



# THE SKYLINE REPORT

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## First Half of 2018

### Real Estate Market Summary

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## Real Estate Market Summary for Benton and Washington Counties

The average price of homes sold continued to rise, reaching record highs of \$238,098 in Benton County and \$235,618 in Washington County. Prices in Benton County were 4.9 percent higher than in 2017 and 28.4 percent higher than in 2013. In Washington County homes cost 12.3 percent higher than in 2017 and 35.4 percent higher than in 2013.

- The median multiple, the ratio of the median home price to median household income, in Benton County grew from 2.8 in the first half of 2013 to 3.1 in the first half of 2018. During the same time period, the Washington County median multiple grew from 3.6 to 4.2.
- At 29.6 months, the supply of remaining lots in active subdivisions in Northwest Arkansas increased for the first time since the second half of 2014.
- 1,384 new houses in 374 active subdivisions became occupied, the lowest since the first half of 2016.
- There were 1,804 building permits issued in Benton and Washington counties, the most since 3,265 were issued in the first half of 2006.
- Home sales in the region increased slightly, up 1.2 percent from the first half of 2017, and was the fourth highest total since Skyline Report began.
- 24.7 percent of homes sold were new construction. At 1,097 the number of newly constructed homes sold remained over 1,000 for the fourth consecutive report period.

Even as the average rent of \$660.80 was 4.7 percent higher than in 2017, strong absorption lowered the multifamily vacancy rate to 3.9 percent in the first half of 2018.

- There were an additional 9,800 units either under construction or announced throughout the region. This represents 25.3 percent of the current inventory of multifamily units in Northwest Arkansas.
- Siloam Springs continued to have the lowest vacancy rates in the region and the fewest announced projects. Bentonville continued to have the highest vacancy rates in Northwest Arkansas in the first half of 2018.

The overall vacancy rate for commercial property was 10.8 percent in the first half of 2018, the highest since 11.7 percent in the first half of 2016.

- In the first half of 2018, the increase in the vacancy rate in the commercial market occurred with net negative absorption of 421,692 square feet, of which 369,000 square feet was new commercial space mainly in the office, office/warehouse, and retail submarkets.
- Driven by service sector demand, the retail vacancy rate stayed below ten percent even with the addition of 77,000 new square feet of retail space and the shuttering of Sears and Toys R Us.
- Office space vacancy in Northwest Arkansas remained 9.1 percent, even with the addition of over 134,000 square feet of new space, due to strong absorption in Class A and Class B office space in Bentonville.
- The warehouse submarket vacancy rate increased to 8.1 percent, with negative net absorption of over 210,000 square feet.
- \$188.5 million in building permits were issued in the first half of 2018, indicating continuing growth in new commercial properties throughout the region.