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Home builders across Benton and Washington counties are busier this fall in asking local cities for new permits.

It's customary for permits to increase in September as builders want to get started on the homes they will finish out through the winter and put on the market in early spring.

September permit values for new residential projects totaled more than \$25 million in Fayetteville, Springdale, Siloam Springs, Rogers and Bentonville, up 69.8% from the year-ago period, according to the respective cities.

Bentonville led the way issuing 40 permits for new houses during the month of September. These permits were valued at \$11.37 million, compared to 39 permits worth \$8.64 million in the same month of 2011. The majority new homes on tap in Bentonville are priced between \$200,000 and \$300,000, while about 25% of the new projects were valued between \$127,900 and \$200,000.

All five cities surveyed showed healthy gains in the year-over-year home building activity.

In Rogers there were 19 new permits valued \$4.379 million in September. The building pace increased 162% from the same month last year when there were 7 new permits worth about \$1.67 million.

Permits totaled \$364,700 in Siloam Springs, up 42.4% from a year ago. Springdale and Fayetteville also posted more than double the number of new home starts from September 2011.

In Springdale, there were 16 permits valued \$3.88 million, compared to 8 permits worth \$1.83 million last year.

Fayetteville builders asked for 23 new permits worth \$5 million last month. This compared to 12 new homes valued at \$2.3 million in the year-ago period.

Home builders recently interviewed by *The City Wire* rate 2012 business the best they have seen in several years in terms of demand and pricing power. This sense of builder confidence is consistent with national trends, according to Barry Rutenberg, chairman of the National Association of Home Builders.

The trade group reported Oct. 16, that builder confidence edged higher for the sixth consecutive month sending the index to its strongest level since June 2006

“Many builders are reporting increases in the number of serious buyers visiting their sales offices, and the overall confidence measure is much higher than it was at this time last year,” Rutenberg noted in that release. “The concern is that, even though demand for new homes is rising, overly tight credit conditions are still constraining new building and new purchases at a time when that kind of economic activity and the job growth it generates are greatly needed.”

In the south region where Arkansas is located, the builder confidence index rose three points during the month to a reading of 39 – between the highest readings of 44 in West and 29 in the Northeast.

New home sales have also been steady throughout the summer months which has allowed builders to keep inventory lean and start more new projects.

MountData.com reports there were 216 pending new home sales over the past three months listed in the multiple listing service across the two-county area. This is up compared to 138 a year ago.

New home inventory remains relatively low with roughly two homes available for each buyer in the market as of mid-October, according to Paul Bynum, analyst with MountData.com

Busier home builders also mean more sales for local lumber and construction supply venues like Ridout Lumber with a large store in Rogers and an outlet center in Fayetteville.

“We are seeing builders who dropped out of the market a few years ago, back in the game. Sales are better this year than they have been in a long time and this market looks like its heading upward for a change. We sure hope it will continue,” said Quinton Panell, manager of the Ridout store in Rogers.

Higher permits issued in September are an indication the build-out phase through the winter will be better, which Panell is glad to see.

COMMERCIAL IMPROVEMENTS

Multifamily is part of the commercial building space and this market has been hot in Fayetteville, fueled by increased enrollment at the University of Arkansas over the past few years. The Parkcrest student apartments are well under way with permits recently approved for 176 units valued at \$40 million, according to city records.

Through the second quarter, the 2012 Northwest Arkansas vacancy rate was the lowest since the third quarter of 2005, according to the most recent Skyline Report issued last month.

Apartment managers had some pricing power with average rents increasing to \$538.21, up slightly from \$534.24 in the fourth quarter of 2011.

Vacancy rates for multifamily properties in Northwest Arkansas fell to 5.1% halfway through this year, to their lowest level since the fall of 2005. The Fayetteville multifamily vacancy rate

increased from 5.1 to 5.6% in the first half of 2012, while Rogers has the lowest aggregate vacancy rate at 2.5%, down from 5.4% in the fourth quarter of 2011, according to the Skyline report. (This data is collected from apartment managers by the Center for Business and Economic Research at the University of Arkansas and based on the honor system of reporting.)

Fayetteville was the only city of the five to issue multifamily permits in the month September.

The cumulative commercial project permits, excluding multifamily, were valued at \$7.531 million in September. This is up from \$3.441 million a year ago. The two largest projects on tap in Fayetteville include Planet Fitness and a new Kum & Go on Martin Luther King Boulevard.

In Rogers, Panda Express is under construction on Promenade Boulevard as well as Maurices new venue, which will be moving from the Scottsdale Center location after the first of the year.

In Springdale, a new office complex for Dr. Lance Manning is in the works as well as several expansions including Georges Chicken complex and the Kum & Go located at 5321 W. Sunset Ave.

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Bentonville nor Siloam Springs issued any new commercial construction permits in September.

Permit Comparisons

(January through September)

Fayetteville

2012: \$267.209 million

2011: \$99.309 million

171%

Bentonville

2012: \$134.69 million

2011: \$97.777 million

37.75%

Springdale

2012: \$49,725 million

2011: \$27.131 million

83.27%

Rogers

2012: \$69.507 million

2011: \$56.392 million

23.25%

Siloam Springs

2012: \$8.946 million

2011: \$25.556 million

-64.99%

(Permits are for new construction, additions and remodels are not included.)

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