



THE SKYLINE REPORT

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UNIVERSITY OF ARKANSAS

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

**Second Half of 2018
February 2019**

Highlights

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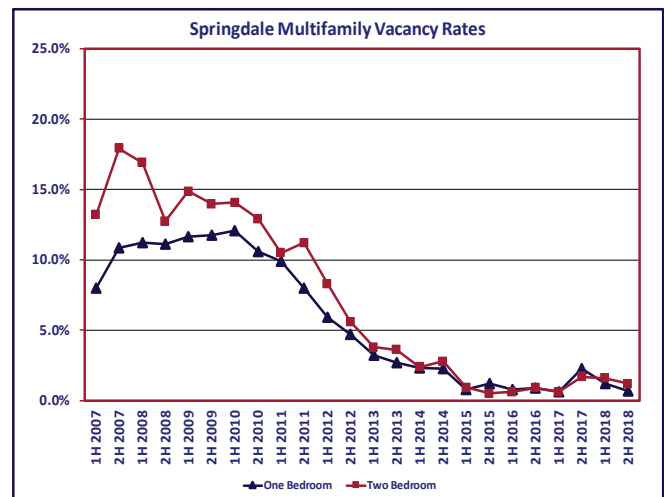
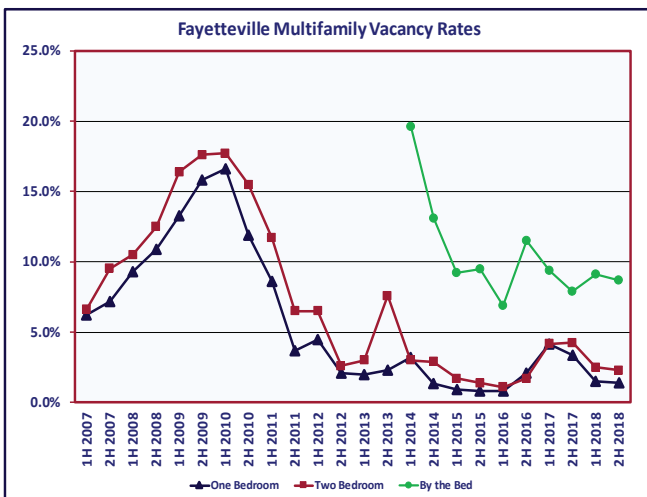
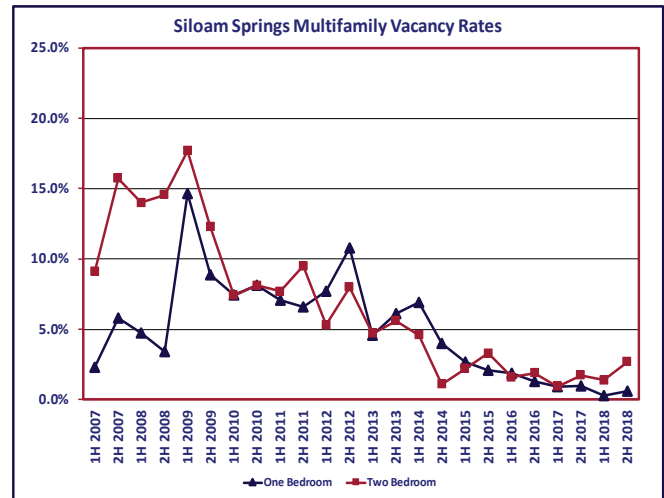
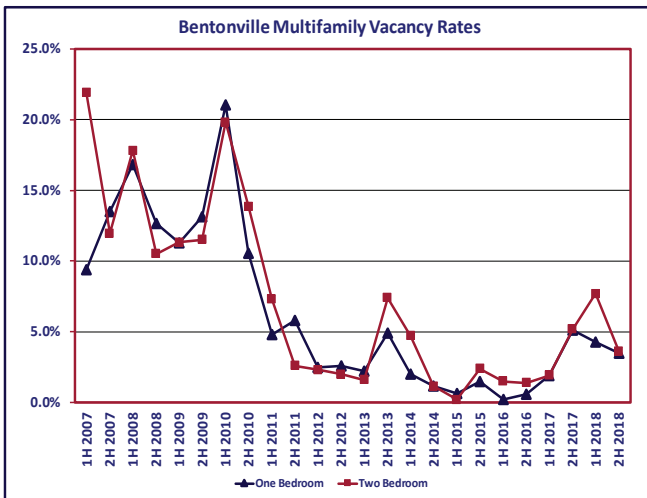
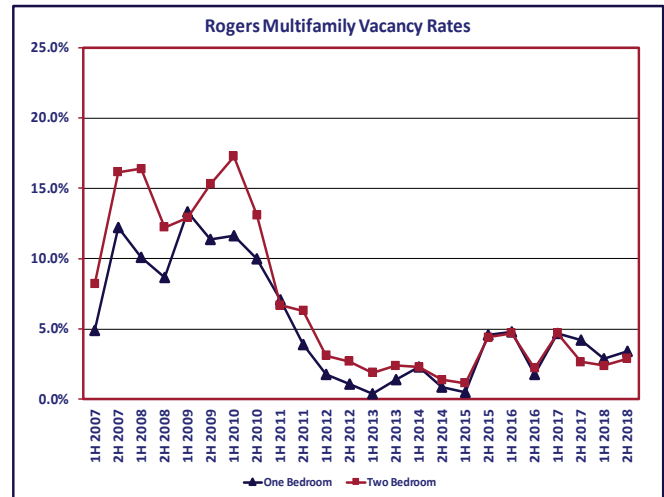
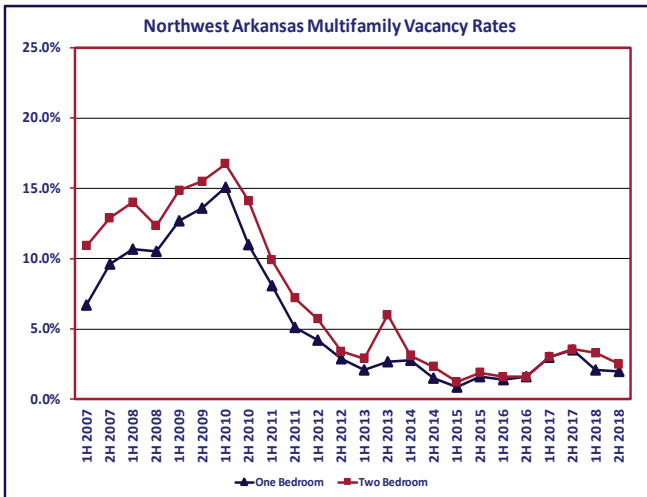
Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the thirty-ninth 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.

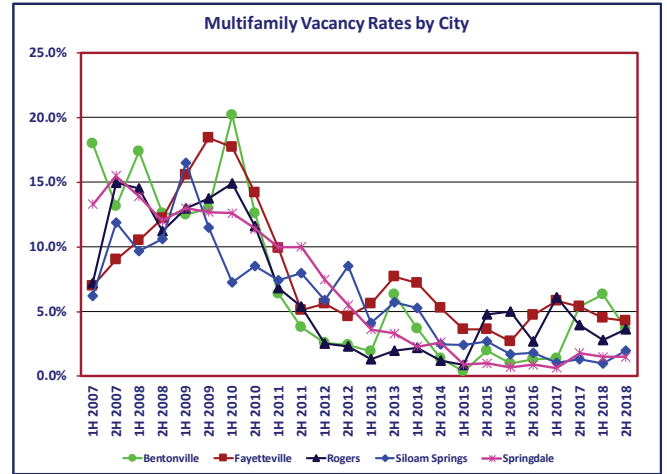
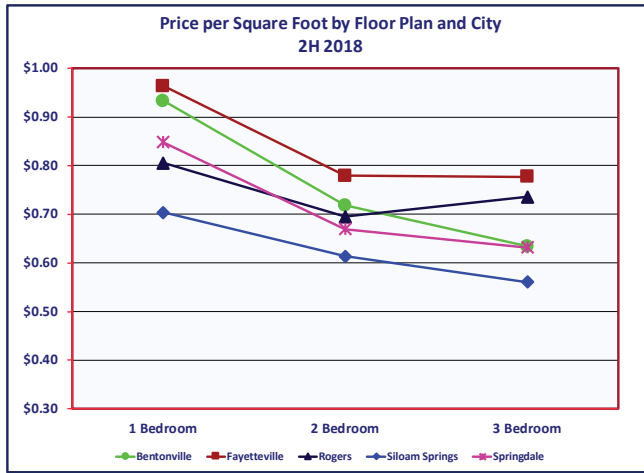
Highlights from the Second Half of 2018

- The vacancy rate for all multifamily properties in Northwest Arkansas decreased to 3.5 percent in the second half of 2018 from 3.9 percent in the first half of 2018. The rate was 4.5 percent in the second half of 2017.
- The decrease in regional vacancy rates was primarily due to decreased vacancy rates in Bentonville and Fayetteville as a result of absorption new construction.
- The overall multifamily vacancy rate in Fayetteville decreased from 5.4 percent in the second half of 2017 to 4.3 percent in the second half of 2018. More than 3,700 additional rental units (18.3 percent of current inventory) have been announced or are under construction in new multifamily projects in Fayetteville.
- In Bentonville (Centerton incorporated), vacancy rates decreased from 5.4 percent in the second half of 2017 to 3.7 percent in the second half of 2018. There are also more than 3,300 rental units (54.8 percent of current inventory) that have been announced or are under construction in new multifamily projects in Bentonville.
- Rogers had a decrease in vacancy rates from 3.9 percent in the second half of 2017 to 3.6 percent in the second half of 2018, as new units were absorbed. More than 2,500 additional rental units (48.7 percent of current inventory) have been announced or are under construction in the Rogers submarket.
- Siloam Springs vacancy rates increased from 1.3 percent vacancy rate in the second half of 2017 to 2.0 percent in the second half of 2018.
- In Springdale the vacancy rate decreased from 1.8 percent in the second half of 2017 to 1.5 percent in the second half of 2018 making it the lowest vacancy rate in Northwest Arkansas. More than 1,000 new rental units (16.5 percent of current inventory) have been announced or are under construction in multifamily projects in Springdale.
- In the second half of 2018, the average lease rate per month for a multifamily property unit in Northwest Arkansas increased to \$674.65, with the median lease also increasing to \$605.00 from \$600.00 in the first half of 2018.

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. Seven of the projects are located in Bentonville, seven are in Fayetteville, six are in Rogers, one is in Siloam Springs, and two are in Springdale. These 23 projects had 276 building permits issued worth \$372,922,213. The largest project was in Fayetteville with The Avenue which had 6 permits valued at \$46,130,936. Four other projects were valued at over \$30 million: In Bentonville, Walton Crossing had 17 permits valued at \$36,203,128 and Crystal Flats with 3 permits was valued at \$33,032,328; In Rogers, Dodson Road Apartments had 29 permits valued at \$39,540,666 and Pinnacle Heights had 4 permits valued at \$31,794,447.

Multifamily Residential Building Permits January 1 - December 31, 2018

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
1/3/2018	Walton Crossing	17	\$36,203,128	Bentonville
1/22/2018	Harbin Pointe Townhomes	9	\$5,921,169	Bentonville
3/1/2018	J3	8	\$22,922,490	Bentonville
4/13/2018	Red Barn	17	\$22,544,686	Bentonville
4/18/2018	Depot 16	1	\$3,429,960	Bentonville
11/21/2018	Village at B Street	1	\$944,205	Bentonville
12/5/2018	Crystal Flats	3	\$33,032,328	Bentonville
1/4/2018	The Avenue	6	\$46,130,936	Fayetteville
1/22/2018	Springhouse Village	1	\$20,749,700	Fayetteville
6/7/2018	Washington Triplexes	6	\$637,559	Fayetteville
6/20/2018	Cottages at Hollywood	104	\$28,049,078	Fayetteville
7/11/2018	Cottages at Hollywood	6	\$14,013,124	Fayetteville
7/27/2018	Kappa Delta House	1	\$11,700,000	Fayetteville
12/20/2018	Leverett Gardens	2	\$1,083,133	Fayetteville
6/4/2018	Dixieland Road Apartments	15	\$2,295,555	Rogers
6/25/2018	Woodland Park at the Grove, Phase II	13	\$18,364,645	Rogers
9/7/2018	Gateway Senior Apartments	6	\$3,241,000	Rogers
9/14/2018	Palisades at Pleasant Crossing, Phase II	15	\$19,428,000	Rogers
9/26/2018	Dodson Road Apartments	29	\$39,540,666	Rogers
12/10/2018	Pinnacle Heights	4	\$31,794,447	Rogers
9/14/2018	Holly Street	4	\$1,409,520	Siloam Springs
6/13/2018	Har-Ber Town Homes	5	\$2,925,348	Springdale
11/30/2018	The Peaks at Springdale	3	\$6,561,536	Springdale
	Total	276	\$372,922,213	

Multifamily Market Trends

Sample Vacancy Rates

Market Area	Number of Apartment Complexes	Number of Units	2H 2018 Vacancy Rate	1H 2017 Vacancy Rate	1H 2017 Vacancy Rate
Bentonville	136	6,118	3.7%	6.3%	5.4%
Fayetteville	354	20,427	4.3%	4.5%	5.4%
Rogers	105	5,297	3.6%	2.8%	3.9%
Siloam Springs	56	1,176	2.0%	1.0%	1.3%
Springdale	107	6,583	1.5%	1.5%	1.8%
NWA	758	39,601	3.5%	3.9%	4.5%

Average Size and Price by Floor Plan Second Half of 2018

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	449	\$530.28	\$1.18
By the Bed	426	\$708.75	\$1.66
1 Bedroom	624	\$562.97	\$0.90
2 Bedroom	923	\$669.07	\$0.72
3 Bedroom	1,297	\$913.55	\$0.70
4 Bedroom	1,373	\$1,356.00	\$0.99
NWA	863	\$674.65	\$0.78

Median Size and Price by Floor Plan Second Half of 2018

Floor Plan	Median Square Feet	Median Price per Month	Median Price per Square Foot
Studio	450	\$475.00	\$1.06
By the Bed	420	\$696.00	\$1.66
1 Bedroom	600	\$515.00	\$0.86
2 Bedroom	900	\$620.00	\$0.69
3 Bedroom	1,268	\$850.00	\$0.67
4 Bedroom	1,300	\$1,200.00	\$0.92
NWA	820	\$605.00	\$0.74

Vacancy Rates by Floor Plan Second Half of 2018

Market Area	By-the-Bed	One Bedroom	Two Bedroom	Three Bedroom
Bentonville		3.5%	3.6%	5.8%
Fayetteville	8.7%	1.4%	2.3%	4.6%
Rogers		3.4%	2.9%	10.4%
Siloam Springs		0.6%	2.7%	2.0%
Springdale		0.7%	1.2%	2.7%
NWA	8.7%	2.0%	2.5%	5.2%

