

THE SKYLINE REPORT

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Multifamily Highlights Second Half 2019

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Real Estate Summary For Benton and Washington Counties

This report is the forty-first 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 2019

The vacancy rate for all multifamily properties in Northwest Arkansas increased to 4.9 percent in the second half of 2019 from 3.5 percent in the first half of 2019. The rate was 3.5 percent in the second half of 2018.

The increase in regional vacancy rates was primarily due to large property development projects in Bentonville and Fayetteville.

The overall multifamily vacancy rate in Fayetteville increased from 4.3 percent in the second half of 2018 to 5.6 percent in the second half of 2019. More than 3,500 additional rental units (16.2 percent of current inventory) have been announced or are under construction in new multifamily projects in Fayetteville.

In Bentonville (Centeron incorporated), vacancy rates increased from 3.7 percent in the second half of 2018 to 8.5 percent in the second half of 2019. There are also more than 2,800 rental units (37.9 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 3.6 percent in the second half of 2018 to 2.3 percent in the second half of 2019, as new units were absorbed. More than 2,900 additional rental units (52.9 percent of current inventory) have been announced or are under construction in the Rogers submarket.

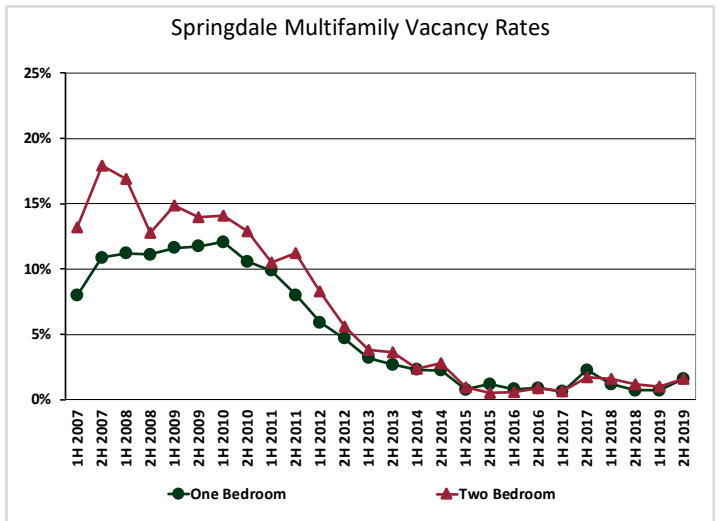
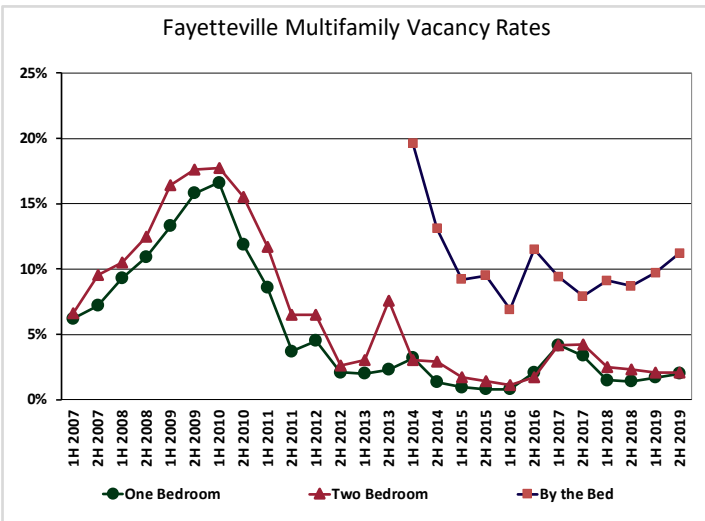
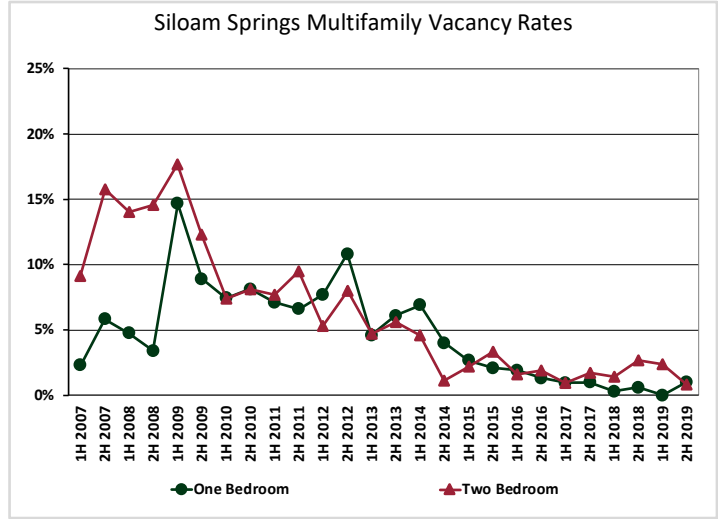
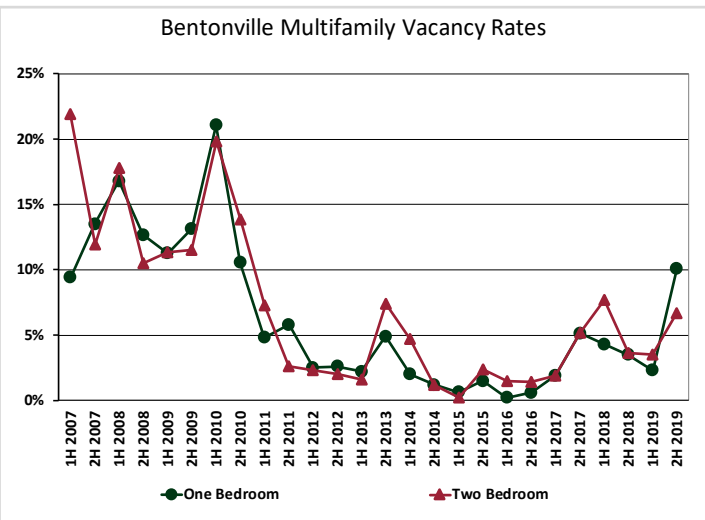
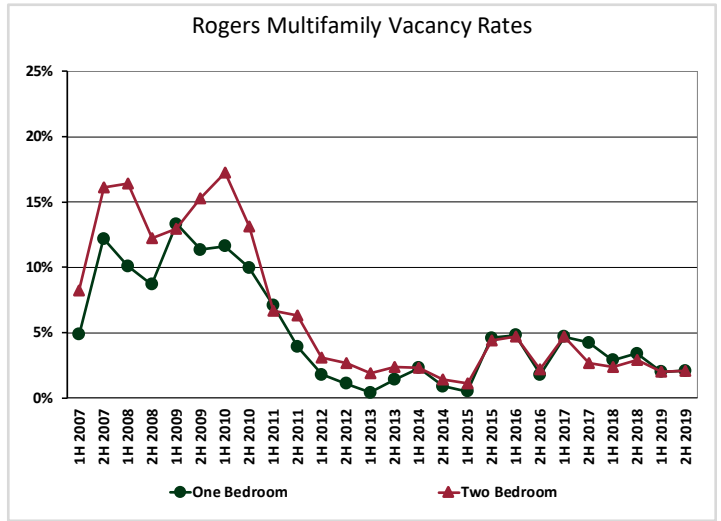
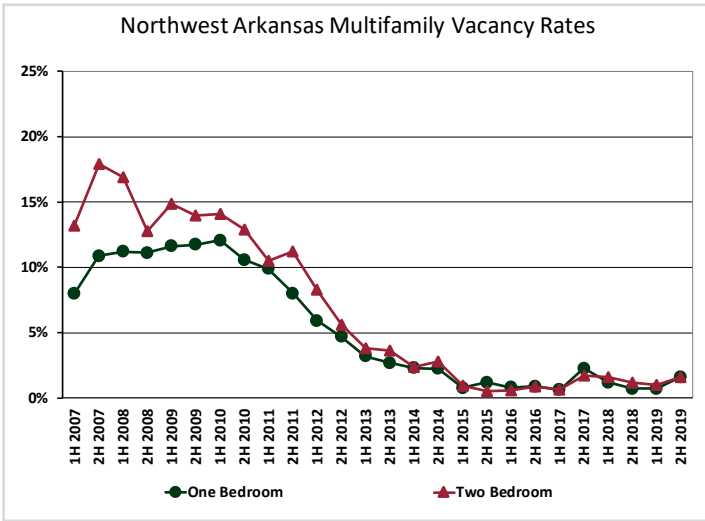
Siloam Springs vacancy rates decreased from 2.0 percent vacancy rate in the second half of 2018 to 1.2 percent in the second half of 2019, the lowest in Northwest Arkansas.

In Springdale the vacancy rate remained unchanged at 1.5 percent from the second half of 2018 to the second half of 2019. More than 1,900 new rental units (29.1 percent of current inventory) have been announced or are under construction in multifamily projects in Springdale (Tontitown included).

In the second half of 2019, the average lease rate per month for a multifamily property unit in Northwest Arkansas increased to \$715.84, with the median lease also increasing to \$637.00 from \$625.00 in the first half of 2019.

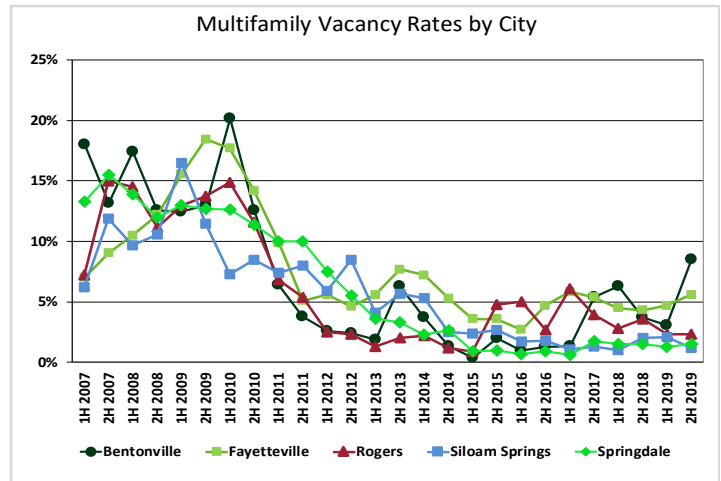
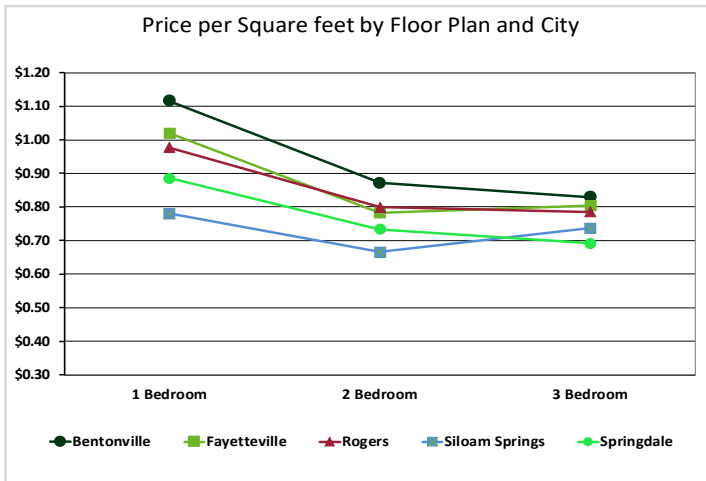
Regional Market Trends

Multifamily Vacancy Rates



Regional Market Trends

Multifamily Rates and Building Permits



The associated table details the building permits that have been issued for multifamily housing purposes over the past twelve months. Four of the projects are located in Bentonville, one is in Centerton, four are in Fayetteville, three are in Rogers, three are in Siloam Springs, three are in Springdale, and three are in Tontitown. These 21 projects had 144 building permits issued worth \$359,001,448. The largest project was in Springdale with Mill Street Mansions which had 13 permits valued at \$76,436,827. Six other projects were valued at over \$20 million in the cities of Bentonville, Centerton, Fayetteville, Springdale, and Tontitown.

Multifamily Building Permits	Complex or Developer	Number of New Permits	Total Value of Permits	City
2/5/2019	I Street Luxury Apartments	4	\$16,079,544	Bentonville
2/11/2019	Pointe at Bentonville, Phase II	7	\$21,003,256	Bentonville
2/13/2019	Harbin Pointe, Phase II	7	\$4,647,467	Bentonville
2/21/2019	Crystal Flats	2	\$7,701,846	Bentonville
8/30/2019	Water Colors, Phase II	6	\$21,847,250	Centerton
1/28/2019	Backwater Cove	4	\$8,435,158	Fayetteville
5/50/2019	Spring Street Townhouses	2	\$960,264	Fayetteville
8/14/2019	The Fairways	12	\$29,328,241	Fayetteville
12/26/2019	The Marshal	1	\$49,560,291	Fayetteville
1/14/2019	Frisco Apartments	1	\$763,679	Rogers
11/14/2019	Olive Park Apartments	3	\$6,596,235	Rogers
12/4/2019	Pinnacle Heights	3	\$19,183,113	Rogers
2/27/2019	Melgar Apartments	4	\$1,850,000	Siloam Springs
5/1/2019	Talequah Townhomes	2	\$500,000	Siloam Springs
7/16/2019	Krein Apartments	1	\$1,380,000	Siloam Springs
7/1/2019	Mill Street Mansions	13	\$76,436,827	Springdale
8/15/2019	Randall Wobbe Apartments	17	\$8,043,583	Springdale
11/1/2019	Trails at the Crossing	24	\$43,055,265	Springdale
7/1/2019	Highland Park	15	\$26,077,795	Tontitown
11/18/2019	The Reserves	11	\$12,738,272	Tontitown
12/4/2019	Ruscelli Villas	5	\$2,813,362	Tontitown
Northwest Arkansas		144	\$359,001,448	

Regional Market Trends

Multifamily Sample Data

Sample Vacancy Rates	Number of Apartment Complexes	Number of Units	2H 2019 Vacancy Rates	1H 2019 Vacancy Rates	2H 2018 Vacancy Rates
Bentonville	143	7,410	8.50%	3.10%	3.70%
Fayetteville	359	21,668	5.60%	4.70%	4.30%
Rogers	110	5,629	2.30%	2.30%	3.60%
Siloam Springs	54	1,203	1.20%	2.10%	2.00%
Springdale	108	6,649	1.50%	1.30%	1.50%
NWA	774	42,559	4.9%	3.5%	3.5%

Average Size and Price by Floor Plan	Square Feet	Price per Month	Price per Square Foot
Studio	483	\$570.31	\$1.18
By the Bed	424	\$690.64	\$1.63
1 Bedroom	638	\$645.99	\$1.01
2 Bedroom	932	\$744.58	\$0.80
3 Bedroom	1,242	\$964.19	\$0.78
4 Bedroom	1,363	\$1,282.60	\$0.94
NWA	840	\$715.84	\$0.85

Median Size and Price by Floor Plan	Square Feet	Price per Month	Price per Square Foot
Studio	450	\$500.00	\$1.11
By the Bed	414	\$679.50	\$1.64
1 Bedroom	600	\$525.00	\$0.88
2 Bedroom	900	\$650.00	\$0.72
3 Bedroom	1,270	\$890.00	\$0.70
4 Bedroom	1,317	\$1,150.00	\$0.87
NWA	825	\$637.00	\$0.77

Vacancy Rates by Floor Plan	By the Bedroom	One Bedroom	Two Bedroom	Three Bedroom
Bentonville		10.1%	6.7%	14.2%
Fayetteville	11.2%	2.0%	2.1%	4.7%
Rogers		2.1%	2.1%	3.6%
Siloam Springs		1.0%	0.8%	3.4%
Springdale		1.6%	1.6%	1.1%
NWA	11.2%	3.8%	2.8%	4.9%

