



Drake Farms: A new master-planned development at the north entrance of Fayetteville. This 165-acre community will integrate civic, institutional, commercial, and residential spaces, cultivating a walkable, active, and diverse neighborhood.

MARKET SUMMARY NORTHWEST ARKANSAS

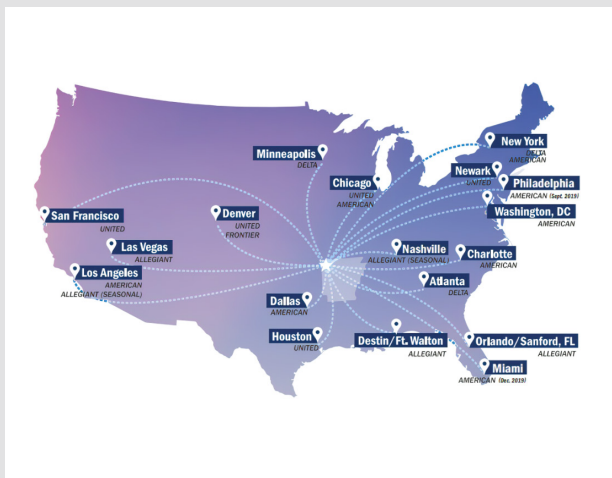
Q4 2024

Better never settles

2024 NWA HEADLINES:

- *NWA ranked No. 7 - "10 Best Performing Cities" - Milken Institute*
- *Top 50 Best Places to Live in the U.S. - Money*
- *Bentonville named "South's Best Cities" & "Best Cities on the Rise" - Southern Living*
- *NWA ranked No. 9 - "Best Places for Millennials to Live and Work in 2024" - CommercialCafe*
- *Fayetteville listed in "The 10 Best Bike Towns in America" - Outside Magazine*
- *Onyx Coffee Lab ranked No. 4 - Best Independent Coffee Shop - USA Today*
- *Wrights BBQ named "Best Barbecue Joint in the U.S." - Yelp*

XNA REPORT



XNA reports busiest year ever with over 1.1 million enplanements in 2024. XNA continues to expand infrastructure and air travel options going into 2025.

OVERALL ECONOMY

- In Q3 of 2024, Arkansas led the nation with a 6.9% annualized GDP growth rate, significantly surpassing the national average of 3.1%, and recorded a 5.4% rise in personal income- the highest in the country. According to the New York Post, Arkansas was the most popular state to move to in 2024, with Northwest Arkansas emerging as the key driver of this growth.
- Construction employment in NWA grew by 42.4% from 2018 to 2023, compared with 10% nationally. Rogers alone is projected to see over \$3 billion in development in the Pinnacle area in the coming years.
- By November 2024, Northwest Arkansas National Airport (XNA) had already surpassed 1 million enplanements, marking a 14% increase from 2023 and reaching a total of 1.13 million for the year. In September, XNA outpaced Clinton National Airport in Little Rock in enplanements for the first time. To support its record-breaking growth, XNA is undergoing a major terminal modernization project, set for completion by 2026, which will expand passenger facilities, increase gates, and enhance overall capacity.
- Northwest Arkansas secured its spot among the top 10 best-performing cities by the Milken Institute for the fourth year in a row, holding steady at No. 7 in 2024. The region also boasted an impressive 12.7% high-tech GDP growth, the second-highest among all Tier 1 large cities.
- In 2023, Northwest Arkansas achieved a per capita income of \$89,095, ranking 16th among the nation's 384 metro areas. It was the only metro area in Arkansas with a per capita income exceeding the U.S. average of approximately \$69,810.
- The Arkansas Department of Transportation (ArDOT) broke ground on two major construction projects totaling \$308.5 million to improve access to Northwest Arkansas National Airport (XNA) and support the region's growth. The projects include phase two of the Springdale Bypass and the XNA connector, both are expected to be completed by late 2026 and 2027.
- Northwest Arkansas led the state in venture capital activity in 2023, solidifying its position as a prime destination for investment in high-growth sectors like healthcare and IT. The Arkansas Capital scan highlights the region's resilience and appeal to forward-looking investors and businesses.

MARKET SUMMARY NORTHWEST ARKANSAS

Q4 2024



ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast*
4.7% Vacancy Rate	▼	▼
20.4% National Vacancy Rate	▲	▼
\$24.90 Market Rent/SF	▲	▲

Source: CoStar

SAGE Q4 HIGHLIGHTED TRANSACTIONS

- **Beau Terre Office Park - 1005 Beau terre Dr, Bentonville:** 378,493 +/- SF @ \$44,638,875 (\$115.05/SF)
- **Bentonville Plaza - 609 SW 8th St, Bentonville:** 252,162 +/- SF @ \$38,000,000 (150.70/SF)
- **607 SW F St, Bentonville:** 18,562 +/- SF @ \$7,600,000 (\$409.44/SF)
- **Johnson & Johnson - 3100 Market St, Rogers:** 35,027 SF on a 5-year and 3-month term.
- **The Root Coworking - 3537 North Creek Blvd, Fayetteville:** 12,315 SF on a 11-year term.

OFFICE

The Northwest Arkansas office market recorded 390,000 SF of net absorption in 2024, with vacancy rates below the 10-year average of 6.2%, reflecting strong tenant demand.

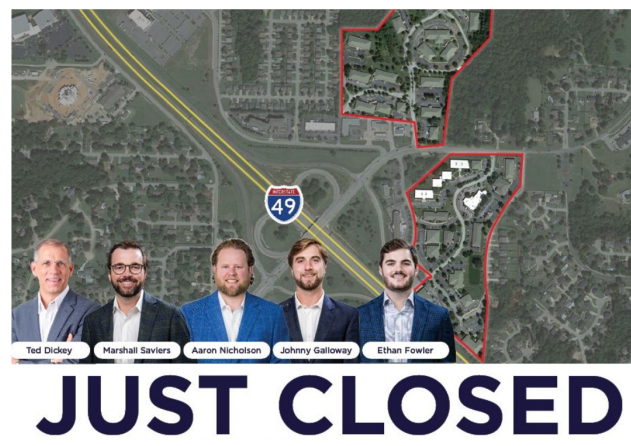
- Annual rent growth of 3.2% in NWA outpaces the U.S. average of 1.1%, with premium spaces in Bentonville and Rogers commanding rents over \$30 per SF.
- Commercial building permits reached \$406.9 million in the first half of 2024, marking the highest level of non-Walmart-related permits in the history of the Skyline Report. This highlights the robust investor confidence in the region and represents a significant increase from the \$287.6 million issued in the second half of 2023.
- Vacancy rates remain steady at 4.7%, with net absorption exceeding new deliveries over the past year. Limited speculative construction, driven by high costs, is expected to keep vacancy rates stable around 5% moving forward.
- Moving into 2025, several major companies have announced return-to-office (RTO) mandates. Surveys indicate that approximately 87% of companies plan to have RTO policies in place by the end of 2025.
- J.B. Hunt officials have begun working with regional planners on their vision for growth as they plan to significantly expand their corporate campus in Lowell.
- According to the 'Northwest Arkansas Healthcare Vision 2030,' transformational medical projects valued at \$1.3 billion are planned by 2030 in Northwest Arkansas. Building on \$529.5 million developed from 2018 to 2024, total healthcare investment is estimated at nearly \$2 billion from 2018 to 2030.

BENTONVILLE PLAZA



Lefler Capital acquired Bentonville Plaza, a 252,162-square-foot office building adjacent to the Walmart Home Office. The purchase price was \$38 million at \$150 per square foot.

BEAU TERRE



Lighthouse Asset Advisors and Cushman & Wakefield / Sage Partners represented an investor group in the purchase of Beau Terre Office park. The 378,493-square-foot office development includes 35 buildings spanning 77 acres.

607 SW F ST



Cushman & Wakefield / Sage Partners closed on 607 SW F St in Bentonville. The 18,562-square-foot office building was adjacent to the current Walmart Home Office, highlighting the demand for irreplaceable assets in prime locations.

MARKET SUMMARY NORTHWEST ARKANSAS

Q4 2024



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ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast*
4.5% Vacancy Rate	▲	▲
6.9% National Vacancy Rate	▲	▲
\$8.99 Market Rent/SF	▲	▲

Source: CoStar

SAGE Q4 HIGHLIGHTED TRANSACTIONS

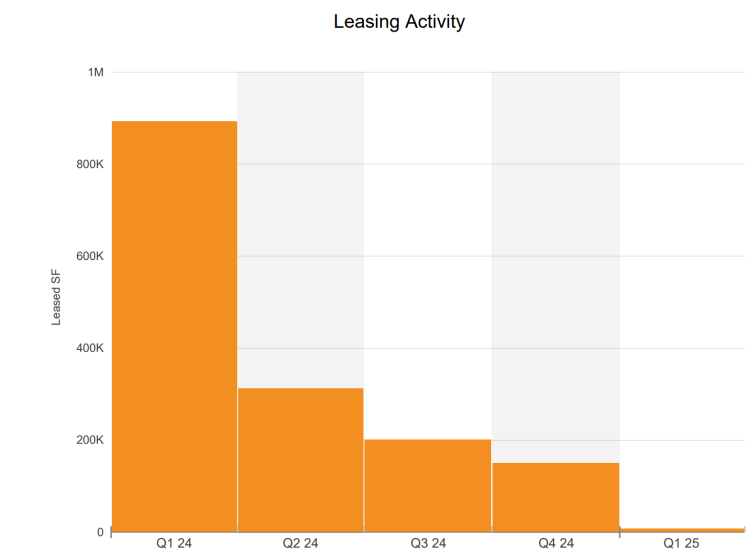
- **224 Industrial Circle, Tontitown:**
11,375+/- SF @ \$1,400,000
(\$123.08/SF)
- **3924 S Old Missouri Rd, Springdale:**
70,000+/- SF @ \$6,700,000
(\$95.71/SF)
- **1102 Shaver St, Springdale:**
20,989+/- SF @ \$1,825,000
(\$86.95/SF)
- **6400 Jenny Lind Rd, Fort Smith:**
318,026+/- SF on a 3-year term.

INDUSTRIAL

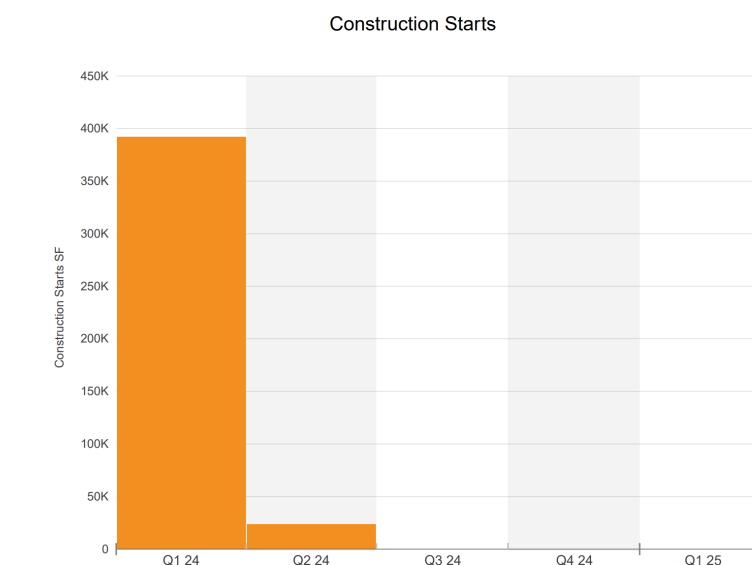
Industrial rents increased by 4.1% year-over-year, reaching an average of \$9.00/SF NNN, outperforming many peer markets and matching growth of cities like Durham and Baton Rouge.

- With employment growing 36.8% over the past decade, Northwest Arkansas attracts industries beyond retail and logistics, creating a stable and expanding industrial market.
- Cap rates in the industrial sector are expanding, and Northwest Arkansas is expected to see cap rate peaks ahead of the national trend, potentially offering long-term stability for investors. At an average sale price of \$107/SF, industrial properties in the region provide a cost advantage over the national average of \$146/SF, continuing to attract interest from both local and out-of-state buyers.
- Northwest Arkansas follows the trend of the Nashville industrial market. Nashville has moved past the supply wave of the past three years of record development. With deliveries projected to fall off in 2025 and beyond, the market is expected to tighten, and rents will increase, assuming demand will rebound. Nashville currently sees industrial market rent at \$11.52/SF and a vacancy rate of 4.96%.
- Warehouse spaces with laydown yards remain a high priority for tenants, providing a cost-effective solution for industries that can optimize square footage by storing materials outdoors when indoor facilities are not necessary. However, the scarcity of leasable yard space continues to challenge tenant demand in this sector.
- Despite the rising demand for AI-driven data centers, Northwest Arkansas faces challenges in attracting these developments due to the limited availability of large, low-cost land parcels with existing utilities.

LEASING ACTIVITY THROUGHOUT 2024



CONSTRUCTION STARTS THROUGHOUT 2024



MARKET SUMMARY NORTHWEST ARKANSAS

Q4 2024



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ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast*
2.98% Vacancy Rate	▲	▼
\$18.92 Market Rent/SF	▲	▲
3.4% Rent Growth, YOY	▼	▼
87,378 SF Under Construction	▼	▼
-61,861 Net Absorption (SF)	▼	▲

Source: CoStar

SAGE Q4 HIGHLIGHTED TRANSACTIONS

- **201 W 412 HWY, Siloam Springs:** 38,640 +/- SF @ \$2,150,000 (\$55.64/SF)
- **Dead Swanky Inc. - 26 W Center St, Fayetteville:** 1,983 SF on a 10-year term.
- **Empire Restaurant Group - 4204 W Green Acres Rd, Rogers:** 1,800 SF on a 10-year term.

RETAIL

Northwest Arkansas continues to exhibit strong retail activity, with vacancies decreasing and rents experiencing sustained growth, outperforming national averages.

- Only 85,000 SF of retail space is in the pipeline, reflecting tighter financing conditions and a shift toward mixed-use developments and build-to-suit projects for national tenants.
- Northwest Arkansas' economy grew by 2.5% in 2024, adding 7,700 jobs maintaining an unemployment rate below 3%. This growth, supported by major employers like Walmart and Tyson Foods, continues to drive strong retail demand.
- Asking retail rates for well places, high-end spaces are achieving rents up to \$40/SF triple-net. This is similar rate for comparable retail spaces in Austin, Nashville, and Denver among many others. Retail projects are closely tied to regional improvements, such as the Alice L. Walton School of Medicine and the Northwest Arkansas Regional Airport's expansion, enhancing the area's long-term appeal.
- Freestanding retail remains the most commonly traded asset type, accounting for over 90% of transactions in 2023 and early 2024, reflecting investor confidence in this market segment.
- Although retail spaces in mixed-use communities take longer to lease, they are achieving longer-term leases, better rent escalations, and higher-quality tenants. In many cases, they perform as well as—or better than—conventional developments.

HARPS SILOAM SPRINGS

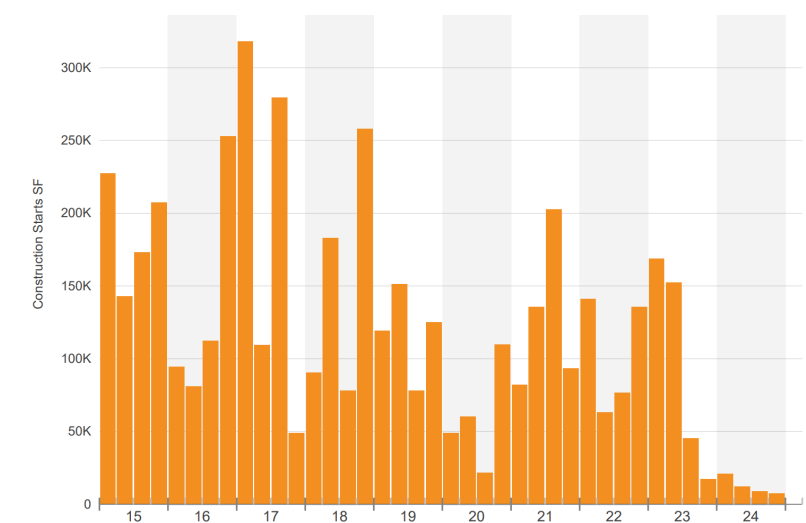


JUST CLOSED

401 US 412, Siloam Springs, AR | 36,783 ± SF | 2.81 ± AC

Sage Partners recently closed on a 38,640 square-foot Harps in Siloam Springs, AR. The building was 100% leased during the time of sale.

CONSTRUCTION STARTS



Construction Starts in Northwest Arkansas are at a 10-year low, with only 7,564 SF for Q4.

MARKET SUMMARY NORTHWEST ARKANSAS Q4 2024

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ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast*
8.2% Vacancy Rate	▲	▲
8.1% National Vacancy Rate	▲	▼
\$1,159 Market Rent/Unit	▲	▲

Source: CoStar

S CHAMPIONS DRIVE



Sage Partners' Johnny Galloway recently closed on an off-market 4.7 acre land transaction on S Champions Dr, Rogers, AR for \$4,700,000.

MULTI-FAMILY/LAND

- The unemployment rate in Northwest Arkansas remains steadily at 2.6% since Q4 of 2023, while the national rate remains above 4%. The metro region has a reported workforce of 318,407 individuals as of mid-2024.
- Northwest Arkansas continues to attract young professionals with its corporate-focused economy, driving multifamily housing demand, while Central Arkansas appeals to established professionals and retirees through strong government, healthcare, and finance sectors.
- Average rents have risen to \$1,160 per month, a 25% increase since 2019, raising affordability concerns for long-time residents. In contrast, newcomers from larger markets are drawn by the comparatively lower cost of living.
- In Northwest Arkansas, traditional neighborhood design principles are gaining traction as developers focus on land near high-profile areas. Projects such as the new Drake Farms development in Fayetteville emphasize connectivity and holistic design, integrating mixed-use and linear buildings while creating vibrant, walkable communities.

SAGE Q4 HIGHLIGHTED TRANSACTIONS

- **4801 S Champions Drive, Rogers:** 4.7 AC @ \$4,700,000 (\$22.71/SF)
- **Screen Door Ventures LLC- 1363 W Henri de Tonti Blvd, Tontitown:** 31.32 AC @ \$4,200,000 (\$3.07/SF)
- **S 52nd St, Rogers:** 2.3 AC @ \$1,800,000 (\$17.97/SF)
- **PAV Holdings LLC- Southwest 18th St, Bentonville:** 23.62 AC @ 1,076,000 (\$1.05/SF)

Drake Farms Master Plan

	Residential		The Grove
	Multi-family		Greenspace
	Experiential mixed-use		Amenity
	Commercial mixed-use		
	Institutional		
	Parking		
	Plaza		



Placemaking is an evolving process. The information contained is conceptual and subject to change. All buildings, streets, trees, parks, and improvements are for graphic presentation only and are not legal representations.

Sage Partners 2024 Transactional Volume: \$436,998,310

* Total SF Leased: 2,818,942

Industrial Leased: 1,569,707 SF

Office Leased: 970,109 SF

Retail Leased: 236,104 SF

Residential: 279,126 SF

* Total SF Sold: 1,286,406

Industrial Sold: 323,644 SF

Office Sold: 801,819 SF

Retail Sold: 160,943 SF

Land Sold: 225 Acres

* Total # of Deals: 358



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MARKET SUMMARY NORTHWEST ARKANSAS Q4 2024

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