

Commercial Highlights Second Half of 2025

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Real Estate Summary Benton and Washington Counties

This report is the fifty-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.

Highlights from the Second Half of 2025

The overall vacancy rate for commercial property decreased to 6.3 percent in the second half of 2025 from 7.2 percent in the first half of 2025, with the addition of 399,598 new square feet of commercial space and net positive absorption of 615,998 square feet.

The office vacancy rate increased to 7.5 percent in the second half of 2025 from 6.8 percent in the first half of 2025 as 64,897 square feet of new space entered the market, 58,668 square feet of previously owner occupied space became available, resulting in a net negative absorption of 62,820 square feet.

In the retail submarket, the vacancy rate decreased to 6.0 percent in the second half of 2025 from 6.6 percent in the first half of 2025 as 173,430 square feet of new space entered the market and there was net positive absorption of 69,761 square feet.

The office/retail vacancy rate decreased to 6.8 percent in the second half of 2025 from 7.1 percent in the first half of 2025 with 25,648 square feet of new office/retail space entering the market and net positive absorption of 27,936 square feet.

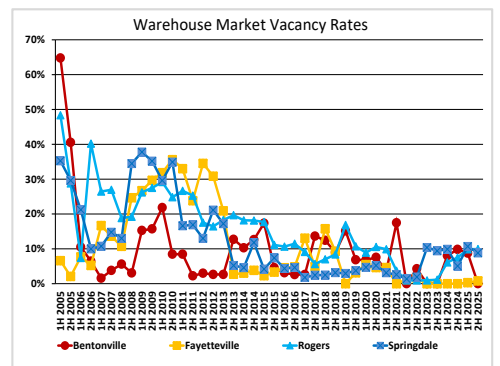
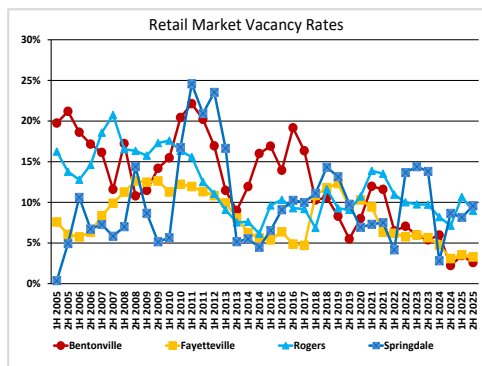
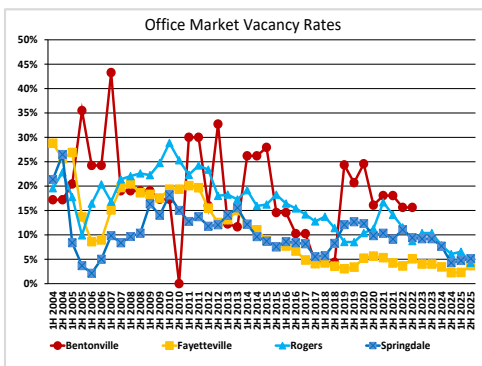
The warehouse vacancy rate decreased to 6.1 percent in the second half of 2025 from 10.4 percent in the first half of 2025 as 49,200 new square feet of space entered the market with net positive absorption of 597,962 square feet. 86,423 square feet of new office/warehouse space was added as respondents continued to report increasing demand for new flex warehouse space.

\$140.4 million in commercial building permits were issued in the second half of 2025 including \$4.2 million from Walmart. This is the lowest amount since \$116.8 million in the first half of 2017. In comparison there were \$290.2 million in commercial building permits issued in the first half of 2025 (\$14.2 million from Walmart).

Commercial Market Trends

Vacancy Rates by Submarket

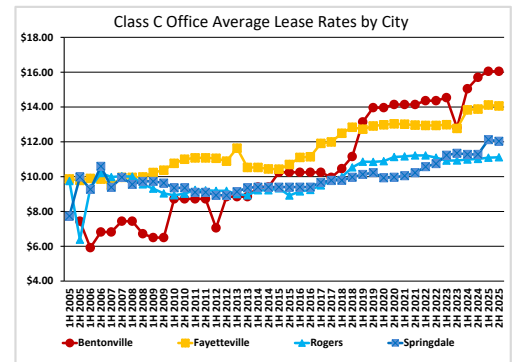
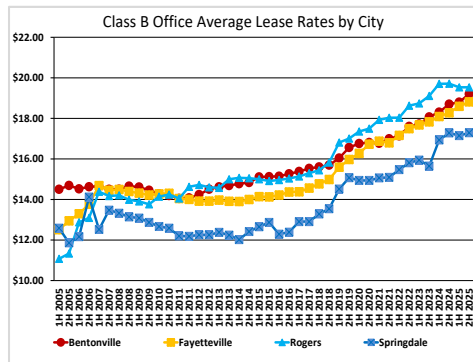
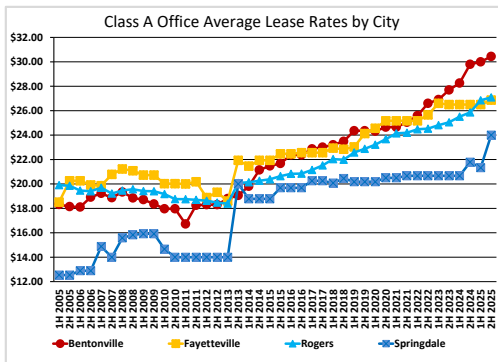
Vacancy by Submarket	Time Period	Bella Vista	Bentonville	Fayetteville	Johnson	Lowell	Rogers	Siloam Springs	Springdale	Northwest Arkansas
Office	2H 2024	12.6%	10.8%	2.3%	1.3%	0.0%	6.1%	5.1%	4.3%	6.3%
	1H 2025	13.5%	10.0%	2.3%	1.3%	28.4%	6.5%	2.6%	4.7%	6.8%
	2H 2025	13.5%	10.5%	3.7%	5.1%	50.8%	4.3%	16.4%	5.1%	7.5%
Medical Office	2H 2024	0.0%	0.9%	0.3%	1.0%	0.0%	5.5%	6.7%	2.1%	1.9%
	1H 2025	0.0%	0.9%	0.7%	1.0%	0.0%	5.4%	3.2%	0.0%	1.5%
	2H 2025	0.0%	2.5%	0.6%	6.1%	7.1%	5.3%	0.0%	0.0%	2.1%
Office/Retail	2H 2024	3.4%	6.5%	6.8%	0.0%	0.0%	8.8%	1.5%	3.9%	6.1%
	1H 2025	4.4%	11.7%	7.8%	0.0%	0.0%	5.8%	2.0%	4.0%	7.1%
	2H 2025	4.4%	11.6%	5.6%	0.0%	2.5%	9.0%	5.2%	3.6%	6.8%
Office/Warehouse	2H 2024		8.2%	0.0%	0.0%	14.1%	4.8%	0.0%	5.7%	6.3%
	1H 2025		6.5%	2.7%	0.0%	14.5%	1.3%	0.0%	4.8%	5.1%
	2H 2025		1.4%	4.7%	57.1%	14.3%	6.0%	0.0%	7.4%	6.6%
Retail	2H 2024	1.9%	2.2%	3.1%	0.0%	6.0%	7.1%	8.7%	5.0%	4.9%
	1H 2025	1.3%	3.4%	3.6%	0.0%	7.5%	10.7%	8.1%	6.2%	6.6%
	2H 2025	1.3%	2.6%	3.3%	0.0%	7.7%	9.0%	9.6%	7.0%	6.0%
Retail/Warehouse	2H 2024		1.1%	1.1%	0.0%	0.0%	0.0%	0.0%	0.3%	0.4%
	1H 2025		1.1%	4.9%	0.0%	0.0%	10.2%	7.4%	0.6%	4.5%
	2H 2025		1.2%	4.9%	99.1%	0.0%	9.1%	10.2%	4.1%	6.6%
Warehouse	2H 2024	0.0%	9.9%	0.0%	0.0%	3.7%	7.5%	28.6%	5.1%	7.6%
	1H 2025	0.0%	8.8%	0.3%	0.0%	7.4%	9.9%	32.4%	10.7%	10.4%
	2H 2025	0.0%	0.0%	0.8%	0.0%	1.8%	9.9%	9.4%	8.8%	6.1%



Commercial Market Trends

Available Space and Lease Rates by Submarket

Available Space by Submarket	Time Period	Bella Vista	Bentonville	Fayetteville	Johnson	Lowell	Rogers	Siloam Springs	Springdale	Northwest Arkansas
Office	2H 2024	15,700	490,553	84,222	4,258	0	253,311	9,669	49,652	907,365
	1H 2025	15,700	460,548	86,020	4,307	95,231	271,954	4,969	55,958	994,687
	2H 2025	15,700	491,666	139,685	16,454	179,826	177,774	33,976	63,332	1,118,413
Medical Office	2H 2024	0	3,104	4,425	2,038	0	31,342	9,039	9,838	59,786
	1H 2025	0	3,104	9,190	2,038	0	30,503	4,339	0	49,174
	2H 2025	0	8,951	7,846	12,147	6,600	30,991	0	0	66,535
Office/Retail	2H 2024	6,660	65,166	127,075	0	0	58,178	2,781	25,729	285,589
	1H 2025	8,660	113,926	152,156	0	0	42,296	3,753	26,389	347,180
	2H 2025	8,660	111,330	109,464	0	2,301	69,064	9,765	23,946	334,530
Office/Warehouse	2H 2024		68,011	0	0	56,720	39,552	0	137,060	301,343
	1H 2025		53,730	6,000	0	58,200	10,892	0	115,276	244,098
	2H 2025		13,950	11,000	17,890	57,396	54,116	0	188,338	342,690
Retail	2H 2024	2,584	22,558	117,262	0	7,456	257,675	41,273	92,951	541,759
	1H 2025	1,751	35,092	133,285	0	12,935	396,453	39,003	117,105	735,624
	2H 2025	1,751	28,261	123,933	0	12,001	342,268	47,113	132,154	687,481
Retail/Warehouse	2H 2024		2,928	1,350	0	0	0	0	2,500	6,778
	1H 2025		2,928	5,400	0	0	67,324	9,860	5,000	90,512
	2H 2025		2,928	5,400	17,890	0	59,736	13,622	34,380	133,956
Warehouse	2H 2024	0	227,356	0	0	59,349	249,528	305,357	194,765	1,036,355
	1H 2025	0	197,008	4,000	0	119,299	326,302	343,990	413,743	1,404,342
	2H 2025	0	0	10,500	0	29,349	329,152	99,628	349,815	818,444



Commercial Market Trends

Absorption and Lease Rates by City

Twelve Month Absorption by Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	0	-420	1,666	0
Bentonville	10,455	-36,379	-5,176	227,356
Fayetteville	-19,698	27,538	5,741	-10,500
Johnson	-12,196	0	0	0
Lowell	-125,175	-2,301	5,581	0
Rogers	78,477	-28,853	-70,625	-79,624
Siloam Springs	9,039	-6,984	-1,840	205,729
Springdale	-2,059	1,783	-15,506	-137,250
Northwest Arkansas	-61,157	-45,616	-80,159	205,711

