The Skyline Report

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University of Arkansas
Sam M. Walton College of Business
Center for Business & Economic Research

First Half of 2016
August 2016

Contents

Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the thirty-fifth edition of the Skyline Report for Benton and Washington Counties—Commercial Real Estate Market Analysis. Researchers at the Center for Business and Economic Research in the Sam M. Walton College of Business at the University of Arkansas produce the Skyline Report to provide timely statistical analysis of the Northwest Arkansas commercial real estate market. The information contained in the Skyline Report is critical for lenders, developers, contractors, and potential lessees. The Northwest Arkansas commercial real estate market is fragmented with many local and national commercial real estate professionals competing to serve the needs of a burgeoning business community. Having current information and analysis provides a competitive advantage over those who make decisions without the benefit of hard data.

Highlights from the First Half of 2016

- In the first half of 2016, 474,410 square feet of commercial space were absorbed, while 462,563 new square feet were added, netting positive absorption of 11,847 square feet in the Northwest Arkansas market and an overall vacancy rate of 12.7 percent, up from 12.4 in the second half of 2015.

- 209,664 new square feet were added in the office submarket, leading to net negative absorption of 30,337 square feet in the first half of 2016. The office vacancy rate increased to 12.7 percent from 12.6 percent in the second half of 2015.

- Within the retail submarket, there was overall positive absorption of 275,542 square feet, while 244,799 new square feet entered the market, leading to positive net absorption of 30,743 square feet. The retail vacancy rate decreased to 9.3 percent in the first half of 2016 from 9.8 percent in the second half of 2015.

- The warehouse submarket had net positive absorption of 283,401 square feet, while no new square feet was added in the first half of 2016. The Northwest Arkansas warehouse vacancy rate declined from 11.5 percent in the second half of 2015 to 8.0 percent in the first half of 2016.

- In the office/retail submarket, there was negative absorption of 12,419 square feet, while 8,100 new square feet of office/retail space entered the market, yielding negative net absorption of 20,519 square feet in the first half of 2016. The vacancy rate increased from 13.0 percent in the second half of 2015 to 13.2 percent in the first half of 2016.

- From January 1 to June 30, 2016, $206,485,385 million in commercial building permits were issued in Northwest Arkansas. In comparison, there were $75,204,016 million in permits issued in the first half of 2015.

Report Structure

The Skyline Report presents an analysis of data from three primary sources. Information on the entire population of commercial property is gathered from the offices of the Benton and Washington County Assessors. These data sets are then filtered to exclude properties that are not part of the competitive leasing market. These excluded properties include owner-occupied buildings and other dedicated spaces. Additionally, commercial properties that do not meet certain minimum size criteria (detailed on page 51) are also filtered from the base of commercial properties considered. As a second source of data, building permit information is collected from the relevant divisions in Northwest Arkansas city governments. Finally, availability, lease rates, and other characteristics of competitive commercial properties are obtained from a panel of the largest commercial property owners and managers in Northwest Arkansas. Each of the three types of information that is collected gives a unique but critical perspective of the local commercial property market. Without understanding what the universe of commercial properties looks like at the beginning of a period, the scale of available space for lease is meaningless. Likewise, the data that come from building permits paint a picture of what market additions are imminent. Only after setting the stage with these two perspectives do vacancy rates and market absorption numbers have real value.

In order to provide yet another level of perspective on the Northwest Arkansas commercial property market, the Skyline Report contains an overview of national and regional macroeconomic conditions. Ultimately, the real estate market is subject to the same fundamental forces that shape the rest of the economy, so having a broader view of current issues provides insights into potential challenges and opportunities for commercial property development.

To this end, the Skyline Report begins with an economic overview. First, national output and employment issues are discussed, followed by the discussion of short-term and long-term interest rate prospects. Then, recent regional economic statistics, focusing on regional employment trends, are presented. After the economic overview, the results of some focus group discussions with commercial property developers and managers are summarized in order to supplement the hard data with anecdotal evidence from market participants about regional trends.

After the summary of local perceptions, the first half of 2016 numbers for total commercial property square feet and building permit data are presented. Within the total square feet table, a breakdown of property type by city is provided. Also, the square footage of competitive commercial property for which the 253 panelists provide information is broken down by city and the percentage of coverage of the competitive market is calculated. A table containing publicly announced new commercial real estate projects is presented after the summary of building permit data. This table is meant to provide an indication of the future direction of the Northwest Arkansas commercial property market. As many of these projects are still in the conceptual phase, hard data are incomplete and subject to change. This period, the announced data was examined particularly closely. Project locations were checked and developers were contacted regarding the projects from the previous Skyline report.

Following the tables of announced commercial projects, hotels, and restaurants is a trend summary that includes information about vacancy rate and available space trends. There are also three tables summarizing the results from the most recent time periods. The first table presents vacancy rates by submarket for the first half of 2016, and both the second half of 2015 and the first half of 2015. The second table presents net absorption by submarket and the third table presents available square footage by submarket for the same time periods. These tables are the foundation for the performing trend analysis and for separating the seasonal effects from real effects. The results in the tables are referred to throughout the remainder of the Skyline Report.

The next four sections present analyses of Northwest Arkansas submarkets by type of space. The office submarket is examined first, followed by the office/retail, retail, warehouse, office/warehouse, and retail/warehouse submarkets. Following these sections are commercial property summary statistics by city. There are sections for Bella Vista, Bentonville, Fayetteville, Lowell, Rogers, Siloam Springs, and Springdale.

Finally, a section on how to interpret the numbers contained in the report and a description of the commercial property classification system are offered.

By aggregating and analyzing data from a variety of sources, the Skyline Report is unique in its perspective on the Northwest Arkansas commercial property market. The information should be useful to anyone with an interest in the current workings and projected course of commercial real estate in Benton and Washington Counties.

Economic Overview

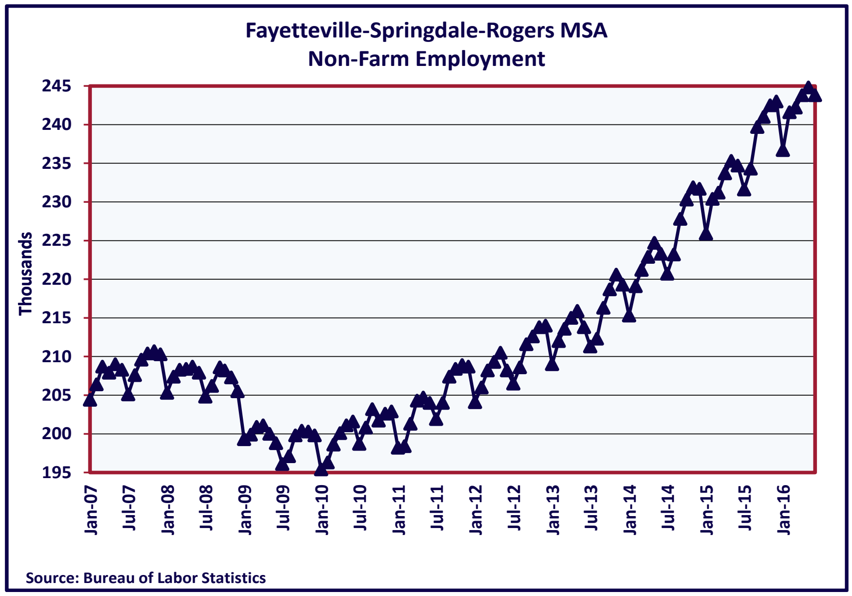
It is helpful to look at some key macroeconomic statistics in order to get a sense of the Northwest Arkansas commercial real estate market. The rate of activity in the Northwest Arkansas commercial real estate market is dependent upon two general factors: those that are specific to the region and those that are national in nature. The following discussion highlights some of the statistics that indicate the direction of the macro economy.

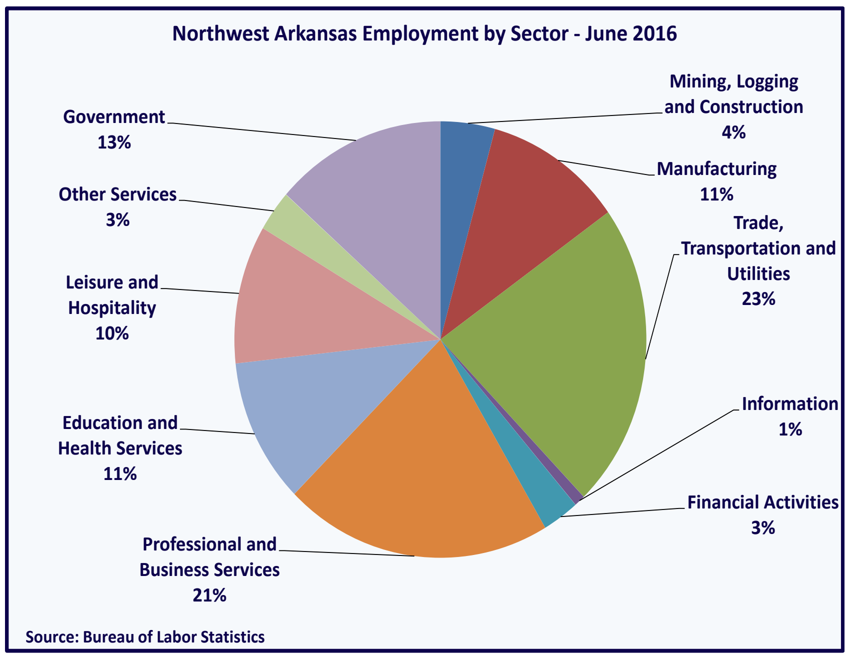
Gross Domestic Product

In the first quarter of 2016, real GDP increased by 1.1 percent according to estimates released by the U.S. Department of Commerce's Bureau of Economic Analysis (BEA). Real GDP increased by 1.4 percent in the fourth quarter of 2015. The increase in real GDP in the first quarter primarily reflected positive contributions from personal consumption expenditures (PCE), residential fixed investment, state and local government spending and exports that were partly offset by negative contributions from private inventory investment, federal government spending, and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased.

Employment

The Northwest Arkansas employment situation is extremely important to the health of the real estate market. The most recent data show that employment in the Northwest Arkansas region was at 243,800 in June 2016, up 4.0 percent from June 2015. According to the U.S. Bureau of Labor Statistics (BLS), the unemployment rate in Northwest Arkansas was at 2.8 percent in May 2016. This is down from the May 2015 rate of 4.1 percent. The unemployment rate has remained under 5.0 percent since July of 2014. The unemployment rate in Northwest Arkansas continues to be lower than both the state (3.8 percent) and national (4.7 percent) unadjusted rates.





With the purpose of exploring more closely the composition of job growth in Northwest Arkansas, two additional figures are provided. The first shows the June 2016 Fayetteville-Springdale-Rogers MSA employment breakdown by sector. As the pie chart shows, trade, transportation, and utilities had the largest share of employment (23 percent) in Northwest Arkansas followed by professional and business services (21 percent), government (13 percent), manufacturing (11 percent), education and health services (11 percent), and leisure and hospitality (10 percent). The other figure (on the next page) shows the annual percentage change in the metro area's employment by sector from June 2015 to June 2016. Total nonfarm employment increased by 4.0 percent during that time. Employment in professional and business services, mining, logging and

Economic Overview

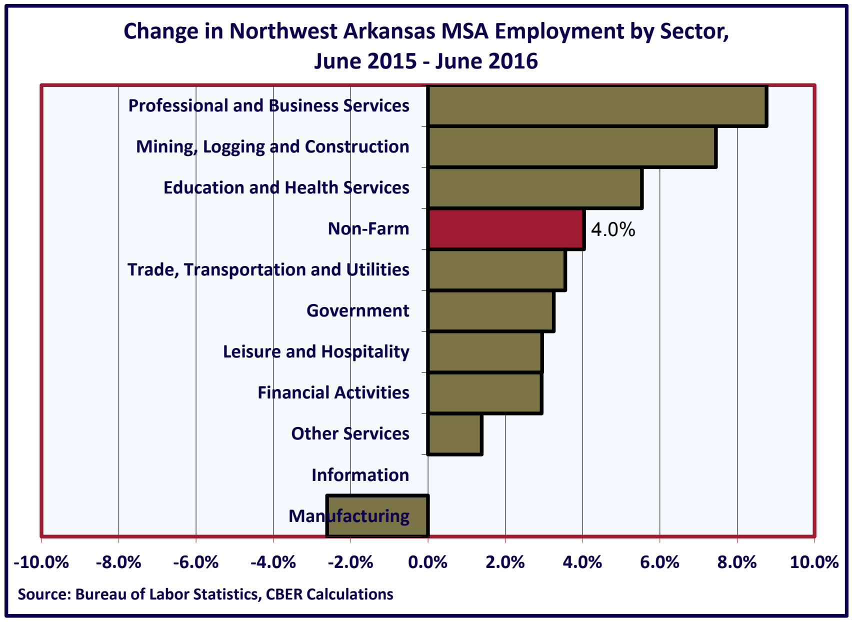
construction, and education and health services grew more quickly than 4.0 percent, while trade, transportation, and utilities, government, leisure and hospitality, financial activities, and other services grew at a slower pace. Information remained unchanged while manufacturing declined from June 2015 to June 2016.

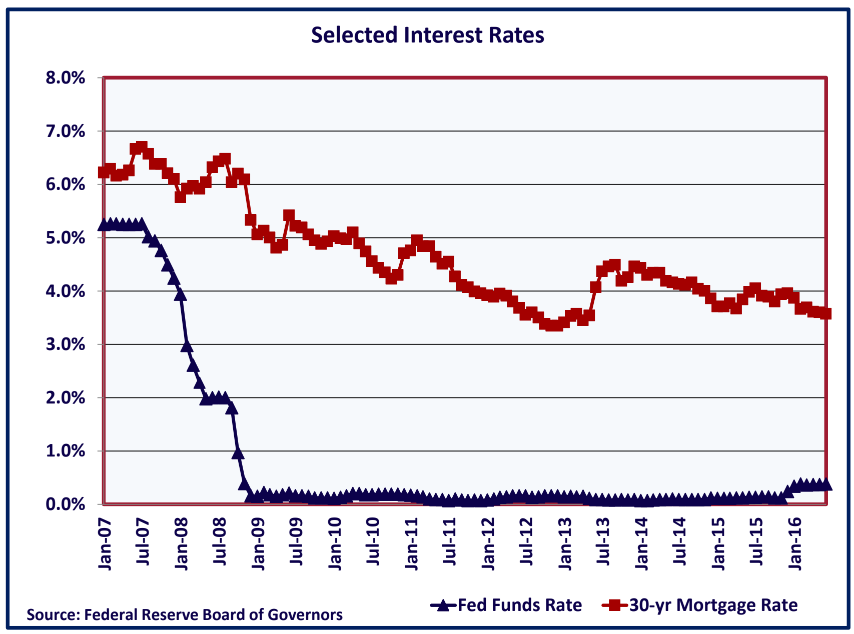
Interest Rates

The Federal Funds rate averaged 0.38 percent in June 2016. The ten year constant maturity Treasury bill had an interest rate of 1.64 percent in June 2016, down from 2.36 percent in June 2015. Near zero short-term rates continue to cause the positive spread between the ten year rate and the fed rate. The Federal Reserve Open Market Committee decided to maintain the target range for the federal funds rate at 1/4 to 1/2 percent. The stance of monetary policy remains accommodative, thereby supporting further improvement in labor market conditions and a return to 2 percent inflation. The accompanying figure shows the Federal Funds rate and the thirty year mortgage rate since January 2007.

Consumer Sentiment

The University of Michigan produces the Consumer Sentiment Index. The Index of Consumer Sentiment declined to 89.5 in July 2016, from 93.5 in June 2015. This was also lower than the 93.1 in July 2015. Following the same methodology, the most recent Arvest Consumer Sentiment Index in Arkansas measured 84.9 in March 2016, up from 77.8 in September 2015.





Local Perceptions

Local Perceptions of the Northwest Arkansas Commercial Property Market

In each reporting period, Center for Business and Economic Research staff members have conversations with a dozen or so commercial developers and/or property managers to gain their ground-level insights on the current commercial real estate market in Benton and Washington counties. Continuing a multi-year trend, panelists remain optimistic about growth and development opportunities throughout Northwest Arkansas. 'Hot spot' development areas were the subject of in depth discussions with respect to demand for new construction. Respondents had thoughts about demand and supply balances in the office, retail, and warehouse submarkets. They also talked about the credit market, the multifamily housing market, and job creation, labor shortages, and wage levels. Even though all the panelists shared concerns about the current expansion eventually coming to an end, there is still no consensus on when it will happen nor how deep the next downturn will be.

The sense of optimism the panelists have about growth and development opportunities was palpable during this round of conversations. The Pinnacle area on both sides of I-49 is still considered to be the hottest development area, as several developers, including Whisenvest, the La France family, and the Hatfield family, are building projects in this area, not just Hunt Ventures. Downtown Bentonville is still viewed as an area prime for continued intense development as well, as developers expand on the vision and investments they perceive being made by the Walton family. Downtown Rogers development has enthusiastic supporters among the respondents, who see Walton family investments, in commercial properties as well as the trail system, and believe they can expand upon that with innovative redevelopment, and potential new construction as well. Beginning with major investments by Tyson Foods and the Walton family, downtown Springdale panelists talked about redevelopment efforts, particularly in the restaurant sector, and foresee an expanding effort to bring even more growth into the area, including housing. The trail system was mentioned by a few of the panelists as being critical to the long run success of the redevelopment effort in downtown Springdale. Uptown Fayetteville is being given more consideration by respondents for additional development after the two multifamily projects on Steele Blvd began construction; the successful rezoning of the 'Terminella' land, and some smaller commercial projects are already under construction. Here also the trail was mentioned as a strong factor in potential development efforts. Fayetteville's Wedington Drive is continuing to be a growth area, supported by the increasing number of rooftops in west Fayetteville. MLK in Fayetteville continues to draw panelist interest as the number of students living in the area makes it very attractive for restaurants and other services. College Avenue's redevelopment will continue also, the respondents believe as it is still the highest traffic count street, and there is no significant empty land to develop. Finally, Johnson, east of 1-49, and Lowell, west of I-49 were mentioned by some developers as having substantial new developments on the horizon.

While respondents were excited about the potential for more growth in Northwest Arkansas, they were also very aware of potential issues with respect to the demand and supply of office, retail, and warehouse space. According to panelists, Class A office space is still not overbuilt, but is moving closer to that point. The newly constructed office space is leasing strongly but there is a question about potential future demand, after this round of construction is finished. Respondents noted trends such as moving from offices to work stations, which will negatively impact office space demand, while also pointing to firm expansion as a positive factor for office space demand. Also, the question about backfilling the space that some tenants are vacating remains as well. Some respondents believe that there is a natural progression up the quality ladder from Class C to Class B to older Class A space that will see healthy absorption over time. Also, a respondent talked about how if a firm is experiencing rapid expansion, they may need more space immediately and cannot wait for a new building to be constructed for them, and given the overall health of the economy, this circumstance will help with existing office space absorption. Conversations about the retail market centered on the idea that new retail space, especially in the above mentioned 'hot spot' areas, is needed and is not really competing with existing retail space in less desirable areas. The panelists feel that older, less desirable retail spaces will need lease rates to come down significantly along with some modest redevelopment efforts, such as fresh paint and new facades. The warehouse market has the most potential for speculative developments according to respondents. They assert there is a clear dearth of high quality large warehouse space, and since, according to their sources, there is interest in new large warehouse space by firms not located in Northwest Arkansas, another development opportunity exists. Respondents told of discussions by state and local officials about a possible industrial park near XNA. Additionally, panelists say local demand for better warehouse space is growing and that will lead to more new construction opportunities for both large warehouses, and smaller office/warehouse or retail/warehouse buildings that are in demand by small businesses.

Panelists reported that the market for available credit remains strong, but under control. They said that 'skin in the game' was universally required, even for strong developers with strong tenants. Only one respondent reported a 100 percent to value loan and that was for an extremely short time period. In general, the panelists feel positive about how projects are being financed, and they do not feel any weak projects have been funded up to this time; in contrast to the dramatic expansion of the last boom.

Local Perceptions

The multifamily housing expansion is looked on as both leading to further potential developments, as 'rooftops bring retail' and as an indicator of job creation, which also is a positive factor looking to future development. Continuing the job discussion, panelists talked positively about expanding tech sector jobs, led by Walmart hiring, as well other professional service jobs. They were concerned about potential labor shortages in skilled building trades, as well as service sector jobs that will push up wage levels.

Even though respondents mentioned a potential slowdown in the future, the timeframes vary, now mostly between 2018 and 2020. There is a consensus, though, that when the downturn inevitably happens it will be relatively mild, especially compared to the last one during the Great Recession. But the overall tone remained positive, and as always, respondents mentioned the fundamental drivers of Northwest Arkansas: Walmart and the Walton Family, the University of Arkansas and the education sector, J.B. Hunt, Hunt Ventures, and the transportation sector, and Tyson Foods and the food industry sector provide respondents a strong sense of stability for the region. Looking into the future, respondents continue to be excited about the growth of regional amenities, particularly the trail system connecting Northwest Arkansas, stimulating tourism. A couple even mentioned that the trail system is closer to be a monetizable commodity for developers. They remain hopeful that more national retailers will follow Whole Foods and Burlington Coat Factory in entering Northwest Arkansas.

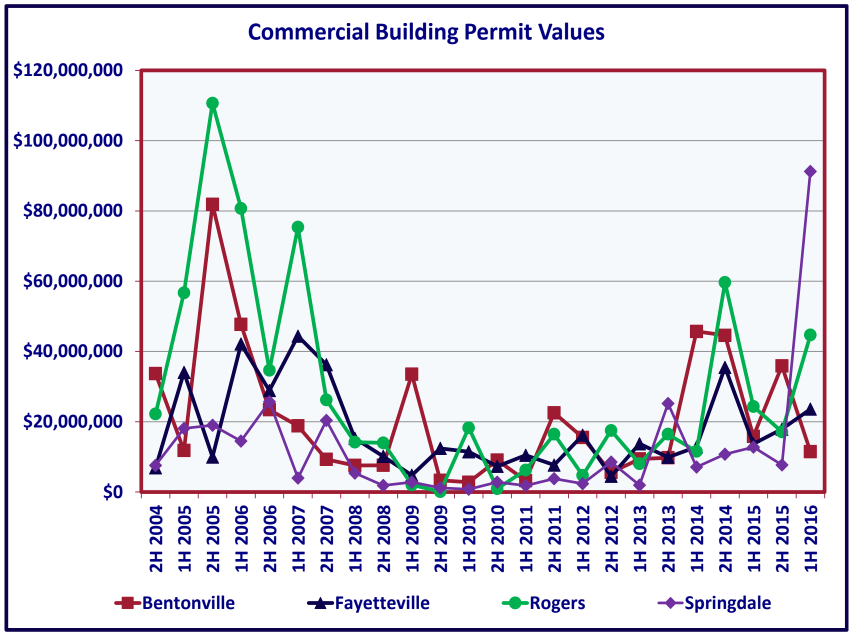
Positive Factors:

1. Continued population growth in the MSA.
2. Growth of existing businesses creating demand for new Class A office space
3. Strong demand for retail space in several hot locations.
4. Potential opportunity for speculative warehouse space.
5. Leveraging the trail system as a selling point for commercial space.
6. Continuing creation of amenities in Northwest Arkansas.
7. Continued attention to the MSA by national retailers and investors.
8. Further media coverage of Northwest Arkansas as a good place to work and live.
9. Strong multifamily housing market potential across Northwest Arkansas.

Negative Factors

1. Potential overbuilding of Class A office by the end of 2016.
2. Consolidation of CPG firms, leading to less vendor space demand.
3. Shift to work stations and away from offices leading to less office demand.
4. Overhang of existing Class B office space.
5. Overhang of existing class B and C retail space.
6. Poor quality of existing available warehouse space.
7. Increased construction costs.
8. Potential skilled labor shortage.
9. Overbuilding of the student housing market around the University of Arkansas.
10. Potential contraction based on the 2016 election results.

Inventory and Building Permits



Categories of Commercial Properties

The Northwest Arkansas commercial market is divided into eight major categories of space:

1. Lab – a workplace for conducting scientific research;
2. Industrial—space that is appropriate for the manufacturing of goods;
3. Office—space where business professionals work;
4. Office/Retail—space that can be configured as either office or retail space or both;
5. Office/Warehouse—space that can be configured as either office or warehouse space or both;
6. Retail—space where goods and services can be offered and sold to the public;
7. Retail/Warehouse—space where goods and services can be offered, sold, and stored;
8. Warehouse—space where goods can be stored until distributed.

Further, analysts at the Center for Business and Economic Research have classified individual office, office/retail, and retail buildings into three categories: Class A, Class B, and Class C. A description of the methodology used to classify buildings is included at the end of this report. Class A space is the highest quality space available in the Northwest Arkansas market. Class B properties encompass a wide range of spaces, which have lease rates that cluster around the market average. Finally, Class C space describes properties that have sub-average lease rates and amenities.

Local Commercial Property Inventory and Building Permit Data

The table on the following page presents the total competitive commercial property inventory in Northwest Arkansas that meets minimum square footage requirements (a complete list of these criteria is included on page 51) as of June 30, 2016. For the first half of 2016, the Skyline Report covered 99.0 percent of the total competitive commercial property population in Northwest Arkansas. Some cities had more complete coverage than others.

Next, building permit data from the twelve and a half years is presented for six major cities in Northwest Arkansas. Building permit data are seasonal in nature and show large fluctuations in square footage and value from quarter to quarter. Moreover, any particularly large project can skew the numbers immensely. Building permit data are also city-specific. Only the cities of Bentonville, Fayetteville, and Siloam Springs present square footage data, while only Bentonville and Fayetteville break out the different types of commercial property. A standardization of building permit applications in the region would provide superior data for comparison purposes.

From January 1 to June 30, 2016, there were just over $206.8 million in commercial building permits issued in six major cities in Northwest Arkansas, Bentonville, Fayetteville, Lowell, Rogers, Siloam Springs, and Springdale. In the first quarter of 2016, just under $60.0 million in commercial building permits were issued. In the second quarter, just over $146.4 million in building permits were issued. In the first half of 2016, Bentonville, Fayetteville, Lowell, Rogers, and Springdale accounted for 5.6, 11.4, 7.4, and 21.6 percent of the permit values, respectively.

A table of announcements of new commercial projects is included as an indication of the future direction of the Northwest Arkansas commercial market. The list is not exhaustive, but represents an effort to gather data at a step before the official permitting process. The managers and owners of many of these properties have provided the Center for Business and Economic Research with information about these buildings, but until construction is complete, they do not appear in the aggregated total square footage and available square footage calculations. Some of the properties listed are actually under construction, while others are only in the concept phase. The Center researchers examined the announced data closely this reporting period. Project locations were checked and developers were contacted regarding the projects from the last Skyline report. The conceptual category means that the developer still feels the project is viable, but there are many uncertainties regarding funding, leasing, timing, etc., so there is no established timeline.

Following the announced properties table is a list of the existing hotel properties in Northwest Arkansas, detailed by city. In the first half of 2016, there were 6,321 standard rooms and 2,154 suites in Northwest Arkansas. Bentonville had the most standard rooms with 1,860 while Rogers had the most suites with 963. Additionally, graphs that describe the development of hotels in Northwest Arkansas over time are provided below the hotels list. Announced new hotel properties are detailed in a table following the existing hotel properties. Finally, lists of announced new and closed restaurant properties follow the hotel information.

Total Square Feet and Coverage of Competitive Commercial Properties

	Industrial[1]	Office[1]	Retail[1]	Warehouse[1]	Total[1]	Panel Total Square Feet[2]	Panel Coverage[2]
Bella Vista	--	129,924	239,100	90,964	459,988	426,623	92.7%
Bentonville	31,300	4,080,053	1,090,367	1,801,352	7,003,072	7,193,723	102.7%
Fayetteville	1,059,079	3,354,912	4,238,783	1,799,030	10,451,804	10,319,309	98.7%
Lowell	101,970	352,742	172,208	1,049,398	1,676,318	1,619,482	96.6%
Rogers	991,049	2,977,689	4,391,913	2,617,440	10,978,091	10,873,389	99.0%
Siloam Springs	329,942	195,261	645,029	340,615	1,510,847	1,413,966	93.6%
Springdale	1,714,565	1,500,354	2,366,508	2,861,825	8,443,252	8,262,592	97.9%
Northwest Arkansas Total	4,227,905	12,590,935	13,143,908	10,560,624	40,523,372	40,109,084	99.0%

[1]Source: Benton and Washington County offices of the Assessor. The total square feet represent the population of competitive commercial properties that meet the baseline criteria set out on page 51 of this report.
[2]Source: Panel of 253 large Northwest Arkansas commercial property owners and managers.

Building Permits

Commercial Building Permit Data by City

	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
April - June 2016	$3,186,128	$21,574,412	$4,617,536	$9,205,408	$20,222,189	$87,682,358	$146,488,031
Jan - March 2016	$8,282,426	$2,018,785	$10,653,719	$35,473,387	$0	$3,569,037	$59,997,354
Oct. - Dec 2015	$29,243,802	$10,076,938	$23,090,780	$7,179,197	$1,030,000	$6,980,305	$77,601,022
July - Sept. 2015	$6,656,778	$7,819,300	$2,772,080	$9,939,946	$7,303,878	$707,070	$35,199,052
April - June 2015	$8,520,763	$9,878,384	$2,437,861	$20,234,817	$6,095,000	$4,157,720	$51,324,545
Jan - March 2015	$7,316,156	$3,829,883	$0	$4,115,779	$0	$8,617,653	$23,879,471
Oct. - Dec 2014	$15,077,940	$23,716,086	$942,443	$41,437,354	$298,450	$5,456,402	$86,928,675
July - Sept. 2014	$29,512,908	$11,744,678	$1,375,887	$18,199,323	$420,000	$5,311,744	$66,564,540
April - June 2014	$14,880,491	$6,352,097	$299,768	$8,944,856	$700,000	$6,286,894	$37,464,106
Jan. - March 2014	$30,816,399	$6,462,060	$0	$2,620,482	$0	$807,905	$40,706,846
Oct. - Dec. 2013	$5,614,108	$5,227,632	$1,662,604	$4,322,282	$0	$18,725,840	$35,552,466
July - Sept 2013	$4,147,738	$4,642,389	$0	$12,137,965	$0	$6,472,554	$27,400,646
April - June 2013	$9,413,479	$3,035,704	$0	$3,930,130	$2,165,090	$1,572,774	$20,117,177
Jan. -March 2013	$0	$10,686,133	$0	$4,122,942	$0	$359,328	$15,168,403
Oct - Dec. 2012	$4,327,940	$3,953,149	$0	$8,474,647	$1,795,000	$5,378,894	$23,929,630
July - Sept. 2012	$1,221,000	$537,447	$0	$9,026,238	$2,083,115	$3,121,673	$15,989,473
April - June 2012	$13,126,525	$15,157,427	$0	$3,702,000	$0	$0	$31,985,952
Jan. -March 2012	$2,386,772	$1,015,056	$709,949	$1,027,000	$0	$2,373,879	$7,512,656
Sept. - Dec. 2011	$21,094,402	$5,907,082	$0	$16,450,594	$0	$1,455,757	$44,907,875
June - August 2011	$1,445,222	$1,763,872	$404,493	$0	$500,000	$2,328,979	$6,442,566
March 2011 - May 2011	$1,773,228	$9,552,146	$150,000	$1,614,000	$0	$0	$13,089,374
Dec. 2010 - Feb. 2011	$1,469,162	$915,280	$438,289	$4,616,536	$22,997,000	$1,803,778	$32,240,045
Sept. - Nov. 2010	$7,214,903	$2,623,509	$941,017	$958,000	$6,005,000	$1,898,944	$19,641,373
June - August 2010	$1,846,518	$4,679,537	$0	$0	$0	$892,252	$7,418,307
March - May 2010	$2,661,860	$11,450,334	$100,000	$6,055,000	$1,296,000	$798,774	$22,361,968
Dec. 2009 - Feb. 2010	$105,030	$0	$255,505	$12,224,147	$0	$0	$12,584,682
Sept. - Nov. 2009	$0	$10,005,337	$330,803	$7,000	$379,711	$1,139,928	$11,862,779
June - August 2009	$3,336,498	$2,403,905	$0	$70,000	$215,000	$37,460	$6,062,863
March - May 2009	$33,171,420	$1,368,907	$50,112	$1,500,000	$400,000	$1,194,175	$37,684,614
Dec. 2008 - Feb. 2009	$344,325	$3,403,704	$1,766,386	$545,000	$0	$1,596,349	$7,655,764
Sept. - Nov. 2008	$3,908,853	$3,588,389	$0	$6,411,775	$0	$0	$13,909,017
June - August 2008	$3,689,476	$6,548,894	$1,019,000	$7,579,500	$1,006,596	$1,861,390	$21,704,856
March - May 2008	$153,000	$3,152,132	$4,075,075	$4,179,000	$0	$1,395,524	$12,954,731
Dec. 2007 - Feb. 2008	$7,400,153	$12,125,756	$0	$9,995,030	$3,200,000	$3,970,299	$36,691,238
Sept. - Nov. 2007	$8,075,766	$27,923,695	$4,455,275	$533,200	$0	$0	$40,987,936
June - August 2007	$1,194,440	$8,309,014	$48,927	$25,668,347	$2,575,178	$20,375,131	$58,171,037
March - May 2007	$10,082,817	$20,962,887	$8,277,328	$15,727,729	$3,019,500	$3,960,747	$62,031,008
Dec. 2006 - Feb. 2007	$8,725,598	$23,406,927	$4,709,086	$59,642,734	$25,000	$0	$96,509,345
Sept. - Nov. 2006	$2,404,840	$22,721,389	$1,840,722	$11,146,805	$538,000	$0	$38,651,756
June - August 2006	$21,014,259	$6,147,723	$462,712	$23,479,198	$5,890,000	$25,663,800	$82,657,692
March - May 2006	$10,575,639	$21,780,317	$10,924,435	$36,046,864	$3,650,000	$12,322,984	$95,300,239
Dec. 2005 - Feb. 2006	$37,121,720	$20,330,697	$2,359,019	$44,672,800	$165,000	$2,151,476	$106,800,712
Sept. - Nov. 2005	$9,674,394	$3,519,150	$3,275,717	$85,896,765	$150,000	$15,999,816	$118,515,842
June - August 2005	$72,205,699	$6,434,833	$1,666,851	$24,782,039	$200,000	$2,982,618	$108,272,040
March - May 2005	$3,061,870	$15,491,806	$1,590,789	$30,534,466	$1,059,000	$15,468,833	$67,206,764
Dec. 2004 - Feb. 2005	$8,753,636	$18,560,094	$390,000	$26,172,000	$254,700	$2,614,524	$56,744,954
Sept. - Nov. 2004	$17,242,269	$2,750,867	$402,891	$489,240	$188,000	$1,174,999	$22,248,266
June - August 2004	$16,446,488	$4,145,124	$10,035,248	$21,734,534	$1,993,393	$6,390,478	$60,745,265
March - May 2004	$14,640,091	$7,839,529	$203,680	$8,804,700	$1,721,585	$2,371,888	$35,581,473

New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
American Legion Post	Bella Vista	American Legion	Office	4,600	Done
Mercy Clinic	Bella Vista	Mercy Health Systems	Medical	4-6,000	Conceptual
Northwest Health Systems Clinic	Bella Vista	Greg Taylor	Medical	6,000	Conceptual
Sisters of Mercy Multispeciality Clinic	Bella Vista	Sisters Of Mercy Health Systems	Medical		Conceptual
Walmart Supercenter	Bella Vista	Wal-Mart Stores Inc	Retail		Conceptual
28th St Warehouse	Bentonville	Crossland & Bill McClard	Warehouse	100,000	Conceptual
8777 Airport Road Retail	Bentonville	Flake-Kelley	Retail	13,322	Conceptual
8W Center	Bentonville	Troy Link	Commercial	80,000	Fall 2016
Airport Road Retail	Bentonville	Flake-Kelley	Retail	18,109	Conceptual
Arvest Bank Uptown Village	Bentonville	Arvest Bank			Conceptual
Bentonville Commercial Building	Bentonville	Dean Eisma	Commercial	50,000	Conceptual
Bentonville Plaza II	Bentonville	FBE Limited LLC	Commercial	250,000	Conceptual
BOS Park Phase 1	Bentonville		Commercial	10,160	Conceptual
Bozeman Development Building	Bentonville	Josh Kyles	Mixed Use	80,000	Conceptual
Burris Office Building	Bentonville	Dave Burris	Office	3,400	Late 2016
Central Office Building	Bentonville	Crossmar	Office	30,000	Summer 2016
Childrens Acadamy on I St.	Bentonville		School		Conceptual
Convenience Store @ 14th & S Walton	Bentonville		Retail	5,200	Conceptual
Crossmar Supplier Park II	Bentonville	Cross Mar and Glass Investments	Warehouse	200,000	Conceptual
Crossmar Supplier Park III	Bentonville	Cross Mar and Glass Investments	Warehouse	150,000	Conceptual
Early Childhood Initiatives Center	Bentonville	ECIC	School	35,000	Done
First National Bank of NWA	Bentonville	FNBNWA	Bank	8,700	Late 2016
First Western Bank and Coffee Shop	Bentonville	First Western Bank	Bank	5,000	Fall 2016
Fountain Plaza Office I	Bentonville	Jeannie Fleeman	Office	63,000	Conceptual
Fountain Plaza Office II	Bentonville	Jeannie Fleeman	Office	20,000	Conceptual
Guess Who I	Bentonville	Roger Gilhaus	Retail	16,500	Early 2017
Guess Who II	Bentonville	Roger Gilhaus	Office	8,250	Early 2017
Haxton District	Bentonville	Neal Greenhaw	Commercial	10,000	Late 2016
Haxton District West	Bentonville	Neil Greenhaw	Commercial	9,222	Conceptual
Haxton District West II	Bentonville	Neil Greenhaw	Commercial	9,000	Conceptual
Helen Walton ChildEnrichment Ctr	Bentonville	Helen Walton Child Enrichment Ctr	Education	35,000	Conceptual
J Street Office Building	Bentonville	Bill Keating	Office	4,000	Conceptual
Lakeside Center North	Bentonville	Bob Hopmann	Office	67,000	Conceptual
Main Street Business Center II	Bentonville	Jeff Engleman and Craig Soos	Office	14,000	Done
Mercy Clinic-North	Bentonville	Mercy Health Systems	Medical	4-6,000	Fall 2016
Mercy Clinic-Southwest	Bentonville	Mercy Health Systems	Medical	12-14,000	Fall 2016
Movie Theatre	Bentonville	NWA Downtown Revitalization	Movie Theatre	15,761	Spring 2017
Mt. Carmel Community in Bentonville	Bentonville	Jimmy Elrod	Commercial		Conceptual
My Village Dentistry	Bentonville	Professional Office Properties	Medical	4,030	Done
Northwest Health Systems Clinic	Bentonville	Greg Taylor	Medical	15,000	Conceptual
NWA DRF Mixed Use Building	Bentonville	NWA Downtown Revitalization	Mixed Use	16,230	Spring 2017
Pediatric Dental and Orthodontics	Bentonville	Tonya Triplett	Medical	10,846	Done
Retail Building on Hwy 12	Bentonville	Josh Kyles	Retail	5,000	Conceptual
Sam's Club Layout Center	Bentonville	Ivan Crossland	Office	220,000	Conceptual
SDI Realty Retail Development	Bentonville	SDI Realty	Retail	6,500	Conceptual
Simpson Office building	Bentonville	Chance Simpson	Office	21,000	Conceptual
Smootie King Retail Building	Bentonville	Thuc Tran	Retail	3,038	Fall 2016
South Main Development	Bentonville	Chip Chambers	Mixed Use	16,000	Late 2016
Superior Auto Group Dealership	Bentonville	David Slone	Commercial		Conceptual
SW Elm Tree Road Development	Bentonville				Conceptual
Tar & DOK	Bentonville		Commercial		Conceptual
The Incubator Phase I	Bentonville	Terry Carson	Commercial	94,250	Conceptual
The Incubator Phase II	Bentonville	Terry Carson	Commercial	51,550	Conceptual

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Versalab Offices	Bentonville		Office		Conceptual
Vista 21 Office Building	Bentonville	Crossmar	Office	30,000	Done
Vogel Commercial Development	Bentonville	Ross and Steve Vogel	Commercial	38,000	Conceptual
August and Louie Movie Theatre	Fayetteville	G. Billingsley, R. Cully, and B. Hill	Commercial		Conceptual
Bank of the Ozarks	Fayetteville	Bank of the Ozarks	Bank	3,596	Done
Black Forest Retail	Fayetteville	Clinton Bennett	Retail	17,301	Conceptual
Climb Fayetteville	Fayetteville	Lance Brock and Drew Sloss	Retail	19,000	Early 2017
Cross Church	Fayetteville	Cross Church	Church	57,500	2017
Daisy Exchange	Fayetteville	Cortney Hart	Retail		Done
Fellowship Bible Church of NWA	Fayetteville	Fellowship Bible Church	Church	63,000	Done
Huntsville Road Retail Development	Fayetteville	Clint McDonald	Retail		Conceptual
Indoor Climbing and Fitness Center	Fayetteville	Dennis Nelms	Retail		Conceptual
JGBG	Fayetteville	Jody Thornton	Commercial	12,000	Summer 2016
Kum and Go	Fayetteville	Kum and Go	Retail		Conceptual
Kum and Go	Fayetteville	Kum and Go	Retail		Conceptual
Mt. Comfort Office Building	Fayetteville		Office	3,487	Fall 2016
Northwest Health Systems Clinic	Fayetteville	Greg Taylor	Medical	5-10,000	Conceptual
Pacific Vet Group Industrial	Fayetteville	Pacific Vet Group	Manufacturing		Conceptual
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	Conceptual
Rh Ghan MLK Retail	Fayetteville	Rh Ghan	Retail		Done
Rid-a-Pest Office and Workshop	Fayetteville	Rid-a-Pest	Commercial		Fall 2016
Roller Weight Loss Clinic	Fayetteville	Josh Roller	Medical		Done
Shoppes at the Bluffs	Fayetteville	Mathias Properties	Retail	46,519	Conceptual
Sims-Renner Office-Waterside	Fayetteville	Sims-Renner Insurance	Office		Conceptual
The New School Academic Building	Fayetteville	The New School	School	65,000	August 2017
TheatreSquared Facilty	Fayetteville	TheatreSquared	Commercial	51,500	Conceptual
UARK Credit Union	Fayetteville	UARK Federal Credit Union	Bank	7,400	Done
Uptown Apartments Retail	Fayetteville	Carlyle Group, R. Kimball, SPREG	Retail	17,000	Fall 2016
Victory Commons	Fayetteville	Tracy Hoskins and Allied Bank	Commercial		Conceptual
Walmart Neighborhood Market MLK	Fayetteville	Wal-Mart Stores Inc	Retail	43,101	Done
Walton Arts Center Expansion	Fayetteville	Walton Art’s Center	Commercial	30,000	August 2016
Washington Regional Expansion	Fayetteville	WRMC	Medical	100,000	Late 2016
Washington Regional Medical Office	Fayetteville	WRMC	Medical Office	66,000	Late 2016
Washington Regional Women’s Clinic	Fayetteville	WRMC	Medical	68,885	Late 2016
Wedington Retail	Fayetteville	Haag Brown	Retail	8,100	Done
West Lot Development	Fayetteville	Alex Blass and Hunter Haynes	Retail	30,000	Conceptual
West Van Asche Development	Fayetteville	Tom Terminella	Commercial		Conceptual
World Domination Building	Fayetteville	Sammie Stephenson	Commercial	9,000	Conceptual
Washingon Regional Urgent Care	Johnson	WRMC	Medical Office		Conceptual
Electronic Manufacturing Solution	Lincoln	Electronic Manufacturing Solution	Commercial	13,000	Done
Central Research Inc	Lowell	Johnny and Scott Dillard	Office		Conceptual
Delta Systems and Automation	Lowell	Delta Systems	Office/Warehouse	85,000	January 2017
Fed Ex	Lowell	Fed Ex	Warehouse	250,000	Conceptual
Firebird II	Lowell	Bill McClard	Warehouse	60,000	Conceptual
Harps Grocery Store	Lowell	Harps Food Stores Inc.	Retail	32,000	Conceptual
J.B. Hunt Office Tower	Lowell	J.B. Hunt	Office	133,000	Spring 2017
Metro Appliances	Lowell	Metro Appliances and More	Retail	120,000	Dec 2016
Regional Sports Complex	Lowell	Life Wellness USA	Recreation	230,000	Conceptual
Source Gas	Lowell	Source Gas	Commercial		Conceptual
Mercy Medical Campus	N Wash Cty	Mercy Health Systems	Medical	25,000	Conceptual
Solve For Food Innovation Lab	NWA	Keith Larson	Lab	20,000	Conceptual
Mercy Clinics	NWA	Mercy Health Systems	Medical	4-14,000	Conceptual
Arkansas Portable Toilets Office	Rogers	Arkansas Portable Toilets	Office		2016

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Center Point Lot 12	Rogers	David Boener	Retail	18,385	October 2016
Centre Point	Rogers	CRE	Retail	18,285	Delayed
Country Club Plaza Office	Rogers	LaFrance Family	Office	16,249	Conceptual
Country Club Plaza Retail	Rogers	LaFrance Family	Retail	21,489	Done
Country Club Plaza Tower	Rogers	LaFrance Family	Office	88,000	Done
CVS on Walnut	Rogers	CVS	Retail	13,255	Fall 2016
District at Pinnacle Hills I	Rogers	Whisenvest	Office	19,709	Conceptual
District at Pinnacle Hills II	Rogers	Whisenvest	Commercial	2,000	Late 2016
District at Pinnacle Hills III	Rogers	Whisenvest	Office	32,275	Late 2016
District at Pinnacle Hills IV	Rogers	Whisenvest	Office	44,900	Conceptual
District at Pinnacle Hills V	Rogers	Whisenvest	Office	44,900	Conceptual
District at Pinnacle Hills VI	Rogers	Whisenvest	Office	44,900	Conceptual
District at Pinnacle Hills VII	Rogers	Whisenvest	Retail	25,000	Conceptual
District Retail Shops	Rogers	Whisenvest	Retail	24,000	Summer 2016
Dixieland Warehouse	Rogers	Ivan Crossland, John Lawrence	Warehouse	200,000	Late 2016
ERC Office	Rogers	Rob Coleman	Office	5,772	Done
Fox Trail Distillery	Rogers	James Tinnin Jr.	Commercial		Spring 2017
Gateway Plaza	Rogers	Flake-Kelley	Commercial	39,600	Conceptual
Georgia Primrose Preschool	Rogers	Hunter and Katie Hart	Daycare	12,200	Early 2017
Grove Retail Center	Rogers	Harold Crye	Retail	14,280	November 2016
Harbor Frieght Tools	Rogers		Retail		Conceptual
Med Express	Rogers		Medical		Conceptual
Mercy Hospital Patient Tower	Rogers	Mercy Health Systems	Medical	190,000	Conceptual
Metropark Harvey Clinic	Rogers	Dr. Bryan Harvey	Medical	15,700	Done
Metropark Office Building II	Rogers	Hunter Haynes & Sage Partners	Commercial	25,000	Conceptual
Metropark Office Building III	Rogers	Sage Partners	Office	15,000	Conceptual
Metropark The Strand	Rogers	Hunter Haynes & Sage Partners	Medical Office	35,000	Done
New Hope Plaza	Rogers	Tim Salmonson	Retail	23,000	Conceptual
Nolan Caddell Reynolds Office	Rogers	Nolan Caddell Reynolds	Office		Conceptual
Northwest Medical Systems Clinic	Rogers	Greg Taylor	Medical	5-10,000	Conceptual
Nursing Facility	Rogers	Emeritus Co.	Medical		Conceptual
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Office	21,432	Conceptual
Ozark Regional Vein	Rogers		Medical		Done
Pinnacle Hills I	Rogers	Whisenvest	Office	9,000	2016
Pinnacle Hills II	Rogers	Whisenvest	Office	6,000	2016
Pinnacle Promenade Point III	Rogers	Hunt Ventures	Office	40,000	Conceptual
Pleasant Crossing Commons, Phase I	Rogers	Matt Sitton	Retail	40,000	August 2016
Pleasant Crossing Commons, Phase II	Rogers	Matt Sitton	Commercial	135,000	Conceptual
Pleasant Crossing Retail Building	Rogers	Whisenvest	Retail	10,000	Conceptual
Pleasant Grove Retail Building 1	Rogers		Retail	18,000	Conceptual
Pleasant Grove Retail Building 2	Rogers		Retail	14,000	Conceptual
Ross Dress For Less	Rogers	Matt Sitton	Retail	26,000	August 2016
Ryzabuv	Rogers	Case Lawrence	Retail	30,000	Conceptual
Scottsdale Center, Phase VI, Bld 3	Rogers	Tom Hopper	Retail	21,965	Done
Sisters of Mercy Primary Care Office	Rogers	Sisters Of Mercy Health Systems	Medical		Conceptual
South Promenade Nursing Home	Rogers	Michael Martel	Nursing Home	50,000	2017
Southern Hills Office Building	Rogers	John Craig	Office	6,500	Done
The Fields at Pinnacle I A	Rogers	Chad and Monika Hatfield	Office	40,000	Late 2016
The Fields at Pinnacle I B	Rogers	Chad and Monika Hatfield	Office		Conceptual
The Fields at Pinnacle I C	Rogers	Chad and Monika Hatfield	Office		Conceptual
The Fields at Pinnacle I D	Rogers	Chad and Monika Hatfield	Office		Conceptual
The Fields at Pinnacle II	Rogers	Chad and Monika Hatfield	Commercial		Conceptual

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
South Promenade Nursing Home	Rogers	Michael Martel	Nursing Home	50,000	2017
Southern Hills Office Building	Rogers	John Craig	Office	6,500	Done
The Fields at Pinnacle I A	Rogers	Chad and Monika Hatfield	Office	40,000	Late 2016
The Fields at Pinnacle I B	Rogers	Chad and Monika Hatfield	Office		Conceptual
The Fields at Pinnacle I C	Rogers	Chad and Monika Hatfield	Office		Conceptual
The Fields at Pinnacle I D	Rogers	Chad and Monika Hatfield	Office		Conceptual
The Fields at Pinnacle II	Rogers	Chad and Monika Hatfield	Commercial		Conceptual
Trulove Construction Vehicle Storage	Rogers	Trulove Construction	Warehouse		Conceptual
Violin Studio and Repair Shop	Rogers	SMEK LLC	Retail		Conceptual
Wal-Mart Neighborhood Mrkt Dntown	Rogers	Wal-Mart Stores Inc	Retail		Conceptual
Walnut Crossing	Rogers	Greg House	Commercial	50,000	Conceptual
Wilson-Coker Office Building	Rogers	Wilson-Coker Wealth Mgmt	Office		Conceptual
Bank of the Ozarks	Sil Springs	Bank of the Ozarks	Bank		Done
Barnett Warehouse	Sil Springs	Jonathan Barnett	Warehouse	67,950	Conceptual
Crye-Leike Office	Sil Springs	Crye-Leike Realtors	Office	6,500	Conceptual
Furniture Factory Outlet	Sil Springs	Haag Brown	Retail	15,000	Done
Holly Street Crossing	Sil Springs	Ted Viala	Commercial		Conceptual
JBU Nursing Facility	Sil Springs	John Brown University	School	21,000	Fall 2016
Progress Plaza Phase II	Sil Springs	Brown Cow LLC	Medical Office	11,250	Conceptual
Siloam Springs Memorial Hospital	Sil Springs	Siloam Springs Hospital	Medical	18,300	Fall 2016
Simmons Food Plant	Sil Springs	Simmons Food	Industrial	89,125	November 2016
Acme Brick Co Building 1	Springdale	Acme Brick Co.	Commercial	10,664	Fall 2016
Acme Brick Co Building 2	Springdale	Acme Brick Co.	Warehouse	14,572	Fall 2016
American Tubing Phase 1	Springdale	American Tubing	Industrial	80,000	Done
Arkansas Children's Hospital	Springdale	Arkansas Children's Hospital	Medical	225,000	2018
Arvest Bank on Elm Springs	Springdale	Arvest Bank	Bank		Fall 2016
Carpet One-Wagon Wheel	Springdale	Fadil Bayyari	Retail	5,000	Conceptual
Edwards Warehouse I	Springdale	Joe Edwards	Warehouse	40,000	Conceptual
Edwards Warehouse II	Springdale	Joe Edwards	Warehouse	21,000	Conceptual
First State Bank	Springdale	First State Bank	Bank		Conceptual
Fish and Game Center	Springdale	Arkansas Game and Fish Dept	Government	12,000	Conceptual
Freddy's Retail Center	Springdale	Michael O'Shaunessy	Retail		Conceptual
Geels Paint	Springdale	Geels Paint	Commercial		
Goad Springs Road Retail	Springdale	DuWayne Eoff	Retail	120,000	Late 2016
Hall Crossing	Springdale	Jenny Talley	Retail		Conceptual
Hall Crossing Retail Building 1	Springdale	Jason Pullman	Retail	11,000	Conceptual
Hall Crossing Retail Building 2	Springdale	Jason Pullman	Retail	3,000	Conceptual
Health and Speech Clinic	Springdale		Medical		Conceptual
Love's Travel Center	Springdale	Love's	Retail		Conceptual
Monitor Warehouse	Springdale	RPH	Warehouse		Conceptual
Northwest Technical Institute	Springdale	NTI	School	31,000	Conceptual
NWACC	Springdale	NWACC	School		Conceptual
NWACC-Washington County Campus	Springdale	NWACC	School	50,000	2018
Office Building on 48th St	Springdale	Sage Partners	Commercial	30,000	Conceptual
Owen's Optometry	Springdale		Medical		
Ozark I	Springdale	Mathias Properties	Warehouse	76,000	Conceptual
Ozark II	Springdale	Mathias Properties	Warehouse	8,200	Conceptual
Ozark III	Springdale	Mathias Properties	Warehouse	11,200	Conceptual
Ozark IV	Springdale	Mathias Properties	Office	32,000	Conceptual
Point Financial Group Office	Springdale	Jim Blount	Office	9,000	Late 2016
Rockline Expansion	Springdale	Rockline Industries	Manufacturing		

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Sam's Club	Springdale	Wal-Mart Stores Inc	Retail	136,000	2017
Sam's Furniture	Springdale	Mathias Properties	Retail	100,000	Done
Shoppes at Elm Springs	Springdale	JP Companies	Retail	11,000	Conceptual
Starbucks Development	Springdale	Haag Brown	Commercial	5,938	Done
Stone Mill Bakery	Springdale	Stone Mill Bakery	Commercial	8,000	Fall 2016
Tyson Downtown Office	Springdale	Tyson Foods	Office	39,091	2017
Tyson Incubation Center	Springdale	Tyson Foods	Industrial	78,392	Mid 2017
WhitBeck Labs	Springdale	Gorden Whitbeck	Lab	7,500	August 2016
Casalini Court	Tontitown	Brett Hash	Retail		Done
Tontitown Warehouse I	Tontitown	Mathias Properties	Office/Warehouse	60,000	2016
Tontitown Warehouse II	Tontitown	Mathias Properties	Office/Warehouse	57,000	2016
Tontitown Warehouse III	Tontitown	Mathias Properties	Office/Warehouse	15,078	2016
Tontitown Warehouse IV	Tontitown	Mathias Properties	Office/Warehouse	14,975	2016

Hotels

Existing Hotels

Property Name	City	Number of Standard Rooms	Number of Suites
21c Hotel	Bentonville	98	6
Best Western Bentonville Inn	Bentonville	55	0
Best Western Castle Rock Suites	Bentonville	84	0
Comfort Suites	Bentonville	120	0
Comfort Inn	Bentonville	64	0
Courtyard Bentonville	Bentonville	90	0
Days Inn & Suites	Bentonville	63	0
DoubleTree Guest Suites	Bentonville	0	140
Four Points by Sheraton	Bentonville	99	6
Hartland Motel of Bentonville	Bentonville	31	0
Hilton Garden Inn	Bentonville	133	0
Holiday Inn Express Hotel & Suites	Bentonville	84	0
La Quinta Inn & Suites	Bentonville	107	0
Merchant Flats on 8th	Bentonville	10	0
Microtel	Bentonville	78	0
Motel 6	Bentonville	103	0
Pines Motel	Bentonville	9	0
Simmons Suites	Bentonville	115	0
South Walton Suites	Bentonville	56	0
Springhill Suites By Marriott	Bentonville	67	0
Suburban Extended Stay	Bentonville	0	118
Super 8 Motel-Bentonville/Rogers	Bentonville	52	0
Towneplace Suites by Marriott	Bentonville	78	0
The Links at Bentonville Apts.	Bentonville	41	0
Value Place Extended Stay	Bentonville	121	0
Wingate Inn Bentonville	Bentonville	102	0
Best Western Windsor Suites	Fayetteville	66	0
Candlewood Suites	Fayetteville	0	78
Chief Motel	Fayetteville	31	1
Comfort Inn-Fayetteville	Fayetteville	60	0
Country Inn & Suites By Carlson	Fayetteville	40	25
Courtyard by Marriot	Fayetteville	110	4
Dickson Street Inn	Fayetteville	8	2
Hampton Inn	Fayetteville	87	8
Hilton Garden Inn	Fayetteville	90	25
Hi-Way Inn Motel	Fayetteville	24	0
Holiday Inn Express	Fayetteville	77	33
Homewood Suites	Fayetteville	0	96
Inn at Carnall Hall	Fayetteville	49	0
La Quinta Inn & Suites	Fayetteville	61	0
Motel 6	Fayetteville	98	0
Pratt Place Inn	Fayetteville	0	7
Quality Inn	Fayetteville	48	10
Red Roof Inns	Fayetteville	104	1
Regency 7 Motel	Fayetteville	29	3
Sleep Inn of Fayetteville	Fayetteville	62	0
Stay Inn Style	Fayetteville	6	0
Staybridge Suites	Fayetteville	0	109
Super 8 Motel	Fayetteville	83	0
The Chancellor Hotel	Fayetteville	191	17
Value Place Hotel	Fayetteville	121	0
Inn At the Mill	Johnson	38	8
Marriot Townplace	Johnson	0	94
Ramada Inn Lowell	Lowell	51	0

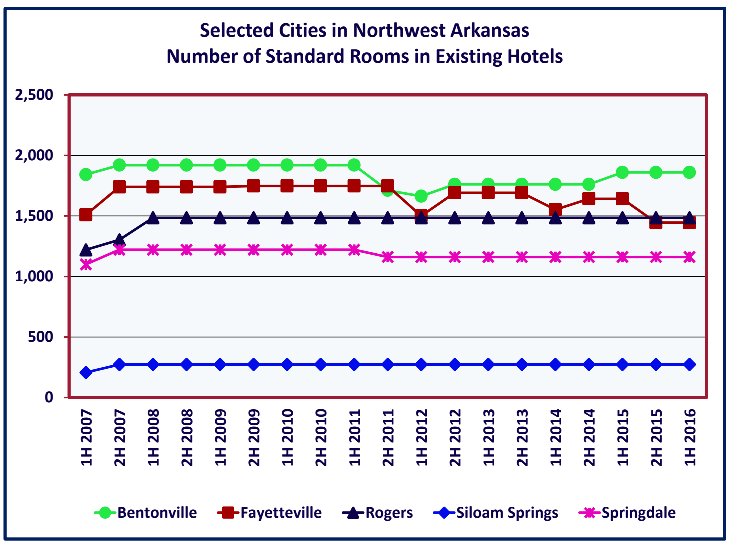
Existing Hotels (Cont.)

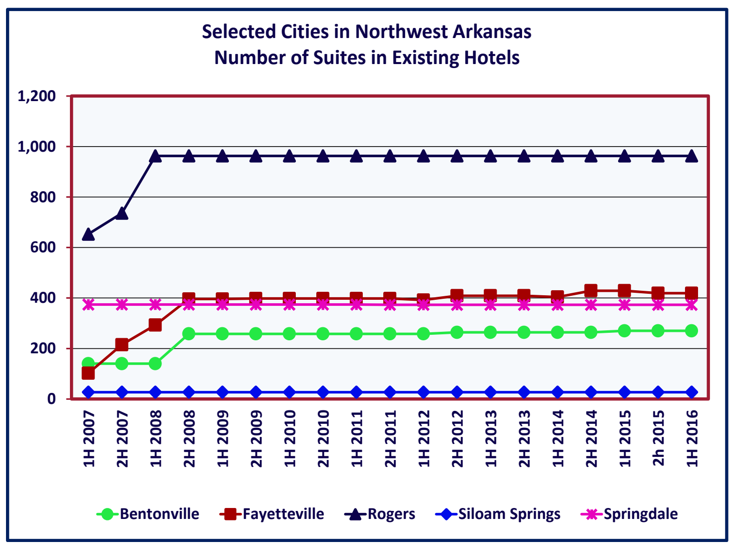
Property Name	City	Number of Standard Rooms	Number of Suites
Colonial Motel	Prairie Grove	8	0
Aloft	Rogers	130	1
Best Value Inn & Suites	Rogers	127	0
Candlewood Suites	Rogers	118	12
Country Inn & Suites	Rogers	68	42
Embassy Suites	Rogers	0	400
Fairfield Inn Rogers	Rogers	99	0
Guest Inn	Rogers	42	0
Hampton Inn	Rogers	122	0
Hartland Lodge	Rogers	28	0
Holiday Inn	Rogers	0	127
Homewood Suites	Rogers	126	83
Hyatt Place	Rogers	104	0
Mainstay Suites	Rogers	0	99
Microtel	Rogers	52	0
Ranch-O-Tel Motel	Rogers	21	0
Regency 7 Motel	Rogers	31	0
Residence Inn by Marriott	Rogers	88	0
Rocky Branch Resort	Rogers	14	0
Simmons Suites	Rogers	0	115
Staybridge Suites	Rogers	83	83
Super 8 Motel	Rogers	34	0
Tanglewood Lodge	Rogers	30	0
Town & Country Inn	Rogers	86	1
Travelers Inn	Rogers	82	0
Best Value	Siloam Springs	19	26
Hampton Inn	Siloam Springs	66	0
Hereford Motel	Siloam Springs	10	0
Holiday Inn Express	Siloam Springs	59	1
Stone Inn's	Siloam Springs	43	0
Super 7 Inn	Siloam Springs	46	0
Super 8 Motel	Siloam Springs	30	0
Best Rest	Springdale	100	17
Comfort Suites Springdale	Springdale	0	69
DoubleTree Club Hotel of Springdale	Springdale	74	11
Executive Inn	Springdale	90	0
Extended Stayamerica	Springdale	101	0
Fairfield Inn and Suites	Springdale	40	34
Hampton Inn & Suites	Springdale	67	35
Hartland Lodge	Springdale	29	0
Hartland Motel	Springdale	29	0
Hill Top Inn	Springdale	30	0
Holiday Inn	Springdale	180	26
Journey's Inn	Springdale	30	0
Laquinta Inn & Suites	Springdale	88	12
Magnolia Gardens Inn (B&B)	Springdale	10	0
Motel 8	Springdale	30	0
Residence Inn	Springdale	0	72
Scottish Inns	Springdale	33	24
Sleep Inn & Suites	Springdale	0	72
Springdale Inn	Springdale	50	0
Super 8 Motel	Springdale	59	1
Value Place Hotel	Springdale	121	0

Hotels

Existing Hotels Summary

City	Number of Standard Rooms	Number of Suites
Bentonville	1,860	270
Fayetteville	1,445	419
Johnson	38	102
Lowell	51	0
Prairie Grove	8	0
Rogers	1,485	963
Siloam Springs	273	27
Springdale	1,161	373
Northwest Arkansas	6,321	2,154





Hotels

Announced Coming Hotels

Property Name	City	Owner	Number of Rooms	Expected Completion
Sheraton Bentonville Plaza	Bentonville	Starwood Hotels & Resorts	234	Conceptual
District at Pinnacle	Rogers	Whisenvest/Marriot		Conceptual
Holiday Inn Express	Siloam Springs	Krish Hotel Group	80	Fall 2016
Element Hotel	Bentonville	Shash Goyal	107	August 2017
Unnamed Hotel	Springdale	Narry Krushiker		Conceptual

Restaurants

Announced Coming Restaurants

Property Name	Location (City)	Owner	Expected Completion
Coffee Shop and Ice Cream Parlor	Bella Vista	Roger Gildehaus	--
Angus Jack	Benton County	Ian and Jean Cairns	Conceptual
Jason's Deli	Benton County	Bourke Harvey	--
Annie Anne's Pretzels	Bentonville		2016
Big Whiskey's American Restaurant	Bentonville	Shane Miller	Fall 2016
Catfish Hole	Bentonville	Pat Gazzola	Delayed
Core Brewing Company	Bentonville	Jesse Core	2016
Dickey's Barbecue Pit	Bentonville	Jared Thompson	Delayed
First Western Coffee Shop	Bentonville		2016
Kennedy Coffee Roasting Co	Bentonville	Tom Kennedy	Fall 2016
MOD Restaurant & Social	Bentonville	Mario Valdovino	Delayed
Preacher's Son	Bentonville	Ropeswing Group	2016
Rose Properties Restaurant	Bentonville	Larry Rose	
Smoothie King	Bentonville		Fall 2016
Social Taco	Bentonville	David Mancia	Conceptual
The Belfry Restaurant and Old 71 Club	Bentonville	Ropeswing Group	Late 2016
Apple Blossom South Fayetteville	Fayetteville	Matthew Petty, Sammie Stephenson, Michael Ward	Late 2016
Arsagas on MLK	Fayetteville	Cary Arsaga	2016
Big Star	Fayetteville	Archie Schaffer	Done
Buffalo Wild Wings	Fayetteville	Buffalo Wild Wings	Late 2016
Chuy's	Fayetteville	Mike Young and John Zapp	Conceptual
Citizen, The	Fayetteville	Lane Coleman, Knox McCorquodale, Wilson Wood	Delayed
Deluxe Burger-College Market Place	Fayetteville	Scott Bowman	Done
Fuzzy's Taco Shop	Fayetteville	Danny Wintz	Conceptual
JBGB in Steele Crossing	Fayetteville	Jody Thornton	Summer 2016
JJ's Grill on Dickson	Fayetteville	Doug Allen, Joe Fennel, Jody Thornton	Summer 2016
John Daly's	Fayetteville	John Daly	Conceptual
Kraken Killer Seafood	Fayetteville	Cory Tran	Done
Krystal Burger	Fayetteville	Krystal Burger	Delayed
Mexico Viejo	Fayetteville		2016
Mockinbird Kitchen	Fayetteville	Leigh Helm and Chrissy Sanderson	Done
Papa John's	Fayetteville		
PDQ Chicken	Fayetteville		Conceptual
Pho Thanh II	Fayetteville		Done
Pieology	Fayetteville	Pieology	August 2016
Purr Catfe and Lounge	Fayetteville	Lauren Solomon	Done
Raising Cane's Chicken Fingers-MLK	Fayetteville	Raising Cane's Chicken Fingers	Fall 2016
Roma	Fayetteville	Scott Bowman	Conceptual
Saritas Tacos	Fayetteville		Done
Sassy's BBQ and Grill	Fayetteville	Allen Brummett	Fall 2016
Shipleys MLK	Fayetteville	Shipleys	Conceptual
Starbucks on College	Fayetteville	Haag-Brown	Fall 2016
Taco Bell Cantina	Fayetteville	Sam Fiori	Fall 2016
Ty-Phoon	Fayetteville	Tammie Nguyen	Done
Unnamed Restaurant in ex-Hooters	Fayetteville	Jeff Bishop	Conceptual
Whataburger Joyce	Fayetteville	Whataburger Inc.	Done
Burger King	Lowell	3G Capital	Late 2016
Top Golf	Northwest Arkansas	Topgolf	Conceptual
Captain D's	Rogers	Smitco D's Inc	Summer 2016
Curry Restaurant	Rogers		Conceptual
Fish City Grill	Rogers		August 2016
Foghorn's	Rogers	Jeff Hodges	Done
Fuzzy's Taco Shop	Rogers	Danny Wintz	Fall 2016
Krystal Burger	Rogers	Smitco Eateries	Delayed

Restaurants

Newk's at Country Club Plaza	Rogers	Jim Lynch	Done
Raising Cane's	Rogers	Raising Cane's Chicken Fingers	Summer 2016
Simple Simon Pies	Rogers		Done
Apple Bee's	Siloam Springs	Apple Bee's Inc	Conceptual
Creekside Taproom	Siloam Springs		Conceptual
Ana Marie's Bakery	Springdale		--
Black Apple Crossing	Springdale		Done
Core Brewing Pub Har-Ber Downtown	Springdale	Jesse Core	Done
Emma Ave Bar and Tap Room	Springdale	Sammie Stephenson	Done
Freddy's Frozen Custard and Steakburger	Springdale	Michael O'Shaughnessy	Fall 2016
Johnny Cascone's Italian Restaurant	Springdale	Johnny Cascone's LLC	Done
Marcos Pizza	Springdale		Done
Roma Italian Restaurant	Springdale	John Carlos Maloku	Done
Shipleys Elm Springs	Springdale	Shipleys	Conceptual
Slim Chicken	Springdale		Delayed
Sonora Mexican Restaurant	Springdale		Done
Starbucks	Springdale	Haag-Brown	Done
Taqueria Salvamex	Springdale		Done
Trailside Coffee Shop	Springdale	Katie Schneider	Done
Waffle House	Springdale	Waffle House	Conceptual
Casalini Court Restaurant	Tontitown	Brett Hash	Conceptual
Shipleys Henri De Tontitown	Tontitown	Shipleys	Conceptual
Pie Five Pizza	Unkn. Locations	Rob Byford	August 2016

Restaurants

Closed Restaurants

Property Name	City	Date Closed
Fricken Chicken	Fayetteville	July 2015
Golden Kolache	Johnson	July 2015
Grateful Bread Sandwich Shop	Springdale	July 2015
Backyard Burgers	Fayetteville	August 2015
Table on the Hill	Fayetteville	August 2015
Bob Evans	Rogers	August 2015
Silk Road	Rogers	September 2015
Guadalajara Bar and Grill	Springdale	October 2015
Cardomon & Curry	Fayetteville	November 2015
Green Submarine	Fayetteville	November 2015
Ixtapa	Farmington	December 2015
Rubio’s	Farmington	December 2015
Jose’s Mexican Restaurant	Fayetteville	December 2015
Backyard Burgers	Rogers	December 2015
Roma Italian	Rogers	December 2015
Cherry Berry	Siloam Springs	December 2015
Garci’s Bakery	Siloam Springs	December 2015
3rd Street Eatery and Bakery	Bentonville	January 2016
Herb-N-Elk	Fayetteville	January 2016
Marlo’s Taco Shack	Fayetteville	January 2016
Orange Leaf	Fayetteville	January 2016
Common Grounds	Fayetteville	February 2016
Mr. Burger	Fayetteville	February 2016
El Matador	Fayetteville	February 2016
AQ Chicken House	Fayetteville	March 2016
Rons’s Hamburger and Chili	Lowell	June 2016
Flying Burrito-Wedington	Fayetteville	July 2016

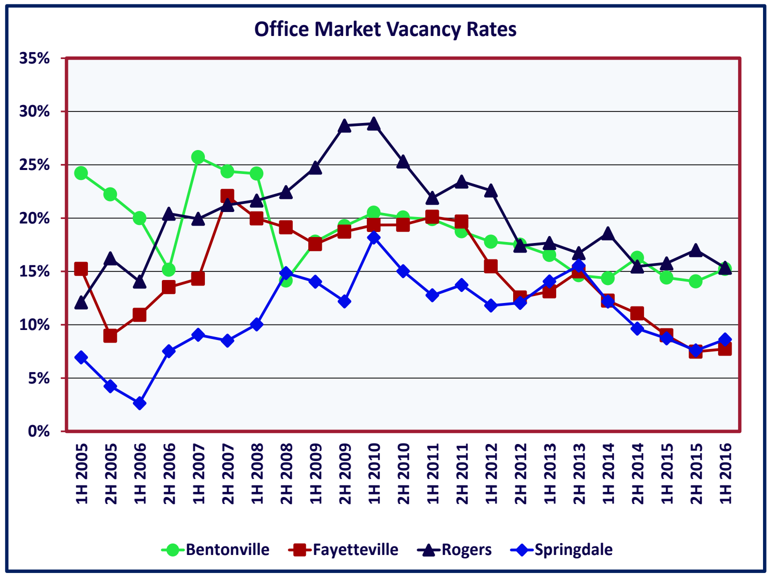
Commercial Market Trends

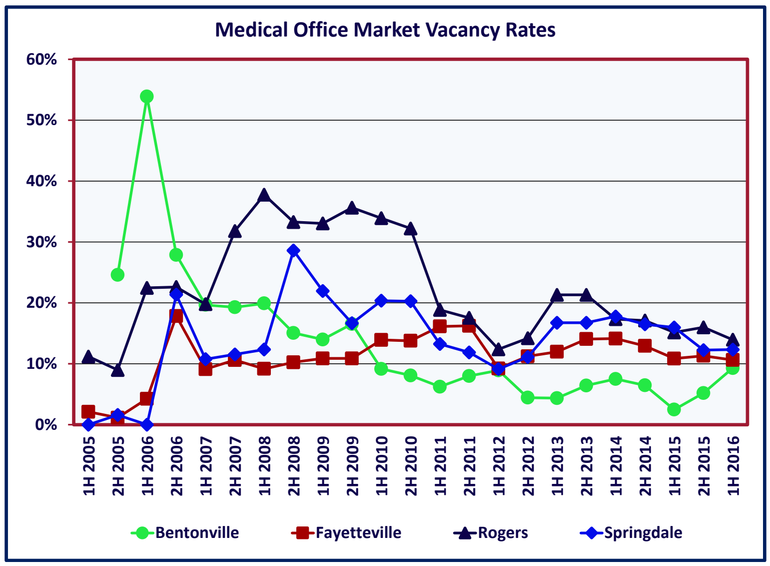
This version of the Commercial Skyline Report presents data that have been collected since 2004. Annual comparisons are made to minimize the effects of attributing too much weight to seasonal changes. The accompanying graphs show how vacancy rates and available square footage have changed in each submarket over the past eleven years. Also, a table presents the total absorption over the past year by city and submarket. The following three pages have tables with more detailed information about vacancy rates, net absorption, and available space.

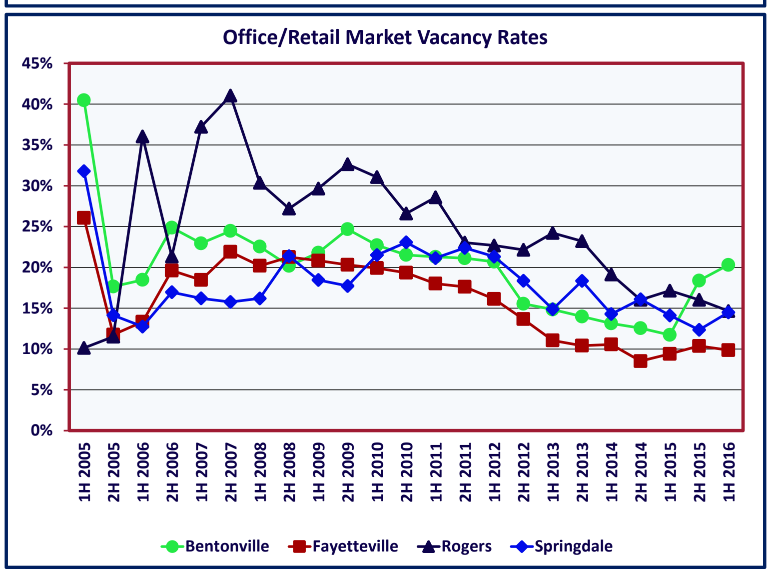
Available office square footage in Northwest Arkansas increased from 1,354,840 square feet in the first half of 2015 to 1,425,951 square feet in the first half of 2016. In the past year, 493,960 new square feet of office space were added, with Rogers having the most with 360,505 square feet, and Bentonville adding another 50,000 square feet. There was net negative absorption of 69,329 square feet in Northwest Arkansas during the past year. Rogers accounted for the greatest amount of net negative absorption with 65,253 square feet, while Bentonville accounted for another 34,557 square feet. However, Fayetteville had 25,359 square feet of net positive absorption during this period. The overall Northwest Arkansas office vacancy rate remained the same, at 12.7 percent, from the first half of 2015 to the first half of 2016.

In Northwest Arkansas, 575,008 square feet of office/retail space were available in the first half of 2016, up from 502,665 square feet in the first half of 2015. The office/retail market experienced negative net absorption of 65,211 square feet in the past year. Bentonville accounted for the most with 79,674 square feet of the negative net absorption from the first half of 2015 to the first half of 2016. Fayetteville had 17,917 square feet of positive net absorption during this period. 8,100 square feet of new office/retail space was added, all in Fayetteville, within the past year. The overall Northwest Arkansas office/retail vacancy rate increased 1.4 percentage points from 11.8 percent in the first half of 2015 to 13.2 percent in the first half of 2016.

In the first half of 2016, 823,767 square feet of retail space were available in Northwest Arkansas, up from 748,753 square feet in the first half of 2015.The retail market had positive net absorption of 54,000 square feet in the past twelve months. Lowell accounted for 57,031 square feet and Springdale accounted for another 41,548 square feet of positive net absorption. But Rogers accounted for 33,212 square feet and Fayetteville another



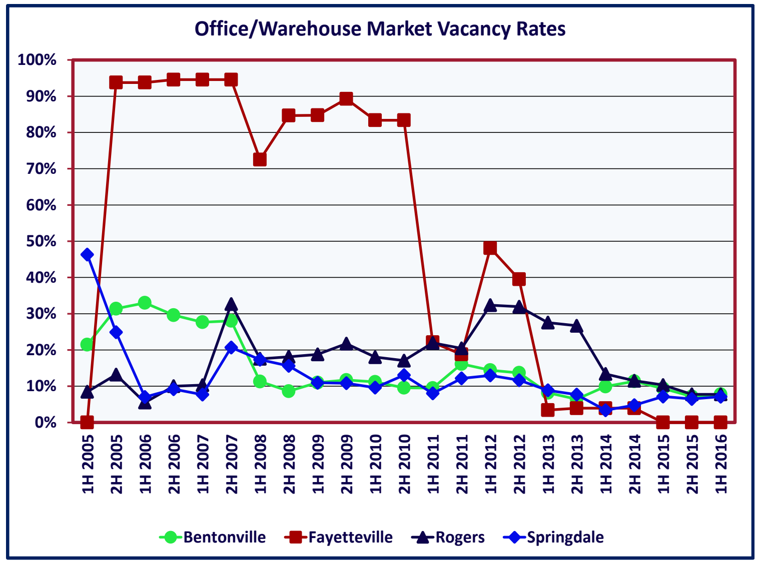


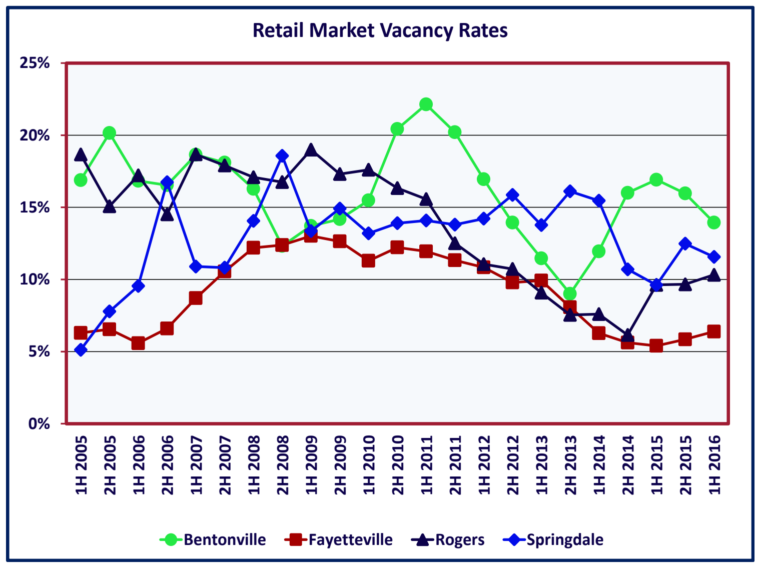


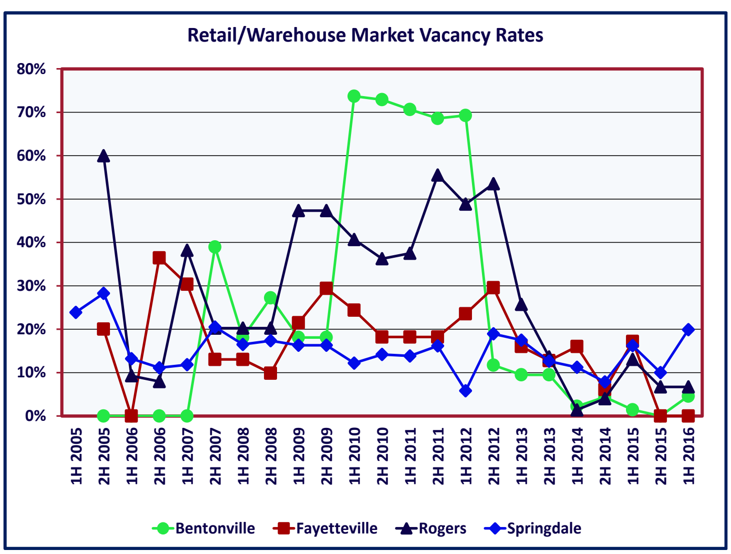
Commercial Market Trends

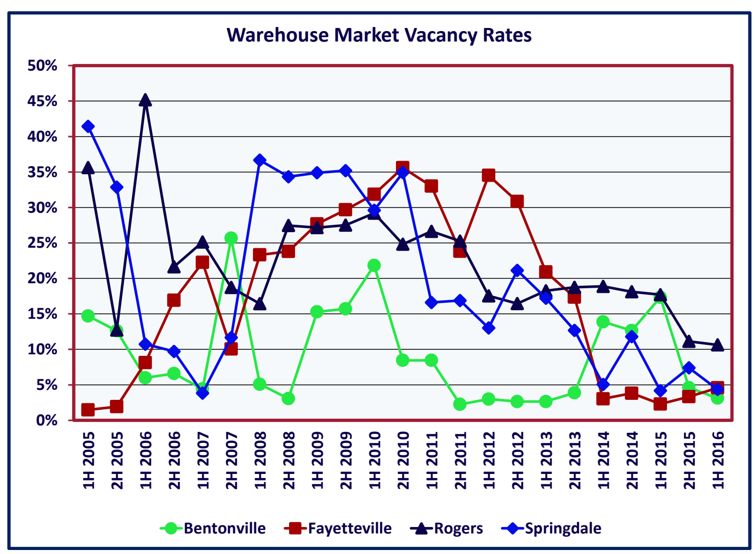
26,270 square feet of the negative net absorption. Siloam Springs also had negative net absorption in retail space over the past twelve months. There were 327,514 new square feet of retail space added to the Northwest Arkansas market during that time, with Rogers accounting for 132,255 square feet and Springdale adding 125,938 square feet. The overall Northwest Arkansas retail vacancy rate increased 0.2 percentage points from 9.0 percent in the first half of 2015 to 9.2 percent in the first half of 2016.

In the Northwest Arkansas warehouse market, available square footage decreased from 989,136 in the first half of 2015 to 653,006 in the first half of 2016.The warehouse market experienced positive net absorption of 414,483 square feet during the past year. Rogers accounted for 146,503 square feet of the positive net warehouse absorption in the past year; Bentonville and Springdale had another 96,800 and 90,575 square feet of positive net absorption, respectively, in the last year in the warehouse market. 183,300 square feet of new warehouse space were added to the Northwest Arkansas market during the past year, with Bentonville accounting for 99,000 square feet and Lowell adding 60,000 square feet. Vacancy rates declined by 5.1 percentage points from 13.1 percent to 8.0 percent over the same period.





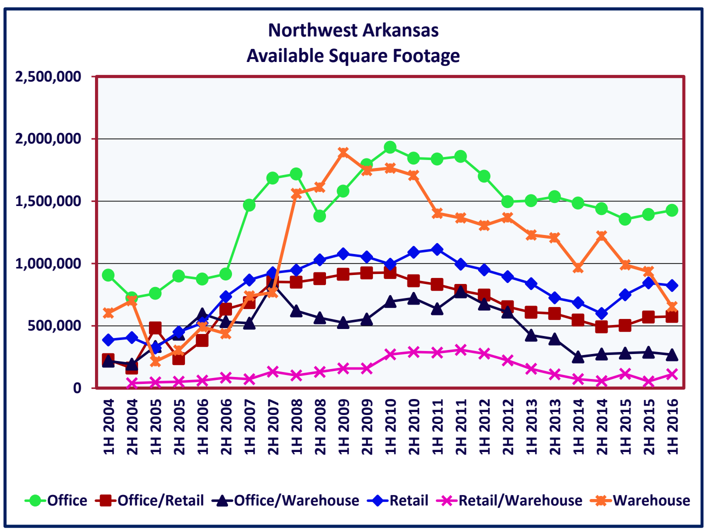


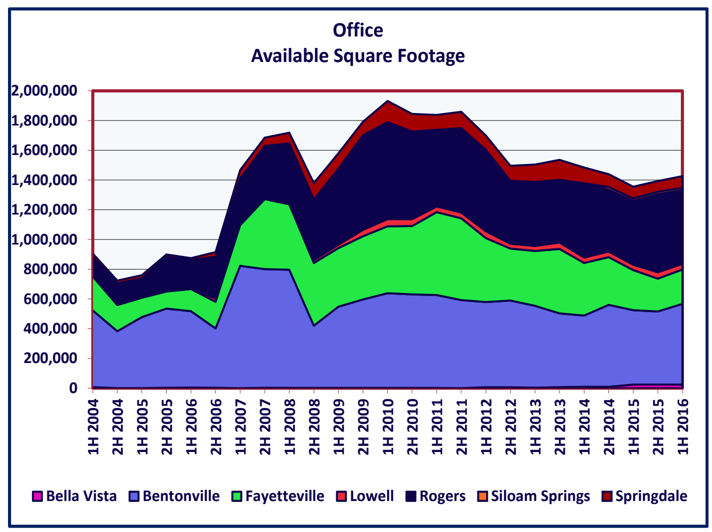


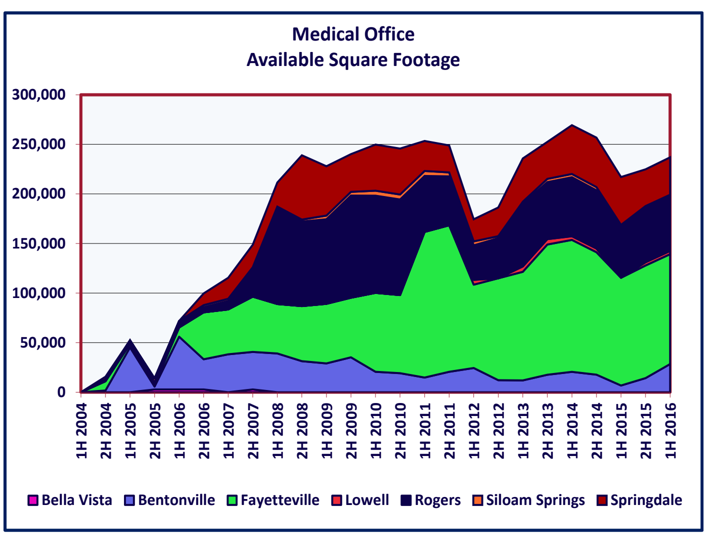
Commercial Market Trends

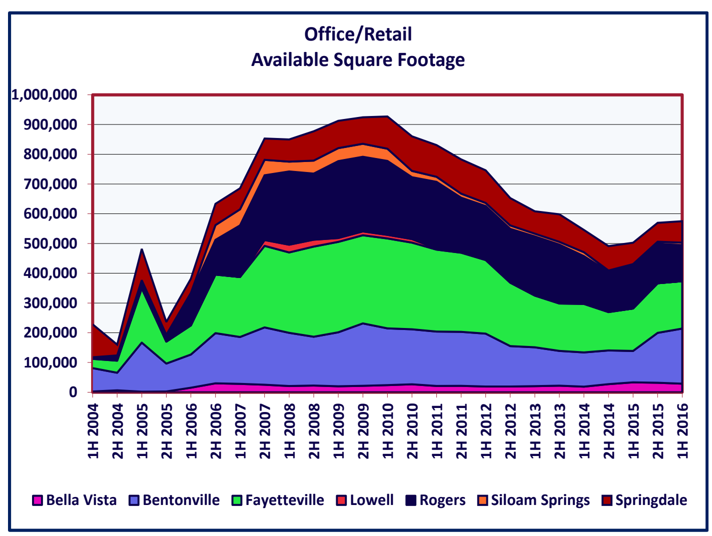
Net Twelve Month Absorption by Submarket 1H 2015 - 1H 2016

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	0	363	0	-6,480
Bentonville	-34,557	-79,674	19,703	96,800
Fayetteville	25,359	17,917	-26,270	-22,000
Lowell	-1,692	0	57,031	95,725
Rogers	-65,253	15,032	-33,212	146,503
Siloam Springs	0	-3,175	-4,800	13,360
Springdale	6,814	-15,674	41,548	90,575
Northwest Arkansas	-69,329	-65,211	54,000	414,483

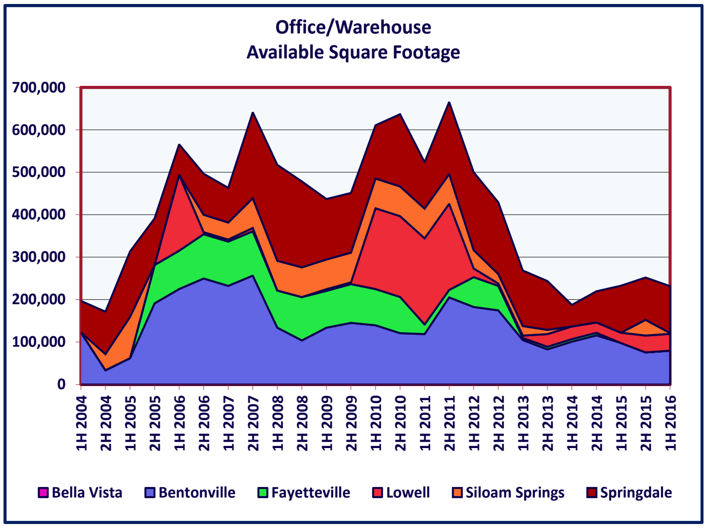


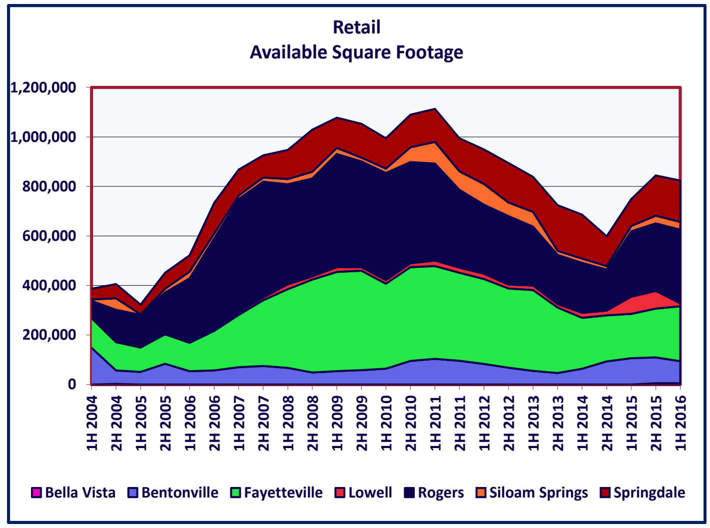


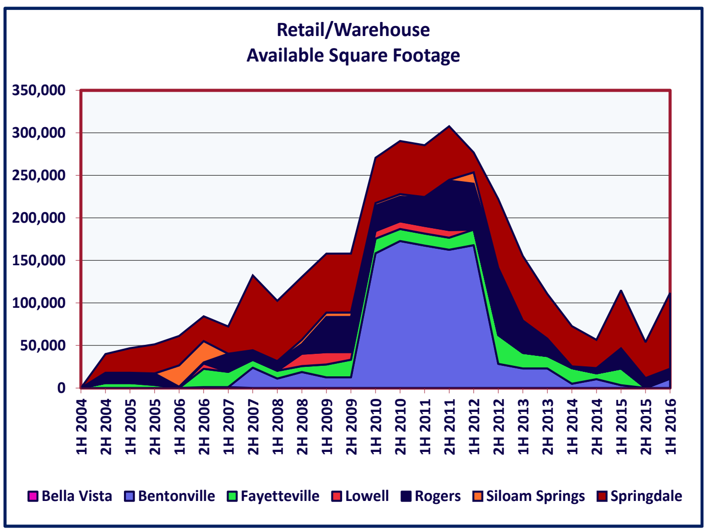


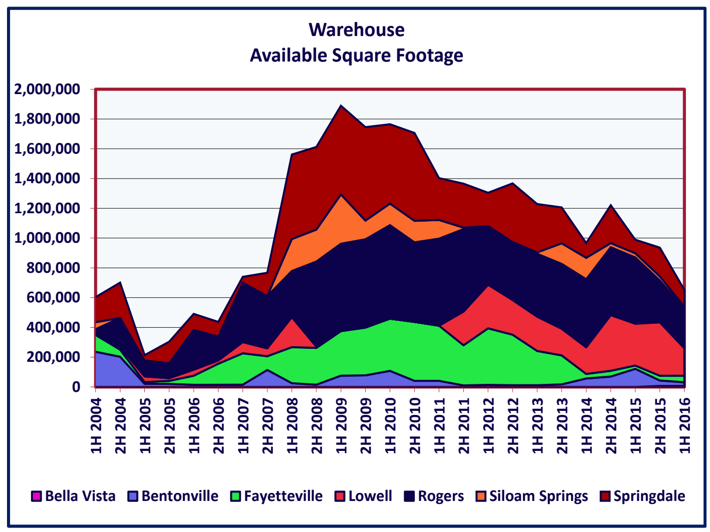


Commercial Market Trends









Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2015	26.2%	14.4%	9.0%	11.4%	15.8%	11.1%	8.7%	12.7%
2H 2015	26.2%	14.1%	7.5%	13.6%	17.0%	10.6%	7.6%	12.6%
1H 2016	27.9%	15.2%	7.7%	11.9%	15.3%	10.6%	8.6%	12.7%
Medical Office								
1H 2015	0.0%	2.5%	10.9%	0.0%	15.1%	1.2%	16.0%	10.3%
2H 2015	0.0%	5.2%	11.3%	3.9%	16.0%	1.1%	12.2%	10.5%
1H 2016	0.0%	9.3%	10.6%	3.9%	13.9%	1.1%	12.3%	10.5%
Office/Retail								
1H 2015	11.6%	11.7%	9.4%	0.0%	17.1%	3.7%	14.1%	11.8%
2H 2015	10.8%	18.4%	10.4%	0.0%	16.0%	4.4%	12.3%	13.0%
1H 2016	9.7%	20.3%	9.9%	0.0%	14.7%	5.8%	14.5%	13.2%
Office/Warehouse								
1H 2015	--	9.4%	0.0%	26.4%	10.3%	0.0%	7.2%	8.2%
2H 2015	--	7.2%	0.0%	36.8%	7.8%	31.2%	6.5%	8.4%
1H 2016	--	7.8%	0.0%	36.8%	7.8%	1.7%	7.1%	7.8%
Retail								
1H 2015	0.0%	16.9%	5.4%	55.2%	9.6%	6.5%	9.6%	9.0%
2H 2015	20.2%	16.0%	5.8%	57.0%	9.7%	9.1%	12.5%	9.8%
1H 2016	20.2%	13.9%	6.5%	9.8%	10.3%	9.1%	11.6%	9.2%
Retail/Warehouse								
1H 2015	--	1.4%	17.2%	0.0%	13.0%	0.0%	16.2%	11.0%
2H 2015	--	0.0%	0.0%	0.0%	6.7%	0.0%	10.0%	5.3%
1H 2016	--	4.6%	0.0%	0.0%	6.7%	0.0%	19.9%	10.6%
Warehouse								
1H 2015	0.0%	17.3%	2.3%	32.8%	17.7%	8.2%	4.2%	13.1%
2H 2015	35.1%	4.6%	3.3%	39.1%	11.1%	8.2%	7.4%	11.5%
1H 2016	35.1%	3.1%	4.6%	20.2%	10.6%	4.2%	4.4%	8.0%

Commercial Market Trends

Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2015	-3,332	56,953	60,211	1,490	7,936	2,000	1,212	126,470
2H 2015	0	16,130	36,031	-7,200	-91,562	0	7,609	-38,992
1H 2016	0	-50,687	-10,672	5,508	26,309	0	-795	-30,337

Medical Office								
1H 2015	0	10,934	17,826	3,700	6,697	2,000	1,584	42,741
2H 2015	0	-7,462	-4,901	-3,250	-3,421	0	11,250	-7,784
1H 2016	0	-14,187	2,772	0	0	0	-690	-12,105

Office/Retail								
1H 2015	-6,015	5,166	-12,475	1,000	-9,426	-1,000	10,111	-12,639
2H 2015	-2,712	-62,192	10,526	0	-1,330	-1,100	12,116	-44,692
1H 2016	3,075	-17,482	7,391	0	16,362	-2,075	-27,790	-20,519

Office/Warehouse								
1H 2015	--	18,068	6,000	0	5,500	0	-26,300	3,268
2H 2015	--	38,713	0	0	12,150	-37,007	11,000	24,856
1H 2016	--	-4,000	0	0	0	35,007	1,581	32,588

Retail								
1H 2015	0	-2,502	6,951	-50,000	-94,316	400	11,662	-127,805
2H 2015	0	8,301	-4,571	-2,225	-8,492	-4,800	35,044	23,257
1H 2016	0	11,402	-21,699	59,256	-24,720	0	6,504	30,743

Retail/Warehouse								
1H 2015		7,067	-12,705	0	-7,600	0	-22,000	-35,238
2H 2015		3,300	0	0	12,011	0	26,100	41,411
1H 2016		-3,500	0	0	0	0	-19,940	-23,440

Warehouse								
1H 2015	0	-52,000	16,625	93,400	10,521	0	187,800	256,346
2H 2015	-6,480	85,000	-10,000	-78,066	129,463	0	11,165	131,082
1H 2016	0	11,800	-12,000	173,791	17,040	13,360	79,410	283,401

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2015	24,274	500,348	269,375	36,359	429,834	15,634	79,016	1,354,840
2H 2015	24,274	491,707	220,603	43,559	525,794	15,634	71,407	1,392,978
1H 2016	24,274	542,394	231,275	38,051	494,527	15,634	79,796	1,425,951
Medical Office								
1H 2015	0	6,768	108,693	0	51,993	1,300	48,296	217,050
2H 2015	0	14,230	113,594	3,250	55,414	1,300	37,046	224,834
1H 2016	0	28,417	110,822	3,250	55,414	1,300	37,736	236,939
Office/Retail								
1H 2015	33,179	105,595	142,813	0	143,682	5,500	71,886	502,655
2H 2015	31,811	167,787	166,804	0	133,012	6,600	63,502	569,516
1H 2016	28,736	185,269	159,413	0	120,814	8,675	72,101	575,008
Office/Warehouse								
1H 2015	--	97,713	0	24,400	48,689	0	110,679	281,481
2H 2015	--	75,720	0	39,600	36,539	37,007	99,679	288,545
1H 2016	--	79,720	0	39,600	36,539	2,000	110,325	268,184
Retail								
1H 2015	0	106,295	178,985	69,401	264,112	21,322	108,638	748,753
2H 2015	5,320	104,220	197,013	71,626	272,604	31,000	162,604	844,387
1H 2016	5,320	88,818	221,765	12,370	297,324	31,000	167,170	823,767
Retail/Warehouse								
1H 2015	--	3,300	19,662	0	23,691	0	68,255	114,908
2H 2015	--	0	0	0	11,680	0	42,155	53,835
1H 2016	--	11,000	0	0	11,680	0	89,095	111,775
Warehouse								
1H 2015	0	121,834	22,000	280,955	445,537	27,635	91,175	989,136
2H 2015	6,480	36,834	32,000	359,021	280,887	27,635	193,281	936,138
1H 2016	6,480	25,034	44,000	185,230	263,847	14,275	114,140	653,006

Office

In the first half of 2016, the office properties included in the Skyline Report panel had a vacancy rate of 12.7 percent, an increase from the 12.6 percent in the second half of 2015. Of the 11,255,553 square feet of Northwest Arkansas properties examined, 1,425,951 square feet were available. From the second half of 2015 to the first half of 2016, 209,664 square feet of new space entered the market, while 179,327 square feet became occupied, netting negative absorption of 30,337 square feet for the Northwest Arkansas office market.

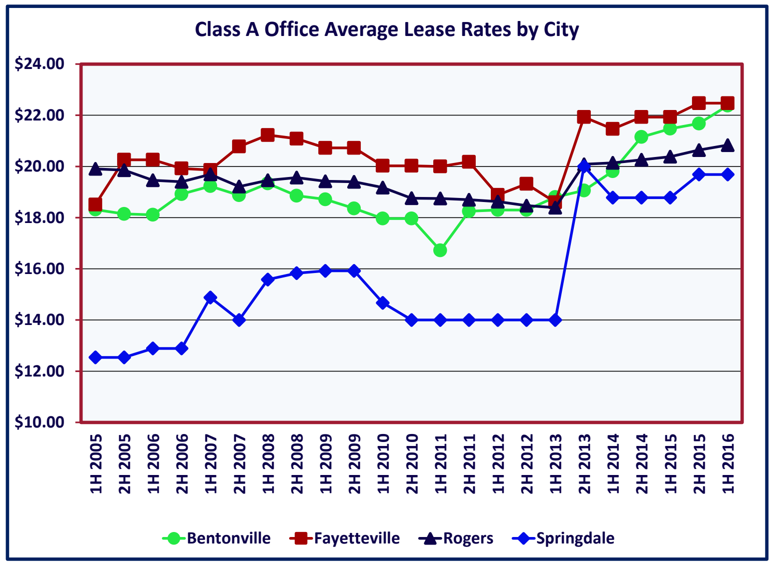
Rogers had 3,222,733 square feet of total office space, with available square feet at 494,527, in the first half of 2016. 56.8 percent of the available space was in the Class A submarket. 134,609 square feet of new office space were added during this time: 84,000 square feet in the Class A submarket and 50,609 square feet in the medical office submarket. The Rogers office market had net positive absorption of 26,309 square feet in the first half of 2016, with Class A space accounting for 14,136 square feet of this total.

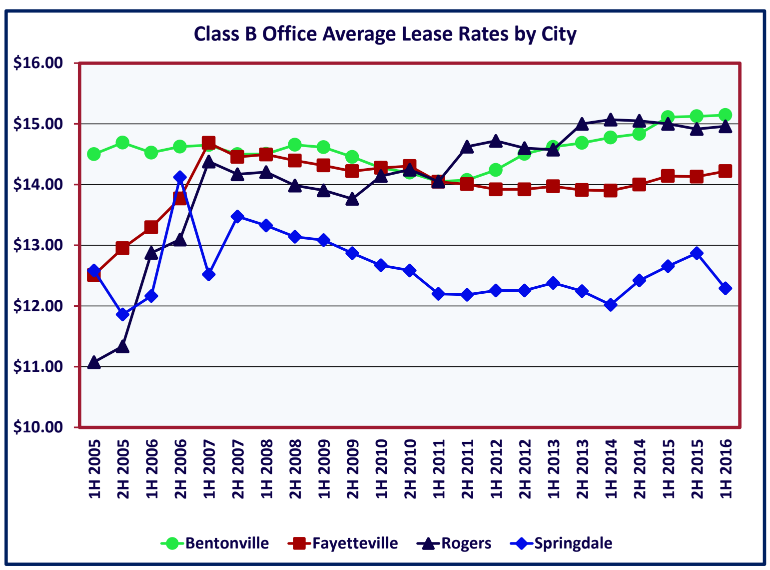
Bentonville had the most available square feet of office space at 592,394, out of its total office space of 3,562,350 square feet in the first half of 2016. 79.6 percent of the available office space was Class B. There were 32,000 new square feet added during this time, all in the Class A submarket. The Bentonville office market had net negative absorption of 50,687 square feet. That included net negative absorption of 29,716 square feet in the Class B submarket and 14,187 square feet in the medical submarket.

Fayetteville had 231,275 square feet of available space, out of its total office space of 2,990,192 square feet in the first half of 2016. 47.9 percent of the available space was in the medical submarket. 28,055 new square feet of office space, all of it in the medical office submarket, were added in the first half of 2016. The Fayetteville office market had net negative absorption of 10,672 square feet, with 16,703 square feet coming in the Class A submarket, while the Class B and medical submarkets had net positive absorption.

Office Lease Rates Average Range by City

	Class A	Class B	Class C	Medical
Bentonville	$21.91 - $22.84	$14.86 - $15.43	$10.18 - $10.32	$16.15 - $16.75
Fayetteville	$20.40 - $24.54	$13.97 - $14.47	$10.51 - $11.70	$15.14 - $17.06
Rogers	$19.74 - $21.93	$14.75 - $15.17	$8.87 - $9.43	$13.88 - $14.26
Springdale	$19.35 - $20.02	$11.67 - $12.91	$9.27 - $9.53	$14.04 - $14.58

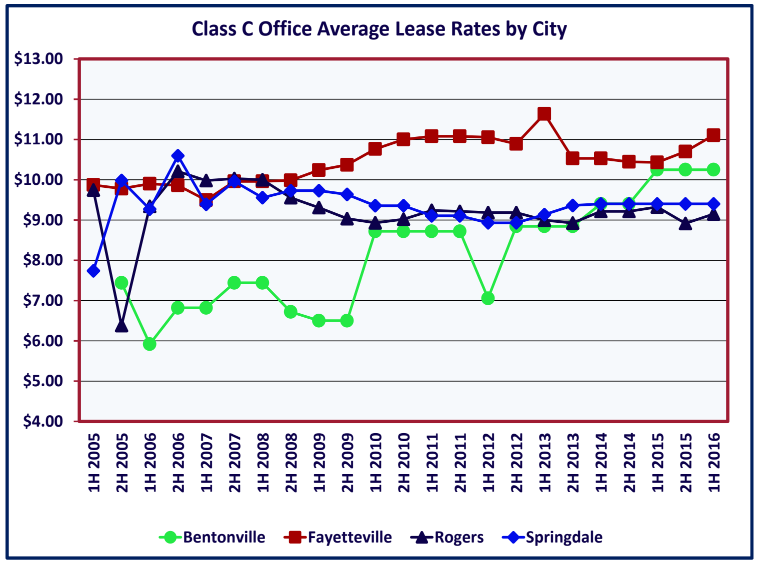


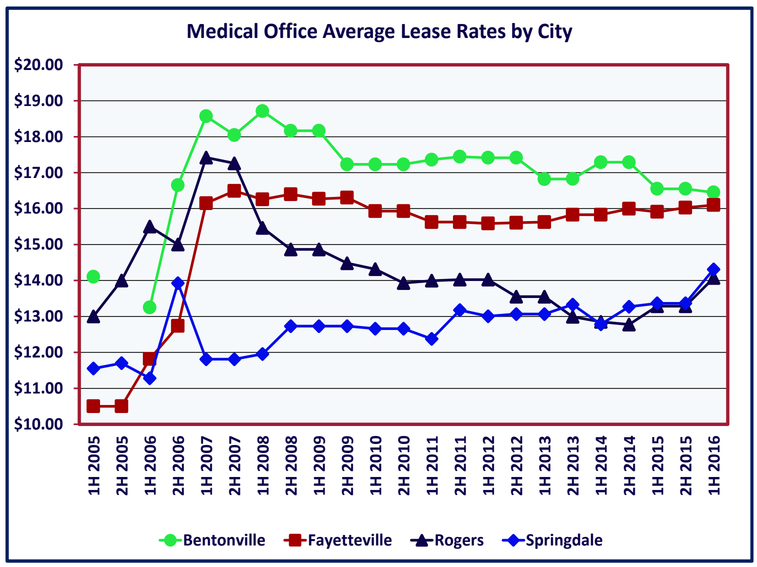


Office

Springdale had 926,051 square feet of total office space, with 79,796 square feet of it available in the first half of 2016. 47.3 percent was medical office space. 15,000 new square feet of medical office space was added in the first half of 2016. There was net negative absorption of 795 square feet in the Springdale office market in the first half of 2016.

In the first half of 2016, average reported lease rates for Class A office space remained highest in Fayetteville at $22.47. Bentonville increased $0.70 to $22.38, Rogers increased $0.20 to $20.84, and Springdale (with very limited Class A space) remained the same at $19.69. Average reported lease rates for Class B office space were highest in Bentonville at $15.15. Rogers was at $14.96, Fayetteville was at $14.22, and Springdale, with a decrease of $0.58, had the lowest reported average lease rates at $12.29. Reported average lease rates for Class C office were highest in Fayetteville at $11.11after an increase of $0.41. Bentonville remained at $10.25, Springdale remained at $9.40, and Rogers increased $0.23 to $9.15. Reported average medical office space lease rates were highest in Bentonville at $16.45. Fayetteville was at $16.10, Springdale increased 40.94 to $14.31, and Rogers was the lowest at $14.07 after an increase of $0.79.





Office Space Characteristics by Class and City

Class A	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption	Months of Inventory
Bentonville	562,961	47,836	8.5%	25,216	32,000	-6,784	--
Fayetteville	409,222	45,177	11.0%	-16,703	0	-16,703	--
Rogers	1,741,673	280,891	16.1%	98,136	84,000	14,136	119.2
Springdale	95,501	0	0.0%	0	0	0	0.0
Class B							
Bentonville	2,591,533	431,515	16.7%	-29,716	0	-29,716	--
Fayetteville	1,278,563	63,787	5.0%	3,119	0	3,119	122.7
Rogers	738,191	79,607	10.8%	3,444	0	3,444	138.7
Springdale	375,776	33,610	8.9%	-105	0	-105	--
Class C							
Bentonville	101,838	34,626	34.0%	0	0	0	--
Fayetteville	258,762	11,489	4.4%	140	0	140	492.4
Rogers	345,507	78,615	22.8%	8,729	0	8,729	54.0
Springdale	148,741	8,450	5.7%	0	0	0	--
Medical							
Bentonville	306,018	28,417	9.3%	-14,187	0	-14,187	--
Fayetteville	1,043,645	110,822	10.6%	30,827	28,055	2,772	239.9
Rogers	397,362	55,414	13.9%	50,609	50,609	0	--
Springdale	306,033	37,736	12.3%	14,310	15,000	-690	--

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

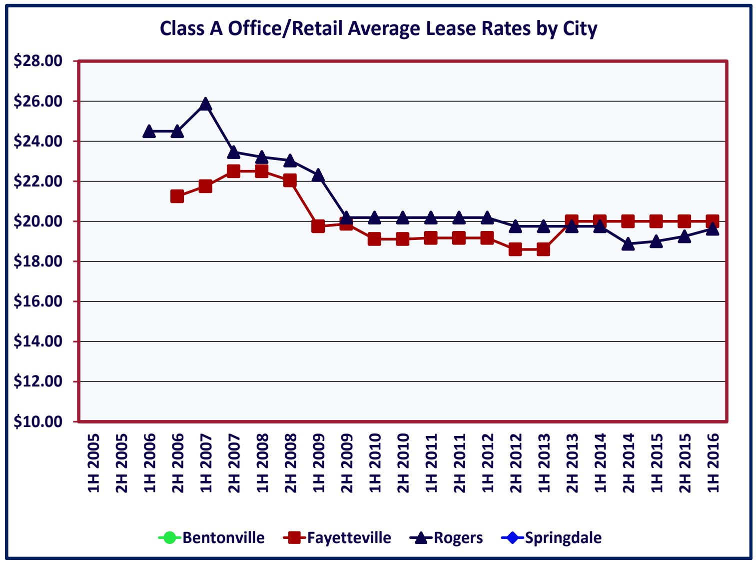
Office/Retail

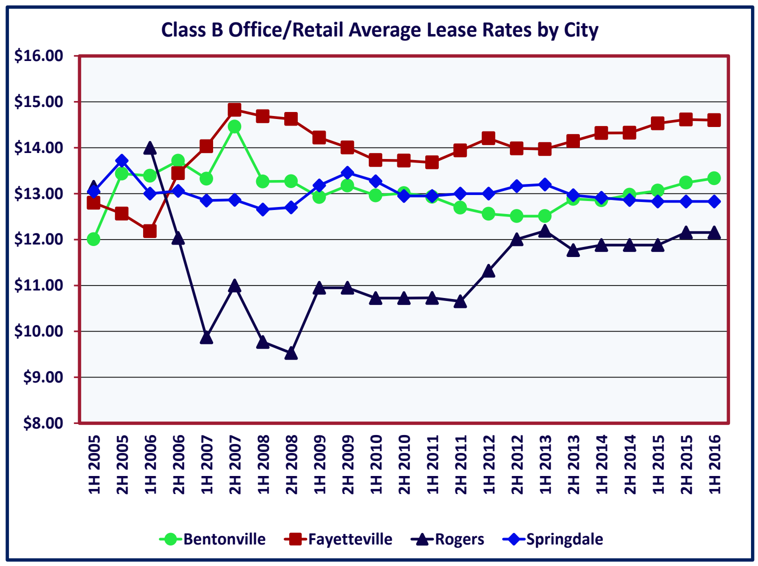
In the first half of 2016, the office/retail properties included in the Skyline Report sample had a vacancy rate of 13.2 percent, an increase from 13.0 percent in the second half of 2015. Of the almost 4.4 million square feet of Northwest Arkansas properties examined, 575,008 square feet were available.

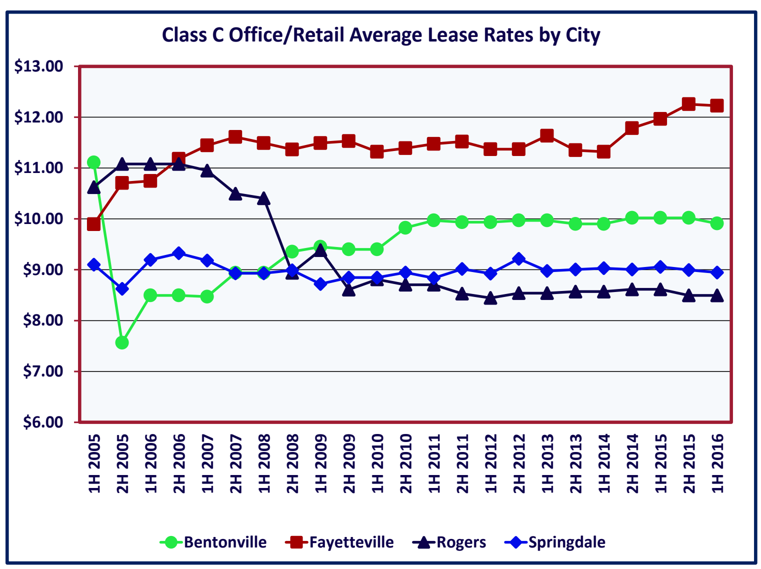
From the second half of 2015 to the first half of 2016, 8,100 square feet of new office/retail space were added in Northwest Arkansas. There was net negative absorption of 20,519 square feet in the first half of 2016. Springdale had the most negative net absorption with 27,790 square feet, while Rogers had the most positive net absorption with 16,362 square feet.

Bentonville had the largest amount of available square feet in the office/retail submarket with 185,269 square feet in the first half of 2016, while Fayetteville was close behind with 159,413 square feet available. The vacancy rate was highest in Bentonville at 20.3 percent, while the vacancy rate in Fayetteville was 9.9 percent.

The office/retail space reported average lease rates in the first half of 2016 were highest in the Fayetteville Class A submarket at $20.00. The average Class A lease rate in Rogers was $19.63 after an increase of $0.38. In the Class B submarket, Fayetteville was the most expensive at $14.60, followed by Bentonville at $13.34, Springdale at $12.83, and Rogers at $12.16. In the Class C submarket the average lease rate was highest in Fayetteville at $12.23. In Bentonville the average was $9.91, in Springdale the rate was $8.95, and Rogers was the least expensive at $8.50.







Office/Retail

Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	--	$12.51 - $14.16	$9.52 - $10.30
Fayetteville	$19.00 - $21.00	$13.80 - $15.40	$11.69 - $12.76
Rogers	$19.38 - $19.88	$11.82 - $12.49	$7.58 - $9.41
Springdale	--	$12.23 - $13.43	$8.45 - $9.44

Office/Retail Space Characteristics by Class and City

Class A	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption	Months of Inventory
Bentonville	--	--	--	--	--	--	--
Fayetteville	69,307	3,300	4.8%	0	0	0	--
Rogers	133,127	20,950	15.7%	8,925	0	8,925	14.1
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	830,464	182,469	0	-17,232	0	-17,232	--
Fayetteville	1,175,272	134,038	0	9,361	8,100	1,261	637.8
Rogers	376,650	65,636	0	7,437	0	7,437	53.0
Springdale	226,956	41,557	0	-13,678	0	-13,678	--
Class C							
Bentonville	82,234	2,800	3.4%	-250	0	-250	--
Fayetteville	372,925	22,075	5.9%	6,130	0	6,130	21.6
Rogers	314,667	34,228	10.9%	0	0	0	--
Springdale	270,629	30,544	11.3%	-14,112	0	-14,112	--

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

Retail

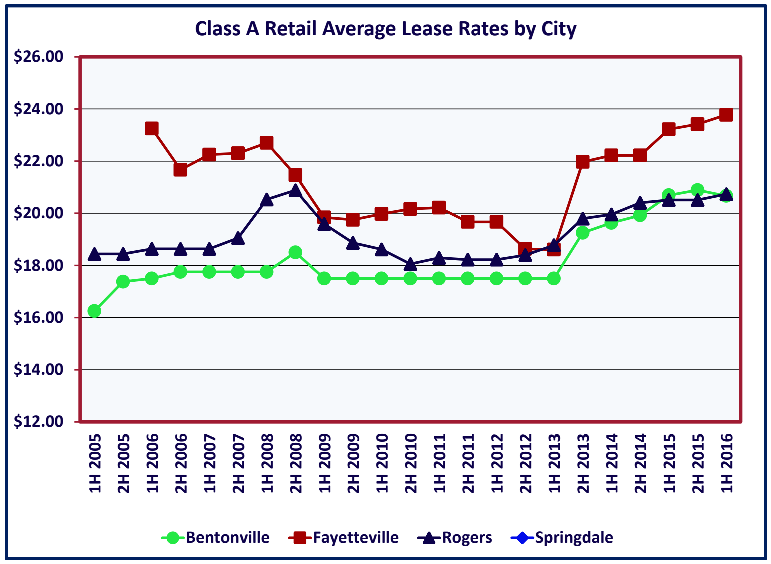
In the first half of 2016, the retail properties included in the Skyline Report panel had a vacancy rate of 9.2 percent, down from 9.8 percent in the second half of 2015. Of the more than 8.9 million square feet of Northwest Arkansas retail properties examined, 823,767 square feet were available. 244,799 square feet of new retail space were added in Northwest Arkansas. There was positive net absorption of 30,743 square feet in the first half of 2016.

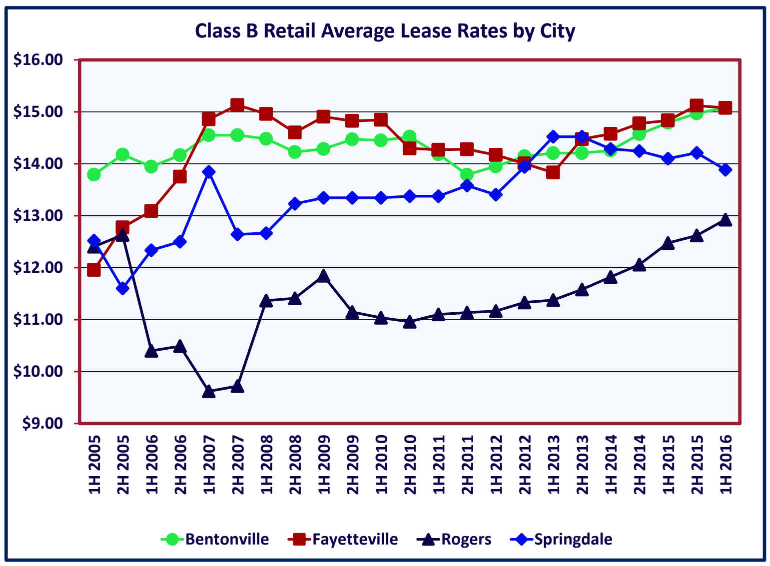
Bentonville had 636,924 total square feet and 88,818 available square feet of retail space in the first half of 2016, resulting in a vacancy rate of 13.9 percent. This represented a decrease from the rate of 16.0 percent in the second half of 2015. No square feet of new retail space were added to the Bentonville market. The decreased vacancy rate resulted from net absorption of 11,402 square feet.

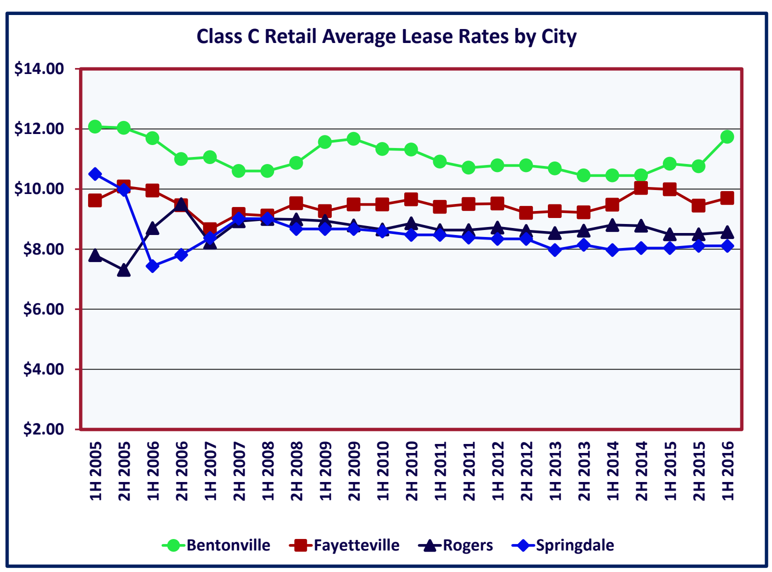
In the first half of 2016, Fayetteville had a retail vacancy rate of 6.4 percent, up from 5.8 percent in the second half of 2015, with 221,765 available square feet out of a total of 3,473,577. 64,636 square feet were added and there was reported net negative absorption of 21,699 square feet in the Fayetteville retail market in the first half of 2016.

The Rogers market had 297,324 square feet of available retail space out of a total of 2,880,893 square feet, for a vacancy rate of 10.3 percent in the first half of 2016. This was an increase from the 9.7 percent rate in the second half of 2015. 54,225 square feet of new retail space were added in Rogers, however, contributing to negative net absorption of 24,720 square feet.

There were 167,170 square feet of available retail space out of a total of 1,445,803 square feet in Springdale in the first half of 2016. This implied a vacancy rate of 11.6 percent, down from 12.5 percent in the second half of 2015. 125,938 square feet of new retail space were added during the first half of 2016 and there was net positive absorption of 6,504 square feet.







Retail

In the Class A retail submarket Fayetteville still had the highest average reported lease rates of $23.78, after an increase of $0.36. The average rate in Bentonville decreased $0.23 to $20.67, and the rate in Rogers increased by $20.74. Class B retail average lease rates were highest in Fayetteville and Bentonville at $15.08. Springdale decreased $0.33 to $13.89, and Rogers was the lowest at $12.93, after increasing $0.31. Class C average reported lease rates remained the highest in Bentonville at $11.74 after increasing $0.98. Fayetteville was at $9.70, Rogers was at $8.57, and Springdale was at $8.11 in the first half of 2016.

Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	$19.00 - $22.33	$14.87 - $15.28	$11.61 - $11.86
Fayetteville	$22.15 - $24.40	$14.48 - $15.67	$9.43 - $9.97
Rogers	$20.05 - $21.42	$12.44 - $13.41	$8.37 - $8.76
Springdale	--	$13.68 - $14.09	$7.91 - $8.61

Retail Space Characteristics by Class and City

Class A	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption	Months of Inventory
Bentonville	156,790	43,223	27.6%	9,402	0	9,402	27.6
Fayetteville	1,945,017	73,108	3.8%	49,290	64,636	-15,346	76.4
Rogers	1,800,777	130,374	7.2%	29,632	54,225	-24,593	--
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	328,790	25,459	7.7%	2,000	0	2,000	76.4
Fayetteville	1,147,878	70,242	6.1%	-6,353	0	-6,353	--
Rogers	646,334	118,590	18.3%	-1,983	0	-1,983	--
Springdale	959,366	87,660	9.1%	109,580	125,938	-16,358	--
Class C							
Bentonville	151,344	20,136	13.3%	0	0	0	--
Fayetteville	380,682	78,415	20.6%	0	0	0	--
Rogers	433,782	48,360	11.1%	1,856	0	1,856	156.3
Springdale	486,437	79,510	16.3%	22,862	0	22,862	20.9

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

Other Categories

Warehouse

In the first half of 2016, the warehouse properties included in the Skyline Report panel had a vacancy rate of 8.0 percent, down from 11.5 percent in the second half of 2015. Of the 8,137,676 square feet of warehouse space examined, 653,006 square feet was available. No new square feet of warehouse space were added in the first half of 2016, and there was positive net absorption of 283,401 square feet.

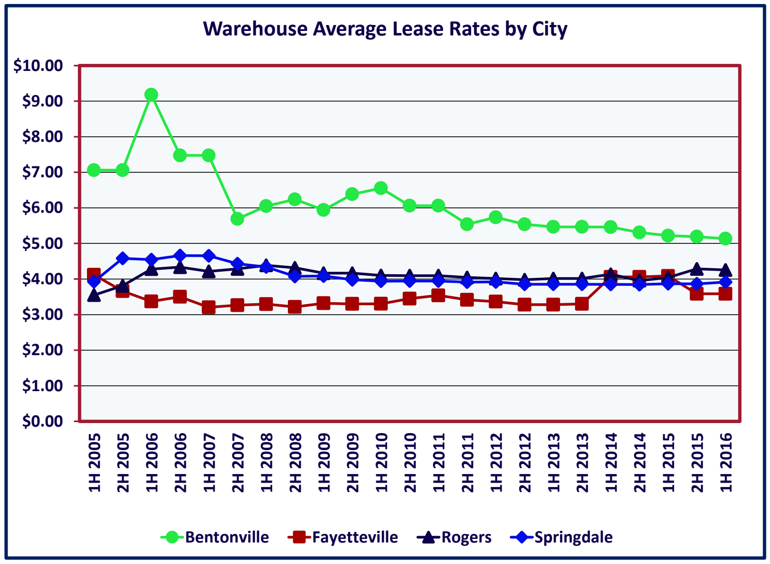
The majority of available warehouse space was split between Rogers with 263,847 square feet and Lowell with 185,230 square feet. Lowell had the greatest net positive absorption with 173,791 square feet, followed by Springdale with 79,410 square feet. Fayetteville had negative net absorption of 12,000 square feet. Reported warehouse vacancy rates declined significantly in Lowell, modestly in Bentonville, Rogers, Siloam Springs, and Springdale, increased slightly in Fayetteville, and were relatively flat in Bella Vista.

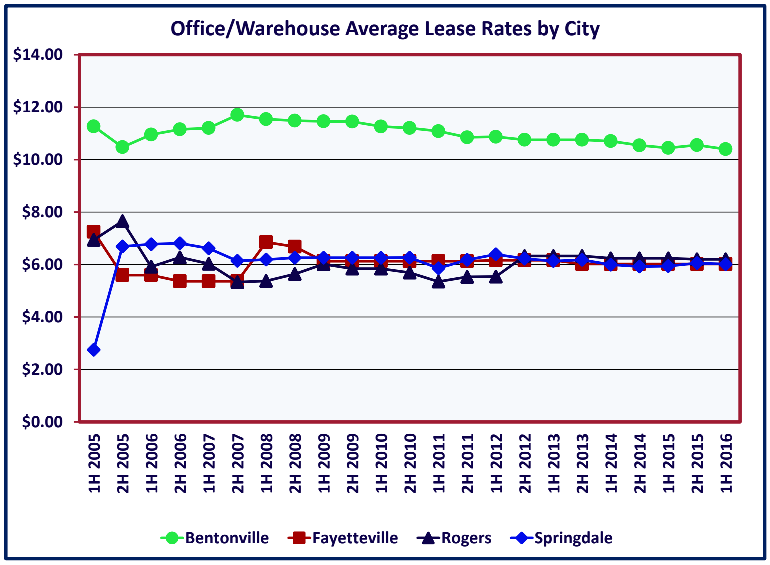
The average reported warehouse lease rates decreased by $0.06 in Rogers and increased by $0.05 in Springdale. Bentonville continued to have the highest reported lease rate at $5.14, after a decrease of $0.03 in the first half of 2016.

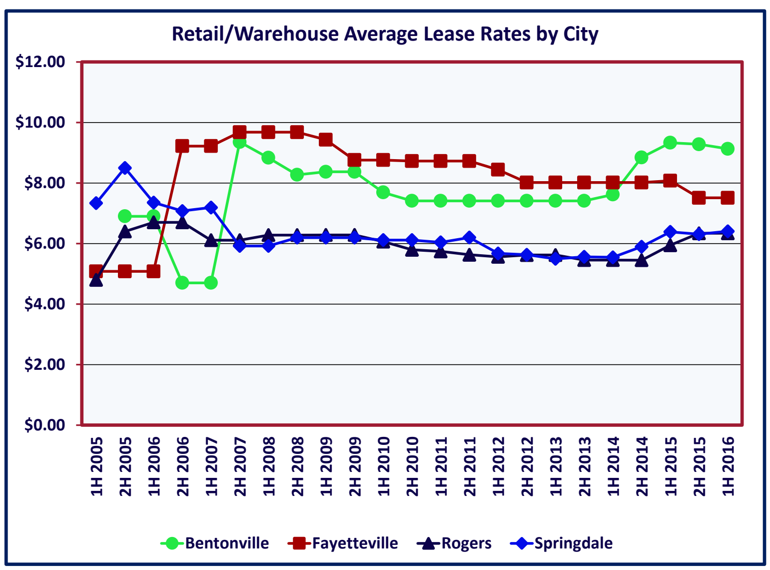
Office/Warehouse

The Skyline Report panelists reported on 3,420,172 square feet of office/warehouse space, with 268,184 total square feet available in the first half of 2016. The vacancy rate in the office/warehouse submarket decreased from 8.4 percent in the second half of 2015 to 7.8 percent in the first half of 2016. No new square feet of office/warehouse space entered the market in Northwest Arkansas during the first half of 2016.

The office/warehouse submarket in Northwest Arkansas experienced positive net absorption of 32,588 square feet during the first half of 2016. Springdale and Bentonville with 110,325 square feet and 79,720 square feet, respectively, had the bulk of the available office/warehouse space in Northwest Arkansas.







Other Categories

Average reported office/warehouse lease rates in Northwest Arkansas in the first half of 2016, continued to have Bentonville with the highest reported average lease rate at $10.40 after a decrease of $0.15, while average reported lease rates remained relatively stable in Fayetteville, Rogers, and Springdale in the low $6.00 range.

Retail/Warehouse

The Skyline Report panelists reported on 1,054,388 square feet of retail/warehouse space in the first half of 2016. A total of 111,775 square feet was available in Northwest Arkansas. No new square feet entered the market during this time. The vacancy rate in the retail/warehouse submarket increased from 5.3 percent in the second half of 2015 to 10.6 percent in the first half of 2016.

From the second half of 2015 to the first half of 2016, there was negative net absorption of 23,440 square feet of retail/warehouse space in Northwest Arkansas. Springdale experienced the greatest amount net negative absorption with 19,940 square feet during the first half of 2016. Springdale had the majority of the available retail/warehouse space with 89,095 square feet.

Bentonville continued to have the highest average lease rate in this market at $9.13, after a decrease of $0.15. Reported retail/warehouse average lease rates remained relatively stable in the other cities in the first half of 2016.

Other Lease Rates Average Range by City

	Warehouse	Office/Warehouse	Retail/Warehouse
Bentonville	$4.93 - $5.34	$9.90 - $10.90	$8.81 - $9.45
Fayetteville	$3.34 - $3.83	$5.69 - $6.35	$6.87 - $8.15
Rogers	$4.18 - $4.33	$6.04 - $6.36	$5.85 - $6.03
Springdale	$3.73 - $4.10	$5.40 - $6.63	$5.94 - $6.87

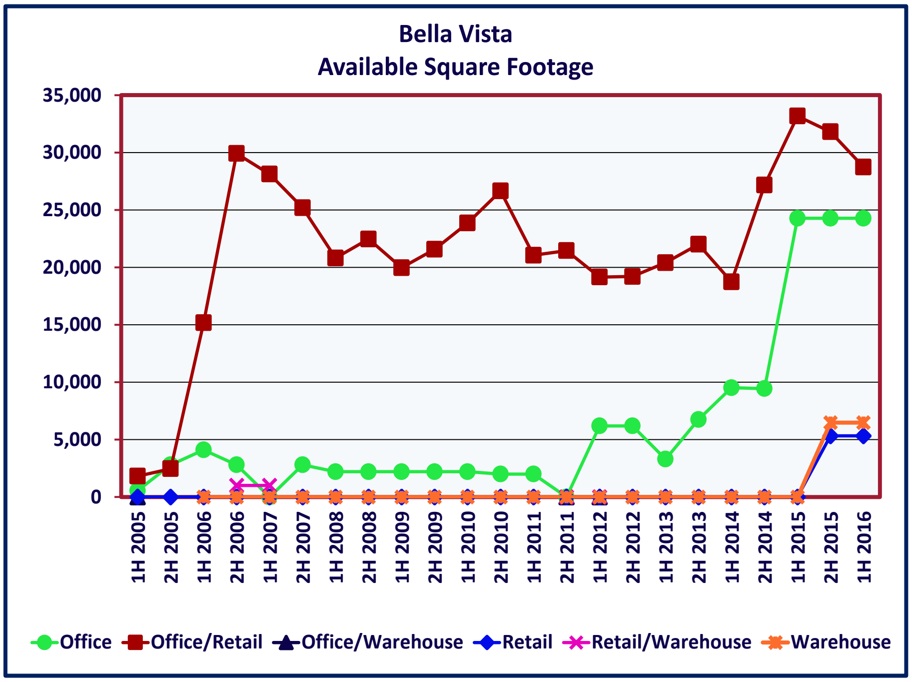
Other Space Characteristics by Class and City

Warehouse	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption	Months of Inventory
Bentonville	800,557	25,034	3.1%	11,800	0	11,800	12.7
Fayetteville	960,921	44,000	4.6%	-12,000	0	-12,000	--
Rogers	2,481,269	263,847	10.6%	17,040	0	17,040	92.9
Springdale	2,620,554	114,140	4.4%	79,410	0	79,410	8.6
Office/Warehouse							
Bentonville	1,024,128	79,720	7.8%	-4,000	0	-4,000	--
Fayetteville	152,072	0	0.0%	0	0	0	--
Rogers	470,562	36,539	7.8%	0	0	0	--
Springdale	1,547,417	110,325	7.1%	1,581	0	1,581	418.7
Retail/Warehouse							
Bentonville	240,726	11,000	4.6%	-3,500	0	-3,500	--
Fayetteville	86,940	0	0.0%	0	0	0	0.0
Rogers	174,115	11,680	6.7%	0	0	0	--
Springdale	448,019	89,095	19.9%	-19,940	0	-19,940	--

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

Bella Vista

- From January 1 to June 30, 2016, no commercial building permits were issued in Bella Vista.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 426,623 square feet of commercial space in Bella Vista in the first half of 2016.
- In the first half of 2016, Bella Vista experienced positive net absorption of 3,075 square feet, all of it in the office/retail submarket.
- There was no space added to the Bella Vista commercial market in the first half of 2016.
- Reported average lease rates in Bella Vista in the first half of 2016 increased by approximately $0.27 in the medical office submarket and remained relatively consistent with the rates in the second half of 2015 in the other submarkets.



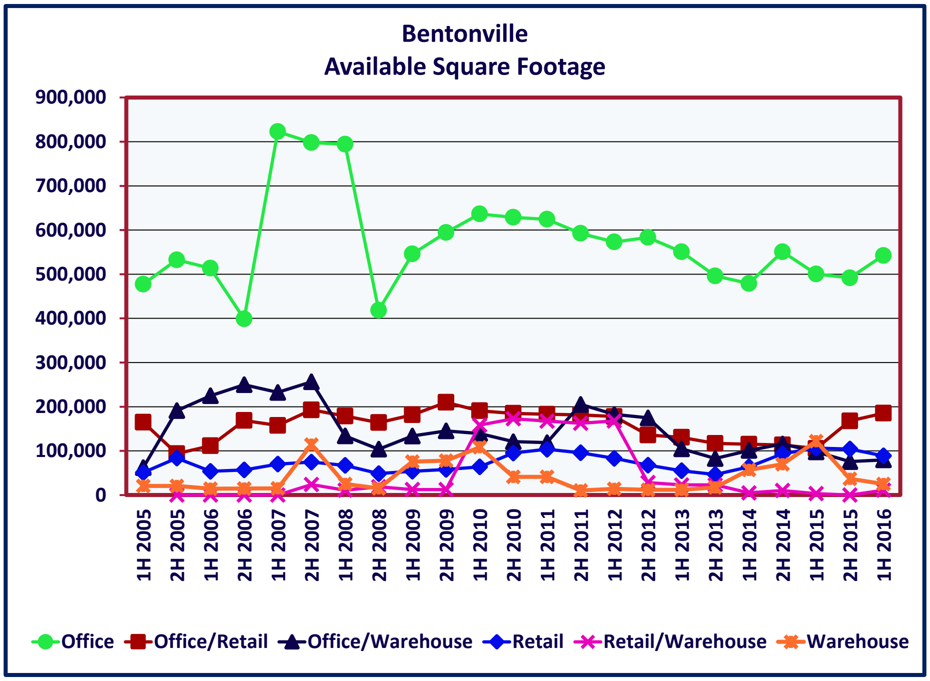
Bella Vista Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	--	--	--	--	--	--	--	--
Office	$11.37 - $13.12	86,889	24,274	27.9%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	$11.43 - $14.80	64,025	9,514	14.9%	0	0	0	--
Class C	$11.00 - $11.00	14,760	14,760	100.0%	0	0	0	--
Medical	$12.00 - $14.00	8,104	0	0.0%	0	0	0	0.0
Office/Retail	$10.16 - $13.10	294,928	28,736	9.7%	3,075	0	3,075	56.1
Class A	--	--	--	--	--	--	--	--
Class B	$10.16 - $13.10	284,344	26,706	9.4%	3,075	0	3,075	52.1
Class C	--	10,584	2,030	19.2%	0	0	0	--
Office/Warehouse	--	--	--	--	--	--	--	--
Retail	$3.46 - $3.46	26,320	5,320	20.2%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	$3.46 - $3.46	21,000	0	0.0%	0	0	0	0.0
Class C	--	5,320	5,320	--	0	0	0	--
Retail/Warehouse	--	--	--	--	--	--	--	--
Warehouse	$1.00 - $2.70	18,486	6,480	35.1%	0	0	0	--

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

Bentonville

- From January 1 to June 30, 2016, Bentonville issued $11,468,554 worth of building permits for new commercial space. The first half of 2016 value was 27.6 percent lower than the first half of 2015 value of $15,836,919. Bentonville accounted for 5.6 percent of the commercial permits issued in Northwest Arkansas during the first half of 2016.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 7,193,723 square feet of commercial space in Bentonville in the first half of 2016.
- In the first half of 2016, Bentonville experienced negative absorption of 20,467 square feet, while 32,000 new square feet of office space were added, yielding negative net absorption of 52,467 square feet.
- The warehouse market had the greatest amount of positive net absorption with 11,800 square feet, with the retail submarket adding an additional 11,402 square feet of net positive absorption. However, the office market had significant net negative absorption of 50,687 square feet, while the office/retail submarket contributed another 17,482 square feet of net negative absorption in the first half of 2016.
- Reported vacancy rates from the second half of 2015 to the first half of 2016 decreased in the retail and warehouse submarkets, while increasing in the medical office, office/retail, office/warehouse, and retail/warehouse submarkets and remaining the same in the industrial submarket of Bentonville.
- Average reported lease rates increased by $0.70 in the Class A of-



Bentonville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	$4.50 - $4.50	16,340	0	0.0%	0	0	0	0.0
Office	$15.27 - $15.82	3,562,350	542,394	15.2%	-18,687	32,000	-50,687	--
Class A	$21.91 - $22.84	562,961	47,836	8.5%	25,216	32,000	-6,784	--
Class B	$14.86 - $15.43	2,591,533	431,515	16.7%	-29,716	0	-29,716	--
Class C	$10.18 - $10.32	101,838	34,626	34.0%	0	0	0	--
Medical	$16.15 - $16.75	306,018	28,417	9.3%	-14,187	0	-14,187	--
Office/Retail	$12.01 - $13.52	912,698	185,269	20.3%	-17,482	0	-17,482	--
Class A	--	--	--	--	--	--	--	--
Class B	$12.51 - $14.16	830,464	182,469	22.0%	-17,232	0	-17,232	--
Class C	$9.52 - $10.30	82,234	2,800	3.4%	-250	0	-250	--
Office/Warehouse	$9.90 - $10.90	1,024,128	79,720	7.8%	-4,000	0	-4,000	--
Retail	$14.82 - $15.80	636,924	88,818	13.9%	11,402	0	11,402	46.7
Class A	$19.00 - $22.33	156,790	43,223	27.6%	9,402	0	9,402	27.6
Class B	$14.87 - $15.28	328,790	25,459	7.7%	2,000	0	2,000	76.4
Class C	$11.61 - $11.86	151,344	20,136	13.3%	0	0	0	--
Retail/Warehouse	$8.81 - $9.45	240,726	11,000	4.6%	-3,500	0	-3,500	--
Warehouse	$4.93 - $5.34	800,557	25,034	3.1%	11,800	0	11,800	12.7

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

Bentonville

fice submarket and by $0.98 in the Class C retail submarket and remained relatively stable in the other submarkets during this period.

Downtown Bentonville

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 219,657 square feet of office, office/retail, and retail space in Downtown Bentonville in the first half of 2016.
- There was negative absorption of 8,572 square feet in Downtown Bentonville during the first half of 2016, while no new space was added.
- Office space in Downtown Bentonville had a reported vacancy rate of 14.8 percent in the first half of 2016, up from 5.5 percent in the second half of 2015.
- The office/retail vacancy rate in Downtown Bentonville remained at 12.6 percent in the first half of 2016.
- The reported retail vacancy rate for Downtown Bentonville properties decreased all the way to 0.0 percent from 1.0 percent in the second half of 2015, as 650 square feet of positive net absorption occurred in the first half of 2016.
- Average reported office lease rates increased significantly by $1.18, while office/retail and retail lease rates remained the same for Downtown Bentonville in the first half of 2016.

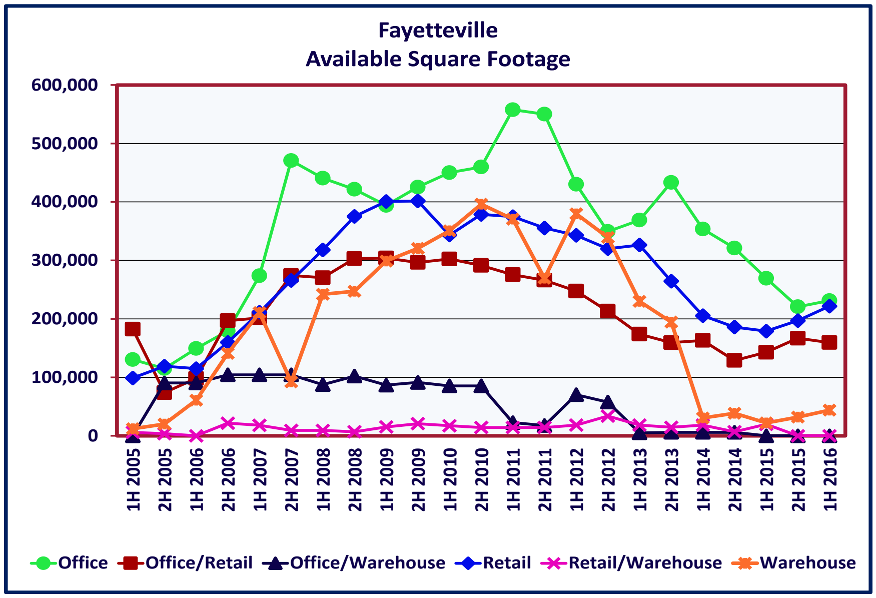
Downtown Bentonville Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$16.70 - $17.70	99,057	14,692	14.8%	-9,222	0	-9,222	--
Office/Retail	$11.65 - $16.65	56,877	7,162	12.6%	0	0	0	--
Retail	$15.11 - $17.54	63,723	0	0.0%	650	0	650	0.0

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

Fayetteville

- From January 1 to June 30, 2016, Fayetteville issued building permits for $23,593,197 worth of new commercial space. The first half of 2016 value was 72.1 percent higher than the first half of 2015 value of $13,708,267. Fayetteville accounted for 11.4 percent of the commercial permits issued in Northwest Arkansas during the first half of 2016.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 10,319,309 square feet of commercial space in Fayetteville in the first half of 2016.
- In the first half of 2016, Fayetteville experienced negative net absorption of 36,980 square feet. The retail submarket had the greatest amount of net negative absorption with 21,699 square feet, followed by the warehouse submarket at 12,000 square feet. Only the office/retail submarket had positive net absorption with 7,391 square feet.



- 100,791 square feet of new space, including 64,636 square feet of retail space and 28,055 square feet of medical office space, were added to the Fayetteville market in the first half of 2016.
- Observed vacancy rates in Fayetteville from the second half of 2015 to the first half of 2016 decreased for medical office and office/retail space. Vacancy rates increased for office, office/retail,

Fayetteville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Lab	$20.67 - $21.67	75,603	28,000	37.0%	0	0	0	--
Industrial	$2.86 - $2.94	962,500	196,000	20.4%	0	0	0	--
Office	$14.02 - $15.21	2,990,192	231,275	7.7%	17,383	28,055	-10,672	--
Class A	$20.40 - $24.54	409,222	45,177	11.0%	-16,703	0	-16,703	--
Class B	$13.97 - $14.47	1,278,563	63,787	5.0%	3,119	0	3,119	122.7
Class C	$10.51 - $11.70	258,762	11,489	4.4%	140	0	140	492.4
Medical	$15.14 - $17.06	1,043,645	110,822	10.6%	30,827	28,055	2,772	239.9
Office/Retail	$13.21 - $14.63	1,617,504	159,413	9.9%	15,491	8,100	7,391	129.4
Class A	$19.00 - $21.00	69,307	3,300	4.8%	0	0	0	--
Class B	$13.80 - $15.40	1,175,272	134,038	11.4%	9,361	8,100	1,261	637.8
Class C	$11.69 - $12.76	372,925	22,075	5.9%	6,130	0	6,130	21.6
Office/Warehouse	$5.69 - $6.35	152,072	0	0.0%	0	0	0	--
Retail	$13.38 - $14.34	3,473,577	221,765	6.4%	42,937	64,636	-21,699	--
Class A	$23.15 - $24.40	1,945,017	73,108	3.8%	49,290	64,636	-15,346	--
Class B	$14.48 - $15.67	1,147,878	70,242	6.1%	-6,353	0	-6,353	--
Class C	$9.43 - $9.97	380,682	78,415	20.6%	0	0	0	--
Retail/Warehouse	$6.87 - $8.15	86,940	0	0.0%	0	0	0	--
Warehouse	$3.34 - $3.83	960,921	44,000	4.6%	-12,000	0	-12,000	--

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

retail, warehouse, and industrial space while remaining the same for office/warehouse, retail/warehouse, and lab space.

- The Fayetteville Class C office, Class A retail, and Class C retail submarkets had significant average lease rate increase of $0.41, $0.36, and $0.25, respectively, while all other lease rates were relatively stable from the second half of 2015 to the first half of 2016.

Downtown Fayetteville/Dickson Street Area

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 972,329 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street area in the first half of 2016.
- There was negative net absorption of 1,364 square feet in the downtown Fayetteville area in the first half of 2016.
- There was no new space added in downtown Fayetteville during the first half of 2016.
- The office space in downtown Fayetteville had a reported vacancy rate of 1.8 percent in the first half of 2016, up from 1.0 percent in the second half of 2015 in accordance with negative net absorption of 3,350 square feet. This was lower than the overall Fayetteville office vacancy rate of 7.7 percent.
- The office/retail vacancy rate for downtown Fayetteville properties remained the same at 6.1 percent. This compares to 9.9 percent in the same submarket for all of Fayetteville during the first half of 2016.
- The downtown Fayetteville retail vacancy rate decreased 1.0 percentage point to 10.7 percent, with positive net absorption of 2,156 square feet, and stayed higher than the overall Fayetteville retail vacancy rate of 6.5 percent in the first half of 2016.
- Average reported lease rates in downtown Fayetteville increased in the retail submarket while the others remained relatively unchanged during the past six months.

Northwest Arkansas Mall Area/Joyce Street Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 3,961,978 square feet of office, office/retail, and retail space in the Northwest Arkansas Mall Area/Joyce Street Corridor in the first half of 2016.
- There was negative net absorption of 48,047 square feet of space during the first half of 2016 in the Northwest Arkansas Mall Area/Joyce Street Corridor, with office space accounting for 21,047 square feet and retail accounting for another 27,000 square feet of this total.
- There were 28,055 new square feet of office space added to the north Fayetteville commercial market in the first half of 2016.
- The office space in north Fayetteville had a reported vacancy rate of 8.5 percent in the first half of 2016. This was higher than the second half of 2015 vacancy rate of 7.3 percent and was higher than the 7.7 percent vacancy rate for all of Fayetteville.

Fayetteville Downtown/Dickson Street Area Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$13.58 - $16.05	404,548	7,375	1.8%	-3,350	0	-3,350	--
Office/Retail	$14.55 - $16.43	462,982	28,395	6.1%	-170	0	-170	--
Retail	$12.19 - $13.88	109,749	11,777	10.7%	2,156	0	2,156	32.8

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

Fayetteville

- In the first half of 2016, the office/retail vacancy rate in north Fayetteville remained 6.8 percent. The vacancy rate was below the city average office/retail vacancy rate of 9.9 percent.
- Retail space in north Fayetteville had a reported vacancy rate of 4.8 percent in the first half of 2016, an increase of 1.2 percentage points from the second half of 2015, and lower than the overall Fayetteville rate of 6.5 percent.
- Average reported lease rates in the Mall Area/Joyce Street Corridor decreased slightly in the office submarket and remained relatively unchanged in the others in the first half of 2016.

Martin Luther King, Jr. Boulevard Corridor

- In the first half of 2016, Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 430,529 square feet of office, office/retail, and retail space in the MLK Boulevard Corridor.
- There was no new commercial space added to southwest Fayetteville in the first six months of 2016.
- The MLK Boulevard Corridor of Fayetteville experienced net positive absorption of 10,992 square feet of space, with retail space accounting for 9,004 square feet of this total, in the first half of 2016.
- Office space in the MLK Boulevard Corridor of Fayetteville had a reported vacancy rate of 10.9 percent in the first half of 2016, the same as in the second half of 2015. This was higher than the overall office vacancy rate of 7.7 percent for all of Fayetteville.
- From the second half of 2015 to the first half of 2016, the office/retail vacancy rate decreased from 9.6 percent to 8.8 percent in the MLK Boulevard Corridor of Fayetteville, and was lower than the overall city average rate of 9.9 percent.
- The vacancy rate for retail space in the MLK Boulevard Corridor was 33.4 percent in the first half of 2016 a decrease from the 39.4 percent in the second half of 2015. The retail vacancy rate for all of Fayetteville was much lower at 6.5 percent.
- Average reported lease rates in the MLK Boulevard Corridor increased slightly in the retail submarket, and remained relatively unchanged in the others in the first half of 2016.

Fayetteville Mall/Joyce Street Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$15.07 - $16.13	1,576,959	133,584	8.5%	7,008	28,055	-21,047	--
Office/Retail	$16.40 - $16.53	78,087	5,305	6.8%	0	0	0	--
Retail	$17.75 - $18.53	2,306,932	110,193	4.8%	-27,000	0	-27,000	--

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

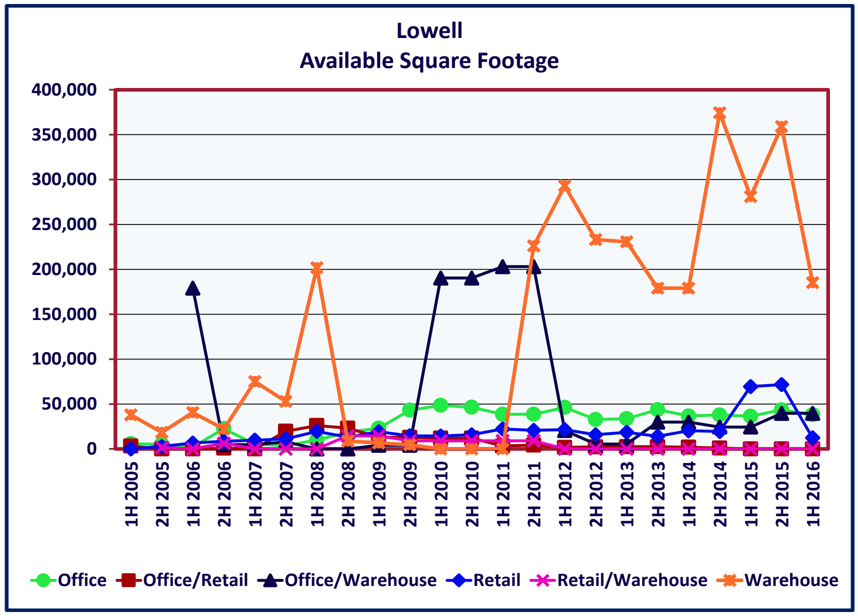
Fayetteville MLK Boulevard Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$10.75 - $10.75	25,125	2,735	10.9%	0	0	0	--
Office/Retail	$14.15 - $15.30	235,591	20,712	8.8%	1,988	0	1,988	62.5
Retail	$12.56 - $13.92	169,813	56,705	33.4%	9,004	0	9,004	37.8

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

Lowell

- From January 1 to June 30, 2016, Lowell issued building permits for $15,271,255 worth of new commercial space. The first half of 2016 value was 526.4 percent higher than the first half of 2015 value of $2,437,861. Lowell accounted for 7.4 percent of building permits issued in Northwest Arkansas in the first half of 2016.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,619,482 square feet of Lowell commercial space in the first half of 2016.
- In the first half of 2016, Lowell had net positive absorption of 238,555 square feet overall. The warehouse submarket had the greatest amount of positive net absorption with 173,791 square feet, while the retail submarket added 59,256 square feet.
- There were no square feet of new commercial space added in Lowell in the first half of 2016.
- Reported vacancy rates decreased in the office, medical office, retail, and warehouse submarkets while remaining the same in the office/retail, office/warehouse, and retail/warehouse submarkets from the second half of 2015 to the first half of 2016.
- Average reported lease rates in Lowell from the second half of 2015 to the first half of 2016 remained relatively stable.



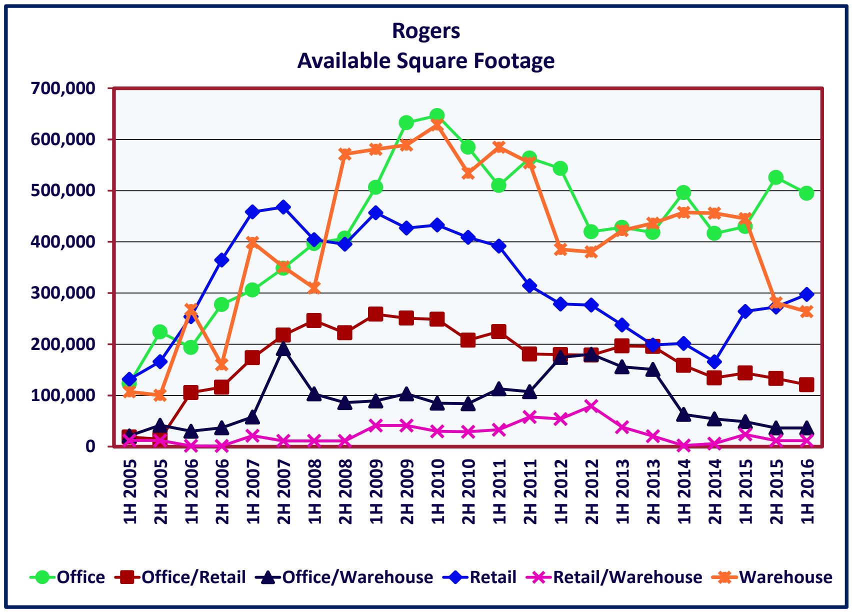
Lowell Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	--	57,180	0	0.0%	0	0	0	0.0
Office	$14.72 - $14.80	319,479	38,051	11.9%	5,508	0	5,508	41.4
Class A	$18.75 - $18.83	109,330	16,011	14.6%	4,308	0	4,308	22.3
Class B	$12.28 - $12.39	127,550	18,790	14.7%	1,200	0	1,200	94.0
Class C	--	--	--	--	--	--	--	--
Medical	$18.00 - $18.00	82,599	3,250	3.9%	0	0	0	--
Office/Retail	$9.63 - $10.63	65,470	0	0.0%	0	0	0	0.0
Class A	--	--	--	--	--	--	--	--
Class B	$11.67 - $13.00	48,310	0	0.0%	0	0	0	0.0
Class C	$3.50 - $3.50	17,160	0	0.0%	0	0	0	0.0
Office/Warehouse	$5.52 - $5.86	107,498	39,600	36.8%	0	0	0	--
Retail	$12.38 - $15.88	125,762	12,370	9.8%	59,256	0	59,256	1.3
Class A	--	50,000	0	0.0%	50,000	0	50,000	0.0
Class B	$12.38 - $15.88	75,762	12,370	16.3%	9,256	0	9,256	8.0
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	$10.19 - $10.19	26,700	0	0.0%	0	0	0	0.0
Warehouse	$3.59 - $3.59	917,393	185,230	20.2%	173,791	0	173,791	6.4

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

Rogers

- From January 1 to June 30, 2016, Rogers issued building permits for $44,678,795 worth of new commercial space. The first half of 2016 value was 83.5 percent higher than the first half of 2015 value of $24,350,596. Rogers accounted for 21.6 percent of the commercial permits issued in Northwest Arkansas during the first half of 2016.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 10,873,389 square feet of commercial space in the first half of 2016.
- In the first half of 2016, Rogers had overall positive net absorption of 34,991 square feet. The office submarket had the greatest amount of positive net absorption with 26,309 square feet, followed by the warehouse submarket with 17,040 square feet. The retail market had negative net absorption of 24,720 square feet.



- In the first half of 2016, 188,834 square feet of new commercial space were added to the Rogers market. This included 134,609 square feet of office space and 54,225 square feet of retail space.
- Reported vacancy rates in the first half of 2016 decreased in the office, medical office office/retail, and warehouse submarkets, while increasing in the retail submarket, and remaining the same in the office/warehouse, retail/warehouse, industrial, and lab submarkets.
- Modest increases in average reported lease rates in Rogers from the second half of 2015 to the first half of 2016 oc-

Rogers Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Lab	$10.00 - $12.00	9,482	0	0.0%	0	0	0	0.0
Industrial	$3.95 - $3.95	809,891	409,456	50.6%	0	0	0	--
Office	$14.72 - $15.55	3,222,733	494,527	15.3%	160,918	134,609	26,309	112.8
Class A	$19.74 - $21.93	1,741,673	280,891	16.1%	98,136	84,000	14,136	119.2
Class B	$14.75 - $15.17	738,191	79,607	10.8%	3,444	0	3,444	138.7
Class C	$8.87 - $9.43	345,507	78,615	22.8%	8,729	0	8,729	54.0
Medical	$13.88 - $14.26	397,362	55,414	13.9%	50,609	50,609	0	--
Office/Retail	$10.51 - $11.78	824,444	120,814	14.7%	16,362	0	16,362	44.3
Class A	$19.38 - $19.88	133,127	20,950	15.7%	8,925	0	8,925	14.1
Class B	$11.82 - $12.49	376,650	65,636	17.4%	7,437	0	7,437	53.0
Class C	$7.58 - $9.41	314,667	34,228	10.9%	0	0	0	--
Office/Warehouse	$6.04 - $6.36	470,562	36,539	7.8%	0	0	0	--
Retail	$12.83 - $13.67	2,880,893	297,324	10.3%	29,505	54,225	-24,720	--
Class A	$20.05 - $21.42	1,800,777	130,374	7.2%	29,632	54,225	-24,593	--
Class B	$12.44 - $13.41	646,334	118,590	18.3%	-1,983	0	-1,983	--
Class C	$8.37 - $8.76	433,782	48,360	11.1%	1,856	0	1,856	156.3
Retail/Warehouse	$5.85 - $6.03	174,115	11,680	6.7%	0	0	0	--
Warehouse	$4.18 - $4.33	2,481,269	263,847	10.6%	17,040	0	17,040	92.9

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

curred in the Class C office, medical office, and the Class B retail submarkets. All other lease rates remained relatively unchanged.

Downtown Rogers

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 278,518 square feet of office, office/retail, and retail space in Downtown Rogers in the first half of 2016.
- No new commercial space was added to downtown Rogers in the first six months of 2016.
- The office space in Downtown Rogers had no net absorption and had a vacancy rate of 30.3 percent in the first half of 2016, down from 34.2 percent in the second half of 2015 as some vacant space became owner occupied. The downtown vacancy rate was higher than the overall average office vacancy rate for Rogers, which was 15.3 percent during the same period.
- The office/retail submarket had no net absorption, but an increase in the vacancy rate to 11.1 percent from the second half of 2015 rate of 6.0 percent in the downtown area as additional property entered the database. This compares to a vacancy rate of 14.7 percent for all of Rogers.
- Downtown Rogers experienced no net absorption of retail space during the first half of 2016. The average retail vacancy rate for downtown Rogers properties for the first half of 2016 decreased to 6.1 percent from 6.3 percent in the second half of 2015 as additional properties were added to the database, and was lower than the 10.3 percent average rate for all of Rogers.
- Average reported lease rates for downtown Rogers remained relatively stable in the first half of 2016.

Rogers Interstate 49 Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 4,460,722 square feet of office, office/retail, and retail space along the Rogers I-49 corridor in the first half of 2016.
- 188,834 feet of new commercial space were added to the Rogers I-49 corridor submarket in the first six months of 2016. This included 134,609 square feet of office space and 54,225 square feet of retail space.
- Office space along the Rogers I-49 corridor experienced positive net absorption of 15,080 square feet during the first half of 2016. The reported average vacancy rate was 12.8 percent in the first half of 2016, lower than the 14.4 percent rate in the second half of 2015. This was lower than the overall office vacancy rate for all of Rogers at 15.3 percent.
- Office/retail space along the Rogers I-49 corridor experienced positive net absorption of 7,325 square feet in the first half of 2016. The office/retail submarket had a 10.9 percent vacancy rate, a decrease from the 17.0 percent reported in the second half of 2015. This compares to a vacancy rate of 14.7 percent for all of Rogers.
- There were 25,218 square feet of negative net absorption in the retail submarket for the Rogers I-49 corridor properties. The average retail vacancy rate for the first half of 2016 was 6.5 percent, an increase from 5.5 percent in the second half of 2015, but lower than the 10.3 percent average rate for all of Rogers.
- Average reported lease rates increased slightly in the office and retail submarkets and remained relatively stable in the office/retail submarket in the Rogers I-49 area in the first half of 2016.

Rogers Downtown Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$9.94 - $10.71	83,858	25,447	30.3%	0	0	0	--
Office/Retail	$7.83 - $10.97	70,957	8,164	11.5%	0	0	0	--
Retail	$8.81 - $9.32	123,703	7,497	6.1%	0	0	0	--

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

Rogers

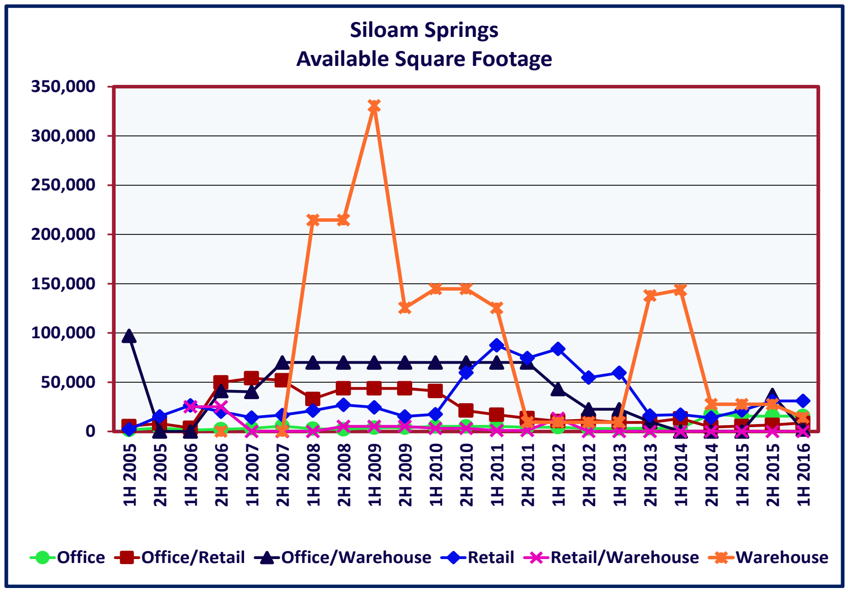
Rogers I-49 Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$18.26 - $19.45	2,249,777	288,592	12.8%	149,689	134,609	15,080	114.8
Office/Retail	$19.13 - $19.63	121,291	13,281	10.9%	7,325	0	7,325	10.9
Retail	$18.21 - $19.44	2,089,654	136,282	6.5%	29,007	54,225	-25,218	--

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

Siloam Springs

- From January 1 to June 30, 2016, Siloam Springs issued commercial building permits worth $20,222,189. The first half of 2016 value was 231.8 percent higher than the first half of 2015 value of $6,095,000. Siloam Springs accounted for 9.8 percent of the commercial permits issued in Northwest Arkansas during the first half of 2016.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,413,966 square feet of commercial space for Siloam Springs in the first half of 2016.
- No square feet of new commercial space entered the Siloam Springs market in the first half of 2016.
- In the first half of 2016 Siloam Springs experienced overall negative net absorption of 194,297 square feet, with 240,589 square feet of this total occuring in the industrial submarket. There was positive net absorption of 35,007 square feet in the office/warehouse submarket.



- Vacancy rates from the second half of 2015 to the first half of 2016 decreased in the medical office, office/warehouse, and warehouse submarkets, while increasing in the office/retail and industrial submarkets, and remaining the same in the office, retail, retail/warehouse submarkets.
- Average lease rates increased in the Class B office submarket, decreased in the Class C office submarket and remained relatively unchanged in the others in the first half of 2016 in Siloam Springs.

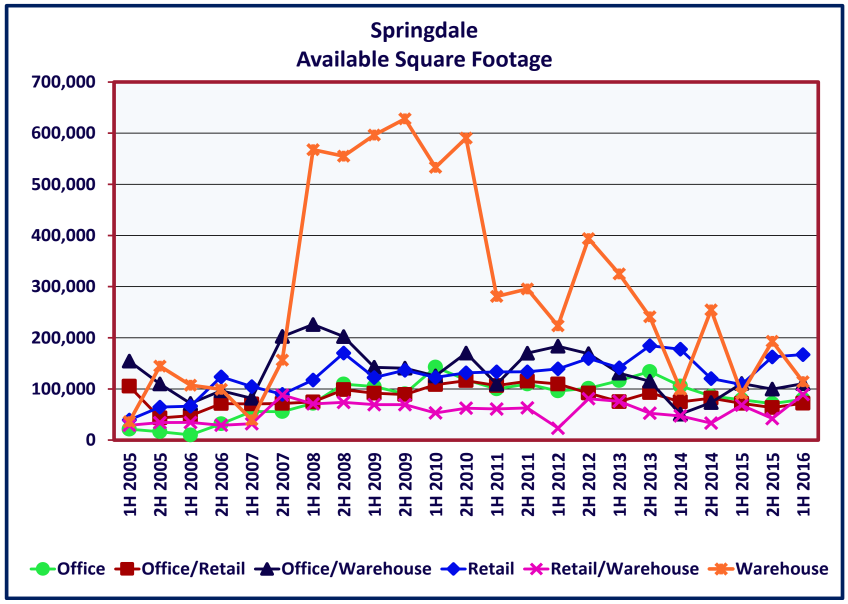
Siloam Springs Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	--	240,589	240,589	100.0%	-240,589	0	-240,589	--
Office	$12.02 - $13.29	147,859	15,634	10.6%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	$8.80 - $10.59	27,355	14,334	52.4%	0	0	0	--
Class C	$6.27 - $6.33	6,000	0	0.0%	0	0	0	0.0
Medical	$15.11 - $16.31	114,504	1,300	1.1%	0	0	0	--
Office/Retail	$7.67 - $9.96	149,285	8,675	5.8%	-2,075	0	-2,075	--
Class A	$12.00 - $16.00	56,085	3,075	5.5%	-275	0	-275	--
Class B	$9.07 - $10.87	71,790	5,600	7.8%	-1,800	0	-1,800	--
Class C	$4.49 - $7.09	21,410	0	0.0%	0	0	0	0.0
Office/Warehouse	$3.05 - $3.30	118,495	2,000	1.7%	35,007	0	35,007	0.3
Retail	$8.99 - $9.58	341,354	31,000	9.1%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	$11.05 - $11.45	170,222	18,324	10.8%	0	0	0	--
Class C	$5.91 - $6.78	171,132	12,676	7.4%	0	0	0	--
Retail/Warehouse	$4.90 - $6.74	77,888	0	0.0%	0	0	0	0.0
Warehouse	$3.64 - $3.84	338,496	14,275	4.2%	13,360	0	13,360	6.4

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

Springdale

- From January 1 to June 30, 2016, Springdale issued $91,251,395 worth of building permits for new commercial space. This was an increase of 614.3 percent from the $12,775,373 issued in the first half of 2015. Springdale accounted for 44.2 percent of the commercial permits issued in Northwest Arkansas for the first half of 2016.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 8,262,592 square feet of commercial space in Springdale in the first half of 2016.
- In the first half of 2016, 140,938 square feet of office space were added to the Springdale market. 125,938 square feet was retail space.
- In the first half of 2016, Springdale experienced positive net absorption of 18,970 square feet. The warehouse submarket had the greatest amount of positive net absorption with 79,410 square feet, while the office/retail submarket had the most negative net absorption with 27,790 square feet.



- Reported vacancy rates decreased in the medical office, office/warehouse, retail, and warehouse submarkets, and increased in the office/retail, office/warehouse, retail/warehouse, warehouse, and industrial submarkets in Springdale in the first half of 2016.
- Average reported lease rates in Springdale showed a modest decrease of $0.58 in the Class B office and an increase of $0.94 in the medical office submarket, with all other lease rates remaining relatively stable from the second half of 2015 to the first half of 2016.

Springdale Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Lab	--	5,224	5,224	100.0%	0	0	0	--
Industrial	$4.12 - $4.95	771,939	365,649	47.4%	-20,000	0	-20,000	--
Office	$11.90 - $12.66	926,051	79,796	8.6%	14,205	15,000	-795	--
Class A	$19.35 - $20.02	95,501	0	0.0%	0	0	0	0.0
Class B	$11.67 - $12.91	375,776	33,610	8.9%	-105	0	-105	--
Class C	$9.27 - $9.53	148,741	8,450	5.7%	0	0	0	--
Medical	$14.04 - $14.58	306,033	37,736	12.3%	14,310	15,000	-690	--
Office/Retail	$10.07 - $11.15	497,585	72,101	14.5%	-27,790	0	-27,790	--
Class A	--	--	--	--	--	--	--	--
Class B	$12.23 - $13.43	226,956	41,557	18.3%	-13,678	0	-13,678	--
Class C	$8.45 - $9.44	270,629	30,544	11.3%	-14,112	0	-14,112	--
Office/Warehouse	$5.40 - $6.63	1,547,417	110,325	7.1%	1,581	0	1,581	418.7
Retail	$10.62 - $11.18	1,445,803	167,170	11.6%	132,442	125,938	6,504	154.2
Class A	--	--	--	--	--	--	--	--
Class B	$13.68 - $14.09	959,366	87,660	9.1%	109,580	125,938	-16,358	--
Class C	$7.91 - $8.61	486,437	79,510	16.3%	22,862	0	22,862	20.9
Retail/Warehouse	$5.94 - $6.87	448,019	89,095	19.9%	-19,940	0	-19,940	--
Warehouse	$3.73 - $4.10	2,620,554	114,140	4.4%	79,410	0	79,410	8.6

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

Springdale

Downtown Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 307,548 square feet of office, office/retail, and retail space in downtown Springdale in the first half of 2016.
- There were no new square feet of commercial property added to downtown Springdale in the first half of 2016.
- There was no net absorption in the office market in downtown Springdale in the first half of 2016.The office space in downtown Springdale had an average vacancy rate of 0.8 percent, up from the second half of 2015 vacancy rate of 0.0 percent, as additional property was added to the database. The rate was lower than the overall Springdale average office vacancy rate of 8.6 percent.
- With no net absorption, 76.9 percent of all reported office/retail space was available in downtown Springdale. This compares to a 14.5 percent vacancy rate for all of Springdale.
- Retail space in downtown Springdale had positive net absorption of 2,862 square feet. In accordance with absorption the vacancy rate decreased to 1.8 percent from 5.1 percent in the second half of 2015, and was lower than the average retail vacancy rate for all of Springdale of 11.6 percent in the first half of 2016.
- Average reported lease rates for downtown Springdale decreased significantly by $2.72 in the office/retail submarket, while remaining relatively unchanged in the other submarkets in the first half of 2016.

West Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 708,462 square feet of office, office/retail, and retail space in West Springdale in the first half of 2016.
- 120,000 new square feet of retail space were added to West Springdale in the first half of 2016.
- The office space in West Springdale had a continuing average vacancy rate of 2.8 percent in the first half of 2016, as there was no net absorption. The rate was lower than the city average office vacancy rate of 8.6 percent.
- The average office/retail vacancy rate in West Springdale was 19.4 percent in the first half of 2016, an increase of 8.6 percent, as there was negative net absorption of 4,780 square feet. The rate was above the overall city average office/retail vacancy rate of 14.5 percent.
- The retail vacancy rate for West Springdale properties decreased by 0.5 percent to 9.8 percent in the first half of 2016, as there was negative net absorption of 9,855 square feet but 110,145 square feet of overall absorption. It was below the city average retail vacancy rate of 11.6 percent.
- Average reported lease rates for West Springdale remained relatively unchanged in the first half of 2016.

Downtown Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$9.49 - $10.16	215,180	1,650	0.8%	0	0	0	--
Office/Retail	$7.50 - $9.00	4,854	3,732	76.9%	0	0	0	--
Retail	$7.26 - $7.62	87,514	1,600	1.8%	2,862	0	2,862	3.4

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

West Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$14.92 - $15.45	124,308	3,500	2.8%	0	0	0	--
Office/Retail	$13.75 - $14.25	55,550	10,780	19.4%	-4,780	0	-4,780	--
Retail	$9.50 - $10.00	528,604	51,960	9.8%	110,145	120,000	-9,855	--

[1]From all 1H 2016 respondents
[2]From 1H 2016 respondents who were also 2H 2015 respondents

Interpretation

The methodology that is used to produce the Skyline report has been designed to elicit the most useful, comprehensive, and up-to-date information available about the Northwest Arkansas commercial real estate market. Data comes from three primary sources that complement one another. Each source, however, has limitations, and as such, results should be compared and interpreted carefully.

The first level of data that the Skyline report contains comes directly from the offices of the Washington and Benton County Assessors. The Benton County Assessor Office uses Apprentice Information Systems as the subcontractor to handle data requests. On a semi-annual basis, Center for Business and Economic Research staff members acquire databases containing listings of all real estate parcels within each county. The information contained in these databases is sorted by type and by size. In order to determine the population of commercial properties of interest, properties that do not meet the following minimum criteria are eliminated from consideration:

Banks: 20,000 square feet
Department Stores: 20,000 square feet
Discount Stores: 20,000 square feet
Industrial Buildings: 20,000 square feet
Markets: 20,000 square feet
Office Buildings: 5,000 square feet
Medical Office Buildings: 5,000 square feet
Retail Buildings: 10,000 square feet
Community Shopping Centers: 5,000 square feet
Neighborhood Shopping Centers: 5,000 square feet
Warehouses: 20,000 square feet

Next, properties are individually examined to determine if they are part of the competitive commercial property market. Owner-occupied and other dedicated spaces are eliminated from the base of properties that the Skyline Report examines.

The second source of data that helps comprise the Skyline Report is building permit reports from the cities of Northwest Arkansas. Each city has its own reporting requirements for building permits, which makes in-depth comparisons on a city-by-city basis impossible. Bentonville and Fayetteville have the most comprehensive building permits, which include information on the square footage of buildings and their uses in addition to the value of the permit and identifying characteristics of the property. The other cities in Northwest Arkansas only report the building address, contractor name, and value of the permit. In general, property owner or developer names are not included on building permits in Northwest Arkansas. Building permits also do not provide any sense of the estimated time of completion of a project or availability for leasing.

The third source of data for the Skyline report is a panel of large commercial property owners and managers. These individuals are responsible for the bulk of the competitive commercial properties in Northwest Arkansas. The Center for Business and Economic Research staff gather information on square footage available to the market, lease rates, and other property characteristics from the panelists. In the first half of 2016, 253 panelists provided data on 1,835 competitive properties across Benton and Washington Counties. Data are excluded for owner-occupied and dedicated spaces so that the total square feet, available square feet, and lease rates represent only a sample from properties that are currently or potentially available for lease. Vacancy rates are calculated from the sample of 1,835 properties and are assumed to be representative of the larger competitive commercial property market.

The panel participants vary somewhat from report to report as new contributors are added and as previous contributors fail to respond for new requests for information. Time trend analysis is dependent on having a consistent base of information so that apples-to-apples comparisons can be made. Absorption rates are only calculated for properties that are part of a matched sub-sample—that is, there must have been information received about a particular property in both recent reporting periods for the number to be included in the calculated property absorption rates. The one exception to this rule is for new properties that are completed and come online for leasing in the most recent half year.

In order to supplement the information that is directly received from the panelists, Center researchers also depend on business publications, public websites, and MLS data.

Classification

In order to compare similar spaces, the Center for Business and Economic Research has developed a classification system for office, office/retail, and retail spaces. These classes rate the quality of each building in terms of the following criteria: age, quality of construction, location, and included amenities.

Class A space represents the most prestigious buildings available in the Northwest Arkansas market. These spaces are new or newly renovated, made of the best quality materials, with brick, masonry, or glass exteriors. Class A buildings are located in highly accessible locations with easy access to major clients or customers.

Class B space includes buildings that compete for a wide range of uses, including much of the Walmart vendor community. These spaces have average range rents. The buildings are attractive, but not necessarily brand new, and have a lower level of material quality than Class A buildings. Many amenities are not included in the base lease price of Class B buildings.

Class C space is adequate for users that require functional space for their businesses, but not above average locations, materials, or amenities. These buildings are often older and have lease rates that are below average.