

# THE SKYLINE REPORT

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## One Page Summary First Half 2021

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### Real Estate Summary For Benton and Washington Counties

Average price of homes in Benton and Washington counties reached record highs in the first half of 2021. In Benton County, the average price was \$311,333, 14.3 percent higher than a year ago and 42.4 percent higher than five years ago. In Washington County, the average was \$297,343, which was 24.3 percent higher than a year ago and 46.7 percent higher than five years ago. The trend continues to accelerate in Northwest Arkansas.

The number of building permits issued in Northwest Arkansas in the first half of 2021 increased to 2,754, the second highest total since the 3,265 building permits issued in the first half of 2006.

The number of complete but unoccupied homes in Northwest Arkansas declined to 157 in the first half of 2021 from 306 a year ago. Absorbed houses hit the second highest level of 1,744 and was 15.6 percent higher than a year ago. New or preliminary lots continue to grow reaching 14,833 (32.3 percent higher than a year ago).

Home sales increased 0.6 percent to 4,854 from a year ago. This was the second highest sales total since the Skyline report began. However, only 642 homes were listed for sale at the end of June.

The multifamily vacancy rate decreased to 3.4 percent in the first half of 2021 from 5.0 percent in the second half of 2020, with each city experiencing a decrease.

The multifamily market has an additional 14,900 units (900 more than in the second half of 2020), under construction or announced throughout the region. This represents 33.1 percent of the current inventory in Northwest Arkansas.

In the first half of 2021 the average rent was \$768.48, 5.4 percent higher than a year ago, and 26.4 percent higher than five years ago.

In the first half of 2021, 16 current multifamily projects have building permits valued at \$204,475,148, which indicates the lowest since \$224,389,173 in the first half of 2019.

A record high of \$647.1 million in commercial building permits were issued in the first half of 2021. Even without Walmart's \$434.7 million in building permits, the \$212.3 million issued in the first half was the highest value since the \$226.8 million in the second half of 2005.

The overall vacancy rate for commercial property decreased to 8.9 percent in the first half of 2021, driven by 906,618 square feet of net positive absorption, mostly warehouse and industrial space. 246,735 square feet of new commercial space was added to the market.

Class A vacancy rates increased from 11.1 percent in the second half of 2020 to 17.1 percent in the first half of 2021 due to the addition of 157,989 square feet of new space which was leased slower than expectations, significant downsizing as firms moved from older to newer Class A space, and consolidation as firms moved from two or more locations into one location.

The warehouse submarket vacancy rate decreased from 9.3 percent in the second half of 2020 to 6.6 percent in the first half of 2021 due to net positive absorption of 558,572 square feet of space. No new warehouse space was added, but respondents reported an increasing demand for new warehouse and flex warehouse space.

In the retail submarket the vacancy rate decreased to 10.8 percent in the first half of 2021 from 11.4 percent in the second half of 2020, as 52,215 square feet of new space, mostly Class A, entered the market and there was net positive absorption of 19,748 square feet.