Analysis of the

FAYETTEVILLE, ARKANSAS

HOUSING MARKET

as of October 1, 1966

A Report by the
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
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FHA HOUSING MARKET ANALYSIS - FAYETTEVILLE, ARK.

The Federal Housing Administration today released its analysis of the Fayetteville, Arkansas, housing market. The market area studied includes all of Washington and Benton Counties. It estimates annual demand for new privately-financed housing at 1,700 units for the two years dating from October 1, 1966. Annual demand consists of 1,350 single-family houses and

Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science, the judgmental factor is important in the development of findings and conclusions. There will be differences of opinion, of course, in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst and the FHA Market Analysis and Research Section.

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ANALYSIS OF THE FAYETTEVILLE, ARKANSAS, HOUSING MARKET AS OF OCTOBER 1, 1966

Summary and Conclusions

1. Nonagricultural wage and salary employment in the Fayetteville, Arkansas, Housing Market Area (HMA) averaged 30,100 during 1965, an increase of 9,750 (48 percent) over the 1960 level. The gain consisted of steady year-to-year increases ranging from a 1,450 job gain between 1960 and 1961 to a 3,175 increase from 1964 to 1965. The only exception to the pattern of increasing annual increments was in 1963, when the annual gain dropped from 1,750 between 1961 and 1962 to 1,575 between 1962 and 1963. Nonagricultural wage and salary employment for the first six months of 1966 exceeds the average for the corresponding interval in 1965 by 4,125 jobs. During the next two years, total nonagricultural employment is expected to increase by 2,200 yearly. The forecast is premised on the expectation that manufacturing employment gains will attain an annual level of 1,200 jobs and that nonmanufacturing employment will grow by approximately 1,000 jobs annually during the next two years. Unemployment in the Fayetteville HMA averaged 1,825 during 1965, equal to 4.2 percent of the work force. The 1965 level represents the lowest ratio recorded during the 1960-1965 period.

2. The median annual income in the Fayetteville HMA, after deducting federal income tax, is $5,100 for all nonfarm families and $4,250 for nonfarm renter households. By 1968, annual after-tax income medians are expected to approximate $5,350 for all families and $4,550 for renter households.

3. The estimated nonfarm population of the Fayetteville HMA is 107,300, reflecting average annual increments of about 5,250 since April 1960, additions substantially greater than the average annual increments of 2,350 persons during the 1950-1960 decade. By October 1, 1968, the nonfarm population in the HMA is expected to total 117,700, or an anticipated gain of 5,200 a year over the present total.

4. There are 33,900 nonfarm households in the Fayetteville HMA, representing an average increment of 1,600 annually since April 1, 1960. During the 1950-1960 decade, household increases averaged 800 yearly The number of households in the HMA is expected to total 37,000 by October 1, 1968, reflecting an anticipated gain of 1,550 during each of the next two years.

5. The nonfarm housing inventory of the Fayetteville HMA currently totals about 36,100 units. Since 1960, there has been a net addition of 9,425 (35 percent) housing units to the HMA inventory. This addition resulted from construction of 9,475 new housing units, the addition of approximately 250 trailers, a net increase of about 100 units through conversion, and the loss of about 400 units, primarily through demolition. Currently, about 525 units are under construction, 250 single-family homes and 275 multifamily units.

6. There are presently about 250 vacant housing units available for sale in the HMA, representing a homeowner vacancy ratio of 1.1 percent; there are 320 units available for rent, indicating a rental vacancy ratio of 2.7 percent. The current homeowner and rental vacancy ratios have declined considerably from the 1960 vacancy levels of 3.1 percent and 8.2 percent, respectively.

7. During the next two years, there is expected to be an annual demand for 1,700 new privately-owned housing units in the Fayetteville HMA, consisting of 1,350 single-family houses for sale and 350 units in multifamily structures. At the lower rents achievable with below-market-interest-rate financing or assistance in land acquisition and cost, an additional 150 rental units probably can be absorbed, excluding public low-rent housing and rent-supplement accommodations. Demand for single-family houses for sale by sales price ranges is expected to approximate the distribution on page 28 . Demand for multifamily units by size and by monthly gross rent is presented in the table on page 29.

ANALYSIS OF THE FAYETTEVILLE, ARKANSAS, HOUSING MARKET AS OF OCTOBER 1, 1966

Housing Market Area

For the purposes of this analysis, the Fayetteville, Arkansas, Housing Market Area (HMA) is defined as Washington and Benton Counties, Arkansas. The most populous cities in the HMA are Fayetteville, with a 1960 population of 20,275, Springdale (10,075), Rogers (5,700) and Bentonville (3,650). In 1960, the area had approximately 92,100 inhabitants, 18,900 of whom were classified as rural farm.1/

The Fayetteville HMA is situated in the northwest corner of the State of Arkansas, bounded by the States of Missouri and Oklahoma on the north and west and the Arkansas counties of Crawford, Madison, and Carroll on the south and east (see map on page two). The area is located favorably with respect to urban markets; the city of Fayetteville is only 60 miles north of Fort Smith, Arkansas, 100 miles east of Tulsa, Oklahoma, and 85 miles southwest of Springfield, Missouri.

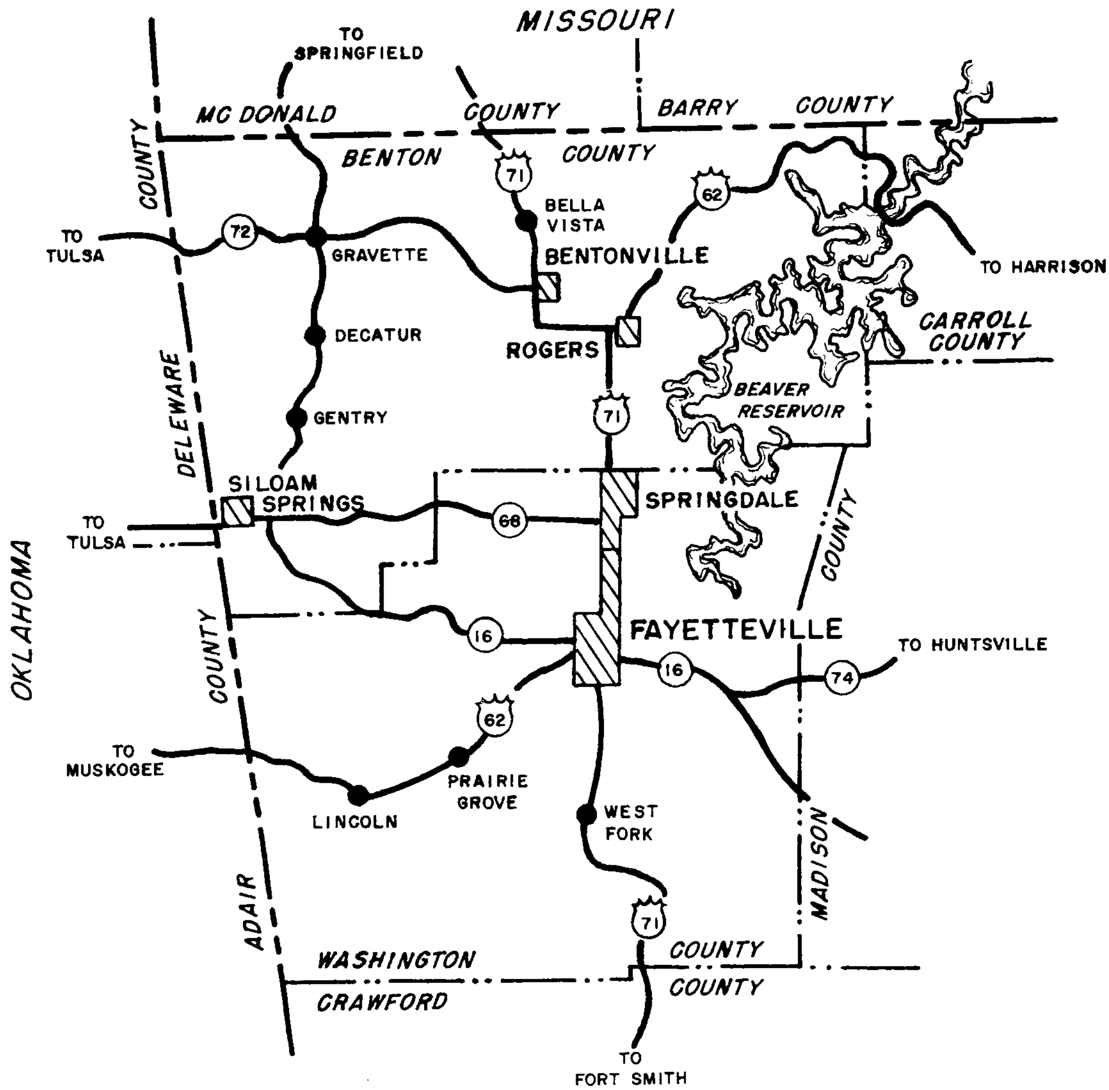
The nature of the topography is rugged. The southern portion of the HMA lies within the Boston Mountain range. The Beaver Reservoir, the largest body of water in the area (located primarily in Benton County) is fast becoming a center of recreational activity for all of northwest Arkansas.

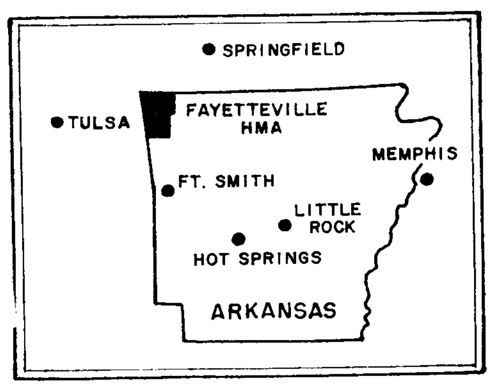
The HMA is linked to nearby metropolitan areas by a network of highways, among which are U.S. highways 71 and 62 and state highways 68, 16, and 72. Two major bus lines (Crown Coach and Continental Trailways), a number of interstate and intrastate motor-freight lines afford the area easy accessibility by motor transport. Fayetteville is served by the St. Louis-San Francisco Railway Company and by Central Airlines, which provides commercial air service from Drake Field in Washington County.

There are two universities in the Fayetteville HMA--the University of Arkansas and John Brown University. The University of Arkansas is located in the city of Fayetteville and has a 1966 fall enrollment of almost 9,800 full-time students. The student body of John Brown University, in the city of Siloam Springs, currently numbers about 750.

1/ Since the rural farm population constituted 21 percent of the population of the Fayetteville HMA in 1960, all demographic and housing data used in this analysis exclude the rural farm component, except where specifically noted.

FAYETTEVILLE, ARKANSAS, HOUSING MARKET AREA





Economy of the Area

Character and History

As in almost all of the southwest, the early development of the Fayetteville area was based, first, on the hunting and trapping trade and later (as the number of settlers increased) on agriculture, with grains, vegetables, and fruit the basic crops. The population of the area grew rapidly after 1880 following the introduction of a rail line, the St. Louis and San Francisco Railroad, which afforded an outlet for farm produce, transportation for immigrants, and a stimulus to industrial development. Arkansas College, the first chartered college in Arkansas to grant bachelor degrees, was founded in 1852, thus early establishing Fayetteville as a seat of higher education. The college was destroyed during the Civil War, however, and it was not until 1872 that the University of Arkansas was opened in Fayetteville. From a total of eight students at its inception, the university has grown to almost 9,800 students, underscoring the role which higher education has played in the growth of the Fayetteville area. Within the past fifteen years, manufacturing has become an increasingly important part of the growing economy of the area, providing a source of employment for those sectors of the agricultural economy which have declined as a result of increased mechanization. Agriculture still remains a principal factor in the HMA economy; the emphasis, however, has shifted to the production of poultry. The raising of poultry has, in turn, resulted in the development of a fast growing food processing industry.

Employment

Current Estimate. For the first six months in 1966, the work force in the Fayetteville HMA averaged 46,400[1/], or 4,200 (ten percent) above the average for the comparable period in 1965. Nonagricultural wage and salary employment grew by 4,125 (15 percent) from an average of 28,400 for the first six months of 1965 to an average of 32,525 for the same period in 1966. Data provided by the Arkansas Employment Security Division indicate that this growth was the result of a general expansion of the Fayetteville economy during the latter part of 1965 and early 1966. While substantial increases occurred in the manufacturing, construction, trade and government sectors, virtually all sectors of the economy recorded gains of varying magnitudes.

1/ Benton County estimated by Housing Market Analyst.

The civilian work force, as reported by the Arkansas Employment Security Division, averaged 43,975 in 1965, a gain of about 8.5 percent above the 1964 average of 40,525 (see table I). Components of the 1965 work force included 1,825 unemployed persons, 4,675 agricultural workers, and 37,475 nonagricultural workers. The nonagricultural total included 30,100 nonagricultural wage and salary workers. The 1965 average work force of 43,975 was comprised of 27,850 persons in Washington County (63 percent of the total) and 16,125 persons in Benton County.

Past Trend. Between 1960 and 1965, nonagricultural wage and salary employment in the Fayetteville HMA increased by 9,750 (48 percent). The gain consisted of steady year-to-year increases ranging from a 1,450 job gain between 1960 and 1961 to a 3,175 increase from 1964 to 1965. The only exception to the pattern of increasing annual increments was in 1963 when the annual increase dropped from 1,750 between 1961 and 1962 to 1,575 between 1962 and 1963. This was a result, primarily, of the increment in nondurable goods employment being considerably below previous and subsequent yearly goods.

Employment data other than those referring to workers covered under unemployment compensation law were not available for the Benton County portion of the HMA prior to 1962. The following discussion is limited, therefore, to that period for which total employment figures were available, 1962 to 1965 (see table II).

Manufacturing employment in the Fayetteville HMA accounted for about 37 percent of all nonagricultural wage and salary employment in the area in 1965, a ratio slightly higher than the 36 percent in 1962. Between 1962 and 1965, manufacturing employment grew by about 2,750 (33 percent), consisting of annual gains of 175 in 1963, 875 in 1964, and 1,700 in 1965.

During the 1962-1965 period, employment in nondurable goods industries grew by 1,725 jobs, as compared with a 1,025 job gain in durable goods industries. Increases in the food products industries led all other components of nondurable manufacturing, as the number of persons employed in the manufacture of food and kindred products rose from a 1962 level of 4,825 to a 1965 level of 6,150, an increase of 1,325 jobs.

Nonmanufacturing industries in the HMA employed 18,975 workers in 1965, an increase of 3,800 (25 percent) since 1962. Gaining substantially in each year between 1962 and 1965, nonmanufacturing employment rose by 1,400 in 1963, by 925 in 1964, and by 1,475 in 1965. The combined gains in trade (1,225) and government (1,000) accounted for 59 percent of the increase in nonmanufacturing employment between 1962 and 1965.

Government employment has been increasing rapidly over the past few years, principally as a result of the recent growth of the University of Arkansas. Trade employment has been growing in both the retail and wholesale sectors, with the primary impetus being provided by retail trade as the result of the completion of new tourist accommodations, food shops, and shopping facilities along route 71.

Major Industry Groups. As in the previous discussion of manufacturing and nonmanufacturing employment, employment data by major industry groups are presented for the period 1962 to 1965 (see table II). An estimated 11,125 persons were employed in manufacturing industries in 1965, of whom 3,400 (31 percent) worked in durable goods manufacturing and 7,725 (69 percent) were employed in the manufacture of nondurable goods. Between 1962 and 1965, employment in the durable goods category grew by 1,025 jobs, rising from a 1962 level of 2,375 to 3,400 in 1965. This increase resulted from expansions at existing plants and the staffing of the new Shakespeare of Arkansas plant in Fayetteville (established late in 1964 and currently employing about 300 persons). Nondurable goods employment rose from 6,000 in 1962 to 7,725 in 1965, a gain of 1,725 jobs over the four-year period. Employment in food and kindred products production accounted for approximately 77 percent of the growth in nondurable goods industries. The construction of the new Campbell Soup Company plant in Fayetteville enabled the company to add over 900 new employees.

Employment in all major industrial groups in the nonmanufacturing sector grew during the 1962-1965 period. Employment in trade industries grew by 1,225 between 1962 and 1965, as a substantial number of jobs were added to retail trade payrolls. New shopping centers and roadside businesses in suburban areas may be credited with much of the growth experienced in trade. Government employment was the next largest contributor to nonmanufacturing employment gains since 1962. Between 1962 and 1965, employment in government--federal, state, and local--grew by 1,000. The major portion of the gain, however, can be traced to increases in state and local employment in education, as the universities began to grow at an unprecedented rate and as the number of part-time primary and secondary school workers increased. Growth in the government sector also reflects the inclusion of a number of youths who are a part of the Neighborhood Youth Corps program. Between 1962 and 1965, service employment grew by 500; transportation, communications and utilities employment increased by 400; while employment in construction, with annual additions paralleling fluctuations in commercial construction activity, added 425 jobs. Mining, finance, insurance, real estate, and miscellaneous nonmanufacturing industries recorded a total increase of 250 jobs between 1962 and 1965.

Principal Employers. Employment sources in the Fayetteville HMA are typically small (employing fewer than 100 workers); a number of the larger employers are shown below.

Principal Employers
Fayetteville, Arkansas, HMA
October 1966

Employer	Number of employees	Product or service
University of Arkansas	2,400	Education
Campbell Soup Co.	1,600	Poultry products
Daisy Mfg. Co.	800	Sporting equipment
Emerson Electric Co.	500	Electric motors
United Greenfield Corp.	450	Cutting tools
D. H. Baldwin Co.	450	Electric organs
Wilson and Co.	400	Poultry products
Shakespeare of Arkansas	300	Sporting equipment
Garrett Poultry Co.	275	Poultry products
Standard Register Co.	250	Business forms

Sources: Fayetteville, Rogers, and Springdale Chambers of Commerce, and personnel offices of respective employers.

The University of Arkansas is the largest single source of employment in the Fayetteville HMA. As of October 1966, full-time employment at the university totaled approximately 2,400 persons, of whom 500 were classified as instructional staff, 775 were employed in service functions, 525 were engaged in research, 375 were performing clerical duties, while the remaining 225 employees were employed in administrative, technical, medical, and maintenance capacities. In addition, the university had about 700 part-time employees (over 90 percent of whom were students) employed as administrative and clerical workers.

The Campbell Soup Company, established in the Fayetteville area in 1929, completed a new plant in February 1965, and at present employs 1,600 persons in the production of frozen poultry products (Swanson T.V. Dinners). With the completion of the new plant, employment grew from an October 1962 level of 700 to the current figure of 1,600. Plant officials expect a leveling-off of employment growth and look forward to a moderate, steady employment increase over the next two years.

Employment Participation Rate. The ratio of employment to the population of the HMA is termed the participation rate. Relating nonagricultural employment, as reported by the Arkansas Employment Security Division, to nonfarm population, as reported by the census, indicated that this ratio for the Fayetteville HMA was about 36 percent in 1960. The participation rate, as derived from current estimates of employment and population, has increased to 37 percent and is expected to increase only slightly during the next two years. The gain noted between 1960 and 1966 was principally the result of an increase in the number of female and part-time student employees.

Unemployment

Unemployment in the Fayetteville HMA averaged 1,825 during 1965, equal to 4.2 percent of the work force (see table I). The 1965 level represents the lowest ratio recorded during the 1960-1965 period. The trend of unemployment has been consistently downward since 1960, when 2,000 persons (5.9 percent of the work force) were unemployed. The average for the first six months of 1966 reached a low of 1,700 persons unemployed, equal to 3.6 percent of the work force. The following table presents the trend of work force and unemployment for the Fayetteville HMA between 1960 and 1965.

Trend of Work Force and Unemployment
Fayetteville, Arkansas, HMA
1960-1965

Date	Work force	Unemployment: Number	Unemployment: Percent of work force
1960a/	33,700	2,000	5.9
1961a/	35,350	2,025	5.7
1962	37,075	1,975	5.3
1963	38,650	1,900	4.9
1964	40,525	1,850	4.6
1965	43,975	1,825	4.2

a/ Benton County estimated by Housing Market Analyst.

Sources: Arkansas Employment Security Division and estimates by Housing Market Analyst.

Future Employment

Total nonagricultural employment is expected to increase by about 2,200 jobs annually, or a total of 4,400 during the October 1, 1966 to October 1, 1968 forecast period, considerably below the increase of 3,625 in 1965, but approximating the 1963-1964 increase of 2,225, which also happens to be the average annual increase for the entire period 1960-1965. The forecast is premised on the expectation that manufacturing employment gains will reach a level of 1,200 yearly, with durable goods contributing annual increments of 500 jobs and nondurable goods adding 700 jobs each year to their respective current levels.

Representatives of the H. K. Porter Company have recently announced plans to locate a plant in Springdale's new industrial park. The plant will occupy a 100,000 square foot building on a 43 acre site and will manufacture high voltage electrical disconnect switches. Initially 40 to 50 persons will be employed when operations begin on or before May 1, 1967. Approximately 100 persons a year will be added to the firm's payroll and, at the end of six years, an employment level of 600 is projected. While a few key positions will be filled with out-of-area personnel, almost all of the initial employees will be Springdale residents.

As in the past, nondurable goods gains will be led by increased activity in the food and kindred products sector. While much of the recent increase in this segment has been a result of new plant construction, growth in the next two years is expected to result from greater utilization of present facilities.

Nonmanufacturing employment will grow by approximately 1,000 jobs annually during the next two years with government employment and trade as the principal contributors. The university will keep pace with previous expansion rates and will be responsible for much of the growth in the government sector. Continued construction of retail facilities along route 71 will result in rising trade employment within the HMA. Construction employment, spurred by university building construction, will also gain during the forecast period. None of the components of nonmanufacturing employment, with the exception of mining, is expected to suffer a loss in employment during the next two years.

Income

The estimated current median income of all nonfarm families in the Fayetteville HMA, after the deduction of federal income tax, is $5,100 yearly, and for nonfarm renter households (excluding one-person households), $4,250. The past, current, and 1968 projected median income levels in the HMA are shown in the following table.

Median Nonfarm Incomes[a]
Fayetteville, Arkansas, HMA
1959, 1966, and 1968

Year	All families	Renter households[b]
1959	$3,650	$3,325
1966	5,100	4,250
1968	5,350	4,550

a/ After deducting federal income tax.
b/ Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Detailed distributions of all nonfarm families and renter households by income classes are presented in table III. About 38 percent of all families and 47 percent of renter households currently have after-tax incomes below $4,000 annually. At the upper end of the income distributions, 13 percent of all families and nine percent of renter households have incomes of $10,000 or more annually, after tax. Since 1959, the level of income of all nonfarm families in the HMA has risen by approximately 40 percent.

The distributions presented in table III reflect, to an unknown degree, the inclusion of married student families, which are predominantly in the medium and lower ranges of income. If these families could be excluded from the income analysis, the median levels of income of the remaining nonstudent families would be somewhat higher than those shown for total nonfarm families.

Demographic Factors

Population

HMA Total. The estimated October 1, 1966, nonfarm population of the Fayetteville HMA is 107,300, reflecting average annual increments of about 5,250 (5.9 percent) since April 1960.1/ During the 1950-1960 intercensal period, the average annual population growth and the annual rate of increase were 2,350 and 3.9 percent, respectively. The actual difference in the rates of growth in the 1950-1960 and 1960-1966 periods is even greater than the census figures indicate because a part of the 1950-1960 increase in the nonfarm population reflects the change in definition of "farm" between the 1950 and 1960 Censuses which caused many persons classified as rural farm in 1950 to be considered nonfarm residents in 1960. The rural farm population of the HMA decreased from 19,550 in 1950 to 9,650 in 1960. The resulting decline in the farm population and, conversely, the increase in the nonfarm population between the censuses is, to some extent, the result of this change in definition. Population trends for the HMA, including a projection to 1968, are shown below. Table IV provides a more detailed presentation of population trends.

Change in Nonfarm Population
Fayetteville, Arkansas, HMA
April 1950 - October 1968

Date	Number of persons	Average annual change from preceding date: Number	Percent
April 1950	49,631	-	-
April 1960	73,154	2,352	3.9
October 1966	107,300	5,250	5.9
October 1968	117,700	5,200	4.8

Sources: 1950 and 1960 Censuses of Population.
1966 and 1968 estimated by Housing Market Analyst.

Washington County. As of October 1966, the nonfarm population of Washington County is approximately 70,200, reflecting average annual gains of 3,650 since April 1960. At present the population of the cities of Fayetteville and Springdale number 27,850 and 14,600, respectively. The county grew at an annual rate of 4.0 percent (1,540 persons a year) between 1950 and 1960 and since 1960 the annual rate of growth has increased to 6.4 percent while the number of persons added each year (3,650) has more than doubled when compared with the

1/ All average annual percentage changes, as used in this analysis, are derived through the use of a formula designed to calculate the rate of change on a compound basis.

experience of the 1950-1960 decade. Growth within the cities of Fayetteville and Springdale also have taken upward turns. While the cities demonstrated annual rates of increase of 1.8 percent and 5.5 percent between 1950 and 1960, annual increases since April 1960 have been 4.9 percent and 5.7 percent. The rapid population growth experienced in Fayetteville between 1960 and 1966 has been the result of enrollment expansion at the University of Arkansas and the generally favorable character of the economy of the Fayetteville area in the recent past, especially with respect to the ability of the area to attract new industry. The remainder of the county, because of the ready availability of land for residential construction, has demonstrated substantial growth during the past fifteen years. Between 1950 and 1960, the population of the remainder of the county increased by 800 persons annually; since 1960, an average of 1,800 have been added each year, raising the population to 27,750, currently.

Benton County. The nonfarm population of Benton County is about 37,100, up about 10,475 since April 1960 (average annual population increments of 1,600, or 5.1 percent). During the 1950-1960 period, Benton County grew by about 800 persons (3.7 percent) annually. The emergence of the county as a tourist and resort area and a rapidly brightening employment picture have been prime contributors to recent growth. The potential use of Beaver Reservoir in Benton County for recreational purposes has only begun to be realized. With the completion of Beaver Dam and the resultant reservoir, an almost unlimited supply of water for industrial and municipal use has been provided for the Benton County area. The population of the city of Rogers has increased from a 1950 level of 4,950, to a 1960 level of 5,700 and to a 1966 estimate of 8,750 persons. From an April 1950 population of 2,950, the city of Bentonville grew to an April 1960 population of 3,650. Since 1960, approximately 150 persons a year have been added to the population of the city and the current estimate stands at 4,700 persons. Most of the growth within the county has taken place in those areas outside the corporate limits of Rogers and Bentonville, as annual average increments of 670 and 975 were recorded for the 1950-1960 and 1960-1966 periods, respectively. As with Washington County, an abundance of land suitable for development is available at a reasonable cost.

Student Population. The full-time student population of the Fayetteville HMA as of the 1966 fall semester is 10,550, ten percent of the total nonfarm population. There are approximately 9,800 students enrolled at the University of Arkansas and 750 at John Brown University. The following table presents the student and nonstudent population trends since 1950.

Nonfarm Population Trends
Fayetteville, Arkansas, HMA
1950-1966

Item	1950	1960	1966	Average annual change 1950-1960	Average annual change 1960-1966
Student population	4,975	5,910	10,550	94	700
Nonstudent population	44,656	67,244	96,750	2,258	4,550
Total nonfarm population	49,631	73,154	107,300	2,352	5,250

Sources: 1950 and 1960 Censuses of Population, college officials, and estimates by Housing Market Analyst.

An analysis of the trend of population growth in the Fayetteville HMA is more significant if the student and nonstudent segments are viewed separately. While the number of persons in each of the two segments increased more rapidly in the post-1960 period than during the previous decade, it is evident that the rising student population has become a more significant factor in the rapid population growth experienced in recent years. Students accounted for over 13 percent of the nonfarm population gain between 1960 and 1966 and only about four percent of total population growth during the 1950-1960 decade.

Nonhousehold Population. Persons living in university residence halls, fraternity and sorority houses, and hospitals account for almost all of the population in group quarters (nonhousehold population) in the Fayetteville HMA. In 1960, the census reported a nonhousehold population of about 2,925 persons. New dormitory spaces built at the University of Arkansas and John Brown University and a rising institutional population in hospitals in the area have raised the nonhousehold population figure to a current total of 6,000 persons, or six percent of the total nonfarm population. Although an increase occurred in the number of students living in rooming houses and boarding houses, a large portion of the student increase represented a gain in the household population, either as roomers in established households or as members of new households formed by students.

Between 1950 and 1960, the nonhousehold population of the Fayetteville HMA declined from a 1950 level of 3,100 to 2,925 in 1960. This situation seems paradoxical in view of the growth exhibited by universities (the main source of nonhousehold population in the area) during the period. A major portion of this "decline", however, was the result of a definitional change in census concept from "dwelling units" in 1950 to "housing units" in 1960. This conceptual change had the effect of shifting a number of persons from the nonhousehold category into the household classification. In 1960 a number of furnished-room type of units were recorded as housing units, and their occupants as householders, thereby raising household population and reducing nonhousehold population. In view of a substantial amount of dormitory-building activity which will take place in the area, it is estimated that nonhousehold population will increase by approximately 1,300 persons during the next two years.

Estimated Future Population. By October 1, 1968, the population of the Fayetteville HMA is expected to total 117,700. This represents an anticipated annual increment of 5,200 during the October 1, 1966 to October 1, 1968 forecast period, made up of 950 students and 4,250 nonstudents. The future rate of population growth is based upon anticipated employment gains approximating 2,200 during each of the next two years, and on the expectation that annual increases in college enrollment will be above those demonstrated in past years. Future population increases are expected to approximate the past pattern of growth, with the major portion of the gain occurring in the suburban areas adjacent to the principal cities of the HMA.

Net Natural Increase and Migration. Between April 1950 and April 1960, net natural increase (excess of live births over deaths) in Washington and Benton Counties numbered about 9,900. When compared with a total population increase of 4,000 during this period (nonfarm plus rural farm), a net out-migration of about 5,900 is indicated. During the April 1, 1960 to October 1, 1966 period, however, the comparable population gain of 27,650 resulted from a net natural increase of 6,900 and an in-migration of 20,700. The following table presents the components of population change between April 1, 1950 and October 1, 1966.

Components of Population Change[a/]
Fayetteville, Arkansas, HMA
April 1, 1950-October 1, 1966

Source of change	April 1, 1950-March 31, 1960	April 1, 1960-October 1, 1966
Total population change	4,014	27,650
Net natural increase	9,900	6,900
Migration	-5,886	20,750

a/ Includes both rural farm and nonfarm population.

Sources: U.S. Census of Population Report, Series P-23 No. 7; U.S. Department of Health, Education and Welfare; Vital Statistics of the U.S.; estimates by Housing Market Analyst.

The sharp reversal of the trend in migration between the 1950-1960 and 1960-1966 periods was a result of a combination of factors--a declining out-migration of rural farm population, an in-migration of workers fostered by increasing economic opportunities, and a rapidly rising student population.

Households

HMA Total. There are about 33,900 nonfarm households (occupied housing units) in the Fayetteville HMA as of October 1966, representing an increase of about 10,450 (1,600, or 5.7 percent, annually) since April 1960. The average increase since 1960 compares with average annual increments of about 800 (4.2 percent) during the 1950-1960 intercensal period. The increase in the number of households between 1950 and 1960, however, reflects, in part, the change in census concept from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census, as well as the change in definition in "rural farm" referred to earlier in the analysis. Table V provides a detailed presentation of household trends.

Changes in Nonfarm Households
Fayetteville, Arkansas, HMA
April 1950-October 1968

Date	Number of households	Average annual change from preceding date	
		Number	Rate
April 1950	15,468	-	-
April 1960	23,457	799[a/]	4.2
October 1966	33,900	1,600	5.7
October 1968	37,000	1,550	4.6

a/ Substantially affected by 1950-1960 changes in census classifications.

Sources: 1950 and 1960 Censuses of Housing.
1966 and 1968 estimated by Housing Market Analyst.

Washington County. As of October 1966, there are 21,500 households in Washington County, representing average annual gains of 1,075 since April 1960. During the April 1950-April 1960 intercensal period, an average of 500 households were added in Washington County each year--150 in Fayetteville, 125 in Springdale, and 225 in the remainder of the county. Since April 1960, annual average additions to the numbers of households increased to 325 in the city of Fayetteville, to 225 in Springdale, and to 525 in the remainder of Washington County. The fastest growing areas in Washington County appear to be those unincorporated areas adjacent to the county's two largest urban places. The principal factors influencing this trend have been availability of land, increased suburbanization of rural areas, and a tendency for new industry to locate on the fringe of the county's urbanized areas.

Benton County. There are now about 12,400 households in Benton County, up about 3,400 since April 1960, representing average annual increments of 525 (5.0 percent). During the 1950-1960 period, households had increased by about 300 (4.0 percent) annually. Since 1960, the cities of Rogers and Bentonville have added 100 and 25 households a year, respectively, to their 1960 totals of 2,025 and 1,300. The remainder of the county has grown rapidly in the past several years and since the 1960 Census, an average increase of 400 households a year has been recorded for that portion of the county excluding the cities of Rogers and Bentonville. As in Washington County, increased suburbanization of the rural areas has been aided by readily accessible land and good transportation; large areas around Beaver Reservoir have become prime resort locations, thus adding to the attractiveness of rural Benton County with respect to development.

Student Households. Student households represent approximately seven percent (2,375 households) of total households at the present time. The current total reflects average annual gains of about 100 households since April 1, 1960, roughly approximating the annual increase of slightly over 100 households experienced during the 1950-1960 decade. Many of the households which were added during the intercensal period were the result, however, of a definitional change in the term "household" which in 1960 resulted in the inclusion in the "household" category many students who would have been classified as nonhousehold population in 1950. The number of nonstudent households increased since 1960 by an average of 1,500 households annually to reach a current total of 31,525.

Nonfarm Household Trends
Fayetteville, Arkansas, HMA
1950-1966

Item	1950	1960	1966	Average annual change 1950-1960	Average annual change 1960-1966
Student households	715	1,735	2,375	102	100
Nonstudent households	14,753	21,722	31,525	697	1,500
Total nonfarm households	15,468	23,457	33,900	799	1,600

Sources: 1950 and 1960 Censuses of Housing, college officials, and estimates by Housing Market Analyst.

Estimated Future Households. Based on the anticipated increase in the population during the next two years and on the assumption that the average household size will decline slightly during the forecast period, there will be 37,000 households in the Fayetteville HMA by October 1, 1968--23,600 in Washington County and 13,400 in Benton County. This represents an expected addition of approximately 1,550 new households each year during the October 1, 1966-October 1, 1968 forecast period, about 125 of which will be student households. Of the 3,100 new households, 550 will be in Fayetteville, 425 in Springdale, 150 in Rogers, 100 in Bentonville and 1,875 in the remaining portions of the HMA.

Household Size Trends. Nonfarm households in the Fayetteville HMA average 2.98 persons. This is a slightly smaller average household size than that reported in 1960 (2.99) and 1950 (3.00) and reflects a general trend toward smaller households in the area. Two factors which have reduced the average size of households in the area have been the number of new multifamily housing units that have been built and occupied since 1960 (these being typically occupied by smaller households) and the rapid growth of universities in the area (student households tend to be smaller than nonstudent households).

Housing Market Factors

Housing Supply

Current Estimate. As of October 1, 1966, there are 36,100 nonfarm housing units in the Fayetteville HMA, indicating a net gain since April 1, 1960 of about 9,425 (35 percent), or an average annual increment of 1,450 units. The net increase resulted from the construction of about 9,475 new housing units, the addition of about 250 trailers, a net increase of about 100 units through conversion, and the loss of about 400 units, primarily through demolition. The net average yearly increase of 1,450 units since April 1960 compares with a net average gain of slightly over 1,000 housing units a year during the 1950-1960 decade, including substantial transfers from the rural farm classification in 1950. A net total of 6,100 units have been added to the housing inventory of Washington County, while there has been a net gain of 3,325 units in Benton County during the past six and one-half years.

Units in Structure. The character of the nonfarm housing inventory with respect to units in structure demonstrated very little change in the period between April 1960 and October 1966. Since 1960, however, the proportion of single-family units has declined slightly, a reversal of the trend which occurred during the 1950-1960 decade. Single-family structures (including trailers) presently account for about 88 percent of the housing inventory, a slight decline from 89 percent of the April 1960 housing stock; in 1950, single-family structures accounted for approximately 87 percent of the housing inventory. The proportion of the inventory in structures of three or more units and the proportion of units in two-unit structures showed slight increases over the 1960-1966 period, rising from levels of 7.6 percent and 3.3 percent to levels of 8.1 percent and 3.7 percent, respectively (see following table).

Nonfarm Housing Inventory by Units in Structure
Fayetteville, Arkansas, HMA
April 1960 and October 1966

Units in structure	April 1960 Number of units	April 1960 Percent of total	October 1966 Number of units	October 1966 Percent of total
1 unit	23,437	87.8	31,250	86.5
2 units	880	3.3	1,325	3.7
3 or more units	2,016	7.6	2,925	8.1
Trailers	353	1.3	600	1.7
Total	26,686	100.0	36,100	100.0

Sources: 1960 Census of Housing.
1966 estimated by Housing Market Analyst.

Year Built. Since 1954, 13,700 housing units (38 percent of the current inventory) have been added to the nonfarm housing stock of the HMA. Only about one-third of the current housing inventory (11,350 units or 32 percent) was built prior to 1929. The housing stock of Benton County is considerably older than that of Washington County, with 40 percent of its units having been built before 1929, as compared to 26 percent for Washington County. The table below presents the current distribution of housing within the HMA by year built.

Distribution of the Nonfarm Housing Inventory by Year Built[a/]
Fayetteville, Arkansas, HMA
October 1, 1966

Year built	Number of units	Percentage distribution
April 1, 1960 - October 1, 1966	9,725	26.9
1955 - March 31, 1960	3,975	11.0
1950 - 1954	3,425	9.5
1940 - 1949	4,675	13.0
1930 - 1939	2,925	8.1
1929 or earlier	11,375	31.5
Total	36,100	100.0

a/ The basic data in the 1960 Census of Housing from which the above estimates were developed reflect an unknown degree of error in "year built" occasioned by the accuracy of response to enumerators' questions as well as errors caused by sampling.

Sources: 1960 Census of Housing.
Estimates by Housing Market Analyst.

Condition. Of the 36,100 nonfarm housing units in the Fayetteville HMA, as of October 1, 1966, about 6,925, or 19 percent, are dilapidated or lack one or more plumbing facilities. The ratios of units dilapidated or deficient in plumbing facilities are rather similar for both Washington and Benton Counties, 18 and 21 percent, respectively. Some improvement in the quality of housing has taken place since April 1960, when about 27 percent (7,275 units) of the inventory was dilapidated or lacked one or more plumbing facilities. New construction, demolition, and a general upgrading of the inventory through modernization and repair are responsible for the improvement.

Residential Building Activity

Past Trend. Between January 1, 1960 and October 1, 1966, about 9,475 new private housing units were constructed in the Fayetteville HMA--8,025 single-family units and 1,450 multifamily units. Because building permit information accounts for less than 50 percent of the building activity in the area, the over-all estimates of building construction since 1960 were derived from gas and electric meter data. The total of 9,475 housing units constructed since 1960 indicates an average annual rate of construction of approximately 1,450 units, representing averages of 1,225 single-family units and 225 multifamily units.

The volume of building permit authorizations for the five cities which have been issuing permits on a continuous basis since January 1960 increased substantially between 1960 and 1964, rising from a level of about 450 in 1960 to approximately 850 in 1964 (see table VI). The number of units authorized declined in 1965 to 700 and, during the first nine months of 1966, permits were issued for 450 housing units. The increase from 700 units authorized in 1963 to a total of 850 authorized units in 1964 was the result of a jump in multifamily authorizations in the city of Fayetteville fostered by a rapidly increasing student population. The following year construction activity returned to the 1963 level of 700. The curtailment in authorization activity during the first nine months of 1966 is viewed as resulting from a shortage of mortgage funds in the Fayetteville HMA, rather than a slackening of demand on the part of prospective home purchasers and renters. Due to the availability of less expensive sites for development and their ready access to urban centers, much of the new single-family construction has taken place in areas beyong the jurisdiction of permit-issuing municipalities; this greater utilization of suburban areas has intensified in recent years. The number of multifamily units authorized annually has also demonstrated a tendency to fluctuate in recent years, from a low of 25 units in 1961 to a high of 325 units in 1964. Thus far this year 100 units have been authorized, but as in single-family construction, much of the recent multifamily activity has been taking place in the nonpermit areas of the suburbs, where land is readily available and less expensive to develop.

Units Under Construction. Based upon building permit data, the August 1966 postal vacancy survey, and supplemental information obtained in the Fayetteville area, there are an estimated 525 housing units under construction at the present time. About 250 units of this total are single-family houses and 275 are multifamily housing units. There are approximately 415 units under construction in Washington County at the present time and an additional 110 units in various phases of construction in Benton County.

Demolition. Since April 1, 1960, an estimated 400 nonfarm housing units have been removed from the housing inventory. Approximately 230 units were lost to the housing stock of Washington County during the period, while 170 units were demolished in Benton County. During the two-year forecast period, it is estimated that 100 units will be removed from the housing inventory of the HMA.

Tenure of Occupancy

Current Estimate. As of October 1, 1966, about 22,350 nonfarm units (66 percent of the occupied housing stock) in the Fayetteville HMA are owner-occupied and 11,550 are renter-occupied. As may be expected, the ratio of owner-occupancy is greater in Benton County (73 percent of the occupied inventory), the more rural of the two counties of the HMA. At present, there are approximately 13,275 owner-occupied units in Washington County, 62 percent of the 21,500 occupied housing units in the county. The following table shows the trend of tenure change for all nonfarm occupied housing units in the Fayetteville HMA and table VII presents tenure changes in greater detail.

Trend of Nonfarm Tenure Change
Fayetteville, Arkansas, HMA
1950, 1960, and 1966

Tenure	April 1, 1950	April 1, 1960	July 1, 1966
Total occupied	15,468	23,457	33,900
Owner-occupied	8,878	15,225	22,350
Percent of total	57.4	64.9	66.0
Renter-occupied	6,590	8,232	11,550

Sources: 1950 and 1960 Censuses of Housing.
1966 estimated by Housing Market Analyst.

Past Trend. Since April 1, 1950, there has been an increase in the proportion of owner-occupied housing units. Between 1950 and 1960, the ratio of owner-occupied units rose from 57 percent to 65 percent. Since 1960, however, owner-occupancy only increased to 66 percent. The rate of shift to owner-occupancy during the past six and one-half years has been reduced by the addition and occupancy of a considerable number of new multifamily housing units and the increase in renter households among students who as married couples require household quarters or who form temporary households in order to utilize available accommodations. While the ratio of owner-occupancy has been steadily increasing in Benton County since 1950, owner-occupancy in Washington County since 1960 has remained at a level of 62 percent. This situation resulted from the high concentration of multifamily activity and student households in this portion of the HMA.

Vacancy

April 1960 Census. The 1960 Census of Housing reported approximately 1,215 vacant, available nonfarm housing units in the HMA. Of this total, about 480 were available for sale, accounting for a homeowner vacancy ratio of 3.1 percent, and 735 were for rent, accounting for a renter vacancy ratio of 8.2 percent. Of the available vacant housing units in April 1960, the census reported that 225 lacked some plumbing facility. Approximately 75 of the substandard vacancies were for sale, and the remaining 150 were for rent. Table VIII shows the trend of vacancies for the HMA and its constituent counties since April 1, 1950.

There were a total of 795 available units in Washington County, 285 for sale (3.1 percent) and 510 for rent (8.4 percent). Of the 420 available vacancies in Benton County in April 1960, 195 (3.0 percent) were units which were for sale and 225 (7.7 percent) were units available for rent.

August 1966 Postal Vacancy Survey. A postal vacancy survey was conducted in the HMA in August 1966 which included the Fayetteville Post Office as well as four other post offices in the HMA having city delivery routes (see table IX). The survey covered a total of 28,425 possible deliveries, about 78 percent of the nonfarm housing units currently in the HMA. At the time of the survey, 955 units were vacant (3.4 percent of all residences and apartments), of which 810 were previously occupied and 145 were new units. In addition, 500 new units were reported in various stages of construction.

A total of 26,400 residences were surveyed, of which 675 (2.6 percent) were vacant, including 550 which previously had been occupied and 125 newly completed units. A total of about 235 residences were reported to be under construction.

Among the 2,025 apartment units covered, 13.9 percent were reported vacant. The carriers reported as vacant 260 units previously occupied and 20 new units. There were about 265 apartment units under construction on the survey dates.

The results of the postal vacancy survey are expressed in quantitative terms because it was not feasible to collect qualitative data for this type of survey. The resultant vacancy data are not entirely comparable with the data published by the Bureau of the Census because of differences in definition, area delineations, and methods of enumeration. The Census reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mailbox). These are principally single-family homes, but include some duplexes, row-type houses, and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Postal surveys omit vacancies in limited areas served by post office boxes and tend to omit units in subdivisions under construction. Although the postal vacancy survey has obvious limitations, when used in conjunction with other vacancy indicators, the survey serves a valuable function in the derivation of estimates of local market conditions.

Current Estimate. As of October 1,1966, vacancies in the HMA are estimated at 2,200, an over-all vacancy rate of 6.1 percent. Approximately 250 (1.1 percent of the sales inventory) of the units are available for sale, while 320 (2.7 percent of the rental inventory) are vacant units available for rent. These estimates are based upon the postal vacancy survey, with adjustments for areas not covered by the survey, units not covered in the survey areas (in dilapidated structures or otherwise not intended for occupancy), seasonal units, and units which have been sold or rented and are awaiting occupancy. Additional adjustments were made to bring the survey data into conformity with the concept of owner and renter units used in this study rather than with the post office definitions of residences and apartments. The current rates also reflect adjustments for "student seasonality" resulting from the summer out-migration of students occupying off-campus quarters, as these units were still vacant at the time of the postal vacancy survey.

Sales Market

General Market Conditions. Although the market for new sales housing in the Fayetteville HMA has weakened in the past few months, it has improved substantially since 1960. Sales vacancies have declined from a total of 480 in 1960 to a current figure of 250 available units (1.1 percent). Net additions to the sales inventory from 1960 to the present have averaged 1,250 units annually and up until the beginning of 1966, market reception of the high level of new construction had been very good. At the present time, however, about 125 previously unoccupied units stand vacant in the HMA (one-half of the total available vacant units). This situation has resulted from a cut in "effective demand" of prospective home buyers, as they have not been able to satisfy their housing needs because of a shortage of mortgage funds.

Since land has become relatively scarce within the urbanized areas of the HMA, construction activity has spread into the suburban fringe. Lots within the city of Fayettville have been averaging $2,500 and lots within the city of Springdale somewhat lower. Almost all of the units which are being constructed in and around the city of Fayetteville are located west of the city along route 16, in the hilly portions of the city west of Mission Boulevard, and west of North College Road. The latter area contains approximately 150 lots which are provided with underground phone, television, and electric cable facilities. A number of builders are active at the present time. Construction in the city of Springdale has been spotty and no large subdivisions are currently being developed. Construction in or around the cities of Benton County also has been rather widespread, with few concentrations of new home construction; the cities of Rogers and Siloam Springs have shown the greatest amount of activity with respect to new home construction.

As of October 1, 1966 builders were forced to cut back on speculative construction because of the tight money situation and very few homes were being built speculatively.

The most popular price range for new residential units is from $14,000 to $18,000. Demand appears to be greatest for units with three or four bedrooms and separate living and dining facilities. All home styles are active, with a slight preference shown for the more traditional styles. Split-level units, however, have gained in popularity in the past year. Brick veneer has replaced western cedar as the leading choice in exterior finish. Up until the recent softening experienced in the sales market, few homes had proved difficult to sell, with the exception of two-bedroom units or homes with only one bath.

A resort-retirement village is presently under construction in Benton County. According to projections, the village will eventually contain approximately 15,000 homes. The sale of lots started in April 1965 and about 2,500 have been purchased thus far; about 120 homes have been constructed. Construction of roads, utilities, and supporting commercial facilities is under way. Development will proceed in stages. While private construction is permitted, homes can be purchased from the developer at prices ranging from $12,000 (including lot) to $25,000. The typical sales price of units already constructed has been about

$16,000. The over-all plan of the village is similar to that of another project which has been developed 200 miles to the east. The success of the latter venture prompted the decision to attempt a similar project in western Arkansas. While there has been a promotional endeavor on a nation-wide level, advertising has been concentrated in the southwest and central states where it is believed that the greatest market exists.

The number of trailers in the HMA has been increasing in recent years. At present, there are approximately 600 trailers in the Fayetteville HMA as compared with 350 in April 1960. The August 1966 postal vacancy survey revealed that of a total of 575 units surveyed, five percent (30 units) were vacant. Since the survey was conducted at a time when most of the students were not in the area, a vacancy rate of five percent seems to indicate a rather favorable market situation. Students usually cannot afford the cost of removing a trailer from a lot and rents are often maintained even though some of the units have been vacated for the summer months. Lots rent from $15 to $30 per month depending upon location and amentities provided. The managers of the trailer courts report a rather varied occupancy--students, retirees, and construction workers.

Rental Market

General Market Conditions. Since 1960, the demand for new rental units has been very strong, and new rental accommodations have been built and occupied in unprecedented numbers. Demand generated by the recent enrollment expansion at the University of Arkansas and an influx of workers into the HMA have been the principal factors in tightening the rental market. Rental vacancy ratios have fallen from the 1960 level of 8.2 percent of the rental inventory to 2.7 percent at present. The rental market is strong in all sectors, but is especially tight with respect to single-family rentals. Several existing projects in the area reported 100 percent occupancy and a survey of an additional 125 units of new rental housing revealed no vacant units. Virtually all of the realtors and apartment managers contacted in the Fayetteville area reported that acceptable rental vacancies were practically nonexistent. The majority of the multifamily rental units constructed in the Fayetteville HMA in recent years have been in walk-up projects of five or more units on scattered lots throughout the Fayetteville area. Slightly over 60 percent of the rental units in the Fayetteville HMA are in single-family structures which have shifted from an owner to a renter occupancy status. While a shortage of multifamily rental units may have been a factor contributing to this situation, a preference by renters for single-family homes is viewed as the principal reason for the relatively high percentage of single-family rentals.

Unmarried students have shown a preference for units which are close to the central campus, while married students seek the lower rents available in the more distant units. Apartments are usually rented on a semester basis.

Student Housing

Housing occupied by full-time students in the Fayetteville HMA represents seven percent of the entire occupied housing inventory. Approximately 4,050 (38 percent) of the students currently attending universities in the HMA are housed in residence halls, about 450 are living in university-owned quarters for married students, while an additional 1,550 students reside in fraternity and sorority houses. About 1,325 students commute from the homes of parents or relatives and 275 own their own homes. A large percentage of students residing within the HMA (26 percent) rent accommodations--furnished rooms, apartments, and houses. There are about 450 students dwelling in furished rooms, 1,750 housed in apartments, and 550 in rented houses. The remaining 150 students have not reported their place of residence, but it is assumed that they are renting quarters within the HMA.

As a result of dormitory construction during the 1950-1960 period, the number of students so housed increased from about 1,200 to 1,600. Since 1960, however, dormitory construction has increased considerably in volume; there are approximately 4,050 students residing in dormitories at the present time.

Dormitory facilities at the University of Arkansas, housing about 3,450 students at the present time, range in cost[1/] from \$322.50 to \$382.50 per semester. There are a total of thirteen dormitory buildings, the first of which was constructed in 1906. Since 1960, three dormitories have been constructed--Futrall Hall, Humphrey's Hall, and Yocum Hall. There are a total of 600 students housed in dormitories at John Brown University, and room and board at the University is approximately \$390 per semester.

Married student housing at the University of Arkansas accommodates a total of 390 students. Carlson Terraces was first opened for occupancy in September of 1958 and at that time there were a total of 100 units. This housing project for married students will eventually contain 560 apartments in 28 two-story buildings of 20 apartments each. Terry Village, a group of 40 temporary frame buildings with four apartments each, was moved to the campus and opened for occupancy in 1946. This housing project has been discontinued, however, and is no longer being used as married student quarters. Housing for married students at John Brown University, Broadhurst Village, consists of 15 duplex apartment buildings.

1/ Includes board.

Costs for furnished rooms in the Fayetteville area range from $20 to $35 per student a month for double rooms (two students to a room), while single rooms may cost from $25 to $40 a month. Efficiencies and light housekeeping units rent from $55 to $75 per month, plus utilities. Furnished two- or three-room apartments for two persons are generally obtained for $55 to $75 per month, plus utilities. Two-bedroom furnished apartments rent from $75 to $250 per month, (including utilities) while unfurnished houses rent from $75 to $250 per month, depending upon the amenities and utilities provided. Apartments close to the campus tend to rent a little higher than those in suburban areas. Newer apartments near the campus usually are rented by the single undergraduate students, who, by doubling up, can meet the higher rents. Married students often find the rental costs of newer units nearer the campus in excess of their budgetary allowances and seek housing in older accommodations or in units some distance from the central campus.

The University of Arkansas is proceeding on a construction program which will increase substantially the housing facilities of the institution. By the fall of 1967, dormitory facilities will be expanded to accommodate 4,300 students; the following year 5,100 students will be housed in dormitories; and by 1970, 5,900 students will occupy dormitory housing at the University.

Mortgage Market

In October 1966, mortgage funds for residential loans were not readily available in the Fayetteville HMA, and a significant measure of selectivity was practiced with respect to mortgage lending. The rising demand for funds had not been met by a proportionate increase in the time deposits of mortgage lending institutions. Interest rates typically ranged between 6.5 percent and 7.25 percent, with average terms of 20 years and a loan-to-value ratio of 70 percent.

Urban Renewal

The Springdale urban renewal project area, bounded roughly by Maple Avenue, Maple Drive, Huntsville Avenue, and the St. Louis and San Francisco Railway line, contains about 175 residential and commercial structures. In the planning stage at the present time, project reuse proposals call for the construction of 140 new residential units and the rehabilitation of 70 units, along with construction and rehabilitation of a number of commercial structures.

Demand for Housing

Quantitative Demand

The demand for new housing in the Fayetteville HMA is based upon the projected growth of 1,550 households annually during each of the next two years. To this basic growth factor, adjustments are made for the anticipated volume of residential demolitions and the current level of new construction. Consideration also has been given to changes expected in the tenure of occupancy in the inventory and the probability that some part of the demand for rental units will be supplied by single-family houses.

Based on these considerations, a demand for 1,700 new residential housing units is forecast for each year during the October 1, 1966 to October 1, 1968 period, 1,150 units in Washington County and 550 in Benton County. The most desirable demand-supply balance in the market will be achieved if 1,350 units of the annual demand for new units is supplied as sales housing and 350 units as rental housing, excluding public low-rent housing or rent-supplement accommodations. At the lower rents achievable with below-market-interest-rate financing or assistance in land acquisition and cost, an additional 150 units may be absorbed.

The projected annual demand for sales housing (1,350 units) is slightly above the average number of single-family units added to the inventory each year since April 1960 (1,250 units). The demand for new rental units in the next two years (350 units annually) also exceeds the annual rate of multifamily construction between April 1960 and October 1966, when an average of 225 units were built each year.

Future building activity is expected to be distributed within the HMA much as in the past. The bulk of new rental units will be concentrated in and around the city of Fayetteville and the student body of the University of Arkansas will remain the major source of rental demand. Single-family development will be much more dispersed throughout the HMA; a large portion of the demand for sales housing, however, will be satisfied by construction activity in areas adjacent to the cities of Fayetteville and Springdale. The demand includes about 50 to 75 new units at Bella Vista, the resort-retirement center in Benton County.

The absorption of rental units that will come on the market during the forecast period should be observed closely, since the prospective demand will be sensitive both to changes in employment trends and to possible changing preferences in home arrangements among students. The student population, particularly unmarried students who do not require family-type quarters, does not necessarily constitute a continuing source of demand for rental accommodations in housekeeping units.

Qualitative Demand

Sales Housing. Based on current family after-tax incomes, on typical ratios of income to purchase price, and on recent market experience, the annual demand for 1,350 sales units is expected to be distributed by sales price as shown in the following table. During the past few years, few houses have been built to sell for less than about $8,000. Construction has been rather evenly dispersed among various price classes, with a rather slight concentration in the $16,000 to $25,000 price range.

Estimated Annual Demand for New Sales Housing by Price Class
Fayetteville, Arkansas, HMA
October 1, 1966 to October 1, 1968

Price range	Number of units	Percent of total
Under $10,000	110	8
$10,000 - 11,999	135	10
12,000 - 13,999	160	12
14,000 - 15,999	175	13
16,000 - 17,999	200	15
18,000 - 19,999	175	13
20,000 - 24,999	195	14
25,000 and over	200	15
Total	1,350	100

Rental Housing. The monthly rentals at which the annual demand for 350 net additions to the aggregate rental housing inventory might best be absorbed are indicated for various size units in the following table. These net additions may be accomplished by either new construction or rehabilitation at the specified rentals. The minimum gross rents at which new privately-owned rental units can be produced in the HMA at market-interest-rate financing are approximately $90 a month for efficiencies, $105 for one-bedroom units, $125 for two-bedroom units, and $145 for three-bedroom units.[1/]

At the lower rents achievable with below-market-interest-rate financing or assistance in land acquisition and cost, an additional 150 units probably can be absorbed, excluding public low-rent housing and rent-supplement accommodations. These 150 units would be best dispersed with respect to unit size in the following manner: 55 one-bedroom units, 65 two-bedroom units, and 30 three-bedroom units. However, the location factor is of especial importance in the provision of new units at the

1/ Calculated on the basis of a long-term mortgage (40 years) at 6 percent interest and 1½ percent initial annual curtail; changes in these assumptions will affect minimum rents accordingly.

lower-rent levels. Families in this user group are not as mobile as those in other economic segments; they are less able or willing to break with established social, church, and neighborhood relationships, and proximity to place of work frequently is a governing consideration in the place of residence preferred by families in this group. Thus, the utilization of lower-priced land for new rental housing in outlying locations to achieve lower rents may be self-defeating unless the existence of a demand potential is clearly evident.

Estimated Annual Demand for Additional Rental Housing
Fayetteville, Arkansas, HMA
October 1, 1966 to October 1, 1968

Unit size	Number of units	Monthly gross rent[a/]
Efficiency	15	$ 90 - $99
	15	100 and over
One-bedroom	15	$105 - $109
	55	110 - 119
	35	120 - 129
	40	130 - 149
	20	150 and over
Two-bedroom	20	$125 - $129
	35	130 - 139
	35	140 - 149
	30	150 and over
Three-bedroom	10	$145 - $149
	25	150 and over
Total	350	

a/ Includes all utilities.

The preceding distribution of average annual demand for new apartments is based on projected tenant-family incomes, the size distribution of tenant households, and rent-paying propensities found to be typical in the area; consideration is given also to the recent absorption experience of new rental housing. Thus, it represents a pattern for guidance in the production of rental housing predicated on foreseeable quantitative and qualitative considerations. Specific market demand opportunities or replacement needs may permit effective marketing of a single project differing from this demand distribution. Even though a deviation may experience market success, it should not be regarded as establishing a change in the projected pattern of demand for continuing guidance unless thorough analysis of all factors involved clearly confirms the change. In any case, particular projects must be evaluated in the light of actual market performance in specific rent ranges and neighborhoods or sub-markets.

Table I

Civilian Work Force Components
Fayetteville, Arkansas, HMA
1960-1966

	1960[a]	1961[a]	1962	1963	1964	1965	First 6 mos. 1965	First 6 mos. 1966[a]
Civilian work force	33,700	35,350	37,075	38,650	40,525	43,975	42,200	46,400
Unemployment	2,000	2,025	1,975	1,900	1,850	1,825	2,050	1,700
Rate	5.9	5.7	5.3	4.9	4.6	4.2	4.9	3.6
Total employment	31,700	33,325	35,100	36,750	38,675	42,150	40,150	44,700
Agricultural	5,400	5,325	5,150	5,125	4,825	4,675	4,600	4,500
Nonagricultural	26,300	28,000	29,950	31,625	33,850	37,475	35,550	40,200
Wage & salary	20,350	21,800	23,550	25,125	26,925	30,100	28,400	32,525
Other	5,950	6,200	6,400	6,500	6,925	7,375	7,150	7,675

a/ Includes estimates for Benton County based on data covering employees insured under state unemployment compensation laws.

Sources: Arkansas Employment Security Division and estimates by Housing Market Analyst.

Table II

Nonagricultural Wage and Salary Employment
Fayetteville, Arkansas, HMA
1962-1965

Industry group	1962	1963	1964	1965
Wage and salary employment	23,550	25,125	26,925	30,100
Manufacturing	8,375	8,550	9,425	11,125
Durable goods	2,375	2,500	2,675	3,400
Nondurable goods	6,000	6,050	6,750	7,725
Food and kindred	4,825	4,875	5,300	6,150
Other	1,175	1,175	1,450	1,575
Nonmanufacturing	15,175	16,575	17,500	18,975
Construction	1,075	1,400	1,475	1,500
Transp., comm., & pub. util.	1,575	1,725	1,850	1,975
Trade	5,150	5,475	5,850	6,375
Finance, ins., & real est.	600	625	675	725
Service industries	2,400	2,650	2,750	2,900
Government	4,050	4,325	4,475	5,050
All other nonmfg.a/	325	400	425	450

a/ Includes mining and miscellaneous nonmanufacturing.

Note: Data include all full and part-time wage and salary employees who worked during or received pay for any part of the pay period including the 12th of the month. Data exclude domestics in private households, unpaid family workers, and self-employed persons. Averages for subtotals may not add to totals because of rounding.

Source: Arkansas Employment Security Division.

Table III

Nonfarm Families and Renter Households by Annual Income
After Deducting Federal Income Tax
Fayetteville, Arkansas, HMA
1966 and 1968

	Percentage distribution			
	1966		1968	
Income	All families	Renter households[a]	All families	Renter households[a]
Under $3,000	26	34	25	31
$3,000 - 3,999	12	13	12	13
4,000 - 4,999	11	12	10	11
5,000 - 5,999	10	10	9	12
6,000 - 6,999	10	7	9	9
7,000 - 7,999	8	6	8	7
8,000 - 8,999	5	5	7	5
9,000 - 9,999	5	4	5	3
10,000 - 12,499	6	5	7	4
12,500 - 14,999	3	2	3	2
15,000 and over	4	2	5	3
Total	100	100	100	100
Median	$5,100	$4,250	$5,350	$4,550

a/ Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table IV

Nonfarm Population Trends
Fayetteville, Arkansas, HMA
April 1, 1950 to October 1, 1966

Area	Population			Average annual change			
				1950-1960		1960-1966	
	1950	1960	1966	Number	Rate[a]	Number[b]	Rate[a]
Total HMA	49,631	73,154	107,300	2,352[c]	3.9	5,250	5.9
Washington County	31,124	46,528	70,200	1,540	4.0	3,650	6.4
Fayetteville	17,071	20,274	27,850	320	1.8	1,150	4.9
Springdale	5,835	10,076	14,600	424	5.5	700	5.7
Remainder of county	8,218	16,178	27,750	796	6.8	1,800	8.3
Benton County	18,507	26,626	37,100	812	3.7	1,600	5.1
Rogers	4,962	5,700	8,750	74	1.4	475	6.7
Bentonville	2,942	3,649	4,700	71	2.2	150	3.9
Remainder of county	10,603	17,277	23,650	667	4.9	975	4.9

a/ Derived through the use of a formula designed to calculate the rate of change on a compound basis.
b/ Rounded.
c/ Substantially affected by 1950-1960 changes in Census classifications.

Sources: 1950 and 1960 Censuses of Population.
1966 estimated by Housing Market Analyst.

Table V

Nonfarm Household Trends
Fayetteville, Arkansas, HMA
April 1, 1950 to October 1, 1966

Area	Households			Average annual change			
				1950-1960		1960-1966	
	1950	1960	1966	Number	Rate[a]	Number[b]	Rate[a]
Total HMA	15,468	23,457	33,900	799[c]	4.2	1,600	5.7
Washington County	9,437	14,469	21,500	503	4.3	1,075	6.2
Fayetteville	4,753	6,237	8,325	148	2.7	325	4.5
Springdale	1,830	3,168	4,675	134	5.5	225	6.1
Remainder of county	2,854	5,064	8,500	221	5.7	525	8.0
Benton County	6,031	8,988	12,400	296	4.0	525	5.0
Rogers	1,640	2,031	2,600	39	2.2	100	3.9
Bentonville	980	1,295	1,525	32	2.8	25	2.6
Remainder of county	3,411	5,662	8,275	225	5.1	400	5.9

a/ Derived through the use of a formula designed to calculate the rate of change on a compound basis.
b/ Rounded.
c/ Substantially affected by 1950-1960 changes in Census classifications.

Sources: 1950 and 1960 Censuses of Housing.
1966 estimated by Housing Market Analyst.

Table VI

New Housing Units Authorized by Building Permits
Principal Communities in the Fayetteville, Arkansas, HMA
January 1960-October 1, 1966

	1960	1961	1962	1963	1964	1965	Jan.-Sept. 1966	Total
City of Fayetteville								
One unit	111	107	158	205	176	248	124	1,129
Two units	34	20	10	16	24	40	20	164
3 or more	17	-	26	38	199	18	70	368
Total	162	127	194	259	399	306	214	1,661
City of Springdale								
One unit	152	237	281	219	162	190	106	1,347
Two units	-	-	-	-	22	20	4	46
3 or more	-	4	-	24	-	12	-	40
Total	152	241	281	243	184	222	110	1,433
City of Rogers								
One unit	72	77	77	87	97	81	71	562
Two units	-	2	2	2	10	2	-	18
3 or more	-	-	12	-	37	8	-	57
Total	72	79	91	89	144	91	71	637
City of Bentonville								
One unit	31	31	32	53	40	47	22	256
Two units	-	-	2	2	-	2	-	6
3 or more	-	-	-	-	8	-	7	15
Total	31	31	34	55	48	49	29	277
City of Siloam Springs								
One unit	28	46	50	58	52	42	25	301
Two units	-	-	-	2	20	-	-	22
3 or more	-	-	-	4	-	-	-	4
Total	28	46	50	64	72	42	25	327

Sources: U.S. Department of Commerce C-40 Construction Reports.
Local permit issuing offices.

Table VII

Trend of Nonfarm Household Tenure
Fayetteville, Arkansas, HMA
April 1, 1950-October 1, 1966

Tenure	Washington County	Benton County	HMA total
April 1, 1950:			
Total housing inventory	10,025	6,556	16,581
Total occupied	9,437	6,031	15,468
Owner-occupied	5,090	3,788	8,878
Percent of total occ.	53.9%	62.8%	57.4%
Renter-occupied	4,347	2,243	6,590
Percent of total occ.	46.1%	37.2%	42.6%
Total vacant	588	525	1,113
April 1, 1960:			
Total housing inventory	16,366	10,320	26,686
Total occupied	14,469	8,988	23,457
Owner-occupied	8,951	6,274	15,225
Percent of total occ.	61.9%	69.8%	64.9%
Renter-occupied	5,518	2,714	8,232
Percent of total occ.	38.1%	30.2%	35.1%
Total vacant	1,897	1,332	3,229
October 1, 1966:			
Total housing inventory	22,450	13,650	36,100
Total occupied	21,500	12,400	33,900
Owner-occupied	13,275	9,075	22,350
Percent of total occ.	61.8%	73.2%	66.0%
Renter-occupied	8,225	3,325	11,550
Percent of total occ.	38.2%	26.8%	34.0%
Total vacant	950	1,250	2,200

Sources: 1950 and 1960 Censuses of Housing.
1966 estimated by Housing Market Analyst.

Table VIII

Vacancy Trends
Fayetteville, Arkansas, HMA
April 1, 1950-October 1, 1966

Vacancy characteristics	Washington County	Benton County	HMA total
April 1, 1950:			
Total vacant units	588	525	1,113
Available vacant units	211	195	406
For sale	53	49	102
Homeowner vacancy rate	1.0%	1.3%	1.1%
For rent	158	146	304
Rental vacancy rate	3.5%	6.1%	4.4%
Other vacant units	377	330	707
April 1, 1960:			
Total vacant units	1,897	1,332	3,229
Available vacant units	795	421	1,216
For sale	286	195	481
Homeowner vacancy rate	3.1%	3.0%	3.1%
For rent	509	226	735
Rental vacancy rate	8.4%	7.7%	8.2%
Other vacant units	1,102	911	2,013
October 1, 1966:			
Total vacant units	950	1,250	2,200
Available vacant units	325	245	570
For sale	150	100	250
Homeowner vacancy rate	1.1%	1.1%	1.1%
For rent	175	145	320
Rental vacancy rate	2.1%	4.3%	2.7%
Other vacant units	625	1,005	1,630

Sources: 1950 and 1960 Censuses of Housing.
1966 estimated by Housing Market Analyst.

Table IX

Fayetteville, Arkansas, Area Postal Vacancy Survey

August 8, 1966

Postal area	Total residences and apartments: Total possible deliveries	Vacant units: All	%	Used	New	Under const.	Residences: Total possible deliveries	Vacant units: All	%	Used	New	Under const.	Apartments: Total possible deliveries	Vacant units: All	%	Used	New	Under const.	House trailers: Total possible deliveries	Vacant: No.	%
The Survey Area Total	28,420	955	3.4	809	146	498	26,395	674	2.6	550	124	232	2,025	281	13.9	259	22	266	575	30	5.2
Fayetteville	10,515	476	4.5	389	87	334	8,925	250	2.8	176	74	88	1,590	226	14.2	213	13	246	275	14	5.1
Other Cities and Towns	17,905	479	2.7	420	59	164	17,470	424	2.4	374	50	144	435	55	12.6	46	9	20	300	16	5.3
Bentonville	2,862	68	2.4	62	6	12	2,844	61	2.1	59	2	12	18	7	38.9	3	4	-	3	-	0.0
Rogers	5,508	165	3.0	146	19	46	5,311	144	2.7	128	16	46	197	21	10.7	18	3	-	85	12	14.1
Siloam Springs	2,743	79	2.9	71	8	37	2,631	73	2.8	65	8	21	112	6	5.4	6	-	16	43	-	0.0
Springdale	6,792	167	2.5	141	26	69	6,684	146	2.2	122	24	65	108	21	19.4	19	2	4	169	4	2.4

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, public housing units, and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e.: a residence represents one possible stop with one possible delivery on a carrier's route; an apartment represents one possible stop with more than one possible delivery.

Source: FHA postal vacancy survey conducted by collaborating postmaster(s).