

Arkansas Democrat-Gazette | Northwest Arkansas Times | Springdale Morning News | Rogers Morning News | Benton County Daily Record

NWAonlineWednesday, December 9,
2009
Current Weather for NWA:Welcome **Angela Peacock**
Edit | Help | LogoutFair 21 F
(more weather)

Search

Home News Sports Opinion Business Features Media Weeklies Blogs
Weather Calendar Obituaries Advertising Archives Subscribe Contact NiE

Homes Jobs Classifieds



State home sales rise on federal tax carrot

By [Toby Manthey](#)

Friday, December 4, 2009

[Print item](#)

LITTLE ROCK — For the second consecutive month, the lure of a federal tax credit has helped propel Arkansas home sales to a double-digit percentage increase.

Sales of previously owned and new homes rose 24 percent in October compared with a year earlier, the Arkansas Realtors Association said Thursday. That follows a 10 percent increase in September. July's performance was the only other month in nearly four years to show an increase as Arkansas and the rest of the nation climbs out of a protracted housing slump.



Real estate agent Aimee Long of McKay and Co. on Thursday shows Michael Taylor a condo for sale in Andover Square in Little Rock.
Photo by **Staton Breidenthal**

The average price of homes sold statewide in October fell 3 percent compared with a year earlier, to \$139,139 from \$143,476.

Northwest Arkansas saw the best of the housing market boom and has experienced the worst of the downturn in the state. But Benton County registered almost a 36 percent rise in the number of sales - 334 total - in October. Neighboring Washington County saw a 25 percent jump with 195 units sold.

Helping to fuel sales were falling home prices.

Washington County's average sales price fell 17.3 percent, to \$142,629, in October compared with a year earlier, while Benton County fell 14.7 percent, to \$152,060.

Home sales in Pulaski County increased 30.8 per-cent, to 425 from 325 in October 2008 - even though the average price of a house slipped only 0.4 percent, to \$158,441 from \$159,061 in October 2008. Sales in the first 10 months of the year in the county are down 5.6 percent compared with that period in 2008.

The October sales surge was primarily because of an \$8,000 tax credit for first-time buyers, the association said on its Web site.

Many buyers closed deals, thinking the window would close Nov. 30, but Congress recently extended the credit to April 30.

Kathy Deck, director of the Center for Business and Economic Research at the University of Arkansas at Fayetteville, expects sales to fall in November, and she foresees a lull until the new April deadline approaches.

"A lot of the folks who had stable finances and could take advantage of [the credit already] did so," Deck said. "So I think we're going to see more marginal effects from the extension" of the first time buyer credit than from the initial program.

Deck still expects sales in November to beat the previous November's - one of the

Today's Most Popular Stories

worst months of the housing downturn - in part because prices are low. The extended program also has added a \$6,500 credit to certain people who already own a home but are looking for another house.

Low interest rates and more confident in their own personal situations pretty soon," Pakko said. "We'll continue to see job losses, but I think most people recognize whether they're on the chopping block or not."

Improved consumer confidence, he said, could translate to more home sales and perhaps an uptick in the upper-end market. That demand could send the average sales price higher.

Many entering the market in October were first-time buyers seeking inexpensive houses, according to the association.

Linda Barry, a Realtor at McKay & Co. in Little Rock, said the upper-end market remains sluggish.

"It used to be if you had a really great listing anywhere you could get it sold practically, but now it's a fire sale and a beauty contest. It has to look really, really good and be priced well." Prices also played a factor in stronger sales, the association said on its blog Thursday. The average rate across the country for a 30-year, fixed rate mortgage is 4.7 percent, it said.

A better job market will be key to home prices stabilizing, Deck said.

"There has to be consistent demand, and we'd prefer to see demand that is not subsidized," she said. What is needed is "demand that is there because folks are moving to the communities to take good jobs."

Arkansas' unemployment rate rose to 7.6 percent in October, the highest rate in more than 21 years.

But Michael Pakko, state economic forecaster, said increases in the average sales price could come somewhat before a full recovery for jobs.

"My sense is that consumers are going to feel a little

Front Section, Pages 1 on 12/04/2009

Comments

To report abuse or misuse of this area please hit the "Suggest Removal" link in the comment to alert our online managers. Please read our [comment policy](#).

Use the comment form below to begin a discussion about this content.

Post a comment



Angela Peacock (screen name: [cber_walton.uark.edu](#))

[Change your User information](#)

[Change your avatar](#)

[Preview comment](#)

Copyright © 2009, Northwest Arkansas Newspapers, LLC.

All rights reserved.

This document may not be reprinted without the express written permission of Northwest Arkansas Newspapers, LLC. Please read our [Terms of Use](#) or [contact us](#).

Material from the Associated Press is Copyright © 2009, Associated Press and may not be published, broadcast, rewritten, or redistributed. Associated Press text, photo,