

The Real Estate Residential Market Report of Northwest Arkansas 3rd Quarter 2009

Annual Market Activity Through September 30th of 2009



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

This month Mount Data tracks Zips Codes for the 2nd Quarter as to Volume, Sales, and Median Sales Price!
[Click Here](#) to view all

The Pulse of the Market

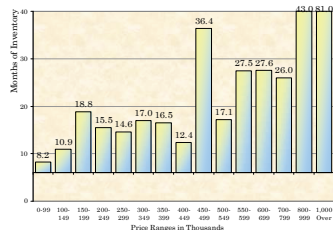
Every month, the Market Report of Northwest Arkansas brings you the pulse of the residential real estate market.

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 27 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 90 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.

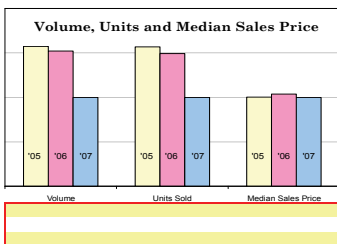
Supply: Months of Inventory



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, how many months of inventory are left?" Of course new listings are continuously coming on the market. The MOI is a momentary snapshot that is only useful when compared to the trend of MOI from previous months. 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](#).

At the end of the 3rd quarter in the accumulated *existing home market*, the MOI stands at **12.3**- a strong buyers market. The *new construction market* is at **8.2**,



Demand: Monthly Volume, Sales, and Median Price

The *Volume, Units and Median Sales Price* is an accumulation of data since the first of the year.

Total *volume* at the end of the third quarter is just a little over **682** Million dollars in sales. This is down about **33%** from 2007 and **12%** under 2008.

The *Sale Units* have started to close the gap over 2008. As of the end of the 3rd quarter there have been **4,146** sales. This is down **24%** from 2007 and only **2%** from 2008.

The *Median Sales Price* seems to have stabilized at **\$135,000**. This is **14%** below 2007 and **10%** below 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 final report of the second quarter is down .7% over the first quarter of 2009. The GDP numbers indicate **we are still 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 **5.4%** while the National index stands at **9.6%**. We are **44%** below the national index. Good by any standards.

National Interest Rates (IR). are dropping again. After reaching 5.42% at the end of June, at the end of September, they stood at **5.04%**. This is low compared to the 40 year history of interest rates. Buyers should be taking advantage of such rates. In 1980 they were at **15%!**

Michigan Sentiment and Consumers Confidence Indices (CCI and MSI). These both reflect the outlook of the American public on upcoming economic times. Our 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 since January are standing at 53.1 and 73.5** respectively.

The two indicators ask different questions, both trying to capture the future economic outlook of the American public. Uncertainty in government spending is contributing to this outlook.

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 up from last quarter and is at **.89**.

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 **September** (only the first two indicators), stands at **.70** up considerably from last quarter. (Compare with its highest-January 2005 1.241).

The final SMI includes all indicators. Through **July (always two months in arrears)**, is at **.95**, up from last quarter. Increased buying pools and falling inventory are helping an upward rise in the index.

Although the inventory has dropped considerably over the last 2 years, **5,146** currently- all

Your Guide

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

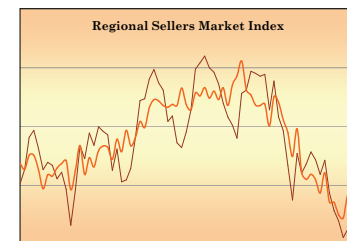
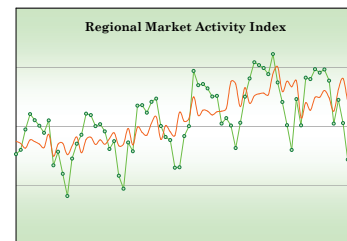
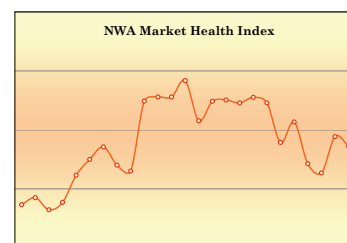
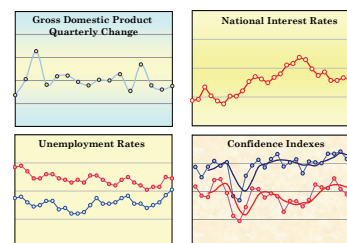
Paul has a degree in Mathematics from Los Angeles City College where he won the coveted 'Department of Mathematics' award for outstanding achievements.

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 3rd quarter video, [Here](#)



Links:

[The Market Report Video](#)

Third Quarter report of 2009. 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.