

September 2022

As of the morning of July 31, there were thirty homesites for sale in Desert Mountain, in the following price bands, up seven from a month ago, and net of just one site spoken for so far during July (Rose Quartz 21, listed without a membership for \$799,500).

	<u>Today</u>	<u>Last Month</u>
Lowest Priced Lot	- \$430,000	\$430,000
Number priced in the \$300,000s	- 0	0
Number priced in the \$400,000s	- 5	3
Number priced in the \$500,000s	- 7	5
Number priced in the \$600,000s	- 0	2
Number priced in the \$700,000s	- 5	3
Number priced in the \$800,000s	- 0	0
Number priced in the \$900,000s	- 1	1
Number priced at \$1,000,000 or more	- 12	9

Only two of the thirty were offered with a Full Golf Membership (Saguaro Forest 100 at \$3,395,000 and Mountain Skyline 52 at \$995,000, same as last month). None were offered with a Lifestyle.

Here is a snapshot of homesite selling activity (number going under contact each 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>93</u>	<u>80</u>	112%	<u>23</u>	32%	29%/46%
January	<u>10</u>	<u>2</u>	<u>5</u>	<u>9</u>	159%	<u>7</u>	131%	78%
February	<u>7</u>	<u>3</u>	<u>4</u>	<u>10</u>	214%	<u>6</u>	106%	60%
March	<u>4</u>	<u>5</u>	<u>1</u>	<u>10</u>	300%	<u>2</u>	38%	20%
April	<u>14</u>	<u>3</u>	<u>4</u>	<u>9</u>	129%	<u>1</u>	19%	11%
May	<u>8</u>	<u>4</u>	<u>5</u>	<u>6</u>	106%	<u>4</u>	80%	67%
June	<u>3</u>	<u>2</u>	<u>11</u>	<u>4</u>	75%	<u>2</u>	35%	50%
July	<u>5</u>	<u>4</u>	<u>8</u>	<u>2</u>	35%	<u>1</u>	21%	50%
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>7</u>	111%	--	0%	0%
November	<u>9</u>	<u>10</u>	<u>10</u>	<u>5</u>	52%	--	0%	0%
December	<u>2</u>	<u>4</u>	<u>13</u>	<u>8</u>	126%	--	0%	0%

This data shows the continued very slow market for homesites, not surprising given: 1) the lack of reasonably priced membership-equipped opportunities; 2) poor-quality to-price ratio of most of the listed sites; 3) recession concerns, and 4) the time of year.

As for homes, there were sixty-five listed for sale as of the morning of July 31, up from fifty-eight a month ago. Of these, ten were not-yet-started spec homes (ranging from \$3,795,000 to \$16,500,000 in total price). One seller offered a Full Golf Membership (“FGA”) to their buyer, through the Club. Seven were under-construction speculative homes (no change). They ranged in price from \$2,250,000 to \$7,995,000, with only the most expensive one offered with a FGA. Forty-eight were completed homes, up from forty-one a month ago (not a single spec home among them), ranging in price from \$1,225,000 to \$16,000,000. Nineteen of the forty-eight were offered with a FGA, at prices starting at \$1,975,000. Their Average Days on Market was 120.

Fifteen homes were under contract as of July 31. Two were un-started spec homes (listed for \$592.76 and \$781.52 per square foot). Four were spec homes that were already started (listed from \$734.61 to \$1,129.31 per square foot). Nine were finished (none were new speculative homes; listed from \$527.59 to \$836.28 per square foot, and from \$1,490,000 to \$5,495,000 total price). The Average Days on Market for the five offered with a FGA was 42, and 71 for those offered with no membership.

Here is a snapshot of home selling activity (number going under contract each month):

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	227	120%	84	39%	37%/49%
January	14	9	16	28	215%	5	28%	18%
February	16	9	23	26	163%	20	103%	77%
March	17	16	18	41	241%	18	72%	44%
April	19	35	18	23	96%	12	47%	52%
May	25	28	21	28	114%	15	58%	54%
June	8	9	26	16	112%	8	47%	50%
July	8	5	18	10	97%	6	55%	60%
August	12	7	14	5	45%	--	0%	0%
September	3	5	27	11	94%	--	0%	0%
October	6	17	29	9	52%	--	0%	0%
November	10	19	23	20	115%	--	0%	0%
December	8	9	22	10	77%	--	0%	0%

Note the 49% negative spread between 2021 and 2022, YTD, and how much the market has fallen off starting in June 2021.

With more homes coming on the market, even as fewer and fewer are spoken for, most prospective sellers over the coming months are not likely to enjoy the avid reception they probably would have received last year, at least through May. The bottom has completely fallen out of the market since then.

Even in the face of sharply diminishing demand for homes in Desert Mountain, one slightly bright spot is the popularity of homes being offered without access to a membership.

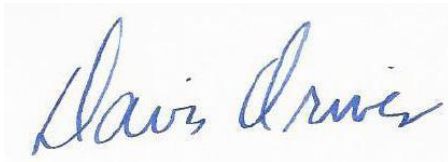
Since May 1, twenty-nine homes have gone under contract, with thirteen of them “naked”, or 44.8 percent. One or two of these sales might have been in conjunction with the purchase of a homesite offered with a membership. However, of the seven homesites put under contract since May 1, only two had any kind of membership available from their sellers. So, it would appear that at least 71.4% of the homes that went under contract were bought by people who did not want or need a membership.

This is an encouraging sign for those owners in Desert Mountain who want to sell and keep their membership (if the Club continues to allow that practice), or successfully sell without a membership if they do not have any membership to contribute. This tidbit of information might be comforting to the spec home builders who have “naked” lots on which they would like to build but who have been concerned that, without a membership, they will not have much of a market. As logical as that concern might sound, the data is not supporting it.

You can find an up to date “live” version of these reports (along with a substantial amount of other detailed research unavailable elsewhere) at PropertiesofDesertMountain.com.

Paying attention to detail like we do helps save our clients time and money, especially in a weak market. If you would like to know more, give me a call at 602 399 0116, or Kathleen Spidell at 480 553 4177. We would be glad to answer your questions!

Sincerely,

A handwritten signature in blue ink that reads "Davis Davis". The signature is written in a cursive, flowing style.



Kathleen and Jack Spidell, Ann and Davis Driver

Need a Broker Opinion of Value, an asset valuation for insurance or estate planning purposes, a real estate tax appeal, or are curious about what we think your Desert Mountain home is worth? Let us prepare a free, ultra-detailed List Price Analysis for you! It will clearly demonstrate why our claim to “**Know More. Do More. Aim Higher.**” is true, and why we typically sell our listings meaningfully more quickly than our competitors and how rarely we need to resort to steep discounting (defined as ten percent or more) to get them under contract.