



Commercial Highlights First Half of 2025

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Real Estate Summary Benton and Washington Counties

This report is the fifty-second edition of the Skyline Report for Benton and Washington Counties—Commercial 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 commercial real estate market. The information contained in the Skyline Report is critical for lenders, developers, contractors, and potential lessees. The Northwest Arkansas commercial real estate market is fragmented with many local and national commercial real estate professionals competing to serve the needs of a burgeoning business community. Having current information and analysis provides a competitive advantage over those who make decisions without the benefit of hard data.

Highlights from the First Half of 2025

The overall vacancy rate for commercial property increased to 7.2 percent in the first half of 2025 from 5.8 percent in the second half of 2024, with the addition of 204,076 new square feet of commercial space and net negative absorption of 648,360 square feet.

The office vacancy rate increased to 6.8 percent in the first half of 2025 from 6.3 percent in the second half of 2024 as 7,840 square feet of new space and over 100,000 square feet of previously owner occupied space entered the market. There was moderate leasing activity in the Class B office submarket.

In the retail submarket, the vacancy rate increased to 6.6 percent in the first half of 2025 from 4.9 percent in the second half of 2024 as 23,932 square feet of new space entered the market along with net negative absorption of 149,920 square feet.

The office/retail vacancy rate increased from 6.1 percent in the second half of 2024 to 7.1 percent in the first half of 2025 with 41,490 square feet of new office/retail space entering the market and net negative absorption of 73,552 square feet.

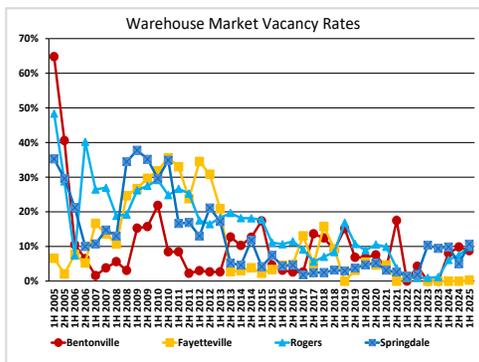
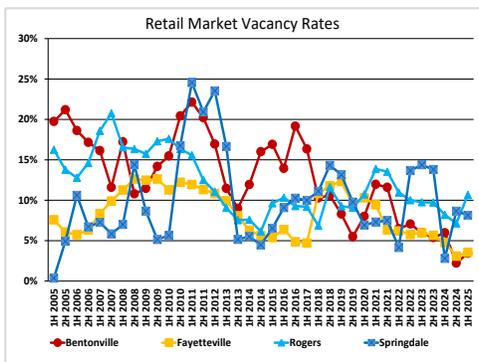
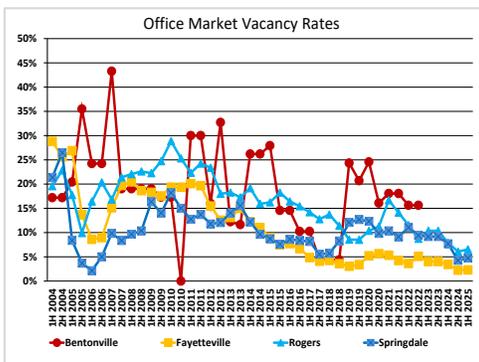
The warehouse vacancy rate increased from 7.6 percent in the second half of 2024 to 10.4 percent in the first half of 2025 as 38,400 new square feet of space entered the market and there was net negative absorption of 392,251 square feet. 75,414 square feet of new retail/warehouse space but no new office/warehouse space was added as respondents continued to report increasing demand for new flex warehouse space.

\$290.2 million in commercial building permits were issued in the first half of 2025, \$14.2 million were Walmart. In comparison there were \$195.7 million in commercial building permits issued in the second half of 2024, \$5.3 million were Walmart.

Commercial Market Trends

Vacancy Rates by Submarket

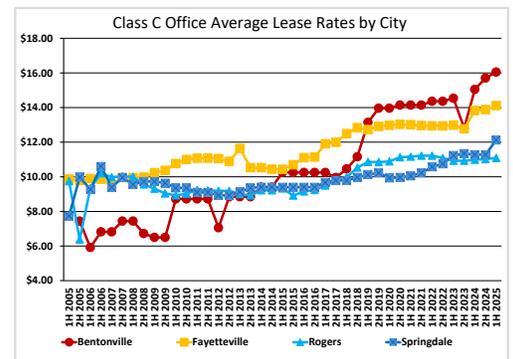
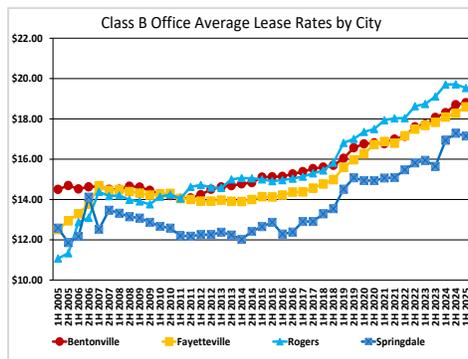
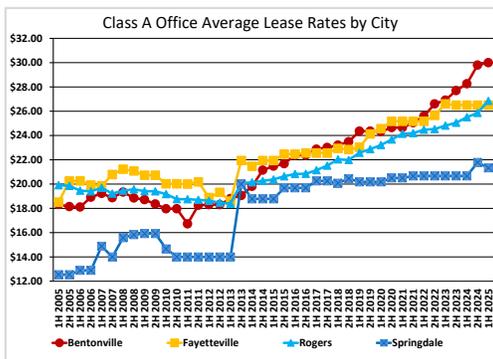
Vacancy by Submarket	Time Period	Bella Vista	Bentonville	Fayetteville	Johnson	Lowell	Rogers	Siloam Springs	Springdale	Northwest Arkansas
Office	1H 2024	15.6%	10.6%	3.4%	4.6%	1.7%	7.9%	7.8%	7.7%	7.5%
	2H 2024	12.6%	10.8%	2.3%	1.3%	0.0%	6.1%	5.1%	4.3%	6.3%
	1H 2025	13.5%	10.0%	2.3%	1.3%	28.4%	6.5%	2.6%	4.7%	6.8%
Medical Office	1H 2024	0.0%	0.9%	1.8%	5.4%	0.0%	7.9%	10.1%	5.0%	3.7%
	2H 2024	0.0%	0.9%	0.3%	1.0%	0.0%	5.5%	6.7%	2.1%	1.9%
	1H 2025	0.0%	0.9%	0.7%	1.0%	0.0%	5.4%	3.2%	0.0%	1.5%
Office/Retail	1H 2024	5.0%	7.0%	5.5%	0.0%	10.3%	12.7%	5.5%	3.3%	6.4%
	2H 2024	3.4%	6.5%	6.8%	0.0%	0.0%	8.8%	1.5%	3.9%	6.1%
	1H 2025	4.4%	11.7%	7.8%	0.0%	0.0%	5.8%	2.0%	4.0%	7.1%
Office/Warehouse	1H 2024		5.9%	2.7%	0.0%	11.6%	1.9%	0.0%	5.5%	5.1%
	2H 2024		8.2%	0.0%	0.0%	14.1%	4.8%	0.0%	5.7%	6.3%
	1H 2025		6.5%	2.7%	0.0%	14.5%	1.3%	0.0%	4.8%	5.1%
Retail	1H 2024	2.9%	6.0%	4.8%	7.2%	6.5%	8.2%	2.8%	6.2%	6.2%
	2H 2024	1.9%	2.2%	3.1%	0.0%	6.0%	7.1%	8.7%	5.0%	4.9%
	1H 2025	1.3%	3.4%	3.6%	0.0%	7.5%	10.7%	8.1%	6.2%	6.6%
Retail/Warehouse	1H 2024		1.1%	4.7%	0.0%	0.0%	8.9%	0.0%	0.3%	2.3%
	2H 2024		1.1%	1.1%	0.0%	0.0%	0.0%	0.0%	0.3%	0.4%
	1H 2025		1.1%	4.9%	0.0%	0.0%	10.2%	7.4%	0.6%	4.5%
Warehouse	1H 2024	0.0%	8.0%	0.0%	0.0%	0.3%	6.1%	27.7%	9.9%	8.0%
	2H 2024	0.0%	9.9%	0.0%	0.0%	3.7%	7.5%	28.6%	5.1%	7.6%
	1H 2025	0.0%	8.8%	0.3%	0.0%	7.4%	9.9%	32.4%	10.7%	10.4%



Commercial Market Trends

Available Space and Lease Rates by Submarket

Available Space by Submarket	Time Period	Bella Vista	Bentonville	Fayetteville	Johnson	Lowell	Rogers	Siloam Springs	Springdale	Northwest Arkansas
Office	1H 2024	19,296	479,163	127,992	15,005	3,845	327,280	13,579	89,368	1,075,528
	2H 2024	15,700	490,553	84,222	4,258	0	253,311	9,669	49,652	907,365
	1H 2025	15,700	460,548	86,020	4,307	95,231	271,954	4,969	55,958	994,687
Medical Office	1H 2024	0	3,104	24,243	10,698	0	43,808	13,579	23,476	118,908
	2H 2024	0	3,104	4,425	2,038	0	31,342	9,039	9,838	59,786
	1H 2025	0	3,104	9,190	2,038	0	30,503	4,339	0	49,174
Office/Retail	1H 2024	11,990	73,881	101,169	0	9,556	76,847	10,181	23,941	307,565
	2H 2024	6,660	65,166	127,075	0	0	58,178	2,781	25,729	285,589
	1H 2025	8,660	113,926	152,156	0	0	42,296	3,753	26,389	347,180
Office/Warehouse	1H 2024		48,700	6,000	0	41,236	15,750	0	127,430	239,116
	2H 2024		68,011	0	0	56,720	39,552	0	137,060	301,343
	1H 2025		53,730	6,000	0	58,200	10,892	0	115,276	244,098
Retail	1H 2024	2,584	60,421	180,444	3,860	8,056	294,147	13,271	115,893	678,676
	2H 2024	2,584	22,558	117,262	0	7,456	257,675	41,273	92,951	541,759
	1H 2025	1,751	35,092	133,285	0	12,935	396,453	39,003	117,105	735,624
Retail/Warehouse	1H 2024		2,928	6,004	0	0	27,116	0	2,500	38,548
	2H 2024		2,928	1,350	0	0	0	0	2,500	6,778
	1H 2025		2,928	5,400	0	0	67,324	9,860	5,000	90,512
Warehouse	1H 2024	0	185,500	0	0	4,349	191,018	290,675	369,572	1,041,114
	2H 2024	0	227,356	0	0	59,349	249,528	305,357	194,765	1,036,355
	1H 2025	0	197,008	4,000	0	119,299	326,302	343,990	413,743	1,404,342



Commercial Market Trends

Absorption and Lease Rates by City

Twelve Month Absorption by Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	3,596	1,580	833	0
Bentonville	14,918	-29,524	25,329	-11,508
Fayetteville	53,387	-42,354	54,953	-4,000
Johnson	10,698	0	3,860	0
Lowell	-36,735	9,556	5,247	-144,950
Rogers	48,156	7,338	-88,338	-135,284
Siloam Springs	9,240	6,428	-25,732	-38,633
Springdale	48,180	-2,448	7,977	-25,380
Northwest Arkansas	151,440	-49,424	-15,871	-359,755

