



THE SKYLINE REPORT

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COLLEGE OF BUSINESS

Center for Business
and Economic Research

Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the twenty-ninth 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.

First Half of 2013

August 2013 Highlights

Contents

Highlights.....	1
Commercial Market Trends	2

Commercial Real Estate Market Summary
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Highlights from the First Half of 2013

- In the first half of 2013, 544,635 total square feet of commercial space were absorbed, while 101,998 new square feet were added, netting positive absorption of 442,637 square feet in the Northwest Arkansas market and an overall vacancy rate of 14.6 percent, down from 15.9 in the second half of 2012.
- In the office submarket there was net positive absorption of 22,616 square feet, while 5,000 new square feet were added in the first half of 2013. The office vacancy rate remained at 15.3 percent.
- In the office/retail submarket, there was positive net absorption of 50,045 square feet in the first half of 2013. The vacancy rate declined to 14.3 percent from 15.4 percent in the second half of 2012.
- Within the retail submarket, there was net positive absorption of 57,680 square feet, while 80,798 new square feet square feet entered the market in the first half of 2013, consequently the Northwest Arkansas vacancy rate decreased to 10.6 percent from 11.4 percent in the second half of 2012.
- The warehouse submarket had positive absorption of 162,769 square feet in the first half of 2013. The Northwest Arkansas warehouse vacancy rate decreased to 17.8 percent from 20.2 percent in the second half of 2012.
- The industrial, office/warehouse and retail/warehouse submarkets had 17,000, 65,539, and 66,988 square feet of net positive absorption, respectively, in the first half of 2013.
- From January to June 2013, \$35.3 million in commercial building permits were issued in Northwest Arkansas. In comparison, there were \$39.5 million in permits issued in the first half of 2012.

Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2012	30.0%	17.8%	15.5%	16.1%	22.6%	4.5%	11.8%	17.7%
2H 2012	30.0%	17.5%	12.6%	11.4%	17.4%	3.0%	12.1%	15.3%
1H 2013	16.0%	16.5%	13.1%	11.0%	17.7%	2.9%	14.1%	15.3%

Medical Office

1H 2012	0.0%	8.9%	9.2%	8.7%	12.4%	4.7%	9.1%	9.4%
2H 2012	0.0%	4.4%	11.2%	0.0%	14.2%	2.3%	11.1%	9.9%
1H 2013	0.0%	4.4%	12.0%	7.4%	21.3%	2.3%	16.7%	12.3%

Office/Retail

1H 2012	7.0%	20.7%	16.1%	2.5%	22.7%	7.0%	21.3%	17.8%
2H 2012	7.0%	15.5%	13.7%	3.6%	22.1%	7.8%	18.4%	15.4%
1H 2013	7.4%	14.8%	11.0%	3.7%	24.2%	6.2%	14.9%	14.3%

Office/Warehouse

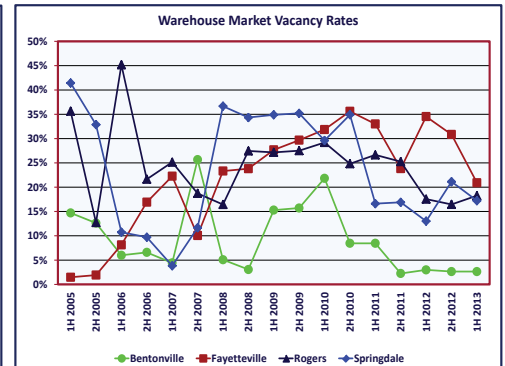
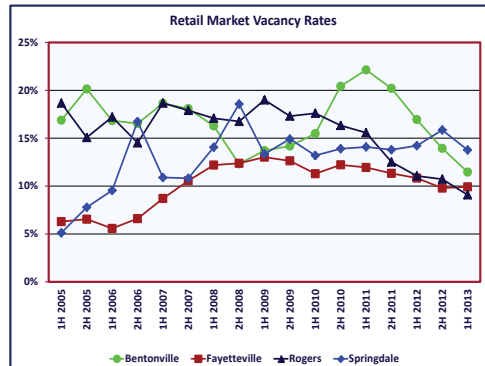
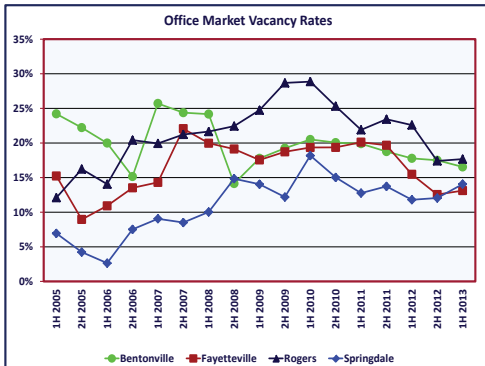
1H 2012	--	14.4%	48.1%	30.0%	32.4%	37.6%	13.0%	19.0%
2H 2012	--	13.7%	39.5%	8.1%	31.9%	19.7%	11.7%	16.9%
1H 2013	--	8.2%	3.4%	8.1%	40.2%	19.7%	8.9%	14.5%

Retail

1H 2012	0.0%	16.9%	10.8%	17.0%	11.1%	23.5%	14.2%	12.4%
2H 2012	0.0%	13.9%	9.8%	12.6%	10.7%	15.3%	15.9%	11.4%
1H 2013	0.0%	11.5%	9.9%	14.8%	9.1%	16.7%	13.8%	10.6%

Warehouse

1H 2012	0.0%	3.0%	34.5%	35.1%	17.5%	4.4%	13.0%	19.9%
2H 2012	0.0%	2.6%	30.8%	27.9%	16.5%	4.9%	21.1%	20.2%
1H 2013	0.0%	2.6%	20.9%	27.6%	18.3%	3.0%	17.2%	17.8%



Commercial Market Trends

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2012	6,190	573,056	430,174	46,239	543,380	4,344	96,072	1,699,455
2H 2012	6,190	583,308	349,442	32,806	419,689	3,000	101,296	1,495,731
1H 2013	3,300	550,711	368,832	33,638	428,137	3,000	116,210	1,503,828

Medical Office

1H 2012	0	24,434	84,063	4,833	34,810	4,000	22,324	174,464
2H 2012	0	12,137	102,796	0	40,451	2,000	28,935	186,319
1H 2013	0	11,923	109,522	5,407	63,295	2,000	43,655	235,802

Office/Retail

1H 2012	19,155	177,814	247,491	1,650	179,721	10,500	109,704	746,035
2H 2012	19,205	135,864	213,116	2,340	178,654	11,626	91,900	652,705
1H 2013	20,405	130,699	173,765	2,440	196,578	9,200	75,173	608,260

Office/Warehouse

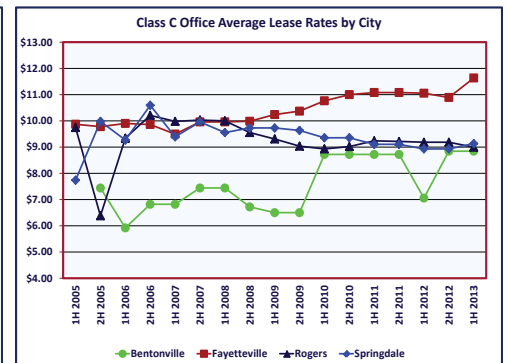
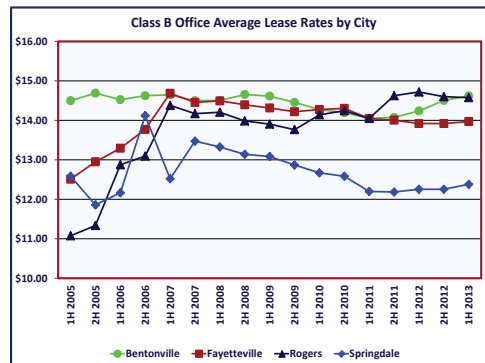
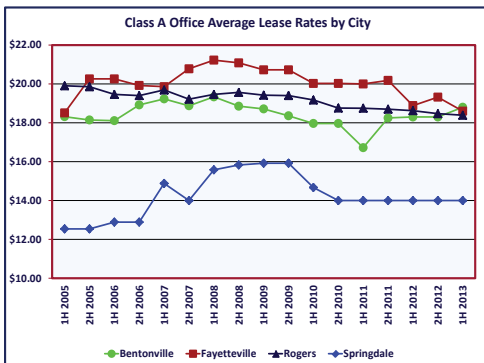
1H 2012	--	182,591	70,272	20,460	174,196	43,061	183,573	674,153
2H 2012	--	174,751	57,722	5,475	180,579	22,500	168,920	609,947
1H 2013	--	104,760	5,000	5,475	275,823	22,500	130,850	544,408

Retail

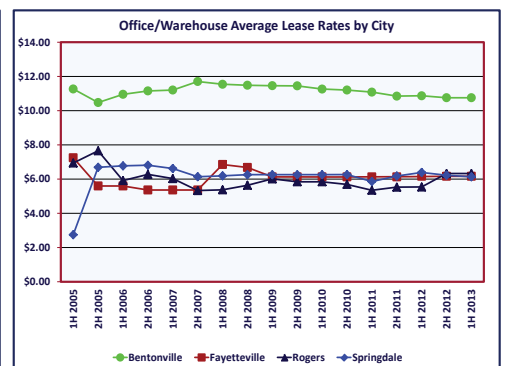
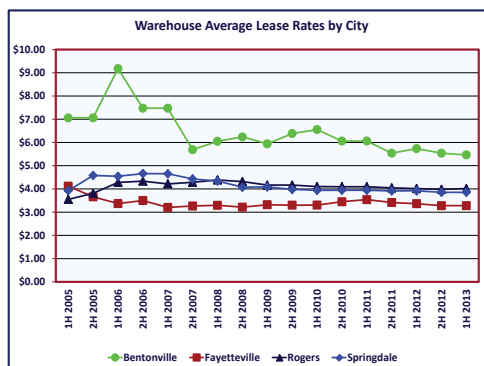
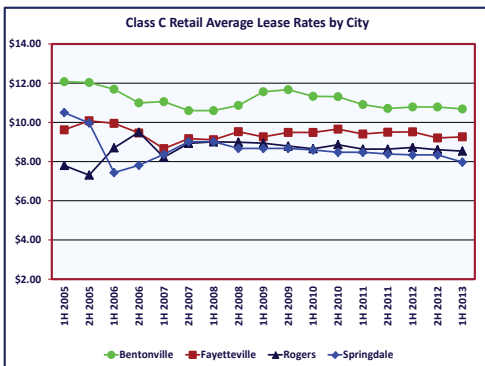
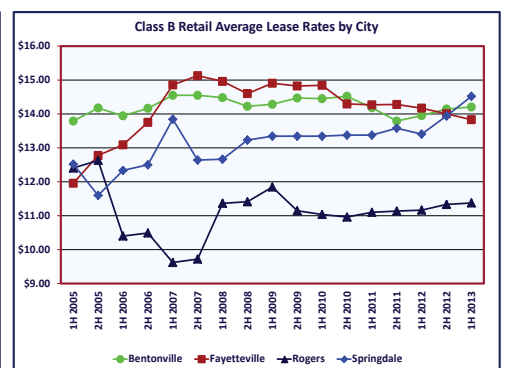
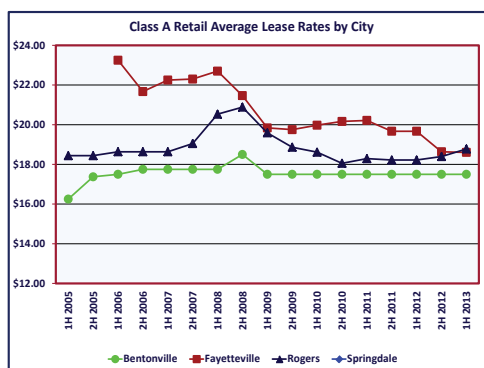
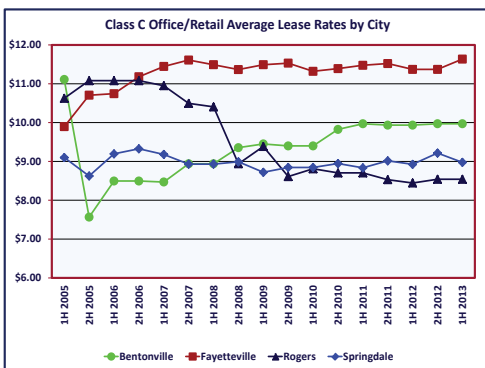
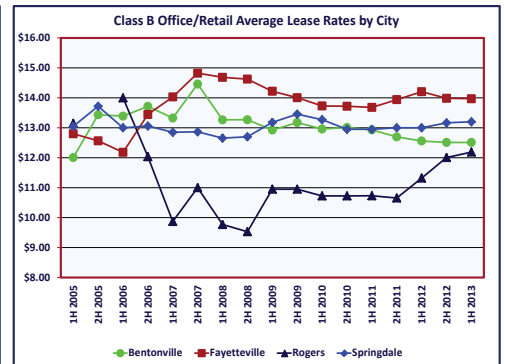
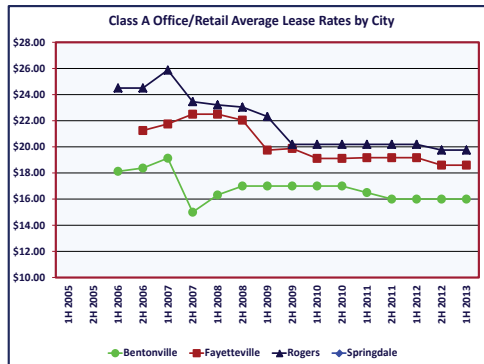
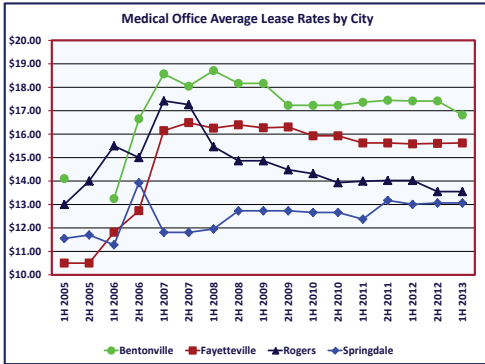
1H 2012	0	83,109	342,887	21,426	278,709	83,824	139,306	949,261
2H 2012	0	67,815	319,988	15,834	276,494	54,684	159,512	894,327
1H 2013	0	55,088	326,287	18,554	237,679	59,564	141,369	838,541

Warehouse

1H 2012	0	14,234	379,579	293,104	385,082	9,375	223,404	1,304,778
2H 2012	0	11,834	339,138	233,104	380,445	9,375	393,798	1,367,694
1H 2013	0	11,834	229,948	230,604	422,241	9,375	324,923	1,228,925



Commercial Market Trends



Net Twelve Month Absorption by Submarket 1H 2012 - 1H 2013

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	2,890	-1250	0	0
Bentonville	42,339	48,315	34,821	2,400
Fayetteville	88,475	88,620	27,067	149,631
Lowell	12,601	-790	2,872	62,500
Rogers	123,282	-5,539	24,260	77,184
Siloam Springs	1,344	1,300	19,820	0
Springdale	-23,023	34,531	21,923	69,404
Northwest Arkansas	247,908	165,187	164,033	261,119