



THE SKYLINE REPORT

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UNIVERSITY OF
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SAM M. WALTON
COLLEGE OF BUSINESS

Center for Business
and Economic Research

First Half of 2014 July 2014

Highlights

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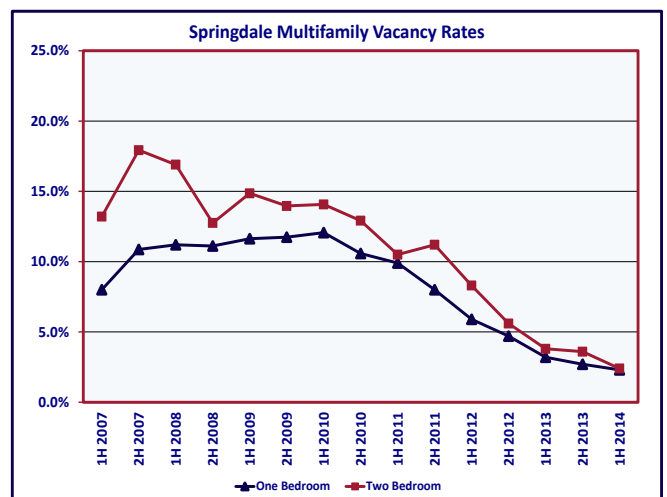
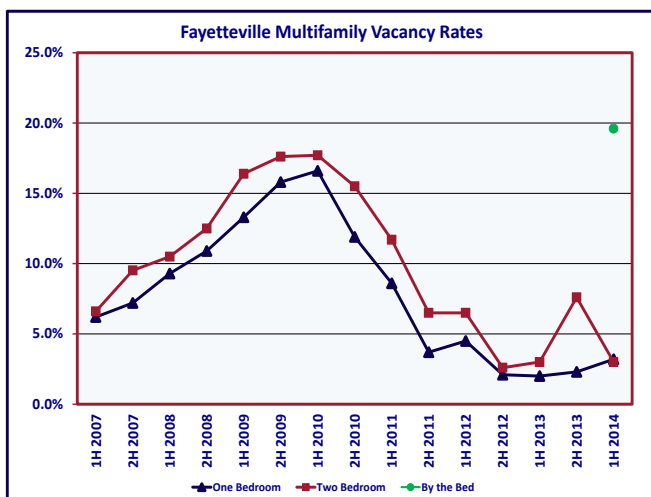
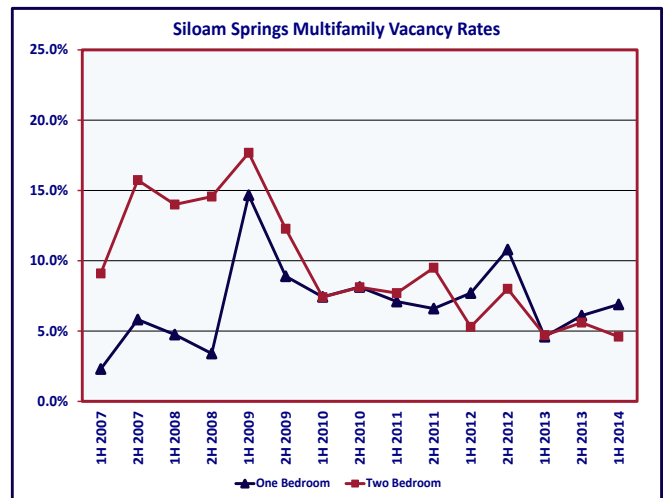
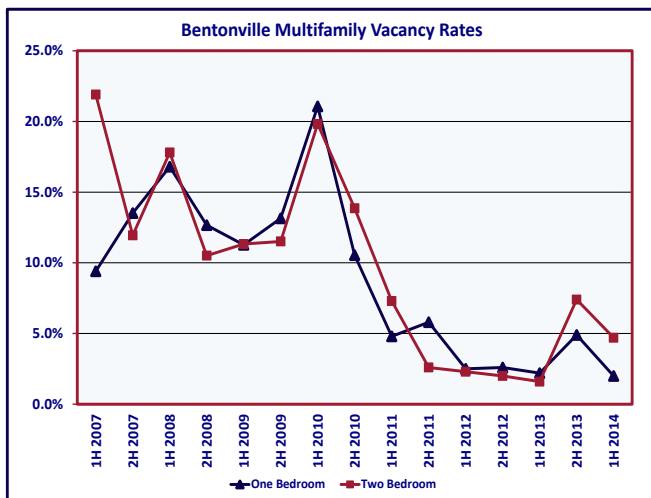
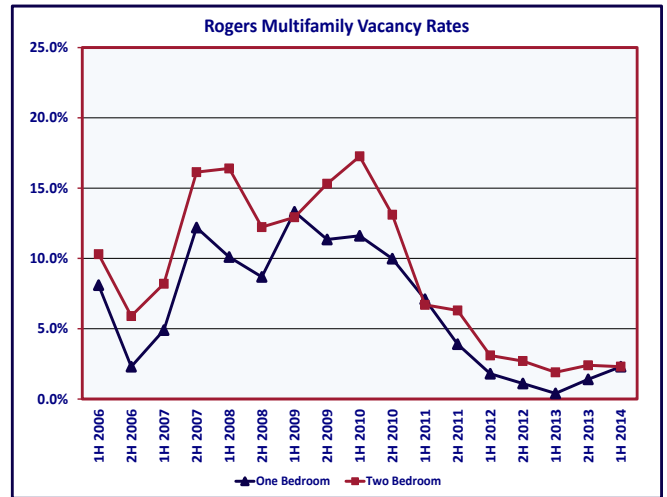
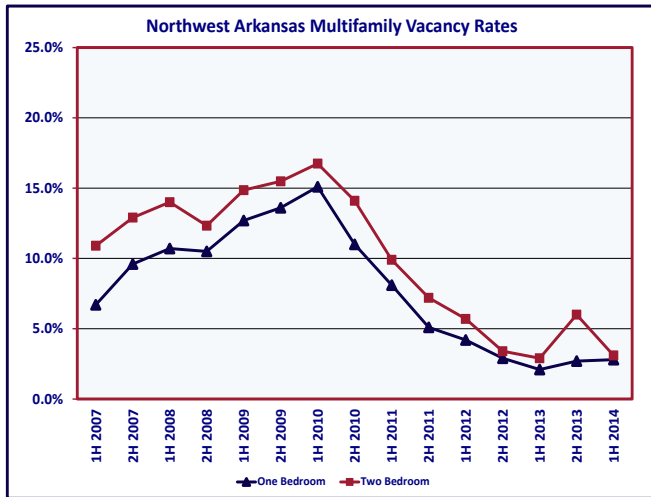
Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the thirtieth 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. As the population of the region grows, there is increased demand for all types of housing. Understanding the supply of multifamily housing opportunities is critical in order to clearly understand the overall residential market. 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.

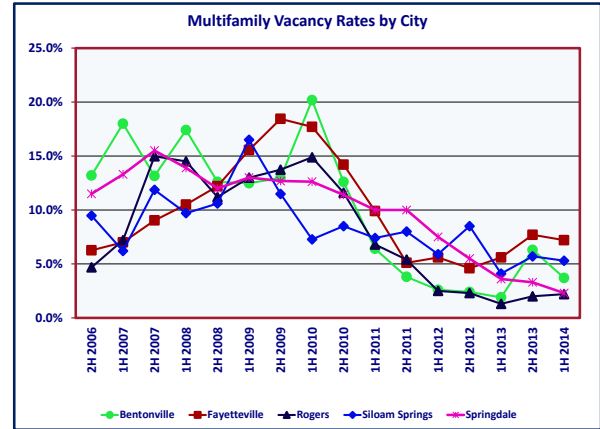
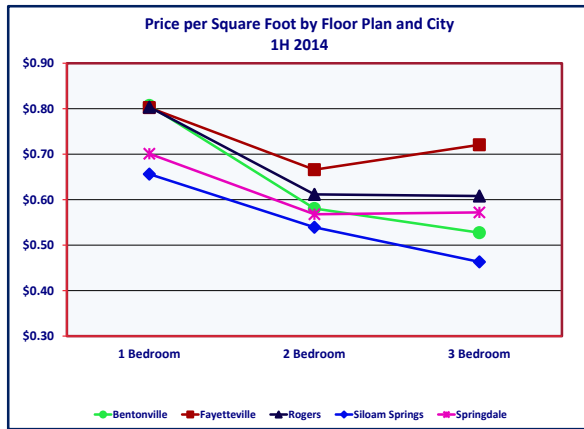
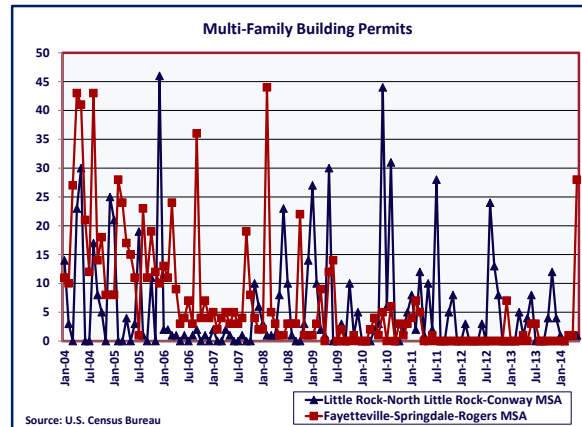
Highlights from the First Half of 2014

- Vacancy rates for multifamily properties in Northwest Arkansas increased to 6.5 percent in the first half of 2014 from 4.0 percent in the same time period in 2013. This was also an increase from the 5.8 percent vacancy rate in the second half of 2013.
- In Fayetteville, vacancy rates increased from 5.6 percent in the first half of 2013 to 7.2 percent in the first half of 2014, as new by-the-bed units were added to the market.
- More than 3,000 rental units have been announced in new multifamily projects. If all are built, these will add substantially to the current base of 16,194 units in the city.
- Bentonville also had an increase in vacancy rates from 1.9 percent in the first half of 2013 to 3.7 percent in the first half of 2014.
- The multifamily vacancy rate in Rogers increased from 1.3 percent in the first half of 2013 to 2.2 percent in the first half of 2014, but the city maintained its rank with the lowest vacancy in Northwest Arkansas.
- The vacancy rate in Siloam Springs rose from the first half of 2013 to the first half of 2014, moving from 4.1 percent to 5.3 percent.
- Springdale experienced a decline from a 3.6 percent vacancy rate in the first half of 2013 to a 2.3 percent rate in the first half of 2014.
- The average lease price per month for a multifamily property unit in Northwest Arkansas increased to \$568.80 in the first half of 2014.
- The median monthly lease price for a multifamily property remained at \$500.00 in the first half of 2014.

Multifamily Market Trends



Multifamily Market Trends



The associated table details the building permits that have been issued for multifamily housing purposes over the past twelve months. One of the projects is located in Fayetteville, and two each are located in Bentonville and Rogers, plus one each in Lowell and Siloam Springs. These 7 projects had 67 building permits issued worth \$58,569,512. The largest project, The Trails at Rainbow Curve, was in Bentonville, with 29 building permits worth \$43,795,345. Bentonville also had the next largest project with 1 permit issued for Thrive worth \$6,012,073.

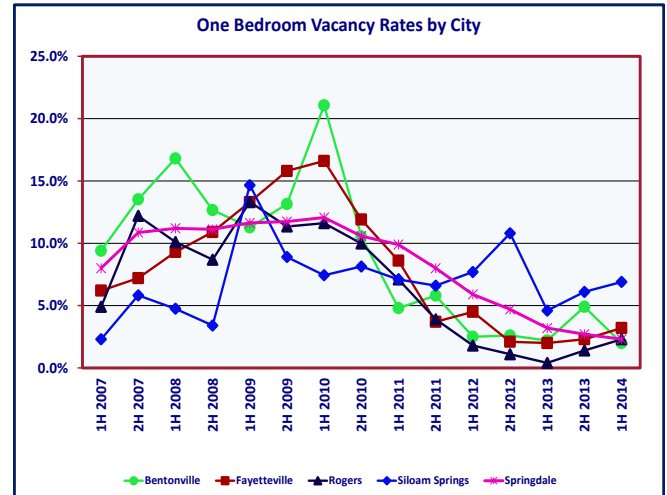
Multifamily Building Permits July 1, 2013 - June 30, 2014

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
7/22/2013	Cedar Circle Apartments	6	\$2,090,000	Rogers
7/29/2013	Sycamore Row Houses	4	\$683,591	Fayetteville
10/15/2013	Parkside Patio Homes	7	\$4,315,003	Lowell
10/22/2013	Bunker Apartments	1	\$125,000	Siloam Springs
5/7/2014	The Trails at Rainbow Curve	29	\$43,795,345	Bentonville
3/26/2014-6/3/2014	Three Oaks Place	19	\$1,548,500	Rogers
6/2/2014	Thrive	1	\$6,012,073	Bentonville
	Total	67	\$58,569,512	

Multifamily Market Trends

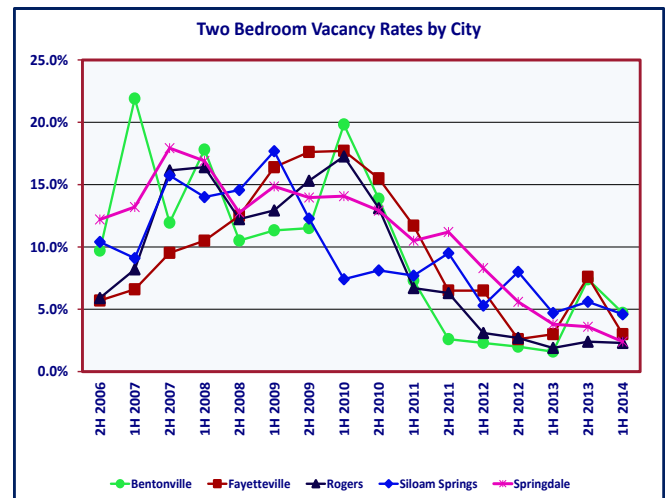
Sample Vacancy Rates

Market Area	Number of Apartment Complexes	Number of Units	1H 2014 Vacancy Rate	2H 2013 Vacancy Rate	1H 2013 Vacancy Rate
Bentonville	127	4,097	3.7%	6.3%	1.9%
Fayetteville	340	16,194	7.2%	7.7%	5.6%
Rogers	96	4,248	2.2%	2.0%	1.3%
Siloam Springs	51	1,122	5.3%	5.7%	4.1%
Springdale	99	6,141	2.3%	3.3%	3.6%
NWA	713	31,802	6.5%	5.8%	4.0%



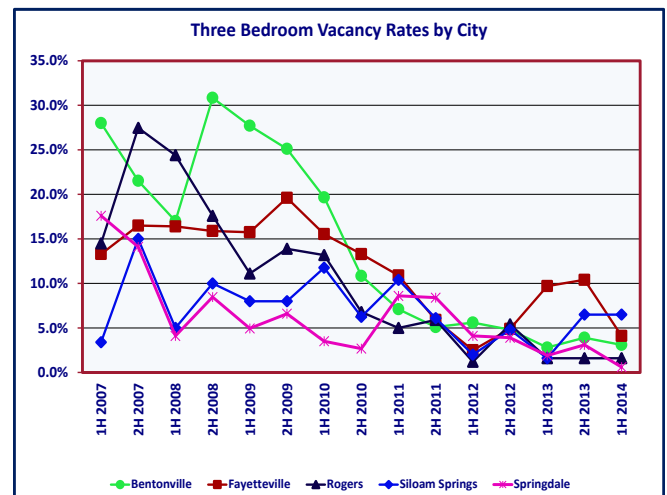
Average Size and Price by Floor Plan First Half of 2014

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	387	\$476.85	\$1.23
By the Bed	457	\$609.17	\$1.36
1 Bedroom	615	\$477.77	\$0.78
2 Bedroom	909	\$560.51	\$0.62
3 Bedroom	1,257	\$793.22	\$0.63
4 Bedroom	1,334	\$948.17	\$0.71
NWA	846	\$568.80	\$0.67



Median Size and Price by Floor Plan First Half of 2014

Floor Plan	Median Square Feet	Median Price per Month	Median Price per Square Foot
Studio	400	\$385.00	\$0.96
By the Bed	425	\$607.00	\$1.43
1 Bedroom	600	\$425.00	\$0.71
2 Bedroom	887	\$525.00	\$0.59
3 Bedroom	1,250	\$700.00	\$0.56
4 Bedroom	1,300	\$874.50	\$0.67
NWA	800	\$500.00	\$0.63



Vacancy Rates by Floor Plan First Half of 2014

Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	2.0%	4.7%	3.1%
Fayetteville	3.2%	3.0%	4.1%
Rogers	2.3%	2.3%	1.6%
Siloam Springs	6.9%	4.6%	6.5%
Springdale	2.3%	2.4%	0.6%
NWA	2.8%	3.1%	2.4%