



## **The COVID-19 Desert Real Estate Report**

**May 1st, 2020**

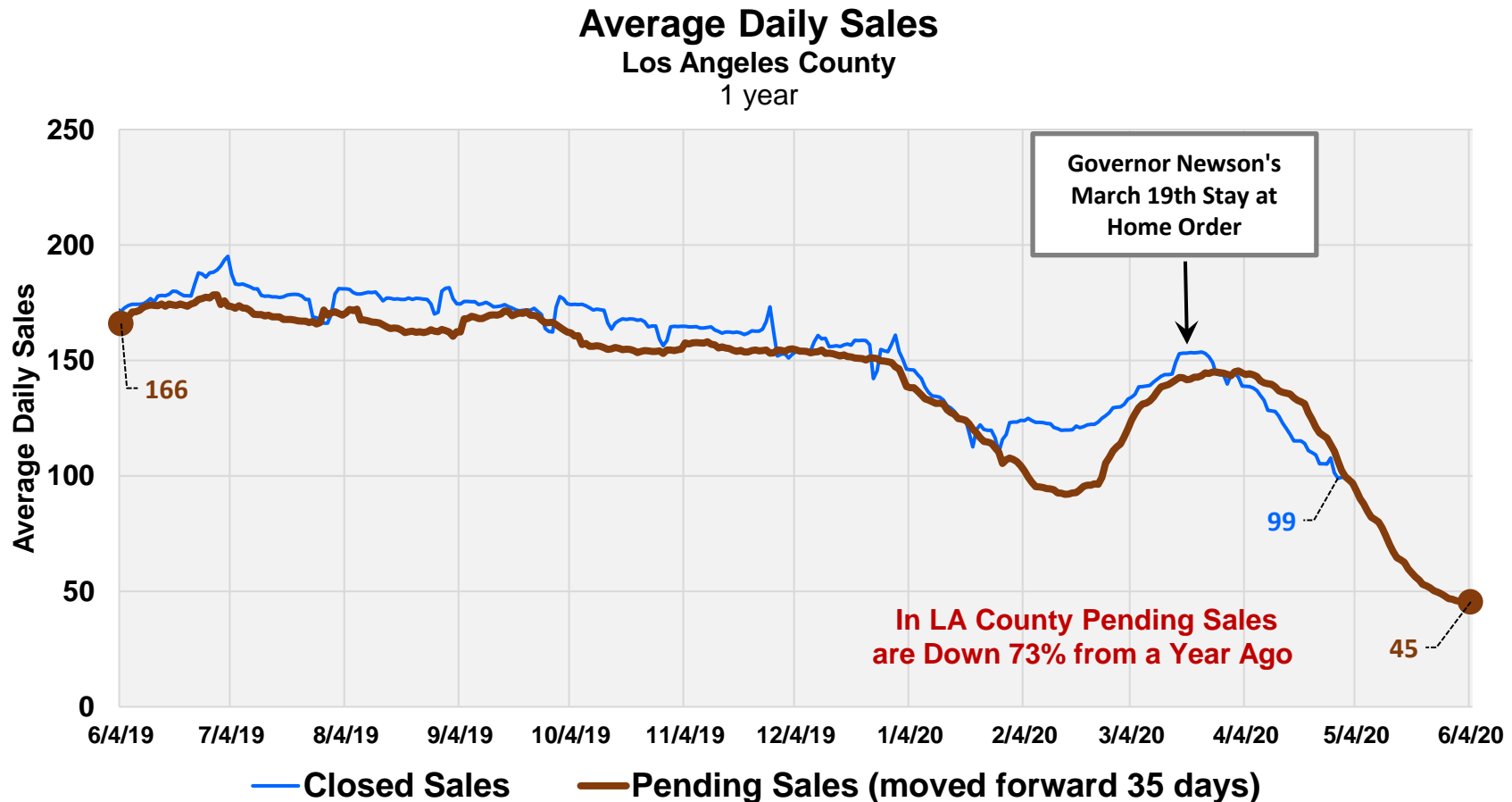


The COVID-19 Desert Real Estate Report is supplemental to the monthly Desert Housing report. It was recognized that a standard housing report would be insufficient to describe the rapidly changing market conditions due to the Coronavirus and general quarantine. So shorter-term housing metrics were developed that we believe indicate changing market conditions on a daily basis. They're based on a 28-day average. A full explanation behind these shorter metrics is found on the last page.

**Market Watch LLC**

# The COVID-19 Desert Real Estate Report

May 1st, 2020

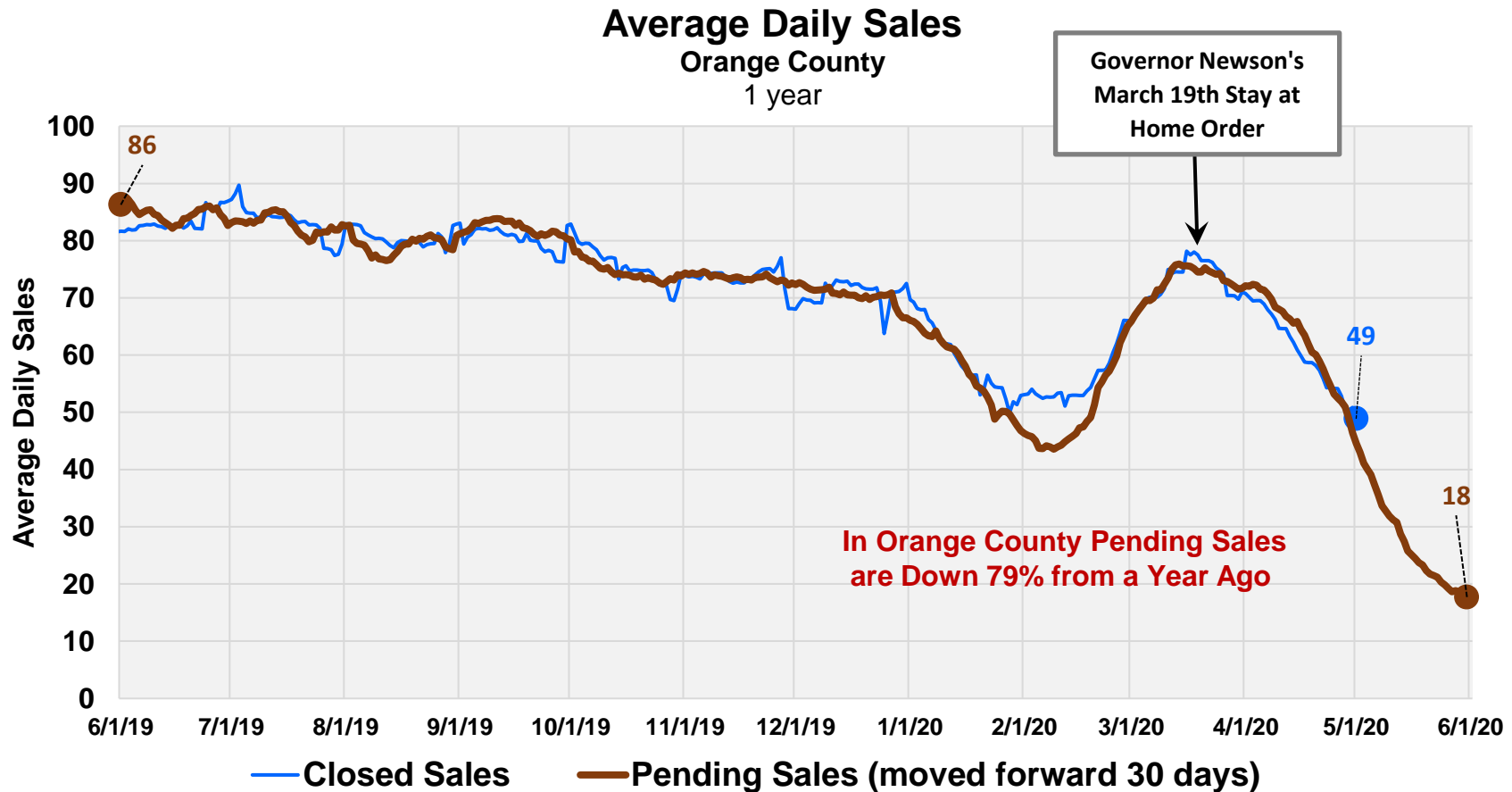


## LA County Sales

*This and the next chart, which show total average closed and pending sales in LA and Orange County, are included to show you how other real estate markets in Southern California are doing. Pending sales (homes in escrow) is a precursor to final or closed sales. The average escrow time in Los Angeles County is 35 days so by moving pending sales forward on the chart 35 days, we have an estimate of where closed sales will be in 35 days. Currently close sales are averaging 99 units a day while pending sales are 45 units. This means close sales will probably fall from 99 units to 45 over the next 35 days (June 4<sup>th</sup>). Pending sales in LA County are currently 73% less than a year ago.*

# The COVID-19 Desert Real Estate Report

May 1st, 2020

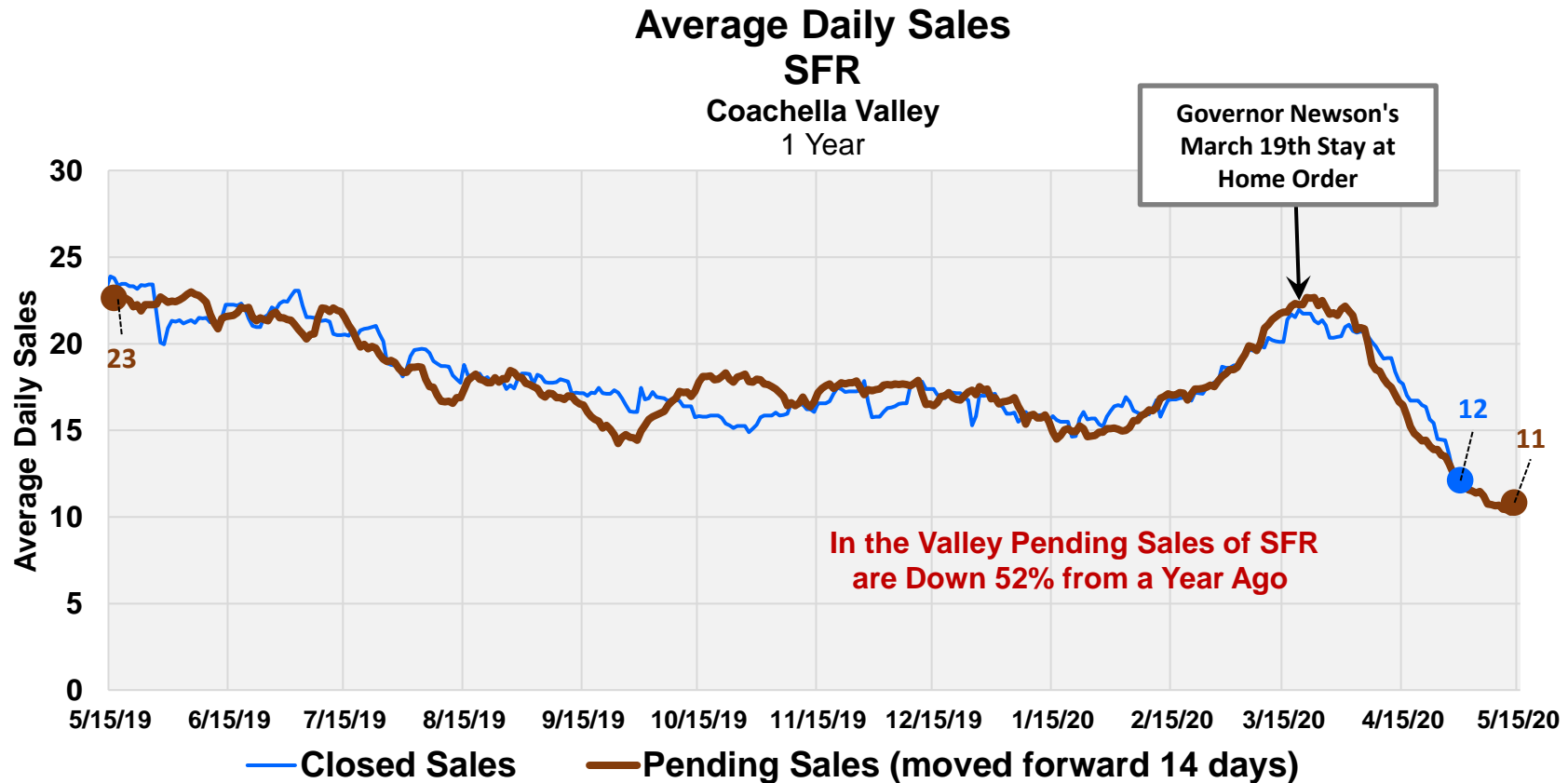


## Orange County Sales

*This is the same sales chart as the previous page but for Orange County. Orange county averages 30 days in escrow so pending sales are moved forward 30 days. Closed sales are currently averaging 49 units a day while pending sales are averaging 18. This tells us were closed sales will be in about thirty days. A year ago pending sales were averaging 86 units a day. Eighteen units represents a 79% decline from last year.*

# The COVID-19 Desert Real Estate Report

May 1st, 2020

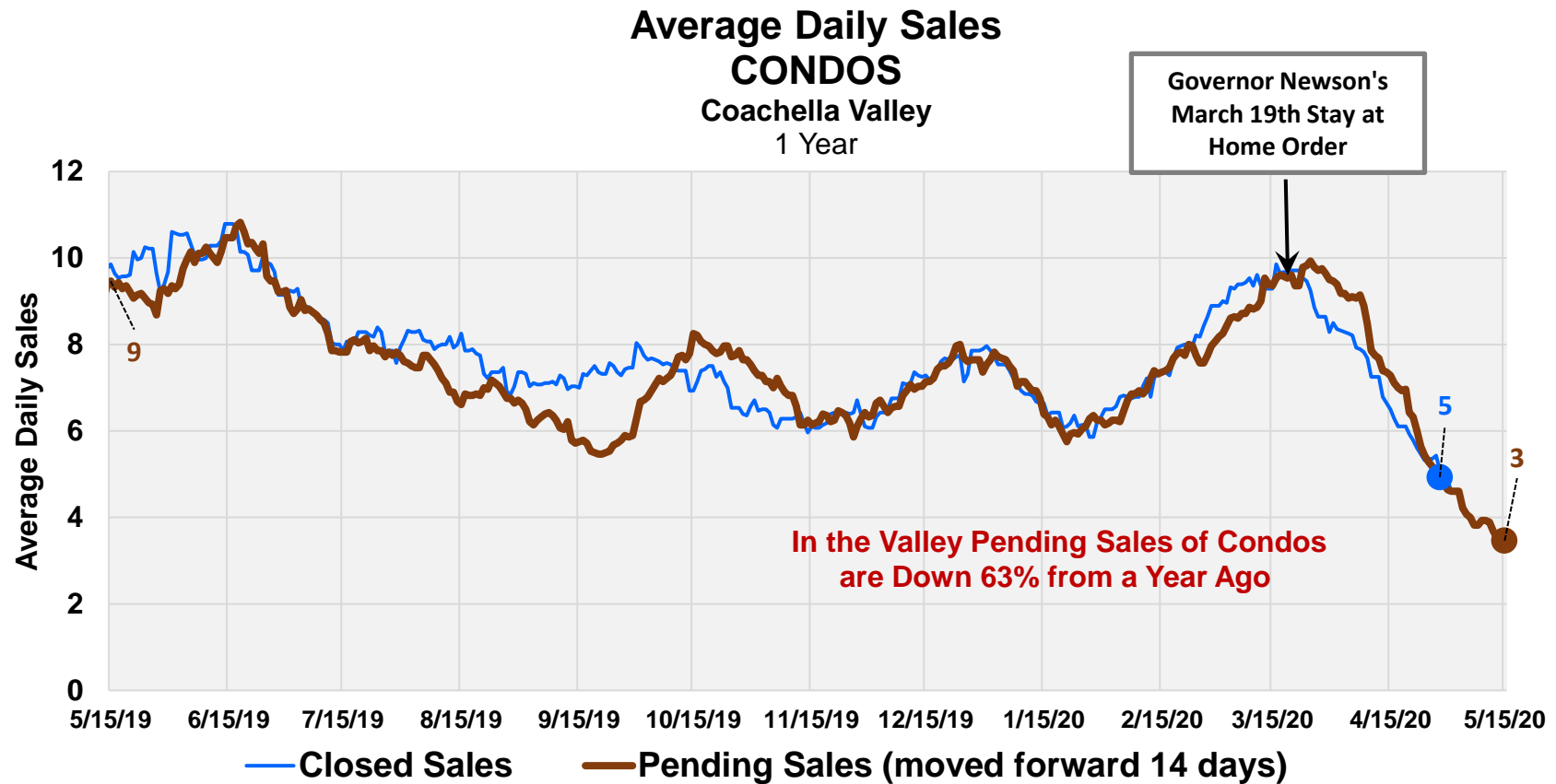


## Average Daily SFR Sales

*This is the same sales chart as the previous two but for the Coachella Valley, specifically sales of single-family residences. In the Coachella Valley escrow averages 14 days, which is far shorter than Orange County and LA County, so we move pending sales forward 14 days. Pending sales are currently averaging 11 units a day compared to 23 units a year ago. That's a sales decline of 52%, which is less than the other two regions. There also appears to be some evidence due to the slight flattening of the pending sales curve, that pending sales may be stabilizing around 10 units a day.*

# The COVID-19 Desert Real Estate Report

May 1st, 2020



## Average Daily Condo Sales

*This chart shows average closed and pending sales in the Coachella Valley for condominiums. It very graphically shows that the coronavirus quarantine has affected the condo market more than single-family residences. Pending sales are down 63% in the condo market. Since 70% of condo owners are remote owners the difficulties of people outside the region to travel here may be partly responsible.*



# The COVID-19 Desert Real Estate Report

## May 1st, 2020



### Average Weekly Pending Sales by City

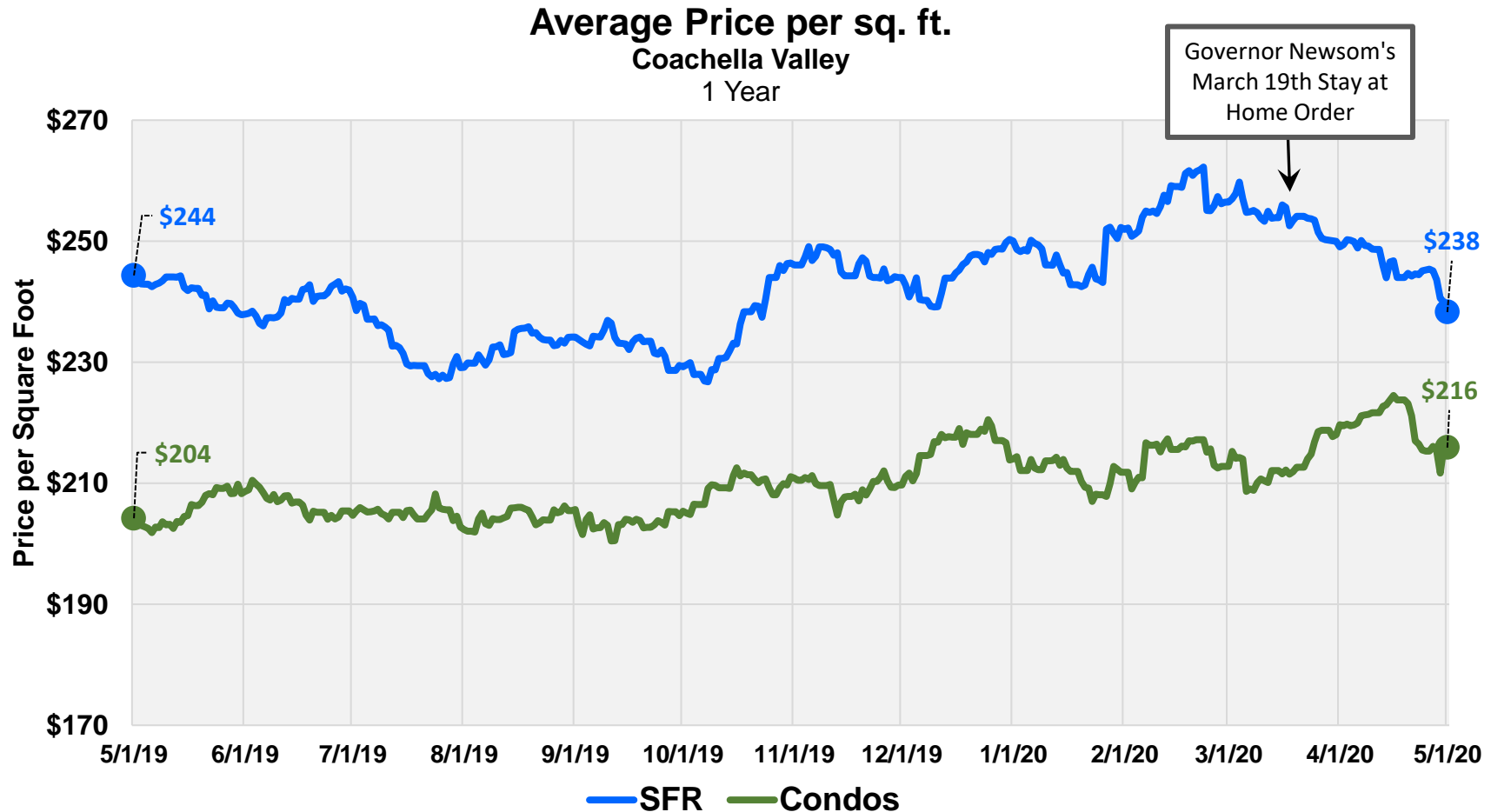
	SFR			CONDO			ALL HOMES		
	Now	Year Ago	%Change	Now	Year Ago	%Change	Now	Year Ago	%Change
Cathedral City	8	13	-38.0%	2	5	-65.0%	10	19	-50.6%
City of Coachella	2	3	-30.8%	0	0	N/A	2	3	-30.8%
Desert Hot Springs	7	10	-28.2%	0	1	N/A	7	15	-50.0%
Indian Wells	3	6	-52.2%	2	0	N/A	5	6	-28.0%
Indio	16	31	-48.8%	1	2	-62.5%	17	34	-51.8%
La Quinta	14	28	-50.9%	3	4	-35.3%	16	32	-48.4%
Palm Desert	13	27	-51.9%	7	21	-65.9%	20	51	-60.5%
Palm Springs	10	22	-54.5%	7	25	-73.3%	17	49	-65.5%
Rancho Mirage	5	12	-55.3%	3	8	-61.3%	8	21	-59.8%
<b>CV TOTAL</b>	<b>77</b>	<b>161</b>	<b>-51.9%</b>	<b>24</b>	<b>66</b>	<b>-63.4%</b>	<b>102</b>	<b>229</b>	<b>-55.5%</b>

### Weekly Sales and Daily Pending Sales by City

*This table shows average pending sales per week for single-family residences, condominiums, and all homes in the nine regional cities. The cities of Palm Desert, Palm Springs and Rancho Mirage show the biggest effect on their sales. This is especially true condominiums. Palm Springs shows a 73% decline in weekly pending sales compared to a year ago. This again could be attributed to the difficulties of remote owners from outside the region getting here.*

# The COVID-19 Desert Real Estate Report

May 1st, 2020



## Average Price per sq. ft. by Home Type

*This chart plots daily, the average price per square foot for both single-family residences and condos in the Coachella Valley. Single-family residences is the blue line, condos the green line. The chart shows little if any effect on prices in either market since the quarantine went into effect. For the year the price per square foot of single-family residences is down 2.4% while the price per square foot of condominiums is up two 5.9%.*

# The COVID-19 Desert Real Estate Report

May 1st, 2020

## Average Price per sq. ft. by City

	SFR					CONDO				
	Now	Year Ago	% Change	March 19th	% Change	Now	Year Ago	% Change	March 19th	% Change
Cathedral City	\$219	\$204	7.6%	\$212	3.4%	\$164	\$150	9.0%	\$153	7.4%
City of Coachella	\$163	\$153	6.4%	\$177	-8.2%	N/A	N/A	N/A	N/A	N/A
Desert Hot Springs	\$151	\$145	4.4%	\$161	-6.2%	N/A	N/A	N/A	N/A	N/A
Indian Wells	\$309	\$391	-20.9%	\$302	2.2%	\$231	\$216	6.5%	\$216	6.8%
Indio	\$184	\$180	2.1%	\$193	-4.7%	\$151	\$160	-6.2%	\$166	-9.1%
La Quinta	\$251	\$279	-9.8%	\$275	-8.6%	\$244	\$214	13.9%	\$228	7.2%
Palm Desert	\$249	\$234	6.5%	\$256	-2.5%	\$217	\$214	1.7%	\$207	5.3%
Palm Springs	\$339	\$348	-2.7%	\$376	-9.9%	\$235	\$216	8.7%	\$236	-0.4%
Rancho Mirage	\$248	\$281	-11.6%	\$276	-10.0%	\$190	\$187	1.7%	\$209	-9.0%
Coachella Valley	\$238	\$244	-2.5%	\$253	-6.0%	\$216	\$204	5.8%	\$212	1.9%

## Average Price per sq. ft. by City

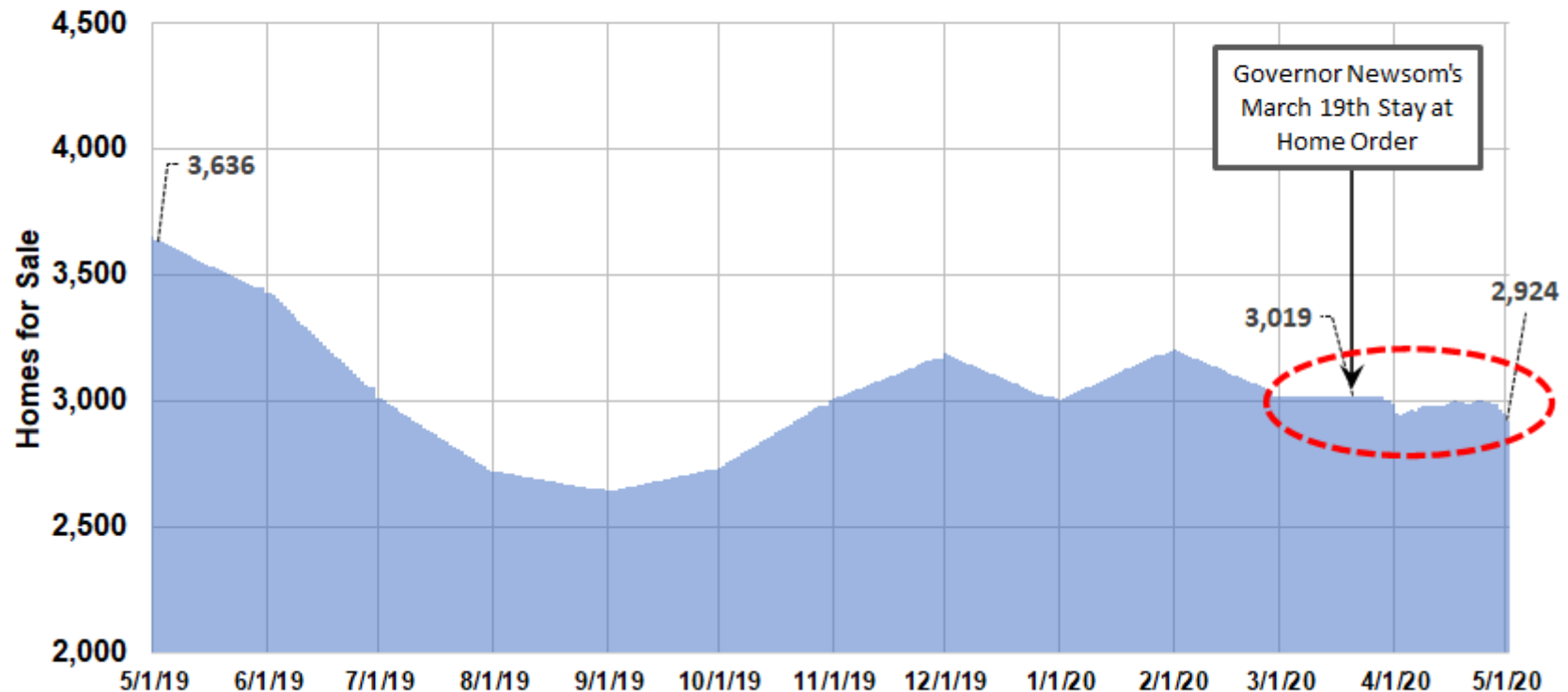
*This table shows current price per square foot, the price per square foot a year ago and the price per square foot on March 19 by city for both single-family residences and condominiums. It does seem to show an affect on prices from the quarantine on single-family residences. Seven cities are lower since March 19, two cities are higher. The regional averages is down 6%. The condominium market, on the other hand, doesn't show any effect yet. We need more time monitoring this for confirmation.*



# The COVID-19 Desert Real Estate Report

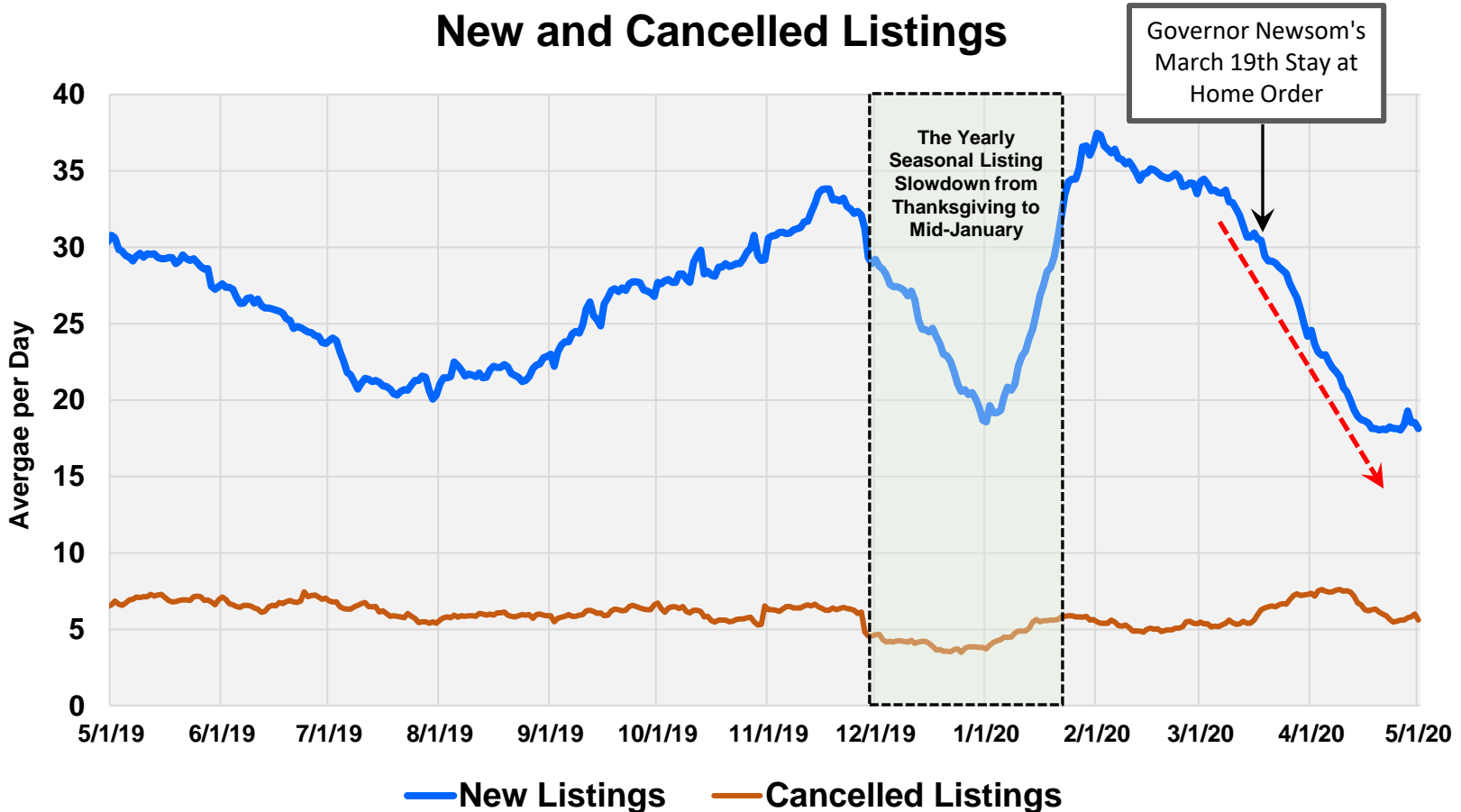
May 1st, 2020

## Daily Inventory Coachella Valley 1 Year



## Daily Inventory

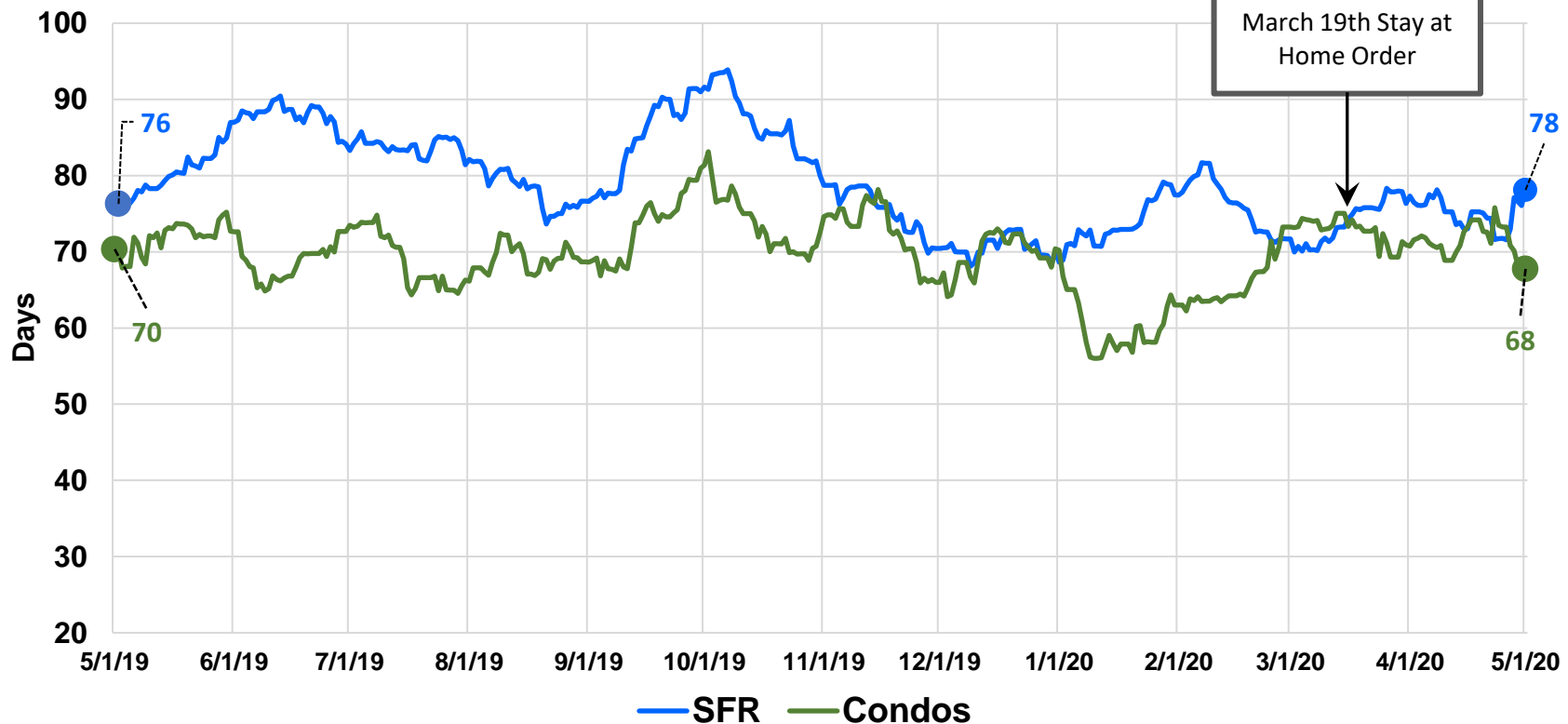
*We began keeping daily inventory numbers over a month ago thinking that at some point that would be valuable during the crisis. This chart plots one year of daily inventory and as of May 1 instead of 2,924 units. At the beginning of the quarantine on March 19 it was 3,019 units. This shows a slight decline of about 100 units since the quarantine. Inventory has been hovering around 3,000 units for the last 2 1/2 months (red oval).*



## New and Cancelled Listings

*This graph plots average daily new listings and averaged cancelled listings for the Coachella Valley. It is some of single-family residences and condominiums. It displays one of the reasons why listings have not increased during a time of decreased sales. Even though sales are down net new listings are also down negating one another. This graph also shows a seasonal event; the falloff in new listings between Thanksgiving and the first few weeks of New Year's.*

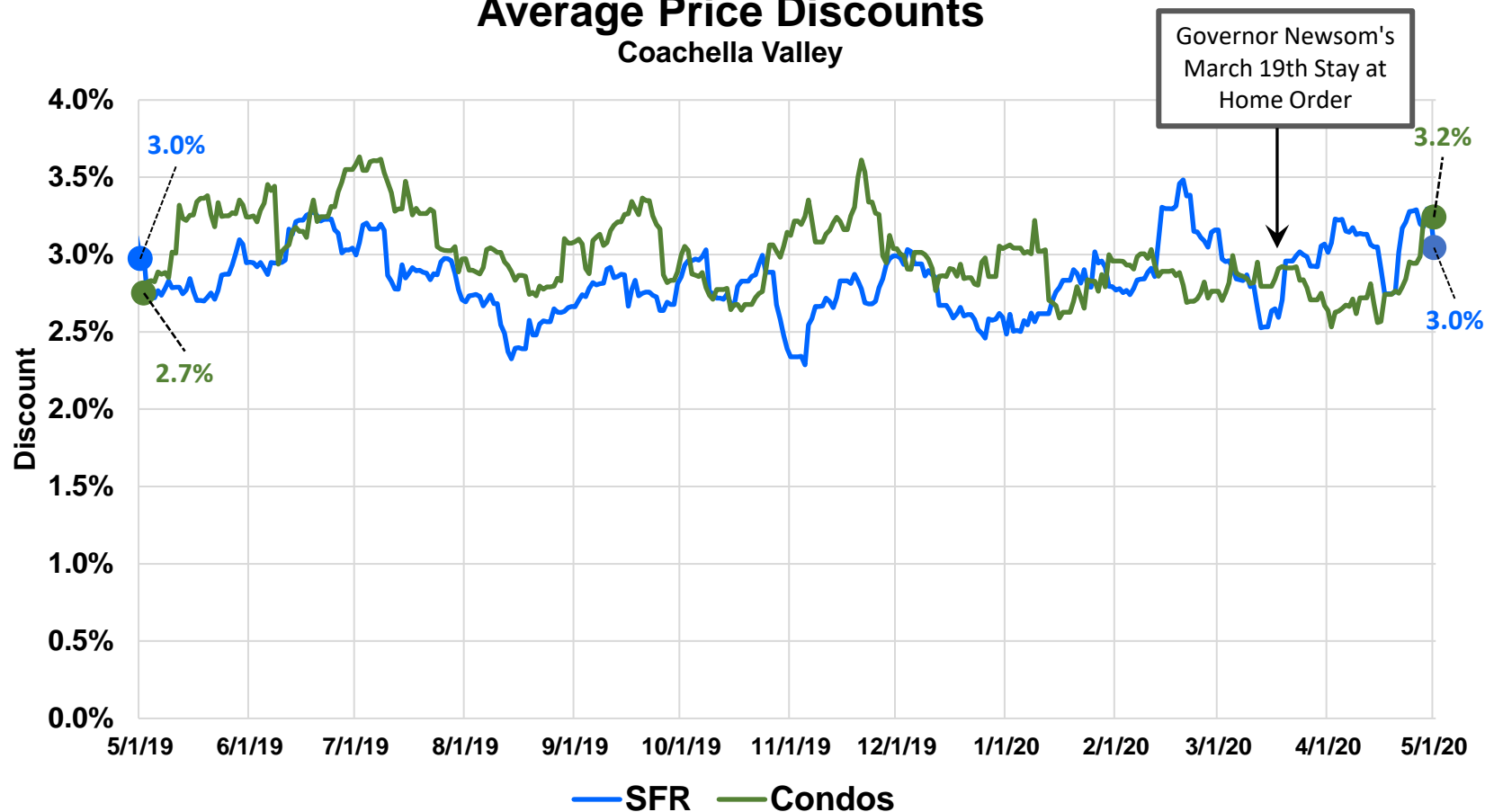
## Average "Days in the Market" Coachella Valley



## Average "Days in the Market" – Closed Sales

*This chart shows there's been little effect to the average number of days in the market for close sales since the quarantine and over the entire year. This is true in both the condominium and the single-family residence markets.*

## Average Price Discounts Coachella Valley



## Average Price Discounts

*The same is somewhat true of price discounts for both single-family residences and condominiums, although there does seem to be some effect in the past few weeks. It is clear from the chart that both curves have risen over the last two weeks. More time is needed to see how this develops.*



# The COVID-19 Desert Real Estate Report

## May 1st, 2020



### Definitions and Glossary

**The 28 Day Moving Average:** To measure the effects of the coronavirus and quarantine on the housing market, normal housing metrics wouldn't work; they're too long term. We needed metrics that would show short-term sales and price changes but be long enough to produce reliable numbers. We decided to use a 28-day moving average. We average sales and prices over the last 28 days and do it every day. When a new day arrives prices and sales from that day are included and the last day is dropped out of the average. That's why it's called a moving average; the average is always moving forward in time. All our charts and tables show either daily or weekly averages, averaged over the last 28 days.

**Pending and Closed Sales:** Until now we have not found much value in looking at pending sales; we've always calculated and displayed closed sales. Pending sales are sales currently in escrow waiting to be closed. In the Coachella Valley the median number of days in escrow is 14. This is very short compared to other regions. The median number of days in Los Angeles County is 35; in Orange County it's 30 days. The primary reason for the shorter period is because the Coachella Valley has a high percentage of cash sales and cash sales have very short escrow periods.

However, during an extended quarantine the value of looking at pending sales emerges. That's because a potential sale goes to pending about 14 days before it closes and since we're interested in what's happening short-term, pending sales becomes the perfect forecasting tool. Pending sales indicate where closed sales will be in about two weeks. So all sales metrics that we show in this crisis report will be pending sales.

**The Coachella Valley Average Price per sq. ft., Average "Days in the Market" and Average Price Discounts:** We've developed a unique way to calculate an average price, average "days in the market" and average price discount for the Coachella Valley region which we believe is very accurate. Average values for these three metrics is calculated for each city, then a sales weighted total is calculated for the entire region. It is similar to the way the 500 stocks that make up the S&P 500 come together to make one price index. The city weightings in these regional composites are as follows:

	SFR	CONDOS
Cathedral City	8.9%	7.1%
Coachella	2.8%	0.0%
Desert Hot Springs	8.9%	0.0%
Indian Wells	3.1%	2.7%
Indio	18.6%	3.0%
La Quinta	18.2%	8.5%
Palm Desert	16.9%	31.4%
Palm Springs	14.3%	35.8%
Rancho Mirage	8.3%	10.5%