

The Real Estate Residential Market Report of Northwest Arkansas Semi-Annual 2009

Accumulated Market Activity Through June 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!

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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.

How are we doing?

Often the question comes up, "well Paul, do you think we have hit bottom yet?" There are various National economic indicators I follow, to see the development and perhaps slowing of the recession.

What I like: Our local economy compares well against the National. We are **40% below** the National unemployment rate. Our **Median Sales Price** has only fallen about **12%** over 2006 figures compared with other regions of **20-40%** price decreases. Our inventory continues to decrease and locally buyers are showing signs of returning to the market. We are a young, *vibrant* area.

Nationally, consumer credit is decreasing. Many people are paying off credit cards or just not increasing their credit limit. While this may curtail purchasing goods and services, *I believe it makes for a more stable and happier family unit.*

What I don't like: Government sending *beyond belief. Inflation follows.*

Unemployment index: Rising. Diffusion index indicates *no end in sight.*

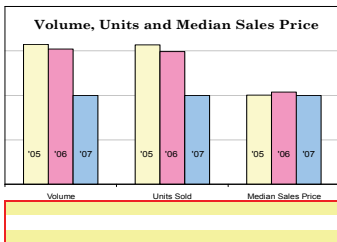
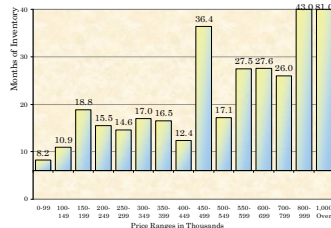
Retail Sales: Down at least **10% every month** this year. The consumer is begged to spend at the very time prudence demands saving and paying off loans.

New Orders for Durable Goods: These are goods like dishwashers, washers, dryers, etc. The new orders come from retailers due to consumer demand. The indicator fell more than **50%** over last year and has *not recovered.*

New Home Construction: *absolutely dismal.* Down **300%** from its 2006 high. Down **50%** over last year. So much of our economy depends on this segment for job creation. Unfortunately, the support is not there.

Mortgage Defaults: Rising *at record rates.* Two million this year *so far.*

What I like: The resiliency and faith of Americans, (and my wife), that somehow it will all work out. Her attitude has worked well for our marriage. I think I'll follow it.



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 1st quarter of 2009 is down **5.5%** percent over the 4th quarter of 2008. The GDP numbers are indicating ***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 **5.5%** while the National index stands at **9.1%** and appears to be rising. More indication of the recession. We are **40%** below the national index. Good for our local market.

National Interest Rates (IR). After reaching **4.78%** last April, rates appear to be increasing. They stand at **5.42%** at the end of June. In 1980 they were at **15%!** ***Between the still low rates and the inventory selection, we have a golden opportunity for buyers.***

Michigan Sentiment and Consumers Confidence Indices (CCI and MSD). These both reflect the outlook of the American public on upcoming economic times. They have risen from their record lows last quarter and currently stand at **49.3** and **70.8** respectively.

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 up from last quarter and is at **.81**.

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 **June** (only the first two indicators), stands at **.56** up from last quarter. (Compare with its highest-January 2005 **1.241**).

The final SMI includes all indicators. Through **April (always two months in arrears)**, is at **.94**, up from last quarter. Increased buying pools and falling inventory are helping an upward rise in the index.

Although the inventory has dropped considerably- **5,532** last quarter against **5,447** 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.

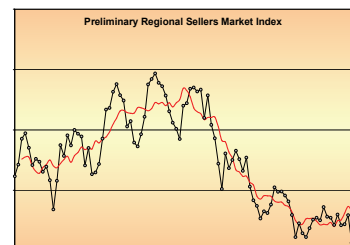
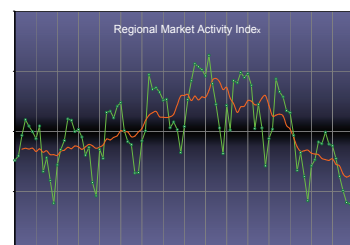
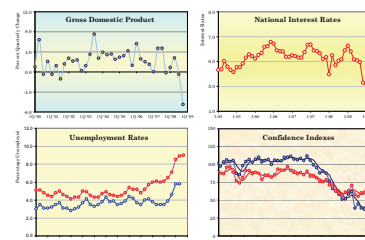
Paul has a degree in Mathematics from Los Angeles City College where he won the coveted 'Department of Mathematics' award for outstanding achievements.

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 2nd Q video, [Here](#)



Links:

[The Market Report Video](#)

First quarter. 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.