



# THE SKYLINE REPORT

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## July 2010 Highlights

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

This report is the twenty-third 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 Quarter of 2010

- In the first half of 2010, 102,100 square feet of competitive commercial property were added to the Northwest Arkansas market. About 65,000 square feet of the added space were new lab space, 28,700 square feet were new office space (92.2 percent of which was medical office space), and 8,400 square feet were new retail space.
- New office space was added to the Bentonville, Siloam Springs, and Springdale markets, while 33,149 square feet became occupied in Northwest Arkansas, netting a positive absorption of 4,449 square feet. The office vacancy rate, however, increased from 20.6 percent in the fourth quarter of 2009 to 21.1 percent in the second quarter of 2010, due to the increase in the total reported space.
- Within the retail submarket, 78,799 square feet became occupied, while new space entered the Bentonville and Springdale markets. The vacancy rate declined to 13.6 percent in accord with the positive net absorption.
- In the office/retail market, there was positive net absorption of 11,248 square feet and the vacancy rate declined to 22.3 percent, accordingly.
- During the first half of 2010, 139,370 square feet of office/warehouse market became vacant in Northwest Arkansas. The vacancy rate increased in accord with the absorption to 20.2 percent in the second quarter.
- The warehouse submarket experienced positive absorption of 36,935 square feet, while no new space was added. But, the increase in total reported space meant that the warehouse vacancy rate increased slightly to 27.4 percent in the second quarter.
- From December 2009 to May 2010, about \$36.4 million in commercial building permits were issued in Northwest Arkansas. For comparison, there were \$45.3 million in permits from December 2008 to May 2009.

# Commercial Market Trends

## Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q2 2009	19.0%	17.8%	17.5%	8.4%	24.7%	4.7%	14.0%	18.6%
Q4 2009	19.0%	19.2%	18.7%	15.7%	28.7%	4.7%	12.2%	20.6%
Q2 2010	19.0%	20.5%	19.4%	17.7%	25.9%	5.3%	18.2%	21.1%

### Medical Office

Q2 2009	0.0%	14.0%	10.9%	0.0%	33.0%	5.2%	22.0%	16.7%
Q4 2009	0.0%	16.5%	10.9%	0.0%	35.6%	5.2%	16.7%	17.1%
Q2 2010	0.0%	9.2%	13.9%	0.0%	33.9%	5.9%	20.4%	17.2%

### Office/Retail

Q2 2009	7.2%	21.8%	20.8%	19.7%	29.7%	29.7%	18.5%	22.0%
Q4 2009	7.7%	24.3%	20.3%	19.7%	32.6%	29.7%	17.7%	22.6%
Q2 2010	8.6%	22.5%	19.9%	18.3%	31.1%	27.9%	21.5%	22.3%

### Office/Warehouse

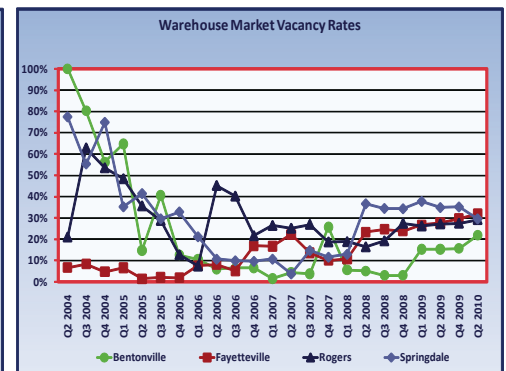
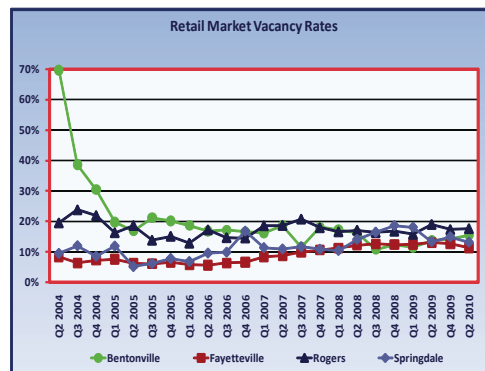
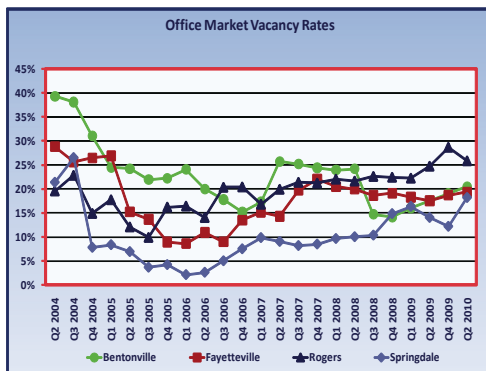
Q2 2009	--	11.0%	84.8%	1.8%	18.8%	65.8%	11.0%	15.4%
Q4 2009	--	11.7%	89.3%	1.8%	21.7%	65.8%	10.8%	16.1%
Q2 2010	--	11.2%	83.4%	86.5%	18.0%	65.8%	9.6%	20.2%

### Retail

Q2 2009	0.0%	13.7%	13.0%	15.2%	19.0%	8.3%	13.4%	14.9%
Q4 2009	0.0%	14.2%	12.6%	11.6%	17.3%	5.1%	14.9%	14.2%
Q2 2010	0.0%	15.5%	11.3%	11.4%	17.6%	5.7%	13.2%	13.6%

### Warehouse

Q2 2009	0.0%	15.3%	27.7%	1.0%	27.2%	79.1%	34.9%	29.0%
Q4 2009	0.0%	15.7%	29.7%	0.7%	27.5%	58.9%	35.2%	27.3%
Q2 2010	0.0%	21.8%	31.9%	0.0%	29.2%	68.0%	29.6%	27.4%



# Commercial Market Trends

## Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q2 2009	2,200	545,913	393,951	23,100	506,387	3,873	104,643	1,580,067
Q4 2009	2,200	594,304	425,245	43,100	632,674	3,873	90,651	1,792,047
Q2 2010	2,200	636,509	450,028	48,468	579,104	5,158	142,604	1,864,071

### Medical Office

Q2 2009	0	29,067	60,122	0	85,237	3,729	49,766	227,921
Q4 2009	0	35,217	60,122	0	103,019	3,729	38,070	240,157
Q2 2010	0	20,600	79,636	0	98,019	5,014	46,528	249,797

### Office/Retail

Q2 2009	19,970	181,535	304,036	12,910	258,567	43,724	91,785	912,527
Q4 2009	21,570	216,913	296,394	12,910	250,928	43,724	89,031	931,470
Q2 2010	23,855	197,936	302,367	12,010	248,573	41,100	108,354	934,195

### Office/Warehouse

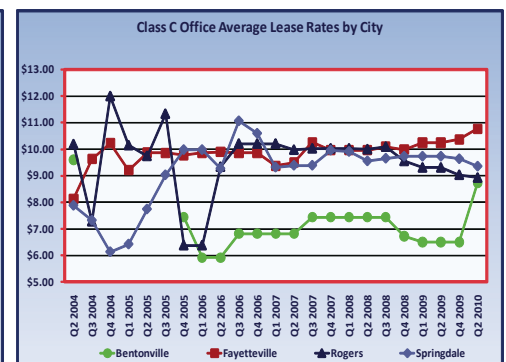
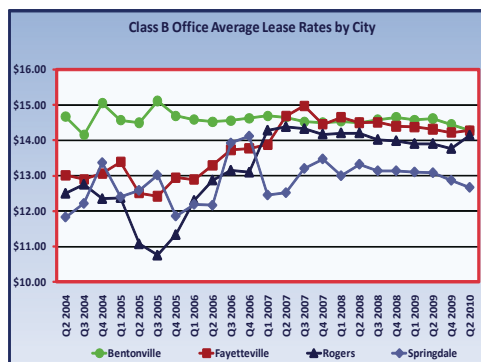
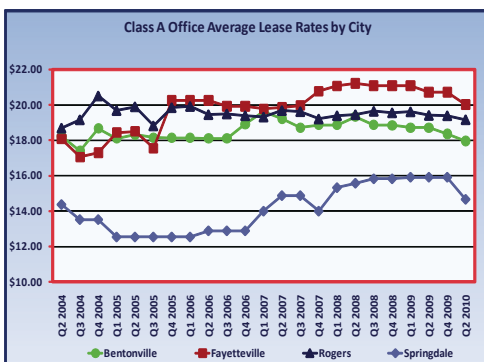
Q2 2009	--	133,830	86,726	4,000	89,206	70,007	142,392	526,161
Q4 2009	--	145,230	91,326	4,000	103,206	70,007	140,692	554,461
Q2 2010	--	139,525	85,326	190,325	84,837	70,007	125,442	695,462

### Retail

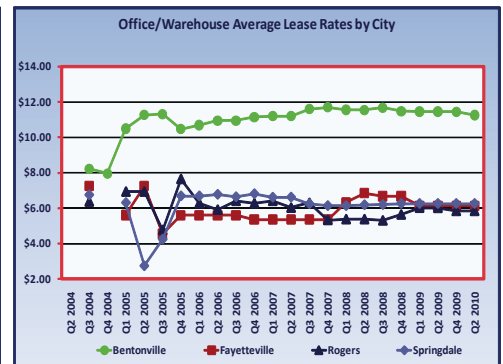
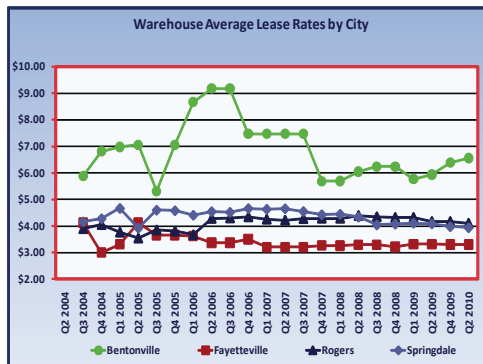
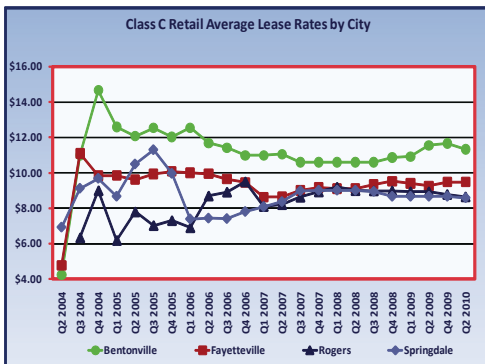
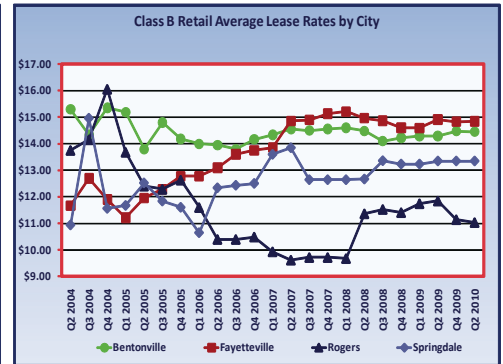
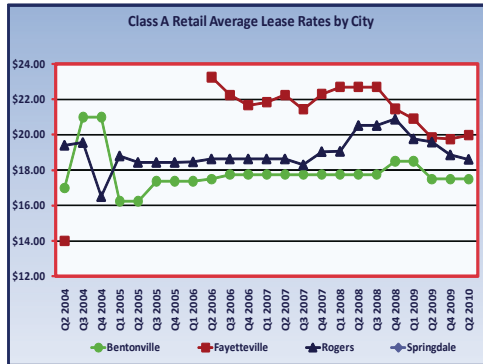
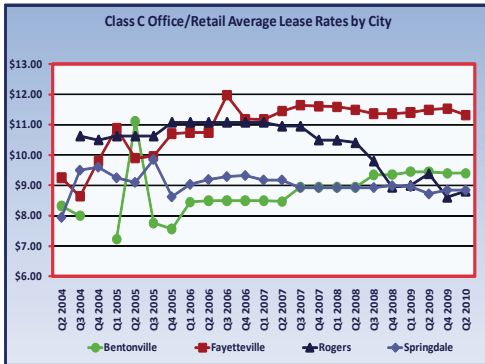
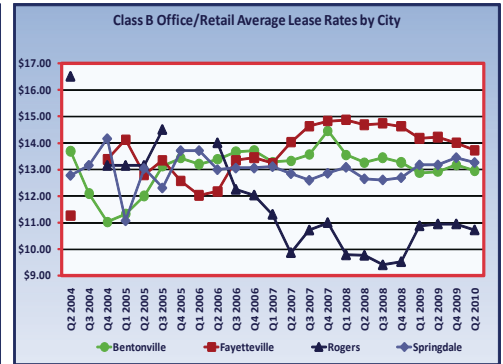
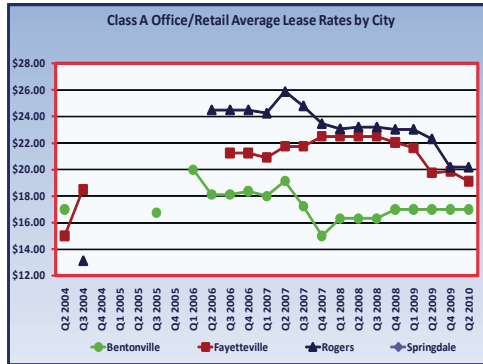
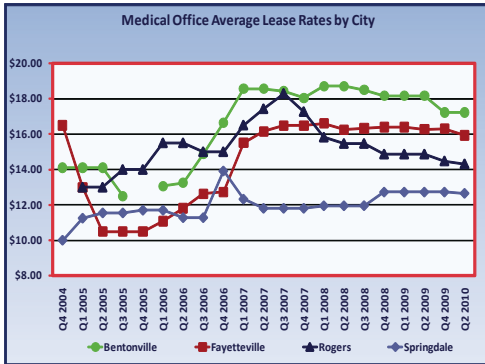
Q2 2009	0	54,035	400,736	19,200	456,915	24,536	122,245	1,077,667
Q4 2009	0	58,046	401,576	14,600	426,935	15,268	136,585	1,053,010
Q2 2010	0	63,902	343,281	14,384	432,913	17,468	122,510	994,458

### Warehouse

Q2 2009	0	75,800	299,056	6,750	580,842	330,843	596,189	1,889,480
Q4 2009	0	77,940	320,556	4,500	589,025	125,508	628,044	1,745,573
Q2 2010	0	108,250	350,556	0	628,370	144,738	533,128	1,765,042



# Commercial Market Trends



## Net Twelve Month Absorption by Submarket Q2 2009 - Q2 2010

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	0	-85	0	0
Bentonville	-113,146	-20,491	-11,702	-32,450
Fayetteville	14,976	23,273	39,540	-42,000
Lowell	-23,928	900	1,816	9,000
Rogers	-110,429	-3,487	-29,529	-30,412
Siloam Springs	-3,014	2,224	12,268	-19,230
Springdale	12,874	5,823	42,755	177,490
Northwest Arkansas	-222,667	8,157	55,148	62,398

