

# THE SKYLINE REPORT

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Center for Business  
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## Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the thirty-fourth 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.

### Second Half of 2015

### February 2016 Highlights

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Commercial Real Estate Market Summary  
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### Highlights from the Second Half of 2015

- In the second half of 2015, 836,033 total square feet of commercial space was absorbed, while 550,311 new square feet was added, netting positive absorption of 285,722 square feet in the Northwest Arkansas market and an overall vacancy rate of 12.4 percent, up from 12.0 in the first half of 2015.
- In the office submarket there was overall absorption of 245,304 square feet, while 284,296 new square feet was added, leading to net negative absorption of 38,992 square feet in the second half of 2015. The office vacancy rate declined to 12.6 percent from 12.7 percent in the first half of 2015 as additional existing properties entered the database.
- Within the retail submarket, there was overall positive absorption of 105,972 square feet, while 82,715 new square feet entered the market, leading to positive net absorption of 23,257 square feet in the second half of 2015. The Northwest Arkansas vacancy rate increased to 9.8 percent in the second half of 2015 from 9.0 percent in the first half of 2015 as additional existing properties entered the database.
- The warehouse submarket had overall absorption of 314,382 square feet, while 183,300 new square feet was added, leading to positive net absorption of 131,082 square feet in the second half of 2015. This led the Northwest Arkansas warehouse vacancy rate to decrease from 13.1 percent in the first half of 2015 to 11.5 percent.
- In the office/retail submarket, there was negative net absorption of 44,692 square feet in the second half of 2015. The vacancy rate increased from 11.8 percent in the first half of 2015 to 13.0 percent in the second half of 2015.
- The office/warehouse submarket had 24,856 square feet of net positive absorption, while the retail/warehouse submarket had positive net absorption of 41,411 square feet in the second half of 2015.
- From July 1 to December 31, 2015, \$112.8 million in commercial building permits were issued in Northwest Arkansas. In comparison, there were \$153.4 million in permits issued in the second half of 2014.

# Commercial Market Trends

## Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
2H 2014	11.6%	16.3%	11.1%	11.8%	15.5%	14.3%	9.6%	13.8%
1H 2015	26.2%	14.4%	9.0%	11.4%	15.8%	11.1%	8.7%	12.7%
2H 2015	26.2%	14.1%	7.5%	13.6%	17.0%	10.6%	7.6%	12.6%

### Medical Office

2H 2014	0.0%	6.5%	12.9%	7.4%	21.3%	2.3%	16.7%	12.5%
1H 2015	0.0%	2.5%	10.9%	7.4%	21.3%	2.3%	16.7%	10.3%
2H 2015	0.0%	5.2%	11.3%	7.4%	21.3%	2.3%	16.7%	10.5%

### Office/Retail

2H 2014	9.5%	12.5%	8.5%	1.5%	16.0%	3.0%	16.1%	11.5%
1H 2015	11.6%	11.7%	9.4%	0.0%	17.1%	3.7%	14.1%	11.8%
2H 2015	10.8%	18.4%	10.4%	0.0%	16.0%	4.4%	12.3%	13.0%

### Office/Warehouse

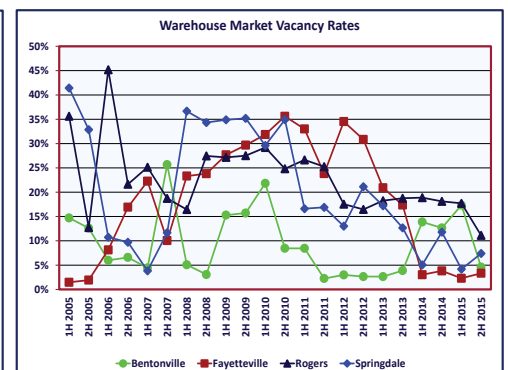
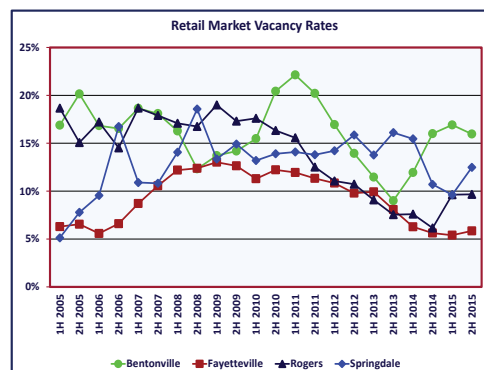
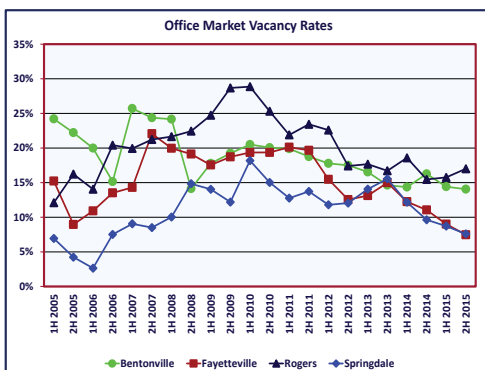
2H 2014	--	11.4%	3.9%	26.4%	11.5%	0.0%	4.8%	8.1%
1H 2015	--	9.4%	0.0%	26.4%	10.3%	0.0%	7.2%	8.2%
2H 2015	--	7.2%	0.0%	36.8%	7.8%	31.2%	6.5%	8.4%

### Retail

2H 2014	0.0%	16.0%	5.6%	15.4%	6.1%	4.5%	10.7%	7.3%
1H 2015	0.0%	16.9%	5.4%	55.2%	9.6%	6.5%	9.6%	9.0%
2H 2015	20.2%	16.0%	5.8%	57.0%	9.7%	9.1%	12.5%	9.8%

### Warehouse

2H 2014	0.0%	12.6%	3.8%	43.7%	18.1%	8.3%	11.8%	16.4%
1H 2015	0.0%	17.3%	2.3%	32.8%	17.7%	8.2%	4.2%	13.1%
2H 2015	35.1%	4.6%	3.3%	39.1%	11.1%	8.2%	7.4%	11.5%



# Commercial Market Trends

## Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
2H 2014	9,442	550,750	320,976	37,849	416,437	17,634	86,172	1,439,260
1H 2015	24,274	500,348	269,375	36,359	429,834	15,634	79,016	1,354,840
2H 2015	24,274	491,707	220,603	43,559	525,794	15,634	71,407	1,392,978

### Medical Office

2H 2014	0	17,702	123,519	3,700	58,690	3,300	49,880	256,791
1H 2015	0	6,768	108,693	0	51,993	1,300	48,296	217,050
2H 2015	0	14,230	113,594	3,250	55,414	1,300	37,046	224,834

### Office/Retail

2H 2014	27,164	113,327	128,903	1,000	134,256	4,500	81,997	491,147
1H 2015	33,179	105,595	142,813	0	143,682	5,500	71,886	502,655
2H 2015	31,811	167,787	166,804	0	133,012	6,600	63,502	569,516

### Office/Warehouse

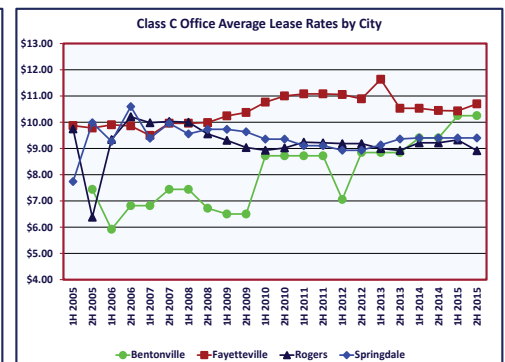
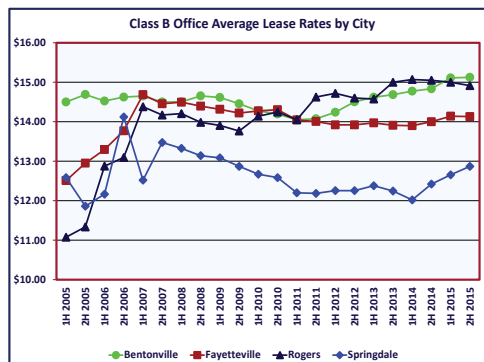
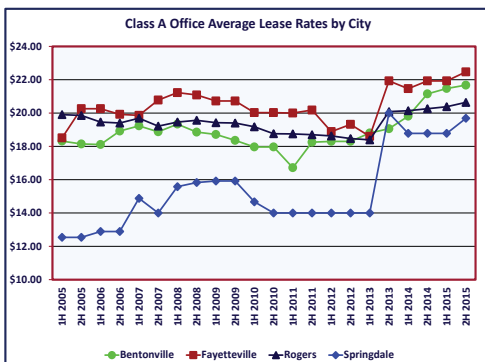
2H 2014	--	115,781	6,000	24,400	54,189	0	73,435	273,805
1H 2015	--	97,713	0	24,400	48,689	0	110,679	281,481
2H 2015	--	75,720	0	39,600	36,539	37,007	99,679	288,545

### Retail

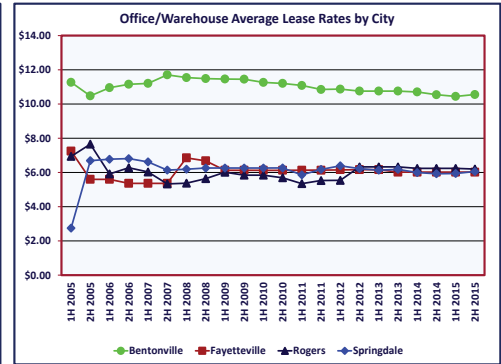
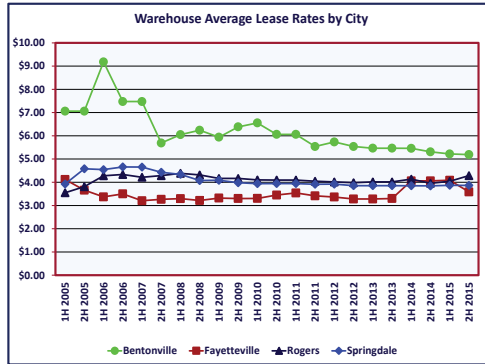
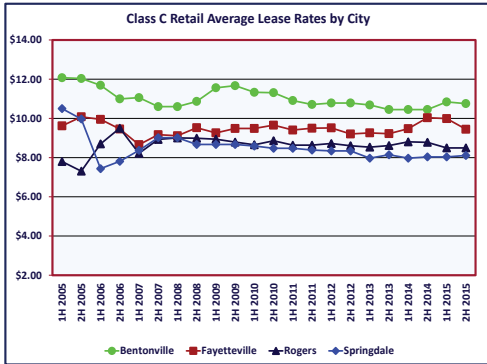
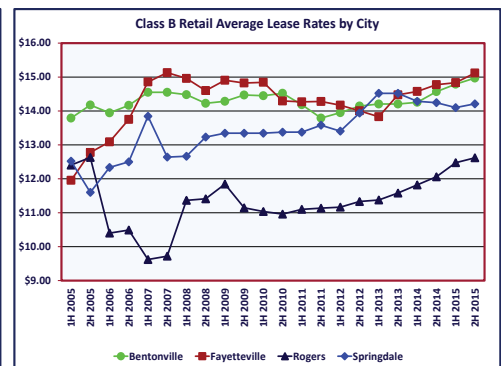
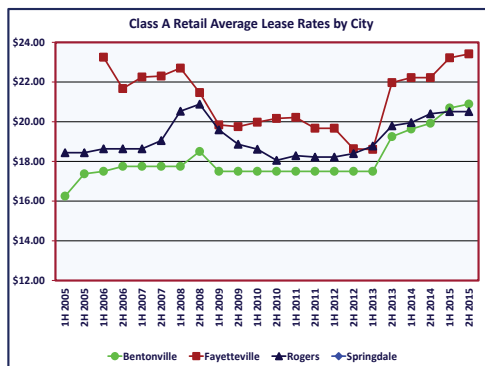
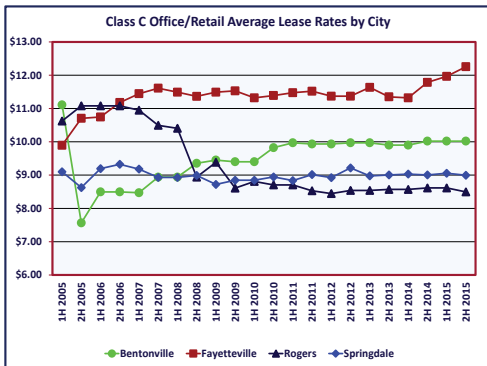
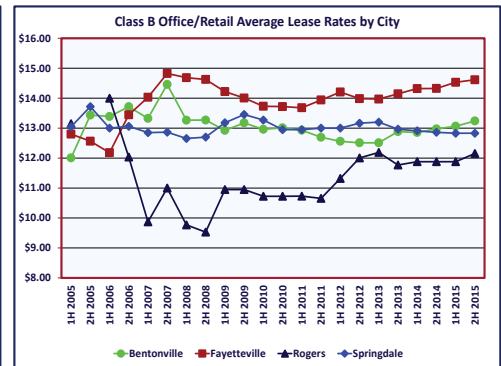
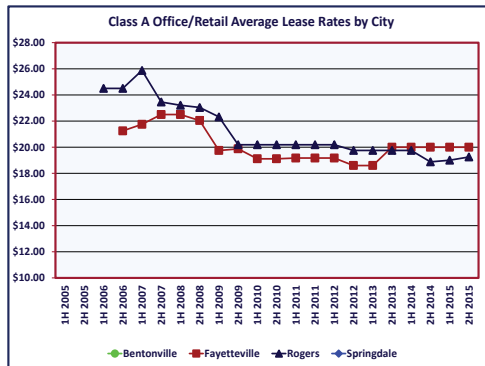
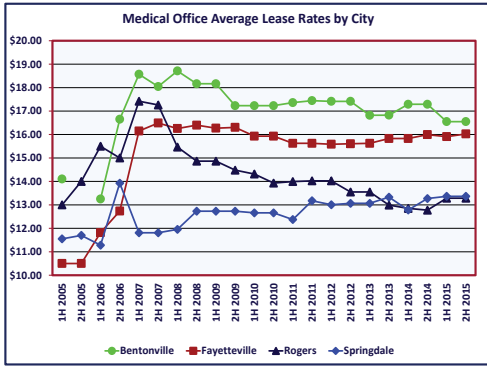
2H 2014	0	93,377	185,936	19,401	165,777	13,924	120,300	598,715
1H 2015	0	106,295	178,985	69,401	264,112	21,322	108,638	748,753
2H 2015	5,320	104,220	197,013	71,626	272,604	31,000	162,604	844,387

### Warehouse

2H 2014	0	69,834	38,625	374,355	456,058	27,635	254,404	1,220,911
1H 2015	0	121,834	22,000	280,955	445,537	27,635	91,175	989,136
2H 2015	6,480	36,834	32,000	359,021	280,887	27,635	193,281	936,138



# Commercial Market Trends



## Net Twelve Month Absorption by Submarket 2H 2014 - 2H 2015

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	-3,332	-8,727	0	-6,480
Bentonville	73,083	-57,026	5,799	33,000
Fayetteville	96,242	-1,949	2,380	6,625
Lowell	-5,710	1,000	-52,225	15,334
Rogers	-83,626	-10,756	-102,808	139,984
Siloam Springs	2,000	-2,100	-4,400	0
Springdale	8,821	22,227	46,706	198,965
<b>Northwest Arkansas</b>	<b>87,478</b>	<b>-57,331</b>	<b>-104,548</b>	<b>387,428</b>