



THE SKYLINE REPORT

SPONSORED BY ARVEST BANK

Second Half of 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 in Benton County reached a record high of \$244,478 in the second half of 2018. Prices in Benton County were 7.1 percent higher than a year ago and 32.9 percent higher than five years ago. In Washington County homes an average of \$228,681, which was 4.0 percent higher than in the second half of 2017 and 22.6 percent higher than five years ago.

- The median multiple, the ratio of the median home price to median household income, in Benton County grew from 2.6 in the second half of 2013 to 3.1 in the second half of 2018. During the same time period, the Washington County median multiple grew from 3.7 to 3.9.
- The number of complete but unoccupied homes in Northwest Arkansas continued to grow in the second half of 2018 reaching 524, with 358 in Benton County and 166 in Washington County. The growth was driven by a few subdivisions that had high volumes of construction and also high absorption.
- There were 1,534 building permits issued in Benton and Washington counties in the second half of 2018. Added to the 1,804 from the first half, the total of 3,338, was highest yearly total since 4,860 in 2006.
- Home sales in the region increased slightly, up 1.7 percent from the second half of 2017, and the second highest total since Skyline Report began.
- 25.4 percent of homes sold were new construction, the highest level in the Skyline data.

Even though the average rent of \$674.65 was 4.5 percent higher than in 2017, and 23.3 percent higher than in 2013, strong absorption lowered the multifamily vacancy rate to 3.5 percent in the second half of 2018.

- There were an additional 10,900 units either under construction or announced throughout the region. This represents 27.8 percent of the current inventory of multifamily units in Northwest Arkansas.
- Springdale had the lowest vacancy rates in the region. Fayetteville had the highest vacancy rates in Northwest Arkansas in the second half of 2018.
- The second half of 2018 had the greatest value of multifamily building permits since The Skyline Report began with \$372.9 million. Bentonville, Fayetteville, and Rogers each had building permits valued at over \$100 million during this period.

The overall vacancy rate for commercial property remained stable at 10.9 percent in the second half of 2018, even though more competitive space was added to the market.

- The retail vacancy rate increased to 11.5 percent, with negative net absorption of 79,442 square feet, of which 28,075 square feet was new retail space.
- Office space vacancy in Northwest Arkansas decreased to 8.4 percent, the lowest since The Skyline Report began, even with the addition of over 136,000 square feet of new space, due to strong absorption in Class A office space in Rogers.
- The warehouse submarket vacancy rate increased to 9.9 percent, the highest since 2014, with negative net absorption of over 263,000 square feet, mostly in Lowell.
- \$169,794,659 million in building permits were issued in the second half of 2018, indicating continuing growth in new commercial properties throughout the region.