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by [Northwest Arkansas Business Journal Editors](#)

Arvest Bank today released the residential real estate market Skyline Report results for the second half of 2014 in Northwest Arkansas.

It notes that the number of building permits fell slightly compared with the number of permits issued in the same period last year, but that the value of the permits increased both from the same period of last year and the first half of 2014.

Further analysis of the report [can be found here](#).

“We see a good level of activity everywhere throughout the market,” said Kathy Deck, lead researcher for the Skyline Report at the Center for Business and Economic Research at the Sam M. Walton College of Business at the University of Arkansas. “Even though the number of building permits is down a little bit, we make up for it in the overall economic expansion. We

had gotten down to a place where completed inventory was depleted. Our inventory numbers are now more consistent with the expansion we are seeing in the recovery.”

Residential building permits issued in the last six months of 2014 showed a slight decrease over the same period of 2013. There were 1,048 building permits issued in Benton and Washington counties from July to December in 2014, a 4.2 percent decrease from the 1,094 building permits issued during the same period of 2013 and an 11.4 percent drop from the 1,183 building permits issued in Benton and Washington counties from January to June 2014. Benton County accounted for 628 of the residential building permits, while Washington County accounted for 420.

The average value of all building permits in Northwest Arkansas from July to December 2014 was \$248,080, up 3.3 percent from the average value of \$236,731 reported in the same time period of 2012 and up 5.5 percent from the average value of \$235,101 reported from January to June in 2014.

The sold prices of existing houses on the market were mixed in Benton and Washington counties compared with the first half of the year. The average sold price of Benton County homes during the second half of 2014 was \$203,419, up 8.2 percent from the average sold price of \$188,084 during the first half of 2014.

In Washington County, the average price of existing homes sold was \$178,774, down 2.9 percent from the average sold price of \$184,132 in the first half of 2014.

Home values, as measured by the average cost per SF of existing homes sold at during the second half of 2014, increased by 4.8 percent in Benton County to \$88.61 from \$84.58 during the first half.

In Washington County, the average cost per square foot of existing homes sold in the second half of 2014 was \$89.30, up 0.1 percent from the average cost per square foot of \$89.24 reported during the first half.

In total, 3,691 existing homes were sold in Benton and Washington counties during the last six months of 2014, an increase of 8.3 percent from the 3,407 sold during the same time period of 2013.

Jennie Hill, senior vice president and real estate manager for Arvest Bank in Benton County, said that the increasing demand and cost of existing homes in the two-county market is an indication that the supply of newly constructed houses within the same average price range is behind the demand curve for the area.

“With a slowly rebounding economy in Northwest Arkansas, many people find they can reenter the housing market while interest rates are at their lowest point in years. As they shop, they are finding more choices within their budget among the existing homes than they are finding in new houses on the market. They are also finding that they might be able to get more for their money in existing homes when considering size, amenities and desirable locations.”

Deck said that some comments that Northwest Arkansas real estate may be building into another “bubble” with increased activity is not a concern at the current pace of building and absorption.

“What we are seeing is normal fluctuation that happens with healthy activity. There is nothing we’ve seen within the market that calls for any real concern,” she said.

A total of 27,601 lots were in the 383 active subdivisions identified by Skyline Report researchers in the second half of 2014. Of these lots, 8,787 were classified as empty, 113 were classified as starts, 673 were classified as being under construction, 346 were classified as complete but unoccupied, and 17,682 were classified as occupied. In 67 of the 383 active subdivisions, no new construction or progress in existing construction has occurred during the last year.

The Arvest Skyline Report is a biannual analysis of the latest commercial, single-family residential and multifamily residential property markets in Benton and Washington counties. The report is sponsored by Arvest Bank.