

THE SKYLINE REPORT

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One Page Summary Second Half of 2023

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Real Estate Summary For Benton, Madison, and Washington Counties

In the second half of 2023, the average price of a home in Benton County was \$420,144, 4.5 percent higher than a year ago. In Washington County, the average was \$386,695, 2.8 percent higher than a year ago. Average prices declined by 0.6 percent and 1.4 percent from the first half of 2023 in Benton and Washington counties, respectively.

Home sales decreased 2.1 percent from a year ago to 4,674 in the second half of 2023.

Absorption rose 18.2 percent from a year ago to 2,131 homes in the second half of 2023, the highest level since 2,198 in the second half of 2020.

Home starts plus homes under construction increased by one to 1,914 in the second half of 2023, the second lowest level since the 1,726 in the first half of 2021.

39.9 percent of all homes sold were new construction (1,864). It was the highest total and percentage of new construction in Skyline history.

The multifamily vacancy rate increased to 3.1 percent in the second half of 2023 from 2.2 percent in the first half of 2023. The increase was driven by 10 new complexes with 1,669 total units and 606 available units. With the 10 new complexes removed the overall vacancy rate decreased to 2.0 percent.

The multifamily market has an additional 4,400 units under construction and 17,600 announced throughout the region. This represents 41.4 percent of the current inventory in Northwest Arkansas.

In the second half of 2023, the average rent was \$1005.40, 8.5 percent higher than a year ago, and 46.3 percent higher than five years ago.

In the second half of 2023, 19 current multifamily projects had building permits valued at \$256.4 million a decrease from \$263.1 million in the first half of 2023.

The overall vacancy rate for commercial property remained 6.4 percent in the second half of 2023 as 623,288 square feet of new commercial space entered the market.

The office vacancy rate remained to 8.8 percent in the second half of 2023. There was strong leasing activity in the Class A submarket as 203,815 square feet of new office space was added in the second half of 2023.

In the retail submarket, the vacancy rate remained 7.9 percent in the second half of 2023 as 10,898 square feet of new space entered the market.

The warehouse vacancy rate decreased from 3.6 percent in the first half of 2023 to 3.2 percent in the second half of 2023 even though 262,415 square feet of new space entered the market. 43,538 square feet of new office/warehouse space but no new retail/warehouse space was added as respondents continued to report increasing demand for new warehouse and flex warehouse space.

\$287.6 million in commercial building permits were issued in the second half of 2023. In comparison there were \$193.9 commercial building permits issued in the first half of 2023.