

May 2022

The Coachella Valley 55+ Active Adult Report

Del Webb RM
Four Seasons at Terra Lago
Heritage Palms Country Club
Indian Springs
Sun City
Sun City Shadow Hills
Trilogy
Trilogy Polo Club

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SUMMARY

Prices: The 55+ Active Adult market continues to surge. The FLC Active Adult Price Index, which represents the average price of a 1,900 square foot home in eight active adult communities, ended May at \$605,799, up 31.6%. In the individual developments, average gains ranged from 42.4% for Del Webb RM down to 26.2% for Four Seasons.

Sales: In May, sales averaged 88 units per month, down 19% from last year. Dollar sales of the active adult communities averaged \$64 million a month, up 3.2%.

Inventory: At the end of May, listings in the eight adult communities was 83 units compared to 26 units last year. The May “months of sales” ratio was .9 months compared to .2 months last year. This is still positive for home prices in these adult communities.

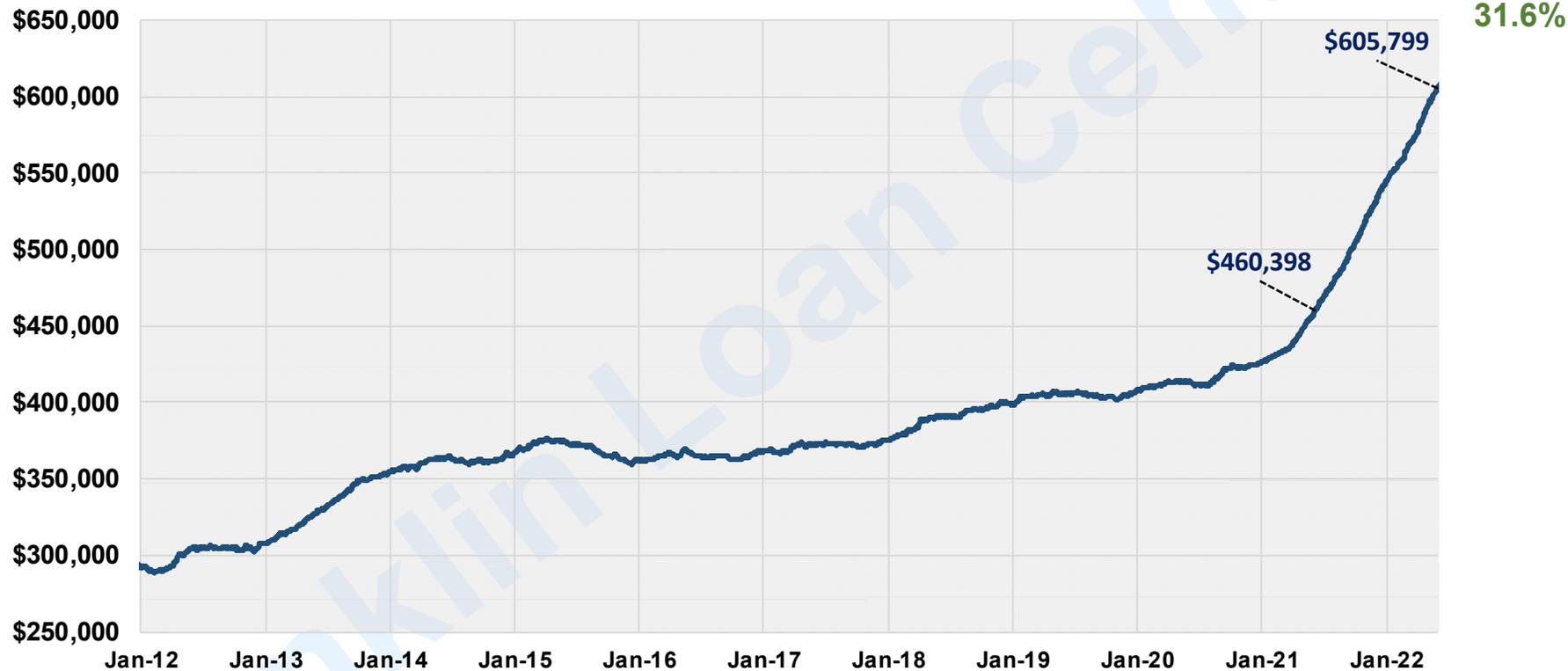
Days in the Market: The average number of “Days in the Market” for the active adult communities in May was 30 days compared to 55 days a year ago. They range from 27 days for Sun City to 43 days for the Trilogy Polo Club.

Price Discount/Premium: In May, homes in the adult communities sold with an average premium of 1.3% compared to a discount of .8% a year ago. Seven of the eight communities sold homes on average above their list price.

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The FLC Active Adult Price Index* 2012 - 2022 (May)



The FLC Active Adult Price Index

The *FLC Active Adult Price Index** is calculated from prices in the eight, largest 55+ active adult communities in the Coachella Valley. Over five hundred sales go into its calculation making it a highly reliable price index. It represents the average price of a 1,900 square foot home in the eight communities. It is most useful at showing the overall price level, trends and percentage changes in the adult market. The callout numbers are its current value and the value 12 months ago. The large number to the right is the percentage change.

This free report is intended to assist fellow East Valley board members in assessing market conditions and making informed evaluations and/or appraisals in the selling or financing of their client properties. CalBRE #001069837

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Active Adult Price per sq. ft. 2012 - 2022 (May)



The Active Adult Price per sq. ft.

The Active Adult Price per sq. ft. is also calculated from the price per square foot of sales in the same eight communities. It represents the price per sq. ft. of the average 1,900 square foot home in these communities. Like the Active adult price index, over five hundred sales go into its calculation. The callout numbers show the current price per sq. ft. and the value 12 months ago. The large number to the right is the year over year percentage change.

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Top 8 Active Adult Communities

Development	Avg Size (sq. ft.)	Price per sq. ft.	Current Price	Year Ago Price	% Change
Del Webb RM *	2,000	\$455.69	\$911,371	\$640,028	42.4%
Trilogy	2,000	\$353.25	\$706,509	\$516,170	36.9%
Sun City Shadow Hills	1,900	\$297.29	\$564,855	\$423,487	33.4%
Sun City	1,850	\$314.68	\$582,158	\$441,207	31.9%
Indian Springs	2,050	\$303.19	\$621,544	\$479,319	29.7%
Heritage Palms Country Club	1,850	\$293.96	\$543,821	\$422,657	28.7%
Trilogy Polo Club *	1,900	\$354.41	\$673,379	\$529,037	27.3%
Four Seasons at Terra Lago *	2,250	\$259.75	\$584,447	\$463,109	26.2%

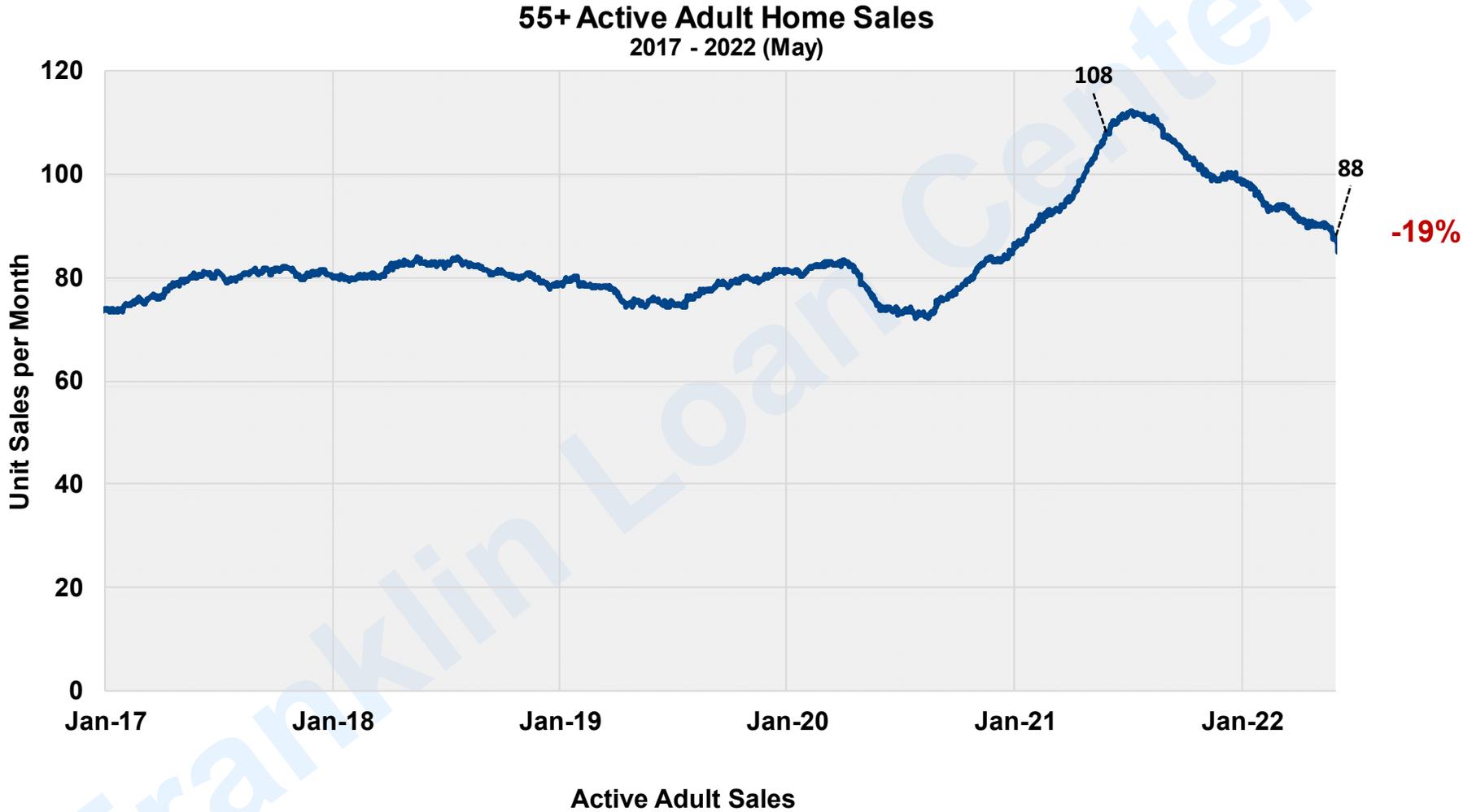
* Resale prices only. Communities still actively selling new homes

Average Price and Price per Sq. Ft.

This table lists the eight adult communities we use to analyze the adult home market. The second column displays the average size home in square feet in each community. The next column shows the average price per square foot of that home, followed by its current price. The next column shows the price 12 months ago, with the last column showing the 12-month percentage change. The communities are ranked top to bottom by the size of the 12-month change.

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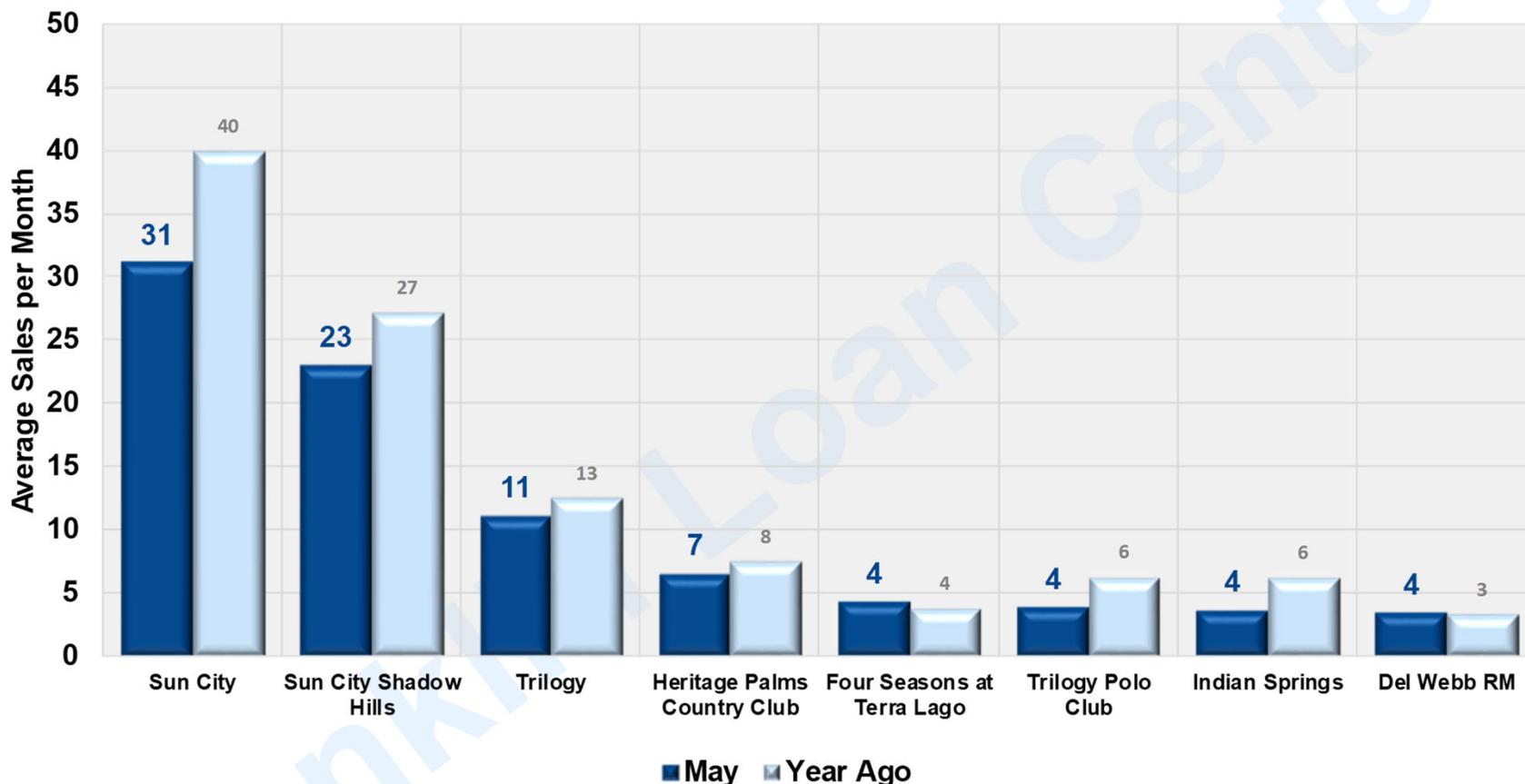


Active Adult Sales is the average number of sales per month in the eight adult communities we monitor. To produce this monthly average sales are averaged over the preceding 12 months. Using twelve months shows long-term sales levels and trend by take out the seasonal ups and downs, which can vary as much as 50% top to bottom.. The callout numbers represent the current sales per month compared to a year ago. The large number to the right is the percentage change.

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Average Unit Sales by Adult Communities



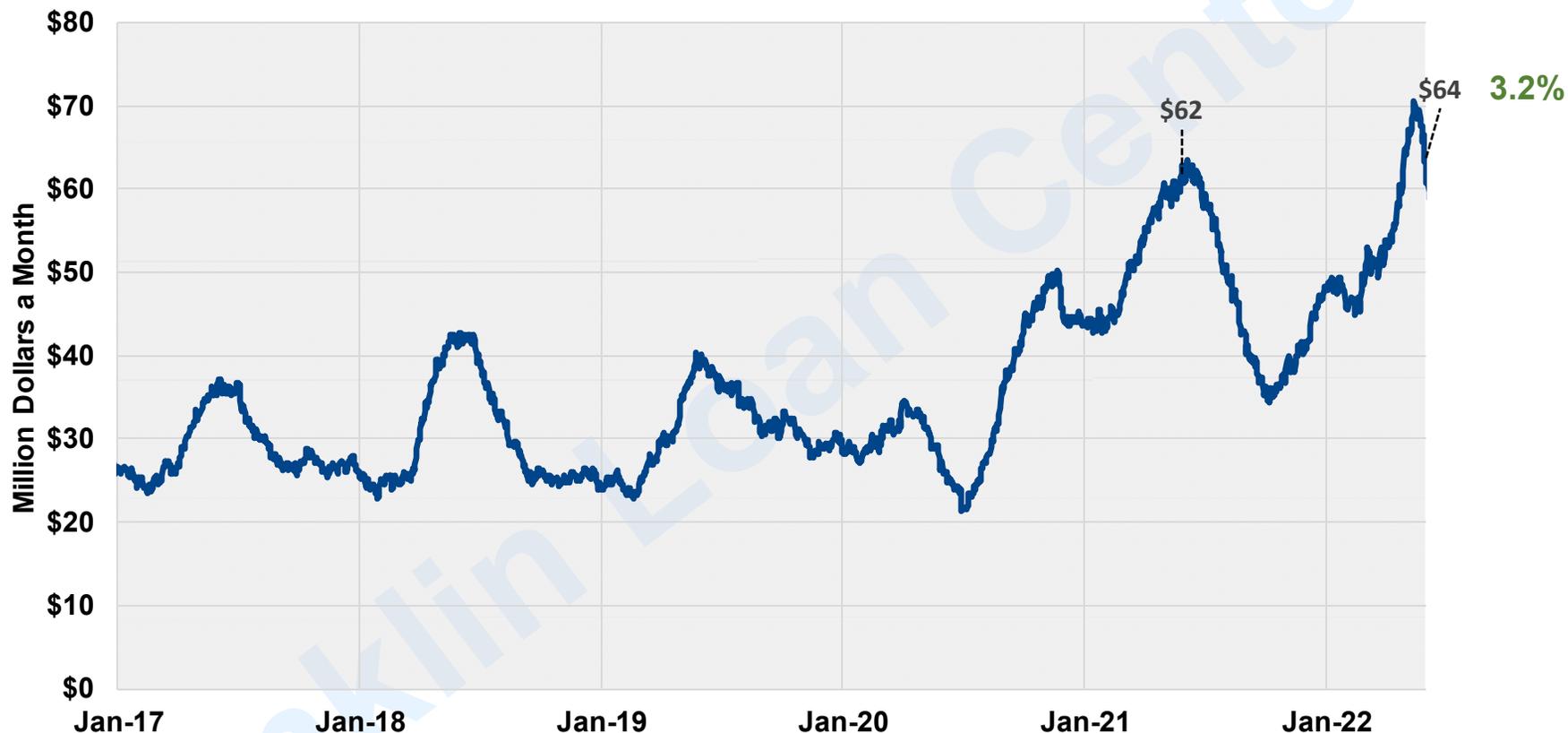
Unit Sales by Adult Community

This bar chart shows average monthly sales in each of the eight adult communities. The dark blue bars represent current sales, while light blue bars are year ago values. Like the previous chart, the average is the monthly average over the past 12 months. The communities are ranked left to right by largest number of average sales.

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Active Adult Dollar Sales



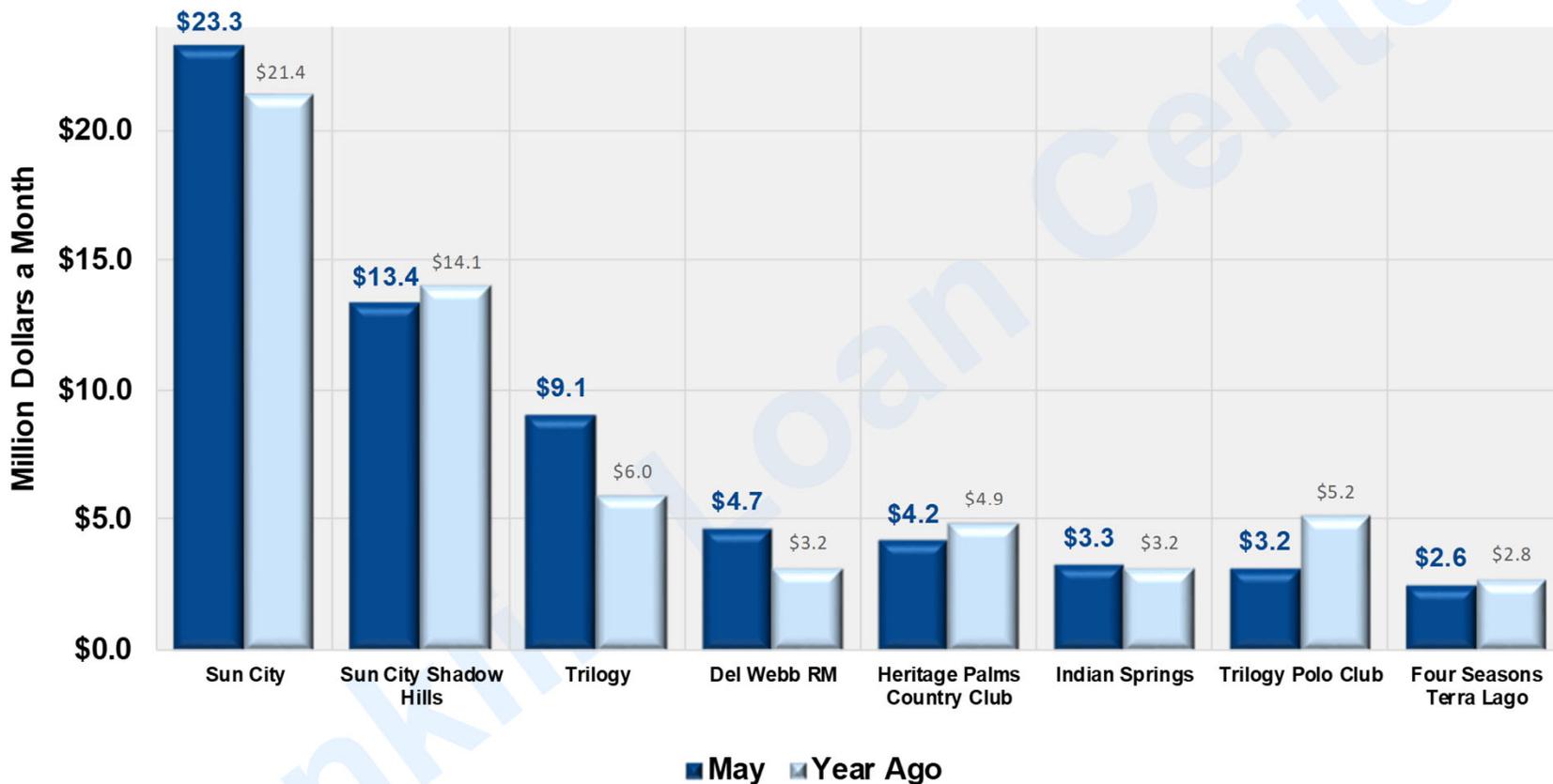
Active Adult Dollar Sales

Active Adult dollar sales is the average amount of sales in dollars per month in the eight active adult communities. The numbers shown are in millions of dollars. Sales are averaged over the last three months. This length of time shows the seasonal ups and downs in dollar sales, which can vary as much as 60% or more, depending upon the season. The callout numbers represent current dollar sales compared to dollar sales a year ago. Because of seasonal variation dollar sales should only be compared against dollar sales at the same time of year.

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Average Dollar Sales by Community



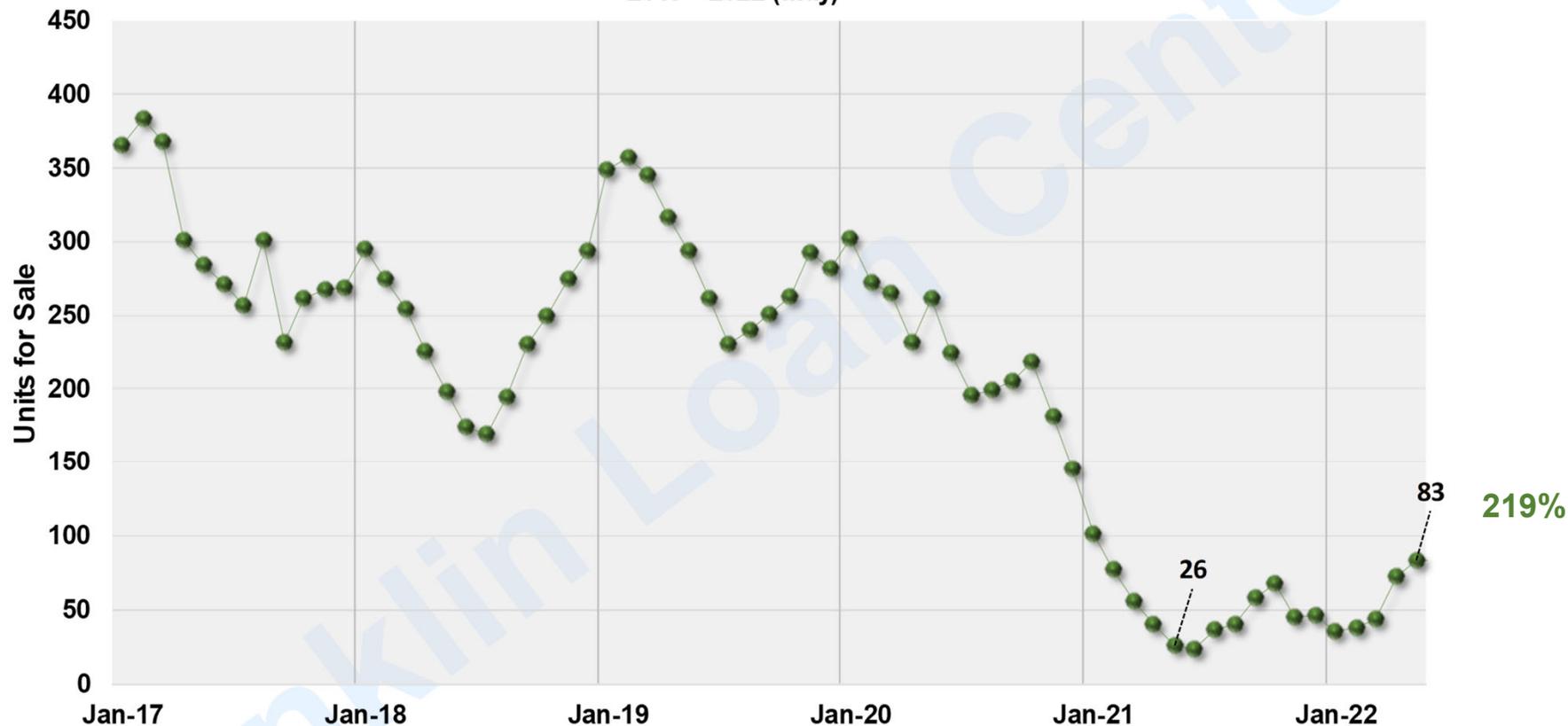
Dollar Sales by Active Adult Community

This bar chart shows average monthly dollar sales in each of the 15 country clubs compared to year ago levels. Like the previous chart, the average is the monthly average over the past three months. Dark blue bars represent current dollar sales, while light blue bars are year ago values. The numbers shown are in millions of dollars. The country clubs are displayed left to right by largest dollar sales.

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Total Active Adult Inventory
2017 - 2022 (May)



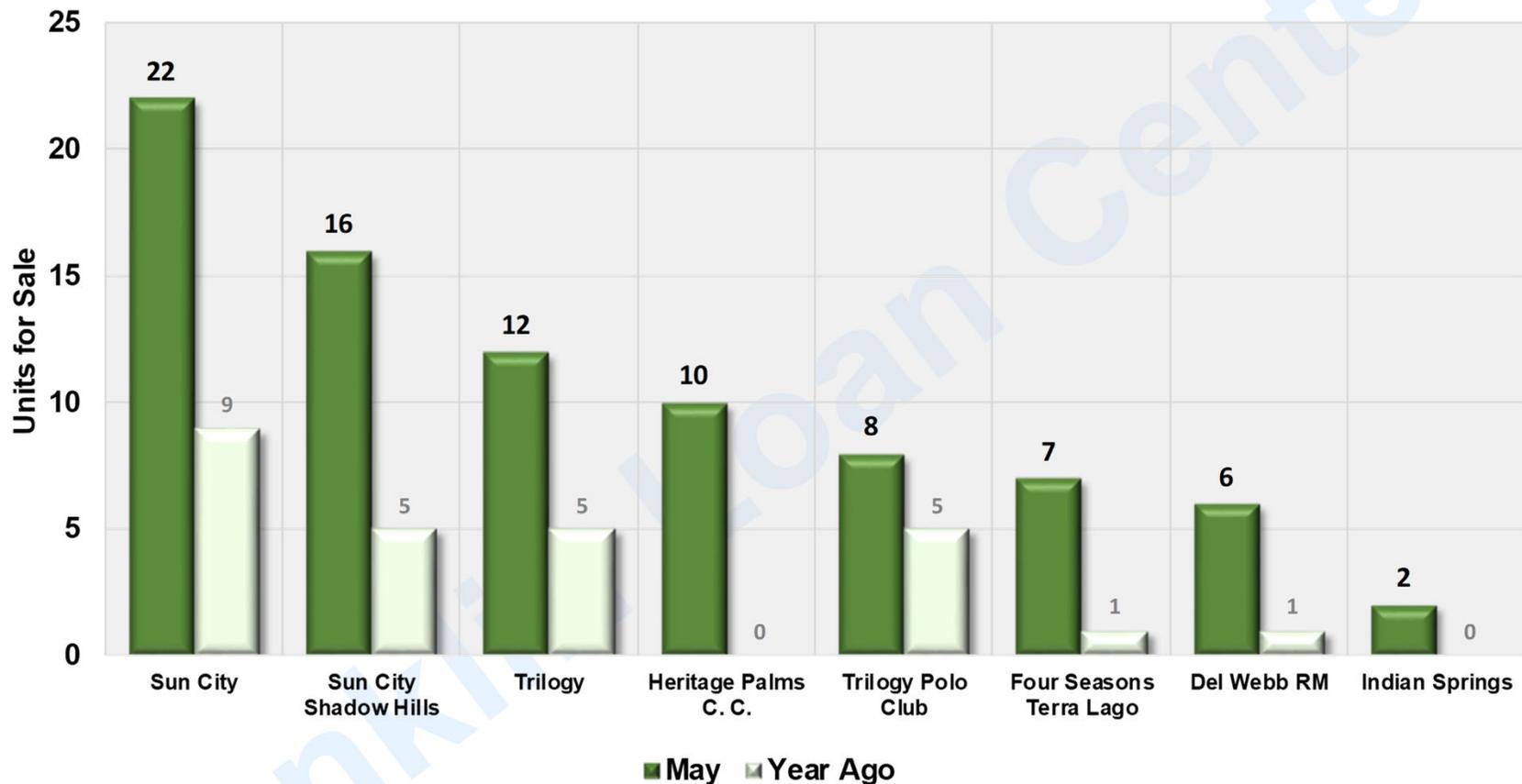
Total Active Adult Housing Inventory

This graph is a five-year plot of the number of end-of-month listings in the eight active adult communities. As the graph shows there was a seasonal pattern to listings, which often reached a peak in January or February and a low sometime in July. This seasonal pattern went away with the start of the pandemic. In the dynamic equation of supply and demand, this curve represents supply. The call numbers are current inventory compared to year ago levels. The large number to the right is the percentage change.

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Active Adult Inventory by Development



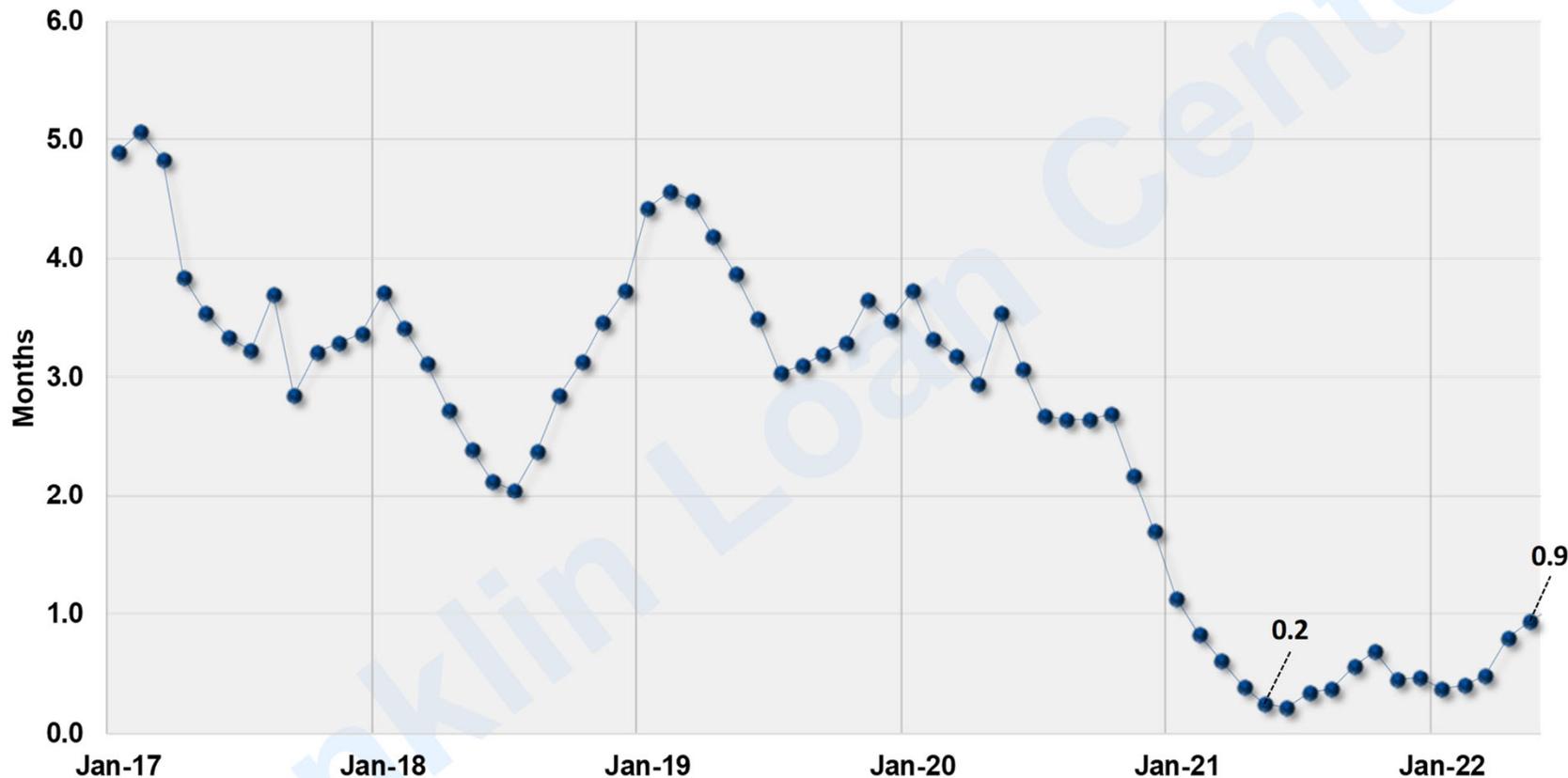
Inventory by Active Adult Community

This bar chart shows current inventory in each of the active adult communities compared to year ago levels. The dark green bars represent current inventory, while light green bars are year ago numbers. The communities are displayed left to right by largest inventory.

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Active Adult "Months of Sales" Ratio



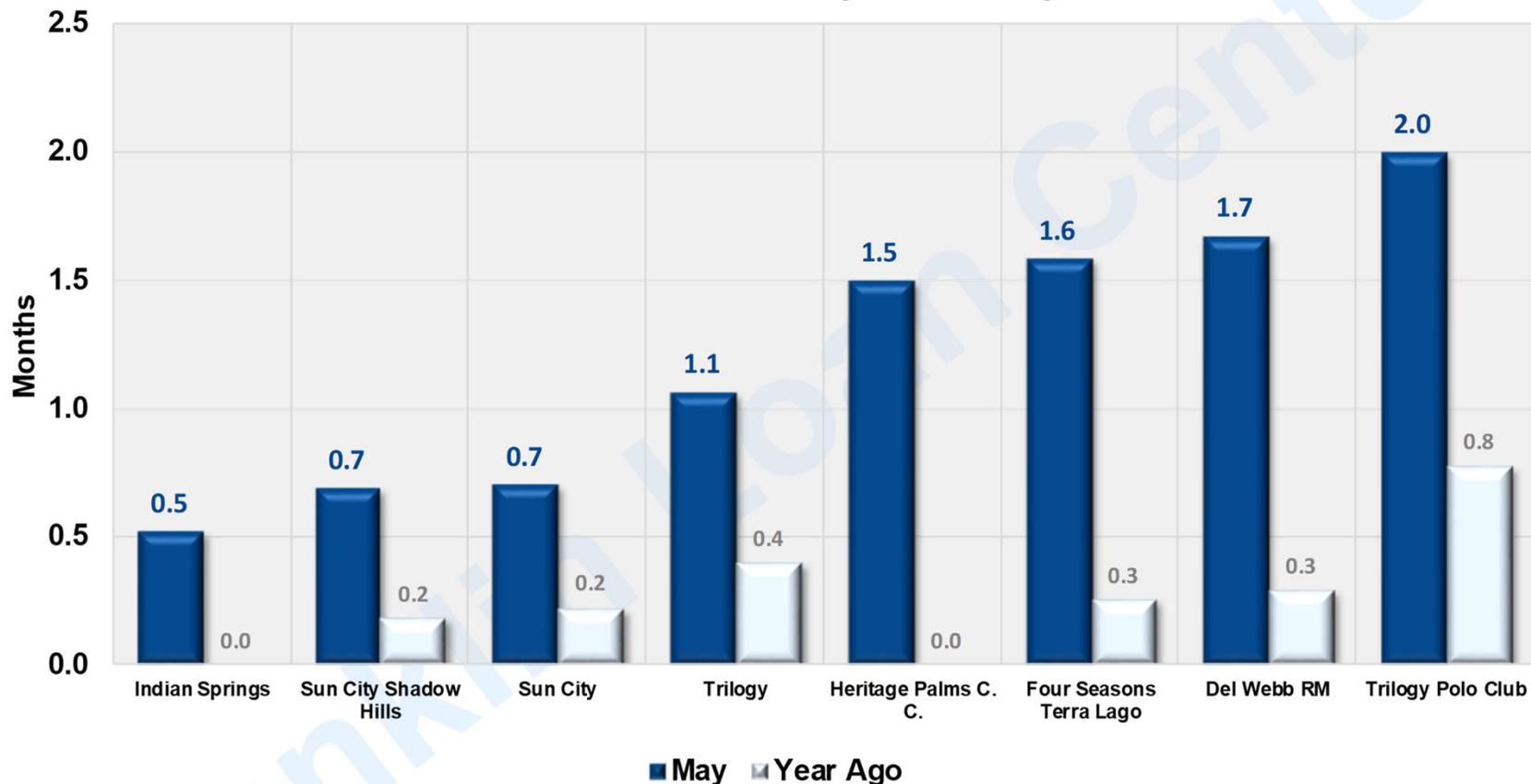
Active Adult "Months of Sales" Ratio

This graph is a five-year plot of the "months of sales" ratio for the active adult market. The "months of sales" ratio, which is inventory divided by the sales rate, is the housing market's equation of supply and demand. Sales represent demand and inventory is supply and the ratio is the number of months it would take to sell off the inventory at the current sales rate. The call numbers are the current ratio and the ratio a year ago. High ratios are supply greater than demand, while low ratios represent demand greater than supply. Normal ratios are generally three to four months.

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"Months of Sales" by Community



"Months of Sales" Ratio by Adult Community

This bar chart shows "months of sales" ratio in the eight adult communities compared to year ago levels. The dark blue bars represent the current ratio, while light blue bars are year ago numbers. The communities are displayed left to right by lowest ratios.

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Average "Days in the Market"
Active Adult Market
2012 - 2022 (May)



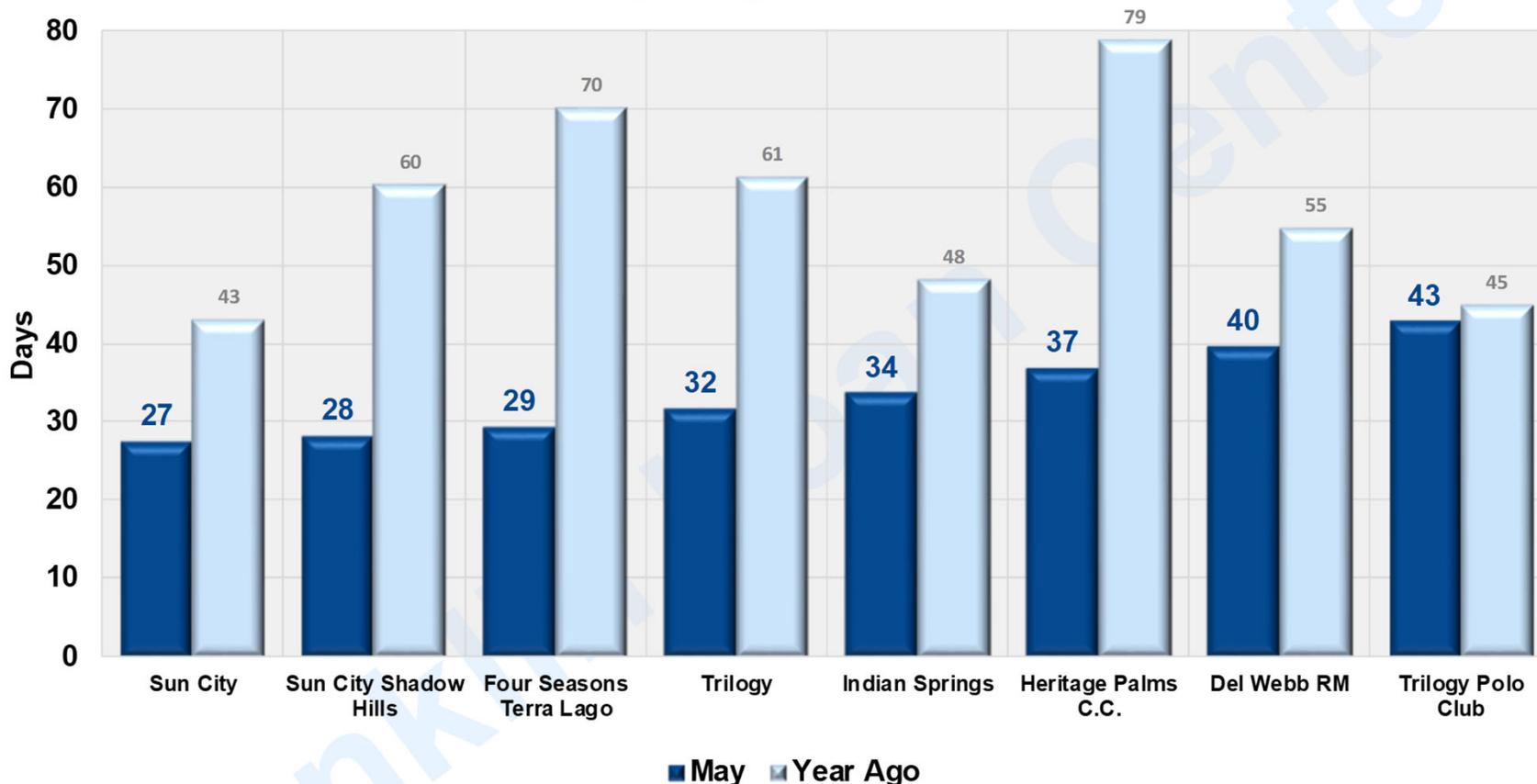
Average "DIM"

This is a ten-year chart of the average number of "days in the market" for adult homes in the Coachella Valley. It is a composite average made from the eight active adult communities. It is useful at measuring overall selling times in the adult market as well as the trend in this metric. The call numbers are the current average selling time and its value a year ago.

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Average "Days in the Market"



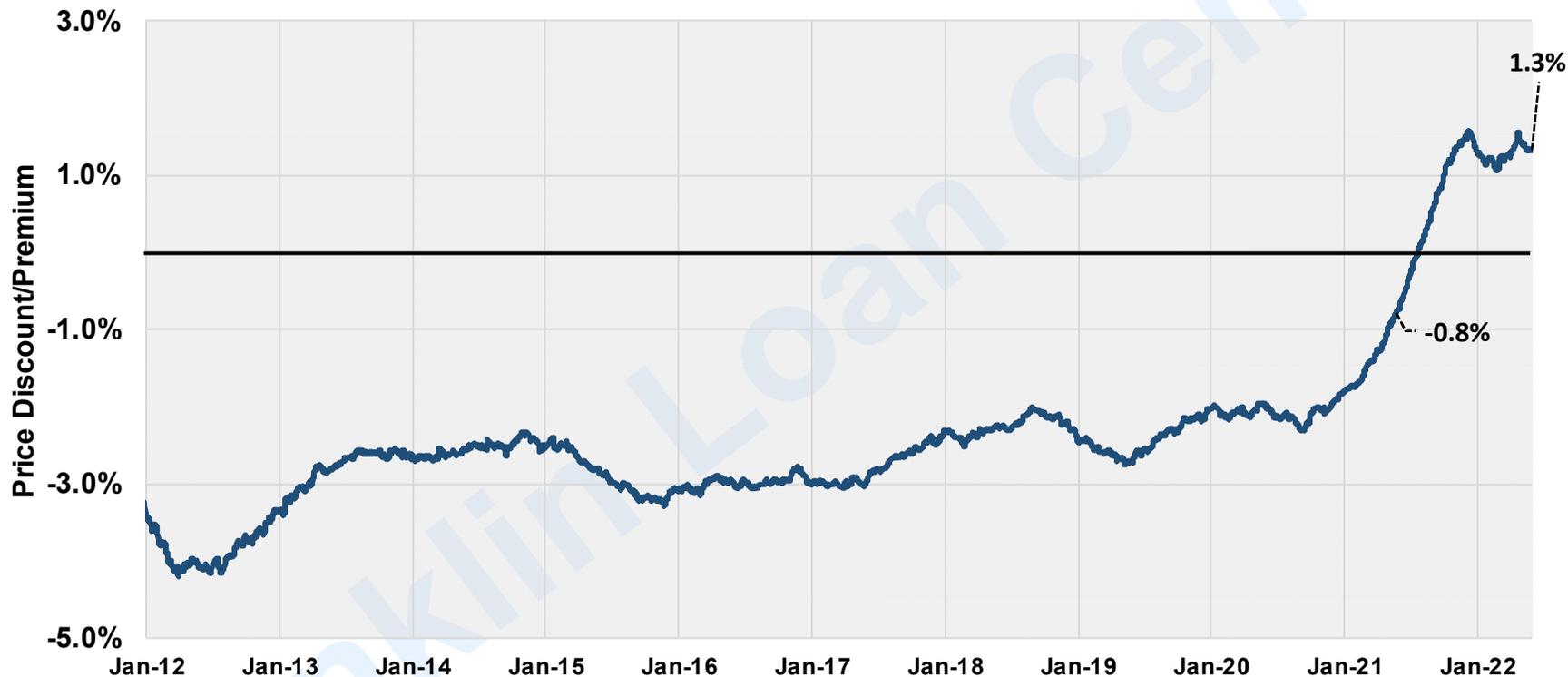
Average "Days in the Market" by Adult Community

This bar chart shows current, average "days in the market" in the eight adult communities compared to year ago numbers. The dark blue bars represent the current average, while light blue bars are year ago averages. The communities are displayed left to right by the smallest number of average selling times.

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Average Price Premium/Discount Active Adult 2012 - 2022 (May)



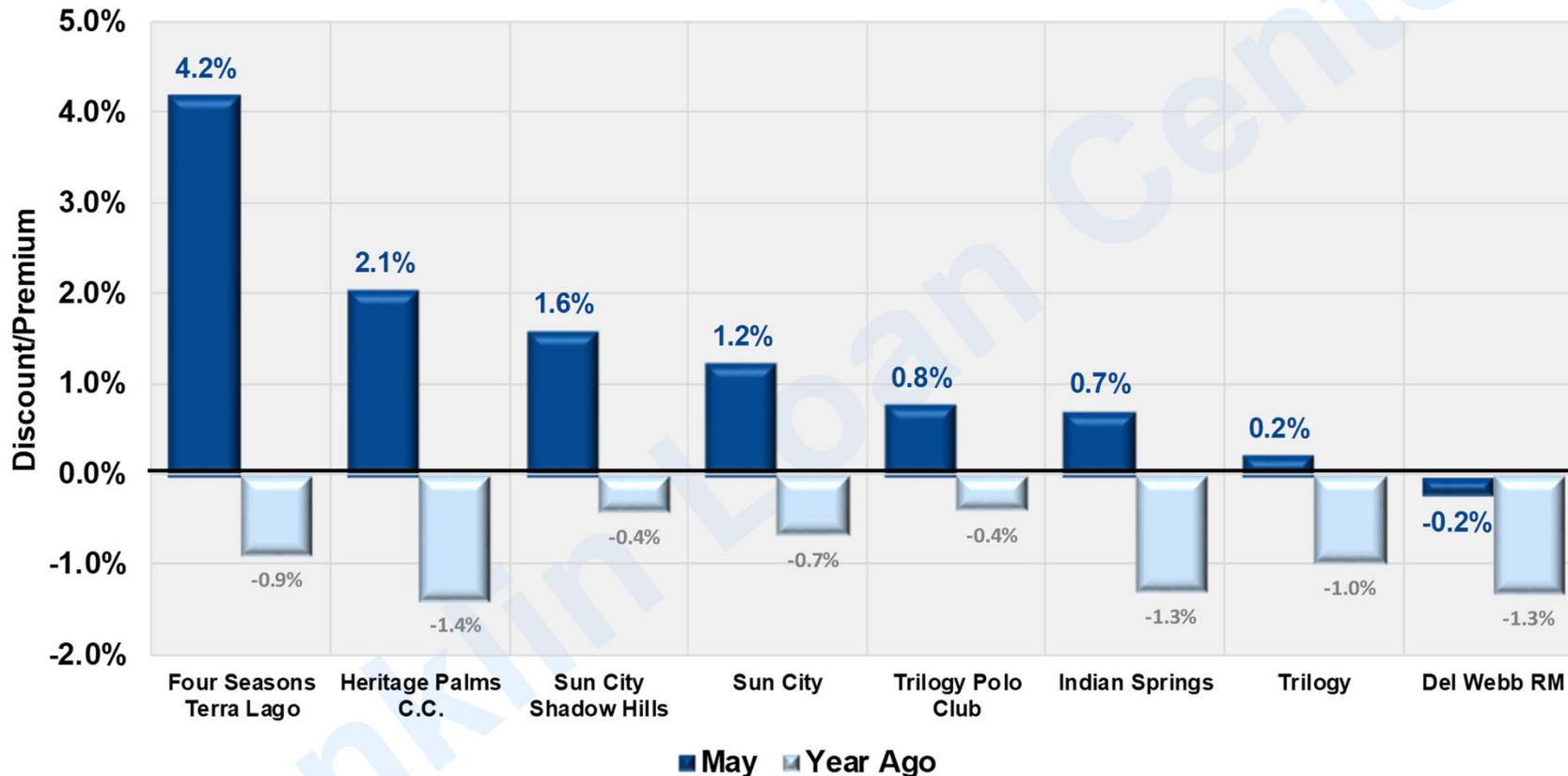
Average Price Premium/Discount

This 10-year graph plots the average price discount (or premium) in the active adult market in the Coachella Valley. It's calculated from the average discounts (or premiums) of the eight adult communities.. Over five hundred sales go into its calculation. A negative number represents a price discount while a positive number represents an average selling premium. The call out numbers are the current value and the year ago value.

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Average Price Discount/Premium
Active Adult Communities



Average Price Discount/Premium

This bar chart shows the current average price discounts (or premiums) in the eight adult communities compared to year ago levels. The dark blue bars represent the current average, while light blue bars are year ago averages. The subdivisions are displayed left to right by the smallest discount (or largest premium). A negative number represents a price discount, while a positive number represents a premium. .

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Glossary for the Coachella Valley Active Adult Housing Report

We made a major upgrade in our MLS reports. This sheet will explain these changes and why we believe our report is at the leading edge of what can be done today with MLS statistics.

- The new report uses “cleaned” MLS data that deletes or modifies bad entry data. This step is required to produce accurate, *average* calculations.
- The report now uses *average* values instead of *median* values on all metrics.
- The report introduces a better way to calculate and measure changes in a city’s average home price. We believe the standard methodology of simply calculating an average or median price of sales over a specific time period does not accurately measure the price of a city or region’s average or median home.
- The active adult calculations are based on sales in eight, active adult, housing communities. The active adult price index, the average “days on the market” and the average price discount – are all done use a mathematical procedure that lessens random variations and produces better results.

Changing from “median” values to “average” values.

Calculating an average price is a better representation than calculating a median price. Why? Because the median price is simply one home price in the middle of a group of sales, while the average price mathematically includes the price of all homes in that group. If prices are moving up and down at either end of the price spectrum, the *median* price will not show these price changes, but the *average* price will.

The reason the median price became the statistical standard in the industry isn’t because it is best, it’s primarily because it bypasses the mathematical problem of agents entering incorrect numbers. If an agent enters a price of \$30 million instead of \$300,000 (yes, we see that), this error will hugely affect the average price but it has little effect on the median price, so the median price is the safe calculation – but it’s not the best.

But to use an “average” calculation requires that the underlying data be relatively devoid of errors so that’s why we first try to find and “clean” the data before doing any calculations.

An improved method to calculate a city or region’s average or median home price.

It is important that statistical analysis accurately reflects what one is trying to show. For example, calculating the median or average price of all sales over a month or three-month period, while called an “average” or “median” price, isn’t really the average home price in that city or region. It’s simply the average or median price of the homes sold over that time period.

A better method to measure the average home price is the following:

First, using historical sales calculate the average home size in the region or city over the last five years (or longer). This number will be a relatively accurate representation of the average home size in that city or region.

Second, calculate the average or median *price per square foot* of homes sold over the period of interest. We usually use six months, or one year if the number of sales is small. We calculate “price per sq. ft.” instead of “price” because it varies less as the average home size varies in the selling sample (mathematically speaking, price per sq. ft. is one order less than the price, which means it’s more stable).

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Three, multiply the average *price per square foot* by the average home size determined in step one. The resultant price is the best representation of the average price of a home in that city or region. Month-to-month changes in this average price are much more meaningful since a change in this number better represents real price changes and is not the result of simply measuring the price of larger or smaller homes.

Composite Calculations

We calculate values for the average luxury price, price per sq. ft., “days in the market” and price discount by taking average values of these metrics in each of the eight adult communities, then combining them in a weighted composite for the total. The weighting of each community is based on the long-term percent of sales that that community contributes to the total. For the same reasons explained above, this method is statistically more stable and accurate than simply taking all sales in the region and then calculating these metrics as one whole.

Average sized home in each subdivision and weightings in the total calculation

The table below is the average size of detached and attached homes we used in the city and regional average home price calculation:

Adult Community	sq. ft.	Weighting
Del Webb RM	2,000	3.0%
Four Seasons at Terra Lago	2,250	4.2%
Heritage Palms Country Club	1,850	6.9%
Indian Springs	2,050	5.1%
Sun City	1,850	37.9%
Sun City Shadow Hills	1,900	26.3%
Trilogy	2,000	11.4%
Trilogy Polo Club	1,900	5.2%

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