



THE SKYLINE REPORT

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UNIVERSITY OF ARKANSAS

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

**First Half of 2017
July 2017**

Highlights

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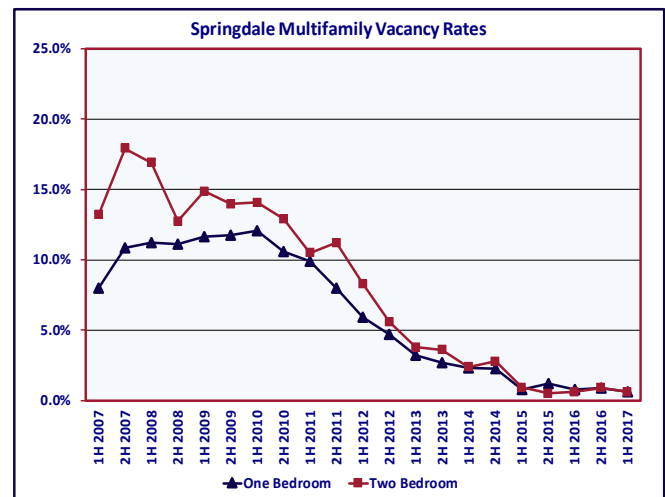
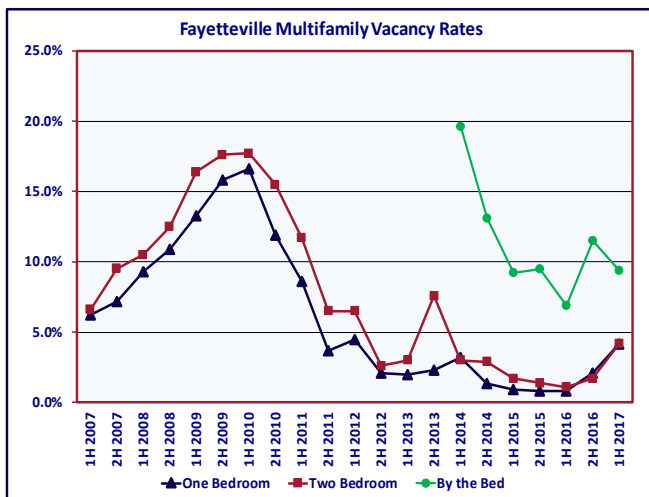
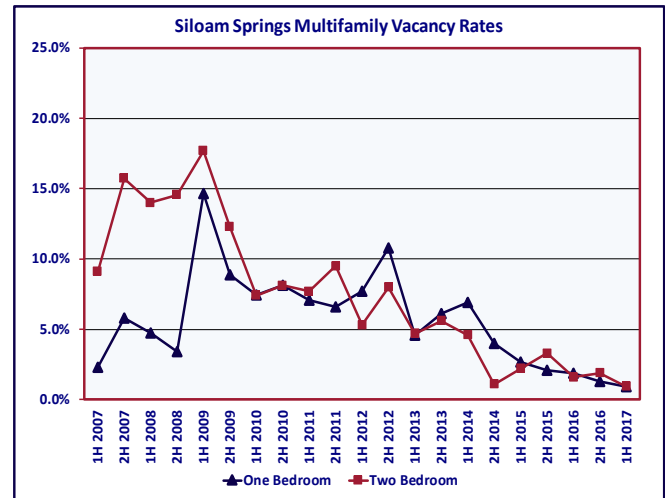
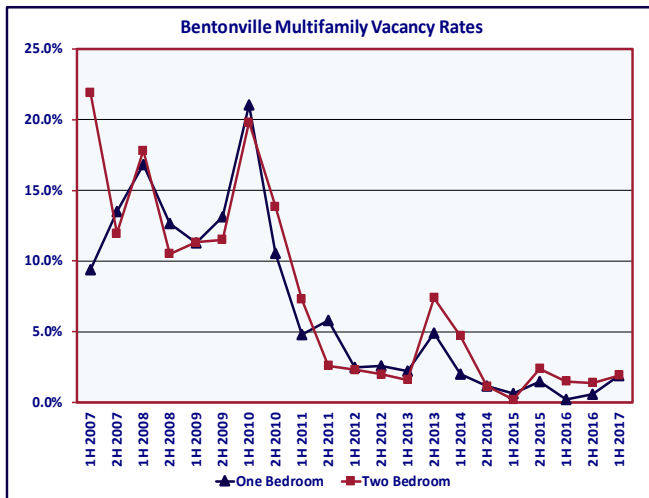
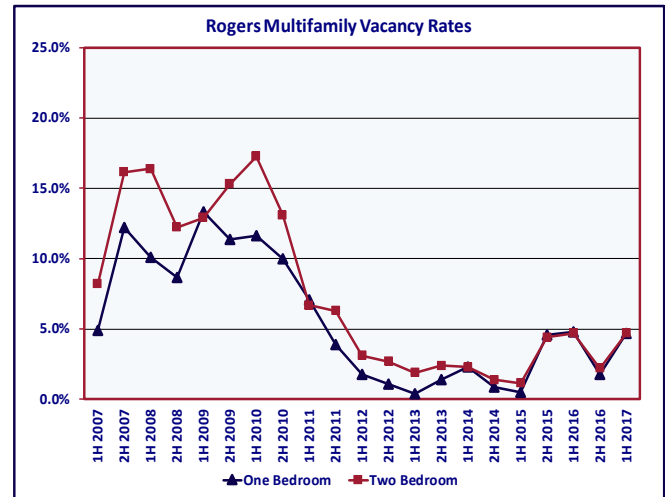
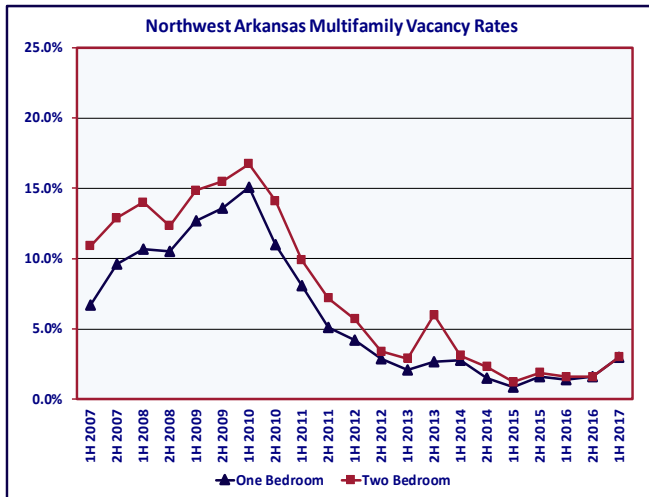
Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the thirty-sixth 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.

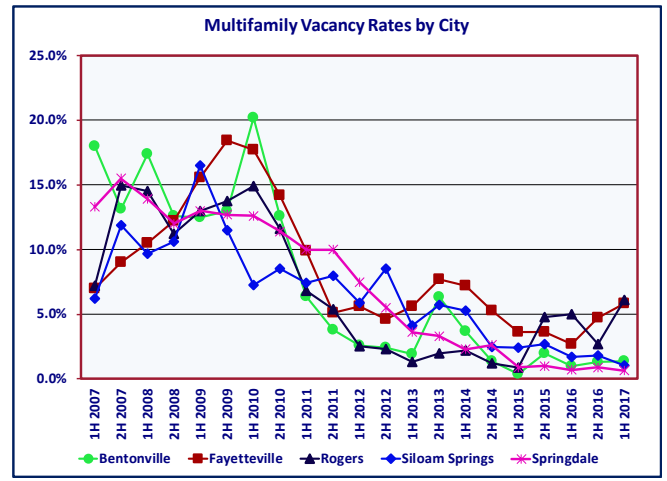
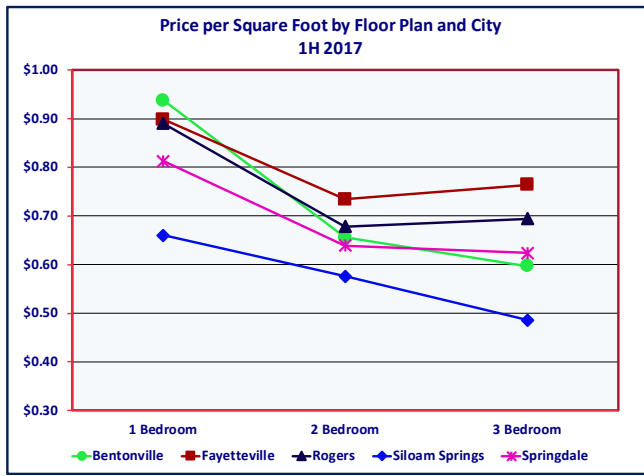
Highlights from the First Half of 2017

- The vacancy rate for all multifamily properties in Northwest Arkansas increased to 4.2 percent in the first half of 2017 from 3.2 percent in the second half of 2016. The rate was 2.4 percent in the first half of 2016.
- The increase in regional vacancy rates was primarily due to increased vacancy rates in Rogers and Fayetteville as a result of new construction. The overall multifamily vacancy rate in Fayetteville increased from 2.7 percent in the first half of 2016 to 5.8 percent in the first half of 2017. In Rogers, vacancy rates rose from 5.0 percent to 6.1 percent during the same time period.
- More than 3,200 additional rental units have been announced or are under construction in new multifamily projects in Bentonville.
- Siloam Springs had the largest year over year decrease in vacancy rates from 1.7 percent in the first half of 2016 to 1.0 percent in the first half of 2017.
- There are more than 1,600 rental units that have been announced or are under construction in new multifamily projects in Fayetteville.
- In Bentonville, vacancy rates increased from 1.0 percent in the first half of 2016 to 1.4 percent in the first half of 2017.
- More than 1,400 additional rental units have been announced or are under construction in the Rogers submarket.
- Springdale experienced a decline from a 0.7 percent vacancy rate in the first half of 2016 to a 0.6 percent rate in the first half of 2017, giving the city the lowest vacancy rate in Northwest Arkansas.
- Over 150 new rental units have been announced or are under construction in multifamily projects in Springdale.
- In the first half of 2017, the average lease rate per month for a multifamily property unit in Northwest Arkansas increased to \$642.47, while the median lease rate remained at \$566.00.

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. Six of the projects are located in Bentonville, Five are in Fayetteville, two are in Rogers, and one is in Springdale. These 14 projects had 122 building permits issued worth \$101,579,429. The largest project is in Bentonville: Sullivan Square had 31 permits worth \$47,320,381. The next largest is Woodland Park at the Grove with 16 permits worth \$24,396,149, in Rogers.

Multifamily Building Permits July 1, 2016 - June 30, 2017

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
7/7/2016	Mt Carmel Senior Living	31	\$5,703,876	Bentonville
1/10/2017	Fullerton Apartment	1	\$355,675	Bentonville
1/17/2017	Broadway Apartment	1	\$372,064	Bentonville
2/1/2017	Berkley on B Street	6	\$1,207,266	Bentonville
2/1/2017	The Brownstones	11	\$1,918,798	Bentonville
6/14/2017	Sullivan Square	31	\$47,320,381	Bentonville
8/29/2016	Twin Arch	4	\$977,122	Fayetteville
9/13/2016	Oakland Duplexes	2	\$975,098	Fayetteville
10/11/2016	Sang Duplexes	4	\$1,441,920	Fayetteville
3/22/2017	Noble Oaks	1	\$923,533	Fayetteville
4/6/2017	Links at Fayetteville	4	\$6,190,476	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
4/19/2017	Towne Park	8	\$7,709,295	Springdale
	Total	122	\$101,579,429	

Multifamily Market Trends

Sample Vacancy Rates

Market Area	Number of Apartment Complexes	Number of Units	1H 2017 Vacancy Rate	2H 2016 Vacancy Rate	1H 2016 Vacancy Rate
Bentonville	129	4,986	1.4%	1.3%	1.0%
Fayetteville	353	19,401	5.8%	4.7%	2.7%
Rogers	101	4,966	6.1%	2.7%	5.0%
Siloam Springs	50	1,054	1.0%	1.8%	1.7%
Springdale	102	6,445	0.6%	0.9%	0.7%
NWA	735	36,852	4.2%	3.2%	2.4%

Average Size and Price by Floor Plan First Half of 2017

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	413	\$586.31	\$1.42
By the Bed	438	\$705.08	\$1.61
1 Bedroom	624	\$546.90	\$0.88
2 Bedroom	919	\$628.94	\$0.68
3 Bedroom	1,285	\$879.22	\$0.68
4 Bedroom	1,263	\$1,049.40	\$0.83
NWA	858	\$642.47	\$0.75

Median Size and Price by Floor Plan First Half of 2017

Floor Plan	Median Square Feet	Median Price per Month	Median Price per Square Foot
Studio	403	\$425.00	\$1.05
By the Bed	422	\$730.50	\$1.73
1 Bedroom	600	\$475.00	\$0.79
2 Bedroom	900	\$595.00	\$0.66
3 Bedroom	1,256	\$800.00	\$0.64
4 Bedroom	1,255	\$970.00	\$0.77
NWA	816	\$566.00	\$0.69

Vacancy Rates by Floor Plan First Half of 2017

Market Area	By-the-Bed	One Bedroom	Two Bedroom	Three Bedroom
Bentonville	?	0.1%	1.9%	3.5%
Fayetteville	?	4.2%	4.2%	3.7%
Rogers	?	6.0%	4.7%	16.7%
Siloam Springs	?	1.0%	1.0%	3.2%
Springdale	?	0.5%	0.6%	0.9%
NWA		3.0%	3.0%	5.4%

