

June 1, 2024

Five homesites went under contract in May, three more than April. The overall YTD homesite demand is 94% of last year’s YTD Demand, but only half of last year’s Total Demand.

Here is our June 1, 2024 Market Velocity Report for contract activity on homesites:

| Homesites | 2020 | 2021 | 2022 | 2023 | 2023 vs. Avg. for Last Three Years | 2024 (YTD) | 2024 vs. Avg. for Last Three Years | 2024 vs. Last Year/ vs. Last Year YTD |
|-------------------------|-----------|-----------|-----------|-----------|------------------------------------|------------|------------------------------------|---------------------------------------|
| Total No. of Homesites: | <u>98</u> | <u>90</u> | <u>27</u> | <u>32</u> | 45% | <u>16</u> | 32% | 50%/94% |
| January | <u>5</u> | <u>9</u> | <u>7</u> | <u>4</u> | 57% | <u>2</u> | 30% | 50%/50% |
| February | <u>4</u> | <u>13</u> | <u>6</u> | -- | 0% | <u>3</u> | 47% | 0%/125% |
| March | <u>1</u> | <u>11</u> | <u>2</u> | <u>5</u> | 107% | <u>4</u> | 67% | 80%/100% |
| April | <u>4</u> | <u>9</u> | <u>1</u> | <u>4</u> | 86% | <u>2</u> | 43% | 50%/85% |
| May | <u>6</u> | <u>7</u> | <u>5</u> | <u>4</u> | 67% | <u>5</u> | 94% | 125%/94% |
| June | <u>11</u> | <u>5</u> | <u>2</u> | <u>4</u> | 67% | -- | 0% | 0%/94% |
| July | <u>8</u> | <u>2</u> | <u>1</u> | <u>4</u> | 109% | -- | 0% | 0%/0% |
| August | <u>6</u> | <u>7</u> | -- | <u>1</u> | 23% | -- | 0% | 0%/0% |
| September | <u>17</u> | <u>4</u> | <u>1</u> | <u>3</u> | 41% | -- | 0% | 0%/0% |
| October | <u>10</u> | <u>8</u> | -- | <u>2</u> | 33% | -- | 0% | 0%/0% |
| November | <u>11</u> | <u>6</u> | -- | <u>1</u> | 18% | -- | 0% | 0%/0% |
| December | <u>15</u> | <u>9</u> | <u>2</u> | -- | 0% | -- | 0% | 0%/0% |

Regarding Membership “Mix” on Homesites this year: Fifteen of the sixteen homesites spoken for so far in 2024 had no access to any membership; one had access to a Lifestyle.

Regarding Pricing: The list price range of the five May contracts (all with no access to any membership) was \$549,900 to \$1,350,000, compared to \$675,000 and \$775,000 last month. Of the sixteen total for the year, only two were listed for more than \$850,000, Lone Mountain 88 at \$1,600,000, and Saguaro Forest 295 at \$1,350,000.

Regarding Homesite Supply: As of June 1, 2024, there were twenty-two homesites for sale in Desert Mountain (down two from last month). The least expensive price for a site offering access to a Full Golf Membership (“FGA”) from the Seller through the Club, out of three (down one from last month), was \$2,495,000 (two were listed at this price; no change). The top price was still \$5,500,000 (Cochise-Geronimo Village # 1, (no change), now 289 Days on Market. (the Average Days on Market for the three was 317; the smallest was 289). None were listed with a Lifestyle Membership (no change). Nineteen were listed without any membership (“NON”) (down one from last month), starting at \$450,000 (no change). Our Housing Stock Analysis Report shows 205 custom homesites have no construction on them and are not owned by a neighbor to protect views or privacy, and that one hundred and three sites are thusly owned by neighbor. Likewise, we show 2,009 homes are completed, including 550 semi-custom homes. Approximately seventy-two new homes are under construction (with the two leaders being the Saguaro Forest with eleven, and Gambel Quail with nine).

Here is our June 1, 2024, Market Velocity Report for contract activity on homes:

| Homes | 2020 | 2021 | 2022 | 2023 | 2023 vs. Avg. for Last Three Years | 2024 (YTD) | 2024 vs. Avg. for Last Three Years | 2024 vs. Last Year/ vs. Last Year YTD |
|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------------------|--------------------|------------------------------------|---------------------------------------|
| Total No. of Homes: | 257 | 231 | 114 | 145 | 72% | 73 | 45% | 50%/91% |
| January | 16 | 28 | 5 | 10 | 61% | 9 | 63% | 90%/90% |
| February | 23 | 27 | 20 | 13 | 56% | 17 | 85% | 131%/113% |
| March | 18 | 40 | 19 | 15 | 58% | 23 | 93% | 153%/129% |
| April | 19 | 23 | 12 | 20 | 111% | 11 | 60% | 55%/103% |
| May | 21 | 28 | 15 | 20 | 94% | 13 | 62% | 65%/94% |
| June | 26 | 18 | 8 | 15 | 87% | -- | 0% | 0%/91% |
| July | 18 | 10 | 8 | 8 | 67% | -- | 0% | 0%/0% |
| August | 14 | 5 | 2 | 11 | 157% | -- | 0% | 0%/0% |
| September | 28 | 11 | 5 | 8 | 55% | -- | 0% | 0%/0% |
| October | 29 | 11 | 4 | 9 | 61% | -- | 0% | 0%/0% |
| November | 23 | 20 | 6 | 8 | 49% | -- | 0% | 0%/0% |
| December | 22 | 10 | 10 | 8 | 57% | -- | 0% | 0%/0% |

Regarding Recent Comparative Home/Membership Demand:

One Month (May): Thirteen homes went under contract this May, compared to twenty last May and eleven this April, continuing a slowdown in Desert Mountain home demand. The 73 contracts so far this year are half of last year's total, and 91% of last year's YTD demand. Of the thirteen, six, or 46.2%, were offered FGA at list prices ranging from \$3,275,000 (Apache Peak 12) up to \$9,000,000 (Sunset Canyon 49). Four, or 30.8%, were offered NON and ranged from \$1,500,000 up to \$3,985,000 in list price. Two homes were offered with access to a Lifestyle membership (Desert Fairways 33, at \$1,800,000, and Turquoise Ridge 15, at \$1,999,000). One home in Desert Mountain proper, Desert Fairways 7, was offered with access to a Seven membership, listed at \$2,850,000.

Four Months (February through May): Last year, sixty-eight resale homes went under contract in this period; this year, sixty-four. Last year, the Average Total Price Paid for the thirty-four FGA resale (used) homes that went under contract and closed escrow during this period was \$3,615,726; the Average Days on Market was 96; and the Average Sales Price per Square Foot was \$725.42. This year, the Average Total Price Paid for the thirty-one FGA homes that went under contract and closed escrow during this period decreased to \$3,144,677. The Average Days on Market dropped to 84; and the Average Sales Price per Square Foot dropped to \$693.59 (from \$725.42).

Last year, the Average Total Price Paid for the thirteen NON homes out of the sixty-eight total homes was \$2,022.962; the Average Days on Market was 115; and the Average Sales Price per Square Foot was \$483.25. This year, the Average Total Price paid for the fifteen NON homes out

of a total of sixty-four was \$2,210,900. The Average Days on Market was 63. The Average Sales Price per Square Foot was \$619.60.

Regarding Membership “Mix” on Homes over the Last Year: Of the one hundred and fourteen resale (used) homes that went under contract and closed in the last 365 days, seventy-one were FGA, or 62.3%; eight were offered with the Lifestyle membership (“L”), or 7.0%; thirty-two were offered NON, or 28.1%; and three went with a Seven membership, or 2.6%.

Regarding Home Supply: Eighty-six homes were listed as of the morning of June 1, 2024, without regard to current physical status or membership (down two). Of these, six were not-yet-started spec homes (up one), three of which were offered FGA. Eight were under-construction speculative homes (down four) with three offered FGA. Seventy-two were completed homes. Thirty-nine of these were offered FGA, ranging in price from \$2,195,000 to \$12,995,000, with an Average Total List Price of \$5,147,308 (down from \$5,481,977 last month). The Average List Price per Square Foot of these thirty-nine FGA homes was \$889.77, with an average Days of Market of 134 (up from 123 last month). Twenty-nine were offered NON (up three), ranging from \$1,395,000 to \$7,400,000 in Total List Price, with an average list price of \$3,813,746 **(so, an average list price “premium” of \$1,333,562 for homes offered FGA vs. NON.**

Interestingly enough, of the 114 resale (used) homes that went under contract and closed in the last 365 days, the seventy-one FGA homes averaged 89 Days on Market; the thirty-two NON homes averaged a much faster 53 Days on Market.

The percentage of used homes for sale compared to the total inventory of finished homes was 3.6%, up from 3.4% last month. Ten percent is generally considered to be a “balanced” market.

Based on the last four years, there is a 30.86-month supply of homes priced at or above \$1,000.00 per square foot.

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