

Current Conditions in Fayetteville, Drake Field, AR:

**69.0°** WIND CHILL: °  
WIND: 8.1 Northwest HUMIDITY: 93%



**3 Day Forecast**

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**Skyline Report**

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Thursday, Aug 27, 2009 @09:11pm CST



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FAYETTEVILLE, Ark. (August 27, 2009) – Arvest Bank today released second quarter results of its Skyline Reports on commercial and multifamily real estate in Northwest Arkansas.

For the second quarter of 2009, \$37.7 million in commercial building permits were issued. Of the \$37.7 million, \$31.6 million were issued for the Crystal Bridges museum leaving \$6.1 million for other projects across the region. In comparison, \$7.7 million in permits were issued in the first quarter of 2009 and \$13 million were issued in the second quarter of 2008.

The office submarket across Northwest Arkansas experienced negative net absorption as 45,146 square feet became vacant in the second quarter. However, absorption over the past twelve months was positive due in large part to the Superior Building becoming occupied in the third quarter of 2008. Given the absorption rates reported for the quarter, vacancy rates increased to 18.3 percent from the previous quarter's reported rate of 17.7 percent. This quarter's vacancy rate is down, however, from the 20.5 percent vacancy rate reported in the second quarter of 2008.

In the retail submarket, negative net absorption of 44,322 square feet was reported for the second quarter of 2009. In looking at the twelve-month comparison, this submarket experienced negative net absorption of 203,697 square feet. The retail vacancy rate increased from 14.3 percent in the second quarter of 2008 to 14.6 percent in this quarter.

Available square footage reported in the warehouse submarket was 1,889,480 in the second quarter. This is an increase from 1,561,378 square feet reported in the same quarter a year ago. The warehouse vacancy rate increased from the 27.9 percent reported in the second quarter of 2008 to 29.0 percent to the second quarter of 2009.

"This quarter's report reconfirms trends that we've seen over the last few quarters. The health of the commercial real estate market remains fragile, as vacancy rates are high and absorption rates are low. The low level of new building permits issued this quarter is an appropriate market response to the oversupply situation. As the national macro-economy gets back on track, demand for commercial space will improve, but until that time, there will be downward price pressures and opportunities for tenants to negotiate good deals," said Kathy Deck, lead researcher for the Skyline Report at the Center for Business and Economic Research at the Sam M. Walton College of Business, said.

Bob Boehmler, executive vice president and loan manager for Arvest Bank, Bentonville, said of this quarter's results, "The commercial real estate market in Northwest Arkansas reflects a need to remain cautious on new project development, especially with certain product types, and locations where oversupply is apparent, until excess space is reduced. Due to lower unemployment rates in our area compared to national statistics, and a solid economic base with our larger employers, we expect to see continued opportunities for new owner-occupied and specialized build and suit projects in the future."

In the multifamily real estate market, vacancy rates for multifamily properties in Northwest Arkansas have increased since the previous quarter, from 13.5 percent in the first quarter of 2009 to 14.2 percent in the second quarter of 2009, and have also seen an increase in the year-over-year comparison, as 12.8 percent vacancy rates were reported in the second quarter of 2008. Bentonville continues to have the lowest aggregate vacancy rate at 12.5 percent, and Siloam Springs has the highest at 16.5 percent.


The Arvest Skyline Report is a quarterly analysis of the latest commercial, single-family residential and multifamily residential property markets in Benton and Washington counties. The report is sponsored by Arvest Bank and conducted by the Center for Business and Economic Research in the Sam M. Walton College of Business at the University of Arkansas (CBER).

In 2004, Arvest Bank entered into a contract with CBER to collect information about the local real estate markets. CBER researchers aggregated and analyzed data from local governments, property managers, visual inspections and the business media to provide a complete picture of the status of property markets in the two counties.

The Center for Business and Economic Research at the Sam M. Walton College of Business provides excellence in applied economic and business research to federal, state and local government, as well as to businesses currently operating or those that desire to operate in the state of Arkansas. The center further works to improve the economic opportunities of all Arkansans by conducting policy research in the public interest.

Arvest Bank ranks highest with satisfaction in retail banking for the southeast region according to the recently released J.D. Power and Associates 2009 Retail Banking Study. Arvest Bank operates more than 200 bank branches in Arkansas, Oklahoma, Missouri and Kansas organized into 16 locally managed community banks, each with a local advisory board of

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directors and management team. These banks serve customers in 90 communities with 12-hour weekday banking at most locations. Arvest also operates a mortgage company, asset management company, insurance division and mortgage servicing company. Arvest employs more than 1,100 associates in Northwest Arkansas.

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