

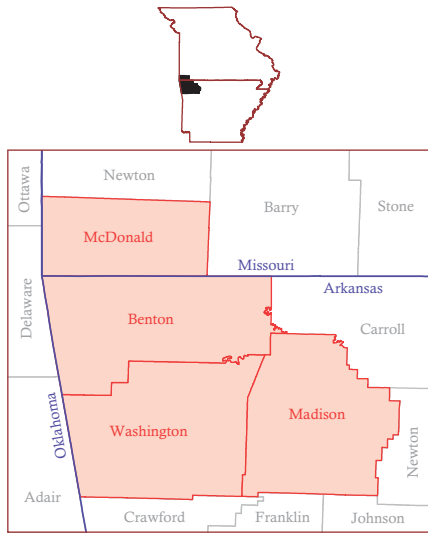
Fayetteville-Springdale-Rogers, Arkansas-Missouri



U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of January 1, 2017



Housing Market Area



The Fayetteville-Springdale-Rogers Housing Market Area (hereafter, Fayetteville HMA) consists of Benton, Madison, and Washington Counties in northwest Arkansas and McDonald County in southwest Missouri. The HMA, in the Ozark Mountains, is coterminous with the Fayetteville-Springdale-Rogers, AR-MO Metropolitan Statistical Area (MSA), which was the 34th fastest-growing MSA in the nation from April 2010 to July 2015. Residents and visitors are drawn to the numerous state parks, more than 500 miles of shoreline at lakes, and wide array of entertainment and venues including University of Arkansas (UA) football games and shows at several local art centers.

Summary

Economy

Nonfarm payrolls in the Fayetteville HMA are at record highs. During 2016, nonfarm payrolls totaled 242,900 jobs, increasing by 7,600 jobs, or 3.2 percent, from the previous year. The HMA economy benefits significantly from the three largest employers—Wal-Mart Stores, Inc. (Wal-Mart), Tyson Foods, Inc. (Tyson Foods), and UA. Together, these employers account for nearly one-fifth of all nonfarm payroll jobs. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 3,600 jobs, or 1.5 percent, annually. Table DP-1, at the end of this report, provides additional employment data.

Sales Market

Sales housing market conditions in the HMA are tight, with the sales vacancy rate estimated at 1.8 percent, down from 3.8 percent in April 2010. Demand is forecast for 7,925 new sales housing units during the next 3 years (Table 1). The 1,000 homes currently under construction will meet a portion of that demand. In addition, a portion of the estimated 10,000 other vacant

housing units in the HMA may reenter the sales market and satisfy some of the demand during the forecast period.

Rental Market

Rental housing market conditions are currently slightly tight in the HMA. The rental vacancy rate is estimated to be 5.8 percent, down from 13.9 in April 2010. During the forecast period, demand is estimated for 4,750 new market-rate rental units (Table 1). The 1,525 units currently under construction and 730 units planned will meet a portion of the demand.

Table 1. Housing Demand in the Fayetteville HMA* During the Forecast Period

	Fayetteville HMA*	
	Sales Units	Rental Units
Total demand	7,925	4,750
Under construction	1,000	1,525

* Fayetteville-Springdale-Rogers HMA.
 Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2017. A portion of the estimated 10,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is January 1, 2017, to January 1, 2020.
 Source: Estimates by analyst

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Economic Conditions

The economy of the Fayetteville HMA depends heavily on its largest employers—Wal-Mart, Tyson Foods, and UA (Table 2). Wal-Mart, the largest retailer in the world, with a workforce of about 2.3 million, employs approximately 30,000 workers throughout the HMA, of which 18,000 work at its corporate headquarters in the city of Bentonville, in Benton County. In addition, approximately 1,500 Wal-Mart suppliers maintain corporate offices locally and employ an estimated combined workforce of 10,000 in the HMA. Tyson Foods, one of the largest food manufacturing companies in the nation, is the second largest employer in the HMA, with 8,300 workers, 3,350 of which are employed at its corporate headquarters in the city of Springdale, in Benton

and Washington Counties. Along with their headquarters facilities, Wal-Mart and Tyson Foods have various support, distribution, data processing, and operational facilities (retail stores and manufacturing plants, respectively) throughout the HMA, with employment positions distributed among numerous job sectors. The professional and business services sector, which includes corporate-level jobs at the two companies and their local vendors, was the largest sector during 2016 with 50,000 jobs, or more than one-fifth of all nonfarm payroll jobs (Figure 1). The professional and business services sector has also led job growth since 2000, accounting for nearly one-third of all job growth during the period. The strong gains in jobs in the professional and business services sector, which offers higher wages than most other sectors, contributed to an overall average annual increase in per capita personal income in the HMA of 4.8 percent annually from 2000 through 2015 compared with an average annual increase of 3.2 percent nationally (Bureau of Economic Analysis). The wholesale and retail trade sector is the second largest sector in the HMA, with 38,800 jobs, and the government sector is the third largest, with 34,000 jobs, including payrolls at UA in the city of Fayetteville, in Washington County. UA is the third largest employer, with 6,200 employees, and generates nearly \$1 billion in annual economic activity in the HMA (UA 2016 report).

Since 2000, the HMA economy has expanded almost every year, except from 2008 through 2009 when jobs declined because of the effects of the national recession. From 2001 through 2006, employment increased by an average of 7,200 jobs, or 4.0 percent,

Table 2. Major Employers in the Fayetteville HMA*

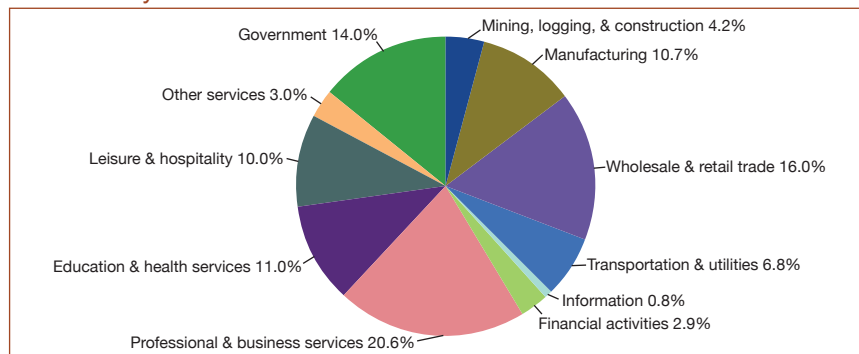
Name of Employer	Nonfarm Payroll Sector	Number of Employees
Wal-Mart Stores, Inc.	Multiple sectors	30,000
Tyson Foods, Inc.	Multiple sectors	8,300
University of Arkansas	Government	6,200
J.B. Hunt Transport, Inc.	Transportation & utilities	4,000
George's Inc.	Manufacturing	3,000
Washington Regional Medical Center	Education & health services	2,500
Mercy Northwest Arkansas	Education & health services	2,250
Northwest Health System	Education & health services	2,200
Arvest Bank	Financial activities	2,000
Serco Inc.	Professional & business services	1,600

* Fayetteville-Springdale-Rogers HMA.

Note: Excludes local school districts.

Sources: Employers; local chambers of commerce

Figure 1. Current Nonfarm Payroll Jobs in the Fayetteville HMA,* by Sector



* Fayetteville-Springdale-Rogers HMA.

Note: Based on 12-month averages through December 2016.

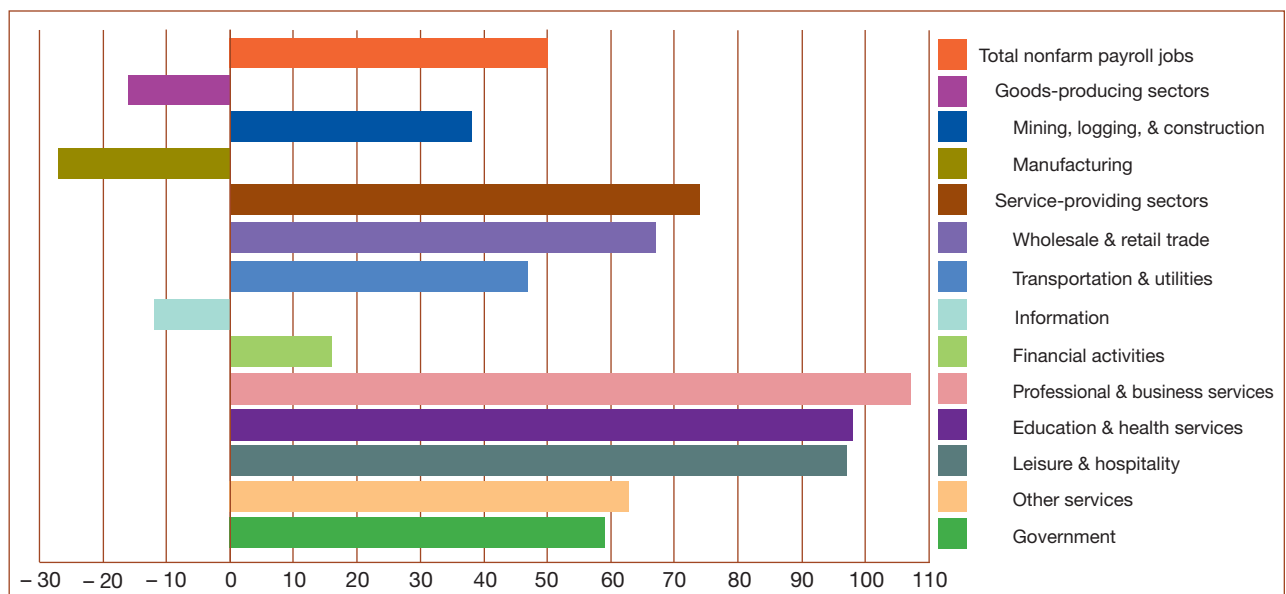
Source: U.S. Bureau of Labor Statistics

annually to 205,400 jobs. The professional and business services and the wholesale and retail trade sectors led job growth during this period. The professional and business services sector gained an average of 1,300 jobs, or 4.9 percent, annually because of widespread hiring at corporate offices. Job growth was strong in the wholesale and retail trade sector, which also increased by an average of 1,300, or 4.8 percent, annually. The transportation and utilities sector gained an average of 1,100 jobs, or 7.8 percent, annually during the same period. Numerous Wal-Mart distribution center expansions near Bentonville contributed to gains in the transportation and utilities sector. During 2007, job growth in the HMA slowed to an average increase of 2,800, or 1.4 percent, with overall gains partly offset by widespread losses in the manufacturing sector of 1,100 jobs, or 3.3 percent, and a decline in the number of jobs in the mining, logging, and construction sector of 900 jobs, or 7.3 percent, mostly because

of a slowdown in homebuilding. Figure 2 shows sector growth in the HMA since 2000.

During 2008 and 2009, the number of nonfarm jobs declined in the HMA by an average of 4,300, or 2.1 percent, annually, reflecting the effects of the national economic recession from December 2007 through June 2009. Although job declines occurred in the HMA in nearly every sector, the transportation and utilities, manufacturing, and mining, logging, and construction sectors sustained the greatest job losses. The number of jobs declined in the transportation and utilities sector by an average of 1,600, or 9.7 percent, annually, and widespread layoffs resulted in the decrease in the manufacturing sector by an average of 1,500 jobs, or 4.9 percent, annually. In addition, significant declines in home construction activity resulted in fewer jobs in the mining, logging, and construction sector, which decreased by an average of 1,500 jobs, or 13.5

Figure 2. Sector Growth in the Fayetteville HMA,* Percentage Change, 2000 to Current



* Fayetteville-Springdale-Rogers HMA.

Note: Current is based on 12-month averages through December 2016.

Source: U.S. Bureau of Labor Statistics

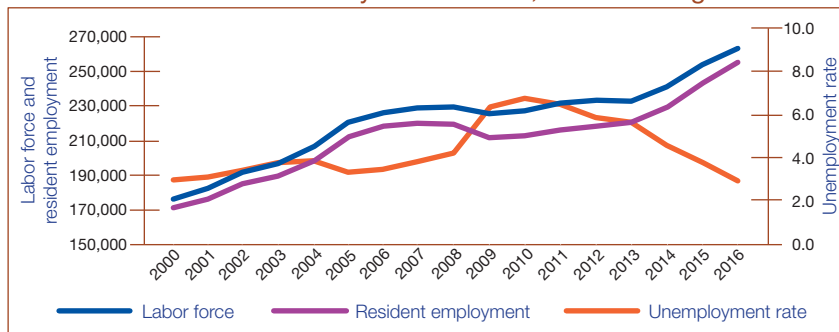
percent, annually. Reflecting national trends, nonfarm payroll losses during this period were partly offset by an increase in the education and health services sector, which increased by an average of 1,000 jobs, or 4.9 percent, annually. The average unemployment rate increased during the same 2-year period from a rate of 3.8 in 2007 to a rate of 6.4 percent in 2009 (Figure 3). By comparison, the unemployment rate increased nationally at a much faster pace, from 4.6 percent to 9.3 percent, during the same period.

In 2010, the economy in the HMA began a recovery, and by late 2012

nonfarm jobs surpassed prerecession payroll levels. From 2010 through 2013, nonfarm payrolls increased by 3,800 jobs, or 1.9 percent, annually to 214,800. The professional and business services sector led gains with an average annual increase of 2,000, or 5.5 percent, to 41,000 jobs because of an increase in back-office and corporate-level positions. The average unemployment rate decreased during this period from a rate of 6.4 percent in 2009 to 5.6 percent in 2013. During 2014 and 2015, nonfarm payrolls increased at the fastest pace of any 2-year period since 2000, gaining an average of 10,300 jobs, or 4.7 percent, annually with job growth occurring in every job sector. During this period, the HMA had the eighth fastest job growth percentage nationally compared with other MSAs. The professional and business services sector, which increased by an average of 2,900, or 7.0 percent, annually, led job growth during this period partly because of an expansion in 2014 at Serco Inc., in the city of Rogers, that resulted in 1,000 new back-office positions. Serco Inc., the tenth largest employer, with 1,600 employees, provides contract services for the federal government. From 2014 through 2015, the average unemployment rate decreased to 3.8 percent.

During 2016, the economy of the HMA continued to grow at a strong pace with nonfarm payrolls increasing by an average of 7,600, or 3.2 percent, to reach 242,900 jobs (Table 3). Continuing a trend that began in 2010, the professional and business services sector led job growth during 2016, increasing by an average of 3,100, or 6.6 percent, to 50,000, the result of numerous corporate-level expansions. Job growth was also strong in the

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Fayetteville HMA,* 2000 Through 2016



* Fayetteville-Springdale-Rogers HMA.

Source: U.S. Bureau of Labor Statistics

Table 3. 12-Month Average Nonfarm Payroll Jobs in the Fayetteville HMA,* by Sector

	12 Months Ending		Absolute Change	Percent Change
	December 2015	December 2016		
Total nonfarm payroll jobs	235,300	242,900	7,600	3.2
Goods-producing sectors	36,600	36,300	-300	-0.8
Mining, logging, & construction	9,600	10,200	600	6.3
Manufacturing	27,000	26,100	-900	-3.3
Service-providing sectors	198,700	206,700	8,000	4.0
Wholesale & retail trade	37,600	38,800	1,200	3.2
Transportation & utilities	16,100	16,500	400	2.5
Information	2,000	2,000	0	0.0
Financial activities	6,800	6,900	100	1.5
Professional & business services	46,900	50,000	3,100	6.6
Education & health services	25,600	26,800	1,200	4.7
Leisure & hospitality	23,500	24,300	800	3.4
Other services	7,200	7,300	100	1.4
Government	33,000	34,000	1,000	3.0

* Fayetteville-Springdale-Rogers HMA.

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through December 2015 and December 2016.

Source: U.S. Bureau of Labor Statistics

wholesale and retail trade sector, which increased by 1,200, or 3.2 percent, to 38,800. Wal-Mart store openings in Rogers and in the town of Centerton, 4 miles west of Bentonville, resulting in 400 new jobs contributed to the increase. Widespread hiring among local hospitals also increased during 2016, contributing to an increase in the education and health services sector by 1,200, or 4.7 percent, to 26,800, reflecting efforts to meet the needs of the growing local population. The average unemployment rate in the HMA during 2016 was 2.9 percent, representing the lowest average rate during any 12-month period since the 12 months ending May 2001.

During the 3-year forecast period, the economy of the HMA is expected to

continue expanding. Nonfarm payrolls are projected to increase by an average of 3,600 jobs, or 1.5 percent, annually. Strong job growth likely will continue in the professional and business services sector. Currently, corporate office expansions by J.B. Hunt Transport, Inc., and Tyson Foods are under way, expected to result in an additional 1,900 combined positions during the forecast period. Strong job growth is also projected in the education and health services sector, partly because of two ongoing hospital expansions—Arkansas Children’s Hospital in Springdale and Mercy Hospital Northwest Arkansas in Rogers—that are expected to result in 1,200 new positions during the forecast period.

Population and Households

The current population of the Fayetteville HMA is estimated at 531,700, representing an average increase of 10,150, or 2.1 percent, annually since 2010. Net in-migration accounted for almost two-thirds of population growth during this period. The growing economy, scenic vistas, numerous recreational lakes, and the relatively affordable cost of living drew residents to the HMA, which ranked third in the *U.S. News & World Report* 2016 Best Places to Live. Increased enrollment at UA has also contributed to population growth since 2010, increasing by an average of 1,050 students, or 4.7 percent, annually to 27,200 with 85 percent of the increased enrollment resulting from students relocating from outside the HMA (UA data).

The most populous county in the HMA is Benton County, with an estimated current population of 259,600. Benton County also has accounted for the most population growth since 2010, increasing by an average of 5,675, or 2.4 percent, annually. Washington County is the second largest county with an estimated population of 233,800, up an average of 4,550, or 2.1 percent, annually since 2010. The combined estimated populations of the remaining two counties, Madison and McDonald Counties, currently represent 7 percent of the population of the HMA, with 38,300 people, down by an average of 75, or 0.2 percent, annually during the same period. Fayetteville, with an estimated population of 84,800, is the most populous

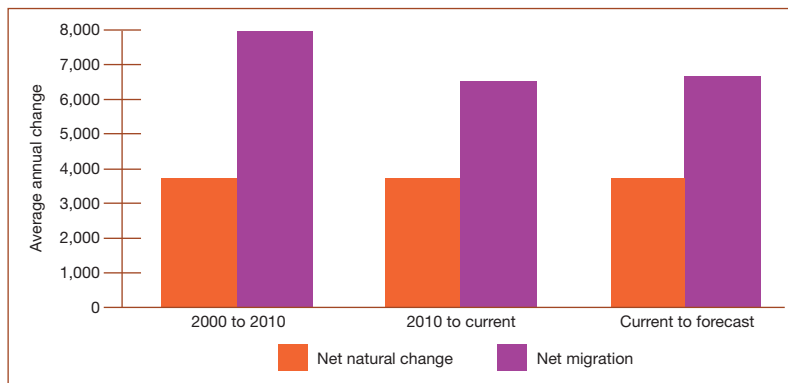
city in the HMA, followed by Springdale and Rogers, with populations estimated at 79,300 and 64,700, respectively. The populations of Bentonville and Centerton have increased at the fastest pace in the HMA since 2010, each growing an average of 4.5 percent, or 1,775 and 490, annually, respectively, reflecting expansions at nearby Wal-Mart and its many suppliers. Figure 4 shows components of population change in the HMA from 2000 to the forecast date.

During the 2000s, the population increased by an average of 11,600, or 2.9 percent, annually in the HMA, the 12th fastest rate among MSAs nationally. About two-thirds of the population growth during this period was the result of net in-migration. Population growth in the HMA was particularly strong from 2004 to 2006, when the population increased an average of 3.9 percent annually, and net in-migration averaged 11,650 people annually because of strong job growth during the same period (U.S. Census Bureau population estimates, as of July 1). During the 2000s, the population increased an annual rate of 2.3 percent or greater each year,

except from 2008 to 2009, when the population increased 1.9 percent. Despite a decrease in nonfarm payrolls of 7,700 jobs during 2009, net in-migration of 4,525 residents occurred in the HMA from 2008 to 2009. Job-seekers, drawn to the HMA because of its low unemployment rate compared with the rates elsewhere in the nation, contributed to net in-migration. Students were also drawn to UA, where fall 2009 enrollment grew 4 percent, or by 660 students, from a year earlier. During the 3-year forecast period, economic expansion and increased UA enrollment are expected to contribute to the HMA population, which is expected to increase by an average of 10,350, or 1.9 percent, annually.

The current number of households in the HMA is an estimated 198,550, representing an average annual increase of 3,775 households, or 2.1 percent, since April 2010, a pace similar to that of population growth in the HMA during the same period. The number of households increased an average of 2.7 percent annually during the 2000s, a slightly slower pace compared with population growth during the same period. Since 2010, owner household growth has slowed to only 33 percent of total household growth, in part, because of an increased propensity to rent. By comparison, the increase in owner households accounted for more than one-half the total increase in households in the HMA during the 2000s. Figure 5 shows the number of households in the HMA by tenure since 2000. During the forecast period, the number of households in the HMA is expected to increase by an average of 3,750, or 1.9 percent, annually (Figure 6).

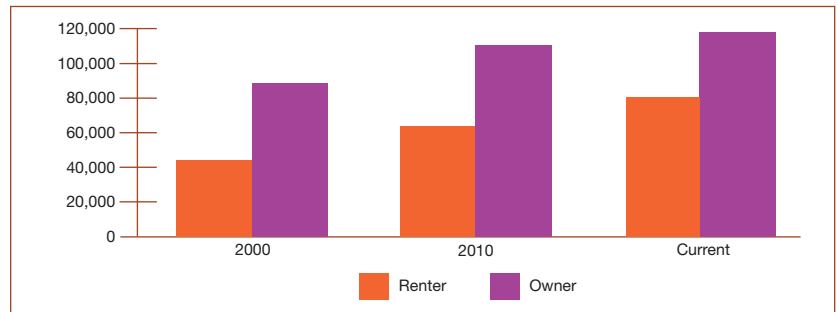
Figure 4. Components of Population Change in the Fayetteville HMA,* 2000 to Forecast



* Fayetteville-Springdale-Rogers HMA.

Notes: The current date is January 1, 2017. The forecast date is January 1, 2020. Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Number of Households by Tenure in the Fayetteville HMA,* 2000 to Current

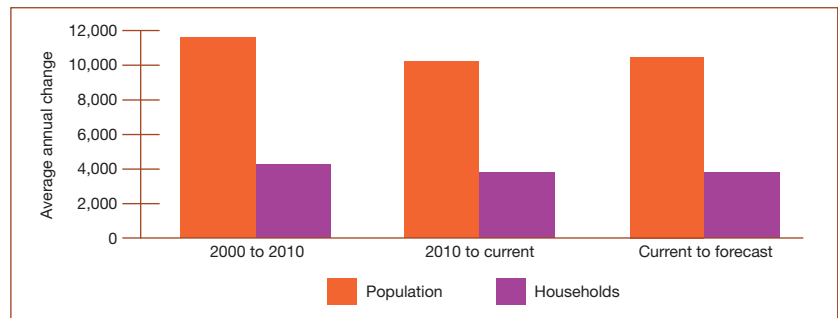


* Fayetteville-Springdale-Rogers HMA.

Note: The current date is January 1, 2017.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 6. Population and Household Growth in the Fayetteville HMA,* 2000 to Forecast



* Fayetteville-Springdale-Rogers HMA.

Notes: The current date is January 1, 2017. The forecast date is January 1, 2020.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Housing Market Trends

Sales Market

Current sales housing market conditions in the Fayetteville HMA are tight compared with soft conditions in April 2010. The current sales vacancy rate is estimated at 1.8 percent, down from 3.8 percent in April 2010. As of December 2016, the unsold inventory in the HMA totaled 2,050 homes, down 16 percent from a year earlier and 62 percent from April 2010 (CoreLogic, Inc.). The inventory of homes for sale represented a 3.1-month supply in December 2016, down from a 4.0-month supply a year earlier and from a 12.0-month supply in April

2010. Population growth and an expanding economy contributed to the improved sales market conditions. In December 2016, 1.4 percent of home loans in the HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 2.0 percent a year earlier and from the peak level of 7.0 percent in January 2010 (CoreLogic, Inc.). By comparison, the national rate was 2.6 percent in December 2016, down from 3.3 percent a year earlier and from a peak level of 8.6 percent, also

Housing Market Trends

Sales Market *Continued*

in January 2010. Similarly, the number of seriously delinquent loans and REO properties in the HMA totaled 860 in December 2016, down 26 percent from a year earlier and down 82 percent from a peak level of 4,700 in January 2010. The percentage of underwater mortgages in December 2016 was 6 percent of total home loans in the HMA, down from 8 percent a year earlier and down from a peak level of 36 percent in January 2010.

During 2016, new and existing home sales (including single-family homes, townhomes, and condominiums) increased by 1,450, or 11 percent, to 14,000 homes sold in the HMA compared with sales a year earlier. The average home sales price increased by \$13,700, or 7 percent, to \$196,700 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). New home sales totaled 1,725, up by 190 homes sold, or 12 percent, from a year earlier. The average new home sales price was \$248,900, up by \$3,300, or 1 percent, during the same period. Regular resale home sales (excluding REO and short sales) increased by 1,575, or 16 percent, to 11,300 homes sold. Regular resale homes sold at an average price of \$193,700, up \$13,700, or 7 percent, from a year earlier. Reflecting improving home sales market conditions, REO sales and short sales accounted for only 8 percent of existing home sales, down from 12 percent a year earlier and from the peak level of 36 percent in 2010. During 2016, REO sales and short sales totaled 1,000 homes, down 320, or 24 percent, from 2015. The average sales price for REO sale and short sale homes was \$140,900, up by \$12,000, or 9 percent, from a year earlier, representing the greatest annual increase since 2006.

From 2005 through 2006, home sales in the HMA were particularly strong, averaging 14,200 annually. Strong job and population growth contributed to record-high sales during this period. New home sales averaged 2,850, or one-fifth of all home sales, during the same period. From 2007 through 2010, new and existing home sales declined by an average of 1,250, or 12 percent, annually to 7,950, reflecting tighter mortgage lending standards and the economic downturn in the HMA. During the same period, the average price for a home decreased by \$7,000, or 4 percent, annually to \$154,200. Population growth, stemming from economic recovery and continued expansion, contributed to an increase in home sales by an average of 930 homes, or 12 percent, annually from 2011 through 2015 to reach 12,600. During the same period, the average price for homes increased by an average of \$5,750, or 3 percent, annually to \$183,000. Also from 2011 through 2015, a decline in home mortgage interest rates contributed to increased home sales. The average mortgage interest rate for a 30-year, fixed-rate mortgage decreased from a rate of more than 6 percent in 2010 to a rate of about 4 percent in 2015 (Freddie Mac).

Single-family homebuilding activity, as measured by the number of single-family homes permitted, totaled 3,700 homes in the HMA during 2016, up 630, or 20 percent, compared with the number permitted a year earlier (preliminary data; local sources). More than one-fourth of single-family homes permitted during 2016 were in Centerton and Bentonville, where permitting increased by 210, or 27 percent, to 980 homes. Permitting in

Housing Market Trends
Sales Market *Continued*

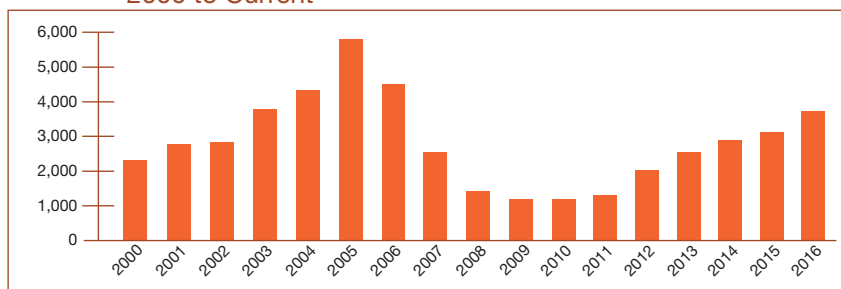
these areas also accounted for one-third of the total increase in single-family permitting in the HMA during 2016. Single-family homebuilding activity peaked during 2005 and 2006, when an average of 5,125 homes were permitted annually. Relaxed mortgage lending standards combined with job and population growth, which resulted in increased demand, were the primary reasons for increased homebuilding. During this period, adjustable-rate mortgages accounted for more than 20 percent of all home mortgages in the HMA (Metrostudy, A Hanley Wood Company). From 2007 through 2010, single-family home construction activity decreased by an average of 820, or 28 percent, annually to 1,175 homes. The contracting HMA economy contributed to the decrease in single-family home construction during this period. Tightened lending standards also contributed to declining homebuilding activity. The portion of adjustable-rate mortgages decreased to only 3 percent of home loans by 2010. Economic recovery, population growth, and increased confidence in the sales market among homebuyers resulted in an increase in homebuilding from 2011 through 2015 by an average of 380 homes, or

21 percent, annually. Figure 7 shows the number of single-family homes permitted in the HMA from 2000 through 2016.

An estimated 1,000 single-family homes are currently under construction in the HMA. 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 during 2016 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 19 four- and five-bedroom luxury single-family homes, ranging in size from 3,950 to 4,150 square feet, have sold for an average price of \$542,000. An additional 18 lots remain available for construction. An estimated 5,500 home sites are currently approved by local planning departments and available for construction in the HMA.

Demand is expected for 7,925 new homes in the HMA during the next 3 years, with demand decreasing slightly each year of the 3-year forecast period (Table 1). The 1,000 homes currently under construction will meet part of the demand during the first year. A portion of the estimated 10,000 other vacant units may also reenter the sales market and satisfy some of the forecast demand. Demand is expected to be greatest for homes priced from \$200,000 to \$299,999. Table 4 shows estimated demand for new market-rate sales housing in the HMA by price range.

Figure 7. Single-Family Homes Permitted in the Fayetteville HMA,* 2000 to Current



* Fayetteville-Springdale-Rogers HMA.

Notes: Includes townhomes. Current includes data through December 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Fayetteville HMA* During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
155,000	199,999	1,200	15.0
200,000	249,999	1,750	22.0
250,000	299,999	1,975	25.0
300,000	349,999	1,200	15.0
350,000	399,999	790	10.0
400,000	499,999	630	8.0
500,000	599,999	240	3.0
600,000	and higher	160	2.0

* Fayetteville-Springdale-Rogers HMA.

Notes: The 1,000 homes currently under construction and a portion of the estimated 10,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is January 1, 2017, to January 1, 2020.

Source: Estimates by analyst

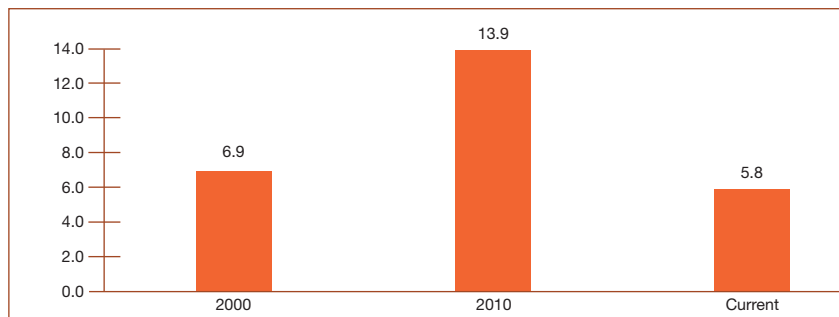
Rental Market

Rental housing market conditions in the Fayetteville HMA are currently slightly tight with an overall rental vacancy rate estimated at 5.8 percent, down significantly from 13.9 percent in 2010 (Figure 8). A growing local economy, population growth, and increased preferences to rent contributed to tightening rental market conditions. The rental market also has benefitted from increased enrollment at UA since 2010. UA provides on-campus housing for about 5,700 students, and the remaining 21,500 students reside in the local housing market. Though UA has added on-campus housing to accommodate an additional 530 students since 2010,

UA enrollment increased by 7,300 students during the same period. UA students residing off campus account for an estimated one-tenth of all renter households in the HMA.

The apartment rental market is currently tight in the HMA compared with balanced conditions a year ago. During the fourth quarter of 2016, the average apartment vacancy rate was 2.5 percent, down from 4.1 percent a year earlier (Reis, Inc.). The average apartment rent was \$642, up 5 percent compared with the average rent a year earlier. Apartment vacancy rates ranged from 1.0 percent in Springdale to 5.0 percent in Rogers, and average apartment rents ranged from \$581 in Fayetteville to \$778 in Rogers. The completion of several new apartment communities in 2016, resulting in the addition of 500 apartment units with higher average rents than the existing apartment inventory, contributed to the relatively high average vacancy rate and rent in Rogers. In the city of Fayetteville, where the main campus of UA is located, the average apartment vacancy rate during the fourth quarter of 2016 was 2.7 percent, down from 3.6 percent a year earlier.

Figure 8. Rental Vacancy Rates in the Fayetteville HMA,* 2000 to Current



* Fayetteville-Springdale-Rogers HMA.

Note: The current date is January 1, 2017.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

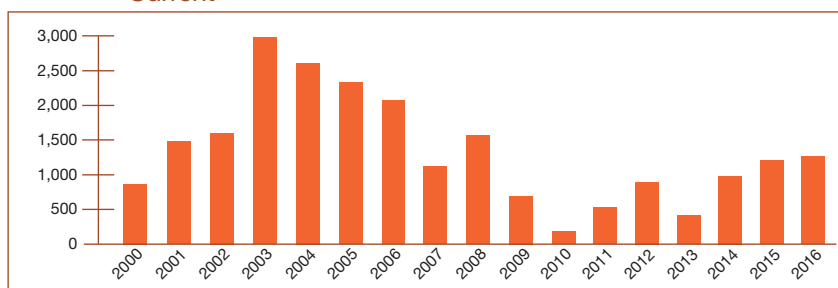
From 2000 through 2006, apartment market conditions in the HMA were balanced to tight, reflecting an expanding economy and significant net in-migration. Apartment market conditions began to weaken in 2007, however, and by December 2009, the average apartment vacancy rate increased to 16.0 percent compared with a rate of 4.0 percent in 2006 (UA apartment vacancy survey). Job losses occurring at an average of 2,000 annually and a significant increase in apartment supply with the completion of an estimated 4,700 new apartment units, or an average of about 1,550 annually, contributed to softening apartment market conditions during the same period. By comparison, apartment completions averaged 1,950 annually from 2000 through 2006, but job growth occurred at an average of 7,200 annually during the same period. Since 2010, increased UA student enrollment, an expanding local economy, and an increased propensity to rent—combined with less apartment construction activity than during the 2000s—have contributed to declines in the average apartment vacancy rate.

The average vacancy rate in the HMA for single-family rental units was about 6.5 percent in November 2016, unchanged from a year earlier (CoreLogic, Inc.). The median rent

for single-family homes during 2016 was \$1,216, up 1 percent from a year earlier (Zillow Group, Inc.). By comparison, the median rent for a single-family home increased an average of 8 percent annually from 2013 through 2015. Occupied single-family rental units comprise about 44 percent of the total number of occupied rental units (2015 American Community Survey [ACS] 1-year data). Single-family rental unit vacancy rates are often higher than apartment vacancy rates, partly because amenities and services—such as clubhouses, swimming pools, and lawn service—are typically offered at apartments but not at single-family rental units. The higher portion of relatively old single-family rental units also contributes to a higher single-family rental vacancy rate. An estimated 40 percent of occupied single-family renter units were built before 1980 compared with only 15 percent of occupied apartments (2015 ACS 1-year data).

Multifamily construction activity, as measured by the number of multifamily units permitted, increased in the HMA by 60 units, or 5 percent, to 1,250 units during 2016 compared with the number permitted a year earlier. By comparison, from 2011 through 2015, an average of about 800 units were permitted annually. Multifamily construction during the 2000s was strongest from 2003 through 2005, when an average of 2,625 units were permitted annually, reflecting strong job and population growth (Figure 9). Condominium construction has accounted for only 2 percent of multifamily construction overall since 2000. Condominium construction peaked from 2008 through 2009, when an average of 100 units were permitted annually.

Figure 9. Multifamily Units Permitted in the Fayetteville HMA,* 2000 to Current



* Fayetteville-Springdale-Rogers HMA.

Notes: Excludes townhomes. Current includes data through December 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Approximately 1,525 multifamily units are currently under construction in the HMA, including the 300-unit Uptown Fayetteville apartment community, expected to be complete in the spring of 2017. Uptown Fayetteville is 5 miles north of UA in the city of Fayetteville. Asking rents range from \$985 to \$1,415 for one-bedroom units and from \$1,430 to \$1,690 for two-bedroom units. In Rogers, the 220-unit Watermark on Walnut Creek apartment community is also under construction. Units are offered at rents ranging from \$950 to \$1,035 for one-bedroom units, \$1,370 to \$1,445 for two-bedroom units, and \$1,645 to \$1,695 for three-bedroom units. Watermark on Walnut Creek, slated to open in the spring of 2017, is within only 10 miles of 7 of the

10 largest employers in the HMA. Several off-campus student apartment communities are under construction, including Atmosphere apartments adjacent to the UA campus in Fayetteville. The 275-unit, 700-bed community is currently preleasing for fall 2017. Asking rents range from \$834 to \$879 for studio units and from \$649 to \$769 per bedroom in two-, three-, and four-bedroom units.

During the 3-year forecast period, demand is estimated for 4,750 new market rate rental units (Table 1). The 1,525 units currently under construction and 730 units in planning will meet a portion of the demand. Rental housing demand is expected to be greatest for one-bedroom units at rents ranging from \$900 to \$1,099 (Table 5).

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Fayetteville HMA* During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
800 to 999	50	900 to 1,099	1,200	1,050 to 1,249	1,075	1,300 to 1,499	70
1,000 to 1,199	25	1,100 to 1,299	590	1,250 to 1,449	530	1,500 to 1,699	35
1,200 or more	25	1,300 or more	590	1,450 or more	530	1,700 or more	35
Total	95	Total	2,375	Total	2,150	Total	140

* Fayetteville-Springdale-Rogers HMA.

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 1,525 units currently under construction will likely satisfy some of the estimated demand. The forecast period is January 1, 2017, to January 1, 2020.

Source: Estimates by analyst

Data Profile

Table DP-1. Fayetteville HMA* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	171,225	212,328	255,200	2.2	3.1
Unemployment rate	3.0%	6.7%	2.9%		
Nonfarm payroll jobs	162,000	200,300	242,900	2.1	3.3
Total population	347,045	463,204	531,700	2.9	2.1
Total households	131,939	173,054	198,550	2.7	2.1
Owner households	87,884	109,616	117,900	2.2	1.1
Percent owner	66.6%	63.3%	59.4%		
Renter households	44,055	63,438	80,650	3.7	3.6
Percent renter	33.4%	36.7%	40.6%		
Total housing units	144,435	198,298	215,600	3.2	1.2
Owner vacancy rate	2.7%	3.8%	1.8%		
Rental vacancy rate	6.9%	13.9%	5.8%		
Median Family Income	\$42,500	\$56,000	\$58,700	2.8	0.8

* Fayetteville-Springdale-Rogers HMA.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through December 2016. Median Family Incomes are for 1999, 2009, and 2015. The current date is January 1, 2017.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 1/1/2017—Analyst’s estimates
Forecast period: 1/1/2017–1/1/2020—Analyst’s estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As

a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_Fayetteville_Springdale_RogersAR_MO_17.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.