



THE SKYLINE REPORT

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Center for Business
and Economic Research

Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the thirtieth 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.

Second Half of 2013
February 2014

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Highlights from the Second Half of 2013

- In the second half of 2013, 492,006 total square feet of commercial space were absorbed, while 106,399 new square feet were added, netting positive absorption of 385,607 square feet in the Northwest Arkansas market and an overall vacancy rate of 13.6 percent, down from 14.6 in the first half of 2013.
- In the office submarket there was net positive absorption of 33,471 square feet, while 73,517 new square feet were added in the second half of 2013. The office vacancy rate declined slightly to 15.2 percent from 15.3 percent in the first half of 2013.
- In the office/retail submarket, there was positive net absorption of 813 square feet in the second half of 2013. The vacancy rate declined slightly to 14.2 percent from 14.3 percent in the first half of 2013.
- Within the retail submarket, there was net positive absorption of 140,357 square feet, while 32,882 new square feet square feet entered the market in the second half of 2013. Consequently the Northwest Arkansas vacancy rate decreased to 9.0 percent from 10.6 percent in the first half of 2013.
- The warehouse submarket had positive absorption of 65,767 square feet in the second half of 2013. The Northwest Arkansas warehouse vacancy rate decreased to 17.3 percent from 17.8 percent in the first half of 2013.
- The industrial, office/warehouse and retail/warehouse submarkets had 33,051, 83,495, and 28,653 square feet of net positive absorption, respectively, in the second half of 2013.
- From July 1 to December 31, 2013, \$62.9 million in commercial building permits were issued in Northwest Arkansas. In comparison, there were \$41.0 million in permits issued in the second half of 2012.

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 55) 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 2013 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 233 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 2012, the first half of 2013, and the second half of 2013. 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 the statistics that indicate the direction of the macro economy.

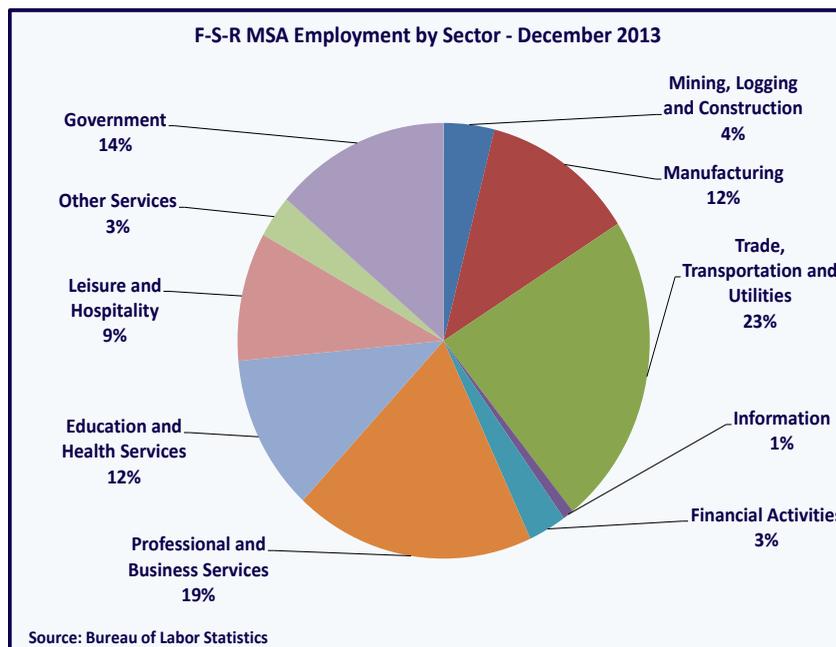
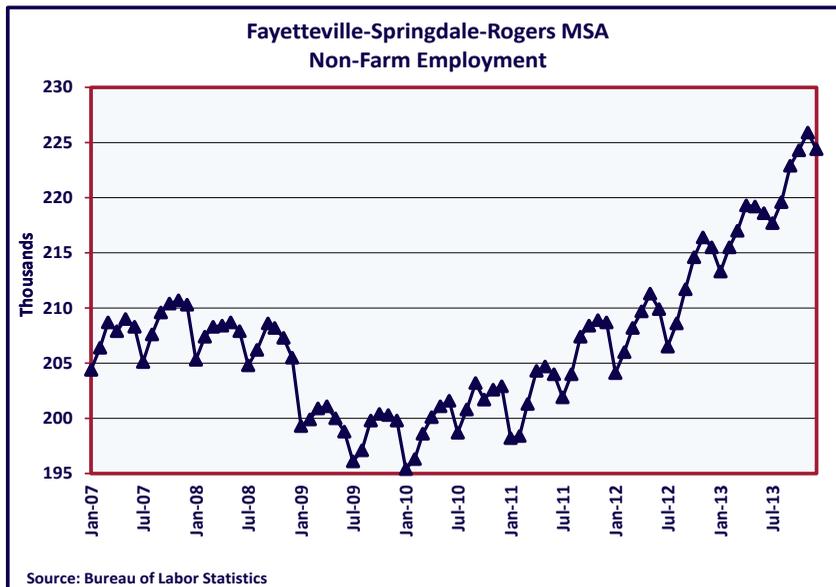
Gross Domestic Product

In the fourth quarter of 2013, the overall real GDP growth rate was 3.2 percent according to estimates released by the U.S. Department of Commerce's Bureau of Economic Analysis (BEA). The growth rate fell from a revised 4.1 percent in the third quarter of 2013, but rose from a revised 0.1 percent in the fourth quarter of 2012.

Employment

The Northwest Arkansas employment situation has been extremely important to the real estate market. The most recent data show that employment in the Northwest Arkansas region was at a seasonal low of 217,700 in July of 2013 before climbing in December 2013 to 224,400. According to the U.S. Bureau of Labor Statistics (BLS), the unemployment rate in Northwest Arkansas was at a preliminary seasonally non-adjusted 4.9 percent in December of 2013. This is down from the December 2012 rate of 5.1 percent and was the lowest monthly unemployment rate of 2013. The unemployment rate in Northwest Arkansas continues to be lower than both the state (7.2 percent) and nation (6.5 percent) non-seasonally adjusted 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 2013 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 (19 percent), government (14 percent), education and health services (12 percent), manufacturing (12 percent), and leisure and hospitality (9 percent). The other figure (on the following page) shows the annual percentage change

in the metro area's employment by sector from December 2012 to December 2013. Total nonfarm employment increased by 4.1 percent during that time. Employment in mining, logging and construction, education and health services, professional and business services, trade, transportation and utilities, information, leisure and hospitality, and other services grew more quickly than 4.1 percent,

Economic Overview

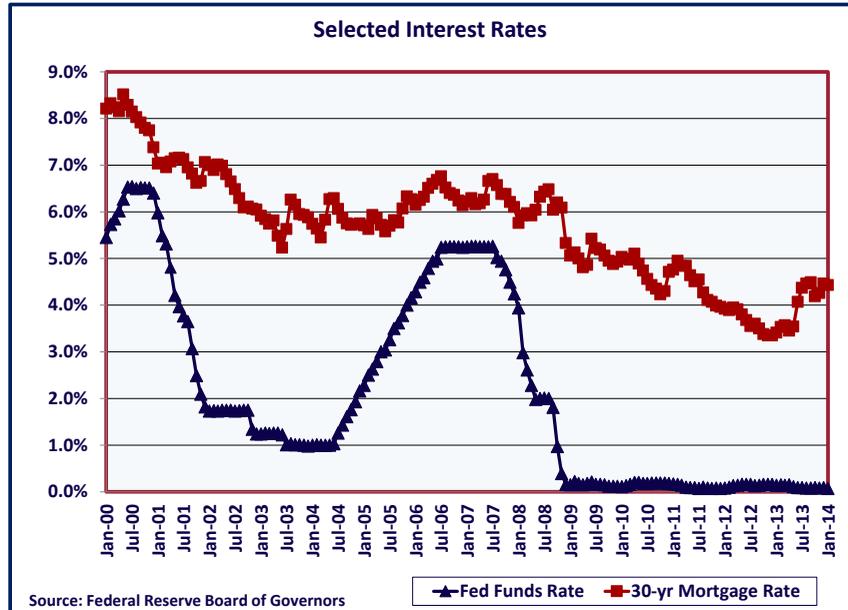
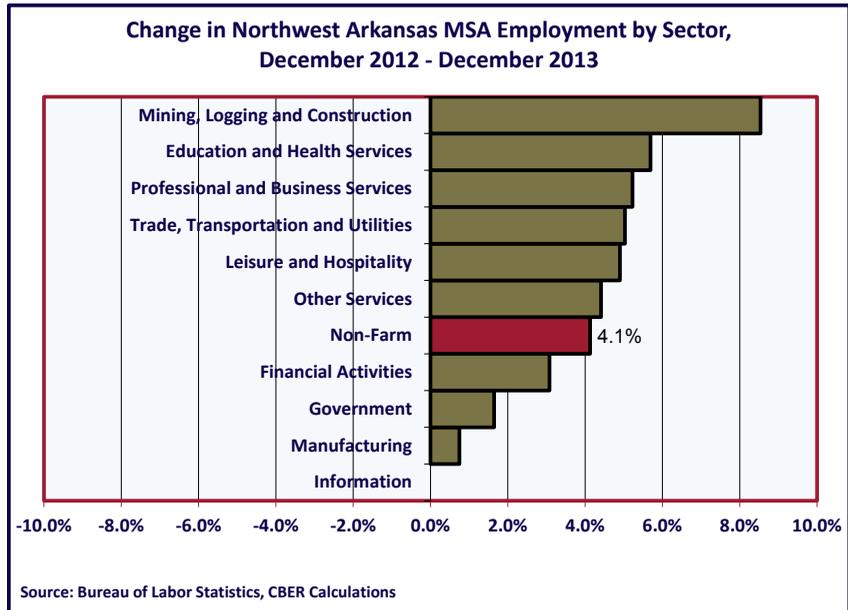
while financial activities, government, and manufacturing grew more slowly. Employment in the information sector was unchanged year-over-year.

Interest Rates

The Federal Funds rate averaged 0.07 percent in January 2014. This was the lowest rate since December 2011. The ten year constant maturity Treasury bill had an interest rate of 2.86 percent in January 2014, just down from its most recent high of 2.9 percent in December 2013. Near zero short-term rates continue to cause the positive spread between the ten year rate and the fed rate. The Federal Reserve Open Market Committee has not indicated any changes in the current easy money policy of keeping interest rates low, but it has begun to taper the quantitative easing program. The accompanying figure shows the Federal funds rate and the ten year Treasury bill rate since January 2000.

Consumer Sentiment

The University of Michigan produces the Consumer Sentiment Index. The Index of Consumer Sentiment fell to 80.4 in January of 2014 from its recent high of 85.1 in July 2013.



Local Perceptions

Local Perceptions of the Northwest Arkansas Commercial Property Market

Each report, 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. Respondents continue the optimistic comments begun a year ago, and look forward to continued improvement in the Northwest Arkansas commercial real estate market in 2014. The sense of optimism comes from the perception there is strong demand for commercial real estate in some sectors and locations that will lead to substantial increases in new construction. Panelists also see solid job creation in Northwest Arkansas, and believe the trend will continue and multiply opportunities for continued real estate development. The continued growth of the University of Arkansas is another continuing stimulant to the Fayetteville and Northwest Arkansas commercial real estate market respondents discussed frequently.

The respondents interviewed this report period feel that 2014 will be an even better year than 2013, in terms of leasing activity, selling existing commercial buildings, and new construction of commercial space. Panelists said that the leasing and selling this report period was a combination of expansion of existing tenants, particularly among Fortune 1000 firms, some new clients in the market, and a normal amount of churn. In order to gain a deeper understanding of how respondents are looking at the commercial market, they were asked their thoughts about the still substantial overhang of existing space in each of the major submarkets. The panelists were asked to answer with particular attention to how this overhang will impact continuing development opportunities in 2014.

First, their responses came back to the fundamental real estate concept of “loca-

tion, location, location.” Space outside of high traffic areas, higher income areas, and amenity rich environments was downgraded by the panelists. Established hotspots such as downtown Bentonville, the Rogers I-540 corridor, and Martin Luther King Boulevard near the University, as well as newer hotspots for commercial growth, such as Wedington west of the I-540 in Fayetteville, Bentonville’s Rainbow Curve, east Springdale’s manufacturing area, and west Springdale around Arvest Ballpark were repeatedly discussed as locations for additional development in 2014 and beyond. Downtown Bentonville garnered comments about continued office, retail, and multifamily development in 2014 and beyond. Panelists feel that the Walton family’s commitment to the area will lead to many opportunities for others in commercial real estate as well. Development along the Rogers I-540 corridor has been highlighted by the Pinnacle-Promenade area developments between exits 82 and 83, and respondents expect this trend to continue for several years. However, other developers, in addition to Hunt Ventures, are being strongly mentioned as also building in the same area with competing projects, particularly large and small scale office projects. Additionally, panelists mentioned strong growth in the Scottsdale Center and adjacent areas along Walnut, and strong potential in the Pleasant Grove development area especially for additional retail space. According to respondents’ insights the Rogers I-540 corridor is no longer seen as a single developer playground.

The hottest spot in Fayetteville for commercial projects has been near the University, highlighted by the many multifamily projects just completed, underway, and in the conceptual stages. However, MLK Boulevard has seen several restaurants open in the past year, and respondents believe more will follow in 2014, along with other retail and office/retail developments. Fayetteville has a second hot spot in the eyes of the respondents: Wedington west of the I-540. The Forest Hills devel-

opment area is continuing to see new growth, but areas further west are expected to see additional retail development as well, especially as the population continues to grow.

Bentonville’s Rainbow curve area is exploding with growth and potential growth in the comments of the panelists. Retail and office developments are expected to continue to accelerate into 2014. Several respondents mentioned east Springdale as an area showing strong job growth due to expansion of manufacturing. They felt this situation might lead to additional retail and office/retail opportunities in east Springdale. The area around Arvest Ballpark engendered some interesting comments from panelists. They responded that the area will be developed over time, but the initial development is likely to be some kind of legacy building development by one of the major family landowners. In addition, they note that the area needs more connectivity, which is underway for there to be more development opportunities. One overarching response was that panelists feel there is enough Class B vendor space to last for a generation. However, they also made the point that with reinvestment the space can remain valuable well into the future as it does fulfill a need in the market. They raised the question several times during conversations as to how willing banks are going to be to make these kind of TI loans.

The second way respondents answered the overhanging space question, was to discuss the quality of the existing space. One result of this conversation was reclassifying some Class A space down to Class B in the following sections of this report. Panelists expressed the thoughts that too much of the existing overhang was poor quality space that had suffered serious decay over time, and until either lease prices or sale prices came down substantially, it would sit empty. The respondents felt this is most significant in the warehouse market, where older space does not meet modern warehouse standards

Local Perceptions

in terms of height, quantity of docks, and power requirements. Because of this several panelists indicated that 2014 will see significant opportunities to develop speculative warehouse space. Creative re-purposing of outdated or outmoded office, retail, and warehouse space was brought up by many of the respondents. Many said the key to re-purposing will have to be having the value of the properties written down in some way so investors will have more incentive to be creative, and will have the financial ability to reduce lease rates. Another key to this issue according to respondents will be the ability of investors and tenants to get loans for the re-purposing, or tenant improvements needed to make these spaces useful once again.

The continuing growth in the Northwest Arkansas job market was a strong component in the positive outlook for 2014 help by the respondents. They saw the job reports, but also saw evidence of job growth in the leasing and selling activities they participated in. Panelists said that continued job growth will only enhance other development opportunities, and they report actively seeking out of state clients, including manufacturing firms, retailers, and restaurants, for these potential opportunities.

Related to job growth is the continued growth of the University of Arkansas's student population. Respondents saw this as a tremendous long term benefit to all of Northwest Arkansas not just Fayetteville. They believed there will be additional retail, housing, and ancillary service jobs created by the growth.

Respondents remained feeling very positive about the fundamental drivers of Northwest Arkansas: Wal-Mart and the Walton Family, the University of Arkansas and the education sector, J.B. Hunt, Hunt Ventures, and the transportation sector, and Tyson Foods and the food industry sector provide respondents a strong sense of stability for the region. Looking into the future respondents were very excited about continued growth of Crystal Bridges and the coming Amazeum leading to even more tourism, the growth of the trail system connecting Northwest Arkansas, and stimulating tourism as well; and the continued growth of the medical sector, as evidenced by new space as well as a medical REIT making serious overtures.

Positive Factors:

1. Strong demand for Class A office space, and multiple developers willing to build.
2. Strong demand for retail space in several 'hot' locations.
3. Potential opportunity for speculative warehouse space.
4. Continuing creation of amenities in Northwest Arkansas.
5. Continued attention to the MSA by national retailers and investors.
6. Further media coverage of Northwest Arkansas as a good place to work and live.
7. Job creation in Northwest Arkansas.
8. Strong multifamily housing Market around the University of Arkansas, but also with potential in Bentonville and Rogers for expansion.

Negative Factors:

1. Overhang of existing Class B office.
2. Overhang of existing retail space.
3. Perceived tight lending environment
4. Poor quality of existing available warehouse space.
5. Perceived difficulties of developing in Fayetteville, as compared to other cities in Northwest Arkansas.



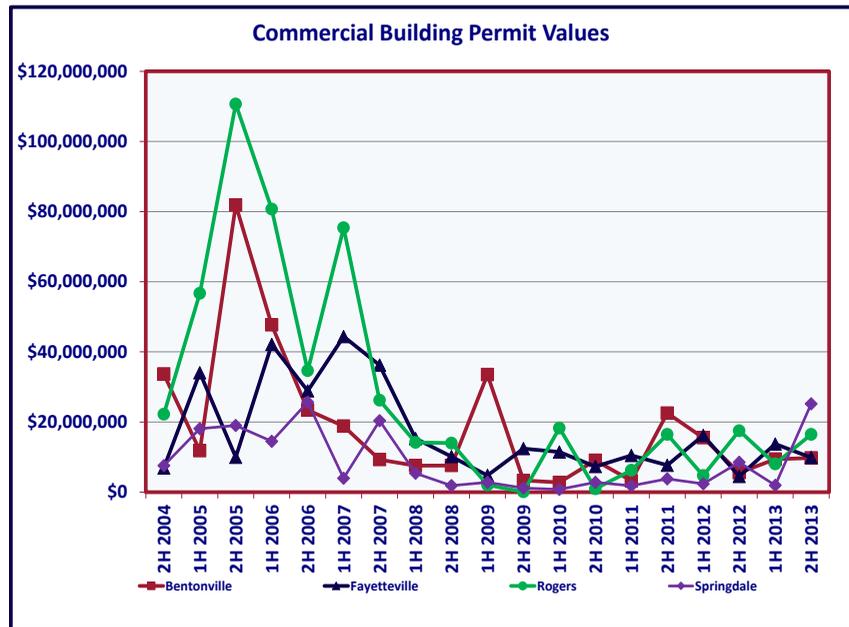
Inventory and Building Permits

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. In the second half of 2013 a significant amount of office, office/retail, and retail space was reclassified from Class A down to Class B. 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 55) as of December 2013. For the second half of 2013, the Skyline Report covered 96.1 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 thirty-seven quarters is presented for six major cities in Northwest Arkansas. Building permit data is seasonal in nature and shows 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, 2013, there were just under \$62.0 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 2013, just over \$27.4 million in commercial building permits were issued. In the fourth quarter, over \$35.5 million in building permits were issued. In the second half of 2013, Springdale accounted for 40.0 percent of the commercial building permits, while Rogers, Fayetteville, Bentonville, and Lowell, accounted for 26.1, 15.7, 15.5, and 2.6 percent, respectively.

The 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 exam-

Inventory

ined the announced data particularly 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 2013, there were 6,469 standard rooms and 2,138 suites in Northwest Arkansas. Bentonville had the most standard rooms with 1,761 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	138,680	90,964	359,568	336,405	93.6%
Bentonville	31,300	3,935,142	1,032,834	1,685,052	6,684,328	6,734,547	100.8%
Fayetteville	775,079	3,341,236	4,163,705	1,778,270	10,058,290	9,836,287	97.8%
Lowell	101,970	315,837	172,208	949,348	1,539,363	1,546,442	100.5%
Rogers	439,006	2,529,973	4,225,917	2,587,073	9,781,969	9,604,493	98.2%
Siloam Springs	329,942	195,261	645,029	340,615	1,510,847	1,323,623	87.6%
Springdale	1,419,426	1,468,161	2,225,795	2,617,114	7,730,496	6,819,613	88.2%
Northwest Arkansas Total	3,096,723	11,915,534	12,604,168	10,048,436	37,664,861	36,201,410	96.1%

¹Source: 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 55 of this report.

²Source: Panel of 233 large Northwest Arkansas commercial property owners and managers.



Building Permits

Commercial Building Permit Data by City

	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
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	\$25,014,329
July - Sept 2012	\$1,221,000	\$537,447	\$0	\$9,026,238	\$2,083,115	\$3,121,673	\$15,989,473
April - June 2012	\$13,126,525	\$15,157,427	\$0	\$3,702,000	\$0	\$0	\$31,985,952
Jan. - March 2012	\$2,386,772	\$1,015,056	\$709,949	\$1,027,000	\$0	\$2,373,879	\$7,512,656
Sept. - Dec. 2011	\$21,094,402	\$5,907,082	\$0	\$16,450,594	\$0	\$1,455,757	\$44,907,875
June - August 2011	\$1,445,222	\$1,763,872	\$404,493	\$0	\$500,000	\$2,328,979	\$6,442,566
March 2011 - May 2011	\$1,773,228	\$9,552,146	\$150,000	\$1,614,000	\$0	\$0	\$13,089,374
Dec. 2010 - Feb. 2011	\$1,469,162	\$915,280	\$438,289	\$4,616,536	\$22,997,000	\$1,803,778	\$32,240,045
Sept. - Nov. 2010	\$7,214,903	\$2,623,509	\$941,017	\$958,000	\$6,005,000	\$1,898,944	\$19,641,373
June - August 2010	\$1,846,518	\$4,679,537	\$0	\$0	\$0	\$892,252	\$7,418,307
March - May 2010	\$2,661,860	\$11,450,334	\$100,000	\$6,055,000	\$1,296,000	\$798,774	\$22,361,968
Dec. 2009 - Feb. 2010	\$105,030	\$0	\$255,505	\$12,224,147	\$0	\$0	\$12,584,682
Sept. - Nov. 2009	\$0	\$10,005,337	\$330,803	\$7,000	\$379,711	\$1,139,928	\$11,862,779
June - August 2009	\$3,336,498	\$2,403,905	\$0	\$70,000	\$215,000	\$37,460	\$6,062,863
March - May 2009	\$33,171,420	\$1,368,907	\$50,112	\$1,500,000	\$400,000	\$1,194,175	\$37,684,614
Dec. 2008 - Feb. 2009	\$344,325	\$3,403,704	\$1,766,386	\$545,000	\$0	\$1,596,349	\$7,655,764
Sept. - Nov. 2008	\$3,908,853	\$3,588,389	\$0	\$6,411,775	\$0	\$0	\$13,909,017
June - August 2008	\$3,689,476	\$6,548,894	\$1,019,000	\$7,579,500	\$1,006,596	\$1,861,390	\$21,704,856
March - May 2008	\$153,000	\$3,152,132	\$4,075,075	\$4,179,000	\$0	\$1,395,524	\$12,954,731
Dec. 2007 - Feb. 2008	\$7,400,153	\$12,125,756	\$0	\$9,995,030	\$3,200,000	\$3,970,299	\$36,691,238
Sept. - Nov. 2007	\$8,075,766	\$27,923,695	\$4,455,275	\$533,200	\$0	\$0	\$40,987,936
June - August 2007	\$1,194,440	\$8,309,014	\$48,927	\$25,668,347	\$2,575,178	\$20,375,131	\$58,171,037
March - May 2007	\$10,082,817	\$20,962,887	\$8,277,328	\$15,727,729	\$3,019,500	\$3,960,747	\$62,031,008
Dec. 2006 - Feb. 2007	\$8,725,598	\$23,406,927	\$4,709,086	\$59,642,734	\$25,000	\$0	\$96,509,345
Sept. - Nov. 2006	\$2,404,840	\$22,721,389	\$1,840,722	\$11,146,805	\$538,000	\$0	\$38,651,756
June - August 2006	\$21,014,259	\$6,147,723	\$462,712	\$23,479,198	\$5,890,000	\$25,663,800	\$82,657,692
March - May 2006	\$10,575,639	\$21,780,317	\$10,924,435	\$36,046,864	\$3,650,000	\$12,322,984	\$95,300,239
Dec. 2005 - Feb. 2006	\$37,121,720	\$20,330,697	\$2,359,019	\$44,672,800	\$165,000	\$2,151,476	\$106,800,712
Sept. - Nov. 2005	\$9,674,394	\$3,519,150	\$3,275,717	\$85,896,765	\$150,000	\$15,999,816	\$118,515,842
June - August 2005	\$72,205,699	\$6,434,833	\$1,666,851	\$24,782,039	\$200,000	\$2,982,618	\$108,272,040
March - May 2005	\$3,061,870	\$15,491,806	\$1,590,789	\$30,534,466	\$1,059,000	\$15,468,833	\$67,206,764
Dec. 2004 - Feb. 2005	\$8,753,636	\$18,560,094	\$390,000	\$26,172,000	\$254,700	\$2,614,524	\$56,744,954
Sept. - Nov. 2004	\$17,242,269	\$2,750,867	\$402,891	\$489,240	\$188,000	\$1,174,999	\$22,248,266
June - August 2004	\$16,446,488	\$4,145,124	\$10,035,248	\$21,734,534	\$1,993,393	\$6,390,478	\$60,745,265
March - May 2004	\$14,640,091	\$7,839,529	\$203,680	\$8,804,700	\$1,721,585	\$2,371,888	\$35,581,473



New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
American Legion Post	Bella Vista	American Legion	Office	4,600	
Casey's General Store	Bella Vista	Casey's Marketing Co	Retail	4,300	Done
CVS	Bella Vista	CVS	Retail	13,000	Conceptual
Morey's Auto Body	Bella Vista	Bob and Jim Morey	Commercial	7,840	Conceptual
Shewmaker Family Center	Bella Vista	Mercy Health System	Medical	30,000	Done
Sisters of Mercy Multispecialty Clinic	Bella Vista	Sisters Of Mercy Health Systems	Medical		Conceptual
Amazeum	Bentonville	Walton Family Foundation	Museum	44,500	2015
American Flats	Bentonville	May Adventures	Commercial		Conceptual
Archer Business Park Building 4	Bentonville	Wayne and Victoria Martin	Commercial	11,800	Conceptual
Archer Business Park Building 5	Bentonville	Wayne and Victoria Martin	Commercial	8,250	Conceptual
Bentonville Commercial Building	Bentonville		Commercial	50,000	Conceptual
Bentonville Landing I	Bentonville	Sam Mathias	Retail	12,500	Early 2014
Bentonville Landing II	Bentonville	Sam Mathias	Retail	3,500	Early 2014
Bentonville Plaza	Bentonville	FBE Limited LLC	Commercial	150,000	Conceptual
Centre at Fountain Plaza	Bentonville	John Boen	Retail	26,640	June 2014
Coleman Office Building	Bentonville	Coleman Inc.	Office	45,000	Conceptual
Retail @ 14th and S. Walton	Bentonville		Retail	5,200	Conceptual
Crossmark Center	Bentonville	Crossmark	Office	18,500	April 2014
Glass & Cross Mar Warehouses	Bentonville	Cross Mar and Glass Investments	Warehouse	350,000-1,000,000	Conceptual
Industrial Technology Park	Bentonville		Industrial		Conceptual
Kaleidoscope Dance Academy	Bentonville	Laine and Richard Harper	Retail	10,000	Done
Kum and Go	Bentonville	Kum and Go	Retail		Done
Lakeside Center North	Bentonville	Bob Hopmann	Office	67,000	Conceptual
Macadoodles	Bentonville	Roger Gildehaus	Retail		Early 2014
J Street Warehouses	Bentonville	Crossland & Bill McClard	Warehouse	220,000	Conceptual
Midtown Center	Bentonville	Wal-Mart Stores Inc	Office/Retail	60,000	2015
Mid-Town Neighborhood Wal-Mart	Bentonville	Wal-Mart Stores Inc	Retail	31,000	2014
Neighborhood Wal-Mart	Bentonville	Wal-Mart Stores Inc	Retail	41,179	Done
Norwalk Juicers	Bentonville		Commercial	30,000	
Octopus Messaging Building	Bentonville	Heather Wegner	Commercial		
Rainbow Junction	Bentonville		Retail	30,000	Spring 2014
Roth Granite Shop	Bentonville	Roth Family	Manufacturing	16,000	Conceptual
Sam's Club Layout Center	Bentonville	Ivan Crossland	Office	220,000	Conceptual
SDI Realty Retail Development	Bentonville	SDI Realty	Retail	6,500	Conceptual
Simpson Office building	Bentonville	Chance Simpson	Office	21,000	Conceptual
SW Elm Tree Road Development	Bentonville				Conceptual
The Links at Rainbow Curve	Bentonville	Lindsey Management	Mixed Use		Conceptual
The Shoppes at Fountain Plaza	Bentonville	John Boen	Commercial	22,973	Done
Unnamed Office Building	Bentonville		Office	50,000	Conceptual
Unnamed Office Building	Bentonville		Office	20,000	Conceptual
Uptown Village	Bentonville	Wal-Mart Stores Inc	Retail		Conceptual
Vogel Commercial Development	Bentonville	Ross and Steve Vogel	Commercial	38,000	Conceptual
Walgreens	Bentonville	Walgreens	Retail	14,820	Conceptual
Winsted Lane Building	Bentonville		Commercial	28,793	Conceptual
Arvest Bank	Fayetteville	Arvest Bank	Bank	6,000	Done
Casey's General Store	Fayetteville	Casey's Marketing Co	Retail	3,400	Early 2014
Clarity Pointe	Fayetteville	Clarity Pointe LLC	Medical	42,638	March 2014
Crain Hyundai	Fayetteville	Crain Hyundai	Retail	28,000	Dec. 2014
CVS	Fayetteville	CVS	Retail		Conceptual
First Security Bank	Fayetteville	First Security Bank	Bank		Early 2014
Forest Hills Commercial Building	Fayetteville	John Alford	Office/Retail	6,000	February 2014
Forest Hills Development	Fayetteville	John Alford	Commercial		Conceptual

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Kum and Go	Fayetteville	Kum and Go	Retail		Conceptual
Kum and Go	Fayetteville	Kum and Go	Retail		Conceptual
Legacy Bank	Fayetteville	Legacy Bank	Bank	4,923	Done
Links at Fayetteville	Fayetteville	Lindsey Management	Commercial	120,888	Conceptual
Northwest Medical Clinic	Fayetteville	Northwest Medical System	Medical	13,477	2014
Pacific Vet Group Industrial	Fayetteville	Pacific Vet Group	Manufacturing		Conceptual
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	Conceptual
Shoppes at the Bluffs	Fayetteville	Mathias Properties	Retail	46,519	Conceptual
Victory Commons	Fayetteville	Tracy Hoskins and Allied Bank	Commercial		Conceptual
Walgreens	Fayetteville	Walgreens	Retail		Spring 2014
Walton Arts Center Expansion	Fayetteville	Walton Art's Center	Commercial	30,000	2015
Atwood's	Lowell	Atwood's	Retail		Done
Central Research Inc	Lowell	Johnny and Scott Dillard	Office		
Midpoint Exchange Business Park	Lowell	Sage Partners	Commercial		Conceptual
AMP	Rogers	Walton Arts Center	Amphitheater		Summer 2014
Casey's General Store	Rogers	Casey's Marketing Co	Retail		
Centre Point	Rogers	CRE	Retail	18,285	Delayed
Collective Bias Building	Rogers	Hunt Ventures	Office	14,409	Spring 2014
Commercial Development	Rogers	HBH Holdings	Commercial		
Core Development Office Building	Rogers	Tim Graham jr	Office	11,814	Spring 2014
Gateway Plaza	Rogers	Flake-Kelley	Commercial	39,600	Conceptual
Grove I	Rogers	Whisenvest	Office	8,000	Conceptual
Grove II	Rogers	Whisenvest	Office	5,000	Conceptual
Grove III	Rogers	Whisenvest	Office/Retail	6,000	Conceptual
Grove IV	Rogers	Whisenvest	Retail	5,000	Conceptual
Harp's	Rogers	Harp's	Retail	32,000	Conceptual
HBA Holdings Warehouse	Rogers	HBA Holdings	Warehouse		
Highroller Cyclery	Rogers	Highdollar LLC	Retail	6,000	Done
La France Office Building	Rogers	LaFrance Family	Office	88,000	Conceptual
Mars Office Building	Rogers	Chad Hatfield	Office	40,000	Conceptual
Mathias Warehouse	Rogers	Mathias Properties	Warehouse		
MetroPark Office Building	Rogers	Hunter Haynes & Sage Partners	Office	60,000	Conceptual
MetroPark Retail Building	Rogers	Hunter Haynes & Sage Partners	Retail	31,808	Conceptual
My Dentist	Rogers	My Dentist	Medical	3,000	Done
Northwest Medical Health Clinic	Rogers	Northwest Medical System	Medical	15,888	Done
Nursing Facility	Rogers	Emeritus Co.	Medical		Conceptual
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Office	21,432	Conceptual
Perry O'Donnell Dental Office	Rogers	Perry O'Donnell	Medical	3,700	Done
Pinnacle Heights I	Rogers	Hunt Ventures	Office	60,000	Done
Pinnacle Heights II	Rogers	Hunt Ventures	Office	211,738	Conceptual
Pinnacle Heights Retail I	Rogers	Hunt Ventures	Retail	15,000	2014
Pinnacle Promenade Point Office	Rogers	Hunt Ventures	Office	9,000	2014
Pinnacle PUD	Rogers	Whisenvest	Commercial		
Pinnacle Summit Park	Rogers		Commercial	50,000	Conceptual
Pleasant Crossing Retail Building	Rogers	Whisenvest	Retail	10,000	Conceptual
Pleasant Crossing Shoppes	Rogers	Whisenvest	Retail	20,500	Spring 2014
Prairie Creek Center	Rogers	Mathias Properties	Retail	51,279	Conceptual
Promenade Retail Building	Rogers	Hunt Ventures	Retail	7,100	Done
Promenade Retail Building	Rogers	Hunt Ventures	Retail	10,450	Done
Rick Mooney PUD	Rogers	Rick Mooney	Commercial		Conceptual
Scottdale Center, Phase VI, Bld 2	Rogers	Tom Hopper	Retail	48,041	Conceptual

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Scottsdale Center, Phase VI, Bld 3	Rogers	Tom Hopper	Retail	21,965	Conceptual
Shoppes at Center Point	Rogers		Commercial		Conceptual
Sisters of Mercy Primary Care Office	Rogers	Sisters Of Mercy Health Systems	Medical		Conceptual
Violin Studio and Repair Shop	Rogers	SMEK LLC	Retail		Conceptual
Walnut Crossing	Rogers	Greg House	Commercial	50,000	Conceptual
Wilson-Coker Office Building	Rogers	Wilson-Coker Wealth Management	Office		Conceptual
Crye-Leike Office	Sil. Springs	Crye-Leike Realtors	Office	6,500	Conceptual
Holly Street Crossing	Sil. Springs	Ted Viala	Commercial		Conceptual
Progress Plaza Phase II	Sil. Springs	Brown Cow LLC	Medical Office	11,250	Conceptual
Siloam Springs Medical Arts Center	Sil. Springs	Community Health System	Medical Office	19,000	Done
Walmart Neighborhood Market	Sil. Springs	Wal-Mart Stores Inc	Retail		Conceptual
American Tubing Expansion	Springdale	American Tubing	Manufacturing	20,000	2014
Casey's General Store	Springdale	Bill Matthews	Retail	4,400	
CVS	Springdale	CVS	Retail		Conceptual
Edwards Commercial Building	Springdale	Joe Edwards	Commercial		Conceptual
First Security Bank	Springdale	First Security Bank	Bank	2,000	Done
Geels Paint	Springdale	Geels Paint	Commercial		
Kum and Go	Springdale	Kum and Go	Retail		
Love's Travel Center	Springdale	Love's	Retail		Conceptual
NanoMech Facility Expansion	Springdale	NanoMech	Manufacturing	10,451	
Northwest Medical Center Expansion	Springdale	Northwest Medical System	Hospital	30,000	Done
Northwest Technical Institute	Springdale	NTI	School	31,000	
NWACC	Springdale	NWACC	School		Conceptual
Owen's Optometry	Springdale		Medical		
Walmart Supercenter	Springdale	Wal-Mart Stores Inc	Retail	186,000	Fall 2014

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
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
The Chancellor Hotel	Fayetteville	191	17
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
Days Inn	Fayetteville	140	5
Dickson Street Inn	Fayetteville	8	2
Fairfield Inn Fayetteville	Fayetteville	61	0
Guest House Int'l Hotel and Suites	Fayetteville	197	10
Hampton Inn	Fayetteville	87	8
Hi-Way Inn Motel	Fayetteville	24	0
Homewood Suites	Fayetteville	0	96
Holiday Inn Express	Fayetteville	77	33
Inn at Carnall Hall	Fayetteville	49	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
Staybridge Suites	Fayetteville	0	109
Stay Inn Style	Fayetteville	6	0
Super 8 Motel	Fayetteville	83	0
Value Place Hotel	Fayetteville	121	0
Inn At the Mill	Johnson	38	8
Marriot Townplace	Johnson	0	94

Hotels

Existing Hotels (Cont.)

Property Name	City	Number of Standard Rooms	Number of Suites
Ramada Inn Lowell	Lowell	51	0
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

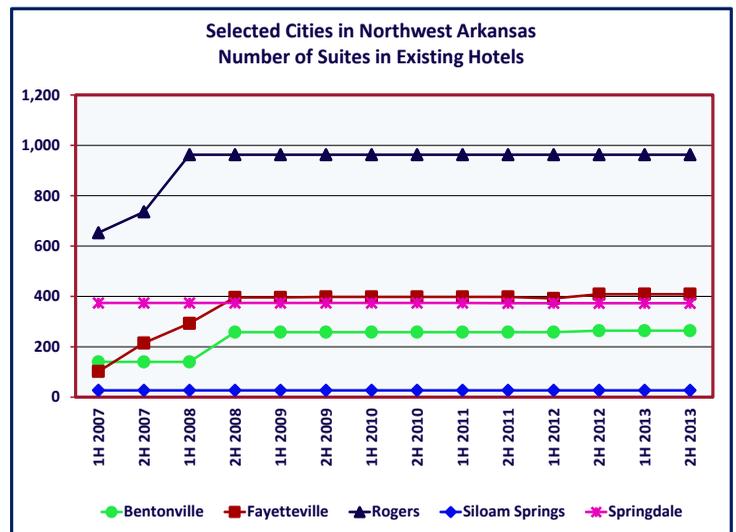
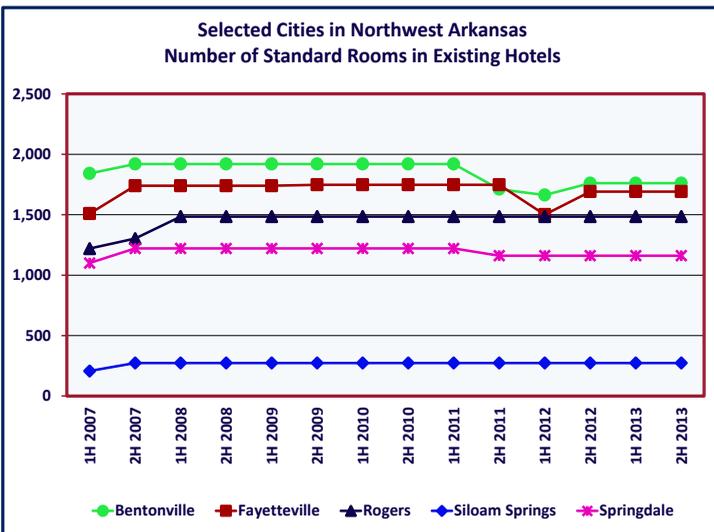
Hotels

Existing Hotels (Cont.)

Property Name	City	Number of Standard Rooms	Number of Suites
Springdale Inn	Springdale	50	0
Super 8 Motel	Springdale	59	1
Value Place Hotel	Springdale	121	0

Existing Hotels Summary

City	Number of Standard Rooms	Number of Suites
Bentonville	1,761	264
Fayetteville	1,692	409
Johnson	38	102
Lowell	51	0
Prairie Grove	8	0
Rogers	1,485	963
Siloam Springs	273	27
Springdale	1,161	373
Northwest Arkansas	6,469	2,138



Hotels

Announced Coming Hotels

Property Name	City	Owner	Number of Rooms	Expected Completion
Four Points by Sheraton	Bentonville	Sree Akshar and Kunal Mody	105	Early 2014
Sheraton Bentonville Plaza	Bentonville	Starwood Hotels & Resorts Wldwide	234	Delayed
Hilton Gardens Inn	Fayetteville	Krushiker Hospitality Group	115	Fall 2014
Walton College Hotel	Fayetteville		125-150	Conceptual
Evelyn Hotel	Rogers	MCE Enterprises`	6	Conceptual
Microtel	Springdale			Delayed



Restaurants

Announced Coming Restaurants

Property Name	Location (City)	Owner	Expected Completion
Coffee Shop and Ice Cream Parlor	Bella Vista	Roger Gildehaus	--
Jason's Deli	Benton County	Bourke Harvey	--
Catfish Hole	Bentonville	Pat Gazzola	Delayed
Cracker Barrel	Bentonville	Cracker Barrel	Early 2014
Dickey's Barbecue Pit	Bentonville	Jared Thompson	--
Dunkin Donuts	Bentonville	JAB QSR Inc.; Jolene Baker	Done
Jay's Diner	Bentonville	Jay Jaber	Done
Joe's Italian Restaurant	Bentonville	Kunal Mody	February 2014
Rose Properties Restaurant	Bentonville	Larry Rose	
Tazikis Restaurant	Bentonville	Tommy Keet and Brad Compton	Done
Yeyo's Mexican Grill	Bentonville	Rafael Rios	Done
Gabriela's Mexican Grill	Farmington		Done
Olde Tyme Donuts	Farmington	Edwards Properties	2014
6494 Bistro	Fayetteville	Chancellor Hotel	Done
Abacus	Fayetteville	Scott Bowman	February 2014
Andy's Custard	Fayetteville		Done
Apple Blossom Brewing	Fayetteville	E.McDonald, A.Schaffer, S.Stephanson, J.Utsch, C.Mong	Done
Arsagas	Fayetteville	Cary Arsaga	
Best Frickin' Chicken	Fayetteville		2014
Chuy's	Fayetteville	Mike Young and John Zapp	Conceptual
Deluxe Burger	Fayetteville	Scott Bowman	Done
Dickey's Barbecue Pit	Fayetteville	Jared Thompson	--
Dunkin Donuts	Fayetteville	JAB QSR Inc.; Jolene Baker	Conceptual
El Matador	Fayetteville		Done
Eureka Pizza	Fayetteville	Rolf Wilkins	Done
Firehouse Subs	Fayetteville	Forest Hills Development	--
Flying Burrito	Fayetteville	Flying Burrito	Done
Freddy's Frozen Custard and Steakburgers	Fayetteville		Late 2014
Fuzzy's Taco Shop	Fayetteville	Fuzzy's Taco Shops	Delayed
Jammin' Java	Fayetteville		Done
Juicy Tails	Fayetteville		Done
King Burrito	Fayetteville	Adam Soto	Done
KJ Sushi and Korean BBQ	Fayetteville		Done
Krystal Burger	Fayetteville	Krystal Burger	--
Little Caesars	Fayetteville	Little Caesars	Done
Loofie's Gelato	Fayetteville		Done
Lucy's Diner	Fayetteville	Lucy's Diner	Done
Mango Taco Shop	Fayetteville		Done
Panda Express	Fayetteville	Panda Restaurant Group	Done
Papa John's	Fayetteville		
Roma	Fayetteville	Scott Bowman	2014
Slice Pizzeria & Salad	Fayetteville	Scott Bowman	February 2014
Slim Chickens	Fayetteville	Tom Gordon and Gary Smart	Done
The Citizen	Fayetteville	Lane Coleman, Knox McCorquodale, Wilson Wood	Delayed
The Pastry Shop	Fayetteville		2014
Unnamed in Dixie Café Location	Fayetteville		Conceptual
Whataburger Joyce	Fayetteville	Whataburger Inc.	Conceptual
Whataburger MLK	Fayetteville	Whataburger Inc.	Conceptual
Yum Yo's Frozen Yogurt	Fayetteville	Yum Yo's	Done
Zuppa Zuppa Soup Kitchen	Fayetteville	Ann Harris	Done
Asian and Sushi	Rogers	Sky Lin	Done
Chuy's Mexican Restaurant	Rogers	Chuy's Opco Inc.	Done
Dickey's Barbecue Pit	Rogers	Jared Thompson	Done
Freddy's Frozen Custard and Steakburgers	Rogers		Early 2014

Restaurants

Grub's Bar and Grill	Rogers		Done
Krystal Burger	Rogers	Smitco Eateries	Delayed
Longhorn Steakhouse	Rogers	Darden Restaurants	Early 2014
Taqueria El Bajo	Rogers		--
Thai Food	Rogers		--
Twin Peaks	Rogers	Twin Peaks Inc.	2014
Unnamed Pinnacle Heights Restaurant	Rogers	Hunt Ventures	Conceptual
Unnamed Pizza Place-Pleasant Crossing	Rogers	Whisinvest	2014
Unnamed Restaurant-Pleasant Crossing	Rogers	Whisinvest	2014
Grizzleys Cheesesteaks and Burgers	Siloam Springs		Done
McDonald's	Siloam Springs	Matthew's Management	Done
Wendy's	Siloam Springs	Wendys	Done
Ana Marie's Bakery	Springdale		--
Dickey's Barbecue Pit	Springdale	Randon Arney	Delayed
El Santaneo	Springdale		Done
Eureka Pizza	Springdale	Rolf Wilkins	Done
Jim's Razorback Pizza	Springdale		2014
Los Abuelos Taqueria	Springdale		Done
Mi Tienda Express	Springdale	Jaime Flores	Done
Slim Chicken	Springdale		Delayed
Casalini Court Restaurant	Tontitown	Brett Hash	Delayed
Mama Fu's	Unkn. Location	Murphy Adams Restaurant Group	--
Dunkin Donuts	Unkn. Locations	JAB QSR Inc	--

Restaurants

Closed Restaurants

Property Name	City	Date Closed
Sabores Mexican Restaurant	Bella Vista	January 2013
Legacy Blues	Fayetteville	January 2013
Rowdy Beaver Den	Fayetteville	January 2013
TCBY	Fayetteville	January 2013
Chicago Dog	Rogers	January 2013
Silver Joe's Coffee Shop	Rogers	January 2013
Spedini's	Fayetteville	February 2013
Buck Crossing	Fayetteville	March 2013
Waffle Hut	Springdale	March 2013
Nola's	Bentonville	April 2013
Bariola's Pizza	Fayetteville	April 2013
Daylight Donuts	Fayetteville	April 2013
Pho Saigon	Fayetteville	April 2013
Louie's Bar and Grill	Rogers	May 2013
Marketplace Express	Rogers	May 2013
Burger Life	Fayetteville	May 2013
Parks Purity Pie Company	Fayetteville	May 2013
Taco Tico	Rogers	May 2013
Sonnys BBQ	Springdale	May 2013
Silk Road	Springdale	May 2013
Rolling Pin Express	Fayetteville	June 2013
Geno's Pizza	Fayetteville	August 2013
Hooter's	Fayetteville	August 2013
Momma Dean's	Fayetteville	August 2013
TCBY Frozen Yogurt	Fayetteville	August 2013
Brick House Kitchen	Fayetteville	September 2013
Union Kitchen	Fayetteville	October 2013
Chutney's	Rogers	October 2013
Maid-Rite	Bentonville	November 2013
Sumo Sushi	Fayetteville	November 2013
Dixie Café	Fayetteville	December 2013
Feltner Brothers	Fayetteville	December 2013
HuHot	Fayetteville	December 2013
Spring Rolls Vietnamese Bistro	Fayetteville	December 2013
Twin Kitchen	Fayetteville	December 2013
Quizno's	Springdale	December 2013
Jim's Razorback Pizza	Springdale	December 2013
Crazy Coconut	Tontitown	December 2013

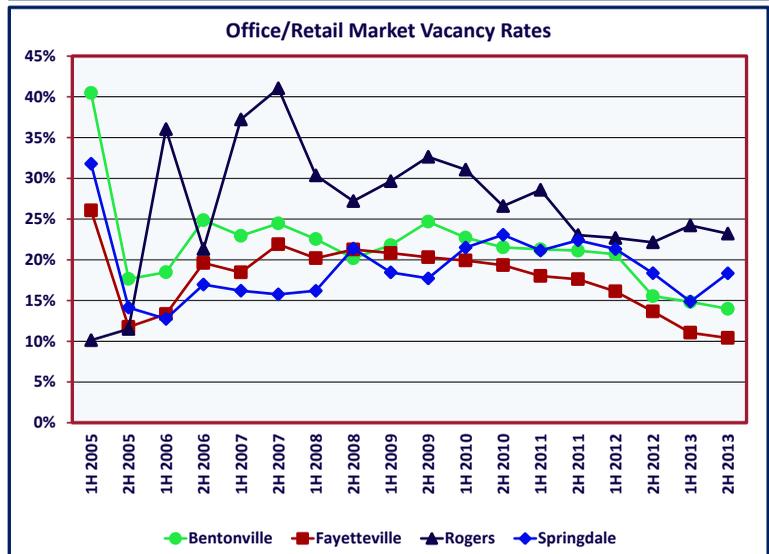
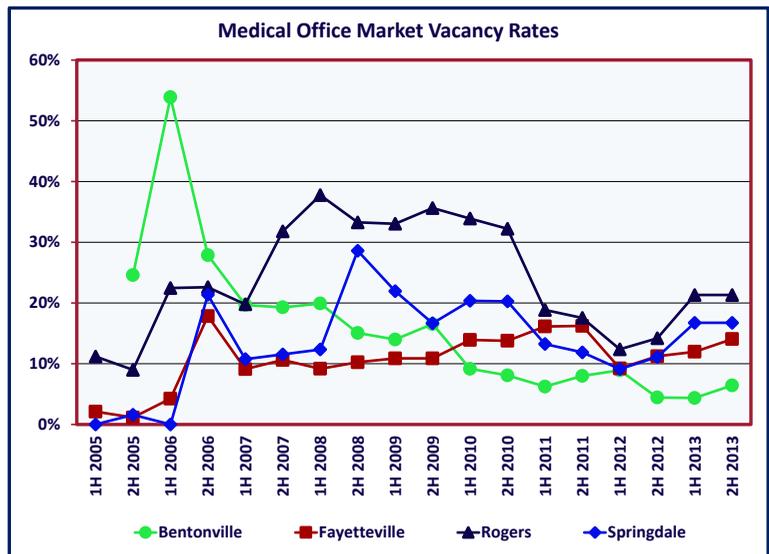
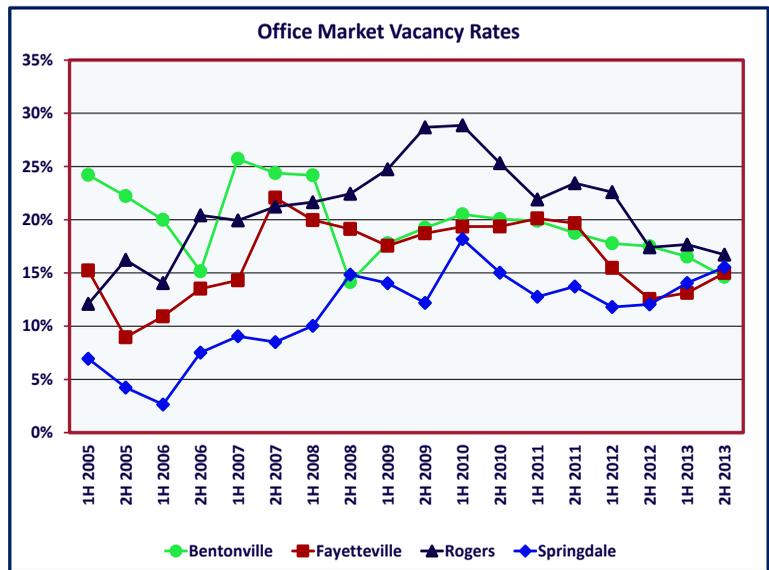
Commercial Market Trends

This version of the Commercial Skyline Report represents the thirty-seventh quarter that data have been collected. Annual comparisons were 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 nine years. Also, a table presents the total absorption over the past year by city and submarket. The following three pages have tables with more detailed information about vacancy rates, net absorption, and available space.

Available office square footage in Northwest Arkansas increased from 1,495,731 square feet in the second half of 2012 to 1,535,575 square feet in the second half of 2013. In the past year, 73,517 new square feet of office space were added and there was net positive absorption of 56,087 square feet. Bentonville accounted for 91.7 percent of the net positive absorption. Springdale (26,604 square feet), Fayetteville (19,528 square feet) and Lowell (10,905 square feet) each had negative net absorption during the past year. The overall Northwest Arkansas office vacancy rate decreased 0.1 percentage points from 15.3 percent in the second half of 2012 to 15.2 percent in the second half of 2013.

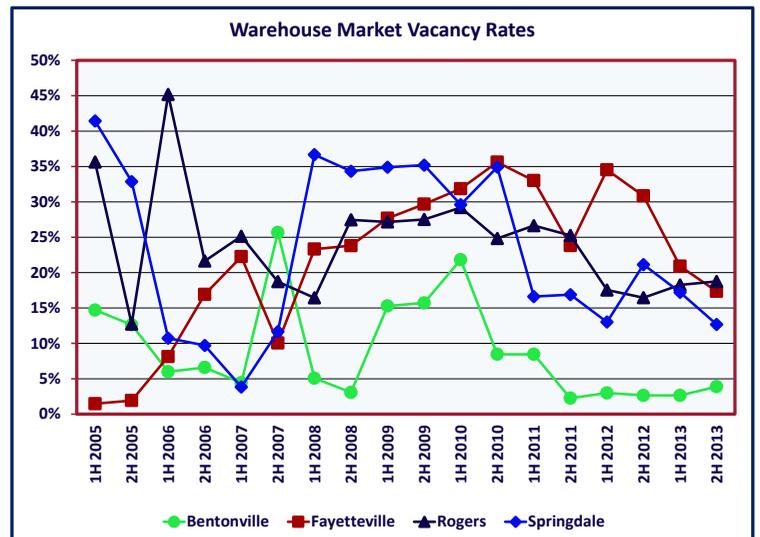
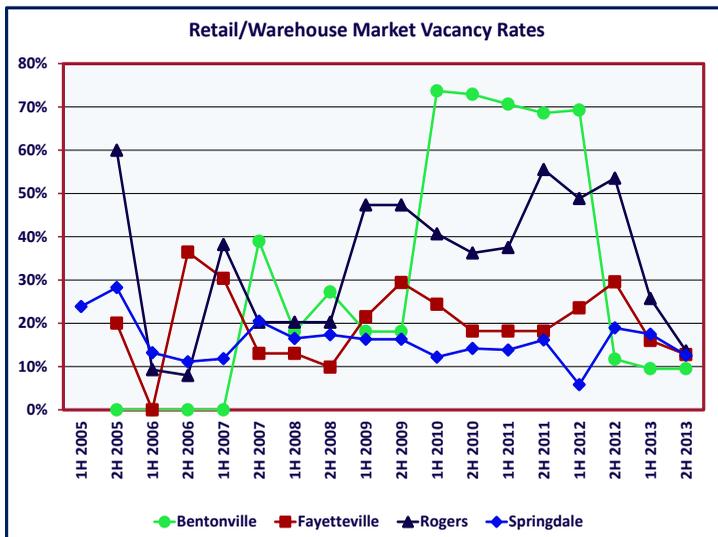
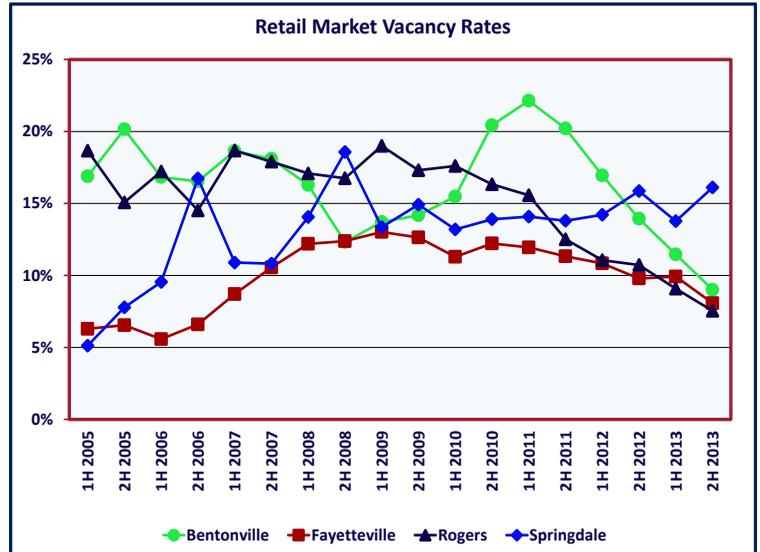
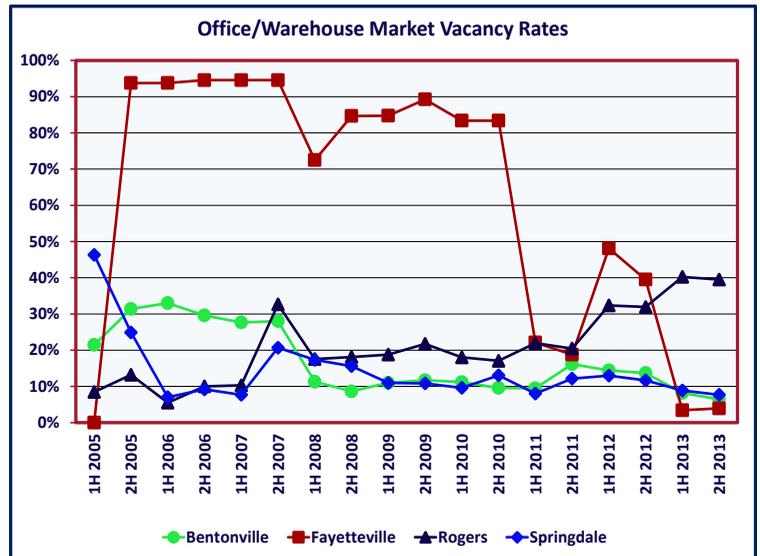
The office/retail market experienced positive net absorption of 50,858 square feet in the past year. Bentonville accounted for 85.5 percent of the positive absorption from the second half of 2012 to the second half of 2013. No new office/retail space was added within the past year. In Northwest Arkansas 598,171 square feet of office/retail space were available, down from 652,705 square feet in last year's second half. This space was located in each of the largest cities: Fayetteville, Rogers, Bentonville, and Springdale.

The retail market had positive net absorption of 198,037 square feet in the past twelve months. Rogers accounted for 42.3 percent with Springdale and Fayetteville combining for another 50.9 percent. Only Siloam Springs had a negative net absorption in retail space for the past twelve months. There were 113,680 new square feet of retail space added to the Northwest Arkansas market during the past twelve months. In the second half of 2013, a total of 724,361 square feet of space were available in Northwest Arkansas, down from 894,327 square feet in the second half of 2012.



Commercial Market Trends

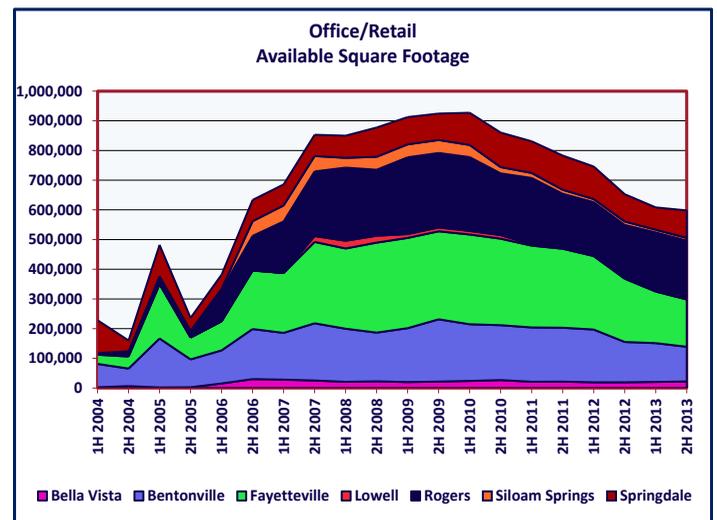
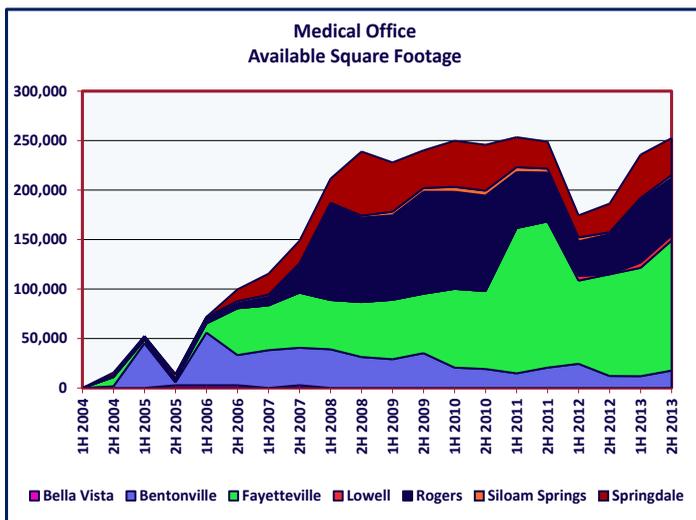
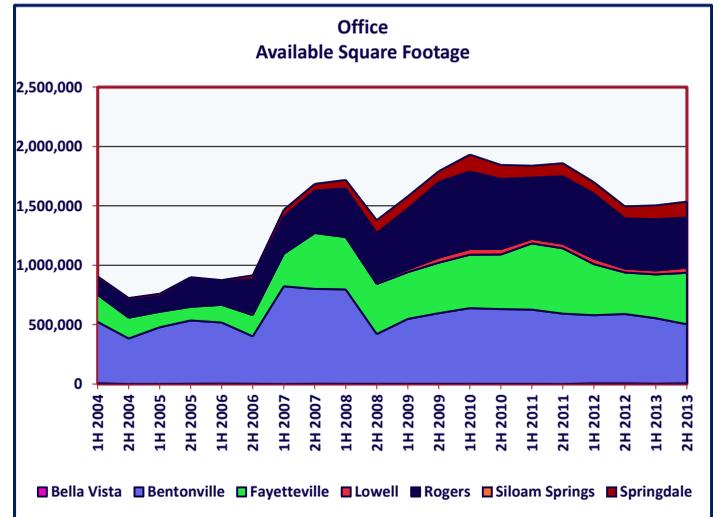
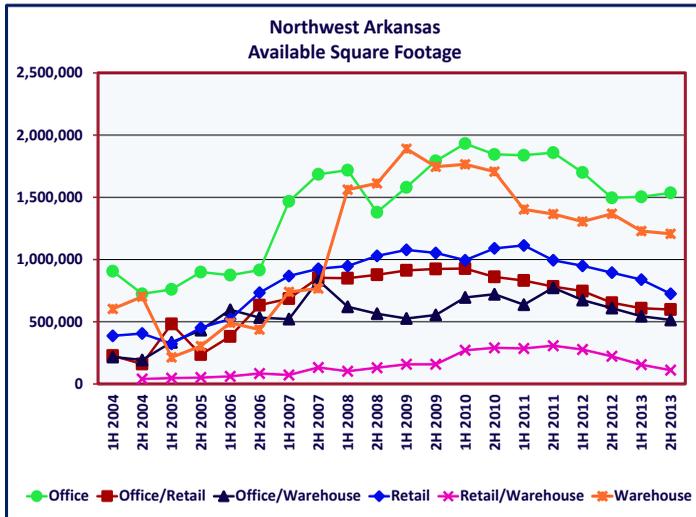
The Northwest Arkansas warehouse market also experienced positive net absorption of 228,536 square feet during the past year. The number of available square feet decreased from 1,304,778 in the second half of 2012 to 1,206,283 in the second half of 2013, while vacancy rates declined from 20.2 percent to 17.3 percent during the same time period. Significant amounts of warehouse space entered the market by leaving the owner-occupied category. Springdale accounted for 45.1 percent of the positive net warehouse absorption in the past year, while Fayetteville added another 41.1 percent of that total. Siloam Springs (116,133 square feet), Rogers (41,796 square feet), and Bentonville (5,500 square feet), all experienced negative net absorption in the last year in the warehouse market. No new warehouse space was added to the Northwest Arkansas market during the past year.



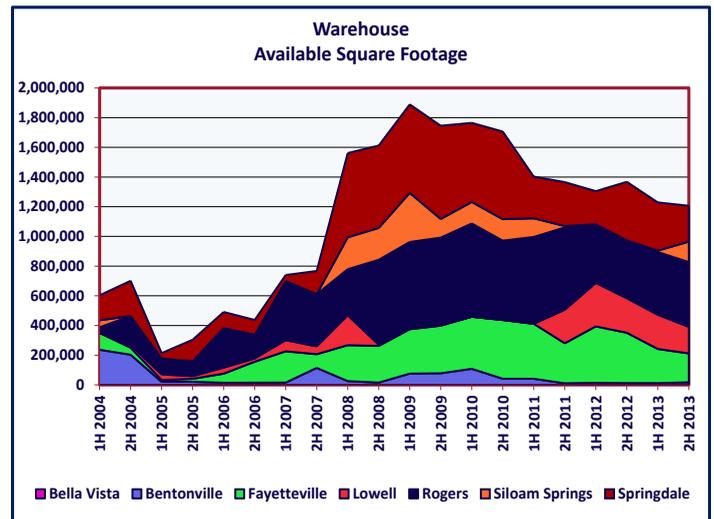
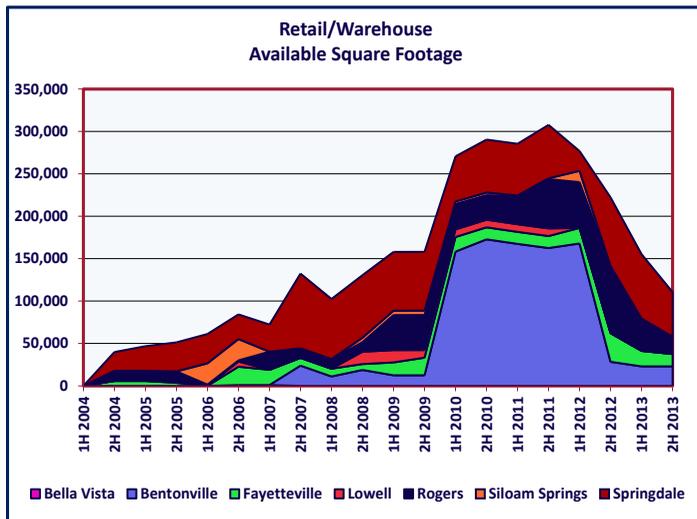
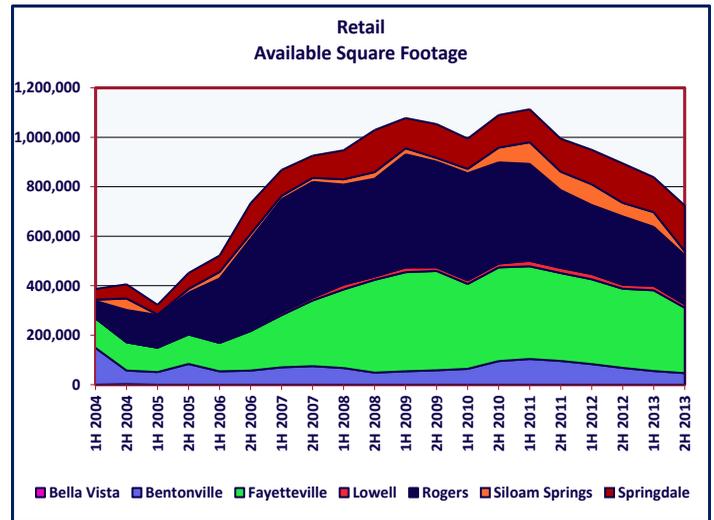
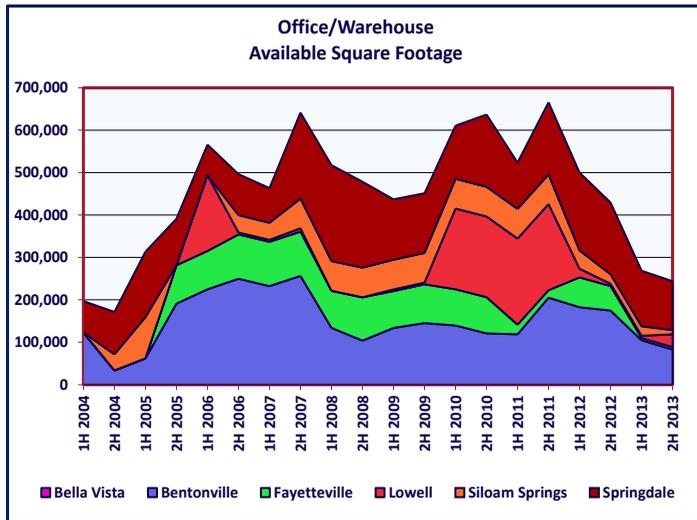
Commercial Market Trends

Net Twelve Month Absorption by Submarket 2H 2012 - 2H 2013

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	-560	-2,800	0	0
Bentonville	110,847	18,951	26,870	-5,500
Fayetteville	-19,528	45,902	39,562	161,190
Lowell	-10,905	-100	1,730	54,104
Rogers	3,137	-14,026	83,677	-41,796
Siloam Springs	-300	2,426	-2,840	-116,133
Springdale	-26,604	505	49,038	176,671
Northwest Arkansas	56,087	50,858	198,037	228,536



Commercial Market Trends



Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
2H 2012	30.0%	17.5%	12.6%	11.4%	17.4%	3.0%	12.1%	15.3%
1H 2013	16.0%	16.5%	13.1%	11.0%	17.7%	2.9%	14.1%	15.3%
2H 2013	32.7%	14.6%	15.0%	14.3%	16.7%	3.0%	15.5%	15.2%

Medical Office

2H 2012	0.0%	4.4%	11.2%	0.0%	14.2%	2.3%	11.1%	9.9%
1H 2013	0.0%	4.4%	12.0%	7.4%	21.3%	2.3%	16.7%	12.3%
2H 2013	0.0%	6.4%	14.1%	7.4%	21.3%	2.3%	16.7%	12.8%

Office/Retail

2H 2012	7.0%	15.5%	13.7%	3.6%	22.1%	7.8%	18.4%	15.4%
1H 2013	7.4%	14.8%	11.0%	3.7%	24.2%	6.2%	14.9%	14.3%
2H 2013	8.0%	14.0%	10.4%	3.7%	23.2%	6.2%	18.3%	14.2%

Office/Warehouse

2H 2012	--	13.7%	39.5%	8.1%	31.9%	19.7%	11.7%	16.9%
1H 2013	--	8.2%	3.4%	8.1%	40.2%	19.7%	8.9%	14.5%
2H 2013	--	6.4%	3.9%	32.4%	39.5%	8.7%	7.7%	13.4%

Retail

2H 2012	0.0%	13.9%	9.8%	12.6%	10.7%	15.3%	15.9%	11.4%
1H 2013	0.0%	11.5%	9.9%	14.8%	9.1%	16.7%	13.8%	10.6%
2H 2013	0.0%	9.0%	8.1%	11.2%	7.5%	5.1%	16.1%	9.0%

Retail/Warehouse

2H 2012	--	11.7%	29.5%	0.0%	53.5%	0.0%	18.9%	21.6%
1H 2013	--	9.5%	16.0%	0.0%	25.7%	0.0%	17.5%	15.0%
2H 2013	--	9.5%	12.8%	0.0%	13.6%	0.0%	12.6%	10.9%

Warehouse

2H 2012	0.0%	2.6%	30.8%	27.9%	16.5%	4.9%	21.1%	20.2%
1H 2013	0.0%	2.6%	20.9%	27.6%	18.3%	3.0%	17.2%	17.8%
2H 2013	0.0%	3.9%	17.4%	21.4%	18.8%	42.3%	12.7%	17.3%

Commercial Market Trends

Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
2H 2012	0	6,198	80,962	13,433	128,579	1,344	-5,224	225,292
1H 2013	2,890	36,141	7,513	-832	-5,297	0	-17,799	22,616
2H 2013	-3,450	74,706	-27,041	-10,073	8,434	-300	-8,805	33,471

Medical Office

2H 2012	0	12,297	-18,733	4,833	-4,297	2,000	-6,611	-10,511
1H 2013	0	214	-6,726	-5,407	-19,484	0	-14,720	-46,123
2H 2013	0	-5,700	-11,319	0	5,802	-1,300	6,349	-6,168

Office/Retail

2H 2012	-50	43,150	43,669	-690	12,385	-1,126	17,804	115,142
1H 2013	-1,200	5,165	44,951	-100	-17,924	2,426	16,727	50,045
2H 2013	-1,600	13,786	951	0	3,898	0	-16,222	813

Office/Warehouse

2H 2012	--	7,840	12,550	14,985	17,012	20,561	47,853	120,801
1H 2013	--	69,991	52,722	0	-95,244	0	38,070	65,539
2H 2013	--	30,315	5,000	0	5,000	12,500	30,680	83,495

Retail

2H 2012	0	22,094	39,366	5,592	12,775	29,140	-2,614	106,353
1H 2013	0	12,727	-12,299	-2,720	40,315	-4,880	24,537	57,680
2H 2013	0	14,143	51,861	4,450	43,362	2,040	24,501	140,357

Retail/Warehouse

2H 2012	--	139,538	0	0	0	13,348	-31,594	121,292
1H 2013	--	5,380	15,500	0	41,108	0	5,000	66,988
2H 2013	--	0	3,711	0	19,742	0	5,200	28,653

Warehouse

2H 2012	0	2,400	40,441	60,000	118,980	0	-23,471	198,350
1H 2013	0	0	109,190	2,500	-41,796	0	92,875	162,769
2H 2013	0	-5,500	52,000	51,604	0	-116,133	83,796	65,767

Commercial Market Trends

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
2H 2012	6,190	583,308	349,442	32,806	419,689	3,000	101,296	1,495,731
1H 2013	3,300	550,711	368,832	33,638	428,137	3,000	116,210	1,503,828
2H 2013	6,750	496,209	433,287	43,711	418,303	3,300	134,015	1,535,575

Medical Office

2H 2012	0	12,137	102,796	0	40,451	2,000	28,935	186,319
1H 2013	0	11,923	109,522	5,407	63,295	2,000	43,655	235,802
2H 2013	0	17,623	131,381	5,407	57,493	3,300	37,306	252,510

Office/Retail

2H 2012	19,205	135,864	213,116	2,340	178,654	11,626	91,900	652,705
1H 2013	20,405	130,699	173,765	2,440	196,578	9,200	75,173	608,260
2H 2013	22,005	116,913	159,288	2,440	195,680	9,200	92,645	598,171

Office/Warehouse

2H 2012	--	174,751	57,722	5,475	180,579	22,500	168,920	609,947
1H 2013	--	104,760	5,000	5,475	275,823	22,500	130,850	544,408
2H 2013	--	82,845	6,000	29,875	270,823	10,000	115,110	514,653

Retail

2H 2012	0	67,815	319,988	15,834	276,494	54,684	159,512	894,327
1H 2013	0	55,088	326,287	18,554	237,679	59,564	141,369	838,541
2H 2013	0	46,545	264,426	14,104	198,425	16,284	184,577	724,361

Retail/Warehouse

2H 2012	--	28,378	33,812	0	79,166	0	80,900	222,256
1H 2013	--	22,998	18,312	0	38,058	0	75,900	155,268
2H 2013	--	22,998	14,601	0	20,416	0	52,560	110,575

Warehouse

2H 2012	0	11,834	339,138	233,104	380,445	9,375	393,798	1,367,694
1H 2013	0	11,834	229,948	230,604	422,241	9,375	324,923	1,228,925
2H 2013	0	17,334	194,573	179,000	436,241	138,008	241,127	1,206,283

Office

In the second half of 2013, the office properties included in the Skyline Report panel had a vacancy rate of 15.2 percent, a slight decrease from the 15.3 percent in the first half of 2013. Of the just under 10.1 million square feet of Northwest Arkansas properties examined, just over 1.5 million square feet were available. From the first half of 2013 to the second half of 2013, 73,517 square feet of new space entered the market, while 106,988 square feet became occupied, netting positive absorption of 33,471 square feet for the market. Some Class A office space was reclassified down to Class B space during this report period.

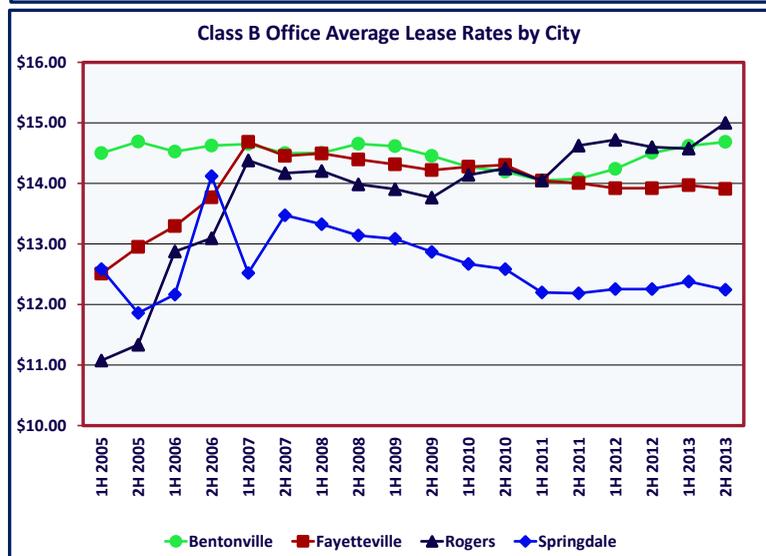
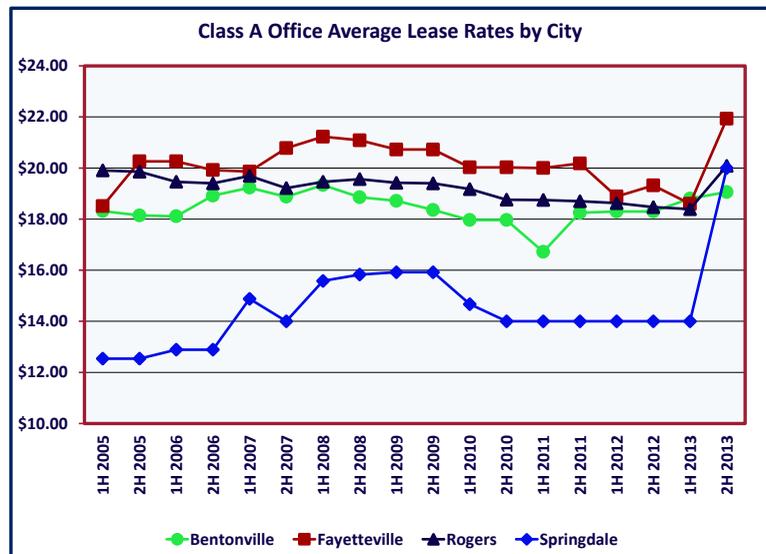
There were 1,535,575 square feet of available office space in Northwest Arkansas in the second half of 2013. Bentonville had the most available office space at 496,209 square feet of which 90.5 percent was in the Class B submarket. The Bentonville office market had net positive absorption of 74,706 square feet in the second half of 2013, with 3,188 square feet of Class A, 76,288 square feet of Class B, and 930 square feet of Class C becoming occupied, while there was net negative absorption of 5,700 square feet of medical office.

Fayetteville had 433,287 square feet of available office space in the second half of 2013, of which 48.2 percent was in the Class B submarket (the composition of space was impacted by the reclassification of some Class A down to Class B). From the first half of 2013 to the second half of 2013, the Fayetteville office market had net negative absorption of 27,041 square feet. During the second half of 2013, Class A, Class C, and medical office space experienced net negative absorption of 11,838, 4,295, and 11,319 square feet, respectively, while 411 square feet of Class B space became occupied.

Rogers had 418,303 square feet available in the second half of 2013, of which 53.8 percent was Class A office space (the composition of space was impacted by the reclassification of some Class A down to Class B). The Rogers

Office Lease Rates Average Range by City

	Class A	Class B	Class C	Medical
Bentonville ¹	\$18.56 - \$19.56	\$14.38 - \$14.99	\$8.72 - \$8.97	\$16.01 - \$17.64
Fayetteville ¹	\$19.86 - \$24.00	\$13.63 - \$14.19	\$10.37 - \$10.69	\$15.02 - \$16.64
Rogers ¹	\$19.03 - \$21.14	\$14.81 - \$15.19	\$8.62 - \$9.23	\$12.89 - \$13.09
Springdale ¹	\$20.00 - \$20.00	\$11.63 - \$12.86	\$9.23 - \$9.49	\$12.94 - \$13.72



¹There was a significant reclassification of space in 2H 2013, only affecting Class A and Class B space. Caution should be used in interpreting changes at that point.

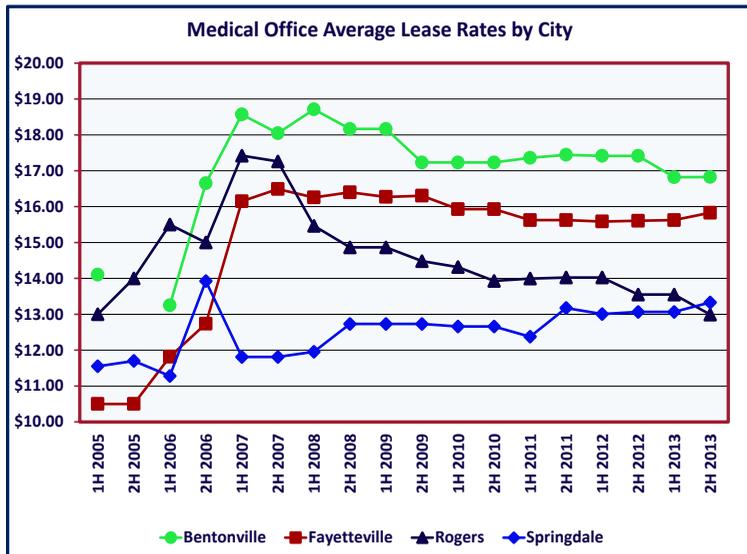
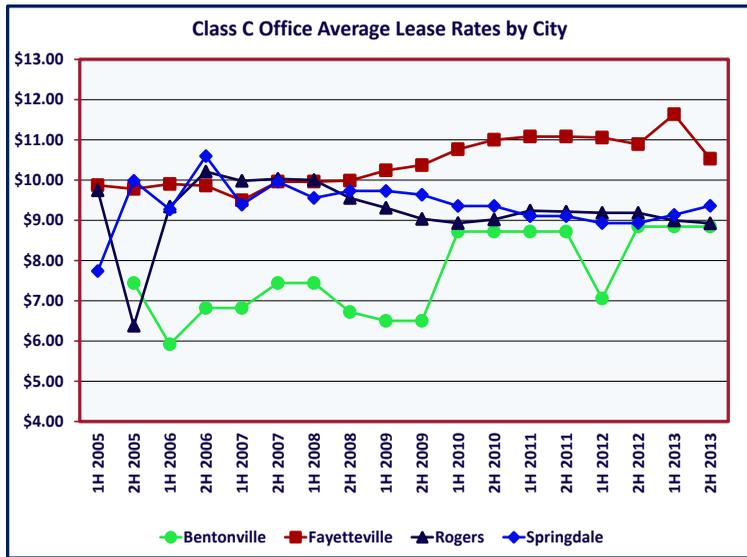
office market had net positive absorption of 8,434 square feet, as it added 57,877 square feet of new Class A office space and 15,640 square feet of new medical office space. Net positive absorption occurred in the Class B,

Class C and medical office submarkets of 18,711 square feet, 2,395 square feet, and 5,802 square feet, respectively, while Class A office space had net negative absorption of 18,474 square feet. The Springdale office

Office

market had 134,015 square feet of available space in the second half of 2013, of which 39.3 percent was Class C office space (the composition of space was impacted by the reclassification of some Class A space down to Class B). 6,349 square feet became occupied in the medical submarket, in addition to 573 square feet of net positive absorption in the Class B submarket, while the Class C office submarket had negative net absorption of 15,727 square feet, leading to a total negative net absorption of 8,805 square feet.

In the second half of 2013, Class A office average reported lease rates were highest in Fayetteville at \$21.93. Rogers was \$20.09, Springdale (with very limited Class A space) was at \$20.00, and Bentonville was at \$19.06. Class B office space average reported lease rates were highest in Rogers at \$15.00. Bentonville was at \$14.69, Fayetteville was \$13.91, and Springdale had the lowest reported average lease rates at \$12.25. Reported average lease rates for Class C office were highest in Fayetteville, which experienced the only significant change a decrease of \$1.11 from the first half of 2013. Springdale was at \$9.36, Rogers was at \$8.93, and Bentonville was the lowest at \$8.85. Reported average medical office space lease rates increased slightly in Bentonville to \$16.83, Fayetteville to \$15.83, and Springdale to \$13.33, while decreasing by \$0.56 in Rogers to \$12.99.



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	336,210	4,084	1.2%	3,188	0	3,188	39.9
Fayetteville ³	403,896	58,189	14.4%	-11,838	0	-11,838	--
Rogers ³	1,257,817	225,089	17.9%	39,403	57,877	-18,474	--
Springdale ³	20,000	0	0.0%	0	0	0	--
Class B							
Bentonville	2,717,654	449,278	16.5%	76,288	0	76,288	35.3
Fayetteville ³	1,294,440	208,849	16.1%	411	0	411	3,048.9
Rogers ³	719,413	80,516	11.2%	18,711	0	18,711	25.8
Springdale ³	427,735	44,065	10.3%	573	0	573	461.4
Class C							
Bentonville	62,866	25,224	40.1%	930	0	930	162.7
Fayetteville	257,177	34,868	13.6%	-4,295	0	-4,295	--
Rogers	192,772	55,205	28.6%	2,395	0	2,395	138.3
Springdale	144,507	52,644	36.4%	-15,727	0	-15,727	--
Medical							
Bentonville	274,018	17,623	6.4%	-5,700	0	-5,700	--
Fayetteville	934,275	131,381	14.1%	-11,319	0	-11,319	--
Rogers	332,691	57,493	17.3%	21,442	15,640	5,802	59.5
Springdale	269,977	37,306	13.8%	6,349	0	6,349	35.3

¹From all 2H 2013 respondents

²From 2H 2013 respondents who were also 1H 2013 respondents

³There was a significant reclassification of space in 2H 2013 only affecting Class A and Class B space. Caution should be used in interpreting changes at that point.



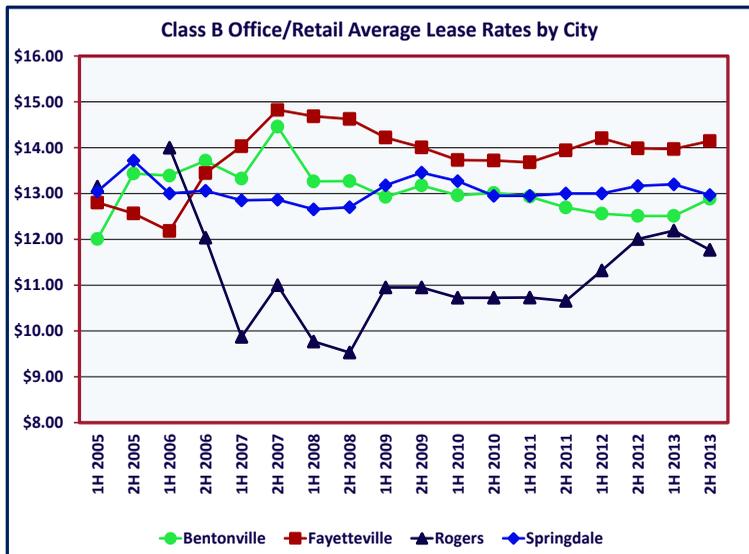
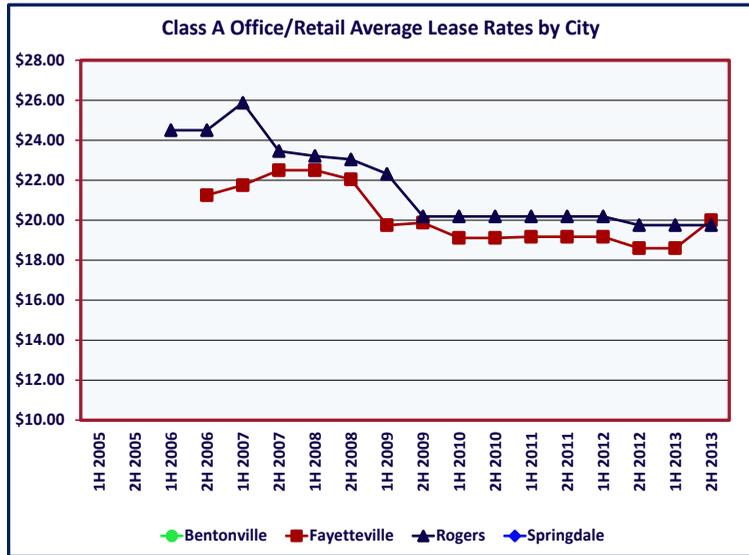
Office/Retail

In the second half of 2013, the office/retail properties included in the Skyline Report sample had a vacancy rate of 14.2 percent, a decrease from 14.3 percent in the first half of 2013. Of the over 4.2 million square feet of Northwest Arkansas properties examined, 5958,171 square feet were available.

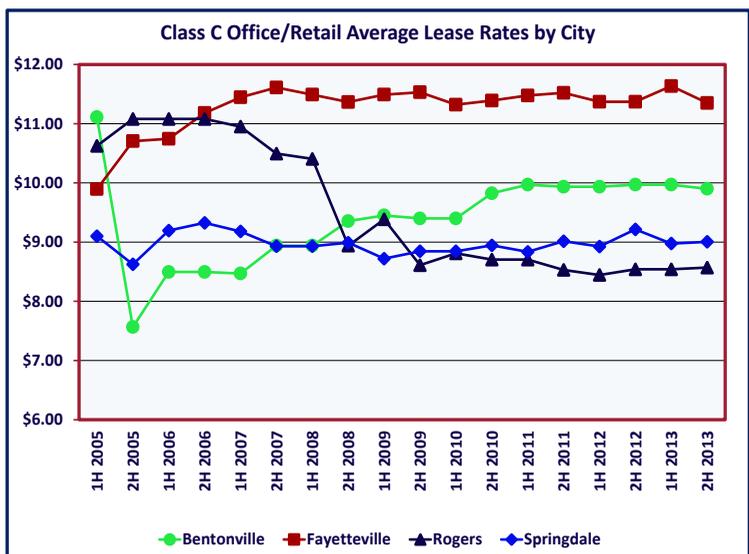
From the first half of 2013 to the second half of 2013, no new office/retail space was added in Northwest Arkansas. The number of square feet becoming occupied was larger than the number of square feet becoming available in the office/retail submarket, causing positive net absorption of 813 square feet in the second half of 2013. Bentonville had the most net positive absorption with 13,786 square feet. Rogers and Fayetteville also had net positive absorption of 3,898 and 951 square feet, respectively, while Springdale and Bella Vista had net negative absorption of 16,222 and 1,600 square feet, respectively.

Rogers had the largest amount of available square feet in the office/retail submarket with 195,680 square feet available. Fayetteville, Bentonville, and Springdale had 159,288, 116,913 and 92,645 square feet available, respectively. Dividing those by the total square feet of office/retail space, this translated to vacancy rates of 23.2 percent for Rogers, 10.4 percent for Fayetteville, 14.0 percent for Bentonville, and 18.3 percent for Springdale in the second half of 2013.

The revised sample office/retail space average reported lease rates in the second half of 2013 were highest in the Fayetteville Class A submarket at \$20.00. The average lease rate in Rogers was \$19.76. All of the Class A office/retail space in Bentonville was reclassified to Class B. In the Class B submarket, Fayetteville was the most expensive at \$14.15, followed by Springdale at \$12.97, Bentonville at \$12.89, and Rogers at \$11.77. In the Class C submarket the average lease rate in Fayetteville was \$11.35, in Bentonville was \$9.90, in Springdale was \$9.01, and in Rogers was least expensive at \$8.57.



There was a significant reclassification of space in 2H 2013, only affecting Class A and Class B space. Caution should be used in interpreting changes at that point.



Office/Retail

Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville ³	--	\$11.70 - \$13.06	\$9.40 - \$10.40
Fayetteville ³	\$20.00 - \$20.00	\$13.30 - \$14.99	\$10.67 - \$12.03
Rogers	\$18.88 - \$20.63	\$11.10 - \$12.44	\$7.70 - \$9.44
Springdale	--	\$12.18 - \$13.75	\$8.55 - \$9.46



Office/Retail Space Characteristics by Class and City

Class	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption ²	New Available Square Feet ¹	Net Absorption	Months of Inventory
Class A							
Bentonville ³	--	--	--	--	--	--	--
Fayetteville ³	69,307	10,478	15.1%	0	0	0	--
Rogers	133,982	40,025	29.9%	-1,239	0	-1,239	--
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville ³	751,301	111,237	14.8%	9,766	0	9,766	68.3
Fayetteville ³	1,106,787	129,482	11.7%	-11,629	0	-11,629	--
Rogers	400,426	113,835	28.4%	-22,961	0	-22,961	--
Springdale	221,162	27,733	12.5%	-671	0	-671	--
Class C							
Bentonville	84,800	5,676	6.7%	4,020	0	4,020	8.5
Fayetteville	353,932	19,328	5.5%	12,580	0	12,580	9.2
Rogers	308,498	41,820	13.6%	28,098	0	28,098	8.9
Springdale	283,907	64,912	22.9%	-15,551	0	-15,551	--

¹From all 2H 2013 respondents

²From 2H 2013 respondents who were also 1H 2013 respondents

³There was a significant reclassification of space in 2H 2013 only affecting Class A and Class B space. Caution should be used in interpreting changes at that point.

Retail

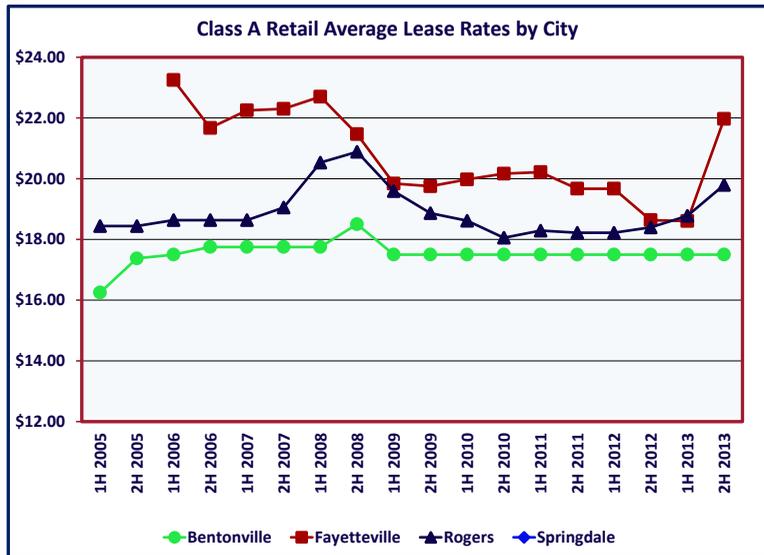
In the second half of 2013, the retail properties included in the Skyline Report panel had a vacancy rate of 9.0 percent, down from 10.6 percent in the first half of 2013. Of more than 8 million square feet of Northwest Arkansas retail properties examined, 724,361 square feet were available. From the first half of 2013 to the second half of 2013, 32,882 square feet of new retail space were added in Northwest Arkansas, leading to net absorption of 140,357 square feet.

Bentonville had 516,869 total square feet and 46,545 available square feet of retail space in the second half of 2013, resulting in a vacancy rate of 9.0 percent. This represented a decrease from the rate of 11.5 percent in the first half of 2013. 22,973 square feet of new retail space was added to the market. The decreased vacancy rate resulted from a positive net absorption of 14,143 square feet.

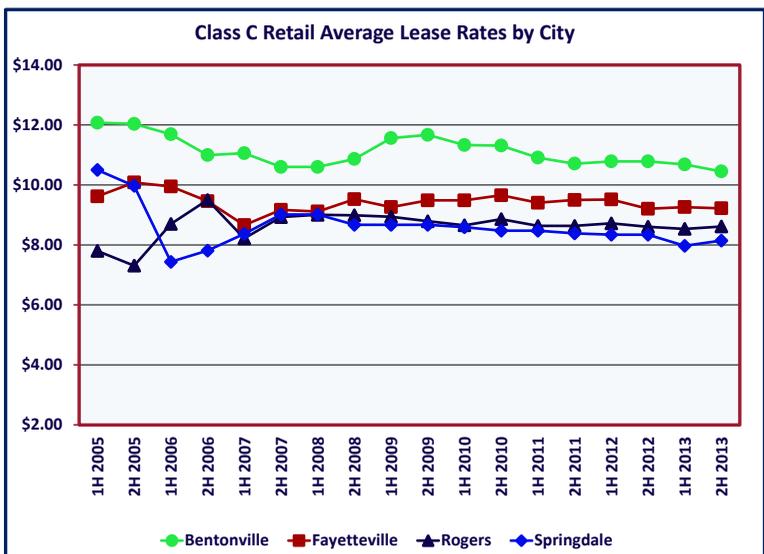
In the second half of 2013, Fayetteville had a retail vacancy rate of 8.1 percent, down from 9.9 percent in the first half of 2013, with 264,426 available square feet out of a total of more than 3.2 million. No new space was added and there was reported net positive absorption of 51,861 square feet in the Fayetteville retail market.

The Rogers market had 198,425 square feet of available retail space out of a total of over 2.6 million square feet for a vacancy rate of 7.5 percent in the second half of 2013. This was a decrease from the 9.1 rate in the first half of 2013. From the first half of 2013 to the second half of 2013, 9,909 square feet of new retail space were added in Rogers, leading to net positive absorption of 43,362 square feet.

There were 184,577 square feet of available retail space out of a total of 1,145,499 square feet in Springdale in the second half of 2013. This implied a vacancy rate of 16.1 percent, up from 13.8 percent in the first half of 2013. No new retail space was added during the second half of 2013 but there was net positive absorption for 24,501 square feet.



There was a significant reclassification of space in 2H 2013, only affecting Class A and Class B space. Caution should be used in interpreting changes at that point.



Retail

In the Class A retail submarket, Fayetteville had the highest average reported lease rates at \$21.97. The average rate in Rogers was \$19.80, and Bentonville remained at \$17.50. Class B retail average lease rates were highest in Bentonville and Springdale at \$14.52, while Fayetteville was at \$14.48, and Rogers was the lowest at \$11.58. Class C average reported lease rates were remained the highest in Bentonville at \$10.45 while decreasing \$0.23. Fayetteville was at \$9.22, Rogers was at \$8.62, and Springdale was at \$8.15.

Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville ³	\$15.50 - \$19.50	\$14.21 - \$14.82	\$10.33 - \$10.57
Fayetteville ³	\$20.94 - \$23.00	\$14.01 - \$14.94	\$8.97 - \$9.47
Rogers ³	\$18.88 - \$20.71	\$11.08 - \$12.08	\$8.35 - \$8.88
Springdale	--	\$14.16 - \$14.88	\$7.72 - \$8.57



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 ³	39,534	3,000	7.6%	0	0	0	--
Fayetteville ³	1,843,231	42,489	2.3%	43,574	0	43,574	5.9
Rogers ³	1,604,274	125,780	7.8%	-3,446	0	-3,446	--
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville ³	335,578	33,257	9.9%	19,202	22,973	-3,771	--
Fayetteville ³	1,074,472	169,651	15.8%	1,287	0	1,287	791.0
Rogers ³	624,501	17,701	2.8%	24,409	9,909	14,500	7.3
Springdale	722,600	98,707	13.7%	740	0	740	800.3
Class C							
Bentonville	141,757	10,288	7.3%	17,914	0	17,914	3.4
Fayetteville	356,904	52,286	14.6%	7,000	0	7,000	44.8
Rogers	402,080	54,944	13.7%	32,308	0	32,308	10.2
Springdale	422,899	85,870	20.3%	23,761	0	23,761	21.7

¹From all 2H 2013 respondents

²From 2H 2013 respondents who were also 1H 2013 respondents

³There was a significant reclassification of space in 2H 2013 only affecting Class A and Class B space. Caution should be used in interpreting changes at that point.

Other Categories

Warehouse

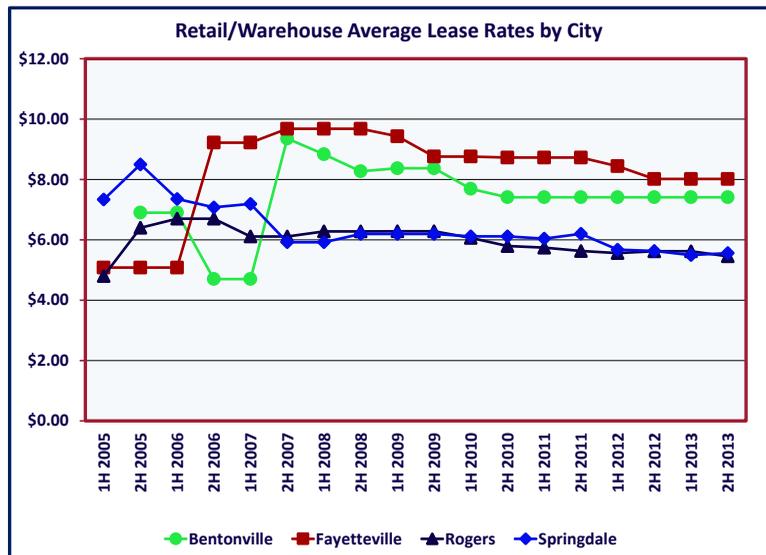
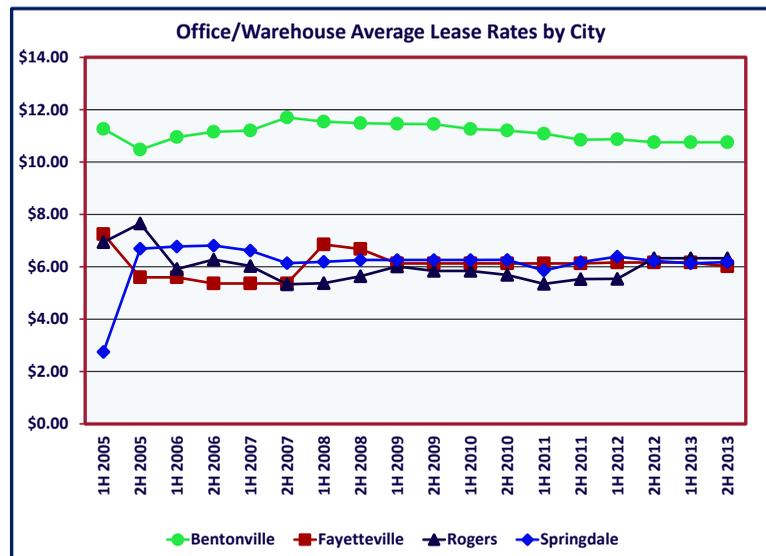
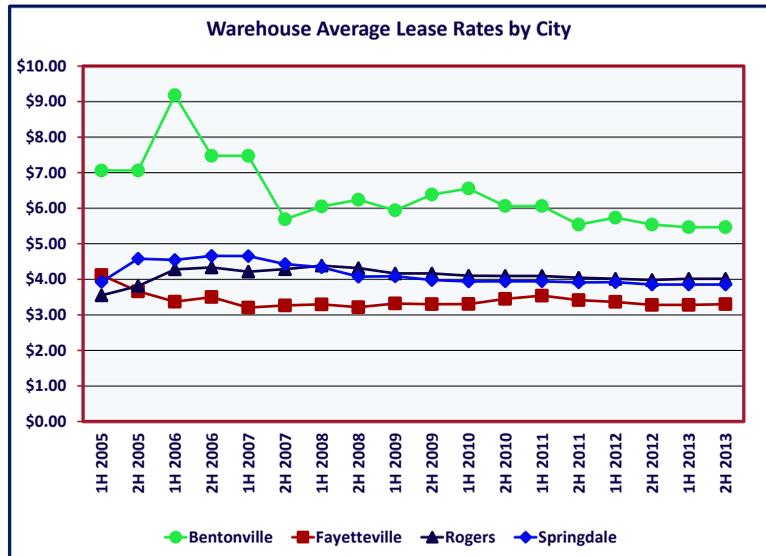
In the second half of 2013, the warehouse properties included in the Skyline Report panel had a vacancy rate of 17.3 percent, down from 17.8 percent in the first half of 2013. Of 6.9 million square feet of warehouse space examined, over 1.2 million square feet were available in the second half of 2013.

The majority of available warehouse space was split between Rogers (436,241 square feet), Springdale (241,127 square feet), Fayetteville (194,573 square feet) and Lowell (179,000 square feet). Bentonville and Siloam Springs had 17,334 and 138,008 square feet of available warehouse space, respectively. There was no new space added to the warehouse market in the second half of 2013. Existing warehouse space became occupied in Springdale (83,796 square feet), Fayetteville (52,000 square feet), and Lowell (51,604 square feet), whereas Siloam Springs experienced 116,133 square feet of negative absorption. As a result, there was a positive net absorption of 65,767 square feet in Northwest Arkansas. Reported warehouse vacancy rates declined in Fayetteville, Lowell, Springdale and Siloam Springs, and increased in Rogers and Bentonville during the second half of 2013.

The average reported warehouse lease rates remained relatively stable in Northwest Arkansas with Bentonville continued to have the highest reported lease rate at \$5.47 in the second half of 2013.

Office/Warehouse

The Skyline Report panelists reported on just under 3.8 million square feet of office/warehouse space, with 514,653 total square feet available in the second half of 2013. The vacancy rate in the office/warehouse submarket decreased from 14.5 percent in the second half of 2012 to 13.4 percent in the second half of 2013. 32,882 square feet of office/warehouse space entered the market in Northwest Arkansas during the second half of 2013.



Other Categories

The office/warehouse submarket in Northwest Arkansas experienced positive net absorption of 30,680 square feet in Springdale, 30,315 square feet in Bentonville, 12,500 square feet in Siloam Springs and 5,000 square feet in both Fayetteville and Rogers. This totalled 83,495 square feet of positive absorption in Northwest Arkansas during the second half of 2013. Rogers, Bentonville, and Springdale, with 270,823 square feet, 82,845 square feet, and 115,110 square feet, respectively, had the bulk of the available office/warehouse space in Northwest Arkansas, while Fayetteville had 6,000 square feet of available office/warehouse space.

Average reported office/warehouse lease rates remained relatively stable in Northwest Arkansas in the second half of 2013, with Bentonville continuing to have the highest reported average lease rate at \$10.76.

Retail/Warehouse

The Skyline Report panelists reported on just over 1 million square feet of retail/warehouse space in the first half of 2013. A total of 110,575 square feet were available in Northwest Arkansas. The vacancy rate in the retail/warehouse submarket decreased from 15.0 percent in the first half of 2013 to 10.9 percent in the second half of 2013.

From the second half of 2012 to the first half of 2013, there was positive net

absorption of 28,653 square feet of retail/warehouse space in Northwest Arkansas. There was a positive net absorption in the retail/warehouse markets of 3,711 square feet in Fayetteville, 19,742 square feet in Rogers, and 5,200 square feet in Springdale. Bentonville experienced no absorption during the second half of 2013.

Other Lease Rates Average Range by City

	Warehouse	Office/Warehouse	Retail/Warehouse
Bentonville	\$5.20 - \$5.73	\$9.98 - \$11.38	\$7.04 - \$7.78
Fayetteville	\$3.22 - \$3.38	\$5.69 - \$6.35	\$7.39 - \$8.64
Rogers	\$3.93 - \$4.10	\$6.20 - \$6.45	\$5.41 - \$5.50
Springdale	\$3.67 - \$4.04	\$5.39 - \$6.97	\$5.31 - \$5.81

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	446,657	17,334	3.9%	-5,500	0	-5,500	--
Fayetteville	1,121,251	194,573	17.4%	52,000	0	52,000	22.5
Rogers	2,326,388	436,241	18.8%	0	0	0	--
Springdale	1,902,604	241,127	12.7%	83,796	0	83,796	17.3

Office/Warehouse

Bentonville	1,285,408	82,845	6.4%	30,315	0	30,315	16.4
Fayetteville	152,072	6,000	3.9%	5,000	0	5,000	7.2
Rogers	685,356	270,823	39.5%	5,000	0	5,000	325.0
Springdale	1,497,034	115,110	7.7%	30,680	0	30,680	22.5

Retail/Warehouse

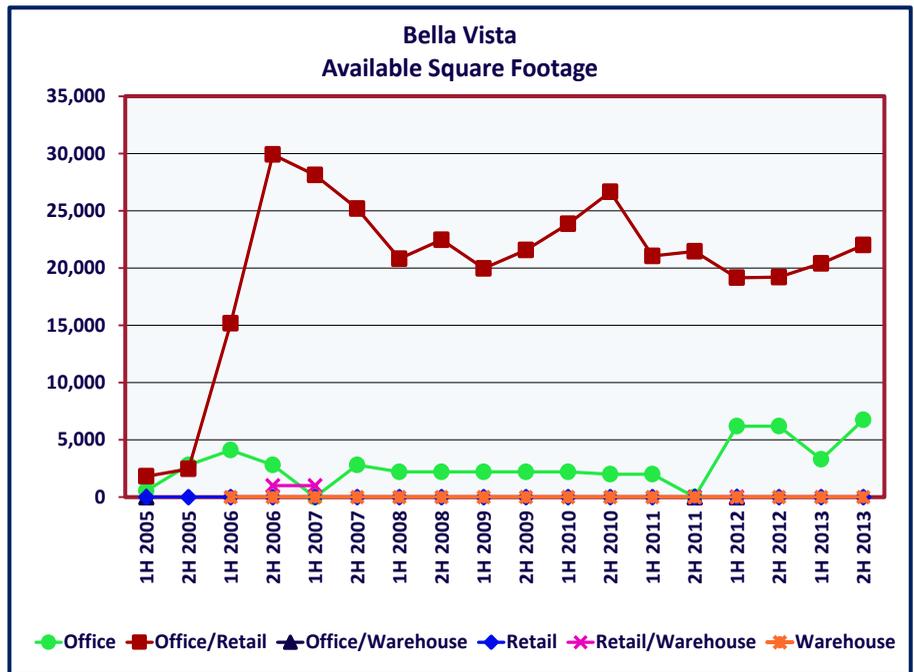
Bentonville	242,424	22,998	9.5%	0	0	0	--
Fayetteville	114,440	14,601	12.8%	3,711	0	3,711	23.6
Rogers	150,021	20,416	13.6%	19,742	0	19,742	6.2
Springdale	416,179	52,560	12.6%	5,200	0	5,200	60.6

¹From all 2H 2013 respondents

²From 2H 2013 respondents who were also 1H 2013 respondents

Bella Vista

- From July 1 to December 31, 2013 no commercial building permits were issued in Bella Vista.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 336,405 square feet of commercial space in Bella Vista in the second half of 2013.
- In the second half of 2013, Bella Vista experienced negative net absorption in the Class B office submarket of 3,450 square feet, and negative net absorption of 1,600 square feet in the Class B office/retail submarket.
- There was no space added to the Bella Vista commercial market in the second half of 2013.
- Reported average lease rates in Bella Vista in the second half of 2013 remained consistent with the rates in the first half of 2013.



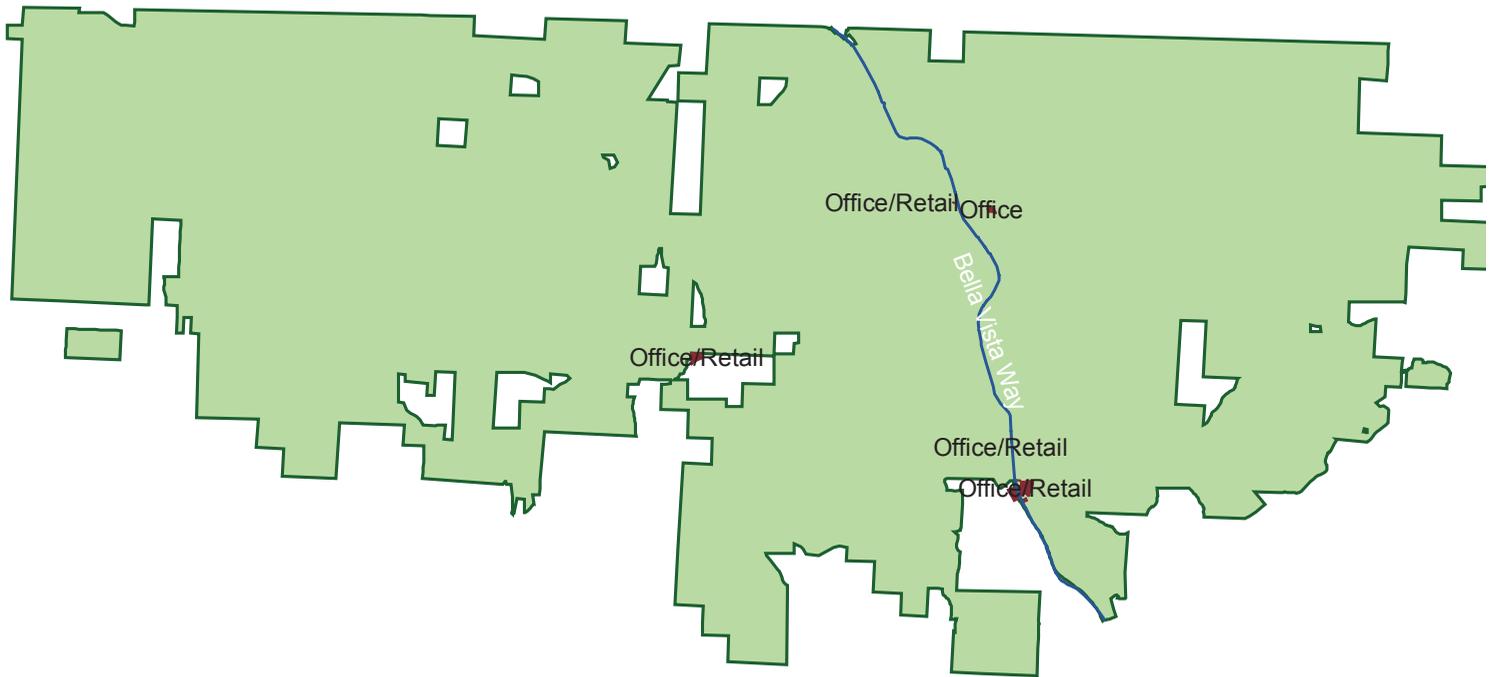
Bella Vista Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Net Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Industrial	--	--	--	--	--	--	--	--
Office	\$11.62 - \$13.45	20,634	6,750	32.7%	-3,450	0	-3,450	--
Class A	--	--	--	--	--	--	--	--
Class B	\$11.43 - \$13.18	12,530	6,750	53.9%	-3,450	0	-3,450	--
Class C	--	--	--	--	--	--	--	--
Medical	\$12.00 - \$14.00	8,104	0	0.0%	0	0	0	--
Office/Retail	\$10.04 - \$12.42	276,285	22,005	8.0%	-1,600	0	-1,600	--
Class A	--	--	--	--	--	--	--	--
Class B	\$10.04 - \$12.42	276,285	22,005	8.0%	-1,600	0	-1,600	--
Class C	--	--	--	--	--	--	--	--
Office/Warehouse	--	--	--	--	--	--	--	--
Retail	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	--
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	--	--	--	--	--	--	--	--
Warehouse	\$1.00 - \$2.70	18,486	0	0.0%	0	0	0	--

¹From all 2H 2013 respondents

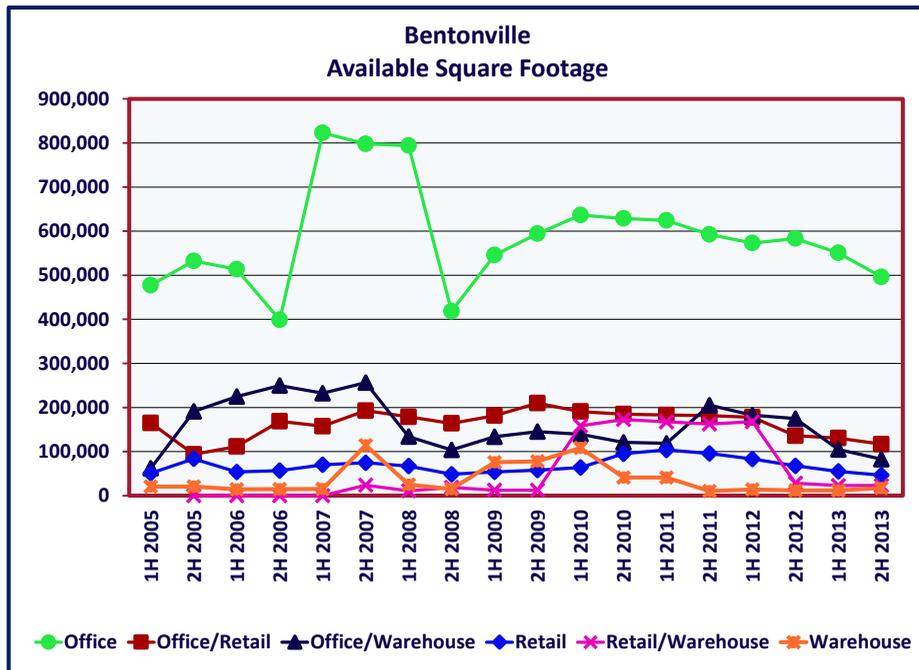
²From 2H 2013 respondents who were also 1H 2013 respondents

Bella Vista



Bentonville

- From July 1 to December 31, 2013, Bentonville issued \$9,761,846 worth of building permits for new commercial space. The second half of 2013 value was 75.9 percent higher than the second half of 2012 value of \$5,548,940. Bentonville accounted for 15.5 percent of the commercial permits issued in Northwest Arkansas during the second half of 2013.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,734,547 square feet of commercial space in Bentonville in the second half of 2013.
- In the second half of 2013, Bentonville experienced positive net absorption of 133,390 square feet.
- There was positive net absorption in the office, office/retail, office/warehouse, and retail submarkets of 74,706; 13,786; 30,315; and 14,143 square feet,



respectively, while there was negative net absorption of 5,500 square feet in the warehouse submarket in the second half of 2013 in Bentonville.

decreased in most submarkets, with warehouse and medical office increasing and retail/warehouse remaining the same.

- Reported vacancy rates from the first half of 2013 to the second half of 2013
- Lease rates remained relatively stable in Bentonville from the first

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%	5,940	0	5,940	0.0
Office	\$14.46-\$15.13	3,390,748	496,209	14.6%	74,706	0	74,706	39.9
Class A ³	\$18.56-\$19.56	336,210	4,084	1.2%	3,188	0	3,188	7.7
Class B ³	\$14.38-\$14.99	2,717,654	449,278	16.5%	76,288	0	76,288	35.3
Class C	\$8.72 - \$8.97	62,866	25,224	40.1%	930	0	930	162.7
Medical	\$16.01 - \$17.64	274,018	17,623	6.4%	-5,700	0	-5,700	--
Office/Retail	\$11.70 - \$13.06	836,101	116,913	14.0%	13,786	0	13,786	50.9
Class A ³	--	--	--	--	--	--	--	--
Class B ³	\$11.70 - \$13.06	751,301	111,237	14.8%	9,766	0	9,766	68.3
Class C	\$9.40 - \$10.40	84,800	5,676	6.7%	4,020	0	4,020	8.5
Office/Warehouse	\$9.98 - \$11.38	1,285,408	82,845	6.4%	30,315	0	30,315	16.4
Retail	\$12.92 - \$13.50	516,869	46,545	9.0%	37,116	22,973	14,143	19.7
Class A	\$15.50 - \$19.50	39,534	3,000	7.6%	0	0	0	--
Class B	\$14.21 - \$14.82	335,578	33,257	9.9%	19,202	22,973	-3,771	--
Class C	\$10.33 - \$10.57	141,757	10,288	7.3%	17,914	0	17,914	3.4
Retail/Warehouse	\$7.04 - \$7.78	242,424	22,998	9.5%	0	0	0	--
Warehouse	\$5.20 - \$5.73	446,657	17,334	3.9%	-5,500	0	-5,500	--

¹From all 2H 2013 respondents

²From 2H 2013 respondents who were also 1H 2013 respondents

³There was a significant reclassification of space in 2H 2013 only affecting Class A and Class B space. Caution should be used in interpreting changes at that point.

Bentonville

half of 2013 to the second half of 2013 after accounting for the reclassification of all the Class A office/retail to Class B, where the average reported lease rate was \$12.89.

Downtown Bentonville

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 204,825 square feet of office, office/retail, and retail space in downtown Bentonville in the second half of 2013.
- There was negative net absorption of 3,019 square feet of retail space in downtown Bentonville in the second half of 2013.
- Office space in downtown Bentonville had a reported vacancy rate of 13.1 percent in the second half of 2013, up from 0.0 percent in the first half of 2013. The vacant space is newly repurposed office space.
- The office/retail vacancy rate in downtown Bentonville remained 0.0 percent, as all the space stayed occupied.
- The retail vacancy rate for downtown Bentonville properties was 8.2 percent, an increase from the reported 0.0 percent in the first half of 2013 but lower than the rate for all of Bentonville during the second half of 2013.
- In downtown Bentonville, average reported lease rates increased significantly, by \$1.58, in the office/retail submarket during the past six months.



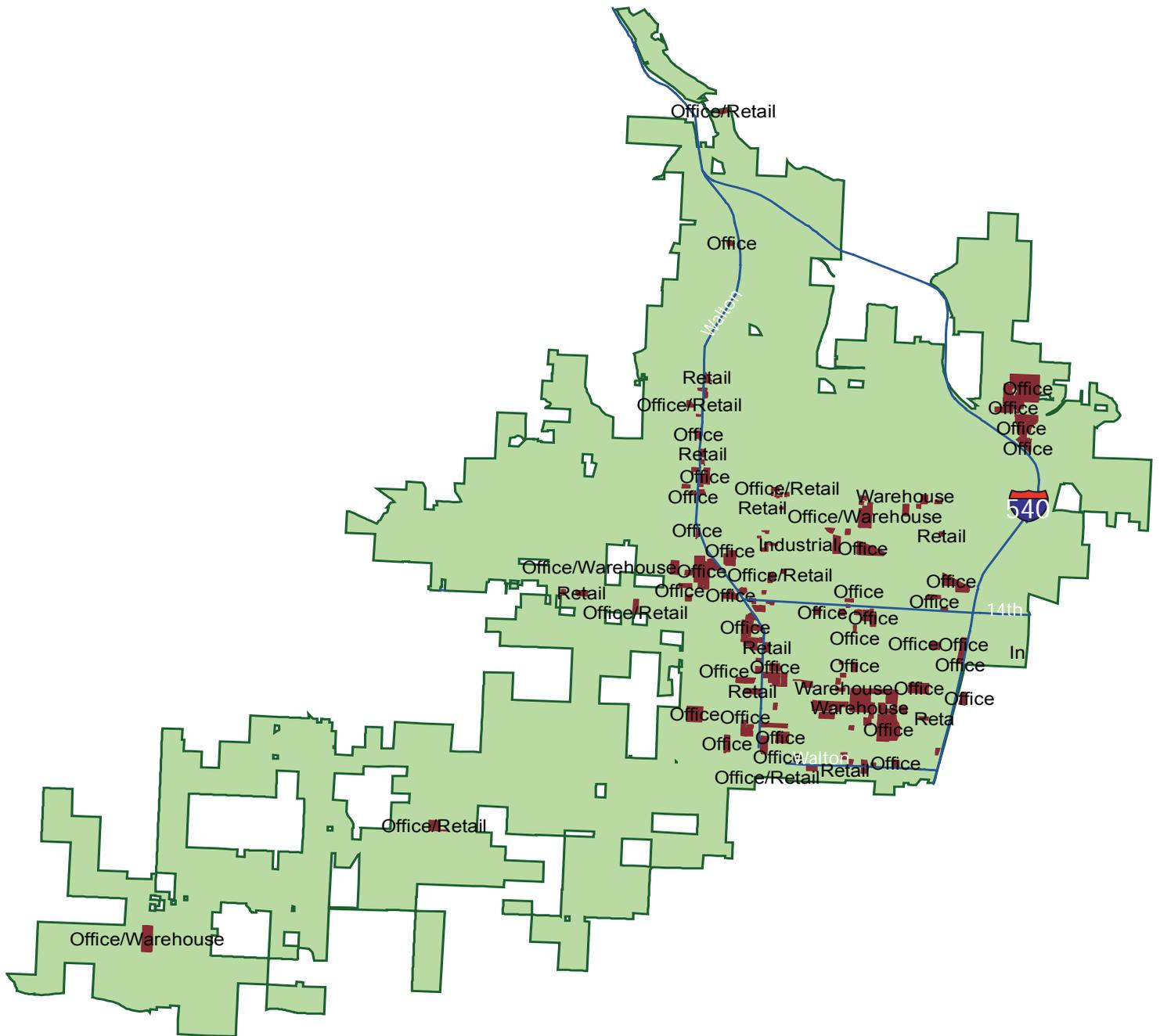
Downtown Bentonville Summary Statistics

	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	\$13.55 - \$14.80	130,091	17,000	13.1%	0	0	0	0.0
Office/Retail	\$11.08 - \$13.58	37,809	0	0.0%	0	0	0	0.0
Retail	\$11.45 - \$11.95	36,925	3,019	8.2%	-3,019	0	-3,019	--

¹From all 2H 2013 respondents

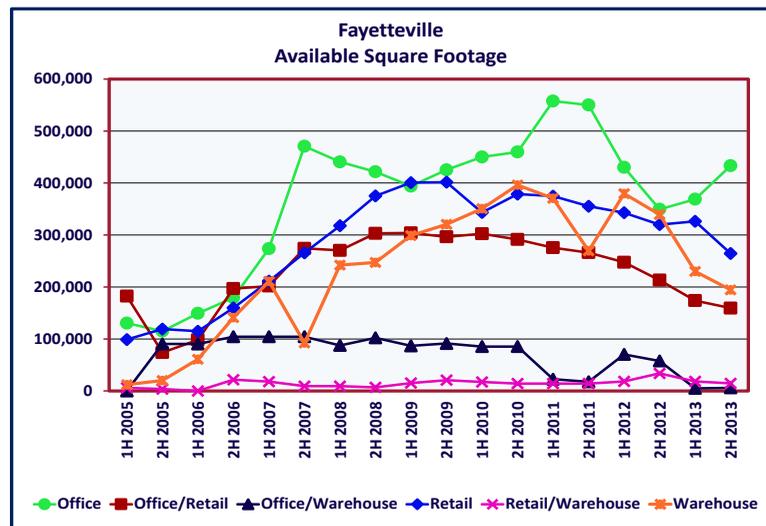
²From 2H 2013 respondents who were also 1H 2013 respondents

Bentonville



Fayetteville

- From July 1 to December 31, 2013, Fayetteville issued building permits for \$9,870,021 worth of new commercial space. The second half of 2013 value is 119.8 percent higher than the second half of 2012 value of \$4,490,596. Fayetteville accounted for 15.7 percent of the commercial permits issued in Northwest Arkansas during the second half of 2013.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 9,836,287 square feet of commercial space in Fayetteville in the second half of 2013.
- In the second half of 2013, Fayetteville experienced positive net absorption of 86,842 square feet overall. There was positive absorption in the office/retail, office/warehouse, retail, retail/warehouse and warehouse submarkets of 951, 5,000, 51,861, 3,711, and 52,000 square feet, respectively. But the office submarket experienced negative net absorption of 27,041 square feet.



- Observed vacancy rates in Fayetteville from the first half to the second half of 2013 decreased in the office/retail, retail, retail/warehouse, and warehouse submarkets. Vacancy rates increased in the office, medical office, and office/warehouse submarkets. They remained the same in the lab and industrial submarkets.
- The revised sample average reported lease rates in Fayetteville for the office submarket were: Class A at \$21.93, Class B at \$13.91, Class C with a decrease of \$1.11 down to \$10.53, and Medical at \$15.83. For the office/retail submarket rates were: Class A at \$20.00, Class B at \$14.15, and Class C at \$11.35. In the retail submarket

Fayetteville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Percent Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Lab	\$20.07 - \$21.07	75,603	30,000	39.7%	0	0	0	--
Industrial	\$2.73 - \$2.88	678,500	0	0.0%	0	0	0	--
Office	\$13.80 - \$14.78	2,889,788	433,287	15.0%	-27,041	0	-27,041	--
Class A ³	\$19.86 - \$24.00	403,896	58,189	14.4%	-11,838	0	-11,838	--
Class B ³	\$13.63 - \$14.19	1,294,440	208,849	16.1%	411	0	411	3,048.9
Class C	\$10.37 - \$10.69	257,177	34,868	13.6%	-4,295	0	-4,295	--
Medical	\$15.02 - \$16.64	934,275	131,381	14.1%	-11,319	0	-11,319	--
Office/Retail	\$12.65 - \$14.15	1,530,026	159,288	10.4%	951	0	951	1,005.0
Class A ³	\$20.00 - \$20.00	69,307	10,478	15.1%	0	0	0	--
Class B ³	\$13.30 - \$14.99	1,106,787	129,482	11.7%	-11,629	0	-11,629	--
Class C	\$10.67 - \$12.03	353,932	19,328	5.5%	12,580	0	12,580	9.2
Office/Warehouse	\$5.69 - \$6.35	152,072	6,000	3.9%	5,000	0	5,000	7.2
Retail	\$12.96 - \$13.86	3,274,607	264,426	8.1%	51,861	0	51,861	30.6
Class A ³	\$20.94 - \$23.00	1,843,231	42,489	2.3%	43,574	0	43,574	5.9
Class B ³	\$14.01 - \$14.94	1,074,472	169,651	15.8%	1,287	0	1,287	790.9
Class C	\$8.97 - \$9.47	356,904	52,286	14.6%	7,000	0	7,000	44.8
Retail/Warehouse	\$7.39 - \$8.64	114,440	14,601	12.8%	3,711	0	3,711	23.6
Warehouse	\$3.22 - \$3.38	1,121,251	194,573	17.4%	52,000	0	52,000	22.5

¹From all 2H 2013 respondents

²From 2H 2013 respondents who were also 1H 2013 respondents

³There was a significant reclassification of space in 2H 2013 only affecting Class A and Class B space. Caution should be used in interpreting changes at that point.

Fayetteville

rates were: Class A at \$21.97, Class B at \$14.48, and Class C at \$9.22. All other lease rates remained relatively constant.

Downtown Fayetteville/Dickson Street Area

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 927,142 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street area in the second half of 2013.
- There was negative net absorption of 18,719 square feet of office space and positive absorption of 16,392 square feet of office/retail space in the second half of 2013. Retail space remained constant.
- There was no new space added in downtown Fayetteville during the second half of 2013.
- The office space in downtown Fayetteville had a reported vacancy rate of 12.5 percent in the second half of 2013, up 4.0 percentage points from the first half of 2013. This was lower than the overall Fayetteville office vacancy rate of 15.0 percent.
- The office/retail vacancy rate for downtown Fayetteville properties decreased 4.0 percentage points to 5.1 percent. This compares to 10.4 percent in the same submarket for all of Fayetteville during the second half of 2013.

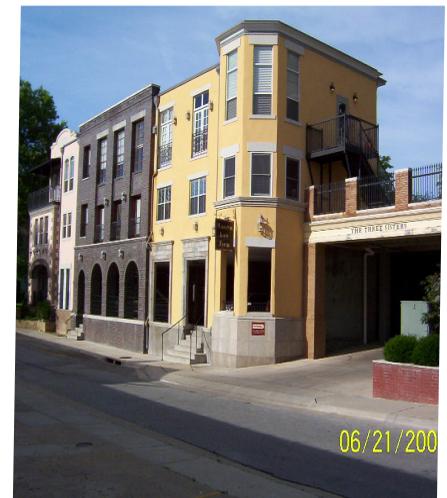
- The downtown Fayetteville retail vacancy rate remained at 7.6 percent, and stayed lower than the overall Fayetteville vacancy rate of 8.1 percent in the second half of 2013.
- Average reported lease rates in downtown Fayetteville increased by \$0.72 in the retail submarket. All other reported average lease rates remained relatively unchanged during the past six months.

Northwest Arkansas Mall Area/Joyce Street Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 3,826,843 square feet of office, office/retail, and retail space in the Northwest Arkansas Mall Area/Joyce Street Corridor in the second half of 2013.
- There was positive net absorption of 12,993 square feet of office/retail space, and 42,849 square feet of retail space and negative net absorption of 11,406 square feet of office space during the second half of 2013 in the Northwest Arkansas Mall Area/Joyce Street Corridor.
- There was no new space added to the north Fayetteville commercial market in the second half of 2013.
- The office space in north Fayetteville had a reported vacancy rate of 17.0 percent in the second half of 2013. This

was higher than the first half of 2013 vacancy rate of 15.7 percent and was higher than the 15.0 percent vacancy rate for all of Fayetteville.

- In the second half of 2013 the office/retail vacancy rate in north Fayetteville decreased to 6.6 percent, compared to the first half of 2013 rate of 23.1 percent. The vacancy rate was below the city average office/retail vacancy rate of 10.4 percent.
- Retail space in north Fayetteville had a reported vacancy rate of 6.2 percent



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	\$13.16 - \$15.01	443,873	55,657	12.5%	-18,719	0	-18,719	--
Office/Retail	\$14.11 - \$15.96	407,757	20,602	5.1%	16,392	0	16,392	7.5
Retail	\$9.95 - \$11.88	75,512	5,715	7.6%	0	0	0	--

¹From all 2H 2013 respondents

²From 2H 2013 respondents who were also 1H 2013 respondents

Fayetteville

in the second half of 2013, a decrease from the 8.1 percent rate in the first half of 2013, and lower than the overall Fayetteville rate of 8.1 percent.

- Average reported lease rates decreased by \$0.43 in the office/retail submarket and remained relatively stable in the office and retail submarkets.

Martin Luther King, Jr. Boulevard Corridor

- In the second half of 2013, Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 421,799 square feet of office, office/retail, and retail space in the MLK Boulevard Corridor.
- There was no new competitive space added to southwest Fayetteville in the second six months of 2013.

- The MLK Boulevard Corridor of Fayetteville experienced positive absorption of 6,000 square feet of office space, and 9,800 square feet of office/retail space and negative absorption of 2,600 square feet of office/retail space in the second half of 2013.
- Office space in the MLK Boulevard Corridor of Fayetteville had a reported vacancy rate of 0.0 percent in the second half of 2013. This was lower than the overall office vacancy rate of 15.0 percent for Fayetteville, and down from the previous report's 23.9 percent during the first half of 2013.
- From the first half of 2013 to the second half of 2013, the office/retail vacancy rate decreased from 11.1 percent to 7.0

percent in the MLK Boulevard Corridor of Fayetteville, and was lower than the overall city average rate of 10.4 percent.

- The vacancy rates for retail space in the MLK Boulevard Corridor increased to 43.3 percent in the second half of 2013 from 41.7 percent in the first half of 2013, remaining relatively unchanged. The retail vacancy rate for all of Fayetteville was a much lower 8.1 percent.
- Average reported lease rates remained relatively unchanged for all submarkets in southwest Fayetteville over the past six months.

Fayetteville Mall/Joyce Street Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$15.05 - \$15.84	1,466,913	249,908	17.0%	-11,406	0	-11,406	--
Office/Retail	\$16.25 - \$16.61	101,785	6,754	6.6%	12,993	0	12,993	3.1
Retail	\$17.74 - \$18.55	2,258,145	140,290	6.2%	42,849	0	42,849	19.6

¹From all 2H 2013 respondents

²From 2H 2013 respondents who were also 1H 2013 respondents

Fayetteville MLK Boulevard Corridor Summary Statistics

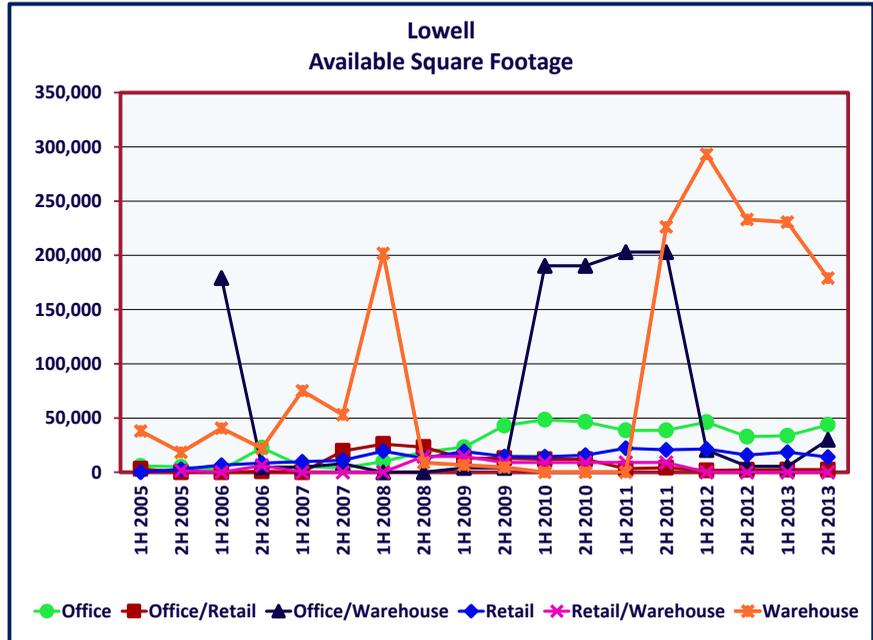
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$10.25 - \$10.25	25,125	0	0.0%	6,000	0	6,000	0.0
Office/Retail	\$12.05 - \$14.75	235,591	16,400	7.0%	9,800	0	9,800	10.0
Retail	\$12.53 - \$13.28	161,083	69,705	43.3%	-2,600	0	-2,600	--

¹From all 2H 2013 respondents

²From 2H 2013 respondents who were also 1H 2013 respondents

Lowell

- From July 1 to December 31, 2013, Lowell issued building permits for \$1,662,604 worth of new commercial space. No building permits were issued in the first half of 2013 or the second half of 2012. Lowell accounted for 2.6 percent of building permits issued in Northwest Arkansas in the second half of 2013.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,546,442 square feet of Lowell commercial space in the second half of 2013.
- In the second half of 2013, Lowell had total net absorption of 45,981 square feet overall. There was positive net absorption in the warehouse and retail markets while the office and office/retail submarkets were negative.
- There was no new commercial space added in Lowell in the last six months of 2013.
- Reported vacancy rates increased in the office and office/warehouse submarkets, decreased in the retail and



warehouse submarket and remained constant in the other submarkets, from the first half of 2013 to the second half of 2013.

- Significant changes in the average reported lease rates in Lowell from the first half to the second half of 2013

occured in the Class A office submarket with an increase of \$1.00, the medical office submarket with an increase of \$0.33, and decrease of \$1.05 in Class B office/ retail submarket. These changes were not due to reclassification of space.

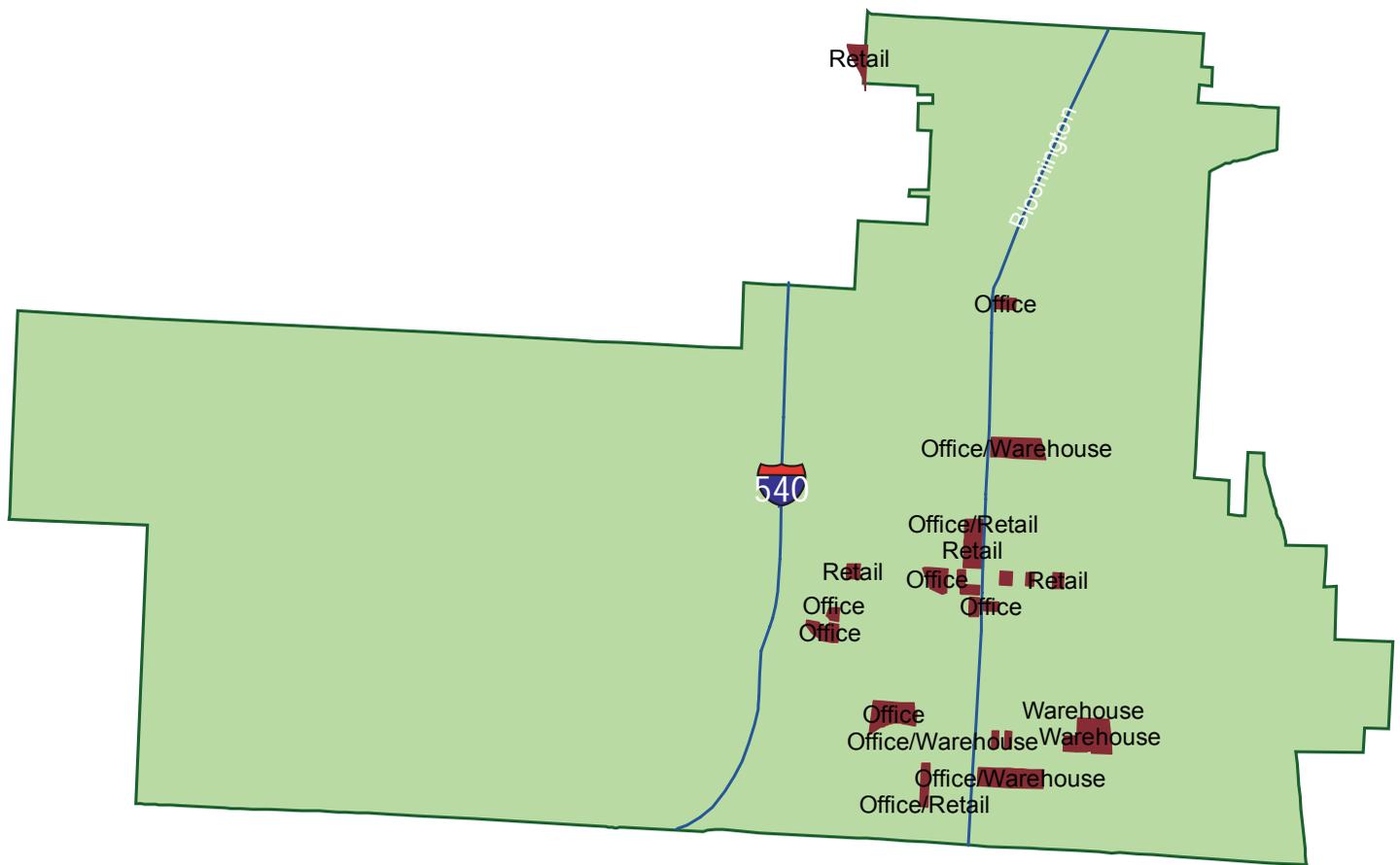
Lowell Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Net Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Industrial	\$4.31 - \$4.31	95,135	15,900	16.7%	22,055	0	22,055	4.3
Office	\$14.27 - \$14.47	304,879	43,711	14.3%	-10,073	0	-10,073	--
Class A	\$18.83 - \$18.83	109,330	20,014	18.3%	-2,108	0	-2,108	--
Class B	\$11.72 - \$12.06	122,550	18,290	14.9%	-7,965	0	-7,965	--
Class C	--	--	--	--	--	--	--	--
Medical	\$17.33 - \$17.33	72,999	5,407	7.4%	0	0	0	--
Office/Retail	\$9.77 - \$11.02	65,470	2,440	3.7%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$11.67 - \$13.33	48,310	2,440	5.1%	0	0	0	--
Class C	\$4.08 - \$4.08	17,160	0	0.0%	0	0	0	--
Office/Warehouse	\$5.46 - \$5.78	92,298	29,875	32.4%	0	0	0	--
Retail	\$12.38 - \$14.71	125,772	14,104	11.2%	4,450	0	4,450	19.0
Class A	--	50,000	0	0.0%	0	0	0	--
Class B	\$12.38 - \$14.71	75,772	14,104	18.6%	4,450	0	4,450	19.0
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	\$10.19 - \$10.19	26,700	0	0.0%	0	0	0	--
Warehouse	\$3.30 - \$3.30	836,188	179,000	21.4%	51,604	0	51,604	20.8

¹From all 2H 2013 respondents

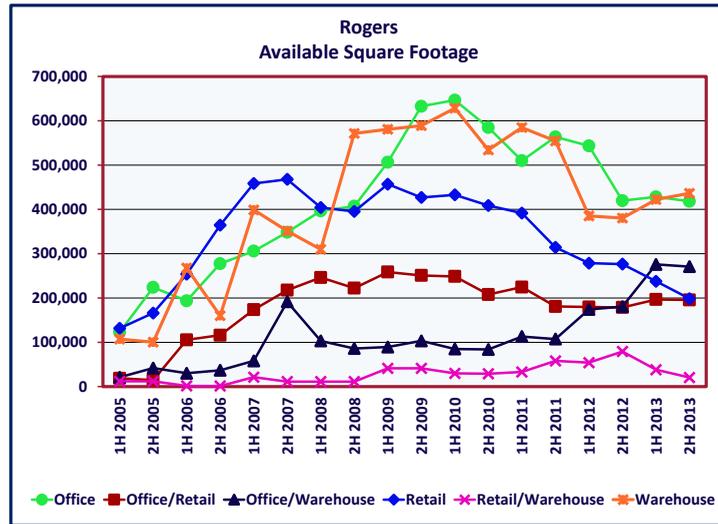
²From 2H 2013 respondents who were also 1H 2013 respondents

Lowell



Rogers

- From July 1 to December 31, 2013, Rogers issued building permits for \$16,460,247 worth of new commercial space. This value was 5.9 percent lower than the second half of 2012 value of \$17,500,855, but higher than the first half of 2013 value of \$8,053,072. Rogers accounted for 26.1 percent of the commercial permits issued in Northwest Arkansas during the second half of 2013.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 9,604,493 square feet of commercial space in the second half of 2013.
- In the second half of 2013, Rogers had positive net absorption in the office, office/retail, office/warehouse, retail and retail/warehouse submarkets of 8,434, 3,898, 5,000, 43,362, and 19,742 square feet, respectively and no change in the industrial, lab, and warehouse submarkets.



- In the second six months of 2013, 73,517 square feet of office and 9,909 square feet of retail space were added to the Rogers market.
- Reported vacancy rates decreased in the office, medical office, office/retail, office/warehouse, retail, and retail/warehouse submarkets from the first

half of 2013 to the second half of 2013 17.7 to 16.7, 21.3 to 17.3, 24.2 to 23.2, 40.2 to 39.5, 9.1 to 7.5, and 25.7 to 13.6 percent, respectively, in accord with absorption. There was a vacancy rate increase in the warehouse submarket from 18.3 to 18.8 percent.

Rogers Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Percent Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Lab	\$10.00 - \$12.00	9,482	0	0.0%	0	0	0	--
Industrial	\$4.18 - \$4.18	456,792	169,088	37.0%	5,056	0	5,056	200.7
Office	\$14.27 - \$15.01	2,502,693	418,303	16.7%	81,951	73,517	8,434	297.6
Class A ³	\$19.03 - \$21.14	1,257,817	225,089	17.9%	39,403	57,877	-18,474	--
Class B ³	\$14.81 - \$15.19	719,413	80,516	11.2%	18,711	0	18,711	25.8
Class C	\$8.62 - \$9.23	192,772	55,205	28.6%	2,395	0	2,395	138.3
Medical	\$12.89 - \$13.09	332,691	57,493	17.3%	21,442	15,640	5,802	59.5
Office/Retail	\$10.29 - \$11.89	842,906	195,680	23.2%	3,898	0	3,898	301.2
Class A ³	\$18.88 - \$20.63	133,982	40,025	29.9%	-1,239	0	-1,239	--
Class B ³	\$11.10 - \$12.44	400,426	113,835	28.4%	-22,961	0	-22,961	--
Class C	\$7.70 - \$9.44	308,498	41,820	13.6%	28,098	0	28,098	8.9
Office/Warehouse	\$6.20 - \$6.45	685,356	270,823	39.5%	5,000	0	5,000	325.0
Retail	\$11.83 - \$12.84	2,630,855	198,425	7.5%	53,271	9,909	43,362	27.5
Class A ³	\$18.88 - \$20.71	1,604,274	125,780	7.8%	-3,446	0	-3,446	--
Class B ³	\$11.08 - \$12.08	624,501	17,701	2.8%	24,409	9,909	14,500	7.3
Class C	\$8.35 - \$8.88	402,080	54,944	13.7%	32,308	0	32,308	10.2
Retail/Warehouse	\$5.41 - \$5.50	150,021	20,416	13.6%	19,742	0	19,742	6.2
Warehouse	\$3.93 - \$4.10	2,326,388	436,241	18.8%	0	0	0	--

¹From all 2H 2013 respondents

²From 2H 2013 respondents who were also 1H 2013 respondents

³There was a significant reclassification of space in 2H 2013 only affecting Class A and Class B space. Caution should be used in interpreting changes at that point.

Rogers

- The revised sample average reported lease rates in Rogers for the office submarket were: Class A at \$20.09, Class B at \$15.00, Class C at \$8.93, and Medical at with a decrease of \$0.56 down to \$12.99. For the office/retail submarket rates were: Class A at \$20.00, Class B at \$14.15, and Class C at \$11.35. In the retail submarket rates were: Class A at \$19.80, Class B at \$11.58, and Class C at \$8.62. All other lease rates remained relatively constant.

Downtown Rogers

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 271,836 square feet of office, office/retail, and retail space in downtown Rogers in the second half of 2013.
- No new commercial space was added to downtown Rogers in the second six months of 2013.
- The office space in Downtown Rogers had 1,344 square feet of positive net absorption, and had a vacancy rate of 11.4 percent in the second half of 2013, a decrease from 14.5 in the first half of 2013. The downtown vacancy rate was lower than the overall average office vacancy rate for Rogers, which was 16.7 percent during the same period.
- The office/retail submarket had negative net absorption of 7,100 square feet, and had an increase in the vacancy rate

to 53.1 percent from the first half of 2013 rate of 48.0 percent in the downtown area. This compares to a vacancy rate of 23.2 percent for all of Rogers.

- Overall, Downtown Rogers experienced positive net absorption of 8,616 square feet of retail space during the second half of 2013. The average retail vacancy rate for downtown Rogers properties for the first half of 2013 decreased to 3.6 percent from 22.4 in the first half of 2013 and became lower than the 7.5 percent average rate for all of Rogers.
- Average reported lease rates for downtown Rogers remained the same for all submarkets in the second half of 2013.

Rogers Interstate 540

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 3,936,557 square feet of office, office/retail, and retail space along the Rogers I-540 corridor in the second half of 2013.
- 73,517 square feet of new office space and 9,909 feet of new retail space were added to the Rogers I-540 corridor submarket in the second six months of 2013.
- Rogers I-540 corridor experienced negative net absorption of 28,911 square feet of office space, and positive

net absorption of 6,154 square feet of retail space, while office/retail remained the same, along the I-540 corridor in the second half of 2013.

- The office space along the Rogers I-540 corridor had a reported average vacancy rate of 14.8 percent in the second half of 2013, an increase from the first half of 2013 value of 13.8 percent. This was lower than the overall average office vacancy rate for all of Rogers at 16.7 percent.
- In the second half of 2013, the office/retail submarket reported a 29.2 percent vacancy rate, the same as the 29.2 reported in the first half of 2013, which compares to a vacancy rate of 23.2 percent for all of Rogers.
- The average retail vacancy rate for Rogers I-540 corridor properties for the second half of 2013 decreased to 6.7 from 7.0 percent in the first half of 2013, and was lower than 8.2 percent average rate for all of Rogers.
- Average reported lease rates increased slightly by \$0.18 and \$0.32 respectively in the office and retail submarkets in the Rogers I-540 area.

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	\$9.46 - \$10.30	83,858	9,536	11.4%	1,344	0	1,344	42.6
Office/Retail	\$8.29 - \$10.97	84,414	44,840	53.1%	-7,100	0	-7,100	--
Retail	\$8.31 - \$8.89	103,564	3,744	3.6%	8,616	0	8,616	2.6

¹From all 2H 2013 respondents

²From 2H 2013 respondents who were also 1H 2013 respondents

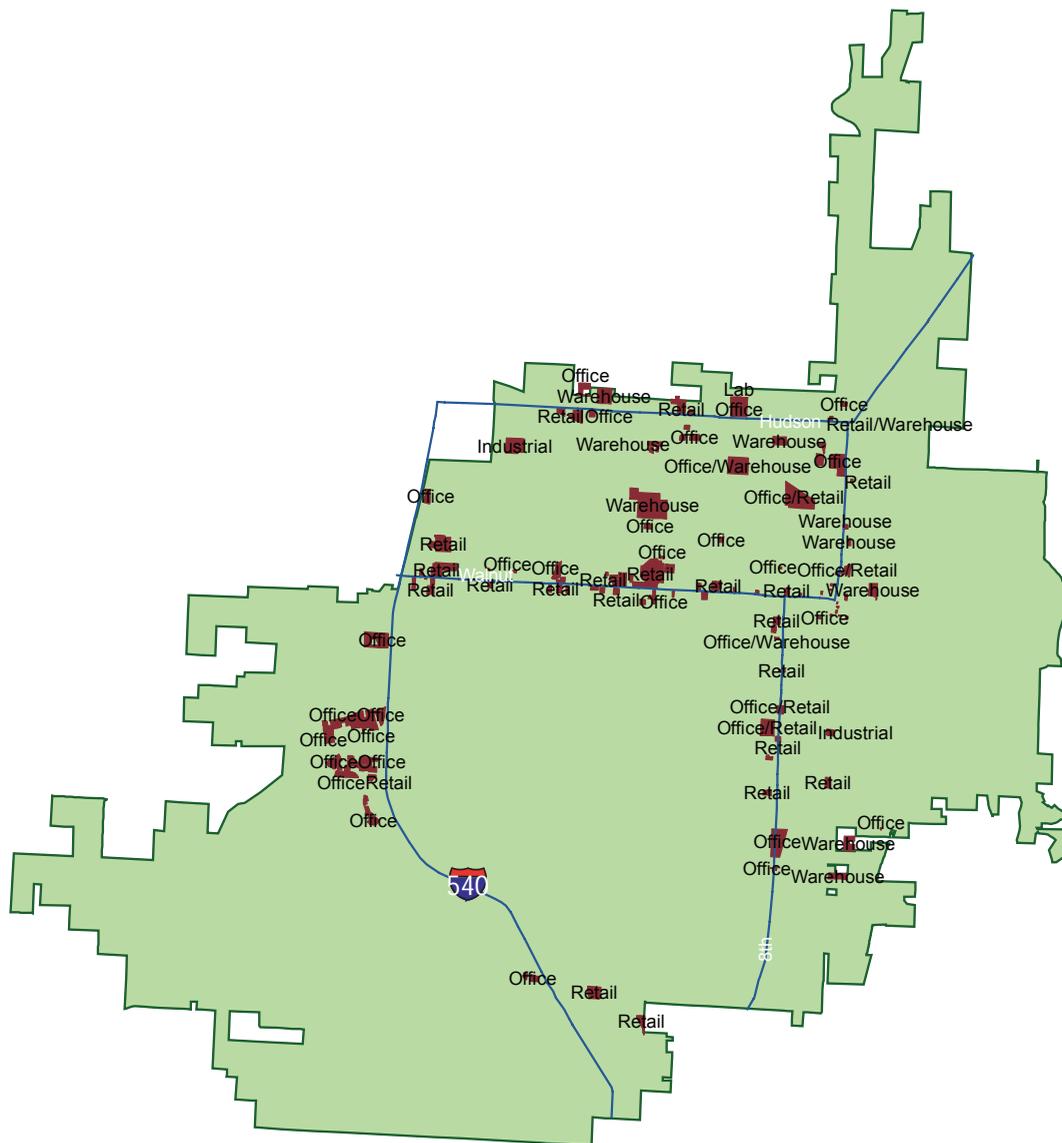
Rogers

Rogers Interstate 540 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	\$17.79 - \$18.70	1,822,006	269,468	14.8%	44,906	73,517	-28,611	--
Office/Retail	\$18.63 - \$19.38	121,296	35,386	29.2%	0	0	0	--
Retail	\$16.47 - \$18.11	1,993,255	132,981	6.7%	16,063	9,909	6,154	129.7

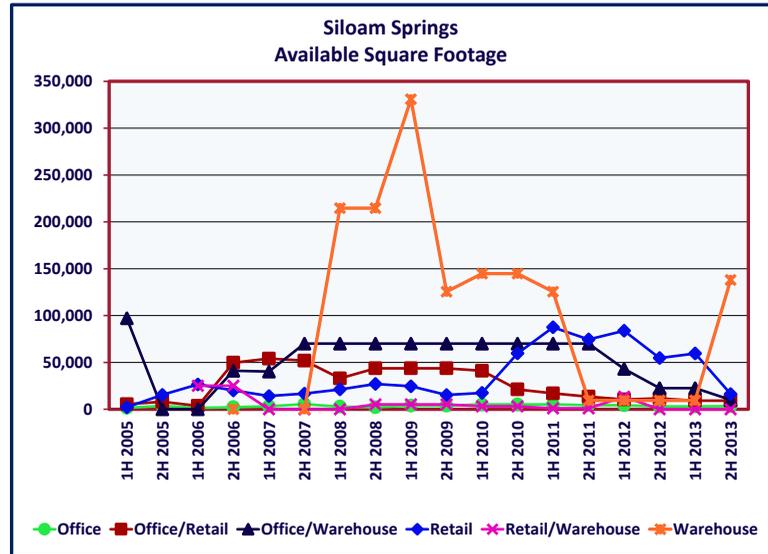
¹From all 2H 2013 respondents

²From 2H 2013 respondents who were also 1H 2013 respondents



Siloam Springs

- From July 1 to December 31, 2013, Siloam Springs issued no commercial building permits. This compares to new commercial building permits valued at \$3,878,115 in second half of 2012 and \$2,165,090 in the first half of 2013.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,323,623 square feet of commercial space for Siloam Springs in the second half of 2013.
- No new commercial space entered the Siloam Springs market in the last six months of 2013.
- In the second half of 2013, Siloam Springs experienced positive absorption in the office/warehouse submarket of 12,500 square feet and in the retail submarket of 2,040 square feet. The office submarket had negative absorption of 300 square feet, while other categories experienced no absorption.



- Vacancy rates from the first half of 2013 to the second half of 2013 decreased to 5.1 percent from 16.7 percent in the retail submarket. The Office/warehouse vacancy decreased to 8.7 percent from 19.7 percent. Office and warehouse vacancy rates increased to 3.0 percent from 2.9 percent and to 42.3 percent from 3.0 percent respectively. The office/retail and retail/warehouse submarkets' vacancy rates experienced no change.
- Average lease rates did not change significantly in the second half of 2013 in any submarket.

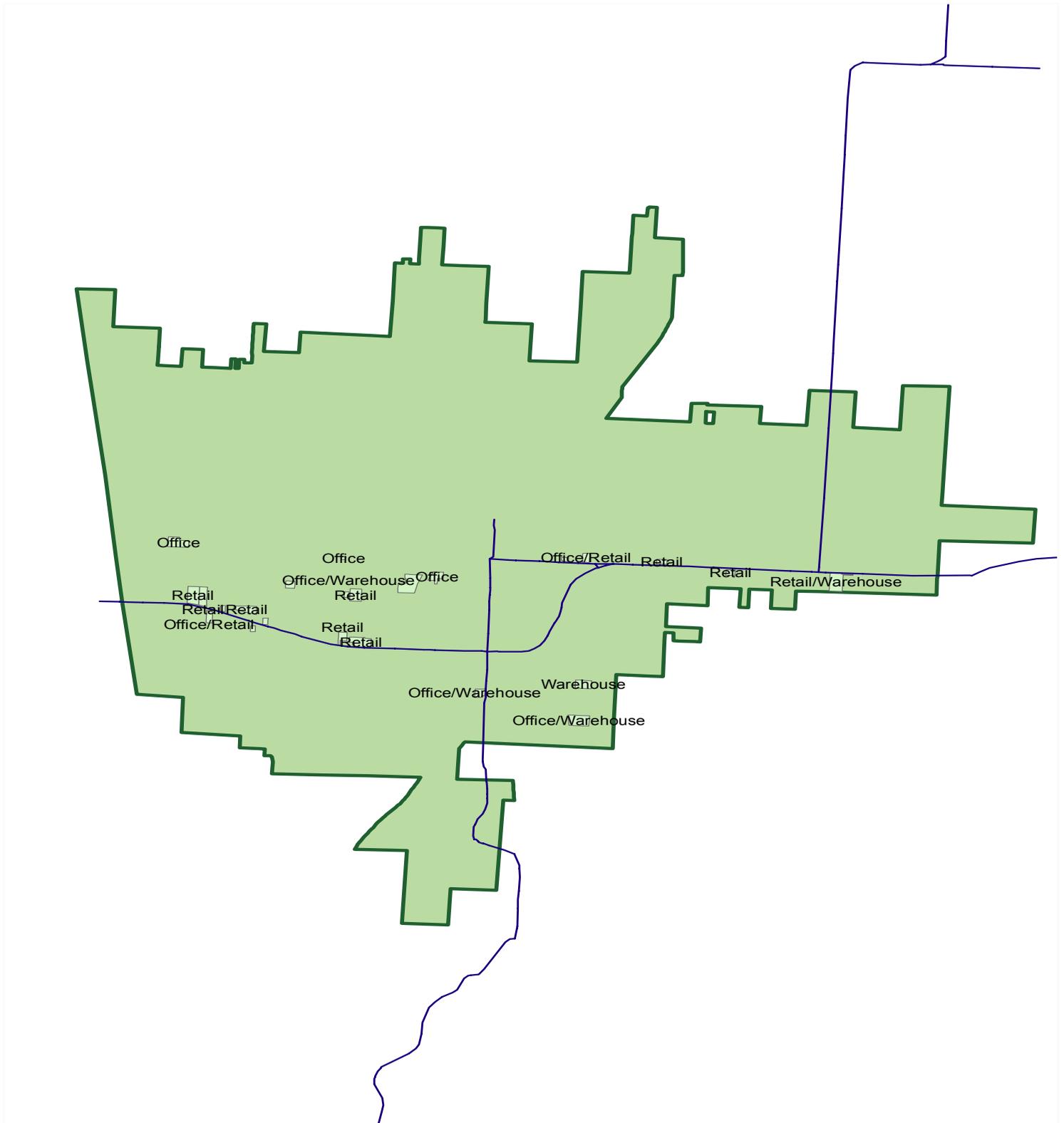
Siloam Springs Commercial Real Estate Market Summary Statistics

	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	0	0.0%	0	0	0	--
Office	\$10.02 - \$11.58	108,553	3,300	3.0%	-300	0	-300	--
Class A	--	--	--	--	--	--	--	--
Class B	\$7.39 - \$8.27	8,000	0	0.0%	0	0	0	--
Class C	\$6.42 - \$8.28	15,021	0	0.0%	1,000	0	1,000	0.0
Medical	\$13.38 - \$14.88	85,532	3,300	3.9%	-1,300	0	-1,300	--
Office/Retail	\$7.86 - \$9.87	149,285	9,200	6.2%	0	0	0	--
Class A	\$12.00 - \$16.00	56,085	3,000	5.3%	0	0	0	--
Class B	\$9.42 - \$10.70	71,790	6,200	8.6%	0	0	0	--
Class C	\$4.49 - \$7.09	21,410	0	0.0%	0	0	0	--
Office/Warehouse	\$2.68 - \$2.68	114,502	10,000	8.7%	12,500	0	12,500	4.8
Retail	\$9.04 - \$9.63	316,362	16,284	5.1%	2,040	0	2,040	47.9
Class A	--	--	--	--	--	--	--	--
Class B	\$11.13 - \$11.53	167,222	10,524	6.3%	840	0	840	75.2
Class C	\$5.91 - \$6.78	149,140	5,760	3.9%	1,200	0	1,200	28.8
Retail/Warehouse	\$4.90 - \$6.74	68,028	0	0.0%	0	0	0	--
Warehouse	\$3.54 - \$3.74	326,304	138,008	42.3%	-116,133	0	-116,133	--

¹From all 2H 2013 respondents

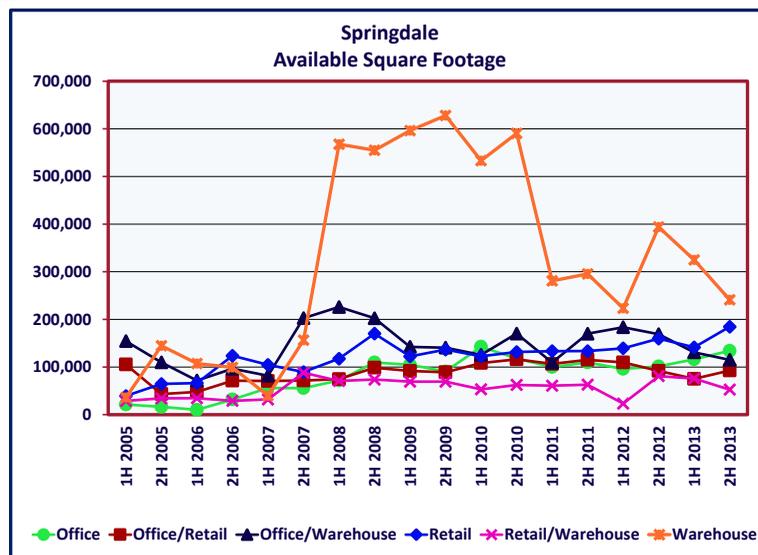
²From 2H 2013 respondents who were also 1H 2013 respondents

Siloam Springs



Springdale

- From July 1 to December 31, 2013, Springdale issued \$25,198,394 million worth of building permits for new commercial space (15.4 million for Walmart). This was an increase of 196.4 percent from the \$8,500,567 worth issued in the second half of 2012. This was a significant increase from the almost \$1.9 million worth of building permits issued in the first half of 2013.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,819,613 square feet of commercial space in Springdale in the second half of 2013.
- No new available square feet was added in Springdale in the second half of 2013.
- In the second half of 2013, Springdale experienced overall positive absorption of 125,499 square feet. There was positive net absorption of, 30,680, 24,501, 5,200, 6,349 and 83,796 square feet in the, office/warehouse, retail, retail/warehouse, medical office and warehouse



submarkets, respectively. Springdale experienced negative net absorption of 16,222 in the office/retail and 8,805 square feet in the office submarket during the second half of 2013.

- Reported vacancy rates increased in the office/retail, retail and office submarkets in Springdale from the first half of 2013 to the second half of 2013,

and decreased in the office/warehouse, retail/warehouse, and warehouse submarkets, while remaining the same in the medical office submarket.

- The revised sample average reported lease rate in the Class A office submarket was \$20.00, and in the Class B office submarket was \$12.25. All other lease rates remained relatively stable.

Springdale Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Net Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Lab	--	5,224	0	0.0%	0	0	0	--
Industrial	\$4.01 - \$5.09	485,785	35,982	7.4%	0	0	0	--
Office	\$11.24 - \$12.06	862,219	134,015	15.5%	-8,805	0	-8,805	--
Class A ³	\$20.00 - \$20.00	20,000	0	0.0%	0	0	0	--
Class B ³	\$11.63 - \$12.86	427,735	44,065	10.3%	573	0	573	461.4
Class C	\$9.23 - \$9.49	144,507	52,644	36.4%	-15,727	0	-15,727	--
Medical	\$12.94 - \$13.72	269,977	37,306	13.8%	6,349	0	6,349	35.3
Office/Retail	\$10.04 - \$11.23	505,069	92,645	18.3%	-16,222	0	-16,222	--
Class A	--	--	--	--	--	--	--	--
Class B	\$12.18 - \$13.75	221,162	27,733	12.5%	-671	0	-671	--
Class C	\$8.55 - \$9.46	283,907	64,912	22.9%	-15,551	0	-15,551	--
Office/Warehouse	\$5.39 - \$6.97	1,497,034	115,110	7.7%	30,680	0	30,680	22.5
Retail	\$10.63 - \$11.43	1,145,499	184,577	16.1%	24,501	0	24,501	45.2
Class A	--	--	--	--	--	--	--	--
Class B	\$14.16 - \$14.88	722,600	98,707	13.7%	740	0	740	800.3
Class C	\$7.72 - \$8.57	422,899	85,870	20.3%	23,761	0	23,761	21.7
Retail/Warehouse	\$5.31 - \$5.81	416,179	52,560	12.6%	5,200	0	5,200	60.6
Warehouse	\$3.67 - \$4.04	1,902,604	241,127	12.7%	83,796	0	83,796	17.3

¹From all 2H 2013 respondents

²From 2H 2013 respondents who were also 1H 2013 respondents

³There was a significant reclassification of space in 2H 2013 only affecting Class A and Class B space. Caution should be used in interpreting changes at that point.

Springdale

Downtown Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 351,693 square feet of office, office/retail, retail, retail/warehouse and warehouse space in downtown Springdale in the second half of 2013.
- There were no new square feet of commercial property added to downtown Springdale in the last 6 months.
- There was positive absorption of 8,375 square feet in the office market in downtown Springdale in the second half of 2013.
- The office space in downtown Springdale reported average vacancy rate decreased from 4.6 percent in the first half of 2013 to 4.3 percent in the second half of 2013 in accordance with absorption. The rate was lower than the overall Springdale average office vacancy rate of 14.1 percent.
- All reported on office/retail space continued to be available in downtown Springdale in the second half, compared to a 12.6 percent vacancy rate for all of Springdale.
- The reported retail space in downtown Springdale had a vacancy rate of 51.2 percent. Meanwhile, the average retail vacancy rate for all of Springdale was 16.1 percent.
- All average reported lease rates for downtown Springdale remained constant except retail which increased by \$0.71.

West Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 576,942 square feet of office, office/retail, retail and retail space in West Springdale in the second half of 2013.
- No new square feet was added to West Springdale in the second half of 2013.
- There was negative net absorption of 15,076 square feet in West Springdale submarkets.
- The office space in West Springdale had a reported average vacancy rate of 11.7 percent in the second half of 2013. The rate was lower than the city average office vacancy rate of 15.5 percent.
- The average office/retail vacancy rate in West Springdale was 29.3 percent in second half, above the overall city average office/retail vacancy rate of 18.3 percent.
- The retail vacancy rate for West Springdale properties increased to 11.0 percent in the second half of 2013 but remained below the city average retail vacancy rate of 16.1 percent.

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	\$9.38 - \$10.06	210,106	9,000	4.3%	8,375	0	8,375	6.4
Office/Retail	\$7.50 - \$9.00	3,732	3,732	100.0%	0	0	0	--
Retail	\$7.69 - \$8.24	137,855	70,523	51.2%	19,278	0	19,278	21.9

¹From all 2H 2013 respondents

²From 2H 2013 respondents who were also 1H 2013 respondents

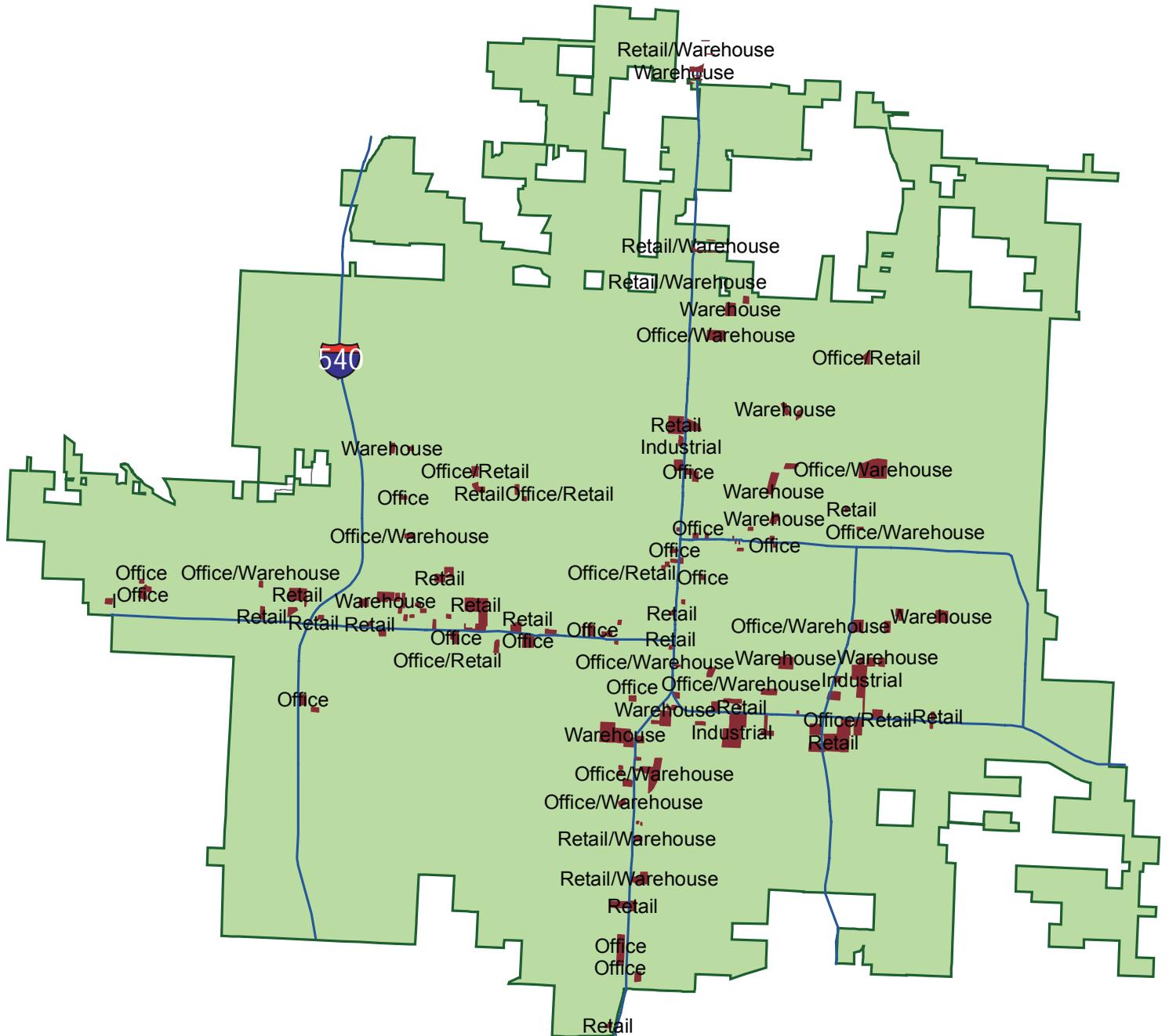
West Springdale Summary Statistics

	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	\$15.25 - \$15.59	112,788	13,225	11.7%	-226	0	-226	--
Office/Retail	\$13.25 - \$13.75	55,550	16,261	29.3%	-1,500	0	-1,500	--
Retail	\$12.00 - \$13.00	408,604	45,000	11.0%	-13,350	0	-13,350	--

¹From all 2H 2013 respondents

²From 2H 2013 respondents who were also 1H 2013 respondents

Springdale



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 come 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 2013, 233 panelists provided data on 1,681 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 1,681 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,