

THE SKYLINE REPORT

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One Page Summary Second Half 2021

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Real Estate Summary For Benton, Madison, and Washington Counties

In the second half of 2021, the average price of a home in Benton County reached \$345,517, 17.8 percent higher than a year ago and 55.6 percent higher than five years ago. In Washington County, the average was \$311,573, which was 15.8 percent higher than a year ago and 54.5 percent higher than five years ago.

Home sales increased 3.9 percent to 6,030 from a year ago which was the highest sales total since the Skyline report began. However, only 584 homes were listed for sale at the end of December, the lowest number ever tracked by the Skyline Report.

The number of building permits issued in Northwest Arkansas in the second half of 2021 decreased to 2,490, still the third highest total since the 3,265 building permits issued in the first half of 2006.

Home starts plus homes under construction totaled 1,982 in the second half of 2021, the highest level since 2,009 in the first half of 2006.

The multifamily vacancy rate decreased to 3.0 percent in the second half of 2021 from 3.4 percent in the first half of 2021. Bentonville, Rogers, and Springdale had vacancy rate decreases, while Fayetteville and Siloam Springs had very slight vacancy rate increases.

The multifamily market has an additional 14,000 units (900 lower than in the first half of 2021), under construction or announced throughout the region, even though 3,500 additional units were tracked in the Skyline database. This represents 28.9 percent of the current inventory in Northwest Arkansas.

In the second half of 2021, the average rent was \$789.06, 6.4 percent higher than a year ago, and 24.0 percent higher than five years ago.

In the second half of 2021, 28 current multifamily projects have building permits valued at \$216.9 million an increase from \$204.5 million in the first half of 2021.

The overall vacancy rate for commercial property decreased to 8.3 percent in the second half of 2021, driven by 255,554 square feet of net positive absorption. 636,552 square feet of new commercial space was added to the market.

\$379.9 million in commercial building permits were issued in the second half of 2021 with Walmart accounting for \$290.2 million. For all of 2021 over \$1.0 billion in commercial building permits were issued. Without Walmart there were \$320.0 million in building permits issued in 2021.

The office vacancy rate dropped to 10.0 percent in the second half of 2021 from 11.2 in the first half of 2021. There was strong leasing activity in both Class A and Class B office submarkets. New medical space of 116,280 square feet was added in the second half of 2021.

The warehouse vacancy rate decreased from 6.6 percent in the first half of 2021 to 5.3 percent in the second half of 2021 due to net positive absorption of 133,179 square feet of space, while 445,365 square feet of new warehouse space was added. Respondents continued to report increasing demand for new warehouse and flex warehouse space.

In the retail submarket, the vacancy rate decreased to 9.5 percent in the second half of 2021 from 10.8 percent in the first half of 2021, as 25,720 square feet of new space, all Class B, entered the market and there was net positive absorption of 101,584 square feet.