



THE SKYLINE REPORT

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Second Half of 2015 February 2016

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Commercial Real Estate Market Summary for Benton and Washington Counties

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

Highlights from the Second Half of 2015

- In the second half of 2015, 836,033 total square feet of commercial space was absorbed, while 550,311 new square feet was added, netting positive absorption of 285,722 square feet in the Northwest Arkansas market and an overall vacancy rate of 12.4 percent, up from 12.0 in the first half of 2015.
- In the office submarket there was overall absorption of 245,304 square feet, while 284,296 new square feet was added, leading to net negative absorption of 38,992 square feet in the second half of 2015. The office vacancy rate declined to 12.6 percent from 12.7 percent in the first half of 2015 as additional existing properties entered the database.
- Within the retail submarket, there was overall positive absorption of 105,972 square feet, while 82,715 new square feet entered the market, leading to positive net absorption of 23,257 square feet in the second half of 2015. The Northwest Arkansas vacancy rate increased to 9.8 percent in the second half of 2015 from 9.0 percent in the first half of 2015 as additional existing properties entered the database.
- The warehouse submarket had overall absorption of 314,382 square feet, while 183,300 new square feet was added, leading to positive net absorption of 131,082 square feet in the second half of 2015. This led the Northwest Arkansas warehouse vacancy rate to decrease from 13.1 percent in the first half of 2015 to 11.5 percent.
- In the office/retail submarket, there was negative net absorption of 44,692 square feet in the second half of 2015. The vacancy rate increased from 11.8 percent in the first half of 2015 to 13.0 percent in the second half of 2015.
- The office/warehouse submarket had 24,856 square feet of net positive absorption, while the retail/warehouse submarket had positive net absorption of 41,411 square feet in the second half of 2015.
- From July 1 to December 31, 2015, \$112.8 million in commercial building permits were issued in Northwest Arkansas. In comparison, there were \$153.4 million in permits issued in the second half of 2014.

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 50) 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 2015 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 249 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 2015, and both the first half of 2015 and the second half of



2014. The second table presents net absorption by submarket and the third table presents available square footage by submarket for the same time periods. These tables are the foundation for the performing trend analysis and for separating the seasonal effects from real effects. The results in the tables are referred to throughout the remainder of the Skyline Report.

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

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

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

Economic Overview

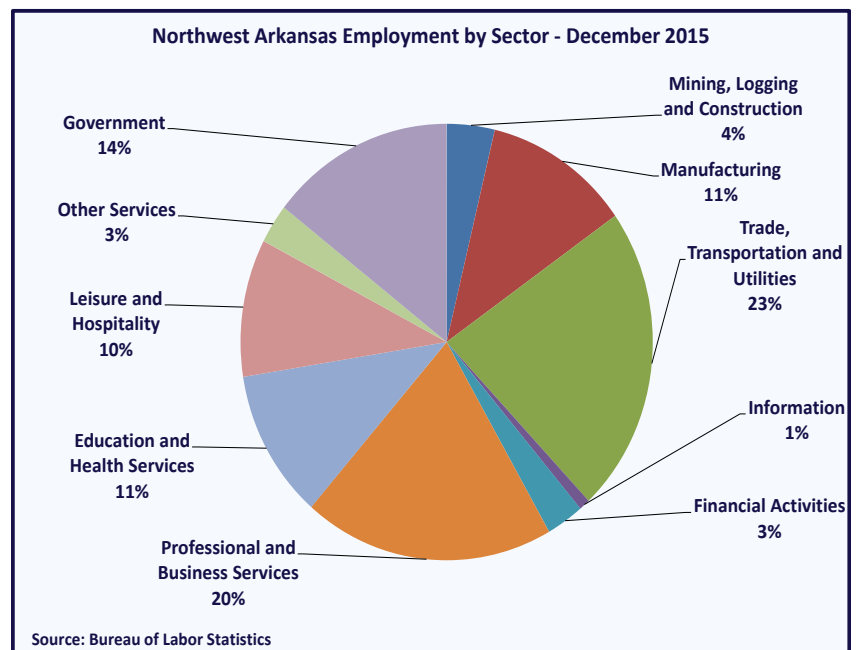
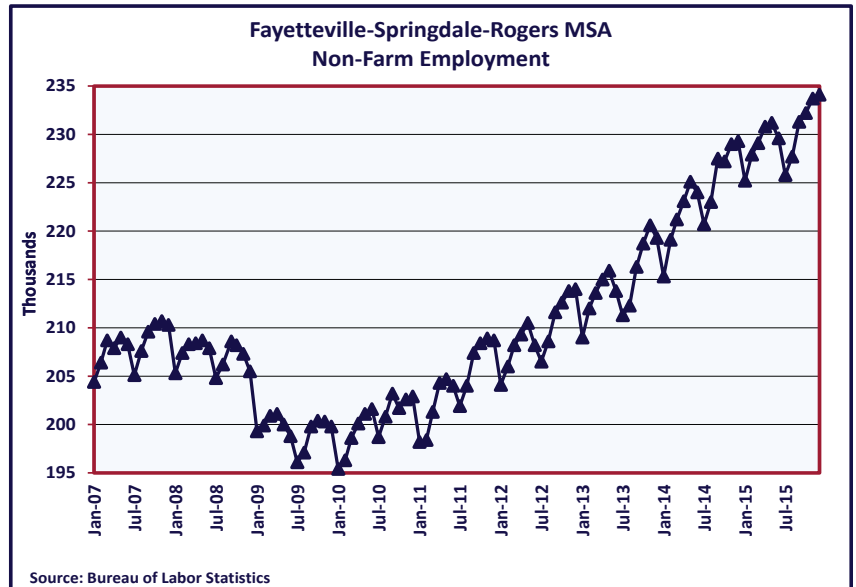
It is helpful to look at some key macroeconomic statistics in order to get a sense of the Northwest Arkansas commercial real estate market. The rate of activity in the Northwest Arkansas commercial real estate market is dependent upon two general factors: those that are specific to the region and those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

Gross Domestic Product

In the fourth quarter of 2015, real GDP increased by 0.7 percent according to estimates released by the U.S. Department of Commerce's Bureau of Economic Analysis (BEA). Real GDP increased by 2.0 percent in the third quarter of 2015. The increase in real GDP in the fourth quarter primarily reflected positive contributions from personal consumption expenditures (PCE), residential fixed investment, and federal government spending that were partly offset by negative contributions from private inventory investment, exports, and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased.

Employment

The Northwest Arkansas employment situation is extremely important to the health of the real estate market. The most recent data show that employment in the Northwest Arkansas region was at 234,100 in December 2015, up 2.1 percent from December 2014. According to the U.S. Bureau of Labor Statistics (BLS), the unemployment rate in Northwest Arkansas was at 3.7 percent in December 2015. This is down from the December 2014 rate of 4.0 percent. The unemployment rate has remained under 5 percent since July of 2014. The unemployment rate in Northwest Arkansas continues to be lower than both the state (4.6 percent) and national (4.8 percent) unadjusted rates.



With the purpose of exploring more closely the composition of job growth in Northwest Arkansas, two additional figures are provided. The first shows the December 2015 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 (20

percent), government (14 percent), manufacturing (11 percent), education and health services (11 percent), and leisure and hospitality (10 percent). The other figure (on the following page) shows the annual percentage change in the metro area's employment by sector from December 2014 to December 2015. Total nonfarm employment increased by 2.1 percent during that time. Employment in leisure and hospitality, information, educa-

Economic Overview

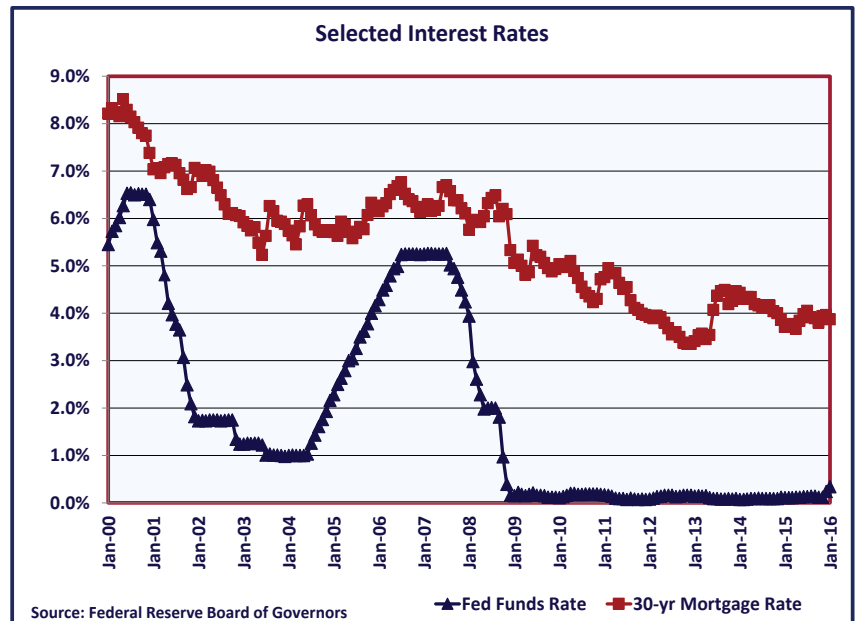
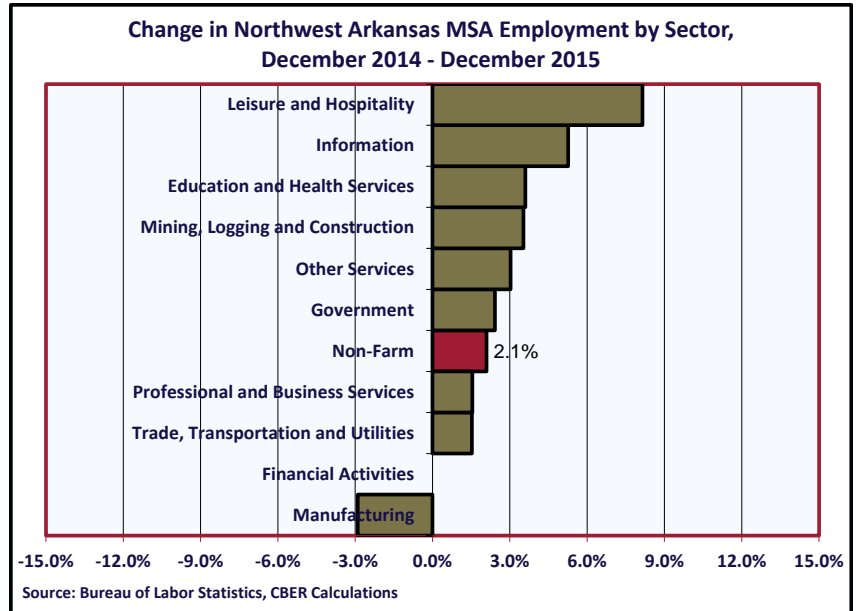
tion and health services, mining, logging, and construction, other services and government grew more quickly than 2.1 percent, while trade, transportation, and utilities professional and business services grew at a slower pace. Financial services remained unchanged while manufacturing declined from December 2014 to December 2015.

Interest Rates

The Federal Funds rate averaged 0.34 percent in January 2016. The ten year constant maturity Treasury bill had an interest rate of 1.9 percent in January 2016, down from 2.0 percent in December 2015. Near zero short-term rates continue to cause the positive spread between the ten year rate and the fed rate. The Federal Reserve Open Market Committee decided to maintain the target range for the federal funds rate at 1/4 to 1/2 percent. The stance of monetary policy remains accommodative, thereby supporting further improvement in labor market conditions and a return to 2 percent inflation. The accompanying figure shows the Federal Funds rate and the thirty year mortgage rate since January 2000.

Consumer Sentiment

The University of Michigan produces the Consumer Sentiment Index. The Index of Consumer Sentiment declined to 92.0 in January 2016, from 92.6 in December 2015. This was also lower than the 98.1 in January 2015. Following the same methodology, the most recent Arvest Consumer Sentiment Index in Arkansas measured 77.8 in September 2015 down from 79.1 in March 2015.



Local Perceptions

Local Perceptions of the Northwest Arkansas Commercial Property Market

In each reporting period, Center for Business and Economic Research staff members have conversations with a dozen or so commercial developers and/or property managers to gain their ground-level insights on the current commercial real estate market in Benton and Washington counties. Panelists continue to remain very optimistic about growth and development opportunities throughout Northwest Arkansas, not just in the Pinnacle area of Rogers and downtown Bentonville. Other areas of discussion included job creation, as well as potential labor shortages; vendor expansion and vendor consolidation; and rehabilitating old properties versus demolition and rebuilding. Even more respondents were willing to talk about an end to the current expansion this report period as compared to last, but there is no consensus on when the Northwest Arkansas commercial market will see a downturn.

During the course of the conversations, respondents mentioned development opportunities in several locations, in addition to the two mentioned above. Panelists praised the Walton family's impact on several of the development areas, but also reiterated that there are many more stakeholders becoming involved in each of the areas brought up in the conversations. Bentonville near Walmart and Sam's Club headquarters; Rogers downtown to Lake Atalanta and Pleasant Crossing; Lowell off exit 78; Springdale downtown and west between exits 70 and 73; Johnson off exit 69; Fayetteville west on Wedington off exit 64, College Avenue between Joyce and Maple, Dickson Street, and Martin Luther King Blvd were all areas mentioned as growth opportunities during the conversations. This widespread sense of multiple commercial development opportunities has not been expressed by respondents since the end of the last expansion in 2006-2007.

Job creation was another topic of discussion with the panelists during this report period. All the panelists were very happy with the investments that J.B. Hunt and Tyson Foods are making in expanding their workforces and office space. A multiplier effect on demand for other commercial space is expected in those areas, and in fact, a few respondents mentioned new businesses locating in downtown Springdale because of the Tyson offices being built there. Downtown Springdale's redevelopment had the most varied opinions about long term success. Some respondents feel that the low income demographic around downtown precludes strong growth. Others feel downtown development will be moderately successful with the new offices supporting moderate growth. But, some respondents believe there will be a serious gentrification effort in the low income residential areas that will lead to a very vibrant downtown Springdale. There is also a rumor going around that Walmart is going to hire significant numbers of technology workers in Northwest Arkansas, and that possibility has respondents excited as well.

The expansion of medical space across Northwest Arkansas was mentioned several times as being a high wage job creator. Additionally, respondents are looking at the expansion of the number of restaurants, nail salons, and other personal service jobs, as creating jobs for lower skilled workers, and creating solid demand for retail space as well. But, as one respondent pointed out, those jobs don't pay enough to create significant demand for new housing, new cars, and goods and services beyond the basic necessities. However, other respondents pointed out the continuing growth of light manufacturing, as witnessed by tight demand in the warehouse and retail warehouse market segments, and new space built by other firms, (American Tubing, for example,) as a strong sign of some solid blue collar job creation.

The warehouse space submarket continues to enjoy a resurgence in speculative building, which respondents believe will continue into

the future. A new factor in the warehouse market is the heavy leasing activity by Walmart, leasing space for warehouse use, and converting warehouse space into office space, with indications that this trend will continue for the next couple of years at least. Growth of the area's economy continues to create demand for warehouse and distribution space. This is coupled with the opinion that old warehouse space does not meet the needs of today's warehouse users, thereby creating demand for higher quality warehouse space: 25 to 30 foot sidewalls, enough loading docks, enough power, etc. However, there are only a few builders competing in this submarket, and as long as that remains the case, most panelists don't foresee a glut of warehouse space in the market, even a couple years into the future.

A new area of conversation involved Latino-owned commercial building activity, Latino owned business growth, and housing development in predominantly Latino areas in Northwest Arkansas. Some respondents see a tremendous opportunity in rehabilitating commercial space within heavily Latino demographic areas, as there is a significant amount of vacant space located there. Panelists have differing thoughts on how Latino business owners will respond in improving commercial space. Some feel with encouragement in the business community that can happen, but others feel expectations are so low that it will not happen anytime soon. Another potentially big issue that was mentioned is that there is still uncertainty among some Latinos dealing with non-Latinos. But the respondents who talked about this also see it meaning there is a lot of untapped potential for growth in these areas.

A big concern raised by several panelists is that rising construction costs mean new space needs to charge higher lease rates, and makes building new Class B office or retail space, even in strong areas,

Local Perceptions

problematic. Also, rising construction costs are hindering development of new housing and retail in east Springdale, but there may be more redevelopment of older space.

Even though respondents mentioned a potential slowdown in the future, the expected timeframes vary, mostly between 2017 and 2020. There is a consensus, though, that when the downturn inevitably happens it will be relatively mild, especially compared to the last one during the Great Recession. But the overall tone was very positive, and as always, respondents mentioned the fundamental drivers of Northwest Arkansas: Walmart and the Walton Family, the University of Arkansas and the education sector, J.B. Hunt, Hunt Ventures, and the transportation sector, and Tyson Foods and the food industry sector provide respondents a strong sense of stability for the region. Looking into the future, respondents were very excited about the continued growth of regional amenities, particularly the trail system connecting Northwest Arkansas, stimulating tourism. They are also hopeful that more national retailers will follow Whole Foods and Burlington Coat Factory in entering Northwest Arkansas.

Positive Factors:

1. Continued population growth in the MSA.
2. Strong demand for Class A office space, and multiple developers willing to build.
3. Strong demand for retail space in several hot locations.
4. Potential opportunity for speculative warehouse space.
5. Continuing creation of amenities in Northwest Arkansas, including leveraging the trail system.
6. Continued attention to the MSA by national retailers and investors.
7. Further media coverage of Northwest Arkansas as a good place to work and live.
8. Strong multifamily housing market potential in downtown and western Bentonville, Fayetteville away from University of Arkansas, and Rogers from Pleasant Crossing to the Scottsdale Center.

Negative Factors

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



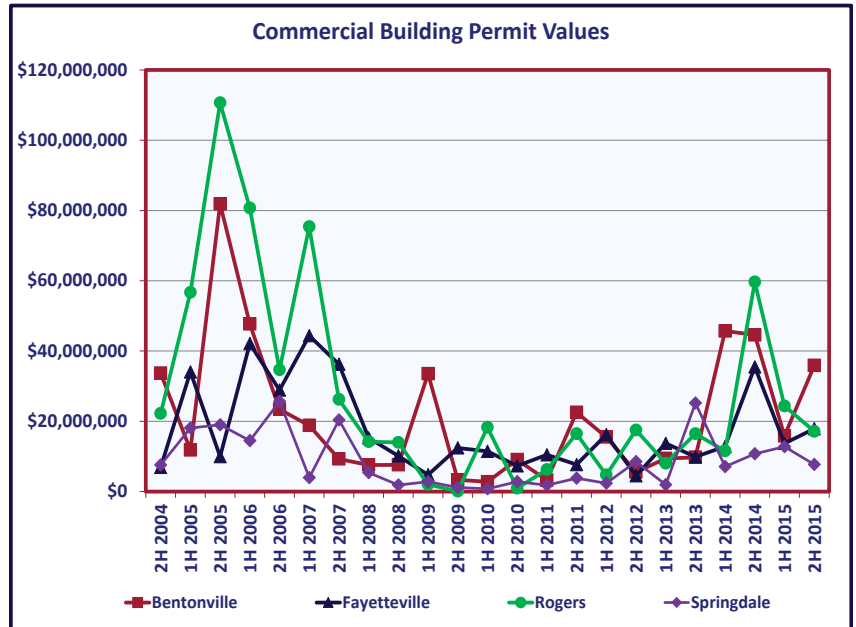
Inventory and Building Permits

Categories of Commercial Properties

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

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

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



Local Commercial Property Inventory and Building Permit Data

The table on the following page presents the total competitive commercial property inventory in Northwest Arkansas that meets minimum square footage requirements (a complete list of these criteria is included on page 50) as of December 31, 2015. For the second half of 2015, the Skyline Report covered 98.5 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 forty-seven quarters is presented for six major cities in Northwest Arkansas. Building permit data are seasonal in nature and show large fluctuations in square footage and value from quarter to quarter. Moreover, any particularly large project can skew the numbers immensely. Building permit data are also city-specific. Only the cities of Bentonville, Fayetteville, and Siloam Springs present square footage data, while only Bentonville and Fayetteville break out the different types of commercial property. A standardization of building permit applications in the region would provide superior data for comparison purposes.

From July 1 to December 31, 2015, there were just over \$112.8 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 2015, just over \$35.1 million in commercial building permits were issued. In the fourth quarter, just over \$77.6 million in building permits were issued. In the second half of 2015, Bentonville, Lowell, Fayetteville, and Rogers, accounted for 31.8, 22.9, 15.9, and 15.2 percent of the permit values, respectively.

A table of announcements of new commercial projects is included as an indication of the future direction of the Northwest Arkansas commercial market. The list is not exhaustive, but represents an effort to gather data at a step before the official permitting process. The managers and owners of many of these properties have provided the Center for Business and Economic Research with information about these buildings, but until construction is complete, they do not appear in the aggregated total square footage and available square footage calculations. Some of the properties listed are actually under construction, while others are only in the concept phase. The Center researchers examined the announced data closely this

Inventory

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 2015, there were 6,321 standard rooms and 2,154 suites in Northwest Arkansas. Bentonville had the most standard rooms with 1,860 while Rogers had the most suites with 963. Additionally, graphs that describe the development of hotels in

Northwest Arkansas over time are provided below the hotels list. Announced new hotel properties are detailed in a table following the existing hotel properties. Finally, lists of announced new and closed restaurant properties follow the hotel information.

Total Square Feet and Coverage of Competitive Commercial Properties

	Industrial ¹	Office ¹	Retail ¹	Warehouse ¹	Total ¹	Panel Total Square Feet ²	Panel Coverage ²
Bella Vista	--	129,924	239,100	90,964	459,988	432,403	94.0%
Bentonville	31,300	4,050,053	1,090,367	1,801,352	6,973,072	7,167,223	102.8%
Fayetteville	775,079	3,354,912	4,174,420	1,799,030	10,103,441	9,887,292	97.9%
Lowell	101,970	352,742	172,208	1,049,398	1,676,318	1,619,482	96.6%
Rogers	991,049	2,893,689	4,337,388	2,617,440	10,839,566	10,732,285	99.0%
Siloam Springs	329,942	195,261	645,029	340,615	1,510,847	1,413,973	93.6%
Springdale	1,714,565	1,500,354	2,313,467	2,861,825	8,390,211	8,091,693	96.4%
Northwest Arkansas Total	3,943,905	12,476,935	12,971,979	10,560,624	39,953,443	39,344,351	98.5%

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 50 of this report.

²Source: Panel of 249 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 2015	\$29,243,802	\$10,076,938	\$23,090,780	\$7,179,197	\$1,030,000	\$6,980,305	\$77,601,022
July - Sept. 2015	\$6,656,778	\$7,819,300	\$2,772,080	\$9,939,946	\$7,303,878	\$707,070	\$35,199,052
April - June 2015	\$8,520,763	\$9,878,384	\$2,437,861	\$20,234,817	\$6,095,000	\$4,157,720	\$51,324,545
Jan - March 2015	\$7,316,156	\$3,829,883	\$0	\$4,115,779	\$0	\$8,617,653	\$23,879,471
Oct. - Dec 2014	\$15,077,940	\$23,716,086	\$942,443	\$41,437,354	\$298,450	\$5,456,402	\$86,928,675
July - Sept. 2014	\$29,512,908	\$11,744,678	\$1,375,887	\$18,199,323	\$420,000	\$5,311,744	\$66,564,540
April - June 2014	\$14,880,491	\$6,352,097	\$299,768	\$8,944,856	\$700,000	\$6,286,894	\$37,464,106
Jan. - March 2014	\$30,816,399	\$6,462,060	\$0	\$2,620,482	\$0	\$807,905	\$40,706,846
Oct. - Dec. 2013	\$5,614,108	\$5,227,632	\$1,662,604	\$4,322,282	\$0	\$18,725,840	\$35,552,466
July - Sept 2013	\$4,147,738	\$4,642,389	\$0	\$12,137,965	\$0	\$6,472,554	\$27,400,646
April - June 2013	\$9,413,479	\$3,035,704	\$0	\$3,930,130	\$2,165,090	\$1,572,774	\$20,117,177
Jan. -March 2013	\$0	\$10,686,133	\$0	\$4,122,942	\$0	\$359,328	\$15,168,403
Oct - Dec. 2012	\$4,327,940	\$3,953,149	\$0	\$8,474,647	\$1,795,000	\$5,378,894	\$23,929,630
July - Sept. 2012	\$1,221,000	\$537,447	\$0	\$9,026,238	\$2,083,115	\$3,121,673	\$15,989,473
April - June 2012	\$13,126,525	\$15,157,427	\$0	\$3,702,000	\$0	\$0	\$31,985,952
Jan. -March 2012	\$2,386,772	\$1,015,056	\$709,949	\$1,027,000	\$0	\$2,373,879	\$7,512,656
Sept. - Dec. 2011	\$21,094,402	\$5,907,082	\$0	\$16,450,594	\$0	\$1,455,757	\$44,907,875
June - August 2011	\$1,445,222	\$1,763,872	\$404,493	\$0	\$500,000	\$2,328,979	\$6,442,566
March 2011 - May 2011	\$1,773,228	\$9,552,146	\$150,000	\$1,614,000	\$0	\$0	\$13,089,374
Dec. 2010 - Feb. 2011	\$1,469,162	\$915,280	\$438,289	\$4,616,536	\$22,997,000	\$1,803,778	\$32,240,045
Sept. - Nov. 2010	\$7,214,903	\$2,623,509	\$941,017	\$958,000	\$6,005,000	\$1,898,944	\$19,641,373
June - August 2010	\$1,846,518	\$4,679,537	\$0	\$0	\$0	\$892,252	\$7,418,307
March - May 2010	\$2,661,860	\$11,450,334	\$100,000	\$6,055,000	\$1,296,000	\$798,774	\$22,361,968
Dec. 2009 - Feb. 2010	\$105,030	\$0	\$255,505	\$12,224,147	\$0	\$0	\$12,584,682
Sept. - Nov. 2009	\$0	\$10,005,337	\$330,803	\$7,000	\$379,711	\$1,139,928	\$11,862,779
June - August 2009	\$3,336,498	\$2,403,905	\$0	\$70,000	\$215,000	\$37,460	\$6,062,863
March - May 2009	\$33,171,420	\$1,368,907	\$50,112	\$1,500,000	\$400,000	\$1,194,175	\$37,684,614
Dec. 2008 - Feb. 2009	\$344,325	\$3,403,704	\$1,766,386	\$545,000	\$0	\$1,596,349	\$7,655,764
Sept. - Nov. 2008	\$3,908,853	\$3,588,389	\$0	\$6,411,775	\$0	\$0	\$13,909,017
June - August 2008	\$3,689,476	\$6,548,894	\$1,019,000	\$7,579,500	\$1,006,596	\$1,861,390	\$21,704,856
March - May 2008	\$153,000	\$3,152,132	\$4,075,075	\$4,179,000	\$0	\$1,395,524	\$12,954,731
Dec. 2007 - Feb. 2008	\$7,400,153	\$12,125,756	\$0	\$9,995,030	\$3,200,000	\$3,970,299	\$36,691,238
Sept. - Nov. 2007	\$8,075,766	\$27,923,695	\$4,455,275	\$533,200	\$0	\$0	\$40,987,936
June - August 2007	\$1,194,440	\$8,309,014	\$48,927	\$25,668,347	\$2,575,178	\$20,375,131	\$58,171,037
March - May 2007	\$10,082,817	\$20,962,887	\$8,277,328	\$15,727,729	\$3,019,500	\$3,960,747	\$62,031,008
Dec. 2006 - Feb. 2007	\$8,725,598	\$23,406,927	\$4,709,086	\$59,642,734	\$25,000	\$0	\$96,509,345
Sept. - Nov. 2006	\$2,404,840	\$22,721,389	\$1,840,722	\$11,146,805	\$538,000	\$0	\$38,651,756
June - August 2006	\$21,014,259	\$6,147,723	\$462,712	\$23,479,198	\$5,890,000	\$25,663,800	\$82,657,692
March - May 2006	\$10,575,639	\$21,780,317	\$10,924,435	\$36,046,864	\$3,650,000	\$12,322,984	\$95,300,239
Dec. 2005 - Feb. 2006	\$37,121,720	\$20,330,697	\$2,359,019	\$44,672,800	\$165,000	\$2,151,476	\$106,800,712
Sept. - Nov. 2005	\$9,674,394	\$3,519,150	\$3,275,717	\$85,896,765	\$150,000	\$15,999,816	\$118,515,842
June - August 2005	\$72,205,699	\$6,434,833	\$1,666,851	\$24,782,039	\$200,000	\$2,982,618	\$108,272,040
March - May 2005	\$3,061,870	\$15,491,806	\$1,590,789	\$30,534,466	\$1,059,000	\$15,468,833	\$67,206,764
Dec. 2004 - Feb. 2005	\$8,753,636	\$18,560,094	\$390,000	\$26,172,000	\$254,700	\$2,614,524	\$56,744,954
Sept. - Nov. 2004	\$17,242,269	\$2,750,867	\$402,891	\$489,240	\$188,000	\$1,174,999	\$22,248,266
June - August 2004	\$16,446,488	\$4,145,124	\$10,035,248	\$21,734,534	\$1,993,393	\$6,390,478	\$60,745,265
March - May 2004	\$14,640,091	\$7,839,529	\$203,680	\$8,804,700	\$1,721,585	\$2,371,888	\$35,581,473

New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
American Legion Post	Bella Vista	American Legion	Office	4,600	
Sisters of Mercy Multispeciality Clinic	Bella Vista	Sisters Of Mercy Health Systems	Medical		Conceptual
Walmart Supercenter	Bella Vista	Wal-Mart Stores Inc	Retail		Conceptual
28th St Warehouse	Bentonville	Crossland & Bill McClard	Warehouse	100,000	Conceptual
4 Wheel Concepts	Bentonville	4 Wheel Concepts	Retail	9,043	Done
8W Center	Bentonville	Troy Link	Commercial	80,000	Summer 2016
Airport Road Retail	Bentonville	Flake-Kelley	Retail	13,322	2016
Arkansas Musicworks	Bentonville	Tony Baker and Greg Price	Retail	9,867	Done
Arvest Bank Uptown Village	Bentonville	Arvest Bank			Conceptual
Bentonville Commercial Building	Bentonville	Dean Eisma	Commercial	50,000	Conceptual
Bentonville Plaza II	Bentonville	FBE Limited LLC	Commercial	250,000	Conceptual
BOS Park Phase 1	Bentonville		Commercial	10,160	Conceptual
Central Office Building	Bentonville	Crossmar	Office	30,000	Summer 2016
Childrens Acadamy on I St.	Bentonville		School		Conceptual
Chrysler Dodge Jeep on Moberly	Bentonville	McLarty Daniel Automotive	Retail	45,880	Done
Clorax Building	Bentonville	Crossbar	Office	30,000	Spring 2016
C Store @ 14th and S. Walton	Bentonville		Retail	5,200	Conceptual
Crossmar Supplier Park II	Bentonville	Cross Mar and Glass Investments	Warehouse	200,000	Conceptual
Crossmar Supplier Park III	Bentonville	Cross Mar and Glass Investments	Warehouse	150,000	Conceptual
Early Childhood Initiatives Center	Bentonville	ECIC	School	35,000	Spring 2016
First Western Bank and Coffee Shop	Bentonville	First Western Bank	Bank	5,000	2016
Fountain Plaza Office	Bentonville	Butch Gurganus	Office	67,355	Conceptual
Haxton District West	Bentonville	Neil Greenhaw	Commercial	9,222	2016
Haxton District West II	Bentonville	Neil Greenhaw	Commercial	9,000	Conceptual
Helen R. Walton Childrens Center	Bentonville	Helen R. Walton Childrens Center	Education	35,000	Conceptual
J Street Office Building	Bentonville	Bill Keating	Office	4,000	Conceptual
Lakeside Center North	Bentonville	Bob Hopmann	Office	67,000	Conceptual
Main Street Business Center II	Bentonville	Jeff Engleman and Craig Soos	Office	14,000	Early 2016
Moberly New Car Lot	Bentonville	David Slone	Commercial		Conceptual
Mt. Carmel Community in Bentonville	Bentonville	Jimmy Elrod	Commercial		Conceptual
My Village Dentistry	Bentonville	Professional Office Properties	Medical	4,030	Conceptual
Norwalk Juicers	Bentonville		Commercial	30,000	
Octopus Messaging Building	Bentonville	Heather Wegner	Commercial		
Pediatric Dental and Orthodontics	Bentonville	Tonya Triplett	Medical	10,846	Conceptual
Retail Building on Hwy 12	Bentonville	Josh Kyles	Retail	5,000	Conceptual
Rush Running	Bentonville	Mike and Ali Rush	Retail	8,000	Done
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
Smoothie King Retail Building	Bentonville		Retail	3,038	2016
SW Elm Tree Road Development	Bentonville				Conceptual
Tar & DOK	Bentonville		Commercial		Conceptual
The Incubator Phase I	Bentonville	Terry Carson	Commercial	94,250	March 2016
The Incubator Phase II	Bentonville	Terry Carson	Commercial	51,550	Spring 2017
Vista 21 Office Building	Bentonville	Crossmar	Office	30,000	May 2016
Vogel Commercial Development	Bentonville	Ross and Steve Vogel	Commercial	38,000	Conceptual
Wal-Mart Neighborhood Mrkt Midtown	Bentonville	Wal-Mart Stores Inc	Retail	31,000	Done
Black Forest Retail	Fayetteville	Clinton Bennett	Retail	15,771	Conceptual
Blue Top Liquor	Fayetteville	Alan Cole	Retail		Done
College Market Place	Fayetteville	S.J. Collins	Retail	26,670	Done
Cross Church	Fayetteville	Cross Church	Church		Conceptual
Daisy Exchange	Fayetteville	Cortney Hart	Retail		Summer 2016
Fellowship Bible Church of NWA	Fayetteville	Fellowship Bible Church	Church	63,000	Fall 2016

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Huntsville Road Retail Development	Fayetteville	Clint McDonald	Retail		Conceptual
Indoor Climbing and Fitness Center	Fayetteville	Dennis Nelms	Retail		Conceptual
JGBG	Fayetteville	Jody Thornton	Commercial	12,000	Summer 2016
Kum and Go	Fayetteville	Kum and Go	Retail		Conceptual
Kum and Go	Fayetteville	Kum and Go	Retail		Conceptual
Marshalltown Expansion	Fayetteville	Marshalltown Company	Commercial	50,000	Done
O'Reilly Auto Parts	Fayetteville	O'Reilly Auto Parts	Retail	7,500	Done
Pacific Vet Group Industrial	Fayetteville	Pacific Vet Group	Manufacturing		Conceptual
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	Conceptual
Rid-a-Pest Office and Workshop	Fayetteville	Rid-a-Pest	Commercial		2016
Roller Weight Loss Clinic	Fayetteville	Josh Roller	Medical		Early 2016
Shoppes at the Bluffs	Fayetteville	Mathias Properties	Retail	46,519	Conceptual
Sims-Renner Office-Waterside	Fayetteville	Sims-Renner Insurance	Office		Conceptual
TheatreSquared Facility	Fayetteville	TheatreSquared	Commercial	51,500	Conceptual
UA Wesley College Ministry	Fayetteville	Central United Methodist Church	Office	8,230	Early 2016
UARK Credit Union	Fayetteville	UARK Federal Credit Union	Bank	7,400	June 2016
Uptown Apartments Retail	Fayetteville	Carlyle Grp, R. Kimball, SPREG	Retail	17,000	Early 2017
Victory Commons	Fayetteville	Tracy Hoskins and Allied Bank	Commercial		Conceptual
Walmart Neighborhood Market on MLK	Fayetteville	Wal-Mart Stores Inc	Retail	43,101	Early 2016
Walton Arts Center Expansion	Fayetteville	Walton Art's Center	Commercial	30,000	Early 2016
Washington Regional Expansion	Fayetteville	WRMC	Medical	100,000	Late 2016
Washington Regional Women's Clinic	Fayetteville	WRMC	Medical	68,885	Late 2016
Wedington Retail	Fayetteville	Haag Brown	Retail	8,100	Spring 2016
West Lot Development	Fayetteville	Alex Blass and Hunter Haynes	Retail	30,000	Conceptual
West Van Asche Development	Fayetteville	Tom Terminella	Commercial		Conceptual
Whole Foods Market	Fayetteville	S.J. Collins	Retail	40,000	Done
World Domination Building	Fayetteville	Sammie Stephenson	Commercial	9,000	Conceptual
Electronic Manufacturing Solution	Lincoln	Electronic Manufacturing Solution	Commercial	13,000	2016
Central Research Inc	Lowell	Johnny and Scott Dillard	Office		
Delta Systems and Automation	Lowell	Hunter Haynes	Industrial	80,000	Conceptual
Firebird II	Lowell	Bill McClard	Warehouse	60,000	Conceptual
Harps Grocery Store	Lowell	Harps Food Stores Inc.	Retail	32,000	Conceptual
J.B. Hunt Office Tower	Lowell	J.B. Hunt	Office	133,000	Spring 2017
Regional Sports Complex	Lowell	Life Wellness USA	Recreation	230,000	Conceptual
Source Gas	Lowell	Source Gas	Commercial		Conceptual
Burlington Coat Factory	Rogers	Matt Sitton	Retail	60,000	Done
Center Point Lot 12	Rogers	David Boener	Retail	18,385	October 2016
Centre Point	Rogers	CRE	Retail	18,285	Delayed
Commercial Development	Rogers	HBH Holdings	Commercial		
Country Club Plaza Office	Rogers	LaFrance Family	Office	16,249	Spring 2016
Country Club Plaza Retail	Rogers	LaFrance Family	Retail	21,489	Spring 2016
Country Club Plaza Tower	Rogers	LaFrance Family	Office	88,000	Summer 2016
CVS on Walnut	Rogers	CVS	Retail	13,255	Conceptual
Digital Entertainment Addition	Rogers	Digital Entertainment	Office	11,967	Done
District at Pinnacle Hills I	Rogers	Whisinvest	Office	19,709	Summer 2016
District at Pinnacle Hills III	Rogers	Whisinvest	Office	32,275	Fall 2016
District at Pinnacle Hills IV	Rogers	Whisinvest	Office	44,900	Conceptual
District at Pinnacle Hills V	Rogers	Whisinvest	Office	44,900	Conceptual
District at Pinnacle Hills VI	Rogers	Whisinvest	Office	44,900	Conceptual
District at Pinnacle Hills VII	Rogers	Whisinvest	Retail	25,000	Conceptual
District Retail Shops	Rogers	Whisinvest	Retail	24,000	Summer 2016
Dixieland Warehouse	Rogers	Ivan Crossland, John Lawrence	Warehouse	200,000	Conceptual
ERC Office	Rogers	Rob Coleman	Office	5,772	May 2016

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Gateway Plaza	Rogers	Flake-Kelley	Commercial	39,600	Conceptual
General and Cosmetic Dentistry	Rogers	Matthew Harrison DDS	Medical	3,000	Done
Georgia Primrose Preschool	Rogers	Whisenvest	Daycare	12,200	Early 2017
Grove Retail Center	Rogers	Harold Crye	Retail	14,280	November 2016
HBA Holdings Warehouse	Rogers	HBA Holdings	Warehouse		
Lifestyles Dental Office	Rogers	Dr. Anne Hubbs	Medical	4,653	Done
Mars Office Building	Rogers	Chad Hatfield	Office	40,000	Conceptual
Mathias Warehouse on Hudson 2	Rogers	Mathias Properties	Warehouse	16,000	Done
Mathias Warehouse on Hudson 3	Rogers	Mathias Properties	Warehouse	8,100	Done
Med Express	Rogers		Medical		Conceptual
Metropark Harvey Clinic	Rogers	Dr. Bryan Harvey	Medical	15,700	Spring 2016
Metropark Office Building II	Rogers	Hunter Haynes & Sage Partners	Office	25,000	Conceptual
Metropark Office Building III	Rogers	Sage Partners	Office	15,000	Conceptual
Metropark The Strand	Rogers	Hunter Haynes & Sage Partners	Medical Office	35,000	Spring 2016
Mt. Carmel Community in Rogers	Rogers	Jimmy Elrod	Commercial		Done
New Hope Plaza	Rogers	Tim Salmonson	Retail	23,000	Conceptual
Nolan Caddell Reynolds Office	Rogers	Nolan Caddell Reynolds	Office		Conceptual
Nursing Facility	Rogers	Emeritus Co.	Medical		Conceptual
NWA Collision on Hudson	Rogers	NWA Collision	Commercial	9,000	Done
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Office	21,432	Conceptual
Ozark Regional Vein	Rogers		Medical		Early 2016
Pinnacle Heights II	Rogers	Hunt Ventures	Office	211,738	Done
Pinnacle Hills I	Rogers	Whisenvest	Office	9,000	2016
Pinnacle Hills II	Rogers	Whisenvest	Office	6,000	2016
Pinnacle Hills IV Yiannios Dental	Rogers	Dr. Nick Yiannios	Medical	6,000	Done
Pinnacle Promenade Point III	Rogers	Hunt Ventures	Office	40,000	Conceptual
Pinnacle PUD	Rogers	Whisenvest	Commercial	9,000	Conceptual
Pinnacle Summit Park	Rogers		Commercial	50,000	Conceptual
Pleasant Crossing Commons, Phase I	Rogers	Matt Sitton	Commercial	55,000	Conceptual
Pleasant Crossing Commons, Phase II	Rogers	Matt Sitton	Commercial	135,000	Conceptual
Pleasant Crossing Retail Building	Rogers	Whisenvest	Retail	10,000	Conceptual
Pleasant Grove Retail Building 1	Rogers		Retail	18,000	Conceptual
Pleasant Grove Retail Building 2	Rogers		Retail	14,000	Conceptual
Prairie Creek Center	Rogers	Mathias Properties	Retail	51,279	Conceptual
Rainbow Honda Service Center	Rogers	Rainbow Honda	Commercial	7,500	Done
Rick Mooney PUD	Rogers	Rick Mooney	Commercial		Conceptual
Ryzabuv	Rogers	Case Lawrence	Retail	30,000	Conceptual
Scottsdale Center, Phase VI, Bld 3	Rogers	Tom Hopper	Retail	21,965	Conceptual
Sisters of Mercy Primary Care Office	Rogers	Sisters Of Mercy Health Systems	Medical		Conceptual
Southern Hills Office Building	Rogers	John Craig	Office	6,500	Early 2016
Trulove Construction Vehicle Storage	Rogers	Trulove Construction	Warehouse		Conceptual
Violin Studio and Repair Shop	Rogers	SMEK LLC	Retail		Conceptual
Wal-Mart Neighborhood Mkt Downtown	Rogers	Wal-Mart Stores Inc	Retail		Conceptual
Wal-Mart Neighborhood Mkt Walnut	Rogers	Wal-Mart Stores Inc	Retail		Done
Walnut Crossing	Rogers	Greg House	Commercial	50,000	Conceptual
Wilson-Coker Office Building	Rogers	Wilson-Coker Wealth Management	Office		Conceptual
Bank of the Ozarks	Sil Springs	Bank of the Ozarks	Bank		Spring 2016
Barnett Warehouse	Sil Springs	Jonathan Barnett	Warehouse	67,950	Conceptual
Crye-Leike Office	Sil Springs	Crye-Leike Realtors	Office	6,500	Conceptual
Furniture Factory Outlet	Sil Springs	Haag Brown	Retail	15,000	2016
Holly Street Crossing	Sil Springs	Ted Viala	Commercial		Conceptual
JBU Nursing Facility	Sil Springs	John Brown University	School	21,000	Fall 2016

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Progress Plaza Phase II	Sil Springs	Brown Cow LLC	Medical Office	11,250	Conceptual
Siloam Springs Medical Clinic	Sil Springs	412 E. Medical Group LLC	Medical	10,470	Done
Siloam Springs Memorial Hospital	Sil Springs	Siloam Springs Hospital	Medical	18,300	2016
Simmons Food Plant	Sil Springs	Simmons Food	Industrial	89,125	November 2016
Acme Brick Co Building 1	Springdale	Acme Brick Co.	Commercial	10,664	2016
Acme Brick Co Building 2	Springdale	Acme Brick Co.	Warehouse	14,572	2016
American Tubing Phase 1	Springdale	American Tubing	Industrial	80,000	Spring 2016
Arkansas Children's Hospital	Springdale	Arkansas Children's Hospital	Medical	225,000	2018
Arvest Bank	Springdale	Arvest Bank	Bank		2016
BNSF Office Building	Springdale	Sage Partners	Office	30,000	Done
Edwards Warehouse I	Springdale	Joe Edwards	Warehouse	40,000	Conceptual
Edwards Warehouse II	Springdale	Joe Edwards	Warehouse	21,000	Conceptual
First State Bank	Springdale	First State Bank	Bank		Conceptual
Fish and Game Center	Springdale	Arkansas Game and Fish Dept	Government	12,000	Conceptual
Geels Paint	Springdale	Geels Paint	Commercial		
Goad Springs Road Retail Dev	Springdale	DuWayne Eoff	Retail	120,000	Late 2016
Hall Crossing	Springdale	Jenny Talley	Retail		Conceptual
Hall Crossing Retail Building 1	Springdale	Jason Pullman	Retail	11,000	Conceptual
Hall Crossing Retail Building 2	Springdale	Jason Pullman	Retail	3,000	Conceptual
Health and Speech Clinic	Springdale		Medical		Conceptual
Love's Travel Center	Springdale	Love's	Retail		Conceptual
Monitor Warehouse	Springdale	RPH	Warehouse		Conceptual
Northwest Medical Plaza Elm Springs	Springdale		Medical	20,000	Done
Northwest Technical Institute	Springdale	NTI	School	31,000	Conceptual
NWACC	Springdale	NWACC	School		Conceptual
NWACC-Washington County Campus	Springdale	NWACC	School	50,000	2018
Office Building on 48th St	Springdale	Sage Partners	Commercial	30,000	Conceptual
Owen's Optometry	Springdale		Medical		
Ozark I	Springdale	Mathias Properties	Warehouse	76,000	Conceptual
Ozark II	Springdale	Mathias Properties	Warehouse	8,200	Conceptual
Ozark III	Springdale	Mathias Properties	Warehouse	11,200	Conceptual
Ozark IV	Springdale	Mathias Properties	Office	32,000	Conceptual
Rockline Expansion	Springdale	Rockline Industries	Manufacturing		
Sam's Club	Springdale	Wal-Mart Stores Inc	Retail	136,000	2017
Sam's Furniture	Springdale	Mathias Properties	Retail	100,000	Spring 2016
Shoppes at Elm Springs	Springdale	JP Companies	Retail	11,000	Conceptual
Stabil-Loc Inc.	Springdale	Steve Patton	Industrial	30,000	Done
Starbucks Development	Springdale	Haag Brown	Commercial	5,938	2016
Tyson Downtown Office	Springdale	Tyson Foods	Office	39,091	2017
Tyson Hatchery	Springdale	Tyson Foods	Industrial	78,392	Conceptual
Casalini Court	Tontitown	Brett Hash	Retail		Spring 2016
Iron Hand Liquor	Tontitown	Mr. Rossi	Retail		Done
Orscheln's Farm and Home Store	Tontitown		Retail		Done
Tontitown Warehouse I	Tontitown	Mathias Properties	Office/Warehouse	60,000	2016
Tontitown Warehouse II	Tontitown	Mathias Properties	Office/Warehouse	57,000	2016
Tontitown Warehouse III	Tontitown	Mathias Properties	Office/Warehouse	15,078	2016
Tontitown Warehouse IV	Tontitown	Mathias Properties	Office/Warehouse	14,975	2016

Hotels

Existing Hotels

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

Hotels

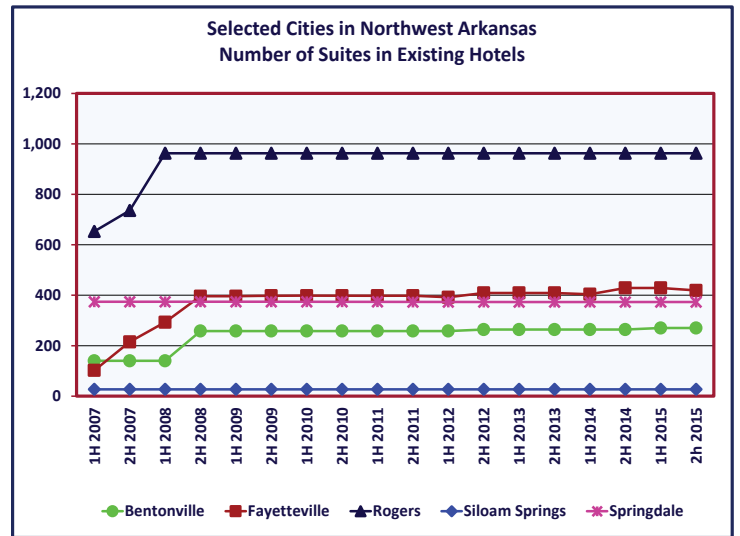
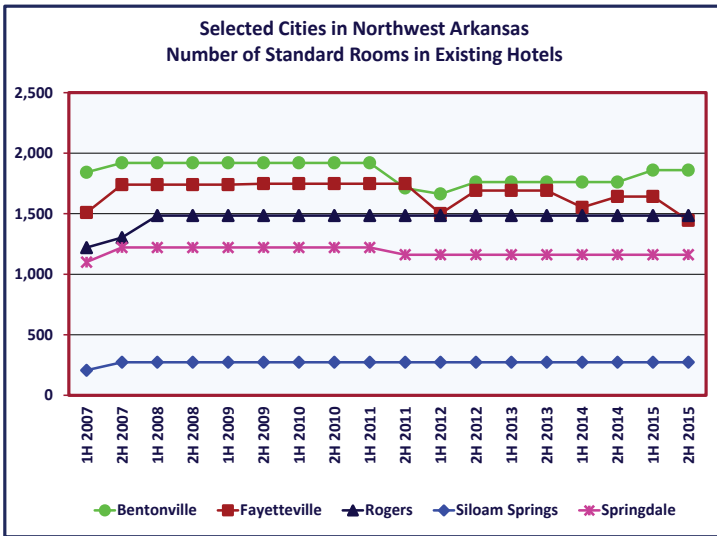
Existing Hotels (Cont.)

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

Hotels

Existing Hotels Summary

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



Hotels

Announced Coming Hotels

Property Name	City	Owner	Number of Rooms	Expected Completion
Sheraton Bentonville Plaza	Bentonville	Starwood Worldwide	234	Conceptual
Walton College Hotel	Fayetteville		125-150	Conceptual
District at Pinnacle	Rogers	Whisenvest/Marriot		Conceptual
Evelyn Hotel	Rogers	MCE Enterprises`	6	Conceptual
Holiday Inn Express	Siloam Springs	Krish Hotel Group	80	April 2016
Microtel	Springdale	--		Delayed



Restaurants

Announced Coming Restaurants

Property Name	Location (City)	Owner	Expected Completion
Coffee Shop and Ice Cream Parlor	Bella Vista	Roger Gildehaus	--
Angus Jack	Benton County	Ian and Jean Cairns	Conceptual
Jason's Deli	Benton County	Bourke Harvey	--
Auntie Anne's Pretzels	Bentonville		Done
Blu Fish Market Restaurant	Bentonville	Barry Furuseth	Done
Catfish Hole	Bentonville	Pat Gazzola	Delayed
Core Brewing Company	Bentonville	Jesse Core	2016
Dickey's Barbecue Pit	Bentonville	Jared Thompson	Spring 2016
Dolivo	Bentonville		Done
First Western Coffee Shop	Bentonville		2016
Foxhole Public House	Bentonville		Done
Joe's Italian Restaurant	Bentonville	Kunal Mody	Done
King Burrito	Bentonville	Adam and Maria Soto	Done
MOD Restaurant & Social	Bentonville	Mario Valdovino	February 2016
Onyx Coffee	Bentonville		Done
Paradise Donuts	Bentonville		Done
Preacher's Son	Bentonville	Ropeswing Group	2016
Rose Properties Restaurant	Bentonville	Larry Rose	
Smoothie King	Bentonville		2016
Social Taco	Bentonville	David Mancia	Conceptual
Thai Cuisine	Bentonville		Done
The Belfry Restaurant and Old 71 Club	Bentonville	Ropeswing Group	Spring 2016
McDonald's	Elm Springs	Bill and Walter Matthews	Done
Apple Blossom South Fayetteville	Fayetteville	Matthew Petty, Sammie Stephenson, Michael Ward	Late 2016
Arsagas on Center	Fayetteville	Cary Arsaga	Done
Arsagas on MLK	Fayetteville	Cary Arsaga	2016
Big Star	Fayetteville	Archie Schaffer	Early 2016
Bocca Italian Eatery and Pizzeria	Fayetteville	Mike and Jill Rohrbach, Angela Vanhook, Keith Burmylo	Done
Bouchee Bistro	Fayetteville	Vince Pianalto	Done
Buffalo Wild Wings	Fayetteville	Buffalo Wild Wings	Spring 2016
Chipotle's in College Marketplace	Fayetteville	Chipotle's	Done
Chuy's	Fayetteville	Mike Young and John Zapp	Conceptual
Citizen, The	Fayetteville	Lane Coleman, Knox McCorquodale, Wilson Wood	Delayed
Con Quesos	Fayetteville	Omar Kasim, Natalie Banister, Amanda Burge	Done
Core Brewing Pub Uptown	Fayetteville	Jesse Core	Done
Deluxe Burger-College Market Place	Fayetteville	Scott Bowman	Spring 2016
El Matador Mexican Bar and Grill	Fayetteville	Edgar Montes	Done
Firehouse Subs	Fayetteville	Forest Hills Development	--
Freddy's Frozen Custard and Steakburger	Fayetteville	Jamie Rheem	Done
Fuzzy's Taco Shop	Fayetteville	Fuzzy's Taco Shops	Delayed
Golden Kolache	Fayetteville		Done
Grillehouse Seafood and Steak	Fayetteville		Done
Hello Cocoa	Fayetteville	Abby and Justin Stewart	Done
Herb-n-Elk	Fayetteville		Done
JBGB	Fayetteville	Jody Thornton	Summer 2016
Jimmy Johns in College Marketplace	Fayetteville		Done
Jimmy Johns on MLK	Fayetteville	R.H. Ghan	Done
JJ's Grill	Fayetteville	Doug Allen, Joe Fennel, Jody Thornton	Summer 2016
John Daly's	Fayetteville	John Daly	Conceptual
Khana Indian Grill	Fayetteville	Lisa Larkin and Abhijeet Purkayastha	Done
Kraken Killer Seafood	Fayetteville	Cory Tran	Spring 2016
Krystal Burger	Fayetteville	Krystal Burger	--
Locals 479	Fayetteville	Matt Lawhon	Done
Mexico Viejo	Fayetteville		Spring 2016

Restaurants

Mockinbird Kitchen	Fayetteville	Leigh Helm and Chrissy Sanderson	Spring 2016
Native Nectar Juice Co	Fayetteville	Wilson Wood	Done
Olyde Tyme Donuts	Fayetteville		Done
Papa John's	Fayetteville		
PDQ Chicken	Fayetteville		Conceptual
Pho Thanh II	Fayetteville		Spring 2016
Pollo Rico Grill	Fayetteville		Done
Raising Cane's Chicken Fingers	Fayetteville	Raising Cane's Chicken Fingers	Done
Raising Cane's Chicken Fingers-MLK	Fayetteville	Raising Cane's Chicken Fingers	Conceptual
Taco's 4 Life	Fayetteville	Taco's 4 Life	Done
TJ's Sandwich Shop	Fayetteville	Todd and Nikki Golden	Done
Unnamed Restaurant in ex-Hooters	Fayetteville	Jeff Bishop	Conceptual
Whataburger Joyce	Fayetteville	Whataburger Inc.	March 2016
Zoes Kitchen in College Marketplace	Fayetteville	Zoes Kitchen Inc.	Done
Burger King	Lowell	3G Capital	Conceptual
Captain D's	Rogers	Smitco D's Inc	Summer 2016
Curry Restaurant	Rogers		Done
Foghorn's	Rogers	Jeff Hodges	Spring 2016
Hammontree	Rogers		Done
Krystal Burger	Rogers	Smitco Eateries	Delayed
Newk's at Country Club Plaza	Rogers	Jim Lynch	Spring 2016
Pinnacle Bar and Grill	Rogers	Scott Bowman	Done
State Fare	Rogers	Brett Brundige and Dave Schmille	Done
Whataburger Pleasant Crossing	Rogers	Whataburger Inc.	Done
Apple Bee's	Siloam Springs	Apple Bee's Inc	Conceptual
Creekside Taproom	Siloam Springs		Conceptual
Panda Express	Siloam Springs	Panda Express	Done
Razorback Pizza	Siloam Springs		Done
Rib Crib	Siloam Springs		Done
Ana Marie's Bakery	Springdale		--
Black Apple Crossing	Springdale		
Captain D's	Springdale	Smitco D's Inc	Done
Core Brewing Pub Har-Ber Downtown	Springdale	Jesse Core	Spring 2016
El Vasito Loko	Springdale		Done
Johnny Cascone's Italian Restaurant	Springdale	Johnny Cascone's LLC	2016
Panda Express	Springdale	Panda Express	Done
R & R Curry Express	Springdale		Done
Roma Italian Restaurant	Springdale	John Carlos Maloku	Spring 2016
Slim Chicken	Springdale		Delayed
So Pho Real	Springdale	Sandy and Xay Symoungphone	Done
Starbucks	Springdale	Haag-Brown	2016
Starbucks	Springdale	Starbucks	2016
Venizia's Italian Kitchen	Springdale		Done
Waffle House	Springdale	Waffle House	Conceptual
Whataburger	Springdale	Whataburger Inc.	Done
Casalini Court Restaurant	Tontitown	Brett Hash	2016
Dominos	Tontitown		Done
Mama Fu's	Unkn. Location	Murphy Adams Restaurant Group	--
Pie Five Pizza	Unkn. Locations	Rob Byford	Mid June 2016

Restaurants

Closed Restaurants

Property Name	City	Date Closed
Thai Fusion	Bentonville	February 2015
Lenny's Sub Shop	Fayetteville	April 2015
Meridienne Dessert Salon	Bentonville	May 2015
OK Chinese Buffet	Fayetteville	May 2015
Bliss Cupcakes	Fayetteville	June 2015
The Burger Patti	Fayetteville	June 2015
Cable Car Pizza	Fayetteville	June 2015
Jammin Java	Fayetteville	June 2015
Taco Shack	Fayetteville	June 2015
Joe's Italian	Springdale	June 2015
Bar B Que Place	Siloam Springs	June 2015
Taco Tico	Siloam Springs	June 2015
Frickin Chicken	Fayetteville	July 2015
Golden Kolache	Johnson	July 2015
Grateful Bread Sandwich Shop	Springdale	July 2015
Backyard Burgers	Fayetteville	August 2015
Table on the Hill	Fayetteville	August 2015
Bob Evans	Rogers	August 2015
Silk Road	Rogers	September 2015
Guadalajara Bar and Grill	Springdale	October 2015
Cardomom & Curry	Fayetteville	November 2015
Green Submarine	Fayetteville	November 2015
Ixtapa	Farmington	December 2015
Rubio's	Farmington	December 2015
Jose's Mexican Restaurant	Fayetteville	December 2015
Backyard Burgers	Rogers	December 2015
Roma Italian	Rogers	December 2015
Cherry Berry	Siloam Springs	December 2015
Garci's Bakery	Siloam Springs	December 2015
3rd Street Eatery and Bakery	Bentonville	January 2016
Marlo's Taco Shack	Fayetteville	January 2016
Orange Leaf	Fayetteville	January 2016

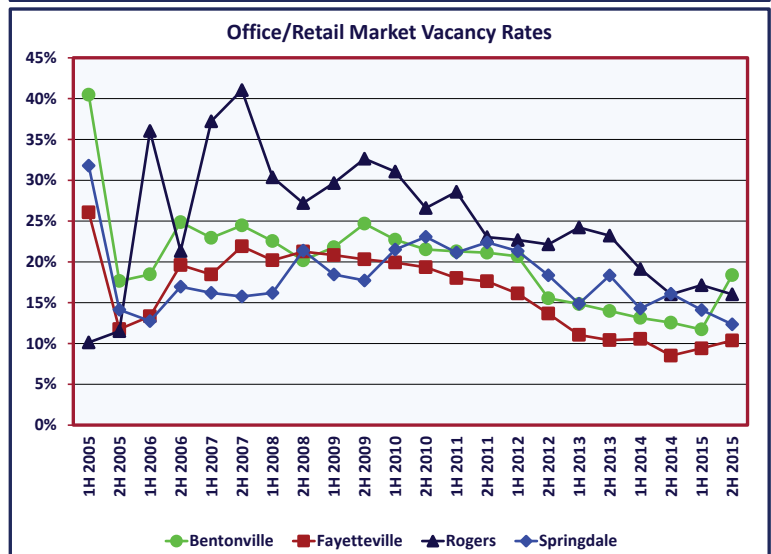
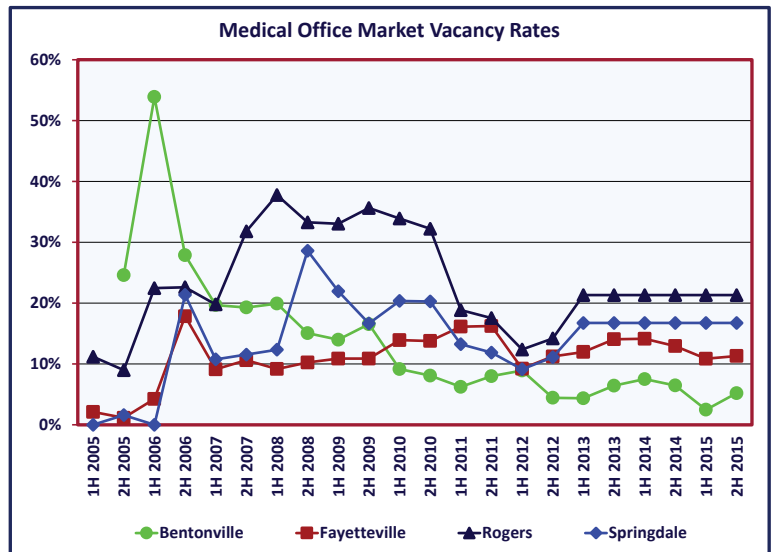
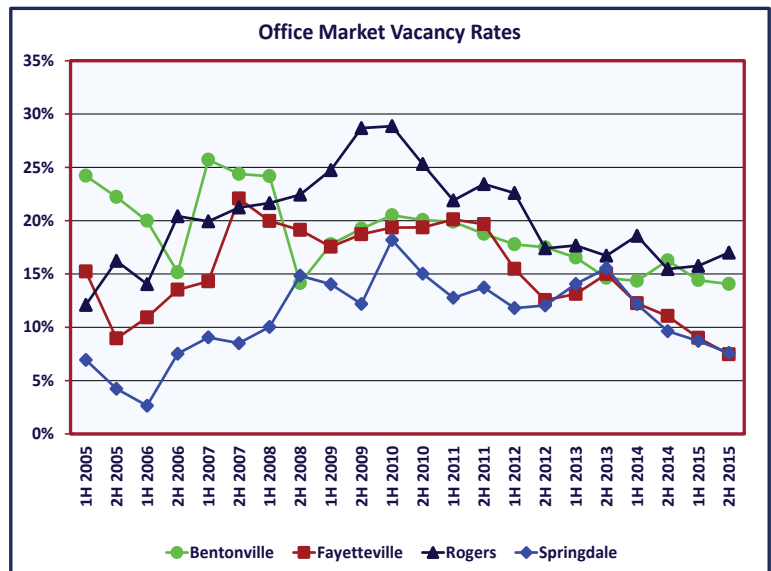
Commercial Market Trends

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

Available office square footage in Northwest Arkansas decreased from 1,439,260 square feet in the second half of 2014 to 1,392,978 square feet in the second half of 2015. In the past year, 398,862 new square feet of office space were added, with Rogers having the most with 225,896 square feet, and Bentonville adding another 92,500 square feet. Nonetheless, there was net positive absorption of 87,478 square feet. Fayetteville accounted for the greatest amount of net positive absorption with 96,242 square feet, while Bentonville accounted for another 73,083 square feet, however, Rogers had 83,626 square feet of net negative absorption during this period. The overall Northwest Arkansas office vacancy rate decreased 1.2 percentage points from 13.8 percent in the second half of 2014 to 12.6 percent in the second half of 2015.

In Northwest Arkansas, 569,516 square feet of office/retail space were available in the second half of 2015, up from 491,147 square feet in the second half of 2014. The office/retail market experienced negative net absorption of 57,331 square feet in the past year. Bentonville accounted for the most with 57,026 square feet of the negative net absorption from the second half of 2014 to the second half of 2015. Springdale had 22,227 square feet of positive net absorption during this period. No new office/retail space of was added within the past year. The overall Northwest Arkansas office/retail vacancy rate increased 1.5 percentage points from 11.5 percent in the second half of 2014 to 13.0 percent in the second half of 2015.

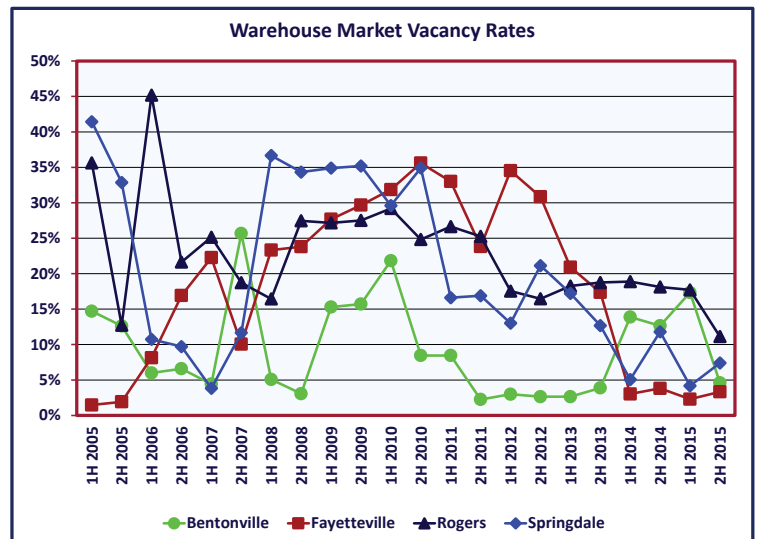
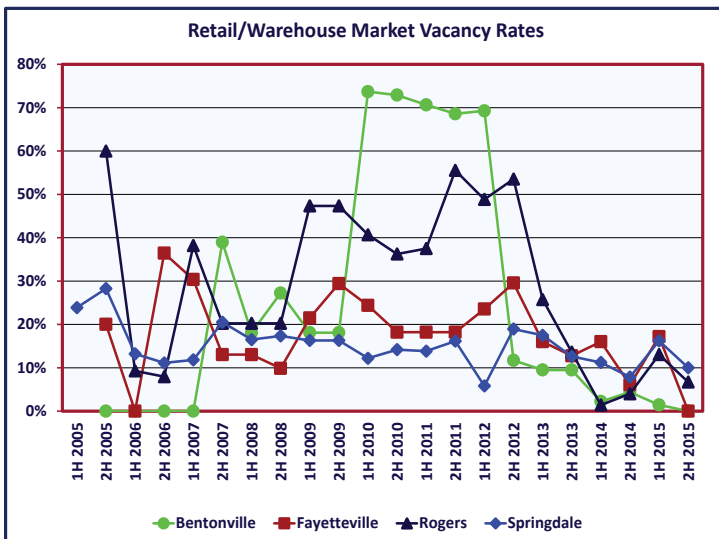
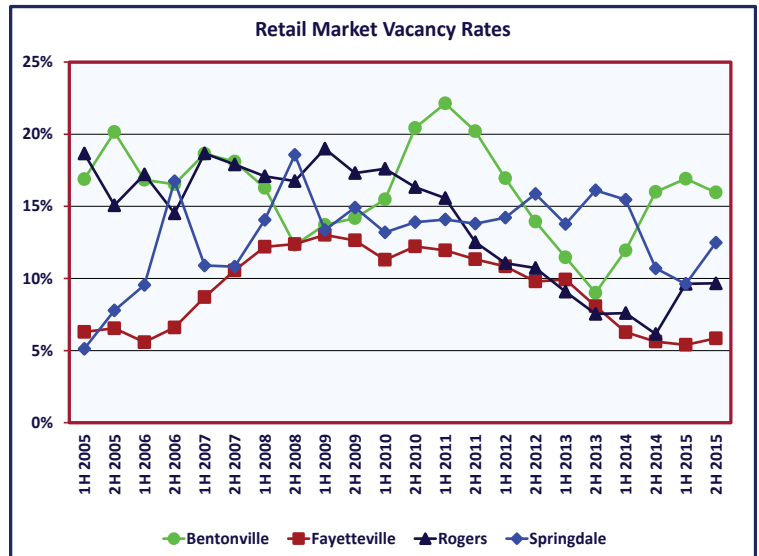
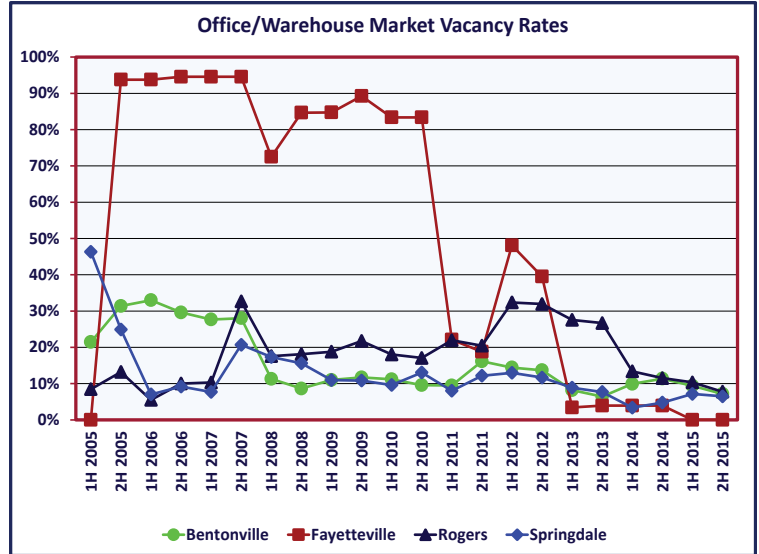
In the second half of 2015, a total of 844,387 square feet of retail space was available in Northwest Arkansas, up from 598,715 square feet in the second half of 2014. The retail market had negative net absorption of 104,548 square feet in the past twelve months. Rogers accounted for 102,808 square feet and Lowell accounted for 52,225 square feet of negative net absorption, but Springdale accounted for 46,706 square feet of the positive net absorption. Siloam Springs also had negative net absorption in



Commercial Market Trends

retail space over the past twelve months. There were 163,764 new square feet of retail space added to the Northwest Arkansas market during that time, with Rogers accounting for 126,349 square feet. The overall Northwest Arkansas retail vacancy rate increased 2.5 percentage points from 7.3 percent in the second half of 2014 to 9.8 percent in the second half of 2015.

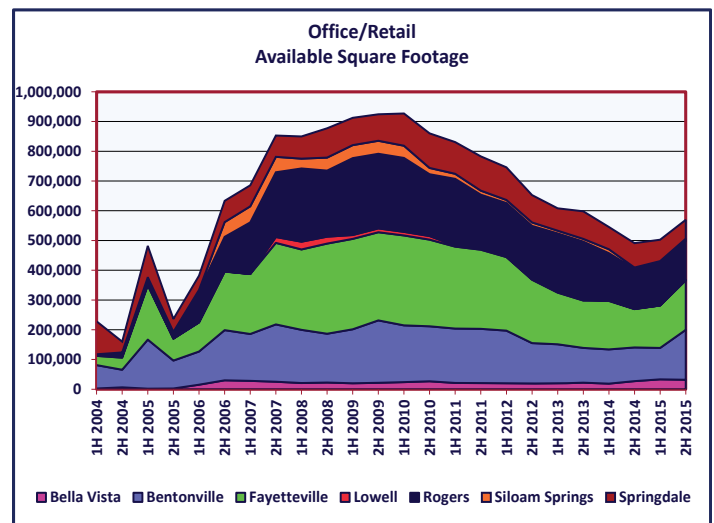
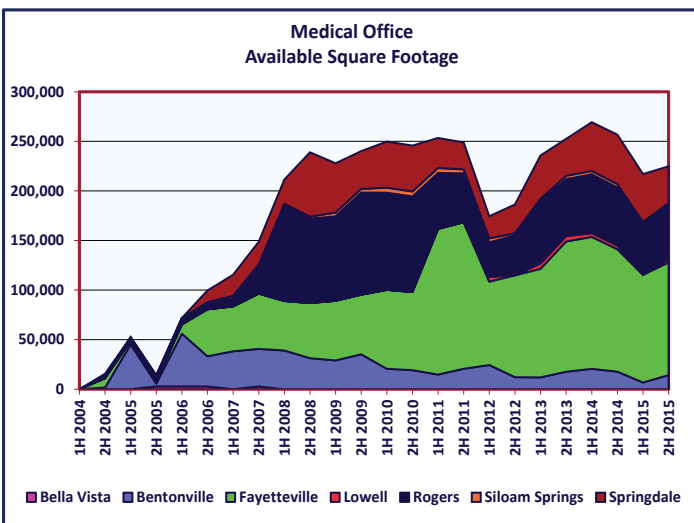
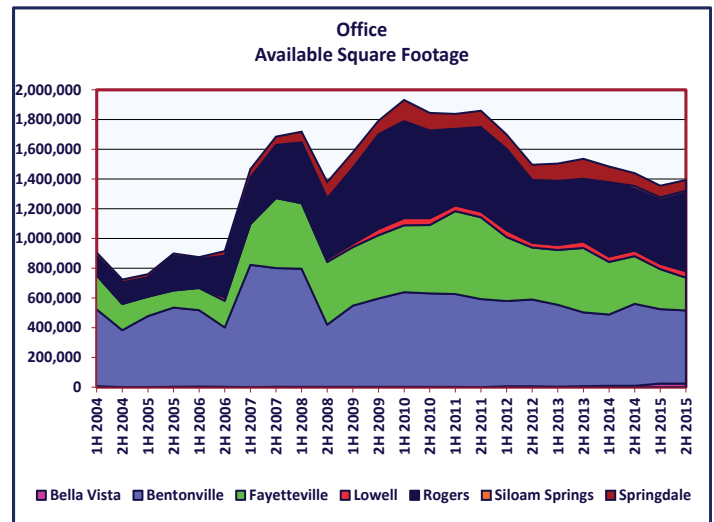
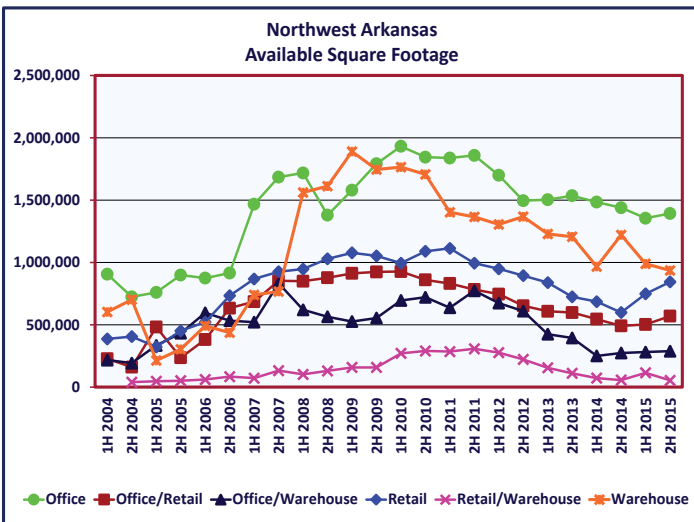
In the Northwest Arkansas warehouse market, available square footage decreased from 1,220,911 in the second half of 2014 to 936,138 in the second half of 2015. The warehouse market experienced positive net absorption of 387,428 square feet during the past year. Springdale accounted for 198,965 square feet of the positive net warehouse absorption in the past year; Rogers had another 139,984 square feet of positive net absorption in the last year in the warehouse market. 333,300 square feet of new warehouse space were added to the Northwest Arkansas market during the past year, with Bentonville accounting for 249,000 square feet. Vacancy rates declined by 4.9 percent from 16.4 percent to 11.5 percent over the same period.



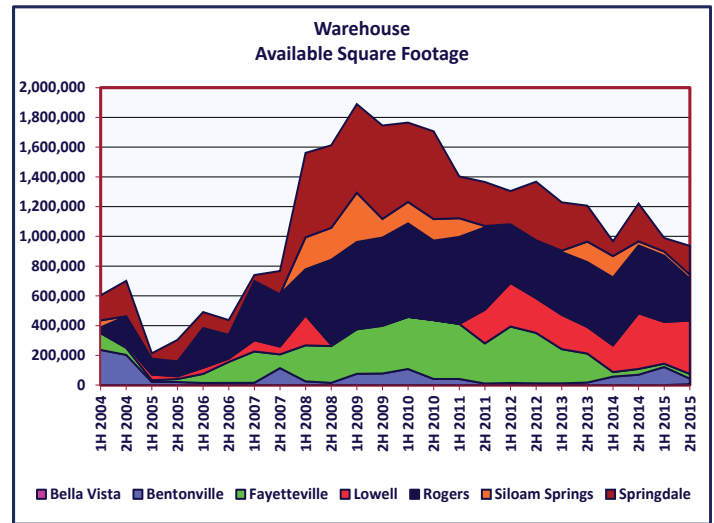
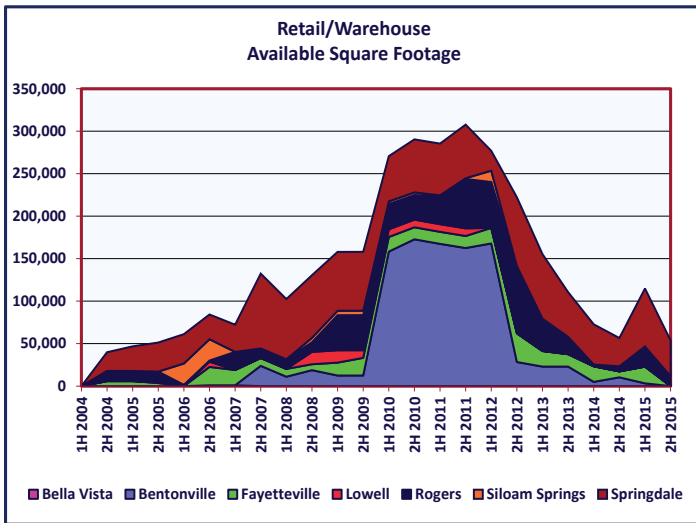
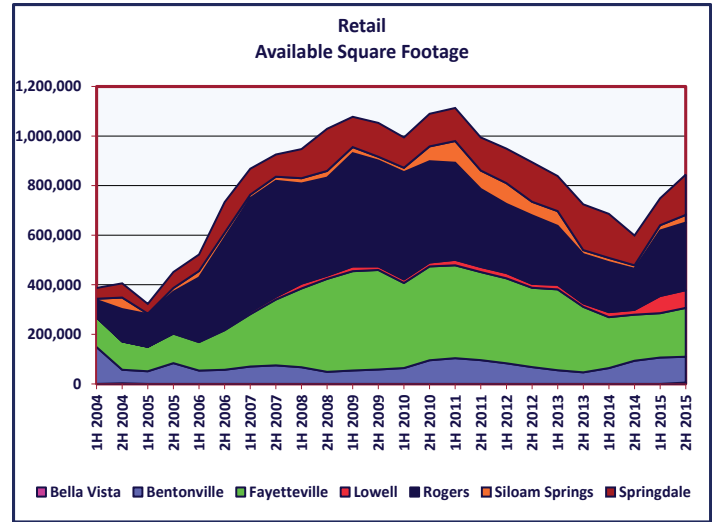
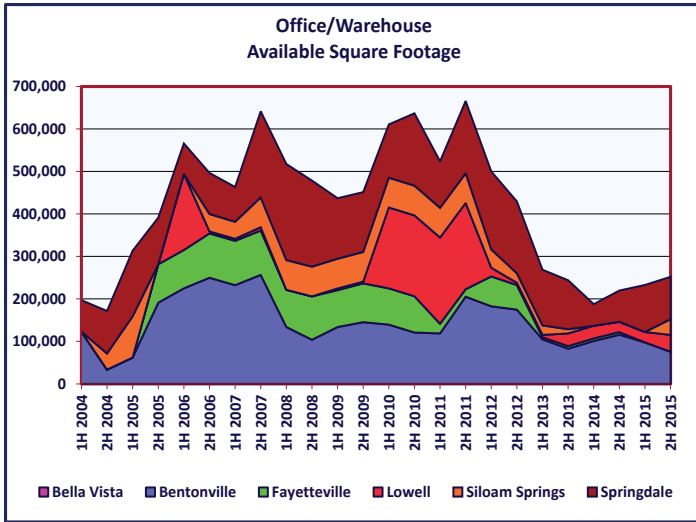
Commercial Market Trends

Net Twelve Month Absorption by Submarket 2H 2014 - 2H 2015

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	-3,332	-8,727	0	-6,480
Bentonville	73,083	-57,026	5,799	33,000
Fayetteville	96,242	-1,949	2,380	6,625
Lowell	-5,710	1,000	-52,225	15,334
Rogers	-83,626	-10,756	-102,808	139,984
Siloam Springs	2,000	-2,100	-4,400	0
Springdale	8,821	22,227	46,706	198,965
Northwest Arkansas	87,478	-57,331	-104,548	387,428



Commercial Market Trends



Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
2H 2014	11.6%	16.3%	11.1%	11.8%	15.5%	14.3%	9.6%	13.8%
1H 2015	26.2%	14.4%	9.0%	11.4%	15.8%	11.1%	8.7%	12.7%
2H 2015	26.2%	14.1%	7.5%	13.6%	17.0%	10.6%	7.6%	12.6%

Medical Office

2H 2014	0.0%	6.5%	12.9%	7.4%	21.3%	2.3%	16.7%	12.5%
1H 2015	0.0%	2.5%	10.9%	7.4%	21.3%	2.3%	16.7%	10.3%
2H 2015	0.0%	5.2%	11.3%	7.4%	21.3%	2.3%	16.7%	10.5%

Office/Retail

2H 2014	9.5%	12.5%	8.5%	1.5%	16.0%	3.0%	16.1%	11.5%
1H 2015	11.6%	11.7%	9.4%	0.0%	17.1%	3.7%	14.1%	11.8%
2H 2015	10.8%	18.4%	10.4%	0.0%	16.0%	4.4%	12.3%	13.0%

Office/Warehouse

2H 2014	--	11.4%	3.9%	26.4%	11.5%	0.0%	4.8%	8.1%
1H 2015	--	9.4%	0.0%	26.4%	10.3%	0.0%	7.2%	8.2%
2H 2015	--	7.2%	0.0%	36.8%	7.8%	31.2%	6.5%	8.4%

Retail

2H 2014	0.0%	16.0%	5.6%	15.4%	6.1%	4.5%	10.7%	7.3%
1H 2015	0.0%	16.9%	5.4%	55.2%	9.6%	6.5%	9.6%	9.0%
2H 2015	20.2%	16.0%	5.8%	57.0%	9.7%	9.1%	12.5%	9.8%

Retail/Warehouse

2H 2014	--	4.4%	6.1%	0.0%	4.0%	0.0%	7.9%	5.5%
1H 2015	--	1.4%	17.2%	0.0%	13.0%	0.0%	16.2%	11.0%
2H 2015	--	0.0%	0.0%	0.0%	6.7%	0.0%	10.0%	5.3%

Warehouse

2H 2014	0.0%	12.6%	3.8%	43.7%	18.1%	8.3%	11.8%	16.4%
1H 2015	0.0%	17.3%	2.3%	32.8%	17.7%	8.2%	4.2%	13.1%
2H 2015	35.1%	4.6%	3.3%	39.1%	11.1%	8.2%	7.4%	11.5%

Commercial Market Trends

Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
2H 2014	3,300	-57,709	32,692	-1,140	79,679	0	29,706	86,528
1H 2015	-3,332	56,953	60,211	1,490	7,936	2,000	1,212	126,470
2H 2015	0	16,130	36,031	-7,200	-91,562	0	7,609	-38,992

Medical Office

2H 2014	0	2,850	9,568	0	806	0	9,453	22,677
1H 2015	0	10,934	17,826	3,700	6,697	2,000	1,584	42,741
2H 2015	0	-7,462	-4,901	-3,250	-3,421	0	11,250	-7,784

Office/Retail

2H 2014	-8,428	1,775	20,764	900	24,426	8,700	-7,177	40,960
1H 2015	-6,015	5,166	-12,475	1,000	-9,426	-1,000	10,111	-12,639
2H 2015	-2,712	-62,192	10,526	0	-1,330	-1,100	12,116	-44,692

Office/Warehouse

2H 2014	--	-10,831	0	5,475	8,840	0	16,900	20,384
1H 2015	--	18,068	6,000	0	5,500	0	-26,300	3,268
2H 2015	--	38,713	0	0	12,150	-37,007	11,000	24,856

Retail

2H 2014	0	-29,595	38,318	850	37,376	3,200	48,632	98,781
1H 2015	0	-2,502	6,951	-50,000	-94,316	400	11,662	-127,805
2H 2015	0	8,301	-4,571	-2,225	-8,492	-4,800	35,044	23,257

Retail/Warehouse

2H 2014	--	-2,067	11,355	0	-3,900	0	14,000	19,388
1H 2015	--	7,067	-12,705	0	-7,600	0	-22,000	-35,238
2H 2015	--	3,300	0	0	12,011	0	26,100	41,411

Warehouse

2H 2014	0	30,731	-8,000	-195,355	1,254	116,133	45,900	-9,337
1H 2015	0	-52,000	16,625	93,400	10,521	0	187,800	256,346
2H 2015	-6,480	85,000	-10,000	-78,066	129,463	0	11,165	131,082

Commercial Market Trends

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
2H 2014	9,442	550,750	320,976	37,849	416,437	17,634	86,172	1,439,260
1H 2015	24,274	500,348	269,375	36,359	429,834	15,634	79,016	1,354,840
2H 2015	24,274	491,707	220,603	43,559	525,794	15,634	71,407	1,392,978

Medical Office

2H 2014	0	17,702	123,519	3,700	58,690	3,300	49,880	256,791
1H 2015	0	6,768	108,693	0	51,993	1,300	48,296	217,050
2H 2015	0	14,230	113,594	3,250	55,414	1,300	37,046	224,834

Office/Retail

2H 2014	27,164	113,327	128,903	1,000	134,256	4,500	81,997	491,147
1H 2015	33,179	105,595	142,813	0	143,682	5,500	71,886	502,655
2H 2015	31,811	167,787	166,804	0	133,012	6,600	63,502	569,516

Office/Warehouse

2H 2014	--	115,781	6,000	24,400	54,189	0	73,435	273,805
1H 2015	--	97,713	0	24,400	48,689	0	110,679	281,481
2H 2015	--	75,720	0	39,600	36,539	37,007	99,679	288,545

Retail

2H 2014	0	93,377	185,936	19,401	165,777	13,924	120,300	598,715
1H 2015	0	106,295	178,985	69,401	264,112	21,322	108,638	748,753
2H 2015	5,320	104,220	197,013	71,626	272,604	31,000	162,604	844,387

Retail/Warehouse

2H 2014	--	10,367	6,957	0	6,000	0	33,300	56,624
1H 2015	--	3,300	19,662	0	23,691	0	68,255	114,908
2H 2015	--	0	0	0	11,680	0	42,155	53,835

Warehouse

2H 2014	0	69,834	38,625	374,355	456,058	27,635	254,404	1,220,911
1H 2015	0	121,834	22,000	280,955	445,537	27,635	91,175	989,136
2H 2015	6,480	36,834	32,000	359,021	280,887	27,635	193,281	936,138

Office

In the second half of 2015, the office properties included in the Skyline Report panel had a vacancy rate of 12.6 percent, a decrease from the 12.7 percent in the first half of 2015. Of the 11,046,079 square feet of Northwest Arkansas properties examined, 1,392,978 square feet were available. From the first half of 2015 to the second half of 2015, 284,296 square feet of new space entered the market, while 245,304 square feet became occupied, netting negative absorption of 38,992 square feet for the Northwest Arkansas office market.

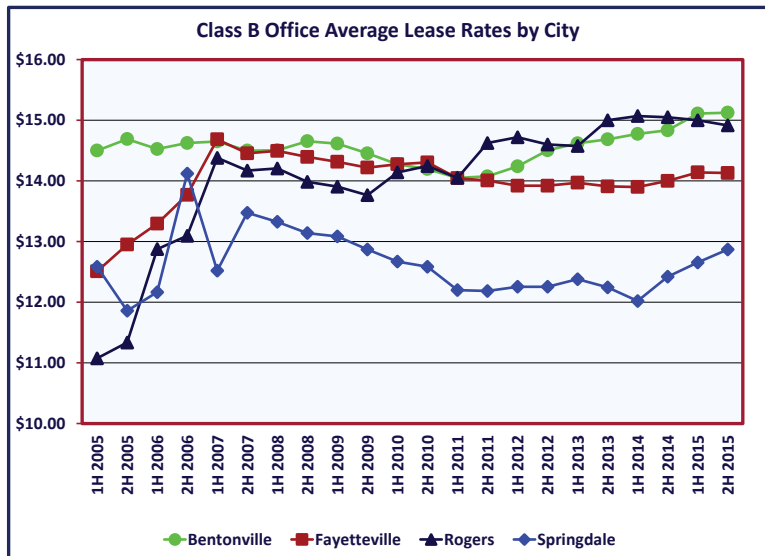
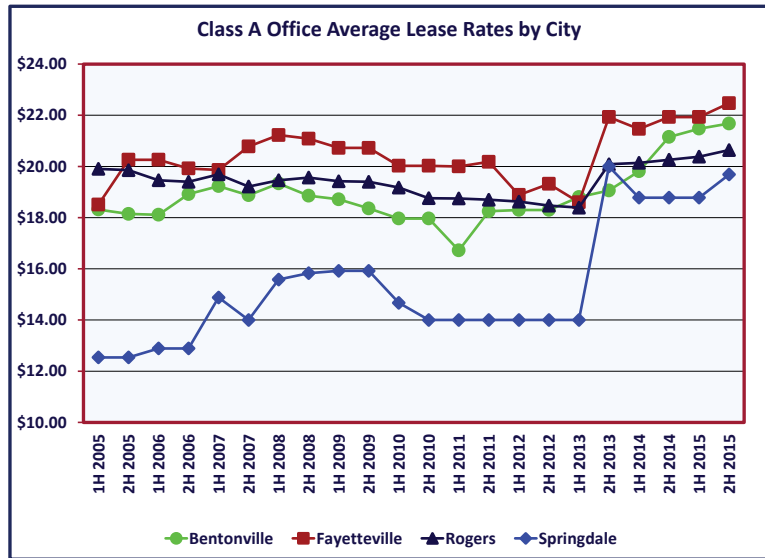
Rogers had 3,093,082 square feet of total office space, with the most available square feet at 525,794, in the second half of 2015. 56.1 percent of the available space was in the Class A submarket. 225,896 square feet of new office space was added during this time, all in the Class A submarket. The Rogers office market had net negative absorption of 91,562 square feet in the second half of 2015, with Class A space accounting for 87,708 square feet of this total.

Bentonville had 491,707 square feet of office space available, out of its total office space of 3,498,350 square feet, in the second half of 2015. 81.7 percent of the available office space was Class B. There was 18,000 new square feet added during this time, all in the Class A submarket. The Bentonville office market had net positive absorption of 16,130 square feet. That included net positive absorption of 28,162 square feet in the Class A submarket, but negative net absorption in the Class B and medical submarkets.

Fayetteville had 220,603 square feet of available space, out of its total office space of 2,954,276 square feet in the second half of 2015. 51.5 percent of the available space was in the medical submarket. No new square feet of office space was added in the second half of 2015. The Fayetteville office market had net positive absorption of 36,031 square feet, with 29,070 square feet coming in the Class B submarket.

Office Lease Rates Average Range by City

	Class A	Class B	Class C	Medical
Bentonville	\$21.25 - \$22.10	\$14.85 - \$15.40	\$10.18 - \$10.32	\$16.23 - \$16.87
Fayetteville	\$20.40 - \$24.54	\$13.92 - \$14.34	\$10.48 - \$10.92	\$15.02 - \$17.03
Rogers	\$19.50 - \$21.78	\$14.69 - \$15.14	\$8.64 - \$9.19	\$13.14 - \$13.43
Springdale	\$19.35 - \$20.02	\$12.21 - \$13.53	\$9.27 - \$9.53	\$13.05 - \$13.68

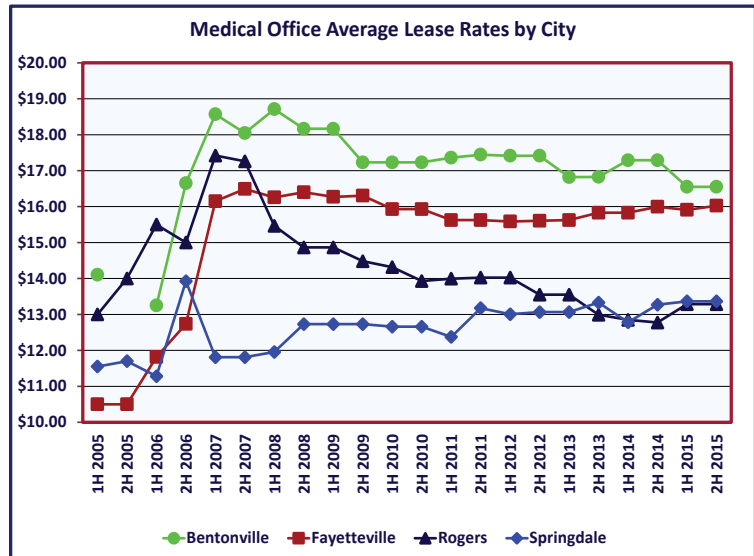
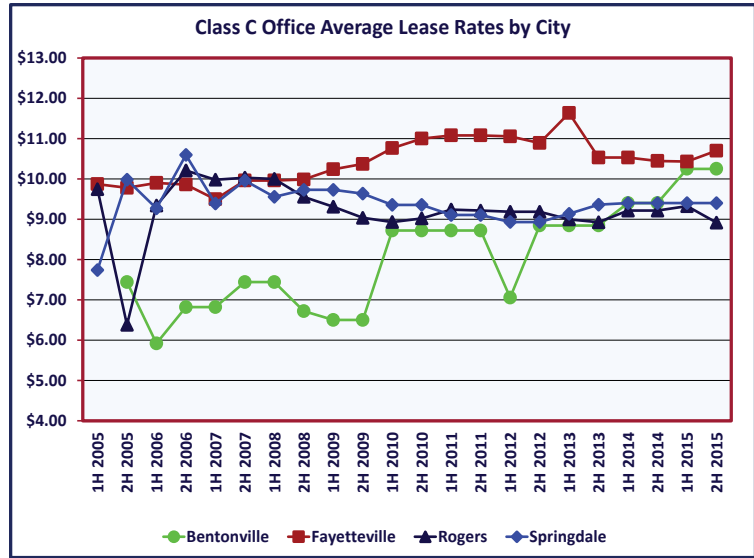


Springdale had 940,364 square feet of total office space, with 71,407 square feet of it available in the second half of 2015. 51.9 percent was medical office space. 30,000 new square feet of Class A office space was added

in the second half of 2015. There was net positive absorption of 7,609 square feet in the Springdale office market in the second half of 2015 with medical space leading the way.

Office

In the second half of 2015, average reported lease rates for Class A office space were highest in Fayetteville at \$22.47 after an increase of \$0.54. Bentonville increased \$0.20 to \$21.68, Rogers increased \$0.26 to \$20.64, and Springdale (with very limited Class A space) increased the most, by \$0.91, to \$19.69. Average reported lease rates for Class B office space were highest in Bentonville at \$15.13. Rogers was at \$14.92, Fayetteville was at \$14.13, and Springdale had the lowest reported average lease rates at \$12.87. Reported average lease rates for Class C office were highest in Fayetteville at \$10.70. Bentonville remained at \$10.25, Springdale remained at \$9.40, and Rogers declined \$0.41 to \$8.92. Reported average medical office space lease rates were highest in Bentonville at \$16.55. Fayetteville was at \$16.03, Springdale increased to \$13.37, and Rogers was the lowest at \$13.29.



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	521,739	41,052	7.9%	28,162	0	28,162	8.7
Fayetteville	409,222	28,474	7.0%	6,135	0	6,135	28
Rogers	1,657,673	295,027	17.8%	138,188	225,896	-87,708	--
Springdale	95,501	0	0.0%	30,000	30,000	0	--
Class B							
Bentonville	2,600,755	401,799	15.4%	13,430	18,000	-4,570	--
Fayetteville	1,281,613	66,906	5.2%	29,070	0	29,070	13.8
Rogers	738,191	83,051	11.3%	2,847	0	2,847	175.0
Springdale	399,175	27,561	6.9%	-6,489	0	-6,489	--
Class C							
Bentonville	101,838	34,626	34.0%	0	0	0	--
Fayetteville	258,762	11,629	4.5%	5,727	0	5,727	12.2
Rogers	350,465	92,302	26.3%	-3,280	0	-3,280	--
Springdale	143,055	6,800	4.8%	2,848	0	2,848	14.3
Medical							
Medical Office							
Bentonville	274,018	14,230	5.2%	-7,462	0	-7,462	--
Fayetteville	1,004,679	113,594	11.3%	-4,901	0	-4,901	--
Rogers	346,753	55,414	16.0%	-3,421	0	-3,421	--
Springdale	302,633	37,046	12.2%	11,250	0	11,250	19.8

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents



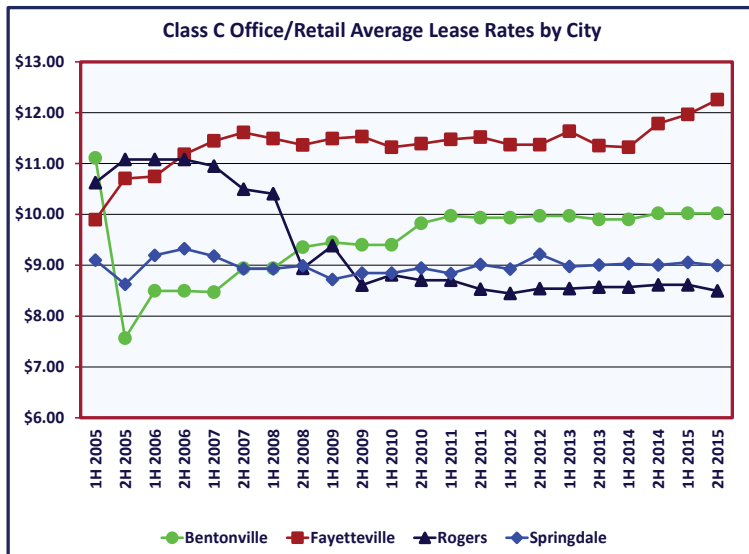
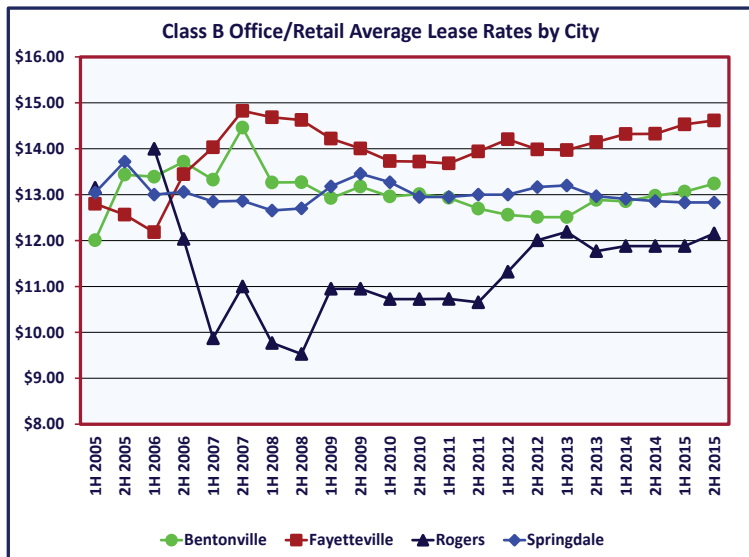
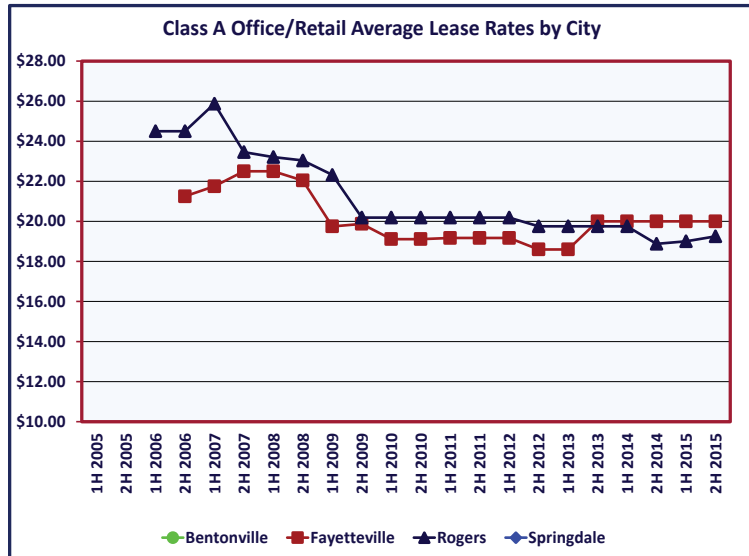
Office/Retail

In the second half of 2015, the office/retail properties included in the Skyline Report sample had a vacancy rate of 13.0 percent, an increase from 11.8 percent in the first half of 2015. Of the almost 4.4 million square feet of Northwest Arkansas properties examined, 569,516 square feet was available.

From the first half of 2015 to the second half of 2015, no new office/retail space was added in Northwest Arkansas. There was net negative absorption of 44,692 square feet in the second half of 2015. Springdale had the most positive net absorption with 12,116 square feet, while Bentonville had the most negative net absorption with 62,192 square feet.

Bentonville had the largest amount of available square feet in the office/retail submarket with 167,787 square feet available in the second half of 2015, while Fayetteville was close behind with 166,804 square feet available. Vacancy rates were highest in Bentonville at 18.4 percent while the vacancy rate in Fayetteville was 10.4 percent.

The office/retail space reported average lease rates in the second half of 2015 were highest in the Fayetteville Class A submarket at \$20.00. The average Class A lease rate in Rogers was \$19.26. In the Class B submarket, Fayetteville was the most expensive at \$14.62, followed by Bentonville at \$13.24, Springdale at \$12.83, and Rogers increasing \$0.28 to \$12.16. In the Class C submarket the average lease rate was highest in Fayetteville at \$12.26, in Bentonville it was \$10.02, in Springdale it was \$9.00, and Rogers was the least expensive at \$8.50.



Office/Retail

Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	--	\$12.38 - \$14.10	\$9.52 - \$10.52
Fayetteville	\$20.00 - \$20.00	\$13.77 - \$15.46	\$11.61 - \$12.90
Rogers	\$18.63 - \$19.88	\$11.82 - \$12.49	\$7.58 - \$9.41
Springdale	--	\$12.21 - \$13.45	\$8.55 - \$9.44



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	--	--	--	--	--	--	--
Fayetteville	69,307	3,300	4.8%	0	0	0	--
Rogers	133,127	29,875	22.4%	-1,500	0	-1,500	--
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	830,464	165,237	0	-59,642	0	-59,642	--
Fayetteville	1,139,672	119,299	0	16,759	0	16,759	42.7
Rogers	372,486	68,909	0	-3,710	0	-3,710	--
Springdale	243,647	47,070	0	-4,439	0	-4,439	--
Class C							
Bentonville	82,234	2,550	3.1%	-2,550	0	-2,550	--
Fayetteville	400,425	44,205	11.0%	-6,233	0	-6,233	--
Rogers	324,267	34,228	10.6%	3,880	0	3,880	52.9
Springdale	270,629	16,432	6.1%	16,555	0	16,555	6.0

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Retail

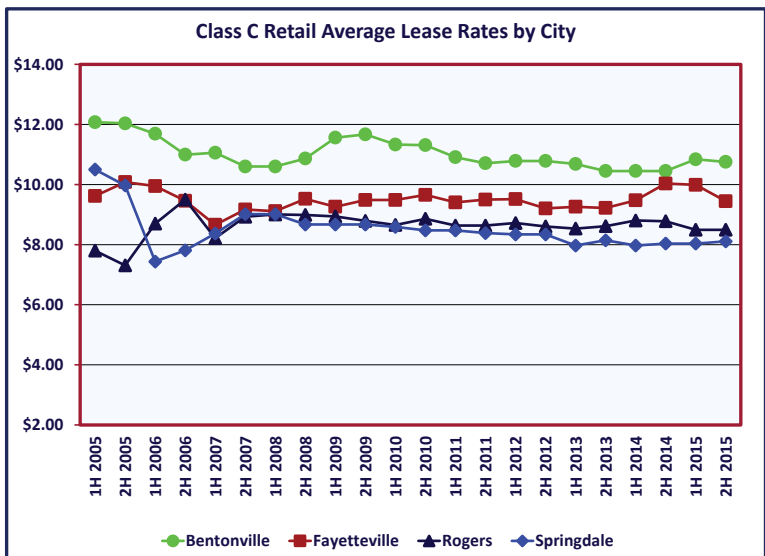
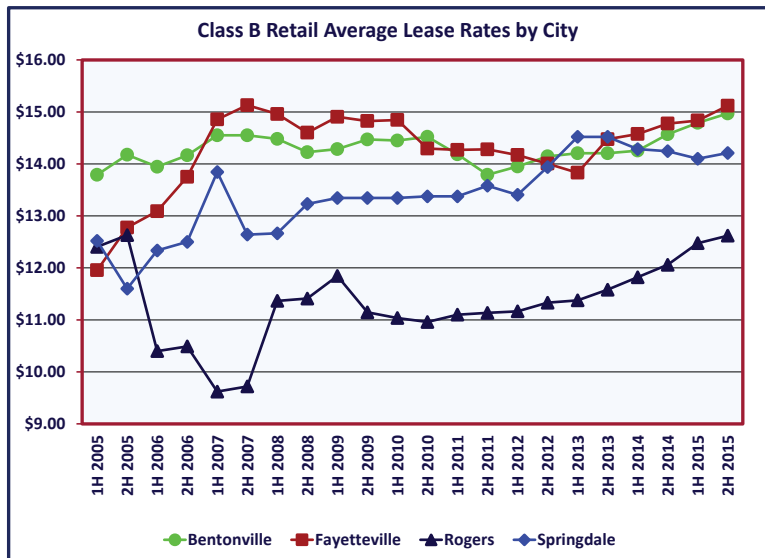
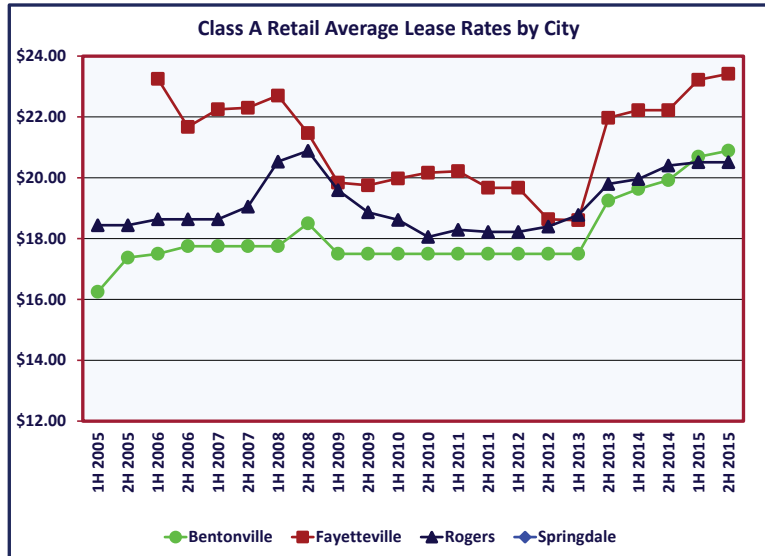
In the second half of 2015, the retail properties included in the Skyline Report panel had a vacancy rate of 9.8 percent, up from 9.0 percent in the first half of 2015. A few large retail buildings being vacated contributed substantially to this increase. Of the more than 8.6 million square feet of Northwest Arkansas retail properties examined, 844,387 square feet were available. 82,715 square feet of new retail space were added in Northwest Arkansas. There was positive net absorption of 23,257 square feet in the second half of 2015.

Bentonville had 652,924 total square feet and 104,220 available square feet of retail space in the second half of 2015, resulting in a vacancy rate of 16. percent. This represented a decrease from the rate of 16.9 percent in the first half of 2015. No square feet of new retail space was added to the Bentonville market. The decreased vacancy rate resulted from net absorption of 8,301 square feet.

In the second half of 2015, Fayetteville had a retail vacancy rate of 5.8 percent, up from 5.4 percent in the first half of 2015, with 197,013 available square feet out of a total of 3,369,576. 4,715 new square feet were added and there was reported net negative absorption of 4,571 square feet in the Fayetteville retail market in the second half of 2015.

The Rogers market had 272,604 square feet of available retail space out of a total of 2,821,286 square feet for a vacancy rate of 9.7 percent in the second half of 2015. This was an increase from the 9.6 percent rate in the first half of 2015. 78,000 square feet of new retail space were added in Rogers, however, contributing to negative net absorption of 8,492 square feet in the second half of 2015.

There were 162,604 square feet of available retail space out of a total of 1,302,685 square feet in Springdale in the second half of 2015. This implied a vacancy rate of 12.5 percent, up from 9.6 percent in the first half of 2015. No square feet of new retail space were added during the second half of 2015 while there was net positive absorption of 35,044 square feet.



Retail

In the Class A retail submarket, Fayetteville had the highest average reported lease rates with an increase of \$0.20 to \$23.42. The average rate in Bentonville increased \$0.20 to \$20.89, and the rate in Rogers stayed at \$20.51. Class B retail average lease rates were highest in Fayetteville at \$15.12. Bentonville was next at \$14.97, Springdale was at \$14.21, and Rogers was the lowest at \$12.62, after increasing \$0.15. Class C average reported lease rates remained the highest in Bentonville at \$10.76. Fayetteville was at \$9.45, Rogers was at \$8.50, and Springdale was at \$8.11 in the second half of 2015.

Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	\$19.22 - \$22.56	\$14.75 - \$15.19	\$10.64 - \$10.87
Fayetteville	\$22.61 - \$24.22	\$14.62 - \$15.62	\$9.18 - \$9.71
Rogers	\$19.79 - \$21.23	\$12.14 - \$13.10	\$8.29 - \$8.70
Springdale	--	\$13.94 - \$14.48	\$7.91 - \$8.61



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	156,790	52,625	33.6%	12,827	0	12,827	24.6
Fayetteville	1,856,347	57,762	3.1%	9,185	4,715	4,470	--
Rogers	1,746,552	105,781	6.1%	62,623	78,000	-15,377	--
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	339,510	29,959	8.8%	-1,816	0	-1,816	--
Fayetteville	1,146,238	62,249	5.4%	27,088	0	27,088	13.8
Rogers	656,234	116,607	17.8%	-851	0	-851	--
Springdale	816,248	60,232	7.4%	35,506	0	35,506	10.2
Class C							
Bentonville	156,624	21,636	13.8%	-2,710	0	-2,710	--
Fayetteville	366,991	77,002	21.0%	-36,129	0	-36,129	--
Rogers	418,500	50,216	12.0%	7,736	0	7,736	38.9
Springdale	486,437	102,372	21.0%	-462	0	-462	--

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Other Categories

Warehouse

In the second half of 2015, the warehouse properties included in the Skyline Report panel had a vacancy rate of 11.5 percent, down from 13.1 percent in the first half of 2015. Of the 8,172,805 square feet of warehouse space examined, 936,138 square feet was available. 183,300 new square feet of warehouse space, 99,000 square feet of it in Bentonville, was added in the second half of 2015, but there was still positive net absorption of 131,082 square feet.

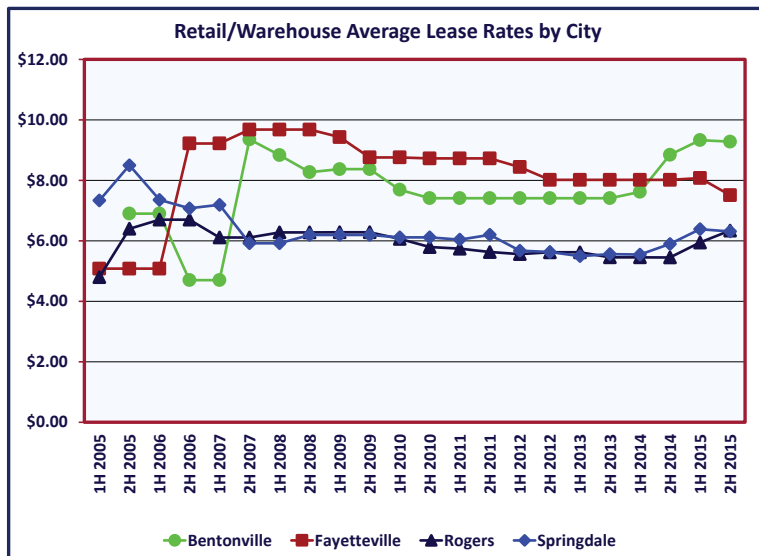
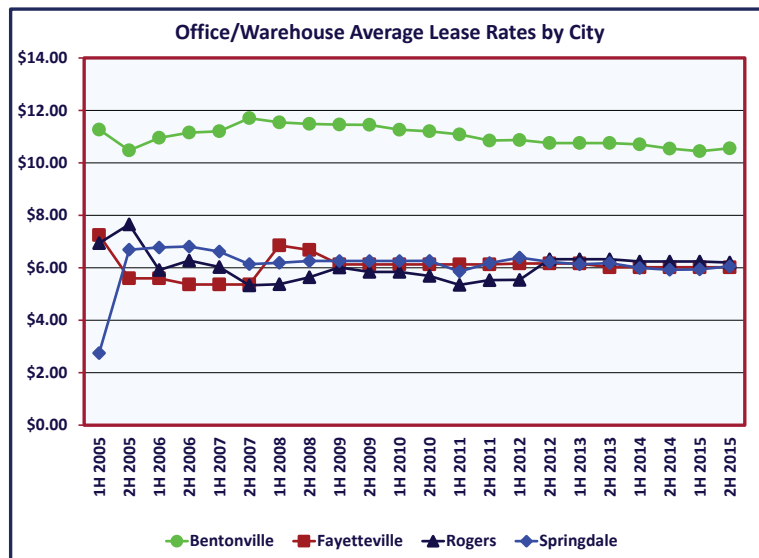
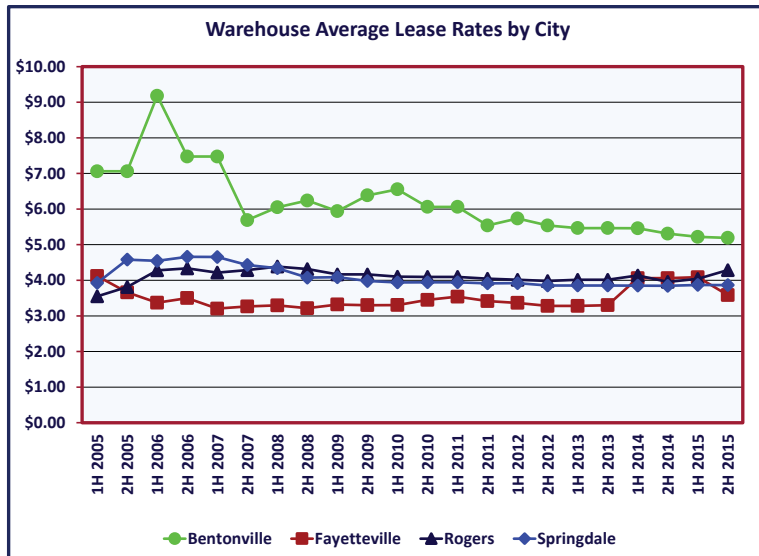
The majority of available warehouse space was split between Lowell with 359,021 square feet and Rogers with 280,887 square feet. Rogers had the greatest net positive absorption with 129,463 square feet, followed by Bentonville with 85,000 square feet. However, with 60,000 square feet of new warehouse space, Lowell had negative net absorption of 78,066 square feet. Reported warehouse vacancy rates declined significantly in Bentonville and Rogers, increased moderately in Lowell and Springdale, and were relatively flat in all other cities.

The average reported warehouse lease rates increased by \$0.25 in Rogers and decreased by \$0.50 in Fayetteville. Bentonville continued to have the highest reported lease rate at \$5.19 in the second half of 2015.

Office/Warehouse

The Skyline Report panelists reported on 3,439,983 square feet of office/warehouse space, with 288,545 total square feet available in the second half of 2015. The vacancy rate in the office/warehouse submarket increased from 8.1 percent in the first half of 2015 to 8.4 percent in the second half of 2015. No new square feet of office/warehouse space entered the market in Northwest Arkansas during the second half of 2015.

The office/warehouse submarket in Northwest Arkansas experienced positive net absorption of 24,856 square feet during the second half of 2015.



Other Categories

Springdale and Bentonville with 99,679 square feet and 75,720 square feet, respectively, had the bulk of the available office/warehouse space in Northwest Arkansas.

Average reported office/warehouse lease rates remained relatively stable in Northwest Arkansas in the second half of 2015, with Bentonville continuing to have the highest reported average lease rate at \$10.56, while Fayetteville, Rogers, and Springdale were in the low \$6.00 range.

Retail/Warehouse

The Skyline Report panelists reported on 1,016,888 square feet of retail/warehouse space in the second half of 2015. A total of 53,835 square feet was available in Northwest Arkansas. No new square feet entered the market during this time. The vacancy rate in the retail/warehouse submarket decreased from 11.0 percent in the first half of 2015 to 5.3 percent in the second half of 2015.

From the first half of 2015 to the second half of 2015, there was positive net absorption of 41,411 square feet of retail/warehouse

space in Northwest Arkansas. Springdale experienced the greatest amount net positive absorption with 26,100 square feet during the second half of 2015. Springdale had the majority of the available retail/warehouse space with 42,155 square feet.

Bentonville continued to have the highest average lease rate in this market at \$9.28. Reported retail/warehouse average lease rates decreased significantly in Fayetteville by \$0.57 to \$7.51. Average lease rates in Rogers also increased significantly by \$0.40 to \$6.34 in the second half of 2015.

Other Lease Rates Average Range by City

	Warehouse	Office/Warehouse	Retail/Warehouse
Bentonville	\$4.98 - \$5.40	\$10.07 - \$11.04	\$8.96 - \$9.70
Fayetteville	\$3.34 - \$3.83	\$5.69 - \$6.35	\$6.87 - \$8.15
Rogers	\$4.21 - \$4.36	\$6.04 - \$6.36	\$5.85 - \$6.03
Springdale	\$3.68 - \$4.05	\$5.44 - \$6.67	\$6.02 - \$6.60

Other Space Characteristics by Class and City

Warehouse	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption ²	New Available Square Feet ¹	Net Absorption	Months of Inventory
Bentonville	800,557	36,834	4.6%	184,000	99,000	85,000	2.6
Fayetteville	960,921	32,000	3.3%	-10,000	0	-10,000	--
Rogers	2,523,987	280,887	11.1%	153,763	24,300	129,463	13.0
Springdale	2,612,965	193,281	7.4%	11,165	0	11,165	103.9

Office/Warehouse

Bentonville	1,056,128	75,720	7.2%	38,713	0	38,713	11.7
Fayetteville	152,072	0	0.0%	0	0	0	--
Rogers	470,562	36,539	7.8%	12,150	0	12,150	18.0
Springdale	1,535,221	99,679	6.5%	11,000	0	11,000	54.4

Retail/Warehouse

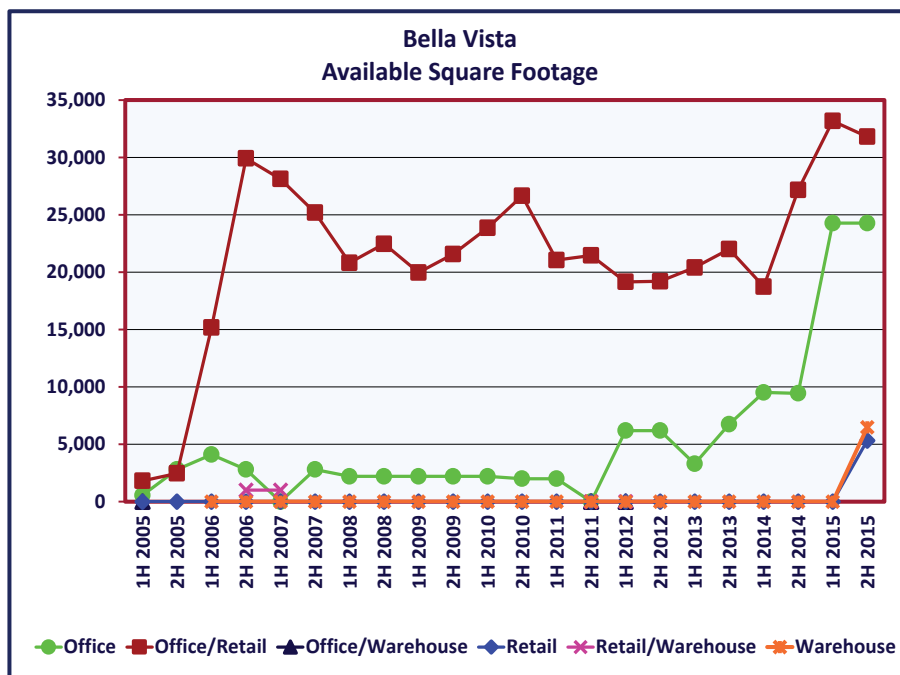
Bentonville	230,226	0	0.0%	3,300	0	3,300	0.0
Fayetteville	86,940	0	0.0%	0	0	0	--
Rogers	174,115	11,680	6.7%	12,011	0	12,011	5.8
Springdale	421,019	42,155	10.0%	26,100	0	26,100	9.7

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Bella Vista

- From July 1 to December 31, 2015, no commercial building permits were issued in Bella Vista.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 432,403 square feet of commercial space in Bella Vista in the second half of 2015.
- In the second half of 2015, Bella Vista experienced negative net absorption of 9,192 square feet, 6,480 square feet of it in the warehouse submarket.
- There was no space added to the Bella Vista commercial market in the second half of 2015.
- Reported average lease rates in Bella Vista in the second half of 2015 decreased by approximately \$1.68 in the Class B office submarket and remained relatively consistent with the rates in the first half of 2015 in the other submarkets.



Bella Vista Commercial Real Estate Market Summary Statistics

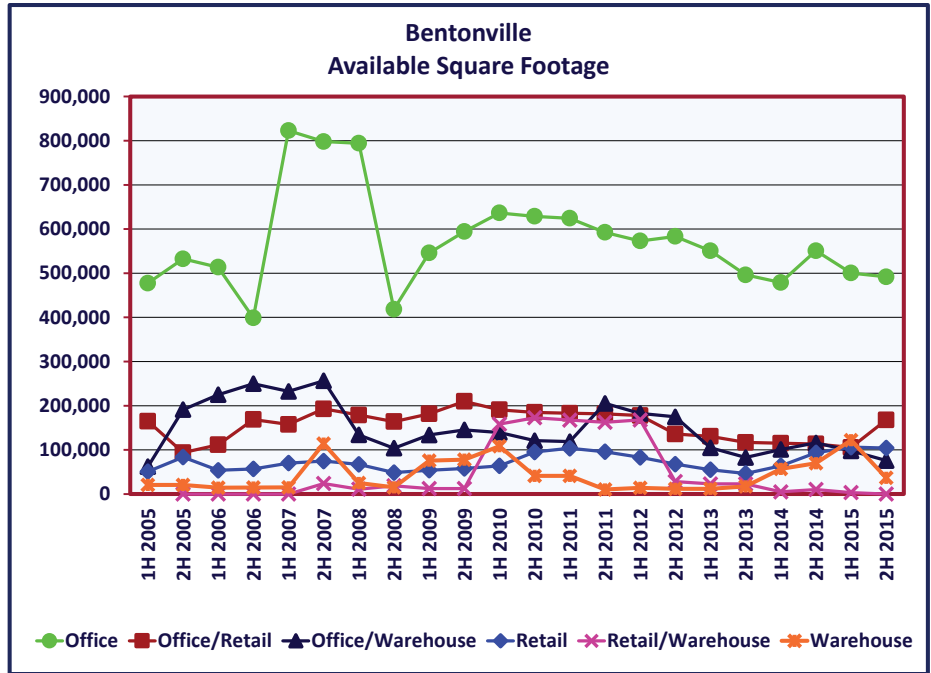
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Industrial	--	--	--	--	--	--	--	--
Office	\$10.98 - \$13.02	92,669	24,274	26.2%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$11.43 - \$14.80	64,025	9,514	14.9%	0	0	0	--
Class C	\$10.33 - \$11.50	20,540	14,760	71.9%	0	0	0	--
Medical	\$12.00 - \$14.00	8,104	0	0.0%	0	0	0	--
Office/Retail	\$10.16 - \$13.10	294,928	31,811	10.8%	-2,712	0	-2,712	--
Class A	--	--	--	--	--	--	--	--
Class B	\$10.16 - \$13.10	284,344	29,781	10.5%	-3,582	0	-3,582	--
Class C	--	10,584	2,030	19.2%	870	0	870	14.0
Office/Warehouse	--	--	--	--	--	--	--	--
Retail	\$3.46 - \$3.46	26,320	5,320	20.2%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	--
Class C	--	5,320	5,320	--	0	0	0	--
Retail/Warehouse	--	--	--	--	--	--	--	--
Warehouse	\$1.00 - \$2.70	18,486	6,480	35.1%	-6,480	0	-6,480	--

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Bentonville

- From July 1 to December 31, 2015, Bentonville issued \$35,900,580 worth of building permits for new commercial space. The second half of 2015 value was 19.5 percent lower than the second half of 2014 value of \$44,590,848. Bentonville accounted for 31.8 percent of the commercial permits issued in Northwest Arkansas during the second half of 2015.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 7,167,223 square feet of commercial space in Bentonville in the second half of 2015.
- In the second half of 2015, Bentonville experienced absorption of 206,252 square feet, while 117,000 new square feet was added, with warehouse space accounting for 99,000 square feet and the office market the other 18,000 square feet, leading to positive net absorption of 89,252 square feet.
- The warehouse market had the greatest amount of positive net absorption with 85,000 square feet, with the office/



warehouse adding an additional 38,713 square feet. However, the office/retail market had significant net negative absorption of 62,192 square feet in the second half of 2015.

- Reported vacancy rates from the first half of 2015 to the second half of 2015

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

Bentonville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Net Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Industrial	\$4.50 - \$4.50	16,340	0	0.0%	0	0	0	--
Office	\$15.14 - \$15.72	3,498,350	491,707	14.1%	34,130	18,000	16,130	182.9
Class A	\$21.25 - \$22.10	521,739	41,052	7.9%	28,162	0	28,162	8.7
Class B	\$14.85 - \$15.40	2,600,755	401,799	15.4%	13,430	18,000	-4,570	--
Class C	\$10.18 - \$10.32	101,838	34,626	34.0%	0	0	0	--
Medical	\$16.23 - \$16.87	274,018	14,230	5.2%	-7,462	0	-7,462	--
Office/Retail	\$11.91 - \$13.51	912,698	167,787	18.4%	-62,192	0	-62,192	--
Class A	--	--	--	--	--	--	--	--
Class B	\$12.38 - \$14.10	830,464	165,237	19.9%	-59,642	0	-59,642	--
Class C	\$9.52 - \$10.52	82,234	2,550	3.1%	-2,550	0	-2,550	--
Office/Warehouse	\$10.07 - \$11.04	1,056,128	75,720	7.2%	38,713	0	38,713	11.7
Retail	\$14.75 - \$15.72	652,924	104,220	16.0%	8,301	0	8,301	75.3
Class A	\$19.22 - \$22.56	156,790	52,625	33.6%	12,827	0	12,827	24.6
Class B	\$14.75 - \$15.19	339,510	29,959	8.8%	-1,816	0	-1,816	--
Class C	\$10.64 - \$10.87	156,624	21,636	13.8%	-2,710	0	-2,710	--
Retail/Warehouse	\$8.96 - \$9.70	230,226	0	0.0%	3,300	0	3,300	0.0
Warehouse	\$4.98 - \$5.40	800,557	36,834	4.6%	184,000	99,000	85,000	2.6

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Bentonville

- Average reported lease rates remained relatively stable during this period.

Downtown Bentonville

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 219,657 square feet of office, office/retail, and retail space in Downtown Bentonville in the second half of 2015.
- There was positive net absorption of 218 square feet in Downtown Bentonville during the second half of 2015, even as the area added 18,000 new square feet of office space.

- Office space in Downtown Bentonville had a reported vacancy rate of 5.5 percent in the second half of 2015, up from 2.1 percent in the first half of 2015.
- The office/retail vacancy rate in Downtown Bentonville increased to 12.6 percent in the second half of 2015, up from 0.0 percent in the first half of 2015.
- The reported retail vacancy rate for Downtown Bentonville properties decreased all the way to 1.0 percent from 20.3 percent in the first half of 2015, as 10,850 square feet of positive net absorption occurred in the second half of 2015.

- Average reported office/retail lease rates increased significantly, while office rates increased modestly, and retail lease rates remained the same for Downtown Bentonville in the second half of 2015.



Downtown Bentonville Summary Statistics

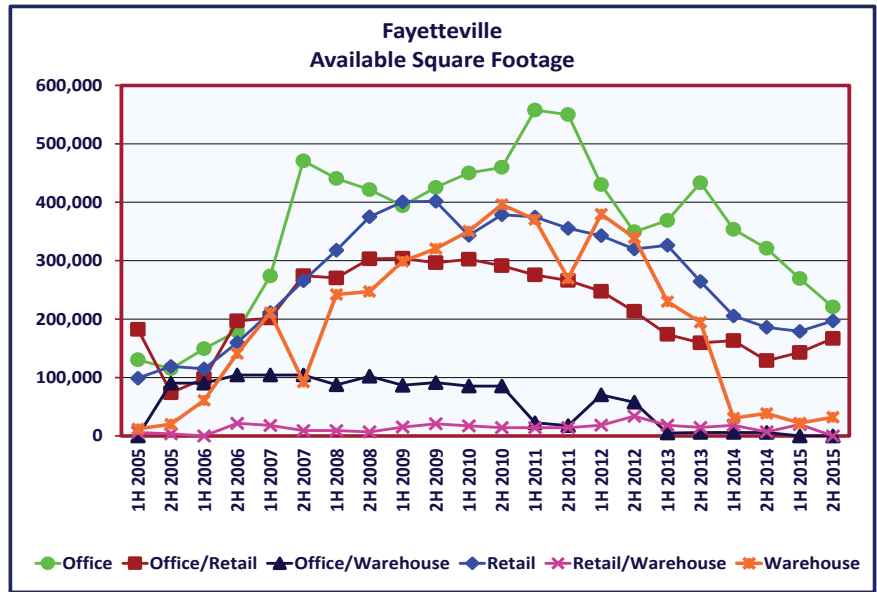
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$15.47 - \$16.57	99,057	5,470	5.5%	14,530	18,000	-3,470	--
Office/Retail	\$11.65 - \$16.65	56,877	7,162	12.6%	-7,162	0	-7,162	--
Retail	\$15.11 - \$17.54	63,723	650	1.0%	10,850	0	10,850	0.4

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Fayetteville

- From July 1 to December 31, 2015, Fayetteville issued building permits for \$17,896,238 worth of new commercial space. The second half of 2015 value was 49.5 percent lower than the second half of 2014 value of \$35,460,764. Fayetteville accounted for 15.9 percent of the commercial permits issued in Northwest Arkansas during the second half of 2015.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 9,887,292 square feet of commercial space in Fayetteville in the second half of 2015.
- In the second half of 2015, Fayetteville experienced positive net absorption of 33,986 square feet. The office submarket had the greatest amount of net positive absorption at 36,031 square feet, followed by the office/retail submarket



at 10,526 square feet. The retail and warehouse submarkets experienced negative net absorption of 4,451 and 10,000 square feet, respectively.

- 4,175 square feet of new retail space were added to the Fayetteville market in the second half of 2015.
- Observed vacancy rates in Fayetteville from the first half of 2015 to the second half of 2015 decreased for office and retail/warehouse space. Vacancy

Fayetteville 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	\$20.63 - \$21.63	75,603	28,000	37.0%	2,000	0	2,000	84.0
Industrial	\$2.73 - \$2.88	678,500	0	0.0%	0	0	0	--
Office	\$13.93 - \$14.96	2,954,276	220,603	7.5%	36,031	0	36,031	36.7
Class A	\$20.40 - \$24.54	409,222	28,474	7.0%	6,135	0	6,135	27.8
Class B	\$13.92 - \$14.34	1,281,613	66,906	5.2%	29,070	0	29,070	13.8
Class C	\$10.48 - \$10.92	258,762	11,629	4.5%	5,727	0	5,727	12.2
Medical	\$15.02 - \$17.03	1,004,679	113,594	11.3%	-4,901	0	-4,901	--
Office/Retail	\$13.18 - \$14.65	1,609,404	166,804	10.4%	10,526	0	10,526	95.1
Class A	\$20.00 - \$20.00	69,307	3,300	4.8%	0	0	0	--
Class B	\$13.77 - \$15.46	1,139,672	119,299	10.5%	16,759	0	16,759	42.7
Class C	\$11.61 - \$12.90	400,425	44,205	11.0%	-6,233	0	-6,233	--
Office/Warehouse	\$5.69 - \$6.35	152,072	0	0.0%	0	0	0	--
Retail	\$13.42 - \$14.31	3,369,576	197,013	5.8%	144	4,715	-4,571	--
Class A	\$22.61 - \$24.22	1,856,347	57,762	3.1%	9,185	4,715	4,470	77.5
Class B	\$14.62 - \$15.62	1,146,238	62,249	5.4%	27,088	0	27,088	13.8
Class C	\$9.18 - \$9.71	366,991	77,002	21.0%	-36,129	0	-36,129	--
Retail/Warehouse	\$6.87 - \$8.15	86,940	0	0.0%	0	0	0	--
Warehouse	\$3.34 - \$3.83	960,921	32,000	3.3%	-10,000	0	-10,000	--

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Fayetteville

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

- The Fayetteville Class C retail submarket, retail/warehouse, and warehouse submarkets had significant average lease rate decreases of \$0.54, \$0.57, and \$0.50, respectively, while all other lease rates were relatively stable from the first half of 2015 to the second half of 2015.

Downtown Fayetteville/Dickson Street Area

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 972,329 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street area in the second half of 2015.
- There was positive net absorption of 4,487 square feet in the downtown Fayetteville area in the second half of 2015.
- There was no new space added in downtown Fayetteville during the second half of 2015.
- The office space in downtown Fayetteville had a reported vacancy rate of 1.0 percent in the second half of 2015, down 5.1 percentage points from the first half of 2015 in accordance with

positive net absorption of 10,071 square feet. This was lower than the overall Fayetteville office vacancy rate of 7.5 percent.

- The office/retail vacancy rate for downtown Fayetteville properties increased 3.6 percentage points to 6.1 percent, in accordance with negative net absorption of 3,220 square feet. This compares to 10.4 percent in the same submarket for all of Fayetteville during the second half of 2015.
- The downtown Fayetteville retail vacancy rate decreased 1.8 percentage points to 11.7 percent, with negative net absorption of 2,364 square feet, and stayed higher than the overall Fayetteville retail vacancy rate of 5.8 percent in the second half of 2015.
- Average reported lease rates in downtown Fayetteville increased significantly by \$1.78 in the retail submarket while the others remained relatively unchanged during the past six months.

Northwest Arkansas Mall Area/Joyce Street Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 3,902,028 square feet of office, office/retail, and retail space in the Northwest Arkansas Mall Area/Joyce Street Corridor in the second half of 2015.

- There was positive net absorption of 53,624 square feet of space during the second half of 2015 in the Northwest Arkansas Mall Area/Joyce Street Corridor, with office space accounting for 27,006 square feet and retail accounting for another 26,888 square feet of this total.
- There were no new square feet of commercial space added to the north Fayetteville commercial market in the second half of 2015.
- The office space in north Fayetteville had a reported vacancy rate of 7.3 percent in the second half of 2015. This was lower than the first half of 2015 vacancy rate of 9.1 percent and was just lower than the 7.5 percent vacancy rate for all of Fayetteville.



Fayetteville Downtown/Dickson Street Area Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$13.65 - \$15.30	404,548	4,025	1.0%	10,071	0	10,071	2.4
Office/Retail	\$14.47 - \$16.21	462,982	28,225	6.1%	-3,220	0	-3,220	--
Retail	\$13.06 - \$14.56	104,799	12,293	11.7%	-2,364	0	-2,364	--

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Fayetteville

- In the second half of 2015, the office/retail vacancy rate in north Fayetteville increased by 0.4 percentage points to 6.8 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 3.6 percent in the second half of 2015, a decrease of 1.2 percent from the first half of 2015, and lower than the overall Fayetteville rate of 5.8 percent.
 - Average reported lease rates in the Mall Area/Joyce Street Corridor remained relatively unchanged in the second half of 2015.
- Martin Luther King, Jr. Boulevard Corridor**
- In the second half of 2015, Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 427,313 square feet of office, office/retail, and retail space in the MLK Boulevard Corridor.
 - There were 4,715 new retail space added to southwest Fayetteville in the second six months of 2015.
 - The MLK Boulevard Corridor of Fayetteville experienced net negative absorption of 57,444 square feet of space, with retail space accounting for 49,609 square feet of this total, in the second half of 2015.
 - Office space in the MLK Boulevard Corridor of Fayetteville had a reported vacancy rate of 10.9 percent in the second half of 2015, a slight increase of 0.2 percent from the first half of 2015. This was higher than the overall office vacancy rate of 7.5 percent for all of Fayetteville.
 - From the first half of 2015 to the second half of 2015, the office/retail vacancy rate increased from 6.3 percent to 9.6 percent in the MLK Boulevard Corridor of Fayetteville, and was lower than the overall city average rate of 10.4 percent.
 - The vacancy rate for retail space in the MLK Boulevard Corridor was 39.4 percent in the second half of 2015 a significant increase from the 10.5 percent in the first half of 2015. The retail vacancy rate for all of Fayetteville was lower at 5.8 percent.

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	\$14.96 - \$15.88	1,541,043	112,537	7.3%	27,006	0	27,006	25.0
Office/Retail	\$16.40 - \$16.53	78,087	5,305	6.8%	-270	0	-270	--
Retail	\$17.79 - \$18.60	2,282,898	83,193	3.6%	26,888	0	26,888	18.6

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Fayetteville MLK Boulevard Corridor Summary Statistics

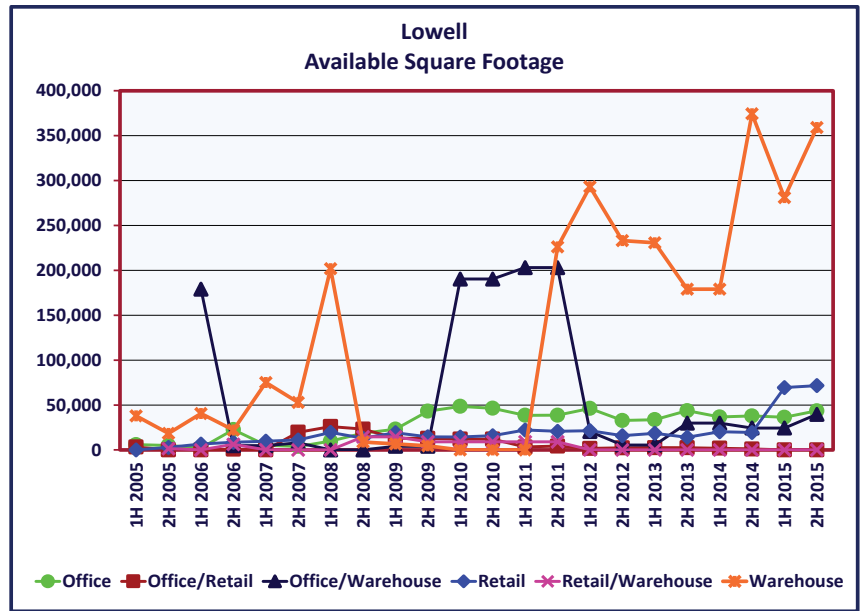
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$10.75 - \$10.75	25,125	2,735	10.9%	-35	0	-35	--
Office/Retail	\$13.90 - \$16.15	235,591	22,700	9.6%	-7,800	0	-7,800	--
Retail	\$12.22 - \$13.07	166,597	65,709	39.4%	-44,894	4,715	-49,609	--

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Lowell

- From July 1 to December 31, 2015, Lowell issued building permits for \$25,862,860 worth of new commercial space. The second half of 2015 value was 1,015.6 percent higher than the second half of 2014 value of \$2,318,330. Lowell accounted for 22.9 percent of building permits issued in Northwest Arkansas in the second half of 2015.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,619,482 square feet of Lowell commercial space in the second half of 2015.
- In the second half of 2015, Lowell had net negative absorption of 87,491 square feet overall. The warehouse submarket had the greatest amount of negative net absorption with 78,066 square feet.
- There were 60,000 square feet of new warehouse space added in Lowell in the second half of 2015.
- Reported vacancy rates decreased in the office/retail submarket and increased in the office, office/warehouse, retail, and warehouse submarkets, while



- remaining the same in medical office, and retail/warehouse submarkets from the first half of 2015 to the second half of 2015.
- Average reported lease rates in Lowell from the first half of 2015 to the second half of 2015 increased by \$0.67 in the medical office submarket, while they remained relatively stable in the others.

Lowell Commercial Real Estate Market Summary Statistics

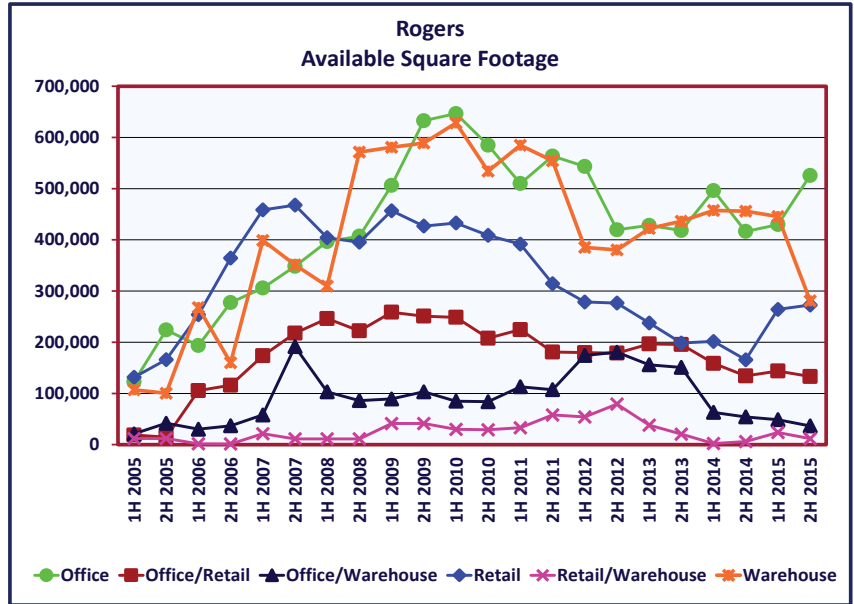
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	New Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Industrial	--	57,180	0	0.0%	0	0	0	--
Office	\$14.73 - \$14.80	319,479	43,559	13.6%	-7,200	0	-7,200	--
Class A	\$18.83 - \$18.83	109,330	20,319	18.6%	0	0	0	--
Class B	\$12.28 - \$12.39	127,550	19,990	15.7%	-3,950	0	-3,950	--
Class C	--	--	--	--	--	--	--	--
Medical	\$18.00 - \$18.00	82,599	3,250	3.9%	-3,250	0	-3,250	--
Office/Retail	\$9.63 - \$10.63	65,470	0	0.0%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$11.67 - \$13.00	48,310	0	0.0%	0	0	0	--
Class C	\$3.50 - \$3.50	17,160	0	0.0%	0	0	0	--
Office/Warehouse	\$5.52 - \$5.86	107,498	39,600	36.8%	0	0	0	--
Retail	\$12.38 - \$15.88	125,762	71,626	57.0%	-2,225	0	-2,225	--
Class A	--	50,000	50,000	100.0%	0	0	0	--
Class B	\$12.38 - \$15.88	75,762	21,626	28.5%	-2,225	0	-2,225	--
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	\$10.19 - \$10.19	26,700	0	0.0%	0	0	0	--
Warehouse	\$3.59 - \$3.59	917,393	359,021	39.1%	-18,066	60,000	-78,066	--

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Rogers

- From July 1 to December 30, 2015, Rogers issued building permits for \$17,119,143 worth of new commercial space. The second half of 2015 value was 71.3 percent lower than the second half of 2014 value of \$59,636,677. Rogers accounted for 15.2 percent of the commercial permits issued in Northwest Arkansas during the second half of 2015.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 10,732,285 square feet of commercial space in the second half of 2015.
- In the second half of 2015, Rogers had overall positive net absorption of 199,040 square feet. The industrial submarket had the greatest amount of positive net absorption of 146,800 square feet, closely followed by the warehouse submarket with 129,463 square feet. The office market had the most negative net absorption with 91,562 square feet.
- In the second half of 2015, 328,196 square feet of new commercial space were added to the Rogers market. This



- included 225,896 square feet of office space, 78,000 square feet of retail space, and 24,300 square feet of warehouse space.
- Reported vacancy rates in the second half of 2015 decreased in the office/retail, office/warehouse, retail/warehouse, and warehouse submarkets, while increasing in the office, retail, and industrial submarkets, and remaining the same in medical office submarket.
- Modest increases in average reported lease rates in Rogers from the first half of 2015 to the second half of 2015

Rogers 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	\$10.00 - \$12.00	9,482	0	0.0%	0	0	0	--
Industrial	\$3.90 - \$3.90	809,891	409,456	50.6%	146,800	0	146,800	16.7
Office	\$14.45 - \$15.29	3,093,082	525,794	17.0%	134,334	225,896	-91,562	--
Class A	\$19.50 - \$21.78	1,657,673	295,027	17.8%	138,188	225,896	-87,708	--
Class B	\$14.69 - \$15.14	738,191	83,051	11.3%	2,847	0	2,847	175.0
Class C	\$8.64 - \$9.19	350,465	92,302	26.3%	-3,280	0	-3,280	--
Medical	\$13.14 - \$13.43	346,753	55,414	16.0%	-3,421	0	-3,421	--
Office/Retail	\$10.42 - \$11.78	829,880	133,012	16.0%	-1,330	0	-1,330	--
Class A	\$18.63 - \$19.88	133,127	29,875	22.4%	-1,500	0	-1,500	--
Class B	\$11.82 - \$12.49	372,486	68,909	18.5%	-3,710	0	-3,710	--
Class C	\$7.58 - \$9.41	324,267	34,228	10.6%	3,880	0	3,880	52.9
Office/Warehouse	\$6.04 - \$6.36	470,562	36,539	7.8%	12,150	0	12,150	18.0
Retail	\$12.58 - \$13.45	2,821,286	272,604	9.7%	69,508	78,000	-8,492	--
Class A	\$19.79 - \$21.23	1,746,552	105,781	6.1%	62,623	78,000	-15,377	--
Class B	\$12.14 - \$13.10	656,234	116,607	17.8%	-851	0	-851	--
Class C	\$8.29 - \$8.70	418,500	50,216	12.0%	7,736	0	7,736	38.9
Retail/Warehouse	\$5.85 - \$6.03	174,115	11,680	6.7%	12,011	0	12,011	5.8
Warehouse	\$4.21 - \$4.36	2,523,987	280,887	11.1%	153,763	24,300	129,463	13.0

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Rogers

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

Downtown Rogers

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 273,930 square feet of office, office/retail, and retail space in Downtown Rogers in the second half of 2015.
- No new commercial space was added to downtown Rogers in the second six months of 2015.
- The office space in Downtown Rogers had negative net absorption of 11,680 square feet, and had a vacancy rate of 34.2 percent in the second half of 2015, the same as in the first half of 2015. The downtown vacancy rate was higher than the overall average office vacancy rate for Rogers, which was 17.0 percent during the same period.
- The office/retail submarket had positive net absorption of 9,500 square feet, leading to a significant decrease in the vacancy rate to 6.0 percent from the first half of 2015 rate of 34.1 percent in the downtown area. This compares to a vacancy rate of 16.0 percent for all of Rogers.
- Downtown Rogers experienced positive net absorption of 3,592 square feet of retail space during the second half of 2015. The average retail vacancy rate

for downtown Rogers properties for the second half of 2015 decreased to 6.3 percent from 9.4 percent in the first half of 2015, and was lower than the 9.7 percent average rate for all of Rogers.

- Average reported lease rates for downtown Rogers showed a modest decrease in the office submarket, while the others remained relatively stable in the second half of 2015.

Rogers Interstate 49 Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 4,271,888 square feet of office, office/retail, and retail space along the Rogers I-49 corridor in the second half of 2015.
- 303,896 feet of new commercial space were added to the Rogers I-49 corridor submarket in the second six months of 2015. This included 225,896 square feet of office space and 78,000 square feet of retail space.
- Office space along the Rogers I-49 corridor experienced negative net absorption of 86,971 square feet during the second half of 2015. The reported average vacancy rate was 14.4 percent in the second half of 2015, higher than

the 11.5 percent rate in the first half of 2015. This was lower than the overall average office vacancy rate for all of Rogers at 17.0 percent.

- Office/retail space along the Rogers I-49 corridor experienced negative net absorption of 1,500 square feet in the second half of 2015. The office/retail submarket had a 17.0 percent vacancy rate, an increase from 15.8 percent reported in the first half of 2015. This compares to a vacancy rate of 16.0 percent for all of Rogers.
- There were 14,513 square feet of negative net absorption in the retail submarket for the Rogers I-49 corridor properties. The average retail vacancy rate for the second half of 2015 was 5.5 percent, an increase from 4.9 percent in the first half of 2015, but lower than the 9.7 percent average rate for all of Rogers.
- Average reported lease rates remained relatively stable in the Rogers I-49 area in the second half of 2015.

Rogers Downtown Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$9.94 - \$10.71	88,816	30,405	34.2%	0	0	0	--
Office/Retail	\$7.83 - \$10.97	66,793	4,000	6.0%	9,500	0	9,500	2.5
Retail	\$8.81 - \$9.32	118,321	7,497	6.3%	3,592	0	3,592	12.5

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Rogers

Rogers I-49 Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$17.97 - \$19.20	2,115,168	303,672	14.4%	138,925	225,896	-86,971	--
Office/Retail	\$19.13 - \$19.63	121,291	20,606	17.0%	-1,500	0	-1,500	--
Retail	\$17.96 - \$19.27	2,035,429	111,064	5.5%	63,487	78,000	-14,513	--

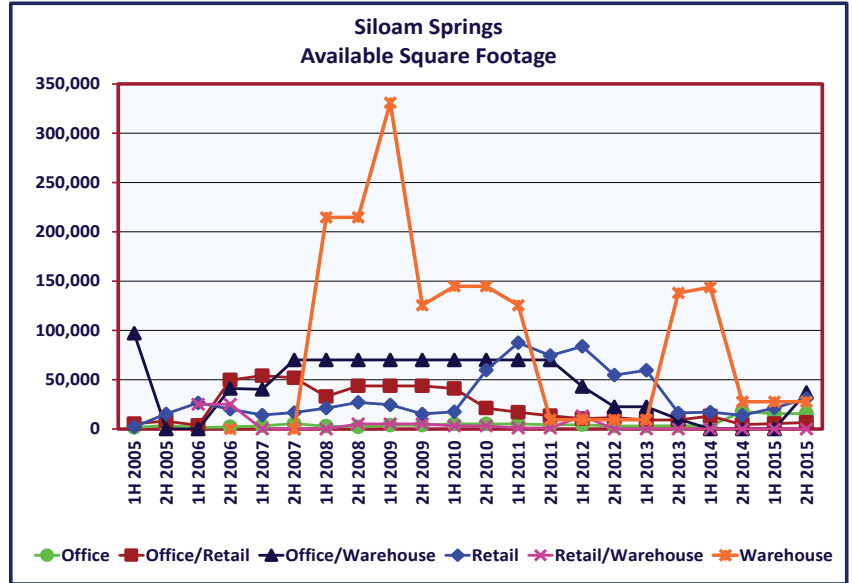
¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents



Siloam Springs

- From July 1 to December 31, 2015, Siloam Springs issued commercial building permits worth \$8,333,878. The second half of 2015 value was 1,060.0 percent higher than the second half of 2014 value of \$718,450. Siloam Springs accounted for 7.4 percent of the commercial permits issued in Northwest Arkansas during the second half of 2015.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,413,973 square feet of commercial space for Siloam Springs in the second half of 2015.
- 10,400 square feet of new medical office space entered the Siloam Springs market in the second half of 2015.
- In the second half of 2015 Siloam Springs experienced overall negative net absorption of 42,907 square feet, with 37,007 square feet of this total occurring in the office/warehouse submarket.



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

Siloam Springs Commercial Real Estate Market Summary Statistics

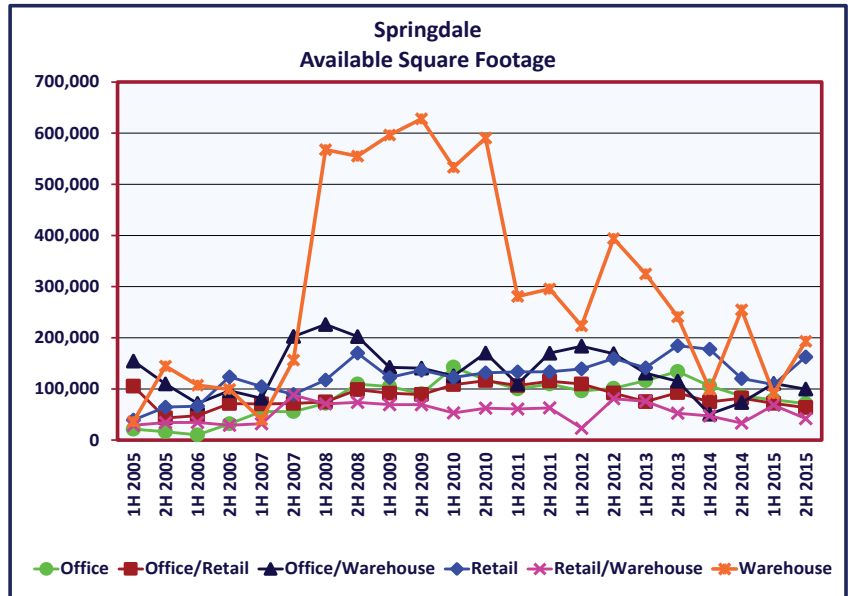
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Industrial	--	240,589	0	0.0%	0	0	0	--
Office	\$12.27 - \$13.70	147,859	15,634	10.6%	10,400	10,400	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$7.64 - \$9.92	22,334	14,334	64.2%	0	0	0	--
Class C	\$6.42 - \$8.28	11,021	0	0.0%	0	0	0	--
Medical	\$15.11 - \$16.31	114,504	1,300	1.1%	10,400	10,400	0	--
Office/Retail	\$7.94 - \$9.92	149,285	6,600	4.4%	-1,100	0	-1,100	--
Class A	\$12.00 - \$16.00	56,085	2,800	5.0%	-1,300	0	-1,300	--
Class B	\$9.57 - \$10.70	71,790	3,800	5.3%	200	0	200	114.0
Class C	\$4.49 - \$7.09	21,410	0	0.0%	0	0	0	--
Office/Warehouse	\$3.10 - \$3.30	118,502	37,007	31.2%	-37,007	0	-37,007	--
Retail	\$8.99 - \$9.58	341,354	31,000	9.1%	-4,800	0	-4,800	--
Class A	--	--	--	--	--	--	--	--
Class B	\$11.05 - \$11.45	170,222	18,324	10.8%	-4,800	0	-4,800	--
Class C	\$5.91 - \$6.78	171,132	12,676	7.4%	0	0	0	--
Retail/Warehouse	\$4.90 - \$6.74	77,888	0	0.0%	0	0	0	--
Warehouse	\$3.64 - \$3.84	338,496	27,635	8.2%	0	0	0	--

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Springdale

- From July 1 to December 31, 2015, Springdale issued \$7,687,375 worth of building permits for new commercial space. This was an increase of 28.6 percent from the \$10,768,146 issued in the second half of 2014. Springdale accounted for 6.8 percent of the commercial permits issued in Northwest Arkansas for the second half of 2015.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 8,091,693 square feet of commercial space in Springdale in the second half of 2015.
- In the second half of 2015, 30,000 square feet of office space were added to the Springdale market.
- In the second half of 2015, Springdale experienced positive net absorption of 103,034 square feet. The retail submarket had the greatest amount of positive net absorption with 35,044 square feet.
- Reported vacancy rates decreased in the office, office/retail, office/warehouse, and retail/warehouse submarkets, increased in



retail and warehouse submarkets, as previously owner occupied space entered the market, and remained the same in medical office and industrial submarkets in Springdale in the second half of 2015.

Average reported lease rates in Springdale showed a modest increase of \$0.91 in the

Class A office submarket, with all other lease rates remaining relatively stable from the first half to the second half of 2015.

Springdale 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	--	5,224	5,224	100.0%	0	0	0	--
Industrial	\$4.06 - \$4.92	759,939	333,649	43.9%	0	0	0	--
Office	\$11.86 - \$12.68	940,364	71,407	7.6%	37,609	30,000	7,609	56.3
Class A	\$19.35 - \$20.02	95,501	0	0.0%	30,000	30,000	0	--
Class B	\$12.21 - \$13.53	399,175	27,561	6.9%	-6,489	0	-6,489	--
Class C	\$9.27 - \$9.53	143,055	6,800	4.8%	2,848	0	2,848	14.3
Medical	\$13.05 - \$13.68	302,633	37,046	12.2%	11,250	0	11,250	19.8
Office/Retail	\$10.12 - \$11.16	514,276	63,502	12.3%	12,116	0	12,116	31.4
Class A	--	--	--	--	--	--	--	--
Class B	\$12.21 - \$13.45	243,647	47,070	19.3%	-4,439	0	-4,439	--
Class C	\$8.55 - \$9.44	270,629	16,432	6.1%	16,555	0	16,555	6.0
Office/Warehouse	\$5.44 - \$6.67	1,535,221	99,679	6.5%	11,000	0	11,000	54.4
Retail	\$10.60 - \$11.23	1,302,685	162,604	12.5%	35,044	0	35,044	27.8
Class A	--	--	--	--	--	--	--	--
Class B	\$13.94 - \$14.48	816,248	60,232	7.4%	35,506	0	35,506	10.2
Class C	\$7.91 - \$8.61	486,437	102,372	21.0%	-462	0	-462	--
Retail/Warehouse	\$6.02 - \$6.60	421,019	42,155	10.0%	26,100	0	26,100	9.7
Warehouse	\$3.68 - \$4.05	2,612,965	193,281	7.4%	11,165	0	11,165	103.9

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Springdale

Downtown Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 326,053 square feet of office, office/retail, and retail space in downtown Springdale in the second half of 2015.
- There were no new square feet of commercial property added to downtown Springdale in the second half of 2015.
- There were 2,248 square feet of positive net absorption in the office market in downtown Springdale in the second half of 2015. The office space in downtown Springdale had an average vacancy rate of 0.0 percent, down from the first half of 2015 vacancy rate of 1.1 percent, in accordance with absorption. The rate was lower than the overall Springdale average office vacancy rate of 7.6 percent.
- With no net absorption, 78.9 percent of all reported office/retail space continued to be available in downtown Springdale in the second half of 2015, compared to a 12.3 percent vacancy rate for all of Springdale.

- Retail space in downtown Springdale had negative net absorption of 2,862 square feet. As additional properties entered the database, the vacancy rate increased to 5.1 percent from 0.0 percent in the first half of 2015, compared to the average retail vacancy rate for all of Springdale of 12.5 percent in the second half of 2015.
- Average reported lease rates for downtown Springdale decreased significantly by \$2.71 in the office/retail submarket, while remaining relatively unchanged in the other submarkets in the second half of 2015.

West Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 588,462 square feet of office, office/retail, and retail space in West Springdale in the second half of 2015.
- No new square feet of commercial space were added to West Springdale in the second half of 2015.

- The office space in West Springdale had a reported decrease of 2.4 percent to an average vacancy rate of 2.8 percent in the second half of 2015, as there was positive net absorption of 3,000 square feet. The rate was lower than the city average office vacancy rate of 7.6 percent.
- The average office/retail vacancy rate in West Springdale was 10.8 percent in the second half of 2015, a decrease of 2.5 percent, as there was positive net absorption of 1,390 square feet. The rate was below the overall city average office/retail vacancy rate of 12.3 percent.
- The retail vacancy rate for West Springdale properties decreased by 7.9 percent to 10.3 percent in the second half of 2015, as there was positive net absorption of 32,295 square feet, and was below the city average retail vacancy rate of 12.5 percent.
- Average reported lease rates for West Springdale increased in the office/retail submarket by \$0.50, and remained unchanged in the other submarkets in the second half of 2015.

Downtown Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$9.49 - \$10.16	209,494	0	0.0%	2,248	0	2,248	0.0
Office/Retail	\$9.3 - \$12.64	29,045	22,923	78.9%	0	0	0	--
Retail	\$7.26 - \$7.62	87,514	4,462	5.1%	-2,862	0	-2,862	--

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondent

West Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$14.92 - \$15.45	124,308	3,500	2.8%	3,000	0	3,000	7.0
Office/Retail	\$14.25 - \$14.25	55,550	6,000	10.8%	1,390	0	1,390	25.9
Retail	\$9.33 - \$10.67	408,604	42,105	10.3%	32,295	0	32,295	7.8

¹From all 2H 2015 respondents

²From 2H 2015 respondents who were also 1H 2015 respondents

Interpretation

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

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

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

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

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

The third source of data for the Skyline report is a panel of large commercial property owners and managers. These individuals are responsible for the bulk of the competitive commercial properties in Northwest Arkansas. The Center for Business and Economic Research staff gather information on square footage available to the market, lease rates, and other property characteristics from the panelists. In the second half of 2015, 249 panelists provided data on 1,811 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 1,811 properties and are assumed to be representative of the larger competitive commercial property market.

The panel participants vary somewhat from report to report as new contributors are added and as previous contributors fail to respond for new requests for information. Time trend analysis is dependent on having a consistent base of information so that apples-to-apples

comparisons can be made. Absorption rates are only calculated for properties that are part of a matched sub-sample—that is, there must have been information received about a particular property in both recent reporting periods for the number to be included in the calculated property absorption rates. The one exception to this rule is for new properties that are completed and come online for leasing in the most recent half year.

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

Classification

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

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

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

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