

THE SKYLINE REPORT

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Contents

Report Structure	2
Economic Overview	3
Condo Market	6
Building Permits	8
New Projects	9
Multifamily Properties	10
City Summary Statistics	
Bentonville	13
Fayetteville	14
Rogers	15
Siloam Springs	16
Springdale	17

Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the fourteenth 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 2007

- Vacancy rates for multifamily properties in Northwest Arkansas decreased from their third quarter level of 12.2 percent to 12.0 percent in the fourth quarter of 2007. The fourth quarter 2007 vacancy rate was significantly higher than the fourth quarter 2006 vacancy rate of 8.2 percent.
- Fayetteville had the lowest aggregate vacancy rate at 9.0 percent, up from 8.3 percent in the third quarter. Springdale had the highest aggregate vacancy rate at 15.5 percent, up from 14.5 percent in the third quarter. The Bentonville vacancy rate fell 1.5 percent to 13.2 percent in the fourth quarter. Rogers had a decrease of 3.4 percent down to a vacancy rate of 15.0 percent, and Siloam Springs had an increase in its vacancy rate to 11.9 percent in the fourth quarter of 2007.
- The average lease price per month for a multifamily property unit in Northwest Arkansas was down about \$0.16 to \$519.84.
- On a price per square foot basis, multifamily units were least expensive on average in Siloam Springs at \$0.56 per square foot and most expensive on average in Fayetteville at \$0.65 per square foot.



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Report Structure

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 in the last twelve months is shown second, 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 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, Bentonville, Fayetteville, Rogers, Siloam Springs, and Springdale were examined.

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 fourteenth edition of the multifamily series of the Skyline Report, this study provides trend comparisons in vacancy rates, prices, unit sizes, and other multifamily property characteristics.



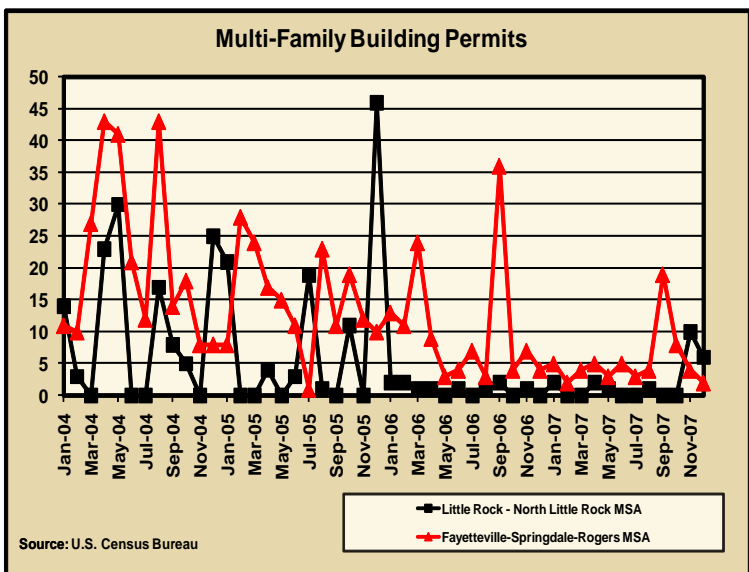
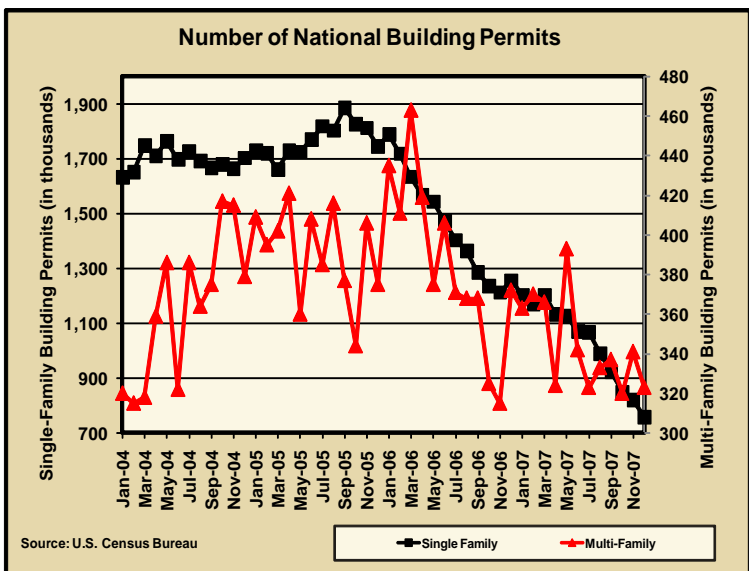
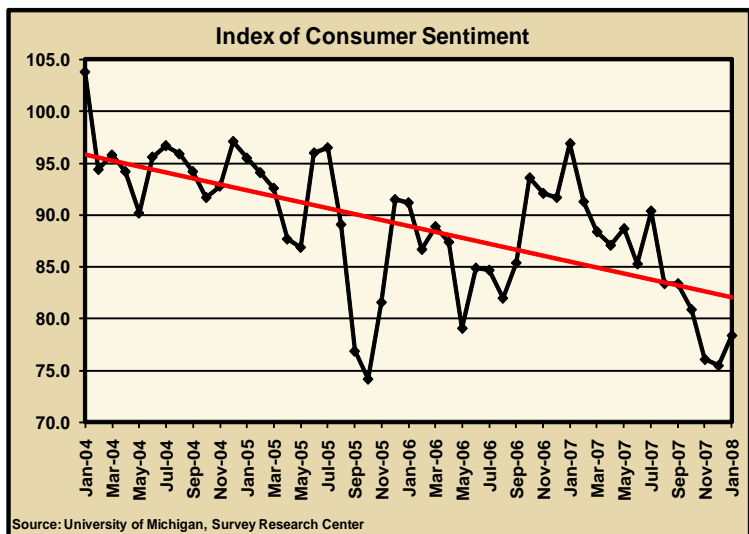
Economic Overview

It is useful to look at some key macro-economic statistics in order to get a sense of the Northwest Arkansas multifamily housing market. The University of Michigan produces the Consumer Sentiment Index. The Index of Consumer Sentiment was 78.4 in the January 2008 survey, above the 75.5 recorded in December 2007, but significantly below the 96.9 recorded in January of 2007.

“Consumers have adopted more cautious spending plans, with the expected growth in real personal consumption spending starting at about 1.0 percent in the first quarter of 2008 and then rising slowly in the balance of the year,” according to Richard Curtin, the Director of the Reuters/University of Michigan Surveys of Consumers. Residential investment will continue to slump until late 2008 and then begin to grow very slowly. “The most likely prospect is that the rate of overall economic growth will be about zero in the first half of 2008, with nearly equal probabilities that it will be slightly above zero as slightly below zero,” Curtin said.

The U.S. Census Bureau estimates the issuance of building permits. The September – December of 2007 national level of multifamily building permits continued to deteriorate from the levels seen in the first three quarters of 2007. Furthermore, the December 2007 level of single family building permits reflected a continued downward slide that began in October 2005 (SAAR).

Turning to the two major metropolitan areas in Arkansas, the Fayetteville-Springdale-Rogers (FSR) MSA and the Little Rock-North Little Rock-Conway (LR) MSA, different 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

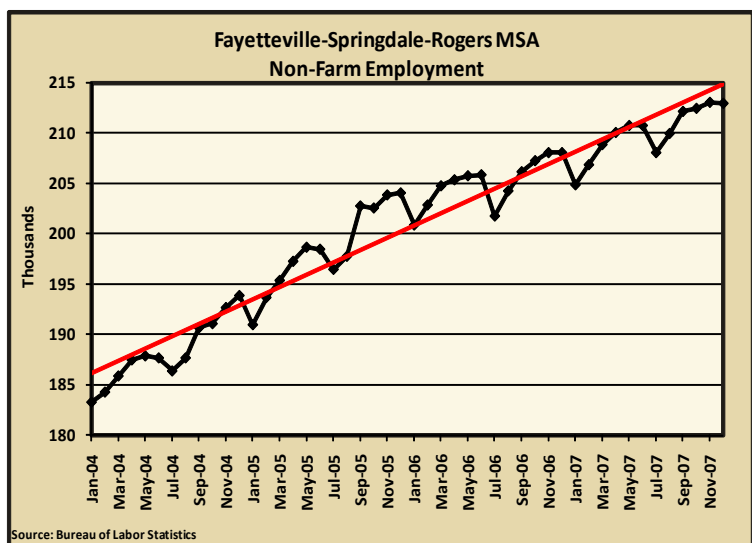
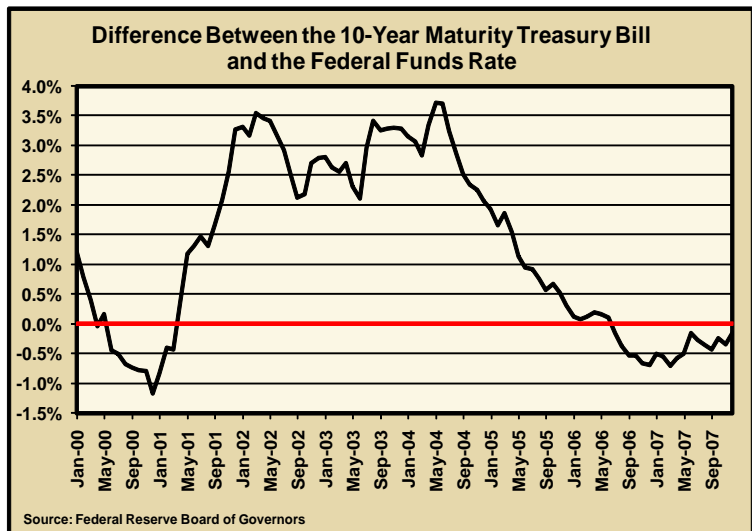
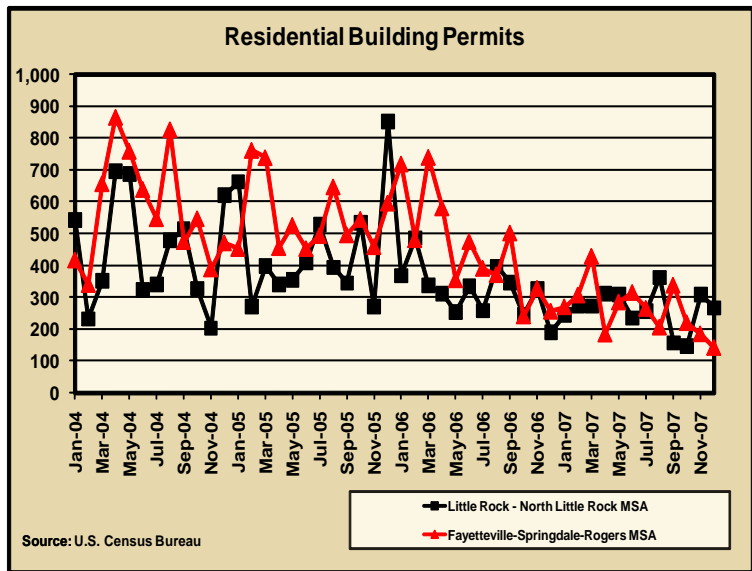


Economic Overview

much smaller population, the FSR metro area had a greater number of multifamily building permits than the LR metro area until November of 2007. After that month, the pattern has reversed. Despite a great deal of seasonal variation, the trends of the multifamily building permits and total building permits in the both metropolitan areas have declined since the highs seen in 2004 and 2005. No significant changes in the pace of growth in the number of residential or multifamily building permits are expected in the short term.

The Federal Reserve continued to implement decreases in short term interest rates, making its fourth and largest cut since September 2007 in January 2008. The Fed Funds target stand at 3.47 percent now. According to the Fed, decreasing the rate was due to weakening of the economic outlook and increasing downside risks to growth. Although economic growth slowed in the fourth quarter of last year from the third quarter's rapid clip, it seems nonetheless, as best the central bank can tell, to have continued at a moderate pace. Incoming information has suggested that the baseline outlook for real activity in 2008 has worsened and the downside risks to growth have become more pronounced. Notably, the demand for housing seems to have weakened further, in part reflecting the ongoing problems in mortgage markets. In addition, a number of factors, including higher oil prices, lower equity prices, and softening home values as well as softening in labor markets, seem likely to weigh on consumer spending as we move into 2008.

Although short-term rates climbed from 2004 through early 2006, increases in longer term rates did not kept pace and even decreased. The ten year constant maturity Treasury bill had an interest rate of 4.15 percent in January 2004 and an interest rate of 4.10 percent in December 2007, while the federal funds rate increased by 224 basis points during the same period. The upward



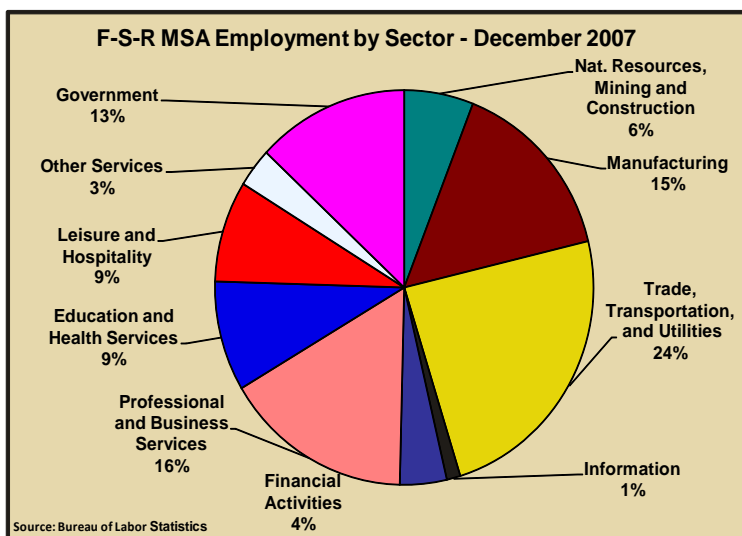
Economic Overview

pressure on short-term rates combined with declining long-term interest rates implied a decrease in the spread between the two. The accompanying figure shows the spread between the Fed Funds Rate and the ten year Treasury bill since January 2000. From January 2004 to December 2007, there was a 329 basis point decline in the spread. In December 2007, the spread was a negative 0.14 percent. This is important as a negative spread has typically been a sign of weakness in the economy and a harbinger of recession.

Finally, a graph showing employment trends in the Fayetteville-Springdale-Rogers metro area is included. Between December 2006 and December 2007, the Northwest Arkansas economy added on average 408 jobs per month which is below the five year average of 549 jobs per month. While looking at the individual data points of 2007, mixed pattern of employment growth is revealed compared to the data of 2006. Earlier months of 2007 showed slightly stronger growth, while the fourth quarter revealed somewhat weaker growth. Specifically, 300 jobs were added in October of 2007 and 600 jobs in November of 2007 as compared to 1,100 and 800 jobs added in October and November of 2006, respectively. The employment numbers remain below the five year average trend and bear careful watching because the demand for much of the new and expected commercial development relies on the assumption that job growth will be strong.

Regional Overview

The Northwest Arkansas multifamily housing market is driven by the demands of the populations in its various communities. Multifamily housing serves multiple 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 North-

west Arkansas is a testament to demand driven by transitional factors. Additionally, in Rogers and Bentonville, a number of upscale properties with monthly leases comparable to monthly mortgage payments have entered the market. These properties are designed to provide easy accessibility to the commercial districts of the cities and are designed to appeal to tenants looking to eliminate property maintenance responsibilities. These upscale properties are pushing up average rents in the cities and are having an impact on vacancy rates.



Condo Market

The growth in the condominium market in Northwest Arkansas deserves mention. In the past twelve months, condominium projects have been announced in each of the cities that the Skyline Report tracks. In Fayetteville, there are three kinds of condominium projects coming on the market—luxury high-rise buildings, located downtown and on Dickson Street, condominiums that are one part of mixed-use developments and more affordable condominiums in building complexes being built on the edges of town. In Rogers, there have also been some condominium projects an-

nounced in building complexes. The other market trend that is beginning to appear is the conversion of some high-end apartment complexes into condominiums and their reconversion to apartment complexes. A prime example is the changeover of Bristol Gardens on the Creek into the Reserve at Steele Crossing. This property and others now have leasable units coexisting with owner-occupied properties.

The associated table gives some information about announced condominium projects. The information gathered shows that

the condominiums are selling from between \$86 and \$500 per square foot, with average square footages varying between 500 and 3,779 square feet. In Fayetteville, these properties account for 2,254 units and in Rogers there are about 1,117 condominium units in these projects alone.



Condo Market

Condominium Projects

Complex Name	City	Number of Units	Unit Square Footage	Price per Square Foot
Grandview Heights	Beaver Lake	360	1,000-2,600	\$300-\$500
The Arbors at Deer Crossing	Bentonville	108	1,350-1,850	\$130
Willowbrooke Farms	Bentonville			
932 Garland	Fayetteville	37		
Arcadian Village	Fayetteville	12		
Aspen Ridge Townhomes	Fayetteville	220	1,500-1,770	\$120
Bellafont II	Fayetteville	100		
Champions Club Condos	Fayetteville	143	911-1,750	\$197-\$285
Chestnut Condos	Fayetteville	10		
Chevuax Court Condominiums	Fayetteville	58	1,260	
The Dickson	Fayetteville	20		
Frisco Depot Condos	Fayetteville	200		
Heritage Building	Fayetteville	6	2,250-3,650	\$212
Icehouse Condos	Fayetteville	9	1,200-1,500	\$180-\$250
Lafayette Loft Condominiums	Fayetteville	17	500-1,250	\$215
Legacy Building	Fayetteville	37	717-3,779	\$310
Locust Townhomes	Fayetteville	6	1,100	
The Lofts at Underwood Plaza	Fayetteville	74	600-2,600	\$250+
Maison Sequoyah	Fayetteville	26	700-1,150	\$210-\$225
Metro District Condos	Fayetteville	30	1,165-1,550	\$245-\$249
The Mill at West End	Fayetteville	17	900-1,200	\$200
North Corner Condominiums	Fayetteville	17	857-1,250	\$171
One East Center Condos	Fayetteville	6	1,981-3,748	\$280
Piedmont Condominiums	Fayetteville	30	1,000	\$150
The Pines at Springwoods	Fayetteville	122	1,325-1,925	\$138-\$139
Prairie and West Street Condos	Fayetteville	17		
Renaissance Towers	Fayetteville	23	1,250+	
Reserve At Steele Crossing	Fayetteville	67	700-1,400	\$148
Ruskin Heights	Fayetteville	95		
S Block Ave Condos on the square	Fayetteville	3		
Segraves Condominiums	Fayetteville	8	1,390-2,000	\$225
Skate Place Condominiums	Fayetteville	34	1,250	\$119
St Charles Plaza	Fayetteville	70		\$295-\$325
Stonebridge Meadows	Fayetteville	115		
Sycamore Condominiums	Fayetteville	25	560-1,100	\$200
University Club Tower	Fayetteville	80	1,700-3,500	
Wedington Circle Condominiums	Fayetteville	296		\$150-\$200
Woodstock Community	Fayetteville	224		
Arbors at Pinnacle Ridge Condos	Rogers	94	1,715-1,985	\$130-\$140
Avignon Court	Rogers	61	1,350	\$107
Condos at the Peaks	Rogers	260	1,514-2,880	\$132
Stone Manor	Rogers	254	662-1,657	\$120-\$181
Stuckey West Condos	Rogers	32	1,500	\$250
Sunset Drive Condos	Rogers	100	1,500	\$350
Walnut Crossing	Rogers	50		
Woodbridge Condominiums	Rogers	326	1,500-1,800	\$113-\$130
Creekview Flats	Siloam Springs	5	2,400	\$100-\$102
The Grove at Chester Hills	Springdale	134	1,150-1,350	\$86-\$107
The Ridge at Karrington Place	Springdale	72	1,150	\$109



Building Permits

The associated table details the building permits that have been issued for multifamily housing purposes over the past twelve months. Eleven projects with values greater than a million dollars were permitted during the period. Seven of these were located in Fayetteville, two in Springdale, one was located in Bentonville and one was located in Rogers. The Fayetteville projects involve the construction of the Chestnut Condos, the Beacon Flats, the third phase of the Nantucket Apartments, the Leverett Commons Townhomes, the Sunbridge Villa Duplexes, and the Wyngate Townhomes. The Springdale projects are the Chester Heights and Berryfield apartments. The Copperstone Apartments are located in Bentonville and the Rogers project is Avignon Court.



The business press was examined to formulate the attached table of announced new projects. These projects are in addition to those that have already been mentioned in the building permit section and should be considered jointly with the building permit

information in order to get a firm picture about the supply that is coming onto the market.

Multifamily Residence Building Permits December 2006 - November 2007

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
11/13/2006	The Links at Springdale, Phase II	1	\$902,214	Springdale
11/16/2006	Chestnut Condos	2	\$1,433,676	Fayetteville
11/22/2006	Beacon Flats	2	\$1,050,000	Fayetteville
11/22/2006	Lafayette Street Apartments	1	\$594,547	Fayetteville
12/8/2006	Chester Heights	15	\$9,065,226	Springdale
2/23/2007	Nantucket Apartments, Phase III	10	\$4,722,500	Fayetteville
2/27/2007	Hidden Lake Apartments	1	\$472,569	Springdale
4/13/2007	260 W 6th Street	1	\$424,658	Fayetteville
4/17/2007	Locust Street Townhomes	1	\$763,039	Fayetteville
5/10/2007	1344 N Oakland Avenue	1	\$690,276	Fayetteville
6/1/2007	Avignon Court	31	\$3,224,000	Rogers
9/4/2007	Leverett Commons Townhomes	1	\$1,063,979	Fayetteville
9/4/2007	Sunbridge Villa Duplexes	2	\$1,166,738	Fayetteville
9/6/2007	Copperstone Apartments	16	\$12,604,848	Bentonville
10/23/2007	Sycamore Condominiums	1	\$582,000	Fayetteville
10/23/2007	Wyngate Townhomes	5	\$3,472,707	Fayetteville
10/25/2007	Berryfield Apartments	6	\$5,694,480	Springdale
11/29/2007	Village on Shiloh	1	\$1,747,956	Fayetteville
	Total	98	\$49,675,413	



New Projects

Announcements of New Projects

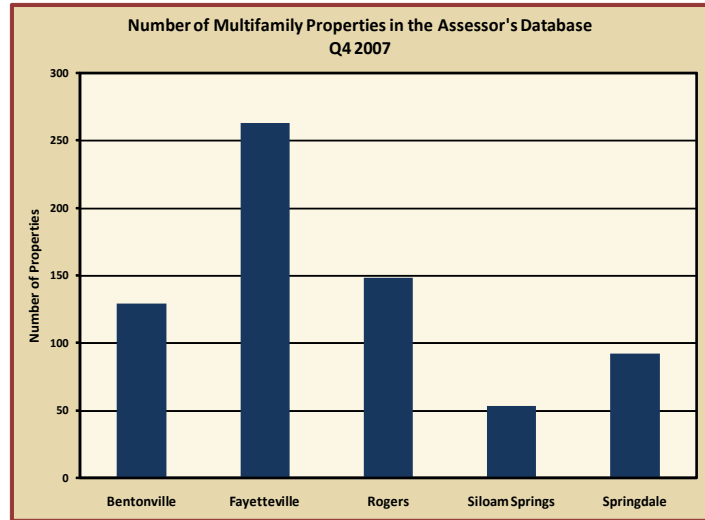
Complex	Developer	Construction Costs	Number of Units	City
Grandview Heights	E & S Development and Properties	\$100,000,000	460	Beaver Lake
The Arbors at Deer Crossing*	Fritz Steiger	\$22,000,000	108	Bentonville
The Chateau on Chardonnay	Rex Fox and Frank Farrer		22	Bentonville
Copperstone Apartments	Lindsey Management Co.	\$12,600,000	188	Bentonville
Elm Tree Place			8-12	Bentonville
Legacy Village	Northwest Arkansas Senior Services	\$4,000,000	153	Bentonville
The Links at Rainbow Curve	Lindsey Construction Co.		408	Bentonville
Main Street Townhomes			6	Bentonville
Riverwalk Farm Estates, Phase I	John Deweese	\$2,800,000	60	Bentonville
Willowbrooke Farms	Willowbrooke Farms LLC			Bentonville
932 Garland*	Steve Mansfield		37	Fayetteville
Abshier Heights	Grandview Heights		24	Fayetteville
The Arbors at Springwoods	EPCON Communities of Northwest Arkansas	Not Disclosed	122	Fayetteville
Aspen Ridge	Hank Broyles			Fayetteville
Beacon Flats	Beacon Flats LLC	\$1,500,000	9	Fayetteville
Bellafont II*	Barber Group	Not Disclosed	99	Fayetteville
Champions Club Condos*	Wes Bradley and Jack Matta	\$40,000,000	141	Fayetteville
Chestnut Condos*	Robert Schmitt	\$955,784	10	Fayetteville
College Avenue Townhomes			20	Fayetteville
Dickson Street Condominiums*	The Barber Group	\$1,000,000	34	Fayetteville
Forest Hills Development	Forest Hills Development			Fayetteville
Frisco Depot Condos*	MansfieldHouse Ventures		200	Fayetteville
Huntsville and Goff Farms Rd PZD				Fayetteville
The Links at Fayetteville	Jim Lindsey		1200	Fayetteville
Locust Townhomes*	Ryan Fowler \$763,039		6	Fayetteville
The Lofts at Underwood Plaza*	AMA and John Nock	\$18-\$20,000,000	74	Fayetteville
The Mill at West End*	Box, Aaron and Mandy Paxton	\$7,000,000	17	Fayetteville
Mountain Ranch			288	Fayetteville
Nantucket Apartments Phase III	Thomas J. Embeck	\$4,040,000	42	Fayetteville
Pebble Creek Flats	Art Scott		66	Fayetteville
Renaissance Towers*	John Nock and AMA	\$30,000,000	20	Fayetteville
Ridgehill Apartments	Barber Group	Not Disclosed	36	Fayetteville
Ruskin Heights*	Davis, Hooker, Massey, VanVeen		183	Fayetteville
Skate Place Condominiums*	Robert Schmitt	\$5,100,000	34	Fayetteville
Sligo Street Apartments	Jamerson Properties LLC	\$585,000	16	Fayetteville
St Charles Plaza	Greg House		70	Fayetteville
Stone Bridge Meadows*	Nock-Broyles Development LLC		155	Fayetteville
Sycamore Condominiums*	Marc Crandall and Jeff Collins	\$4,000,000	25	Fayetteville
The Pines at Springwoods	Don Marley	\$27,000,000	122	Fayetteville
The Ridge at Karrington Place*	Kerri Elder	\$9,300,000	72	Fayetteville
University Club Tower*	David Chapman	\$30-40,000,000	80	Fayetteville
The Village at Scull Creek	Lynne Alexander and Steven Smith	\$5,400,000	54	Fayetteville
Village on Shiloh*	Triton Homes\$20,000,000		198	Fayetteville
Wedington Circle Condominiums*	Greg House and Steve Mansfield	Not Disclosed	296	Fayetteville
Woodstock Community*	Hank Broyles and John Nock		328	Fayetteville
Lowell Station	Hollis Cunningham		488	Lowell
Avignon Court*	Chris and Kerri Elder	\$8,840,000	61	Rogers
Indian Creek Duplexes	Morton Asset Management Inc.	\$1,900,000	24	Rogers
Innisfree Senior Living Community	Williamsburg Management Co. Inc.	\$3,000,000	30	Rogers
Spring Street Apartments	Randall Carney and William Murray		11	Rogers
Stuckey West Condos*	Garth Symonds		32	Rogers
Sunset Drive Condos*	Garth Symonds		100	Rogers
Valley West Drive Project	Kim Fugitt	\$1,350,000	15	Rogers
Walnut Crossing	Greg House		350	Rogers
Woodbridge Condominiums*	Landquest		326	Rogers
Kenwood Development	Bar and Shield Development LLC		160	Siloam Springs
Berryfield Apartments	RB Construction	\$5,694,480		Springdale
Dick Smith Duplexes	Moulden Construction	\$3,500,000	30	Springdale
The Grove at Chester Hills*	C&K Properties LLC	\$10,055,000	134	Springdale
Remington Place Apartments	Remington Place Apartments LLC	\$13,000,000	192	Springdale
Wobbe Road Apartments	Chance Contractors Inc.	\$1,500,000	32	Springdale



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 263, totaling almost 4.2 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 fourth



quarter of 2007 was 685 with a total size of almost 12.3 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. An online data collection tool was used to streamline the process and to make responding more convenient for

apartment managers. The results from this surveying effort comprise the remainder of this report. In the fourth quarter of 2007, information was collected on 89.7 percent of the existing square footage of multifamily properties, compared to 89.5 percent in the third quarter.

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

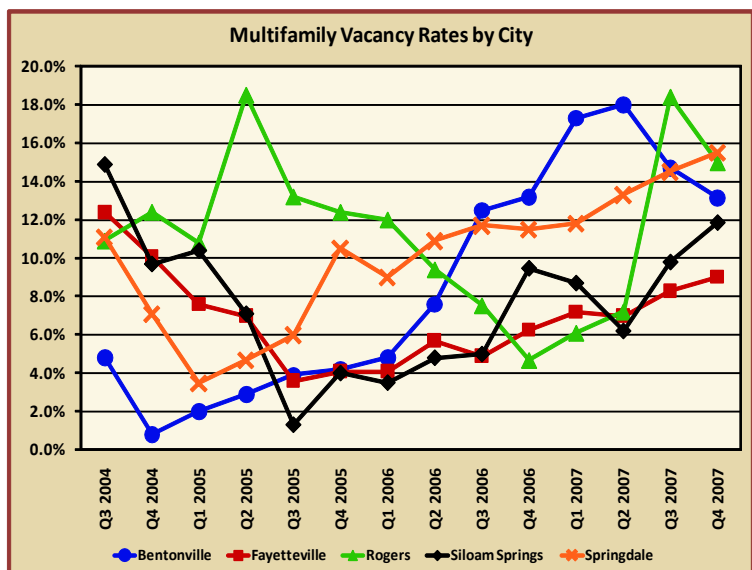
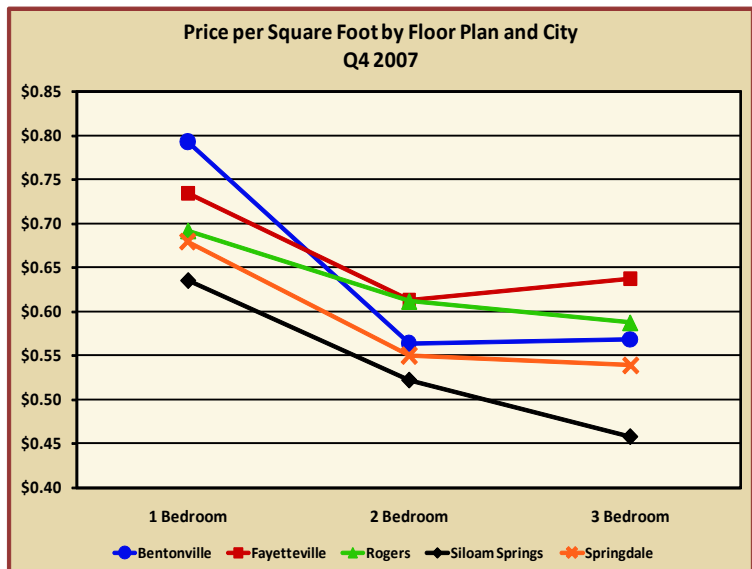
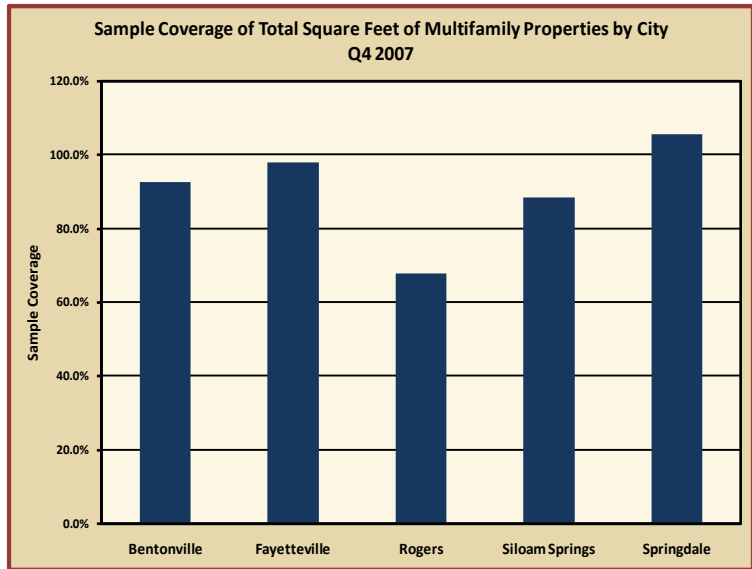
Total Inventory of Multifamily Properties and Sample Coverage Q4 2007

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	129	2,733,386	112	2,530,578	92.6%
Fayetteville	263	4,185,947	260	4,103,212	98.0%
Rogers	148	3,100,286	73	2,104,175	67.9%
Siloam Springs	53	692,037	38	612,491	88.5%
Springdale	92	1,588,186	80	1,678,528	105.7%
Northwest Arkansas	685	12,299,842	563	11,028,984	89.7%



Multifamily Properties

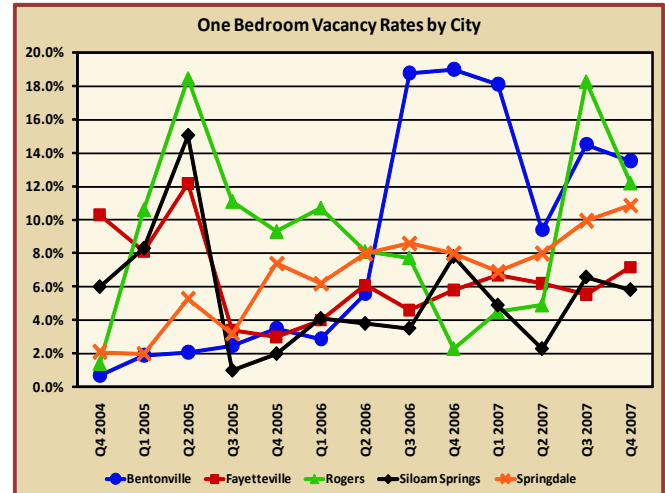
population is entirely reasonable. Within the fourth quarter survey sample, there were 24,676 total units in 563 multifamily residential properties. These properties had a combined vacancy rate of 12.0 percent, down from 12.2 percent in the third quarter of 2007. The highest vacancy rate was in Springdale, at 15.5 percent and the lowest vacancy rate was in Fayetteville at 9.0 percent. In the fourth quarter of 2007, Bentonville had a vacancy rate of 13.2 percent, Rogers had a vacancy rate of 15.0 percent, and Siloam Springs had a vacancy rate of 11.9 percent. Within the sample, the average lease price per month in Northwest Arkansas was \$519.84, up from \$519.60 in the third quarter. The average size of a unit was 831 square feet, down from 833 square feet in the previous quarter. The average monthly price per square foot of a multifamily property was \$0.63, up from \$0.62 in the third quarter of 2007. 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 two, three, or four bedrooms at \$0.59. The most expensive floor plans, on average, were studio apartments at \$1.07 per square foot per month.



Multifamily Properties

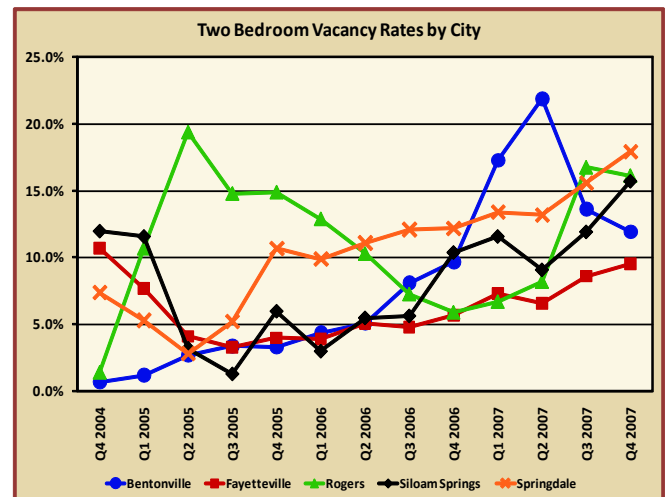
Sample Vacancy Rates

Market Area	Number of Apartment Complexes	Number of Units	Q4 2007 Vacancy Rate	Q3 2007 Vacancy Rate	Q4 2006 Vacancy Rate
Bentonville	112	3,148	13.2%	14.7%	13.2%
Fayetteville	260	11,137	9.0%	8.3%	6.3%
Rogers	73	3,886	15.0%	18.4%	4.7%
Siloam Springs	38	1,079	11.9%	9.8%	9.5%
Springdale	80	5,426	15.5%	14.5%	11.5%
NWA	563	24,676	12.0%	12.2%	8.2%



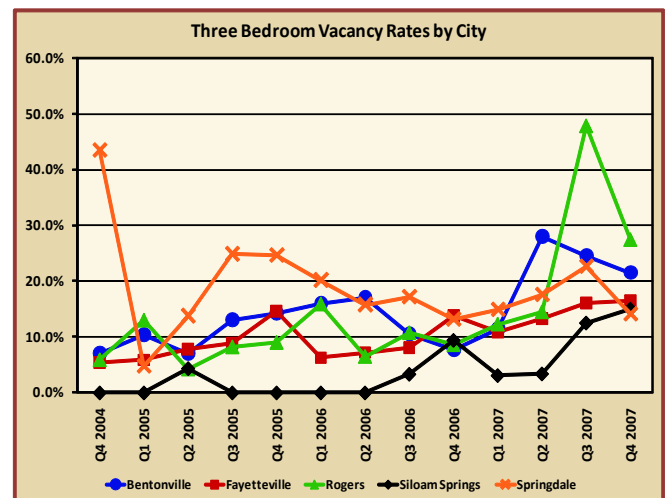
Average Size and Price by Floor Plan Q4 2007

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	388	\$415.16	\$1.07
1 Bedroom	610	\$438.43	\$0.72
2 Bedroom	910	\$535.52	\$0.59
3 Bedroom	1,221	\$718.38	\$0.59
4 Bedroom	1,302	\$767.10	\$0.59
NWA	831	\$519.84	\$0.63



Vacancy Rates by Floor Plan Q4 2007

Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	13.5%	11.9%	21.5%
Fayetteville	7.2%	9.5%	16.5%
Rogers	12.2%	16.1%	27.5%
Siloam Springs	5.8%	15.7%	15.0%
Springdale	10.9%	17.9%	14.1%
NWA	9.6%	12.9%	17.8%

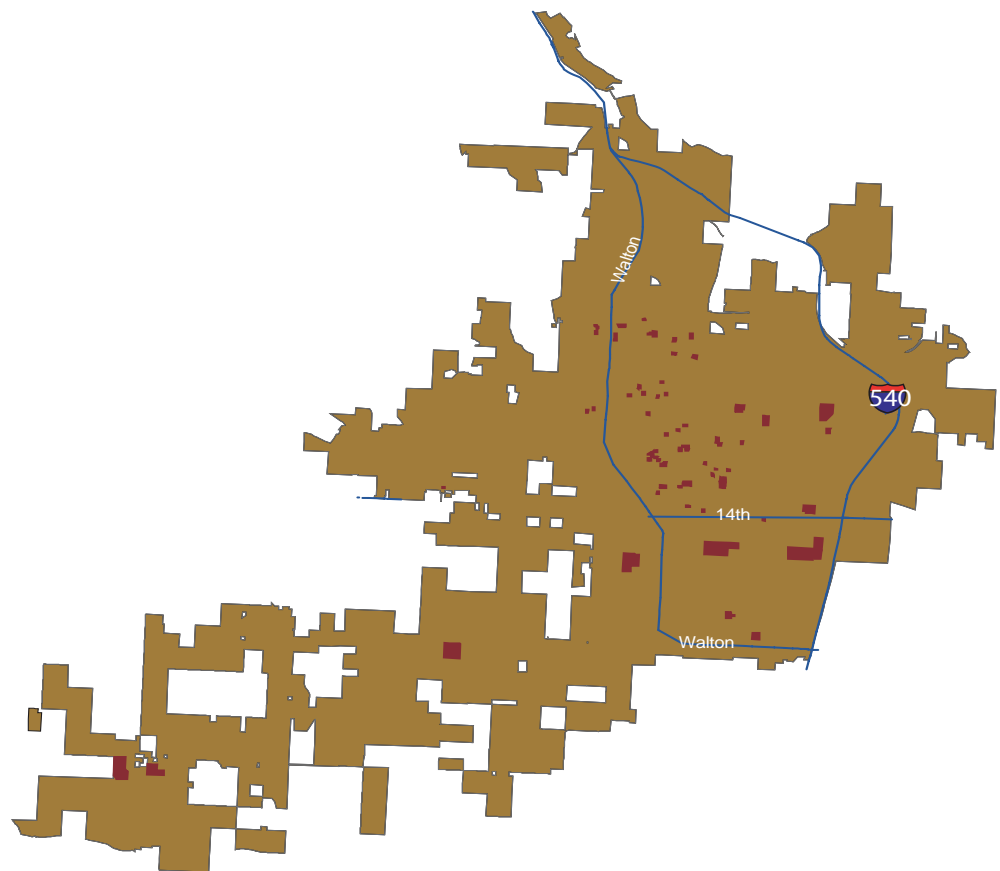


Bentonville

- In the database from the office of the Benton County Assessor, there were 129 multifamily properties in Bentonville in the fourth quarter of 2007. These properties comprised 2,733,386 square feet.
- The 112 Bentonville Skyline Report survey respondents accounted for 92.6 percent of the square footage of all of the multifamily properties in the city.
- In the 3,148 units that were reported by Skyline Report survey respondents, there was an 13.2 percent vacancy rate, down from 14.7 percent in the third quarter of 2007.
- The average lease rate of all units in Bentonville was \$534, while the average size of a unit was 869 square feet.
- The monthly leases for Bentonville multifamily properties averaged between \$0.48 per square foot for a four bedroom apartment to \$0.79 per square foot for a one bedroom apartment.
- Most Bentonville multifamily properties required either 6-month or 12-month leases, while month-to-month options were available at a few properties.

Average Unit Size and Price by Floor Plan Q4 2007

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	330	--	--
1 Bedroom	623	\$494.35	\$0.79
2 Bedroom	917	\$517.03	\$0.56
3 Bedroom	1,211	\$688.17	\$0.57
4 Bedroom	600	\$290.00	\$0.48
Bentonville	869	\$533.98	\$0.61

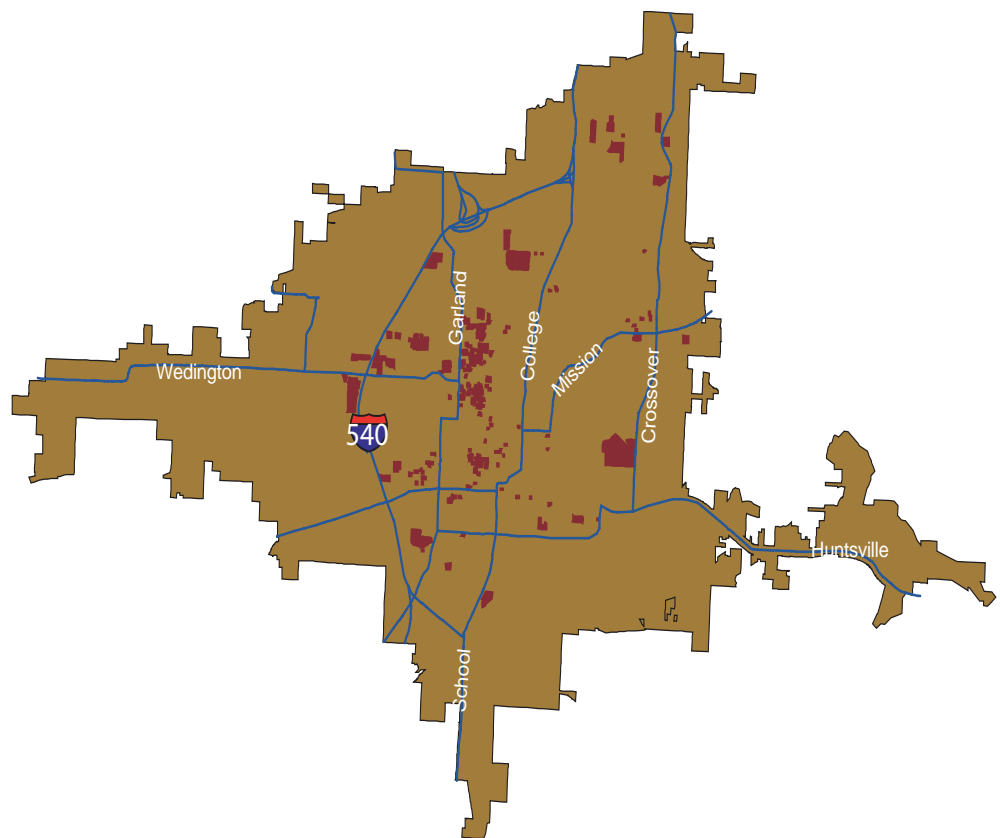


Fayetteville

- In the database from the office of the Washington County Assessor, there were 263 multifamily properties in Fayetteville in the fourth quarter of 2007. These properties comprised 4,185,947 square feet.
- The 260 Fayetteville Skyline Report survey respondents accounted for about 98.0 percent of the square footage of all of the multifamily properties in the city.
- In the 11,137 units that were reported by Skyline Report survey respondents, there was an 9.0 percent vacancy rate, up from the third quarter rate of 8.3 percent.
- The average price of all units in Fayetteville was \$538, while the average size of a unit was 825 square feet.
- The monthly leases for Fayetteville multifamily properties averaged between \$0.61 per square foot for a two to \$0.89 per square foot for a studio apartment.
- 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 studio to four bedroom properties with many configurations of baths.

Average Unit Size and Price by Floor Plan Q4 2007

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	403	\$359.00	\$0.89
1 Bedroom	606	\$444.74	\$0.73
2 Bedroom	917	\$561.94	\$0.61
3 Bedroom	1,239	\$789.10	\$0.64
4 Bedroom	1,262	\$803.33	\$0.64
Fayetteville	825	\$538.38	\$0.65

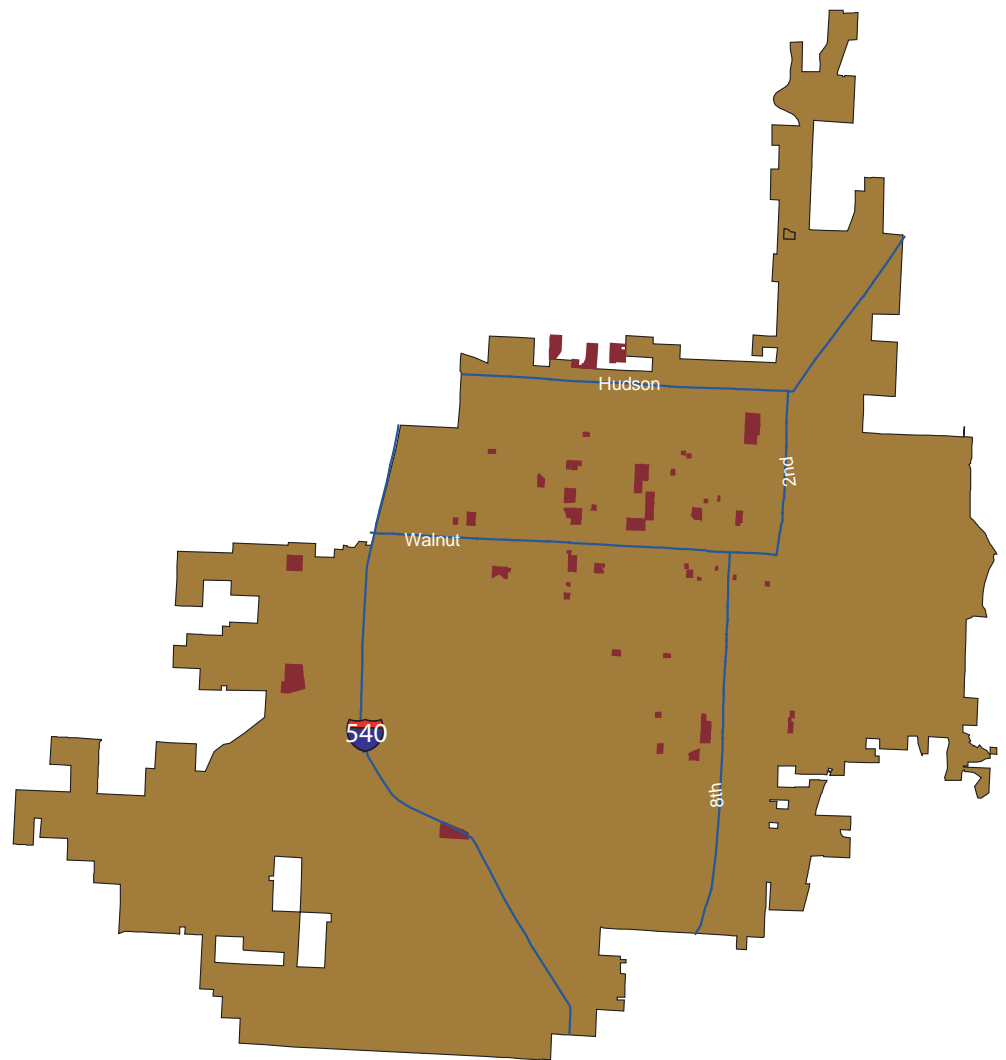


Rogers

- In the database from the office of the Benton County Assessor, there were 148 multifamily properties in Rogers in the fourth quarter of 2007. These properties comprised 3,100,286 square feet.
- The 73 Rogers Skyline Report survey respondents accounted for 67.9 percent of the square footage of all of the multifamily properties in the city.
- In the 3,886 units that were reported by Skyline Report survey respondents, there was a 15 percent vacancy rate in the fourth quarter of 2007, down from 18.4 percent in the third quarter of 2007.
- The average price of all units in Rogers was \$556, while the average size of a unit was 892 square feet.
- The monthly leases for Rogers multifamily properties averaged between \$0.47 per square foot for a studio apartment to \$0.69 per square foot for a one bedroom apartment.
- Most Rogers multifamily properties required either 6-month or 12-month leases, although some month-to-month leases were available.

Average Unit Size and Price by Floor Plan Q4 2007

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	510	\$240.00	\$0.47
1 Bedroom	656	\$453.91	\$0.69
2 Bedroom	923	\$564.70	\$0.61
3 Bedroom	1,227	\$721.21	\$0.59
4 Bedroom	3,000	\$1,600.00	\$0.53
Rogers	892	\$556.06	\$0.62

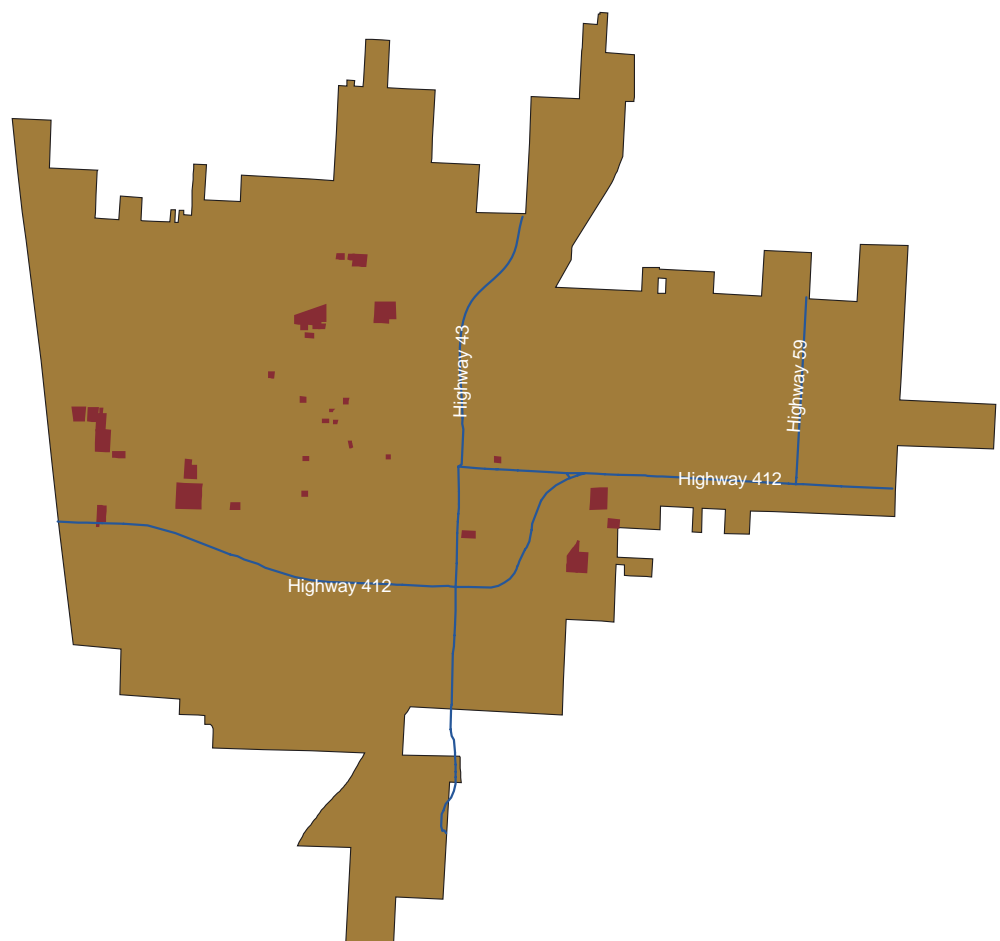


Siloam Springs

- In the database from the office of the Benton County Assessor, there were 53 multifamily properties in Siloam Springs in the fourth quarter of 2007. These properties comprised 692,037 square feet.
- The 38 Siloam Springs Skyline Report survey respondents accounted for 88.5 percent of the square footage of all of the multifamily properties in the city.
- In the 1,079 units that were reported by Skyline Report survey respondents, there was a 11.9 percent vacancy rate, up from the 9.8 percent vacancy rate in the third quarter of 2007.
- The average price of all units in Siloam Springs was \$439 while the average size of a unit was 788 square feet.
- The monthly leases for Siloam Springs multifamily properties average between \$0.46 per square foot for a three bedroom apartment to \$0.91 per square foot for a studio apartment.
- Most Siloam Springs multifamily properties required 12-month leases, although some month-to-month leases were available.

Average Unit Size and Price by Floor Plan Q4 2007

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	387	\$350.25	\$0.91
1 Bedroom	622	\$395.21	\$0.64
2 Bedroom	853	\$445.39	\$0.52
3 Bedroom	1,192	\$546.14	\$0.46
4 Bedroom	1,210	\$671.00	\$0.55
Siloam Springs	788	\$438.56	\$0.56



Springdale

- In the database from the office of the Washington County Assessor, there were 92 multifamily properties in Springdale in the fourth quarter of 2007. These properties comprised 1,588,186 square feet.
- The 80 Springdale Skyline Report survey respondents accounted for 105.7 percent of the square footage of all of the multifamily properties in the city.
- In the 5,426 units that were reported by Skyline Report survey respondents, there was a 15.5 percent vacancy rate, up from 14.5 percent in the third quarter of 2007.
- The average price of all units in Springdale was \$459, while the average size of a unit was 775 square feet.
- The monthly leases for Springdale multifamily properties averaged between \$0.54 per square foot for a three bedroom apartment to \$0.74 per square foot for a studio apartment.
- Most Springdale multifamily properties required either 6-month or 12-month leases, although some 3-month, 9-month, and month-to-month leases were available.

Average Unit Size and Price by Floor Plan Q4 2007

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	323	\$238.25	\$0.74
1 Bedroom	568	\$386.08	\$0.68
2 Bedroom	890	\$490.02	\$0.55
3 Bedroom	1,169	\$631.00	\$0.54
4 Bedroom	--	--	--
Springdale	775	\$459.01	\$0.59

