THE SKYLINE REPORT

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Residential Highlights
First Half 2021

Prepared Exclusively under Contract Agreement for ARVEST BANK

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Residential Real Estate Summary
Benton Madison and Washington Counties

The fiftieth edition of the Skyline Report for Benton and Washington Counties—Residential 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 residential real estate market. As the population of Northwest Arkansas increases, it is imperative that housing markets work efficiently in order to meet the demand of new and existing residents. The Skyline Report includes the information that is necessary to help market participants make good decisions.

Highlights from the First Half of 2021

2,754 building permits were issued in Benton, Madison, and Washington counties during the first half of 2021. Benton County accounted for 1,720, Washington County accounted for 984, and Madison accounted for 50.

23,693 total lots in 414 active subdivisions were identified by Skyline Report researchers in the first half of 2021. Regional data includes Benton and Washington Counties and Madison County.

1,744 new houses became occupied, down 19.6 percent from 2,168 in the second half of 2020. Benton County accounted for 1,099, Washington for 600, and Madison County had 45 newly absorbed lots. Empty lot totals for all three counties rose from the record low of 3,624 in the second half of 2020 to 3,769 in the first half of 2021.

Using the absorption rate from the past twelve months implies that there were 17.3 months supply of remaining lots in active subdivisions in Northwest Arkansas.

An additional 14,602 residential lots have received either preliminary or final approval in Northwest Arkansas. Adding these proposed lots to those in active subdivisions yields 62.1 months of remaining lot inventory.

According to the Assessors' databases, 63.8 percent of houses in Benton County, 60.6 percent of houses in Washington County, and 36.6 percent of the houses in Madison County were owner occupied. For all three counties, owner occupied properties have gradually declined in a ten year period.

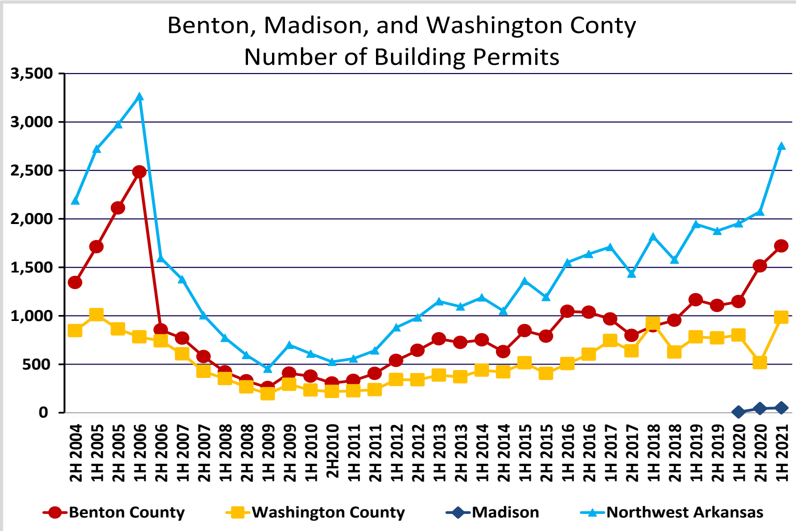
During the first half of 2021, a total of 4,854 houses were sold in Benton, Madison, and Washington counties. This is an increase of increase of 0.6 percent from the 4,826 sold during the first half of 2020.

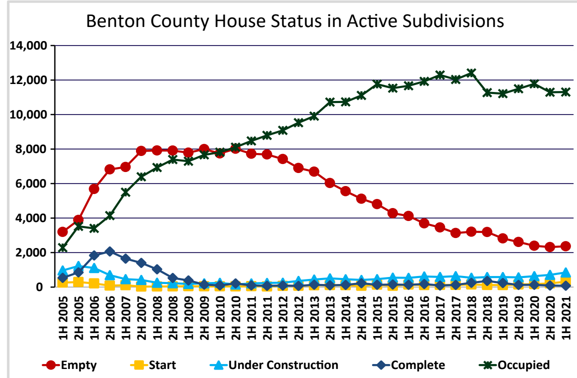
The average sales price of a house in Benton County was $311,333, in Washington County $297,343, and in Madison County $206,104, in the first half of 2021. Washington and Benton counties continued to have an average of less than 90 days on the market, the lowest average since the inception of the Skyline Report. Madison County had an average of 116 days on the market.

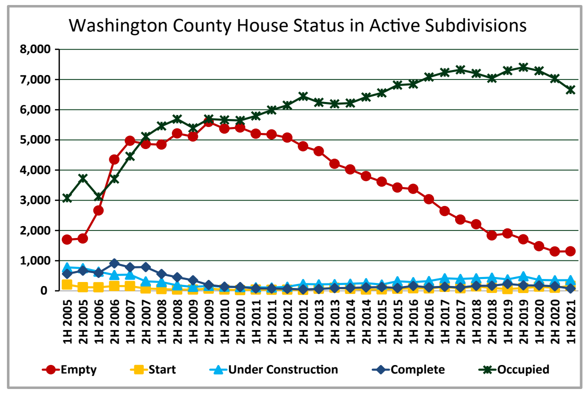
642 houses were listed for sale in the MLS database as of June 30, 2021 at an average of $508,382. This is the smallest number of listed houses since 2009.

Regional Market Trends

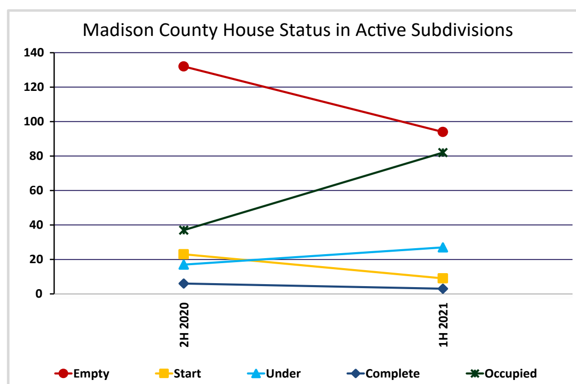
Building Permits and Subdivision Status

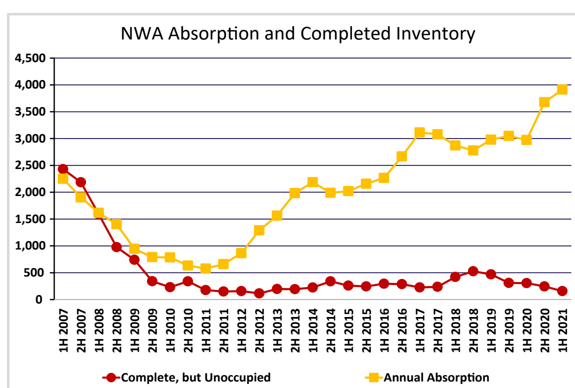






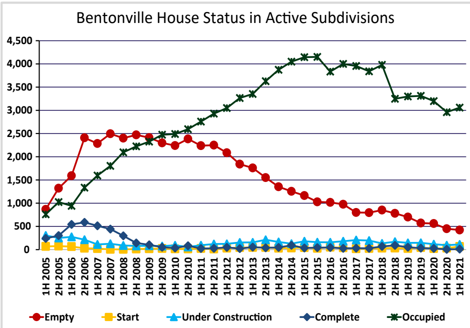
Benton and Washignton Yearly Average Building Permits	2H 2020 Number	1H 2021 Number	2H 2020 Average Value	1H 2021 Average Value
Bella Vista	229	316	$264,200	$285,079
Bentonville	235	189	$303,987	$361,038
Cave Springs	49	51	$269,910	$254,231
Centerton	436	245	$254,397	$299,730
Decatur	0	2	$0	$146,500
Elkins	13	3	$241,238	$210,672
Elm Springs	31	43	$324,402	$311,773
Farmington	89	191	$290,483	$261,848
Fayetteville	146	465	$288,911	$263,797
Gentry	57	76	$128,257	$138,888
Goshen	15	16	$349,793	$494,960
Gravette	12	8	$213,308	$235,620
Greenland	1	0	$325,000	$0
Highfill	61	68	$259,333	$257,350
Huntsville	44	50	$149,440	$161,235
Johnson	3	7	$769,047	$555,739
Lincoln	2	14	$110,000	$143,526
Little Flock	5	10	$508,110	$483,743
Lowell	57	258	$239,822	$246,647
Pea Ridge	121	147	$243,259	$246,539
Prairie Grove	37	39	$182,742	$209,201
Rogers	189	206	$290,082	$365,581
Siloam Springs	63	144	$140,346	$109,611
Springdale	117	97	$248,195	$354,210
Tontitown	59	105	$286,114	$288,103
West Fork	3	4	$198,667	$149,750
NWA	2,074	2,754	$260,492	$273,321

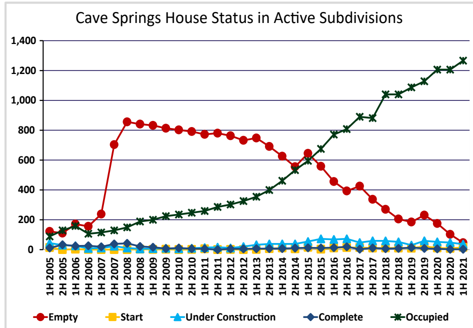


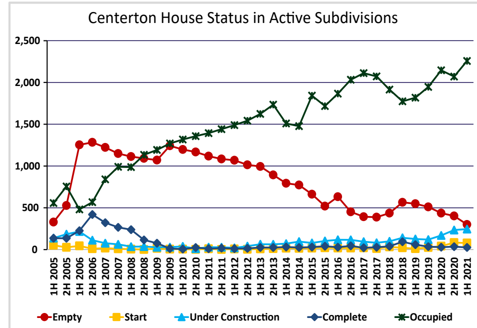


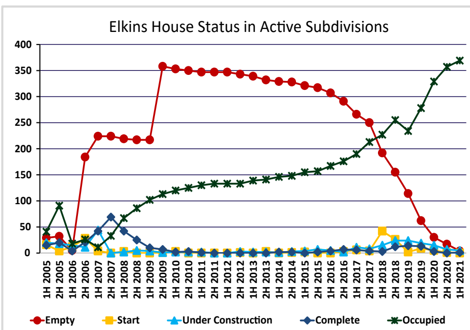
Regional Market Trends

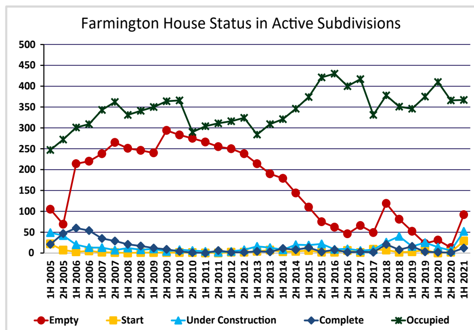
Active Subdivisions

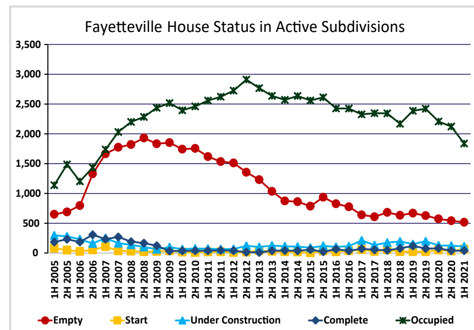


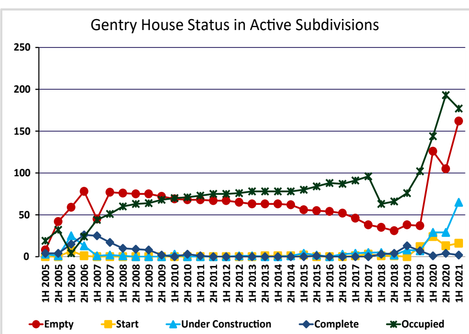


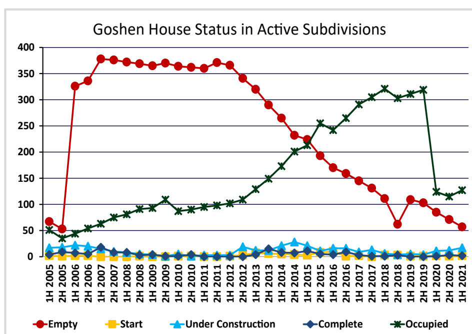


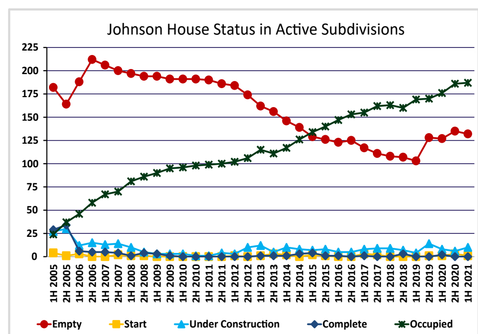


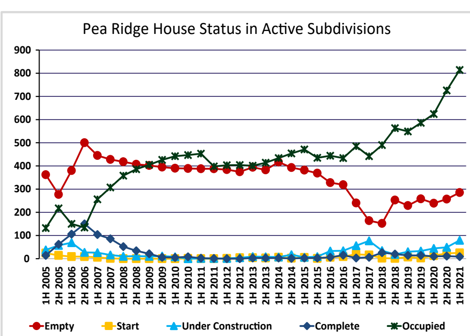


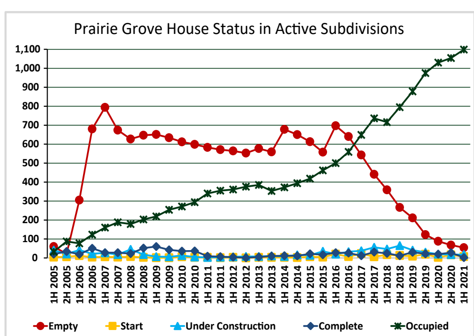


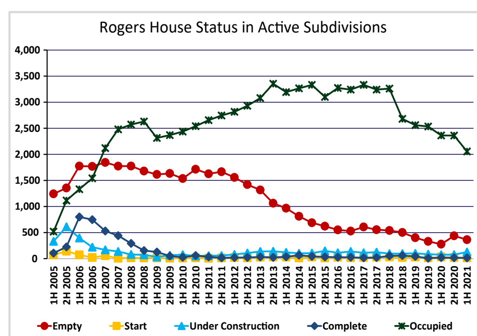


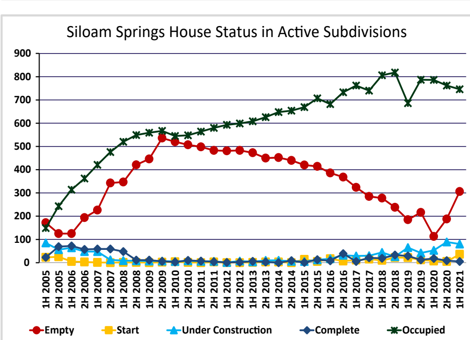


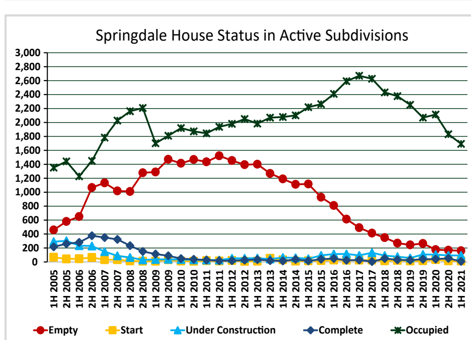


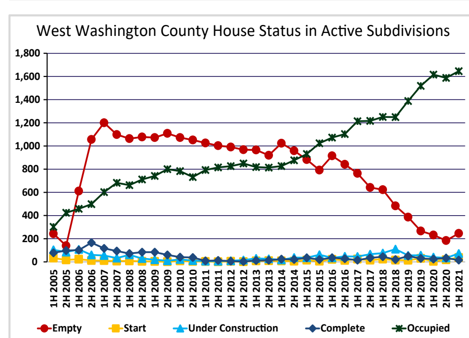






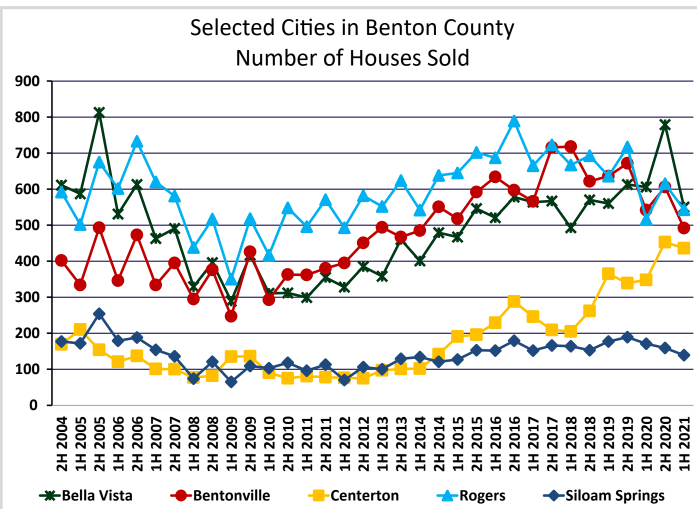


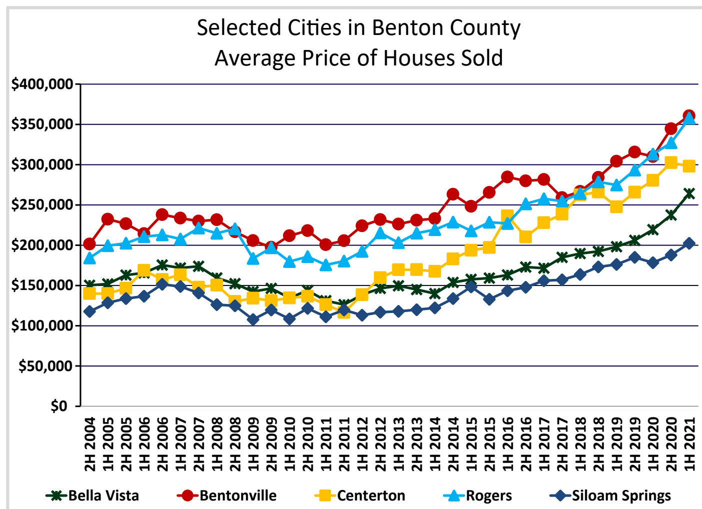


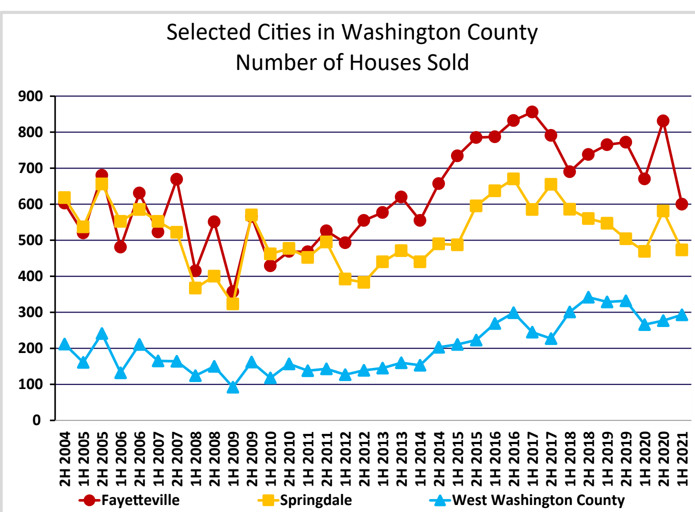


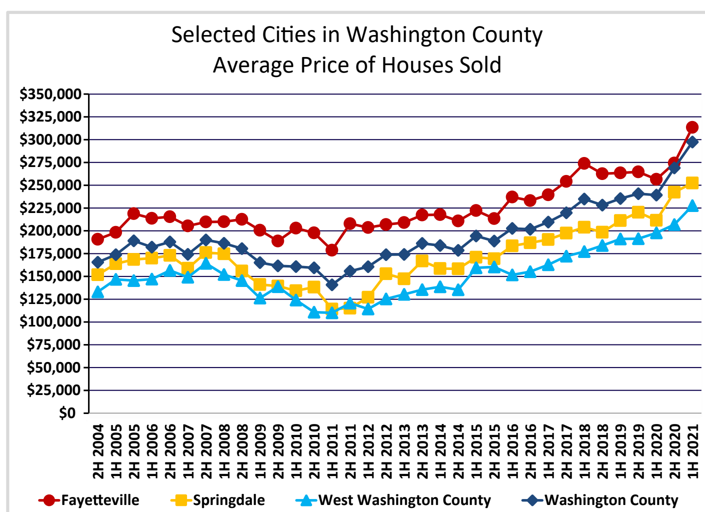
Regional Market Trends
Subdivision Status and Home Sales

Active Subdivision Status by City	Empty	Start	Under Construction	Completed	Occupied	Total Lots	Absorbed Lots	Coming Lots, Not Yet Active
Bentonville	421	67	112	11	3,058	3,669	192	1,790
Centerton	300	78	245	26	2,257	2,906	354	2,422
Fayetteville	516	66	111	39	1,838	2,570	169	2,216
Rogers	363	16	128	15	2,056	2,578	154	810
Siloam Springs	306	36	80	5	746	1,173	117	944
Springdale	161	13	92	8	1,693	1,967	111	1,684
West Washington County	246	37	72	16	1,646	2,017	186	2,024
Selected Cities	2,313	313	840	120	13,294	16,880	1,283	11,890









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Multifamily Highlights
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Real Estate Summary For Benton and Washington Counties

This report is the forty-fourth 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. 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 2021

The vacancy rate for all multifamily properties in Northwest Arkansas decreased to 3.4 percent in the first half of 2021 from 5.0 percent in the second half of 2020. The rate was 4.8 percent in the first half of 2020.

The Fayetteville vacancy rate decreased to 3.3 percent in the first half of 2021 from 4.8 percent in the second half of 2020. More than 5,300 additional rental units (24.4 percent of current inventory) have been announced or are under construction in new multifamily projects in Fayetteville.

In Bentonville, vacancy rates decreased to 4.4 percent in the first half of 2021 from 7.4 percent in the second half of 2020. There are also more than 2,700 rental units (33.8 percent of current inventory) that have been announced or are under construction in new multifamily projects in the Bentonville and Centerton area.

Vacancy rates in Rogers decreased to 4.7 percent in the first half of 2021 from 6.4 percent in the second half of 2020. More than 4,700 additional rental units (72.3 percent of current inventory) have been announced or are under construction in the Rogers submarket.

Siloam Springs vacancy rates remained 0.6 percent in the first half of 2021, the lowest in Northwest Arkansas. Over 200 additional rental units (20.1 percent of current inventory) have been announced or are under construction in the Siloam Springs submarket.

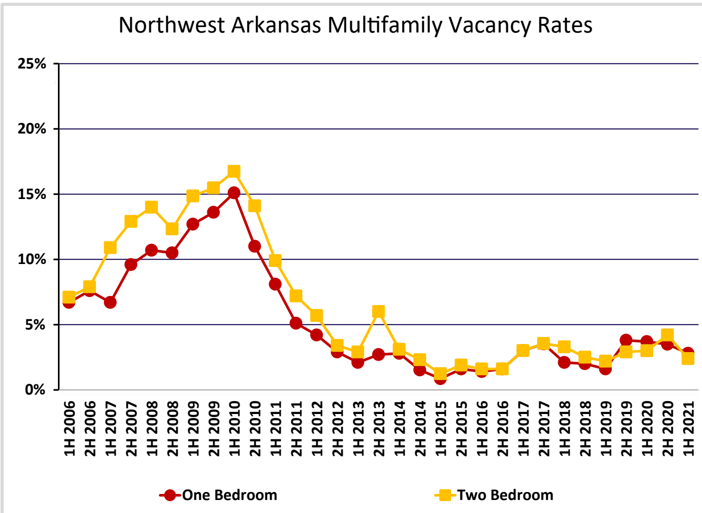
In Springdale, the vacancy rate decreased to 2.0 percent in the first half of 2021 from 2.1 percent in the second half of 2020. Almost 1,900 new rental units (25.1 percent of current inventory) have been announced or are under construction in multifamily projects in the Springdale and Tontitown area.

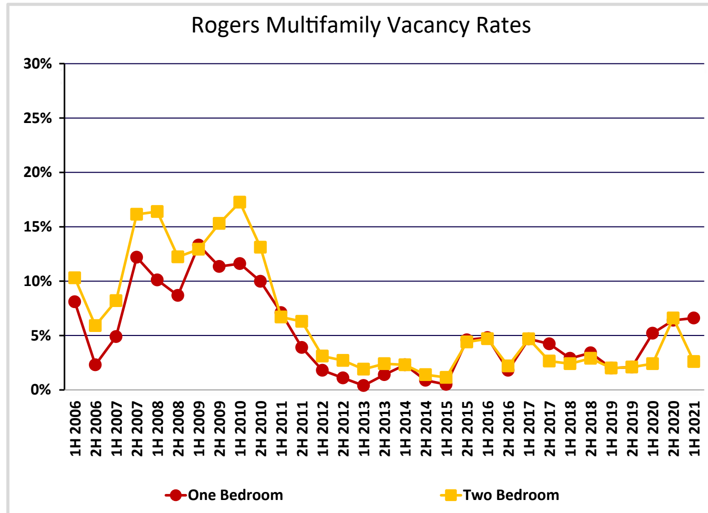
In the first half of 2021, the average lease rate per month for a multifamily property unit in Northwest Arkansas increased to $768.48, from $741.36 in the second half of 2020.

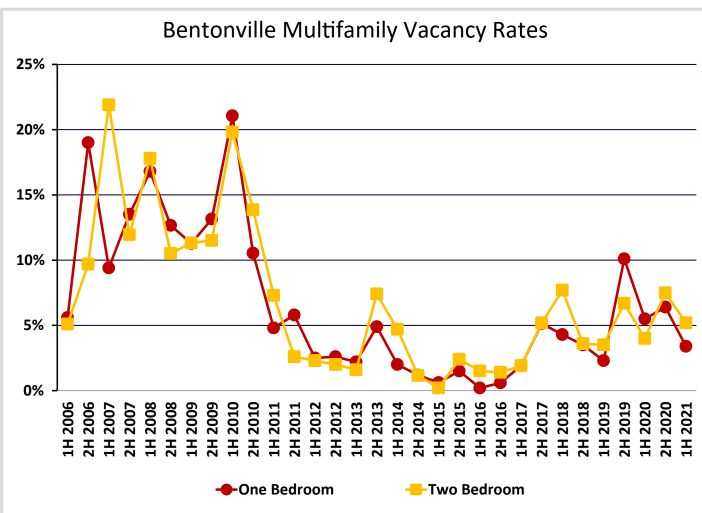
$204.5 million of multifamily building permits were issued in the first half of 2021, down from $324.1 million in the second half of 2020.

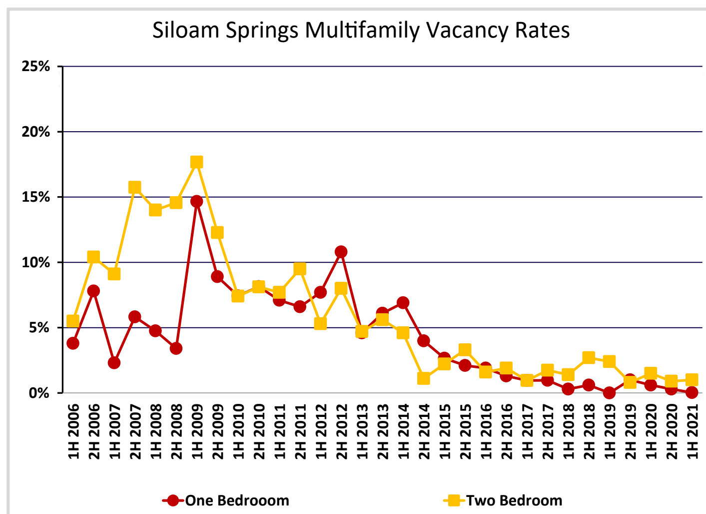
Regional Market Trends

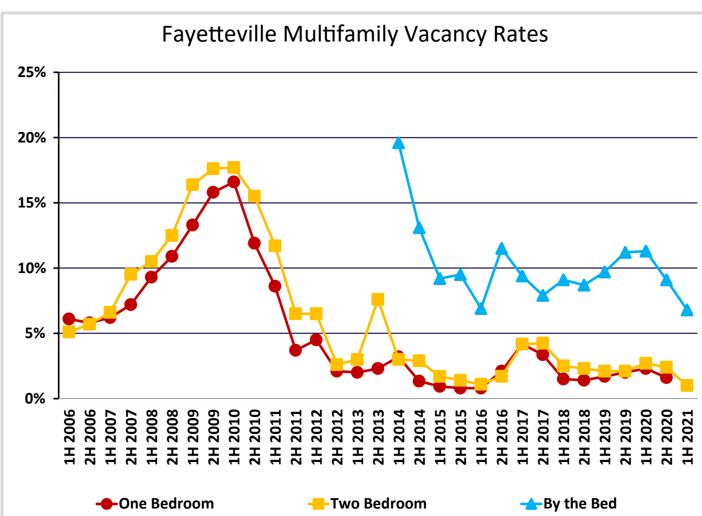
Multifamily Vacancy Rates

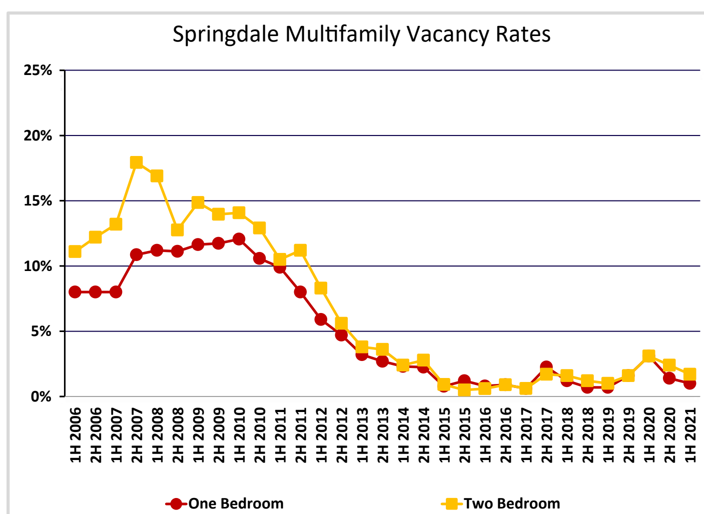








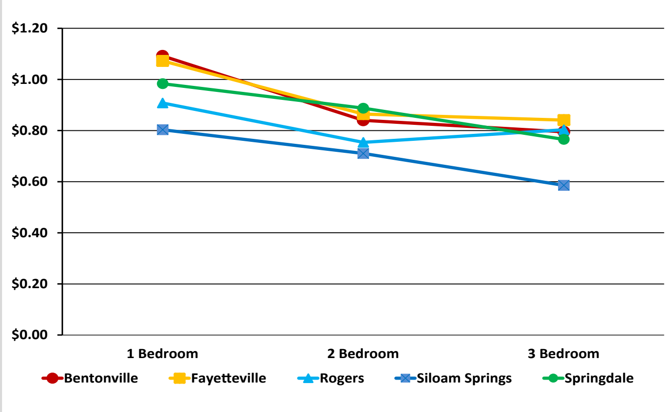




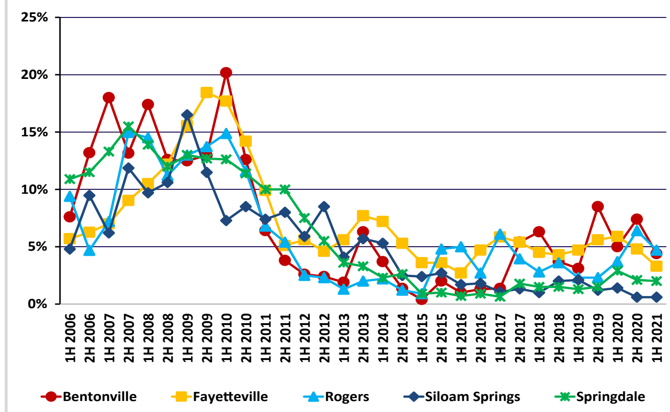
Regional Market Trends

Multifamily Rates and Building Permits

Selected Cities Average Price per Square Foot by Floor Plan and City



Selected Cities Multifamily Average Vacancy Rates by City



The associated table details the building permits issued for multifamily housing purposes. Seven of the projects are located in Bentonville/Centerton, seven are in Fayetteville, six are in Rogers, one is in Siloam Springs, and one is in Springdale/Tontitown. These 16 projects had 236 building permits issued worth $204,475,148. The largest project was in Bentonville with City U which had 25 permits valued at $54,322,389. One other project, Pure Springdale, in Springdale/Tontitown was valued at over $20 million.

Multifamily Building Permits	Complex or Developer	Number of New Permits	Total Value of Permits	City
8/11/2020	7th & B Townhomes	9	$1,375,428	Bentonville
9/1/2020	The Howard	1	$9,046,182	Bentonville
10/5/2020	Elm Tree Townhomes	32	$6,645,374	Bentonville
11/25/2020	City U	25	$54,322,389	Bentonville
11/30/2020	Harmon North Townhomes	54	$8,946,828	Bentonville
4/7/2021	G at Market	1	$10,916,592	Bentonville
10/13/2020	Copper Oaks Cottage Homes	12	$930,564	Centerton
10/5/2020	The Marshall	1	$9,560,291	Fayetteville
10/7/2020	South School Apartments	1	$3,795,813	Fayetteville
11/11/2020	Garland Ave Apartments	1	$1,769,655	Fayetteville
11/25/2020	Oakland 6 Plex	1	$473,592	Fayetteville
12/2/2020	SouthYard	5	$17,097,443	Fayetteville
12/23/2020	Mitchell Apartments	72	$16,914,848	Fayetteville
3/1/2021	Razorback Townhomes	16	$3,226,441	Fayetteville
8/31/2020	Dodson Pointe	2	$7,939,879	Rogers
10/1/2020	Bost Apartments	3	$940,701	Rogers
1/12/2021	Everest Townhomes	39	$6,599,164	Rogers
3/2/2021	Rogers Apartments	12	$1,956,612	Rogers
3/24/2021	Hudson Townhomes	34	$6,033,572	Rogers
4/21/2021	Denali Townhomes	21	$3,614,456	Rogers
1/8/2021	Endura Park	13	$10,220,880	Siloam Springs
3/11/2021	Pure Springdale	16	$22,148,444	Springdale
Northwest Arkansas	16	236	$204,475,148	

Regional Market Trends
Multifamily Sample Data

Sample Vacancy Rates	Number of Apartment Complexes	Number of Units	1H 2021 Vacancy Rate	2H 2020 Vacancy Rate	1H 2020 Vacancy Rate
Bentonville	143	8,170	4.4%	7.4%	5.0%
Fayetteville	359	21,832	3.3%	4.8%	5.9%
Rogers	110	6,569	4.7%	6.4%	3.7%
Siloam Springs	49	1,094	0.6%	0.6%	1.4%
Springdale	120	7,565	2.0%	2.1%	2.9%
NWA	781	45,230	3.4%	5.0%	4.8%

Average Size and Price by Floor Plan	Square Feet	Price per Month	Price per Square Feet
Studio	534	$675.74	$1.26
By the Bed	424	$665.66	$1.57
1 Bedroom	645	$699.99	$1.09
2 Bedroom	943	$815.05	$0.86
3 Bedroom	1269	$1,068.71	$0.84
4 Bedroom	1506	$1,517.92	$1.01
776	$768.48	$0.99	$0.88

Median Size and Price by Floor Plan	Square Feet	Price per Month	Price per Square Feet
Studio	450	$550.00	$1.22
By the Bed	414	$662.50	$1.60
1 Bedroom	600	$575.00	$0.96
2 Bedroom	900	$703.00	$0.78
3 Bedroom	1300	$925.00	$0.71
4 Bedroom	1417	$1,400.00	$0.99
NWA	832	$774.68	$0.93

Vacancy Rates by Floor Plan	By the Bedroom	One Bedroom	Two Bedroom	Three Bedroom
Bentonville	0	3.4%	5.2%	1.9%
Fayetteville	6.8%	1.3%	1.0%	2.9%
Rogers	0	6.6%	2.6%	3.1%
Siloam Springs	0	0.3%	1.0%	0.0%
Springdale	0	1.0%	1.7%	5.3%
NWA	6.8%	2.8%	2.4%	3.5%