

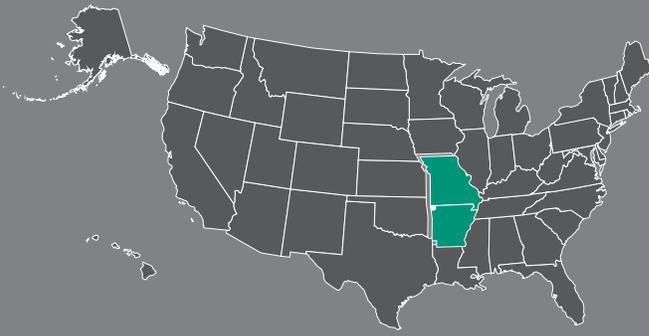
# HUD PD&R Housing Market Profiles

## Fayetteville-Springdale-Rogers, Arkansas-Missouri



### Quick Facts About Fayetteville-Springdale-Rogers

- **Current sales market conditions: soft.**
- **Current apartment market conditions: balanced.**
- **The metropolitan area is home to the corporate headquarters of three 2014 Fortune 500 companies, including the number one-ranked Wal-Mart Stores, Inc.**



By Randall Goodnight | As of January 1, 2015

### 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 2014 Fortune 500 companies—Wal-Mart (1st), Tyson Foods, Inc. (93rd), and J.B. Hunt Transport, Inc. (454th).

- As of January 1, 2015, the estimated population of the metropolitan area was 507,000, representing an increase of 9,225, or 1.9 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.



Nonfarm payrolls in the Fayetteville area reached record levels.

	3 Months Ending		Year-Over-Year Change	
	December 2013 (thousands)	December 2014 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	218.0	220.7	2.7	1.2
Goods-producing sectors	34.5	35.0	0.5	1.4
Mining, logging, and construction	8.1	8.8	0.7	8.6
Manufacturing	26.4	26.2	-0.2	-0.8
Service-providing sectors	183.5	185.7	2.2	1.2
Wholesale and retail trade	34.1	33.2	-0.9	-2.6
Transportation and utilities	14.9	14.2	-0.7	-4.7
Information	1.8	1.8	0.0	0.0
Financial activities	6.7	7.0	0.3	4.5
Professional and business services	41.0	41.8	0.8	2.0
Education and health services	24.8	25.4	0.6	2.4
Leisure and hospitality	21.4	22.5	1.1	5.1
Other services	6.2	6.3	0.1	1.6
Government	32.6	33.5	0.9	2.8
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	5.1	4.0		

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

## Economic Conditions

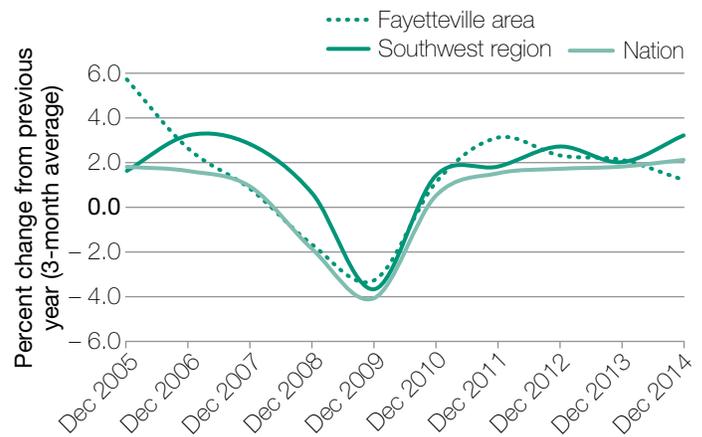
Nonfarm payroll jobs in the Fayetteville metropolitan area have increased to record-high levels since recording a loss of 5,150 jobs, or 2.5 percent, annually during 2008 and 2009 as a result of the national economic downturn. The metropolitan area economy had surpassed prerecession payroll levels by the end of 2012 and has continued to expand, although job growth moderated during 2014 compared with the gains during the previous 3 years.

During the fourth quarter of 2014—

- Nonfarm payrolls increased by 2,700 jobs, or 1.2 percent, to a record high 220,700. Nonfarm jobs increased an average of 2.5 percent annually during the same period the previous 3 years.
- The largest employment sector was the professional and business services sector, with 41,800 jobs, or nearly one-fifth of the total number of jobs.
- The government and the professional and business services sectors were the leading growth sectors, increasing by 900 and 800 jobs, or 2.8 and 2.0 percent, respectively. Job growth in the professional and business services sector increased an average of 5.6 percent annually during the same period the previous 3 years.
- The unemployment rate decreased to its lowest rate since 2008, averaging 4.0 percent, down from 5.1 percent a year earlier.

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During 2014, nonfarm payrolls in the Fayetteville area continued to increase but at a much lower rate than during the previous 3 years.



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	7,300
University of Arkansas	Government	4,450

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



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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 nearly 20 percent of the total number of jobs in the metropolitan area. Corporate positions at Tyson Foods and Wal-Mart, and an estimated 1,300 vendors providing products and services for Wal-Mart, represent more than one-half of the total number of profes-

sional and business services sector jobs in the metropolitan area. Employment at UA accounts for more than 13 percent of the total number of jobs in the government sector. The number of UA faculty and staff positions has increased an average of 3 percent annually since 2010. Fall 2014 enrollment at UA was more than 26,000 students, representing an average annual increase of 1,200 students, or more than 5 percent, since 2010.

## Sales Market Conditions

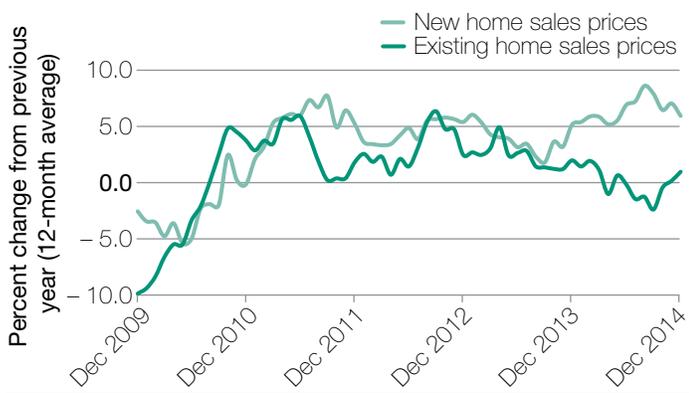
Sales housing market conditions are soft but improving in the Fayetteville metropolitan area. The estimated sales vacancy rate is currently 2.8 percent, down from 3.8 percent in April 2010. During 2014, the inventory of unsold homes averaged 3,250, down 3 percent from 2013 and down 34 percent from 2010 (Yahoo!-Zillow Real Estate Network). As of December 2014, 3.8 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into real estate owned (REO) status, down from 5.4 percent a year earlier (Black Knight Financial Services, Inc.). The rate of home loans that were seriously delinquent (90 or more days delinquent or in foreclosure) or transitioned into REO status peaked in January 2010, at 8.5 percent. As loan delinquencies continued to improve, so did the share of underwater mortgages. Underwater mortgages currently comprise 10 percent of all home loans in the metropolitan area compared with approximately 13 percent a year ago (CoreLogic, Inc.). The percentage of underwater loans peaked at 36 percent in December 2009, when the sales market was softer and the economy was still losing jobs.

During 2014—

- Sales of existing homes totaled 9,300, unchanged from a year earlier; existing home sales increased an average of nearly 11 percent annually from the end of 2010 through 2013, while the housing market recovered (Metrostudy, A Hanley Wood Company, with adjustments by the analyst).
- The average sales price of an existing home increased 1 percent, to \$170,200, compared with an average increase of 2 percent annually from the end of 2010 through 2013.
- Approximately 17 percent of existing home sales were distressed home sales (REO sales and short sales), down from 21 percent a year earlier and the peak of 41 percent during the 12 months ending June 2010.
- New home sales increased 2 percent, to 1,300 homes, from a year earlier; new home sales increased an average of nearly 20 percent annually from the end of 2010 through 2013.

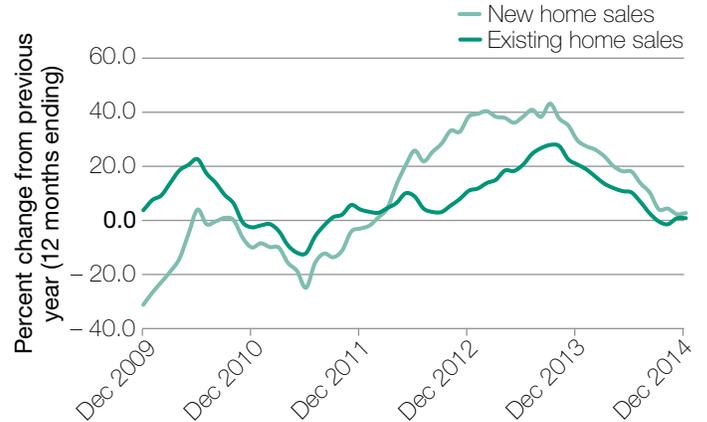
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Existing home sales price changes fluctuated in 2014, but new home sales prices have increased every month since January 2011 in the Fayetteville area.



Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

Home sales growth in the Fayetteville area was strong during the first half of 2014 but slowed considerably during the fourth quarter.



Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst



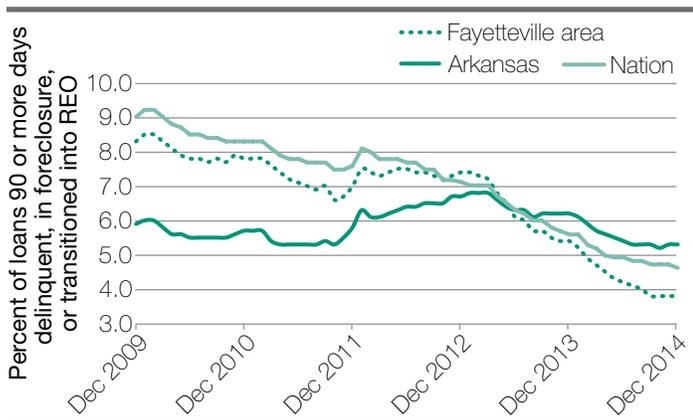
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- The average sales price for a new home increased 6 percent, to \$241,900. The average new home sales price increased an average of about 5 percent annually from the end of 2010 through 2013.

A modest increase in the number of new homes sold in the metropolitan area during 2014 led to a slight increase in single-family construction activity, as measured by the number of homes permitted.

- During 2014, the number of single-family homes permitted increased 2 percent, to 2,100, from a year earlier (preliminary data). By comparison, single-family home permitting increased an average of 24 percent annually from the end of 2010 through 2013.

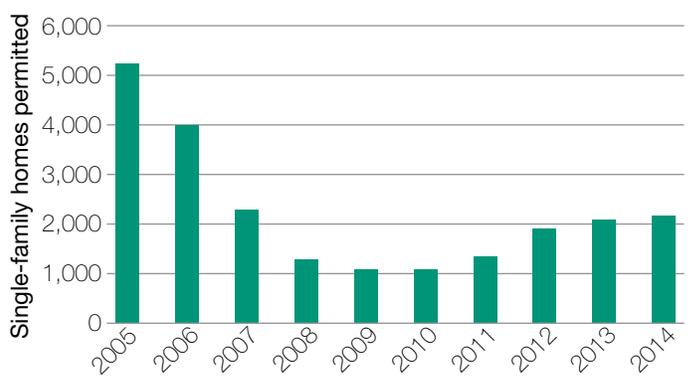
### The percentage of seriously delinquent home loans or REO properties in the Fayetteville area was below the state and national levels.



REO = real estate owned.  
Source: Black Knight Financial Services, Inc.

- More than one-fourth of the single-family homes permitted during 2014 were in the city of Fayetteville, in Washington County, where single-family home permitting increased 23 percent from a year earlier.
- The Coves residential community is currently under construction near UA in the city of Fayetteville. Four-bedroom single-family homes ranging in size from 1,300 to 1,700 square feet are offered at prices ranging from \$151,900 to \$169,900.
- Construction is also under way in the city of Fayetteville at the Waterford Estates at Hissom Ranch, where three- and four-bedroom luxury single-family homes ranging in size from 2,950 to 3,650 square feet are offered at prices ranging from \$412,500 to \$462,500.

### Single-family permitting in the Fayetteville area was at its highest level since 2007.



Note: Includes preliminary data from January 2014 through December 2014.  
Source: U.S. Census Bureau, Building Permits Survey, with adjustments by the analyst

## Apartment Market Conditions

Apartment market conditions in the Fayetteville metropolitan area are balanced. An expanding economy, increased propensity to rent, and significant gains in student enrollment at UA have contributed to either balanced or tight apartment market conditions since 2012.

- During the fourth quarter of 2014, the estimated apartment vacancy rate was 5.0 percent, up from 4.0 percent a year earlier, and the estimated average rent increased 2 percent, to \$590; the increase in the average apartment vacancy rate was because of the completion of several off-campus student apartment complexes near UA (UA data; analyst estimates).
- The apartment vacancy rate exceeded 13.0 percent from 2008 through 2010.

- Apartment units in the city of Fayetteville account for nearly one-half of the total number of apartment units in the metropolitan area.
- UA students currently are estimated to account for more than one-third of renter households in the city of Fayetteville.

Multifamily construction activity, as measured by the number of units permitted, increased during 2014 as builders responded to increased rental housing demand.

- During 2014, 1,100 multifamily units were permitted compared with 350 units permitted during 2013 (preliminary data, with adjustments by the analyst).
- Multifamily permitting activity averaged 275 units annually from 2010 through 2012.

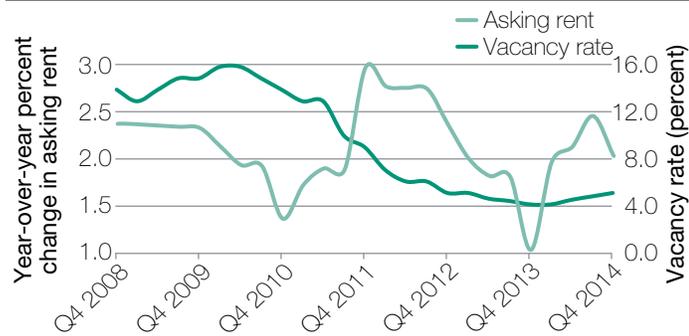
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- Construction is currently under way at the 200-unit Promenade Point apartment development in the city of Rogers, in Benton County. Promenade Point is expected to be complete in 2016 with monthly asking rents ranging from \$825 to \$850 for one-bedroom units, ranging from \$1,050 to \$1,075 for two-bedroom units, and of \$1,300 for three-bedroom units.

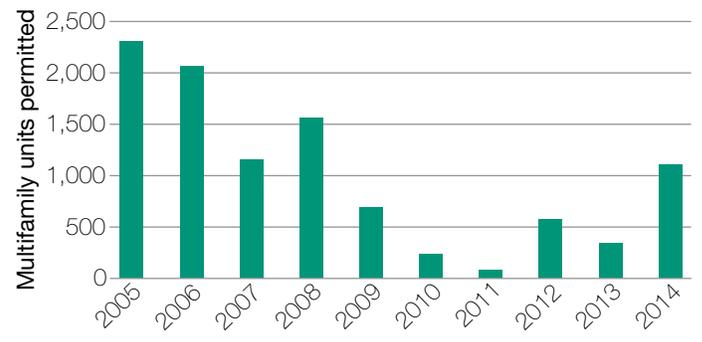
**The completion of off-campus student apartment communities in the Fayetteville area contributed to an increase in the average vacancy rate in 2014.**



Sources: University of Arkansas; analyst estimates

- The 670-bed, 213-unit Beechwood Village off-campus student apartment development, currently under construction near UA in the city of Fayetteville, is expected to be complete in August 2015. Monthly rents at Beechwood Village will range from \$650 per bedroom in four-bedroom units to about \$900 for one-bedroom units.

**Multifamily permitting in the Fayetteville area was at its highest level since 2008.**



Note: Includes preliminary data from January 2014 through December 2014. Source: U.S. Census Bureau, Building Permits Survey, with adjustments by the analyst

