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Market Report Summary 2006 Northwest Arkansas

*Prepared By
Judy Luna*

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Northwest Arkansas Market Area



For the purposes of this report, the Northwest Arkansas market area includes Washington and Benton Counties in the NW corner of Arkansas. It does not include Madison County Arkansas or McDonald County Missouri which are also included in the Fayetteville/Springdale/Rogers Metropolitan Statistical Area (MSA) as defined by the US Census Bureau. The major towns of the area are Fayetteville and Springdale in Washington County, and Bentonville, Rogers, Bella Vista and Siloam Springs in Benton County.

Fayetteville is the home of the University of Arkansas and is the county seat of Washington County.

Springdale is home to Tyson Foods.

Bentonville is not shown on the map and is just west of Rogers. Its claim to fame is that it is the site of the home office of Wal-mart.

Rogers is the gateway to Beaver Lake.

Bella Vista is a recreation/retirement community, as well as a bedroom community for Bentonville.

Siloam Springs, on the western border, is the gateway to Oklahoma from NW Arkansas.



Introduction

Any report on the housing market must take into consideration what is happening now compared to other years, quarters or other time periods. The longer the time period, the more general the data. Thus what Realtors® and economists do when preparing such reports is try to compare “apples to apples,” that is, to compare what is happening in the time period selected with past similar time periods.

This report deals with single family home sales in NW Arkansas in the 5 major towns: Fayetteville and Springdale in Washington County, and Bentonville, Rogers and Bella Vista in Benton County. The data for Springdale also includes homes in the part of Springdale which is in Benton County. There are other towns close to these which might be included for a more complete picture (for example, Centerton, just west of Bentonville, whose large supply of modestly-priced homes also influences the Bentonville market), but one could expand indefinitely and the computations would be extremely onerous and beyond the capability of a single agent like myself to compile.

There are several ways of compiling the data. This report begins with annual data, which will give a global picture of market activity in the towns mentioned. The data is of several types. Market activity is measured by the number of homes on the market now, under contract, and sold in the past year. This is further broken down into home sales per month. This is called the “absorption rate.” By dividing the number of current listings by the home sales per month, we arrive at how many months of inventory are currently on the market. This figure measures the amount of time it would take to sell all of the homes currently on the market if the absorption rate from past months continues at the same rate and if no additional homes are built or put on the market. If the market slows, the absorption rate slows, and it will take longer for homes on the market to sell. And as additional homes are put on the market, these figures will change, and that’s what the more specific, quarterly data later in this report will indicate.

It should be noted that like using longer time periods, using data from all home sales in all price ranges is not as exact as using more specific price ranges. Thus a second part of this report breaks down the data by town and by price range. The absorption rate does vary significantly according to the price of a home (it also varies by subdivision and age of the home which are not treated in this report). Normally there are more less-expensive homes sold in a month than more-expensive homes. Thus



there are more of these on the market. Although fewer expensive homes in each town are actually on the market, the extremely small number of buyers for these homes makes their market time longer. This will be explained more fully with relation to the graphs provided.

A third part of this report has to do with appreciation rates and whether home prices are rising or falling. Real estate is cyclical—prices and activity rise and fall, both on an annual basis and on a seasonal basis. The years 2004 and 2005 were the best years in history for home sales nationwide, with more activity and rapidly rising prices than previously on a national level. This was mirrored also in NW Arkansas, and many people who purchased a home in that period of time may wonder if their home is still appreciating at the same rate. Similarly, more homes are sold in the spring and summer than in the winter; this provides seasonal fluctuations in the market.

The normal appreciation rate for most of the communities in NW Arkansas before the “boom” of the past couple of years was between 3-6 percent depending on area. During the boom years, this appreciation zoomed into the double digits. However, this kind of frenetic activity cannot continue indefinitely, and 2006 was the beginning of an “adjustment” locally as well as nationally. However, the effect for NW Arkansas does vary among the communities examined.

The way that appreciation rates are measured is to examine average sales prices and median sales prices for homes. The “average sales price” is calculated by adding up the value of all of the homes sold in the time period under consideration and then dividing that by the number of homes sold. The “median sales price” is the price of the home exactly in the middle of all of the homes sold, with an equal number of more-expensive homes above that and less-expensive homes below that home.

More specific explanations of the data will accompany the graphs in this report.

I hope the reader may find this report illuminating. The data for this report was obtained from the NW Arkansas Multiple Listing Service. “Current” listings and inventory are as of 2/18/07, the date the data was pulled from the MLS. It does not include home sales directly to the public by builders or “for-sale-by-owners.” Data for previous time periods was specified according to the beginning and ending date for that time period, either on an annual or quarterly basis. Generally speaking this report covers the year 2006.

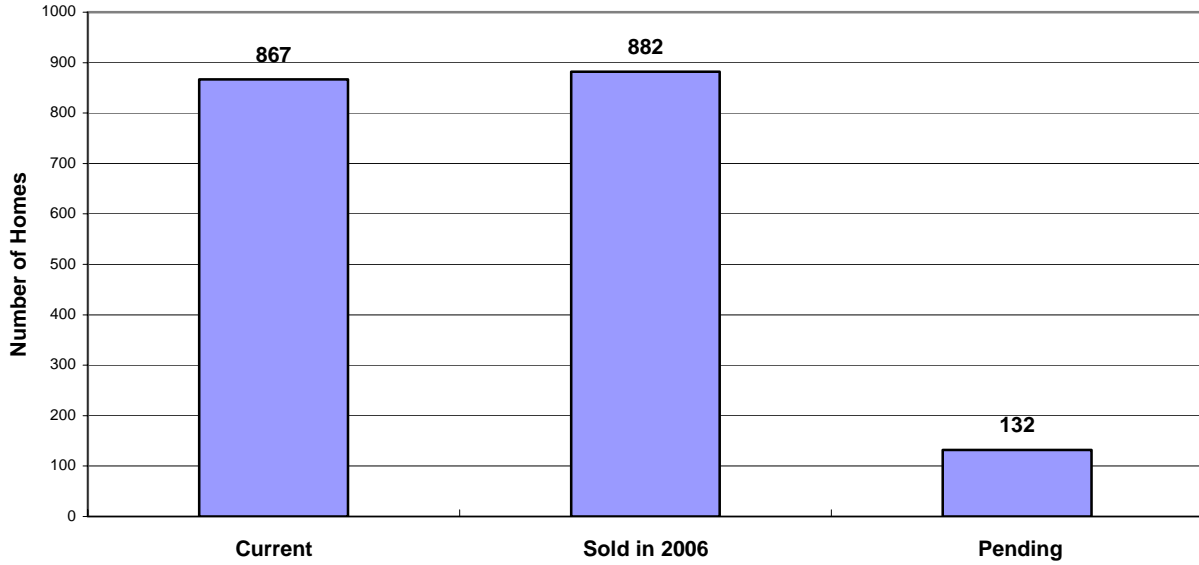
Data in this report is deemed reliable but not guaranteed. Since it is drawn from the NW Arkansas MLS, it is totally dependent upon the agents who enter the data for its accuracy.



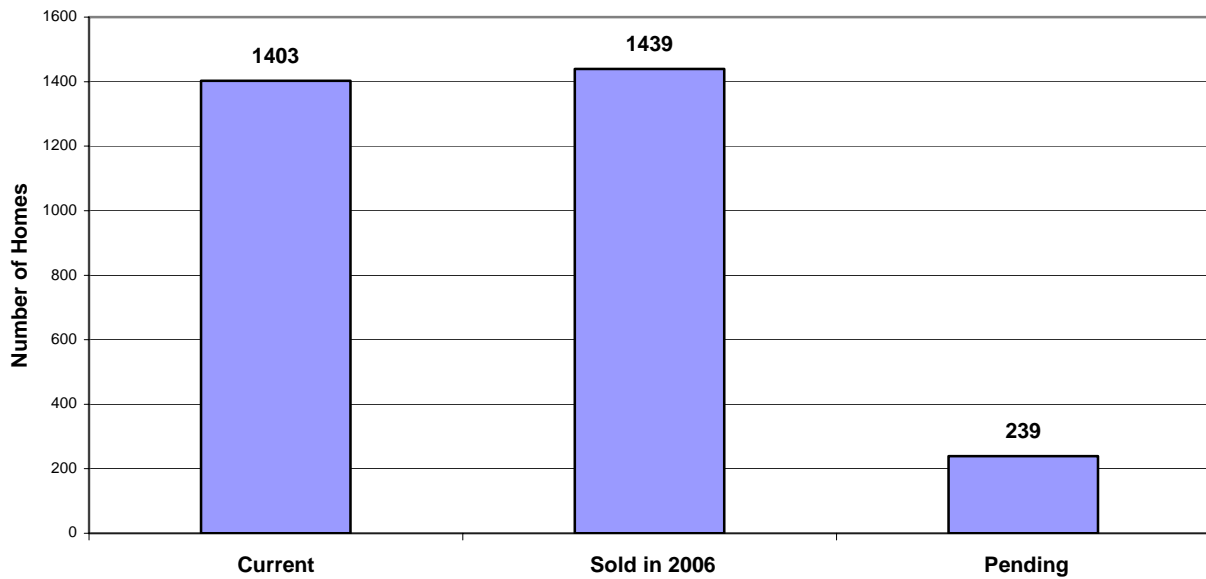
Part I

Market Activity by Town—Single Family Homes

Bentonville 2006



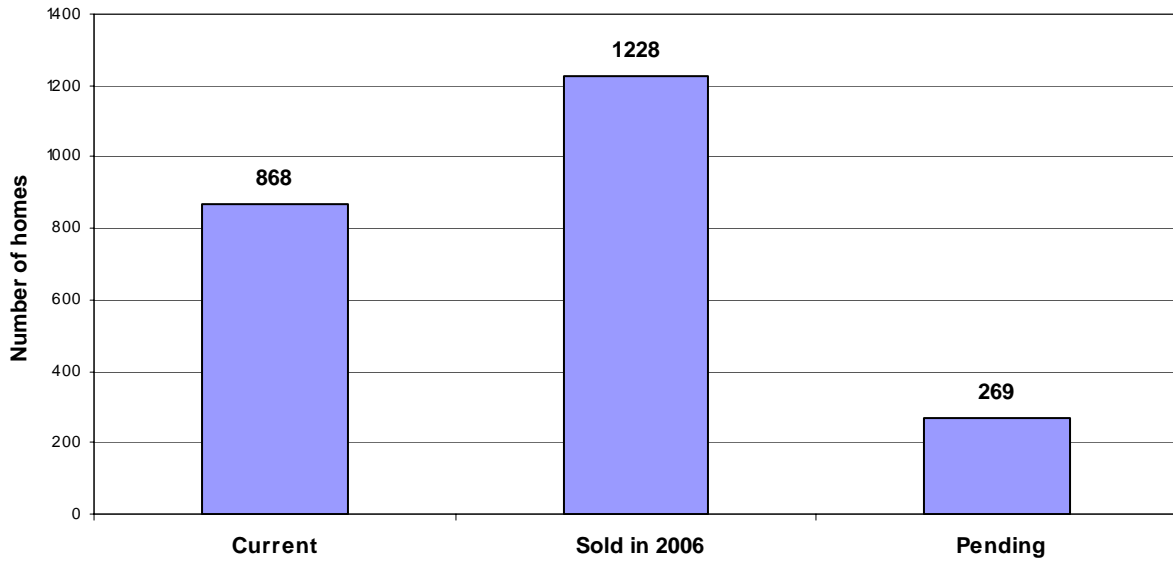
Rogers 2006



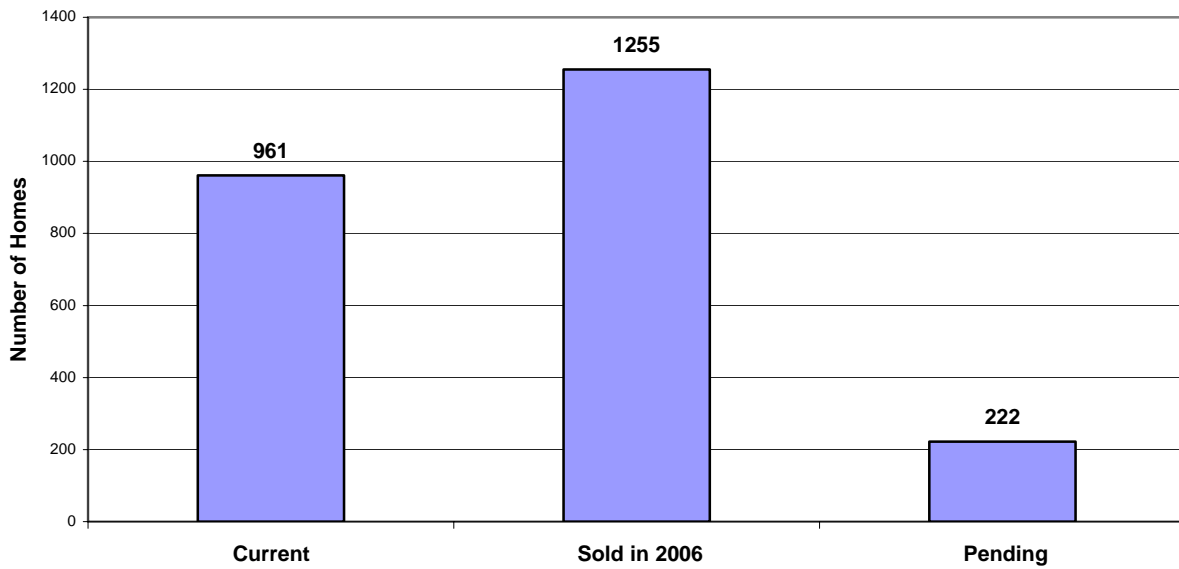
Source: NW Arkansas MLS



Fayetteville 2006



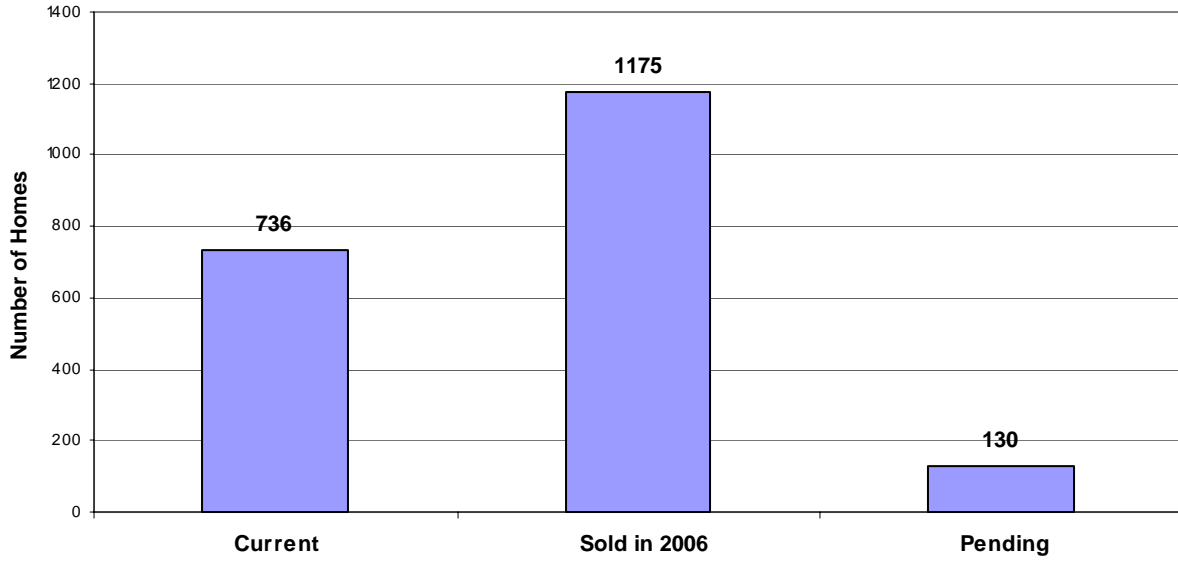
Springdale 2006



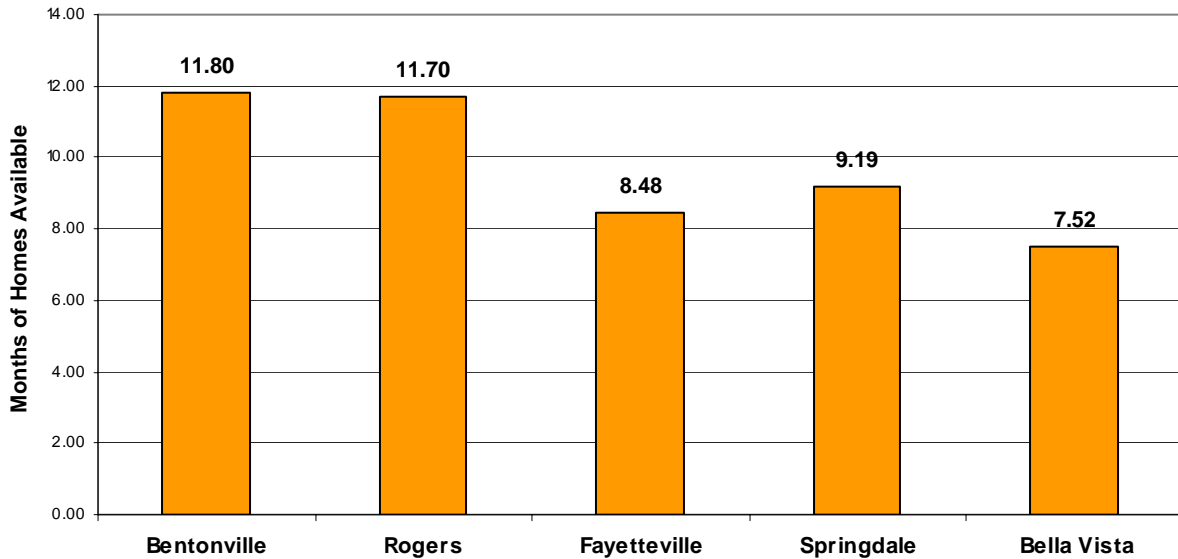
Source: NW Arkansas MLS



Bella Vista 2006



Housing Inventory by Town as of 2/18/07



Source: NW Arkansas MLS



What do the graphs mean?

The first five graphs show data from each for the 5 major towns of NW Arkansas: Bentonville, Rogers, and Bella Vista in Benton County, and Fayetteville and Springdale in Washington County.

According to the NW Arkansas Multiple Listing Service, these are the numbers of single family homes (including condominiums) in various categories. Current are the number of homes on the market as of February 18, 2007, the date this part of the report was prepared. Sold in 2006 represents all of the homes in the MLS which were sold between January 1, 2006 and December 31, 2006. The number for Pending is the number of homes under contract, but not yet closed as of February 18, 2007, according to the MLS.

It should be noted that homes which were sold directly by builders or “for sale by owners,” or which are of these types in one of the other categories, are not included in these figures. These figures also include re-sale homes, as well as new construction homes. And they include homes of all price ranges and types, including rural properties, mobile homes, etc., which are listed under each town. They include all single-family residential properties in the MLS for each town.

Of more importance is the graph showing the number of months of housing inventory for each town. As stated in the Introduction to this report, this is calculated by dividing the total number of homes sold (from the Sold in 2006 figures for each town) by 12. This gives a number of “homes sold per month” in the previous year (the “absorption rate”). Dividing the number of homes currently on the market by this number results in the number of months inventory of homes on the market now if the absorption rate continues at the same pace.

Realtors® normally consider a 6-month inventory a balanced market. If the inventory is less than that, it is a “seller’s market” (i.e. there are more buyers competing for a given number of homes), and if it is more than that, it is a “buyer’s market” (i.e. fewer buyers and many homes to choose from). As you will note, all of the NW Arkansas towns have more than 6 months of inventory, which means that buyers are calling the shots right now. There are a lot of homes to choose from, and sellers must price their homes competitively or market the special features of their home which make it “different” from all of the other homes in their price range or neighborhood in order for it to be sold in a reasonable length of time. The more homes that are competing in a given price range, the longer a seller can expect to have his home on the market.

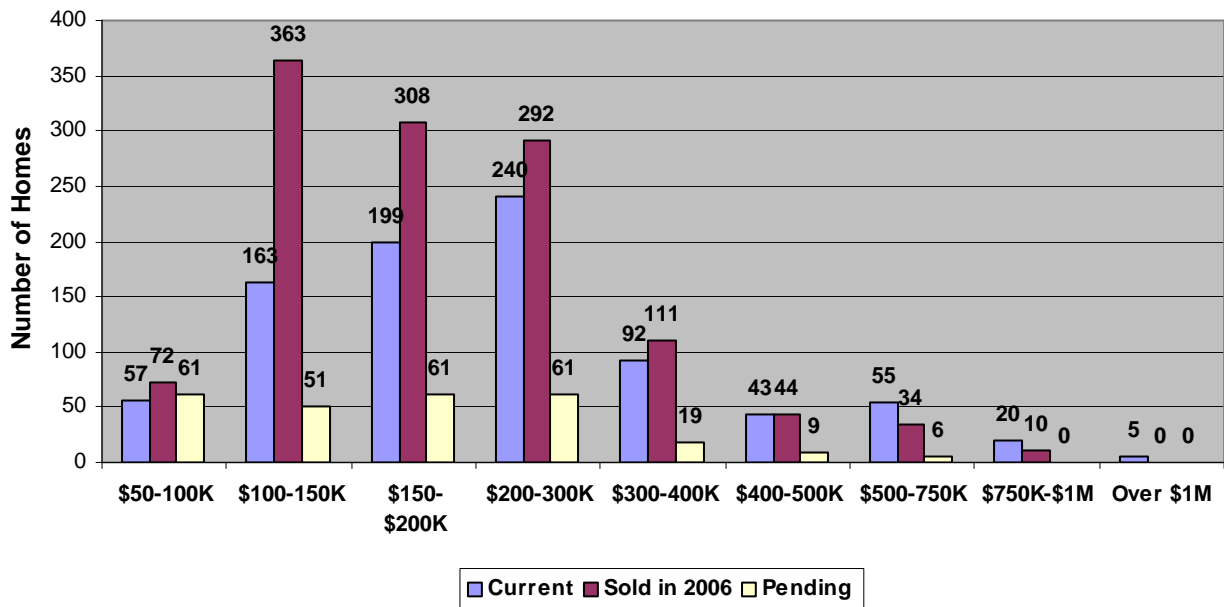


From the graph it is evident that Rogers and Bentonville have a severe Buyer's Market with almost a year's supply of homes listed in the MLS. There are also other homes for-sale-by-builders and for-sale-by-owners to complicate the situation and furnish additional competition to sellers. And for Bentonville, there are also a lot of homes on the market in Centerton, not included in this report. The markets of Fayetteville and Springdale are closer to a more balanced market, but there is still a lot to choose from—it's a Buyer's Market there too.

The situation is further complicated by the fact that the data for individual subdivisions and for different price ranges also varies for each town. Following are some additional graphs which might clarify the situation, but keep in mind that real estate in NW Arkansas is also seasonal and driven to a large degree by the weather. These graphs represent figures for the whole year. We will also look at each town individually, since the kinds of homes available (and price ranges) differ from town to town.

Market Activity by Price Range and by Town Washington County

Fayetteville 2006



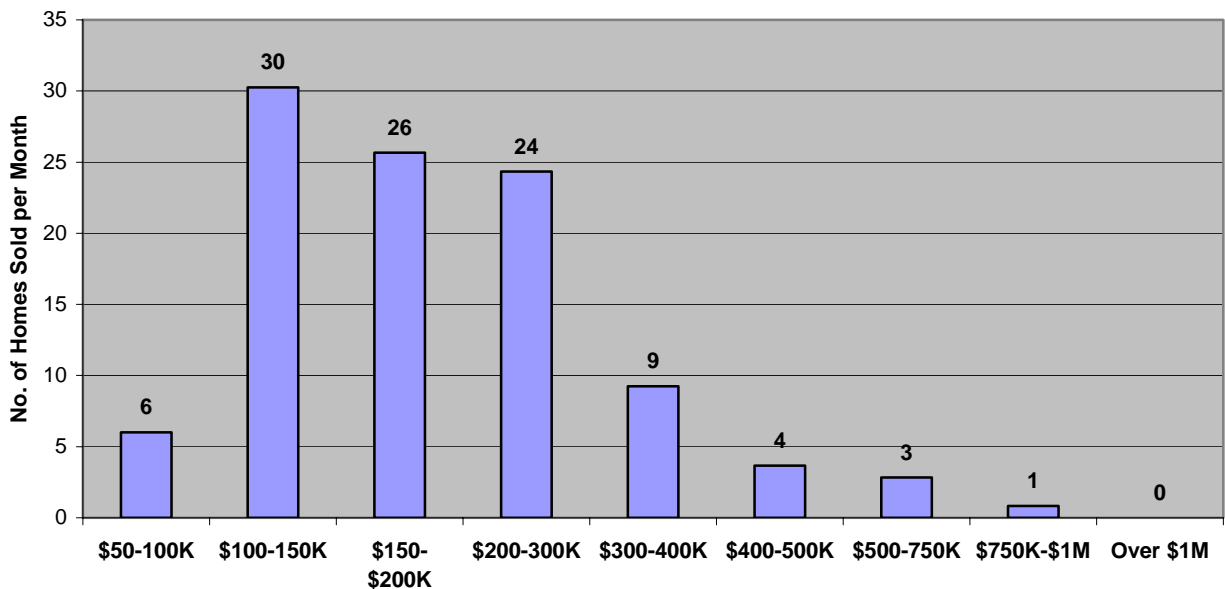


This first graph shows a comparison by price range of the same data in the previous charts in Fayetteville, that is, the number of homes sold during 2006 but broken down into each price range indicated at the bottom of the graph, as well as the number of homes currently on the market and under contract as of 2/18/07, the date this data was pulled from the NW Arkansas MLS. These were all listed and/or sold by Realtors®.

A couple of important points can be observed from this graph.

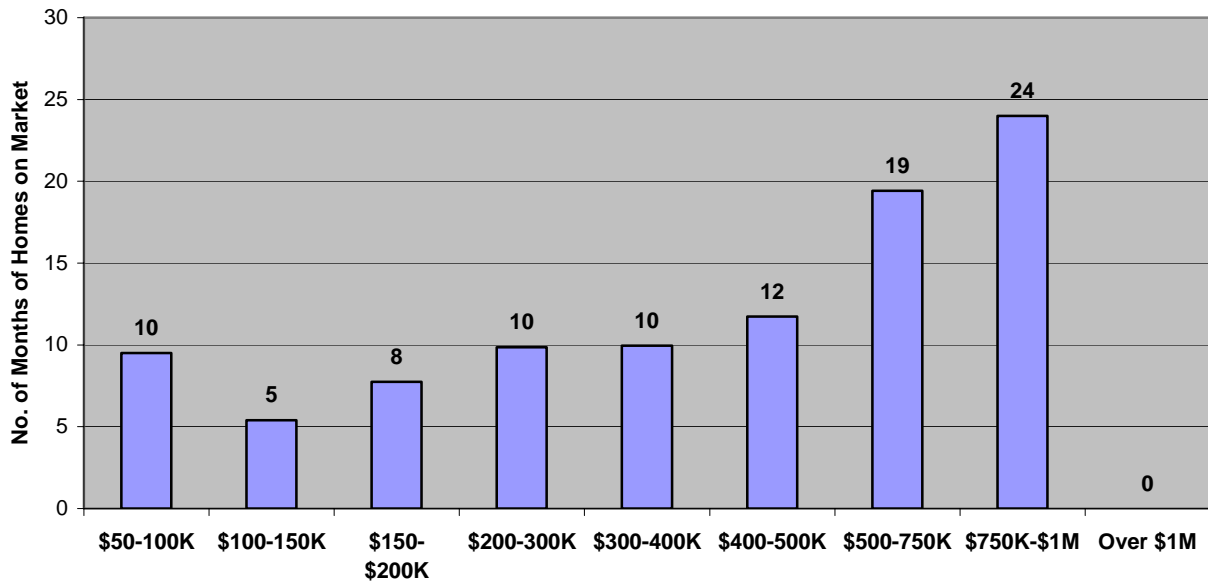
1. The largest number of homes available and sold is between \$100,000 and \$300,000. My opinion--given the large number of homes under contract for less than \$100,000 compared to the number available and sold--is that if there were more homes in this price range, more would be sold.
2. As the price range increases, the number of homes available decreases, but that is as it should be, since far fewer are sold in that price range. You will note that there are currently 5 homes on the market in Fayetteville above \$1 Million, but no homes in that price range were sold last year, although there were a few such homes sold in previous years. Also on the high end, there are more homes on the market at this time than were sold during the entire year of 2006. These points will become important as we view subsequent graphs.
3. As the number of homes approaches or exceeds the number of similar homes which were sold last year, the expectation for sellers will be that they will be on the market longer. This will also become clear in subsequent graphs.

Fayetteville Monthly Home Sales by Price Range 2006





Fayetteville Housing Inventory by Price Range as of 2/18/07

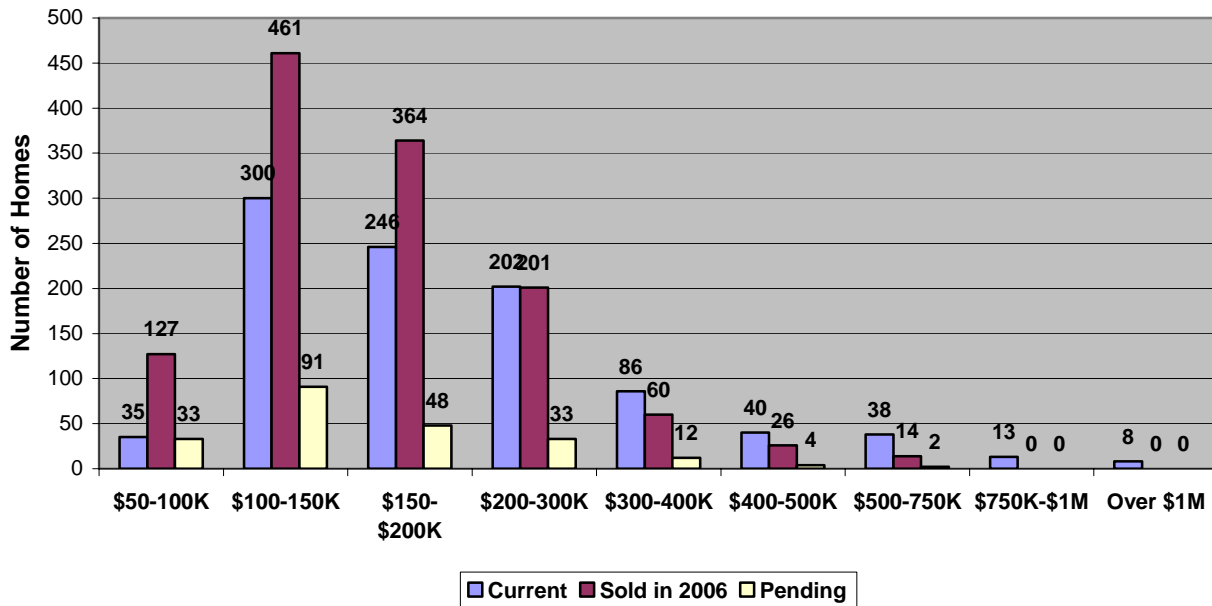


Current inventory is measured by the number of months supply in a given price range. This is calculated by dividing the total number of homes currently on the market by the number of homes sold per month in the previous year (the “absorption rate”). If buyers continue to purchase homes at the same monthly rate, the number of months supply is the time that it will take for all of those homes to be sold. As stated previously, a 6-month supply is considered a balanced market; above that is a Buyer’s Market and below that is a Seller’s Market. The only price range in Fayetteville where there is a slight Seller’s Market is between \$100,000 and \$150,000.

As price range increases, the more severe the Buyer’s market becomes where sellers with homes between \$500,000 and \$1 million can expect to have their homes on the market at least a year and a half to 2 years (19 and 24 months supply). And although the graph indicates there is no inventory of homes over \$1M, the opposite is actually the case. Since there were no homes sold last year in this price range the number of months required to sell these homes would be theoretically infinite (my spreadsheet program cannot accommodate mathematical infinity so 0 was used). There have been a few homes in Fayetteville in this price range sold in past years, but as the absorption rate implies, selling a home over \$1 million is a multi-year proposition in the Fayetteville market. There are currently 5 homes on the market in this price range.



Springdale 2006

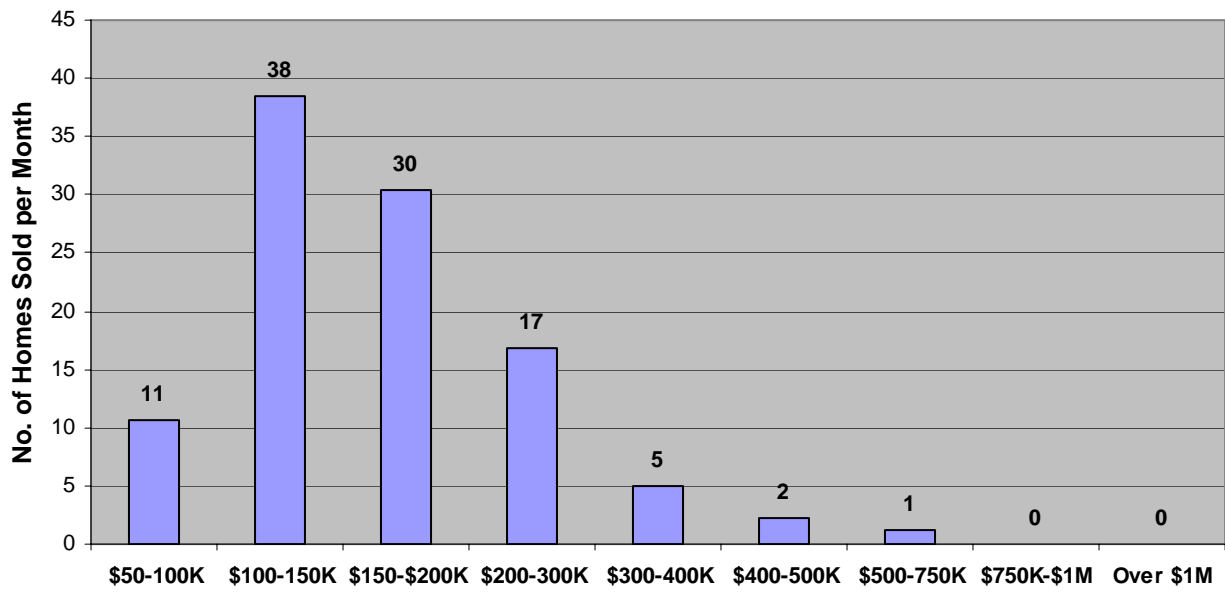


The same principles as described for the Fayetteville graph apply to Springdale. The main difference is that the price point for selling high-end homes is lower. In Fayetteville, no homes were sold in 2006 over \$1 Million. In Springdale no homes were sold over \$750,000, so the 21 sellers with homes in this price range on the market will have a difficult time and should expect their homes to be on the market a long time. Also of note is the fact that there are more homes on the market in the \$200,000 to \$300,000 price range (202 homes) than were sold in all of 2006 (201 homes). And above \$300,000 the number of current homes on the market far exceeds the number of homes sold in 2006. These figures would indicate that homes above \$200,000 will also take a longer time to sell.

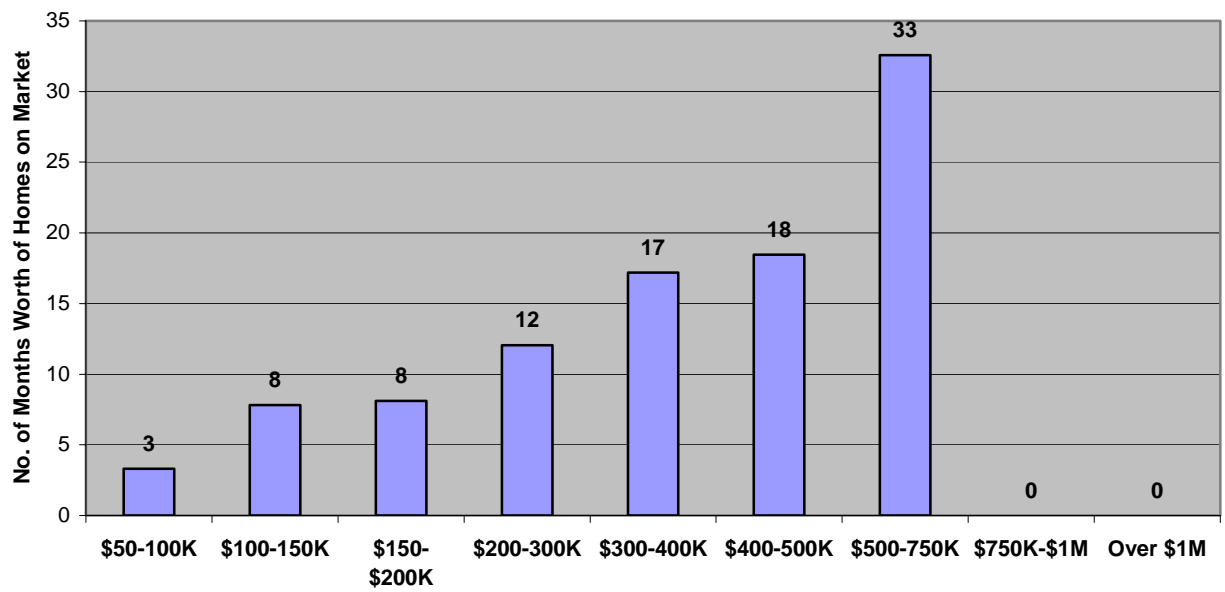
Springdale's housing inventory presents an almost balanced market between \$100,000 and \$200,000, but with a tendency to a Buyer's Market. On homes below \$100,000 it is a severe Seller's Market because of the lack of availability of homes in this price range. My experience is that there is a demand for homes like these, but they no longer exist in that price range. For homes above \$200,000, sellers can expect their homes to take longer to sell since there is a year or more supply of homes that buyers can choose from, and between \$500,000 and \$750,000, the 33 months of inventory means that at the current absorption rate it will take almost 3 years to sell all of these homes.



Springdale Monthly Home Sales by Price Range 2006



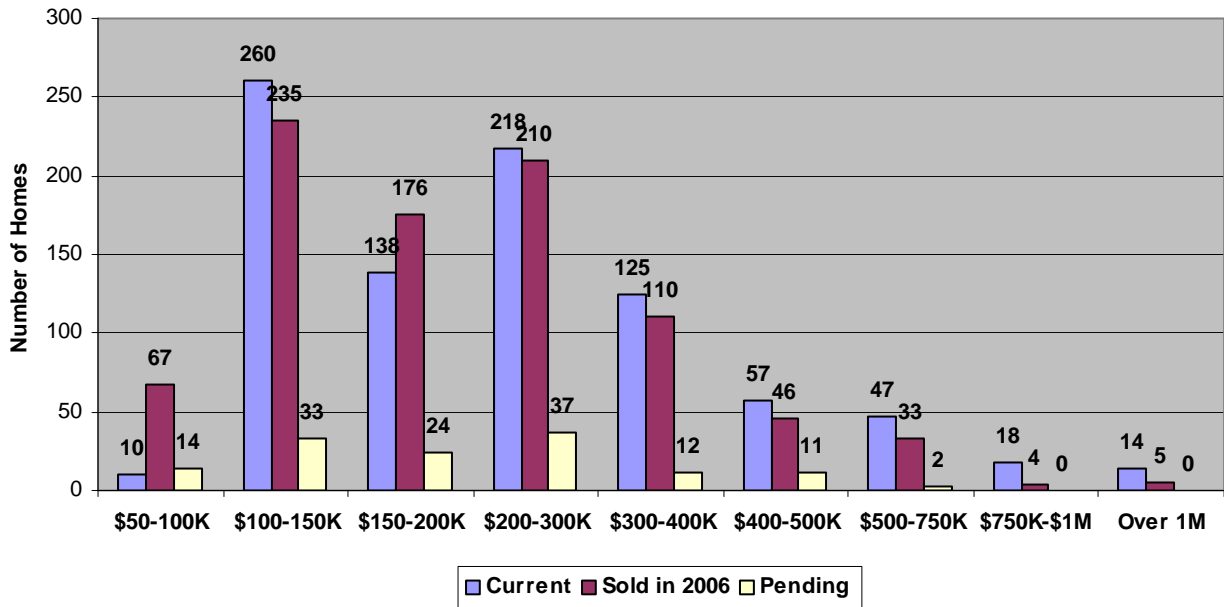
Springdale Housing Inventory by Price Range as of 2/18/07





Benton County

Bentonville 2006

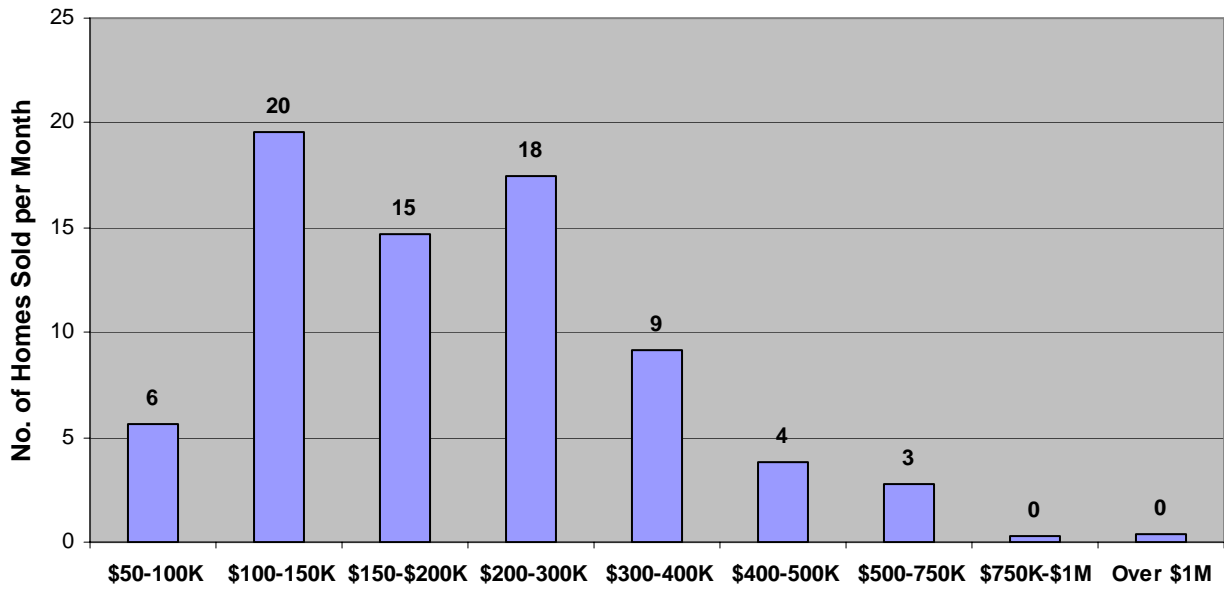


Trends for Bentonville and Rogers are somewhat different from those of Fayetteville and Springdale especially in the higher price ranges. There have been more homes sold in Bentonville in these higher price ranges, even over \$1 million (5 were sold last year). Nevertheless in most price ranges there are more homes on the market now in Bentonville than were sold during all of 2006.

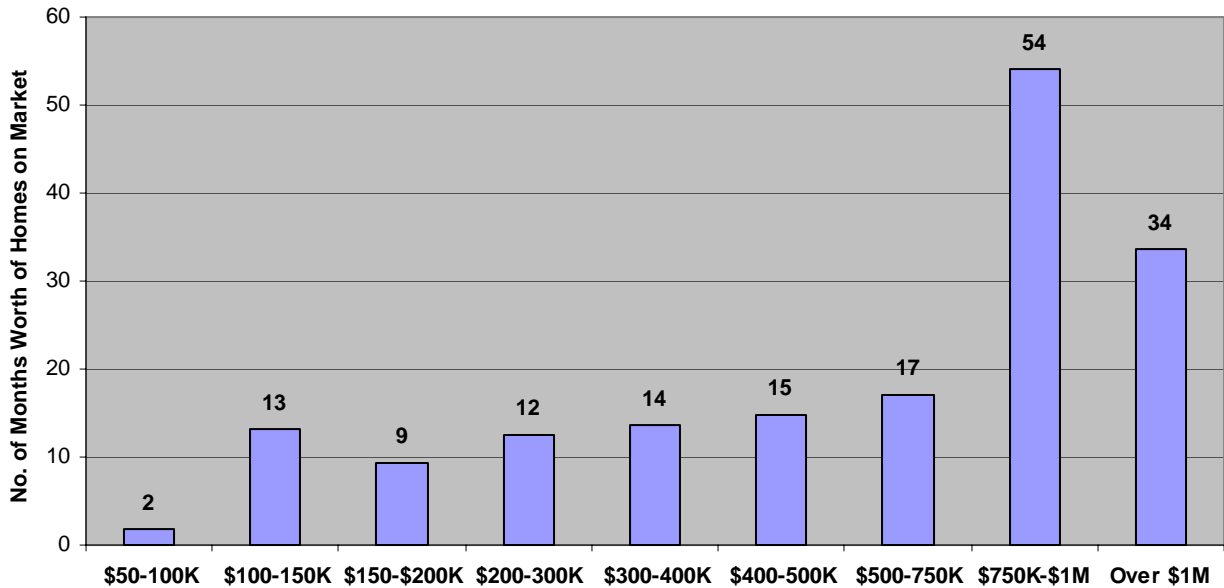
For the graph of monthly home sales, the figure of homes sold per month for the two price ranges above \$750,000 show 0, but that is only because the numbers are rounded off. There were actually 4 homes sold between \$750,000 and \$1 million, and 5 homes sold above \$1 million. However, that translates to less than 1/2 of a home per month, so the graph shows 0 for the numbers of homes sold monthly in those price ranges.



Bentonville Monthly Home Sales by Price Range 2006



Bentonville--Housing Inventory by Price Range as of 2/18/07



In Bentonville, there is a strong Buyer's Market in all price ranges except for under \$100,000, where an extreme Seller's market exists because of lack of homes available. And although more homes were sold on the high end there, at current absorption rates it will take almost 5 years to sell the homes listed at between \$750,000 and \$1 million and 3 years for homes over \$1 million. In intermediate price ranges, it should take from about a year to a year and a half to sell all of these homes. It should be mentioned again that this assumes that no new homes will be built or

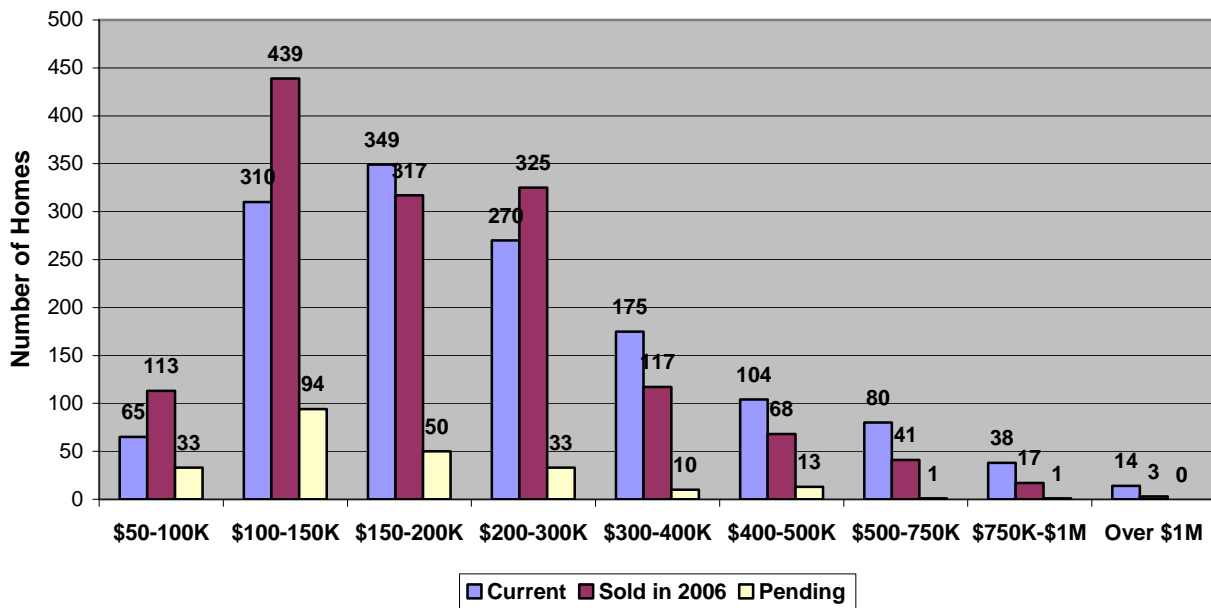


additional homes placed on the market, which is not the case. Home construction does continue, so these figures will change as new homes come on the market.

What this means for sellers is that there is a lot of competition in most price ranges. Buyers have a lot to choose from, so if a seller receives an offer on his home, it would be in his best interest to negotiate with a “ready, willing, and able” buyer.

An additional factor not considered in this report is the large number of homes available in Centerton, just west of Bentonville, especially in the \$100,000 to \$300,000 price range.

Rogers 2006

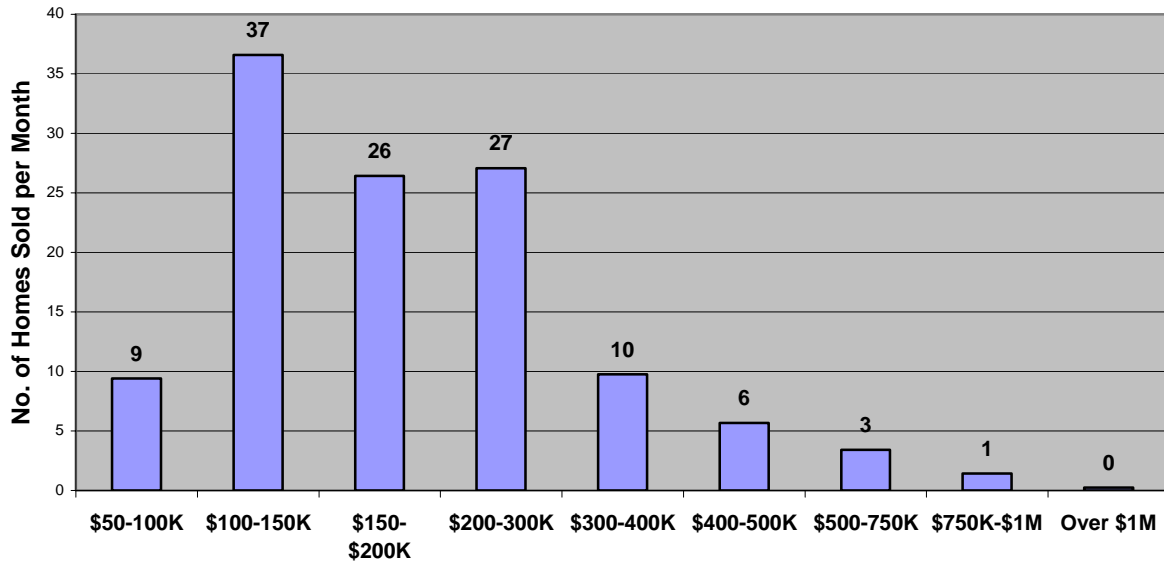


The pattern of home sales for Rogers is similar to that of Bentonville, and the large number of homes available is also similar. In most price ranges there are more homes on the market now than were sold in all of 2006. But there were also more homes in all price ranges sold, including on the high end, as compared to Washington County.

It is reassuring to note that on the low end in Rogers (under \$150,000 and even under \$100,000) the market is still a buyer’s market, approaching a balanced market. This would indicate that there is a supply as well as a demand for homes in this price range and bodes well for people searching for an “affordable” home.

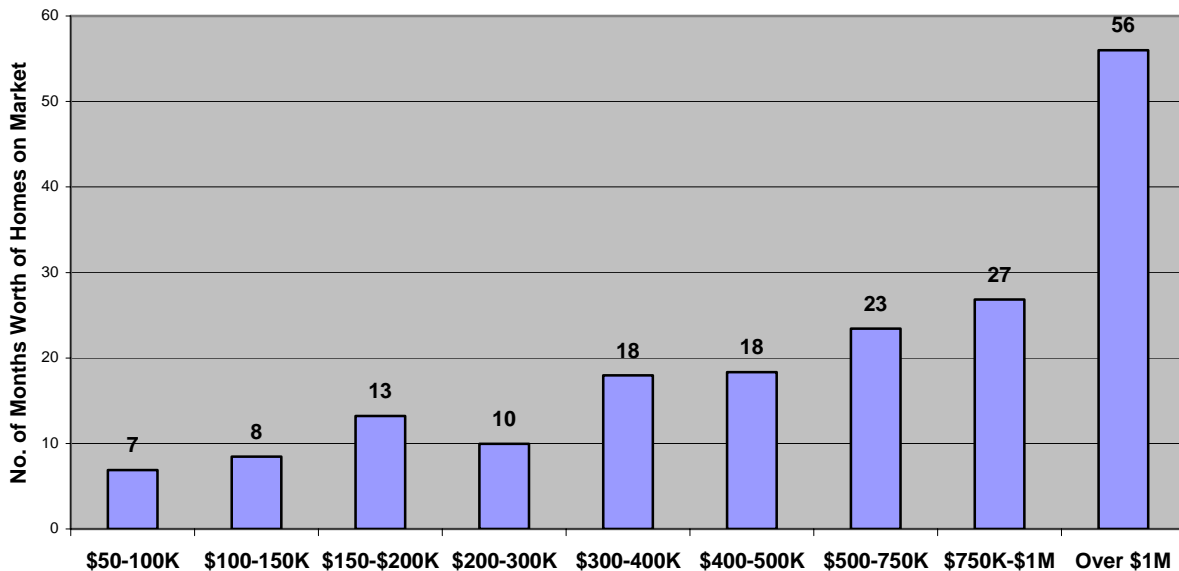


Rogers Monthly Home Sales by Price Range 2006



As with the graph for Bentonville, the number of homes sold per month on this graph represents a rounded-off number. Since only 3 homes were sold in 2006 above \$1 million, that translates to only ¼ of a home per month and is thus rounded down to zero.

Rogers Housing Inventory by Price Range as of 2/18/07

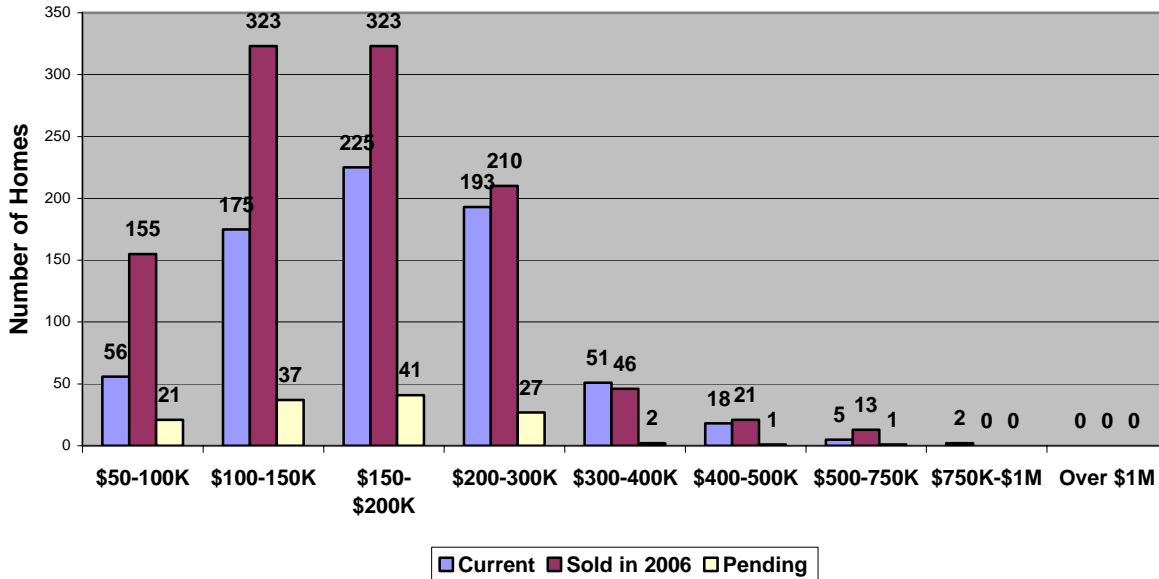


The Rogers market is a Buyer's market in all price ranges. Generally speaking, the situation worsens as the price range rises, with almost a 5-year supply of homes over \$1 million available, and more than a 3-year supply of homes between \$750,000 and



\$1 million. Even in the mid-ranges, there is a significant supply of homes on the market so sellers will have a lot of competition for selling their home, and buyers will have a lot to choose from.

Bella Vista 2006



Bella Vista has been known for its good values. Generally speaking, buyers get more for their money there, and at a more modest cost. Nevertheless there are a few homes available and being sold on the high end. For Bella Vista, this starts at about \$300,000 to \$400,000. There were no homes sold in Bella Vista for over \$750,000 in 2006, but there are 2 on the market now. Another factor is that there has been a building boom in Bella Vista during the past several years, so that there are a lot of homes for buyers to choose from. Sellers and builders who have homes over \$200,000 to sell can expect them to be on the market awhile, as the current listings almost equal the number of homes sold in all of 2006, not taking into account any new homes which might be built.

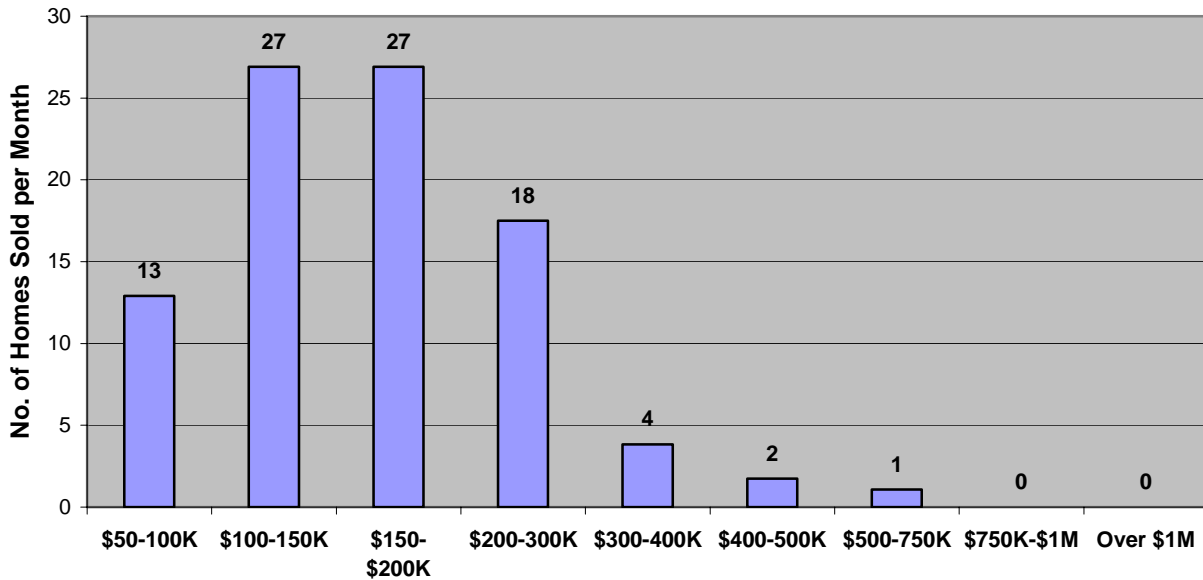
Most of the housing activity in Bella Vista occurs at less than \$300,000. The homes for less than \$100,000 generally represent older homes, while much of the activity above that price range involves new construction or newer homes. Some of the dwellings of less than \$100,000 are older condominiums.

The progression of housing inventory for Bella Vista is somewhat different than for the other towns already described. This is principally because more of the homes in Bella Vista are less expensive, and most of the building that has occurred has been at

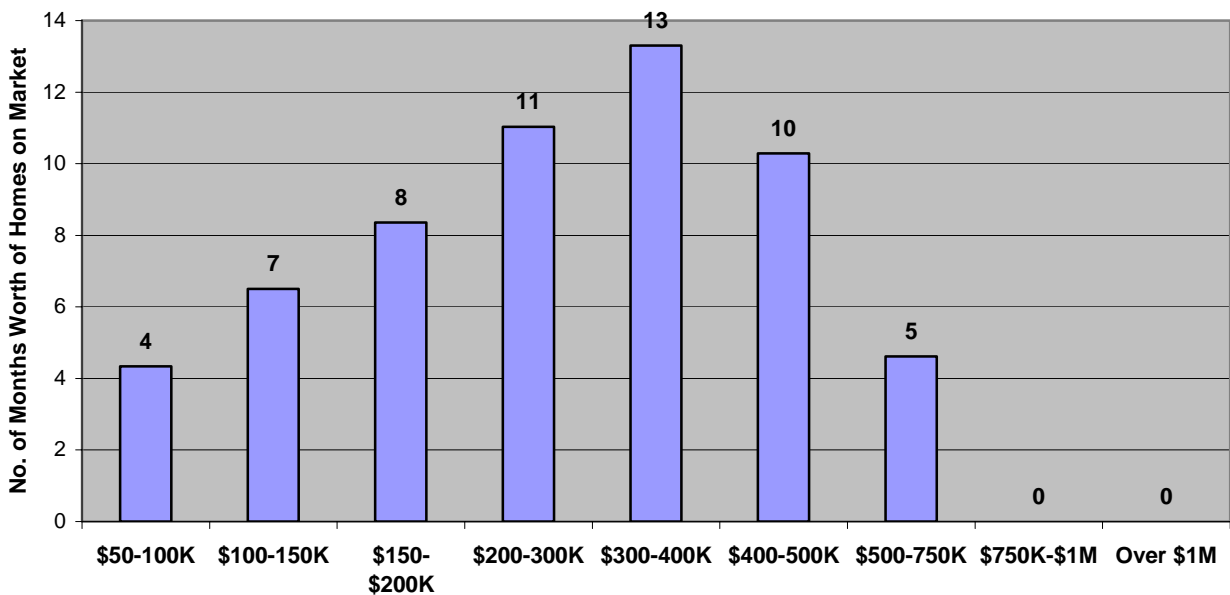


lower price ranges. Thus in two different price ranges, the low end under \$150,000 and the high end between \$500,000 and \$750,000 there is a more-or-less balanced market. What this means is that the number of homes available and on the market now can be absorbed successfully in a normal time period if the number of buyers continues at the same rate as in 2006.

Bella Vista Monthly Home Sales by Price Range 2006



Bella Vista Housing Inventory by Price Range as of 2/18/07





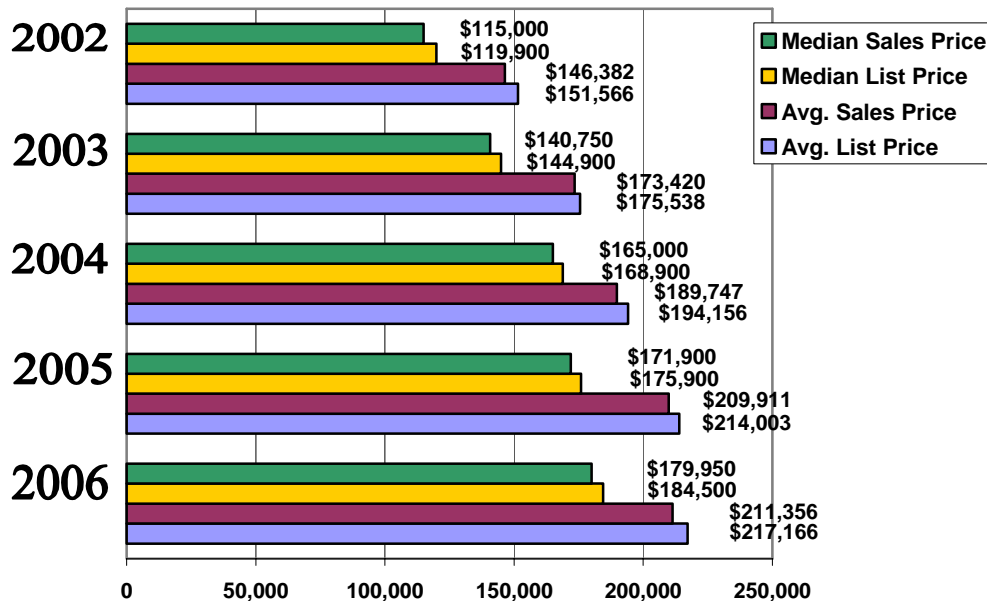
Home Prices in NW Arkansas

When examined on an annual basis the average and median home prices do not reflect the seasonal nature of the housing market. These figures do vary slightly (mostly up but also down in some months). Generally speaking, however, home prices in NW Arkansas have risen significantly since 2002.

The median price of homes is the middle price at which homes were sold. That means that the same number of homes was sold above the median price as were sold below that price. The average price of homes is calculated by adding the total value of the homes sold and then dividing by the number of homes. Both figures show increases during the years charted in the graphs which follow for each town, with a few exceptions.

Fayetteville

**Fayetteville Average & Median Home Prices
2002-2006**



Traditionally Fayetteville has been thought of as the “most expensive” of the major NW Arkansas towns, and the numbers do show that this used to be true. But as we will observe from subsequent graphs, Bentonville slipped into first place in 2005 and



remains there with Rogers and Bentonville close behind. Nevertheless NW Arkansas towns remain below the national average with regard to home prices, thus furnishing more affordable homes than elsewhere in the country. During 2006 the median price of a home nationwide, according to the National Association of Realtors®, was \$222,000.

The graph for home prices for Fayetteville shows increases for all years since 2002, some years more than others. For the median price, the increases on the graph on the previous page represent an increase of 22.39% between 2002 and 2003, 17.23% between 2003 and 2004, 4.18% between 2004 and 2005, and 4.68% between 2005 and 2006. For the average price of homes in Fayetteville, the increases are as follows: 18.47% between 2002 and 2003, 9.41% between 2003 and 2004, 10.63% between 2004 and 2005, and 0.69% between 2005 and 2006.

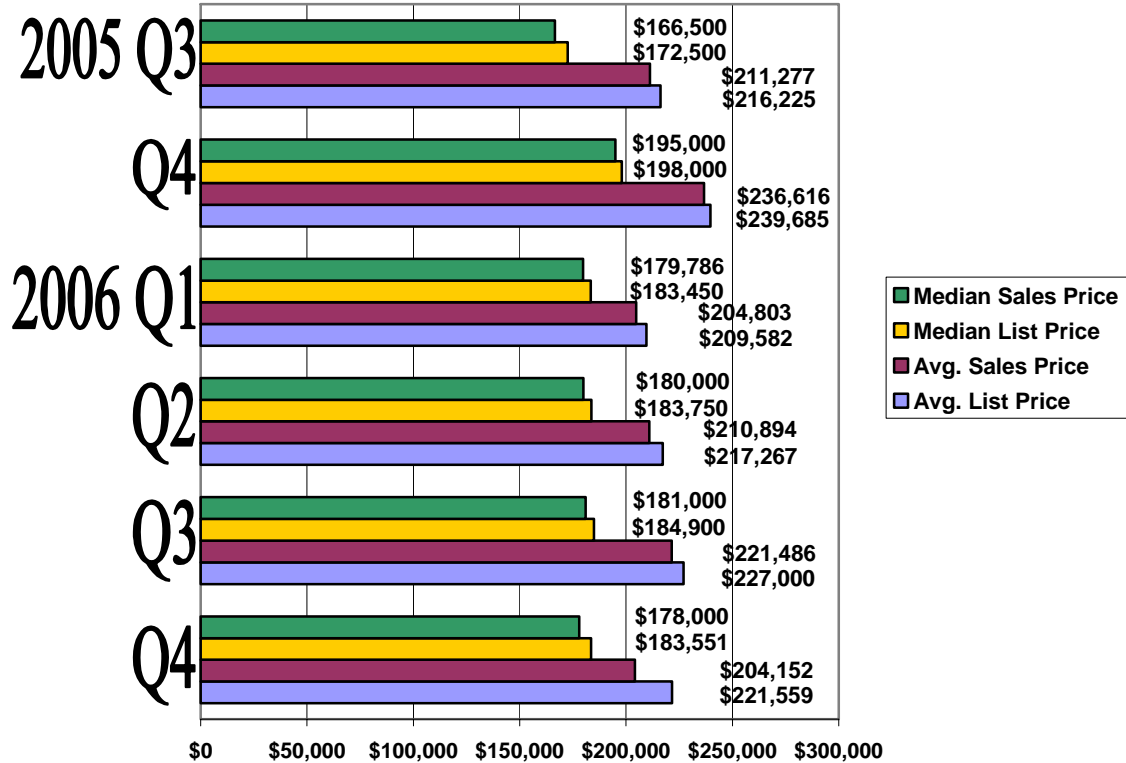
These percentages are what are usually used to describe “appreciation rate”. And the extremely small increase for 2006 confirms what I observed on an anecdotal basis that the market in Fayetteville “turned” in about February of 2006, with home prices flattening. This is more evident in the quarterly graph on the next page comparing similar data from the 3rd quarter of 2005 to the 4th quarter of 2006.

The fourth quarter of 2005 was significantly higher than that of the third quarter and represented the continuation of an accelerated appreciation in the Fayetteville market which had started several years before. The drop in the first quarter of 2006 is not unusual, in that during the winter months in NW Arkansas there is normally a drop, as you will see from the data from the other towns. This data is not seasonally adjusted. What is significant is that the increases during the rest of 2006 were somewhat small, indicating a flattened market, and during the 4th quarter of 2006 they actually fell, in contrast to the year before.

National media reports over the past year or so have talked of an “adjustment” in the market and this has also occurred in Fayetteville. Prices in the preceding few years had risen too far, too fast. What this means in the current environment is that sellers cannot expect to sell their homes for the same inflated prices of 2004 and 2005. For buyers it is a boon, since they can now purchase a home for less than they would have paid a year ago in Fayetteville. These trends, combined with an oversupply of homes on the market, make it an ideal time to purchase a home. My feeling is that when spring and summer buyers begin the “busy” time of year, prices will begin to rise again. But only time will tell.



Fayetteville Median and Average Home Prices Q3 2005 to Q4 2006



Other figures of importance are the average number of days a home stood on the market and the ratio of sales price to list price. In Fayetteville, the latter varied from 96.57% in 2002 to a high of 98.79% in 2003. This means that in 2002, the sale price of a home was 96.57% of the list price. The other years were between these percentages, so the sale price was fairly close to the list price.

The average number of days on market also remained relatively constant: 111 in 2002, 102 in 2003, 103 in 2004, 115 in 2005, and 106 in 2006.

Springdale

The Springdale market is somewhat different from Fayetteville's. First, both the median and average sales prices are lower. Springdale's homes in general are more "affordable."

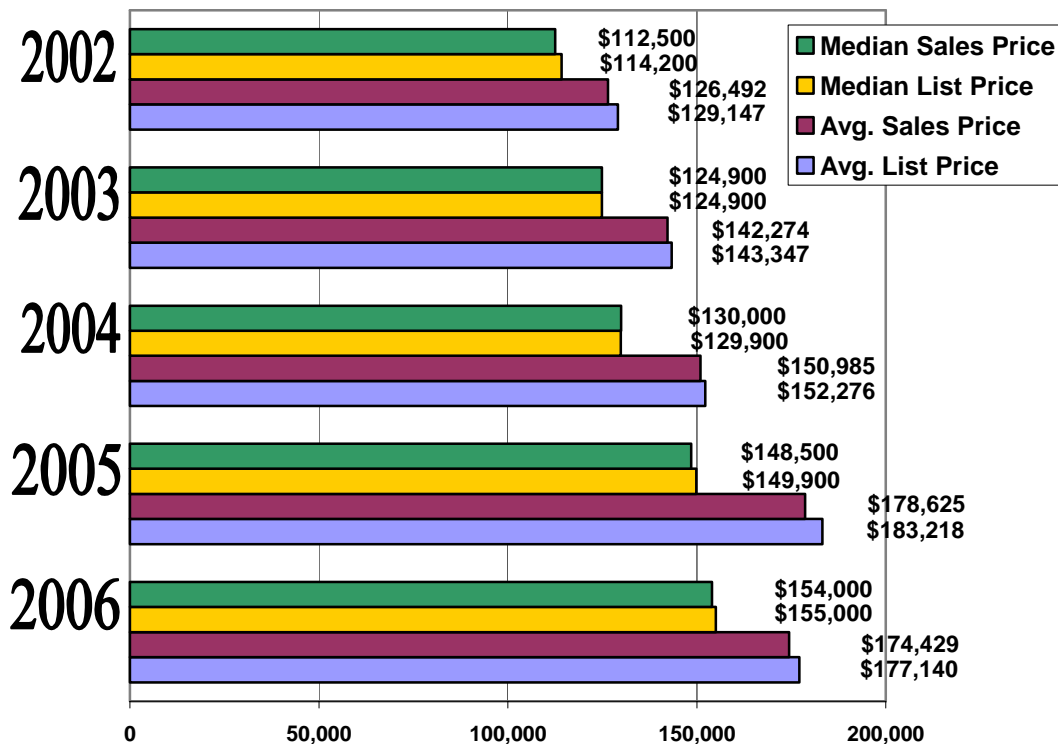
Secondly, the increases in sale prices occurred in a different pattern. Where the double digit increases in both median and average prices occurred in 2002-2003 and 2003-2004 in Fayetteville and falling back to single digits in 2004-2005 and 2005-



2006, in Springdale there was a large increase between 2002 and 2003 (like Fayetteville's) but then between 2003 and 2004, there was a much smaller increase. Then between 2004 and 2005 in Springdale there was another large increase, then a smaller increase between 2005 and 2006. The median sale price increases for these years in Springdale are the following: 11.02% for 2002-2003, 4.08% for 2003-2004, 14.23 for 2004-2005, and 3.7% for 2005-2006. The average sale prices show the same pattern: 12.48% for 2002-2003, 6.12% for 2003-2004, 18.31% for 2004-2005, and a drop of 2.35% for 2005-2006.

In Springdale the average days on market were 121 for 2002, 112 for 2003, 109 for 2004, 95 for 2005, and 118 for 2006. The sale price to list price ratios were 97.94% for 2002, 99.29% in 2003, 99.15% in 2004, 97.46% in 2004, and 98.54% in 2006.

Springdale Average & Median Sale Prices 2002-2006

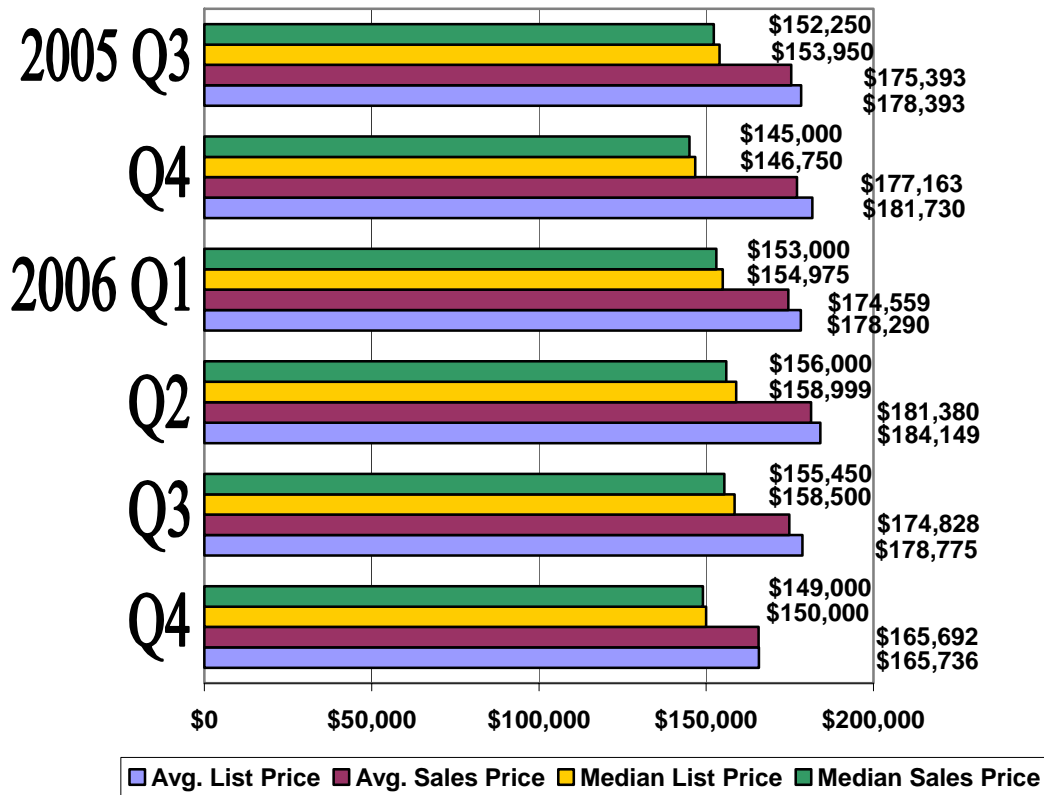


The quarterly figures show that the market “turned” in Springdale earlier than in Fayetteville. Where in Fayetteville the 4th quarter of 2005 was the peak of accelerating prices, in Springdale, the median and average prices went down in the 4th quarter. It should be said, however, that these figures also depend on the supply of homes on the market, that is, what price homes are available for purchase. It could have been that additional lower-priced homes came on the market, and more of those



sold during the last quarter of 2005 and into 2006, thus accounting for the lower median and average prices. Another factor is that the quarterly figures are not seasonably adjusted, so that the normal lower median and average sales prices typical of the winter season are shown by these figures. For Springdale, the 4th quarter of 2006 also declined after a moderate rise during the spring, summer and fall of 2006.

Springdale Median and Average Home Prices Q3 2005 to Q4 2006



The average sale to list price ratio for Springdale hovered at approximately 98% for all of the quarters. But the average days on market (DOM) lengthened considerably during these 6 quarters. In the 3rd quarter of 2005 the average DOM was 88 days, 4th quarter of 2005 – 93 days, 1st quarter of 2006 – 111 days, 2nd quarter of 2006 – 116 days, 3rd quarter of 2006 – 124 days, and 4th quarter of 2006 – 124 days. This would signify a slowing of the Springdale market over this time period.

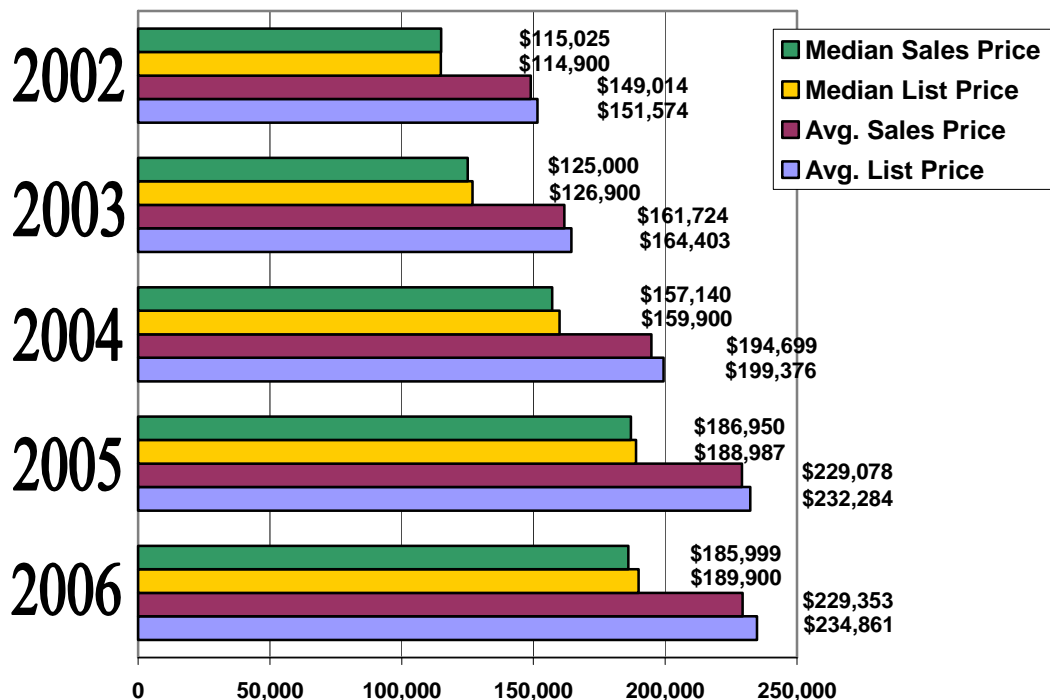


Bentonville

Bentonville became the most expensive with regard to home prices in 2005, when both median and average sale prices surpassed those of Fayetteville. Part of this is due to the larger number of homes in the Bentonville area, which are listed and are sold for over \$1 million (this influences the average sale price). But in general, more expensive homes have been available in Bentonville, also driving up the median sale price.

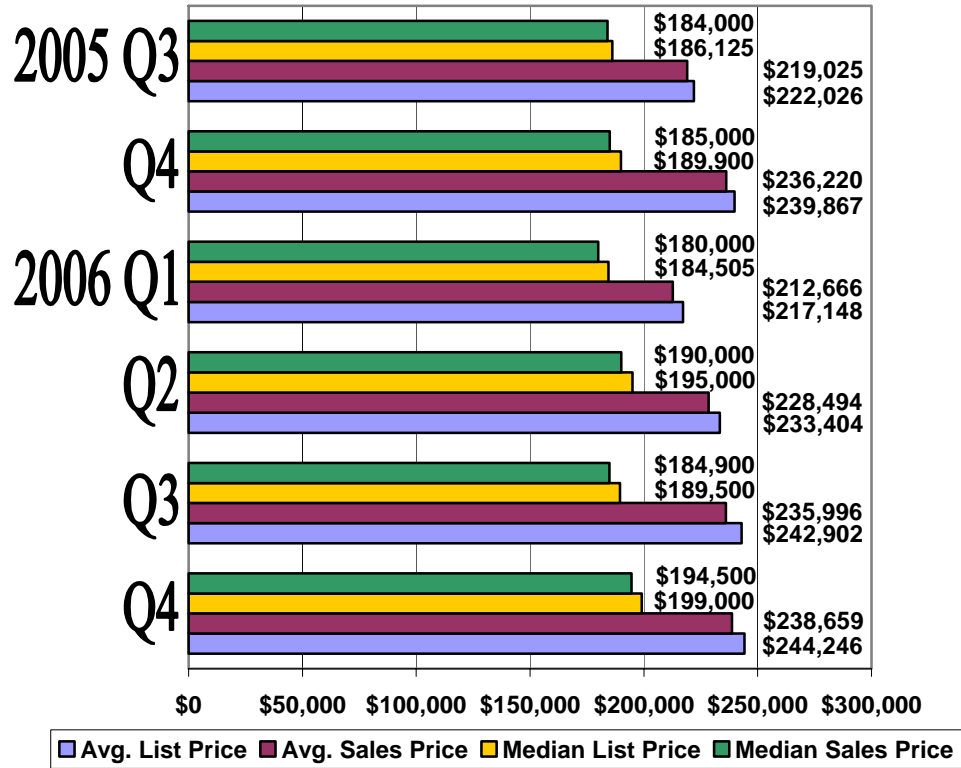
Bentonville in particular experienced an explosive price increase in the 5-year period from 2002 to the end of 2006, and prices are still increasing there. In 2002, the median sale price of a home in Bentonville was \$115,025; in 2006 it was \$185,999. Over the 5 years the annual increases were as follows: 8.67% in 2002-2003, 25.71% in 2003-2004, and 18.97% in 2004-2005, with a slight decrease of 0.51% in 2006. However, when we examine the quarterly data in the following graphic, we will see that during the year the median price increased by quarters, and the decrease was due to a drop in median price in the first quarter of the year. The higher average prices paid for homes in Bentonville reflects the more expensive homes available, and the increase in average prices over the 5 years mirrors that of the median prices, except that in 2006 the average sale price increased slightly at 0.12%.

Bentonville Average & Median Home Prices 2002-2006





Bentonville Average and Median Sale Prices Q3 2005 to Q4 2006



Breaking down the data into quarterly measures, we can see that for the last 6 quarters, there has been an increase in the median sale price to \$194,500 by the 4th quarter of 2006. Since this data is not seasonally adjusted, the drop in median and average sale prices during the 1st quarter of 2006 can be attributed at least in part to seasonal factors. It more than recuperated by the end of the year, however.

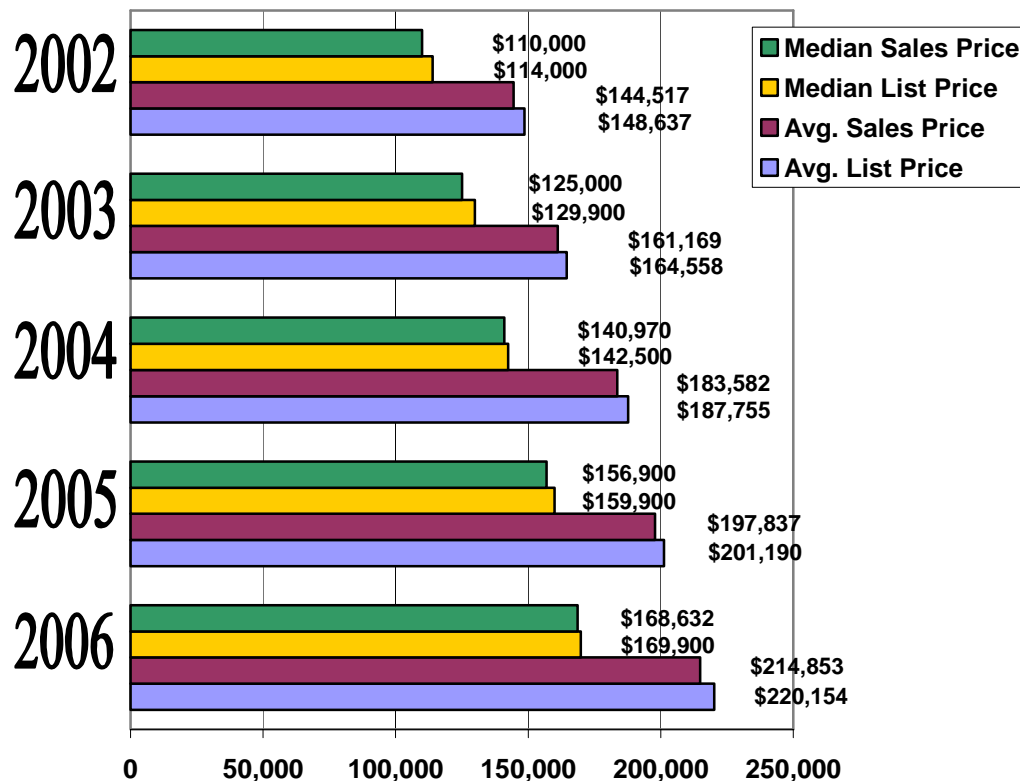


Rogers

The pattern for Rogers is also one of growing median and average home sale prices, but it is a steady rise from 2002 through 2006. The median sale price rose from \$110,000 in 2002 to \$168,632 in 2006. The percentage increases from year to year are as follows: 2002-2003 – 13.64%, 2003-2004 – 12.78%, 2004-2005 – 11.3%, and from 2005-2006 – 7.48%, the growth in 2006 being slightly less than in previous years. If one compares this to Fayetteville and Springdale in Washington County, it is apparent that growth is still occurring in Rogers at a good pace.

The sale price to list price ratio remained relatively steady at between 97.65% and 98.76%. The average days on market varied some each year: 126 for 2002, 120 for 2003, 117 for 2004, 118 for 2005, and 132 for 2006. The latter represents a slight slowing of home sales compared to the record years (nationally) of 2004 and 2005.

Rogers Average & Median Home Prices 2002-2006

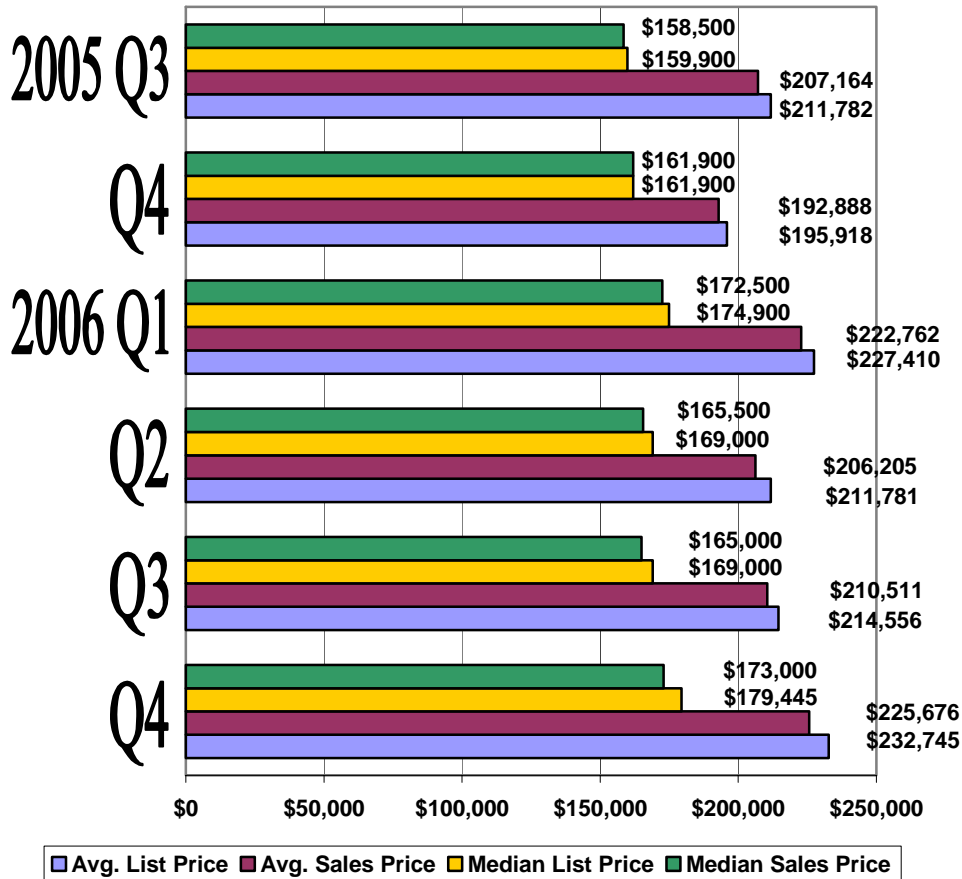


The quarterly data for Rogers on the graph below shows that the market “adjustment” occurred during the 2nd and 3rd quarters of 2006, when both the median and average



sale prices decreased. However, for both the last quarter of 2005 and 2006, an increase occurred, even though this is normally a “slower” time of year.

**Rogers Median and Average Home Sale Prices
 Q3 2005 to Q4 2006**





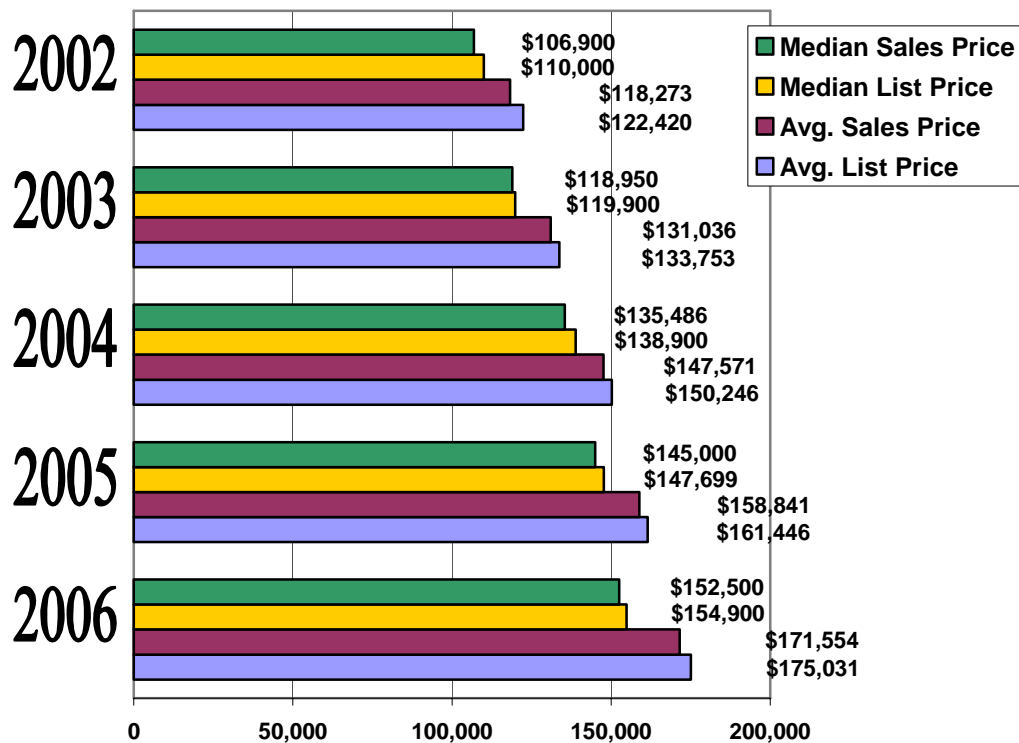
Bella Vista

Although Bella Vista remains one of the most affordable of the major towns in NW Arkansas, it too experienced increases in the average and median sale prices of homes from 2002 to 2006. The median sale price grew from \$106,900 in 2002 to \$152,500 in 2006.

By year, the percentage change for Bella Vista median home prices was as follows: 2002-2003 – 11.27%, 2003-2004 – 13.9%, 2004-2005 – 7.02%, and 2005-2006 – 5.17%. These figures reflect national and area trends, but the price points are much lower.

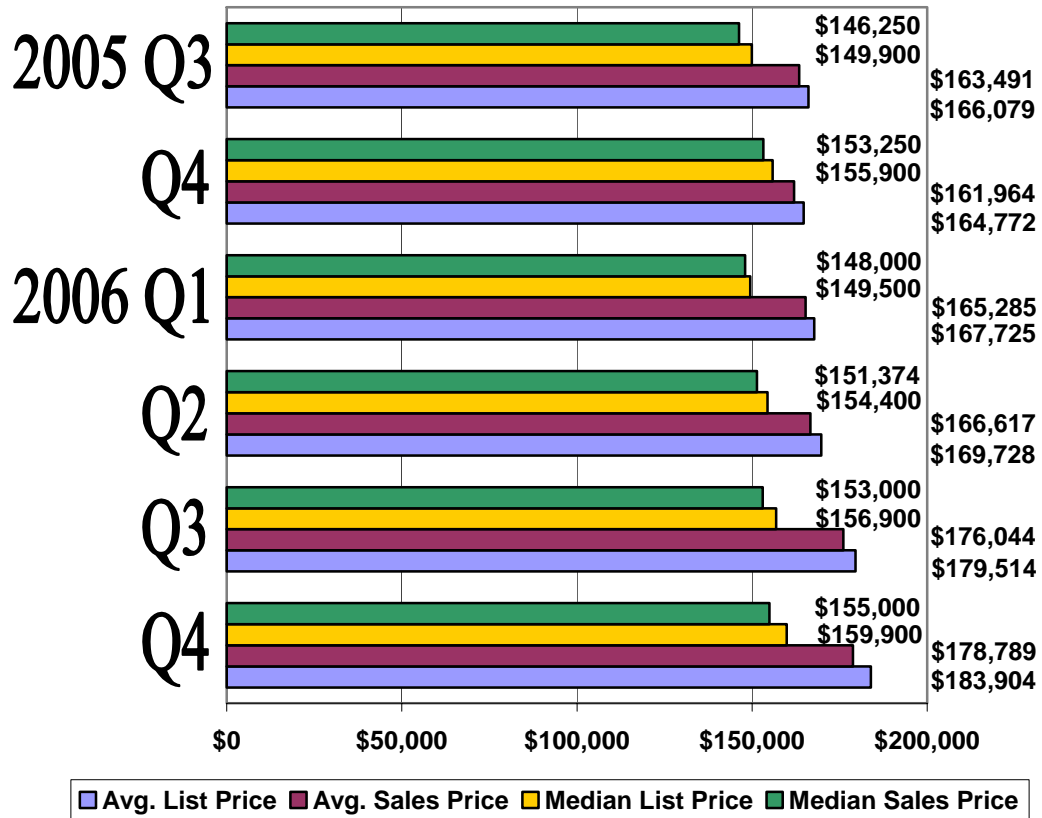
The sale price to list price ratio in Bella Vista varied from 96.61% in 2002 to approximately 98% in 2004, 2005, and 2006. The average days on market doesn't show a particular trend and is as follows for the past 5 years: 2002 – 131, 2003 – 118, 2004 – 117, 2005 – 102, and 2006 – 122. The market is getting back to “normal” in Bella Vista, as in other NW Arkansas communities. No more double digit increases.

Bella Vista Median & Average Home Prices 2002-2006





Bella Vista Median and Average Sale Prices Q3 2005 to Q4 2006



On a quarterly basis, Bella Vista's median sale price and average sale price of homes decreased in the 1st quarter of 2006, much like Bentonville. This could be due to seasonal factors. But it recuperated by the end of the year for a net increase from \$146,250 (median sale price) to \$155,000.



Summary

This report is meant to partially explain the changing real estate market in NW Arkansas after the record-breaking years of 2004 and 2005. As the graphs show, each town experienced this change in 2006, but in different ways. The market has flattened in Fayetteville and declined slightly in Springdale, but in Benton County prices continue to rise, despite an over-supply of homes.

Another couple of points:

1. As alluded to a couple of times in this report, the average and median prices reflect in part the homes available for people to purchase. Springdale and Bella Vista, for example, do not have a large supply of higher end homes, so these values are lower (more “affordable” homes). On the other hand, Bentonville’s severe seller’s market on the low end, a larger number of extreme high-end properties, and a larger number of more-expensive homes result in higher median and average sale prices.
2. The data in this report is somewhat “global” in nature, indicating trends by town and price range only. It should be noted that a) new and newer homes generally appreciate at a higher rate than older homes and b) there are variations by subdivision as well. A home in one subdivision in a given town may not have the same value or appreciation rate as a similar home in a different subdivision. For a seller or buyer, a knowledgeable Realtor®’s expertise can provide specific data through a Comparative Market Analysis of a neighborhood or specific home so as to price it competitively (for sellers) or to make a fair offer and not pay too much (for buyers).
3. This report does not treat condominiums as a separate subject, although sometimes trends for this market differ from that of single family homes as a whole.
4. This data is meant to supplement the larger housing market data of the Skyline report, prepared by the Center for Business and Economic Research at the University of Arkansas. The focus of that report is mostly new construction. To view the highlights of the 4th quarter 2006 report, please visit my blog at: <http://NWRealEstateBlog.blogspot.com> .
5. For data on specific areas, subdivisions or types of homes in NW Arkansas, a supplement for those may be requested by emailing Judy at judy@judyluna.com or by calling her cell phone 479-966-0435. A nominal fee may apply.

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