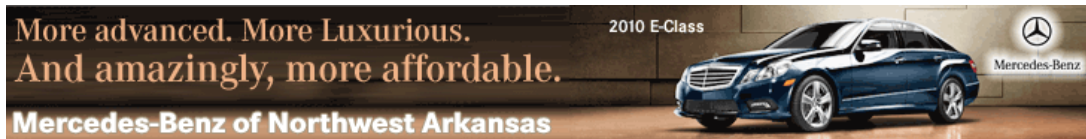


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Little progress noted in housing

Report finds 101 subdivisions idle

By Stacey Roberts

Tuesday, November 24, 2009

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LITTLE ROCK — More than a quarter of the subdivisions in Benton and Washington counties have had no construction work or finished houses sold in the past year, a real estate survey stated Monday.

Arvest Bank Group released portions of the third quarter 2009 residential Skyline Report, a study of the real estate market commissioned quarterly from the Center for Business and Economic Research at the Sam M. Walton College of Business. The college is part of the University of Arkansas at Fayetteville.

The market showed few changes from the second quarter, the study stated.

The number of building permits was only slightly higher, 361 in the third quarter, compared with the 325 reported in the same quarter last year.

There were 1,617 houses sold between May 16 and Aug. 15, about 2.71 percent fewer than the 1,662 reported sold in the same quarter of last year. Since the third quarter of 2006, the number of houses sold has dropped 27.3 percent, from 2,224 to 1,617, the report stated.

Kathy Deck, director of the center, said in an interview Monday the housing permits were higher but do not add to the inventory of available new houses because most of the permits are for custom homes rather than speculative houses.

Of the 1,617 houses sold in the two counties during the third quarter, 298 were new construction with average selling prices that were 129.5 percent higher than average existing house prices in Benton County and 112.6 percent higher than average existing house prices in Washington County, the report stated.

Custom homes are usually more expensive, Deck said, and are usually already sold before construction begins.

No new construction was started or progress in existing construction has occurred over the past four quarters in 101, or 26.1 percent, of the 387 active subdivisions in Northwest Arkansas, the report stated.

No completed but unoccupied houses became occupied over the past year in 122, or 31.52 percent, of those active subdivisions, the report stated.

Although the center's reports have long indicated that Northwest Arkansas was over-supplied with subdivisions, Deck said that the lack of progress in most of the subdivisions mentioned in the report was a reaction to market conditions in a slow economy.

"Not all of these were 'wrong place, wrong time' subdivisions. Some of them are just 'wrong time' subdivisions," Deck said.

Todd White, senior vice president of Arvest Mortgage Co., said that the extension of tax credits for first-time homebuyers and current homeowners moving to larger houses could stimulate the residential market and result in more sales.

The report and the extended tax credits have given White "more optimism about the Northwest Arkansas real estate market" than he has had in some time, he said in an Arvest Bank Group release Monday.

Deck said increased job and population growth would increase demand and push the residential housing market higher in Northwest Arkansas.

"Now that development of new homes has slowed down enough to let the demand catch up, we feel like this issue is largely behind us," she said in the release.

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