

The Real Estate Residential Market Report of Northwest Arkansas Semi-Annual 2011

Accumulated Market Activity Through June 30th 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 6-months of 2011 in the *existing home market* is **10.4**, down from last year's **13.9**. The *new construction market* is at **6.9** also down from last year's **8.7**. *A considerable reduction in inventory helps the figures.*

The *existing inventory* at **4,378** is down **1,100** units from last June's **5,471**. *New construction* is down from **455** units last June to **332** in 2011.

Demand: Monthly Volume, Sales, and Median Price

In this report, the *Volume, Units and Median Sales Price* is the 6-months semi-annual. For existing sales, volume through June is **359** million, about even with 2010. Units sold are **2,517** up **↑6%** and median sale price is **\$109,000** down **↓11%**

For new construction, volume is **64** million, even with 2010. Units sold are **288** units, down **↓9%** and [median](#) sale price is **\$202,330**, up **19%** from 2010.

Total sales volume has dropped **59%** over the semi-annual high in 2006 of **871 Million**. This year is starting slower than 2010. Last year in NW Arkansas the semi-annual sales for new construction was **315** units. This year, its down to **288**. Home sales under \$100,000 are keeping median sales price and the sales volume down.

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 1st quarter of 2011 is up **↑1.9** percent over the 4th quarter of 2010. It is also dramatically up from last year. While this may indicate the end of the recession, **consumer spending, unemployment and foreclosures** say not yet.

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 May of 2011 the regional UI was **6.2%** while the National index was **8.7%**. At the end of the 1st quarter of 2011 it was **6.1** and **9.2**. **Both indexes seem to have stabilized.** We are still **↓29%** 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 semi-annual interest rates averaged **4.93%**. In 2011 the average semi-annual is **4.74%**. This is very low compared to the 40 year history of interest rates. Remember, in 1980 they were at **15%**!

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 a year ago when the MSI stood at **56.3** and the CCI was **25.3**. They have risen from this low with 2011 June figures of **71.5** and **58.5** respectively. This shows very little change from last year's semi-annual. Still a very long way from the highs. **Consumers are still showing a lack of confidence in our economy.**

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 semi-annual average indicator was **.81**. For 2011 it is **.78**. Modern individual monthly high was **1.476** August of 2005.

Seller's Market Index (The SMD). 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 semi-annual, seasonally adjusted, **preliminary** index (that uses only the first two indicators), stands at **.60-** up from 2010's semi-annual of **.56** (Compare with its highest month-January 2005 **1.289**).

Foreclosures, unemployment and securing loans are still affecting our market. After falling **↓26%** from its high in March of 2007, the current Median Sales Price for Northwest Arkansas is **\$119,900**. We are near the level where inflationary trends from the mid 1990's would put us. *Local and national signs indicate a continuation of the sluggish market through at least 2012.*

Your Guide

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

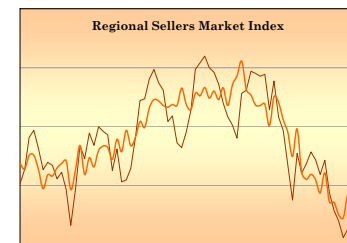
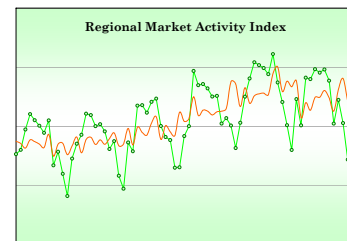
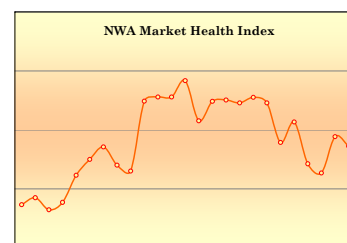
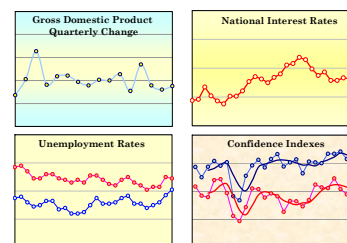
Paul has a degree in Mathematics from Los Angeles City College where he won the coveted 'Department of Mathematics' award for outstanding achievements.

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



Links:

[The Market Report Video](#)

Semi-annual report of 2010. 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.