THE SKYLINE REPORT

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Contents

UNIVERSITY OF ARKANSAS
SAM M. WALTON COLLEGE OF BUSINESS
Center for Business and Economic Research

Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the twenty-third 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 Quarter of 2010

- In the first half of 2010, 102,100 square feet of competitive commercial property were added to the Northwest Arkansas market. About 65,000 square feet of the added space were new lab space, 28,700 square feet were new office space (92.2 percent of which was medical office space), and 8,400 square feet were new retail space.

- New office space was added to the Bentonville, Siloam Springs, and Springdale markets, while 33,149 square feet became occupied in Northwest Arkansas, netting a positive absorption of 4,449 square feet. The office vacancy rate, however, increased from 20.6 percent in the fourth quarter of 2009 to 21.1 percent in the second quarter of 2010, due to the increase in the total reported space.

- Within the retail submarket, 78,799 square feet became occupied, while new space entered the Bentonville and Springdale markets. The vacancy rate declined to 13.6 percent in accord with the positive net absorption.

- In the office/retail market, there was positive net absorption of 11,248 square feet and the vacancy rate declined to 22.3 percent, accordingly.

- During the first half of 2010, 139,370 square feet of office/warehouse market became vacant in Northwest Arkansas. The vacancy rate increased in accord with the absorption to 20.2 percent in the second quarter.

- The warehouse submarket experienced positive absorption of 36,935 square feet, while no new space was added. But, the increase in total reported space meant that the warehouse vacancy rate increased slightly to 27.4 percent in the second quarter.

- From December 2009 to May 2010, about $36.4 million in commercial building permits were issued in Northwest Arkansas. For comparison, there were $45.3 million in permits from December 2008 to May 2009.

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 52) 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 quarter 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 252 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 quarter, 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 table of announced commercial projects 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 quarters. The first table presents vacancy rates by submarket for the second and fourth quarters of 2009 and for the second quarter of 2010. 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.

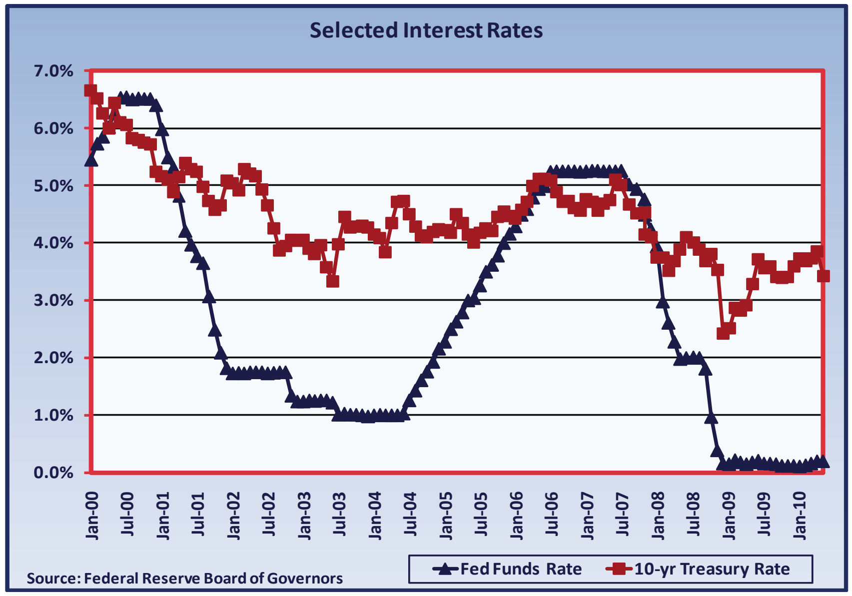
By aggregating and analyzing data from a variety of sources, the Skyline Report is unique in its perspective on the Northwest Arkansas commercial property market. The information should be useful to anyone with an interest in the current workings and projected course of commercial real estate in Benton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

Economic Overview

The Macro Economy at a Glance

In the first quarter of 2010, the overall real GDP growth rate was positive 2.7 percent, according to estimates released by the U.S. Department of Commerce Bureau of Economic Analysis (BEA). The growth rate went down from a revised 5.6 percent growth rate in the fourth quarter of 2009, but was significantly higher than the growth rate in the fourth quarter of 2008 (which was -6.4 percent). The increase in real GDP in the first quarter primarily reflected positive contributions from personal consumption expenditures (PCE), private inventory investment, exports, and nonresidential fixed investment that were partly offset by negative contributions from state and local government spending and residential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased. The deceleration in real GDP in the first quarter primarily reflected decelerations in private inventory investment and in exports, a downturn in residential fixed investment, a deceleration in nonresidential fixed investment, and a larger decrease in state and local government spending that were partly offset by an acceleration in PCE. Motor vehicle output added 0.40 percentage point to the first-quarter change in real GDP after adding 0.45 percentage point to the fourth-quarter change. Final sales of computers added 0.09 percentage point to the first-quarter change in real GDP after adding 0.01 percentage point to the fourth quarter change. The change in real private inventories added 1.88 percentage points to the first-quarter change in real GDP, after adding 3.79 percentage points to the fourth-quarter change.

Turning to the Bureau of Labor Statistics (BLS) data, in May of 2010, the national unemployment rate was a seasonally adjusted 9.7 percent, higher than the 9.4 percent rate a year earlier. The Conference Board Consumer Confidence Index, which had been on the rise for three consecutive months, declined sharply in June 2010. The Index now stands at 52.9 (1985=100), down from 62.7 in May.



The Present Situation Index decreased to 25.5 from 29.8. The Expectations Index declined to 71.2 from 84.6 last month. Lynn Franco, Director of the Conference Board Consumer Research Center, says: "Consumer confidence, which had posted three consecutive monthly gains and appeared to be gaining some traction, retreated sharply in June. Increasing uncertainty and apprehension about the future state of the economy and labor market, no doubt a result of the recent slowdown in job growth, are the primary reasons for the sharp reversal in confidence. Until the pace of job growth picks up, consumer confidence is not likely to pick up."

The Consumer Price Index for All Urban Consumers (CPI-U) declined 0.2 percent in May on a seasonally adjusted basis, the BLS reported today. Over the last 12 months, the index increased 2.0 percent before seasonal adjustment. For the second month in a row a decline in the energy index accounted for the seasonally adjusted decrease in the all items index. The index for energy decreased 2.9 percent in May and more than offset a slight increase in the index for all items less food and energy. The food index was unchanged. Within the energy component, the gasoline index accounted for most of the decrease, although all the major energy indexes declined. The index for all items less food and energy increased 0.1 percent in May, posting a monthly increase for only the second time this year. Contributing to the May rise were increases in a number of indexes including shelter, used cars and trucks, tobacco, apparel, and medical care. Overall, the index for all items less food and energy has increased 0.9 percent over the last 12 months.

Short-term Interest Rate Risk

The Federal Funds rates averaged 0.20 percent in May of 2010. The Committee will maintain the target range for the federal funds rate at 0 to 0.25 percent and continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period. The Committee will continue to monitor the economic outlook and financial developments and will employ its policy tools as necessary to promote economic recovery and price stability.

Long-term Interest Rate Risk

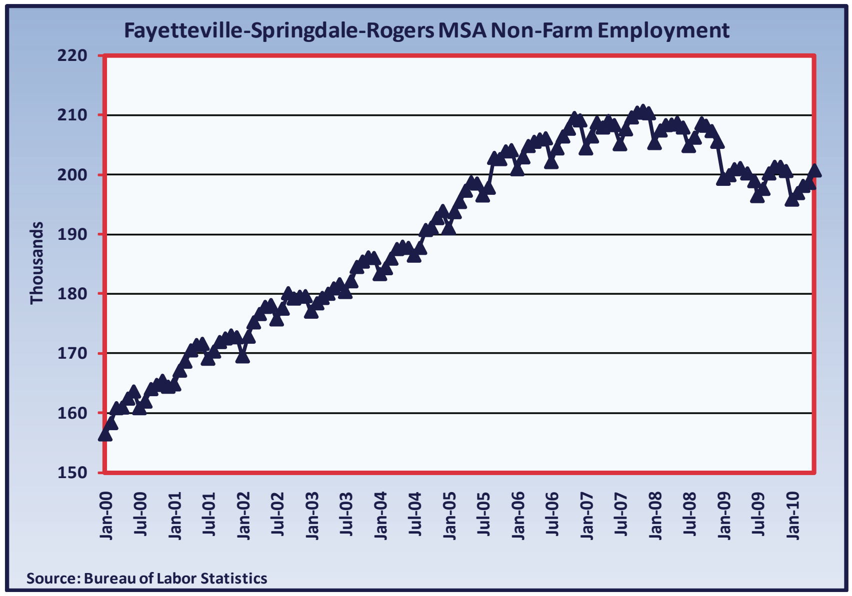
The ten year constant maturity Treasury bill had an interest rate of 3.42 percent in May.

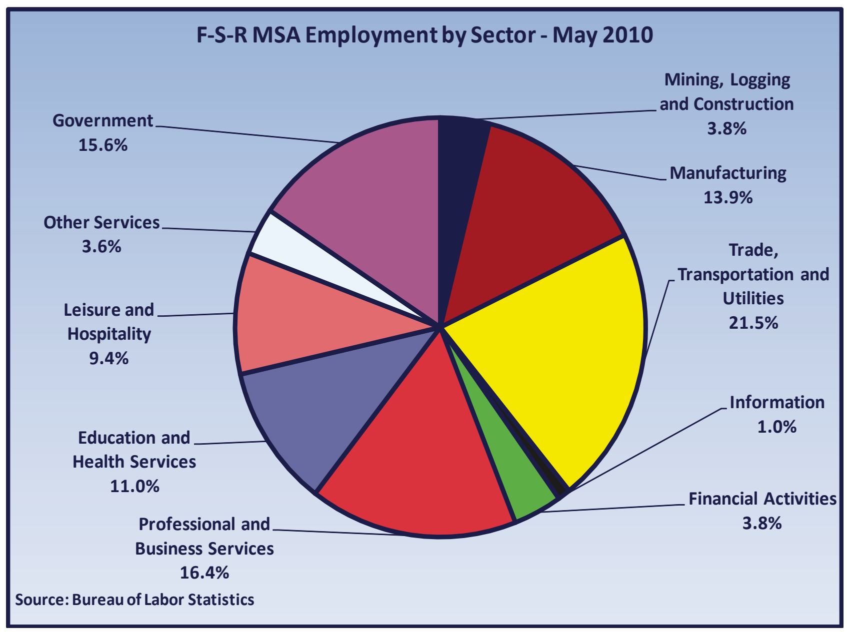
Economic Overview

Low short-term rates continue to cause the positive spread between the two. The accompanying figure on the previous page shows the Fed Funds rate and the ten year Treasury bill rate since January 2000.

Regional Employment Trends

Local demand for real estate is uniquely associated with employment growth in the region. The Northwest Arkansas employment numbers bear careful watching because the demand for much of the new and expected commercial development relies on the assumption that job growth will be strong. In May 2010 the 5-year average monthly employment growth was 56 jobs per month. This is down from the 208 jobs per month in May 2009.





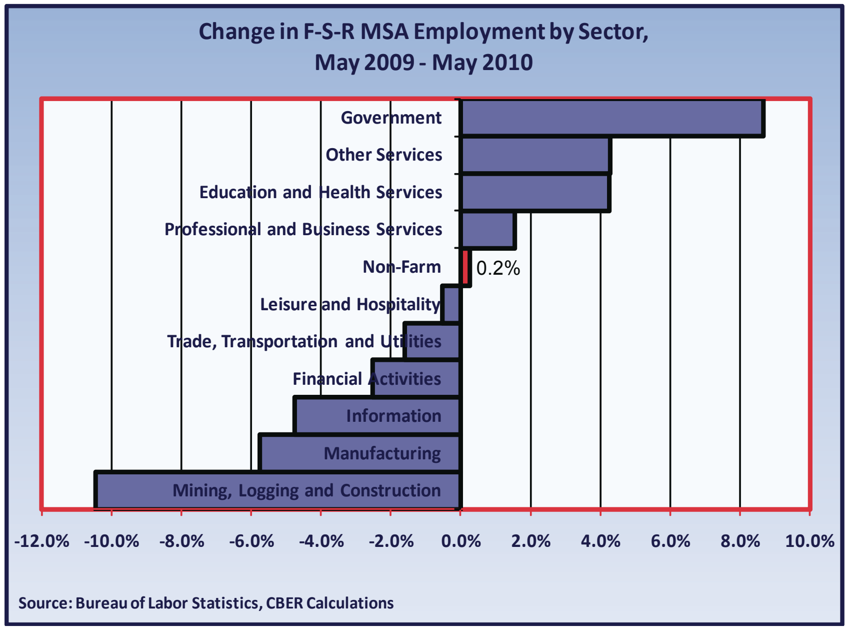
With the purpose of exploring the composition of the job growth in Northwest Arkansas more closely, two additional figures are provided. The first shows the May 2010 Fayetteville-Springdale-Rogers MSA employment breakdown by sector. As the pie chart shows, trade, transportation, and utilities have the largest share of employment (21.5 percent) in Northwest Arkansas, followed by professional business services (16.4 percent), government (15.6 percent), manufacturing (13.9 percent), education and health services (11.0 percent), and leisure and hospitality (9.4 percent). The second figure shows the annual percentage change in the MSA's employment by sector from May 2009 to May 2010. Total nonfarm employment increased by 0.2 percent during that time. Employment in government, other services, education and health services and professional and business services have increased. Employment in leisure and hospitality, trade, transportation and utilities, financial activities, information, manufacturing, and mining, logging and construction have declined.

According to the Bureau of Labor Statistics, the unemployment rate in Northwest Arkansas was at a preliminary seasonally non-adjusted 6.1 percent in May 2010. This is 0.2 percentage points higher than in May of 2009. The unemployment rate in Northwest Arkansas continues to outperform both the state (7.5 percent) and nation (9.3 percent) seasonally non-adjusted rates.

Local Perceptions of the Northwest Arkansas Commercial Property Market

Each quarter, 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. Over the past several quarters the panelists have become increasingly open in expressing their thoughts and feelings on the issues, sometimes controversial, affecting Northwest Arkansas. There were some positive outlooks in the conversations held this quarter, even though there was an overwhelming uncertainty and bleak expectations about the next few quarters, and even as far off as stagnation through 2015. Additionally, respondents were much more political in their commentary about the impact of the national economy on Northwest Arkansas. Finally, panelists discussed and asked questions about where the next round of job creation and economic growth in Northwest Arkansas will come from.

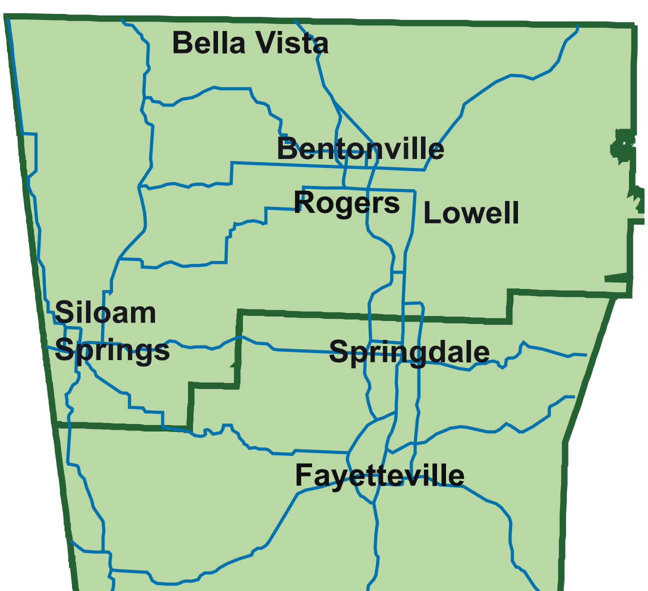
One significant positive viewpoint is the repeated assertion by different panelists that there is going to be a need for additional Class A office space with large building footprints of at least 25,000 square feet. This point was made by developers with connections to the Fayetteville, Rogers, and Bentonville markets. These panelists point out that several large class A spaces have been absorbed in the past year. In fact, they pointed out this is one of the factors in the continued rise in class B vacancies. Because of the decline in class A lease rates, the prime locations are considered much more attractive to strong firms. Another factor these respondents feel is leading to future potential demand for larger class A space is the expansion of large vendors, even as many smaller vendors exit the market or shrink. A few panelists also felt positive about the large scale retail segment in Northwest Arkansas. These panelists look at the examples of Academy Sports and Hank's Fine Furniture, as a sign of continued retail maturation in the Northwest Arkansas market. Additionally, some panelists expressed that they were once again receiving more inquiries from national retailers who do not have a presence in Northwest Arkansas. Again the lower price of land, construction costs, financing if obtainable, and lease rates appear to be driving this interest, according to these panelists. Notwithstanding this positive view, all panelists recognize and are very concerned about the serious issues facing small retailers in the current economy. Another area of positive comments concerned the restaurant industry. Several panelists expressed how leasing and sales of closed restaurants was improving with the start up of many new restaurants in the past several months. Many panelists felt this was the brightest spot in the local economy in terms of small business job creation. The building of Crystal Bridges holds out hope for further growth in the tourism industry in Northwest Arkansas, with a very strong spillover effect towards the Bentonville square and downtown area. Several panelists stated they believe the new Walton Arts Center building will end up being located on the Crystal Bridges campus. Finally, some panelists find a positive in the shakeout still occurring in several fields related to the commercial real estate market including: developers; commercial real estate brokers; banks; construction firms. These panelists believe that the shakeout and consolidation will lead to a higher level of performance in these fields in the future.



However, while a few panelists feel relatively positive looking into the future, the overwhelming majority of conversations were fraught with expressions of uncertainty and bleak outlooks for the near and more distant future. As one respondent said, "I have no idea what is going to happen next year, let alone three to five years from now." Without any sense of certainty it is very difficult for businesses to plan for the future. These feelings were based on several perceptions. First, respondents are very concerned about the state of the local and national economy, and do not believe the recovery is necessarily going to continue. Several panelists stated concerns about a possible double dip recession and the impact that it will have on jobs, small businesses, commercial real estate prices, and the housing market. Another area of uncertainty is the ability to acquire financing, either by developers, by potential clients looking for leasable space, or small businesses needing loans to cover current expenses or inventory acquisition to remain in business. This is making some panelists very risk averse. It was expressed a few times how a potential opportunity seemed profitable, but too risky to undertake at the present time. The risk premium or cap rate is much greater in the current economic environment.

Compounding the above generators of uncertainty were political-economic concerns about taxation and regulation, mostly on the federal level, but also from the local level as well. This was the most politically charged conversation since the inception of the Skyline Report. A substantial majority of panelists are counting on Republicans regaining control of at least one House of Congress, mitigating what they perceive as an anti-business bias. On the local level, panelists again expressed the most concern about operating in Fayetteville and dealing with additional layers of regulations as well as city staff members who do not apply the rules and regulations as they are laid out, and add unnecessary time and costs to doing business in Fayetteville.

Where the next round of job creation and economic growth for Northwest Arkansas might come from was another key theme of the conversations held with the panelists. While panelists continue to believe that in the long run Northwest Arkansas has a strong foundation with Walmart, Tyson Foods and the poultry industry, J.B. Hunt and the transportation sector, they do not see these industries providing much new growth or additional job creation. The University of Arkansas, NWACC, and the rest of the education field, along with health care are sectors panelists see as continuing to expand in the future. Another area of potential growth is the tourism and hospitality industry, especially with the advent of Crystal Bridges, but including continued development around Arvest Ballpark, as well the development and expansion of other local museums. Many panelists feel this will be significant but not nearly at the same level as the vendor explosion of the first part of the decade. Green valley and sustainable technology were discussed, but most panelists only see a very limited impact on job creation due to green technology. A couple panelists inquired about nanotech center and the University of Arkansas Research Park as potential drivers of some high tech job growth. During these conversations respondents also commented on the perceived efforts of the governor's office in supporting attracting firms to the I-40 corridor from Little Rock to Fort Smith, and expressed concern about Northwest Arkansas also getting some kind of help at the state level. A sense of looking for leadership with respect to job creation and economic growth was very strong with many of the panelists.



Positive Factors:

1. Perceived demand for Class A office space.
2. Vendor expansion by successful firms.
3. Continued, although much slower, movement of vendors into Northwest Arkansas.
4. National attention to the growing MSA by developers and retailers.
5. National media coverage of Northwest Arkansas as a good place to live and work.
6. Creation of destination locations, including Crystal Bridges, Arvest Ballpark, the Pinnacle Area, and the Fayetteville Mall area.
7. Walmart, Tyson Foods and the poultry industry, J.B. Hunt and the transportation industry, the University of Arkansas and higher education.

Negative Factors:

1. Oversupply of Class B office space.
2. Oversupply of retail space.
3. Oversupply in the multifamily market.
4. Infrastructure development still slow and behind region's needs.
5. National economic slowdown.
6. Concern over the commercial lending situation.
7. Higher interest rates and inflation in the future.
8. Walmart's Project Impact.
9. Possibility of higher tax structure in the future.

Inventory and Building Permits

Categories of Commercial Properties

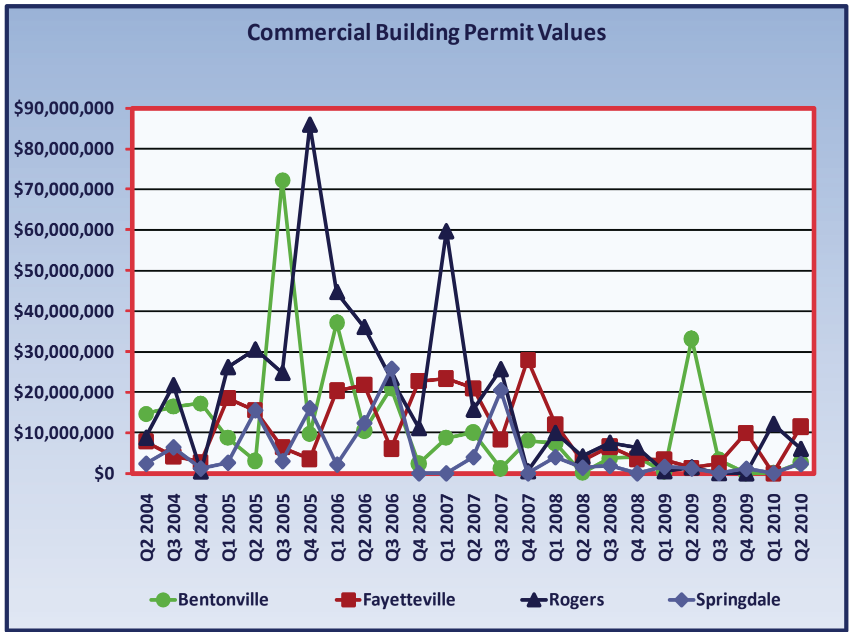
The Northwest Arkansas commercial market is divided into eight major categories of space:

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 52) as of June 2010. For the second quarter of 2010, the Skyline Report covered 92.9 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 twenty-five quarters are presented for six major cities in Northwest Arkansas. Building permit data are seasonal in nature and will show large fluctuations in square footage and value from quarter to quarter. Moreover, any particularly large project can skew the numbers immensely. Building permit data are also city-specific. Only the cities of Bentonville, Fayetteville, and Siloam Springs present square footage data, while only Bentonville and Fayetteville break out the different types of commercial property. A standardization of building permit applications in the region would provide superior data for comparison purposes.

From December 2009 to February 2010, there were almost $12.6 million in commercial building permits issued in six major cities in Northwest Arkansas. From March to May of 2010, more than $23.8 million in commercial building permits were issued. In the same quarters last year, these amounts were $7.7 million and $37.7 million, respectively. In the second quarter of 2010, Fayetteville accounted for 48.0 percent of the commercial building permits (most of the value was associated with the Vantage Place and Park Center); while Rogers and Bentonville accounted for 25.4 percent and 11.2 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 particularly closely this quarter. 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.

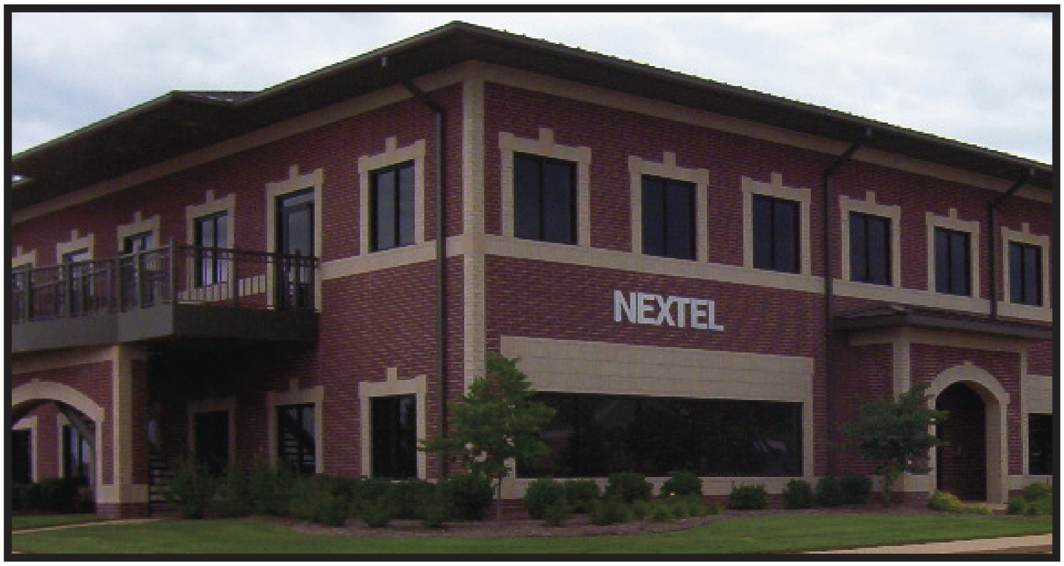
Following the announced properties table is a list of the existing hotel properties in Northwest Arkansas, detailed by city. In the second quarter of 2010, there were 6,744 standard rooms and 2,122 suites in Northwest Arkansas. Bentonville continued to have the most rooms, with 1,920. Additionally, graphs, that describe the development of hotels in Northwest Arkansas over time, are provided below the hotels list. Announced new hotel properties are detailed in a table following the existing hotel properties. Finally, lists of announced new and closed restaurant properties follow the hotel information.

Total Square Feet and Coverage of Competitive Commercial Properties

	Industrial[1]	Office[1]	Retail[1]	Warehouse[1]	Total[1]	Panel Total Square Feet[2]	Panel Coverage[2]
Bella Vista	--	129,924	138,680	90,964	359,568	329,774	91.7%
Bentonville	76,056	3,850,144	1,002,906	1,334,868	6,263,974	6,441,778	102.8%
Fayetteville	114,079	3,011,236	4,045,772	1,778,270	8,949,357	8,250,477	92.2%
Lowell	57,970	275,837	172,208	949,348	1,455,363	1,381,320	94.9%
Rogers	307,281	2,426,293	3,579,340	2,318,190	8,631,104	8,486,895	98.3%
Siloam Springs	89,353	195,261	692,789	335,615	1,313,018	928,129	70.7%
Springdale	1,142,623	1,468,161	2,225,795	2,598,282	7,434,861	6,142,809	82.6%
Northwest Arkansas Total	1,787,362	11,356,856	11,857,490	9,405,537	34,407,245	31,961,182	92.9%

[1]Source: Benton and Washington County offices of the Assessor. The total square feet represent the population of competitive commercial properties that meet the baseline criteria set out on page 52 of this report.
[2]Source: Panel of 252 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
March - May 2010	$2,661,860	$11,450,334	$100,000	$6,055,000	$1,296,000	$2,287,397	$23,850,591
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	$11,483,068
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
Mercy Health System Urgent Care	Bella Vista	Mercy Health System	Medical		
28th Street Commercial Building	Bentonville	Rick Thomas	Office/Retail	24,000	Conceptual
Archer Business Park	Bentonville	Wayne and Victoria Martin	Retail	20,000	Conceptual
Arkansas National Guard Facility	Bentonville	Arkansas National Guard	Military Facility	110,000	2011
Benton County Courts Facility	Bentonville	Benton County	Courts and Offices	60,000	
Bentonville Plaza	Bentonville	FBE Limited LLC	Commercial		Conceptual
Brightwood Business Park	Bentonville	Mike Charlton	Office/Retail	35,260	Conceptual
Crye-Leike Office	Bentonville	Crye-Leike Realtors	Office/Retail	12,646	Summer 2010
Fountain Plaza Dentist Building	Bentonville		Office	30,000	2011
Juvenile Justice Center	Bentonville	Benton County	Courts and Offices	26,650	
Lakeside Center	Bentonville	Lindsey Management	Office	60,000	Conceptual
Lifespring Women's Healthcare	Bentonville	Lifespring	Medical	11,950	Done
Neighborhood Wal-Mart & Uptown Ctr.	Bentonville	CEI Engineering	Retail	40,000+	Conceptual
NWA Children's CenterCampus	Bentonville	NWA Children's Center	Children's Shelter	65,000	2010
NWA Chldren's Museum	Bentonville	NWA Children's Museum	Museum		2012
SDI Realty Retail Development	Bentonville	SDI Realty	Retail	6,500	Conceptual
The Links at Rainbow Curve	Bentonville	Lindsey Management	Mixed Use		Conceptual
Vogel Commercial Development	Bentonville	Ross and Steve Vogel	Commercial	38,000	Conceptual
KUAF Building	Fayetteville	University of Arkansas	Office	7,000	Done
Arkansas Research and Tech. Park	Fayetteville	U of A Tech. Dev. Foundation	Office/Lab	65,000	Done
Bridgedale Plaza	Fayetteville	Clinton McDonald	Mixed Use	35,000	Conceptual
District Court Building	Fayetteville	District Court	Office	13,500	2010
Forest Hills Development	Fayetteville	John Alford	Commercial	206,000	2010
Forest Hills-Wal-Mart Neigh. Market	Fayetteville	John Alford	Retail	17,000	2010
Frisco Depot Project	Fayetteville	MansfieldHouse Ventures	Mixed Use	48,520	Conceptual
Garland Center Bookstore	Fayetteville	University of Arkansas	Retail	30,000	August 2010
Garland Center Retail	Fayetteville	University of Arkansas	Retail	20,000	August 2010
Johanson Office Building	Fayetteville	Blair and Bruce Johanson	Office	5,000	February 2010
Kantz Building	Fayetteville	Kathy Ball	Commercial	9,000	Conceptual
Katherine's Place	Fayetteville	Reliance Healthcare Management	Nursing Home	64,270	July 2010
Kum and Go	Fayetteville	Kum and Go	Retail		
Liberty Bank	Fayetteville	Liberty Bank	Bank	24,000	Conceptual
Links at Fayetteville	Fayetteville	Lindsey Management	Commercial	120,888	Conceptual
Mountain Ranch	Fayetteville	Colliers International	Commercial		Conceptual
Nanotech Facility	Fayetteville	University of Arkansas	Lab	78,000	January 2011
Park Centre I	Fayetteville	Hank Kelley	Office	69,000	January 2011
Park Centre II	Fayetteville	Hank Kelley	Retail	36,000	January 2011
Park West	Fayetteville	Tracy Hoskins	Commercial	1,000,000+	Conceptual
Pediatric Dental Associates	Fayetteville	Pediatric Dental Associates	Medical Office	12,000	Summer 2010
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	Conceptual
Shoppes at the Bluffs	Fayetteville	Mathias Properties	Retail	46,519	Conceptual
Shoppes at Wedington	Fayetteville	First Baptist Chuch of Springdale	Retail	15,750	Late 2010
Southpass, Phase I	Fayetteville	Richard Alexander & John Nock	Commercial	26,000	Conceptual
Southpass, Phase II+	Fayetteville	Richard Alexander & John Nock	Commercial	214,000	Conceptual
Timberlake Office Park	Fayetteville	Jeff Martin and Mike Phillips	Office		Conceptual
Twin Creeks Village Dental Clinic	Fayetteville	Lance Osborne	Medical Office	3,500	Summer 2010
Twin Creeks Village I	Fayetteville	Leonard Boen Enterprises	Office	7,428	Summer 2010
Vantage Center	Fayetteville	Lindsey Management	Office	8,352	Summer 2010
Veterans Hospital Expansion	Fayetteville	Vet. Health Care Sys. of the Ozarks	Medical Facility	158,466	2011
Crye-Leike Office	Lowell	Crye-Leike Realtors	Office	6,000	2010
Midpoint Exchange Business Park	Lowell	Sage Partners	Commercial		Conceptual
Academy Sports	Rogers	Academy Sports	Retail	75,000	Sept. 2010
Adult Development Center Facility	Rogers	Adult Dev. Center of Benton County	Office/Warehouse	22,000	2010

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Benton County Cancer Center	Rogers	Quark LLC	Medical Office	56,758	April 2011
Creekside, Phase III	Rogers	Daniel Ellis	Commercial	60,000	Conceptual
Habitat for Humanity	Rogers	Habitat for Humanity	Office/Warehouse	40,000	Conceptual
Hank's Fine Furniture	Rogers	Hank's Fine Furniture	Retail	91,200	Nov. 2010
Harp's	Rogers	Harp's	Retail	32,000	Conceptual
Metal Salvage Facility	Rogers	A. Tannenbaum	Industrial		Conceptual
Nursing Facility	Rogers	Emeritus Co.	Medical		Conceptual
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Office	21,432	Conceptual
Prairie Creek Center	Rogers	Mathias Properties	Retail	51,279	Conceptual
Rogers Historical Museum	Rogers	Rogers Historical Museum	Museum	27,000	2014
The Dental Depot	Rogers		Medical Office		
Walnut Crossing	Rogers	Greg House	Commercial	50,000	Conceptual
ALDI's Grocery Store	Sil. Springs	ALDI Inc.	Retail	18,762	Summer 2010
Autumn Glen	Sil. Springs	James Mathias	Commercial		Conceptual
Crye-Leike Office	Sil. Springs	Crye-Leike Realtors	Office	6,500	Conceptual
JBU Engineering Building	Sil. Springs	John Brown University	Lab/Classroom	40,000	Fall 2011
Osage Creek Performing Arts Center	Sil. Springs	Greg Smith	Performing Arts Center		2010
Siloam Springs Highschool	Sil. Springs	Siloam Springs School District	School	298,000	Fall 2011
Siloam Springs Hospital	Sil. Springs	Community Health System	Hospital	95,000	2013
Car-Mart	Sprindale	America's Car-Mart	retail	3,100	October 2010
AT&T Retail Center and Warehouse	Springdale	Hank Kelly	Retail/Warehouse	6,000	Done
Macadoodles	Springdale	TLJ Properties	Retail	14,000	Done
Northwest Medical Center Expansion	Springdale	Northwest Medical Center	Hospital		July 2011
Pappas Foods Warehouse	Springdale	Pappas Foods	Warehouse		
Welso Inc Facility	Springdale	Welso Inc.	Retail	6,200	Summer 2010
White Oak Station	Springdale	Petromark Inc.	Retail		Done
Youth Bridge Campus	Springdale	Youth Bridge Inc.	Youth Facility		Conceptual
Northwest Arkansas Science Center	Undet.	NWA Museum Foundation	Museum	130,000	Conceptual

Hotels

Existing Hotels

Property Name	City	Number of Standard Rooms	Number of Suites
Best Western Bentonville Inn	Bentonville	55	0
Best Western Castle Rock Suites	Bentonville	84	0
Clarion Hotel & Convention Center	Bentonville	105	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
Econo Lodge Inn and Suites	Bentonville	152	0
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
Pines Motel	Bentonville	9	0
Simmons Suites	Bentonville	115	0
Sleep Inn	Bentonville	103	0
South Walton Suites	Bentonville	56	0
Springhill Suites By Marriott	Bentonville	67	0
Suburban Extended Stay	Bentonville	0	118
Super 8 Motel-Bentonville/Rogers	Bentonville	52	0
Towneplace Suites by Marriott	Bentonville	78	0
The Links at Bentonville Apts.	Bentonville	41	0
Value Place Extended Stay	Bentonville	121	0
Wingate Inn Bentonville	Bentonville	102	0
Best Western Windsor Suites	Fayetteville	66	0
Candlewood Suites	Fayetteville	0	78
Chief Motel	Fayetteville	31	1
Clarion Inn	Fayetteville	197	10
Comfort Inn-Fayetteville	Fayetteville	60	0
Cosmopolitan Hotel	Fayetteville	235	6
Country Inn & Suites By Carlson	Fayetteville	40	25
Courtyard by Marriot	Fayetteville	110	4
Days Inn	Fayetteville	140	5
Dickson Street Inn	Fayetteville	8	2
Fairfield Inn Fayetteville	Fayetteville	61	0
Hampton Inn	Fayetteville	87	8
Hi-Way Inn Motel	Fayetteville	24	0
Homewood Suites	Fayetteville	0	96
Holiday Inn Express	Fayetteville	77	33
Inn at Carnall Hall	Fayetteville	49	0
Motel 6	Fayetteville	98	0
Pratt Place Inn	Fayetteville	0	7
Quality Inn	Fayetteville	48	10
Red Roof Inns	Fayetteville	104	1
Regency 7 Motel	Fayetteville	29	3
Sleep Inn of Fayetteville	Fayetteville	62	0
Staybridge Suites	Fayetteville	0	109
Stay Inn Style	Fayetteville	6	0
Super 8 Motel	Fayetteville	83	0
Twin Arch Motel	Fayetteville	12	0
Value Place Hotel	Fayetteville	121	0
Inn At the Mill	Johnson	38	8
Marriot Townplace	Johnson	0	94

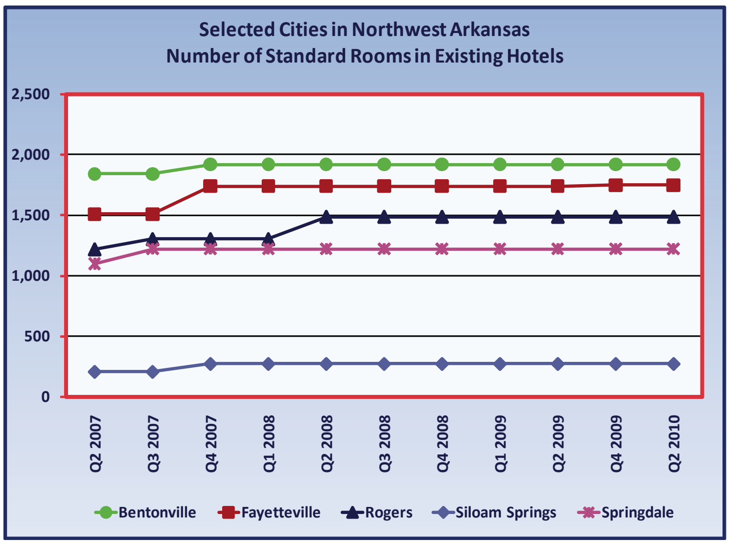
Existing Hotels (Cont.)

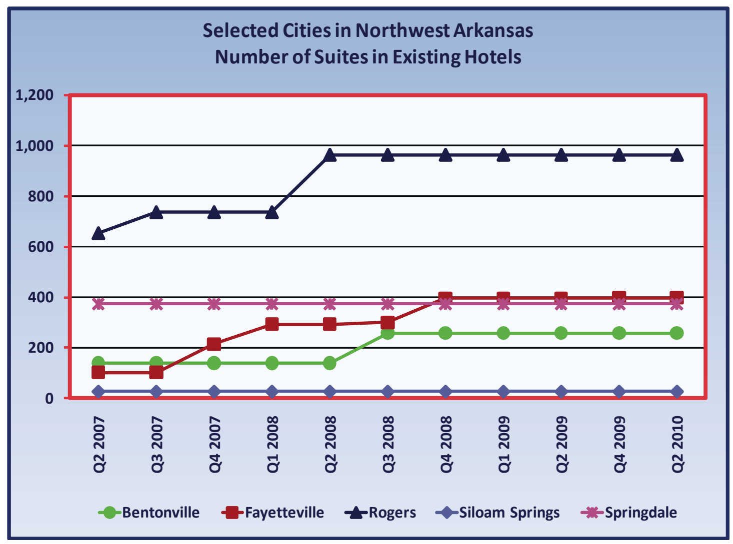
Property Name	City	Number of Standard Rooms	Number of Suites
Ramada Inn Lowell	Lowell	51	0
Colonial Motel	Prairie Grove	8	0
Aloft	Rogers	130	1
Best Value Inn & Suites	Rogers	127	0
Candlewood Suites	Rogers	118	12
Country Inn & Suites	Rogers	68	42
Embassy Suites	Rogers	0	400
Fairfield Inn Rogers	Rogers	99	0
Guest Inn	Rogers	42	0
Hampton Inn	Rogers	122	0
Hartland Lodge	Rogers	28	0
Holiday Inn	Rogers	0	127
Homewood Suites	Rogers	126	83
Hyatt Place	Rogers	104	0
Mainstay Suites	Rogers	0	99
Microtel	Rogers	52	0
Ranch-O-Tel Motel	Rogers	21	0
Regency 7 Motel	Rogers	31	0
Residence Inn by Marriott	Rogers	88	0
Rocky Branch Resort	Rogers	14	0
Simmons Suites	Rogers	0	115
Staybridge Suites	Rogers	83	83
Super 8 Motel	Rogers	34	0
Tanglewood Lodge	Rogers	30	0
Town & Country Inn	Rogers	86	1
Travelers Inn	Rogers	82	0
Best Value	Siloam Springs	19	26
Hampton Inn	Siloam Springs	66	0
Hereford Motel	Siloam Springs	10	0
Holiday Inn Express	Siloam Springs	59	1
Stone Inn's	Siloam Springs	43	0
Super 7 Inn	Siloam Springs	46	0
Super 8 Motel	Siloam Springs	30	0
Best Rest	Springdale	100	17
Comfort Suites Springdale	Springdale	0	69
DoubleTree Club Hotel of Springdale	Springdale	74	11
Executive Inn	Springdale	90	0
Extended Stayamerica	Springdale	101	0
Fairfield Inn and Suites	Springdale	40	34
Hampton Inn & Suites	Springdale	67	35
Hartland Lodge	Springdale	29	0
Hartland Motel	Springdale	29	0
Hill Top Inn	Springdale	30	0
Holiday Inn	Springdale	180	26
Journey's Inn	Springdale	30	0
Laquinta Inn & Suites	Springdale	88	12
Magnolia Gardens Inn (B&B)	Springdale	10	0
Motel 8	Springdale	30	0
Residence Inn	Springdale	0	72
Scottish Inns	Springdale	33	24
Sleep Inn & Suites	Springdale	0	72
Springdale Inn	Springdale	50	0
Sunrise Inn	Springdale	60	1
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 Total	1,920	258
Fayetteville Total	1,748	398
Johnson Total	38	102
Lowell Total	51	0
Prairie Grove Total	8	0
Rogers Total	1,485	963
Siloam Springs Total	273	27
Springdale Total	1,221	374
Northwest Arkansas Total	6,744	2,122





Announced Coming Hotels

Property Name	City	Owner	Number of Rooms	Expected Completion
21c Museum Hotel	Bentonville	Steve Wilson and Laura Lee Brown	130	2012
Sheraton Bentonville Plaza	Bentonville	Starwood Hotels & Resorts	234	August 2011
Hilton Gardens Inn	Fayetteville	Hilton	--	Delayed
Horsebarn Tower Hotel	Rogers	FAE Horsebarn SPE LLC	144	Delayed
Sunday Partners Hotel	Rogers	Sunday Partners	--	--
Best Western	Springdale	Tom Bhakta	70	--
Microtel	Springdale	--		Delayed

Restaurants

Announced Coming Restaurants

Property Name	Location (City)	Owner	Expected Completion
Scooter's CoffeeHouse	12 Unkn. Locations	Scooters Coffee House of Omaha	--
Silver Joe's Coffee Co.	4 Various Locations	Terry Smith, Kenny Tomlin, Steve Clark, Patrick Vota	2010
Einstein Bros Bagels	3 Unkn. Locations	Mike Philips	--
Five Guys Burgers	2-3 Various Locations	Laurie Lowe	2010
Romano's Macaroni Grill	Unkn. Location	Bruce Swisshelm	--
Jason's Deli	Benton County	Bourke Harvey	2010
Hook's Line and BBQ	Bella Vista	Michael Scott	Done
21c Hotel Restaurant	Bentonville	Steve Wilson and Laura Lee Brown	2011
Arbys	Bentonville	--	Done
Dickey's Barbecue Pit	Bentonville	Randon Arney	Delayed
Dink's Pit Bar-B-Que	Bentonville	Landon Curd	Done
Lenny's Sub Shop	Bentonville	Michael Timbes	August 2010
Nick and Johnny's Pizza	Bentonville	Johnny Justice and Nick Scott	Done
Sabores Mexican Restaurant	Bentonville	--	Done
Taste of Siam	Bentonville	Kno and Pat Phonexayphova	Done
Tavola	Bentonville	Carl Garrett	November 2010
Benchwarmers Bar and Grill	Fayetteville	--	Summer 2010
Café Delta Soul	Fayetteville	Nels Danielson	Done
Dickey's Barbecue Pit	Fayetteville	Randon Arney	2010
El Sancho Mexican Grill and Tequila Bar	Fayetteville	Meliton Montes	Done
Emelia's	Fayetteville	George and Sara Lusher	Delayed
Farrell's Lounge, Bar and Grill	Fayetteville	--	August 2010
Firehouse Subs	Fayetteville	Forest Hills Development	2010
Grand Tetons	Fayetteville	Kevin Laughlin	2010
Hjem	Fayetteville	Camilla Holland	Done
Just Monday's	Fayetteville	Tony Kastl	Done
Krystal Burger	Fayetteville	Krystal Burger	--
Lillie, Lou and Jaq	Fayetteville	--	--
Mama Carmen's Global Café	Fayetteville	--	October 2010
Mariachi's Mexican Grill	Fayetteville	--	Done
Meiji	Fayetteville	Darwin Beyer	Done
Mojo's Pints and Pies	Fayetteville	Cley McCloy	Done
Northern Exposure	Fayetteville	--	2010
Oseguera's	Fayetteville	Oseguera Family	Done
Primo Pasta House and Pizzeria	Fayetteville	Scott Bowman	Done
Razors Edge	Fayetteville	--	Done
Starbucks	Fayetteville	Kathy Ball	Delayed
Subway	Fayetteville	--	Summer 2010
Tilted Kilt Pub and Eatery	Fayetteville	--	2010
Western Sizzlin	Fayetteville	Mark Bazyk	Delayed
Yazetti's	Fayetteville	Yazetti Family	Done
Zauq	Fayetteville	Sajid Ali	Done
Porky's Pizza	Garfield	Dixie	Done
Big Buckle BBQ	Gentry	Kevin Cryer	Done
McDonald's	Gentry	Mathews Management Co	Summer 2010
Dickey's Barbecue Pit	Rogers	Randon Arney	Delayed
Firehouse Subs-Pinnacle Hills	Rogers	Tracy Bush	--
Firehouse Subs-Pleasant Crossing	Rogers	Tracy Bush	Done
Fuddruckers	Rogers	Pinnacle Hamburger Partners llc	2010
Hibachi Grill	Rogers	Tim Chen	Done
KFC/Taco Bell	Rogers	John R. Meyers	Done
Krystal Burger	Rogers	Smitco Eateries	Delayed
Little India	Rogers	--	Done

Restaurants

Announced Coming Restaurants (Cont.)

Property Name	Location (City)	Owner	Expected Completion
Mellow Mushroom	Rogers	--	2010
Muelbach's Steak and Rib House	Rogers	Monty Muelbach	Done
Pizza Place on First Street	Rogers	--	Summer 2010
Traders Market Restaurant	Rogers	Moe Torabi	Delayed
Hunan Village	Siloam Springs	--	Done
Thai City	Siloam Springs	--	Done
Dickey's Barbecue Pit	Springdale	Randon Arney	2010
Firehouse Subs	Springdale	Tracy Bush	Delayed
La Fogata	Springdale	--	Done
Mandarin Bistro	Tontitown	--	Done

Closed Restaurants

Property Name	City	Date Closed
Siam Palace	Bentonville	June 2009
Taco Tico	Bentonville	June 2009
Northside Restaurant	Bentonville	June 2010
Johns Supreme Donuts	Centerton	June 2009
Rice Village	Fayetteville	June 2009
Wilmas	Fayetteville	June 2009
Gullet's Gourmet	Fayetteville	December 2009
Railhead Saloon	Fayetteville	December 2009
T.G.I Friday's	Fayetteville	December 2009
Mariachis Mexican Grill	Fayetteville	December 2009
Ichiban Hibachi Grill	Fayetteville	December 2009
Bizys Neighborhood Grill	Fayetteville	December 2009
Oseguras	Fayetteville	September 2009
El Chico	Fayetteville	December 2009
Mabuhay	Fayetteville	October 2009
Big River BBQ	Fayetteville	June 2010
Soul Restaurant and Lounge	Fayetteville	May 2010
Quizno's	Fayetteville	May 2010
Mezza Luna	Fayetteville	May 2010
La Fiesta Mexican Restaurant	Rogers	September 2009
Hi-D-Ho	Rogers	May 2010
Sara's Mexican Food	Springdale	May 2010
Mary Maestri's	Tontitown	May 2010

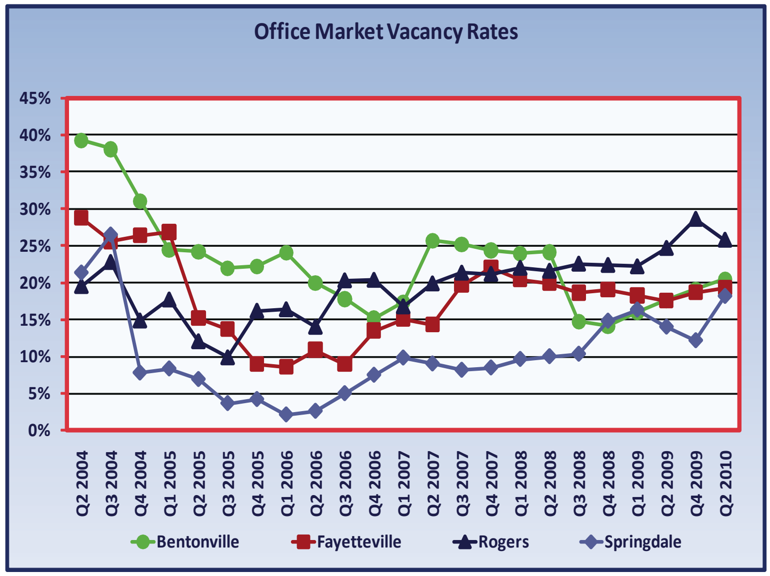
Commercial Market Trends

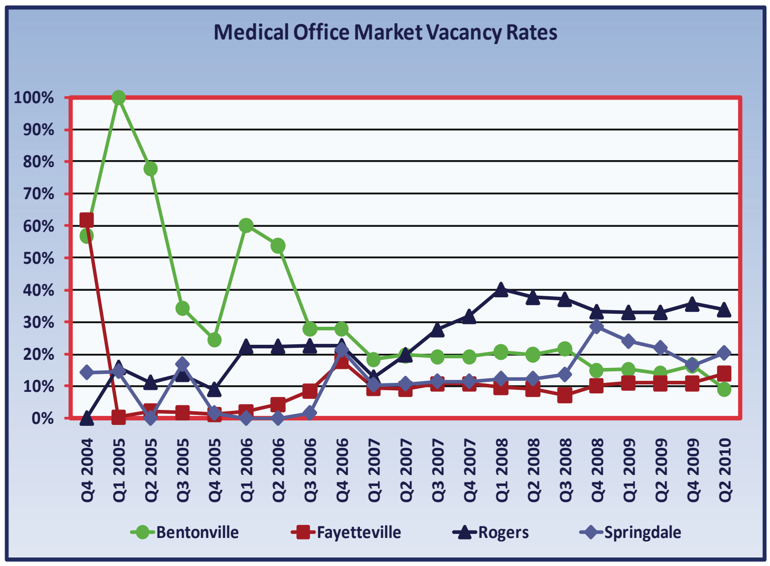
This version of the Skyline Report represents the twenty-third quarter that data have been collected. Annual comparisons were made to minimize the effects of attributing too much weight to seasonal changes. The accompanying graphs show how vacancy rates and available square footage have changed in each submarket over the past six 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.

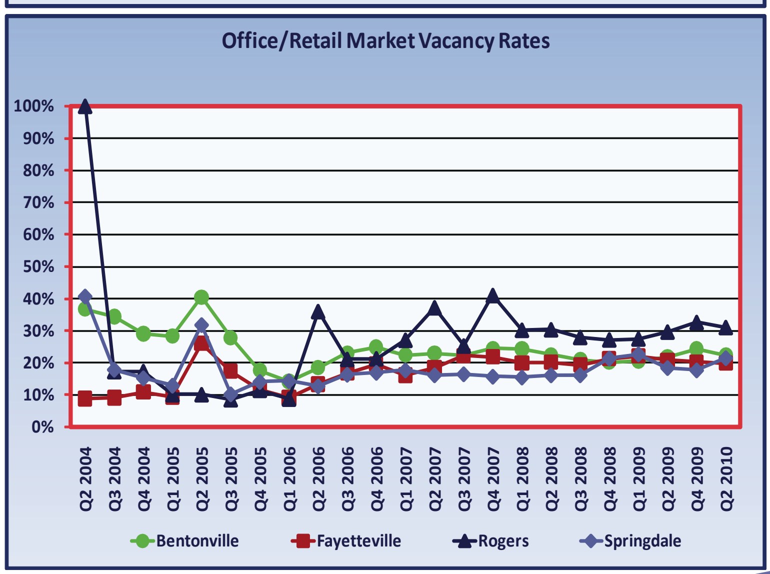
Over the past twelve months, only Fayetteville and Springdale have experienced (limited) positive net absorption in the office market. Available office square footage in Northwest Arkansas increased from 1,580,067 square feet in the second quarter of 2009 to 1,864,071 square feet in the second quarter of 2010. This was due to increased available office space in all cities except Bella Vista. Over the past year, 143,863 square feet of new office space became available for the first time. The overall Northwest Arkansas office vacancy rate has increased from 18.6 percent in the second quarter of 2009 to 21.1 percent in the second quarter of 2010.

The office/retail market has experienced positive net absorption of 8,157 square feet during the past twelve months. Fayetteville, Siloam Springs, and Springdale accounted for most of the positive absorption. On the other hand, Bella Vista, Bentonville, and Springdale had more available office/retail square footage in the second quarter of 2010 than in the second quarter of 2009. New square footage totaling 44,677 was added to the market during the last year—of that amount, 34,000 square feet were located in Bentonville and 10,677 square feet were located in Fayetteville. In the second quarter of 2010, 934,195 square feet of office/retail space were available, up from 912,527 square feet in the second quarter of 2009. This space was primarily located in Fayetteville, Rogers, Bentonville, and Springdale.

The retail market also experienced positive net absorption in the past twelve months. Only the cities of Bentonville and Rogers experienced negative net absorption in the retail submarket over the past year, while positive net absorption occurred in Fayetteville, Lowell, Siloam Springs, and Springdale. There were 86,392 new square feet of retail space added to the Northwest Arkansas market dur-

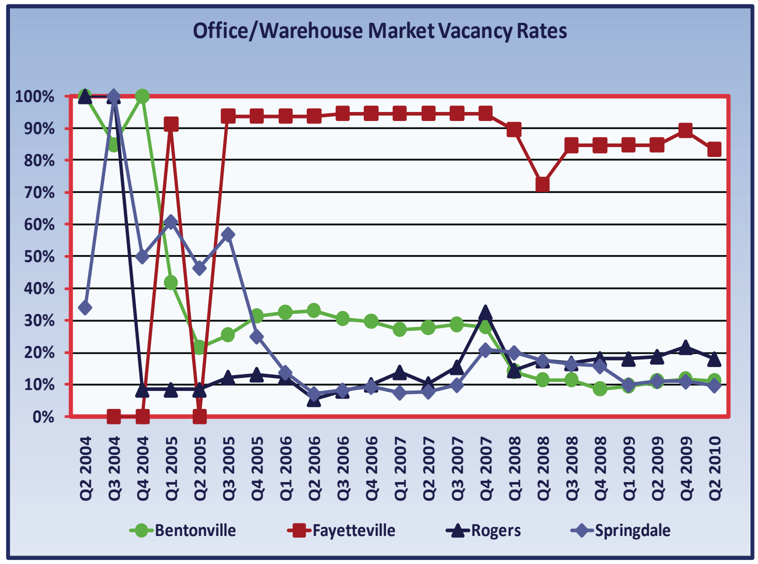


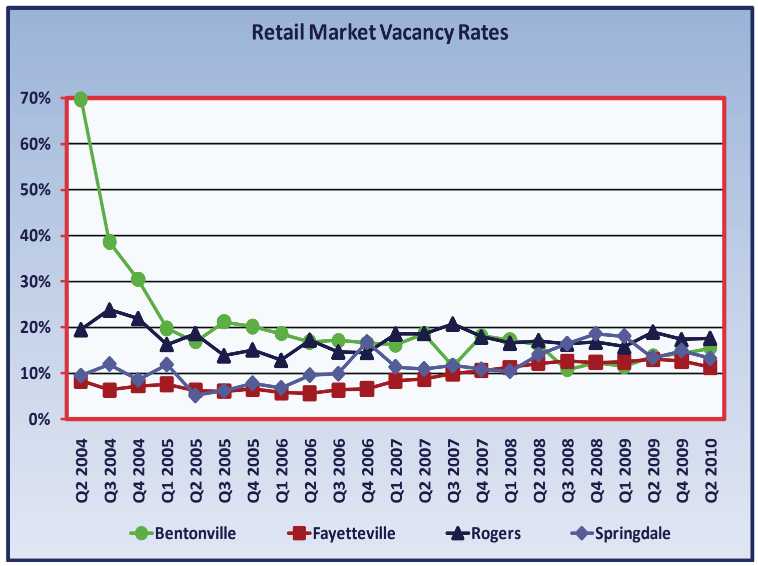


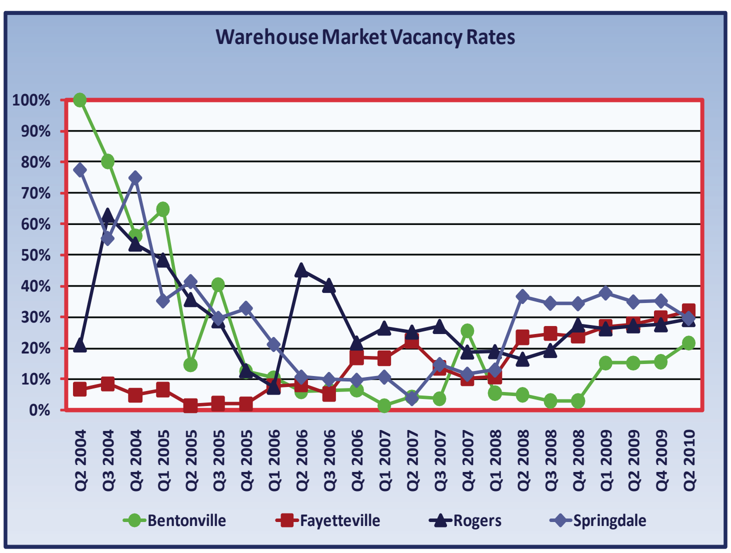


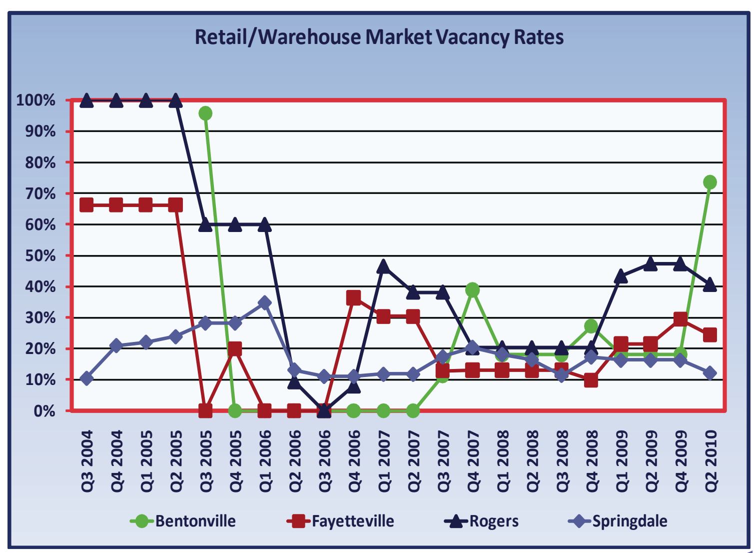
ing the past twelve months. In the second quarter of 2010, a total of 994,458 square feet of space were available in Northwest Arkansas, down from 1,077,667 square feet at the same time in the previous year.

The Northwest Arkansas warehouse market also experienced positive net absorption of 62,398 square feet during the past year. The number of available square feet declined from 1,889,480 in the second quarter of 2009 to 1,765,042 in the second quarter of 2010 and vacancy rates declined from 29.0 percent to 27.4 percent during the same time period, accordingly. Bentonville, Fayetteville, Rogers, and Siloam Springs, however, experienced negative net absorption since the second quarter of last year in the warehouse market. A total of 7,200 square feet of new warehouse space was added to the Northwest Arkansas market during the past year (all new space was added to the Rogers market during the second quarter of 2009).





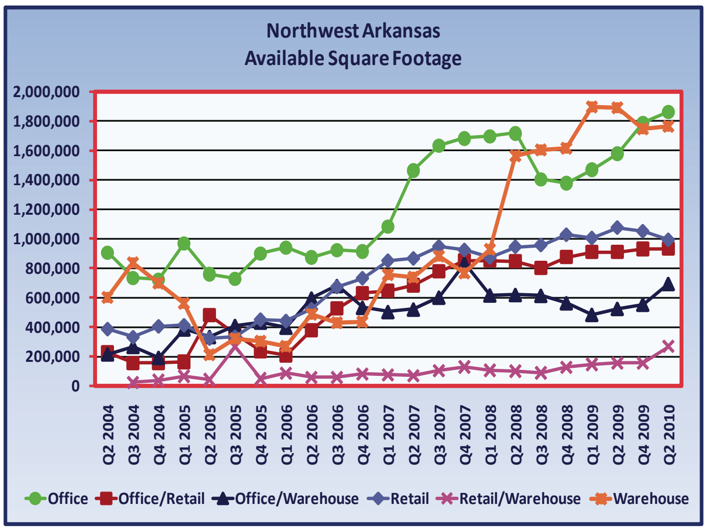


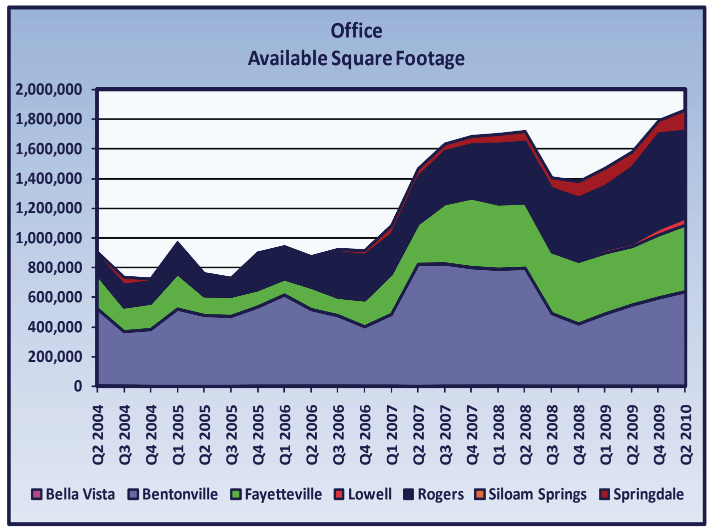


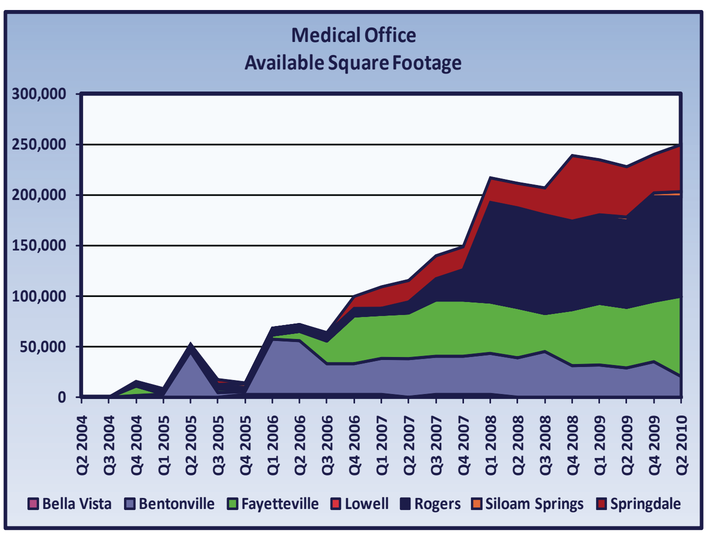
Commercial Market Trends

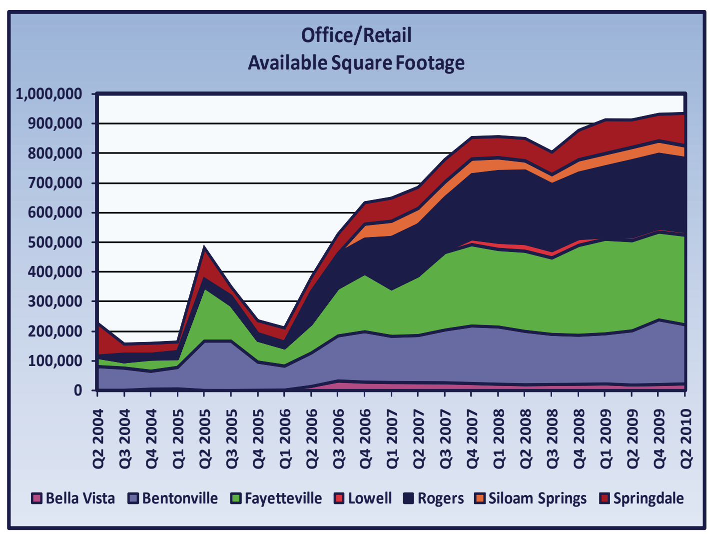
Net Twelve Month Absorption by Submarket Q2 2009 - Q2 2010

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	0	-85	0	0
Bentonville	-113,146	-20,491	-11,702	-32,450
Fayetteville	14,976	23,273	39,540	-42,000
Lowell	-23,928	900	1,816	9,000
Rogers	-110,429	-3,487	-29,529	-30,412
Siloam Springs	-3,014	2,224	12,268	-19,230
Springdale	12,874	5,823	42,755	177,490
Northwest Arkansas	-222,667	8,157	55,148	62,398

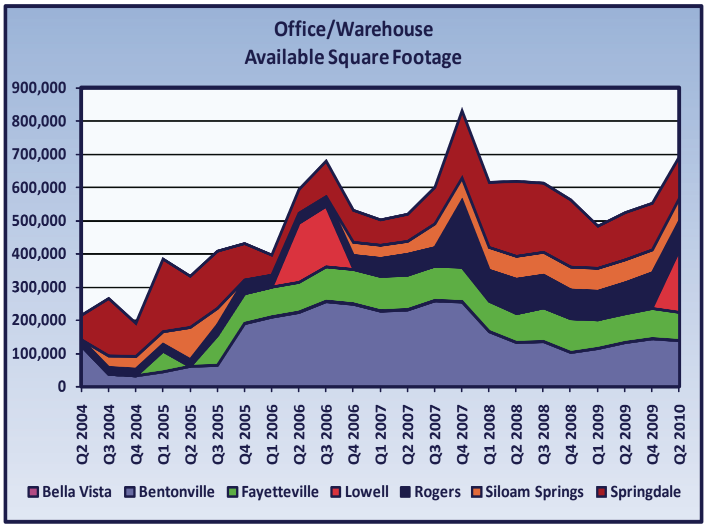


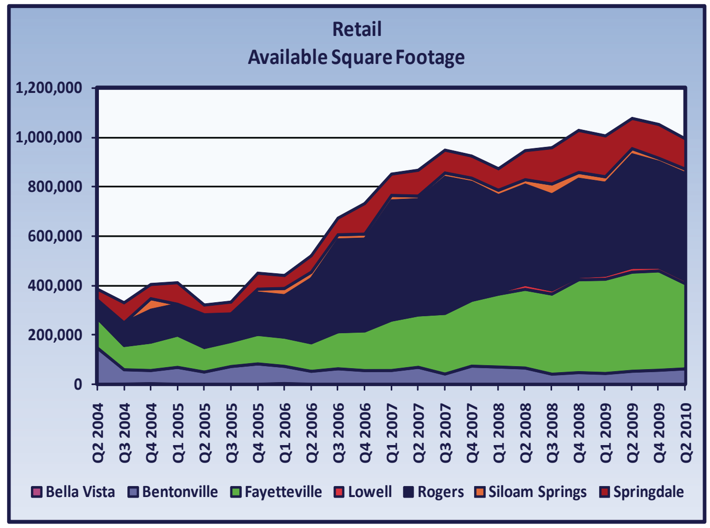


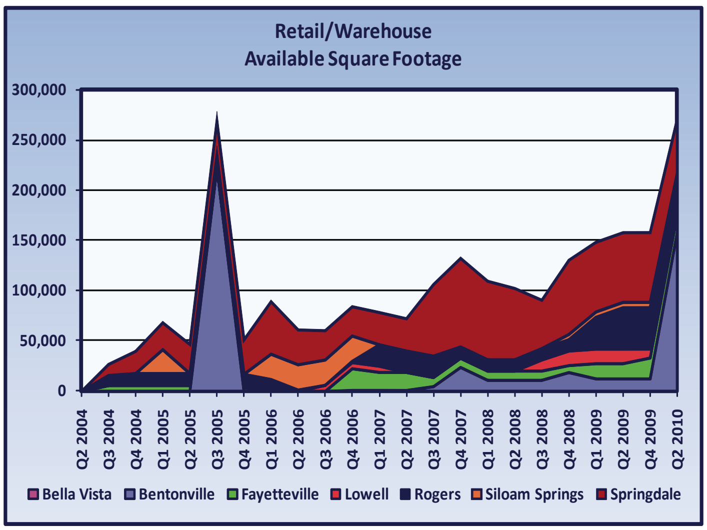


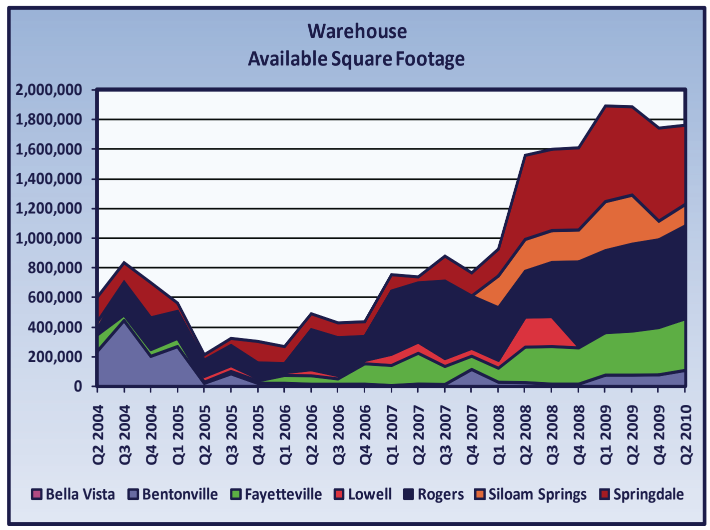


Commercial Market Trends









Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q2 2009	19.0%	17.8%	17.5%	8.4%	24.7%	4.7%	14.0%	18.6%
Q4 2009	19.0%	19.2%	18.7%	15.7%	28.7%	4.7%	12.2%	20.6%
Q2 2010	19.0%	20.5%	19.4%	17.7%	25.9%	5.3%	18.2%	21.1%
Medical Office								
Q2 2009	0.0%	14.0%	10.9%	0.0%	33.0%	5.2%	22.0%	16.7%
Q4 2009	0.0%	16.5%	10.9%	0.0%	35.6%	5.2%	16.7%	17.1%
Q2 2010	0.0%	9.2%	13.9%	0.0%	33.9%	5.9%	20.4%	17.2%
Office/Retail								
Q2 2009	7.2%	21.8%	20.8%	19.7%	29.7%	29.7%	18.5%	22.0%
Q4 2009	7.7%	24.3%	20.3%	19.7%	32.6%	29.7%	17.7%	22.6%
Q2 2010	8.6%	22.5%	19.9%	18.3%	31.1%	27.9%	21.5%	22.3%
Office/Warehouse								
Q2 2009	--	11.0%	84.8%	1.8%	18.8%	65.8%	11.0%	15.4%
Q4 2009	--	11.7%	89.3%	1.8%	21.7%	65.8%	10.8%	16.1%
Q2 2010	--	11.2%	83.4%	86.5%	18.0%	65.8%	9.6%	20.2%
Retail								
Q2 2009	0.0%	13.7%	13.0%	15.2%	19.0%	8.3%	13.4%	14.9%
Q4 2009	0.0%	14.2%	12.6%	11.6%	17.3%	5.1%	14.9%	14.2%
Q2 2010	0.0%	15.5%	11.3%	11.4%	17.6%	5.7%	13.2%	13.6%
Retail/Warehouse								
Q2 2009	--	18.1%	21.5%	38.1%	47.3%	9.3%	16.3%	21.2%
Q4 2009	--	18.1%	29.4%	23.6%	47.3%	9.3%	16.3%	21.2%
Q2 2010	--	73.7%	24.4%	23.6%	40.7%	5.6%	12.2%	30.4%
Warehouse								
Q2 2009	0.0%	15.3%	27.7%	1.0%	27.2%	79.1%	34.9%	29.0%
Q4 2009	0.0%	15.7%	29.7%	0.7%	27.5%	58.9%	35.2%	27.3%
Q2 2010	0.0%	21.8%	31.9%	0.0%	29.2%	68.0%	29.6%	27.4%

Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q2 2009	0	-37,215	16,707	1,440	-82,272	-1,729	17,286	-85,783
Q3-Q4 2009	0	-35,226	-18,157	-20,000	-81,727	0	13,777	-141,333
Q1-Q2 2010	0	-40,705	16,426	-5,368	53,570	-1,285	-18,189	4,449
Medical Office								
Q2 2009	0	2,900	1,042	0	0	-1,729	4,621	6,834
Q3-Q4 2009	0	-2,000	0	0	-6,308	0	11,696	3,388
Q1-Q2 2010	0	14,617	0	0	5,000	-1,285	-8,458	9,874
Office/Retail								
Q2 2009	3,800	-13,778	15,104	0	-17,518	-400	21,192	8,400
Q3-Q4 2009	-1,600	-25,690	7,642	0	4,203	0	3,954	-11,491
Q1-Q2 2010	-2,285	18,977	527	900	9,828	2,624	-19,323	11,248
Office/Warehouse								
Q2 2009	--	-17,960	0	-4,000	-3,400	0	-15,400	-40,760
Q3-Q4 2009	--	3,000	-4,600	0	-14,000	0	1,700	-13,900
Q1-Q2 2010	--	11,705	6,000	-186,325	14,000	0	15,250	-139,370
Retail								
Q2 2009	0	-8,835	-20,079	-3,000	-79,274	1,200	43,020	-66,968
Q3-Q4 2009	0	2,989	5,324	4,600	43,876	9,268	-14,340	51,717
Q1-Q2 2010	0	-5,856	54,295	216	5,869	1,800	14,075	70,399
Retail/Warehouse								
Q2 2009	--	0	0	0	-9,517	0	0	-9,517
Q3-Q4 2009	--	0	-5,600	5,540	0	0	0	-60
Q1-Q2 2010	--	-6,300	3,557	0	0	2,100	16,058	15,415
Warehouse								
Q2 2009	0	0	-10,500	2,250	5,712	0	49,429	46,891
Q3-Q4 2009	0	-2,140	-21,500	2,250	-8,183	0	8,145	-21,428
Q1-Q2 2010	0	-30,310	-10,000	4,500	-27,941	-19,230	119,916	36,935

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q2 2009	2,200	545,913	393,951	23,100	506,387	3,873	104,643	1,580,067
Q4 2009	2,200	594,304	425,245	43,100	632,674	3,873	90,651	1,792,047
Q2 2010	2,200	636,509	450,028	48,468	579,104	5,158	142,604	1,864,071
Medical Office								
Q2 2009	0	29,067	60,122	0	85,237	3,729	49,766	227,921
Q4 2009	0	35,217	60,122	0	103,019	3,729	38,070	240,157
Q2 2010	0	20,600	79,636	0	98,019	5,014	46,528	249,797
Office/Retail								
Q2 2009	19,970	181,535	304,036	12,910	258,567	43,724	91,785	912,527
Q4 2009	21,570	216,913	296,394	12,910	250,928	43,724	89,031	931,470
Q2 2010	23,855	197,936	302,367	12,010	248,573	41,100	108,354	934,195
Office/Warehouse								
Q2 2009	--	133,830	86,726	4,000	89,206	70,007	142,392	526,161
Q4 2009	--	145,230	91,326	4,000	103,206	70,007	140,692	554,461
Q2 2010	--	139,525	85,326	190,325	84,837	70,007	125,442	695,462
Retail								
Q2 2009	0	54,035	400,736	19,200	456,915	24,536	122,245	1,077,667
Q4 2009	0	58,046	401,576	14,600	426,935	15,268	136,585	1,053,010
Q2 2010	0	63,902	343,281	14,384	432,913	17,468	122,510	994,458
Retail/Warehouse								
Q2 2009	--	12,498	15,157	14,540	41,280	5,200	69,300	157,975
Q4 2009	--	12,498	20,757	9,000	41,280	5,200	69,300	158,035
Q2 2010	--	158,336	17,200	9,000	29,780	3,100	53,242	270,658
Warehouse								
Q2 2009	0	75,800	299,056	6,750	580,842	330,843	596,189	1,889,480
Q4 2009	0	77,940	320,556	4,500	589,025	125,508	628,044	1,745,573
Q2 2010	0	108,250	350,556	0	628,370	144,738	533,128	1,765,042

Office

In the second quarter of 2010, the office properties included in the Skyline Report panel had a vacancy rate of 21.1 percent, up from the rate of 20.6 percent in the fourth quarter of 2009. Of the more than 8.8 million square feet of Northwest Arkansas properties examined, almost 1.9 million square feet are currently available. This is an increase from the fourth quarter. From the fourth quarter of 2009 to the second quarter of 2010, 28,700 square feet of new office space entered the market (in Bentonville, Siloam Springs, and Springdale), while 33,149 square feet became occupied, netting positive absorption of 4,449 square feet for the market.

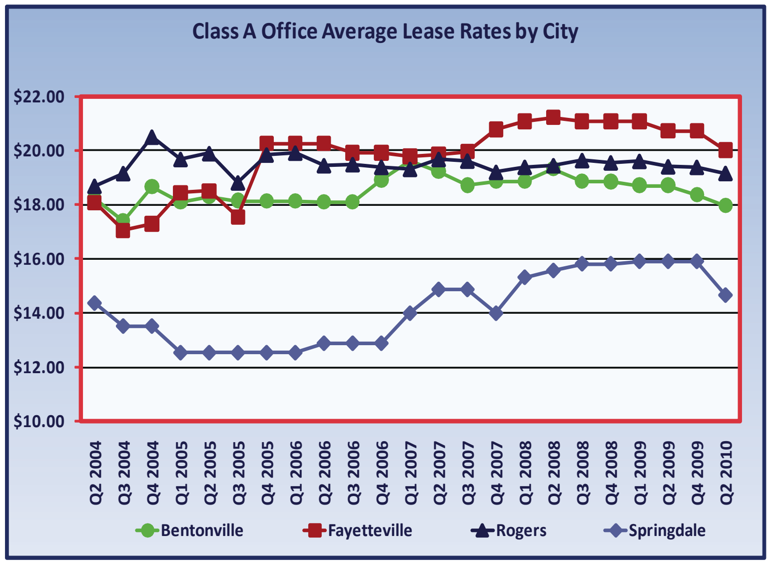
Of the 1,864,071 square feet of available office space in Northwest Arkansas, about 34.1 percent is located in Bentonville. About 87.1 percent of the available office space in Bentonville was in the Class B submarket, while Class A space accounted for about 8.0 percent, and the remainder was in the Class C and medical office submarkets. There was a negative absorption of 28,755 square feet in the second quarter of 2010, while 11,950 square feet of new medical office space was added to the market, netting negative absorption of 40,705 square feet.

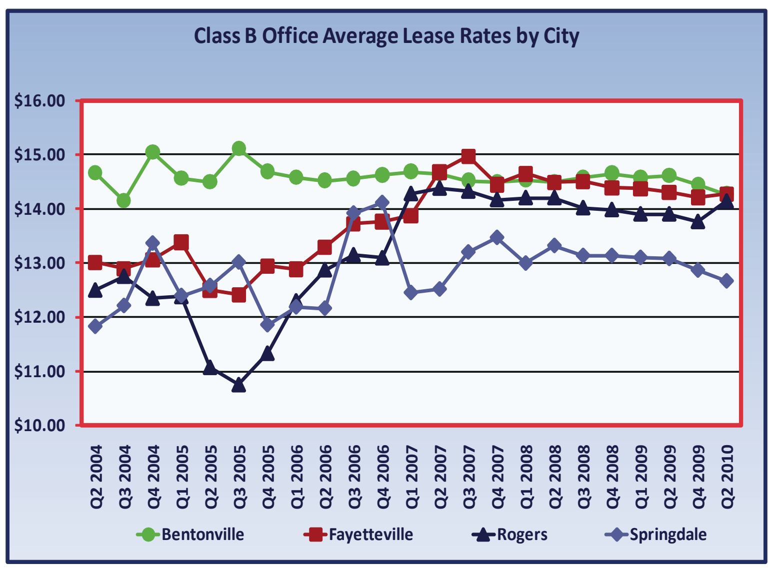
While Bentonville had the most available office space at 636,509 square feet, Rogers also had 579,104 square feet available. In the second quarter of 2010, 46,069 square feet of Class A, 24,206 square feet of Class C, and 5,000 square feet of medical office space became occupied in Rogers, while 21,705 square feet of Class B became available. No additional square feet of new space were added to the Rogers office market, netting positive absorption of 53,570 square feet of office space.

Fayetteville had 450,028 square feet of available office space in the second quarter of 2010. In the Fayetteville office submarket, Class B accounted for 58.4 percent of all available space, while medical office accounted for 17.7 percent and Class A for 14.9 percent. From the fourth quarter of 2009 to the second quarter of 2010, no new space was added to the market. The Fayetteville office market experienced a positive absorption of 16,426 square feet. About 7,811 square feet of Class A, 6,893 square feet of Class B, and 1,722 square feet of Class C submarket became occupied, while no activity occured in the medical office submarket during the first half of 2010.

Office Lease Rates Average Range by City

	Class A	Class B	Class C	Medical
Bentonville	$17.54 - $18.39	$13.99 - $14.56	$8.55 - $8.89	$16.55 - $17.91
Fayetteville	$18.47 - $21.58	$13.78 - $14.77	$10.47 - $11.06	$15.09 - $16.77
Rogers	$18.12 - $20.23	$13.81 - $14.47	$8.37 - $9.49	$13.95 - $14.68
Springdale	$14.67 - $14.67	$11.67 - $13.67	$9.23 - $9.48	$12.15- $13.17

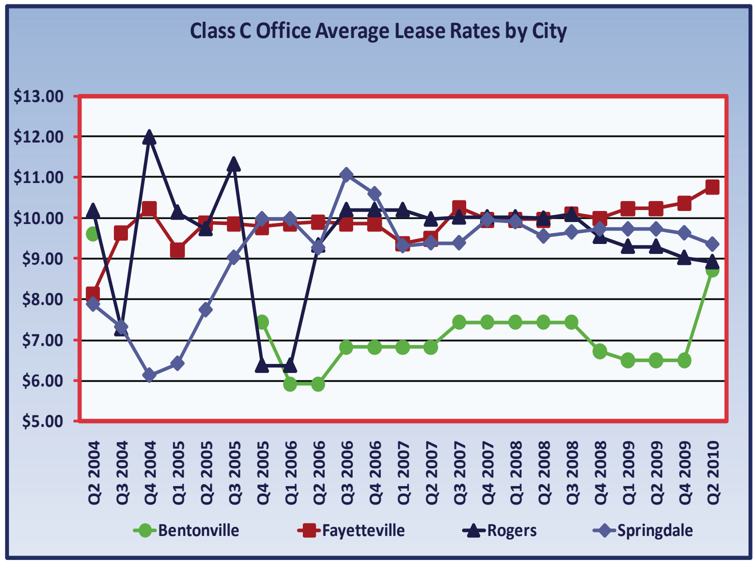


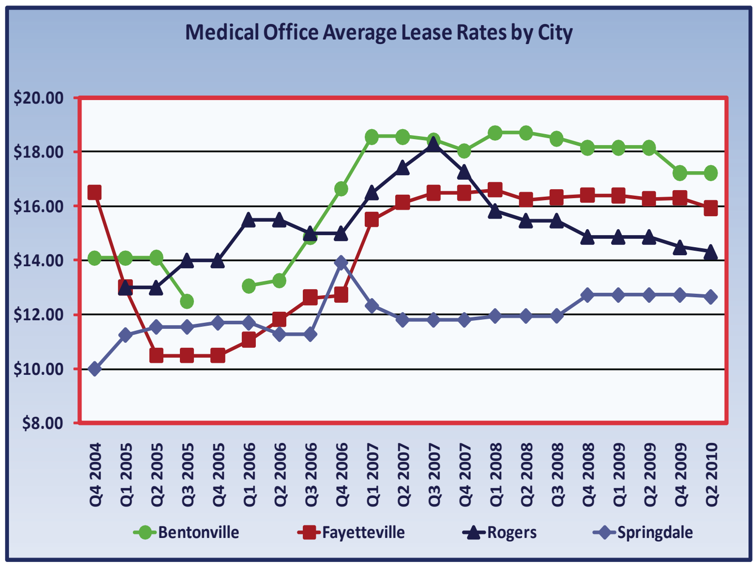


Office

The Springdale office market had 142,604 square feet of available space in the second quarter of 2010. New Class B office space of 2,250 square feet was added to Springdale market during the first six months of 2010. Overall, 18,739 square feet became vacant in the Class A, Class B, and medical office submarkets, while 2,800 square feet of Class C submarket became occupied, resulting in a negative net absorption of 18,189 square feet in Springdale in the second quarter.

Class A office average reported lease rates continued to be highest in Fayetteville at $20.03 per square foot. Class A space average lease rates declined in all Northwest Arkansas cities. Class B office space average reported lease rates declined in Bentonville and Springdale, while increasing in Fayetteville and Rogers. In the second quarter of 2010, reported average lease rates for Class C office increased in Bentonville and Fayetteville and continued to decline in Rogers and Springdale. Reported average medical office space lease rates remained constant in Bentonville, while declining in other cities in the second quarter of 2010.





Office

Office Space Characteristics by Class and City

Class A	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Bentonville	376,755	51,129	13.6%	945	0	945	324.6
Fayetteville	416,882	66,843	16.0%	7,811	0	7,811	51.3
Rogers	1,320,663	314,223	23.8%	46,069	0	46,069	40.9
Springdale	77,123	10,017	13.0%	-1,134	0	-1,134	--
Class B							
Bentonville	2,468,964	554,155	22.4%	-56,775	0	-56,775	--
Fayetteville	1,089,436	262,863	24.1%	6,893	0	6,893	228.8
Rogers	501,440	147,874	29.5%	-21,705	0	-21,705	--
Springdale	329,025	34,548	10.5%	-9,147	2,250	-11,397	--
Class C							
Bentonville	33,518	10,625	31.7%	508	0	508	125.5
Fayetteville	246,921	40,686	16.5%	1,722	0	1,722	141.8
Rogers	128,834	18,988	14.7%	24,206	0	24,206	4.7
Springdale	149,449	51,511	34.5%	2,800	0	2,800	110.4
Medical							
Bentonville	224,986	20,600	9.2%	26,567	11,950	14,617	8.5
Fayetteville	572,354	79,636	13.9%	0	0	0	--
Rogers	289,089	98,019	33.9%	5,000	0	5,000	117.6
Springdale	228,563	46,528	20.4%	-8,458	0	-8,458	--

[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

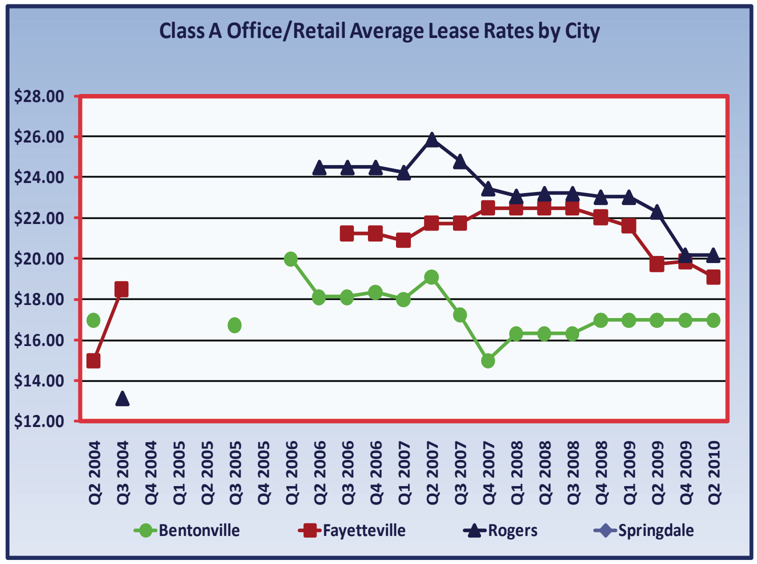
Office/Retail

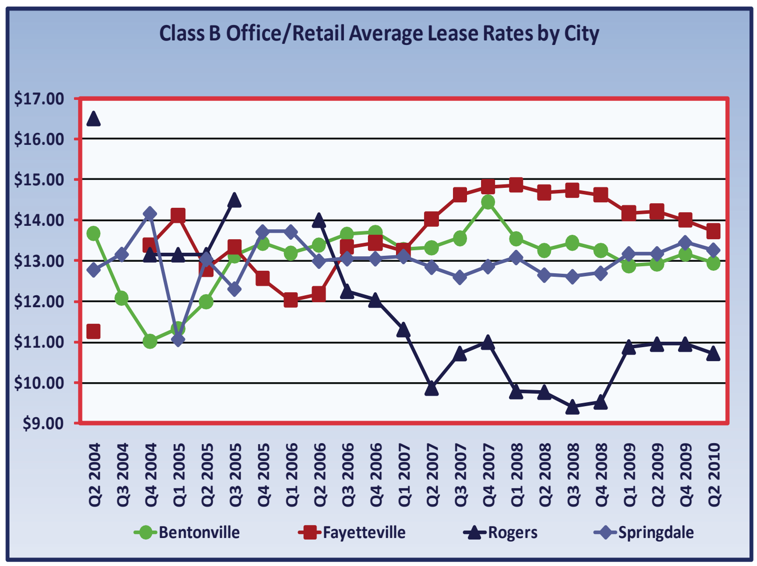
In the second quarter of 2010, the office/retail properties included in the Skyline Report sample had a vacancy rate of 22.3 percent, a decline from a 22.6 percent in the fourth quarter. Of almost 4.2 million square feet of Northwest Arkansas properties examined, 934,195 square feet were available.

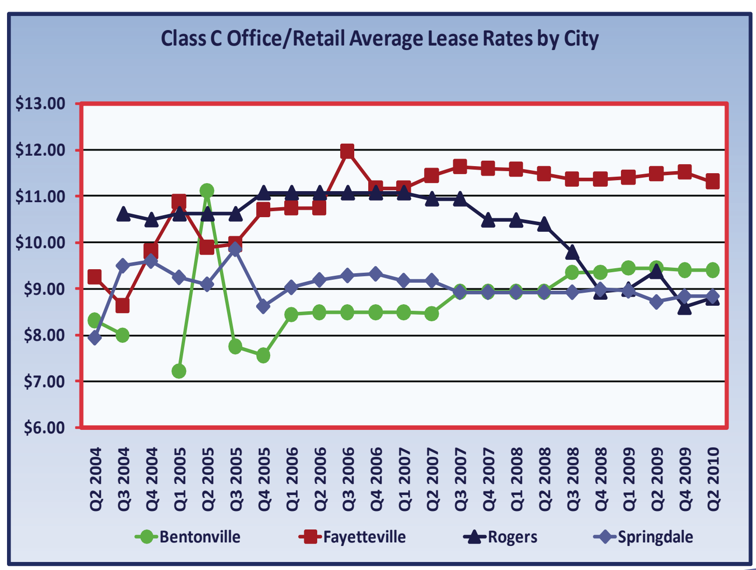
From the fourth quarter of 2009 to the second quarter of 2010, no new office/retail space was added in Northwest Arkansas. The number of square feet becoming occupied were larger than the number of square feet becoming available in office/retail submarket, causing a positive net absorption of 11,248 square feet in the second quarter. Bentonville, Fayetteville, Lowell, Rogers, and Siloam Springs experienced positive net absorption of office/retail space in the second quarter of 2010. Bella Vista and Springdale, however, experienced negative net absorption.

Fayetteville continued having the largest amount of available square feet in the office/retail submarket with 302,367 square feet available. Rogers had 248,573 and Bentonville had 197,936 square feet available. Dividing those by the total square feet of office/retail space, this translated to vacancy rates of 19.9 percent for Fayetteville, 31.1 percent for Rogers, and 22.5 percent for Bentonville. Springdale had reported available office/retail square footage of 108,354 with a 21.5 percent vacancy rate.

Office/retail space average reported lease rates remained mixed in the second quarter of 2010. In the Class A submarket, average reported lease rates decreased in Fayetteville and stayed constant in Bentonville and Rogers. Average reported Class B rates declined in all major cities of Northwest Arkansas. In the Class C office/retail submarket, average reported prices decreased in Fayetteville, but increased in Rogers, while remaining constant in Bentonville and Springdale.







Office/Retail

Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	$15.67 - $18.33	$12.26 - $13.66	$8.84 - $9.96
Fayetteville	$18.45 - $19.78	$13.03 - $14.43	$10.54 - $12.10
Rogers	$19.25 - $21.13	$9.85 - $11.60	$7.57 - $10.05
Springdale	--	$12.54 - $14.00	$8.06 - $9.63

Office/Retail Space Characteristics by Class and City

Class A	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Bentonville	56,307	10,300	18.3%	0	0	0	--
Fayetteville	140,776	71,696	50.9%	11,700	0	11,700	36.8
Rogers	133,982	13,727	10.2%	39,894	0	39,894	2.1
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	679,522	169,621	25.0%	19,644	0	19,644	51.8
Fayetteville	1,014,391	195,591	19.3%	-10,393	0	-10,393	--
Rogers	390,312	146,311	37.5%	-32,336	0	-32,336	--
Springdale	228,333	56,322	24.7%	-5,243	0	-5,243	--
Class C							
Bentonville	145,098	18,015	12.4%	-667	0	-667	--
Fayetteville	363,346	35,080	9.7%	-780	0	-780	--
Rogers	275,828	88,535	32.1%	2,270	0	2,270	234.0
Springdale	271,286	52,032	19.2%	-14,080	0	-14,080	--

[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

Retail

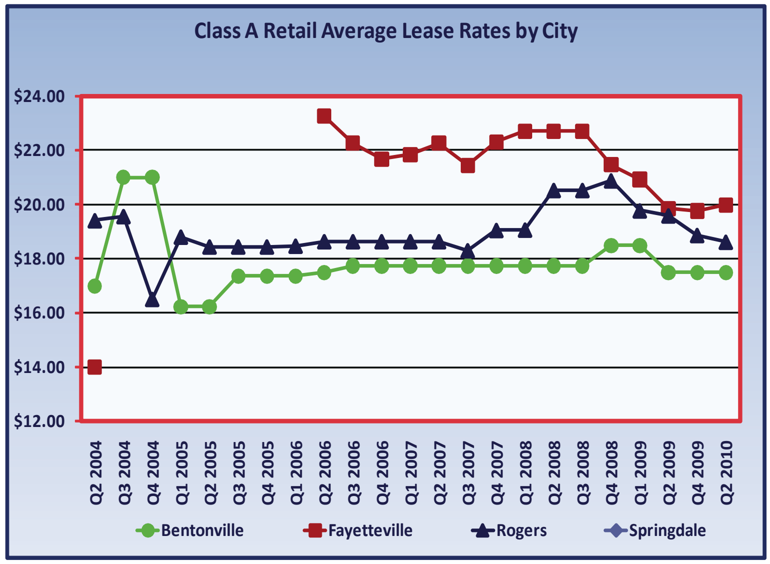
In the second quarter of 2010, the retail properties included in the Skyline Report panel had a vacancy rate of 13.6 percent, down from 14.2 percent in the fourth quarter. Of almost 7.3 million square feet of Northwest Arkansas retail properties examined, 994,458 square feet were available. From the fourth quarter of 2009 to the second quarter of 2010, 8,400 square feet of new retail space came on the Bentonville and Springdale markets, while 78,799 square feet became absorbed, netting a positive absorption of 70,399 square feet in Northwest Arkansas.

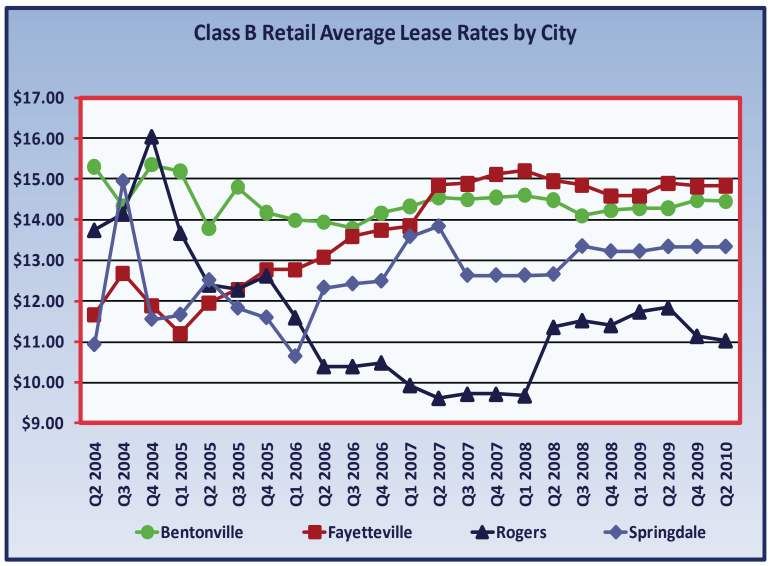
Bentonville had 412,755 total square feet and 63,902 available square feet of retail space in the second quarter of 2010, resulting in a vacancy rate of 15.5 percent. This represented an increase from the rate of 14.2 percent in the fourth quarter due to the increase in the available space and new space entering in the Class B retail submarket.

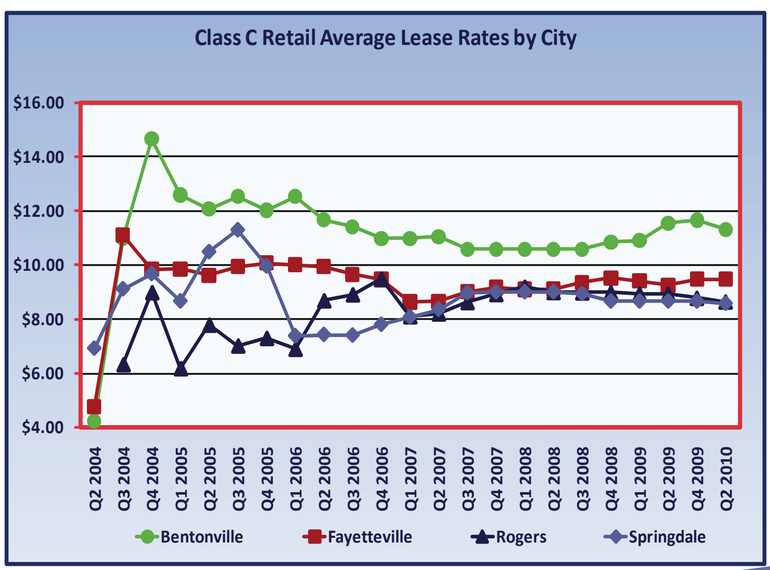
In the second quarter of 2010, Fayetteville had a retail vacancy rate of 11.3 percent, down from 12.6 percent in the fourth quarter, with 343,281 available square feet out of a total of more than 3.0 million. There was reported positive absorption of 54,295 square feet in the Fayetteville retail market.

The Rogers market had 432,913 square feet of available retail space out of a total of almost 2.5 million square feet for a vacancy rate of 17.6 percent in the second quarter of 2010. The city experienced a slight increase in a vacancy rate from 17.3 percent in the fourth quarter in accordance with the net absorption. No new space entered the market, while 5,805 square feet became occupied in the Class A and 2,018 square feet in the Class B retail submarket, while 1,954 square feet of the Class C retail submarket became available, netting a positive absorption of 5,869 square feet in the second quarter of 2010.

There were 122,510 square feet of available retail space out of a total of 928,323 square feet in Springdale in the second quarter of 2010. This implied a vacancy rate of 13.2 percent, down from 14.9 percent in the fourth quarter. There were 5,000 square feet of new Class B







space added to the market during this quarter. Meanwhile, other space in Springdale's Class B and Class C retail submarkets became occupied, resulting in 14,075 square feet of positive net absorption for the market.

Reported retail average lease rates remained mixed during the second quarter of 2010. In the Class A submarket, average reported lease rates increased in Fayetteville, declined in Rogers, and stayed the same in Bentonville. Class B average lease rates decreased slightly in Bentonville, increased slightly in Fayetteville, declined in Rogers, and remained constant in Springdale. Class C average reported lease rates declined in Bentonville, Rogers, and Springdale, while staying constant in Fayetteville.

Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	$15.50 - $19.50	$14.21 - $14.69	$10.86 - $11.80
Fayetteville	$18.84 - $21.11	$14.43 - $15.26	$9.28 - $9.69
Rogers	$17.58 - $19.65	$9.89 - $12.18	$8.54 - $8.77
Springdale	--	$12.75 - $13.94	$8.22 - $8.96

Retail Space Characteristics by Class and City

Class A	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Bentonville	39,534	6,984	17.7%	0	0	0	--
Fayetteville	1,838,516	137,583	7.5%	22,715	0	22,715	36.3
Rogers	1,580,369	268,905	17.0%	5,805	0	5,805	277.9
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	258,677	28,994	11.2%	7,643	3,400	4,243	41.0
Fayetteville	895,140	145,598	16.3%	5,704	0	5,704	153.2
Rogers	564,219	93,379	16.6%	2,018	0	2,018	277.6
Springdale	647,233	101,335	15.7%	8,900	5,000	3,900	155.9
Class C							
Bentonville	114,544	27,924	24.4%	-10,099	0	-10,099	--
Fayetteville	306,738	60,100	19.6%	25,876	0	25,876	13.9
Rogers	314,086	70,629	22.5%	-1,954	0	-1,954	--
Springdale	285,190	21,175	7.4%	10,175	0	10,175	12.5

[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

Other Categories

Warehouse

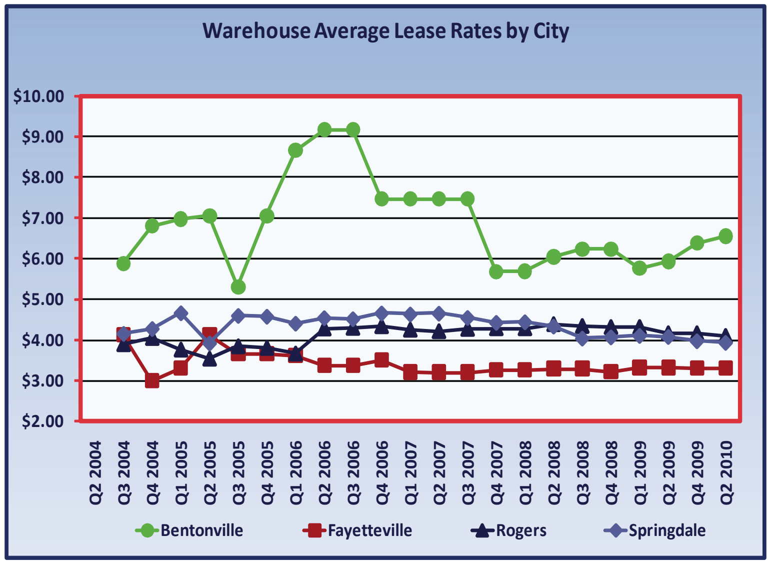
In the second quarter of 2010, the warehouse properties included in the Skyline Report panel had a vacancy rate of 27.4 percent, up slightly from 27.3 percent in the fourth quarter. The reason for this increase in vacancy rates was the increase in the total reported space. Of more than 6.4 million square feet of warehouse space examined, almost 1.8 million square feet were available in the second quarter of 2010.

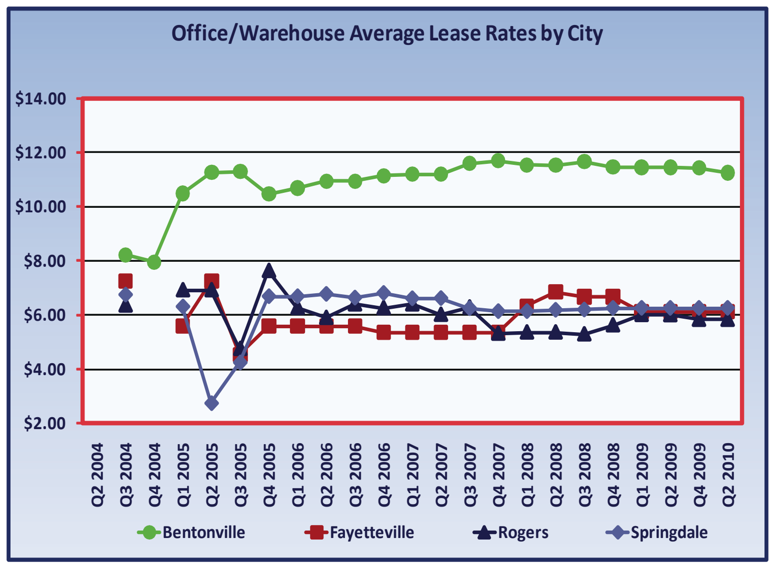
The majority of available warehouse space was split between Rogers (with 628,370 square feet), Springdale (with 533,128 square feet), Fayetteville (with 350,556 square feet), and Siloam Springs (with 144,738 square feet). There was no new space added to the warehouse market in the second quarter. Existing warehouse space became occupied in Lowell and Springdale, while some became vacant in Bentonville, Fayetteville, Rogers, and Siloam Springs. As a result, there was a positive net absorption of 36,935 square feet in Northwest Arkansas. Reported warehouse vacancy rates declined in Lowell and Springdale, and increased in Bentonville, Fayetteville, Rogers, and Siloam Springs in the second quarter in accordance with absorption.

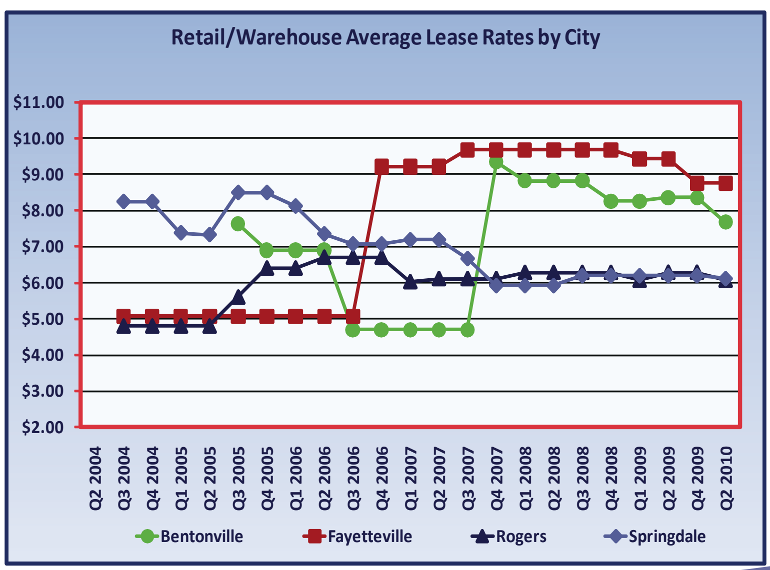
The average reported warehouse lease rates in Bentonville increased to $6.56 continuing to be the most expensive lease rates in Northwest Arkansas. On the other hand, Rogers and Springdale reported average lease rates declined slightly, while Fayetteville average lease rates remained almost the same.

Office/Warehouse

The Skyline Report panelists reported on more than 3.4 million square feet of office/warehouse space in the second quarter. The vacancy rate in the office/warehouse submarket increased from 16.1 percent in the fourth quarter of 2009 to 20.2 percent in the second quarter of 2010 in Northwest Arkansas, with 695,462 total square feet available in the second quarter. No new space entered the market during the second quarter of 2010.







Other Categories

The activity in the office/warehouse submarket in the second quarter was concentrated in Bentonville, Fayetteville, Lowell, Rogers, and Springdale. About 11,705 square feet of office/warehouse space became occupied in Bentonville, 6,000 square feet in Fayetteville, 14,000 square feet in Rogers, and 15,250 square feet became occupied in Springdale. Meanwhile, about 186,325 square feet became vacant in Lowell, netting a negative absorption of 139,370 square feet in Northwest Arkansas.

Other Lease Rates Average Range by City

	Warehouse	Office/ Warehouse	Retail/ Warehouse
Bentonville	$6.01 - $7.10	$10.49 - $12.04	$7.26 - $8.12
Fayetteville	$3.25 - $3.36	$6.13 - $6.13	$8.01 - $9.51
Rogers	$4.04 - $4.16	$5.67 - $6.02	$6.05 - $6.08
Springdale	$3.74 - $4.14	$5.22 - $7.30	$5.54 - $6.69

Average reported office/warehouse lease rates in Northwest Arkansas remained constant during the second quarter of 2010. Only Bentonville average reported lease rates declined to $11.27, still continuing to be the most expensive lease rates in the region.

Retail/Warehouse

The Skyline Report panelists reported on 889,342 square feet of retail/warehouse space in the second quarter of 2010. The vacancy rate in the retail/warehouse submarket increased to 30.4 percent in the second quarter, up from 21.2 percent in the fourth quarter of 2009. The increase in vacancy rates was due to the increase in total reported space. A total of 270,658 square feet were available in Northwest Arkansas in the second quarter.

From the fourth quarter of 2009 to the second quarter of 2010, there was a positive absorption of 3,557 square feet in the Fayetteville retail/warehouse market, of 2,100 square feet in Siloam Springs, and of 16,058 in Springdale, while 6,300 square feet became vacant in Bentonville. There was no other activity in the retail/warehouse submarket in Northwest Arkansas.

The retail/warehouse average reported lease rates in Fayetteville remained the same during the second quarter of 2010, while declining in other major cities.

Other Space Characteristics by Class and City

Warehouse	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Bentonville	495,868	108,250	21.8%	-30,310	0	-30,310	--
Fayetteville	1,100,468	350,556	31.9%	-10,000	0	-10,000	--
Rogers	2,152,551	628,370	29.2%	-27,941	0	-27,941	--
Springdale	1,800,575	533,128	29.6%	119,916	0	119,916	26.7
Office/Warehouse							
Bentonville	1,246,655	139,525	11.2%	11,705	0	11,705	71.5
Fayetteville	102,326	85,326	83.4%	6,000	0	6,000	85.3
Rogers	470,183	84,837	18.0%	14,000	0	14,000	36.4
Springdale	1,303,882	125,442	9.6%	15,250	0	15,250	49.4
Retail/Warehouse							
Bentonville	214,894	158,336	73.7%	-6,300	0	-6,300	--
Fayetteville	70,580	17,200	24.4%	3,557	0	3,557	29.0
Rogers	73,209	29,780	40.7%	0	0	0	--
Springdale	436,779	53,242	12.2%	16,058	0	16,058	19.9

[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

Bella Vista

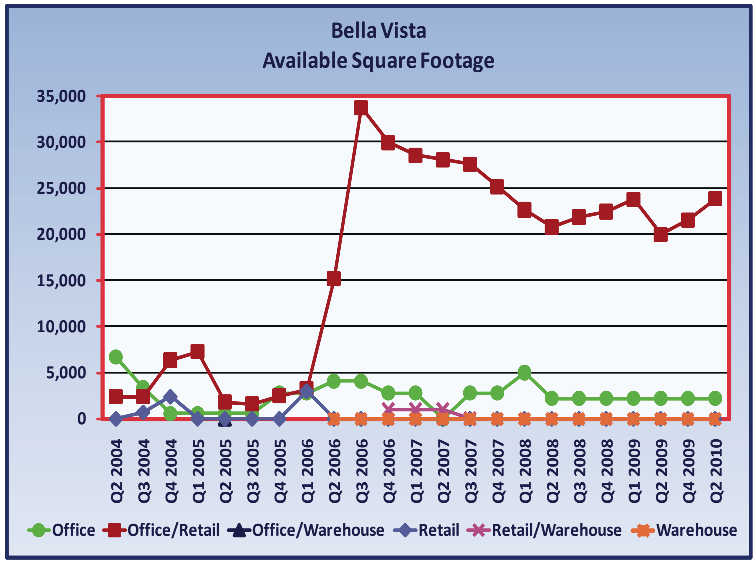
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 329,774 square feet of commercial space in the first and second quarters of 2010.

- In the first half of 2010, Bella Vista experienced negative net absorption of 2,285 square feet in the Class B office/retail submarket.

- There was no new space added to the Bella Vista commercial market in the first six months of 2010.

- Reported vacancy rates increased in the office/retail submarket, while staying constant in all other submarkets in Bella Vista from the fourth quarter of 2009 to the second quarter of 2010 in accord with absorption.

- Reported average lease rates in Bella Vista in the second quarter of 2010 remained consistent with the rates in the fourth quarter.

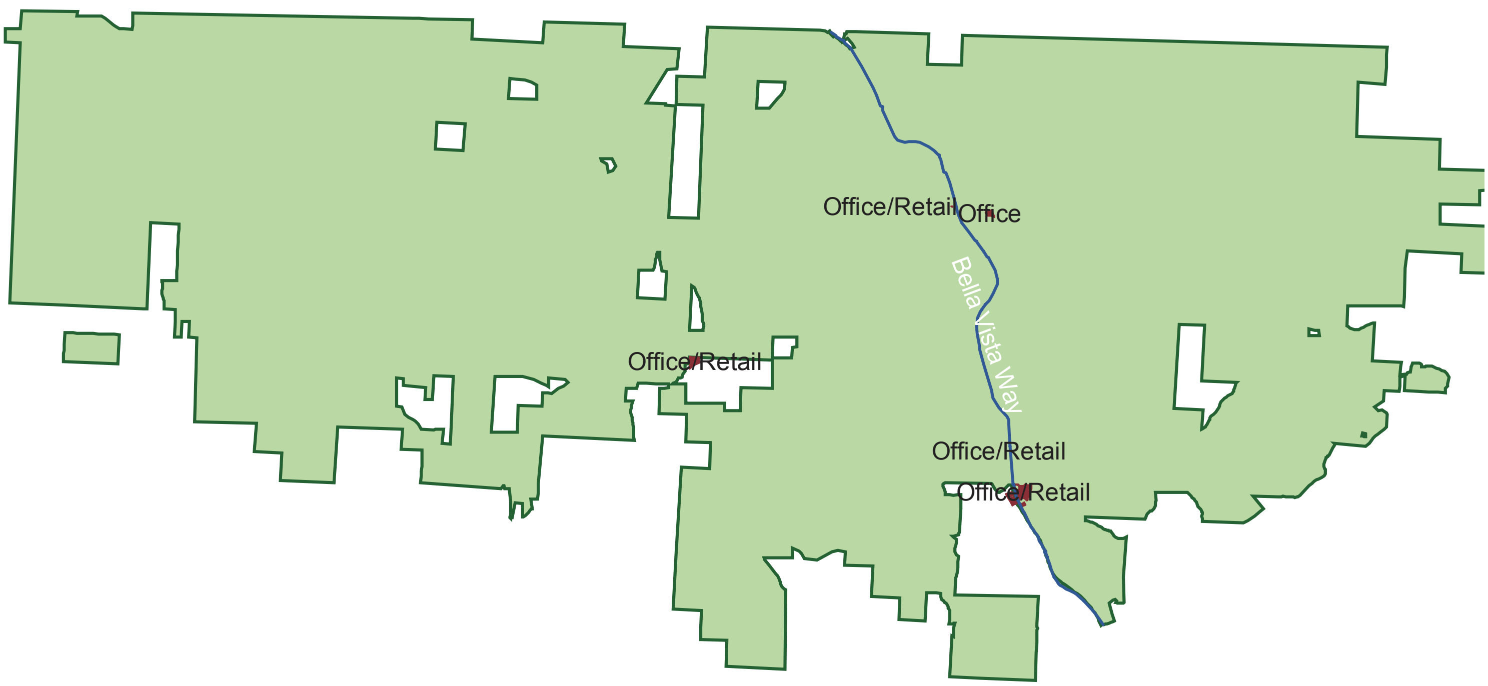


Bella Vista Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	--	--	--	--	--	--	--	--
Office	$12.93 - $13.93	11,554	2,200	19.0%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	$13.85 - $13.85	3,450	2,200	63.8%	0	0	0	--
Class C	--	--	--	--	--	--	--	--
Medical	$12.00 - $14.00	8,104	0	0.0%	0	0	0	0.0
Office/Retail	$9.98 - $12.30	278,734	23,855	8.6%	-2,285	0	-2,285	--
Class A	--	--	--	--	--	--	--	--
Class B	$9.98 - $12.30	278,734	23,855	8.6%	-2,285	0	-2,285	--
Class C	--	--	--	--	--	--	--	--
Office/Warehouse	--	--	--	--	--	--	--	--
Retail	$3.46 - $3.46	21,000	0	0.0%	0	0	0	0.0
Class A	--	--	--	--	--	--	--	--
Class B	$3.46 - $3.46	21,000	0	0.0%	0	0	0	0.0
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	--	--	--	--	--	--	--	--
Warehouse	$1.00 - $2.70	18,486	0	0.0%	0	0	0	0.0

[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

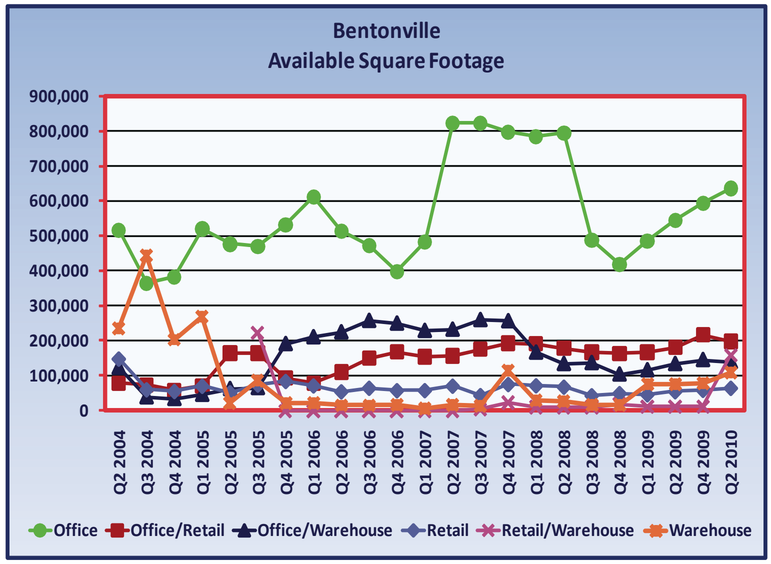
Bella Vista



Office/Retail
Office
Bella Vista Way
Office/Retail
Office/Retail
Office/Retail

Bentonville

- From December 2009 to May 2010, Bentonville issued $2,766,890 of buillding permits worth of new commercial space. The first half of 2010 value was much less than the first half of 2009 value of $33.5 million and less than the second half of 2009 value of $3.3 million. Bentonville accounted for 11.2 percent of the commercial permits issued in Northwest Arkansas during the second quarter of 2010.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,441,778 square feet of commercial space in the first and second quarters of 2010.
- In the first half of 2010, Bentonville experienced negative net absorption of 52,489 and increased vacancy rates overall.
- There was positive net absorption in the medical office, office/retail, and office/warehouse submarkets in the first two quarters of 2010 in Bentonville. Meanwhile, there was negative absorption in the office, retail, retail/warehouse, and warehouse submarkets.



- There were 11,950 square feet of new medical office space and 3,400 square feet of Class B retail space added to the Bentonville commercial market in the first six months of 2010.
- Reported vacancy rates from the fourth quarter of 2009 to the second quarter of 2010 increased in the office, retail, retail/warehouse, and warehouse submarkets, while declining in the medical office, office/retail, and office/warehouse submarkets, in accord with absorption. It should be noted that Bentonville office vacancy rate changes to 21.5 percent this quarter when accounting for Bentonville Plaza.
- Average reported lease rates increased over the past six months for the Class C office by $2.22 and for the warehouse by $0.17. During the past six months,

Bentonville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	$3.00 - $3.00	86,456	76,056	88.0%	0	0	0	--
Office	$14.19 - $14.81	3,104,223	636,509	20.5%	-28,755	11,950	-40,705	--
Class A	$17.54 - $18.39	376,755	51,129	13.6%	945	0	945	324.6
Class B	$13.99 - $14.56	2,468,964	554,155	22.4%	-56,775	0	-56,775	--
Class C	$8.55 - $8.89	33,518	10,625	31.7%	508	0	508	125.5
Medical	$16.55 - $17.91	224,986	20,600	9.2%	26,567	11,950	14,617	8.5
Office/Retail	$11.84 - $13.27	880,927	197,936	22.5%	18,977	0	18,977	62.6
Class A	$15.67 - $18.33	56,307	10,300	18.3%	0	0	0	--
Class B	$12.26 - $13.66	679,522	169,621	25.0%	19,644	0	19,644	51.8
Class C	$8.84 - $9.96	145,098	18,015	12.4%	-667	0	-667	--
Office/Warehouse	$10.49 - $12.04	1,246,655	139,525	11.2%	11,705	0	11,705	71.5
Retail	$13.20 - $13.94	412,755	63,902	15.5%	-2,456	3,400	-5,856	--
Class A	$15.50 - $19.50	39,534	6,984	17.7%	0	0	0	--
Class B	$14.21 - $14.69	258,677	28,994	11.2%	7,643	3,400	4,243	41.0
Class C	$10.86 - $11.80	114,544	27,924	24.4%	-10,099	0	-10,099	--
Retail/Warehouse	$7.26 - $8.12	214,894	158,336	73.7%	-6,300	0	-6,300	--
Warehouse	$6.01 - $7.10	495,868	108,250	21.8%	-30,310	0	-30,310	--

[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

there was a decline in Class A office by $0.40, Class B office by $0.18, Class B office/retail by $0.22, Class B retail by $0.02, Class C retail by $0.34, office/warehouse by $0.18, and retail/warehouse by $0.68. All other average reported lease rates remained unchanged.

Downtown Bentonville

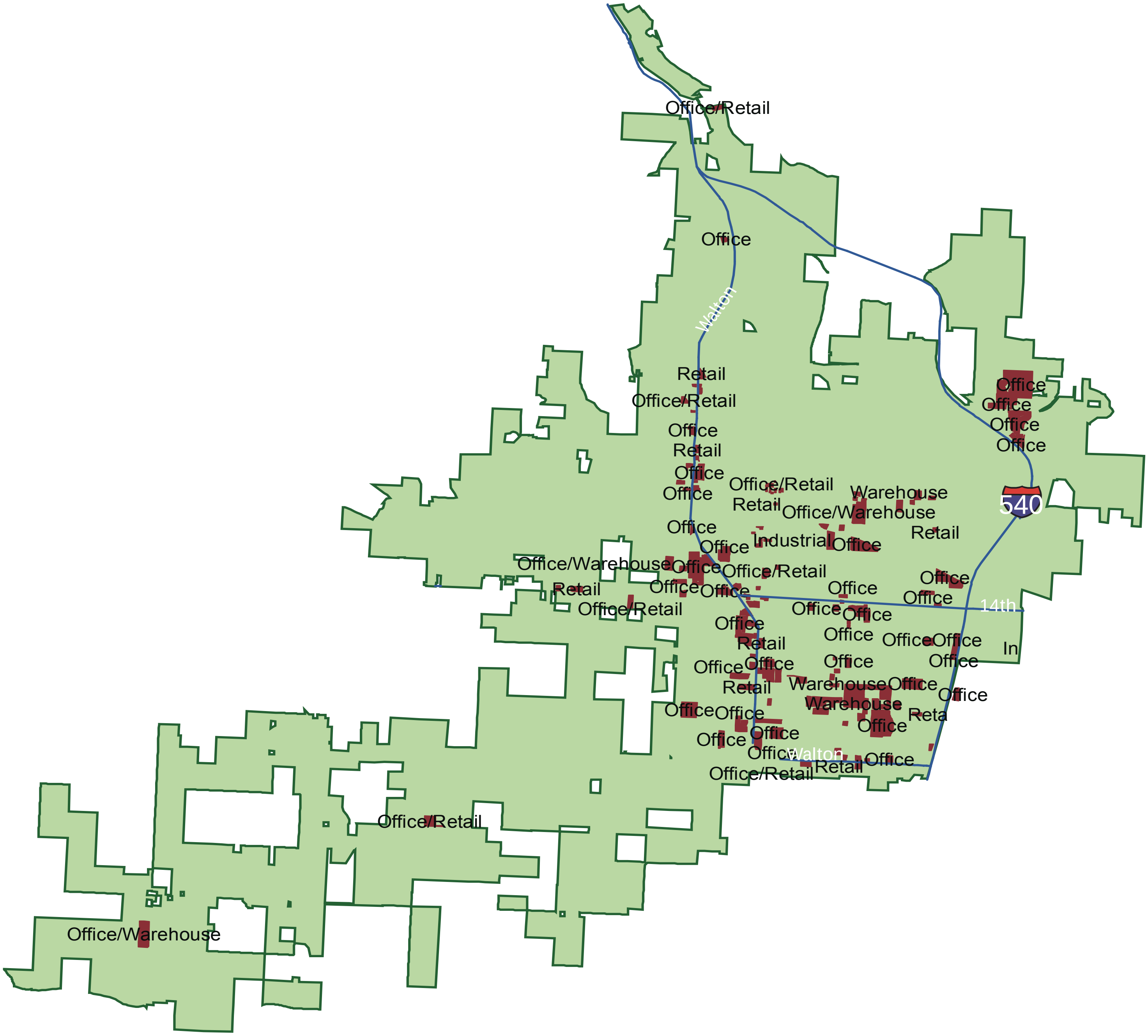
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 169,539 square feet of office, office/retail, and retail space in downtown Bentonville in the first and second quarters of 2010.
- There was a negative net absorption of 861 square feet of office/retail space in downtown Bentonville in the first two quarters of 2010. The office submarket experienced a positive absorption of 1,115 square feet and the retail submarket experienced a positive absorption of 3,218 square feet in downtown Bentonville.
- The office space in downtown Bentonville had a reported vacancy rate of 8.4 percent in the second quarter, a decline from 10.3 percent in the fourth quarter of 2009 in accord with absorption. This quarter vacancy rate remained much lower than the overall office vacancy rate of 20.5 percent for all of Bentonville.
- The office/retail space in downtown Bentonville had a reported vacancy rate of 4.2 percent, an increase from the fourth quarter, while the retail vacancy rate declined to 1.7 percent, in accord with absorption. The office/retail and retail vacancy rates for downtown Bentonville properties were also much lower than those for all of Bentonville during the second quarter of 2010.
- There was no space added to the downtown Bentonville commercial market in the first six months of this year.
- In downtown Bentonville, average office/retail and retail reported lease rates remained unchanged durng the past six months. Meanwhile, average office lease rates increased. Average reported lease rates were lower for the office, office/retail, and retail space in downtown Bentonville than the city average by $0.44, $1.81, and $1.87, respectively.

Downtown Bentonville Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$13.13 - $14.99	58,305	4,905	8.4%	1,115	0	1,115	26.4
Office/Retail	$9.83 - $11.67	75,909	3,211	4.2%	-861	0	-861	--
Retail	$11.45 - $11.95	35,325	600	1.7%	3,218	0	3,218	1.1

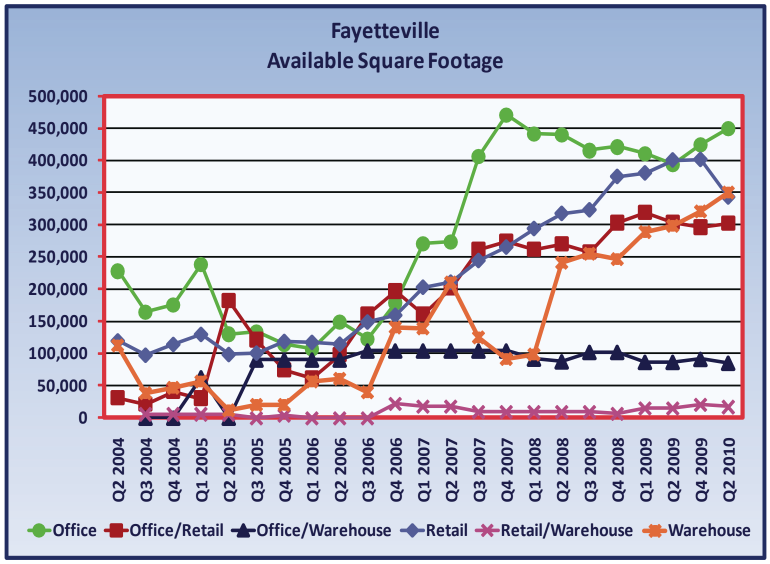
[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

Bentonville



Fayetteville

- From December 2009 to May 2010, Fayetteville issued building permits for $11,450,334 worth of new commercial space. The first half of 2010 value was much greater than the first half of 2009 value of $4.8 million, but 7.7 percent less than the second half of 2009 value of $12.4 million. Fayetteville accounted for 48.0 percent of the commercial permits issued in Northwest Arkansas during the second quarter of 2010.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 8,250,477 square feet of commercial space in the first and second quarters of 2010.
- In the first half of 2010, Fayetteville experienced positive net absorption overall. There was positive net absorption in the office, office/retail, office/warehouse, retail, and retail/warehouse submarkets. However, there was negative net absorption in the lab and warehouse submarkets.
- A total of 65,000 square feet of new lab space entered the Fayetteville market in the first six months of 2010 (with University of Arkansas Enterprise Center being built).



- Observed vacancy rates in Fayetteville from the fourth quarter of 2009 to the second quarter of 2010 increased in the lab, office, and warehouse submarkets, while declining in the office/retail, office/warehouse, retail, and retail/warehouse submarkets. The discrepancy between positive absorption and increased vacancy rate in the office submarket is due to the increase in total reported space.
- Average reported lease rates increased in the past six months for the Class B and C office space and Class A and B

Fayetteville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Lab	$19.17 - $20.17	75,603	43,000	56.9%	23,450	65,000	-41,550	--
Industrial	$3.20 - $3.50	17,000	17,000	100.0%	0	0	0	--
Office	$13.90 - $15.17	2,325,593	450,028	19.4%	16,426	0	16,426	164.4
Class A	$18.47 - $21.58	416,882	66,843	16.0%	7,811	0	7,811	51.3
Class B	$13.78 - $14.77	1,089,436	262,863	24.1%	6,893	0	6,893	228.8
Class C	$10.47 - $11.06	246,921	40,686	16.5%	1,722	0	1,722	141.8
Medical	$15.09 - $16.77	572,354	79,636	13.9%	0	0	0	--
Office/Retail	$12.61 - $14.06	1,518,513	302,367	19.9%	527	0	527	3,442.5
Class A	$18.45 - $19.78	140,776	71,696	50.9%	11,700	0	11,700	36.8
Class B	$13.03 - $14.43	1,014,391	195,591	19.3%	-10,393	0	-10,393	--
Class C	$10.54 - $12.10	363,346	35,080	9.7%	-780	0	-780	--
Office/Warehouse	$6.13 - $6.13	102,326	85,326	83.4%	6,000	0	6,000	85.3
Retail	$12.99 - $13.90	3,040,394	343,281	11.3%	54,295	0	54,295	37.9
Class A	$18.84 - $21.11	1,838,516	137,583	7.5%	22,715	0	22,715	36.3
Class B	$14.43 - $15.26	895,140	145,598	16.3%	5,704	0	5,704	153.2
Class C	$9.28 - $9.69	306,738	60,100	19.6%	25,876	0	25,876	13.9
Retail/Warehouse	$8.01 - $9.51	70,580	17,200	24.4%	3,557	0	3,557	29.0
Warehouse	$3.25 - $3.36	1,100,468	350,556	31.9%	-10,000	0	-10,000	--

[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

retail by $0.05, $0.40, $0.23, and $0.02, respectively. Average reported lease rates decreased in the past six months for the Class A and medical office as well as for the Class A,B, and C office/retail by $0.70. $0.38, $0.76, $0.27, and $0.21, respectively. All other average reported lease rates remained unchanged.

Downtown Fayetteville/Dickson Street Area

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 759,432 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street area in the first and second quarters of 2010.
- There was negative absorption of 468 square feet of office space and positive absorption of 872 square feet of office/retail space in the first half of 2010.
- There was no new commercial space added in downtown Fayetteville during the first six months of 2010.
- The office space in downtown Fayetteville had a reported vacancy rate of 28.8 percent in the second quarter, down from 29.2 in the fourth quarter of 2009 due to the increase in total reported space. This was higher than the overall Fayetteville office vacancy rate of 19.4 percent.
- The office/retail vacancy rate for downtown Fayetteville properties increased slightly to 34.7 percent. This compares to 19.9 percent in the same submarket for all of Fayetteville during the second quarter of 2010.
- The downtown Fayetteville retail vacancy rate remained zero with no available retail space, compared to the overall Fayetteville average of 11.3 percent.
- Average reported lease rates in downtown Fayetteville increased in the office submarket by $0.09, while decreasing by $0.81 in the office/retail submarket, and remaining unchanged in the retail submarket. Compared to the city average reported lease rates, the downtown area rates were $1.68 higher in the office/retail submarket and lower by $0.43 and $3.10 in the office and retail submarkets, respectively.

Northwest Arkansas Mall Area/Joyce Street Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 3,420,823 square feet of office, office/retail, and retail space in the Northwest Arkansas Mall Area/Joyce Street Corridor in the first and second quarters of 2010.
- There was positive net absorption of 8,367 square feet of office space, 14,032 square feet of office/retail space, and 21,744 square feet of retail space during the first two quarters of 2010 in the Northwest Arkansas Mall Area/Joyce Street Corridor.
- There was no new space added to the north Fayetteville commercial market in the first six months of 2010.
- The office space in north Fayetteville had a reported vacancy rate of 19.4 percent in the second quarter of 2010. This was higher than the fourth quarter 2009 vacancy rate of 17.2 percent due to the increase in total reported space. The Mall Area office vacancy rate was the same as the overall office vacancy rate for all of Fayetteville.

Fayetteville Downtown/Dickson Street Area Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$12.66 - $15.66	360,529	103,823	28.8%	-468	0	-468	--
Office/Retail	$14.48 - $15.55	326,655	113,266	34.7%	872	0	872	779.4
Retail	$8.97 - $11.72	72,248	0	0.0%	0	0	0	0.0

[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

Fayetteville

- The second quarter 2010 office/retail vacancy rate in north Fayetteville decreased to 19.1 percent from 29.5 percent in the fourth quarter in accord with absorption. As a result, the vacancy rate became lower than the city average office/retail vacancy rate of 19.9 percent.
- The second quarter 2010 retail vacancy rate for north Fayetteville properties decreased to 10.2 percent from 11.3 percent in the fourth quarter of 2009 and remained lower than the city average of 11.3 percent.
- Average reported lease rates in the office and office/retail markets saw decreases of $0.28 and $0.82, respectively, while the retail submarket lease rates increased by $0.15. North Fayetteville average reported lease rates continued to be consistently higher than the city average. For the office, office/retail, and retail submarkets, there were premiums of $1.27, $2.76, and $5.53, respectively.

Martin Luther King, Jr. Boulevard Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 351,975 square feet of office, office/retail, and retail space in the MLK Boulevard Corridor in the first and second quarters of 2010.
- There was no new commercial space added to southwest Fayetteville in the first six months of 2010.
- The MLK Boulevard Corridor of Fayetteville experienced a negative absorption of 3,600 square feet of office/retail space and a positive absorption of 4,430 square feet of retail space in the first half of 2010.
- The office space in southwest Fayetteville continued having a reported vacancy rate of 68.6 percent in the second quarter of 2010. This was much higher than the overall office vacancy rate of 19.4 percent for Fayetteville during the second quarter.
- From the fourth quarter of 2009 to the second quarter of 2010, office/retail vacancy rate decreased from 35.3 percent to 26.9 percent, but was still higher in southwest Fayetteville than the city average rate of 19.9 percent.
- The vacancy rates for retail space increased to 44.4 percent in the second quarter from 24.1 percent in the fourth quarter, and remained higher than the 11.3 percent retail vacancy rates for all of Fayetteville.
- Average reported lease rates for office space remained constant in southwest Fayetteville over the past six months. The office/retail submarket showed a decrease of $0.32 and the retail submarket showed an increase of $0.37 during this period. Reported lease rates for office, office/retail, and retail space averaged $1.47, $0.43, and $0.37 higher then the city average, respectively.

Fayetteville Mall/Joyce Street Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$15.28 - $16.32	1,276,602	247,396	19.4%	8,367	0	8,367	177.4
Office/Retail	$16.09 - $16.09	134,547	25,645	19.1%	14,032	0	14,032	11.0
Retail	$18.56 - $19.38	2,009,674	204,665	10.2%	21,744	0	21,744	56.5

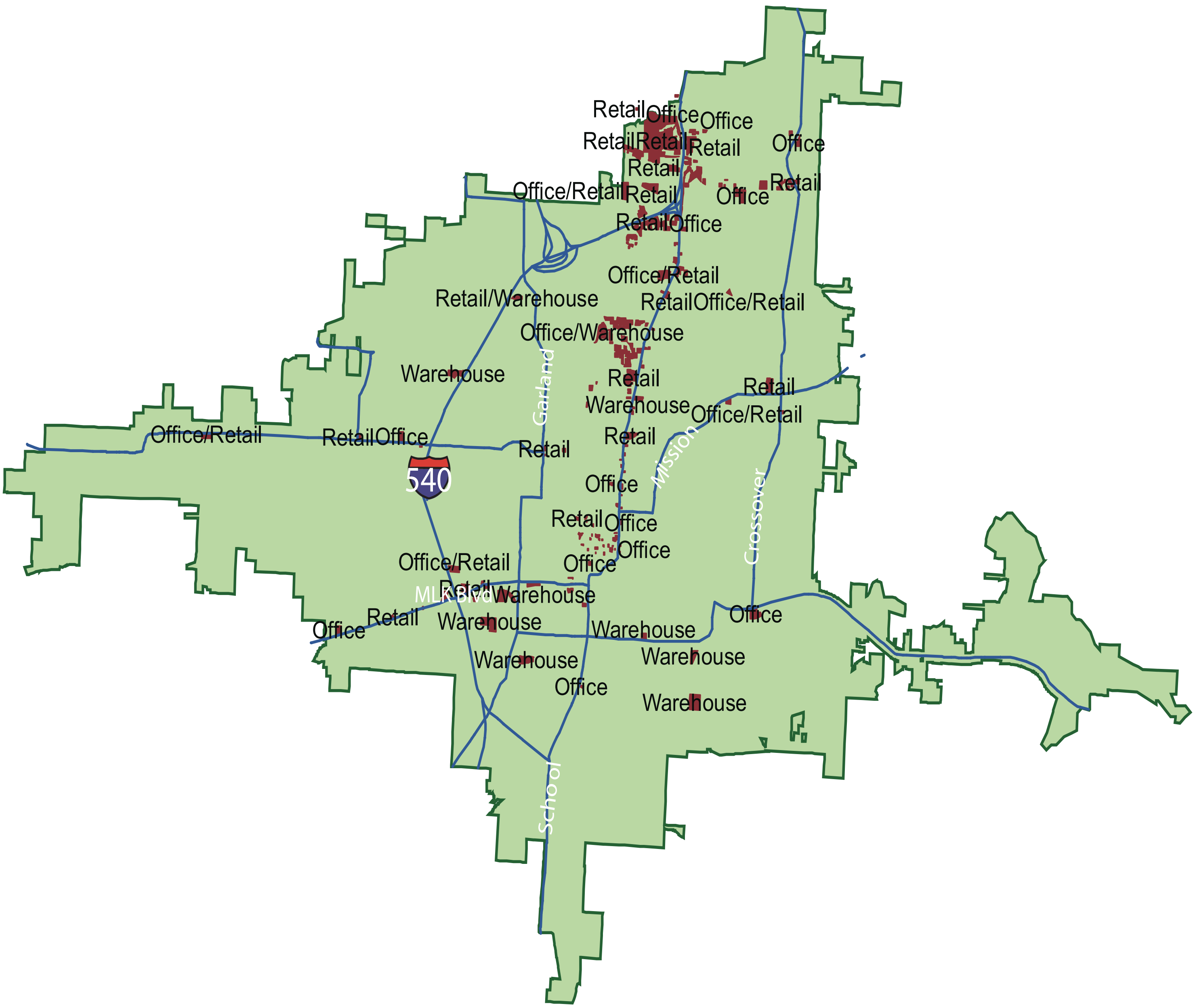
[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

Fayetteville MLK Boulevard Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$12.00 - $20.00	22,725	15,595	68.6%	0	0	0	--
Office/Retail	$12.38 - $15.16	208,272	56,100	26.9%	-3,600	0	-3,600	--
Retail	$13.44 - $14.19	120,978	53,752	44.4%	4,430	0	4,430	72.8

[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

Fayetteville



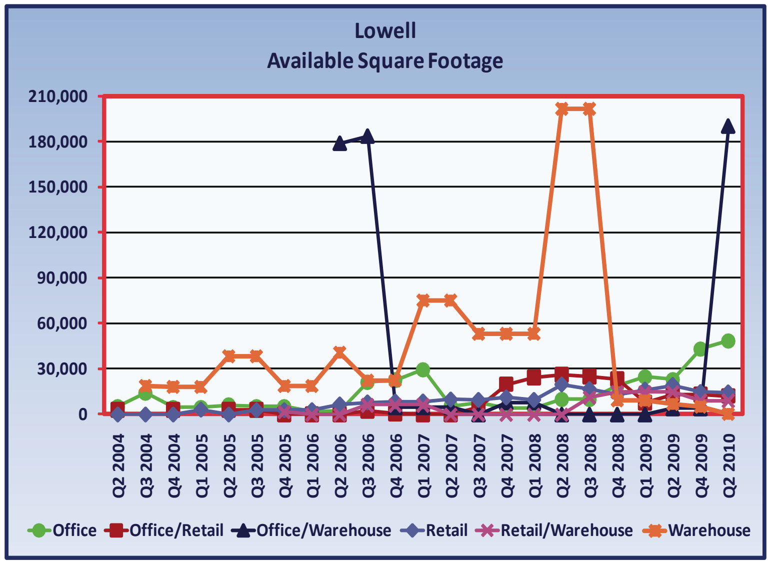
Lowell

- From December 2009 to May 2010, Lowell issued $355,505 in building permits for new commercial space. This is 80.4 percent lower than the building permits issued in the first half of 2009, but 7.5 percent higher than the second half of 2009 value.

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,381,32 square feet of Lowell commercial space in the first and second quarters of 2010.

- In the first half of 2010, Lowell experienced negative net absorption overall. There was positive net absorption in the office/retail, retail, and warehouse submarkets, while negative absorption occured in the office and office/warehouse submarkets.

- There was no new space added in Lowell in the first six months of 2010.



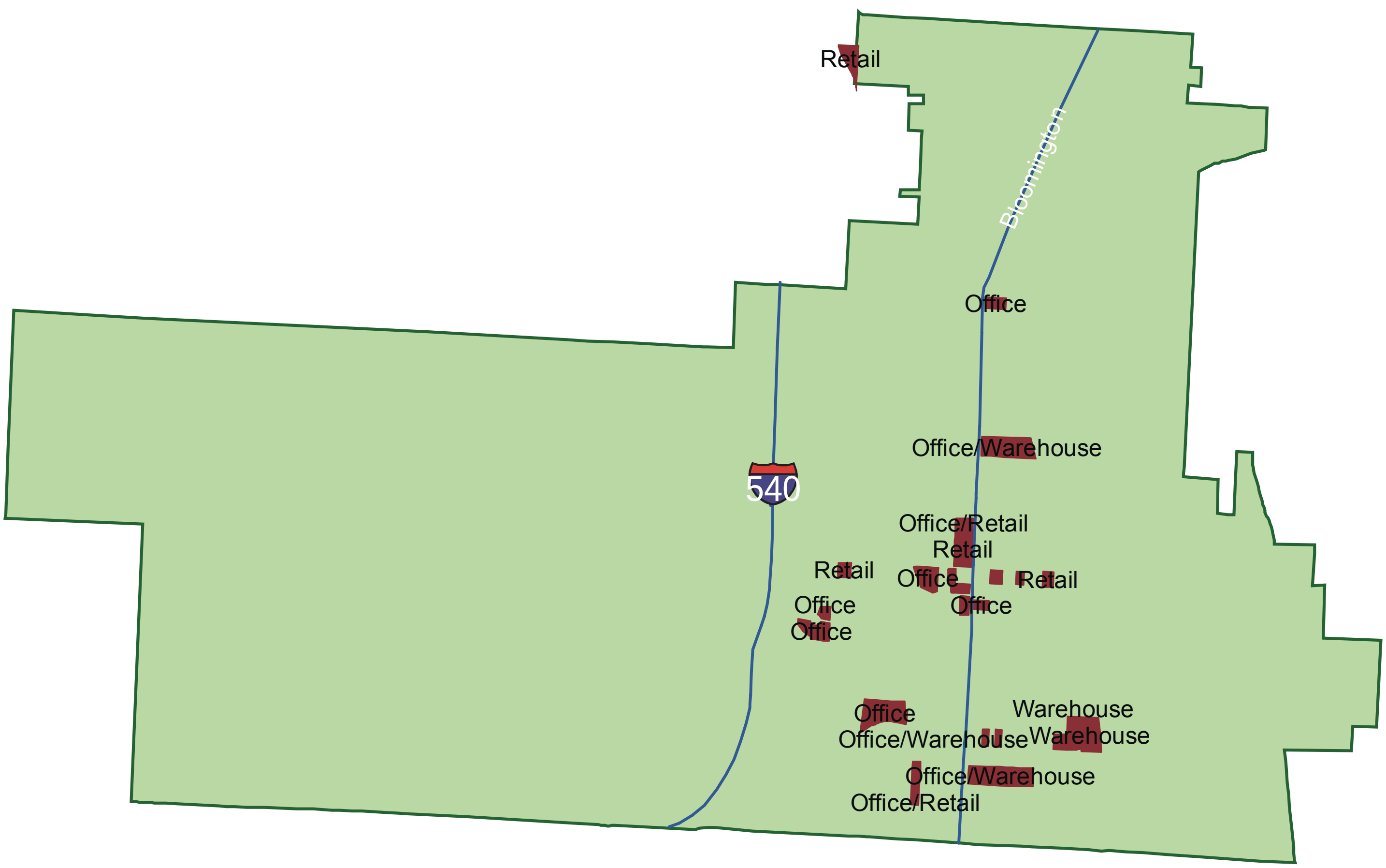
- Reported vacancy rates declined in the office/retail, retail, and warehouse submarkets, while increasing in the office and office/warehouse submarkets from the fourth quarter of 2009 to the second quarter of 2010, in accord with absorption.
- Reported average lease rates for the Class A and B office and for the Class B office/retail submarkets declined by $0.34, $0,28, and $0.31, respectively. All other submarket average lease rates remained the same.

Lowell Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	--	--	--	--	--	--	--	--
Office	$15.45 - $16.43	274,102	48,468	17.7%	-5,368	0	-5,368	--
Class A	$17.50 - $19.50	111,552	25,718	23.1%	-5,718	0	-5,718	--
Class B	$13.82 - $14.57	122,550	22,750	18.6%	350	0	350	390.0
Class C	--	--	--	--	--	--	--	--
Medical	$24.00 - $24.00	40,000	0	0.0%	0	0	0	0.0
Office/Retail	$9.21 - $11.02	65,470	12,010	18.3%	900	0	900	80.1
Class A	--	--	--	--	--	--	--	--
Class B	$10.92 - $13.33	48,310	12,010	24.9%	900	0	900	80.1
Class C	$4.08 - $4.08	17,160	0	0.0%	0	0	0	0.0
Office/Warehouse	$7.21 - $7.61	220,065	190,325	86.5%	-186,325	0	-186,325	--
Retail	$13.13 - $16.29	126,295	14,384	11.4%	216	0	216	399.6
Class A	--	50,000	0	0.0%	0	0	0	0.0
Class B	$13.13 - $16.29	76,295	14,384	18.9%	216	0	216	399.6
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	$11.33 - $11.33	38,200	9,000	23.6%	0	0	0	--
Warehouse	$3.58 - $3.58	657,188	0	0.0%	4,500	0	4,500	0.0

[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

Lowell


Retail
Bloomington
Office
Office/Warehouse
540
Office/Retail
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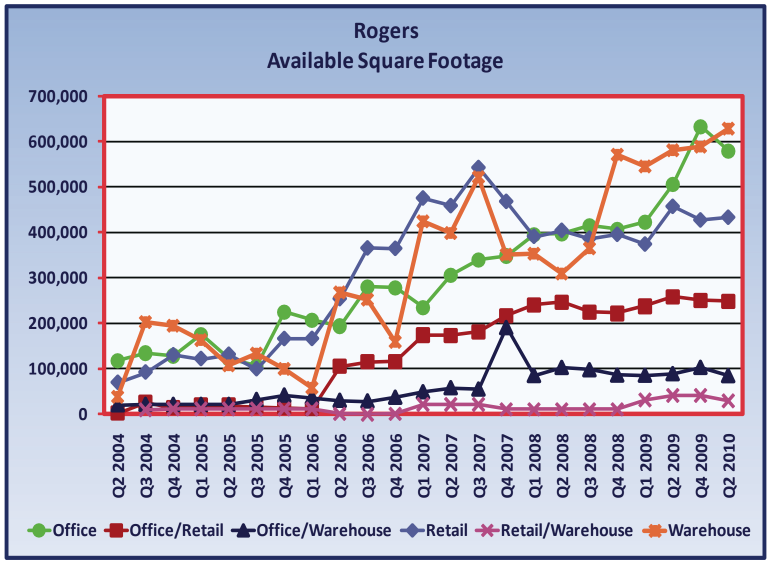
Office/Retail

Rogers

- From December 2009 to May 2010, Rogers issued building permits for $18,279,147 worth of new commercial space. The first half of 2010 value is significantly higher than the first half of 2009 value of $2.0 million and the second half of 2009 value of $77,000. Rogers accounted for 25.4 percent of the commercial permits issued in Northwest Arkansas during the second quarter of 2010.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 8,486,895 square feet of commercial space in the first and second quarters of 2010.
- In the first half of 2010, Rogers experienced positive net absorption in the office, office/retail, office/warehouse, and retail submarkets, while warehouse submarket experienced a negative net absorption. There was no activity in the lab, industrial, or retail/warehouse submarkets.
- There was no new commercial space added to the Rogers market in the first six months of 2010.



- Reported vacancy rates decreased in the office, office/retail, office/warehouse, and retail/warehouse submarkets from the fourth quarter of 2009 to the second quarter of 2010, while increasing in the retail and warehouse submarkets. The discrepancy between positive absorption and increased vacancy rate in the retail submarket is due to the reclassification of total reported space.
- Average reported lease rates declined over the past six months for Class A office by $0.22, Class C office by $0.11, medical office by $0.17, Class B office/retail by $0.23, Class A retail by $0.25, Class B retail by $0.11, Class C retail by $0.14, retail/warehouse by $0.22, and warehouse by $0.07. Meanwhile, average lease rates for Class B office increased by $0.38 and Class C office/

Rogers Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Lab	$10.00 - $10.00	9,482	0	0.0%	0	0	0	0.0
Industrial	$5.21 - $5.21	282,648	8,528	3.0%	0	0	0	--
Office	$14.50 - $15.70	2,240,026	579,104	25.9%	53,570	0	53,570	64.9
Class A	$18.12 - $20.23	1,320,663	314,223	23.8%	46,069	0	46,069	40.9
Class B	$13.81 - $14.47	501,440	147,874	29.5%	-21,705	0	-21,705	--
Class C	$8.37 - $9.49	128,834	18,988	14.7%	24,206	0	24,206	4.7
Medical	$13.95 - $14.68	289,089	98,019	33.9%	5,000	0	5,000	117.6
Office/Retail	$10.04 - $12.15	800,122	248,573	31.1%	9,828	0	9,828	151.8
Class A	$19.25 - $21.13	133,982	13,727	10.2%	39,894	0	39,894	2.1
Class B	$9.85 - $11.60	390,312	146,311	37.5%	-32,336	0	-32,336	--
Class C	$7.57 - $10.05	275,828	88,535	32.1%	2,270	0	2,270	234.0
Office/Warehouse	$5.67 - $6.02	470,183	84,837	18.0%	14,000	0	14,000	36.4
Retail	$11.15 - $12.70	2,458,674	432,913	17.6%	5,869	0	5,869	442.6
Class A	$17.58 - $19.65	1,580,369	268,905	17.0%	5,805	0	5,805	277.9
Class B	$9.89 - $12.18	564,219	93,379	16.6%	2,018	0	2,018	277.6
Class C	$8.54 - $8.77	314,086	70,629	22.5%	-1,954	0	-1,954	--
Retail/Warehouse	$6.05 - $6.08	73,209	29,780	40.7%	0	0	0	--
Warehouse	$4.04 - $4.16	2,152,551	628,370	29.2%	-27,941	0	-27,941	-

[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

retail by $0.20. All other reported average lease rates remained unchanged.

Downtown Rogers

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 609,714 square feet of office, office/retail, and retail space in downtown Rogers in the first and second quarters of 2010.
- No new commercial space was added to downtown Rogers in the first six months of 2010.
- Overall, Rogers downtown experienced positive absorption during the first two quarters of 2010. There was positive absorption of 5,000 square feet of office space, 5,672 square feet of office/retail, and 2,230 square feet of retail space.
- The office space in downtown Rogers had an average vacancy rate of 11.5 percent in the second quarter, a decrease from 24.6 in the fourth quarter of 2009 in accord with absorption. The downtown vacancy rate remained lower than the overall average office vacancy rate for Rogers, which was 25.9 percent during the same period.
- The office/retail submarket experienced a decrease in the vacancy rate to 41.5 percent from the fourth quarter rate of 49.6 percent in the downtown area, also due to the experienced positive absorption. This compares to a vacancy rate of 31.1 percent for all of Rogers.
- The average retail vacancy rate for downtown Rogers properties from the fourth quarter of 2009 to the second quarter of 2010 decreased to 13.2 percent and remained lower than 17.6 percent average rate for all of Rogers.
- Average reported lease rates for downtown Rogers decreased for the office submarket by $0.41 and increased for the office/retail submarket by $0.84, while remaining constant in the retail submarket over the past six months. As compared to the city of Rogers, average reported lease rates in downtown were lower by $4.23, $2.90, and $0.07 for the office, office/retail, and retail submarkets, respectively.

Rogers Interstate 540

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 3,085,097 square feet of office, office/retail, and retail space along the Rogers I-540 corridor in the first and second quarters of 2010.
- No new commercial space was added to the Rogers I-540 corridor submarket in the first six months of 2010.
- There was positive absorption of 54,487 square feet of office space, 38,294 square feet of office/retail space, and 5,805 square feet of retail space along the Rogers I-540 corridor in the last two quarters.
- The office space along the Rogers I-540 corridor had a reported average vacancy rate of 22.6 percent in the second quarter, a decline from the fourth quarter value of 26.9 percent. This was lower than the overall average office vacancy rate for all of Rogers at 25.9 percent.
- The office/retail submarket experienced a decline in the vacancy rate to 12.4 percent from the fourth quarter rate of 47.0 percent in the Rogers I-540 corridor, in accord with absorption. This compares to a vacancy rate of 31.1 percent for all of Rogers.
- The average retail vacancy rate for Rogers I-540 corridor properties from the fourth quarter of 2009 to the second quarter of 2010 decreased slightly to 20.2 percent, but was still higher than 17.6 percent average rate for all of Rogers.
- The Rogers I-540 corridor saw an increase in average reported lease rates for office space by $0.22 and a decline for retail space by $0.17 over the past six months. Compared to the city average, the average reported office, office/retail, and retail lease rates were $2.67, $3.91, and $3.23 higher, respectively.

Rogers Downtown Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$9.99 - $11.75	47,748	5,500	11.5%	5,000	0	5,000	6.6
Office/Retail	$6.94 - $9.46	96,616	40,125	41.5%	5,672	0	5,672	42.4
Retail	$11.53 - $12.19	465,350	61,459	13.2%	2,230	0	2,230	165.4

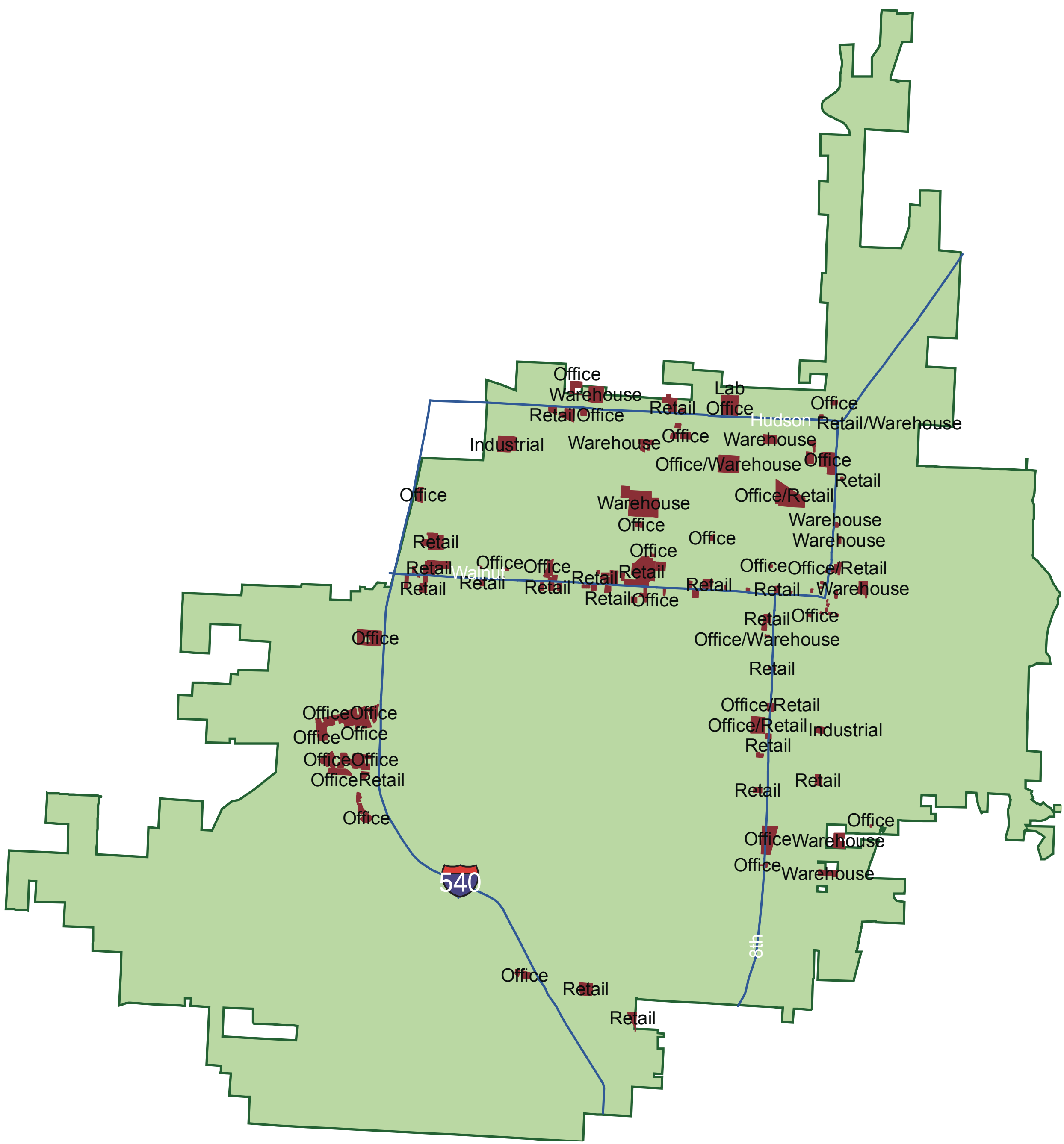
[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

Rogers

Rogers Interstate 540 Corridor Summary Statistics

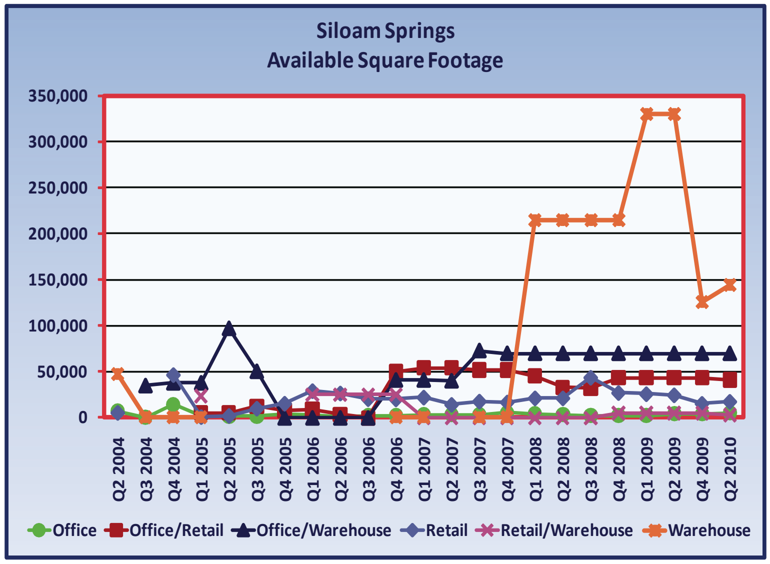
	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$17.01 - $18.53	1,463,143	331,278	22.6%	54,487	0	54,487	36.5
Office/Retail	$19.17 - $20.83	110,656	13,727	12.4%	38,294	0	38,294	2.2
Retail	$13.73 - $16.57	1,511,298	304,742	20.2%	5,805	0	5,805	315.0

[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents



Siloam Springs

- From December 2009 to May 2010, Siloam Springs issued building permits for $1,296,000 worth of new commercial space. This is significantly higher than the first half of 2009 value of $400,000 and more than twice higher than the June to November 2009 value of $594,711.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 928,129 square feet of commercial space for Siloam Springs in the first and second quarters of 2010.
- A total of 14,500 square feet of new commercial space entered the Siloam Springs medical office market in the first six months of 2010.
- In the first half of 2010, Siloam Springs experienced a negative net absorption of 1,285 square feet in the office market and 19,230 square feet in the warehouse market. Meanwhile, the office/retail market experienced a positive absorption of 2,624 square feet, retail market of 1,800 square feet, and retail/warehouse market of 2,100 square feet.



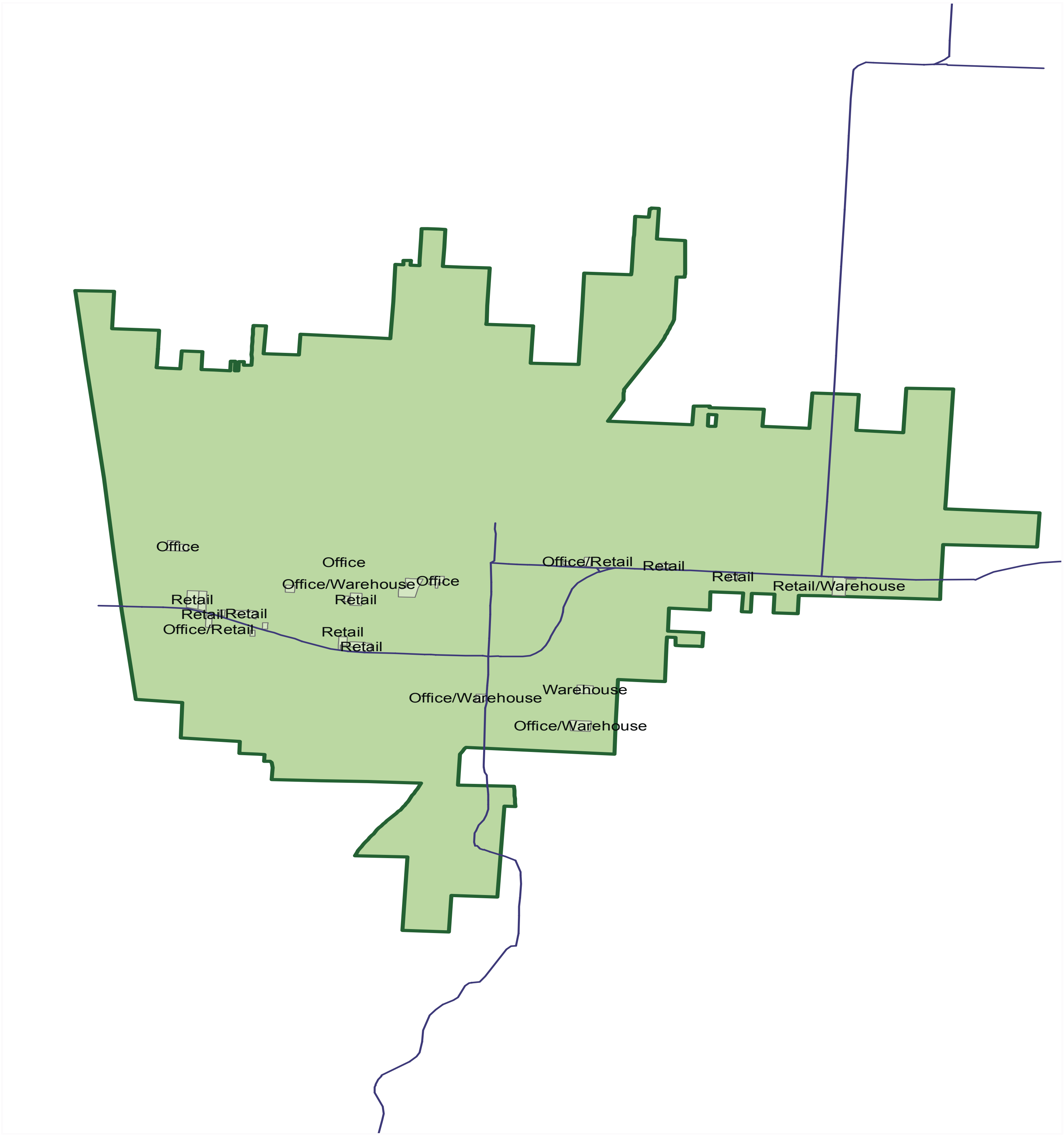
- Following net absorption, vacancy rates from the fourth quarter of 2009 to the second quarter of 2010 increased in the office and warehouse submarkets, and declined in the office/retail and retail/warehouse submarkets. Vacancy rates in the retail submarket increased due to the increase in the total reported space and remained unchanged in all other submarkets.
- Average reported lease rates increased slightly for the medical office submarket by $0,04, increased for the Class B office/retail by $0.69 and Class B retail for $0.77, while declining for the Class A office/retail by $1.50. All other reported lease rates remained unchanged in Siloam Springs.

Siloam Springs Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	--	--	--	--	--	--	--	--
Office	$10.88 - $12.52	96,732	5,158	5.3%	13,215	14,500	-1,285	--
Class A	--	--	--	--	--	--	--	--
Class B	$7.39 - $8.27	8,000	144	1.8%	0	0	0	--
Class C	$7.64 - $9.92	3,200	0	0.0%	0	0	0	0.0
Medical	$13.38 - $14.88	85,532	5,014	5.9%	13,215	14,500	-1,285	--
Office/Retail	$8.04 - $9.87	147,200	41,100	27.9%	2,624	0	2,624	94.0
Class A	$12.00 - $16.00	54,000	23,400	43.3%	1,164	0	1,164	120.6
Class B	$9.75 - $10.70	71,790	12,900	18.0%	-450	0	-450	--
Class C	$4.49 - $7.09	21,410	4,800	22.4%	1,910	0	1,910	15.1
Office/Warehouse	$3.12 - $3.12	106,441	70,007	65.8%	0	0	0	--
Retail	$9.55 - $10.15	309,106	17,468	5.7%	1,800	0	1,800	58.2
Class A	--	--	--	--	--	--	--	--
Class B	$10.97 - $11.37	167,222	13,500	8.1%	1,800	0	1,800	45.0
Class C	$6.71 - $7.71	141,884	3,968	2.8%	0	0	0	--
Retail/Warehouse	$5.53 - $5.53	55,680	3,100	5.6%	2,100	0	2,100	8.9
Warehouse	$3.50 - $3.50	212,970	144,738	68.0%	-19,230	0	-19,230	--

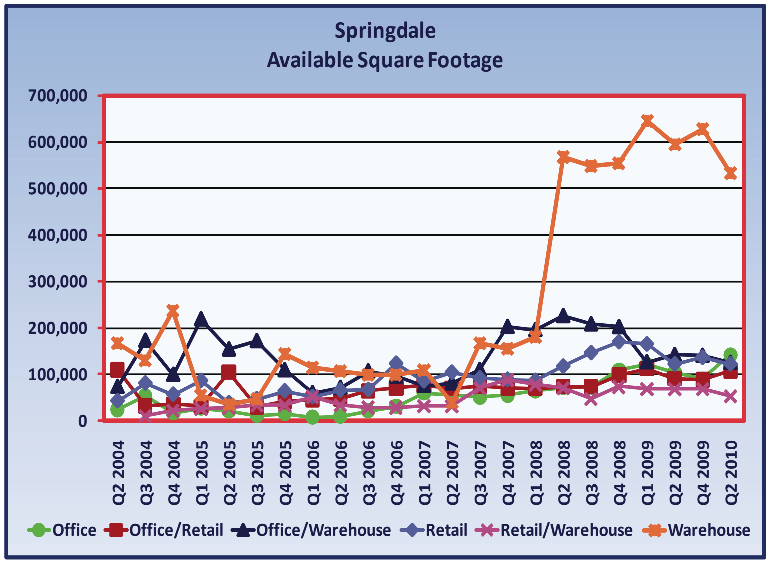
[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

Siloam Springs



Springdale

- From December 2009 to May 2010, Springdale issued $2,287,397 worth of building permits for new commercial space. This was 18.0 percent lower than the building permits issued in the first half of 2009, but 94.3 percent higher than in the second half of 2009.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,142,809 square feet of commercial space in the first two quarters of 2010.
- There were 2,250 square feet of new space added in Class B office and 5,000 square feet of new space in Class B retail in Springdale in the first six months of 2010.
- In the first half of 2010, Springdale experienced negative net absorption in the office and office/retail submarkets, while there was a positive net absorption in the office/warehouse, retail, retail/warehouse, and warehouse submarkets.
- Reported vacancy rates increased in the office and office/retail submarkets, and declined in the office/warehouse, retail, retail/warehouse, and warehouse submarkets in Springdale from the fourth quarter of 2009 to the second quarter of 2010, in accord with absorption.
- In the past six months in Springdale, average reported lease rates declined for the Class A, B, C, and medical office by $1.25, $0.20, $0.28, and $0.07, respectively; for the Class B office/retail by $0.19, Class C retail by $0.08, retail/warehouse by $0.08, and warehouse by $0.04. All other reported average lease rates remained unchanged.



Downtown Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 193,310 square feet of office, office/retail, and retail space in downtown Springdale in the first and second quarters of 2010.
- There were no new square feet of commercial property added to downtown Springdale in the last two quarters.

Springdale Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Lab	--	5,224	5,224	100.0%	0	0	0	--
Industrial	$3.63 - $5.50	380,147	0	0.0%	0	0	0	0.0
Office	$11.05 - $12.18	784,160	142,604	18.2%	-15,939	2,250	-18,189	--
Class A	$14.67 - $14.67	77,123	10,017	13.0%	-1,134	0	-1,134	--
Class B	$11.67 - $13.67	329,025	34,548	10.5%	-9,147	2,250	-11,397	--
Class C	$9.23 - $9.48	149,449	51,511	34.5%	2,800	0	2,800	110.4
Medical	$12.15- $13.17	228,563	46,528	20.4%	-8,458	0	-8,458	--
Office/Retail	$10.16 - $11.63	503,719	108,354	21.5%	-19,323	0	-19,323	--
Class A	--	--	--	--	--	--	--	--
Class B	$12.54 - $14.00	228,333	56,322	24.7%	-5,243	0	-5,243	--
Class C	$8.21 - $9.68	275,386	52,032	18.9%	-14,080	0	-14,080	--
Office/Warehouse	$5.22 - $7.30	1,303,882	125,442	9.6%	15,250	0	15,250	49.4
Retail	$10.27 - $11.24	928,323	122,510	13.2%	19,075	5,000	14,075	52.2
Class A	--	--	--	--	--	--	--	--
Class B	$12.75 - $13.94	647,233	101,335	15.7%	8,900	5,000	3,900	155.9
Class C	$8.09 - $8.86	281,090	21,175	7.5%	10,175	0	10,175	12.5
Retail/Warehouse	$5.54 - $6.69	436,779	53,242	12.2%	16,058	0	16,058	19.9
Warehouse	$3.74 - $4.14	1,800,575	533,128	29.6%	119,916	0	119,916	26.7

[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

Springdale

- There was negative absorption of 8,344 square feet in the office market and of 2,000 square feet in the retail market in downtown Springdale in the second quarter.
- The office space in downtown Springdale had a reported average vacancy rate of 13.4 percent in the second quarter of 2010, an increase from 8.6 percent in the fourth quarter in accord with absorption. The rate was lower than the overall Springdale average office vacancy rate of 18.2 percent.
- All office/retail space continued to be available in downtown Springdale in the second quarter, compared to a 21.5 percent vacancy rate for all of Springdale.
- The retail space in downtown Springdale had a reported vacancy rate of 11.3 percent this quarter. For comparison, there were no available retail space for downtown Springdale properties in the fourth quarter. Meanwhile, the average retail vacancy rate for all of Springdale was 13.2 percent.
- Average reported lease rates declined for retail by $1.12. Other average reported lease rates for downtown Springdale remained constant. Compared to the average reported lease rates for all of Springdale, downtown office, office/retail, and retail space rates were lower by $2.75, $3.41, and $3.61, respectively.

West Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 562,122 square feet of office, office/retail, and retail space in West Springdale in the first and second quarters of 2010.
- There were no new square feet added to West Springdale in the first half of 2010.
- There was negative absorption of 1,464 square feet in the office, 9,621 square feet in the office/retail, and 1,900 square feet in the retail submarket in West Springdale.
- The office space in West Springdale had a reported average vacancy rate of 20.0 percent in the second quarter of 2010, an increase from 18.5 percent in the fourth quarter. The rate remained higher than the city average office vacancy rate of 18.2 percent.
- The average office/retail vacancy rate in West Springdale increased to 29.1 percent in the second quarter from the fourth quarter value of 14.0 percent, raisng above the overall city average office/retail vacancy rate of 21.5 percent.
- The retail vacancy rate for West Springdale properties increased to 9.0 percent form the 8.7 percent in the fourth quarter, but remained below the city average retail vacancy rate of 13.2 percent.
- Average reported lease rates for West Springdale decreased in the office market by $0.28, while other lease rates remained constant from the fourth quarter of 2009 to the second quarter of 2010. Compared to all of Springdale, West Springdale average reported lease rates were higher in the office, office/retail, and retail submarkets by $3.21, $3.69, and $1.75, respectively.

Downtown Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$8.45 - $9.27	171,924	23,065	13.4%	-8,344	0	-8,344	--
Office/Retail	$6.00 - $9.00	3,732	3,732	100.0%	0	0	0	--
Retail	$6.84 - $7.44	17,654	2,000	11.3%	-2,000	0	-2,000	--

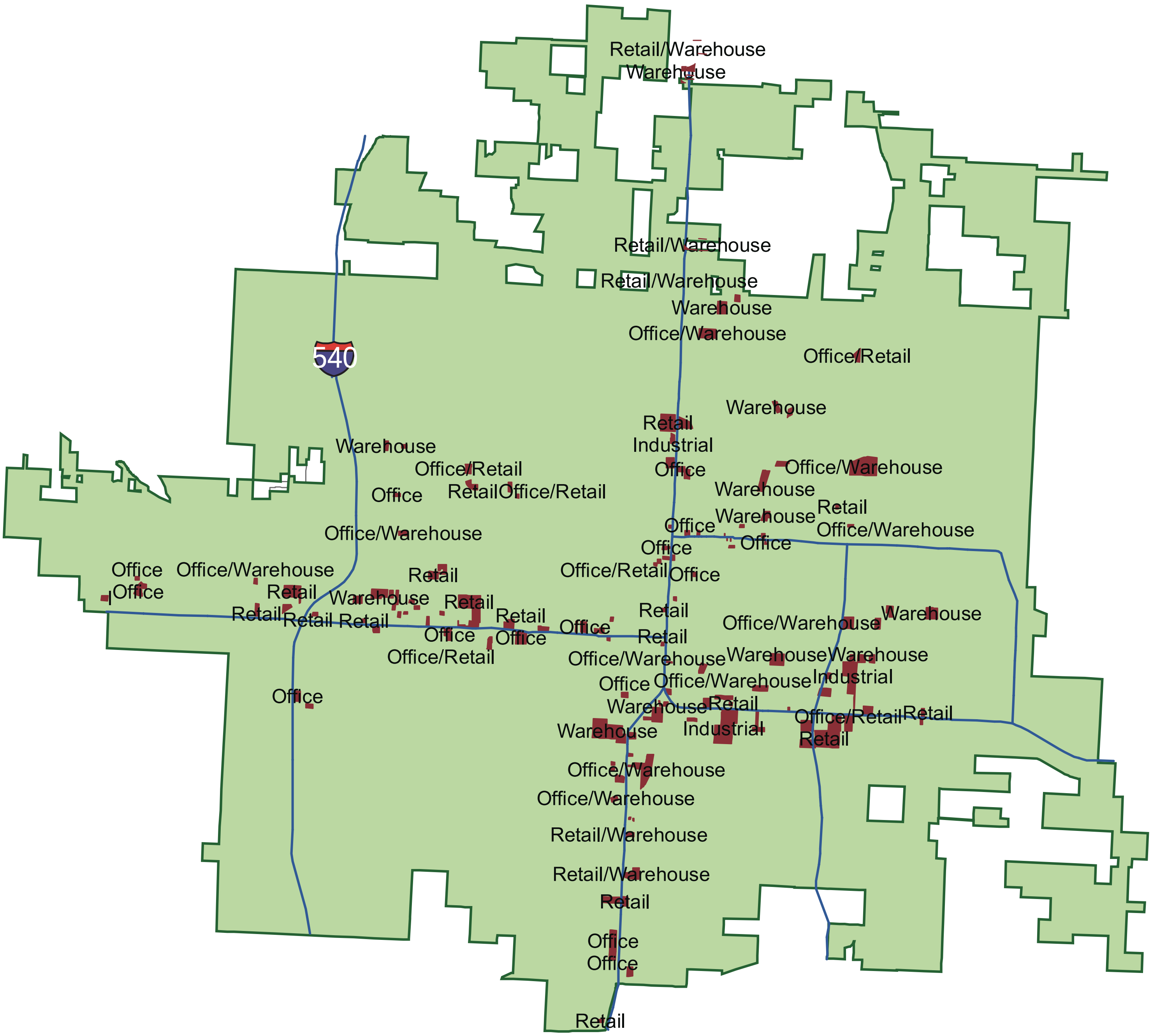
[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

West Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$14.65 - $15.00	98,714	19,752	20.0%	-1,464	0	-1,464	--
Office/Retail	$13.90 - $15.30	63,550	18,521	29.1%	-9,621	0	-9,621	--
Retail	$12.00 - $13.00	399,858	36,170	9.0%	-1,900	0	-1,900	--

[1]From all Q2 2010 respondents
[2]From Q2 2010 respondents who were also Q4 2009 respondents

Springdale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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 quarterly 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 ft^2
- Department Stores: 20,000 ft^2
- Discount Stores: 20,000 ft^2
- Industrial Buildings: 20,000 ft^2
- Markets: 20,000 ft^2
- Office Buildings: 5,000 ft^2
- Medical Office Buildings: 5,000 ft^2
- Retail Buildings: 10,000 ft^2
- Community Shopping Centers: 5,000 ft^2
- Neighborhood Shopping Centers: 5,000 ft^2
- Warehouses: 20,000 ft^2

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 quarter of 2010, 252 panelists provided data on 1,430 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 1,430 properties and are assumed to be representative of the larger competitive commercial property market.

The panel participants vary somewhat from quarter to quarter 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 quarters 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 quarter.

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.