

THE SKYLINE REPORT

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Center for Business
and Economic Research

Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the twenty-eighth 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.

**First Half of 2013
August 2013**

Highlights

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Multifamily Real Estate Market Summary
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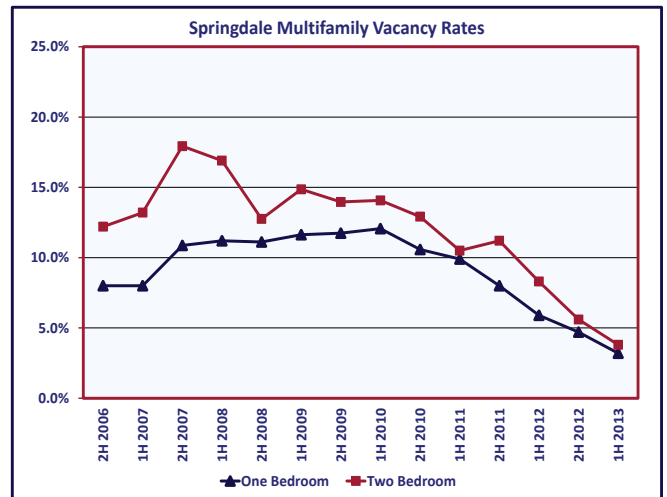
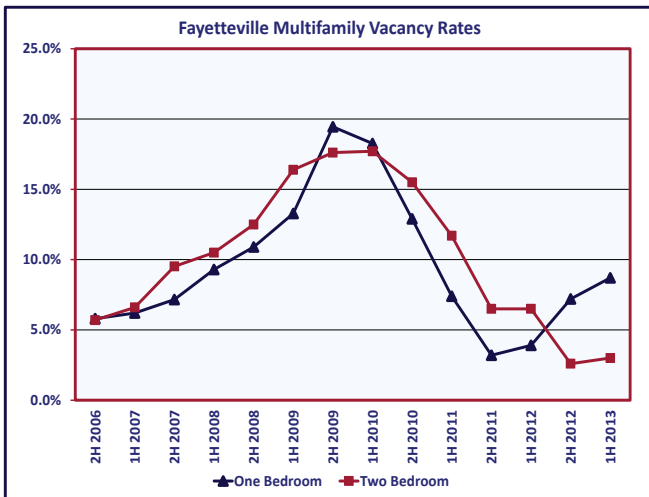
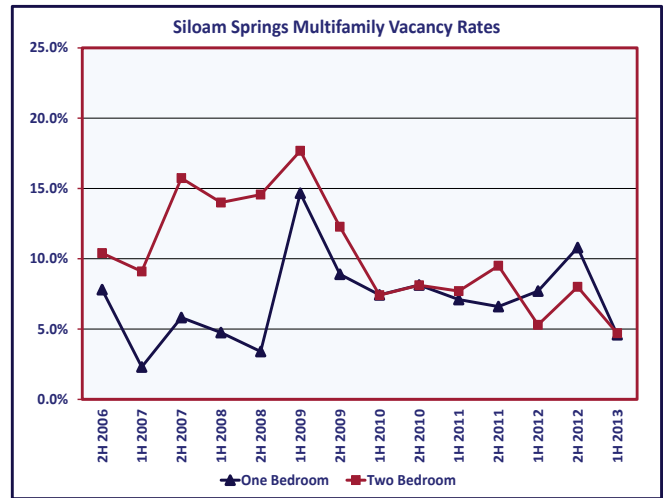
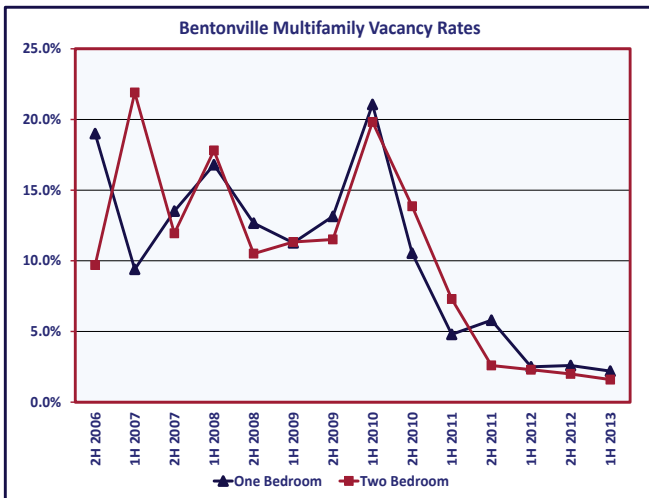
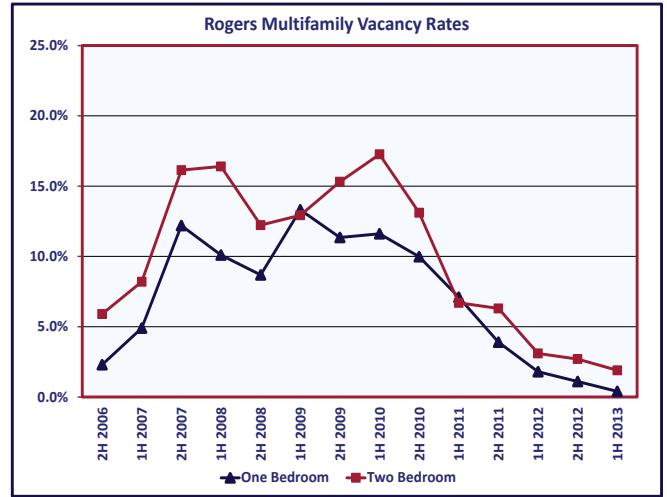
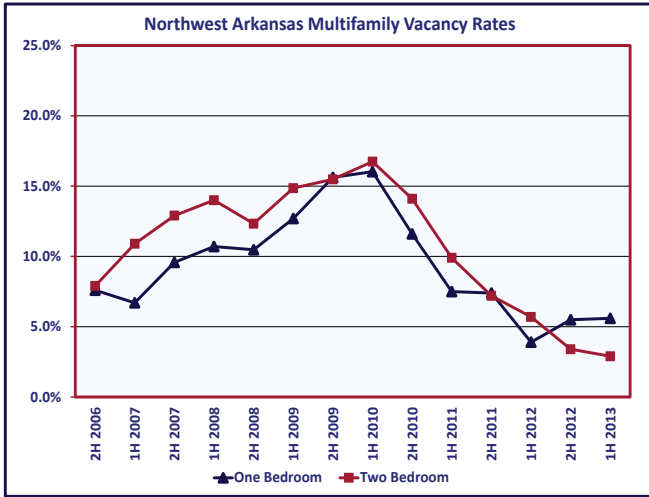
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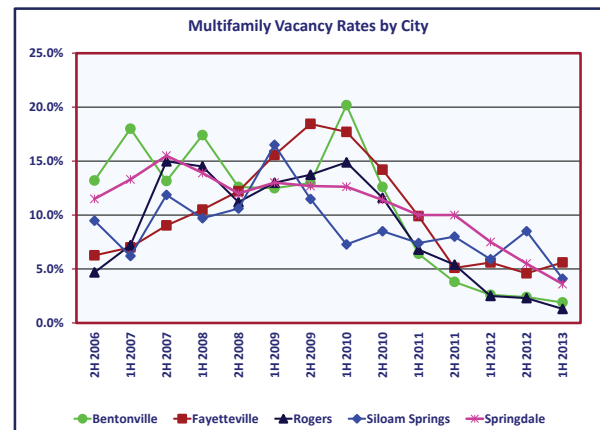
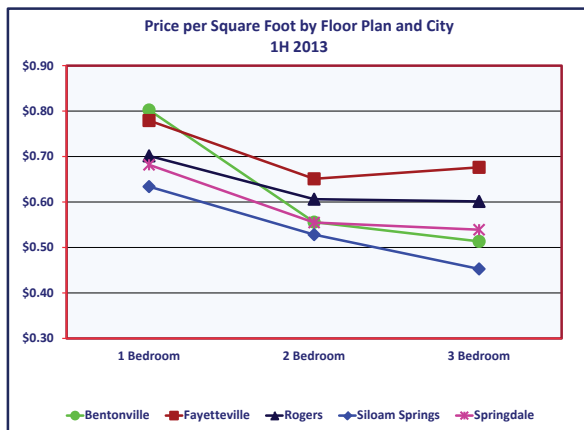
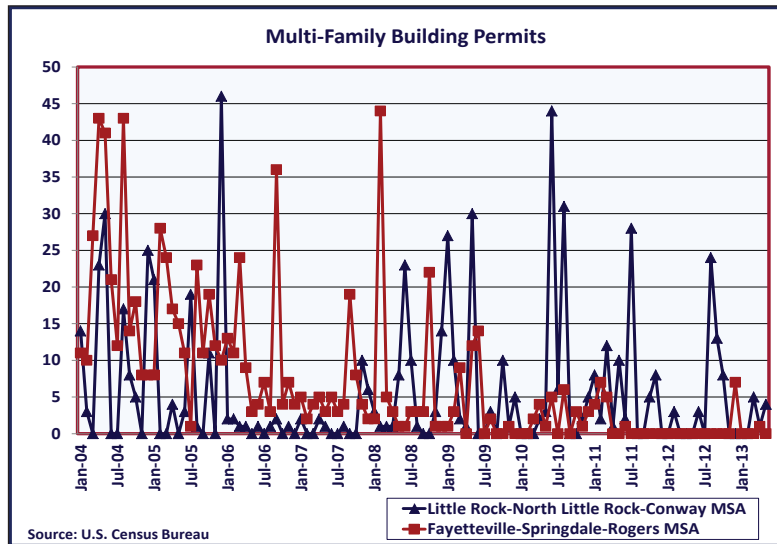
Highlights from the First Half of 2013

- Vacancy rates for multifamily properties in Northwest Arkansas declined to 4.0 percent in the first half of 2013 from 5.1 percent in the same time period in 2012. In the first half of 2013, the Northwest Arkansas vacancy rate was the lowest for any time period in the last nine years.
- In contrast with declines in the rest of the region, vacancy rates in Fayetteville were the same in the first half of 2013 as in the first half of 2012 at 5.6 percent.
- New projects announced in Fayetteville contain more than 4,000 rental units. If all are built, these will add substantially to the current base of 13,943 units in the city.
- The Rogers multifamily vacancy rate was the lowest city rate at 1.3 percent, down from 2.5 percent in the first half of 2012.
- The Springdale, Bentonville, and Siloam Springs multifamily vacancy rates declined significantly from 7.5, 2.6, and 5.9 percent in the first half of 2012 to 3.6, 1.9, and 4.1 percent in the first half of 2013, respectively.
- The average lease price per month for a multifamily property unit in Northwest Arkansas increased slightly to \$545 in the first half of 2013.
- The median monthly lease price for a multifamily property remained at \$495 in the first half of 2013.

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. Six of the projects are in Fayetteville, one in Rogers, and one in Bentonville. Twenty-six permits were issued in the city of Fayetteville for projects totaling \$108,243,859. Bentonville had 8 permits issued, totaling more than \$6.1 million and Rogers had 3 permits issued, totaling \$990,000.

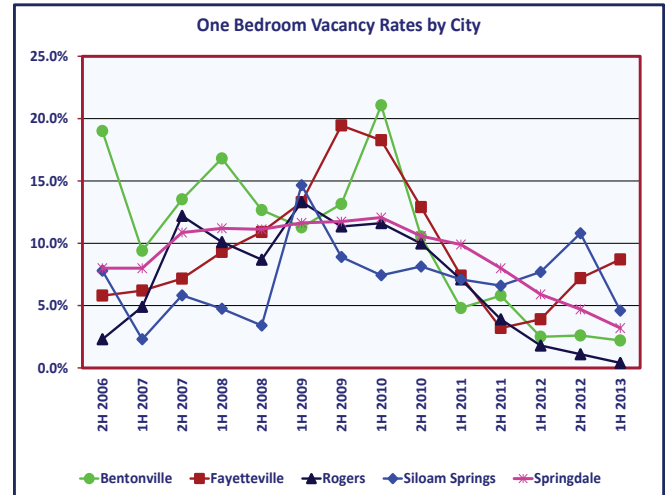
Multifamily Building Permits July 1, 2012 - June 30, 2013

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
7/16/2012	The Domain	8	\$31,740,275	Fayetteville
7/26/2012	Richmond Builders	2	\$7,427,528	Fayetteville
9/7/2012	The Vue	10	\$38,901,924	Fayetteville
11/13/2012	T & E Construction	3	\$4,180,175	Fayetteville
12/19/2012	Tim Brisiel	1	\$858,999	Fayetteville
12/26/2012	Copperstone II	8	\$6,984,576	Bentonville
6/10/2013	Cedar Circle Apartments	3	\$990,000	Rogers
6/28/2013	West Center Apartments	2	\$25,134,958	Fayetteville
	Total	37	\$116,218,435	

Multifamily Market Trends

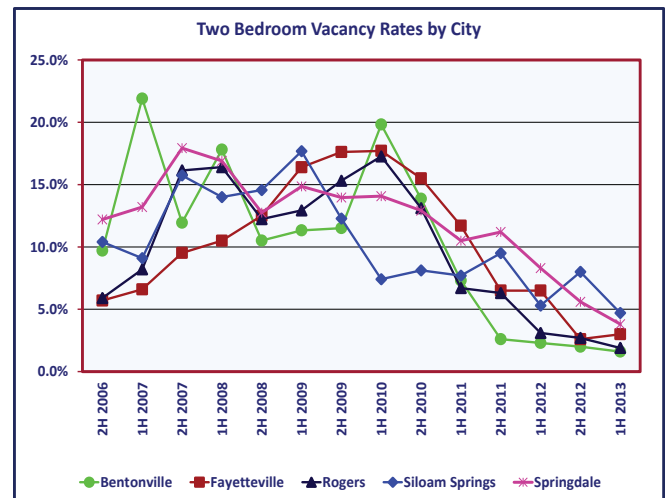
Sample Vacancy Rates

Market Area	Number of Complexes	Number of Units	1H 2013 Vacancy Rate	2H 2012 Vacancy Rate	1H 2012 Vacancy Rate
Bentonville	124	3,984	1.9%	2.4%	2.6%
Fayetteville	318	13,943	5.6%	4.6%	5.6%
Rogers	93	4,253	1.3%	2.3%	2.5%
Siloam Springs	51	1,170	4.1%	8.5%	5.9%
Springdale	100	6,168	3.6%	5.5%	7.5%
NWA	686	29,518	4.0%	4.3%	5.1%



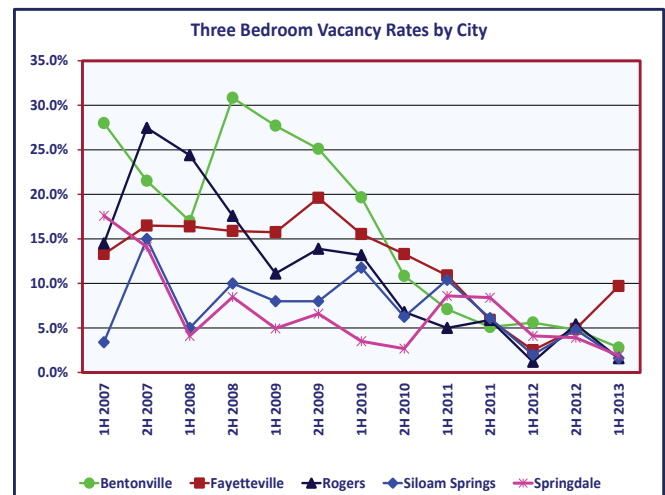
Average Size and Price by Floor Plan First Half of 2013

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	416	\$459.57	\$1.10
1 Bedroom	615	\$460.40	\$0.75
2 Bedroom	910	\$546.99	\$0.60
3 Bedroom	1,251	\$744.76	\$0.60
4 Bedroom	1,313	\$860.36	\$0.66
NWA	846	\$545.41	\$0.64



Median Size and Price by Floor Plan First Half of 2013

Floor Plan	Median Square Feet	Median Price per Month	Median Price per Square Foot
Studio	400	\$362.50	\$0.91
1 Bedroom	600	\$400.00	\$0.67
2 Bedroom	895	\$515.00	\$0.58
3 Bedroom	1,250	\$675.00	\$0.54
4 Bedroom	1,255	\$800.00	\$0.64
NWA	800	\$495.00	\$0.62



Vacancy Rates by Floor Plan First Half of 2013

Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	2.2%	1.6%	2.8%
Fayetteville	8.7%	3.0%	9.7%
Rogers	0.4%	1.9%	1.6%
Siloam Springs	4.6%	4.7%	1.6%
Springdale	3.2%	3.8%	1.9%
NWA	5.6%	2.9%	4.6%