



[PRINT](#) | [CLOSE WINDOW](#)

Report: Home Prices Continue to Weaken in Northwest Arkansas

By Paul Gatling - 9/29/2011 11:04:03 AM

The value of a home in Northwest Arkansas continues to decline.

That analysis comes from the 28th edition of the Arvest Skyline Report, a quarterly check of the latest single-family and multifamily properties in Benton and Washington counties.

The report, released Thursday, is sponsored by Arvest Bank and conducted by the Center for Business and Economic Research in the Walton College of Business at the University of Arkansas.

Weakening home prices are reflected in the average price per SF of existing homes sold in both counties.

The price of a home sold in Washington County fell 13 percent to \$69.13 per SF when compared with the average in the second quarter of 2010.

The decline in Benton County was not as sharp, from \$73.77 in the second quarter of 2010 to \$68.62 -- a 7 percent decrease.

The average sale price of Benton County homes dropped 2 percent to \$154,792. Washington County home prices declined an average of 13 percent to \$138,594.

Of the 1,589 houses sold in the two-county area during the second quarter, 203 were new construction and had average sale prices that were 149 percent and 150 percent of the overall Benton and Washington county average prices, respectively. The houses sold represent an increase of 11.7 percent from the same time period last year.

Todd White, a senior vice president and loan production manager at Arvest Mortgage Co., said Northwest Arkansas home prices are at levels not seen in quite some time.

"Prices are on par with prices recorded in 2004," he said. "The value that people found in buying a house has not changed. And the favorable mortgage rates available make it an ideal time for buyers to look for a new home."

Economist Kathy Deck, lead researcher for the Skyline Report at the CBER, said the housing market is approaching a balance with the number of building permits, the number of complete but unoccupied homes on the market and the sales volume of existing homes.

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

"The rise in average of building permits reflects the rise in material costs and the market's turn toward custom construction over speculation home construction," Deck said.

Deck also pointed out the top factor that could an increase in demand in the residential real estate market is job creation.

Other highlights of Thursday's release include:

- There were 323 residential building permits issued in Northwest Arkansas from March 2011 to May 2011, down from 394 building permits issued in the same period last year. Among these, Bentonville accounted for 26.8 percent, Fayetteville for 20.0 percent and Rogers for 18 percent.
- There were 27,796 lots in the 391 active subdivisions in Northwest Arkansas in the second quarter of 2011.
- From the first quarter of 2011 to the second quarter of 2011, 336 houses in active subdivisions became occupied, the same number as last quarter. This left 177 complete but unoccupied houses in the region, down from 269 last quarter.
- An additional 5,711 residential lots have been at least preliminarily approved in Northwest Arkansas. Adding these proposed lots to those in active subdivisions yields 184.7 months of inventory in Northwest Arkansas.
- According to the assessors' databases, 67 percent of houses in Benton County and 66 percent of houses in Washington County were owner-occupied.
- The Bentonville school district accounted for 26 percent of the houses sold in the two-county area. The Rogers school district accounted for 20 percent.
- There were 4,680 houses listed for sale in the MLS database as of June 1, 2011, up from 4,592 on March 1, 2011. The average list price is \$219,071.

Copyright © 2011, [Arkansas Business Limited Partnership](#). All Rights Reserved.