

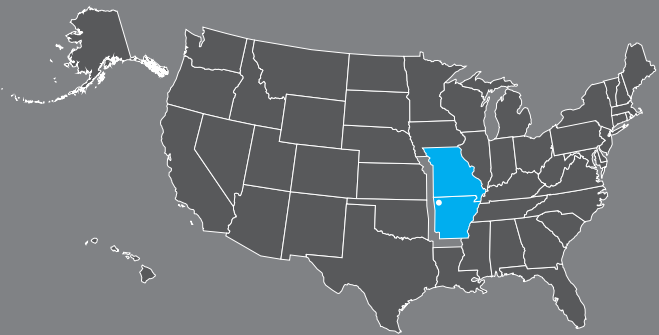
# HUD PD&R Housing Market Profiles

## Fayetteville-Springdale-Rogers, Arkansas-Missouri



### Quick Facts About Fayetteville-Springdale-Rogers

- Current sales market conditions: tight.
- Current apartment market conditions: tight.
- The metropolitan area is home to the corporate headquarters of three 2016 Fortune 500 companies, including the number one-ranked Wal-Mart Stores, Inc.

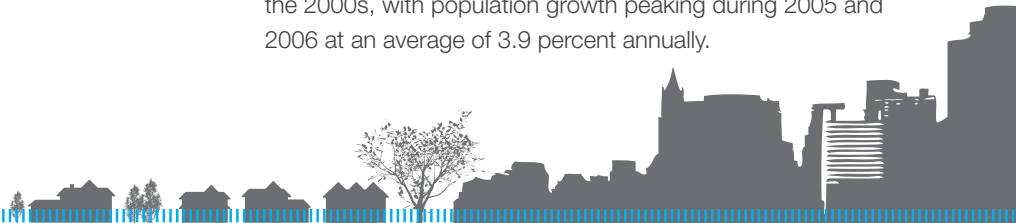


By Randall Goodnight | As of December 1, 2016

### Overview

The Fayetteville-Springdale-Rogers (hereafter, Fayetteville) metropolitan area consists of Benton, Madison, and Washington Counties in northwest Arkansas and McDonald County in southwest Missouri. The metropolitan area, in the Ozark Mountains, is home to the University of Arkansas (UA) and the corporate headquarters of three ranked 2016 Fortune 500 companies—Wal-Mart Stores, Inc. (1st), Tyson Foods, Inc. (66th), and J.B. Hunt Transport, Inc. (416th). The metropolitan area ranked third in the *U.S. News & World Report* 2016 Best Places to Live rankings, behind Austin, Texas (second), and Denver, Colorado (first).

- As of December 1, 2016, the estimated population of the metropolitan area is 532,400, representing an increase of 10,400, or 2.1 percent, annually since April 2010.
- Net in-migration has accounted for nearly two-thirds of the total population growth since April 2010.
- The population grew an average of 2.9 percent annually during the 2000s, with population growth peaking during 2005 and 2006 at an average of 3.9 percent annually.



Jobs increased in the Fayetteville area in every sector except for the manufacturing, leisure and hospitality, and information sectors.

	3 Months Ending		Year-Over-Year Change	
	November 2015 (thousands)	November 2016 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	241.1	245.1	4.0	1.7
Goods-producing sectors	36.9	36.4	-0.5	-1.4
Mining, logging, and construction	10.0	10.4	0.4	4.0
Manufacturing	26.9	26.0	-0.9	-3.3
Service-providing sectors	204.2	208.7	4.5	2.2
Wholesale and retail trade	38.2	38.7	0.5	1.3
Transportation and utilities	16.5	16.6	0.1	0.6
Information	2.0	2.0	0.0	0.0
Financial activities	6.9	7.0	0.1	1.4
Professional and business services	48.1	50.4	2.3	4.8
Education and health services	26.3	27.4	1.1	4.2
Leisure and hospitality	24.5	23.8	-0.7	-2.9
Other services	7.2	7.4	0.2	2.8
Government	34.4	35.5	1.1	3.2
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	3.1	2.7		

Note: Numbers may not add to totals because of rounding.  
Source: U.S. Bureau of Labor Statistics

## Economic Conditions

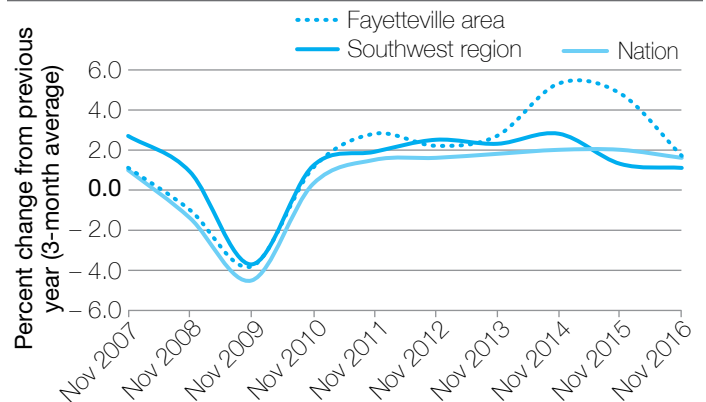
Nonfarm payroll jobs in the Fayetteville metropolitan area have increased to record-high levels since recording an average loss of 4,300 jobs, or 2.1 percent, annually during 2008 and 2009 as a result of the national economic downturn. The metropolitan area economy had surpassed prerecession payroll levels by the end of 2012 and has continued to expand, although job growth moderated during the 3 months ending November 2016 compared with the gains during the previous 2 years.

During the 3 months ending November 2016—

- Nonfarm payrolls increased by 4,000 jobs, or 1.7 percent, to a record high 245,100. Nonfarm payroll jobs increased an average of 5.1 percent annually during the 3 months ending November in the previous 2 years.
- The largest employment sector was the professional and business services sector, with 50,400 jobs, or nearly one-fourth of the total number of private sector jobs.
- The professional and business services and the education and health services sectors were the leading growth sectors, increasing by 2,300 and 1,100 jobs, or 4.8 and 4.2 percent, respectively.
- The unemployment rate decreased to its lowest rate since 2008, averaging 2.7 percent, down from 3.1 percent a year earlier.

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Job growth in the Fayetteville area slowed recently, following year-over-year gains of more than 4.0 percent each month from June 2014 through June 2016.



Note: Nonfarm payroll jobs.  
Source: U.S. Bureau of Labor Statistics

### Largest employers in the Fayetteville area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Wal-Mart Stores, Inc.	Multiple sectors	30,000
Tyson Foods, Inc.	Multiple sectors	8,300
University of Arkansas	Government	6,200

Note: Excludes local school districts.  
Source: Local chambers of commerce and employers



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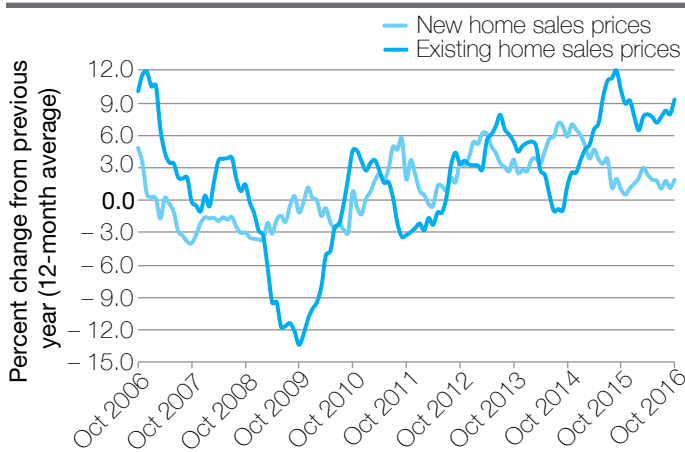
The economy of the metropolitan area benefits considerably from its largest employers—Wal-Mart and Tyson Foods in Benton County and UA in Washington County. Together, these employers account for 18 percent of the total number of jobs in the metropolitan area. Corporate positions at Tyson Foods and Wal-Mart, and an estimated 1,500 suppliers providing products and services for Wal-Mart, represent nearly one-half of the professional and

business services sector jobs in the metropolitan area. Employment at UA accounts for more than 17 percent of the jobs in the government sector. The number of UA faculty and staff positions has increased an average of 2.6 percent annually since 2010. Fall 2016 enrollment at UA was more than 27,000 students, representing a 51-percent increase since the fall of 2006.

## Sales Market Conditions

Sales housing market conditions are tight in the Fayetteville metropolitan area. The estimated sales vacancy rate is currently 1.7 percent, down from 3.8 percent in April 2010. The inventory of homes for sale is currently 2,200, down 16 percent from a year ago and 60 percent from 2010 (CoreLogic, Inc.). The current level of unsold home inventory represents a 3.3-month supply, down from a 4.3-month supply a year ago and an 11.7-month supply in 2010. The expanding local economy contributed to improved sales market conditions compared with conditions in 2010. In October 2016, 1.4 percent of home loans in the HMA were 90 or more days delinquent, were in foreclosure, or had transitioned into real estate owned (REO) status, down from 2.2 percent a year earlier and from 6.6 percent in April 2010. The share of underwater mortgages (those in which the borrower owes more than the value of the home) in the metropolitan area currently comprises 6 percent of all home loans compared with 8 percent a year ago and 35 percent in 2010.

**New home sales prices in the Fayetteville area have increased every month since the spring of 2012; existing home prices have increased since the fall of 2014.**



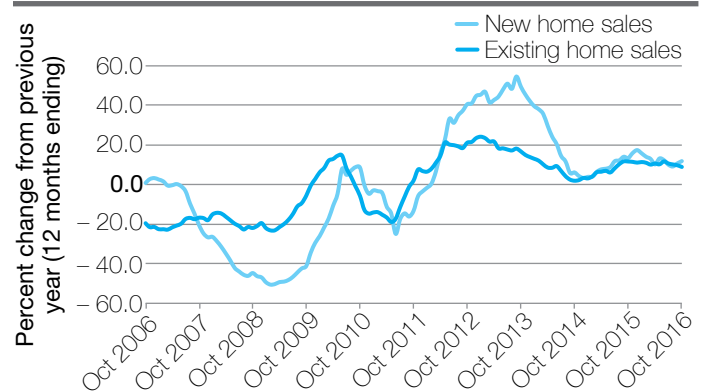
Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

During the 12 months ending October 2016—

- Sales of existing homes (including single-family homes, townhomes, and condominiums) totaled 11,750, up 9 percent from a year earlier; by comparison, existing home sales increased an average of more than 11 percent annually from 2011 through 2015 (CoreLogic, Inc., with adjustments by the analyst).
- The average sales price of an existing home also increased 9 percent, to \$191,700, compared with an average increase of 3 percent annually from 2011 through 2015.
- Approximately 10 percent of existing home sales were distressed sales (REO and short sales), down from 14 percent a year earlier and a peak of more than 32 percent during 2009.
- New home sales increased 12 percent, to 1,850 homes, from a year earlier; new home sales increased an average of 19 percent annually from 2011 through 2015.
- The average sales price for a new home increased 2 percent, to \$238,300, compared with a 3-percent average annual increase from 2011 through 2015.

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**New home sales in the Fayetteville area have increased each month since the spring of 2012; existing sales have increased since the fall of 2011.**



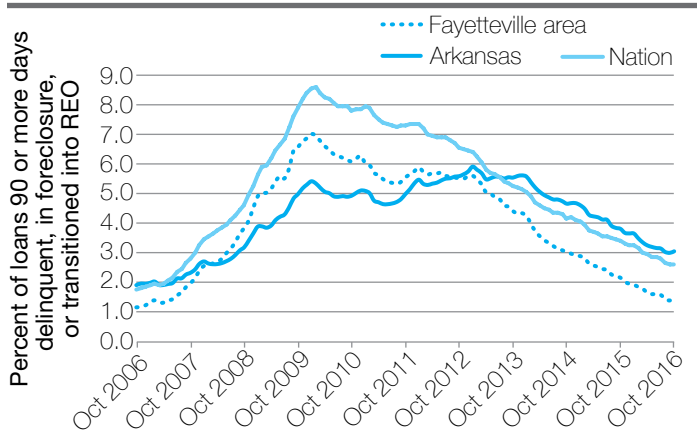
Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

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An increase in the number of new homes sold in the metropolitan area led to increased single-family construction activity, as measured by the number of homes permitted.

- During the 12 months ending November 2016, the number of single-family homes permitted increased 21 percent to 3,400 (preliminary data). Single-family home permitting also increased an average of 21 percent annually from 2011 through 2015.
- Nearly one-third of the single-family homes permitted during the 12 months ending November 2016 were in either the city of Bentonville, in Benton County, where the Wal-Mart corporate headquarters are, or the town of Centerton, 4 miles west of Bentonville and also in Benton County.

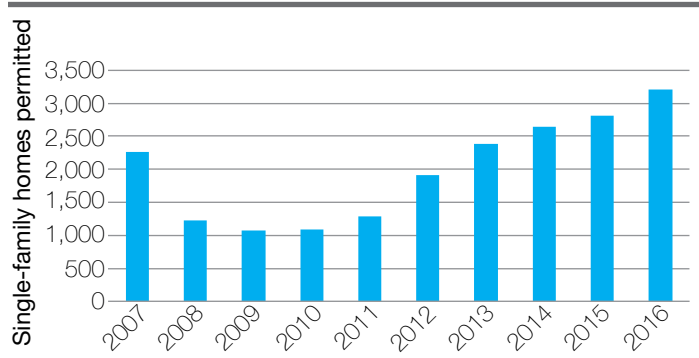
**The share of seriously delinquent loans and REO properties in the Fayetteville area is below the shares in both Arkansas and the nation.**



REO = real estate owned.  
Source: CoreLogic, Inc.

- In Centerton, the Tamarron residential community is currently under construction, where 61 two-, three-, and four-bedroom single-family homes ranging in size from 1,400 to 2,300 square feet sold for an average price of \$217,000. Approximately 240 lots remain available for construction at Tamarron.
- Construction is also under way at the Amber Ridge at Woods Creek residential community in Bentonville, where 16 four- and five-bedroom luxury single-family homes ranging in size from 3,950 to 4,150 square feet sold for an average price of \$537,400. An additional 21 lots remain available for construction at the community.

**Single-family homebuilding activity in the Fayetteville area has increased steadily since 2011.**



Note: Includes preliminary data from January 2016 through November 2016.  
Source: U.S. Census Bureau, Building Permits Survey

**Apartment Market Conditions**

Apartment market conditions in the Fayetteville metropolitan area are currently tight. An expanding economy, population growth, increased preferences to rent in the metropolitan area, and gains in student enrollment at UA have all contributed to tight apartment market conditions. Approximately 5,700 UA students reside on campus, and the remaining students account for an estimated one-tenth of all renter households in the metropolitan area.

During the third quarter of 2016—

- The average vacancy rate was 2.5 percent, down from 3.4 percent a year earlier and well below the average rate of more than 13 percent during 2010 and 2011 (Reis, Inc., and UA data).

- The average apartment rent increased 3.1 percent, to \$623, from a year earlier compared with an average increase of 2.3 percent annually during the previous 5 years.
- Apartment vacancy rates ranged from 0.7 percent in the city of Springdale, home to Tyson Foods headquarters, to 5.0 percent in the city of Rogers, in Benton County.
- Average apartment rents ranged from \$503 in the town of Siloam Springs, 30 miles northwest of Fayetteville, to \$757 in Rogers. Both the average rent and vacancy rate in Rogers reflect the addition of 200 new apartment units during 2016.

Multifamily construction activity, as measured by the number of units permitted, increased 18 percent during the 12 months ending November 2016 as builders responded to increased rental housing demand.

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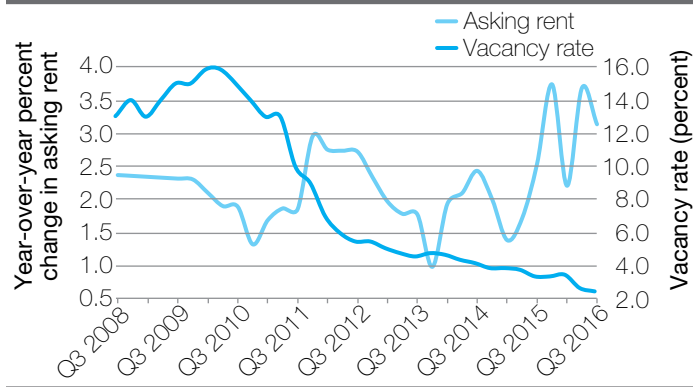
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During the 12 months ending November 2016—

- An estimated 1,300 multifamily units were permitted, up from 1,100 units permitted a year earlier (preliminary data, with adjustments by the analyst). Multifamily permitting activity averaged 690 units annually from 2011 through 2014.
- Construction was under way at the 300-unit Uptown Fayetteville apartment community, which is expected to be complete in 2017. Uptown Fayetteville, 5 miles north of UA, offers numerous amenities, including on-site restaurants, retail, and a heated saltwater pool. Asking rents range from \$985 to \$1,415 for one-bedroom units and from \$1,430 to \$1,690 for two-bedroom units.

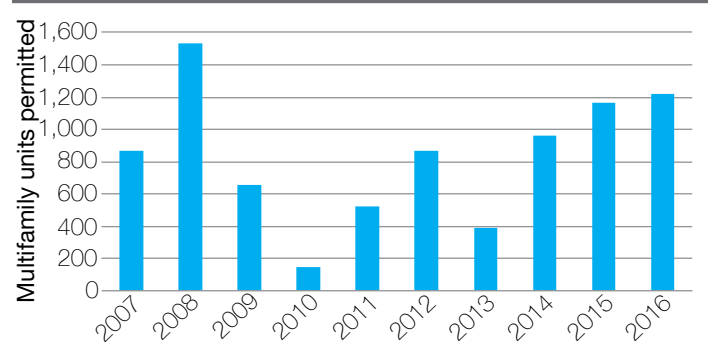
- Several off-campus student apartment communities were under construction and are expected to be complete during 2017, including Atmosphere apartments, located adjacent to the UA campus in Fayetteville. The 275-unit, 700-bed community is currently preleasing for fall 2017 move-in. Asking rents range from \$834 to \$879 for studio units and from \$649 to \$769 per bedroom in two-, three-, and four-bedroom units.
- In Rogers, the 220-unit Watermark on Walnut Creek apartment community was also under construction and is expected to be complete in 2017. Units are offered at rents ranging from \$950 to \$1,035 for one-bedroom units, from \$1,370 to \$1,445 for two-bedroom units, and from \$1,645 to \$1,695 for three-bedroom units.

The relatively strong rent growth and low vacancy rates in recent quarters reflect tightening apartment market conditions in the Fayetteville area.



Q3 = third quarter.  
Sources: Reis, Inc.; University of Arkansas

Multifamily permitting activity has increased sharply since 2013 in the Fayetteville area.



Note: Includes preliminary data from January 2016 through November 2016.  
Source: U.S. Census Bureau, Building Permits Survey, with adjustments by the analyst

