



# THE SKYLINE REPORT

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Center for Business  
and Economic Research

## Second Half of 2014 February 2015

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## Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the thirty-second 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 2014

- In the second half of 2014, 691,946 total square feet of commercial space were absorbed, while 452,042 new square feet were added, netting positive absorption of 239,904 square feet in the Northwest Arkansas market and an overall vacancy rate of 11.8 percent, up from 11.7 in the first half of 2014.
- In the office submarket there was overall absorption of 172,300 square feet, while 85,772 new square feet were added, leading to net positive absorption of 85,772 square feet in the second half of 2014. The office vacancy rate declined to 13.8 percent from 14.5 percent in the first half of 2014.
- Within the retail submarket, there was overall absorption of 192,351 square feet, while 93,570 new square feet entered the market, leading to net positive absorption of 98,781 square feet in the second half of 2014. Consequently the Northwest Arkansas vacancy rate decreased to 7.3 percent from 8.5 percent in the first half of 2014.
- The warehouse submarket had overall absorption of 233,713 square feet, while 243,050 new square feet were added, leading to net negative absorption of 9,337 square feet in the second half of 2014. This led the Northwest Arkansas warehouse vacancy rate to increase to 16.4 percent from 13.8 percent in the first half of 2014.
- In the office/retail submarket, there was positive net absorption of 40,960 square feet in the second half of 2014. The vacancy rate declined to 11.5 percent from 12.8 percent in the first half of 2014.
- The office/warehouse and retail/warehouse submarkets had 20,384, and 19,388 square feet of net positive absorption, respectively, in the second half of 2014.
- From July 1 to December 31, 2014, \$153.5 million in commercial building permits were issued in Northwest Arkansas. In comparison, there were \$70.0 million in permits issued in the second half of 2013.

# 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 2014 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 235 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 2014, the first half of 2014, and the second half of 2013. The second table



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

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

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

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

# Economic Overview

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

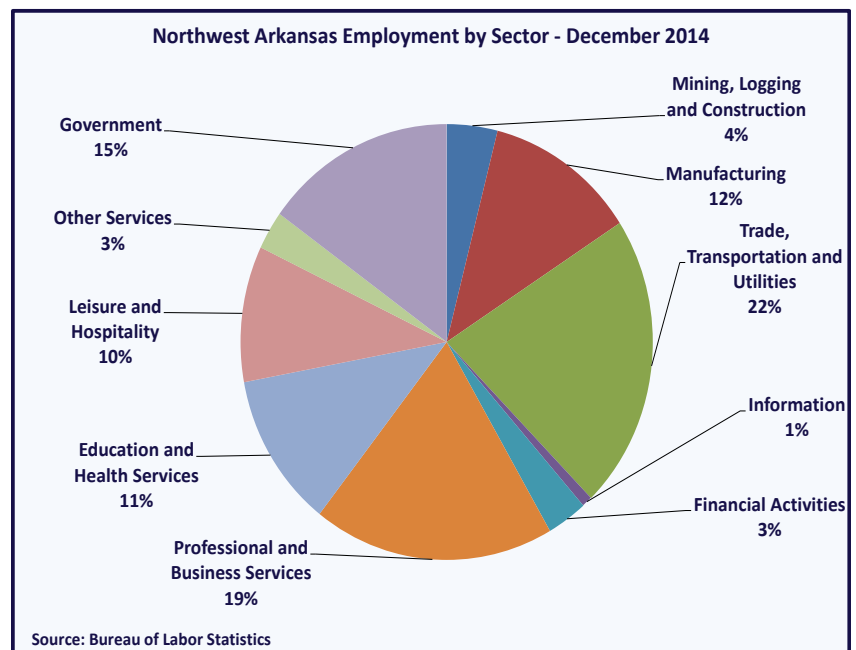
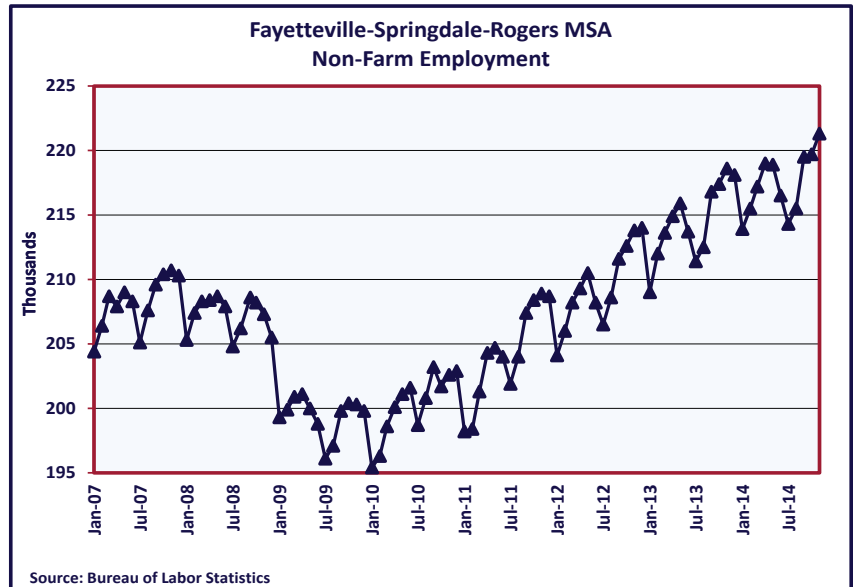
## Gross Domestic Product

In the fourth quarter of 2014, real GDP rose by 2.6 percent according to estimates released by the U.S. Department of Commerce's Bureau of Economic Analysis (BEA). Real GDP increased by 5.0 percent in the third quarter of 2014 and by 4.6 percent in the second quarter of 2014. The growth in economic activity was driven by personal consumption expenditures, state and local government spending, and residential fixed investment.

## Employment

The Northwest Arkansas employment situation is extremely important to the health of the real estate market. The most recent data show that employment in the Northwest Arkansas region was at 221,100 in December 2014, up 1.4 percent from December 2013. According to the U.S. Bureau of Labor Statistics (BLS), the unemployment rate in Northwest Arkansas was at 4.1 percent in December 2014. This is up from the October and November 2014 rate of 3.9 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 (5.6 percent) and national (5.4) 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 2014 Fayetteville-Springdale-Rogers MSA



employment breakdown by sector. As the pie chart shows, trade, transportation, and utilities had the largest share of employment (22 percent) in Northwest Arkansas followed by professional and business services (19 percent), government (15 percent), manufacturing (12 percent), education and health services (11 percent), and leisure and hospitality (10 percent). The other figure (on the previous page) shows the annual percentage

change in the metro area's employment by sector from December 2013 to December 2014. Total nonfarm employment increased by 1.4 percent during that time. Employment in mining, logging and construction, leisure and hospitality, financial activities, education and health services, government sectors, professional and business services,

# Economic Overview

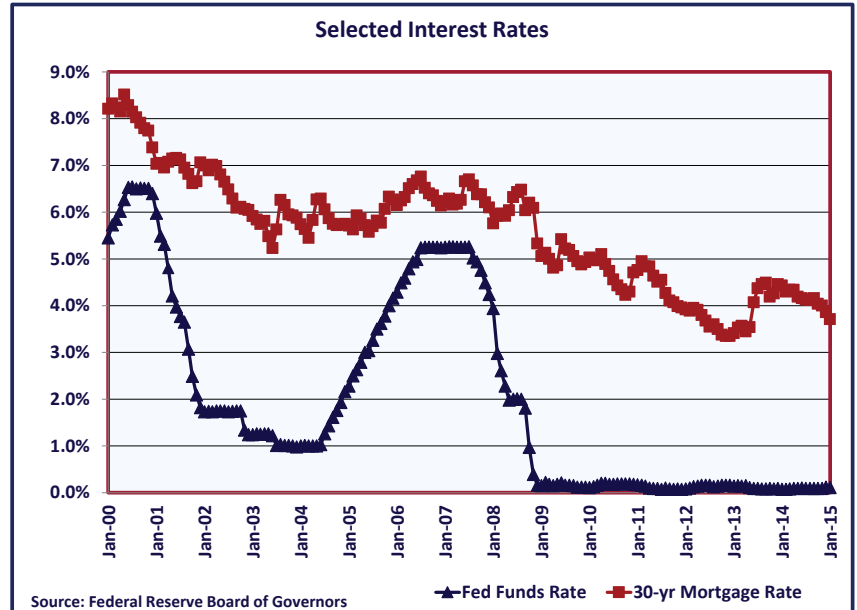
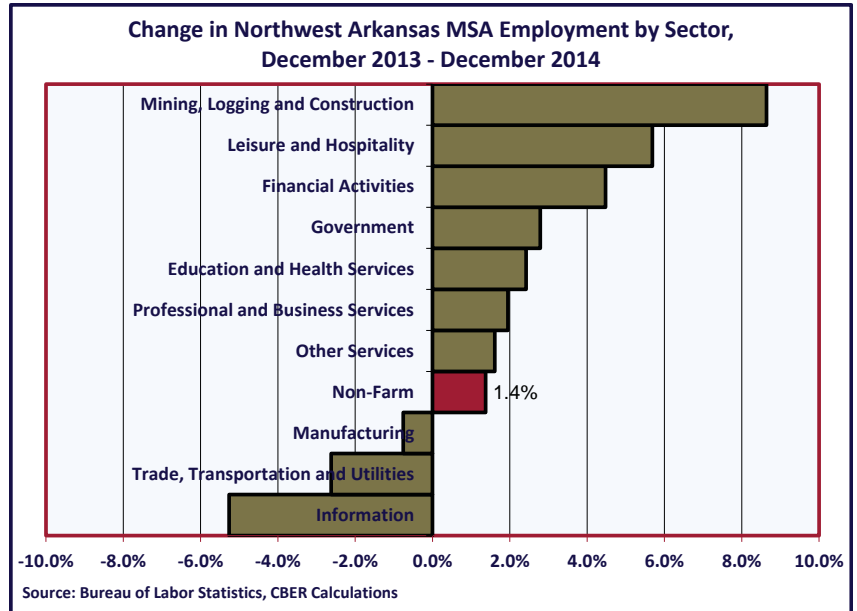
and other service grew more quickly than 1.4 percent, while trade, transportation, and utilities, manufacturing, and information sectors declined year-over-year.

## Interest Rates

The Federal Funds rate averaged 0.11 percent in January 2015. The ten year constant maturity Treasury bill had an interest rate of 1.9 percent in January 2015, down from 2.2 percent in December 2014. Near zero short-term rates continue to cause the positive spread between the ten year rate and the fed rate. The Federal Reserve Open Market Committee has indicated that the current easy money policy of keeping interest rates near zero is likely to change mid-year if the data support the decision. The quantitative easing program has ended. 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 increased to 98.1 in January of 2015, up from 93.6 in December 2014 and 81.2 in January 2014.





# Local Perceptions

## **Local Perceptions of the Northwest Arkansas Commercial Property Market**

For 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. Most respondents' attitudes of optimism about future development opportunities in Northwest Arkansas grew strongly, and one respondent did in fact say he was feeling "exuberant about the future." During the course of the conversations, the respondents discussed their reasons for positivity regarding the current and future state of the commercial real estate market. Interestingly, almost no respondents mentioned any concerns about factors that could slow or stop the expansion that they see continuing over the next few years until the end of the conversation when they were directly asked. This is another indication of the very strong positive feeling about the future the panelists have gained.

Several factors contribute to the pervasive sense of optimism held by panelists looking into 2015 and beyond in Northwest Arkansas: first is continued population growth, leading to increased demand for retail, professional office, and medical office space. Many respondents stressed that while Walmart remains critical to development, Northwest Arkansas is more than just Walmart and Walmart vendors. As the population grows past half a million, "rooftops to retail" will be an important metric for locating development opportunities. A few panelists suggested that while Walmart is expanding rapidly in Northwest Arkansas because of the population increase, it is also testing new theories on density, cannibalization, and traffic flow patterns. They also asserted the Walmart expansion will lead to more demand for nearby medical office and retail space. Some respondents discussed how the population growth will lead to new retail building, particularly in "hot spot" areas

like Downtown Bentonville, Rainbow Curve in Bentonville, Pinnacle Hills-Promenade in Rogers, Pleasant Crossing in Rogers, the Mall Area in Fayetteville, Wedington off I-49 in Fayetteville, MLK in Fayetteville, and potentially 56th Street in Springdale. Panelists also talked about how the increased population can lead to new demand in older Class B and C retail space, with the caveat that the space is spruced up with some reinvestment, and the price is conducive to small businesses being able to make a profit. Anecdotally, staff saw many signs that small business were moving into small space not tracked by the Skyline Report, while others painted, landscaped, and improved facades of existing businesses. The idea of a multitiered market based on price and location was mentioned by several respondents as a sign of a maturing market, with space to meet several types of demand. Increasing population and increasing numbers of businesses indicate growing demand for professional services such as lawyers (several respondents specified growth in the law profession), accountants, and insurance agents. Some respondents also pondered the creativity that will be needed to deal with some of the existing office and retail space that is becoming obsolete. Tearing down and building something new, as well as clever repurposing of older space, was discussed.

Vendor growth and expansion of vendor support firms (in particular marketing and IT) leading to increased demand for Class A office space is another strong positive factor according to respondents. Many respondents pointed to Fortune 500 companies expanding their office space demand in Northwest Arkansas, either by taking more existing space or having new space built. Some panelists discussed the different kinds of demand for new space, either a stand alone building for some clients, or space in a larger new building for others, as being another sign of a maturing market, able to meet various kinds of demand. The growth of marketing firms in Northwest Arkansas was significant for a couple reasons according to

respondents. First, a significant amount of Class A office space is under construction for marketing firms. Second, the expansion of large firms can lead to the creation of smaller firms as talent goes out on its own. Third, there is now a talent pool in Northwest Arkansas that is attracting regional attention. A few respondents had anecdotal stories of firms in Kansas City and St. Louis hiring experts from Northwest Arkansas rather than local firms. IT was also discussed as a long term growth area by many respondents. In fact, a couple indicated that IT firms are holding excess space to meet surges in demand for their services.

Walmart's "Made in America" initiative leading to increasing industrial and warehouse space demand was mentioned several times in the conversations with panelists. Even though respondents have not heard that Walmart is going to build new industrial or warehouse space for itself, there is a strong feeling that firms and deep pocketed individuals with close ties to Walmart will be investing in Northwest Arkansas. Respondents did comment that this initiative will benefit the entire nation, but they do feel a slightly higher proportion of the benefit will come to Northwest Arkansas. This is also part of the increased demand for higher quality warehouse space, which is being constructed in several locations in Northwest Arkansas. While it may or may not be directly linked to the "Made in America," several panelists had heard a rumor that Walmart is going to create a separate structure for supercenter and small store formats. Some respondents feel this will impact the region by leading vendors to expand their staff as they create separate teams for each format. Not all respondents share this view however, so if this does happen the impact will need to be monitored closely.

Walton Family Foundation investments in Northwest Arkansas are very exciting according to all the respondents. They see this creating additional opportunities both in the areas with clear Foundation investment, such as Down-

# Local Perceptions

town Bentonville, Downtown Springdale, and the Greenway trail system, but also in adjacent areas, as the whole region benefits from the added amenities that are being built.

Finally, the expansion of the University of Arkansas continued to be a topic of conversation with the panelists. The big impact on multifamily construction, the continuing impact on retail, particularly restaurants, in Fayetteville, as well as the hope that this will lead to a larger skilled workforce in all of Northwest Arkansas was discussed.

This issue of a skilled workforce was mentioned the most when respondents were asked about their number one concern looking into the future for Northwest Arkansas's continued economic growth and development. There is a concern about the region not having enough of a skilled workforce to attract more firms and to allow existing firms to expand. Respondents are hopeful that educational initiatives and public-private cooperation can help with this perceived situation. Other concerns were infrastructure needs, the possibility of much higher interest rates in the future, increasing regulations, and concern about the world economy slowing down. One of the constant topics of concern over the past several years has been doing business in Fayetteville. While several respondents still

mentioned that, a couple explained how they have been successful in Fayetteville by doing their due diligence with the different Fayetteville regulations, and building personal relationships with Fayetteville staff.

The clear, very strong consensus among respondents is that 2015 will be even better than 2014, and there is every reason to expect continued growth into 2016 as well, as long as there is no global or national crisis to negatively shock the economy. 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 such as the Amazeum and the trail system connecting Northwest Arkansas, as both will stimulate tourism. They were also hopeful that Whole Foods will be the first in a new wave of national retailers entering Northwest Arkansas.

## Positive Factors:

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

## Negative Factors:

1. Overhang of existing Class B office.
2. Overhang of existing retail space.
3. Poor quality of existing available warehouse space.
4. Increased construction costs.
5. Potential skilled labor shortage.



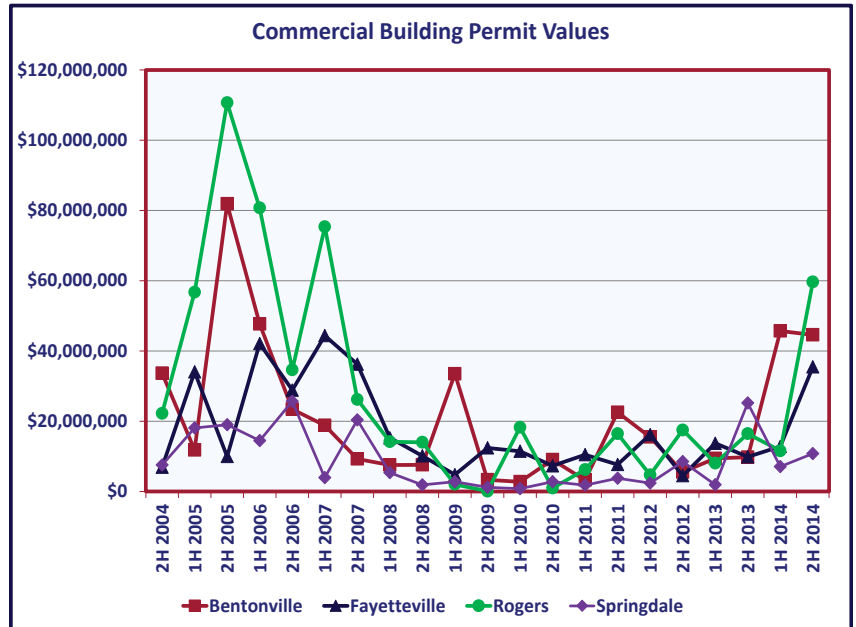
# Inventory and Building Permits

## 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 2014. For the second half of 2014, the Skyline Report covered 97.5 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-one quarters is presented for six major cities in Northwest Arkansas. Building permit data is seasonal in nature and shows large fluctuations in square footage and value from quarter to quarter. Moreover, any particularly large project can skew the numbers immensely. Building permit data are also city-specific. Only the cities of Bentonville, Fayetteville, and Siloam Springs present square footage data, while only Bentonville and Fayetteville break out the different types of commercial property. A standardization of building permit applications in the region would provide superior data for comparison purposes.

From July 1 to December 31, 2014, there were just under \$153.5 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 2014, just over \$66.5 million in commercial building permits were issued. In the fourth quarter, over \$86.9 million in building permits were issued. In the second half of 2014, Bentonville, Fayetteville and Rogers, accounted for 29.1, 23.1, and 38.9 percent, respectively.

The table of announcements of new commercial projects is included as an indication of the future direction of the Northwest Arkansas commercial market. The list is not exhaustive, but represents an effort to gather data at a step before the official permitting process. The managers and owners of many of these properties have provided the Center for Business and Economic Research with information about these buildings, but until construction is complete, they do not appear in the aggregated total square footage and available square footage calculations. Some of the properties listed are actually under construction, while others are only in the concept phase. The Center researchers 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 2014, there were 6,419 standard rooms and 2,158 suites in Northwest Arkansas. Bentonville had the most standard rooms with 1,761 while Rogers had the most suites with 963. Additionally, graphs that describe the development of hotels in

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

## Total Square Feet and Coverage of Competitive Commercial Properties

	Industrial <sup>1</sup>	Office <sup>1</sup>	Retail <sup>1</sup>	Warehouse <sup>1</sup>	Total <sup>1</sup>	Panel Total Square Feet <sup>2</sup>	Panel Coverage <sup>2</sup>
Bella Vista	--	129,924	239,100	90,964	459,988	407,492	88.6%
Bentonville	31,300	3,940,079	1,063,655	1,364,552	6,399,586	6,698,121	104.7%
Fayetteville	775,079	3,341,236	4,163,705	1,778,270	10,058,290	9,756,661	97.0%
Lowell	101,970	315,837	172,208	949,348	1,539,363	1,524,292	99.0%
Rogers	439,006	2,649,154	4,234,388	2,587,073	9,909,621	9,816,717	99.1%
Siloam Springs	329,942	195,261	645,029	340,615	1,510,847	1,337,957	88.6%
Springdale	1,419,426	1,468,161	2,225,795	2,617,114	7,730,496	7,135,804	92.3%
Northwest Arkansas Total	3,096,723	12,039,652	12,743,880	9,727,936	37,608,191	36,677,044	97.5%

<sup>1</sup>Source: Benton and Washington County offices of the Assessor. The total square feet represent the population of competitive commercial properties that meet the baseline criteria set out on page 50 of this report.

<sup>2</sup>Source: Panel of 235 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 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	
CVS	Bella Vista	CVS	Retail	13,000	Done
Morey's Auto Body	Bella Vista	Bob and Jim Morey	Commercial	7,840	Done
Sisters of Mercy Multispeciality Clinic	Bella Vista	Sisters Of Mercy Health Systems	Medical		Conceptual
Walmart Supercenter	Bella Vista	Wal-Mart Stores Inc	Retail		Conceptual
Amazeum	Bentonville	Walton Family Foundation	Museum	44,500	2015
American Flats	Bentonville	May Adventures	Commercial		Conceptual
Archer Business Park Building 4	Bentonville	Wayne and Victoria Martin	Commercial	11,800	Done
Archer Business Park Building 5	Bentonville	Wayne and Victoria Martin	Commercial	8,250	Done
Bentonville Commercial Building	Bentonville	Dean Eisma	Commercial	50,000	Conceptual
Bentonville Plaza	Bentonville	FBE Limited LLC	Commercial	150,000	Conceptual
Big O tires	Bentonville		Commercial		Conceptual
Campbells Office Building	Bentonville		Office	20,000	Fall 2015
Centre at Fountain Plaza	Bentonville	John Boen	Retail	26,640	Done
Chrysler Dodge Jeep on Moberly	Bentonville	Alan Cole	Retail	45,880	Summer 2015
Convenience Store 14th & S. Walton	Bentonville		Retail	5,200	Conceptual
Crossmar Supplier Park I	Bentonville	Cross Mar and Glass Investments	Warehouse	150,000	Spring 2015
Crossmar Supplier Park II	Bentonville	Cross Mar and Glass Investments	Warehouse	150,000	Conceptual
Crossmar Supplier Park III	Bentonville	Cross Mar and Glass Investments	Warehouse	550,000	Conceptual
First National Bank of NWA	Bentonville	First National Bank of NWA	Bank		2015
Fountain Plaza Office	Bentonville	Butch Gurganus	Office	67,355	Conceptual
Haas Hall	Bentonville	Crossland & Bill McClard	Office/Warehouse	20,000	Spring 2015
J Street Office Building	Bentonville	Bill Keating	Office	4,000	Conceptual
J Street Warehouse I	Bentonville	Crossland & Bill McClard	Warehouse	143,000	Done
J Street Warehouse II	Bentonville	Crossland & Bill McClard	Warehouse	100,000	Conceptual
Jarden Office Building	Bentonville	Josh Kyles	Office	45,000	Summer 2015
Lakeside Center North	Bentonville	Bob Hopmann	Office	67,000	Conceptual
Med Express	Bentonville	Med Express	Medical	5,000	Done
Midtown Center	Bentonville	Walton Family Foundation	Office/Retail	60,000	2015
Moberly Technology Park 4	Bentonville	Sage Partners	Office	20,000	Done
Mt. Carmel Community in Bentonville	Bentonville	Jimmy Elrod	Commercial		Conceptual
Norwalk Juicers	Bentonville		Commercial	30,000	
NWA Courier Building	Bentonville		Office/Warehouse	6,000	Done
Octopus Messaging Building	Bentonville	Heather Wegner	Commercial		
Outdoor Cap Expansion	Bentonville	Paul Mahan	Warehouse	24,000	Done
Pediatric Dental and Orthodontics	Bentonville	Pediatric Dental and Orthodontics	Medical	10,846	Conceptual
Planet Fitness	Bentonville	Buck Ortega	Retail	19,689	Done
Rainbow Curve Junction	Bentonville	American Taekwondo Association	Retail	30,000	Done
Retail Building on Hwy 12	Bentonville	Josh Kyles	Retail	5,000	Conceptual
Retail Building on Walton	Bentonville	Larry Rose	Retail	2,000	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
SW Elm Tree Road Development	Bentonville				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
The Links at Rainbow Curve	Bentonville	Lindsey Management	Mixed Use		Conceptual
Thrive	Bentonville	ERC Companies	Mixed Use	44,000	Spring 2015
Vogel Commercial Development	Bentonville	Ross and Steve Vogel	Commercial	38,000	Conceptual
Walgreens	Bentonville	Walgreens	Retail	14,820	Done
Wal-Mart Nbhd Market Midtown	Bentonville	Wal-Mart Stores Inc	Retail	31,000	Spring 2015
Walmart Nbhd Market on Central	Bentonville	Wal-Mart Stores Inc	Retail	41,983	Spring 2015
Walmart Nbhd Market on N Walton	Bentonville	Wal-Mart Stores Inc	Retail	41,839	Summer 2015

# New Commercial Projects

## Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Walmart Pick Up Grocery	Bentonville	Wal-Mart Stores Inc	Retail	15,000	Done
AT&T Store	Fayetteville		Retail	3,250	February 2015
Bellafront Commercial Building	Fayetteville	David Erstine	Commercial	14,000	Spring 2015
Brady Dentistry	Fayetteville	David Erstine	Medical/Office	8,000	Spring 2015
Bright Technology	Fayetteville	Bright Technology Inc.	Industrial	80,000	Spring 2015
College Market Place	Fayetteville	S.J. Collins	Retail	26,670	Fall 2015
Crain Hyundai	Fayetteville	Crain Hyundai	Retail	28,000	Spring 2015
Culpepper Memory Center	Fayetteville		Medical	64,000	Conceptual
CVS	Fayetteville	CVS	Retail	13,000	Done
Forest Hills Arkansas Braces/Starbucks	Fayetteville	Haag Brown	Commercial	6,300	Summer 2015
Grundfest Building on Cato Springs	Fayetteville	David Grundfest	Commercial		2015
Health South Expansion	Fayetteville	HealthSouth	Medical	9,250	Spring 2015
Indoor Climbing and Fitness Center	Fayetteville	Dennis Nelms	Retail		Conceptual
Kum and Go	Fayetteville	Kum and Go	Retail		Conceptual
Kum and Go	Fayetteville	Kum and Go	Retail		Conceptual
Links at Fayetteville	Fayetteville	Lindsey Management	Commercial	120,888	Conceptual
Northwest Medical Clinic	Fayetteville	Travis Ruff	Medical	13,477	Done
O'Reilly Auto Parts	Fayetteville	O'Reilly Auto Parts	Retail	7,500	Conceptual
Pacific Vet Group Industrial	Fayetteville	Pacific Vet Group	Manufacturing		Conceptual
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	Conceptual
Shoppes at the Bluffs	Fayetteville	Mathias Properties	Retail	46,519	Conceptual
Uptown Apartments Retail	Fayetteville	Specialized Real Estate Group	Retail	20,000	Conceptual
Van Asche Clinic	Fayetteville	Lance Osborne	Medical	8,198	Done
Victory Commons	Fayetteville	Tracy Hoskins and Allied Bank	Commercial		Conceptual
Walmart Nbhd Market off MLK	Fayetteville	Wal-Mart Stores Inc	Retail		Conceptual
Walton Arts Center Expansion	Fayetteville	Walton Art's Center	Commercial	30,000	2015
Whole Foods Market	Fayetteville	S.J. Collins	Retail	35,000	Fall 2015
BNSF Office Building	Lowell	Sage Partners	Office	30,000	Fall 2015
Central Research Inc	Lowell	Johnny and Scott Dillard	Office		
Delta Systems and Automation	Lowell	Hunter Haynes	Industrial	80,000	Conceptual
Firebird 2	Lowell	Bill McClard	Warehouse	21,300	Done
Hi Rise Trampoline Park	Lowell		Event	22,500	Done
Kum and Go	Lowell	Kum and Go	Retail	5,000	Done
Monroe Medical Building	Lowell	John Stucky	Medical	7,200	Done
NWA Board of Realtors Office	Lowell	NWA Board of Realtors	Office	8,500	Done
Aspen Dental	Rogers		Medical	3,665	Conceptual
Burlington Coat Factory	Rogers		Retail	60,000	Conceptual
Casey's General Store	Rogers	Casey's Marketing Co	Retail		Done
Cavenders	Rogers	Cavenders	Retail	16,000	Done
Centre Point	Rogers	CRE	Retail	18,285	Delayed
Commercial Development	Rogers	HBH Holdings	Commercial		
Core Development Office Building	Rogers	Tim Graham jr	Office	11,814	Done
Country Club Plaza Office	Rogers	LaFrance Family	Office	16,249	Conceptual
Country Club Plaza Retail	Rogers	LaFrance Family	Retail	21,489	Conceptual
Country Club Plaza Tower	Rogers	LaFrance Family	Office	88,000	Conceptual
Creekside on Promenade	Rogers	Jason Pullman	Retail	15,500	Done
Digital Entertainment Addition	Rogers	Digital Entertainment	Office	11,967	2015
District at Pinnacle Hills I	Rogers	Whisinvest	Retail	15,000	Fall 2015
District at Pinnacle Hills II	Rogers	Whisinvest	Retail	27,000	Fall 2015
District at Pinnacle Hills III	Rogers	Whisinvest	Office	32,000	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

# New Commercial Projects

## Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
District at Pinnacle Hills VII	Rogers	Whisenvest	Retail	25,000	Conceptual
Downtown Mercy Clinic	Rogers	Mathias Properties	Medical	7,382	Done
Gateway Plaza	Rogers	Flake-Kelley	Commercial	39,600	Conceptual
Harvey Clinic	Rogers	Dr. Bryan Harvey	Medical	15,700	2015
HBA Holdings Warehouse	Rogers	HBA Holdings	Warehouse		
Indian Motorcycles on Hudson	Rogers	Indian Motorcycles	Retail	6,000	Done
Kindergrove Daycare	Rogers	Lauren Treptow	Commercial	9,600	Done
Legacy National Bank	Rogers	Legacy Bank	Bank	6,500	Spring 2015
Lifestyles Dental Office	Rogers		Medical	4,653	2015
Mars Office Building	Rogers	Chad Hatfield	Office	40,000	Conceptual
Mathias Warehouse on Hudson	Rogers	Mathias Properties	Warehouse	78,800	Done
Mathias Warehouse on Hudson 2	Rogers	Mathias Properties	Warehouse		Conceptual
Mathias Warehouse on Hudson 3	Rogers	Mathias Properties	Warehouse		Conceptual
Med Express	Rogers		Medical		Conceptual
Metropark Office Building I	Rogers	Hunter Haynes & Sage Partners	Office	25,000	Conceptual
Metropark Office Building II	Rogers	Hunter Haynes & Sage Partners	Office	35,000	Conceptual
Metropark Office Building III	Rogers	Sage Partners	Office	15,000	Conceptual
MetroPark Retail Building	Rogers	Hunter Haynes & Sage Partners	Retail	31,808	Conceptual
Mt. Carmel Community in Rogers	Rogers	Jimmy Elrod	Commercial		Late 2015
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	March 2015
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Office	21,432	Conceptual
Pinnacle Heights II	Rogers	Hunt Ventures	Office	211,738	2016
Pinnacle Heights Retail I	Rogers	Hunt Ventures	Retail	18,800	Spring 2015
Pinnacle Hills I	Rogers	Whisenvest	Office	13,000	Conceptual
Pinnacle Hills II	Rogers	Whisenvest	Office	6,000	Conceptual
Pinnacle Hills III	Rogers	Whisenvest	Office/Retail	6,000	Conceptual
Pinnacle Hills IV Yiannios Dental	Rogers	Dr. Nick Yiannios	Medical	6,000	2015
Pinnacle Hills V Daycare	Rogers	Whisenvest	Daycare	20,000	Conceptual
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 Retail Building	Rogers	Whisenvest	Retail	10,000	Conceptual
Pleasant Crossing Shoppes	Rogers	Whisenvest	Retail	20,500	Done
Prairie Creek Center	Rogers	Mathias Properties	Retail	51,279	Conceptual
Rick Mooney PUD	Rogers	Rick Mooney	Commercial		Conceptual
Ryzabuv	Rogers	Case Lawrence	Retail	30,000	Conceptual
Scottdale Center, Phase VI, Bld 2	Rogers	Tom Hopper	Retail	48,041	Conceptual
Scottsdale Center, Phase VI, Bld 3	Rogers	Tom Hopper	Retail	21,965	Conceptual
Shoppes at Center Point	Rogers		Commercial		Conceptual
Sisters of Mercy Primary Care Office	Rogers	Sisters Of Mercy Health Systems	Medical		Conceptual
Violin Studio and Repair Shop	Rogers	SMEK LLC	Retail		Conceptual
Wal-Mart Nbhd Market Downtown	Rogers	Wal-Mart Stores Inc	Retail		Conceptual
Wal-Mart Nbhd Market on Walnut	Rogers	Wal-Mart Stores Inc	Retail		2015
Walnut Crossing	Rogers	Greg House	Commercial	50,000	Conceptual
Wilson-Coker Office Building	Rogers	Wilson-Coker Wealth Management	Office		Conceptual



# New Commercial Projects

## Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
AT&T Store	Sil. Springs	Haag Brown	Retail	2,000	February 2015
Crye-Leike Office	Sil. Springs	Crye-Leike Realtors	Office	6,500	Conceptual
Holly Street Crossing	Sil. Springs	Ted Viala	Commercial		Conceptual
Progress Plaza Phase II	Sil. Springs	Brown Cow LLC	Medical Office	11,250	Conceptual
Walmart Nbhd Market	Sil. Springs	Wal-Mart Stores Inc	Retail	35,000	Done
Bleaux Warehouse	Springdale	Mathias Properties	Warehouse	9,600	Done
Casey's General Store on Don Tyson	Springdale	Casey's Marketing Co	Retail	4,400	Done
CVS	Springdale	CVS	Retail	13,352	Summer 2015
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
Geels Paint	Springdale	Geels Paint	Commercial		
Health and Speech Clinic	Springdale		Medical		Conceptual
Iron Hand on 412	Springdale	Mr. Rossi	Retail	7,200	Conceptual
Kum and Go	Springdale	Kum and Go	Retail		
Love's Travel Center	Springdale	Love's	Retail		Conceptual
Memco	Springdale	Middleton Group LLC	Warehouse	60,000	Done
NanoMech Facility Expansion	Springdale	NanoMech	Manufacturing	25,000	Done
Northwest Medical Plaza East	Springdale	Hunt Ventures	Medical	15,640	Done
Northwest Technical Institute	Springdale	NTI	School	31,000	Conceptual
NWACC	Springdale	NWACC	School		Conceptual
O'Reilly Auto Parts	Springdale	O'Reilly Auto Parts	Retail	5,000	Done
Owen's Optometry	Springdale		Medical		
Ozark Business Park	Springdale	Mathias Properties	Commercial	42,000	Fall 2015
Pandoras Box	Springdale	Mr. Rossi	Retail	7,200	April 2015
Sam's Club	Springdale	Wal-Mart Stores Inc	Retail	136,000	Spring 2016
Sams Furniture	Springdale	Mathias Properties	Retail	100,000	Conceptual
Stabil-Loc Inc.	Springdale	Steve Patton	Industrial	30,000	2015
Todays Bank	Springdale	Todays Bank	Bank		2015
Walmart Nbhd Market on Don Tyson	Springdale	Wal-Mart Stores Inc	Retail	41,000	Fall 2015
Walmart Supercenter	Springdale	Wal-Mart Stores Inc	Retail	186,000	Done

# 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
Hartland Motel of Bentonville	Bentonville	31	0
Hilton Garden Inn	Bentonville	133	0
Holiday Inn Express Hotel & Suites	Bentonville	84	0
La Quinta Inn & Suites	Bentonville	107	0
Merchant Flats on 8th	Bentonville	10	0
Microtel	Bentonville	78	0
Motel 6	Bentonville	103	0
Pines Motel	Bentonville	9	0
Simmons Suites	Bentonville	115	0
South Walton Suites	Bentonville	56	0
Springhill Suites By Marriott	Bentonville	67	0
Suburban Extended Stay	Bentonville	0	118
Super 8 Motel-Bentonville/Rogers	Bentonville	52	0
Towneplace Suites by Marriott	Bentonville	78	0
The Links at Bentonville Apts.	Bentonville	41	0
Value Place Extended Stay	Bentonville	121	0
Wingate Inn Bentonville	Bentonville	102	0
Best Western Windsor Suites	Fayetteville	66	0
Candlewood Suites	Fayetteville	0	78
The Chancellor Hotel	Fayetteville	191	17
Chief Motel	Fayetteville	31	1
Comfort Inn-Fayetteville	Fayetteville	60	0
Country Inn & Suites By Carlson	Fayetteville	40	25
Courtyard by Marriot	Fayetteville	110	4
Dickson Street Inn	Fayetteville	8	2
Fairfield Inn Fayetteville	Fayetteville	61	0
Guest House Int'l Hotel and Suites	Fayetteville	197	10
Hampton Inn	Fayetteville	87	8
Hilton Garden Inn	Fayetteville	90	25
Hi-Way Inn Motel	Fayetteville	24	0
Homewood Suites	Fayetteville	0	96
Holiday Inn Express	Fayetteville	77	33
Inn at Carnall Hall	Fayetteville	49	0
Motel 6	Fayetteville	98	0
Pratt Place Inn	Fayetteville	0	7
Quality Inn	Fayetteville	48	10
Red Roof Inns	Fayetteville	104	1
Regency 7 Motel	Fayetteville	29	3
Sleep Inn of Fayetteville	Fayetteville	62	0
Staybridge Suites	Fayetteville	0	109
Stay Inn Style	Fayetteville	6	0
Super 8 Motel	Fayetteville	83	0
Value Place Hotel	Fayetteville	121	0
Inn At the Mill	Johnson	38	8
Marriot Townplace	Johnson	0	94
Ramada Inn Lowell	Lowell	51	0

# Hotels

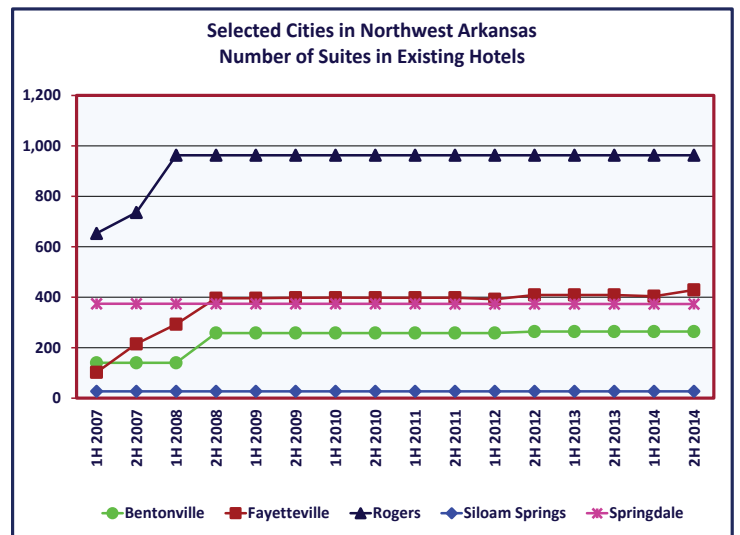
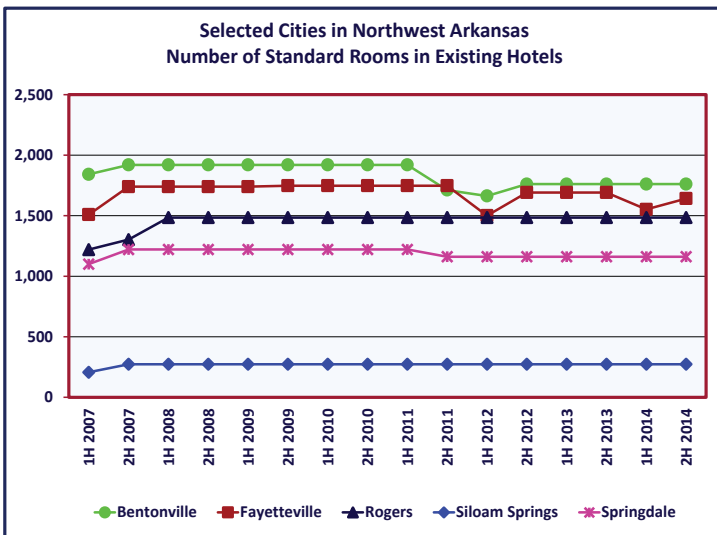
## Existing Hotels (Cont.)

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	1,761	264
Fayetteville	1,642	429
Johnson	38	102
Lowell	51	0
Prairie Grove	8	0
Rogers	1,485	963
Siloam Springs	273	27
Springdale	1,161	373
Northwest Arkansas	6,419	2,158





# Hotels

## Announced Coming Hotels

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



# Restaurants

## Announced Coming Restaurants

Property Name	Location (City)	Owner	Expected Completion
Coffee Shop and Ice Cream Parlor	Bella Vista	Roger Gildehaus	--
JJ's Grill	Bella Vista		Done
Angus Jack	Benton County	Ian and Jean Cairns	Conceptual
Jason's Deli	Benton County	Bourke Harvey	--
Bike Rack Brewing	Bentonville	Steve Outain	Done
Bone Heads Restaurant	Bentonville	Tommy and Dana Baker	Done
Burrito Loco	Bentonville		Done
Catfish Hole	Bentonville	Pat Gazzola	Delayed
Crepes Paulette	Bentonville	Paula Jo Chitty Henry	Spring 2015
Dickey's Barbecue Pit	Bentonville	Jared Thompson	2015
Dolivo	Bentonville		2015
Fresh Seafood Market	Bentonville	Barry Furuseth	Fall 2015
IDK? Café	Bentonville	Justin Eaton	Done
Joe's Italian Restaurant	Bentonville	Kunal Mody	2015
Miss Saigon Pho	Bentonville		Done
Native Nectar Juice Co	Bentonville		October 2015
Rose Properties Restaurant	Bentonville	Larry Rose	
Williams Soul Food	Bentonville		Done
McDonald's	Elkins	Bill and Walter Matthews	Done
McDonald's	Elm Springs	Bill and Walter Matthews	2015
Olde Tyme Donuts	Farmington	Edwards Properties	Done
Abacus	Fayetteville	Scott Bowman	Done
Arsagas on Center	Fayetteville	Cary Arsaga	2015
Arsagas on MLK	Fayetteville	Cary Arsaga	2016
Big Star	Fayetteville	Archie Schaffer	2015
Chipotle Mexican Grill	Fayetteville		2015
Chuy's	Fayetteville	Mike Young and John Zapp	Conceptual
Citizen, The	Fayetteville	Lane Coleman, Knox McCorquodale, Wilson Wood	Delayed
College Marketplace - Unnamed	Fayetteville		Conceptual
Cork and Keg	Fayetteville	Mike & Virginia Porter and Jaron Porter	February 2015
Dunkin Donuts	Fayetteville	JAB QSR Inc.; Jolene Baker	Done
East Side Cantina	Fayetteville	Scott Bowman	Done
El Matador	Fayetteville	Edgar Montes	September 2015
El Super Taco	Fayetteville		Done
Firehouse Subs	Fayetteville	Forest Hills Development	--
Four Corners Kitchen	Fayetteville		2015
Freddy's Frozen Custard and Steakburgers	Fayetteville	Jamie Rheem	Spring 2015
Fuzzy's Taco Shop	Fayetteville	Fuzzy's Taco Shops	Delayed
Green Submarine on Dickson	Fayetteville		Done
Hello Cocoa	Fayetteville	Abby and Justin Stewart	Spring 2015
Joe's Pizza and Pasta	Fayetteville		Done
Khana Indian Grill	Fayetteville	Lisa Larkin and Abhijeet Purkayastha	Conceptual
Krystal Burger	Fayetteville	Krystal Burger	--
La Finca Mexican Restaurant	Fayetteville		Done
Los Bobos Taqueria	Fayetteville	Zac Wooden	Done
Marley's Chicago Style Pizza	Fayetteville	Elizabeth Rapp	Done
Mr. O's Nutrition Smoothie Bar	Fayetteville	Onyi O	Done
Newks	Fayetteville	Jim Lynch and Jim White	Done
Nomads Music Lounge	Fayetteville	Jeremy Brown	February 2015
Packard on Block	Fayetteville	Atel Patel	Done
Papa John's	Fayetteville		
PDQ Chicken	Fayetteville		Conceptual
Puritan Brew Co	Fayetteville	Richard Cole and Kevin Frey	Done
Raising Cane's Chicken Fingers	Fayetteville	Raising Cane's Chicken Fingers	Spring 2015

# Restaurants

Rolando's Nuevo Latino Restaurante	Fayetteville		Done
Roma	Fayetteville	Scott Bowman	Conceptual
San Miguel Mexican Bar and Grill	Fayetteville	Jose and Maria Rodriguez	Done
Simon's Diner	Fayetteville		Done
Starbuck	Fayetteville		2015
Sweet 7	Fayetteville	Brian and Sharon Waters	Spring 2015
Table on the Hill	Fayetteville		Done
Taco's F Life	Fayetteville	Taco's F Life	2015
Thai Express	Fayetteville		Done
The Handle Bar	Fayetteville		March 2015
TJ's Sandwichs	Fayetteville	Nick Golden	Done
Unnamed Restaurant in ex-Hooters	Fayetteville	Jeff Bishop	Conceptual
Whataburger Joyce	Fayetteville	Whataburger Inc.	Conceptual
Whataburger MLK	Fayetteville	Whataburger Inc.	Spring 2015
Wood Stone Craft Pizza	Fayetteville	Jeremy Gawthrop and Clayton Suttle	Done
Zoes Kitchen	Fayetteville	Zoes Kitchen Inc.	2015
Big Chill	Rogers	Gina Parks	Done
Curry Restaurant	Rogers		Spring 2015
Deluxe Burger	Rogers		Spring 2015
Foster's Pint and Plate	Rogers	Chris Moore	2015
Krispy Krunchy Chicken	Rogers		Done
Krystal Burger	Rogers	Smitco Eateries	Delayed
Levi's Gastrolounge	Rogers	Levi Rush	Done
Moes Southwest Grill	Rogers	Melanie Hoggard	Spring 2015
Papa Murpys	Rogers	Whisinvest	2015
Pattaya Thai Sushi	Rogers	Supachad Phahurat	2015
Pei Wei	Rogers	Hunt Ventures	Spring 2015
Roma Italian	Rogers		2015
The Grove	Rogers	Dave Bass	Done
Twin Peaks	Rogers	Twin Peaks Inc.	2015
Whataburger Pleasant Crossing	Rogers	Whataburger Inc.	Fall 2015
Williams Soul Food	Rogers		Spring 2015
Front Porch Grill	Siloam Springs		Done
Ana Marie's Bakery	Springdale		--
Dickey's Barbecue Pit	Springdale	Randon Arney	2015
Foghorn's	Springdale	Jeff Hodges	Spring 2015
Jim's Razorback Pizza	Springdale		Done
McDonald's	Springdale	Bill and Walter Matthews	Done
Panda Express	Springdale		Conceptual
Popeyes Chicken	Springdale		Done
R & R's Curry Express	Springdale	Arun Sandhu	Done
Slim Chicken	Springdale		Delayed
Thai Taste	Springdale	Kimo and Maryann Sihapanya	Done
The Steam	Springdale	Dino and Melanie Vergura	Done
Casalini Court Restaurant	Tontitown	Brett Hash	Delayed

# Restaurants

## Closed Restaurants

Property Name	City	Date Closed
Louie's Bar and Grill	Fayetteville	January 2014
Celi's/Oseguera's	Fayetteville	January 2014
Nibbles	Fayetteville	April 2014
Steamboat Annies	Rogers	April 2014
Aqua Fire	Fayetteville	May 2014
Charlies Chicken	Fayetteville	June 2014
Basil's	Rogers	June 2014
Number One Buffet	Rogers	June 2014
Pizza Hut	Rogers	June 2014
Blue Monkey Grill	Springdale	July 2014
Hogs Breath Eatery	Fayetteville	August 2014
Mas Mex	Fayetteville	October 2014
El Paso Cantina	Fayetteville	October 2014
Grizzly's Restaurant	Siloam Springs	October 2014
Orlando's	Bentonville	November 2014
City Pizzeria & Salad	Fayetteville	November 2014
Tanglewood Branch Beer	Fayetteville	November 2014
Sweet Blessing Cakery	Siloam Springs	November 2014
Phoebe's Treats	Fayetteville	December 2014
Wine Cellar	Fayetteville	December 2014
Mayflower Restaurant	Fayetteville	January 2015



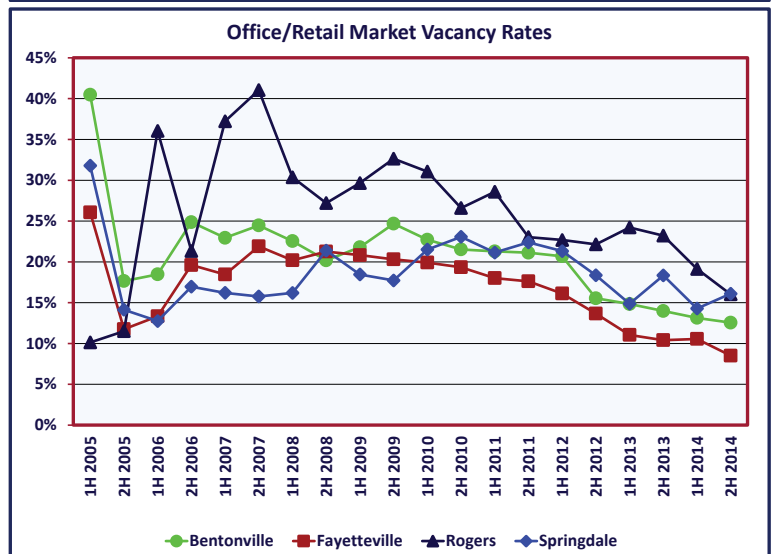
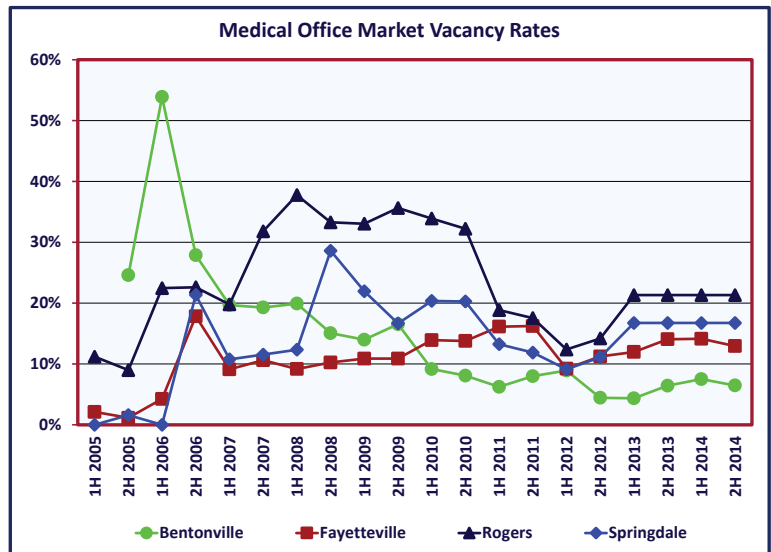
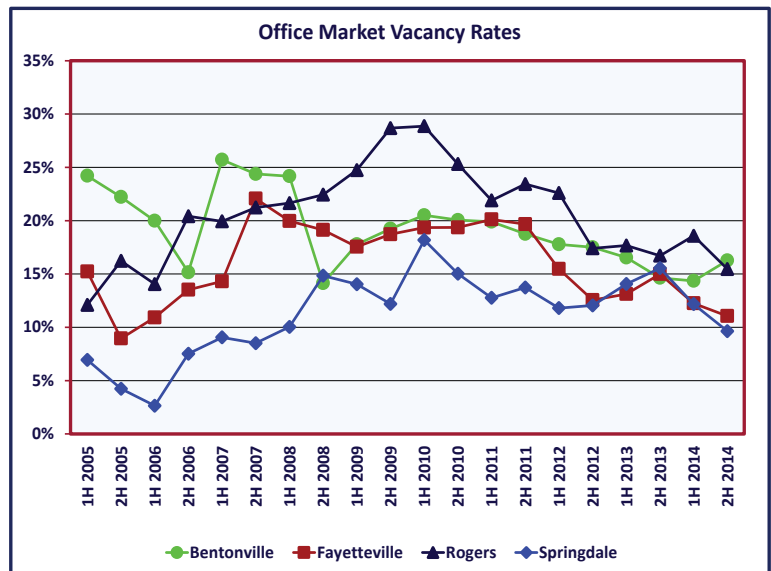
# Commercial Market Trends

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 ten 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 1,535,575 square feet in the second half of 2013 to 1,439,260 square feet in the second half of 2014. In the past year, 100,066 new square feet of office space was added and there was net positive absorption of 212,203 square feet. Fayetteville accounted for the most net positive absorption with 116,606 square feet. Rogers accounted for another 63,101 square feet, while Springdale accounted for 55,598 square feet, while Bella Vista and Lowell also had net positive absorption. Bentonville had negative net absorption of 35,714 square feet during the past year. The overall Northwest Arkansas office vacancy rate decreased 1.4 percentage points from 15.2 percent in the second half of 2013 to 13.8 percent in the second half of 2014.

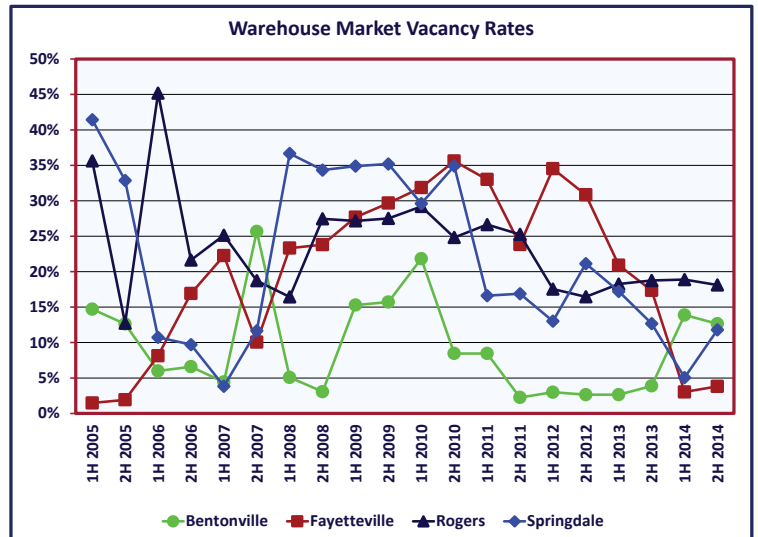
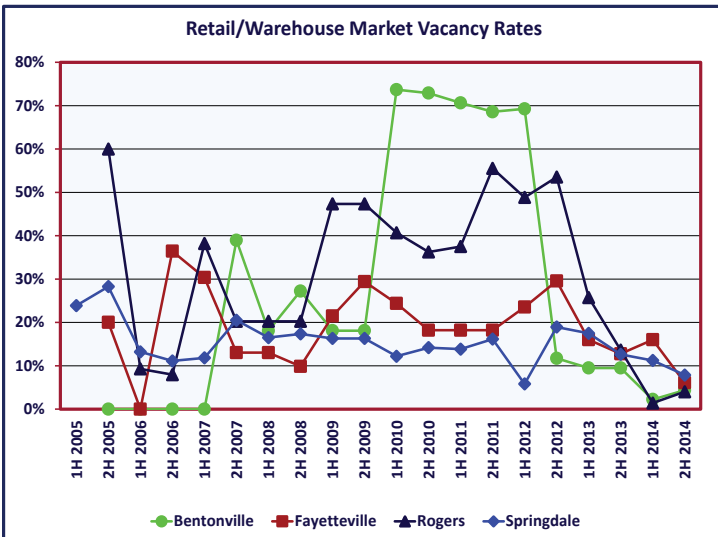
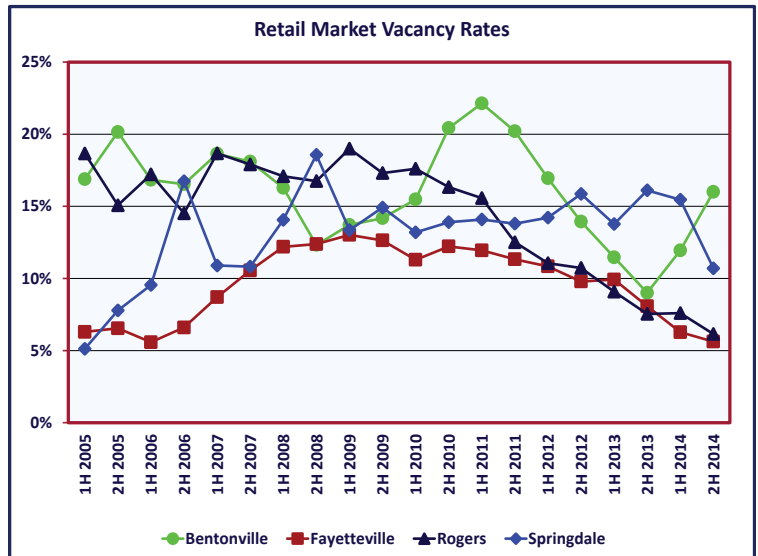
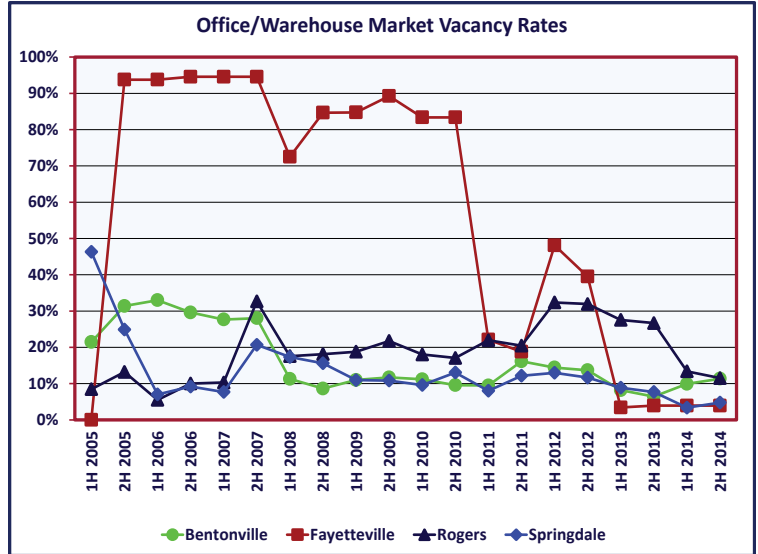
The office/retail market experienced positive net absorption of 81,723 square feet in the past year. Rogers accounted for 42,834 square feet of the positive absorption from the second half of 2013 to the second half of 2014. New office/retail space of 26,050 square feet was added within the past year. In Northwest Arkansas 491,147 square feet of office/retail space was available, down from 598,171 square feet in the second half of last year. This space was located in each of the largest cities: Rogers, Fayetteville, Bentonville, and Springdale.

The retail market had positive net absorption of 149,037 square feet in the past twelve months. Fayetteville accounted for 95,922 square feet, Springdale accounted for 68,909 square feet, and Rogers accounted for another 35,129 square feet of the net positive absorption. Bentonville, Siloam Springs, and Lowell had negative net absorption in retail space over the past twelve months. There were 129,939 new square feet of retail space added to the Northwest Arkansas market during that time. In the second half of 2014, a total of 598,723 square feet of retail space were available in Northwest Arkansas, down from 724,361 square feet in the second half of 2013.



# Commercial Market Trends

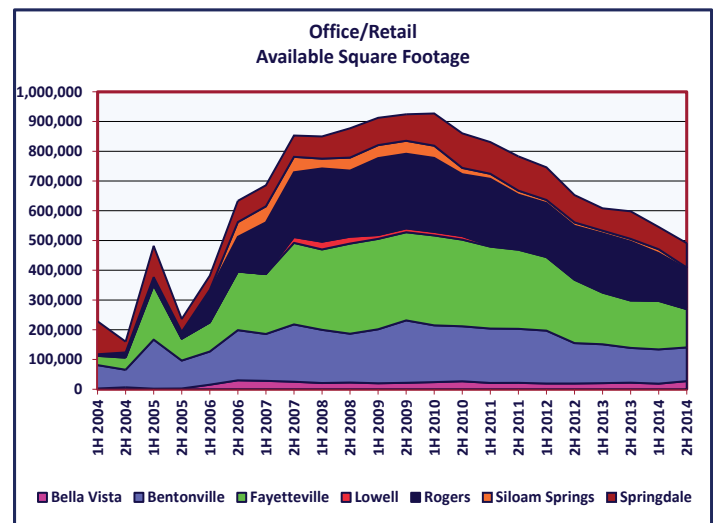
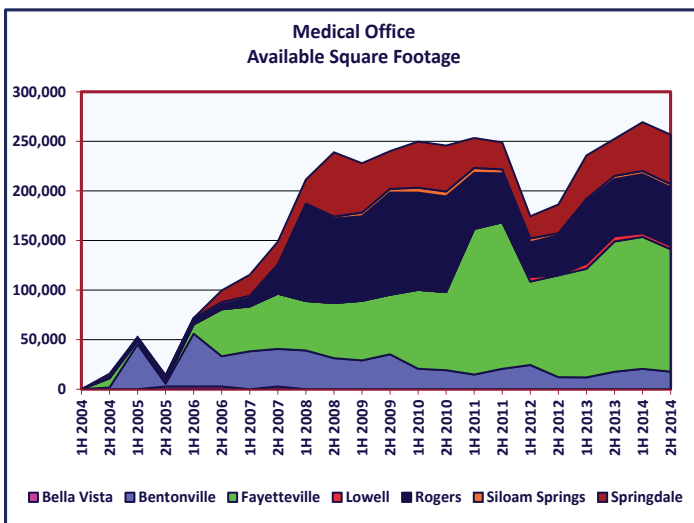
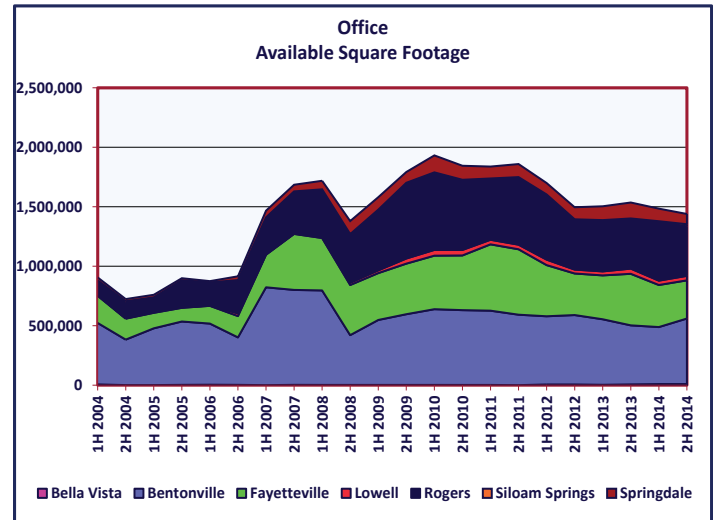
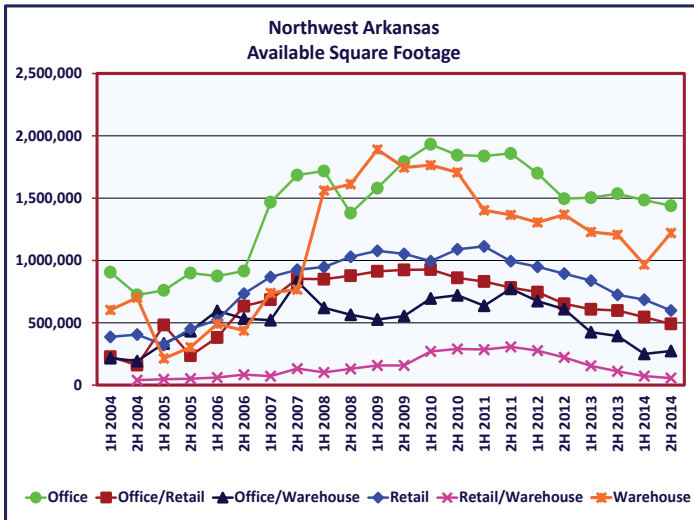
The Northwest Arkansas warehouse market also experienced positive net absorption of 341,674 square feet during the past year. The number of available square feet increased from 1,206,283 in the second half of 2013 to 1,220,911 in the second half of 2014, while vacancy rates declined from 17.3 percent to 16.4 percent over the same period. Springdale accounted for 203,823 square feet of the positive net warehouse absorption in the past year, Fayetteville accounted for another 155,948 square feet, Siloam Springs added another 110,373 square feet of positive net absorption and Rogers had net positive absorption of 75,654. Lowell and Bentonville both experienced negative net absorption in the last year in the warehouse market. 243,050 square feet of new warehouse space was added to the Northwest Arkansas market during the past year.



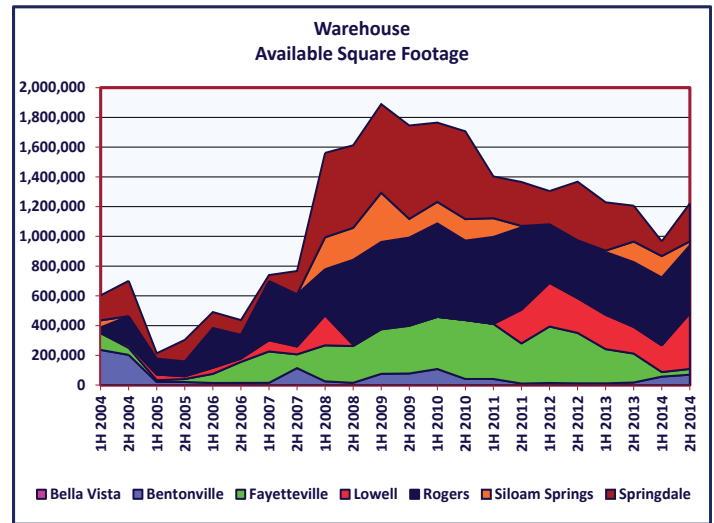
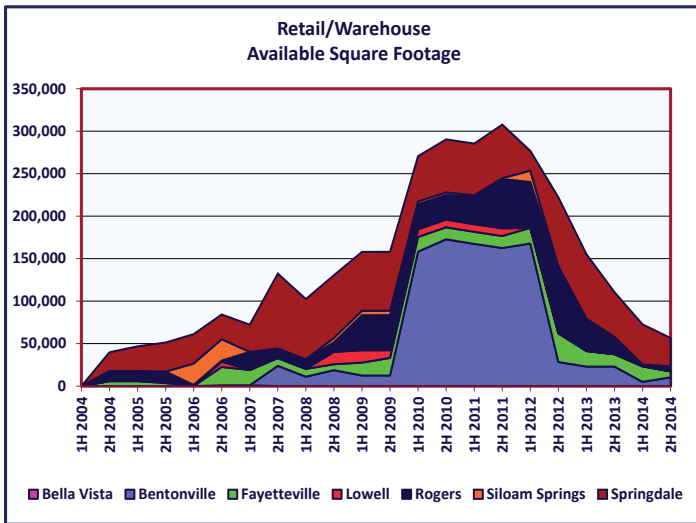
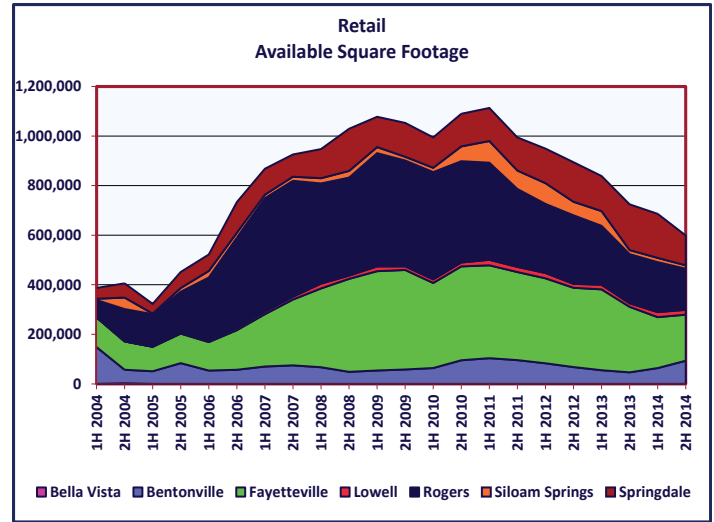
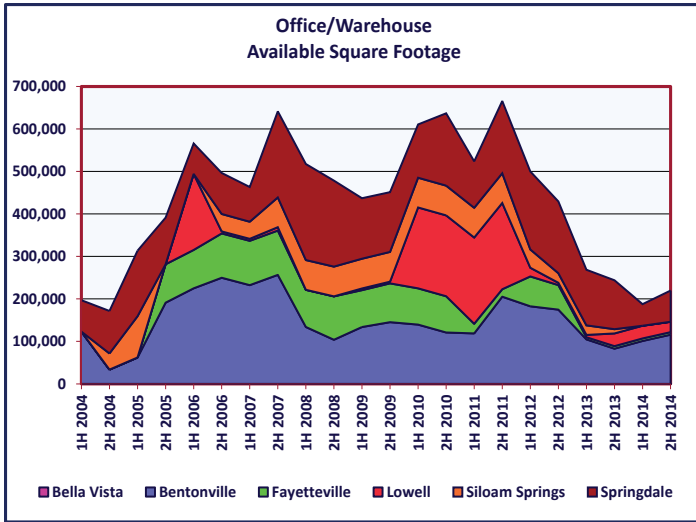
# Commercial Market Trends

## Net Twelve Month Absorption by Submarket 2H 2013 - 2H 2014

Submarket	Office	Office/Retail	Retail	Warehouse
Bentonville	-35,714	3,586	-42,226	-8,769
Fayetteville	116,606	23,631	95,922	155,948
Lowell	5,862	1,440	-5,297	-195,355
Rogers	63,101	42,834	35,129	75,654
Siloam Springs	0	4,700	-3,400	110,373
Springdale	55,598	7,791	68,909	203,823
Northwest Arkansas	212,203	81,723	149,037	341,674
Northwest Arkansas	212,203	81,723	149,037	341,674



# Commercial Market Trends





# Commercial Market Trends

## Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
2H 2013	32.7%	14.6%	15.0%	14.3%	16.7%	3.0%	15.5%	15.2%
1H 2014	12.2%	14.4%	12.2%	12.0%	18.6%	3.0%	12.2%	14.5%
2H 2014	11.6%	16.3%	11.1%	11.8%	15.5%	14.3%	9.6%	13.8%

### Medical Office

2H 2013	0.0%	6.4%	14.1%	7.4%	21.3%	2.3%	16.7%	12.8%
1H 2014	0.0%	7.5%	14.1%	7.4%	21.3%	2.3%	16.7%	13.5%
2H 2014	0.0%	6.5%	12.9%	7.4%	21.3%	2.3%	16.7%	12.5%

### Office/Retail

2H 2013	8.0%	14.0%	10.4%	3.7%	23.2%	6.2%	18.3%	14.2%
1H 2014	6.5%	13.1%	10.6%	2.9%	19.1%	8.8%	14.3%	12.8%
2H 2014	9.5%	12.5%	8.5%	1.5%	16.0%	3.0%	16.1%	11.5%

### Office/Warehouse

2H 2013	--	6.4%	3.9%	32.4%	26.7%	8.7%	7.7%	10.6%
1H 2014	--	9.9%	3.9%	32.4%	13.4%	0.0%	3.4%	7.5%
2H 2014	--	11.4%	3.9%	26.4%	11.5%	0.0%	4.8%	8.1%

### Retail

2H 2013	0.0%	9.0%	8.1%	11.2%	7.5%	5.1%	16.1%	9.0%
1H 2014	0.0%	11.9%	6.3%	16.1%	7.6%	5.5%	15.5%	8.5%
2H 2014	0.0%	16.0%	5.6%	15.4%	6.1%	4.5%	10.7%	7.3%

### Retail/Warehouse

2H 2013	--	9.5%	12.8%	0.0%	13.6%	0.0%	12.6%	10.9%
1H 2014	--	2.2%	16.0%	0.0%	1.4%	0.0%	11.2%	7.2%
2H 2014	--	4.4%	6.1%	0.0%	4.0%	0.0%	7.9%	5.5%

### Warehouse

2H 2013	0.0%	3.9%	17.4%	21.4%	18.8%	42.3%	12.7%	17.3%
1H 2014	0.0%	13.9%	3.0%	21.4%	18.9%	43.3%	5.1%	13.8%
2H 2014	0.0%	12.6%	3.8%	43.7%	18.1%	8.3%	11.8%	16.4%

# Commercial Market Trends

## Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
2H 2013	-3,450	74,706	-27,041	-10,073	8,434	-300	-8,805	33,471
1H 2014	3,450	21,995	83,914	7,002	-16,578	0	25,892	125,675
2H 2014	3,300	-57,709	32,692	-1,140	79,679	0	29,706	86,528

### Medical Office

2H 2013	0	-5,700	-11,319	0	5,802	-1,300	6,349	-6,168
1H 2014	0	-2,929	4,761	1,707	5,010	0	-5,010	3,539
2H 2014	0	2,850	9,568	0	806	0	9,453	22,677

### Office/Retail

2H 2013	-1,600	13,786	951	0	3,898	0	-16,222	813
1H 2014	6,169	1,811	2,867	540	18,408	-4,000	14,968	40,763
2H 2014	-8,428	1,775	20,764	900	24,426	8,700	-7,177	40,960

### Office/Warehouse

2H 2013	--	30,315	5,000	0	5,000	12,500	30,680	83,495
1H 2014	--	-18,105	0	0	-7,000	10,000	50,860	35,755
2H 2014	--	-10,831	0	5,475	8,840	0	16,900	20,384

### Retail

2H 2013	0	14,143	51,861	4,450	43,362	2,040	24,501	140,357
1H 2014	0	-12,631	57,604	-6,147	-2,247	-6,600	20,277	50,256
2H 2014	0	-29,595	38,318	850	37,376	3,200	48,632	98,781

### Retail/Warehouse

2H 2013	--	0	3,711	0	19,742	0	5,200	28,653
1h 2014	--	0	-3,711	0	18,316	0	5,260	19,865
2H 2014	--	-2,067	11,355	0	-3,900	0	14,000	19,388

### Warehouse

2H 2013	0	-5,500	52,000	51,604	0	-116,133	83,796	65,767
1H 2014	0	-39,500	163,948	0	74,400	-5,760	157,923	351,011
2H 2014	0	30,731	-8,000	-195,355	1,254	116,133	45,900	-9,337

# Commercial Market Trends

## Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
2H 2013	6,750	496,209	433,287	43,711	418,303	3,300	134,015	1,535,575
1H 2014	9,514	478,966	353,668	36,709	496,116	3,300	105,752	1,484,025
2H 2014	9,442	550,750	320,976	37,849	416,437	17,634	86,172	1,439,260

### Medical Office

2H 2013	0	17,623	131,381	5,407	57,493	3,300	37,306	252,510
1H 2014	0	20,552	133,087	3,700	59,496	3,300	49,207	269,342
2H 2014	0	17,702	123,519	3,700	58,690	3,300	49,880	256,791

### Office/Retail

2H 2013	22,005	116,913	159,288	2,440	195,680	9,200	92,645	598,171
1H 2014	18,736	115,102	163,040	1,900	158,682	13,200	74,820	545,480
2H 2014	27,164	113,327	128,903	1,000	134,256	4,500	81,997	491,147

### Office/Warehouse

2H 2013	--	82,845	6,000	29,875	150,879	10,000	115,110	394,709
1H 2014	--	100,950	6,000	29,875	63,029	0	50,800	250,654
2H 2014	--	115,781	6,000	24,400	54,189	0	73,435	273,805

### Retail

2H 2013	0	46,545	264,426	14,104	198,425	16,284	184,577	724,361
1H 2014	0	63,782	205,500	20,251	201,653	17,124	177,640	685,950
2H 2014	0	93,377	185,936	19,401	165,777	13,924	120,308	598,723

### Retail/Warehouse

2H 2013	--	22,998	14,601	0	20,416	0	52,560	110,575
1H 2014	--	5,000	18,312	0	2,100	0	47,300	72,712
2H 2014	--	10,367	6,957	0	6,000	0	33,300	56,624

### Warehouse

2H 2013	0	17,334	194,573	179,000	436,241	138,008	241,127	1,206,283
1H 2014	0	56,834	30,625	179,000	457,312	143,768	99,304	966,843
2H 2014	0	69,834	38,625	374,355	456,058	27,635	254,404	1,220,911

# Office

In the second half of 2014, the office properties included in the Skyline Report panel had a vacancy rate of 13.8 percent, a decrease from the 14.5 percent in the first half of 2014. Of the 10,399,468 square feet of Northwest Arkansas properties examined, just under 1,439,260 square feet were available. From the first half of 2014 to the second half of 2014, 85,772 square feet of new space entered the market, while 172,300 square feet became occupied, netting positive absorption of 86,528 square feet for the Northwest Arkansas office market.

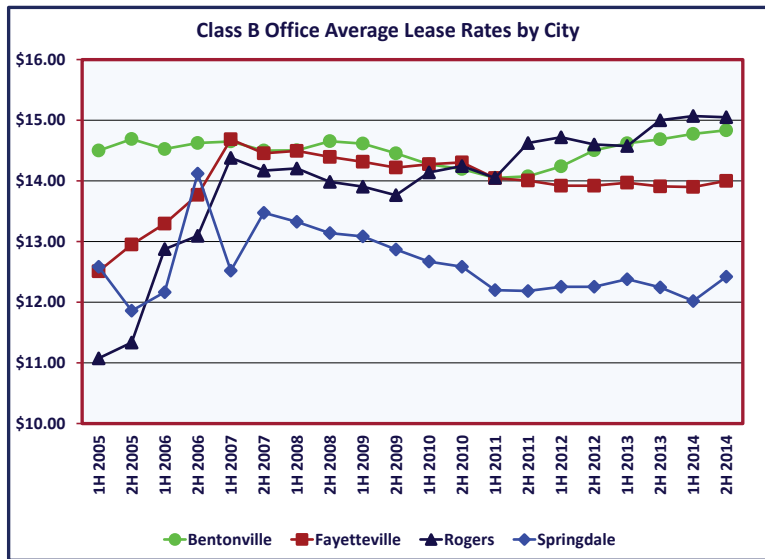
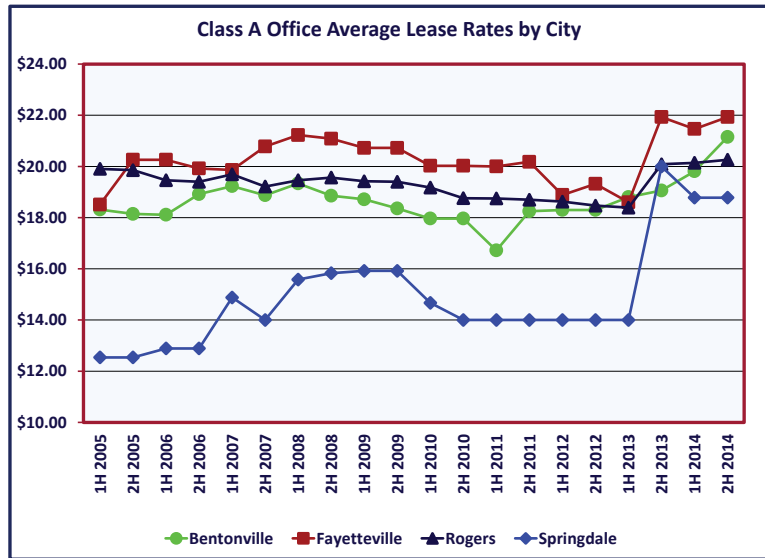
Bentonville had the most office space available with 550,750 square feet in the second half of 2014, of which 75.5 percent was Class B office space. There were 20,000 new square feet added in the second half of 2014. The Bentonville office market had net negative absorption of 57,709 square feet. Net positive absorption occurred in the Class C and medical submarkets of 3,000 square feet and 2,850 square feet, respectively, while Class A office space had net negative absorption of 46,130 square feet and Class B space had negative net absorption of 17,429 square feet in the second half of 2014.

Rogers had available office space of 416,437 square feet of which 50.4 percent was in the Class A submarket. 22,032 square feet of new office space were added in the second half of 2014. The Rogers office market had net positive absorption of 76,679 square feet in the second half of 2014, with 47,049 square feet of Class A, 29,204 square feet of Class B, 2,620 square feet of Class C, and 806 square feet of medical office becoming occupied.

Fayetteville had 320,976 square feet of available office space in the second half of 2014, of which 46.7 percent was in the Class B submarket. 13,500 new square feet of medical office space were added in the second half of 2014. From the first half of 2014 to the second half of 2014, the Fayetteville office market had net positive absorption of 32,692 square feet. During the second half of

## Office Lease Rates Average Range by City

	Class A	Class B	Class C	Medical
Bentonville	\$20.95 - \$21.35	\$14.55 - \$15.12	\$9.30 - \$9.50	\$16.55 - \$18.03
Fayetteville	\$19.86 - \$24.00	\$13.76 - \$14.24	\$10.28 - \$10.61	\$15.14 - \$16.85
Rogers	\$19.29 - \$21.23	\$14.78 - \$15.32	\$8.94 - \$9.49	\$12.65 - \$12.90
Springdale	\$18.28 - \$19.28	\$11.82 - \$13.02	\$9.27 - \$9.53	\$12.95 - \$13.59



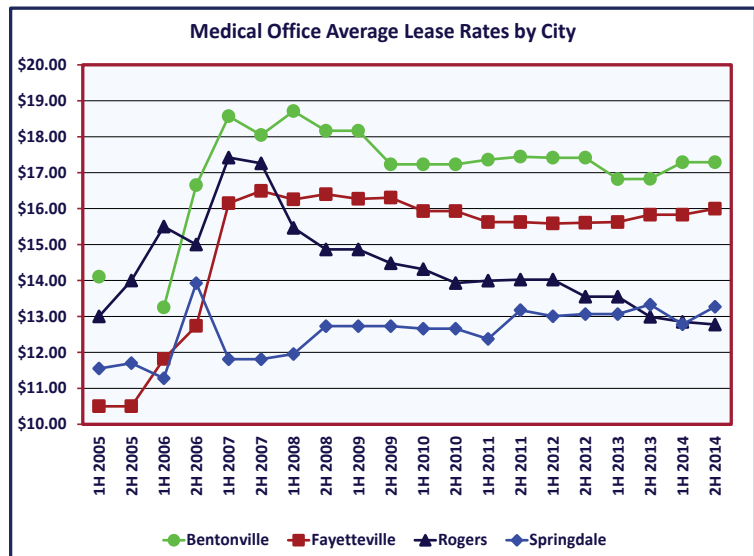
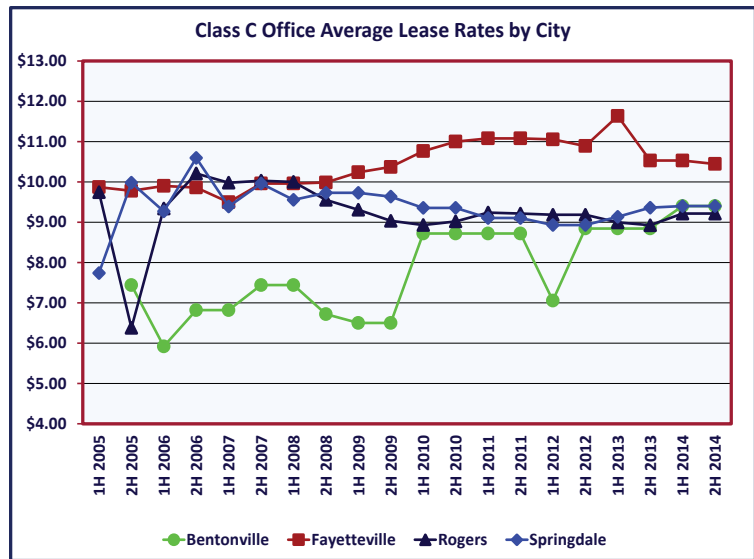
2014, Class B, Class C, and medical office space experienced net positive absorption of 23,620, 900, 12,617, and 9,568 square feet, respectively. Class A space had negative net absorption of 1,396 during the second half of 2014.

The Springdale office market had 86,172 square feet of available space in the second half of 2014, of which 57.9 percent was medical office space. 15,640 new square feet

# Office

of medical office space were added in the second half of 2014. There was net positive absorption of 360 square feet in the Class A submarket, 14,537 square feet in the Class B submarket, 5,356 square feet in the Class C submarket, and 9,453 square feet in the medical office submarket leading to a total positive net absorption of 29,702 square feet in the second half of 2014.

In the second half of 2014, average reported lease rates for Class A office space were highest in Fayetteville at \$21.93. Bentonville increased \$1.34 to \$21.15, Rogers was at \$20.26, and Springdale (with very limited Class A space) was at \$18.78. Average reported lease rates for Class B office space were highest in Rogers at \$15.05. Bentonville was at \$14.84, Fayetteville was at \$14.00, and Springdale had the lowest reported average lease rates at \$12.42. Reported average lease rates for Class C office were highest in Fayetteville at \$10.45. Springdale was at \$9.40, Bentonville was at \$9.40, and Rogers was the lowest at \$9.22. Reported average medical office space lease rates were highest in Bentonville at \$17.29. Fayetteville was at \$16.00, Springdale increased to \$13.27, and Rogers was the lowest at \$12.78.





# Office

## Office Space Characteristics by Class and City

Class A	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption	Months of Inventory
Bentonville	368,062	70,598	19.2%	-26,130	20,000	-46,130	--
Fayetteville	409,222	32,836	8.0%	-1,396	0	-1,396	58.9
Rogers	1,404,633	209,684	14.9%	62,049	15,000	47,049	--
Springdale	65,501	0	0.0%	360	0	360	0.0
<b>Class B</b>							
Bentonville	2,648,318	415,651	15.7%	-17,429	0	-17,429	--
Fayetteville	1,292,024	149,889	11.6%	23,620	0	23,620	38.1
Rogers	733,549	78,283	10.7%	36,236	7,032	29,204	16.1
Springdale	382,781	18,788	4.9%	14,537	0	14,537	
<b>Class C</b>							
Bentonville	95,287	46,799	49.1%	3,000	0	3,000	93.6
Fayetteville	247,062	14,732	6.0%	900	0	900	98.2
Rogers	211,716	69,780	33.0%	2,620	0	2,620	159.8
Springdale	143,055	17,504	12.2%	5,356	0	5,356	19.6
<b>Medical</b>							
Bentonville	274,018	17,702	6.5%	2,850	0	2,850	37.3
Fayetteville	954,775	123,519	12.9%	23,068	13,500	9,568	77.5
Rogers	343,329	58,690	17.1%	806	0	806	436.9
Springdale	302,633	49,880	16.5%	25,093	15,640	9,453	31.7

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents



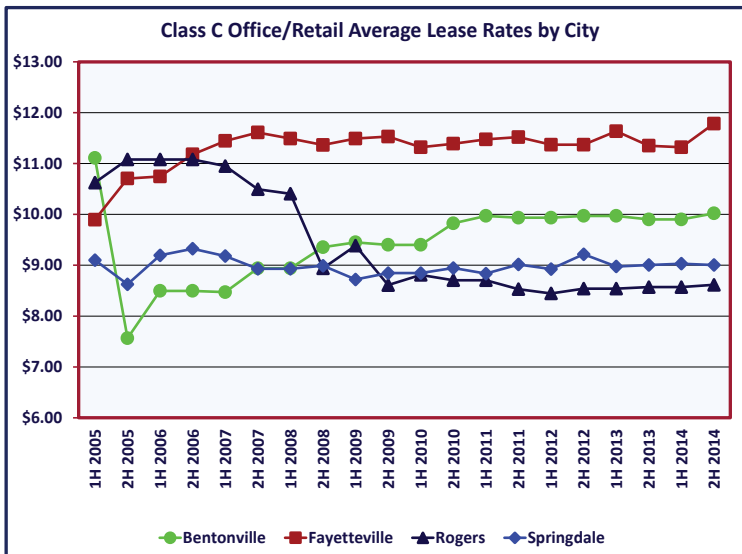
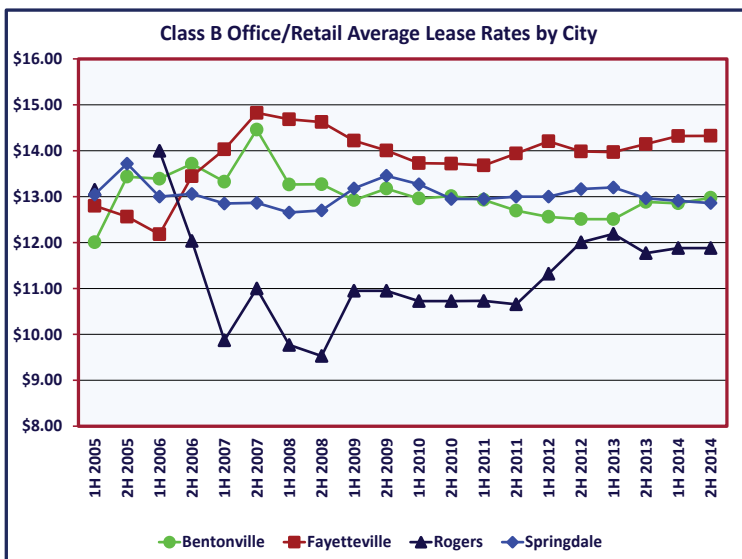
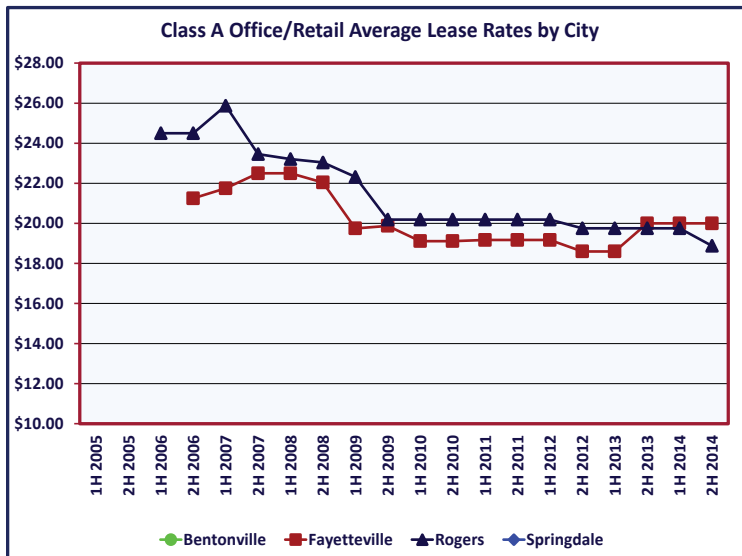
# Office/Retail

In the second half of 2014, the office/retail properties included in the Skyline Report sample had a vacancy rate of 11.5 percent, a decrease from 12.8 percent in the first half of 2014. Of the over 4.2 million square feet of Northwest Arkansas properties examined, 491,147 square feet were available.

From the first half of 2014 to the second half of 2014, 20,050 square feet of office/retail space were added in Northwest Arkansas, in Bentonville. There was net positive absorption of 40,960 square feet in the second half of 2014. Rogers had the most net positive absorption with 24,426 square feet. Fayetteville, Siloam Springs, Bentonville, and Lowell also had net positive absorption of 20,764, 8,700, 1,775, and 900 square feet, respectively. Bella Vista and Springdale had net negative absorption of 8,428 and 7,177 square feet, respectively.

Rogers had the largest amount of available square feet in the office/retail submarket with 134,256 square feet available. Fayetteville, Bentonville, and Springdale had 128,903, 113,327 and 81,997 square feet available, respectively. Dividing those by the total square feet of office/retail space, this translated to vacancy rates of, 8.5 percent for Fayetteville, 12.5 percent for Bentonville, 16.0 percent for Rogers, and 16.1 percent for Springdale in the second half of 2014.

The office/retail space reported average lease rates in the second half of 2014 were highest in the Fayetteville Class A submarket at \$20.00. The average lease rate in Rogers was \$18.88. In the Class B submarket, Fayetteville was the most expensive at \$14.33, followed by Bentonville at \$12.98, Springdale at \$12.86, and Rogers at \$11.88. In the Class C submarket the average lease rate in Fayetteville was \$11.79, in Bentonville was \$10.02, in Springdale was \$9.01, and in Rogers was the least expensive at \$8.62.



# Office/Retail

## Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	--	\$12.29 - \$13.66	\$9.33 - \$10.71
Fayetteville	\$20.00 - \$20.00	\$13.45 - \$15.20	\$11.16- \$12.41
Rogers	\$18.13- \$19.63	\$11.36 - \$12.40	\$7.70 - \$9.53
Springdale	--	\$12.07 - \$13.65	\$8.55 - \$9.46



## Office/Retail Space Characteristics by Class and City

Class A	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption	Months of Inventory
Bentonville	--	--	--	--	--	--	--
Fayetteville	69,307	3,300	4.8%	7,178	0	7,178	2.8
Rogers	133,132	14,835	11.1%	3,500	0	3,500	25.4
Springdale	--	--	--	--	--	--	--
<b>Class B</b>							
Bentonville	818,292	110,761	0	20,275	20,050	225	2,953.6
Fayetteville	1,092,019	109,228	0	10,961	0	10,961	59.8
Rogers	384,486	86,733	0	3,626	0	3,626	143.5
Springdale	243,647	45,952	0	-19,287	0	-19,287	--
<b>Class C</b>							
Bentonville	84,800	2,566	3.0%	1,550	0	1,550	9.9
Fayetteville	352,713	16,375	4.6%	2,625	0	2,625	37.4
Rogers	320,299	32,688	10.2%	17,300	0	17,300	11
Springdale	265,775	36,045	13.6%	12,110	0	12,110	17.9

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents

# Retail

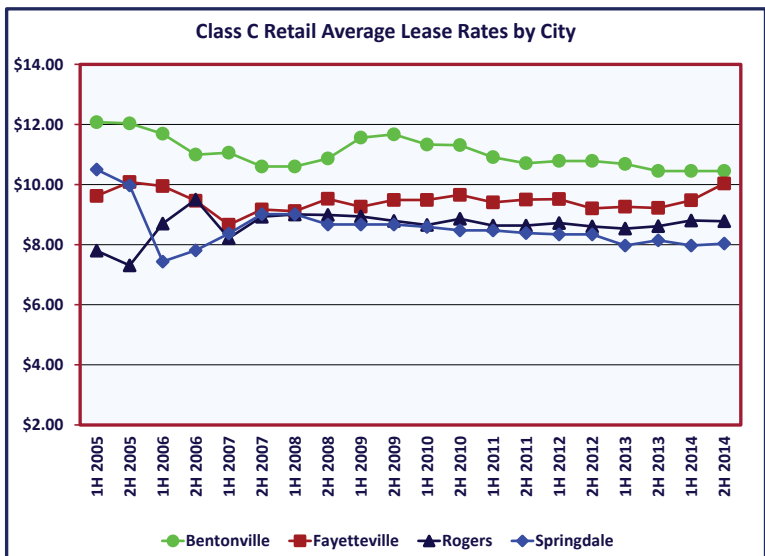
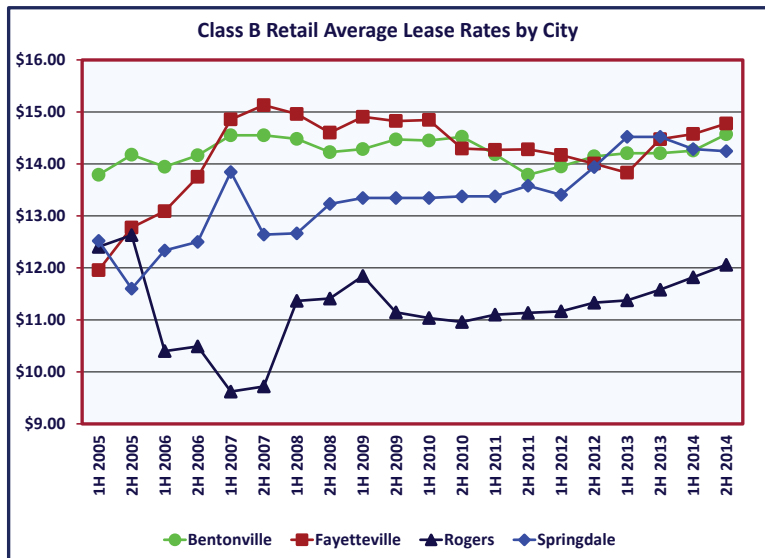
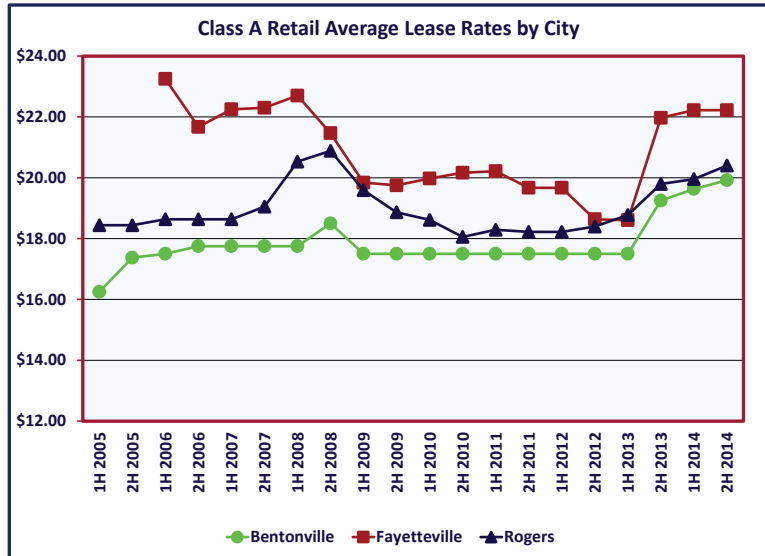
In the second half of 2014, the retail properties included in the Skyline Report panel had a vacancy rate of 7.3 percent, down from 8.5 percent in the first half of 2014. Of more than 8.1 million square feet of Northwest Arkansas retail properties examined, 598,723 square feet were available. From the first half of 2014 to the second half of 2014, 93,570 square feet of new retail space was added in Northwest Arkansas, leading to net absorption of 98,781 square feet.

Bentonville had 583,382 total square feet and 93,377 available square feet of retail space in the second half of 2014, resulting in a vacancy rate of 16.0 percent. This represented an increase from the rate of 11.9 percent in the first half of 2014. 56,000 square feet of new retail space were added to the market. The increased vacancy rate resulted from net negative absorption of 29,595 square feet.

In the second half of 2014, Fayetteville had a retail vacancy rate of 5.6 percent, down from 6.3 percent in the first half of 2014, with 185,936 available square feet out of a total of 3,307,833. No new square feet were added and there was reported net positive absorption of 38,318 square feet in the Fayetteville retail market.

The Rogers market had 165,777 square feet of available retail space out of a total of 2,696,725 square feet for a vacancy rate of 6.1 percent in the second half of 2014. This was a decrease from the 7.6 rate in the first half of 2014. From the first half of 2014 to the second half of 2014, 37,570 square feet of new retail space were added in Rogers, however, there was positive net absorption of 37,376 square feet.

There were 120,308 square feet of available retail space out of a total of 1,124,014 square feet in Springdale in the second half of 2014. This implied a vacancy rate of 10.7 percent, down from 15.5 percent in the first half of 2014. No new retail space was added during the second half of 2014 but there was net positive absorption of 48,632 square feet.



# Retail

In the Class A retail submarket, Fayetteville had the highest average reported lease rates at \$22.22. The average rate in Rogers increased to \$20.40, and Bentonville increased to at \$19.92. Class B retail average lease rates were highest in Fayetteville at \$14.78. Bentonville was next at \$14.57, Springdale was at \$14.25, and Rogers was the lowest at \$12.06. Class C average reported lease rates remained the highest in Bentonville at \$10.45. Fayetteville was at \$10.04, Rogers was at \$8.78, and Springdale was at \$8.04 in the second half of 2014.

## Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	\$18.92 - \$20.92	\$14.40 - \$14.74	\$10.33 - \$10.57
Fayetteville	\$21.44 - \$23.00	\$14.29 - \$15.26	\$9.82 - \$10.25
Rogers	\$19.67 - \$21.13	\$11.56 - \$12.56	\$8.57 - \$8.99
Springdale	--	\$13.96 - \$14.53	\$7.62 - \$8.45



## Retail Space Characteristics by Class and City

Class A	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption	Months of Inventory
Bentonville	134,790	59,234	43.9%	17,109	56,000	-38,891	--
Fayetteville	1,845,632	61,538	3.3%	3,231	0	3,231	21.5
Rogers	1,627,790	102,717	6.3%	43,646	15,500	28,146	23.6
Springdale	--	--	--	--	--	--	--
<b>Class B</b>							
Bentonville	317,094	24,343	7.7%	6,800	0	6,800	21.5
Fayetteville	1,095,381	91,220	8.3%	5,423	0	5,423	100.9
Rogers	651,234	9,600	1.5%	25,070	22,070	3,000	19.2
Springdale	742,232	107,400	14.5%	28,446	0	28,446	22.7
<b>Class C</b>							
Bentonville	131,498	9,800	7.5%	2,496	0	2,496	24.0
Fayetteville	366,820	33,178	9.0%	29,664	0	29,664	7.0
Rogers	417,701	53,460	12.8%	6,230	0	6,230	51.5
Springdale	381,782	12,908	3.4%	20,186	0	20,186	3.8

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents



# Other Categories

## Warehouse

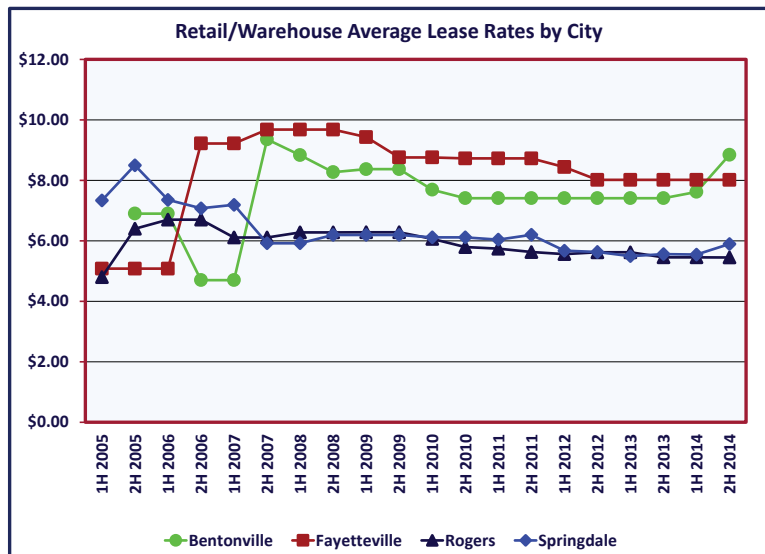
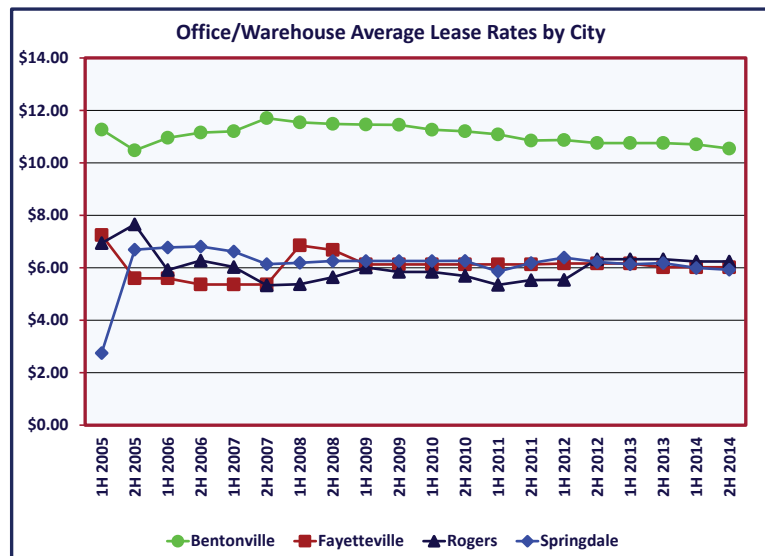
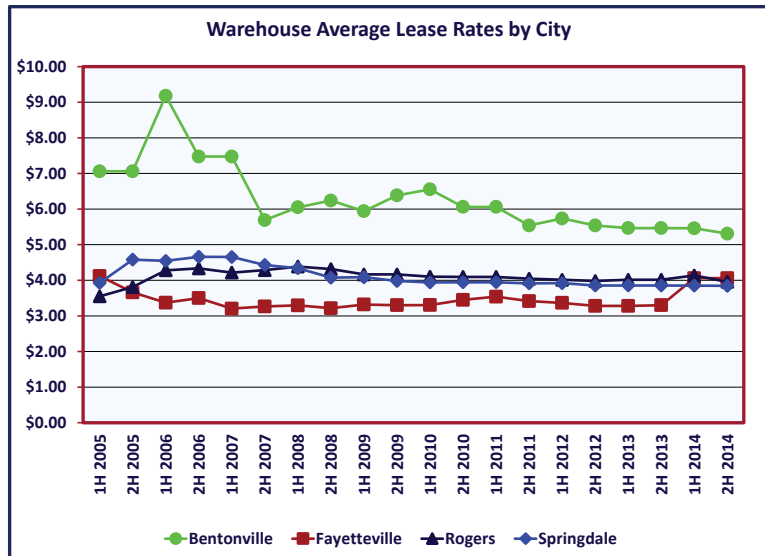
In the second half of 2014, the warehouse properties included in the Skyline Report panel had a vacancy rate of 16.4 percent, up from 13.8 percent in the first half of 2014. Of 7,444,244 square feet of warehouse space examined, 1,220,911 square feet were available in the second half of 2014.

The majority of available warehouse space was split between Rogers with 456,058 square feet, Lowell with 374,355 square feet, and Springdale with 254,404 square feet. Bentonville, Fayetteville, and Siloam Springs had 69,834, 38,625, and 27,635 square feet of available warehouse space, respectively. New warehouse space was added in Bentonville, Rogers, and Lowell with 143,000, 78,750, and 21,300 square feet, respectively, in the second half of 2014. Siloam Springs had the greatest net positive absorption with 116,133 square feet. Springdale, Bentonville, and Rogers also had net positive absorption. Lowell had the most net negative absorption with 195,355 square feet. Fayetteville also had net negative absorption. As a result, there was negative net absorption of 9,337 square feet in Northwest Arkansas. Reported warehouse vacancy rates declined in Siloam Springs, Bentonville and Rogers, and increased in Lowell, Springdale, and Fayetteville.

The average reported warehouse lease rates decreased slightly in Rogers, Bentonville, and Springdale, while Fayetteville experienced no change. Bentonville continued to have the highest reported lease rate at \$5.31 in the second half of 2014.

## Office/Warehouse

The Skyline Report panelists reported on 3,386,319 square feet of office/warehouse space, with 273,805 total square feet available in the second half of 2014. The vacancy rate in the office/warehouse submarket increased from 7.5 percent in the first half of 2014 to 8.1 percent in the second half of 2014. 9,600 square feet of new office/warehouse space entered the market in Springdale during the second half of 2014.



# Other Categories

The office/warehouse submarket in Northwest Arkansas experienced positive net absorption of 16,900 square feet in Springdale, 8,840 in Rogers, and 5,475 square feet in Lowell. Neither Fayetteville nor Siloam Springs experienced any absorption, while Bentonville experienced negative net absorption of 10,831 square feet. This totaled 20,384 square feet of positive absorption in Northwest Arkansas during the second half of 2014. Bentonville, Springdale, and Rogers, with 115,781 square feet, 73,435 square feet, and 54,189 square feet, respectively, had the bulk of the available office/warehouse space in Northwest Arkansas, while Fayetteville and Lowell had 6,000 and 24,400 square feet of available office/warehouse space, respectively.

Average reported office/warehouse lease rates declined slightly in Bentonville, Rogers, and Springdale in the second half of 2014, with Bentonville continuing to have the highest reported average lease rate at \$10.55.

## Other Lease Rates Average Range by City

	Warehouse	Office/Warehouse	Retail/Warehouse
Bentonville	\$5.08 - \$5.54	\$9.98 - \$11.11	\$8.52 - \$9.17
Fayetteville	\$3.91 - \$4.21	\$5.69 - \$6.35	\$7.39 - \$8.64
Rogers	\$3.87 - \$4.04	\$6.07 - \$6.41	\$5.36 - \$5.54
Springdale	\$3.67 - \$4.02	\$5.30 - \$6.55	\$5.55 - \$6.24

### Retail/Warehouse

The Skyline Report panelists reported on 1,020,269 square feet of retail/warehouse space in the second half of 2014. A total of 56,624 square feet were available in Northwest Arkansas. The vacancy rate in the retail/warehouse submarket decreased from 7.2 percent in the first half of 2014 to 5.5 percent in the second half of 2014.

From the first half of 2014 to the second half of 2014, there was positive net absorption of 19,388 square feet of retail/

warehouse space in Northwest Arkansas. There was positive net absorption in the retail/warehouse markets of 14,000 square feet in Springdale, and 11,355 square feet in Fayetteville. Rogers and Bentonville experienced net negative absorption of 3,900 and 2,067 square feet, respectively during the second half of 2014.

Retail/warehouse reported average lease rates increased significantly in Bentonville by \$1.23 to \$8.85, overtaking Fayetteville for the highest reported lease rate in the second half of 2014.

## Other Space Characteristics by Class and City

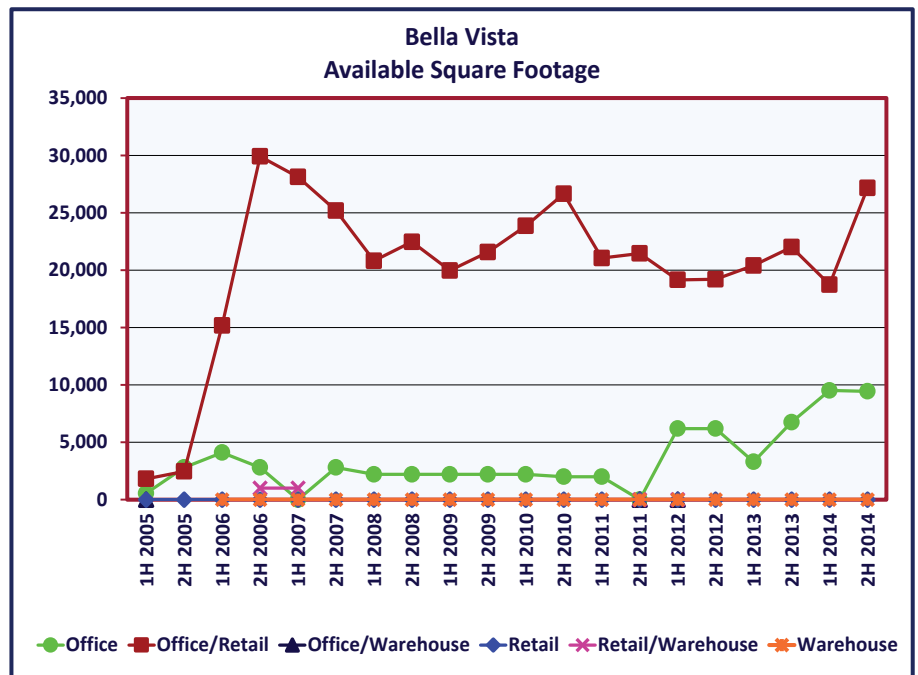
Warehouse	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption	Months of Inventory
Bentonville	552,288	69,834	12.6%	173,731	143,000	30,731	13.6
Fayetteville	1,011,091	38,625	3.8%	-8,000	0	-8,000	--
Rogers	2,516,554	456,058	18.1%	80,004	78,750	1,254	2,182.1
Springdale	2,156,348	254,404	11.8%	45,900	0	45,900	33.3
<b>Office/Warehouse</b>							
Bentonville	1,019,408	115,781	11.4%	-10,831	0	-10,831	--
Fayetteville	152,072	6,000	3.9%	0	0	0	--
Rogers	470,562	54,189	11.5%	8,840	0	8,840	36.8
Springdale	1,537,477	73,435	4.8%	26,500	9,600	16,900	26.1
<b>Retail/Warehouse</b>							
Bentonville	237,926	10,367	4.4%	-2,067	0	-2,067	--
Fayetteville	114,440	6,957	6.1%	11,355	0	11,355	3.7
Rogers	150,021	6,000	4.0%	-3,900	0	-3,900	--
Springdale	423,564	33,300	7.9%	14,000	0	14,000	14.3

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents

# Bella Vista

- From July 1 to December 31, 2014, no commercial building permits were issued in Bella Vista.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 407,492 square feet of commercial space in Bella Vista in the second half of 2014.
- In the second half of 2014, Bella Vista experienced negative net absorption of 5,128 square feet.
- There was positive net absorption in the Class B office submarket of 3,300 square feet, and negative net absorption of 8,428 square feet in the Class B office/retail submarket.
- There was no space added to the Bella Vista commercial market in the second half of 2014.
- Reported average lease rates in Bella Vista in the second half of 2014 remained relatively consistent with the rates in the first half of 2014.



## Bella Vista Commercial Real Estate Market Summary Statistics

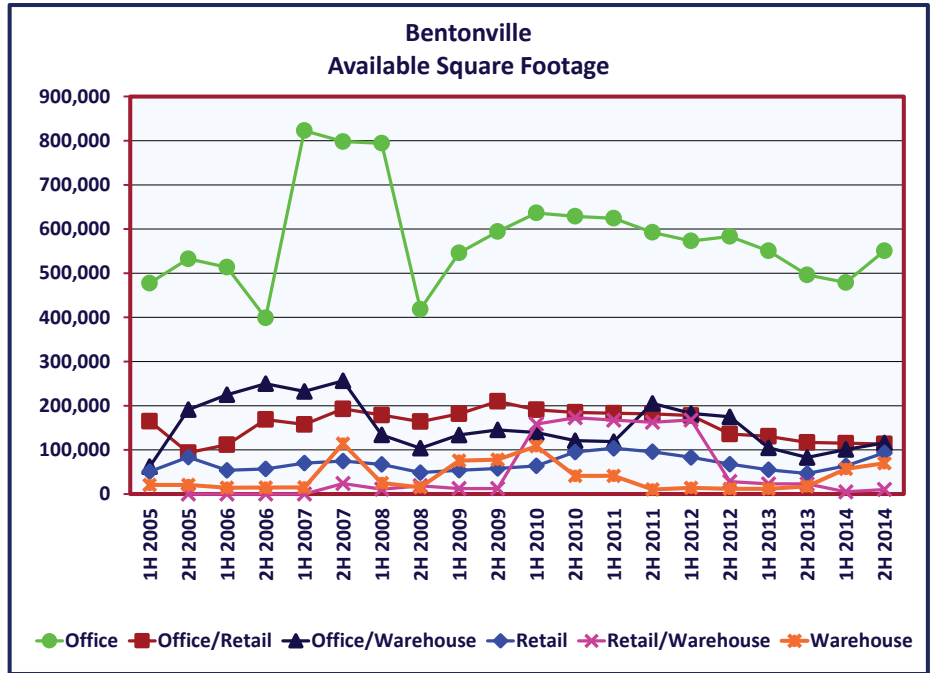
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	--	--	--	--	--	--	--	--
Office	\$10.96 - \$14.03	81,137	9,442	11.6%	3,300	0	3,300	17.2
Class A	--	--	--	--	--	--	--	--
Class B	\$10.62 - \$14.03	69,805	6,214	8.9%	3,300	0	3,300	11.3
Class C	--	3,228	3,228	100.0%	0	0	0	--
Medical	\$12.00 - \$14.00	8,104	0	0.0%	0	0	0	--
Office/Retail	\$9.81 - \$12.26	286,869	27,164	9.5%	-8,428	0	-8,428	--
Class A	--	--	--	--	--	--	--	--
Class B	\$9.81 - \$12.26	276,285	24,264	8.8%	-8,428	0	-8,428	--
Class C	--	10,584	2,900	27.4%	0	0	0	--
Office/Warehouse	--	--	--	--	--	--	--	--
Retail	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	--
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	--	--	--	--	--	--	--	--
Warehouse	\$1.00 - \$2.70	18,486	0	0.0%	0	0	0	--

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents

# Bentonville

- From July 1 to December 31 2014, Bentonville issued \$45,590,848 worth of building permits for new commercial space. The second half of 2014 value was 356.8 percent higher than the second half of 2013 value of \$9,761,846. Bentonville accounted for 29.1 percent of the commercial permits issued in Northwest Arkansas during the second half of 2014.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,698,121 square feet of commercial space in Bentonville in the second half of 2014.
- In the second half of 2014, Bentonville experienced negative net absorption of 67,696 square feet.
- There was negative net absorption in the office of 57,709 and a positive net absorption in the office/retail and medical, and warehouse submarkets, of 1,775, 2,850, 30,731 square feet respectively, while there was negative



- net absorption in the office/warehouse, and retail submarkets of 10,831, and 29,595 square feet in the second half of 2014 in Bentonville.
- 239,050 new square feet of commercial space entered the Bentonville market in the second half of 2014.
- Reported vacancy rates from the first half of 2014 to the second half of 2014 decreased in the medical office, office/retail, and warehouse;

## Bentonville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Net Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	\$4.50 - \$4.50	16,340	0	0.0%	0	0	0	--
Office	\$14.71 - \$15.33	3,385,685	550,750	16.3%	-37,709	20,000	-57,709	--
Class A	\$20.95 - \$21.35	368,062	70,598	19.2%	-26,130	20,000	-46,130	--
Class B	\$14.55 - \$15.12	2,648,318	415,651	15.7%	-17,429	0	-17,429	--
Class C	\$9.30 - \$9.50	95,287	46,799	49.1%	3,000	0	3,000	93.6
Medical	\$16.55 - \$18.03	274,018	17,702	6.5%	2,850	0	2,850	37.3
Office/Retail	\$11.83 - \$13.19	903,092	113,327	12.5%	21,825	20,050	1,775	383.1
Class A	--	--	--	--	--	--	--	--
Class B	\$12.29 - \$13.66	818,292	110,761	13.5%	20,275	20,050	225	2,953.6
Class C	\$9.33 - \$10.71	84,800	2,566	3.0%	1,550	0	1,550	9.9
Office/Warehouse	\$9.98 - \$11.11	1,019,408	115,781	11.4%	-10,831	0	-10,831	--
Retail	\$13.84 - \$14.41	583,382	93,377	16.0%	26,405	56,000	-29,595	--
Class A	\$18.92 - \$20.92	134,790	59,234	43.9%	17,109	56,000	-38,891	--
Class B	\$14.40 - \$14.74	317,094	24,343	7.7%	6,800	0	6,800	21.5
Class C	\$10.33 - \$10.57	131,498	9,800	7.5%	2,496	0	2,496	23.6
Retail/Warehouse	\$8.52 - \$9.17	237,926	10,367	4.4%	-2,067	0	-2,067	--
Warehouse	\$5.08 - \$5.54	552,288	69,834	12.6%	173,731	143,000	30,731	13.6

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents

# Bentonville

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

- Average lease rates increased significantly in the Bentonville Class A office, and retail/warehouse from the first half of 2014 to the second half of 2014. Other lease rates remained relatively stable during this period.

## **Downtown Bentonville**

- Skyline Report panelists reported vacancy statistics, lease rate ranges,

and other characteristics for 170,145 square feet of office, office/retail, and retail space in downtown Bentonville in the second half of 2014.

- There was no net absorption in Downtown Bentonville during the second half of 2014.
- Office space in Downtown Bentonville had a reported vacancy rate of 1.2 percent in the second half of 2014 the same as in the first half of 2014.
- The office/retail vacancy rate in Downtown Bentonville remained at 0.0 percent, as all the space stayed occupied.

- The reported retail vacancy rate for downtown Bentonville properties remained 0.0 percent, for the second half of 2014.
- Office, office/retail, and retail vacancy rates all remained the same for Downtown Bentonville in the second half of 2014.



## Downtown Bentonville Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$14.19 - \$14.97	82,313	1,000	1.2%	0	0	0	--
Office/Retail	\$11.08 - \$13.58	46,109	0	0.0%	0	0	0	--
Retail	\$11.45 - \$11.95	41,723	0	0.0%	0	0	0	--

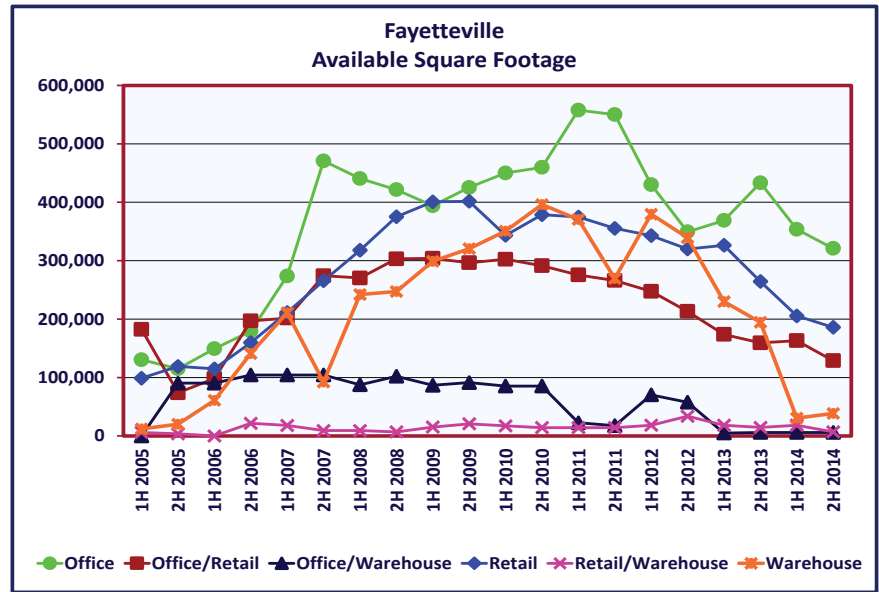
<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents



# Fayetteville

- From July 1 to December 31, 2014, Fayetteville issued building permits for \$35,460,764 worth of new commercial space. The second half of 2014 value was 259.3 percent higher than the second half of 2013 value of \$9,870,021. Fayetteville accounted for 23.1 percent of the commercial permits issued in Northwest Arkansas during the second half of 2014.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 9,756,661 square feet of commercial space in Fayetteville in the second half of 2014.
- In the second half of 2014, Fayetteville experienced positive net absorption of 95,129 square feet overall. There was net positive absorption in the office, medical, office/retail, and retail submarkets of 32,692, 9,568, 20,764, and



38,318 square feet, respectively. The warehouse submarkets experienced negative net absorption of 8,000 square feet.

- 13,500 square feet of new medical space were added to the Fayetteville market in the second half of 2014.

- Observed vacancy rates in Fayetteville from the first half of 2014 to the second half of 2014 decreased for office, office/retail, retail, retail/warehouse,

## Fayetteville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Net Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Lab	\$20.17 - \$21.17	75,603	30,000	39.7%	0	0	0	--
Industrial	\$2.73 - \$2.88	678,500	0	0.0%	0	0	0	--
Office	\$13.89 - \$14.87	2,903,083	320,976	11.1%	46,192	13,500	32,692	58.9
Class A	\$19.86 - \$24.00	409,222	32,836	8.0%	-1,396	0	-1,396	--
Class B	\$13.76 - \$14.24	1,292,024	149,889	11.6%	23,620	0	23,620	38.1
Class C	\$10.28 - \$10.61	247,062	14,732	6.0%	900	0	900	98.2
Medical	\$15.14 - \$16.85	954,775	123,519	12.9%	23,068	13,500	9,568	77.5
Office/Retail	\$12.86 - \$14.36	1,514,039	128,903	8.5%	20,764	0	20,764	37.2
Class A	\$20.00 - \$20.00	69,307	3,300	4.8%	7,178	0	7,178	2.8
Class B	\$13.45 - \$15.20	1,092,019	109,228	10.0%	10,961	0	10,961	59.8
Class C	\$11.16 - \$12.41	352,713	16,375	4.6%	2,625	0	2,625	37.4
Office/Warehouse	\$5.69 - \$6.35	152,072	6,000	3.9%	0	0	0	--
Retail	\$13.30 - \$14.13	3,307,833	185,936	5.6%	38,318	0	38,318	29.1
Class A	\$21.44 - \$23.00	1,845,632	61,538	3.3%	3,231	0	3,231	114.3
Class B	\$14.29 - \$15.26	1,095,381	91,220	8.3%	5,423	0	5,423	100.9
Class C	\$9.82 - \$10.25	366,820	33,178	9.0%	29,664	0	29,664	6.7
Retail/Warehouse	\$7.39 - \$8.64	114,440	6,957	6.1%	11,355	0	11,355	3.7
Warehouse	\$3.91 - \$4.21	1,011,091	38,625	3.8%	-8,000	0	-8,000	--

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents

# Fayetteville

and medical office space. Vacancy rates increased for warehouse space. They remained the same for office/warehouse space.

- The Fayetteville office Class A submarket had a significant average lease rate increase of \$0.47, and an average lease rate decrease of \$0.47 in the Class A office/retail submarket, and decrease of \$0.56 in the retail Class C submarket; all other lease rates were relatively stable.

## ***Downtown Fayetteville/Dickson Street Area***

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 930,284 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street area in the second half of 2014.
- There was positive net absorption of 7,178 square feet of office/retail and 2,479 square feet of office. Retail had negative absorption of 4,000 square feet in the second half of 2014.
- There was no new space added in downtown Fayetteville during the second half of 2014.
- The office space in downtown Fayetteville had a reported vacancy rate of 7.9 percent in the second half

of 2014, down 1.6 percentage points from the first half of 2014. This was lower than the overall Fayetteville office vacancy rate of 11.1 percent.

- The office/retail vacancy rate for downtown Fayetteville properties decreased 1.7 percentage points to 3.5 percent. This compares to 8.5 percent in the same submarket for all of Fayetteville during the second half of 2014.
- The downtown Fayetteville retail vacancy rate increased to 13.9 percent, and stayed higher than the overall Fayetteville retail vacancy rate of 5.6 percent in the second half of 2014.
- Average reported lease rates for retail increased in downtown Fayetteville increased by \$1.12, and remained relatively unchanged during the past six months in the others.

## ***Northwest Arkansas Mall Area/Joyce Street Corridor***

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 3,820,621 square feet of office, office/retail, and retail space in the Northwest Arkansas Mall Area/Joyce Street Corridor in the second half of 2014.
- There was positive net absorption of 24,161 and 16,423 square feet of office and retail space during the second half of 2014 in the Northwest Arkansas Mall Area/Joyce Street Corridor.

- There was no new space added to the north Fayetteville commercial market in the second half of 2014.
- The office space in north Fayetteville had a reported vacancy rate of 12.6 percent in the second half of 2014. This was lower than the first half of 2014 vacancy rate of 13.4 percent and was higher than the 11.1 percent vacancy rate for all of Fayetteville.



## **Fayetteville Downtown/Dickson Street Area Summary Statistics**

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Percent Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$13.52 - \$15.22	443,873	35,053	7.9%	2,479	0	2,479	84.8
Office/Retail	\$14.11 - \$15.96	407,757	14,158	3.5%	7,178	0	7,178	11.8
Retail	\$11.07 - \$13.00	78,654	10,915	13.9%	-4,000	0	-4,000	--

<sup>1</sup>From all 1H 2014 respondents

<sup>2</sup>From 1H 2014 respondents who were also 2H 2013 respondents

# Fayetteville

- In the second half of 2014 the office/retail vacancy rate in north Fayetteville decreased by 1.1 percentage points to 5.5 percent. The vacancy rate was below the city average office/retail vacancy rate of 8.5 percent.
  - Retail space in north Fayetteville had a reported vacancy rate of 5.3 percent in the second half of 2014, the same amount as the first half of 2014, and lower than the overall Fayetteville rate of 5.6 percent.
  - Average reported lease rates increased by \$0.40 in the office submarket of the Mall Area/Joyce Street Corridor. Average reported lease rates in the other two submarkets remained relatively unchanged.
- Martin Luther King, Jr. Boulevard Corridor***
- In the second half of 2014, Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 414,284 square feet of office, office/retail, and retail space in the MLK Boulevard Corridor.
  - There was no new competitive space added to southwest Fayetteville in the last six months of 2014.
  - The MLK Boulevard Corridor of Fayetteville experienced positive absorption of 38,605 square feet of retail space, and 2,960 and 5,700 square feet of office and office/retail space in the second half of 2014.
  - Office space in the MLK Boulevard Corridor of Fayetteville had a reported vacancy rate of 29.8 percent in the second half of 2014. This was higher than the overall office vacancy rate of 11.1 percent for Fayetteville; however, the percentage decreased by a significant amount from 41.5 percent in the first half of 2014.
  - From the first half of 2014 to the second half of 2014, the office/retail vacancy rate decreased from 7.5 percent to 5.1 percent in the MLK Boulevard Corridor of Fayetteville, and was lower than the overall city average rate of 8.5 percent.
  - The vacancy rates for retail space in the MLK Boulevard Corridor decreased to 10.5 percent in the second half of 2014 from 35.6 percent in the first half of 2014. The retail vacancy rate for all of Fayetteville was lower at 6.3 percent.
  - Average reported lease rates increased by \$1.50 in the office/retail submarkets in southwest Fayetteville over the past six months and the others remained relatively unchanged.

## Fayetteville Mall/Joyce Street Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$15.08 - \$15.84	1,465,376	184,277	12.6%	11,738	0	11,738	94.2
Office/Retail	\$16.46 - \$16.61	72,347	4,000	5.5%	-4,000	0	-4,000	--
Retail	\$17.86 - \$18.60	2,282,898	121,841	5.3%	16,423	0	16,423	44.5

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents

## Fayetteville MLK Boulevard Corridor Summary Statistics

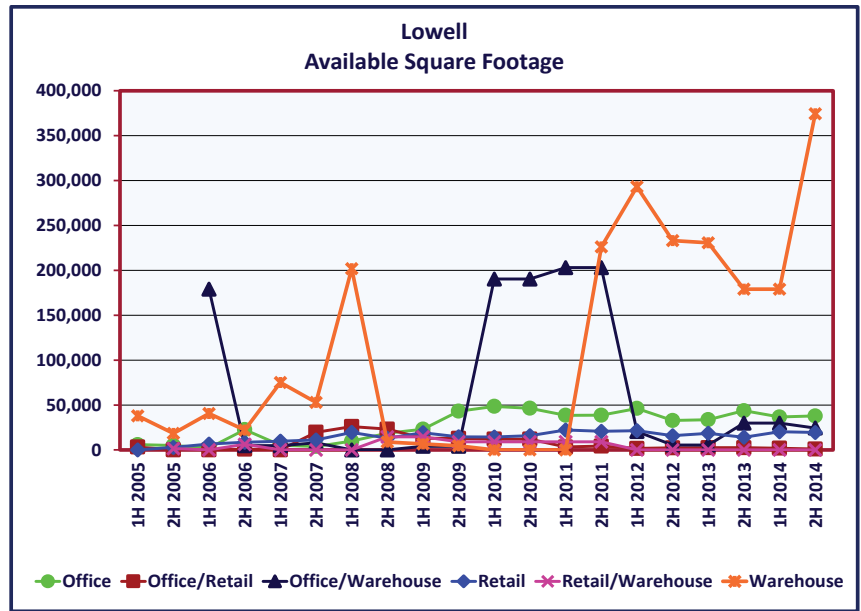
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$10.25 - \$10.25	25,125	7,475	29.8%	2,960	0	2,960	15.2
Office/Retail	\$13.40 - \$15.40	235,591	12,000	5.1%	5,700	0	5,700	12.6
Retail	\$12.46 - \$13.02	153,568	16,100	10.5%	38,605	0	38,605	2.5

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents

# Lowell

- From July 1 to December 31, 2014, Lowell issued building permits for \$2,318,330 worth of new commercial space. The second half of 2014 value was 39.4 percent higher than the second half of 2013 value of \$1,662,604. Lowell accounted for 1.5 percent of building permits issued in Northwest Arkansas in the second half of 2014.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,544,292 square feet of Lowell commercial space in the second half of 2014.
- In the second half of 2014, Lowell had negative total net absorption of 189,270 square feet overall. There was positive net absorption of 900, 800, and 5,475 square feet in the office/retail, retail and office/warehouse submarkets. There was negative net absorption of 1,140 and 195,355 square feet in office and warehouse submarkets, respectively. There was no net absorption in the industrial and medical submarkets.



- There was 35,900 square feet of new commercial space added in Lowell in the second half of 2014.
- Reported vacancy rates increased in the warehouse submarket and decreased in office, office/retail, office/warehouse, and retail; while remaining the same in medical office and retail/warehouse from the first half of 2014 to the second half of 2014.
- Significant change in the average reported lease rates in Lowell from the first half of 2014 to the second half of 2014 occurred in the Class C office/retail submarket with a decrease of \$0.58, while other submarkets remained relatively unchanged.

## Lowell Commercial Real Estate Market Summary Statistics

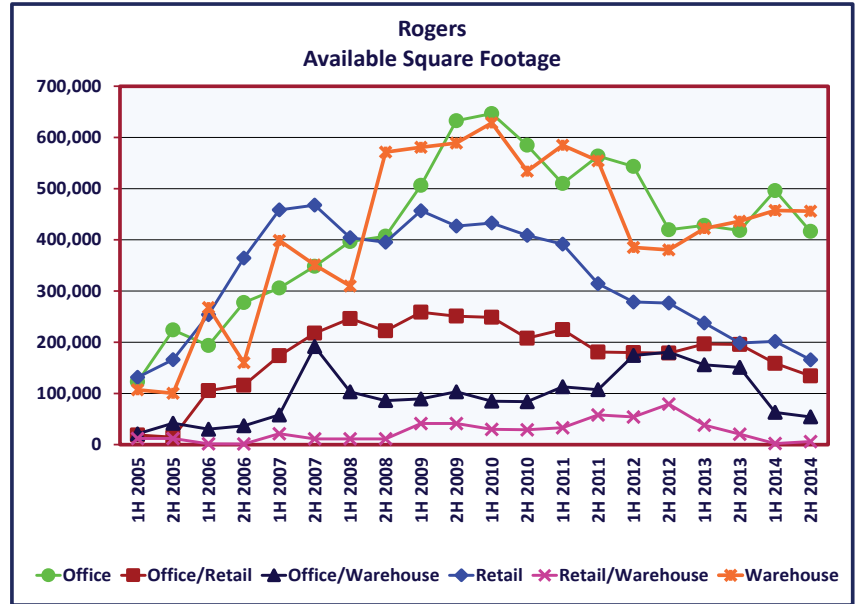
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	New Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	--	57,180	0	0.0%	0	0	0	--
Office	\$14.27 - \$14.47	319,479	37,849	11.8%	13,460	14,600	-1,140	--
Class A	\$18.83 - \$18.83	109,330	20,319	18.6%	0	0	0	--
Class B	\$11.72 - \$12.06	127,550	13,830	10.8%	3,860	5,000	-1,140	--
Class C	--	--	--	--	--	--	--	--
Medical	\$17.33 - \$17.33	82,599	3,700	4.5%	9,600	9,600	0	--
Office/Retail	\$9.63 - \$10.38	65,470	1,000	1.5%	900	0	900	6.7
Class A	--	--	--	--	--	--	--	--
Class B	\$11.67 - \$12.67	48,310	1,000	2.1%	900	0	900	6.7
Class C	\$3.50 - \$3.50	17,160	0	0.0%	0	0	0	--
Office/Warehouse	\$5.62 - \$5.94	92,298	24,400	26.4%	5,475	0	5,475	26.7
Retail	\$12.38 - \$15.04	125,772	19,401	15.4%	850	0	850	136.9
Class A	--	50,000	0	0.0%	0	0	0	--
Class B	\$12.38 - \$15.04	75,772	19,401	25.6%	850	0	850	136.9
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	\$10.19 - \$10.19	26,700	0	0.0%	0	0	0	--
Warehouse	\$3.47 - \$3.47	857,393	374,355	43.7%	-174,055	21,300	-195,355	--

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents

# Rogers

- From July 1 to December 31, 2014, Rogers issued building permits for \$59,636,677 worth of new commercial space. The second half of 2014 value was 262.3 percent higher than the second half of 2013 value of \$16,460,247. Rogers accounted for 38.9 percent of the commercial permits issued in Northwest Arkansas during the second half of 2014.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 9,816,717 square feet of commercial space in the second half of 2014.
- In the second half of 2014, Rogers had overall positive net absorption of 130,875 square feet. There was positive net absorption in the office, medical, office/retail, office/warehouse, retail, and warehouse submarkets of 79,679, 806, 24,426, 8,840, 37,376 and 1,254 square feet, respectively and negative net absorption in the industrial, and retail/warehouse sectors of 16,800, and 3,900 square feet.



- In the second half of 2014, 138,352 new square feet of commercial space were added to the Rogers market.
- Reported vacancy rates in the second half of 2014 decreased in office, office/retail, office/warehouse, warehouse, and retail; while increasing in retail/warehouse and industrial, and remaining the same in medical office.
- The most significant changes in average reported lease rates in Rogers from the first half of 2014 to the second half of 2014 were an increase of \$0.45 in the Class A retail submarket and a decrease of \$0.88 in the Class A office/retail submarket. All other lease rates remained relatively unchanged.

## Rogers Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Net Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Lab	\$10.00 - \$12.00	9,482	0	0.0%	0	0	0	--
Industrial	\$4.19 - \$4.19	442,229	148,525	33.6%	-16,800	0	-16,800	--
Office	\$14.34 - \$15.12	2,693,227	416,437	15.5%	101,711	22,032	79,679	31.4
Class A	\$19.29 - \$21.23	1,404,633	209,684	14.9%	62,049	15,000	47,049	26.7
Class B	\$14.78 - \$15.32	733,549	78,283	10.7%	36,236	7,032	29,204	16.1
Class C	\$8.94 - \$9.49	211,716	69,780	33.0%	2,620	0	2,620	159.8
Medical	\$12.65 - \$12.90	343,329	58,690	17.1%	806	0	806	436.9
Office/Retail	\$10.26 - \$11.78	837,917	134,256	16.0%	24,426	0	24,426	33.0
Class A	\$18.13 - \$19.63	133,132	14,835	11.1%	3,500	0	3,500	25.4
Class B	\$11.36 - \$12.40	384,486	86,733	22.6%	3,626	0	3,626	143.5
Class C	\$7.70 - \$9.53	320,299	32,688	10.2%	17,300	0	17,300	11.3
Office/Warehouse	\$6.07 - \$6.41	470,562	54,189	11.5%	8,840	0	8,840	36.8
Retail	\$12.35 - \$13.24	2,696,725	165,777	6.1%	74,946	37,570	37,376	26.6
Class A	\$19.67 - \$21.13	1,627,790	102,717	6.3%	43,646	15,500	28,146	21.9
Class B	\$11.56 - \$12.56	651,234	9,600	1.5%	25,070	22,070	3,000	19.2
Class C	\$8.57 - \$8.99	417,701	53,460	12.8%	6,230	0	6,230	51.5
Retail/Warehouse	\$5.36 - \$5.54	150,021	6,000	4.0%	-3,900	0	-3,900	--
Warehouse	\$3.87 - \$4.04	2,516,554	456,058	18.1%	80,004	78,750	1,254	2,182.1

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents



# Rogers

## Downtown Rogers

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 268,050 square feet of office, office/retail, and retail space in Downtown Rogers in the second half of 2014.
- No new commercial space was added to downtown Rogers in the second six months of 2014.
- The office space in Downtown Rogers had no net absorption, and had a vacancy rate of 16.4 percent in the second half of 2014, the same as in the first half of 2014. The downtown vacancy rate was higher than the overall average office vacancy rate for Rogers, which was 15.5 percent during the same period.
- The office/retail submarket had positive net absorption of 17,300 square feet, and had a decrease in the vacancy rate to 21.4 percent from the first half of 2014 rate of 44.5 percent in the downtown area. This compares to a vacancy rate of 16.0 percent for all of Rogers.
- Downtown Rogers experienced negative net absorption of 1,500 square feet of retail space during the second half of 2014. The average retail vacancy rate for downtown Rogers properties for the second half of 2014 increased to 10.0 percent from 8.6 in the first half of 2014 and was higher than the 6.1 percent average rate for all of Rogers.

- Average reported lease rates for downtown Rogers remained relatively stable in the second half of 2014

## Rogers Interstate 49 Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 4,020,021 square feet of office, office/retail, and retail space along the Rogers I-49 corridor in the second half of 2014.
- 22,032 square feet of new office space and 37,570 feet of new retail space were added to the Rogers I-49 corridor submarket in the second six months of 2014.
- The Rogers I-49 corridor experienced positive net absorption of 44,417, 3,500, and 24,146 square feet of office, office/retail, and retail space respectively, in the second half of 2014.
- The office space along the Rogers I-49 corridor had a reported average vacancy rate of 12.3 percent in the second half of 2014, lower than 14.8 in the first half of 2014. This was lower than the overall average office vacancy rate for all of Rogers at 15.5 percent.
- In the second half of 2014, the office/retail submarket had a 6.4 percent va-

cancy rate, a decrease from 9.3 percent reported in the first half of 2014. This compares to a vacancy rate of 16.0 percent for all of Rogers.

- The average retail vacancy rate for Rogers I-49 corridor properties for the second half of 2014 was 5.3 percent, a decrease from 6.7 percent in the first half of 2014, and was lower than 6.1 percent average rate for all of Rogers.
- Average reported lease rates increased by \$0.44 in the retail submarket and remained relatively stable in the other two submarkets of the Rogers I-49 area.

## Rogers Downtown Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$10.13 - \$10.89	83,858	13,767	16.4%	0	0	0	--
Office/Retail	\$7.83 - \$10.97	74,825	16,000	21.4%	17,300	0	17,300	5.5
Retail	\$9.14 - \$9.65	109,367	10,920	10.0%	-1,500	0	-1,500	--

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents

# Rogers

## Rogers I-49 Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$17.86 - \$18.89	1,861,884	228,146	12.3%	66,449	22,032	44,417	30.8
Office/Retail	\$18.63 - \$19.38	121,296	7,781	6.4%	3,500	0	3,500	13.3
Retail	\$17.36 - \$18.84	2,036,841	108,817	5.3%	61,716	37,570	24,146	27.0

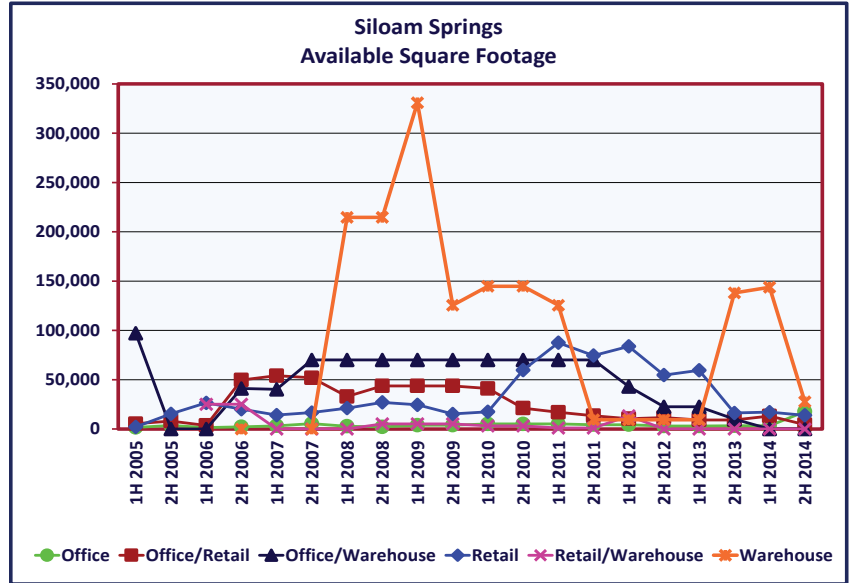
<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents



# Siloam Springs

- From July 1 to December 31, 2014, Siloam Springs issued commercial building permits worth \$718,450. No commercial permits were issued in the second half of 2013. Siloam Springs accounted for 0.5 percent of the commercial permits issued in Northwest Arkansas during the second half of 2014.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,337,957 square feet of commercial space for Siloam Springs in the second half of 2014.
- No new commercial space entered the Siloam Springs market in the second half of 2014.
- In the second half of 2014, Siloam Springs experienced overall positive absorption of 128,033 square feet. There was positive absorption in the office/



- retail, retail, and warehouse markets of 8,700, 3,200, and 116,133 square feet, respectively, while the rest of the submarkets remained the same.
- Vacancy rates from the first half of 2014 to the second half of 2014 decreased in office/retail, retail, and warehouse; while increasing in office, and remaining the same in medical office, office/warehouse, retail/warehouse, and industrial.
- Average lease rates did not change significantly in the second half of 2014 in any submarket in Siloam Springs.

## Siloam Springs Commercial Real Estate Market Summary Statistics

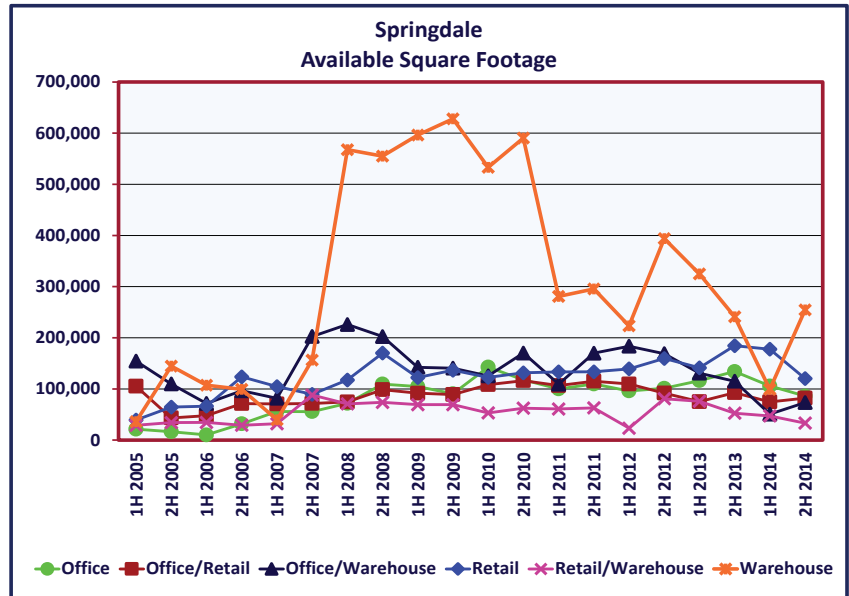
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Percent Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	--	240,589	0	0.0%	0	0	0	--
Office	\$10.02- \$11.58	122,887	17,634	14.3%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$7.39 - \$8.27	22,334	14,334	64.2%	0	0	0	--
Class C	\$6.42 - \$8.28	15,021	0	0.0%	0	0	0	--
Medical	\$13.38 - \$14.88	85,532	3,300	3.9%	0	0	0	--
Office/Retail	\$7.86 - \$9.87	149,285	4,500	3.0%	8,700	0	8,700	3.1
Class A	\$12.00 - \$16.00	56,085	1,500	2.7%	6,700	0	6,700	1.3
Class B	\$9.42 - \$10.70	71,790	3,000	4.2%	2,000	0	2,000	9.0
Class C	\$4.49 - \$7.09	21,410	0	0.0%	0	0	0	--
Office/Warehouse	\$2.68 - \$2.68	114,502	0	0.0%	0	0	0	--
Retail	\$9.04 - \$9.63	310,602	13,924	4.5%	3,200	0	3,200	26.1
Class A	--	--	--	--	--	--	--	--
Class B	\$11.13 - \$11.53	167,222	12,724	7.6%	4,400	0	4,400	17.4
Class C	\$5.91 - \$6.78	143,380	1,200	0.8%	-1,200	0	-1,200	--
Retail/Warehouse	\$4.90 - \$6.74	68,028	0	0.0%	0	0	0	--
Warehouse	\$3.64 - \$3.84	332,064	27,635	8.3%	116,133	0	116,133	1.4

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents

# Springdale

- From July 1 to December 31, 2014, Springdale issued \$10,768,146 worth of building permits for new commercial space. This was a decrease of 57.3 percent from the \$25,198,394 issued in the second half of 2013. Springdale accounted for 7.0 percent of the commercial permits issued in Northwest Arkansas for the second half of 2014.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 7,135,804 square feet of commercial space in Springdale in the second half of 2014.
- In the second half of 2014, 15,640 square feet of office space and 9,600 square feet of office/warehouse space were added to the Springdale market.
- In the second half of 2014, Springdale experienced overall positive absorption of 173,201 square feet. There was positive net absorption of 45,346, 26,500, 48,632, 14,000, and 45,900 square feet in the office, office/warehouse, retail, retail/warehouse, and warehouse submarkets,



respectively. The office/retail submarket experienced negative net absorption of 7,177 square feet during the second half of 2014.

Reported vacancy rates increased in the office/retail, office/warehouse, and warehouse submarkets in Springdale from the

first half to the second half of 2014, and decreased in office, retail, and retail/warehouse, while remaining the same in medical office.

- The average reported lease rate in the office Class B submarket had a significant increase of \$0.40 while medical office and the retail/

## Springdale Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Percent Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Lab	--	5,224	5,224	100.0%	0	0	0	--
Industrial	\$4.05 - \$5.16	485,785	50,823	10.5%	0	0	0	--
Office	\$11.48 - \$12.26	893,970	86,172	9.6%	45,346	15,640	29,706	17.4
Class A	\$18.28 - \$19.28	65,501	0	0.0%	360	0	360	0.0
Class B	\$11.82 - \$13.02	382,781	18,788	4.9%	14,537	0	14,537	7.8
Class C	\$9.27 - \$9.53	143,055	17,504	12.2%	5,356	0	5,356	19.6
Medical	\$12.95 - \$13.59	302,633	49,880	16.5%	25,093	15,640	9,453	31.7
Office/Retail	\$10.10 - \$11.31	509,422	81,997	16.1%	-7,177	0	-7,177	--
Class A	--	--	--	--	--	--	--	--
Class B	\$12.07 - \$13.65	243,647	45,952	18.9%	-19,287	0	-19,287	--
Class C	\$8.55 - \$9.46	265,775	36,045	13.6%	12,110	0	12,110	17.9
Office/Warehouse	\$5.30 - \$6.55	1,537,477	73,435	4.8%	26,500	9,600	16,900	26.1
Retail	\$10.64 - \$11.34	1,124,014	120,308	10.7%	48,632	0	48,632	14.8
Class A	--	--	--	--	--	--	--	--
Class B	\$13.96 - \$14.53	742,232	107,400	14.5%	28,446	0	28,446	22.7
Class C	\$7.62 - \$8.45	381,782	12,908	3.4%	20,186	0	20,186	3.8
Retail/Warehouse	\$5.55 - \$6.24	423,564	33,300	7.9%	14,000	0	14,000	14.3
Warehouse	\$3.67 - \$4.02	2,156,348	254,404	11.8%	45,900	0	45,900	33.3

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents



# Springdale

warehouse submarkets had a significant decrease of \$0.49 and \$0.35 respectively. All other lease rates remained relatively stable.

## Downtown Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 311,079 square feet of office, office/retail, retail, retail/warehouse and warehouse space in downtown Springdale in the second half of 2014.
- There were no new square feet of commercial property added to downtown Springdale in the second half of 2014.
- There was no absorption in the office market in downtown Springdale in the second half of 2014.
- The office space in downtown Springdale reported average vacancy rate remained constant in the second half at 1.1 percent in accordance with absorption. The rate was lower than the overall Springdale average office vacancy rate of 9.6 percent.

- 79.3 of all reported office/retail space continued to be available in downtown Springdale in the second half, compared to a 16.1 percent vacancy rate for all of Springdale.
- All reported retail space in downtown Springdale was occupied. Meanwhile, the average retail vacancy rate for all of Springdale was 10.7 percent.
- All average reported lease rates for downtown Springdale remained constant except office/retail which increased by \$1.19.

## West Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 576,942 square feet of office, office/retail, and retail space in West Springdale in the second half of 2014.
- No new square feet were added to West Springdale in the second half of 2014.
- There was positive net absorption of 8,482 square feet in West Springdale submarkets.

- The office space in West Springdale had a reported average vacancy rate of 3.1 percent in the second half of 2014. The rate was lower than the city average office vacancy rate of 9.6 percent.
- The average office/retail vacancy rate in West Springdale was 15.3 percent in second half, above the overall city average office/retail vacancy rate of 16.1 percent.
- The retail vacancy rate for West Springdale properties increased to 15.5 percent in the second half of 2014 and was above the city average retail vacancy rate of 10.7 percent.
- Average reported lease rates for West Springdale decreased in the retail submarket by \$1.37, and remained unchanged in the other submarkets.

## Downtown Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$9.49 - \$10.16	209,494	2,248	1.1%	0	0	0	--
Office/Retail	\$11.10 - \$16.27	24,191	19,191	79.3%	-18,316	0	-18,316	--
Retail	\$7.26 - \$7.26	77,394	8	0.0%	4,992	0	4,992	0.0

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 respondents

## West Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$15.25- \$15.59	112,788	3,500	3.1%	2,212	0	2,212	9.5
Office/Retail	\$13.25 - \$13.75	55,550	8,491	15.3%	6,270	0	6,270	8.1
Retail	\$11.63 - \$12.63	408,604	63,396	15.5%	0	0	0	--

<sup>1</sup>From all 2H 2014 respondents

<sup>2</sup>From 2H 2014 respondents who were also 1H 2014 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 come from three primary sources that complement one another. Each source, however, has limitations, and as such, results should be compared and interpreted carefully.

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

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

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

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

The third source of data for the Skyline report is a panel of large commercial property owners and managers. These individuals are responsible for the bulk of the competitive commercial properties in Northwest Arkansas. The Center for Business and Economic Research staff gather information on square footage available to the market, lease rates, and other property characteristics from the panelists. In the second half of 2014, 235 panelists provided data on 1,718 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 1,718 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 market averages.