

THE SKYLINE REPORT

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February 2008 Highlights

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Multifamily Real Estate Market Summary
 Prepared Exclusively under
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Center for Business and Economic Research

Center for Business and Economic Research
 Sam M. Walton College of Business
 University of Arkansas
 Fayetteville, AR 72701
 Telephone: 479.575.4151
<http://cber.uark.edu/>

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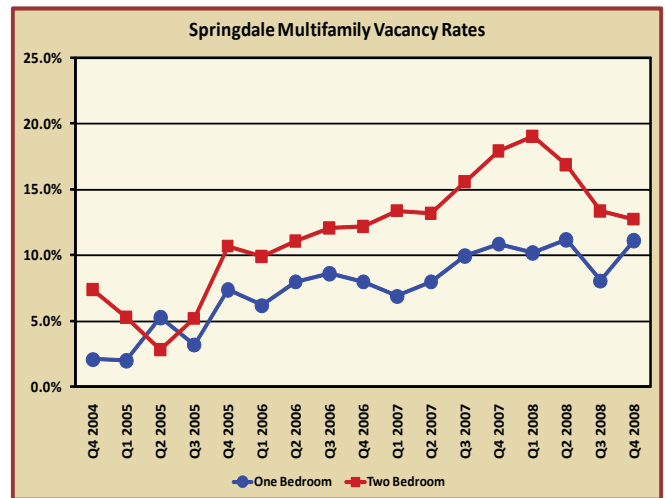
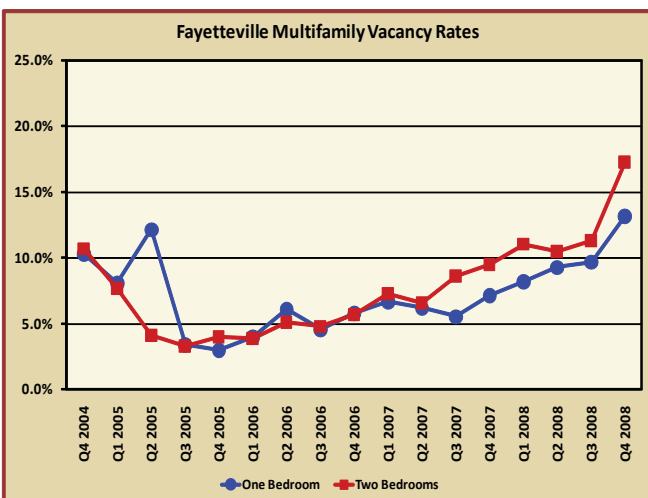
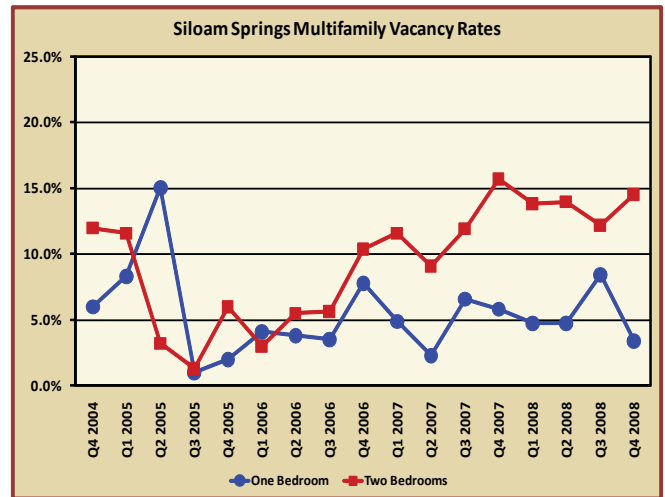
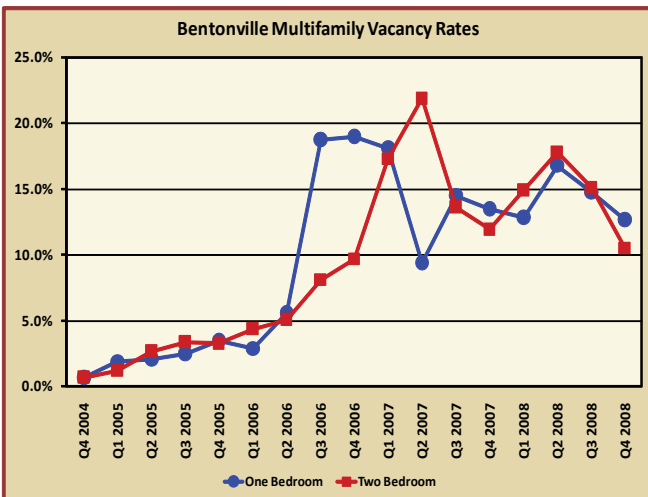
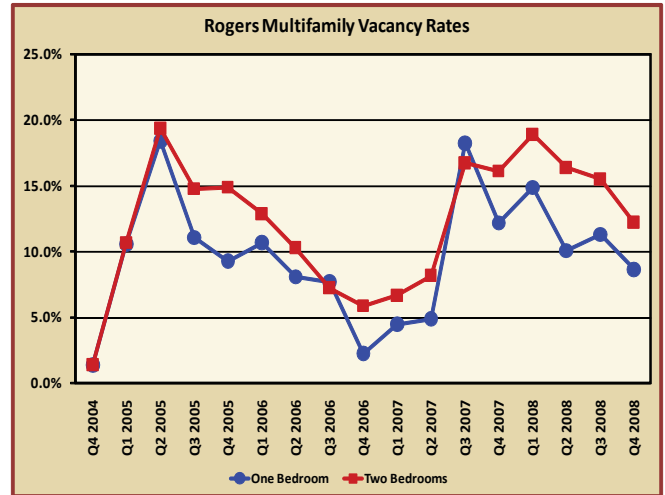
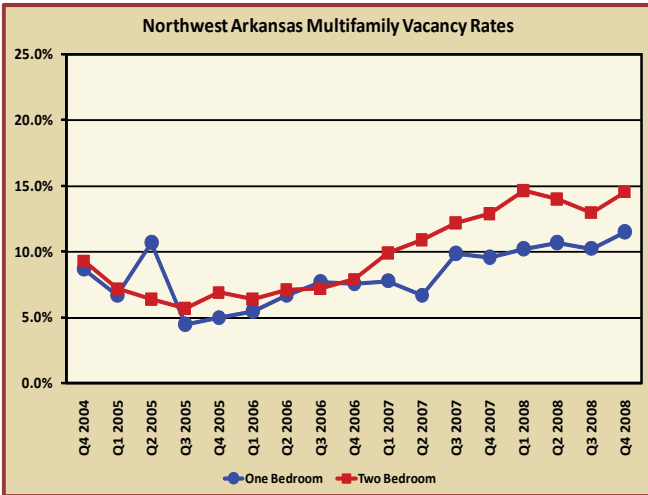
Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the eighteenth edition of the Skyline Report for Benton and Washington Counties—Multifamily Real Estate Market Analysis. Researchers at the Center for Business and Economic Research in the Sam M. Walton College of Business at the University of Arkansas produce the Skyline Report to provide timely statistical analysis of the Northwest Arkansas multifamily real estate market. This study is a companion piece to the quarterly single-family residential and commercial Skyline Reports. As the population of the region grows, there is increased demand for all types of housing. Understanding the supply of multifamily housing opportunities is critical in order to clearly understand the overall residential market. There is a complex dynamic between multifamily housing, residential rental housing, and residential home ownership that is being influenced by several factors including: quantity of multifamily supply, quantity of rental housing, interest rates, underwriting standards, and unemployment rates, among others. The information contained in the following pages details the current condition of the multifamily market and sets the stage for future comparisons.

Highlights from the Fourth Quarter of 2008

- Vacancy rates for multifamily properties in Northwest Arkansas increased from their third quarter level of 12.2 percent to 13.6 percent in the fourth quarter of 2008. The fourth quarter 2008 vacancy rate was also higher than the fourth quarter 2007 rate of 12.0 percent.
- Siloam Springs had the lowest aggregate vacancy rate at 10.6 percent, up from 10.2 percent in the third quarter of 2008. Fayetteville had the highest aggregate vacancy rate at 15.8 percent, up from 10.9 percent in the third quarter. The Bentonville vacancy rate declined 3.1 percentage points to 12.6 percent in the fourth quarter of 2008. Springdale had an increase of 0.4 percentage points to a vacancy rate of 12.0 percent, while Rogers had a decrease of 2.9 percentage points in its vacancy rate to 11.2 percent in the fourth quarter.
- The average lease price per month for a multifamily property unit in Northwest Arkansas was down about \$1.96 to \$527.75. Meanwhile, the median monthly lease price for a multifamily property continued to be \$485.00.
- On a price per square foot basis, multifamily units were least expensive on average in Siloam Springs at \$0.55 per square foot and most expensive on average in Fayetteville at \$0.67 per square foot.

Multifamily Market Trends



Multifamily Market Trends

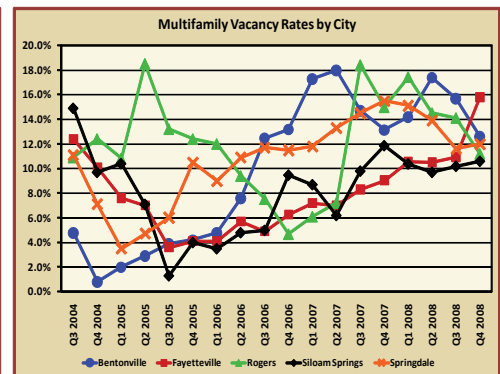
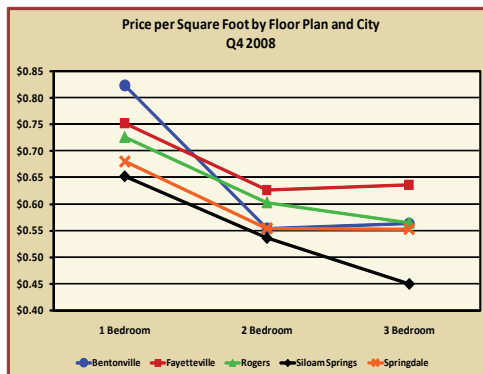
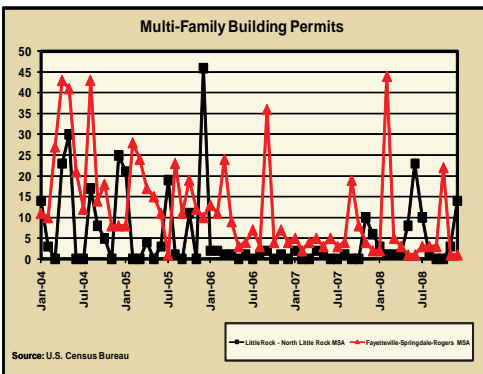
The associated table details the building permits that have been issued for multifamily housing purposes over the past twelve months. Ten projects with values greater than a million dollars were permitted during the period. Eight of these were located in

Fayetteville and two were located in Rogers. The Fayetteville projects involve the construction of Hometown Development 4-plexes, the Links at Fayetteville, the Village on Shiloh apartments, College North Apartments, Mountain Ranch Apartments,

Vantage Center, and Hill Place. The Rogers projects are Roller's Ridge Apartments and St. James Place.

Multifamily Residence Building Permits December 2007 - November 2008

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
2/4/2008	Hometown Development 4-plexes	5	\$1,756,280	Fayetteville
2/12/2008	The Links at Fayetteville	43	\$48,889,443	Fayetteville
3/6/2008	Abshier Heights	1	\$998,400	Fayetteville
3/10/2008	Village on Shiloh	1	\$1,340,309	Fayetteville
4/3/2008	Roller's Ridge Apartments	4	\$1,600,000	Rogers
6/11/2008	St. James Place	33	\$1,830,000	Rogers
6/17/2008	College North Apartments	1	\$2,107,471	Fayetteville
6/18/2008	Village on Shiloh	2	\$1,937,213	Fayetteville
6/24/2008	Mountain Ranch Apartments	4	\$32,206,850	Fayetteville
10/2/2008	Vantage Center	4	\$7,220,960	Fayetteville
10/16/2008	Hill Place	16	\$28,245,040	Fayetteville
11/20/2008	Sunbridge Villas	1	\$406,585	Fayetteville
11/20/2008	Valencia 4-plexes	2	\$803,593	Fayetteville
Total		117	\$129,342,144	



Multifamily Market Trends

Sample Vacancy Rates

Market Area	Number of Apartment Complexes	Number of Units	Q4 2008 Vacancy Rate	Q3 2008 Vacancy Rate	Q4 2007 Vacancy Rate
Bentonville	114	3,372	12.6%	15.7%	13.2%
Fayetteville	270	11,867	15.8%	10.9%	9.0%
Rogers	77	4,048	11.2%	14.1%	15.0%
Siloam Springs	43	1,097	10.6%	10.2%	11.9%
Springdale	85	5,784	12.0%	11.6%	15.5%
NWA	589	26,168	13.6%	12.2%	12.0%

Average Size and Price by Floor Plan Q4 2008

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	409	\$451.13	\$1.10
1 Bedroom	608	\$448.80	\$0.74
2 Bedroom	906	\$536.12	\$0.59
3 Bedroom	1,234	\$714.78	\$0.58
4 Bedroom	1,477	\$795.30	\$0.54
NWA	832	\$527.75	\$0.63

Median Size and Price by Floor Plan Q4 2008

Floor Plan	Median Square Feet	Median Price per Month	Median Price per Square Foot
Studio	403	\$350.50	\$0.87
1 Bedroom	600	\$400.00	\$0.67
2 Bedroom	875	\$500.00	\$0.57
3 Bedroom	1,200	\$650.00	\$0.54
4 Bedroom	1,210	\$685.00	\$0.57
NWA	800	\$485.00	\$0.61

Vacancy Rates by Floor Plan Q4 2008

Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	12.7%	10.5%	30.8%
Fayetteville	13.2%	17.3%	15.9%
Rogers	8.7%	12.2%	17.6%
Siloam Springs	3.4%	14.6%	10.0%
Springdale	11.1%	12.8%	8.5%
NWA	11.5%	14.5%	15.8%

