



THE SKYLINE REPORT

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Real Estate Market Summary
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Real Estate Market Summary for Benton and Washington Counties from the First Half of 2015

Commercial activity was brisk in Northwest Arkansas in the first half of 2015.

- There were 365,615 square feet of new space added to the commercial market with much more on the way as \$75.2 million of building permits were issued.
- For the first time since to early 2011, there was an increase in the amount of available retail and office/retail space in Rogers, leading to an increase in vacancy rates.
- Net absorption of office space continued to be strong across the region, with almost 126,500 square feet becoming occupied, but concerns were expressed across the market that as new, large buildings are completed, there would be increasing vacancy and pressure to repurpose existing vendor spaces.
- Average lease rates increased a bit for Class A and Class B office space in Bentonville and across the board for Class A and B retail space throughout Northwest Arkansas.

Multifamily vacancy rates were critically low throughout the region.

- Within the Fayetteville multifamily market, vacancy rates were cut in half from 7.2 percent in the first half of 2014 to 3.6 percent in the first half of 2015. However, over 4,400 new units were being constructed for the region's biggest multifamily market.
- Bentonville, Rogers and Springdale all had multifamily vacancy rates below 1.0 percent in the first half of 2015, indicating very limited availability of units. Some limited relief is on the way as there were over 1,100 units either announced or under construction in Bentonville and over 600 units in Rogers.
- The vacancy rate in Siloam Springs also decreased substantially from the first half of 2014 to the first half of 2015, moving from 5.3 percent to 2.4 percent.
- Both average and median lease rates increased throughout the region in response to the tight market conditions.

Residential conditions remain balanced, with strong new construction and robust absorption and sales.

- There were 1,359 building permits issued in Benton and Washington counties in the first half of 2015. During the same time period, 1,072 new houses in the 381 active subdivisions in the region became occupied.
- Using the absorption rate from the past twelve months implies that there was a 53.4 month supply of remaining lots in active subdivisions in Northwest Arkansas, the lowest level since late 2008.
- In the first half of 2015, there were 3,768 houses sold in Benton and Washington counties. House sales increased 20.7 percent from the same time period in the previous year and accompanied strong year-over-year average price growth.



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