

# THE SKYLINE REPORT

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## Commercial Highlights First Half 2020

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## Real Estate Summary For Benton and Washington Counties

*This report is the forty-second 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 2020

In the first half of 2020, there was 101,751 square feet of positive absorption, while 323,789 new square feet were added, leading to net negative absorption of 222,038 square feet in the Northwest Arkansas market and an overall vacancy rate of 10.8 percent, increased from 10.0 percent in the second half of 2019.

157,822 new square feet were added in the office submarket, while 18,394 square feet were absorbed, leading to net negative absorption of 139,428 square feet in the first half of 2020. The office vacancy rate increased to 9.8 percent from 8.5 percent in the second half of 2019.

Within the retail submarket, there was overall negative absorption of 23,469 square feet, while 31,716 new square feet entered the market, leading to negative net absorption of 55,185 square feet. The retail vacancy rate increased to 10.6 percent in the first half of 2020 from 9.4 percent in the second half of 2019.

The warehouse submarket had overall positive absorption of 95,716 square feet, while no new square feet were added in the first half of 2020. The Northwest Arkansas warehouse vacancy rate decreased from 9.4 percent in the second half of 2019 to 8.3 percent in the first half of 2020.

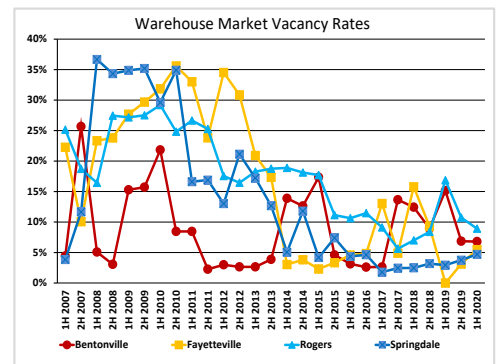
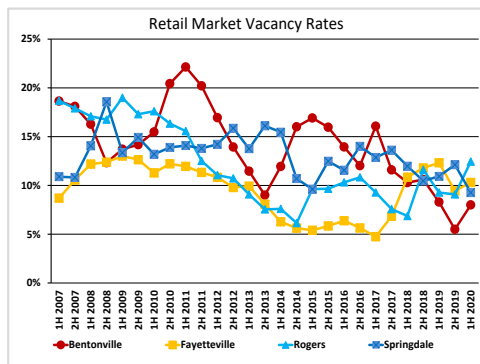
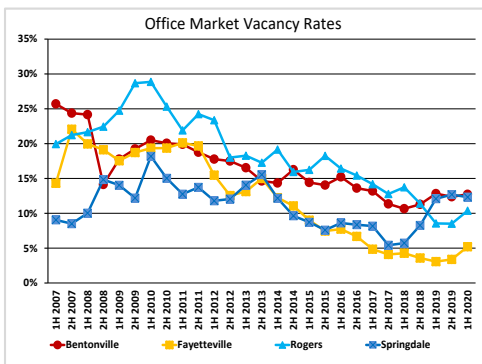
In the office/retail submarket, there was net positive absorption of 24,790 square feet, while 30,531 new square feet of office/retail space entered the market in the first half of 2020, leading to net negative absorption of 5,741 square feet. The vacancy rate decreased from 11.7 percent in the second half of 2019 to 11.6 percent in the first half of 2020.

From January 1 to June 30, 2020, there were \$196,171,877 in commercial building permits issued in Northwest Arkansas. In comparison, there were \$197,510,689 in permits issued in the second half of 2019.

# Commercial Market Trends

## Vacancy Rates by Submarket

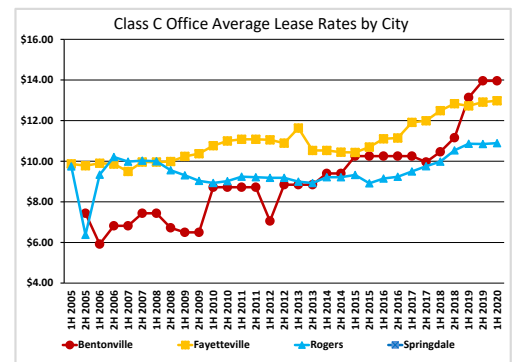
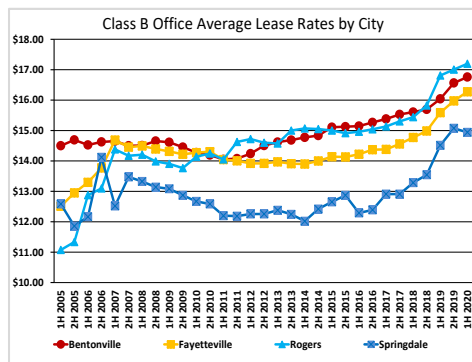
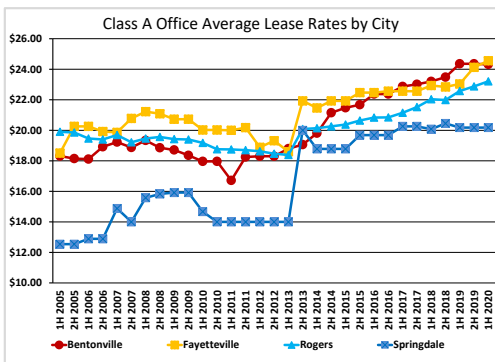
Vacancy Rates by Submarket	Time Period	Bella Vista	Bentonville	Fayetteville	Johnson	Lowell	Rogers	Siloam Springs	Springdale	Northwest Arkansas
<b>Office</b>	1H 2019	4.4%	12.8%	3.1%	6.6%	7.0%	8.5%	7.0%	12.1%	8.6%
	2H 2019	4.4%	12.4%	3.4%	5.9%	6.8%	8.5%	5.4%	12.7%	8.5%
	1H 2020	24.3%	12.7%	5.2%	5.3%	7.1%	10.4%	8.6%	12.3%	9.8%
<b>Medical Office</b>	1H 2019	0.0%	1.7%	1.9%	4.3%	2.1%	0.0%	7.9%	4.8%	2.3%
	2H 2019	0.0%	6.8%	2.5%	6.0%	0.0%	1.2%	5.3%	14.3%	4.3%
	1H 2020	13.0%	6.5%	2.4%	6.0%	0.0%	2.8%	3.3%	13.7%	4.5%
<b>Office/Retail</b>	1H 2019	12.4%	9.4%	8.6%	5.1%	3.0%	16.3%	16.1%	13.9%	10.9%
	2H 2019	11.0%	11.6%	12.0%	4.6%	3.0%	13.4%	11.5%	11.5%	11.7%
	1H 2020	13.0%	11.5%	13.1%	4.6%	4.0%	12.3%	2.8%	10.5%	11.6%
<b>Office/Warehouse</b>	1H 2019		12.4%	0.0%	0.0%	0.0%	14.5%	51.5%	10.3%	11.8%
	2H 2019		13.2%	0.0%	0.0%	0.0%	11.0%	84.8%	5.5%	10.2%
	1H 2020		13.0%	1.6%	0.0%	16.2%	11.0%	52.2%	4.3%	9.0%
<b>Retail</b>	1H 2019	14.1%	8.3%	12.3%	4.5%	12.8%	9.3%	13.1%	10.9%	10.8%
	2H 2019	0.0%	5.5%	9.5%	0.0%	4.9%	9.1%	9.8%	12.1%	9.4%
	1H 2020	7.0%	8.0%	10.3%	0.0%	23.9%	13.4%	6.9%	9.3%	10.9%
<b>Retail/Warehouse</b>	1H 2019		3.2%	18.9%	0.0%	0.0%	12.7%	13.1%	12.0%	11.0%
	2H 2019		3.6%	21.5%	0.0%	0.0%	5.2%	1.1%	16.4%	11.1%
	1H 2020		1.8%	22.1%	0.0%	13.1%	14.9%	31.9%	15.4%	14.8%
<b>Warehouse</b>	1H 2019	19.5%	15.1%	0.0%	0.0%	20.0%	16.9%	7.4%	2.9%	10.3%
	2H 2019	19.5%	6.9%	3.1%	0.0%	24.4%	10.7%	22.3%	3.8%	9.4%
	1H 2020	19.5%	6.8%	5.5%	0.0%	17.3%	8.9%	12.8%	4.7%	8.3%



# Commercial Market Trends

## Available Space by Submarket

Available Space by Submarket	Time Period	Bella Vista	Bentonville	Fayetteville	Johnson	Lowell	Rogers	Siloam Springs	Springdale	Northwest Arkansas
<b>Office</b>	1H 2019	3,300	482,211	98,764	19,497	23,645	291,115	10,650	127,940	1,057,122
	2H 2019	3,300	483,343	113,053	17,375	22,938	292,595	8,250	137,391	1,078,245
	1H 2020		488,005	176,057	15,555	23,608	371,008	13,261	134,746	1,244,240
<b>Medical Office</b>	1H 2019	0	5,200	24,500	7,519	1,707	0	9,000	13,500	61,426
	2H 2019	0	20,777	31,789	10,436	0	5,074	6,100	41,492	115,668
	1H 2020	3,000	20,777	30,832	10,436	0	13,188	3,761	41,492	123,486
<b>Office/Retail</b>	1H 2019		86,864	140,081	3,332	2,880	95,475	31,746	78,217	475,116
	2H 2019		107,882	199,260	3,000	2,880	78,181	22,610	63,158	509,622
	1H 2020		122,394	221,719	3,000	2,880	73,935	5,177	65,412	533,104
<b>Office/Warehouse</b>	1H 2019		123,697	0	0	0	83,959	61,493	203,349	472,498
	2H 2019		134,382	0	0	0	63,400	101,234	109,085	408,101
	1H 2020		135,660	3,100	0	25,000	64,400	57,667	86,325	372,152
<b>Retail</b>	1H 2019	5,320	63,097	463,380	2,400	11,125	322,647	59,281	184,469	1,111,719
	2H 2019	0	41,651	342,710	0	4,300	316,392	43,753	206,098	954,904
	1H 2020	3,400	61,238	375,729	0	26,910	470,329	31,493	159,566	1,128,665
<b>Retail/Warehouse</b>	1H 2019		7,816	27,304	0	0	32,692	11,960	75,604	155,376
	2H 2019		8,854	31,000	0	0	13,400	1,000	100,414	154,668
	1H 2020		4,248	30,000	0	4,900	41,022	34,970	102,124	217,264
<b>Warehouse</b>	1H 2019	3,600	161,834	0	0	263,345	482,622	24,040	92,019	1,027,460
	2H 2019	3,600	97,834	36,000	0	342,500	305,904	72,790	120,187	978,815
	1H 2020	3,600	94,000	64,745	0	245,900	256,018	72,790	149,674	886,727



# Commercial Market Trends

## Absorption and Lease Rates by City

Twelve Month Absorption by Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	-18,700	-2,066	1,920	0
Bentonville	12,767	-26,806	16,859	56,000
Fayetteville	-2,372	2,276	-19,286	-64,745
Johnson	3,942	332	2,400	0
Lowell	37	0	9,825	17,445
Rogers	-60,928	20,106	-94,015	115,286
Siloam Springs	-2,611	23,419	16,419	-48,750
Springdale	-3,054	14,867	38,902	-42,193
<b>Northwest Arkansas</b>	<b>-70,919</b>	<b>32,128</b>	<b>-26,976</b>	<b>33,043</b>

