



# COACHELLA VALLEY REAL ESTATE MARKET REPORT 2022 YEAR IN REVIEW

*Researched and Prepared for you by*

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## DESERT REAL ESTATE MARKET REPORT

### 2022 Year in Review

Headlines day after day talk doom and gloom; inflation, rising interest rates, & some predicting a 2008 style recession and real estate market crash. We know the Headlines do more to terrify than clarify. So, we've been on a campaign to help bring clarity and perspective to what's happening in the local real estate market. Our goal is to arm you with knowledge that leads to your best decision as it relates to your real estate investments.

Let's get started with a look back at the 2022 Coachella Valley Real Estate Market.

### SALES

Valley home sales in 2022 were down 30% from a record high of 7,726 sales in 2021, that's a pretty big hair-cut. La Quinta had the largest decline in sales at 41%, followed by Indian Wells down, 34%.

### MARKET ACTION

69% of the sales in 2022 were below \$1 million dollars, with the majority between \$400,000 - \$800,000. If you're a home seller in the \$800,000 range, but want to ask more so you can negotiate, these numbers indicate you're smarter to position your home at \$799,000. You'll have a larger buyer pool looking and making offers on your home.

#### JANUARY - DECEMBER 2022 MARKET ACTION INDEX BY PRICE BAND

\$200,000 - \$399,000	261 sales ( 22/ month)	
\$400,000 - \$599,000	1,568 sales (131/ month)	
\$600,000 - \$799,000	1,167 sales (97/ month)	3,713 sales below \$1m
<u>\$800,000 - \$999,000</u>	<u>717 sales (60/ month)</u>	<u>309 / mo.</u>
\$1m - \$1.499,000	797 sales (66/ month)	
\$1,500,000 - \$1,999,000	382 sales (32/ month)	1,667 sales above \$1m
\$2,000,000 - \$3,000,000	272 sales (23/ month)	139 / mo.
\$3,000,000 +	216 sales (18/ month)	

### PRICES

Interestingly, while the number of sales were down significantly, the Valley's average selling price for a single-family home is up 20%. Rancho Mirage and Bermuda Dunes had the largest increase in prices, 28%. Next was La Quinta and Palm Desert with a 26% increase.

Home Buyers have been sitting on the sidelines, waiting for prices to drop as sales have slowed. In a normal market it would be reasonable to think with sales down 30%, we should see an increase in inventory, an increase in time on market and a decline in prices. But that hasn't been the case. Inventory is down 18% from 2021 and the time it takes to sell is down, 16%.

So, what's happening? Why aren't past patterns holding true this time? We have several factors at play.

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#### INTEREST RATES

The biggest story of 2022 was about rising Interest Rates; those higher rates had the largest impact on sales. In two short years, rates went up 2+ points.

For a Home Buyer, the uncertainty created a wait and see attitude. But waiting has been expensive; looking at the averages, a home that was \$600,000 last year had a mortgage payment of \$2,155 / month. This year that house is \$732,000 and the mortgage payment is \$3,325. That's a significant increase and impacts how much a Buyer can pay for a house in order to qualify for the loan.

While rates are up from last year, in the big picture, rates are low by historic comparison. To add a little perspective, current rates are back to late 2000 levels when we all thought rates were great!

#### MORTGAGE INTEREST RATE HISTORY - BY THE DECADE

1970's	7.3%	➡	12.9%
1980's	18%	➡	9.78%
1990's	9.8%	➡	8%
2000's	8%	➡	5%
2010's	3.6%	➡	3.6%
2020's	3.8%	➡	5.8%

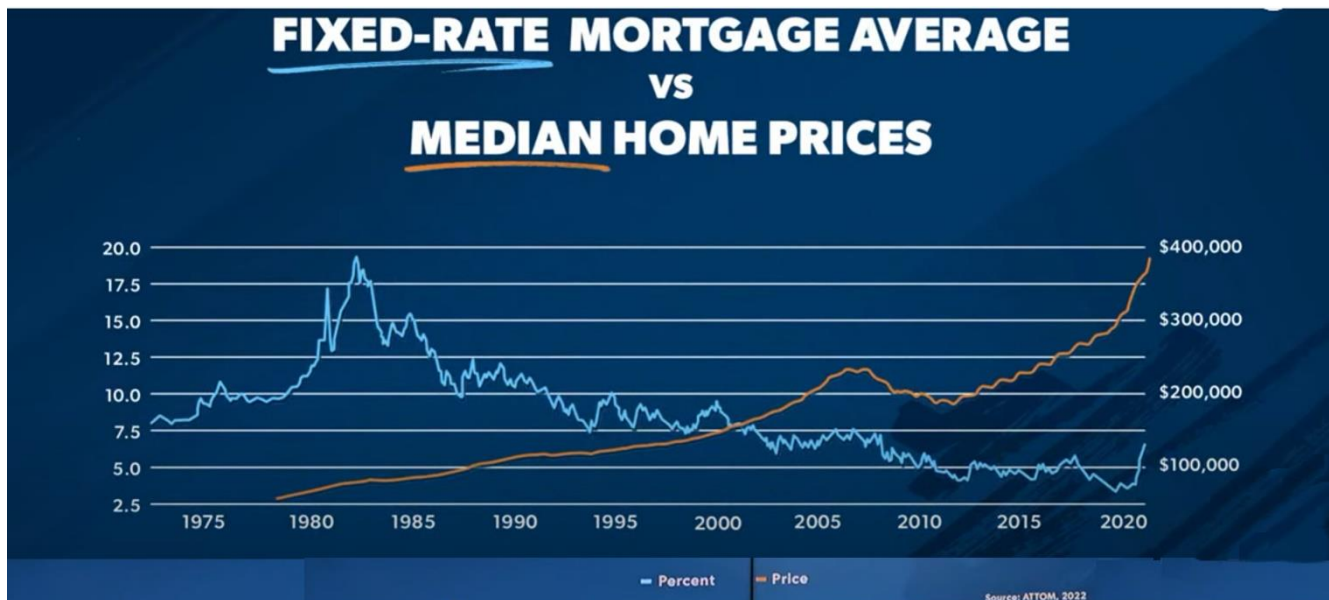
What's been startling is the rapid pace of the increase. Rates were at historic and unsustainable lows as the FED lowered rates to promote business activity, while the US Treasury poured money into the economy to help us through the financial shock of the Pandemic. Now, we're returning to a more normal real estate and mortgage environment. Buyer's who are seeking a loan, will adjust the price range of the homes they're looking at.

As inflation continues to pull back, Experts predict we'll see mortgage interest rates start to level and are forecasting rates will be low 5% range by mid 2023. We've already started to see rates come down from their high in late 2022.

## DESERT REAL ESTATE MARKET REPORT 2022 Year in Review

### HOME PRICES VS INTEREST RATES

Understandably, Buyers are concerned about home values. Looking at the history of home values and the relationship between interest rates and home prices may help. Dave Ramsey had this great graphic that looks at the relationship between home prices and interest rates. You can see Home prices did not go down during the most extreme interest rate environment. Home prices have steadily increased, regardless of interest rates.



### THE INVENTORY DILEMMA

Homeowners who refinanced at the bottom of the mortgage market have a dilemma, they may want to move, but faced with higher mortgage rates and higher home prices, they're sitting back and waiting. Many are opting to stay put, which has had a negative impact on new inventory entering the market. Existing Homeowners who would normally be moving up or down-sizing aren't doing either, creating a stale-mate - constricting inventory which is impacting prices.

### FOREIGN BUYERS

Travel has opened up and we're happily seeing more Canadian Buyer's this year. But the strong American Dollar compared to other currencies such as the Canadian dollar, has had an impact on the demographics of our Buyer. In years past, the Canadian Buyer represented as much as 31% of our sales – today, the buyer is more likely to be domestic coming from the States and most likely, from our drive-markets such as Orange County, Los Angeles, San Diego and San Francisco.

## DESERT REAL ESTATE MARKET REPORT 2022 Year in Review

### NEW CONSTRUCTION

New construction across the country has been lagging since the 2008 financial crisis. Many Builders, caught with standing inventory they couldn't sell, have been shy to take that leap of faith to start new projects. Locally, we have more than 20 new home projects under way here in the Valley. From entry level to high-end Custom Homes. In my informal survey of our local builders, I asked each if they're pulling back on production due to slower sales, each said they would finish out their current project and reassess the market climate before they start breaking ground on any new projects. They all agreed sales are slower, but still moving. Those that are far enough along are hoping to finish build-out by the end of the year but admit it may extend into 2024 for completion. Some are offering Builder concessions to off-set higher interest rates. All had cautious optimism for 2023.

### RENTS

Typically, our seasonal lease inventory is booked a year in advance, with very tight supply and high seasonal rates. This season, we have some inventory available, not a lot but some - and we've seen some rates reduced. Whether this is because everyone who wanted to be here already purchased or it's a reflection of the increase in investors, time will tell on this topic.

### SUMMARY

Recently, I heard someone say Home Sellers think it's 2021 and Home Buyers think it's 2008. While neither is true, it is a dilemma that's helped create the impasse between the two.

Home Seller's are right; prices are holding and based on closing numbers for 2022, they're rising, albeit at a much slower pace. Home Buyer's are right also, there are fewer Buyer's in the marketplace, and those few aren't committed to buying at all. They're willing to walk away if the house, conditions and/or price isn't exactly in line with their wish.

So, how do we bridge this gap? How do we bring these two very different views of the market together?

**For Home Sellers** - Buyer's are buying, but on their terms. They're willing to pay for move in ready, well cared for properties that show well and are in top notch condition. But they are not willing to over-pay. Multiple offers and over-bidding the listed price is gone. Also, there's been a sea change in style that Homes Buyer's are looking for. Over the past 2-3 years; Desert earth tones have fallen out of favor with Buyers. They're looking for light, bright and more contemporary. That means for top dollar, Sellers need to bring their home up to the new standard. Short of that, the price will need to reflect the investment a Buyer will want to make for the changes. The problem with that strategy, Buyer's really aren't willing to do work unless the price makes it too good to pass up. Presentation and pricing is more important now than ever.



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## DESERT REAL ESTATE MARKET REPORT 2022 Year in Review

### SUMMARY - continued

**For Home Buyers** - Prices are not falling through the floor and market indicators say they aren't likely to any time soon. Home Sellers are in a strong position with equity and they're reluctant to give up that low-cost mortgage. As with Buyers, Sellers are also not committed to selling at all. Absent isolated cases, Sellers aren't going to fire sale or even discount their property from fair market value.

### LOOKING FORWARD

While the market is slightly tipping away from Sellers, it's hardly a bonanza for Buyers. We see 2023 as a continuation of last year with the number of sales leveling and price gains moderating. Interest rates aren't going back to 2%, but we do believe the experts who say we'll see interest rates stabilize in the low 5% range. We predict Home Buyers and Home Sellers will both get over the shock from recent market changes and become more comfortable moving on with life. After all, we can only put life on hold for so long then we all just need to make our best decision to move on. After the decision to buy and / or sell, you're where you want to be - in your new home at today's prices. When rates come down, refinancing at the lower rate will make sense.

### A TRUSTED RESOURCE

For a market in transition, having an experienced team working for you is more important now than ever. We have a deep understanding of this market and bring over 20 years of market knowledge and experience to assist you in negotiating your best deal whether as a Home Seller looking to capture top dollar for your home or as a Home Buyer looking for your Desert Dream Home.

Reach out to us today to find out why most of our business is repeat clients and referrals from happy clients. We like to say, "if it's important to you, it's important to us." It defines who we are and the way we do business.

We want to be your first call when it's time to buy or sell your home in the Desert. We're here, and on standby to help, we look forward to the opportunity to discuss your real estate goals.

Thank you!

*Cathi Walter*

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Luxury Home  
Marketing Specialist



Accredited Staging  
Professional



Certified Residential  
Specialist



Pricing Strategy  
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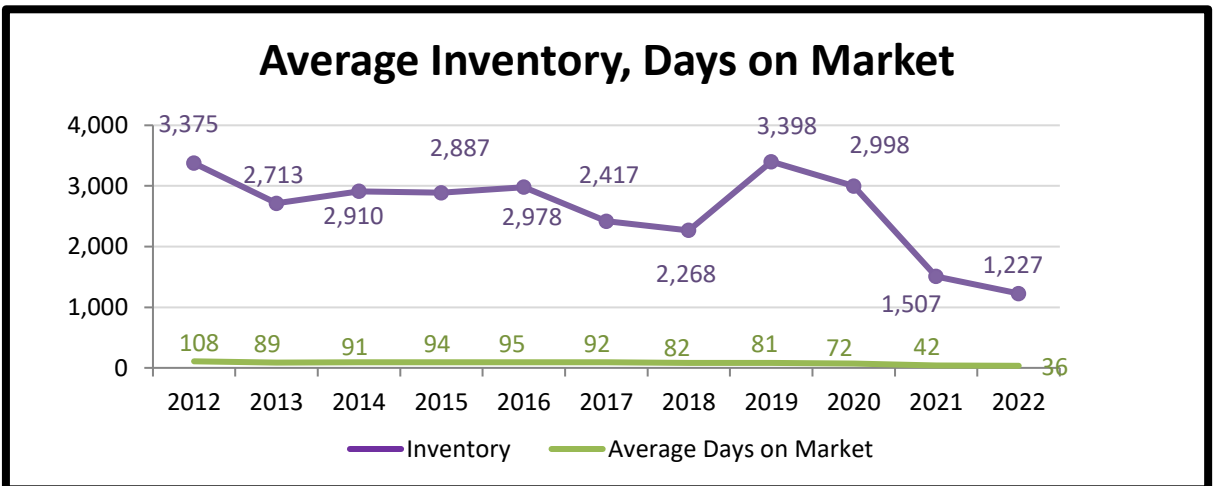
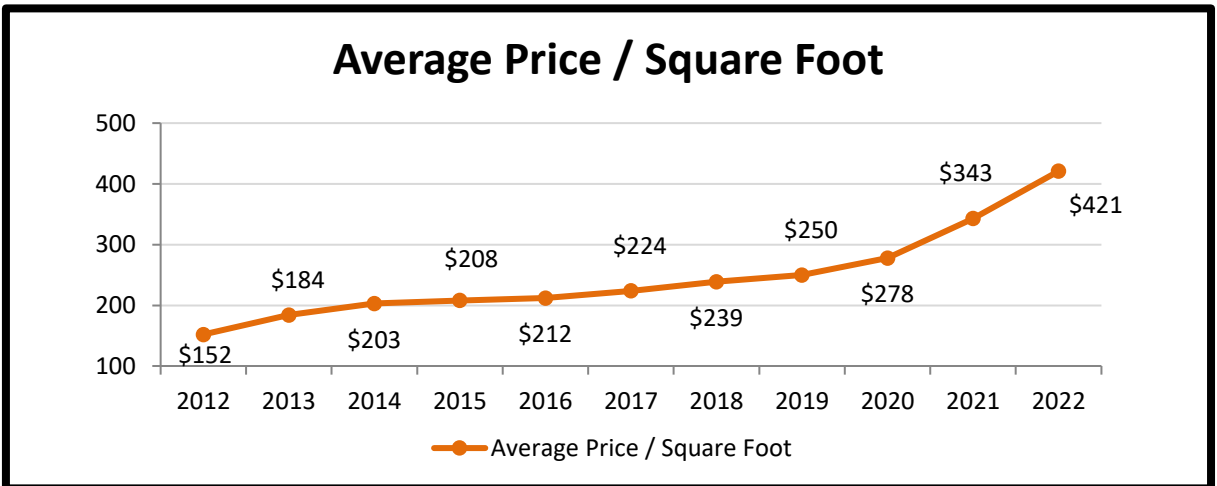
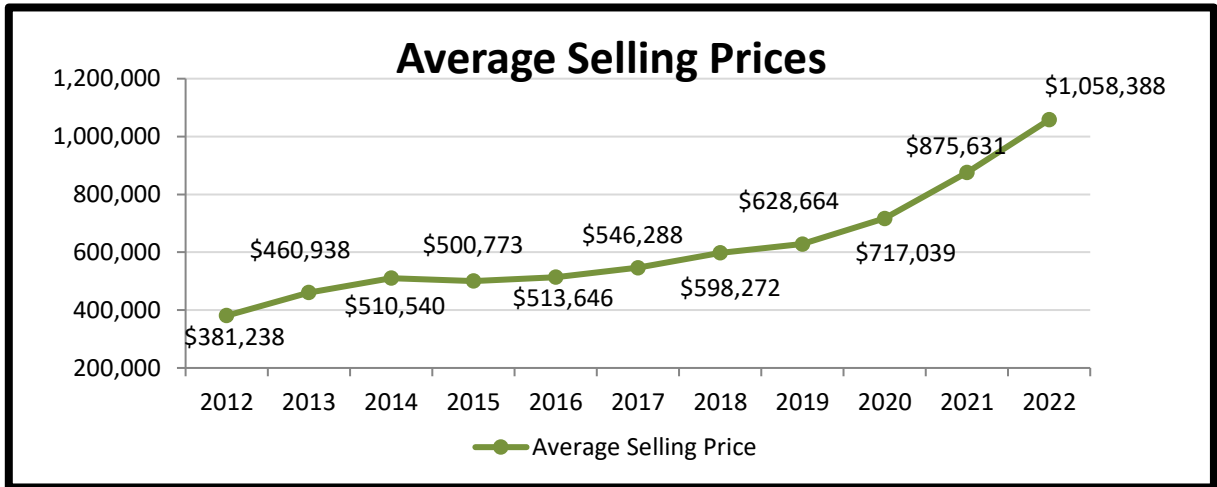
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# DESERT REAL ESTATE MARKET REPORT

## The Valley Real Estate Market 2012 - 2022

### Valley Averages by Year

CHARTING THE COURSE



DataSource: DAMLS Single Family Sales for the Following Cities Included in Research:  
 Palm Springs, Cathedral City, Thousand Palms, Rancho Mirage, Palm Desert, Bermuda Dunes, Indian Wells, La Quinta, Indio

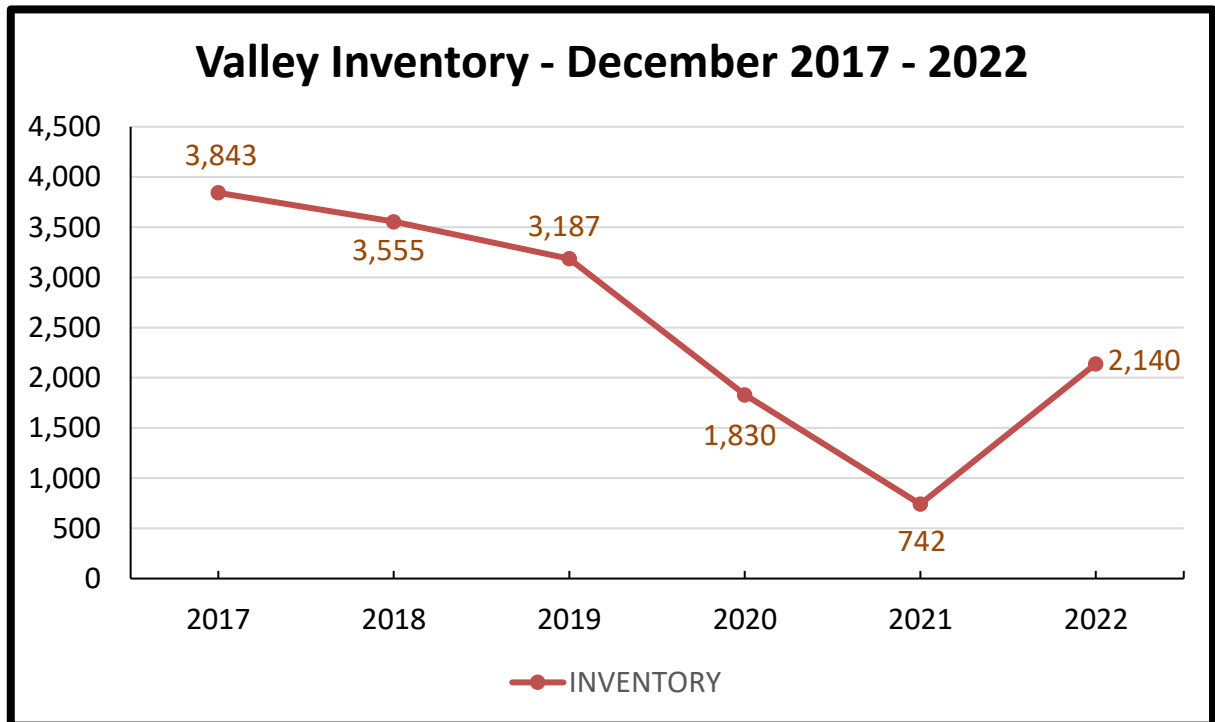
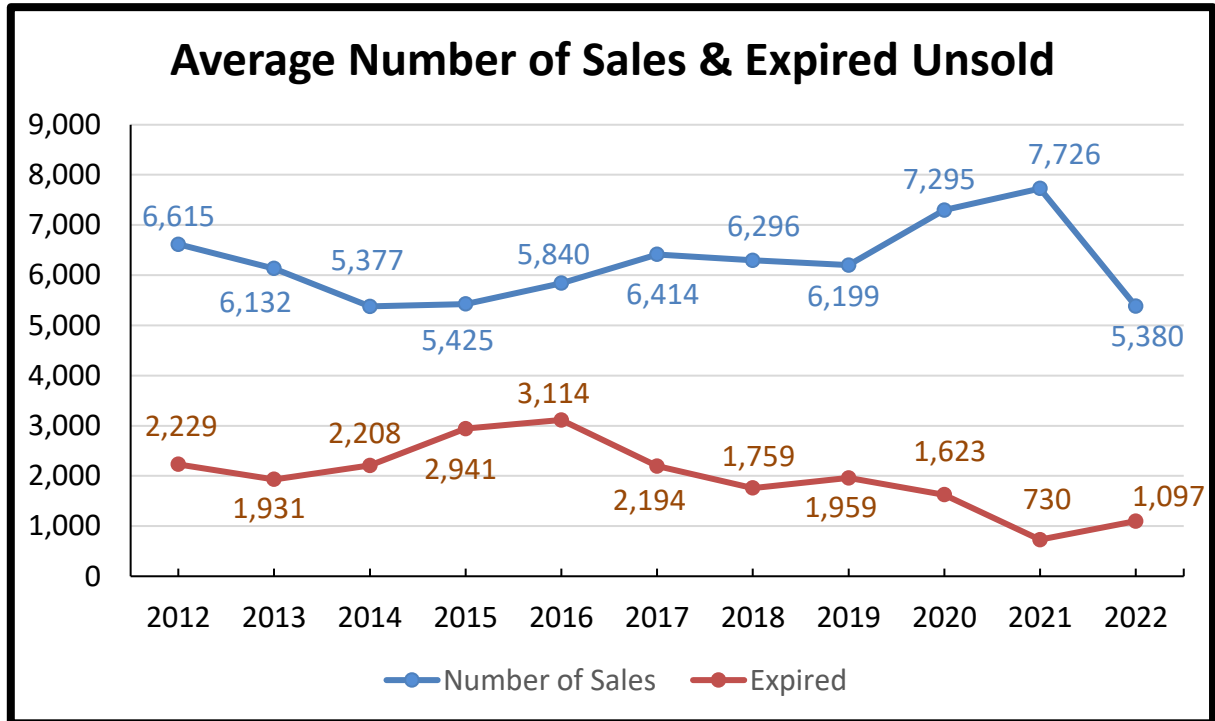


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## DESERT REAL ESTATE MARKET REPORT

### Overview by City

January 1 – December 31, 2021 vs 2022 and the Change

#### PALM DESERT ANNUAL AVERAGES:

2021	2022	CHANGE
1,432 Sales	1,010 Sales	-29%
\$806,803	\$1,019,207	+26%
\$322 / SF	\$395 / SF	+22%
41 DOM	35 DOM	-14%

#### INDIAN WELLS ANNUAL AVERAGES :

2021	2022	CHANGE
325 Sales	213 Sales	-34%
\$1,647,930	\$2,040,691	+23%
\$427 / SF	\$555 / SF	+29%
70 DOM	42 DOM	-40%

#### PALM SPRINGS ANNUAL AVERAGES :

2021	2022	CHANGE
1,099 Sales	798 Sales	-27%
\$1,174,437	\$1,343,898	+12%
\$525 / SF	\$632 / SF	+20%
33 DOM	33 DOM	=

#### RANCHO MIRAGE ANNUAL AVERAGES :

2021	2022	CHANGE
747 Sales	526 Sales	-29%
\$1,138,514	\$1,465,216	+28%
\$361 / SF	\$459 / SF	+27%
51 DOM	39 DOM	-23%

#### LA QUINTA ANNUAL AVERAGES :

2021	2022	CHANGE
1,694 Sales	998 Sales	-41%
\$999,241	\$1,263,422	+26%
\$345 / SF	\$434 / SF	+25%
45 DOM	36 DOM	-20%

COMPARISON BY CITY



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#### CATHEDRAL CITY ANNUAL AVERAGES :

2021	2022	CHANGE
727 Sales	505 Sales	-30%
\$497,063	\$573,436	+15%
\$280 / SF	\$334 / SF	+19%
38 DOM	36 DOM	=

#### INDIO ANNUAL AVERAGES :

2021	2022	CHANGE
1,499 Sales	1,190 Sales	-20%
\$504,621	\$614,912	+21%
\$242 / SF	\$299 / SF	+23%
38 DOM	34 DOM	=

#### THOUSAND PALMS ANNUAL AVERAGES :

2021	2022	CHANGE
48 Sales	34 Sales	-29%
\$372,675	\$427,545	+14%
\$224 / SF	\$281 / SF	+25%
53 DOM	39 DOM	-26%

#### BERMUDA DUNES ANNUAL AVERAGES :

2021	2022	CHANGE
155 Sales	105 Sales	-32%
\$675,075	\$870,689	+28%
\$277 / SF	\$350 / SF	+26%
42 DOM	33 DOM	-21%

COMPARISON BY CITY



Luxury Home  
Marketing Specialist



Accredited Staging  
Professional



Certified Residential  
Specialist



Pricing Strategy  
Advisor

As a Broker Associate and Luxury Director with Bennion Deville Homes in Palm Desert, CA. Cathi works with Home Sellers on their most treasured asset, their home. With a Client Focused attitude; you will hear Cathi say, *"If it's important to you, it's important to us"*. It defines the way she does business and the relationship she has with her clients.

A leader in her industry with more than 20 years of highly specialized experience in professionally marketing homes to sell. Cathi has a deep knowledge of current market conditions ensuring proper positioning for her client listings and minimizing time on the market. With State-of-the-Art Marketing and Skilled Negotiation, Cathi's goal is a higher net for her clients at closing.

Cathi also has an extensive background in Interior Design. She brings that experience to her real estate business as a Home Stylist for her valued clients, knowing the staged home will sell for top dollar, while the competition must wait.

Throughout Cathi's career in Real Estate, she came to understand people aren't looking for quick answers, but a process for solutions. They're looking for input from a Professional to help straighten the path of home selling.

From that, Cathi has become what she calls an "Unintentional Blogger". She's written extensively about the local real estate market with tips on Selling and Owning a home in the Desert, along with Staging and Marketing tips. Cathi also writes and publishes a series of eBooks designed to inform and educate.

Cathi has unique insight and knowledge of the Desert Real Estate Market and shares some of the finer points about navigating through the Home Selling process.

I'm Cathi Walter, together with my partner and husband, Ben Walter we specialize in Lifestyle Properties of the Desert.

"I hear similar stories from our clients repeated in different ways; At first they're looking forward to stolen weekends away from the bustle of work - they want to relax, soak up some sunshine and enjoy dinner with family and friends. Gradually, they start crafting ways to spend more time here in the Desert. Then... it becomes clear, life just doesn't get any better than this."

You can reach me on my cell or by email.

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