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UPDATED: Arkansas Home Sales in July Down 32 Percent

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July home sales in Arkansas were down 32 percent compared to the same month last year, according to a report released Thursday by the Arkansas Realtors Association.

The association and two Arkansas economists attributed much of the decline to the absence of federal incentives to home buyers. The drop was consistent with national trends for July and did not come as a surprise, they said.

Click [Here](#) (Excel) to download the full report. (Link corrected to download Realtors' corrected report.)

Dr. Michael Pakko, chief economist and state economic forecaster at the Institute for Economic Advancement at the University of Arkansas at Little Rock, said the big drop in July home sales did not come as surprise, with federal incentives moving purchases from what's typically the peak month to earlier in the year.

First-time home buyers and existing home owners had until June 30 to close on a qualifying home purchase to receive tax credits of between \$6,500 and \$8,000.

The incentives, along with mortgage interest rates at an all-time low, were designed to restart the listless housing market and speed up purchases that were going to be made anyway. That's left the market sluggish once the window for tax credits closed.

Pakko, who blogs at [ArkansasEconomist.com](#), said it's difficult to predict how Arkansas home sales will perform for the rest of the year. But while he doesn't expect a surge in home sales, he expects the market to "slowly" improve.

"I think there's more sustainability to market conditions," he said.

Pakko said mortgage rates are historically low and that Arkansas home prices are only now starting to show declines. In short, it's a buyer's market with ongoing demand.

Employment Is Key

"I would say that no one should be shocked by this report, given what we've seen at the national level and what we knew about the tax credit," Kathy Deck, executive director of the Center for Business and Economic Research at the University of Arkansas' Walton College of Business, said Thursday via e-mail.

Deck said unemployment is the main reason the Arkansas market is suffering. It will take an improvement in employment for the Arkansas market to rebound, she said.

"Employment growth is the key, as it is the best route for most households to acquire income," Deck said Thursday, via e-mail. "Spending on housing is dependent on strong income growth and employment growth is the best hope."

Pakko noted that, "in general, the trajectory for employment is improving." Arkansas' employment rate, at 7.4 percent in July, remains better than the national average by about 2 percentage points.

The Numbers

According to the report, 1,760 homes were sold in Arkansas last month, down 31.6 percent from 2,574 homes sold in July 2009.

In Pulaski County, 307 homes were sold, down 31 percent from 448 during the same month last year.

Of the state's top five markets for home sales, Washington County saw the biggest decline, with 160 homes sold in July, down 40 percent from the 266 sold in July 2009.

Benton County home sales were down 39 percent, Faulkner County sales were down 28 percent. Saline County reported a 27 percent drop.

Of the top five markets, only one county recorded a gain. Craighead County home sales were up 17 percent, with 97 home sold in July versus 83 during the same month last year.

The average price of a home sold in Pulaski County in July was \$180,022, down 5 percent from \$188,878.

Amy Glover Bryant, director of media relations for the Arkansas Realtors Association, also pointed out that, year-to-date, home sales in Arkansas were up 4 percent.

In all, 14,305 homes have sold from January to July, up 3.7 percent from the 13,786 sold during the same period last year. Among counties with the most homes sold in Arkansas year to date, only one -- Benton County -- is down versus last year, off 3 percent.

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