



THE SKYLINE REPORT

for Benton and Washington Counties

**Multifamily Real Estate
Market Summary
February 2005**



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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 second 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 Fourth Quarter of 2004

- Vacancy rates for multifamily properties in Northwest Arkansas declined from their third quarters level of 9.9 percent to 7.6 percent in the fourth quarter.
- Bentonville and Rogers had very low aggregate vacancy rates at 0.8 percent and 1.8 percent, respectively, although Rogers was the only city in the region to experience an increase in vacancy rates from the third to the fourth quarter of 2004.
- Springdale had a 7.1 percent vacancy rate, down from 11.1 percent in the third quarter. Fayetteville's vacancy rate fell from 12.4 to 10.1 percent.
- Three bedroom apartments had the highest vacancy rate at 17.6 percent for the region.
- The average price per month for a multifamily property unit in Northwest Arkansas declined from \$503 to \$474.
- On a price per square foot basis, multifamily units were least expensive on average in Siloam Springs and most expensive on average in Fayetteville.

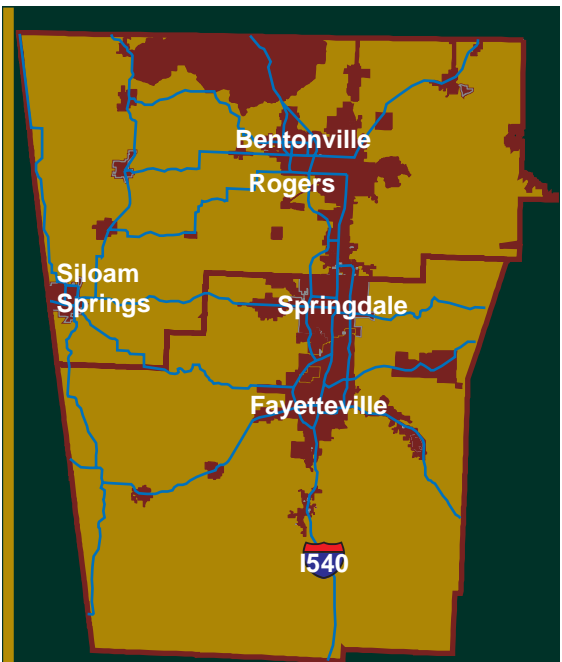
Study Structure and Methodology

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. A table with announcements of coming multifamily projects follows. 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 population of multifamily properties 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 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.



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

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

As the second edition of the multifamily series of the Skyline Report, this study begins to provide some 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 prevent definitive conclusions from being drawn for at least a year's worth of reports.

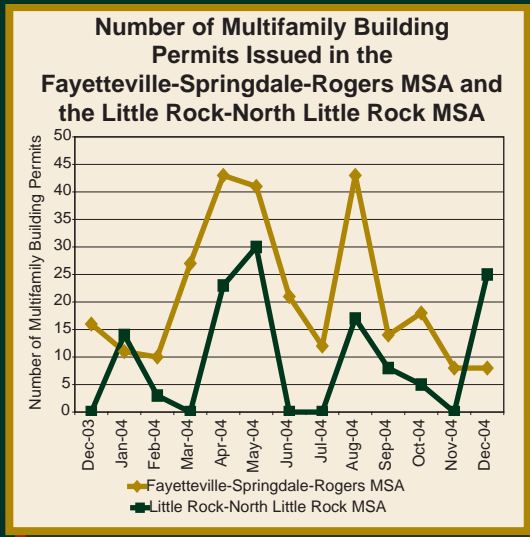
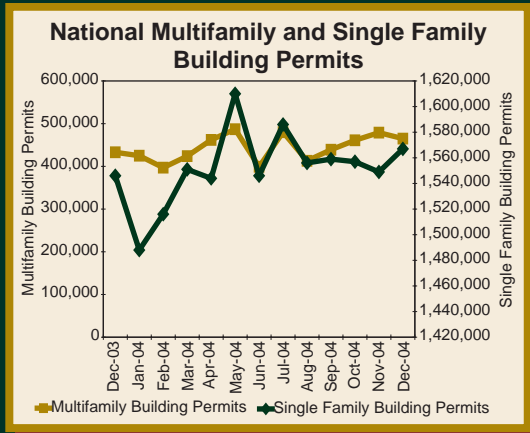
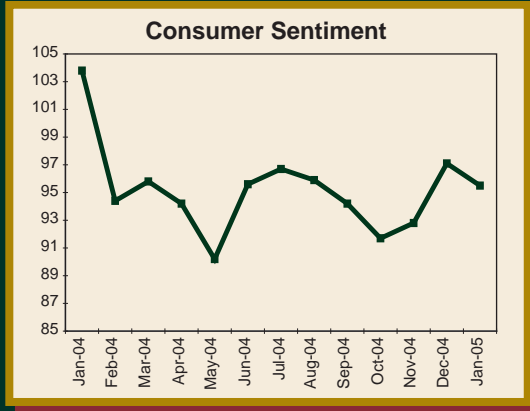
Economic Overview

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 the Consumer Sentiment Index. Since the beginning of 2004, this index has been relatively constant. There were declines in consumer sentiment in the late spring and early fall, but the index recovered to a level between 93 and 97. The most recent month's data show a decline in consumer confidence from December 2004, but the level of the index is still higher than it was in September, October, and November. Consumer confidence acts as a signal about the likely trends in spending for consumers and is directly related to their perceptions of the real estate market. In as much as purchasing single family houses becomes more attractive relative to leasing, the multifamily housing market will be directly affected by this statistic.

The U.S. Census Bureau estimates the issuance of building permits. Since December of 2003, growth in the number of multifamily building permits issued has been nearly flat, nationally. Likewise, although there has been month-to-month variation, the number of single family residential building permits has 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.

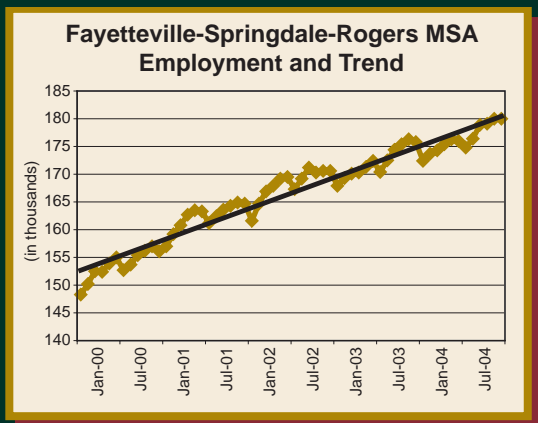
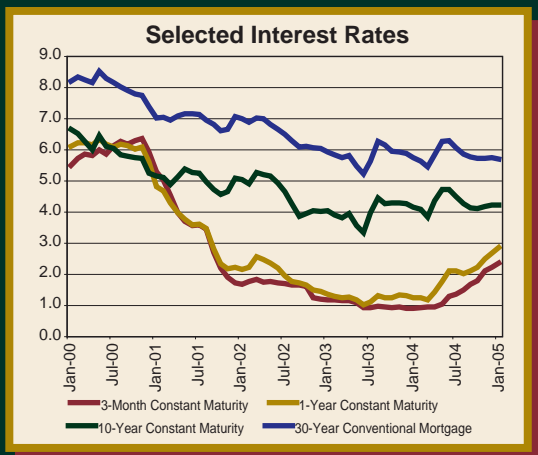
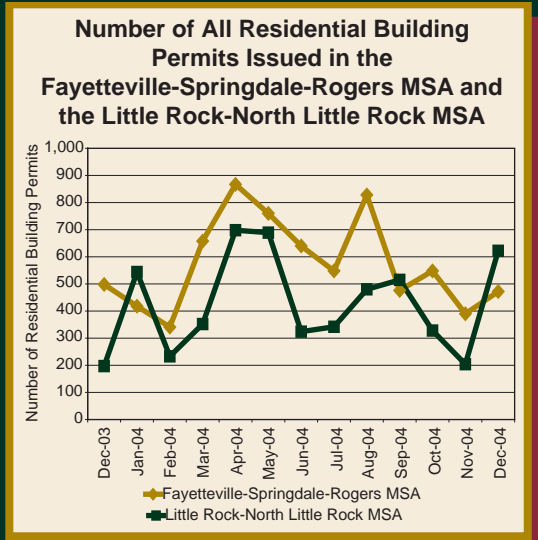
Turning to the two major metropolitan areas in Arkansas, the Fayetteville-Springdale-Rogers (FSR) MSA and the Little Rock-North Little Rock (LR) MSA, similar patterns on a smaller scale are apparent. The accompanying graphs show the number of multifamily building permits and total number of residential building permits issued in the two metro areas. Interestingly, despite its much smaller population, the FSR metro area had a greater number of building permits (both multifamily and total) than the LR metro area in 2004. Despite a great deal of seasonal variation, the trends of all of these series are basically flat. This implies that no significant changes in the pace of growth in the number of residential or multifamily building permits are expected.

On February 2, 2005 the Federal Reserve Board raised its target for the federal funds rate an additional 25 basis points to 2.5 percent, bringing the total increase from the recent lows to 150 basis points. As the accompanying graph shows, the spread between short term rates and conventional



30-year mortgage rates has declined more than 175 basis points since its peak of 3.72 percent in May 2004. The graph also shows that the 30-year conventional mortgage rate has continued to hover at historically low levels, even as the Federal Reserve has raised short term rates. Because the ten-year treasury interest rate and the 30-year conventional mortgage rate have remained essentially constant since July 2004, buying a single family house remains relatively attractive compared to leasing comparable multi-family housing.

Finally, a graph showing employment trends in the FSR metro area is included. Employment in the region continues to grow at the same pace as its five-year trend, adding approximately 450 jobs a month to the region. Because employment growth is the single most important factor in determining demand for housing of all kinds, there must be an awareness of the possibility of structural changes in the labor market. The data show no evidence that the rate of job growth in Northwest Arkansas will abate in the near term.



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

Total Inventory of Multifamily Properties and Sample Coverage Q4 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	23	707,152	34.2%
Fayetteville	224	3,692,780	110	1,781,197	48.2%
Rogers	131	2,283,024	24	1,059,785	46.4%
Siloam Springs	58	644,283	19	322,044	50.0%
Springdale	75	1,217,274	31	545,737	44.8%
Northwest Arkansas	600	9,904,128	207	4,415,915	44.6%

Building Permits

The associated table details the building permits that have been issued for multifamily housing purposes since the beginning of 2004. Eleven projects with values greater than a million dollars were permitted in 2004. Five of these were located in Fayetteville, two were located in Rogers, two were located in Springdale, and two were located in Bentonville. The Fayetteville projects involve the redevelopment of the former St. Joseph church property into multifamily housing, the development of the Stearn Street apartment complex on the north side of town, the development of the Pin Oak and Stadium Apartment complexes, and the construction of the Sequoyah Commons condominium complex off North Olive Avenue. 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. The Brookhaven Apartment project in Springdale had the largest dollar value of all multifamily projects in 2004 in Northwest Arkansas. Finally, the Vaughn Apartments and Moberly Townhomes projects in Bentonville will add to the multifamily stock in Bentonville.

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, 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 224, totaling almost 3.7 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 600 with a total size of almost 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 not quite as good as those in the third quarter. In the fourth quarter of 2004, information was collected on 44.6 percent of the existing square footage of multifamily properties, compared to 48.7 percent in the third quarter. The decline was due to a couple of factors. Respondents indicated a sense of survey fatigue, noting that completing the survey was burdensome. Second, the data were collected during November and December and the holidays may have played a significant role in the decline in response rates. In the first quarter of 2005, the survey will be moved to an internet collection site, so that respondents only will have to indicate changes in status from the prior quarter. This should reduce the costs to apartment managers to participate in this project.

Multifamily Residence Building Permits 2004

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
1/9/2004	Campus Properties	2	\$37,995	Fayetteville
1/12/2004	Hometown Developments Ltd.	1	\$252,806	Fayetteville
1/28/2004	Mike Botson	2	\$459,408	Rogers
2/1/2004	Sunhaven	1	\$160,000	Siloam Springs
2/9/2004	Campus Crossing	1	\$427,472	Fayetteville
2/20/2004	Houses Development Co LLC	2	\$61,000	Fayetteville
3/16/2004	Campus Properties	2	\$890,567	Fayetteville
3/23/2004	Rogers Commons	19	\$3,858,330	Rogers
4/8/2004	Hometown Developments Ltd.	1	\$330,142	Fayetteville
4/13/2004	Stearn Street	23	\$12,270,334	Fayetteville
4/23/2004	Lafayette Loft Apartments	1	\$528,374	Fayetteville
4/26/2004	Lafayette Loft Apartments	2	\$2,113,496	Fayetteville
6/3/2004	Sweetser Properties	1	\$919,985	Fayetteville
6/16/2004	Mill Creek	15	\$3,468,285	Springdale
6/22/2004	Greens on Blossom Way	31	\$10,300,000	Rogers
7/27/2004	Sweetser Properties	1	\$739,458	Fayetteville
8/11/2004	Sweetser Properties	1	\$281,791	Fayetteville
8/16/2004	Meadowood	3	\$480,168	Bentonville
8/19/2004	Brookhaven Apartments	35	\$22,240,027	Springdale
9/1/2004	Pin Oak Place	3	\$1,173,404	Fayetteville
10/1/2004	Woodcreek Properties	1	\$247,680	Siloam Springs
10/5/2004	Vaughn Apartments	8	\$5,432,210	Bentonville
10/5/2004	Stadium Apartments	7	\$5,458,544	Fayetteville
10/12/2004	Nantucket Apartments	2	\$492,792	Fayetteville
10/21/2004	Sequoyah Commons	5	\$2,095,000	Fayetteville
10/27/2004	Chance Construction	1	\$231,118	Fayetteville
11/16/2004	Strategic Builders	4	\$648,524	Fayetteville
12/17/2004	Townhomes on Moberly	6	\$1,488,000	Bentonville
12/31/2004	Wilkins Homes	1	\$700,000	Fayetteville
Total		182	\$77,786,910	

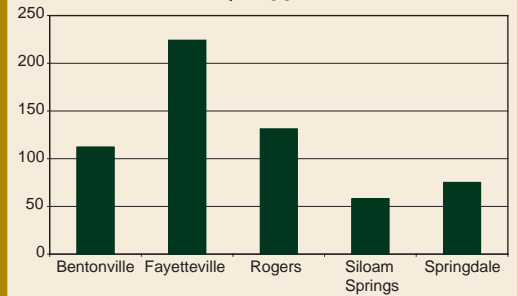
Announcements of New Projects

Complex	Developer	Construction Costs	Number of Units	City
Walton Suites	Walton Suites LLC	\$11.5 million	56	Bentonville
Harbin Pointe Apartments	Home Place Retirement Development Corp.	\$7,000,000	194	Bentonville
Limestone Ranch at the Corners	Limestone Group Southwest, Inc.	\$16,000,000	278	Bentonville
Bedford Apartments	Campus Properties	\$0.7 million	36	Fayetteville
Southern View Apartments, Phase II	Jim Lindsey	\$8.0 million	114	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

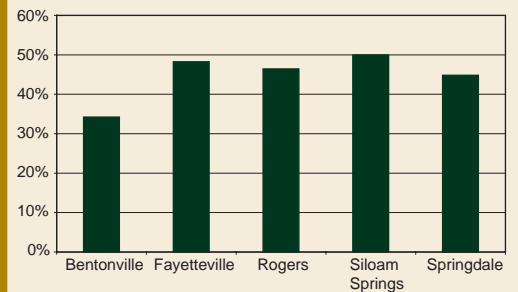


In the analysis that follows, it is important to remember that the survey sample disproportionately measures large properties with many units, rather than small multifamily properties. In as much as the large properties drive the market for multifamily housing, extrapolating the results to the entire population is entirely reasonable. Within the fourth quarter survey sample, there were 14,413 total units in 207 multifamily residential properties. These properties had a combined vacancy rate of 9.2 percent, although if one entirely vacant property in Rogers is excluded from the sample, the overall vacancy rate was only 7.6 percent. The highest vacancy rate was in Fayetteville, at 10.1 percent and the lowest vacancy rate was in Bentonville at 0.8 percent. In the fourth quarter of 2004, Rogers had a vacancy rate of 12.4 percent (or 1.8 percent excluding the Stone Manor property), Springdale had a vacancy rate of 7.1 percent, and Siloam Springs had a vacancy rate of 9.7 percent. Within the sample, the average lease price per month in Northwest Arkansas was \$473.91. The average size of a unit was 795 square feet. This implies that the average monthly price per square foot of a multifamily property was \$0.60. 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 plans had three bedrooms at \$0.53. The most expensive floor plans were studio apartments at \$0.97 per square foot per month. Studio apartment plans were only available in properties in the Fayetteville portion of the sample.

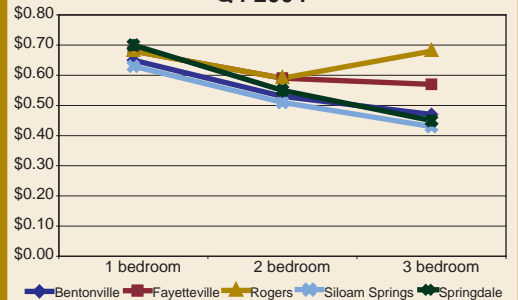
Number of Multifamily Properties in Assessor Databases Q4 2004



Sample Coverage of Total Square Feet of Multifamily Properties by City Q4 2004



Price per Square Foot by Number of Bedrooms by City Q4 2004



Sample Vacancy Rates Q3 - Q4 2004

Market Area	Number of Apartment Complexes	Number of Units	Q4 Vacancy Rate	Q3 Vacancy Rate
Bentonville	23	1,123	0.8%	4.8%
Fayetteville	110	7,671	10.1%	12.4%
Rogers	24	2,099	1.8%	0.9%
		(2,353)*	(12.4%)*	(10.9%)*
Siloam Springs	19	732	9.7%	14.9%
Springdale	31	2,534	7.1%	11.1%
Northwest Arkansas	207	14,159	7.6%	9.9%
		(14,413)*	(9.2%)*	(11.4%)*

*Including the Stone Manor complex which is under construction.

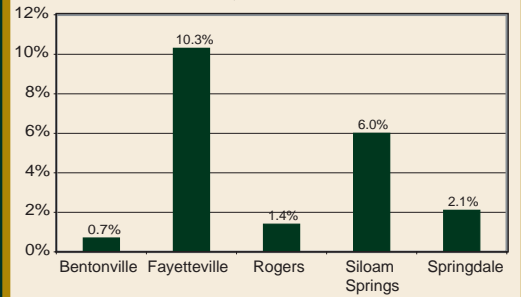
Northwest Arkansas Average Unit Size and Price by Floor Plan Q4 2004

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	331	\$330.00	\$0.97
1 Bedroom	589	\$392.76	\$0.66
2 Bedroom	886	\$506.28	\$0.55
3 Bedroom	1,205	\$667.15	\$0.53
4 Bedroom	1,206	\$650.00	\$0.54
Northwest Arkansas	795	\$473.91	\$0.60

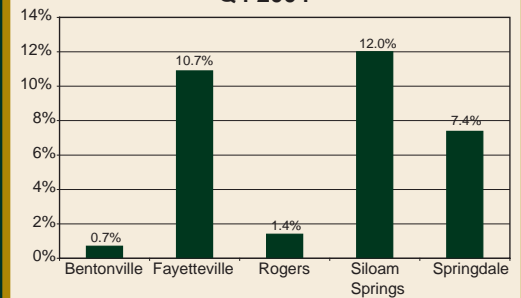
Northwest Arkansas Vacancy Rates by Floor Plan Q4 2004

Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	0.7%	0.7%	7.1%
Fayetteville	10.3%	10.7%	5.4%
Rogers	1.4%	1.4%	5.9%
Siloam Springs	6.0%	12.0%	0.0%
Springdale	2.1%	7.4%	43.5%
Northwest Arkansas	8.7%	9.3%	17.6%

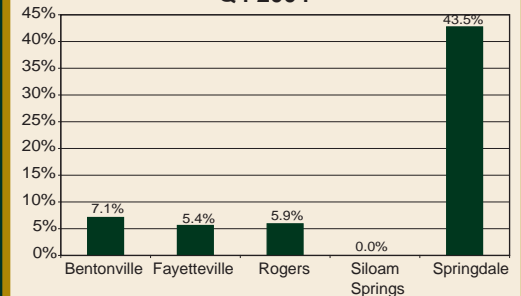
One Bedroom Apartment Vacancy Rates by City Q4 2004



Two Bedroom Apartment Vacancy Rates by City Q4 2004



Three Bedroom Apartment Vacancy Rates by City Q4 2004



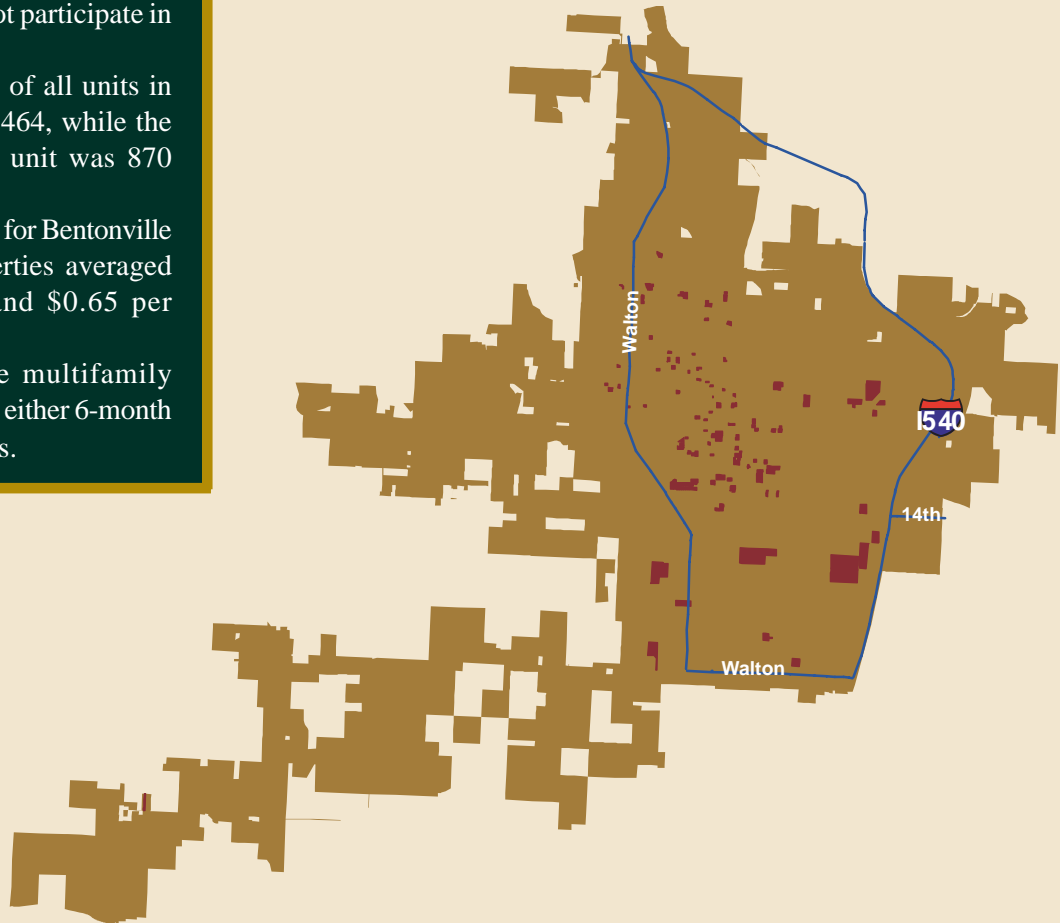
Bentonville

- In the database from the office of the Benton County Assessor, there were 112 multifamily properties in Bentonville in the fourth quarter of 2004. These properties comprised 2,066,767 square feet.
- The 23 Bentonville Skyline Report survey respondents accounted for 34.2 percent of the square footage of all of the multifamily properties in the city.
- In the 1,123 units that were reported by Skyline Report survey respondents, there was a 0.8 percent vacancy rate in the fourth quarter of 2004.
- The fourth quarter vacancy rate in Bentonville shows a significant decline from the third quarter. This reflects both absorption of units and the fact that two relatively vacant complexes that participated in the survey in the third quarter did not participate in the fourth quarter.
- The average price of all units in Bentonville was \$464, while the average size of a unit was 870 square feet.
- The monthly leases for Bentonville multifamily properties averaged between \$0.47 and \$0.65 per square foot.
- Most Bentonville multifamily properties required either 6-month or 12-month leases.

Bentonville Average Unit Size and Price by Floor Plan Q4 2004

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	--	--	--
1 Bedroom	606	\$363.75	\$0.65
2 Bedroom	912	\$483.94	\$0.53
3 Bedroom	1,333	\$625.00	\$0.47
4 Bedroom	--	--	--
Bentonville	870	\$464.00	\$0.56

Bentonville Multifamily Properties



Bentonville Vacancy Rates and Lease Durations by Property Q4 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
1318 Royal Drive	2	2	0.0%		✓			
1504 & 1506 Bella Vista	2	2	0.0%		✓			
4 Jonquilla Way	2	2	0.0%		✓			
409 SE 10th Street	12	11	8.3%					
507 SE A Street	2	2	0.0%		✓			
606 SW C Street	12	11	8.3%		✓		✓	
802 SE 8th Street	4	4	0.0%		✓			
Been Apartments	4	4	0.0%		✓			
Cabin Courts	11	10	9.1%					✓
Delmar	128	128	0.0%				✓	
Four Seasons Colonial	12	12	0.0%		✓			
Holly Gardens	2	2	0.0%		✓			
Langhofer Apartments	8	7	12.5%					
Largent Apartments	4	4	0.0%		✓			
Lewis Apartments	16	15	6.3%		✓		✓	
Links	432	432	0.0%				✓	
Lundy Apartments	10	9	10.0%				✓	
Moberly Manor I & II	216	216	0.0%				✓	
Moberly Place	120	117	2.5%				✓	
Moore Apartments	6	6	0.0%		✓			
Norbeck Apartments	2	2	0.0%		✓			
Sanders Properties	100	100	0.0%				✓	
The Springs	16	16	0.0%				✓	
Bentonville	1,123	1,114	0.8%					



Bentonville Amenities by Property Q4 2004

Complex	Parking spaces/resident	On-Site Manager	Pool	Fitness Center	Community Room	Basketball	Tennis	Volleyball	Golf Course	Covered Parking	Elevators	Pets	Children	Senior
1318 Royal Drive														
1504 & 1506 Bella Vista												X		
4 Jonquilla Way												✓		
409 SE 10th Street												✓		
507 SE A Street													✓	
606 SW C Street												✓		
802 SE 8th Street	2												✓	
Been Apartments													✓	
Cabin Courts	2													X
Delmar			✓							✓	✓			
Four Seasons Colonial	2											✓	✓	
Holly Gardens												X		
Langhofer Apartments	2									✓			✓	
Largent Apartments													✓	
Lewis Apartments												✓		
Links at Bentonville		✓	✓	✓			✓	✓	✓	✓	✓			
Lundy Apartments	2													
Moberly Manor I & II		✓	✓	✓	✓	✓	✓			✓		✓		
Moberly Place		✓									✓			
Moore Apartments													✓	
Norbeck Apartments											✓		✓	
Sanders Properties														
The Springs												X		

- ✓ Allows or has specific amenity
- X Does not allow

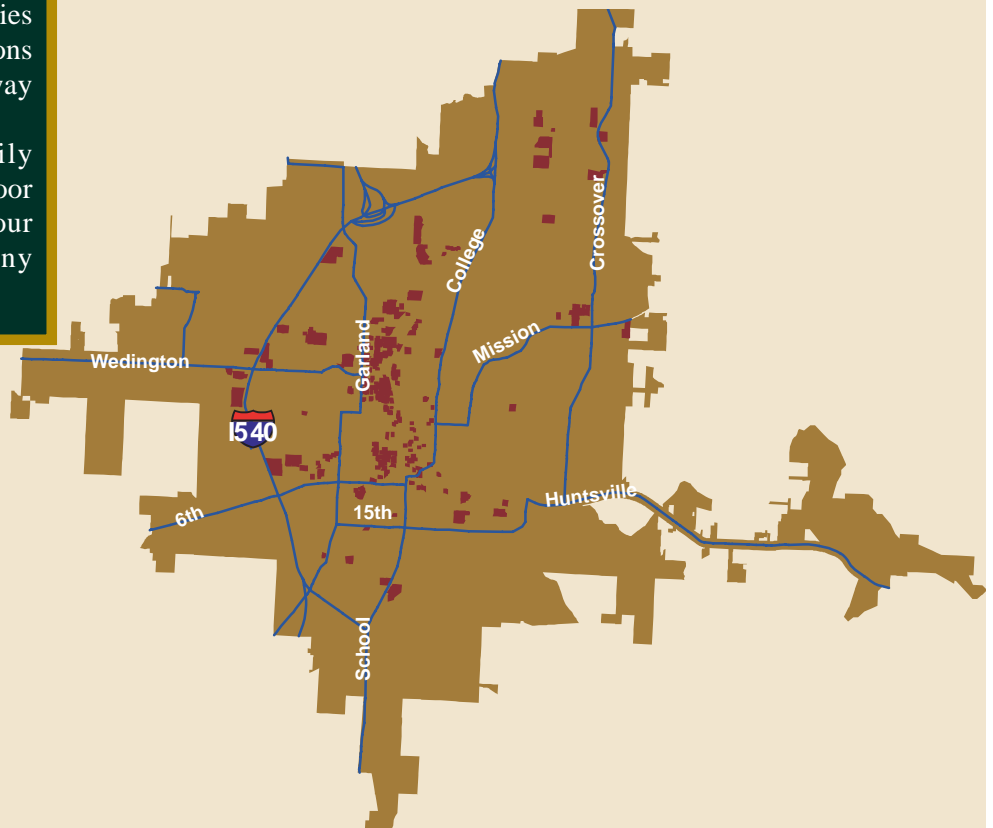
Fayetteville

- In the database from the office of the Washington County Assessor, there were 224 multifamily properties in Fayetteville in the fourth quarter of 2004. These properties comprised 3,692,780 square feet.
- The 110 Fayetteville Skyline Report survey respondents accounted for 48.2 percent of the square footage of all of the multifamily properties in the city.
- In the 7,671 units that were reported by Skyline Report survey respondents, there was a 10.1 percent vacancy rate in the fourth quarter of 2004.
- There was a decline of 2.3 percent in the vacancy rate in multifamily properties from the third to the fourth quarter of 2004.
- The average price of all units in Fayetteville was \$488, while the average size of a unit was 796 square feet.
- The monthly leases for Fayetteville multifamily properties averaged between \$0.54 and \$0.97 per square foot.
- Fayetteville multifamily properties had a wide variety of lease durations from month-to-month all the way through 12-month leases.
- Fayetteville had 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 - Q4 2004

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	331	\$330.00	\$0.97
1 Bedroom	593	\$399.78	\$0.68
2 Bedroom	896	\$535.05	\$0.59
3 Bedroom	1,217	\$691.50	\$0.57
4 Bedroom	1,206	\$650.00	\$0.54
Fayetteville	796	\$487.91	\$0.64

Fayetteville Multifamily Properties



Fayetteville Vacancy Rates and Lease Durations by Property Q4 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	5	37.5%				✓	
1131 N. Oakland	6	6	0.0%				✓	
1205 N. Oakland	4	4	0.0%				✓	
1211 N. Oakland	3	3	0.0%				✓	
1711 Sang	1	1	0.0%				✓	
1712 Sang	4	4	0.0%				✓	
219 Meadow	5	5	0.0%				✓	
815 Storer	7	6	14.3%				✓	
944 Storer	20	20	0.0%				✓	
970 N. Oakland	12	12	0.0%				✓	
Adam Street Townhomes	10	9	10.0%				✓	
Appleby	216	193	10.6%				✓	
At the Pines	24	21	12.5%			✓	✓	
Bay	6	6	0.0%		✓		✓	
Betty Jo Townhouses	28	27	3.6%				✓	
Beverly Manor	23	22	4.3%			✓	✓	
Bristol Gardens on the Creek	172	137	20.3%		✓		✓	
Brown	30	29	3.3%				✓	
Campus Edge	53	51	3.8%		✓		✓	
Campus Studios	95	95	0.0%		✓			
Candlelight	56	54	3.6%					
Carl's Manor	36	36	0.0%		✓			
Chamberland Square	99	96	3.0%		✓		✓	
Cherryl Lynn Townhouses	28	28	0.0%					
Chestnut I	44	43	2.3%					
Chestnut II	216	209	3.2%					
Cleveland Place	12	12	0.0%			✓		
The Cliffs I	204	200	2.0%				✓	
The Cliffs II	540	442	18.1%				✓	
The Cliffs Townhouses	12	4	66.7%				✓	
College Coeds	3	3	0.0%				✓	
College Pointe	11	11	0.0%			✓		
College Station	18	18	0.0%			✓		
Cornerstone I	120	107	10.8%				✓	
Cornerstone II	108	101	6.5%				✓	
Cozart	6	6	0.0%		✓		✓	
Crafton Place	84	82	2.4%				✓	
Crossover Terrace	84	83	1.2%				✓	
Dean & Shambling	20	19	5.0%			✓		✓
Deldonn Apartments	20	16	20.0%					
Delmarr	48	45	6.3%					
Duckspond Townhomes	4	4	0.0%				✓	
Eaglecrest	7	7	0.0%				✓	
East Oaks	164	151	7.9%					
English Ivy Townhouses	8	7	12.5%					
Fair Park	228	228	0.0%				✓	
Fairview	73	72	1.4%		✓	✓	✓	
Foxborough	32	32	0.0%		✓		✓	
Freeman Townhouses	14	14	0.0%				✓	
Glendale	96	96	0.0%		✓	✓	✓	
Gold Leaf	9	9	0.0%					
Grandview	129	124	3.9%				✓	
Greens at Lakeside Vill.	384	313	18.5%				✓	
Harbor	10	9	10.0%				✓	
Hayden Place	24	24	0.0%		✓		✓	
Heritage Townhouses	8	8	0.0%					

Fayetteville Vacancy Rates and Lease Durations by Property (Cont.) Q4 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
Holly Street	10	10	0.0%			✓	✓	
Kenwood Village	20	19	5.0%				✓	
Lakeside Village I	132	115	12.9%				✓	
Lakeside Village II	132	113	14.4%				✓	
Law Quad	84	78	7.1%				✓	✓
Lawson Square	6	4	33.3%					
Leverett Garden	150	147	2.0%		✓		✓	
Leverett Station	8	8	0.0%			✓		
Leverett Townhouse	56	56	0.0%					
Lindel Place I	8	8	0.0%		✓			
Lindel Place II	14	14	0.0%			✓		
Maple Manor	128	128	0.0%		✓		✓	
Markham Hill	112	107	4.5%				✓	
Molly Court	35	34	2.9%				✓	
Morningside	60	60	0.0%					
Nettleship	16	8	50.0%		✓	✓	✓	
Noble Oaks	96	96	0.0%					
Noble Oaks II	24	24	0.0%					
Noble Oaks III	96	96	0.0%					
Oaks	14	14	0.0%		✓			
Oakshire I & II	212	192	9.4%				✓	
Oakwood Place	52	48	7.7%			✓	✓	
Oxford	40	40	0.0%					
Paradise View	132	116	12.1%				✓	
The Park I	264	226	14.4%				✓	
The Park II	60	57	5.0%				✓	
Park Lake	90	81	10.0%		✓	✓	✓	
Phelan	4	4	0.0%				✓	
Porter Place Townhouses	72	69	4.2%			✓		✓
Razorback Plaza	20	20	0.0%					
Red Bud	19	18	5.3%					
Robinson	22	21	4.5%			✓	✓	
Robinson Townhouse	10	9	10.0%			✓	✓	
Scholars Inn & Village	52	52	0.0%	✓			✓	
Shiloh	240	223	7.1%				✓	
South Creekside	156	147	5.8%		✓		✓	
South Hill	10	0	100.0%	✓	✓		✓	✓
Southern View	300	295	1.7%				✓	
Southmont	88	88	0.0%				✓	✓
Starfire	60	57	5.0%				✓	
Stearns Street	276	28	89.9%				✓	
Stonewood Terrace	20	20	0.0%				✓	
Sugar Tree Townhouses	82	79	3.7%		✓	✓	✓	
Summitt Terrace	39	39	0.0%			✓		
Sunrise	21	21	0.0%				✓	
University Studio	40	40	0.0%					
Valley Lake	156	151	3.2%				✓	
Valley View Townhouses	14	11	21.4%		✓		✓	
Vineyards	82	81	1.2%		✓		✓	
Walker Stone Square	9	9	0.0%		✓		✓	
Wells House	28	28	0.0%					✓
White Oak Apartments	10	10	0.0%					
Willow Creek	32	32	0.0%					
Woodway	72	69	4.2%	✓	✓	✓	✓	
Fayetteville	7,671	6,889	10.2%					

Fayetteville Amenities by Property Q4 2004

Complex	Parking spaces/resident	On-Site Manager	Pool	Fitness Center	Community Room	Basketball	Tennis	Volleyball	Golf Course	Covered Parking	Elevators	Pets	Children	Senior
1060 W. Holly	1											✓	✓	
1131 N. Oakland	1											✓	✓	
1205 N. Oakland	1											✓	✓	
1211 N. Oakland	1											✓	✓	
1711 Sang												X	✓	
1712 Sang												X	✓	
219 Meadow													✓	
815 Storer	1											✓	✓	
944 Storer	1											✓	✓	
970 N. Oakland	1											✓	✓	
Adam Street Townhomes	2									✓		X		
Appleby		✓	✓	✓	✓	✓		✓						
At the Pines	1	✓												✓
Bay	1													
Betty Jo Townhouses												✓	✓	
Beverly Manor	1	✓												
Bristol Gardens on the Creek		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		
Brown	1													
Campus Edge	1													
Campus Studios		✓												
Candlelight		✓	✓											
Carl's Manor		✓												
Chamberland Square	2	✓	✓	✓	✓	✓						✓	X	
Cherryl Lynn Townhouses		✓	✓											
Chestnut I		✓	✓	✓	✓	✓	✓	✓						
Chestnut II		✓	✓	✓	✓	✓	✓	✓						
Cleveland Place		✓												
The Cliffs		✓	✓	✓	✓									
The Cliffs I		✓	✓	✓	✓									
The Cliffs Townhouses		✓	✓	✓	✓									
College Coeds	2													
College Pointe		✓												
College Station														
Cornerstone I		✓	✓		✓									
Cornerstone II		✓	✓		✓									
Cozart	1													✓
Crafton Place		✓				✓								
Crossover Terrace		✓	✓	✓										
Dean & Shambling		✓										X	✓	
Deldonn Apartments														
Delmarr		✓												
Duckspod Townhomes														✓
Eaglecrest	2											X	✓	
East Oaks		✓			✓									
English Ivy Townhouses														
Fair Park		✓	✓	✓	✓		✓							
Fairview	1									✓		✓		
Foxborough	1	✓					✓					✓		

Fayetteville Amenities by Property (Cont.) Q4 2004

Complex	Parking spaces/resident	On-Site Manager	Pool	Fitness Center	Community Room	Basketball	Tennis	Volleyball	Golf Course	Covered Parking	Elevators	Pets	Children	Senior
Freeman Townhouses														
Glendale		✓	✓											
Gold Leaf														
Grandview		✓			✓							✓	✓	
Greens at Lakeside Vill.		✓	✓	✓	✓				✓					
Harbor												X	✓	
Hayden Place	1													
Heritage Townhouses	1											✓	✓	
Holly Street	1													
Kenwood Village	1											X		
Lakeside Village I		✓	✓	✓	✓	✓	✓	✓	✓					
Lakeside Village II		✓	✓	✓	✓	✓	✓	✓	✓					
Law Quad			✓	✓										
Lawson Square														
Leverett Garden		✓	✓											
Leverett Station	2	✓												
Leverett Townhouse														
Lindel Place I		✓												
Lindel Place II		✓												
Maple Manor	1	✓	✓			✓		✓				✓	✓	
Markham Hill		✓												
Molly Court	2									✓		X		
Morningside														
Nettleship		✓												
Noble Oaks														
Noble Oaks II														
Noble Oaks III														
Oaks	1											✓	✓	
Oakshire I & II		✓	✓	✓										
Oakwood Place	2												✓	
Oxford														
Paradise View		✓	✓	✓	✓	✓	✓	✓	✓					
The Park I		✓	✓	✓	✓	✓	✓	✓						
The Park II		✓	✓	✓	✓	✓	✓	✓						
Park Lake	1		✓		✓	✓	✓							✓
Phelan												X	✓	
Porter Place Townhouses												✓		
Razorback Plaza														
Red Bud														
Robinson	2													
Robinson Townhouse	2													
Scholars Inn and Village	1	✓										X		
Shiloh		✓	✓	✓	✓									
South Creekside	2	✓	✓									✓	✓	
South Hill	2											X		
Southern View		✓	✓	✓	✓									
Southmont					✓									
Starfire		✓				✓								

Fayetteville Amenities by Property (Cont.) Q4 2004

Complex	Parking spaces/resident	On-Site Manager	Pool	Fitness Center	Community Room	Basketball	Tennis	Volleyball	Golf Course	Covered Parking	Elevators	Pets	Children	Senior
Stearns Street		✓	✓	✓	✓									
Stonewood Terrace		✓										X		
Sugar Tree Townhouses		✓										✓	✓	
Summitt Terrace	2		✓					✓						
Sunrise	2											✓		
University Studio														
Valley Lake		✓	✓	✓		✓								
Valley View Townhouses	2	✓												
Vineyards												X		
Walker Stone Square	1										✓		✓	
Wells House		✓			✓					✓				✓
White Oak Apartments														
Willow Creek														
Woodway			✓		✓	✓				✓				

- ✓ Allows or has specific amenity
- X Does not allow



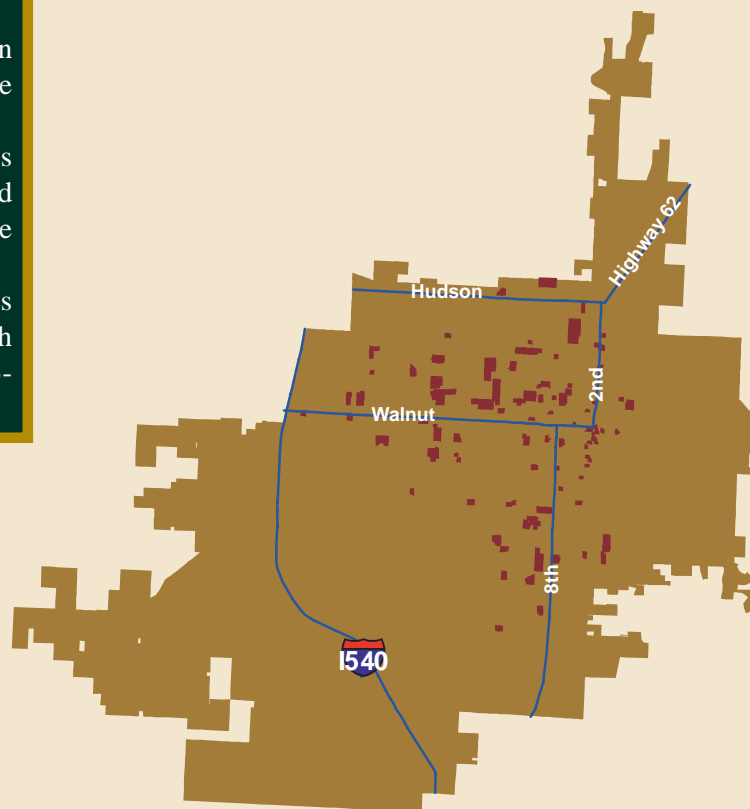
Rogers

- In the database from the office of the Benton County Assessor, there were 131 multifamily properties in Rogers in the fourth quarter of 2004. These properties comprised 2,283,024 square feet.
- The 24 Rogers Skyline Report survey respondents accounted for 46.4 percent of the square footage of all of the multifamily properties in the city.
- In the 2,134 units that were reported by Skyline Report survey respondents, there was a 1.8 percent vacancy rate in the fourth quarter of 2004 if the new Stone Manor property is excluded. Including Stone Manor, the vacancy rate in Rogers was 12.4 percent.
- Whether or not Stone Manor is included in the calculation, Rogers was the only city in Northwest Arkansas to report an increase in the vacancy rate from the third to the fourth quarter of 2004.
- The average price of all units in Rogers was \$492, while the average size of a unit was 774 square feet.
- The monthly leases for Rogers multifamily properties averaged between \$0.59 and \$0.68 per square foot.
- Most Rogers multifamily properties required either 6-month or 12-month leases, although some month-to-month leases were available.

Rogers Average Unit Size and Price by Floor Plan Q4 2004

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	--	--	--
1 Bedroom	603	\$409.68	\$0.67
2 Bedroom	860	\$506.50	\$0.59
3 Bedroom	1,256	\$906.00	\$0.68
4 Bedroom	--	--	--
Rogers	774	\$491.93	\$0.63

Rogers Multifamily Properties



Rogers Vacancy Rates and Lease Durations by Property Q4 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
737 N. 12th Street	2	2	0.0%				✓	✓
Autumn Wood Point	48	48	0.0%				✓	
Azalea Trail	127	122	3.9%	✓	✓		✓	✓
Breckenridge	64	64	0.0%				✓	
Brentwood	80	80	0.0%				✓	
Briarwood	96	96	0.0%				✓	
Doubletree	216	211	2.3%				✓	
Doubletree II	120	114	5.0%				✓	
Edgewood	108	108	0.0%				✓	
Fairways at Lost Springs	180	172	4.4%				✓	
Fountain Plaza	48	44	8.3%				✓	
Greens at Lost Springs	156	156	0.0%				✓	
Lost Springs	240	240	0.0%				✓	
Meadow Park Apartments	70	70	0.0%				✓	
New Hope Court	40	38	5.0%		✓		✓	
Oak Tree	8	8	0.0%				✓	
Persimmon Place	84	83	1.2%		✓		✓	
S. 7th Street	26	24	7.7%		✓			
Stone Manor at Stoney Brook*	254	0	100.0%	✓	✓	✓	✓	
Turtle Creek Park	83	83	0.0%				✓	
Turtle Creek Park II	72	72	0.0%				✓	
Villa I Apartments	52	52	0.0%		✓			
Wellington Place	147	143	2.7%		✓		✓	
Westbrook	32	32	0.0%		✓		✓	✓
Rogers (excluding Stone Manor)	2,099	2,062	1.8%					
Rogers (including Stone Manor)	2,353	2,062	12.4%					

*Under Construction



Rogers Amenities by Property Q4 2004

Complex	Parking spaces/resident	On-Site Manager	Pool	Fitness Center	Community Room	Basketball	Tennis	Volleyball	Golf Course	Covered Parking	Elevators	Pets	Children	Senior
737 N. 12th Street	2									✓		✓	✓	
Autumn Wood Point	1	✓			✓							✓	X	✓
Azalea Trail	2	✓	✓	✓	✓	✓								✓
Breckenridge	2		✓	✓	✓						✓	✓	✓	
Brentwood		✓									✓			
Briarwood		✓									✓			
Doubletree		✓	✓	✓	✓	✓	✓				✓			
Doubletree II		✓	✓	✓	✓	✓	✓				✓			
Edgewood		✓	✓								✓			
Fairways at Lost Springs		✓	✓	✓	✓	✓	✓				✓			
Fountain Plaza	2	✓			✓							X	X	✓
Greens at Lost Springs		✓	✓	✓	✓	✓	✓	✓			✓			
Lost Springs			✓	✓	✓	✓	✓	✓	✓		✓			
Meadow Park Apartments	2	✓				✓						✓	✓	
New Hope Court	2	✓				✓		✓						
Oak Tree	1	✓			✓	✓						✓	X	
Persimmon Place	2	✓	✓							✓	✓	✓	✓	
S. 7th Street	2									✓		✓	✓	
Stone Manor at Stoney Brook	2	✓	✓	✓	✓					✓		✓		
Turtle Creek Park		✓	✓			✓								
Turtle Creek Park II		✓	✓			✓								
Villa I Apartments	2											X	✓	
Wellington Place		✓	✓	✓	✓			✓						
Westbrook	2	✓	✓			✓								

✓ Allows or has specific amenity

X Does not allow

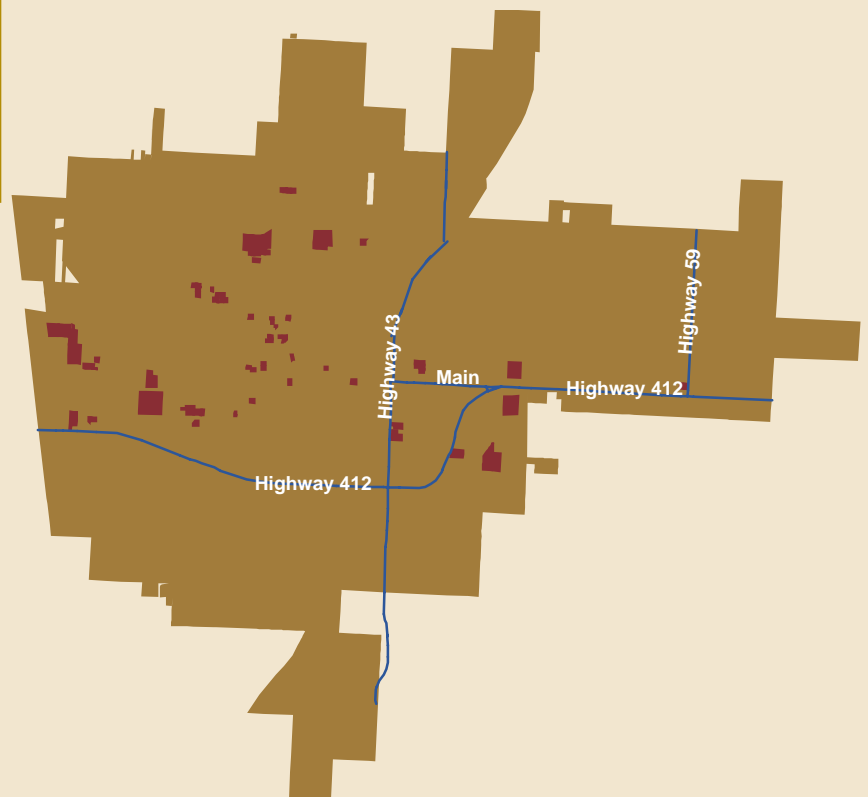
Siloam Springs

- In the database from the office of the Benton County Assessor, there were 58 multifamily properties in Siloam Springs in the fourth quarter of 2004. These properties comprised 644,283 square feet.
- The 19 Siloam Springs Skyline Report survey respondents accounted for 50.0 percent of the square footage of all of the multifamily properties in the city.
- In the 732 units that were reported by Skyline Report survey respondents, there was a 9.7 percent vacancy rate in the fourth quarter of 2004.
- Siloam Springs experienced a decline in vacancy rates from the third quarter to the fourth quarter of 2004.
- The average price of all units in Siloam Springs was \$438, while the average size of a unit was 845 square feet.
- The monthly leases for Siloam Springs multifamily properties average between \$0.45 and \$0.70 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 Average Unit Size and Price by Floor Plan Q4 2004

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	--	--	--
1 Bedroom	591	\$373.56	\$0.65
2 Bedroom	906	\$459.24	\$0.51
3 Bedroom	1,244	\$487.67	\$0.43
4 Bedroom	--	--	--
Siloam Springs	845	\$438.35	\$0.55

Siloam Springs Multifamily Properties



Siloam Springs Vacancy Rates and Lease Durations by Property Q4 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	8	0.0%				✓	
Benton Ridge	7	7	0.0%				✓	
Broadway Apartments	5	4	20.0%				✓	
Central Pointe Townhomes	24	24	0.0%				✓	
Chesney Apartments	3	0	100.0%					✓
Crown Hotel Apartments	35	33	5.7%					✓
Davis Apartments	24	19	20.8%				✓	
Delmar	64	61	4.7%				✓	
Devor Apartments	30	27	10.0%					✓
Golden Eagle Apartments	6	5	16.7%					
Hereford Manor	50	47	6.0%				✓	
Locust Manor	22	22	0.0%				✓	
Mitchener Apartments	5	5	0.0%				✓	
Quaker Townhomes	40	37	7.5%				✓	
Remington Park Apartments	108	96	11.1%				✓	
Spring Valley	144	127	11.8%				✓	
Spring Valley II	120	102	15.0%				✓	
West Helena Townhouses	5	5	0.0%				✓	
West Twin Springs	32	32	0.0%				✓	
Siloam Springs	732	661	9.7%					

Siloam Springs Amenities by Property Q4 2004

Complex	Parking spaces/resident	On-Site Manager	Pool	Fitness Center	Community Room	Basketball	Tennis	Volleyball	Golf Course	Covered Parking	Elevators	Pets	Children	Senior
1820 W. Twin Springs Townhomes	2													
Benton Ridge	2									✓				
Broadway Apartments		✓										✓	✓	
Central Pointe Townhomes	2											X	✓	
Chesney Apartments	2													
Crown Hotel Apartments		✓			✓									
Davis Apartments	1											X	X	
Delmar					✓									
Devor Apartments	1											✓		
Golden Eagle Apartments												X		
Hereford Manor	2	✓				✓								
Locust Manor	2	✓										✓	✓	
Mitchener Apartments														
Quaker Townhomes	2											✓		
Remington Park Apartments	3	✓	✓	✓										
Spring Valley			✓	✓	✓	✓	✓							
Spring Valley II			✓	✓	✓	✓	✓							
West Helena Townhouses	2													
West Twin Springs	2	✓												

✓ Allows or has specific amenity

X Does not allow

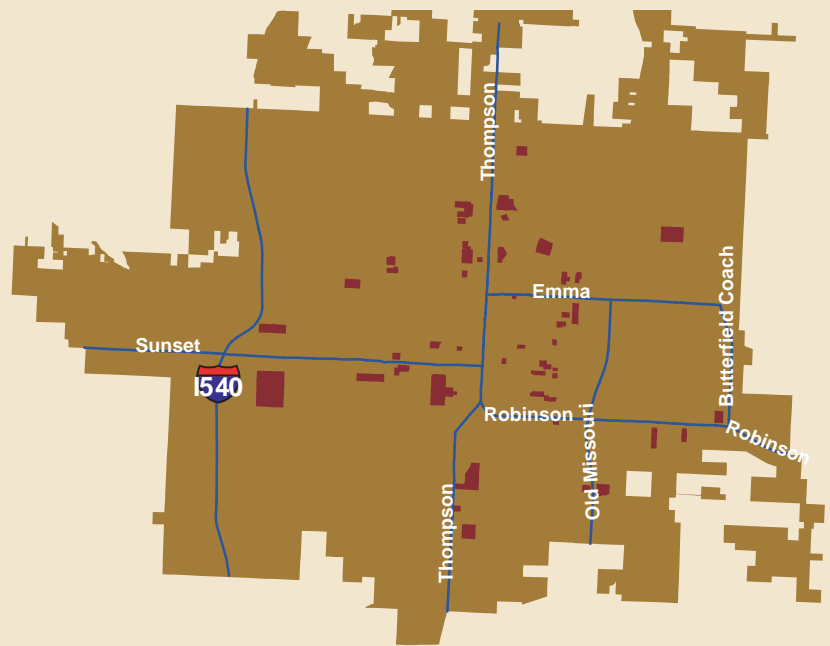
Springdale

- In the database from the office of the Washington County Assessor, there were 75 multifamily properties in Springdale in the fourth quarter of 2004. These properties comprised 1,217,274 square feet.
- The 31 Springdale Skyline Report survey respondents accounted for 44.8 percent of the square footage of all of the multifamily properties in the city.
- In the 2,534 units that were reported by Skyline Report survey respondents, there was a 7.1 percent vacancy rate in the fourth quarter of 2004.
- Springdale experienced a 4.0 percent decline in vacancy rates from the third to the fourth quarter of 2004.
- The average price of all units in Springdale was \$433, while the average size of a unit was 733 square feet.
- The monthly leases for Springdale multifamily properties averaged between \$0.45 and \$0.70 per square foot.
- Most Springdale multifamily properties required either 6-month or 12-month leases, although some 9-month and month-to-month leases are available.

Springdale Average Unit Size and Price by Floor Plan Q4 2004

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	--	--	--
1 Bedroom	550	\$369.33	\$0.70
2 Bedroom	839	\$459.52	\$0.55
3 Bedroom	946	\$569.00	\$0.45
4 Bedroom	--	--	--
Springdale	733	\$433.18	\$0.60

Springdale Multifamily Properties



Springdale Vacancy Rates and Lease Durations by Property Q4 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
Bailey	32	32	0.0%				✓	
Black Oaks Apts and Townhomes	102	102	0.0%		✓		✓	✓
Briarwood	--	--	--				✓	
Bridgestone	84	82	2.4%				✓	
Cambridge Park	32	32	0.0%		✓			
Caudleville	8	7	12.5%		✓			
Colony Square	116	116	0.0%		✓			
Eastwood	216	177	18.1%				✓	
Foxfire/Raintree	122	118	3.3%					
The Henryetta Apartments	12	11	8.3%		✓			
Holcomb	20	20	0.0%					
J & B	22	20	9.1%	✓	✓	✓	✓	✓
Johnson Meadows	144	144	0.0%				✓	
The Links	492	487	1.0%				✓	
Mathias Apartments	14	14	0.0%		✓		✓	
Mathias Duplex	--	--	--		✓			
Northwest Acres	80	80	0.0%				✓	✓
The Oaks	21	20	4.8%		✓			
The Orchard Townhomes	40	28	30.0%					
Pleasant Point	80	77	3.8%				✓	
Pleasant Street	6	6	0.0%					
Rock Terrace Townhouses	7	7	0.0%				✓	
Spring Meadows	82	82	0.0%				✓	
Springdale Ridge	192	112	41.7%		✓		✓	
The Station	240	221	7.9%				✓	
Stonecreek Apartments	10	7	30.0%				✓	
Sunset & Holcomb	128	128	0.0%				✓	
Vanhook	28	27	3.6%				✓	
Vantage Point	56	55	1.8%		✓		✓	
Walnut Tree	28	28	0.0%				✓	
West End Place	120	115	4.2%				✓	
Springdale	2,534	2,355	7.1%					

Springdale Amenities by Property Q4 2004

Complex	Parking spaces/resident	On-Site Manager	Pool	Fitness Center	Community Room	Basketball	Tennis	Volleyball	Golf Course	Covered Parking	Elevators	Pets	Children	Senior
Bailey	2													✓
Black Oaks Apts and Townhomes		✓												✓
Briarwood														
Bridgestone	2	✓												
Cambridge Park	2	✓		✓										
Caudleville														X
Colony Square														✓
Eastwood		✓	✓	✓	✓		✓				✓			
Foxfire/Raintree	1	✓	✓											
The Henryetta Apartments	2													X
Holcomb														
J & B														✓
Johnson Meadows		✓	✓	✓	✓	✓	✓							
The Links		✓	✓	✓	✓				✓		✓			
Mathias Apartments	1													
Mathias Duplex														
Northwest Acres						✓								✓
The Oaks														
The Orchard Townhomes	2	✓												✓
Pleasant Point		✓												
Pleasant Street														
Rock Terrace Townhouses	2													
Springdale Ridge	2	✓	✓	✓	✓	✓								
Spring Meadows	1	✓			✓									✓
The Station	2	✓	✓	✓	✓	✓	✓							
Stonecreek Apartments												✓	✓	✓
Sunset & Holcomb		✓												
Vanhook	2	✓												
Vantage Point	2	✓												
Walnut Tree		✓												
West End Place		✓												

- ✓ Allows or has specific amenity
- X Does not allow