



THE SKYLINE REPORT

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UNIVERSITY OF
ARKANSAS
SAM M. WALTON
COLLEGE OF BUSINESS

Center for Business
and Economic Research

Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the twenty-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.

Highlights from the First Half of 2012

- In the first half of 2012, 747,424 total square feet of commercial space were absorbed, while 43,139 new square feet were added, netting positive absorption of 704,285 square feet in the Northwest Arkansas market and an overall vacancy rate of 17.8 percent.
- In the office submarket there was net positive absorption of 234,717 square feet, while 19,393 new square feet were added in the first half of 2012. The office vacancy rate decreased 1.9 percentage points to 17.6 percent in the second quarter of 2012.
- In the office/retail submarket, there was positive net absorption of 45,263 square feet, while 15,750 new square feet were added. The vacancy rate declined accordingly to 17.8 percent from 18.8 percent.
- Within the retail submarket, there was net positive absorption of 95,052 square feet, while 8,000 new square feet entered the market, leading the Northwest Arkansas vacancy rate to decrease to 12.4 percent from 13.1 percent.
- The warehouse submarket experienced positive absorption of 259,899 square feet. The Northwest Arkansas warehouse vacancy rate decreased to 19.9 percent in the second quarter of 2012 from 21.2 percent in the fourth quarter of 2011.
- The industrial and retail/warehouse submarkets experienced 46,396 and 54,619 square feet of net positive absorption respectively, while the office/warehouse submarket had negative net absorption of 31,661 square feet.
- From January to June 2012, \$39.5 million in commercial building permits were issued in Northwest Arkansas. In comparison, there were \$51.4 million in permits issued in the second half of 2011.

First Half of 2012

August 2012 Highlights

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Commercial Real Estate Market Summary
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Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q2 2011	17.3%	19.9%	20.1%	14.1%	21.9%	5.3%	12.8%	19.5%
Q4 2011	0.0%	18.8%	19.7%	14.2%	23.4%	4.5%	13.7%	19.5%
Q2 2012	0.0%	17.8%	15.4%	16.1%	22.6%	4.5%	11.8%	17.6%

Medical Office

Q2 2011	0.0%	6.2%	16.1%	0.0%	18.9%	5.9%	13.2%	14.0%
Q4 2011	0.0%	8.0%	16.2%	0.0%	17.5%	4.7%	11.9%	15.7%
Q2 2012	0.0%	8.9%	9.2%	8.7%	12.4%	4.7%	9.1%	9.4%

Office/Retail

Q2 2011	7.6%	21.3%	18.0%	5.0%	28.6%	11.4%	21.1%	19.9%
Q4 2011	7.7%	21.1%	17.6%	6.5%	23.0%	9.0%	22.4%	18.8%
Q2 2012	7.0%	20.7%	16.1%	2.5%	22.7%	7.0%	21.3%	17.8%

Office/Warehouse

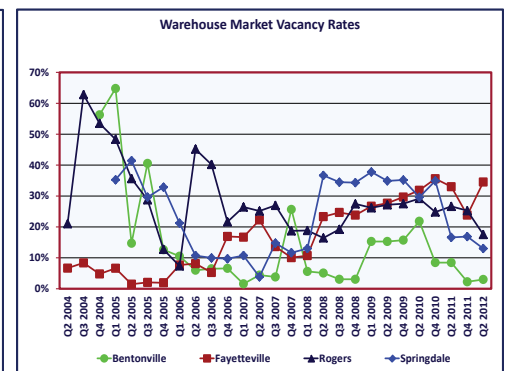
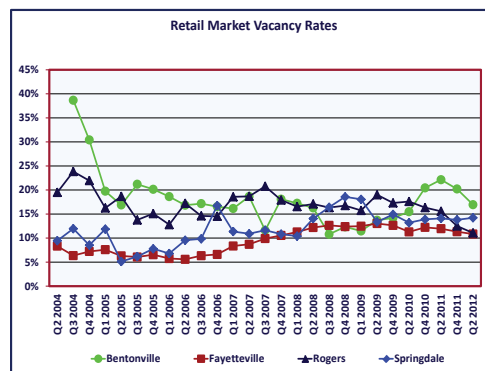
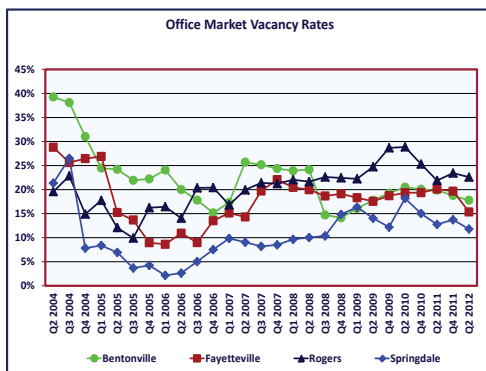
Q2 2011	--	9.5%	22.1%	85.3%	22.0%	65.8%	8.0%	17.8%
Q4 2011	0.0%	16.2%	18.8%	85.3%	20.5%	65.8%	12.2%	21.3%
Q2 2012	0.0%	14.4%	48.1%	30.0%	32.4%	37.6%	13.0%	19.0%

Retail

Q2 2011	0.0%	22.1%	11.9%	17.6%	15.6%	24.6%	14.1%	14.7%
Q4 2011	0.0%	20.2%	11.3%	16.4%	12.5%	20.9%	13.8%	13.1%
Q2 2012	0.0%	16.9%	10.8%	17.0%	11.1%	23.5%	14.2%	12.4%

Warehouse

Q2 2011	0.0%	8.5%	33.0%	0.0%	26.6%	58.9%	16.6%	22.0%
Q4 2011	0.0%	2.3%	33.8%	34.4%	25.3%	4.4%	16.9%	21.2%
Q2 2012	0.0%	3.0%	34.5%	35.1%	17.5%	4.4%	13.0%	19.9%



Commercial Market Trends

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q2 2011	2,000	624,304	557,635	38,596	510,007	5,158	100,065	1,837,765
Q4 2011	0	592,495	550,086	38,631	563,588	4,344	109,697	1,858,841
Q2 2012	6,190	573,056	430,174	46,239	543,380	4,344	96,072	1,699,455

Medical Office

Q2 2011	0	14,799	146,916	0	56,432	5,014	30,276	253,437
Q4 2011	0	20,600	147,816	0	49,310	4,000	27,217	248,943
Q2 2012	8,104	24,434	84,063	4,833	34,810	4,000	22,324	160,244

Office/Retail

Q2 2011	21,055	182,884	275,536	3,305	224,569	17,000	106,544	830,893
Q4 2011	21,455	181,570	266,072	4,255	180,803	13,500	115,205	782,860
Q2 2012	19,155	177,814	247,491	1,650	179,721	43,061	109,704	778,596

Office/Warehouse

Q2 2011	--	118,769	22,630	203,000	113,022	70,007	109,351	636,779
Q4 2011	0	205,214	17,550	203,000	107,344	70,007	169,986	773,101
Q2 2012	0	182,591	70,272	20,460	174,196	43,061	183,573	674,153

Retail

Q2 2011	0	103,692	374,743	22,209	391,721	87,480	133,387	1,113,232
Q4 2011	0	95,859	355,406	20,709	314,322	74,504	133,508	994,308
Q2 2012	0	83,109	342,887	21,426	278,709	83,824	139,306	949,261

Warehouse

Q2 2011	0	41,100	370,481	0	584,912	125,508	280,978	1,402,979
Q4 2011	0	10,500	269,651	226,174	554,438	9,375	295,539	1,365,677
Q2 2012	0	14,234	379,579	293,104	385,082	9,375	223,404	1,304,778

