

Lloyd Sherman

REAL ESTATE MARKET

WATCHDOG



HSV Real Estate Report – 1st QTR 2020 VS 1st QTR 2021

Description

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By Lloyd Sherman, April 1, 2021

The real estate market in Hot Springs Village continues to be as perplexing as it is in many areas across the US. We continue to experience extremely low inventory and yet the inventory we do have goes quickly; oftentimes within hours of being listed.

Single-family homes – The attached report should provide information you might be interested in, but let's review some of the highlights:

- Properties sold are running ahead of last year at this same time, which may not mean anything for projecting current numbers through year-end. However, it is encouraging that with the limited inventory, actual units sold are up over last year. And while both the average selling price and price per square foot (PSF) are up significantly, this can be attributed to the mix of homes sold above \$400,000.
- Because the inventory remains low, many properties are selling at asking or above asking price. It has not been unusual to see multiple contracts submitted on houses as they hit the market and, in some cases, they resulted in bids above asking price. No one can predict how long this current phenom will last, but it certainly would appear that the pandemic created this environment.
So, if selling is in your future, you won't find a better time to consider listing. Houses that have been updated are flying off the shelves as quickly as they are listed.
- One of the impacts on the average selling price was the number of houses in the \$400,000 and above categories along with a couple of \$1 Million and above sales.
- Now a bit of not so good news. Again, for what also appears to be a factor of the pandemic, the volume of homes on the market is at an all-time low. Please note that as of the date of this report, there are only 31 homes and two (2) townhomes available for the 123 agents of the HSV Board of Realtors to sell. Our area has also seen an increase in realtors from other Boards (i.e., Hot Springs, Little Rock, etc.) being active in this market.

Condos/Townhomes – This category is also up in volume over as is the average selling price and per square foot cost. As you can see by the report, we have virtually no inventory in this category.

Currently there are 15 townhomes in the process of being closed or at a stage where backup offers might be accepted. Taking backup offers (TBU) has essentially removed the property as an active property, although people can still choose to put in an offer in a 2nd or 3rd position.

Lots – Now for some exciting news! Lot sales are up significantly. YTD of this year, 74 lots have been sold through the MLS and then the financials from the POA indicate that 29 POA lots have been sold this year. Last year at this time these combined numbers were 27. Total. This year the total is **103**. One can hopefully surmise that these lots sales will result in new builds.

News Going Forward – Although our real estate numbers remain strong and promising, it is difficult to project what the market is going to do going forward. Below are a few bright spots and potential hurdles.

- Real Estate Partner Program (REPP) – Again, COVID has played havoc with people's travel plans, however there are signs that we are slowly moving into the new normal (whatever that will look like). This program provides the real estate community leads generated by the POA's Discovery Packages. Whether it is the real estate community or the POA, we all know that if we can get people to visit our little slice of heaven, we have a good chance of them becoming a property owner.
- The other joint endeavor between the real estate community and the POA is that the real estate community has access and motivation to sell POA owned lots. This program was implemented effective January 1, 2021 and it may be too early to determine how fruitful it will be although if the reporting numbers are correct, I would venture to say it will be another home run.
- While it is encouraging that LOT sales are up like they are, it may not be reasonable to suspect that building will continue at the brisk pace that it has been. The cost of materials is rising to levels that may price many new builds out of the market. Also, access to tradesmen, materials, etc. is being pushed to the limits and time will tell how this will impact the building industry. It is difficult to think prices will come back down anytime soon given the uncertainty of future developments.
- Mentioned earlier, one area of concern that may impact future sales has to do with the agents themselves. HSV has seen a significant influx of new brokerages and agents from other parts of our surrounding area. Given that our own HSV Board of Realtors supports 123 agents, the introduction of more agents in this time of reduced inventory can not continue to support this many agents. It is projected nationally that many agents will leave the profession in the next year as this is their primary form of income. This may be an adjustment that comes out of whatever the new norm will be.

I hope those reading this quarterly report enjoy the information provided. I caution everyone to understand that these numbers come out of our MLS system and only pertain to zip code 71909 inside the boundaries of HSV. Other sources like Zillow for instance report their information on a zip code basis and in our case that means anything outside our gates in the 71909-zip code.

I am happy to provide clarification to the numbers reported and should you need additional information or clarification, please contact through my realtor-based email of lloydhsv@gmail.com

First Quarter 2020 vs First Quarter 2021 HSV Real Estate Comparison

Quarter-1-2020-vs-Quarter-1-2021-HSV-Real-Estate-Comparison

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