



HSV Real Estate Update Through May 2021

Description

By [Lloyd Sherman](#), June 1, 2021

I would normally only put out a quarterly report on what's happened within our real estate market, but I have received several inquiries, so I thought I would provide an interim update for this quarter. Expect my quarterly report sometime in the first week of July.

Information provided comes directly from our MLS (Cooperative Arkansas Realtors MLS – CARMLS) and contains only information from within the Village boundaries. Other sources may be providing their statistics based on zip code and most of them also contain lot and townhome information, which my quarterly report breaks out as their own categories.

This summary of information does not contain sales on townhomes but will be provided in the quarterly report. However, as of June 1, there were only four (4) townhomes available for sale.

Properties sold through 5/31/2021

- **262 for 2021**
- **Available for sale – 43**
- Average selling price – \$286,601
- Average price per square foot – \$121.32
- Average date on market – 33
- Under Contract – 71
- Taking Backup Offers – 20

Properties sold through 5/31/2020

- **208 for 2020**
- **Available for sale – 126**
- Average selling price – \$219,656
- Average price per square foot – \$99.14

- Average days on market 77
- Under contract 70
- Taking backup offers 41

Properties sold through 5/31/2019

- **228 for 2019**
- **Available for sale – 225**
- Average selling price – \$212,752
- Average price per square foot – \$95.42
- Average days on market – 76
- Under contract – 52
- Taking backup offers – 32

What does this tell us?

1) Given that our inventory has ticked up slightly from earlier in the year, it is nowhere close to where it was two years ago, or for that matter, last year. Houses hitting the market are selling, on the average, in less than half the time of the previous two years. In many cases, houses are getting contracts on them within hours of being listed. In some cases, offers are exceeding the asking price, and again in cases we have had bidding wars.

2) Both average selling price and price per square foot have increased significantly, and while the price per square foot has seen an increase, the numbers here appear to be more reflective of sales in the \$300K and above categories. For instance, in 2020 21.4% of all sales were in the \$300K and above categories. This year's numbers reflect an increase to 35.1%. The real impact in these numbers relates to the 16 properties sold in over \$600K range with two of those being over \$1 million – 16 in 2021 and NONE in 2020.

3) The reported number above for 2021 includes the sale of 22 new builds that have been closed.

Caution: Keep in mind that these numbers only include transactions that have gone through the MLS and as such, the new build number will not include those where lot owners have contracted directly with a builder.

Speaking of Lots

In 2019 through 5/31 we had sold 48 lots and in 2019 and 45 in 2020. This is significant in this writer's opinion. In 2021 there have been 130 lots sold through the MLS. According to the numbers I reviewed at the end of April 2021 another 21 POA lots had been sold by the Realtor community, and as I recall another 19 through the efforts of the POA. Now on average, it would appear we are clicking along at about 30 lot sales a month. I can remember back a couple of ago years where the goal of the POA was to sell 30 POA lots a year. We are already at approximately 40. **A conclusion could be arrived at that due to low inventory, building will continue which is one of the things that needs to happen within the Village.**

Opinions of the writer

1) Building – Average cost per square foot is now in the low \$150's, and even up for custom builds. So now for a 2,000 sf house you are looking at \$300K. The price of materials has skyrocketed to the point where some builders can't calculate a selling price until the bulk of their materials have been ordered. Will this continue? Anyone telling you they know the answer, I would love to hear from them. Inflation is here; how much impact will it have on the building market. Again, I would love to know the answer.

2) Existing House Sales Market – Once again, my crystal ball is in the shop. What I can tell you is that I saw a crack in this segment show up last week when I lost a sale because the appraisal was way too low to accommodate the asking price. Seller didn't want to budge and buyer didn't want to eviscerate their retirement savings. Comps in the area did not support the asking price, but the sellers are convinced their house is worth what they are asking. I had one right on the heels of that transaction which would have resulted in the same outcome. So, if this pattern continues where mortgages are unobtainable, it could start to cool the market.

3) Cash Sales – The other aspect that enters the picture is the cash buyer. They are flush with cash and an appraisal doesn't impact them, EXCEPT, they have now locked themselves into houses that may never (or might not for a long period of time) be worth what they paid for it so they are upside down.

4) How long? – Remember 2008? What happens when a bubble is formed and artificially inflates anything? We all know that bubble can burst; the market can crash; banks can fail. You get the idea. Is the current real estate market leading us to another crash? Again, I would love to know. Buyers are only going to go so far with inflated prices. Additionally, new builds may eventually be impacted by the rising prices. And how bad will the inflation issue become?

The above represents only my opinions and the questions I have about the current market conditions and how much further buyers will go before price becomes a limiting decision. The fact that many are fleeing high-density areas and relocating to places like the Village should be a favorable sign for us, but like most things these days, time will tell.

Feel free to reach out to me if I can answer any questions for you.

Note: Lloyd's email address is: lesherman1948@gmail.com

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