

# THE SKYLINE REPORT

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## Commercial Highlights First Half 2021

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## Real Estate Summary For Benton and Washington Counties

*This report is the forty-fourth 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 2021

In the first half of 2021, there were 1,153,353 square feet of positive absorption, while 246,735 new square feet were added, leading to net positive absorption of 906,618 square feet in the Northwest Arkansas market. The overall vacancy rate was 8.9 percent, down from 10.8 percent in the second half of 2020, as a few large warehouse and industrial spaces were absorbed.

The warehouse submarket had overall positive absorption of 558,572 square feet, while no new square feet were added in the first half of 2021. The Northwest Arkansas warehouse vacancy rate decreased from 9.3 percent in the second half of 2020 to 6.6 percent in the first half of 2021.

165,424 new square feet were added in the office submarket, while 1,052 square feet were absorbed, leading to net negative absorption of 164,372 square feet in the first half of 2021. The office vacancy rate increased to 11.2 percent from 10.8 percent in the second half of 2020.

Within the retail submarket, there was overall positive absorption of 71,963 square feet, while 52,215 new square feet entered the market, leading to net positive absorption of 19,748 square feet. The retail vacancy rate was 10.8 percent in the first half of 2021 the same as in the second half of 2020.

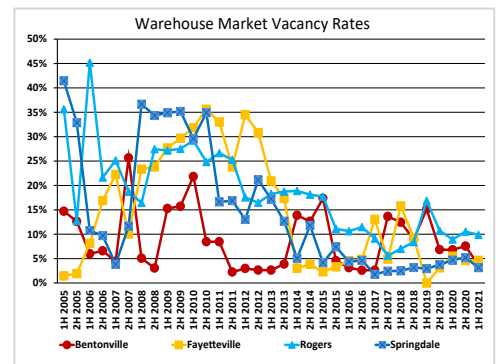
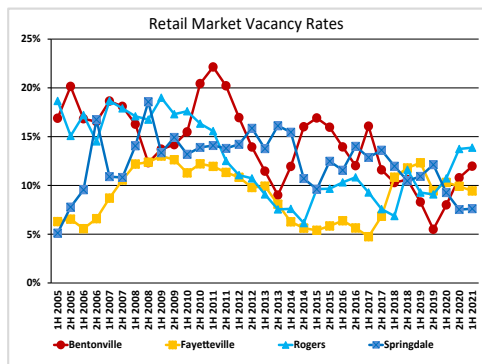
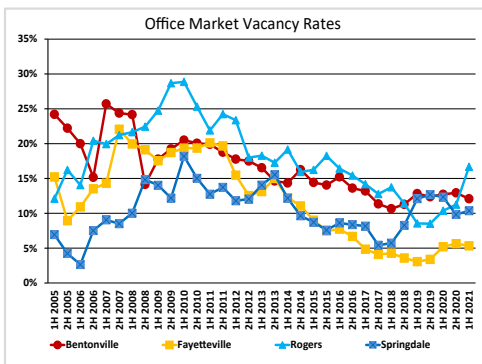
In the office/retail submarket, there was positive absorption of 18,688 square feet, while 12,296 new square feet of office/retail space entered the market in the first half of 2021, leading to net positive absorption of 1,459 square feet. The vacancy rate remained 10.9 percent from the second half of 2020 to the first half of 2021.

From January 1 to June 30, 2020, there were \$647,053,124 in commercial building permits issued in Northwest Arkansas. In comparison, there were \$188,810,166 in permits issued in the second half of 2020.

# Commercial Market Trends

## Vacancy Rates by Submarket

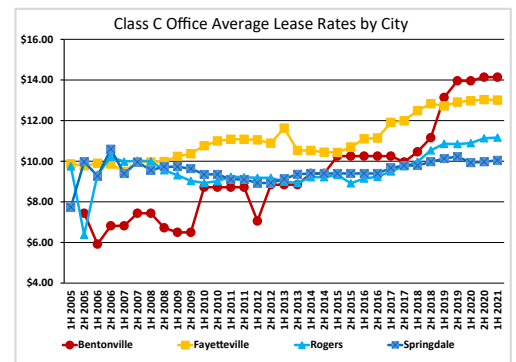
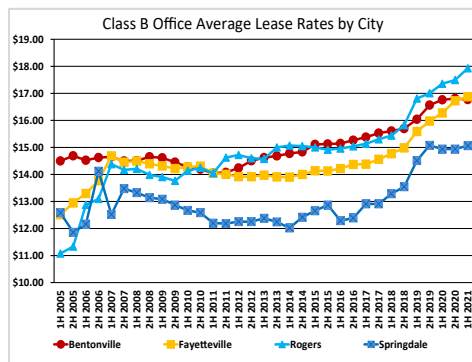
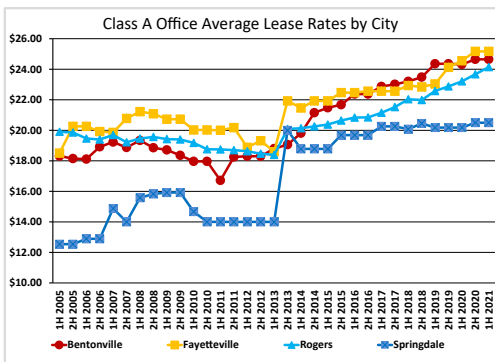
Vacancy Rates by Submarket	Time Period	Bella Vista	Bentonville	Fayetteville	Johnson	Lowell	Rogers	Siloam Springs	Springdale	Northwest Arkansas
Office	1H 2020	24.3%	12.7%	5.2%	5.3%	7.1%	10.4%	8.6%	12.3%	9.8%
	2H 2020	20.7%	12.9%	5.6%	6.8%	6.6%	11.2%	10.3%	9.8%	10.0%
	1H 2021	24.6%	12.1%	5.3%	6.4%	5.7%	16.7%	2.8%	10.4%	11.2%
Medical Office	1H 2020	13.0%	6.5%	2.4%	6.0%	0.0%	2.8%	3.3%	13.7%	4.5%
	2H 2020	13.0%	6.5%	2.3%	6.8%	0.0%	1.9%	6.1%	9.7%	4.4%
	1H 2021	13.0%	6.5%	2.1%	5.2%	0.0%	2.6%	3.3%	11.5%	4.3%
Office/Retail	1H 2020	13.0%	11.5%	11.2%	4.6%	4.0%	12.3%	2.8%	10.5%	10.9%
	2H 2020	13.5%	13.2%	11.3%	6.7%	2.2%	9.0%	13.2%	7.5%	10.9%
	1H 2021	16.6%	13.4%	11.0%	4.7%	0.0%	8.3%	15.0%	7.6%	10.9%
Office/Warehouse	1H 2020		13.0%	1.6%	0.0%	16.2%	11.0%	52.2%	4.3%	9.0%
	2H 2020		9.3%	0.6%	0.0%	16.2%	9.7%	83.6%	4.1%	8.6%
	1H 2021		6.8%	0.0%	0.0%	13.9%	4.4%	52.2%	2.9%	5.6%
Retail	1H 2020	7.0%	8.0%	10.3%	0.0%	23.9%	10.7%	6.9%	9.3%	10.0%
	2H 2020	7.0%	10.8%	9.9%	0.0%	18.3%	13.7%	8.2%	7.5%	10.8%
	1H 2021	6.8%	12.0%	9.4%	0.0%	18.3%	13.9%	7.3%	7.6%	10.8%
Retail/Warehouse	1H 2020		1.8%	22.1%	0.0%	13.1%	14.9%	31.9%	15.4%	14.8%
	2H 2020		1.2%	6.1%	53.4%	13.1%	10.8%	7.4%	12.6%	9.9%
	1H 2021		1.5%	3.3%	27.6%	15.8%	9.9%	7.4%	16.8%	11.4%
Warehouse	1H 2020	19.5%	6.8%	5.5%	0.0%	17.3%	8.9%	12.8%	4.7%	8.3%
	2H 2020	19.5%	7.6%	4.6%	0.0%	22.4%	10.5%	9.0%	5.2%	9.3%
	1H 2021	0.0%	3.6%	4.6%	4.9%	12.6%	9.9%	6.2%	3.1%	6.6%



# Commercial Market Trends

## Available Space by Submarket

Available Space by Submarket	Time Period	Bella Vista	Bentonville	Fayetteville	Johnson	Lowell	Rogers	Siloam Springs	Springdale	Northwest Arkansas
Office	1H 2020	22,000	488,005	176,057	15,555	23,608	371,008	13,261	134,746	1,244,240
	2H 2020	18,700	520,649	197,281	20,558	21,760	402,026	15,827	121,236	1,318,037
	1H 2021	22,296	484,819	186,186	19,191	18,262	630,872	4,361	129,054	1,495,041
Medical Office	1H 2020	3,000	20,777	30,832	10,436	0	13,188	3,761	41,492	123,486
	2H 2020	3,000	20,777	29,112	20,558	0	8,114	7,027	41,492	130,080
	1H 2021	3,000	20,777	26,616	9,291	0	11,534	3,761	49,902	124,881
Office/Retail	1H 2020	38,587	122,394	189,892	3,000	2,880	73,935	5,177	65,412	501,277
	2H 2020	36,337	142,481	194,463	5,000	1,600	55,535	24,212	44,402	504,030
	1H 2021	44,803	143,207	196,799	3,500	0	50,369	27,586	53,122	519,386
Office/Warehouse	1H 2020		135,660	3,100	0	25,000	64,400	57,667	86,325	372,152
	2H 2020		81,900	1,200	0	25,000	61,400	92,274	81,936	343,710
	1H 2021		61,900	0	0	22,400	28,730	57,667	56,818	227,515
Retail	1H 2020	3,400	61,238	375,729	0	26,910	376,739	31,493	159,566	1,035,075
	2H 2020	3,400	90,937	360,603	0	20,610	492,349	37,793	130,819	1,136,511
	1H 2021	3,299	105,949	344,812	0	20,610	509,916	34,193	132,498	1,151,277
Retail/Warehouse	1H 2020		4,248	30,000	0	4,900	41,022	34,970	102,124	217,264
	2H 2020		2,928	8,700	9,630	4,900	30,469	9,860	82,712	149,199
	1H 2021		3,846	3,004	4,980	4,900	26,953	9,860	113,587	167,130
Warehouse	1H 2020	3,600	94,000	64,745	0	245,900	256,018	72,790	149,674	886,727
	2H 2020	3,600	104,583	54,745	0	316,708	295,328	48,750	165,868	989,582
	1H 2021	0	50,000	54,745	4,000	178,208	301,512	48,750	100,168	737,383



# Commercial Market Trends

## Absorption and Lease Rates by City

Twelve Month Absorption by Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	3,300	-8,466	101	3,600
Bentonville	55,037	-18,804	-42,291	44,000
Fayetteville	-6,649	4,417	52,139	10,000
Johnson	-1,864	-500	0	-4,000
Lowell	5,346	2,880	6,300	67,692
Rogers	-259,238	26,766	-82,645	-19,710
Siloam Springs	8,900	-22,409	4,341	240,589
Springdale	18,102	22,980	34,136	89,506
<b>Northwest Arkansas</b>	<b>-177,066</b>	<b>6,864</b>	<b>-27,919</b>	<b>431,677</b>

