

# THE SKYLINE REPORT

SPONSORED BY ARVEST BANK

## Commercial Highlights Second Half 2021

Highlights.....1  
Commercial Market Trends.....2

### Prepared Exclusively under Contract Agreement for ARVEST BANK

The information contained herein has been obtained from reasonably reliable sources. The Center for Business and Economic Research makes no guarantee, either expressed or implied, as to the accuracy of such information. All data contained herein is subject to errors, omissions and changes. Reproduction in whole or in part without prior written consent is prohibited.

**Sam M. Walton College of Business**  
**University of Arkansas**  
**Fayetteville, AR 72701**  
**Telephone: 479.575.4151**  
**<http://cber.uark.edu>**



UNIVERSITY OF  
ARKANSAS

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

## Commercial Real Estate Summary For Benton and Washington Counties

*This report is the forty-fifth 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 2021

In the second half of 2021, there were 862,106 square feet of positive absorption and 636,552 new square feet of commercial space, leading to net positive absorption of 225,554 square feet in the Northwest Arkansas market. The overall vacancy rate was 8.3 percent, down from 8.9 percent in the first half of 2021.

The warehouse submarket had overall positive absorption of 578,544 square feet, while 445,365 new square feet, all in Bentonville, were added in the second half of 2021, leading to net positive absorption of 133,179 square feet. The Northwest Arkansas warehouse vacancy rate decreased from 6.6 percent in the first half of 2021 to 5.3 percent in the second half of 2021.

116,280 new square feet, all medical space, were added in the office submarket, while 235,032 square feet were absorbed, leading to net positive absorption of 118,752 square feet in the second half of 2021. The office vacancy rate decreased to 10.0 percent from 11.2 percent in the first half of 2021.

Within the retail submarket, there was overall positive absorption of 127,304 square feet, while 25,720 new square feet entered the market, leading to net positive absorption of 101,584 square feet. The retail vacancy rate decreased to 9.5 percent in the second half of 2021 from 10.8 percent in the first half of 2021.

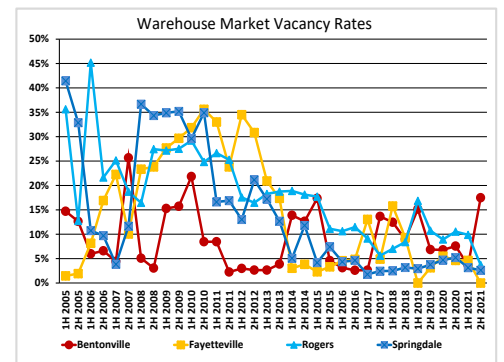
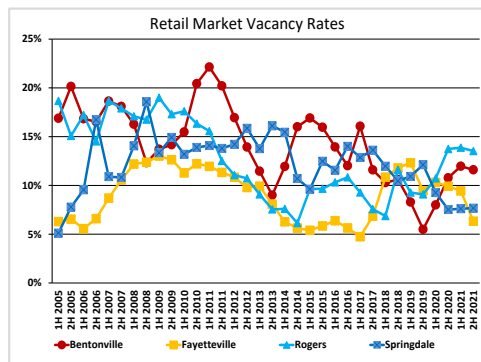
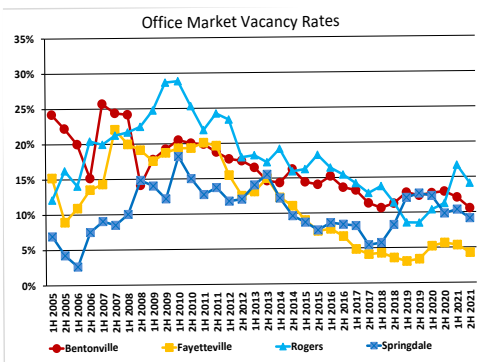
In the office/retail submarket, there was positive absorption of 69,516 square feet, while 9,187 new square feet of office/retail space entered the market in the second half of 2021, leading to net positive absorption of 60,329 square feet. The office/retail vacancy rate decreased from 10.9 percent in the first half of 2021 to 9.6 percent in the second half of 2021.

From July 1 to December 31, 2021, there were \$397,893,305 in commercial building permits issued in Northwest Arkansas. In comparison, there were \$647,053,124 in permits issued in the first half of 2021.

# Commercial Market Trends

## Vacancy Rates by Submarket

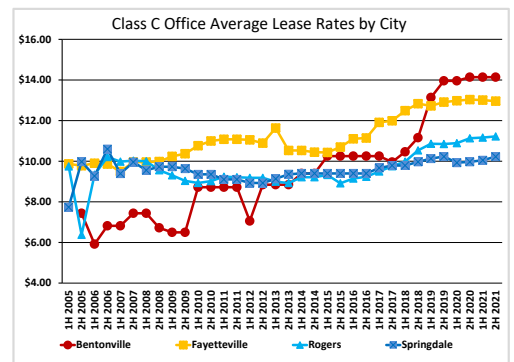
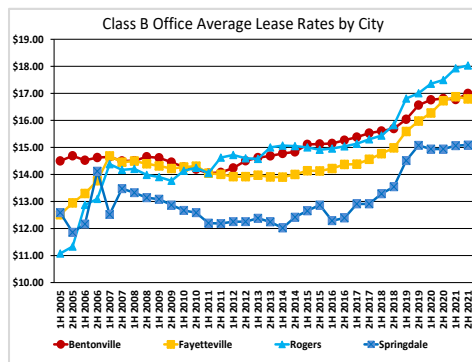
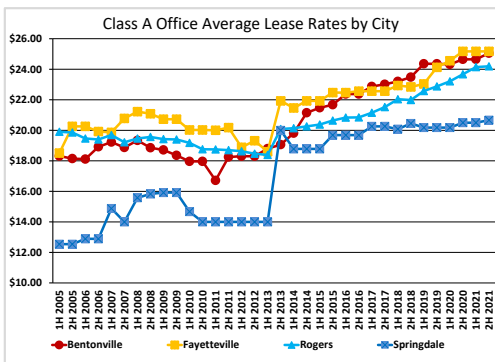
Vacancy Rates by Submarket	Time Period	Bella Vista	Bentonville	Fayetteville	Johnson	Lowell	Rogers	Siloam Springs	Springdale	Northwest Arkansas
<b>Office</b>	2H 2020	20.7%	12.9%	5.6%	6.8%	6.6%	11.2%	10.3%	9.8%	10.0%
	1H 2021	24.6%	12.1%	5.3%	6.4%	5.7%	16.7%	2.8%	10.4%	11.2%
	2H 2021	16.1%	10.6%	4.3%	6.3%	21.2%	14.1%	13.3%	9.1%	10.0%
<b>Medical Office</b>	2H 2020	13.0%	6.5%	2.3%	6.8%	0.0%	1.9%	6.1%	9.7%	4.4%
	1H 2021	13.0%	6.5%	2.1%	5.2%	0.0%	2.6%	3.3%	11.5%	4.3%
	2H 2021	0.0%	5.5%	3.1%	5.3%	48.4%	1.8%	13.3%	11.2%	6.4%
<b>Office/Retail</b>	2H 2020	13.5%	13.2%	11.3%	6.7%	2.2%	9.0%	13.2%	7.5%	10.9%
	1H 2021	16.6%	13.4%	11.0%	4.7%	0.0%	8.3%	15.0%	7.6%	10.9%
	2H 2021	8.5%	15.5%	9.9%	2.7%	0.0%	8.5%	5.2%	4.3%	9.6%
<b>Office/Warehouse</b>	2H 2020		9.3%	0.6%	0.0%	16.2%	9.7%	83.6%	4.1%	8.6%
	1H 2021		6.8%	0.0%	0.0%	13.9%	4.4%	52.2%	2.9%	5.6%
	2H 2021		7.1%	0.0%	0.0%	6.4%	0.9%	83.6%	3.7%	6.0%
<b>Retail</b>	2H 2020	7.0%	10.8%	9.9%	0.0%	18.3%	13.7%	8.2%	7.5%	10.8%
	1H 2021	6.8%	12.0%	9.4%	0.0%	18.3%	13.9%	7.3%	7.6%	10.8%
	2H 2021	6.8%	11.6%	6.3%	0.0%	1.7%	13.5%	7.5%	7.7%	9.5%
<b>Retail/Warehouse</b>	2H 2020		1.2%	6.1%	53.4%	13.1%	10.8%	7.4%	12.6%	9.9%
	1H 2021		1.5%	3.3%	27.6%	15.8%	9.9%	7.4%	16.8%	11.4%
	2H 2021		1.2%	13.3%	53.4%	31.6%	4.1%	0.0%	0.7%	3.5%
<b>Warehouse</b>	2H 2020	19.5%	7.6%	4.6%	0.0%	22.4%	10.5%	9.0%	5.2%	9.3%
	1H 2021	0.0%	3.6%	4.6%	4.9%	12.6%	9.9%	6.2%	3.1%	6.6%
	2H 2021	0.0%	17.5%	0.0%	0.0%	6.7%	3.7%	0.0%	2.6%	5.3%



# 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
<b>Office</b>	2H 2020	18,700	520,649	197,281	20,558	21,760	402,026	15,827	121,236	1,318,037
	1H 2021	22,296	484,819	186,186	19,191	18,262	630,872	4,361	129,054	1,495,041
	2H 2021	19,296	430,058	148,243	19,124	69,397	538,863	22,841	114,694	1,362,516
<b>Medical Office</b>	2H 2020	3,000	20,777	29,112	20,558	0	8,114	7,027	41,492	130,080
	1H 2021	3,000	20,777	26,616	9,291	0	11,534	3,761	49,902	124,881
	2H 2021	0	19,577	39,814	9,524	40,000	8,510	22,841	59,078	199,344
<b>Office/Retail</b>	2H 2020	36,337	142,481	194,463	5,000	1,600	55,535	24,212	44,402	504,030
	1H 2021	44,803	143,207	196,799	3,500	0	50,369	27,586	53,122	519,386
	2H 2021	22,910	164,971	173,392	2,000	0	51,698	9,586	30,142	454,699
<b>Office/Warehouse</b>	2H 2020		81,900	1,200	0	25,000	61,400	92,274	81,936	343,710
	1H 2021		61,900	0	0	22,400	28,730	57,667	56,818	227,515
	2H 2021		64,900	0	0	10,400	5,900	92,274	75,534	249,008
<b>Retail</b>	2H 2020	3,400	90,937	360,603	0	20,610	492,349	37,793	130,819	1,136,511
	1H 2021	3,299	105,949	344,812	0	20,610	509,916	34,193	132,498	1,151,277
	2H 2021	3,299	104,393	229,364	0	1,875	501,612	35,173	133,315	1,009,031
<b>Retail/Warehouse</b>	2H 2020		2,928	8,700	9,630	4,900	30,469	9,860	82,712	149,199
	1H 2021		3,846	3,004	4,980	4,900	26,953	9,860	113,587	167,130
	2H 2021		2,928	14,974	9,630	9,800	11,333	0	5,200	53,865
<b>Warehouse</b>	2H 2020	3,600	104,583	54,745	0	316,708	295,328	48,750	165,868	989,582
	1H 2021	0	50,000	54,745	4,000	178,208	301,512	48,750	100,168	737,383
	2H 2021	0	325,000	0	0	92,000	114,750	0	84,454	616,204



# Commercial Market Trends

## Absorption and Lease Rates by City

Twelve Month Absorption by Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	3,000	13,427	101	3,600
Bentonville	94,984	-26,882	-13,456	-220,417
Fayetteville	54,772	29,363	105,399	54,745
Johnson	3,534	3,000	0	0
Lowell	-47,637	1,600	18,735	236,708
Rogers	-136,211	7,037	4,379	206,362
Siloam Springs	-7,014	14,626	5,120	289,339
Springdale	-11,048	24,550	1,054	121,414
<b>Northwest Arkansas</b>	<b>-45,621</b>	<b>66,721</b>	<b>121,332</b>	<b>691,751</b>

