

Market Insights – March 2020

Business continues to be outstanding around Desert Mountain. Here are the reports from The Davis Driver Group’s proprietary “RCD9 System” showing how many homes and homesites have gone under contract through February 1, 2020 and each month the last four years:

Homes	2016	2017	2018	2019	2019 vs. Avg. for Last Three Years	2020 (YTD)	2020 vs. Avg. for Last Three Years	2020 vs. Last Year/vs. Last Year YTD
Total No. of Homes:	119	133	147	169	127%	19	13%	11%/190%
January	10	12	14	9	75%	17	146%	189%
February	15	10	16	9	66%	2	17%	22%
March	7	15	17	16	123%	--	0%	0%
April	19	21	19	35	178%	--	0%	0%
May	12	13	26	28	165%	--	0%	0%
June	7	9	8	9	113%	--	0%	0%
July	7	6	8	5	71%	--	0%	0%
August	5	10	12	7	78%	--	0%	0%
September	7	3	3	5	115%	--	0%	0%
October	13	2	6	17	243%	--	0%	0%
November	4	15	10	19	197%	--	0%	0%
December	13	17	8	10	79%	--	0%	0%

As you can see, the demand for homes continues to be blisteringly hot. Looked at another way, during the period January 1, 2018 through January 31, 2019 (thirteen months), there were 154 homes that went under contract. For the period of January 1, 2019 through January 31, 2020, there were 186, a **20.8% increase!**

Supply is going in the other direction! As of February 1, 2020, there were only 117 non-spec homes on the market, just 6.7% of the existing, used housing stock. One would typically expect to see about ten percent of a given community’s homes for sale, so we are in an extremely tight housing market right now. Interestingly enough, with a recent surge in the number of spec homes going under contract, there was only one completed spec home that was for sale as of February 1, Sunrise 244. According to our records, another twelve are under construction and offered for sale; of these, we expect seven to be completed by about April 1, 2020.

The table to the right shows the allocation of spec home sales to used home sales since 2014. The overall percentage of new to used may have dropped in 2019, but I think that is due to the lack of supply of new spec homes.

Year	All Spec Homes- All Price Ranges	All Custom Homes- All Price Ranges	% of Custom Spec Sales to All Custom Sales
2014	<u>9</u>	<u>76</u>	12%
2015	<u>7</u>	<u>75</u>	9%
2016	<u>15</u>	<u>90</u>	17%
2017	<u>17</u>	<u>69</u>	25%
2018	<u>18</u>	<u>94</u>	19%
2019	<u>16</u>	<u>105</u>	15%
2020	<u>1</u>	<u>7</u>	14%

Homesites have started 2020 off reasonably well, too, as this table shows:

Homesites	2016	2017	2018	2019	2019 vs. Avg. for Last Three Years	2020 (YTD)	2020 vs. Avg. for Last Three Years	2020 vs. Last Year/vs. Last Year YTD
Total No. of Homesites:	<u>58</u>	<u>73</u>	<u>73</u>	<u>44</u>	65%	<u>6</u>	9%	14%/200%
January	<u>3</u>	<u>7</u>	<u>10</u>	<u>2</u>	30%	<u>6</u>	95%	300%
February	<u>9</u>	<u>3</u>	<u>7</u>	<u>3</u>	47%	--	0%	0%
March	<u>2</u>	<u>8</u>	<u>4</u>	<u>5</u>	107%	--	0%	0%
April	<u>2</u>	<u>8</u>	<u>14</u>	<u>3</u>	38%	--	0%	0%
May	<u>6</u>	<u>9</u>	<u>6</u>	<u>4</u>	57%	--	0%	0%
June	<u>5</u>	<u>8</u>	<u>2</u>	<u>2</u>	40%	--	0%	0%
July	<u>6</u>	<u>2</u>	<u>5</u>	<u>4</u>	92%	--	0%	0%
August	<u>3</u>	<u>7</u>	<u>5</u>	<u>2</u>	40%	--	0%	0%
September	<u>4</u>	<u>4</u>	<u>5</u>	<u>1</u>	23%	--	0%	0%
October	<u>5</u>	<u>3</u>	<u>4</u>	<u>5</u>	125%	--	0%	0%
November	<u>6</u>	<u>10</u>	<u>9</u>	<u>10</u>	120%	--	0%	0%
December	<u>7</u>	<u>4</u>	<u>2</u>	<u>3</u>	69%	--	0%	0%

Here are the six lots and their respective list prices that went under contract:

EF -344	01/15/2020	\$175,000	Yes	Membership Not Included
GF - 33	01/03/2020	\$399,000	Yes	Membership Not Included
SAG-185	01/15/2020	\$889,000	Yes	Membership Not Included
SAG-192	01/21/2020	\$325,000	Yes	Membership Not Included
SAG-264	01/27/2020	\$869,999	Yes	Membership Not Included
SR -311	01/23/2020	\$225,000	Yes	Membership Not Included

Last year only two went under contract the entire month. With only 74 homesites on the market as of February 1, and only a small percentage of them being attractive for building based on historical preferences of buyers in Desert Mountain (for example, of these 74, only five face in a southerly direction and have a decent city light view (a “grade” of 3 or better on our scale of 0 to 5); four of these are priced between \$649,000 and \$799,000, with the other priced at \$2,495,000), prices are likely to be firm to increasing for better quality homesites.

One way to measure the health of the housing market in Desert Mountain is to look at the decline in the Discount from List Price to Sale Price. For the 13 spec homes that sold between February 1, 2018 and January 31, 2019, that average was 5.72%. For the same year-long period just ending, there were 17 specs that sold, at an average discount from list to sale of 4.78%, a 16.4% drop. And, the Days on Market dropped from an average of 163 to 152.

The Davis Driver Group prides itself on having the best possible market information for the benefit of both our listing and buying clients. Our RCD9 System, in which we have invested well over \$1,000,000 over the twenty-eight years plus that Davis Driver has been working in the real estate market in Desert Mountain, provides substantially more, and more useful, information than the Multiple Listing Service can provide, which means we save time and money for our clients. We invite your further inquiry! You can reach Davis Driver at 602 399 0116, or at Davis@DavisDriver.com.