



# THE SKYLINE REPORT

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## Real Estate Market Summary Prepared Exclusively under Contract Agreement for ARVEST BANK

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## Real Estate Market Summary for Benton and Washington Counties from the First Half of 2016

**Commercial vacancy rates rose slightly, as almost 475,000 new square feet were added in Northwest Arkansas.**

- The overall vacancy rate for commercial property was 12.7 percent in the first half of 2016, up from 12.4 in the second half of 2015.
- Almost all of the new retail space added to the Northwest Arkansas market was immediately absorbed.
- While the office market showed some softness due to negative net absorption, warehouse vacancy rates plummeted.
- Across the region, Class A lease rates are on the rise, while Class B and C lease rates vary based on the submarket and location.
- An additional \$206.5 million in building permits were issued in the first half of 2016, indicating substantial commercial activity to come.

**Multifamily availability remains at dramatically low levels, despite substantial building activity.**

- Apartment vacancy rates were at 2.4 percent across Northwest Arkansas in the first half of 2016 among the 34,906 units tracked in the Skyline Report.
- Over 3,800 additional units were either under construction or announced.
- Average lease rates continued to climb during the first half and were 4.7 percent higher than in the same time period in 2015.
- Since 2011, average lease rates have increased 14.8 percent across the region.
- Springdale continued to have the lowest vacancy rates in the region and the fewest announced projects. Rogers had the highest vacancy rates in Northwest Arkansas in the first half of 2016.

**Both absorption and building activity increased in the residential market during the first half of 2016.**

- There were 1,561 building permits issued in Benton and Washington counties, while 1,152 new houses in 375 active subdivisions became occupied.
- Complete, but unoccupied housing inventory remains low at 302 houses, but is increasing.
- At 46.1 months, the supply of remaining lots in active subdivisions in Northwest Arkansas continued to fall.
- Home sales in the region grew briskly, up 16.1 percent from the same period in 2015.
- Average prices for sold houses also increased in both Benton and Washington counties, reaching record highs and reflecting the substantial activity in the region.