



# THE SKYLINE REPORT

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## July 2011 Highlights

### Contents

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

Commercial Real Estate Market Summary  
 Prepared Exclusively under  
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## Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the twenty-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 Quarter of 2011

- In the first half of 2011, 790,891 total square feet of commercial space were absorbed, while 113,462 new square feet were added, leaving a net positive absorption of 677,429 square feet.
- In the office submarket 165,982 square feet became occupied in Northwest Arkansas, with net positive absorption of 106,161 square feet. The office vacancy rate decreased from 20.5 percent in the fourth quarter of 2010 to 19.5 percent in the second quarter of 2011, in accord with absorption.
- In the office/retail market, there was positive net absorption of 50,636 square feet. The vacancy rate declined to 19.9 percent from 20.7 percent in the fourth quarter of 2010, accordingly.
- Within the retail submarket, 38,300 square feet became occupied, while 53,641 square feet of new space entered the market, netting negative absorption of 15,341 square feet. The Northwest Arkansas vacancy rate increased to 14.7 percent due to the new square footage.
- The warehouse submarket experienced the largest amount of positive absorption with 356,090 square feet. Springdale led in this submarket with 309,325 square feet of net positive absorption. The Northwest Arkansas warehouse vacancy rate decreased to 22.0 percent in the second quarter of 2011 from 27.0 percent in the fourth quarter of 2010.
- A total of 113,462 square feet of competitive commercial property were added to the Northwest Arkansas market. Of the new space, 59,821 square feet were new office space and 53,641 square feet were new retail space.
- From December 2010 to May 2011, about \$45.3 million in commercial building permits were issued in Northwest Arkansas. For comparison, there were \$27.1 million in permits from June to November 2010.

# Commercial Market Trends

## Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q2 2010	19.0%	20.5%	19.4%	17.7%	28.9%	5.3%	18.2%	21.9%
Q4 2010	17.3%	20.1%	19.4%	16.9%	25.3%	5.3%	15.0%	20.5%
Q2 2011	17.3%	19.9%	20.1%	14.1%	21.9%	5.3%	12.8%	19.5%

### Medical Office

Q2 2010	0.0%	9.2%	13.9%	0.0%	33.9%	5.9%	20.4%	17.2%
Q4 2010	0.0%	8.1%	13.8%	0.0%	32.2%	5.9%	20.3%	16.7%
Q2 2011	0.0%	6.2%	16.1%	0.0%	18.9%	5.9%	13.2%	14.0%

### Office/Retail

Q2 2010	8.6%	22.7%	19.9%	18.3%	31.1%	27.9%	21.5%	22.3%
Q4 2010	9.6%	21.5%	19.3%	18.3%	26.6%	14.2%	23.1%	20.8%
Q2 2011	7.6%	21.3%	18.0%	5.0%	28.6%	11.4%	21.1%	19.9%

### Office/Warehouse

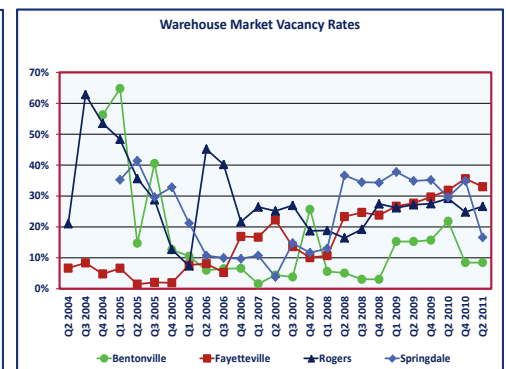
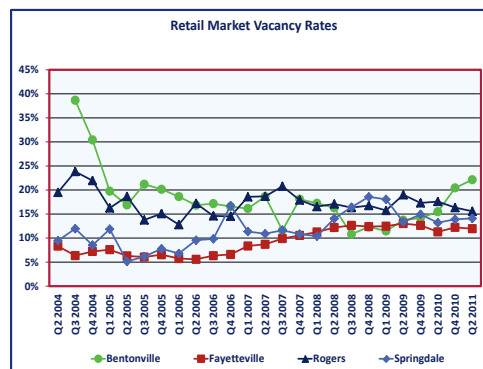
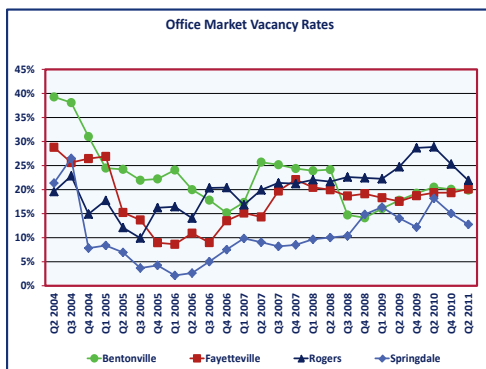
Q2 2010	--	11.2%	83.4%	86.5%	18.0%	65.8%	9.6%	20.2%
Q4 2010	--	9.6%	83.4%	86.5%	17.1%	65.8%	13.1%	20.7%
Q2 2011	--	9.5%	22.1%	85.3%	22.0%	65.8%	8.0%	17.8%

### Retail

Q2 2010	0.0%	15.5%	11.3%	11.4%	17.6%	5.7%	13.2%	13.6%
Q4 2010	0.0%	20.4%	12.2%	12.5%	16.3%	16.8%	13.9%	14.5%
Q2 2011	0.0%	22.1%	11.9%	17.6%	15.6%	24.6%	14.1%	14.7%

### Warehouse

Q2 2010	0.0%	21.8%	31.9%	0.0%	29.2%	68.0%	29.6%	27.4%
Q4 2010	0.0%	8.5%	35.6%	0.0%	24.8%	68.0%	34.9%	27.0%
Q2 2011	0.0%	8.5%	33.0%	0.0%	26.6%	58.9%	16.6%	22.0%



# Commercial Market Trends

## Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q2 2010	2,200	636,509	450,028	48,468	646,604	5,158	142,604	1,931,571
Q4 2010	2,000	628,781	459,695	46,416	584,672	5,158	117,818	1,844,540
Q2 2011	2,000	624,304	557,635	38,596	510,007	5,158	100,065	1,837,765

### Medical Office

Q2 2010	0	20,600	79,636	0	98,019	5,014	46,528	249,797
Q4 2010	0	19,190	78,814	0	96,419	5,014	46,336	245,773
Q2 2011	0	14,799	146,916	0	56,432	5,014	30,276	253,437

### Office/Retail

Q2 2010	23,855	190,848	302,367	12,010	248,573	41,100	108,354	927,107
Q4 2010	26,655	184,927	291,405	12,010	207,845	21,200	116,240	860,282
Q2 2011	21,055	182,884	275,536	3,305	224,569	17,000	106,544	830,893

### Office/Warehouse

Q2 2010		139,525	85,326	190,325	84,837	70,007	125,442	695,462
Q4 2010		120,955	85,326	190,325	83,902	70,007	170,209	720,724
Q2 2011		118,769	22,630	203,000	113,022	70,007	109,351	636,779

### Retail

Q2 2010	0	63,902	343,281	14,384	432,913	17,468	122,510	994,458
Q4 2010	0	95,314	378,636	15,809	408,690	59,700	131,594	1,089,743
Q2 2011	0	103,692	374,743	22,209	391,721	87,480	133,387	1,113,232

### Warehouse

Q2 2010	0	108,250	350,556	0	628,370	144,738	533,128	1,765,042
Q4 2010	0	41,100	396,056	0	534,290	144,738	590,303	1,706,487
Q2 2011	0	41,100	370,481	0	584,912	125,508	280,978	1,402,979

