

THE SKYLINE REPORT

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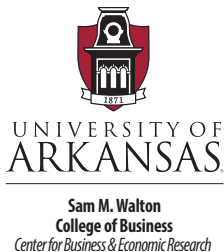
Multifamily Highlights Second Half 2022

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Real Estate Summary For Benton and Washington Counties

This report is the forty-seventh edition of the Skyline Report for Benton and Washington Counties—Multifamily Real Estate Market Analysis. Researchers at the Center for Business and Economic Research in the Sam M. Walton College of Business at the University of Arkansas produce the Skyline Report to provide timely statistical analysis of the Northwest Arkansas multifamily real estate market. This study is a companion piece to the semiannual single-family residential and commercial Skyline Reports. There is a complex dynamic between multifamily housing, residential rental housing, and residential home ownership that is being influenced by several factors including: quantity of multifamily supply, quantity of rental housing, interest rates, underwriting standards, and unemployment rates, among others. The information contained in the following pages details the current condition of the multifamily market and sets the stage for future comparisons.

Highlights from the Second Half of 2022

The multifamily vacancy rate decreased to 1.6 percent in the second half of 2022 from 2.3 percent in the first half of 2022. The decrease was driven by Fayetteville, which accounts for 47.6 percent all units in Northwest Arkansas, while all other cities saw a slight increase in their vacancy rates.

Fayetteville's decrease was driven by the growing student population, while 8 new complexes with 687 total units and 148 available units led to the increase in the other cities.

The Fayetteville vacancy rate decreased to 1.0 percent in the second half of 2022 from 3.5 percent in the first half of 2022. More than 4,600 additional rental units (19.2 percent of current inventory) have been announced or are under construction.

In Bentonville, vacancy rates increased to 2.3 percent in the second half of 2022 from 1.4 percent in the first half of 2022. There are also more than 3,600 rental units (38.8 percent of current inventory) that have been announced or are under construction.

Vacancy rates in Rogers increased to 2.4 percent in the second half of 2022 from 0.8 percent in the first half of 2022. More than 6,000 additional rental units (81.6 percent of current inventory) have been announced or are under construction.

Siloam Springs vacancy increased to 5.0 percent in the second half of 2022, from 0.6 percent in the first half of 2022, the highest in Northwest Arkansas. Over 300 additional rental units (26.1 percent of current inventory) have been announced or are under construction.

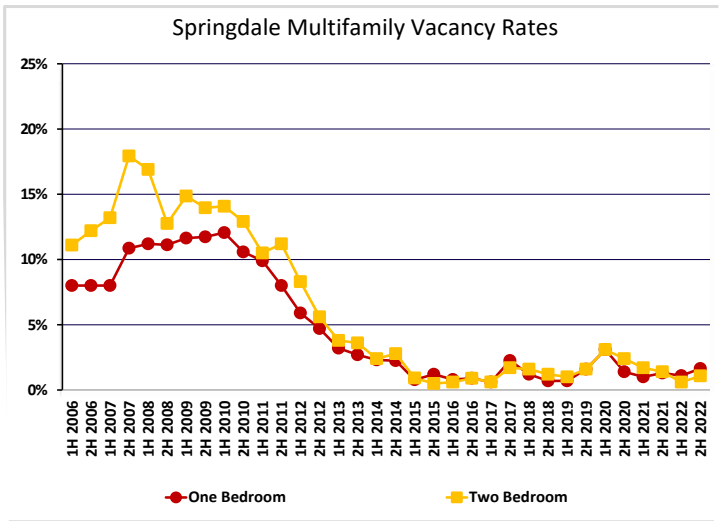
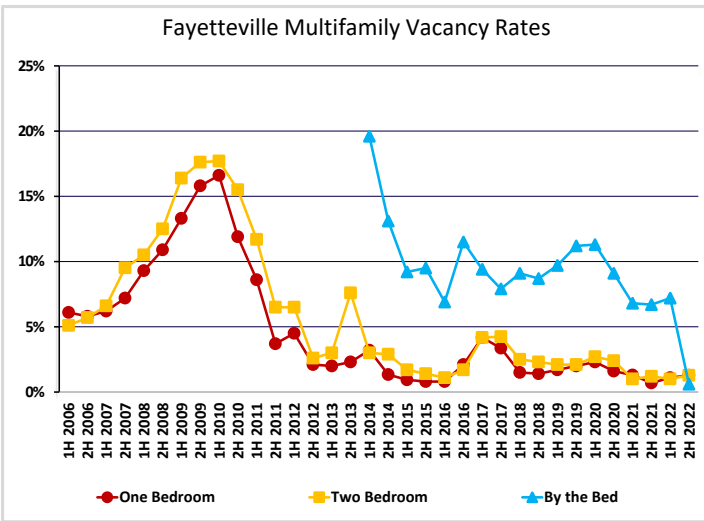
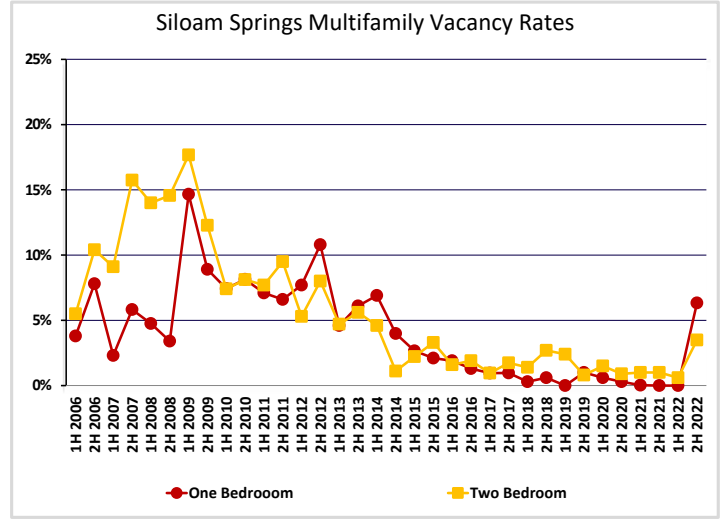
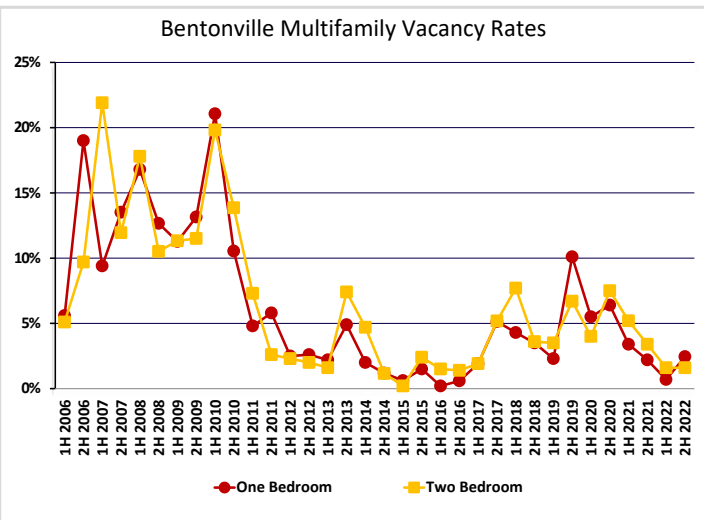
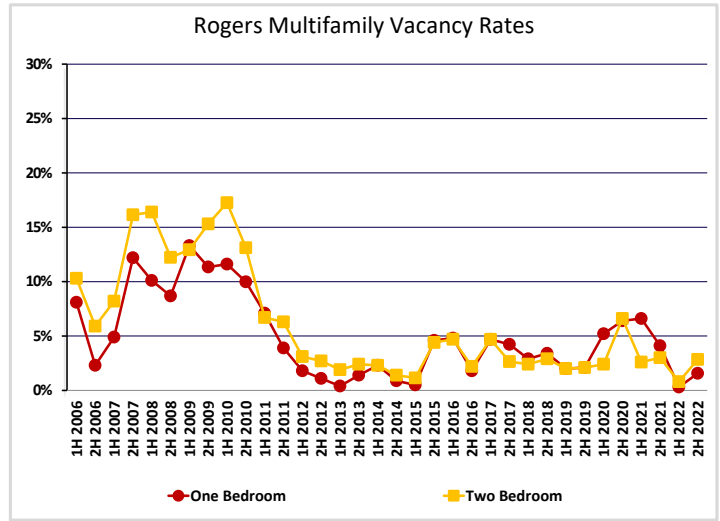
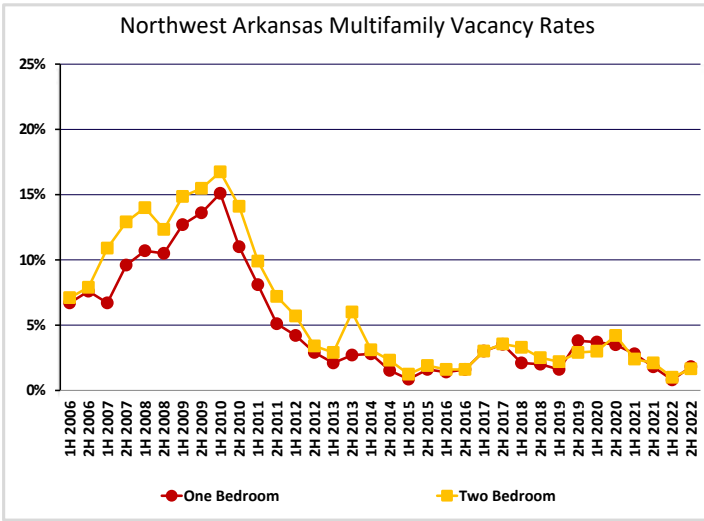
In Springdale, the vacancy rate increased to 1.5 percent in the second half of 2022 from 1.2 percent in the first half of 2022. Over 2,200 new rental units (27.2 percent of current inventory) have been announced or are under construction.

In the second half of 2022, the average lease rate per month for a multifamily property unit in Northwest Arkansas increased to \$926.55, from \$860.97 in the first half of 2022.

\$333,187,353 million of multifamily building permits were issued in the second half of 2022, down from \$371.8 million in the first half of 2022.

Regional Market Trends

Multifamily Vacancy Rates



Regional Market Trends

Multifamily Rates and Building Permits

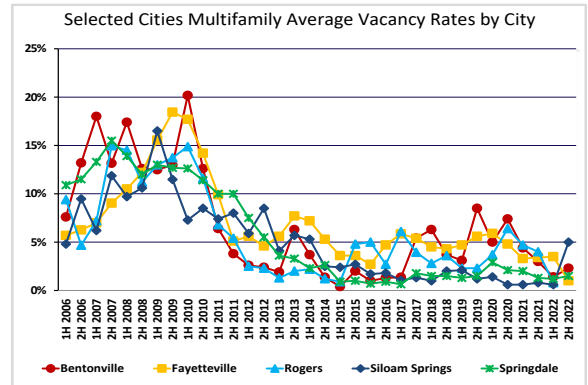
In Northwest Arkansas, 122 building permits were issued, worth \$333.1 million, for 21 separate complexes. Five of the projects are located in Bentonville/Centerton with permits valued at \$112.4 million. The Lumen was the highest valued project at \$42.2 million. Rogers had five projects valued at \$120.6 million. Bend at Promenade was the highest valued project at \$40.4 million. Siloam Springs two projects valued at \$10.9 million. Seven projects are in Fayetteville, valued at \$22.7 million. Three projects with permits valued at \$45.1 million were located in Springdale/Tontitown. The highest was Hillcrest Village valued at \$29.2 million. In Lowell, Pure Lowell was valued at \$21.3 million.

| Multifamily Building Permits | Complex or Developer | Number of New Permits | Total Value of Permits | City |
|------------------------------|-----------------------------|-----------------------|------------------------|----------------|
| 2/1/2022 | Aviator | 17 | \$23,155,282 | Bentonville |
| 4/5/2022 | Crystal Flats | 3 | \$19,186,713 | Bentonville |
| 4/6/2022 | Hawthorne Heights | 1 | \$383,642 | Bentonville |
| 8/19/2022 | Lumen | 2 | \$42,224,264 | Bentonville |
| 2/14/2022 | Watercolor | 7 | \$27,510,078 | Centerton |
| 1/21/2022 | RPH Stone Street | 1 | \$746,693 | Fayetteville |
| 3/7/2022 | Stadium Apartments | 3 | \$1,804,673 | Fayetteville |
| 5/3/2022 | Campus Edge | 4 | \$2,752,708 | Fayetteville |
| 6/24/2022 | Canterbury Apartments | 1 | \$1,300,000 | Fayetteville |
| 12/14/2022 | JNB Apartments | 1 | \$1,593,189 | Fayetteville |
| 12/28/2022 | Sigma Phi Epsilon | 1 | \$4,316,463 | Fayetteville |
| 12/28/2022 | Retreat at Fayetteville | 5 | \$10,214,887 | Fayetteville |
| 6/29/2022 | Pure Lowell | 10 | \$21,315,966 | Lowell |
| 3/3/2022 | Dodson Pointe | 5 | \$18,875,484 | Rogers |
| 3/2/2022 | Promenade Commons | 1 | \$7,129,574 | Rogers |
| 6/21/2022 | Pinnacle Springs Retirement | 1 | \$24,866,572 | Rogers |
| 4/13/2022 | Bend on Promenade | 11 | \$40,440,712 | Rogers |
| 11/10/2022 | Junction at Scotsdale | 8 | \$29,343,570 | Rogers |
| 1/28/2022 | Endura Park | 5 | \$951,090 | Siloam Springs |
| 7/22/2022 | Dogwood Terrace | 1 | \$9,963,374 | Siloam Springs |
| 3/4/2022 | Hillcrest Village | 23 | \$29,210,249 | Springdale |
| 9/29/2022 | Whitney Place | 9 | \$14,894,561 | Springdale |
| 12/20/2022 | Park Street Apartments | 2 | \$1,007,608 | Springdale |
| NWA | 21 | 122 | \$333,187,353 | |

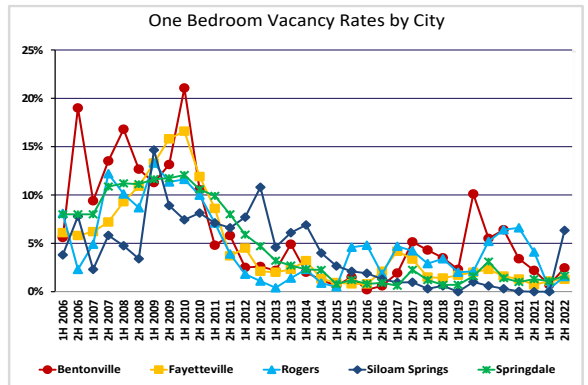
Regional Market Trends

Multifamily Sample Data

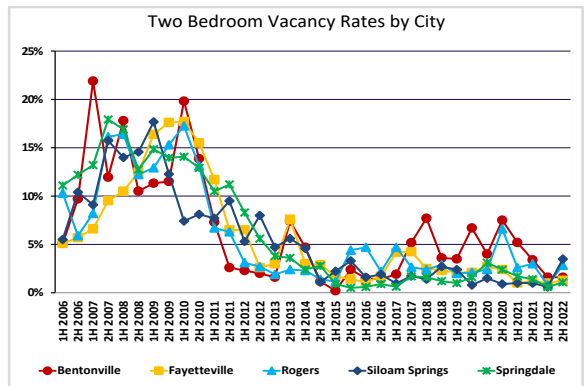
| Sample Vacancy Rates | Number of Apartment Complexes | Number of Units | 2H 2022 Vacancy Rate | 1H 2022 Vacancy Rate | 2H 2021 Vacancy Rate |
|----------------------|-------------------------------|-----------------|----------------------|----------------------|----------------------|
| Bentonville | 147 | 9,297 | 2.3% | 1.4% | 3.0% |
| Fayetteville | 372 | 24,034 | 1.0% | 3.5% | 3.4% |
| Rogers | 118 | 7,438 | 2.4% | 0.8% | 4.0% |
| Siloam Springs | 49 | 1,314 | 5.0% | 0.6% | 0.8% |
| Springdale | 126 | 8,386 | 1.5% | 1.2% | 1.3% |
| NWA | 812 | 50,469 | 1.6% | 2.3% | 3.0% |



| Average Unit Size and Price by Floor Plan | Square Feet | Price per Month | Price per Square Foot |
|---|-------------|-----------------|-----------------------|
| Studio | 543 | \$853.14 | \$1.57 |
| By the Bed | 418 | \$767.17 | \$1.84 |
| 1 Bedroom | 651 | \$853.43 | \$1.31 |
| 2 Bedroom | 952 | \$980.27 | \$1.03 |
| 3 Bedroom | 1,275 | \$1,311.27 | \$1.03 |
| 4 Bedroom | 1,576 | \$1,844.07 | \$1.17 |
| NWA | 783 | \$926.55 | \$1.18 |



| Median Size and Price by Floor Plan | Square Feet | Price per Month | Price per Square Foot |
|-------------------------------------|-------------|-----------------|-----------------------|
| Studio | 500 | \$695.00 | \$1.39 |
| By the Bed | 408 | \$725.50 | \$1.78 |
| 1 Bedroom | 612 | \$651.00 | \$1.06 |
| 2 Bedroom | 910 | \$800.00 | \$0.88 |
| 3 Bedroom | 1,310 | \$1,118.00 | \$0.85 |
| 4 Bedroom | 1,500 | \$1,747.50 | \$1.17 |
| NWA | 837 | \$800.00 | \$0.96 |



| Vacancy Rates by Floor Plan | By the Bedroom | One Bedroom | Two Bedroom | Three Bedroom |
|-----------------------------|----------------|-------------|-------------|---------------|
| Bentonville | 0.0% | 2.4% | 1.6% | 3.6% |
| Fayetteville | 0.6% | 1.3% | 1.3% | 1.1% |
| Rogers | 0.0% | 1.6% | 2.8% | 2.5% |
| Siloam Springs | 0.0% | 6.3% | 3.5% | 9.1% |
| Springdale | 0.0% | 1.6% | 1.1% | 2.8% |
| NWA | 0.6% | 1.8% | 1.6% | 2.8% |

