



THE SKYLINE REPORT

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July 2009 Highlights

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Multifamily Real Estate Market Summary
 Prepared Exclusively under
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**UNIVERSITY OF
 ARKANSAS**
**SAM M. WALTON
 COLLEGE OF BUSINESS**

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/>

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Multifamily Real Estate Market Summary for Benton and Washington Counties

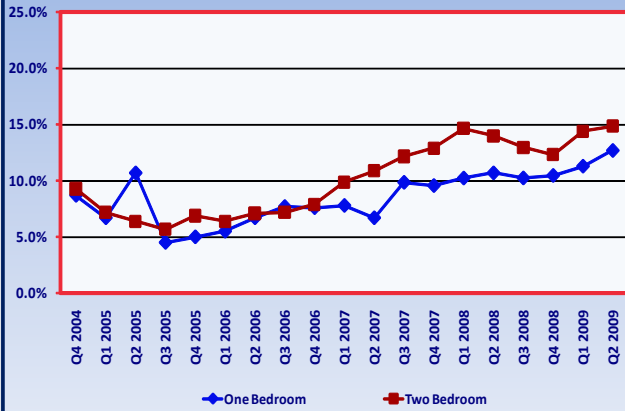
This report is the twentieth edition of the Skyline Report for Benton and Washington Counties—Multifamily Real Estate Market Analysis. Researchers at the Center for Business and Economic Research in the Sam M. Walton College of Business at the University of Arkansas produce the Skyline Report to provide 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 Second Quarter of 2009

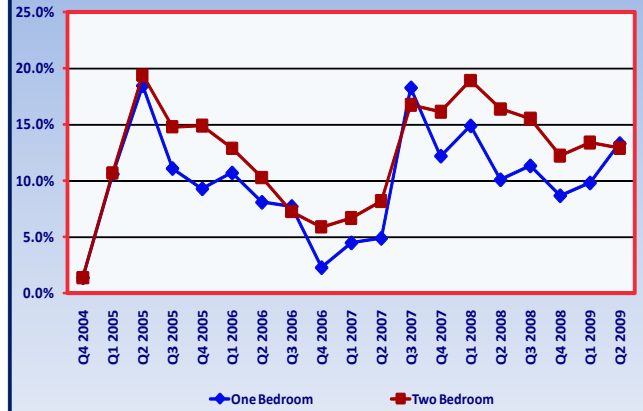
- Vacancy rates for multifamily properties in Northwest Arkansas increased from their first quarter level of 13.5 percent to 14.2 percent in the second quarter of 2009. The second quarter 2009 vacancy rate was also higher than the second quarter 2008 rate of 12.8 percent.
- Bentonville continued to have the lowest aggregate vacancy rate at 12.5 percent, up from 12.1 percent in the first quarter. Siloam Springs had the highest aggregate vacancy rate at 16.5 percent, up from 12.3 percent in the first quarter. The Fayetteville vacancy rate increased 1.1 percentage points to 15.6 percent and Rogers had an increase of 0.8 percentage points in its vacancy rate to 13.0 percent in the second quarter. Meanwhile, Springdale experienced a decline of 0.6 percentage points to a vacancy rate of 13.0 percent in the second quarter of 2009.
- The average lease price per month for a multifamily property unit in Northwest Arkansas went up slightly to \$526.36. 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

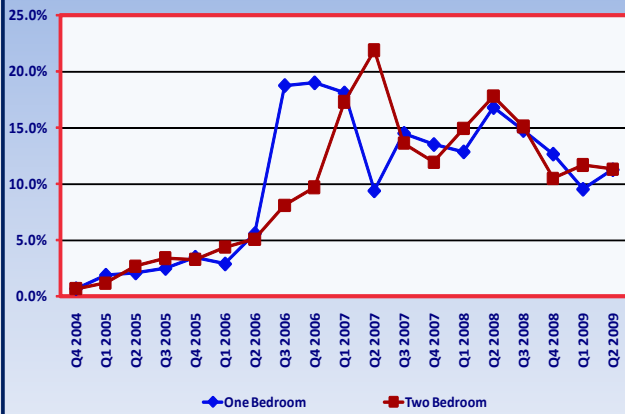
Northwest Arkansas Multifamily Vacancy Rates



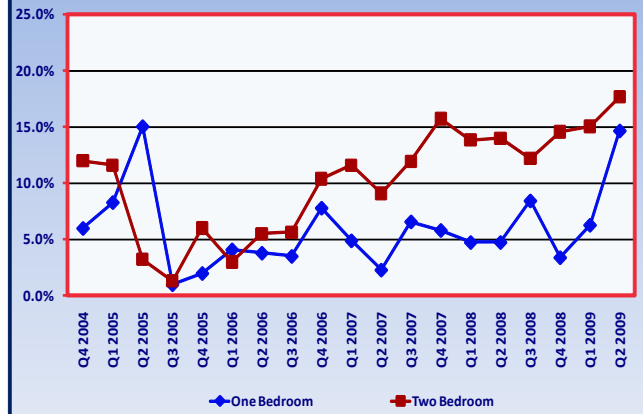
Rogers Multifamily Vacancy Rates



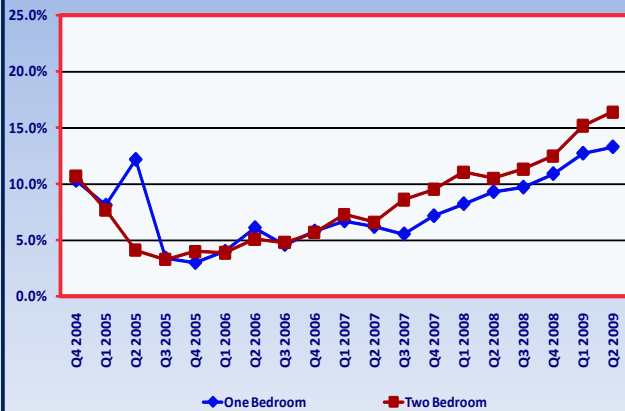
Bentonville Multifamily Vacancy Rates



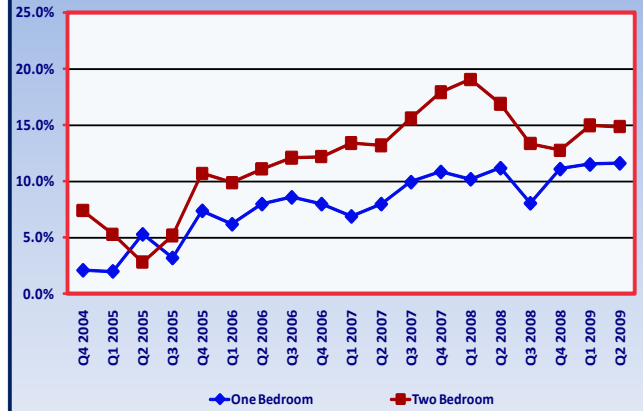
Siloam Springs Multifamily Vacancy Rates



Fayetteville Multifamily Vacancy Rates



Springdale Multifamily Vacancy Rates



Multifamily Market Trends

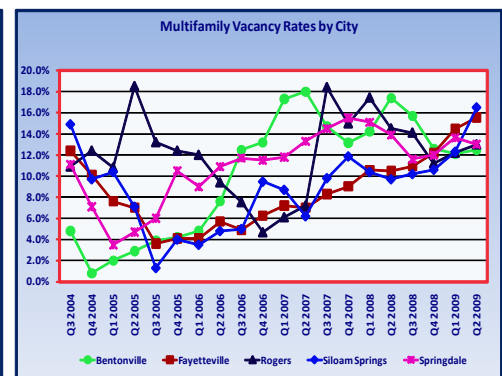
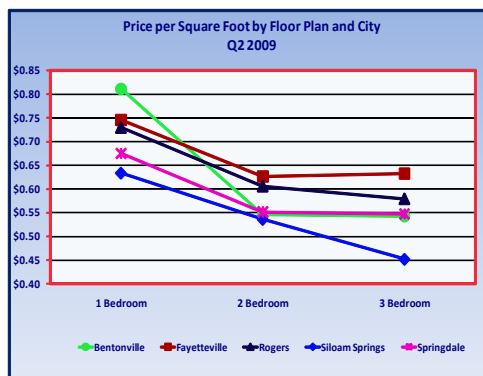
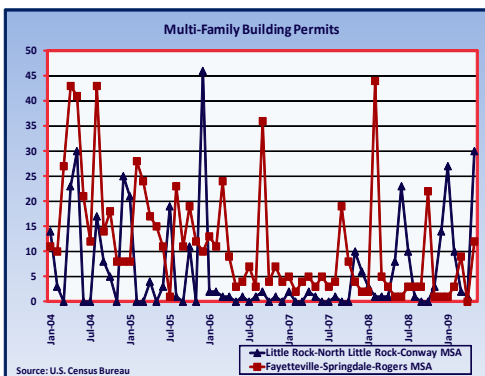
The associated table details the building permits that have been issued for multifamily housing purposes over the past twelve months. Twelve projects with values greater than a million dollars were permitted during the period. Eight of these were located in Fayetteville, two were located in

Springdale, one in Bentonville, and one in Rogers. The Fayetteville projects involve the construction of College North Apartments, the Village on Shiloh apartments, Mountain Ranch Apartments, Vantage Center, Hill Place, Huntington Heights, Village at Scull Creek Apartments, and Chestnut

Townhomes. The Springdale projects are Hidden Lake Townhomes and Chester Heights, while the Bentonville project is the Links at Rainbow Curve and the Rogers project is St. James Place.

Multifamily Residence Building Permits June 2008 - May 2009

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
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
3/16/2009	Chester Heights	2	\$1,705,741	Springdale
3/19/2009	Links at Rainbow Curve	27	\$24,488,992	Bentonville
5/19/2009	Village at Scull Creek Apartments	1	\$5,171,374	Fayetteville
5/27/2009	Chestnut Townhomes	3	\$1,509,981	Fayetteville
Total		117	\$111,550,407	



Multifamily Market Trends

Sample Vacancy Rates

Market Area	Number of Complexes	Number of Units	Q2 2009 Vacancy Rate	Q1 2009 Vacancy Rate	Q2 2008 Vacancy Rate
Bentonville	116	3,381	12.5%	12.1%	17.4%
Fayetteville	267	11,410	15.6%	14.5%	10.5%
Rogers	78	4,079	13.0%	12.2%	14.5%
Siloam Springs	43	1,097	16.5%	12.3%	9.7%
Springdale	84	5,776	13.0%	13.6%	13.9%
NWA	588	25,743	14.2%	13.5%	12.8%

Average Size and Price by Floor Plan Q2 2009

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	409	\$441.50	\$1.08
1 Bedroom	607	\$443.83	\$0.73
2 Bedroom	907	\$535.49	\$0.59
3 Bedroom	1,237	\$711.20	\$0.57
4 Bedroom	1,477	\$822.36	\$0.56
NWA	834	\$526.36	\$0.63

Median Size and Price by Floor Plan Q2 2009

Floor Plan	Median Square Feet	Median Price per Month	Median Price per Square Foot
Studio	403	\$350.00	\$0.87
1 Bedroom	600	\$400.00	\$0.67
2 Bedroom	875	\$500.00	\$0.57
3 Bedroom	1,213	\$650.00	\$0.54
4 Bedroom	1,210	\$696.00	\$0.58
NWA	800	\$485.00	\$0.61

Vacancy Rates by Floor Plan Q2 2009

Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	11.3%	11.3%	27.7%
Fayetteville	13.3%	16.4%	15.7%
Rogers	13.3%	12.9%	11.1%
Siloam Springs	14.7%	17.7%	8.0%
Springdale	11.6%	14.9%	4.9%
NWA	12.7%	14.9%	13.2%

