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In NW, home market thinner

Report sees dip in new housing

By [Stacey Roberts](#)

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NORTHWEST ARKANSAS — The residential real estate market in Northwest Arkansas continues to pare down the oversupply that has dominated it since 2004 but will now have to depend on economic factors outside the area to help drive the demand side, an area economist said Thursday.

Kathy Deck, director of the Sam M. Walton College of Business' Center for Business and Economic Research, said the details of the Skyline Report released Thursday by Arvest Bank Group show the fewest newly constructed but unoccupied houses in the history of the report but only a modest gain in the number of building permits issued for the fourth quarter of 2009.

The Skyline Report is a quarterly survey of the real estate markets commissioned by Arvest Bank Group.

The number of newly completed but unoccupied homes fell to 339, down 88.6 percent from the report's high of 2,973 in the fourth quarter of 2006. It is down 65.41 percent from the 980 reported in the same quarter last year.

There were 1,589 homessold during November and December of 2009 and January 2010, a slight decrease from the 1,617 sold in the third quarter 2009 but an increase of 159.22 percent from the 613 sold in the same quarter of 2008.

Of those 1,589 houses sold, 277 were new construction.

The average sales prices of existing houses in Benton County in the fourth quarter was about \$184,750, down 7.7 percent from about \$200,000 in the same quarter of 2008. In Washington County, the average sales price of \$151,000 was down 13.9 percent from the \$175,300 in the same quarter of 2008, Deck said Thursday.

The average sales prices for newly built houses was higher in each county, up 129.5 percent in Benton County to \$239,251 and up 117.3 percent in Washington County to \$177,123.

Deck said the higher average sale price for the newconstruction house could be based on several factors. New-construction houses are often larger or feature more luxury upgrades than existing houses, she said.

“These houses are not selling for pennies on the dollar. We are not talking about comparing the sales prices as if these are comparable houses. And comparing the average sales prices doesn’t show if the averages are rising or falling,” she said.

Ethan Noble, media director for the Arkansas Realtors Association in Little Rock, said numbers provided from sales during the same period to his organization from members in Benton and Washington counties show that new houses are selling near the listed asking price.

During the same three months, 90 newly constructed houses sold in Benton County with an average sales price of \$204,958, the association records stated. The average listing price was \$212,759 or about 5 percent more than the average sales price.

During the same three months for 2008, 79 new construction homes sold in Benton County with an average sales price of \$200,818, or 98.11 percent of the average listing price of \$204,686, Noble said.

In Washington County, 45 new-construction homes sold during the fourth quarter with an average sales price of \$184,940, or 98.51 percent of the average listing price of \$187,696. In 2008, 60 new houses sold at an average price of \$203,215, or 98.88 percent of the average listing price of \$205,516, Noble said.

Deck said the average value of the new building permits issued during the fourth quarter would influence the price of newly constructed houses.

There were 338 building permits issued during the quarter in Northwest Arkansas with an average value of \$202,997, part of a steady increase seen over the past two years as the volume of building permits has gone down, Deck said.

“The permits are not for spec houses. These are for custom houses that usually are a little more expensive to build than the basic spec house in Northwest Arkansas,” Deck said. “And that is going to trickle into the average sales prices for all homes.”

Regardless of the price of homes in Northwest Arkansas, the area’s largest concern for continued economic growth is to strengthen demand by promoting the job market and the market, Deck said.

The federal homebuyer tax credits and low mortgage rates have helped drive the current residential market but may not be available later in 2010, Deck said.

“That will create a head wind, a possible negative effect on the residential market,” she said.

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