

November 2022

As of the morning of October 1, there were thirty-three homesites for sale in Desert Mountain, in the following price bands, up one from a month ago. Only one homesite was put under contract in September.

	<u>Today</u>	<u>Last Month</u>
Lowest Priced Lot	- \$399,000	\$430,000
Number priced in the \$300,000s	- 1	0
Number priced in the \$400,000s	- 5	5
Number priced in the \$500,000s	- 6	7
Number priced in the \$600,000s	- 2	2
Number priced in the \$700,000s	- 4	4
Number priced in the \$800,000s	- 1	0
Number priced in the \$900,000s	- 1	1
Number priced at \$1,000,000 or more	- 13	13

Only two of the thirty-three 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 three months). One was offered with a Lifestyle (Mountain Skyline 73 at \$875,000). Twelve of the thirty-three were challenging sites since a future back patio would almost certainly overlook a road. Of the twenty-one that did not overlook a road, only one, Lost Star 13, priced at \$2,500,000 (without a membership) had a substantial city light view.

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>24</u>	33%	30%/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%	<u>1</u>	14%	33%
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%

With only two lots going under contract in the last ninety-one days, 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 seventy-six listed for sale as of the morning of October 1 (without respect to current physical status), up from sixty the morning of September 1. Of these, eleven were not-yet-started spec homes (up one from September 1), ranging from \$3,385,000 to \$10,895,000 in total price (no change in the last month). 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. Seven were under-construction speculative homes (up one from September 1). They ranged in price from \$2,250,000 to \$5,450,000, with none offered with any kind of membership. Fifty-eight were completed homes, up from forty-four a month ago (not a single spec home among them), ranging in price from \$1,125,000 to \$11,900,000. On a per square foot basis, the range was from \$388.07 (no change from last month) up to \$1,309.85 (also no change). Twenty of the fifty-eight were offered with a FGA (up from fourteen a month ago), at prices starting at \$1,850,000 (for an Apache Cottage; the least expensive custom home offered with a FGA was Grey Fox 110, offered at \$2,399,000/\$521.86 per square foot). Their Average Days on Market was 160 (up from 141 and 120 the previous two months). Six were listed for less than \$3,475,000; their average Days on Market was 370 (with one at 1 day, and another at 8 days).

Thirteen homes were under contract as of October 1, up from eleven last month. Eight of these were finished (none were new speculative homes), ranging in price from \$1,490,000 to \$4,750,000 in total price, and from \$515.69 to \$922.33 on a per square foot basis. The five least expensive of these eight all included Full Golf Memberships. The top list price per square foot for these five was \$728.61, for Sonoran Ridge 29. The Average Days on Market for these was 35.2.

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	226	119%	93	43%	41%/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%	5	35%	45%
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 49.7% negative spread between 2021 and 2022, YTD, and how much the market has fallen off since June 2022. The 93 homes spoken for so far this year compares to 123 spoken for during the same period in 2019, down 24.4%. Two months ago, I wrote “the bottom has completely fallen out of the market since (May). Despite an exceedingly small uptick in home sales in September, not much in the data (or the news!) suggests things are getting any better for sellers since then.

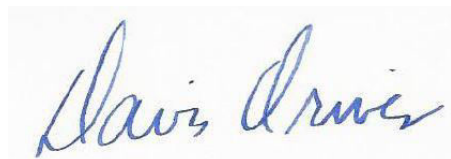
Everyone connected with Desert Mountain is aware of a lack of memberships, and an extensive wait list. It would be understandable for most potential sellers to regard their chances of success as low if they were to put their home on the market without a membership. However, since June 1, 2022, of the twenty-three homes that have gone under contract, eleven of them, or 47.8%, were offered without a membership. Perhaps a small number of these buyers already had a membership (or were in the process of obtaining one through the purchase of a homesite offered with one for sale).

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 important in a slowing 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,



Kathleen and Jack Spidell, Ann and Davis Driver