



THE SKYLINE REPORT

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UNIVERSITY OF ARKANSAS

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

Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the thirty-ninth 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 2018

- In the first half of 2018, 52,519 square feet of negative commercial space was absorbed, while 369,173 new square feet were added, netting negative absorption of 421,692 square feet in the Northwest Arkansas market and an overall vacancy rate of 10.8 percent, up from 9.7 percent in the second half of 2017.
- 134,688 new square feet were added in the office submarket, while 165,224 square feet were absorbed, leading to net positive absorption of 30,536 square feet in the first half of 2018. The office vacancy rate stayed the same at 9.1 percent from the second half of 2017.
- Within the retail submarket, there was overall negative absorption of 13,026 square feet, while 77,000 new square feet entered the market, leading to negative net absorption of 90,026 square feet. The retail vacancy rate increased to 9.7 percent in the first half of 2018 from 8.9 percent in the second half of 2017.
- The warehouse submarket had overall negative absorption of 210,335 square feet, while there was no new square feet added in the first half of 2018, leading to a negative net absorption of 210,335 square feet. The Northwest Arkansas warehouse vacancy rate increased from 5.8 percent in the second half of 2017 to 8.1 percent in the first half of 2018.
- In the office/retail submarket, there was an overall negative absorption of 87,445 square feet, while 11,043 new square feet of office/retail space entered the market in the first half of 2018, leading to negative net absorption of 98,488 square feet. The vacancy rate increased from 8.9 percent in the second half of 2017 to 11.7 percent in the first half of 2018.
- From January 1 to June 30, 2018, there were \$188,503,803 in commercial building permits issued in Northwest Arkansas. In comparison, there were \$116,812,224 in permits issued in the first half of 2017.

First Half of 2018

August 2018 Highlights

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Commercial Real Estate Market Summary
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Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2017	14.6%	13.2%	4.9%	10.1%	13.3%	5.3%	8.2%	10.4%
2H 2017	10.2%	11.8%	4.1%	10.1%	12.0%	5.9%	5.4%	9.1%
1H 2018	10.2%	11.1%	3.9%	8.9%	12.9%	5.4%	5.7%	9.1%

Medical Office

1H 2017	0.0%	2.5%	4.3%	3.9%	15.4%	5.7%	12.8%	7.1%
2H 2017	0.0%	5.6%	3.2%	3.9%	4.4%	7.9%	7.6%	4.5%
1H 2018	0.0%	1.4%	2.0%	0.0%	10.4%	7.9%	2.0%	3.6%

Office/Retail

1H 2017	5.6%	12.0%	9.2%	0.0%	13.8%	3.4%	8.9%	10.0%
2H 2017	6.5%	10.1%	8.5%	1.5%	10.9%	0.0%	10.3%	8.9%
1H 2018	6.8%	10.8%	9.6%	1.5%	21.7%	7.0%	9.9%	11.7%

Office/Warehouse

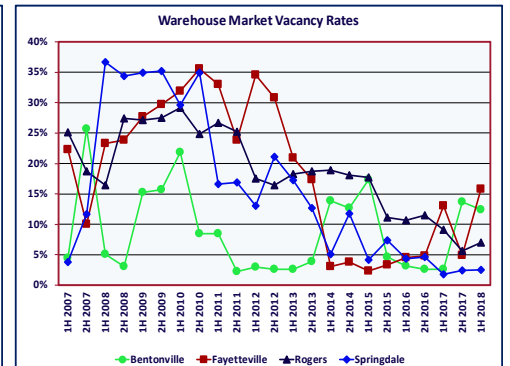
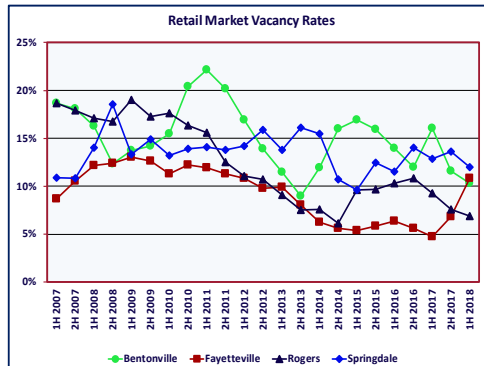
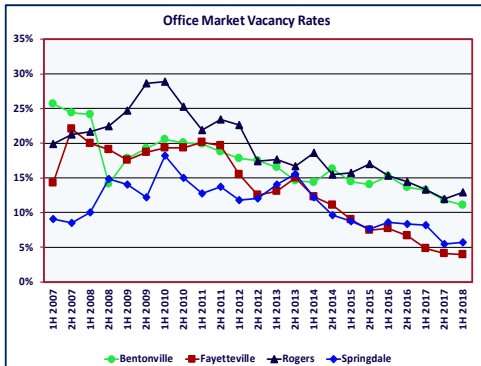
1H 2017		10.2%	5.3%	22.7%	2.9%	3.4%	3.8%	6.2%
2H 2017		15.2%	1.5%	36.8%	0.9%	3.4%	10.3%	10.5%
1H 2018		10.6%	0.0%	36.8%	13.9%	30.6%	6.4%	10.0%

Retail

1H 2017	14.1%	16.1%	4.8%	9.2%	9.3%	10.1%	12.9%	8.7%
2H 2017	14.1%	11.6%	6.8%	6.2%	7.6%	13.5%	13.6%	8.9%
1H 2018	14.1%	10.3%	10.8%	9.6%	6.9%	11.1%	12.0%	9.7%

Warehouse

1H 2017	35.1%	2.6%	13.0%	17.8%	9.1%	4.1%	1.8%	7.6%
2H 2017	19.5%	13.6%	4.9%	7.5%	5.6%	1.6%	2.4%	5.8%
1H 2018	19.5%	12.4%	15.8%	11.9%	7.0%	1.6%	2.5%	8.1%



Commercial Market Trends

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2017	10,981	484,885	150,856	33,574	446,996	8,000	77,262	1,212,554
2H 2017	7,721	433,409	128,840	34,030	405,425	9,000	51,356	1,069,781
1H 2018	7,721	418,252	123,584	30,100	443,885	9,000	54,593	1,087,135

Medical Office

1H 2017	0	8,000	51,562	3,250	65,628	6,500	39,146	174,086
2H 2017	0	17,500	38,702	3,250	18,489	9,000	22,920	109,861
1H 2018	0	4,000	24,110	0	44,379	9,000	5,750	87,239

Office/Retail

1H 2017	16,447	105,514	151,273	0	108,642	5,100	44,456	431,432
2H 2017	19,024	89,703	140,382	1,440	86,568	0	51,309	388,426
1H 2018	20,124	100,959	155,762	1,440	177,059	11,478	50,857	517,679

Office/Warehouse

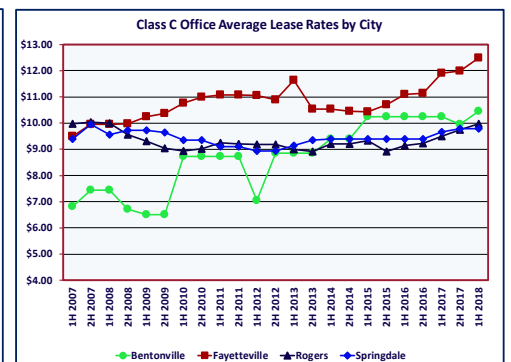
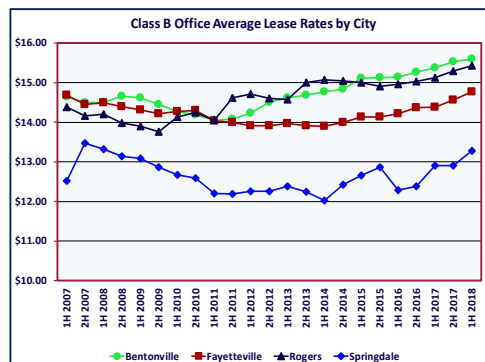
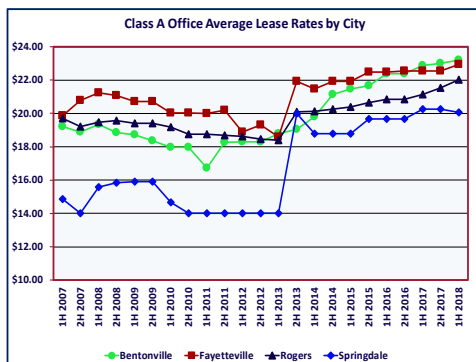
1H 2017		102,493	8,900	24,400	13,822	4,000	59,575	213,190
2H 2017		150,235	2,500	39,600	4,300	4,000	176,220	376,855
1H 2018		103,634	0	39,600	77,537	36,573	114,300	371,644

Retail

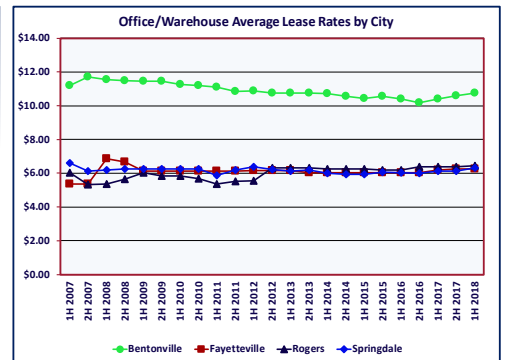
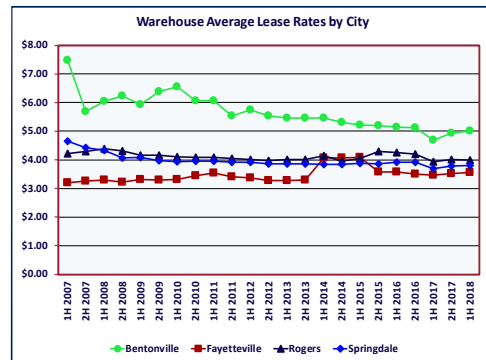
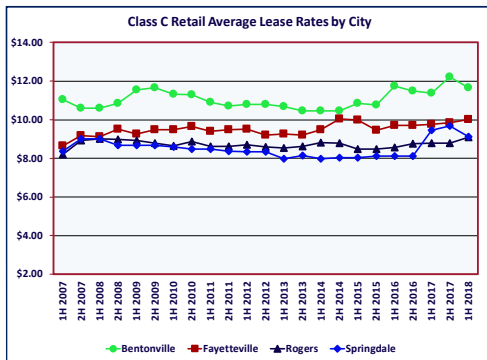
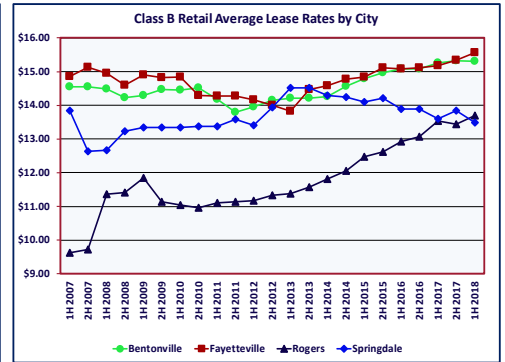
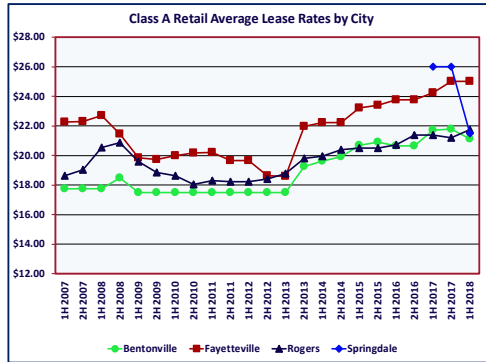
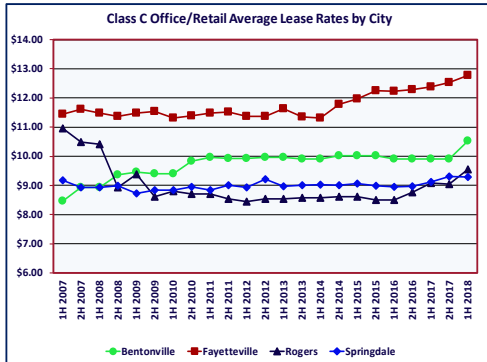
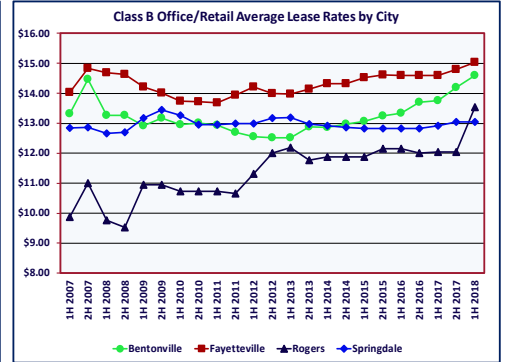
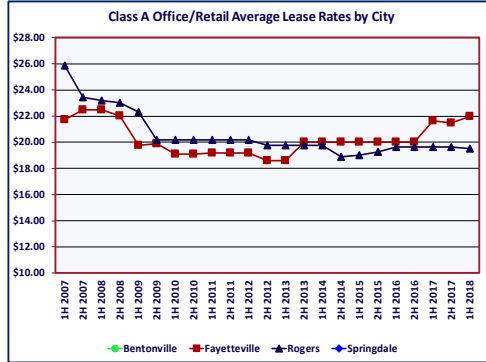
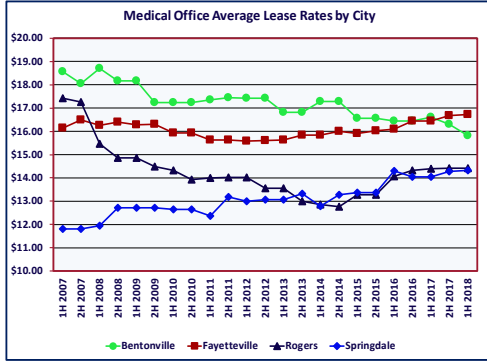
1H 2017	5,320	123,515	175,027	11,570	286,242	41,750	207,223	850,647
2H 2017	5,320	87,593	253,953	7,820	235,581	56,206	225,234	871,707
1H 2018	5,320	75,868	410,130	7,820	214,986	48,956	197,663	960,743

Warehouse

1H 2017	6,480	21,034	136,730	163,230	261,346	14,275	44,704	647,799
2H 2017	3,600	154,034	60,000	88,175	161,894	4,900	61,704	534,307
1H 2018	3,600	146,034	194,465	146,770	201,669	4,900	63,454	760,892



Commercial Market Trends



Net Twelve Month Absorption by Submarket 2H 2017 - 1H 2018

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	3,260	-3,677	0	2,880
Bentonville	84,955	3,084	50,757	-125,000
Fayetteville	47,792	4,469	-232,703	-57,735
Lowell	8,730	-1,440	3,750	16,460
Rogers	12,210	-57,017	70,656	59,677
Siloam Springs	-1,000	4,100	-7,206	9,375
Springdale	16,711	-3,551	11,800	-2,500
Northwest Arkansas	172,658	-54,032	-102,946	-96,843