



# THE SKYLINE REPORT

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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-eighth 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.

### Second Half of 2012

### February 2013 Highlights

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Commercial Real Estate Market Summary  
Prepared Exclusively under  
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### Highlights from the Second Half of 2012

- In the second half of 2012, 1,306,921 total square feet of commercial space were absorbed, while 136,425 new square feet were added, netting positive absorption of 1,170,496 square feet in the Northwest Arkansas market and an overall vacancy rate of 15.9 percent.
- In the office submarket there was net positive absorption of 225,292 square feet, while 37,000 new square feet were added in the second half of 2012. The office vacancy rate decreased 2.6 percentage points to 15.3 percent.
- In the office/retail submarket, there was positive net absorption of 115,142 square feet in the second half of 2012. The vacancy rate declined to 15.4 percent in the fourth quarter of 2012 from 17.8 percent in the second quarter of 2012.
- Within the retail submarket, there was net positive absorption of 106,353 square feet, while 99,425 new square feet entered the market in the second half of 2012, leading the Northwest Arkansas vacancy rate to decrease to 11.4 percent in the fourth quarter of 2012 from 12.4 percent in the second quarter of 2012.
- The warehouse submarket experienced positive absorption of 198,350 square feet in the second half of 2012. The Northwest Arkansas warehouse vacancy rate increased to 20.2 percent in the fourth quarter of 2012 from 19.9 percent in the second quarter of 2012, primarily due to some owner occupied space becoming available.
- The industrial, office/warehouse and retail/warehouse submarkets experienced 277,529, 120,801, and 121,292 square feet of net positive absorption, respectively, in the second half of 2012.
- From July to December 2012, \$40.0 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
Q4 2011	0.0%	18.8%	19.7%	14.2%	23.4%	4.5%	13.7%	19.5%
Q2 2012	30.0%	17.8%	15.4%	16.1%	22.6%	4.5%	11.8%	17.6%
Q4 2012	30.0%	17.5%	12.6%	11.4%	17.4%	3.0%	12.1%	15.3%

### Medical Office

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%
Q4 2012	0.0%	4.4%	11.2%	0.0%	14.2%	2.3%	11.1%	9.9%

### Office/Retail

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%
Q4 2012	7.0%	15.5%	13.7%	3.6%	22.1%	7.8%	18.4%	15.4%

### Office/Warehouse

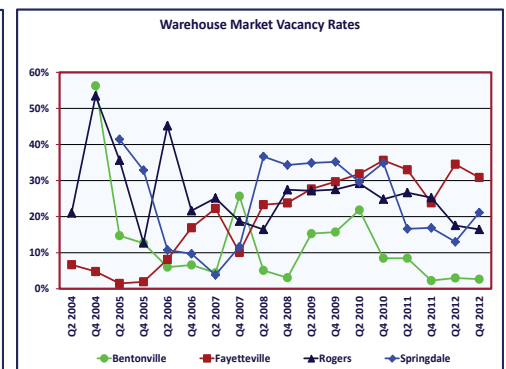
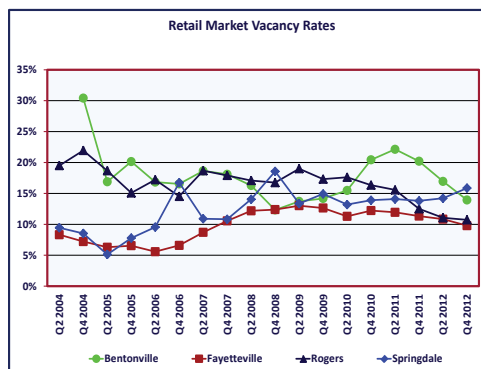
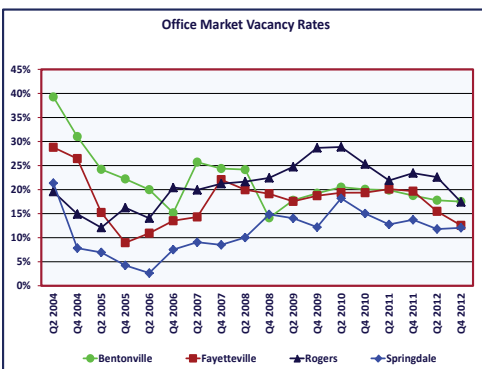
Q4 2011	0.0%	16.2%	18.8%	85.3%	20.5%	65.8%	12.2%	21.3%
Q2 2012	0.0%	14.4%	48.1%	30.0%	32.4%	37.6%	13.0%	19.0%
Q4 2012	--	13.7%	39.5%	8.1%	31.9%	19.7%	11.7%	16.9%

### Retail

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%
Q4 2012	0.0%	13.9%	9.8%	12.6%	10.7%	15.3%	15.9%	11.4%

### Warehouse

Q4 2011	0.0%	2.3%	23.8%	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%
Q4 2012	0.0%	2.6%	30.8%	27.9%	16.5%	4.9%	21.1%	20.2%



# Commercial Market Trends

## Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
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
Q4 2012	6,190	583,308	349,442	32,806	419,689	3,000	101,296	1,495,731

### Medical Office

Q4 2011	0	20,600	147,816	0	49,310	4,000	27,217	248,943
Q2 2012	0	24,434	84,063	4,833	34,810	4,000	22,324	174,464
Q4 2012	0	12,137	102,796	0	40,451	2,000	28,935	186,319

### Office/Retail

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
Q4 2012	19,205	135,864	213,116	2,340	178,654	11,626	91,900	652,705

### Office/Warehouse

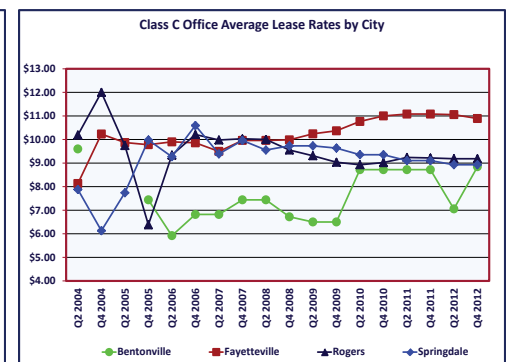
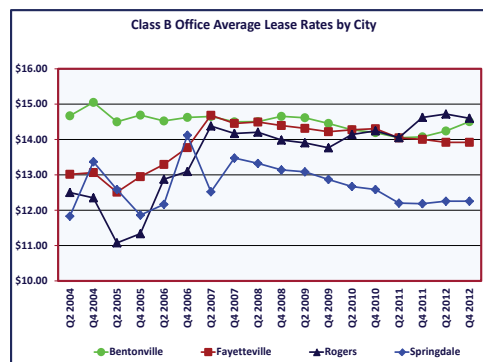
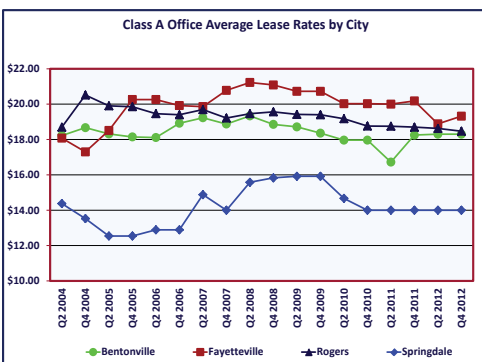
Q4 2011	0	205,214	17,550	203,000	107,344	70,007	169,986	773,101
Q2 2012	0	182,591	70,272	20,460	174,196	43,061	183,573	674,153
Q4 2012	--	174,751	57,722	5,475	180,579	22,500	168,920	609,947

### Retail

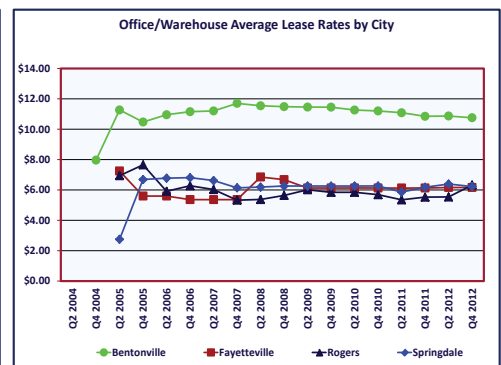
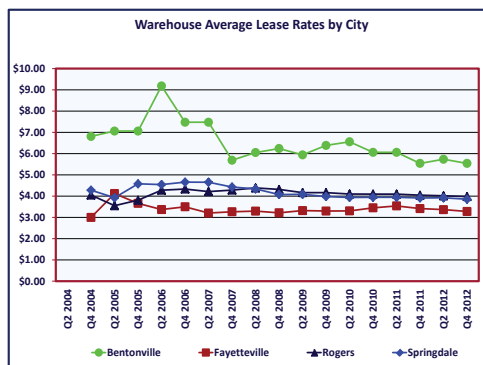
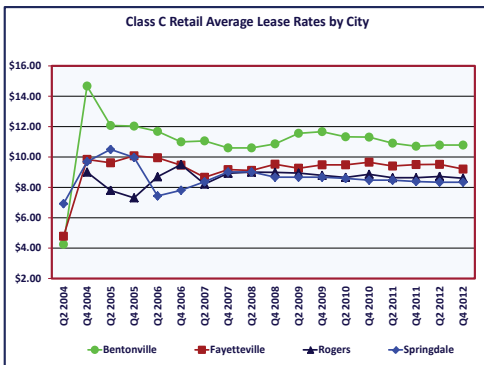
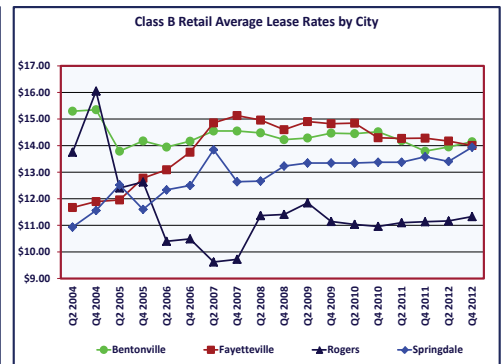
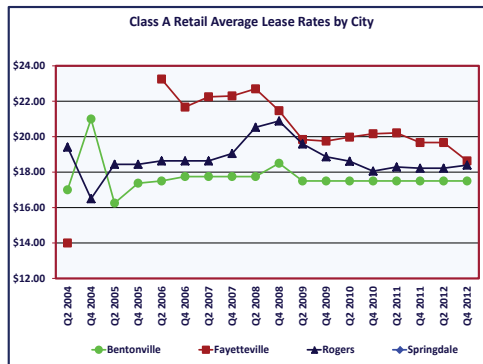
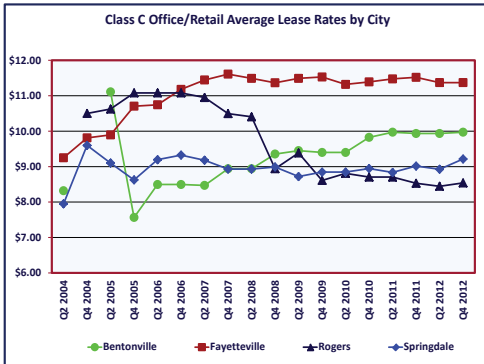
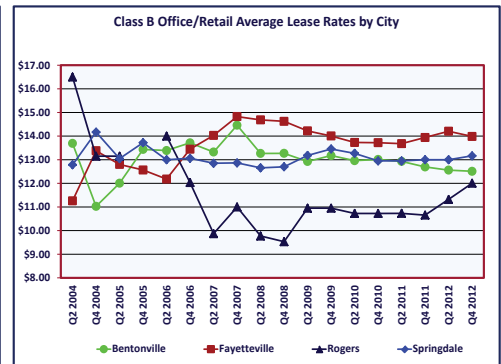
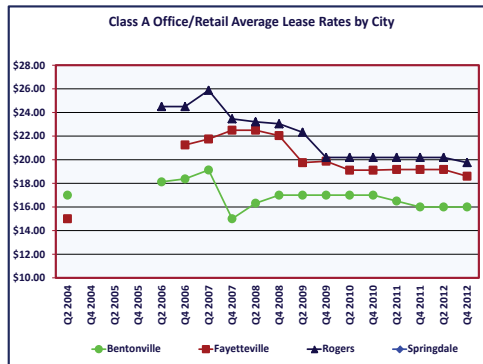
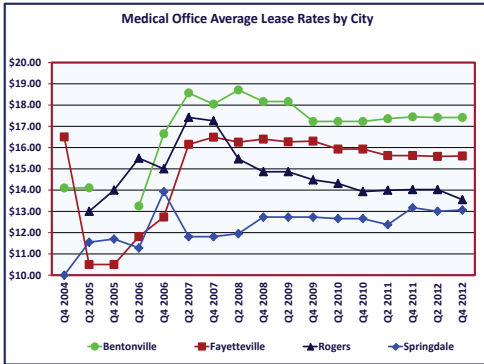
Q4 2011	0	95,859	355,406	20,709	314,322	74,504	133,508	994,308
Q2 2012	0	83,109	342,887	21,426	278,709	83,824	139,306	949,261
Q4 2012	0	67,815	319,988	15,834	276,494	54,684	159,512	894,327

### Warehouse

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
Q4 2012	0	11,834	339,138	233,104	380,445	9,375	393,798	1,367,694



# Commercial Market Trends



## Net Twelve Month Absorption by Submarket Q4 2011 - Q4 2012

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	-2,890	2,250	0	0
Bentonville	86,432	46,906	37,244	-1,334
Fayetteville	203,527	63,350	97,990	-49,487
Lowell	10,658	1,915	4,875	172,070
Rogers	148,787	20,805	48,388	288,336
Siloam Springs	1,344	1,874	19,820	0
Springdale	12,151	23,305	-6,912	48,664
<b>Northwest Arkansas</b>	<b>460,009</b>	<b>160,405</b>	<b>201,405</b>	<b>458,249</b>