



THE SKYLINE REPORT

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July 2010 Highlights

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Multifamily Real Estate Market Summary
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Multifamily Real Estate Market Summary for Benton and Washington Counties

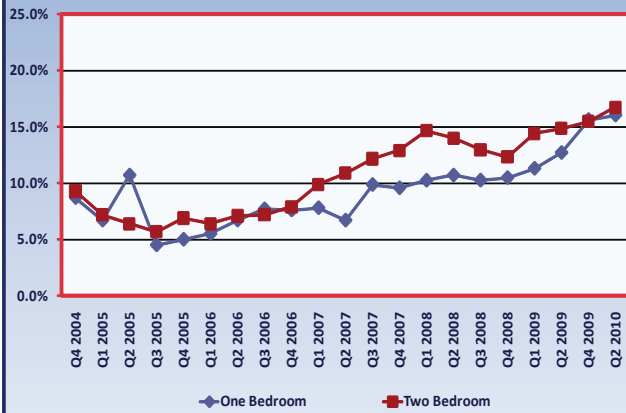
This report is the twenty-second edition of the Skyline Report for Benton and Washington Counties—Multifamily Real Estate Market Analysis. Researchers at the Center for Business and Economic Research in the Sam M. Walton College of Business at the University of Arkansas produce the Skyline Report to provide timely statistical analysis of the Northwest Arkansas multifamily real estate market. This study is a companion piece to the quarterly single-family residential and semiannual 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 Quarter of 2010

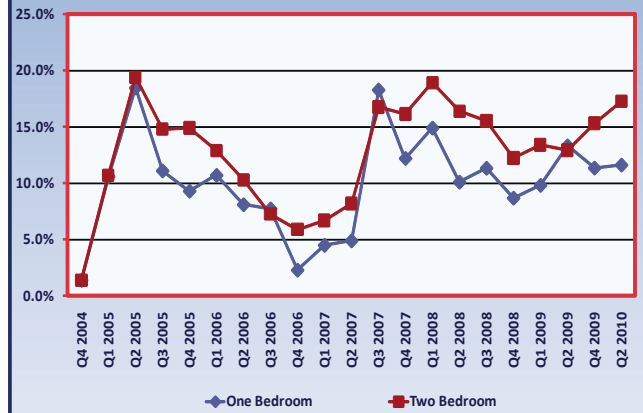
- Vacancy rates for multifamily properties in Northwest Arkansas increased from their fourth quarter 2009 level of 15.6 percent to 16.1 percent in the second quarter of 2010. The second quarter 2010 Northwest Arkansas vacancy rate was the highest since the Skyline Report was initiated in 2004.
- Siloam Springs continued having the lowest aggregate vacancy rate at 7.3 percent this quarter, down from 11.5 percent in the fourth quarter of 2009. Bentonville had the highest aggregate vacancy rate at 20.2 percent, up from 13.0 percent in the fourth quarter. The Rogers vacancy rate increased 1.2 percentage points to 14.9 percent in the second quarter of this year. Meanwhile, Fayetteville experienced a decline of 0.7 percentage points to a vacancy rate of 17.7 percent and Springdale had a decrease of 0.1 percentage points in its vacancy rate to 12.6 percent in the second quarter of 2010.
- The average lease price per month for a multifamily property unit in Northwest Arkansas went down to \$526.36, while the average square footage went up to 840 square feet. Similarly, the median monthly lease price for a multifamily property declined to \$479.00.
- The newest multifamily properties added in Northwest Arkansas continue having generally higher than market average lease rates, choosing instead to compete on location and upscale amenities.

Multifamily Market Trends

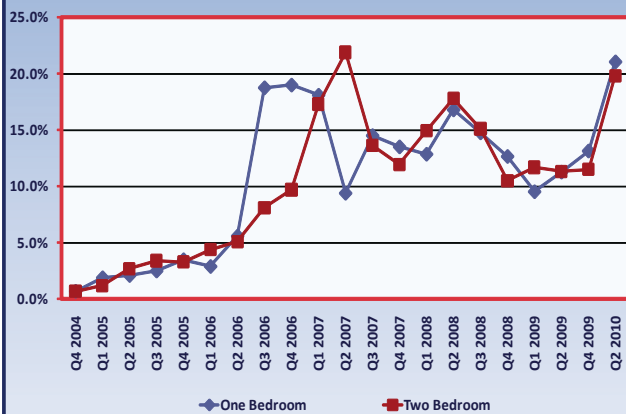
Northwest Arkansas Multifamily Vacancy Rates



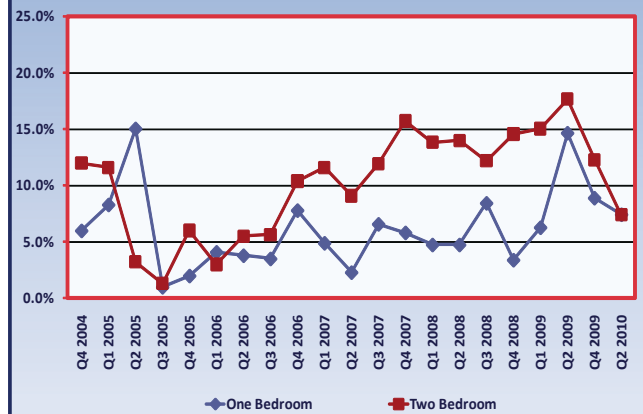
Rogers Multifamily Vacancy Rates



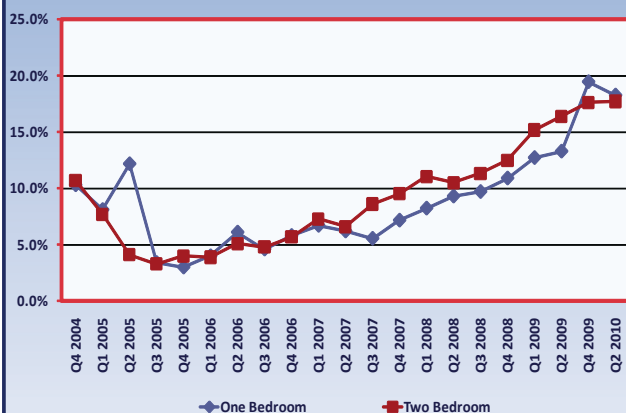
Bentonville Multifamily Vacancy Rates



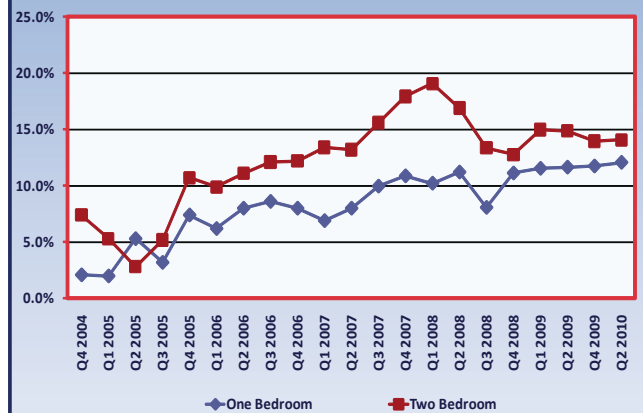
Siloam Springs Multifamily Vacancy Rates



Fayetteville Multifamily Vacancy Rates



Springdale Multifamily Vacancy Rates



Multifamily Market Trends

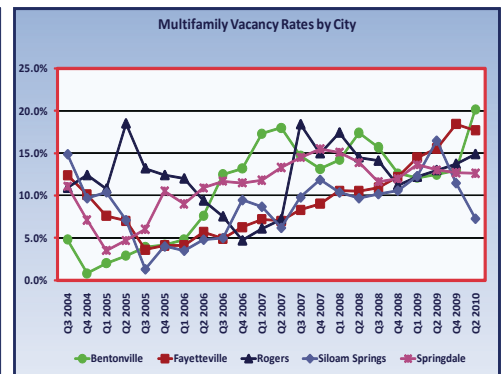
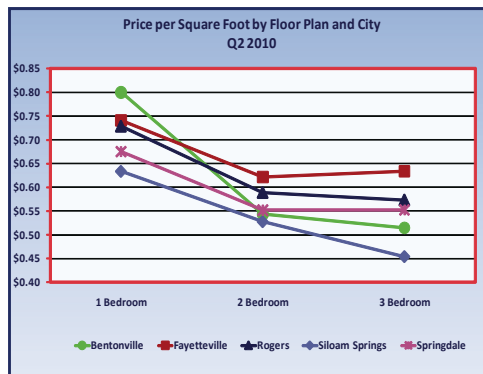
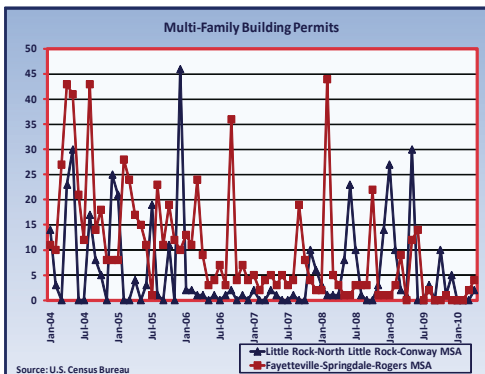
The associated table details the building permits that have been issued for multifamily housing purposes over the past twelve months. Only three projects with values greater than a million dollars were permitted during this period. Two of these projects

were located in Fayetteville and one was located in Bentonville. All Bentonville multifamily building permits were issued for the Links at Rainbow Curve project. Overall, the Fayetteville projects involve the construction of Garland Townhomes,

Courts at Whitham, and Sunbridge (fourplex) apartments. All Rogers multifamily building permits were issued for Avignon Court project.

Multifamily Residence Building Permits June 2009 - May 2010

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
6/4/2009	Links at Rainbow Curve	14	\$12,746,272	Bentonville
8/26/2009	Garland Townhomes	2	\$1,749,462	Fayetteville
11/4/2009	Courts at Whitham	1	\$1,154,580	Fayetteville
3/22/2010	Sunbridge (fourplex)	1	\$408,750	Fayetteville
3/22/2010	Avignon Court	15	\$900,000	Rogers
	Total	33	\$16,959,064	



Multifamily Market Trends

Sample Vacancy Rates

Market Area	Number of Complexes	Number of Units	Q2 2010 Vacancy Rate	Q4 2009 Vacancy Rate	Q2 2009 Vacancy Rate
Bentonville	125	3,915	20.2%	13.0%	12.5%
Fayetteville	280	13,141	17.7%	18.4%	15.6%
Rogers	85	4,079	14.9%	13.7%	13.0%
Siloam Springs	45	1,209	7.3%	11.5%	16.5%
Springdale	86	6,044	12.6%	12.7%	13.0%
NWA	621	28,388	16.1%	15.6%	14.2%

Average Size and Price by Floor Plan Q2 2010

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	408	\$442.75	\$1.08
1 Bedroom	610	\$444.48	\$0.73
2 Bedroom	911	\$532.38	\$0.58
3 Bedroom	1,252	\$713.51	\$0.57
4 Bedroom	1,501	\$842.09	\$0.56
NWA	840	\$526.36	\$0.63

Median Size and Price by Floor Plan Q2 2010

Floor Plan	Median Square Feet	Median Price per Month	Median Price per Square Foot
Studio	403	\$350.00	\$0.87
1 Bedroom	600	\$395.00	\$0.66
2 Bedroom	900	\$500.00	\$0.56
3 Bedroom	1,250	\$650.00	\$0.52
4 Bedroom	1,300	\$725.00	\$0.56
NWA	800	\$479.00	\$0.60

Vacancy Rates by Floor Plan Q2 2010

Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	21.1%	19.8%	19.7%
Fayetteville	18.3%	17.7%	15.5%
Rogers	11.6%	17.3%	13.2%
Siloam Springs	7.4%	7.4%	11.8%
Springdale	12.1%	14.1%	3.5%
NWA	16.0%	16.7%	11.9%

