



REPORT
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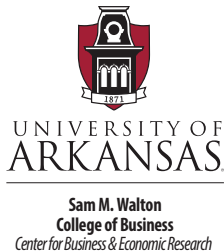
Commercial Highlights First Half of 2024

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Commercial Real Estate Summary For Benton and Washington Counties

This report is the fiftieth 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 2024

The overall vacancy rate for commercial property remained 6.4 percent in the first half of 2024 from the second half of 2023, with the addition of 538,445 new square feet of commercial space.

The office vacancy rate decreased to 7.4 percent in the first half of 2024 from 8.8 percent in the second half of 2023 as 61,325 square feet of new office space was added to the market. There was solid leasing activity in the Class A office submarket.

In the retail submarket, the vacancy rate decreased to 6.2 percent in the first half of 2024 from 7.9 percent in the second half of 2023 as 61,098 square feet of new space entered the market. There was strong leasing activity in the Class B retail submarket.

The office/retail vacancy rate decreased from 6.7 percent in the second half of 2023 to 6.4 percent in the first half of 2024 primarily as 38,760 square feet of new office/retail space was added to the market. There was solid leasing in the Class B submarket.

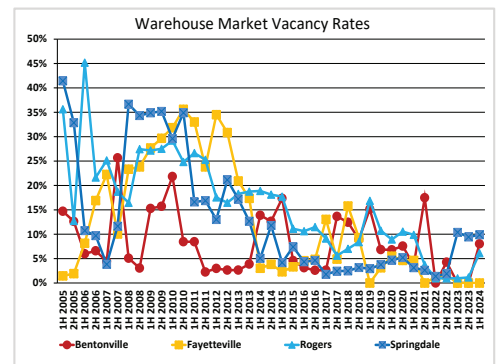
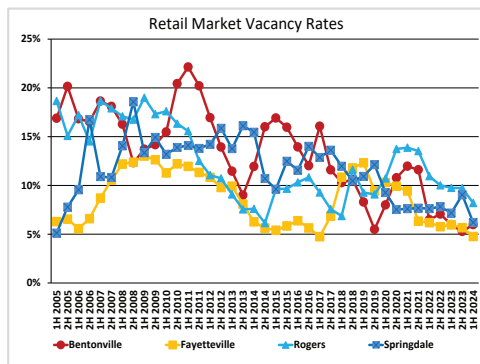
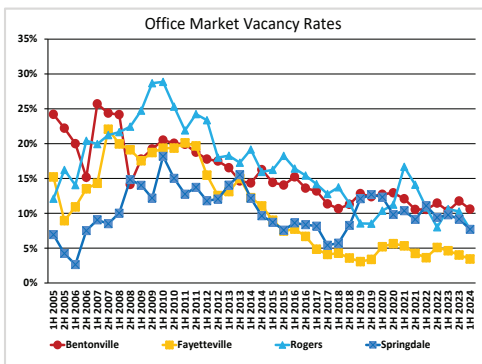
The warehouse vacancy rate increased from 3.2 percent in the second half of 2023 to 8.0 percent in the first half of 2024 as 313,356 new square feet of space entered the market, and two large spaces became available. 63,916 square feet of new office/warehouse space but no new retail/warehouse space was added as respondents continued to report increasing demand for new flex warehouse space.

\$406.9 million in commercial building permits were issued in the first half of 2024, only \$700,000 were Walmart. This is the highest level of non-Walmart building permits in Skyline history. In comparison there were \$287.6 million in commercial building permits issued in the second half of 2023.

Commercial Market Trends

Vacancy Rates by Submarket

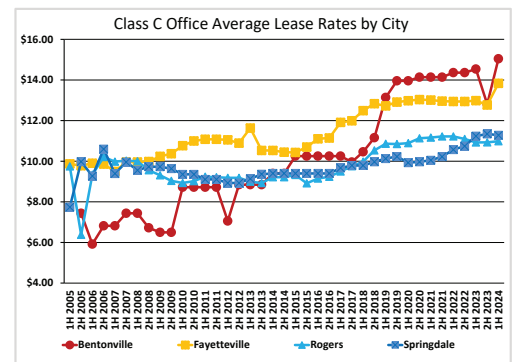
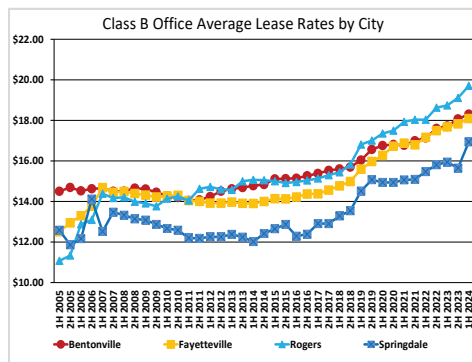
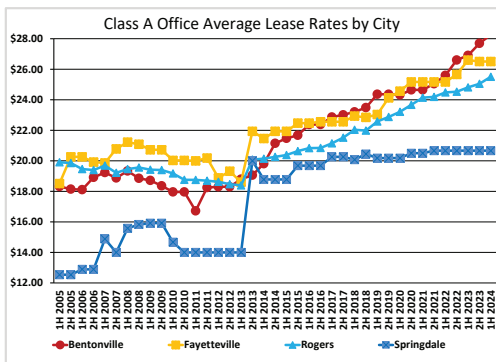
Vacancy Rates by Submarket	Time Period	Bella Vista	Bentonville	Fayetteville	Johnson	Lowell	Rogers	Siloam Springs	Springdale	Northwest Arkansas
Office	1H 2023	18.1%	10.3%	4.6%	7.2%	3.2%	10.6%	9.9%	9.8%	8.8%
	2H 2023	15.6%	11.8%	4.0%	5.6%	1.3%	10.3%	6.1%	9.2%	8.8%
	1H 2024	15.6%	10.6%	3.4%	4.6%	1.7%	7.7%	7.8%	7.7%	7.4%
Medical Office	1H 2023	5.1%	3.2%	1.6%	9.7%	2.0%	9.5%	12.8%	11.0%	5.7%
	2H 2023	0.0%	2.5%	2.1%	6.9%	0.0%	12.7%	7.9%	9.7%	5.5%
	1H 2024	0.0%	0.9%	1.8%	5.4%	0.0%	7.9%	10.1%	5.0%	3.7%
Office/Retail	1H 2023	3.3%	7.8%	5.4%	0.0%	5.3%	10.4%	5.8%	1.3%	5.8%
	2H 2023	5.0%	9.0%	5.3%	0.0%	13.2%	9.6%	5.8%	5.3%	6.7%
	1H 2024	5.0%	7.0%	5.5%	0.0%	10.3%	12.7%	5.5%	3.3%	6.4%
Office/Warehouse	1H 2023	0.0%	4.9%	0.0%	0.0%	15.2%	0.8%	53.3%	6.1%	6.4%
	2H 2023	0.0%	5.4%	1.1%	0.0%	16.7%	3.4%	53.3%	7.2%	7.6%
	1H 2024	0.0%	5.9%	2.7%	0.0%	11.6%	1.9%	0.0%	5.5%	5.1%
Retail	1H 2023	7.2%	6.0%	6.0%	7.2%	7.2%	9.8%	14.4%	7.2%	7.9%
	2H 2023	6.0%	5.3%	5.7%	7.2%	6.5%	9.7%	13.8%	9.0%	7.9%
	1H 2024	2.9%	6.0%	4.8%	7.2%	6.5%	8.2%	2.8%	6.2%	6.2%
Retail/Warehouse	1H 2023	0.0%	6.3%	16.2%	0.0%	22.8%	10.7%	0.0%	3.5%	6.3%
	2H 2023	0.0%	3.4%	13.8%	0.0%	22.8%	7.2%	0.0%	2.9%	4.8%
	1H 2024	0.0%	1.1%	4.7%	0.0%	0.0%	8.9%	0.0%	0.3%	2.3%
Warehouse	1H 2023	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	6.6%	10.4%	3.6%
	2H 2023	0.0%	0.0%	0.0%	0.0%	0.3%	1.1%	0.0%	9.4%	3.2%
	1H 2024	0.0%	8.0%	0.0%	0.0%	0.3%	6.1%	27.7%	9.9%	8.0%



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 2023	22,296	447,449	167,061	23,386	7,120	426,206	17,207	119,499	1,230,224
	2H 2023	19,296	528,098	148,856	18,175	3,000	416,029	10,590	105,454	1,249,498
	1H 2024	19,296	479,163	127,992	15,005	3,845	317,170	13,579	89,368	1,065,418
Medical Office	1H 2023	3,000	11,552	21,531	19,358	1,870	51,613	17,207	56,866	182,997
	2H 2023	0	8,937	27,215	13,868	0	70,935	10,590	45,601	177,146
	1H 2024	0	3,104	24,243	10,698	0	43,808	13,579	23,476	118,908
Office/Retail	1H 2023	7,956	84,010	96,709	0	4,675	60,367	10,833	9,479	274,029
	2H 2023	11,970	95,011	97,173	0	12,221	58,702	10,833	39,712	325,622
	1H 2024	11,990	73,881	101,169	0	9,556	76,847	10,181	23,941	307,565
Office/Warehouse	1H 2023		47,050	0	0	48,340	5,900	57,667	134,191	293,148
	2H 2023		51,159	2,500	0	54,860	25,313	57,667	162,444	353,943
	1H 2024		48,700	6,000	0	41,236	15,750	0	127,430	239,116
Retail	1H 2023	6,475	55,590	223,953	3,860	9,256	360,408	67,835	127,257	854,634
	2H 2023	5,362	51,007	214,588	3,860	8,056	363,475	65,568	165,399	877,315
	1H 2024	2,584	60,421	180,444	3,860	8,056	294,147	13,271	115,893	678,676
Retail/Warehouse	1H 2023		15,892	20,559	0	9,800	31,382	0	27,381	105,014
	2H 2023		8,626	17,475	0	9,800	21,836	0	22,753	80,490
	1H 2024		2,928	6,004	0	0	27,116	0	2,500	38,548
Warehouse	1H 2023	0	0	0	0	0	29,750	48,750	362,557	441,057
	2H 2023	0	0	0	0	4,391	35,645	0	355,778	395,814
	1H 2024	0	185,500	0	0	4,349	191,018	290,675	369,572	1,041,114



Commercial Market Trends

Absorption and Lease Rates by City

Twelve Month Absorption by Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	3,000	-4,034	3,891	0
Bentonville	-28,610	10,129	-4,831	-185,500
Fayetteville	55,664	5,842	58,904	0
Johnson	8,381	0	0	0
Lowell	3,275	-4,881	1,200	42
Rogers	110,223	-16,480	100,319	-104,973
Siloam Springs	3,628	652	57,662	-147,982
Springdale	20,223	-4,554	54,442	-29,143
Northwest Arkansas	175,784	-13,326	271,587	-467,556

