



THE SKYLINE REPORT

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UNIVERSITY OF
ARKANSAS
SAM M. WALTON
COLLEGE OF BUSINESS

Center for Business
and Economic Research

**Second Half of 2012
February 2013**

Highlights

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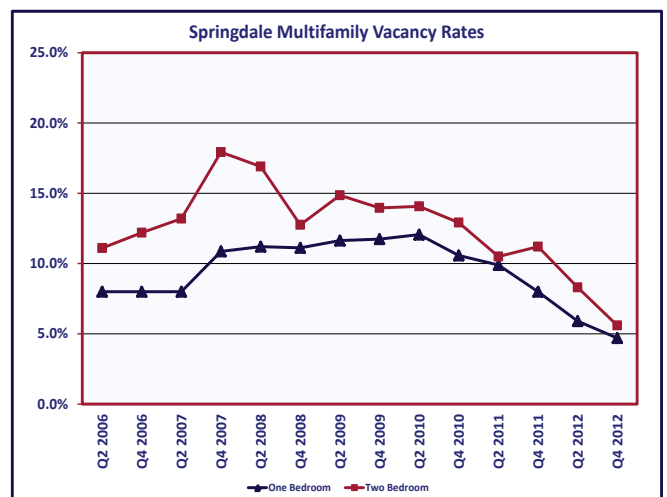
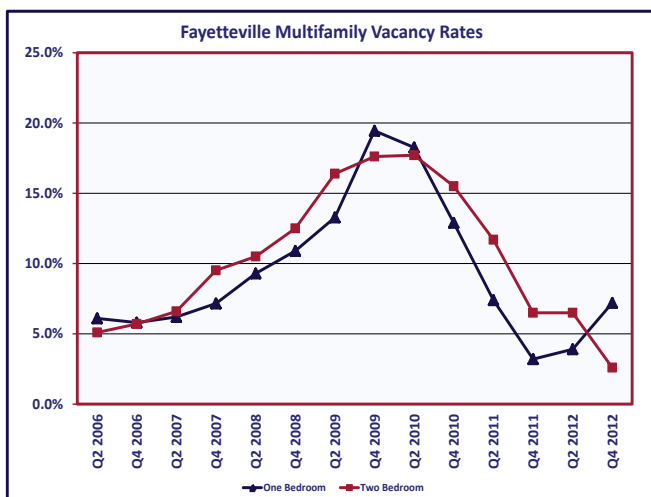
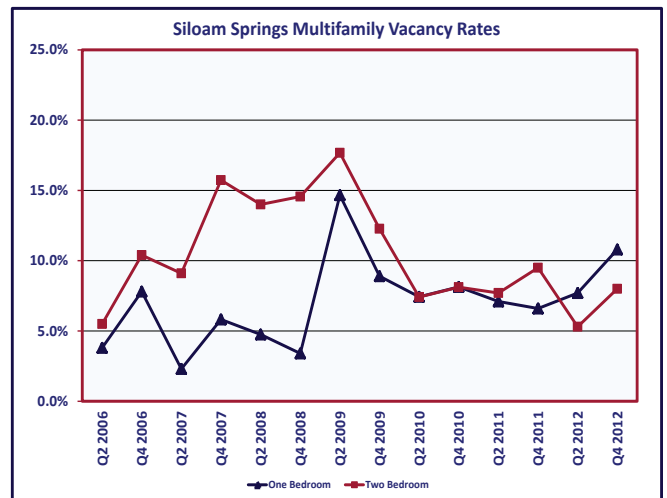
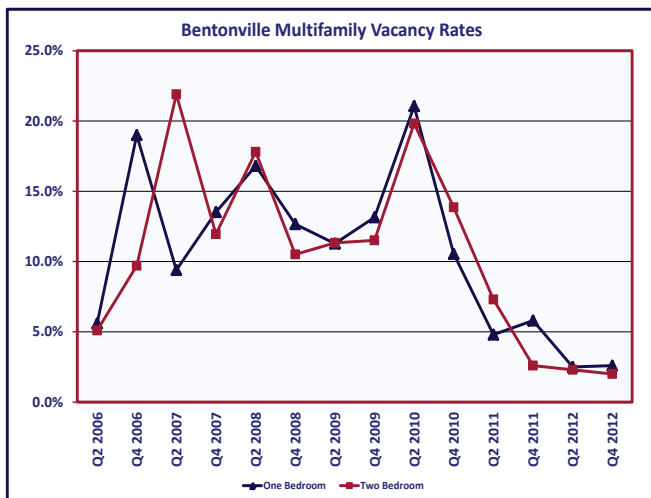
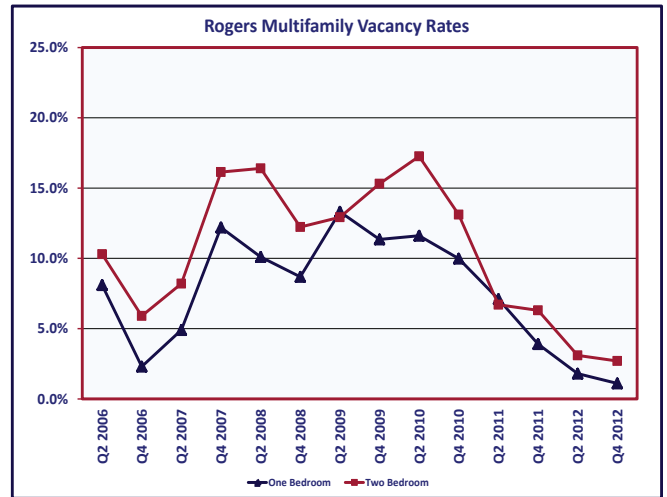
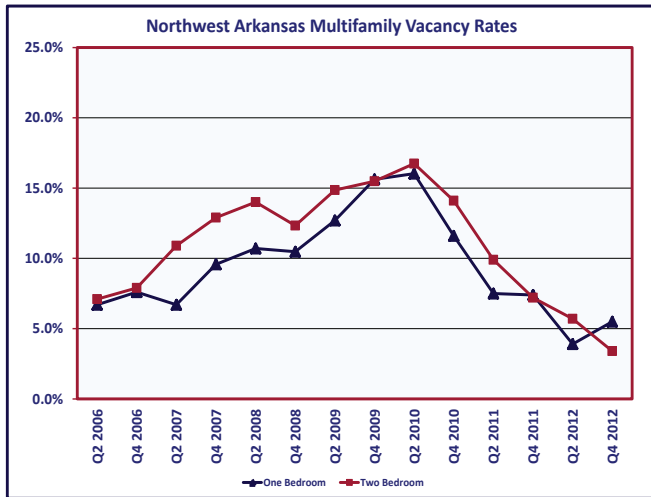
Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the twenty-seventh 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.

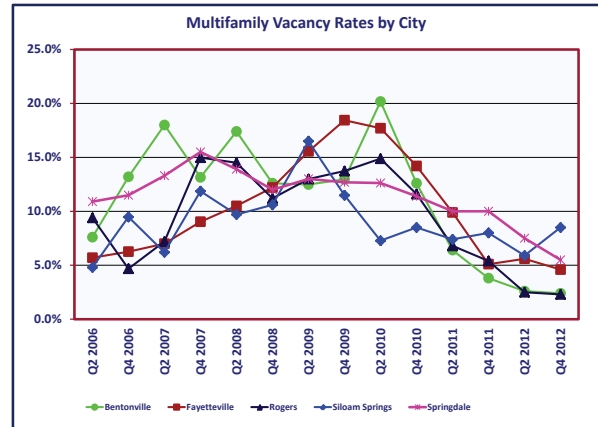
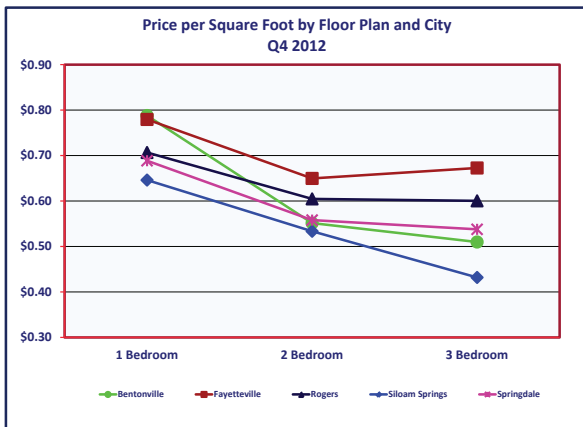
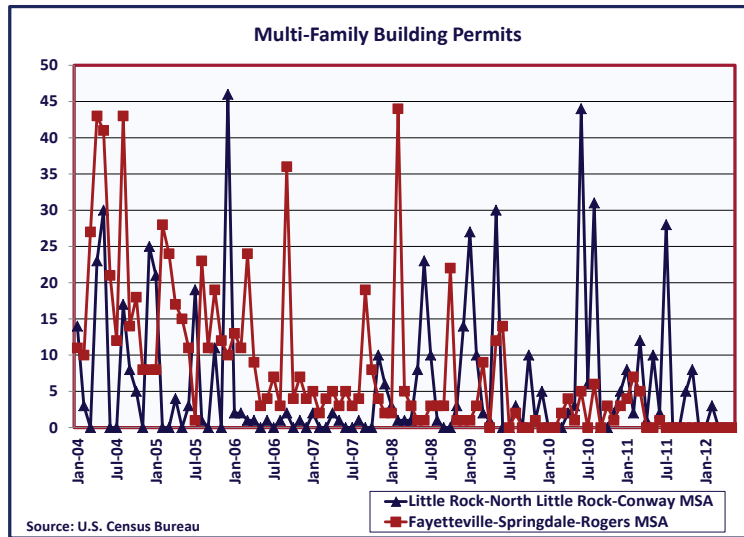
Highlights from the Second Half of 2012

- Vacancy rates for multifamily properties in Northwest Arkansas declined from their fourth quarter 2011 level of 6.1 percent to 4.3 percent in the fourth quarter of 2012. The fourth quarter 2012 Northwest Arkansas vacancy rate was the lowest since the first quarter of 2006.
- The Fayetteville multifamily vacancy rate decreased from 5.6 in the first half of 2012 to 4.6 percent in the second half of 2012, while Rogers had the lowest aggregate vacancy rate at 2.3 percent, down from 2.5 percent in the first half of 2012, and significantly down from 5.4 percent in second half of 2011.
- The Springdale and Bentonville multifamily vacancy rates declined significantly from 10.0 and 3.8 percent in the second half of 2011 to 5.5 and 2.4 percent in the second half of 2012, respectively.
- The average lease price per month for a multifamily property unit in Northwest Arkansas increased again, from \$538.21 in the first half of 2012 to \$543.06 in the second half 2012.
- The median monthly lease price for a multifamily property remained at \$495.00 in the second half of 2012.
- New projects with 1,947 rental units are currently under construction and projects with another 1,047 rental units are seeking approval in Fayetteville. This activity will add substantially to the current base of 13,993 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. Six of the projects are located in Fayetteville, with both Bentonville and Rogers having one project each. Six projects had a value greater than one million dollars.

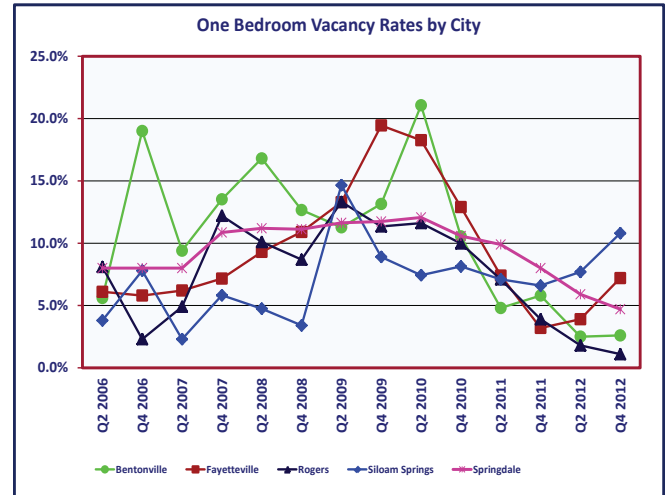
Multifamily Building Permits January 1, 2012 - December 31, 2012

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
1/17/2012	Meadows Apartments	3	\$861,200	Rogers
2/14/2012	The Grove	9	\$28,315,241	Fayetteville
7/16/2012	The Domain	8	\$31,740,275	Fayetteville
7/26/2012	Sterling Frisco	2	\$7,427,528	Fayetteville
9/7/2012	The Vue	10	\$38,901,924	Fayetteville
11/13/2012	Nantucket Apartments	3	\$4,180,175	Fayetteville
12/19/2012	Berry Flats	1	\$858,999	Fayetteville
12/26/2012	Copperstone	7	\$6,111,504	Bentonville
Total		43	\$118,396,846	

Multifamily Market Trends

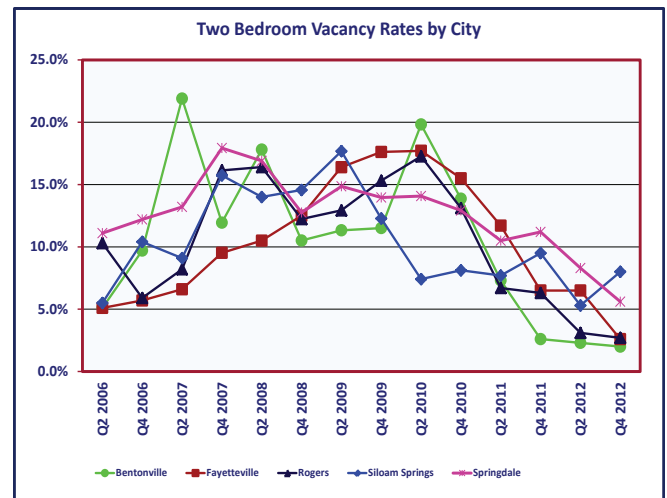
Sample Vacancy Rates

Market Area	Number of Complexes	Number of Units	Q4 2012 Vacancy Rate	Q2 2012 Vacancy Rate	Q4 2011 Vacancy Rate
Bentonville	124	3,993	2.4%	2.6%	3.8%
Fayetteville	316	13,993	4.6%	5.6%	5.1%
Rogers	93	4,275	2.3%	2.5%	5.4%
Siloam Springs	49	1,120	8.5%	5.9%	8.0%
Springdale	98	6,114	5.5%	7.5%	10.0%
NWA	680	29,495	4.3%	5.1%	6.1%



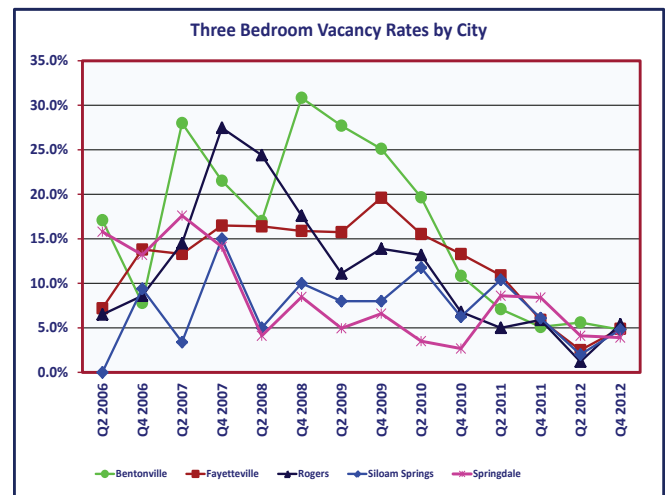
Average Size and Price by Floor Plan Second Half of 2012

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	416	\$452.96	\$1.09
1 Bedroom	614	\$459.97	\$0.75
2 Bedroom	910	\$546.48	\$0.60
3 Bedroom	1,247	\$738.28	\$0.59
4 Bedroom	1,313	\$858.09	\$0.65
NWA	843	\$543.06	\$0.64



Median Size and Price by Floor Plan Second 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	889	\$520.00	\$0.58
3 Bedroom	1,246	\$650.00	\$0.52
4 Bedroom	1,255	\$800.00	\$0.64
NWA	800	\$495.00	\$0.62



Vacancy Rates by Floor Plan Second Half of 2012

Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	2.6%	2.0%	4.8%
Fayetteville	7.2%	2.6%	4.9%
Rogers	1.1%	2.6%	4.9%
Sil. Springs	10.8%	8.0%	4.8%
Springdale	4.7%	5.6%	3.9%
NWA	5.5%	3.4%	4.6%