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Home prices rise in the Fort Smith area

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Rising home prices are a welcome economic sign in the Fort Smith metro area as unemployment woes have dominated the headlines for the past couple of years.

In the month of October agents sold 91 homes in Sebastian County. Those deals carried a value of \$13.771 million. This compared to 88 sales worth \$11.036 million in the year-ago period, according to Paul Bynum, market analyst with MountData.com

While the 3.2% increase in unit sales last month was a positive, it's the 5.2% average jump in home prices that have agents excited.

"I did a market analysis for Fianna Hills and found home prices have risen 10% in the past year which was a pleasant surprise," said Kevin King, broker with Weichert Realtors -- King Realty Group in Fort Smith.

King said he recently closed three sales for \$400,000, \$250,000 and \$130,000 and that's been pretty indicative of the rest of the market, with buyers coming from all socio-economical levels.

"We continue to experience an imbalance in the local supply and demand, with more homes for sale than qualified buyers. This is directly linked to job losses and weaker employment prospects, which is having a dampening effect on loan qualification for a certain segment of the buyer pool," King said.

Job insecurity is heavily scrutinized in mortgage lending criteria which has tightened in the past few years. The average national interest rate was 3.41% for October, according to Bynum.

On a positive note, Bynum said, consumer sentiment rose in October on the wings of an improved housing market. Both indexes, Consumer Confidence and Michigan Sentiment, rose to their highest levels since September 2007.

King agrees that higher residential prices do boost homeowner morale as the homestead is likely the largest investment many families make.

When home prices are rising people feel more wealthy and are more apt to spend money than when prices are declining, according to Kathy Deck, economist and director for the Center for Business and Economic Research at the University of Arkansas.

Crawford County reported 36 sales in October, with a value of \$4.849 million, down from 41 homes worth \$4.573 million a year ago.

Median home prices jumped up 22.7% in October to \$132 500, according to MountData.com. At this rate, the median price equated to \$72.40 per square foot, compared to \$59.40 a year ago.



This surge in prices relate to more higher-end home being sold, and fewer foreclosures in the mix, according to analysts.

Through the last 10 months of 2012, agents across Sebastian and Crawford counties have sold 6.4% fewer homes than in the prior year. That said, they rung up sales of \$180.938 million, some 1.86% more than last year thanks to higher home prices, according to MountData.com.

Home Sales (January through October)

Sebastian County

2012: 924 units, \$128.882 million

2011: 979 units, \$128.393 million

2010: 1,033 units, \$139.230 million

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Crawford County

2012: 433 units, \$52.056 million

2011: 441 units, \$49.225 million

2010: 423 units, \$49,453 milllion

Source:MountData.com

Median Home Price (January through October)

Sebastian County

2012: \$119,000

2011: \$109,000

2010: \$116,100

Crawford County

2012: \$113,750

2011: \$105,000

2010: \$111,000

Source:MountData.com

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