

THE SKYLINE REPORT

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July 2008 Highlights

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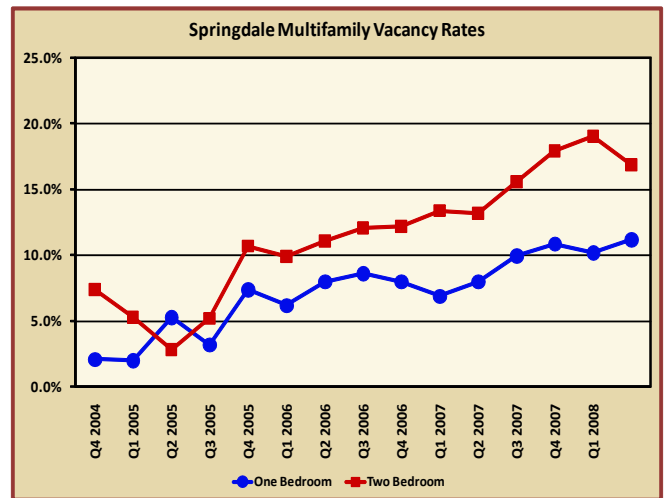
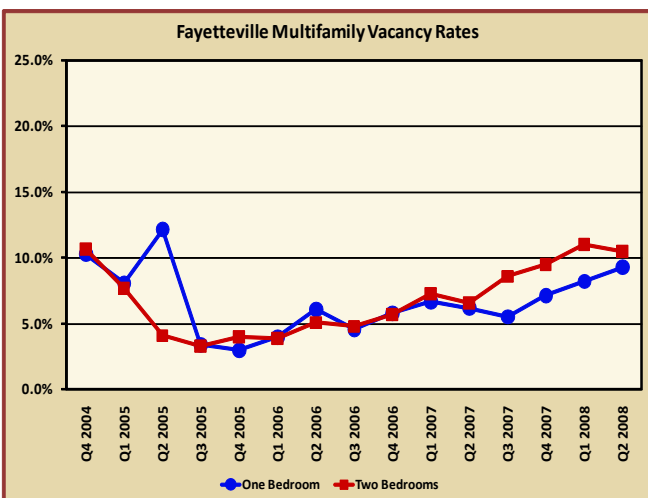
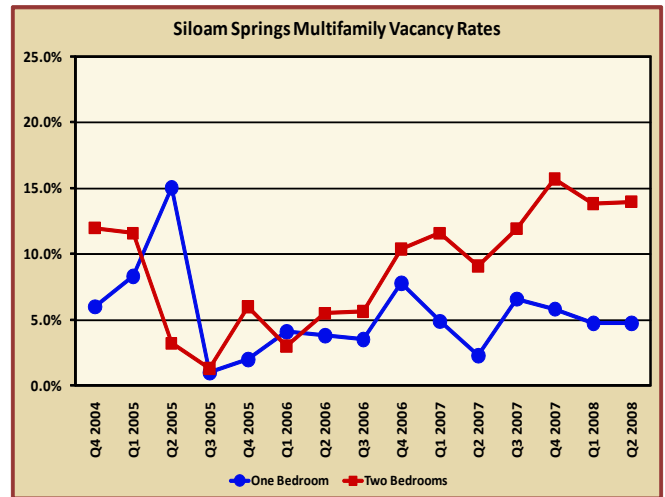
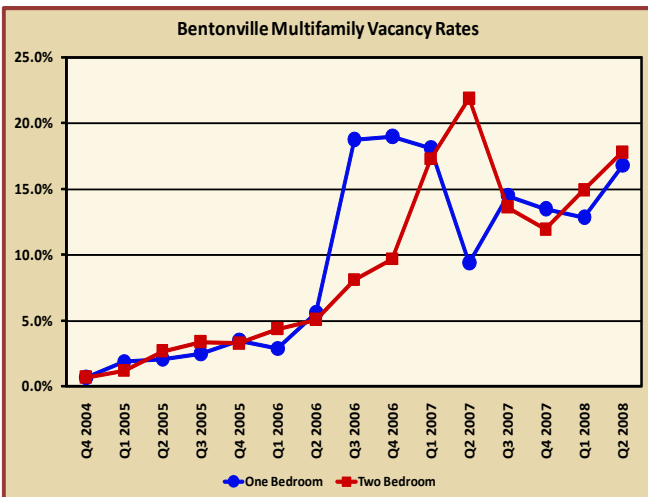
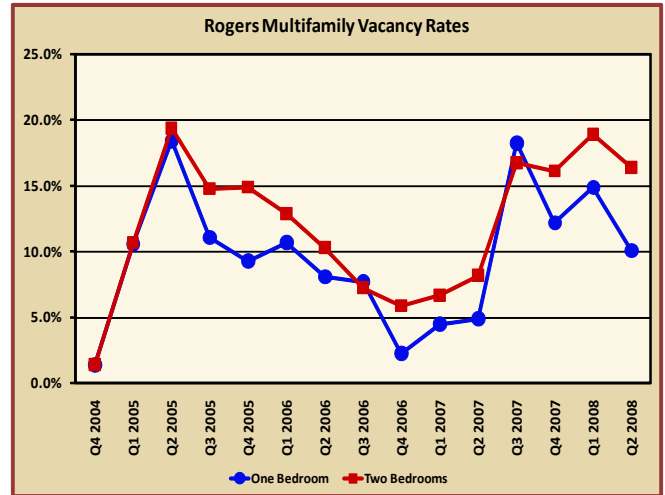
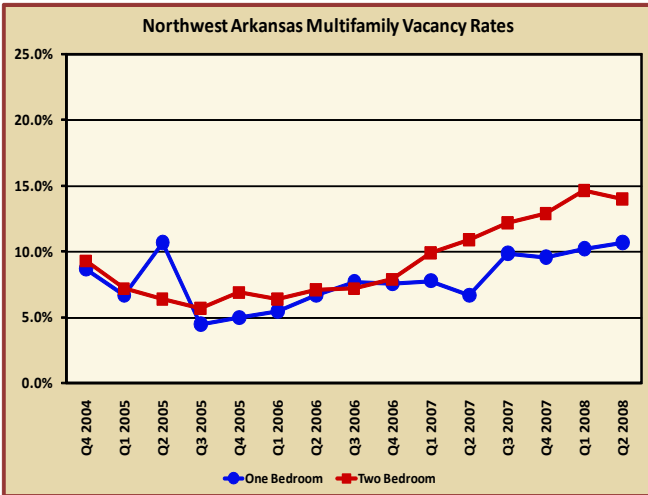
Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the sixteenth 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 Second Quarter of 2008

- Vacancy rates for multifamily properties in Northwest Arkansas declined from the first quarter level of 13.1 percent to 12.8 percent in the second quarter of 2008. The second quarter 2008 vacancy rate was significantly higher than the second quarter 2007 vacancy rate of 9.9 percent.
- Siloam Springs had the lowest aggregate vacancy rate at 9.7 percent, down from 10.4 percent in the first quarter of 2008. Bentonville had the highest aggregate vacancy rate at 17.4 percent, up from 14.2 percent in the first quarter of 2008. The Fayetteville vacancy rate decreased 0.1 percent to 10.5 percent in the second quarter. Springdale had a decrease of 0.7 percent to a vacancy rate of 13.9 percent, and Rogers had a decrease in its rate to 14.5 percent in the second quarter of 2008.
- The average lease price per month for a multifamily property unit in Northwest Arkansas was up about \$12.57 to \$525.31.
- On a price per square foot basis, multifamily units were least expensive on average in Siloam Springs at \$0.55 per square foot and most expensive on average in Fayetteville at \$0.66 per square foot.

Multifamily Market Trends



Multifamily Market Trends

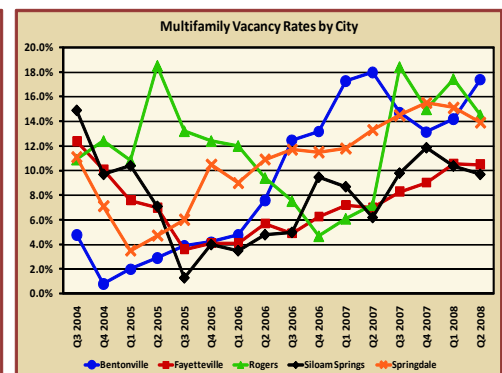
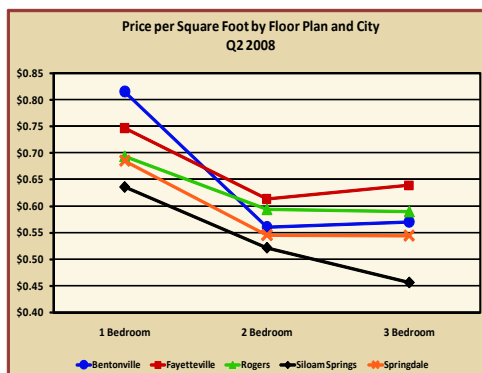
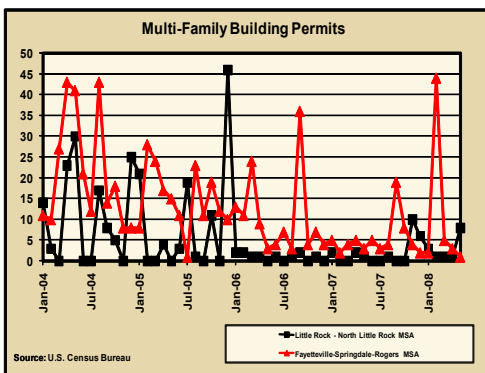
The associated table details the building permits that have been issued for multifamily housing purposes over the past twelve months. Ten projects with values greater than a million dollars were permitted during the period. Six of these were located

in Fayetteville, one in Springdale, one in Bentonville, and two were 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 projects are Avignon Court and Roller's Ridge Apartments.

Multifamily Residence Building Permits June 2007 - May 2008

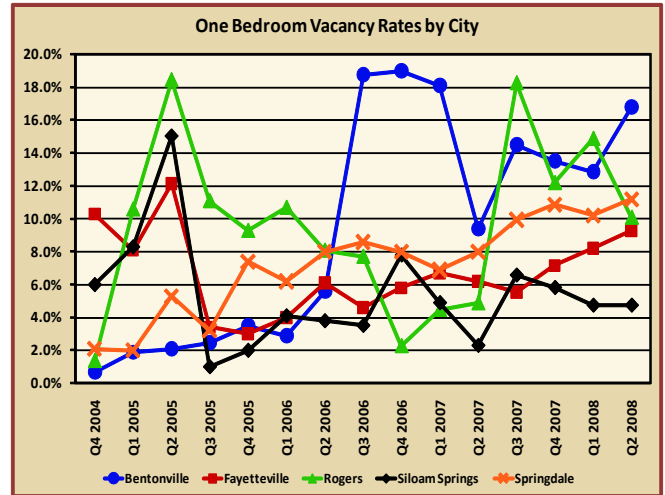
Date	Complex or Developer	Number of Permits	Total Value of Permits	City
6/1/2007	Avignon Court	31	\$3,224,000	Rogers
9/4/2007	Leverett Commons Townhomes	1	\$1,063,979	Fayetteville
9/4/2007	Sunbridge Villa Duplexes	2	\$1,166,738	Fayetteville
9/6/2007	Copperstone Apartments	16	\$12,604,848	Bentonville
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
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
Total		118	\$85,889,096	



Multifamily Market Trends

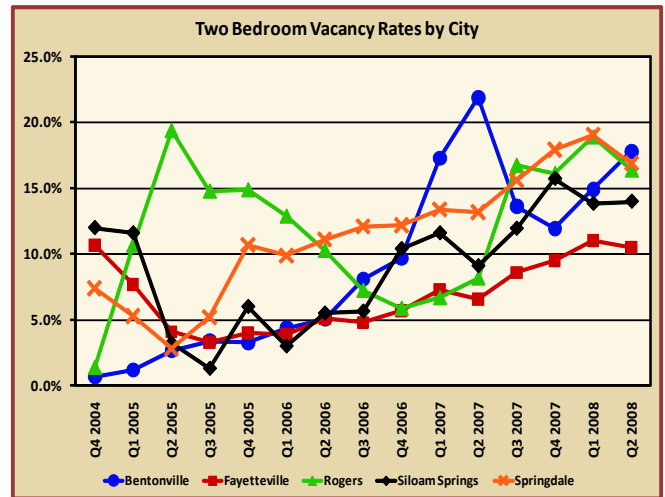
Sample Vacancy Rates

Market Area	Number of Apartment Complexes	Number of Units	Q2 2008 Vacancy Rate	Q1 2008 Vacancy Rate	Q2 2007 Vacancy Rate
Bentonville	114	3,365	17.4%	14.2%	18.0%
Fayetteville	263	11,058	10.5%	10.6%	7.0%
Rogers	74	4,039	14.5%	17.4%	7.2%
Siloam Springs	38	1,079	9.7%	10.4%	6.2%
Springdale	81	5,460	13.9%	15.1%	13.3%
NWA	570	25,001	12.8%	13.1%	9.9%



Average Size and Price by Floor Plan Q2 2008

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	417	\$449.87	\$1.08
1 Bedroom	605	\$442.07	\$0.73
2 Bedroom	913	\$533.12	\$0.58
3 Bedroom	1,218	\$718.49	\$0.59
4 Bedroom	1,216	\$718.97	\$0.59
NWA	841	\$525.31	\$0.62



Vacancy Rates by Floor Plan Q2 2008

Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	16.8%	17.8%	17.0%
Fayetteville	9.3%	10.5%	16.4%
Rogers	10.1%	16.4%	24.4%
Siloam Springs	4.7%	14.0%	5.0%
Springdale	11.2%	16.9%	4.1%
NWA	10.7%	14.0%	13.8%

