



THE SKYLINE REPORT

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Sam M. Walton
College of Business
Center for Business & Economic Research

First Half of 2019

August 2019 Highlights

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Commercial Real Estate Market Summary
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Center for Business and Economic Research
Sam M. Walton College of Business
University of Arkansas
Fayetteville, AR 72701
Telephone: 479.575.4151
<http://cber.uark.edu/>

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Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the fortieth 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 2019

- In the first half of 2019, there was 472,451 square feet of positive absorption, while 371,243 new square feet were added, leading to net positive absorption of 101,208 square feet in the Northwest Arkansas market and an overall vacancy rate of 11.0 percent, up from 10.9 percent in the second half of 2018.
- 107,766 new square feet were added in the office submarket, while 110,618 square feet were absorbed, leading to net positive absorption of 2,852 square feet in the first half of 2019. The office vacancy rate increased to 8.6 percent from 8.4 percent in the second half of 2018.
- Within the retail submarket, there was overall positive absorption of 166,322 square feet, while 67,692 new square feet entered the market, leading to positive net absorption of 98,630 square feet. The retail vacancy rate decreased to 10.8 percent in the first half of 2019 from 11.5 percent in the second half of 2018.
- The warehouse submarket had overall positive absorption of 108,826 square feet, while 131,673 new square feet were added in the first half of 2019, leading to a negative net absorption of 22,847 square feet. The Northwest Arkansas warehouse vacancy rate increased from 9.9 percent in the second half of 2018 to 10.3 percent in the first half of 2019.
- In the office/retail submarket, there was net positive absorption of 26,970 square feet, while 3,850 new square feet of office/retail space entered the market in the first half of 2019. The vacancy rate remained at 10.9 percent from the second half of 2018 to the first half of 2019.
- From January 1 to June 30 2019, there were \$166,399,515 in commercial building permits issued in Northwest Arkansas. In comparison, there were \$169,794,659 in permits issued in the second half of 2018.

Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Johnson	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2018	10.2%	10.7%	4.3%		8.9%	13.7%	5.4%	5.7%	9.2%
2H 2018	4.4%	11.3%	3.6%		3.5%	11.4%	6.1%	8.3%	8.4%
1H 2019	4.4%	12.8%	3.1%	6.6%	7.0%	8.5%	7.0%	12.1%	8.6%

Medical Office

1H 2018	0.0%	1.4%	2.0%		0.0%	10.4%	7.9%	2.0%	3.6%
2H 2018	0.0%	1.3%	2.3%	0.0%	0.0%	12.4%	7.9%	1.3%	3.8%
1H 2019	0.0%	1.7%	1.9%	4.3%	2.1%	0.0%	7.9%	4.8%	2.3%

Office/Retail

1H 2018	6.8%	10.8%	9.6%		1.5%	21.7%	7.0%	9.9%	11.7%
2H 2018	12.4%	8.9%	10.9%	5.1%	1.5%	13.4%	15.1%	11.7%	10.9%
1H 2019	12.4%	9.4%	8.6%	5.1%	3.0%	16.3%	16.1%	13.9%	10.9%

Office/Warehouse

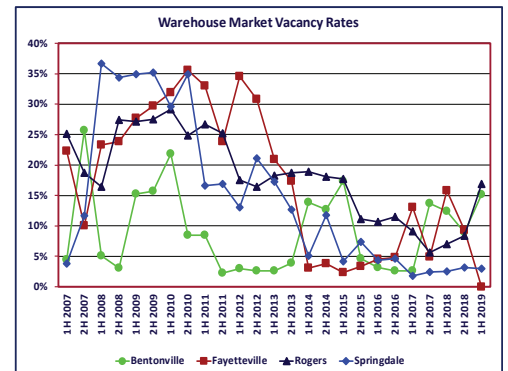
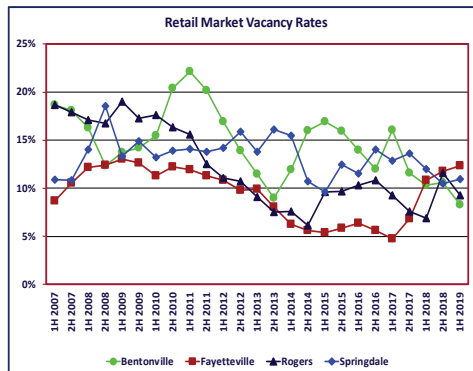
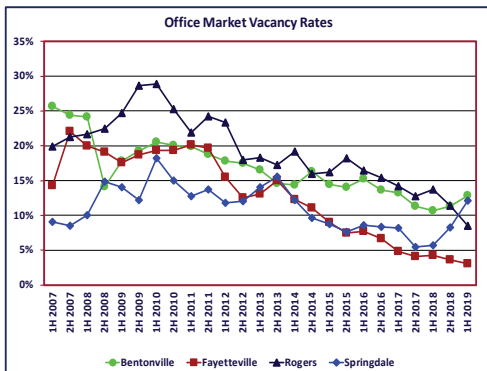
1H 2018		10.6%	0.0%		36.8%	13.9%	30.6%	6.4%	10.0%
2H 2018		10.3%	0.0%	0.0%	0.0%	14.4%	60.0%	6.5%	9.7%
1H 2019		12.4%	0.0%	0.0%	0.0%	14.5%	51.5%	10.3%	11.8%

Retail

1H 2018	14.1%	10.3%	10.8%		9.6%	6.9%	11.1%	12.0%	9.7%
2H 2018	14.1%	10.6%	11.8%	0.0%	12.8%	11.6%	14.3%	10.5%	11.5%
1H 2019	14.1%	8.3%	12.3%	4.5%	12.8%	9.3%	13.1%	10.9%	10.8%

Retail/Warehouse

1H 2018		1.9%	0.0%		0.0%	12.2%	18.1%	16.1%	10.9%
2H 2018		3.2%	35.3%	0.0%	0.0%	10.9%	12.4%	15.7%	14.0%
1H 2019		3.2%	18.9%	0.0%	0.0%	12.7%	13.1%	12.0%	11.0%



Commercial Market Trends

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Johnson	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2018	7,721	400,252	135,284		30,100	443,885	9,000	54,593	1,080,835
2H 2018	3,300	427,582	113,552	13,190	11,788	373,847	9,000	87,807	1,040,066
1H 2019	3,300	482,211	98,764	19,497	23,645	291,115	10,650	127,940	1,057,122

Medical Office

1H 2018	0	4,000	24,110		0	44,379	9,000	5,750	87,239
2H 2018	0	4,000	28,289	0	0	54,748	9,000	3,750	99,787
1H 2019	0	5,200	24,500	7,519	1,707	0	9,000	13,500	61,426

Office/Retail

1H 2018	20,124	100,959	155,762		1,440	177,059	11,478	50,857	517,679
2H 2018	36,521	82,720	175,499	3,332	1,440	76,015	29,478	64,216	469,221
1H 2019	36,521	86,864	140,081	3,332	2,880	95,475	31,746	78,217	475,116

Office/Warehouse

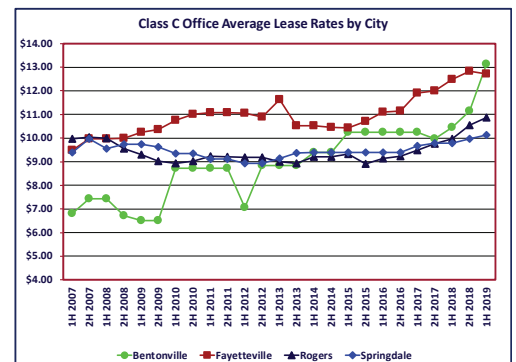
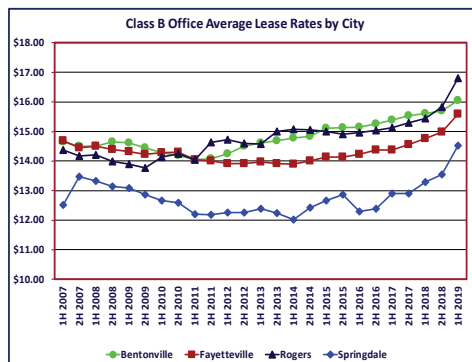
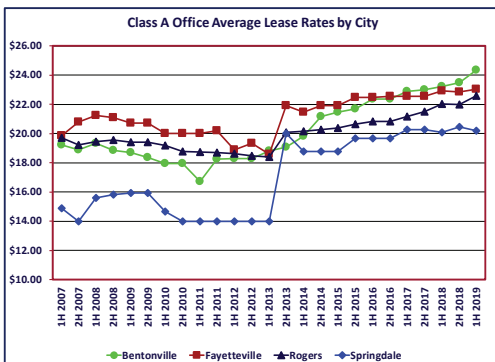
1H 2018		103,634	0		39,600	77,537	36,573	114,300	371,644
2H 2018		92,484	0	0	0	83,637	71,573	122,882	370,576
1H 2019		123,697	0	0	0	83,959	61,493	203,349	472,498

Retail

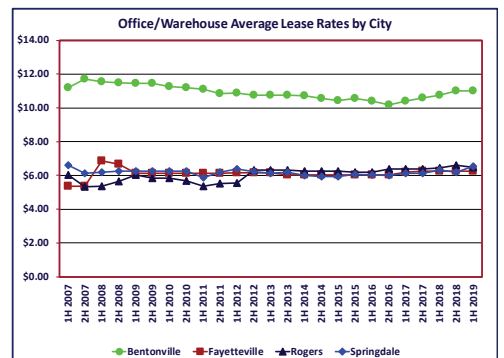
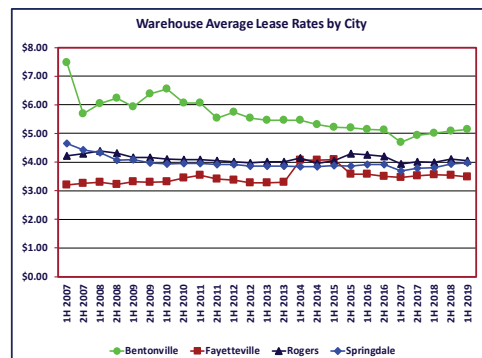
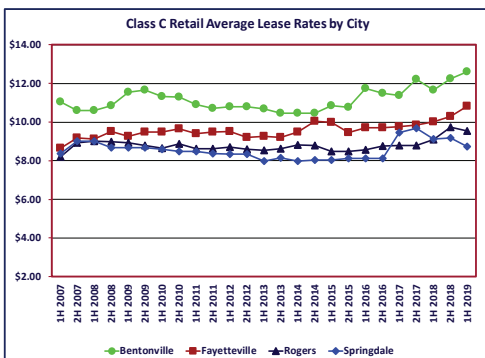
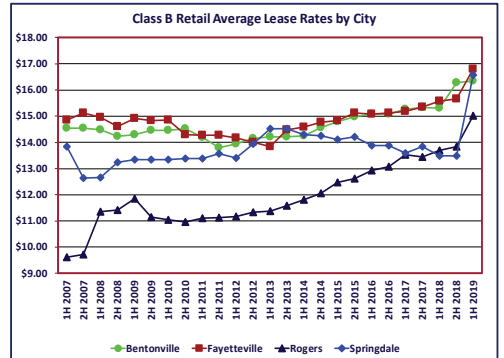
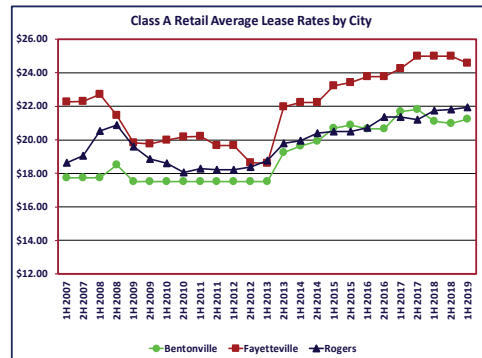
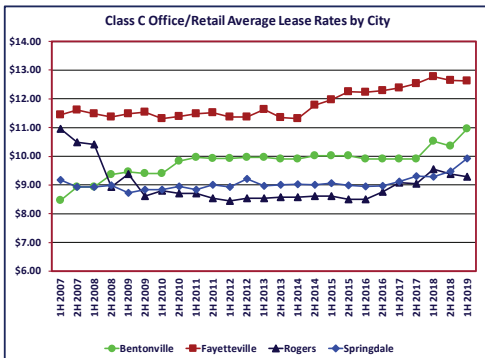
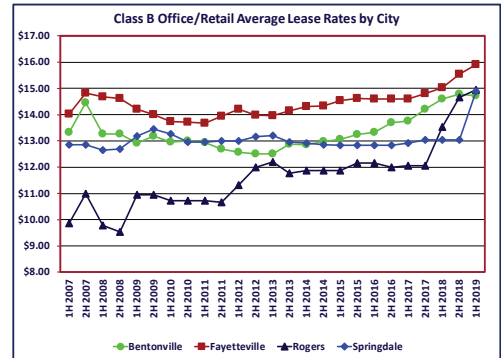
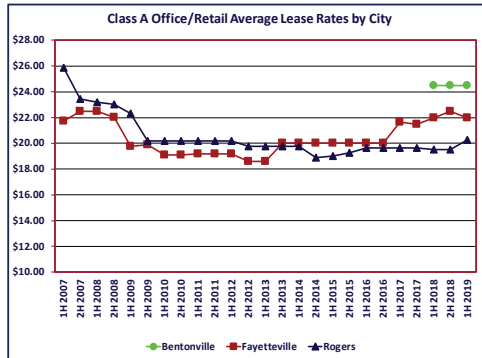
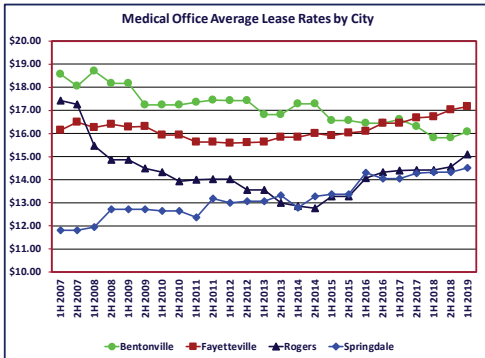
1H 2018	5,320	75,868	410,130		7,820	214,986	48,956	197,663	960,743
2H 2018	5,320	79,733	441,881	0	11,125	402,581	63,880	166,997	1,171,517
1H 2019	5,320	63,097	463,380	2,400	11,125	322,647	59,281	184,469	1,111,719

Warehouse

1H 2018	3,600	146,034	194,465		146,770	201,669	4,900	63,454	760,892
2H 2018	3,600	113,034	114,465	0	410,360	241,567	24,040	97,547	1,004,613
1H 2019	3,600	161,834	0	0	263,345	482,622	24,040	92,019	1,027,460



Commercial Market Trends



Net Twelve Month Absorption by Submarket 2H 2018 - 1H 2019

City	Office	Office/Retail	Retail	Warehouse
Bella Vista	4,421	-16,397	0	0
Bentonville	-61,796	18,877	15,707	-15,800
Fayetteville	39,504	28,312	-27,878	194,465
Johnson	-12,107	0	0	0
Lowell	1,199	-1,440	1,951	-116,575
Rogers	139,246	-18,929	25,060	-280,953
Siloam Springs	-400	-1,068	-3,566	4,900
Springdale	-42,153	-4,728	7,914	18,463
Northwest Arkansas	67,914	4,627	19,188	-195,500