THE SKYLINE REPORT

SPONSORED BY ARVEST BANK

Contents

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

Commercial Real Estate Market Summary for Benton and Washington Counties

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

Highlights from the Fourth Quarter of 2010

- In the second half of 2010, 387,877 total square feet of commercial space were absorbed. This is the first substantial level of total absorption since the third quarter of 2008.
- In the office submarket 142,414 square feet became occupied in Northwest Arkansas,with net positive absorption of 138,254 square feet. Every city except Siloam Springs had positive net office submarket absorption in the second half of 2010. Rogers had the greatest absorbed office space with 89,000 square feet. The office vacancy rate decreased from 21.9 percent in the second quarter of 2010 to 20.5 percent in the fourth quarter of 2010, in accord with absorption.
- In the office/retail market, there was positive net absorption of 76,114 square feet. Rogers led the way with 46,432 square feet of net absorbed office/retail space. The vacancy rate declined to 20.7 percent, accordingly.
- Within the retail submarket, 80,898 square feet became occupied, netting positive absorption of 63,299 square feet. Rogers had the most significant share with 53,303 square feet of net positive absorption. The Northwest Arkansas vacancy rate increased to 14.3 percent due to the repurposing of former owner-occupied space.
- The warehouse submarket experienced positive absorption of 80,155 square feet. Rogers led in this submarket with 94,080 square feet of net positive absorption. The Northwest Arkansas warehouse vacancy rate decreased slightly to 27.0 percent in the fourth quarter.
- A total of 21,759 square feet of competitive commercial property were added to the Northwest Arkansas market. Of the new space, 17,599 square feet were new retail space in Fayetteville, and 4,160 square feet were new office space, in Fayetteville.
- From June to November 2010, about $27.1 million in commercial building permits were issued in Northwest Arkansas. For comparison, there were $34.9 million in permits from December 2009 to May 2010.

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 255 panelists provide information is broken down by city and the percentage of coverage of the competitive market is calculated. A table containing publicly announced new commercial real estate projects is presented after the summary of building permit data. This table is meant to provide an indication of the future direction of the Northwest Arkansas commercial property market. As many of these projects are still in the conceptual phase, hard data are incomplete and subject to change. This quarter, the announced data was examined particularly closely. Project locations were checked and developers were contacted regarding the projects from the previous Skyline report.

Following the table of announced commercial projects is a trend summary that includes information about vacancy rate and available space trends. There are also three tables summarizing the results from the most recent quarters. The first table presents vacancy rates by submarket for the second and fourth quarters of 2009 and for the fourth quarter of 2010. The second table presents net absorption by submarket and the third table presents available square footage by submarket for the same time periods. These tables are the foundation for the performing trend analysis and for separating the seasonal effects from real effects. The results in the tables are referred to throughout the remainder of the Skyline Report.

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

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

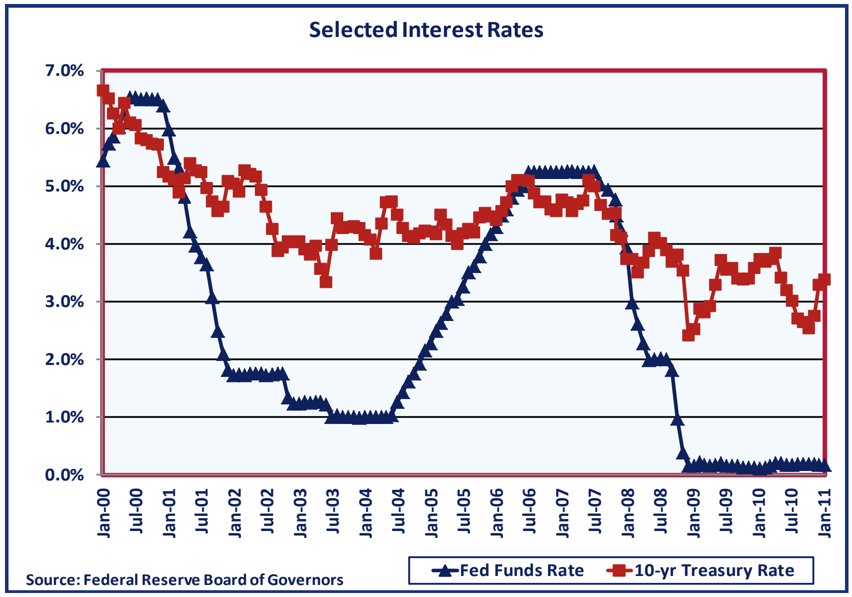
By aggregating and analyzing data from a variety of sources, the Skyline Report is unique in its perspective on the Northwest Arkansas commercial property market. The information should be useful to anyone with an interest in the current workings and projected course of commercial real estate in Benton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

Economic Overview

The Macro Economy at a Glance

In the fourth quarter of 2010, the overall real GDP growth rate was positive 3.2 percent, according to estimates released by the U.S. Department of Commerce Bureau of Economic Analysis (BEA). The growth rate went up from 2.6 percent growth rate in the third quarter of 2010. The increase in real GDP in the fourth quarter primarily reflected positive contributions from personal consumption expenditures, exports, and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased. The acceleration in real GDP in the fourth quarter primarily reflected a sharp downturn in imports, an acceleration in personal consumption expenditures, and an upturn in residential fixed investment that were partly offset by downturns in private inventory investment and in federal government spending and a deceleration in nonresidential fixed investment. Final sales of computers added 0.31 percentage point to the fourth-quarter change in real GDP after adding 0.29 percentage point to the third-quarter change. Motor vehicle output subtracted 0.34 percentage point from the fourth-quarter change in real GDP after adding 0.49 percentage point to the third-quarter change.

The Conference Board Consumer Confidence Index, which had been on the rise for three consecutive months, rose modestly in January 2011. The Index now stands at 60.6 (1985=100), up from 53.3 in December. The Present Situation Index rose to 31.0 from 24.9. The Expectations Index increased to 80.3 from 72.3 last month.



According to the U.S. Bureau of Labor Statistics (BLS), the seasonally adjusted Consumer Price Index for All Urban Consumers (CPI-U) increased 0.5 percent in December. Over the last 12 months, the all items index increased 1.5 percent before seasonal adjustment. The food index increased slightly in December, with the fruits and vegetables index rising notably. The gasoline index rose sharply in December, leading to a fourth consecutive increase in the energy index. The index for all items less food and energy also rose in December, with a rise in the shelter index accounting for about 60 percent of the increase. The indexes for apparel, medical care, and airline fares all increased in December, more than offsetting declines in the indexes for communication, recreation, and household furnishing and operations.

Short-term Interest Rate Risk

The Federal Funds rates averaged 0.17 percent for the month of January. The Federal Reserve Committee will maintain the target range for the federal funds rate at 0 to 0.25 percent and continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to continue maintaining exceptionally low levels of the federal funds rate for an extended period. The Federal Reserve Committee plans to monitor the economic outlook and financial developments and will employ its policy tools as necessary to promote price stability and economic recovery.

Long-term Interest Rate Risk

The ten year constant maturity Treasury bill had an interest rate of 3.39 percent in January of 2011. Low short-term rates continue to cause the positive spread between the two. The accompaning figure shows the Fed Funds rate and the ten year Treasury bill rate since January 2000.

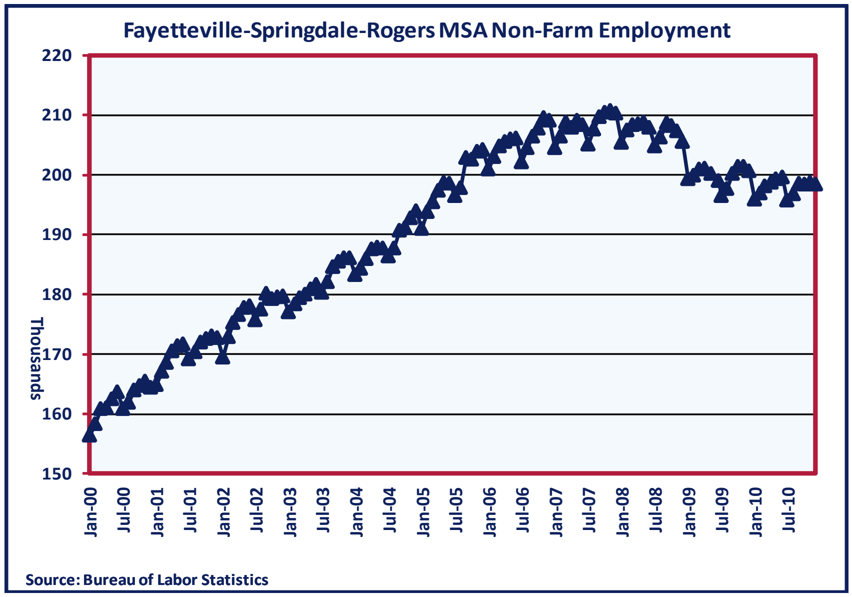
Economic Overview

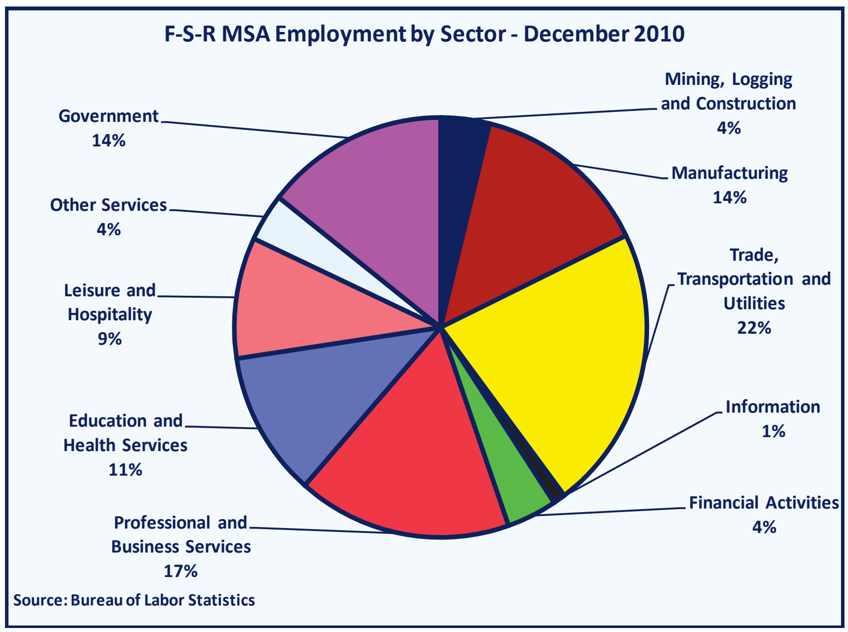
Regional Employment Trends

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 2010 the 5-year average monthly employment growth was negative 90 jobs per month. This is down from the growth of 130 jobs per month in December 2009.

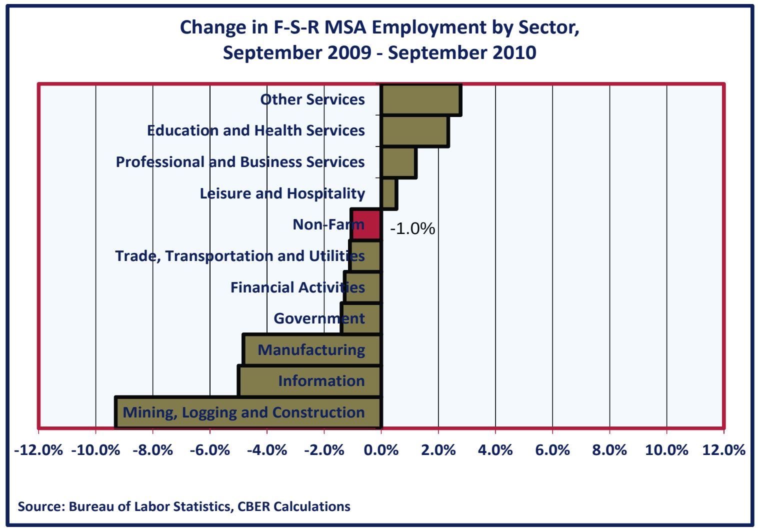
With the purpose of exploring the composition of the job growth in Northwest Arkansas more closely, two additional figures are provided. The first shows the December 2010 Fayetteville-Springdale-Rogers MSA employment breakdown by sector. As the pie chart shows, trade, transportation, and utilities have the largest share of employment (22 percent) in Northwest Arkansas, followed by professional business services (17 percent), government (14 percent), manufacturing (14 percent), education and health services (11 percent), and leisure and hospitality (9 percent). The second figure shows the annual percentage change in the MSA's employment by sector from December 2009 to December 2010. Total nonfarm employment decreased by 1.1 percent during that time. Employment in professional and business services, education and health services, other services and leisure and hospitality have increased since December 2009. Employment in trade, transportation and utilities, manufacturing, government, information, and mining and logging sectors have declined.

According to the Bureau of Labor Statistics, the unemployment rate in Northwest Arkansas was at a preliminary seasonally non-adjusted 6.2 percent in December 2010. This is 0.3 percentage points higher than in December of 2009. The December unemployment has dropped from its 2010 high of 7.0 percent in February. The unemployment rate in Northwest Arkansas continues to outperform both the state (7.8 percent) and nation (9.1 percent) preliminary 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, effecting Northwest Arkansas. The tone of the conversations were far more positive this quarter than last, even though there is still an air of uncertainty as to how long the local and national economies and the commercial market will take to fully recover. Respondents generally expect 2011 to be better than 2010, but with only a slight improvement. Expectations of the duration of very slow growth range from the end of 2011 to as far out as 2015. With the expectation of a strong Republican showing in the elections respondents were actually more subdued in their political comments. Most just envisioned a political situation in which the parties balance each other more and there is less new regulation and the role of government stabilizes or is reduced. Conversations frequently turned to where the next round of job creation and economic growth in Northwest Arkansas will come from. There is a strong sense that the private sector is going to need to provide more leadership and initiative in creating economic opportunities that lead the local and national economies from very slow and low growth to stronger healthier growth rates. However, panelists are slightly more hopeful that local initiatives will lead to more regional cooperation on economic development.

The positive comments were stronger than in the previous quarter, a continuation of a more optimistic outlook since the bleakest time in 2009. First, respondents in both counties look forward to the opening of Crystal Bridges with great anticipation. They see it as a significant opportunity to grow the tourism industry, create jobs, and then drive ancillary demand for services that will benefit the commercial market. Further, respondents were universally pleased with the Walton Arts Center plan to build a new facility in Bentonville as well as expand the facility in Fayetteville. The continued rollback of Project Impact was also consistently cited as an extremely positive development for the vendor market space market as well as commercial markets that will serve the demand created by a rebounding vendor community. These factors as well as the announcement of the 21C Museum Hotel off the Bentonville square were strong confidence builders for the respondents regarding increasing economic opportunities as well as the staying power of Walmart and the Walton family ties to Northwest Arkansas. Another factor positively affecting panelists confidence going into the coming year was the substantial investment made by Hunt Ventures in the Pinnacle area. These acquisitions were viewed as providing significant price stability in the class A and B commercial markets affecting the I-540 corridor as well as the entire vendor commercial space market.

Another repeated comment is that there will be potential for Class A office space with large footprint buildings of at least 25,000 square feet, as the market has seen significant absorption in this type of space. This point was once again made by respondents in both counties. However, respondents are still very hesitant about spec building. But, projects that have significant preleasing, particularly with owner-tenants seem to be a possible niche several respondents are exploring. With strong competition from lower priced class A space with existing class B vendor space, several respondents discussed how there appears to be a trend towards substantial reinvestment in class B vendor parks. Respondents believed that the vacancy rates at many class B vendor parks, located near a wide variety of amenities, will show significant improvement this quarter. The significance of the pull back from Project Impact was cited by respondents several times as being responsible for vendors returning to the area, new vendors entering the market, and existing vendors feeling confident to expand. In a conversational side note, respondents are no longer considering there is a real possibility of a vendor wave from either China or India.

Local Perceptions

The retail market garnered fewer positives then the office market. Respondents are still very concerned about the success of small retailers in particular. The cost of financing inventory and any type of expansion or build out remained a point of concern. However, several panelists indicated they were receiving an increasing level of interest from national retailers about Northwest Arkansas. They were unclear but more hopeful than in the past year as to whether this will lead to any significant gains in new retailers. Again the lower price of land, construction costs, financing if obtainable, and lease rates appear to be driving this interest, according to these panelists. Also several were positive about the completion of Academy Sports and Hank's Fine Furniture and hopeful that those two stores will lead to continued development in the Pleasant Grove area.

Related to the conversations about the office and retail space market were thoughts on the financial markets. Even though respondents read the news stories about record levels of loan generation, they remain largely, though not every respondent took this position, convinced that there is no liquidity with respect to commercial loans even on solid projects asking for 80% financing, not 100% as in the boom's heyday. This is viewed as particularly problematic for small retailers and small vendors looking to finish out space, or secure inventory. Most panelists do believe that if and when new developments happen there will need to be significant investor equity involved from the beginning. There is still a strong belief among the panelists that there will be further consolidation in the local banking market, some of it brought about by new financial regulations making it difficult for banks capitalized at less than 100 million dollars, and some of it by the continued poor performance of other banks. The negative attitude towards banks that was readily apparent in previous quarters has diminished significantly. Respondents were saying it is time to move past blame and onto working together to continue the glimmers of growth the region is beginning to see.

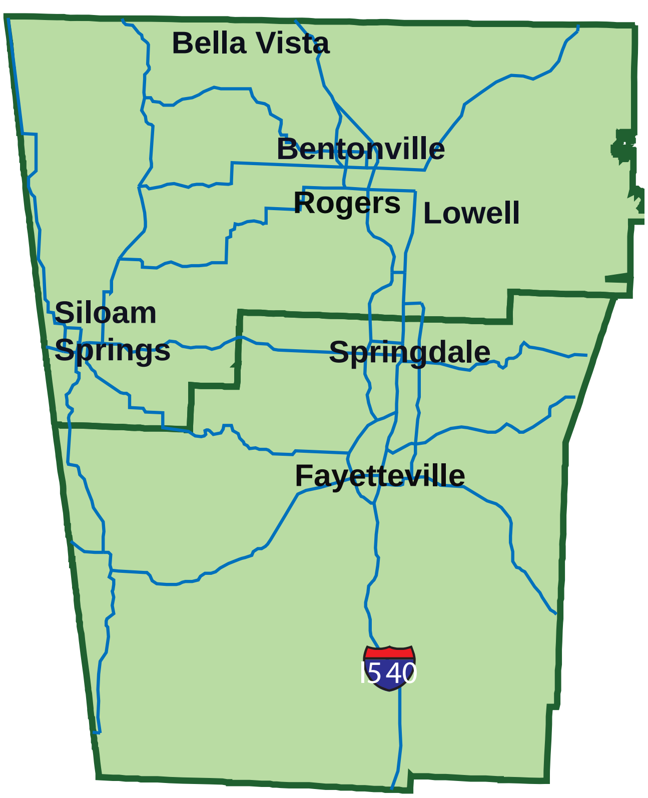
Even though respondents are still viewing the future cautiously it is clear the overall attitude towards the future has improved. The strong fundamentals of the Northwest Arkansas economy: Walmart, Tyson Foods, and the food industry, J.B. Hunt and the transportation industry, the University of Arkansas and the education sector were consistently referred back to by panelists. Additionally, panelists pointed to the tourism industry, health care industry, and potential green technology and sustainability initiatives as being potential drivers of future growth. Also, there was a sense that Little Rock under Governor Beebe is paying more attention to using state economic development funds in this region. Nonetheless, there was still a sense that stronger local leadership can help Northwest Arkansas recover faster and more strongly.

Positive Factors:

1. Perceived demand for Class A office space.
2. Vendor expansion by successful firms.
3. Continued movement of vendors into Northwest Arkansas.
4. National attention to the growing MSA by developers and retailers.
5. National media coverage of Northwest Arkansas as a good place to live and work.
6. Creation of destination locations including Crystal Bridges, Arvest Ballpark, the Pinnacle Area, and the Fayetteville Mall area.
7. Walmart, Tyson Foods and the food 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 the region's needs.
5. National economic slowdown.



Categories of Commercial Properties

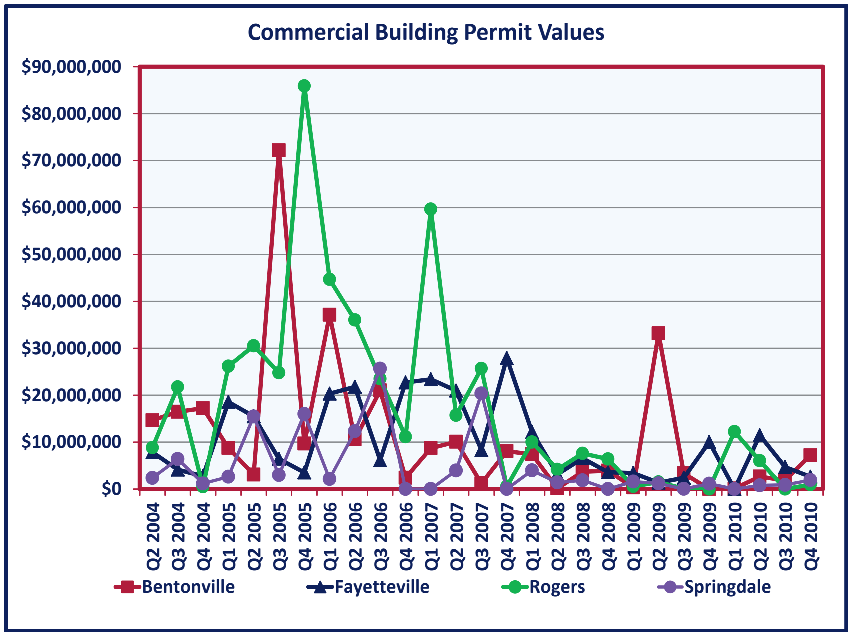
The Northwest Arkansas commercial market is divided into eight major categories of space:

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 December 2010. For the fourth quarter of 2010, the Skyline Report covered 93.3 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-six 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 2010, there were more than $7.4 million in commercial building permits issued in six major cities in Northwest Arkansas. From September to November of 2010, more than $19.6 million in commercial building permits were issued. In the same quarters last year, these amounts were $6.1 million and $11.9 million, respectively. In the fourth quarter of 2010, Bentonville accounted for 36.7 percent of the commercial building permits (most of the value was associated with the Premier Dermatology and Nunnally Chevrolet); while Siloam Springs and Fayetteville accounted for 30.6 percent and 13.4 percent, respectively.

The table of announcements of new commercial projects is included as an indication of the future direction of the Northwest Arkansas commercial market. The list is not exhaustive, but represents an effort to gather data at a step before the official permitting process. The managers and owners of many of these properties have provided the Center for Business and Economic Research with information about these buildings, but until construction is complete, they do not appear in the aggregated total square footage and available square footage calculations. Some of the properties listed are actually under construction, while others are only in the concept phase. The Center researchers examined the announced data particularly closely this quarter. Project locations were checked and developers were contacted regarding the projects from the last Skyline report. The conceptual category means that the developer still feels the project is viable, but there are many uncertainties regarding funding, leasing, timing, etc, so there is no established timeline.

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

Total Square Feet and Coverage of Competitive Commercial Properties

	Industrial[1]	Office[1]	Retail[1]	Warehouse[1]	Total[1]	Panel Total Square Feet[2]	Panel Coverage[2]
Bella Vista	--	129,924	138,680	90,964	359,568	329,774	91.7%
Bentonville	76,056	3,872,485	1,032,834	1,485,606	6,466,981	6,578,057	101.7%
Fayetteville	114,079	3,011,236	4,063,371	1,778,270	8,966,956	8,363,662	93.3%
Lowell	57,970	275,837	172,208	949,348	1,455,363	1,414,620	97.2%
Rogers	307,281	2,449,973	3,579,340	2,329,952	8,666,546	8,609,061	99.3%
Siloam Springs	329,942	195,261	692,789	335,615	1,553,607	1,217,803	78.4%
Springdale	1,142,623	1,468,161	2,225,795	2,598,282	7,434,861	6,055,311	81.4%
Northwest Arkansas Total	2,027,951	11,402,877	11,905,017	9,568,037	34,903,882	32,568,288	93.3%

[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 255 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. 2010	$7,214,903.00	$2,623,509	$941,017	$958,000	$6,005,000	$1,898,944	$19,641,373
June - August 2010	$1,846,518.00	$4,679,537.00	$0	$0	$0	$892,252	$7,418,307
March - May 2010	$2,661,860	$11,450,334	$100,000	$6,055,000	$1,296,000	$2,287,397	$23,850,591
Dec. 2009 - Feb. 2010	$105,030	$0	$255,505	$12,224,147	$0	$0	$12,584,682
Sept. - Nov. 2009	$0	$10,005,337	$330,803	$7,000	$379,711	$1,139,928	$11,483,068
June - August 2009	$3,336,498	$2,403,905	$0	$70,000	$215,000	$37,460	$6,062,863
March - May 2009	$33,171,420	$1,368,907	$50,112	$1,500,000	$400,000	$1,194,175	$37,684,614
Dec. 2008 - Feb. 2009	$344,325	$3,403,704	$1,766,386	$545,000	$0	$1,596,349	$7,655,764
Sept. - Nov. 2008	$3,908,853	$3,588,389	$0	$6,411,775	$0	$0	$13,909,017
June - August 2008	$3,689,476	$6,548,894	$1,019,000	$7,579,500	$1,006,596	$1,861,390	$21,704,856
March - May 2008	$153,000	$3,152,132	$4,075,075	$4,179,000	$0	$1,395,524	$12,954,731
Dec. 2007 - Feb. 2008	$7,400,153	$12,125,756	$0	$9,995,030	$3,200,000	$3,970,299	$36,691,238
Sept. - Nov. 2007	$8,075,766	$27,923,695	$4,455,275	$533,200	$0	$0	$40,987,936
June - August 2007	$1,194,440	$8,309,014	$48,927	$25,668,347	$2,575,178	$20,375,131	$58,171,037
March - May 2007	$10,082,817	$20,962,887	$8,277,328	$15,727,729	$3,019,500	$3,960,747	$62,031,008
Dec. 2006 - Feb. 2007	$8,725,598	$23,406,927	$4,709,086	$59,642,734	$25,000	$0	$96,509,345
Sept. - Nov. 2006	$2,404,840	$22,721,389	$1,840,722	$11,146,805	$538,000	$0	$38,651,756
June - August 2006	$21,014,259	$6,147,723	$462,712	$23,479,198	$5,890,000	$25,663,800	$82,657,692
March - May 2006	$10,575,639	$21,780,317	$10,924,435	$36,046,864	$3,650,000	$12,322,984	$95,300,239
Dec. 2005 - Feb. 2006	$37,121,720	$20,330,697	$2,359,019	$44,672,800	$165,000	$2,151,476	$106,800,712
Sept. - Nov. 2005	$9,674,394	$3,519,150	$3,275,717	$85,896,765	$150,000	$15,999,816	$118,515,842
June - August 2005	$72,205,699	$6,434,833	$1,666,851	$24,782,039	$200,000	$2,982,618	$108,272,040
March - May 2005	$3,061,870	$15,491,806	$1,590,789	$30,534,466	$1,059,000	$15,468,833	$67,206,764
Dec. 2004 - Feb. 2005	$8,753,636	$18,560,094	$390,000	$26,172,000	$254,700	$2,614,524	$56,744,954
Sept. - Nov. 2004	$17,242,269	$2,750,867	$402,891	$489,240	$188,000	$1,174,999	$22,248,266
June - August 2004	$16,446,488	$4,145,124	$10,035,248	$21,734,534	$1,993,393	$6,390,478	$60,745,265
March - May 2004	$14,640,091	$7,839,529	$203,680	$8,804,700	$1,721,585	$2,371,888	$35,581,473

New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Mercy Health System Urgent Care	Bella Vista	Mercy Health System	Medical		
28th Street Commercial Building	Bentonville	Rick Thomas	Office/Retail	24,000	Conceptual
Archer Business Park	Bentonville	Wayne and Victoria Martin	Retail	20,000	Conceptual
Arkansas National Guard Facility	Bentonville	Arkansas National Guard	Military Facility	110,000	2011
Benton County Courts Facility	Bentonville	Benton County	Courts and Offices	60,000	
Bentonville Plaza	Bentonville	FBE Limited LLC	Commercial		Conceptual
Brightwood Business Park	Bentonville	Mike Charlton	Office/Retail	35,260	Conceptual
Christian Brother's Automotive	Bentonville	Main and Main	Retail	5,000	October 2010
Crye-Leike Office	Bentonville	Crye-Leike Realtors	Office/Retail	12,646	Done
Fountain Plaza Dentist Building	Bentonville		Office	30,000	2011
Juvenile Justice Center	Bentonville	Benton County	Courts and Offices	26,650	
Lakeside Center	Bentonville	Lindsey Management	Office	60,000	Conceptual
Neighborhood Walmart and Uptown Center		Bentonville	CEI Engineering	Retail	40,000+
Conceptual					
NWA Children's CenterCampus	Bentonville	NWA Children's Center	Children's Shelter	65,000	2010
NWA Chldren's Museum	Bentonville	NWA Children's Museum	Museum		2012
SDI Realty Retail Development	Bentonville	SDI Realty	Retail	6,500	Conceptual
The Links at Rainbow Curve	Bentonville	Lindsey Management	Mixed Use		Conceptual
Vogel Commercial Development	Bentonville	Ross and Steve Vogel	Commercial	38,000	Conceptual
Bridgedale Plaza	Fayetteville	Clinton McDonald	Mixed Use	35,000	Conceptual
District Court Building	Fayetteville	District Court	Office	13,500	2010
Forest Hills Development	Fayetteville	John Alford	Commercial	206,000	2010
Forest Hills-Wal-Mart Neigh. Market	Fayetteville	John Alford	Retail	17,000	2010
Frisco Depot Project	Fayetteville	MansfieldHouse Ventures	Mixed Use	48,520	Conceptual
Garland Center Bookstore	Fayetteville	University of Arkansas	Retail	30,000	August 2010
Garland Center Retail	Fayetteville	University of Arkansas	Retail	20,000	August 2010
Johanson Office Building	Fayetteville	Blair and Bruce Johanson	Office	5,000	February 2010
Kantz Building	Fayetteville	Kathy Ball	Commercial	9,000	Conceptual
Katherine's Place	Fayetteville	Reliance Healthcare Management	Nursing Home	64,270	July 2010
Kum and Go	Fayetteville	Kum and Go	Retail		
Liberty Bank	Fayetteville	Liberty Bank	Bank	24,000	Conceptual
Links at Fayetteville	Fayetteville	Lindsey Management	Commercial	120,888	Conceptual
Mountain Ranch	Fayetteville	Colliers International	Commercial		Conceptual
Nanotech Facility	Fayetteville	University of Arkansas	Lab	78,000	January 2011
Park Centre I	Fayetteville	Hank Kelley	Office	69,000	January 2011
Park Centre II	Fayetteville	Hank Kelley	Retail	36,000	January 2011
Park West	Fayetteville	Tracy Hoskins	Commercial	1,000,000+	Conceptual
Pediatric Dental Associates	Fayetteville	Pediatric Dental Associates	Medical Office	12,000	Summer 2010
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	Conceptual
Shoppes at the Bluffs	Fayetteville	Mathias Properties	Retail	46,519	Conceptual
Shoppes at Wedington	Fayetteville	First Baptist Chuch of Springdale	Retail	15,750	Late 2010
Southpass, Phase I	Fayetteville	Richard Alexander & John Nock	Commercial	26,000	Conceptual
Southpass, Phase II+	Fayetteville	Richard Alexander & John Nock	Commercial	214,000	Conceptual
Timberlake Office Park	Fayetteville	Jeff Martin and Mike Phillips	Office		Conceptual
Twin Creeks Village Dental Clinic	Fayetteville	Lance Osborne	Medical Office	3,500	Summer 2010
Twin Creeks Village I	Fayetteville	Leonard Boen Enterprises	Office	7,428	Summer 2010
Vantage Center	Fayetteville	Lindsey Management	Office	8,352	Summer 2010
Veterans Hospital Expansion	Fayetteville	Vet. Health Care Sys. of the Ozarks	Medical Facility	158,466	2011
Crye-Leike Office	Lowell	Crye-Leike Realtors	Office	6,000	2010
Midpoint Exchange Business Park	Lowell	Sage Partners	Commercial		Conceptual
Academy Sports	Rogers	Academy Sports	Retail	75,000	Sept. 2010
Adult Development Center Facility	Rogers	Adult Dev. Center of Benton County	Office/Warehouse	22,000	2010
Benton County Cancer Center	Rogers	Quark LLC	Medical Office	56,758	April 2011

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Creekside, Phase III	Rogers	Daniel Ellis	Commercial	60,000	Conceptual
Habitat for Humanity	Rogers	Habitat for Humanity	Office/Warehouse	40,000	Conceptual
Hank's Fine Furniture	Rogers	Hank's Fine Furniture	Retail	91,200	Nov. 2010
Harp's	Rogers	Harp's	Retail	32,000	Conceptual
Metal Salvage Facility	Rogers	A. Tannenbaum	Industrial		Conceptual
Nursing Facility	Rogers	Emeritus Co.	Medical		Conceptual
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Office	21,432	Conceptual
Prairie Creek Center	Rogers	Mathias Properties	Retail	51,279	Conceptual
Rogers Historical Museum	Rogers	Rogers Historical Museum	Museum	27,000	2014
The Dental Depot	Rogers		Medical Office		
Walnut Crossing	Rogers	Greg House	Commercial	50,000	Conceptual
ALDI's Grocery Store	Sil. Springs	ALDI Inc.	Retail	18,762	Summer 2010
Autumn Glen	Sil. Springs	James Mathias	Commercial		Conceptual
Crye-Leike Office	Sil. Springs	Crye-Leike Realtors	Office	6,500	Conceptual
JBU Engineering Building	Sil. Springs	John Brown University	Lab/Classroom	40,000	Fall 2011
Osage Creek Performing Arts Center	Sil. Springs	Greg Smith	Performing Arts Center		2010
Siloam Springs Highschool	Sil. Springs	Siloam Springs School District	School	298,000	Fall 2011
Siloam Springs Hospital	Sil. Springs	Community Health System	Hospital	95,000	2013
Car-Mart	Sprindale	America's Car-Mart	retail	3,100	October 2010
Northwest Medical Center Expansion	Springdale	Northwest Medical Center	Hospital		July 2011
Pappas Foods Warehouse	Springdale	Pappas Foods	Warehouse		
Welso Inc Facility	Springdale	Welso Inc.	Retail	6,200	Summer 2010
Youth Bridge Campus	Springdale	Youth Bridge Inc.	Youth Facility		Conceptual
Northwest Arkansas Science Center		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

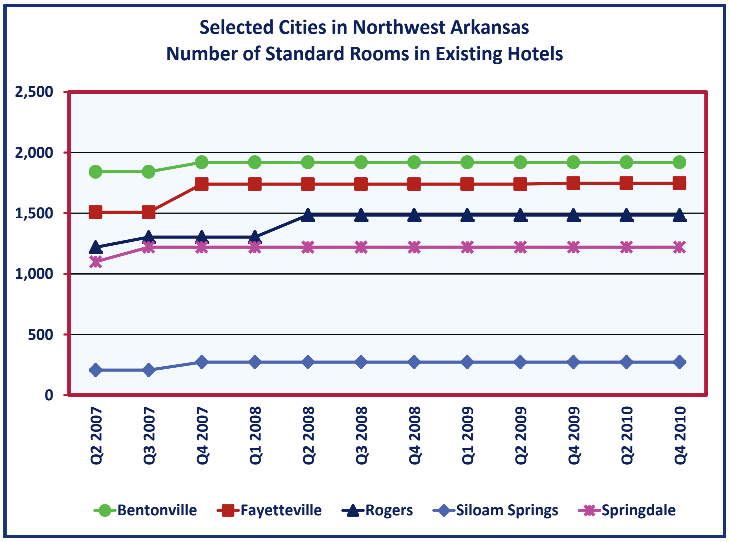
Existing Hotels (Cont.)

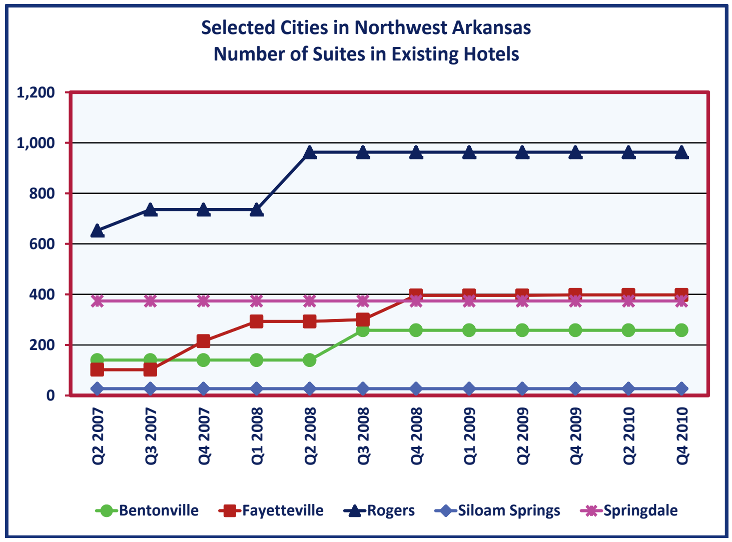
Property Name	City	Number of Standard Rooms	Number of Suites
Ramada Inn Lowell	Lowell	51	0
Colonial Motel	Prairie Grove	8	0
Aloft	Rogers	130	1
Best Value Inn & Suites	Rogers	127	0
Candlewood Suites	Rogers	118	12
Country Inn & Suites	Rogers	68	42
Embassy Suites	Rogers	0	400
Fairfield Inn Rogers	Rogers	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	2,122





Announced Coming Hotels

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

Announced Coming Restaurants

Property Name	Location (City)	Owner	Expected Completion
Scooter's CoffeeHouse	12 Unkn. Locations	Scooters Coffee House of Omaha	--
Silver Joe's Coffee Co.	4 Various Locations	Terry Smith, Kenny Tomlin, Steve Clark, Patrick Vota	2011
Einstein Bros Bagels	3 Unkn. Locations	Mike Philips	--
Five Guys Burgers	2-3 Various Locations	Laurie Lowe	2011
Mama Fu's	Unkn. Location	Murphy Adams Restaurant Group	Mid 2011
Romano's Macaroni Grill	Unkn. Location	Bruce Swisshelm	--
Top China	Bella Vista	--	Done
Jason's Deli	Benton County	Bourke Harvey	2011
21c Hotel Restaurant	Bentonville	Steve Wilson and Laura Lee Brown	2011
Coffee Shop	Bentonville	--	Early 2011
Dickey's Barbecue Pit	Bentonville	Randon Arney	Delayed
Hallabong Garden	Bentonville	--	Done
Havana Tropical Grill	Bentonville	--	Done
Kupcakes and More	Bentonville	--	Done
Orlando's Place Latin American Buffet	Bentonville	Orlando and Elizabeth Veronezi	Done
Palermo Villa II	Bentonville	Garry Ciampoli	Done
Petit Bistro	Bentonville	Dario Amini	Done
Tavola	Bentonville	Carl Garrett	Done
YumYos Help Yo Self Frozen Yogurt	Bentonville	Kim McNeill	Done
Bariola's Pizzeria	Elkins	--	Done
Cajun Cooker's BBQ	Elkins	Mike Tooley	Done
Hubba Bubbaz Subz	Elkins	--	Done
3 Spoons Yogurt	Fayetteville	--	Done
Aunt Maudie's	Fayetteville	--	Done
Bariola's Pizzeria	Fayetteville	--	Done
BHK Café	Fayetteville	David Lewis	Done
Buck Nekkid	Fayetteville	--	February 2011
Burger Life	Fayetteville	Dave Godwin	Done
Dickey's Barbecue Pit	Fayetteville	Randon Arney	Delayed
El Sancho Mexican Grill	Fayetteville	Meliton Montes	Done
Farrell's Lounge, Bar and Grill	Fayetteville	Tim Farrell	Done
Firehouse Subs	Fayetteville	Forest Hills Development	2011
Grubbs Uptown	Fayetteville	--	Early 2011
HuHot Mongolian Grill	Fayetteville	Jim Lee	Done
Krystal Burger	Fayetteville	Krystal Burger	--
Lillie, Lou and Jaq	Fayetteville	--	--
Mama Carmen's Global Café	Fayetteville	--	Done
Northern Exposure	Fayetteville	Kevin Laughlin	Done
Orange Leaf Yogurt	Fayetteville	--	Done
Penguin Ed's Café	Fayetteville	Ed Knight	Done
Slim Chicken's	Fayetteville	--	Early 2011
Spedini Italian Grill	Fayetteville	Robert Lee	Done
Starbucks	Fayetteville	Kathy Ball	Delayed
Subway	Fayetteville	--	Done
Taco Bueno	Fayetteville	U.S. Beef	2011
Tilted Kilt Pub and Eatery	Fayetteville	--	2011
Waffle House	Fayetteville	Ozark Waffles	February 2011
Western Sizzlin	Fayetteville	Mark Bazyk	Delayed
Whole Earth Lounge	Fayetteville	William Najger	Done
McDonald's	Gentry	Mathews Management Co	Done
The Coffee House	Johnson	--	Done
Chutney's Indian Restaurant	Rogers	Hanuman Kanaparthi	Done
Dailey's Café	Rogers	--	Done
Dickey's Barbecue Pit	Rogers	Randon Arney	Delayed

Restaurants

Announced Coming Restaurants (Cont.)

Property Name	Location (City)	Owner	Expected Completion
Firehouse Subs	Rogers	Tracye Bush	Early 2011
Kirby's Kupcakes	Rogers	Kirby Hanby and Lisa Hastings	Done
Krystal Burger	Rogers	Smitco Eateries	Delayed
McB's	Rogers	John Bariola,Troy Blackston, and Craig McKee	Done
Mellow Mushroom	Rogers	--	Spring 2011
Pizza Place on First Street	Rogers	--	Done
Qdoba	Rogers	Randy Allen	Early 2011
Subway-Mercy Hospital	Rogers	--	Done
TCBY	Rogers	Jared and Sarah Greer	Early 2011
Traders Market Restaurant	Rogers	Moe Torabi	Delayed
Arsaga's in Springdale	Springdale	Andrea and Jon Allen	Done
Cielito Lindo	Springdale	Marco and Silvestre Flores	Done
Dickey's Barbecue Pit	Springdale	Randon Arney	Delayed
Domingo's Panaderia	Springdale	--	Done
Firehouse Subs	Springdale	Tracye Bush	Done
J's Bistro and Catering	Springdale	--	Done
Sidewalk Café and Coffee House	Springdale	Cliff and Christi Pittman	Done
Subway	Springdale	--	Done

Closed Restaurants

Property Name	City	Date Closed
Stacy's	Bentonville	July 2010
World Garden	Bentonville	October 2010
Taco Tico	Bentonville	November 2010
Boomer's Time Out	Bentonville	July 2010
Pizza Junction	Elkins	November 2010
Soul Restaurant and Lounge	Fayetteville	May 2010
Quizno's	Fayetteville	May 2010
Mezza Luna	Fayetteville	May 2010
Big River BBQ	Fayetteville	June 2010
Guido's Pizzeria	Fayetteville	November 2010
Sunshine Café	Fayetteville	December 2010
El Sancho	Fayetteville	December 2010
Fusion Five	Fayetteville	August 2010
Market Place Grill	Fayetteville	August 2010
Arby's	Fayetteville	November 2010
Cheer's Bar and Grill	Fayetteville	September 2010
Hi-D-Ho	Rogers	May 2010
Belle Arti	Rogers	June 2010
O'Charley's	Rogers	December 2010
Sara's Mexican Food	Springdale	May 2010
Krystal Burger	Springdale	July 2010
Mary Maestri's	Tontitown	May 2010

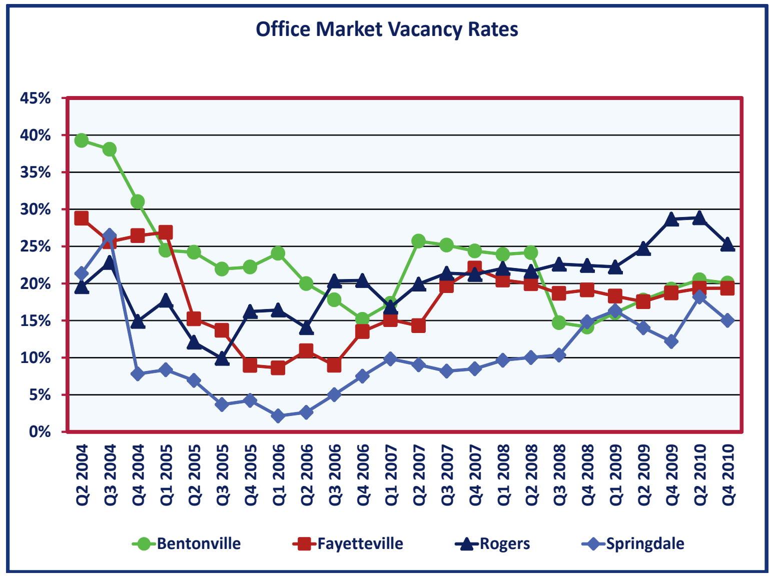
Commercial Market Trends

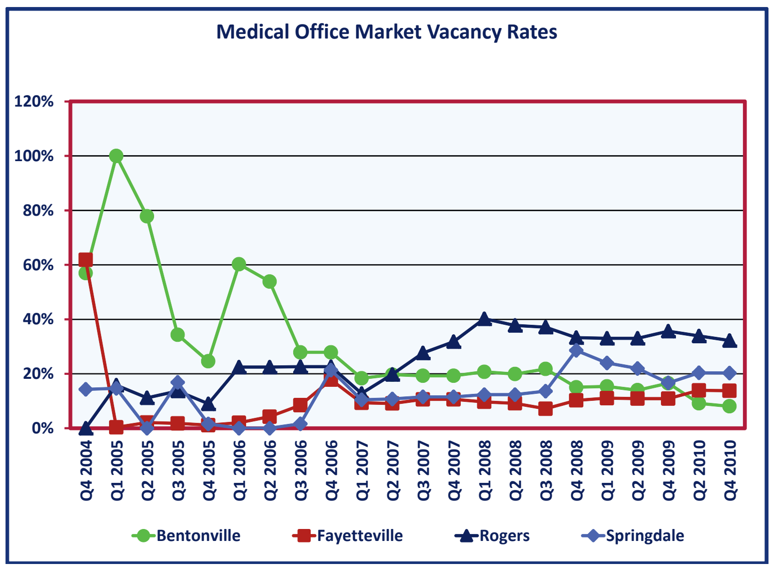
This version of the Skyline Report represents the twenty-fourth quarter that data have been collected. Annual comparisons were made to minimize the effects of attributing too much weight to seasonal changes. The accompanying graphs show how vacancy rates and available square footage have changed in each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

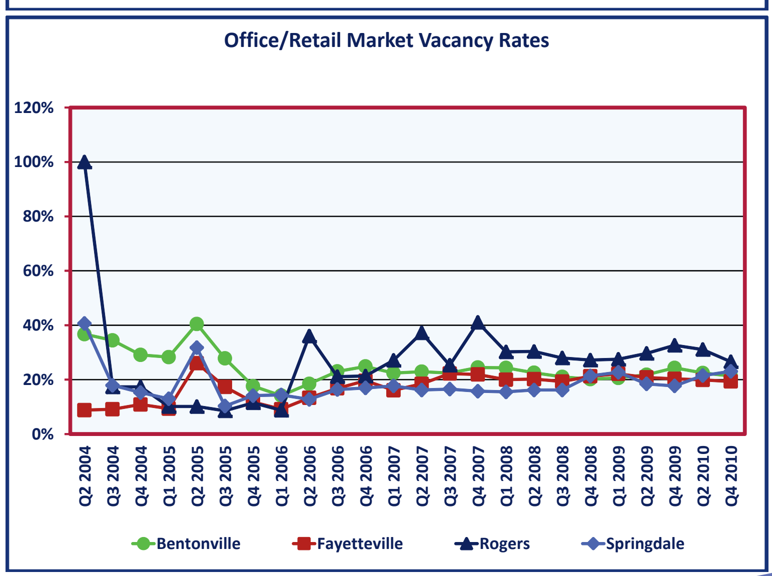
Available office square footage in Northwest Arkansas decreased from 1,931,574 square feet in the second quarter of 2010 to 1,844,540 square feet in the fourth quarter of 2010. Over the past year, 75,203 square feet of office space were absorbed, and 32,860 of new space became available. The overall Northwest Arkansas office vacancy rate has decreased from 21.9 percent in the second quarter to 20.5 percent in the fourth quarter of 2010.

The office/retail market has experienced positive net absorption of 87,362 square feet during the past twelve months. Bentonville, Rogers, and Siloam Springs accounted for most of the positive absorption. On the other hand, Bella Vista and Springdale had more available office/retail square footage in the fourth quarter of 2010 than in the second quarter. No new square footage was added to the market during the last year. In the fourth quarter of 2010, 867,370 square feet of office/retail space were available, down from 934,195 square feet in the second quarter. This space was primarily located in Fayetteville, Rogers, Bentonville, and Springdale.

The retail market also experienced positive net absorption in the past twelve months. Only the cities of Bentonville and Lowell experienced negative net absorption in the retail submarket over the past year, while positive net absorption occurred in Fayetteville, Rogers, Siloam Springs, and Springdale. There were 25,999 new square feet of retail space added to the Northwest Arkansas market during the past twelve months, as well as more complete coverage of existing space. In the fourth quarter of 2010, a total of 1,073,743 square feet of space were available in Northwest Arkansas, up from 994,458 square feet in the second quarter of 2010.

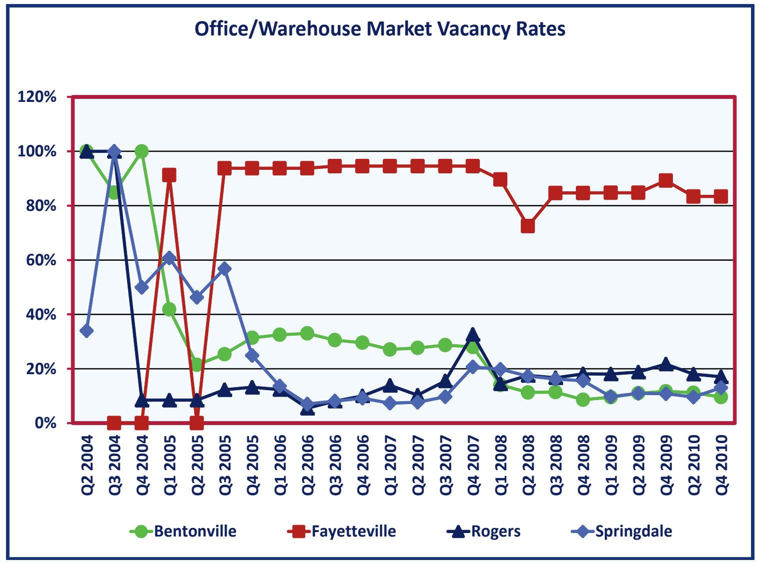


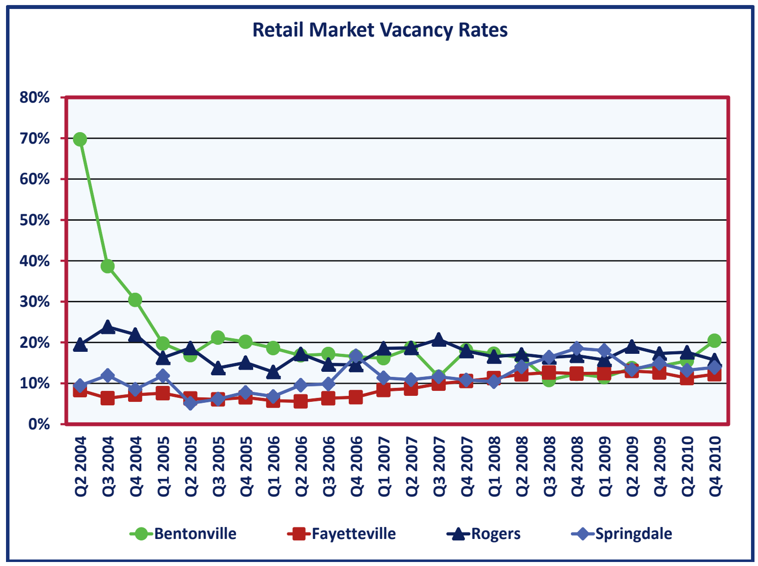


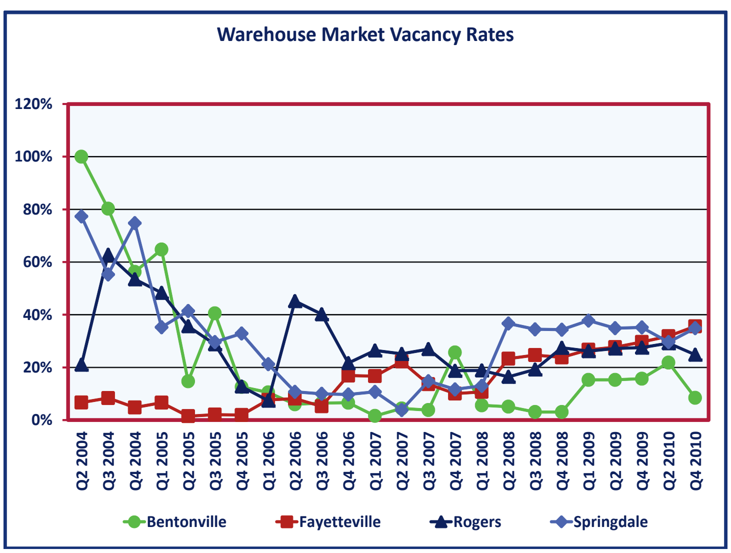


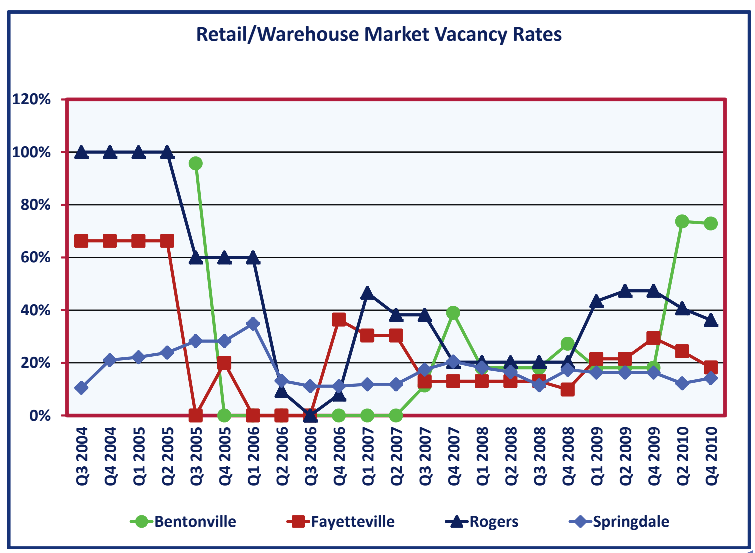
Commercial Market Trends

The Northwest Arkansas warehouse market also experienced positive net absorption of 117,090 square feet during the past year. The number of available square feet declined from 1,765,042 in the second quarter of 2010 to 1,706,487 in the fourth quarter of 2010 and vacancy rates declined from 27.4 percent to 27.0 percent during the same time period, accordingly. Fayetteville and Springdale, however, experienced negative net absorption since the second quarter of last year in the warehouse market. No new warehouse space was added to the Northwest Arkansas market during the past year.





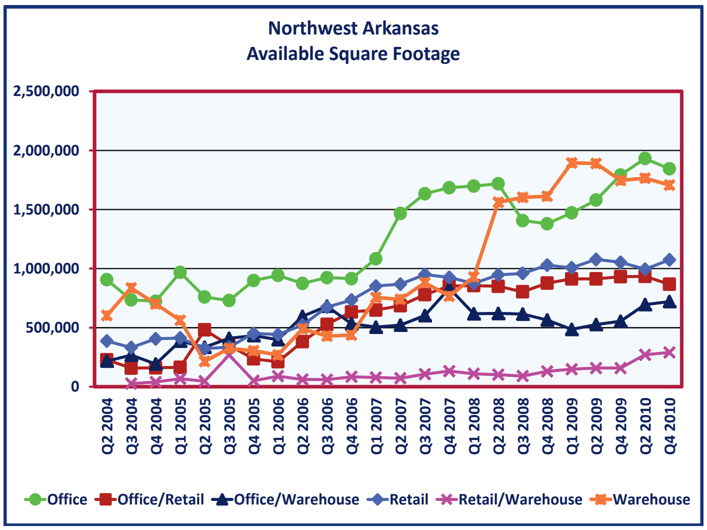


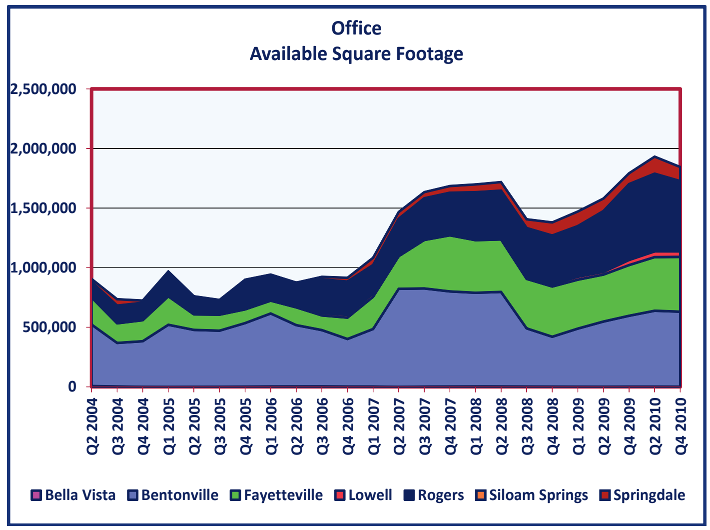


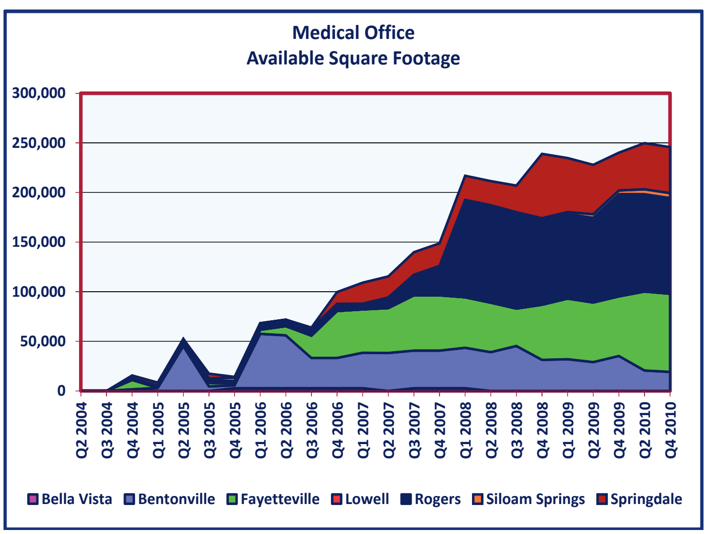
Commercial Market Trends

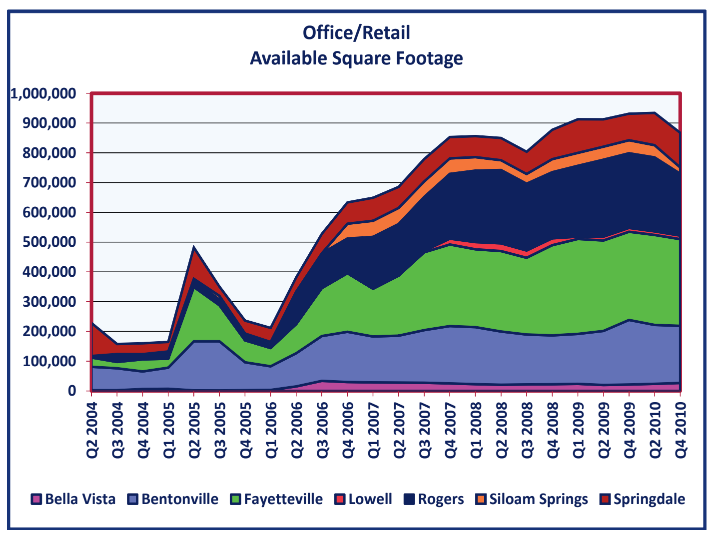
Net Twelve Month Absorption by Submarket Q4 2009 - Q4 2010

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	200	-5,085	0	0
Bentonville	-27,435	28,484	-13,068	33,440
Fayetteville	25,372	11,489	58,840	-55,500
Lowell	-3,316	900	-1,209	4,500
Rogers	75,070	56,259	59,172	66,139
Siloam Springs	-1,285	22,524	6,568	-19,230
Springdale	6,597	-27,209	23,395	87,741
Northwest Arkansas	75,203	87,362	133,698	117,090

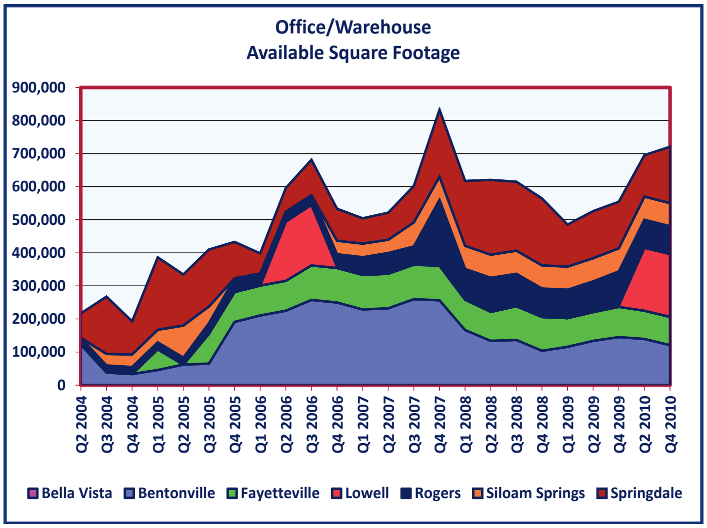


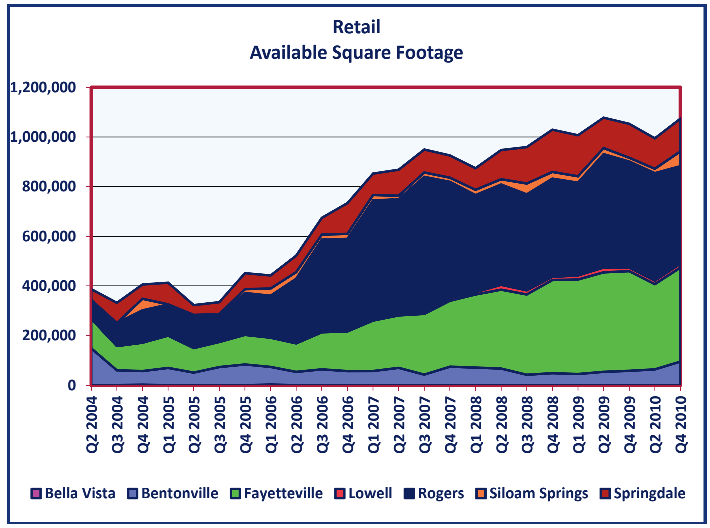


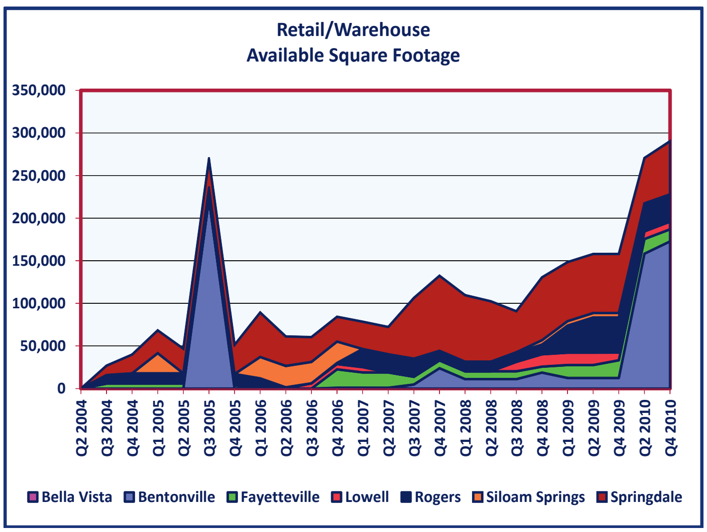


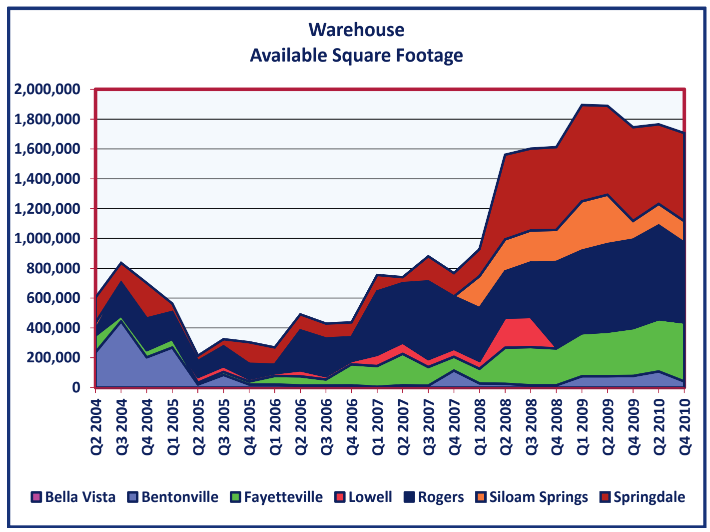


Commercial Market Trends









Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2009	19.0%	19.2%	18.7%	15.7%	28.7%	4.7%	12.2%	20.7%
Q2 2010	19.0%	20.5%	19.4%	17.7%	28.9%	5.3%	18.2%	21.9%
Q4 2010	17.3%	20.1%	19.4%	16.9%	25.3%	5.3%	15.0%	20.5%
Medical Office								
Q4 2009	0.0%	16.5%	10.9%	0.0%	35.6%	5.2%	16.7%	17.1%
Q2 2010	0.0%	9.2%	13.9%	0.0%	33.9%	5.9%	20.4%	17.2%
Q4 2010	0.0%	8.1%	13.8%	0.0%	32.2%	5.9%	20.3%	16.7%
Office/Retail								
Q4 2009	7.7%	24.3%	20.3%	19.7%	32.6%	29.7%	17.7%	22.6%
Q2 2010	8.6%	22.5%	19.9%	18.3%	31.1%	27.9%	21.5%	22.3%
Q4 2010	9.6%	21.3%	19.3%	18.3%	26.6%	14.2%	23.1%	20.7%
Office/Warehouse								
Q4 2009	--	11.7%	89.3%	1.8%	21.7%	65.8%	10.8%	16.1%
Q2 2010	--	11.2%	83.4%	86.5%	18.0%	65.8%	9.6%	20.2%
Q4 2010	--	9.6%	83.4%	86.5%	17.1%	65.8%	13.1%	20.7%
Retail								
Q4 2009	0.0%	14.2%	12.6%	11.6%	17.3%	5.1%	14.9%	14.2%
Q2 2010	0.0%	15.5%	11.3%	11.4%	17.6%	5.7%	13.2%	13.6%
Q4 2010	0.0%	20.4%	12.2%	12.5%	15.7%	16.8%	13.9%	14.3%
Retail/Warehouse								
Q4 2009	--	18.1%	29.4%	23.6%	47.3%	9.3%	16.3%	21.2%
Q2 2010	--	73.7%	24.4%	23.6%	40.7%	5.6%	12.2%	30.4%
Q4 2010	--	72.9%	18.2%	23.6%	36.2%	5.6%	14.2%	31.3%
Warehouse								
Q4 2009	0.0%	15.7%	29.7%	0.7%	27.5%	58.9%	35.2%	27.3%
Q2 2010	0.0%	21.8%	31.9%	0.0%	29.2%	68.0%	29.6%	27.4%
Q4 2010	0.0%	8.5%	35.6%	0.0%	24.8%	68.0%	34.9%	27.0%

Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q3-Q4 2009	0	-35,226	-18,157	-20,000	-81,727	0	13,777	-141,333
Q1-Q2 2010	0	-40,705	16,426	-5,368	-13,930	-1,285	-18,189	-63,051
Q3-Q4 2010	200	13,270	8,946	2,052	89,000	0	24,786	138,254
Medical Office								
Q3-Q4 2009	0	-2,000	0	0	-6,308	0	11,696	3,388
Q1-Q2 2010	0	14,617	0	0	5,000	-1,285	-8,458	9,874
Q3-Q4 2010	0	3,500	822	0	4,800	0	192	9,314
Office/Retail								
Q3-Q4 2009	-1,600	-25,690	7,642	0	4,203	0	3,954	-11,491
Q1-Q2 2010	-2,285	18,977	527	900	9,828	2,624	-19,323	11,248
Q3-Q4 2010	-2,800	9,507	10,962	0	46,431	19,900	-7,886	76,114
Office/Warehouse								
Q3-Q4 2009	--	3,000	-4,600	0	-14,000	0	1,700	-13,900
Q1-Q2 2010	--	11,705	6,000	-186,325	14,000	0	15,250	-139,370
Q3-Q4 2010	--	26,300	0	0	17,697	0	-44,767	-770
Retail								
Q3-Q4 2009	0	2,989	5,324	4,600	43,876	9,268	-14,340	51,717
Q1-Q2 2010	0	-5,856	54,295	216	5,869	1,800	14,075	70,399
Q3-Q4 2010	0	-7,212	4,545	-1,425	53,303	4,768	9,320	63,299
Retail/Warehouse								
Q3-Q4 2009	--	0	-5,600	5,540	0	0	0	-60
Q1-Q2 2010	--	-6,300	3,557	0	0	2,100	16,058	15,415
Q3-Q4 2010	--	7,700	10,243	0	840	0	-5,958	12,825
Warehouse								
Q3-Q4 2009	0	-2,140	-21,500	2,250	-8,183	0	8,145	-21,428
Q1-Q2 2010	0	-30,310	-10,000	4,500	-27,941	-19,230	119,916	36,935
Q3-Q4 2010	0	63,750	-45,500	0	94,080	0	-32,175	80,155

Commercial Market Trends

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2009	2,200	594,304	425,245	43,100	632,674	3,873	90,651	1,792,047
Q2 2010	2,200	636,509	450,028	48,468	646,604	5,158	142,604	1,931,571
Q4 2010	2,000	628,781	459,695	46,416	584,672	5,158	117,818	1,844,540
Medical Office								
Q4 2009	0	35,217	60,122	0	103,019	3,729	38,070	240,157
Q2 2010	0	20,600	79,636	0	98,019	5,014	46,528	249,797
Q4 2010	0	19,190	78,814	0	96,419	5,014	46,336	245,773
Office/Retail								
Q4 2009	21,570	216,913	296,394	12,910	250,928	43,724	89,031	931,470
Q2 2010	23,855	197,936	302,367	12,010	248,573	41,100	108,354	934,195
Q4 2010	26,655	192,015	291,405	12,010	207,485	21,200	116,240	867,370
Office/Warehouse								
Q4 2009	--	145,230	91,326	4,000	103,206	70,007	140,692	554,461
Q2 2010	--	139,525	85,326	190,325	84,837	70,007	125,442	695,462
Q4 2010	--	120,955	85,326	190,325	83,902	70,007	170,209	720,724
Retail								
Q4 2009	0	58,046	401,576	14,600	426,935	15,268	136,585	1,053,010
Q2 2010	0	63,902	343,281	14,384	432,913	17,468	122,510	994,458
Q4 2010	0	95,314	378,636	15,809	392,690	59,700	131,594	1,073,743
Retail/Warehouse								
Q4 2009	--	12,498	20,757	9,000	41,280	5,200	69,300	158,035
Q2 2010	--	158,336	17,200	9,000	29,780	3,100	53,242	270,658
Q4 2010	--	172,786	14,157	9,000	28,940	3,100	62,400	290,383
Warehouse								
Q4 2009	0	77,940	320,556	4,500	589,025	125,508	628,044	1,745,573
Q2 2010	0	108,250	350,556	0	628,370	144,738	533,128	1,765,042
Q4 2010	0	41,100	396,056	0	534,290	144,738	590,303	1,706,487

Office

In the fourth quarter of 2010, the office properties included in the Skyline Report panel had a vacancy rate of 20.5 percent, down from the rate of 21.9 percent in the second quarter of 2010. Of the more than 8.9 million square feet of Northwest Arkansas properties examined, almost 1.85 million square feet are currently available. This is a decrease from the second quarter. From the second quarter of 2010 to the fourth quarter of 2010, 4,160 square feet of new office space entered the market in Fayetteville, while 142,414 square feet became occupied, netting positive absorption of 138,254 square feet for the market.

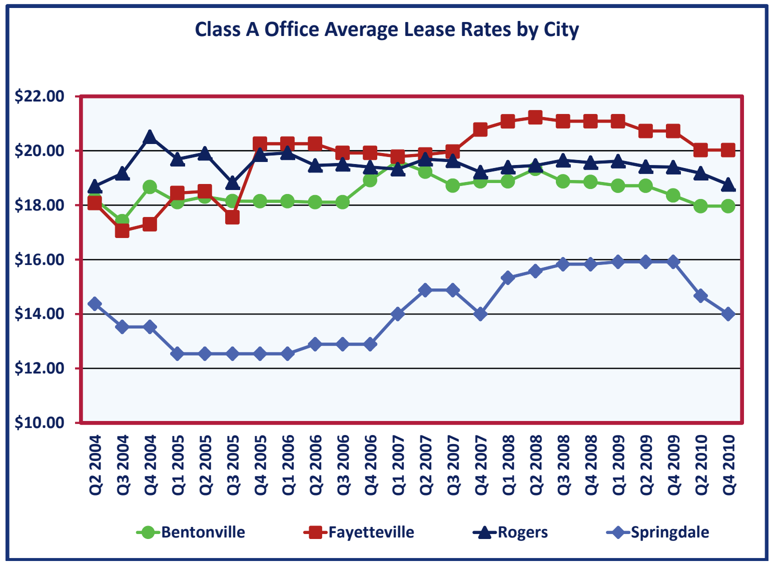
Of the 1,844,540 square feet of available office space in Northwest Arkansas, about 34.1 percent is located in Bentonville. About 88.0 percent of the available office space in Bentonville was in the Class B submarket, while Class A space accounted for about 6.7 percent, and the remainder was in the Class C and medical office submarkets. There was positive absorption of 13,270 square feet in the fourth quarter of 2010, while no new space was added in Bentonville.

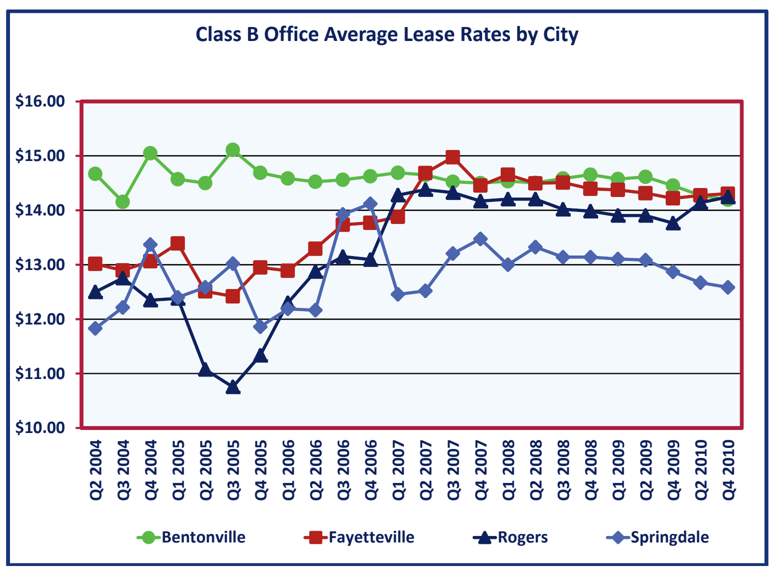
While Bentonville had the most available office space at 628,781 square feet, Rogers also had 584,672 square feet available. In the fourth quarter of 2010, 65,414 square feet of Class A, 16,786 of Class B, 2,000 square feet of Class C, and 4,800 square feet of medical office space became occupied in Rogers. No additional square feet of new space were added to the Rogers office market, netting positive absorption of 89,000 square feet of office space.

Fayetteville had 459,695 square feet of available office space in the fourth quarter of 2010. In the Fayetteville office submarket, Class B accounted for 62.3 percent of all available space, while medical office accounted for 17.1 percent and Class A for 13.3 percent. From the second quarter of 2010 to the fourth quarter of 2010, 4,160 of new Class B space were added to the market. The Fayetteville office market experienced positive absorption of 13,106 square feet for net absorption of 8,946 square feet. About 5,589 square feet of Class A and 7,387 square feet of Class C submarket became occupied. 822 square feet in the medical office submarket became occupied during the second half of 2010. However, an additonal 692 square feet of space became available in the Class B submarket.

Office Lease Rates Average Range by City

	Class A	Class B	Class C	Medical
Bentonville	$17.54 - $18.39	$13.91 - $14.48	$8.55 - $8.89	$16.55 - $17.91
Fayetteville	$18.47 - $21.58	$13.73 - $14.70	$10.66 - $11.34	$15.09 - $16.77
Rogers	$17.81 - $19.71	$13.93 - $14.56	$8.58 - $9.46	$13.54 - $14.32
Springdale	$14.00 - $14.00	$11.66 - $13.51	$9.23 - $9.48	$12.15- $13.17

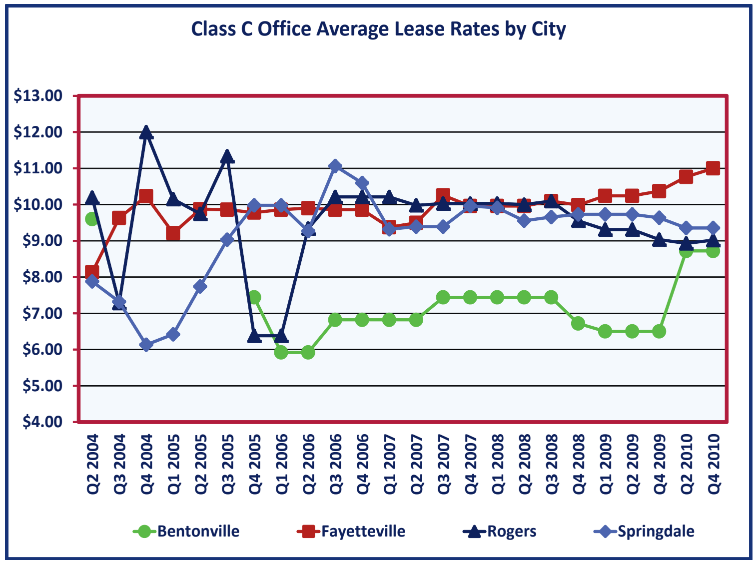


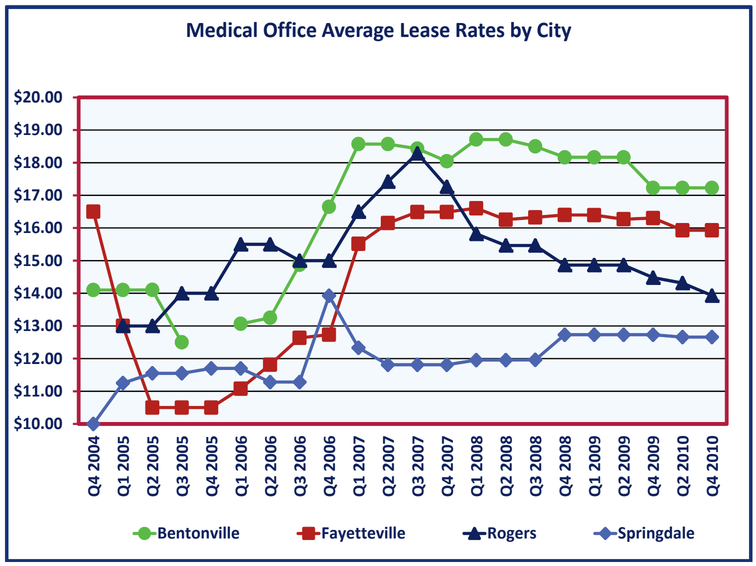


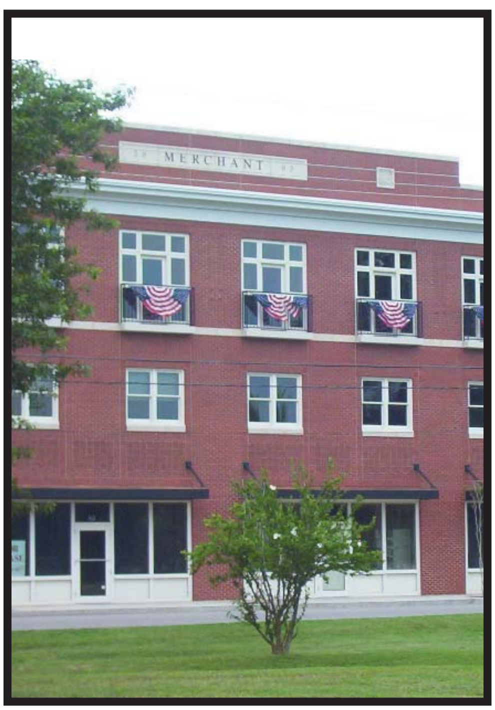
Office

The Springdale office market had 117,818 square feet of available space in the fourth quarter of 2010. Overall, 24,786 square feet became occupied with the Class B submarket accounting for 19,780 square feet of space. But all other submarkets also had limited absorption.

Class A office average reported lease rates continued to be highest in Fayetteville at $20.03 per square foot. Class A space average lease rates declined in Rogers and Springdale but held constant in Bentonville and Fayetteville. Class B office space average reported lease rates again declined in Bentonville and Springdale, while increasing in Fayetteville and Rogers. In the fourth quarter of 2010, reported average lease rates for Class C office increased in Fayetteville and Rogers and held constant in Bentonville and Springdale. Reported average medical office space lease rates remained constant in Bentonville, Fayetteville, and Springdale, while declining in Rogers in the fourth quarter of 2010.







Office

Office Space Characteristics by Class and City

Class A	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Bentonville	376,755	42,085	11.2%	9,044	0	9,044	27.9
Fayetteville	416,882	61,254	14.7%	5,589	0	5,589	65.8
Rogers	1,295,473	315,959	24.4%	65,414	0	65,414	29.0
Springdale	77,123	6,719	8.7%	3,298	0	3,298	12.2
Class B							
Bentonville	2,476,384	553,429	22.3%	726	0	726	4,573.8
Fayetteville	1,137,922	286,328	25.2%	-692	4,160	-4,852	--
Rogers	557,398	138,088	24.8%	16,786	0	16,786	49.4
Springdale	329,025	14,768	4.5%	19,780	0	19,780	4.5
Class C							
Bentonville	44,698	14,077	31.5%	0	0	0	--
Fayetteville	246,921	33,299	13.5%	7,387	0	7,387	27.0
Rogers	157,956	34,206	21.7%	2,000	0	2,000	102.6
Springdale	149,449	49,995	33.5%	1,516	0	1,516	197.9
Medical							
Bentonville	237,467	19,190	8.1%	3,500	0	3,500	32.9
Fayetteville	572,354	78,814	13.8%	822	0	822	575.3
Rogers	299,323	96,419	32.2%	4,800	0	4,800	120.5
Springdale	228,563	46,336	20.3%	192	0	192	1,448.0

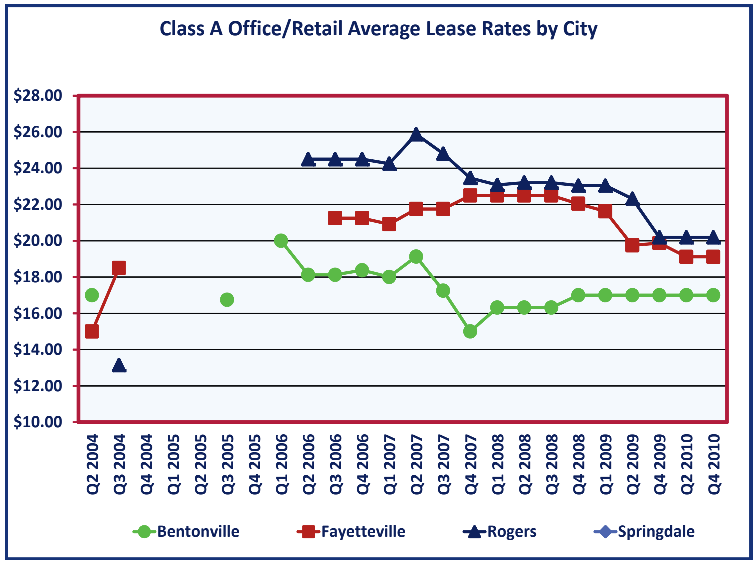
[1]From all Q4 2010 respondents
[2]From Q4 2010 respondents who were also Q2 2010 respondents

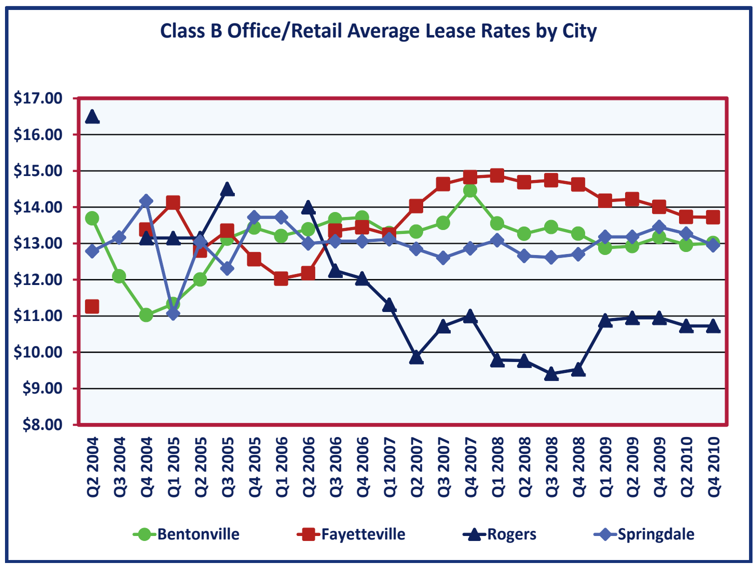
In the fourth quarter of 2010, the office/retail properties included in the Skyline Report sample had a vacancy rate of 20.7 percent, a decline from a 22.3 percent in the second quarter. Of almost 4.2 million square feet of Northwest Arkansas properties examined, 867,370 square feet were available.

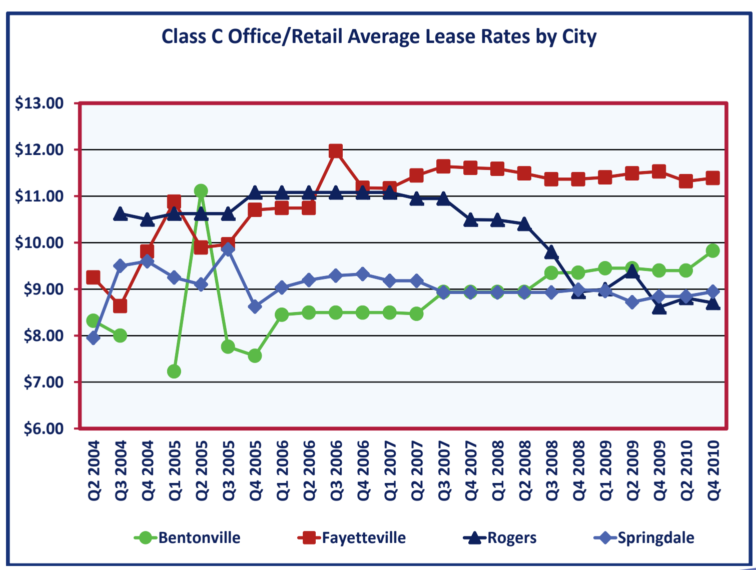
From the second quarter to the fourth quarter of 2010, no new office/retail space was added in Northwest Arkansas. The number of square feet becoming occupied was larger than the number of square feet becoming available in office/retail submarket, causing a positive net absorption of 76,114 square feet in the fourth quarter. Bentonville, Fayetteville, Rogers, and Siloam Springs experienced positive net absorption of office/retail space in the fourth quarter of 2010. Bella Vista and Springdale, however, experienced negative net absorption. Lowell remained constant.

Fayetteville continued having the largest amount of available square feet in the office/retail submarket with 291,405 square feet available. Rogers had 207,485 and Bentonville had 192,015 square feet available. Dividing those by the total square feet of office/retail space, this translated to vacancy rates of 19.3 percent for Fayetteville, 26.6 percent for Rogers, and 21.3 percent for Bentonville. Springdale had reported available office/retail square footage of 116,240 with a 23.1 percent vacancy rate.

Office/retail space average reported lease rates remained mixed in the fourth quarter of 2010. In the Class A submarket, average reported lease rates stayed constant in Fayetteville, Bentonville and Rogers. Average reported Class B rates decreased in Fayetteville and Rogers, increased in Bentonville and remained constant in Rogers. In the Class C office/retail submarket, average reported prices decreased in Rogers, but increased in Bentonville, Fayetteville, and Springdale.







Office/Retail

Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	$15.67 - $18.33	$12.29 - $13.73	$9.11 - $10.54
Fayetteville	$18.45 - $19.78	$13.12 - $14.32	$10.66 - $12.12
Rogers	$19.25 - $21.13	$9.85 - $11.60	$7.53 - $9.88
Springdale	--	$12.33 - $13.57	$8.21 - $9.68

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	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Bentonville	56,307	7,800	13.9%	2,500	0	2,500	18.7
Fayetteville	140,776	64,496	45.8%	7,200	0	7,200	53.7
Rogers	133,982	21,481	16.0%	-7,754	0	-7,754	--
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	673,022	158,393	23.5%	8,978	0	8,978	105.9
Fayetteville	1,014,391	184,239	18.2%	11,352	0	11,352	97.4
Rogers	397,135	98,343	24.8%	47,968	0	47,968	12.3
Springdale	228,573	64,608	28.3%	-8,286	0	-8,286	--
Class C							
Bentonville	170,662	25,822	15.1%	-1,971	0	-1,971	--
Fayetteville	351,346	42,670	12.1%	-7,590	0	-7,590	--
Rogers	250,277	88,021	35.2%	6,217	0	6,217	84.9
Springdale	275,386	51,632	18.7%	400	0	400	774.5

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

Retail

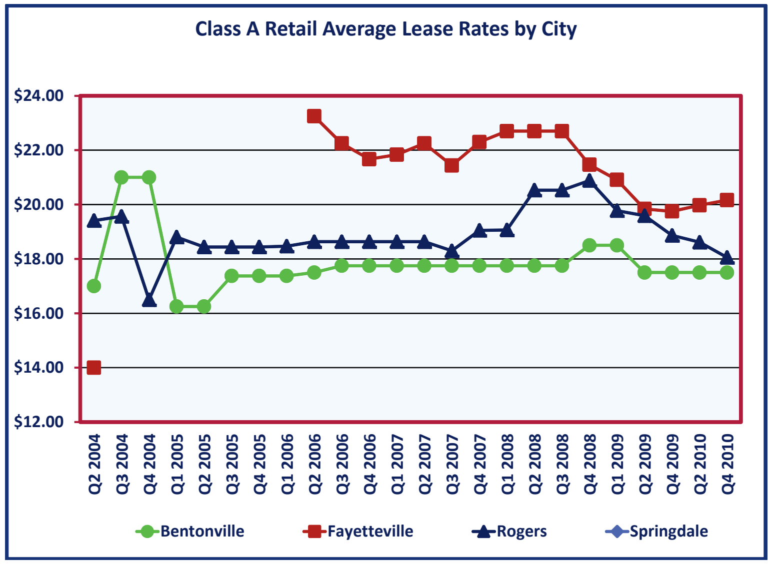
In the fourth quarter of 2010, the retail properties included in the Skyline Report panel had a vacancy rate of 14.3 percent, up from 13.6 percent in the fourth quarter. Of almost 7.5 million square feet of Northwest Arkansas retail properties examined, 1,073,743 square feet were available. From the second quarter to the fourth quarter of 2010, 17,599 square feet of new retail space came on the Fayetteville market, while 80,898 square feet became occupied, netting a positive absorption of 63,299 square feet in Northwest Arkansas.

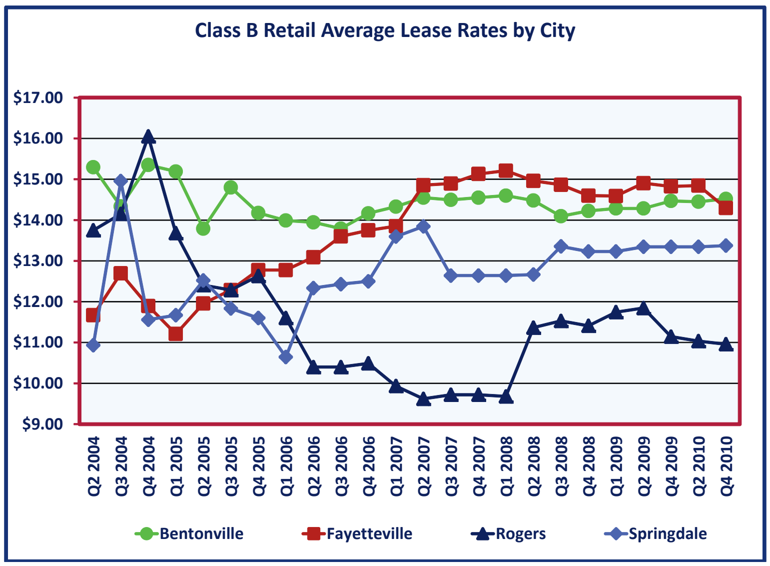
Bentonville had 466,469 total square feet and 95,314 available square feet of retail space in the fourth quarter of 2010, resulting in a vacancy rate of 20.4 percent. This represented an increase from the rate of 15.5 percent in the fourth quarter due to the increase in the available space, a previously owner occupied space being most significant, and increased coverage in the Class B retail submarket.

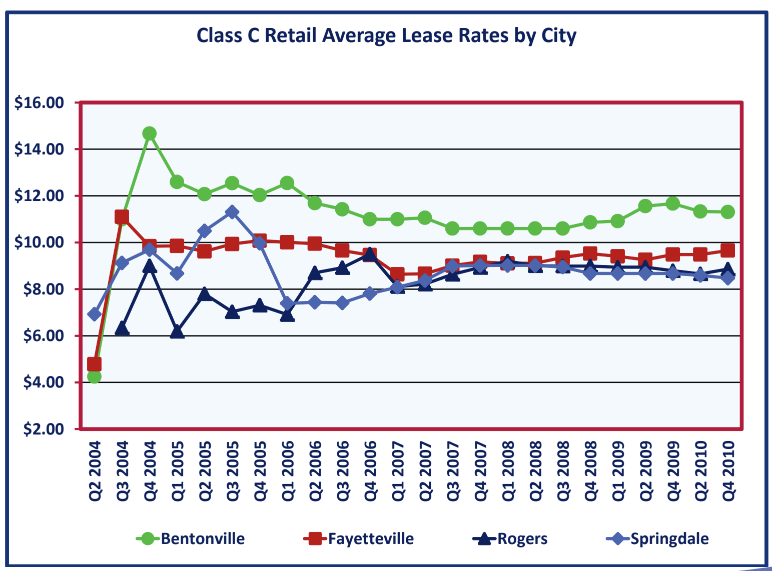
In the fourth quarter of 2010, Fayetteville had a retail vacancy rate of 12.2 percent, up from 11.3 percent in the fourth quarter, with 378,636 available square feet out of a total of more than 3.0 million. The increase was due primarily to increased availble space from a previously owner occupied property. There was reported net positive absorption of 4,545 square feet in the Fayetteville retail market.

The Rogers market had 392,690 square feet of available retail space out of a total of over 2.5 million square feet for a vacancy rate of 15.7 percent in the fourth quarter of 2010. The city experienced a decrease in the vacancy rate from 17.6 percent in the second quarter in accordance with net absorption. No new space entered the market, while 65,888 square feet became occupied in the Class A and 224 square feet in the Class C retail submarket, while 12,809 square feet of the Class B retail submarket became available, netting a positive absorption of 53,303 square feet in the fourth quarter of 2010.

There were 131,594 square feet of available retail space out of a total of 946,727 square feet







in Springdale in the fourth quarter of 2010. This implied a vacancy rate of 13.9 percent, up from 13.2 percent in the second quarter. This was due to increased coverage in the Springdale retail market. There was 10,320 square feet occupied in the Class B submarket, but 1,000 square feet became available in the Class C retail submarkets resulting in 9,320 square feet of positive net absorption for the market.

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

Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	$15.50 - $19.50	$14.24 - $14.80	$10.84 - $11.78
Fayetteville	$19.02 - $21.31	$13.91 - $14.68	$9.47 - $9.84
Rogers	$16.95 - $19.16	$9.77 - $12.15	$8.62 - $9.10
Springdale	--	$12.93 - $13.82	$8.09 - $8.86

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	2,400	6.1%	4,584	0	4,584	3.1
Fayetteville	1,896,015	173,905	9.2%	21,177	17,599	3,578	291.6
Rogers	1,557,723	180,371	11.6%	65,888	0	65,888	16.4
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	308,205	70,490	22.9%	-17,296	0	-17,296	--
Fayetteville	895,140	140,489	15.7%	5,109	0	5,109	165.0
Rogers	562,287	97,893	17.4%	-12,809	0	-12,809	--
Springdale	653,437	97,219	14.9%	10,320	0	10,320	56.5
Class C							
Bentonville	118,730	22,424	18.9%	5,500	0	5,500	24.5
Fayetteville	306,738	64,242	20.9%	-4,142	0	-4,142	--
Rogers	381,788	114,426	30.0%	224	0	224	3,065.0
Springdale	293,290	34,375	11.7%	-1,000	0	-1,000	--

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

Other Categories

Warehouse

In the fourth quarter of 2010, the warehouse properties included in the Skyline Report panel had a vacancy rate of 27.0 percent, down slightly from 27.4 percent in the second quarter. Of more than 6.3 million square feet of warehouse space examined, almost 1.7 million square feet were available in the fourth quarter of 2010.

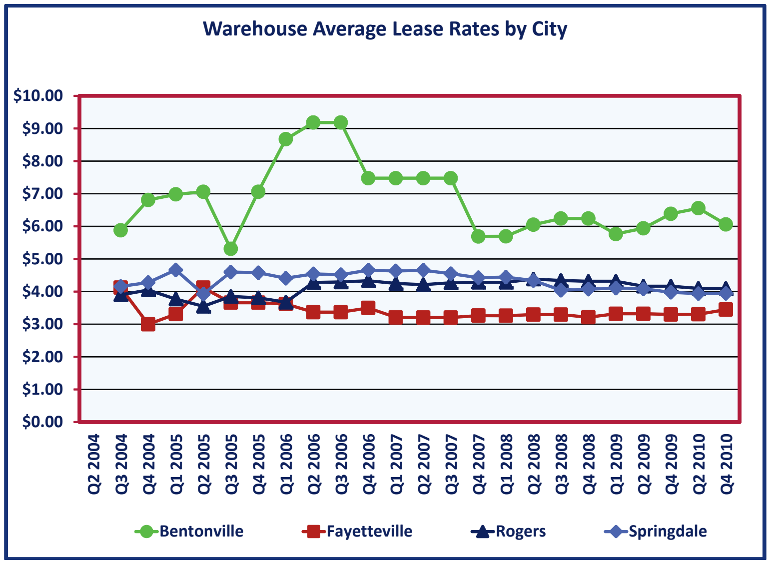
The majority of available warehouse space was split between Springdale (with 590,303 square feet), Rogers (with 534,290 square feet), Fayetteville (with 396,056 square feet), and Siloam Springs (with 144,738 square feet). There was no new space added to the warehouse market in the fourth quarter. Existing warehouse space became occupied in Bentonville and Rogers, while some became vacant in Springdale. As a result, there was a positive net absorption of 80,155 square feet in Northwest Arkansas. Reported warehouse vacancy rates declined in Bentonville and Rogers, and increased in Fayetteville in the fourth quarter.

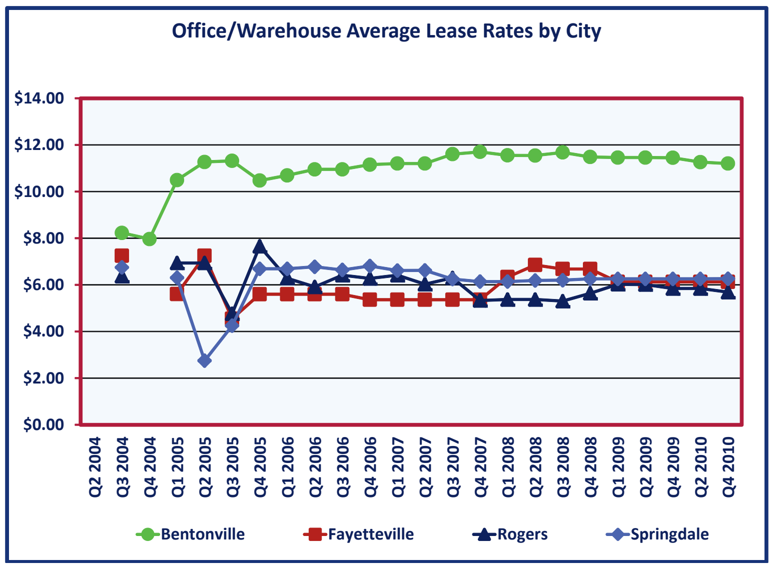
The average reported warehouse lease rates in Bentonville decreased to $6.06 and continued to be the most expensive lease rates in Northwest Arkansas. On the other hand, Fayetteville's average reported lease rate increased slightly, while in Rogers and Springdale average lease rates remained almost the same.

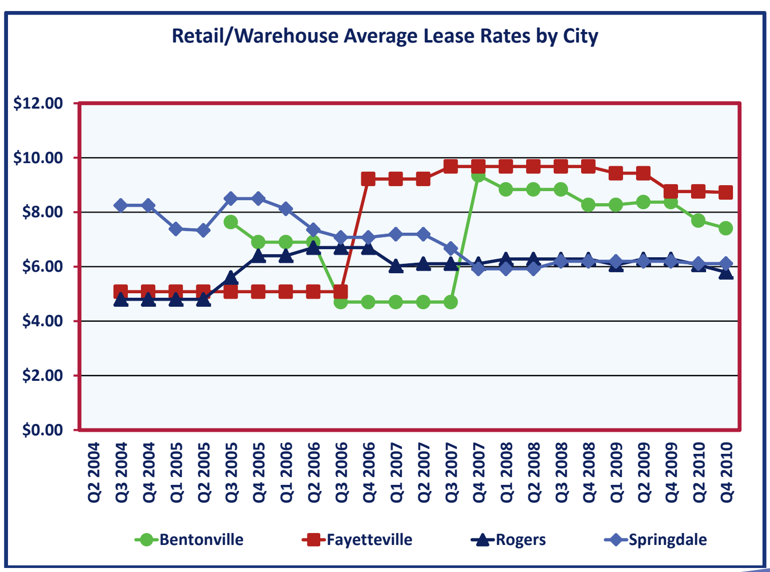
Office/Warehouse

The Skyline Report panelists reported on almost 3.5 million square feet of office/warehouse space in the fourth quarter. The vacancy rate in the office/warehouse submarket increased slightly from 20.2 percent in the second quarter to 20.4 percent in the fourth quarter of 2010 in Northwest Arkansas, with 720,724 total square feet available in the fourth quarter. No new space entered the market during the fourth quarter of 2010.

The activity in the office/warehouse submarket in the fourth quarter was concentrated in Bentonville, Rogers, and Springdale. About 26,300 square feet of office/warehouse space became occupied in Bentonville, 17,697 square







feet in Rogers. Meanwhile, about 44,767 square feet became vacant in Springdale, netting a negative absorption of 770 square feet in Northwest Arkansas.

Average reported office/warehouse lease rates in Bentonville declined to $11.21 but continued to be the highest in the region. Rogers also posted a decline, while Fayetteville and Springdale remained constant.

Retail/Warehouse

The Skyline Report panelists reported on 928,546 square feet of retail/warehouse space in the fourth quarter of 2010. The vacancy rate in the retail/warehouse submarket increased to 31.3 percent in the fourth quarter, up from 30.4 percent in the second quarter of 2010. The increase in vacancy rates was due to the increase in total reported space. A total of 290,383 square feet were available in Northwest Arkansas in the fourth quarter.

From the second quarter to the fourth quarter of 2010, there was a positive absorption of 10,243 square feet in the Fayetteville retail/warehouse market, of 7,700 square feet in Bentonville and 840 in Rogers, while 5,958 square feet became vacant in Springdale. There was no other activity in the retail/warehouse submarket in Northwest Arkansas.

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

Other Lease Rates Average Range by City

	Warehouse	Office/ Warehouse	Retail/ Warehouse
Bentonville	$5.38 - $6.74	$10.46 - $11.95	$7.04 - $7.78
Fayetteville	$3.30 - $3.60	$6.13 - $6.13	$8.08 - $9.37
Rogers	$4.02 - $4.17	$5.54 - $5.84	$5.78 - $5.81
Springdale	$3.74 - $4.15	$5.22 - $7.31	$5.54 - $6.69

Other Space Characteristics by Class and City

Warehouse	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Bentonville	485,468	41,100	8.5%	63,750	0	63,750	3.9
Fayetteville	1,112,468	396,056	35.6%	-45,500	0	-45,500	--
Rogers	2,152,551	534,290	24.8%	94,080	0	94,080	34.1
Springdale	1,691,233	590,303	34.9%	-32,175	0	-32,175	--
Office/Warehouse							
Bentonville	1,261,385	120,955	9.6%	26,300	0	26,300	27.6
Fayetteville	102,326	85,326	83.4%	0	0	0	--
Rogers	491,175	83,902	17.1%	17,697	0	17,697	28.4
Springdale	1,303,882	170,209	13.1%	-44,767	0	-44,767	--
Retail/Warehouse							
Bentonville	237,044	172,786	72.9%	7,700	0	7,700	134.6
Fayetteville	77,780	14,157	18.2%	10,243	0	10,243	8.3
Rogers	79,863	28,940	36.2%	840	0	840	206.7
Springdale	439,979	62,400	14.2%	-5,958	0	-5,958	--

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

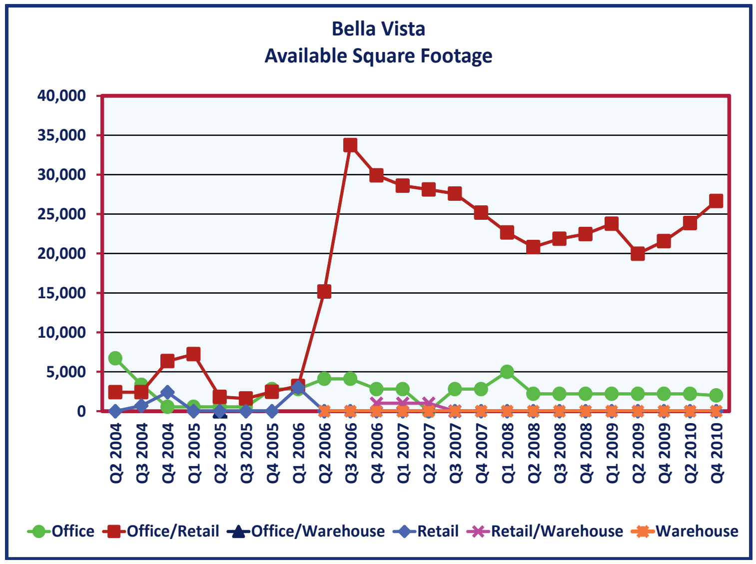
Bella Vista

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

- In the second half of 2010, Bella Vista experienced positive net absorption of 200 square feet in the Class B office submarket, along with negative net absorption of 2,800 square feet in the Class B office/retail submarket.

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

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

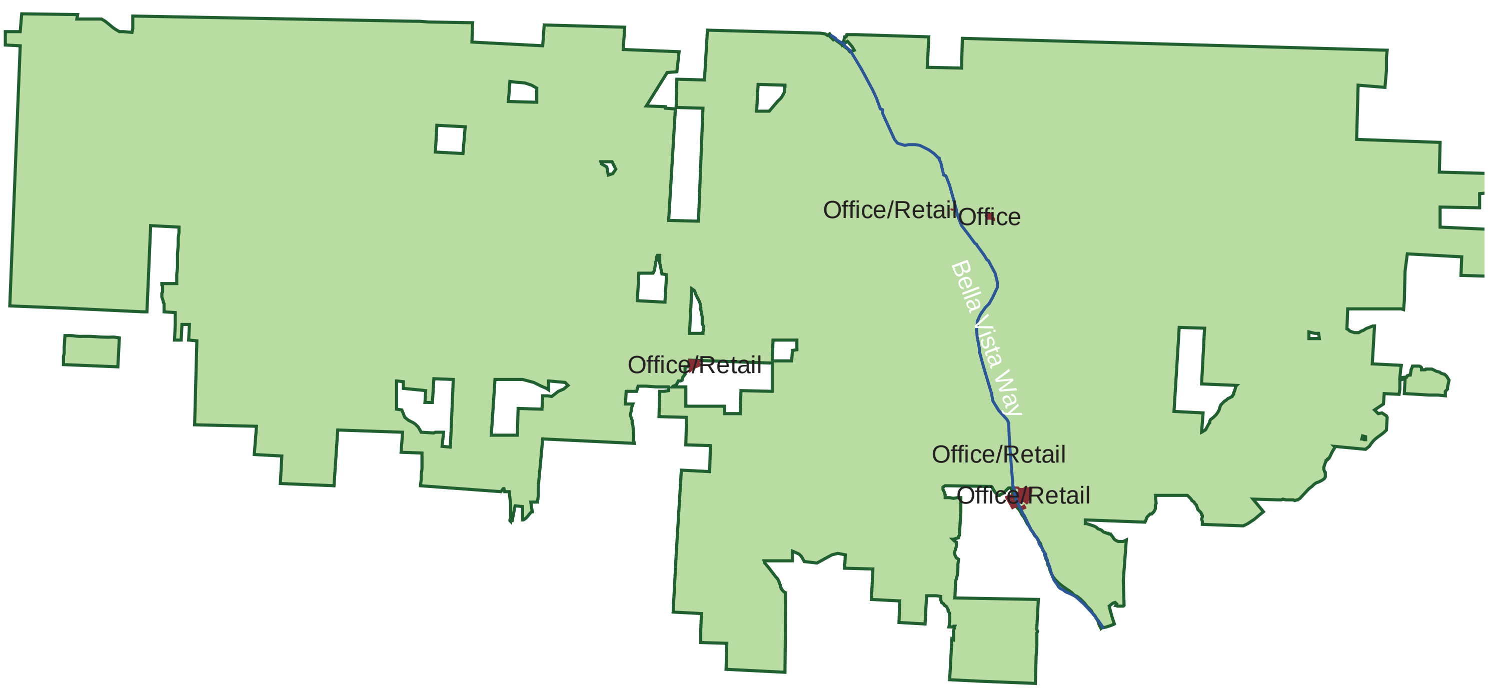


Bella Vista Commercial Real Estate Market Summary Statistics

	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	2,000	17.3%	200	0	200	60.0
Class A	--	--	--	--	--	--	--	--
Class B	$13.85 - $13.85	3,450	2,000	58.0%	200	0	200	60.0
Class C	--	--	--	--	--	--	--	--
Medical	$12.00 - $14.00	8,104	0	0.0%	0	0	0	0
Office/Retail	$9.98 - $12.36	278,734	26,655	9.6%	-2,800	0	-2,800	--
Class A	--	--	--	--	--	--	--	--
Class B	$9.98 - $12.36	278,734	26,655	9.6%	-2,800	0	-2,800	--
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

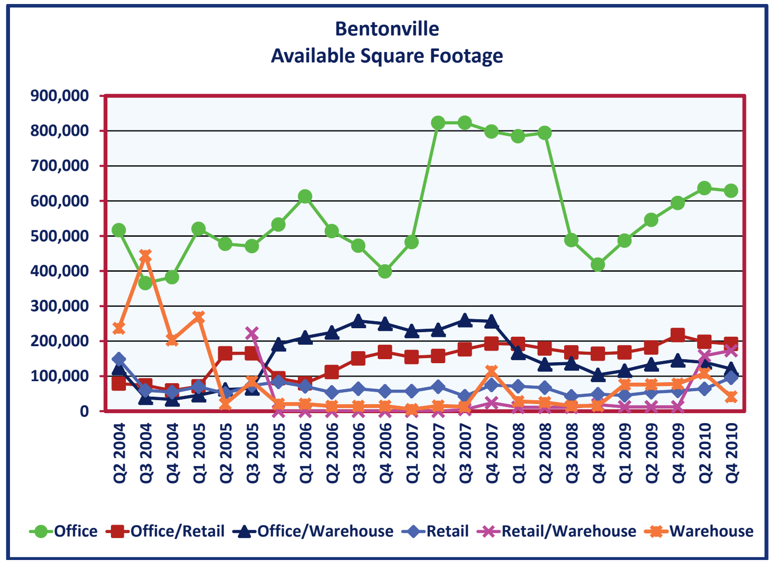
[1]From all Q4 2010 respondents
[2]From Q4 2010 respondents who were also Q2 2010 respondents

Bella Vista


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

Bentonville

- From June to November 2010, Bentonville issued $9,061,421 worth of building permits for new commercial space. The second half of 2010 value was much greater than the first half value of $2.7 million and greater than the second half of 2009 value of $3.3 million. Bentonville accounted for 32.5 percent of the commercial permits issued in Northwest Arkansas during the second half of 2010.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,578,057 square feet of commercial space in the third and fourth quarters of 2010.
- In the second half of 2010, Bentonville experienced positive net absorption of 113,315 and decreased vacancy rates overall.
- There was positive net absorption in the office, medical office, office/retail, office/warehouse, retail/warehouse, and warehouse submarkets in the last two quarters of 2010 in Bentonville. Meanwhile, there was negative absorption in the retail submarket.



- There was no new space added to the Bentonville commercial market in the second six months of 2010.
- Reported vacancy rates from the second quarter of 2010 to the fourth quarter of 2010 decreased in the office, medical office, office/retail, office/warehouse, retail/warehouse, and warehouse submarkets, while increasing in the retail submarket, in accord with absorption. It should be noted that Bentonville office vacancy rate changes to 21.0 percent this quarter when accounting for Bentonville Plaza.
- Average reported lease rates increased over the past six months for the Class B office/retail by $0.05, Class C office/retail by $0.42, and Class B retail by $0.07. During the past six months, there was a decline in Class B office

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	$4.50 - $4.50	92,396	81,996	88.7%	0	0	0	--
Office	$14.11 - $14.74	3,135,304	628,781	20.1%	13,270	0	13,270	284.3
Class A	$17.54 - $18.39	376,755	42,085	11.2%	9,044	0	9,044	27.9
Class B	$13.91 - $14.48	2,476,384	553,429	22.3%	726	0	726	4573.8
Class C	$8.55 - $8.89	44,698	14,077	31.5%	0	0	0	--
Medical	$16.55 - $17.91	237,467	19,190	8.1%	3,500	0	3,500	32.9
Office/Retail	$11.85 - $13.36	899,991	192,015	21.3%	9,507	0	9,507	121.2
Class A	$15.67 - $18.33	56,307	7,800	13.9%	2,500	0	2,500	18.7
Class B	$12.29 - $13.73	673,022	158,393	23.5%	8,978	0	8,978	105.9
Class C	$9.11 - $10.54	170,662	25,822	15.1%	-1,971	0	-1,971	--
Office/Warehouse	$10.46 - $11.95	1,261,385	120,955	9.6%	26,300	0	26,300	27.6
Retail	$13.18 - $13.98	466,469	95,314	20.4%	-7,212	0	-7,212	--
Class A	$15.50 - $19.50	39,534	2,400	6.1%	4,584	0	4,584	3.1
Class B	$14.24 - $14.80	308,205	70,490	22.9%	-17,296	0	-17,296	--
Class C	$10.84 - $11.78	118,730	22,424	18.9%	5,500	0	5,500	24.5
Retail/Warehouse	$7.04 - $7.78	237,044	172,786	72.9%	7,700	0	7,700	134.6
Warehouse	$5.38 - $6.74	485,468	41,100	8.5%	63,750	0	63,750	3.9

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

by $0.08, Class C retail by $0.02, office/warehouse by $0.06, retail/warehouse by $0.28, and warehouse by $0.49. All other average reported lease rates remained unchanged.

Downtown Bentonville

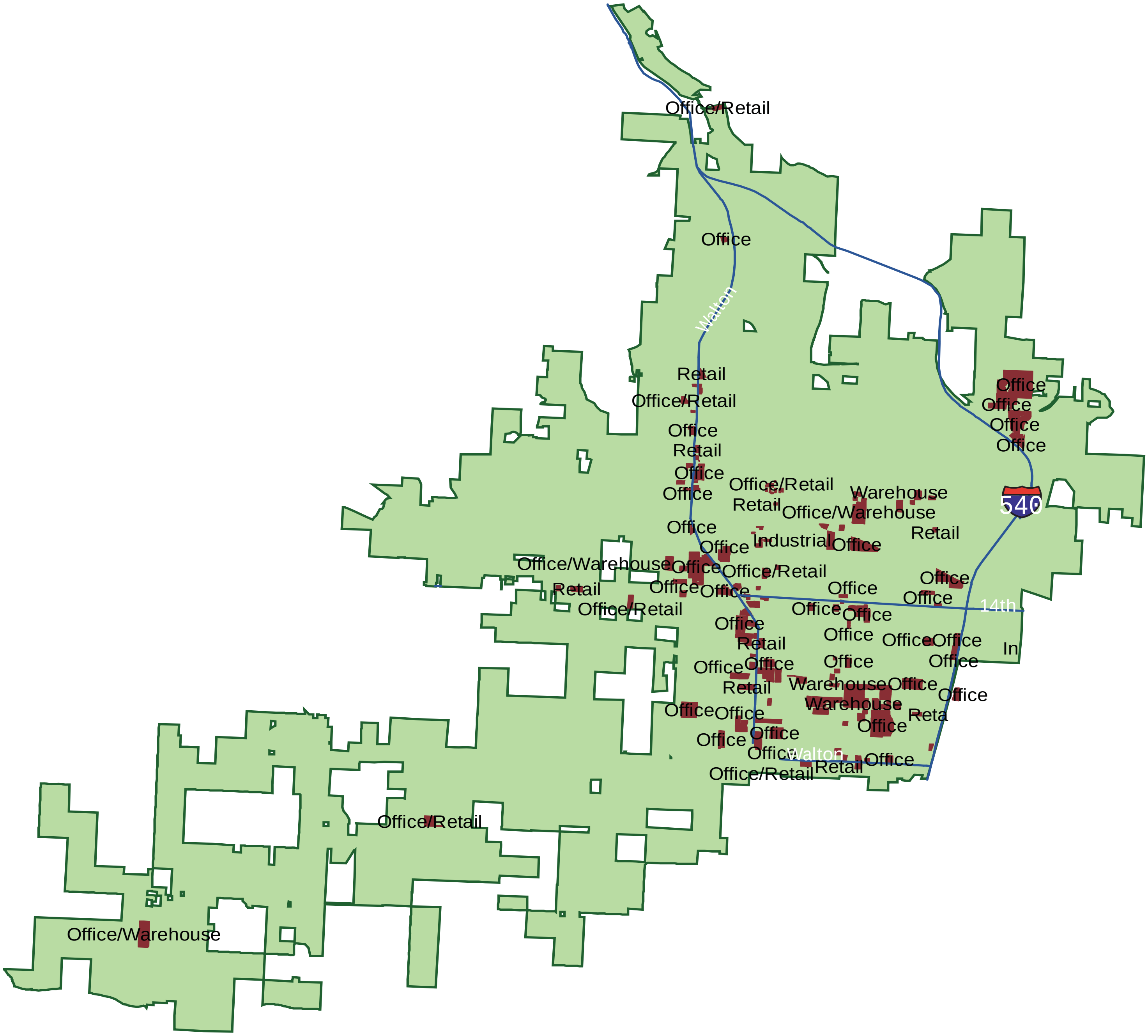
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 172,930 square feet of office, office/retail, and retail space in downtown Bentonville in the third and fourth quarters of 2010.
- There was a positive net absorption of 276 square feet of office space in downtown Bentonville in the last two quarters of 2010. The retail submarket experienced a negative net absorption of 6,512 square feet, and the office/retail submarket remained constant in downtown Bentonville.
- The office space in downtown Bentonville had a reported vacancy rate of 7.5 percent in the fourth quarter, a decline from 8.4 percent in the second quarter of 2010 in accord with absorption. This quarter vacancy rate remained much lower than the overall office vacancy rate of 20.1 percent for all of Bentonville.
- The office/retail space in downtown Bentonville had a stable reported vacancy rate of 4.2 percent, while the retail vacancy rate increased to 20.1 percent, in accord with absorption. The office/retail vacancy rates for downtown Bentonville properties were also much lower than those for all of Bentonville during the fourth quarter of 2010, while the retail vacancy rates were comparable to all those for all of Bentonville.
- There was no space added to the downtown Bentonville commercial market in the first six months of this year.
- In downtown Bentonville, all average 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 $0.37, $1.86, and $1.88, 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	$13.13 - $14.99	61,696	4,629	7.5%	276	0	276	100.6
Office/Retail	$9.83 - $11.67	75,909	3,211	4.2%	0	0	0	--
Retail	$11.45 - $11.95	35,325	7,112	20.1%	-6,512	0	-6,512	--

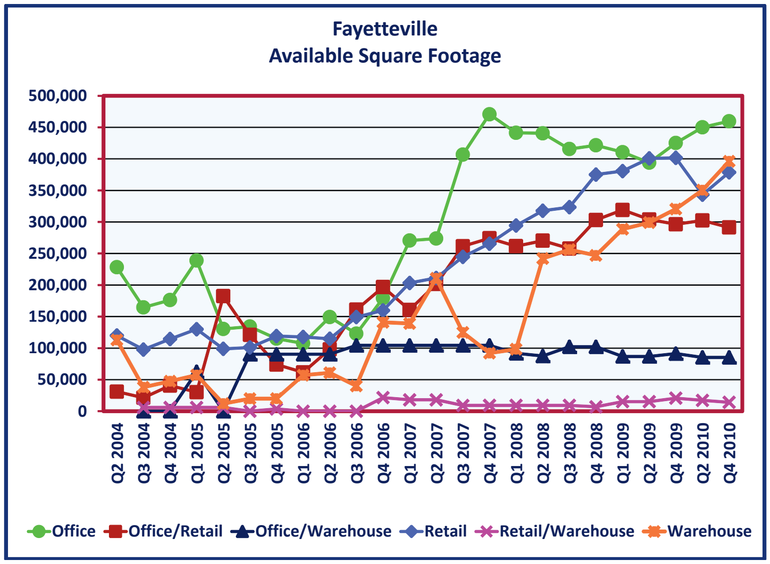
[1]From all Q4 2010 respondents
[2]From Q4 2010 respondents who were also Q2 2010 respondents

Bentonville



Fayetteville

- From June to November 2010, Fayetteville issued building permits for $7,303,046 worth of new commercial space. The second half of 2010 value was 36.5 percent lower than the first half of 2010 value of $11.5 million,and 41.1 percent less than the second half of 2009 value of $12.4 million. Fayetteville accounted for 26.2 percent of the commercial permits issued in Northwest Arkansas during the third and fourth quarter of 2010.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 8,363,662 square feet of commercial space in the third and fourth quarters of 2010.
- In the second half of 2010, Fayetteville experienced positive net absorption overall. There was positive net absorption in the lab, office, office/retail, retail, and retail/warehouse submarkets. However, there was negative net absorption in the warehouse submarket.



- A total of 21,759 square feet of new space entered the Fayetteville market in the second six months of 2010. 17,599 square feet were retail space and 4,160 were office space.
- Observed vacancy rates in Fayetteville from the second quarter of 2010 to the fourth quarter of 2010 decreased in the lab, office/retail, and retail/warehouse submarkets, while increasing retail and warehouse submarkets. The discrepancy between positive absorption and increased vacancy rate in the retail submarket is due to the increase in total reported space.
- Average reported lease rates increased in the past six months for the Class

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	$19.17 - $20.17	75,603	25,000	33.1%	18,000	0	18,000	8.3
Industrial	$3.20 - $3.50	17,000	17,000	100.0%	0	0	0	--
Office	$13.88 - $15.14	2,374,079	459,695	19.4%	13,106	4,160	8,946	308.3
Class A	$18.47 - $21.58	416,882	61,254	14.7%	5,589	0	5,589	65.8
Class B	$13.73 - $14.70	1,137,922	286,328	25.2%	-692	4,160	-4,852	--
Class C	$10.66 - $11.34	246,921	33,299	13.5%	7,387	0	7,387	27.0
Medical	$15.09 - $16.77	572,354	78,814	13.8%	822	0	822	575.3
Office/Retail	$12.73 - $14.03	1,506,513	291,405	19.3%	10,962	0	10,962	159.5
Class A	$18.45 - $19.78	140,776	64,496	45.8%	7,200	0	7,200	53.7
Class B	$13.12 - $14.32	1,014,391	184,239	18.2%	11,352	0	11,352	97.4
Class C	$10.66 - $12.12	351,346	42,670	12.1%	-7,590	0	-7,590	--
Office/Warehouse	$6.13 - $6.13	102,326	85,326	83.4%	0	0	0	--
Retail	$13.02 - $13.90	3,097,893	378,636	12.2%	22,144	17,599	4,545	499.8
Class A	$19.02 - $21.31	1,896,015	173,905	9.2%	21,177	17,599	3,578	291.6
Class B	$13.91 - $14.68	895,140	140,489	15.7%	5,109	0	5,109	165.0
Class C	$9.47 - $9.84	306,738	64,242	20.9%	-4,142	0	-4,142	--
Retail/Warehouse	$8.08 - $9.37	77,780	14,157	18.2%	10,243	0	10,243	8.3
Warehouse	$3.30 - $3.60	1,112,468	396,056	35.6%	-45,500	0	-45,500	--

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

B and C office space, Class C office/retail, Class A and Class C retail, and warehouse by $0.03, $0.23, $0.07, $0.19, $0.17, $0.15 respectively. Average reported lease rates decreased in the past six months for the Class B office, Class B retail, and retail/warehouse by $0.01,$0.55, and $0.04 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 786,436 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street area in the third and fourth quarters of 2010.
- There was positive absorption of 3,030 square feet of office space and 8,550 square feet of office/retail space in the second half of 2010. However retail space had negative absorption of 1,286 during this period.
- There was no new commercial space added in downtown Fayetteville during the first six months of 2010.
- The office space in downtown Fayetteville had a reported vacancy rate of 28.8 percent in the fourth quarter, unchanged from last quarter. This was higher than the overall Fayetteville office vacancy rate of 19.4 percent.
- The office/retail vacancy rate for downtown Fayetteville properties decreased to 32.1 percent. This compares to 19.3 percent in the same submarket for all of Fayetteville during the fourth quarter of 2010.
- The downtown Fayetteville retail vacancy rate increased to 1.8 percent, compared to the overall Fayetteville average of 12.2 percent.
- Average reported lease rates in downtown Fayetteville increased in the office submarket by $0.34 and by $0.93 in the retail submarket, while remaining unchanged in the office/retail submarket. Compared to the city average reported lease rates, the downtown area rates were $1.64 higher in the office/retail submarket and lower by $0.21 and $2.18 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 3,470,205 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 2010.
- There was positive net absorption of 5,393 square feet of office space and 18,962 square feet of retail space during the last two quarters of 2010 in the Northwest Arkansas Mall Area/Joyce Street Corridor.
- There was 4,160 square feet of new office space added to the north Fayetteville commercial market in the second six months of 2010.
- The office space in north Fayetteville had a reported vacancy rate of 19.2 percent in the fourth quarter of 2010. This was lower than the second quarter 2010 vacancy rate of 19.4 percent. The Mall Area office vacancy rate was slightly lower than the overall office vacancy rate for all of Fayetteville of 19.4 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	$12.76 - $16.03	387,533	111,546	28.8%	3,030	0	3,030	220.9
Office/Retail	$14.48 - $15.55	326,655	104,716	32.1%	8,550	0	8,550	73.5
Retail	$9.99 - $12.57	72,248	1,286	1.8%	-1,286	0	-1,286	--

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

Fayetteville

- The fourth quarter 2010 office/retail vacancy rate in north Fayetteville increased to 20.9 percent from 19.1 percent in the second quarter due to increased total coverage. This resulted in the vacancy rate increasing above the city average office/retail vacancy rate of 19.3 percent.
- The second quarter 2010 retail vacancy rate for north Fayetteville properties increased to 11.0 percent from 10.2 percent in the second quarter of 2010 but remained lower than the city average of 11.3 percent. The discrepancy between absorption and vacancy rates resulted from increased total coverage.
- Average reported lease rates in the office and retail markets saw decreases of $0.13 and $0.61, respectively, while the office/retail submarket lease rates increased by $0.94. 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 $1.16, $3.65, and $4.90, respectively.

Martin Luther King, Jr. Boulevard Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 351,975 square feet of office, office/retail, and retail space in the MLK Boulevard Corridor in the third and fourth quarters of 2010.
- There was no new commercial space added to southwest Fayetteville in the first six months of 2010.
- The MLK Boulevard Corridor of Fayetteville experienced a positive absorption of 5,500 square feet of office/retail space and a negative absorption of 2,513 square feet of retail space in the second half of 2010.
- The office space in southwest Fayetteville continued having a reported vacancy rate of 68.6 percent in the fourth quarter of 2010. This was much higher than the overall office vacancy rate of 19.4 percent for Fayetteville during the second quarter.
- From the second quarter of 2010 to the fourth quarter of 2010, office/retail vacancy rate decreased from 26.9 percent to 24.3 percent, but was still higher in southwest Fayetteville than the city average rate of 19.3 percent.
- The vacancy rates for retail space increased to 46.5 percent in the fourth quarter from 44.4 percent in the second quarter, and remained higher than the 12.2 percent retail vacancy rates for all of Fayetteville.
- Average reported lease rates for all reported submarkets remained constant in southwest Fayetteville over the past six months. Reported lease rates for office, office/retail, and retail space averaged $1.49, $0.39, and $0.36 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	$15.18 - $16.16	1,298,084	249,863	19.2%	9,553	4,160	5,393	278.0
Office/Retail	$17.03 - $17.03	122,547	25,645	20.9%	0	0	0	--
Retail	$17.90 - $18.81	2,049,574	225,603	11.0%	18,962	0	18,962	71.4

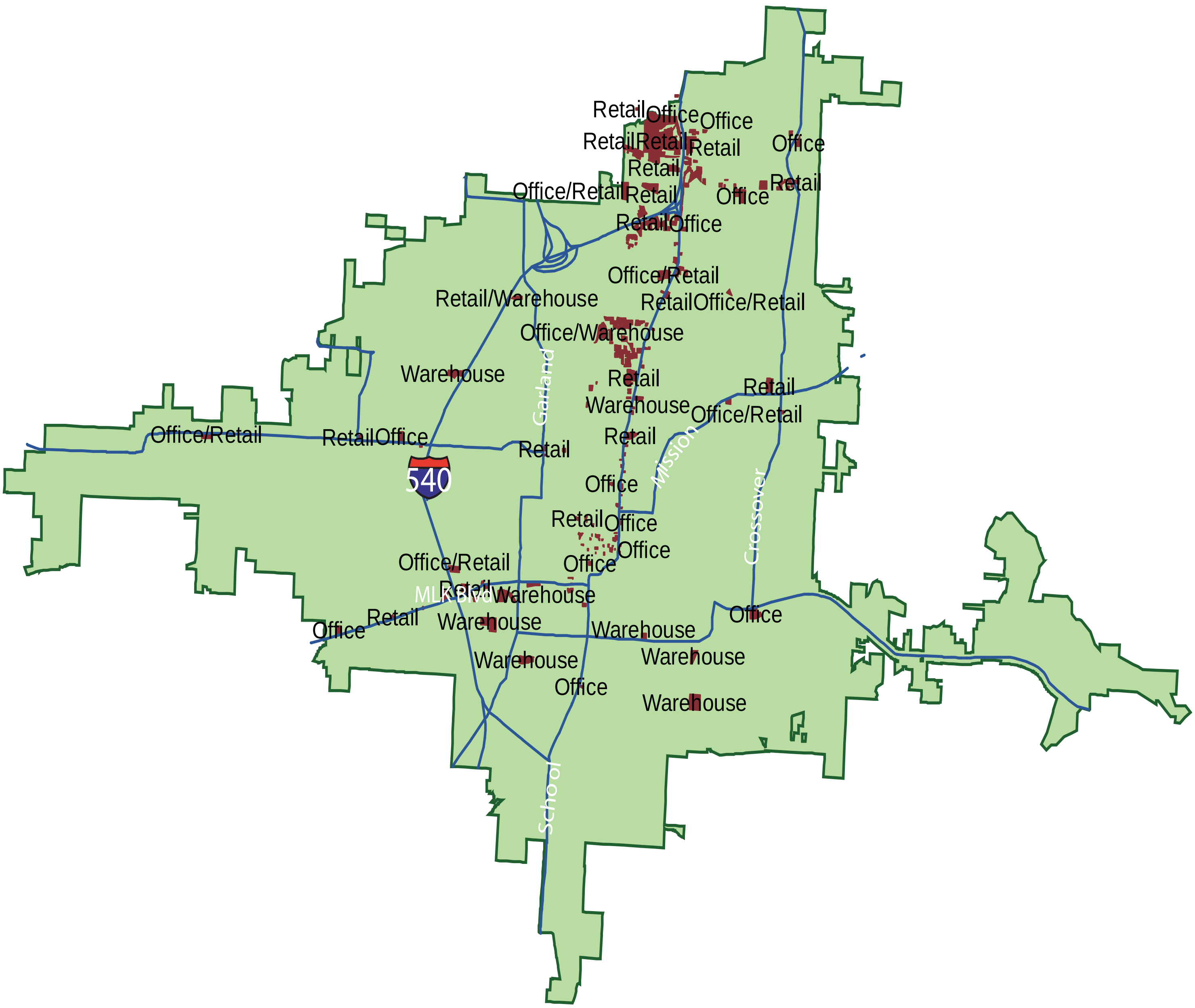
[1]From all Q4 2010 respondents
[2]From Q4 2010 respondents who were also Q2 2010 respondents

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%	0	0	0	--
Office/Retail	$12.38 - $15.16	208,272	50,600	24.3%	5,500	0	5,500	55.2
Retail	$13.44 - $14.19	120,978	56,265	46.5%	-2,513	0	-2,513	--

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

Fayetteville



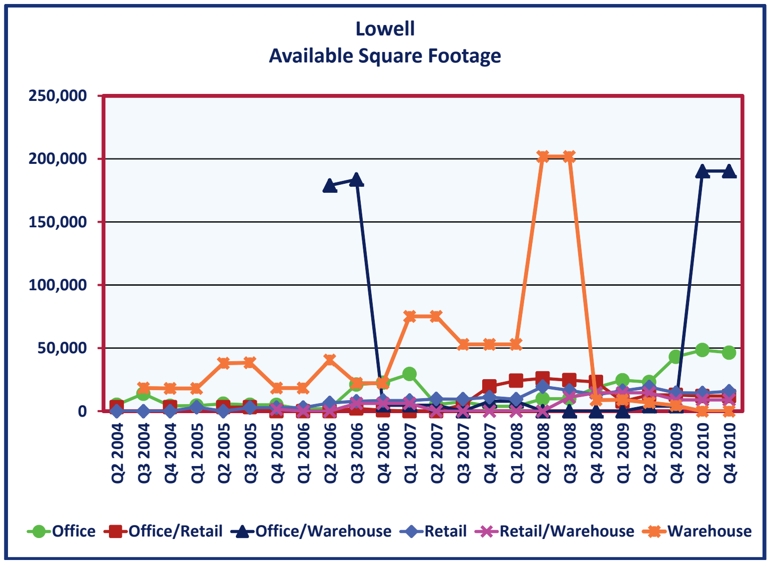
Lowell

- From June to November 2010, Lowell issued $941,017 in building permits for new commercial space. This is 265.1 percent higher than the building permits issued in the first half of 2010, and 284.1 percent higher than the second half of 2009 value, but it was only 3.4 percent of the total value of building permits issued in Northwest Arkansas.

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,414,620 square feet of Lowell commercial space in the third and fourth quarters of 2010.

- In the second half of 2010, Lowell experienced positive net absorption overall. There was positive net absorption in the office submarket, while negative absorption occured in the retail submarket.

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



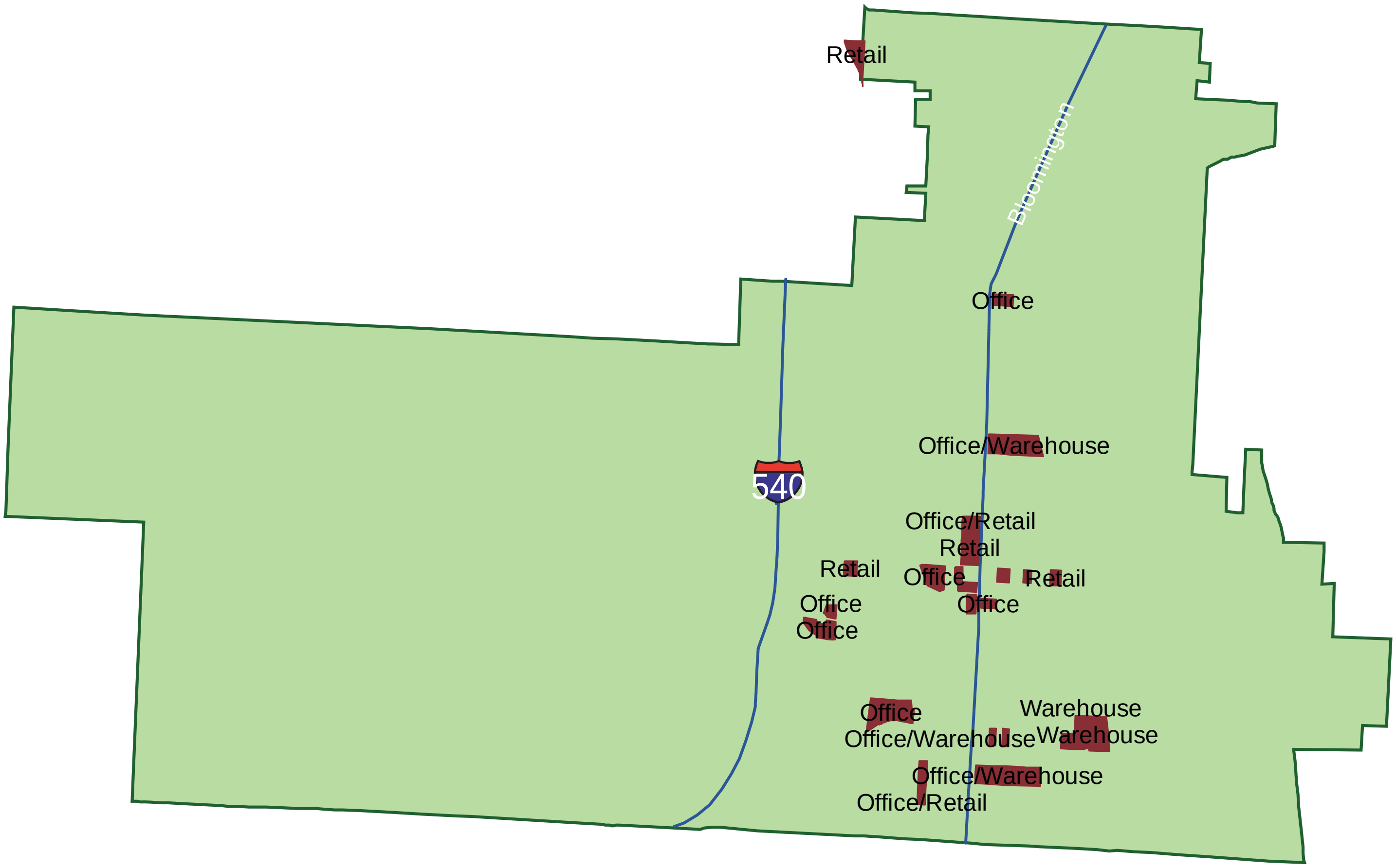
- Reported vacancy rates declined in the office submarket, while increasing in the retail submarket from the second quarter of 2010 to the fourth quarter of 2010, in accord with absorption.
- Reported average lease rates for the Class B office declined by $2.21. All other submarket average lease rates 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	--	33,300	33,300	100.0%	0	0	0	--
Office	$14.54 - $15.29	274,102	46,416	16.9%	2,052	0	2,052	135.7
Class A	$17.50 - $19.50	111,552	20,566	18.4%	5,152	0	5,152	24.0
Class B	$12.50 - $12.92	122,550	25,850	21.1%	-3,100	0	-3,100	--
Class C	--	--	--	--	--	--	--	--
Medical	$24.00 - $24.00	40,000	0	0.0%	0	0	0	0.0
Office/Retail	$9.21 - $11.02	65,470	12,010	18.3%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	$10.92 - $13.33	48,310	12,010	24.9%	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	190,325	86.5%	0	0	0	--
Retail	$13.13 - $16.29	126,295	15,809	12.5%	-1,425	0	-1,425	--
Class A	--	50,000	0	0.0%	0	0	0	0.0
Class B	$13.13 - $16.29	76,295	15,809	20.7%	-1,425	0	-1,425	--
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	$11.33 - $11.33	38,200	9,000	23.6%	0	0	0	--
Warehouse	$3.58 - $3.58	657,188	0	0.0%	0	0	0	0.0

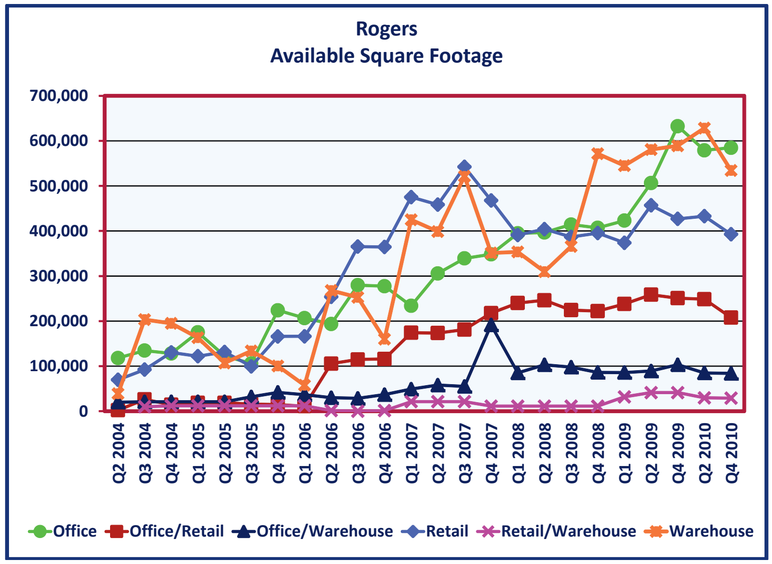
[1]From all Q4 2010 respondents
[2]From Q4 2010 respondents who were also Q2 2010 respondents

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 2010, Rogers issued building permits for $958,000 worth of new commercial space. The second half of 2010 value is significantly lower than the first half of 2010 value of $18.2 million but higher the second half of 2009 value of $77,000. Rogers accounted for 3.4 percent of the commercial permits issued in Northwest Arkansas during the fourth quarter of 2010.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 8,609,061 square feet of commercial space in the third and fourth quarters of 2010.
- In the second half of 2010, Rogers experienced positive net absorption in the office, office/retail, office/warehouse, retail, retail/warehouse, and warehouse submarkets. There was no activity in the lab or industrial submarkets.
- There was no new commercial space added to the Rogers market in the second six months of 2010.



- Reported vacancy rates decreased in the office, office/retail, office/warehouse, retail, retail/warehouse, and warehouse submarkets from the second quarter of 2010 to the fourth quarter of 2010.
- Average reported lease rates declined over the past six months for Class A office by $0.42, Class C office by $0.09, medical office by $0.39, Class C office/retail by $0.11, office/warehouse by $0.16, Class A retail by $0.56, Class B retail by $0.07, and retail/warehouse by $0.27. Meanwhile, average lease rates for Class B office increased by $0.11, Class C office/retail by $0.09, and Class C retail by $0.21. All other reported average lease rates remained 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	$10.00 - $10.00	9,482	0	0.0%	0	0	0	0.0
Industrial	$4.36 - $4.36	282,648	8,528	3.0%	0	0	0	--
Office	$14.34 - $15.43	2,310,150	584,672	25.3%	89,000	0	89,000	39.4
Class A	$17.81 - $19.71	1,295,473	315,959	24.4%	65,414	0	65,414	29.0
Class B	$13.93 - $14.56	557,398	138,088	24.8%	16,786	0	16,786	49.4
Class C	$8.58 - $9.46	157,956	34,206	21.7%	2,000	0	2,000	102.6
Medical	$13.54 - $14.32	299,323	96,419	32.2%	4,800	0	4,800	120.5
Office/Retail	$10.02 - $12.06	781,394	207,845	26.6%	46,431	0	46,431	26.9
Class A	$19.25 - $21.13	133,982	21,481	16.0%	-7,754	0	-7,754	--
Class B	$9.85 - $11.60	397,135	98,343	24.8%	47,968	0	47,968	12.3
Class C	$7.53 - $9.88	250,277	88,021	35.2%	6,217	0	6,217	84.9
Office/Warehouse	$5.54 - $5.84	491,175	83,902	17.1%	17,697	0	17,697	28.4
Retail	$10.73 - $12.33	2,501,798	392,690	15.7%	53,303	0	53,303	44.2
Class A	$16.95 - $19.16	1,557,723	180,371	11.6%	65,888	0	65,888	16.4
Class B	$9.77 - $12.15	562,287	97,893	17.4%	-12,809	0	-12,809	--
Class C	$8.62 - $9.10	381,788	114,426	30.0%	224	0	224	3065.0
Retail/Warehouse	$5.78 - $5.81	79,863	28,940	36.2%	840	0	840	206.7
Warehouse	$4.02 - $4.17	2,152,551	534,290	24.8%	94,080	0	94,080	34.1

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

Rogers

Downtown Rogers

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 655,983 square feet of office, office/retail, and retail space in downtown Rogers in the third and fourth quarters of 2010.
- No new commercial space was added to downtown Rogers in the second six months of 2010.
- Overall, Rogers downtown experienced positive absorption during the last two quarters of 2010. There was positive absorption of 2,750 square feet of office/retail, and 36,244 square feet of retail space.
- The office space in downtown Rogers had an average vacancy rate of 20.3 percent in the fourth quarter, an increase from 11.5 in the second quarter of 2010 due to increased coverage. The downtown vacancy rate remained lower than the overall average office vacancy rate for Rogers, which was 25.3 percent during the same period.
- The office/retail submarket experienced an increase in the vacancy rate to 51.8 percent from the second quarter rate of 41.5 percent in the downtown area, also due to increased coverage. This compares to a vacancy rate of 26.6 percent for all of Rogers.
- The average retail vacancy rate for downtown Rogers properties from the second quarter of 2010 to the fourth quarter of 2010 decreased to 8.7 percent and remained lower than 15.7 percent average rate for all of Rogers.
- Average reported lease rates for downtown Rogers decreased for the office and retail submarkets by $0.43 and $0.99 respectively, while remaining constant in the office/retail submarket over the past six months. As compared to the city of Rogers, average reported lease rates in downtown were lower by $4.45, $2.90, and $0.66 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 3,076,820 square feet of office, office/retail, and retail space along the Rogers I-540 corridor in the third and fourth quarters of 2010. The decline in coverage was due to reclassification of some space.
- No new commercial space was added to the Rogers I-540 corridor submarket in the first six months of 2010.
- There was positive absorption of 89,579 square feet of office space and 25,309 square feet of retail space, but 7,754 square feet of office/retail became available along the Rogers I-540 corridor in the last two quarters.
- The office space along the Rogers I-540 corridor had a reported average vacancy rate of 21.4 percent in the fourth quarter, a decline from the second quarter value of 27.3 percent. This was lower than the overall average office vacancy rate for all of Rogers at 25.3 percent.
- The office/retail submarket experienced an increase in the vacancy rate to 19.0 percent from the second quarter rate of 12.4 percent in the Rogers I-540 corridor, in accord with negative absorption. This compares to a vacancy rate of 26.6 percent for all of Rogers.
- The average retail vacancy rate for Rogers I-540 corridor properties from the second quarter of 2010 to the fourth quarter of 2010 decreased to 17.3 percent, but was still higher than 15.7 percent average rate for all of Rogers.
- The Rogers I-540 corridor saw a decline in average reported lease rates for office space by $0.17 and retail space by $0.56 over the past six months. Compared to the city average, the average reported office, office/retail, and retail lease rates were $2.71, $8.90, and $3.06 higher, respectively.

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	$9.66 - $11.22	84,772	17,180	20.3%	0	0	0	--
Office/Retail	$6.94 - $9.46	72,185	37,375	51.8%	2,750	0	2,750	81.5
Retail	$10.39 - $11.35	499,026	43,406	8.7%	36,244	0	36,244	7.2

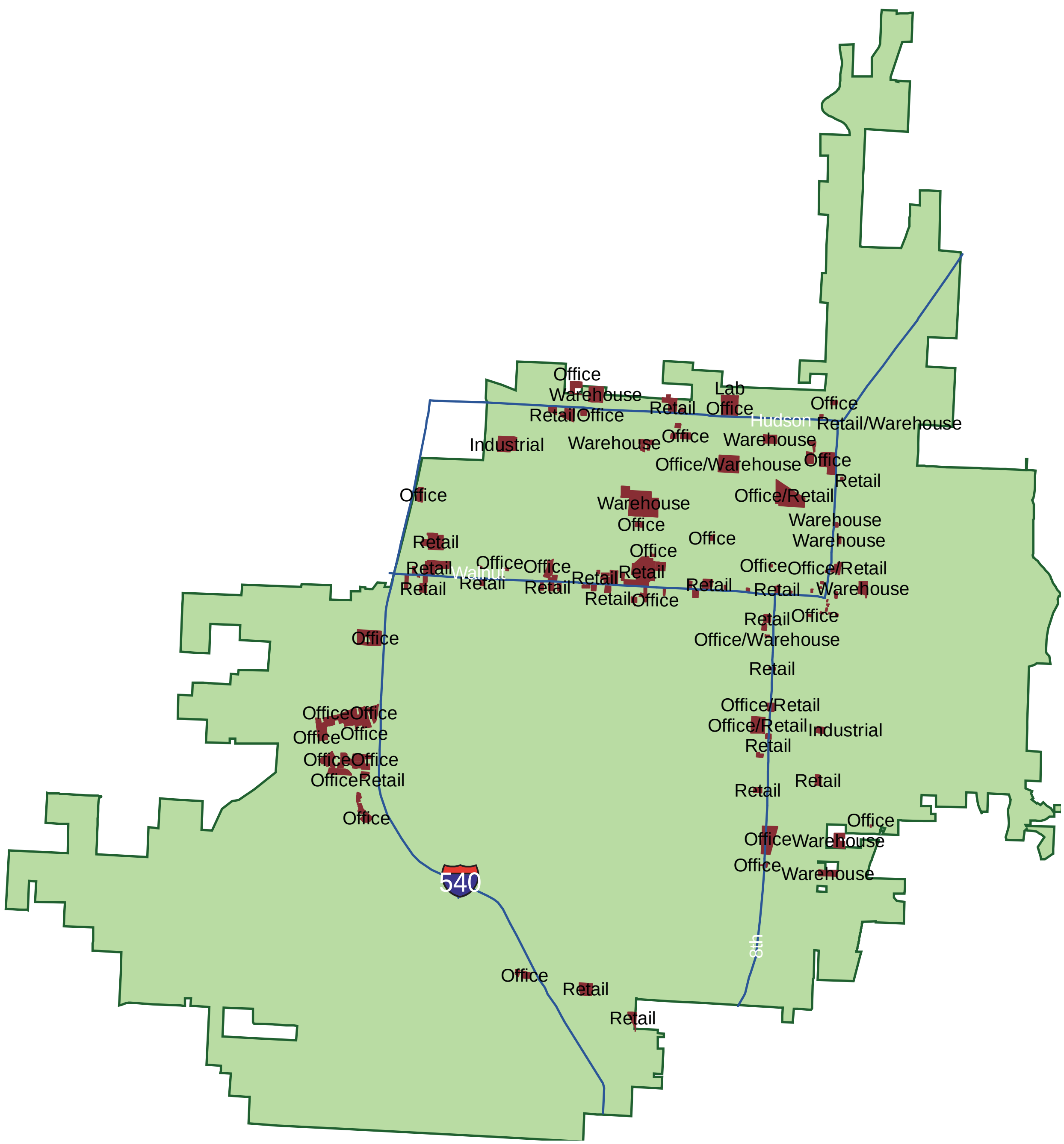
[1]From all Q4 2010 respondents
[2]From Q4 2010 respondents who were also Q2 2010 respondents

Rogers

Rogers Interstate 540 Corridor Summary Statistics

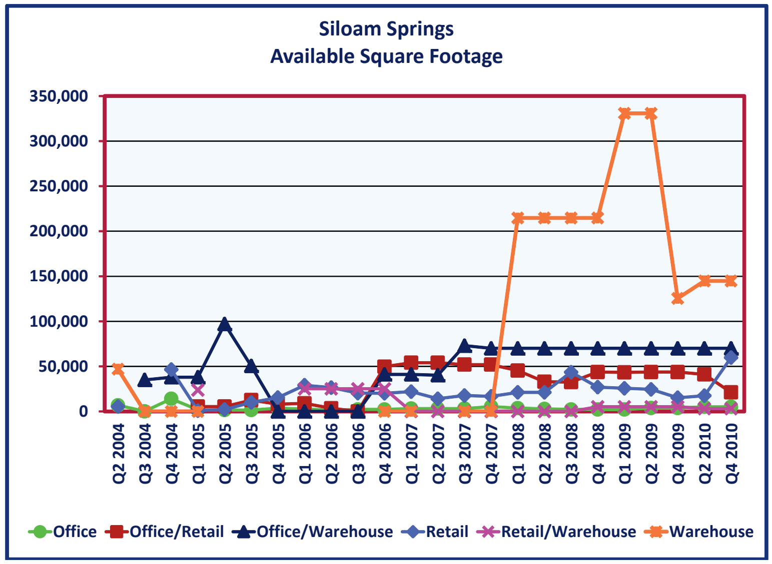
	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$16.89 - $18.30	1,477,953	315,849	21.4%	89,579	0	89,579	21.2
Office/Retail	$19.17 - $20.83	110,656	21,481	19.0%	-7,754	0	-7,754	--
Retail	$13.10 - $16.07	1,488,211	256,787	17.3%	25,309	0	25,309	60.9

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



Siloam Springs

- From June to November 2010, Siloam Springs issued building permits for $6,005,000 worth of new commercial space. This is significantly higher than the first half of 2010 value of $1.3 million and more than ten times higher than the June to November 2009 value of $594,711.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,217,803 square feet of commercial space for Siloam Springs in the third and fourth quarters of 2010.
- No new commercial space entered the Siloam Springs medical office market in the first six months of 2010.
- In the second half of 2010, Siloam Springs experienced a positive net absorption of 19,900 square feet in the office/retail market and 4,768 square feet in the retail market.
- Following net absorption, vacancy rates from the second quarter of 2010 to the fourth quarter of 2010 decreased in the office/retail submarket. Vacancy rates in the industrial and retail submarkets increased due to the increase in the total reported space and remained unchanged in all other submarkets.
- Average reported lease rates increased slightly increased for the Class B retail submarket. All other reported lease rates remained unchanged in Siloam Springs.

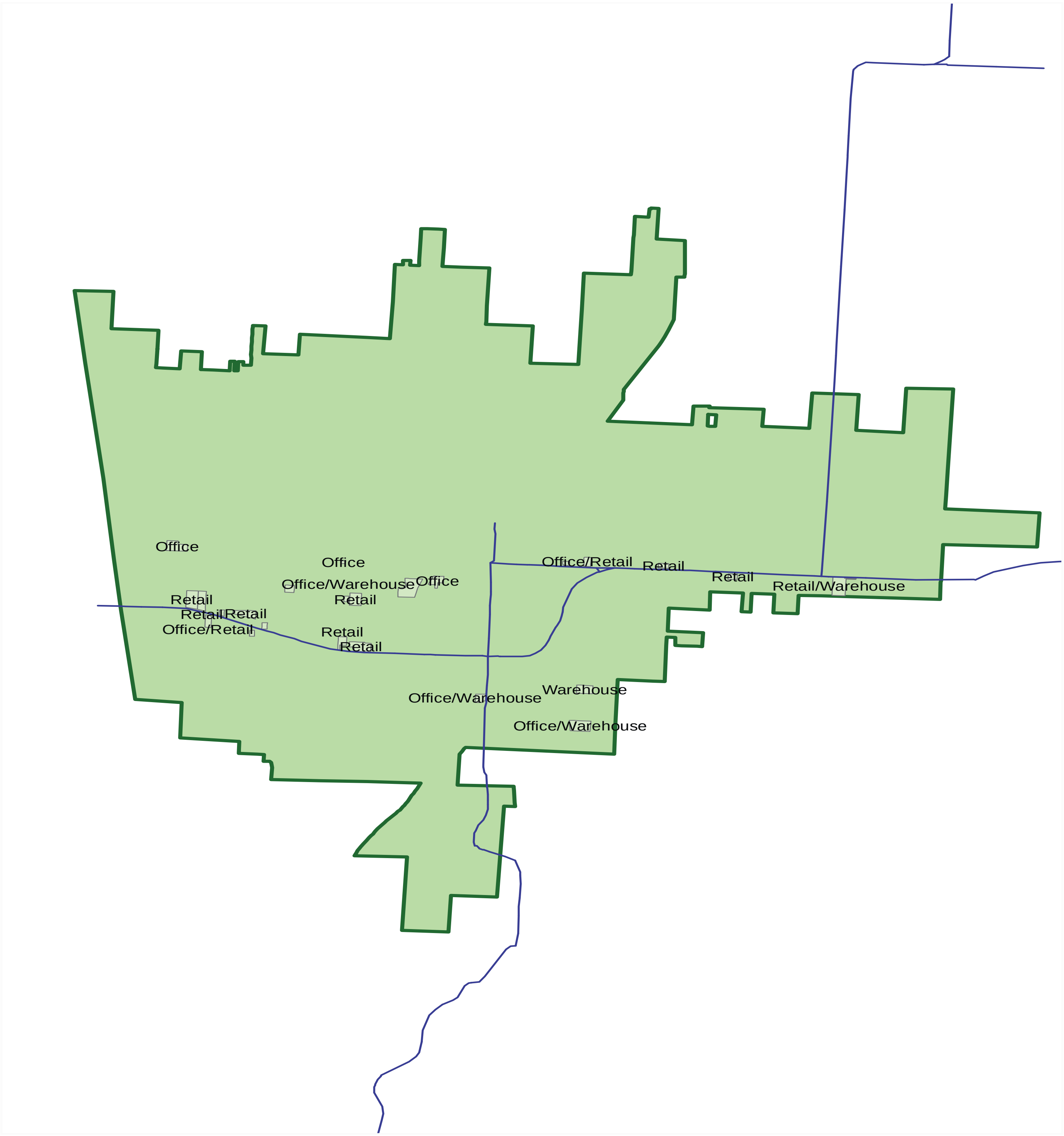


Siloam Springs Commercial Real Estate Market Summary Statistics

	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	--	240,589	240,589	100.0%	0	0	0	--
Office	$10.88 - $12.52	96,732	5,158	5.3%	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	$13.38 - $14.88	85,532	5,014	5.9%	0	0	0	--
Office/Retail	$8.04 - $9.87	149,285	21,200	14.2%	19,900	0	19,900	6.4
Class A	$12.00 - $16.00	56,085	6,000	10.7%	17,400	0	17,400	2.1
Class B	$9.75 - $10.70	71,790	14,900	20.8%	-2,000	0	-2,000	--
Class C	$4.49 - $7.09	21,410	300	1.4%	4,500	0	4,500	0.4
Office/Warehouse	$3.12 - $3.12	106,441	70,007	65.8%	0	0	0	--
Retail	$9.88 - $10.48	356,106	59,700	16.8%	4,768	0	4,768	75.1
Class A	--	--	--	--	--	--	--	--
Class B	$11.47 - $11.87	167,222	9,700	5.8%	3,800	0	3,800	15.3
Class C	$6.71 - $7.71	188,884	50,000	26.5%	968	0	968	309.9
Retail/Warehouse	$5.53 - $5.53	55,680	3,100	5.6%	0	0	0	--
Warehouse	$3.50 - $3.50	212,970	144,738	68.0%	0	0	0	--

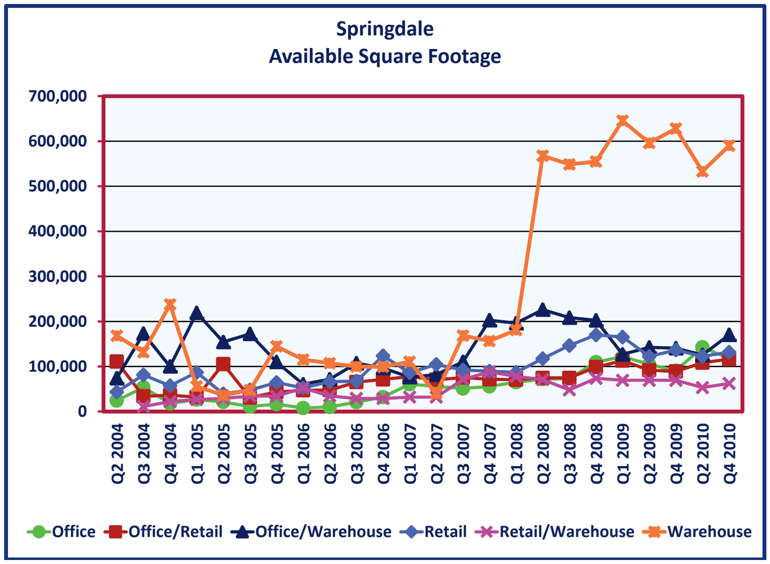
[1]From all Q4 2010 respondents
[2]From Q4 2010 respondents who were also Q2 2010 respondents

Siloam Springs



Springdale

- From June to November 2010, Springdale issued $2,791,196 worth of building permits for new commercial space. This was 349.4 percent higher than the building permits issued in the first half of 2010, and 237.1 percent higher than in the second half of 2009.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,055,311 square feet of commercial space in the last two quarters of 2010.
- No new space was added in Springdale in the second six months of 2010.
- In the second half of 2010, Springdale experienced an overall negative net absorption of 56,680 square feet. In the office and retail submarkets there was positive net absorption of 24,786 and 9,320 square feet, respectively. This was out weighed by the negative net absorption in the office/retail, offiice/warehouse, retail/warehouse, and warehouse submarkets of 7,886, 44,767, 5,958, and 32,175 square feet respectively .
- Reported vacancy rates declined in the office submarket, and increased in the office/retail, office/warehouse, retail, retail/warehouse, and warehouse submarkets in Springdale from the second quarter of 2010 to the fourth quarter of 2010, in accord with absorption.
- In the past six months in Springdale, average reported lease rates declined for the Class B office, Class B office/retail, and Class B retail by $0.11, $0.32, and $0.03, respectively. 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 2010.
- There were no new square feet of commercial property added to downtown Springdale in the last two quarters.

Springdale Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from 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	$11.01 - $12.07	784,160	117,818	15.0%	24,786	0	24,786	28.5
Class A	$14.00 - $14.00	77,123	6,719	8.7%	3,298	0	3,298	12.2
Class B	$11.66 - $13.51	329,025	14,768	4.5%	19,780	0	19,780	4.5
Class C	$9.23 - $9.48	149,449	49,995	33.5%	1,516	0	1,516	197.9
Medical	$12.15- $13.17	228,563	46,336	20.3%	192	0	192	1448.0
Office/Retail	$10.14 - $11.50	503,959	116,240	23.1%	-7,886	0	-7,886	--
Class A	--	--	--	--	--	--	--	--
Class B	$12.33 - $13.57	228,573	64,608	28.3%	-8,286	0	-8,286	--
Class C	$8.21 - $9.68	275,386	51,632	18.7%	400	0	400	774.5
Office/Warehouse	$5.22 - $7.31	1,303,882	170,209	13.1%	-44,767	0	-44,767	--
Retail	$10.43 - $11.27	946,727	131,594	13.9%	9,320	0	9,320	84.7
Class A	--	--	--	--	--	--	--	--
Class B	$12.93 - $13.82	653,437	97,219	14.9%	10,320	0	10,320	56.5
Class C	$8.09 - $8.86	293,290	34,375	11.7%	-1,000	0	-1,000	--
Retail/Warehouse	$5.54 - $6.69	439,979	62,400	14.2%	-5,958	0	-5,958	--
Warehouse	$3.74 - $4.15	1,691,233	590,303	34.9%	-32,175	0	-32,175	--

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

Springdale

- There was positive absorption of 1,516 square feet in the office market in downtown Springdale in the fourth quarter.
- The office space in downtown Springdale had a reported average vacancy rate of 12.5 percent in the fourth quarter of 2010, a decrease from 13.4 percent in the second quarter in accord with absorption. The rate was lower than the overall Springdale average office vacancy rate of 15.0 percent.
- All office/retail space continued to be available in downtown Springdale in the second quarter, compared to a 23.1 percent vacancy rate for all of Springdale.
- The retail space in downtown Springdale had again reported a vacancy rate of 11.3 percent this quarter. Meanwhile, the average retail vacancy rate for all of Springdale was 13.9 percent.
- All 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 $2.68, $3.32, and $3.06, respectively.

West Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 562,122 square feet of office, office/retail, and retail space in West Springdale in the third and fourth quarters of 2010.
- There were no new square feet added to West Springdale in the second half of 2010.
- There was positive absorption of 5,063 square feet in the office, 2,610 square feet in the office/retail, but negative absorption of 1,672 square feet in the retail submarket in West Springdale.
- The office space in West Springdale had a reported average vacancy rate of 14.9 percent in the fourth quarter of 2010, a decrease from 20.0 percent in the second quarter. The rate remained higher than the city average office vacancy rate of 13.9 percent.
- The average office/retail vacancy rate in West Springdale decreased to 25.0 percent in the fourth quarter from the second quarter value of 29.1 percent, remaining above the overall city average office/retail vacancy rate of 23.1 percent.
- The retail vacancy rate for West Springdale properties increased to 9.5 percent from the 9.0 percent in the second quarter, but remained below the city average retail vacancy rate of 13.9 percent.
- Average reported lease rates for West Springdale increased in the office market by $0.20, while other lease rates remained constant from the second quarter of 2010 to the fourth quarter of 2010. Compared to all of Springdale, West Springdale average reported lease rates were higher in the office, office/retail, and retail submarkets by $3.49, $3.78, and $1.65, 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	21,549	12.5%	1,516	0	1,516	85.3
Office/Retail	$6.00 - $9.00	3,732	3,732	100.0%	0	0	0	--
Retail	$6.84 - $7.44	17,654	2,000	11.3%	0	0	0	--

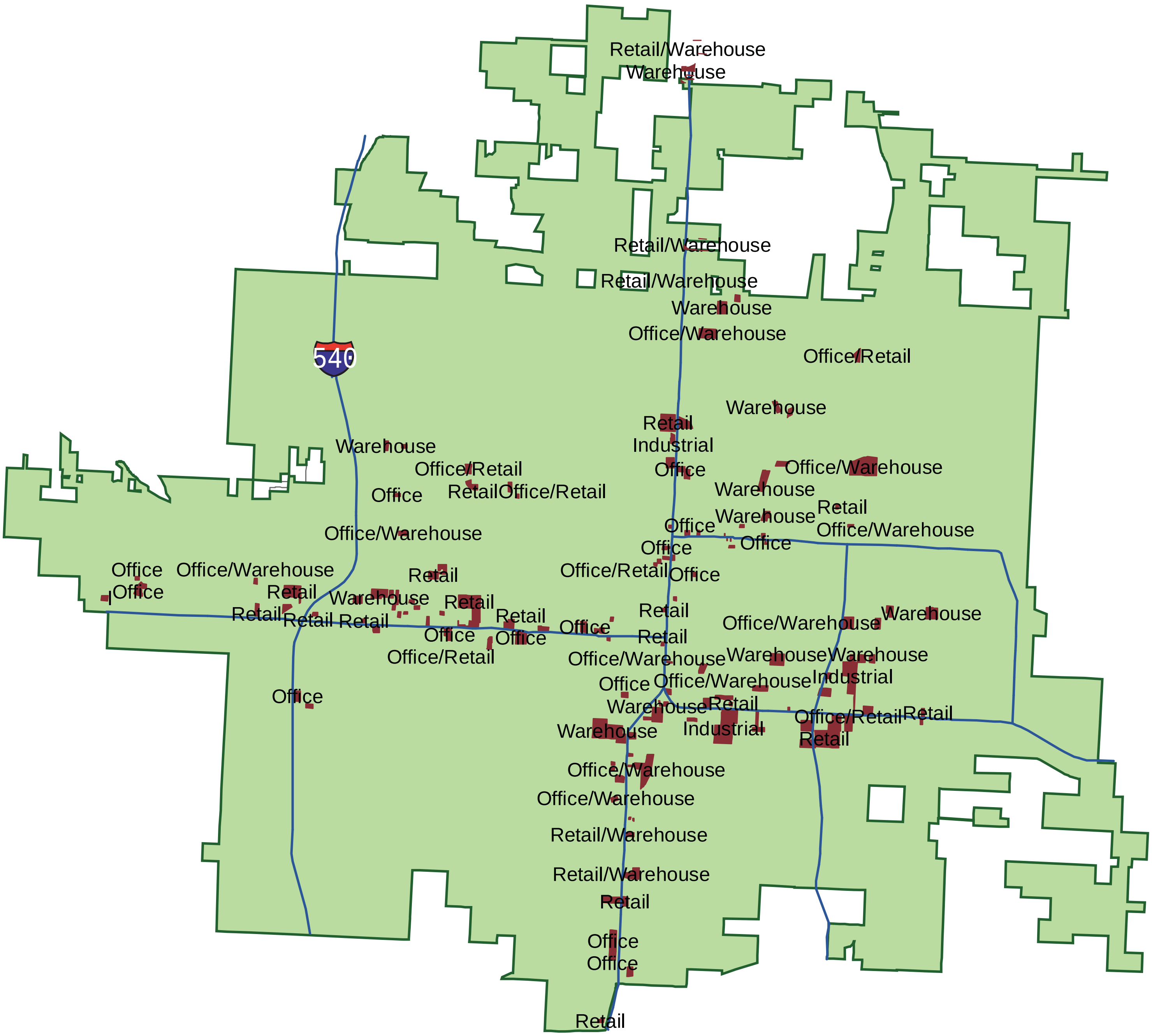
[1]From all Q4 2010 respondents
[2]From Q4 2010 respondents who were also Q2 2010 respondents

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	$14.83 - $15.22	98,714	14,689	14.9%	5,063	0	5,063	17.4
Office/Retail	$13.90 - $15.30	63,550	15,911	25.0%	2,610	0	2,610	36.6
Retail	$12.00 - $13.00	399,858	37,842	9.5%	-1,672	0	-1,672	--

[1]From all Q4 2010 respondents
[2]From Q4 2010 respondents who were also Q2 2010 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
Office
Office/Warehouse
Office
Office/Warehouse
Retail
Office/Retail
Office
Office
Retail
Warehouse
Retail
Retail
Retail
Retail
Retail
Office
Office
Office
Retail
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 2010, 252 panelists provided data on 1,430 competitive properties across Benton and Washington Counties. Data are excluded for owner-occupied and dedicated spaces so that the total square feet, available square feet, and lease rates represent only a sample from properties that are currently or potentially available for lease. Vacancy rates are calculated from the sample of 1,430 properties and are assumed to be representative of the larger competitive commercial property market.

The panel participants vary somewhat from quarter to quarter as new contributors are added and as previous contributors fail to respond for new requests for information. Time trend analysis is dependent on having a consistent base of information so that apples-to-apples comparisons can be made. Absorption rates are only calculated for properties that are part of a matched sub-sample—that is, there must have been information received about a particular property in both recent quarters for the number to be included in the calculated property absorption rates. The one exception to this rule is for new properties that are completed and come online for leasing in the most recent quarter.

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

Classification

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

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

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

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