

# The Real Estate Residential Market Report of Northwest Arkansas 1st Quarter 2011

Accumulated Market Activity Through March 31st of 2011



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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 is a momentary snapshot that is only useful when compared to the trend of MOI from previous months or years. It can be shown that a 5 to 6 month supply of homes is a stable market. Less is a [sellers market](#) and more a [buyers market](#).

The MOI average for the first quarter of 2011 in the *existing home market* is **10.4**. This continues to be a strong buyers market. It is down from last years' final of **11.5**. *New construction* is at **8.0** up from last year's **6.4**, due to a decrease in pending.

The *existing inventory* at **4,525** is down from last March's **5,036**. *New construction* has decreased slightly from **411** units last March to **399** in 2011.

## 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 **135** million, up **↑6%** over 2010. Units sold are **945** up **↑6%** and median sale price took a huge drop over last year and is at **\$108,365** down **↓9%**.

For new construction, volume is **23** Million, up **↑24%** over 2010. Units sold are **103**, down **↓2%** and [median](#) sale price is **\$219,000**, up **41%** over 2010!

While 1st Quarter unit sales and volume were up significantly over last year, buyers of existing homes went for cheaper homes and thus reduced the *Median Sales Price* to its *lowest* for any single quarter since 1st quarter of 2003. The good news is *half of new homes* sales were well above **\$217,000** in the first quarter!

## 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 final 4th quarter of 2010 is up **↑2.6** percent over the 3rd quarter of 2010. It is also dramatically up from last year. While this may indicate the end of bad times, **many people are not feeling the touted “end of the recession”**. Employment and wages for the average person is **THE** major indicator.

**Unemployment Index (The UI).** Shows the amount of workers not employed and considered part to the work force. 3-5 percent is good. For the end of February of 2011 the regional UI was **6.7%** while the National index was **9.5%**. We are **↓29%** below the national index.

**National Interest Rates (IR).** In 2010 the 1st quarter interest rates averaged **5.01%**. In 2011 the average is **4.85%**! Last year the interest rate averaged the **lowest in modern recorded history**. This year has started off **even lower**.

**Michigan Sentiment and Consumers Confidence Indices (MSI and CCI).** These two indicators ask different questions, but both are trying to capture the future economic outlook of the American public. The most recent highs of **96.9** and **111.2** came in the 1st quarter of 2006. Since then, it has been a general decline. Our modern lows came two years ago when the MSI stood at **56.3** and the CCI was **25.3**. They have risen from this low with 2011 1st quarter averages of **73.1** and **66.7** respectively. Still a very long way from the highs. **It is taking a long time to restore the level showed in 2006.**

### Calculated Indices

The following are indicators I have developed over the years to track and predict the market under various circumstances. Both have stood the test of time well although neither are perfect.

**Market Activity Index (The MAD).** 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. For 2010 the seasonally adjusted average indicator for the 1st quarter is **.74**. For 2011, it is up slightly and is at **.77**. Modern high was **1.312** last quarter of 2005.

**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, average **preliminary** index (that uses only the first two indicators), for the 1st quarter it stands at **↑.58**- up from 2010's 1st quarter average of **.54** (Compare with its highest-January 2005 **1.241**). There is upward movement caused by faster listing to pending dates and falling inventories.

Foreclosures and securing loans are still affecting our market. After falling **↓25%** from its high in March of 2007, the trend of the Median Sales Price for Northwest Arkansas is still downward. Local and national signs indicate a continuation of the sluggish market through at least the rest of the year.

## Your Guide

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

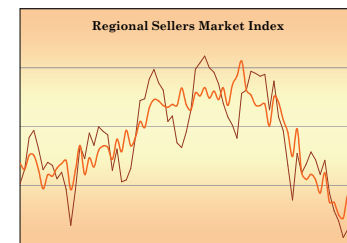
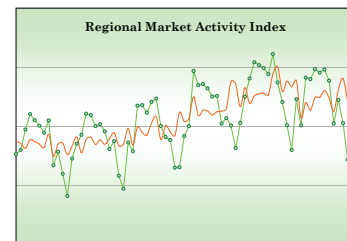
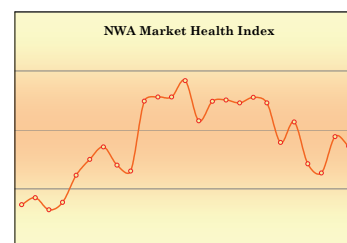
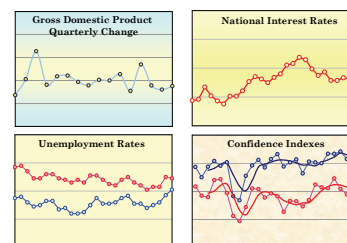
Paul has a degree in Mathematics from Los Angeles City College where he won the coveted 'Department of Mathematics' award for outstanding achievements.

He has tracked and interpreted the real estate market for over nineteen 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 annual video, [Here](#)



### Links:

[The Market Report Video](#)

First Quarter report of 2011. Give us 3 minutes, We'll give you Northwest Arkansas.

[American Fact Finder](#)

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.

[MountData Glossary](#)

Search for unfamiliar terms all crossed referenced.