

# **Measuring the Vitality of Downtowns in Bentonville, Fayetteville, Rogers, Siloam Springs, and Springdale**

*Produced for Walton Family Foundation*



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ARKANSAS

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## Executive Summary

The Center for Business and Economic Research prepared this report to provide a baseline set of economic indicators to measure the progress generated by the downtown revitalization efforts in five major cities of Northwest Arkansas, namely, Bentonville, Fayetteville, Rogers, Siloam Springs, and Springdale. The economic indicators in this report will be instrumental to the Walton Family Foundation's ability to measure the impact of their investments in downtown revitalization and place-making. Indicators for a vibrant downtown include a growing population of residents in the downtown areas and a good mix of residential, commercial, and public space. The mix of space should be consistently improved and increased through a steady stream of building permits for modified or new commercial and residential spaces. Existing commercial space for offices and retail in a vibrant downtown would have low vacancy rates and steady lease rates. Similarly, the number of multifamily residential units should increase with demand and existing units would have low vacancy rates and stable rents.

- Among all the downtowns in Northwest Arkansas, Bentonville had the largest resident population at 4,167 and Fayetteville had the fastest growth rate of downtown resident population at 2.9 percent.
- From 2012 to 2017, Bentonville and Fayetteville had the largest number of building permits issued for commercial and residential developments in the downtowns, indicating the growing attractiveness of those areas to private investors.
- Downtown Springdale had the third largest number of downtown residential and commercial permits but the permit values were much lower than in Bentonville and Fayetteville.
- Residential per square foot sales prices rose strongly in Bentonville, increasing 207.5 percent from 2012 to 2017. Rogers followed with an increase of 104.5 percent. The strong price growth shows increased demand for downtown living. During the same time period prices grew by 12.9 percent in Fayetteville, by 31.5 percent in Siloam Springs, and 45.7 percent in Springdale.
- Commercial per square foot sales prices grew the most in Rogers, followed by Bentonville and Fayetteville.
- From 2012 to 2017, vacancy rates in commercial spaces for office use declined across the Northwest Arkansas downtowns while retail vacancy rates climbed slightly in 2017 after declining from 2012 to 2016. The slight climb in retail vacancy was due to the addition of new space in downtown Bentonville showing continuing private sector demand and investment.
- Across the Northwest Arkansas downtowns, multifamily vacancy rates declined during the study period even as more units were added in the cities across the region. The low vacancy rates for multifamily units showed strong consumer

demand for downtown living. Fayetteville had the highest number of downtown multifamily units at 1,771 followed by Bentonville at 419.

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## **Introduction**

The Walton Family Foundation is an active participant in the Northwest Arkansas community and invests in the quality of life for the region. The Foundation's activities cover important initiatives in the economic, educational, cultural and environmental fields. Among the initiatives that the Walton Family Foundation spearheads in Northwest Arkansas is an effort to preserve a sense of place in the five major cities that are in the region, namely, Bentonville, Fayetteville, Rogers, Siloam Springs, and Springdale. The efforts under this initiative include improving the use and availability of alternative transportation choices, preserving green spaces, improving water quality, and revitalization of downtowns.

Over the last several years, the five major cities across Northwest Arkansas completed downtown master planning projects to determine the boundaries, design elements, and uses of their downtown areas. Fayetteville and Bentonville completed the first downtown master plans in 2004, followed by Siloam Springs in 2014, and Springdale and Rogers in 2015. With backing from the cities, private investors, and the Walton Family Foundation, the downtowns in the cities across Northwest Arkansas are in various stages of revitalization. The amenity mix within these downtowns include public green spaces and other recreational opportunities, retail outlets, restaurants and bars, government and corporate offices, and other businesses to attract and entertain regional residents.

As the Foundation prepares to assess its efforts in downtown development in Northwest Arkansas, the Center for Business and Economic Research was approached about producing a baseline set of economic indicators that measure the progress generated by the downtown development efforts to date. Such a baseline study will be instrumental for the Foundation's ability to measure its impact on the region. The Center is uniquely qualified to provide this type of analysis utilizing our knowledge base of the Northwest Arkansas community, our connections with various stakeholder groups, and our repository of detailed data on several downtown economic vitality indicators.

The report begins with a methodology section that explains the rationale and data sources for the economic indicators chosen to measure downtown vitality in each of the five downtown areas. Each downtown area is then analyzed in the following sections and a summary of trends for each city is provided. A separate slide deck of the information from this report is also available.

## **Methodology**

The Center for Business and Economic Research staff collected data from both public and proprietary sources to develop a set of metrics that can be used to measure the vitality of downtowns in Bentonville, Fayetteville, Rogers, Siloam Springs, and Springdale. The overall demographic data about each city was collected from ESRI Business Analyst and provided information about the 2016 population, the 2010-2016 population growth rates, median age, median income, employment and unemployment, and the mix of businesses, especially in the retail sector. ESRI's estimates for this data were calculated using the U.S. Census block group data. The overall demographic data provides insights into the employment population and the resident population in the downtown regions, both of which are necessary to maintain a vibrant downtown space. The median income and median age provide information about the spending power and interests of the downtown residents while the mix of businesses in the retail sector provides some measure of the retail amenities available to downtown residents and visitors.

Data collected by the Center staff from the county assessors in Benton and Washington counties, as well as commercial realtors, developers, and agents provides a valuable understanding of the types of properties in the five downtown areas and the levels of investments and opportunities that have been generated since the cities and community organizations committed to downtown revitalization. Building permit data from the county assessors show the pipeline of private and public investments in properties in the downtown areas through new construction, and remodeling or adding to existing structures. The permits were organized by whether the project had commercial, residential, or industrial uses. Public service or exempt property permits were for government buildings and were included in the analysis as public investments are often an important signal to the private sector that a city is committed to the downtown master plan.

The overall composition of properties and their valuation was also collected from the county assessors to analyze whether the amount of space in commercial, residential, and exempt properties are growing, declining, or remaining stable in the five downtown areas. The total square feet data are provided for each type of property use in the downtown areas from 2012 to 2017, and residential and commercial space in particular are highlighted in the report. The market valuation data from the assessors are also provided in this report, but the valuations may not reflect the actual value of a downtown property since the assessors use a variety of methods to smooth value fluctuations and compare properties with similar uses in less desirable locations. Sales price per sq.ft., which is a closer reflection of actual market value, is provided for properties that were sold in the five downtown areas in Northwest Arkansas during the study period from 2012 to 2017.

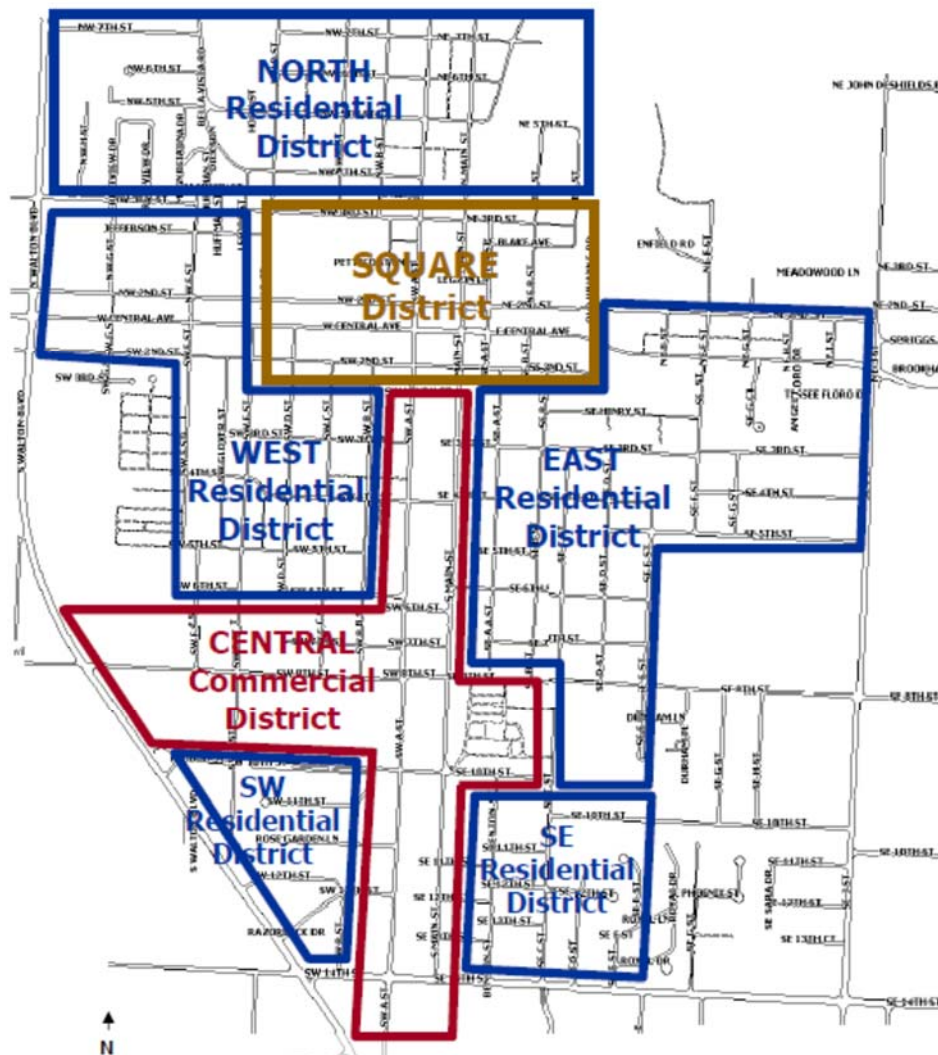
The data about leasable commercial space provides an even more complete picture of the development trends in each downtown. In all five cities, Center staff gathered information about leasable downtown commercial and multifamily properties from commercial and multifamily property developers, managers, and owners. Leasable commercial space data was categorized by type: office space, office/retail space, and retail space. The total leasable space available in each of these categories, vacancy rate, and average lease rate per square foot between 2012 and 2017 provides a window into the business activity in the downtown regions. Higher occupancy rates and lease rates reflect the vibrancy of the downtown regions since businesses are willing to pay for and locate in the area. Information about multifamily units in the downtowns includes the total available units, the vacancy rates of those units, and the lease rates. Multifamily data in this study can be used to understand the supply of and demand for housing options in the downtown areas in Northwest Arkansas. The investment in public and private amenities to make downtowns an exciting place to live, work, and play should be reflected in private investments in downtown multifamily units, lower vacancy rates at existing multifamily units, and higher lease rates. The growth in multifamily units in the downtown areas enjoys a symbiotic relationship with the growth in private commercial investments.

Finally, data about the number hotel rooms in the downtown areas was collected from the individual proprietors and offers a metric to measure whether leisure and business travelers can use the downtown areas and its amenities during their visits to Northwest Arkansas.



## Bentonville

Adopted in 2004, the downtown master plan in the City of Bentonville defines the downtown area as generally bounded by NW 7<sup>th</sup> Street to the north, SE J street to the east, SW 14<sup>th</sup> Street to the south, and S. Walton Boulevard to the west. Covering an area of approximately 1.49 square miles, downtown Bentonville has the largest land area of any of the downtown areas in the major cities of Northwest Arkansas. This study uses the boundaries set out in the map shown here to identify properties and streets that would be used for the analysis of downtown Bentonville.



Source: City of Bentonville

According to data gathered from ESRI Business Analyst, downtown Bentonville had a population of 4,167 in 2016 and the average annual population growth between 2010 and 2016 was 1.1 percent. About 10.3 percent of the population of Bentonville lived in

the downtown area. The median age of the residents in downtown Bentonville was 33.9 in 2016 and 26 percent of these residents had at least a bachelor's degree. The median household income was \$35,119 and the unemployment rate was at 4.2 percent. There were 451 businesses in the downtown area, according to ESRI Business Analyst and 24,188 individuals worked at these businesses. 63 percent of the jobs were in white collar professions, 28 percent were in blue collar professions, and 9 percent were in the service oriented professions.

<b>Downtown Bentonville General Demographics</b>	
<b>2016 Population</b>	4,167
<b>2010-2016 Annual Population Growth Rate</b>	1.1%
<b>Median Age</b>	33.9
<b>Median Household Income</b>	\$35,119
<b>Total Businesses</b>	451
<b>Total Employees</b>	24,188
<b>Unemployment Rate</b>	4.2%
<b>Percent of Population with Bachelor's Degree or Higher</b>	26%

*Source: ESRI Business Analyst*

Over 20,000 people worked in downtown Bentonville in the retail industry in 2016, largely representing workers at the Walmart Home Office and surrounding suppliers. There were 28 listed eating and drinking places in 2016, employing 304 people according to ESRI Business Analyst estimates. 12 stores were classified as apparel and accessory stores, and 8 stores were classified as furniture and home furnishing stores in 2016, employing a total of 65 people. Online records showed that there were 31 restaurants in downtown Bentonville in 2017, three of them were national chains. Additionally, there were 6 drinking establishments in the study area.

<b>Downtown Bentonville Retail Business Summary</b>		
	Establishments	Employees
<b>Retail Trade Summary</b>	102	20,434
<b>Home Improvement</b>	2	9
<b>General Merchandise Stores</b>	9	19,694
<b>Food Stores</b>	11	157
<b>Auto Dealers, Gas Stations, Auto Aftermarket</b>	6	61
<b>Apparel &amp; Accessory Stores</b>	12	43
<b>Furniture &amp; Home Furnishings</b>	8	22
<b>Eating &amp; Drinking Places</b>	28	304
<b>Miscellaneous Retail</b>	27	144

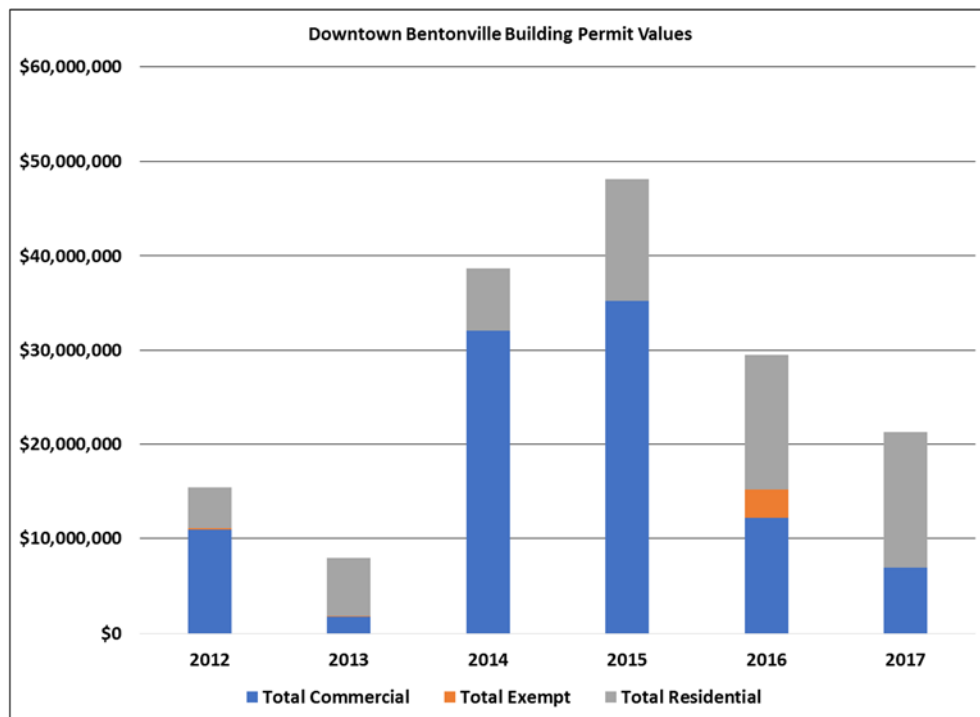
*Source: ESRI Business Analyst*

## ***Downtown Building Permits***

During the report period there were over \$99.3 million of commercial and 58.4 million of residential permits issued in downtown Bentonville. Total building permits peaked in value in 2015 with just over \$48.0 million. The value of commercial building permits that year was over \$35.2 million, while the value of residential building permits issued that year was over \$12.8 million. 2014 had the second highest total building permit values at just over \$38.6 million, \$32.0 million of it was for commercial developments. Exempt building permits peaked in 2016 with just under \$3.0 million issued. During this time Bentonville had 13 projects with building permits valued at over \$2 million dollars. The largest building permits were a \$20.3 million permit for the Midtown Center in 2014 and a \$23.2 million permit for the 8W Center in 2015. Downtown Bentonville has seen a significant number of permits for new single family residential with the number increasing from 12 in 2012, to 36 in 2016. There were 25 residential building permits through August 2017. The average residential building permit value increased annually at a rate of 13.2 percent from \$244,875 in 2012 to \$406,323 in 2017.

<b>Downtown Bentonville Building Permit Values</b>						
<b>Type of Permit</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Change	\$1,812,488	\$1,828,281	\$4,065,107	\$7,715,208	\$7,649,566	\$28,426
New	\$9,114,041		\$28,013,632	\$27,550,714	\$4,570,477	\$6,979,635
<b>Total Commercial</b>	<b>\$10,926,529</b>	<b>\$1,828,281</b>	<b>\$32,078,739</b>	<b>\$35,265,922</b>	<b>\$12,220,043</b>	<b>\$7,008,061</b>
Change	\$158,955	\$62,243			\$2,999,750	
New						
<b>Total Exempt</b>	<b>\$158,955</b>	<b>\$62,243</b>			<b>\$2,999,750</b>	
Change	\$1,193,875	\$1,214,585	\$2,340,555	\$1,183,651	\$1,980,966	\$4,106,455
New	\$3,106,663	\$4,919,502	\$4,264,071	\$11,636,664	\$12,295,792	\$10,158,075
<b>Total Residential</b>	<b>\$4,300,538</b>	<b>\$6,134,087</b>	<b>\$6,604,626</b>	<b>\$12,820,315</b>	<b>\$14,276,758</b>	<b>\$14,264,530</b>
<b>Total Permits</b>	<b>\$15,386,022</b>	<b>\$8,024,611</b>	<b>\$38,683,365</b>	<b>\$48,086,237</b>	<b>\$29,496,551</b>	<b>\$21,272,591</b>

Source: Benton County Assessor and Center for Business and Economic Research Calculations



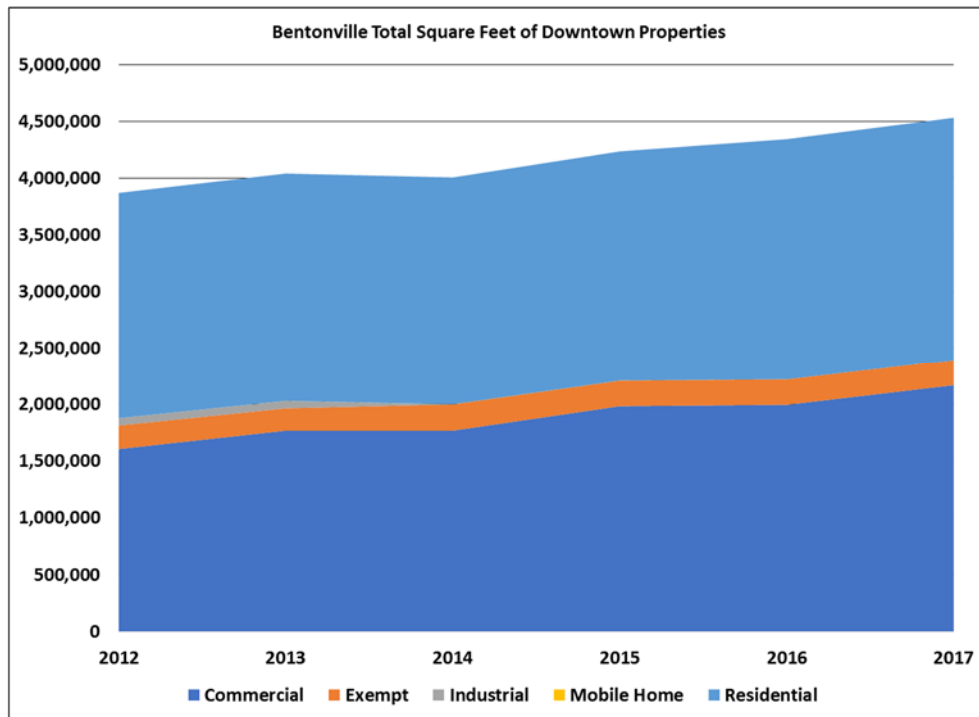
Source: Benton County Assessor and Center for Business and Economic Research Calculations

### ***Total Square Feet of Downtown Properties***

Downtown Bentonville's total square feet of properties increased 17.1 percent from 3.8 million in 2012 to 4.5 million in 2017. Commercial square feet increased 35.1 percent from 1.6 million in 2012 to 2.1 million in 2017 while residential square feet in downtown Bentonville increased from just under 2.0 million to 2.1 million during the same time period. 41.5 percent of the space in downtown Bentonville was commercial and 51.5 percent was residential in 2012. In 2017, commercial space accounted for 47.8 percent of all downtown space while residential uses accounted for 47.2 percent.

Bentonville Total Square Feet of Downtown Properties						
City and Type	2012	2013	2014	2015	2016	2017
Commercial	1,604,874	1,767,044	1,766,841	1,982,785	1,995,042	2,168,634
Exempt	207,197	196,678	231,680	225,680	225,680	225,560
Industrial	65,322	65,322				
Mobile Home	0	720	720	720		
Residential	1,993,411	2,012,307	2,008,319	2,027,515	2,124,173	2,138,994
<b>Bentonville Total</b>	<b>3,870,804</b>	<b>4,042,071</b>	<b>4,007,560</b>	<b>4,236,700</b>	<b>4,344,895</b>	<b>4,533,188</b>

Source: Benton County Assessor and Center for Business and Economic Research Calculations



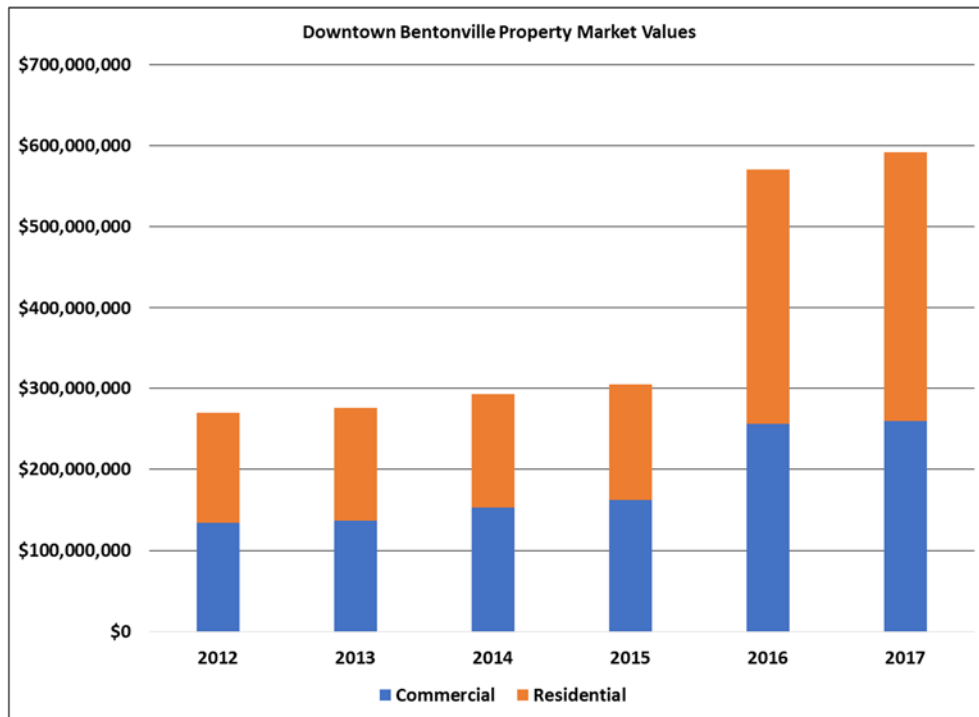
Source: Benton County Assessor and Center for Business and Economic Research Calculations

### ***Market Value of Downtown Properties***

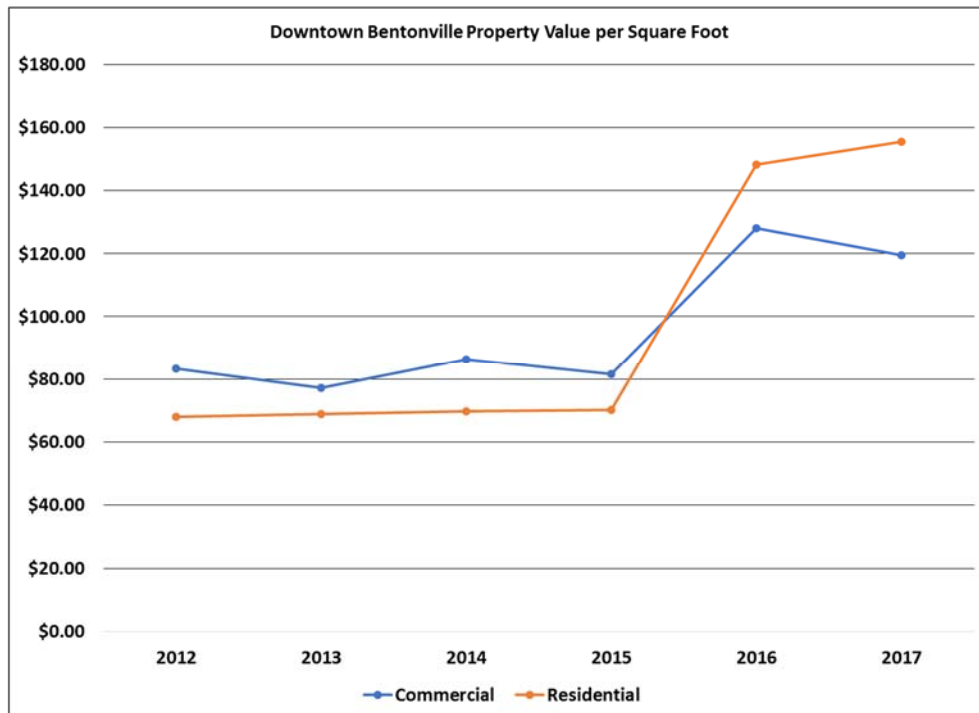
Downtown Bentonville had its total market valuation increase from \$271.8 million in 2012 to \$591.9 million in 2017, an increase of 117.7 percent, which was the fastest rate of increase among the five downtowns. Commercial valuation grew 93.9 percent from \$133.7 million in 2012 to \$259.4 million in 2017, while residential valuation increased 145.1 percent from \$135.6 million to \$332.4 million from 2012 to 2017. The average market value per square foot of downtown property increased significantly for both residential and commercial space in 2017.

<b>Downtown Bentonville Market Value by Type of Property</b>						
<b>Type of Property</b>	2012	2013	2014	2015	2016	2017
Commercial	\$133,767,300	\$136,490,200	\$152,677,500	\$161,863,550	\$255,603,600	\$259,412,000
Exempt	\$0	\$0	\$0	\$0	\$0	\$0
Industrial	\$2,421,000	\$2,421,000				
Mobile Home	\$24,300	\$24,300	\$24,300	\$24,300		
Residential	\$135,654,050	\$138,446,700	\$139,921,150	\$142,135,200	\$315,212,650	\$332,493,850
<b>Bentonville Total</b>	<b>\$271,866,650</b>	<b>\$277,382,200</b>	<b>\$292,622,950</b>	<b>\$304,023,050</b>	<b>\$570,816,250</b>	<b>\$591,905,850</b>

Source: Benton County Assessor and Center for Business and Economic Research Calculations



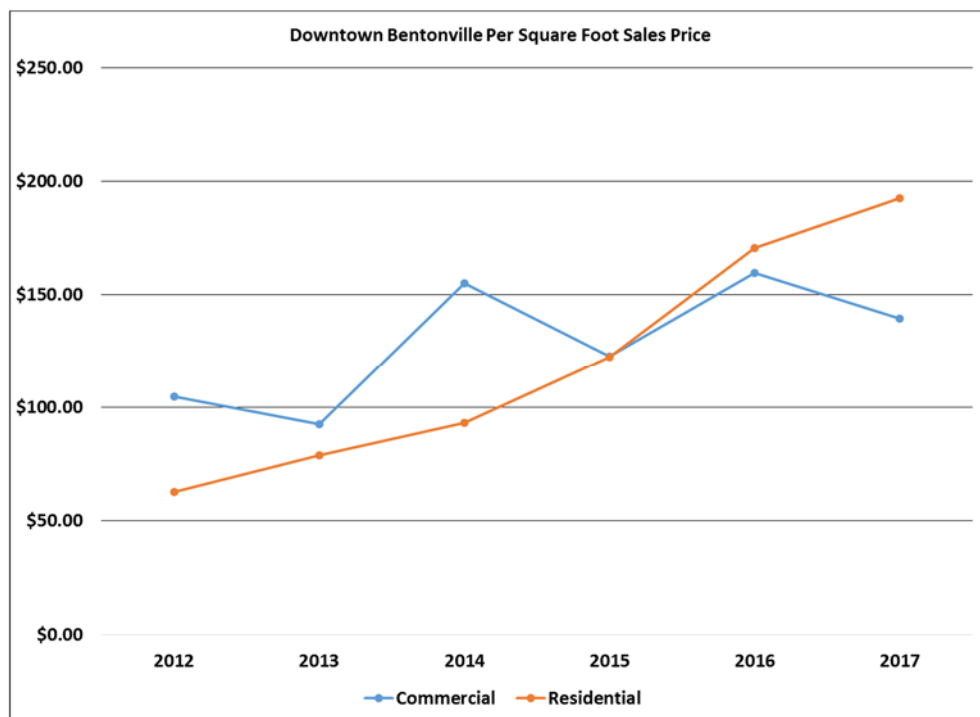
Source: Benton County Assessor and Center for Business and Economic Research Calculations



Source: Benton County Assessor and Center for Business and Economic Research Calculations

### ***Per Square Foot Sales Prices in Downtown Bentonville***

Downtown Bentonville had the second highest average sales price per square foot for both commercial and residential properties, in the five surveyed downtowns. Average sale price per square foot increased 33.4 percent for commercial properties in downtown Bentonville, from \$104.65 in 2012 to \$139.61 in 2017. However, the average sales price per square foot for commercial space went above \$155.00 in both 2014 and 2016. For residential sales, the average price per square foot increased 207.5 percent from \$62.57 in 2012 to \$192.42 in 2017 by far the fastest rate increase in any of the surveyed downtowns.

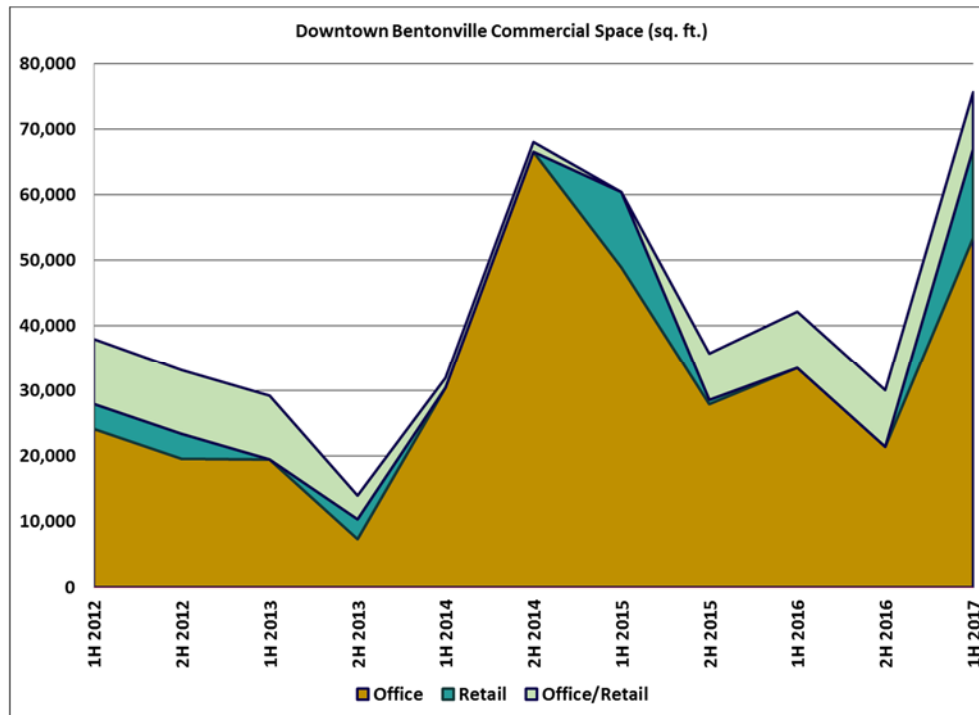


Source: Benton County Assessor and Center for Business and Economic Research Calculations

### ***Characteristics of Leasable Commercial Space in Downtown Bentonville***

Leasable space in downtown Bentonville increased from 591,574 square feet in 2012 to 797,861 square feet in 2017. Newly constructed space added 159,416 square feet to downtown Bentonville this period. The leasable office space increased from 399,056 in 2012 to 565,324 in 2017, while leasable office/retail space decreased from 101,369 square feet in 2012 to 85,209 square feet in 2017. In 2012 leasable retail space was 47,725 square feet and it increased to 96,830 square feet in 2017. The composition of leasable space in downtown Bentonville changed from 2012 to 2017 as office increased from 67.5 percent to 70.9 percent, office/retail decreased from 17.1 percent to 10.7 percent, retail

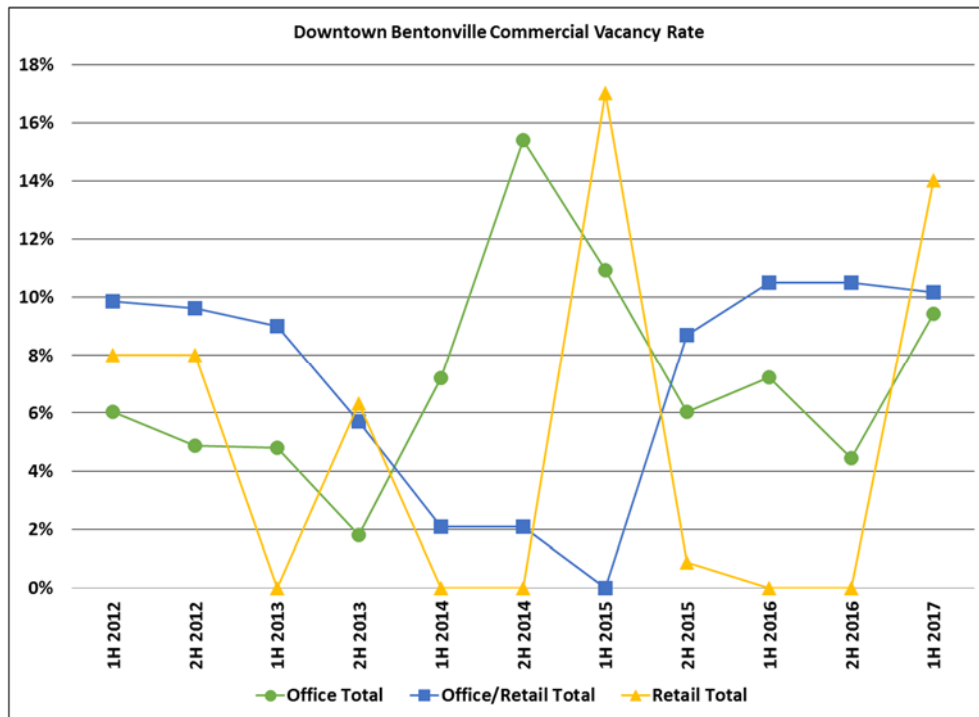
increased from 8.1 percent to 12.1 percent, and other decreased from 7.3 percent to 6.3 percent.



Source: Center for Business and Economic Research

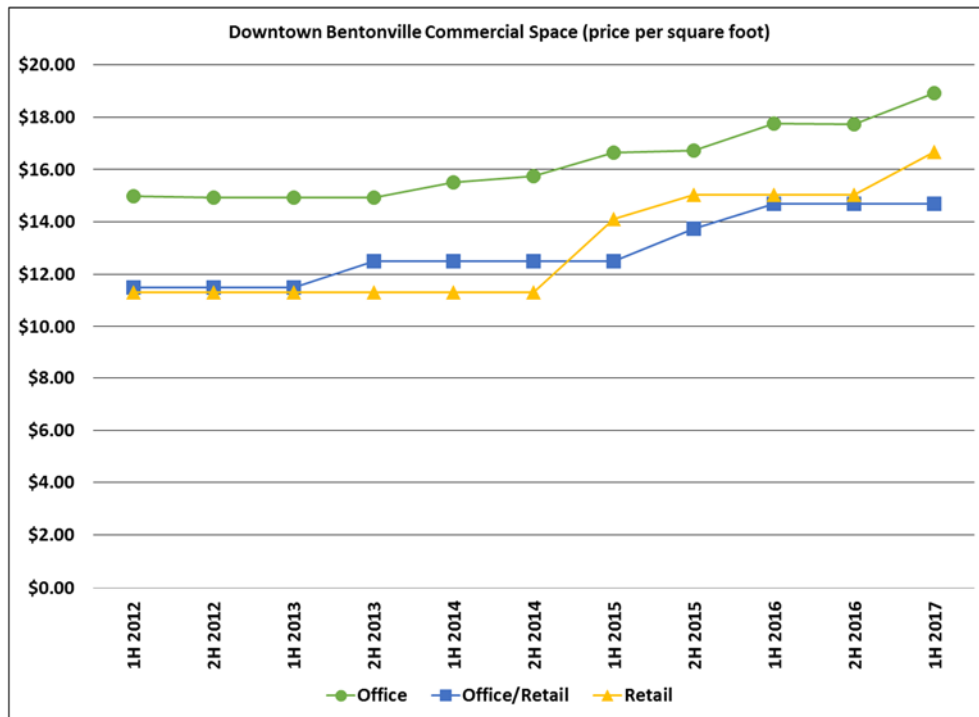
Total vacant leasable space increased in downtown Bentonville from 42,722 square feet in 2012 to 75,646 square feet in 2017 and the vacancy rate increased from 7.2 percent to 9.5 percent. The office vacancy rate increased from 6.0 percent in 2012 to 9.4 percent in 2017, as the new office space had not fully absorbed. Between 2012 and 2017, the office/retail vacancy rate increased from 9.9 percent to 10.2 percent and the vacancy rate for retail space also increased from 8.0 percent to 14.0 percent, again primarily due to new space not being fully absorbed.





Source: Center for Business and Economic Research

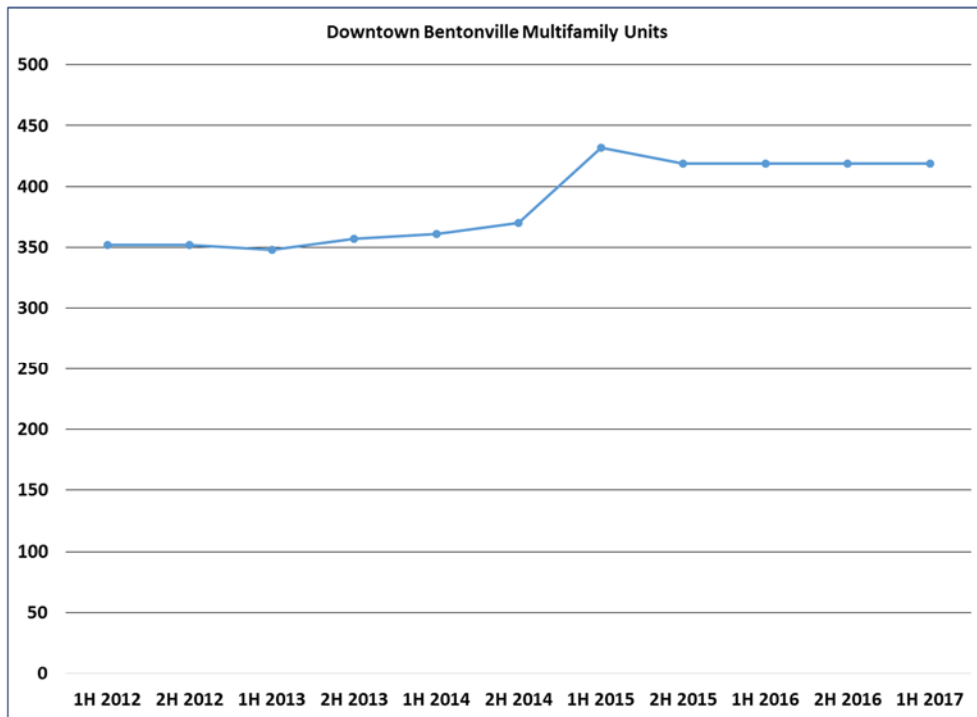
The reported average price per square foot of leasable space increased in every submarket in downtown Bentonville from 2012 to 2017. Downtown Bentonville had the highest reported average lease rates in the office and retail markets. During this time period, reported office space average lease rates increased from \$14.97 to \$18.92, office/retail increased from \$11.50 to \$14.68, and retail increased significantly from \$11.31 to \$16.67.



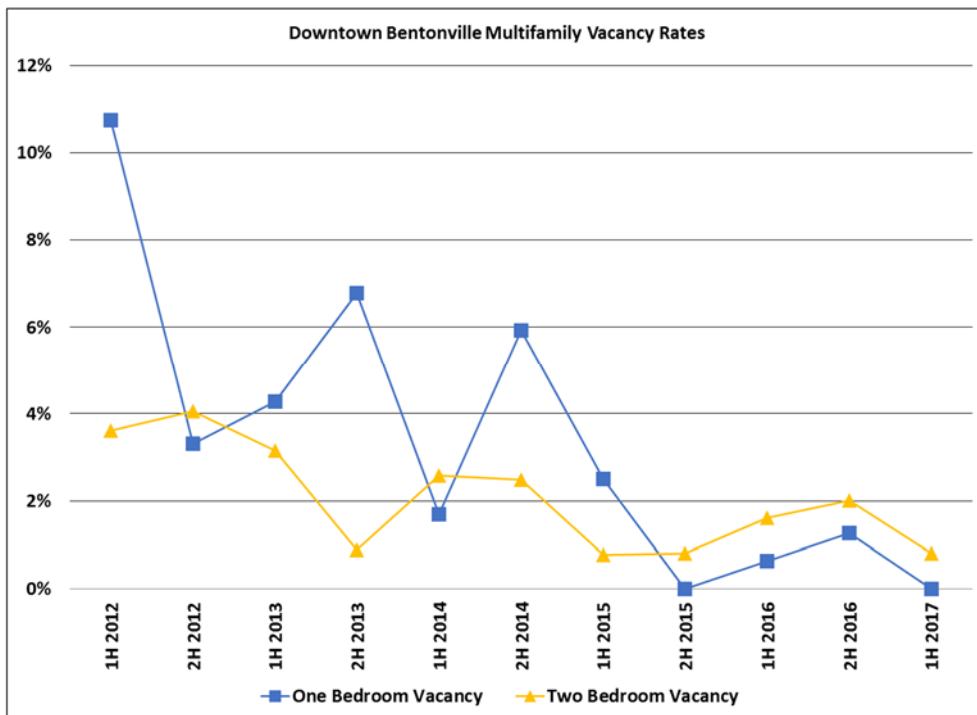
Source: Center for Business and Economic Research

### ***Characteristics of Multifamily Properties in Downtown Bentonville***

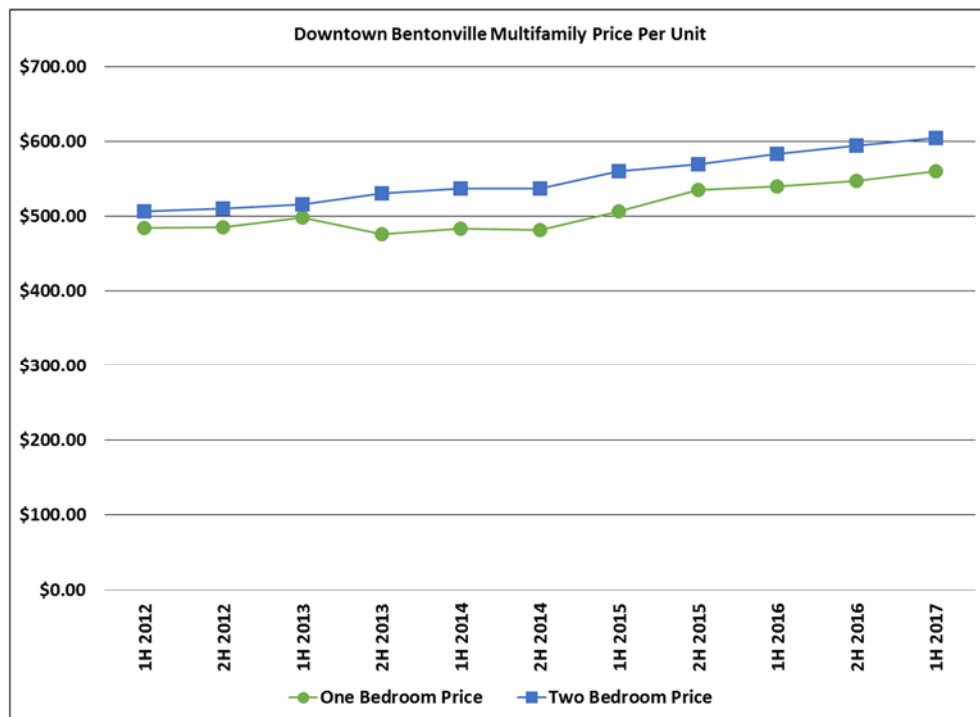
The total multifamily units in downtown Bentonville increased from 352 in 2012 to 419 in 2017. The one bedroom vacancy rate decreased from 10.7 percent in 2012 to 0.0 percent in 2017, and the two bedroom vacancy rate decreased from 3.6 percent to 0.8 percent during the same time period. In 2012, the one bedroom average price was \$484.29 and increased to \$559.93 in 2017. The two bedroom average price increased from \$506.56 in 2012 to \$605.21 in 2017.



Source: Center for Business and Economic Research



Source: Center for Business and Economic Research



Source: Center for Business and Economic Research

### ***Hotel Rooms in Downtown Bentonville***

Bentonville had ten standard rooms in 2012 but by 2017 there were 108 standard rooms and 11 suites, due to the addition of the 21C Hotel.

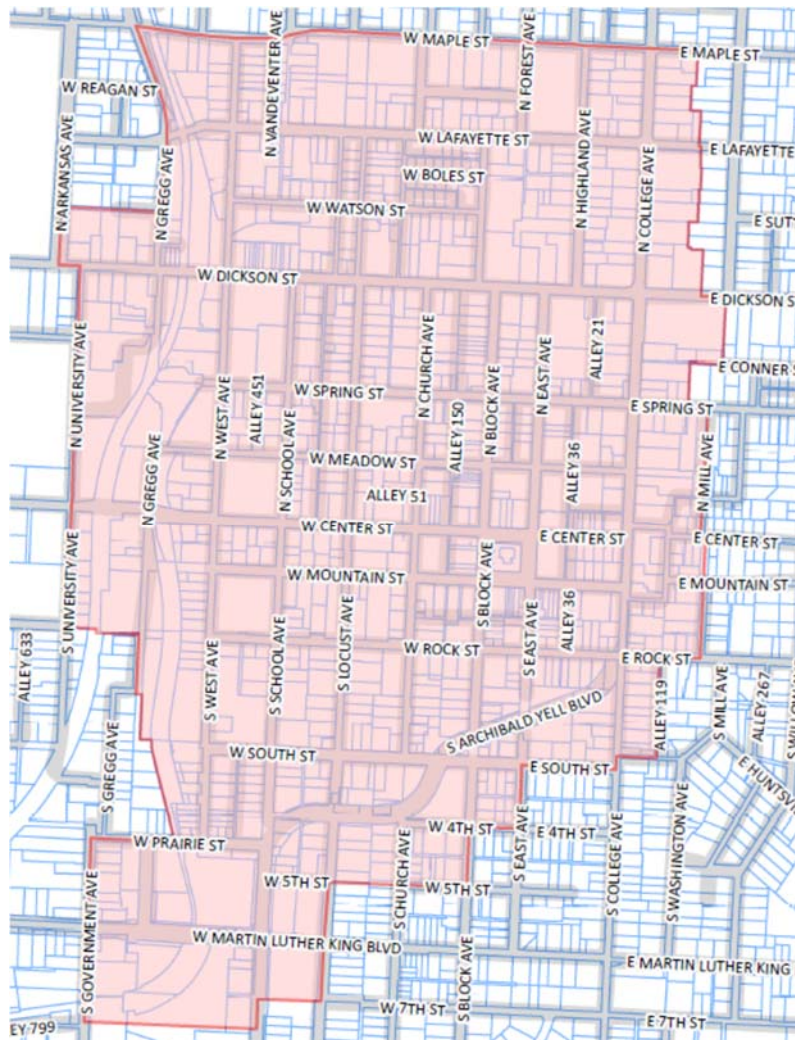
### ***Bentonville Summary***

Bentonville has a mature downtown market with a coherent master plan since 2004. It is also the largest of the five downtowns in terms of area, population, and number of employees. Over the past several years downtown Bentonville has become a place where people can live, work, and play. Downtown Bentonville has seen growth in virtually every metric measured for this study. The ESRI data shows a downtown with a strong variety of businesses including numerous new restaurants, and the 21C, a successful boutique hotel with a fine dining restaurant, all of which highlights the growing vitality in the area. Downtown Bentonville also has a good mix of commercial and residential space. Several new high end townhouses were built and several more are under construction, showing the continued desirability of downtown Bentonville. The Thrive, a multifamily complex was leased out before it was finished, another indication of strong demand for living space in downtown Bentonville. Additional multifamily projects have been announced for downtown Bentonville, which will bring more residents to closer to the amenities in the area. Commercial space in downtown Bentonville has a low vacancy rate and with increasing lease rates, highlighting its desirability for business location. Several

commercial properties in downtown Bentonville have been sold over the past few years at decreasing cap rates and increasing average price per square foot, showing investors are treating the downtown area as a stable safe investment. The development of significant new commercial space, such as the 8W Center, also shows investors are looking at downtown Bentonville with an eye to the future, expecting continuing development and growth over time.

## Fayetteville

The City of Fayetteville also adopted a downtown master plan in 2004 and encompasses an area that is generally bounded by W Maple Street to the north, and N University Avenue to the west. The southern boundary of the downtown area generally follows along Archibald Yell Boulevard and Martin Luther King, Jr. Boulevard (while encompassing areas that are a block to the east and south of these streets) and the eastern boundary follows along College Avenue but also includes up to a block of streets to the east of it. Downtown Fayetteville occupies approximately 0.54 square miles and is the third largest in Northwest Arkansas. This study uses the boundaries set out in the map shown here to identify properties and streets that would be used for the analysis of downtown Fayetteville.



Source: Washington County Assessor

According to data gathered from ESRI Business Analyst, downtown Fayetteville had a population of 1,970 in 2016 and the average annual population growth between 2010 and 2016 was 2.9 percent. The growth rate was the fastest among the cities in Northwest Arkansas and can be attributed in part to the addition of several multi-family units in the downtown area that largely cater to University of Arkansas students. Around 2.5 percent of the city's residents live with the downtown area. The median age of the residents in downtown Fayetteville was 31.8 in 2016 and 42 percent of these residents had at least a bachelor's degree. The median household income was \$19,228 and the unemployment rate was at 1.5 percent. There were 648 businesses in the downtown area, according to ESRI Business Analyst and 5,559 individuals worked at these businesses. 73 percent of the jobs were in white collar professions, 6 percent were in blue collar professions, and 21 percent were in the service oriented professions.

<b>Downtown Fayetteville General Demographics</b>	
<b>2016 Population</b>	1,970
<b>2010-2016 Population Growth Rate</b>	2.9%
<b>Median Age</b>	31.8
<b>Median Household Income</b>	\$19,228
<b>Total Businesses</b>	648
<b>Total Employees</b>	5,559
<b>Unemployment Rate</b>	1.5%
<b>Percent of Population with Bachelor's Degree or Higher</b>	42%

*Source: ESRI Business Analyst*

Over 1,500 people worked in downtown Fayetteville in the retail industry, largely representing workers in eating and drinking establishments. There were 59 listed eating and drinking places, employing 938 people according to ESRI Business Analyst estimates. 21 stores were classified as apparel and accessory stores, and 5 stores were classified as furniture and home furnishing stores, employing a total of 188 people. Online records showed that there were 53 restaurants in downtown Fayetteville in 2017, eight of them were national chains. Additionally, there were 31 drinking establishments in the study area.

<b>Downtown Fayetteville Retail Business Summary</b>		
	Establishments	Employees
<b>Retail Trade Summary</b>	136	1,517
<b>Home Improvement</b>	1	7
<b>General Merchandise Stores</b>	2	4
<b>Food Stores</b>	8	136
<b>Auto Dealers, Gas Stations, Auto Aftermarket</b>	5	26
<b>Apparel &amp; Accessory Stores</b>	21	107
<b>Furniture &amp; Home Furnishings</b>	5	81
<b>Eating &amp; Drinking Places</b>	59	938
<b>Miscellaneous Retail</b>	35	219

*Source: ESRI Business Analyst*

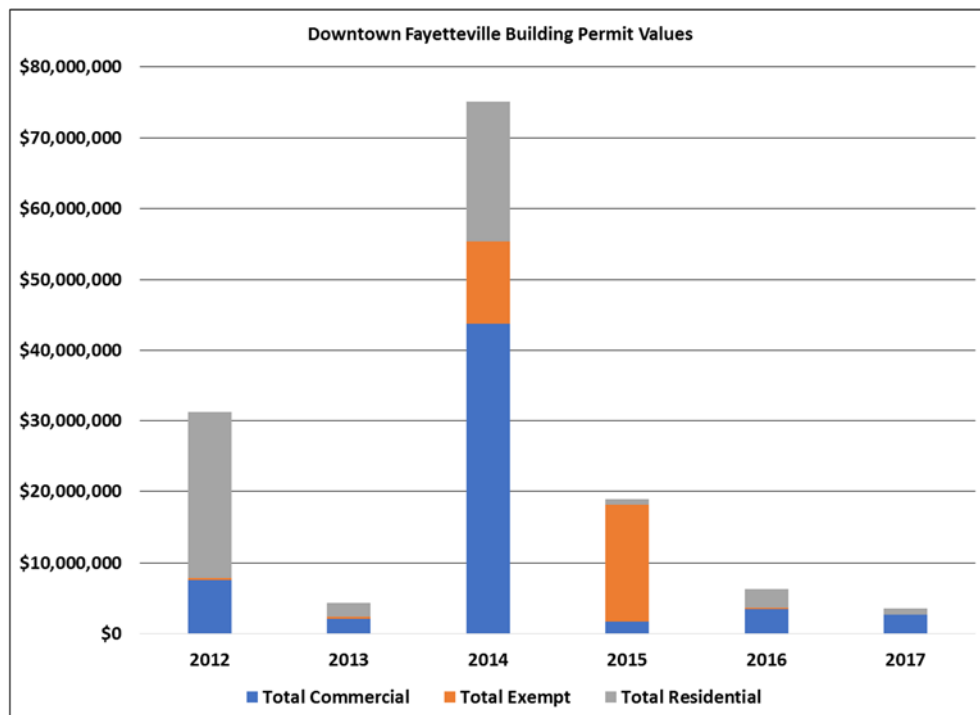
### ***Downtown Building Permits***

During the report period there were \$61.2 million of commercial, \$49.2 million of residential, and \$28.5 million of exempt permits issued in downtown Fayetteville. \$75.0 million in building permits were issued in 2014, half the total issued during the project study period and \$43.7 million of those permits were commercial. The second highest values of total building permits, \$31.1 million, were issued in 2012 and \$23.3 million of those permits were for residential developments. Exempt permits peaked in 2015 with \$16.4 million. There were four large projects in downtown Fayetteville permitted during the study period: \$25.5 million for the Sterling Frisco apartments in 2012, \$40.8 million for The Sterling District apartments and \$17.9 million for the Gather on Dickson apartments in 2014, and \$27.3 million for the Walton Arts Center Complex in 2014 and 2015. A few new single family residential buildings were permitted each year reaching a peak of eight in 2016. After a sharp jump from \$122,106 in 2012 to \$241,037 in 2013, the average building permit value increased at an average annual rate of 1.1 percent, to \$251,494 in 2017.



Downtown Fayetteville Building Permit Values						
Type of Permit	2012	2013	2014	2015	2016	2017
Change	\$4,095,511	\$1,439,337	\$2,644,286	\$1,169,100	\$1,606,375	\$1,308,690
New	\$3,429,137	\$700,000	\$41,142,419	\$507,616	\$1,858,910	\$1,331,245
<b>Total Commercial</b>	<b>\$7,524,648</b>	<b>\$2,139,337</b>	<b>\$43,786,705</b>	<b>\$1,676,716</b>	<b>\$3,465,285</b>	<b>\$2,639,935</b>
Change		\$215,000	\$623,300	\$10,000		
New	\$294,000		\$10,982,696	\$16,452,106	\$175,000	\$3,800
<b>Total Exempt</b>	<b>\$294,000</b>	<b>\$215,000</b>	<b>\$11,605,996</b>	<b>\$16,462,106</b>	<b>\$175,000</b>	<b>\$3,800</b>
Change		\$31,500				
New						
<b>Total Industrial</b>		<b>\$31,500</b>				
Change	\$2,500				\$626,984	
New					\$434,293	
<b>Total Public Service</b>	<b>\$2,500</b>				<b>\$1,061,277</b>	
Change	\$229,700	\$764,300	\$176,291	\$190,500	\$968,280	\$356,540
New	\$23,088,794	\$1,255,186	\$19,465,131	\$529,791	\$1,711,202	\$562,688
<b>Total Residential</b>	<b>\$23,318,494</b>	<b>\$2,019,486</b>	<b>\$19,641,422</b>	<b>\$720,291</b>	<b>\$2,679,482</b>	<b>\$919,228</b>
<b>Total Permits</b>	<b>\$31,139,642</b>	<b>\$4,405,323</b>	<b>\$75,034,123</b>	<b>\$18,859,113</b>	<b>\$7,381,044</b>	<b>\$3,562,963</b>

Source: Washington County Assessor and Center for Business and Economic Research Calculations



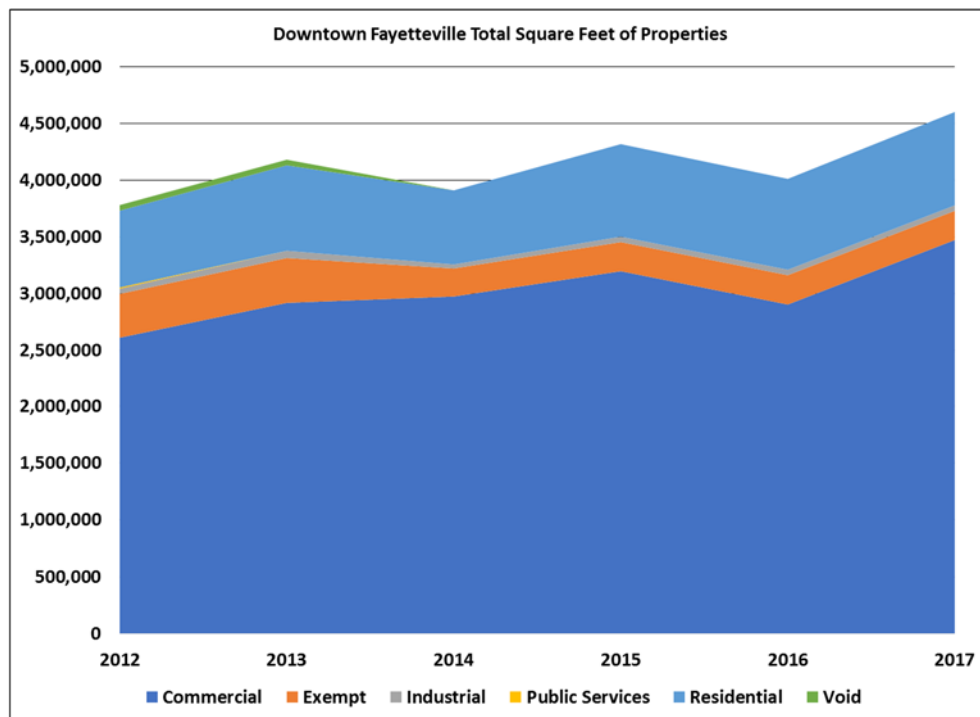
Source: Washington County Assessor and Center for Business and Economic Research Calculations

### ***Total Square Feet of Downtown Properties***

Downtown Fayetteville's total square feet of properties increased by 21.7 percent, the fastest growth rate among the five downtowns, from 3.7 million in 2012 to 4.6 million in 2017. Commercial square feet increased 33.0 percent from 2.6 million square feet in 2012 to 3.4 million square feet in 2017 while residential square feet increased 21.6 percent from 676,639 in 2012 to 822,904 in 2017. Exempt properties, which are significant in downtown Fayetteville, decreased 33.4 percent from 386,447 square feet in 2012 to 257,336 in 2017. 69.1 percent of the space in downtown Fayetteville was commercial, 17.9 percent was residential and 10.2 percent was exempt in 2012. In 2017 commercial space increased to 75.5 percent, residential space was still 17.9 percent, and exempt space had declined to 5.6 percent of the total.

<b>Fayetteville Total Square Feet of Downtown Properties</b>						
<b>Type</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Commercial	2,612,441	2,919,584	2,975,632	3,198,816	2,905,284	3,473,731
Exempt	386,447	395,308	246,860	256,186	258,208	257,336
Industrial	45,974	63,980	35,970	48,370	48,370	48,370
Public Service	10,857	0	0	0	0	0
Residential	676,639	753,233	653,074	815,388	800,735	822,904
Void	49,317	49,317				
Fayetteville Total	3,781,675	4,181,422	3,911,536	4,318,760	4,012,597	4,602,341

Source: Washington County Assessor and Center for Business and Economic Research Calculations



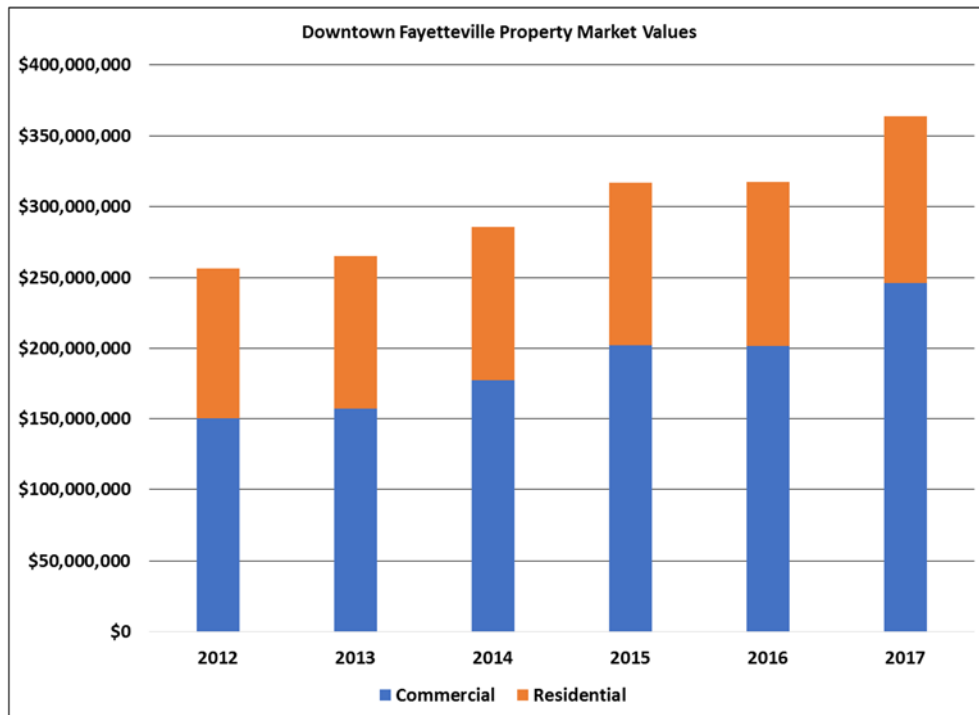
Source: Washington County Assessor and Center for Business and Economic Research Calculations

### ***Market Value of Downtown Properties***

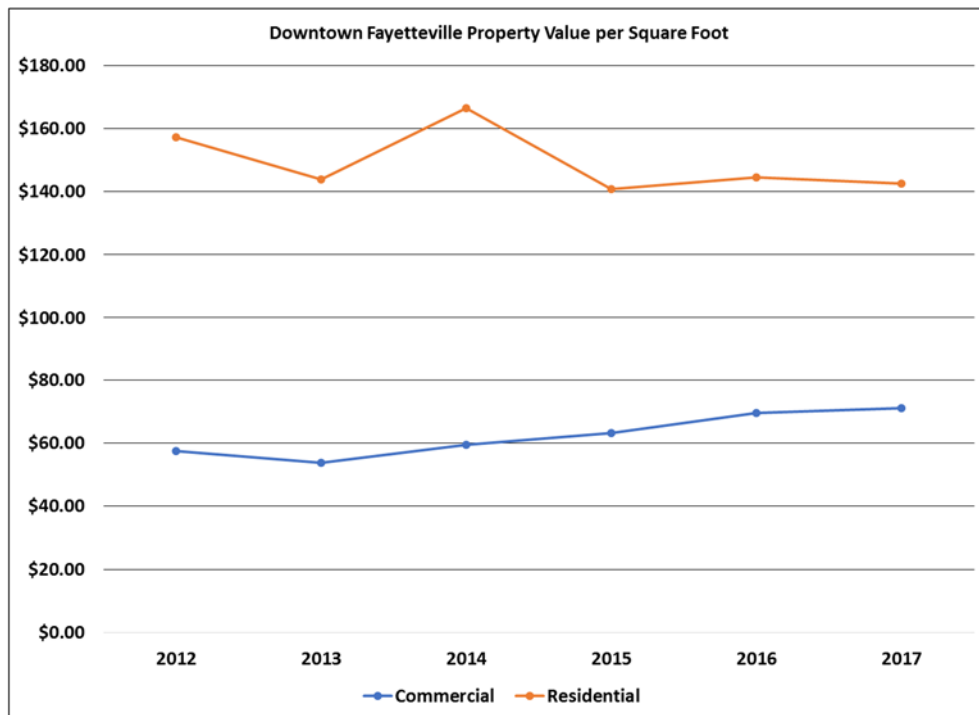
Downtown Fayetteville had its total market valuation increase from \$257.4 million in 2012 to \$364.6 million in 2017, an increase of 41.6 percent which was the second highest rate of increase among the five downtowns. Commercial valuation increased 64.2 percent from \$150.0 million in 2012 to \$246.3 million in 2017 and residential property valuation in downtown Fayetteville increased 10.3 percent from \$106.4 million in 2012 to 117.3 million in 2017. The average market value per square foot of downtown property increased for commercial space, but declined for residential space in 2017.

<b>Fayetteville Market Value by Type of Property</b>						
	2012	2013	2014	2015	2016	2017
Commercial	\$150,061,868	\$157,019,867	\$176,891,440	\$202,173,290	\$201,664,790	\$246,336,490
Exempt	\$0	\$0	\$0	\$0	\$0	\$0
Industrial	\$1,027,900	\$1,027,900	\$715,450	\$1,003,300	\$1,003,300	\$1,003,300
Public Services	\$0	\$0	\$0	\$0	\$0	\$0
Residential	\$106,408,073	\$108,349,373	\$108,695,423	\$114,825,390	\$115,740,390	\$117,341,990
Void	\$0	\$0				
<b>Fayetteville Total</b>	<b>\$257,497,841</b>	<b>\$266,397,140</b>	<b>\$286,302,313</b>	<b>\$318,001,980</b>	<b>\$318,408,480</b>	<b>\$364,681,780</b>

Source: Washington County Assessor and Center for Business and Economic Research Calculations



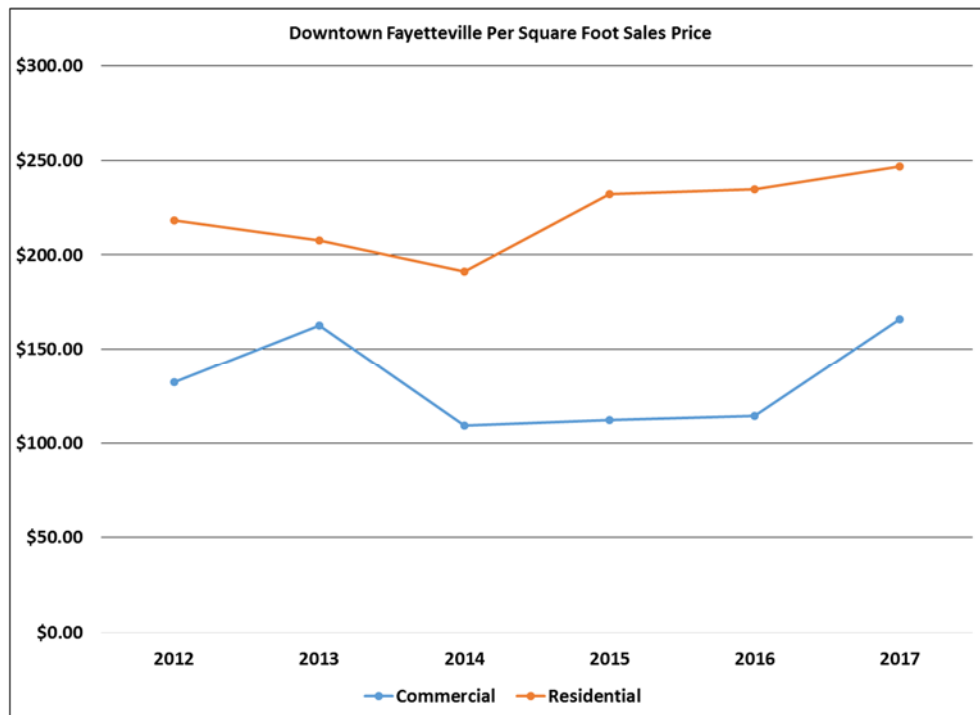
Source: Washington County Assessor and Center for Business and Economic Research Calculations



Source: Washington County Assessor and Center for Business and Economic Research Calculations

### ***Per Square Foot Sales Prices in Downtown Fayetteville***

Downtown Fayetteville had the highest average sales price per square foot in any of the five surveyed downtowns. Average sales price per square foot for commercial properties increased 25.4 percent from \$132.33 in 2012 to \$166.00 in 2017. For residential sales, average sales price per square foot increased 12.9 percent from \$218.42 in 2012 to \$246.67 in 2017. Again, there was not a constant upward trend as the average sales price per square foot declined in 2013 and 2014, before increasing again in 2015.



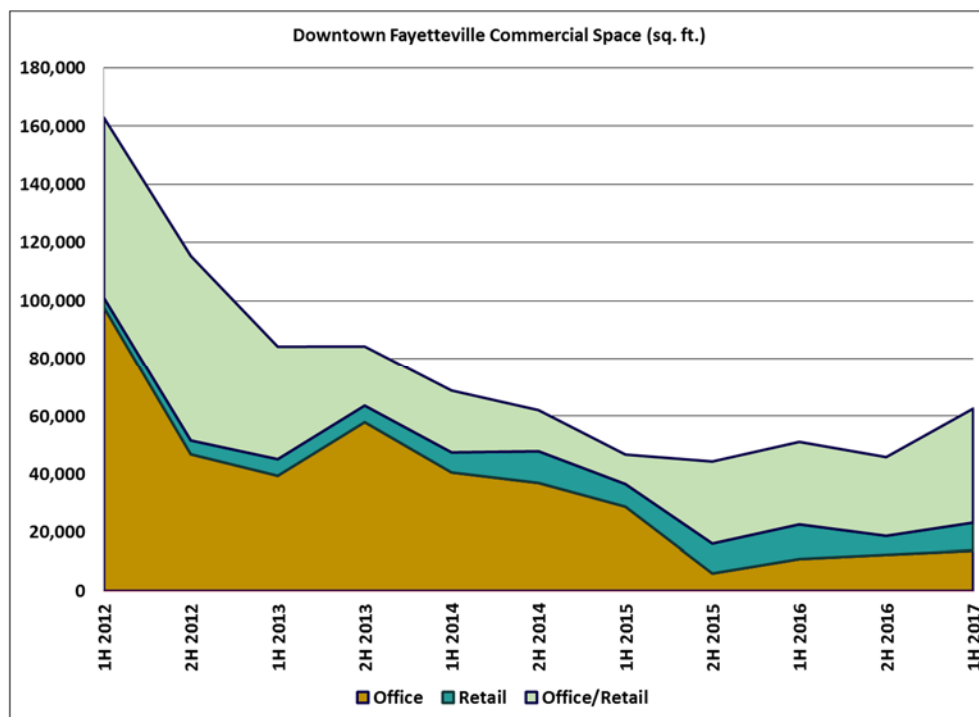
Source: Washington County Assessor and Center for Business and Economic Research Calculations

### ***Characteristics of Leasable Commercial Space in Downtown Fayetteville***

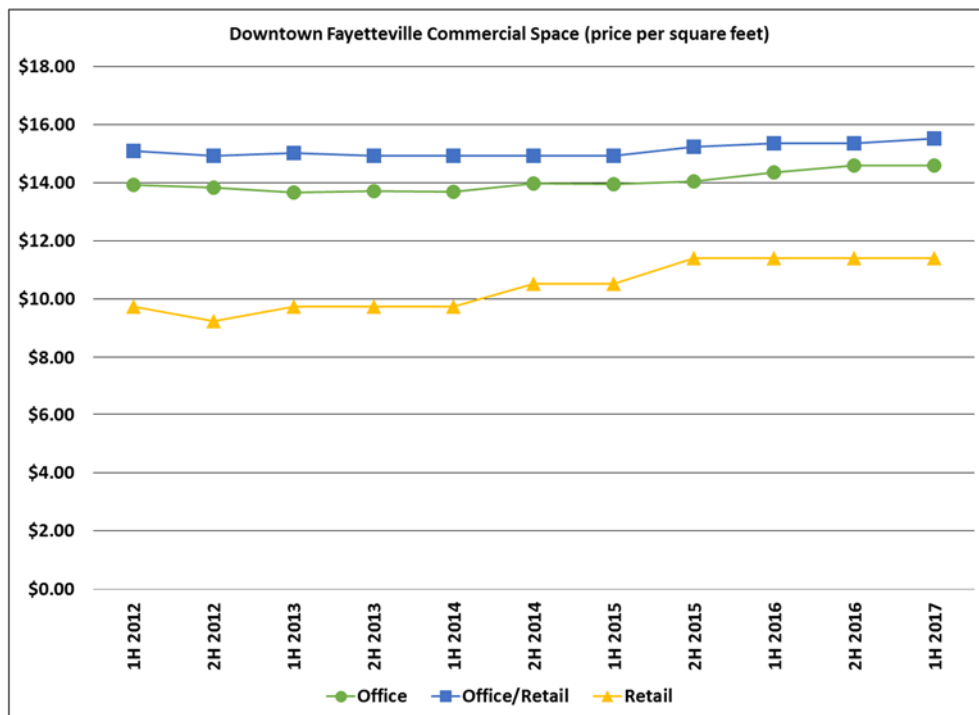
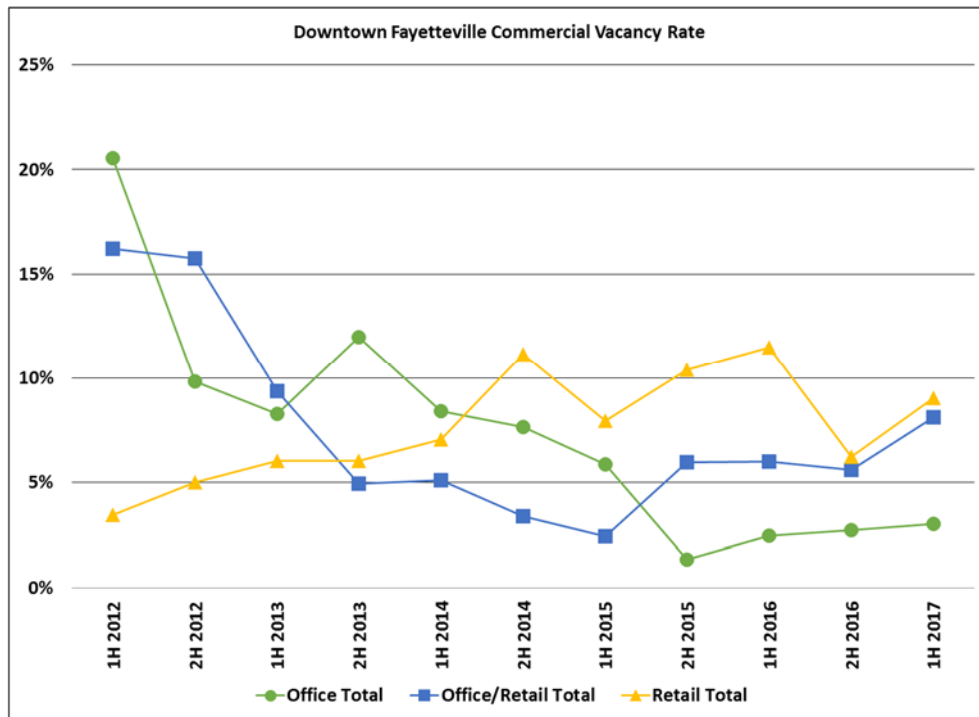
Leasable space in downtown Fayetteville increased from 951,898 square feet in 2012 to 1,043,590 square feet in 2017. Newly constructed space, all of it office space, added 5,847 square feet to downtown Fayetteville during this period. However, leasable office space declined from 475,544 in 2012 to 454,267 square feet in 2017. The leasable office/retail space increased from 381,601 in 2012 to 483,703 square feet in 2017 and leasable retail square feet increased from 94,753 in 2012 to 105,620 in 2017. The composition of leasable space in downtown Fayetteville changed from 2012 to 2017 as office decreased from 50.0 percent to 45.5 percent, office/retail increased from 40.1 percent to 46.3 percent, and retail increased from 10.0 percent to 10.1 percent.

Total vacant leasable space decreased from 162,899 square feet in 2012 to 62,565 square feet in 2017. The office vacancy rate decreased from 20.6 percent in 2012 to 3.0 percent in 2017. Between 2012 and 2017, the office/retail vacancy rate also declined from 16.2 percent to 8.1 percent, and the retail vacancy rate increased from 3.4 percent to 9.0 percent.

The reported average price per square foot of leasable space increased in every submarket in downtown Fayetteville from 2012 to 2017. Downtown Fayetteville had the highest reported average lease rates in the office/retail sector. During this time period, reported office space average lease rates increased from \$13.93 to \$14.59, office/retail increased from \$15.09 to \$15.54, and retail increased from \$9.75 to \$11.40.

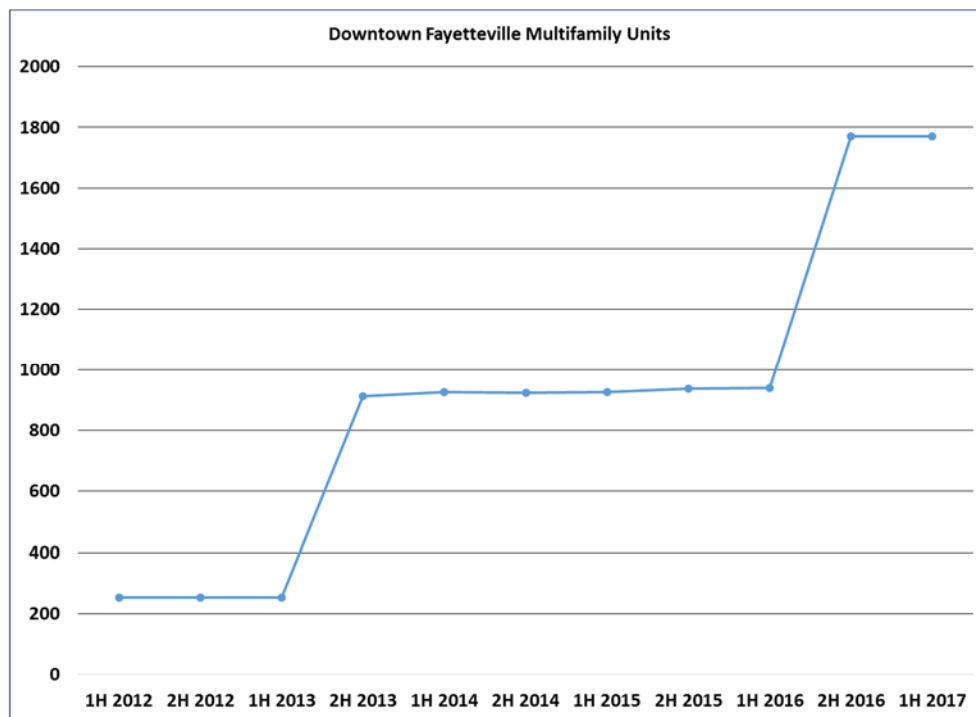


Source: Center for Business and Economic Research



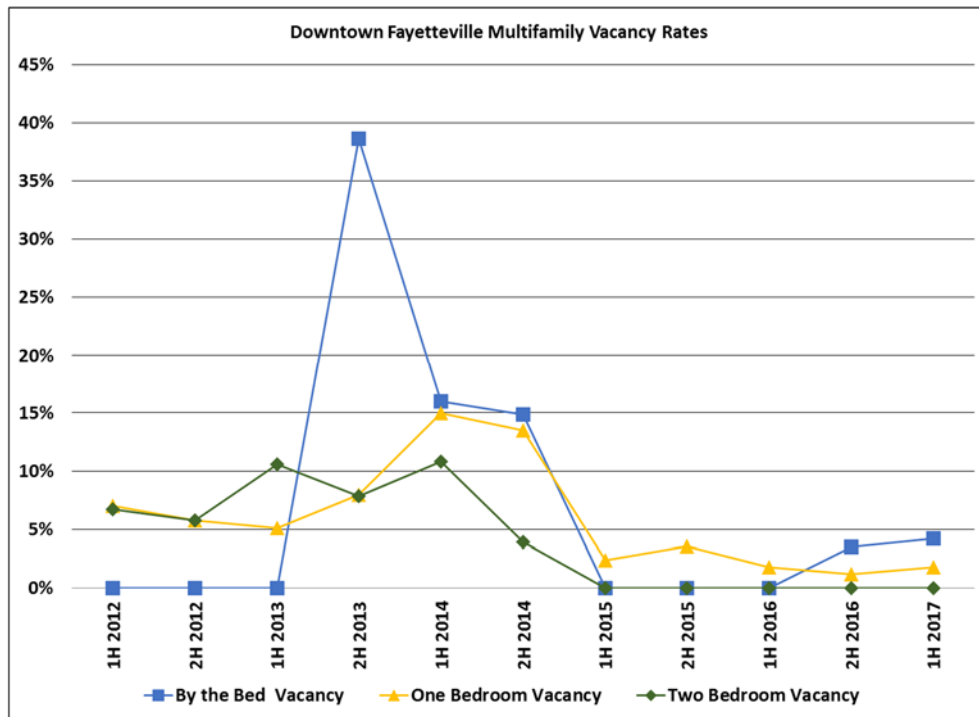
## ***Characteristics of Multifamily Properties in Downtown Fayetteville***

Total multifamily units in downtown Fayetteville increased from 254 in 2012, to 1,771 in 2017, mostly due to the development of by the bed student housing complexes. This by the bed student housing first appeared in downtown Fayetteville in 2013, with a vacancy rate of 38.7 percent and that rate decreased to 4.2 percent in 2017. The one bedroom vacancy rate decreased from 7.0 percent in 2012 to 1.8 percent in 2017, while the two bedroom vacancy rate decreased from 6.7 percent to 0.0 percent in that same period. The average lease price for by the bed units in downtown Fayetteville increased from \$672.00 in 2012 to \$765.67 in 2017. Downtown Fayetteville had the most expensive one and two bedroom units in the five downtowns. From 2012 to 2017, the one bedroom average price increased from \$546.37 to \$622.09 and the two bedroom average price climbed from \$760.86 in 2012 to \$830.86 in 2017.

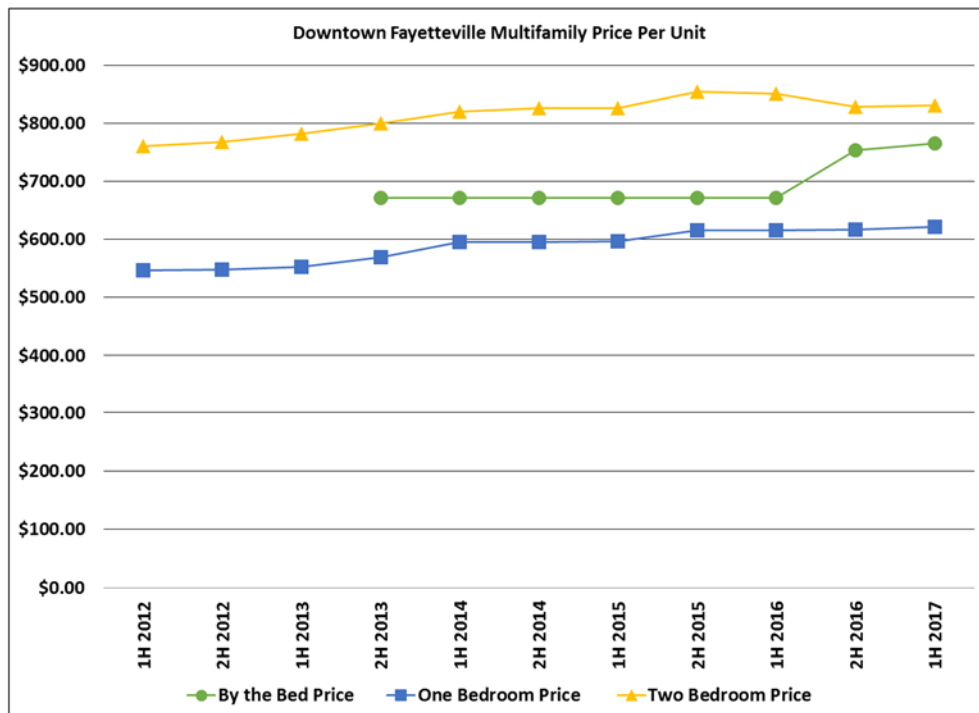


Source: Center for Business and Economic Research





Source: Center for Business and Economic Research



Source: Center for Business and Economic Research

### ***Hotel Rooms in Downtown Fayetteville***

Fayetteville had only 14 standard rooms and 2 suites in 2012 as the Chancellor Hotel was closed for renovation. With the reopening of the Chancellor Hotel, Fayetteville has 205 rooms and 19 suites in the downtown area.

### ***Downtown Fayetteville Summary***

Downtown Fayetteville also has a mature downtown as a result of early investments in a master plan. Even though downtown Fayetteville has the lowest average median income, due to its heavy student population, the student population contributes tremendously to the growing vitality of the area, and helps make it a place to live, work, and play. Fayetteville's downtown has the largest property square feet and multifamily rental units, indicating the vitality of the area. The student housing complexes built in downtown Fayetteville were some of the most expensive projects built in the five downtowns during this time. Data collected by Center staff shows continued expansion of single family residential housing and residential remodeling in the downtown area. The low vacancy rate for commercial space and the increasing lease rates shows a strong demand for downtown Fayetteville as a place to locate a business. The expansion of the Walton Arts Center complex and construction of the new Theatre Squared facility will anchor the development of cultural amenities in Fayetteville. Given the long-term growth in downtown Fayetteville and its proximity to the University of Arkansas, it has the largest number of restaurants and bars in any of the Northwest Arkansas downtowns. New restaurants are frequently added and many are able to succeed as they tap into and contribute to the vitality of downtown. There is also significant commercial work space in downtown Fayetteville, as well as government, city, county and university space which all contribute to the economic vitality of the area. Workers at these entities in the downtown area provide a steady base of consumers for retail and restaurant businesses in the area.

## Rogers

The City of Rogers adopted a downtown master plan in 2015 that defined the downtown area as being bounded by Locust Street and Maple Street to the north, N B Street to the east, W Pine Street and W Cypress Street to the south, and 8<sup>th</sup> Street to the west. Downtown Rogers occupies approximately 0.36 square miles, making it the second smallest downtown area in Northwest Arkansas. This study uses the boundaries set out in the map shown here to identify properties and streets that would be used for the analysis of downtown Rogers.



According to data gathered from ESRI Business Analyst, downtown Rogers had a population of 398 in 2016 and the average annual population growth between 2010 and 2016 was 0.8 percent. The downtown area of Rogers has the second lowest population of the five major cities due to a lack of residential spaces in the area. Only 0.7 percent of the

population of Rogers living in the downtown area. The median age of the residents in downtown Rogers was 35.0 in 2016 and 21 percent of these residents had at least a bachelor's degree. The median household income was \$36,761 and the unemployment rate was at 3.1 percent. There were 254 businesses in the downtown area, according to ESRI Business Analyst and 1,824 individuals worked at these businesses. 37 percent of the jobs were in white collar professions, 37 percent were in blue collar professions, and 26 percent were in the service oriented professions.

<b>Downtown Rogers General Demographics</b>	
<b>2016 Population</b>	398
<b>2010-2016 Population Growth Rate</b>	0.8%
<b>Median Age</b>	35.0
<b>Median Household Income</b>	\$36,761
<b>Total Businesses</b>	254
<b>Total Employees</b>	1,824
<b>Unemployment Rate</b>	3.1%
<b>Percent of Population with Bachelor's Degree or Higher</b>	21%

*Source: ESRI Business Analyst*

Over 260 people worked in downtown Rogers in the retail industry, largely representing workers in eating and drinking establishments. There were 14 listed eating and drinking places, employing 114 people according to ESRI Business Analyst estimates. 3 stores were classified as apparel and accessory stores, and 4 stores were classified as furniture and home furnishing stores, employing a total of 14 people. Online records showed that there were 16 restaurants in downtown Rogers in 2017, one of them was a national chain restaurant. Additionally, there were 4 drinking establishments in the study area.

<b>Downtown Rogers Retail Business Summary</b>		
	Establishments	Employees
<b>Retail Trade Summary</b>	57	263
<b>Home Improvement</b>	1	5
<b>General Merchandise Stores</b>	1	6
<b>Food Stores</b>	7	39
<b>Auto Dealers, Gas Stations, Auto Aftermarket</b>	5	27
<b>Apparel &amp; Accessory Stores</b>	3	7
<b>Furniture &amp; Home Furnishings</b>	4	7
<b>Eating &amp; Drinking Places</b>	14	114
<b>Miscellaneous Retail</b>	23	59

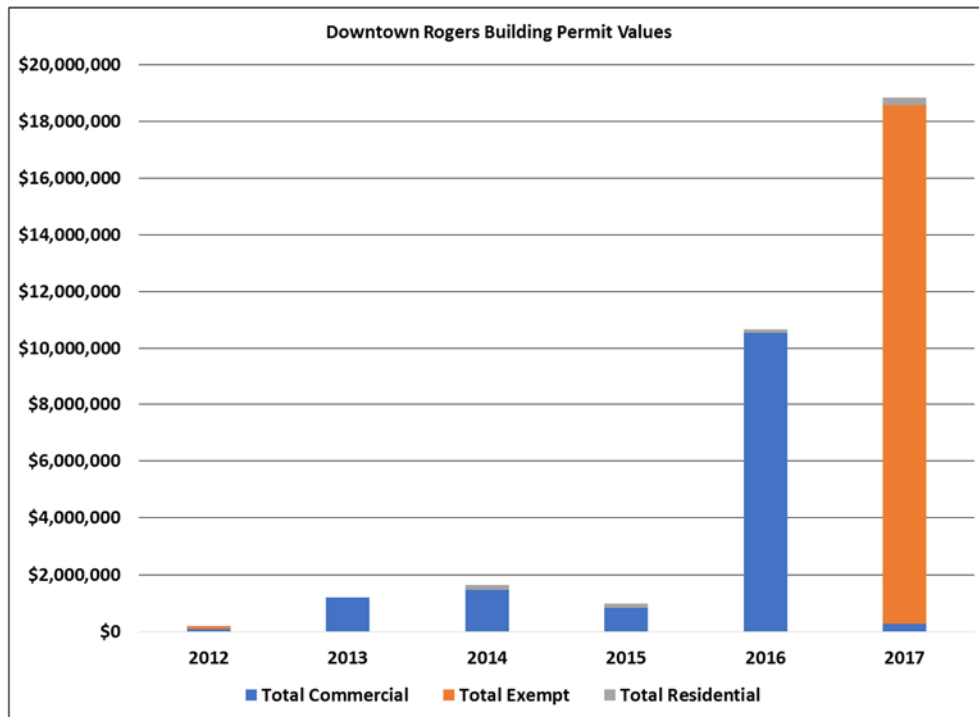
*Source: ESRI Business Analyst*

## ***Downtown Building Permits***

Between 2012 and 2017 there were \$14.4 million of commercial permits issued in downtown Rogers, but only \$710,353 of residential building permits were issued. The majority of exempt permits issued, \$18.2 million, were issued in 2017 and the majority of commercial permits were issued in 2016. The largest building permits issued in downtown Rogers were a \$10.4 million permit for The Lane Hotel in 2016 and a \$15.2 million permit for the Arkansas Arts Academy in 2017. There were only 3 new single family residences permitted during this time, one each in 2014, 2015, and 2016, with an average value of \$131,385.

<b>Downtown Rogers Building Permit Values</b>						
Type of Permit	2012	2013	2014	2015	2016	2017
Change	\$60,125	\$45,580	\$1,485,600	\$846,050	\$35,000	\$52,074
New	\$31,700	\$1,159,225			\$10,503,993	\$240,463
<b>Total Commercial</b>	<b>\$91,825</b>	<b>\$1,204,805</b>	<b>\$1,485,600</b>	<b>\$846,050</b>	<b>\$10,538,993</b>	<b>\$292,537</b>
Change						\$2,850,000
New	\$79,300					\$15,421,080
<b>Total Exempt</b>	<b>\$79,300</b>					<b>\$18,271,080</b>
Change		\$6,000				
New						
<b>Total Industrial</b>		<b>\$6,000</b>				
Change	\$500			\$700	\$15,000	\$279,999
New			\$163,800	\$130,000	\$120,354	
<b>Total Residential</b>	<b>\$500</b>		<b>\$163,800</b>	<b>\$130,700</b>	<b>\$135,354</b>	<b>\$279,999</b>
<b>Total Permits</b>	<b>\$171,625</b>	<b>\$1,210,805</b>	<b>\$1,649,400</b>	<b>\$976,750</b>	<b>\$10,674,347</b>	<b>\$18,843,616</b>

Source: Benton County Assessor and Center for Business and Economic Research Calculations



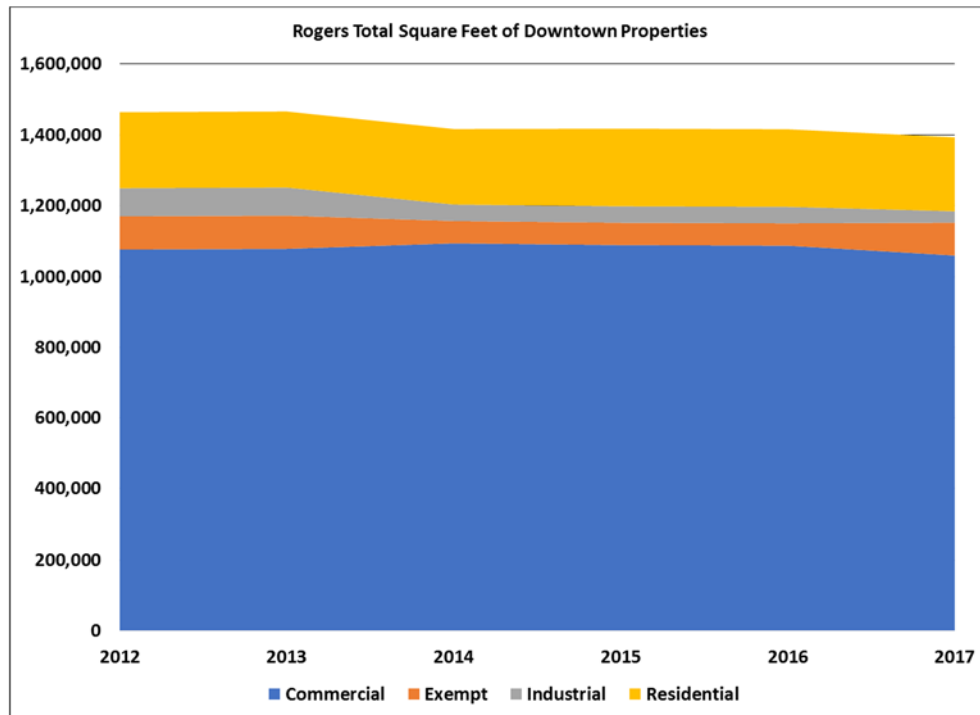
Source: Benton County Assessor and Center for Business and Economic Research Calculations

### ***Total Square Feet of Downtown Properties***

Downtown Rogers' total square feet of property decreased 4.8 percent from 1.46 million square feet in 2012 to 1.39 million square feet in 2017. Commercial square feet in downtown Rogers decreased slightly by 1.6 percent from 1.07 million in 2012 to 1.06 million in 2017, while residential space decreased 2.7 percent from 214,374 to 208,573 square feet during the same period. Industrial space decreased significantly by 59.4 percent from 79,276 in 2012 to 32,181 in 2017. 73.5 percent of the space in downtown Rogers was commercial, 14.6 percent was residential, and 5.4 percent was industrial in 2012. In 2017 the commercial space increased to 76.1 percent, residential space increased to 15.0 percent, and industrial space declined to 2.3 percent of the total space in downtown Rogers.

Rogers Total Square Feet of Downtown Properties						
Type	2012	2013	2014	2015	2016	2017
Commercial	1,076,343	1,078,246	1,093,772	1,088,797	1,087,221	1,059,368
Exempt	93,644	93,644	63,020	63,020	63,020	92,778
Industrial	79,276	79,276	46,459	46,459	46,459	32,181
Residential	214,374	214,474	212,953	218,837	218,837	208,573
<b>Rogers Total</b>	<b>1,463,637</b>	<b>1,465,640</b>	<b>1,416,204</b>	<b>1,417,113</b>	<b>1,415,537</b>	<b>1,392,900</b>

Source: Benton County Assessor and Center for Business and Economic Research Calculations



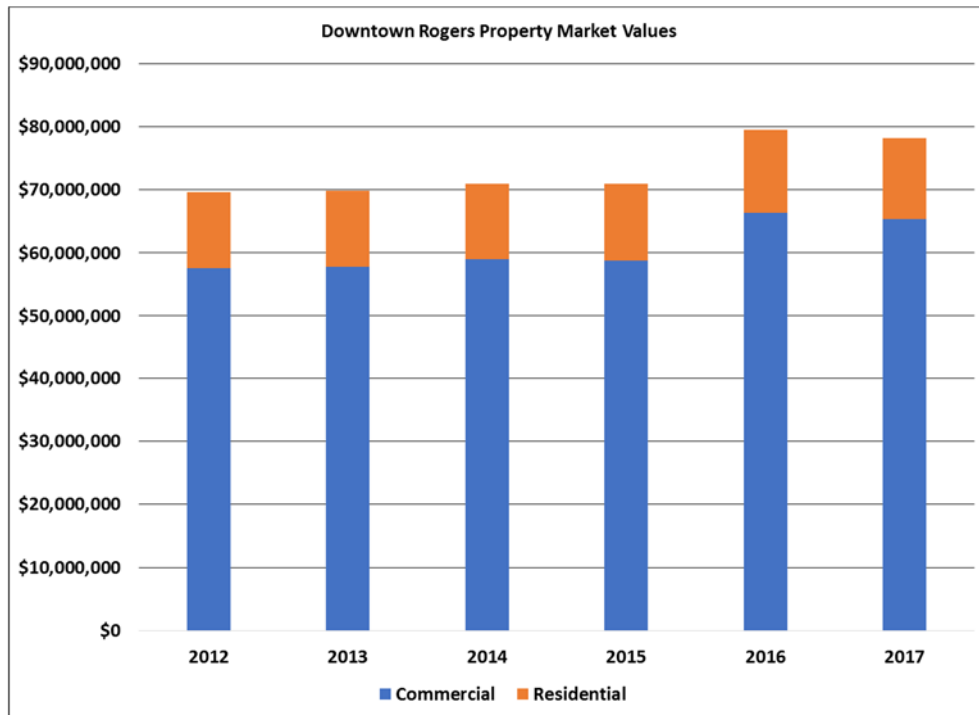
Source: Benton County Assessor and Center for Business and Economic Research Calculations

### ***Market Value of Downtown Properties***

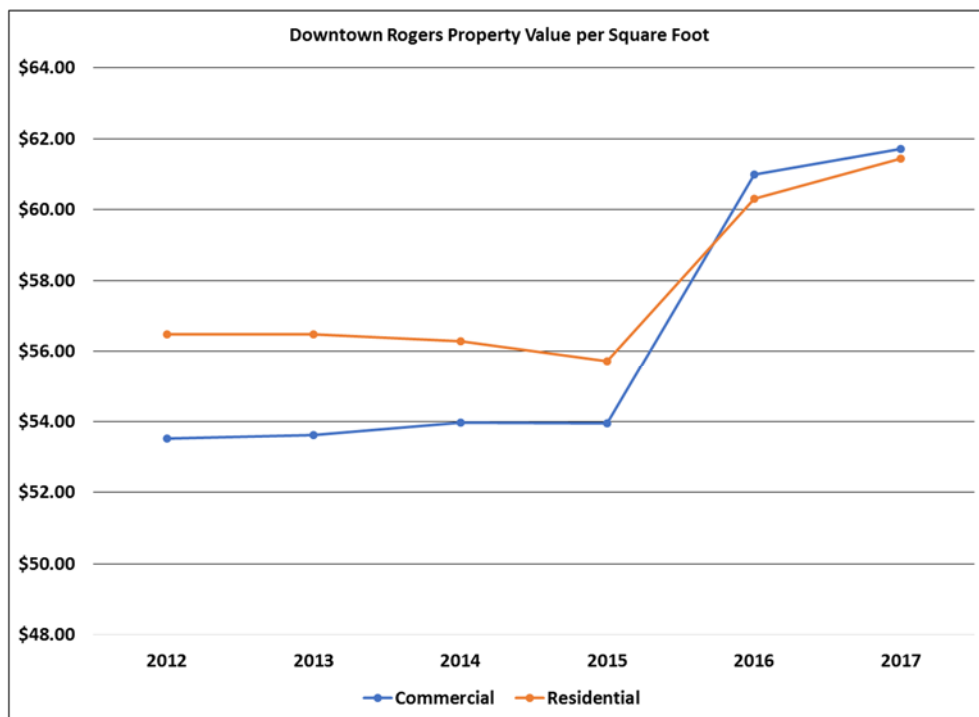
Downtown Rogers had its total market valuation increase from \$72.6 million in 2012 to \$79.5 million in 2017, an increase of 9.4 percent. Commercial valuation grew 13.5 percent from \$57.5 million in 2012 to \$65.3 million in 2017, while residential valuation increased 5.9 percent from \$12.1 million in 2013 to 12.8 million in 2017. Downtown Rogers had the most significant percentage of industrial space of any of the downtowns. There was a 55.5 percent decrease in the industrial valuation from under \$3.0 million in 2012 to \$1.3 million in 2017. The average market value per square foot of downtown property increased modestly for both residential and commercial space in 2017.

<b>Downtown Rogers Market Value by Type of Property</b>						
	2012	2013	2014	2015	2016	2017
Commercial	\$57,591,350	\$57,803,900	\$59,016,650	\$58,740,250	\$66,308,050	\$65,367,050
Exempt	\$0	\$0	\$0	\$0	\$0	\$0
Industrial	\$2,973,650	\$2,973,650	\$2,043,600	\$2,043,600	\$2,059,550	\$1,323,200
Residential	\$12,106,050	\$12,111,950	\$11,984,100	\$12,192,150	\$13,195,350	\$12,814,600
<b>Rogers Total</b>	<b>\$72,671,050</b>	<b>\$72,889,500</b>	<b>\$73,044,350</b>	<b>\$72,976,000</b>	<b>\$81,562,950</b>	<b>\$79,504,850</b>

Source: Benton County Assessor and Center for Business and Economic Research Calculations



Source: Benton County Assessor and Center for Business and Economic Research Calculations

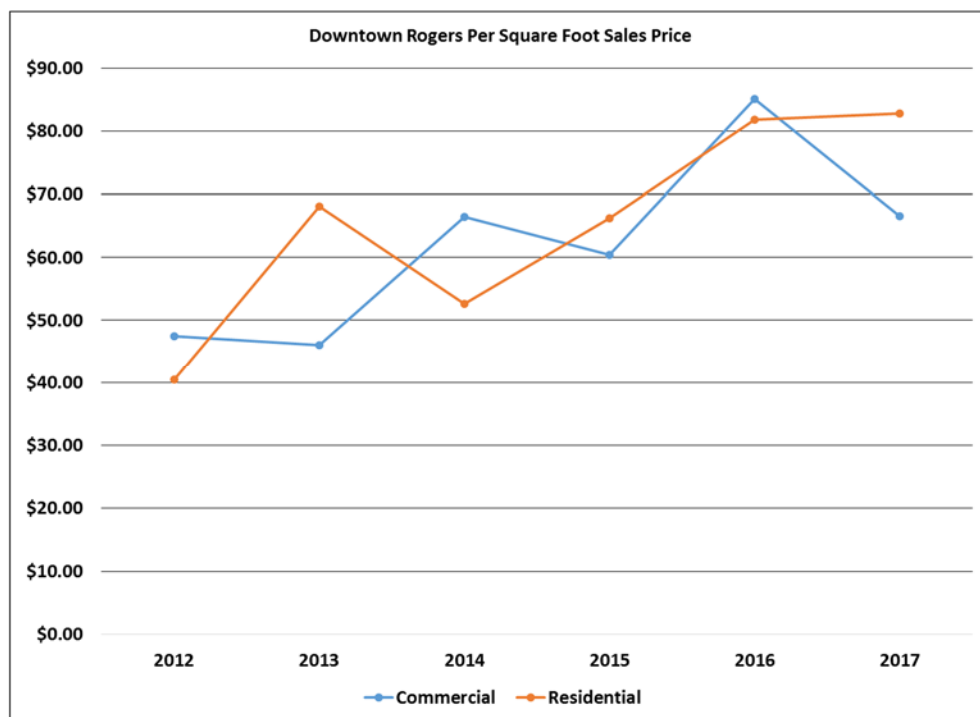


Source: Benton County Assessor and Center for Business and Economic Research Calculations



### ***Per Square Foot Sales Prices in Downtown Rogers***

The average sales price per square foot increased for both commercial space and residential space in downtown Rogers from 2012 to 2017. Average sales price per square foot for commercial property in Downtown Rogers increased 40.2 percent, the most of any of the five downtowns, from \$47.45 in 2012 to \$66.53 in 2017. There was a spike in 2016, as the average sales price per square for commercial property went to \$88.10. For residential sales, the average sales price per square foot in downtown Rogers increased 104.5 percent, the second highest increase in any of the downtowns, from \$40.48 in 2012 to \$82.78 in 2017.



Source: Benton County Assessor and Center for Business and Economic Research Calculation

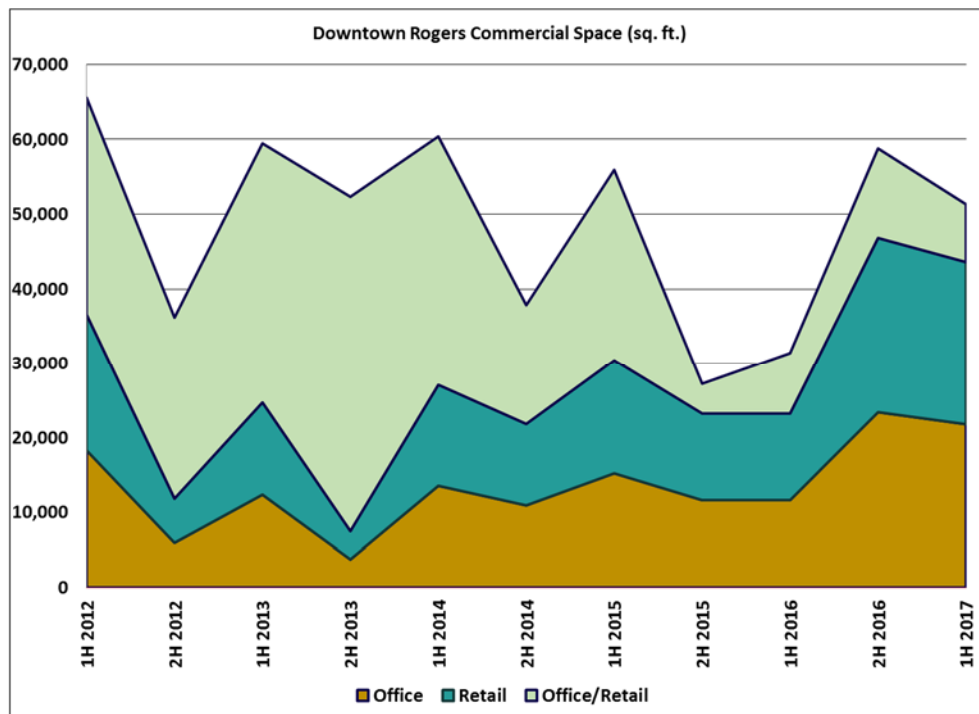
### ***Characteristics of Leasable Commercial Space in Downtown Rogers***

Leasable space in downtown Rogers increased from 399,007 square feet in 2012 to 500,726 square feet in 2017 but there was no new space added during this time in downtown Rogers. Leasable office space increased from 116,792 to 123,659 square feet, leasable office/retail space increased from 104,519 to 106,205 square feet, and retail space increased from 142,100 to 229,570 square feet between 2012 and 2017. The composition of leasable space in downtown Rogers changed from 2012 to 2017 as office decreased from 29.3 percent to 24.2 percent, office/retail decreased from 26.2 percent

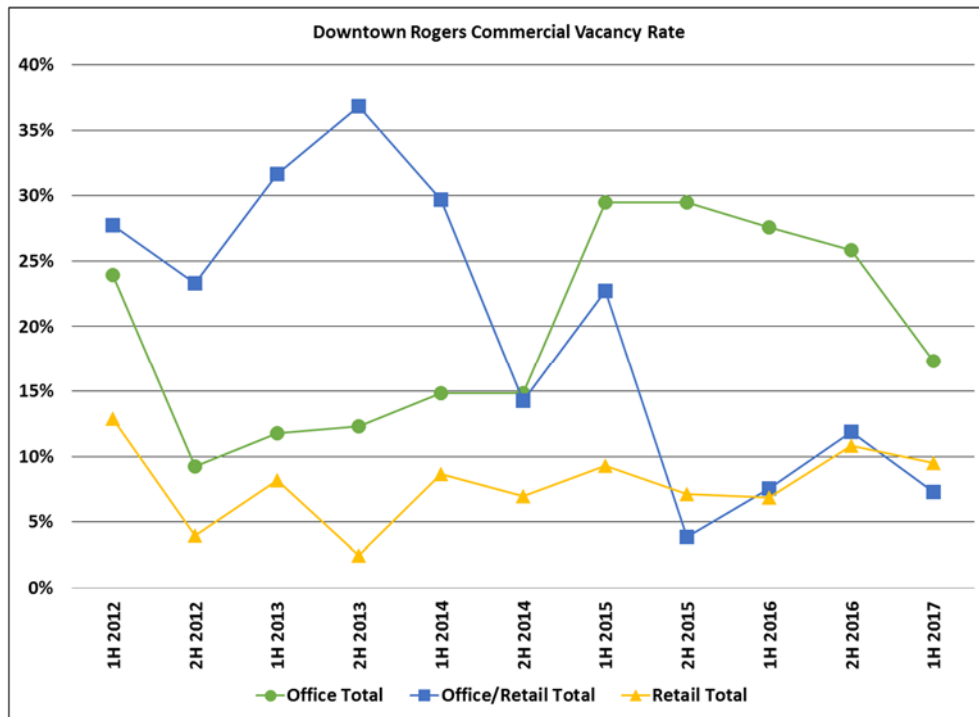
to 21.2 percent, retail increased from 35.6 percent to 45.8 percent, and other decreased from 8.9 percent to 8.2 percent.

Total vacant leasable space in downtown Rogers decreased from 87,869 in 2012 to 56,515 in 2017 as the vacancy rate decreased from 22.0 percent to 11.3 percent. Between 2012 and 2017, the office vacancy rate declined from 24.0 percent to 17.3 percent, the office/retail vacancy rate declined from 27.7 percent to 7.3 percent, and the retail vacancy rate declined from 12.9 percent to 9.5 percent.

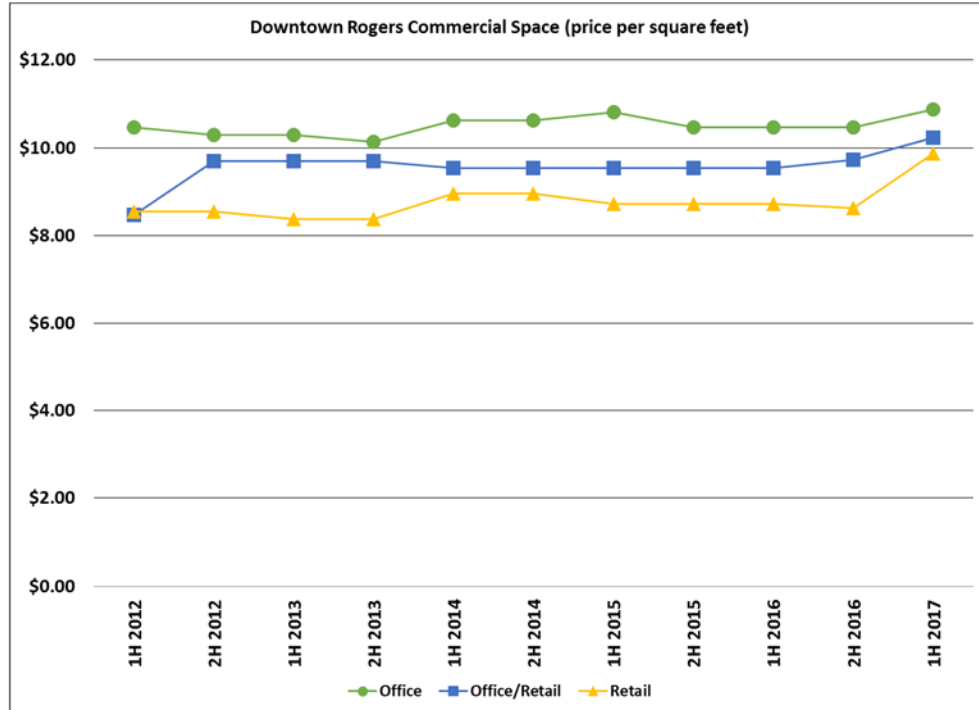
From 2012 to 2017, average reported lease rates per square foot in downtown Rogers increased in each category with office space increasing from \$10.47 to \$10.87, office/retail increasing from \$8.47 to \$10.22, and retail increasing from \$8.55 to \$9.87.



Source: Center for Business and Economic Research



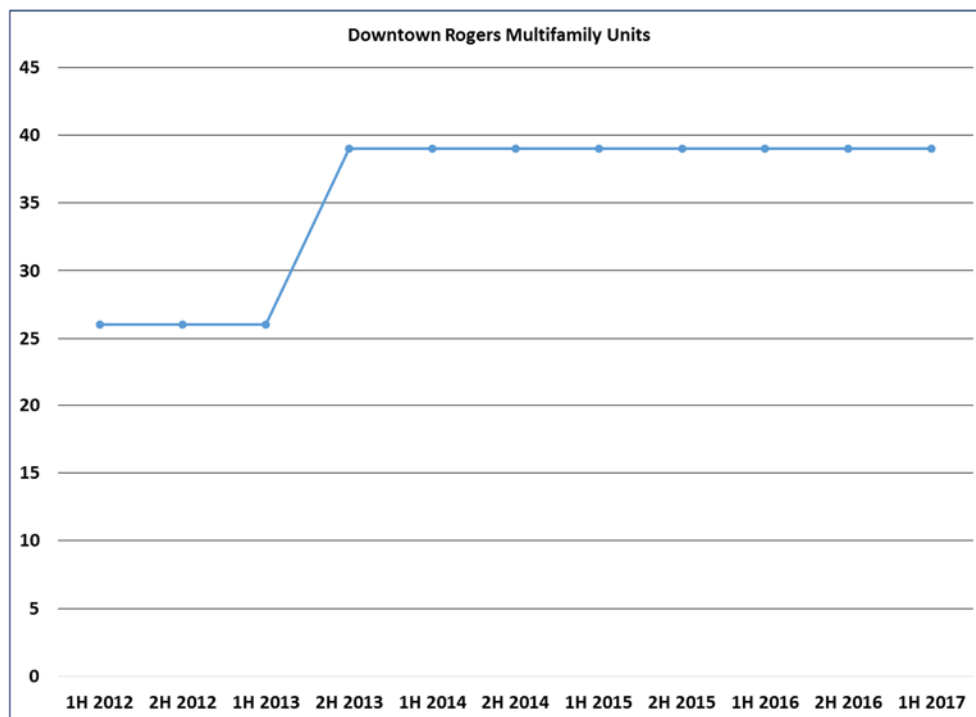
Source: Center for Business and Economic Research



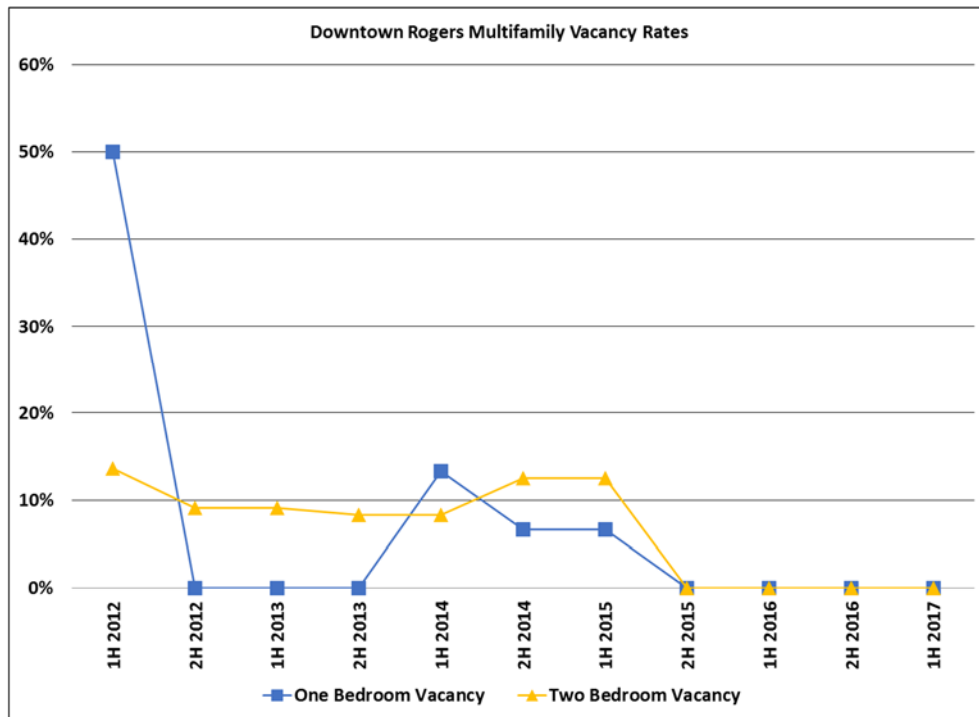
Source: Center for Business and Economic Research

### ***Characteristics of Multifamily Properties in Downtown Rogers***

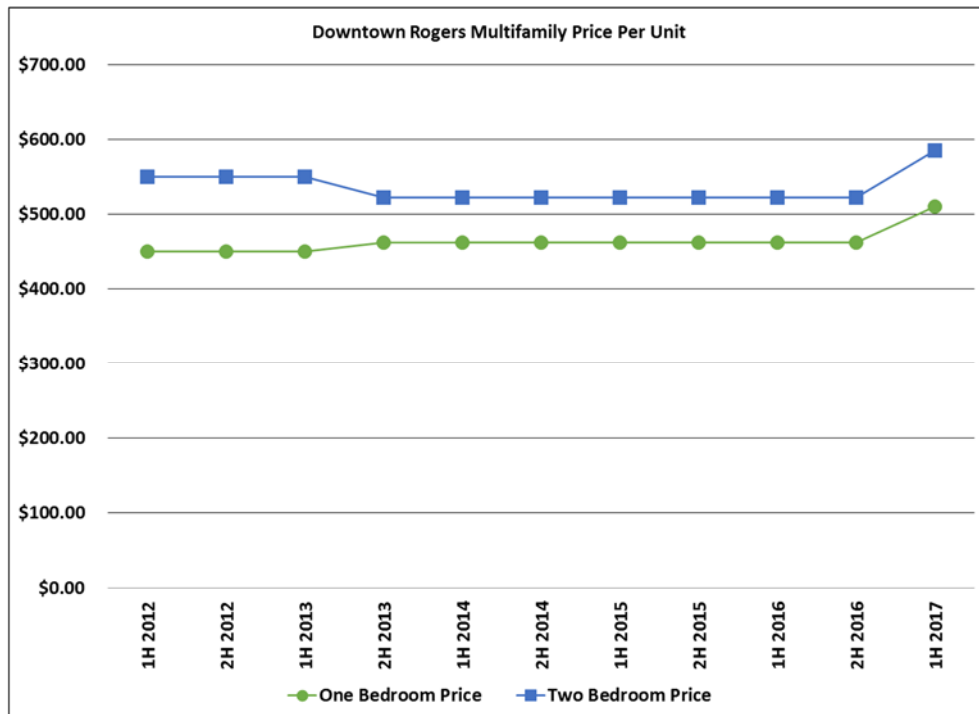
The total multifamily units in downtown Rogers increased from 26 in 2012 to 39 in 2017. The one bedroom vacancy rate was at 50.0 in 2012 and fell to 0.0 percent in 2017 and the two bedroom vacancy was at 13.6 percent in 2012 and also fell to 0.0 percent 2017. The average price of one bedroom multifamily units in downtown Rogers increased from \$450.00 in 2012 to \$510.00 in 2017 and the two bedroom average price increased from \$550.00 in 2012 to \$585.00 in 2017.



Source: Center for Business and Economic Research



Source: Center for Business and Economic Research



Source: Center for Business and Economic Research

## ***Downtown Rogers Summary***

Downtown Rogers has a relatively new downtown master plan and as a result has a much less mature downtown. However, the few residents of downtown Rogers have the highest median income in the five downtowns, one indicator of potential growth in amenities in the area. Even though the new master plan has helped drive development of amenities in the downtown area, such as the trails, bike park, and Lake Atalanta, the building permits data doesn't indicate strong new commercial or residential development growth. The mix of space in downtown Rogers is changing with the expansion of retail space, the addition of new restaurants, the redevelopment of entertainment venues, and the addition of two schools. These developments have the potential to create demand for more residential space, as downtown Rogers is currently tied for the fewest multifamily rental units in Northwest Arkansas. The data analyzed in this report show mixed trends as the total space has decreased while market valuation has increased. This is an indication that downtown Rogers is still finding its way to the consistent growth pattern that downtown Bentonville and Fayetteville are in now.

## Siloam Springs

The City of Siloam Springs completed its downtown master plan in 2014 and identified downtown areas to the north and east of Sager Creek. North of Sager Creek, the downtown area is bounded by Benton Street. Southeast of Sager Creek the downtown area runs east along Main Street and south to E Twin Springs St and E Jefferson Street. Downtown Siloam Springs is the smallest downtown area in Northwest Arkansas, covering 0.12 square miles. This study uses the boundaries set out in the map shown here to identify properties and streets that would be used for the analysis of downtown Siloam Springs.



*Source: City of Siloam Springs*

According to data gathered from ESRI Business Analyst, downtown Siloam Springs had a population of 252 in 2016 and the average annual population growth between 2010 and 2016 was 1.2 percent. The downtown area had the lowest resident population of all the five major cities in Northwest Arkansas and had only 24,000 sq.ft of residential space available. About 1.5 percent of the population of Siloam Springs lived in the downtown area. The median age of the residents in downtown Siloam Springs was 31.3 in 2016 and 25 percent of these residents had at least a bachelor's degree. The median household income was \$35,641 and the unemployment rate was at 2.9 percent. There were 101 businesses in the downtown area, according to ESRI Business Analyst and 562 individuals worked at these businesses. 51 percent of the jobs were in white collar professions, 28 percent were in blue collar professions, and 19 percent were in the service oriented professions.

<b>Downtown Siloam Springs General Demographics</b>	
<b>2016 Population</b>	252
<b>2010-2016 Population Growth Rate</b>	1.2%
<b>Median Age</b>	31.3
<b>Median Household Income</b>	\$35,641
<b>Total Businesses</b>	101
<b>Total Employees</b>	562
<b>Unemployment Rate</b>	2.9%
<b>Percent of Population with Bachelor's Degree or Higher</b>	25%

*Source: ESRI Business Analyst*

Over 100 people worked in downtown Siloam Springs in the retail industry, largely representing workers in eating and drinking establishments. There were 3 listed eating and drinking places, employing 21 people according to ESRI Business Analyst estimates. 5 stores were classified as apparel and accessory stores, and 2 stores were classified as furniture and home furnishing stores, employing a total of 21 people. Online records showed that there were 9 restaurants in downtown Siloam Springs in 2017, none of them were national chains. Additionally, there was one drinking establishment in the study area.



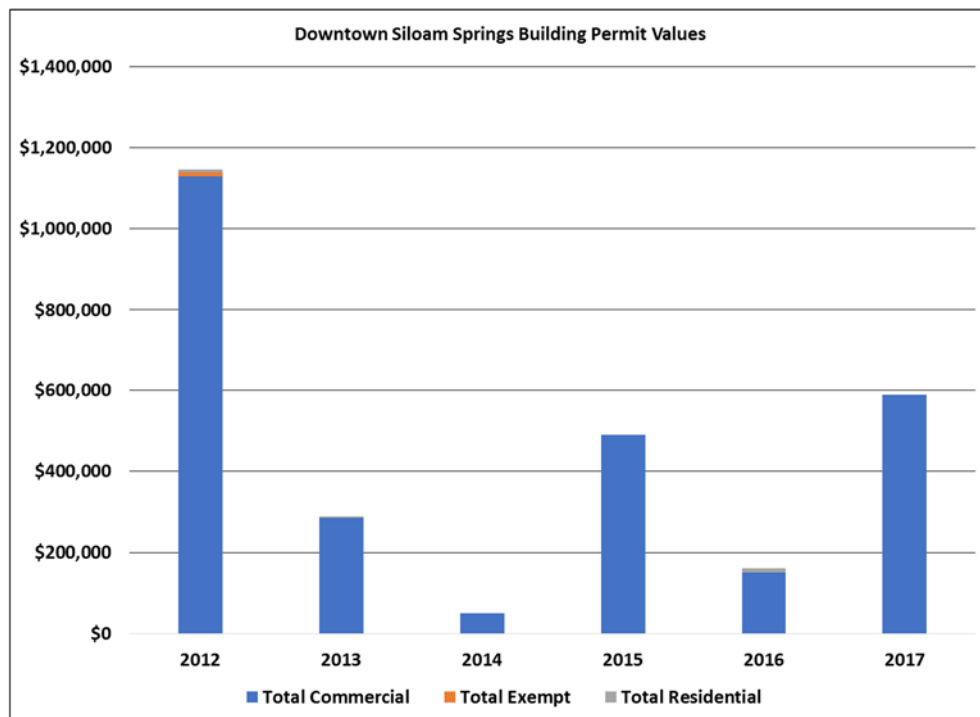
<b>Downtown Siloam Springs Retail Business Summary</b>		
	Establishments	Employees
<b>Retail Trade Summary</b>	24	110
<b>Home Improvement</b>	1	7
<b>General Merchandise Stores</b>	0	13
<b>Food Stores</b>	2	5
<b>Auto Dealers, Gas Stations, Auto Aftermarket</b>	2	4
<b>Apparel &amp; Accessory Stores</b>	5	18
<b>Furniture &amp; Home Furnishings</b>	2	3
<b>Eating &amp; Drinking Places</b>	3	21
<b>Miscellaneous Retail</b>	10	40

Source: ESRI Business Analyst

### ***Downtown Building Permits***

98.9 percent of the building permits issued in downtown Siloam Springs during the study period were commercial permits worth almost \$2.7 million. 2012 was the peak year with \$1.1 million worth of building permits issued. The largest building permit issued in downtown Siloam Springs was \$837,650 for Emelia's Mediterranean Kitchen, now 28 Springs Restaurant, in 2012. There were no new single family residences permitted during this time.

<b>Downtown Siloam Springs Building Permits</b>						
Type of Permit	2012	2013	2014	2015	2016	2017
Change	\$272,550	\$283,500	\$50,000	\$89,000	\$151,500	\$588,525
New	\$857,650			\$400,000		
<b>Total Commercial</b>	<b>\$1,130,200</b>	<b>\$283,500</b>	<b>\$50,000</b>	<b>\$489,000</b>	<b>\$151,500</b>	<b>\$588,525</b>
Change	\$10,000	\$1,000				
New						
<b>Total Exempt</b>	<b>\$10,000</b>	<b>\$1,000</b>				
Change	\$6,000	\$4,000			\$10,000	
New						
<b>Total Residential</b>	<b>\$6,000</b>	<b>\$4,000</b>			<b>\$10,000</b>	
<b>Total Permits</b>	<b>\$1,146,200</b>	<b>\$288,500</b>	<b>\$50,000</b>	<b>\$489,000</b>	<b>\$161,500</b>	<b>\$588,525</b>

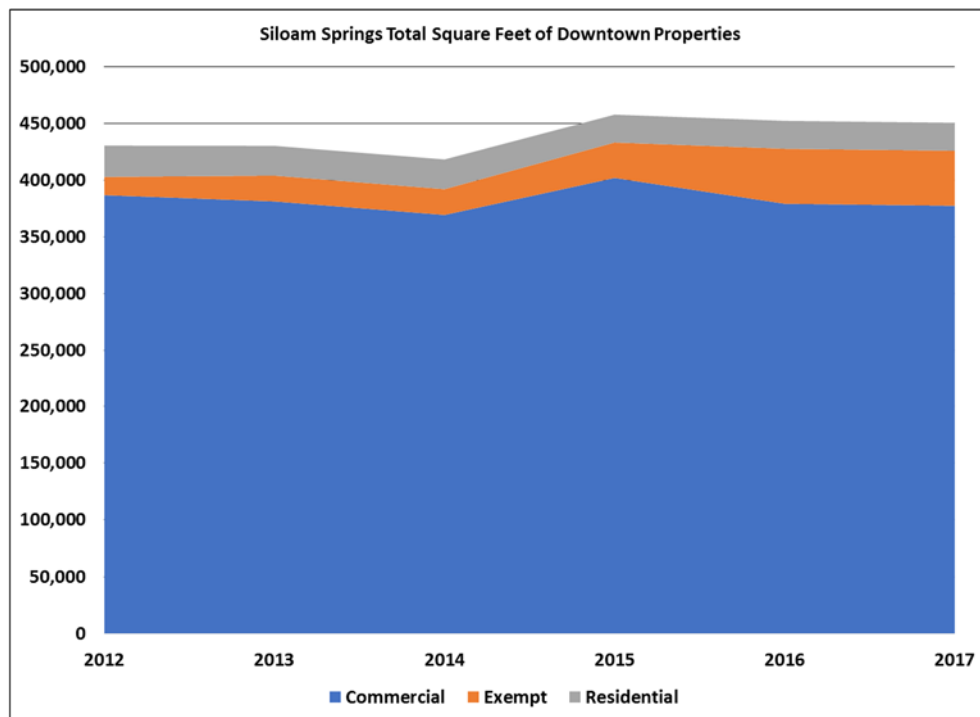


### ***Total Square Feet of Downtown Properties***

Downtown Siloam Springs' total square feet of properties increased 5.1 percent from 430,587 in 2012 to 452,345 in 2017. Commercial square feet decreased 2.4 percent from 386,899 in 2012 to 377,546 in 2017, while residential square feet in downtown Siloam Springs decreased 10.5 percent from 27,579 to 24,678 during the same time period. Exempt space increased 201.0 percent from 16,109 square feet in 2012 to 48,496 in 2017. 89.9 percent of the space in downtown Siloam Springs was commercial, 6.4 percent was residential, and 3.7 percent was exempt in 2012. In 2017 commercial space accounted for 83.5 percent all downtown space, residential uses accounted for 5.5 percent, and exempt space for 10.7 percent.

<b>Siloam Springs Total Square Feet of Downtown Properties</b>						
	2012	2013	2014	2015	2016	2017
Commercial	386,899	381,391	369,453	402,086	379,322	377,546
Exempt	16,109	22,729	22,729	31,252	48,496	48,496
Residential	27,579	26,217	26,217	24,550	24,550	24,678
<b>Siloam Springs Total</b>	<b>430,587</b>	<b>430,337</b>	<b>418,399</b>	<b>459,513</b>	<b>453,993</b>	<b>452,345</b>

Source: Benton County Assessor and Center for Business and Economic Research Calculations



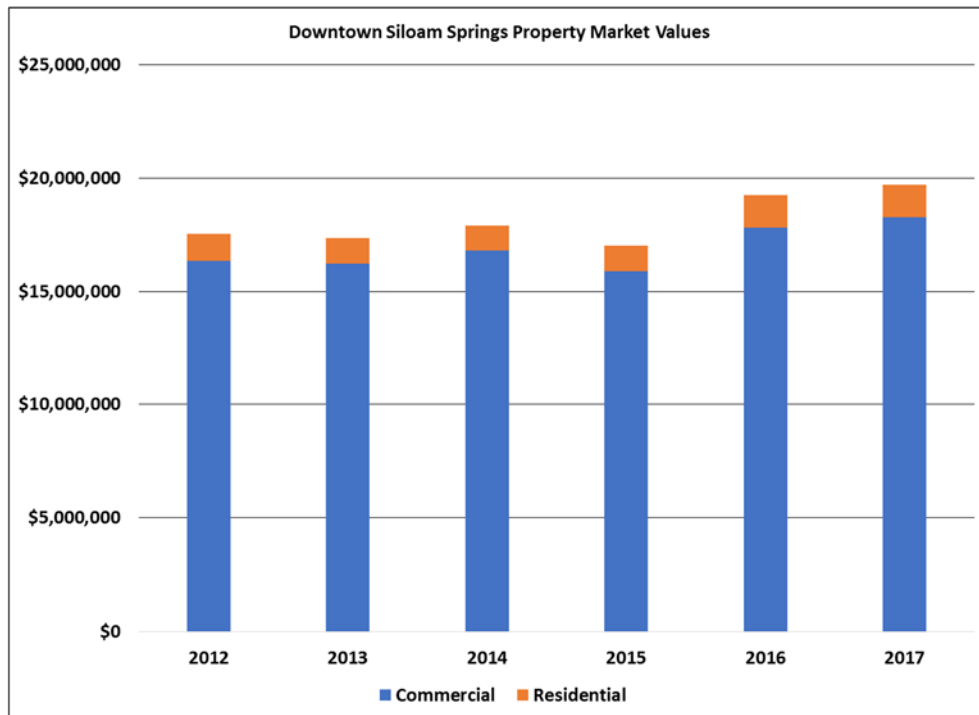
Source: Benton County Assessor and Center for Business and Economic Research Calculations

### ***Market Value of Downtown Properties***

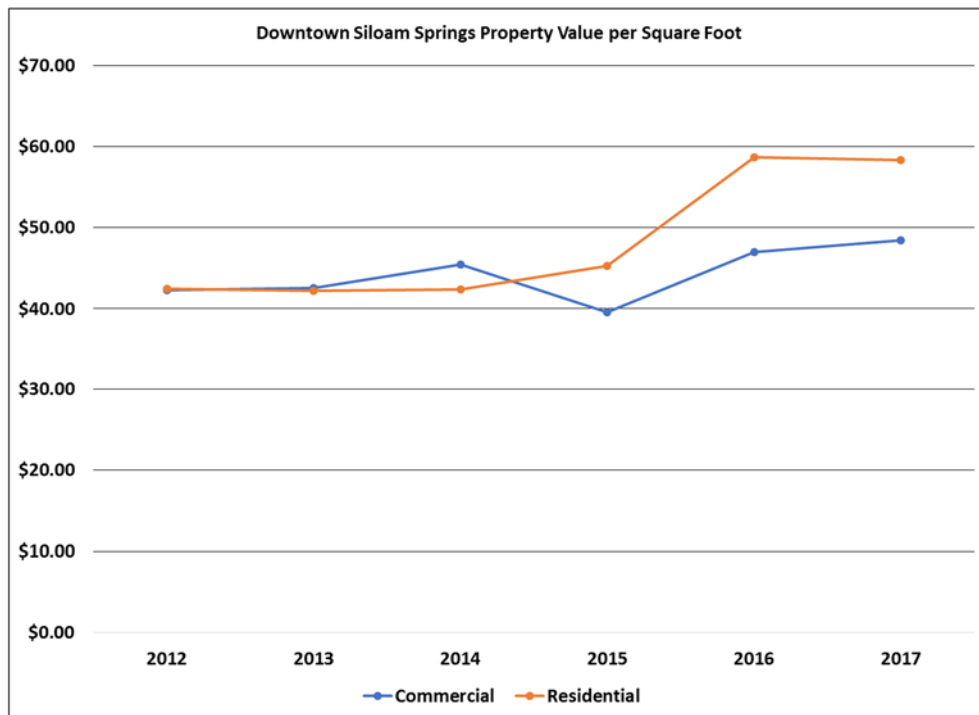
Total market valuation in downtown Siloam Springs increased from \$17.5 million in 2012 to \$19.7 million in 2017, an increase of 12.5 percent. Commercial valuation grew 11.7 percent from \$16.3 million in 2012 to \$18.2 million in 2017, while residential valuation increased 23.1 percent from \$1.1 million to \$1.4 million from 2012 to 2017, which was the second fastest rate of increase of the five downtowns. The average market value per square foot of downtown property increased significantly for both residential space and modestly for commercial space in 2017.

<b>Downtown Siloam Springs Market Value by Type of Property</b>						
	2012	2013	2014	2015	2016	2017
Commercial	\$16,367,650	\$16,246,400	\$16,811,250	\$15,907,900	\$17,819,500	\$18,278,400
Exempt	\$0	\$0	\$0	\$0	\$0	\$0
Residential	\$1,170,800	\$1,106,800	\$1,112,200	\$1,112,200	\$1,440,700	\$1,440,700
<b>Siloam Springs Total</b>	<b>\$17,538,450</b>	<b>\$17,353,200</b>	<b>\$17,923,450</b>	<b>\$17,020,100</b>	<b>\$19,270,700</b>	<b>\$19,729,600</b>

Source: Benton County Assessor and Center for Business and Economic Research Calculations



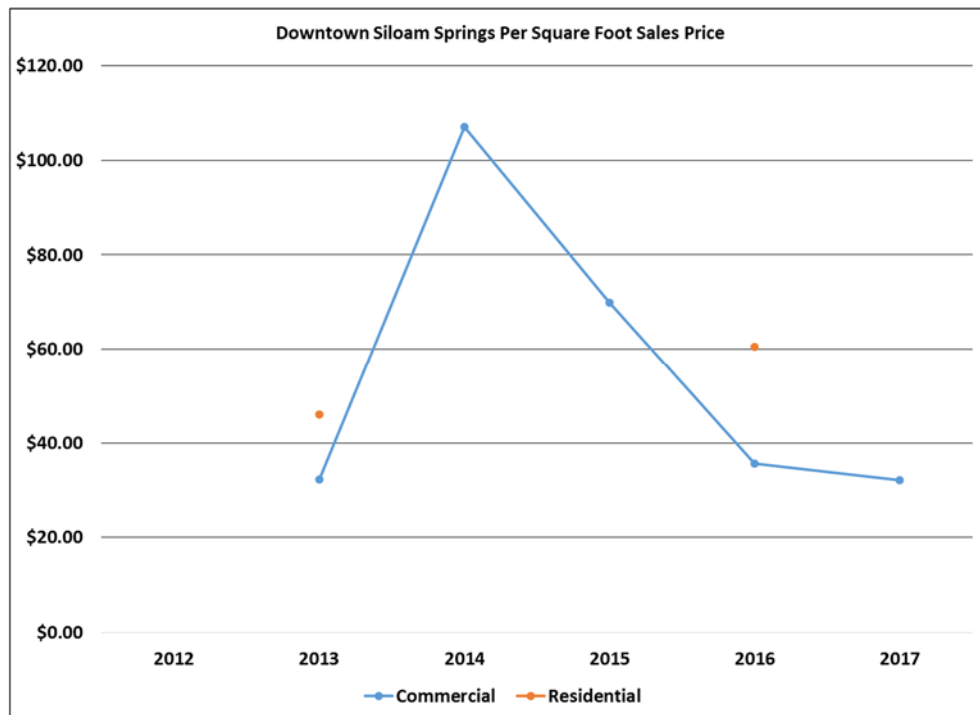
Source: Benton County Assessor and Center for Business and Economic Research Calculations



Source: Benton County Assessor and Center for Business and Economic Research Calculations

### ***Per Square Foot Sales Prices in Downtown Siloam Springs***

Downtown Siloam Springs had average sales price per square foot for commercial properties decrease 0.8 percent from \$32.32 in 2013 to \$32.05 in 2017. Residential data was only available in 2013 and 2016, and the average sales price per square foot in 2013 was \$46.03, and in 2016 it was \$60.51.



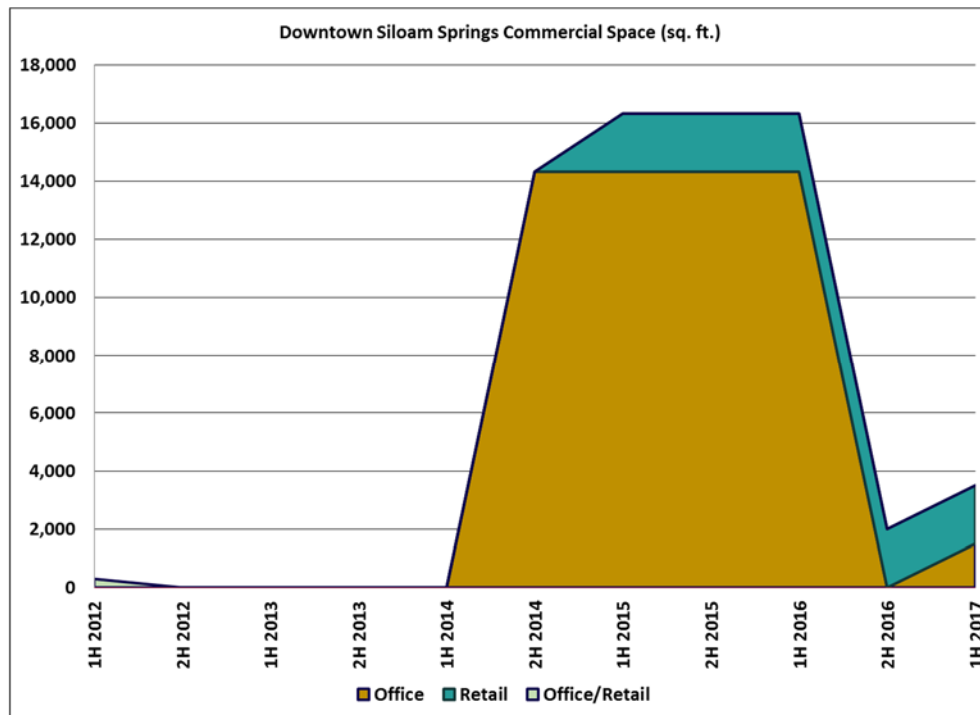
Source: Benton County Assessor and Center for Business and Economic Research Calculations

### ***Characteristics of Leasable Commercial Space in Downtown Siloam Springs***

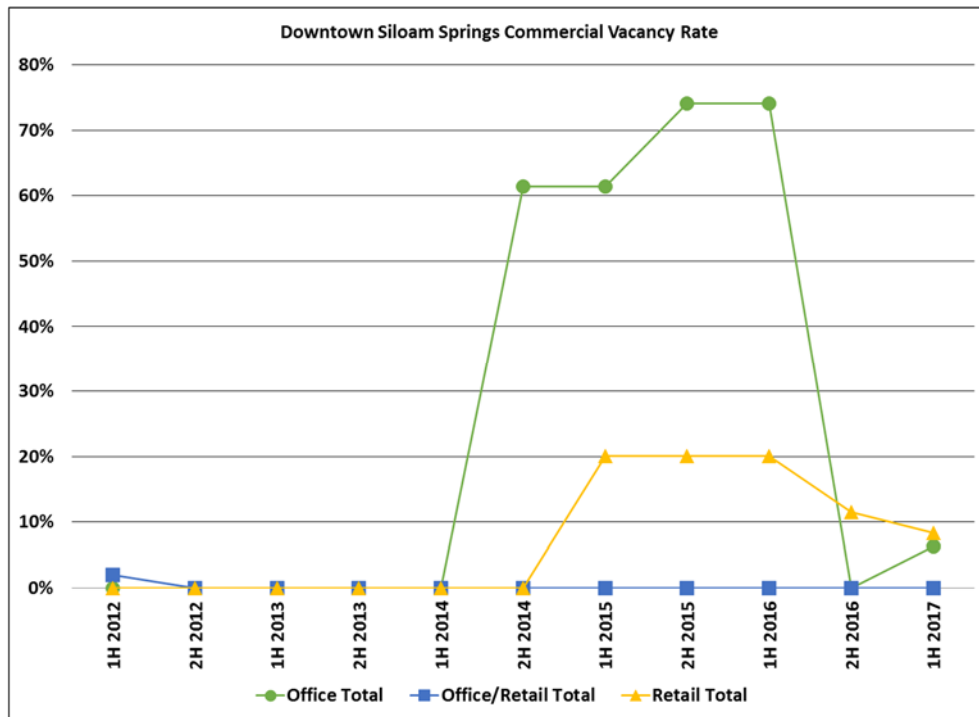
Downtown Siloam Springs, the smallest of the five downtowns, saw an increase in total leasable square feet from 22,496 in 2012 to 73,636 in 2017 even though there was no new space added during this time period. Space that was previously occupied by owners became leasable contributing to this increase. Total leasable office and retail square feet increased from 5,021 and 2,065 in 2012 to 23,755 and 24,039 in 2017, respectively. Office/retail space remained the same at 15,410 square feet. The composition of total leasable space in downtown Siloam Springs changed significantly from 2012 to 2017. Office space increased from 22.3 percent to 32.3 percent, office/retail space decreased from 68.5 percent to 20.9 percent, retail space increased from 9.2 percent to 32.6 percent, and other increased from 0.0 percent to 14.2 percent during this period.

Total vacant leasable space in downtown Siloam Springs increased from 300 to 7,500 square feet between 2012 and 2017. Because of the small sample size vacant square feet is subject to sharp changes based upon the change in absorption status of just one building. In 2017 the total vacancy rate was 10.2 percent. In 2017 there was 1,500 square feet of office space vacant, with a vacancy rate of 6.3 percent, there was no vacant office/retail space, and there was 2,000 square feet of vacant retail space, leading to a vacancy rate of 8.3 percent.

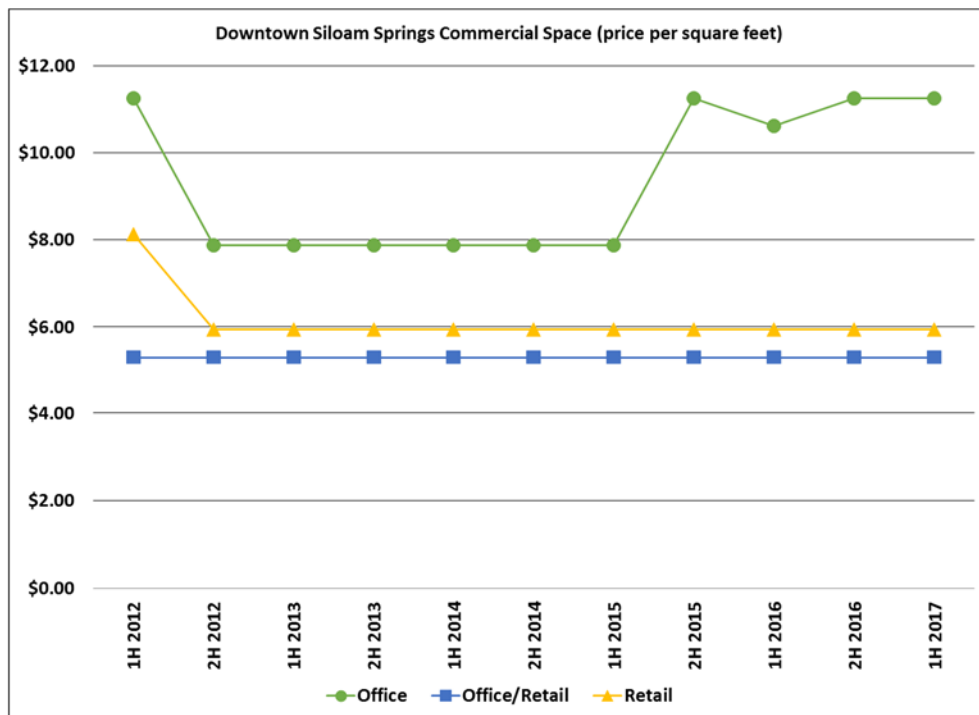
Average reported per square foot lease rates in downtown Siloam Springs in the office market were at \$11.25, the office/retail market rate was unchanged at \$5.29, and the average reported retail lease rate declined from \$8.13 in 2012 to \$5.94 in 2017.



Source: Center for Business and Economic Research



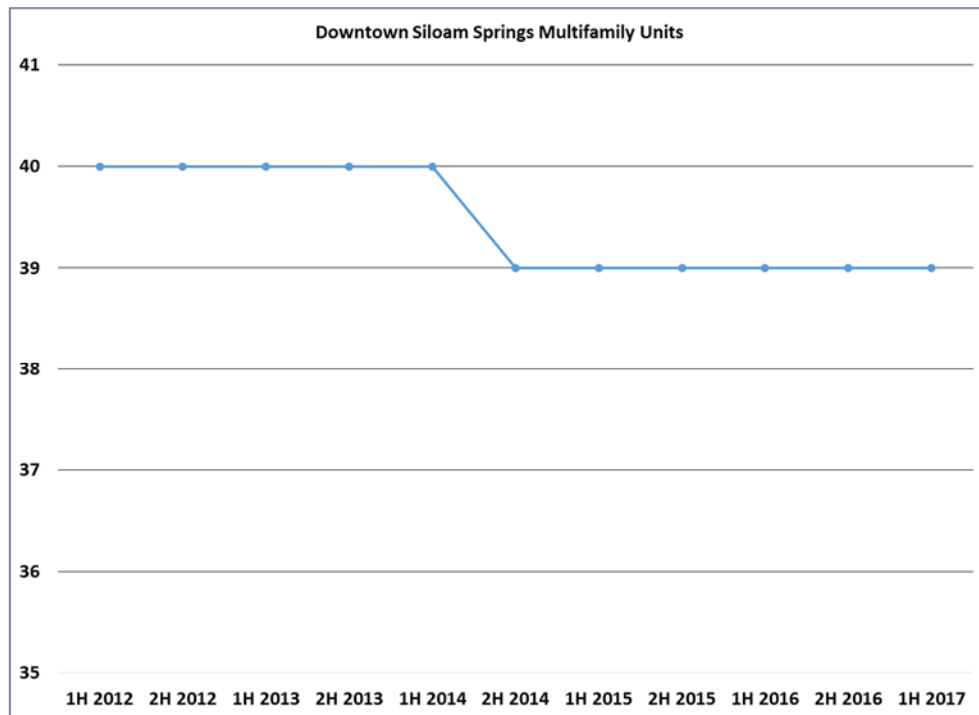
Source: Center for Business and Economic Research



Source: Center for Business and Economic Research

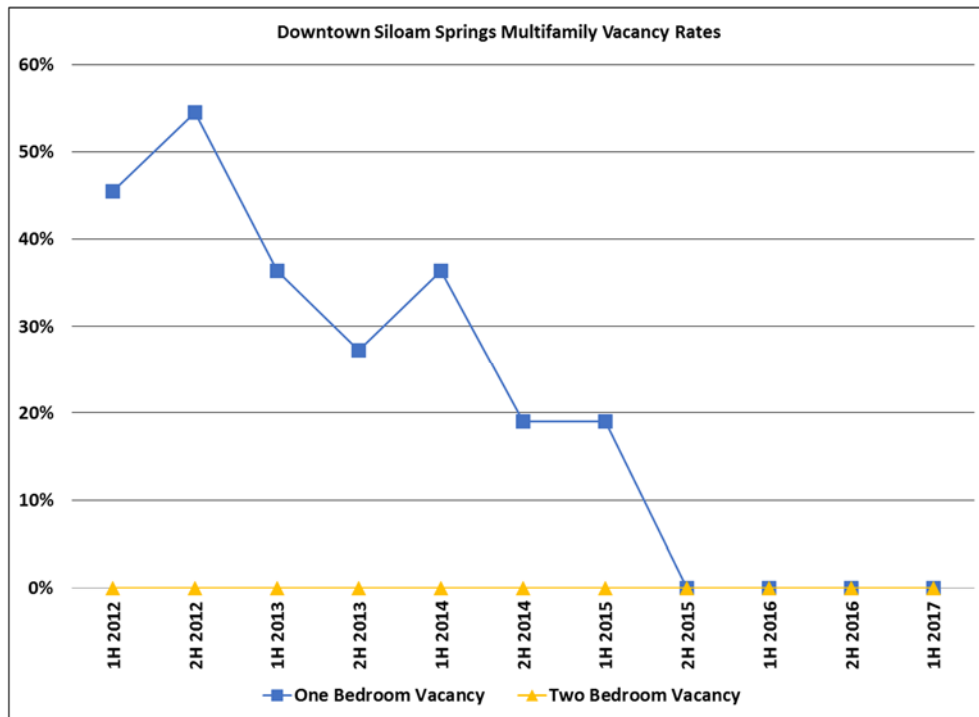
### ***Characteristics of Multifamily Properties in Downtown Siloam Springs***

There was a one unit decrease in total multifamily units in downtown Siloam Springs in 2014, from 40 to 39 units, and the total remained static through 2017. The one bedroom vacancy rate decreased from 45.5 percent in 2012 to 0.0 percent in 2017. The two bedroom vacancy rate was 0.0 percent from 2012 to 2017. The average price of a one bedroom unit in downtown Siloam Springs decreased from \$408.50 in 2012 to \$370.00 in 2017. From 2012 to 2017, the average two bedroom price increased from \$608.33 to \$616.67.

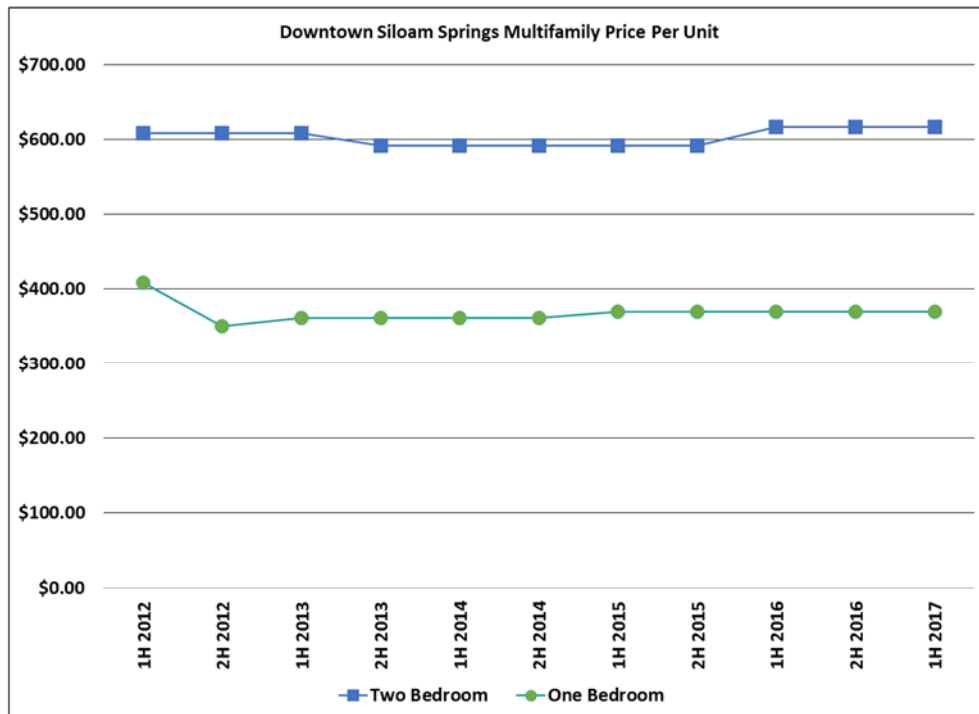


Source: Center for Business and Economic Research





Source: Center for Business and Economic Research



Source: Center for Business and Economic Research

### ***Hotel Rooms in Downtown Siloam Springs***

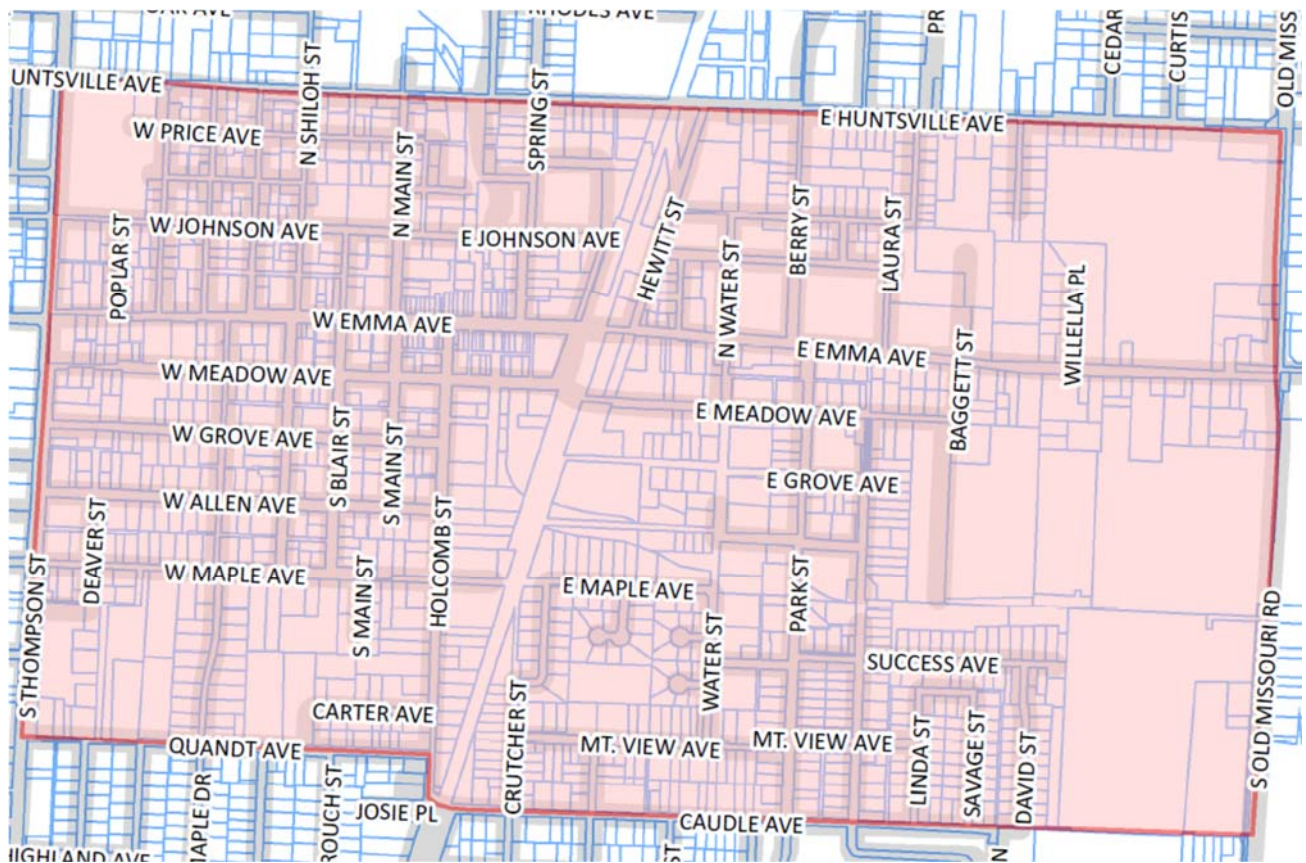
The Inn at the Springs in Siloam Springs was opened after restoration in 2014, providing one suite and three standard rooms in the downtown Siloam Springs area.

### ***Downtown Siloam Springs Summary***

Downtown Siloam Springs is the smallest of the downtowns, and also has a relatively new master plan. In many ways it is the least mature in terms of diverse economic development. The metrics collected in this report shows that downtown Siloam Springs needs far more commercial and residential investments to create a vibrant downtown. Fewer people live in downtown Siloam Springs than in any of the other downtowns and it is tied for the fewest multifamily units. Additionally, there were no new single family residences permitted during this time, suggesting a lack of future residential space in the downtown area. The few downtown multifamily units tend to remain occupied, so there is an opportunity for potential multifamily development, even though this will be contingent on improving the business and amenity mix in the area. When several townhomes in downtown Siloam Springs were refurbished and put on the market they absorbed quickly. Most of the space in downtown Siloam Springs is commercial and the mix of properties has to improve to create a vibrant area in which to live, work, and play. The lack of a grocery store in downtown Siloam Springs is a key inhibitor in attracting downtown living. Nonetheless, the data does show that redevelopment is happening in downtown Siloam Springs, as several properties have been remodeled.

## Springdale

The downtown master plan in Springdale was adopted in 2015 and defined the area as bounded by Huntsville Avenue to the north, Old Missouri Road to the east, Caudle Avenue and Quandt Avenue to the south, and Thompson Street to the west. Downtown Springdale has the second largest downtown in Northwest Arkansas, covering 0.88 square miles. This study uses the boundaries set out in the map shown here to identify properties and streets that would be used for the analysis of downtown Springdale.



Source: Washington County Assessor

According to data gathered from ESRI Business Analyst, downtown Springdale had a population of 2,270 in 2016 and the average annual population growth between 2010 and 2016 was 1.5 percent. Around 3 percent of the Springdale population live in the downtown area. The median age of the residents in downtown Springdale was 28.1 in 2016 and 8 percent of these residents had at least a bachelor's degree. The median household income was \$29,908 and the unemployment rate was at 6.0 percent. There were 278 businesses in the downtown area, according to ESRI Business Analyst and 5,228 individuals worked at these businesses. 31 percent of the jobs were in white collar

professions, 53 percent were in blue collar professions, and 16 percent were in the service oriented professions.

<b>Downtown Springdale General Demographics</b>	
<b>2016 Population</b>	2,270
<b>2010-2016 Population Growth Rate</b>	1.5%
<b>Median Age</b>	28.1
<b>Median Household Income</b>	\$29,908
<b>Total Businesses</b>	278
<b>Total Employees</b>	5,228
<b>Unemployment Rate</b>	6.0%
<b>Percent of Population with Bachelor's Degree or Higher</b>	8%

*Source: ESRI Business Analyst*

Over 480 people worked in downtown Springdale in the retail industry, largely representing workers in eating and drinking establishments. There were 26 listed eating and drinking places, employing 264 people according to ESRI Business Analyst estimates. 3 stores were classified as apparel and accessory stores, and 3 stores were classified as furniture and home furnishing stores, employing a total of 26 people. Online records showed that there were 25 restaurants in downtown Springdale in 2017, four of them were national chains. Additionally, there were 4 drinking establishments in the study area.

<b>Downtown Springdale Retail Business Summary</b>		
	Establishments	Employees
<b>Retail Trade Summary</b>	67	482
<b>Home Improvement</b>	2	8
<b>General Merchandise Stores</b>	1	6
<b>Food Stores</b>	9	49
<b>Auto Dealers, Gas Stations, Auto Aftermarket</b>	6	53
<b>Apparel &amp; Accessory Stores</b>	3	10
<b>Furniture &amp; Home Furnishings</b>	3	16
<b>Eating &amp; Drinking Places</b>	26	264
<b>Miscellaneous Retail</b>	17	77

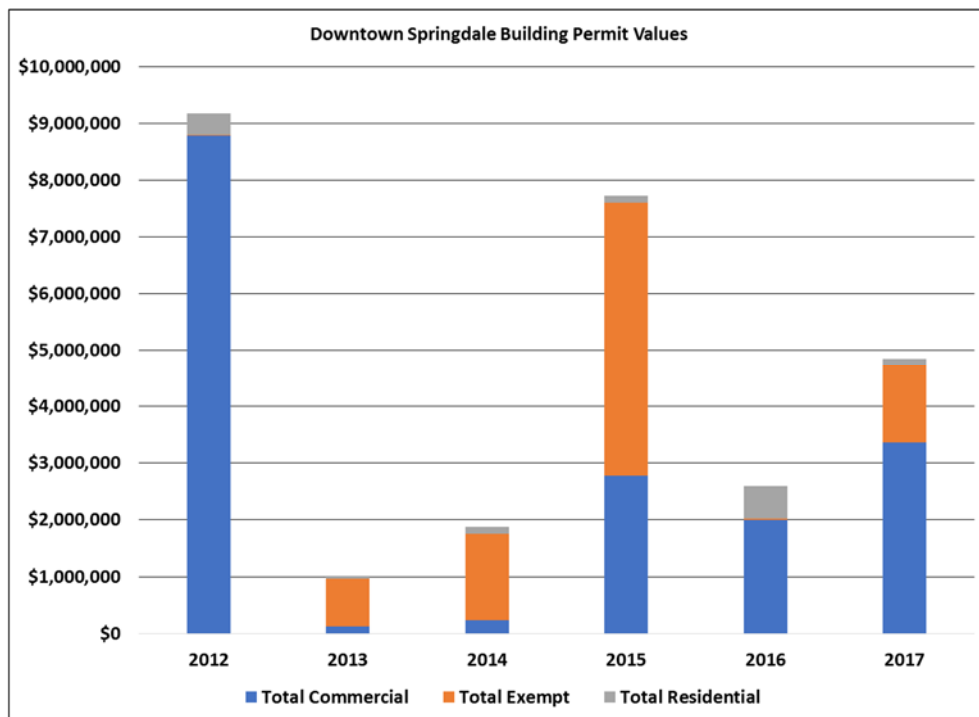
*Source: ESRI Business Analyst*

## ***Downtown Building Permits***

Over half the value of the building permits issued in downtown Springdale from 2012 to 2017 were for commercial developments worth \$17.2 million. Downtown Springdale also had significant exempt and industrial permits worth \$8.5 million and \$7.6 million, respectively. Residential permits during this period were only worth a cumulative \$1.3 million. 2016 was the peak year for building permit activity with \$10.6 million and was closely followed by 2012 with almost \$9.8 million in building permits. The largest building permits in downtown Springdale were for the Northwest Medical Hospital valued at \$7.6 million in 2012 and the Tyson Building valued at \$7.6 million in 2016. There were only three new single family residences permitted, one in 2012 worth \$233,820, and two in 2016 with an average value of \$188,095.

<b>Downtown Springdale Building Permits</b>						
<b>Type of Permit</b>	2012	2013	2014	2015	2016	2017
Change	\$8,786,118	\$129,500	\$225,800	\$2,769,300	\$1,995,789	\$3,177,800
New		\$0	\$8,000	\$0		\$185,817
<b>Total Commercial</b>	<b>\$8,786,118</b>	<b>\$129,500</b>	<b>\$233,800</b>	<b>\$2,769,300</b>	<b>\$1,995,789</b>	<b>\$3,363,617</b>
Change	\$11,000	\$834,000		\$4,829,258	\$25,900	\$1,362,500
New		\$416	\$1,518,600	\$800		
<b>Total Exempt</b>	<b>\$11,000</b>	<b>\$834,416</b>	<b>\$1,518,600</b>	<b>\$4,830,058</b>	<b>\$25,900</b>	<b>\$1,362,500</b>
Change						
New					\$7,651,590	
<b>Total Industrial</b>					<b>\$7,651,590</b>	
Change			\$1,500		\$418,455	
New	\$408,867	\$898,320	\$1,500			
<b>Total Public Service</b>	<b>\$408,867</b>	<b>\$898,320</b>	<b>\$40,000</b>		<b>\$418,455</b>	
Change	\$99,755	\$54,805	\$40,000	\$90,515	\$146,321	\$126,190
New	\$276,731		\$125,671	\$33,254	\$427,121	
<b>Total Residential</b>	<b>\$376,486</b>	<b>\$54,805</b>	<b>\$125,671</b>	<b>\$123,769</b>	<b>\$573,442</b>	<b>\$126,190</b>
<b>Total Permits</b>	<b>\$9,799,931</b>	<b>\$1,917,041</b>	<b>\$1,919,571</b>	<b>\$7,723,127</b>	<b>\$10,665,176</b>	<b>\$4,852,307</b>

Source: Washington County Assessor and Center for Business and Economic Research Calculations



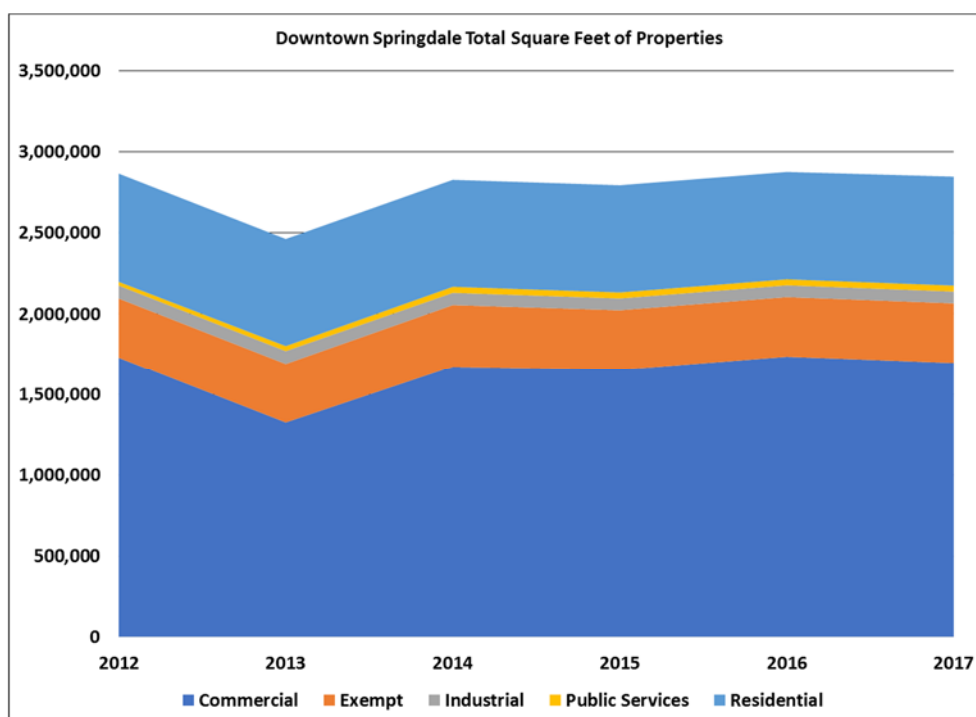
Source: Washington County Assessor and Center for Business and Economic Research Calculations

### ***Total Square Feet of Downtown Properties***

Downtown Springdale's total square feet decreased 0.7 percent from 2.86 million in 2012 to 2.84 million in 2017. Commercial space decreased 1.9 percent from 1.73 million square feet in 2012 to just under 1.7 million square feet in 2017 while residential square feet in downtown Springdale increased just 0.7 percent from 667,595 square feet in 2012 to 671,944 square feet in 2017. Exempt square feet increased 0.6 percent from 366,673 square feet to 368,838 square feet between 2012 and 2017 and industrial space decreased 8.8 percent from 79,983 square feet in 2012 to 72,959 square feet in 2017. 60.3 percent of the space in downtown Springdale was commercial, 23.3 percent was residential, 12.8 percent was exempt, and 2.8 percent was industrial in 2012. In 2017 commercial space accounted for 59.6 percent of all downtown space, residential uses 23.6 percent, exempt space accounted for 13.0 percent, and industrial property for 2.6 percent.

<b>Springdale Total Square Feet of Downtown Properties</b>						
	2012	2013	2014	2015	2016	2017
Commercial	1,729,087	1,324,258	1,672,110	1,654,363	1,735,668	1,696,954
Exempt	366,673	366,673	383,001	368,838	368,838	368,838
Industrial	79,983	79,983	75,951	72,959	72,959	72,959
Public Services	23,200	31,204	37,182	37,182	37,182	37,182
Residential	667,595	660,971	660,136	661,438	662,179	671,944
<b>Springdale Total</b>	<b>2,866,538</b>	<b>2,463,089</b>	<b>2,828,380</b>	<b>2,794,780</b>	<b>2,876,826</b>	<b>2,847,877</b>

Source: Washington County Assessor and Center for Business and Economic Research Calculations



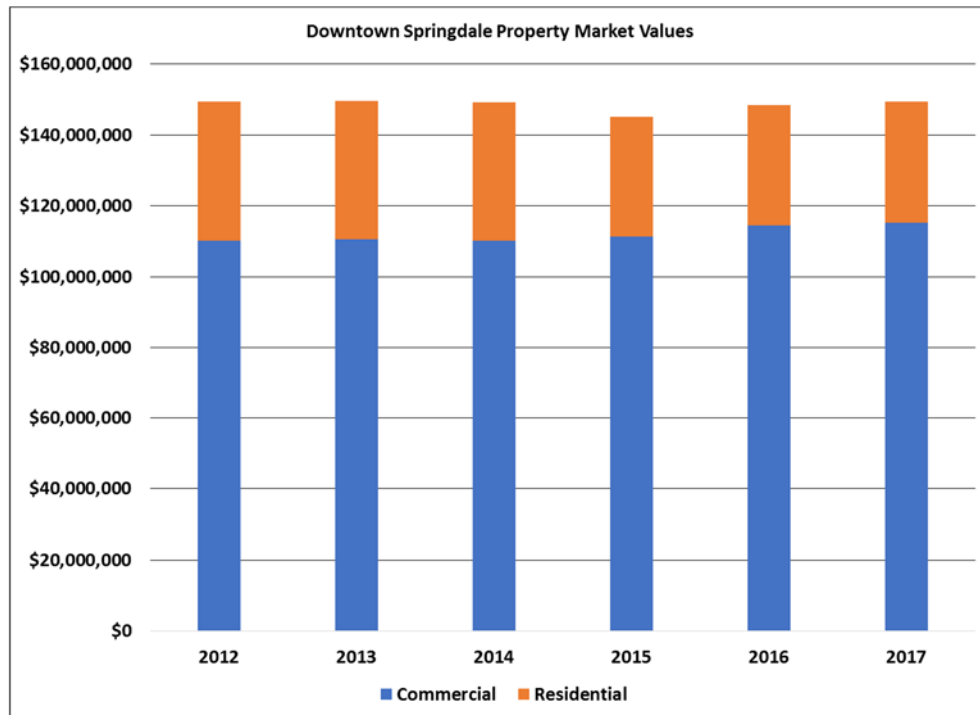
Source: Washington County Assessor and Center for Business and Economic Research Calculations

## ***Market Value of Downtown Properties***

Total market value in downtown Springdale increased from \$150.8 million in 2012 to \$150.9 million in 2017, a very slight increase of 0.1 percent. Commercial valuation grew 4.6 percent from \$110.2 million in 2012 to \$115.3 million in 2017, while residential valuation decreased 12.8 percent from \$39.0 million in 2012 to \$34.1 million in 2017. Industrial valuation increased 2.1 percent from \$1.56 million in 2012 to \$1.59 million in 2017. The average market value per square foot of downtown property increased slightly for residential space but decreased moderately for commercial space in 2017.

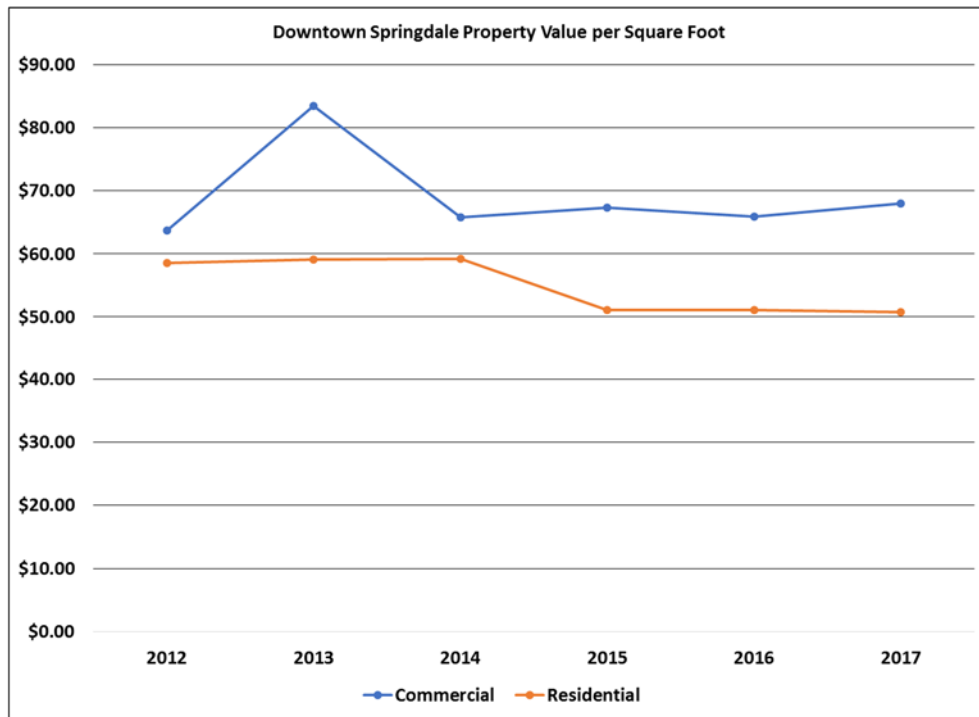
<b>Downtown Springdale Market Value by Type of Property</b>						
	2012	2013	2014	2015	2016	2017
Commercial	\$110,228,500	\$110,530,950	\$110,067,700	\$111,352,400	\$114,495,300	\$115,300,600
Exempt	\$0	\$0	\$0	\$0	\$0	\$0
Industrial	\$1,560,250	\$1,560,250	\$1,498,600	\$1,330,600	\$1,592,700	\$1,592,700
Public Services	\$0	\$0	\$0	\$0	\$0	\$0
Residential	\$39,068,300	\$39,102,000	\$39,102,850	\$33,825,050	\$33,859,150	\$34,079,250
<b>Springdale Total</b>	<b>\$150,858,650</b>	<b>\$151,194,800</b>	<b>\$150,670,750</b>	<b>\$146,509,900</b>	<b>\$149,949,000</b>	<b>\$150,974,400</b>

Source: Washington County Assessor and Center for Business and Economic Research Calculations



Source: Washington County Assessor and Center for Business and Economic Research Calculations

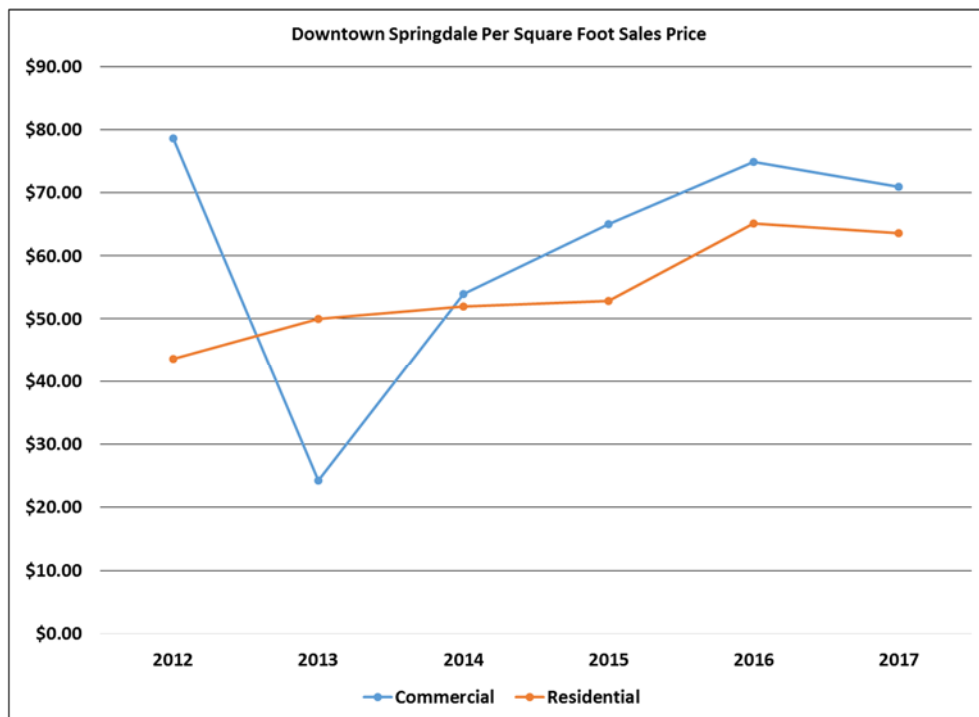




Source: Washington County Assessor and Center for Business and Economic Research Calculations

### ***Per Square Foot Sales Prices in Downtown Springdale***

Changes in average sales price per square foot were mixed in downtown Springdale during the study time period. Average sales price per square foot decreased 9.8 percent for commercial properties in downtown Springdale, from \$78.64 in 2012 to \$70.94 in 2017. However, in 2013 the average sales price per square foot fell drastically to \$24.25 before rebounding in the following years. Downtown Springdale residential property sales, on the other hand, saw an increase of 47.5 percent from \$43.65 in 2012 to \$63.62 in 2017. For industrial sales, the average price per square foot decreased by 1.1 percent from \$25.07 in 2012 to \$24.80 in 2016 and there were no industrial sales in 2017.



Source: Washington County Assessor and Center for Business and Economic Research Calculations

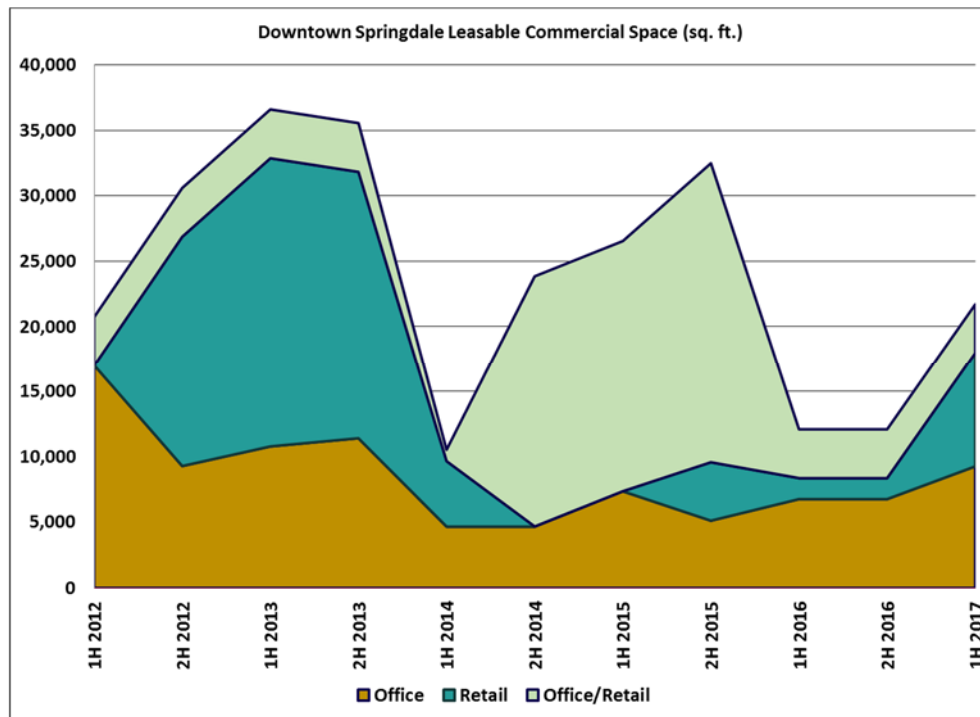
### ***Characteristics of Leasable Commercial Space in Downtown Springdale***

Leasable space in downtown Springdale increased from 226,000 square feet in 2012 to 344,282 square feet in 2017, even though there was no new space added during this time. The leasing of previously owner occupied space contributed to this increase. From 2012 to 2017, leasable office space increased from 184,421 to 223,927 square feet, leasable office/retail space increased from 3,732 to 4,854 square feet, and leasable retail space increased from 17,654 to 92,418 square feet. The composition of leasable space in downtown Springdale changed from 2012 to 2017 as office decreased 81.6 percent to 65.0 percent, office/retail decreased from 1.7 percent to 1.4 percent, retail increased from 8.9 percent to 26.8 percent, and other decreased from 8.9 percent to 6.9 percent.

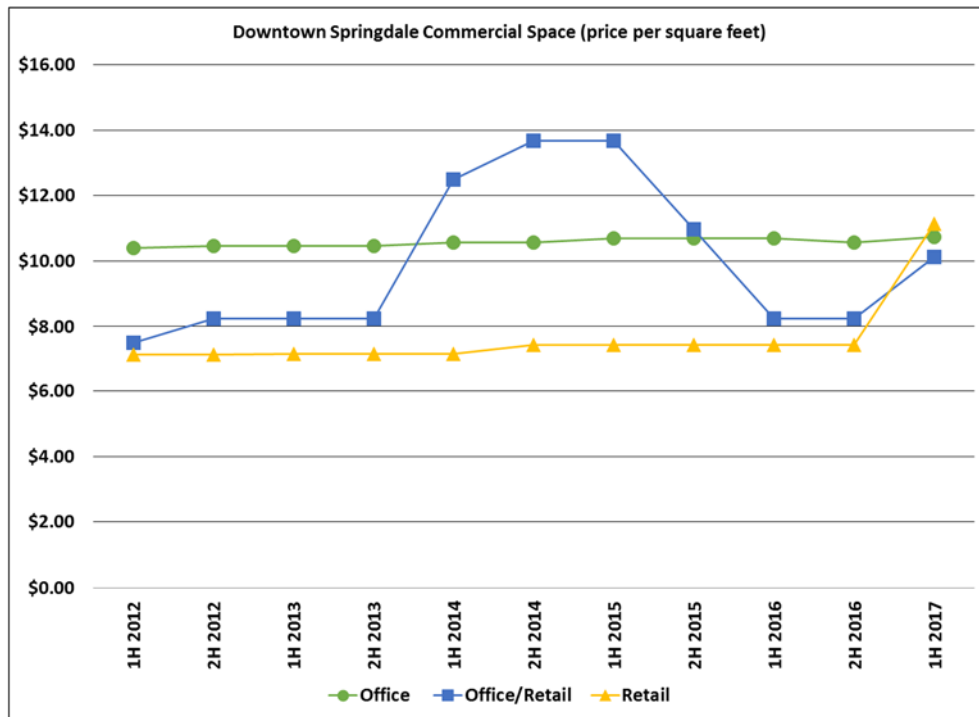
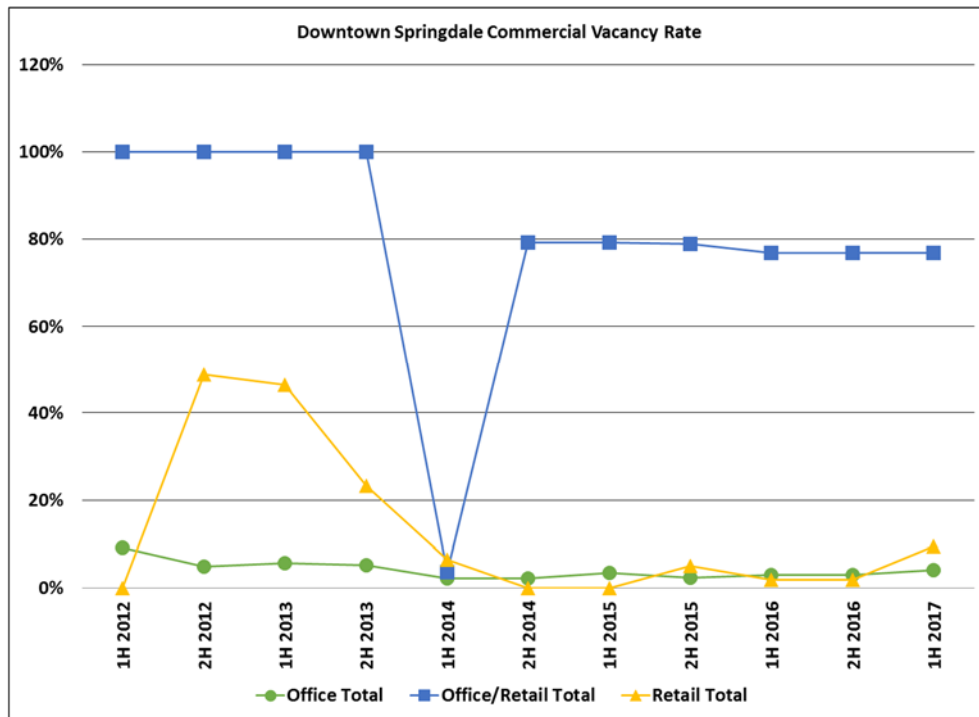
Total vacant leasable space in downtown Springdale decreased from 26,929 square feet in 2012 to 21,698 square feet in 2017, while the vacancy rate decreased from 11.9 percent to 6.3 percent. The office vacancy rate decreased from 9.2 percent in 2012 to 4.1 percent in 2017. The office/retail the vacancy rate decreased from 100.0 percent in 2012 to 76.9 percent in 2017. The retail vacancy rate changed from 0.0 percent in 2012 to 48.8 percent in 2013 and 9.4 percent in 2017.

The reported average price per square foot of leasable space increased in every submarket in downtown Springdale from 2012 to 2017. During this time period, reported

office space average lease rates increased from \$10.40 to \$10.74, office/retail rates increased from \$7.50 to \$10.13, and retail rates increased from \$7.14 to \$11.13, in downtown Springdale.

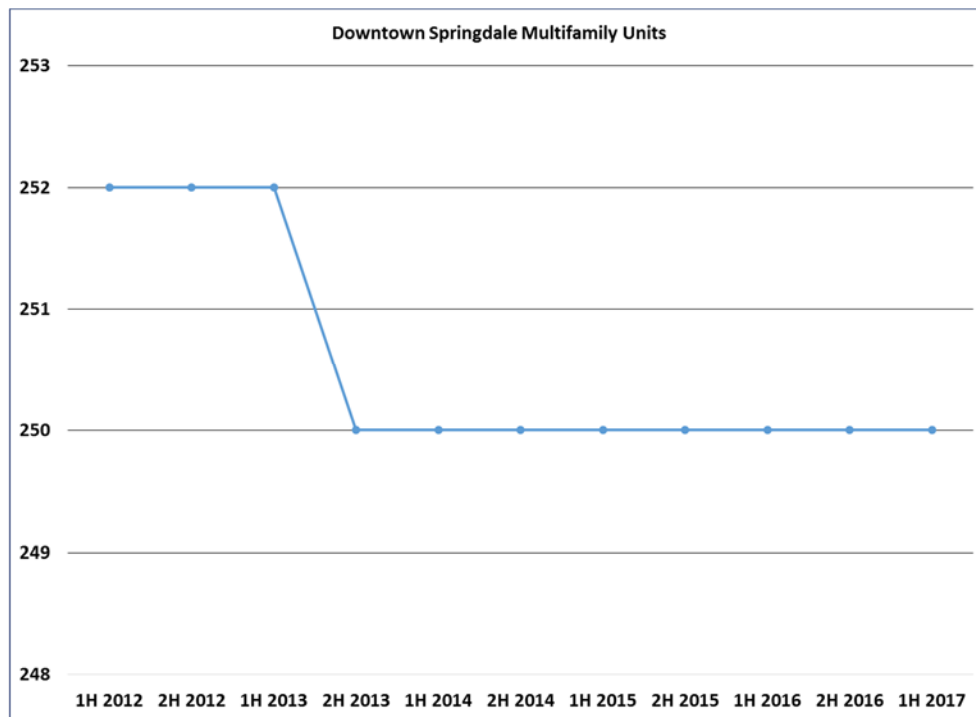


Source: Center for Business and Economic Research

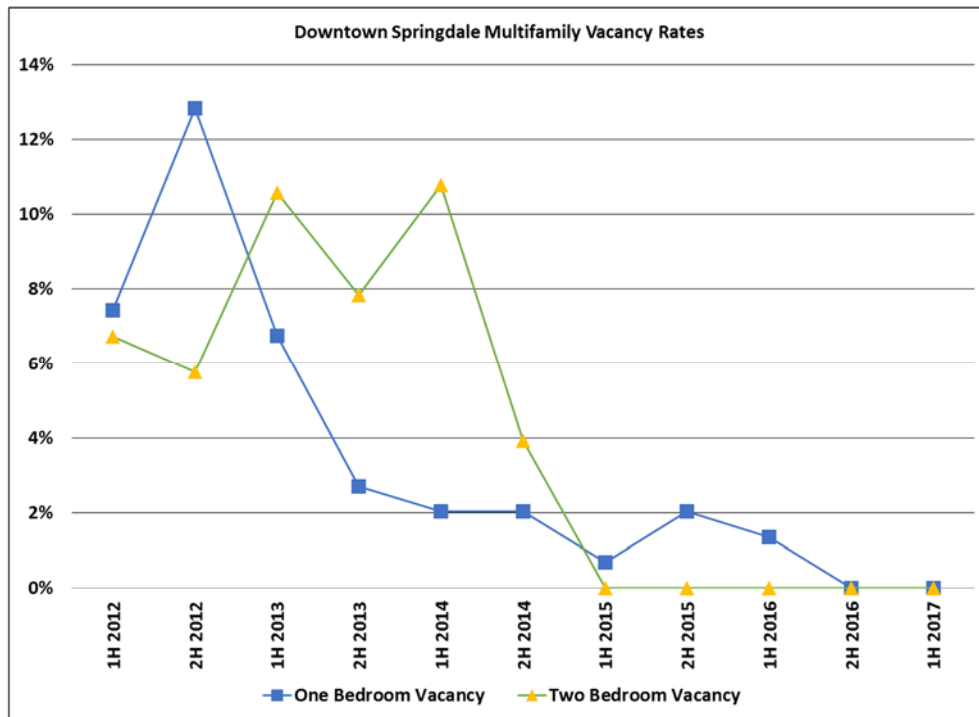


## ***Characteristics of Multifamily Properties in Downtown Springdale***

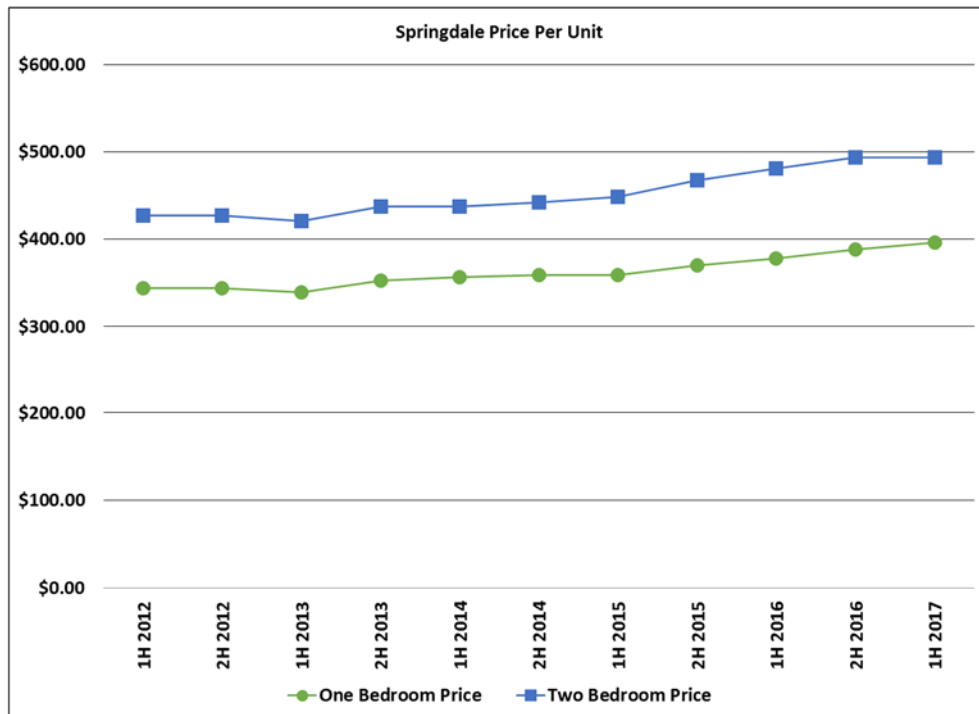
Downtown Springdale experienced a small decline in the number of total multifamily units, from 252 in 2012 to 250 in 2013, and the total remained at 250 through 2017. The one bedroom vacancy rate decreased from 7.4 percent in 2012 to 0.0 percent in 2017 and the two bedroom vacancy rate in downtown Springdale also decreased from 6.7 percent in 2012 to 0.0 percent in 2017. The downtown Springdale multifamily market has struggled to attract new investments as developers feel they cannot receive a high enough lease rate to justify the cost of construction. At \$344.29 in 2012, the average price for one bedroom units increased to \$396.43 in 2017. The average price for two bedroom units increased from \$427.00 in 2012 to \$493.75 in 2017.



Source: Center for Business and Economic Research



Source: Center for Business and Economic Research



Source: Center for Business and Economic Research

## ***Downtown Springdale Summary***

Downtown Springdale also has a relatively new master plan, although the redevelopment efforts predate this current master plan. Downtown Springdale has the second greatest number of residents after downtown Bentonville and the third highest number of employees after downtown Bentonville and downtown Fayetteville. Building permit data show a steady pipeline of projects, but the number and value of permits hasn't grown significantly. Total downtown square feet and sales prices have actually declined slightly, and the market value has remained stagnant, both are indicators that new investment is not rapidly flowing into the area. Leasable data also shows a decline in total square feet as one building was temporarily removed for redevelopment, but the lease rates did increase indicating there is some demand for commercial space in downtown Springdale. No new multifamily units and just a few new single family residences have been permitted in downtown Springdale, limiting the potential create a vibrant downtown area with residents. The lack of a downtown grocery store also limits the potential residential development in the area. However, with the continued development of the trails, new restaurants and drinking establishments, a refurbished entertainment venue, and the nearing completion of the new Tyson Foods building, the area is poised for growth.