



THE SKYLINE REPORT

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UNIVERSITY OF
ARKANSAS
SAM M. WALTON
COLLEGE OF BUSINESS

Center for Business
and Economic Research

First Half of 2015
July 2015

Highlights

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Multifamily Real Estate Market Summary
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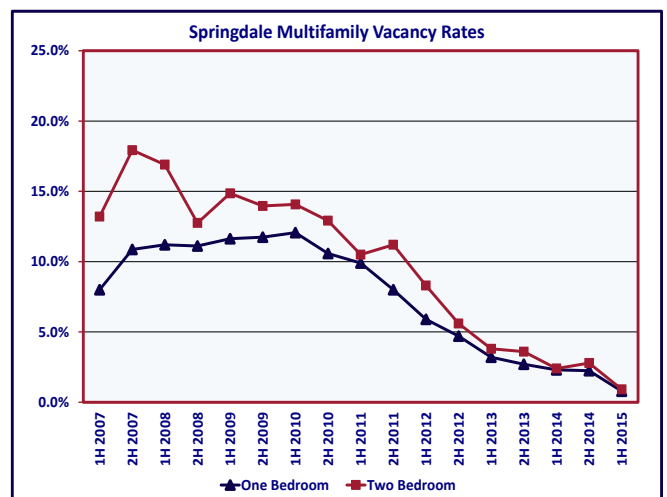
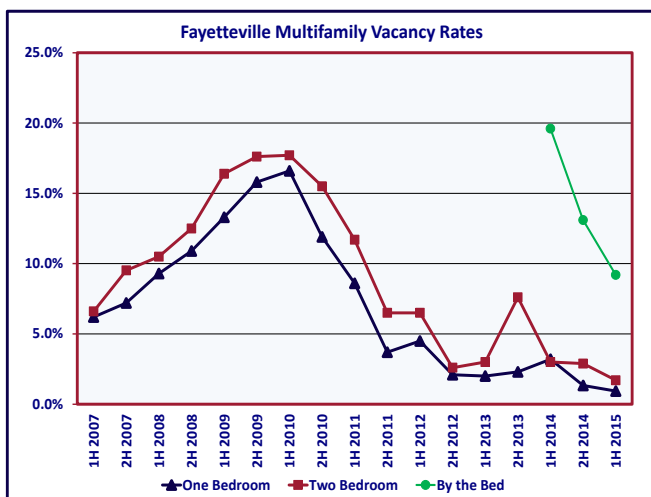
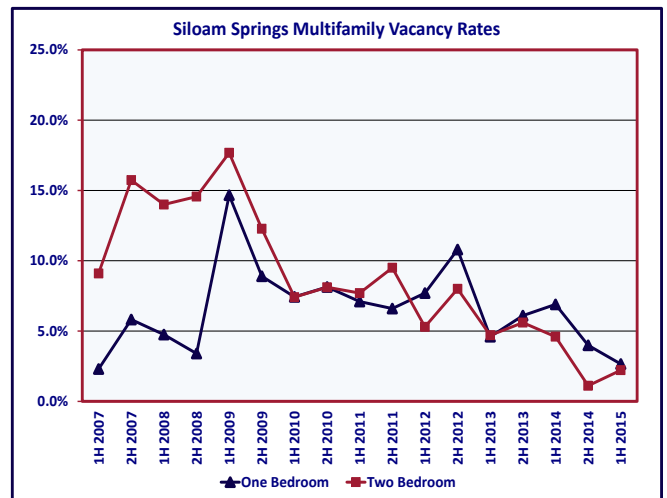
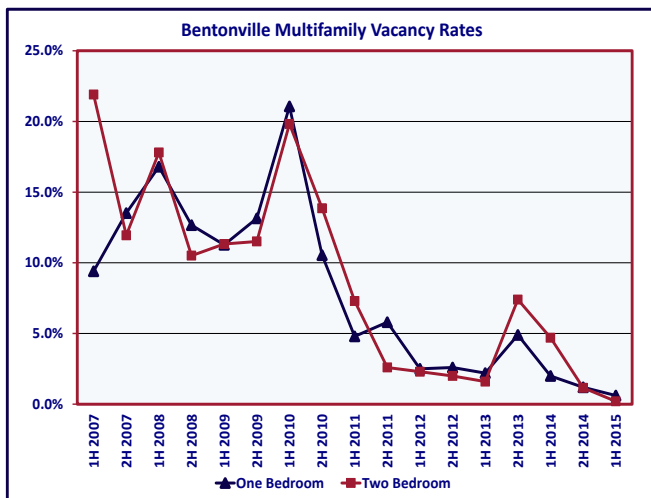
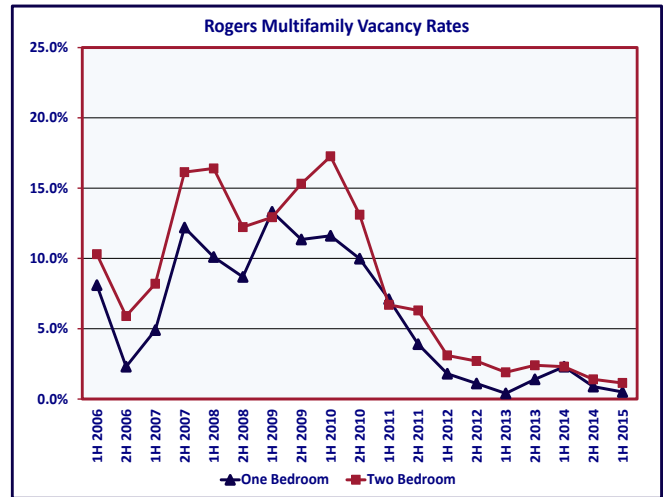
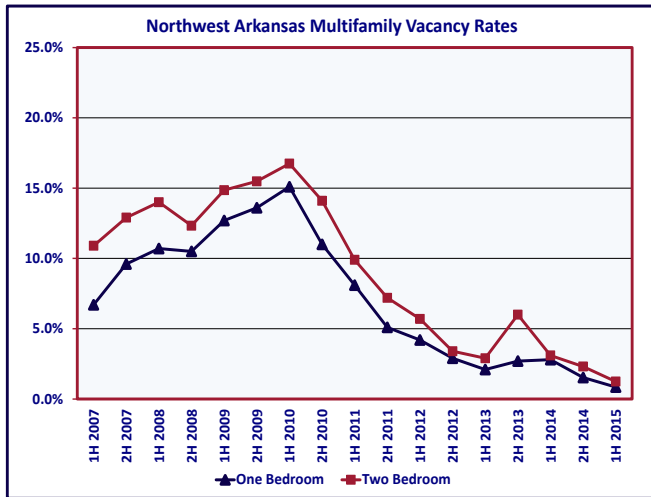
Multifamily Real Estate Market Summary for Benton and Washington Counties

This report is the thirty-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 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 semiannual 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.

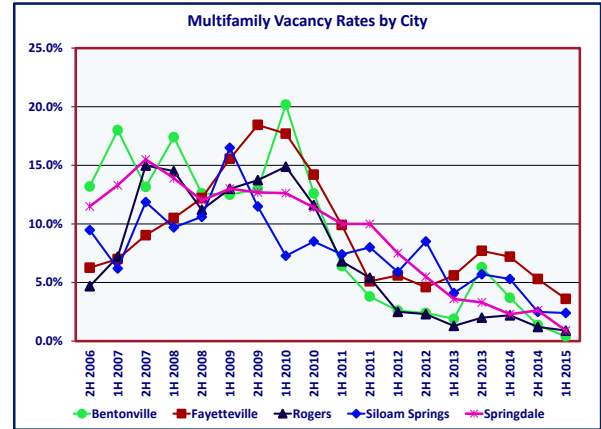
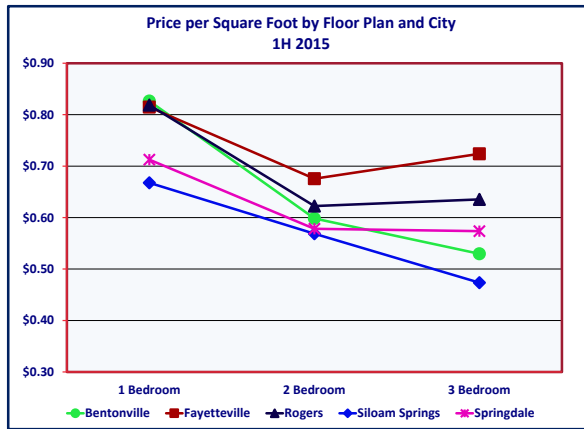
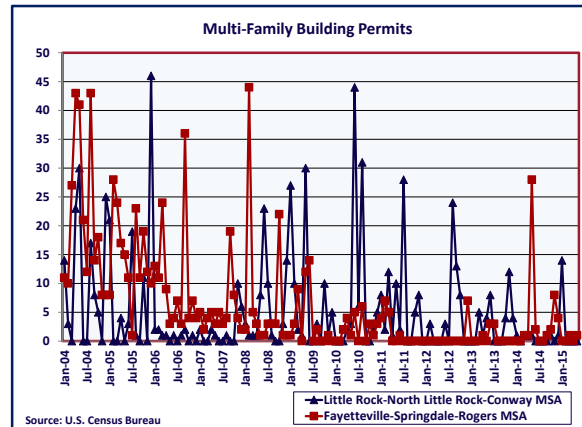
Highlights from the First Half of 2015

- The vacancy rate for all multifamily properties in Northwest Arkansas decreased to 2.3 percent in the first half of 2015 from 6.5 percent in the same time period in 2014. This was also a decrease from the 3.7 percent vacancy rate in the second half of 2014.
- Fayetteville had the largest year over year decline in vacancy rates from 7.2 percent in the first half of 2014 to 3.6 percent in the first half of 2015.
- Over 4,400 rental units have been announced in new multifamily projects for Fayetteville.
- In Bentonville, vacancy rates decreased from 3.7 percent in the first half of 2014 to 0.4 percent in the first half of 2015, giving the city the lowest vacancy rate in Northwest Arkansas.
- More than 1,100 rental units have been announced or are under-construction in the Bentonville submarket.
- The multifamily vacancy rate in Rogers decreased from 2.2 percent in the first half of 2014 to 0.9 percent in the first half of 2015.
- The vacancy rate in Siloam Springs decreased from the first half of 2014 to the first half of 2015, moving from 5.3 percent to 2.4 percent.
- Springdale experienced a decline from a 2.3 percent vacancy rate in the first half of 2014 to a 0.9 percent rate in the first half of 2015.
- In the first half of 2015, the average lease price per month for a multifamily property unit in Northwest Arkansas increased to \$581.72, while the median lease price increased to \$525.00.

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. Three of the projects are located in Fayetteville, two are in Rogers, and one is in Bentonville. These 6 projects had 106 building permits issued worth \$91,967,114. The largest project, in Fayetteville, with 3 permits issued worth \$41,422,762, is for Gather on Dickson. The Beechwood Village Cottages with 86 permits worth \$29,870,023 was the next largest.

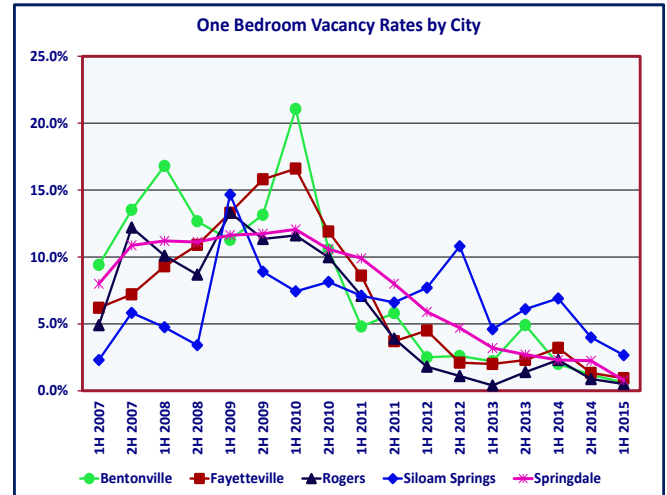
Multifamily Building Permits July 1, 2014 - June 30, 2015

Date	Complex or Developer	Number of Permits	Total Value of Permits	City
7/22/2014	Beechwood Village Cottages	86	\$29,870,023	Fayetteville
8/26/2014	Gather on Dickson	3	\$41,422,762	Fayetteville
10/16/2014	American Flats	1	\$1,120,455	Bentonville
11/18/2014	Rogers at the Promenade	11	\$14,707,806	Rogers
12/2/2014	Woodlands at Creekside	4	\$4,449,600	Bentonville
4/7/2015	Oakland Apartment	1	\$396,468	Fayetteville
	Total	106	\$91,967,114	

Multifamily Market Trends

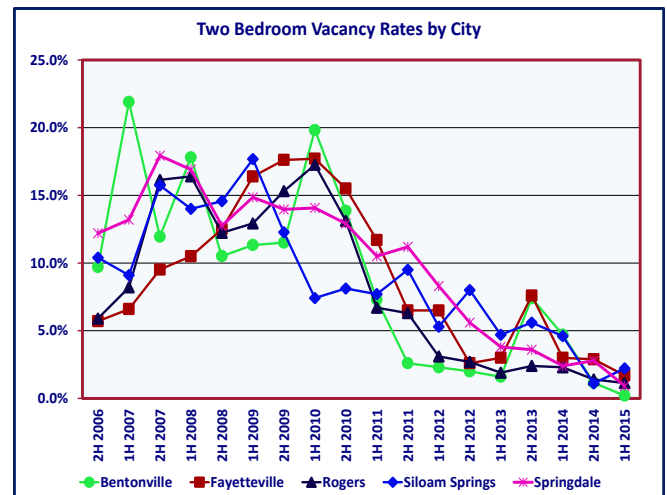
Sample Vacancy Rates

Market Area	Number of Complexes	Number of Units	1H 2015 Vacancy Rate	2H 2014 Vacancy Rate	1H 2014 Vacancy Rate
Bentonville	126	4,172	0.4%	1.4%	3.7%
Fayetteville	340	16,650	3.6%	5.3%	7.2%
Rogers	96	4,224	0.9%	1.2%	2.2%
Siloam Springs	51	1,122	2.4%	2.5%	5.3%
Springdale	99	6,157	0.9%	2.6%	2.3%
NWA	711	32,325	2.3%	3.7%	6.5%



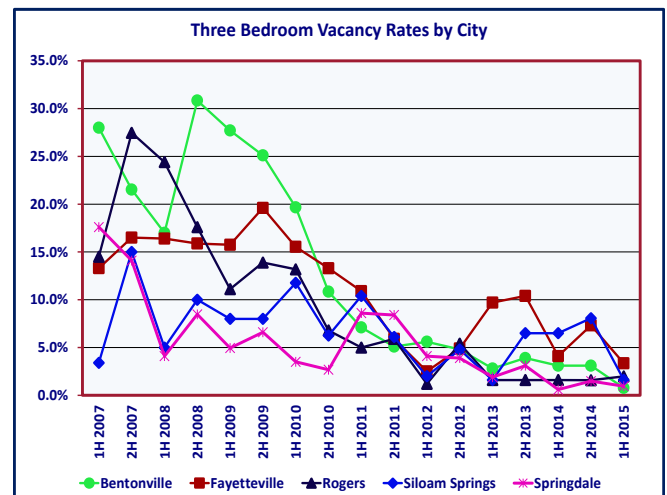
Average Size and Price by Floor Plan First Half of 2015

Floor Plan	Average Square Feet	Average Price per Month	Average Price per Square Foot
Studio	405	\$498.07	\$1.23
By the Bed	449	\$636.29	\$1.42
1 Bedroom	616	\$488.30	\$0.79
2 Bedroom	911	\$573.81	\$0.63
3 Bedroom	1,272	\$811.60	\$0.64
4 Bedroom	1,286	\$1,015.40	\$0.79
NWA	847	\$581.72	\$0.69



Median Size and Price by Floor Plan First Half of 2015

Floor Plan	Median Square Feet	Median Price per Month	Median Price per Square Foot
Studio	400	\$400.00	\$1.00
By the Bed	420	\$628.00	\$1.50
1 Bedroom	600	\$425.00	\$0.71
2 Bedroom	895	\$550.00	\$0.61
3 Bedroom	1,252	\$725.00	\$0.58
4 Bedroom	1,300	\$925.00	\$0.71
NWA	800	\$525.00	\$0.66



Vacancy Rates by Floor Plan First Half of 2015

Market Area	1 Bedroom	2 Bedroom	3 Bedroom
Bentonville	0.6%	0.2%	0.8%
Fayetteville	0.9%	1.7%	3.4%
Rogers	0.5%	1.1%	2.0%
Siloam Springs	2.7%	2.2%	1.6%
Springdale	0.8%	0.9%	1.0%
NWA	0.9%	1.2%	1.9%