

TUESDAY, DECEMBER 15, 2009

## Some Positive News for the NW Arkansas Housing Market

There are a couple of events that I try to attend on a regular basis, because I get validation for my "feelings" about the market gleaned from my own business and from anecdotal evidence from other realtors. It's "my homework" so I can stay apprised of trends in the market (in addition to the data I pull from the NW Arkansas MLS) and the effects of the economy on our area.

One event is the quarterly Skyline breakfast that Arvest bank sponsors for realtors, developers, builders and others in the housing business in NW Arkansas. Kathy Deck from the Center for Business and Economic Research at the U of A provides information about new home construction, absorption, and the economy of NW Arkansas. Mostly the report for Arvest deals with residential real estate, but normally there are also segments on multifamily housing and commercial real estate as well.

A second similar event is the quarterly Streetsmart breakfast coffee hour sponsored by that organization. Streetsmart is a commercial venture which provides similar data for profit to developers, builders and other real estate investors. They tend to focus more on commercial real estate, but they gather all kinds of data on residential and multifamily as well.

The third is the quarterly economic breakfast sponsored by the Center for Business and Economic Research at the U of A. This provides more general information about the economy with only limited information about the housing market itself. But what's happening in the local (and national) economy influences housing, so it also becomes important for my personal quest for information.

The 3rd quarter Skyline breakfast was held about 3 weeks ago. Kathy Deck, the director of Center for Business and Economic Research at the University of Arkansas, was cautiously optimistic about the residential housing market, but we're not out of the woods yet because of national economic trends, which also influence us here.

Third quarter 2009 numbers show signs that demand is beginning to lower the number of new homes available (decreased inventory), but the absorption rate has slowed, not because of over-supply such as occurred at the peak of our housing bubble here a few years ago, but rather because there are fewer people moving into the area.

Kathy always starts her talks with unemployment figures, because job growth is what fuels the demand for housing. As long as there is positive job growth in NW Arkansas people will be drawn here and thus purchase homes. However, the number of people moving here is about 1/3 of what it was at the peak several years ago. Nationally there has been a loss of 8 million jobs in every sector except health services and education. The latter are strong sectors here and the only sectors which have shown positive job creation. There have been some job losses here but not on the scale of the nation as a whole.

Nevertheless, sales of new-but-never-occupied homes increased 30% in the third quarter over the second quarter of 2009. Correspondingly, the available inventory of complete but unoccupied homes fell by 27%. But this is partially because building permits are way down