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February 2011 Highlights

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Multifamily Real Estate Market Summary
Prepared Exclusively under
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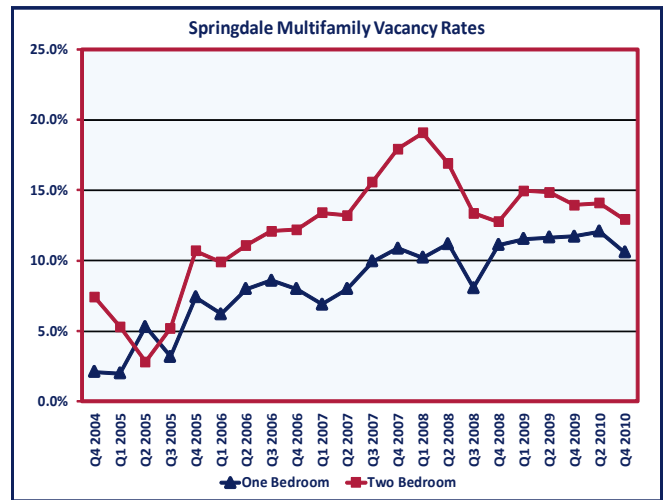
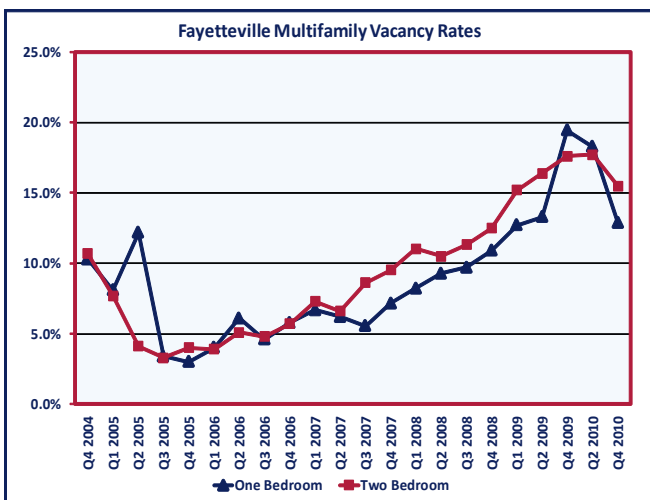
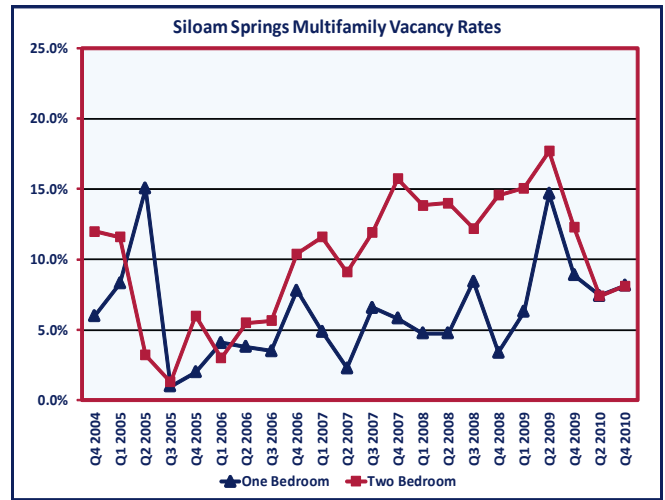
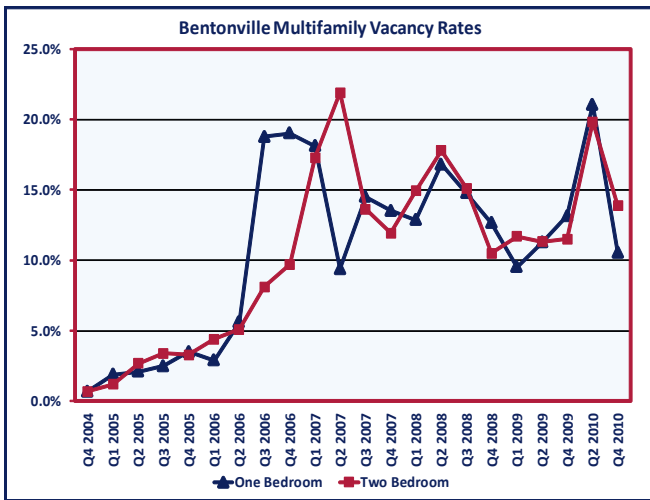
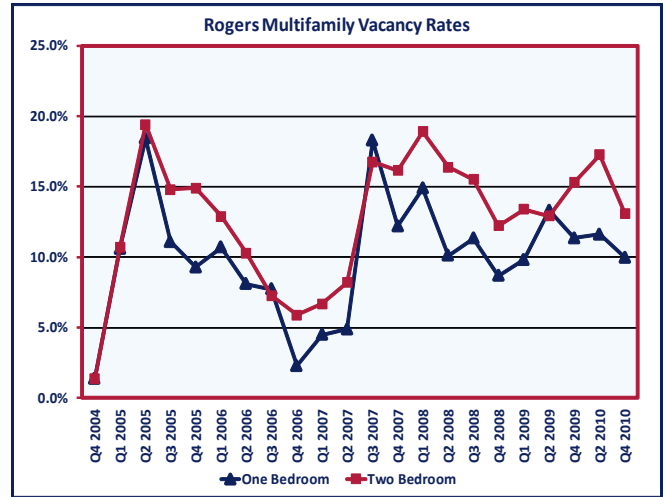
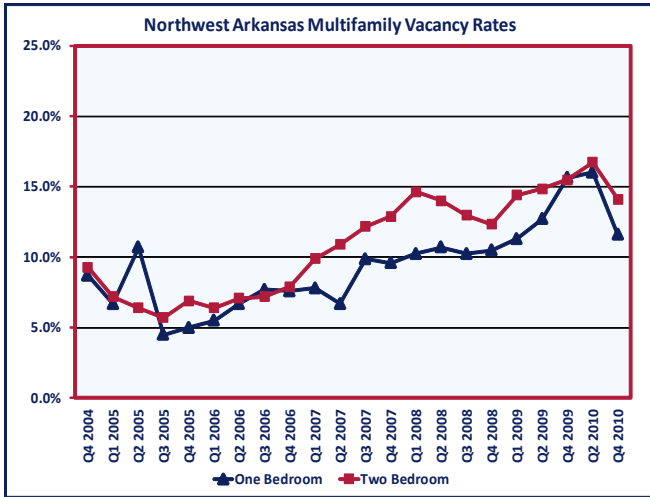
Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the twenty-third 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 Fourth Quarter of 2010

- Vacancy rates for multifamily properties in Northwest Arkansas declined from their second quarter 2010 level of 16.1 percent to 12.8 percent in the fourth quarter of 2010. The fourth quarter 2010 Northwest Arkansas vacancy rate was the lowest since the fourth quarter of 2008.
- Siloam Springs continued having the lowest aggregate vacancy rate at 8.5 percent this quarter, up from 7.3 percent in the second quarter of 2010. Fayetteville had the highest aggregate vacancy rate at 14.2 percent, down from 17.7 percent in the second quarter. The Bentonville, Rogers, and Springdale vacancy rates all also declined substantially.
- The average lease price per month for a multifamily property unit in Northwest Arkansas increased slightly to \$526.72, while the average square footage went up to 846 square feet. Similarly, the median monthly lease price for a multifamily property increased to \$485.00.
- 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



Multifamily Market Trends

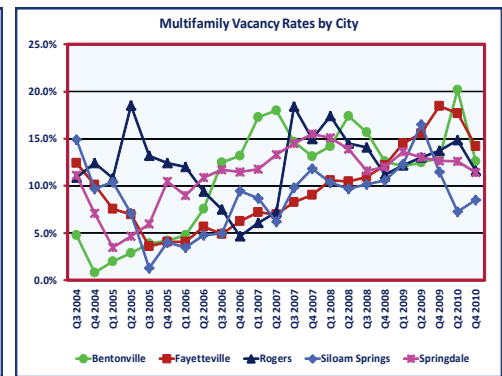
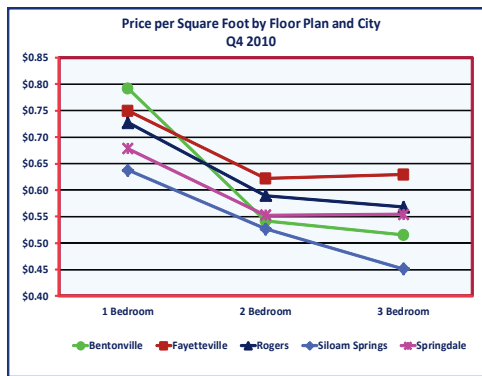
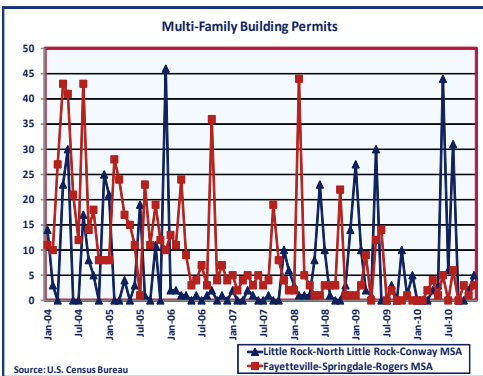
The associated table details the building permits that have been issued for multifamily housing purposes over the past twelve months. Only one projects with a value greater than a million dollars was permitted during this period. Three of these

projects were located in Rogers, two were in Springdale and one was in Fayetteville. and one was located in Bentonville. Rollers Ridge, Ridgepoint Townhomes, and Avignon Court are all located in Rogers. Both the Grove at Chester Hills and the

Mill Creek projects are in Springdale. The Fayetteville project is the Sunbridge 4-plexes.

Multifamily Residence Building Permits December 2009 - November 2010

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
3/22/2010	Sunbridge (fourplex)	1	\$408,750	Fayetteville
3/22/2010	Avignon Court	15	\$900,000	Rogers
3/30/2010	Grove at Chester Hills	1	\$607,529	Springdale
5/21/2010	Mill Creek	1	\$881,094	Springdale
11/24/2010	Ridgepoint Townhomes	14	\$770,000	Rogers
11/29/2010	Rollers Ridge	6	\$1,900,000	Rogers
	Total	33	\$5,467,373	



Multifamily Market Trends

Sample Vacancy Rates

Market Area	Number of Complexes	Number of Units	Q4 2010 Vacancy Rate	Q2 2010 Vacancy Rate	Q4 2009 Vacancy Rate
Bentonville	126	3,987	12.6%	20.2%	13.0%
Fayetteville	274	13,145	14.2%	17.7%	18.4%
Rogers	86	4,068	11.6%	14.9%	13.7%
Siloam Springs	44	1,098	8.5%	7.3%	11.5%
Springdale	87	5,971	11.4%	12.6%	12.7%
NWA	617	28,269	12.8%	16.1%	15.6%

Average Size and Price by Floor Plan Q4 2010

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	403	\$447.26	\$1.11
1 Bedroom	611	\$448.57	\$0.73
2 Bedroom	913	\$531.16	\$0.58
3 Bedroom	1,261	\$699.90	\$0.56
4 Bedroom	1,501	\$788.80	\$0.53
NWA	846	\$526.72	\$0.62

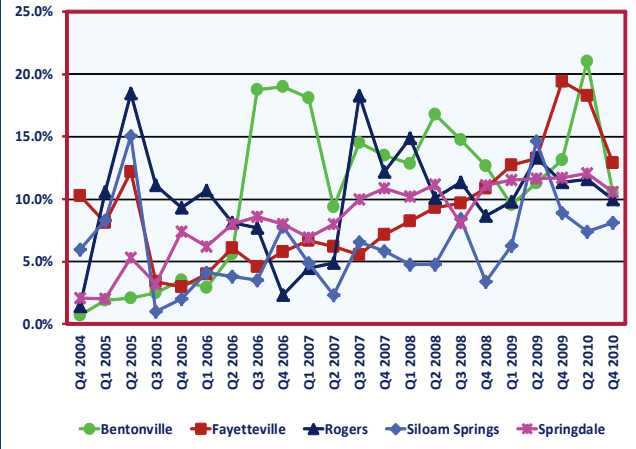
Median Size and Price by Floor Plan Q4 2010

Floor Plan	Median Square Feet	Median Price per Month	Median Price per Square Foot
Studio	400	\$335.00	\$0.84
1 Bedroom	600	\$400.00	\$0.67
2 Bedroom	900	\$500.00	\$0.56
3 Bedroom	1,261	\$650.00	\$0.52
4 Bedroom	1,300	\$720.00	\$0.55
NWA	800	\$485.00	\$0.61

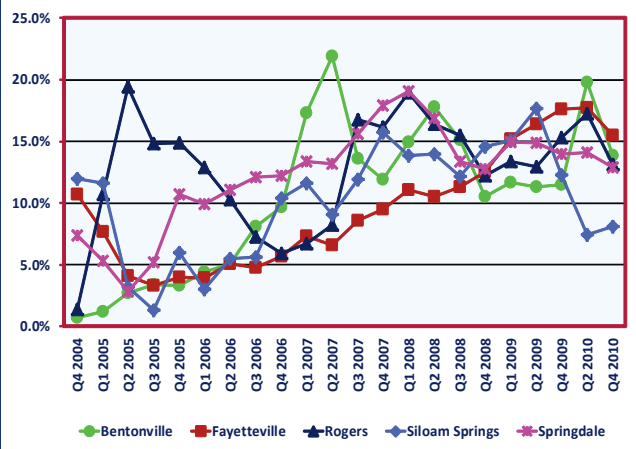
Vacancy Rates by Floor Plan Q4 2010

Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	10.5%	13.9%	10.8%
Fayetteville	12.9%	15.5%	13.3%
Rogers	10.0%	13.1%	6.8%
Siloam Springs	8.1%	8.1%	6.3%
Springdale	10.6%	12.9%	2.7%
NWA	11.6%	14.1%	8.3%

One Bedroom Vacancy Rates by City



Two Bedroom Vacancy Rates by City



Three Bedroom Vacancy Rates by City

