The Skyline Report

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

Second Half of 2016
February 2017

Contents

Commercial Real Estate Market Summary for Benton and Washington Counties

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

Highlights from the Second Half of 2016

- In the second half of 2016, 1,005,502 square feet of commercial space were absorbed, while 541,561 new square feet were added, netting positive absorption of 463,941 square feet in the Northwest Arkansas market and an overall vacancy rate of 11.7 percent, down from 12.7 percent in the first half of 2016.
- 155,933 new square feet were added in the office submarket, while 271,396 square feet were absorbed, leading to net positive absorption of 115,463 square feet in the second half of 2016. The office vacancy rate decreased to 11.4 percent from 12.7 percent in the first half of 2016.
- Within the retail submarket, there was overall positive absorption of 200,814 square feet, while 135,628 new square feet entered the market, leading to positive net absorption of 65,186 square feet. The retail vacancy rate increased to 9.4 percent in the second half of 2016 from 9.3 percent in the first half of 2016.
- The warehouse submarket had positive absorption of 249,238 square feet, while 250,000 new square feet were added in the second half of 2016, leading to net negative absorption of 762 square feet. The Northwest Arkansas warehouse vacancy rate increased from 8.0 percent in the first half of 2016 to 8.1 percent in the second half of 2016.
- In the office/retail submarket, there was positive absorption of 63,857 square feet, while no new square feet of office/retail space entered the market in the second half of 2016. The vacancy rate decreased from 13.2 percent in the first half of 2016 to 11.0 percent in the second half of 2016.
- From July 1 to December 31, 2016, there were $137,247,167 in commercial building permits issued in Northwest Arkansas. In comparison, there were $112,800,074 in permits issued in the second 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 second 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 257 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 second half of 2016, and both the first half of 2016 and the second 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.

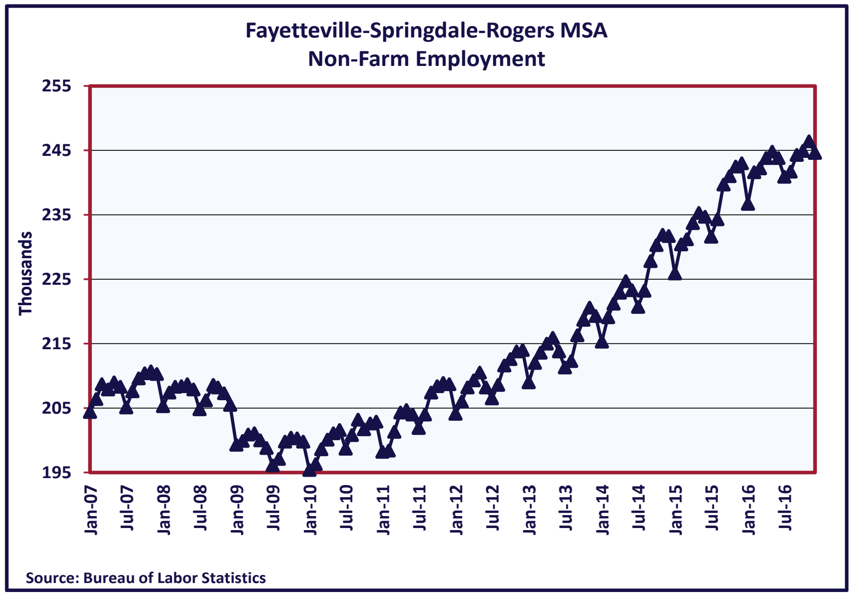
The next four sections present analyses of Northwest Arkansas submarkets by type of space. The office submarket is examined first, followed by the office/retail, retail, warehouse, office/warehouse, and retail/warehouse submarkets. Following these sections are commercial property summary statistics by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

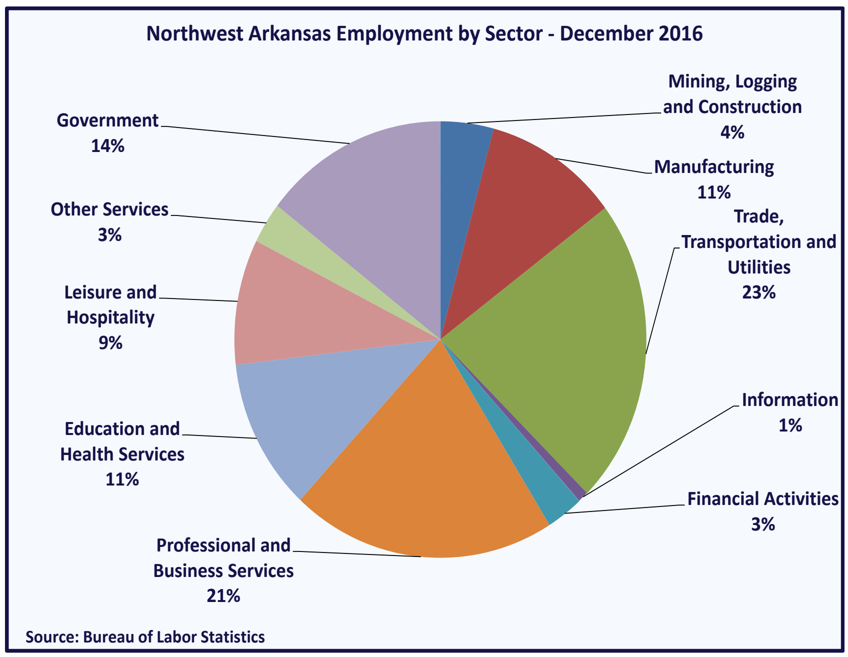
Finally, a section on how to interpret the numbers contained in the report and a description of the commercial property classification system are offered.

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.





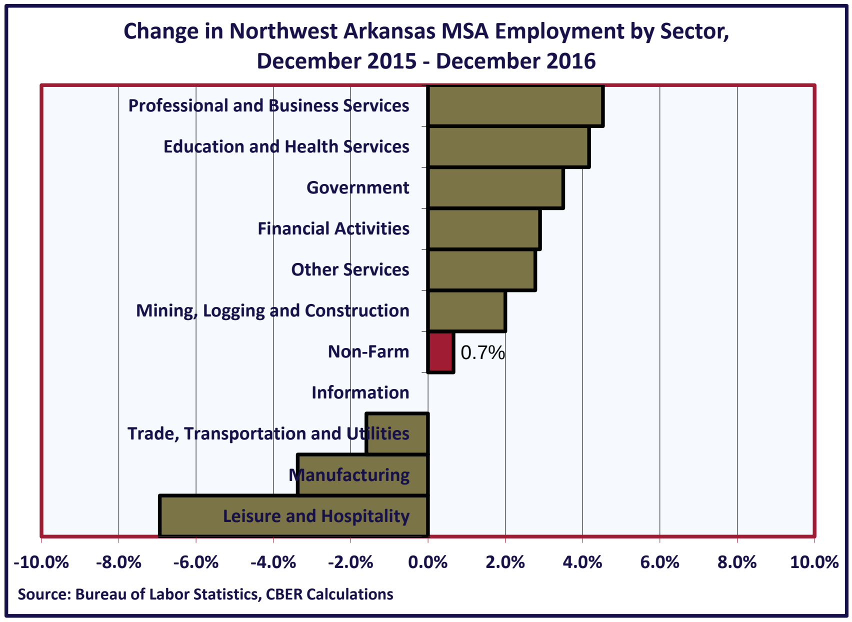
Gross Domestic Product

In the fourth quarter of 2016, real GDP increased by 1.9 percent according to advance estimates released by the U.S. Department of Commerce's Bureau of Economic Analysis (BEA). Real GDP increased by 3.5 percent in the third quarter of 2016. The increase in real GDP in the fourth quarter primarily reflected positive contributions from personal consumption expenditures (PCE), private inventory investment, residential fixed investment, nonresidential fixed investment, and state and local government spending that were partly offset by negative contributions from exports and federal government spending. Imports, which are a subtraction in the calculation of GDP, increased. The deceleration in real GDP in the fourth quarter reflected a downturn in exports, an acceleration in imports, a deceleration in PCE, and a downturn in federal government spending that were partly offset by an upturn in residential fixed investment, an acceleration in private inventory investment, an upturn in state and local government spending, and an acceleration in nonresidential fixed investment.

Employment

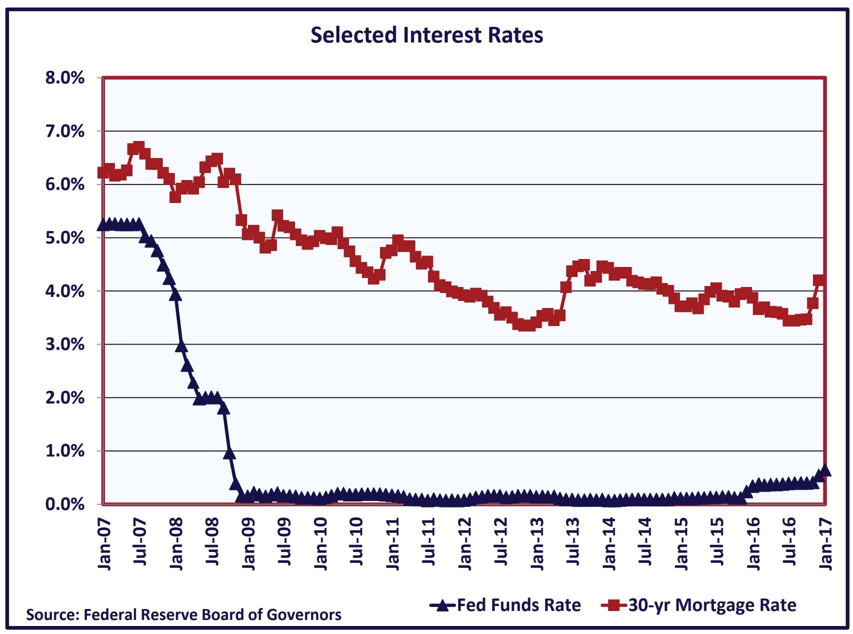
The Northwest Arkansas employment situation is extremely important to the health of the real estate market. The most recent data show that employment in the Northwest Arkansas region was at 244,600 in December 2016, up 0.7 percent from December 2015. According to the U.S. Bureau of Labor Statistics (BLS), the unemployment rate in Northwest Arkansas was at 2.7 percent in December 2016. This is down from the December 2015 rate of 3.2 percent. The unemployment rate has remained under 4.0 percent since August of 2015. 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 December 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 (14 percent), manufacturing (11 percent), education and health services (11 percent), and leisure and hospitality (9 percent). The other figure shows the annual percentage change in the metro area's employment by sector from December 2015 to December 2016. Total nonfarm employment increased by 0.7 percent during that time. Employment in professional and business services, education and health services, government, financial activities, other services, and mining, logging and construction grew more quickly than 0.7 percent. Information employment remained unchanged, while trade, transportation, and utilities, manufacturing, and leisure and hospitality employment declined from December 2015 to December 2016.



Interest Rates

The Federal Funds rate averaged 0.54 percent in December 2016. The ten year constant maturity Treasury bill had an interest rate of 2.49 percent in December 2016, up from 2.24 percent in December 2015. The positive spread between the ten year rate and the federal funds rate narrowed from a year ago, but remains positive as both rates have increased. The Federal Reserve Open Market Committee decided to increase the target range for the federal funds rate to ½ to ¾ 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.



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. The multi-year trend of universal panelist optimism about growth and development opportunities throughout Northwest Arkansas weakened a little bit this report period. Perceptions of the likely effects of the election results varied among respondents. A few panelists were more concerned about potential problems the economy could face in the coming year, but a strong majority still believes 2017 will be another excellent growth year in the commercial real estate market. However, a growing number of respondents anticipate slowing in absorption and building by the end of 2018. Even though there is universal acknowledgement that another slowdown will likely occur in the medium term, almost all of the panelists believe the correction will be quite mild unless there are severe unanticipated national and global economic issues.

The election results led almost all conversations. In general panelists feel Northwest Arkansas will continue on the current path of growth and expansion throughout 2017, and most don't anticipate much overall impact from the new administration's policies on Northwest Arkansas. Several felt that there would be lower regulatory costs for banks and construction, but those cost savings would be balanced out by rising interest rates. A few developers did feel the balance would tip strongly to lower costs and lead to more risk-taking and development opportunities. On the other side a few panelists were very concerned about increasing labor costs if immigration is substantially tightened along with higher interest rates and inflation if there are significant trade issues.

Class A office building is still considered a strong growth spot by most respondents. The Pinnacle area is seen as the choice location, but several panelists pointed to Bentonville and Springdale west of I-49 as having continuing opportunities for new Class A office space. Respondents feel that there are always going to some vendors and professional services that prefer to be near the Walmart Home Office, continuing to make Bentonville an attractive location. Further, the continued growth of new housing in Bentonville provides convenience to firms locating there. Springdale's potential future development is clearly being driven by the construction of Arkansas Children's Hospital and other announced medical office space according to panelists. For the Northwest Arkansas market as a whole, there seems to be consensus that between 250,000 to 500,000 square feet of new Class A office space can be absorbed in a timely fashion. Respondents said 1 million square feet in the next couple of years would almost certainly be too much leasable Class A space for the market to absorb.

Panelists were asked about their visions for the significant amounts of available Class B and C office and retail space. 'Not overdeveloped but under demolished' was how one respondent summed it up. That said, most respondents do not have a clear large scale vision of how that will happen, but several do feel it will be an organic process as opportunities open up for new businesses and property uses across Northwest Arkansas, particularly on College Avenue in Fayetteville, around each of the downtowns, and on 8th street in Rogers. Additionally, respondents continue to foresee retail growth in the 'hotspot' areas that have been growing well over the past few report periods: Pinnacle and Pleasant Crossing in Rogers, West Springdale between exit 72 and 73, Downtown Springdale, Downtown Bentonville, Wedington Drive just east and west of the I-49 in Fayetteville, MLK Boulevard from the University of Arkansas to west of I-49, and the Rainbow Curve area in Bentonville. One concern that several panelists mentioned was higher lease rates leading small retail business to fail, thus leading to more available space, even while new space is being contructed.

Warehouse development was discussed by the panelists as an area with a lot of potential since there is still significant need for modern warehouse facilities. The availability of new, speculative warehouse space is also seen as important to attracting new firms into Northwest Arkansas. However, there are still only a very limited number of players in this market in Northwest Arkansas, which is acting to limit the amount of new competitive space being built currently. Several respondents mentioned they have heard of national or regional warehouse builders looking at the area but so far nothing substantial has been reported.

Even though respondents mentioned a potential slowdown in the future, the timeframes vary, with expectations 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. The medical and health care sectors are also considered strong growth areas, and several panelists believe Northwest Arkansas is just beginning a long period of commercial building in this submarket. Looking into the future, respondents continue to be excited about the growth of regional amenities, particularly the trail system and bike infrastructure, connecting Northwest Arkansas, and stimulating tourism. More panelists mentioned that the trail system is going to be a monetizable commodity for developers. They continue to remain hopeful that more national retailers will enter the Northwest Arkansas market. Further, panelists anticipate that there might still be additional benefits to the region from Walmart's 'made in America" program.

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.

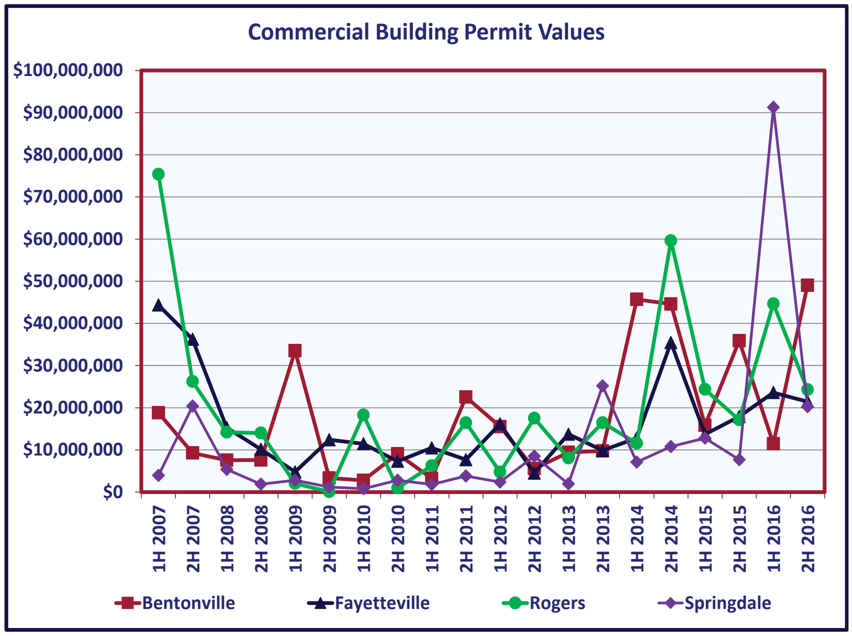
Inventory and Building Permits

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 December 31, 2016. For the second half of 2016, the Skyline Report covered 99.1 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 past ten 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 July 1 to December 31, 2016, there were just over $137.2 million in commercial building permits issued in six major cities in Northwest Arkansas, Bentonville, Fayetteville, Lowell, Rogers, Siloam Springs, and Springdale. In the third quarter of 2016, just over $95.1 million in commercial building permits were issued. In the fourth quarter, just over $42.1 million in building permits were issued. In the second half of 2016, Bentonville, Fayetteville, Lowell, Siloam Springs, Rogers, and Springdale accounted for 35.7, 15.6, 13.8, 17.7, 2.4, and 14.7 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 second 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	4,097,223	1,090,367	1,801,352	7,020,242	7,092,335	101.0%
Fayetteville	1,076,079	3,415,484	4,239,312	2,025,930	10,756,805	10,685,431	99.3%
Lowell	101,970	352,742	172,208	1,049,398	1,676,318	1,631,482	97.3%
Rogers	1,080,788	2,977,689	4,466,357	2,867,440	11,392,274	11,330,555	99.5%
Siloam Springs	329,942	195,261	645,029	340,615	1,510,847	1,479,538	97.9%
Springdale	1,714,565	1,519,128	2,463,434	2,892,789	8,589,916	8,401,817	97.8%
Northwest Arkansas Total	4,334,644	12,687,451	13,315,807	11,068,488	41,406,390	41,047,781	99.1%

[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 257 large Northwest Arkansas commercial property owners and managers.

Commercial Building Permit Data by City

	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Oct. - Dec. 2016	$15,844,261	$9,443,954	$4,445,138	$8,574,715	$0	$3,813,727	$42,121,795
July - Sept. 2016	$33,180,166	$12,004,863	$14,474,766	$15,710,115	$3,339,470	$16,415,992	$95,125,372
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

New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
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	130,000	Summer 2017
8777 Airport Road Retail	Bentonville	Flake-Kelley	Retail	13,322	Conceptual
8W Center	Bentonville	Troy Link	Commercial	80,000	Spring 2017
Adair Creative Offices	Bentonville	Mark Sockrider	Office	15,233	2017
Airport Road Retail	Bentonville	Flake-Kelley	Retail	18,109	Conceptual
Arvest Bank Uptown Village	Bentonville	Arvest Bank			Conceptual
Aspen Park	Bentonville		Commercial	87,893	2017
Bentonville Commercial Building	Bentonville	Dean Eisma	Commercial	50,000	Conceptual
Bentonville Plaza II	Bentonville	Square Deal Capital	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	Spring 2017
Central Office Building	Bentonville	Crossmar	Office	30,000	Done
Childrens Acadamy on I St.	Bentonville		School		Conceptual
Convenience Store 14th & S. Walton	Bentonville		Retail	5,200	Conceptual
Cottonwood	Bentonville	Dean Eisma	Office	9,500	Spring 2017
Crossmar Supplier Park II	Bentonville	Cross Mar and Glass Investments	Warehouse	200,000	Summer 2017
Crossmar Supplier Park III	Bentonville	Cross Mar and Glass Investments	Warehouse	150,000	Conceptual
Crossmar Supplier Park IV	Bentonville	Cross Mar and Glass Investments	Warehouse	200,000	Conceptual
Crossmar Supplier Park V	Bentonville	Cross Mar and Glass Investments	Warehouse	200,000	Conceptual
Crossmar Supplier Park VI	Bentonville	Cross Mar and Glass Investments	Warehouse	200,000	Conceptual
First National Bank of NWA	Bentonville	FNBNWA	Bank	8,700	Done
First Western Bank and Coffee Shop	Bentonville	First Western Bank	Bank	5,000	Done
Fountain Plaza Office- Hersey	Bentonville	Jeannie Fleeman	Office	63,000	Late 2017
Fountain Plaza Office II	Bentonville	Jeannie Fleeman	Office	20,000	Conceptual
Haxton District West	Bentonville	Neil Greenhaw	Commercial	9,222	Spring 2017
Haxton District West II	Bentonville	Neil Greenhaw	Commercial	9,000	Conceptual
Helen R. Walton Childrens Center	Bentonville	Helen R. Walton Children Center	Education	43,700	Conceptual
Lakeside Center North	Bentonville	Bob Hopmann	Office	67,000	Conceptual
Legacy Bank	Bentonville	Legacy Bank	Bank	6,000	Late 2017
Little Life Lessons Academy	Bentonville		Daycare		Conceptual
Macadoodles Plaza I	Bentonville	Roger Gilhaus	Retail	13,050	Spring 2017
Macadoodles Plaza II	Bentonville	Roger Gilhaus	Office	16,500	Spring 2017
Mercy Clinic-North Walton Blvd	Bentonville	Mercy Health Systems	Medical	7,000	Spring 2017
Mercy Clinic-Southwest	Bentonville	Mercy Health Systems	Medical	12-14,000	Spring 2017
Metro Market 3	Bentonville	Matt Mawby	Retail	7,836	March 2017
MetroMarket 2	Bentonville	Matt Mawby	Retail	6,400	March 2017
Mojo Marketing-22nd st	Bentonville		Commercial		Conceptual
Morning Star Office	Bentonville	Daniel Duncan and John Lykins	Office	11,000	Conceptual
Morning Star Retail	Bentonville	Daniel Duncan and John Lykins	Retail	11,000	Conceptual
Movie Theatre	Bentonville	NWA Downtown Revitalization	Movie Theatre	15,761	Spring 2017
Northwest Health Systems Clinic	Bentonville	Greg Taylor	Medical	15,000	Late 2017
NWA DRF Mixed Use Building	Bentonville	NWA Downtown Revitalization	Mixed Use	16,230	Spring 2017
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
Shelley Parson Insurance	Bentonville		Office		Conceptual
Simpson Office building	Bentonville	Chance Simpson	Office	21,000	Conceptual
Smoothie King Retail Building	Bentonville	Thuc Tran	Retail	3,038	Done

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
South Main Development	Bentonville	Chip Chambers	Mixed Use	16,000	Spring 2017
Speedy Splash Car Wash	Bentonville	Speey Car Wash	Retail	5,864	2017
Superior Auto Group Dealership	Bentonville	David Slone	Commercial		Conceptual
SW Elm Tree Road Development	Bentonville				Conceptual
Tar & DOK	Bentonville		Commercial		Conceptual
Thaden School	Bentonville	Walton Family Foundation	School		Summer 2017
The Incubator Phase I	Bentonville	Terry Carson	Commercial	94,250	Conceptual
The Incubator Phase II	Bentonville	Terry Carson	Commercial	51,550	Conceptual
United Bank Branch-Hwy 102	Bentonville	United Bank	Bank		Early 2018
Versalab Offices	Bentonville		Office		Conceptual
Vogel Commercial Development	Bentonville	Ross and Steve Vogel	Commercial	38,000	Conceptual
Women’s Health Associates	Bentonville	Jeannie Fleeman	Medical	9,070	Spring 207
Pack Shack	Cave Spgs	Bret Raymond	Commercial	7,000	Spring 2017
Altitude Trampoline Park	Fayetteville	Haithan Alley	Retail	28,000	2017
Black Forest Retail	Fayetteville	Clinton Bennett	Retail	17,301	Conceptual
Climb Fayetteville	Fayetteville	Lance Brock and Drew Sloss	Retail	19,000	Spring 2017
Cross Church	Fayetteville	Cross Church	Church	57,500	2017
Focused Family Eye Care	Fayetteville	Michael Waggoner, Isem Brewer	Medical Office	4,830	Spring 2017
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	Spring 2017
Kum and Go	Fayetteville	Kum and Go	Retail		Conceptual
Kum and Go	Fayetteville	Kum and Go	Retail		Conceptual
LaFargue Plaza	Fayetteville	CBRE	Retail	6,500	Spring 2017
Lumiere	Fayetteville	G. Billingsley, R. Cully, B. Hill	Retail	15,000	Late 2017
Mission Market	Fayetteville	Stuart Collier and Clay Morton	Retail	8,000	Spring 2017
Mt. Comfort Office Building	Fayetteville		Office	3,487	Spring 017
New School Expansion	Fayetteville	New School	School	72,000	2017
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
Rid-a-Pest Office and Workshop	Fayetteville	Rid-a-Pest	Commercial		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	2019
Uptown Apartments Retail	Fayetteville	Carlyle Group, R. Kimball, SPREG	Retail	17,000	Spring 2017
Victory Commons	Fayetteville	Tracy Hoskins and Allied Bank	Commercial		Conceptual
Walton Arts Center Expansion	Fayetteville	Walton Art’s Center	Commercial	30,000	Done
Washington Regional Expansion	Fayetteville	WRMC	Medical	100,000	Done
Washington Regional Medical Office	Fayetteville	WRMC	Medical Office	66,000	Spring 2017
Washington Regional Women’s Clinic	Fayetteville	WRMC	Medical	68,885	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
Central Research Inc	Lowell	Johnny and Scott Dillard	Office		Conceptual
Delta Systems and Automation	Lowell	Delta Systems	Office/Warehouse	85,000	Spring 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	Spring 2017

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Regional Sports Complex	Lowell	Life Wellness USA	Recreation	230,000	Conceptual
Source Gas	Lowell	Source Gas	Commercial		Conceptual
Solve For Food Innovation Lab	NWA	Keith Larson	Lab	20,000	Conceptual
Mercy Clinic	Pea Ridge	Mercy Health Systems	Medical	4-14,000	Conceptual
All Pets Animal Hospital	Rogers		Veterinarian	6,000	2017
Arkansas Portable Toilets Office	Rogers	Arkansas Portable Toilets	Office		Done
Arvest Bank - District at Pinnacle Hills	Rogers	Arvest Bank	Office	24,000	Conceptual
Center Point Lot 12	Rogers	David Boener	Retail	18,385	Delayed
Country Club Plaza Office	Rogers	LaFrance Family	Office	16,249	Conceptual
CVS on Walnut	Rogers	CVS	Retail	13,255	Done
Devereaux Office Building	Rogers	Dewitt Smith III	Office	40,000	Conceptual
District at Pinnacle Hills I	Rogers	Whisenvest	Office	32,275	Summer 2017
District at Pinnacle Hills II	Rogers	Whisenvest	Retail	15,227	Summer 2017
District at Pinnacle Hills III	Rogers	Whisenvest	Office	32,275	Late 2017
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	Done
Dixieland Warehouse	Rogers	Ivan Crossland, John Lawrence	Warehouse	250,000	Done
Dr Nick Dentistry	Rogers	Dr. Nick Yiannios	Medical	6,000	Done
Enterprise Vision Tech	Rogers	Stephan Hart	Office	5,000	April 2017
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
Grand Brook Memory Care	Rogers	Constant Care Management	Medical	28,000	Summer 2017
Grove Retail Center	Rogers	Harold Crye	Retail	14,280	Conceptual
Harbor Frieght Tools	Rogers		Retail		Conceptual
Jeffries Eye Clinic	Rogers	Jeffries Eye Associates	Medical Office	12,980	Spring 2017
Loving Choices	Rogers	Loving Choices	Medical Office	4,165	Spring 2017
Magnolia Place Alzheimers Care	Rogers	JEA Senior Living	Medical Office	34,556	Late 2017
Med Express	Rogers		Medical		Conceptual
Mercy Hospital Patient Tower	Rogers	Mercy Health Systems	Medical	190,000	2019
Metropark Office Building II	Rogers	Hunter Haynes & Sage Partners	Commercial	25,000	Conceptual
Metropark Office Building III	Rogers	Sage Partners	Office	15,000	Conceptual
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
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Office	21,432	Conceptual
Pinnacle Promenade Point III	Rogers	Hunt Ventures	Office	40,000	Conceptual
Pleasant Crossing Commons, Phase I	Rogers	Matt Sitton	Retail	40,000	Done
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
Redi-Mix Concrete 8th St Plant	Rogers	Redi-Mix Concrete	Industrial		Conceptual
Rogers Skilled Nursing and Rehab	Rogers	Emeritus Co.	Medical	57,000	May 2017
Ross Dress For Less	Rogers	Matt Sitton	Retail	26,000	Done
Ryzabuv	Rogers	Case Lawrence	Retail	30,000	Conceptual
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
Take 5 Oil	Rogers	Malek Elkhoury	Retail	1,800	Conceptual

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
The Fields at Pinnacle I A	Rogers	Chad and Monika Hatfield	Office	40,000	Spring 2017
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 Market Downtown		Rogers	Wal-Mart Stores Inc	Retail	Conceptual
Walnut Crossing	Rogers	Greg House	Commercial	50,000	Conceptual
Wilson-Coker Office Building	Rogers	Wilson-Coker Wealth Management	Office		Conceptual
Barnett Warehouse	Sil Springs	Jonathan Barnett	Warehouse	67,950	Conceptual
Crye-Leike Office	Sil Springs	Crye-Leike Realtors	Office	6,500	Conceptual
Holly Street Crossing	Sil Springs	Ted Viala	Commercial		Conceptual
JBU Nursing Facility	Sil Springs	John Brown University	School	21,000	Done
Ozark Dermatolgy Clinic	Sil Springs	Ozark Dermatology	Medical Office	4,000	Spring 2017
Pharmacy and Medical Office	Sil Springs	Lykins Leasing	Medical Office	18,480	Summer 2017
Planet Fitness	Sil Springs	Planet Fitness	Retail	15,000	Done
Plaza at the Springs	Sil Springs	Jason Pullman	Retail	11,200	Summer 2017
Progress Plaza Phase II	Sil Springs	Brown Cow LLC	Medical Office	11,250	Conceptual
Shops at Siloam	Sil Springs	Commercial Realty	Retail	19,992	Done
Siloam Springs Memorial Hospital	Sil Springs	Siloam Springs Hospital	Medical	18,300	Done
Simmons Food Plant	Sil Springs	Simmons Food	Industrial	89,125	Done
Acme Brick Co Building 1	Springdale	Acme Brick Co.	Commercial	10,664	Done
Acme Brick Co Building 2	Springdale	Acme Brick Co.	Warehouse	14,572	Done
Arkansas Children's Hospital	Springdale	Arkansas Children's Hospital	Medical	225,000	2018
Arvest Bank on Elm Springs	Springdale	Arvest Bank	Bank		Done
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 Rd Retail Development	Springdale	DuWayne Eoff	Retail	120,000	Conceptual
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
Lynch Prairie Cove Office Building	Springdale	Wheaton Construction	Medical Office	4,000	Spring 2017
Mercy Clinic	Springdale	Mercy Health Systems	Medical Office	30,000	Conceptual
Mercy NWA Campus	Springdale	Mercy Health Systems	Medical Office		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

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Ozark IV	Springdale	Mathias Properties	Office	32,000	Conceptual
Petra Allied Health School	Springdale	Petra Allied Health	School		Conceptual
Piney Ridge Treatment Facility	Springdale	Acadia Health	Medical		Conceptual
Point Financial Group Office	Springdale	Jim Blount	Office	9,000	Done
Rockline Expansion	Springdale	Rockline Industries	Manufacturing		
Sam's Club	Springdale	Wal-Mart Stores Inc	Retail	136,000	2017
Shoppes at Elm Springs	Springdale	JP Companies	Retail	11,000	Conceptual
Stone Mill Bakery	Springdale	Stone Mill Bakery	Commercial	8,000	Done
Storm Orthodontics	Springdale	Darrin Storm	Medical Office		Conceptual
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	Done
Paschal Heating Office	Tontitown	Charley Boyce	Office	45,000	Summer 2017
Tontitown Warehouse I	Tontitown	Mathias Properties	Office/Warehouse	60,000	Done
Tontitown Warehouse II	Tontitown	Mathias Properties	Office/Warehouse	57,000	Done
Tontitown Warehouse III	Tontitown	Mathias Properties	Office/Warehouse	15,078	Done
Tontitown Warehouse IV	Tontitown	Mathias Properties	Office/Warehouse	14,975	Done

Hotels

Existing Hotels

Property Name	City	Number of Standard Rooms	Number of Suites
21c Museum 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
Marriott Townplace	Johnson	0	94
Ramada Inn Lowell	Lowell	51	0

Hotels

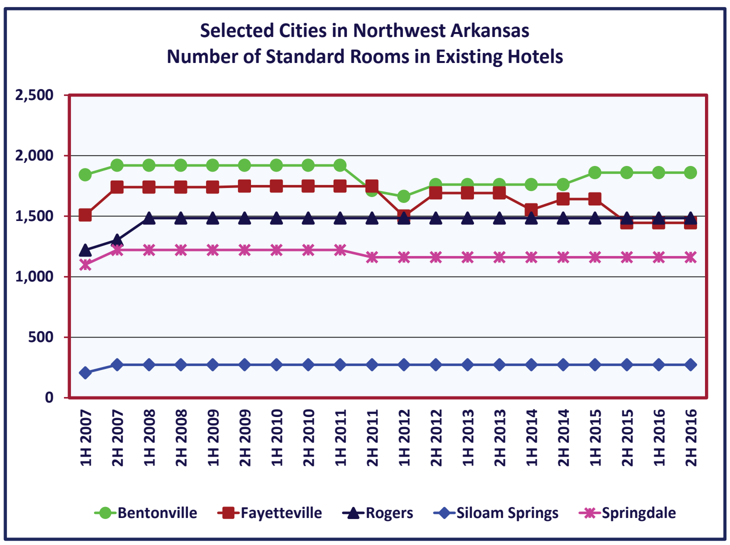
Existing Hotels (Cont.)

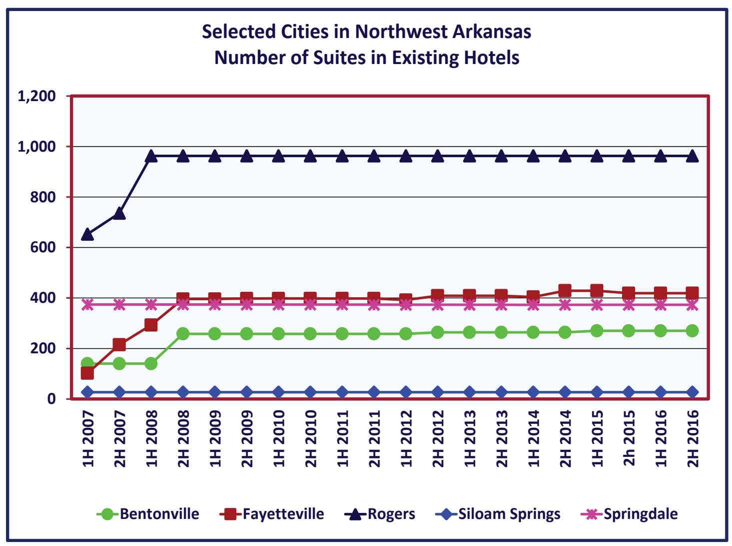
Property Name	City	Number of Standard Rooms	Number of Suites
Colonial Motel	Prairie Grove	8	0
Aloft	Rogers	130	1
Best Value Inn & Suites	Rogers	127	0
Candlewood Suites	Rogers	118	12
Country Inn & Suites	Rogers	68	42
Embassy Suites	Rogers	0	400
Fairfield Inn Rogers	Rogers	99	0
Guest Inn	Rogers	42	0
Hampton 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	Spring 2017
Element Hotel	Bentonville	Shash Goyal	107	August 2017
Unnamed Hotel	Springdale	Narry Krushiker		Conceptual
Fairfield Inn and Suites	Fayetteville	Shash Goyal	94	Under Construction
Unnamed Hotel-Wedington	Fayetteville	Greg Taylor		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	--
Unnamed Restaurant in Benton County	Benton County		Conceptual
7 Brew Coffee Company	Bentonville		Spring 2017
Big Whiskey's American Restaurant	Bentonville	Shane Miller	Spring 2017
Bike Rack Brewing II	Bentonville		Spring 2017
Core Brewing Company	Bentonville	Jesse Core	Spring 2017
Dickey's Barbecue Pit	Bentonville	Jared Thompson	Delayed
Fiamma 1873	Bentonville	Angelo Amabile	Spring 2017
JJ's Grill Downtown Bentonville	Bentonville	Jody Thornton	Conceptual
Kennedy Coffee Roasting Co	Bentonville	Tom Kennedy	Done
King Burrito	Bentonville		Conceptual
MOD Restaurant & Social	Bentonville	Mario Valdovino	Done
Natural Muse	Bentonville		Done
Preacher's Son	Bentonville	Ropeswing Group	Done
Rose Properties Restaurant	Bentonville	Larry Rose	
Smoothie King	Bentonville	Thuc Tran	Done
The Bakery	Bentonville	Matt Mawby	Spring 2017
Urban Edge	Bentonville		2017
Apple Blossom South Fayetteville	Fayetteville	Matthew Petty, Sammie Stephenson, Michael Ward	Spring 2017
Arsagas on MLK	Fayetteville	Cary Arsaga	Spring 2017
Buffalo Wild Wings	Fayetteville	Buffalo Wild Wings	Done
Chuy's	Fayetteville	Mike Young and John Zapp	Conceptual
Citizen, The	Fayetteville	Lane Coleman, Knox McCorquodale, Wilson Wood	Delayed
Core Public House	Fayetteville	Jesse Core	Spring 2017
Fuzzy's Taco Shop	Fayetteville	Danny Wintz	Conceptual
Hawg Dogs	Fayetteville		Done
Hurts Donut Co	Fayetteville	Tim and Kas Clegg	Spring 2017
JBGB in Steele Crossing	Fayetteville	Jody Thornton	Spring 2017
Jimmy's Egg	Fayetteville	Jimmy's Egg	Spring 2017
JJ's Grill on Dickson	Fayetteville	Doug Allen, Joe Fennel, Jody Thornton	Done
John Daly's	Fayetteville	John Daly	Conceptual
Krystal Burger	Fayetteville	Krystal Burger	Delayed
Marco's Pizza	Fayetteville		Done
Meez and Kini	Fayetteville		Done
Mexico Viejo	Fayetteville		2017
Morano's	Fayetteville		Done
Papa John's	Fayetteville		
PDQ Chicken	Fayetteville		Conceptual
Pickleman's Gourmet Cafe	Fayetteville	Allen Wells	Spring 2017
Pieology	Fayetteville	Pieology	Done
Prelude Breakfast Bar	Fayetteville		Done
Raising Cane's Chicken Fingers-MLK	Fayetteville	Raising Cane's Chicken Fingers	Done
Rockin Baker	Fayetteville		Done
Roma	Fayetteville	Scott Bowman	Conceptual
Sassy's BBQ and Grill	Fayetteville	Allen Brummett	Done
Shipleys MLK	Fayetteville	Shipleys	Conceptual
Sit & Spin	Fayetteville	Ben Gitchal and Hannah Withers	Spring 2017
Starbucks on College	Fayetteville	Haag-Brown	Done
Taco Bell Cantina	Fayetteville	Sam Fiori	Spring 2017
The Grounds at Garden Living	Fayetteville		Done
Unnamed Restaurant in ex-Hooters	Fayetteville	Jeff Bishop	Conceptual
Uptown Restaurant 1-Italian	Fayetteville	Specialized Real Estate Group	Summer 2017

Restaurants

Uptown Restaurant 2	Fayetteville	Specialized Real Estate Group	Summer 2017
Uptown Restaurant 3	Fayetteville	Specialized Real Estate Group	Summer 2017
Whiskey 101	Fayetteville		Done
White River Café	Fayetteville	Steve Rehbock	Done
School House Café	Goshen		Done
Burger King	Lowell	3G Capital	Spring 2017
Taters Fresh Grilled	Lowell	Lace Henard	Done
Thai Ginger	Lowell		Done
Wendy’s	Lowell	Wendy’s	Conceptual
Top Golf	Northwest Arkansas	Topgolf	Conceptual
Yellow Rocket Concepts BBQ	Northwest Arkansas	Scott McGehee	Conceptual
7 Brew Coffee Company	Rogers		Spring 2017
Anime Café	Rogers		2017
Boulder	Rogers	Whisenvest	Done
Captain D’s	Rogers	Smitco D’s Inc	Done
Curry Restaurant	Rogers		Conceptual
Domino’s Pizza-Pinnacle	Rogers	Brent Medders	Conceptual
El Campesino	Rogers		Done
Fish City Grill	Rogers		Done
Foghorns	Rogers		Done
Fuzzy’s Taco Shop	Rogers	Danny Wintz	Done
Growlers	Rogers	Whisenvest	Spring 2017
IDK Café	Rogers		Done
Krystal Burger	Rogers	Smitco Eateries	Delayed
Lemus Restaurant	Rogers		Done
Ozark Beer Company	Rogers	Andy Coats and Lacie Bray	Done
Raising Cane’s	Rogers	Raising Cane’s Chicken Fingers	Done
Simple Simon Pizza	Rogers		Done
Social Taco	Rogers	David Mancia	Done
Sweetfish	Rogers		Done
Tokyo House	Rogers	Jimmy Zhang	Done
Zoe’s Kitchen	Rogers		Done
Angelino’s Pizza Place	Siloam Springs		Done
Birra and Vino’s Pizzeria	Siloam Springs		Done
Applebee’s	Siloam Springs	Applebee’s Inc	Conceptual
Burger King	Siloam Springs		Spring 2017
Cotton Patch Café	Siloam Springs		Done
Creekside Taproom	Siloam Springs		Conceptual
Jim’s Razorback Pizza-Ravenwood	Siloam Springs		Done
Taqueria Jalisco	Siloam Springs		Done
T.J.’s Pizza	Siloam Springs		Done
Ana Marie’s Bakery	Springdale	Javier Chavez	Spring 2017
Chick-fil-A	Springdale	Chick-fil-A	Conceptual
Don Tomi Tacos	Springdale		Done
Dunkin Donuts - Elm Springs	Springdale	Dunkin Donuts	Conceptual
Freddy’s Frozen Custard and Steakburger	Springdale	Michael O’Shaughnessy	Done
La Mango	Springdale		Done
Shipleys Elm Springs	Springdale	Shipleys	Conceptual
Slim Chicken	Springdale		Delayed
Szechuan House	Springdale		Done
So Pho Real	Springdale		Done
Waffle House	Springdale	Waffle House	Conceptual
Venezia	Springdale		Done
Jose’s Southwest Grill	Tontitown	Doug Allen	March 2017
Shipleys Henri De Tontitown	Tontitown	Shipleys	Conceptual
Pie Five Pizza	Unkn. Locations	Rob Byford	Conceptual
Smoothie Kings-4 more	Unkn. Locations	Thuc Tran	2017

Restaurants

Closed Restaurants

Property Name	City	Date Closed
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
Local's 479	Fayetteville	August 2016
Big Star	Fayetteville	August 2016
Electric Cowboy	Fayetteville	August 2016
Ruby Tuesday	Bentonville	August 2016
Ruby Tuesday	Fayetteville	August 2016
City Pizzaria and Salad Bar	Fayetteville	October 2016
Bambudda	Rogers	November 2016
Deluxe Burger	Rogers	November 2016
Bouchee Bistro	Fayetteville	November 2016
Ozzys Pizza	Fayetteville	December 2016
Tilted Kilt	Fayetteville	December 2016

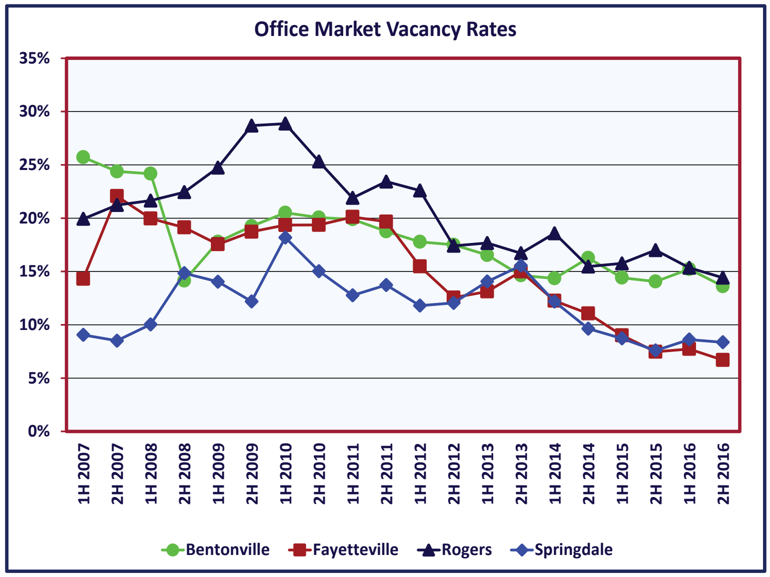
Commercial Market Trends

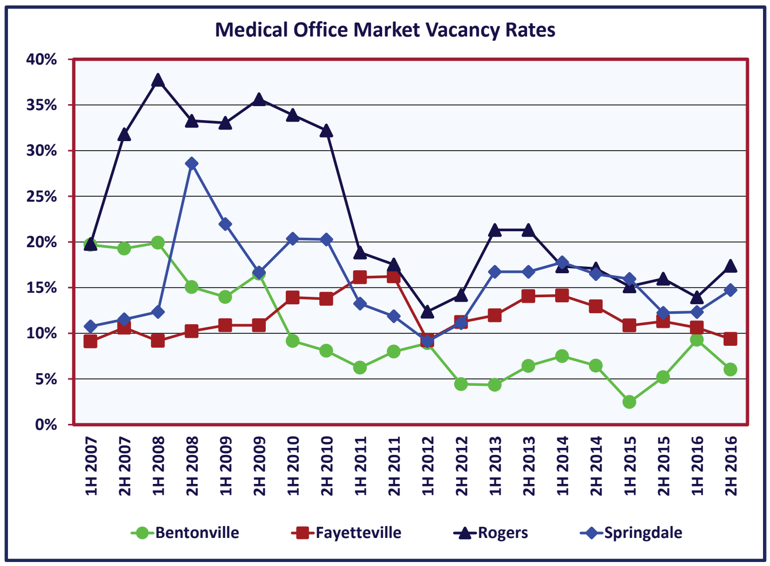
This version of the Commercial Skyline Report presents data that have been collected since 2007. Annual comparisons are made to minimize the effects of attributing too much weight to seasonal changes. The accompanying graphs show how vacancy rates and available square footage have changed in each submarket over the past twelve 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.

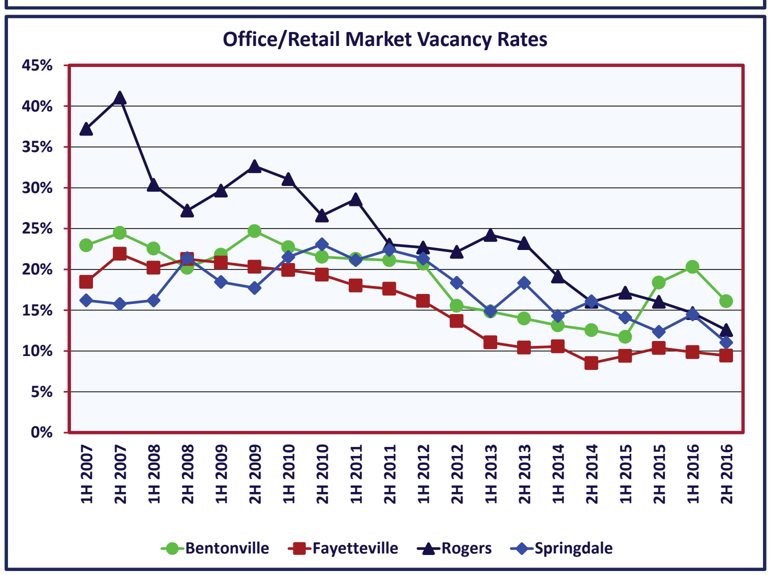
Available office square footage in Northwest Arkansas decreased from 1,392,978 square feet in the second half of 2015 to 1,301,030 square feet in the second half of 2016. In the past year, 365,597 new square feet of office space were added, with Fayetteville having the most with 163,555 square feet, and Rogers adding another 155,042 square feet. There was net positive absorption of 85,126 square feet in Northwest Arkansas during the past year. Rogers accounted for the greatest amount of net negative absorption with 54,580 square feet, while Fayetteville accounted for another 8,208 square feet. The overall Northwest Arkansas office vacancy rate declined from 12.6 percent to 11.4 percent, from the second half of 2015 to the second half of 2016.

In Northwest Arkansas, 473,492 square feet of office/retail space were available in the second half of 2016, down from 569,516 square feet in the second half of 2015. The office/retail market experienced positive net absorption of 43,338 square feet in the past year. Rogers accounted for the most with 26,845 square feet of the positive net absorption from the second half of 2015 to the second half of 2016. Fayetteville added 19,060 square feet of positive net absorption while Springdale had negative net absorption of 10,629 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 decreased 2.0 percentage points from 13.0 percent in the second half of 2015 to 11.0 percent in the second half of 2016.

In the second half of 2016, 892,433 square feet of retail space were available in Northwest Arkansas, up from 844,387 square feet in the second half of 2015. The retail market had positive net absorption of 95,929 square feet in the past twelve months. Lowell accounted for 60,056 square feet and Springdale accounted for another 42,605 square feet of positive net absorption. Rogers accounted for 33,392 square feet of net negative absorption. There were





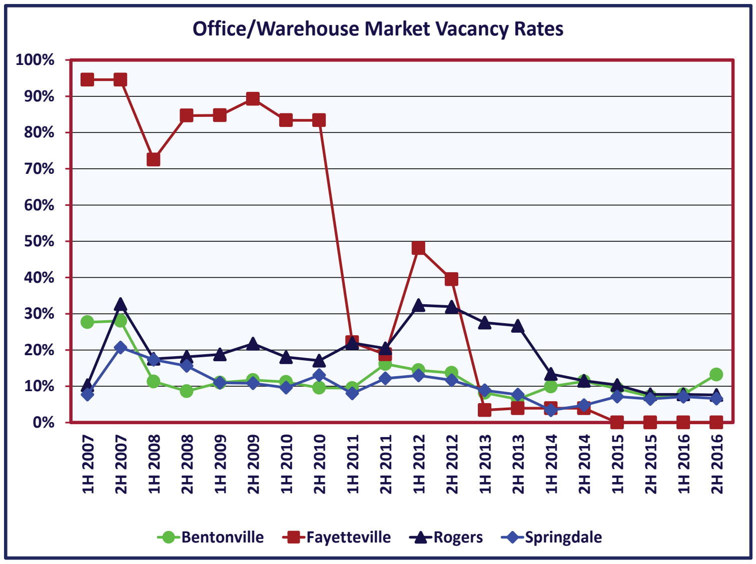


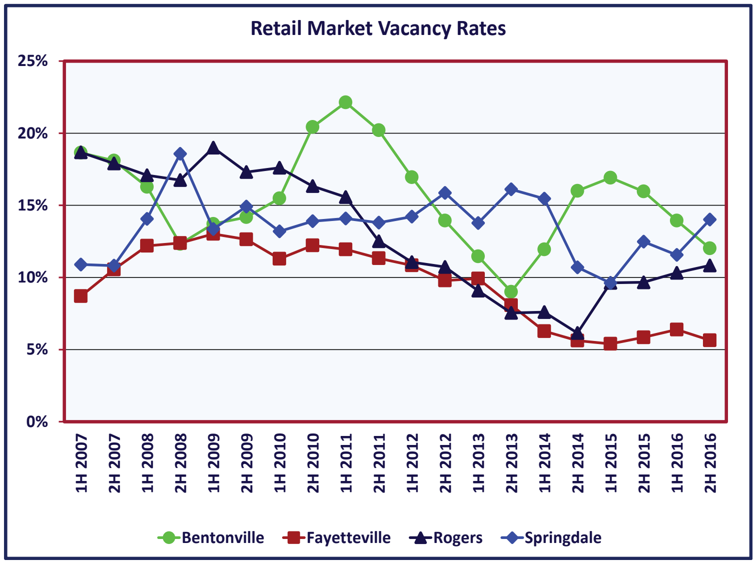
Commercial Market Trends

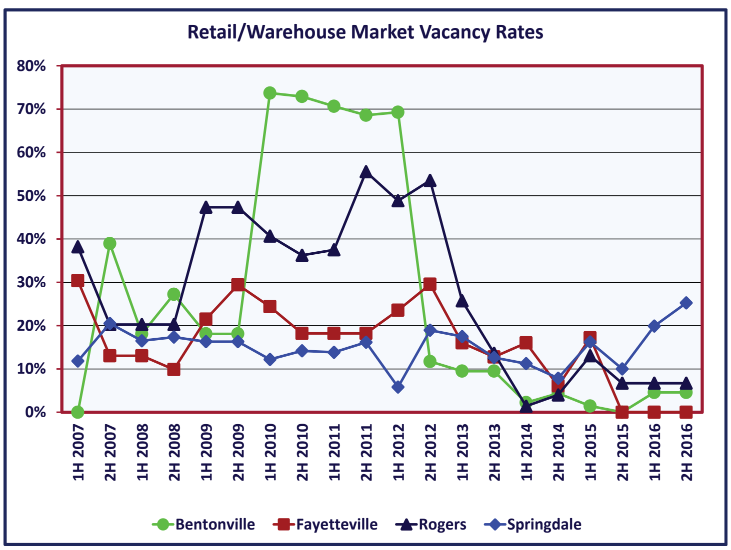
380,427 new square feet of retail space added to the Northwest Arkansas market during the second half of 2016, with Rogers accounting for 128,669 square feet, while Fayetteville and Siloam Springs accounted for 64,636 square feet and 58,146 Square feet, respectively. The overall Northwest Arkansas retail vacancy rate decreased 0.4 percentage points from 9.8 percent in the second half of 2015 to 9.4 percent in the second half of 2016.

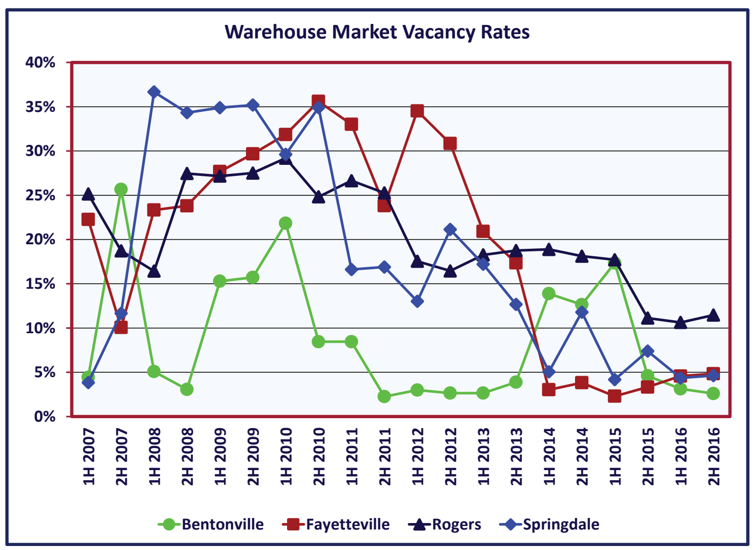
In the Northwest Arkansas warehouse market, available square footage decreased from 936,138 in the second half of 2015 to 684,312 in the second half of 2016.[1] The warehouse market experienced positive net absorption of 282,639 square feet during the past year. Lowell accounted for 198,791 square feet of the positive net warehouse absorption, while Springdale had another 92,250 square feet of positive net absorption in the last year in the warehouse market. 250,000 square feet of new warehouse space were added to the Northwest Arkansas market during the past year, all of it in Rogers. Vacancy rates declined by 3.4 percentage points from 11.5 percent to 8.1 percent over the same period.

[1]Respondents indicated that an additional 250,000 square feet of quality, leased warehouse space is available for sublease in Rogers.





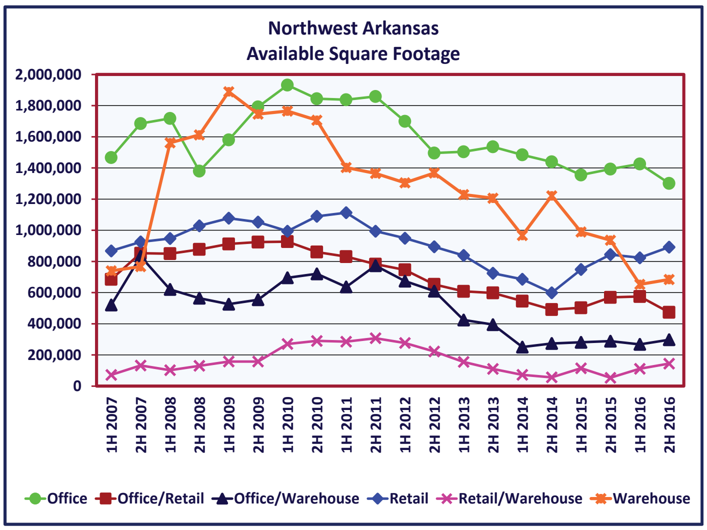


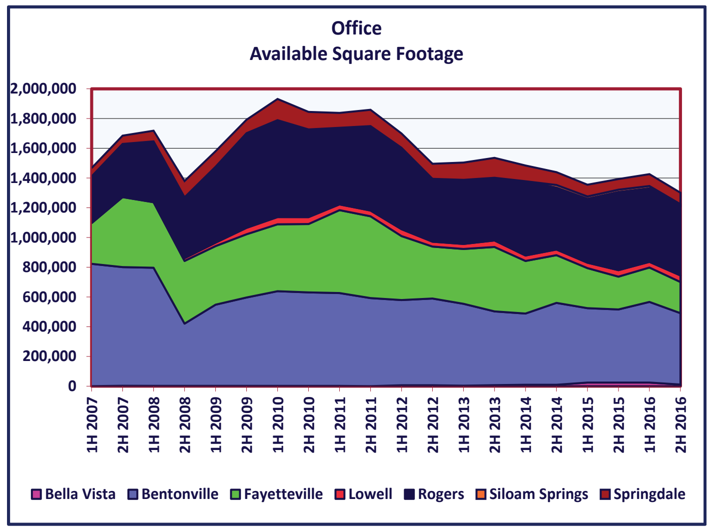


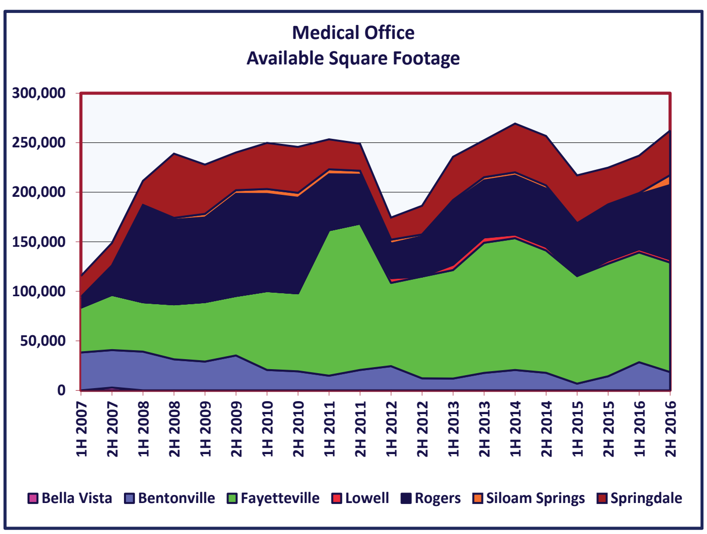
Commercial Market Trends

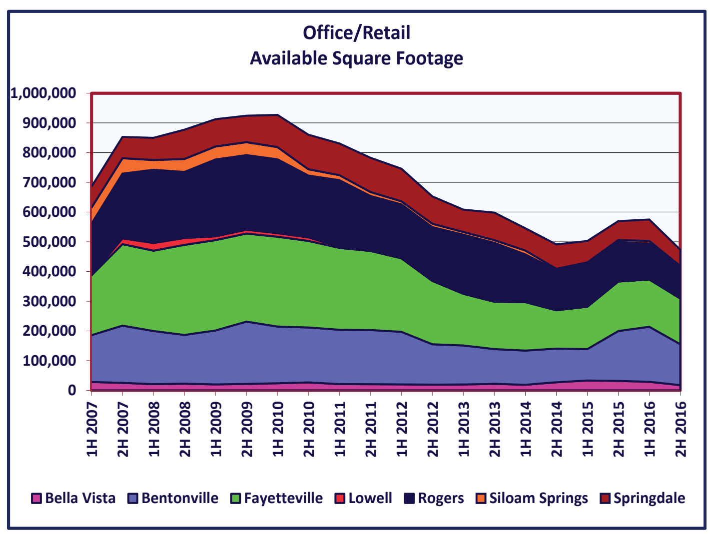
Net Twelve Month Absorption by Submarket 2H 2015 - 2H 2016

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	1,793	14,197	11,500	0
Bentonville	4,109	-4,085	22,753	23,800
Fayetteville	8,208	19,060	1,007	-18,400
Lowell	5,508	0	60,056	198,791
Rogers	54,580	26,845	-33,392	-27,162
Siloam Springs	5,634	-2,050	-8,600	13,360
Springdale	5,294	-10,629	42,605	92,250
Northwest Arkansas	85,126	43,338	95,929	282,639

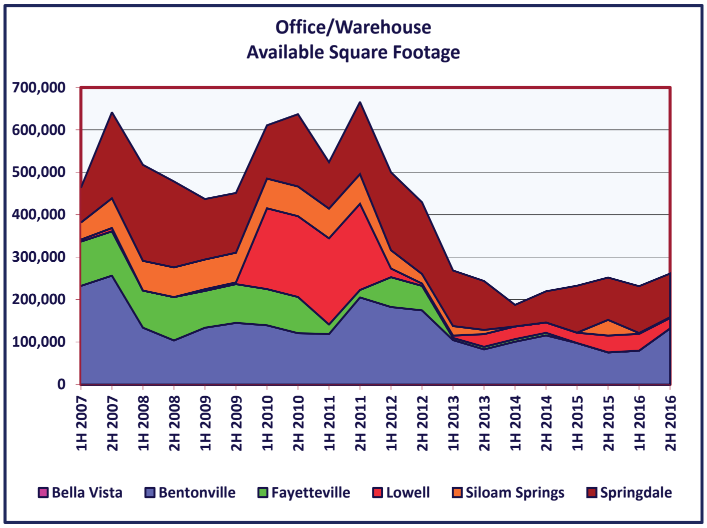


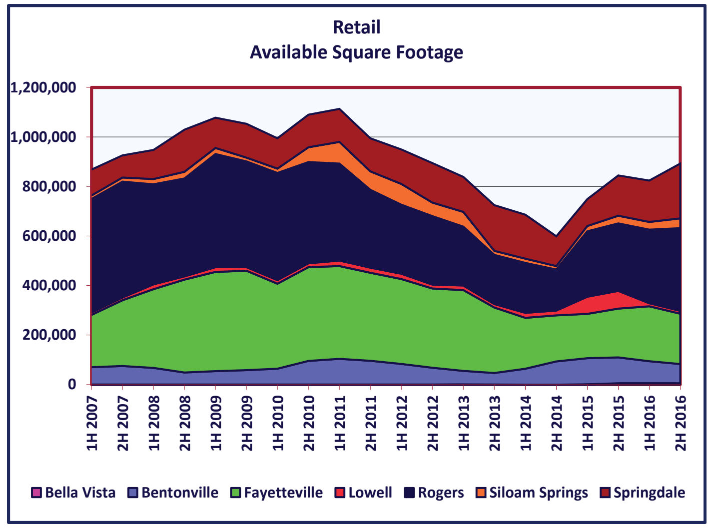


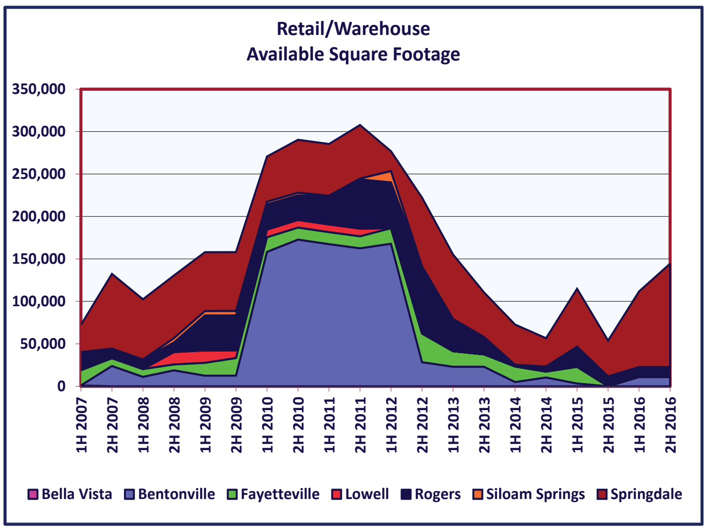


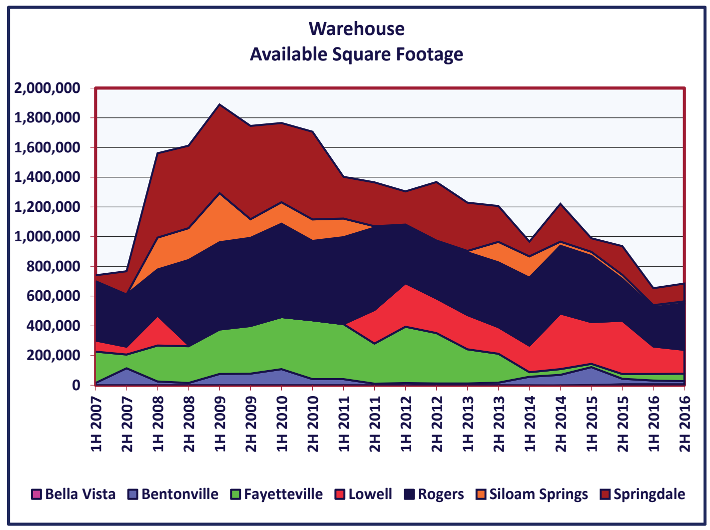


Commercial Market Trends









Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
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%
2H 2016	14.6%	13.6%	6.7%	13.3%	14.4%	6.8%	8.4%	11.4%
Medical Office								
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%
2H 2016	0.0%	6.0%	9.4%	3.9%	17.4%	8.7%	14.7%	10.8%
Office/Retail								
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%
2H 2016	6.0%	16.1%	9.4%	0.0%	12.6%	5.8%	11.0%	11.0%
Office/Warehouse								
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%
2H 2016	--	13.2%	0.0%	22.7%	7.6%	1.7%	6.6%	8.7%
Retail								
2H 2015	20.2%	16.0%	5.8%	57.0%	9.7%	9.1%	12.5%	9.8%
1H 2016	20.2%	13.9%	6.4%	9.8%	10.3%	9.1%	11.6%	9.2%
2H 2016	14.1%	12.0%	5.6%	9.2%	10.8%	9.7%	14.0%	9.4%
Retail/Warehouse								
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%
2H 2016	--	4.6%	0.0%	0.0%	6.7%	0.0%	25.2%	13.3%
Warehouse								
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%
2H 2016	35.1%	2.6%	4.8%	17.5%	11.5%	4.2%	4.6%	8.1%

Commercial Market Trends

Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
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
2H 2016	1,793	54,796	18,880	0	28,271	5,634	6,089	115,463

Medical Office								
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
2H 2016	0	9,955	-6,058	0	-16,602	-8,700	-7,210	-28,615

Office/Retail								
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
2H 2016	11,122	13,397	11,669	0	10,483	25	17,161	63,857

Office/Warehouse								
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
2H 2016	--	-56,200	0	15,200	2,000	0	7,550	-31,450

Retail								
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
2H 2016	11,500	11,351	22,706	800	-8,672	-8,600	36,101	65,186

Retail/Warehouse								
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
2H 2016	--	0	0	0	0	0	1,529	1,529

Warehouse								
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
2H 2016	0	12,000	-6,400	25,000	-44,202	0	12,840	-762

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
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
2H 2016	10,981	480,098	209,537	44,051	469,256	10,000	77,107	1,301,030
Medical Office								
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
2H 2016	0	18,462	110,580	3,250	75,016	10,000	44,946	262,254
Office/Retail								
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
2H 2016	17,614	137,731	154,044	0	100,513	8,650	54,940	473,492
Office/Warehouse								
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
2H 2016	--	132,220	0	24,400	36,539	2,000	102,775	297,934
Retail								
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
2H 2016	5,320	77,467	203,230	11,570	333,906	39,600	221,340	892,433
Retail/Warehouse								
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
2H 2016	--	11,000	0	0	11,680	0	121,728	144,408
Warehouse								
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
2H 2016	6,480	21,034	50,400	160,230	311,889	14,275	120,004	684,312

Office

In the second half of 2016, the office properties included in the Skyline Report panel had a vacancy rate of 11.4 percent, a decrease from the 12.7 percent in the first half of 2016. Of the 11,389,201 square feet of Northwest Arkansas properties examined, 1,301,030 square feet were available. From the first half of 2016 to the second half of 2016, 155,933 square feet of new space entered the market, while 271,396 square feet became occupied, netting positive absorption of 115,463 square feet for the Northwest Arkansas office market.

Bentonville had the most available square feet of office space at 480,098, out of its total office space of 3,526,226 square feet in the second half of 2016. 81.6 percent of the available office space was Class B. There were no new square feet added during this time. The Bentonville office market had net positive absorption of 54,796 square feet. That included net positive absorption of 32,291 square feet in the Class B submarket and 12,550 square feet in the Class A submarket.

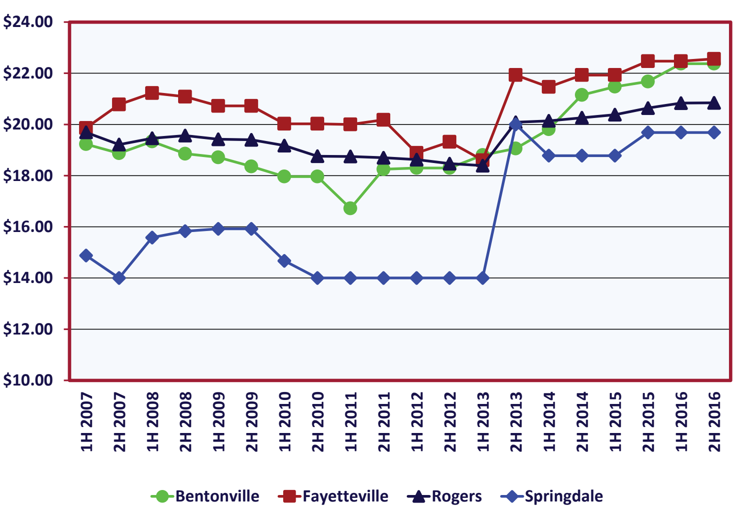
Rogers had 3,254,478 square feet of total office space, with available square feet at 469,256, in the second half of 2016. 51.0 percent of the available space was in the Class A submarket. 20,433 square feet of new office space were added during this time, all in the medical office submarket. The Rogers office market had net positive absorption of 28,271 square feet in the second half of 2016, with Class A space contributing 41,721 square feet of positive net absorption, while medical office had 16,602 of net negative absorption during the second half of 2016.

Fayetteville had 209,537 square feet of available space, out of its total office space of 3,131,727 square feet in the second half of 2016. 52.8 percent of the available space was in the medical submarket. 135,500 new square feet of office space, 132,800 of it in the medical office submarket and 2,700 square feet in the Class B submarket, were added in the second half of 2016. The Fayetteville office market had net positive absorption of 18,880 square feet, with 17,015 square feet coming in the Class A submarket.

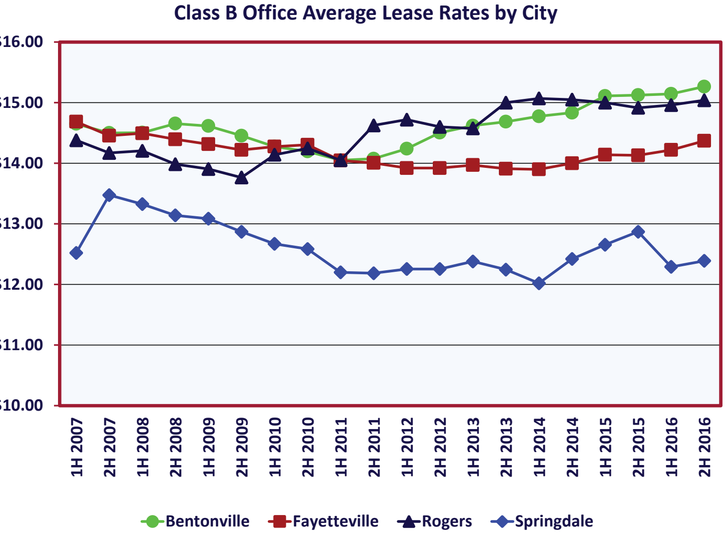
Office Lease Rates Average Range by City

	Class A	Class B	Class C	Medical
Bentonville	\$21.91 - \$22.84	\$14.99 - \$15.54	\$10.18 - \$10.32	\$16.15 - \$16.75
Fayetteville	\$20.40 - \$24.72	\$14.10 - \$14.64	\$10.53 - \$11.76	\$15.51 - \$17.39
Rogers	\$19.69 - \$22.00	\$14.83 - \$15.25	\$8.96 - \$9.51	\$14.16 - \$14.49
Springdale	\$19.35 - \$20.02	\$11.82 - \$12.96	\$9.27 - \$9.53	\$13.88 - \$14.19

Class A Office Average Lease Rates by City



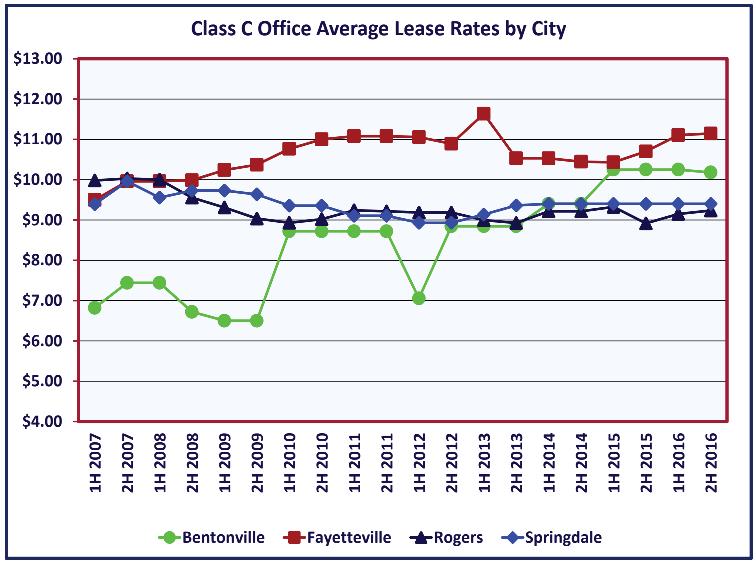
Class B Office Average Lease Rates by City

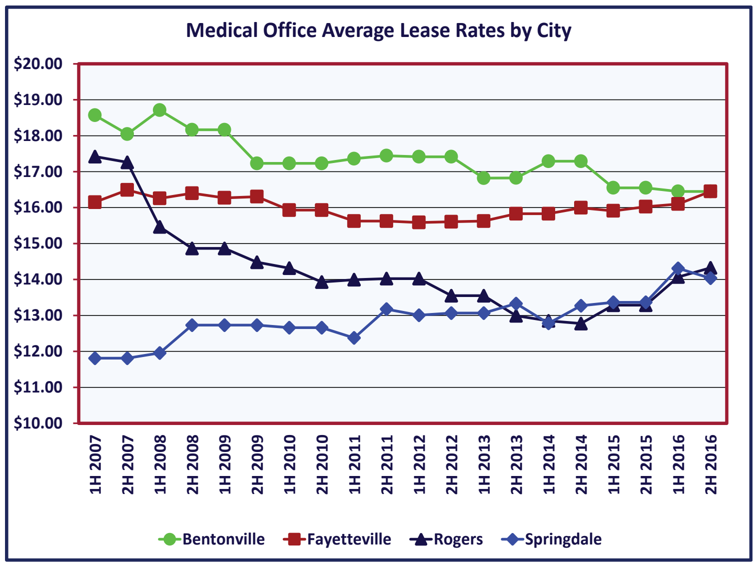


Office

Springdale had 922,043 square feet of total office space, with 77,107 square feet of it available in the second half of 2016. 58.3 percent was medical office space. No new office space was added in the second half of 2016. There was net positive absorption of 6,089 square feet in the Springdale office market in the second half of 2016.

In the second half of 2016, average reported lease rates for Class A office space remained highest in Fayetteville at $22.56. Bentonville remained $22.38, Rogers increased $0.01 to $20.85, and Springdale (with very limited Class A space) remained the same at $19.69. Average reported lease rates for Class B office space, increasing slightly in each city, were highest in Bentonville at $15.27. Rogers was at $15.04, Fayetteville was at $14.37, and Springdale had the lowest reported average lease rates at $12.29. Reported average lease rates for Class C office were highest in Fayetteville at $11.15 after a slight increase. Bentonville decreased slightly to $10.18, Springdale remained at $9.40, and Rogers increased slightly to $9.24. Reported average medical office space lease rates were highest in Bentonville and Fayetteville, after an increase of $0.35, at $16.45. Rogers increased $0.25 to $14.33. Springdale, after decreasing $0.27 to $14.04, was the lowest.





Office

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	581,461	35,286	6.1%	12,550	0	12,550	16.9
Fayetteville	409,222	28,162	6.9%	17,015	0	17,015	10
Rogers	1,742,082	239,170	13.7%	41,721	0	41,721	34.4
Springdale	95,501	0	0.0%	0	0	0	--
Class B							
Bentonville	2,536,909	391,724	15.4%	32,291	0	32,291	72.8
Fayetteville	1,292,705	59,462	4.6%	10,467	2,700	7,767	45.9
Rogers	735,491	76,451	10.4%	3,156	0	3,156	145.3
Springdale	372,858	23,711	6.4%	13,299	0	13,299	10.7
Class C							
Bentonville	101,838	34,626	34.0%	0	0	0	--
Fayetteville	250,586	11,333	4.5%	156	0	156	435.9
Rogers	345,507	78,619	22.8%	-4	0	-4	--
Springdale	148,741	8,450	5.7%	0	0	0	--
Medical							
Bentonville	306,018	18,462	6.0%	9,955	0	9,955	11.1
Fayetteville	1,179,214	110,580	9.4%	126,742	132,800	-6,058	--
Rogers	431,398	75,016	17.4%	3,831	20,433	-16,602	--
Springdale	304,943	44,946	14.7%	-7,210	0	-7,210	--

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

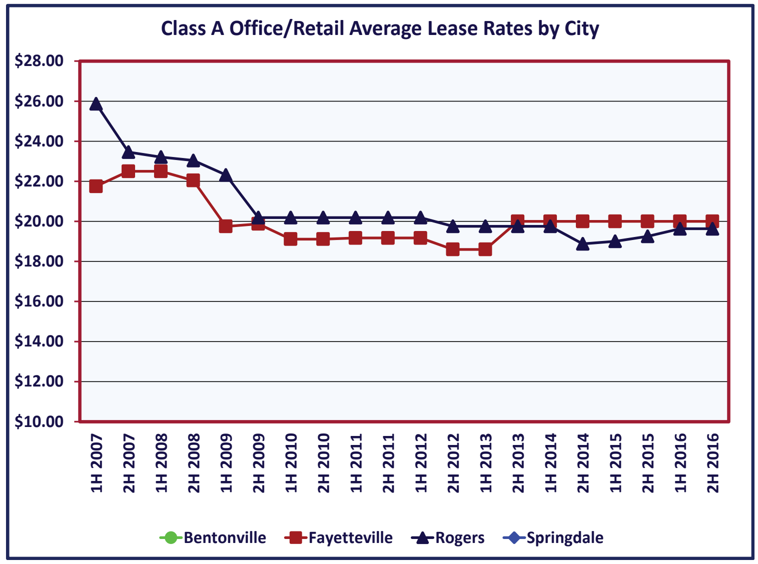
Office/Retail

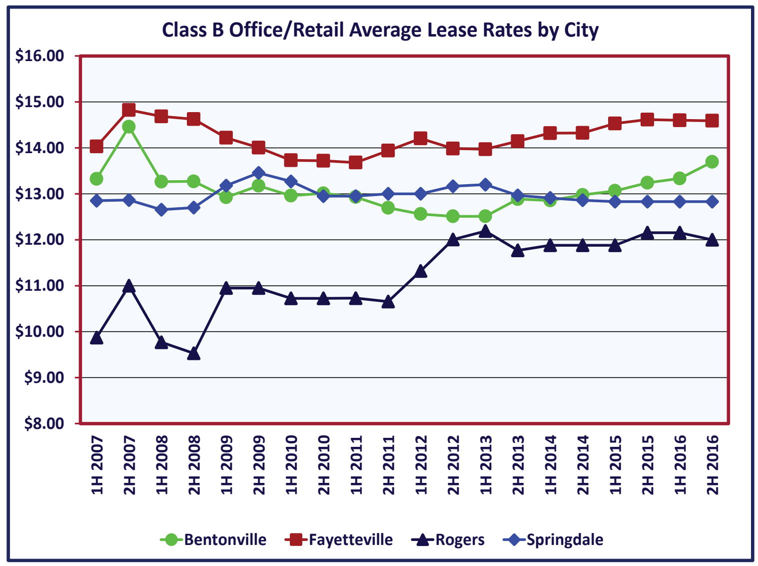
In the second half of 2016, the office/retail properties included in the Skyline Report sample had a vacancy rate of 11.0 percent, a decrease from 13.2 percent in the first half of 2016. Of the almost 4.3 million square feet of Northwest Arkansas properties examined, 473,492 square feet were available.

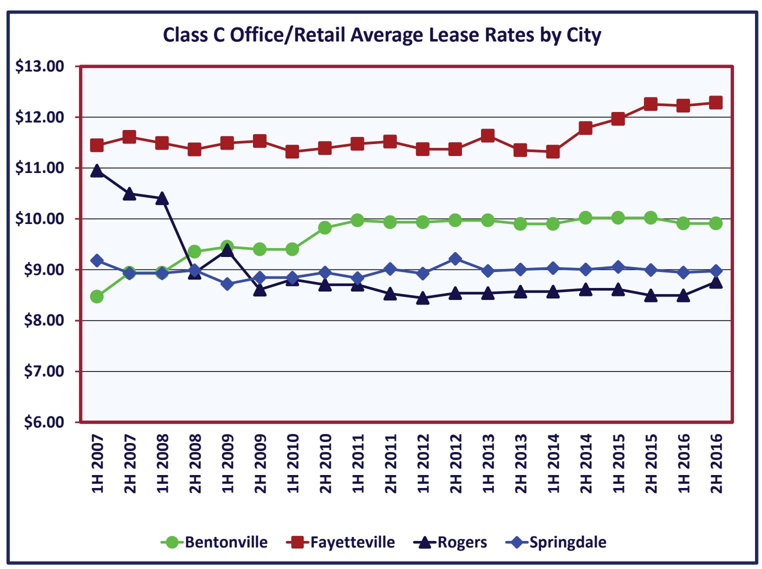
From the first half of 2016 to the second half of 2016, no square feet of new office/retail space were added in Northwest Arkansas. There was net positive absorption of 63,857 square feet in the second half of 2016. Springdale had the most positive net absorption with 17,161 square feet, while Bentonville had positive net absorption of 13,397 square feet.

Fayetteville had the largest amount of available square feet in the office/retail submarket with 154,044 square feet in the second half of 2016, while Bentonville was close behind with 137,731 square feet available. The vacancy rate was highest in Bentonville at 16.1 percent, while the vacancy rate in Fayetteville was 9.4 percent.

The office/retail space reported average lease rates in the second half of 2016 were highest in the Fayetteville Class A submarket at $20.00. The average Class A lease rate in Rogers remained $19.63. In the Class B submarket, Fayetteville was the most expensive at $14.59, followed by Bentonville at $13.70, after an increase of $0.36, Springdale at $12.83, and Rogers at $12.00, after a decrease of $0.16. In the Class C submarket the average lease rate was highest in Fayetteville at $12.29. In Bentonville the average was $9.91, in Springdale the rate was $8.98, and Rogers was the least expensive at $8.76, even after an increase of $0.26.







Office/Retail

Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	--	$12.83 - $14.56	$9.52 - $10.30
Fayetteville	$19.00 - $21.00	$13.70 - $15.48	$11.69 - $12.88
Rogers	$19.38 - $19.88	$11.51 - $12.49	$7.84 - $9.68
Springdale	--	$12.23 - $13.43	$8.45 - $9.50

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	13,222	9.9%	7,728	0	7,728	10.3
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	773,690	134,931	0	13,397	0	13,397	60.4
Fayetteville	1,175,272	125,134	0	8,904	0	8,904	84.3
Rogers	376,650	70,981	0	-5,345	0	-5,345	--
Springdale	226,956	29,516	0	12,041	0	12,041	14.7
Class C							
Bentonville	82,234	2,800	3.4%	0	0	0	--
Fayetteville	389,225	25,610	6.6%	2,765	0	2,765	55.6
Rogers	289,711	16,310	5.6%	8,100	0	8,100	12.1
Springdale	148,741	8,450	5.7%	0	0	0	--

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

Retail

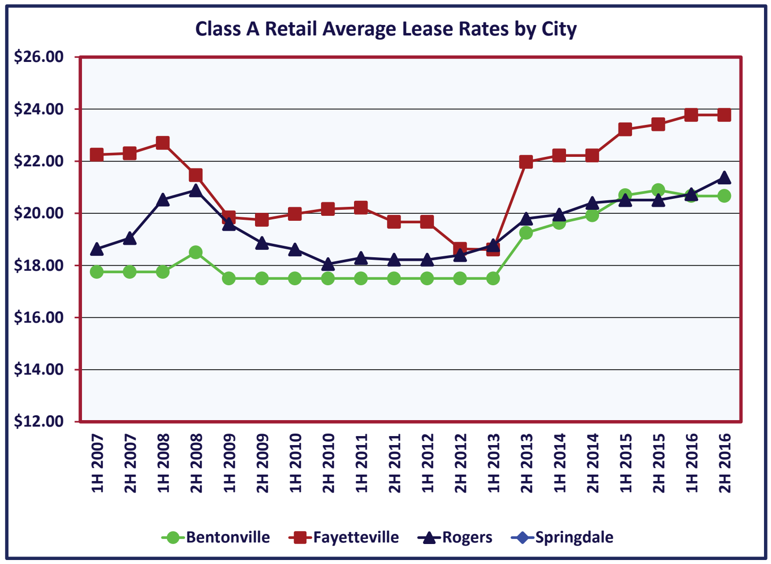
In the second half of 2016, the retail properties included in the Skyline Report panel had a vacancy rate of 9.4 percent, up from 9.2 percent in the first half of 2016. Of the more than 9.4 million square feet of Northwest Arkansas retail properties examined, 892,433 square feet were available. 135,628 square feet of new retail space were added in Northwest Arkansas. There was positive net absorption of 65,186 square feet in the second half of 2016.

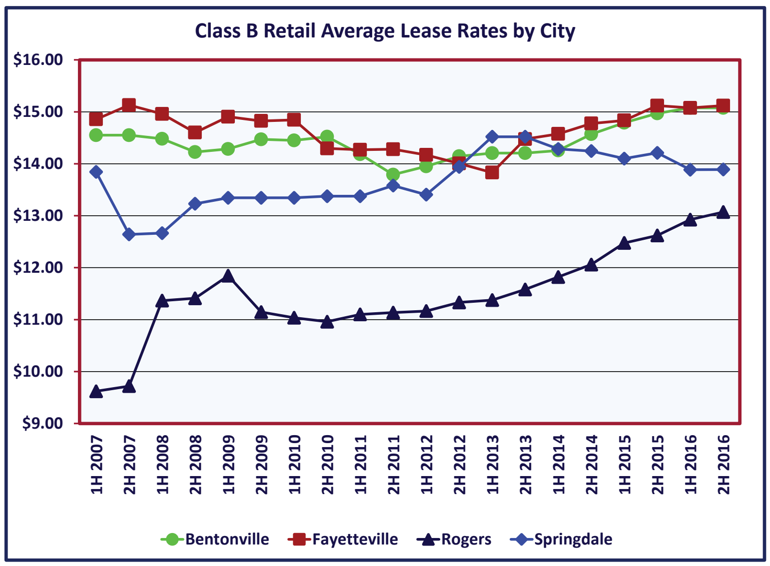
In the second half of 2016, Fayetteville had a retail vacancy rate of 5.6 percent, down from 6.4 percent in the first half of 2016, with 203,230 available square feet out of a total of 3,601,864. No new square feet were added and there was reported net positive absorption of 22,706 square feet in the Fayetteville retail market in the second half of 2016.

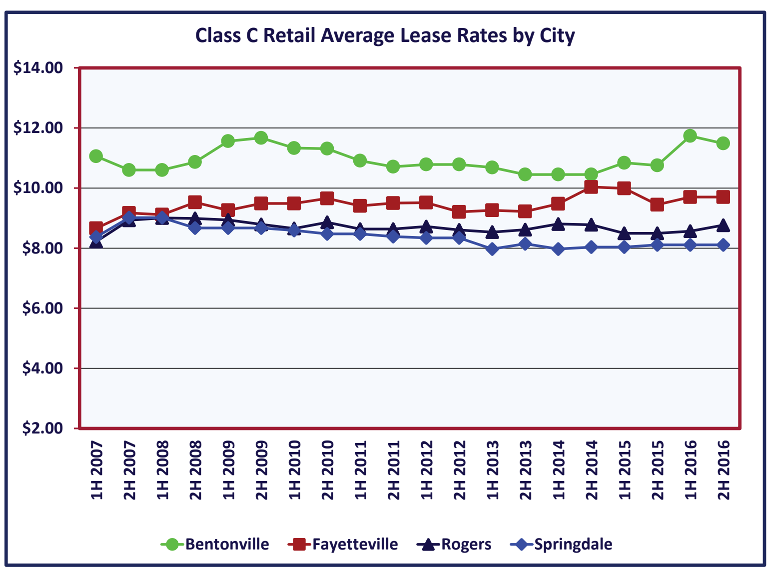
The Rogers market had 333,906 square feet of available retail space out of a total of 3,082,430 square feet, for a vacancy rate of 10.8 percent in the second half of 2016. This was an increase from the 10.3 percent rate in the first half of 2016. 74,444 square feet of new retail space were added in Rogers, however, contributing to negative net absorption of 8,672 square feet.

Bentonville had 644,434 total square feet and 77,467 available square feet of retail space in the second half of 2016, resulting in a vacancy rate of 12.0 percent. This represented a decrease from the rate of 13.9 percent in the first half of 2016. 3,038 square feet of new retail space were added to the Bentonville market. The decreased vacancy rate resulted from net positive absorption of 11,351 square feet.

There were 221,340 square feet of available retail space out of a total of 1,554,259 square feet in Springdale in the second half of 2016. This implied a vacancy rate of 14.0 percent, up from 11.6 percent in the first half of 2016. No square feet of new retail space were added during the second half of 2016 and there was net positive absorption of 36,101 square feet.







Retail

In the Class A retail submarket Fayetteville still had the highest average reported lease rates of $23.78. The average rate in Rogers increased by $0.64 to $21.38, and Bentonville remained at $20.67. Class B retail average lease rates were highest in Fayetteville at $15.12. Bentonville was at $15.08, Springdale remained $13.89, and Rogers was the lowest at $13.07, after increasing $0.15. Class C average reported lease rates remained the highest in Bentonville at $11.49 after decreasing $0.25. Fayetteville was at $9.70, Rogers increased $0.20 to $8.77, and Springdale was at $8.11 in the second 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	$10.95 - $12.02
Fayetteville	$23.15 - $24.40	$14.50 - $15.74	$9.43 - $9.97
Rogers	$20.55 - $22.20	$12.57 - $13.57	$8.60 - $8.93
Springdale	--	$13.70 - $14.08	$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	159,828	29,748	18.6%	16,513	3,038	13,475	13.2
Fayetteville	1,945,017	54,534	2.8%	18,574	0	18,574	--
Rogers	1,880,963	118,839	6.3%	91,721	74,444	17,277	41.3
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	333,262	29,893	9.0%	-4,434	0	-4,434	--
Fayetteville	1,276,165	75,820	5.9%	-1,407	0	-1,407	--
Rogers	675,444	134,667	19.9%	-18,077	0	-18,077	--
Springdale	1,060,873	150,164	14.2%	25,003	0	25,003	36.0
Class C							
Bentonville	151,344	17,826	11.8%	2,310	0	2,310	46.3
Fayetteville	380,682	72,876	19.1%	5,539	0	5,539	78.9
Rogers	526,023	80,400	15.3%	-7,872	0	-7,872	--
Springdale	518,555	71,176	13.7%	11,098	0	11,098	38.5

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

Other Categories

Warehouse

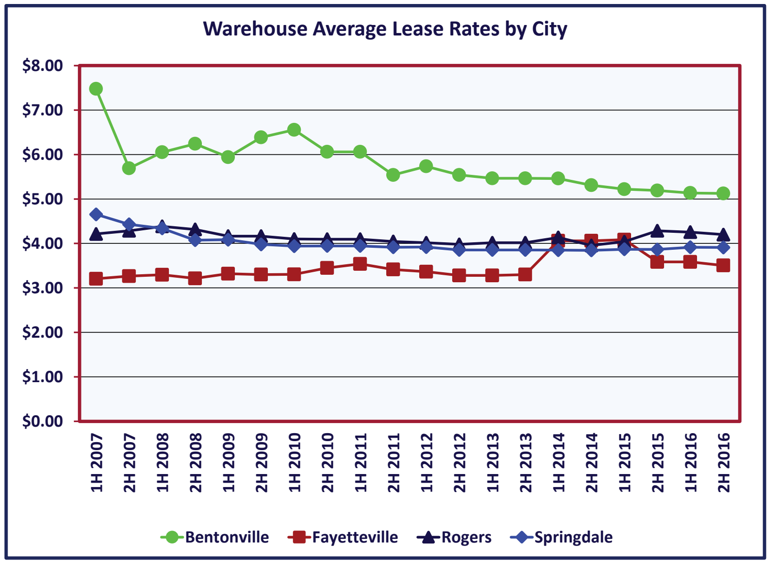
In the second half of 2016, the warehouse properties included in the Skyline Report panel had a vacancy rate of 8.1 percent, up from 8.0 percent in the first half of 2016. Of the 8,433,120 square feet of warehouse space examined, 684,312 square feet were available.[2] 250,000 new square feet of warehouse space were added in the second half of 2016, and there was negative net absorption of 762 square feet.

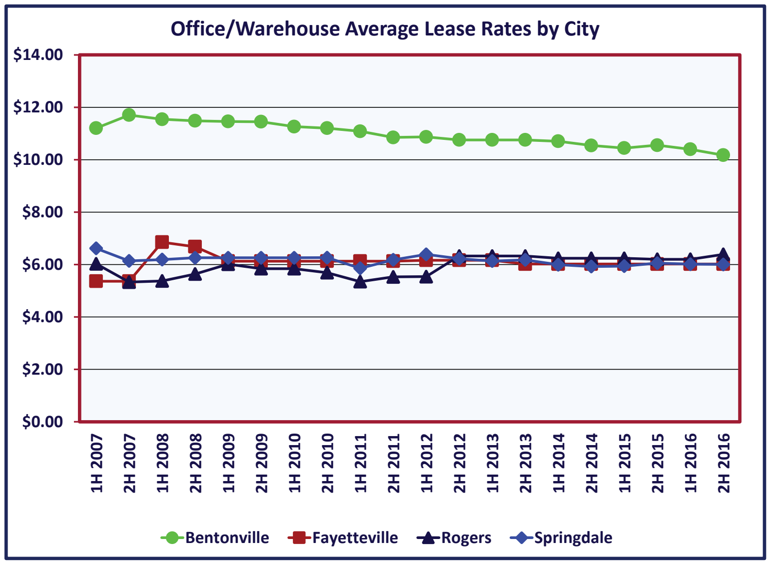
The majority of available warehouse space was split between Rogers with 311,889 square feet and Lowell with 160,230 square feet. Lowell had the greatest net positive absorption with 25,000 square feet, followed by Springdale with 12,840 square feet. Rogers had negative net absorption of 44,202 square feet, however. Reported warehouse vacancy rates declined in Lowell and Bentonville, and increased modestly in Rogers, and remain relatively stable elsewhere in Northwest.

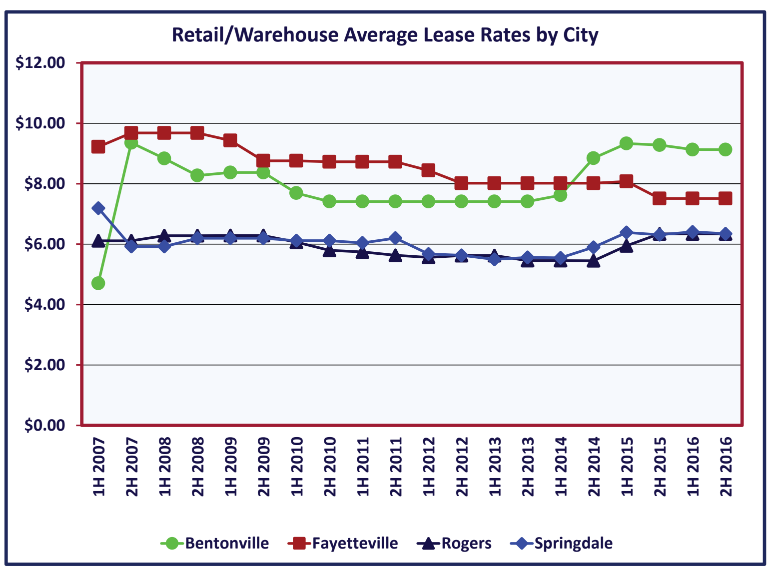
The average reported warehouse lease rates decreased by $0.08 in Fayetteville and by $0.05 in Rogers. Bentonville continued to have the highest reported lease rate at $5.13, after a decrease of $0.01 in the second half of 2016.

Office/Warehouse

The Skyline Report panelists reported on 3,413,014 square feet of office/warehouse space, with 297,934 total square feet available in the second half of 2016. The vacancy rate in the office/warehouse submarket increased from 8.4 percent in the first half of 2016 to 8.7 percent in the second half of 2016. No new square feet of office/warehouse space entered the market in Northwest Arkansas during the second half of 2016.







[2]Respondents indicated that an additional 250,000 square feet of quality, leased warehouse space is available for sublease in Rogers.

Other Categories

Other Lease Rates Average Range by City

	Warehouse	Office/Warehouse	Retail/Warehouse
Bentonville	$4.94 - $5.31	$9.65 - $10.70	$8.81 - $9.45
Fayetteville	$3.27 - $3.74	$5.69 - $6.35	$6.87 - $8.15
Rogers	$4.16 - $4.24	$6.24 - $6.54	$5.85 - $6.03
Springdale	$3.72 - $4.10	$5.39 - $6.62	$6.02 - $6.67

The office/warehouse submarket in Northwest Arkansas experienced negative net absorption of 31,450 square feet during the second half of 2016. Bentonville and Springdale with 132,220 square feet and 102,775 square feet, respectively, had the bulk of the available office/warehouse space in Northwest Arkansas.

Average reported office/warehouse lease rates in Northwest Arkansas in the second half of 2016, continued to have Bentonville with the highest reported average lease rate at $10.18 after a decrease of $0.23. Rogers saw an increase of $0.19 to $6.39, while average reported lease rates remained relatively stable in Fayetteville and Springdale in the low $6.00 range.

Retail/Warehouse

The Skyline Report panelists reported on 1,088,550 square feet of retail/warehouse space in the second half of 2016. A total of 144,408 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 10.6 percent in the first half of 2016 to 13.3 percent in the second half of 2016.

From the first half of 2016 to the second half of 2016, there was positive net absorption of 1,529 square feet of retail/warehouse space in Northwest Arkansas all in Springdale. Springdale had the majority of the available retail/warehouse space with 121,728 square feet.

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

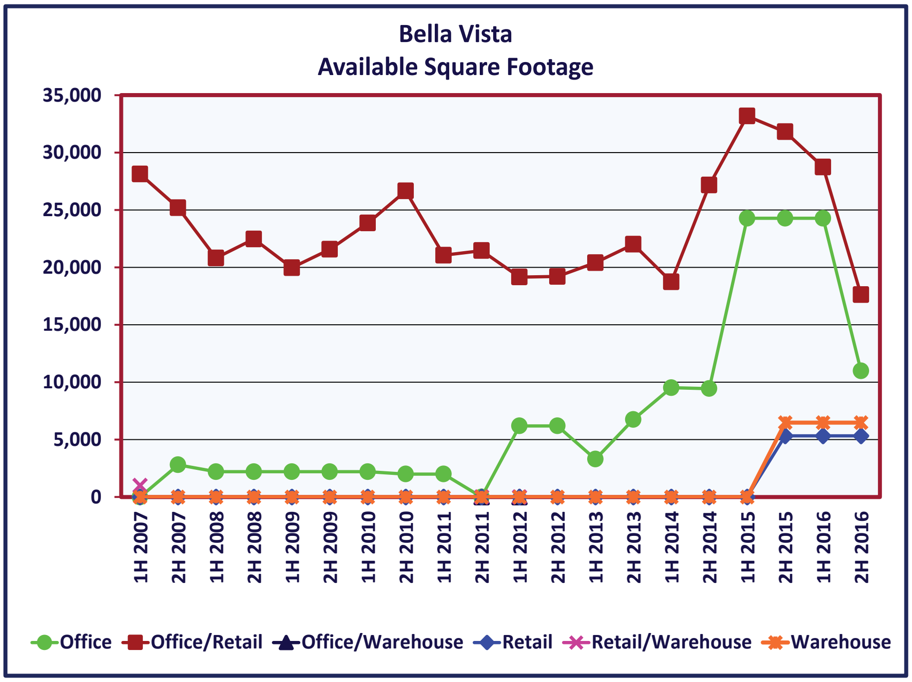
Other Space Characteristics by Class and City

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	808,557	21,034	2.6%	12,000	0	12,000	10.5
Fayetteville	1,040,921	50,400	4.8%	-6,400	0	-6,400	--
Rogers	2,720,109	311,889	11.5%	205,798	250,000	-44,202	--
Springdale	2,589,158	120,004	4.6%	12,840	0	12,840	56.1
Office/Warehouse							
Bentonville	1,000,128	132,220	13.2%	-56,200	0	-56,200	--
Fayetteville	152,072	0	0.0%	0	0	0	--
Rogers	480,562	36,539	7.6%	2,000	0	2,000	109.6
Springdale	1,554,259	102,775	6.6%	7,550	0	7,550	81.7
Retail/Warehouse							
Bentonville	240,726	11,000	4.6%	0	0	0	--
Fayetteville	86,940	0	0.0%	0	0	0	--
Rogers	174,115	11,680	6.7%	0	0	0	--
Springdale	482,181	121,728	25.2%	1,529	0	1,529	477.7

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

Bella Vista

- From July 1 to December 31, 2016, $889,000 worth of 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 second half of 2016.
- In the second half of 2016, Bella Vista experienced positive net absorption of 24,415 square feet, split between the office, office/retail, and retail submarkets.
- There was no space added to the Bella Vista commercial market in the second half of 2016.
- Reported average lease rates in Bella Vista in the second half of 2016 increased modestly in the office submarket and remained relatively stable in the other submarkets.



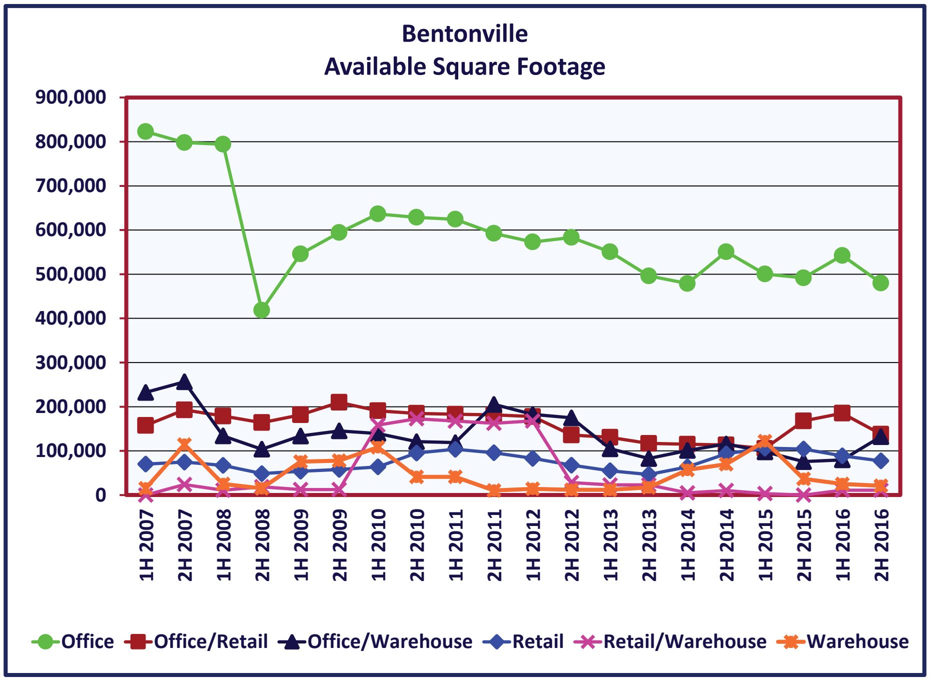
Bella Vista Commercial Real Estate Market Summary Statistics

	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	$12.59 - $13.65	75,389	10,981	14.6%	1,793	0	1,793	36.7
Class A	--	--	--	--	--	--	--	--
Class B	$13.68 - $14.80	64,025	7,721	12.1%	1,793	0	1,793	25.8
Class C	$11.00 - $11.00	3,260	3,260	100.0%	0	0	0	--
Medical	$12.00 - $14.00	8,104	0	0.0%	0	0	0	0.0
Office/Retail	$10.27 - $13.13	294,928	17,614	6.0%	11,122	0	11,122	9.5
Class A	--	--	--	--	--	--	--	--
Class B	$10.27 - $13.13	284,344	14,874	5.2%	11,832	0	11,832	7.5
Class C	--	10,584	2,740	25.9%	-710	0	-710	--
Office/Warehouse	--	--	--	--	--	--	--	--
Retail	$9.82 - $9.82	37,820	5,320	14.1%	11,500	0	11,500	2.8
Class A	--	--	--	--	--	--	--	--
Class B	$9.82 - $9.82	37,820	5,320	14.1%	11,500	0	11,500	2.8
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	--	--	--	--	--	--	--	--
Warehouse	$1.00 - $2.70	18,486	6,480	35.1%	0	0	0	--
Total		426,623	40,395	9.5%	24,415	0	24,415	9.9

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

Bentonville

- From July 1 to December 31, 2016, Bentonville issued $49,024,427 worth of building permits for new commercial space. The second half of 2016 value was 36.6 percent higher than the second half of 2015 value of $35,900,580. Bentonville accounted for 35.7 percent of the commercial permits issued in Northwest Arkansas during the second half of 2016.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 7,092,335 square feet of commercial space in Bentonville in the second half of 2016.
- In the second half of 2016, Bentonville experienced absorption of 38,382 square feet, while 3,038 new square feet of office space were added, yielding net absorption of 35,344 square feet.
- The office market had the greatest amount of positive net absorption with 54,796 square feet, with the retail submarket adding an additional 11,351 square feet of net positive absorption. However, the office/warehouse market had significant net negative absorption of 56,200 square feet, while the retail Class B submarket contributed another 4,434 square feet of net negative absorption in the second half of 2016.
- Reported vacancy rates from the first half of 2016 to the second half of 2016 decreased in the office, medical office, office/retail, retail and warehouse submarkets, increased in the office/warehouse submarket, and remained the same in the retail/warehouse submarket of Bentonville.



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	$15.38 - $15.95	3,526,226	480,098	13.6%	54,796	0	54,796	52.6
Class A	$21.91 - $22.84	581,461	35,286	6.1%	12,550	0	12,550	16.9
Class B	$14.99 - $15.54	2,536,909	391,724	15.4%	32,291	0	32,291	72.8
Class C	$10.18 - $10.32	101,838	34,626	34.0%	0	0	0	--
Medical	$16.15 - $16.75	306,018	18,462	6.0%	9,955	0	9,955	11.1
Office/Retail	$12.26 - $13.82	855,924	137,731	16.1%	13,397	0	13,397	61.7
Class A	--	--	--	--	--	--	--	--
Class B	$12.83 - $14.56	773,690	134,931	17.4%	13,397	0	13,397	60.4
Class C	$9.52 - $10.30	82,234	2,800	3.4%	0	0	0	--
Office/Warehouse	$9.65 - $10.70	1,000,128	132,220	13.2%	-56,200	0	-56,200	--
Retail	$14.56 - $15.76	644,434	77,467	12.0%	14,389	3,038	11,351	40.9
Class A	$19.00 - $22.33	159,828	29,748	18.6%	16,513	3,038	13,475	13.2
Class B	$14.87 - $15.28	333,262	29,893	9.0%	-4,434	0	-4,434	--
Class C	$10.95 - $12.02	151,344	17,826	11.8%	2,310	0	2,310	46.3
Retail/Warehouse	$8.81 - $9.45	240,726	11,000	4.6%	0	0	0	--
Warehouse	$4.94 - $5.31	808,557	21,034	2.6%	12,000	0	12,000	10.5

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

Bentonville

- Average reported lease rates decreased by $0.23 in the office/warehouse submarket, by $0.25 in the Class C retail submarket, and increased by $0.36 in the Class B office/retail submarket 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 second half of 2016.
- There was positive net absorption of 8,347 square feet in Downtown Bentonville during the second half of 2016, while no new space was added.
- Office space in Downtown Bentonville had a reported vacancy rate of 6.4 percent in the second half of 2016, down from 14.8 percent in the first half of 2016.
- The office/retail vacancy rate in Downtown Bentonville remained at 12.6 percent in the second half of 2016.
- The reported retail vacancy rate for Downtown Bentonville properties remained at 0.0 percent in the second half of 2016.
- Average reported office lease rates remained the same for Downtown Bentonville in the second half of 2016.

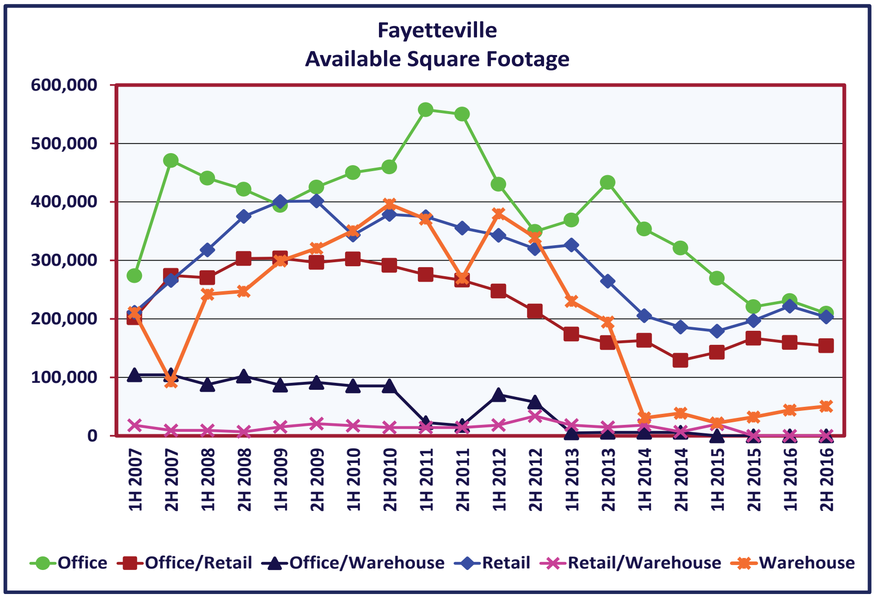
Downtown Bentonville Summary Statistics

	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	6,345	6.4%	8,347	0	8,347	4.6
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%	0	0	0	--

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

Fayetteville

- From July 1 to December 31, 2016, Fayetteville issued building permits for $21,448,817 worth of new commercial space. The second half of 2016 value was 19.9 percent higher than the second half of 2015 value of $17,896,238. Fayetteville accounted for 15.6 percent of the commercial permits issued in Northwest Arkansas during the second half of 2016.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 10,685,431 square feet of commercial space in Fayetteville in the second half of 2016.
- In the second half of 2016, Fayetteville experienced positive net absorption of 242,855 square feet. The industrial submarket had the greatest amount of net positive absorption with 190,000 square feet, followed by the retail submarket at 22,706 square feet. The warehouse submarket had negative net absorption of 6,400 square feet.
- 135,500 square feet of new space, including 132,800 square feet of medical office space and 2,700 square feet of Class B office space, were added to the Fayetteville market in the second half of 2016.
- Observed vacancy rates in Fayetteville from the first half of 2016 to the second half of 2016 decreased for indus-



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	0	0.0%	196,000	0	196,000	0.0
Office	$14.22 - $15.42	3,131,727	209,537	6.7%	154,380	135,500	18,880	66.6
Class A	$20.40 - $24.72	409,222	28,162	6.9%	17,015	0	17,015	9.9
Class B	$14.10 - $14.64	1,292,705	59,462	4.6%	10,467	2,700	7,767	45.9
Class C	$10.53 - $11.76	250,586	11,333	4.5%	156	0	156	435.9
Medical	$15.51 - $17.39	1,179,214	110,580	9.4%	126,742	132,800	-6,058	--
Office/Retail	$13.13 - $14.70	1,633,804	154,044	9.4%	11,669	0	11,669	79.2
Class A	$19.00 - $21.00	69,307	3,300	4.8%	0	0	0	--
Class B	$13.70 - $15.48	1,175,272	125,134	10.6%	8,904	0	8,904	84.3
Class C	$11.69 - $12.88	389,225	25,610	6.6%	2,765	0	2,765	55.6
Office/Warehouse	$5.69 - $6.35	152,072	0	0.0%	0	0	0	--
Retail	$13.57 - $14.55	3,601,864	203,230	5.6%	22,706	0	22,706	53.7
Class A	$23.15 - $24.40	1,945,017	54,534	2.8%	18,574	0	18,574	17.6
Class B	$14.50 - $15.74	1,276,165	75,820	5.9%	-1,407	0	-1,407	--
Class C	$9.43 - $9.97	380,682	72,876	19.1%	5,539	0	5,539	78.9
Retail/Warehouse	$6.87 - $8.15	86,940	0	0.0%	0	0	0	--
Warehouse	$3.27 - $3.74	1,040,921	50,400	4.8%	-6,400	0	-6,400	--

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

trial, office, medical office, office/retail space, retail. Vacancy rates increased for warehouse space while remaining the same for office/warehouse, retail/warehouse, and lab space.

- The Fayetteville Class B office and medical office submarkets had significant average lease rate increases of $0.15 and $0.35, respectively, while all other lease rates were relatively stable from the first half of 2016 to the second half of 2016.

Downtown Fayetteville/Dickson Street Area

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 997,979 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street area in the second half of 2016.
- There was positive net absorption of 5,123 square feet in the downtown Fayetteville area in the second half of 2016.
- There were 2,700 square feet of new space added in downtown Fayetteville during the second half of 2016.
- The office space in downtown Fayetteville had a reported vacancy rate of 2.2 percent in the second half of 2016, up from 1.8 percent in the first half of 2016 in accordance with negative net absorption of 1,563 square feet. This was lower than the overall Fayetteville office vacancy rate of 6.7 percent.
- The office/retail vacancy rate for downtown Fayetteville properties remained the same at 6.1 percent. This compares to 9.4 percent in the same submarket for all of Fayetteville during the second half of 2016.
- The downtown Fayetteville retail vacancy rate decreased 4.9 percentage point to 5.8 percent, with positive net absorption of 5.376 square feet, and was slightly higher than the overall Fayetteville retail vacancy rate of 5.6 percent in the second half of 2016.
- Average reported lease rates in downtown Fayetteville increased in the office and office/retail submarkets, while prices in the retail submarket remained relatively unchanged during the past six months.

Uptown Fayetteville

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 4,108,025 square feet of office, office/retail, and retail space in Uptown Fayetteville in the second half of 2016.
- There was positive net absorption of 51,781 square feet of space during the second half of 2016 in Uptown Fayetteville with office space accounting for 20,287 square feet and retail accounting for another 26,189 square feet of this total.
- There were 132,800 new square feet of office space added to the Uptown Fayetteville commercial market in the second half of 2016.
- The office space in Uptown Fayetteville had a reported vacancy rate of 6.6 percent in the second half of 2016. This was lower than the first half of 2016 vacancy rate of 8.5 percent and was lower than the 6.7 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	$13.82 - $16.31	415,248	8,938	2.2%	1,137	2,700	-1,563	--
Office/Retail	$14.39 - $16.59	472,982	27,085	5.7%	1,310	0	1,310	124.1
Retail	$12.19 - $13.88	109,749	6,401	5.8%	5,376	0	5,376	7.1

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

Fayetteville

- In the second half of 2016, the office/retail vacancy rate in Uptown Fayetteville dropped to 0.0 percent. The vacancy rate was below the city average office/retail vacancy rate of 9.4 percent.
- Retail space in Uptown Fayetteville had a reported vacancy rate of 3.6 percent in the second half of 2016, a decrease of 1.2 percentage points from the first half of 2016, and lower than the overall Fayetteville rate of 5.6 percent.
- Average reported lease rates in the Uptown Fayetteville increased slightly in the office and retail submarkets, while the office/retail submarket and remained relatively unchanged in the second half of 2016.

Martin Luther King, Jr. Boulevard Corridor

- In the second half of 2016, Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 430,837 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 last six months of 2016.
- The MLK Boulevard Corridor of Fayetteville experienced a negative net absorption of 8,150 square feet of space, with retail space accounting for all of this total, in the second half of 2016.
- Office space in the MLK Boulevard Corridor of Fayetteville had a reported vacancy rate of 9.0 percent in the first half of 2016, a decrease of 1.9 percent from the first half of 2016. This was higher than the overall office vacancy rate of 6.7 percent for all of Fayetteville.
- From the first half of 2016 to the second half of 2016, the office/retail vacancy rate remained 8.8 percent in the MLK Boulevard Corridor of Fayetteville, and was lower than the overall city average rate of 9.4 percent.
- The vacancy rate for retail space in the MLK Boulevard Corridor was 41.9 percent in the second half of 2016, an increase from the 33.4 percent in the first half of 2016. The retail vacancy rate for all of Fayetteville was much lower at 5.6 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 second half of 2016.

Uptown Fayetteville 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	$15.28 - $16.35	1,709,759	113,297	6.6%	153,087	132,800	20,287	33.5
Office/Retail	$16.40 - $16.53	78,087	0	0.0%	5,305	0	5,305	0.0
Retail	$17.75 - $18.68	2,320,179	84,004	3.6%	26,189	0	26,189	19.2

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

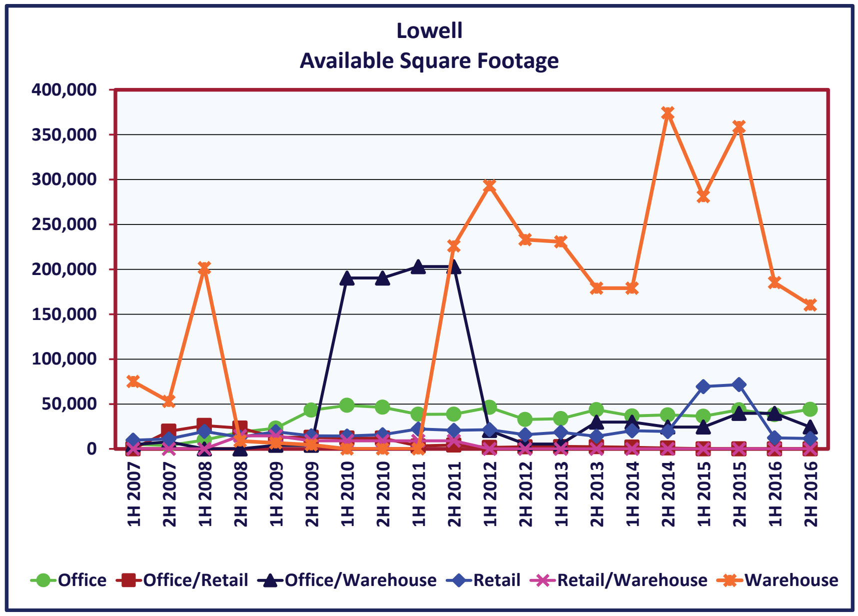
Fayetteville MLK Boulevard Corridor Summary Statistics

	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	30,393	2,735	9.0%	0	0	0	--
Office/Retail	$14.15 - $15.30	235,591	20,712	8.8%	0	0	0	--
Retail	$12.64 - $14.01	164,853	69,026	41.9%	-8,150	0	-8,150	--

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

Lowell

- From July 1 to December 31, 2016, Lowell issued building permits for $18,919,904 worth of new commercial space. The second half of 2016 value was 26.8 percent lower than the second half of 2015 value of $25,862,860. Lowell accounted for 13.8 percent of building permits issued in Northwest Arkansas in the second half of 2016.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,631,482 square feet of Lowell commercial space in the second half of 2016.
- In the second 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 25,000 square feet, while the retail submarket had 800 square feet of positive net absorption.
- There were no square feet of new commercial space added in Lowell in the second half of 2016.
- Reported vacancy rates decreased in the office/warehouse, retail, and warehouse submarkets, increased in the office submarket, and remained the same in the other submarkets from the first half of 2016 to the second half of 2016.
- Average reported lease rates in Lowell from the first half of 2016 to the second half of 2016 decreased in the office submarket but remained relatively stable in all other submarkets.



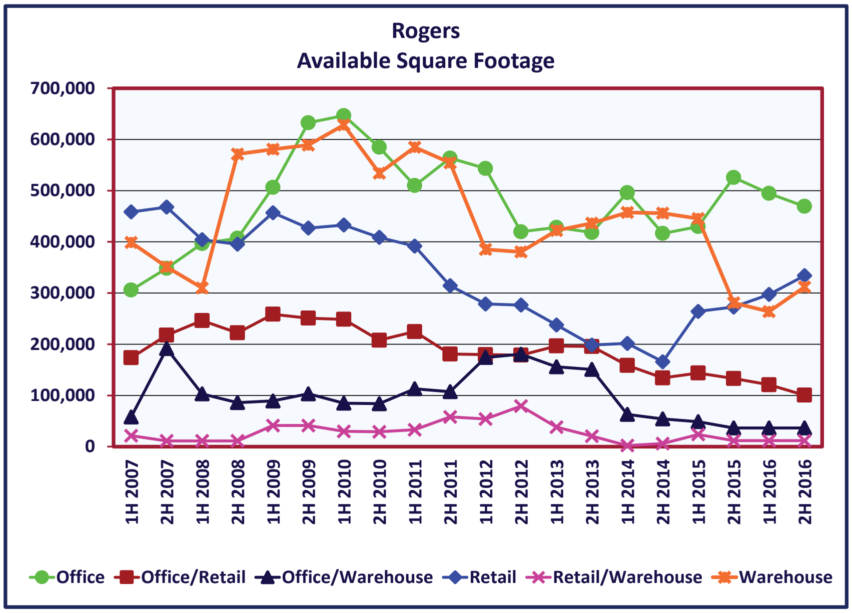
Lowell Commercial Real Estate Market Summary Statistics

	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	--
Office	$14.36 - $14.44	331,479	44,051	13.3%	0	0	0	--
Class A	$18.75 - $18.83	109,330	16,011	14.6%	0	0	0	--
Class B	$12.28 - $12.39	127,550	18,790	14.7%	0	0	0	--
Class C	$9.00 - $9.00	12,000	6,000	--	0	0	0	--
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	--
Class A	--	--	--	--	--	--	--	--
Class B	$11.67 - $13.00	48,310	0	0.0%	0	0	0	--
Class C	$3.50 - $3.50	17,160	0	0.0%	0	0	0	--
Office/Warehouse	$5.52 - $5.86	107,498	24,400	22.7%	15,200	0	15,200	9.6
Retail	$12.38 - $15.88	125,762	11,570	9.2%	800	0	800	86.8
Class A	--	50,000	0	0.0%	0	0	0	--
Class B	$12.38 - $15.88	75,762	11,570	15.3%	800	0	800	86.8
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	$10.19 - $10.19	26,700	0	0.0%	0	0	0	--
Warehouse	$3.59 - $3.59	917,393	160,230	17.5%	25,000	0	25,000	38.5

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

Rogers

- From July 1 to December 31, 2016, Rogers issued building permits for $24,284,830 worth of new commercial space. The second half of 2016 value was 41.9 percent higher than the second half of 2015 value of $17,119,143. Rogers accounted for 17.7 percent of the commercial permits issued in Northwest Arkansas during the second half of 2016.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 11,330,555 square feet of commercial space in the second half of 2016.
- In the second half of 2016, Rogers had overall negative net absorption of 21,602 square feet. The warehouse submarket had the greatest amount of negative net absorption with 44,202 square feet, followed by the lab submarket with 9,482 square feet. The office submarket had the most positive net absorption with 28,271 square feet.



- In the first half of 2016, 344,877 square feet of new commercial space were added to the Rogers market. This included 250,000 square feet of warehouse space and 74,444 square feet of retail space.
- Reported vacancy rates in the second half of 2016 decreased in the office, office/retail, and office/warehouse submarkets, increased in the lab, medical office, retail, and warehouse submarkets, and remained the same in the other submarkets.
- Modest increases in average reported lease rates in Rogers from the first half of 2016 to the second half of 2016 occurred in the Class B, Class C office, medical office, Class C office/retail,

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	$4.00 - $4.00	9,482	9,482	100.0%	-9,482	0	-9,482	--
Industrial	$3.95 - $3.95	809,891	409,456	50.6%	0	0	0	--
Office	$14.79 - $15.63	3,254,478	469,256	14.4%	48,704	20,433	28,271	99.6
Class A	$19.69 - $22.00	1,742,082	239,170	13.7%	41,721	0	41,721	34.4
Class B	$14.83 - $15.25	735,491	76,451	10.4%	3,156	0	3,156	145.3
Class C	$8.96 - $9.51	345,507	78,619	22.8%	-4	0	-4	--
Medical	$14.16 - $14.49	431,398	75,016	17.4%	3,831	20,433	-16,602	--
Office/Retail	$10.63 - $11.99	799,488	100,513	12.6%	10,483	0	10,483	57.5
Class A	$19.38 - $19.88	133,127	13,222	9.9%	7,728	0	7,728	10.3
Class B	$11.51 - $12.49	376,650	70,981	18.8%	-5,345	0	-5,345	--
Class C	$7.84 - $9.68	289,711	16,310	5.6%	8,100	0	8,100	12.1
Office/Warehouse	$6.24 - $6.54	480,562	36,539	7.6%	2,000	0	2,000	109.6
Retail	$13.06 - $13.96	3,082,430	333,906	10.8%	65,772	74,444	-8,672	--
Class A	$20.55 - $22.20	1,880,963	118,839	6.3%	91,721	74,444	17,277	41.3
Class B	$12.57 - $13.57	675,444	134,667	19.9%	-18,077	0	-18,077	--
Class C	$8.60 - $8.93	526,023	80,400	15.3%	-7,872	0	-7,872	--
Retail/Warehouse	$5.85 - $6.03	174,115	11,680	6.7%	0	0	0	--
Warehouse	$4.16 - $4.24	2,720,109	311,889	11.5%	205,798	250,000	-44,202	--

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

Rogers

Class A retail, Class B retail, Class C retail, and the office/warehouse submarkets. All other lease rates remained relatively unchanged.

Downtown Rogers

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 274,457 square feet of office, office/retail, and retail space in Downtown Rogers in the second half of 2016.
- No new commercial space was added to downtown Rogers in the last 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 second half of 2016, the same as in the first half of 2016 as some vacant space became owner occupied. The downtown vacancy rate was higher than the overall average office vacancy rate for Rogers, which was 14.4 percent during the same period.
- The office/retail submarket had negative net absorption of 3,800 square feet and had an increase in the vacancy rate to 18.9 percent from the first half of 2016 rate of 11.1 percent in the downtown area as additional property entered in the database. This compares to a vacancy rate of 14.9 percent for all of Rogers.
- Downtown Rogers experienced no net absorption of retail space during the second half of 2016. The average retail vacancy rate for downtown Rogers properties for the second half of 2016 decreased to 5.9 percent from 6.1 percent in the first half of 2016 as additional properties were added to the database, and was lower than the 10.8 percent average rate for all of Rogers.
- Average reported lease rates for downtown Rogers remained relatively stable in the second half of 2016.

Rogers Interstate 49 Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 4,569,360 square feet of office, office/retail, and retail space along the Rogers I-49 corridor in the second half of 2016.
- 94,877 feet of new commercial space were added to the Rogers I-49 corridor submarket in the last six months of 2016. This included 20,433 square feet of office space and 74,444 square feet of retail space.
- Office space along the Rogers I-49 corridor experienced positive net absorption of 54,816 square feet during the second half of 2016. The reported average vacancy rate was 10.3 percent in the second half of 2016, lower than the 12.8 percent rate in the first half of 2016. This was lower than the overall office vacancy rate for all of Rogers at 14.4 percent.
- Office/retail space along the Rogers I-49 corridor experienced no net absorption in the second half of 2016. The office/retail submarket had a 6.6 percent vacancy rate, a decrease from the 10.9 percent reported in the first half of 2016. This compares to a vacancy rate of 14.9 percent for all of Rogers.
- There were 21,085 square feet of positive net absorption in the retail submarket for the Rogers I-49 corridor properties. The average retail vacancy rate for the second half of 2016 was 5.6 percent, a decrease from 6.5 percent in the first half of 2016, and lower than the 10.8 percent average rate for all of Rogers.
- Average reported lease rates increased slightly in the retail submarkets and remained relatively stable in the office and office/retail submarket in the Rogers I-49 area in the second 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	$7.73 - $11.56	63,157	11,964	18.9%	-3,800	0	-3,800	--
Retail	$8.81 - $9.32	127,442	7,497	5.9%	0	0	0	--

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

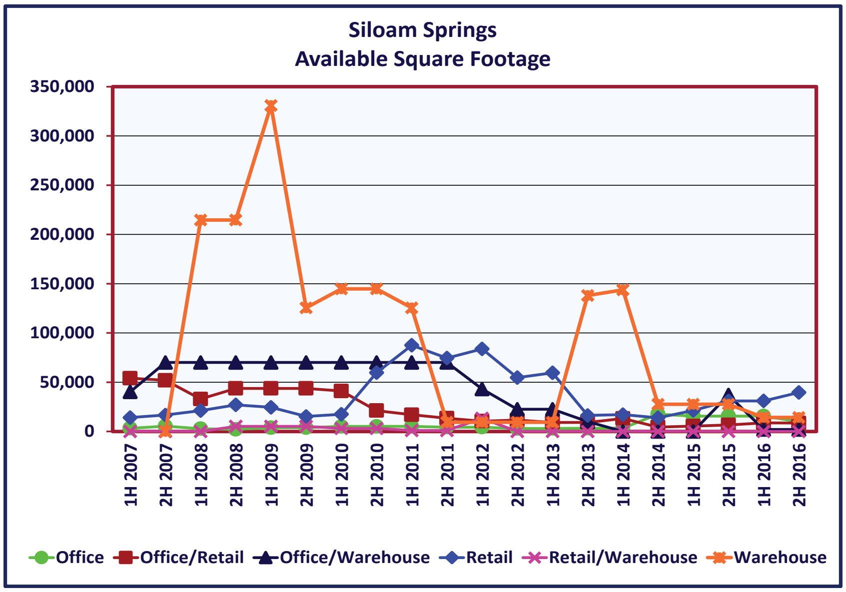
Rogers I-49 Corridor Summary Statistics

	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	$18.29 - $19.49	2,270,619	233,776	10.3%	75,249	20,433	54,816	25.6
Office/Retail	$19.13 - $19.63	121,291	7,968	6.6%	5,313	0	5,313	9.0
Retail	$18.64 - $20.07	2,177,450	120,939	5.6%	95,529	74,444	21,085	34.4

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

Siloam Springs

- From July 1 to December 31, 2016, Siloam Springs issued commercial building permits worth $3,339,470. The second half of 2016 value was 59.9 percent lower than the second half of 2015 value of $8,333,878. Siloam Springs accounted for 2.4 percent of the commercial permits issued in Northwest Arkansas during the second half of 2016.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,479,538 square feet of commercial space for Siloam Springs in the second half of 2016.
- 58,146 square feet of new commercial space were added to the Siloam Springs market in the second half of 2016.
- In the second half of 2016 Siloam Springs experienced overall negative net absorption of 2,941 square feet, with 8,600 square feet of this total occurring in the retail submarket. There was positive net absorption of 5,634 square feet in the office submarket.



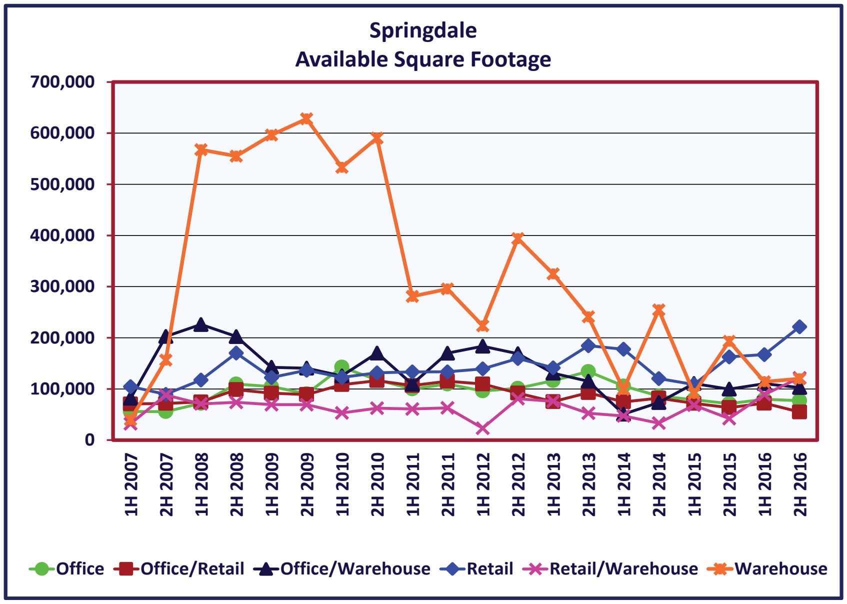
- Vacancy rates from the first half of 2016 to the second half of 2016 decreased in the office submarket, increased in the medical office and retail submarkets, and remained the same in the other submarkets.
- Average lease rates increased in the office and retail submarkets, and remained relatively unchanged in the others in the second 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%	0	0	0	--
Office	$12.27 - $13.70	147,859	10,000	6.8%	5,634	0	5,634	10.6
Class A	--	--	--	--	--	--	--	--
Class B	$8.20 - $10.89	27,355	0	0.0%	14,334	0	14,334	0.0
Class C	$6.27 - $6.33	6,000	0	0.0%	0	0	0	--
Medical	$15.11 - $16.31	114,504	10,000	8.7%	-8,700	0	-8,700	--
Office/Retail	$7.67 - $9.96	149,285	8,650	5.8%	25	0	25	2,076.0
Class A	$12.00 - $16.00	56,085	0	0.0%	3,075	0	3,075	0.0
Class B	$9.07 - $10.87	71,790	7,900	11.0%	-2,300	0	-2,300	--
Class C	$4.49 - $7.09	21,410	750	3.5%	-750	0	-750	--
Office/Warehouse	$3.05 - $3.30	118,495	2,000	1.7%	0	0	0	--
Retail	$9.74 - $10.32	406,926	39,600	9.7%	49,546	58,146	-8,600	--
Class A	$22.00 - $22.00	19,622	7,000	--	12,622	19,622	-7,000	--
Class B	$11.05 - $11.45	216,172	19,924	9.2%	36,924	38,524	-1,600	--
Class C	$5.73 - $6.63	171,132	12,676	7.4%	0	0	0	--
Retail/Warehouse	$4.90 - $6.74	77,888	0	0.0%	0	0	0	--
Warehouse	$3.64 - $3.84	338,496	14,275	4.2%	0	0	0	--

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

Springdale



- From July 1 to December 31, 2016, Springdale issued $20,229,719 worth of building permits for new commercial space. This was an increase of 163.2 percent from the $7,687,375 issued in the second half of 2015. Springdale accounted for 14.7 percent of the commercial permits issued in Northwest Arkansas for the second half of 2016.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 8,401,817 square feet of commercial space in Springdale in the second half of 2016.
- In the second half of 2016, no new square feet of office space were added to the Springdale market.
- In the second half of 2016, Springdale experienced positive net absorption of 144,870 square feet. The industrial submarket had the greatest amount of positive net absorption with 63,600 square feet, while the retail submarket added positive net absorption of 36,101 square feet.
- Reported vacancy rates decreased in the industrial, office, office/retail, and office/warehouse submarkets, increased in the medical office, retail, retail/warehouse, and warehouse submarkets, and remained the same in the others in the second half of 2016.
- Average reported lease rates in Springdale showed a modest decrease of $0.27 in the medical office with all other lease rates remaining relatively stable from the first half of 2016 to the second 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	302,049	39.1%	63,600	0	63,600	28.5
Office	$11.92 - $12.61	922,043	77,107	8.4%	6,089	0	6,089	76.0
Class A	$19.35 - $20.02	95,501	0	0.0%	0	0	0	--
Class B	$11.82 - $12.96	372,858	23,711	6.4%	13,299	0	13,299	10.7
Class C	$9.27 - $9.53	148,741	8,450	5.7%	0	0	0	--
Medical	$13.88 - $14.19	304,943	44,946	14.7%	-7,210	0	-7,210	--
Office/Retail	$10.07 - $11.18	497,585	54,940	11.0%	17,161	0	17,161	19.2
Class A	--	--	--	--	--	--	--	--
Class B	$12.23 - $13.43	226,956	29,516	13.0%	12,041	0	12,041	14.7
Class C	$8.45 - $9.50	148,741	8,450	5.7%	0	0	0	--
Office/Warehouse	$5.39 - $6.62	1,554,259	102,775	6.6%	7,550	0	7,550	81.7
Retail	$10.69 - $11.24	1,579,428	221,340	14.0%	36,101	0	36,101	36.8
Class A	--	--	--	--	--	--	--	--
Class B	$13.70 - $14.08	1,060,873	150,164	14.2%	25,003	0	25,003	36.0
Class C	$7.91 - $8.61	518,555	71,176	13.7%	11,098	0	11,098	38.5
Retail/Warehouse	$6.02 - $6.67	482,181	121,728	25.2%	1,529	0	1,529	477.7
Warehouse	$3.72 - $4.10	2,589,158	120,004	4.6%	12,840	0	12,840	56.1

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

Springdale

Downtown Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 308,872 square feet of office, office/retail, and retail space in downtown Springdale in the second half of 2016.
- There were no new square feet of commercial property added to downtown Springdale in the second half of 2016.
- There was no net absorption in the office market in downtown Springdale in the second half of 2016.The office space in downtown Springdale had an average vacancy rate of 0.8 percent, the same as in the first half of 2016. The rate was lower than the overall Springdale average office vacancy rate of 8.4 percent.
- With no net absorption, 76.9 percent of all reported office/retail space was available in downtown Springdale. This compares to a 12.0 percent vacancy rate for all of Springdale.
- Retail space in downtown Springdale had no net absorption. In accordance with absorption the vacancy rate remained the same at 1.8 percent as the first half of 2016, and was lower than the average retail vacancy rate for all of Springdale of 14.0 percent in the second half of 2016.
- Average reported lease rates for downtown Springdale remained relatively unchanged in the second 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 second half of 2016.
- There were no new square feet of retail space added to West Springdale in the second half of 2016.
- The office space in West Springdale had a continuing average vacancy rate of 2.8 percent in the second half of 2016, as there was no net absorption. The rate was lower than the city average office vacancy rate of 8.4 percent.
- The average office/retail vacancy rate in West Springdale was 18.6 percent in the second half of 2016, a decrease of 0.8 percentage points, as there was a positive net absorption of 440 square feet. The rate was above the overall city average office/retail vacancy rate of 11.0 percent.
- The retail vacancy rate for West Springdale properties decreased by 4.4 percentage points to 5.4 percent in the second half of 2016, as there was positive net absorption of 23,250 square feet and 23,690 square feet of overall absorption. The rate was below the city average retail vacancy rate of 14.0 percent.
- Average reported lease rates for West Springdale remained relatively unchanged in the second 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	88,838	1,600	1.8%	0	0	0	--

[1]From all 2H 2016 respondents
[2]From 2H 2016 respondents who were also 1H 2016 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	10,340	18.6%	440	0	440	141.0
Retail	$9.50 - $10.00	528,604	28,710	5.4%	23,250	0	23,250	7.4

[1]From all 2H 2016 respondents
[2]From 2H 2016 respondents who were also 1H 2016 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 second half of 2016, 257 panelists provided data on 1,865 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 1,865 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.