

Conway Housing Construction Worst in Twenty Years
By Roger Lewis

Last year (2011) was the worst year for housing construction in the 20 years that I have been tracking this data. Only 167 family units were built consisting of 153 single family units, one duplex and one 12 unit apartment building. The 167 units were just 17.6% of the 949 units built in 2010 and 20% of the ten year average of 843. The smallest number (since 1992) was in 2000 when 420 family units were constructed. The Wall Street Journal reported that in 2011 only about 300,000 newly built homes were sold in the U.S., the fewest since records began in 1963. The peak year was 2005 with 1.3 million new homes sold.

In Conway, during the ten years from 2000 to 2010, 9008 family units were constructed, 4248 single family and 4760 multifamily units. The yearly average was 386 single family units and 433 multifamily units for total of 819 units per year. This construction provided housing for the 15,471 increase in population in from 2000 to 2010. This shows a trend in housing choices, at least in Conway, where multifamily units trumped single family unit construction. 2005 was the first year that this happened. Single family homes are becoming more difficult to finance, particularly for first time home buyers. Apartments are more affordable and offer many amenities.

The banner year for multifamily complexes was 2005 with 1035 units built. However; the most recent three years, 2008-2010, the multifamily units constructed were 741, 874 and 726 respectively. During this period some very large apartment complexes were built ranging from 250 to 900 units.

Though fewer single family homes were built during the last three years, the average house is larger and more expensive. This, most likely, is driven by the fact the entry level housing is harder to finance both by the first time buyer and by builders who build speculation housing. These days, many of the houses are custom built for those having the financing in place before construction. Also building costs, both material and labor, has held steady. The Single Family Home Construction table illustrates this trend.

Single Family Home Construction in Conway

Year	Number	Average Sq. Ft*	Average Value**	Average Per Sq. Ft.
2009	259	2,615	\$177,264	\$67.87
2010	223	2,722	\$182,340	\$67.00

2011 153 2,814 \$204,387 \$72.64

* Square Footage of everything under roof,
including garages

** Construction cost not including land or land
improvements.

The overall construction industry in Conway has remained fairly strong in spite of the recession. Commercial, industrial and institutional construction, remodeling and additions declined but not nearly as much as residential construction. The Value of Construction in Conway table below illustrates trends over the past four years. The local construction industry is greatly influenced by large projects such as those of Hewlett Packard, Southwest Energy, Conway Regional Hospital, Hendrix College, Central Baptist College, Kimberly Clark and Conway School District recently. UCA's construction is not included because UCA is a state agency and exempt from building permit requirements.

**Value of Construction in Conway
In Million Dollars**

Year	2011	2010	2009	2008
Residential	\$36.2	\$74.9	\$80.7	\$82.2
Commercial	37.2	51.5	58.0	30.8
Industrial	17.1	1.3	3.5	6.5
Institutional	38.7	22.3	21.5	21.5
All other	1.1	0.7	0.1	0.2
Total	\$130.4	\$150.7	\$163.8	\$141.1

New home construction in the U.S. appears to be recovering somewhat as reported by various trade and finance journals. The U. S. Commerce Department reported that November was the third consecutive month to show an increase in sales of newly built single family homes. Bob Nielsen, chairman of the National Association of Home Builders (NAHB) and a home builder from Reno, Nev. States, "While the numbers are still quite low on a historic basis, this upward trend indicates that the market is slowly finding its footing and bodes well for the months ahead. Our concern is that overly restrictive lending conditions for both builders and buyers will constrain this growth and postpone the arrival of a recovery in housing and the overall economy."

Last month (December 2011) Conway issued 22 permits for single family homes which was nearly double the monthly average of 12 for the previous 11 months. Perhaps 2012 may not be a banner year, but it may be the turnaround year, indicating a brighter future for the home building industry.

More information on building permits and real estate sales can be found at Pulse of Conway website. pulseofconway.com.