



THE SKYLINE REPORT

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UNIVERSITY OF
ARKANSAS

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

Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the thirty-fifth 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 in order 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.

Second Half of 2016
February 2017

Highlights

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Multifamily Real Estate Market Summary
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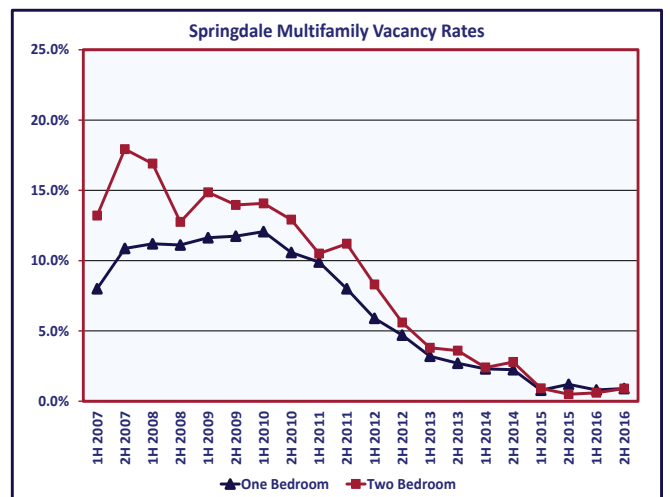
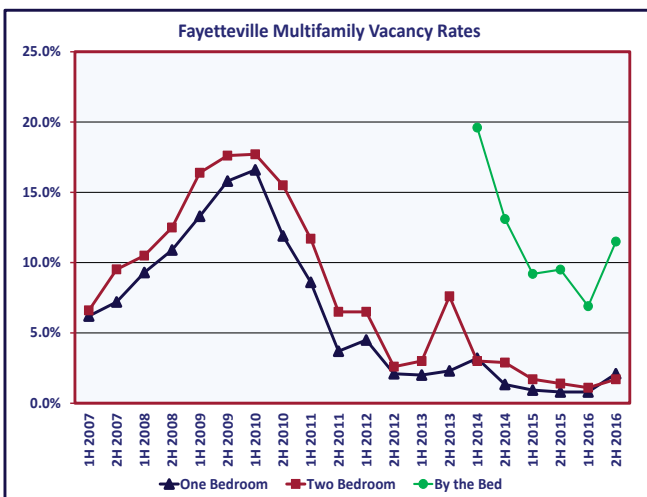
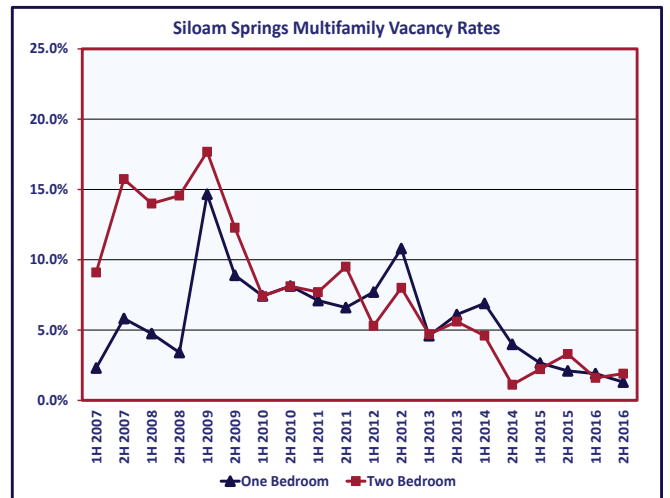
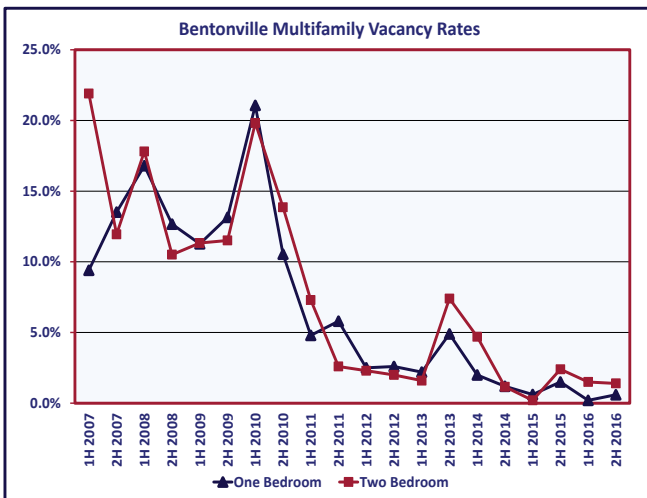
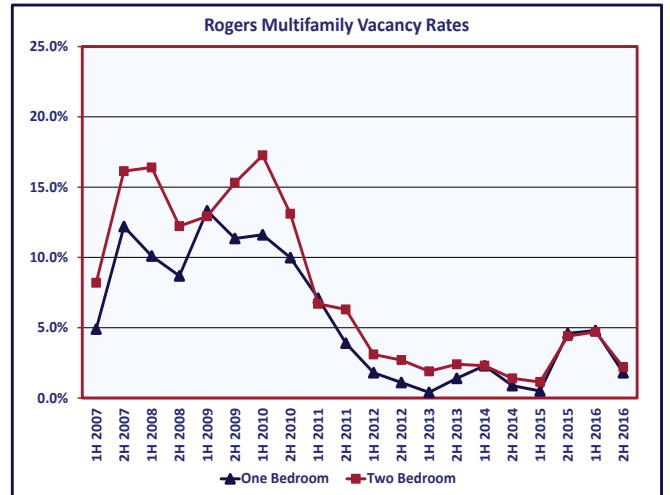
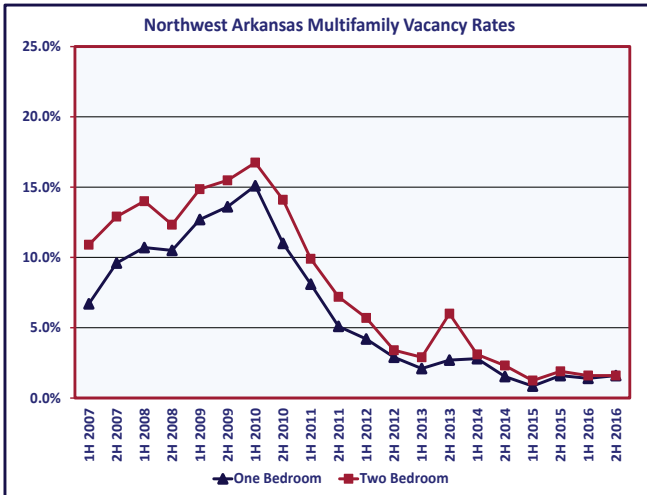
Center for Business and Economic Research
Sam M. Walton College of Business
University of Arkansas
Fayetteville, AR 72701
Telephone: 479.575.4151
<http://cber.uark.edu/>

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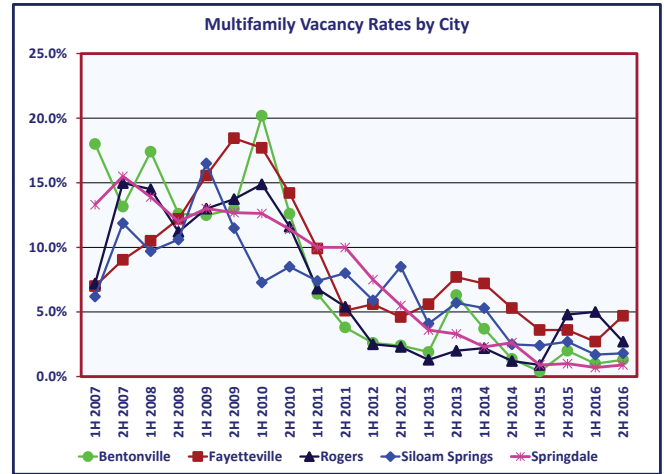
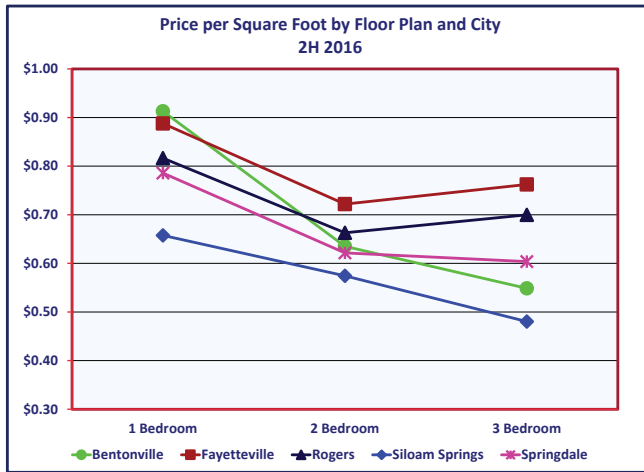
Highlights from the Second Half of 2016

- The vacancy rate for all multifamily properties in Northwest Arkansas increased to 3.2 percent in the second half of 2016 from 2.4 percent in the first half of 2016. The rate was 3.0 percent in the second half of 2015.
- The increase in regional vacancy rates was primarily due to an increase in by-the-bed vacancy in Fayetteville. The overall multifamily vacancy rate in Fayetteville increased from 3.6 percent in the second half of 2015 to 4.7 percent in the second half of 2016.
- More than 2,650 additional rental units have been announced or are under construction in new multifamily projects in Fayetteville.
- Rogers had the largest year over year decrease in vacancy rates from 4.8 percent in the second half of 2015 to 2.7 percent in the second half of 2016.
- There are an additional 1,700 rental units that have been announced or are under construction in new multifamily projects in Rogers.
- In Bentonville, vacancy rates decreased from 2.0 percent in the second half of 2015 to 1.3 percent in the second half of 2016.
- More than 2,300 additional rental units have been announced or are under construction in the Bentonville submarket.
- The vacancy rate in Siloam Springs decreased from the second half of 2015 to the second half of 2016, moving from 2.7 percent to 1.8 percent.
- Springdale experienced a decline from a 1.0 percent vacancy rate in the second half of 2015 to a 0.9 percent rate in the second half of 2016, giving the city the lowest vacancy rate in Northwest Arkansas.
- Only 150 new rental units have been announced or are under construction in multifamily projects in Springdale.
- In the second half of 2016, the average lease rate per month for a multifamily property unit in Northwest Arkansas increased to \$627.04, while the median lease rate increased to \$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. Five of the projects are located in Fayetteville, three are in Rogers, and two are in Bentonville. These 10 projects had 135 building permits issued worth \$157,623,061. The two largest projects are in Fayetteville: Watermark at Steele Crossing had 22 permits issued worth \$42,278,089 and Links at Fayetteville, Phase II, had 24 permits issued worth \$38,803,184.

Multifamily Building Permits January 1, 2016 - December 31, 2016

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
7/7/2016	Mt Carmel Senior Living	31	\$5,703,876	Bentonville
12/21/2016	Sullivan Square	13	\$22,269,456	Bentonville
1/27/2016	Uptown Apartments	7	\$38,077,740	Fayetteville
1/28/2016	Watermark at Steele Crossing	22	\$42,278,089	Fayetteville
6/16/2016	Links at Fayetteville II	24	\$38,803,184	Fayetteville
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
3/16/2016	Watermark at Walnut Creek	3	\$2,409,776	Rogers
3/31/2016	Primrose Retirement Home	24	\$3,642,912	Rogers
7/11/2016	Watermark at Walnut Creek	1	\$1,043,888	Rogers
Total		135	\$157,623,061	

Multifamily Market Trends

Sample Vacancy Rates

Market Area	Number of Apartment Complexes	Number of Units	2H 2016 Vacancy Rate	1H 2016 Vacancy Rate	2H 2015 Vacancy Rate
Bentonville	129	4,702	1.3%	1.0%	2.0%
Fayetteville	353	19,503	4.7%	2.7%	3.6%
Rogers	101	4,610	2.7%	5.0%	4.8%
Siloam Springs	50	1,054	1.8%	1.7%	2.7%
Springdale	102	6,290	0.9%	0.7%	1.0%
NWA	735	36,159	3.2%	2.4%	3.0%

Average Size and Price by Floor Plan Second Half of 2016

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	413	\$590.10	\$1.43
By the Bed	443	\$704.36	\$1.59
1 Bedroom	619	\$533.15	\$0.86
2 Bedroom	915	\$613.27	\$0.67
3 Bedroom	1,280	\$862.05	\$0.67
4 Bedroom	1,263	\$1,031.40	\$0.82
NWA	853	\$627.04	\$0.74

Median Size and Price by Floor Plan Second Half of 2016

Floor Plan	Median Square Feet	Median Price per Month	Median Price per Square Foot
Studio	403	\$425.00	\$1.05
By the Bed	423	\$715.00	\$1.69
1 Bedroom	600	\$465.00	\$0.78
2 Bedroom	900	\$575.00	\$0.64
3 Bedroom	1,254	\$775.00	\$0.62
4 Bedroom	1,255	\$930.00	\$0.74
NWA	816	\$566.00	\$0.69

Vacancy Rates by Floor Plan Second Half of 2016

Market Area	By-the-Bed	One Bedroom	Two Bedroom	Three Bedroom
Bentonville	--	0.6%	1.4%	1.2%
Fayetteville	11.5%	2.1%	1.7%	2.7%
Rogers	--	1.8%	2.2%	10.6%
Siloam Springs	--	1.3%	1.9%	4.8%
Springdale	--	0.9%	0.9%	0.2%
NWA	11.5%	1.6%	1.6%	3.2%

