

The Real Estate Residential Market Report of Northwest Arkansas 1st Quarter 2009

Accumulated Market Activity Through March 31st of 2009



P.O. Box 43
Waterville, KS 66548
(785) 363-2113 · <http://www.mountdata.com>

Comments: paul@mountdata.com

Yes, the Region is down. But how about the different Zip Codes?

This month Mount Data tracks Zips Codes for the 1st Quarter as to Volume, Sales, and Median Sales Price!

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The Pulse of the Market

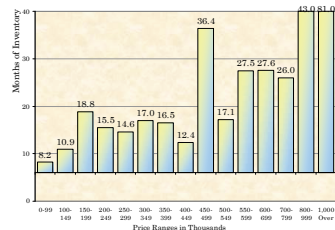
Every month, the Market Report of Northwest Arkansas brings you the pulse of the residential real estate market.

Our video (link below) is watched by thousands of interested brokers, agents, loan officers, appraisers, bankers, investors, and others interested in the real estate market.

Our database goes back 28 years, long before Northwest Arkansas experienced its tremendous growth starting in the late 1990's.

We update over 25,000 records every month and produce 100 charts and [graphs](#) covering nine cities, both counties and the region. Ask a participating agent for areas or cities of interest. We *know* the real estate market.

Supply: Months of Inventory

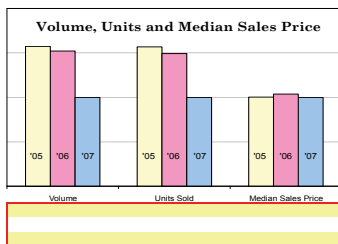


The "[Months of Inventory](#)" chart shows the ratio of the inventory and the number of buyers putting homes under contract (pending). Dividing the current end of quarter inventory by the average number of pending during the last 3 months gives the MOI [index](#). Pending is selected as being more "in market" than sales. Once a buyer makes an acceptable offer on a home it is removed from the market and in general the activity on the home *as far as the market is concerned*, ceases.

The MOI answers the question "if contracts continued to be put on homes at the current rate, in how many months will all the homes be gone?" New listings are always coming on the market. The MOI is a momentary snapshot that is only useful when compared to the trend of MOI from previous months. A 5 to 6 month supply of homes is a stable market. Less is a [sellers market](#) and more a [buyers market](#).

This quarter in the *existing home market*, the MOI ends at **18.6**, Up 8% from last quarter. The *new construction market* is at **18.5** up 10% from last quarter. Both are signs a slow start in unit sales for 2009.

Demand: Monthly Volume, Sales, and Median Price



In this report, the *Volume, Units and Median Sales Price* is for the 1st quarter. For existing sales, volume through March is **84** million, down **49%** over 2007 and **34%** over 2008. Units are **599**, down **38%** and **18%** and median sale price is **\$115,900**: down **19%** and **17%** for the same years.

For new construction, volume through December is **59** Million, down **53%** over 2007 and **33%** over 2008. Units are **294**, down **51%** and **30%** and [median](#) sale price is **\$159,900**, down **8%** for 2007 and **5%** for 2008.

The accumulated sales price to list price ratio seems to be gaining in strength. The existing market ended this quarter at 95.7% and new construction at 97.6% Both are higher than the 4th quarter of 2008.

Market Indexes

Various indices can be used to indicate the health and activity of the market. Below we look at several of them. Watch the [video](#) to see them in action.

National Indicators

Gross Domestic Product (The GDP). This is the most important indicator for the overall health of the National economy. It is found by summing all the goods and services in the United States and comparing quarterly figures. The 4th quarter of 2008 is down **6.5%** percent over the 3rd quarter of 2008. The GDP numbers are indicating ***we are in a deep recession.***

Unemployment Index (The UI). Shows the amount of workers not employed and considered part to the work force. 3-5 percent is good. For this quarter the regional UI is at **5.8%** while the National index stands at **9.0%** and appears to be rising. More indication of the recession. We are **35%** below the national index. Good for our local market.

National Interest Rates (IR). After reaching **6.7%** last July, rates are decreasing. At the end of March, they stood at **4.85%**. This is very low compared to the 40 year history of interest rates. In 1980 they were at **15%**! ***If buyers can put fear aside, it is a golden opportunity to buy!***

Michigan Sentiment and Consumers Confidence Indices (CCI and MSI). These both reflect the outlook of the American public on upcoming economic times. Our previous modern low came after **Katrina** when the CCI stood at **85.2** and the MSI was **74.2**. ***They have fallen from this low and currently stand at 27.0 and 57.3*** respectively. These are among all-time low figures.

The last two indicators ask different questions, both trying to capture the future economic outlook of the American public. At this point, consumers are certainly lacking in confidence.

Calculated Indices

The following are indicators I have developed over the years to track and predict the market under various circumstances. Each one has stood the test of time although none are perfect

Market Activity Index (The MAI). Used to show activity between the supply and demand sides of the market. The monthly data points consists of two indicators: the number of new listings coming on the market and the number of pending. This is an **activity** indicator and not designed to track sales volume. This quarter, the seasonally adjusted 3-month average indicator is unchanged from last quarter and is at **.74**.

Seller's Market Index (The SMI). Uses four indicators: The ratio of the monthly inventory to the pending, the number of listings that went pending within 15 days, the days on market from contract to closing, and the sales price to list price ratio. The seasonally adjusted, 3-month average **preliminary** indicator through **March** (only the first two indicators), stands at **.48** down, from last quarter's **.57** (Compare with its highest-January 2005 **1.241**). Buyer fears results in longer contract times and less sales.

The final SMI includes all indicators. Through **January (always two months in arrears)**, is at **.93**, virtually unchanged for the last 2 quarters. There is a downward pressure from falling Sales Price to List Price ratios.

Although the inventory has dropped considerably (5,750 last quarter and 5,532 currently) all other signs indicate a continuation of the sluggish market through at least 2009. ☹

Your Guide

Paul R. Bynum the Principal Broker and owner of Mount Data. He is an Educator, Software Developer, and Market Analyst.

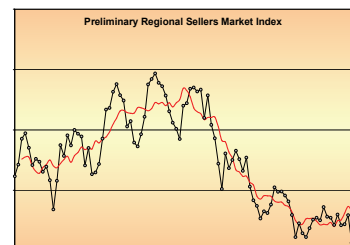
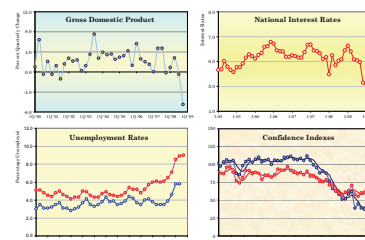
Paul has a degree in Mathematics from Los Angeles City College where he won the coveted 'Department of Mathematics' award for outstanding achievements.

He has tracked and interpreted the real estate market for over sixteen years. Paul **knows** the real estate market.



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Compiled and presented by Paul R. Bynum

See the current data charts on the 1st Q video, [Here](#)



Links:

[The Market Report Video](#)

First quarter. Give us 3 minutes, We'll give you Northwest Arkansas.

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The easy way to search the US Census Bureau site and get vast information on any area.

[Arkansas Labor Market Stats](#)

Keep up-to-date on Northwest Arkansas' labor market

[National Interest Rates](#)

Find current and historical rates going back 45 years.

[NAR Research Site](#)

THE source for national real estate statistics and news.

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Search for unfamiliar terms all crossed referenced.