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Skyline Report: NWA Residential Housing Market Holds Steady

By Paul Gatling - 3/22/2011 11:21:12 AM

The slowed pace of growth continued to match lower demand in northwest Arkansas during the fourth quarter of 2010 and the residential housing market is holding steady.

That analysis comes from the Arvest Skyline Report, a quarterly examination of the latest single-family and multifamily properties in Benton and Washington counties.

The report, released Tuesday, is sponsored by Arvest Bank and conducted by the Center for Business and Economic Research in the Walton College of Business at the University of Arkansas.

Home sales declined 17.2 percent from the fourth quarter of 2009 with 1,315 homes sold in the fourth quarter of 2010. Of that number, just 204 were new construction.

"We're continuing to look for employment growth to help jump start the demand for housing in the region," CBER director Kathy Deck said. "The fourth quarter is traditionally a low activity quarter in terms of real estate, but the pace of home sales and new development in our area has been quite slow for the last few quarters."

The report also indicates the number of complete but unoccupied houses in the fourth quarter of 2010 virtually unchanged from a year ago.

The report also notes a decline in the average price per square foot of homes in northwest Arkansas. In Benton County, the number dropped 4.5 percent from \$77 in the fourth quarter of 2009 to \$73.67. Washington County prices were reported to be an average of \$74.42, a decline of 10.9 percent from \$83.48 in the fourth quarter of 2009.

In the multifamily real estate market, vacancy rates dropped from 16.1 percent in the second quarter of 2010 to 12.8 percent in the fourth quarter of 2010.

"It's good to see multifamily vacancy rates coming down," Deck said. "Development has slowed and we've not seen any new properties coming into the market in the last two quarters. This allows the existing supply to become occupied and bring the vacancy rate down."

Siloam Springs had the lowest vacancy rate at 8.5 percent and Fayetteville the highest at 14.2 percent, down from a high of 17.7 percent in the second quarter of 2010.

Deck noted that Fayetteville's rates were closely tied to the University of Arkansas, and the increased enrollment is a contributing factor of increased occupancy in the city.

It was reported earlier this month that enrollment numbers at the Fayetteville campus are up 9 percent from this time a year ago.

Other highlights of Tuesday's release include:

- Vacancy rates for multifamily properties in Bentonville, Springdale and Rogers all declined substantially.
- The average lease price per month for a multifamily property in northwest Arkansas increased slightly to \$526.72.
- There were 234 residential building permits issued in northwest Arkansas from September to November 2010, down from 338 issued in the same period of 2009. Fayetteville accounted for 26.5 percent of that number, Bentonville for 20.9 percent and Rogers 90.7 percent.
- The Bentonville school district accounted for 28 percent of the houses sold in the region, while the Rogers school district accounted for 19.5 percent.
- According to the Assessors' databases, 68.5 percent of houses in Benton County and 64.5 percent of houses in Washington County were owner-occupied.
- No new construction of or progress in existing construction has occurred in the last four quarters in 126 out of the 382 active subdivisions in northwest Arkansas.

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