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Arvest News

Arvest Skyline Report Reveals Optimistic Findings for the Housing Market in Northwest Arkansas

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The following press release is a summary of findings from Arvest's Skyline Report for the 3rd Qtr 2011. This report reflects the residential housing market in Washington and Benton Counties of Northwest Arkansas. The Arvest Skyline Report is a quarterly analysis of the latest commercial, single-family residential and multifamily residential property markets in Benton and Washington counties. The report is sponsored by Arvest Bank and conducted by the Center for Business and Economic Research in the Sam M. Walton College of Business at the University of Arkansas (CBER).

FAYETTEVILLE, Ark. – Arvest Bank today released second quarter results of its Skyline Report on residential real estate in Northwest Arkansas.

Home values, as reflected in the average price per square foot of existing homes sold in both Washington and Benton Counties, continued the overall declining trend that began in 2008. Prices for homes sold in Washington County fell from an average of \$79.38 per square foot in the second quarter of 2010 to \$69.13 – a 12.91 percent decrease. The decline in Benton County was not as steep – from \$73.77 in the second quarter of 2010 to \$68.62 – a 6.98 percent decrease. Going back three years to the second quarter of 2008, the decline in both counties is more than 20 percent – 28.10 percent in Washington County and 23.12 percent in Benton County.

Todd White, senior vice president and loan production manager at Arvest Mortgage Company, said that home prices are at levels not seen in quite some time which will allow home buyers to purchase homes financed with home loans at very attractive interest rates.

"The report shows us that the prices for houses in Benton and Washington counties this quarter are on par with Northwest Arkansas housing prices recorded in 2004. While this price decrease might be a challenge for people who bought at the peak, it's pretty clear that for those who can, now is the best time to buy we've seen in many years because both home prices and mortgage rates are at or near historical lows. The last time home prices were at these levels, mortgage rates were much higher" White said.

Kathy Deck, lead researcher for the Skyline Report at the [Center for Business and Economic Research](#) at the Sam M. Walton College of Business, said that the housing market in Northwest Arkansas is approaching a balance with the number of building permits, number of complete but unoccupied newly constructed houses that have been lingering on the market and the sales volume of existing homes.

The number of complete but unoccupied houses in the market dropped to 177 from its record high of 2,973 in the fourth quarter of 2006.

There were 1,589 houses in Benton and Washington counties that sold between mid-February and mid-May, an increase of 11.7 percent from the same period last year.

New construction activity also was down at the end of the second quarter of 2011. Between March and May of this year, 323 residential building permits were issued in Northwest Arkansas, down 18.02 percent from the 394 issued during the same time in 2010.

The average value of new building permits in Northwest Arkansas during the second quarter of 2011 was \$226,731, up 24.01 percent from the average value of \$182,835 reported in the second quarter of 2010. In Benton County, the average value of residential building permits was \$231,268, up 33.09 percent from the average value reported in the second quarter of 2010 of \$173,768. In Washington County, the average value of residential building permits was \$219,817,

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up 10.72 percent from the average value of \$198,543 reported in the second quarter of 2010.

"The rise in the average value of building permits reflects the rise in material costs and the market's turn toward custom home construction over speculative home construction," Deck said. "There are very few spec homes out there."

Northwest Arkansas' residential real estate market needs to see an increase in demand, Deck said, and the top factor driving demand is job creation. In May 2011, Northwest Arkansas lost 30 jobs per month according to the 5-year average monthly employment growth rate, Deck said. This was down from a 5-year average employment growth of 64 jobs per month in May 2010.

"Unfortunately, in the 5-year cycle we lost the last year of our boom and added a very poor year for job growth, so that brought the average down this year," Deck said. "Actually, Northwest Arkansas has improved from the worst month for job growth set in January of 2010."

A total of 27,796 lots were surveyed in the 391 active subdivisions in Northwest Arkansas. Of those lots, more than half — 14,279 — are classified as occupied houses. Of the rest, 12,922 were classified as empty lots, 88 were classified as construction starts, 330 were classified as under construction and 177 were classified as completed but unoccupied houses.

In 2004, Arvest Bank entered into a contract with CBER to collect information about the local real estate markets. CBER researchers aggregated and analyzed data from local governments, property managers, visual inspections and the business media to provide a complete picture of the status of property markets in the two counties.

The Center for Business and Economic Research at the Sam M. Walton College of Business provides excellence in applied economic and business research to federal, state and local government, as well as to businesses currently operating or those that desire to operate in the state of Arkansas. The center further works to improve the economic opportunities of all Arkansans by conducting policy research in the public interest.

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