

### Real Estate Sales and New Construction Down, Remodeling and Additions Up

It is a real estate buyer's market with interest rates at a historic low, a high inventory of existing homes for sale and somewhat depressed prices. But, because of a number of factors, there is also a shortage of buyers. Mortgage requirements have tightened, unemployment has increased and the overall uncertainty of the economy has kept buyers at bay. Residential construction and real estate sales in Faulkner County are down approximately 12% for 2010 compared to 2009. In light of current economic times this could be considered a moderate decline; but the forecast is a bit brighter. All construction - residential, commercial, and remodeling and additions - was up a moderate 3%.

The National Association of Realtors forecasts the sale of existing homes to rise 8 percent in 2011, and the sale of new housing 21 percent. This is based on an anticipated drop in the national unemployment rate to 9.2%. Faulkner County's 6.6% unemployment rate is well below the current national rate of 9.8% and will likely drop further. Consequently, the housing industry in Faulkner County should improve significantly over the next two years.

Real estate sold through Faulkner County realtors for the first six months of 2010 was up 2.7% when compared to the same period for 2009. However, for the next five months, July through November, sales were down 24% to average down 10.8% for the year. The April 30 expiration of the federal tax credit incentives for purchasing homes contributed to the lower sales in the latter part of the year. The average price of homes sold increased 6% from \$147,099 in 2009 to \$155,940 in 2010.

#### Residential Units Sold In Faulkner County\*

2010	Number	Value	Average
Jan-June	638	\$99,563,856	\$156,056
July-Nov**	473	73,686,730	155,786
Total	1,111	\$173,249,340	\$155,940
2009	Number	Value	Average
Jan-June	621	\$91,391,949	147,169
July-Nov**	625	91,873,405	146,997
Total	1,246	\$183,265,354	\$147,099
Percent change from 2009			
Jan-June	2.7%	8.9%	6.0%
July-Nov**	-24.3%	-19.8%	6.0%
Total	-10.8%	-5.5%	6.0%

\*Sold through real estate agencies participating in the Multiple Listing Services and therefore not a complete list of units sold.

\*\* December data not available at time of publication.

The value of **all** real estate transactions in 2010, \$393 million, was up 26% from \$312 million in 2009. The all time high was in 2007 when they reached \$529million. The value of real estate transactions is determined by the amount revenue stamps sold on real estate deed transfers and it has declined approximately 24% from 2007.

#### Total Real Estate Transactions\*

Year	Amount	% Change
2010	\$392,849,696	26.0
2009	311,856,667	-10.5
2008	348,258,667	-34.2
2007	529,141,484	

\* Based on real estate revenue stamps sold on all recorded real estate transactions.

Building permits for single family homes in Conway for 2010 were down 11.8% in value and the number of units down 13.9% compared to 2009. Like real estate sales, most of the decline occurred in the later months of 2010. For the first three months in 2010 the value of building permits was up 54%, and for the nine months following, it decreased by 32% for an overall average of -11.8%. Multi-family permits were down 20.8% in value. This recent trend is of concern for the residential construction industry's immediate future.

While the average size of a single family dwelling remained approximately the same, 2600 square feet under roof, the average construction cost, not including the lot or improvements, was up 3% from \$177,264 for 2009 to \$182,340 for 2010.

The value of commercial construction permits for 2010 was down 40.3% from 2009. The value of 2009 commercial permits was impacted by the Hewlett Packard and Southwest Energy buildings valued at \$29 million. However, there were still some large commercial projects in 2010: Cinemark Theater, Blue Cross Data Processing Center and the Holliday Inn Hotel totaling \$18 million.

The value of upgrades, remodeling, additions and accessories, for both residential and commercial construction more than doubled in 2010 from \$27 million in 2009 to \$55 million in 2010. This segment of the construction industry has offset declines in other areas. The value of all construction, residential, commercial, industrial, and upgrades, had a moderate 3.1 percent growth from \$146 million in 2009 to \$151 million in 2010.

#### Building Permits Issued in Conway

Type	Number	2010		Change	Average
		Change	Value*		
Single Family	223	-13.9%	\$40,662,167	-11.4%	\$182,340
Multi-family	726	-16.9%	29,800,000	-20.8%	40,346
Commercial**	11	-56.0%	25,011,488	-40.3%	2,189,999
Upgrades***			55,177,696	+104.9%	
Total			\$150,651,331	+3.1%	

Type	Number	2009		Average
		Value*	Average	
Single Family	259	\$45,911,418	\$177,264	
Multi-family	874	37,649,387	43,077	
Commercial**	25	41,898,237	1,547,969	
Upgrades***		26,926,020		
Total		\$146,152,292		

\*Construction cost not including land or improvements

\*\* Includes commercial, industrial, and institutional

\*\*\*Includes remodeling, additions, and accessories

More information on Faulkner County real Estate Market can be found at Pulse of Conway website, [pulseofconway.com](http://pulseofconway.com).