

THE SKYLINE REPORT

SPONSORED BY ARVEST BANK



Center for Business
and Economic Research

**First Half of 2012
August 2012**

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
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.

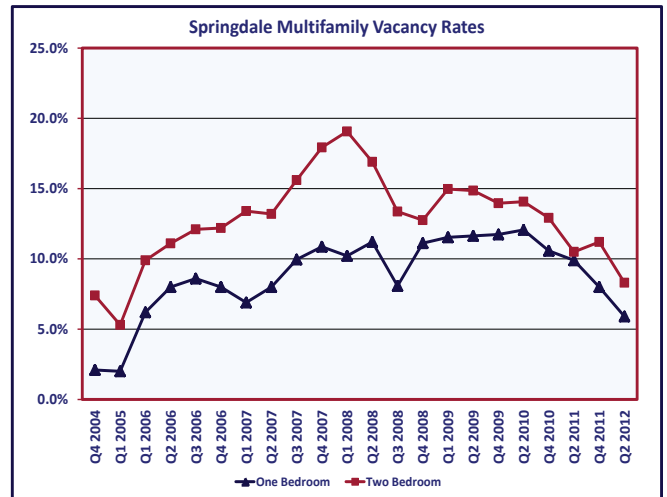
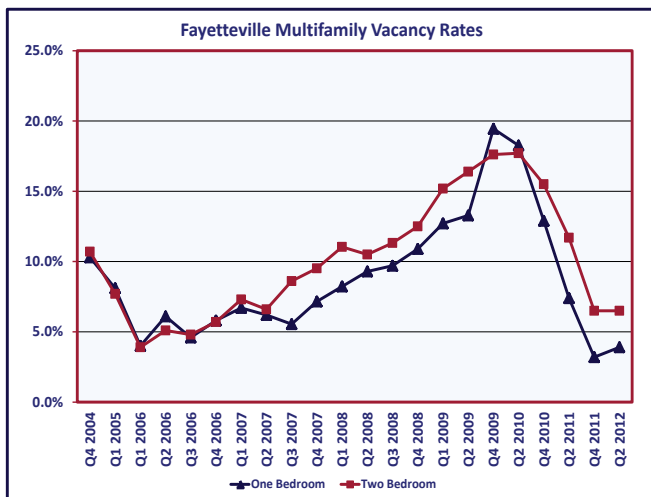
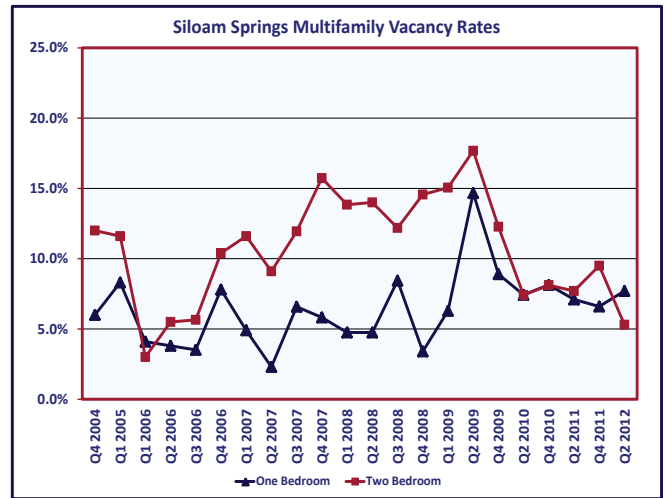
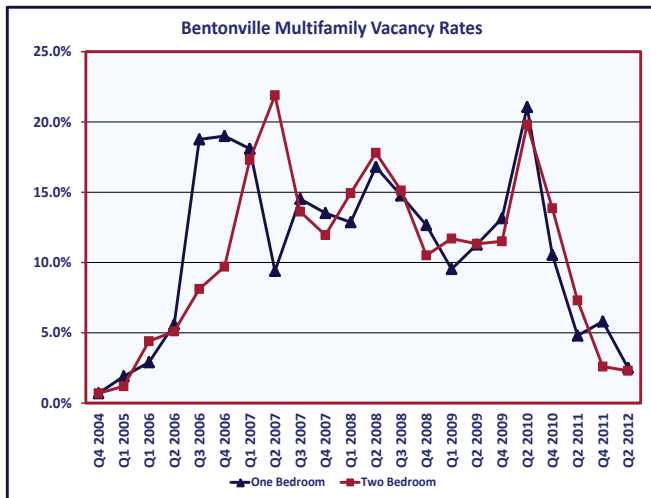
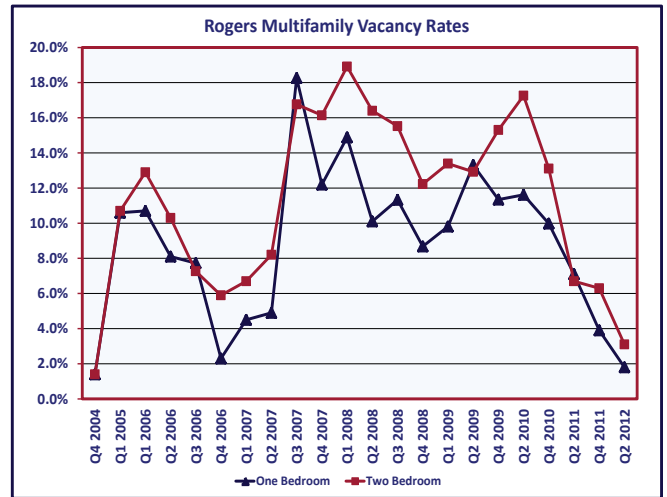
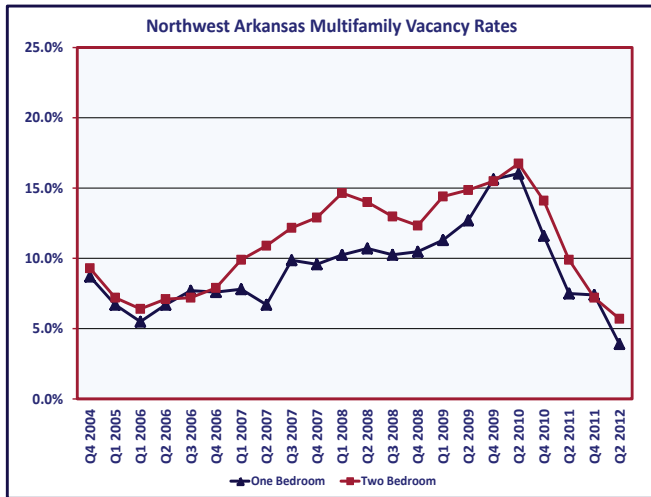
Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the twenty-sixth 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.

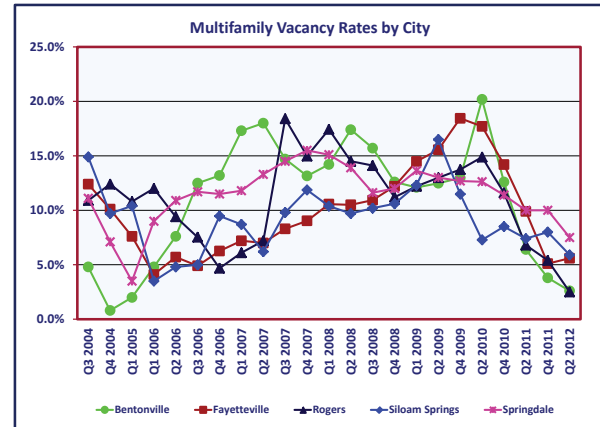
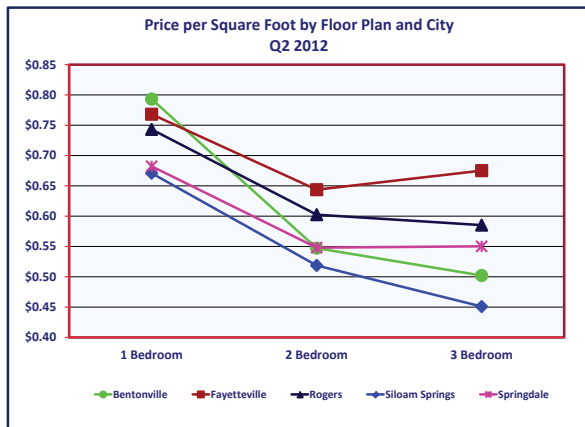
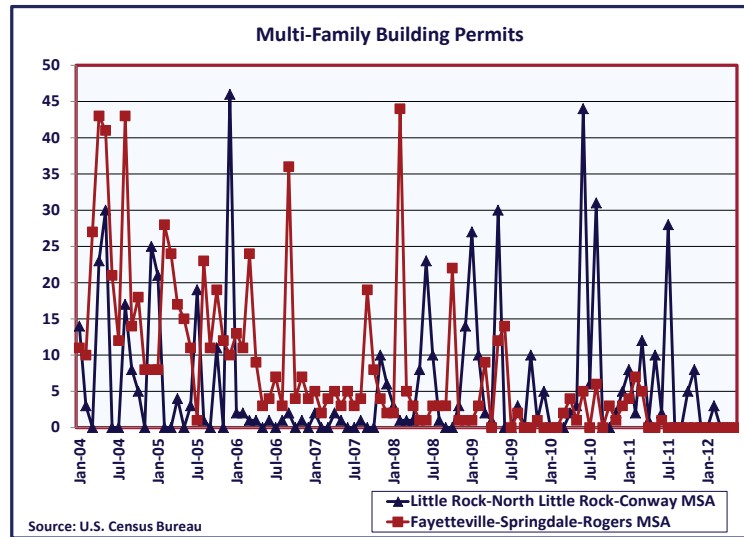
Highlights from the First Half of 2012

- Vacancy rates for multifamily properties in Northwest Arkansas declined from their fourth quarter 2011 level of 6.1 percent to 5.1 percent in the second quarter of 2012. The second quarter 2012 Northwest Arkansas vacancy rate was the lowest since the third quarter of 2005.
- The Fayetteville multifamily vacancy rate increased from 5.1 to 5.6 percent in the first half of 2012, while Rogers now has the lowest aggregate vacancy rate at 2.5 percent, down from 5.4 percent in the fourth quarter of 2011.
- The Springdale, Siloam Springs, and Bentonville multifamily vacancy rates declined significantly from 10.0, 8.0, and 3.8 percent in the fourth quarter of 2011 to 7.5, 5.9, and 2.6 percent in the second quarter of 2012, respectively.
- The average lease price per month for a multifamily property unit in Northwest Arkansas increased again, from \$534.24 in the fourth quarter of 2011 to \$538.21 in the second quarter of 2012.
- The median monthly lease price for a multifamily property remained at \$495.00 in second quarter of 2012.
- New projects announced in Fayetteville appear to contain more than 3,000 rental units. This would add substantially to the current base of 13,335 units in the city.

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. Two of the projects are located in Fayetteville, and one in Rogers. Only one project with a value greater than a million dollars was permitted during this period: The Grove at Fayetteville.

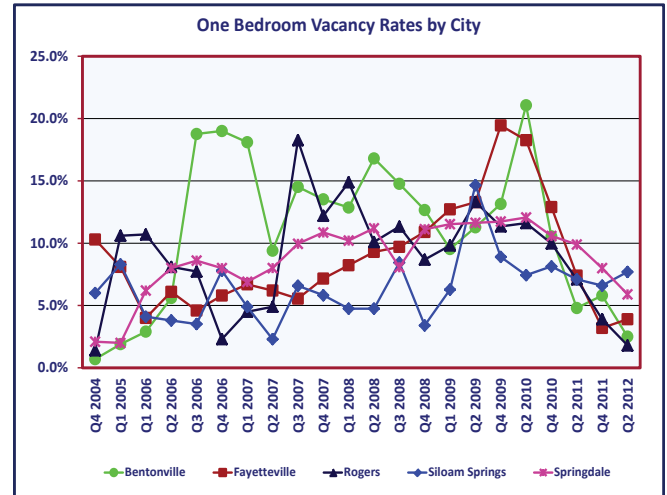
Multifamily Residence Building Permits July 1, 2011 - June 30, 2012

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
10/20/2011	1241 N Oakland Ave	1	\$225,240	Fayetteville
1/17/2012	Meadows Apartments	3	\$861,200	Rogers
2/14/2012	The Grove at Fayetteville	9	\$28,315,241	Fayetteville
Total		13	\$29,401,681	

Multifamily Market Trends

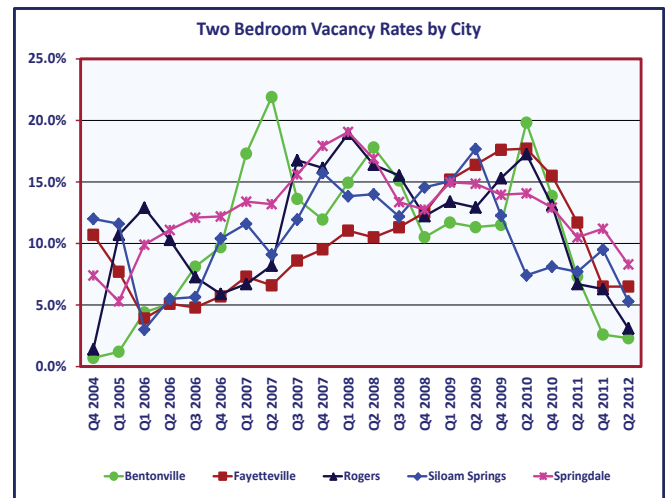
Sample Vacancy Rates

Market Area	Number of Complexes	Number of Units	Q2 2012 Vacancy Rate	Q4 2011 Vacancy Rate	Q2 2011 Vacancy Rate
Bentonville	126	4,025	2.6%	3.8%	6.4%
Fayetteville	304	13,335	5.6%	5.1%	9.9%
Rogers	90	4,251	2.5%	5.4%	6.8%
Siloam Springs	47	1,104	5.9%	8.0%	7.4%
Springdale	93	6,096	7.5%	10.0%	10.0%
NWA	660	28,811	5.1%	6.1%	8.9%



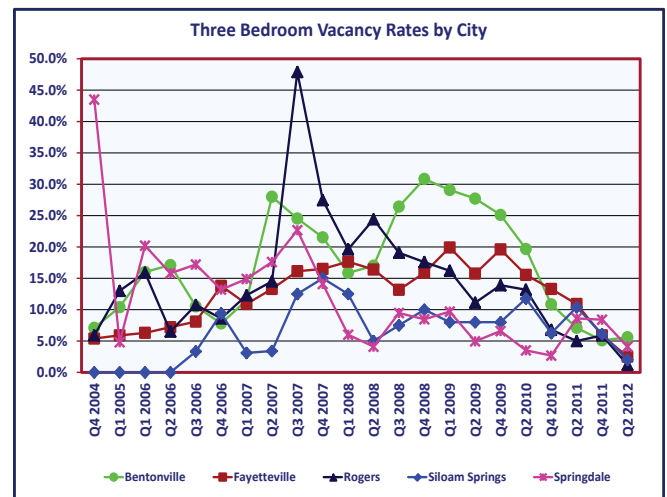
Average Size and Price by Floor Plan First Half of 2012

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	417	\$447.04	\$1.07
1 Bedroom	615	\$460.49	\$0.75
2 Bedroom	912	\$542.39	\$0.59
3 Bedroom	1,238	\$726.01	\$0.59
4 Bedroom	1,313	\$858.09	\$0.65
NWA	841	\$538.21	\$0.64



Median Size and Price by Floor Plan First Half of 2012

Floor Plan	Median Square Feet	Median Price per Month	Median Price per Square Foot
Studio	400	\$350.00	\$0.88
1 Bedroom	600	\$400.00	\$0.67
2 Bedroom	890	\$508.00	\$0.57
3 Bedroom	1,236	\$650.00	\$0.53
4 Bedroom	1,255	\$800.00	\$0.64
NWA	800	\$495.00	\$0.62



Vacancy Rates by Floor Plan First Half of 2012

Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	2.5%	2.3%	5.6%
Fayetteville	3.9%	6.5%	2.5%
Rogers	1.8%	3.1%	1.2%
Siloam Springs	7.7%	5.3%	2.0%
Springdale	5.9%	8.3%	4.1%
NWA	3.9%	5.7%	3.3%