

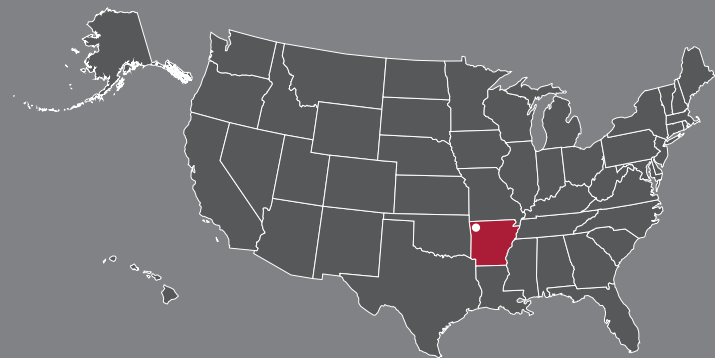
HUD PD&R Housing Market Profiles

Fayetteville-Springdale-Rogers, Arkansas-Missouri



Quick Facts About Fayetteville-Springdale-Rogers

- **Current sales market conditions: slightly tight**
- **Current apartment market conditions: tight**
- **The metropolitan area is home to the corporate headquarters of three 2019 Fortune 500 companies, including the number one company: Walmart Inc.**



By Randall Goodnight | As of November 1, 2019

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, located in the Ozark Mountains, is home to the University of Arkansas (UA) and the corporate headquarters of three ranked 2019 Fortune 500 companies—Walmart Inc. (Walmart), Tyson Foods, Inc. (Tyson), and J.B. Hunt Transport Services, Inc. The metropolitan area ranked fourth in the *U.S. News & World Report* 2019 Best Places to Live, behind Austin, Texas; Denver, Colorado; and Colorado Springs, Colorado, respectively.

- As of November 1, 2019, the estimated population of the metropolitan area is 563,000 people, representing an increase of 10,400 people, or 2.1 percent, annually since April 2010. Net in-migration was responsible for 65 percent of the increase.
- The population grew an average of 2.9 percent annually during the 2000s, with population growth peaking in 2005 and 2006 at an average of 3.9 percent annually.
- As of 2018, approximately 50 and 43 percent of the metropolitan area's population resided in Benton and Washington Counties, respectively. From 2010 to 2018, population growth in Benton County accounted for 60 percent of the overall population

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increase in the metropolitan area and population growth in Washington County accounted for 39 percent of the area's population increase.

- In 2018, the largest cities in the metropolitan area—all in Arkansas—were Fayetteville, Springdale, Rogers, and

Bentonville, with populations of 86,500, 81,000, 67,600, and 51,100 people, respectively. Among these cities, Bentonville had the fastest annual population growth from 2010 to 2018, with an average increase of 4.5 percent.

Economic Conditions

Nonfarm payrolls in the Fayetteville metropolitan area have increased to recently 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 Great Recession. The metropolitan area economy surpassed pre-recession payroll levels by the end of 2012 and has since expanded at a strong pace, with job growth averaging 3.5 percent annually from 2013 through 2018.

During the 3 months ending October 2019—

- Nonfarm payrolls increased by 9,200 jobs, or 3.5 percent, to a recent high of 268,500 jobs, compared with an average increase of 2.2 percent annually during the 3 months ending in October of the previous 2 years.
- The largest employment sector is the professional and business services sector, with 53,400 jobs, or 23 percent of total private sector jobs.
- The professional and business services sector was also the leading job growth sector, increasing by 3,500 jobs, or 7.0

percent. Contributing to gains in the sector were several corporate headquarter expansions, which are discussed later in this report.

- The government sector was the second leading job growth sector, with an increase of 1,300, or 3.6 percent, to 37,500 jobs. 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 2.4 percent annually since 2010. Fall 2019 enrollment at UA included more than 27,500 students, representing a 2.4-percent average annual increase since the fall of 2010. In 2018, UA had an economic impact of \$1.4 billion on the metropolitan area (University of Arkansas).
- The unemployment rate was 2.4 percent, down from 2.6 percent a year earlier and from 6.5 percent during the same 3-month period in 2010.

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The professional and business services sector led job growth, which occurred in every job sector in the Fayetteville metropolitan area.

	3 Months Ending		Year-Over-Year Change	
	October 2018 (Thousands)	October 2019 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	259.3	268.5	9.2	3.5
Goods-Producing Sectors	41.5	42.9	1.4	3.4
Mining, Logging, & Construction	11.8	12.3	0.5	4.2
Manufacturing	29.7	30.5	0.8	2.7
Service-Providing Sectors	217.8	225.6	7.8	3.6
Wholesale & Retail Trade	38.6	39.6	1.0	2.6
Transportation & Utilities	17.7	17.9	0.2	1.1
Information	2.0	2.1	0.1	5.0
Financial Activities	8.2	8.6	0.4	4.9
Professional & Business Services	49.9	53.4	3.5	7.0
Education & Health Services	29.2	30.2	1.0	3.4
Leisure & Hospitality	26.6	26.8	0.2	0.8
Other Services	9.3	9.5	0.2	2.2
Government	36.2	37.5	1.3	3.6
	(Percent)	(Percent)		
Unemployment Rate	2.6	2.4		

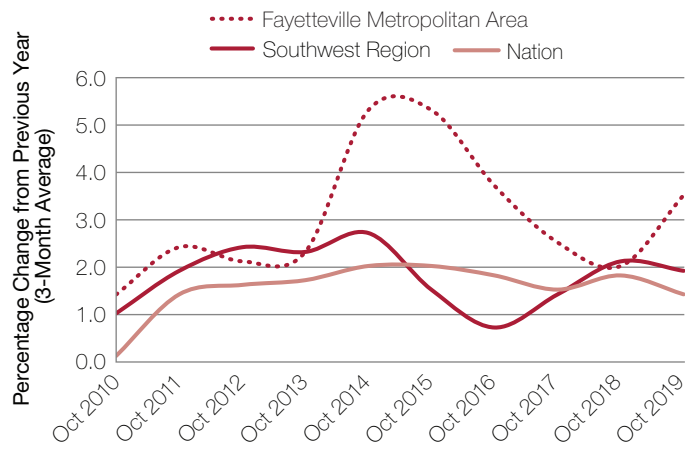
Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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Nonfarm payroll job growth in the Fayetteville metropolitan area occurred at a stronger pace than the Southwest region and the nation throughout most of this decade.



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

The economy of the metropolitan area benefits considerably from its largest employers, Walmart and Tyson. Corporate positions at Walmart and Tyson headquarters and an estimated

10,000 employees at 1,500 suppliers that provide products and services for Walmart, represent roughly one-half of all jobs in the professional and business services sector in the metropolitan area. Expansions have recently occurred at both the Tyson and Walmart facilities. Tyson recently completed two corporate expansions in Springdale—an information technology facility in 2018 that resulted in 300 new jobs and the Tyson Manufacturing Automation Center, expanded in early 2019, that resulted in 20 new jobs. Walmart completed a new distribution center near its corporate headquarters in Bentonville in the summer of 2019, resulting in 600 new jobs. Walmart also recently began construction of their new corporate headquarters campus in Bentonville. Completion of the new campus is slated for 2024, at which time it will include about 20 buildings on more than 300 acres.

Largest Employers in the Fayetteville Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Walmart Inc.	Multiple Sectors	28,000
Tyson Foods, Inc.	Multiple Sectors	7,900
University of Arkansas	Government	6,400

Note: Excludes local school districts.
Sources: Local chambers of commerce; local employers

Sales Market Conditions

Sales housing market conditions are slightly tight in the Fayetteville metropolitan area. The estimated sales vacancy rate is currently 1.8 percent, down from 3.8 percent in April 2010. The inventory of homes for sale was 2,150 in October 2019, down 11 percent from a year earlier and down 64 percent from April 2010 (CoreLogic, Inc.). The current level of unsold home inventory represents a 3.1-month supply, unchanged from a year ago but down from a 12.6-month supply in April 2010. Beginning in 2010, the local economy expansion contributed to improved sales market conditions compared with conditions in 2010. As of September 2019, 0.8 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or in real estate owned (REO) status, down from 1.0 percent a year earlier and 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 was 4.4 percent of all home loans in September 2019 compared with 4.5 percent a year earlier and 35.0 percent in April 2010. During the 12 months ending October 2019, new and existing home sales—including single-family homes, townhomes, and condominiums—totaled 14,550 homes, an increase of 290, or 2 percent, from a year earlier, and the average price increased by \$15,350, or 7 percent, to \$232,800 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). By comparison, home sales

were unchanged during the 12 months ending October 2018 and the average home sales price increased 7 percent.

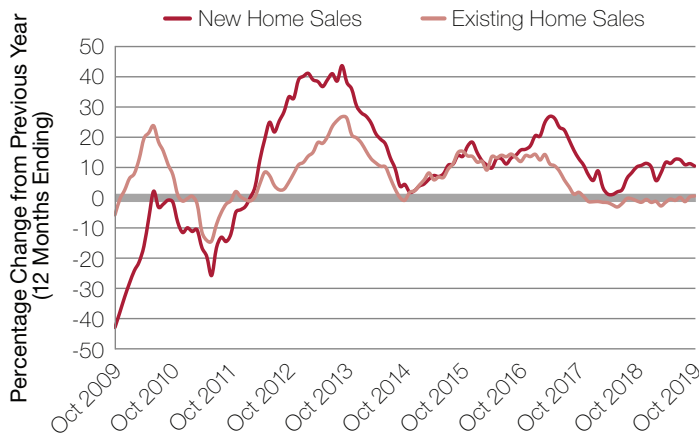
During the 12 months ending October 2019—

- New home sales increased 10 percent to 2,400 homes, and the average price for a new home increased 7 percent to \$264,100. Benton and Washington Counties accounted for 65 and 34 percent of total new home sales in the metropolitan area, respectively, whereas Madison and McDonald Counties accounted for a combined 1 percent.
- Regular resale home sales increased 1 percent to 11,800 homes, and the average price for a regular resale was \$228,000, up 7 percent from a year earlier.
- Distressed sales (REO and short sales) accounted for 3 percent of existing home sales, down from 4 percent a year earlier and down from a peak level of 41 percent in the summer of 2011.
- Absentee-owner sales, which are primarily investment or second-home purchases, accounted for 21 percent of total sales, unchanged from a year earlier and down slightly from an average of 23 percent from 2010 through 2017. By comparison, absentee-owner sales accounted for 28 percent of all home sales nationally during the 12 months ending October 2019, unchanged from a year earlier.

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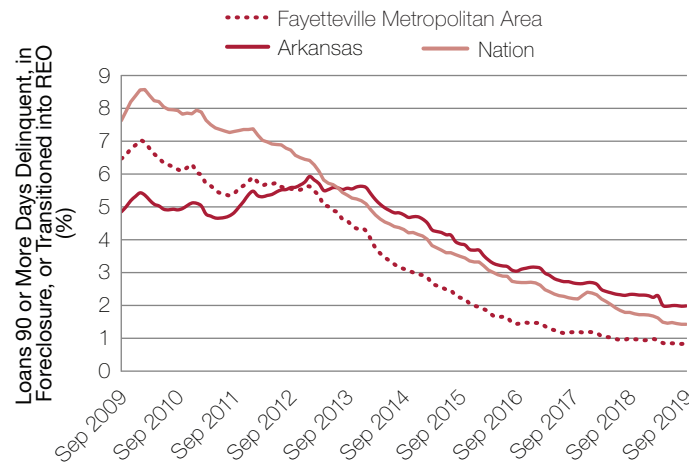
New home sales in the Fayetteville metropolitan area have increased year over year since 2012, and existing home sales have been generally stable the past several months.



Note: New and existing home sales include single-family homes, townhomes, and condominiums.

Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

The share of seriously delinquent home loans and REO properties in the Fayetteville metropolitan area has been consistently below the national share and has been below the rate in Arkansas since September 2012.



REO = real estate owned.

Source: CoreLogic, Inc.

Increased new home sales and job growth in the Fayetteville metropolitan area contributed to an increase in single-family homebuilding activity during the 12 months ending October 2019, as measured by the number of homes permitted.

- During the 12 months ending October 2019, the number of single-family homes permitted totaled 3,850, up 3 percent compared with a year earlier. Single-family homebuilding increased an average of 19 percent annually, from a recent low of 1,075 in 2010 to 3,525 in 2017.

Existing home prices in the Fayetteville metropolitan area have increased year over year since 2014, but new home prices have fluctuated since 2017.

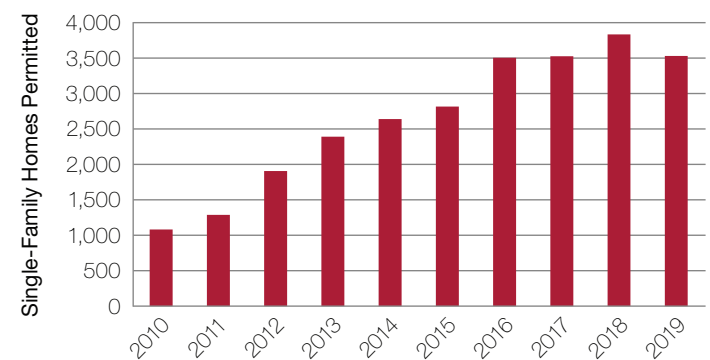


Note: New and existing home prices include single-family homes, townhomes, and condominiums.

Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

- Construction is nearly complete at the Cornerstone residential community located in the city of Bentonville, in Benton County. Since opening in 2017, 58 new three- and four-bedroom homes—ranging in size from 1,800 to 2,600 square feet—have sold for an average price of \$239,000. An additional 21 homes are available for sale, and 1 home site remains available for construction.
- In the city of Rogers, also in Benton County, seven new single-family homes are available for sale at the Chandler Run residential community, which opened in 2018. Approximately 57 new three- and four-bedroom homes have sold in the community for an average price of \$268,700. Homes at Chandler Run range in size from 1,735 to 2,200 square feet. One home site remains available for construction at the development.

Single-family home permitting activity in the Fayetteville metropolitan area increased each year from 2011 through 2018.



Note: Includes preliminary data from January 2019 through October 2019.

Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

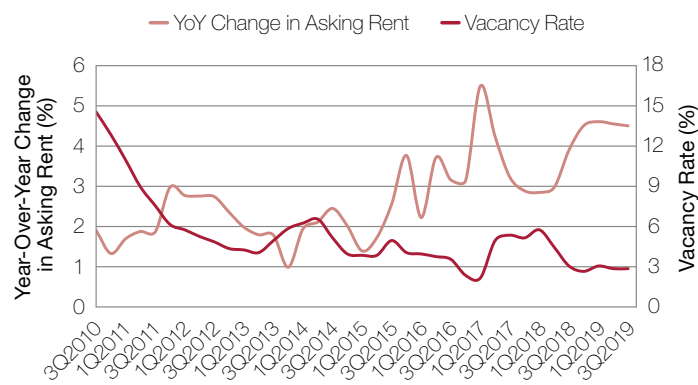
Apartment Market Conditions

Apartment market conditions are currently tight in the metropolitan area, compared with soft conditions in 2010. During the third quarter of 2019, the average apartment vacancy rate, excluding units in lease-up, was 2.8 percent, down from 3.0 percent a year earlier and a peak of 14.5 percent during the third quarter of 2010 (Reis, Inc. and University of Arkansas, with estimates by the analyst). By comparison, the average apartment vacancy rate was 4.5 percent from 2012 through 2017. An expanding economy, population growth, and increased preferences to rent in the metropolitan area have contributed to improved apartment market conditions compared with 2010. Growth in student enrollment at UA in Fayetteville—an average of 2.4 percent annually since 2010—also contributed to the tightening of the apartment market. Approximately 21,200 UA students reside off campus and account for an estimated 8 percent of all renter households in the metropolitan area (University of Arkansas, with estimates by the analyst).

During the third quarter of 2019—

- The average apartment rent in the Fayetteville metropolitan area was \$698, representing an increase of 4 percent compared with a year earlier. By comparison, the average apartment rent increased by an average of 3 percent annually from 2013 through 2017.
- Apartment vacancy rates, excluding units in lease-up, ranged from 1.3 percent in Springdale to 3.9 percent in Fayetteville, and average rents ranged from \$632 in Springdale to \$820 in Rogers.
- Apartments units in the Fayetteville market area account for an estimated 43 percent of total apartment inventory in the metropolitan area, whereas a combined 44 percent of the inventory is in Bentonville, Rogers, and Springdale.
- Currently, seven apartment communities, with a combined 1,625 units in lease-up, are in the metropolitan area.

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



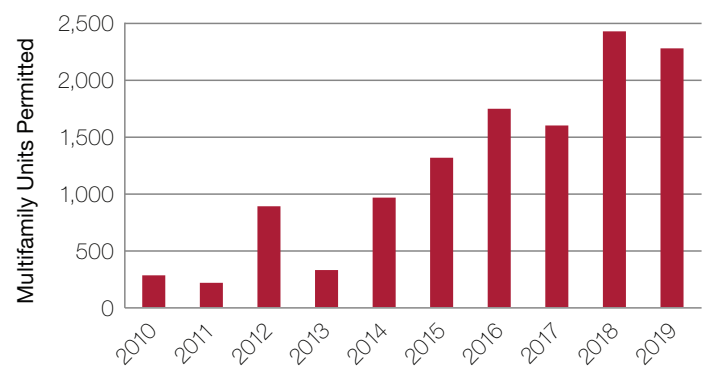
1Q = first quarter. 3Q = third quarter. YoY = year-over-year.

Sources: Reis, Inc.; University of Arkansas, with estimates by the analyst

Multifamily construction activity in the Fayetteville metropolitan area, as measured by the number of multifamily units permitted, has been strong recently, totaling an estimated 2,350 units permitted during the 12 months ending October 2019, unchanged from a year earlier (preliminary data, with adjustments by the analyst). Multifamily construction activity averaged only 540 units annually from 2010 through 2014, before increasing to an average of 1,550 units annually from 2015 through 2017. Increased activity has occurred in recent years as developers responded to decreasing apartment vacancy rates and strong rent growth.

- An estimated 2,775 apartment units are currently under construction in the metropolitan area, and an additional 1,000 units are in final planning stages.
- In Bentonville, construction began in 2018 on the 604-unit Walton Crossing apartment community. The development, located 2 miles south of Walmart's corporate headquarters, is nearing completion and will offer one- and two-bedroom units with rents starting at \$745 and \$840, respectively.
- In Fayetteville, the second phase of The Greens at Fayetteville began construction in August 2019. The 300-unit development, which is located 3 miles northwest of the main UA campus, is expected to be completed in 2020 and will include a nine-hole regulation golf course. Rent information for The Greens at Fayetteville is not yet available.
- Construction at The Avenue, an off-campus student apartment community located near the UA campus was completed in 2019. Rents at The Avenue—which includes 180 units and a combined 652 beds—range from \$679 to \$699 per bed in four-bedroom units and from \$759 to \$769 per bed in two-bedroom units.

Multifamily permitting activity in the Fayetteville metropolitan area has been relatively strong since 2015, compared with the period from 2010 through 2014.



Note: Includes preliminary data from January 2019 through October 2019.

Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst