THE SKYLINE REPORT

SPONSORED BY ARVEST BANK

Residential Highlights
Second Half 2022

Prepared Exclusively under Contract Agreement for ARVEST BANK

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Residential Real Estate Summary
Benton, Madison and Washington Counties

The fifty-third 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 Second Half of 2022

In the second half of 2022, the average price of a home in Benton County reached $401,875, 0.5 percent lower than last half, 16.3 percent higher than a year ago and 75.9 percent higher than five years ago. In Washington County, the average was $376,018, which was 3.6 percent higher than last half, 20.7 percent higher than a year ago and 71.1 percent higher than five years ago.

Home sales decreased 20.8 percent from a year ago, and 1.5 percent from last half, to 4,774 in the second half of 2022.

1,449 new construction homes were sold in the second half of 2022. This was 30.4 percent of the total, the second highest percentage in Skyline history after the 32.6 percent in first half of 2019.

The number of building permits issued in Northwest Arkansas in the second half of 2022 decreased to 2,115, the lowest total since the 2,074 building permits issued in the second half of 2020. Benton County accounted for 1,257, Washington County for 840, and Madison County for 18 new building permits.

21,399 total lots in 364 active subdivisions were identified by Skyline Report researchers in the second half of 2022. Regional data includes Benton, Madison, and Washington Counties. An additional 14,001 residential lots have received either preliminary or final approval in Northwest Arkansas.

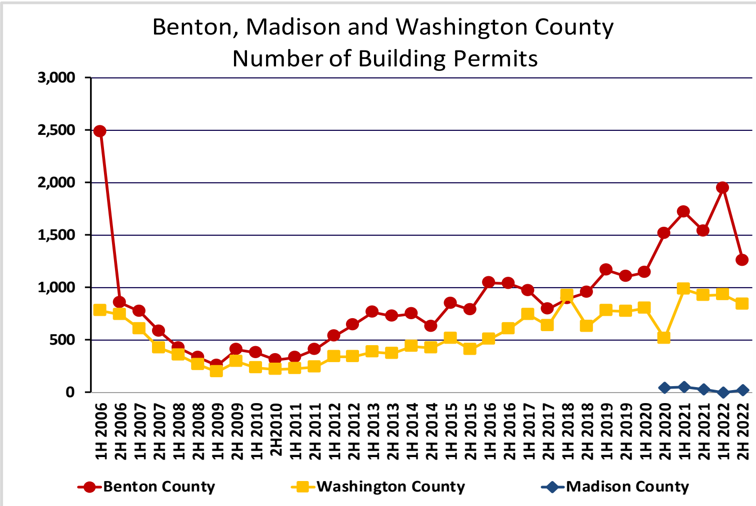
Home starts plus homes under construction totaled 2,354 in the second half of 2022, the highest level in Skyline data collection.

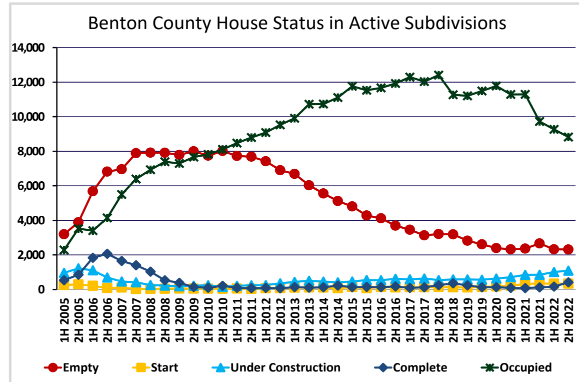
Empty lot totals for all three counties increased from 3,699 in the first half of 2022 to 3,958 in the second half of 2022.

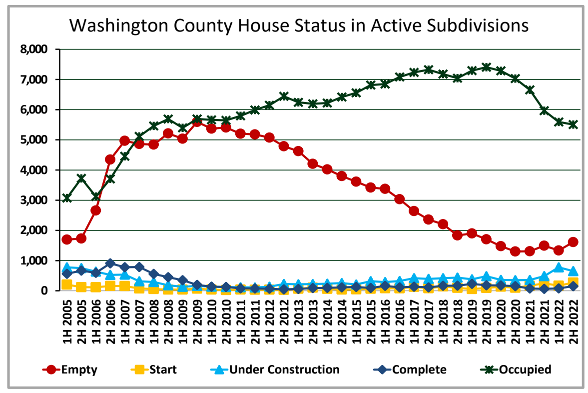
According to the Assessors' databases, 61.6 percent of houses in Benton County, 78.9 percent of the houses in Madison County, and 60.6 percent of houses in Washington County were owner occupied. For all three counties, owner occupied properties have gradually declined since 2012.

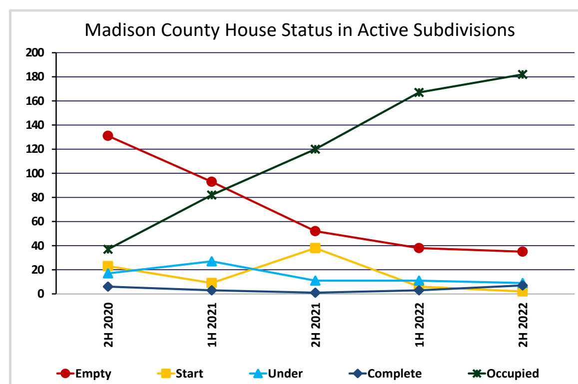
Regional Market Trends

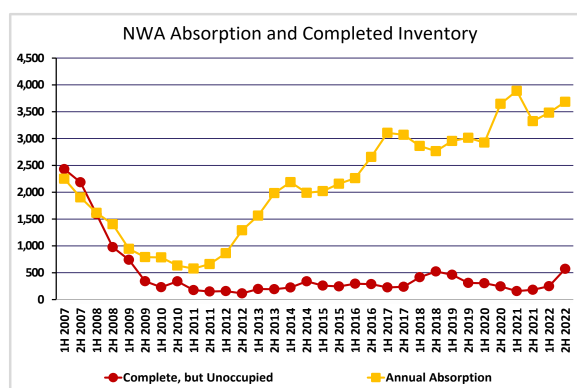
Building Permits and Subdivision Status









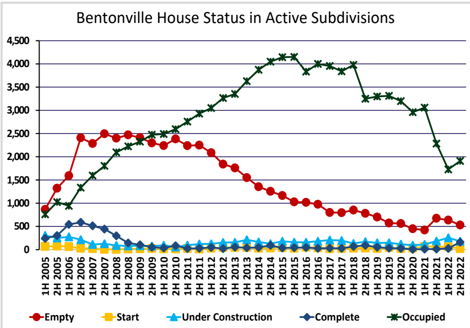


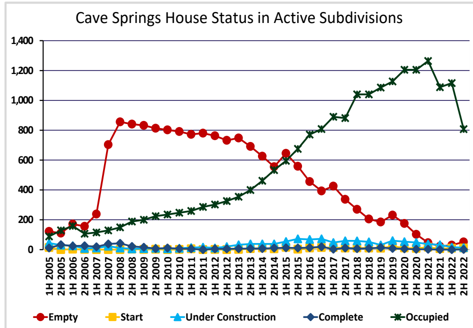
Selected City Yearly Average Building Permits	1H 2022 Number	2H 2022 Number	1H 2022 Average Value	2H 2022 Average Value
Bella Vista	311	227	$339,392	$337,855
Bentonville	323	157	$399,448	$442,377
Cave Springs	6	17	$419,857	$359,373
Centerton	546	319	$283,580	$291,865
Decatur	103	20	$341,912	$236,369
Elkins	56	7	$189,833	$358,267
Elm Springs	28	20	$444,040	$530,789
Farmington	77	53	$336,183	$431,134
Fayetteville	383	509	$413,174	$333,460
Gentry	109	30	$175,259	$290,216
Goshen	10	13	$499,784	$507,338
Gravette	14	31	$350,113	$370,102
Greenland	5	0	$426,060	--
Highfill	69	51	$264,567	$284,782
Huntsville	17	18	$189,826	$189,826
Johnson	9	2	$729,734	$962,550
Lincoln	9	11	$201,227	$186,855
Little Flock	4	5	$263,951	$308,216
Lowell	77	19	$313,926	$418,153
Pea Ridge	146	164	$278,937	$281,903
Prairie Grove	157	87	$263,361	$221,061
Rogers	156	114	$382,636	$365,636
Siloam Springs	73	80	$143,022	$136,196
Springdale	67	107	$332,487	$288,083
Tontitown	127	30	$266,762	$334,654
West Fork	4	1	$214,875	$220,000
NWA	2,892	2,115	$322,482	$322,344

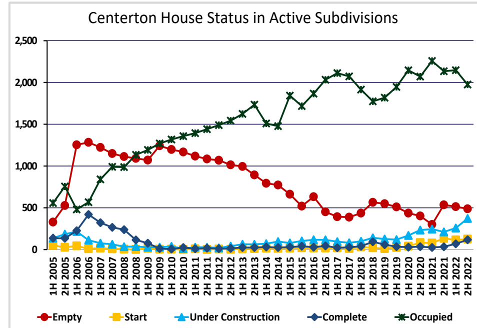
* The table includes 21 permits in Garfield and 2 in Avoca. If these cities continues to have building permits, the table will be updated and incluaverage the data future reports.

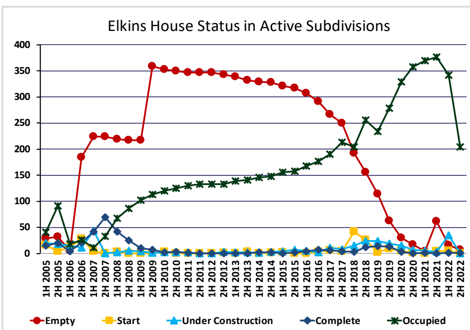
Regional Market Trends

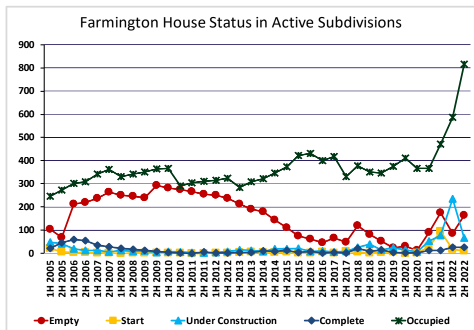
Active Subdivisions

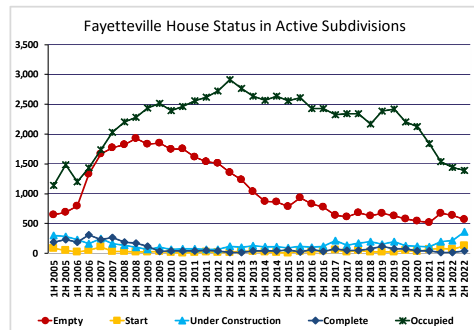


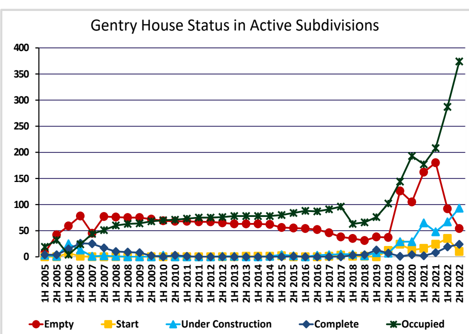


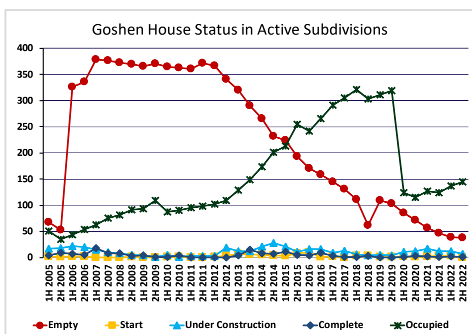


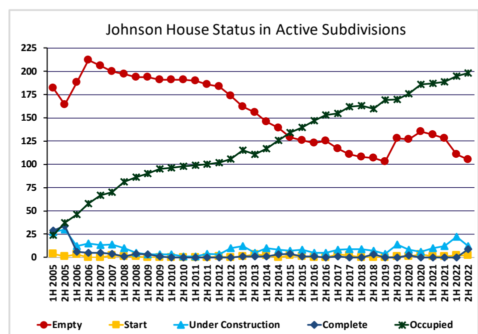


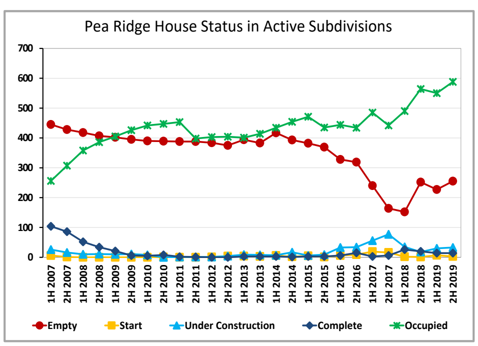


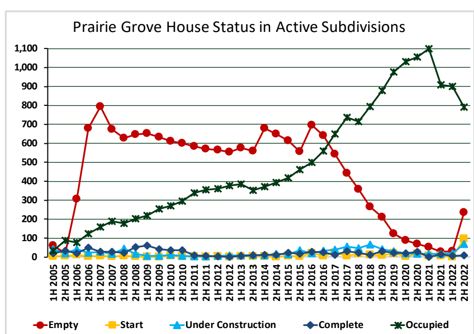


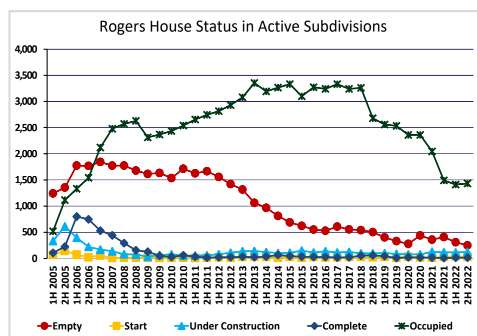


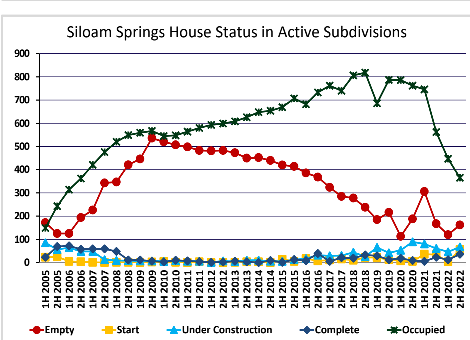


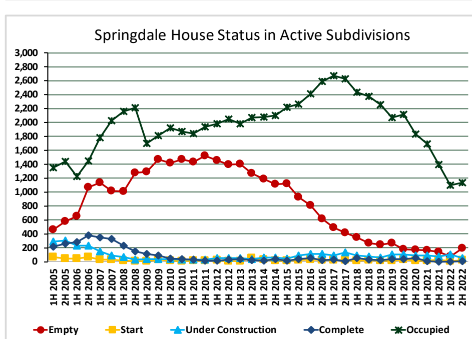


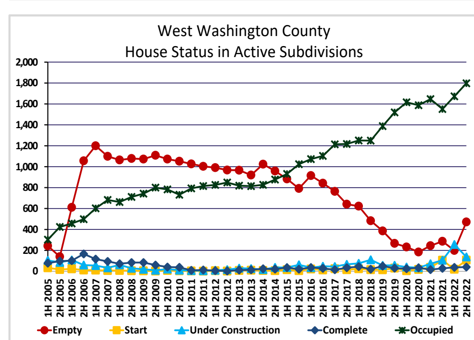








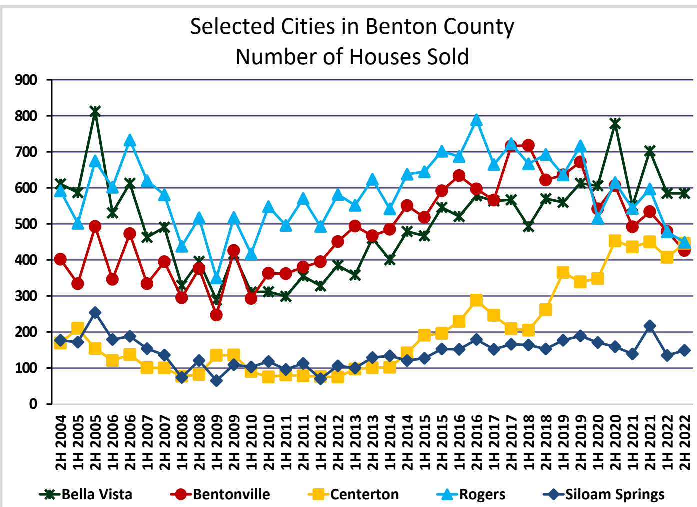


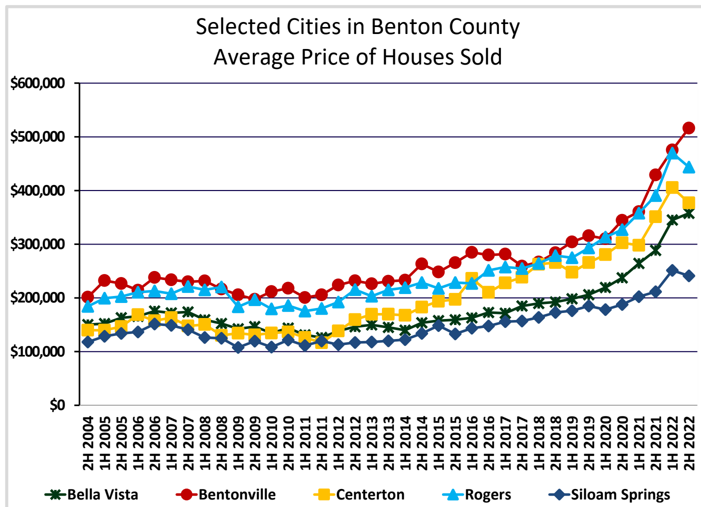


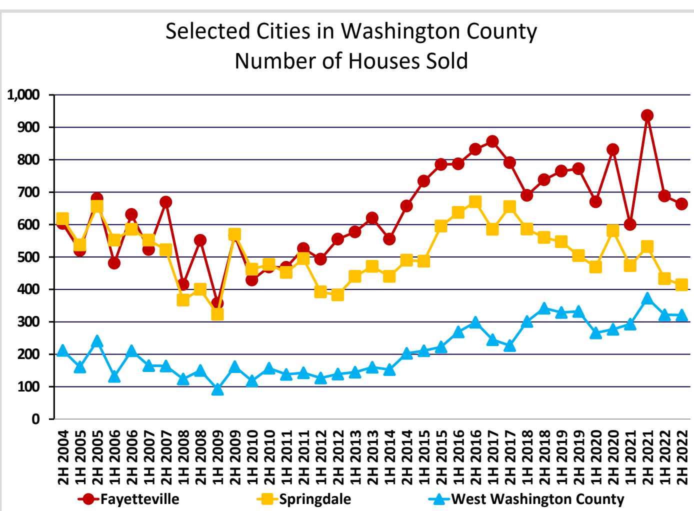
Regional Market Trends

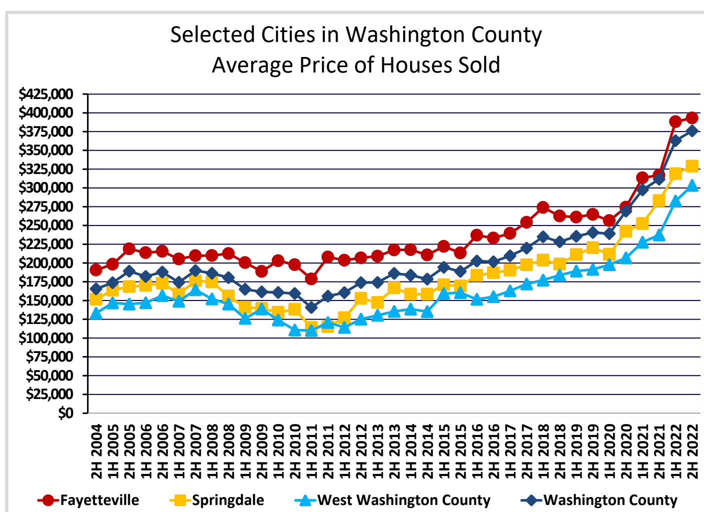
Subdivision Status and Home Sales

Active Subdivision Status by City	Empty	Start	Under Construction	Completed	Occupied	Total Lots	Absorbed Lots	Coming Lots, Not Yet Active
Bentonville	529	21	180	161	1,910	2,801	182	1,260
Centerton	488	126	372	118	1,976	3,080	278	2,152
Fayetteville	568	131	358	40	1,391	2,488	208	2,107
Rogers	249	32	123	16	1,434	1,854	99	946
Siloam Springs	162	56	67	36	365	686	54	1,066
Springdale	193	20	51	10	1,132	1,406	116	1,672
West Washington County	472	107	137	41	1,797	2,554	252	1,041
Selected Cities	2,661	493	1,288	422	10,005	14,869	1,189	10,244









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Real Estate Summary For Benton and Washington Counties

This report is the forty-seventh 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 Second Half of 2022

The multifamily vacancy rate decreased to 1.6 percent in the second half of 2022 from 2.3 percent in the first half of 2022. The decrease was driven by Fayetteville, which accounts for 47.6 percent all units in Northwest Arkansas, while all other cities saw a slight increase in their vacancy rates.

Fayetteville's decrease was driven by the growing student population, while 8 new complexes with 687 total units and 148 available units led to the increase in the other cities.

The Fayetteville vacancy rate decreased to 1.0 percent in the second half of 2022 from 3.5 percent in the first half of 2022. More than 4,600 additional rental units (19.2 percent of current inventory) have been announced or are under construction.

In Bentonville, vacancy rates increased to 2.3 percent in the second half of 2022 from 1.4 percent in the first half of 2022. There are also more than 3,600 rental units (38.8 percent of current inventory) that have been announced or are under construction.

Vacancy rates in Rogers increased to 2.4 percent in the second half of 2022 from 0.8 percent in the first half of 2022. More than 6,000 additional rental units (81.6 percent of current inventory) have been announced or are under construction.

Siloam Springs vacancy increased to 5.0 percent in the second half of 2022, from 0.6 percent in the first half of 2022, the highest in Northwest Arkansas. Over 300 additional rental units (26.1 percent of current inventory) have been announced or are under construction.

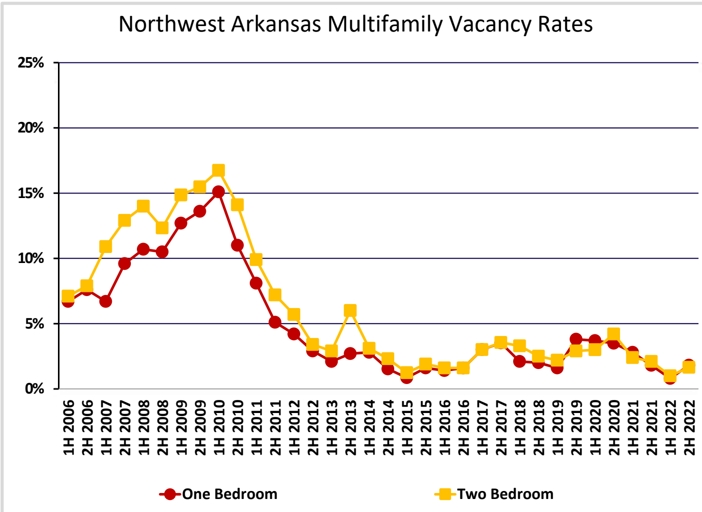
In Springdale, the vacancy rate increased to 1.5 percent in the second half of 2022 from 1.2 percent in the first half of 2022. Over 2,200 new rental units (27.2 percent of current inventory) have been announced or are under construction.

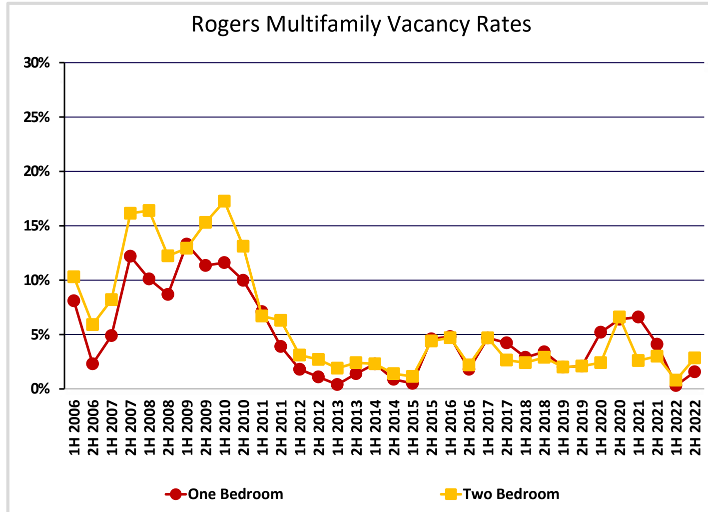
In the second half of 2022, the average lease rate per month for a multifamily property unit in Northwest Arkansas increased to $926.55, from $860.97 in the first half of 2022.

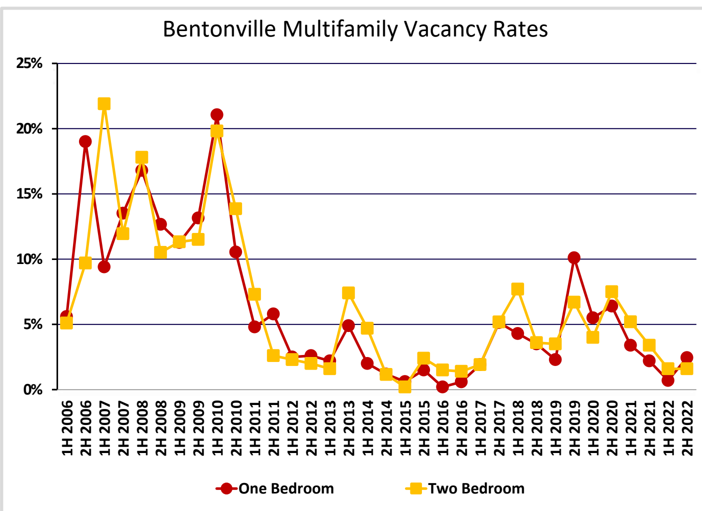
$333,187,353 million of multifamily building permits were issued in the second half of 2022, down from $371.8 million in the first half of 2022.

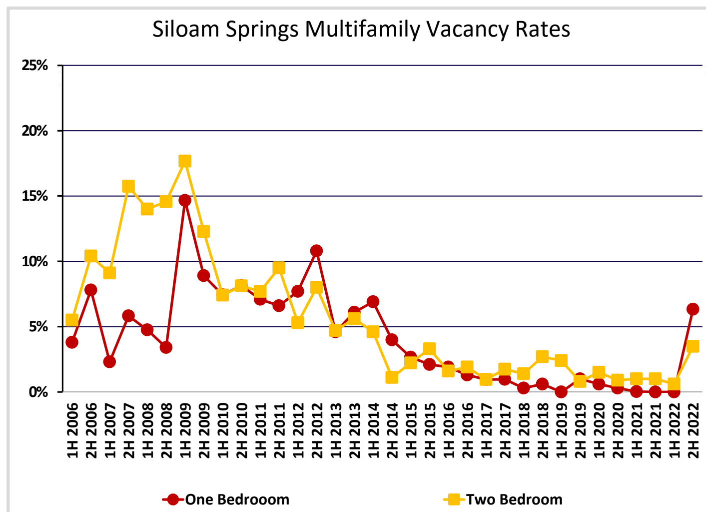
Regional Market Trends

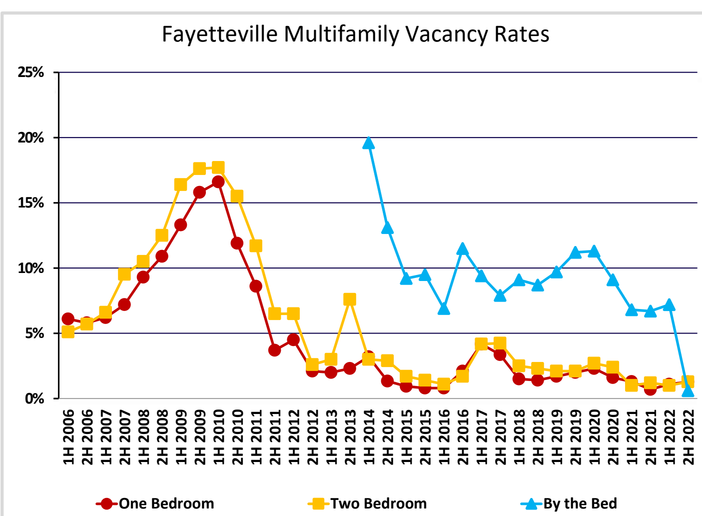
Multifamily Vacancy Rates

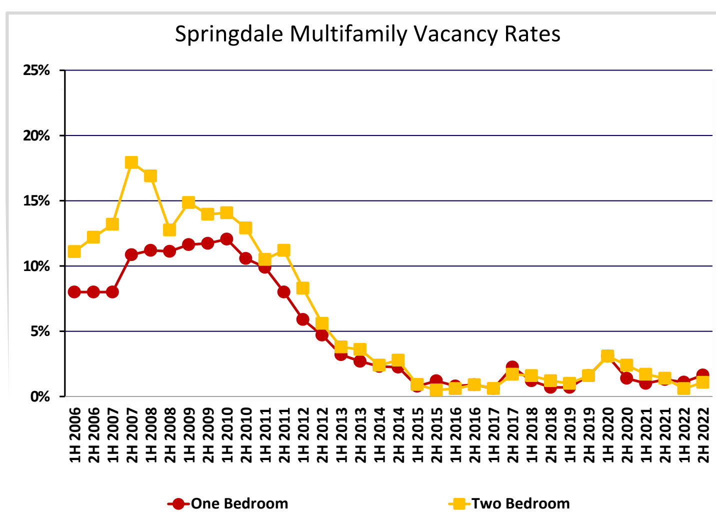












Regional Market Trends

Multifamily Rates and Building Permits

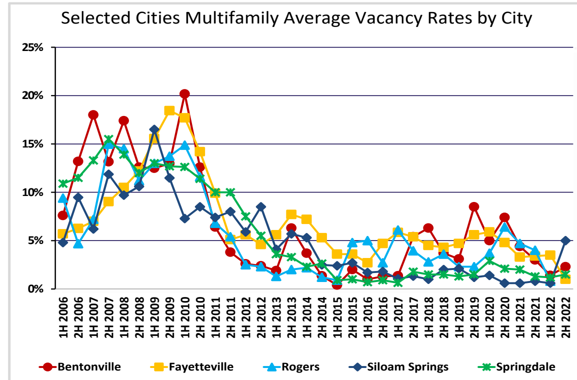
In Northwest Arkansas, 122 building permits were issued, worth $333.1 million, for 21 separate complexes. Five of the projects are located in Bentonville/Centerton with permits valued at $112.4 million. The Lumen was the highest valued project at $42.2 million. Rogers had five projects valued at $120.6 million. Bend at Promenade was the highest valued project at $40.4 million. Siloam Springs two projects valued at $10.9 million. Seven projects are in Fayetteville, valued at $22.7 million. Three projects with permits valued at $45.1 million were located in Springdale/Tontitown. The highest was Hillcrest Village valued at $29.2 million. In Lowell, Pure Lowell was valued at $21.3 million.

Multifamily Building Permits	Complex or Developer	Number of New Permits	Total Value of Permits	City
2/1/2022	Aviator	17	$23,155,282	Bentonville
4/5/2022	Crystal Flats	3	$19,186,713	Bentonville
4/6/2022	Hawthorne Heights	1	$383,642	Bentonville
8/19/2022	Lumen	2	$42,224,264	Bentonville
2/14/2022	Watercolor	7	$27,510,078	Centerton
1/21/2022	RPH Stone Street	1	$746,693	Fayetteville
3/7/2022	Stadium Apartments	3	$1,804,673	Fayetteville
5/3/2022	Campus Edge	4	$2,752,708	Fayetteville
6/24/2022	Canterbury Apartments	1	$1,300,000	Fayetteville
12/14/2022	JNB Apartments	1	$1,593,189	Fayetteville
12/28/2022	Sigma Phi Epsilon	1	$4,316,463	Fayetteville
12/28/2022	Retreat at Fayetteville	5	$10,214,887	Fayetteville
6/29/2022	Pure Lowell	10	$21,315,966	Lowell
3/3/2022	Dodson Pointe	5	$18,875,484	Rogers
3/2/2022	Promenade Commons	1	$7,129,574	Rogers
6/21/2022	Pinnacle Springs Retirement	1	$24,866,572	Rogers
4/13/2022	Bend on Promenade	11	$40,440,712	Rogers
11/10/2022	Junction at Scotsdale	8	$29,343,570	Rogers
1/28/2022	Endura Park	5	$951,090	Siloam Springs
7/22/2022	Dogwood Terrace	1	$9,963,374	Siloam Springs
3/4/2022	Hillcrest Village	23	$29,210,249	Springdale
9/29/2022	Whitney Place	9	$14,894,561	Springdale
12/20/2022	Park Street Apartments	2	$1,007,608	Springdale
NWA	21	122	$333,187,353	

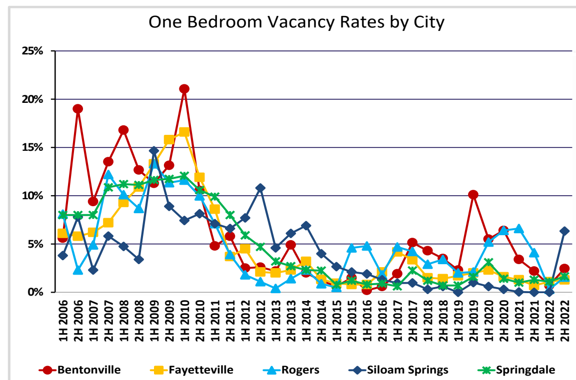
Regional Market Trends

Multifamily Sample Data

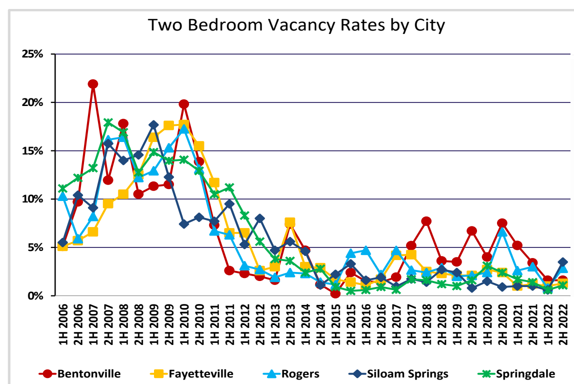
Sample Vacancy Rates	Number of Apartment Complexes	Number of Units	2H 2022 Vacancy Rate	1H 2022 Vacancy Rate	2H 2021 Vacancy Rate
Bentonville	147	9,297	2.3%	1.4%	3.0%
Fayetteville	372	24,034	1.0%	3.5%	3.4%
Rogers	118	7,438	2.4%	0.8%	4.0%
Siloam Springs	49	1,314	5.0%	0.6%	0.8%
Springdale	126	8,386	1.5%	1.2%	1.3%
NWA	812	50,469	1.6%	2.3%	3.0%



Average Unit Size and Price by Floor Plan	Square Feet	Price per Month	Price per Square Feet
Studio	543	$853.14	$1.57
By the Bed	418	$767.17	$1.84
1 Bedroom	651	$853.43	$1.31
2 Bedroom	952	$980.27	$1.03
3 Bedroom	1,275	$1,311.27	$1.03
4 Bedroom	1,576	$1,844.07	$1.17
NWA	783	$926.55	$1.18



Median Size and Price by Floor Plan	Square Feet	Price per Month	Price per Square Feet
Studio	500	$695.00	$1.39
By the Bed	408	$725.50	$1.78
1 Bedroom	612	$651.00	$1.06
2 Bedroom	910	$800.00	$0.88
3 Bedroom	1,310	$1,118.00	$0.85
4 Bedroom	1,500	$1,747.50	$1.17
NWA	837	$800.00	$0.96



Vacancy Rates by Floor Plan	By the Bedroom	One Bedroom	Two Bedroom	Three Bedroom
Bentonville	0.0%	2.4%	1.6%	3.6%
Fayetteville	0.6%	1.3%	1.3%	1.1%
Rogers	0.0%	1.6%	2.8%	2.5%
Siloam Springs	0.0%	6.3%	3.5%	9.1%
Springdale	0.0%	1.6%	1.1%	2.8%
NWA	0.6%	1.8%	1.6%	2.8%