

March 2022

Thanks for your continued readership of this column! We appreciate it. Here is the news...

As of the morning of February 1st, there were twenty-one homesites for sale in Desert Mountain, up from twenty on January 1. If you would like to see a detailed list of these, please visit the Home Page of our website. Here is a digest of what is available, now and thirty days ago:

	<u>Today</u>	<u>Last Month</u>
Lowest Priced Lot	- \$399,000	\$399,000
Number priced in the \$300,000s	- 1	1
Number priced in the \$400,000s	- 2	1
Number priced in the \$500,000s	- 3	3
Number priced in the \$600,000s	- 2	1
Number priced in the \$700,000s	- 4	2
Number priced in the \$800,000s	- 0	0
Number priced in the \$900,000s	- 1	2
Number priced at \$1,000,000 or more	- 8	10

Here are the details on the six homesites placed under contract since January 1:

**Homesites Spoken for by Date Range
For Date Range 01/01/2022 to 02/01/2022
Sorted by Membership, List Price**

<u>Lot</u>	<u>OMD</u>	<u>Village</u>	<u>Sale Status</u>	<u>List Price</u>	<u>Sale Price</u>	<u>DOM</u>	<u>Lot Faces</u>	<u>Lot Size</u>	<u>Lot Faces</u>	<u>Overlooks Road</u>	<u>Road Name</u>
SAG-154	01/26/2022	Saguaro Forest	Pending	\$2,395,000	\$0	139	NW	47597	NW	No	
SEV- 12	01/11/2022	Seven Arrows	Pending	\$1,950,000	\$0	318	S	91247	S	No	
SAG-335	01/10/2022	Saguaro Forest	Pending	\$1,500,000	\$0	125	S	189763	S	No	
SUN- 34	01/12/2022	Sunset Canyon	Pending	\$1,450,000	\$0	2	SW	47145	SW	Yes	Interior street
CTR- 4	01/20/2022	Cintarosa Ranch	Pending	\$995,000	\$0	135	N	238709	N	No	
MS - 45	01/17/2022	Mountain Skyline	Pending	\$600,000	\$0	9	W	34636	W	Yes	Interior street

Fourteen homesites have gone under contract since December 1, 2021. Of these, seven were listed for \$1,299,000 or more. Three, including the one above, were listed for more than \$2,000,000. This demand for expensive homesites is essentially unprecedented. In the ten years ending on 11/30/2021, there were only eleven sales listed for \$1,299,000 out of a total of 586 sales.

As for finished homes on the market, there were twenty-six, up three from last month (net of fifty-nine sales since September 1, when there were only fifteen finished homes for sale). None of the twenty-six were speculative homes. (Like last month, there were four started "spec" homes listed for sale, ranging in price from \$2,750,000/\$581.89 per square foot up to \$3,690,000/\$708.93 per square foot). Nine un-started spec homes that were listed last month (down from ten) were still listed for sale. They ranged from a low of \$2,999,126/\$666.47 per square foot (up from \$2,549,126/\$566.47 per square foot) up to \$16,500,000/\$1,673.43 per square foot.

Here is the list of the twenty-six finished homes that were on the market as of February 1:

Available Homes as of February 1, 2022
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	Lot Faces
CGV- 17	\$10,000,000	\$1,349.16	7,412	3	0	4	1	2	2	No	Yes	No	CNTP	Great Room	335	W
LM - 27	\$8,000,000	\$711.11	11,250	5	2	7	0	2	3	Yes	Yes	No	CNTP	Kitchen/Family Room	6	SE
CTR- 19	\$6,075,000	\$934.04	6,504	4	1	4	1	1	3	Yes	Yes	No	CNRN	Kitchen/Family Room	27	SW
SEV- 13	\$5,900,000	\$711.19	8,296	4	1	6	0	1	4	Yes	Yes	No	SWCN	Kitchen/Family Room	39	S
AP - 87	\$5,890,000	\$912.75	6,453	3	3	4	2	1	3	Yes	Yes	No	SWCN	Kitchen/Family Room	390	SW
SAG-261	\$5,495,000	\$536.78	10,237	4	2	5	1	1	4	Yes	Yes	No	TUSC	Kitchen/Family Room	110	E
SAG-288	\$4,950,000	\$655.89	7,547	5	0	5	1	1	3	Yes	Yes	No	TUSC	Kitchen By Itself	81	S
CGV- 26	\$4,950,000	\$564.68	8,766	4	0	5	2	1	3	Yes	Yes	No	TUSC	Kitchen/Family Room	398	W
MS - 51	\$4,500,000	\$616.44	7,300	3	0	4	1	2	4	Yes	Yes	No	TUSC	Great Room	145	N
LM - 64	\$4,500,000	\$594.45	7,570	4	0	6	0	1	4	Yes	Yes	No	SWCN	Kitchen/Family Room	137	NW
TR - 10	\$4,500,000	\$604.27	7,447	3	1	3	0	1	3	Yes	Yes	No	TERR	Kitchen/Family Room	22	N
LS - 5	\$4,500,000	\$885.48	5,082	4	0	4	1	1	3	Yes	Yes	No	SWCN	Great Room	20	S
LM - 71	\$4,495,000	\$563.71	7,974	3	2	3	1	2	4	Yes	Yes	No	TERR	Kitchen By Itself	144	SW
PS - 1	\$4,295,000	\$692.74	6,200	4	2	4	1	1	5	Yes	Yes	No	SWCN	Kitchen/Family Room	125	SW
SAG-195	\$4,199,999	\$560.00	7,500	3	3	4	0	1	4	Yes	Yes	No	TUSC	Great Room	30	SW
PS - 61	\$3,995,000	\$804.79	4,964	4	0	4	1	0	3	Yes	Yes	No	TERR	Kitchen/Family Room	110	N
SEV- 2	\$3,695,000	\$614.60	6,012	3	2	3	1	0	3	Yes	Yes	No	TUSC	Great Room	116	SW
SUN- 18	\$3,295,000	\$669.04	4,925	4	0	4	1	1	3	Yes	Yes	No	PBSF	Kitchen/Family Room	52	S
SR -304	\$3,000,000	\$540.83	5,547	4	0	4	1	1	3	Yes	Yes	No	TUSC	Great Room	116	S
AP - 66	\$3,000,000	\$482.55	6,217	3	2	3	1	1	3	No	Yes	No	CNTP	Great Room	79	S
EF -365	\$2,795,000	\$698.58	4,001	4	0	4	1	1	3	Yes	Yes	No	TERR	Kitchen/Family Room	29	S
TR - 35	\$2,500,000	\$723.17	3,457	2	1	2	1	1	2	Yes	Yes	No	TERR	Kitchen/Family Room	4	S
GQ -194	\$2,495,000	\$567.05	4,400	3	0	4	1	1	3	Yes	Yes	No	TERR	Kitchen/Family Room	8	SE
GF - 62	\$2,175,000	\$527.53	4,123	4	0	4	1	0	4	Yes	No	No	SWCN	Kitchen By Itself	54	SW
CR - 51	\$2,099,500	\$618.23	3,396	3	0	3	1	0	2	Yes	Yes	No	SWCN	Kitchen By Itself	14	SE
DG - 69	\$1,575,000	\$611.41	2,576	2	0	2	1	0	2	Yes	Yes	No	SWCN	Great Room	3	SE

None of these were spec homes. There were two Developer semi-custom homes on the market, up from none last month. **Of special note: last month there were only two homes priced below \$3,000,000; this month there are six, or 23.1%. In calendar year 2019, 168 homes went under contract; of these, 144, or 85.7%, were listed for under \$3,000,000. In calendar year 2020, 252 homes went under contract; of these, 206, or 81.7%, were listed for under \$3,000,000. In calendar year 2021, the numbers were 225 and 148, or 65.8%. With only 23.1% of the current inventory priced under \$3,000,000, the price of getting into Desert Mountain has skyrocketed.**

According to our records, seven homes were put under contract (compared to ten in December, and twenty-one in November). Here is a list of them, in descending order by List Price:

**Homes Spoken for by Date Range
For Date Range 01/01/2022 to 02/01/2022
Sorted by Membership, List Price**

<u>Lot</u>	<u>Village</u>	<u>Sale Status</u>	<u>List Price</u>	<u>Sale Price</u>	<u>List Price/SF</u>	<u>Sale Price/SF</u>	<u>% Off List</u>	<u>Size</u>	<u>DOM</u>	<u>Spec</u>	<u>OMD</u>
GQ - 25	Gambel Quail	Pending	\$4,500,000	\$0	\$739.28	--	100.0%	6087	136	No	01/21/2022
GF -131	Grey Fox	Pending	\$3,999,999	\$0	\$803.21	--	100.0%	4980	6	No	01/28/2022
DR - 7	Deer Run	Pending	\$3,750,000	\$0	\$614.75	--	100.0%	6100	277	No	01/31/2022
LS - 33	Lost Star	Pending	\$3,650,000	\$0	\$602.21	--	100.0%	6061	157	No	01/21/2022
AP - 56	Apache Peak	Pending	\$2,695,000	\$0	\$689.26	--	100.0%	3910	10	No	01/28/2022
GQ - 17	Gambel Quail	Pending	\$2,295,000	\$0	\$583.08	--	100.0%	3936	45	No	01/28/2022
DHS- 31	Desert Hills	Pending	\$1,350,000	\$0	\$428.57	--	100.0%	3150	4	No	01/06/2022

None of these were spec homes. The median list price point on a per square foot basis for these seven homes was \$637.19. During this same time period last year, thirty homes were put under contract, with list prices available for twenty-nine of them. The median price of these twenty-nine was \$524.86. By this metric, prices have gone up 21.4% over the last year. Demand in January this year was only 23.3% of last January, not a big surprise given the meteoric rise in prices.

Here are snapshots of our RCD9 System’s “Market Velocity Report” as of February 1, 2022 (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	2018	2019	2020	2021	2021 vs. Avg. for Last Three Years	2022 (YTD)	2022 vs. Avg. for Last Three Years	2022 vs. Last Year vs. Last Year YTD
Total No. of Homesites:	<u>76</u>	<u>45</u>	<u>92</u>	<u>77</u>	108%	<u>6</u>	8%	8%/60%
January	<u>10</u>	<u>2</u>	<u>5</u>	<u>9</u>	159%	<u>6</u>	113%	67%
February	<u>7</u>	<u>3</u>	<u>4</u>	<u>9</u>	193%	--	0%	0%
March	<u>4</u>	<u>5</u>	<u>1</u>	<u>9</u>	270%	--	0%	0%
April	<u>14</u>	<u>3</u>	<u>4</u>	<u>9</u>	129%	--	0%	0%
May	<u>8</u>	<u>4</u>	<u>5</u>	<u>6</u>	106%	--	0%	0%
June	<u>3</u>	<u>2</u>	<u>11</u>	<u>4</u>	75%	--	0%	0%
July	<u>5</u>	<u>4</u>	<u>8</u>	<u>2</u>	35%	--	0%	0%
August	<u>5</u>	<u>2</u>	<u>5</u>	<u>7</u>	175%	--	0%	0%
September	<u>5</u>	<u>1</u>	<u>17</u>	<u>3</u>	39%	--	0%	0%
October	<u>4</u>	<u>5</u>	<u>10</u>	<u>6</u>	95%	--	0%	0%
November	<u>9</u>	<u>10</u>	<u>9</u>	<u>5</u>	54%	--	0%	0%
December	<u>2</u>	<u>4</u>	<u>13</u>	<u>8</u>	126%	--	0%	0%

Here is a snapshot of home selling activity:

Homes	2018	2019	2020	2021	2021 vs. Avg. for Last Three Years	2022 (YTD)	2022 vs. Avg. for Last Three Years	2022 vs. Last Year/vs. Last Year YTD
Total No. of Homes:	146	168	255	229	121%	7	3%	3%/23%
January	14	9	16	28	215%	7	40%	25%
February	16	9	23	26	163%	--	0%	0%
March	17	16	18	41	241%	--	0%	0%
April	19	35	18	23	96%	--	0%	0%
May	25	28	21	28	114%	--	0%	0%
June	8	9	26	16	112%	--	0%	0%
July	8	5	18	10	97%	--	0%	0%
August	12	7	14	5	45%	--	0%	0%
September	3	5	27	11	94%	--	0%	0%
October	6	17	29	10	58%	--	0%	0%
November	10	19	23	21	121%	--	0%	0%
December	8	9	22	10	77%	--	0%	0%

It will be interesting to see how things play out in the coming selling season (and beyond!). Interest rates are expected to rise, which should have a chilling effect on home demand. Even if most buyers here do not borrow to buy, high interest rates have historically triggered a drop in the stock market. After such a drop, even if a family still has plenty of Desert Mountain home buying capacity, they can feel “poorer” and much less in the mood to spend what it looks like it will take to get into Desert Mountain. Not having many homes from which to choose may also limit the number of homes going under contract. Sellers will have to be more patient than they have had to be over the last couple of years.

On the other hand, with the possible hopeful exception of Covid, we still see high crime and high taxes, among other challenges, which have driven people to leave densely populated coastal cities over the last year or two (along with non-coastal cities like Chicago and Minneapolis), continuing to plague these cities for years to come. Hopefully, enough of the residents of these cities who want to leave will have enough buying power to support the recent price increases here.

The lack of highly desirable homesites will play a role, too. According to our records, 104 homesites are owned by a neighboring homeowner to protect views or privacy. Over the years, a few of these sites may dribble out into the market, but probably not many. Other than that, we show only 238 vacant homesites. If the owners of these sites have not decided to put them on the market over the last eighteen months or so, they likely will be hanging onto them for the foreseeable future. If that group represents, say, sixty percent of the unbuilt upon inventory, you are down to perhaps ninety-five sites that *might* come on the market. Given the preponderance of this group being in less desirable locations or offering very little in the way of views or privacy, one could make the argument that fewer and fewer people will choose to buy a homesite

and build, rather than buy an existing home, even if that home is twenty-five or thirty years old and needs a complete renovation.

Our bet is that there will be enough qualified buyers to sustain our market where it is now for the rest of at least this buying season, if not the end of 2022.

Here is a look at the Days on Market values for 149 of the 154 homes that have closed escrow since January 1, 2021:

Sold For				
	Min DOM	Max DOM	Avg DOM	Median DOM
\$8,000,000 & up	111	310	219	235
\$7,000,000 - \$7,999,999	16	16	16	16
\$6,000,000 - \$6,999,999	15	194	91	63
\$5,000,000 - \$5,999,999	3	59	19	8
\$4,000,000 - \$4,999,999	5	212	56	43
\$3,000,000 - \$3,999,999	2	594	88	30
\$2,000,000 - \$2,999,999	2	752	95	32
\$1,000,000 - \$1,999,999	2	557	78	41
\$500,000 - \$999,999	148	148	148	148
Under \$500,000	--	--	--	--
Any Price	2	752	84	39
House Size				
Any Size	2	752	84	39
10,000 & up	43	111	77	77
7,500 - 9,999	16	583	147	68
5,000 - 7,499	2	752	110	59
2,500 - 4,999	2	557	56	25
Under 2,500	--	--	--	--

Here's a breakdown of most of the homes sold between January 1, 2021 and January 30, 2022 by Architectural Style and Size:

151 Homes of the 154 Homes Sold That Have an Architectural Style

Architectural Style	Any Size	10,000 SF or more	7,500 - 9,999 SF	5,000 - 7,499 SF	2,500 - 4,999 SF	Under 2,500 SF
Contemporary	22.73% (35)	--	1.95% (3)	9.09% (14)	11.69% (18)	--
Mediterranean	2.60% (4)	--	--	1.95% (3)	0.65% (1)	--
Mexican Territorial	1.30% (2)	--	--	--	1.30% (2)	--
Organic Southwest	0.65% (1)	--	0.65% (1)	--	--	--
Pueblo/Santa Fe	8.44% (13)	--	1.30% (2)	2.60% (4)	4.55% (7)	--
Spanish Colonial	1.95% (3)	0.65% (1)	--	1.30% (2)	--	--
SW Contemporary	25.97% (40)	--	0.65% (1)	11.69% (18)	13.64% (21)	--
Territorial	15.58% (24)	--	--	3.25% (5)	12.34% (19)	--
Tuscan	18.83% (29)	0.65% (1)	1.95% (3)	11.69% (18)	4.55% (7)	--

To see most of these tables “live” please visit anytime (without having to register) the home page of our main website, www.propertiesofdesertmountain.com. 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 at 602 399 0116. I would be glad to answer your questions!

Sincerely,



Kathleen and Jack Spidell, Ann and Davis Driver, Donna Legate and Bob Terry