THE SKYLINE REPORT

SPONSORED BY ARVEST BANK

Contents

Report Structure 2
Economic Overview.. 3
Local Perceptions.. 5
Inventory & Building Permits 7
New Commercial Projects 10
Hotels 12
Restaurants 15
Commercial Market Trends 17
Office Submarket Comparison 24
Office/Retail Submarket Comparison 27
Retail Submarket Comparison............... 29
Other Submarket Comparisons 31
City Summary Statistics
- Bella Vista.. 33
- Bentonville.. 35
- Fayetteville 38
- Lowell 42
- Rogers.. 44
- Siloam Springs 47
- Springdale 49

Interpretation 52

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

Highlights from the Fourth Quarter of 2009

- In the second half of 2009, 49,140 square feet of competitive commercial property were added to the Northwest Arkansas market. About 7,520 square feet of the added space were new office space, 14,000 were new office/retail space, and 27,620 were new retail space.
- In the office market, there was negative net absorption of 141,333 square feet and the vacancy rate increased to 20.6 percent, accordingly.
- New retail space was added to the Bentonville and Fayetteville markets, while 79,337 square feet became occupied in Northwest Arkansas, netting a positive absorption of 57,717 square feet. As a result, the retail vacancy rate declined from 14.9 percent in the second quarter to 14.2 percent in the fourth quarter of 2009.
- Within the office/retail submarket, 2,509 square feet became occupied, while new space entered the Bentonville market. The vacancy rate increased to 22.6 percent in accord with the negative net absorption.
- During the second half of 2009, 13,900 square feet of office/warehouse market became vacant in Northwest Arkansas. The vacancy rate increased in accord with the absorption to 16.1 percent in the fourth quarter.
- The warehouse submarket experienced negative absorption of 21,428 square feet, while no new space was added. But, changes in ownership meant that the warehouse vacancy rate declined to 27.3 percent in the fourth quarter of 2009.
- From June to November of 2009, about $17.7 million in commercial building permits were issued in Northwest Arkansas. Among these, $9.2 million were for a skilled nursing home. In the same period in 2008, there were $35.6 million in permits.

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 fourth 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 254 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 last quarter's Skyline report.

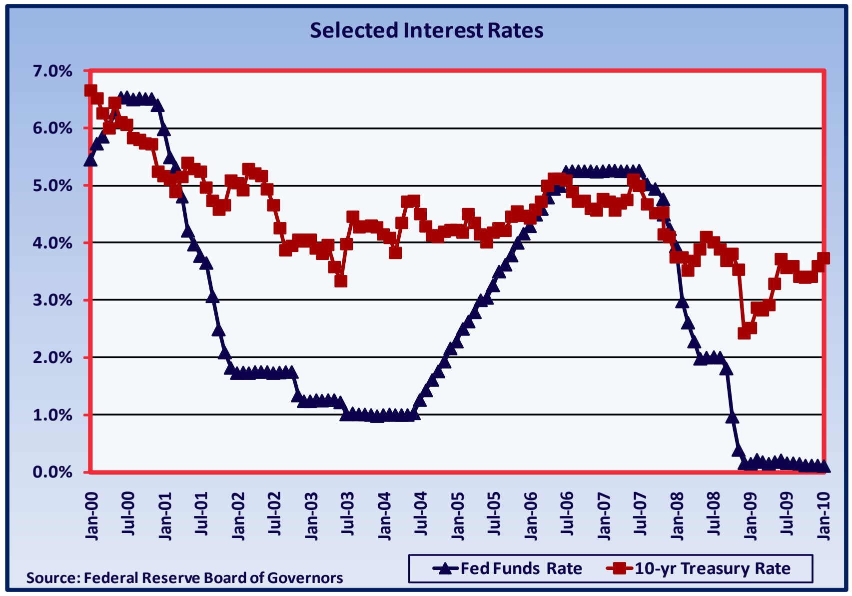
Following the table of announced commercial projects is a trend summary that includes information about vacancy rate and available space trends. There are also three tables summarizing the results from the most recent five quarters. The first table presents vacancy rates by submarket for the fourth quarter of 2008 and for the second and fourth quarters of 2009. 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 fourth quarter of 2009, the overall real GDP growth rate was positive 5.7 percent, according to advance estimates released by the U.S. Department of Commerce Bureau of Economic Analysis (BEA). The growth rate went up from a revised 2.2 percent growth rate in the third quarter of 2009, and was significantly higher than the growth rate in the fourth quarter of 2008 (which was -5.4 percent). According to the BEA, the increase in real GDP in the fourth quarter primarily reflected positive contributions from private inventory investment, exports, and personal consumption expenditures (PCE). Imports, which are a subtraction in the calculation of GDP, increased. The acceleration in real GDP in the fourth quarter primarily reflected an acceleration in private inventory investment, a deceleration in imports, and an upturn in nonresidential fixed investment that were partly offset by decelerations in federal government spending and in PCE. Motor vehicle output added 0.61 percentage point to the fourth-quarter change in real GDP after adding 1.45 percentage points to the third-quarter change. Final sales of computers subtracted 0.03 percentage point from the fourth-quarter change in real GDP after subtracting 0.08 percentage point from the third-quarter change. Real final sales of domestic product -- GDP less change in private inventories -- increased 2.2 percent in the fourth quarter, compared with an increase of 1.5 percent in the third.

Turning to Bureau of Labor Statistics (BLS) data, in December of 2009, the national unemployment rate was a seasonally adjusted 10.0 percent, higher than the 7.4 percent rate a year earlier. The Conference Board Consumer Confidence Index, which had improved in December, continued to improve in January. The Index now stands at 55.9 (1985=100), up from 53.6 in December. The Present Situation Index increased to 25.0 from 20.2. The Expectations Index increased to 76.5 from 75.9 last month. Lynn Franco, Director of the Conference Board Consumer Research Center, says: "Consumer Confidence rose for the third consecutive month, primarily the result of an improvement in present-day conditions. Consumers' short-term outlook, while moderately more positive, does not suggest any significant pickup in activity in the coming months. Regarding their financial situation, while consumers were less dire about their income prospects than in December, the number of pessimists continues to outnumber the optimists."

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.1 percent in December after increasing 0.4 percent in November, on a seasonally adjusted basis. According to the BLS report, the December 2009 level rose 2.7 percent, compared to 0.1 percent for 2008. The larger increase was primarily due to the energy index, which rose 18.2 percent during 2009 after falling 21.3 percent in 2008. The energy upturn was caused by the gasoline index, which rose 53.5 percent in 2009 after declining 43.1 percent in 2008. The food index, which rose 5.9 percent in 2008, fell 0.5 percent for the 12 months ending December 2009, the first December-to-December decline since 1961. The index for all items less food and energy rose 1.8 percent during 2009, the same increase as in 2008. This identical increase was the result of offsetting factors. Pushing the index higher were vehicle prices, which rose in 2009 after declining in 2008. The indexes for new vehicles rose 4.9 percent in 2009 and the index for used cars and trucks increased 9.2 percent. Largely offsetting these accelerations was the shelter index, which posted its smallest annual increase since its inception in 1953. It increased only 0.3 percent after increasing 1.9 percent in 2008, with the indexes for both rent and owners' equivalent rent increasing 0.7 percent.

Short-term Interest Rate Risk

The Federal Funds rates averaged 0.11 percent in January. According to the Federal Open Market Committee which sets interest rates, the Federal Reserve will 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. To provide support to mortgage lending and housing markets and to improve overall conditions in private credit markets, the Federal Reserve is in the process of purchasing $1.25 trillion of agency mortgage-backed securi-

Economic Overview

ties and about $175 billion of agency debt. In order to promote a smooth transition in markets, the Committee is gradually slowing the pace of these purchases, and it anticipates that these transactions will be executed by the end of the first quarter of 2010. The Committee will continue to evaluate the timing and overall amounts of its purchases of securities in light of the evolving economic outlook and conditions in financial markets.

Long-term Interest Rate Risk

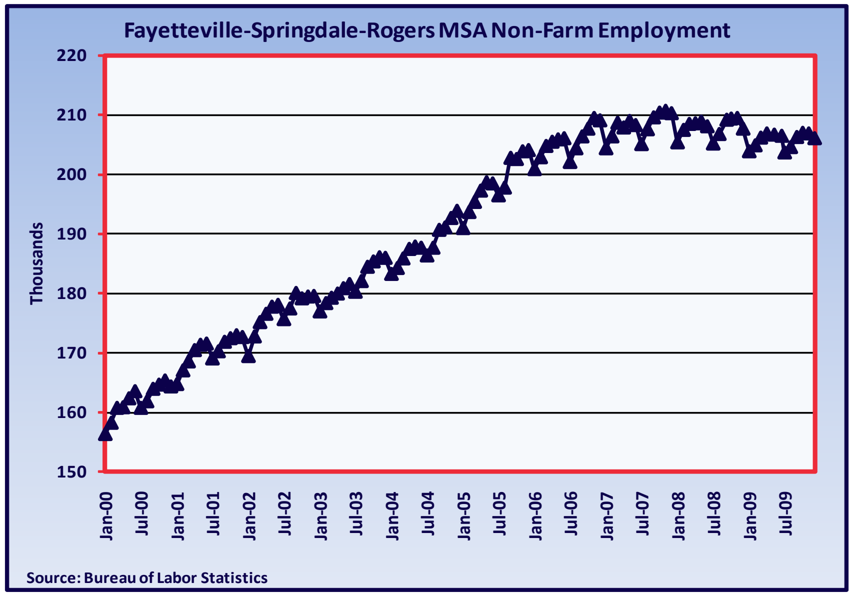
The ten year constant maturity Treasury bill had an interest rate of 3.73 percent in January of 2009. Low short-term rates continue to cause the positive spread between the two. The accompanying figure on the previous page shows the Fed Funds rate and the ten year Treasury bill rate since January 2000.

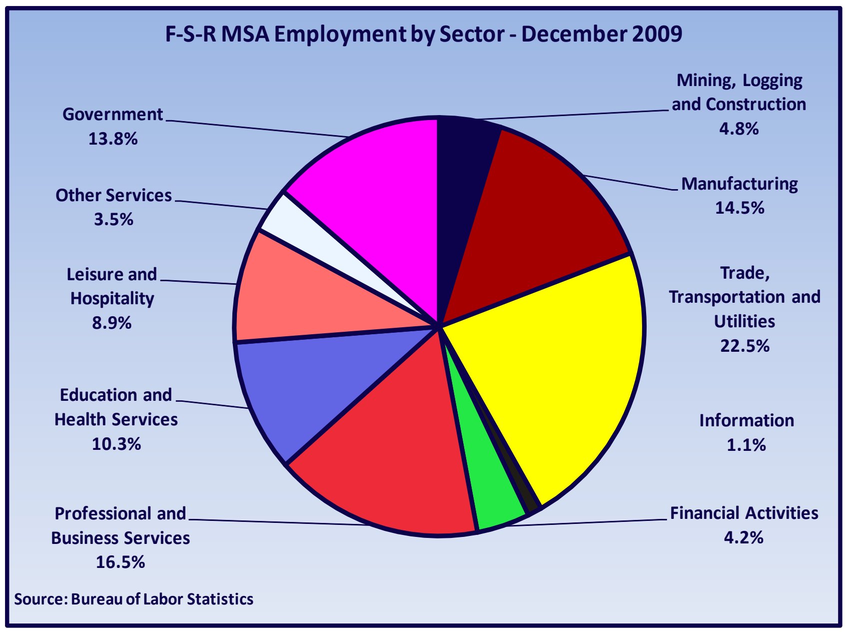
Regional Employment Trends

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 December 2009 the 5-year average monthly employment growth was 220 jobs per month. This is down from the 354 jobs per month in December 2008.

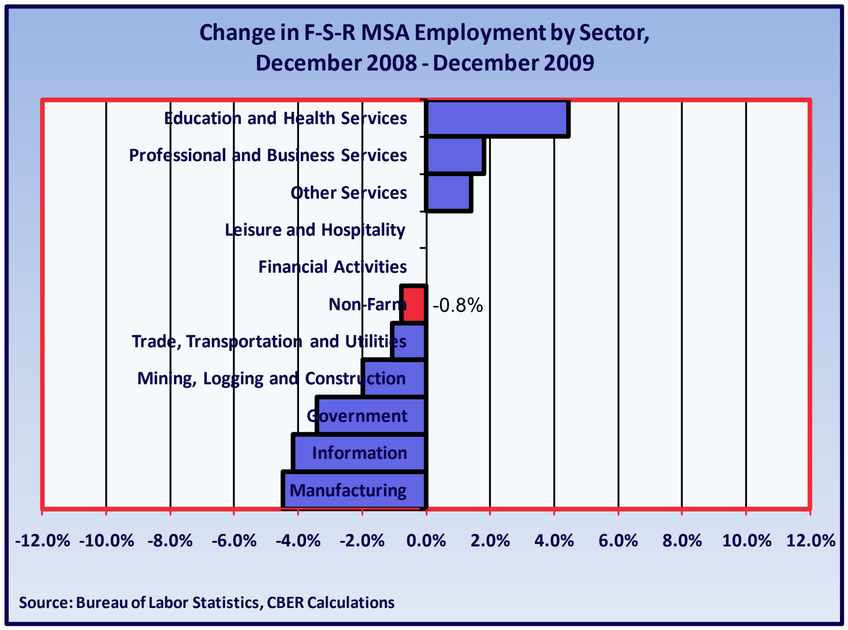
With the purpose of exploring more closely the composition of the job growth in Northwest Arkansas, two additional figures are provided. The first shows the December 2009 Fayetteville-Springdale-Rogers MSA employment breakdown by sector. As the pie chart shows, trade, transportation, and utilities have the largest share of employment (22.5 percent) in Northwest Arkansas, followed by professional business services (16.5 percent), manufacturing (14.5 percent), government (13.8 percent), education and health services (10.3 percent), and leisure and hospitality (8.9 percent). The second figure shows the annual percentage change in the MSA's employment by sector from December 2008 to December 2009. Total nonfarm employment decreased by 0.8 percent during that time. Employment in education and health services, professional and business services, and other services increased. Employment in leisure and hospitality and financial activites experienced no change, while trade, transportation and utilities, mining, logging and construction, government sectors, information, and manufacturing sector employment declined.

According to the Bureau of Labor Statistics, the unemployment rate in Northwest Arkansas was at a preliminary seasonally non-adjusted 5.7 percent in December 2009. This was 1.1 percentage points higher than in December of 2008. The unemployment rate





in Northwest Arkansas, however, continued to outperform both the state (7.6 percent) and nation (9.7 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. During this report period areas of concern and interest to the panelists were the impact downward rents are having on property owners; the difficulty in commercial financing and refinancing for owners and tenants; impact of the national economy on Northwest Arkansas; and how quickly the supply-demand imbalance in commercial space is being rectified along with any areas of potential growth and opportunity. However, the overriding theme of the conversations this quarter was that of survival. Many respondents are worried about their own survival; they are also worried about their tenants' survival; they are worried about competitor survival because it on the one hand may present an opportunity, but on the other hand may be another driver to even lower lease rates and property values; and they are worried about bank survival, as fewer banks means less competition.

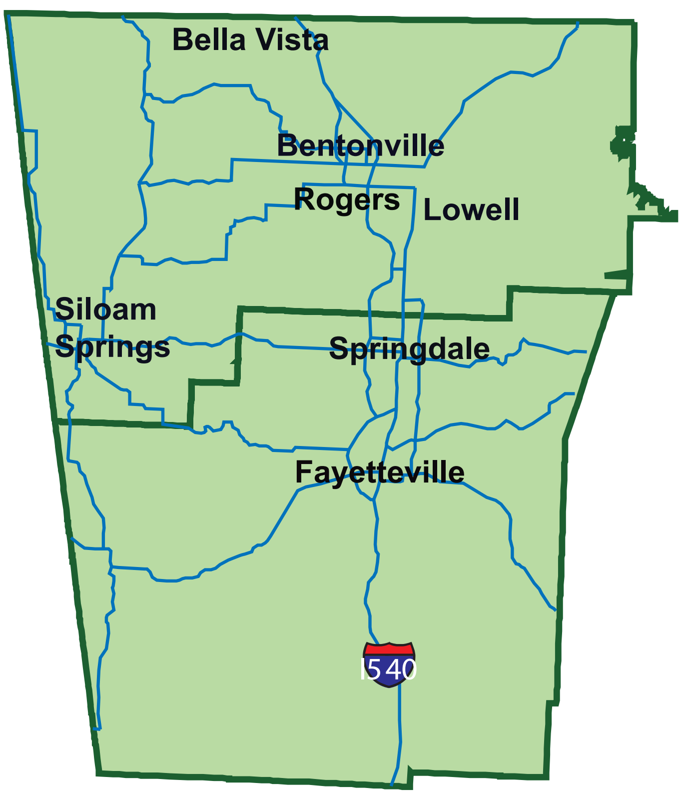
A continuing concern for panelists is the further decline in effective rents for commercial property in Northwest Arkansas. Many respondents reported significant rent reductions for their properties during this report period, in addition to other concessions such as increased tenant improvement allowances for build out, free rent at the start of lease periods, tiered rent throughout the lease term if the economic situation improves, and eliminating escalator clauses during tenant renewal. Another development reported by a number of respondents is the shift towards gross rent leases for office tenants rather than triple net leases. This pattern did not seem to be significant with retail tenants however. There were a couple of respondents who reported being able to increase rents slightly, but they attributed that to their location and the relationship with the tenants they have built over time. The concern went even deeper though this time, as some panelists discussed how the declining rents are jeopardizing their ability to refinance loans on their commercial properties. This is leading many respondents to feel very concerned about just surviving 2010.

Most respondents continued to express very strong concern that the banking system is not doing much to support any kind of growth opportunities that would allow property owners and developers to continue to deliver product to market. There is a real sense of worry that without financing new projects, tenant finish out, and retailer bridge loans the local economic situation will continue to deteriorate. However, there has been a clear shift in the panelists describing the attitude of banks towards working with commercial borrowers. In the previous report most panelists expressed that banks were not willing to try workouts on commercial paper, and were quite willing to take back property. This quarter most panelists reported that many banks are very willing to try to work things out if it is possible. Significantly, several panelists commented that they felt Arvest was the least willing to attempt a workout, and most likely to want to take back commercial property.

Naturally, every panelist discussed the national economic conditions. Panelists are cognizant that Northwest Arkansas is no longer insulated from national trends to the same level it was during the last recession. They were very concerned about the impact of national retailer sales on the local economy, particularly as it relates to jobs. Also, expressed were concerns that the national recession was having an impact on firms such as Tyson Foods and J.B. Hunt that might impact local employment as well. There was concern from several panelists that the government fiscal and monetary policies may also lead to terrible problems with inflation in the long run.

While discussing the commercial market situation, panelists expressed some positive thoughts that the imbalance between supply and demand will start to come down eventually, as few new buildings are being constructed. But the continued lack of demand, particularly for retail space is a major concern. This goes back to the previous thought that further problems in the retail sector are going to cause even more retail space to become available, thereby exacerbating the problem of too much available space. There is also great concern about the possibility of various vendor parks going under, and being given back to banks. That thought also causes much worry about the impact on pricing due to the possibility of even more vacant office space on the market. The only area of real growth or opportunity identified by panelists was in Class A office space in the Fayetteville and Rogers markets. Panelists felt that some tenants were taking advantage of good pricing to move up to nicer space at roughly the same costs. Due to some success in leasing space in the Fayetteville Mall-Joyce Street area, some panelists are talking about the possibility of a new office tower near Lowe's. But for the most part panelists do not see much growth in the next few years. Some see potential opportunities arising from other property owners having to sell at very distressed prices though. Also, in obtaining tenants from properties that are distressed as tenants prefer stability.

Even though there is a great deal of concern about how many commercial business owners are going to go out of business in the next couple years, there is still long term optimism for most panelists. They still feel the fundamentals of Northwest Arkansas are strong and that the region will pull out of the downturn and continue growing in the future. However, there is concern though about what the next area of job creation will be. Several possibilities were discussed: the Green Valley initiative, though there was real concern about getting enough local government support to make it work, continued development of nanotechnology at the University of Arkansas and small start ups associated with the Arkansas Research and Technology Park; continued growth of NWACC as well as the University of Arkansas; but there was no real strong sense of what the next big thing will turn out to be. Also, some panelists wondered about any kind of state support such as Central Arkansas has received in bringing in new firms. So even with the usual positive long term optimism it was much more restrained. Further, the consensus on improvement in the commercial real estate market is moving back to the end of 2011 or 2012. Some panelists believe a recovery really won't take off till 2013-14.



Positive Factors:

1. Perceived demand for Class A office space.
2. Vendor expansion by successful firms.
3. Continued, although much slower, move ment of vendors into Northwest Arkan sas.
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 in Northwest Arkansas.
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 regions 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. Walmart's continuing decentralization

Inventory and Building Permits

Categories of Commercial Properties

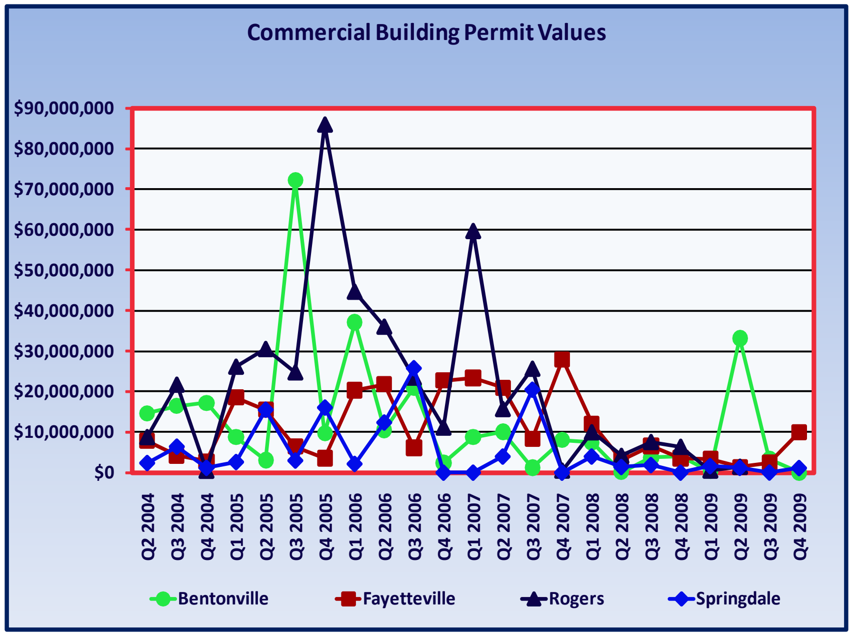
The Northwest Arkansas commercial market is divided into eight major categories of space:

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 January 2010. For the fourth quarter of 2009, the Skyline Report covered 92.8 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-two 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 June to August of 2009, there were $6.1 million in commercial building permits issued. From September to November of 2009, almost $11.5 million in commercial building permits were issued in Northwest Arkansas. These amounts are down from $21.7 million and $13.9 million in the same quarters in 2008. In the fourth quarter of 2009, Fayetteville accounted for 87.1 percent of the commercial building permits (most of the value was associated with the skilled nursing home The Gardens at Persimmon); only, $1.4 million were issued in Lowell, Rogers, and Springdale.

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 quarter's Skyline report.

This 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 fourth quarter, 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	--	120,424	138,680	90,964	350,068	329,974	94.3%
Bentonville	76,056	3,808,121	994,244	1,334,868	6,213,289	6,196,150	99.7%
Fayetteville	114,079	3,011,236	4,045,772	1,778,270	8,949,357	8,063,845	90.1%
Lowell	57,970	275,837	172,208	949,348	1,455,363	1,381,320	94.9%
Rogers	307,281	2,079,439	3,660,752	2,318,190	8,365,662	8,316,077	99.4%
Siloam Springs	89,353	180,293	692,789	335,615	1,298,050	1,299,033	100.1%
Springdale	1,142,623	1,463,161	2,181,159	2,598,282	7,385,225	5,975,215	80.9%
Northwest Arkansas Total	1,787,362	10,938,511	11,885,604	9,405,537	34,017,014	31,561,614	92.8%

[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 254 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
Sept. - Nov. 2009	$0	$10,005,337	$330,803	$7,000	$0	$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
Aventine Plaza	Bella Vista	Mike Andrews	Commercial	15,000	Conceptual
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
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	14,000	May 2010
Fountain Plaza New Building 1	Bentonville	Jeannie Fleeman	Retail	23,104	2010
Fountain Plaza New Building 2	Bentonville	Jeannie Fleeman	Retail	30,000	Conceptual
Lakeside Center	Bentonville	Lindsey Management	Office	60,000	Conceptual
Lifespring Women's Healthcare	Bentonville	Lifespring	Medical	11,950	March 2010
Neighborhood Wal-Mart & Uptown Ctr.	Bentonville	CEI Engineering	Retail	40,000+	Conceptual
NWA Children's CenterCampus	Bentonville	NWA Children's Center	Mixed Use	51,000	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	January 2010
Arkansas Research and Tech. Park	Fayetteville	U of A Tech. Dev. Foundation	Office/Lab	65,000	Early 2010
Bridgedale Plaza	Fayetteville	Clinton McDonald	Mixed Use	35,000	Conceptual
District Court Building	Fayetteville	District Court	Office	13,500	January 2010
Enterprise Center	Fayetteville	University of Arkansas	Lab	65,000	January 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
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
Murphy Express	Fayetteville	Murphy Express	Retail	1,200	
Nanotech Facility	Fayetteville	University of Arkansas	Lab	7,400	Late 2010
Park West	Fayetteville	Tracy Hoskins	Commercial	1,000,000+	Conceptual
Persimmon Nursing Home	Fayetteville	Dave Jorgenson (Engineer)	Nursing Home		April 2010
Premier Plaza	Fayetteville	Jimmy Rapert and Robert Taylor	Commercial	7,000+	Done
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	Conceptual
Regency Beauty Center	Fayetteville	Clayton Morton	Retail	6,120	Done
Retail Building on Steele	Fayetteville	Clayton Morton	Retail	6,525	Done
Ruskin Heights	Fayetteville	Davis, Hooker, Massey, VanVeen	Retail	58,500	Conceptual
Shoppes at the Bluffs	Fayetteville	Mathias Properties	Retail	46,519	Conceptual
Shoppes at Wedington	Fayetteville	Sage Partners	Retail	15,750	Conceptual
Southpass, Phase I	Fayetteville	Richard Alexander & John Nock	Commercial	26,000	Conceptual
Southpass, Phase II+	Fayetteville	Richard Alexander & John Nock	Commercial	214,000	Conceptual
Springwoods Behavioral Health	Fayetteville	Universal Health Services	Hospital	58,000	Done
Timberlake Office Park	Fayetteville	Jeff Martin and Mike Phillips	Office		Conceptual
Timberlake Office Park Building One	Fayetteville	Henry Ho and Rick West	Office	19,000	Done
Vantage Center	Fayetteville	Lindsey Management	Office	8,352	Spring 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

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Midpoint Exchange Business Park	Lowell	Sage Partners	Commercial		Conceptual
Park Central	Low./Rog.	Charleton Development	Mixed Use		Conceptual
Adult Development Center Facility	Rogers	Adult Dev. Center of Benton County	Office/Warehouse	22,000	2010
Benton County Cancer Center	Rogers	Highlands Oncology Group	Medical Office	55,000	Early 2011
Creekside Phase III	Rogers	Daniel Ellis	Commercial	60,000	Conceptual
Don's Cold Storage Expansion	Rogers	Don Coenen	Warehouse	120,000	Done
Habitat for Humanity	Rogers	Habitat for Humanity	Office/Warehouse	40,000	Conceptual
Harp's	Rogers	Harp's	Retail	32,000	Conceptual
Jamestown Care & Rehab	Rogers	Montgomery & Sons Construction	Medical		Done
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
Recycling Center	Rogers	City of Rogers	Industrial	24,000	Done
The Dental Depot	Rogers		Medical Office		
Walgreens	Rogers	Pinnacle Group	Retail	13,000	Done
Walnut Crossing	Rogers	Greg House	Commercial	50,000	Conceptual
ALDI's Grocery Store	Sil. Springs	ALDI Inc	Retail	17,886	Late 2010
Autumn Glen	Sil. Springs	James Mathias	Commercial		Conceptual
Crye-Leike Office	Sil. Springs	Crye-Leike Realtors	Office	6,500	Conceptual
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
Arvest Bank	Springdale	Arvest Bank	Bank	5,000	Done
AT&T Retail Center and Warehouse	Springdale	Hank Kelly	Retail/Warehouse	6,000	
Commercial Building on Robinson	Springdale	Jesus Reyes	Commercial		Done
Earlene Howard Hospice-Expansion	Springdale	Circle of Life Hospice	Medical Office	11,000	Done
Macadoodles	Springdale	TLJ Properties	Retail	14,000	March 2010
Pappas Foods Warehouse	Springdale	Pappas Foods	Warehouse		
Welso Inc Facility	Springdale	Welso Inc	Retail	6,200	February 2010
White Oak Station	Springdale	Petromark Inc.	Retail		Conceptual
Youth Bridge Campus	Springdale	Youth Bridge Inc	Youth Facility		
Northwest Arkansas Science Center	Undet.	NWA Museum Foundation	Museum	130,000	Conceptual

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

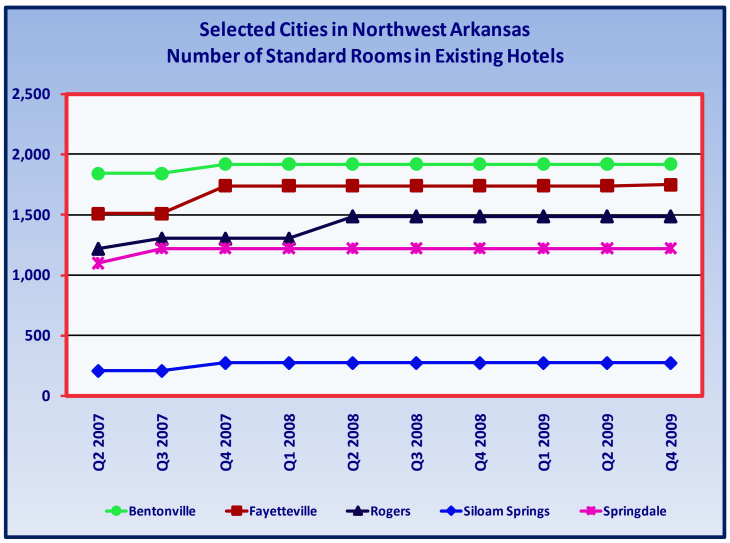
Existing Hotels (Cont.)

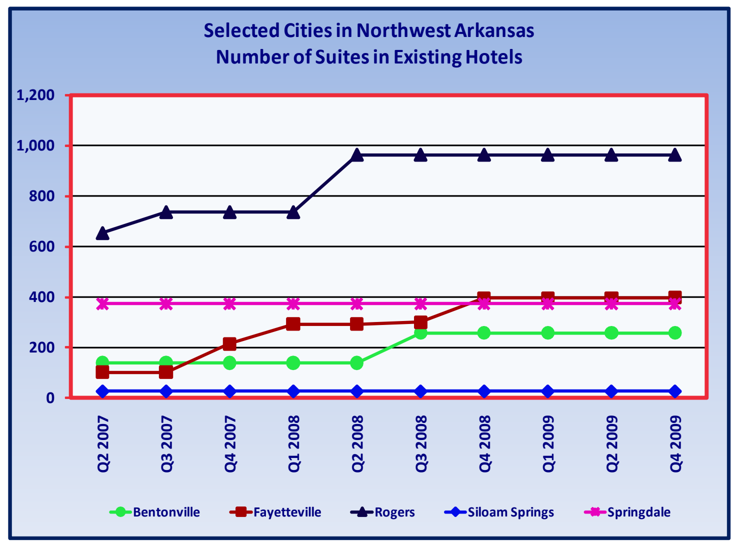
Property Name	City	Number of Standard Rooms	Number of Suites
Ramada Inn Lowell	Lowell	51	0
Colonial Motel	Prairie Grove	8	0
Aloft	Rogers	130	1
Best Value Inn & Suites	Rogers	127	0
Candlewood Suites	Rogers	118	12
Country Inn & Suites	Rogers	68	42
Embassy Suites	Rogers	0	400
Fairfield Inn Rogers	Rogers	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**	**2,208**





Announced Coming Hotels

Property Name	City	Owner	Number of Rooms	Expected Completion
Sheraton Bentonville Plaza	Bentonville	Starwood Hotels & Resorts	234	August 2011
Hilton Gardens Inn	Fayetteville	Hilton		Delayed
Dickson Street Inn	Fayetteville	Greg House	10	Done
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

Announced Coming Restaurants

Property Name	City	Owner	Expected Completion
Scooter's CoffeeHouse	12 Unkn. Locations	Scooters Coffee House of Omaha	--
Einstein Bros Bagels	3 Unkn. Locations	Mike Philips	--
Jason's Deli	Benton County	Bourke Harvey	2010
Arbys	Bentonville	--	--
Dickey's Barbecue Pit	Bentonville	Randon Arney	2010
Whole Hog Café	Bentonville	Brian Adams/Kevin Jacobs	--
Dickey's Barbecue Pit	Fayetteville	Randon Arney	2010
Emelia's	Fayetteville	George and Sara Lusher	Delayed
Firehouse Subs	Fayetteville	Forest Hills Development	June 2010
Krystal Burger	Fayetteville	Krystal Burger	--
Lillie, Lou and Jaq	Fayetteville	--	--
Rockin' Chicken	Fayetteville	David Martin	Done
Starbucks	Fayetteville	Kathy Ball	Delayed
Western Sizzlin	Fayetteville	Mark Bazyk	--
Dickey's Barbecue Pit	Lowell	Randon Arney	Done
Dickey's Barbecue Pit	Rogers	Randon Arney	2010
Firehouse Subs-Pinnacle Hills	Rogers	Tracy Bush	--
Firehouse Subs-Pleasant Crossing	Rogers	Tracy Bush	
Fuddruckers	Rogers	Pinnacle Hamburger Partners llc	Spring 2010
KFC/Taco Bell	Rogers	John R. Meyers	--
Krystal Burger	Rogers	Smitco Eateries	Delayed
Traders Market Restaurant	Rogers	Moe Torabi	Delayed
Emilia's Kitchen	Siloam Springs	Sara Lusher	Done
Dickey's Barbecue Pit	Springdale	Randon Arney	2010
Firehouse Subs	Springdale	Tracy Bush	--
La Huerta Mexican Restaurant	Springdale	John Canterbury-Edgar Montez	Done
Romano's Macaroni Grill	Unkn. Location	Bruce Swisshelm	--
Tiamo Italian Restaurant	Fayetteville	Sandro Elsawy and Shawn Wilkins	Done
Feltner Brothers	Fayetteville	Chase, Grant, Travis Feltner	Done
Primo Pasta House and Pizzeria	Fayetteville	Scott Bowman	February 2010
Little Caesars Pizza	Bentonville		Done
Daylight Donuts	Fayetteville	Jerry and Una Dawdy	Done
Wagon Wheel Country Café	Springdale	Larry and Linda Bryant	Done
Oseguras	Rogers	Osegura Family	Done
Silver Joe's Coffee Co.	Rogers	Terry Smith, Kenny Tomlin, Steve Clark, Patrick Vota	Done
Fratelli's Wood Fired Pizzeria	Siloam Springs	Scott Jones and Tom Leadabrand	Done
Razor's Reef Grill and Cantina	Fayetteville	Dave Nall	Done
Stacy's on the Square	Bentonville	Stacy and Wayne Crooks	Done
Silver Joe's Coffee Co.	4 at Various Locations	Terry Smith, Kenny Tomlin, Steve Clark, Patrick Vota	2010
Olde Tyme Hamburgers	Rogers	Sam Hawkins	Done
Rolando's	Rogers	Rolando and Sherri Cuzco	Done
Hookah Java	Rogers	Melanie Vergura	Done
Big River Barbecue	Fayetteville	Nels Danielson and J.R. Williams	Done
Bliss Cupcake Café	Fayetteville	Shelly Caesar	Done
Five Guys Burgers	2-3 Various Locations	Laurie Lowe	2010
McDonald's	Gentry	Mathews Management Co	Summer 2010
Veranda Wine Bar	Fayetteville	Richard Alexander and Greg House	Done
Gu-Ma's Restaurant	Fayetteville		Done
Gabrielas Mexican Grill Restaurant	Farmington		Done
Hibachi Grill	Rogers	Tim Chen	Early 2010
Grand Tetons	Fayetteville	Kevin Laughlin	Early 2010
The English Tea Room	Siloam Springs	Dawn and Rob Cork	Done

Closed Restaurants

Property Name	City	Date Closed
Java On The Square	Bentonville	April 2009
Rosati’s Pizza	Bentonville	February 2009
Siam Palace	Bentonville	June 2009
Taco Tico	Bentonville	June 2009
Varsity Den Family Sports Café	Bentonville	January 2009
Johns Supreme Donuts	Centerton	June 2009
Hog Wild Pizza	Fayetteville	February 2009
Ozark Mountain Smokehouse	Fayetteville	January 2009
Rice Village	Fayetteville	June 2009
Table 5	Fayetteville	March 2009
Wilmas	Fayetteville	June 2009
Red Roof Café	Gravette	February 2009
Basils Café	Rogers	March 2009
El Rincon	Rogers	February 2009
Rib Crib	Rogers	February 2009
Starbucks	Rogers	March 2009
Chili’s	Springdale	February 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
Daylight Donuts	Fayetteville	April 2009
Oseguras	Fayetteville	September 2009
La Fiesta Mexican Restaurant	Rogers	September 2009
El Chico	Fayetteville	December 2009
Mabuhay	Fayetteville	October 2009

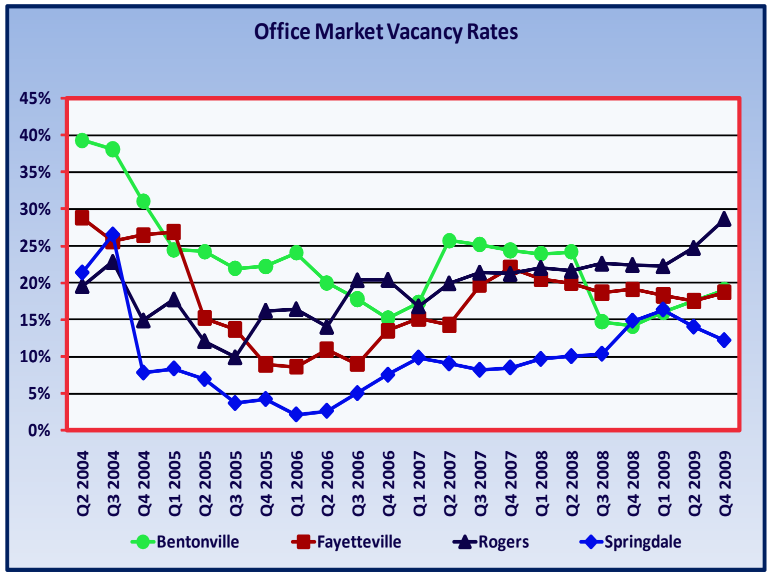
Commercial Market Trends

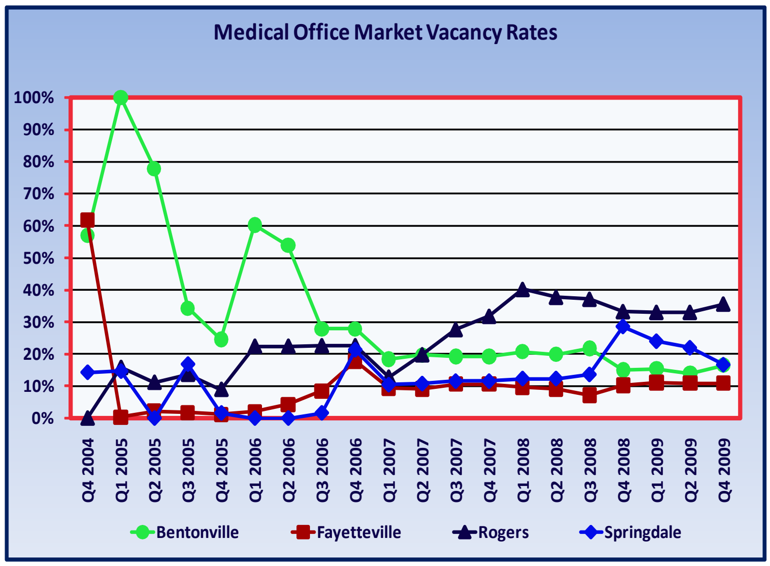
This version of the Skyline Report represents the twenty-second quarter that data have been collected. Annual comparisons were made to minimize the effects of attributing too much weight to seasonal changes. The accompanying graphs show how vacancy rates and available square footage have changed in each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

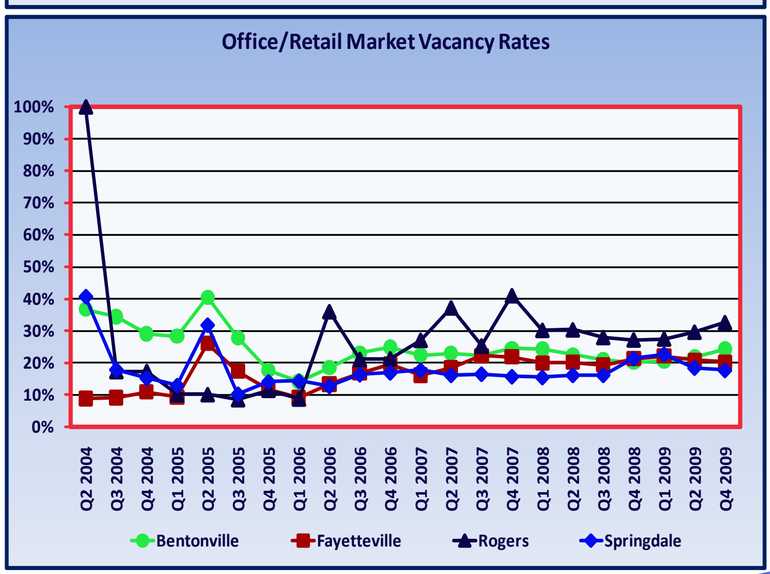
Over the past twelve months, only Fayetteville has experienced (limited) positive net absorption in the office market. Available office square footage in Northwest Arkansas increased from 1,580,067 square feet in the second quarter of 2009 to 1,792,047 square feet in the fourth quarter of 2009. This was due to increased available office space in Bentonville, Rogers, and Lowell. Over the past year, 221,896 square feet of new office space became available for the first time. The overall Northwest Arkansas office vacancy rate has increased from 17.1 percent in the fourth quarter of 2008 to 20.6 percent in the fourth quarter of this year.

The office/retail market has experienced negative net absorption of 74,246 square feet during the past twelve months. Fayetteville, Bentonville, Lowell, and Rogers accounted for most of the negative absorption, but Bentonville and Rogers also had more available office/retail square footage in the fourth quarter of 2009 than in the fourth quarter of 2008. New square footage totaling 123,077 was added to the market during the last year—of that amount, 49,677 square feet were located in Fayetteville and 34,000 square feet were located in Bentonville. In the fourth quarter of 2009, 931,470 square feet of office/retail space were available, up from 877,339 square feet in the fourth quarter of 2008. This space was primarily located in Fayetteville, Rogers, and Bentonville.

The retail market also experienced negative net absorption in the past twelve months. Only the cities of Lowell, Siloam Springs, and Springdale experienced positive net absorption in the retail submarket over the past year, while negative net absorption occurred in Bentonville, Fayetteville, and Rogers. There were 160,745 new square feet of retail space added to the Northwest Arkansas market during the past twelve months. In the fourth quarter of 2009, a total of 1,053,010 square feet of space were available in Northwest Arkansas, up from 1,029,239 square feet at the same time in the previous year.

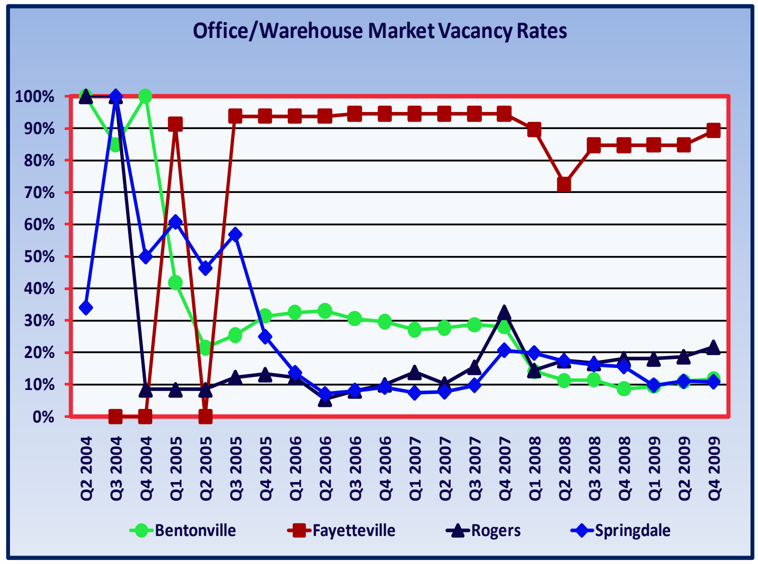


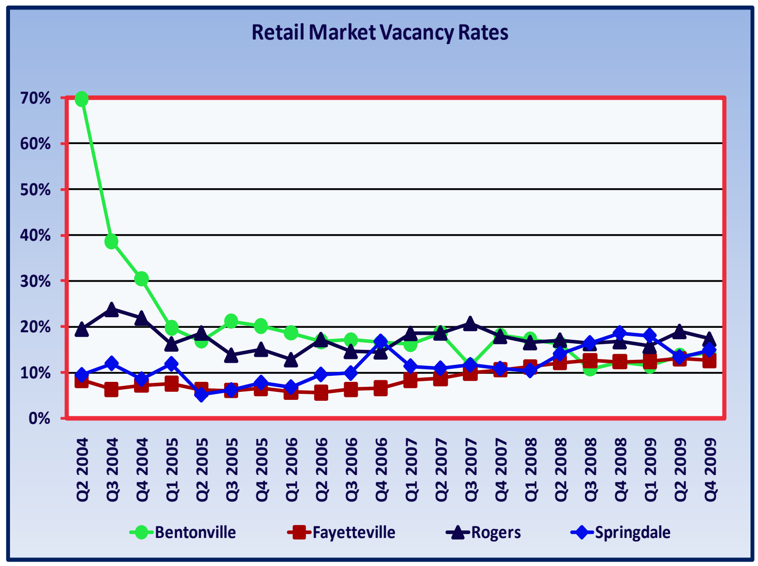


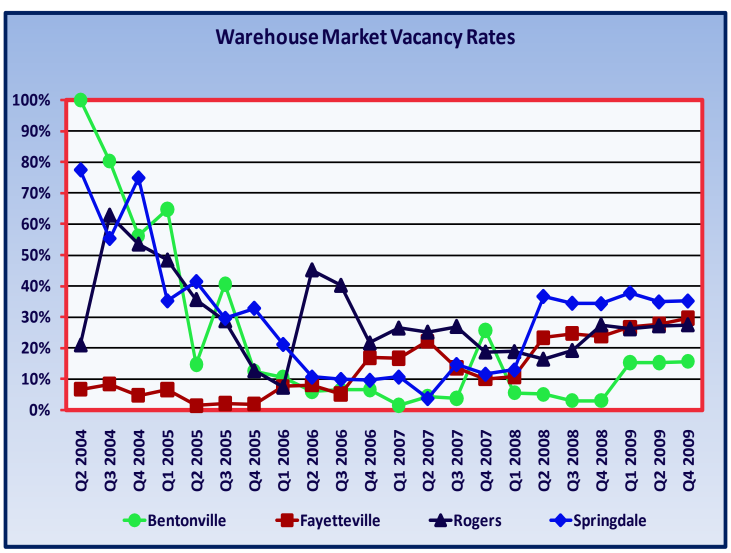


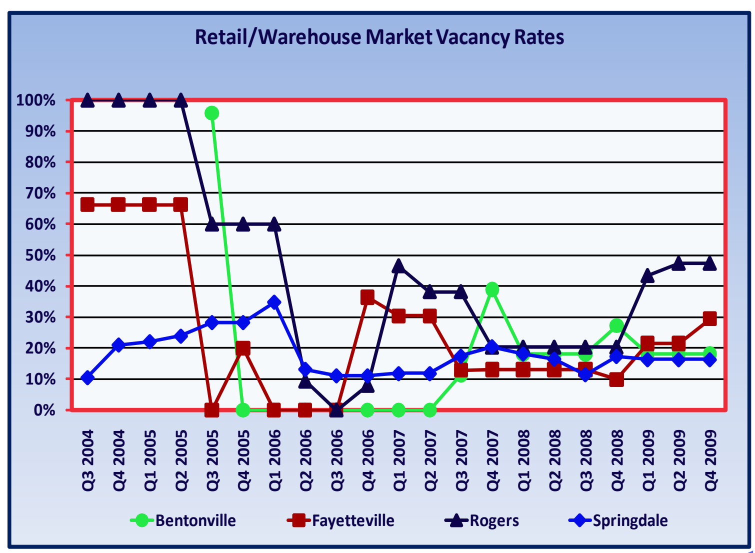
Commercial Market Trends

Meanwhile, the Northwest Arkansas warehouse market experienced positive net absorption of 100,263 square feet during the past year. The number of available square feet rose from 1,612,240 in the fourth quarter of 2008 to 1,745,573 in the fourth quarter of 2009 and vacancy rates declined from 27.5 percent to 27.3 percent during the same time period. The discrepancy between positive net absorption and increased vacancy rates was due to the increase in the total reported space. Bentonville, Fayetteville, and Rogers, however, experienced negative net absorption since the fourth 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).





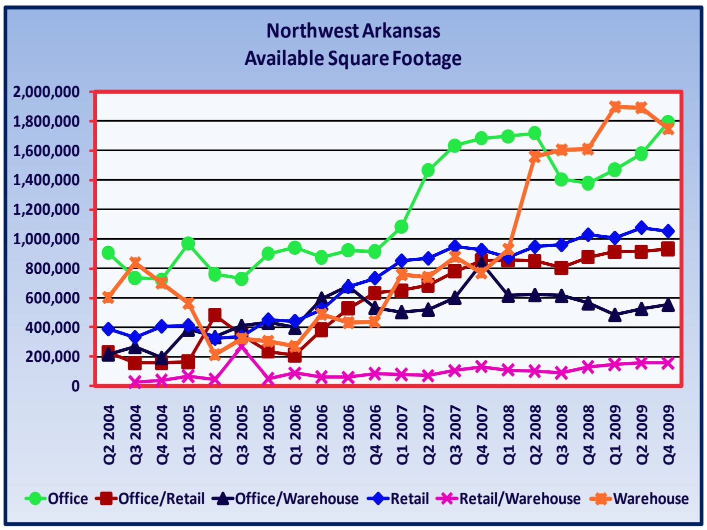


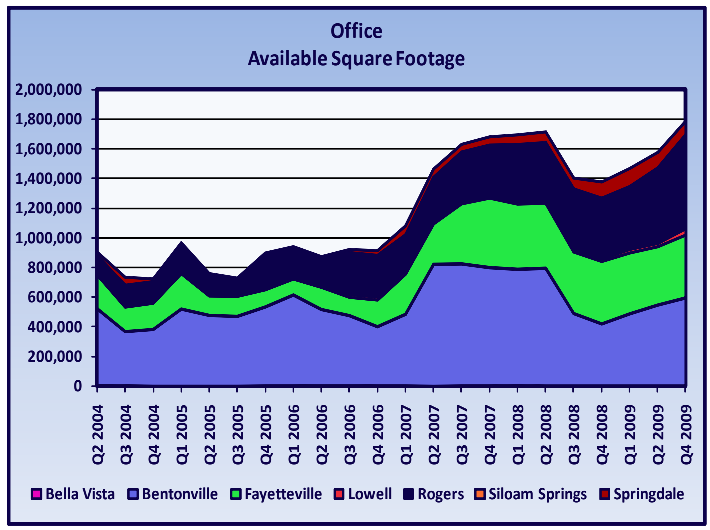


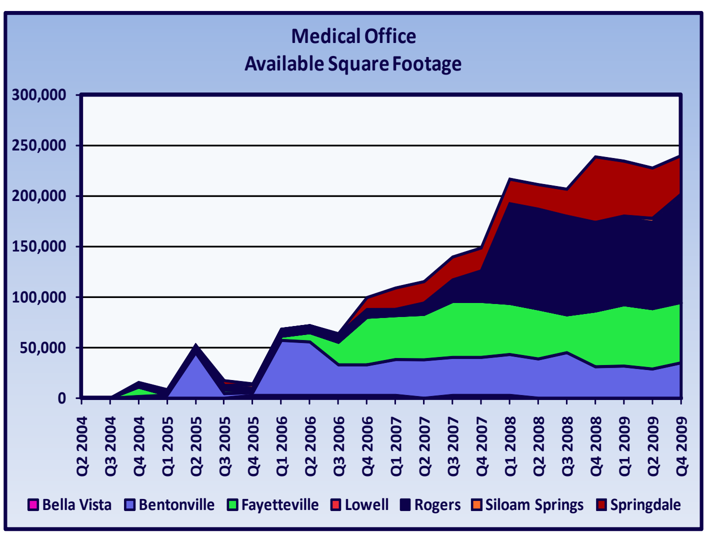
Commercial Market Trends

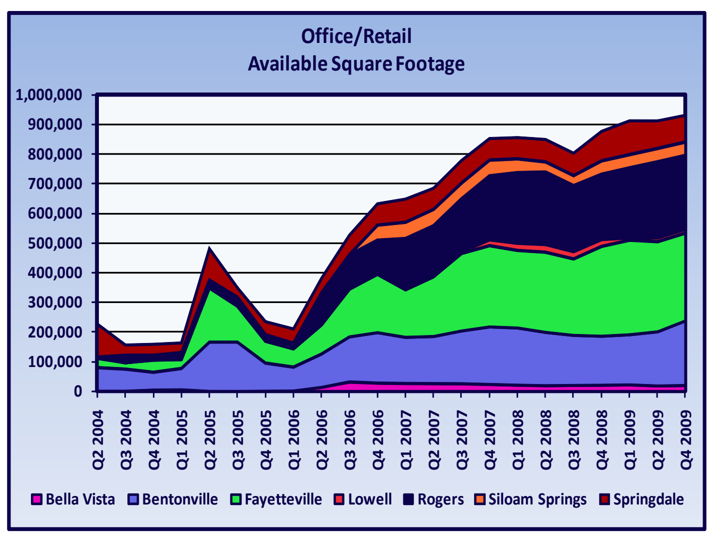
Net Twelve Month Absorption by Submarket Q4 2008 - Q4 2009

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	0	296	0	0
Bentonville	-76,027	-35,933	-8,392	-62,740
Fayetteville	4,603	-27,503	-44,476	-26,000
Lowell	-27,169	16,900	1,900	197,366
Rogers	-141,984	-14,111	-16,005	-61,853
Siloam Springs	-1,673	-4,450	20,035	0
Springdale	-16,501	-9,445	20,531	53,490
Northwest Arkansas	-258,751	-74,246	-26,407	100,263

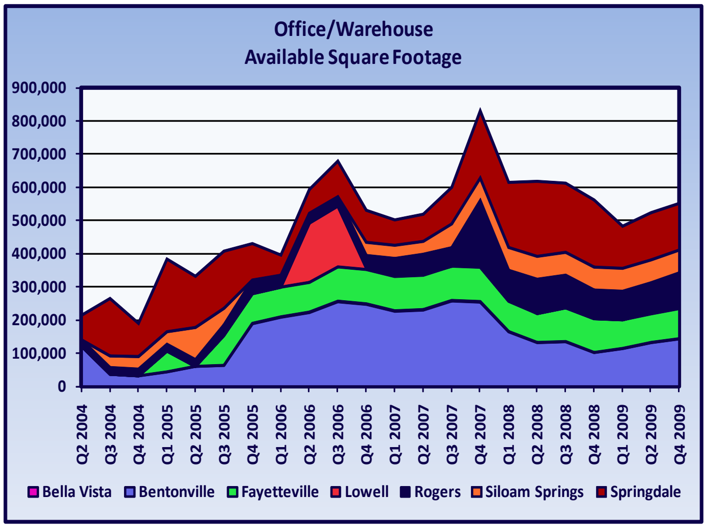


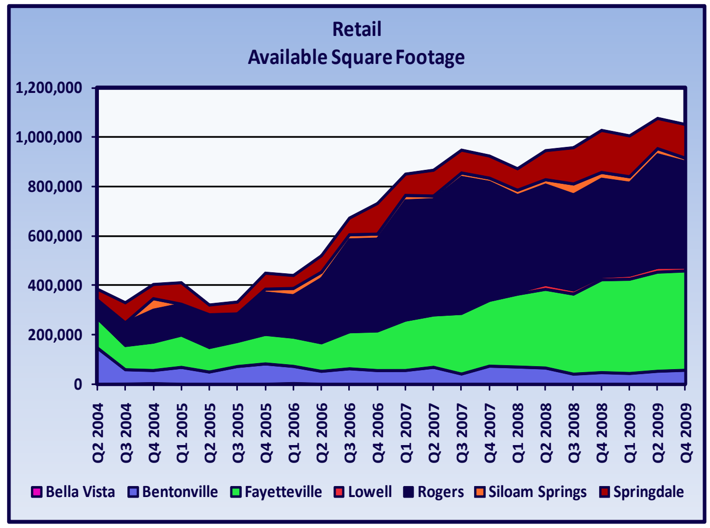


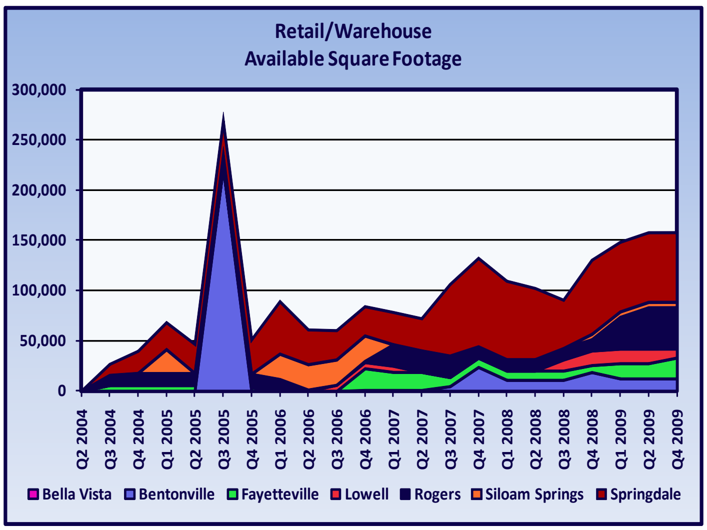


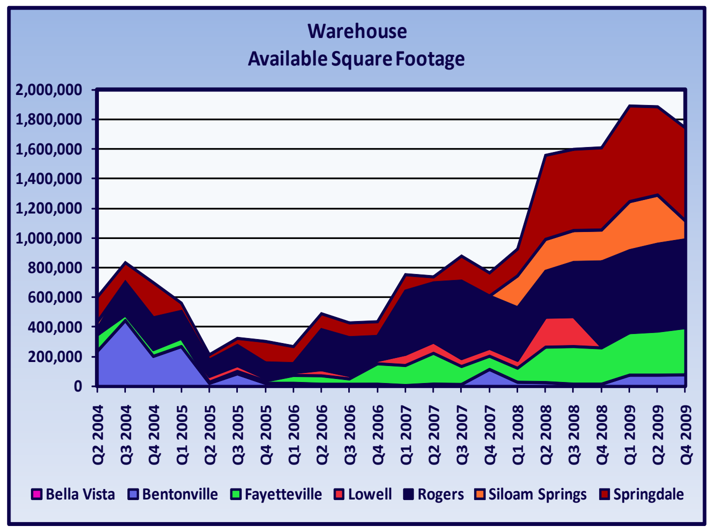


Commercial Market Trends









Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2008	19.0%	14.1%	19.1%	7.2%	22.4%	2.6%	14.8%	17.1%
Q2 2009	19.0%	17.6%	17.5%	8.4%	24.7%	4.7%	14.0%	18.6%
Q4 2009	19.0%	19.0%	18.7%	15.7%	28.7%	4.7%	12.2%	20.6%
Medical Office								
Q4 2008	0.0%	15.1%	10.2%	0.0%	33.3%	2.8%	28.6%	17.7%
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%
Office/Retail								
Q4 2008	8.4%	20.2%	21.3%	38.4%	27.2%	31.0%	21.4%	22.0%
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%
Office/Warehouse								
Q4 2008	--	8.6%	84.7%	0.0%	18.1%	65.8%	15.6%	16.5%
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%
Retail								
Q4 2008	0.0%	12.3%	12.4%	10.3%	16.8%	9.1%	18.6%	14.4%
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%
Retail/Warehouse								
Q4 2008	--	27.2%	9.9%	38.1%	20.2%	9.3%	17.4%	18.3%
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%
Warehouse								
Q4 2008	0.0%	3.1%	23.8%	2.8%	27.5%	71.1%	34.3%	27.5%
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%

Commercial Market Trends

Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2008	0	62,206	-13,346	-8,790	7,285	56	-42,667	4,744
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

Medical Office								
Q4 2008	0	15,100	-17,832	0	9,892	0	-38,058	-30,898
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

Office/Retail								
Q4 2008	-600	7,194	-36,860	1,440	6,216	-4,450	-23,900	-50,960
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

Office/Warehouse								
Q4 2008	--	40,500	0	0	20,103	0	12,600	73,203
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

Retail								
Q4 2008	0	-5,907	-44,926	3,400	-8,617	8,300	-12,927	-60,677
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

Retail/Warehouse								
Q4 2008	--	0	2,240	5,540	0	3,100	-25,660	-14,780
Q2 2009	--	0	0	0	-9,517	0	0	-9,517
Q3-Q4 2009	--	0	-5,600	5,540	0	0	0	-60

Warehouse								
Q4 2008	0	0	9,000	193,066	-85,722	0	-5,617	110,727
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

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2008	2,200	418,386	421,557	18,721	407,039	2,144	109,532	1,379,579
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
Medical Office								
Q4 2008	0	31,317	55,579	0	85,237	2,000	64,840	238,973
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
Office/Retail								
Q4 2008	22,466	164,098	303,131	23,160	222,206	43,724	98,554	877,339
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
Office/Warehouse								
Q4 2008	--	103,805	102,181	0	86,056	70,007	202,399	564,448
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
Retail								
Q4 2008	0	48,565	375,144	13,100	395,384	27,003	170,043	1,029,239
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
Retail/Warehouse								
Q4 2008	--	18,798	6,957	14,540	11,283	5,200	73,760	130,538
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
Warehouse								
Q4 2008	0	15,200	247,115	8,800	571,440	214,710	554,975	1,612,240
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

Office

In the fourth quarter of 2009, the office properties included in the Skyline Report panel had a vacancy rate of 20.6 percent, up from the rate of 18.6 percent in the second quarter. Of the more than 8.7 million square feet of Northwest Arkansas properties examined, almost 1.8 million square feet are currently available. This is an increase from the second quarter. From the second quarter to the fourth quarter of 2009, 7,520 square feet of new office space entered the market (in Bentonville and Fayetteville), while 133,813 square feet became vacant, netting negative absorption of 141,333 square feet for the market.

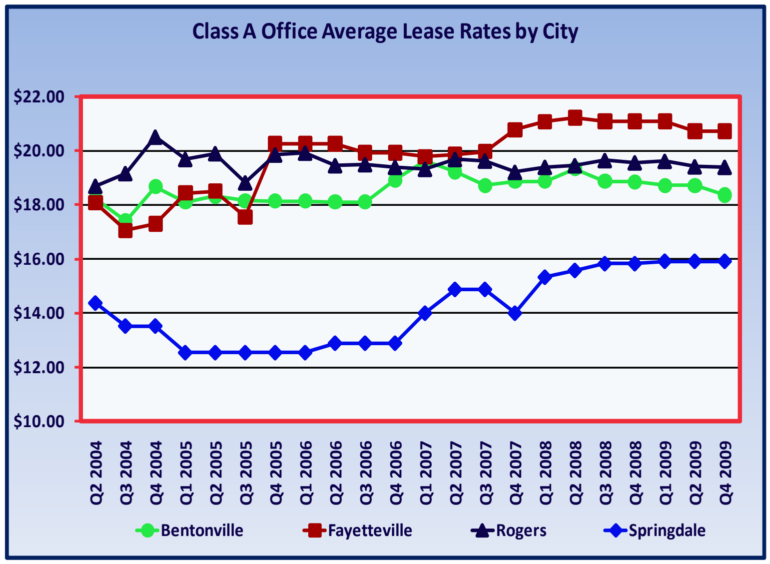
Of the 1,792,047 square feet of available office space in Northwest Arkansas, about 35.2 percent is located in Rogers. In the fourth quarter of 2009, 47,750 square feet of Class A, 22,669 square feet of Class B , 5,000 square feet of Class C, and 6,308 square feet of medical office space became vacant in Rogers. No additional square feet of new space were added to the Rogers office market, netting negative absorption of 81,727 square feet of office space.

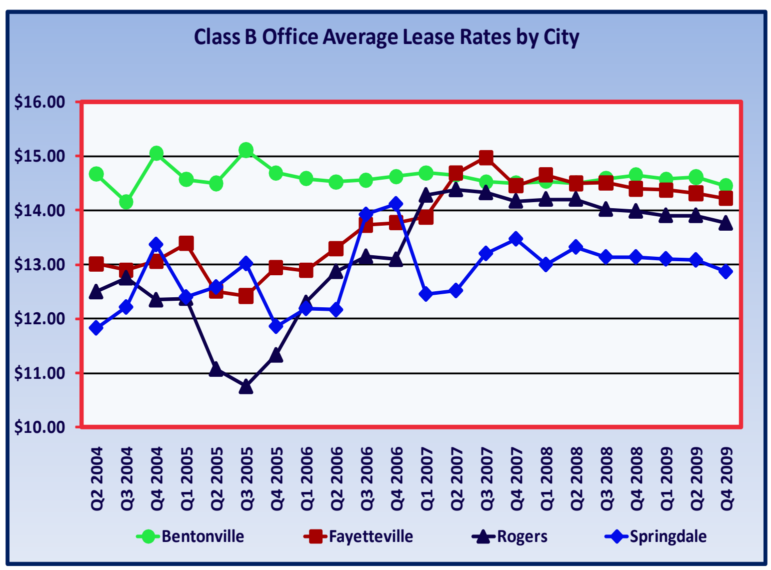
While Rogers had the most available office space at 632,674 square feet, Bentonville also had 594,304 square feet available. About 84.4 percent of the available office space in Bentonville was in the Class B submarket, while Class A space accounted for about 8.8 percent, and the remainder was in the Class C and medical office submarkets. There was a negative absorption of 31,706 square feet in the fourth quarter of 2009, while 3,520 square feet of new space was added to the market, netting negative absorption of 35,226 square feet..

Fayetteville had 425,245 square feet of available office space in the fourth quarter of 2009. In the Fayetteville office submarket, Class B accounted for 63.2 percent of all available space, while Class A accounted for 17.6 percent, and medical office for 14.1 percent. From the second quarter to the fourth quarter of 2009, 26,130 square feet became vacant and 4,000 square feet were added in the Class B submarket, whereas the Class A submarket experienced positive absorption and no new space was added to the market, yielding totala negative net absorption of 18,157 square feet.

Office Lease Rates Average Range by City

	Class A	Class B	Class C	Medical
Bentonville	$17.86 - $18.86	$14.20 - $14.71	$6.00 - $7.00	$16.55 - $17.91
Fayetteville	$19.17 - $22.28	$13.69 - $14.75	$10.14 - $10.60	$15.45 - $17.16
Rogers	$18.27 - $20.53	$13.44 - $14.09	$8.51 - $9.56	$14.15 - $14.81
Springdale	$15.67 - $16.17	$11.93 - $13.81	$9.51 - $9.76	$12.15- $13.31

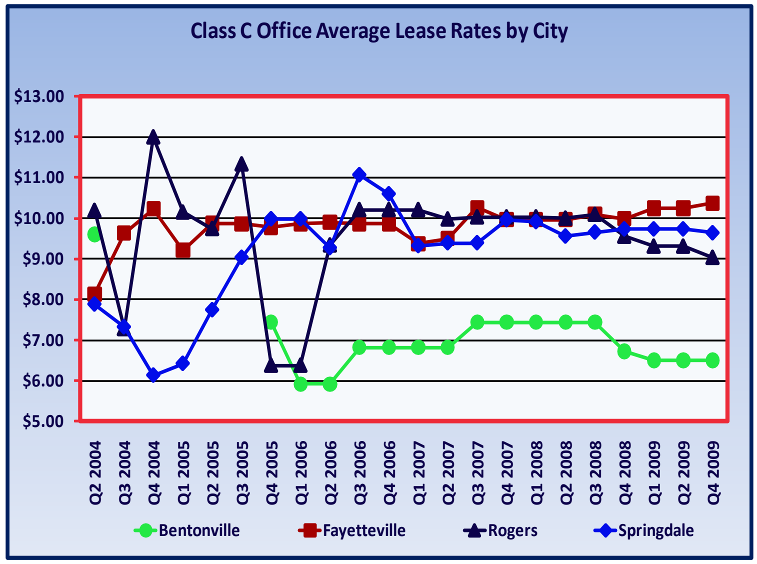


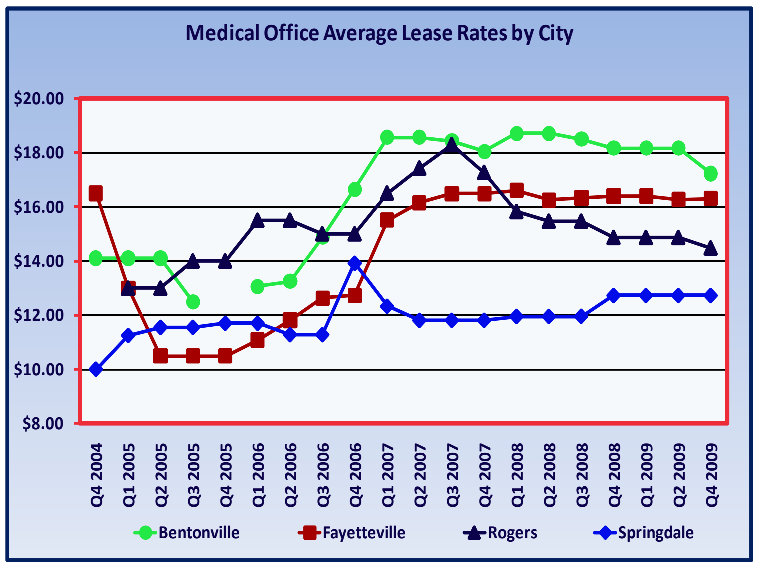


Office

The Springdale office market had 90,651 square feet of available space in the fourth quarter. No new space was added in the fourth quarter to Springdale market. Overall, 13,777 square feet became occupied in the Class A, Class B, Class C, and medical office submarkets, resulting in a positive net absorption in Springdale in the fourth quarter.

Class A office average reported lease rates continued to be highest in Fayetteville at $20.73 per square foot. Class A space average lease rates declined in Bentonville and Rogers (to $18.36 and $19.40, respectively), while remaining constant in Fayetteville and Springdale. Class B office space average reported lease rates declined in Bentonville, Fayetteville, Rogers, and Springdale. In the fourth quarter of 2009, reported average lease rates for Class C office increased in Fayetteville and declined in Rogers and Springdale. Reported average medical office space lease rates declined in Bentonville and Rogers, while remaining constant in other cities in the fourth quarter.





Office

Office Space Characteristics by Class and City

Class A	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Bentonville	376,755	52,074	13.8%	20,769	0	20,769	15.0
Fayetteville	416,882	74,654	17.9%	12,139	0	12,139	36.9
Rogers	1,293,377	360,292	27.9%	-47,750	0	-47,750	--
Springdale	77,123	8,883	11.5%	0	0	0	--
Class B							
Bentonville	2,518,216	501,380	19.9%	-47,350	3,520	-50,870	--
Fayetteville	1,112,206	268,585	24.1%	-26,130	4,000	-30,130	--
Rogers	501,440	126,169	25.2%	-22,669	0	-22,669	--
Springdale	316,337	21,419	6.8%	274	0	274	469.0
Class C							
Bentonville	12,036	5,633	46.8%	-3,125	0	-3,125	--
Fayetteville	189,492	21,884	11.5%	-166	0	-166	--
Rogers	122,042	43,194	35.4%	-5,000	0	-5,000	--
Springdale	121,517	22,279	18.3%	1,807	0	1,807	74.0
Medical							
Bentonville	213,036	35,217	16.5%	-2,000	0	-2,000	--
Fayetteville	552,840	60,122	10.9%	0	0	0	--
Rogers	289,089	103,019	35.6%	-6,308	0	-6,308	--
Springdale	228,563	38,070	16.7%	11,696	0	11,696	19.5

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

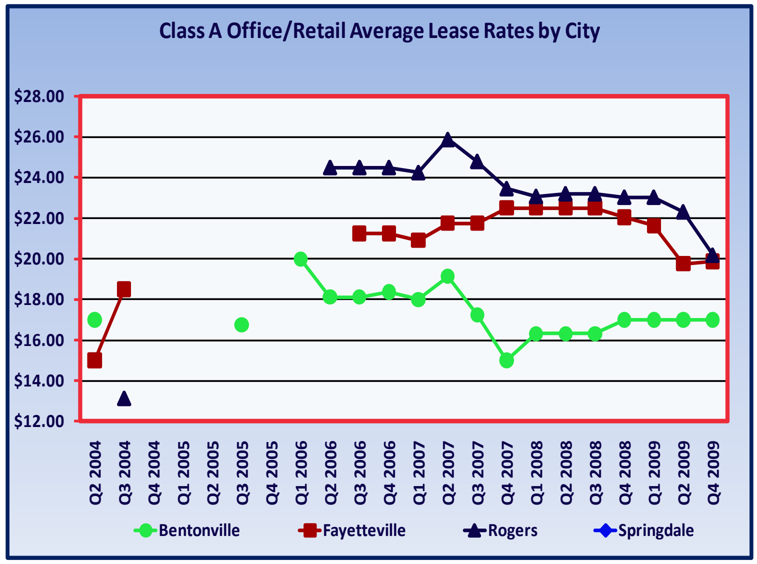
Office/Retail

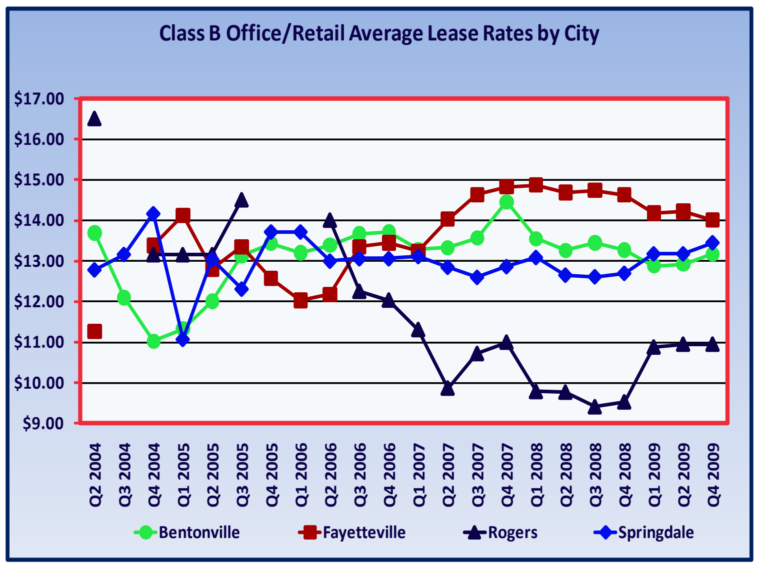
In the fourth quarter of 2009, the office/retail properties included in the Skyline Report sample had a vacancy rate of 22.6 percent, an increase from a revised 22.0 percent in the second quarter. Of more than 4.1 million square feet of Northwest Arkansas properties examined, 931,470 square feet were available.

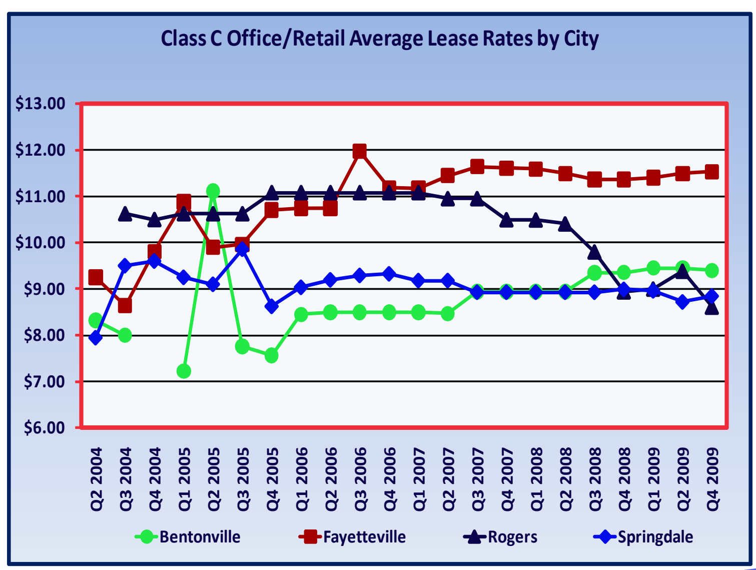
From the second quarter to the fourth quarter of 2009, 2,509 square feet of office/retail space became occupied. Meanwhile, there were 14,000 new square feet of office/retail space added in Northwest Arkansas, all in Bentonville. As a result, there was a negative net absorption of 11,491 square feet in the fourth quarter. Fayetteville, Rogers, and Springdale experienced positive net absorption of office/retail space in the fourth quarter of 2009. Bella Vista and Bentonville, however. experienced negative net absorption.

Fayetteville had the largest amount of available square feet in the office/retail submarket with 296,394 square feet available. Rogers had 250,928 and Bentonville had 216,913 square feet available. Dividing those by the total square feet of office/retail space, this translated to vacancy rates of 32.6 percent for Rogers, 20.3 percent for Fayetteville, and 24.3 percent for Bentonville. Springdale had reported available office/retail square footage of 89,031 with an 17.7 percent vacancy rate.

Office/retail space average reported lease rates remained mixed in the fourth quarter. In the Class A submarket, average reported lease rates increased in Fayetteville, decreased in Rogers and stayed constant in Bentonville. Average reported Class B rates remained almost constant in Northwest Arkansas. Bentonville and Springdale experienced slight increases in their lease rates, while Fayetteville saw declines. In the Class C office/retail submarket, average reported prices increased in Fayetteville and Springdale, but declined in Bentonville and Rogers.







Office/Retail

Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	$15.67 - $18.33	$12.50 - $13.85	$8.84 - $9.96
Fayetteville	$18.79 - $20.96	$13.31 - $14.70	$10.81 - $12.25
Rogers	$19.25 - $21.13	$10.20 - $11.70	$7.35 - $9.87
Springdale	--	$12.75 - $14.16	$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 Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Bentonville	56,307	10,300	18.3%	-2,000	0	-2,000	--
Fayetteville	140,776	83,396	59.2%	3,100	0	3,100	161.4
Rogers	133,982	53,621	40.0%	0	0	0	--
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	689,563	189,265	27.4%	-10,890	14,000	-24,890	--
Fayetteville	959,847	181,198	18.9%	8,621	0	8,621	126.1
Rogers	383,443	112,875	29.4%	1,600	0	1,600	423.3
Springdale	231,157	51,079	22.1%	2,354	0	2,354	130.2
Class C							
Bentonville	145,098	17,348	12.0%	1,200	0	1,200	86.7
Fayetteville	358,946	31,800	8.9%	-4,079	0	-4,079	--
Rogers	251,440	84,432	33.6%	2,603	0	2,603	194.6
Springdale	271,286	37,952	14.0%	1,600	0	1,600	142.3

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

Retail

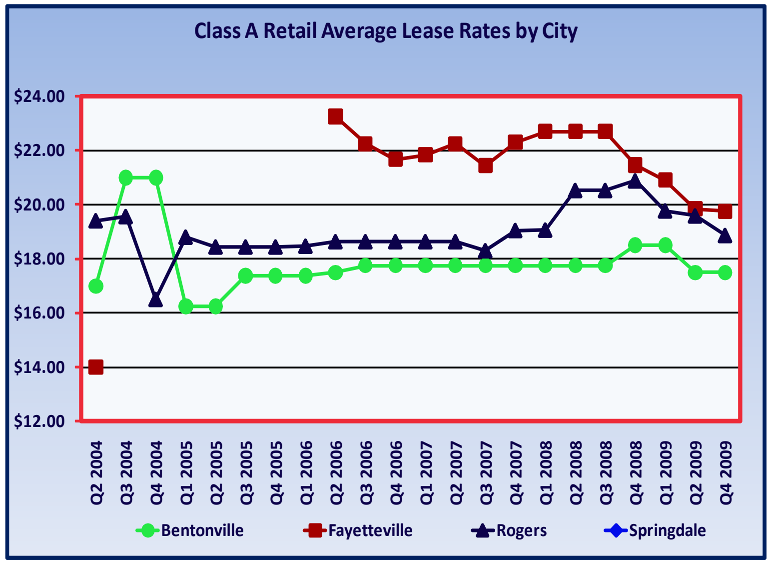
In the fourth quarter of 2009, the retail properties included in the Skyline Report panel had a vacancy rate of 14.2 percent, down from 14.9 percent in the second quarter. Of more than 7.4 million square feet of Northwest Arkansas retail properties examined, 1,053,010 square feet were available. From the second quarter to the fourth quarter of 2009, 27,620 square feet of new retail space came on the Fayetteville and Bentonville markets, while 79,337 square feet became absorbed, netting a positive absorption of 51,717 square feet in Northwest Arkansas.

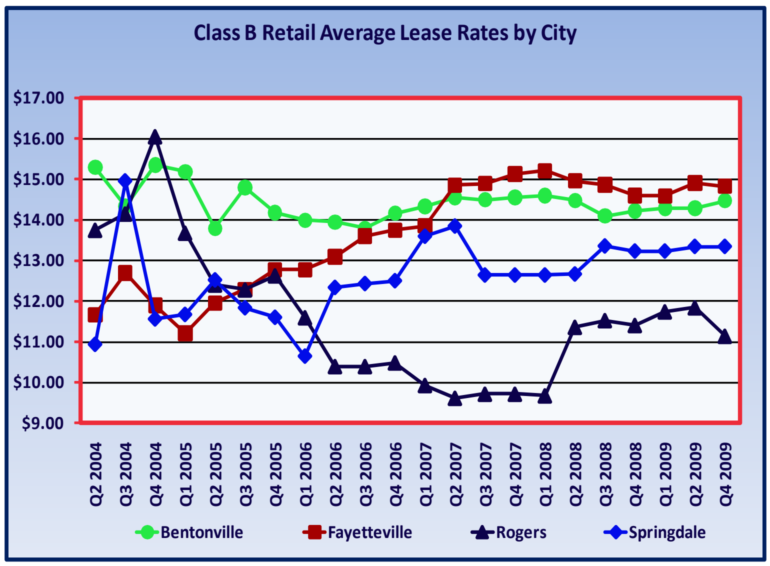
Bentonville had 409,355 total square feet and 58,046 available square feet of retail space in the fourth quarter, resulting in a vacancy rate of 14.2 percent. This represented an increase from the rate of 13.7 percent in the second quarter due to the increase in the available space.

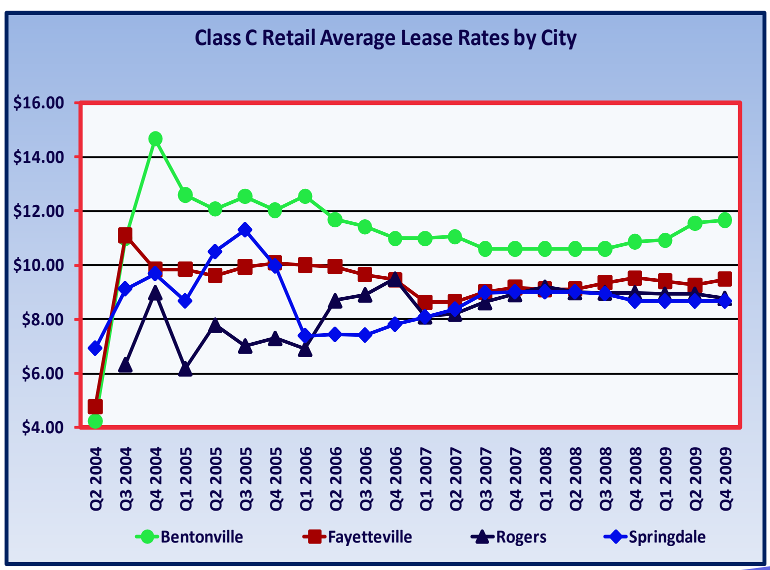
In the fourth quarter of 2009, Fayetteville had a retail vacancy rate of 12.6 percent, down from 13.0 percent in the second quarter, with 401,576 available square feet out of a total of almost 3.2 million. There was reported positive absorption of 27,944 square feet, while new space entered in the Class B retail submarket, netting a positive absorption of 5,324 square feet.

The Rogers market had 426,935 square feet of available retail space out of a total of almost 2.5 million square feet for a vacancy rate of 17.3 percent in the fourth quarter. The city experienced an decrease in a vacancy rate from 19.0 percent in the second quarter in accordance with the net absorption. No new space entered the market, while 7,801 square feet became occupied in the Class A retail submarket and 33,875 square feet became occupied in the Class B submarket, netting a positive absorption of 43,876 square feet in the fourth quarter.

There were 136,585 square feet of available retail space out of a total of 915,497 square feet in Springdale in the fourth quarter of 2009. This implied a vacancy rate of 14.9 percent, up from 13.4 percent in the second quarter. There was no new space added to the market during the last







quarter. Springdale's Class C retail submarkets experienced negative absorption, resulting in 14,340 square feet of negative net absorption for the market.

Reported retail average lease rates remained mixed during the fourth quarter of 2009. In the Class A submarket, average reported lease rates declined in Fayetteville and Rogers. Class B average lease rates increased in Bentonville, declined in Fayetteville and Rogers and remained constant in Springdale. Class C reported average lease ratesincreased slightly in Bentonville and Fayetteville, declined slightly in Rogers, and were constant in Springdale.

Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	$15.50 - $19.50	$14.23 - $14.71	$11.40 - $11.94
Fayetteville	$18.48 - $21.02	$14.37 - $15.28	$9.28 - $9.69
Rogers	$17.41 - $20.32	$9.99 - $12.30	$8.62 - $8.96
Springdale	--	$12.75 - $13.94	$8.23 - $9.11

Retail Space Characteristics by Class and City

Class A	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[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	160,298	8.7%	15,738	0	15,738	61.1
Rogers	1,584,188	274,710	17.3%	7,801	0	7,801	211.3
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	255,277	33,237	13.0%	6,649	5,000	1,649	120.9
Fayetteville	962,140	155,302	16.1%	24,270	22,620	1,650	564.7
Rogers	550,919	83,897	15.2%	33,875	0	33,875	14.9
Springdale	634,407	105,235	16.6%	800	0	800	789.3
Class C							
Bentonville	114,544	17,825	15.6%	1,340	0	1,340	79.8
Fayetteville	376,591	85,976	22.8%	-12,064	0	-12,064	--
Rogers	331,754	68,328	20.6%	2,200	0	2,200	186.3
Springdale	281,090	31,350	11.2%	-15,140	0	-15,140	--

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

Other Categories

Warehouse

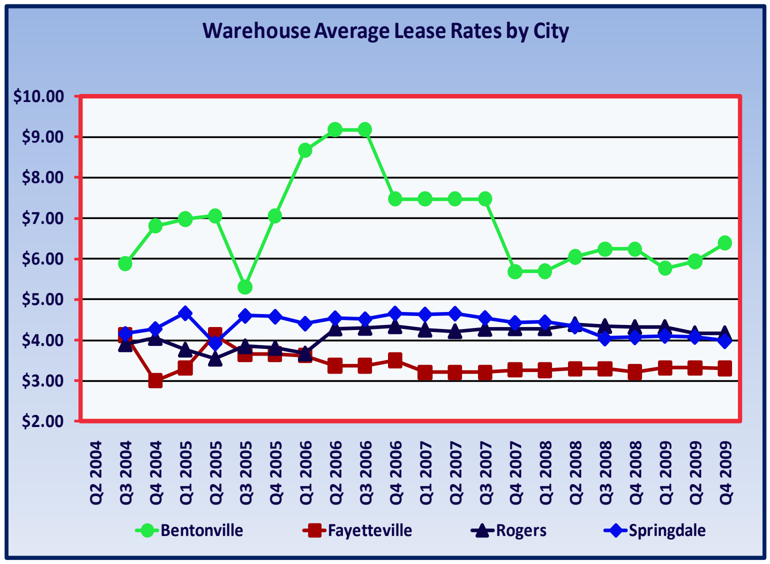
In the fourth quarter of 2009, the warehouse properties included in the Skyline Report panel had a vacancy rate of 27.3 percent, down from 29.0 percent in the second quarter. The reason for this decline in vacancy rates was a decline in the amount of available space relative to all space. Of about 6.4 million square feet of warehouse space examined, more than 1.7 million square feet were available in the fourth quarter.

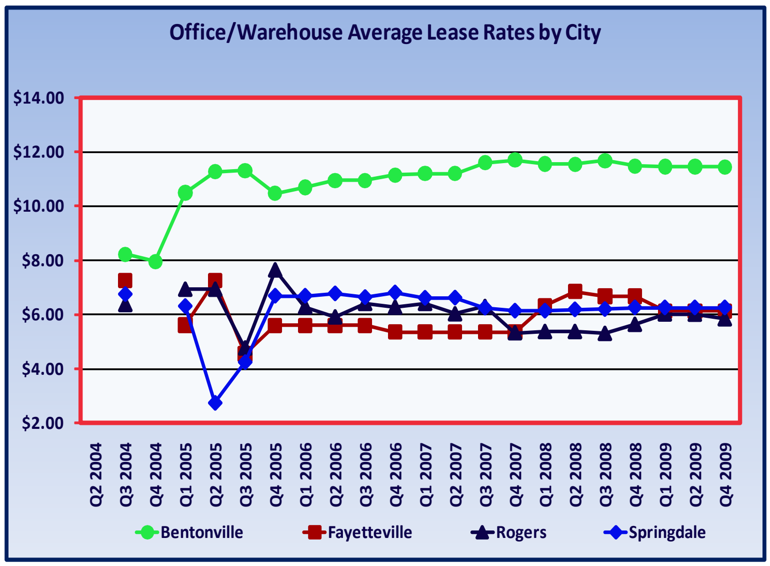
The majority of available warehouse space was split between Springdale (with 628,044 square feet), Rogers (with 589,025 square feet), Fayetteville (with 320,556 square feet), and Siloam Springs (with 125,208 square feet). There were no square feet added to the warehouse market in the fourth quarter. Existing warehouse space became occupied in Springdale, while some became vacant in Bentonville, Fayetteville, Lowell, and Rogers resulting in a negative net absorption of 21,428 square feet in Northwest Arkansas. Reported warehouse vacancy rates declined in Lowell and Siloam Springs, and increased in Bentonville, Fayetteville, Rogers, and Springdale in the fourth quarter in accordance with absorption.

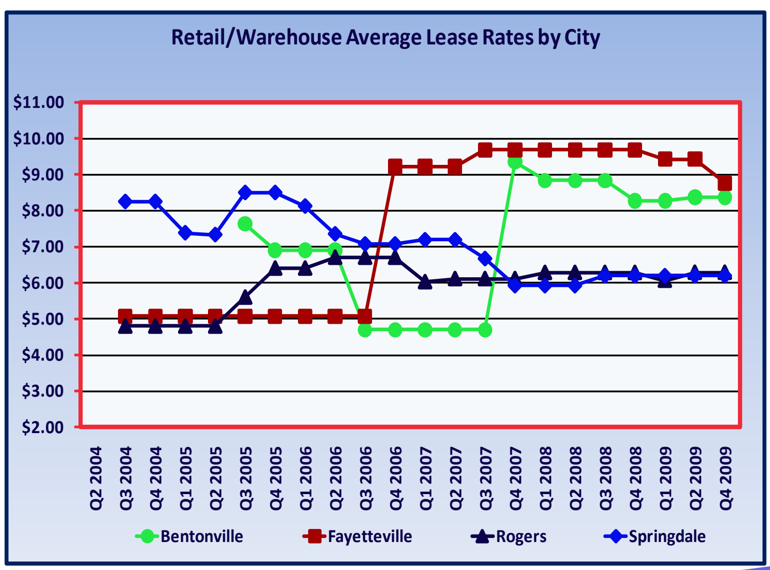
The average reported warehouse lease rates in Bentonville increased to $6.39 continuing to be the most expensive lease rates in Northwest Arkansas. On the other hand, Fayetteville and Springdale reported average lease rates declined slightly while Rogers average lease rates remained the same.

Office/Warehouse

The Skyline Report panelists reported on more than 3.4 million square feet of office/warehouse space in the fourth quarter. The vacancy rate in the office/warehouse submarket increased from 15.4percent in the second quarter to 16.1 percent in the fourth quarter of 2009 in Northwest Arkansas, with 554,461 total square feet available in the fourth quarter. No new space entered the market during the fourth quarter of 2009.







Other Categories

The activity in the office/warehouse submarket in the fourth quarter was concentrated in Bentonville, Fayetteville, Rogers, and Springdale. About 3,000 square feet of office/warehouse space became occupied in Bentonville and 1,700 square feet became occupied in Springdale About 4,600 square feet became vacant in Fayetteville and 14,000 square feet became vacant in Rogers, netting a negative absorption of 13,900 square feet in Northwest Arkansas.

Average reported office/warehouse lease rates in Northwest Arkansas were constant during the fourth quarter of 2009. Only Rogers average reported lease rates declined slightly.

Retail/Warehouse

The Skyline Report panelists reported on 745,849 square feet of retail/warehouse space in the fourth quarter of 2009. The vacancy rate in the retail/warehouse submarket remained constant at 21.2 percent in the fourth quarter. A total of 158,035 square feet were available in Northwest Arkansas in the fourth quarter. From the second quarter to the fourth quarter of 2009, there was a positive absorption of 5,540 square feet in the Lowell retail/warehouse market, while 5,600 feet became vacant in Fayetteville. There was no other activity in the retail/warehouse submarket in Northwest Arkansas.

The retail/warehouse average reported lease rates in Fayetteville declined during the fourth quarter, while remaining constant in other cities.

Other Lease Rates Average Range by City

	Warehouse	Office/ Warehouse	Retail/ Warehouse
Bentonville	$5.81 - $6.96	$10.66 - $12.24	$7.94 - $8.80
Fayetteville	$3.24 - $3.36	$6.13 - $6.13	$8.01 - $9.51
Rogers	$4.10 - $4.23	$5.67 - $6.02	$6.27 - $6.30
Springdale	$3.77- $4.19	$5.22 - $7.30	$5.57 - $6.82

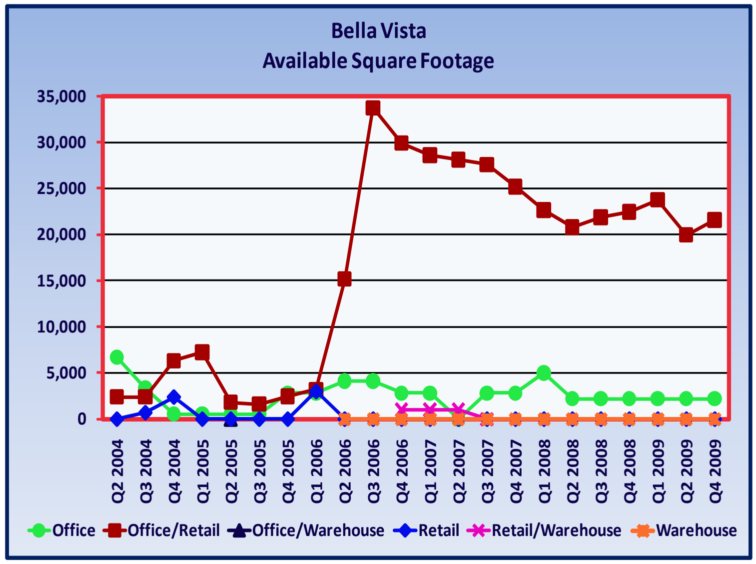
Other Space Characteristics by Class and City

Warehouse	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Bentonville	495,868	77,940	15.7%	-2,140	0	-2,140	--
Fayetteville	1,080,468	320,556	29.7%	-21,500	0	-21,500	--
Rogers	2,141,147	589,025	27.5%	-8,183	0	-8,183	--
Springdale	1,784,730	628,044	35.2%	8,145	0	8,145	462.6
Office/Warehouse							
Bentonville	1,240,655	145,230	11.7%	3,000	0	3,000	290.5
Fayetteville	102,326	91,326	89.3%	-4,600	0	-4,600	--
Rogers	474,552	103,206	21.7%	-14,000	0	-14,000	--
Springdale	1,297,403	140,692	10.8%	1,700	0	1,700	496.6
Retail/Warehouse							
Bentonville	69,056	12,498	18.1%	0	0	0	--
Fayetteville	70,580	20,757	29.4%	-5,600	0	-5,600	--
Rogers	87,209	41,280	47.3%	0	0	0	--
Springdale	425,124	69,300	16.3%	0	0	0	--

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

Bella Vista

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 329,974 square feet of commercial space in the third and fourth quarters of 2009.
- In the last two quarters of 2009, Bella Vista experienced negative net absorption of 1,600 square feet in the Class B office/retail submarket.
- There was no new space added to the Bella Vista commercial market in the last six months of 2009.
- Reported vacancy rates increased in the office/retail submarket, while staying constant in all other submarkets in Bella Vista from the second quarter to the fourth quarter of 2009 in accord with absorption.
- Reported average lease rates in Bella Vista in the fourth quarter of 2009 remained consistent with the rates in the second quarter.

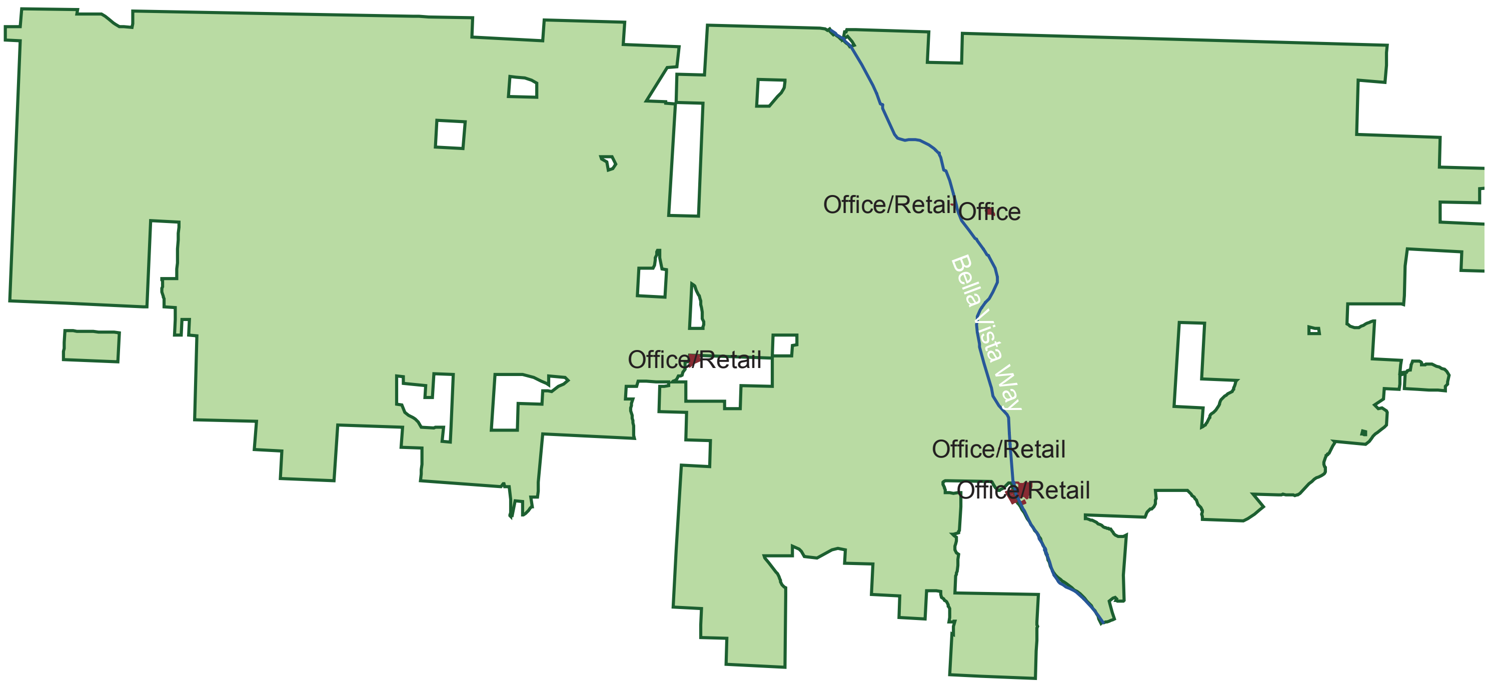


Bella Vista Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[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	278,934	21,570	7.7%	-1,600	0	-1,600	--
Class A	--	--	--	--	--	--	--	--
Class B	$9.98 - $12.30	278,934	21,570	7.7%	-1,600	0	-1,600	--
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 Q4 2009 respondents
[2]From Q4 2009 respondents who were also Q2 2009 respondents

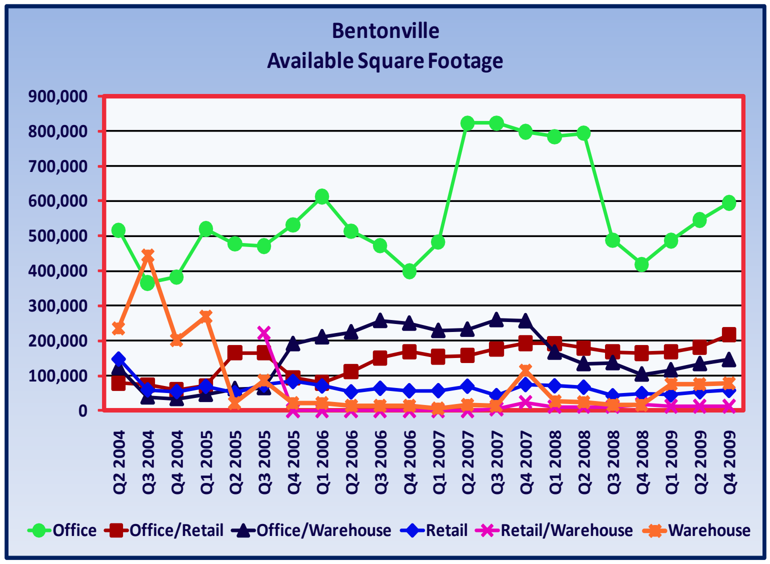
Bella Vista



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

Bentonville

- From June to November 2009, Bentonville issued $3,336,498 worth of buillding permits worth of new commercial space. The second half of 2009 value was much less greater than the first half of 2009 value o$33,515,745 and the second half of 2008 value of $7,598,329. Bentonville accounted for 55.0 percent of the commercial permits issued in Northwest Arkansas.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,312,401 square feet of commercial space in the third and fourth quarters of 2009.
- In the last two quarters of 2009, Bentonville experienced negative net absorption and increased vacancy rates overall.
- There was positive net absorption in the office/warehouse and retail submarkets in the last two quarters in Bentonville. Meanwhile, there was no activity in the industrial and retail/warehouse submarkets.
- There were 3,520 square feet of Class B office space, 14,000 square feet of Class B office/retail space, and 5,000 square feet of Class B retail space added to the Bentonville commercial market in the last six months of 2009.
- Reported vacancy rates from the second to the fourth quarter of 2009 increased in the office, office/retail, office/warehouse, retail, and warehouse submarkets while they remained constant in the retail/warehouse submarket. It should be noted that Bentonville office vacancy rate does not change and remains equal 17.6 percent even when accounting for Bentonville Plaza.
- Average reported lease rates increased over the past six months for the Class B office retail by $0.25, Class B retail by $0.19, Class C retail by $0.11, and Warehouse rates by $0.45. During the past six months there was a decline in



Bentonville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[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	$14.43 - $15.02	3,120,043	594,304	19.0%	-31,706	3,520	-35,226	--
Class A	$17.86 - $18.86	376,755	52,074	13.8%	20,769	0	20,769	15.0
Class B	$14.20 - $14.71	2,518,216	501,380	19.9%	-47,350	3,520	-50,870	--
Class C	$6.00 - $7.00	12,036	5,633	46.8%	-3,125	0	-3,125	--
Medical	$16.55 - $17.91	213,036	35,217	16.5%	-2,000	0	-2,000	--
Office/Retail	$12.02 - $13.41	890,968	216,913	24.3%	-11,690	14,000	-25,690	--
Class A	$15.67 - $18.33	56,307	10,300	18.3%	-2,000	0	-2,000	--
Class B	$12.50 - $13.85	689,563	189,265	27.4%	-10,890	14,000	-24,890	--
Class C	$8.84 - $9.96	145,098	17,348	12.0%	1,200	0	1,200	86.7
Office/Warehouse	$10.66 - $12.24	1,240,655	145,230	11.7%	3,000	0	3,000	290.5
Retail	$13.39 - $14.02	409,355	58,046	14.2%	7,989	5,000	2,989	116.5
Class A	$15.50 - $19.50	39,534	6,984	17.7%	0	0	0	--
Class B	$14.23 - $14.71	255,277	33,237	13.0%	6,649	5,000	1,649	120.9
Class C	$11.40 - $11.94	114,544	17,825	15.6%	1,340	0	1,340	79.8
Retail/Warehouse	$7.94 - $8.80	69,056	12,498	18.1%	0	0	0	--
Warehouse	$5.81 - $6.96	495,868	77,940	15.7%	-2,140	0	-2,140	--

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

Class A office by $0.36, Class B office by $0.16, Medical office by $0.93, Class C office/retail by $0.05, and office/warehouse by $0.01. All other average reported lease rates remained unchanged.

Downtown Bentonville

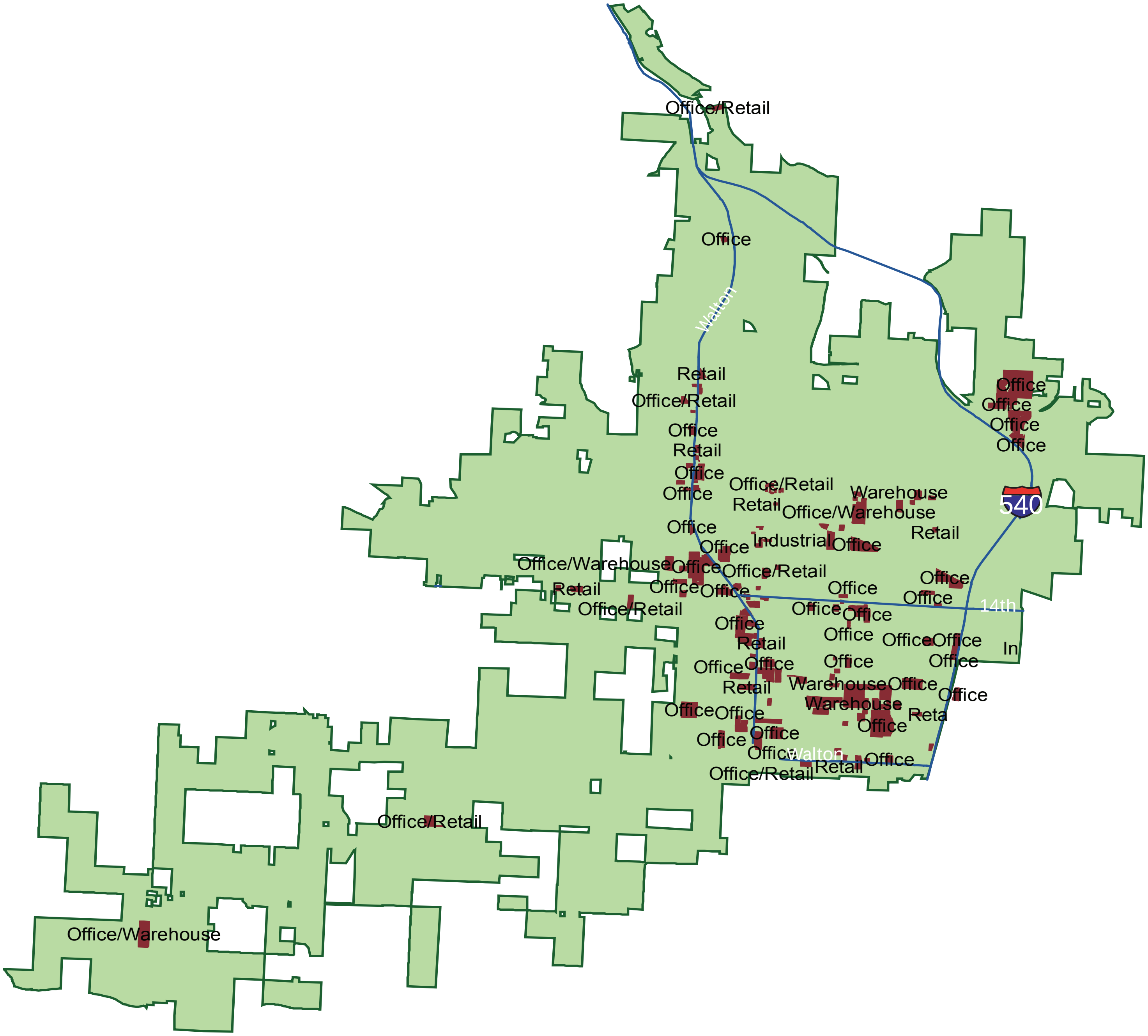
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 179,580 square feet of office, office/retail, and retail space in downtown Bentonville in the third and fourth quarters of 2009.
- The office space in downtown Bentonville had a reported vacancy rate of 10.3 percent in the fourth quarter, an increase from 4.1 percent in the second quarter. This quarter vacancy rate was much lower than the overall office vacancy rate of 19.0 percent for all of Bentonville.
- The office/retail space in downtown Bentonville had a reported vacancy rate of 2.7 percent, a decrease from the second quarter, while the retail vacancy rate remained consistent with the second quarter. The office/retail and retail vacancy rates for downtown Bentonville properties were also lower than those for all of Bentonville during the fourth quarter.
- There was a positive net absorption of 1,200 square feet of office/retail space in downtown Bentonville from the second quarter to the fourth quarter of 2009. The retail submarket experienced no absorption in downtown Bentonville.
- There was 3,520 square feet of new office space added to the downtown Bentonville commercial market in the last six months of this year.
- In downtown Bentonville, average office, office/retail, and retail reported lease rates remained unchanged durng the past six months. Average reported lease rates were lower for the office, office/retail, and retail space in downtown Bentonville than the city average by $1.94, $1.97, and $2.01, respectively.

Downtown Bentonville Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$12.20 - $13.35	58,305	6,020	10.3%	0	3,520	-3,520	--
Office/Retail	$9.83 - $11.67	85,950	2,350	2.7%	1,200	0	1,200	11.8
Retail	$11.45 - $11.95	35,325	3,818	10.8%	0	0	0	--

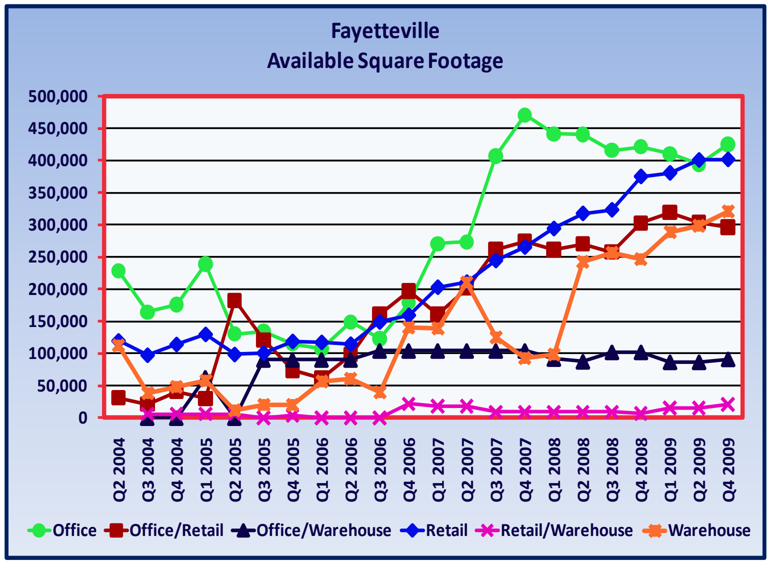
[1]From all Q4 2009 respondents
[2]From Q4 2009 respondents who were also Q2 2009 respondents

Bentonville



Fayetteville

- From June to November 2009, Fayetteville issued building permits for $12,409,242 worth of new commercial space. The last two quarters of 2009 value was 160 percent greater than the first two quarters of 2009 value of $4,172,611 and 22.4 percent greater than the last two quarters of 2008 value of $10,137,283.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 8,189,213 square feet of commercial space in the third and fourth quarters of 2009.
- In the last two quarters of 2009, Fayetteville experienced negative net absorption overall. There was positive net absorption in the office/retail and retail submarkets. However, there was negative net absorption in the lab, office, office/warehouse, retail/warehouse and warehouse submarkets.
- A total of 26,620 square feet of new commercial space entered the Fayetteville market in the last six months of 2009 in the office and retail submarkets.



- Observed vacancy rates in Fayetteville from the second to the fourth quarter of 2009 increased in the lab, office, office/warehouse, retail/warehouse, and warehouse submarkets, while declining in the retail and office/retail submarkets in accord with absorption.
- Average reported lease rates increased in the past six months for the Class C and Medical office space, Class A and C office/retail,and Class C retail by $0.13, $0.04, $0.13, $0.04, and $0.23 respectively. Average reported lease rates decreased in the past six months for the Class B office, Class B office/retail, Class A and B retail, warehouse, and retail/warehouse by $0.10.

Fayetteville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Lab	$19.75 - $19.75	10,603	1,450	13.7%	-1,450	0	-1,450	--
Industrial	$3.20 - $3.50	17,000	17,000	100.0%	0	0	0	--
Office	$14.07 - $15.38	2,271,420	425,245	18.7%	-14,157	4,000	-18,157	--
Class A	$19.17 - $22.28	416,882	74,654	17.9%	12,139	0	12,139	36.9
Class B	$13.69 - $14.75	1,112,206	268,585	24.1%	-26,130	4,000	-30,130	--
Class C	$10.14 - $10.60	189,492	21,884	11.5%	-166	0	-166	--
Medical	$15.45 - $17.16	552,840	60,122	10.9%	0	0	0	--
Office/Retail	$12.92 - $14.39	1,459,569	296,394	20.3%	7,642	0	7,642	232.7
Class A	$18.79 - $20.96	140,776	83,396	59.2%	3,100	0	3,100	161.4
Class B	$13.31 - $14.70	959,847	181,198	18.9%	8,621	0	8,621	126.1
Class C	$10.81 - $12.25	358,946	31,800	8.9%	-4,079	0	-4,079	--
Office/Warehouse	$6.13 - $6.13	102,326	91,326	89.3%	-4,600	0	-4,600	--
Retail	$12.91 - $13.89	3,177,247	401,576	12.6%	27,944	22,620	5,324	452.6
Class A	$18.48 - $21.02	1,838,516	160,298	8.7%	15,738	0	15,738	61.1
Class B	$14.37 - $15.28	962,140	155,302	16.1%	24,270	22,620	1,650	564.7
Class C	$9.28 - $9.69	376,591	85,976	22.8%	-12,064	0	-12,064	--
Retail/Warehouse	$8.01 - $9.51	70,580	20,757	29.4%	-5,600	0	-5,600	--
Warehouse	$3.24 - $3.36	1,080,468	320,556	29.7%	-21,500	0	-21,500	--

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

Fayetteville

$0.22, $0.09, $0.08, $0.02, and $0.67 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 757,532 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street area in the third and fourth quarters of 2009.
- There was positive absorption of 8,100 square feet of office/retail space and 14,627 square feet of retail space in the last two quarters of 2009.
- There was no new commercial space added in downtown Fayetteville during the last six months of 2009.
- The office space in downtown Fayetteville had a reported vacancy rate of 29.2 percent in the fourth quarter, consistent with the second quarter of 2009. This was higher than the overall Fayetteville office vacancy rate of 18.7 percent.
- The office/retail vacancy rate for downtown Fayetteville properties had an decreased vacancy rate of 34.6 percent. This compares to 20.3 percent in the same submarket for all of Fayetteville during the fourth quarter.
- The downtown Fayetteville retail vacancy rate was reduced to zero with the absorption of all available retails space, compared to the Fayetteville average of 12.6 percent.
- Average reported lease rates in downtown Fayetteville were unchanged in the office and retail submarkets, while decreasing by $0.21 in the office/retail submarket. Compared to the city average reported lease rates, the downtown area rates were $2.18 higher in the office/retail submarket and lower by $0.76 and $3.06 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 3,367,772 square feet of office, office/retail, and retail space in the Northwest Arkansas Mall Area/Joyce Street Corridor in the third and fourth quarters of 2009.
- There was negative net absorption of 5,193 square feet of office space during the last two quarters of 2009 in the Northwest Arkansas Mall Area/Joyce Street Corridor. There was positive net absorption of 7,000 square feet and of 5,611 square feet in the office/retail and retail submarkets, respectively.
- There were 16,620 square feet of office space added to the north Fayetteville commercial market in the last six months of 2009 in the office and retail submarkets.
- The office space in north Fayetteville had a reported vacancy rate of 17.2 percent in the fourth quarter. This was higher than the second quarter vacancy rate of 16.8 percent, however, lower than the overall office vacancy rate for Fayetteville of 18.7 percent.
- The fourth quarter office/retail vacancy rate in north Fayetteville decreased to 29.5 percent from 34.7 percent in the second quarter, however, remained higher than the city average office/retail vacancy rate of 20.3 percent.

Fayetteville Downtown/Dickson Street Area Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$12.43 - $15.50	363,029	105,855	29.2%	0	0	0	--
Office/Retail	$15.16 - $16.50	322,255	111,638	34.6%	8,100	0	8,100	82.7
Retail	$8.97 - $11.72	72,248	0	0.0%	14,627	0	14,627	0.0

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

Fayetteville

- The fourth quarter retail vacancy rate for north Fayetteville properties decreased to 11.3 percent from 11.6 percent in the second quarter, but remained lower than the city average of 12.6 percent.
- Average reported lease rates in the office and retail markets saw decreases of $0.09 and $0.13, respectively, while the office/retail submarket lease rates remained constant. 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 $1.36, $3.25, and $5.43, respective-

Martin Luther King, Jr. Boulevard Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 417,756 square feet of office, office/retail, and retail space in the MLK Boulevard Corridor in the third and fourth quarters of 2009.
- There were 10,000 square feet of new retail commercial space added to southwest Fayetteville in the last six months of 2009.
- The MLK Boulevard Corridor of Fayetteville experienced a negative net absorption of 3,365 square feet of office space, 7,300 square feet of office/retail space, and 4,000 square feet of retail space in the last two quarters of 2009.
- The office space in southwest Fayetteville had a reported vacancy rate of 68.6 percent in the fourth quarter of 2009, an increase from the second quarter value of 53.8 percent. This was much higher than the overall office vacancy rate of 18.7 percent for Fayetteville during the fourth quarter.
- From the second quarter to the fourth quarter of 2009, office/retail vacancy rate increased from 30.0 percent to 35.3 percent, and was higher in southwest Fayetteville than the city average rate of 20.3 percent.
- The vacancy rates for retail space decreased to 24.1 percent in the fourth quarter from 32.7 percent in the second quarter, but remained higher than the 12.6 percent retail vacancy rates for all of Fayetteville.
- Average reported lease rates for office and office/retail space remained constant in southwest Fayetteville over the past six months. The retail submarket showed an increase of $0.09 during this period. Reported lease rates for office, office/retail, and retail space averaged $1.28, $0.43, and $0.05 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 Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$15.53 - $16.63	1,223,551	210,407	17.2%	-1,193	4,000	-5,193	--
Office/Retail	$16.53 - $17.28	134,547	39,677	29.5%	7,000	0	7,000	34.0
Retail	$18.34 - $19.31	2,009,674	226,409	11.3%	18,231	12,620	5,611	242.1

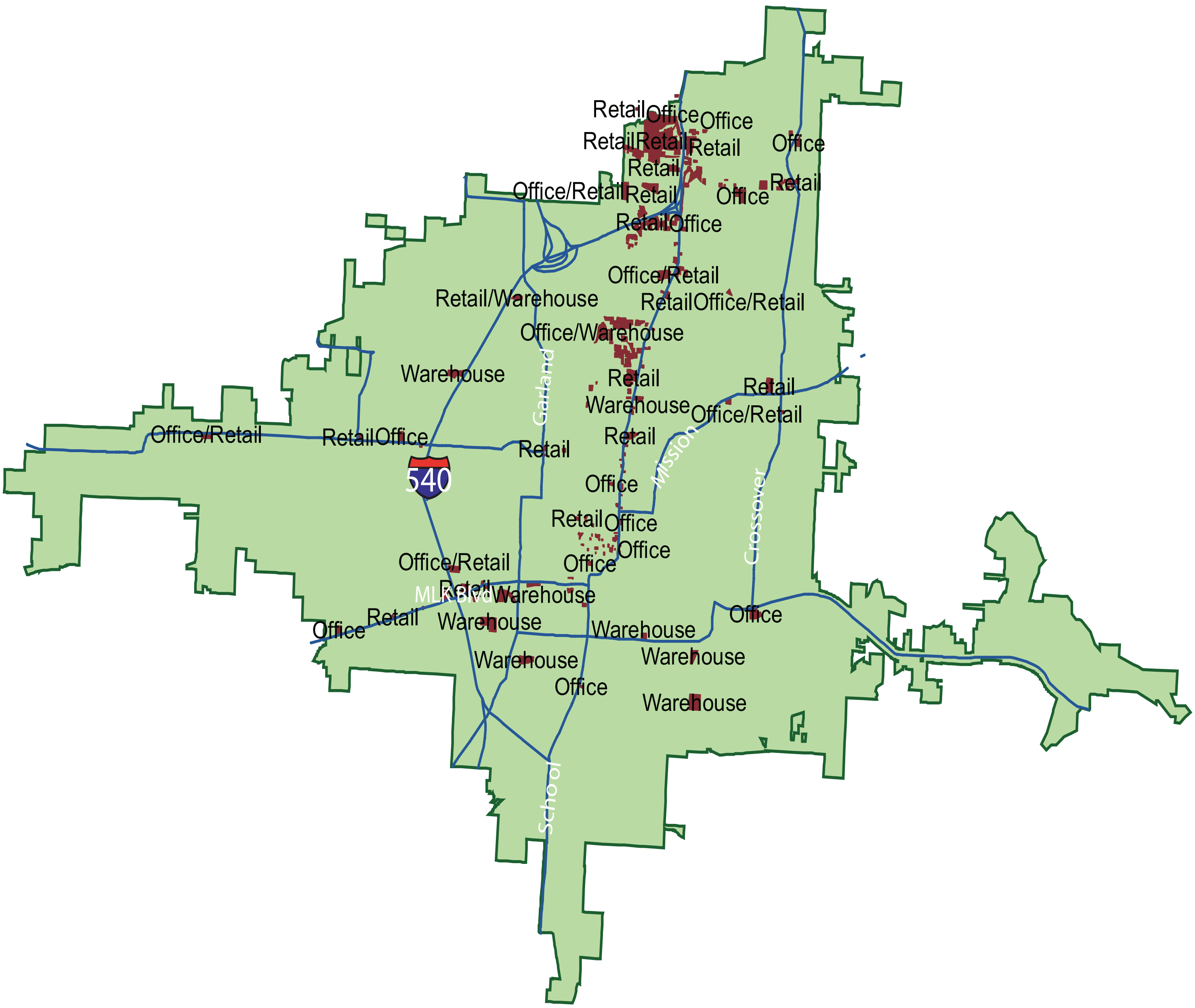
[1]From all Q4 2009 respondents
[2]From Q4 2009 respondents who were also Q2 2009 respondents

Fayetteville MLK Boulevard Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$12.00 - $20.00	22,725	15,595	68.6%	-3,365	0	-3,365	--
Office/Retail	$12.68 - $15.49	137,200	48,500	35.3%	-7,300	0	-7,300	--
Retail	$12.95 - $13.95	257,831	62,182	24.1%	6,000	10,000	-4,000	--

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

Fayetteville



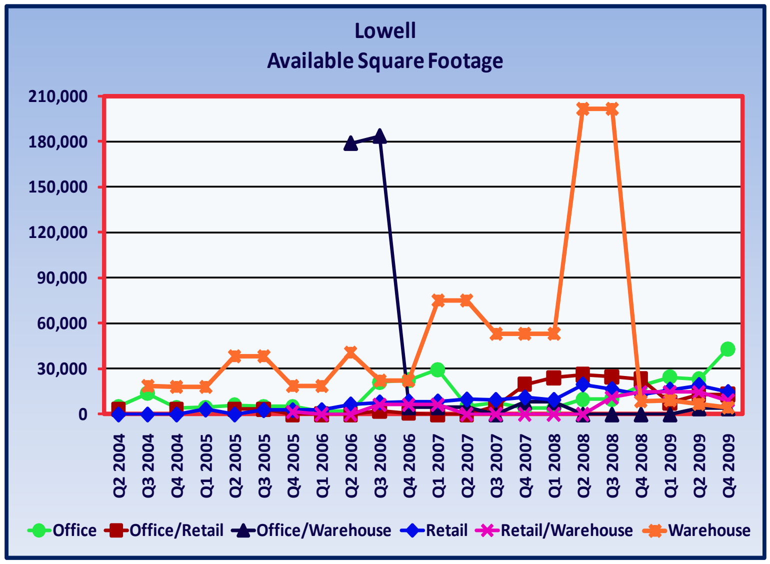
Lowell

- From June to November 2009, Lowell issued $330,803 in building permits for new commercial space. This is 81.8 percent lower than the building permits issued in the first half of 2009 and also significantly lower than the second half of 2008 value of $1,019,000.

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,381,320 square feet of Lowell commercial space in the third and fourth quarters of 2009.

- In the last two quarters of 2009, Lowell experienced negative net absorption overall. There was positive net absorption in the retail, retail/warehouse, and warehouse submarkets, while there was negative net absorption in the office submarket. There was no activity in the other submarkets in Lowell.

- There was no new space added in Lowell in the last six months of 2009.



- Reported vacancy rates declined in the retail, retail/warehouse, and warehouse submarkets, while increasing in the office submarket from the second to the fourth quarter of 2009 in accord with absorption.

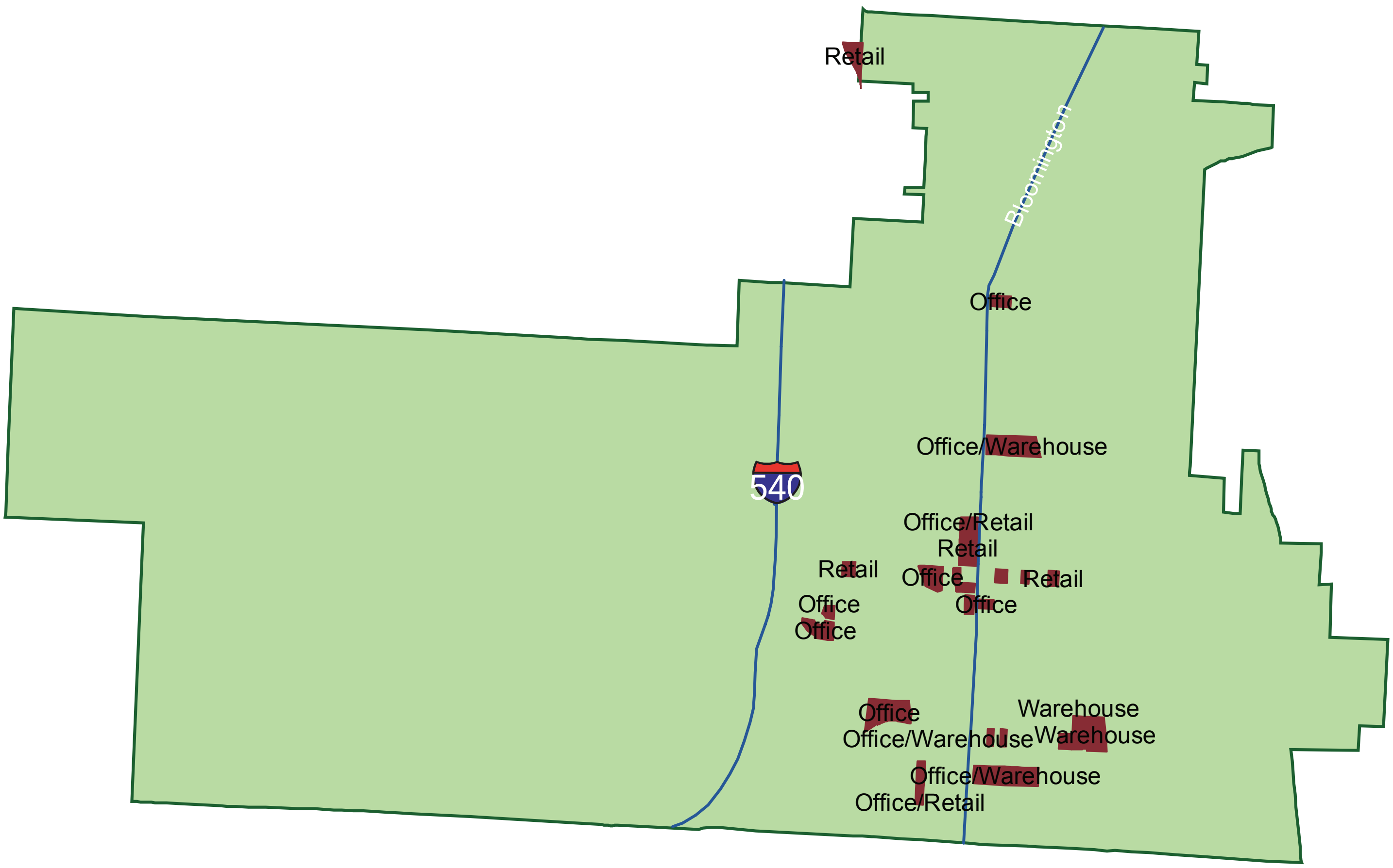
- Reported average lease rates for the Class A office submarket increased by $0.17. All other submarket average lease rates remained the same.

Lowell Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	--	--	--	--	--	--	--	--
Office	$15.80 - $16.63	274,102	43,100	15.7%	-20,000	0	-20,000	--
Class A	$18.17 - $19.50	111,552	20,000	17.9%	-20,000	0	-20,000	--
Class B	$14.10 - $14.85	122,550	23,100	18.8%	0	0	0	--
Class C	--	--	--	--	--	--	--	--
Medical	$24.00 - $24.00	40,000	0	0.0%	0	0	0	0.0
Office/Retail	$9.97 - $10.72	65,470	12,910	19.7%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	$11.93 - $12.93	48,310	12,910	26.7%	0	0	0	--
Class C	$4.08 - $4.08	17,160	0	0.0%	0	0	0	0.0
Office/Warehouse	$7.21 - $7.61	220,065	4,000	1.8%	0	0	0	--
Retail	$13.13 - $16.29	126,295	14,600	11.6%	4,600	0	4,600	19.0
Class A	--	50,000	0	0.0%	0	0	0	0.0
Class B	$13.13 - $16.29	76,295	14,600	19.1%	4,600	0	4,600	19.0
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	$11.33 - $11.33	38,200	9,000	23.6%	5,540	0	5,540	9.7
Warehouse	$3.58 - $3.58	657,188	4,500	0.7%	2,250	0	2,250	12.0

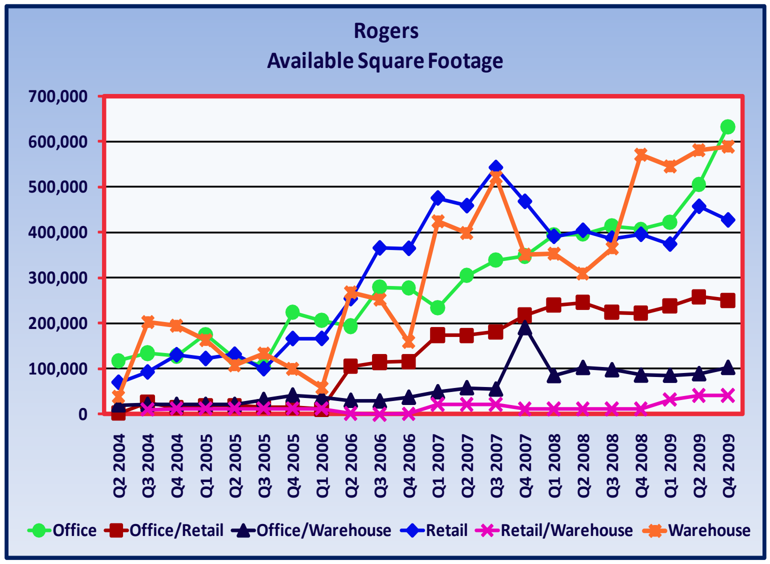
[1]From all Q4 2009 respondents
[2]From Q4 2009 respondents who were also Q2 2009 respondents

Lowell


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

Rogers

- From June to November 2009, Rogers issued building permits for $77,000 worth of new commercial space. The fourth quarter 2009 value is 99.4% lower than the first half of 2009 value of $2,045,000 and significantly lower than the second half of 2008 value of $13,991,275.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 8,436,712 square feet of commercial space in the third and fourth quarters of 2009.
- In the last two quarters of 2009, Rogers experienced positive net absorption in the office/retail and retail submarkets and experienced negative net absorption in the office, office/warehouse, and warehouse submarkets. There was no activity in the lab, industrial, or retail/warehouse submarkets during the last two quarters.
- There was no new commercial space added to the Rogers market in the last six months of 2009.
- Reported vacancy rates increased in the office, office/warehouse, and warehouse submarkets from the second to the fourth quarter of 2009, while decreasing in the office/retail and retail submarkets.
- Average reported lease rates declined over the past six months for Class A office by $0.02, Class B office by $0.14, Class C office by $0.28, Medical office by $0.39, Class A office/retail by $2.13, Class C office/retail by $0.78, Class A retail by $0.72, Class B retail by $0.70, Class C retail by $0.15, and office/warehouse by $0.17. All other reported average lease rates remained almost unchanged.



Rogers Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Lab	$3.48 - $3.48	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	$14.54 - $15.78	2,205,948	632,674	28.7%	-81,727	0	-81,727	--
Class A	$18.27 - $20.53	1,293,377	360,292	27.9%	-47,750	0	-47,750	--
Class B	$13.44 - $14.09	501,440	126,169	25.2%	-22,669	0	-22,669	--
Class C	$8.51 - $9.56	122,042	43,194	35.4%	-5,000	0	-5,000	--
Medical	$14.15 - $14.81	289,089	103,019	35.6%	-6,308	0	-6,308	--
Office/Retail	$10.17 - $12.20	768,865	250,928	32.6%	4,203	0	4,203	358.2
Class A	$19.25 - $21.13	133,982	53,621	40.0%	0	0	0	--
Class B	$10.20 - $11.70	383,443	112,875	29.4%	1,600	0	1,600	423.3
Class C	$7.35 - $9.87	251,440	84,432	33.6%	2,603	0	2,603	194.6
Office/Warehouse	$5.67 - $6.02	474,552	103,206	21.7%	-14,000	0	-14,000	--
Retail	$11.20 - $12.98	2,466,861	426,935	17.3%	43,876	0	43,876	58.4
Class A	$17.41 - $20.32	1,584,188	274,710	17.3%	7,801	0	7,801	211.3
Class B	$9.99 - $12.30	550,919	83,897	15.2%	33,875	0	33,875	14.9
Class C	$8.62 - $8.96	331,754	68,328	20.6%	2,200	0	2,200	186.3
Retail/Warehouse	$6.27 - $6.30	87,209	41,280	47.3%	0	0	0	--
Warehouse	$4.10 - $4.23	2,141,147	589,025	27.5%	-8,183	0	-8,183	--

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

Rogers

Downtown Rogers

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 598,179 square feet of office, office/retail, and retail space in downtown Rogers in the third and fourth quarters of 2009.
- There was positive net absorption of 2,403 square feet of office space and no absorption in the office/retail and retail markets in downtown Rogers from the last two quarters of 2009.
- No new commercial space was added to downtown Rogers in the last six months of 2009.
- The office space in downtown Rogers had a average vacancy rate of 24.6 percent in the fourth quarter, a decrease from 30.2 in the second quarter. The downtown vacancy rate was lower than the overall average office vacancy rate for Rogers, which was 28.7 percent during the same period.
- The office/retail submarket experienced a decrease in the vacancy rate to 49.6 percent from the second quarter rate of 75.6 percent in the downtown area, due to an increase in the reported square footage. This compares to a vacancy rate of 32.6 percent for all of Rogers.
- The average retail vacancy rate for downtown Rogers properties from the second to the fourth quarter of 2009 remained at 13.7 percent, but was still lower than 17.3 percent average rate for all of Rogers.
- Average reported lease rates for downtown Rogers increased for the office/retail submarket by \$0.07. Others remained constant over the past six months. As compared to the city of Rogers, average reported lease rates in downtown were lower by \$3.88, \$3.82, and \$0.23 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 3,061,630 square feet of office, office/retail, and retail space along the Rogers I-540 corridor in the third and fourth quarters of 2009.
- There was negative net absorption of 74,455 square feet of office space, and positive net absorption of 41,817 square feet of retail space along the Rogers I-540 corridor in the last two quarters.
- No new commercial space was added to the Rogers I-540 corridor submarket in the last six months of 2009.
- The office space along the Rogers I-540 corridor had a reported average vacancy rate of 26.9 percent in the fourth quarter, an increase from the second quarter value of 20.0 percent. This was lower than the overall average office vacancy rate for all of Rogers at 28.7 percent.
- The office/retail submarket experienced an increase in the vacancy rate to 47.0 percent from the second quarter rate of 38.1 percent in the Rogers I-540 corridor. This compares to a vacancy rate of 32.6 percent for all of Rogers.
- The average retail vacancy rate for Rogers I-540 corridor properties from the second to the fourth quarter of 2009 decreased to 20.5 percent from 22.5 percent, but was still higher than 17.3 percent average rate for all of Rogers.
- The Rogers I-540 corridor saw a decline in average reported lease rates for office space by \$1.01, office/retail space by \$2.58, and retail space by \$0.70 over the past six months. Compared to the city average, the average reported office lease rates were \$2.39 higher, office/retail rates were \$8.82 higher, and retail lease rates were \$3.23 higher.

Rogers Downtown Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	\$10.27 - \$12.29	42,713	10,500	24.6%	2,403	0	2,403	26.2
Office/Retail	\$6.10 - \$8.63	90,116	44,697	49.6%	0	0	0	--
Retail	\$11.53 - \$12.19	465,350	63,689	13.7%	0	0	0	--

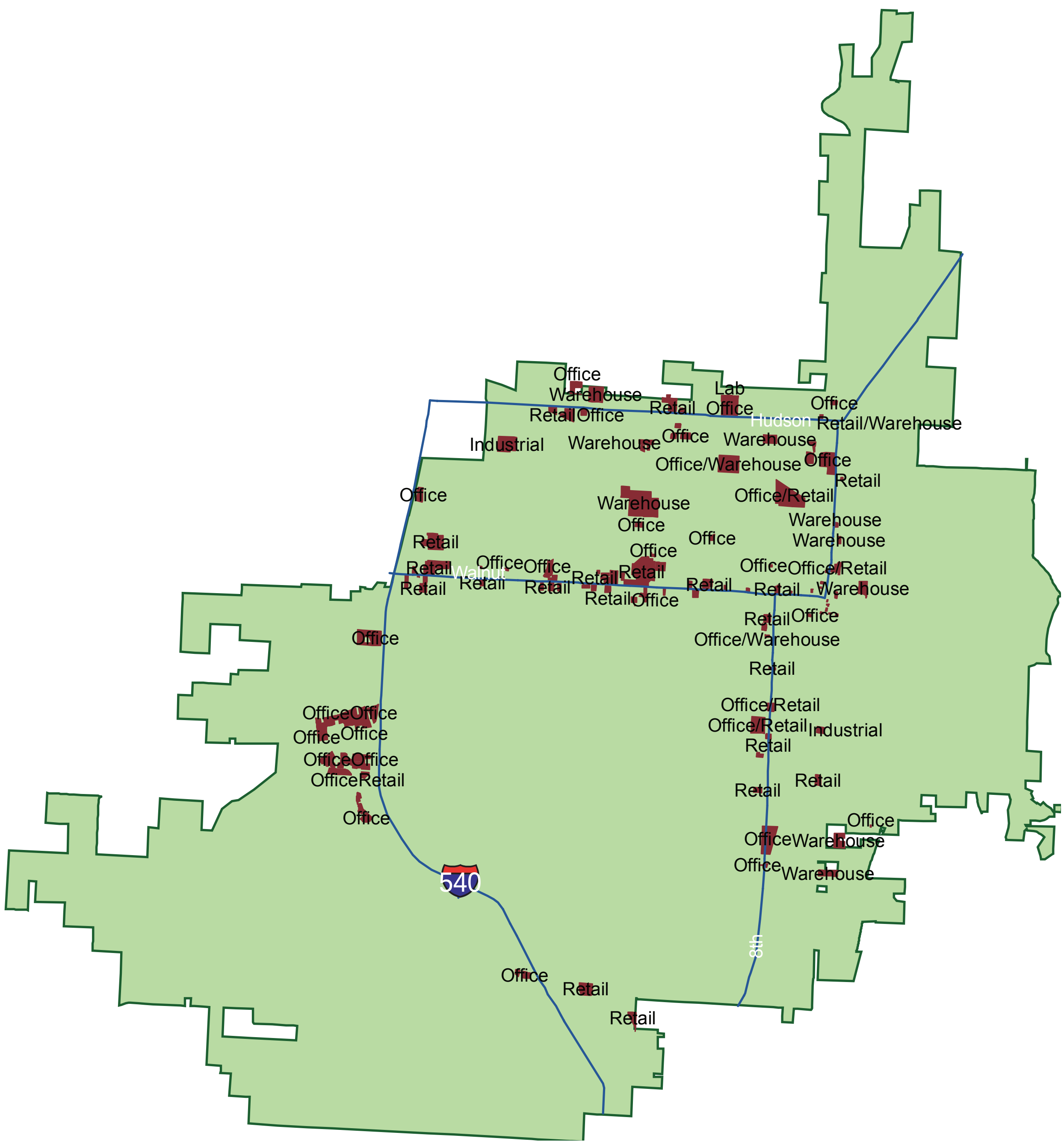
[1]From all Q4 2009 respondents
[2]From Q4 2009 respondents who were also Q2 2009 respondents

Rogers

Rogers Interstate 540 Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$16.81 - $18.29	1,435,857	385,765	26.9%	-74,455	0	-74,455	--
Office/Retail	$19.17 - $20.83	110,656	52,021	47.0%	0	0	0	--
Retail	$13.62 - $17.01	1,515,117	310,547	20.5%	41,817	0	41,817	44.6

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



Siloam Springs

- From June to November 2009, Siloam Springs issued building permits for $215,000 worth of new commercial space. This is 46.3% less than the first half of 2009 value of $400,000. This is also 78.6% less than the June to November 2008 value of $1,006,596.

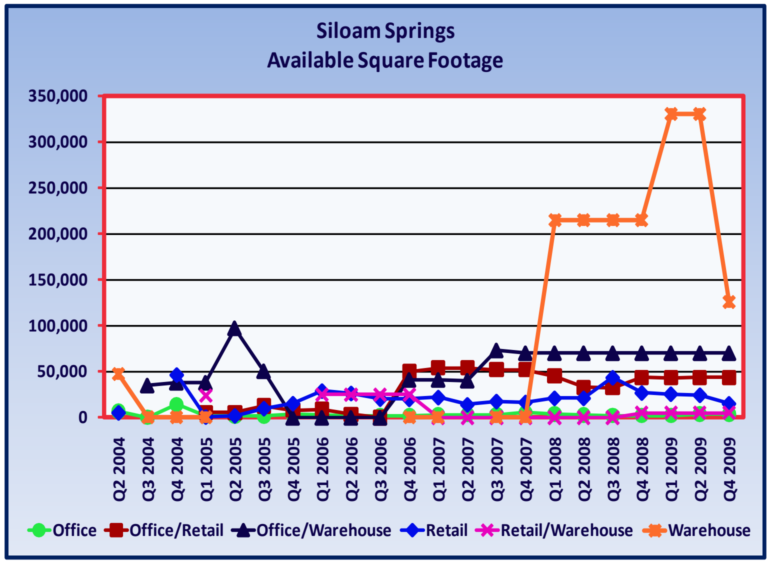
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 901,629 square feet of commercial space for Siloam Springs in the third and fourth quarters of 2009.

- In the last two quarters of 2009, Siloam Springs experienced positive net absorption of 9,268 square feet in the retail submarket. There was no other activity in Siloam Springs submarkets in the last two quarters.

- There was no new commercial space added in Siloam Springs in the last six months.

- Following net absorption, vacancy rates from the second to the fourth quarter of 2009 declined in the retail submarket. The vacancy rates increased in the warehouse submarket, due to the increase in the total reported space, and remained unchanged in all other submarkets. The elimination of industrial space is due to the property becoming owner-occupied.

- Average reported lease rates declined for Class B office/retail by $0.34. Average reported lease rates increased for warehouse by $1.50. All other reported lease rates remained unchanged in Siloam Springs.

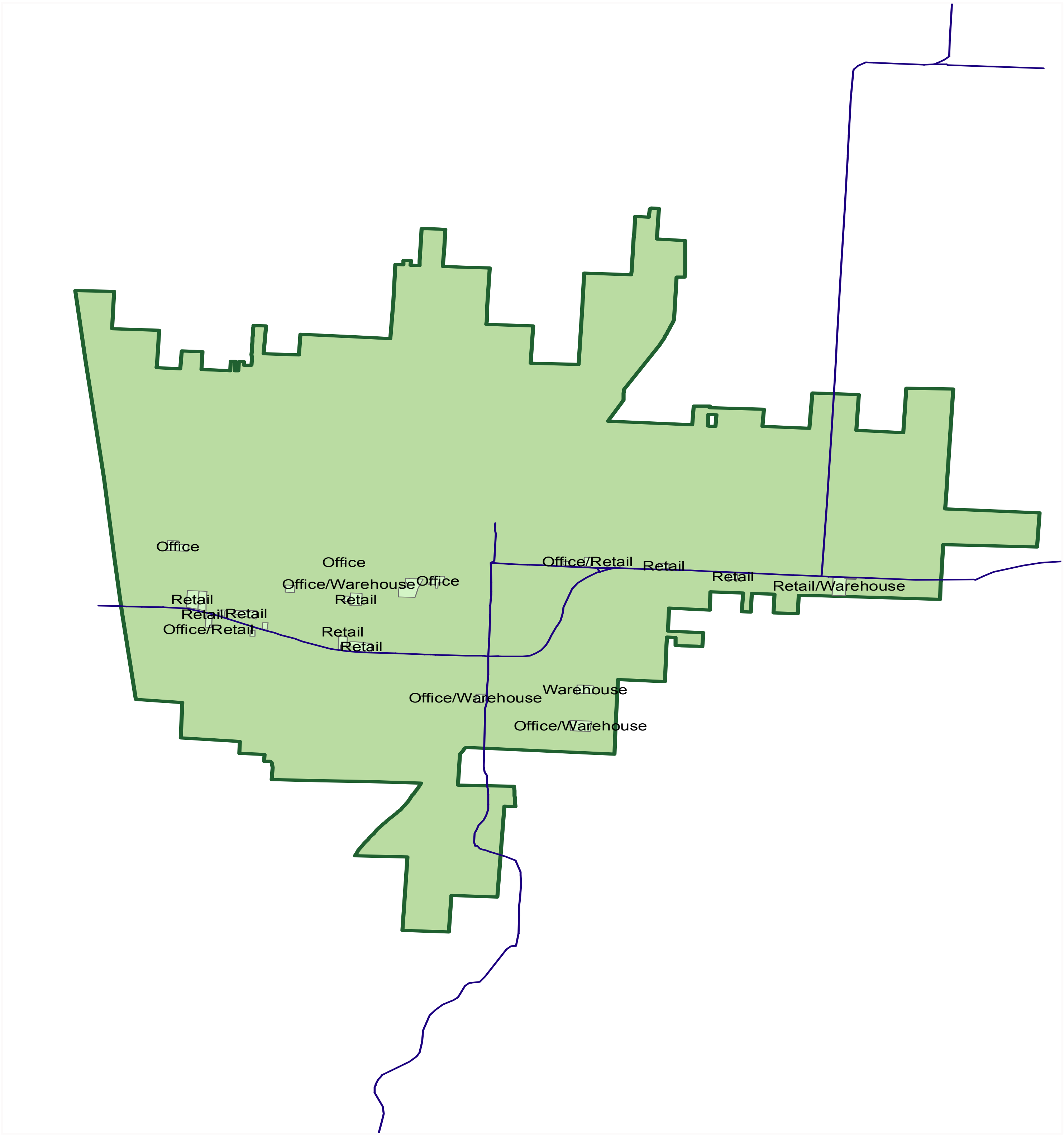


Siloam Springs Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	--	--	--	--	--	--	--	--
Office	$10.70 - $11.86	82,232	3,873	4.7%	0	0	0	--
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	$13.84 - $14.34	71,032	3,729	5.2%	0	0	0	--
Office/Retail	$7.80 - $9.64	147,200	43,724	29.7%	0	0	0	--
Class A	$13.00 - $18.00	54,000	24,564	45.5%	0	0	0	--
Class B	$9.14 - $9.94	71,790	12,450	17.3%	0	0	0	--
Class C	$4.49 - $7.09	21,410	6,710	31.3%	0	0	0	--
Office/Warehouse	$3.12 - $3.12	106,441	70,007	65.8%	0	0	0	--
Retail	$8.87 - $9.54	297,106	15,268	5.1%	9,268	0	9,268	9.9
Class A	--	--	--	--	--	--	--	--
Class B	$10.16 - $10.64	155,222	11,300	7.3%	9,868	0	9,868	6.9
Class C	$6.71 - $7.71	141,884	3,968	2.8%	-600	0	-600	--
Retail/Warehouse	$5.53 - $5.53	55,680	5,200	9.3%	0	0	0	--
Warehouse	$3.50 - $3.50	212,970	125,508	58.9%	0	0	0	--

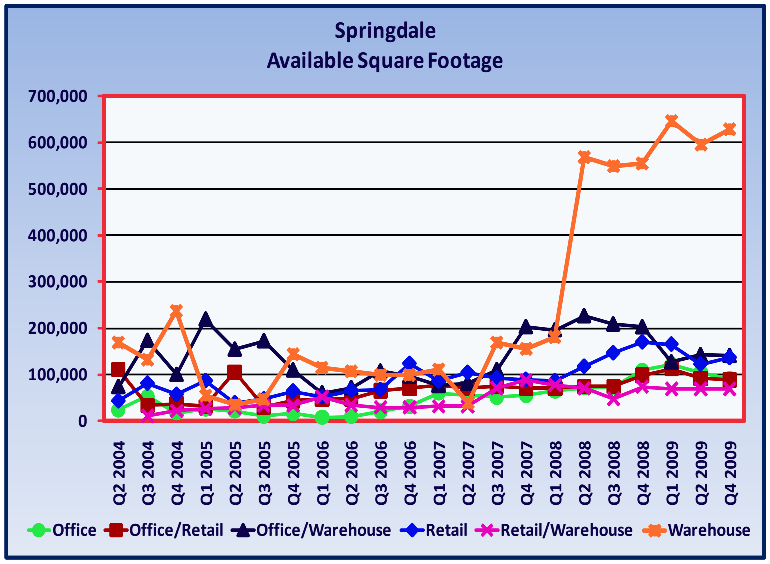
[1]From all Q4 2009 respondents
[2]From Q4 2009 respondents who were also Q2 2009 respondents

Siloam Springs



Springdale

- From June to November 2009, Springdale issued $1,177,388 worth of building permits for new commercial space. This was 57.8 percent lower than the building permits issued in the first half of 2008 value of $2,790,525 and 36.7 percent lower than the building permits issued in the last two quarters of 2008.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,054,108 square feet of commercial space in the third and fourth quarters.
- In the last two quarters of 2009, Springdale experienced positive net absorption in the office, medical office, office/retail, office/warehouse, and warehouse submarkets, while there was a negative net absorption in the retail submarket.
- There was no new commercial space added in Springdale in the last six months.
- Reported vacancy rates increased in the retail submarket, remained unchanged in the retail/warehouse and industrial submarkets, and declined in all other submarkets in Springdale from the second to the fourth quarter of 2009.



- In the past six months in Springdale, average reported lease rates increased for the Class B office/retail by $0.28 and Class C office/retail by $0.13 Average lease rates declined for the Class B office by $0.22, Class C office by $0.10, and warehouse by $0.11. 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 third and fourth quarters of 2009.

Springdale Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[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	$11.30 - $12.39	743,540	90,651	12.2%	13,777	0	13,777	39.5
Class A	$15.67 - $16.17	77,123	8,883	11.5%	0	0	0	--
Class B	$11.93 - $13.81	316,337	21,419	6.8%	274	0	274	469.0
Class C	$9.51 - $9.76	121,517	22,279	18.3%	1,807	0	1,807	74.0
Medical	$12.15- $13.31	228,563	38,070	16.7%	11,696	0	11,696	19.5
Office/Retail	$10.25 - $11.74	502,443	89,031	17.7%	3,954	0	3,954	135.1
Class A	--	--	--	--	--	--	--	--
Class B	$12.75 - $14.16	231,157	51,079	22.1%	2,354	0	2,354	130.2
Class C	$8.06 - $9.63	271,286	37,952	14.0%	1,600	0	1,600	142.3
Office/Warehouse	$5.22 - $7.30	1,297,403	140,692	10.8%	1,700	0	1,700	496.6
Retail	$10.35 - $11.37	915,497	136,585	14.9%	-14,340	0	-14,340	--
Class A	--	--	--	--	--	--	--	--
Class B	$12.75 - $13.94	634,407	105,235	16.6%	800	0	800	789.3
Class C	$8.23 - $9.11	281,090	31,350	11.2%	-15,140	0	-15,140	--
Retail/Warehouse	$5.57 - $6.82	425,124	69,300	16.3%	0	0	0	--
Warehouse	$3.77- $4.19	1,784,730	628,044	35.2%	8,145	0	8,145	462.6

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

Springdale

- There was positive net absorption of 9,134 square feet in the office submarket in downtown Springdale in the fourth quarter.
- There were no new square feet of commercial property added to downtown Springdale in the fourth quarter of 2009.
- The office space in downtown Springdale had a reported average vacancy rate of 8.6 percent in the fourth quarter of 2009, a decrease from 13.6 percent in the second quarter. The rate was lower than the overall Springdale average office vacancy rate of 12.2 percent in the fourth quarter.
- All office/retail space continued to be available in downtown Springdale in the fourth quarter, compared to a 17.7 vacancy rate for all of Springdale.
- There was no available retail commercial space for downtown Springdale properties in the fourth quarter. This compares to the 14.9 percent average retail vacancy rate for all of Springdale.
- Average reported lease rates declined for offcie/retail by $1.50. 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 $2.49, $3.50, and $2.60 respectively.

West Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 544,296 square feet of office, office/retail, and retail space in West Springdale in the third and fourth quarters of 2009.
- There was positive net absorption of 2,862 square feet of office space in West Springdale in the last two quarters of 2009.
- There were no new square feet added to West Springdale in the last six months of 2009.
- The office space in West Springdale had a reported average vacancy rate of 18.5 percent in the fourth quarter of 2009, a decrease from 21.8 percent in the second quarter. The rate remained higher than the city average office vacancy rate of 12.2 percent.
- The average office/retail vacancy rate in West Springdale increased to 14.0 percent in the fourth quarter from the second quarter value of 13.2 percent, dropping below the overall city average office/retail vacancy rate of 17.7 percent.
- The retail vacancy rate for West Springdale properties was 8.7 percent in the fourth quarter, the same as in the second quarter, and remaining below the city average retail vacancy rate of 14.9 percent.
- Average reported lease rates for West Springdale increased in the office/retail submarket by $0.60. Others remained constant from the second quarter to the fourth quarter of 2009. Compared to all of Springdale, West Springdale average reported lease rates were higher in the office, office/retail, and retail submarkets by $3.26, $3.61, and $1.64, respectively.

Downtown Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$8.45 - $9.27	171,924	14,721	8.6%	9,134	0	9,134	9.7
Office/Retail	$6.00 - $9.00	3,732	3,732	100.0%	0	0	0	--
Retail	$7.68 - $8.84	17,654	0	0.0%	0	0	0	0.0

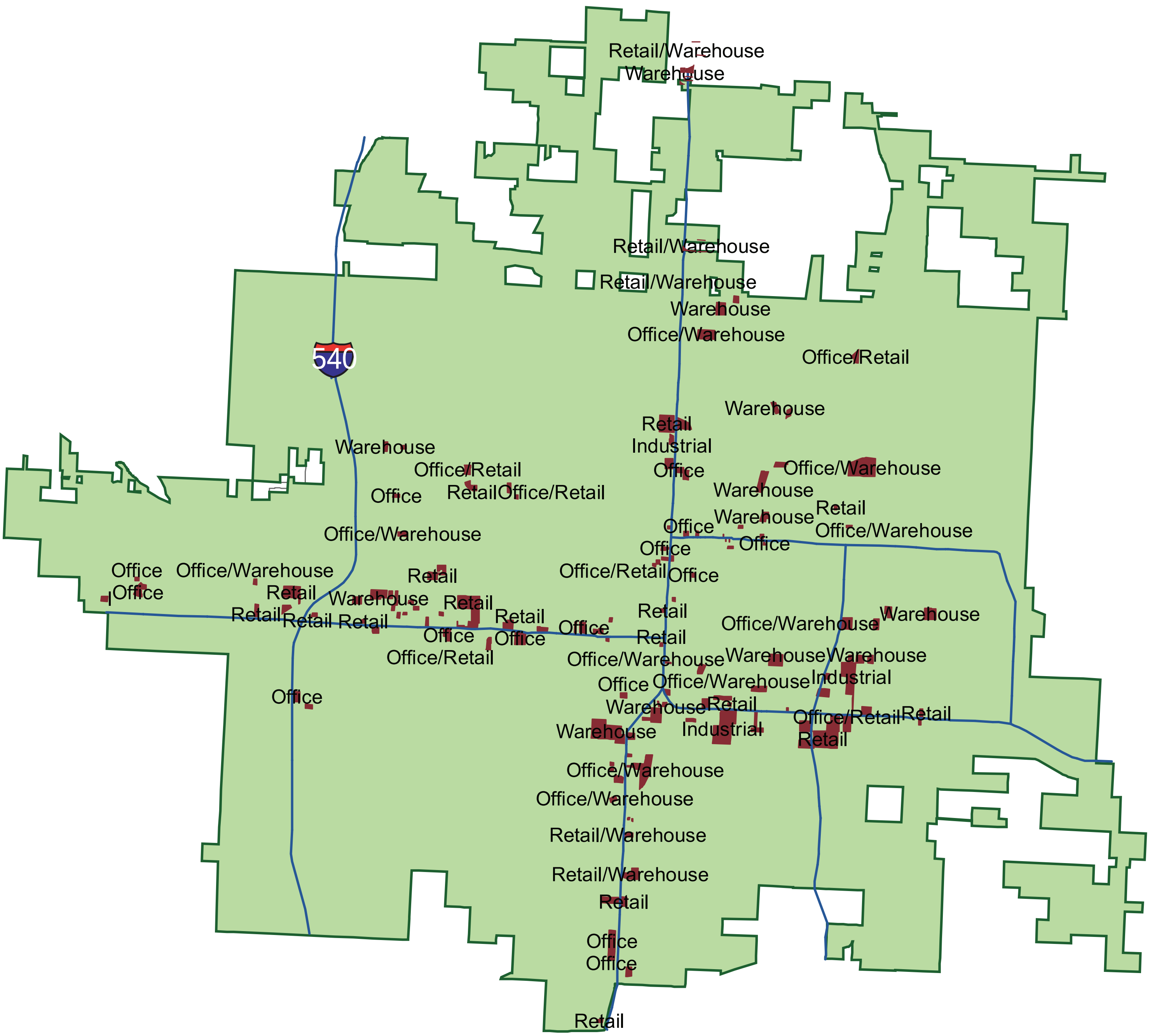
[1]From all Q4 2009 respondents
[2]From Q4 2009 respondents who were also Q2 2009 respondents

West Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$14.93 - $15.28	98,714	18,288	18.5%	2,862	0	2,862	38.3
Office/Retail	$13.90 - $15.30	63,550	8,900	14.0%	0	0	0	--
Retail	$12.00 - $13.00	392,032	34,270	8.7%	0	0	0	--

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

Springdale



Retail/Warehouse
Warehouse
Retail/Warehouse
Retail/Warehouse
Warehouse
Office/Warehouse
540
Office/Retail
Warehouse
Retail
Industrial
Warehouse
Office/Retail
Office
Office/Warehouse
Office
Retail
Office/Retail
Warehouse
Warehouse
Retail
Office
Office/Warehouse
Office/Warehouse
Office
Office
Office
Office/Warehouse
Retail
Office/Retail
Office
Office
Retail
Warehouse
Retail
Retail
Retail Retail
Retail
Office
Office
Office
Retail
Office/Warehouse
Warehouse
Office/Retail
Office/Warehouse
Warehouse
Warehouse
Office
Office/Warehouse
Industrial
Office
Warehouse
Retail
Office/Retail
Retail
Warehouse
Industrial
Retail
Office/Warehouse
Office/Warehouse
Retail/Warehouse
Retail/Warehouse
Retail
Office
Office
Retail

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 fourth quarter of 2009, 259 panelists provided data on 1,362 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 1,362 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 Wal-Mart 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.