



# 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 thirty-third 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 2015

### July 2015 Highlights

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Commercial Real Estate Market Summary  
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### Highlights from the First Half of 2015

- In the first half of 2015, 576,017 total square feet of commercial space were absorbed, while 365,615 new square feet were added, netting positive absorption of 210,402 square feet in the Northwest Arkansas market and an overall vacancy rate of 12.0 percent, up from 11.8 in the second half of 2014.
- In the office submarket there was overall absorption of 241,036 square feet, while 114,566 new square feet were added, leading to net positive absorption of 126,470 square feet in the first half of 2015. The office vacancy rate declined to 12.7 percent from 13.8 percent in the second half of 2014.
- Within the retail submarket, there was overall negative absorption of 46,756 square feet, while 81,049 new square feet entered the market, leading to negative net absorption of 127,805 square feet in the first half of 2015. Consequently, the Northwest Arkansas vacancy rate increased to 9.0 percent in the first half of 2015 from 7.3 percent in the second half of 2014.
- The warehouse submarket had overall absorption of 406,346 square feet, while 150,000 new square feet were added, leading to positive net absorption of 256,346 square feet in the first half of 2015. This led the Northwest Arkansas warehouse vacancy rate to decrease from 16.4 percent in the second half of 2014 to 13.1 percent.
- In the office/retail submarket, there was negative net absorption of 12,639 square feet in the first half of 2015. The vacancy rate increased from 11.5 percent in the second half of 2014 to 11.8 percent in the first half of 2015.
- The office/warehouse submarket had 3,268 square feet of net positive absorption, while the retail/warehouse submarket had negative net absorption of 35,238 square feet in the first half of 2015.
- From January 1 to June 30, 2015, \$75.2 million in commercial building permits were issued in Northwest Arkansas. In comparison, there were \$78.2 million in permits issued in the first half of 2014.

# Commercial Market Trends

## Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2014	12.2%	14.4%	12.2%	12.0%	18.6%	3.0%	12.2%	14.5%
2H 2014	11.6%	16.3%	11.1%	11.8%	15.5%	14.3%	9.6%	13.8%
1H 2015	26.2%	14.4%	9.0%	11.4%	15.8%	11.1%	8.7%	12.7%

### Medical Office

1H 2014	0.0%	7.5%	14.1%	7.4%	21.3%	2.3%	16.7%	13.5%
2H 2014	0.0%	6.5%	12.9%	7.4%	21.3%	2.3%	16.7%	12.5%
1H 2015	0.0%	2.5%	10.9%	7.4%	21.3%	2.3%	16.7%	10.3%

### Office/Retail

1H 2014	6.5%	13.1%	10.6%	2.9%	19.1%	8.8%	14.3%	12.8%
2H 2014	9.5%	12.5%	8.5%	1.5%	16.0%	3.0%	16.1%	11.5%
1H 2015	11.6%	11.7%	9.4%	0.0%	17.1%	3.7%	14.1%	11.8%

### Office/Warehouse

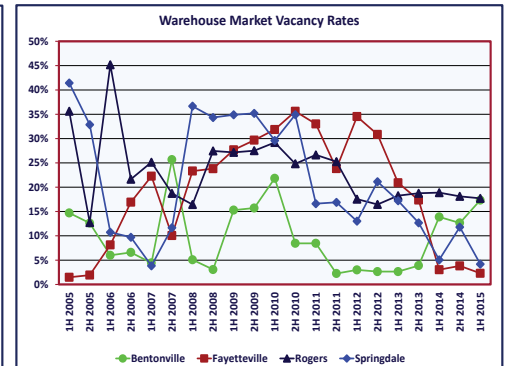
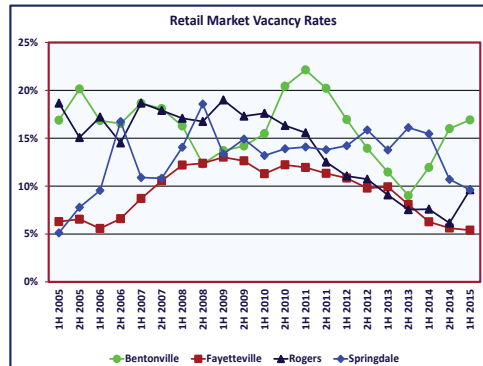
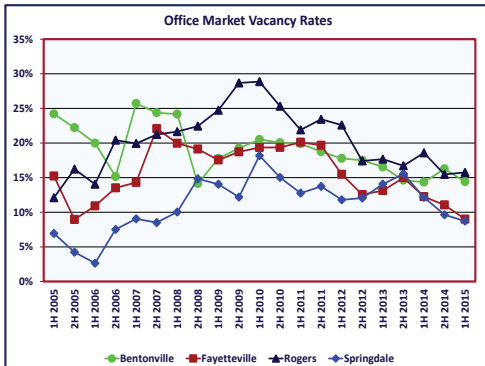
1H 2014	--	9.9%	3.9%	32.4%	13.4%	0.0%	3.4%	7.5%
2H 2014	--	11.4%	3.9%	26.4%	11.5%	0.0%	4.8%	8.1%
1H 2015	--	9.4%	0.0%	26.4%	10.3%	0.0%	7.2%	8.2%

### Retail

1H 2014	0.0%	11.9%	6.3%	16.1%	7.6%	5.5%	15.5%	8.5%
2H 2014	0.0%	16.0%	5.6%	15.4%	6.1%	4.5%	10.7%	7.3%
1H 2015	0.0%	16.9%	5.4%	55.2%	9.6%	6.5%	9.6%	9.0%

### Warehouse

1H 2014	0.0%	13.9%	3.0%	21.4%	18.9%	43.3%	5.1%	13.8%
2H 2014	0.0%	12.6%	3.8%	43.7%	18.1%	8.3%	11.8%	16.4%
1H 2015	0.0%	17.3%	2.3%	32.8%	17.7%	8.2%	4.2%	13.1%



# Commercial Market Trends

## Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2014	9,514	478,966	353,668	36,709	496,116	3,300	105,752	1,484,025
2H 2014	9,442	550,750	320,976	37,849	416,437	17,634	86,172	1,439,260
1H 2015	24,274	500,348	269,375	36,359	429,834	15,634	79,016	1,354,840

### Medical Office

1H 2014	0	20,552	133,087	3,700	59,496	3,300	49,207	269,342
2H 2014	0	17,702	123,519	3,700	58,690	3,300	49,880	256,791
1H 2015	0	6,768	108,693	0	51,993	1,300	48,296	217,050

### Office/Retail

1H 2014	18,736	115,102	163,040	1,900	158,682	13,200	74,820	545,480
2H 2014	27,164	113,327	128,903	1,000	134,256	4,500	81,997	491,147
1H 2015	33,179	105,595	142,813	0	143,682	5,500	71,886	502,655

### Office/Warehouse

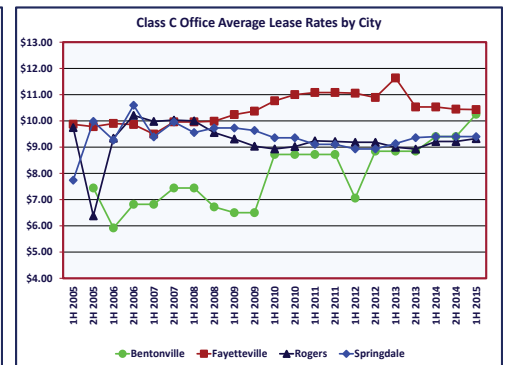
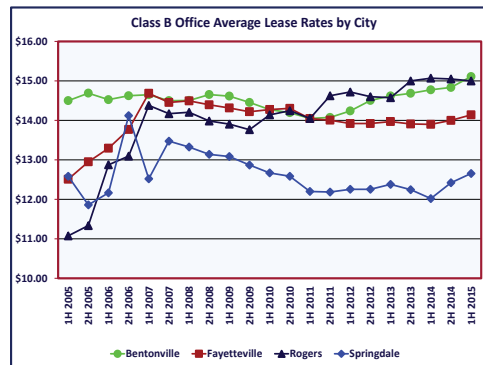
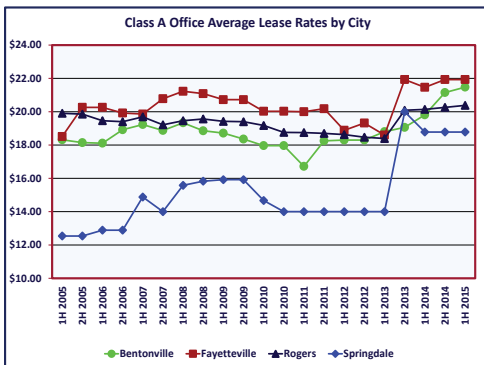
1H 2014	--	100,950	6,000	29,875	63,029	0	50,800	250,654
2H 2014	--	115,781	6,000	24,400	54,189	0	73,435	273,805
1H 2015	--	97,713	0	24,400	48,689	0	110,679	281,481

### Retail

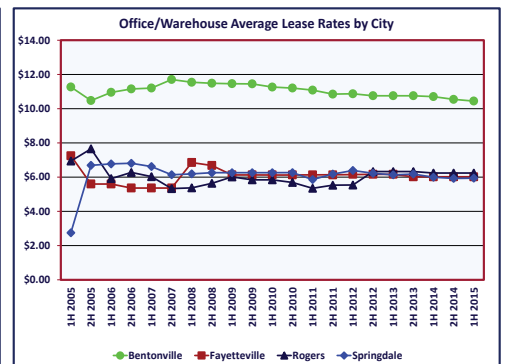
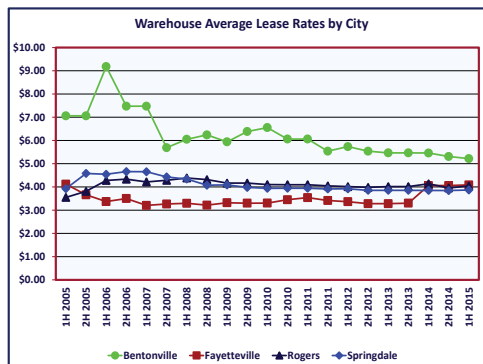
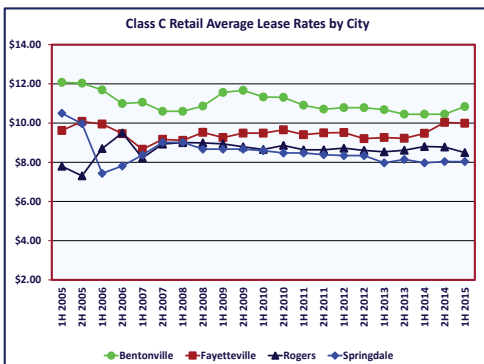
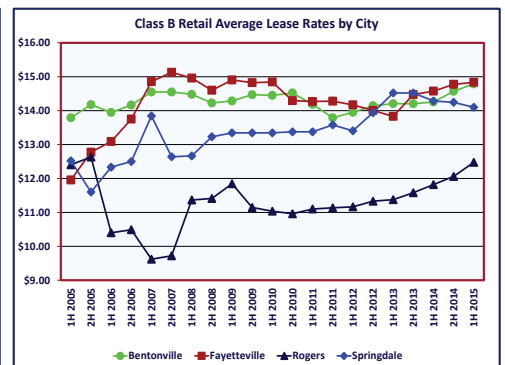
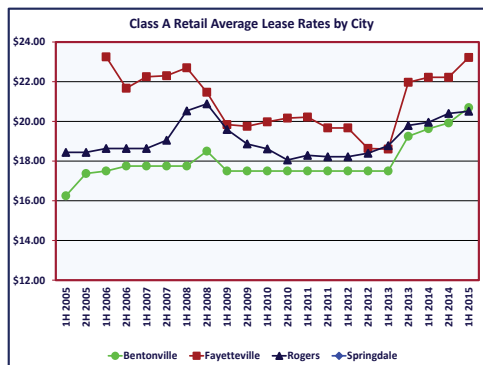
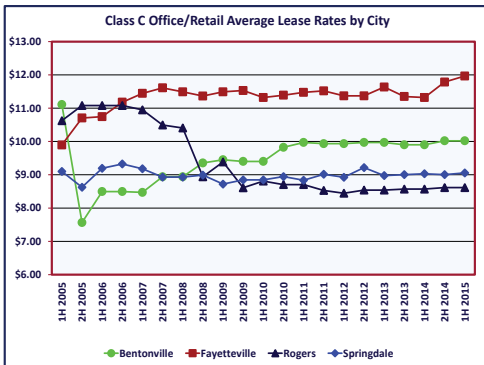
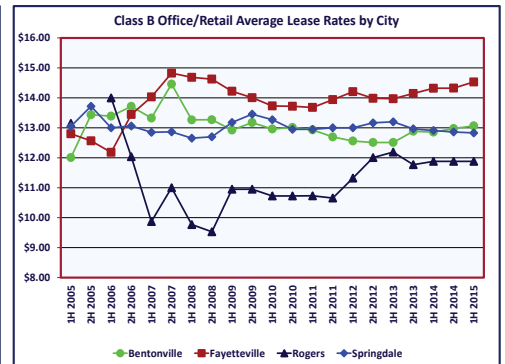
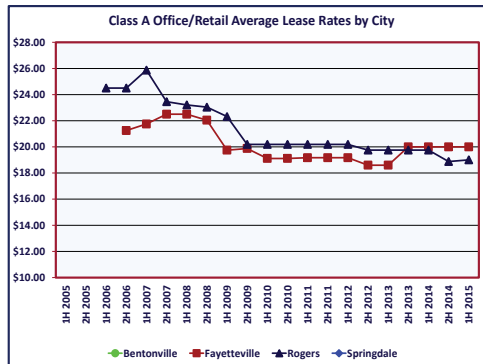
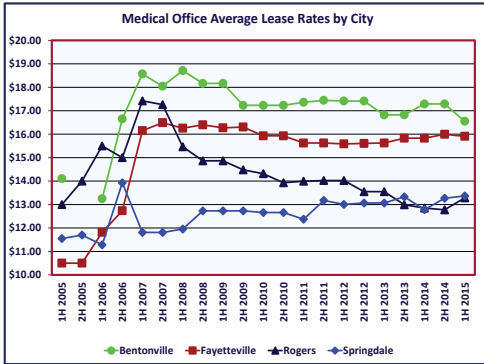
1H 2014	0	63,782	205,500	20,251	201,653	17,124	177,640	685,950
2H 2014	0	93,377	185,936	19,401	165,777	13,924	120,300	598,715
1H 2015	0	106,295	178,985	69,401	264,112	21,322	108,638	748,753

### Warehouse

1H 2014	0	56,834	30,625	179,000	457,312	143,768	99,304	966,843
2H 2014	0	69,834	38,625	374,355	456,058	27,635	254,404	1,220,911
1H 2015	0	121,834	22,000	280,955	445,537	27,635	91,175	989,136



# Commercial Market Trends



## Net Twelve Month Absorption by Submarket 1H 2014 - 1H 2015

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	-32	-14,443	0	0
Bentonville	-756	6,941	-32,097	-21,269
Fayetteville	92,903	8,289	45,269	8,625
Lowell	350	1,900	-49,150	-101,955
Rogers	87,615	15,000	-56,940	11,775
Siloam Springs	2,000	7,700	3,600	116,133
Springdale	30,918	2,934	60,294	233,700
Northwest Arkansas	212,998	28,321	-29,024	247,009