

The Real Estate Residential Market Report of Northwest Arkansas Annual 2011

Accumulated Market Activity Through December 31st of 2011



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2011 Annual Report

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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 year inventory by the average number of pending during the last 12 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 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 *existing home market* thru all of 2011 is **7.3** The *new construction market* is at **7.0** Both indicate a weakening buyer's market.

The *existing inventory* at **3,169** is down **1,231** units from 2010. *New construction* is down from **74** units last quarter and stands at **344** Units. *The constant decreasing of the inventory over the last year is helping to stabilize the market.*

Demand: Monthly Volume, Sales, and Median Price

In this report, the *Volume, Units and Median Sales Price* is for all of 2011. For *existing* sales, total volume is **757** million, up **↑3%** over 2010. Units sold are **5,214** up **↑9%** and median sale price is **\$111,000** down **↓9%**.

For *new construction*, volume is **135** Million, up **↑9%** over 2010. Units sold are **590** units, even with 2010 and [median](#) sale price is **\$209,500**, up **↑19%** over 2010.

Total sales volume thru 2011 stands at **893** million up **↑4%** from last year. Total units at **5,804** are up **↑8%** and the median sales price at **\$120,000** is down **↓7%**. After averaging about **\$112,000** for the first 10 months of 2011 the Median Sales Price rose to **\$127,500** during November, then shot up to **\$139,000** for the month of December. The unavailability of foreclosures may be helping the Median Sales Price.



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

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 3rd quarter of 2011 is up $\uparrow 1.8$ percent over the 2nd quarter of 2011. It has also maintained positive growth for 9 consecutive quarters. This, along with the recent upturn in consumer confidence may be a sign the worst is over.

Unemployment Index (The UI). Shows the amount of workers not employed and considered part of the work force. 3-5 percent is good. For the end of November of 2011 the regional UI was **5.5%** while the National index was **8.2%**. **The National Index has steadily fallen since its high of 10.4 in February of 2010.** We are still $\downarrow 33\%$ below the national index. Remember the unemployment figures do not count people who have given up trying to find a job.

National Interest Rates (IR). In 2010 the average accumulated interest rate for the year was **4.69%**. In 2011 the average rate was **4.44%**. As predicted, this is the lowest rate since modern records were kept starting in **1962.** **The last two months of 2011 saw the index drop below 4.0 and into the high 3% range!**

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 end of 2011 figures of **69.9** and **64.5** respectively. This shows very little change from last year and is still a very long way from the highs. **Consumers are not in a hurry to believe the good times are back.**

Calculated Indices

The following are indicators I have developed over the years to track and predict the market under various circumstances. Both have done 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 4th Quarter average indicator was **.78** For 2011 it is **.75**. Modern individual monthly high was **1.476** August 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 average seasonally adjusted, **preliminary** index for 2011 (that uses only the first two indicators), stands at **.60-** up from last year's average of **.54** (Compare with its highest month-January 2005 **1.289**).

After falling $\downarrow 23\%$ from its high in March of 2007, the current annual Median Sales Price for Northwest Arkansas is **\$120,000**. Future court foreclosures decisions are worth watching. *There are recent signs in our market to inspire hope for a slow recovery beginning in 2012.*

Your Guide

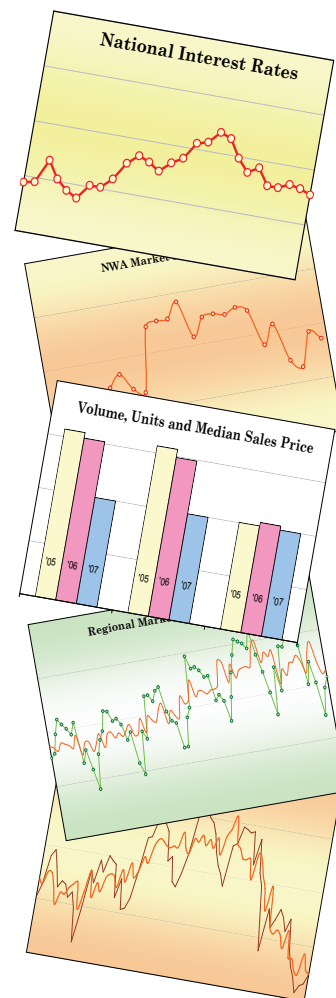
Paul R. Bynum the Principal Broker and owner of Mount Data. He is an Educator, Software Developer, and Market Analyst.

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 twenty years. Paul **knows** the real estate market.



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Compiled and presented by Paul R. Bynum



Links:

[The Market Report Video](#)

The 2011 Annual Report. Give us 1 minute, 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.