

THE SKYLINE REPORT

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UNIVERSITY OF
ARKANSAS
SAM M. WALTON
COLLEGE OF BUSINESS

Center for Business
and Economic Research

**Second Half of 2014
February 2015**

Highlights

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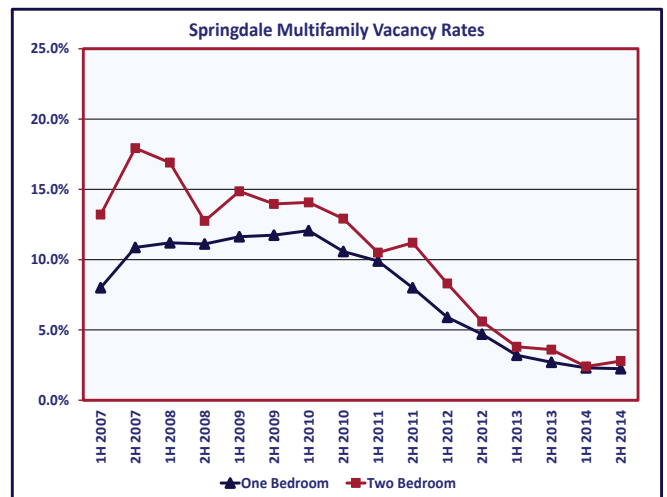
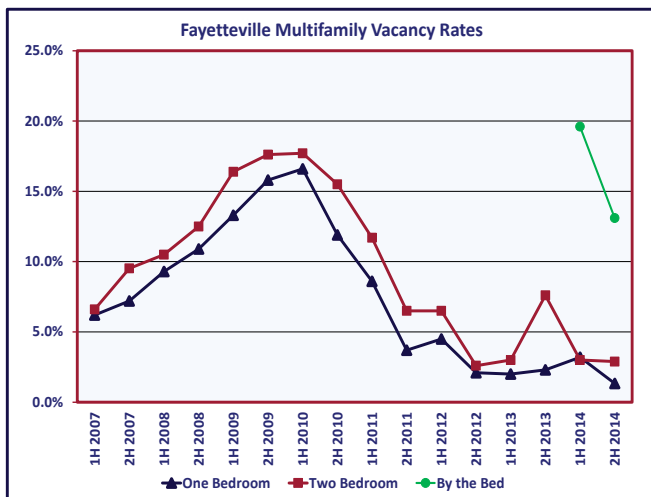
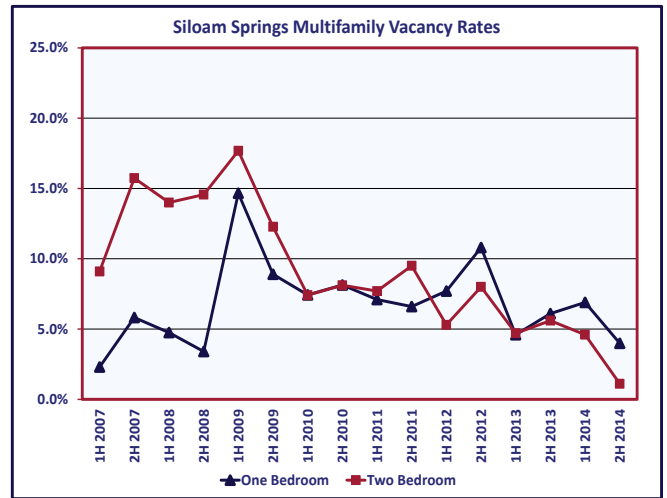
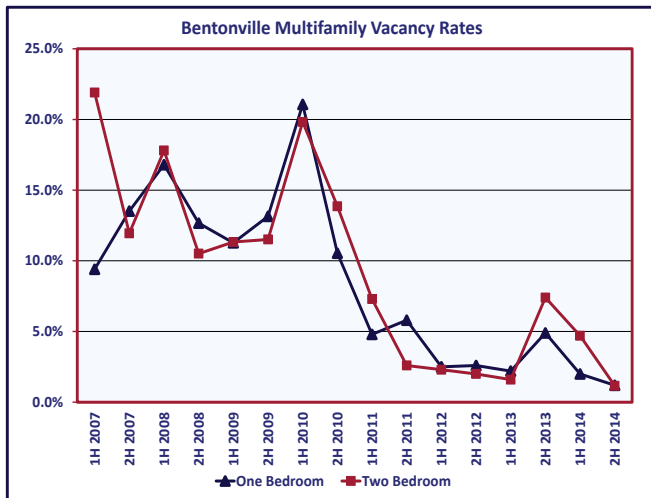
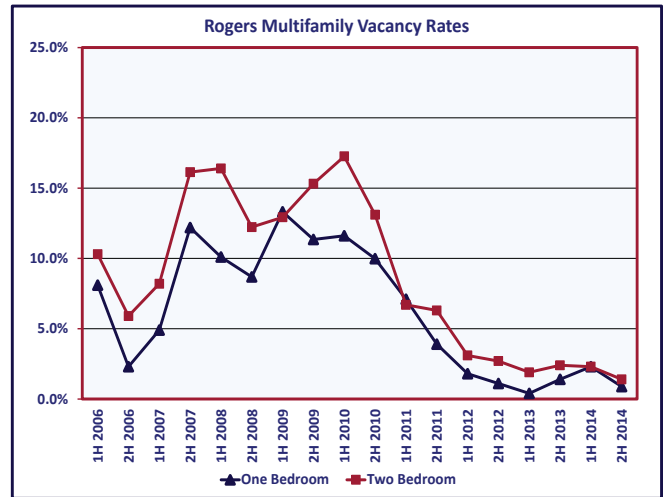
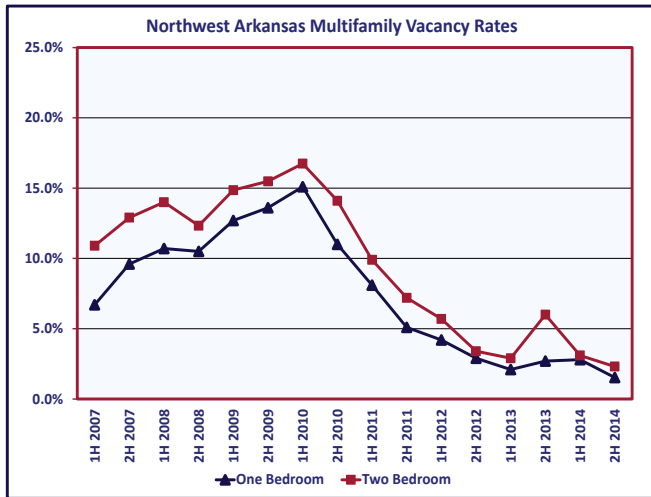
Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the thirty-first 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.

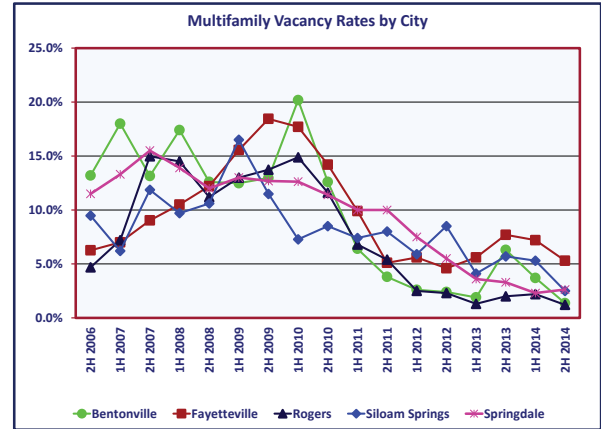
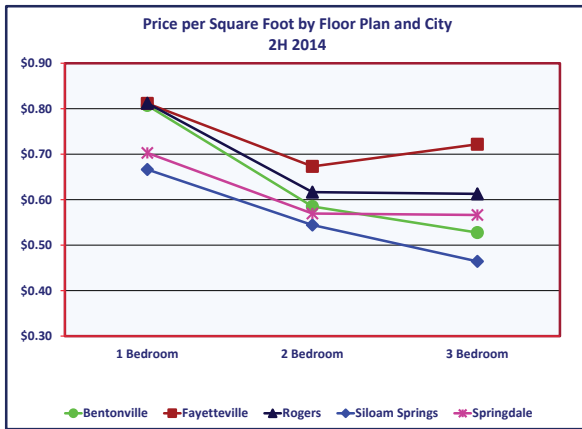
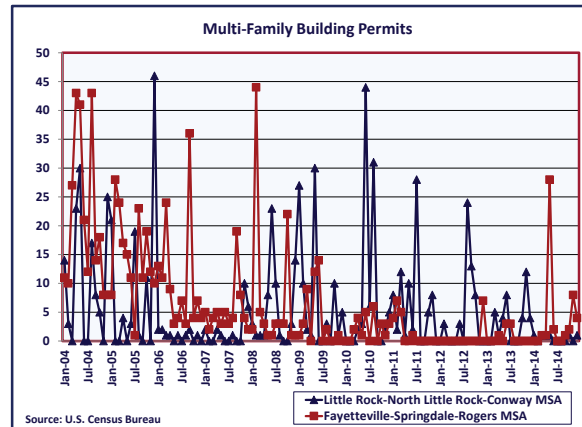
Highlights from the Second Half of 2014

- Vacancy rates for multifamily properties in Northwest Arkansas decreased to 3.7 percent in the second half of 2014 from 5.8 percent in the same time period in 2013. This was also a decrease from the 6.5 percent vacancy rate in the first half of 2014.
- Bentonville had the largest year over year decrease in vacancy rates from 6.3 percent in the second half of 2013 to 1.4 percent in the second half of 2014.
- More than 1,000 rental units have been announced or are under-construction in the Bentonville submarket.
- In Fayetteville, vacancy rates decreased from 7.7 percent in the second half of 2013 to 5.3 percent in the second half of 2014.
- Close to 4,000 rental units have been announced in new multifamily projects for Fayetteville.
- The multifamily vacancy rate in Rogers decreased from 2.0 percent in the second half of 2013 to 1.2 percent in the second half of 2014, and the city maintained its rank with the lowest vacancy rate in Northwest Arkansas.
- The vacancy rate in Siloam Springs decreased from the second half of 2013 to the second half of 2014, moving from 5.7 percent to 2.5 percent.
- Springdale experienced a decline from a 3.3 percent vacancy rate in the second half of 2013 to a 2.6 percent rate in the second half of 2014.
- The average lease price per month for a multifamily property unit in Northwest Arkansas increased to \$576.23 in the second half of 2014.
- The median monthly lease price for a multifamily property increased to \$510.00 in the second 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. Four of the projects are located in Bentonville, and two each are in Fayetteville and Rogers. These 8 projects had 159 building permits issued worth \$143,366,564. The largest project, The Trails at Rainbow Curve, is in Bentonville with 29 building permits worth \$43,795,345. Fayetteville had the next largest project with 3 permits issued for The Dickson Street Apartments worth \$41,422,762.

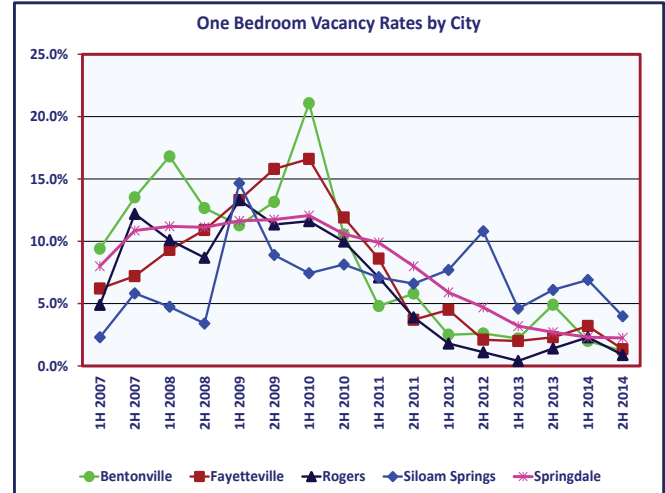
Multifamily Building Permits January 1, 2014 - December 31, 2014

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
5/7/2014	The Trails at Rainbow Curve	29	\$43,795,345	Bentonville
6/3/2014	Three Oaks Place	24	\$1,988,500	Rogers
6/2/2014	The Thrive	1	\$6,012,073	Bentonville
7/22/2014	Beechwood Village Cottages	86	\$29,870,023	Fayetteville
8/26/2014	Dickson Street Apartments	3	\$41,422,762	Fayetteville
10/16/2014	American Flats	1	\$1,120,455	Bentonville
11/18/2014	Rogers at the Promenade	11	\$14,707,806	Rogers
12/2/2014	Woodlands at Creekside	4	\$4,449,600	Bentonville
	Total	159	\$143,366,564	

Multifamily Market Trends

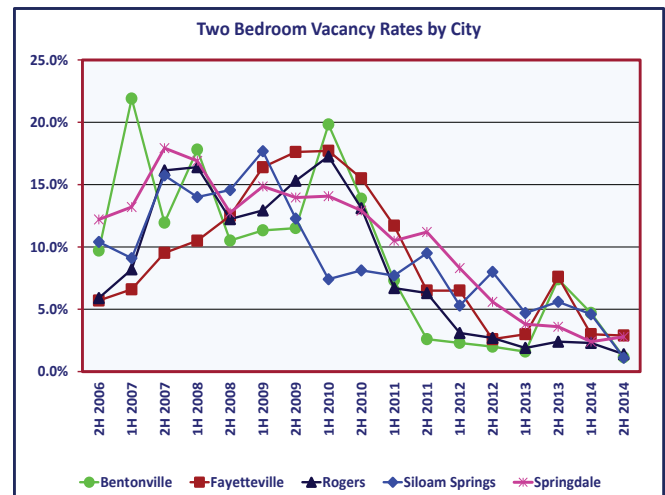
Sample Vacancy Rates

Market Area	Number of Complexes	Number of Units	2H 2014 Vacancy Rate	1H 2014 Vacancy Rate	2H 2013 Vacancy Rate
Bentonville	124	4,110	1.4%	3.7%	6.3%
Fayetteville	338	16,647	5.3%	7.2%	7.7%
Rogers	94	4,221	1.2%	2.2%	2.0%
Siloam Springs	51	1,122	2.5%	5.3%	5.7%
Springdale	100	6,173	2.6%	2.3%	3.3%
NWA	708	32,273	3.7%	6.5%	5.8%



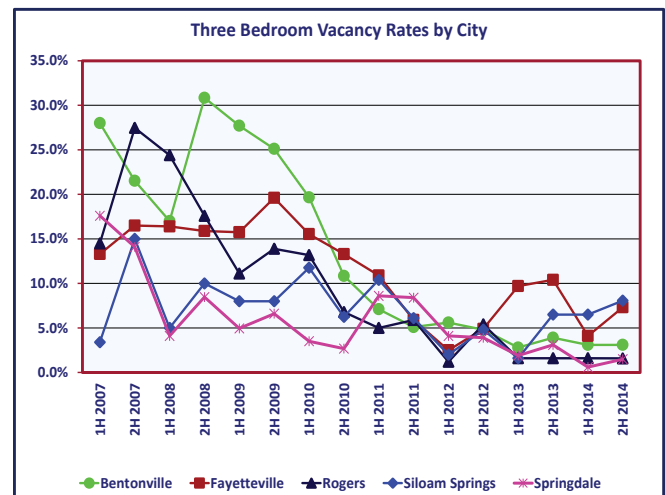
Average Size and Price by Floor Plan Second Half of 2014

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	405	\$495.85	\$1.22
By the Bed	449	\$636.29	\$1.42
1 Bedroom	616	\$483.84	\$0.79
2 Bedroom	911	\$566.48	\$0.62
3 Bedroom	1,273	\$803.19	\$0.63
4 Bedroom	1,501	\$1,034.45	\$0.69
NWA	849	\$576.23	\$0.68



Median Size and Price by Floor Plan Second Half of 2014

Floor Plan	Median Square Feet	Median Price per Month	Median Price per Square Foot
Studio	400	\$400.00	\$1.00
By the Bed	420	\$628.00	\$1.50
1 Bedroom	600	\$425.00	\$0.71
2 Bedroom	890	\$531.00	\$0.60
3 Bedroom	1,252	\$725.00	\$0.58
4 Bedroom	1,317	\$900.00	\$0.68
NWA	800	\$515.00	\$0.64



Vacancy Rates by Floor Plan Second Half of 2014

Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	1.2%	1.2%	3.1%
Fayetteville	1.3%	2.9%	7.3%
Rogers	0.9%	1.4%	1.6%
Siloam Springs	4.0%	1.1%	8.1%
Springdale	2.2%	2.8%	1.5%
NWA	1.5%	2.3%	3.8%