



THE SKYLINE REPORT

for Benton and Washington Counties

**Multifamily Real Estate
Market Summary
May 2005**



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COLLEGE of BUSINESS

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Multifamily Real Estate Market Summary

This report is the 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 (CBER) 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 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 to understanding the overall residential market, particularly as low interest rates have made home ownership more appealing relative to leasing comparable residential space. 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 Quarter of 2005

- Vacancy rates for multifamily properties in Northwest Arkansas declined from their fourth quarter level of 7.6 percent to 5.6 percent in the first quarter of 2005.
- Bentonville and Rogers had very low aggregate vacancy rates at 2.0 percent each.
- Bentonville, Rogers, and Siloam Springs each experienced a small increase in vacancy rates in the first quarter, while Fayetteville and Springdale saw declines in vacancy rates.
- The average price per month for a multifamily property unit in Northwest Arkansas increased from \$474 to \$479.
- On a price per square foot basis, multifamily units were least expensive on average in Siloam Springs and most expensive on average in Rogers.

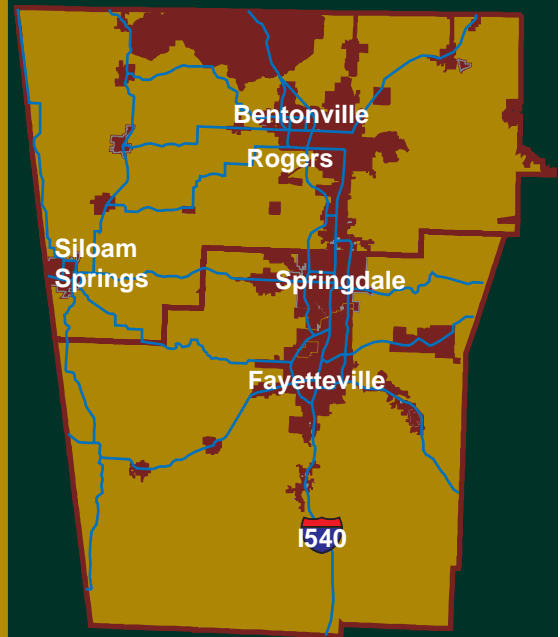
Study Structure and Methodology

The results of an in-depth data gathering process are presented and analyzed in this report. Data from three distinct sources were used to examine the characteristics of the Northwest Arkansas multifamily residential housing market. First, building permit data were examined to identify any multifamily units that were new to the market. Then, the databases from the Benton and Washington County Assessors' offices were searched to identify existing multifamily properties. Finally, a survey of the population of multifamily property managers was conducted in order to collect the characteristics of the Northwest Arkansas multifamily housing market.

The Skyline Report is structured in the following way. In the first section, a review of relevant economic statistics is presented to set a context for examining multifamily housing. In the section that follows the economic overview, regional comparisons are detailed. A table containing information about multifamily building permits issued thus far in 2005 is shown first, followed by a short discussion about the kinds of properties that are being permitted. A table with announcements of coming multifamily projects follows. Next, there is an analysis of the data obtained from the Benton and Washington County Assessors' offices. The total number and the square footage of the population multifamily properties in Northwest Arkansas are broken down by major city. Then, the coverage of the sample of CBER survey respondents is discussed in relation to that population. Finally, vacancy rates, average unit sizes and average floor plan prices, all calculated from the survey sample, are presented on a regional basis.

The report then turns to a more detailed city-by-city analysis. For this report, Bentonville, Fayetteville, Rogers, Siloam Springs, and Springdale were examined. For each city, information on the size and lease price of available floor plans is presented. Following those aggregated numbers are two matrixes with details about the sampled properties. The first matrix includes occupancy statistics and available lease durations for each property in the city's sample. The second matrix details the mix of amenities that each property provides for its residents.

In order to collect this specific information about Northwest Arkansas multifamily residential properties, CBER researchers surveyed the population of multifamily property managers. To identify potential respondents, databases from the Washington and Benton County Assessors' offices were searched. Contact information was obtained where available and at least three phone contacts were attempted for each respondent. When no response was forthcoming, the properties were physically visited by a surveyor.



The Northwest Arkansas multifamily market includes the following five major cities:

1. Bentonville
2. Fayetteville
3. Rogers
4. Siloam Springs
5. Springdale

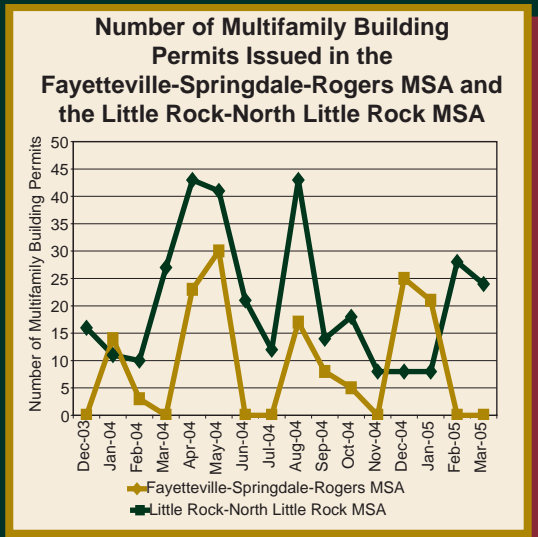
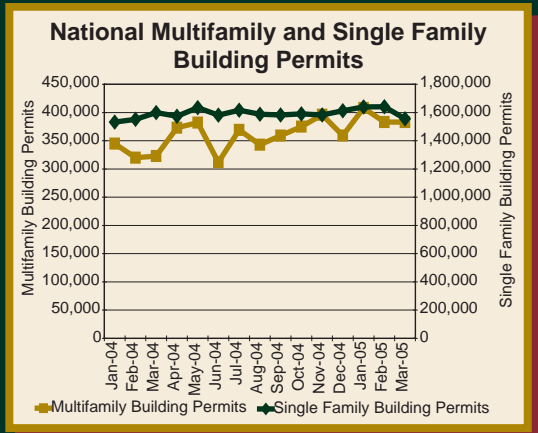
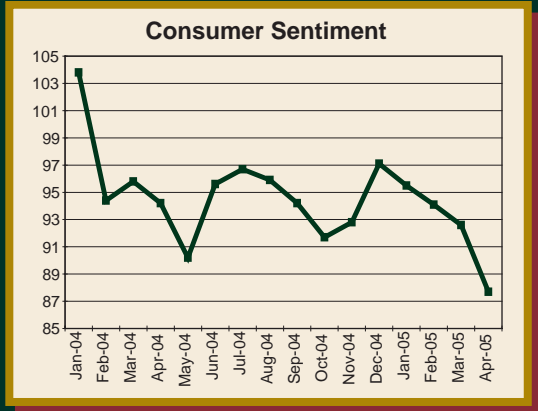
As the third edition of the multifamily series of the Skyline Report, this study begins to provide some comparisons in vacancy rates, prices, unit sizes, and other multifamily property characteristics. In future reports, trends will be examined, although seasonality of the data will prevent definitive conclusions from being drawn for at least a year's worth of reports.

Economic Overview

To get a sense of the Northwest Arkansas multifamily housing market, it is useful to look at some key macroeconomic statistics. The University of Michigan produces the Consumer Sentiment Index. Since the beginning of 2005, there have been marked declines in this index. Most of the decline is directly attributable to the concurrent increasing gasoline prices. Consumers feel less wealthy as they pay more for their accustomed transportation and as the increase in the price of fuel works its way into the prices of all consumer goods and services. The most recent month's data show a large decline in consumer confidence from March 2005, and the level of the index is at its lowest point since late 2003. Consumer confidence acts as a signal about the likely trends in spending for consumers and is directly related to their perceptions of the real estate market. In as much as purchasing single family houses becomes more attractive relative to leasing, the multifamily housing market will be directly affected by this statistic.

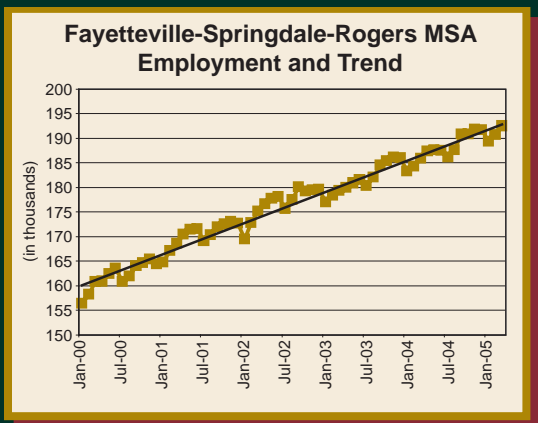
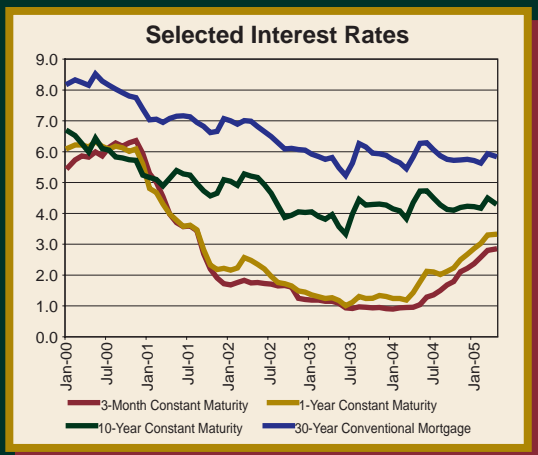
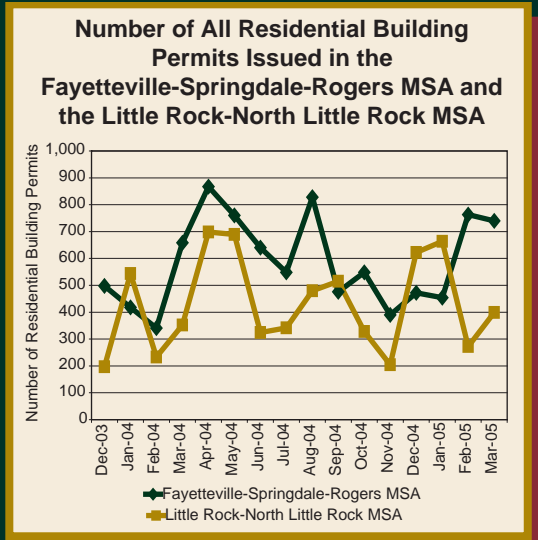
The U.S. Census Bureau estimates the issuance of building permits. Since December of 2003, growth in the number of multifamily building permits issued has trended up very slightly, nationally. Although there has been month-to-month variation, the number of single family residential building permits has been flat since the end of 2003. This suggests that the current pace of new construction is sufficient to keep up with demand at all levels.

Turning to the two major metropolitan areas in Arkansas, the Fayetteville-Springdale-Rogers (FSR) MSA and the Little Rock-North Little Rock (LR) MSA, similar patterns on a smaller scale are apparent. The accompanying graphs show the number of multifamily building permits and total number of residential building permits issued in the two metro areas. Interestingly, despite its much smaller population, the FSR metro area had a greater number of building permits (both multifamily and total) than the LR metro area in 2004. Despite a great deal of seasonal variation, the trends of all of these series are barely positive. This implies that no significant changes in the pace of growth in the number of residential or multifamily building permits are expected.



On May 3, 2005 the Federal Reserve Board raised its target for the federal funds rate an additional 25 basis points to 3.0 percent, bringing the total increase from the recent lows to 200 basis points. As the accompanying graph shows, the spread between short term rates and conventional 30-year mortgage rates has declined more than 220 basis points since its most recent peak in May 2004. Because the ten-year treasury interest rate and the 30-year conventional mortgage rate have remained essentially constant since July 2004, buying a single family house remains relatively attractive compared to leasing comparable multifamily housing.

Finally, a graph showing employment trends in the FSR metro area is included. Employment in the region continues to grow at the same pace as its five-year trend, adding approximately 480 jobs a month to the region. Because employment growth is the single most important factor in determining demand for housing of all kinds, there must be an awareness of the possibility of structural changes in the labor market. The data show no evidence that the rate of job growth in Northwest Arkansas will abate in the near term. While the most recent data points fall below the five-year trend rate, the levels are seasonally appropriate.



Regional Overview

The Northwest Arkansas multifamily housing market is driven by the demands of the populations in its various communities. Multifamily housing serves three primary purposes in Northwest Arkansas. In Fayetteville, home of the University of Arkansas, the state's flagship institution of higher education, much of the supply of multifamily housing is designed to serve the increasing and ever-changing student population. In addition to providing student housing, multifamily properties also act as low-income housing for those whose financial status and credit ratings are not sufficient to purchase a single-family home. Thus, as areas like South Fayetteville are redeveloped and previously existing affordable single family residences are demolished, the demand for multifamily housing should increase. Finally, multifamily properties serve as transitional housing for those who are between single family residences or for those who unlikely to remain in a particular location long enough to make the purchase of a house make economic sense. The growth in the number of executive suites in Northwest Arkansas is a testament to demand driven by transitional factors.

Building Permits

The associated table details the building permits that have been issued for multifamily housing purposes since the beginning of 2005. Four projects with values greater than a million dollars were permitted by the end of March 2005. Two of these were located in Fayetteville, one was located in Springdale, and the largest was located in Bentonville. The Fayetteville projects involve the construction of the North Corner Apartments on Leverett Street and the construction of the Salem Road Townhouses on the west side of Fayetteville. The Remington Place Apartment complex in Springdale will be near the intersection of Emma Street and Butterfield Coach Road. In Bentonville, the Glen at Polo Park apartment complex will be located near the Northwest Arkansas Regional Airport in Highfill.

The business press was examined to formulate the attached table of announced new projects. As no building permits have yet been issued, these projects could change substantially, but it is useful to have a compilation of public announcements.

Multifamily Residence Building Permits 2005

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
1/11/2005	M.P. Construction of Springdale	2	\$635,652	Fayetteville
1/14/2005	Jenning Mills Apartments	2	\$871,164	Fayetteville
1/18/2005	North Corner Apartments	2	\$1,488,928	Fayetteville
1/19/2005	Lee Jackson	1	\$40,760	Fayetteville
2/9/2005	Glen at Polo Park	20	\$24,195,966	Bentonville
2/14/2005	Aaron Nickel Homes	1	\$446,729	Fayetteville
3/3/2005	Remington Place Apartments	16	\$12,280,288	Springdale
3/18/2005	Salem Road Townhomes	6	\$3,387,384	Fayetteville
3/18/2005	Hometown Developments	1	\$348,371	Fayetteville
3/29/2005	Bedford Apartments	1	\$475,536	Fayetteville
	Total	52	\$44,170,778	

Announcements of New Projects

Complex	Developer	Construction Costs	Number of Units	City
Harbin Pointe Apartments	Home Place Retirement Development Corp.	\$7,000,000	194	Bentonville
Dickson Street Condominiums	The Barber Group	\$1,000,000	34	Fayetteville
Clear Creek Apartments	Clear Creek II LLC	\$6,500,000	112	Johnson
Condos at the Peaks	Noonan LLC	\$6,500,000	260	Rogers

Northwest Arkansas Multifamily Properties

Building permits give a good indication of the types and amounts of space that will become available on the market in the near future. However, to understand the existing stock of multifamily properties, CBER researchers examined the property tax databases from the offices of the Benton and Washington County assessors. From those databases, parcels that were classified as multifamily residential were identified and then results were aggregated by complex to avoid double counting. Unfortunately, the databases do not include any measure of the number of units associated with a particular property, but rather the total square feet of any buildings on the parcels are provided. Therefore, the number of properties by city and the total square feet of multifamily residential space are provided in the accompanying table.

The database search showed that Fayetteville had the most multifamily properties in Northwest Arkansas with 240, totaling over 3.6 million square feet. Following Fayetteville, in descending order from most multifamily properties to fewest were Rogers, Bentonville, Springdale, and Siloam Springs. The total number of multifamily properties in these cities in the first quarter of 2005 was 625 with a total size of almost 10 million square feet.

CBER staff attempted to obtain additional information about each of the multifamily residential properties in these five cities. A survey instrument was developed to ascertain the number of units in each property, the number of units currently available for lease, the types of different floor plans, the prices of different floor plans, lease durations, and the amenities associated with each property. For the first time, an online data collection tool was used to streamline the process and to make responding more convenient for apartment managers. The results from this surveying effort comprise the remainder of this report. In the first quarter of 2005, information was collected on 52.2 percent of the existing square footage of multifamily properties, compared to 44.6 percent in the fourth quarter of 2004.

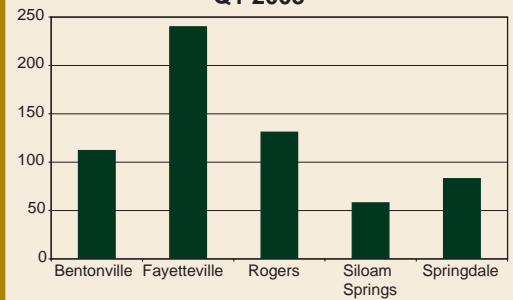
Total Inventory of Multifamily Properties and Sample Coverage Q1 2005

City	Number of Multifamily Properties in County Assessor Databases	Total Square Feet of Multifamily Properties in County Assessor Databases	Number of Multifamily Properties in Sample	Total Square Feet of Multifamily Properties in Sample	Percent Coverage of Total Square Feet
Bentonville	112	2,066,767	29	1,016,101	49.2%
Fayetteville	240	3,615,294	127	1,998,277	55.3%
Rogers	131	2,283,024	27	1,173,216	51.4%
Siloam Springs	58	644,283	18	312,156	48.5%
Springdale	83	1,090,450	27	563,527	51.7%
Northwest Arkansas	624	9,699,818	228	5,063,277	52.2%

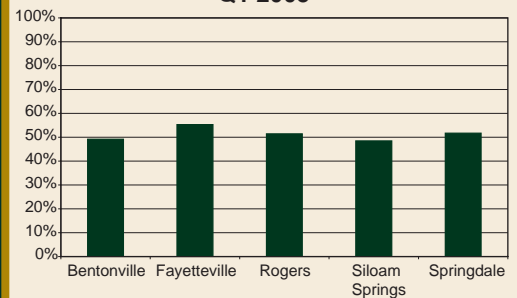


In the analysis that follows, it is important to remember that the survey sample disproportionately measures large properties with many units, rather than small multifamily properties. In as much as the large properties drive the market for multifamily housing, extrapolating the results to the entire population is entirely reasonable. Within the first quarter survey sample, there were 13,983 total units in 228 multifamily residential properties. These properties had a combined vacancy rate of 7.9 percent, although if one mostly vacant property in Rogers is excluded from the sample, the overall vacancy rate was only 5.6 percent (as compared to 7.6 percent in the fourth quarter). The highest vacancy rate was in Siloam Springs, at 10.1 percent and the lowest vacancy rate was in Bentonville at 2.0 percent. In the first quarter of 2005, Rogers had a vacancy rate of 10.8 percent (or 2.0 percent excluding the Stone Manor property), Springdale had a vacancy rate of 3.5 percent, and Siloam Springs had a vacancy rate of 10.4 percent. Within the sample, the average lease price per month in Northwest Arkansas was \$477.86, up from \$473.91 in the fourth quarter. The average size of a unit was 790 square feet. This implies that the average monthly price per square foot of a multifamily property was \$0.62. Breaking down the price and square footage by floor plan yields other interesting statistics. On a price per square foot basis, the least expensive floor plans had three bedrooms at \$0.55. The most expensive floor plans were studio apartments at \$1.31 per square foot per month. Studio apartment plans were only available in properties in the Fayetteville and Bentonville portions of the sample.

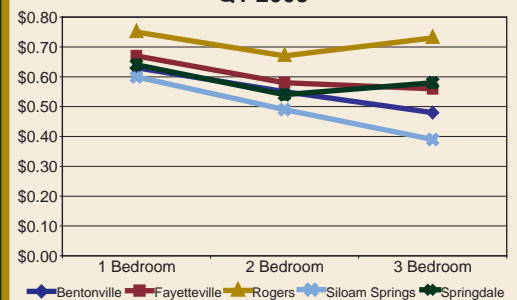
Number of Multifamily Properties in Assessor Databases Q1 2005



Sample Coverage of Total Square Feet of Multifamily Properties by City Q1 2005



Price per Square Foot by Number of Bedrooms by City Q1 2005



Sample Vacancy Rates Q4 2004 - Q1 2005

Market Area	Number of Apartment Complexes	Number of Units	Q1 Vacancy Rate	Q4 Vacancy Rate
Bentonville	29	1,884	2.0%	0.8%
Fayetteville	127	7,256	7.6%	10.1%
Rogers	27	2,249	10.8%	12.4%
Rogers*	26	1,995	2.0%	1.8%
Siloam Springs	18	685	10.4%	9.7%
Springdale	27	1,909	3.5%	7.1%
Northwest Arkansas	228	13,729	5.6%	7.6%
Northwest Arkansas*		13,983	7.9%	9.2%

*Excluding the Stone Manor complex which is under construction.

Northwest Arkansas Average Unit Size and Price by Floor Plan Q1 2005

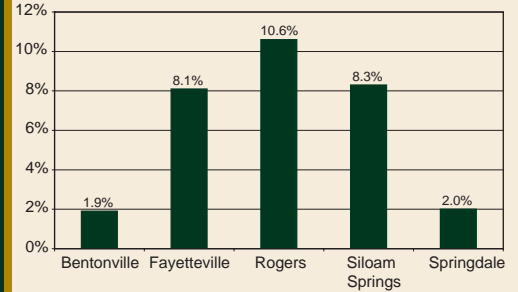
Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	388	\$508.75	\$1.31
1 Bedroom	587	\$395.15	\$0.67
2 Bedroom	884	\$508.57	\$0.58
3 Bedroom	1,176	\$650.55	\$0.55
4 Bedroom	1,209	\$782.50	\$0.65
Northwest Arkansas	790	\$477.86	\$0.62

Northwest Arkansas Vacancy Rates by Floor Plan Q1 2005

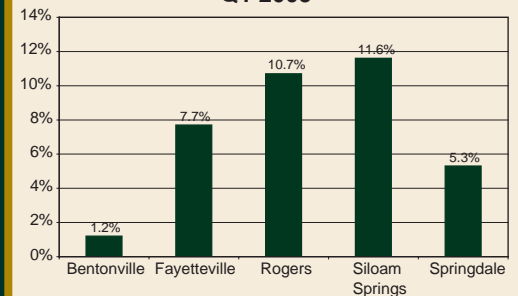
Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	1.9%	1.2%	10.4%
Fayetteville	8.1%	7.7%	5.9%
Rogers	10.6%	10.7%	13.0%
Rogers*	1.5%	2.6%	1.7%
Siloam Springs	8.3%	11.6%	0.0%
Springdale	2.0%	5.3%	4.8%
Northwest Arkansas	6.7%	7.2%	7.7%
Northwest Arkansas*	5.0%	6.1%	6.4%

*Excluding the Stone Manor complex which is under construction.

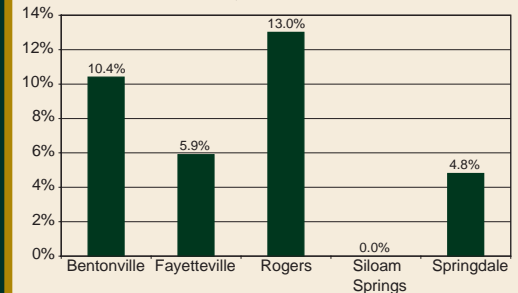
One Bedroom Apartment Vacancy Rates by City Q1 2005



Two Bedroom Apartment Vacancy Rates by City Q1 2005



Three Bedroom Apartment Vacancy Rates by City Q1 2005



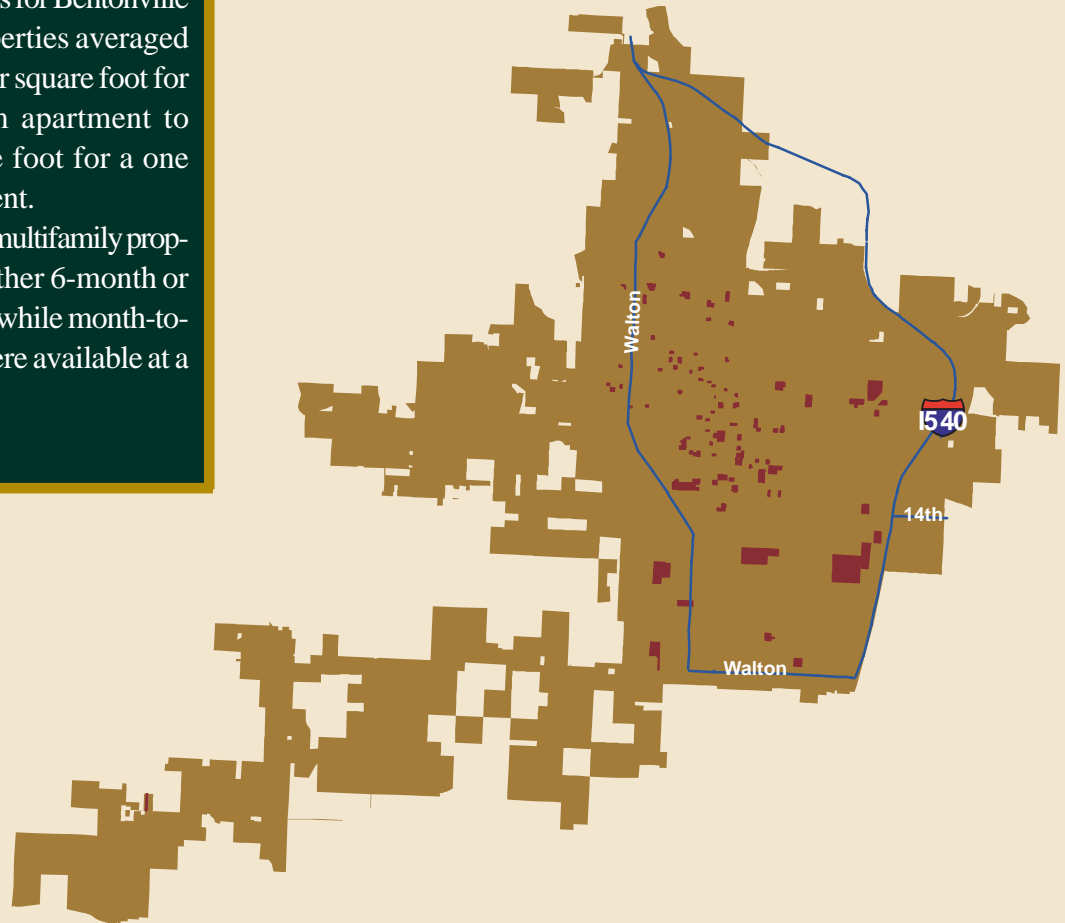
Bentonville

- In the database from the office of the Benton County Assessor, there were 112 multifamily properties in Bentonville in the first quarter of 2005. These properties comprised 2,066,767 square feet.
- The 29 Bentonville Skyline Report survey respondents accounted for 49.2 percent of the square footage of all of the multifamily properties in the city.
- In the 1,884 units that were reported by Skyline Report survey respondents, there was a 2.0 percent vacancy rate, up from 0.8 percent in the fourth quarter of 2004.
- The average lease rate of all units in Bentonville was \$472, while the average size of a unit was 822 square feet.
- The monthly leases for Bentonville multifamily properties averaged between \$0.48 per square foot for a three bedroom apartment to \$0.63 per square foot for a one bedroom apartment.
- Most Bentonville multifamily properties required either 6-month or 12-month leases, while month-to-month options were available at a few properties.

Bentonville Average Unit Size and Price by Floor Plan Q1 2005

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	1,000	–	–
1 Bedroom	600	\$374.85	\$0.63
2 Bedroom	878	\$482.33	\$0.55
3 Bedroom	1,275	\$608.75	\$0.48
4 Bedroom	–	–	–
Bentonville	822	\$471.94	\$0.58

Bentonville Multifamily Properties



Bentonville Vacancy Rates and Lease Durations by Property Q1 2005

Complex	Total Number of Units	Number of Units Occupied	Vacancy Rate	3 Month Leases	6 Month Leases	9 Month Leases	Year Leases	Month-to-Month Leases
1318 Royal Drive	2	2	0.0%		✓			
306 S Main	6	6	0.0%		✓			
4 Jonquilla Way	2	2	0.0%		✓			
404 NW D St	8	7	12.5%		✓			
409 SE 10th	12	11	8.3%					✓
606 SW C St	12	11	8.3%					
802 SE 8th	4	4	0.0%		✓			
Adams House	21	17	19.0%					✓
Been Apartments	4	4	0.0%		✓			
Been Apartments	2	2	0.0%		✓			
Cabin Courts	15	15	0.0%					✓
Del Mar Apartment	128	128	0.0%				✓	
Four Seasons Colonial	12	12	0.0%		✓			✓
Garland Square	57	52	8.8%		✓		✓	
Largent Apartments	4	4	0.0%		✓			
Lewis Apartments	16	15	6.3%		✓		✓	
Lundy Apartments	10	9	10.0%				✓	
Mathias Apartments	14	14	0.0%		✓			
Moberly Manor	216	216	0.0%				✓	
Moberly Place	120	117	2.5%				✓	
Norbeck Apartments	2	2	0.0%		✓			
Osage Terrace	40	40	0.0%					
Oxford	40	40	0.0%					
Sanders Properties	100	100	0.0%				✓	
Southern View	300	295	1.7%			✓		
The Links at Bentonville	432	430	0.5%		✓		✓	
The Springs Apartments	16	16	0.0%				✓	
Touchstone Village	189	176	6.9%				✓	
Villa I Apartments	100	100	0.0%		✓			
Bentonville	1,884	1,847	2.0%					



Bentonville Amenities by Property Q1 2005

Complex	Parking spaces/resident	On-Site Manager	Pool	Fitness Center	Community Room	Basketball	Tennis	Volleyball	Golf Course	Covered Parking	Elevators	Pets	Children	Senior
1318 Royal Drive														
306 S Main													✓	
4 Jonquilla Way												✓		
404 NW D St	2									✓			✓	
409 SE 10th												✓		
606 SW C St														
802 SE 8th	2												✓	
Adams House	1	✓			✓									
Been Apartments														✓
Been Apartments														✓
Cabin Courts	2											✓		
Del Mar Apartment		✓								✓				
Four Seasons Colonial	2											✓	✓	
Garland Square					✓							✓	✓	
Largent Apartments														✓
Lewis Apartments												✓		
Lundy Apartments	2													
Mathias Apartments														
Moberly Manor			✓	✓	✓	✓				✓				
Moberly Place										✓				
Norbeck Apartments														✓
Osage Terrace					✓						✓	✓	✓	
Oxford														
Sanders Properties														
Southern View		✓	✓	✓										
The Links at Bentonville	2	✓	✓	✓	✓		✓		✓	✓			✓	
The Springs Apartments														
Touchstone Village			✓		✓									
Villa I Apartments	2													✓

✓ Allows or has specific amenity

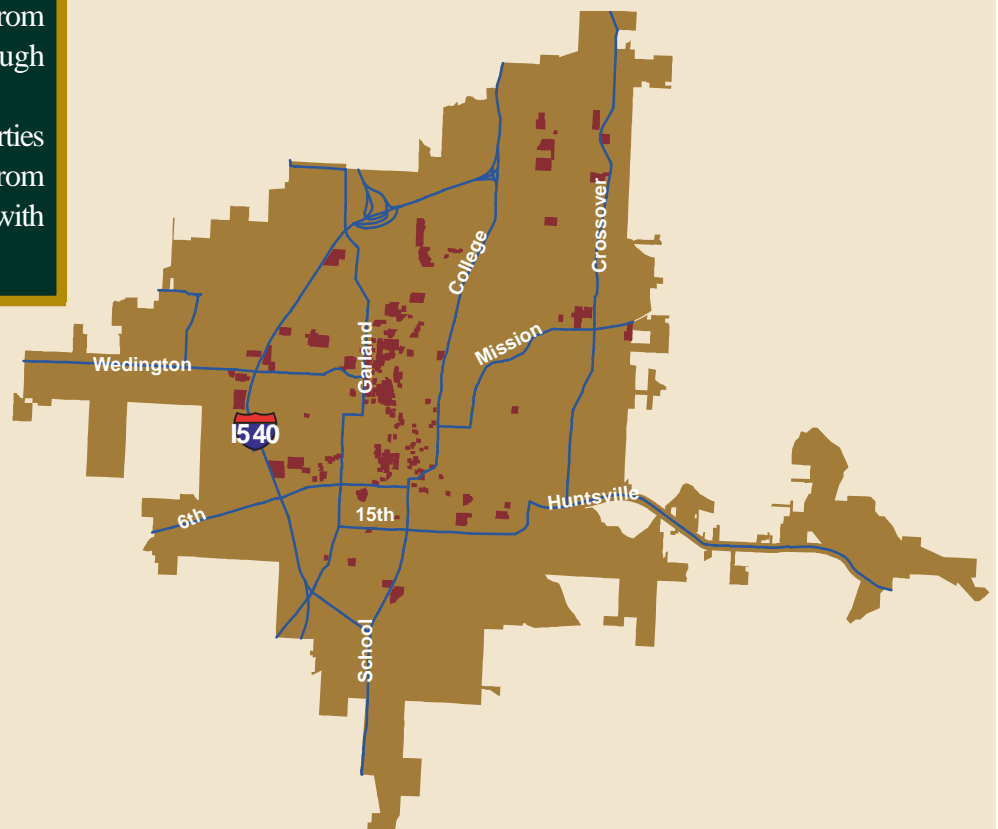
Fayetteville

- In the database from the office of the Washington County Assessor, there were 240 multifamily properties in Fayetteville in the first quarter of 2005. These properties comprised 3,615,294 square feet.
- The 127 Fayetteville Skyline Report survey respondents accounted for 55.3 percent of the square footage of all of the multifamily properties in the city.
- In the 7,256 units that were reported by Skyline Report survey respondents, there was a 7.6 percent vacancy rate down from 10.1 percent in the fourth quarter of 2004.
- The average price of all units in Fayetteville was \$492, while the average size of a unit was 812 square feet.
- The monthly leases for Fayetteville multifamily properties averaged between \$0.56 per square foot for a three bedroom apartment to \$0.70 per square foot for a studio apartment.
- Fayetteville multifamily properties had a wide variety of lease durations from month-to-month all the way through 12-month leases.
- Fayetteville had multifamily properties with many different floor plans, from studio to four bedroom properties with many configurations of baths.

Fayetteville Average Unit Size and Price by Floor Plan Q1 2005

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	495	\$347.50	\$0.70
1 Bedroom	594	\$398.58	\$0.67
2 Bedroom	909	\$530.78	\$0.58
3 Bedroom	1,173	\$662.17	\$0.56
4 Bedroom	1,209	\$782.50	\$0.65
Fayetteville	812	\$491.55	\$0.63

Fayetteville Multifamily Properties



Fayetteville Vacancy Rates and Lease Durations by Property Q1 2005

Complex	Total Number of Units	Number of Units Occupied	Vacancy Rate	3 Month Leases	6 Month Leases	9 Month Leases	Year Leases	Month-to-Month Leases
1060 W. Holly	8	5	37.5%				✓	
110 School	4	4	0.0%				✓	
1131 N. Oakland	6	6	0.0%				✓	
1205 N. Oakland	3	3	0.0%				✓	
1211-1209 Oakland	4	4	0.0%				✓	
1725 Bedford Loop	12	12	0.0%				✓	
261 S. Lewis	6	6	0.0%				✓	
815 Storer	7	6	14.3%				✓	
911 W. Hughes	8	8	0.0%				✓	
944 Storer	20	20	0.0%				✓	
970 N. Oakland Apartments	12	10	16.7%				✓	
Adams Street Townhomes	10	9	10.0%				✓	
Appleby Apartments	216	193	10.6%				✓	
Ball Street Condos	4	3	25.0%		✓		✓	
Bay Apartments	6	5	16.7%		✓		✓	
Betty Jo Townhouses	28	27	3.6%					
Beverly Manor Apartments	23	22	4.3%					
Bristol Gardens	172	137	20.3%		✓		✓	
Brown Apartments	21	20	4.8%					
Campus Connection	10	10	0.0%				✓	
Campus Corner	28	26	7.1%		✓	✓	✓	✓
Campus Edge	43	43	0.0%		✓		✓	
Campus Park	8	8	0.0%		✓	✓	✓	✓
Candlelight Apartments	56	54	3.6%					✓
Carl's Manor	36	36	0.0%					
Center Street Apartments	18	18	0.0%		✓	✓	✓	✓
Chamberland Square	99	96	3.0%		✓		✓	
Cheryl-Lynn Townhouses	28	28	0.0%					
Chestnut I	44	43	2.3%					
Chestnut II	216	209	3.2%					
Cleveland Place	12	12	0.0%			✓		
College Point Apartments	11	11	0.0%			✓		
College Station	18	18	0.0%			✓		
College View	18	18	0.0%	✓			✓	
Colonial Arms	69	67	2.9%			✓	✓	
Cornerstone Apartments	40	27	32.5%				✓	
Cornerstone II	108	101	6.5%				✓	
Courts at Whitham	26	26	0.0%		✓	✓	✓	✓
Cozart Apartments	6	6	0.0%		✓		✓	
Crafton Place	84	82	2.4%				✓	
Crossover Terrace	84	83	1.2%				✓	
Deane & Shamblin	21	21	0.0%			✓	✓	✓
Deldonn	20	16	20.0%					
Delmarr	48	45	6.3%					
Douglas Street					✓	✓	✓	✓
Duckspond Townhomes	4	4	0.0%			✓		
Eagle Crest	7	7	0.0%				✓	
East Oaks Apartments	164	151	7.9%				✓	
Encore	26	26	0.0%		✓	✓	✓	✓
English Ivy Townhouses	8	7	12.5%					
Fair Park	228	228	0.0%			✓		
Fairgrounds Apartments	20	12	40.0%					
Fairview Apartments	12	9	25.0%				✓	
Fletcher Street Condos	4	4	0.0%		✓		✓	
Foxborough	32	32	0.0%		✓		✓	
Freeman Townhouses	14	13	7.1%				✓	

Fayetteville Vacancy Rates and Lease Durations by Property (Cont.) Q1 2005

Complex	Total Number of Units	Number of Units Occupied	Vacancy Rate	3 Month Leases	6 Month Leases	9 Month Leases	Year Leases	Month-to-Month Leases
Garden Park	156	156	0.0%		✓	✓	✓	✓
Glendale Apartments	96	95	1.0%		✓	✓	✓	
Gold Leaf Apartments	9	9	0.0%					
Grandview Apartments	129	121	6.2%				✓	
Greenleaf Townhomes	60	60	0.0%		✓	✓	✓	✓
Greens At Lakeside Village	384	313	18.5%			✓		
Harbour	10	9	10.0%				✓	
Harmon Place	28	28	0.0%		✓		✓	
Hayden Place	24	24	0.0%		✓		✓	
Heritage Townhouses	8	8	0.0%					
Holly Street	10	8	20.0%		✓		✓	✓
Kantz Cove Townhouses	6	6	0.0%		✓		✓	
Kenwood Village	20	19	5.0%			✓		
Lakeside Village	176	159	9.7%				✓	
Law - Quad Apartments	84	81	3.6%				✓	✓
Lawson Square	6	4	33.3%					
Leverett Garden	142	134	5.6%	✓	✓		✓	
Leverett Station	8	8	0.0%					
Leverett Townhouses	32	32	0.0%					
Lindell Place	14	14	0.0%			✓		
Maple Manor	128	128	0.0%		✓		✓	
Maria H Apartments	85	78	8.2%	✓	✓		✓	
Markham Hill	112	107	4.5%				✓	
Meadow Apartments	5	5	0.0%				✓	
Molly Court	14	13	7.1%				✓	
Morningside	60	60	0.0%					
Nettleship	16	8	50.0%		✓	✓	✓	
Noble Oaks I	96	96	0.0%					
Noble Oaks II	24	24	0.0%					
Noble Oaks III	96	96	0.0%					
North Creekside	--	--	--		✓	✓	✓	✓
Oaks Apartments	14	14	0.0%					
Oakshire I & II	212	192	9.4%				✓	
Oakwood Place	52	50	3.8%			✓	✓	
On The Hill	10	10	0.0%				✓	
Paradise View	132	116	12.1%			✓		
Park Lake	90	81	10.0%		✓	✓	✓	
Phelan	4	4	0.0%				✓	
Pines	24	22	8.3%				✓	
Porter Place Townhouses	72	57	20.8%			✓	✓	✓
Razorback Plaza	20	20	0.0%					
Red Bud Apartments	19	18	5.3%					
Robinson Townhouse Apartments	22	21	4.5%			✓	✓	
Shiloh Apartments	240	223	7.1%				✓	
South Creekside Apartments	156	147	5.8%		✓		✓	
South Hills	10	8	20.0%	✓	✓		✓	✓
Southmont	88	88	0.0%				✓	✓
Starfire Apartments	60	57	5.0%				✓	
Stonewood	20	20	0.0%					
Sugar Tree	82	80	2.4%		✓	✓	✓	
Summit Terrace	39	37	5.1%				✓	
Sunrise	21	20	4.8%				✓	
Sunshine Place	60	60	0.0%		✓	✓	✓	✓
The Bay	6	6	0.0%					
The Cliffs I	540	442	18.1%				✓	
The Cliffs II	204	200	2.0%				✓	
The Cliffs Townhouses	12	4	66.7%					
The Park I	264	226	14.4%			✓		

Fayetteville Vacancy Rates and Lease Durations by Property (Cont.) Q1 2005

Complex	Total Number of Units	Number of Units Occupied	Vacancy Rate	3 Month Leases	6 Month Leases	9 Month Leases	Year Leases	Month-to-Month Leases
The Park II	60	57	5.0%			✓		
The Vineyards	58	57	1.7%					
University Studio	40	40	0.0%					
Valley View Townhomes	14	11	21.4%		✓		✓	
Vineyards	24	24	0.0%		✓		✓	
Walker Stone	9	9	0.0%		✓		✓	
Washington	128	116	9.4%				✓	
Wedington Oaks	14	13	7.1%		✓		✓	
Wells House	28	28	0.0%				✓	
Whitcreek Apartments	16	14	12.5%		✓		✓	
White Oak	10	10	0.0%					
Willow Creek Apartments	32	32	0.0%					
Woodway Apartments	72	69	4.2%	✓	✓	✓	✓	
Fayetteville	7,256	6,703	7.6%					

Fayetteville Amenities by Property

Q1 2005

Complex	Parking spaces/resident	On-Site Manager	Pool	Fitness Center	Community Room	Basketball	Tennis	Volleyball	Golf Course	Covered Parking	Elevators	Pets	Children	Senior
1060 W. Holly												✓	✓	
110 School	1											✓	✓	
1131 N. Oakland												✓	✓	
1205 N. Oakland	1											✓	✓	
1211-1209 Oakland	1											✓	✓	
1725 Bedford Loop	6											✓	✓	
261 S. Lewis	1											✓	✓	
815 Storer	6											✓	✓	
911 W. Hughes	1											✓	✓	
944 Storer												✓	✓	
970 N. Oakland Apartments	1											✓	✓	
Adams Street Townhomes	1									✓				
Appleby Apartments	2	✓	✓	✓	✓	✓		✓						
Ball Street Condos			✓				✓					✓	✓	
Bay Apartments	2											✓	✓	
Betty Jo Townhouses	1													
Beverly Manor Apartments														
Bristol Gardens		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		
Brown Apartments														
Campus Connection		✓												
Campus Corner	2													
Campus Edge	1											✓		
Campus Park	1											✓	✓	
Candlelight Apartments		✓	✓									✓	✓	
Carl's Manor	1													
Center Street Apartments														
Chamberland Square	2	✓	✓	✓	✓	✓						✓		
Cheryl-Lynn Townhouses	2													
Chestnut I		✓	✓	✓	✓	✓	✓	✓						
Chestnut II		✓	✓	✓	✓	✓	✓	✓						
Cleveland Place									✓					
College Point Apartments														
College Station														
College View		✓												✓
Colonial Arms		✓	✓											✓
Cornerstone Apartments	1	✓	✓		✓									
Cornerstone II		✓	✓		✓									
Courts at Whitham														
Cozart Apartments														✓
Crafton Place	1	✓				✓								
Crossover Terrace		✓												
Deane & Shamblin		✓												✓
Deldonn														
Delmarr														
Douglas Street														
Duckspod Townhomes	1											✓	✓	
Eagle Crest														✓
East Oaks Apartments	2		✓	✓	✓		✓							
Encore														
English Ivy Townhouses	2													

Fayetteville Amenities by Property (Cont.) Q1 2005

Complex	Parking spaces/resident	On-Site Manager	Pool	Fitness Center	Community Room	Basketball	Tennis	Volleyball	Golf Course	Covered Parking	Elevators	Pets	Children	Senior
Fair Park		✓	✓	✓		✓								
Fairgrounds Apartments														
Fairview Apartments														
Fletcher Street Condos	1									✓		✓	✓	
Foxborough	2	✓					✓					✓		
Freeman Townhouses	1												✓	
Garden Park			✓	✓	✓	✓	✓	✓				✓	✓	
Glendale Apartments	2	✓	✓											
Gold Leaf Apartments														
Grandview Apartments		✓										✓	✓	
Greenleaf Townhomes												✓		
Greens At Lakeside Village		✓	✓	✓				✓						
Harbour													✓	
Harmon Place	2											✓	✓	
Hayden Place	2													
Heritage Townhouses	1													
Holly Street		✓	✓											
Kantz Cove Townhouses	1		✓				✓					✓	✓	
Kenwood Village	2									✓				
Lakeside Village		✓	✓	✓	✓	✓	✓	✓	✓					
Law - Quad Apartments		✓	✓	✓	✓									
Lawson Square														
Leverett Garden		✓	✓		✓							✓	✓	
Leverett Station	2													
Leverett Townhouses														
Lindell Place														
Maple Manor		✓	✓			✓		✓				✓	✓	
Maria H Apartments	2	✓	✓									✓	✓	
Markham Hill	3	✓												
Meadow Apartments													✓	
Molly Court										✓				
Morningside	2													
Nettleship		✓												
Noble Oaks I														
Noble Oaks II														
Noble Oaks III														
North Creekside			✓	✓	✓									
Oaks Apartments	2													
Oakshire I & II		✓	✓	✓										
Oakwood Place														✓
On The Hill	1												✓	
Paradise View	1	✓	✓	✓	✓	✓	✓	✓						
Park Lake			✓		✓	✓	✓						✓	
Phelan	1												✓	
Pines		✓											✓	
Porter Place Townhouses	1	✓										✓	✓	
Razorback Plaza	2													
Red Bud Apartments														
Robinson Townhouse Apartments														✓

Fayetteville Amenities by Property (Cont.) Q1 2005

Complex	Parking spaces/resident	On-Site Manager	Pool	Fitness Center	Community Room	Basketball	Tennis	Volleyball	Golf Course	Covered Parking	Elevators	Pets	Children	Senior
Shiloh Apartments	2	✓	✓	✓	✓									
South Creekside Apartments		✓	✓									✓	✓	
South Hills	2													
Southmont	2				✓								✓	
Starfire Apartments	2	✓				✓								
Stonewood														
Sugar Tree		✓										✓	✓	
Summit Terrace		✓	✓					✓					✓	
Sunrise	2	✓										✓		
Sunshine Place	1											✓		
The Bay	1													
The Cliffs I		✓	✓	✓	✓									
The Cliffs II		✓	✓	✓	✓									
The Cliffs Townhouses														
The Park I		✓	✓	✓	✓	✓	✓							
The Park II		✓	✓	✓	✓	✓	✓							
The Vineyards														
University Studio														
Valley View Townhomes		✓												
Vineyards	2													
Walker Stone											✓		✓	
Washington	1	✓										✓	✓	
Wedington Oaks	1											✓	✓	
Wells House	2			✓					✓				✓	
Whitcreek Apartments												✓	✓	
White Oak	2													
Willow Creek Apartments														
Woodway Apartments			✓		✓	✓				✓				

✓ Allows or has specific amenity



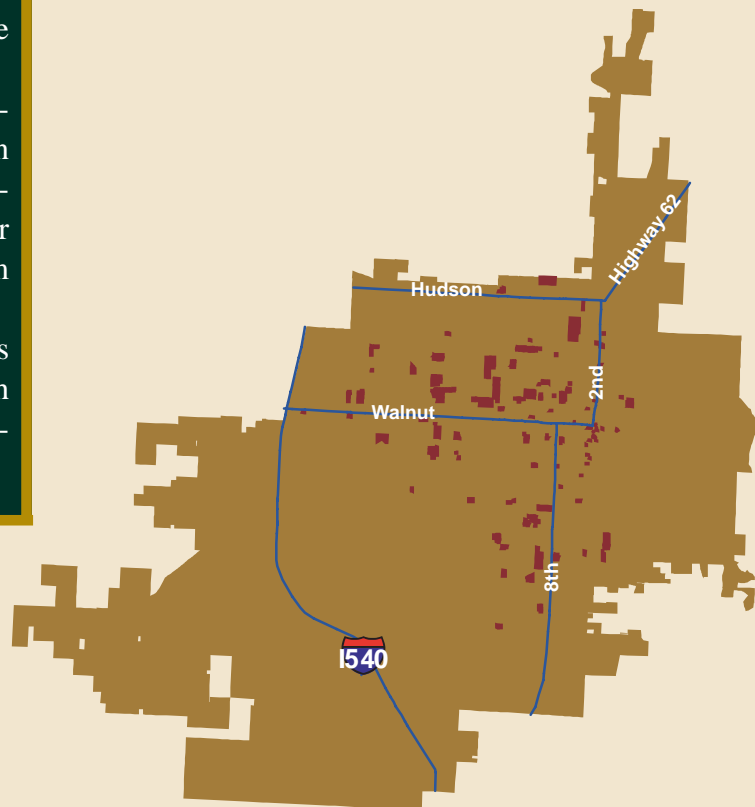
Rogers

- In the database from the office of the Benton County Assessor, there were 131 multifamily properties in Rogers in the first quarter of 2005. These properties comprised 2,283,024 square feet.
- The 27 Rogers Skyline Report survey respondents accounted for 51.4 percent of the square footage of all of the multifamily properties in the city.
- In the 2,249 units that were reported by Skyline Report survey respondents, there was a 10.8 percent vacancy rate in the first quarter of 2005 if the new Stone Manor property is included. Excluding Stone Manor, the vacancy rate in Rogers was 10.8 percent, down from 12.4 percent in the fourth quarter of 2004.
- The average price of all units in Rogers was \$525, while the average size of a unit was 746 square feet.
- The monthly leases for Rogers multifamily properties averaged between \$0.67 per square foot for a two bedroom apartment and \$0.75 per square foot for a one bedroom apartment.
- Most Rogers multifamily properties required either 6-month or 12-month leases, although some month-to-month leases were available.

Rogers Average Unit Size and Price by Floor Plan Q1 2005

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	--	--	--
1 Bedroom	589	\$439.33	\$0.75
2 Bedroom	846	\$564.47	\$0.67
3 Bedroom	1,244	\$906.00	\$0.73
4 Bedroom	--	--	--
Rogers	746	\$525.37	\$0.69

Rogers Multifamily Properties



Rogers Vacancy Rates and Lease Durations by Property Q1 2005

Complex	Total Number of Units	Number of Units Occupied	Vacancy Rate	3 Month Leases	6 Month Leases	9 Month Leases	Year Leases	Month-to-Month Leases
Autumn Wood Point	48	48	0.0%				✓	
Azalea Trail Apartments	127	122	3.9%	✓	✓		✓	✓
Breckenridge	64	64	0.0%				✓	
Brentwood	80	80	0.0%				✓	
Briarwood	96	96	0.0%				✓	
Doubletree I	216	211	2.3%				✓	
Doubletree II	120	114	5.0%				✓	
Edgewood Apartments	108	108	0.0%				✓	
Fairways at Lost Springs	60	54	10.0%				✓	
Fountain Apartments	48	47	2.1%				✓	
Glenn Neal Realty	129	128	0.8%		✓			
Greens at Lost Springs	52	52	0.0%				✓	
Innisfree	80	80	0.0%				✓	✓
Lost Springs	80	80	0.0%				✓	
Meadow Park	69	69	0.0%				✓	
Miller Place Senior Complex	24	22	8.3%					✓
New Hope Court	40	39	2.5%		✓		✓	✓
Oak Tree	8	8	0.0%				✓	
Persimmon Place	84	83	1.2%		✓		✓	
Rogers Apartments	72	72	0.0%				✓	
S. 7th Street Apartments	4	3	25.0%		✓			
Stone Manor at Stoney Brook*	254	52	79.5%					
Turtle Creek Park	83	83	0.0%				✓	
Turtle Creek West	72	72	0.0%				✓	
Villa I Apartments	52	52	0.0%		✓			
Wellington Place	147	136	7.5%		✓		✓	
Westbrook Apartments	32	32	0.0%		✓			✓
Rogers (including Stone Manor)	2,249	2,007	10.8%					
Rogers (excluding Stone Manor)	1,995	1,955	2.0%					

*Under Construction



Rogers Amenities by Property Q1 2005

Complex	Parking spaces/resident	On-Site Manager	Pool	Fitness Center	Community Room	Basketball	Tennis	Volleyball	Golf Course	Covered Parking	Elevators	Pets	Children	Senior
Autumn Wood Point		✓			✓							✓		✓
Azalea Trail Apartments	2	✓	✓	✓	✓	✓								✓
Breckenridge	2		✓	✓	✓							✓	✓	
Brentwood														
Briarwood														
Doubletree I			✓	✓	✓	✓	✓							
Doubletree II			✓	✓	✓	✓	✓							
Edgewood Apartments			✓											
Fairways at Lost Springs			✓	✓	✓	✓	✓							
Fountain Apartments	2				✓									✓
Glenn Neal Realty										✓		✓	✓	
Greens at Lost Springs			✓	✓	✓	✓	✓	✓						
Innisfree	2	✓		✓	✓						✓	✓		✓
Lost Springs			✓	✓	✓	✓	✓	✓	✓					
Meadow Park	2												✓	
Miller Place Senior Complex	2											✓		✓
New Hope Court	2	✓			✓	✓		✓						
Oak Tree	1	✓			✓	✓						✓		
Persimmon Place	2	✓	✓							✓		✓	✓	
Rogers Apartments	2	✓												
S. 7th Street Apartments	2									✓		✓	✓	
Stone Manor at Stoney Brook		✓	✓	✓	✓					✓				
Turtle Creek Park			✓			✓								
Turtle Creek West			✓			✓								
Villa I Apartments	2												✓	
Wellington Place		✓	✓	✓	✓			✓					✓	
Westbrook Apartments	2													

✓ Allows or has specific amenity

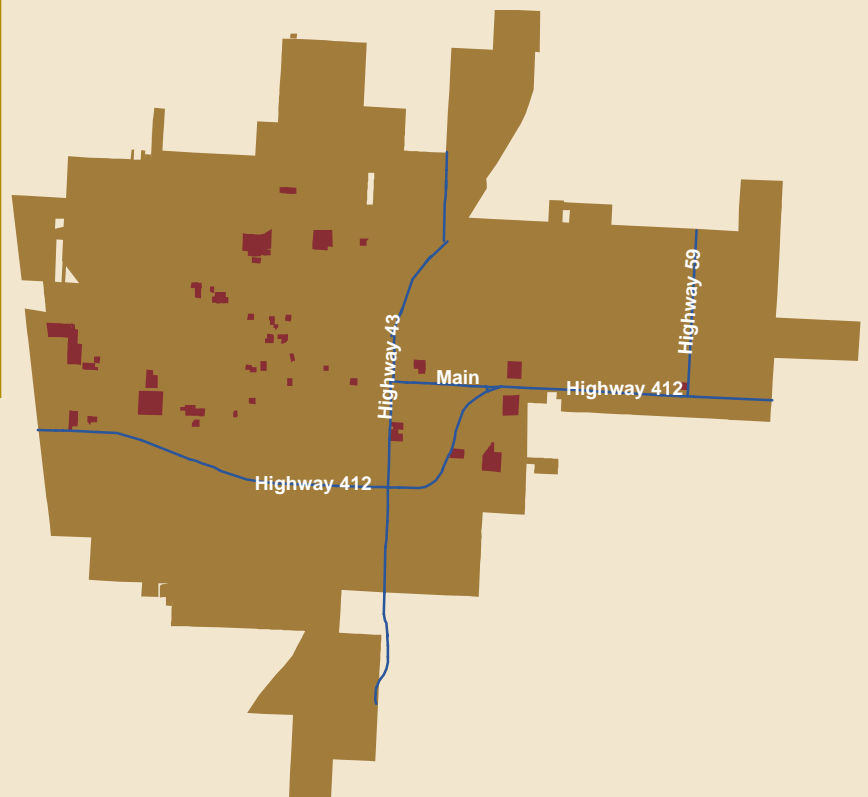
Siloam Springs

- In the database from the office of the Benton County Assessor, there were 58 multifamily properties in Siloam Springs in the first quarter of 2005. These properties comprised 644,283 square feet.
- The 18 Siloam Springs Skyline Report survey respondents accounted for 48.5 percent of the square footage of all of the multifamily properties in the city.
- In the 685 units that were reported by Skyline Report survey respondents, there was a 10.4 percent vacancy rate, up from the 9.7 percent vacancy rate in the fourth quarter of 2004.
- The average price of all units in Siloam Springs was \$423, while the average size of a unit was 837 square feet.
- The monthly leases for Siloam Springs multifamily properties average between \$0.39 per square foot for a three bedroom apartment to \$0.74 per square foot for a studio apartment.
- Most Siloam Springs multifamily properties required 12-month leases, although some month-to-month leases were available.

Siloam Springs Average Unit Size and Price by Floor Plan Q1 2005

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	460	\$340.00	\$0.74
1 Bedroom	610	\$367.86	\$0.60
2 Bedroom	908	\$441.86	\$0.49
3 Bedroom	1,244	\$486.67	\$0.39
4 Bedroom	--	--	--
Siloam Springs	837	\$422.56	\$0.55

Siloam Springs Multifamily Properties



Siloam Springs Vacancy Rates and Lease Durations by Property Q1 2005

Complex	Total Number of Units	Number of Units Occupied	Vacancy Rate	3 Month Leases	6 Month Leases	9 Month Leases	Year Leases	Month-to-Month Leases
Benton Ridge	7	7	0.0%				✓	
Broadway Apartments	5	5	0.0%				✓	
Central Pointe	24	24	0.0%					✓
Chesney Triplex	3	0	100.0%					✓
Chrysler Apartments	12	8	33.3%				✓	✓
Davis Apartments	24	14	41.7%				✓	
Del Mar Apartments	64	61	4.7%				✓	
Golden Eagle Apartments	6	5	16.7%					
Hereford Manor	50	47	6.0%				✓	
Locust Manor	22	22	0.0%				✓	
Mitchener Apartmetns	5	5	0.0%				✓	
Oak Hill Street Apartments	4	4	0.0%					
Quaker Townhomes	42	39	7.1%				✓	
Remington Park	108	99	8.3%				✓	
Spring Valley Apartments	264	229	13.3%					✓
West Helena Townhomes	5	5	0.0%					✓
West Twin Springs Apartments	32	32	0.0%				✓	
West Twin Springs Townhomes	8	8	0.0%				✓	
Siloam Springs	685	614	10.4%					

Siloam Springs Amenities by Property Q1 2005

Complex	Parking spaces/resident	On-Site Manager	Pool	Fitness Center	Community Room	Basketball	Tennis	Volleyball	Golf Course	Covered Parking	Elevators	Pets	Children	Senior
Benton Ridge	2									✓				
Broadway Apartments		✓										✓	✓	
Central Pointe	2													✓
Chesney Triplex	2													
Chrysler Apartments	1												✓	
Davis Apartments	2										✓			
Del Mar Apartments														
Golden Eagle Apartments														
Hereford Manor	2	✓				✓						✓		
Locust Manor	2	✓										✓	✓	
Mitchener Apartmetns														
Oak Hill Street Apartments														
Quaker Townhomes	2					✓	✓	✓				✓	✓	
Remington Park	3	✓	✓	✓								✓	✓	
Spring Valley Apartments				✓	✓	✓	✓	✓						
West Helena Townhomes	2													
West Twin Springs Apartments	2	✓												
West Twin Springs Townhomes	2													

✓ Allows or has specific amenity

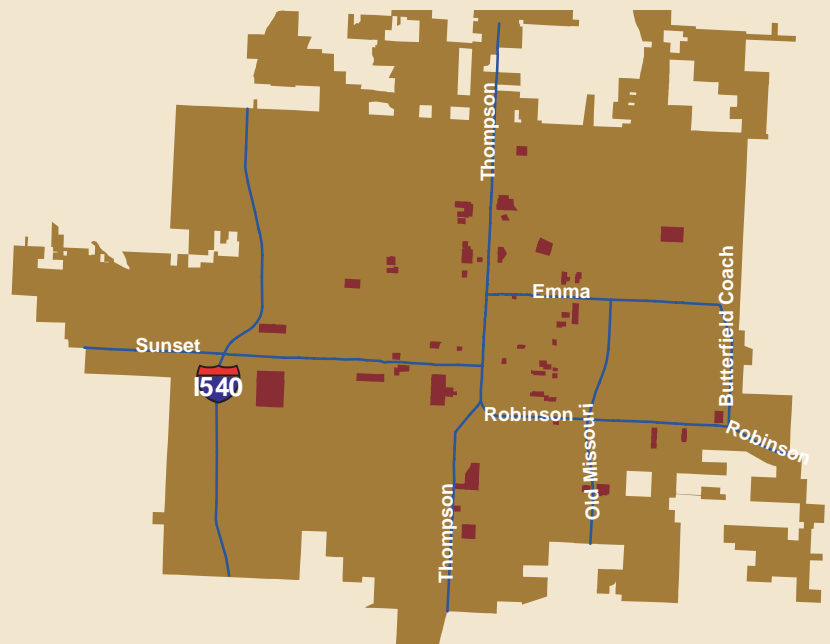
Springdale

- In the database from the office of the Washington County Assessor, there were 83 multifamily properties in Springdale in the first quarter of 2005. These properties comprised 1,090,450 square feet.
- The 27 Springdale Skyline Report survey respondents accounted for 51.7 percent of the square footage of all of the multifamily properties in the city.
- In the 1,909 units that were reported by Skyline Report survey respondents, there was a 3.5 percent vacancy rate, down from 7.1 percent in the fourth quarter of 2004.
- The average price of all units in Springdale was \$408, while the average size of a unit was 702 square feet.
- The monthly leases for Springdale multifamily properties averaged between \$0.54 per square foot for a two bedroom apartment to \$0.64 per square foot for a one bedroom apartment.
- Most Springdale multifamily properties required either 6-month or 12-month leases, although some 3-month, 9-month, and month-to-month leases were available.

Springdale Average Unit Size and Price by Floor Plan Q1 2005

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	--	--	--
1 Bedroom	557	\$355.84	\$0.64
2 Bedroom	806	\$436.14	\$0.54
3 Bedroom	946	\$544.00	\$0.58
4 Bedroom	--	--	--
Springdale	702	\$408.19	\$0.60

Springdale Multifamily Properties



Springdale Vacancy Rates and Lease Durations by Property Q1 2005

Complex	Total Number of Units	Number of Units Occupied	Vacancy Rate	3 Month Leases	6 Month Leases	9 Month Leases	Year Leases	Month-to-Month Leases
Arbor Apartments	72	71	1.4%					✓
Bailey Apartments	32	31	3.1%				✓	
Black Oak	162	158	2.5%		✓		✓	✓
Bridgestone Apartments	84	82	2.4%				✓	
Cambridge Park	32	32	0.0%		✓			
Caudleville	8	7	12.5%		✓			
Colony Square Apartments	116	115	0.9%		✓			
Emily Apartments	20	19	5.0%		✓		✓	
Foxfire	80	75	6.3%		✓	✓	✓	
Holcomb Street Apartments	20	20	0.0%					
J & B Apartments	--	--	--	✓	✓	✓	✓	✓
Johnson Meadows Place	144	144	0.0%				✓	
Northwest Acres Apartments	80	77	3.8%				✓	
Pleasant Point Apartments	80	77	3.8%					
Raintree Village	40	38	5.0%		✓	✓	✓	
Spring Meadows	--	--	--				✓	
Springdale Ridge	162	153	5.6%		✓		✓	
Sunset Apartments	128	128	0.0%				✓	
The Henryetta Apartments	12	11	8.3%		✓			
The Oaks Apartments	21	20	4.8%		✓			
The Orchard Townhomes	--	--	--					
The Station Apartments	240	221	7.9%				✓	
Valley Lake	144	139	3.5%				✓	
Vanhook Apartments	28	27	3.6%				✓	
Vantage Point Apartments	56	55	1.8%				✓	
Walnut Tree	28	28	0.0%				✓	
West End Place	120	115	4.2%					
Springdale	1,909	1,843	3.5%					

Springdale Amenities by Property Q1 2005

Complex	Parking spaces/resident	On-Site Manager	Pool	Fitness Center	Community Room	Basketball	Tennis	Volleyball	Golf Course	Covered Parking	Elevators	Pets	Children	Senior
Arbor Apartments	1	✓	✓									✓	✓	
Bailey Apartments	2												✓	
Black Oak		✓										✓	✓	
Bridgestone Apartments														
Cambridge Park	2	✓		✓										
Caudleville														
Colony Square Apartments	2	✓											✓	
Emily Apartments	1												✓	
Foxfire	2	✓	✓									✓	✓	
Holcomb Street Apartments														
J & B Apartments													✓	
Johnson Meadows Place			✓	✓	✓	✓	✓							
Northwest Acres Apartments	1	✓			✓	✓							✓	
Pleasant Point Apartments														
Raintree Village	1	✓	✓									✓	✓	
Spring Meadows	1	✓			✓									✓
Springdale Ridge		✓	✓	✓	✓									
Sunset Apartments														
The Henryetta Apartments	2													
The Oaks Apartments														
The Orchard Townhomes	2	✓											✓	
The Station Apartments			✓	✓	✓	✓	✓							
Valley Lake		✓	✓	✓		✓								
Vanhook Apartments	2													
Vantage Point Apartments	2													
Walnut Tree														
West End Place														

✓ Allows or has specific amenity