



# THE SKYLINE REPORT

SPONSORED BY ARVEST BANK

**Second Half of 2017  
February 2018**

## Real Estate Market Summary

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.

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/>



UNIVERSITY OF  
ARKANSAS

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

## Real Estate Market Summary for Benton and Washington Counties

The average price of homes sold continued to rise, reaching record highs of \$228,310 in Benton County and \$219,876 in Washington County. Prices in Benton County were 2.9 percent higher than in 2016 and 22.1 percent higher than in 2012. In Washington County homes cost 9.0 percent higher than in 2016 and 26.3 percent higher than in 2012.

- At 27.3 months, the supply of remaining lots in active subdivisions in Northwest Arkansas continued to fall in the second half of 2017.
- 1,497 new houses in 371 active subdivisions became occupied.
- There were 1,434 building permits issued in Benton and Washington counties, the lowest since 2015.
- Home sales in the region dipped slightly, down 2.1 percent from the second half of 2016, but still the second highest total since Skyline Report began.
- 21.9 percent of homes sold were new construction. At 1,022 the number of newly constructed homes remained over 1,000 for the third consecutive report period.

**Average rents for multifamily units continued to climb during the second half of 2017 reaching \$645.62. The average rent was 4.9 percent higher than in 2016, and 20.4 percent higher than in 2012.**

- The increase in regional vacancy rates from 4.2 percent in the first half of 2017 to 4.5 percent in the second half of 2017 was primarily due to new complexes in Bentonville and Fayetteville.
- There were an additional 8,000 units either under construction or announced throughout the region. This represents 20.9 percent of the current inventory of multifamily units in Northwest Arkansas.
- Siloam Springs replaced Springdale with the lowest vacancy rates in the region and the fewest announced projects. Bentonville and Fayetteville replaced Rogers with the highest vacancy rates in Northwest Arkansas in the second half of 2017.

**The overall vacancy rate for commercial property was 9.7 percent in the second half of 2017, the lowest since this report began in 2004.**

- The low vacancy rate in the commercial market was in spite of the addition of over 700,000 square feet of new commercial space in the second half of 2017.
- Driven by service sector demand, the retail vacancy rate stayed below nine percent even with the addition of over 45,000 new square feet of retail space.
- Office space vacancy in Northwest Arkansas dropped to 9.1 percent, due to strong absorption in Class C office space in Bentonville, medical office space in Rogers, and Class B office space across the region.
- Almost 600,000 square feet of new warehouse space was added in the second half of 2017, and the vacancy rate dropped to 5.8 percent, with positive net absorption of over 110,000 square feet.
- Average lease rates climbed for Class A retail space in Fayetteville and for Class C retail space in Bentonville and for most office space submarkets across Northwest Arkansas.
- An additional \$204.1 million in building permits were issued in the second half of 2017, indicating continuing growth in new commercial properties throughout the region.