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Vacancy rates drop while lease prices increase in NWA, according to new Skyline report

[Announcement](#), [News](#) — By [Christopher Spencer](#) on August 30, 2011 at 11:00 am

Multifamily & Commercial Skyline Reports – 2nd Quarter, 2011

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Multifamily News Summary: Vacancy rates continue a downward trend from a high of 16.1 percent in the second quarter of 2010 to 8.9 percent for the second quarter of 2011. This is a result of both strong demand and the pace of property development slowing down, allowing the existing supply of apartments and duplexes to become occupied.

While the aggregate vacancy rates are coming down, the average monthly lease prices increased from \$526.72 in the fourth quarter of 2010 to \$530.45 in the second quarter of 2011. Despite the rising prices, average square footage decreased from 846 square feet in the fourth quarter of 2010 to 840 square feet in the second quarter of 2011. This is primarily due to the newest multifamily properties in NWA choosing to compete on location and upscale amenities rather than leasing rates.

Multifamily Visual Aid:

Vacancy Rates

	Q2 2009	Q4 2009	Q2 2010	Q4 2010	Q2 2011

<i>NWA region</i>	14.2%	15.6%	16.1%	12.8%	8.9%
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Commercial News Summary: The commercial real estate market in Northwest Arkansas experienced positive overall absorption in the second quarter of 2011, continuing the trend of the fourth quarter of 2010. The largest gains in absorption came in the warehouse submarket with 356,090 square feet. The only submarket with a negative net absorption rate for the second quarter of 2011 was the retail segment at -15,341 after 38,300 square feet became occupied while 53,641 square feet of new space was added to the market. Overall vacancy rates remain higher than desired despite the significant slowdown in new projects coming onto the market.

Commercial Visual Aids:

Q211 Net Absorption by Submarket (in square feet)

Office	Office/ Retail	Medical Office	Office/Warehouse
106,161	50,636	73,222	181,821

Vacancy Rates by Submarket

	Office	Office/Retail	Retail	Warehouse
2Q 2011	19.5%	19.9%	14.7%	22.0%
4Q 2010	20.5%	20.8%	14.5%	27.0%

Local Perceptions: *Each quarter the CBER researchers speak with approximately a dozen commercial developers and property managers to gain their ground-level insights on the current commercial real estate market in the two-county region. These views do not necessarily reflect the content of the report, the views of CBER or Arvest Bank, but are the opinion of the local developers.*

- Panelists generally expect 2011 to continue to improve from the previous couple of years but not markedly so. Expectations of the duration of very slow growth still range from the end of 2011 to as far out as 2015.

- Panelists see the opening of Crystal Bridges Museum of American Art in November as a significant opportunity to grow the tourism industry, create jobs, and eventually ancillary demand for services that will benefit the commercial market.
- Panelists said that any new commercial construction will not be of spec buildings but rather projects that have significant preleasing, particularly with owner-tenants.

For additional information, contact: Christy Morris, Arvest Bank, 479.621.1748,
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[This announcement courtesy of Arvest Bank.]



[Christopher Spencer](#)

Christopher Spencer, 36, is the publisher and owner of Ozarks Unbound and the food news site, The Fayetteville Food File. He is the chair of the Fayetteville Creative Economy Action Group and the social media chair of the Northwest Arkansas Chapter of the Society of Professional Journalists. He's also the founder of WordCamp Fayetteville. You can always contact him at cspencer@ozarksunbound.com

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