

home sales in state down 9%

Unemployment, bad January weather blamed for February drop

By [David Smith](#)

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Photo by [Karen E. Segrave](#)

Missy Newsom (left) and Susan Freeman, an agent with Keller Williams Realty, look over information on a house for sale in Villages of Wellington in Little Rock on Monday afternoon.

LITTLE ROCK — Home sales in Arkansas dropped almost 9 percent in February compared with a year earlier, the Arkansas Realtors Association said Monday.

Continuing high unemployment and inclement weather contributed to the decline, economists said.

“When we see recovery in employment, I think we’ll see recovery in the housing market,” said Kathy Deck, director of the Center for Business and Economic Research at the University of Arkansas at Fayetteville.

Arkansas’ unemployment rate was 7.7 percent in February, the state’s highest since 1988.

Severe weather in January likely kept people from looking for houses, which would have affected sales in February. It normally takes about 30 days for a house sale to close after a contract has been signed.

Snow and ice made for “a pretty miserable time to go out and look at a house in January,” said Michael Pakko, state economic forecaster and chief economist for the University of Arkansas at Little Rock’s Institute for Economic Advancement. “That probably postponed some people’s plans.”

Nationally, sales of previously owned homes dropped 0.6 percent in February, the third straight monthly decline. Sales of new homes fell 2.2 percent nationally in February, the fourth straight monthly decline and the lowest level in more than 45 years.

The Arkansas report is a mixture of sales of new and previously owned homes sold through real estate agencies. There were 1,389 homes sold in the 42 counties reporting to the association, which represents the majority of sales in the state. That figure represents an 8.74 percent drop from home sales in February 2009.

February's sales were up 27 percent over January sales, about the same as in the past three years, Pakko said.

"It was the typical end-of-winter small rebound," Pakko said.

February 2009 sales dropped 22 percent from a year earlier. Compared with sales in February 2008, last month's sales were off 30 percent.

Arkansas and the rest of the nation have been struggling to climb out of a housing slump that began in 2007 and was the primary cause of the country's financial crisis and recession.

Home prices in Arkansas continue to decline. The average price of a home sold last month was about \$136,000, down 4 percent from February of last year.

"In central Arkansas, we saw a decline [in prices] toward the end of last year, but it's been bouncing around a bit," Deck said. "You're not seeing major movements in terms of prices. There continues to be significant price pressure in Northwest Arkansas from the foreclosure activity. That doesn't just affect the price of foreclosed homes. It also affects the price of all homes in the market."

Sales normally pick up in March and that seems to be the case this year, said Scott McElmurry, chief operating officer for Bank of Little Rock Mortgage.

"March appears to be quite a bit busier, based on our internal numbers," McElmurry said. "Month over month [from February to March], I think you're going to see a dramatic improvement in sales. I'm not sure whether it will be a lot higher than March last year."

The federal government's \$8,000 homebuyer tax credit for first-time buyers, as well as the \$6,500 credit for repeat homebuyers, probably didn't help sales in February. The credits apply to homes under contract by April 30 that close before June 30.

"When you look at both January and February, a lot of the homebuyers who were going to take advantage of that first-time credit thought that it was going to end in November [the government's original deadline]," Deck said. "So you had a lot of very, very qualified borrowers who got in by the November deadline. You probably will see a lot of people trying to get in under the deadline [in March and April], but February was kind of an in-between month."

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