



THE SKYLINE REPORT

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February 2012 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-sixth 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 Fourth Quarter of 2011

- In the second half of 2011, 195,062 total square feet of commercial space were absorbed, while 20,305 new square feet were added, leaving a net positive absorption of 174,757 square feet in the Northwest Arkansas market.
- In the office submarket 77,630 square feet became occupied in Northwest Arkansas, with a net positive absorption of 57,325 square feet. The office vacancy rate remained constant at 19.5 percent in the fourth quarter of 2011.
- In the office/retail market, there was positive net absorption of 45,930 square feet. The vacancy rate declined, accordingly to 18.8 percent from 19.9 percent.
- Within the retail submarket, 139,245 square feet became occupied, while no new square feet entered the market, and the Northwest Arkansas vacancy rate decreased to 13.1 percent.
- The warehouse submarket experienced positive absorption of 42,206 square feet. Springdale led in this submarket with 116,133 square feet of net positive absorption, but Lowell experienced the greatest amount of vacancies with a net negative absorption of 226,174. The Northwest Arkansas warehouse vacancy rate decreased to 21.2 percent in the fourth quarter of 2011 from 22.0 percent in the second quarter of 2011.
- A total of 20,305 square feet of competitive commercial property were added to the Northwest Arkansas market, all of which was office space.
- From June 2011 to November 2011, \$37.1 million in commercial building permits were issued in Northwest Arkansas. For comparison, there were \$45.3 million in permits from December 2010 to May 2011.

Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
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%
Q4 2011	0.0%	18.8%	19.7%	14.2%	23.4%	4.5%	13.7%	19.5%

Medical Office

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%
Q4 2011	0.0%	8.0%	16.2%	0.0%	17.5%	4.7%	11.9%	15.7%

Office/Retail

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%
Q4 2011	7.7%	21.1%	17.6%	6.5%	23.0%	9.0%	22.4%	18.8%

Office/Warehouse

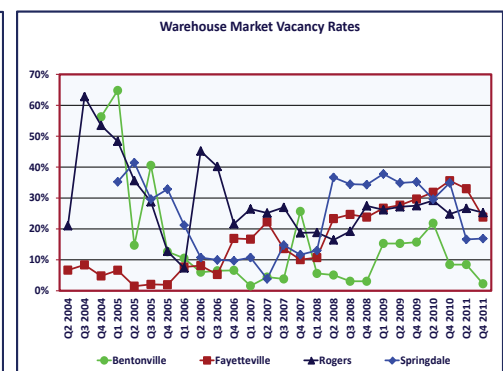
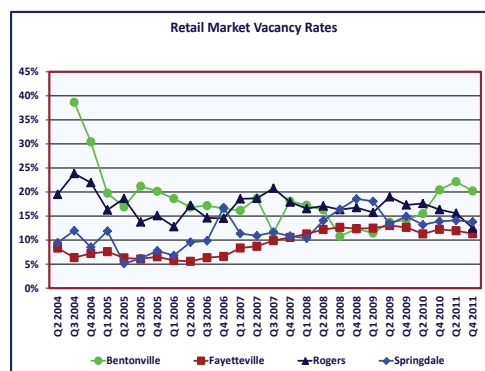
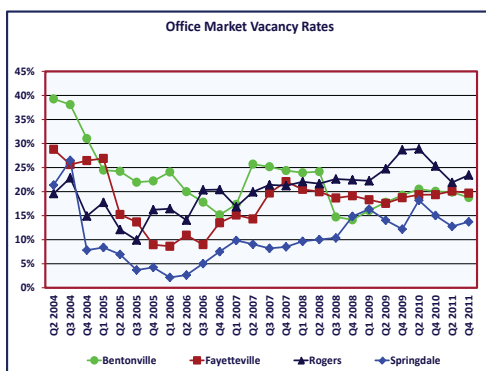
Q4 2010	--	9.6%	83.4%	86.5%	17.1%	65.8%	13.1%	20.7%
Q2 2011	--	9.5%	22.1%	85.3%	22.0%	65.8%	8.0%	17.8%
Q4 2011	--	16.2%	18.8%	85.3%	20.5%	65.8%	12.2%	21.3%

Retail

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%
Q4 2011	0.0%	20.2%	11.3%	16.4%	12.5%	20.9%	13.8%	13.1%

Warehouse

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%
Q4 2011	0.0%	2.3%	23.8%	34.4%	25.3%	4.4%	16.9%	21.2%



Commercial Market Trends

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
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
Q4 2011	0	592,495	550,086	38,631	563,588	4,344	109,697	1,858,841

Medical Office

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
Q4 2011	0	20,600	147,816	0	49,310	4,000	27,217	248,943

Office/Retail

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
Q4 2011	21,455	181,570	266,072	4,255	180,803	13,500	115,205	782,860

Office/Warehouse

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
Q4 2011	0	205,214	17,550	203,000	107,344	70,007	169,986	773,101

Retail

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
Q4 2011	0	95,859	355,406	20,709	314,322	74,504	133,508	994,308

Warehouse

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
Q4 2011	0	10,500	269,651	226,174	554,438	9,375	295,539	1,365,677

