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Analyst sees little change in realty

Markets steady in quarter, she says

By Stacey Roberts
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LITTLE ROCK — Steady and unchanged is how a local economist Thursday described the commercial and multifamily real-estate markets of Northwest Arkansas during the second quarter of 2009, according to a survey conducted by the University of Arkansas at Fayetteville.

Kathy Deck, director of the Center for Business and Economic Research at the Sam M. Walton College of Business, said the commercial real-estate market shows little sign of adding square footage to the market anytime soon, judging by building-permit numbers released in the Skyline Report.

The Skyline Report is a quarterly survey of the residential, commercial and multifamily markets of Benton and Washington counties' real-estate industry. The survey was commissioned by the Arvest Bank Group beginning in 2004. The second quarter covers March, April and May.

Thursday's release showed nearly \$37.7 million in commercial building permits issued during the quarter, but the total is artificially inflated by one major project, Deck said.

The Crystal Bridges Museum of American Art in Bentonville received \$31.6 million in building permits for the art museum expected to open in Bentonville in 2010.

Deck debated whether to include the museum structure as a commercial property, she said.

"It is not a competitive commercial property. But it is worth noting as a commercial driver for the area," she said.

Without the Crystal Bridges permits, the total building permits issued for commercial properties fell to \$6.1 million for the other projects in the two counties. That number is down 20.78 percent from the \$7.7 million reported in the first quarter of 2009 and down 53.08 percent from the \$13 million reported in the second quarter of last year, according to an Arvest news release Thursday.

The trickle of supply feeding the commercial market is good considering that demand has dropped as well, Deck said.

"Higher vacancy rates are a natural result of the economy and its weak demand," Deck said.

Northwest Arkansas has wrestled with an overabundance of supply in the housing market

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