

NW ARKANSAS

MULTIFAMILY SUBMARKET REPORT

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Multifamily Market Report

Q3 2023



MARKET INVENTORY



95.6%

Current Occupancy Rate



536

Properties



39,524

Units



\$126,000

Avg. Price/Unit



\$1,048

Avg. Rent/Unit

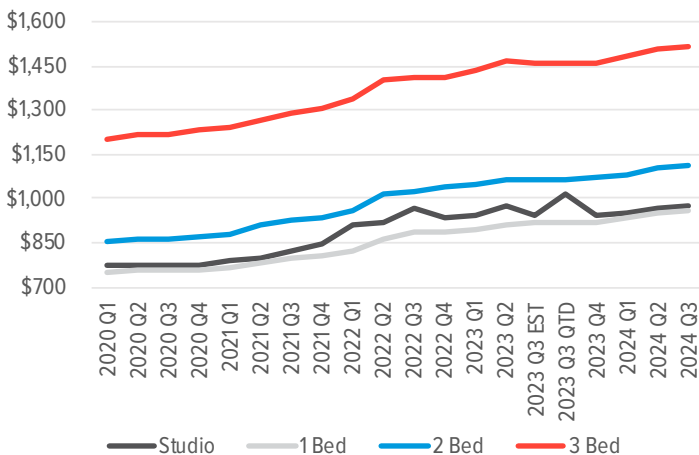
Submarket Overview

Northwest Arkansas, driven by population and job growth, has become a prime multifamily investment market. Key employers like Walmart, Tyson Foods, JB Hunt Transportation, and the University of Arkansas have fueled this growth. The region's burgeoning culinary and arts scene rivals larger markets. Bentonville and Rogers have witnessed significant new developments, while older properties in central and outlying areas have seen value-added improvements.

Rent Growth

Northwest Arkansas saw consistent rent growth in the low- to mid-double digits from early 2020 until late 2022, with a total rent growth of around 30% during that time. Since then, rent growth has cooled to 6-7%, which is still well above the national average, and is forecasted to remain steady through 2024. As of early 2023, average rents reached around \$1,100 for a 1-bedroom and \$1,350 for a 2-bedroom across the major cities of Fayetteville, Rogers and Bentonville.

Market Rent Per Unit by Bedroom



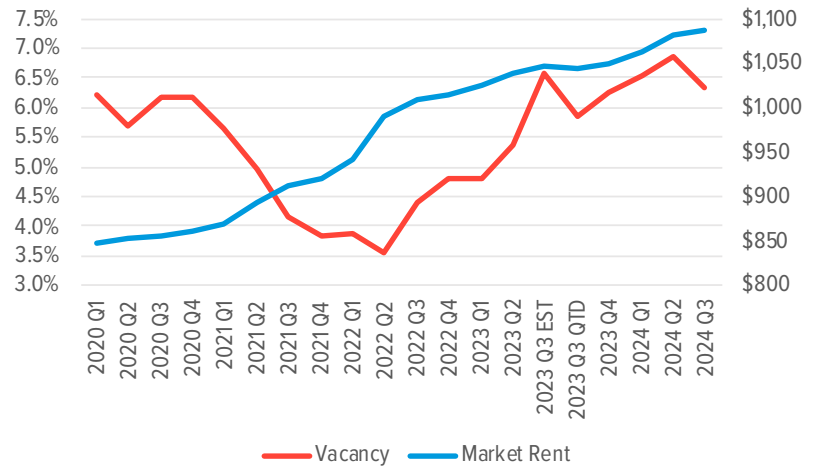
Daily Asking Rent/SF



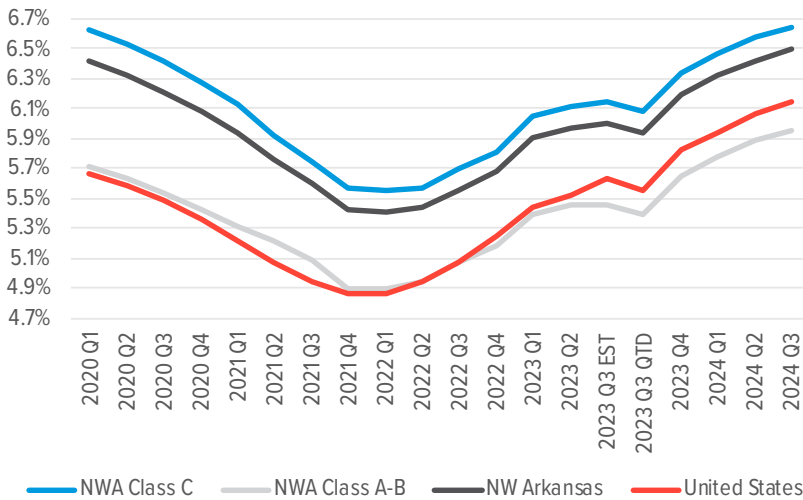
New Deliveries

Development has accelerated rapidly in recent years but still lags behind demand. From 2010-2020 only around 1,400 apartments were built per year on average. As of mid-2022, around 2,300 units were under construction concentrated in Bentonville, Rogers and Fayetteville. Occupancy rates have remained very tight, in the 95-97% range for newer Class A product, even with new supply coming online. This indicates demand is keeping up with new development. Looking ahead, over 5,000 additional units are proposed across the main cities, though not all may come to fruition if demand growth slows.

Vacancy & Market Asking Rent/Unit



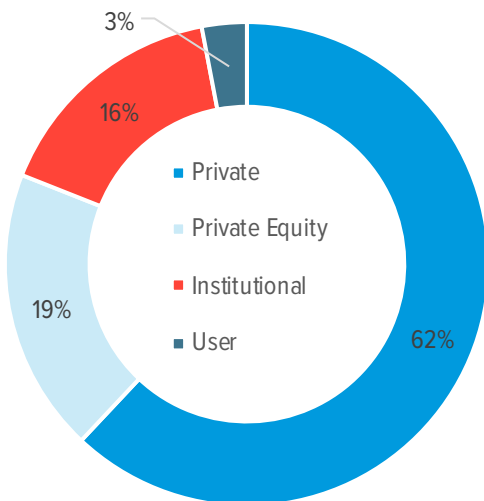
Market Cap Rate



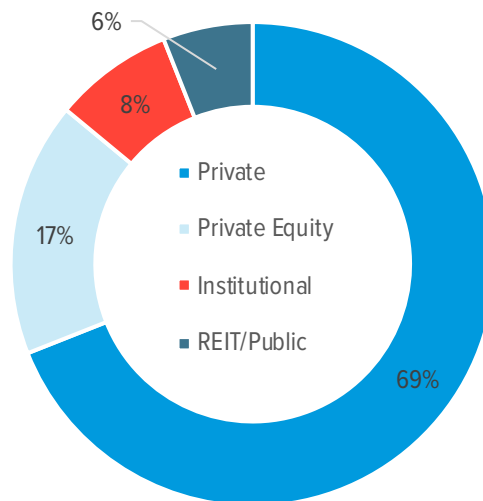
Sales Trends

Transaction volumes in NWA reached around \$650 million in 2021, more than double the region's previous annual record set in 2019. Cap rates compressed to 3-5% in 2022 among newer Class A properties, and while cap rates have expanded for the most part, PPU has still been setting records as recently as July of this year with the closing of several larger Class A properties in Rogers and Bentonville.

Sales Volume by Buyer Type (Past 3 Years)



Sales Volume by Seller Type (Past 3 Years)



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