

THE SKYLINE REPORT

SPONSORED BY ARVEST BANK

July 2011 Highlights

Contents

Highlights.....	1
Multifamily Market Trends.....	2

Multifamily Real Estate Market Summary
 Prepared Exclusively under
 Contract Agreement for ARVEST BANK



Center for Business and Economic Research

Center for Business and Economic Research
 Sam M. Walton College of Business
 University of Arkansas
 Fayetteville, AR 72701
 Telephone: 479.575.4151
<http://cber.uark.edu/>

The information contained herein has been obtained from reasonably reliable sources. The Center for Business and Economic Research makes no guarantee, either expressed or implied, as to the accuracy of such information. All data contained herein is subject to errors, omissions and changes. Reproduction in whole or in part, without prior written consent is prohibited.

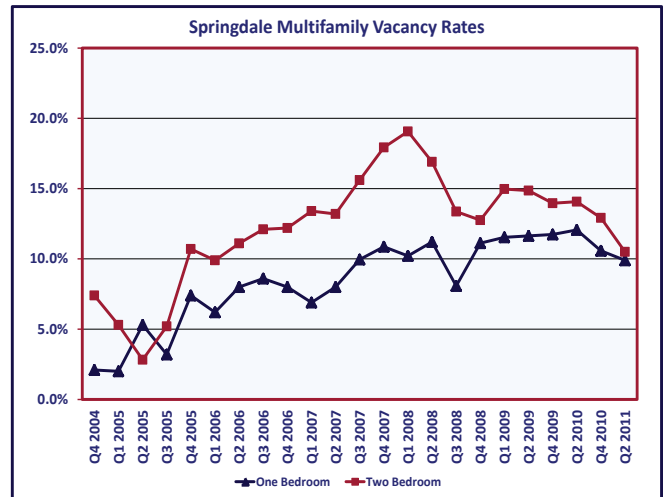
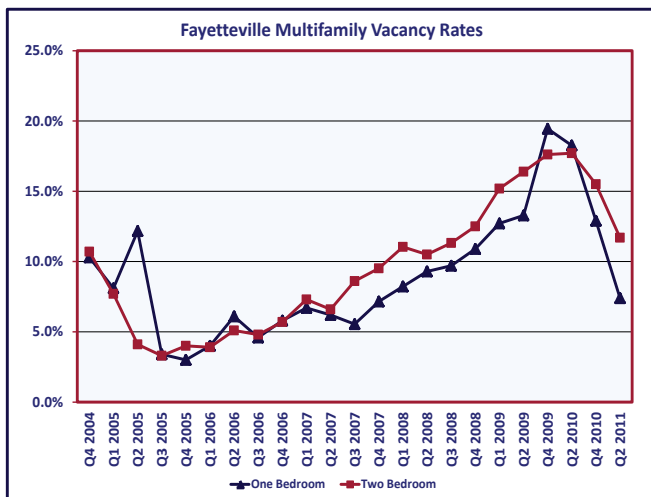
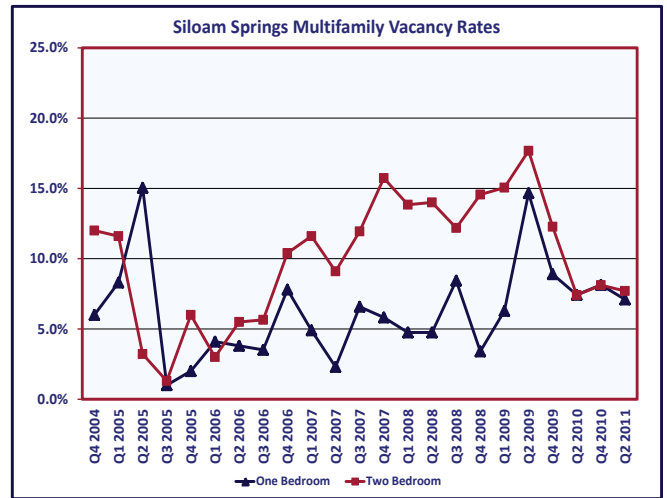
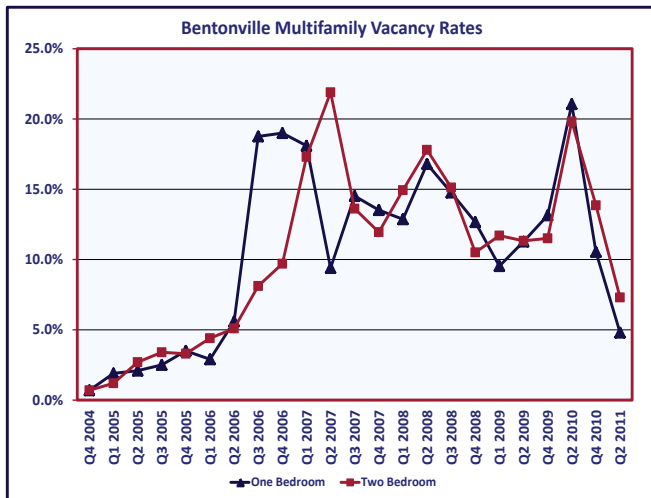
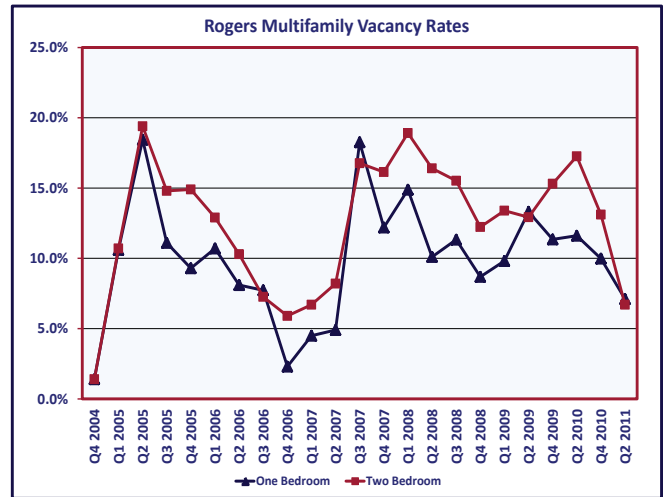
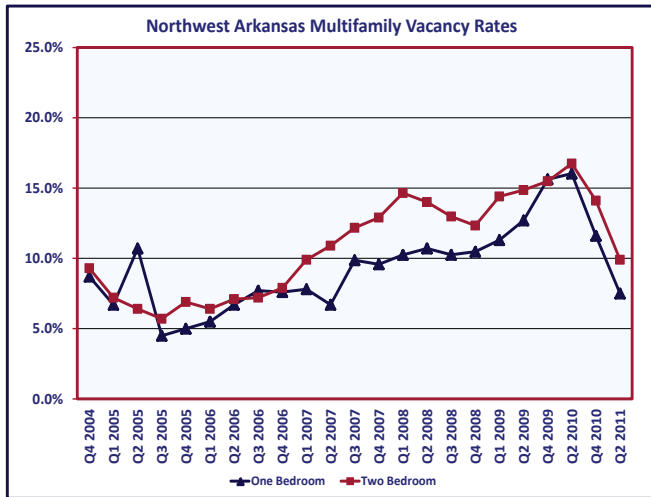
Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the twenty-fourth 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 2011

- Vacancy rates for multifamily properties in Northwest Arkansas declined from their fourth quarter 2010 level of 12.8 percent to 8.9 percent in the second quarter of 2011. The second quarter 2011 Northwest Arkansas vacancy rate was the lowest since the fourth quarter of 2006.
- Bentonville now has the lowest aggregate vacancy rate at 6.4 percent this quarter, down from 12.6 percent in the fourth quarter of 2010. Springdale had the highest aggregate vacancy rate at 10.0 percent, down from 11.4 percent in the fourth quarter of 2010. The Fayetteville, Rogers, and Siloam Springs vacancy rates all also declined substantially from 14.2 percent, 11.6 percent, and 8.5 percent in the fourth quarter of 2010 to 9.9 percent, 6.8 percent, and 7.4 percent respectively.
- The average lease price per month for a multifamily property unit in Northwest Arkansas increased from \$526.72 in the fourth quarter of 2010 to \$530.45 in the second quarter of 2011, while the average square footage decreased from 846 square feet in the fourth quarter of 2010 to 840 square feet in the second quarter of 2011. Similarly, the median monthly lease price for a multifamily property increased to \$486.00 in the second quarter of 2011 from \$485.00 in the fourth quarter of 2010.
- 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

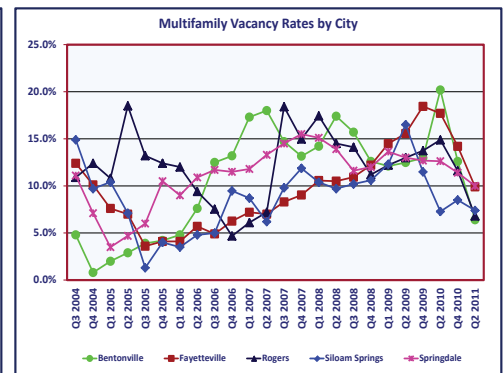
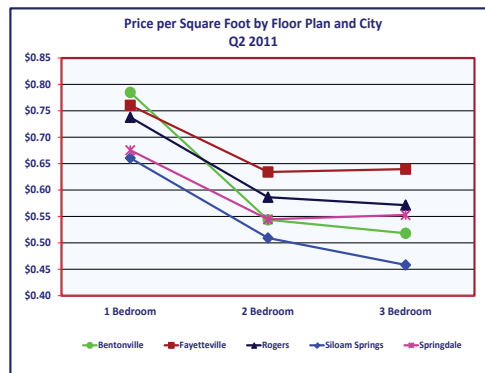
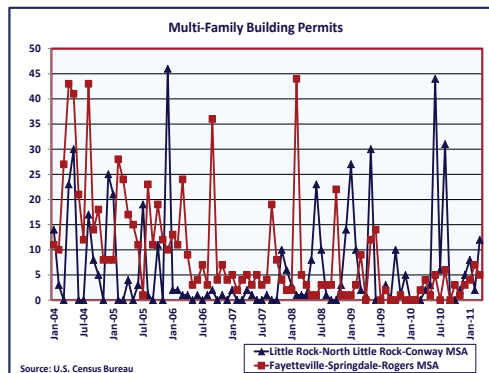


Multifamily Market Trends

The associated table details the building permits that have been issued for multifamily housing purposes over the past twelve months. All four of the projects are located in Rogers. Only two projects with a value greater than a million dollars were permitted during this period. Those two projects were The Meadows at Garden Point and Rollers Ridge. The other two projects were Ridgepoint Townhomes and Ridgeview Point.

Multifamily Residence Building Permits June 2010 - May 2011

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
11/24/2010	Ridgepoint Townhomes	14	\$770,000	Rogers
11/29/2010	Rollers Ridge	6	\$1,900,000	Rogers
12/22/2010	The Meadows at Garden Point	13	\$4,364,800	Rogers
1/14/2011	Ridgeview Point	10	\$550,000	Rogers
Total		43	\$7,584,800	



Multifamily Market Trends

Sample Vacancy Rates

Market Area	Number of Apartment Complexes	Number of Units	Q2 2011 Vacancy Rate	Q4 2010 Vacancy Rate	Q2 2010 Vacancy Rate
Bentonville	127	4,033	6.4%	12.6%	20.2%
Fayetteville	294	13,219	9.9%	14.2%	17.7%
Rogers	88	4,120	6.8%	11.6%	14.9%
Siloam Springs	46	1,102	7.4%	8.5%	7.3%
Springdale	91	6,088	10.0%	11.4%	12.6%
NWA	646	28,562	8.9%	12.8%	16.1%

Average Size and Price by Floor Plan Q2 2011

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	413	\$466.09	\$1.13
1 Bedroom	611	\$452.75	\$0.74
2 Bedroom	913	\$535.27	\$0.59
3 Bedroom	1,246	\$713.28	\$0.57
4 Bedroom	1,501	\$844.44	\$0.56
NWA	840	\$530.45	\$0.63

Median Size and Price by Floor Plan Q2 2011

Floor Plan	Median Square Feet	Median Price per Month	Median Price per Square Foot
Studio	405	\$335.00	\$0.83
1 Bedroom	600	\$400.00	\$0.67
2 Bedroom	890	\$500.00	\$0.56
3 Bedroom	1,236	\$650.00	\$0.53
4 Bedroom	1,300	\$750.00	\$0.58
NWA	800	\$486.00	\$0.61

Vacancy Rates by Floor Plan Q2 2011

Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	4.8%	7.3%	7.1%
Fayetteville	7.4%	11.7%	10.9%
Rogers	7.1%	6.7%	5.0%
Siloam Springs	7.1%	7.7%	10.4%
Springdale	9.9%	10.5%	8.6%
NWA	7.5%	9.9%	8.7%

