

SPONSORED BY ARVEST BANK

## April 2008 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*

**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 fifteenth 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 2008

- Vacancy rates for multifamily properties in Northwest Arkansas increased from the fourth quarter of 2007 level of 12.0 percent to 13.1 percent in the first quarter of 2008. The first quarter 2008 vacancy rate was significantly higher than the first quarter 2007 vacancy rate of 9.4 percent.
- Siloam Springs had the lowest aggregate vacancy rate at 10.4 percent, down from 11.9 percent in the fourth quarter of 2007. Rogers had the highest aggregate vacancy rate at 17.4 percent, up from 15.0 percent in the fourth quarter of 2007. The Bentonville vacancy rate increased 1.0 percent up to 14.2 percent in the first quarter. Springdale had a decrease of 0.4 percent to a vacancy rate of 15.1 percent and Fayetteville had an increase in its vacancy rate up to 10.6 percent in the first quarter of 2008.
- The average lease price per month for a multifamily property unit in Northwest Arkansas was down about \$4.53 to \$515.31.
- On a price per square foot basis, multifamily units were least expensive on average in Siloam Springs at \$0.56 per square foot and most expensive on average in Fayetteville and Rogers at \$0.65 per square foot.

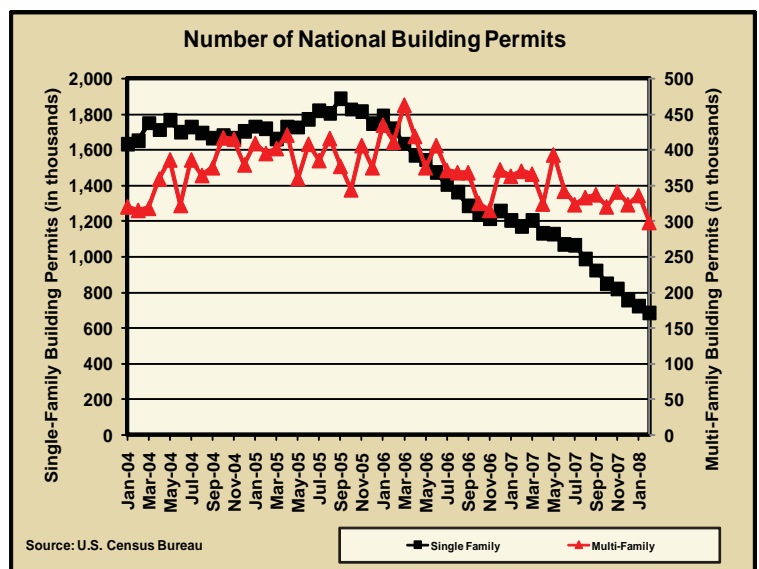
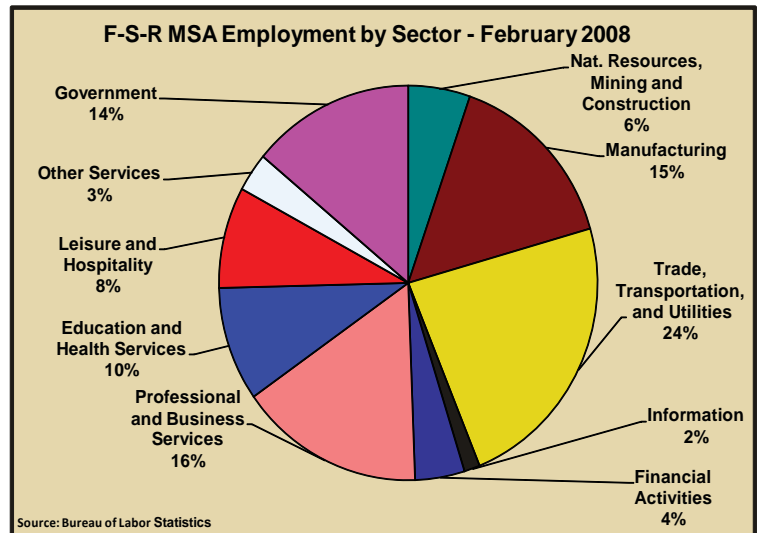
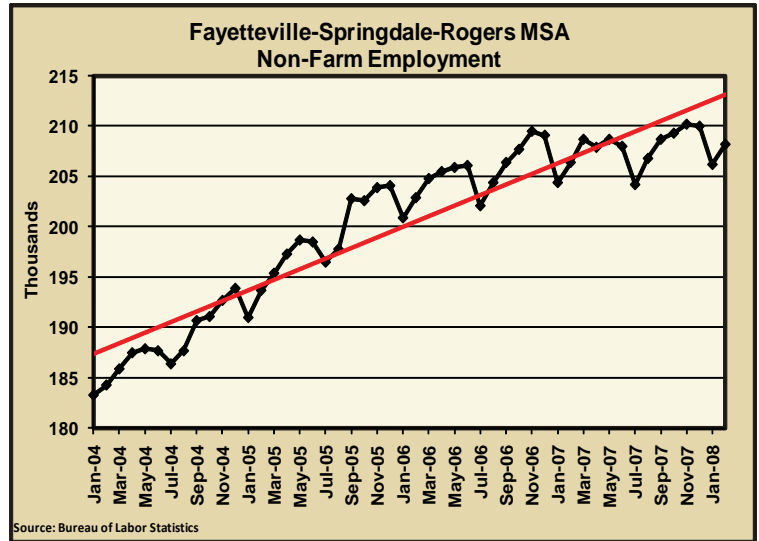
# Multifamily Market Trends

To get a sense of the Northwest Arkansas multifamily housing market, it is useful to look at some key macro-economic statistics. A graph showing non-farm employment trends in the Fayetteville-Springdale-Rogers metro area is included. In February 2008, a five year average of 511 jobs was created per month. But, local economy added only 1,800 jobs over the course of the year from February 2007 to February 2008. A similar year over year comparison in December 2007 showed that the economy added only 900 jobs for the entire twelve month period.

The Northwest Arkansas employment numbers bear careful watching in the next few months because the demand for much of the new and expected multi-family development relies on the assumption that job growth remains strong.

The U.S. Census Bureau estimates the issuance of building permits. The September – December of 2007 national level of multifamily building permits continued to deteriorate from the levels seen in the first three quarters of 2007. The multifamily building permits increased in January before sliding back down in February 2008, while the single family building permits continued to slide down in 2008 (SAAR).

Turning to the two major metropolitan areas in Arkansas, the Fayetteville-Springdale-Rogers (FSR) MSA and the Little Rock-North Little Rock (LR) MSA, different 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 multifamily building permits than the LR metro area as of February 2008. Despite a great deal of seasonal variation, the trends of the multifamily building permits and total building permits in the both metropolitan areas have declined since the highs seen in 2004 and 2005. No significant changes in the pace of growth in the number of residential or multifamily building permits are expected in the short term.



# Multifamily Market Trends

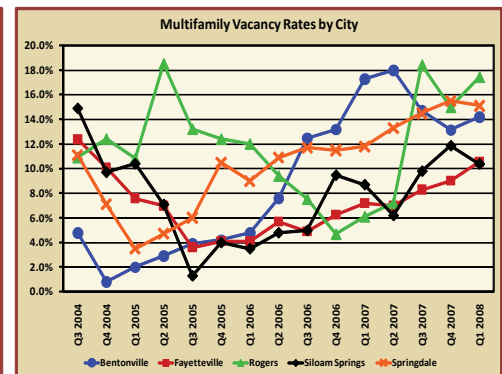
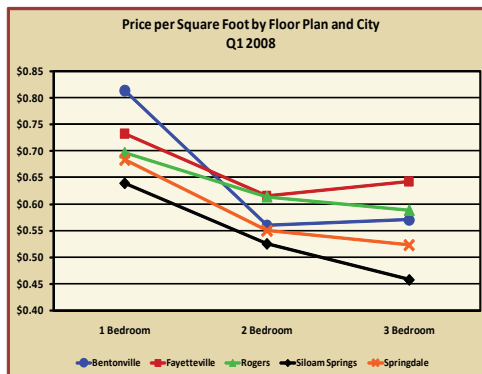
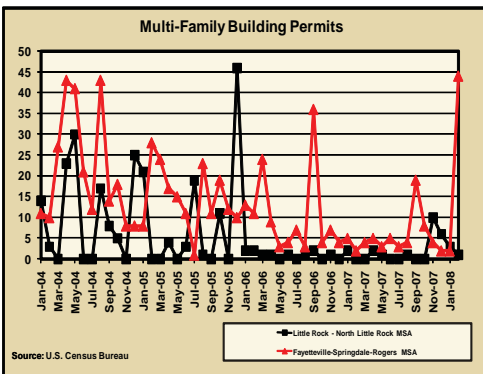
The associated table details the building permits that have been issued for multifamily housing purposes over the past twelve months. Nine projects with values greater than a million dollars were permitted during the period. Six of these were located

in Fayetteville, one in Springdale, one in Bentonville, and one was located in Rogers. The Fayetteville projects involve the construction of the Leverett Commons townhomes, Sunbridge Villa duplexes, Wyngate Townhomes, the Village on Shiloh

apartments, Hometown Development 4-plexes, and The Links at Fayetteville. The Springdale project is the Berryfield apartments. The Bentonville project is the Copperstone apartments. The Rogers project is Avignon Court.

## Multifamily Residence Building Permits March 2007 - February 2008

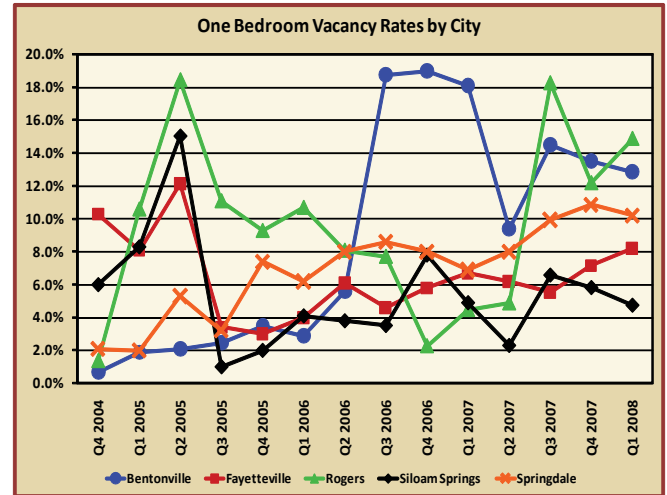
Date	Complex or Developer	Number of Permits	Total Value of Permits	City
4/13/2007	260 W 6th Street	1	\$424,658	Fayetteville
4/17/2007	Locust Street Townhomes	1	\$763,039	Fayetteville
5/10/2007	1344 N Oakland Avenue	1	\$690,276	Fayetteville
6/1/2007	Avignon Court	31	\$3,224,000	Rogers
9/4/2007	Leverett Commons Townhomes	1	\$1,063,979	Fayetteville
9/4/2007	Sunbridge Villa Duplexes	2	\$1,166,738	Fayetteville
9/6/2007	Copperstone Apartments	16	\$12,604,848	Bentonville
10/23/2007	Sycamore Condominiums	1	\$582,000	Fayetteville
10/23/2007	Wyngate Townhomes	5	\$3,472,707	Fayetteville
10/25/2007	Berryfield Apartments	6	\$5,694,480	Springdale
11/29/2007	Village on Shiloh	2	\$3,495,912	Fayetteville
2/4/2008	Hometown Development 4-plexes	5	\$1,756,280	Fayetteville
2/12/2008	The Links at Fayetteville	43	\$48,889,443	Fayetteville
<b>Total</b>		<b>115</b>	<b>\$83,828,360</b>	



# Multifamily Market Trends

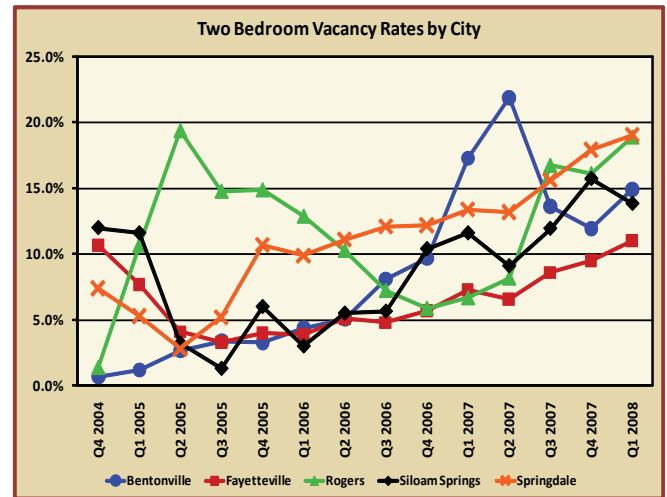
## Sample Vacancy Rates

Market Area	Number of Apartment Complexes	Number of Units	Q1 2008 Vacancy Rate	Q4 2007 Vacancy Rate	Q1 2007 Vacancy Rate
Bentonville	114	3,181	14.2%	13.2%	17.3%
Fayetteville	263	11,056	10.6%	9.0%	7.2%
Rogers	75	4,092	17.4%	15.0%	6.1%
Siloam Springs	38	1,079	10.4%	11.9%	8.7%
Springdale	80	5,435	15.1%	15.5%	11.8%
<b>NWA</b>	<b>570</b>	<b>24,843</b>	<b>13.1%</b>	<b>12.0%</b>	<b>9.4%</b>



## Average Size and Price by Floor Plan Q1 2008

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	372	\$399.62	\$1.07
1 Bedroom	609	\$440.61	\$0.72
2 Bedroom	910	\$536.09	\$0.59
3 Bedroom	1,218	\$718.49	\$0.59
4 Bedroom	1,302	\$726.45	\$0.56
<b>NWA</b>	<b>823</b>	<b>\$515.31</b>	<b>\$0.63</b>



## Vacancy Rates by Floor Plan Q1 2008

Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	12.9%	14.9%	15.9%
Fayetteville	8.2%	11.0%	17.6%
Rogers	14.9%	18.9%	19.6%
Siloam Springs	4.7%	13.8%	12.5%
Springdale	10.2%	19.1%	6.0%
<b>NWA</b>	<b>10.2%</b>	<b>14.7%</b>	<b>14.2%</b>

