



THE SKYLINE REPORT

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UNIVERSITY OF
ARKANSAS

Sam M. Walton
College of Business
Center for Business & Economic Research

**First Half of 2018
August 2018**

Highlights

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Multifamily Real Estate Market Summary
Prepared Exclusively under
Contract Agreement for ARVEST BANK

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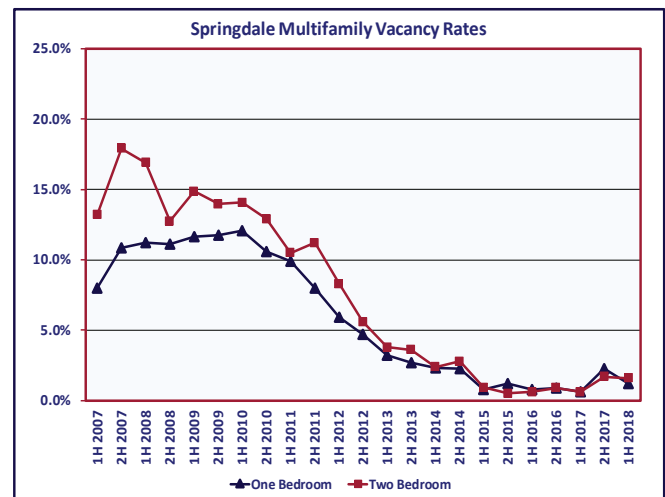
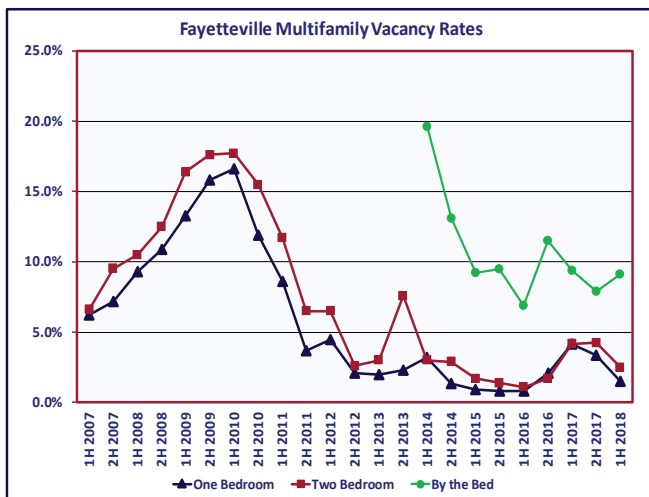
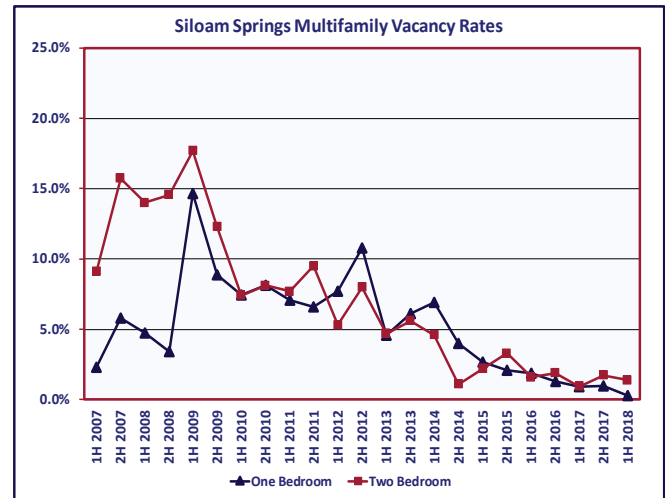
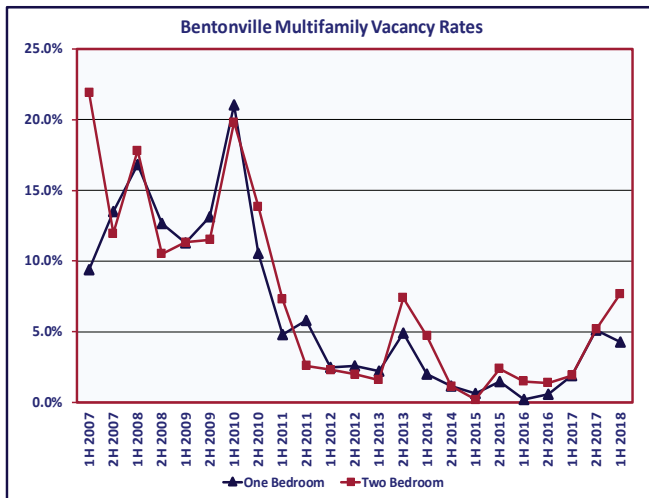
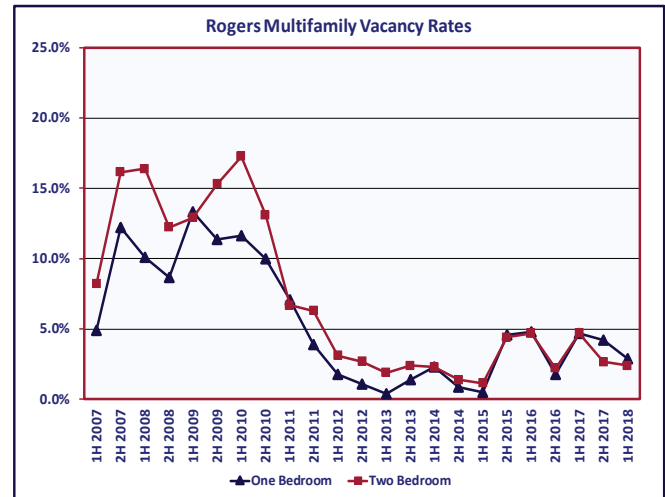
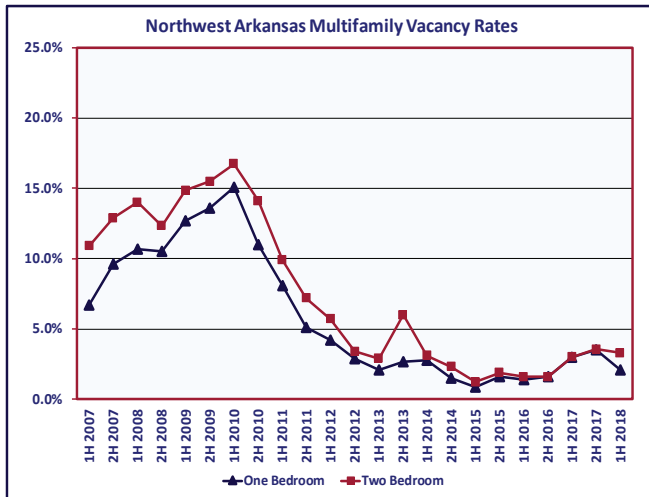
Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the thirty-eighth edition of the Skyline Report for Benton and Washington Counties—Multifamily Real Estate Market Analysis. Researchers at the Center for Business and Economic Research in the Sam M. Walton College of Business at the University of Arkansas produce the Skyline Report to provide timely statistical analysis of the Northwest Arkansas multifamily real estate market. This study is a companion piece to the semiannual single-family residential and commercial Skyline Reports. As the population of the region grows, there is increased demand for all types of housing. Understanding the supply of multifamily housing opportunities is critical to clearly understand the overall residential market. There is a complex dynamic between multifamily housing, residential rental housing, and residential home ownership that is being influenced by several factors including: quantity of multifamily supply, quantity of rental housing, interest rates, underwriting standards, and unemployment rates, among others. The information contained in the following pages details the current condition of the multifamily market and sets the stage for future comparisons.

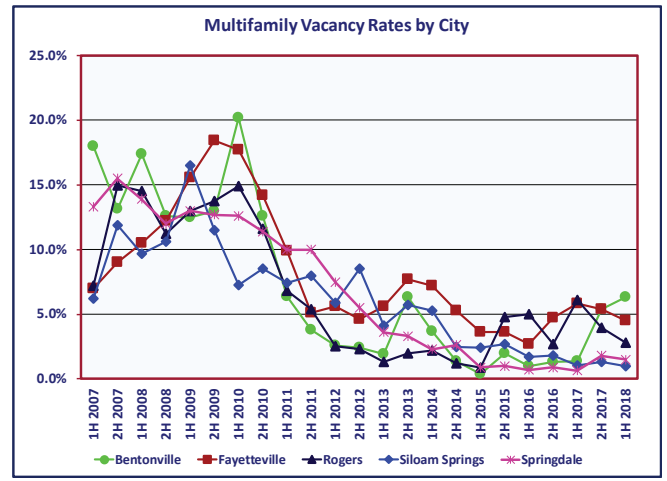
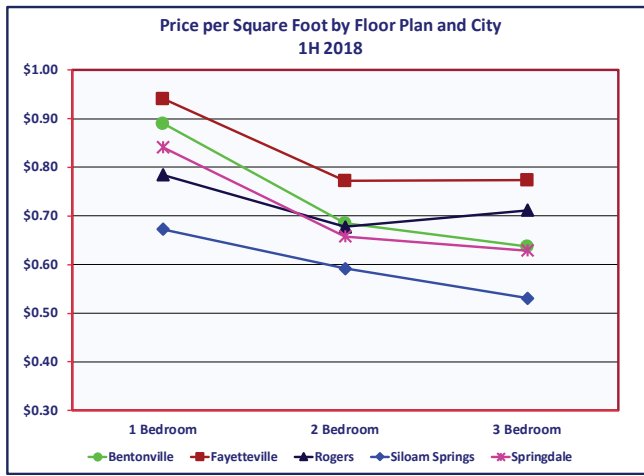
Highlights from the First Half of 2018

- The vacancy rate for all multifamily properties in Northwest Arkansas decreased to 3.9 percent in the first half of 2018 from 4.5 percent in the second half of 2017. The rate was 4.2 percent in the first half of 2017.
- The decrease in regional vacancy rates was primarily due to decreased vacancy rates in Fayetteville and Rogers as a result of absorption new construction.
- The overall multifamily vacancy rate in Fayetteville decreased from 5.8 percent in the first half of 2017 to 4.5 percent in the first half of 2018. More than 3,500 additional rental units (17.2 percent of current inventory) have been announced or are under construction in new multifamily projects in Fayetteville.
- In Bentonville, vacancy rates increased from 1.4 percent in the first half of 2017 to 6.3 percent in the first half of 2018. There are also more than 2,800 rental units (50.5 percent of current inventory) that have been announced or are under construction in new multifamily projects in Bentonville.
- Rogers had a decrease in vacancy rates from 6.1 percent in the first half of 2017 to 2.8 percent in the first half of 2018, as new units were absorbed. More than 2,100 additional rental units (41.1 percent of current inventory) have been announced or are under construction in the Rogers submarket.
- Siloam Springs vacancy rates stayed the same at 1.0 percent vacancy rate in the first half of 2017 and the first half of 2018, for the lowest vacancy rate in Northwest Arkansas.
- In Springdale the vacancy rate increased from 0.6 percent in the first half of 2017 to 1.5 percent in the first half of 2018. More than 600 new rental units (9.4 percent of current inventory) have been announced or are under construction in multifamily projects in Springdale.
- In the first half of 2018, the average lease rate per month for a multifamily property unit in Northwest Arkansas increased to \$660.80, with the median lease also increasing to \$600.00 from \$593.00 in the second half of 2017.

Multifamily Market Trends



Multifamily Market Trends



The associated table details the building permits that have been issued for multifamily housing purposes over the past twelve months. Five of the projects are located in Bentonville, five are in Fayetteville, five are in Rogers, and three are in Springdale. These 18 projects had 248 building permits issued worth \$267,175,344. The largest project was The Avenue in Fayetteville with 6 permits valued at \$46,130,936. The second and third largest projects were Walton Crossing in Bentonville with 17 permits, valued at \$36,203,128 and The Cottages at Hollywood in Fayetteville with 104 permits valued at \$28,049,078. Additionally, four other projects were valued at over \$20 million: J3 and Red Barn in Bentonville; Springhouse Village in Fayetteville; Woodland Park at the Grove in Rogers.

Multifamily Residential Building Permits July 1, 2017 - June 30, 2018

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
1/3/2018	Walton Crossing	17	\$36,203,128	Bentonville
1/22/2018	Harbin Pointe Townhomes	9	\$5,921,169	Bentonville
3/1/2018	J3	8	\$22,922,490	Bentonville
4/13/2018	Red Barn	17	\$22,544,686	Bentonville
4/18/2018	Depot 16	1	\$3,429,960	Bentonville
12/15/2017	Grand Retirement Community	1	\$9,941,400	Fayetteville
1/4/2018	The Avenue	6	\$46,130,936	Fayetteville
1/22/2018	Springhouse Village	1	\$20,749,700	Fayetteville
6/7/2018	Washington Triplexes	6	\$637,559	Fayetteville
6/20/2018	Cottages at Hollywood	104	\$28,049,078	Fayetteville
3/15/2017	Watermark at Walnut Creek	2	\$2,087,776	Rogers
3/30/2017	Woodland Park at the Grove	16	\$24,396,149	Rogers
12/1/2017	The Frisco Apartments on Walnut	17	\$12,074,276	Rogers
6/4/2018	Dixieland Road Apartments	15	\$2,295,555	Rogers
6/25/2018	Woodland Park at the Grove, Phase II	13	\$18,364,645	Rogers
4/19/2017	Towne Park	8	\$7,709,295	Springdale
8/22/2017	Erin Place Apartments	2	\$792,194	Springdale
6/13/2018	Har-Ber Town Homes	5	\$2,925,348	Springdale
	Total	248	\$267,175,344	

Multifamily Market Trends

Sample Vacancy Rates

Market Area	Number of Apartment Complexes	Number of Units	1H 2018 Vacancy Rate	2H 2017 Vacancy Rate	1H 2017 Vacancy Rate
Bentonville	132	5,688	6.3%	5.4%	1.4%
Fayetteville	361	20,394	4.5%	5.4%	5.8%
Rogers	104	5,208	2.8%	3.9%	6.1%
Siloam Springs	53	1,111	1.0%	1.3%	1.0%
Springdale	105	6,539	1.5%	1.8%	0.6%
NWA	755	38,940	3.9%	4.5%	4.2%

Average Size and Price by Floor Plan First Half of 2018

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	450	\$518.21	\$1.15
By the Bed	430	\$679.92	\$1.58
1 Bedroom	621	\$546.54	\$0.88
2 Bedroom	924	\$656.33	\$0.71
3 Bedroom	1,298	\$906.73	\$0.70
4 Bedroom	1,373	\$1,262.39	\$0.92
NWA	864	\$660.80	\$0.76

Median Size and Price by Floor Plan First Half of 2018

Floor Plan	Median Square Feet	Median Price per Month	Median Price per Square Foot
Studio	450	\$475.00	\$1.06
By the Bed	419	\$691.50	\$1.65
1 Bedroom	600	\$500.00	\$0.83
2 Bedroom	900	\$600.00	\$0.67
3 Bedroom	1,300	\$849.50	\$0.65
4 Bedroom	1,300	\$1,200.00	\$0.92
NWA	820	\$600.00	\$0.73

Vacancy Rates by Floor Plan First Half of 2018

Market Area	By-the-Bed	One Bedroom	Two Bedroom	Three Bedroom
Bentonville		4.3%	7.7%	5.3%
Fayetteville	9.1%	1.5%	2.5%	3.7%
Rogers		2.9%	2.4%	4.6%
Siloam Springs		0.3%	1.4%	0.0%
Springdale		1.2%	1.6%	2.0%
NWA	9.1%	2.1%	3.3%	3.5%

