

THE CURRENT HOUSING MARKET AND WHAT'S GOOD ABOUT IT

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Kathy Deck says that all real estate markets go through slumps, but people should realize something very important about the current state of affairs – home values went up considerably during the recent boom period and houses have largely retained those increases.

Deck, director of the Center for Business and Economic Research at the University of Arkansas, pointed out the fact that homes have largely retained their values has rather gotten lost in the shuffle over the past couple of years.

In spite of recent slumps, then, real estate in Arkansas is still a solid, long-term investment. For example, let's take a look at northwest Arkansas.

Sales in Benton and Washington counties have dropped more than any other major market



Kathy Deck

Fast fact:

Although sales have declined over the past couple of years, homes have largely retained their value that was added during the boom years from 1999 through 2006. In northwest Arkansas, for example, the average price of a home was \$105,151. Today, the average price is \$191,355 – an increase of 82 percent!

in Arkansas this year. Through May, there were 2,084 homes sold in those two counties, down 29.7 percent from 2,965 houses in the first five months of 2007.

While sales have dropped, longtime homeowners in those two counties have generally seen the values of their houses increase. Back in 1998, the average home in those two counties cost \$105,151, but that average had increased by 82 percent to \$191,355 through May 2008.

While we're using northwest Arkansas to illustrate an example, that particular trend has held up pretty well throughout the state – homes across the Natural State have increased dramatically in value over the past decade, and they will likely retain those gains. In other words, real estate – as a long term investment – continues to make a lot of sense.