

THE SKYLINE REPORT

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April 2009 Highlights

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Multifamily Real Estate Market Summary
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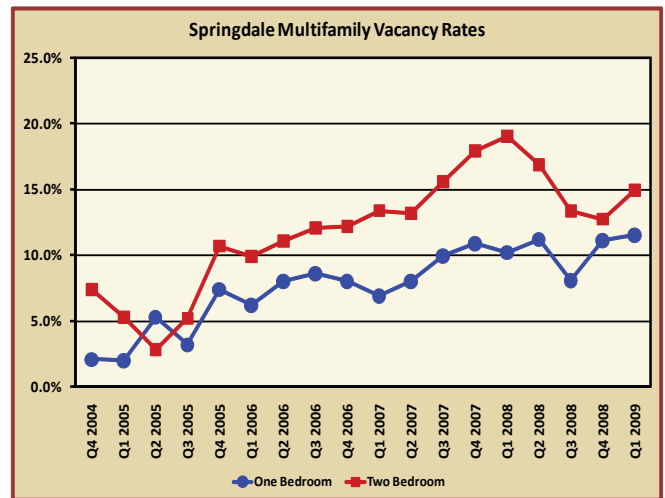
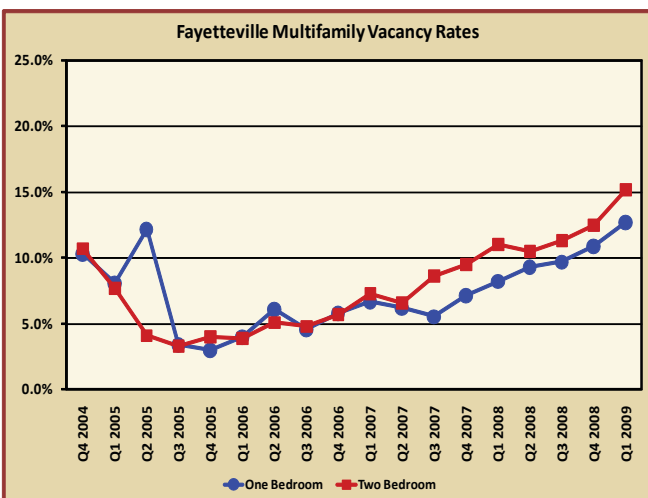
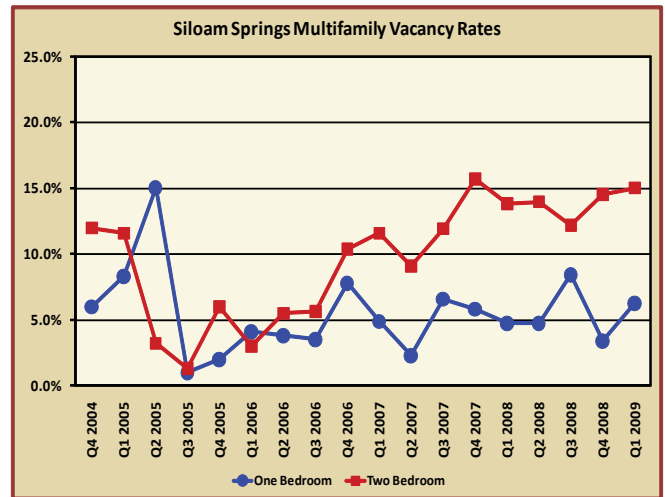
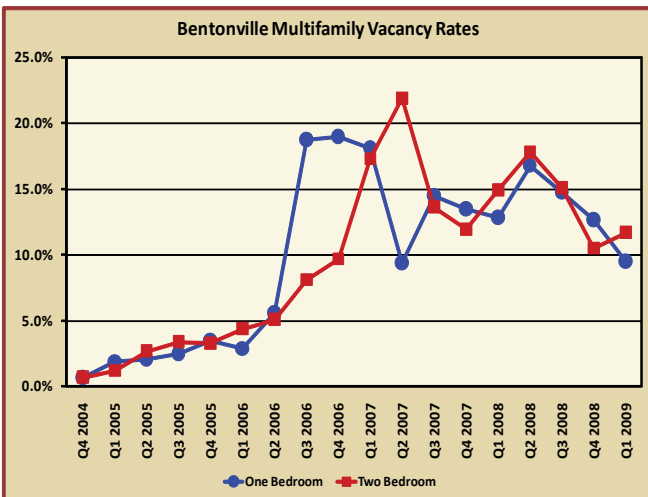
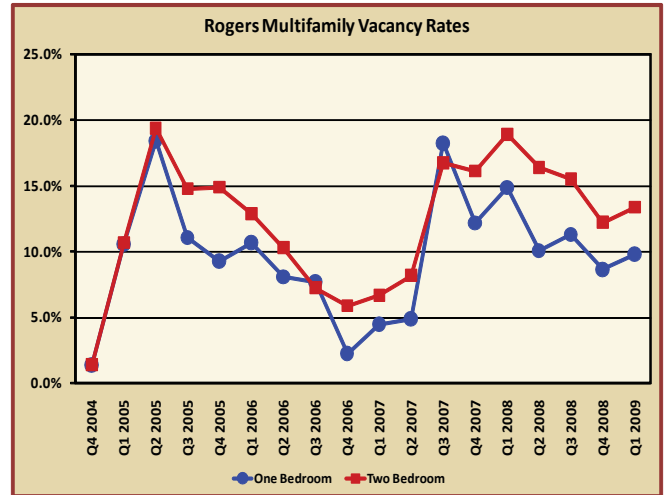
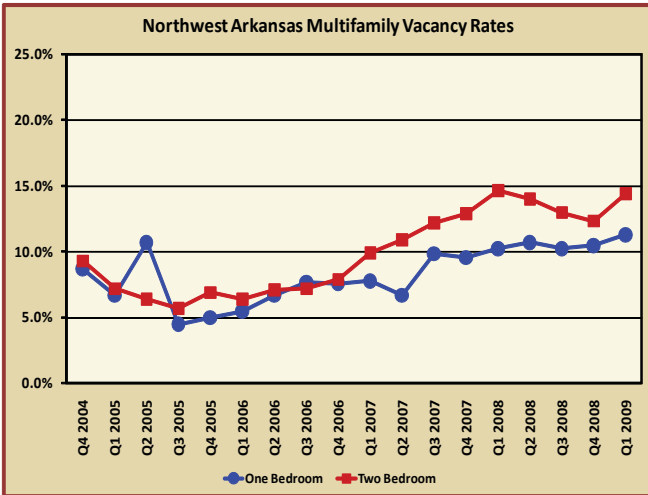
Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the nineteenth 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 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 First Quarter of 2009

- Vacancy rates for multifamily properties in Northwest Arkansas increased from their revised fourth quarter level of 12.0 percent to 13.5 percent in the first quarter of 2009. The first quarter 2009 vacancy rate was also higher than the first quarter 2008 rate of 13.1 percent.
- Bentonville had the lowest aggregate vacancy rate at 12.1 percent, down from 12.6 percent in the fourth quarter of 2008. Fayetteville had the highest aggregate vacancy rate at 14.5 percent, up from a revised 12.2 percent in the fourth quarter. The Siloam Springs vacancy rate increased 1.7 percentage points to 12.3 percent in the first quarter of 2009. Springdale had an increase of 1.6 percentage points to a vacancy rate of 13.6 percent and Rogers had an increase of 1.0 percentage points in its vacancy rate to 12.2 percent in the first quarter.
- The average lease price per month for a multifamily property unit in Northwest Arkansas was down about \$1.45 to \$526.30. Meanwhile, the median monthly lease price for a multifamily property continued to be \$485.00.
- On a price per square foot basis, multifamily units continued to be least expensive on average in Siloam Springs at \$0.55 per square foot and most expensive on average in Fayetteville at \$0.67 per square foot.

Multifamily Market Trends



Multifamily Market Trends

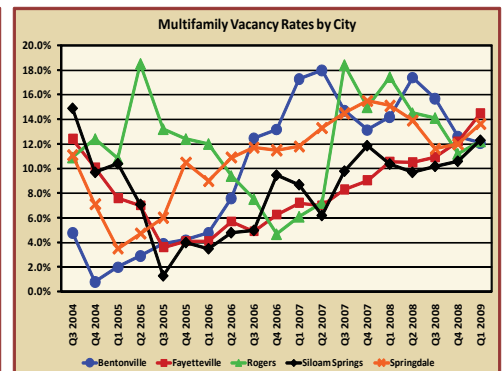
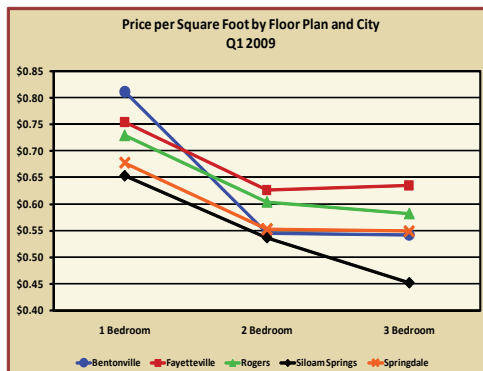
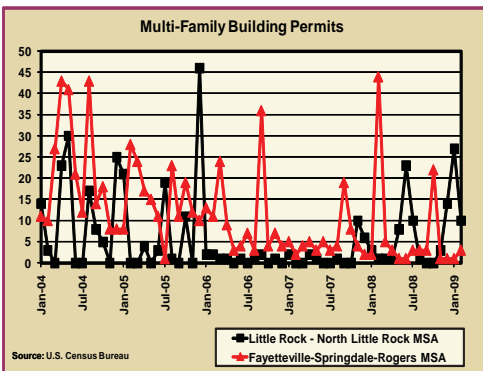
The associated table details the building permits that have been issued for multifamily housing purposes over the past twelve months. Ten projects with values greater than a million dollars were permitted during the period. Seven of these were located in

Fayetteville, two were located in Rogers, and one in Springdale. The Fayetteville projects involve the construction of the Village on Shiloh apartments, College North Apartments, Mountain Ranch Apartments, Vantage Center, Hill Place, and Huntington

Heights. The Rogers projects are Roller's Ridge Apartments and St. James Place, while the Springdale project is Hidden Lake Townhomes.

Multifamily Residence Building Permits March 2008 - February 2009

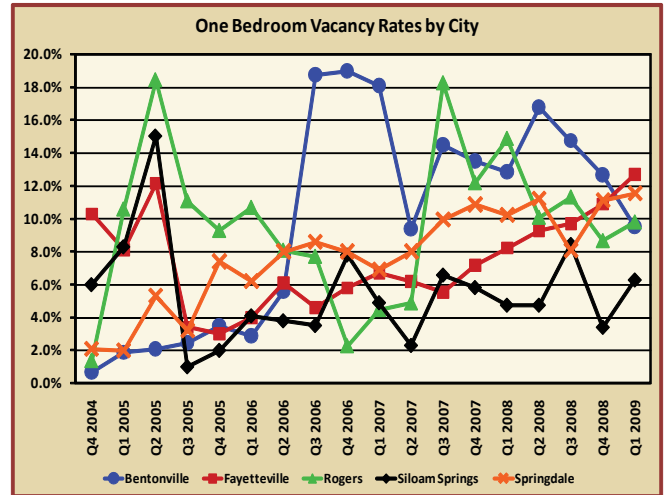
| Date | Complex or Developer | Number of Permits | Total Value of Permits | City |
|--------------|----------------------------|-------------------|------------------------|--------------|
| 3/6/2008 | Abshier Heights | 1 | \$998,400 | Fayetteville |
| 3/10/2008 | Village on Shiloh | 1 | \$1,340,309 | Fayetteville |
| 4/3/2008 | Roller's Ridge Apartments | 4 | \$1,600,000 | Rogers |
| 6/11/2008 | St. James Place | 33 | \$1,830,000 | Rogers |
| 6/17/2008 | College North Apartments | 1 | \$2,107,471 | Fayetteville |
| 6/18/2008 | Village on Shiloh | 2 | \$1,937,213 | Fayetteville |
| 6/24/2008 | Mountain Ranch Apartments | 4 | \$32,206,850 | Fayetteville |
| 10/2/2008 | Vantage Center | 4 | \$7,220,960 | Fayetteville |
| 10/16/2008 | Hill Place | 16 | \$28,245,040 | Fayetteville |
| 11/20/2008 | Sunbridge Villas | 1 | \$406,585 | Fayetteville |
| 11/20/2008 | Valencia 4-plexes | 2 | \$803,593 | Fayetteville |
| 12/31/2008 | Avignon Townhomes | 15 | \$900,000 | Rogers |
| 1/26/2009 | Hidden Lake Townhomes | 2 | \$1,085,701 | Springdale |
| 2/6/2009 | Leverett Commons, Phase II | 1 | \$910,997 | Fayetteville |
| 2/19/2009 | Huntington Heights | 3 | \$1,019,909 | Fayetteville |
| Total | | 90 | \$82,613,028 | |



Multifamily Market Trends

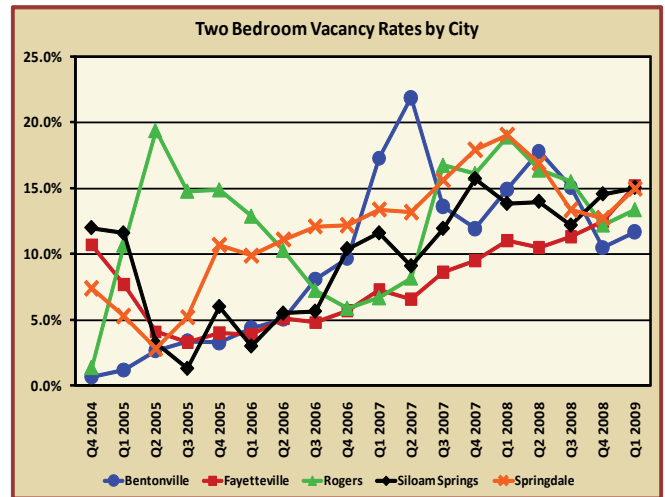
Sample Vacancy Rates

| Market Area | Number of Apartment Complexes | Number of Units | Q1 2009 Vacancy Rate | Q4 2008 Vacancy Rate | Q1 2008 Vacancy Rate |
|----------------|-------------------------------|-----------------|----------------------|----------------------|----------------------|
| Bentonville | 114 | 3,372 | 12.1% | 12.6% | 14.2% |
| Fayetteville | 270 | 11,440 | 14.5% | 12.2% | 10.6% |
| Rogers | 77 | 4,048 | 12.2% | 11.2% | 17.4% |
| Siloam Springs | 43 | 1,097 | 12.3% | 10.6% | 10.4% |
| Springdale | 85 | 5,780 | 13.6% | 12.0% | 15.1% |
| NWA | 589 | 25,737 | 13.5% | 12.0% | 13.1% |



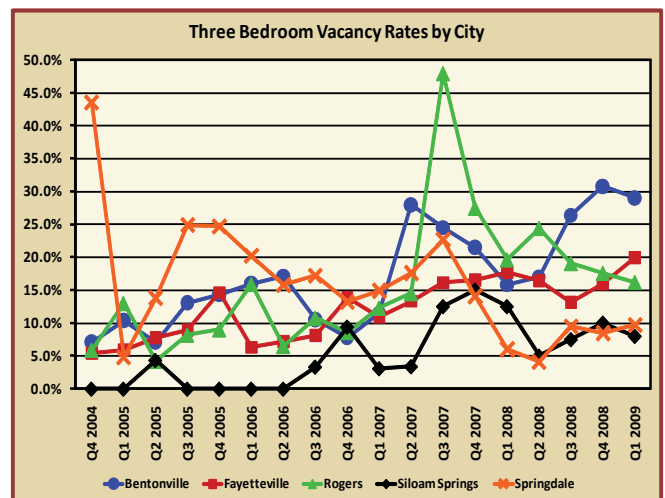
Average Size and Price by Floor Plan Q1 2009

| Floor Plan | Average Square Feet | Average Price per Month | Average Price per Square Foot |
|------------|---------------------|-------------------------|-------------------------------|
| Studio | 409 | \$440.46 | \$1.08 |
| 1 Bedroom | 608 | \$448.19 | \$0.74 |
| 2 Bedroom | 906 | \$534.91 | \$0.59 |
| 3 Bedroom | 1,235 | \$712.92 | \$0.58 |
| 4 Bedroom | 1,477 | \$789.60 | \$0.53 |
| NWA | 832 | \$526.30 | \$0.63 |



Median Size and Price by Floor Plan Q1 2009

| Floor Plan | Median Square Feet | Median Price per Month | Median Price per Square Foot |
|------------|--------------------|------------------------|------------------------------|
| Studio | 403 | \$342.50 | \$0.85 |
| 1 Bedroom | 600 | \$400.00 | \$0.67 |
| 2 Bedroom | 875 | \$500.00 | \$0.57 |
| 3 Bedroom | 1,200 | \$650.00 | \$0.54 |
| 4 Bedroom | 1,210 | \$685.50 | \$0.57 |
| NWA | 800 | \$485.00 | \$0.61 |



Vacancy Rates by Floor Plan Q1 2009

| Market Area | 1 Bedroom | 2 Bedroom | 3 Bedroom |
|----------------|--------------|--------------|--------------|
| Bentonville | 9.5% | 11.7% | 29.1% |
| Fayetteville | 12.7% | 15.2% | 19.9% |
| Rogers | 9.8% | 13.4% | 16.2% |
| Siloam Springs | 6.3% | 15.1% | 8.0% |
| Springdale | 11.5% | 15.0% | 9.7% |
| NWA | 11.3% | 14.4% | 17.0% |

