

January 2022

Happy New Year to you from The Davis Driver Group! We hope you and your loved ones came through the holidays in good health and are looking forward to an exciting 2022! We appreciate the ongoing opportunity to present our insights into Desert Mountain's real estate market and hope they are useful to you and your friends. Many things have changed in the last twelve months. Here is our take on where we are today...

According to the very carefully managed data in our proprietary "RCD9 System" as of the morning of December 1, 2021, only seventeen homesites were for sale in Desert Mountain (down from eighteen on October 1):

It is interesting to see that there were zero sites priced less than \$525,000, especially when you know that there are two (11.8% of the total) that are under contract (see immediately below)

for \$495,000 or less; and that in the last 365 days, out of the 77 lots that have been put under contract, 38, or 49.4%) were listed for \$495,000 or less. This sharp upward trend in prices is only going to continue, if not get sharper, due to lack of potential inventory. Our records show 103 sites are owned by a neighbor to protect views or enhance privacy, and that only 249 sites remain otherwise unbuilt upon. That may not sound like a critically low number, but there are not many quality sites in that group, and many of those that might deserve that label have changed hands in the last year or two, presumably to end users, lessening the pool of good lots that might come on the market in the future. As a result, it is a cinch that any "good" lot is going to be priced at \$1,000,000 or more.

Available Homesites as of December 1, 2021
Prepared for Readers of Desert Living Magazine
Sorted by List Price

<u>Lot</u>	<u>Lot Size</u>	<u>Env Size</u>	<u>List Price</u>	<u>DOM</u>	<u>Lot Faces</u>	<u>Overlooks Road</u>	<u>Road Name</u>
SAG-279	310,331	132,647	\$4,000,000	167	SW	No	
SAG-246	412,869	17,124	\$2,495,000	1,037	S	No	
CGV- 18	88,700	19,800	\$2,495,000	308	SW	No	
SAG-154	47,597	30,052	\$2,395,000	83	NW	No	
CTR- 14	113,692	27,055	\$2,000,000	387	SW	No	
SEV- 12	91,247	25,154	\$1,950,000	277	S	No	
SAG-185	114,909	22,171	\$1,870,000	189	SW	No	
LM - 46	252,383	42,576	\$1,550,000	46	N	Yes	interior street
SAG-335	189,763	24,356	\$1,500,000	85	S	No	
LM - 25	320,108	36,710	\$1,299,000	282	S	No	
SAG-346	120,604	30,886	\$995,000	398	S	No	
CTR- 4	238,709	25,252	\$995,000	85	N	No	
SAG-295	52,563	20,152	\$933,000	195	S	No	
AP - 71	29,715	15,541	\$875,000	157	SW	Yes	Interior Street
GQ - 84	52,307	21,030	\$595,000	8	SE	Yes	interior street
PS - 60	44,094	21,271	\$565,000	85	SW	Yes	interior street
AH - 3	39,524	27,000	\$525,000	1,457	S	Yes	Desert Mtn Parkway

Here are the details on the nine homesites currently under contract:

Pending Homesites as of December 1, 2021
Prepared for Readers of Desert Living Magazine
Sorted by List Price

<u>Lot</u>	<u>Lot Size</u>	<u>Env Size</u>	<u>List Price</u>	<u>DOM</u>	<u>OMD</u>	<u>Lot Faces</u>	<u>Golf Course</u>	<u>Lights</u>	<u>McDowell Mtn.</u>	<u>Sunset</u>
CTR- 7	135,531	25,355	\$1,995,000	5	2021-10-30	S		3	5	
CTR- 9	69,696	36,528	\$1,950,000	56	2021-07-22	S		3	5	
SUN- 57	37,896	16,287	\$945,000	12	2021-10-20	S		1	1	2
LM - 50	45,741	17,049	\$895,000	0	2021-06-09	N	1			
SR -318	40,032	20,336	\$798,400	6	2021-10-15	SW				
SUN- 71	29,828	14,400	\$645,000	222	2021-11-16	SE		1	1	1
AH - 63	39,920	20,000	\$600,000	12	2021-11-14	NE				1
EF -420	51,616	20,670	\$495,000	57	2021-10-14	W	2	2		3
GQ -126	40,930	29,906	\$458,500	0	2021-11-01	NW		1	1	2

As for finished homes on the market, there were twenty-four, down one from last month (but up from 15 on September 1st). None of the twenty-four were speculative homes. (Four started “spec” homes were listed, all in Sunrise, Eagle Feather, or Gambel Quail, and ranging in price from \$2,750,000/\$581.89 per square foot up to \$3,690,000/\$708.93 per square foot. Ten un-started spec homes were listed, ranging from \$2,549,126/\$566.47 per square foot up to \$16,500,000/\$1,673.43 per square foot. We also track homes that we have reason to think are in the spec home “pipeline.” Our records show three homes currently under construction that we believe will be put on the market when they are finished. Only one of these is on a notable lot, for which the owner paid \$585,000 back in 2018. Approximately twenty more have been bought by four recognizable builders and will presumably be turned into spec homes over the next few years. Only one of these was bought for more than \$495,000, at \$820,000, with the rest having been bought for between \$125,000 and \$495,000.

Here is the list of the finished homes that were on the market as of December 1:

Available Homes as of December 1, 2021
 Prepared for Readers of Desert Living Magazine
 Sorted by List Price
 Physical Status: Finished

Lot	List Price	List Price/SF	Size	Brms	Guest House Rms	Baths	Pwder Rooms	Dens	Gar	Pool	Spa	Spec	Arch Style	Floor Plan	DOM
CGV- 17	\$10,000,000	\$1,349.16	7,412	3	0	4	1	2	2	No	Yes	No	CNTP	Great Room	273
SAG-341	\$9,995,000	\$1,295.02	7,718	4	1	4	1	1	5	Yes	Yes	No	TUSC	Great Room	318
LS - 21	\$7,500,000	\$960.80	7,806	3	1	5	1	1	3	Yes	Yes	No	SWCN	Kitchen/Family Room	203
CGV- 4	\$6,195,000	\$948.41	6,532	3	1	3	1	1	3	Yes	Yes	No	SWCN	Great Room	106
AP - 87	\$5,890,000	\$912.75	6,453	3	3	4	2	1	3	Yes	Yes	No	SWCN	Kitchen/Family Room	328
SAG-261	\$5,495,000	\$536.78	10,237	4	2	5	1	1	4	Yes	Yes	No	TUSC	Kitchen/Family Room	48
GQ - 25	\$5,000,000	\$896.38	5,578	3	1	3	1	1	4	Yes	Yes	No	CNTP	Great Room	85
SAG-288	\$4,950,000	\$655.89	7,547	5	0	5	1	1	3	Yes	Yes	No	TUSC	Kitchen By Itself	19
CGV- 26	\$4,950,000	\$564.68	8,766	4	0	5	2	1	3	Yes	Yes	No	TUSC	Kitchen/Family Room	336
LM - 64	\$4,750,000	\$627.48	7,570	4	0	6	0	1	4	Yes	Yes	No	SWCN	Kitchen/Family Room	75
MS - 51	\$4,500,000	\$616.44	7,300	3	0	4	1	2	4	Yes	Yes	No	TUSC	Great Room	83
LM - 71	\$4,495,000	\$563.71	7,974	3	2	3	1	2	4	Yes	Yes	No	TERR	Kitchen By Itself	82
PS - 1	\$4,295,000	\$692.74	6,200	4	2	4	1	1	5	Yes	Yes	No	SWCN	Kitchen/Family Room	63
PS - 61	\$3,995,000	\$804.79	4,964	4	0	4	1	0	3	Yes	Yes	No	TERR	Kitchen/Family Room	48
LS - 33	\$3,795,000	\$626.13	6,061	4	0	4	1	1	3	Yes	Yes	No	SWCN	Kitchen/Family Room	106
DR - 7	\$3,750,000	\$614.75	6,100	2	2	4	1	0	3	Yes	Yes	No	PBSF	Kitchen By Itself	216
SEV- 2	\$3,695,000	\$614.60	6,012	3	2	3	1	0	3	Yes	Yes	No	TUSC	Great Room	54
GF - 94	\$3,499,000	\$940.59	3,720	3	0	4	0	1	3	Yes	Yes	No	SWCN	Kitchen By Itself	14
SR -303	\$3,195,000	\$750.53	4,257	4	0	4	1	0	3	Yes	Yes	No	CNTP	Great Room	21
SR -304	\$3,150,000	\$567.87	5,547	4	0	4	1	1	3	Yes	Yes	No	TUSC	Great Room	54
AP - 66	\$3,000,000	\$482.55	6,217	3	2	3	1	1	3	No	Yes	No	CNTP	Great Room	17
SR -239	\$2,375,000	\$540.02	4,398	3	0	3	1	1	3	Yes	Yes	No	MXTR	Kitchen/Family Room	61
GF - 43	\$2,200,000	\$543.21	4,050	4	0	4	1	0	0	Yes	Yes	No	TERR	Great Room	27
SR -327	\$1,895,000	\$460.51	4,115	3	0	3	1	0	2	Yes	Yes	No	TERR	Great Room	1

None of these were spec homes, and there was not a single Developer semi-custom home in the group. All were full, custom homes. **Of special note: there were only three homes, or 12.5% of the total, on the market priced below \$3,000,000.** The reason this is “special” is because, during the period 12/1/2019 through 11/30/2020, 239 homes were put under contract. Of these, 199, or 83.3%, were listed for under \$3,000,000. The next 365 days, 12/1/2020 through 11/30/2021, 234 homes were put under contract, but the number of homes priced under \$3,000,000 shrank to 152, or 65.0 %. The percentage of homes under contract that were listed for under \$3,000,000 (see the next page) was 28.6%. The percentage of the 38 currently listed homes (started or not) that are priced under \$3,000,000 is 18.4%, and only 12.5% are finished and listed for under \$3,000,000. The entry level price point in Desert Mountain will continue to climb steeply, even as the average age increases and the average quality in terms of location and view declines.

According to our records, twenty-one homes were put under contract since November 1, with all but one still under contract. Here is a list of them, in descending order by List Price per Square Foot:

Homes Spoken for by Date Range For Date Range 11/01/2021 to 12/01/2021 Sorted by List Price per Square Foot							
<u>Lot</u>	<u>Village</u>	<u>Sale Status</u>	<u>List Price</u>	<u>List Price/SF</u>	<u>Size</u>	<u>DOM</u>	<u>Spec</u>
SAG-182	Saguaro Forest	Pending	\$6,450,000	\$1,139.98	5658	--	Yes
SAG-133	Saguaro Forest	Pending	\$5,995,000	\$1,086.64	5517	12	No
SAG-245	Saguaro Forest	Pending	\$6,950,000	\$1,004.77	6917		Yes
CR - 88	Cochise Ridge	Pending	\$2,795,000	\$821.09	3404	20	No
PS - 26	Painted Sky	Pending	\$4,500,000	\$789.47	5700		Yes
RQ - 60	Rose Quartz	Pending	\$4,499,000	\$774.09	5812	50	No
SAG- 78	Saguaro Forest	Pending	\$5,300,000	\$773.50	6852	644	No
SAG-282	Saguaro Forest	Pending	\$4,695,000	\$750.72	6254	77	No
GQ - 12	Gambel Quail	Pending	\$3,695,000	\$739.00	5000		Yes
SAG-297	Saguaro Forest	Pending	\$4,500,000	\$720.92	6242	212	No
SAG- 61	Saguaro Forest	Pending	\$3,500,000	\$705.65	4960	0	No
AH - 46	Arrowhead	Pending	\$3,195,000	\$652.17	4899	--	Yes
GQ -149	Gambel Quail	Pending	\$2,940,000	\$641.64	4582		Yes
GQ -202	Gambel Quail	Pending	\$3,790,000	\$641.18	5911	25	No
SUN- 19	Sunset Canyon	Pending	\$2,995,000	\$600.20	4990	38	No
AC - 44	Apache Cottages	Pending	\$1,450,000	\$590.87	2454	18	No
AP - 44	Apache Peak	Pending	\$1,450,000	\$590.87	2454	18	No
GF -119	Grey Fox	Pending	\$2,299,999	\$516.16	4456	6	No
CR - 50	Cochise Ridge	Pending	\$1,299,000	\$504.07	2577	20	No
AH - 62	Arrowhead	Pending	\$2,300,000	\$441.63	5208	18	No
SC - 33	Sonoran Cottages	Sold	\$810,000	\$441.18	1836	2	No

Note: We do not ascribe Days on Market to unfinished spec homes, which is why some of the above homes show no value in that column. Also, some of these homes are spoken for before they hit the market, and so also show no value for Days on Market. The median price point on a per square foot basis was about \$721 per square foot. Six of the twenty-one (28.6%) were spec homes.

Here is a snapshot of our RCD9 System’s “Market Velocity Report” for Homesites as of December 1, 2021 (which shows the number of homesites or homes that have gone under contract in a given month, not how many sold in that given month):

Homesites	2017	2018	2019	2020	2020 vs. Avg. for Last Three Years	2021 (YTD)	2021 vs. Avg. for Last Three Years	2021 vs. Last Year/vs. Last Year YTD
Total No. of Homesites:	<u>74</u>	<u>76</u>	<u>45</u>	<u>91</u>	140%	<u>70</u>	99%	77%/89%
January	<u>7</u>	<u>10</u>	<u>2</u>	<u>5</u>	79%	<u>9</u>	159%	180%
February	<u>3</u>	<u>7</u>	<u>3</u>	<u>4</u>	92%	<u>9</u>	193%	225%
March	<u>8</u>	<u>4</u>	<u>5</u>	<u>1</u>	18%	<u>11</u>	330%	1,100%
April	<u>8</u>	<u>14</u>	<u>3</u>	<u>4</u>	48%	<u>9</u>	125%	225%
May	<u>10</u>	<u>8</u>	<u>4</u>	<u>5</u>	68%	<u>6</u>	106%	120%
June	<u>8</u>	<u>3</u>	<u>2</u>	<u>11</u>	254%	<u>4</u>	75%	36%
July	<u>2</u>	<u>5</u>	<u>4</u>	<u>8</u>	218%	<u>2</u>	35%	25%
August	<u>7</u>	<u>5</u>	<u>2</u>	<u>5</u>	107%	<u>7</u>	175%	140%
September	<u>4</u>	<u>5</u>	<u>1</u>	<u>17</u>	510%	<u>3</u>	39%	18%
October	<u>3</u>	<u>4</u>	<u>5</u>	<u>10</u>	250%	<u>6</u>	95%	60%
November	<u>10</u>	<u>9</u>	<u>10</u>	<u>9</u>	93%	<u>4</u>	43%	44%
December	<u>4</u>	<u>2</u>	<u>4</u>	<u>12</u>	360%	--	0%	0%

The continued decline in the number of homesites spoken for speaks to the diminishing inventory, and the quality of that inventory.

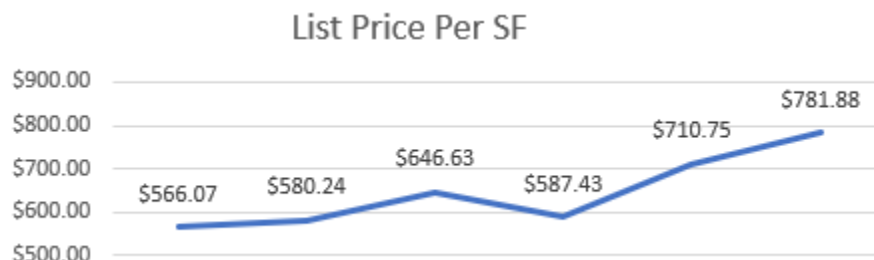
Here is a snapshot of home selling activity:

Homes	2017	2018	2019	2020	2020 vs. Avg. for Last Three Years	2021 (YTD)	2021 vs. Avg. for Last Three Years	2021 vs. Last Year/vs. Last Year YTD
Total No. of Homes:	<u>133</u>	<u>146</u>	<u>168</u>	<u>255</u>	171%	<u>218</u>	115%	85%/94%
January	<u>12</u>	<u>14</u>	<u>9</u>	<u>16</u>	137%	<u>27</u>	208%	169%
February	<u>10</u>	<u>16</u>	<u>9</u>	<u>23</u>	197%	<u>26</u>	163%	113%
March	<u>15</u>	<u>17</u>	<u>16</u>	<u>18</u>	113%	<u>41</u>	241%	228%
April	<u>21</u>	<u>19</u>	<u>35</u>	<u>18</u>	72%	<u>23</u>	96%	128%
May	<u>13</u>	<u>25</u>	<u>28</u>	<u>21</u>	95%	<u>28</u>	114%	133%
June	<u>9</u>	<u>8</u>	<u>9</u>	<u>26</u>	300%	<u>16</u>	112%	62%
July	<u>6</u>	<u>8</u>	<u>5</u>	<u>18</u>	284%	<u>10</u>	97%	56%
August	<u>10</u>	<u>12</u>	<u>7</u>	<u>14</u>	145%	<u>5</u>	45%	36%
September	<u>3</u>	<u>3</u>	<u>5</u>	<u>27</u>	736%	<u>11</u>	94%	41%
October	<u>2</u>	<u>6</u>	<u>17</u>	<u>29</u>	343%	<u>10</u>	58%	34%
November	<u>15</u>	<u>10</u>	<u>19</u>	<u>23</u>	157%	<u>21</u>	121%	91%
December	<u>17</u>	<u>8</u>	<u>9</u>	<u>22</u>	194%	--	0%	0%

The number of homes going under contract has been declining, generally speaking, since July, a reflection, we believe, of rising prices. Here is how the average list price of the homes spoken for on a monthly basis since July has fared:

July	10 homes	\$566.07
August	4 homes	\$580.24
September	11 homes	\$646.63
October	10 homes	\$587.43
November	21 homes	\$710.75

That is a strong rate of inflation. And, the average list price per square foot of the 38 homes listed for sale today is \$781.88.



Here are some other “tidbits” on the homes sold in the last year that might be of interest to you:

Architectural Style	Any Size
Contemporary	27.00% (64)
Desert Modern	0.42% (1)
Mediterranean	1.69% (4)
Mexican Territorial	4.22% (10)
Organic Southwest	0.42% (1)
Pueblo/Santa Fe	8.44% (20)
Spanish Colonial	2.11% (5)
SW Contemporary	30.80% (73)
Territorial	10.55% (25)
Tuscan	13.50% (32)

For 235 of the 237 Sold Homes

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Floor Plan Type

Kitchen/Family Room	29.96% (71)
Kitchen By Itself	13.50% (32)
Great Room	54.85% (130)

For 233 of the 237 Sold Homes

Used Homes Sold 12/1/2020 through 11/30/2021 Average Days on Market and Average Sales Price per S. F. by Solar Exposure of Back Patio				
Solar Exposure of Back Patio	No. of Homes Sold	Average Days on Market	Average Sales Price per S.F.	Rank Order
North	18	102	\$428.32	8th
South	63	50	\$495.77	4th
East	7	69	\$456.22	7th
West	24	126	\$537.40	1st
Southeast	18	112	\$509.36	2nd
Southwest	46	111	\$496.02	3rd
Northeast	3	66	\$477.66	6th
Northwest	31	30	\$477.89	5th

Partial Special Feature Analysis

237 Homes Sold

12/1/2020 through 11/20/2021

✓ Guest House	✓ Single Den	✓ Exercise Room	✓ Game/Billiards Room	✓ Home Theatre Media Room	✓ No interior steps	✓ On a Golf Course
1.27% (3)	1.27% (3)	0.42% (1)	0.42% (1)	0.42% (1)	0.84% (2)	--
--	0.42% (1)	0.42% (1)	--	0.42% (1)	--	--
1.27% (3)	0.42% (1)	0.42% (1)	0.42% (1)	0.84% (2)	0.42% (1)	--
1.69% (4)	1.27% (3)	0.42% (1)	0.84% (2)	--	1.27% (3)	--
3.80% (9)	4.64% (11)	2.95% (7)	2.53% (6)	2.95% (7)	0.84% (2)	0.84% (2)
9.70% (23)	10.13% (24)	4.22% (10)	2.95% (7)	2.95% (7)	3.80% (9)	--
9.28% (22)	17.72% (42)	4.64% (11)	2.11% (5)	4.64% (11)	3.38% (8)	--
11.81% (28)	22.78% (54)	2.53% (6)	1.69% (4)	2.53% (6)	6.75% (16)	0.42% (1)
0.84% (2)	1.69% (4)	--	--	--	3.38% (8)	--
--	--	--	--	--	--	--
39.66% (94)	60.34% (143)	16.03% (38)	10.97% (26)	14.77% (35)	20.68% (49)	1.27% (3)

The Davis Driver Group has the best market data on Desert Mountain thanks to our proprietary RCD9 System, in which we have invested approximately \$1,200,000 over the last thirty years. Having significantly more and better market information gives us and our listing and buying clients material advantages over all other agents and brokerages since they all only have the generic Multiple Listing Service on which to rely. Unfortunately, by the time this data is printed, it is out of date. If you would like to have information like this automatically sent to you on a timelier basis, call me. We will set up a “Market Watch” defining a) any individual property, b) any entire Village, or c) any home or homes that meet a custom “recipe” that you can define, in great detail. There are other reports we can set up to automatically come your way.

If you would like to know more, give me a call. I would be glad to answer your questions!

Sincerely,

A handwritten signature in blue ink that reads "Davis Driver".

Jack and Kathleen Spidell Ann and Davis Driver



Donna Legate

Bob Terry