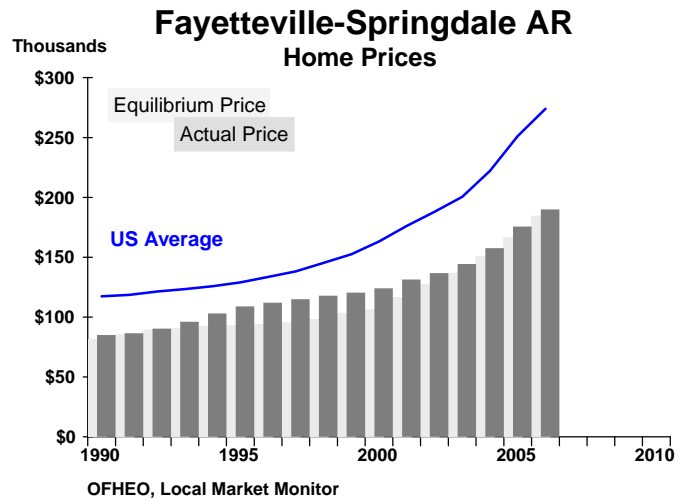
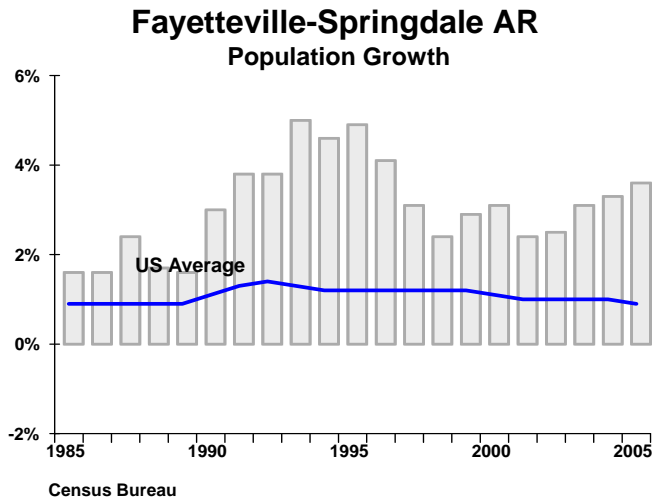


Fayetteville-Springdale AR



Demographics: The population is strongly shifted to the college-age category due to the 15,000 students at the state university. Population growth has been well above average in the past, increasing recently. Net *in-migration* has been about 6,000 per year.

Local Economy: The local economy has followed the national pattern but with higher growth and shallow recessions. The economy features a large *manufacturing* sector (Tyson Foods) and a *wholesale trade and transportation* sector (Wal-Mart) that have been the engines of growth in the past decade. The university population provides economic stability. The current economic situation has *slowed significantly* but remains *good*, despite job weakness in manufacturing.

Housing: Apartments provide 23% of local housing and made up 35% of new construction in recent years, typical of a rapidly-growing market. Multi-family construction has been highly cyclical in the past. Single-family construction was near a record high in 2005 but *down 38%* in the last 12 months.

Home prices are *well below* the national average and have generally increased in line with income gains. Prices were up 12% in 2005, but just 5% in the last 12 months, suggesting slower demand.

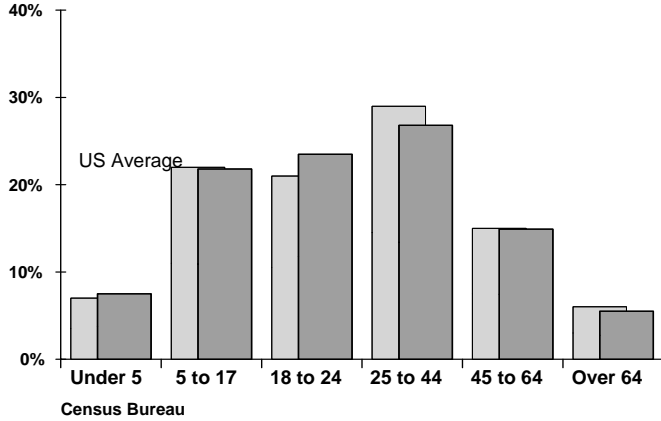
Investment Risk: Investment risk is moderate because of job weakness in the manufacturing sector, but most other indicators are positive. In view of the history of strong economic growth, population growth that remains above-average, and diversity in the local economy, I recommend **BUYING** apartment properties. Single-family developments should be approached with more caution this year, with a fairly large market up to \$250,000.

Reviewed by Ingo Winzer

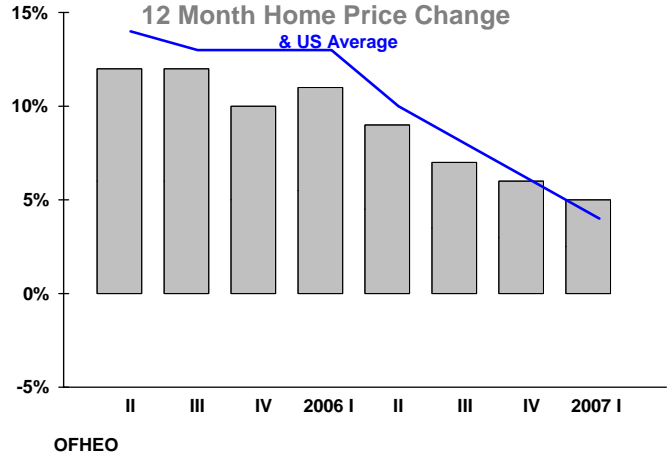
Investing in real estate is risky, even in favorable markets. This Review gives our best estimate of current and future economic circumstances in this market, but we could easily be wrong. The Review should not be considered investment advice regarding any particular property.

Fayetteville-Springdale AR

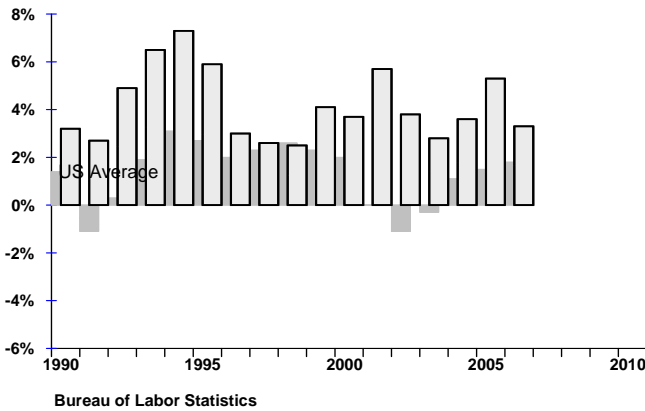
Fayetteville-Springdale AR
Population Age Distribution



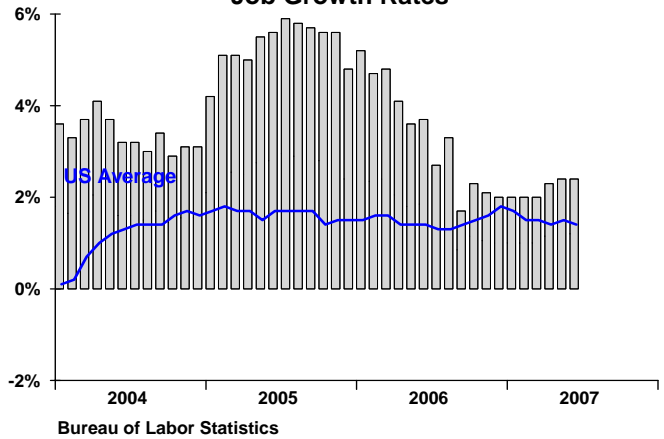
Fayetteville-Springdale AR



Fayetteville-Springdale AR
Job Growth



Fayetteville-Springdale AR
Job Growth Rates



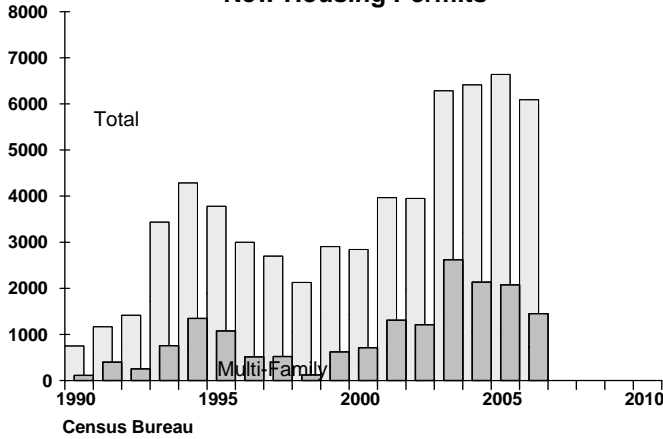
Fayetteville AR	Current Jobs			Job Growth	
	(000)	%	US Avg	2006	Jun 07
Total	210.9	100%	100%	3.3%	2.4%
Construction	12.9	6%	5%	9.8%	0.8%
Manufacturing	32.9	16%	13%	-0.3%	-1.8%
Retail Trade	22.4	11%	12%	5.9%	5.2%
Transport, Util.	17.9	8%	5%	1.2%	2.3%
Finance	8.5	4%	6%	7.9%	4.9%
Business Services	33.9	16%	10%	3.8%	3.0%
Health Services	18.9	9%	10%	4.0%	2.7%
Hotels, Restaurants	18.0	9%	10%	7.6%	4.7%
Government	26.4	13%	16%	2.7%	1.9%

Bureau of Labor Statistics

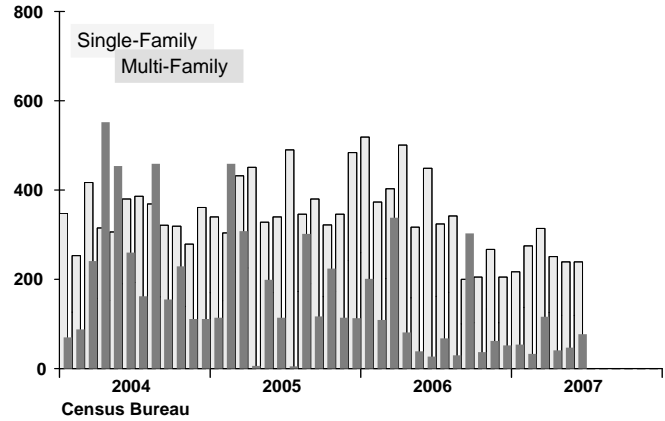
Fayetteville-Springdale AR	Total US	
Total Home Sales 2005:	12,774	8.4 Mil
Home Sales to Investors:	17%	15%
12 Months Housing Permits:	3,998	1,559,107
6 Months Permits Increase:	-43%	-25%
Average Home Price 2006:	\$189,982	\$274,030
Home Price Increase 2006:	8%	9%
Population 2005:	405,092	296,410,404
Estimated Pop. Growth '00-05:	16%	5%
Foreclosure Risk Rating:	Low	
Home Value Rating:	Fair Value	

Fayetteville-Springdale AR

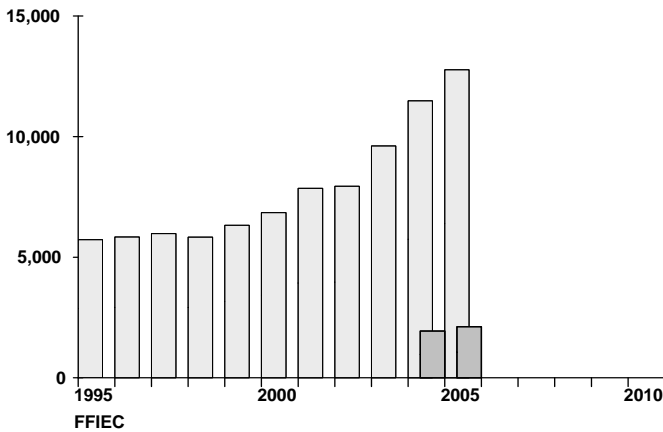
Fayetteville-Springdale AR New Housing Permits



Fayetteville AR New Housing Permits



Fayette-Springdale AR Total Home Sales & Sales to Investors



Fayetteville-Springdale

Housing Construction Balance

Units Absorbed by Population Growth	5,836
Units Lost thru Deterioration, etc.	643
Total Annual Units Needed for Balance	6,479
Current Annual Construction Level	3,998
Overbuilding as % of Existing Housing	none
12 Month Construction Change, Single-family:	-38%
12 Month Construction Change, Multi-family:	-45%

Vacancy Data
Not Available

Fayetteville-Springdale AR Home Sales by Price Range

