The Skyline Report

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Contents

University of Arkansas
Sam M. Walton College of Business
Center for Business and Economic Research

Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the twenty-sixth 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 2011.

- In the second half of 2011, 195,062 total square feet of commercial space were absorbed, while 20,305 new square feet were added, leaving a net positive absorption of 174,757 square feet in the Northwest Arkansas market.
- In the office submarket 77,630 square feet became occupied in Northwest Arkansas, with a net positive absorption of 57,325 square feet. The office vacancy rate remained constant at 19.5 percent in the fourth quarter of 2011.
- In the office/retail market, there was positive net absorption of 45,930 square feet. The vacancy rate declined, acccordingly to 18.8 percent from 19.9 percent.
- Within the retail submarket, 139,245 square feet became occupied, while no new square feet entered the market, and the Northwest Arkansas vacancy rate decreased to 13.1 percent.
- The warehouse submarket experienced positive absorption of 42,206 square feet. Springdale led in this submarket with 116,133 square feet of net positive absorption, but Lowell experienced the greatest amount of vacancies with a net negative absorption of 226,174. The Northwest Arkansas warehouse vacancy rate decreased to 21.2 percent in the fourth quarter of 2011 from 22.0 percent in the second quarter of 2011.
- A total of 20,305 square feet of competitive commercial property were added to the Northwest Arkansas market, all of which was office space.
- From June 2011 to November 2011, $37.1 million in commercial building permits were issued in Northwest Arkansas. For comparison, there were $45.3 million in permits from December 2010 to May 2011.

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 53) 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 2011 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 246 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 fourth quarter of 2010 and for the second and fourth quarters of 2011. 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.

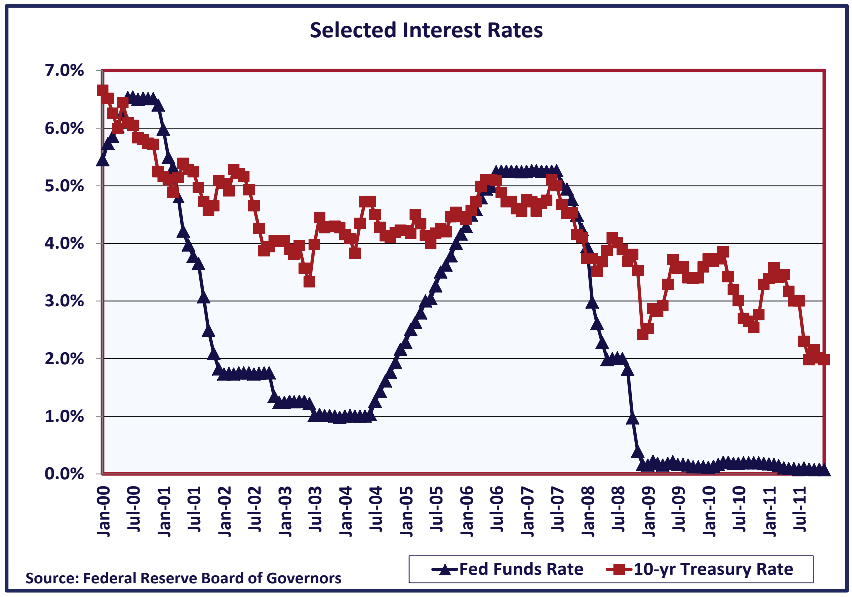
The next four sections present analyses of Northwest Arkansas submarkets by type of space. The office submarket is examined first, followed by the office/retail, retail, warehouse, office/warehouse, and retail/warehouse submarkets. Following these sections are commercial property summary statistics by 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 2011, the overall real GDP growth rate was positive 2.8 percent, according to estimates released by the U.S. Department of Commerce Bureau of Economic Analysis (BEA). The growth rate went up from 1.8 percent in the third quarter of 2011. The increase in real GDP in the fourth quarter reflected positive contributions from private inventory investment, personal consumption expenditures (PCE), exports, residential fixed investment, and nonresidential fixed investment that were partly offset by negative contributions from federal government spending and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased. The acceleration in real GDP in the fourth quarter primarily reflected an upturn in private inventory investment and accelerations in PCE and in residential fixed investment that were partly offset by a deceleration in nonresidential fixed investment, a downturn in federal government spending, an acceleration in imports, and a larger decrease in state and local government spending. Final sales of computers added 0.18 percentage point to the fourth-quarter change in real GDP after adding 0.22 percentage point to the third-quarter change. Motor vehicle output added 0.30 percentage point to the fourth-quarter change in real GDP after adding 0.12 percentage point to the third-quarter change. Real personal consumption expenditures increased 2.0 percent in the fourth quarter, compared with an increase of 1.7 percent in the third. Durable goods increased 14.8 percent, compared with an increase of 5.7 percent. Nondurable goods increased 1.7 percent, in contrast to a decrease of 0.5 percent. Services increased 0.2 percent, compared with an increase of 1.9 percent. Real nonresidential fixed investment increased 1.7 percent in the fourth quarter, compared with an increase of 15.7 percent in the third. Nonresidential structures decreased 7.2 percent, in contrast to an increase of 14.4 percent. Equipment and software increased 5.2 percent, compared with an increase of 16.2 percent. Real residential fixed investment increased 10.9 percent, compared with an increase of 1.3 percent. Real exports of goods and services increased 4.7 percent in the fourth quarter, the same increase as in the third. Real imports of goods and services increased 4.4 percent in the fourth quarter, compared with an increase of 1.2 percent in the third. Real federal government consumption expenditures and gross investment decreased 7.3 percent in the fourth quarter, in contrast to an increase of 2.1 percent in the third. National defense decreased 12.5 percent, in contrast to an increase of 5.0 percent. Nondefense increased 4.2 percent, in contrast to a decrease of 3.8 percent. Real state and local government consumption expenditures and gross investment decreased 2.6 percent, compared with a decrease of 1.6 percent. The change in real private inventories added 1.94 percentage points to the fourth-quarter change in real GDP after subtracting 1.35 percentage points from the third-quarter change. Private businesses increased inventories $56.0 billion in the fourth quarter, following a decrease of $2.0 billion in the third quarter and an increase of $39.1 billion in the second.

The Conference Board Consumer Confidence Index, which had declined in December, decreased again in January. The Index now stands at 61.1 (1985=100), down from 64.8 in December. The Present Situation Index decreased to 38.4 from 46.5. The Expectations Index declined to 76.2 from 77.0 last month.

According to the U.S. Bureau of Labor Statistics (BLS), the seasonally adjusted Consumer Price Index for All Urban Consumers (CPI-U) remained unchanged in December when compared to November. Over the last 12 months, the all items index increased 3.0 percent before seasonal adjustment. Similar to November 2011, the energy index declined in December and offset increases in other indexes. The gasoline index declined for the third month in a row and the household energy index declined as well. The food index rose in December, with the index for food at home turning up after declining last month. The index for all items less food and energy increased 0.1 percent in December after rising 0.2 percent in November.

Economic Overview

Short-term Interest Rate Risk

The Federal Funds rates averaged 0.08 percent in January 2012. To support a stronger economic recovery and to help ensure that inflation, over time, is at levels consistent with the dual mandate, the The Federal Open Market Committee expects to maintain a highly accommodative stance for monetary policy. In particular, the Committee decided today to keep the target range for the federal funds rate at 0 to 1/4 percent and currently anticipates that economic conditions--including low rates of resource utilization and a subdued outlook for inflation over the medium run--are likely to warrant exceptionally low levels for the federal funds rate at least through late 2014. The Committee also decided to continue its program to extend the average maturity of its holdings of securities as announced in September. The Committee is maintaining its existing policies of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. The Committee will regularly review the size and composition of its securities holdings and is prepared to adjust those holdings as appropriate to promote a stronger economic recovery in a context of price stability.

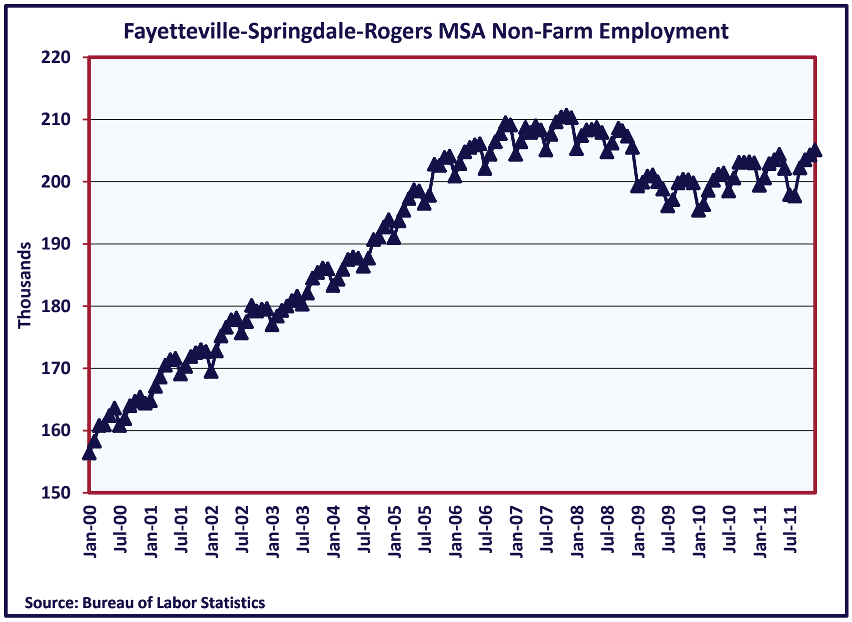
Long-term Interest Rate Risk

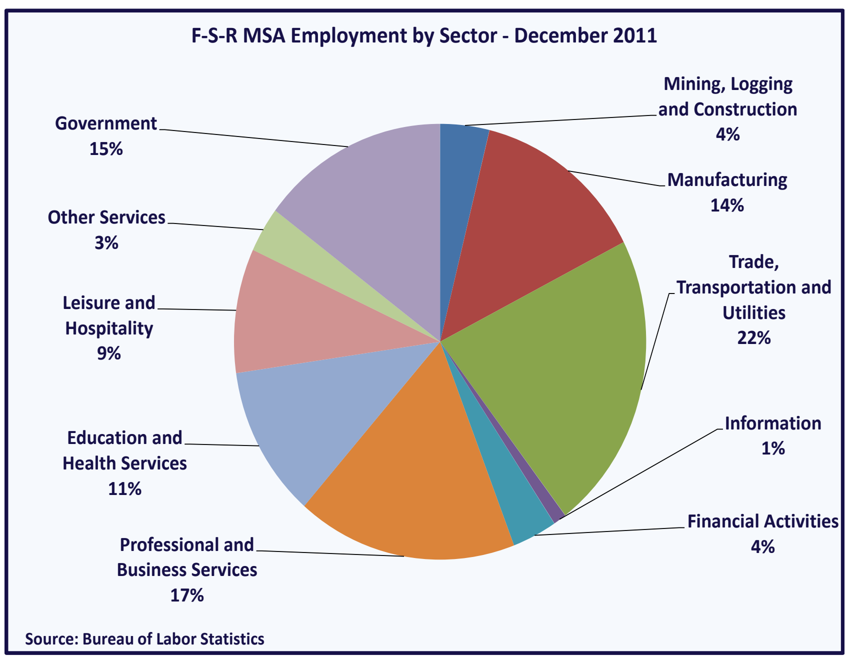
The ten year constant maturity Treasury bill had an interest rate of 1.97 percent in January. Low short-term rates continue to cause the positive spread between the ten year rate and the fed rate. The accompanying figure shows the Fed Funds rate and the ten year Treasury bill rate since January 2000.

Regional Employment Trends

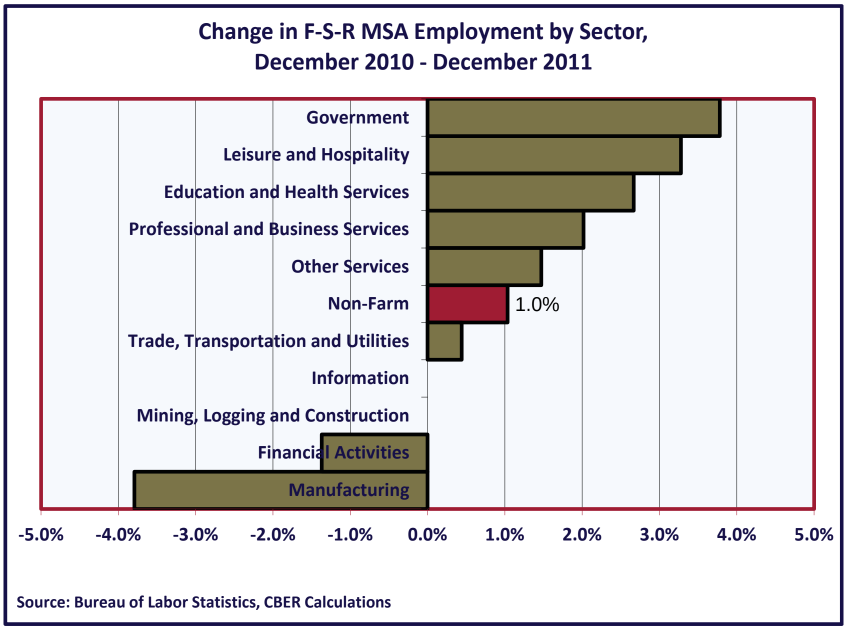
Local demand for real estate is uniquely associated with employment growth in the region. The Northwest Arkansas employment numbers bear careful watching because the demand for much of the new and expected commercial development relies on the assumption that job growth will be strong. In December 2011 the 5-year average monthly employment growth was negative 72 jobs per month. This is down from a growth rate of negative 15 jobs per month in December 2010.

With the purpose of exploring more closely the composition of job growth in Northwest Arkansas, two additional figures are provided. The first shows the December 2011 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 and business services (17 percent), government (15 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 2010 to December 2011. Total nonfarm employment increased by 1.0 percent during that time. Employment in government, leisure and hospitality, education and health services, professional and business, and other services have increased. Employment in manufacturing and financial activities has declined. Employment in information and mining, logging and construction remained unchanged.



According to the Bureau of Labor Statistics, the unemployment rate in Northwest Arkansas was at a preliminary seasonally non-adjusted 5.6 percent in December 2011. This is 0.5 percentage points lower than in December of 2010. The unemployment rate in Northwest Arkansas continues to outperform both the state (7.4 percent) and nation (8.3 percent) seasonally non-adjusted rates.

Local Perceptions of the Northwest Arkansas Commercial Property Market

Each quarter, Center for Business and Economic Research staff members have conversations with a dozen or so commercial developers and/or property managers to gain their ground-level insights on the current commercial real estate market in Benton and Washington counties. Over the past several quarters the panelists have become increasingly open in expressing their thoughts and feelings on the issues, sometimes controversial, effecting Northwest Arkansas. This quarter, even though uncertainty about the future remains substantial, the mood was much more positive in conversations with most respondents. The panelists believe that the end of the current election cycle, one way or another, will add clarity after 2012. More than anything, they seem ready to move on with economic activity, and not continue to wait for the end of this election cycle. They see 2012 as very likely being a better year then 2011, and 2011 ended much more strongly then it began for almost all of the respondents, in terms of leasing activity, income, and future development projects. Nonetheless, the respondents remain cautious overall, realizing that potential economic shocks could very quickly have a strong negative impact on the perceived recovery. The long term outlook still remains very cloudy to most respondents. Job creation remained the topic most on panelists' minds, when asking what the Center for Business and Economic Research saw in the near future.

Among the positive commentary from respondents this reporting period, Crystal Bridges again dominated. Universally, panelists believe Crystal Bridges will have a positive effect on the future of Northwest Arkansas. Most panelists believe it will help in the both overall development of the region as a destination location, and as place to permanently relocate from larger metro areas. They see it as a strong job engine in Bentonville, directly, via the tourism and hospitality sectors, and ancillary industries. There are significant differences in terms of how widespread that impact will be, however. Virtually all the panelists expect a strong immediate and long term impact on downtown Bentonville. But as the geographic distance increases from Crystal Bridges the sense of how strong the impact will be diminishes significantly for many of the respondents. At the same time Crystal Bridges is having such a positive effect in Bentonville, Fayetteville is facing the potential loss of an important entertainment venue in the AMP. Because of lease issues with the Northwest Arkansas Mall, and Dillard's in particular, the AMP is going to have to permanently relocate to an as yet unspecified location. That decision can have significant ramifications for the health of the Fayetteville entertainment sector, and perhaps the mall area's growth as well, as this removes a unique destination component from the mall area.

With respect to the leasing market, respondents generally reported increased activity and increased signing of leases. The end of Project Impact was mentioned several times once again. Also, respondents were reporting increased interest by apparel firms looking to return to Northwest Arkansas (interestingly one call happened during conversation with a respondent). They expect that 2012 will see a significant amount of space leased by apparel firms. Additionally, the anticipated return of Walmart apparel personnel on the local housing market was commented on several times. The continued growth in the Pinnacle area received several positive comments. More than a few respondents believe that the area between exits 82 and 83 will be "the growth area" in Northwest Arkansas for the next several years, in retail expansion particularly but also as demand for Class A office space grows in the future. A very positive trend was noted by several respondents: that of buildings selling again. This development particularly with respect to vacant retail buildings is considered a strong sign that a floor has been or is close to being attained in commercial property valuations.

For the first time in several quarters many respondents talked about potential new developments. The Metro Park Area in Rogers, the Pinnacle area in Rogers (in addition to the already under construction Cabela's), areas in Bentonville near the Walmart home office, were discussed as possible locations for 50,000 square foot commercial buildings. Respondents still express caution in building for spec, but several directly hinted that they are in process of lining up tenants and investors for the above mentioned potential new projects. This also reinforced other comments by respondents that Benton County is currently perceived as a stronger growth area then Washington County. However, some respondents when discussing the different potential growth levels in the two counties referred back to the student population growth at the University of Arkansas as being a powerful driver for economic growth in Washington County, first because of the several new apartment complexes under consideration, then for the job creation that will happen both on the University campus and off campus to satisfy the demand created by the additional students, that may now grow to 28,000.

The discussion of the retail sector was more positive than during the last reporting period. The sale of several vacant retail buildings contributed to this more upbeat viewpoint, as well as observed success in the retail segment in the Pinnacle area. Looking into the future, Fayetteville respondents are anticipating growth due to the added student population (though unaware at the time of conversations of a potential target of 28,000 rather than the previously reported 25,000). Also, continued growth in the national and local employment rates were considered to be a positive indication that small retailers will have more success in 2012.

Some respondents still feel the financial sector is not doing its part to help with the local recovery. There is still a feeling, perhaps not as vehement, that local banks are not lending even on good projects, and small businesses are not getting the access to financial capital that they need to be successful. However, this viewpoint no longer represents a universal position. Some respondents do have a much more positive regard towards their local bankers and the local banking community in general.

There was a markedly better future outlook this reporting period than during the previous one. While respondents remain cautious and recognize potential international and national scenarios that drive the economy back into recession, the increase in leasing activity, the completion of Crystal Bridges, the return of apparel, the more serious conversations about potential new building projects make most respondents feel 2012 will be better than 2011. It is interesting to note that even though the presidential election is closer that seemed less important to more respondents then it did during last periods conversations. As always, the fundamental drivers of Northwest Arkansas: Walmart and the Walton Family, the University of Arkansas and the education sector, J.B. Hunt, Hunt Ventures, and the transportation sector, and Tyson Foods and the food industry sector provide respondents a strong sense of stability for the region. Looking into the future the hospitality and medical sectors, as well as sustainability technology, are considered additional economic drivers. Additionally, some respondents indicated that there might be significant new manufacturing developing in Northwest Arkansas.

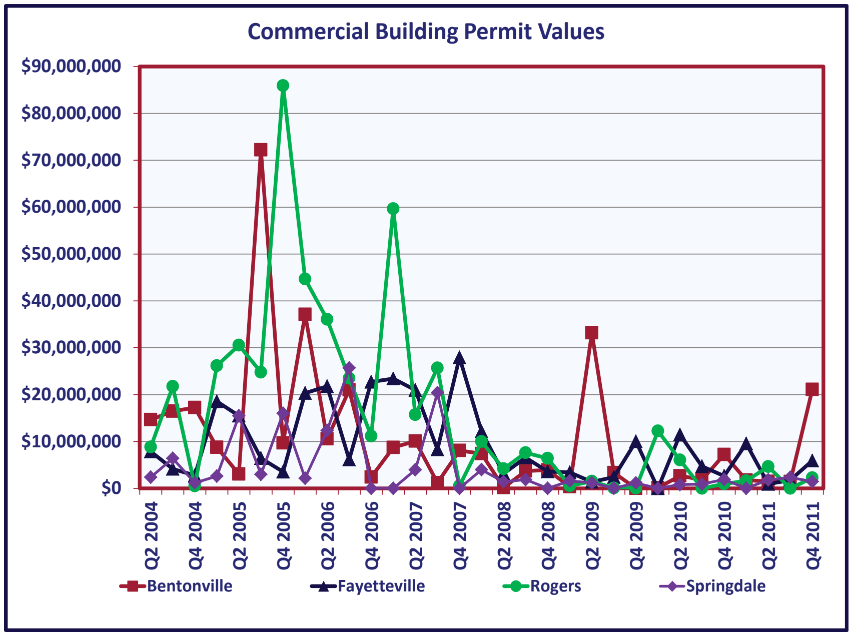
Positive Factors:

1. Crystal Bridges and the Walton Family commitment to Northwest Arkansas.
2. Renewed growth in the vendor community through expansion of existing vendors and new vendors entering the market, leading to stronger demand for office space.
3. Several potential commercial building projects starting to be discussed.
4. Increasing attention to the MSA by national retailers and investors.
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.
8. Substantial growth of the University of Arkansas student population.

Negative Factors:

1. Inability to perceive the next strong area of job creation.
2. Oversupply of Class B office space.
3. National political situation.
4. Oversupply of retail space.
5. Infrastructure development still behind the region's needs.
6. Concern over the commercial lending situation.

Inventory and Buiding Permits



Categories of Commercial Properties

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

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

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

Local Commercial Property Inventory and Building Permit Data

The table on the following page presents the total competitive commercial property inventory in Northwest Arkansas that meets minimum square footage requirements (a complete list of these criteria is included on page 53) as of December 2011. For the fourth quarter of 2011, the Skyline Report covered 92.8 percent of the total competitive commercial property population in Northwest Arkansas. Some cities had more complete coverage than others.

Next, building permit data from the past twenty-eight quarters is presented for six major cities in Northwest Arkansas. Building permit data is 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 through August 2011, there were more than $6.4 million in commercial building permits issued in six major cities in Northwest Arkansas. From September through November 2011, over $30.7 million in commercial building permits were issued. In the first two quarters last year, these amounts were $32.2 million and $13.1 million, respectively. In the third quarter of 2011, Springdale accounted for 36.1 percent of the commercial building permits, while Fayetteville, Bentonville, and Lowell accounted for 27.3, 22.4, and 6.2 percent, respectively. In the fourth quarter of 2011, Bentonville accounted for 68.7 percent (most being the 21c Hotel) of the total of over $30.7 million; Fayetteville, Rogers, and Springdale accounted for 19.2, 7.3, and 4.7 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

Inventory

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 2011, after three closures (the Clarion and Sleep Inn, in Bentonvile, and Sunrise Motel in Springdale) there remained 6,476 standard rooms and 2,122 suites in Northwest Arkansas. Fayetteville now has the most rooms with 1,748. 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	107,356	3,872,485	1,032,834	1,560,053	6,572,728	6,558,132	99.8%
Fayetteville	114,079	3,341,236	4,063,371	1,778,270	9,296,956	8,839,263	95.1%
Lowell	68,670	275,837	172,208	949,348	1,466,063	1,440,953	98.3%
Rogers	307,281	2,529,973	4,174,743	2,329,952	9,341,949	8,818,335	94.4%
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	2,601,714	7,438,293	6,226,858	83.7%
Northwest Arkansas	2,069,951	11,812,877	12,500,420	9,645,916	36,029,164	33,431,118	92.8%

[1]Source: Benton and Washington County offices of the Assessor. The total square feet represent the population of competitive commercial properties that meet the baseline criteria set out on page 53 of this report.
[2]Source: Panel of 246 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, 2011	$21,094,402	$5,907,082	$0	$2,250,594	$0	$1,455,757	$30,707,875
June - August 2011	$1,445,222	$1,763,872	$404,493	$0	$500,000	$2,328,979	$6,442,566
March - May 2011	$1,773,228	$9,552,146	$150,000	$1,614,000	$0	$0	$13,089,374
Dec. 2010 - Feb. 2011	$1,469,162	$915,280	$438,289	$4,616,536	$22,997,000	$1,803,778	$32,240,045
Sept. - Nov. 2010	$7,214,903	$2,623,509	$941,017	$958,000	$6,005,000	$1,898,944	$19,641,373
June - August 2010	$1,846,518	$4,679,537	$0	$0	$0	$892,252	$7,418,307
March - May 2010	$2,661,860	$11,450,334	$100,000	$6,055,000	$1,296,000	$798,774	$22,361,968
Dec. 2009 - Feb. 2010	$105,030	$0	$255,505	$12,224,147	$0	$0	$12,584,682
Sept. - Nov. 2009	$0	$10,005,337	$330,803	$7,000	$379,711	$1,139,928	$11,862,779
June - August 2009	$3,336,498	$2,403,905	$0	$70,000	$215,000	$37,460	$6,062,863
March - May 2009	$33,171,420	$1,368,907	$50,112	$1,500,000	$400,000	$1,194,175	$37,684,614
Dec. 2008 - Feb. 2009	$344,325	$3,403,704	$1,766,386	$545,000	$0	$1,596,349	$7,655,764
Sept. - Nov. 2008	$3,908,853	$3,588,389	$0	$6,411,775	$0	$0	$13,909,017
June - August 2008	$3,689,476	$6,548,894	$1,019,000	$7,579,500	$1,006,596	$1,861,390	$21,704,856
March - May 2008	$153,000	$3,152,132	$4,075,075	$4,179,000	$0	$1,395,524	$12,954,731
Dec. 2007 - Feb. 2008	$7,400,153	$12,125,756	$0	$9,995,030	$3,200,000	$3,970,299	$36,691,238
Sept. - Nov. 2007	$8,075,766	$27,923,695	$4,455,275	$533,200	$0	$0	$40,987,936
June - August 2007	$1,194,440	$8,309,014	$48,927	$25,668,347	$2,575,178	$20,375,131	$58,171,037
March - May 2007	$10,082,817	$20,962,887	$8,277,328	$15,727,729	$3,019,500	$3,960,747	$62,031,008
Dec. 2006 - Feb. 2007	$8,725,598	$23,406,927	$4,709,086	$59,642,734	$25,000	$0	$96,509,345
Sept. - Nov. 2006	$2,404,840	$22,721,389	$1,840,722	$11,146,805	$538,000	$0	$38,651,756
June - August 2006	$21,014,259	$6,147,723	$462,712	$23,479,198	$5,890,000	$25,663,800	$82,657,692
March - May 2006	$10,575,639	$21,780,317	$10,924,435	$36,046,864	$3,650,000	$12,322,984	$95,300,239
Dec. 2005 - Feb. 2006	$37,121,720	$20,330,697	$2,359,019	$44,672,800	$165,000	$2,151,476	$106,800,712
Sept. - Nov. 2005	$9,674,394	$3,519,150	$3,275,717	$85,896,765	$150,000	$15,999,816	$118,515,842
June - August 2005	$72,205,699	$6,434,833	$1,666,851	$24,782,039	$200,000	$2,982,618	$108,272,040
March - May 2005	$3,061,870	$15,491,806	$1,590,789	$30,534,466	$1,059,000	$15,468,833	$67,206,764
Dec. 2004 - Feb. 2005	$8,753,636	$18,560,094	$390,000	$26,172,000	$254,700	$2,614,524	$56,744,954
Sept. - Nov. 2004	$17,242,269	$2,750,867	$402,891	$489,240	$188,000	$1,174,999	$22,248,266
June - August 2004	$16,446,488	$4,145,124	$10,035,248	$21,734,534	$1,993,393	$6,390,478	$60,745,265
March - May 2004	$14,640,091	$7,839,529	$203,680	$8,804,700	$1,721,585	$2,371,888	$35,581,473

New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Sisters of Mercy Multispeciality Clinic	Bella Vista	Sisters Of Mercy Health Systems	Medical		Conceptual
28th Street Commercial Building	Bentonville	Rick Thomas	Office/Retail	24,000	Conceptual
Archer Business Park	Bentonville	Wayne and Victoria Martin	Retail	20,000	Conceptual
Bentonville Commercial Building	Bentonville		Commercial	50,000	Conceptual
Bentonville Plaza	Bentonville	FBE Limited LLC	Commercial	50,000	Conceptual
Casey's General Store	Bentonville	Casey's General Store	Retail		Done
Circle of Life Hospice House	Bentonville	Circle of Life	Medical	40,000	March 2013
Industrial Technology Park	Bentonville		Industrial		Conceptual
Lakeside Center	Bentonville	Bob Hopmann	Office	67,000	Conceptual
Neighborhood Walmart Uptown Center	Bentonville	CEI Engineering	Retail	40,000+	Conceptual
Northwest Medical Center	Bentonville	Northwest Medical Center	Medical	14,000	Late 2012
Outdoor Cap	Bentonville	Paul Mahan	Office	37,758	2012
Pate Family Dentistry	Bentonville	Pate Family Dentistry	Medical	5,797	2012
Roth Granite Shop	Bentonville	Roth Family	Manufacturing	16,000	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
Adventure Subaru	Fayetteville	Adventure Subaru	Retail	20,000	Spring 2012
ALDI's Grocery Store	Fayetteville	ALDI Inc.	Retail	18,000	Spring 2012
Delta Group Electronics	Fayetteville	Delta Electronics	Manufacturing	36,000	Done
Forest Hills Development	Fayetteville	John Alford	Commercial	206,000	Conceptual
Forest Hills Retail Building	Fayetteville	John Alford	Retail	15,710	2012
Hedberg Allergy and Asthma Clinic	Fayetteville	Dr. Curtis Hedberg	Medical	3,800	Done
Liberty Bank	Fayetteville	Liberty Bank	Bank	24,000	Spring 2012
Links at Fayetteville	Fayetteville	Lindsey Management	Commercial	120,888	Conceptual
Northwest Office Properties Building	Fayetteville	Thomas Overby	Office	3,147	Early 2012
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	Conceptual
Ruskin Heights Commercial	Fayetteville	Mitchell Massey	Commercial	30,000	Conceptual
Shoppes at the Bluffs	Fayetteville	Mathias Properties	Retail	46,519	Conceptual
Veterans Hospital Expansion	Fayetteville	Vet. Health Care Sys. of the Ozarks	Medical Facility	158,466	2012
Williard Walker Hospice Home	Fayetteville	Washington Regional	Medical	24,500	Done
Midpoint Exchange Business Park	Lowell	Sage Partners	Commercial		Conceptual
Cabela's	Rogers	Cabela's	Retail	100,000	August 2012
Centre Point Office Building	Rogers		Commercial	18,285	Conceptual
Firestone Auto Care Center	Rogers	SMBC Leasing and Finance	Retail	8,256	April 2012
Gateway Plaza	Rogers		Commercial	39,600	Conceptual
Harp's	Rogers	Harp's	Retail	32,000	Conceptual
Metropark Office Building	Rogers		Office	60,000	Conceptual
MetroPark Retail Building	Rogers		Retail	47,000	Conceptual
Nursing Facility	Rogers	Emeritus Co.	Medical		Conceptual
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Office	21,432	Conceptual
NWACC Bookstore	Rogers	NWACC	Retail	6,000	Early 2012
Pinnacle Summit Park	Rogers		Commercial	50,000	Conceptual
Prairie Creek Center	Rogers	Mathias Properties	Retail	51,279	Conceptual
Sam's Club Layout Center	Rogers		Office	220,000	Conceptual
Scottdale Center, Phase VI, Bld 1	Rogers	Tom Hopper	Retail	60,798	Late 2012
Scottdale Center, Phase VI, Bld 2	Rogers	Tom Hopper	Retail	48,041	Late 2012
Scottsdale Center, Phase VI, Bld 3	Rogers	Tom Hopper	Retail	21,965	Late 2012
Shoppes at Center Point	Rogers		Commercial		Conceptual
Sisters of Mercy Primary Care Office	Rogers	Sisters Of Mercy Health Systems	Medical		Conceptual
Towmate	Rogers		Industrial		2012
Violin Studio and Repair Shop	Rogers	SMEK LLC	Retail		Conceptual

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Walnut Crossing	Rogers	Greg House	Commercial	50,000	Conceptual
Crye-Leike Office	Sil. Springs	Crye-Leike Realtors	Office	6,500	Conceptual
Holly Street Crossing	Sil. Springs	Ted Viala	Commercial		Conceptual
Siloam Springs Hospital	Sil. Springs	Community Health System	Hospital	95,000	2013
Chandler Office Building	Springdale	Chandler Equipment	Office	11,000	Done
Dollar General	Springdale	Dollar General	Retail		2012
Kum and Go	Springdale	Kum and Go	Retail		2012
Northwest Medical Center Expansion	Springdale	Northwest Medical Center	Hospital	30,000	Early 2013
Walgreens	Springdale	Walgreens	Retail	13,200	2012

Hotels

Existing Hotels

Property Name	City	Number of Standard Rooms	Number of Suites
Best Western Bentonville Inn	Bentonville	55	0
Best Western Castle Rock Suites	Bentonville	84	0
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
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

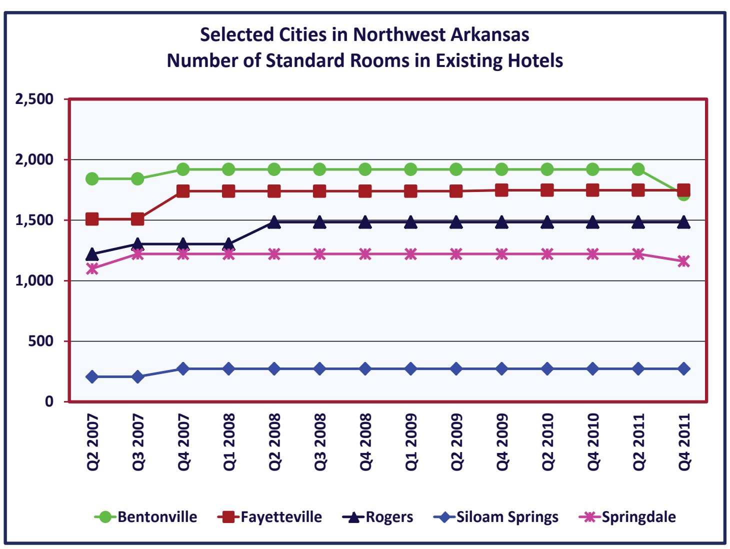
Hotels

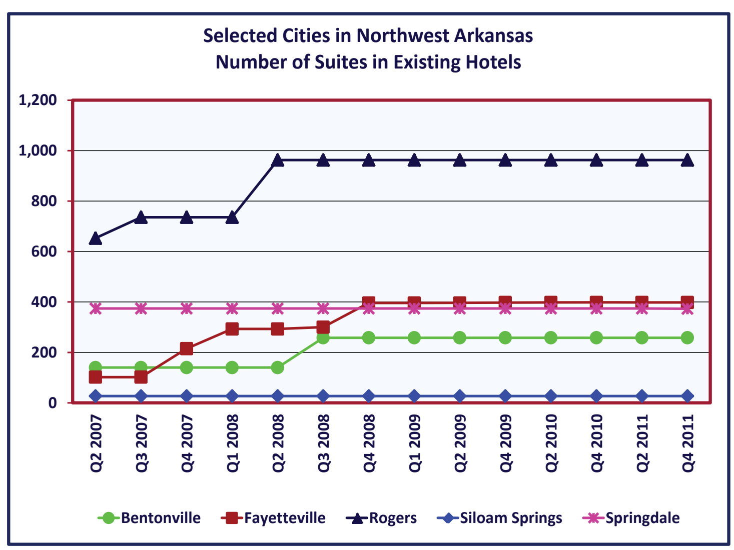
Existing Hotels (Cont.)

Property Name	City	Number of Standard Rooms	Number of Suites
Springdale Inn	Springdale	50	0
Super 8 Motel	Springdale	59	1
Value Place Hotel	Springdale	121	0

Existing Hotels Summary

City	Number of Standard Rooms	Number of Suites
Bentonville	1,712	258
Fayetteville	1,748	398
Johnson	38	102
Lowell	51	0
Prairie Grove	8	0
Rogers	1,485	963
Siloam Springs	273	27
Springdale	1,161	373
Northwest Arkansas	6,476	2,121





Hotels

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	234	Delayed
Hilton Gardens Inn	Fayetteville	Krushiker Hospitality Group	115	
The Dickson	Fayetteville	Ted Belden	16	2012
Horsebarn Tower Hotel	Rogers	FAE Horsebarn	144	Delayed
Sunday Partners Hotel	Rogers	Sunday Partners	--	--
Best Western	Springdale	Tom Bhakta	70	--
Microtel	Springdale	--		Delayed

Restaurants

Announced Coming Restaurants

Property Name	Location (City)	Owner	Expected Completion
Scooter's CoffeeHouse	12 Unkn. Locations	Scooters Coffee House of Omaha	--
Silver Joe's Coffee Co.	4 Various Locations	Terry Smith, Kenny Tomlin, Steve Clark, Patrick Vota	--
Dunkin Donuts	7 Unkn. Locations	Littlefield Oil Co	2012-2018
Coffe Shop and Ice Cream Parlor	Bella Vista	Roger Gildehaus	--
Jason's Deli	Benton County	Bourke Harvey	--
21c Hotel Restaurant	Bentonville	Steve Wilson and Laura Lee Brown	2012
Catfish Hole	Bentonville	Pat Gazzola	2013
Daily Grind	Bentonville		Done
Dickey's Barbecue Pit	Bentonville	Randon Arney	Delayed
Flying Fish	Bentonville	Shannon Wynne	Early 2012
Gold Town	Bentonville		Done
India Orchard	Bentonville		Done
Las Fajitas	Bentonville		Done
Las Palmas	Bentonville		Done
McDonald's	Bentonville		--
Panda Express	Bentonville	Panda Express Inc.	Done
Red Onion	Bentonville	Cindy and David Blum	Spring 2012
Tavola Bistro	Bentonville		Done
The Pressroom	Bentonville		Done
Dickey's Barbecue Pit	Fayetteville	Randon Arney	Delayed
Eastside Grill	Fayetteville		Done
Einstein Bros Bagels	Fayetteville	Mike Philips and Aaron Nickell	Done
Einstein Bros Bagels	Fayetteville	Mike Philips	Done
Feltner Brothers	Fayetteville	Feltner Brothers	Done
Firehouse Subs	Fayetteville	Forest Hills Development	--
Fresco Café	Fayetteville	Michael Andrews and Dustin House	Done
Kosmos Greekcafe	Fayetteville	Catherine and Michael Theodore	Done
Krystal Burger	Fayetteville	Krystal Burger	--
Legacy Blues	Fayetteville	Jim Lefler	Done
Pink Swirls	Fayetteville	E.J. Dayringer	Done
Posta Plata	Fayetteville	Alex Lopez Monroy	Done
Rowdy Beaver Restaurant and Tavern	Fayetteville	Amber Dunn	Done
Something Better Gourmet Food	Fayetteville	GW and Tina Chew	Done
Starbucks	Fayetteville	Kathy Ball	Delayed
Taco Bueno	Fayetteville	U.S. Beef	Done
Tanglewood Branch Beer Co	Fayetteville	J.T. Wampler	Done
Thai E San	Fayetteville		Done
The Citizen	Fayetteville	Lane Coleman, Knox McCorquodale, Wilson Wood	February 2012
Tilted Kilt Pub and Eatery	Fayetteville	Tilted Kilt Inc	Done
Vetro 1925	Fayetteville	Angelo Amabile	Done
Western Sizzlin	Fayetteville	Mark Bazyk	Delayed
Arkansas Traveler	Highfill	Paradise Shops LLC	--
Boar's Head Express	Highfill	Paradise Shops LLC	--
Ozark Grill	Highfill	Paradise Shops LLC	--
Bob Evans Restaurant	Rogers		2012
Café Waza	Rogers		Done
Dickey's Barbecue Pit	Rogers	Randon Arney	Delayed
Genghis Grill	Rogers	Mike Pierce	Done
Heirloom Food and Gifts	Rogers	Jen Kiple	Done
Krystal Burger	Rogers	Smitco Eateries	Delayed
Logan's Roadhouse	Rogers	Logan's Roadhouse Inc.	Early 2012
Orange Leaf Frozen Yogurt	Rogers	Shaw Jones and Grant McKay	Done
Taqueria El Bajo	Rogers		--

Announced Coming Restaurants (Cont.)

Property Name	Location (City)	Owner	Expected Completion
Traders Market Restaurant	Rogers	Moe Torabi	Delayed
Tropical Smoothie	Rogers		Done
Dickey's Barbecue Pit	Siloam Springs	Por Yang	Done
Waffle House	Siloam Springs		Done
Dickey's Barbecue Pit	Springdale	Randon Arney	Delayed
Fresh Green	Springdale	Sam Zuniga	Done
Golden Dragon	Springdale		Done
Good Times Café	Springdale	Ahmad Talebi-Zadeh	Done
Pizza Inn	Springdale	Flash Market	Done
Mama Fu's	Unkn. Location	Murphy Adams Restaurant Group	--
Romano's Macaroni Grill	Unkn. Location	Bruce Swisshelm	--
El Agave	Springdale		Done
Mama Tang	Springdale		Done
Taj Indian Cuisine	Bentonville		Done
Verde Limon	Bella Vista		Done
Subway	Bentonville		Done
T3Killa Mexican	Fayetteville		Done
Silk Road Thai	Rogers		Done
Little Caesars	Siloam Springs		2012
Taqueria El Taco	Siloam Springs		Done
Westside Burger and Grill	Springdale		Done
La Fonda	Springdale		Done

Closed Restaurants

Property Name	City	Date Closed
Patron's Mexican Grill	Fayetteville	January 2011
Zauq Pakistani	Fayetteville	February 2011
King Buffet	Rogers	February 2011
A Taste of Thai	Siloam Springs	February 2011
Crown Pub	Fayetteville	April 2011
Gaylords Mountain Café	Fayetteville	May 2011
Whole Earth Organic Lounge	Fayetteville	May 2011
Taqueria Guanajuato	Fayetteville	May 2011
Eureka Pizza	Siloam Springs	June 2011
Marina Grill	Bentonville	September 2011
Hollabong Garden	Bentonville	September 2011
Samurai Sushi	Bentonville	September 2011
JC Catfish Hole	Bentonville	September 2011
Boston Gourmet Pizza	Bentonville	September 2011
Savor	Fayetteville	September 2011
Silver Joes Coffee House	Rogers	September 2011
Java on the Square	Bentonville	October 2011
Primo	Fayetteville	October 2011
Café Delta Soul	Fayetteville	October 2011
Napoli's Italian Restaurant	Siloam Springs	October 2011
Tamolleys	Springdale	October 2011
Racha	Fayetteville	November 2011
Cielito Lindo	Rogers	November 2011
Trailside Café and Tea Room	Fayetteville	December 2011
Siloam Café	Siloam Springs	December 2011
Thai City	Siloam Springs	December 2011
Cancun	Springdale	December 2011
Fuji	Springdale	December 2011

Commercial Market Trends

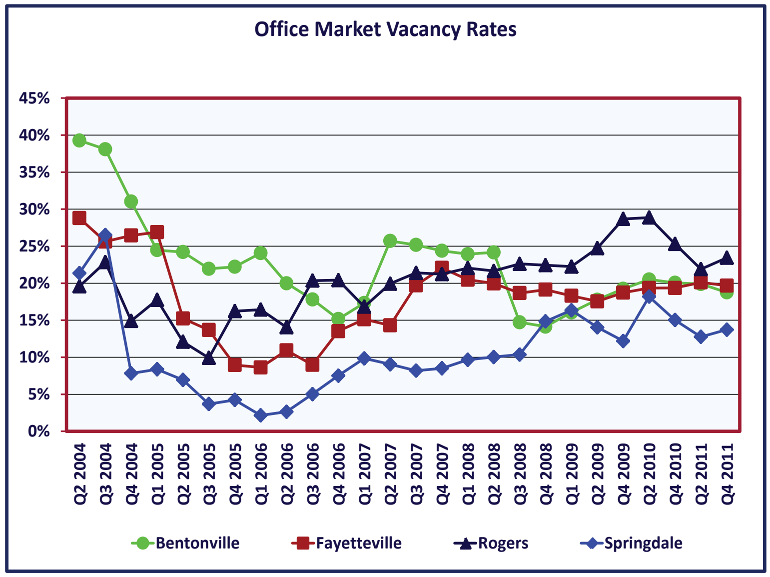
This version of the Skyline Report represents the twenty-sixth quarter that data have been collected. Annual comparisons were made to minimize the effects of attributing too much weight to seasonal changes. The accompanying graphs show how vacancy rates and available square footage have changed in each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

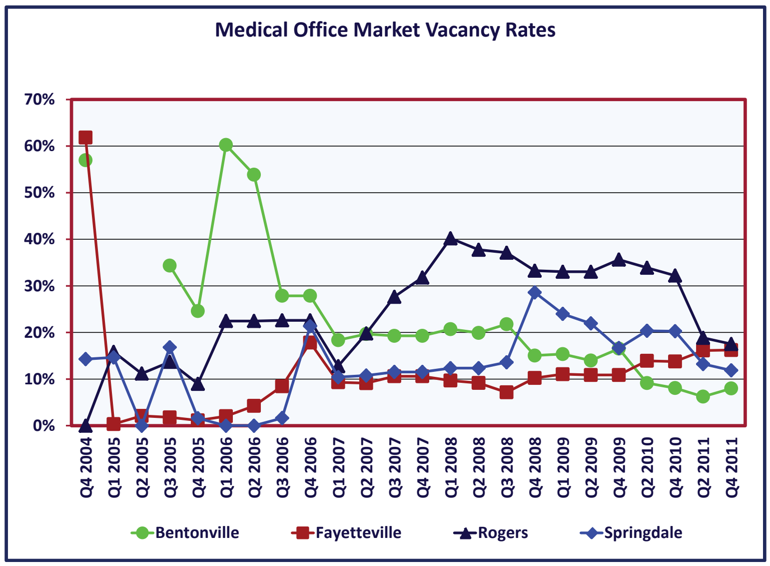
Available office square footage in Northwest Arkansas increased from 1,837,765 square feet in the second quarter of 2011 to 1,858,841 square feet in the fourth quarter of 2011. Since the second quarter of 2011, 57,325 square feet of office space were absorbed, and 20,305 of new space became available. The overall Northwest Arkansas office vacancy rate stayed constant at 19.5 percent from the second quarter 2011 to 19.5 percent in the fourth quarter of 2011.

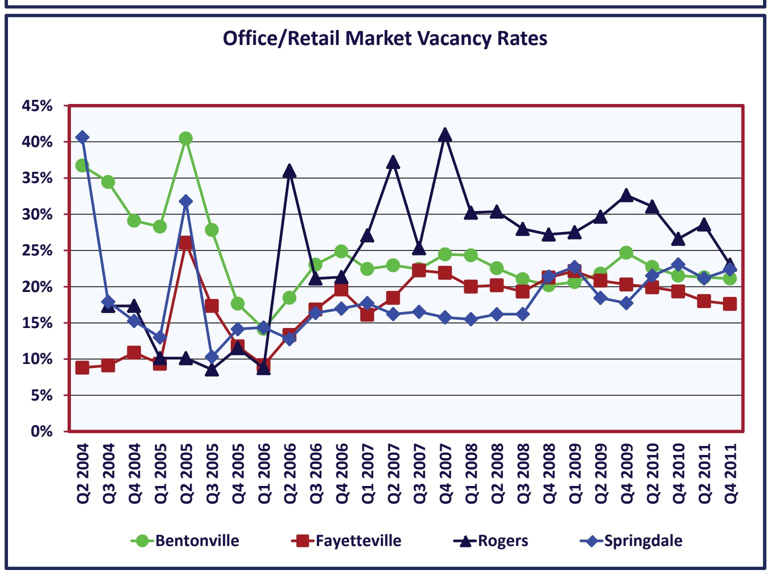
The office/retail market has experienced positive net absorption of 96,566 square feet during the past twelve months. Fayetteville, Rogers, and Siloam Springs accounted for most of the positive absorption. On the other hand, Rogers had less available office/retail square footage in the fourth quarter of 2011 than in the second quarter 2011. No new square footage was added to the market during the last year. In the fourth quarter of 2011, 782,860 square feet of office/retail space were available, down from 830,893 square feet in the second quarter. This space was primarily located in Fayetteville, Rogers, Bentonville, and Springdale.

The retail market experienced positive net absorption in the past twelve months only in the cities of Bentonville, Fayetteville, Rogers and Springdale. The other cities experienced negative net absorption in the retail submarket over the past year. There were 53,641 new square feet of retail space added to the Northwest Arkansas market during the past twelve months. In the fourth quarter of 2011, a total of 994,308 square feet of space were available in Northwest Arkansas, down from 1,113,232 square feet in the second quarter of 2011.

The Northwest Arkansas warehouse market also experienced positive net absorption of 398,296 square feet during the past year. The number of available square feet declined from 1,402,979 in the second quarter of 2011 to 1,365,677 in the fourth quarter of 2011 and vacancy rates

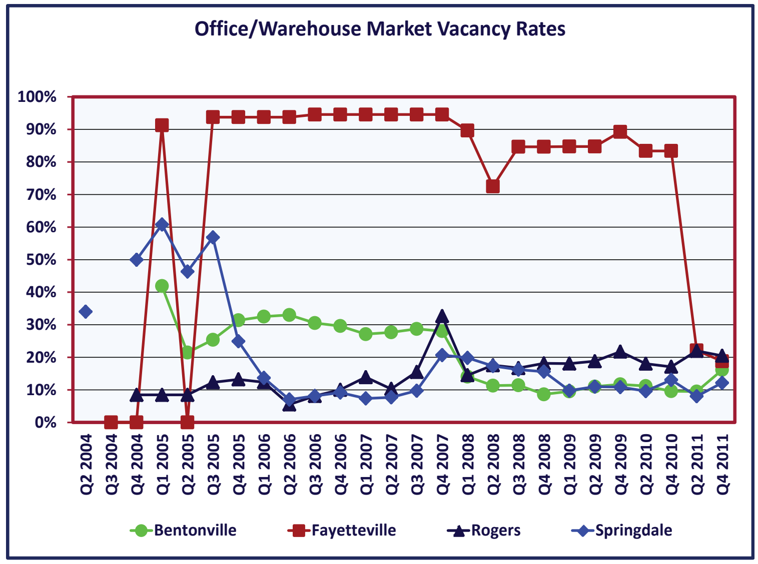


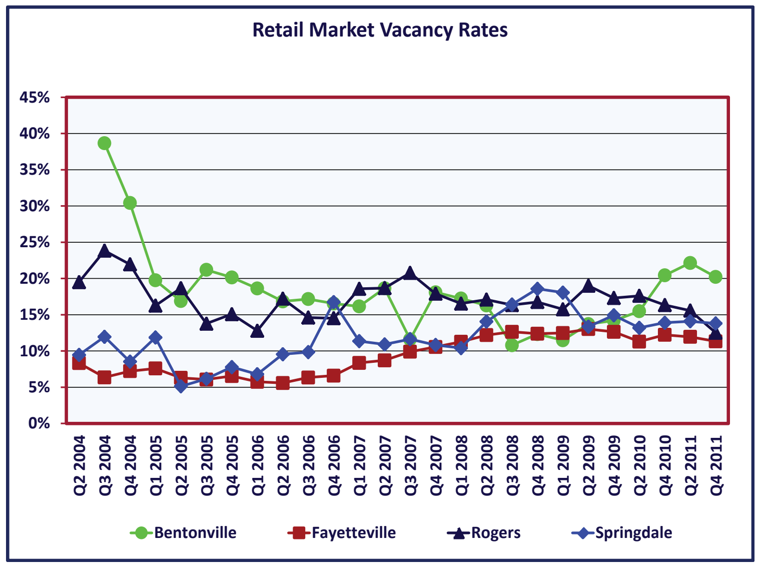


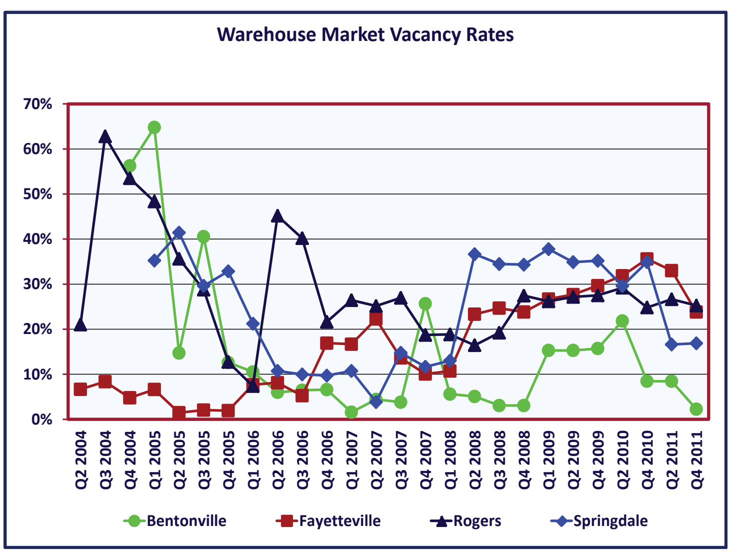


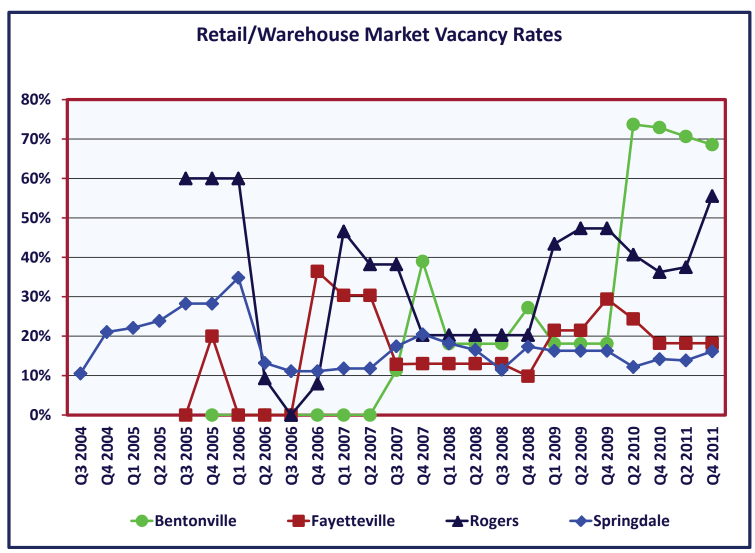
Commercial Market Trends

declined from 22.0 percent to 21.2 percent during the same time period, accordingly. Springdale led with 311,668 square feet of positive net absorption in the past year. Lowell, however, experienced negative net absorption since the fourth quarter of last year in the warehouse market. No new warehouse space was added to the Northwest Arkansas market during the past year.





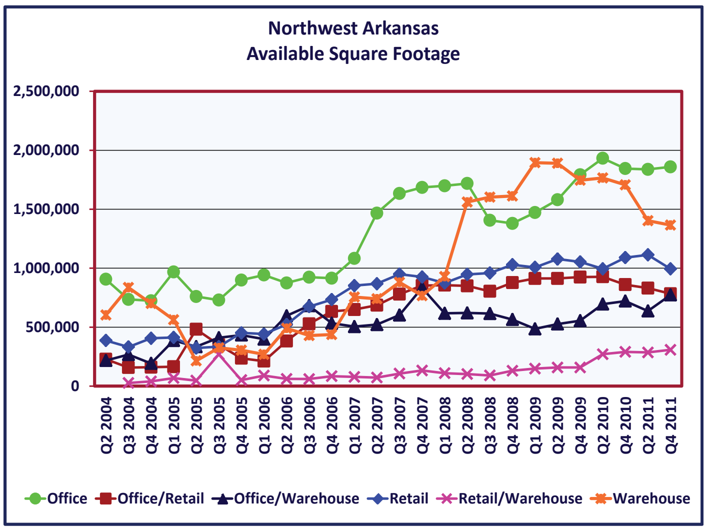


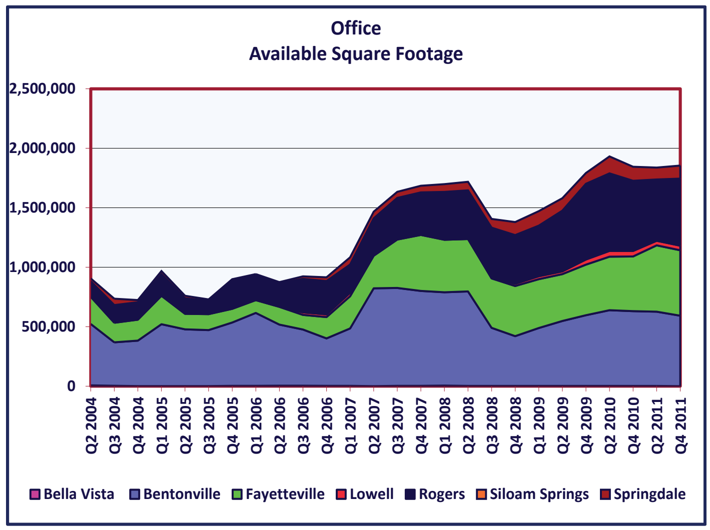


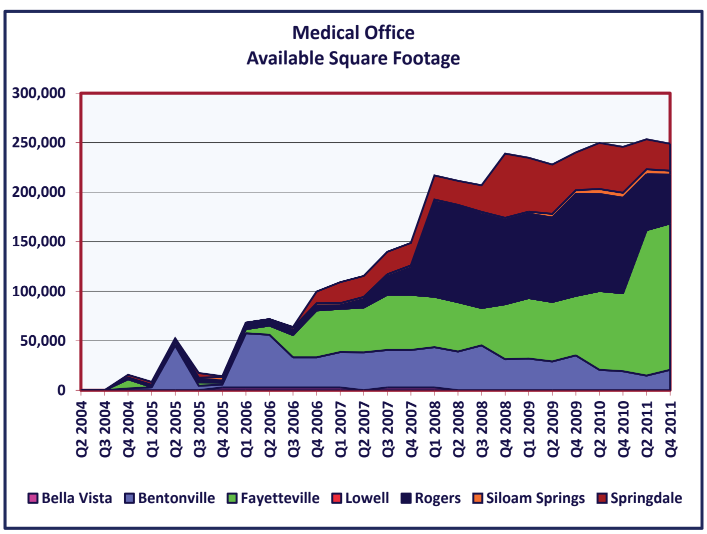
Commercial Market Trends

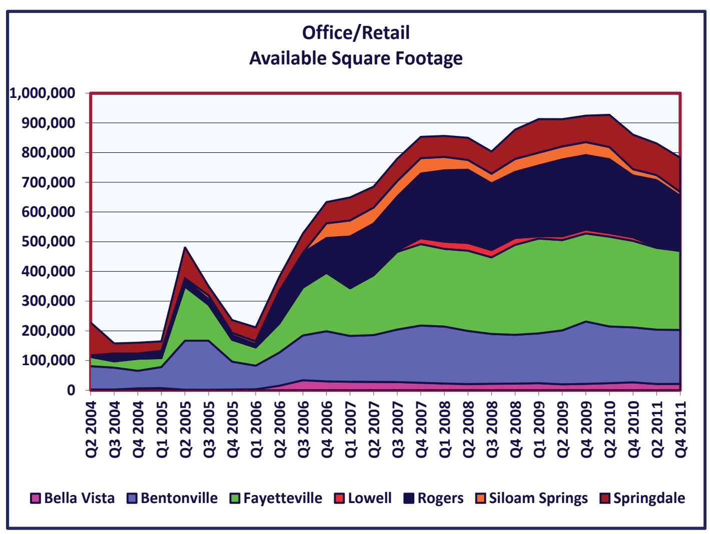
Net Twelve Month Absorption by Submarket Q1 2011 - Q4 2011

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	2,000	5,200	0	0
Bentonville	39,766	2,757	9,382	30,600
Fayetteville	3,924	43,030	29,462	124,365
Lowell	7,785	7,755	-4,900	-226,174
Rogers	87,052	26,157	98,492	22,474
Siloam Springs	814	7,700	-14,804	135,363
Springdale	22,145	3,967	6,272	311,668
Northwest Arkansas	163,486	96,566	123,904	398,296

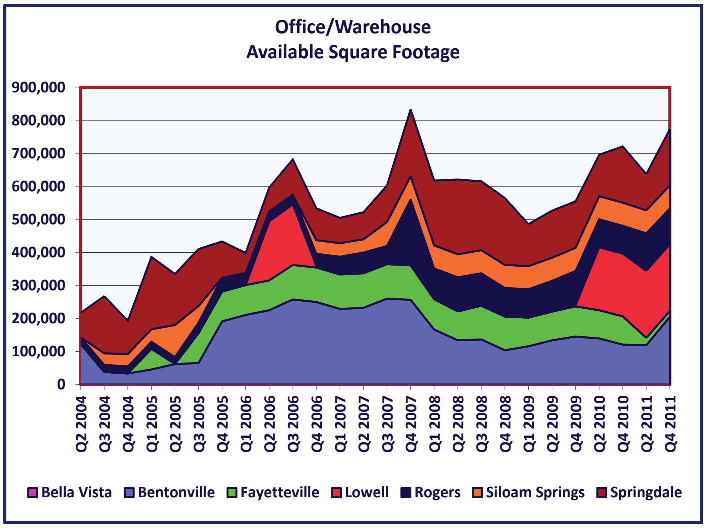


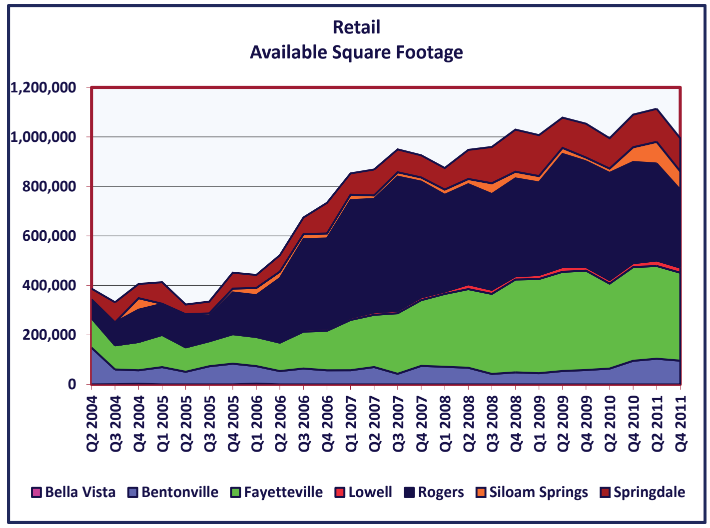


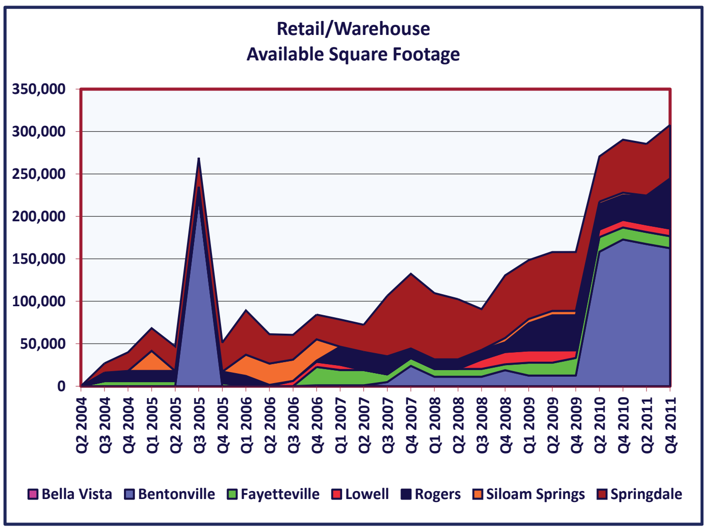


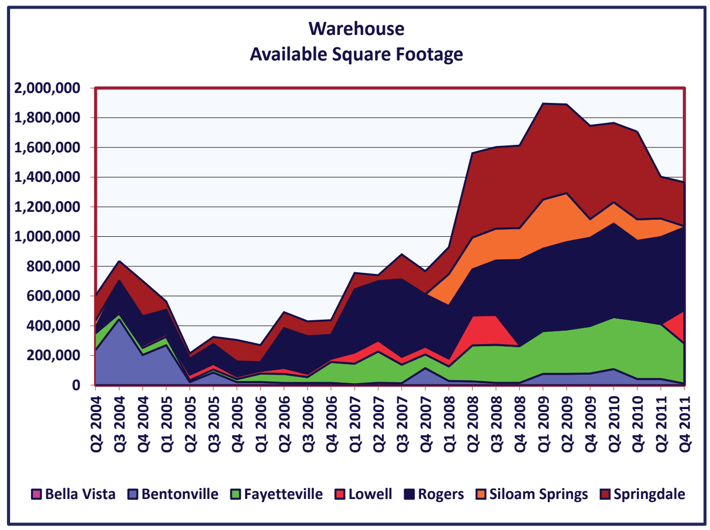


Commercial Market Trends









Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2010	17.3%	20.1%	19.4%	16.9%	25.3%	5.3%	15.0%	20.5%
Q2 2011	17.3%	19.9%	20.1%	14.1%	21.9%	5.3%	12.8%	19.5%
Q4 2011	0.0%	18.8%	19.7%	14.2%	23.4%	4.5%	13.7%	19.5%
Medical Office								
Q4 2010	0.0%	8.1%	13.8%	0.0%	32.2%	5.9%	20.3%	16.7%
Q2 2011	0.0%	6.2%	16.1%	0.0%	18.9%	5.9%	13.2%	14.0%
Q4 2011	0.0%	8.0%	16.2%	0.0%	17.5%	4.7%	11.9%	15.7%
Office/Retail								
Q4 2010	9.6%	21.5%	19.3%	18.3%	26.6%	14.2%	23.1%	20.8%
Q2 2011	7.6%	21.3%	18.0%	5.0%	28.6%	11.4%	21.1%	19.9%
Q4 2011	7.7%	21.1%	17.6%	6.5%	23.0%	9.0%	22.4%	18.8%
Office/Warehouse								
Q4 2010	--	9.6%	83.4%	86.5%	17.1%	65.8%	13.1%	20.7%
Q2 2011	--	9.5%	22.1%	85.3%	22.0%	65.8%	8.0%	17.8%
Q4 2011	--	16.2%	18.8%	85.3%	20.5%	65.8%	12.2%	21.3%
Retail								
Q4 2010	0.0%	20.4%	12.2%	12.5%	16.3%	16.8%	13.9%	14.5%
Q2 2011	0.0%	22.1%	11.9%	17.6%	15.6%	24.6%	14.1%	14.7%
Q4 2011	0.0%	20.2%	11.3%	16.4%	12.5%	20.9%	13.8%	13.1%
Retail/Warehouse								
Q4 2010	--	72.9%	18.2%	23.6%	36.2%	5.6%	14.2%	31.3%
Q2 2011	--	70.6%	18.2%	33.7%	37.5%	1.8%	13.8%	30.9%
Q4 2011	--	68.6%	18.2%	33.7%	55.5%	1.8%	16.2%	34.5%
Warehouse								
Q4 2010	0.0%	8.5%	35.6%	0.0%	24.8%	68.0%	34.9%	27.0%
Q2 2011	0.0%	8.5%	33.0%	0.0%	26.6%	58.9%	16.6%	22.0%
Q4 2011	0.0%	2.3%	23.8%	34.4%	25.3%	4.4%	16.9%	21.2%

Commercial Market Trends

Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q3-Q4 2010	200	13,270	8,946	2,052	89,000	0	24,786	138,254
Q1-Q2 2011	0	6,357	-9,970	7,820	84,201	0	17,753	106,161
Q3-Q4 2011	2,000	33,409	13,894	-35	2,851	814	4,392	57,325
Medical Office								
Q3-Q4 2010	0	3,500	822	0	4,800	0	192	9,314
Q1-Q2 2011	0	4,391	12,784	0	39,987	0	16,060	73,222
Q3-Q4 2011	0	-5,801	-900	0	7,122	1,014	3,059	4,494
Office/Retail								
Q3-Q4 2010	-2,800	9,507	10,962	0	46,431	19,900	-7,886	76,114
Q1-Q2 2011	5,600	1,443	33,566	8,705	-12,574	4,200	9,696	50,636
Q3-Q4 2011	-400	1,314	9,464	-950	38,731	3,500	-5,729	45,930
Office/Warehouse								
Q3-Q4 2010	--	26,300	0	0	17,697	0	-44,767	-770
Q1-Q2 2011	--	561	62,696	5,325	-5,720	0	118,959	181,821
Q3-Q4 2011	--	-86,445	5,080	0	5,678	0	-41,965	-117,652
Retail								
Q3-Q4 2010	0	-7,212	4,545	-1,425	37,303	4,768	9,320	47,299
Q1-Q2 2011	0	-6,462	10,125	-6,400	16,969	-27,780	-1,793	-15,341
Q3-Q4 2011	0	15,844	19,337	1,500	81,523	12,976	8,065	139,245
Retail/Warehouse								
Q3-Q4 2010	--	7,700	10,243	0	840	0	-5,958	12,825
Q1-Q2 2011	--	5,362	0	0	-4,000	2,100	1,500	4,962
Q3-Q4 2011	--	4,888	0	0	0	0	-2,100	2,788
Warehouse								
Q3-Q4 2010	0	63,750	-45,500	0	94,080	0	-32,175	80,155
Q1-Q2 2011	0	0	35,535	0	-8,000	19,230	309,325	356,090
Q3-Q4 2011	0	30,600	88,830	-226,174	30,474	116,133	2,343	42,206

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2010	2,000	628,781	459,695	46,416	584,672	5,158	117,818	1,844,540
Q2 2011	2,000	624,304	557,635	38,596	510,007	5,158	100,065	1,837,765
Q4 2011	0	592,495	550,086	38,631	563,588	4,344	109,697	1,858,841
Medical Office								
Q4 2010	0	19,190	78,814	0	96,419	5,014	46,336	245,773
Q2 2011	0	14,799	146,916	0	56,432	5,014	30,276	253,437
Q4 2011	0	20,600	147,816	0	49,310	4,000	27,217	248,943
Office/Retail								
Q4 2010	26,655	184,927	291,405	12,010	207,845	21,200	116,240	860,282
Q2 2011	21,055	182,884	275,536	3,305	224,569	17,000	106,544	830,893
Q4 2011	21,455	181,570	266,072	4,255	180,803	13,500	115,205	782,860
Office/Warehouse								
Q4 2010	--	120,955	85,326	190,325	83,902	70,007	170,209	720,724
Q2 2011	--	118,769	22,630	203,000	113,022	70,007	109,351	636,779
Q4 2011	0	205,214	17,550	203,000	107,344	70,007	169,986	773,101
Retail								
Q4 2010	0	95,314	378,636	15,809	408,690	59,700	131,594	1,089,743
Q2 2011	0	103,692	374,743	22,209	391,721	87,480	133,387	1,113,232
Q4 2011	0	95,859	355,406	20,709	314,322	74,504	133,508	994,308
Retail/Warehouse								
Q4 2010	--	172,786	14,157	9,000	28,940	3,100	62,400	290,383
Q2 2011	--	167,424	14,157	9,000	32,940	1,000	60,900	285,421
Q4 2011	0	162,536	14,157	9,000	58,048	1,000	63,000	307,741
Warehouse								
Q4 2010	0	41,100	396,056	0	534,290	144,738	590,303	1,706,487
Q2 2011	0	41,100	370,481	0	584,912	125,508	280,978	1,402,979
Q4 2011	0	10,500	269,651	226,174	554,438	9,375	295,539	1,365,677

Office

In the fourth quarter of 2011, the office properties included in the Skyline Report panel had a vacancy rate of 19.5 percent, the same as in the second quarter of 2011. Of the more than 9.5 million square feet of Northwest Arkansas properties examined, almost 1.86 million square feet are currently available. This is a decrease from the second quarter. From the second quarter of 2011 to the fourth quarter of 2011, 20,305 square feet of new office space entered the market in Fayetteville, while 77,630 square feet became occupied, netting positive absorption of 57,325 square feet for the market.

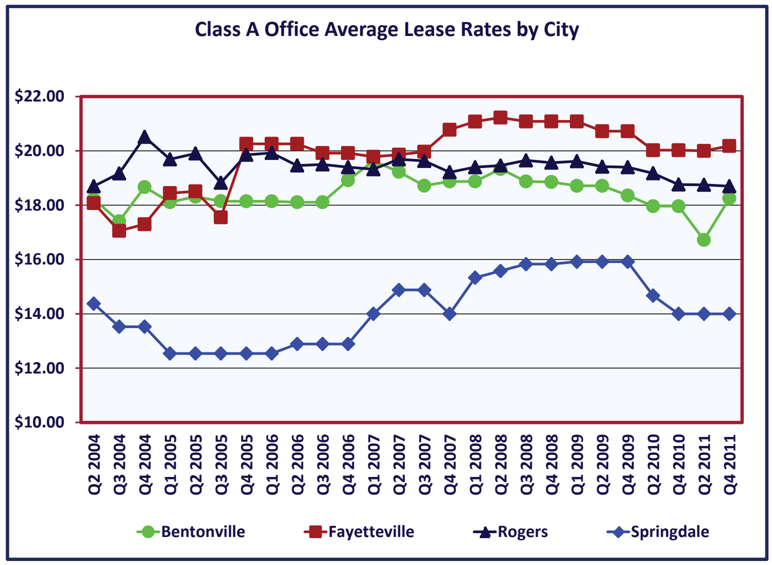
Of the 1,858,841 square feet of available office space in Northwest Arkansas, about 31.9 percent is located in Bentonville. About 90.3 percent of the available office space in Bentonville was in the Class B submarket, while Class A space accounted for about 5.1 percent, and the remainder was in the Class C and medical office submarkets. Positive absorption of 33,409 square feet in the fourth quarter of 2011 occurred, while no new space was added in Bentonville.

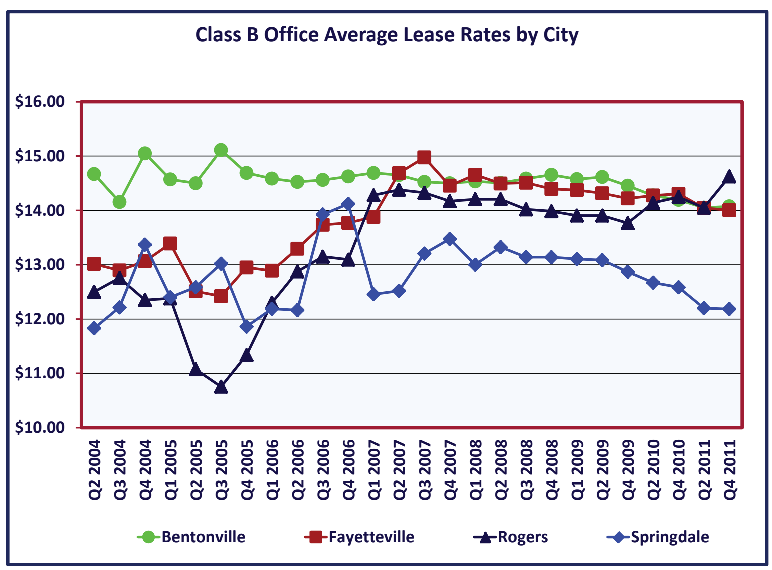
While Bentonville had the most available office space at 592,495 square feet and Rogers had 563,588 square feet available. In the fourth quarter of 2011, 198 square feet of Class B, and 7,122 square feet of medical office space became occupied in Rogers, while 2,182 square feet of Class A became vacant and 2,287 of Class C became vacant. No additional square feet of new space were added to the Rogers office market, netting positive absorption of 2,851 square feet of office space.

Fayetteville had 550,086 square feet of available office space in the fourth quarter of 2011. In the Fayetteville office submarket, Class B accounted for 50.0 percent of all available space, while medical office accounted for 26.9 percent, Class A for 15.1 percent, and Class C for 8.0 percent. From the second quarter of 2011 to the fourth quarter of 2011, no new square feet were added to the market. The Fayetteville office market experienced a net positive absorption of 13,894 square feet. About 13,858 square feet of Class A and 2,673 square feet of Class B became occupied during the second half of 2011. However, an additional 1,737 square feet of space became available in the Class C submarket and 900 in the medical submarket.

Office Lease Rates Average Range by City

	Class A	Class B	Class C	Medical
Bentonville	$17.92 - $18.58	$13.74 - $14.41	$8.55 - $8.89	$16.69 - $18.20
Fayetteville	$18.78 - $21.58	$13.63 - $14.38	$10.88 - $11.28	$14.69 - $16.56
Rogers	$17.96 - $19.44	$14.46 - $14.79	$9.13 - $9.30	$13.82 - $14.23
Springdale	$14.00 - $14.00	$11.52 - $12.85	$8.98 - $9.23	$12.43 - $13.92

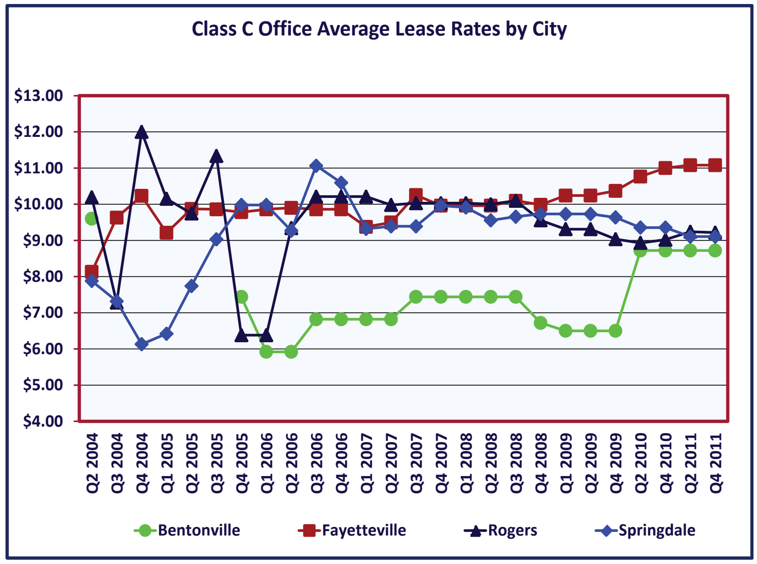


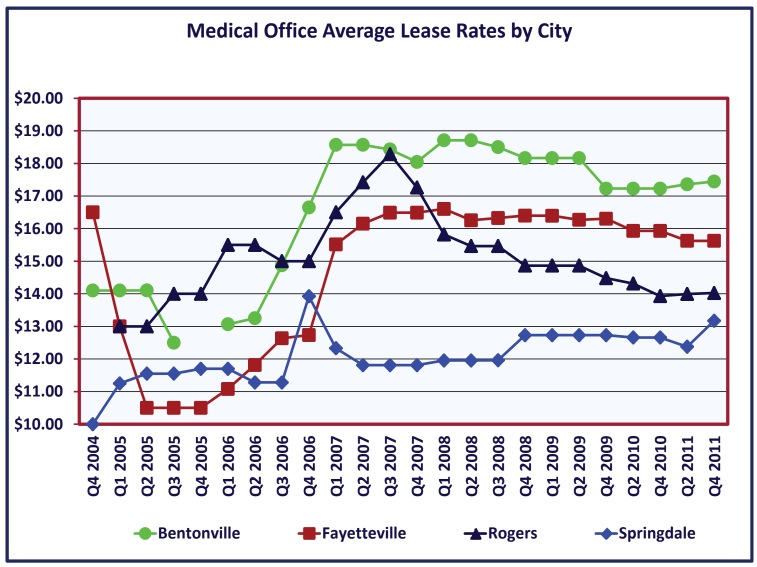


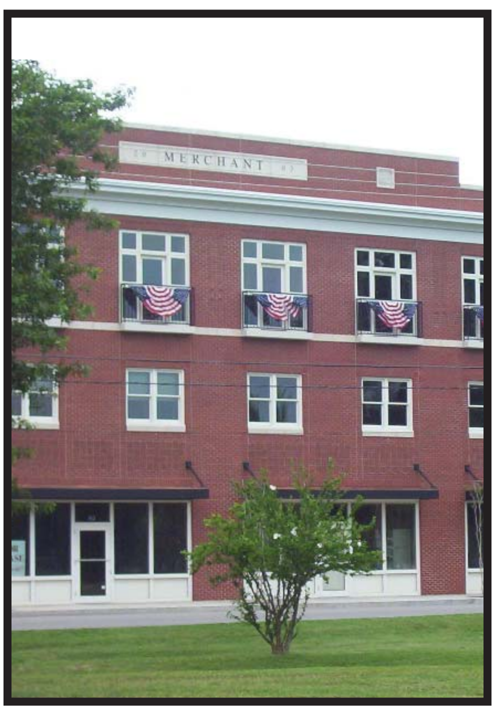
Office

The Springdale office market had 109,697 square feet of available space in the fourth quarter of 2011. Overall, 3,059 square feet became occupied in the Medical office submarket. The Class C submarket had a negative absorption of 2,885 square feet, but the Class B submarket had a positive absorption of 5,442 square feet.

Class A office average reported lease rates continued to be highest in Fayetteville at $20.18 per square foot. Class A space average lease rates increased in Bentonville and declined Rogers but held constant in Springdale. Class B office space average reported lease rates declined in Springdale and Fayetteville, but increased in Rogers and Bentonville. In the fourth quarter of 2011, reported average lease rates for Class C office declined in Rogers, but held constant in Bentonville, Fayetteville, and Springdale. Reported average medical office space lease rates increased in Bentonville, Rogers, and Springdale and remained constant in Fayetteville in the fourth quarter of 2011.







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	363,955	30,513	8.4%	0	0	0	--
Fayetteville	476,703	83,301	17.5%	13,858	0	13,858	36.1
Rogers	1,447,630	338,370	23.4%	-2,182	0	-2,182	--
Springdale	77,123	6,200	8.0%	-1,224	0	-1,224	--
Class B							
Bentonville	2,492,795	534,969	21.5%	42,654	0	42,654	75.3
Fayetteville	1,161,849	274,969	23.7%	2,673	0	2,673	--
Rogers	495,111	122,142	24.7%	198	0	198	3,701.3
Springdale	329,030	12,676	3.9%	5,442	0	5,442	14.0
Class C							
Bentonville	43,928	6,413	14.6%	-3,444	0	-3,444	--
Fayetteville	246,664	44,000	17.8%	-1,737	0	-1,737	--
Rogers	181,171	53,766	29.7%	-2,287	0	-2,287	--
Springdale	163,473	63,604	38.9%	-2,885	0	-2,885	--
Medical							
Bentonville	257,772	20,600	8.0%	14,504	20,305	-5,801	--
Fayetteville	910,949	147,816	16.2%	-900	0	-900	--
Rogers	281,225	49,310	17.5%	7,122	0	7,122	41.5
Springdale	229,363	27,217	11.9%	3,059	0	3,059	53.4

[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

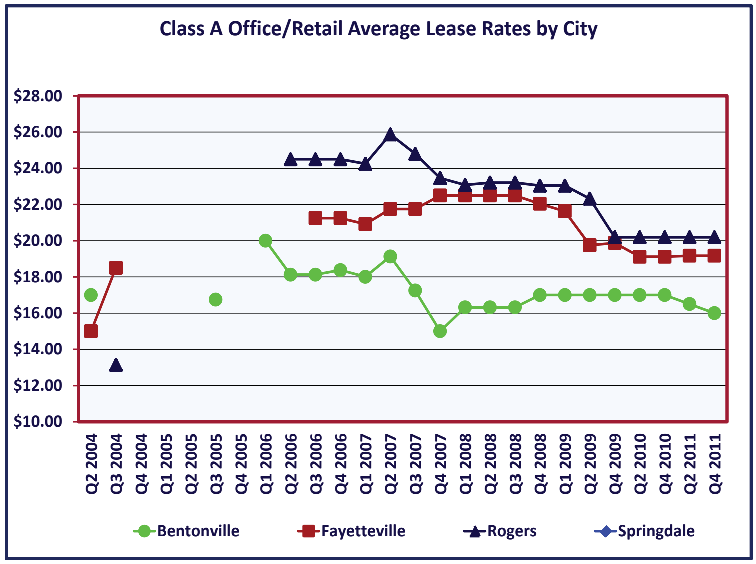
Office/Retail

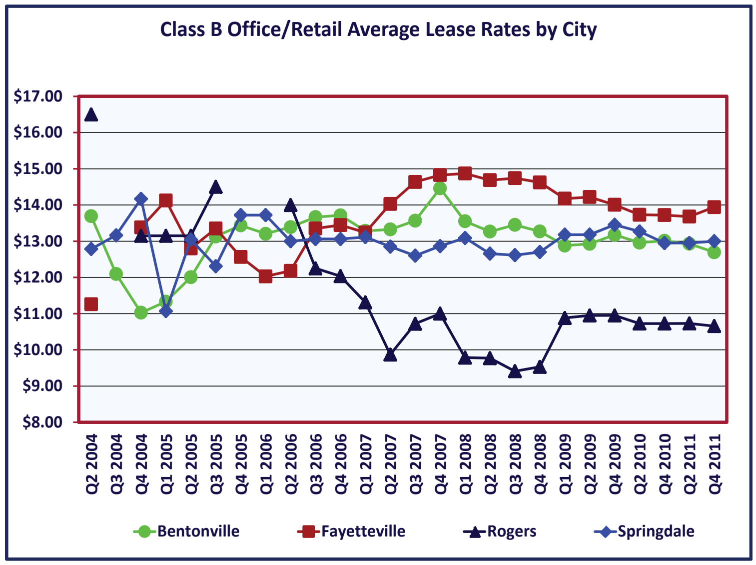
In the fourth quarter of 2011, the office/retail properties included in the Skyline Report sample had a vacancy rate of 18.8 percent, a decline from a 19.9 percent in the second quarter. Of almost 4.2 million square feet of Northwest Arkansas properties examined, 782,860 square feet were available.

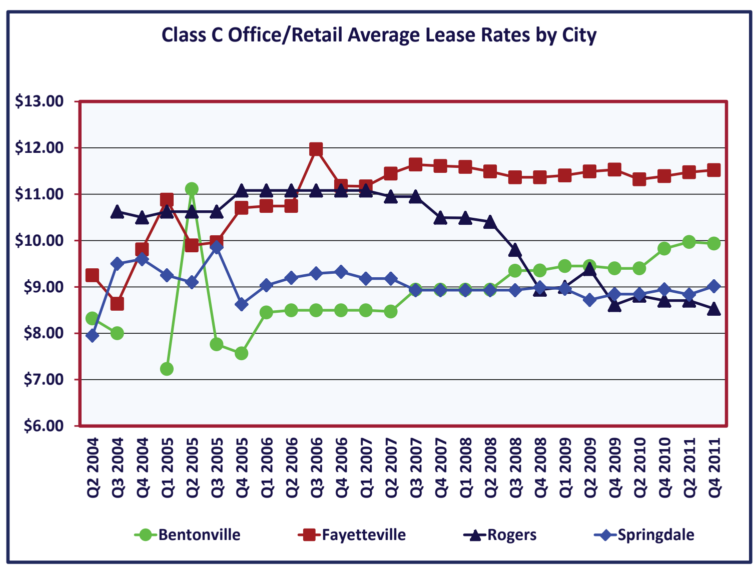
From the second quarter of 2011 to the fourth quarter of 2011, no new office/retail space was added in Northwest Arkansas. The number of square feet becoming occupied was larger than the number of square feet becoming available in office/retail submarket, causing a positive net absorption of 45,930 square feet in the fourth quarter. Fayetteville, Rogers, Siloam Springs, and Bentonville experienced positive net absorption of office/retail space in the fourth quarter of 2011. Springdale, Bella Vista, and Lowell however, experienced negative net absorption.

Fayetteville continued having the largest amount of available square feet in the office/retail submarket with 266,072 square feet available. Rogers had 180,803 and Bentonville had 181,570 square feet available. Dividing those by the total square feet of office/retail space, this translated to vacancy rates of 17.6 percent for Fayetteville, 23.0 percent for Rogers, and 21.1 percent for Bentonville. Springdale had reported available office/retail square footage of 115,205 with a 22.4 percent vacancy rate.

Office/retail space average reported lease rates remained mixed in the fourth quarter of 2011. In the Class A submarket, average reported lease rates went down in Bentonville, while Fayetteville and Rogers remained constant. Average reported Class B rates decreased in Bentonville and Rogers, and increased in Springdale and Fayetteville. In the Class C office/retail submarket, average reported prices decreased in Bentonville and Rogers, and increased in Springdale and Fayetteville.







Office/Retail

Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	$15.00 - $17.00	$11.93 - $13.46	$9.49 - $10.38
Fayetteville	$17.80 - $20.54	$13.22 - $14.66	$10.89 - $12.15
Rogers	$19.25 - $21.13	$9.86 - $11.45	$7.45 - $9.61
Springdale	--	$12.20 - $13.80	$8.52 - $9.80

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	16,576	29.4%	-6,023	0	-6,023	--
Fayetteville	160,320	64,702	40.4%	1,000	0	1,000	388.2
Rogers	133,982	11,281	8.4%	11,481	0	11,481	--
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	673,292	152,868	22.7%	5,961	0	5,961	153.9
Fayetteville	1,017,896	169,220	16.6%	6,624	0	6,624	153.3
Rogers	401,553	96,269	24.0%	27,399	0	27,399	21.1
Springdale	228,573	49,613	21.7%	7,220	0	7,220	--
Class C							
Bentonville	129,874	12,126	9.3%	1,376	0	1,376	--
Fayetteville	332,346	32,150	9.7%	1,840	0	1,840	--
Rogers	249,392	73,253	29.4%	-149	0	-149	--
Springdale	286,027	65,592	22.9%	-12,949	0	-12,949	--

[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

Retail

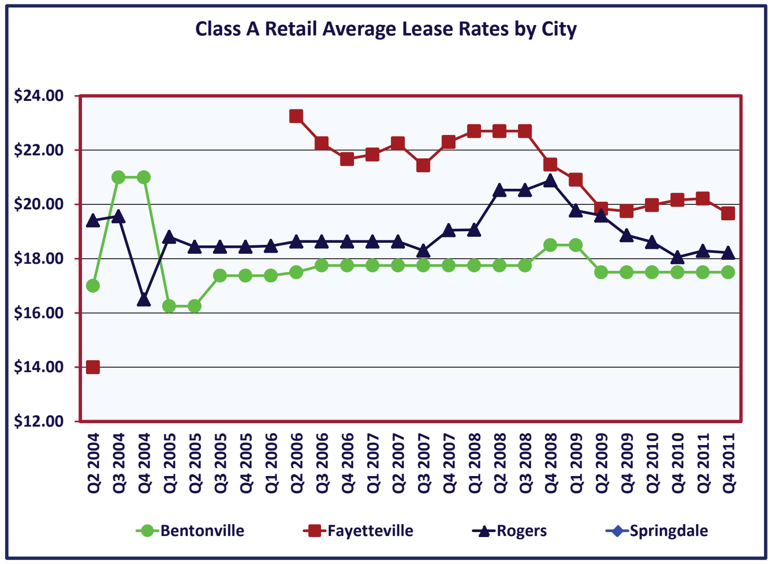
In the fourth quarter of 2011, the retail properties included in the Skyline Report panel had a vacancy rate of 13.1 percent, down from 14.7 percent in the second quarter. Of almost 7.6 million square feet of Northwest Arkansas retail properties examined, 994,308 square feet were available. From the second quarter of 2011 to the fourth quarter of 2011, no new retail space was added in Northwest Arkansas, while 139,245 square feet became occupied.

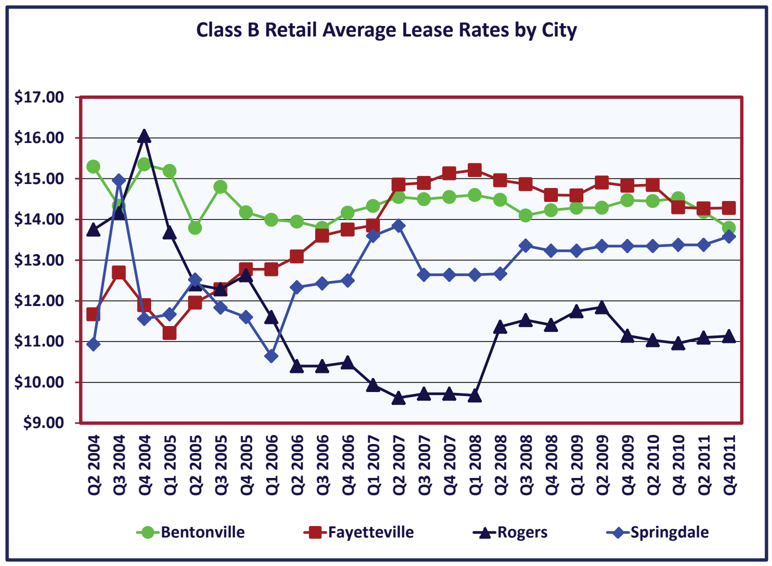
Bentonville had 474,396 total square feet and 95,859 available square feet of retail space in the fourth quarter of 2011, resulting in a vacancy rate of 20.2 percent. This represented a decrease from the rate of 22.1 percent in the second quarter. The decreased vacancy rate resulted from a positive absorption of 15,844 square feet.

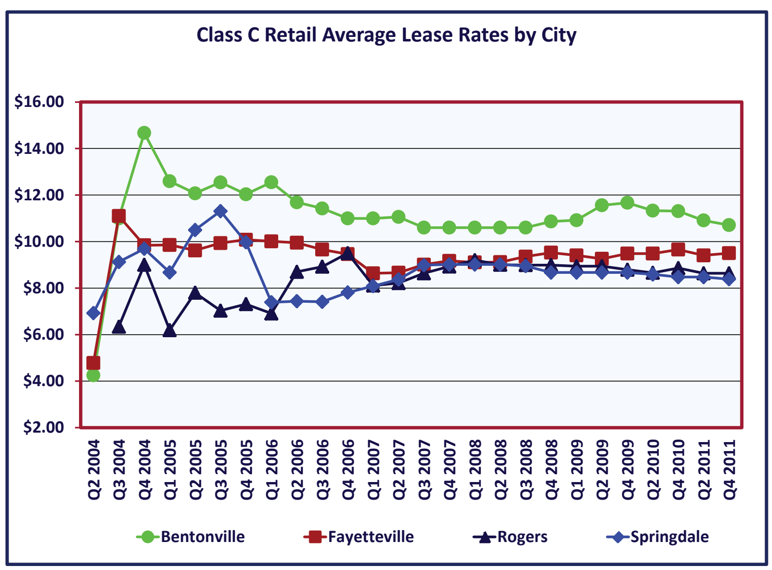
In the fourth quarter of 2011, Fayetteville had a retail vacancy rate of 11.3 percent, down from 11.9 percent in the second quarter, with 355,406 available square feet out of a total of more than 3.1 million. No new square footage was added the last half of 2011, but there was reported net positive absorption of 19,337 square feet in the Fayetteville retail market.

The Rogers market had 314,322 square feet of available retail space out of a total of over 2.5 million square feet for a vacancy rate of 12.5 percent in the fourth quarter of 2011. The city experienced a decrease in the vacancy rate from 15.6 percent in the second quarter in accordance with net absorption of 81,523 square feet. The total absorption from quarter four was 81,523 square feet, with no new space entering the market. The Class B and C markets combined for net absorption of 13,563 square feet.

There were 133,508 square feet of available retail space out of a total of 967,601 square feet in Springdale in the fourth quarter of 2011. This implied a vacancy rate of 13.8 percent, down from 14.1 percent in the second quarter. An additional 1,390 square feet in the Class B submarket, and 6,675 square feet in the Class C retail submarket were absorbed resulting in a positive net absorption for the market of 8,065 square feet.







Retail

Reported retail average lease rates in Springdale barely decreased during the fourth quarter of 2011. In the Class A submarket, average reported lease rates decreased in Rogers and Fayetteville, and stayed the same in Bentonville. Class B average lease rates increased in Rogers and Fayetteville, and declined in Bentonville. Class C average reported lease rates declined in Bentonville, increased in Fayetteville and stayed the same in Rogers.

Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	$15.50 - $19.50	$13.54 - $14.04	$10.49 - $10.93
Fayetteville	$18.86 - $20.48	$13.91 - $14.65	$9.31 - $9.69
Rogers	$17.28 - $19.16	$10.41 - $11.86	$8.40 - $8.87
Springdale	--	$13.16 - $14.00	$7.97 - $8.80

Retail Space Characteristics by Class and City

Class A	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q4 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Bentonville	39,534	3,000	7.6%	2,930	0	2,930	6.1
Fayetteville	1,941,509	198,426	10.2%	-4,661	0	-4,661	--
Rogers	1,572,095	153,604	9.8%	67,960	0	67,960	13.6
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	312,105	71,678	23.0%	8,043	0	8,043	--
Fayetteville	895,140	138,711	15.5%	-20,075	0	-20,075	--
Rogers	554,163	68,621	12.4%	695	0	695	--
Springdale	674,311	116,908	17.3%	1,390	0	1,390	504.6
Class C							
Bentonville	122,757	21,181	17.3%	4,871	0	4,871	26.1
Fayetteville	299,726	18,269	6.1%	44,073	0	44,073	--
Rogers	385,912	92,097	23.9%	12,868	0	12,868	42.9
Springdale	293,290	16,600	5.7%	6,675	0	6,675	--

[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

Other Categories

Warehouse

In the fourth quarter of 2011, the warehouse properties included in the Skyline Report panel had a vacancy rate of 21.2 percent, down from 22.0 percent in the second quarter. Of almost 6.4 million square feet of warehouse space examined, almost 1.4 million square feet were available in the fourth quarter of 2011.

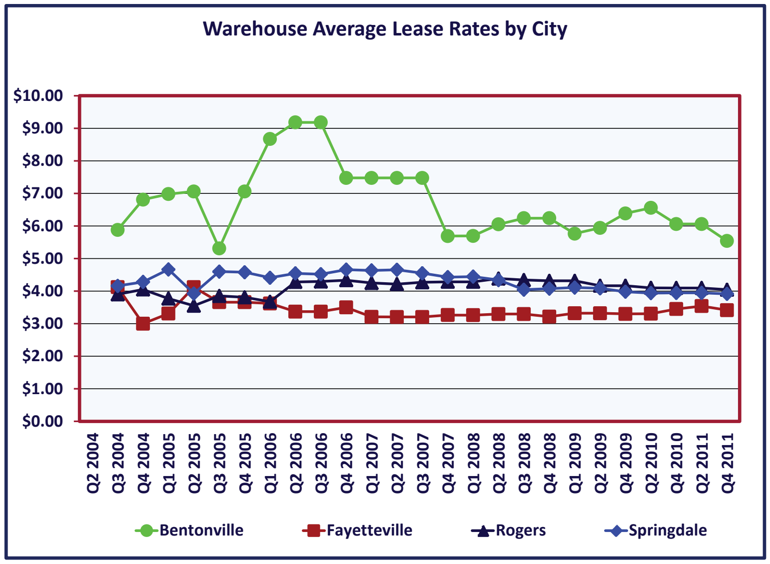
The majority of available warehouse space was split between Springdale (with 295,539 square feet), Rogers (with 554,438 square feet), Fayetteville (with 269,651 square feet), and Lowell (with 226,174 square feet). There was no new space added to the warehouse market in the fourth quarter. Existing warehouse space became occupied in Bentonville, Fayetteville, Siloam Springs, Rogers, and Springdale. As a result, there was a positive net absorption of 42,206 square feet in Northwest Arkansas. Reported warehouse vacancy rates declined in Fayetteville, Bentonville, Siloam Springs, and Rogers, but increased in Springdale and Lowell in the fourth quarter.

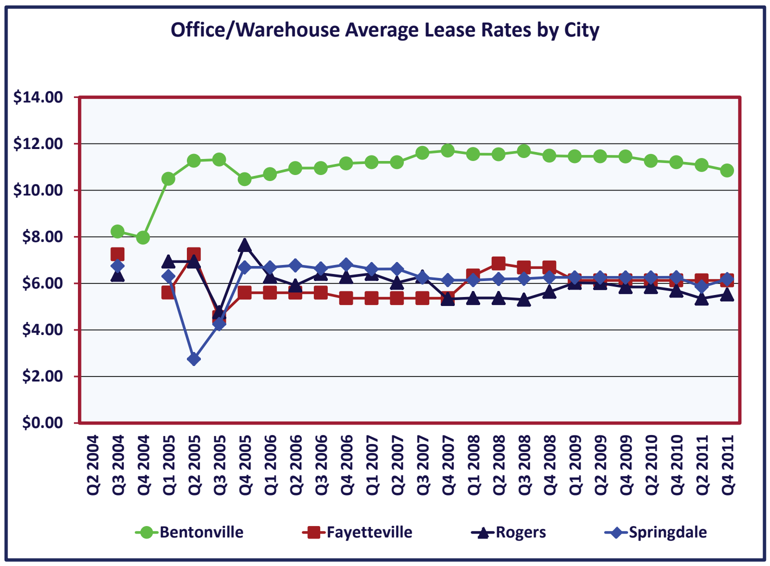
The average reported warehouse lease rates in Bentonville decreased to $5.54 and continued to be the most expensive lease rates in Northwest Arkansas. Fayetteville's average reported lease rate decreased slightly, as did Rogers and Springdale's average lease rates.

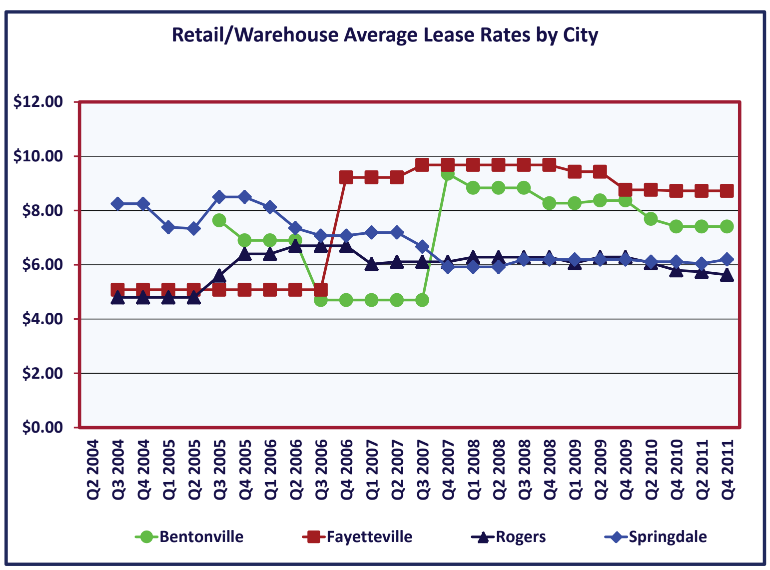
Office/Warehouse

The Skyline Report panelists reported on almost 3.6 million square feet of office/warehouse space in the fourth quarter of 2011. The vacancy rate in the office/warehouse submarket increased from 17.8 percent in the second quarter to 21.3 percent in the fourth quarter of 2011 in Northwest Arkansas, with 773,101 total square feet available in the fourth quarter. No new space entered the market during the fourth quarter of 2011.

The activity in the office/warehouse submarket in the fourth quarter was concentrated in Rogers and Fayetteville. About 5,678 square feet of







office/warehouse space became occupied in Rogers, 5,080 square feet in Fayetteville. Meanwhile, about 41,965 square feet became vacant in Springdale and about 86,445 became vacant in Bentonville, netting a negative absorption of 117,652 square feet in Northwest Arkansas.

Average reported office/warehouse lease rates in Bentonville declined to $10.85 but continued to be the highest in the region. Rogers and Springdale also posted a decline, while Fayetteville remained constant.

Other Lease Rates Average Range by City

	Warehouse	Office/Warehouse	Retail/Warehouse
Bentonville	$5.20 - $5.88	$10.17 - $11.53	$7.04 - $7.78
Fayetteville	$3.30 - $3.53	$6.13 - $6.13	$8.08 - $9.37
Rogers	$3.97 - $4.12	$5.39 - $5.67	$5.62- $5.64
Springdale	$3.72 - $4.11	$5.27 - $7.09	$5.66 - $6.74

Retail/Warehouse

The Skyline Report panelists reported on 891,626 square feet of retail/warehouse space in the fourth quarter of 2011. The vacancy rate in the retail/warehouse submarket increased to 34.5 percent in the fourth quarter, of 2011. A total of 307,741 square feet were available in Northwest Arkansas in the fourth quarter.

From the second quarter of 2011 to the fourth quarter of 2011, there was a positive absorption of 4,888 square feet in the Bentonville retail/warehouse market, while 2,100 square feet became vacant in Springdale. There was no other activity in the retail/warehouse submarket in Fayetteville, Lowell, Rogers, and Siloam Springs.

The retail/warehouse average reported lease rates in Bentonville and Fayetteville remained the same during the fourth quarter of 2011, while declining slightly in Rogers and increasing slightly in Springdale.

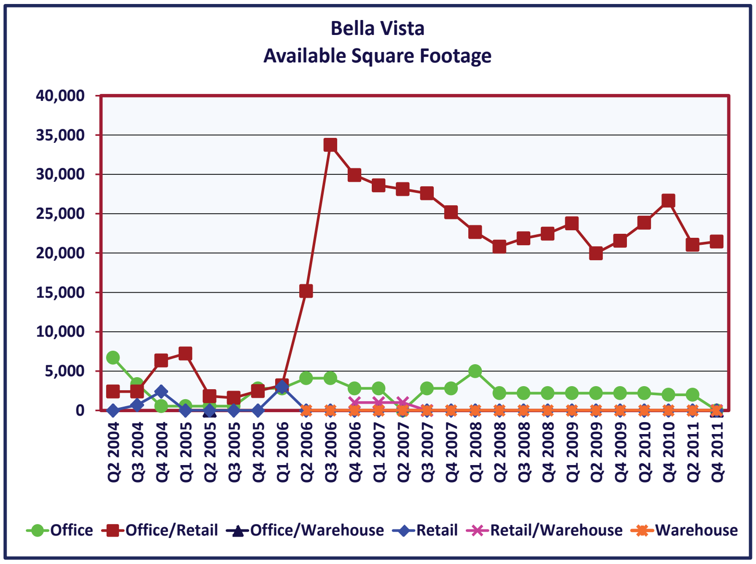
Other Space Characteristics by Class and City

Warehouse	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Bentonville	465,968	10,500	2.3%	30,600	0	30,600	2.1
Fayetteville	1,132,428	269,651	23.8%	88,830	0	88,830	--
Rogers	2,194,853	554,438	25.3%	30,474	0	30,474	109.2
Springdale	1,749,937	295,539	16.9%	2,343	0	2,343	--
Office/Warehouse							
Bentonville	1,270,405	205,214	16.2%	-86,445	0	-86,445	--
Fayetteville	93,350	17,550	18.8%	5,080	0	5,080	--
Rogers	524,575	107,344	20.5%	5,678	0	5,678	113.4
Springdale	1,396,403	169,986	12.2%	-41,965	0	-41,965	--
Retail/Warehouse							
Bentonville	237,044	162,536	68.6%	4,888	0	4,888	199.5
Fayetteville	77,780	14,157	18.2%	0	0	0	--
Rogers	104,543	58,048	55.5%	0	0	0	--
Springdale	389,879	63,000	16.2%	-2,100	0	-2,100	--

[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 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 2011.
- In the second half of 2011, Bella Vista experienced negative net absorption of 400 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 2011.
- Reported vacancy rates in the office/retail submarket increased in accord with absorption, while staying constant in all other submarkets in Bella Vista from the second quarter of 2011 to the fourth quarter of 2011 in accord.
- Reported average lease rates in Bella Vista in the fourth quarter of 2011 remained consistent with the rates in the second quarter of 2011.

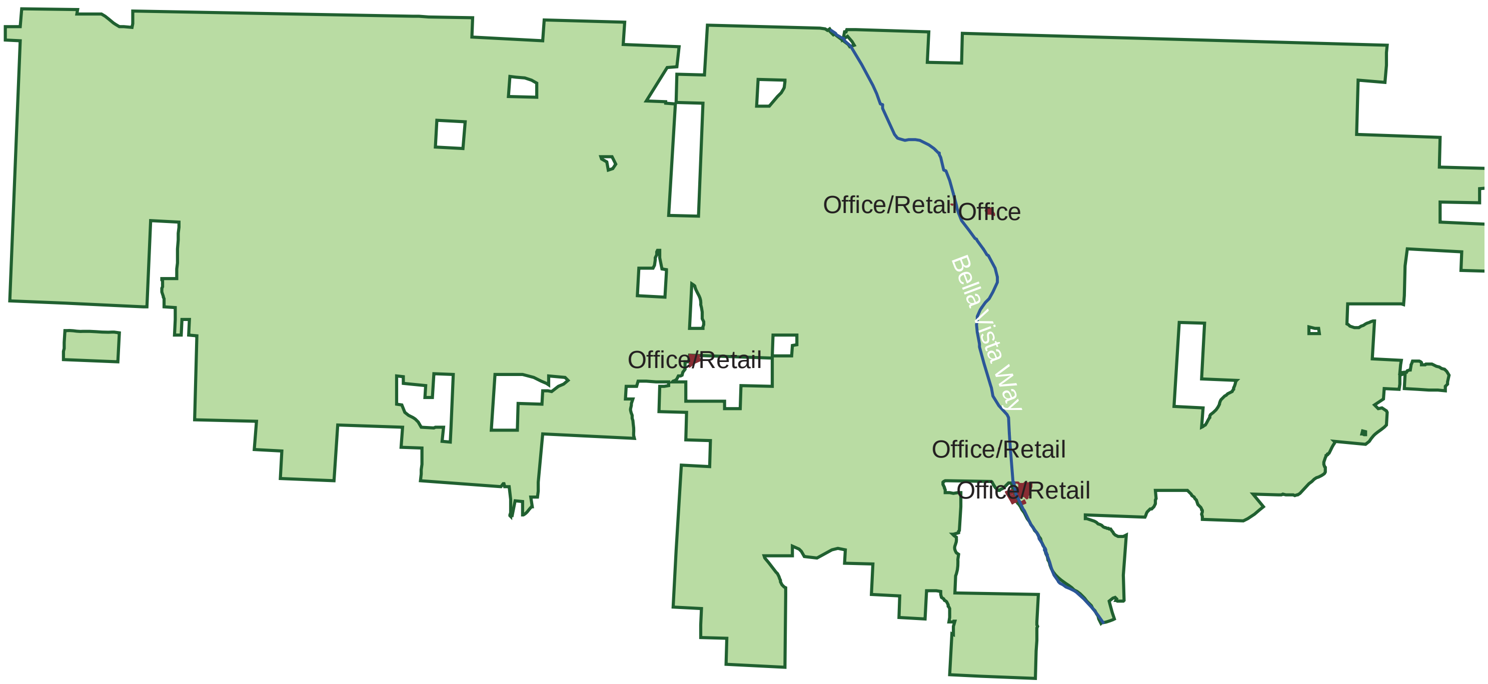


Bella Vista Commercial Real Estate Market Summary Statistics

	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	0	0.0%	2,000	0	2,000	0.0
Class A	--	--	--	--	--	--	--	--
Class B	$13.85 - $13.85	3,450	0	0.0%	2,000	0	2,000	0.0
Class C	--	--	--	--	--	--	--	--
Medical	$12.00 - $14.00	8,104	0	0.0%	0	0	0	--
Office/Retail	$9.86 - $12.17	278,734	21,455	7.7%	-400	0	-400	--
Class A	--	--	--	--	--	--	--	--
Class B	$9.86 - $12.17	278,734	21,455	7.7%	-400	0	-400	--
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

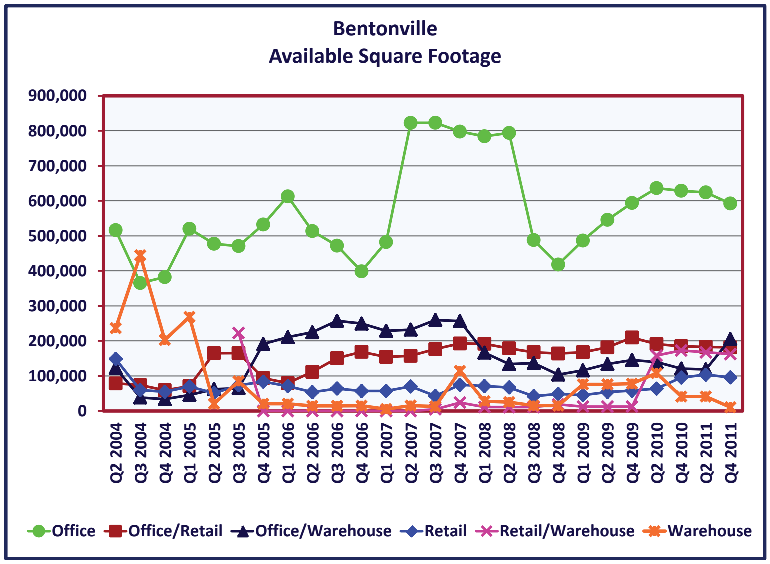
[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

Bella Vista


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

Bentonville

- From June 2011 to November 2011, Bentonville issued $22,539,624 worth of building permits for new commercial space. The first half of 2011 value was much less than the last half of 2011 value. Bentonville accounted for 60.7 percent of the commercial permits issued in Northwest Arkansas during the second half of 2011.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,558,132 square feet of commercial space in the third and fourth quarter of 2011.
- In the second half of 2011, Bentonville experienced negative net absorption of 390 square feet and increased vacancy rates overall.
- There was positive net absorption in the office, office/retail, retail, warehouse and retail/warehouse submarkets in the second two quarters of 2011 in Bentonville. Meanwhile, there was negative absorption in the office/warehouse and medical warehouse submarket.



- 20,305 square feet of new space was added to the Bentonville commercial market in the second half of 2011.
- Reported vacancy rates from the second quarter of 2011 to the fourth quarter of 2011 decreased in the office, office/retail, retail/warehouse and warehouse submarkets and increased in the medical office, retail and office/warehouse submarkets, in accord with absorption.

- Average reported lease rates increased over the past six months for the Class A office by $1.53, Class B office by $0.02 and medical by $0.09. Class A office/retail decreased by $0.50. Office/retail Class C decreased by 0.23, Retail Class B decreased by $0.40, Office/Retail Class C decreased by $.04 and Retail Class C decreased by $0.20. Similarly, office/warehouse

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	$13.98 - $14.69	3,158,450	592,495	18.8%	53,714	20,305	33,409	106.4
Class A	$17.92 - $18.58	363,955	30,513	8.4%	0	0	0	--
Class B	$13.74 - $14.41	2,492,795	534,969	21.5%	42,654	0	42,654	75.3
Class C	$8.55 - $8.89	43,928	6,413	14.6%	-3,444	0	-3,444	--
Medical	$16.69 - $18.20	257,772	20,600	8.0%	14,504	20,305	-5,801	--
Office/Retail	$11.66 - $13.10	859,473	181,570	21.1%	1,314	0	1,314	829.1
Class A	$15.00 - $17.00	56,307	16,576	29.4%	-6,023	0	-6,023	--
Class B	$11.93 - $13.46	673,292	152,868	22.7%	5,961	0	5,961	153.9
Class C	$9.49 - $10.38	129,874	12,126	9.3%	1,376	0	1,376	52.9
Office/Warehouse	$10.17 - $11.53	1,270,405	205,214	16.2%	-86,445	0	-86,445	--
Retail	$12.67 - $13.26	474,396	95,859	20.2%	15,844	0	15,844	36.3
Class A	$15.50 - $19.50	39,534	3,000	7.6%	2,930	0	2,930	6.1
Class B	$13.54 - $14.04	312,105	71,678	23.0%	8,043	0	8,043	53.5
Class C	$10.49 - $10.93	122,757	21,181	17.3%	4,871	0	4,871	26.1
Retail/Warehouse	$7.04 - $7.78	237,044	162,536	68.6%	4,888	0	4,888	199.5
Warehouse	$5.20 - $5.88	465,968	10,500	2.3%	30,600	0	30,600	2.1

[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

decreased by $0.24 and warehouse decreased by $.52. All other average reported lease rates remained unchanged.

Downtown Bentonville

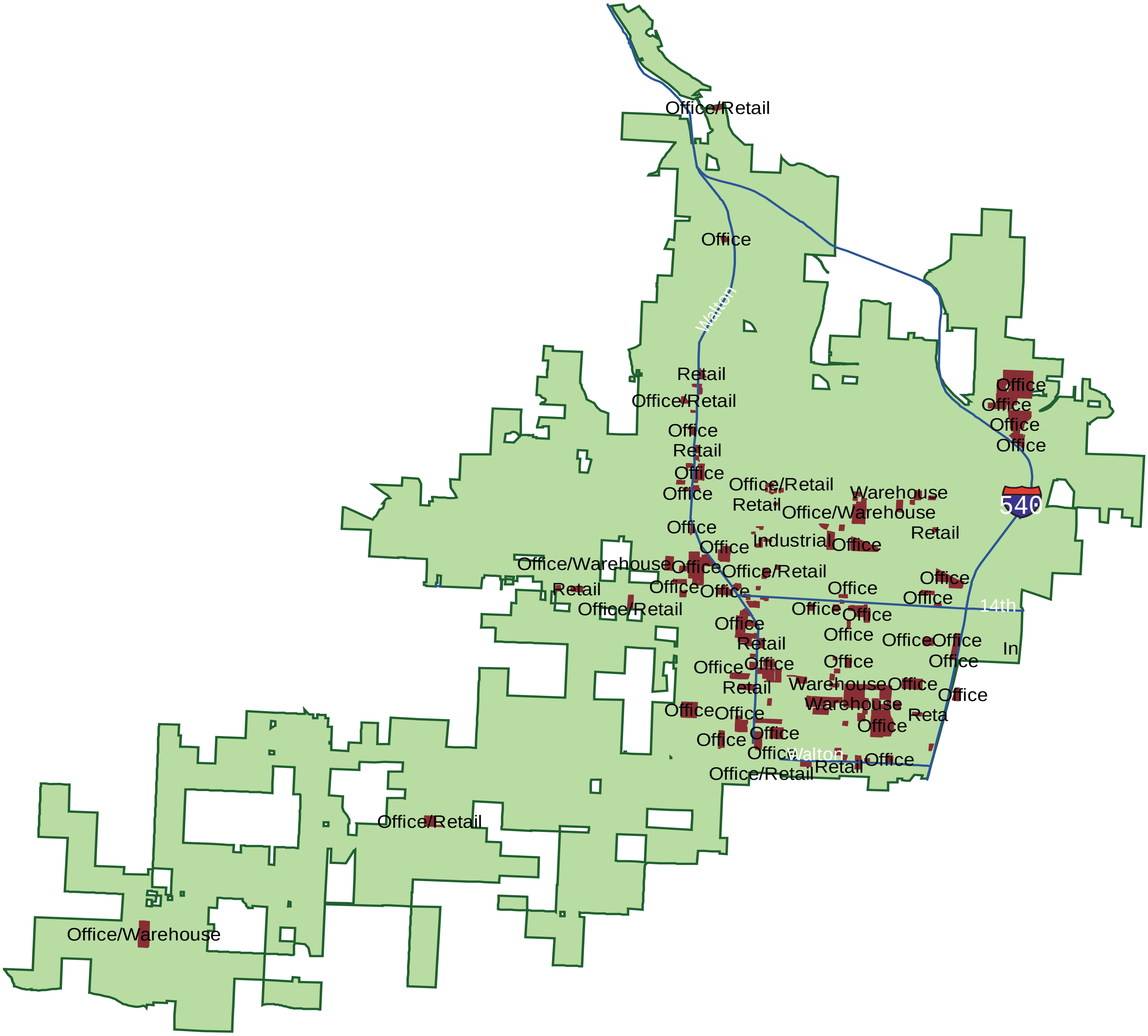
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 199,331square feet of office, office/retail, and retail space in downtown Bentonville in the third and fourth quarters of 2011.
- There was a positive net absorption of 1,109 square feet of office space, 4,888 square feet of retail/warehouse space and negative net absorption of 3,218 square feet of retail market in downtown Bentonville in the second two quarters of 2011.
- The office space in downtown Bentonville had a reported vacancy rate of 12.2 percent in the fourth quarter of 2011, an increase from 10.4 percent as compared to the second quarter of 2011 in accord with absorption.
- The office/retail vacancy rate in downtown Bentonville remained constant at 1.0 percent. The office/retail vacancy rates for downtown Bentonville properties were also much lower than those for all of Bentonville during the fourth quarter of 2011, while the retail vacancy rates were much higher than those for all of Bentonville.
- 20,305 square feet of new space were added to the downtown Bentonville commercial market in the last six months of this year.
- In downtown Bentonville, average reported lease rates for Office increased by $0.39. Average reported lease rates for all other submarkets remained unchanged during the past six months.

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	$13.62 - $15.27	69,196	7,500	10.8%	1,109	0	1,109	40.6
Office/Retail	$9.83 - $11.67	75,909	750	1.0%	0	0	0	--
Retail	$11.45 - $11.95	35,325	10,330	29.2%	-3,218	0	-3,218	--

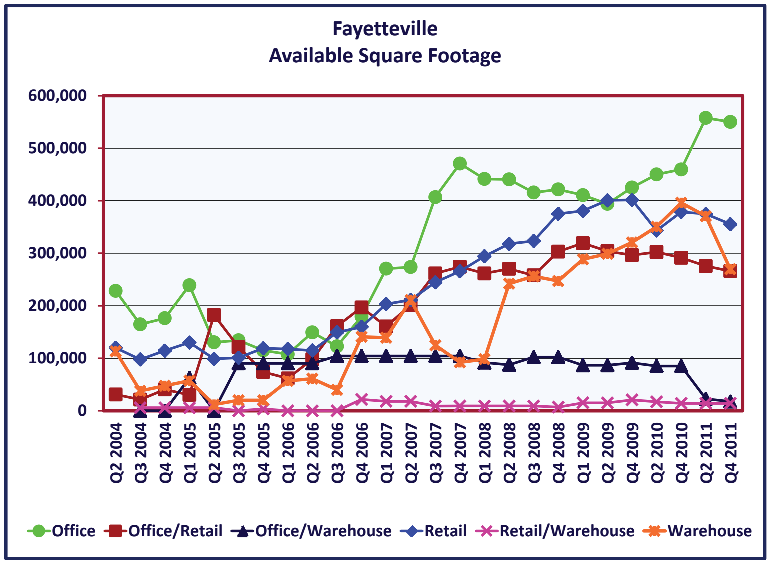
[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q4 2011 respondents

Bentonville



Fayetteville

- From June to November 2011, Fayetteville issued building permits for $7,670,954 worth of new commercial space. The second half of 2011 value is 26.7 percent lower than the first half of the 2011 value of $10,467,426. Fayetteville accounted for 21 percent of the commercial permits issued in Northwest Arkansas during the second half of 2011.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 8,839,263
- square feet of commercial space in the third and fourth quarters of 2011.
- In the second half of 2011, Fayetteville experienced positive net absorption overall. There was positive net absorption in the office, lab, warehouse, office/retail, and retail submarkets. However, there was no net absorption in the retail/warehouse submarket.
- Observed vacancy rates in Fayetteville from the second quarter of 2011 to the fourth quarter of 2011 decreased in the office, lab, office/retail, retail, warehouse and office/warehouse submarkets, while remaining constant in the retail/warehouse submarket. The discrepancy between positive absorption and increased vacancy rate in the office, office/warehouse and medical office submarket is due to the increase in total reported space.



- Average reported lease rates increased in the past six months for the Class A office space, Class B and Class C office/retail and Class B and C retail space. Average reported lease rates decreased in the past six months for Class B office, Class A

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	$20.00 - $21.00	75,603	30,513	40.4%	1,387	0	1,387	132.0
Industrial	$3.20 - $3.50	17,000	17,000	100.0%	0	0	0	--
Office	$13.83 - $14.97	2,796,165	550,086	19.7%	13,894	0	13,894	237.5
Class A	$18.78 - $21.58	476,703	83,301	17.5%	13,858	0	13,858	36.1
Class B	$13.63 - $14.38	1,161,849	274,969	23.7%	2,673	0	2,673	617.2
Class C	$10.88 - $11.28	246,664	44,000	17.8%	-1,737	0	-1,737	--
Medical	$14.69 - $16.56	910,949	147,816	16.2%	-900	0	-900	--
Office/Retail	$12.90 - $14.42	1,510,562	266,072	17.6%	9,464	0	9,464	168.7
Class A	$17.80 - $20.54	160,320	64,702	40.4%	1,000	0	1,000	388.2
Class B	$13.22 - $14.66	1,017,896	169,220	16.6%	6,624	0	6,624	153.3
Class C	$10.89 - $12.15	332,346	32,150	9.7%	1,840	0	1,840	104.8
Office/Warehouse	$6.13 - $6.13	93,350	17,550	18.8%	5,080	0	5,080	20.7
Retail	$13.33 - $14.14	3,136,375	355,406	11.3%	19,337	0	19,337	110.3
Class A	$18.86 - $20.48	1,941,509	198,426	10.2%	-4,661	0	-4,661	--
Class B	$13.91 - $14.65	895,140	138,711	15.5%	-20,075	0	-20,075	--
Class C	$9.31 - $9.69	299,726	18,269	6.1%	44,073	0	44,073	2.5
Retail/Warehouse	$8.08 - $9.37	77,780	14,157	18.2%	0	0	0	--
Warehouse	$3.30 - $3.53	1,132,428	269,651	23.8%	88,830	0	88,830	18.2

[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

Fayetteville

Retail, and warehouse by $0.04, $0.54, $0.13 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 877,825 square feet of office, office/retail, and retail space in the Downtown Fayetteville/ Dickson Street area in the third and fourth quarters of 2011.
- There was negative absorption of 5,950 square feet of office space and positive absorption of 16,614 square feet of office/retail space in the second half of 2011. Retail space had no absorption during this period.
- There was no new commercial space added in downtown Fayetteville during the second six months of 2011.
- The office space in downtown Fayetteville had a reported vacancy rate of 19.8 percent in the fourth quarter, up from second. This was higher than the overall Fayetteville office vacancy rate of 19.7 percent.
- The office/retail vacancy rate for downtown Fayetteville properties decreased to 25.8 percent. This compares to 17.6 percent in the same submarket for all of Fayetteville during the fourth quarter of 2011.
- The downtown Fayetteville retail vacancy rate was 6.0 percent, compared to the overall Fayetteville average of 11.3 percent.
- Average reported lease rates in downtown Fayetteville increased in the office submarket by $0.04 and $0.35 in the office/ retail submarket. All other reported average lease rates remained unchanged during the past six months.

Northwest Arkansas Mall Area/ Joyce Street Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 4,056,536 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 2011.
- There was positive net absorption of 16,661 square feet of office space, 3,050 square feet of office/ retail space and 5,948 square feet of retail space during the second two quarters of 2011 in the Northwest Arkansas Mall Area/ Joyce Street Corridor.
- There was no new space added to the north Fayetteville commercial market in the second six months of 2011.
- The retail space in north Fayetteville had a reported vacancy rate of 20.3 percent in the fourth quarter of 2011. This was lower than the second quarter 2011 vacancy rate of 21.4 percent. The Mall Area office vacancy rate was lower than the overall office vacancy rate for all of Fayetteville of 19.7 percent.
- The fourth quarter 2011 office/retail vacancy rate in north Fayetteville decreased to 23.1 percent from 25.2 percent in the second quarter 2011. The vacancy rate remained above the city average office/retail vacancy rate of 17.6 percent.
- The fourth quarter 2011 retail vacancy rate for north Fayetteville properties

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	$13.43 - $15.62	429,512	85,250	19.8%	-5,950	0	-5,950	--
Office/Retail	$14.19 - $16.38	372,801	96,003	25.8%	16,614	0	16,614	34.7
Retail	$9.81 - $12.02	75,512	4,550	6.0%	0	0	0	--

[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

decreased to 11.5 percent from 11.8 percent in the second quarter of 2011 and remained higher than the city average of 11.3 percent.

- Average reported lease rates in the office and retail markets saw increases of $0.18 and $0.56 and respectively, while the average reported lease for the office/retail submarket remained unchanged. 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 $1.17, $3.19, and $5.06 respectively.

Martin Luther King, Jr. Boulevard Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 808,007 square feet of office, office/retail, and retail space in the MLK Boulevard Corridor in the third and fourth quarters of 2011.
- There was no new commercial space added to southwest Fayetteville in the second six months of 2011.
- The MLK Boulevard Corridor of Fayetteville experienced positive absorption of 2,000 square feet of office/retail space and 2,937 square feet of retail space in the second half of 2011.
- The office space in southwest Fayetteville continued having a reported vacancy rate of 62.1 percent in the fourth quarter of 2011. This was much higher than the overall office vacancy rate of 19.7 percent for Fayetteville during the fourth quarter.
- From the second quarter of 2011 to the fourth quarter of 2011, the office/retail vacancy rate decreased from 21.9 percent to 20.9 percent, but was still higher in southwest Fayetteville than the city average rate of 17.6 percent.
- The vacancy rates for retail space decreased to 24.4 percent in the fourth quarter from 26.9 percent in the second quarter, but remained higher than the 11.3 percent retail vacancy rate for all of Fayetteville.
- Average reported lease rates for the office and office/retail submarkets remained constant in southwest Fayetteville over the past six months, and increased by $0.41 for the retail submarket. Reported lease rates for office space averaged $2.84 lower than the city average, and for office/retail and retail space averaged $0.11 and $0.33 higher than 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	$15.16 - $15.98	1,409,847	285,711	20.3%	16,661	0	16,661	102.9
Office/Retail	$16.69 - $17.00	144,635	33,405	23.1%	3,050	0	3,050	65.7
Retail	$18.41 - $19.18	2,218,054	254,934	11.5%	5,948	0	5,948	257.2

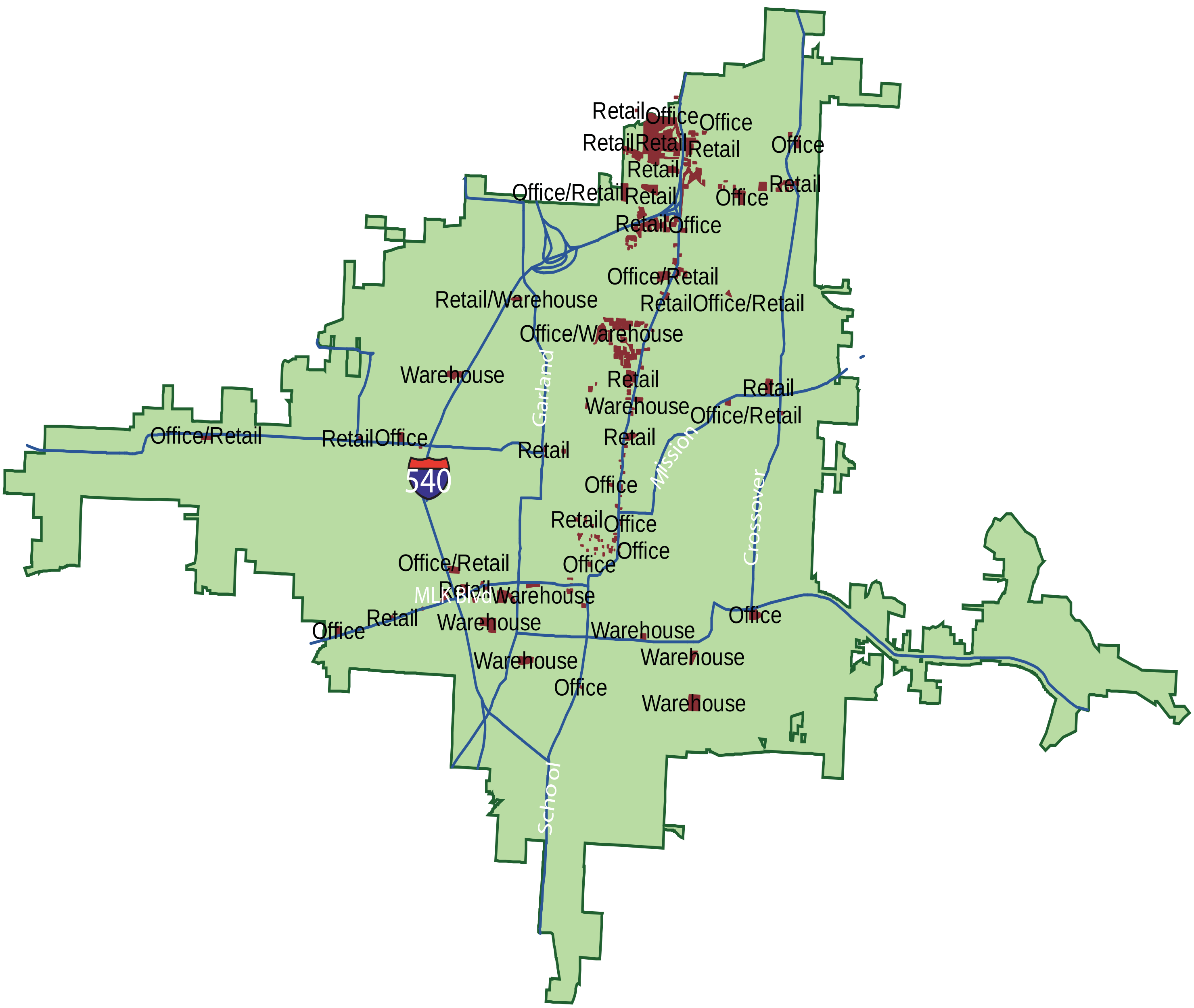
[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

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	$9.13 - $14.00	25,125	15,595	62.1%	0	0	0	--
Office/Retail	$12.38 - $15.16	208,272	43,600	20.9%	2,000	0	2,000	130.8
Retail	$13.03 - $13.78	120,978	29,576	24.4%	2,937	0	2,937	60.4

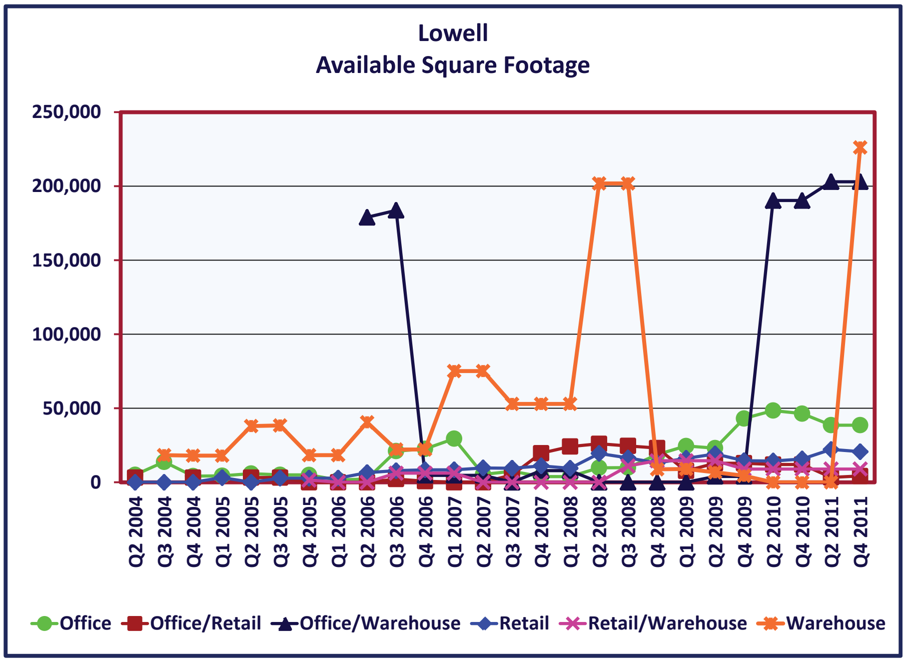
[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

Fayetteville



Lowell

- From June to November 2011, Lowell issued $404,493 in building permits for new commercial space. This is 31.2 percent lower than the value of the building permits issued in the first half of 2011, and it was only 1.1 percent of the total value of building permits issued in Northwest Arkansas in the second half of 2011.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,440,953 square feet of Lowell commercial space in the third and fourth quarters of 2011.
- In the second half of 2011, Lowell experienced negative net absorption of 225,659 square feet overall. There was positive net absorption in the retail, negative net absorption in office and office/retail submarkets and no absorption in office/warehouse. There was no new space added in Lowell in the second six months of 2011.



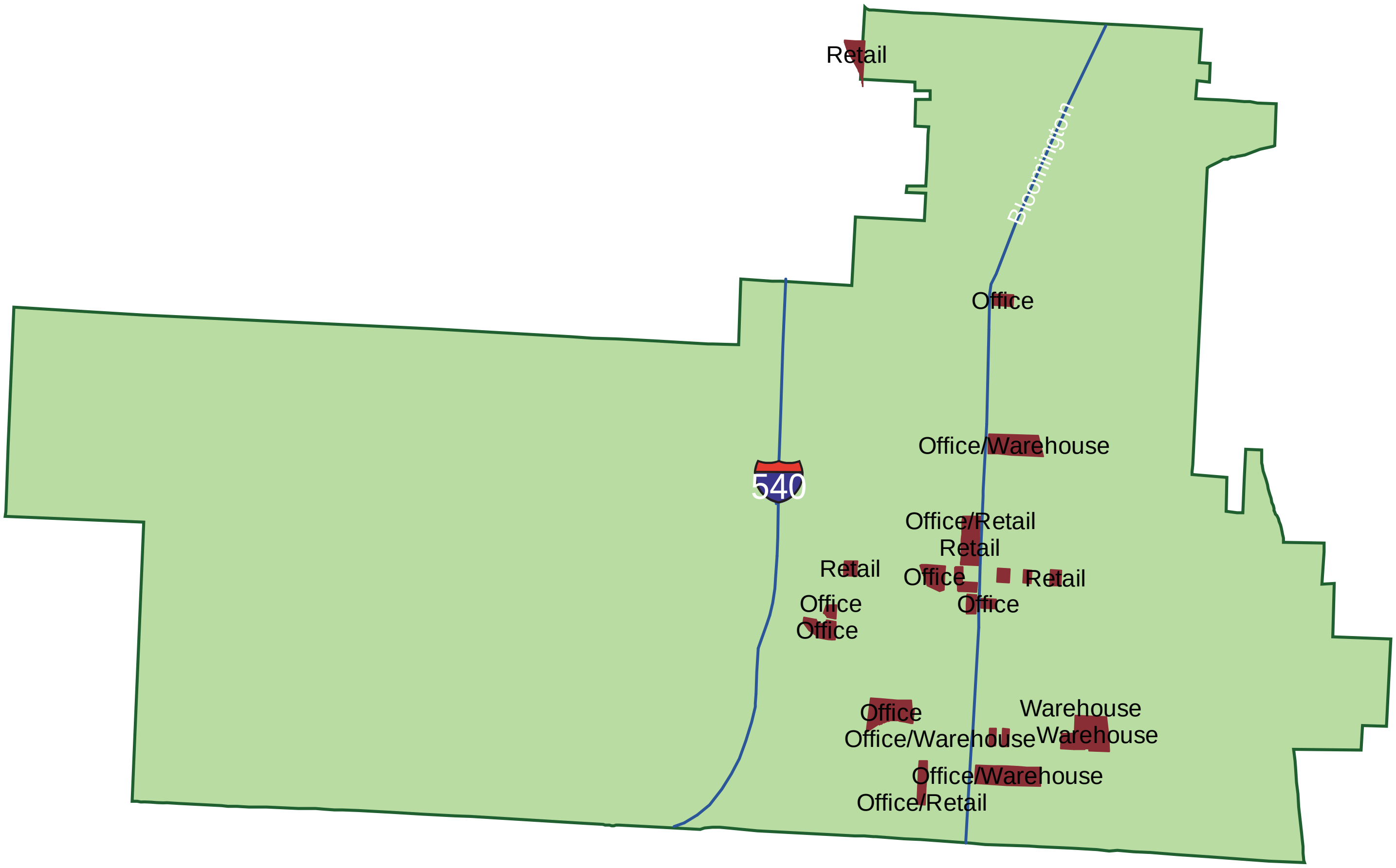
- Reported vacancy rates increased in the office, office/retail and warehouse submarkets, while decreasing in the retail submarket from the second quarter of 2011 to the fourth quarter of 2011, in accord with absorption.
- Reported average lease rates for the office, office/warehouse and warehouse submarkets declined by $0.38, $0.69 and $0.22 respectively. All other submarket average lease rates remained the same.

Lowell Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	$5.00 - $5.00	55,355	55,355	100.0%	0	0	0	--
Office	$14.27 - $14.81	271,880	38,631	14.2%	-35	0	-35	--
Class A	$16.83 - $18.83	109,330	17,906	16.4%	890	0	890	120.7
Class B	$12.33 - $12.44	122,550	20,725	16.9%	-925	0	-925	--
Class C	--	--	--	--	--	--	--	--
Medical	$24.00 - $24.00	40,000	0	0.0%	0	0	0	--
Office/Retail	$9.21 - $11.02	65,470	4,255	6.5%	-950	0	-950	--
Class A	--	--	--	--	--	--	--	--
Class B	$10.92 - $13.33	48,310	4,255	8.8%	-950	0	-950	--
Class C	$4.08 - $4.08	17,160	0	0.0%	0	0	0	--
Office/Warehouse	$6.10 - $6.36	238,065	203,000	85.3%	0	0	0	--
Retail	$13.13 - $16.29	126,295	20,709	16.4%	1,500	0	1,500	82.8
Class A	--	50,000	0	0.0%	0	0	0	--
Class B	$13.13 - $16.29	76,295	20,709	27.1%	1,500	0	1,500	82.8
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	$10.19 - $10.19	26,700	9,000	33.7%	0	0	0	--
Warehouse	$3.36- $3.36	657,188	226,174	34.4%	-226,174	0	-226,174	--

[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

Lowell



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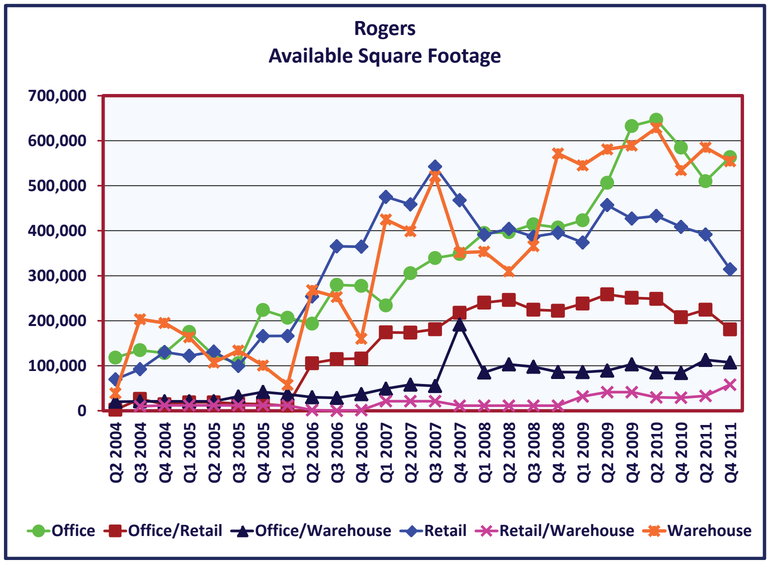
Rogers



- From June to November 2011, Rogers issued building permits for $2,250,594 worth of new commercial space. The last half of 2011 value was lower than the first half of 2011 value of $6,230,536, but higher than the last half of 2010 value of $958,000. Rogers accounted for 3.8 percent of the commercial permits issued in Northwest Arkansas during the third quarter of 2011 and 7.7 percent of the fourth quarter.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 8,818,335 square feet of commercial space in the third and fourth quarters of 2011.
- In the second half of 2011, Rogers experienced positive net absorption in the office, medical office, industrial, office/retail, office/warehouse and retail submarkets. There was no activity in the lab or retail warehouse submarkets.
- No new retail space was added to the Rogers market in the second six months of 2011.
- Reported vacancy rates decreased in the medical office, office/retail, office/warehouse, retail, and warehouse submarkets from the second quarter of 2011 to the fourth quarter of 2011, but increased in the retail/warehouse and office submarkets.
- Average reported lease rates declined over the past six months for office Class A and C by $0.05 and $0.03 respectively. Similarly, the average reported lease rate decreased for office/ retail Class B and C by $0.08 and $0.18 respectively. Meanwhile average lease rates for Office Space B, and Office warehouse increased by $.57, and $0.18 respectively. Most other reported average lease rates remained relatively 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	--
Industrial	$4.36 - $4.36	282,648	5,000	1.8%	3,528	0	3,528	8.5
Office	$14.74 - $15.45	2,405,137	563,588	23.4%	2,851	0	2,851	1186.1
Class A	$17.96 - $19.44	1,447,630	338,370	23.4%	-2,182	0	-2,182	--
Class B	$14.46 - $14.79	495,111	122,142	24.7%	198	0	198	3701.3
Class C	$9.13 - $9.30	181,171	53,766	29.7%	-2,287	0	-2,287	--
Medical	$13.82 - $14.23	281,225	49,310	17.5%	7,122	0	7,122	41.5
Office/Retail	$10.07 - $11.94	784,927	180,803	23.0%	38,731	0	38,731	28.0
Class A	$19.25 - $21.13	133,982	11,281	8.4%	11,481	0	11,481	5.9
Class B	$9.86 - $11.45	401,553	96,269	24.0%	27,399	0	27,399	21.1
Class C	$7.45 - $9.61	249,392	73,253	29.4%	-149	0	-149	--
Office/Warehouse	$5.39 - $5.67	524,575	107,344	20.5%	5,678	0	5,678	113.4
Retail	$11.23 - $12.41	2,512,170	314,322	12.5%	81,523	0	81,523	23.1
Class A	$17.28 - $19.16	1,572,095	153,604	9.8%	67,960	0	67,960	13.6
Class B	$10.41 - $11.86	554,163	68,621	12.4%	695	0	695	592.4
Class C	$8.40 - $8.87	385,912	92,097	23.9%	12,868	0	12,868	42.9
Retail/Warehouse	$5.62 - $5.64	104,543	58,048	55.5%	0	0	0	--
Warehouse	$3.97 - $4.12	2,194,853	554,438	25.3%	30,474	0	30,474	109.2

[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

Rogers

Downtown Rogers

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,159,126 square feet of office, office/retail, and retail space in downtown Rogers in the third and fourth quarters of 2011.
- No new commercial space was added to downtown Rogers in the second six months of 2011.
- Overall, Downtown Rogers experienced positive absorption of 29,568 square feet of retail space during the second two quarters of 2011.
- The office space in Downtown Rogers had an average vacancy rate of 34.3 percent in the fourth quarter of 2011, constant from the second of 2011. The downtown vacancy rate was higher than the overall average office vacancy rate for Rogers, which was 23.4 percent during the same period.
- The office/retail submarket experienced a decrease in the vacancy rate to 47.9 percent from the second quarter of 2011 rate of 51.5 percent in the downtown area. This compares to a vacancy rate of 23.0 percent for all of Rogers.
- The average retail vacancy rate for downtown Rogers properties for the fourth quarter of 2011 decreased to 6.4 percent and remained lower than the 12.5 percent average rate for all of Rogers.
- Average reported lease rates for downtown Rogers increased for the office by $0.56 and decreased for the office/retail by $0.22. It remained unchanged for the retail submarket. As compared to the city of Rogers, average reported lease rates in downtown were lower by $3.71, $3.02, and $1.77 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 3,602,344 square feet of office, office/retail, office/warehouse and retail space along the Rogers I-540 corridor in the third and fourth quarters of 2011.
- No new retail space was added to the Rogers I-540 corridor submarket in the second six months of 2011.
- There was positive absorption of 3,707 square feet of office space, 50,655 square feet of retail space, 11,481 square feet of office/retail space, and 15,678 square feet of office/warehouse along the I-540 corridor in the last two quarters.
- The office space along the Rogers I-540 corridor had a reported average vacancy rate of 20.0 percent in the fourth quarter of 2011, an increase from the second quarter of 2011 value of 17.5 percent. This was lower than the overall average office vacancy rate for all of Rogers at 23.4 percent.
- The office/retail submarket experienced a decrease in the vacancy rate of 10.2 percent from the second quarter, 2011 rate of 20.6 percent in the Rogers I-540 corridor, in accord with positive absorption. This compares to a vacancy rate of 23.0 percent for all of Rogers.
- The average retail vacancy rate for Rogers I-540 corridor properties for the fourth quarter of 2011 decreased to 14.2 percent, and was still higher than 12.5 percent average rate for all of Rogers.
- The Rogers I-540 corridor saw a decline in lease rate for retail space by $2.43 over the past six months. The average lease rate for the office/retail submarket remained unchanged. The reported rates for office, office/retail, and retail were $2.81, $9.00, and $3.40 respectively, higher than the city average for each submarket.

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	$11.21 - $11.56	94,110	32,283	34.3%	0	0	0	--
Office/Retail	$6.67 - $9.30	67,150	32,140	47.9%	0	0	0	--
Retail	$9.62 - $10.48	499,026	31,722	6.4%	29,568	0	29,568	6.4

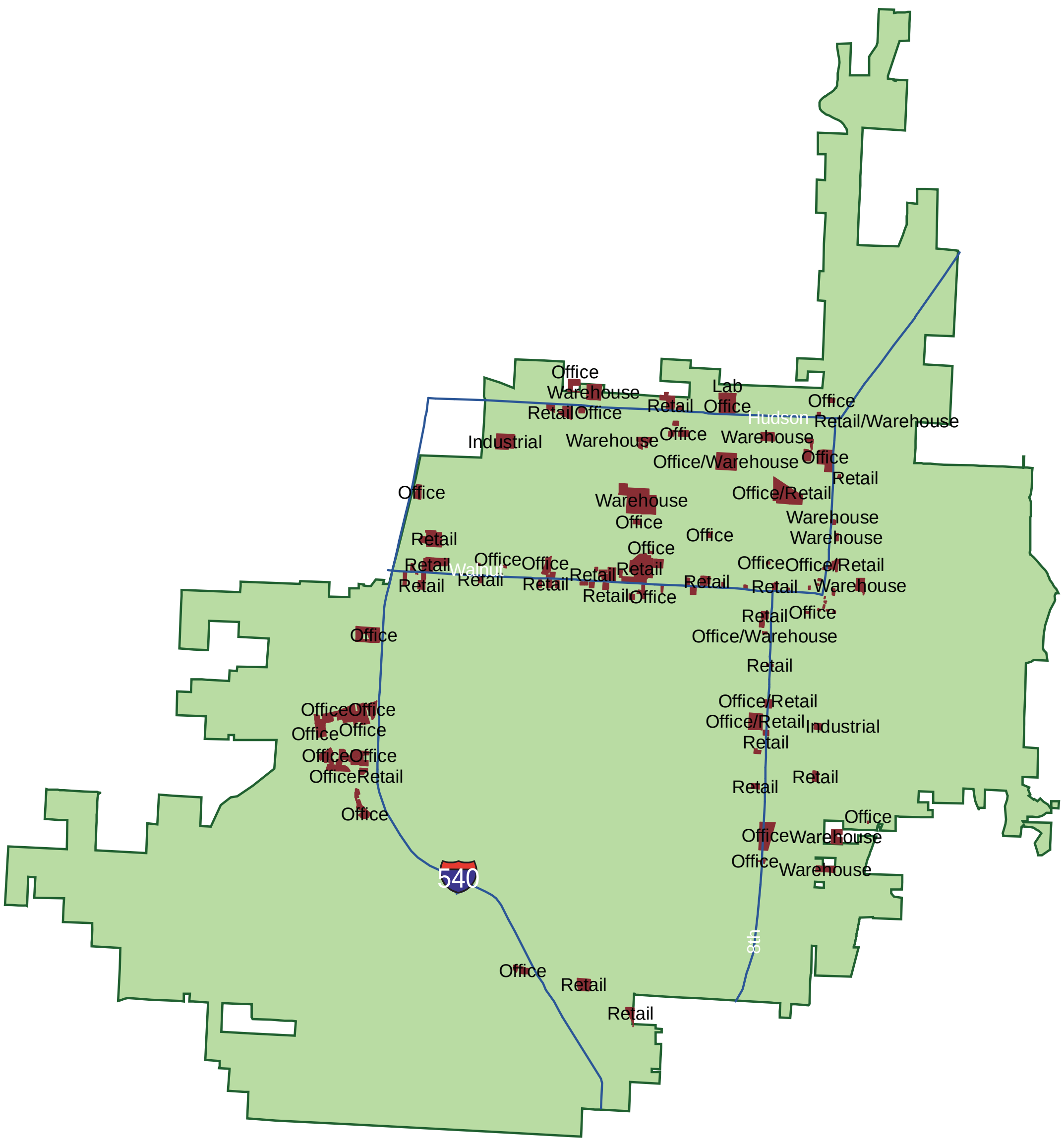
[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

Rogers

Rogers Interstate 540 Corridor Summary Statistics

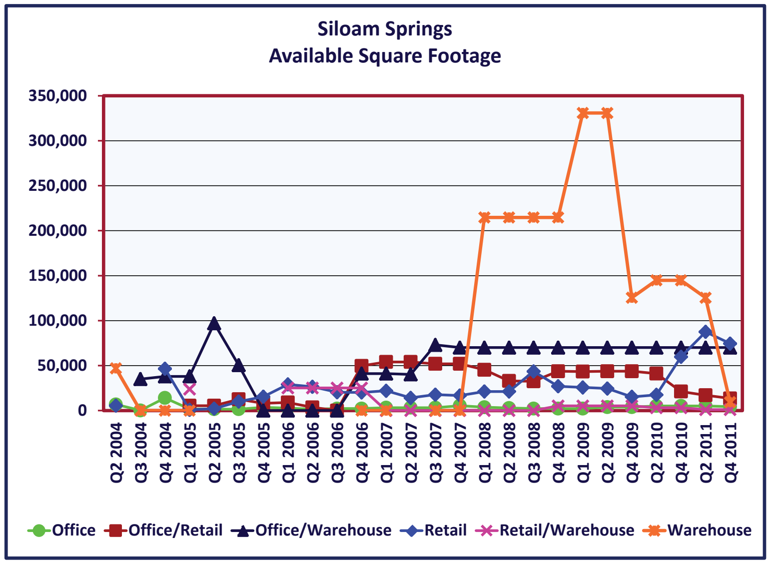
	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q2 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$17.47 - $18.34	1,568,571	313,490	20.0%	3,707	0	3,707	507.4
Office/Retail	$19.17 - $20.83	110,656	11,281	10.2%	11,481	0	11,481	5.9
Retail	$14.43 - $16.00	1,492,285	211,753	14.2%	50,655	0	50,655	25.1

[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents



Siloam Springs

- From June to November 2011, Siloam Springs issued building permits for $546,000 worth of new commercial space. This is significantly lower than the first half of 2011 value of $22,997,000.
- 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 2011.
- No new commercial space entered the Siloam Springs market in the second six months of 2011.
- In the second half of 2011, Siloam Springs experienced positive net absorption of 116,133 square feet in the warehouse market, 3,500 square feet in the office/retail market, 12,976 square feet in the retail market, and 814 square feet in the office market.



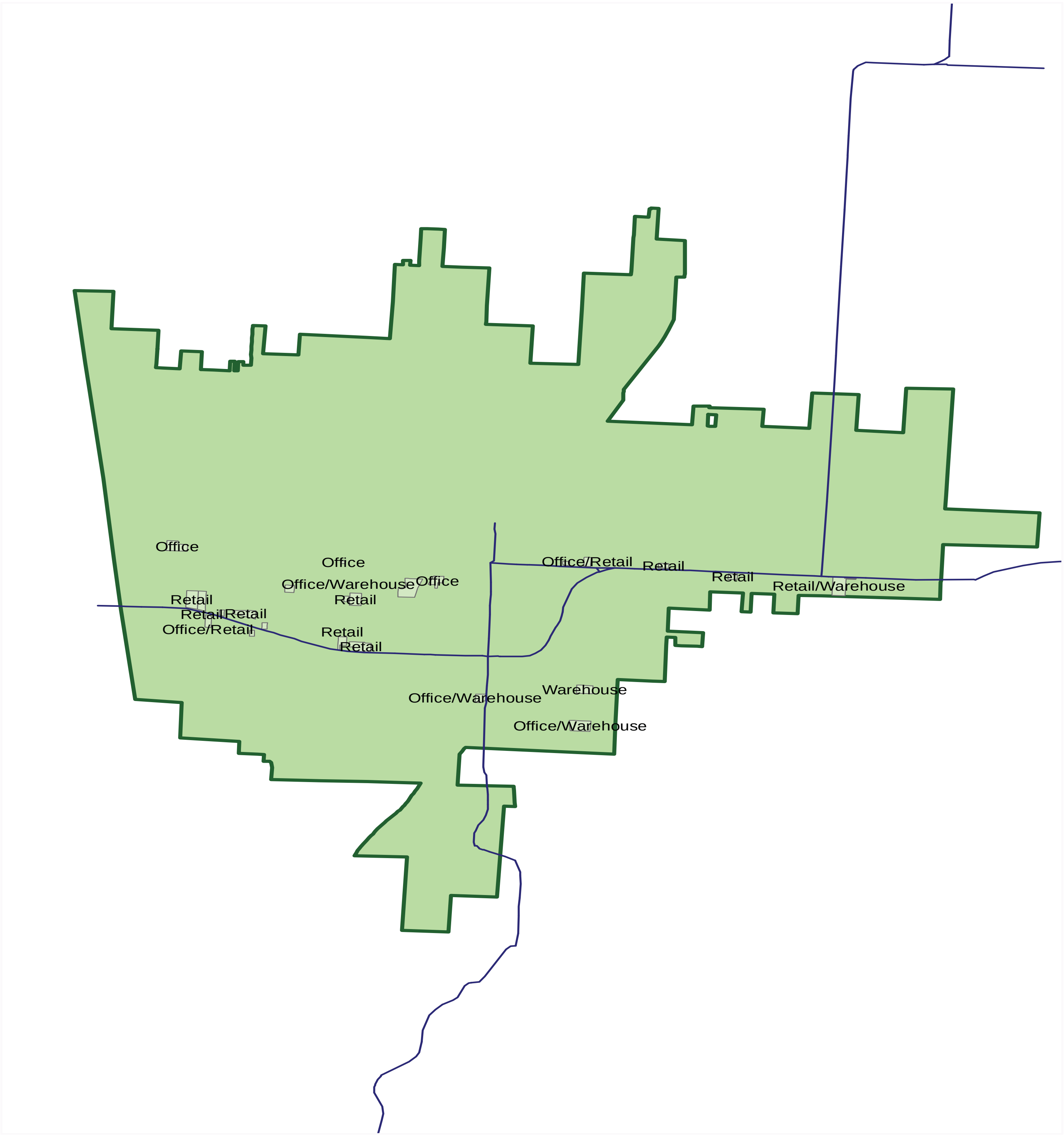
- Following net absorption, vacancy rates from the second quarter of 2011 to the fourth quarter of 2011 decreased in the office, medical office, office/retail, retail, warehouse submarkets. Vacancy rates remained unchanged in all other submarkets.

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	4,344	4.5%	814	0	814	32.0
Class A	--	--	--	--	--	--	--	--
Class B	$7.39 - $8.27	8,000	344	4.3%	-200	0	-200	-10.3
Class C	$7.64 - $9.92	3,200	0	0.0%	0	0	0	--
Medical	$13.38 - $14.88	85,532	4,000	4.7%	1,014	0	1,014	23.7
Office/Retail	$8.04 - $9.87	149,285	13,500	9.0%	3,500	0	3,500	23.1
Class A	$12.00 - $16.00	56,085	4,200	7.5%	0	0	0	--
Class B	$9.75 - $10.70	71,790	9,000	12.5%	3,500	0	3,500	15.4
Class C	$4.49 - $7.09	21,410	300	1.4%	0	0	0	--
Office/Warehouse	$3.12 - $3.12	106,441	70,007	65.8%	0	0	0	--
Retail	$9.66 - $10.26	356,106	74,504	20.9%	12,976	0	12,976	34.5
Class A	--	--	--	--	--	--	--	--
Class B	$11.13 - $11.53	167,222	4,724	2.8%	8,176	0	8,176	3.5
Class C	$6.71 - $7.71	188,884	69,780	36.9%	4,800	0	4,800	87.2
Retail/Warehouse	$4.90 - $6.74	55,680	1,000	1.8%	0	0	0	--
Warehouse	$3.21 - $3.54	212,970	9,375	4.4%	116,133	0	116,133	0.5

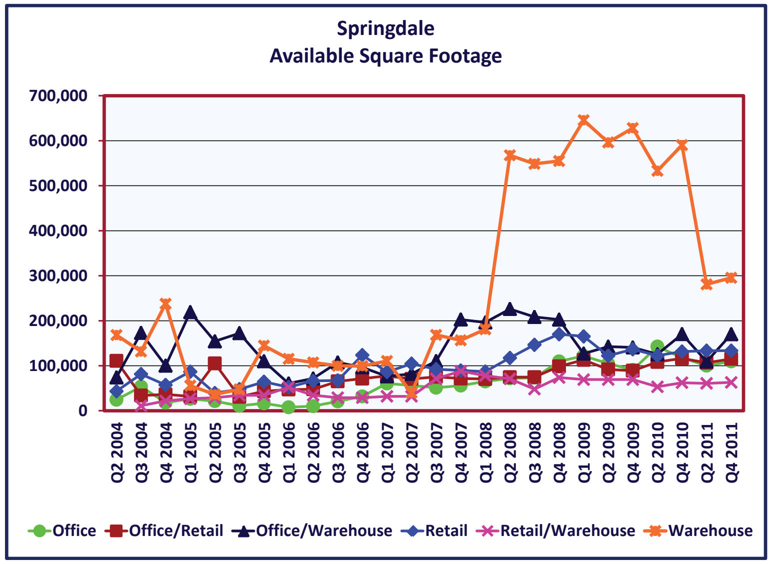
[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

Siloam Springs



Springdale

- From June to November 2011, Springdale issued $3,784,736 worth of building permits for new commercial space. This was a 109.8 percent increase from the value of building permits issued in the first half of 2011.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,226,858 square feet of commercial space in the second two quarters of 2011.
- No new space was added in Springdale in the second six months of 2011.
- In the second half of 2011, Springdale experienced an overall negative absorption of 34,994 square feet. There was positive net absorption of 4,392 aquare feet in the office submarket, positive absorption of 8,065 square feet in the retail submarket and positive absorption of 2,343 square feet in the warehouse submarket. There was negative net absorption of 5,729 square feet in the office/retail, 41,965 in the office/warehouse, and 2,100 square feet in the retail/warehouse submarket.



- Reported vacancy rates increased in the office submarket, office/retail, office/warehouse, retail/warehouse, and warehouse submarkets in Springdale from the second quarter of 2011 to the fourth quarter of 2011, and declined in retail and medical office submarkets.
- In the past six months in Springdale, average reported lease rates declined slightly for the Class B office, retail Class C, office/warehouse and warehouse. The greatest decline was in retail Class C of $0.09. There was a small increase in average reported leases for medical office, office retail Class B, office retail Class C, retail Class B,

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	$4.01 - $5.09	404,225	24,078	6.0%	0	0	0	--
Office	$10.77 - $11.56	798,989	109,697	13.7%	4,392	0	4,392	149.9
Class A	$14.00 - $14.00	77,123	6,200	8.0%	-1,224	0	-1,224	--
Class B	$11.52- $12.85	329,030	12,676	3.9%	5,442	0	5,442	14.0
Class C	$8.98 - $9.23	163,473	63,604	38.9%	-2,885	0	-2,885	--
Medical	$12.43- $13.92	229,363	27,217	11.9%	3,059	0	3,059	53.4
Office/Retail	$10.19- $11.62	514,600	115,205	22.4%	-5,729	0	-5,729	--
Class A	--	--	--	--	--	--	--	--
Class B	$12.20 - $13.80	228,573	49,613	21.7%	7,220	0	7,220	41.2
Class C	$8.52 - $9.80	286,027	65,592	22.9%	-12,949	0	-12,949	--
Office/Warehouse	$5.27 - $7.09	1,396,403	169,986	12.2%	-41,965	0	-41,965	--
Retail	$10.56 - $11.40	967,601	133,508	13.8%	8,065	0	8,065	99.3
Class A	--	--	--	--	--	--	--	--
Class B	$13.16 - $14.00	674,311	116,908	17.3%	1,390	0	1,390	504.6
Class C	$7.97 - $8.80	293,290	16,600	5.7%	6,675	0	6,675	14.9
Retail/Warehouse	$5.66 - $6.74	389,879	63,000	16.2%	-2,100	0	-2,100	--
Warehouse	$3.72 - $4.11	1,749,937	295,539	16.9%	2,343	0	2,343	756.8

[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

Springdale

and retail/warehouse. The greatest was an increase of $0.80 in medical office. All other reported average lease rates remained unchanged.

Downtown Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 205,995 square feet of office, office/retail, and retail space in downtown Springdale in the third and fourth quarters of 2011.
- There were no new square feet of commercial property added to downtown Springdale in the last two quarters.
- There was positive absorption of 12,085 square feet in the office market in downtown Springdale in the fourth quarter of 2011.
- The office space in downtown Springdale reported average vacancy rate decreased to 5.4 percent in the fourth quarter of 2011. The rate was lower than the overall Springdale average office vacancy rate of 13.7 percent.
- All office/retail space continued to be available in downtown Springdale in the fourth quarter, compared to a 22.4 percent vacancy rate for all of Springdale.
- The reported retail space in downtown Springdale continued to be fully occupied. Meanwhile, the average retail vacancy rate for all of Springdale was 13.8 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 $2.30, $3.41, and $3.84, respectively.

West Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 950,361square feet of office, office/retail, and retail space in West Springdale in the third and fourth quarters of 2011.
- There were no new square feet added to West Springdale in the second half of 2011.
- There was negative absorption of 19,465 square feet in the office/warehouse submarket in West Springdale.
- The office space in West Springdale continued to have a reported average vacancy rate of 3.7 percent in the fourth quarter of 2011. The rate was lower than the city average office vacancy rate of 13.7 percent.
- The average office/retail vacancy rate in West Springdale continued to be 15.6 percent in the fourth quarter, remaining below the overall city average office/retail vacancy rate of 22.4 percent.
- The retail vacancy rate for West Springdale properties decreased to 8.9 percent in the fourth quarter of 2011 and remained below the city average retail vacancy rate of 13.8 percent.
- Average reported lease rates for West Springdale for all submarkets remained constant from the second quarter of 2011 to the fourth quarter of 2011. Compared to all of Springdale, West Springdale average reported lease rates were higher in the office, office/retail, and retail submarkets by $3.86, $3.50, and $1.52, 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	9,364	5.4%	12,085	0	12,085	4.6
Office/Retail	$6.00 - $9.00	3,732	3,732	100.0%	0	0	0	--
Retail	$6.84 - $7.44	17,654	0	0.0%	0	0	0	--

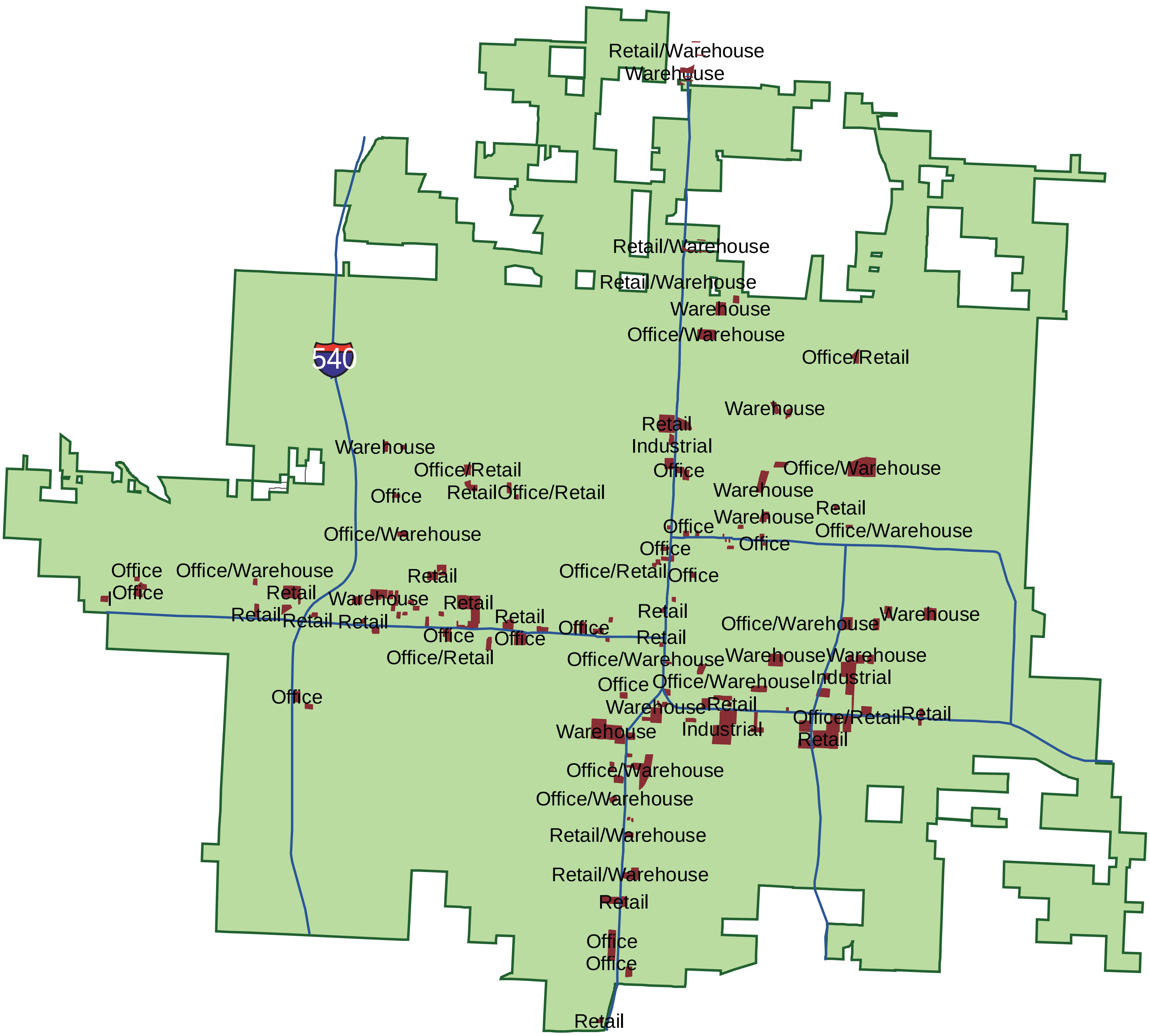
[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

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	3,629	3.7%	0	0	0	--
Office/Retail	$13.90 - $14.90	63,550	9,890	15.6%	0	0	0	--
Retail	$12.00 - $13.00	412,546	36,850	8.9%	0	0	0	--

[1]From all Q4 2011 respondents
[2]From Q4 2011 respondents who were also Q2 2011 respondents

Springdale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Interpretation

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

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

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

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

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

The third source of data for the Skyline report is a panel of large commercial property owners and managers. These individuals are responsible for the bulk of the competitive commercial properties in Northwest Arkansas. The Center for Business and Economic Research staff gather information on square footage available to the market, lease rates, and other property characteristics from the panelists. In the fourth quarter of 2011, 246 panelists provided data on 1,535 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 1,535 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.