



THE SKYLINE REPORT

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

Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the thirty-seventh 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.

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Commercial Real Estate Market Summary
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Center for Business and Economic Research
Sam M. Walton College of Business
University of Arkansas
Fayetteville, AR 72701
Telephone: 479.575.4151
<http://cber.uark.edu/>

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Highlights from the First Half of 2017

- In the first half of 2017, 815,546 square feet of commercial space were absorbed, while 327,845 new square feet were added, netting positive absorption of 487,701 square feet in the Northwest Arkansas market and an overall vacancy rate of 10.5 percent, down from 11.7 percent in the second half of 2016.
- 206,304 new square feet were added in the office submarket, while 326,234 square feet were absorbed, leading to net positive absorption of 119,930 square feet in the first half of 2017. The office vacancy rate decreased to 10.4 percent from 11.4 percent in the second half of 2016.
- Within the retail submarket, there was overall positive absorption of 187,369 square feet, while 121,541 new square feet entered the market, leading to positive net absorption of 65,828 square feet. The retail vacancy rate decreased to 8.7 percent in the first half of 2017 from 9.4 percent in the second half of 2016.
- The warehouse submarket had positive absorption of 157,998 square feet, while no new square feet were added in the first half of 2017. The Northwest Arkansas warehouse vacancy rate decreased from 8.1 percent in the second half of 2016 to 7.6 percent in the first half of 2017.
- In the office/retail submarket, there was positive absorption of 40,180 square feet, while no new square feet of office/retail space entered the market in the first half of 2017. The vacancy rate decreased from 11.0 percent in the second half of 2016 to 10.0 percent in the first half of 2017.
- From January 1 to June 30, 2017, there were \$116,812,224 in commercial building permits issued in Northwest Arkansas. In comparison, there were \$206,485,385 in permits issued in the first half of 2016.

Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2016	27.9%	15.2%	7.7%	11.9%	15.3%	10.6%	8.6%	12.7%
2H 2016	14.6%	13.6%	6.7%	13.3%	14.4%	6.8%	8.4%	11.4%
1H 2017	14.6%	13.2%	4.9%	10.1%	13.3%	5.3%	8.2%	10.4%

Medical Office

1H 2016	0.0%	9.3%	10.6%	3.9%	13.9%	1.1%	12.3%	10.5%
2H 2016	0.0%	6.0%	9.4%	3.9%	17.4%	8.7%	14.7%	10.8%
1H 2017	0.0%	2.5%	4.3%	3.9%	15.4%	5.7%	12.8%	7.1%

Office/Retail

1H 2016	9.7%	20.3%	9.9%	0.0%	14.7%	5.8%	14.5%	13.2%
2H 2016	6.0%	16.1%	9.4%	0.0%	12.6%	5.8%	11.0%	11.0%
1H 2017	5.6%	12.0%	9.2%	0.0%	13.8%	3.4%	8.9%	10.0%

Office/Warehouse

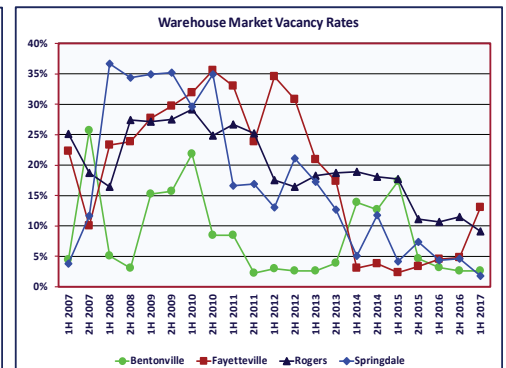
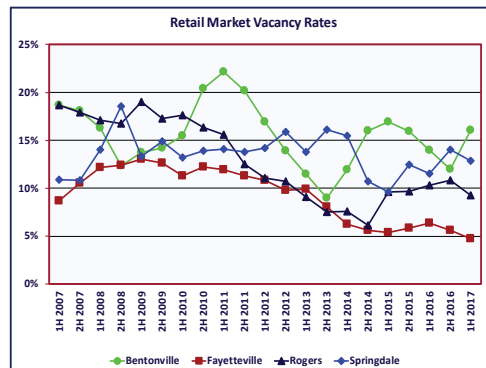
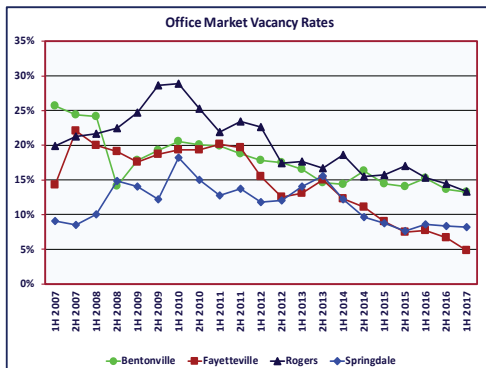
1H 2016		7.8%	0.0%	36.8%	7.8%	1.7%	7.1%	7.8%
2H 2016		13.2%	0.0%	22.7%	7.6%	1.7%	6.6%	8.7%
1H 2017		10.2%	5.3%	22.7%	2.9%	3.4%	3.8%	6.2%

Retail

1H 2016	20.2%	13.9%	6.4%	9.8%	10.3%	9.1%	11.6%	9.2%
2H 2016	14.1%	12.0%	5.6%	9.2%	10.8%	9.7%	14.0%	9.4%
1H 2017	14.1%	16.1%	4.8%	9.2%	9.3%	10.1%	12.9%	8.7%

Warehouse

1H 2016	35.1%	3.1%	4.6%	20.2%	10.6%	4.2%	4.4%	8.0%
2H 2016	35.1%	2.6%	4.8%	17.5%	11.5%	4.2%	4.6%	8.1%
1H 2017	35.1%	2.6%	13.0%	17.8%	9.1%	4.1%	1.8%	7.6%



Commercial Market Trends

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2016	24,274	542,394	231,275	38,051	494,527	15,634	79,796	1,425,951
2H 2016	10,981	480,098	209,537	44,051	469,256	10,000	77,107	1,301,030
1H 2017	10,981	484,885	150,856	33,574	446,996	8,000	77,262	1,212,554

Medical Office

1H 2016	0	28,417	110,822	3,250	55,414	1,300	37,736	236,939
2H 2016	0	18,462	110,580	3,250	75,016	10,000	44,946	262,254
1H 2017	0	8,000	51,562	3,250	65,628	6,500	39,146	174,0864

Office/Retail

1H 2016	28,736	185,269	159,413	0	120,814	8,675	72,101	575,008
2H 2016	17,614	137,731	154,044	0	100,513	8,650	54,940	473,492
1H 2017	16,447	105,514	151,273	0	108,642	5,100	44,456	431,432

Office/Warehouse

1H 2016		79,720	0	39,600	36,539	2,000	110,325	268,184
2H 2016		132,220	0	24,400	36,539	2,000	102,775	297,934
1H 2017		102,493	8,900	24,400	13,822	4,000	59,575	213,190

Retail

1H 2016	5,320	88,818	221,765	12,370	297,324	31,000	167,170	823,767
2H 2016	5,320	77,467	203,230	11,570	333,906	39,600	221,340	892,433
1H 2017	5,320	123,515	175,027	11,570	286,242	41,750	207,223	850,647

Warehouse

1H 2016	6,480	25,034	44,000	185,230	263,847	14,275	114,140	653,006
2H 2016	6,480	21,034	50,400	160,230	311,889	14,275	120,004	684,312
1H 2017	6,480	21,034	136,730	163,230	261,346	14,275	44,704	647,799

