



Lower Prices Spur July Home Sales

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SPRINGDALE — Northwest Arkansas home sales continue to improve through July as lower prices and the \$8,000 federal tax credit create more buying opportunities in spite of the sputtering economy.

Median home prices in the region fell to \$135,000 in July, compared to \$149,900 a year ago, according to Paul Bynum, an independent market analyst and owner of [Mountdata.com](#).

In the month of July, 600 home sales were pending in Benton and Washington counties, compared to 587 sales in the year-ago period, Bynum reports.

Preliminary records indicate July's total sales volume of \$104 million was virtually flat when compared to a year ago.

"July was our best month in the last year in terms of closings, and, as of Aug. 15, our pending business was up 35 percent from one year ago," said George Faucette, president of Coldwell Banker Faucette Real Estate.

He said while some of the uptick is seasonal, he is seeing evidence of the market slowly stabilizing.

Since January, 3,074 homes were sold in the two counties, down about 5.82 percent from 2008. The year-over-year deficit has shrunk from 8 percent through June and from 22 percent in the first quarter.

"The market is crawling back with help from the \$8,000 tax credit," said Philip Taldo, co-owner of the Griffin Company Realtors.

He attributes about 50 percent of the business so far this year to the federal stimulus, but said lower prices have also helped move property.

"Buyers that were looking to buy a home in late 2006 and 2007 and held up because of market uncertainty can now get the same types of property for up to 25 percent less," Taldo said. "I am also excited to see more genuine buyers wanting to move up at these better prices."

Economist Kathy Deck has been saying for some time that the degree of oversupply in this market was almost certain to bring prices down. She is the director of the Center for Business and Economic Research at the University of Arkansas.

"Now that prices have fallen in a significant way, we can start looking for market stabilization and balance in the coming months. This is the recipe for sustainable residential real estate development in Northwest Arkansas," Deck said.

Bynum agrees the local market is making strides toward a healthier balance between supply and demand. There is a six to eight-month supply of homes for sale priced below \$150,000, but as the price increases so does the supply.

He said there is still an extreme imbalance with too many homes priced above \$300,000. In the past six months, nine homes priced above \$1 million sold, leaving 81 homes on the market.

"The problem for sellers in the higher price ranges is that jumbo loans (more than \$417,000) are much harder to come by for interested buyers," said Ryann McGarrah, mortgage loan specialist with Wells Fargo Mortgage in Springdale.

She said the interest rates on jumbo loans are running close to 7 percent with much stricter qualifications for both income and down payment.

"Lenders aren't anxious to make these loans because of higher default rates relating to rising unemployment. A \$900 mortgage is tough if you lose your job, but not anything like a \$4,500 jumbo mortgage," McGarrah said. "We are seeing some sellers resorting to leasing these high-end properties for the time being."



By The Numbers

Home Prices Under Pressure

City Price Per-Sq.-Ft. Inventory Supply

Bella Vista \$77.50 10.3 months

Bentonville \$85 6.7 months

Centerton \$71.60 5.2 months

Farmington \$89.90 9.7 months

Fayetteville \$97.20 9.5 months

Lowell \$81.40 12.9 months

Rogers \$81.40 9.7 months

Siloam Springs \$71.30 13.3 months

Springdale \$73.60 7.7 months

Source: Mountdata

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