



THE SKYLINE REPORT

for Benton and Washington Counties

Multifamily Real Estate Market Summary November 2004



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WALTON
COLLEGE of BUSINESS

Center for Business and Economic Research

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Multifamily Real Estate Market Summary

This report is the inaugural 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 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 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 Third Quarter of 2004

- Vacancy rates for multifamily properties in Northwest Arkansas ranged from a low of 4.8 percent in Bentonville to a high of 14.9 percent in Siloam Springs.
- The average square footage of a multifamily property unit in Northwest Arkansas was 796 square feet.
- The average price per month for a multifamily property unit in Northwest Arkansas was \$503.
- On a price per square foot basis, multifamily units were least expensive on average in Siloam Springs and most expensive in Rogers.
- Within Benton County, one bedroom/one bathroom units in Rogers were 18.5 percent more expensive per square foot than comparable units in Bentonville and 28.5 percent more expensive per square foot than comparable units in Siloam Springs.
- Within Washington County, one bedroom/one bathroom units in Fayetteville were 9.9 percent more expensive per square foot than comparable units in Springdale.
- Growth in the square footage of multifamily properties in Northwest Arkansas is not keeping pace with growth in single family and commercial properties.

Study Structure and Methodology

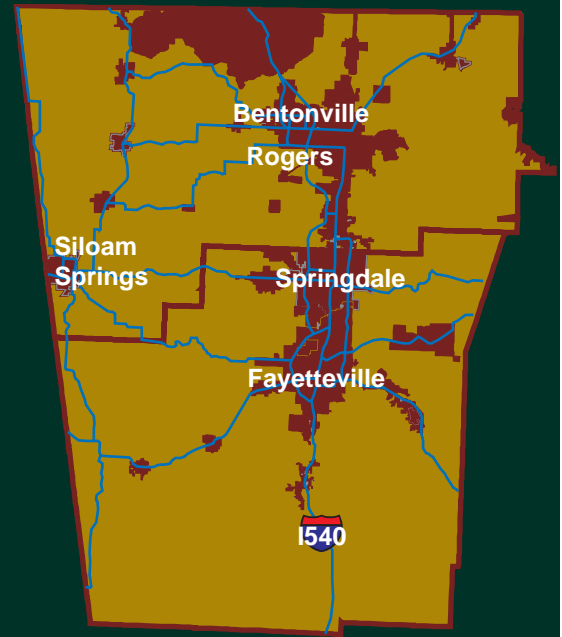
The results of an in-depth data gathering process are presented and analyzed in this report. Data from three distinct sources were used to examine the characteristics of the Northwest Arkansas multifamily residential housing market. First, building permit data were examined to identify any multifamily 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 during calendar year 2004 is shown first, followed by a short discussion about the kinds of properties that are being permitted. 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 multifamily property population 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 inaugural report, only 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.

As the first edition of the multifamily series of the Skyline Report, this study provides a baseline for future 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 likely prevent definitive conclusions from being drawn for at least a year's worth of reports.



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

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

Economic Overview

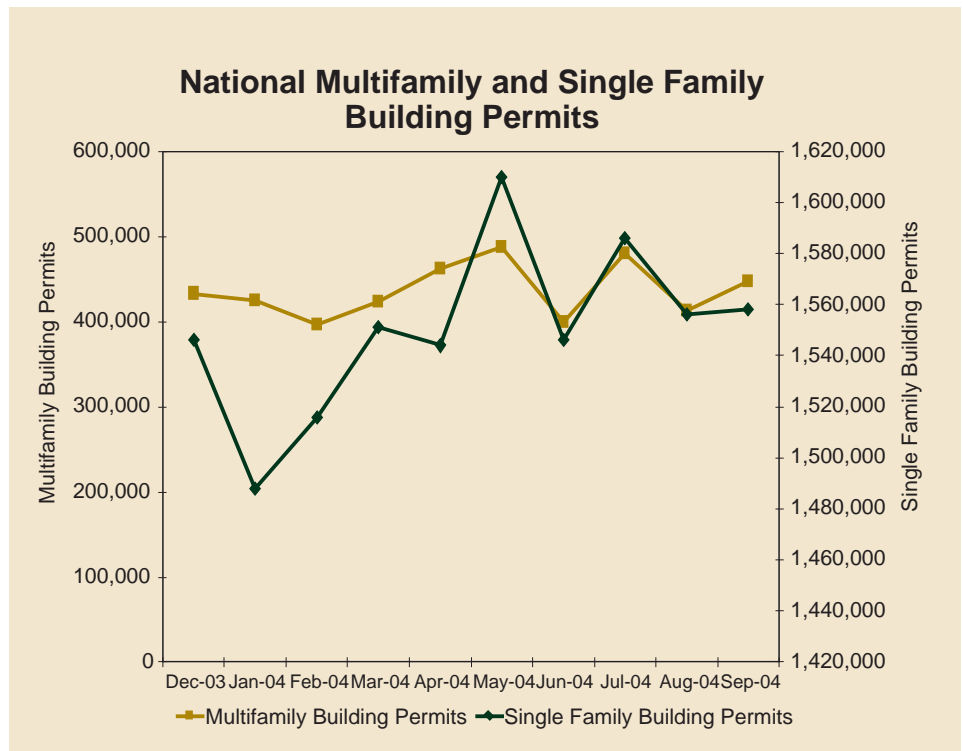
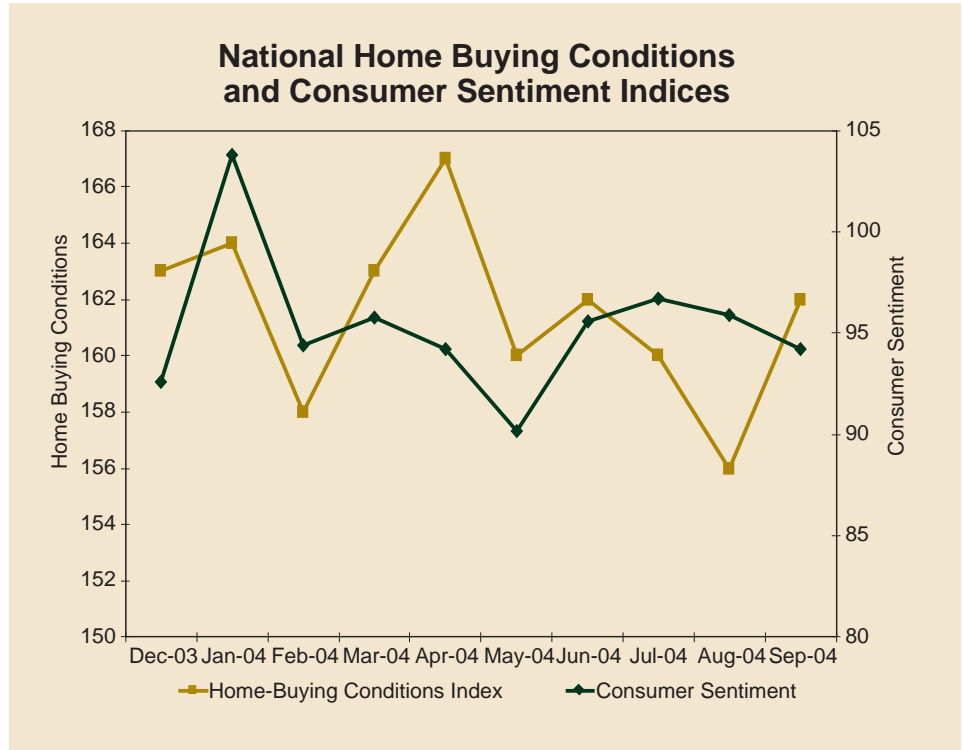
To get a sense of the Northwest Arkansas multifamily housing market, it is useful to look at some key macroeconomic statistics. The University of Michigan produces both National Home Buying Conditions and Consumer Sentiment Indexes. These two indexes do not move in lockstep, but often track each other to some extent. The most recent month's data shows an up tick in home buying conditions while consumer confidence declined slightly for the second month in a row. Consumer confidence acts as a signal about the likely trends in spending for consumers while the home buying conditions index is an indicator about the likely direction of the national single family housing market. In as much as purchasing single family houses becomes more attractive relative to leasing, the multifamily housing market will be directly affected by these statistics.

National Trends

The U.S. Census Bureau tracks both the issuance of building permits and new home sales. Since December of 2003, growth in multifamily building permits has been fairly flat, nationally. Likewise, although there has been month-to-month variation, single family residential building permits have not shown great growth since the end of 2003. This suggests that the current pace of new construction is sufficient to keep up with demand at all levels.

Interest Rates

On November 9, 2004, the Federal Reserve Board raised its target for the federal funds rate an additional 25 basis points to 2.0 percent, bringing the total yearly change to 100 basis points. As the accompanying graph shows, the spread between short term rates and conventional 30-year mortgage rates has declined more than 100 basis points since May 2004. The fact that mortgage rates continue to hover at historically low levels, even as the



Federal Reserve raises short term rates, makes the purchase of a house relatively attractive compared to leasing multifamily housing. CBER researchers project that from 2000 to 2025, the population of Washington and Benton Counties will roughly double. There is every reason to believe that the population growth is taking place at all income levels, so that there will be continued demand for new single family and new multifamily residences.

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 a sound economic decision. The growth in the number of executive suites in Northwest Arkansas is a testament to demand driven by transitional factors.

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 a sound economic decision. The growth in the number of executive suites in Northwest Arkansas is a testament to demand driven by transitional factors.

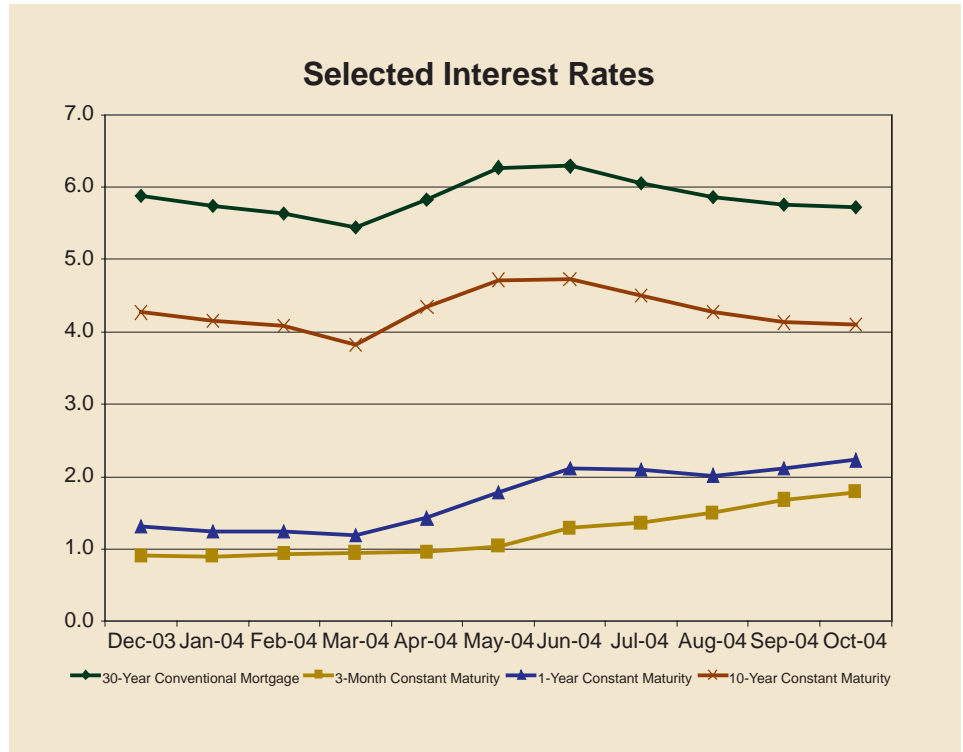
Building Permits

The associated table details the building permits that have been issued for multifamily housing purposes since the beginning of 2004. Six multi-million dollar projects have been permitted with two located in Fayetteville, two located in Rogers, and two located in Springdale. The Fayetteville projects involve the redevelopment of the former St. Joseph church property into multifamily housing and the development of a large new apartment complex on the north side of town. In Rogers, the Rogers Commons project is an addition to a previous large scale development and the Greens on Blossom Way project will provide another multifamily property with golf amenities. In Springdale, the two projects involve adding onto the Mill Creek complex and developing the Brookhaven apartments.

In total, there have been 144 multifamily residential building permits issued with a total value of just under \$60 million in Bentonville, Fayetteville, Rogers, Siloam Springs, and Springdale since the beginning of 2004. In the third quarter of 2004 alone, there were over \$60 million of commercial building permits and over \$181 million of single family residential building permits.

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,



Multifamily Residence Building Permits 2004

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
1/9/04	Campus Properties	2	\$37,995	Fayetteville
1/12/04	Hometown Developments Ltd.	1	\$252,806	Fayetteville
1/28/04	Mike Botson	2	\$459,408	Rogers
2/1/04	Sunhaven	1	\$160,000	Siloam Springs
2/9/04	Campus Crossing	1	\$427,472	Fayetteville
2/20/04	Houses Development Co LLC	2	\$61,000	Fayetteville
3/16/04	Campus Properties	2	\$890,567	Fayetteville
3/23/04	Rogers Commons	19	\$3,858,330	Rogers
4/8/04	Hometown Developments Ltd.	1	\$330,142	Fayetteville
4/13/04	Stearn Street	23	\$12,270,334	Fayetteville
4/23/04	Lafayette Loft Apartments	1	\$528,374	Fayetteville
4/26/04	Lafayette Loft Apartments	2	\$2,113,496	Fayetteville
6/3/04	Sweetser Properties	1	\$919,985	Fayetteville
6/16/04	Mill Creek	15	\$3,468,285	Springdale
6/22/04	Greens on Blossom Way	31	\$10,300,000	Rogers
7/27/04	Sweetser Properties	1	\$739,458	Fayetteville
8/11/04	Sweetser Properties	1	\$281,791	Fayetteville
8/16/04	Meadowood	3	\$480,168	Bentonville
8/19/04	Brookhaven Apartments	35	\$22,240,027	Springdale
Total		144	\$59,819,638	

Total Inventory of Multifamily Properties and Sample Coverage Q3 2004

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	17	970,494	47.0%
Fayetteville	260	3,884,639	96	1,859,426	47.9%
Rogers	131	2,283,024	28	1,128,503	49.4%
Siloam Springs	58	644,283	22	342,267	53.1%
Springdale	85	1,272,810	33	640,115	50.3%
Northwest Arkansas	646	10,151,523	196	4,940,805	48.7%

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 260, totaling almost 3.9 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 third quarter of 2004 was 648 with a total size of over 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

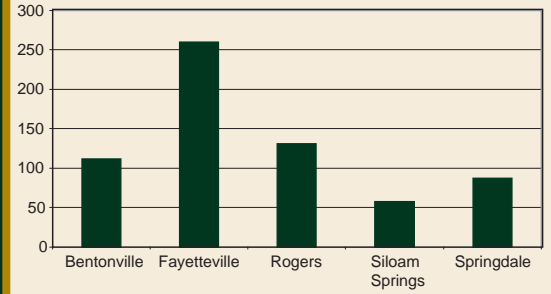


property. The results from this surveying effort were quite good for a first attempt. In the third quarter of 2004, information was collected on 30.3 percent of the properties, but on 48.7 percent of the square footage of existing multifamily residences, on a square footage basis. Therefore, in the analysis 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.

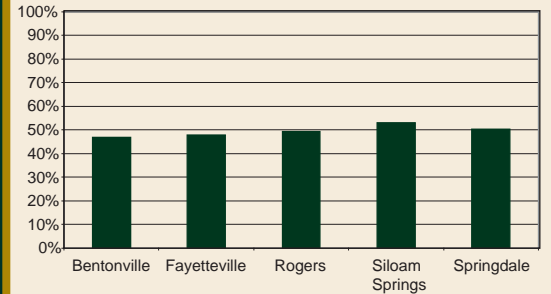
Within the third quarter survey sample, there were 15,762 total units in 196 multifamily residential properties. These properties had a combined vacancy rate of 11.3 percent. The highest vacancy rate was in Siloam Springs, at 14.9 percent and the lowest vacancy rate was in Bentonville at 4.8 percent. In the third quarter of 2004, Rogers had a vacancy rate of 10.9 percent, Springdale had a vacancy rate of 11.1 percent, and Fayetteville had a vacancy rate of 12.4 percent.

Within the sample, the average lease price per month in Northwest Arkansas was \$502.67. The average size of a unit was 796 square feet. This implies that the average monthly price per square foot of a multifamily property was \$0.63. 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 plan was a 1 bedroom/1.5 bath model at \$0.43. The most expensive floor plans were 4 bedroom/2 bath and studio apartments at \$0.80 and \$0.79 per square foot per month, respectively. Both of these most expensive floor plans were only available in properties in the Fayetteville portion of the sample.

Number of Multifamily Properties in Assessor Databases Q3 2004



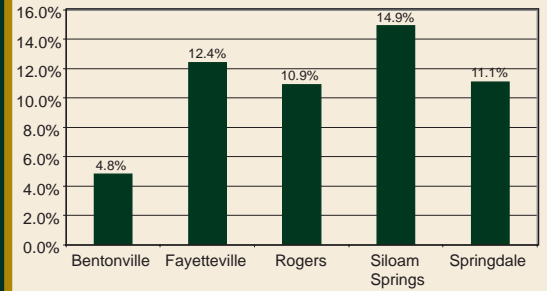
Sample Coverage of Total Square Feet of Multifamily Properties by City Q3 2004



Sample Vacancy Rates Q3 2004

Market Area	Number of Apartment Complexes	Number of Units	Vacancy Rate
Bentonville	17	1,407	4.8%
Fayetteville	96	7,814	12.4%
Rogers	28	2,509	10.9%
Siloam Springs	22	752	14.9%
Springdale	33	3,280	11.1%
Northwest Arkansas	196	15,762	11.3%

**Multifamily Residences
Vacancy Rates by City
Q3 2004**



Northwest Arkansas Average Unit Size and Price by Floor Plan Q3 2004

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	438	\$347.50	\$0.79
1 Bedroom, 1 Bath	598	\$416.52	\$0.70
1 Bedroom, 1.5 Bath	1,050	\$455.00	\$0.43
2 Bedroom, 1 Bath	765	\$451.46	\$0.59
2 Bedroom, 1.5 Bath	995	\$508.86	\$0.51
2 Bedroom, 1.75 Bath	--	\$535.00	--
2 Bedroom, 2 Bath	1,050	\$705.04	\$0.67
2 Bedroom, 2.5 Bath	1,222	\$664.17	\$0.54
3 Bedroom, 1 Bath	1,010	\$490.86	\$0.49
3 Bedroom, 1.5 Bath	973	\$675.00	\$0.69
3 Bedroom, 2 Bath	1,247	\$838.71	\$0.67
3 Bedroom, 2.5 Bath	1,333	\$738.33	\$0.55
3 Bedroom, 3 Bath	1,525	\$810.00	\$0.53
3 Bedroom 3.5 Bath	1,600	\$915.00	\$0.57
4 Bedroom, 2 Bath	1,218	\$980.00	\$0.80
4 Bedroom, 2.5 Bath	1,300	\$640.00	\$0.49
Northwest Arkansas	796	\$502.67	\$0.63



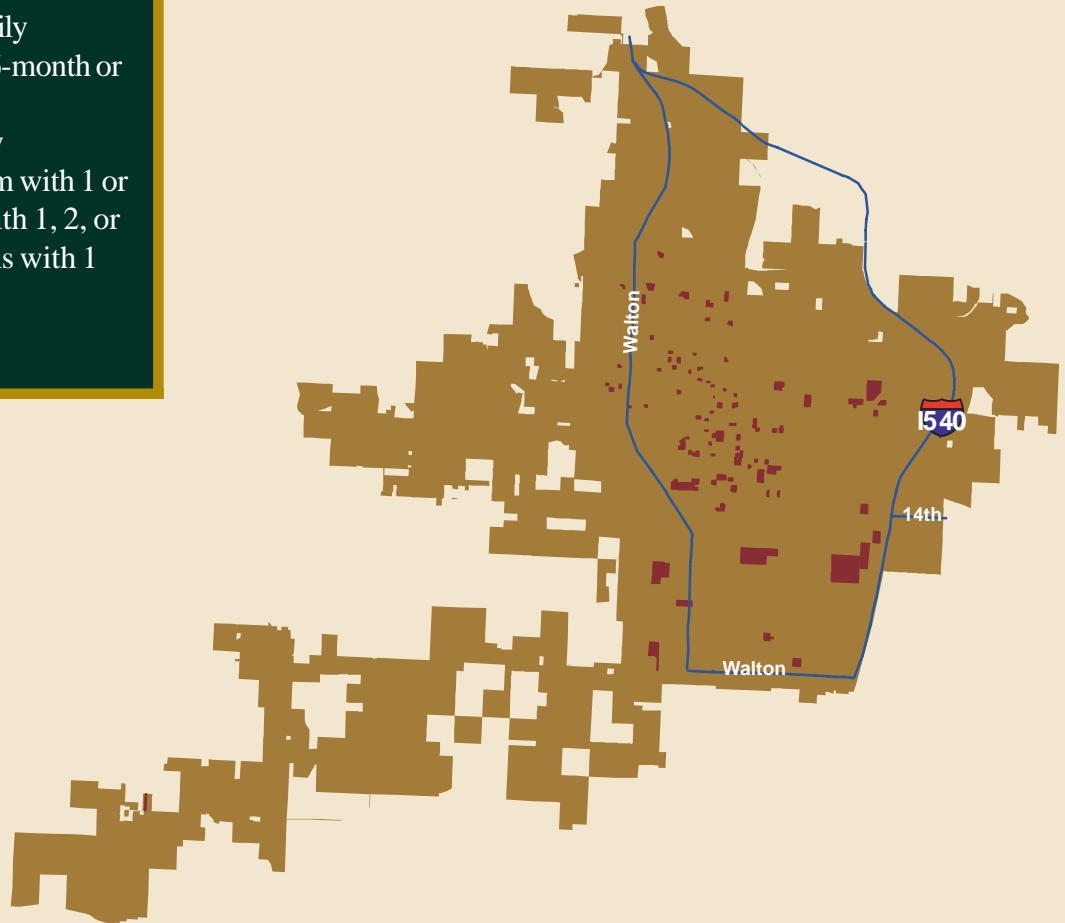
Bentonville

- In the database from the office of the Benton County Assessor, there were 112 multifamily properties in Bentonville in the third quarter of 2004. These properties comprised 2,066,767 square feet.
- The 17 Bentonville Skyline Report survey respondents accounted for 47.0 percent of the square footage of all of the multifamily properties in the city.
- In the 1,407 units that were reported by Skyline Report survey respondents, there was a 4.8 percent vacancy rate in the third quarter of 2004.
- The average price of all units in Bentonville was \$490, while the average size of a unit was 799 square feet.
- The monthly leases for Bentonville multifamily properties average between \$0.48 and \$0.70 per square foot.
- Most Bentonville multifamily properties require either 6-month or 12-month leases.
- Bentonville has multifamily properties with 1 bedroom with 1 or 1.5 baths, 2 bedrooms with 1, 2, or 2.5 baths, and 3 bedrooms with 1 or 1.5 baths.

Bentonville Average Unit Size and Price by Floor Plan Q3 2004

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	--	--	--
1 Bedroom, 1 Bath	623	\$417.08	\$0.67
1 Bedroom, 1.5 Bath	1,100	\$525.00	\$0.48
2 Bedroom, 1 Bath	764	\$470.53	\$0.62
2 Bedroom, 1.5 Bath	--	--	--
2 Bedroom, 1.75 Bath	--	--	--
2 Bedroom, 2 Bath	1,024	\$610.71	\$0.60
2 Bedroom, 2.5 Bath	1,250	\$625.00	\$0.50
3 Bedroom, 1 Bath	500	\$350.00	\$0.70
3 Bedroom, 1.5 Bath	1,100	\$655.00	\$0.60
3 Bedroom, 2 Bath	--	--	--
3 Bedroom, 2.5 Bath	--	--	--
3 Bedroom, 3 Bath	--	--	--
3 Bedroom 3.5 Bath	--	--	--
4 Bedroom, 2 Bath	--	--	--
4 Bedroom, 2.5 Bath	--	--	--
Bentonville	799	\$490.21	\$0.61

Bentonville Multifamily Properties



Bentonville Vacancy Rates and Lease Durations by Property Q3 2004

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
'A' Street Apartments	14	14	0.0%				X	
Bentonian Apartments	25	25	0.0%				X	
Bentonville Commons	238	202	15.1%				X	
Briarwood Place	24	24	0.0%					X
Brookdale Townhouses	102	82	19.6%		X		X	
Cabin Court	15	15	0.0%				X	
Delmar	128	128	0.0%				X	
Fairfield Manor	24	14	41.7%				X	
Four Seasons Colonial	12	12	0.0%		X			
Links at Bentonville	432	432	0.0%				X	
Moberly Manor I & II	216	216	0.0%				X	
Moberly Place	120	120	0.0%				X	
Osage Terrace	40	39	2.5%				X	
Spears	5	5	0.0%				X	
Underwood Apartments I	4	4	0.0%		X			
Underwood Apartments II	4	4	0.0%		X			
Underwood Apartments III	4	3	25.0%		X			
Bentonville	1,407	1,339	4.8%					

Bentonville Amenities by Property Q3 2004

Complex	Parking Spaces per Unit	On-Site Manager	Pool	Fitness Center	Basket-ball	Volley-ball	Tennis	Com-munity Room	Golf	Elevators	Miscel-laneous
'A' Street Apartments	2	X									
Bentonian Apartments		X									
Bentonville Commons											
Briarwood Place	2										
Brookdale Townhouses	2	X			X			X			
Cabin Court	2										
Delmarr		X								X	
Fairfield Manor	1	X									
Four Seasons Colonial	2										
Links at Bentonville		X	X	X		X	X		X	X	Business Center
Moberly Manor I & II		X	X	X	X		X			X	Picnic Area
Moberly Place		X								X	
Osage Terrace	1	X					X			X	
Spears	2.5	X									
Underwood Apartments I											
Underwood Apartments II											
Underwood Apartments III	3							X			

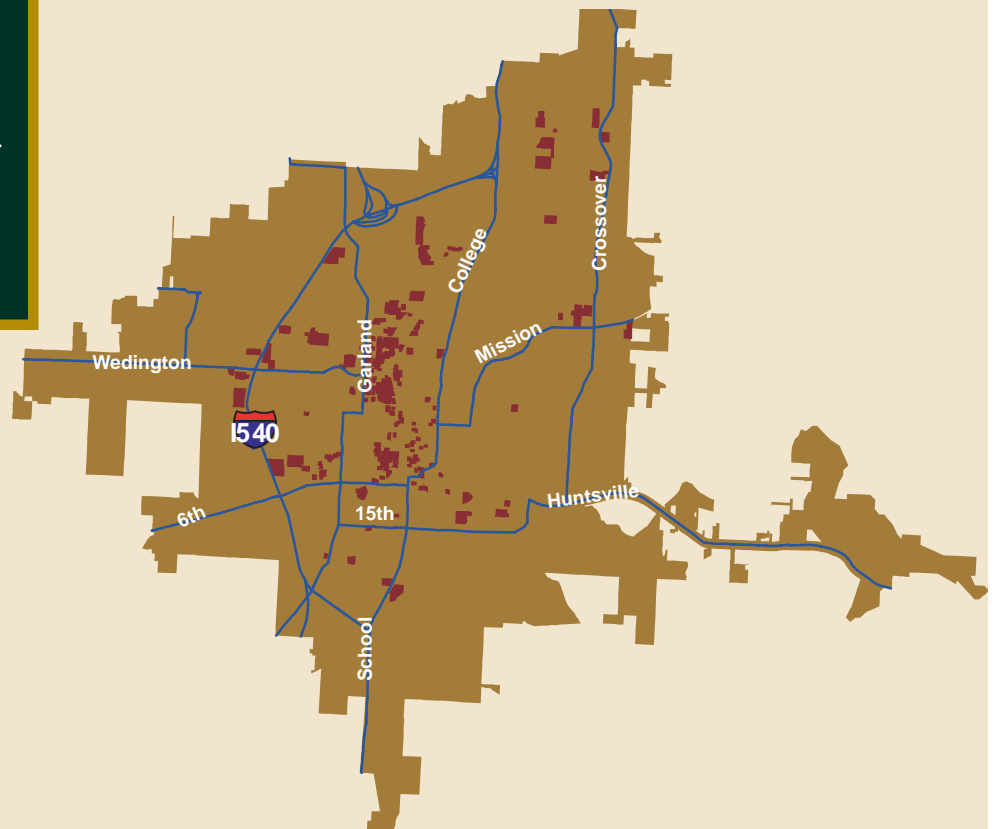
Fayetteville

- In the database from the office of the Washington County Assessor, there were 260 multifamily properties in Fayetteville in the third quarter of 2004. These properties comprised 3,884,639 square feet.
- The 96 Fayetteville Skyline Report survey respondents accounted for 47.9 percent of the square footage of all of the multifamily properties in the city.
- In the 7,814 units that were reported by Skyline Report survey respondents, there was a 12.4 percent vacancy rate in the third quarter of 2004.
- The average price of all units in Fayetteville was \$516, while the average size of a unit was 807 square feet.
- The monthly leases for Fayetteville multifamily properties average between \$0.39 and \$0.80 per square foot.
- Fayetteville multifamily properties have a wide variety of lease durations from month-to-month all the way through 12-month leases.
- Fayetteville has multifamily properties with many different floor plans, from one bedroom to four bedroom properties with many configurations of baths.

Fayetteville Average Unit Size and Price by Floor Plan Q3 2004

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	438	\$347.50	\$0.79
1 Bedroom, 1 Bath	588	\$412.59	\$0.70
1 Bedroom, 1.5 Bath	1,000	\$385.00	\$0.39
2 Bedroom, 1 Bath	776	\$464.69	\$0.60
2 Bedroom, 1.5 Bath	980	\$513.35	\$0.52
2 Bedroom, 1.75 Bath	—	—	—
2 Bedroom, 2 Bath	1,061	\$721.74	\$0.68
2 Bedroom, 2.5 Bath	1,243	\$736.67	\$0.59
3 Bedroom, 1 Bath	1,290	\$595.00	\$0.46
3 Bedroom, 1.5 Bath	980	\$675.00	\$0.69
3 Bedroom, 2 Bath	1,253	\$786.27	\$0.63
3 Bedroom, 2.5 Bath	1,250	\$782.50	\$0.63
3 Bedroom, 3 Bath	1,525	\$810.00	\$0.53
3 Bedroom 3.5 Bath	1,600	\$915.00	\$0.57
4 Bedroom, 2 Bath	1,218	\$980.00	\$0.80
4 Bedroom, 2.5 Bath	1,300	\$640.00	\$0.49
Fayetteville	807	\$515.59	\$0.64

Fayetteville Multifamily Properties



Fayetteville Vacancy Rates and Lease Durations by Property Q3 2004

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	8	0.0%				X	
1131 N. Oakland	6	4	33.3%				X	
1205 N. Oakland	4	4	0.0%				X	
1211 N. Oakland	3	3	0.0%				X	
815 Storer	7	6	14.3%				X	
944 Storer	20	20	0.0%				X	
970 N. Oakland	12	12	0.0%				X	
Adams Street Townhomes	10	10	0.0%				X	
Appleby	216	207	4.2%				X	
Beverly Manor	21	21	0.0%			X	X	
Bristol	272	163	40.1%				X	
Campus Corner	28	26	7.1%		X		X	
Campus Edge	44	42	4.5%		X		X	
Campus Studios	95	95	0.0%	X		X		
Center Street	18	17	5.6%		X			
Chamberland Square	96	96	0.0%		X		X	
Cherryl Lynn Townhouses	28	28	0.0%					
Chestnut I	44	44	0.0%					
Chestnut II	216	216	0.0%					
Cleveland Place	12	12	0.0%				X	
College Point	11	11	0.0%				X	
College Station	18	18	0.0%	X			X	
Cornerstone I	120	113	5.8%				X	
Cornerstone II	108	103	4.6%				X	
Crafton Place	84	79	6.0%				X	
Crossover Terrace	84	79	6.0%				X	
Deane & Shambling	20	20	0.0%			X	X	X
Deldon	20	16	20.0%			X		
Delmar	48	45	6.3%					
Duckspond Townhomes	4	4	0.0%				X	
Eagle Crest	7	7	0.0%				X	
East Oaks	168	167	0.6%					
Encore	38	34	10.5%		X		X	
English Ivy Townhouses	8	7	12.5%					
Fair Park	228	227	0.4%				X	
Fairview	12	11	8.3%			X	X	
Foxborough	32	30	6.3%		X		X	
Garden Park	156	126	19.2%		X	X	X	
Garland Gardens	195	166	14.9%		X		X	
Glendale	93	92	1.1%					
Gold Leaf	9	9	0.0%					
Grandview	129	120	7.0%		X		X	
Greens at Lakeside Vill.	384	347	9.6%				X	
Harbor	10	7	30.0%				X	
Indian Springs I	15	14	6.7%					
Indian Springs II	14	12	14.3%					
Lakeside Village I	132	120	9.1%				X	
Law Quad	78	66	15.4%				X	X
Lawson Square	6	4	33.3%			X		
Lazenby Northwest Acres	350	285	18.6%		X		X	X
Leverett Garden	145	134	7.6%		X		X	
Leverett Station	8	8	0.0%	X			X	
Leverett Street	12	11	8.3%				X	
Lindel Place I	8	8	0.0%	X		X		
Lindel Place II	14	14	0.0%				X	
Maple Manor	128	127	0.8%		X		X	
Maria H. I & II	105	92	12.4%			X	X	
Markham Hill	112	109	2.7%				X	
Molly Court	37	37	0.0%				X	

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

Q3 2004

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
Morningside	60	60	0.0%					
Nettleship	16				X	X	X	
Noble Oaks I	52	51	1.9%					
Noble Oaks III	24	24	0.0%					
Noble Oaks III	96	91	5.2%			X		
Oakshire I & II	176	175	0.6%				X	
Oakwood Place	52	46	11.5%				X	
Old Town	14	14	0.0%				X	
Oxford	40	40	0.0%					
Paradise View	132	132	0.0%				X	
Razorback Plaza	20	20	0.0%					
Red Bud	19	18	5.3%					
Robinson	22	11	50.0%			X	X	
Robinson Townhomes	10	8	20.0%			X	X	
Savannah	4	2	50.0%				X	
Scholars Inn & Village	50	49	2.0%	X			X	
Shiloh	240	224	6.7%				X	
Skyler Place Duplexes	36	7	80.6%		X	X	X	
South Creekside	146	140	4.1%		X		X	
South Hill	12			X	X		X	X
Southern View	300	300	0.0%				X	
Southmont	88	88	0.0%				X	X
St. James Place	33	31	6.1%					
Starfire	60	55	8.3%				X	
Stearns Street*	300						X	
Sugar Tree	88	88	0.0%		X		X	
Summitt Terrace	40	40	0.0%			X		
Sunrise	21	21	0.0%				X	
Sunshine Place	16	15	6.3%		X		X	
The Cliffs I	204	200	2.0%				X	
The Cliffs II	556	450	19.1%				X	
The Park	324	287	11.4%				X	
University Studio	40	40	0.0%					
Valley Lake	156	156	0.0%				X	
Valley View	14	8	42.9%		X		X	
White Oak	11	11	0.0%			X		
Willow Creek	32	32	0.0%					
Fayetteville	7,814	6,847	12.4%					

*Under Construction

Fayetteville Amenities by Property

Q3 2004

Complex	Parking Spaces per Unit	On-Site Manager	Pool	Fitness Center	Basket-ball	Volley-ball	Tennis	Com-munity Room	Covered Parking	Golf	Miscel-laneous
1060 W. Holly	1										
1131 N. Oakland	1										
1205 N. Oakland	1										
1211 N. Oakland	1										
815 Storer	1										
944 Storer	1										
970 N. Oakland	1										
Adams Street Townhomes									X		
Appleby		X	X	X	X	X		X			
Beverly Manor		X									
Bristol		X	X	X	X	X	X	X	X		
Campus Corner	1										
Campus Edge											
Campus Studios		X									
Center Street											
Chamberland Square	2	X	X	X	X			X			
Cheryl Lynn Townhouses		X	X								
Chestnut I		X	X	X	X	X	X	X			
Chestnut II		X	X	X	X	X	X	X			
Cleveland Place	2	X									
College Pointe		X									
College Station											
Cornerstone I		X	X					X			
Cornerstone II		X	X					X			
Crafton Place		X			X						
Crossover Terrace		X									
Dean & Shambling		X									
Deldon											
Delmarr		X	X								
Duckspond Townhomes											
Eagle Crest	2										
East Oaks		X						X			
Encore	1										
English Ivy Townhouses			X								
Fair Park		X	X	X			X	X			
Fairview	1								X		
Foxborough		X					X				
Garden Park	1	X	X	X	X	X	X	X			Computer Lab
Garland Gardens		X	X	X					X		
Glendale											
Gold Leaf											
Grandview		X						X			
Greens at Lakeside Vill.		X	X	X				X		X	
Harbor											
Indian Springs I											
Indian Springs II											
Lakeside Village I		X	X	X	X	X	X	X		X	
Law Quad			X	X							
Lawson Square											
Lazenby Northwest Acres									X		
Leverett Garden		X	X								
Leverett Station	2	X									
Leverett Street											
Lindel Place I		X									
Lindel Place II		X									
Maple Manor	1	X	X								
Maria H. I & II		X	X								
Markham Hill		X									Alarms
Molly Court									X		

Fayetteville Amenities by Property (Cont.)

Q3 2004

Complex	Parking Spaces per Unit	On-Site Manager	Pool	Fitness Center	Basket-ball	Volley-ball	Tennis	Com-munity Room	Covered Parking	Golf	Miscel-laneous
Morningside											
Nettleship		X									
Noble Oaks I											
Noble Oaks II											
Noble Oaks III											
Oakshire I & II		X	X	X							
Oakwood Place											
Old Town											
Oxford											
Paradise View		X	X	X	X	X	X	X		X	
Razorback Plaza											
Red Bud											
Robinson	2										
Robinson Townhomes	2										
Savannah	1	X									
Scholars Inn & Village	2	X									
Shiloh		X	X	X				X			
Skyler Place Duplexes	1								X		
South Creekside	2	X									
South Hill	2										
Southern View		X	X	X				X			Business Center
Southmont								X			
St. James Place											
Starfire		X			X						
Stearns Street		X	X	X				X			Business Center
Sugar Tree		X									
Summitt Terrace	2		X			X					
Sunrise	2										
Sunshine Place											
The Cliffs I		X	X	X				X			
The Cliffs II		X	X	X				X			
The Park		X	X	X	X	X	X	X			Gazebos, Walking Trails
University Studio											
Valley Lake		X	X	X	X						
Valley View	2	X									
White Oak											
Willow Creek											



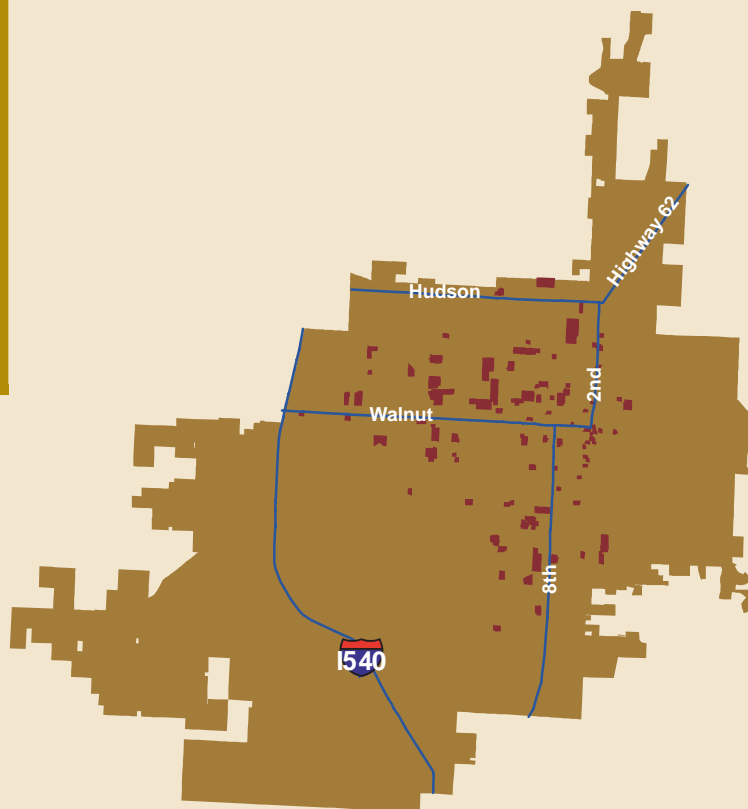
Rogers

- In the database from the office of the Benton County Assessor, there were 131 multifamily properties in Rogers in the third quarter of 2004. These properties comprised 2,283,024 square feet.
- The 28 Rogers Skyline Report survey respondents accounted for 49.4 percent of the square footage of all of the multifamily properties in the city.
- In the 2,509 units that were reported by Skyline Report survey respondents, there was a 10.9 percent vacancy rate in the third quarter of 2004.
- The average price of all units in Rogers was \$600, while the average size of a unit was 819 square feet.
- The monthly leases for Rogers multifamily properties average between \$0.50 and \$0.86 per square foot.
- Most Rogers multifamily properties require either 6-month or 12-month leases, although some month-to-month leases are available.
- Rogers has multifamily properties with 1 bedroom with 1 bath, 2 bedrooms with 1, 1.5, 1.75, or 2 baths, and 3 bedrooms with 1 or 2 baths.

Rogers Average Unit Size and Price by Floor Plan Q3 2004

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	--	--	--
1 Bedroom, 1 Bath	642	\$509.53	\$0.79
1 Bedroom, 1.5 Bath	--	--	--
2 Bedroom, 1 Bath	754	\$443.14	\$0.59
2 Bedroom, 1.5 Bath	1,013	\$535.07	\$0.53
2 Bedroom, 1.75 Bath	--	\$535.00	--
2 Bedroom, 2 Bath	1,161	\$1,000.46	\$0.86
2 Bedroom, 2.5 Bath	--	--	--
3 Bedroom, 1 Bath	985	\$488.00	\$0.50
3 Bedroom, 1.5 Bath	960	--	--
3 Bedroom, 2 Bath	1,473	\$1,253.00	\$0.85
3 Bedroom, 2.5 Bath	--	--	--
3 Bedroom, 3 Bath	--	--	--
3 Bedroom 3.5 Bath	--	--	--
4 Bedroom, 2 Bath	--	--	--
4 Bedroom, 2.5 Bath	--	--	--
Rogers	819	\$600.21	\$0.73

Rogers Multifamily Properties



Rogers Vacancy Rates and Lease Durations by Property Q3 2004

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
Autumnwood Point	48	48	0.0%				X	
Azalea Trail	127	117	7.9%	X	X		X	X, +\$15
Breckenridge	64	64	0.0%				X	
Brentwood	80	80	0.0%				X	
Briarwood	96	96	0.0%				X	
Doubletree	216	216	0.0%				X	
Doubletree II	120	119	0.8%				X	
Edgewood	108	108	0.0%				X	
Fairways at Lost Springs	180	175	2.8%				X	
Fountain Plaza	48	48	0.0%				X	
Gaffke Apartments	2	2	0.0%					X
Greens at Lost Springs	156	154	1.3%				X	
Lost Springs	240	240	0.0%				X	
Meadow Park	70	70	0.0%				X	
Miller Place Seniors	24	24	0.0%				X	
New Hope Court	40	40	0.0%		X		X	
Oak Tree	8	8	0.0%				X	
Olivewood	52	50	3.8%					X
Persimmon Place	112	112	0.0%		X		X	
Rivendell	32	27	15.6%				X	
Rogers Apartments	72	70	2.8%				X	
S. 7th	26	26	0.0%		X			
Stone Manor*	254	8	96.9%		X		X	
Turtle Creek Park	83	83	0.0%				X	
Turtle Creek Park II	72	72	0.0%				X	
Turtle Creek Park Townhouses								
Wellington Place	147	146	0.7%		X		X	
Westbrook	32	32	0.0%		X			
Rogers	2,509	2,235	10.9%					

*Under Construction



Rogers Amenities by Property

Q3 2004

Complex	Parking Spaces per Unit	On-Site Manager	Pool	Fitness Center	Basket-ball	Volley-ball	Tennis	Com-munity Room	Golf	Elevators	Miscel-laneous
Autumnwood Point	1	X						X			Senior Residence
Azalea Trail	2	X	X	X	X			X			Senior Residence
Breckenridge	2		X	X				X			
Brentwood		X								X	
Briarwood		X								X	
Doubletree		X	X	X	X		X	X		X	Playground
Doubletree II		X	X	X	X		X	X		X	
Edgewood		X	X							X	Picnic Area
Fairways at Lost Springs		X	X	X	X		X	X		X	
Fountain Plaza	2	X						X			Pool Table
Gaffke Apartments	2										Covered Parking
Greens at Lost Springs		X	X	X	X	X	X	X		X	
Lost Springs		X	X	X	X	X	X	X	X	X	Horseshoe Pit
Meadow Park	2				X						
Miller Place Seniors								X			
New Hope Court	2	X			X	X					
Oak Tree	1	X			X			X			Transitional Housing for Mentally Impaired
Olivewood	2				X						
Persimmon Place	2								X		Covered Parking
Rivendell	2		X					X			
Rogers Apartments	2	X			X						
Playground											
S. 7th	2										Covered Parking
Stone Manor	2	X	X	X				X			Lending Library, Massage Therapist, Covered Parking
Turtle Creek Park		X	X		X						X
Turtle Creek Park II		X	X		X						X
Turtle Creek Park Townhouses		X									Garage
Wellington Place			X	X		X		X			
Westbrook	2		X		X						



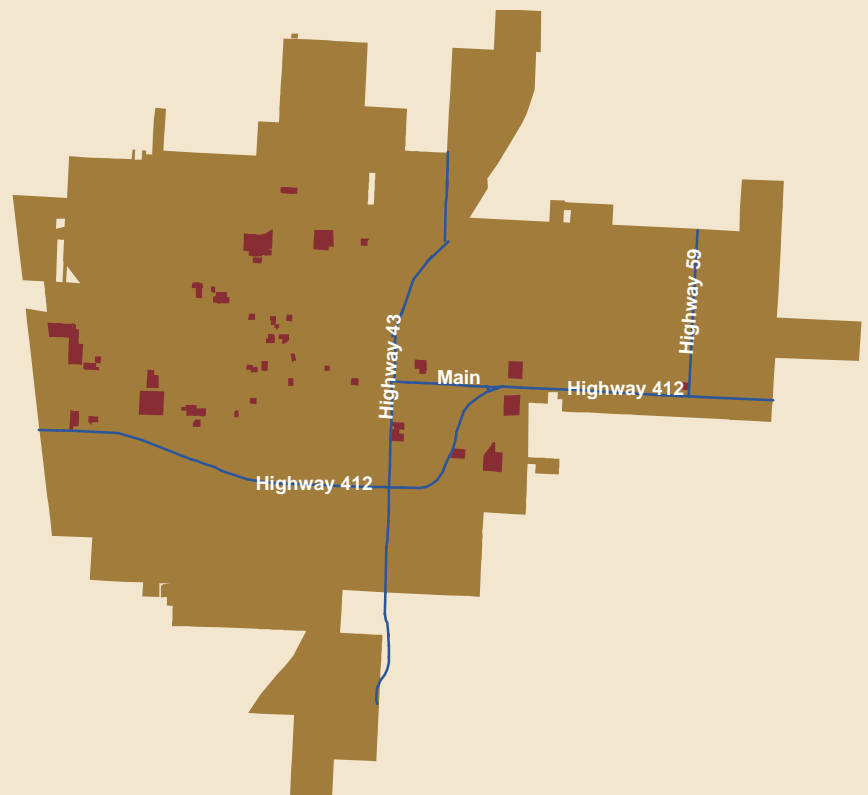
Siloam Springs

- In the database from the office of the Benton County Assessor, there were 58 multifamily properties in Siloam Springs in the third quarter of 2004. These properties comprised 644,283 square feet.
- The 22 Siloam Springs Skyline Report survey respondents accounted for 53.1 percent of the square footage of all of the multifamily properties in the city.
- In the 752 units that were reported by Skyline Report survey respondents, there was a 14.9 percent vacancy rate in the third quarter of 2004.
- The average price of all units in Siloam Springs was \$426, while the average size of a unit was 828 square feet.
- The monthly leases for Siloam Springs multifamily properties average between \$0.41 and \$0.62 per square foot.
- Most Siloam Springs multifamily properties require 12-month leases, although some month-to-month and 6-month leases are available.
- Siloam Springs has multifamily properties with 1 bedroom with 1 bath, 2 bedrooms with 1, 1.5, or 2 baths, and 3 bedrooms with 1 or 2.5 baths.

Siloam Springs Average Unit Size and Price by Floor Plan Q3 2004

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	--	--	--
1 Bedroom, 1 Bath	595	\$367.67	\$0.62
1 Bedroom, 1.5 Bath	--	--	--
2 Bedroom, 1 Bath	778	\$413.86	\$0.53
2 Bedroom, 1.5 Bath	1,014	\$477.14	\$0.47
2 Bedroom, 1.75 Bath	--	--	--
2 Bedroom, 2 Bath	973	\$485.00	\$0.50
2 Bedroom, 2.5 Bath	1,100	\$525.00	\$0.48
3 Bedroom, 1 Bath	987	\$406.50	\$0.41
3 Bedroom, 1.5 Bath	--	--	--
3 Bedroom, 2 Bath	--	--	--
3 Bedroom, 2.5 Bath	1,500	\$650.00	\$0.43
3 Bedroom, 3 Bath	--	--	--
3 Bedroom 3.5 Bath	--	--	--
4 Bedroom, 2 Bath	--	--	--
4 Bedroom, 2.5 Bath	--	--	--
Siloam Springs	828	\$426.21	\$0.51

Siloam Springs Multifamily Properties



Siloam Springs Vacancy Rates and Lease Durations by Property Q3 2004

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
1820 W. Twin Springs Townhomes	8	6	25.0%				X	
Benton Ridge	7	7	0.0%				X	
Brittenum	5	5	0.0%				X	
Broadway	5	5	0.0%				X	
Central Pointe Townhomes	24	24	0.0%				X	
Cheney Apartments	3	2	33.3%					X
Congelose	14	14	0.0%		X		X	
Crown Hotel	35	22	37.1%					X
Davis	24	20	16.7%				X	
Delmar	64	62	3.1%				X	
Devor Apartments	12	7	41.7%					X
Hereford Manor	50	43	14.0%				X	
Locust Manor	18	18	0.0%				X	
LV-7 Properties	18	18	0.0%				X	
Mitchner Apartments	5	5	0.0%				X	
Oak Hill Street	4	3	25.0%				X	
Quaker Townhomes	28	28	0.0%				X	
Remington Park	108	73	32.4%				X	
Spring Valley	144	127	11.8%				X	
Spring Valley II	120	97	19.2%				X	
West Twin Springs	32	32	0.0%				X	
Wood Creek Garden	24	22	8.3%		X		X	
Siloam Springs	752	640	14.9%					

Siloam Springs Amenities by Property Q3 2004

Complex	Parking Spaces per Unit	On-Site Manager	Pool	Fitness Center	Basket-ball	Volley-ball	Tennis	Com-munity Room	Golf	Elevators	Miscel-laneous
1820 W. Twin Springs Townhomes	2										
Benton Ridge											
Brittenum											
Broadway		X									
Central Pointe Townhomes	2										
Cheney Apartments											
Congelose											
Crown Hotel		X						X			
Davis	1										
Delmar								X			
Devor Apartments											
Hereford Manor	2	X			X						
Locust Manor	2	X									
LV-7 Properties	2	X									
Mitchner Apartments											
Oak Hill Street	2										
Quaker Townhomes	2										
Remington Park	3	X	X	X							
Spring Valley			X	X	X		X	X		X	
Spring Valley II			X	X	X		X	X		X	
West Twin Springs	2	X									
Wood Creek Garden											

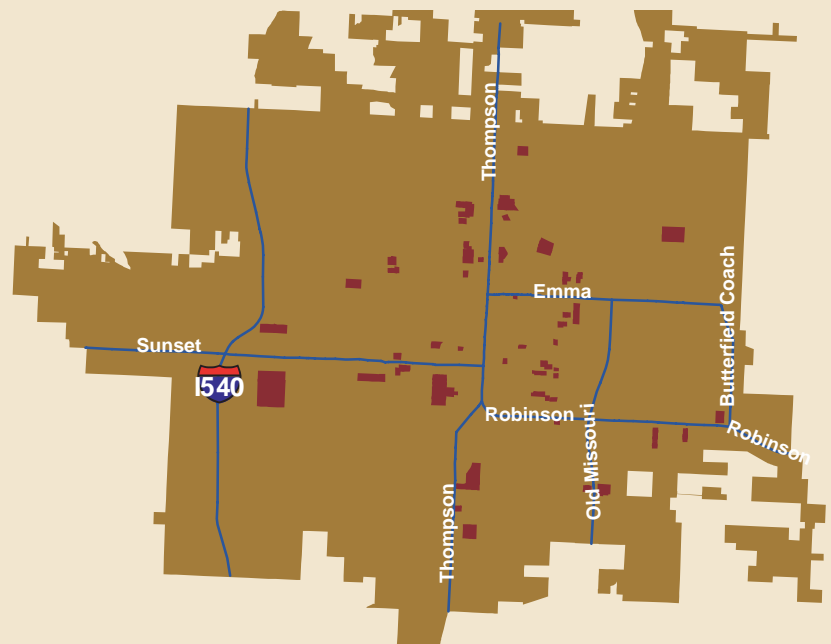
Springdale

- In the database from the office of the Washington County Assessor, there were 87 multifamily properties in Springdale in the third quarter of 2004. These properties comprised 1,272,810 square feet.
- The 33 Springdale Skyline Report survey respondents accounted for 50.3 percent of the square footage of all of the multifamily properties in the city.
- In the 3,280 units that were reported by Skyline Report survey respondents, there was a 11.1 percent vacancy rate in the third quarter of 2004.
- The average price of all units in Springdale was \$503, while the average size of a unit was 798 square feet.
- The monthly leases for Springdale multifamily properties average between \$0.50 and \$0.64 per square foot.
- Most Springdale multifamily properties require either 6-month or 12-month leases, although some 9-month and month-to-month leases are available.
- Springdale has relatively few floor plans with multifamily properties with 1 bedroom with 1 bath, 2 bedrooms with 1, 1.5, or 2 baths, and 3 bedrooms with 2 baths.

Springdale Average Unit Size and Price by Floor Plan Q3 2004

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	--	--	--
1 Bedroom, 1 Bath	572	\$365.00	\$0.64
1 Bedroom, 1.5 Bath	--	--	--
2 Bedroom, 1 Bath	755	\$447.82	\$0.59
2 Bedroom, 1.5 Bath	996	\$499.38	\$0.50
2 Bedroom, 1.75 Bath	--	--	--
2 Bedroom, 2 Bath	987	\$560.07	\$0.57
2 Bedroom, 2.5 Bath	--	--	--
3 Bedroom, 1 Bath	--	--	--
3 Bedroom, 1.5 Bath	--	--	--
3 Bedroom, 2 Bath	1,056	\$585.33	\$0.55
3 Bedroom, 2.5 Bath	--	--	--
3 Bedroom, 3 Bath	--	--	--
3 Bedroom 3.5 Bath	--	--	--
4 Bedroom, 2 Bath	--	--	--
4 Bedroom, 2.5 Bath	--	--	--
Springdale	798	\$503.61	\$0.63

Springdale Multifamily Properties



Springdale Vacancy Rates and Lease Durations by Property Q3 2004

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
Arbors	72	72	0.0%					X
Bailey Street Apartments	32	32	0.0%		X		X	
Berry Street	42	42	0.0%		X		X	
Black Oaks	102	101	1.0%		X		X	X
Bridgestone	84	84	0.0%		X		X	
Cambridge Park	32	31	3.1%		X			
Charles Street	14	14	0.0%		X		X	
Crutcher	96	95	1.0%		X		X	
Eastwood	216	188	13.0%				X	
Electric Avenue	312	260	16.7%		X		X	
Elmdale Manor	45	36	20.0%					X
Fairview	12	11	8.3%			X		
The Henryetta	12	12	0.0%		X			
Huntsville	28	28	0.0%		X		X	
Johnson Meadows	144	143	0.7%				X	
Kay Sue Apts.	44	43	2.3%				X	
The Links at Springdale	492	492	0.0%				X	
Orchard Apartments	64	28	56.3%		X			
The Orchard Townhomes	40	30	25.0%		X			
Park Street	12	12	0.0%		X		X	
Pleasant Point	84	83	1.2%		X		X	
Raintree/Foxfire	122	121	0.8%		X			
Ridge I & II*	192				X		X	
Spring Meadows (retirement)	82	82	0.0%				X	
Springdale Ridge	192	166	13.5%		X		X	
Station	240	240	0.0%		X		X	
Stonecreek	10	10	0.0%				X	
Strawberry Meadow Place	103	103	0.0%					
Sunset & Holcomb	148	147	0.7%				X	
Vanhook Apt.	8	8	0.0%				X	
Vantage Point	56	56	0.0%		X		X	
Walnut Tree	28	28	0.0%		X		X	
West End Place	120	119	0.8%				X	
Springdale	3,280	2,917	11.1%					

*Carbon Monoxide Problems



Springdale Amenities by Property

Q3 2004

Complex	Parking Spaces per Unit	On-Site Manager	Pool	Fitness Center	Basket-ball	Volley-ball	Tennis	Com-munity Room	Golf	Elevators	Miscel-laneous
Arbors	1	X	X								
Bailey Street Apartments	2										
Berry Street	2										
Black Oaks		X									
Bridgestone	2	X									
Cambridge Park	2	X		X							
Charles Street	2										
Crutcher	2										
Eastwood		X	X	X			X	X		X	Playground
Electric Avenue		X			X						
Elmsdale Manor	2	X									
Fairview											
The Henryetta	2										
Huntsville	2										
Johnson Meadows		X	X	X	X		X	X		X	Playground
Kay Sue Apts.	2										
The Links		X	X	X				X	X	X	Business Center Picnic Area
Orchard Apartments	2+	X									
The Orchard Townhomes	2	X									
Park Street											
Pleasant Point		X								X	
Raintree/Foxfire	1	X	X								
Ridge I & II	2	X	X	X	X			X			Hot Tub
Spring Meadows (retirement)	1	X						X			
Springdale Ridge		X	X	X	X			X			
Station	2	X	X	X	X	X					
Stonecreek											
Strawberry Meadow Place											
Sunset & Holcomb		X								X	Picnic Area
Vanhook Apt.	2										
Vantage Point	2	X									
Walnut Tree		X									
West End Place		X								X	



Announcements of New Projects

Name	Complex	Construction Costs	Number of Units	City
Vaughn Apartments	James Mathias	\$2.5 million	180	Bentonville
Walton Suites	Walton Suites LLC	\$11.5 million	56	Bentonville
Bedford Apartments	Campus Properties	\$0.7 million	36	Fayetteville
Southern View Apartments, Phase II	Jim Lindsey	\$8.0 million	114	Fayetteville
Stearns Street	Jim Lindsey	\$12.3 million	300	Fayetteville
The Greens at Blossom Way	Jim Lindsey	\$4.2 million	384	Rogers
Brookhaven Apartments	Brookhaven LLC	\$22.2 million	472	Springdale
Mill Creek	Leisure Homes Corp.	\$3.5 million	70	Springdale

