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# **Northwest Arkansas Apartment Market Survey**

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## **Mid-Year 2016**

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Prepared by

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**CBRE**

## NORTHWEST ARKANSAS APARTMENT MARKET SURVEY MID-YEAR 2016

Rental rates across the Northwest Arkansas apartment market have increased 7.1% over the last twelve months while maintaining a 97.5% occupancy rate according to CBRE's latest apartment market survey. Northwest Arkansas' thriving local economy and unprecedented population growth continue to provide support for the strong performance of the multifamily market. Below are the highlights of our mid-year apartment survey.

### **Rental Rates and Occupancies**

Rental highlights include:

- Compared to one year ago, **on average**:
  - » The average rental rate in Northwest Arkansas rose \$43 per month to \$651.
  - » One bedroom units rose \$49 per month to \$556.
  - » Two bedroom/one bath units rose \$18 per month to \$556.
  - » Two bedroom/two bath units rose \$45 per month to \$778.
  - » Three bedroom /two bath units rose \$115 per month to \$995.
  - » Four bedroom units rose \$25 per month to \$1,038.
- Rent specials and concessions continue to be virtually non-existent across Northwest Arkansas with the only specials/discounts being some form of employee or student discounts – typically 5% off the market rent.

Occupancy highlights include:

- Compared to one year ago, **on average**:
  - » Mid-year 2016 overall occupancy in Northwest Arkansas averaged 97.5%, down from 98% reported one year ago.
  - » Fayetteville's average occupancy is 97.5%, down from 98% one year ago.
  - » Springdale's average occupancy is 99%, up from 98% one year ago.
  - » Rogers' average occupancy is 98%, down from 99.5% one year ago.
  - » Bentonville's average occupancy is 98%, down from 98.5% one year ago.

### **Sales Activity**

Investment sales of multifamily properties in Northwest Arkansas is off to a slow start in 2016 with just three transactions of apartment complexes over 50 units compared to seven transactions at the mid-way point in 2015 and four transactions through mid-2014. The average sale price of these three transactions is just over \$63,500 per apartment unit. Of the three transactions one was 1990's vintage trading just under \$60,000 per unit, one 1980's vintage traded just over \$71,000 per unit and one 1970's vintage trading for roughly \$30,000 per unit.

Even with the slow start to the year we expect multifamily transactions to continue at an above average pace due to the low interest rate environment and continued strong investor demand. Lending rates continue to be a driving force behind the number of apartment communities actively for sale across the country as sellers look to capitalize on historic pricing levels while investors can lock in long-term attractive fixed rate debt.

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## **New Construction**

Eight multifamily properties are currently under construction across Northwest Arkansas totaling 2,069 units. Of these eight Towne Park @ Har-Ber is the only property to open so far this year:

- The Links at Fayetteville Phase II – 484 Units | Fayetteville
- Uptown Apartments – 308 Units | Fayetteville
- Watermark at Steele Boulevard – 306 Units | Fayetteville
- Towne Park @ Har-Ber – 157 Units | Springdale
- Watermark on Walnut Creek – 220 Units | Rogers
- Palisades at Pleasant Grove – 208 Units | Rogers
- The Pointe at Bentonville Phase I – 170 Units | Bentonville
- The Parc @ Bentonville – 216 Units | Bentonville

Four student housing properties are currently wrapping construction for 2016 fall semester at University of Arkansas totaling 652 units and 1,657 bedrooms:

- Sterling District – 250 Units | 559 Bedrooms
- Gather Dickson – 100 Units | 238 Bedrooms
- @MOSPHERE – 226 Units | 628 Bedrooms
- Champions Club – 76 Units | 232 Bedrooms

## **Looking Forward**

We have always maintained the strength of the multifamily market is closely tied to the strength of the job market and local economy. Looking forward we expect robust rent growth to continue in the near term as new market rate construction wraps up and begins leasing at higher rates than seen on 2000's vintage assets across Northwest Arkansas. With Fayetteville being named the #1 on list of most affordable places to live in the US and #3 on best places to live in the US by *U.S. News & World Report*, it appears the local economy, job market and overall population growth will continue to keep apartment fundamentals strong.

Note: The Northwest Arkansas Apartment Market Survey for Mid-Year 2015 conducted by CBRE included over 22,000 units of the approximate 32,000 apartment units located within Fayetteville, Springdale, Rogers and Bentonville. The data within is supplied by multifamily property owners and managers.

**MID-YEAR 2016**

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**FAYETTEVILLE APARTMENT SURVEY**

Area Covered:	Fayetteville city limits
Apartments Covered:	Apartment complexes with 50 units or more; tenants pay utilities; 9,622 units sampled
Occupancies:	Averaging – 97.5% ↓
Range:	80% – 100%
Most Often Quoted Deposit:	\$200 for one bedroom apartments, \$200 for two bedroom apartments, \$200 for three bedroom apartments and \$300 for four bedroom apartments

Type	Average Rent*	Average Sq. Ft.	Average Rent Per Sq. Ft.	Rent Range
1 BR/1 BA	\$510 ↑	582	\$0.88	\$370–\$818
2 BR/1 BA	\$569 ↑	771	\$0.73	\$440–\$800
2 BR/2 BA	\$713 ↑	1,014	\$0.70	\$530–\$1,320
3 BR/2 BA	\$910 ↑	1,100	\$0.83	\$675–\$1,448
4 BR/2 BA	\$1,038 ↑	1,150	\$0.90	\$775–\$1,575

\* All rents shown are based upon calculated “effective” rents.

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NOTE: The symbols ↑, ↓, ↔ denote increases, decreases and no change respectively from previous survey six months ago.

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**SPRINGDALE APARTMENT SURVEY**

Area Covered:	Springdale city limits
Apartments Covered:	Apartment complexes with 50 units or more; tenants pay utilities; 5,189 units sampled
Occupancies:	Averaging – 99% ↔
Range:	96% – 100%
Most Often Quoted Deposit:	\$200 for one bedroom apartments, \$200 for two bedroom apartments and \$400 for three bedroom apartments

Type	Average Rent*	Average Sq. Ft.	Average Rent Per Sq. Ft.	Rent Range
1 BR/1 BA	\$483 ↑	596	\$0.81	\$385–\$784
2 BR/1 BA	\$523 ↑	783	\$0.67	\$454–\$625
2 BR/2 BA	\$656 ↑	979	\$0.67	\$550–\$868
3 BR/2 BA	\$731 ↑	1,121	\$0.65	\$478–\$975

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**ROGERS APARTMENT SURVEY**

Area Covered:	Rogers city limits
Apartments Covered:	Apartment complexes with 50 units or more; tenants pay utilities; 3,822 units sampled
Occupancies:	Averaging – 98% ↓
Range:	86% – 100%
Most Often Quoted Deposit:	\$150 for one bedroom apartments, \$200 for two bedroom apartments and \$350 for three bedroom apartments

Type	Average Rent*	Average Sq. Ft.	Average Rent Per Sq. Ft.	Rent Range
1 BR/1 BA	\$636 ↑	676	\$0.94	\$385–\$1,025
2 BR/1 BA	\$493 ↓	756	\$0.65	\$415–\$756
2 BR/2 BA	\$936 ↑	1,146	\$0.82	\$425–\$1,340
3 BR/2 BA	\$1,254 ↑	1,385	\$0.91	\$650–\$1,660

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**BENTONVILLE APARTMENT SURVEY**

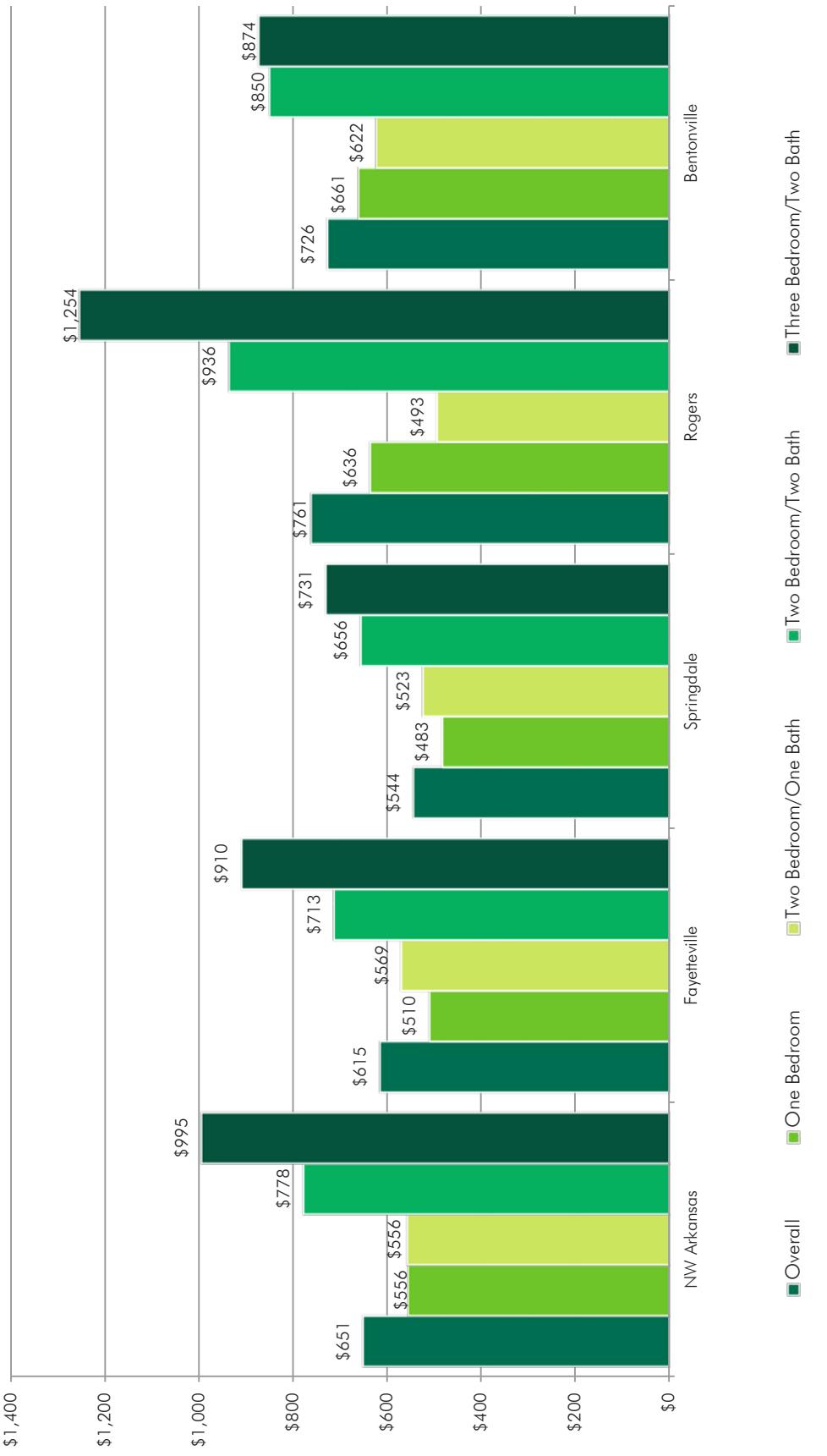
Area Covered:	Bentonville city limits
Apartments Covered:	Apartment complexes with 50 units or more; tenants pay utilities; 3,643 units sampled
Occupancies:	Averaging – 98% ↑
Range:	90% – 100%
Most Often Quoted Deposit:	\$250 for one bedroom apartments, \$200 for two bedroom apartments and \$300 for three bedroom apartments

Type	Average Rent*	Average Sq. Ft.	Average Rent Per Sq. Ft.	Rent Range
1 BR/1 BA	\$661 ↑	650	\$1.02	\$395–\$995
2 BR/1 BA	\$622 ↑	841	\$0.74	\$455–\$750
2 BR/2 BA	\$850 ↑	1,008	\$0.84	\$595–\$1,300
3 BR/2 BA	\$874 ↑	1,154	\$0.76	\$725–\$1,204

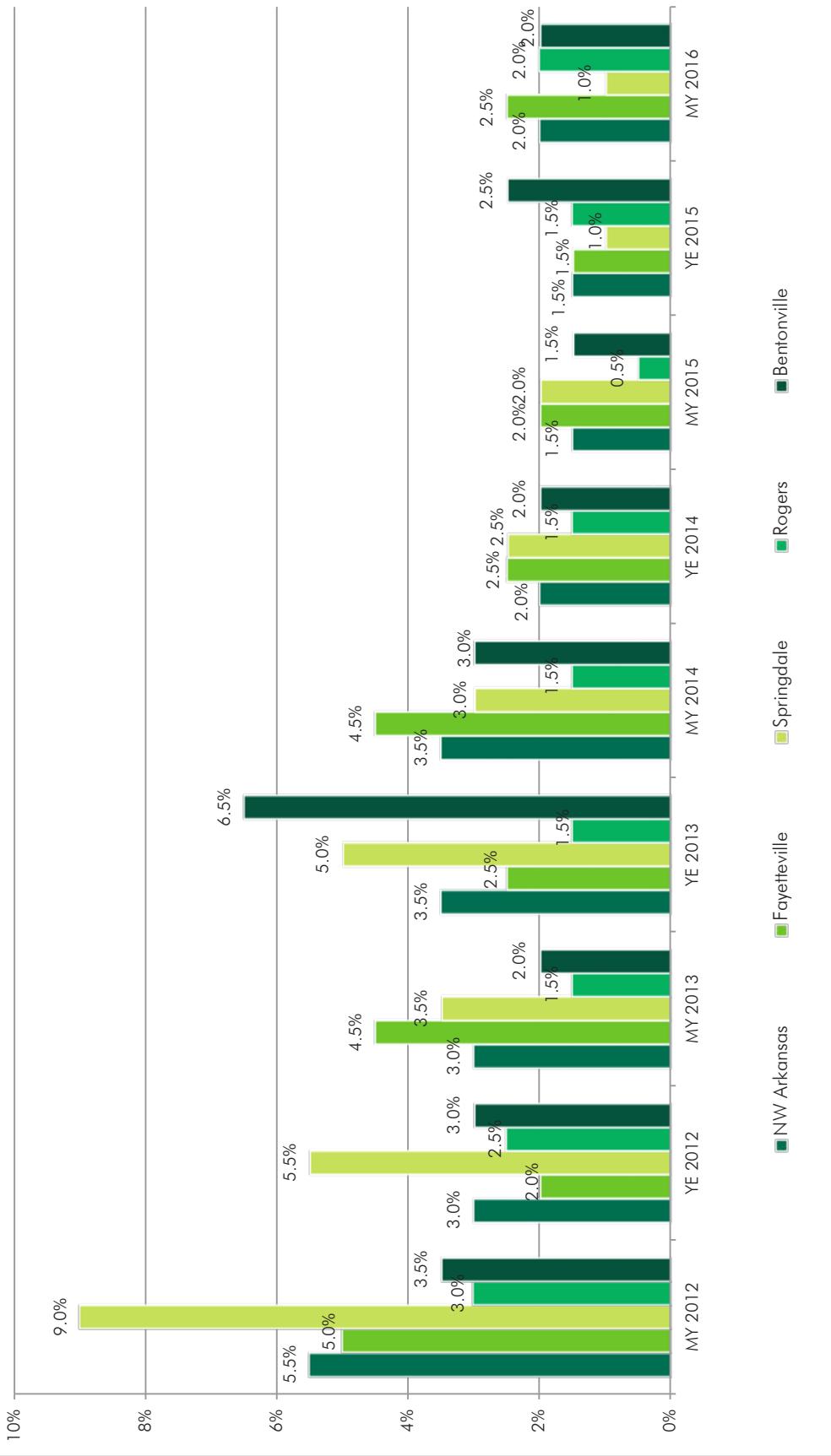
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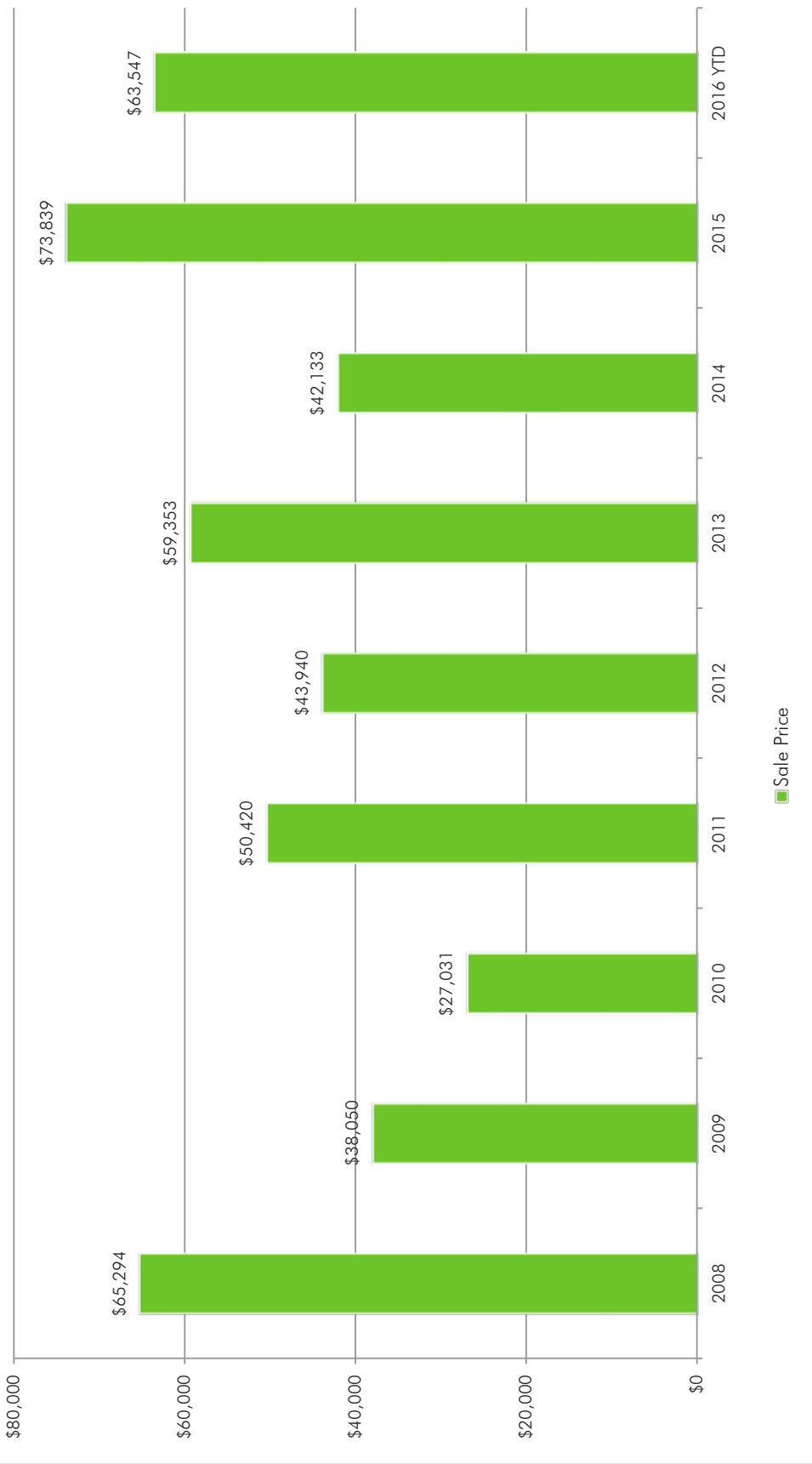
## NORTHWEST ARKANSAS AVERAGE APARTMENT RENTAL RATES



## NORTHWEST ARKANSAS APARTMENT MARKET AVERAGE VACANCY



## NORTHWEST ARKANSAS AVERAGE APARTMENT SALE PRICE PER UNIT



YEAR-END 2015

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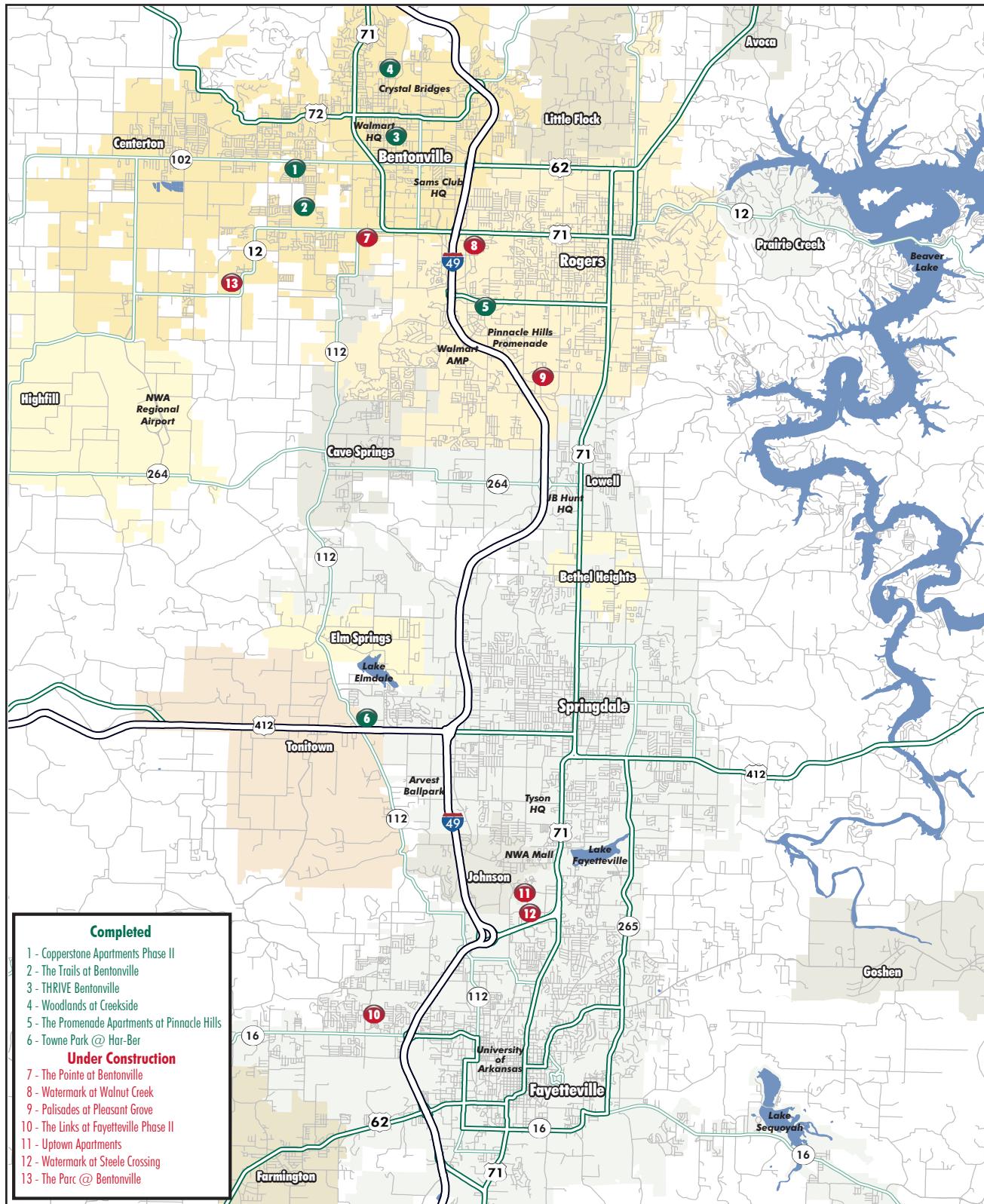
## New Construction Information

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## NORTHWEST ARKANSAS APARTMENT CONSTRUCTION 2010 – June 2016



## NORTHWEST ARKANSAS APARTMENT CONSTRUCTION 2010 – June 2016

Map #	Property Name	Address	# of Units	Completion Date
1	Copperstone Apartments Phase II	2800 SW Wagon Avenue   Bentonville	96	2013
2	The Trails at Bentonville	2400 SW Fireblaze   Bentonville	487	2015
3	THRIVE Bentonville	401 SW A Street   Bentonville	62	2015
4	Woodlands at Creekside	NW A Street   Bentonville	50	2015
5	The Promenade Apartments at Pinnacle Hills	4101 W. Huntington Drive   Rogers	200	2015
6	Towne Park @ Har-Ber	257 Arborside Road   Springdale	157	2016
7	The Pointe at Bentonville	SEC of SW Regional Airport Blvd & SW I Street   Bentonville	170	2016
8	Watermark at Walnut Creek	600 S. Promenade Blvd   Rogers	220	2016
9	Palisades at Pleasant Grove	Palisades at Pleasant Grove	208	2016
10	The Links at Fayetteville Phase II	3600 West Players Lane   Fayetteville	484	2016
11	Uptown Apartments	SWC of E. Joyce Blvd & Steele Blvd   Fayetteville	308	2017
12	Watermark at Steele Crossing	NEC of Van Asche Drive & Steele Blvd   Fayetteville	306	2017
13	The Parc @ Bentonville	NWC of SW Windmill Rd & SW Regional Airport Blvd   Bentonville	216	2017

Total Units – 2,964 \* Completed – 1,052 \* Under Construction – 1,912

## MID-YEAR 2016

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### **FORT SMITH APARTMENT SURVEY**

Area Covered:	Fort Smith city limits
Apartments Covered:	Apartment complexes with 40 units or more; tenants pay utilities; 2,917 units sampled
Occupancies:	Averaging – 94% ↓
Range:	85% – 100%
Most Often Quoted Deposit:	\$200 for one bedroom apartments, \$200 for two bedroom apartments, \$200 for three bedroom apartments

Type	Average Rent*	Average Sq. Ft.	Average Rent Per Sq. Ft.	Rent Range
AVERAGE	\$522 ↓	880	\$0.59	\$305–\$895
1 BR/1 BA	\$437 ↓	657	\$0.67	\$305–\$665
2 BR/1 BA	\$504 ↑	883	\$0.57	\$400–\$725
2 BR/2 BA	\$601 ↓	1,025	\$0.59	\$405–\$895
3 BR/2 BA	\$590 ↓	1,172	\$0.50	\$485–\$725

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# 2015 CBRE MULTIFAMILY KEY FACTS

\$46.1 Billion in Capital Markets Multifamily Transactions in 2015



65

LOCATIONS

300

MULTIFAMILY  
PROFESSIONALS

2015

SALES  
**\$24.6B+**



FINANCING  
**\$21.4B+**

- ✓ \$8B Freddie Mac Direct Lending
- ✓ \$4B Fannie Mae Direct Lending
- ✓ \$382.8M FHA Direct Lending
- ✓ \$8.9B Other  
(life company, bank, conduit, etc.)

- + \$925 million in student housing investment sales
- + \$544 million in student housing financing

- + \$1.3 billion in senior housing investment sales
- + \$1.5 billion in senior housing financing

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Since 2001

#1

**Freddie Mac**  
Seller/Servicer  
in 2015

Leading  
**Fannie Mae DUS®**  
Lender in 2015

- ✓ Asset Acquisition & Disposition
- ✓ Freddie Mac Seller/Servicer
- ✓ Fannie Mae DUS® Lender
- ✓ FHA Direct Lender
- ✓ Correspondent for Life Companies
- ✓ Source for Banks & Conduits
- ✓ Student Housing
- ✓ Senior Housing

- ✓ Manufactured Housing
- ✓ Low Income Housing Tax Credit (LIHTC)
- ✓ HUD Affordable Housing Advisory
- ✓ Valuation & Appraisal
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- ✓ Economic Research & Consulting

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