

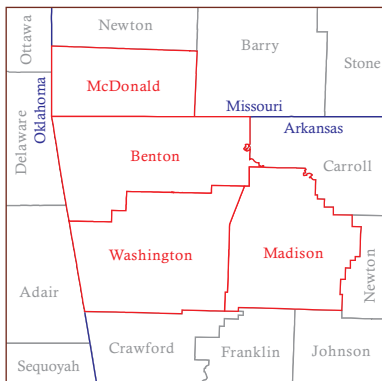


Fayetteville-Springdale-Rogers, Arkansas-Missouri

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of January 1, 2012



Housing Market Area



The Fayetteville-Springdale-Rogers Housing Market Area (HMA), hereafter, the Fayetteville HMA, consists of Benton, Madison, and Washington Counties in northwest Arkansas and McDonald County in southwest Missouri. The HMA is coterminous with the Fayetteville-Springdale-Rogers, AR-MO Metropolitan Statistical Area (MSA) and is located in the Ozark Mountains. The HMA was the 12th fastest growing MSA in the nation from 2000 to 2010.

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Summary

Economy

As indicated by recent nonfarm payroll gains, the economy of the Fayetteville HMA is recovering from the economic downturn, which lasted from May 2008 to May 2010. During 2011, the number of nonfarm jobs totaled 201,900, increasing by 1,500 jobs, or 0.8 percent, compared with the number of jobs a year earlier. During the forecast period, employment is expected to increase by an average of 1.6 percent annually. The local economy benefits greatly from the largest employer in the HMA, Wal-Mart Stores, Inc., which employs about 28,000 people, including 11,000 workers at its headquarters. For additional employment data for the HMA, see Table DP-1 at the end of this report.

Sales Market

The home sales market in the HMA is currently soft, unchanged compared with conditions since 2008. An estimated 4,625 homes, or 4.0 percent of the ownership housing stock, are currently vacant and for sale, up slightly from 3.8 percent in April 2010. During the next 3 years, demand is forecast for 4,075 new homes (Table 1). A portion of the estimated 10,200 other vacant units, however, will likely reenter the home sales market and satisfy a portion of the forecast demand.

Rental Market

Rental housing market conditions in the HMA are currently soft but improved compared with conditions a year earlier. The current rental vacancy rate is estimated at 11.5 percent, down from the 13.9-percent rate of April 2010; the rental housing market has been soft since 2008. Demand is forecast for 660 new rental units during the next 3 years (Table 1), all of which could be satisfied by apartment units currently under construction and in the construction pipeline.

Table 1. Housing Demand in the Fayetteville HMA,* 3-Year Forecast, January 1, 2012 to January 1, 2015

	Fayetteville HMA	
	Sales Units	Rental Units
Total Demand	4,075	660
Under Construction	200	100

* Fayetteville-Springdale-Rogers, AR-MO HMA.

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2012. A portion of the estimated 10,200 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

The economy of the Fayetteville HMA benefits significantly from its largest employers—Wal-Mart Stores, Inc., Tyson Foods, Inc., and the University of Arkansas (UA), which together account for nearly one-fourth of the total number of jobs in the HMA (Table 2). Wal-Mart Stores, Inc., the largest retailer in the world, with a workforce of about 2.1 million, employs 28,000 workers throughout the HMA, 11,000 of whom work at its headquarters in the city of Bentonville in Benton County. In addition, an estimated 700 vendors for the company employ a combined workforce of 10,000 people in the HMA and maintain corporate offices

locally. Tyson Foods, Inc., one of the largest food manufacturing companies in the nation, employs 12,000 workers in the HMA at its facilities and corporate headquarters, located in the city of Springdale, which lies in Benton and Washington Counties. Along with the headquarters facilities, Wal-Mart Stores, Inc., and Tyson Foods, Inc., have various support, distribution, data processing, and operational (retail stores and manufacturing plants, respectively) facilities in the HMA, so these companies' employees are distributed among many nonfarm payroll sectors. The professional and business services sector, which includes corporate-level jobs offered at the two companies and their local vendors, is the largest employment sector in the HMA, with 35,050 jobs, or one-sixth of all nonfarm payroll jobs (Figure 1). The government sector, with 28,500 jobs, is the second largest sector and includes payrolls at UA in the city of Fayetteville in Washington County. UA is the third largest employer, with 4,000 employees, and generates \$725 million annually in the local economy, according to a 2011 UA study.

Job growth in the HMA was strong during most of the 2000s, including gains in nonfarm payrolls of 5.1 and 5.4 percent during 2001 and 2005, respectively. From 2000 through 2007, employment increased by an average of 6,600 jobs, or 3.6 percent, annually to its record level of 208,200 jobs. Leading job growth was the professional and business services sector, which gained an average of 1,275 jobs, or 4.6 percent, annually because of widespread corporate hiring at headquarters and branch offices. Jobs in the government sector increased by an average of 900 jobs, or 3.8 percent, annually, mostly in the local

Table 2. Major Employers in the Fayetteville HMA*

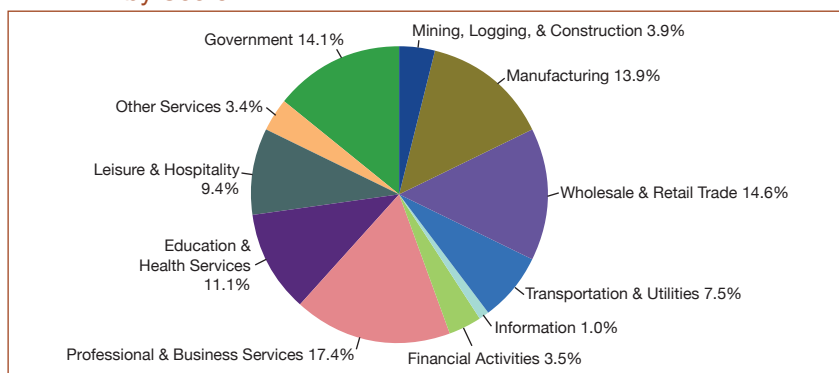
Name of Employer	Nonfarm Payroll Sector	Number of Employees
Wal-Mart Stores, Inc.	Multiple sectors	28,000
Tyson Foods, Inc.	Multiple sectors	12,000
University of Arkansas	Government	4,000
Simmons Foods, Inc.	Manufacturing	3,900
J.B. Hunt Transport, Inc.	Transportation & Utilities	2,600
Washington Regional	Education & Health Services	2,100
Allens, Inc.	Manufacturing	2,000
Northwest Health System	Education & Health Services	1,900
Arvest Bank	Financial Activities	1,500
Mercy Northwest Arkansas	Education & Health Services	1,500

* Fayetteville-Springdale-Rogers, AR-MO HMA.

Notes: Excludes local school districts. The U.S. Bureau of Labor Statistics classifies headquarters and support facilities of large corporations into nonfarm payroll sectors that may differ from those of the corporations' main line of business; see text.

Sources: Employers; local Chambers of Commerce

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



* Fayetteville-Springdale-Rogers, AR-MO HMA.

Note: Based on 12-month averages through December 2011.

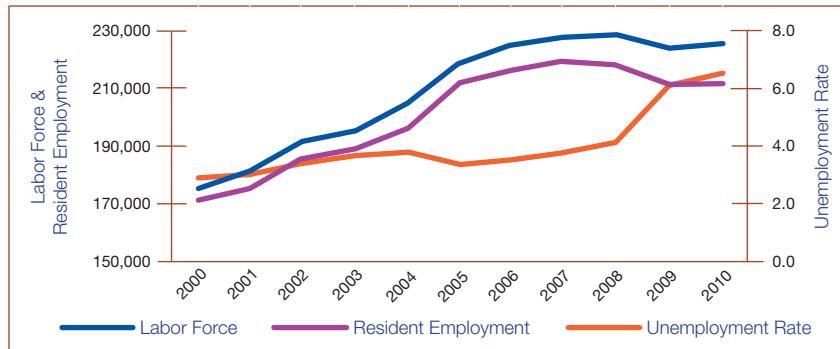
Source: U.S. Bureau of Labor Statistics

government subsector because of increased hiring by municipalities in response to the growing population. During 2008 and 2009, the number of nonfarm jobs declined by an average of 4,350, or 2.1 percent, annually, because of the national economic recession. Although the economic recession affected nearly every job sector in the HMA, the manufacturing and the mining, logging, and construction sectors lost the most jobs. Widespread manufacturing layoffs caused the manufacturing sector to contract by an average of 1,550 jobs, or 4.9 percent, annually during

the same 2-year period. In addition, significant declines in home construction activity resulted in fewer jobs in the mining, logging, and construction sector, which de-created by an average of 1,450 jobs, or 13.5 percent, annually. The average unemployment rate increased from 3.8 to 6.1 percent during the same 2-year period (Figure 2).

Currently, the economy in the HMA is recovering from the recent national economic recession. In 2011, the number of nonfarm payrolls increased by 1,500 jobs, or 0.8 percent, to 201,900 jobs (Table 3). Leading job growth was the leisure and hospitality sector, which increased by 800 jobs, or 4.4 percent, to 19,000 jobs. The opening of the Crystal Bridges Museum of American Art in the fall of 2011 in Bentonville contributed to growth in the sector. According to museum officials, the museum is expected to draw 300,000 visitors a year and inject \$50 million annually into the economy of the HMA. The professional and business services sector increased by 750 jobs, or 2.2 percent, because of widespread corporate hiring, and the education and health services sector gained 600 jobs, or 2.9 percent, to reach 22,450 jobs. The average unemployment rate, which never exceeded 6.5 percent throughout the 2000s, decreased slightly in 2011 to 6.3 percent. Figure 3 shows job sector growth from 2000 to the current date. During the forecast period, the number of jobs is expected to increase by an average of 1.6 percent annually, primarily because of increased hiring in the professional and business services, leisure and hospitality, and education and health services sectors. Annual job growth is projected to reach 2.2 percent by the third year of the forecast period.

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Fayetteville HMA,* 2000 Through 2010



* Fayetteville-Springdale-Rogers, AR-MO HMA.

Source: U.S. Bureau of Labor Statistics

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

	12 Months Ending December 2010	12 Months Ending December 2011	Percent Change
Total Nonfarm Payroll Jobs	200,400	201,900	0.8
Goods Producing	36,950	36,100	-2.3
Mining, Logging, & Construction	7,950	7,975	0.1
Manufacturing	29,000	28,150	-2.9
Service Providing	163,400	165,800	1.4
Wholesale & Retail Trade	29,550	29,500	-0.3
Transportation & Utilities	14,850	15,150	2.2
Information	2,100	2,075	-1.2
Financial Activities	7,300	7,175	-1.8
Professional & Business Services	34,300	35,050	2.2
Education & Health Services	21,850	22,450	2.9
Leisure & Hospitality	18,200	19,000	4.4
Other Services	6,700	6,900	2.7
Government	28,600	28,500	-0.4

* Fayetteville-Springdale-Rogers, AR-MO HMA.

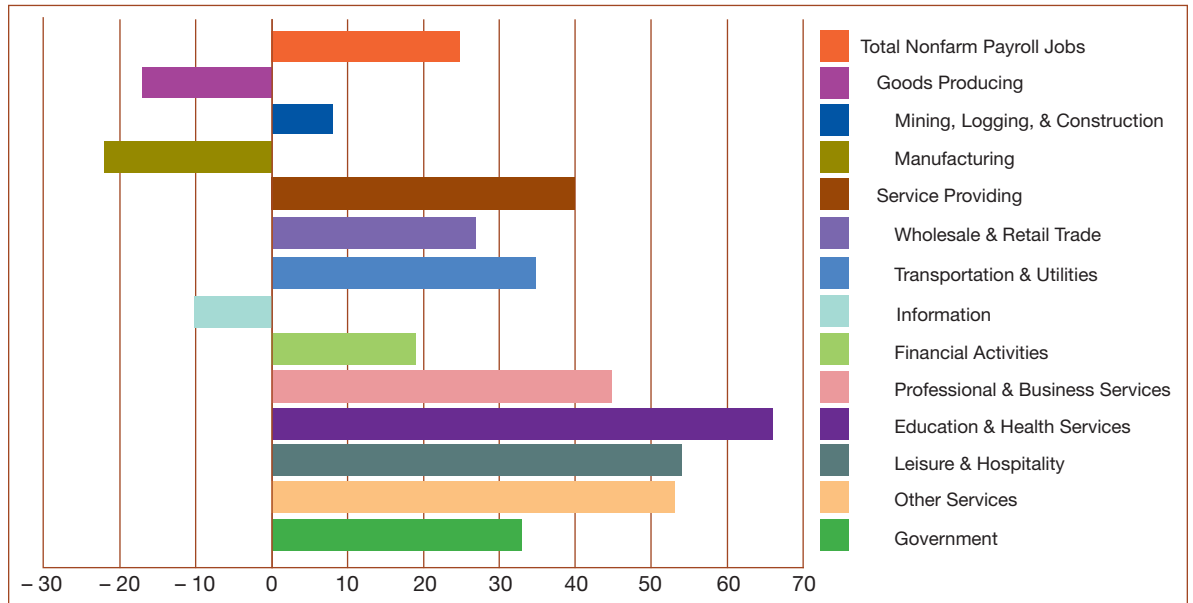
Notes: Based on 12-month averages through December 2010 and December 2011. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

As a result of anticipated continued economic recovery during the next 3 years, the average unemployment

rate is expected to decrease to 5.8 percent.

Figure 3. Sector Growth in the Fayetteville HMA,* Percentage Change, 2000 to Current



* Fayetteville-Springdale-Rogers, AR-MO HMA.

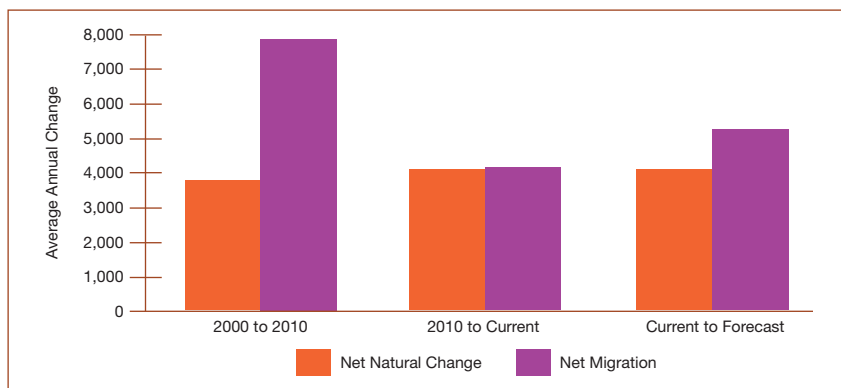
Note: Current is based on 12-month averages through December 2011.

Source: U.S. Bureau of Labor Statistics

Population and Households

As of January 1, 2012, the population of the Fayetteville HMA was an estimated 477,500, representing

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



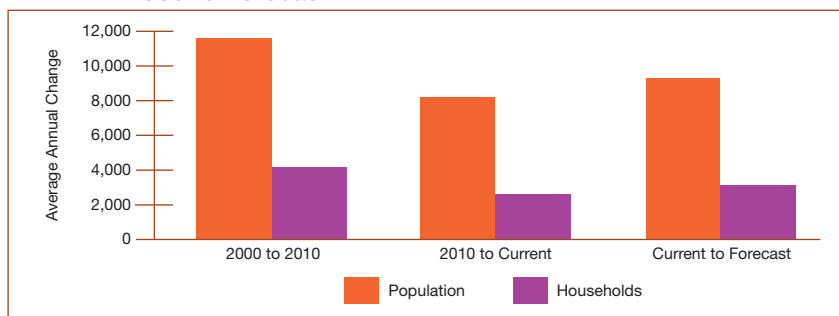
* Fayetteville-Springdale-Rogers, AR-MO HMA.

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

an average increase of 8,175, or 1.8 percent, annually since 2010. During the 2000s, the HMA was the 12th fastest growing MSA nationally, increasing by an average of 11,600 people, or 2.9 percent, annually. Net in-migration accounted for two-thirds of the population growth (Figure 4) mostly because of the expanding economy from 2000 through 2007. In addition to the economy, scenic vistas, numerous recreational lakes, and a relatively affordable cost of living continued to draw retirees, and UA enrollment increases resulted in an influx of students to the HMA. In 2010, Benton and Washington Counties comprised 48 and 44 percent

of the HMA population, respectively. Fayetteville was the most populous city, with 73,600 residents, and Springdale was the second most populous, with 69,800 residents. In the town of Bella Vista, primarily a retirement community in Benton County, the 2010 population was 26,500, representing an average increase of nearly 5 percent annually since 2000.

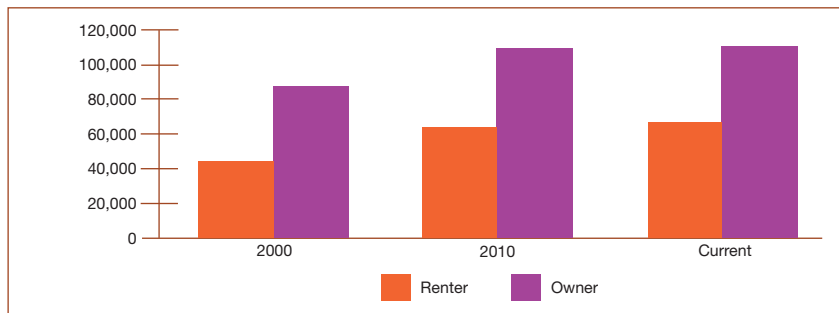
Figure 5. Population and Household Growth in the Fayetteville HMA,* 2000 to Forecast



* Fayetteville-Springdale-Rogers, AR-MO HMA.

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

Figure 6. Number of Households by Tenure in the Fayetteville HMA,* 2000 to Current



* Fayetteville-Springdale-Rogers, AR-MO HMA.

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

Population growth in the HMA peaked from 2005 through 2006, increasing each year by 3.9 percent, partially as a result of strong job growth during the same period. The population increased by more than 2 percent each year throughout the 2000s, except in 2009 when population growth slowed to 1.9 percent. Despite the loss of 7,700 jobs in the HMA during 2009, net in-migration of an estimated 5,300 people occurred, primarily as a result of retirees and UA students moving to the HMA. During the forecast period, the population is expected to increase by an average of 9,325, or 1.9 percent.

As of January 1, 2012, the number of households in the HMA was estimated at 177,700, representing an average annual increase of 2,650 households, or 1.5 percent, since April 2010, increasing at a slightly slower pace than the population did during the same period. During the 2000s, the number of households increased by an average of 4,100, or 2.7 percent, annually (Figure 5). The number of households is expected to increase by an average of 3,175, or 1.8 percent, during the forecast period. Figure 6 shows the number of households by tenure for 2000, 2010, and the current date.

Housing Market Trends

Sales Market

The home sales market of the Fayetteville HMA is currently soft, with an estimated owner vacancy rate of 4 percent, up from 3.8 percent in April 2010 and from 2.7 percent in

2000. During the 2000s, 44 and 46 percent of all home sales occurred in Benton and Washington Counties, respectively.

Home sales market conditions tightened during the early 2000s and became tight by 2005, mostly because of job-related household growth. According to CoreLogic®, from 2000 through 2005, the number of new and existing home sales increased each year, averaging 1,700 homes, or 17 percent, annually, until peaking at 15,300 homes sold. During the same period, the average home sales price increased by an average of 10 percent annually. Home sales market conditions were balanced during 2006 and 2007 but have been soft since 2008. Job declines in 2008 and 2009 and more stringent mortgage lending standards resulted in diminished growth in the number of owner-occupied households since 2008. Between 2008 and 2010, the number of home sales declined by an average of 17 percent annually to an average decade-low level of 5,800 homes sold annually, and the average home sales price declined by an average of 1 percent annually, to \$165,400, during the same period.

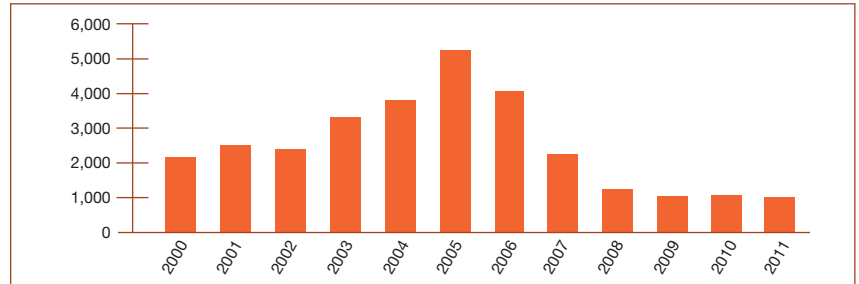
During 2011, the home sales market remained soft but began to stabilize, in part because of the moderate economic recovery under way. In 2011, the number of new and existing home sales totaled 5,800, unchanged from 2010, although the average home sales price continued to decline, decreasing by 4 percent to \$158,900, according to CoreLogic®. Distressed sales (Real Estate Owned [REO] sales and short sales) influenced both overall sales volume and the average home sales price during 2011. The number of distressed home sales increased by 2 percent to 1,700 homes sold, whereas the average sales price for distressed homes decreased by 7 percent to \$127,100. According to LPS Applied

Analytics, the number of distressed mortgages (90 or more days delinquent, in foreclosure, or in REO) declined in December 2011 to 3,275, or 7 percent, compared with 3,875, or 7.8 percent, in December 2010, which signifies a decline in distressed inventory. Also affecting the number of homes sold during 2011 was an increased share of second-home buyers and retirees. Based on Hanley Wood, LLC data, second-home buyers accounted for 24 percent of all homes sold during 2011 compared with 21 percent during 2010. The number of retiree home purchases increased by 13 percent during the same period. Condominium sales typically account for about 2 percent of total home sales. In 2011, 160 condominiums sold at an average price of \$107,700.

Reflecting soft home sales market conditions and flat sales growth, preliminary data indicate that new home construction, as measured by the number of single-family building permits issued, declined by 5 percent to 1,025 homes permitted in 2011 compared with the number permitted in 2010. The number of single-family permits peaked from 2004 through 2006, averaging 4,400 single-family homes permitted annually (Figure 7).

Demand for an additional 4,075 new sales housing units is forecast during the next 3 years (Table 1). Demand is expected to be stronger during the second and third years of the forecast period. A portion of an estimated 10,200 other vacant units may reenter the home sales market and satisfy some of the forecast demand. Home sales prices between \$150,000 and \$249,999 are expected to be in greatest demand (Table 4).

Figure 7. Single-Family Building Permits Issued in the Fayetteville HMA,* 2000 to 2011



* Fayetteville-Springdale-Rogers, AR-MO HMA.

Notes: Includes townhomes. Includes data through December 2011.

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

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Fayetteville HMA,* January 1, 2012 to January 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	149,999	610	15.0
150,000	199,999	820	20.0
200,000	249,999	820	20.0
250,000	299,999	610	15.0
300,000	349,999	410	10.0
350,000	399,999	410	10.0
400,000	499,999	200	5.0
500,000	and higher	200	5.0

* Fayetteville-Springdale-Rogers, AR-MO HMA.

Note: The 200 homes currently under construction and a portion of the estimated 10,200 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

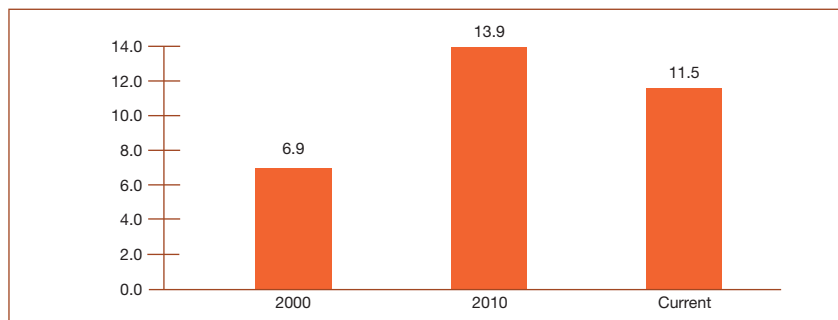
Rental Market

The rental housing market in the Fayetteville HMA is currently soft, although it has improved from 2010. The overall rental vacancy rate is currently an estimated 11.5 percent compared with 13.9 percent in April 2010 and 6.9 percent in 2000 (Figure 8).

Rental housing market conditions in the HMA were balanced from 2000 through 2006, reflecting strong job and population growth. The rental housing market weakened during 2007, however, and rental housing market conditions have ranged from soft to very soft since 2008. According to a UA apartment vacancy report, the average apartment vacancy rate peaked in 2009 at 16 percent. Conditions had softened primarily because of the economic downturn and a combined estimated 2,150 new rental units coming on line during 2008 and 2009.

Although still soft, apartment market conditions improved during the past 2 years. The average apartment vacancy

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



* Fayetteville-Springdale-Rogers, AR-MO HMA.

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

Housing Market Trends
Rental Market *Continued*

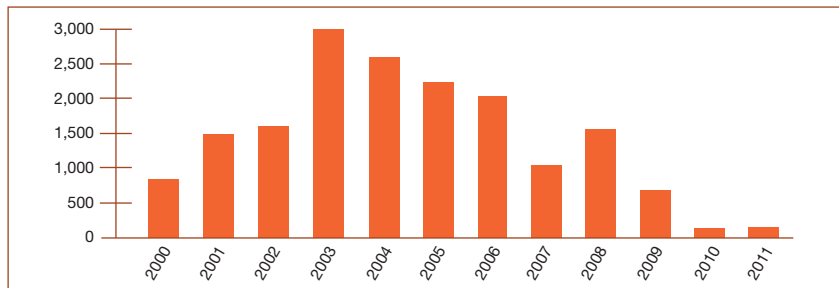
rate decreased to 12 and 9 percent in 2010 and 2011, respectively. During 2011, the average monthly rent increased by 2 percent to \$530. Job growth and substantial increases in student enrollment at UA contributed toward improving apartment market conditions. According to UA, enrollment increased during 2010 and 2011 by 1,550 and 1,800 students, respectively, or approximately 8 percent annually. Of the 23,200 students currently enrolled at UA, an estimated 16,000 students, or nearly 70 percent, rent in the HMA.

Also contributing toward improved rental housing market conditions in the HMA from 2010 through 2011 was a decline in multifamily construction activity, as measured by the number of multifamily building permits issued. During 2011, 160 multifamily units were permitted, up from 140 during 2010, based on

preliminary data, but considerably lower than the average annual 1,700 multifamily units permitted during the 2000s. Multifamily construction activity peaked from 2003 through 2005 when an average of 2,600 units was permitted annually (Figure 9). Since 2000, about one-third of all apartment construction activity was in Fayetteville.

Completion of two large developments, The Standard at Fayetteville and The Domain at Fayetteville, is expected during the forecast period. Both projects are advertised as “off-campus student housing facilities” and will be located in Fayetteville within 2 miles of the UA campus, but neither one is receiving funding from UA or any affiliate. The Standard at Fayetteville will have two-, three-, and four-bedroom units containing a combined total of 570 beds. The Domain at Fayetteville development will have one-, two-, and four-bedroom units totaling 648 beds. Rents have yet to be determined. Construction at both sites is expected to begin in the spring of 2012 and to be completed by the fall of 2013. During the forecast period, demand is expected for 660 new rental units, all of which may be satisfied by apartment units currently under construction and in the construction pipeline (Table 1). Table 5 illustrates anticipated demand by number of bedrooms and rent level for the HMA.

Figure 9. Multifamily Building Permits Issued in the Fayetteville HMA,* 2000 to 2011



* Fayetteville-Springdale-Rogers, AR-MO HMA.

Notes: Excludes townhomes. Includes data through December 2011.

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

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Fayetteville HMA,* January 1, 2012 to January 1, 2015

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
400 to 599	25	500 to 699	170	650 to 849	240	750 to 949	50
600 or more	10	700 or more	55	850 or more	80	950 or more	15
Total	35	Total	230	Total	330	Total	65

* Fayetteville-Springdale-Rogers, AR-MO HMA.

Notes: The 100 units currently under construction will satisfy some of the estimated demand. Numbers may not add to totals because of rounding.

Source: Estimates by analyst

Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	171,656	211,708	213,600	2.1	0.9
Unemployment Rate	2.9%	6.5%	6.3%		
Nonfarm Payroll Jobs	162,000	200,400	201,900	2.1	0.7
Total Population	347,045	463,204	477,500	2.9	1.8
Total Households	131,939	173,054	177,700	2.7	1.5
Owner Households	87,884	109,616	110,800	2.2	0.6
Percent Owner	66.6%	63.3%	62.4%		
Renter Households	44,055	63,438	66,900	3.7	3.1
Percent Renter	33.4%	36.7%	37.6%		
Total Housing Units	144,435	198,298	201,300	3.2	0.9
Owner Vacancy Rate	2.7%	3.8%	4.0%		
Rental Vacancy Rate	6.9%	13.9%	11.5%		
Median Family Income	\$42,500	\$56,000	\$58,200	2.8	3.9

* Fayetteville-Springdale-Rogers, AR-MO HMA.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through December 2011. Median family incomes are for 1999, 2009, and 2010.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 1/1/2012—Analyst's estimates

Forecast period: 1/1/2012–1/1/2015—Analyst's estimates

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

Other Vacant Units: In HUD's analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_Fayetteville-Springdale-RogersAR-MO_12.pdf.

Contact Information

Randall Goodnight, Economist
Oklahoma City HUD Field Office
405-609-8525
randall.goodnight@hud.gov

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

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

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.