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Skyline Report: Home Values Continue Decline in Northwest Arkansas

By Paul Gatling - 5/25/2011 11:05:00 AM

Extending a path that began three years ago, the value of a home in northwest Arkansas continues to decline.

That analysis comes from the Arvest Skyline Report, a quarterly examination of the latest data relating to single-family properties in Benton and Washington counties.

Arvest Bank sponsors the report, which was released Wednesday. The research is conducted by the Center for Business and Economic Research in the Walton College of Business at the University of Arkansas.

Home values, as measured by average cost per square foot of existing homes sold during the first quarter of 2011, continued to fall in both counties.

Prices for homes in Washington County, according to the report, fell from an average of \$81.79 per SF in the first quarter 2010 to \$71.67 — a drop of 12.4 percent.

In Benton County, the decline was not as sharp, falling from \$75.05 to \$68.75 — a decrease of 8.4 percent.

Since the first quarter of 2008, the decline in both counties is comparable — 25.9 percent in Washington County and 25.7 in Benton County.

"I think the big question is, 'When are values going to stabilize?' That's what everyone is asking," said Todd White, senior vice president and loan production manager at Arvest Mortgage Co. "The national economy continues to show uneven results with many uncertainties apparent."

The report did offer two pieces of good news. The slowdown in construction activity continues to create balance in the supply and demand for new homes.

During the first quarter of 2011, 337 new homes became occupied, a 31.6 percent increase from the previous quarter.

The other encouraging finding relates to the engine for the region's housing market — employment. From February 2010 to February 2011, non-farm employment increased by 2.3 percent.

"The job growth we have seen in the past year is good compared to the nation as a whole," said Kathy Deck, an economist and director of the CBER. "That's good news, and job growth is essential for a strong housing market, but I think we still have too many other factors applying downward pressure on home prices for us to experience a significant increase in home values for the near-term."

"What I think is more likely to happen is ... we will see the number of homes sold increase but for prices to remain soft."

Other highlights of Wednesday's report include:

- There were 235 residential building permits issued in NWA from December 2010 to February 2011, up from 215 in the same period last year.
- There were 27,838 lots in the 383 active subdivisions in NWA in the first quarter of 2011.
- According to Assessor's databases, 68.5 percent of houses in Benton County and 65.3 percent of houses in Washington County were owner-occupied
- There were 4,592 houses listed for sale in the MLS database as of March 1, 2011, down from 5,054 on December 1, 2010. The houses had an average list price of \$211,553.
- From November 16, 2010, to February 15, 2011, there were 1,046 houses sold in Benton and Washington counties, an increase of 2.5 percent from the same period the previous year.
- The Bentonville School District accounted for 28.1 percent of houses sold in NWA, while the Rogers School District accounted for 18.6 percent.