

October 2022

As of the morning of September 1, there were thirty-two homesites for sale in Desert Mountain, in the following price bands, up two from a month ago. NOT A SINGLE HOMESITE WAS PUT UNDER CONTRACT DURING AUGUST.

	<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	5
Number priced in the \$500,000s	- 7	7
Number priced in the \$600,000s	- 2	0
Number priced in the \$700,000s	- 4	5
Number priced in the \$800,000s	- 0	0
Number priced in the \$900,000s	- 1	1
Number priced at \$1,000,000 or more	- 13	12

Only two of the thirty-two were offered with a Full Golf Membership (Saguaro Forest 100 at \$3,395,000 and Mountain Skyline 52 at \$995,000, same as the last two months). None were offered with a Lifestyle... Eleven of the thirty-two were challenging sites since a future back patio would almost certainly overlook a road.

Here is a snapshot of homesite selling activity (number going under contract 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>81</u>	114%	<u>23</u>	32%	28%/40%
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>8</u>	126%	--	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%

As stated last month, 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. Still, it is hard to comprehend not having a single homesite go under contract.

As for homes, there were sixty listed for sale as of the morning of September 1, down from sixty-five the morning of July 31. Of these, ten were not-yet-started spec homes (same as on July 31) ranging from \$3,385,000 to \$10,895,000 in total price. Only one of these, Saguaro Forest 100, listed for \$10,895,000, included an option to buy the Seller’s Full Golf Membership (“FGA”) through the Club. Six were under-construction speculative homes (down one from July 31). They ranged in price from \$2,250,000 to \$4,985,000, with none offered with any kind of membership. Forty-four were completed homes, down from forty-eight a month ago (not a single spec home among them), ranging in price from \$1,225,000 to \$11,900,000. On a per square foot basis, the range was from \$388.07 up to \$1,309.85. Fourteen of the forty-four were offered with a FGA, at prices starting at \$1,975,000. Their Average Days on Market was 141 (up from 120 on July 31). Only two were listed for less than \$3,525,000 (Apache Cottage 58 for \$1,975,000/\$798.95 per square foot, and Grey Fox 94 for \$2,699,000/\$725.54. The least expensive home on a per square foot basis was Apache Peak 2, 6,681 square feet listed for \$3,650,000, or \$546.33 per square foot.

Eleven homes were under contract as of September 1. One was an un-started spec home (Gambel Quail 80, a 4,600 square foot home listed for \$3,595,000/\$781.52 per square foot). Five were spec homes that were already started (up from four on July 31). These five were listed from \$2,995,000 to \$10,000,000, and from \$734.61 to \$1,359.00 on a per square foot basis. Only five homes were finished (none were new speculative homes), ranging in price from \$1,490,000 to \$4,500,000 in total price and from \$438.96 to \$896.75 on a per square foot basis. Four of the five had been offered with a Full Golf Membership. The Average Days on Market for these four was 29, and 0 for the other two (they appeared already under contract).

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	226	119%	88	41%	39%/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%	7	64%	70%
August	12	7	14	5	45%	3	35%	60%
September	3	5	27	11	94%	--	0%	0%
October	6	17	29	8	46%	--	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 since June 2022. YTD, the volume of homes going under contract is down forty percent from last year.

Last month I wrote “the bottom has completely fallen out of the market since (May). Nothing in the data suggests anything but things getting worse for sellers 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, thirty-three homes have gone under contract, with fourteen of them “naked”, or 42.4 percent. Some 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 63.6% 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. Listing at the right price will be a necessary part of this equation, however. 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 Arves". 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.