

Commercial Highlights Second half of 2024

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Commercial Real Estate Summary For Benton and Washington Counties

This report is the fifty-first 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 Second half of 2024

The overall vacancy rate for commercial property decreased to 5.8 percent in the second half of 2024 from 6.4 percent in the first half of 2024, with the addition of 491,242 new square feet of commercial space.

The office vacancy rate decreased to 6.3 percent in the second half of 2024 from 7.5 percent in the first half of 2024. There was solid leasing activity in the Class A and Medical office submarkets.

In the retail submarket, the vacancy rate decreased to 4.9 percent in the second half of 2024 from 6.2 percent in the first half of 2024 as 3,840 square feet of new space entered the market. There was strong leasing activity in the Class A and Class B retail submarkets.

The office/retail vacancy rate decreased from 6.4 percent in the first half of 2024 to 6.1 percent in the second half of 2024 with 62,450 square feet of new office/retail space entering the market. There was solid leasing in the Class A submarket.

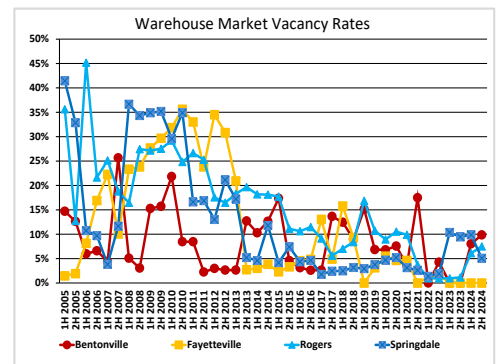
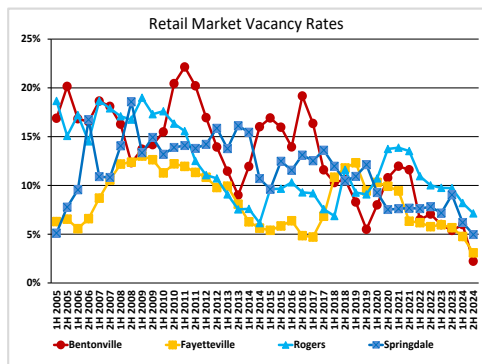
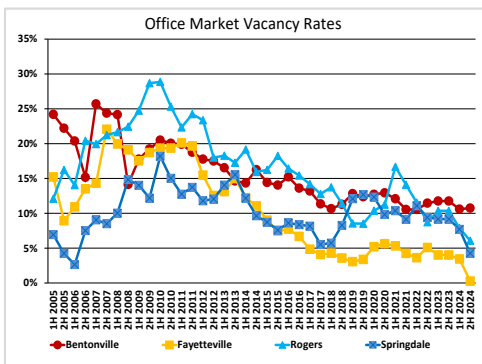
The warehouse vacancy rate decreased from 8.0 percent in the first half of 2024 to 7.6 percent in the second half of 2024 while 367,352 new square feet of space entered the market. 57,600 square feet of new office/warehouse space but no new retail/warehouse space was added as respondents continued to report increasing demand for new flex warehouse space.

\$195.7 million in commercial building permits were issued in the second half of 2024, \$5.3 million were Walmart. In comparison there were \$406.9 million in commercial building permits issued in the first half of 2024.

Commercial Market Trends

Vacancy Rates by Submarket

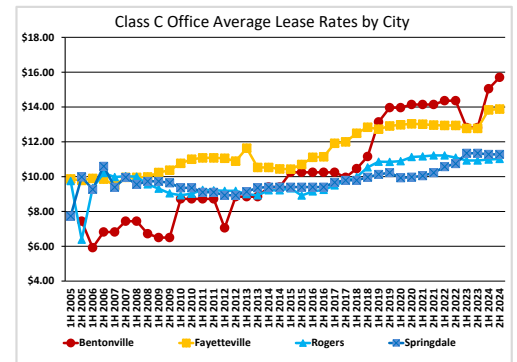
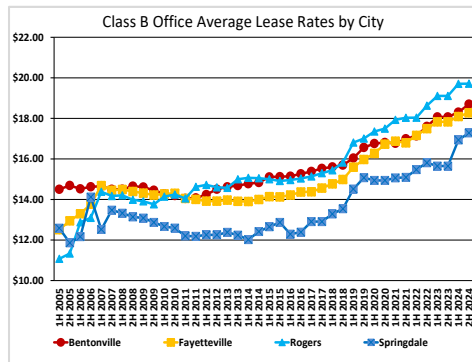
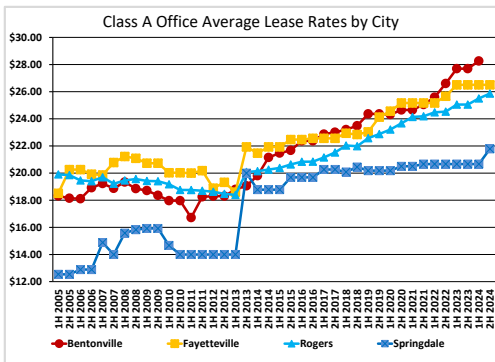
Vacancy by Submarket	Time Period	Bella Vista	Bentonville	Fayetteville	Johnson	Lowell	Rogers	Siloam Springs	Springdale	Northwest Arkansas
Office	2H 2023	15.6%	11.8%	4.0%	5.6%	1.3%	10.4%	6.1%	9.2%	8.8%
	1H 2024	15.6%	10.6%	3.4%	4.6%	1.7%	7.9%	7.8%	7.7%	7.5%
	2H 2024	12.6%	10.8%	2.3%	1.3%	0.0%	6.1%	5.1%	4.3%	6.3%
Medical Office	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%
	2H 2024	0.0%	0.9%	0.3%	1.0%	0.0%	5.5%	6.7%	2.1%	1.9%
Office/Retail	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%
	2H 2024	3.4%	6.5%	6.9%	0.0%	0.0%	8.8%	1.5%	3.9%	6.1%
Office/Warehouse	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%
	2H 2024	0.0%	8.2%	0.0%	0.0%	14.1%	4.8%	0.0%	5.7%	6.3%
Retail	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%
	2H 2024	1.9%	2.2%	3.1%	0.0%	6.0%	7.1%	8.7%	5.0%	4.9%
Retail/Warehouse	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%
	2H 2024	0.0%	1.1%	1.1%	0.0%	0.0%	0.0%	0.0%	0.3%	0.4%
Warehouse	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%
	2H 2024	0.0%	9.9%	0.0%	0.0%	3.7%	7.5%	28.6%	5.1%	7.6%



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	2H 2023	19,296	528,098	148,856	18,175	3,000	426,139	10,590	105,454	1,259,608
	1H 2024	19,296	479,163	127,992	15,005	3,845	327,280	13,579	89,368	1,075,528
	2H 2024	15,700	490,553	84,222	4,258	0	253,311	9,669	49,652	907,365
Medical Office	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
	2H 2024	0	3,104	4,425	2,038	0	31,342	9,039	9,838	59,786
Office/Retail	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
	2H 2024	6,660	65,166	127,075	0	0	58,178	2,781	25,729	285,589
Office/Warehouse	2H 2023		52,159	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
	2H 2024		68,011	0	0	56,720	39,552	0	137,060	301,343
Retail	2H 2023	5,362	52,007	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
	2H 2024	2,584	22,558	117,262	0	7,456	257,675	41,273	92,951	541,759
Retail/Warehouse	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
	2H 2024		2,928	1,350	0	0	0	0	2,500	6,778
Warehouse	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
	2H 2024	0	227,356	0	0	59,349	249,528	305,357	194,765	1,036,355



Commercial Market Trends

Absorption and Lease Rates by City

Twelve Month Absorption by Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	3,596	3,560	2,778	0
Bentonville	28,584	32,036	28,449	-227,356
Fayetteville	43,285	-22,763	94,458	0
Johnson	13,917	0	3,860	0
Lowell	3,000	12,221	600	-54,958
Rogers	159,618	524	109,711	-163,483
Siloam Springs	1,551	8,052	24,295	-196,732
Springdale	58,951	13,983	74,982	151,940
Northwest Arkansas	312,502	47,613	338,133	-490,589

