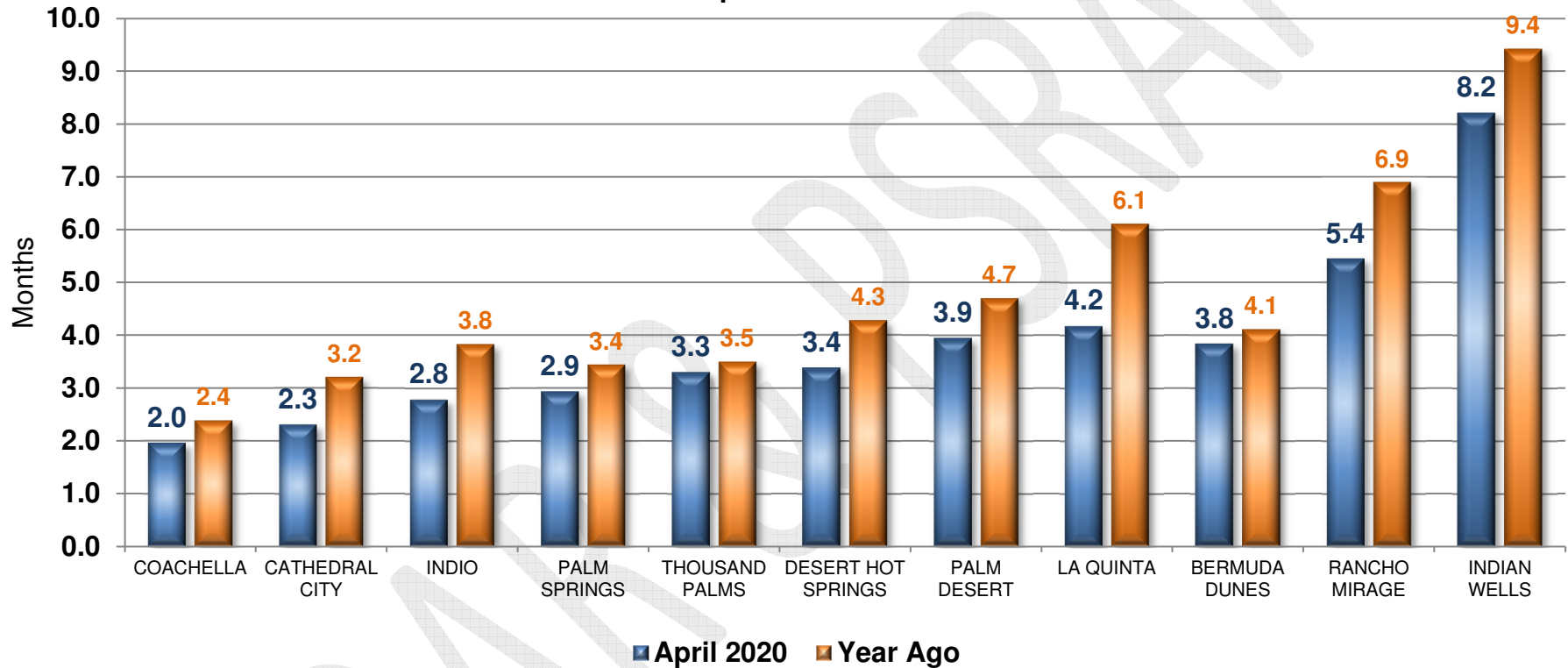
## "Months of Sales" by Price Range uses avg. twelve month sales April 1st 2020



### "Months of Sales" by Price Range

We see strong improvement when we measure the month of sales ratio compared to last year in all the price brackets from \$200,000 over a million dollars. The ratio is considerably lower compared to a year ago in every price bracket, especially the million-dollar and over range.

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

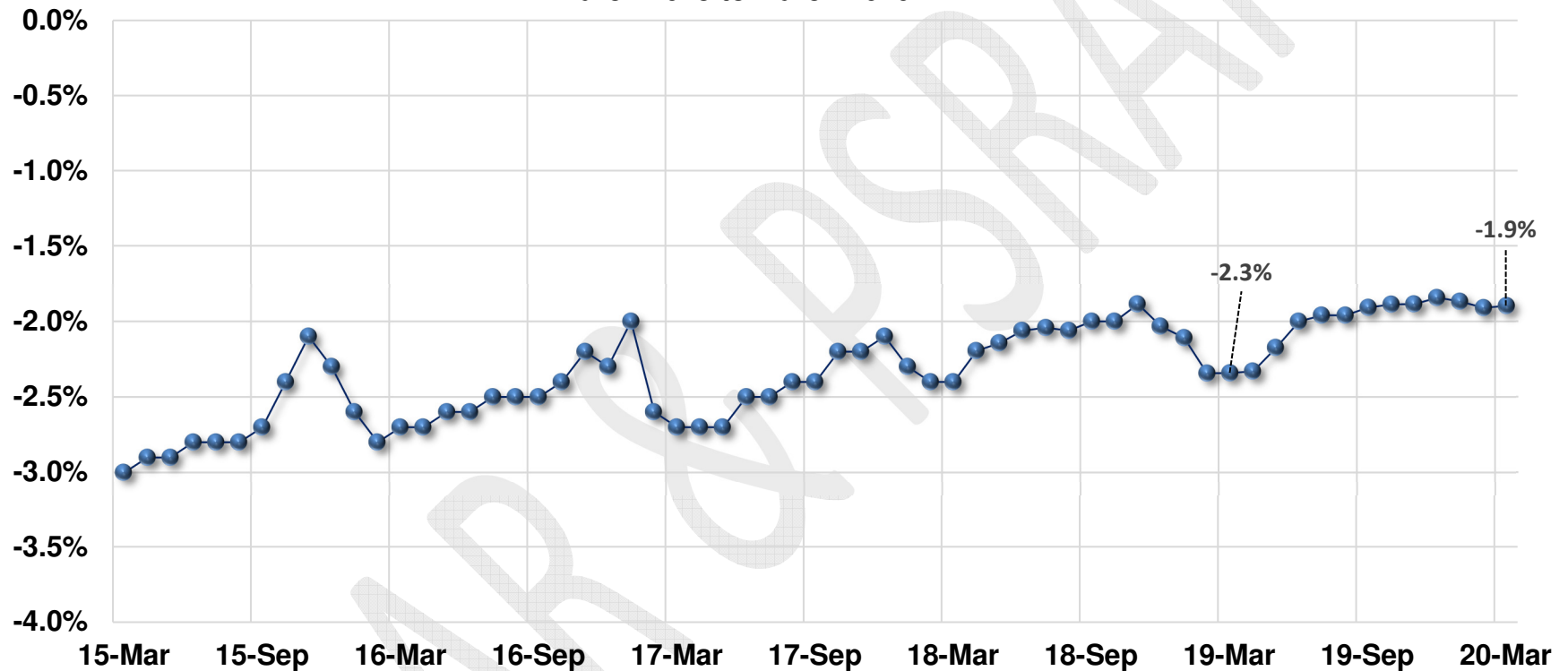


## "Months of Sales" by City

On April 1<sup>st</sup>, the month of sales ratio in every one of the Valley's nine cities showed improvement compared to a year ago. The largest improvements were in Indio, where the ratio went from 3.8 months down to 2.8, and La Quinta, where it went from 6.1 months all the way down to just 4.2 months.

## Sales Price Discount from List

March 2015 to March 2020



### Sale Price Discount from List

The March “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

March 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