

THE SKYLINE REPORT

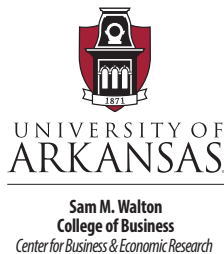
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One Page Summary First Half of 2023

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Real Estate Summary For Benton, Madison, and Washington Counties

In the first half of 2023, the average price of a home in Benton County reached \$422,564, 4.6 percent higher than a year ago, but the lowest increase since it rose 2.9 percent in the second half of 2017. In Washington County, the average was \$392,306, 8.1 percent higher than a year ago, but the lowest increase since it rose 1.6 percent in the first half of 2020.

Home sales decreased 8.8 percent from a year ago, and 7.4 percent from last half, to 4,422 in the first half of 2023.

The number of building permits issued in Northwest Arkansas in the first half of 2023 increased to 2,309, but below the peak of 2,892 issued in the first half of 2022.

Home starts plus homes under construction totaled 1,913 in the first half of 2023, the lowest level since the 1,726 in the first half of 2021.

1,707 new construction homes were sold in the first half of 2023. This was 38.6 percent of the total sold. It was the highest total and percentage of new construction in Skyline history.

The multifamily vacancy rate increased to 2.2 percent in the first half of 2023 from 1.6 percent in the second half of 2022. The increase was driven by 5 new complexes in Bentonville, Rogers, and Springdale with 812 total units and 321 available units.

The multifamily market has an additional 18,800 units under construction or announced throughout the region. This represents 33.5 percent of the current inventory in Northwest Arkansas.

In the first half of 2023, the average rent was \$952.17, 10.6 percent higher than a year ago, and 42.4 percent higher than five years ago.

In the first half of 2023, 19 current multifamily projects had building permits valued at \$263.1 million a decrease from \$333.2 million in the second half of 2022.

The overall vacancy rate for commercial property increased to 6.4 percent in the first half of 2023, from 5.6 percent in the second half of 2022 as 528,940 square feet of new commercial space entered the market.

The office vacancy rate rose to 8.8 percent in the first half of 2023 from 8.4 in the second half of 2022. There was strong leasing activity in the Class B submarket but 73,413 square feet of new office space was added in the first half of 2023 and some tenants vacated older space for new space.

In the retail submarket, the vacancy rate remained 7.9 percent in the first half of 2023 as 59,000 square feet of new space, entered the market.

The warehouse vacancy rate increased from 1.6 percent in the first half of 2022 to 3.6 percent in the first half of 2023 due to 311,760 square feet of new space entering the market. 72,767 square feet of new office/warehouse space and 12,000 square feet of new retail/warehouse space was added as respondents continued to report increasing demand for new warehouse and flex warehouse space.

\$193.9 million in commercial building permits were issued in the first half of 2023. \$168.5 million were non-Walmart building permits. In comparison there were \$240.9 million, \$218.0 non-Walmart, in commercial building permits issued in the second half of 2022.