

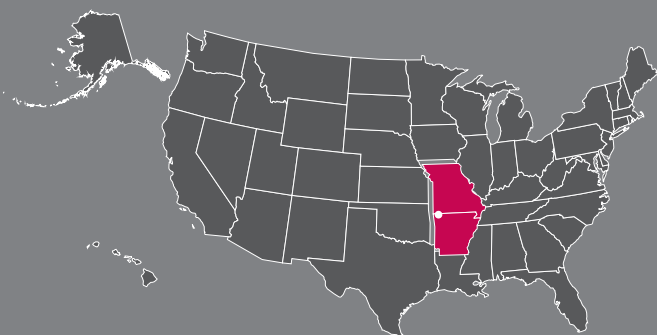
HUD PD&R Housing Market Profiles

Fayetteville-Springdale-Rogers, Arkansas-Missouri



Quick Facts About Fayetteville-Springdale-Rogers

- **Current sales market conditions: soft.**
- **Current apartment market conditions: tight.**
- **The metropolitan area is home to three 2013 Fortune 500 companies, including top-ranked Wal-Mart Stores, Inc.**



By Randall Goodnight | As of August 1, 2013

Overview

The Fayetteville-Springdale-Rogers 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 2013 Fortune 500 companies—Wal-Mart Stores, Inc. (1st), Tyson Foods, Inc. (93rd), and J.B. Hunt Transport, Inc. (486th).

- As of August 1, 2013, the estimated population of the metropolitan area was 501,700, representing an increase of 11,550, or 2.4 percent, annually since April 2010.
- Net in-migration has accounted for two-thirds of the total population growth since April 2010.
- Population growth peaked from 2004 through 2006, averaging 3.9 percent annually.
- The metropolitan area had the 13th fastest growing population of metropolitan statistical areas nationally from 2000 through 2012, with the population increasing an average of 2.8 percent annually.



Fayetteville-Springdale-Rogers area nonfarm payrolls were at record high levels.

	3 Months Ending		Year-Over-Year Change	
	July 2012 (thousands)	July 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	209.2	218.4	9.2	4.4
Goods-producing sectors	34.9	35.4	0.5	1.4
Mining, logging, and construction	8.2	8.7	0.5	6.1
Manufacturing	26.8	26.7	-0.1	-0.4
Service-providing sectors	174.3	183.0	8.7	5.0
Wholesale and retail trade	32.5	34.7	2.2	6.8
Transportation and utilities	15.1	15.6	0.5	3.3
Information	1.9	2.0	0.1	5.3
Financial activities	6.4	6.5	0.1	1.6
Professional and business services	39.2	41.7	2.5	6.4
Education and health services	23.3	24.9	1.6	6.9
Leisure and hospitality	20.9	21.9	1.0	4.8
Other services	6.7	7.0	0.3	4.5
Government	28.3	28.7	0.4	1.4
	(percent)	(percent)		
Unemployment rate	5.9	5.7		

Note: Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

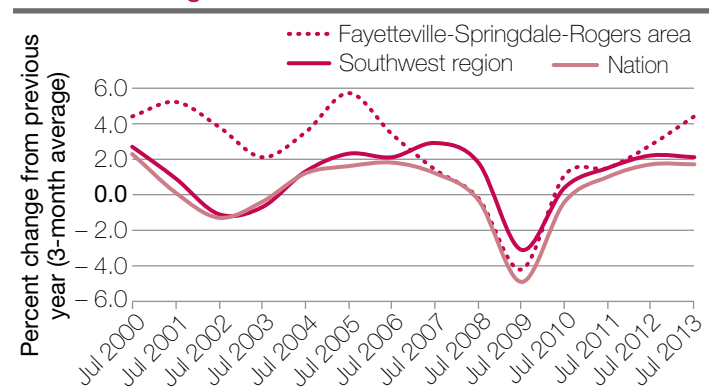
Economic Conditions

The Fayetteville-Springdale-Rogers metropolitan area economy is strong and growing at a fast pace. During the 3 months ending July 2013—

- Nonfarm payrolls increased by 9,200 jobs, or 4.4 percent, to 218,400 jobs.
- The largest sector was the professional and business services sector, with 41,700 jobs, or nearly 20 percent of the total number of nonfarm jobs.
- The professional and business services sector was the leading growth sector, increasing by 2,500 jobs, or 6.4 percent.
- The unemployment rate averaged 5.7 percent, down from 5.9 percent a year earlier.

Corporate positions at Wal-Mart Stores, Inc., and an estimated 1,300 vendors providing products and services for the company represent more than one-half of the total number of professional and business services sector jobs in the metropolitan area. An estimated 300 companies have opened corporate headquarters or branch offices in the metropolitan area since 2009, contributing to average gains of 4.8 percent annually in the professional and business services sector during the same period. Since 2000, job growth in the metropolitan area has occurred every year except 2009, averaging 2.4 percent annually.

The nonfarm payroll job growth rate in the Fayetteville-Springdale-Rogers area was greater than in the Southwest region and the nation.



Note: Nonfarm payroll jobs.

Source: U.S. Bureau of Labor Statistics

Largest employers in Fayetteville-Springdale-Rogers area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Wal-Mart Stores, Inc.	Multiple sectors	28,000
Tyson Foods, Inc.	Multiple sectors	12,000
University of Arkansas	Government	4,200

Note: Excludes local school districts.

Sources: Local employers; local chambers of commerce

Sales Market Conditions

Sales housing market conditions are soft but improving in the Fayetteville-Springdale-Rogers metropolitan area. The estimated sales vacancy rate is currently 2.5 percent, down from 3.8 percent in April 2010. During the 12 months ending July 2013, new and existing home sales (including single-family homes, townhomes, and condominiums) increased by 1,875, or 24 percent, to 9,850 (Metrostudy, A Hanley Wood Company). By comparison, sales averaged 7,900 homes annually from 2008 through 2010 and 11,400 homes annually from 2006 through 2007. During the 12 months ending July 2013, the average sales price for homes increased by \$6,025, or 3.5 percent, to \$176,100. From 2008 through 2010, the average price declined an average of 3.9 percent annually, from \$174,400 in 2008. As of June 2013, 6.1 percent of home loans in

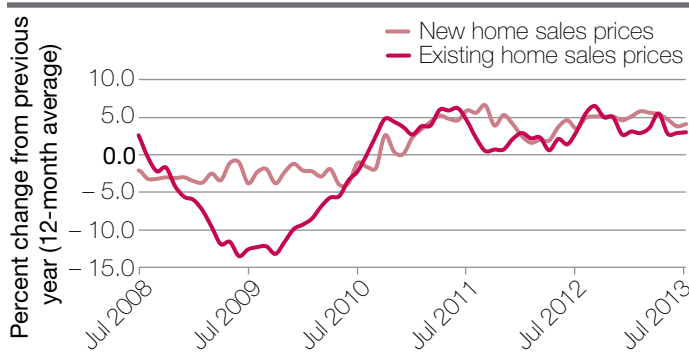
the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 7.5 percent a year earlier (LPS Applied Analytics).

During the 12 months ending July 2013—

- Distressed sales comprised 19 percent of total sales in the metropolitan area, down from 23 percent a year earlier; nationally, distressed sales accounted for 18 percent of total sales, down from 24 percent a year earlier (Metrostudy, A Hanley Wood Company).
- Investment purchases accounted for 23 percent of total sales compared with more than 31 percent of total sales nationally.
- Nearly 20 percent of home sales occurred in the town of Bella Vista, in Benton County, which is primarily a retirement community; residents who were ages 65 and older accounted for 32 percent

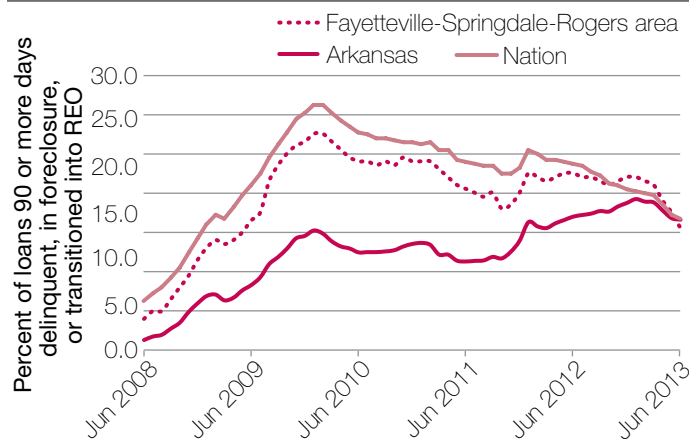
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Sales prices in the Fayetteville-Springdale-Rogers area have increased every month since early 2011 for new homes and since mid-2010 for existing homes.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

Distressed home mortgage activity in the Fayetteville-Springdale-Rogers area reflected national trends.



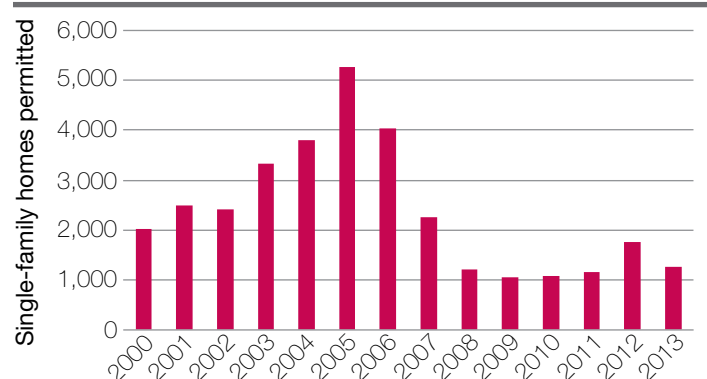
REO = Real Estate Owned.
Source: LPS Applied Analytics

Sales in the Fayetteville-Springdale-Rogers area have increased since late 2011 for existing homes and since early 2012 for new homes.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

Recent single-family permitting activity was at its highest level since 2007 in the Fayetteville-Springdale-Rogers area.



Note: Includes preliminary data from January 2013 through July 2013.
Source: U.S. Census Bureau, Building Permits Survey

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of the total population of Bella Vista compared with about 14 percent of the total population of Arkansas (U.S. Census Bureau).

During the 3-month period ending July 2013, increased home sales and a fast-growing economy led to a significant increase in single-family construction activity, as measured by the number of homes permitted. Single-family home permitting in the metropolitan area averaged 1,125 homes from 2008 through 2010 and 3,150 homes from 2006 through 2007. During the 2000s, single-family home permitting peaked at 5,275 during 2005.

Apartment Market Conditions

Apartment market conditions in the Fayetteville-Springdale-Rogers metropolitan area are currently tight compared with the balanced conditions of a year ago and the very soft conditions from 2008 through 2011. During the second quarter of 2013, the estimated apartment vacancy rate was 4 percent, down from 6 percent a year earlier and from an average of 14 percent from 2008 through 2011. Declining apartment vacancy rates are primarily the result of the metropolitan area's fast-growing population and strong local economy, an increased propensity to rent as a result of strict mortgage lending standards, and significant gains in student enrollment at UA in Fayetteville, a city in Washington County.

- During the second quarter of 2013, the estimated average rent was \$625, up more than 3 percent from a year earlier.
- Apartments units in the city of Fayetteville account for nearly one-half of the total number of apartment units in the metropolitan area.
- UA spring 2013 enrollment totaled 23,300 students, up 1,200, or 5.5 percent, from a year earlier.
- Approximately 18,000 UA students, or about 8 percent of the total number of renter households in the metropolitan area, reside off campus in surrounding neighborhoods.

Despite tight apartment market conditions, multifamily construction activity has remained weak, with about 1,700 multifamily units permitted since 2009 compared with a combined 2,650 units permitted from 2007 through 2008. Multifamily construction peaked from 2003 through 2005, when an average of 2,625 units were permitted annually.

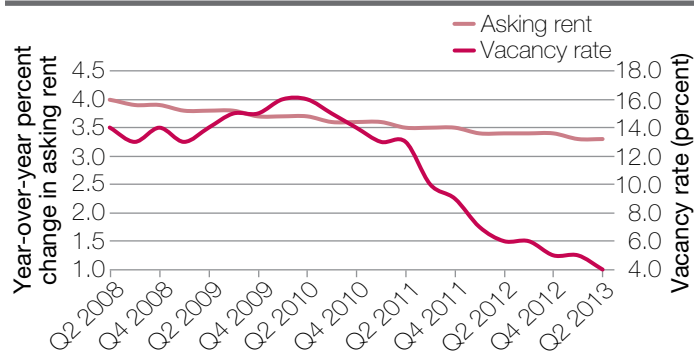
- During the 12 months ending July 2013, an estimated 700 multifamily units were permitted, up from 120 units permitted a year earlier (preliminary data).
- Construction is currently under way at four student housing projects with about 3,500 total beds; construction is expected to be complete on all four projects by the end of 2014. Rents are expected to range from \$575 to \$655 per bedroom.

During the 3 months ending July 2013—

- Single-family home permitting increased more than 31 percent, to 610 homes, compared with the number permitted a year earlier (preliminary data).
- A combined 300 permits, or nearly one-half of the metropolitan area total, were issued in Bentonville (headquarters of Wal-Mart Stores, Inc.) and neighboring Rogers, both cities in Benton County.

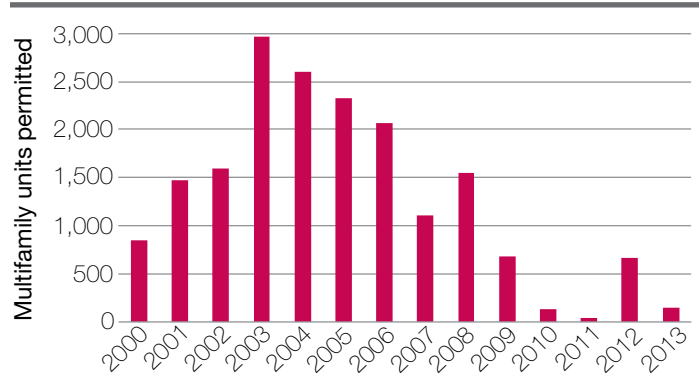
- An additional student housing development, the 480-bed The Cardinal at West Center, is in the final planning phase and expected to begin construction in the fall of 2013 and to be complete by the end of 2014. Rents at The Cardinal at West Center are expected to range from \$600 to \$710 per bedroom.

The apartment vacancy rate in the Fayetteville-Springdale-Rogers area was one-fourth the rate of 3 years ago.



Sources: University of Arkansas; analyst's estimates

Builders in the Fayetteville-Springdale-Rogers area were slow to respond to a tight apartment market.



Note: Includes preliminary data from January 2013 through July 2013.
Source: U.S. Census Bureau, Building Permits Survey