

December 2022

As of late October 31, there were thirty-seven homesites for sale in Desert Mountain, in the following price bands, up four from a month ago. Only one homesite was put under contract during the first thirty days of October. Only two have gone under contract since July 12th.

| | <u>Today</u> | <u>Last Month</u> |
|--------------------------------------|--------------|-------------------|
| Lowest Priced Lot | - \$493,000 | \$399,000 |
| Number priced in the \$300,000s | - 0 | 1 |
| Number priced in the \$400,000s | - 5 | 5 |
| Number priced in the \$500,000s | - 8 | 6 |
| Number priced in the \$600,000s | - 1 | 2 |
| Number priced in the \$700,000s | - 4 | 4 |
| Number priced in the \$800,000s | - 3 | 1 |
| Number priced in the \$900,000s | - 1 | 1 |
| Number priced at \$1,000,000 or more | - 15 | 13 |

Five of the thirty-seven were offered with a Full Golf Membership, up from three a month ago, including new listing Cochise-Geronimo Village # 1, offered at \$5,900,000. As was the case last month, one was offered with a Lifestyle (Mountain Skyline 73 at \$865,000). Twelve of the thirty-one “naked” lots were challenging sites since a future back patio would almost certainly directly overlook a road. Of the nineteen that did not, only one, Lost Star 13, priced at \$2,500,000 (no membership) had a substantial city light view. The two least expensive sites offered with a Full Golf Membership (Eagle Feather 390, listed at \$595,000 (but not owned outright by the seller; they have it under contract at a list price of \$399,000), and Eagle Feather 387, listed at \$850,000), are both contiguous to Cave Creek Road and directly overlook it.

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: | 76 | 45 | 93 | 81 | 114% | 25 | 34% | 31%/37% |
| January | 10 | 2 | 5 | 9 | 159% | 7 | 131% | 78% |
| February | 7 | 3 | 4 | 10 | 214% | 6 | 106% | 60% |
| March | 4 | 5 | 1 | 10 | 300% | 2 | 38% | 20% |
| April | 14 | 3 | 4 | 9 | 129% | 1 | 19% | 11% |
| May | 8 | 4 | 5 | 6 | 106% | 4 | 80% | 67% |
| June | 3 | 2 | 11 | 4 | 75% | 2 | 35% | 50% |
| July | 5 | 4 | 8 | 2 | 35% | 1 | 21% | 50% |
| August | 5 | 2 | 5 | 7 | 175% | -- | 0% | 0% |
| September | 5 | 1 | 17 | 3 | 39% | 1 | 14% | 33% |
| October | 4 | 5 | 10 | 8 | 126% | 1 | 13% | 13% |
| November | 9 | 10 | 10 | 5 | 52% | -- | 0% | 0% |
| December | 2 | 4 | 13 | 8 | 126% | -- | 0% | 0% |

This lack of demand for homesites reflects: 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) a “wait and see” attitude about the elections.

As for homes, there were eighty homes for sale as of the afternoon of October 31 (without respect to current physical status), up from seventy-six on October 1 and sixty the morning of September 1. Of these eighty, ten were not-yet-started spec homes (down one from October 1), ranging from \$3,385,000 to \$10,895,000 in total price (no change in the last two months). 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. Sixty-three were completed homes, up from fifty-eight a month ago and forty-four two months ago, 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 over the last two months) up to \$1,309.85 (also no change). Thirty of the fifty-eight were offered with a FGA (up from twenty a month ago and fourteen two months ago), at prices starting at \$1,500,000 (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).

The supply of homes being offered with a Full Golf Membership available from the seller through the Club has slightly more than doubled in the last two months, but demand for them has held steadily low, around five or six per month. Fourteen have gone under contract since July 31st. Of these, seven had no membership, one had a Lifestyle, and six had Full Golf Memberships.

Here is a snapshot of home selling activity.

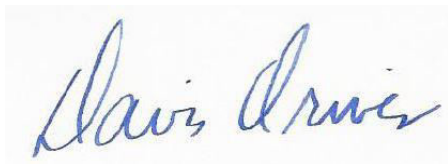
| Homes | 2018 | 2019 | 2020 | 2021 | 2021 vs. Avg. for Last Three Years | 2022 (YTD) | 2022 vs. Avg. for Last Three Years | 2022 vs. Last Year/vs. Last Year YTD |
|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------------------|--------------------|------------------------------------|--------------------------------------|
| Total No. of Homes: | 146 | 168 | 255 | 226 | 119% | 99 | 46% | 44%/51% |
| 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% | 6 | 33% | 75% |
| November | 10 | 19 | 23 | 20 | 115% | -- | 0% | 0% |
| December | 8 | 9 | 22 | 10 | 77% | -- | 0% | 0% |

The 98 homes spoken for so far this year compares to 193 spoken for during the same period in 2021, and 207 in 2020. Demand, relative to supply, has gotten softer each of the last three months, for all homes, with or without any kind of membership. There isn't much in the way of good news these days to look to as a potential spur in demand. It will be very interesting to see what impact the election has. In the meantime, it appears sellers of property in Desert Mountain are facing an increasingly competitive environment.

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 an increasingly competitive market. If you would like to know more about the very real differences in our methodology compared to other agents active in our market, give me a call at 602 399 0116, or Kathleen Spidell at 480 553 4177. We would be glad to answer your questions! Also, if you or a friend have real estate needs outside of Desert Mountain, we are in excellent position to be of assistance.

Sincerely,



Kathleen and Jack Spidell, Ann and Davis Driver