

THE SKYLINE REPORT

SPONSORED BY ARVEST BANK

Real Estate Summary For Benton and Washington Counties

The average home price in Benton County was \$272,574 in the first half of 2020, 8.8 percent higher than a year ago and 36.1 percent higher than five years ago. The Washington County average home price of \$248,501 was 5.3 percent higher than a year ago and 27.7 percent higher than five years ago. This is a continuation of residential market trends in Northwest Arkansas.

The number of empty lots in active subdivisions Northwest Arkansas declined to a record low of 3,869 in the first half of 2020.

28.5 percent of homes sold were new construction, the highest level in the Skyline report history.

Home sales in the region increased 1.7 percent from a year ago, but the increase was slower than the 7.0 percent in the first half of 2019. The number of homes listed for sale also declined to 1,206.

The number of building permits issued in Benton and Washington counties in the first half of 2020 increased to 1,945 the second highest total since 3,265 building permits were issued in the first half of 2006.

The average rent of \$729.82 was 4.7 percent higher than a year ago, and 26.5 percent higher than five years ago. The multifamily vacancy rate decreased to 4.8 percent in the first half of 2020. Multifamily developers reported some tenants used CARES Act funds to pay multiple months of rent.

There were an additional 13,000 units either under construction or announced throughout the region. This represents 30.6 percent of the current inventory of multifamily units in Northwest Arkansas.

24 current projects have building permits valued at \$481.5 million which was significantly higher than the previous record of \$372.9 million in the second half of 2018.

Bentonville was the only city that had vacancy rates decline as new complexes had absorption. Fayetteville and Rogers saw increases in vacancy rates because of the addition of new complexes.

The overall vacancy rate for commercial property increased slightly to 10.8 percent in the first half of 2020 with net negative absorption of 222,038 square feet, as 323,789 square feet of new commercial space were added to the market.

Office space vacancy in Northwest Arkansas increased from 8.5 to 9.8 percent driven by new space (157,822 square feet) being added to the market. There was negative net absorption of 114,947 square feet.

The retail vacancy rate increased from 9.4 to 10.6 percent, with 31,716 square feet of new retail space and net negative absorption of 55,185 square feet.

The warehouse submarket vacancy rate decreased from 9.4 to 8.3 percent because of net positive absorption of 95,716 square feet of space. No new square feet was added in the first half of 2020.

\$196.2 million in building permits were issued in the first half of 2020, However, most of those building permits (\$154.1 million) were issued in the first quarter of 2020 and only \$42.1 million were issued in the second quarter. This could be a slowdown related to the pandemic or just a slowdown following some high permit growth in previous quarters.

One Page Summary First Half 2020

Prepared Exclusively under
Contract Agreement for
ARVEST BANK

The information contained herein has been obtained from reasonably reliable sources. The Center for Business and Economic Research makes no guarantee, either expressed or implied, as to the accuracy of such information. All data contained herein is subject to errors, omissions and changes. Reproduction in whole or in part without prior written consent is prohibited.

Sam M. Walton College of Business
University of Arkansas
Fayetteville, AR 72701
Telephone: 479.575.4151
<http://cber.uark.edu>

