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Arkansas Democrat Gazette

NORTHWEST ARKANSAS EDITION

State home sales fall 10% from May '08

BY DAVID SMITH
 Posted on Friday, July 10, 2009
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Residential units sold

The top 10 housing markets in Arkansas in May, ranked by homes sold.

County	Homes sold in May	Percent change in units sold, May 2008-09	Average price in May 2009	Percent change in home price, May 2008-09
1. Pulaski	393	-12.67%	\$188,967	4.63%
2. Benton	325	0.62	172,914	-2.19
3. Washington	188	0	164,703	-8.39
4. Saline	128	-7.91	153,433	-6.50
5. Sebastian	108	-12.90	117,238	-12.63
6. Faulkner	106	-22.06	147,920	-0.21
7. Craighead	105	-8.70	139,658	2.59
8. Garland	100	-22.48	185,886	-3.30
9. Lonoke	96	9.09	140,201	-2.53
10. Pope	67	-5.63	103,250	-22.08
Total for 42 counties	2,176	-10.49%	\$149,984	-2.01%

SOURCES: Cooperative Arkansas Realtors Multiple Listing Services, various boards of Realtors.
 Arkansas Democrat-Gazette

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Sales of new and previously owned homes in Arkansas continued their decline in May, with 10 percent fewer sales than a year earlier, the Arkansas Realtors Association said Thursday.

There were 2,176 homes sold in May, down from 2,431 in May last year, the 41st-straight month that home sales fell statewide.

Northwest Arkansas, which has taken the brunt of the state's housing slump, had a rebound, with neither Benton County nor Washington County reporting a drop in homes sold.

Benton County sales totaled 325, a slight increase over the 323 that were sold in May 2008. There were 188 homes sold in Washington County in May, the same as last May 2008.

"May was a very good month," said Kathy Deck, director of the Center for Business and Economic Research at the University of Arkansas in Fayetteville. "You can think about May as being the start of the traditional home-buying season."

Home prices were down 2 percent statewide.

Prices fell 2.2 percent in Benton County and 8.4 percent in Washington County. Prices in the two counties have plummeted in the past two years.

The average home price peaked at \$218,340 in August 2007 in Benton County, the highest average of the housing bust, Deck said. The current average price of \$172,914 is down about 21 percent from the 2007 high. The average price was off more than 30 percent in February, compared with the August 2007 high, she said.

In Washington County, the average home price peaked at \$202,605 in July 2007, 18.7 percent higher than the current average of \$164,703, Deck said. The average Washington County price in April was \$156,778, 22 percent below the July 2007 high.

Foreclosures are a big reason for the lower prices, Deck said. In the past 12 months, there have been almost 9,300 foreclosures in the Fayetteville metropolitan area, 90 percent more than the 4,900 foreclosures in the 12 months previous, according to First American CoreLogic of Santa Ana, Calif.

"Foreclosed properties ... provide better deals in most cases," Deck



said. "So [home owners] have to drop the price on their homes to compete."

Sales were down almost 13 percent in Pulaski County, and home prices were up 4.6 percent.

"With Pulaski County as the biggest market, obviously it is a large contributing factor to [statewide] sales being down," Deck said.

May was an attractive month for home sales, because mortgage rates were often below 5 percent. They are slightly above 5 percent now, with the average rate nationally at 5.17 percent on Thursday, said Ethan Nobles, spokesman for the Arkansas Realtors Association.

That spurred sales in June, Nobles said.

"When interest rates got above 5 percent in June, that caused some people who had been sitting on the fence wondering if rates were going to drop lower to say, 'Well rates are going up. Now maybe I should get in the market,'" Nobles said.

But it is likely that June's sales will not be as good as May's, Deck said.

"June may be strong," Deck said. "But May had a nice set of conditions - interest rates were low, housing prices dropped and the stock market was up. We definitely saw folks seizing the moment in May."

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