

# THE SKYLINE REPORT

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*Center for Business and Economic Research*

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

This report is the sixteenth 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 First Quarter of 2008

- In the first quarter of 2008, 424,300 square feet of competitive commercial property were added to the Northwest Arkansas market. Despite these additions, there was positive net absorption of 381,350 square feet of competitive commercial property.
- A total of 270,000 square feet of new office/warehouse space was added to the Northwest Arkansas market in the first quarter, while 472,925 square feet became occupied, netting positive net absorption of 202,925 square feet in that submarket.
- A total of 98,000 square feet of new space was added to the medical office submarket in Rogers. In all of Northwest Arkansas there was negative net absorption of 13,716 square feet in medical office, thus vacancy rates increased to 17.0 percent in the first quarter of 2008 from 13.2 percent in the fourth quarter of 2007..
- No new office space, other than the medical office space in Rogers, was added to the Northwest Arkansas market in the first quarter.
- Northwest Arkansas absorbed 100,271 square feet of retail space, even as the submarket in Fayetteville added 56,300 square feet. As a result, the Northwest Arkansas retail vacancy rate decreased to 12.0 percent in the first quarter from 12.5 percent in the fourth quarter.
- The warehouse submarket experienced positive absorption of 53,680 square feet, while no new space was added in the first quarter of 2008.
- From December of 2007 to February of 2008, there were almost \$37.0 million in commercial building permits issued in Bentonville, Fayetteville, Rogers, Siloam Springs, and Springdale. This is a decline of 10.5 percent from the prior quarter, and a decline of 62.0 percent from the first quarter of 2007.

# 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 54) 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 first quarter numbers for total commercial property square feet and building permit data are presented. Within the total square feet table, breakdowns of property type by city are contained. Also, the number of square feet of competitive commercial property for which the 239 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.

Following the table of announced commercial projects is a trends summary that includes information about vacancy rate and available space trends. There are also three tables summarizing some results from the most recent five quarters. The first table presents vacancy rates by submarket for the first, second, third, and fourth quarters of 2007 and for the first quarter of 2008. 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 2007, the overall real growth rate in GDP was 0.6 percent, according to final estimates released by the U.S. Department of Commerce Bureau of Economic Analysis (BEA). The growth rate went down from a revised 4.9 percent rate in the third quarter of 2007 and was lower than the growth rate in the fourth quarter of 2006 which was 2.1 percent. The BEA reported that the increase in real GDP in the fourth quarter primarily reflected positive contributions from personal consumption expenditures (PCE), nonresidential structures, state and local government spending, exports, and equipment and software that were largely offset by negative contributions from private inventory investment and residential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased. The deceleration in real GDP growth in the fourth quarter primarily reflected a downturn in inventory investment and decelerations in exports, in PCE, and in federal government spending, that were partly offset by a downturn in imports. Final sales of computers contributed 0.16 percentage point to the fourth-quarter growth in real GDP after contributing 0.28 percentage point to the third-quarter growth. Motor vehicle output subtracted 0.86 percentage point from the fourth-quarter growth in real GDP after contributing 0.36 percentage point to the third-quarter growth.

Turning to other data, in February of 2008, the national unemployment rate was a seasonally adjusted 5.2 percent, higher than 4.9 percent a year earlier. The Conference Board Consumer Confidence Index, which had been declining since the summer, posted yet another decline in March. The Index now stands at 64.5 (1985=100), down from 76.4 in February. The Expectations Index declined to 47.9 from 58.0 in February. The Present Situation Index decreased to 89.2 from 104.0 in February. Lynn Franco, Director of The Conference Board Consumer Research Center, said: "Consumers' confidence in

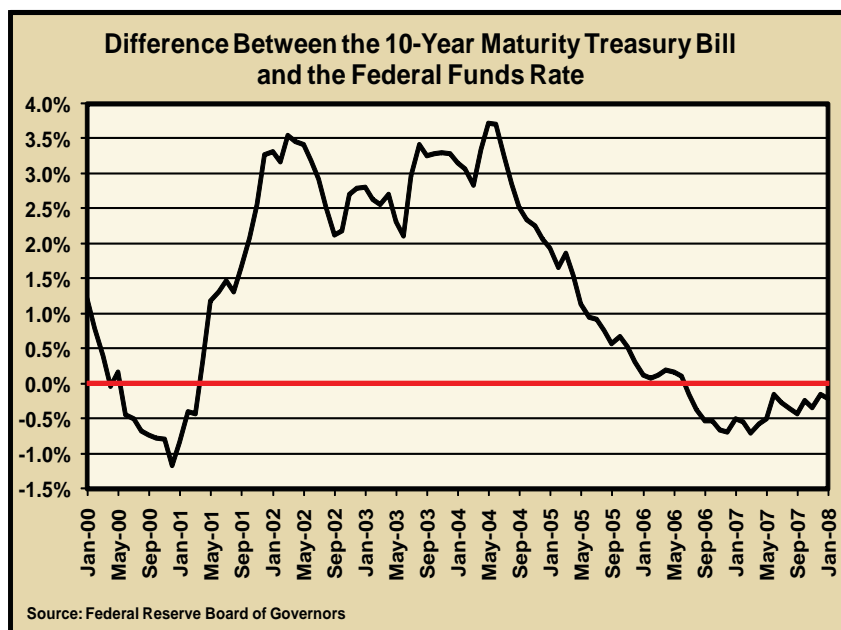
the state of the economy continues to fade and the Index remains at a five-year low (March 2003, 61.4). The decline in the Present Situation Index implies that the pace of growth in recent months has weakened even further. Looking ahead, consumers' outlook for business conditions, the job market and their income prospects is quite pessimistic and suggests further weakening may be on the horizon. The Expectations Index, in fact, is now at a 35-year low (Dec. 1973, 45.2), levels not seen since the Oil Embargo and Watergate.

From February 2007 to February 2008, the Consumer Price Index for All Urban Consumers (CPI-U) rose at a 4.0 percent seasonally adjusted annual rate (SAAR). This compares with an increase of 2.4 percent from February 2006 to February 2007. Between February 2007 and February 2008, overall energy costs rose 18.9 percent. On a seasonally adjusted basis, the CPI-U was virtually unchanged in February, following a 0.4 percent rise in January. Each of the three groups--food, energy, and all items less food and energy--contributed to the deceleration. The index for food at home, which rose 0.9 percent in January, increased 0.3 percent. The moderation reflected a downturn in the

indexes for fruits and vegetables, for meats, poultry, fish, and eggs, and for nonalcoholic beverages. The index for energy turned down in February as a 1.9 percent decline in the index for energy commodities more than offset a 1.7 percent increase in the index for energy services. The index for all items less food and energy was virtually unchanged after increasing 0.3 percent in January. The deceleration reflects smaller increases in the indexes for shelter, for medical care, for recreation, for education and communication, and for other goods and services, and a decline in the index for apparel.

## Short-term Interest Rate Risk

The Federal Reserve continued to implement decreases in short term interest rates. The Fed Funds rates showed an average of 2.61 percent at the end of March. According to the Fed, "Recent information indicates that the outlook for economic activity has weakened further. Growth in consumer spending has slowed and labor markets have softened. Financial markets remain under considerable stress, and the tightening of credit conditions and the deepening of the housing contraction are likely to weigh on economic growth over the next few quarters. Inflation has been



# Economic Overview

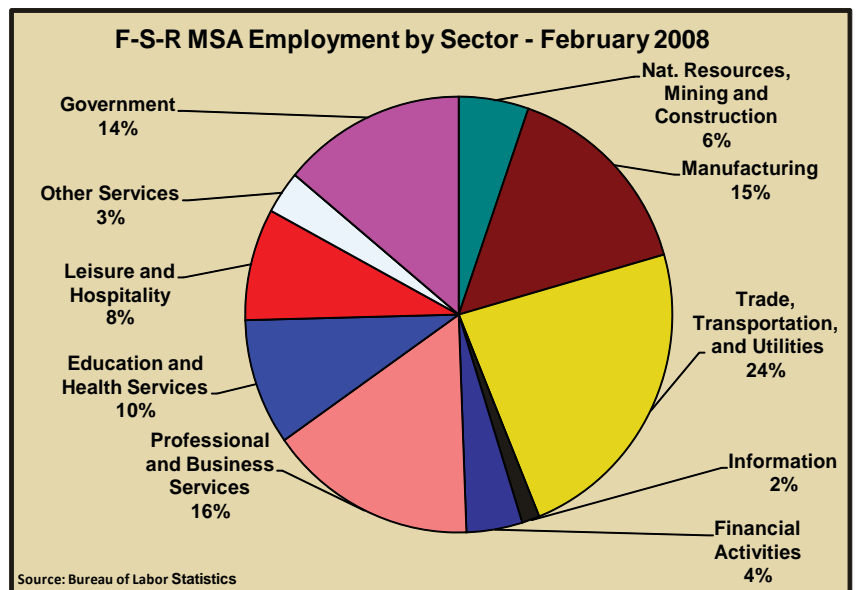
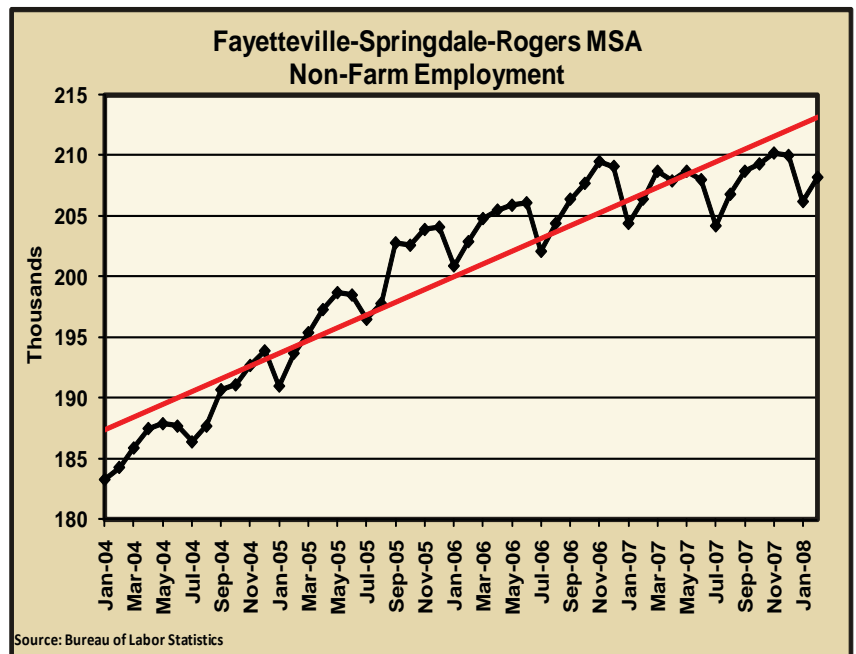
elevated, and some indicators of inflation expectations have risen. The Committee expects inflation to moderate in coming quarters, reflecting a projected leveling-out of energy and other commodity prices and an easing of pressures on resource utilization. Still, uncertainty about the inflation outlook has increased. It will be necessary to continue to monitor inflation developments carefully.” The Fed said that the above mentioned policy action, including measures to foster market liquidity, should help to promote moderate growth over time and to mitigate the risks to economic activity. However, according to the Fed, downside risks to growth remain.

## Long-term Interest Rate Risk

The ten year constant maturity Treasury bill had an interest rate of 3.78 percent in February 2008. The upward pressure on short-term rates combined with declining long-term interest rates implied a decrease in the spread between the two. The accompanying figure shows the spread between the Fed Funds Rate and the ten year Treasury bill since January 2000. In February 2008, the spread was a 0.76 percent. The most recent January decline of short term interest rates by the Fed changed the spread to be slightly positive. This is important as a negative spread has typically been a sign of weakness in the economy and a harbinger of recession.

## 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 February 2008, a five year average of 511 jobs was created per month. The local economy added 1,800 jobs over the course



of the year from February 2007 to February 2008. A similar year over year comparison in December 2007 showed that the economy added 900 jobs.

In order to delve more closely into the makeup of the job growth in Northwest Arkansas, two additional figures are provided. The first shows the February 2008 Fayetteville-Springdale-Rogers MSA employment breakdown by sector. As the pie chart shows,

trade, transportation and utilities continued to have the largest share of employment (24 percent) in Northwest Arkansas, followed by professional and business services (16 percent), manufacturing (15 percent), government (14 percent), education and health services (10 percent), and leisure and hospitality (8 percent). The second figure shows the annual percentage change in the MSA's employment by sector from February 2007 to February 2008. Total nonfarm employment





# Local Perceptions

increased by 0.9 percent during that time, so those sectors with larger employment growth rates increased in relative impact and those sectors with smaller employment growth rates decreased in relative impact. Information, education and health services and leisure and hospitality, had the largest percentage increases.

According to the Bureau of Labor Statistics, the unemployment rate in Northwest Arkansas was at a seasonally non-adjusted 4.4 percent in January 2008. This is up from 3.7 percent in January of 2007. The unemployment rate in Northwest Arkansas continues to outperform both the state (6.4 percent) and nation (5.2 percent) seasonally non-adjusted rates.

## Local Perceptions of the Northwest Arkansas Commercial Property Market

Each quarter, CBER 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. Panelists have talked about the banking industry; the general state of the market including hot spots of activity, areas of softness, and supply/demand imbalances; demographic shifts; local governmental concerns; interest rates and the national economy; and infrastructure issues. Over the past several quarters the panelists have become increasingly open in expressing their thoughts and feelings on the issues, sometimes controversial, affecting Northwest Arkansas.

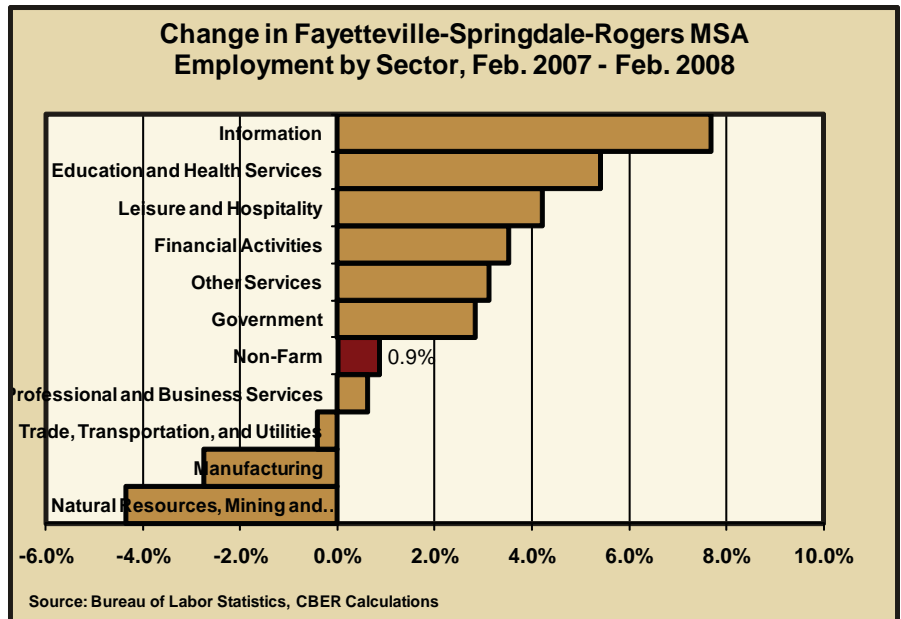
This quarter panelists seemed more positive than during the past year. They talked about increasing leasing activity; well-designed niche projects; expanding opportunities in the medical office field; vendor expansion projects; and continued and growing interest in Northwest Arkansas by national retailers and restaurant chains. However, this in no

way indicated a return to the unbridled optimism of late 2005 and early 2006. Additional bankruptcies and foreclosures are continuing to cause worry about the health of a few local banks. Some panelists maintain that the local banks are to blame for much of the current problems. However, other panelists lay much more of the blame on the developers whose projects didn't work. As one panelist said, "there was too much greed and stupidity." Others expressed the opinion that in the long run the developer community will be better off as inexperienced builders and developers are culled out. But there was still a clear division between panelists who believe the banking industry will learn from the mistakes made during this expansion and those who don't.

The continued oversupply of commercial property is keeping most panelists feeling cautious about the coming year. Many panelists believe the market has hit or is close to hitting "the bottom", but they also don't see a quick rebound either. Significant concerns were expressed about the vacancy rates in the Fayetteville, Bentonville, and Rogers office markets. The phrase "cash is king" was expressed more than once in this quarters conversations: some panelists anticipating

even more opportunities this year as other developers and builders are forced to sell under-performing properties, other panelists referring to the necessity of cash-flow or a strong cash position to gain bank financing. Many panelists reported growing leasing activity. This was partially continued "churn" as some tenants are still moving for better pricing and/or quality. Still other tenants are growing into larger spaces, which are creating build-to-suit opportunities. A majority of panelists continue to report that there is still growth: new vendors are still coming to NWA, strong growth in medical office space, and some new retail. Panelists believe that new building can continue as long as it is in a strong niche (medical, expanding vendor space) or there is substantial preleasing. Panelists are continuing to express the belief that over the next couple of years (2010 was mentioned most often) office and retail supply and demand will move much closer to an equilibrium position as the population in Northwest Arkansas continues to expand.

However, many panelists expressed concern about employment, unemployment, and job growth rates. Additionally, they again expressed concern about the decline in the Hispanic population as well as the overall



# Local Perceptions

population growth rate. Nonetheless panelists also expressed long run confidence in the ability of Wal-Mart, higher education led by the University of Arkansas, the poultry industry led by Tyson, the transportation industry led by J.B. Hunt, along with second tier economic development as population growth engines.

There was some mention of impact fees and regulations (mostly just a brief rehashing of usual complaints), but much less than in the previous quarter. Interestingly though, a couple panelists shared the idea that Fayetteville by adding in regulations about trees, landscaping, and other esthetic concerns had actually created a community that more people wanted to live in, hence a more profitable environment to develop.

Concern about the effect of national economic problems on Northwest Arkansas remains strong. Panelists are worried that even with Fed interest rate cuts, a national recession, along with higher fuel and food costs will dampen the recovery of the commercial real estate market in Northwest Arkansas. Also, they are concerned that national economic problems will lead to a decline in the number of people willing and able to move to Northwest Arkansas.

Infrastructure continues to be an ongoing concern, but as there continues to be visual progress the level of concern has remained constant for another quarter. Panelists continue to hope that the rate of increase in infrastructure development will continue, although none expects Northwest Arkansas to see existing infrastructure fully meet the needs of the region for decades, if ever. Some panelists hope that the creation of a Regional Mobility Authority will happen and lead to improved infrastructure development. However, one panelist said there is no chance it will happen, as all of the local governments will not cooperate.

Long run optimism seemed stronger this quarter. Increasing leasing activity, lower interest rates, positive absorption in the commercial market, much less speculative building, and the perceived strength of the regions core industries all contributed to this. However, a consensus of panelists still feels it will not be until 2010 that the commercial real estate market in Northwest Arkansas enters a new period of expansion.

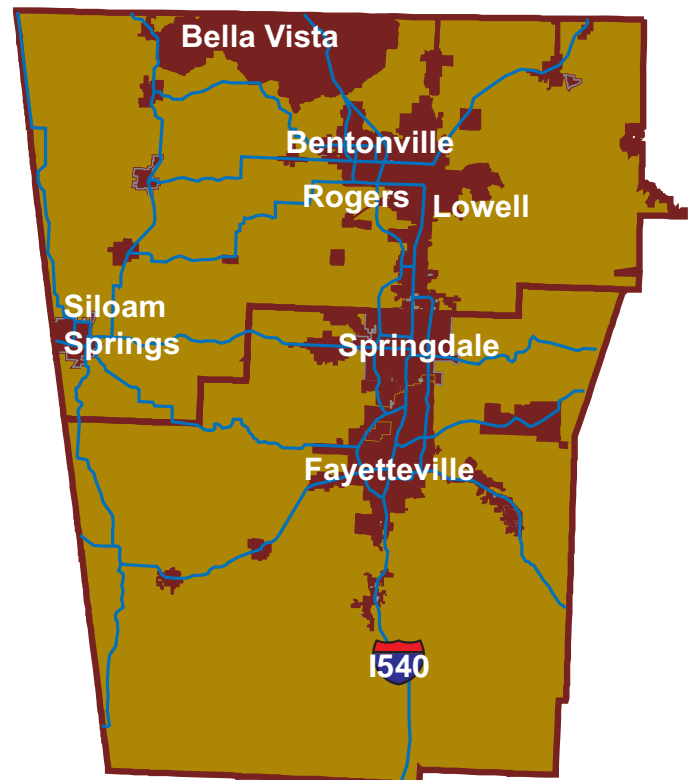
## Positive Factors:

1. Strong demand for office space.
2. Continued movement of vendors into Northwest Arkansas.
3. Continued influx of professionals into Northwest Arkansas.
4. National attention to the growing MSA by developers and retailers.
5. National media coverage of Northwest Arkansas as a good place to live and work.

6. Creation of destination locations including development of the baseball stadium in Springdale.
7. Wal-Mart, Tyson Foods and the poultry industry, J.B. Hunt and the transportation industry, the University of Arkansas and higher education.
8. Region's entrepreneurial spirit.
9. Interest rate cuts.

## Negative Factors:

1. Oversupply of office space in Bentonville/ Fayetteville/Rogers.
2. Oversupply in the residential market.
3. Infrastructure: local roads, I-540 entrances and exits, new bypasses, sewers.
4. Possible loss of construction worker population.
5. National economic slowdown.



# Inventory and Building Permits

## Categories of Commercial Properties

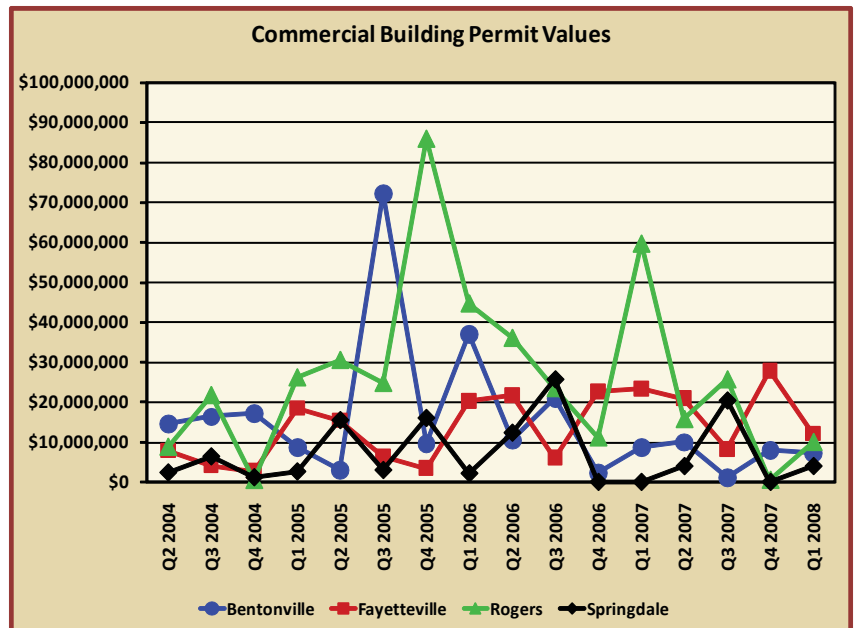
The Northwest Arkansas commercial market is divided into seven major categories of space:

1. Industrial—space that is appropriate for the manufacturing of goods
2. Office—space where professional business people work
3. Office/Retail—space that can be configured as either office or retail space or both
4. Office/Warehouse—space that can be configured as either office or warehouse space or both
5. Retail—space where goods and services can be offered and sold to the public
6. Retail/Warehouse—space where goods and services can be offered, sold, and stored.
7. Warehouse—space where goods can be stored until distributed

Further, analysts at the CBER 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 following table presents the total competitive commercial property inventory in Northwest Arkansas that meets minimum square footage requirements (a complete list of these criteria are included on page 54) as of February 2008. For the first quarter, the



Skyline Report covered 90.1 percent of the total competitive commercial property population in Northwest Arkansas. Some cities had better coverage than others.

Building permit data from the past sixteen quarters are presented for six major cities in Northwest Arkansas. Building permit data are seasonal in nature and will show large fluctuations in square footage and value from quarter to quarter. Moreover, any particularly large project can skew the numbers immensely. Building permit data are also city-specific. Only 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 much better data for comparison purposes.

From December of 2007 to February of 2008, there were almost \$37.0 million in commercial building permits issued in Bentonville, Fayetteville, Rogers, Siloam Springs, and Springdale. This is a decline of 10.5 percent from the prior quarter, and a decline of 62.0 percent from the first quarter of 2007. Fayetteville accounted for about 33.0 percent of the total value of building permits in the December to February period.

Rogers accounted for an additional 27.2 percent and Bentonville accounted for 20.2 percent. Springdale's and Siloam Springs' shares increased significantly to 10.8 and 8.7 percent respectively in the first quarter of 2008 from 0.0 percent in the fourth quarter of 2007. Lowell issued no building permits in the first quarter.

The table of announcements of New Commercial Property 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 CBER with information about these buildings, but until construction is complete, they do not appear in the aggregated total square footage and available square footage calculations. Some of the properties listed are actually under construction, while others are only in the concept phase.

Following the announced properties table is a list of the existing hotel properties in Northwest Arkansas, detailed by city. In the first quarter, there were 7,012 standard rooms and 1,438 suites in Northwest Arkansas. Bentonville had the most rooms, with 2,191



# Inventory

Announced new properties are detailed in a table following the existing hotel properties.

Finally, a list of announced new restaurant properties follows the hotel information.

## Total Square Feet and Coverage of Competitive Commercial Properties

	Industrial <sup>1</sup>	Office <sup>1</sup>	Retail <sup>1</sup>	Warehouse <sup>1</sup>	Total <sup>1</sup>	Panel Total Square Feet <sup>2</sup>	Panel Coverage <sup>2</sup>
Bella Vista	--	111,924	138,680	90,964	341,568	319,574	93.6%
Bentonville	76,056	4,125,382	946,253	788,376	5,936,067	6,307,768	106.3%
Fayetteville	114,079	2,819,070	3,873,792	1,778,270	8,567,147	7,195,372	84.0%
Lowell	57,970	254,691	172,208	772,259	1,257,128	850,164	67.6%
Rogers	439,106	2,058,302	3,448,176	1,758,533	7,704,117	7,805,889	101.3%
Siloam Springs	281,422	180,293	692,789	434,212	1,588,716	1,136,126	71.5%
Springdale	1,231,976	1,447,589	2,181,159	2,417,034	7,277,758	5,816,256	79.9%
Northwest Arkansas Total	2,200,609	10,997,251	11,453,057	8,039,648	32,672,501	29,431,149	90.1%

<sup>1</sup>Source: Benton and Washington County offices of the Assessor. The total square feet represent the population of competitive commercial properties that meet the baseline criteria set out on page 54 of this report.

<sup>2</sup>Source: Panel of 239 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
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



# New Commercial Projects

## Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Aventine Plaza	Bella Vista	Mike Andrews	Commercial	15,000	
Crye-Leike Office	Bella Vista	Crye-Leike Realtors	Office/Retail	9,000	April 2008
Mercy Health System Urgent Care	Bella Vista	Mercy Health System	Medical		
206 SW 2nd Street Multi-Use Building	Bentonville	Main Street Builders LLC	Mixed Use		
28th Street Commercial Building	Bentonville	Rick Thomas	Office/Retail	24,000	
Airport Plaza	Bentonville		Office/Retail/Bank	25,846	
Applegate Hills	Bentonville	Robert Weinmeier and Jim Brassart	Mixed Use	980,000	
Archer Business Park	Bentonville	Wayne and Victoria Martin	Retail	20,000	
Arvest Bank	Bentonville	Arvest Bank	Bank	5,000	2008
Bentonville Dialysis Center	Bentonville	Dr. Fred Smardo	Medical Office	86,035	
Bentonville Pre-K School	Bentonville	Bentonville School District	School	22,630	
Brightwood Business Park	Bentonville	Mike Charlton	Office/Retail	35,260	2008
Christopher's Custom Homes Office	Bentonville	Christopher's Custom Homes Office	Office		
Classic Lube, Tune and Brakes	Bentonville	Shane Willis	Retail	4,300	
Covington Center	Bentonville	Benchmark Group	Office/Retail		
Crye-Leike Office	Bentonville	Crye-Leike Realtors	Office/Retail	14,000	Sept. 2008
Day Care and Commercial Building	Bentonville	Max McGaugh	Office/Retail	8,000	
Digital Endeavors	Bentonville	Digital Endeavors	Office	7,650	
Elm Tree Place	Bentonville		Commercial	10,144	
E-Wolff Sales Solution Building	Bentonville	E-Wolff Sales Solutions	Office/Warehouse	4,000	Spring 2008
Heritage Center Buildings	Bentonville	Colliers Dickson Flake	Office	25,012	Spring 2008
Lakeside Center	Bentonville	Lindsey Management	Office	60,000	
Landers McClarty Jeep	Bentonville	Landers McClarty Auto	Commercial	9,033	
Moberly Professional Park	Bentonville		Office	56,128	
Morrison Addition Office Buildings	Bentonville	Clinard Construction	Office	30,000	
Neighborhood Wal-Mart and Uptown Center	Bentonville	CEI Engineering	Retail	40,000+	delayed
Oakbrooke II	Bentonville	MIDD Development	Office/Retail	26,000	
Outdoor Cap Expansion	Bentonville	Outdoor Cap	Warehouse	59,400	
PJT Commercial Building	Bentonville	PJT Development	Commercial	8,000	
Polo Park Commerical/Industrial Park	Bentonville	San Miguel LLC	Commercial/Industrial		
Polo Park Warehouse	Bentonville	San Miguel LLC	Warehouse	108,000	
Primary-Care Clinic	Bentonville		Commercial		
Rainbow Junction	Bentonville		Commercial		
Rescue Heroes Building	Bentonville	Rescue Heroes LLC	Office	54,000	
Retail Building on Central	Bentonville	Schaefer Properties	Retail	40,000	
Savannah Suites	Bentonville	Pro Con Inc	Office/Retail	42,000	
Single Parent Scholarship Fund of Benton County Office	Bentonville	Single Parent Scholarship Fund of Benton County	Office	5,068	April 2008
South Walton Plaza	Bentonville	Pro Con Inc	Office/Retail	11,500	Spring 2008
South Walton Plaza	Bentonville	B. Burckart; T. Fox; R. Werts	Office	12,000	2008
Supplier Plaza	Bentonville	W. Wallace and S. Xayprasith	Mixed Use	30,000	2008
Tate & Haney Building	Bentonville	John Tate and Johnny Haney	Mixed Use	50,000	2008
The Chateau on Chardonnay	Bentonville	Rex Fox and Frank Farrer	Mixed Use	55,000	Spring 2008
The Links at Rainbow Curve	Bentonville	Lindsey Management	Mixed Use		
Unnamed Downtown Benton. Project	Bentonville				
Vogel Commercial Development	Bentonville	Ross and Steve Vogel	Commercial	38,000	2008
Volkswagon Dealership Building	Bentonville	Bryan Hunt	Retail	15,000	2010
White Oak Convience Store	Bentonville	Steve Turner/Petromark	Retail	11,687	Spring 2008
Willow Brook Farms	Bentonville		Commercial		
Woodehouse Day Spa	Bentonville	Daniel Ellis	Retail	6,300	2008
932 Garland	Fayetteville	Steve Mansfield	Mixed Use	66,227	2010



# New Commercial Projects

## Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Appleby Landing	Fayetteville		Medical Office	156,000	
Arkansas Research and Technology Park	Fayetteville	U of A Technology Development Foundation	Office/Lab	60,000	Early 2009
Arvest Bank 2008	Fayetteville	Arvest Bank	Bank	8,475	December
Beacon Flats	Fayetteville	Beacon Flats LLC	Mixed Use	5,500	
Bellafont II	Fayetteville	Barber Group	Mixed Use	560,000	
BioBased Headquarters	Fayetteville	J. Hunt, M. & T. Muccio, P. Phillips	Office/Lab	30,000	Nov. 2008
Bradberry Building	Fayetteville	Ed and Karlee Bradberry	Mixed Use	10,000	2008
Bridgedale Plaza	Fayetteville	Clinton McDonald	Mixed Use	35,000	
Broyles Development	Fayetteville	Broyles Development LLC	Mixed Use	80,000	
Crye-Leike Office	Fayetteville	Crye-Leike Realtors	Office/Retail	18,900	June 2008
Flintco Warehouse	Fayetteville	Flintco Inc.	Warehouse	114,750	
Forest Hills Development	Fayetteville	Forest Hills Dev. of Fort Smith	Mixed Use	240,000	delayed
Frisco Depot Project	Fayetteville	MansfieldHouse Ventures	Mixed Use	48,520	
Kantz Building	Fayetteville	Kathy Ball	Commercial	9,000	2008
N Shiloh Commercial Development	Fayetteville		Commercial	27,500	
Nursing Home at Persimmon Street Park Center	Fayetteville	Dave Jorgenson (Architect)	Nursing Home Commercial		
Park West	Fayetteville	Tracy Hoskins	Commercial	1,000,000+	2020
Pebble Creek Flats	Fayetteville	Art Scott	Mixed Use	11,000	
Porter Road Development	Fayetteville	Mitchell Massey	Office/Warehouse	150,000	
Premier Plaza	Fayetteville		Commercial		
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	
Ruskin Heights	Fayetteville	Davis, Hooker, Massey, VanVeen	Retail	58,500	
Shoppes at the Bluffs	Fayetteville	Mathias Properties	Retail		August 2008
Southpass	Fayetteville	Richard Alexander & John Nock	Retail	150,000	
Springwoods Behavioral Health	Fayetteville	Universal Health Services	Hospital/MedicalOffice	40,000	
Stonebridge Commercial Development	Fayetteville		Commercial		
The Links at Fayetteville	Fayetteville	Lindsey Management	Commercial	120,888	
The Lofts at Underwood Plaza	Fayetteville	AMA Real Estate Group, Nock Invest., the Beldens, the Underwoods	Commercial	49,085	August 2008
The Mill at West End	Fayetteville	Burt, Jerry, and Marianna Box, Aaron and Mandy Paxton	Commercial	12,027	offline
Timberlake Office Park	Fayetteville	Jeff Martin and Mike Phillips	Office		
Timberlake Office Park Building One	Fayetteville	Henry Ho and Rick West	Office	19,000	April 2009
Tracy Hoskins MUD	Fayetteville	Tracy Hoskins	Mixed Use		
Vantage Partners Medical Office Build.	Fayetteville	WW Healthcare	Medical Office	79,584	
Walgreens	Fayetteville	Sansone Group	Retail	13,354	August 2008
Walgren's	Fayetteville	Walgren's	Retail		
Washington Medical Center	Fayetteville	Rob Karas	Medical Office	20,000	
Wedington Circle	Fayetteville	Mansfield Property Management	Office/Retail	10,000	
Wedington Circle	Fayetteville	Mansfield Property Management	Retail	6,576	
Wedington Place	Fayetteville	Mathias Shopping Centers Inc	Office/Retail	26,000	Mid 2008
Wedington Retail Center	Fayetteville		Office/Retail	18,800	
Western Sizzlin Retail Center	Fayetteville	Mark Bazyk	Retail	5,000	
Woodstock Community	Fayetteville	Hank Broyles and John Nock	Mixed Use	100,000+	After 2009
Bloomington Crossing	Lowell	First Federal Bank of Arkansas	Retail	15,076	
Commerce Park	Lowell	Nickell, Hill, Rodman&Trumbo, Inc.	Office/Warehouse	75,000	2008
Crye-Leike Office	Lowell	Crye-Leike Realtors	Office	6,000	January 2008
Fast Lane Entertainment	Lowell	Chris Moore	Retail	74,000	June 2008
Kum and Go	Lowell	Kum and Go	Retail	3,391	



# New Commercial Projects

## Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Lowell City Hall	Lowell				
Lowell Pharmacy	Lowell	John Lykins	Retail	4,000	March 2008
Midpoint Exchange Business Park	Lowell	Sage Partners	Commercial		
NWA Business Center Tower	Lowell	Pinnacle Group	Office	48,000	Mid 2008
World Gym	Lowell	Rhett Garner and Tania Zamzow	Retail	47,100	Spring 2008
Park Central	Lowell/Rog.	Charleton Development	Mixed Use		2008
Aaron's Rents	Rogers	Aarons Rents	Retail		
Adult Development Center Facility	Rogers	Adult Dev. Center of Benton County	Office/Warehouse	22,000	
Angler's Bend	Rogers	Caro Minas	Mixed Use		
Arkansas St Commercial Building	Rogers	Brad Snyder	Commercial	7,200	Early 2008
BancorpSouth	Rogers	Bancorp South	Bank/Office	8,500	2008
Benchmark Office Building	Rogers	Benchmark Group	Office	118,000	2008
Chastain Office Building	Rogers		Office		
Creekside Phase III	Rogers	Daniel Ellis	Commercial	60,000	
Crye-Leike Office	Rogers	Crye-Leike Realtors	Office/Retail	14,000	Sept. 2008
District at Pinnacle Hills	Rogers	Pinnacle Investments	Mixed Use		
Friends House	Rogers	Friends House	Adult Care	5,000	March 2008
Gordmans	Rogers	Gordmans	Retail	50,000	April 2008
Habitat for Humanity	Rogers	Habitat for Humanity	Office/Warehouse		
Harp's	Rogers	Harp's	Retail	32,000	Late 2008
Harrison Dental Office	Rogers		Medical Office		
Horsebarn Office Tower	Rogers	FAE Horsebarn SPE LLC	Office/Retail	131,900	
Jamestown Community	Rogers	John Montgomery	Mixed Use	165,000	2008
Kia Dealership	Rogers	Bill White	Retail	11,000	2008
Kum and Go	Rogers	Kum and Go	Retail		
Legacy Bank	Rogers	Legacy Bank	Bank		
Maralle Warehouse	Rogers	Maralle Development	Warehouse	7,200	
Metro Park-The Strand	Rogers	Collins Haynes	Retail	44,900	
Metro Park-Vendor Office Building	Rogers	Collins Haynes	Office	42,000	April 2008
Michaels	Rogers	Charles Reaves, et al	Retail	21,300	
New Hope Commercial Phase 1	Rogers		Commercial		
New Hope Investors PUD	Rogers	New Hope Invest. and Elder Constr.	Mixed Use		
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Office	21,432	
Oliver Farm Development	Rogers	Haynes & The Sachs Family	Commerical		
Ozark Mountain Poultry Addition	Rogers	Ozark Mountain Poultry	Industrial	55,140	
Ozark Orthopedic and Sports Medicine	Rogers	Ozark Orthopedic and Sports Med.	Medical Office	13,265	Spring 2008
Pleasant Blossom Business Park	Rogers		Commercial		
Pleasant Crossing	Rogers	Charles Reaves, et al	Retail	500,000+	
Prairie Creek Center	Rogers	Mathias Properties	Retail	51,279	
Promenade Extension	Rogers	General Growth Corporation	Retail	62,625	
Promenade Pointe	Rogers	Pinnacle Barber Partners LLC	Mixed Use	750,000	
Rees Development	Rogers	Rees Development	Mixed Use		
Rogers Board of Realtors	Rogers	Rogers Board of Realtors	Office		
South 40 Partners Development	Rogers	Bill Schwyhart, Robert Thornton	Commercial		
SWEPCO LEED Building	Rogers	SWEPCO	Office	14,722	Fall 2008
Target	Rogers	Target Corporation	Retail	137,000	
The Dental Depot	Rogers		Medical Office		
The Farms	Rogers	Haynes LTD	Mixed Use		
The Market at Pleasant Crossing	Rogers	P & H Properties	Retail	29,750	
The Village at Centre Point	Rogers	Centre Pointe LLC	Retail	250,000	
Toyota of NWA used car Dealership	Rogers	Toyota of NWA	Retail	20,000	April 2008
Wal-Mart Neighborhood Market	Rogers	Wal-Mart	Retail		





# New Commercial Projects

## Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Walnut Crossing	Rogers	Greg House	Commercial	50,000	
Westin Hotel and Condos	Rogers	Barber Group	Hotel/Retail/Condos	165,231	Fall 2008
Autumn Glen	Sil. Springs	James Mathias	Commercial		2008
Crye-Leike Office	Sil. Springs	Crye-Leike Realtors	Office	6,500	Late 2008
Kenwood Development	Sil. Springs	Bar and Shield Development LLC	Mixed Use		
Siloam Springs Senior Activity Center	Sil. Springs	Sil. Springs Community Development	Nonprofit Building	7,040	Spring 2008
The Manna Center	Sil. Springs	Siloam Springs Community Development	Nonprofit Building	7,134	Spring 2008
Walgren's	Sil. Springs	112 Partner's LLC of Fort Smith	Retail		
Blue Cliff College	Springdale	Dixie Development	Office/Retail	30,000	
Cavalier Commercial Buildings	Springdale	Cavalier Development	Office/Warehouse		
Crye-Leike Office	Springdale	Crye-Leike Realtors	Office	14,000	2008
Diesel Downs	Springdale	Gary Combs	Office/Retail	134,000	
Habberton Ridge	Springdale		Mixed Use		
Imperial Doors	Springdale	Barry Ozturk	Retail/Warehouse	30,000	March 2008
Lazenby Office/Warehouses	Springdale	William Lazenby	Office/Warehouse	115,200	Spring 2008
Neighborhood Wal-Mart	Springdale	Wal-Mart	Retail	40,000	Fall 2008
ReMax Office	Springdale	Mike Philip	Office	12,400	Spring 2008
Springdale Center for Health	Springdale	Washington Regional Med. Center	Medcal	30,000	



# Hotels

## Existing Hotels

Property Name	City	Number of Rooms	Number of Suites
Best Western Bentonville Inn	Bentonville	55	0
Best Western Castle Rock Suites	Bentonville	84	0
Clarion Hotel & Convention Center	Bentonville	105	0
Comfort Suites	Bentonville	120	0
Comfort Inn	Bentonville	64	0
Courtyard Bentonville	Bentonville	90	0
Days Inn & Suites	Bentonville	63	0
DoubleTree Guest Suites	Bentonville	131	0
DoubleTree Guest Suites	Bentonville	140	0
Econo Lodge Inn and Suites	Bentonville	152	0
Hartland Motel of Bentonville	Bentonville	31	0
Hilton Garden Inn	Bentonville	133	0
Holiday Inn Express Hotel & Suites	Bentonville	84	0
La Quinta Inn & Suites	Bentonville	107	0
Merchant Flats on 8th	Bentonville	10	0
Microtel	Bentonville	78	0
Pines Motel	Bentonville	9	0
Simmons Suites	Bentonville	115	0
Sleep Inn	Bentonville	103	0
South Walton Suites	Bentonville	56	0
Springhill Suites By Marriott	Bentonville	67	0
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	78	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
Fairfield Inn Fayetteville	Fayetteville	61	0
Hampton Inn	Fayetteville	87	8
Hi-Way Inn Motel	Fayetteville	24	0
Holiday Inn Express	Fayetteville	77	33
Inn at Carnall Hall	Fayetteville	49	0
Inn At the Mill	Fayetteville	38	8
Motel 6	Fayetteville	98	0
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	109	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
Ramada Inn Lowell	Lowell	51	0
Colonial Motel	Prairie Grove	8	0
Best Value Inn & Suites	Rogers	127	0
Candlewood Suites	Rogers	118	12



# Hotels

## Existing Hotels

Property Name	City	Number of Rooms	Number of Suites
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
Homewood Suites	Rogers	126	83
Hyatt Place	Rogers	104	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 and Suites	Springdale	40	34
Hampton Inn & Suites	Springdale	67	35
Hartland Lodge	Springdale	29	0
Hartland Motel	Springdale	29	0
Hill Top Inn	Springdale	30	0
Holiday Inn	Springdale	180	26
Journey's Inn	Springdale	30	0
Laquinta Inn & Suites	Springdale	88	12
Magnolia Gardens Inn (B&B)	Springdale	10	0
Motel 8	Springdale	30	0
Residence Inn	Springdale	0	72
Scottish Inns	Springdale	33	24
Sleep Inn & Suites	Springdale	0	72
Springdale Inn	Springdale	50	0
Sunrise Inn	Springdale	60	1
Super 8 Motel	Springdale	59	1
Value Place Hotel	Springdale	121	0

<b>Bentonville Total</b>	<b>2,191</b>	<b>0</b>
<b>Fayetteville Total</b>	<b>1,965</b>	<b>301</b>
<b>Lowell Total</b>	<b>51</b>	<b>0</b>
<b>Prairie Grove Total</b>	<b>8</b>	<b>0</b>
<b>Rogers Total</b>	<b>1,303</b>	<b>736</b>
<b>Siloam Springs Total</b>	<b>273</b>	<b>27</b>
<b>Springdale Total</b>	<b>1,221</b>	<b>374</b>
<b>Northwest Arkansas Total</b>	<b>7,012</b>	<b>1,438</b>



# Hotels

## Announced Coming Hotels

Property Name	City	Owner	Number of Rooms	Expected Completion
DoubleTree Guest Suites	Bentonville	Tom Bhakta	140	Done
Sheraton Hotel	Bentonville	Paul Myers		Summer 2008
Suburban Extended Stay Hotel	Bentonville	Choice Hotels	100	June 2008
Candlewood Suites	Fayetteville	Choice Hotels	78	Done
Hilton Gardens Inn	Fayetteville	Hilton		
Pratt Place Inn	Fayetteville	Julian Archer		
Marriot Townplace	Johnson	CSK Hotels	94	January 2009
Aloft Hotel	Rogers	CSK Hotels	130	Spring 2008
Holiday Inn	Rogers	Narry Krushiker	130	spring 2008
MainStay Suites	Rogers	Jay Patel	99	June 2008
Microtel	Rogers	C. Anderson, C.Talley, J.D. Dhaliwal	52	Spring 2008
Sheraton Hotel	Rogers	Upscale Development (Paul Myers)	155	Summer 2008
Unnamed	Rogers			
Westin Hotel and Condos	Rogers	Barber Group		Fall 2008
Best Western	Springdale	Tom Bhakta	70	
Double Tree Plaza	Springdale			
Microtel	Springdale			





# Restaurants

## Announced Coming Restaurants

Property Name	City	Owner	Expected Completion
Scooter's CoffeeHouse	12 Locations	Scooters Coffee House of Omaha	--
Einstein Bros Bagels	4 Locations	Mike Philips	--
Jasons Deli	Benton County	Bourke Harvey	2009
Arbys	Bentonville	--	--
Chick-fil-A	Bentonville	Chik-fil-A	Done
Firehouse Subs	Bentonville	Tracy Bush	Done
Johnny Brusco's New York Style Pizza	Bentonville	Johnny Brusco's New York Style Pizza	Spring 2008
Mama Fu's	Bentonville	Murphy Adams Restaurant Group	Done
Osequera's Mexican Restaurant	Bentonville	Chris Conway	--
Spiedini's Italian Grill	Bentonville	Robert Lee	Done
Whole Hog Café	Bentonville	Brian Adams/Kevin Jacobs	--
Emelia's	Fayetteville	George and Sara Lusher	2008
Foghorn's	Fayetteville	Jeff Hodges	Done
Fusion 5	Fayetteville		Done
Jasons Deli	Fayetteville	Bourke Harvey	Mid June 2008
Krystal Burger	Fayetteville	Krystal Burger	2008
Market Place express	Fayetteville	Price Gardner	Done
Mellow Mushroom	Fayetteville	Mellow Mushroom	--
Starbucks	Fayetteville	Kathy Ball	2008
Taco Bell	Fayetteville	K-Mac Enterprises	March 2008
Unnamed café on square	Fayetteville	Growth Group	--
Western Sizzlin	Fayetteville	Mark Bazyk	--
Wow	Fayetteville	Lance An	April 2008
Zaxbys	Fayetteville	Zaxbys	April 2008
Chuck E Cheese's	Rogers	Chuck E Cheese's	Done
Crabby's Seafood Bar & Grill	Rogers	Ahamd Enyati	April 2008
Firehouse Subs	Rogers	Tracy Bush	--
Firehouse Subs	Rogers	Tracy Bush	--
Fuddruckers	Rogers	Pinnacle Hamburger Partners llc	--
Golden Corral	Rogers	K-Mac Enterprises	Summer 2008
Guido's Restaurant	Rogers	--	--
Incredible Pizza Company	Rogers	Incredible Pizza Company	2008
Joey's Seafood and Grill USA	Rogers	Joey's Seafood and Grill USA	Early 2008
KFC/Taco Bell	Rogers	John R. Meyers	--
Krystal Burger	Rogers	Smitco Eateries	Spring 2008
Lil' Juan's Restaurant	Rogers	--	--
McDonalds	Rogers	--	2008
Red Lobster	Rogers	Darden Restaurants	Late 2008
Steak & Shake	Rogers	Steak & Shake	May 2008
Taco Bell	Rogers	K-Mac Enterprises	--
Texas Land and Cattle Co.	Rogers	Texas Land and Cattle Co.	Done
Traders Market Restaurant	Rogers	Moe Torabi	--
McDonalds	Siloam Springs	112 Partners LLC	--
Zaxbys	Siloam Springs	Zaxbys	Done
Arbys	Springdale	U.S. Beef	2008
Balderas Mexican Restaurant	Springdale	--	Done
Firehouse Subs	Springdale	Tracy Bush	--
Flying Burrito	Springdale	Mike Rohrbach and Archie Schaffer Jr	April 2008
Shakes Ice Cream	Springdale	Mike Rohrbach and Archie Schaffer Jr	April 2008
Taco Bueno	Springdale	U.S. Beef	--
TaMolly's Mexican Restaurant	Springdale	TaMolly's Mexican Restaurant	2008
Urban Café	Springdale	--	Done



# Restaurants



## Closed Restaurants

Property Name	City	Date Closed
Brioso Brazil	Bentonville	June 2007
Mama Fu's Asian House	Bentonville	December 2007
Moe's Southwest Grill	Bentonville	December 2007
Arsagas Block Street	Fayetteville	June 2007
Chloe's	Fayetteville	July 2007
Cool Water Café	Fayetteville	December 2007
Fuddruckers	Fayetteville	September 2007
Garfield's Restaurant and Pub	Fayetteville	December 2007
Gloria JeansGourmet Coffee	Fayetteville	November 2007
Haagen-Daz	Fayetteville	November 2007
Mama Dean's Soul Food	Fayetteville	November 2007
O'Charleys	Fayetteville	April 2007
Shanghai Chinese Restaurant	Fayetteville	December 2007
Smokey Bones	Fayetteville	June 2007
Taco Bell	Fayetteville	November 2007
Maison des Tartes	Fayetteville	February 2008
Boston Mountain Grill	Fayetteville	February 2008
La Carreta Mexican Restaurant	Rogers	February 2008
Roca Linda	Rogers	February 2008
Nicolis	Bentonville	March 2008
San Francisco Bread Co	Bentonville	March 2008
Macchu Picchu	Springdale	March 2008



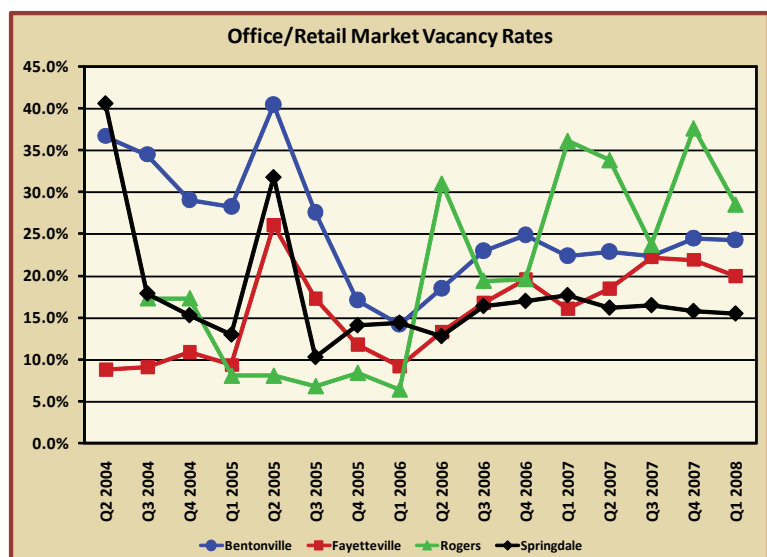
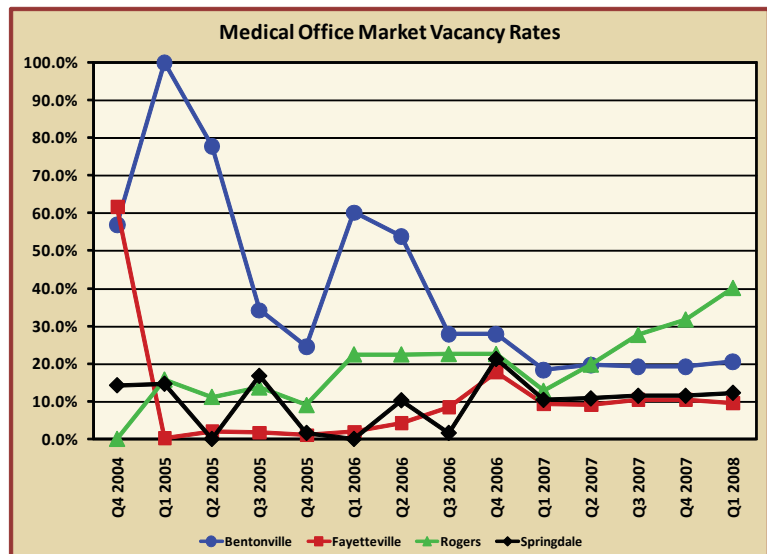
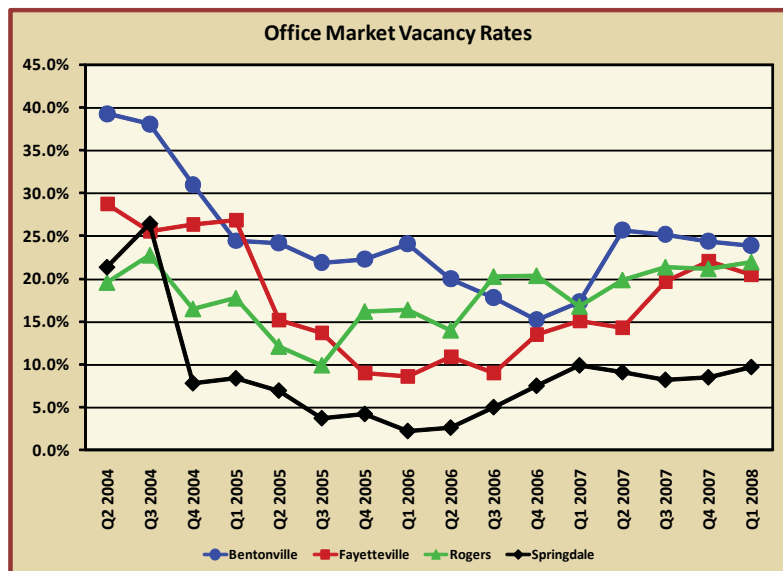
# Commercial Market Trends

This version of the Skyline Report represents the sixteenth 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 four 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, absorption, and available space.

Over the past twelve months, in the office submarket, only Lowell and Springdale have experienced positive net absorption in the office market. Bentonville accounted for over half of the annual negative net absorption with over 289,702 square feet becoming available. Available office square footage in Northwest Arkansas grew from 1,083,131 square feet from the first quarter of 2007 to 1,698,376 square feet in the first quarter of 2008. This was due to increases in available office space in almost every city in Northwest Arkansas. Over the past year 843,709 square feet of new office space became available for the first time. The overall Northwest Arkansas office vacancy rate has risen from 15.7 percent to 20.6 percent in the past year.

The office/retail market experienced negative net absorption of 99,023 square feet during the past twelve months. Fayetteville accounted for more than 87 percent of the negative absorption, but most of the cities had more available office/retail square footage in the first quarter of 2008 than in the first quarter of 2007. New square footage totaling 233,070 was added to the market during the same time period. In the first quarter of 2008, 856,124 square feet of office/retail space were available, up from 650,010 square feet in the first quarter of 2007. This space was primarily located in Fayetteville, Rogers, and Bentonville.

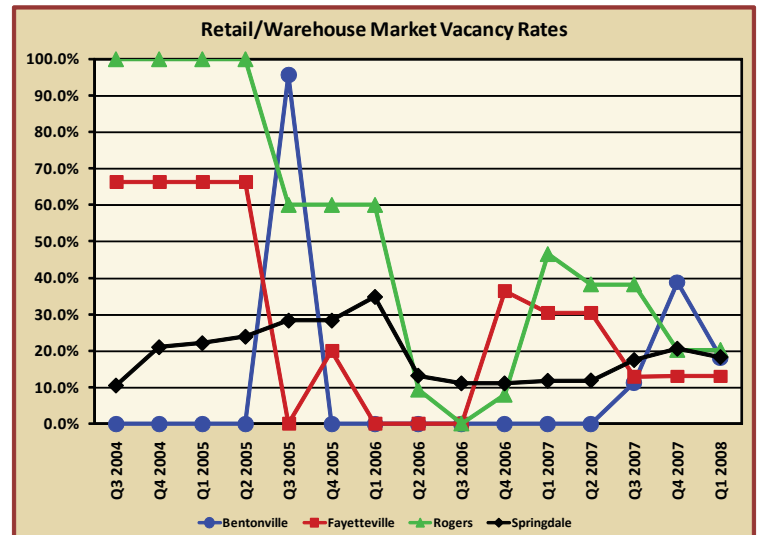
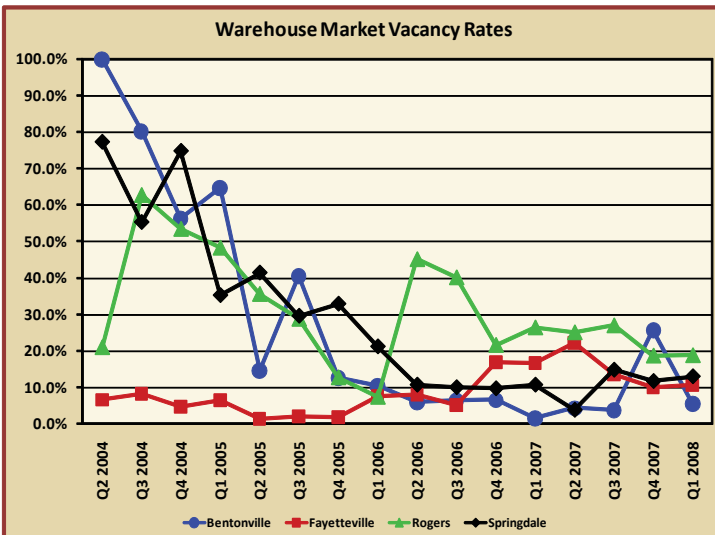
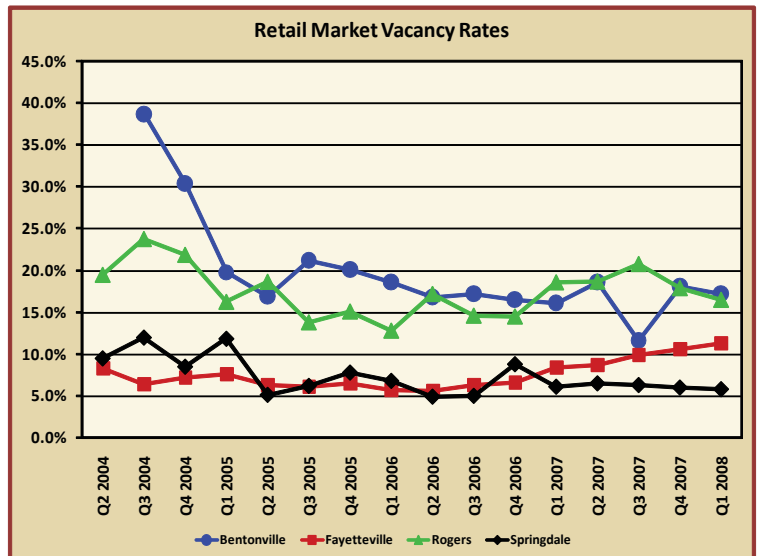
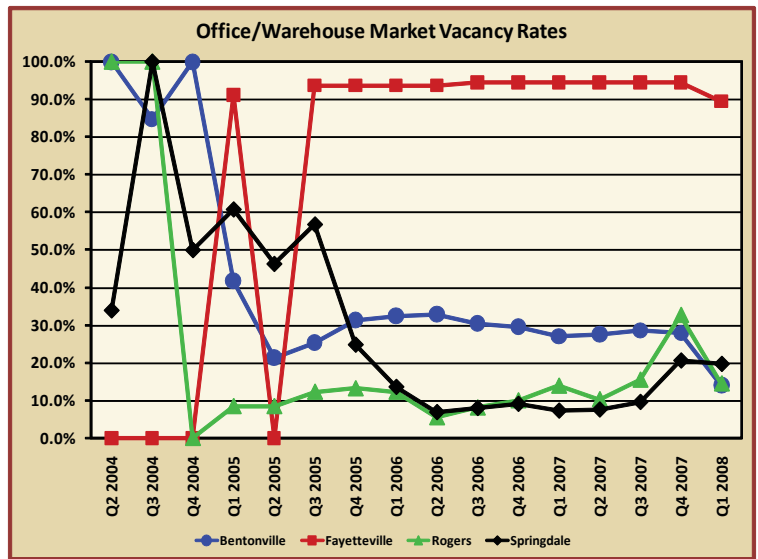
The retail market has experienced positive net absorption in the past twelve months. Although the cities of Fayetteville, Lowell, and Springdale experienced a negative net absorption in



# Commercial Market Trends

the retail submarket over the past year, a positive net absorption of 85,648 square feet occurred in Rogers and Bentonville. There were 364,244 new square feet of retail space added to the Northwest Arkansas market during the past twelve months—of that amount, almost half or 165,000 square feet were located in Rogers and 139,244 square feet were located in Fayetteville. In the first quarter of 2008, a total of 874,141 square feet of space were available in Northwest Arkansas, up from 852,359 square feet at the same time in the previous year.

The Northwest Arkansas warehouse market also experienced positive net absorption of 58,468 square feet from the first quarter of 2007 to the first quarter of 2008. As a result of data revision in Lowell warehouse submarket, vacancy rates declined from 18.7 percent to 17.7 percent, while the number of available square feet rose from 755,020 to 928,154 during that time (the discrepancy between vacancy rates and available space being due to the increase in total warehouse space). A total of 438,087 square feet of new warehouse space were added to the Northwest Arkansas market during the past year. Bentonville and Springdale were the only cities that experienced negative net absorption since the first quarter of last year in the warehouse submarket.

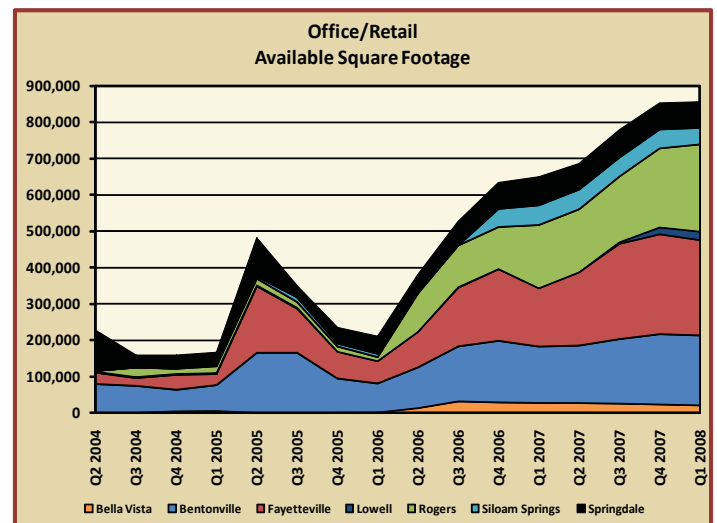
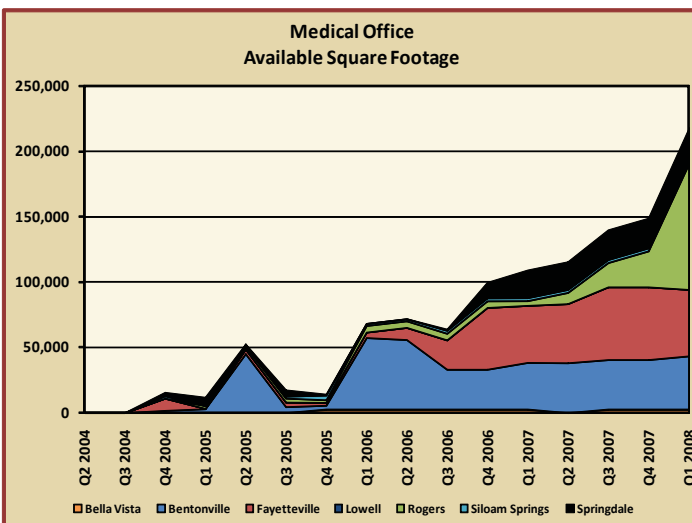
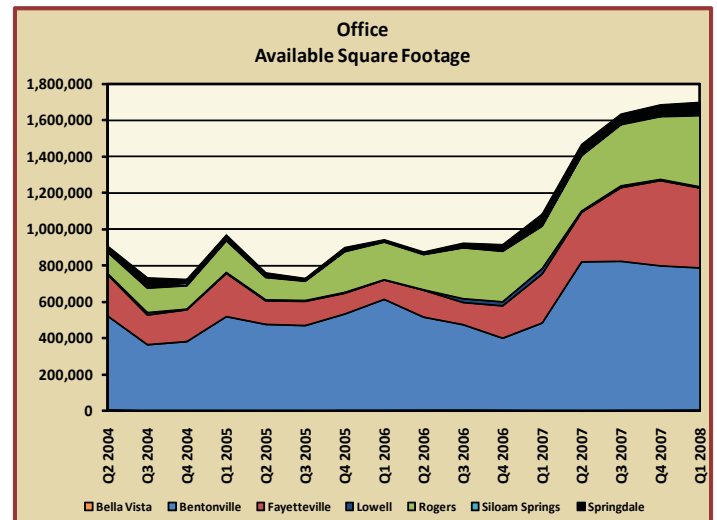
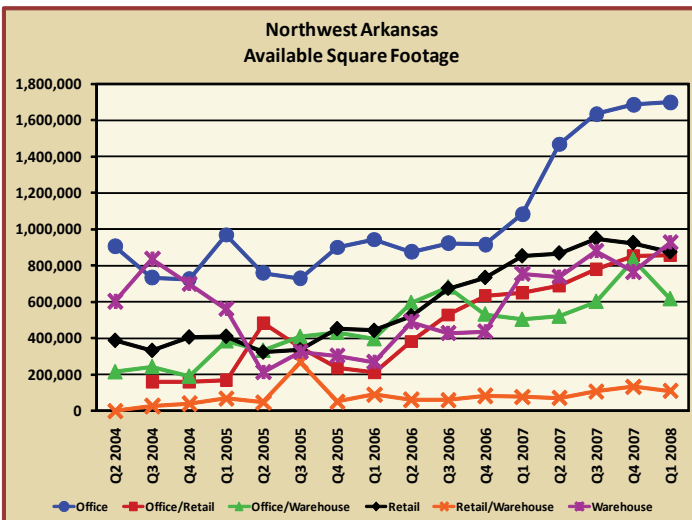




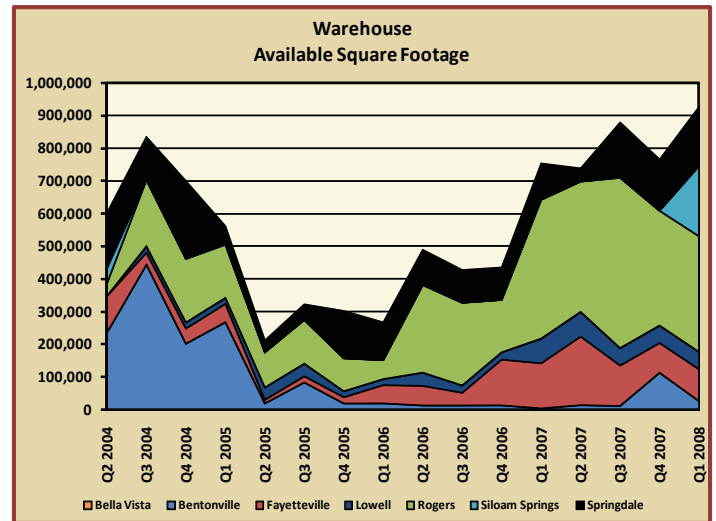
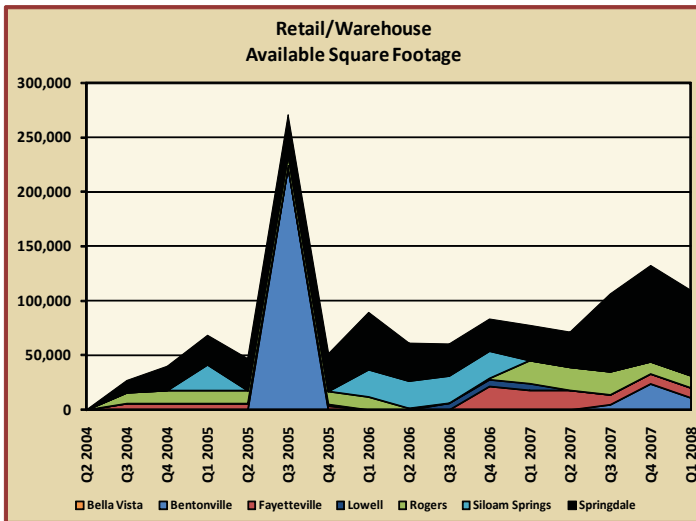
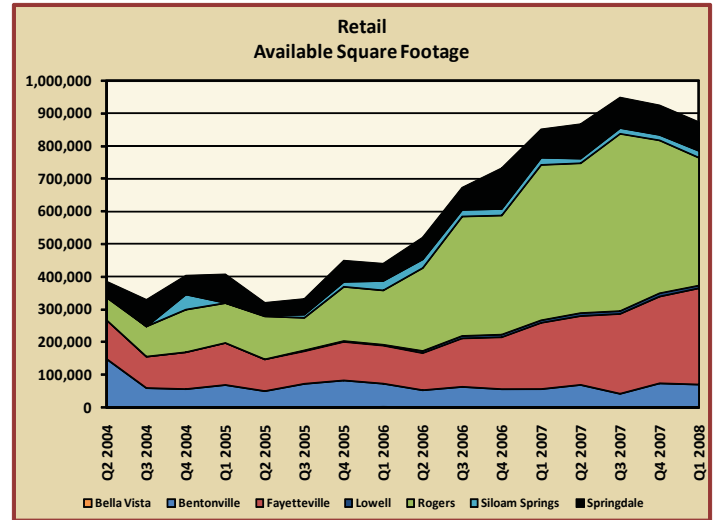
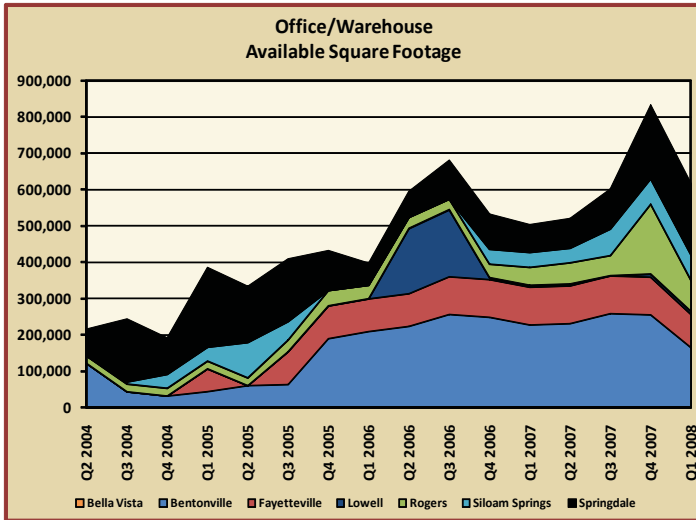
# Commercial Market Trends

## Net Absorption by Submarket Q1 2007 - Q1 2008

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	-2,200	7,739	0	0
Bentonville	-289,702	-22,303	17,997	-22,500
Fayetteville	-88,340	-86,343	-67,264	45,945
Lowell	27,119	-3,500	-1,025	22,150
Rogers	-22,747	-14,199	67,651	21,429
Siloam Springs	-500	8,729	830	0
Springdale	10,620	10,854	-43	-8,556
<b>Northwest Arkansas</b>	<b>-365,750</b>	<b>-99,023</b>	<b>18,146</b>	<b>58,468</b>



# Commercial Market Trends



# Commercial Market Trends

## Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q1 2007	24.2%	17.3%	15.1%	12.0%	16.8%	4.0%	9.9%	15.7%
Q2 2007	0.0%	25.7%	14.3%	2.2%	19.9%	4.0%	9.1%	19.3%
Q3 2007	24.2%	25.2%	19.7%	3.0%	21.4%	4.0%	8.2%	20.7%
Q4 2007	24.2%	24.4%	22.1%	1.6%	21.2%	6.7%	8.5%	20.9%
Q1 2008	43.3%	23.9%	20.5%	1.5%	22.0%	4.6%	9.7%	20.6%

### Medical Office

Q1 2007	34.6%	18.4%	9.3%	0.0%	12.8%	3.1%	10.4%	10.8%
Q2 2007	0.0%	19.7%	9.1%	0.0%	19.8%	3.1%	10.8%	11.0%
Q3 2007	34.6%	19.3%	10.6%	0.0%	27.7%	3.1%	11.5%	12.7%
Q4 2007	34.6%	19.3%	10.6%	0.0%	31.8%	3.1%	11.5%	13.2%
Q1 2008	34.6%	20.7%	9.7%	0.0%	40.2%	3.1%	12.3%	17.0%

### Office/Retail

Q1 2007	10.9%	22.4%	16.1%	0.0%	36.1%	48.0%	17.7%	20.3%
Q2 2007	10.8%	22.9%	18.5%	0.0%	33.8%	46.0%	16.2%	21.9%
Q3 2007	10.6%	22.4%	22.2%	11.6%	23.7%	44.2%	16.5%	21.6%
Q4 2007	9.4%	24.5%	21.9%	27.8%	37.6%	44.2%	15.8%	24.2%
Q1 2008	8.4%	24.3%	20.0%	40.1%	28.5%	35.4%	15.5%	22.2%

### Office/Warehouse

Q1 2007	--	27.1%	94.6%	2.2%	13.9%	38.3%	7.4%	19.0%
Q2 2007	--	27.7%	94.6%	2.2%	10.3%	37.8%	7.7%	18.0%
Q3 2007	--	28.7%	94.6%	0.0%	15.5%	68.6%	9.7%	21.5%
Q4 2007	--	28.0%	94.6%	3.8%	32.7%	65.8%	20.7%	28.7%
Q1 2008	--	14.1%	89.6%	3.8%	14.5%	65.8%	19.8%	19.4%

### Retail

Q1 2007	0.0%	16.1%	8.4%	11.2%	18.6%	7.3%	6.1%	11.9%
Q2 2007	0.0%	18.6%	8.7%	12.9%	18.7%	4.7%	6.5%	11.9%
Q3 2007	0.0%	11.6%	9.9%	15.4%	20.8%	5.8%	6.3%	13.0%
Q4 2007	0.0%	18.1%	10.6%	18.0%	17.9%	5.5%	6.0%	12.5%
Q1 2008	0.0%	17.2%	11.3%	15.4%	16.5%	7.0%	5.8%	12.0%

### Retail/Warehouse

Q1 2007	--	0.0%	30.4%	55.2%	46.5%	0.0%	11.8%	17.4%
Q2 2007	--	0.0%	30.4%	0.0%	38.2%	0.0%	11.9%	15.8%
Q3 2007	--	11.4%	12.9%	0.0%	38.2%	0.0%	17.5%	17.2%
Q4 2007	--	38.9%	13.0%	0.0%	20.2%	0.0%	20.6%	20.4%
Q1 2008	--	18.1%	13.0%	0.0%	20.2%	0.0%	18.3%	16.9%

### Warehouse

Q1 2007	0.0%	1.6%	16.7%	61.1%	26.4%	0.0%	10.7%	18.7%
Q2 2007	0.0%	4.4%	22.3%	28.8%	25.1%	0.0%	3.8%	17.3%
Q3 2007	0.0%	3.8%	13.6%	20.3%	27.0%	0.0%	14.8%	18.8%
Q4 2007	0.0%	25.7%	10.1%	21.2%	18.7%	0.0%	11.7%	15.5%
Q1 2008	0.0%	5.6%	10.7%	21.2%	18.8%	71.1%	13.0%	17.7%



# Commercial Market Trends

## Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q1 2007	0	-78,564	-130,322	-6,875	-15,330	-1,000	-27,432	-259,523
Q2 2007	2,800	-335,006	29,058	24,144	-3,768	0	12,588	-270,184
Q3 2007	-2,800	4,272	-95,511	-2,208	-12,110	0	6,884	-101,473
Q4 2007	0	25,005	-57,249	3,683	-16,818	-2,200	-1,372	-48,951
Q1 2008	-2,200	16,027	35,362	1,500	9,949	1,700	-7,480	54,858

### Medical Office

Q1 2007	0	-2,246	3,630	0	1,500	0	-9,342	-6,458
Q2 2007	2,800	-2,560	-1,554	0	-5,000	0	0	-6,314
Q3 2007	-2,800	400	-10,476	0	0	0	-1,520	-14,396
Q4 2007	0	0	0	0	-12,235	0	0	-12,235
Q1 2008	0	-2,850	4,834	0	-14,100	0	-1,600	-13,716

### Office/Retail

Q1 2007	1,310	6,564	1,800	790	-60,735	-30,460	-9,578	-90,309
Q2 2007	485	-3,287	-43,535	0	578	25	6,629	-39,105
Q3 2007	1,531	-4,012	-63,369	0	11,391	2,074	6,629	-45,756
Q4 2007	2,400	-15,987	7,978	2,500	-24,302	0	-3,558	-30,969
Q1 2008	3,323	983	12,583	-6,000	-1,866	6,630	1,154	16,807

### Office/Warehouse

Q1 2007	--	21,000	0	0	-17,150	0	12,808	16,658
Q2 2007	--	-3,600	0	0	-9,009	880	-5,300	-17,029
Q3 2007	--	-27,516	0	0	3,000	-32,800	-28,525	-85,841
Q4 2007	--	3,354	0	0	-120,000	3,000	7,334	-106,312
Q1 2008	--	89,975	0	0	106,500	0	6,450	202,925

### Retail

Q1 2007	0	-250	-40,752	0	-120,793	-1,897	37,631	-126,061
Q2 2007	0	-4,081	-18,629	-1,275	18,061	7,900	-18,469	-16,493
Q3 2007	0	21,396	-33,566	250	-83,893	-3,570	13,103	-86,280
Q4 2007	0	-2,902	7,409	-1,590	70,233	1,000	2,798	76,948
Q1 2008	0	3,584	-22,478	1,590	63,250	-4,500	2,525	43,971

### Retail/Warehouse

Q1 2007	--	0	3,600	0	-20,000	0	-2,925	-19,325
Q2 2007	--	0	0	6,200	0	0	0	6,200
Q3 2007	--	0	11,150	0	0	0	-39,226	-28,076
Q4 2007	--	0	-107	0	10,000	0	0	9,893
Q1 2008	--	12,800	0	0	0	0	10,025	22,825

### Warehouse

Q1 2007	0	9,500	1,875	-53,000	-259,882	0	-11,425	-312,932
Q2 2007	0	2,500	-36,635	0	-23,945	0	79,591	21,511
Q3 2007	0	-10,000	56,000	22,150	-8,156	0	-103,612	-43,618
Q4 2007	0	-101,500	32,580	0	55,860	0	39,955	26,895
Q1 2008	0	86,500	-6,000	0	-2,330	0	-24,490	53,680





# Commercial Market Trends

## Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q1 2007	2,800	482,625	270,543	29,463	233,860	3,200	60,640	1,083,131
Q2 2007	0	822,831	273,685	5,319	305,730	3,200	56,052	1,466,817
Q3 2007	2,800	823,028	406,882	7,527	339,196	3,200	51,168	1,633,801
Q4 2007	2,800	798,023	470,731	3,844	348,274	5,400	55,742	1,684,814
Q1 2008	5,000	784,492	441,369	3,844	394,749	3,700	65,222	1,698,376

### Medical Office

Q1 2007	2,800	35,686	43,734	0	3,532	2,200	21,162	109,114
Q2 2007	0	38,246	45,288	0	8,532	2,200	21,162	115,428
Q3 2007	2,800	37,846	55,764	0	18,532	2,200	22,682	139,824
Q4 2007	2,800	37,846	55,764	0	27,467	2,200	22,682	148,759
Q1 2008	2,800	40,696	50,930	0	96,004	2,200	24,282	216,912

### Office/Retail

Q1 2007	29,605	154,272	160,646	0	174,131	54,054	77,302	650,010
Q2 2007	29,120	157,559	201,681	0	173,553	54,029	70,673	686,615
Q3 2007	27,589	176,733	261,550	5,000	181,062	51,955	75,344	779,233
Q4 2007	25,189	192,720	274,173	19,660	217,667	51,955	71,618	852,982
Q1 2008	22,666	191,737	261,590	24,160	240,182	45,325	70,464	856,124

### Office/Warehouse

Q1 2007	--	228,763	104,326	4,720	49,014	41,087	76,450	504,360
Q2 2007	--	232,363	104,326	4,720	58,023	40,207	81,750	521,389
Q3 2007	--	259,879	104,326	0	55,023	73,007	110,275	602,510
Q4 2007	--	256,525	104,326	7,940	191,523	70,007	202,649	832,970
Q1 2008	--	166,550	91,726	7,940	85,023	70,007	196,199	617,445

### Retail

Q1 2007	0	57,169	203,308	8,475	475,277	22,030	86,100	852,359
Q2 2007	0	70,042	211,137	9,750	458,416	14,130	104,569	868,044
Q3 2007	0	42,830	244,703	9,500	542,309	17,700	92,328	949,370
Q4 2007	0	74,732	265,603	11,090	467,853	16,700	89,530	925,508
Q1 2008	0	71,148	294,345	9,500	390,943	21,200	87,005	874,141

### Retail/Warehouse

Q1 2007	--	0	18,000	6,200	21,283	0	32,025	77,508
Q2 2007	--	0	18,000	0	21,283	0	32,025	71,308
Q3 2007	--	4,798	9,090	0	21,283	0	71,251	106,422
Q4 2007	--	23,898	9,197	0	11,283	0	88,051	132,429
Q1 2008	--	11,098	9,197	0	11,283	0	78,026	109,604

### Warehouse

Q1 2007	0	5,300	139,100	75,150	424,879	0	110,591	755,020
Q2 2007	-	15,360	210,735	75,150	398,824	-	39,832	739,901
Q3 2007	0	12,800	124,795	53,000	521,323	0	168,444	880,362
Q4 2007	0	114,300	92,215	53,000	351,120	0	156,489	767,124
Q1 2008	0	27,800	98,215	53,000	353,450	214,710	180,979	928,154



# Office

In the first quarter of 2008, the office properties included in the Skyline Report panel had a vacancy rate of 20.6 percent, slightly down from the rate of 20.9 percent in the fourth quarter of 2007. Of the 8.2 million square feet of Northwest Arkansas properties examined, almost 1.7 million square feet are currently available. This is slightly up from available office space in the fourth quarter of 2007. From the fourth quarter of 2007 to the first quarter of 2008, 98,000 square feet of new office space entered the market, while 152,858 square feet of space were absorbed, netting positive absorption of 54,858 for the market.

Of the 1,698,376 square feet of available office space in Northwest Arkansas, about 46.2 percent is located in Bentonville and comprises Class A and Class B space. In the first quarter, 3,994 square feet of Class A and 14,883 square feet of Class B office space were absorbed, while no new space became available, netting positive absorption of 16,027 square feet of office space in Bentonville.

While Bentonville continued to have the most available office space at 784,492 square feet, Fayetteville had 441,369 square feet available. About 59.8 percent of the available office space in Fayetteville was in the Class B submarket, while Class A space accounted for over 25.6 percent and the remainder was in the Class C and medical office markets. From the fourth quarter of 2007 to the first quarter of 2008, there was positive absorption of 35,362 square feet in the office submarket in Fayetteville, while no new space entered the market.

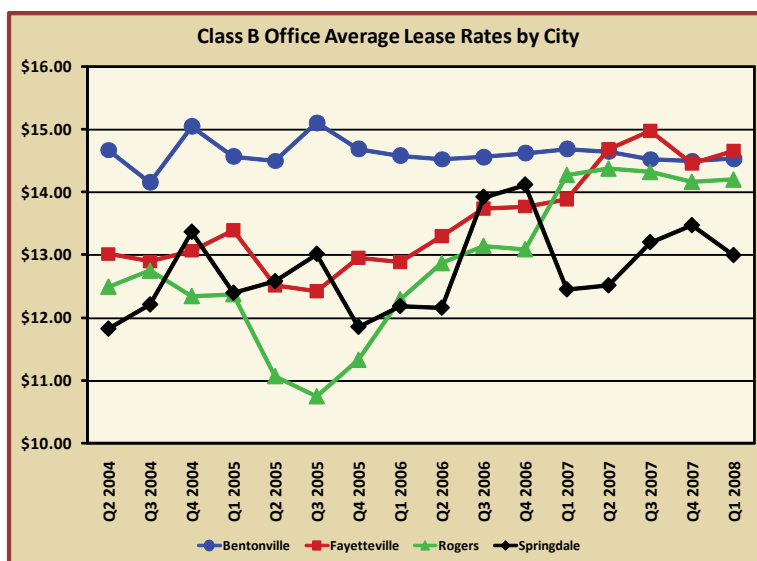
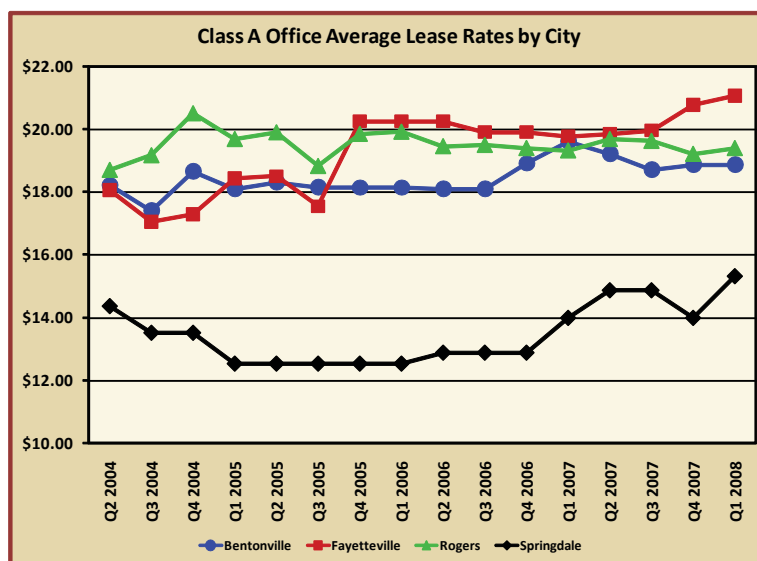
Rogers had 394,749 square feet of available office space in the first quarter of 2008. In the Rogers office submarket, Class A accounted for 40.9 percent of all available space, while medical office accounted for 24.3 percent and class B for 21.9 percent. There was positive

absorption of 107,949 square feet in the first quarter of 2008, while 98,000 new square feet were added to the market, hence netting positive absorption of 9,949 square feet.

The Springdale office market had 65,222 square feet of available space in the first quarter. There were no new space added in the first quarter and there was negative net absorption

## Office Lease Rates Average Range by City

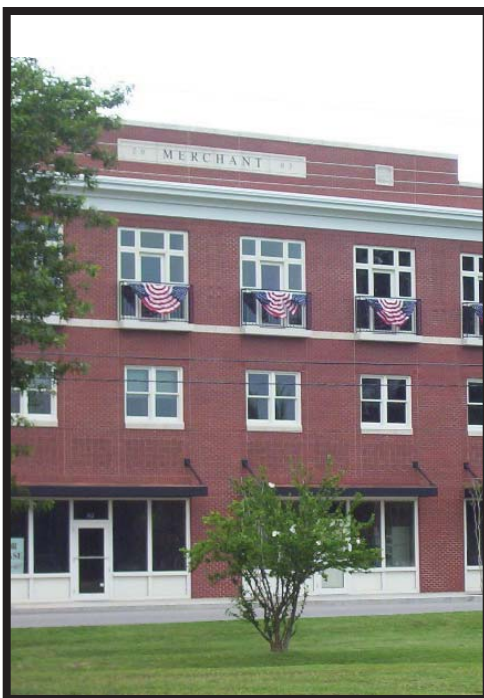
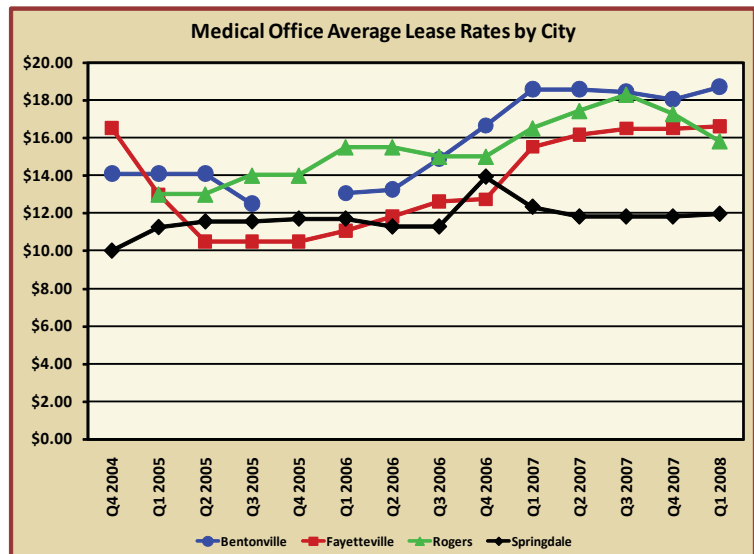
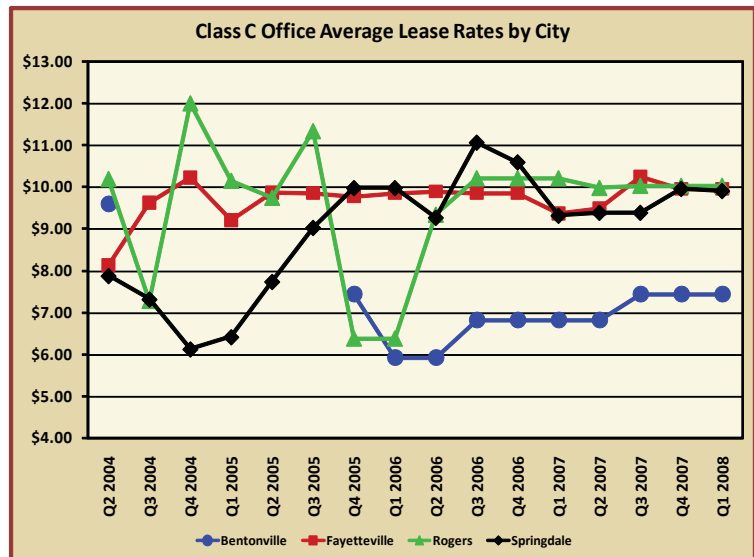
	Class A	Class B	Class C	Medical
Bentonville	\$18.22 - \$19.53	\$14.33 - \$14.74	\$7.44 - \$7.44	\$18.07 - \$19.35
Fayetteville	\$19.23 - \$22.93	\$14.15 - \$15.16	\$9.57 - \$10.35	\$15.59 - \$17.62
Rogers	\$18.47 - \$20.33	\$13.93 - \$14.48	\$9.83 - \$10.23	\$15.66 - \$15.98
Springdale	\$15.33 - \$15.33	\$12.09 - \$13.91	\$9.74 - \$10.08	\$11.45 - \$12.46



# Office

of 7,480 square feet. The negative absorption came in Class B space, with 5,430 square feet, in medical office, with 1,600 square feet, and in Class C, with 650 square feet becoming vacant. In the Class A office submarket, 200 square feet became occupied.

Class A office average reported lease rates were highest in Fayetteville at almost \$21.08 per square foot. Class A space average lease rates increased in Rogers to \$19.40 and in Springdale to \$15.33 per square foot, while Bentonville lease rates were flat. Class B office space average reported lease rates ticked up in Bentonville, Fayetteville, and Rogers and declined in Springdale. In the first quarter, reported average lease rates for Class C office declined in Springdale, while staying the same in other cities. Reported average medical office space lease rates increased in Bentonville, Fayetteville, and Springdale and declined in Rogers.



# Office

## Office Space Characteristics by Class and City

Class	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
<b>Class A</b>							
Bentonville	744,958	458,082	61.5%	3,994	0	3,994	344.1
Fayetteville	436,882	113,152	25.9%	5,200	0	5,200	--
Rogers	978,145	161,541	16.5%	27,878	0	27,878	--
Springdale	77,123	4,616	6.0%	200	0	200	--
<b>Class B</b>							
Bentonville	2,328,077	285,714	12.3%	14,883	0	14,883	57.6
Fayetteville	1,022,012	263,853	25.8%	26,128	0	26,128	--
Rogers	465,180	86,646	18.6%	771	0	771	--
Springdale	303,937	16,624	5.5%	-5,430	0	-5,430	--
<b>Class C</b>							
Bentonville	9,528	0	0.0%	0	0	0	0.0
Fayetteville	171,589	13,434	7.8%	-800	0	-800	--
Rogers	108,536	50,558	46.6%	-4,600	0	-4,600	--
Springdale	97,324	19,700	0	-650	0	-650	--
<b>Medical</b>							
Bentonville	196,326	40,696	20.7%	-2,850	0	-2,850	--
Fayetteville	525,501	50,930	9.7%	4,834	0	4,834	--
Rogers	238,813	96,004	40.2%	83,900	98,000	-14,100	--
Springdale	196,703	24,282	12.3%	-1,600	0	-1,600	--

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents





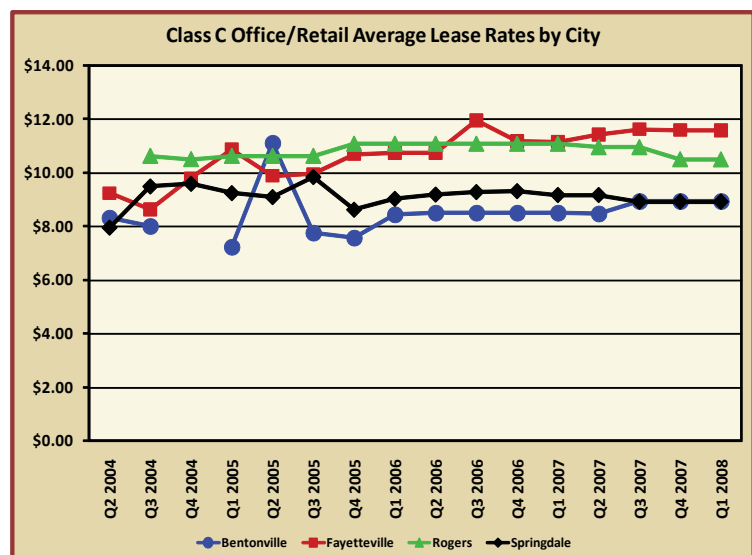
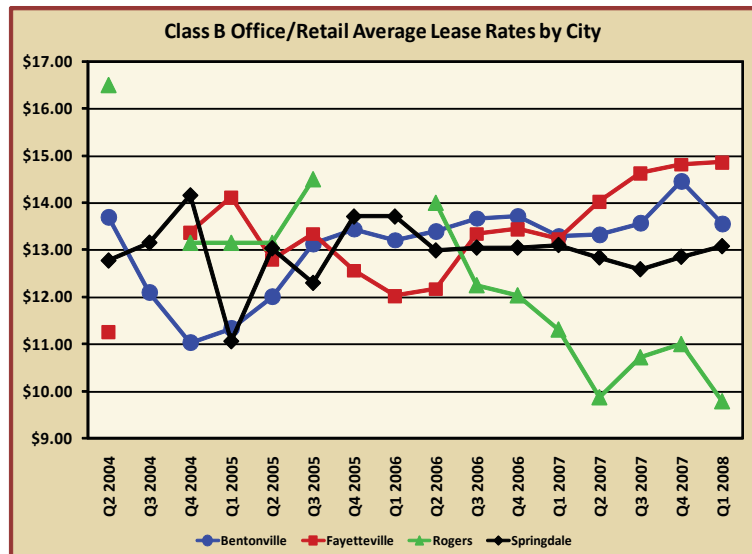
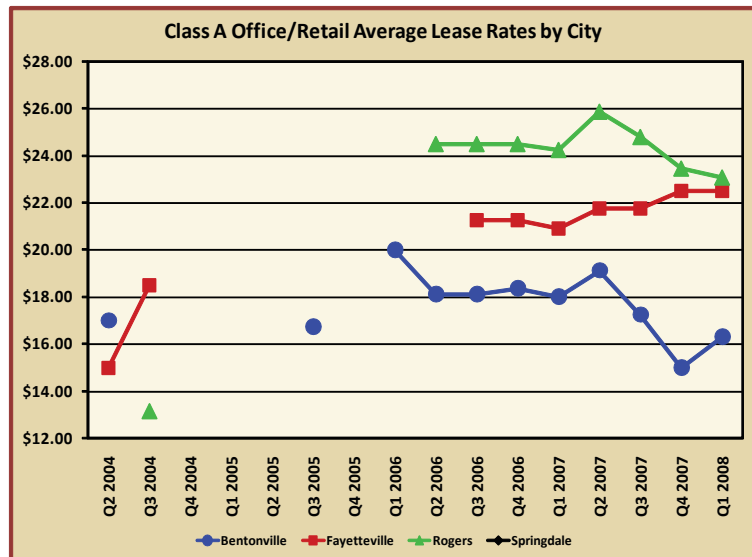
# Office/Retail

In the first quarter of 2008, the office/retail properties included in the CBER sample had a vacancy rate of 22.2 percent. This was a decrease from the fourth quarter of 2007 vacancy rate of 24.2 percent. Of the 3.8 million square feet of Northwest Arkansas properties examined, 856,124 square feet were available.

From the fourth quarter of 2007 to the first quarter of 2008, 16,807 square feet of office/retail space became occupied. There were no new square feet of office/retail space added in Northwest Arkansas in the first quarter of 2008, thus yielding a positive net absorption of 16,807 square feet. Lowell and Rogers experienced negative net absorption of office/retail space in the first quarter of 2008. All other cities in Northwest Arkansas experienced positive net absorption.

Fayetteville is ahead of Rogers and Bentonville, having the largest amount of available square feet in the office/retail submarket with 261,590 square feet available. Rogers had 240,182 and Bentonville had 191,737 square feet available. Dividing those by the total square feet of office/retail space, this translated to vacancy rates of 20.0 percent for Fayetteville, 28.5 percent for Rogers, and 24.3 percent for Bentonville. Springdale had reported available office/retail square footage of 70,464 with a 15.5 percent vacancy rate.

Office/retail space average reported lease rates were mixed in the first quarter. In the Class A submarket, average reported lease rates increased in Bentonville and decreased in Rogers, while staying unchanged in Fayetteville. There was an increase in average reported Class B rates in Fayetteville and Springdale and a decline in Bentonville and Rogers. In the Class C office/retail submarket, average reported prices continued to decrease slightly in Fayetteville and Rogers, but stayed constant in Bentonville and Springdale.



# Office/Retail

## Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	\$15.50 - \$17.13	\$12.74 - \$14.36	\$8.75 - \$9.13
Fayetteville	\$21.67 - \$23.33	\$14.27 - \$15.47	\$11.01 - \$12.17
Rogers	\$22.08 - \$24.08	\$8.75 - \$10.82	\$8.89 - \$12.09
Springdale	--	\$12.32 - \$13.86	\$8.29 - \$9.57



## Office/Retail Space Characteristics by Class and City

Class	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
<b>Class A</b>							
Bentonville	75,667	25,688	33.9%	0	0	0	--
Fayetteville	63,000	29,000	46.0%	5,500	0	5,500	15.8
Rogers	288,328	116,409	40.4%	30,408	0	30,408	--
Springdale	--	--	--	--	--	--	--
<b>Class B</b>							
Bentonville	617,823	155,925	25.2%	-1,253	0	-1,253	--
Fayetteville	899,724	181,473	20.2%	5,100	0	5,100	--
Rogers	338,475	97,693	28.9%	-25,474	0	-25,474	--
Springdale	186,868	45,624	24.4%	-2,566	0	-2,566	--
<b>Class C</b>							
Bentonville	94,310	10,124	10.7%	2,236	0	2,236	--
Fayetteville	345,450	51,117	14.8%	1,983	0	1,983	77.3
Rogers	215,920	26,080	12.1%	-6,800	0	-6,800	--
Springdale	71,790	10,400	14.5%	3,720	0	3,720	8.4

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents



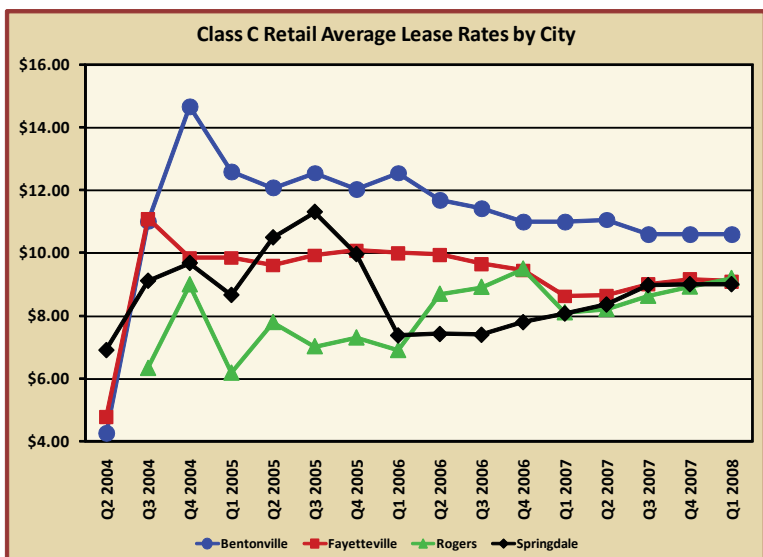
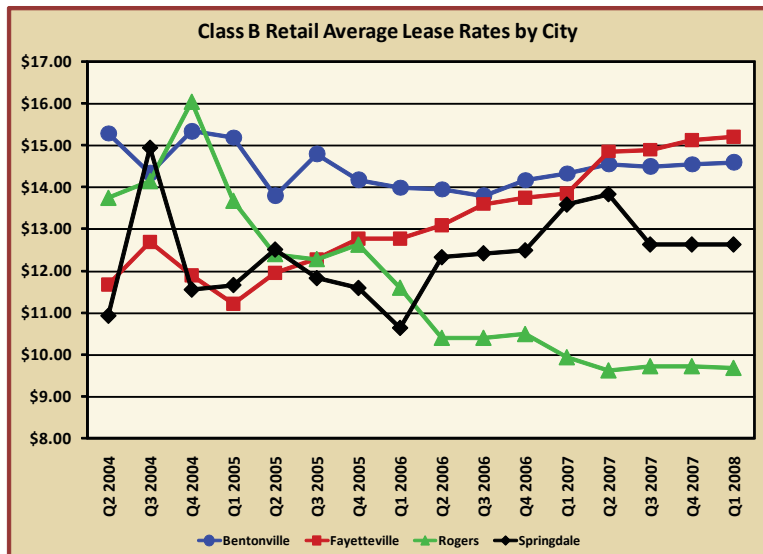
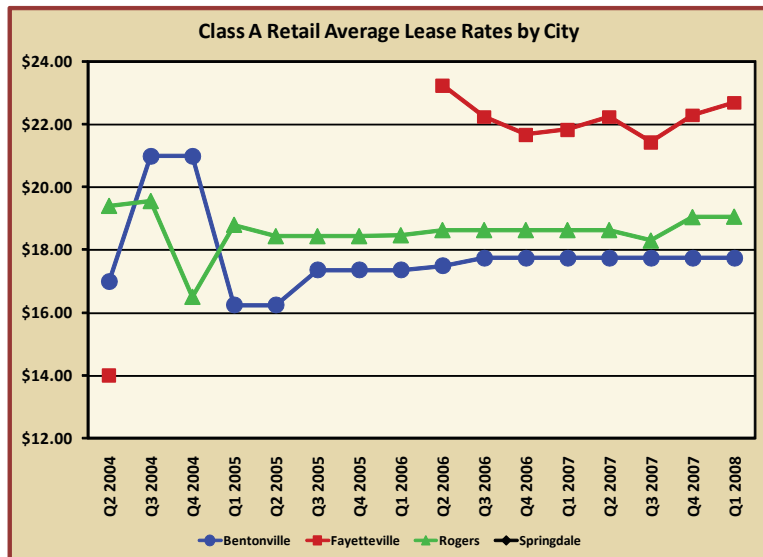
# Retail

In the first quarter of 2008, the retail properties included in the CBER panel had a vacancy rate of 12.0 percent, down from 12.5 percent in the fourth quarter of 2007. Of the 7.3 million square feet of Northwest Arkansas retail properties examined, 874,141 square feet were available. From the fourth quarter of 2007 to the first quarter of 2008, there were 56,300 square feet of new retail space coming on the Fayetteville market, netting positive absorption of 43,971 square feet.

Bentonville had 412,947 total square feet and 71,148 available square feet of retail space in the first quarter, resulting in a vacancy rate of 17.2 percent. This represented a decline from the rate of 18.1 percent in the fourth quarter of 2007 due to the decline in the available space. A total of 3,584 square feet became occupied in the Bentonville Class B retail market, while no new square feet were added to the market in the first quarter.

In the first quarter of 2008, Fayetteville had a retail vacancy rate of 11.3 percent, down from 10.6 percent in the fourth quarter of 2007, with 294,345 available square feet out of a total of 2.6 million. There was reported positive absorption of 23,491 square feet in the Class A retail submarket and of 5,998 square feet in the Class C submarket. In the Class B submarket, 7,583 square feet became occupied, while 56,300 square feet of new space entered the market, yielding a total negative net absorption of 22,478 square feet in the retail market.

The Rogers market had 390,943 square feet of available retail space out of a total of 2.4 million square feet for a vacancy rate of 16.5 percent in the first quarter. The city experienced a second decline in a vacancy rate for the past year. There was no new space added to the market during the last quarter. In the Class A submarket there was positive absorption of 52,288 square feet and in the Class B and Class C retail submarkets 4,030 and 6,932 square feet were absorbed, respectively.



# Retail

There were 87,005 square feet of available retail space out of a total of 1.5 million square feet in Springdale in the first quarter. This implied a vacancy rate of 5.8 percent, slightly down from 6.0 percent in the fourth quarter of 2007. No square feet of new retail space were added to the market in the first quarter. Positive absorption of 6,000 square feet was reported in the Class C submarket and negative absorption of 3,475 square feet in the Class B submarket.

Reported retail average lease rates were also mixed during the first quarter. Class A space lease rates continued to be constant in Bentonville and kept increasing in Fayetteville and Rogers. Class B average lease rates increased in Bentonville and Fayetteville, declined in Rogers and stayed flat in Springdale. Class C reported average lease rates stayed constant in Bentonville and Springdale, while declining in Fayetteville and increasing in Rogers.

## Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	\$16.00 - \$19.50	\$14.37 - \$14.83	\$10.32 - \$10.88
Fayetteville	\$21.00 - \$24.40	\$14.32 - \$16.10	\$8.78 - \$9.43
Rogers	\$18.32 - \$19.81	\$9.24- \$10.12	\$9.00- \$9.40
Springdale	--	\$12.05 - \$13.23	\$8.67 - \$9.36



## Retail Space Characteristics by Class and City

Class	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
<b>Class A</b>							
Bentonville	39,534	6,988	17.7%	0	0	0	0.0
Fayetteville	1,372,331	93,909	6.8%	23,491	0	23,491	--
Rogers	1,603,506	163,620	10.2%	52,288	0	52,288	9.4
Springdale	--	--	--	--	--	--	--
<b>Class B</b>							
Bentonville	269,137	52,137	19.4%	3,584	0	3,584	--
Fayetteville	948,947	145,222	15.3%	7,583	56,300	-51,967	--
Rogers	461,675	173,504	37.6%	4,030	0	4,030	129.2
Springdale	1,259,054	62,295	4.9%	-3,475	0	-3,475	--
<b>Class C</b>							
Bentonville	104,276	12,023	11.5%	0	0	0	--
Fayetteville	292,700	55,214	18.9%	5,998	0	5,998	27.6
Rogers	298,231	53,819	18.0%	6,932	0	6,932	--
Springdale	238,403	24,710	10.4%	6,000	0	6,000	--

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents





# Other Categories

## Warehouse

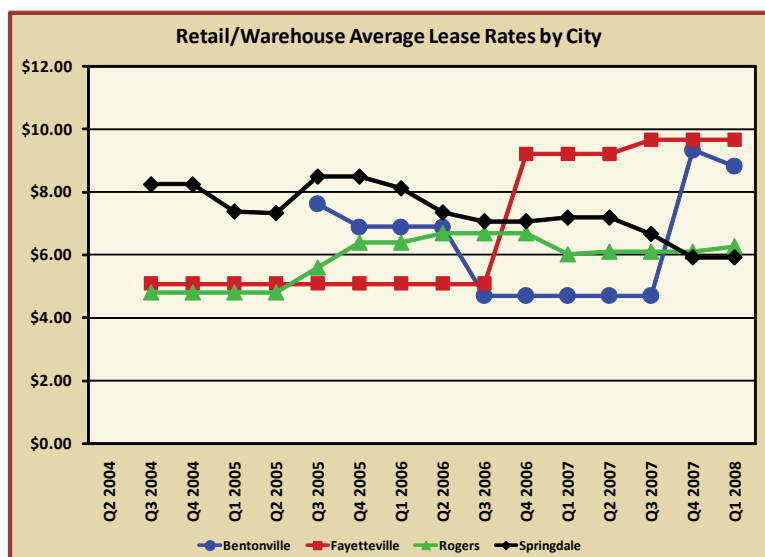
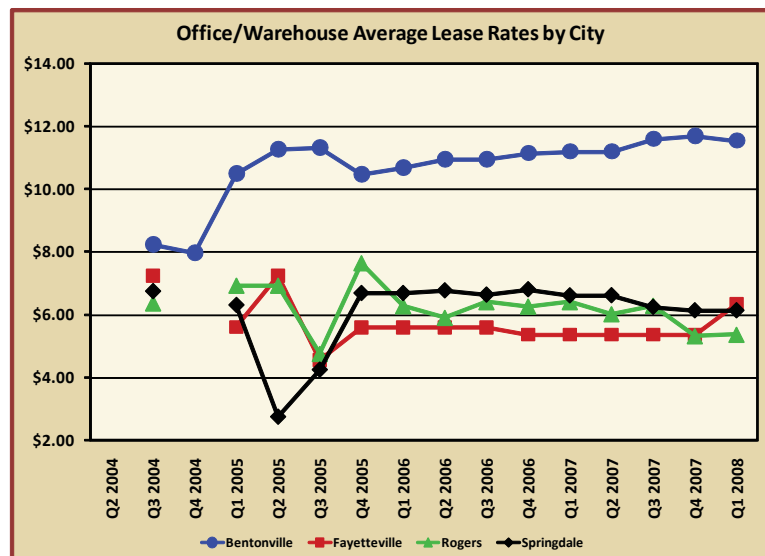
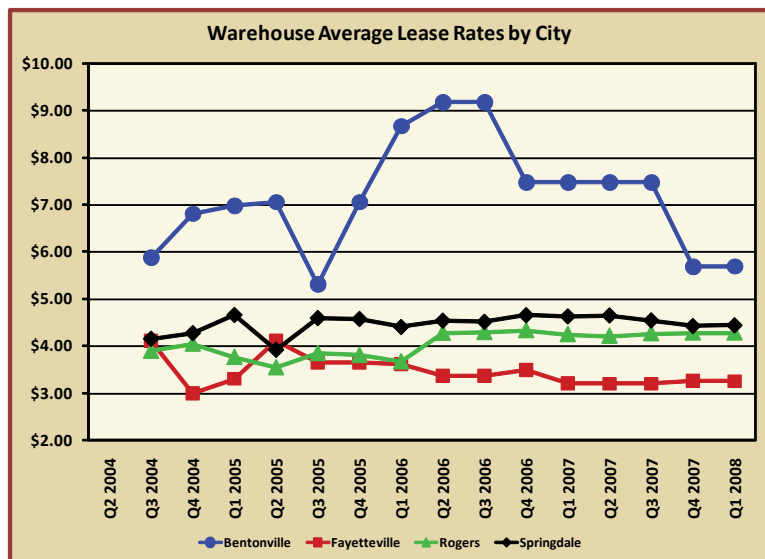
In the first quarter of 2008, the warehouse properties included in the CBER panel had a vacancy rate of 17.7 percent, up from a revised 15.5 percent in the fourth quarter of 2007. (The revisions were done for the warehouse submarket in Lowell as updated information became available.) Of the 5.2 million square feet of warehouse space examined, 928,154 square feet were available in the first quarter. (The discrepancy between the increase in available space and decline in vacancy rates was due to the increased amount of reported total space in Northwest Arkansas.)

The majority of available warehouse space was split between Rogers (with 353,450 square feet), Siloam Springs (with 214,710 square feet), and Springdale (with 180,979 square feet). (The enormous increase in available space in Siloam Springs was due to the closing of the Syroco manufacturing plant and opening it as warehouse space.) There was no new warehouse space added in warehouse submarket in the first quarter, while 53,680 square feet became occupied. Reported warehouse vacancy rates declined in Bentonville and increased in Fayetteville, Rogers, Siloam Springs, and Springdale in the first quarter. Lowell warehouse vacancy rates were unchanged.

The average reported warehouse lease rates in Bentonville increased slightly up to \$5.70, continuing to be the most expensive lease rates in Northwest Arkansas. Springdale reported average lease rates went slightly up, while Fayetteville average lease rates declined slightly and Rogers lease rates stayed unchanged.

## Office/Warehouse

The CBER panelists reported on 3.2 million square feet of office/warehouse space in the first quarter. The vacancy rate in the office/warehouse submarket declined from



# Other Categories

28.7 percent in the fourth quarter of 2007 to 19.4 percent in the first quarter in Northwest Arkansas, with 617,445 total square feet available in the first quarter. From the fourth quarter of 2007 to the first quarter of 2008, 270,000 new square feet came online in Bentonville, while 472,925 square feet of office/warehouse space were absorbed, netting a positive absorption of 202,925 square feet in Northwest Arkansas in the first quarter.

The activity in the office/warehouse submarket in the fourth quarter was concentrated in Bentonville, Rogers, and Springdale. There were 106,500 square feet of office/warehouse space absorbed in Rogers and 6,450 square feet in Springdale. Bentonville experienced positive net absorption of 89,975 square feet.

Office/warehouse reported average lease rates in Bentonville decreased slightly, while average lease rates in Fayetteville and Rogers increased. Average lease rates for office/warehouse space in Springdale were constant during the first quarter.

## Other Lease Rates Average Range by City

	Warehouse	Office/ Warehouse	Retail/ Warehouse
Bentonville	\$5.27 - \$6.12	\$10.74 - \$12.37	\$8.32 - \$9.35
Fayetteville	\$3.24 - \$3.28	\$6.17 - \$6.50	\$8.85 - \$10.51
Rogers	\$4.19 - \$4.38	\$4.57 - \$6.18	\$6.26 - \$6.30
Springdale	\$4.16 - \$4.73	\$5.14 - \$7.14	\$5.34 - \$6.50

### Retail/Warehouse

The CBER panelists reported on 649,809 square feet of retail/warehouse space in the first quarter of 2008. The vacancy rate in the retail/warehouse submarket declined to 16.9 percent in the first quarter, down from 20.4 percent in the previous quarter. Total 109,604 square feet became available in Northwest Arkansas in the first quarter. From the fourth quarter of 2007 to the first quarter of 2008, there was positive net absorption of 22,825 square feet of retail/warehouse space. No square feet of new retail/warehouse space

were added to the market in the last quarter. Positive absorption occurred in Bentonville and Springdale, with 12,800 and 10,025 square feet absorbed, respectively. There was no other activity in the retail/warehouse submarket in Northwest Arkansas. The decline in retail/warehouse vacancy rates of Bentonville and Springdale was consistent with the absorption numbers from the fourth quarter of 2007 to the first quarter of 2008.

## Other Space Characteristics by Class and City

Warehouse	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Bentonville	495,868	27,800	5.6%	86,500	0	86,500	--
Fayetteville	916,727	98,215	10.7%	-6,000	0	-6,000	--
Rogers	1,875,494	353,450	18.8%	-2,330	0	-2,330	--
Springdale	1,391,514	180,979	13.0%	-24,490	0	-24,490	--
<b>Office/Warehouse</b>							
Bentonville	1,184,532	166,550	14.1%	359,975	270,000	89,975	5.6
Fayetteville	102,326	91,726	89.6%	0	0	0	--
Rogers	586,255	85,023	14.5%	106,500	0	106,500	--
Springdale	988,905	196,199	19.8%	6,450	0	6,450	91.3
<b>Retail/Warehouse</b>							
Bentonville	61,356	11,098	18.1%	12,800	0	12,800	--
Fayetteville	70,580	9,197	13.0%	0	0	0	--
Rogers	55,729	11,283	20.2%	0	0	0	--
Springdale	427,224	78,026	18.3%	10,025	0	10,025	--

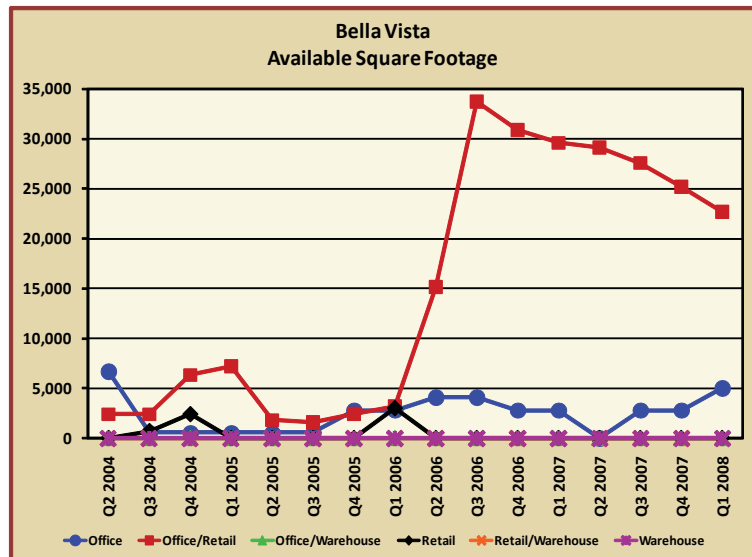
<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents



# Bella Vista

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 319,574 square feet of commercial space in the first quarter of 2008.
- In the first quarter of 2008, Bella Vista experienced a positive net absorption of 3,323 square feet in the Class B office/retail submarket and a negative net absorption of 2,200 square feet in the Class B office submarket.
- No new space was added to the Bella Vista commercial market in the first quarter of 2008.
- Reported vacancy rates declined in the office/retail submarket, increased in the office submarket, and stayed constant in all other submarkets in Bella Vista from the fourth quarter of 2007 to the first quarter of 2008, in accord with absorption.
- Reported average lease rates remained unchanged in Bella Vista in the first quarter of 2008.



## Bella Vista Commercial Real Estate Market Summary Statistics

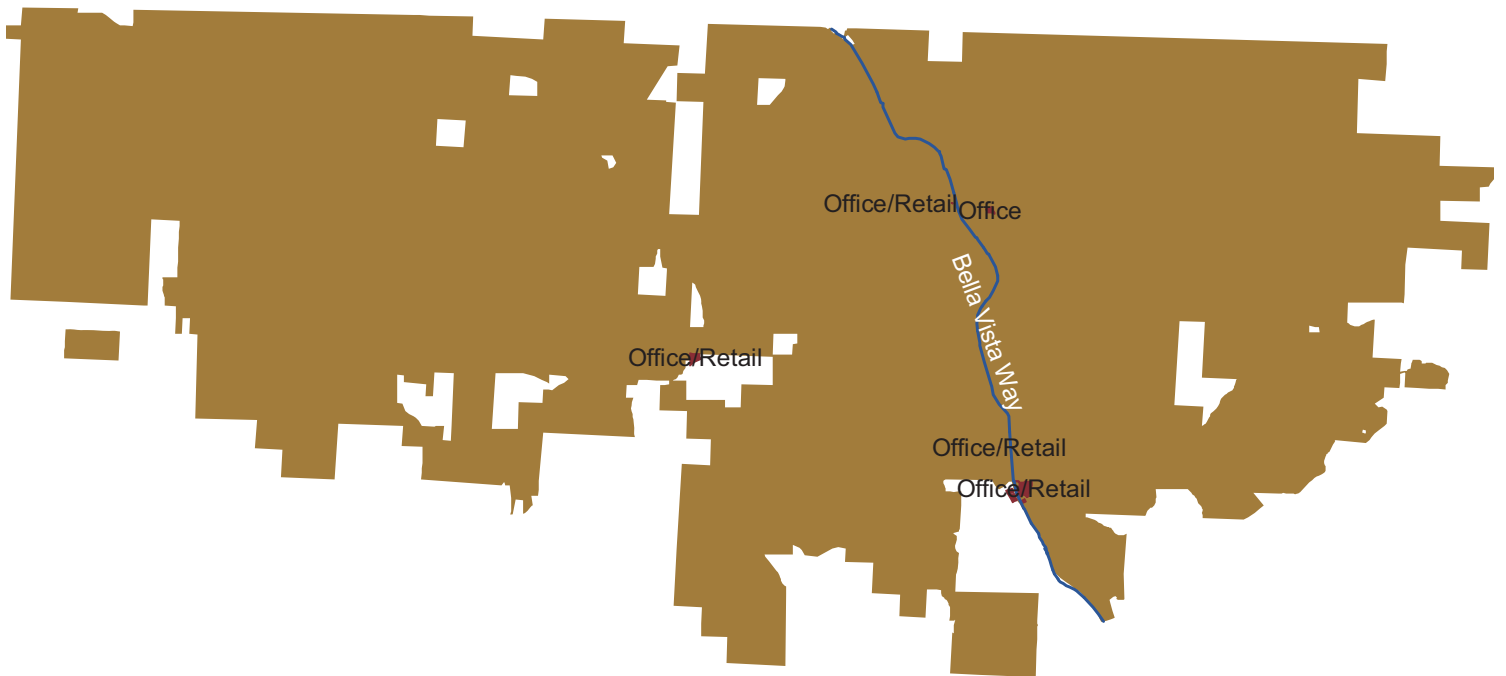
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	--	--	--	--	--	--	--	--
Office	\$12.93 - \$13.93	11,554	5,000	43.3%	-2,200	0	-2,200	--
Class A	--	--	--	--	--	--	--	--
Class B	\$13.85 - \$13.85	3,450	2,200	63.8%	-2,200	0	-2,200	--
Class C	--	--	--	--	--	--	--	--
Medical	\$12.00 - \$14.00	8,104	2,800	34.6%	0	0	0	--
Office/Retail	\$9.29 - \$11.62	268,534	22,666	8.4%	3,323	0	3,323	20.5
Class A	--	--	--	--	--	--	--	--
Class B	\$9.29 - \$11.62	268,534	22,666	8.4%	3,323	0	3,323	20.5
Class C	--	--	--	--	--	--	--	--
Office/Warehouse	--	--	--	--	--	--	--	--
Retail	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	--
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	--	--	--	--	--	--	--	--
Warehouse	\$1.00 - \$2.70	18,486	0	0.0%	0	0	0	--

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents



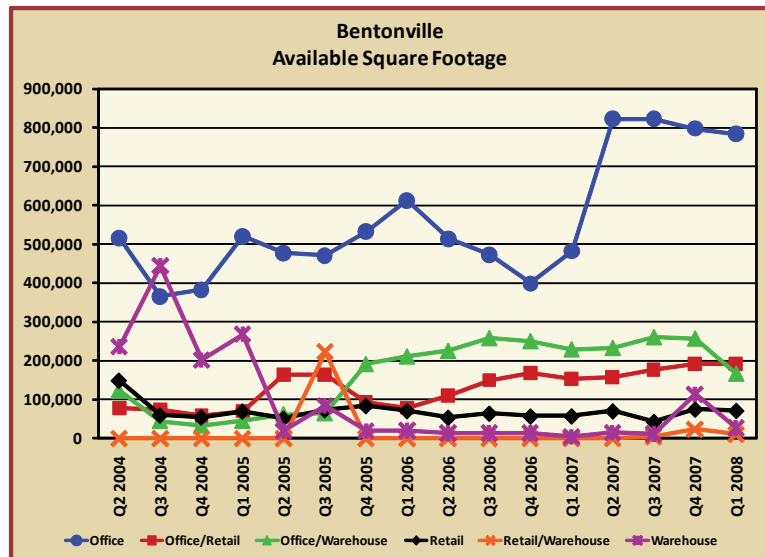
# Bella Vista





# Bentonville

- From December 2007 to February 2008, Bentonville issued building permits for \$7,400,153 worth of new commercial space. The first quarter 2008 value was 8.4% lower than the fourth quarter 2007 value and 15.2% lower than the first quarter 2007 value.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,307,768 square feet of commercial space in the first quarter of 2008.
- In the first quarter of 2008, Bentonville experienced positive net absorption and decreased vacancy rates in all submarkets except medical office.
- There was positive net absorption in the office, office/retail, office/warehouse, retail, retail/warehouse, and warehouse submarkets in the first quarter in Bentonville.
- There was negative net absorption of 2,850 square feet of medical office space.



- A total of 270,000 new square feet of office/warehouse space entered the Bentonville commercial market in the first quarter of 2008.
- Reported vacancy rates increased in the medical office submarket, and declined in all other submarkets in accordance

with net absorption. The office/warehouse, warehouse and retail/warehouse submarket vacancy rates decreased notably.

- Average reported lease rates declined in the first quarter of 2008 for Class B office/retail space by \$1.00, office/warehouse by \$0.15, and retail/warehouse space by about \$0.50. The minimum medical office lease rate rose

## Bentonville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	\$2.76 - \$2.76	86,376	76,056	88.1%	0	0	0	--
Office	\$14.63 - \$15.11	3,278,889	784,492	23.9%	16,027	0	16,027	146.8
Class A	\$18.22 - \$19.53	744,958	458,082	61.5%	3,994	0	3,994	344.1
Class B	\$14.33 - \$14.74	2,328,077	285,714	12.3%	14,883	0	14,883	57.6
Class C	\$7.44 - \$7.44	9,528	0	0.0%	0	0	0	0.0
Medical	\$18.07 - \$19.35	196,326	40,696	20.7%	-2,850	0	-2,850	--
Office/Retail	\$12.44 - \$13.88	787,800	191,737	24.3%	983	0	983	--
Class A	\$15.50 - \$17.13	75,667	25,688	33.9%	0	0	0	--
Class B	\$12.74 - \$14.36	617,823	155,925	25.2%	-1,253	0	-1,253	--
Class C	\$8.75 - \$9.13	94,310	10,124	10.7%	2,236	0	2,236	--
Office/Warehouse	\$10.74 - \$12.37	1,184,532	166,550	14.1%	359,975	270,000	89,975	5.6
Retail	\$13.23 - \$13.76	412,947	71,148	17.2%	3,584	0	3,584	--
Class A	\$16.00 - \$19.50	39,534	6,988	17.7%	0	0	0	--
Class B	\$14.37 - \$14.83	269,137	52,137	19.4%	3,584	0	3,584	--
Class C	\$10.32 - \$10.88	104,276	12,023	11.5%	0	0	0	--
Retail/Warehouse	\$8.32 - \$9.35	61,356	11,098	18.1%	12,800	0	12,800	--
Warehouse	\$5.27 - \$6.12	495,868	27,800	5.6%	86,500	0	86,500	--

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents



# Bentonville

by \$1.30 while the maximum lease rate remained unchanged. The average lease rate for Class A office/retail space increased by \$1.30 for the first quarter of 2008. Class B office space average lease rates ticked up while all other office lease rates remained unchanged.

## Downtown Bentonville

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 165,340 square feet of office, office/retail, and retail space in downtown Bentonville in the first quarter of 2008.
- The office space in downtown Bentonville had a reported vacancy rate of 19.4 percent in the first quarter of 2008, up from 16.7 percent in the fourth quarter of 2007. This was lower than the overall office vacancy rate for Bentonville, which was 23.9 percent in the same period.
- The office/retail and retail vacancy rates for downtown Bentonville properties continued to have much lower vacancy rates than those for all of Bentonville during the first quarter. In fact, no vacant space was available in the retail submarket in the downtown.
- There was negative absorption of 1,580 square feet of office space in downtown Bentonville from the fourth quarter of 2007 to the first quarter of 2008. The office/retail and retail submarkets experienced no absorption in the downtown Bentonville.
- No new space was added to Downtown Bentonville commercial market in the first quarter of the year.

- Average reported lease rates continued to be around \$2.50-\$4.00 lower for office and office/retail space in downtown Bentonville than the city average. For the retail space, the average reported lease rate was about \$1.60 lower.

## Downtown Bentonville Summary Statistics

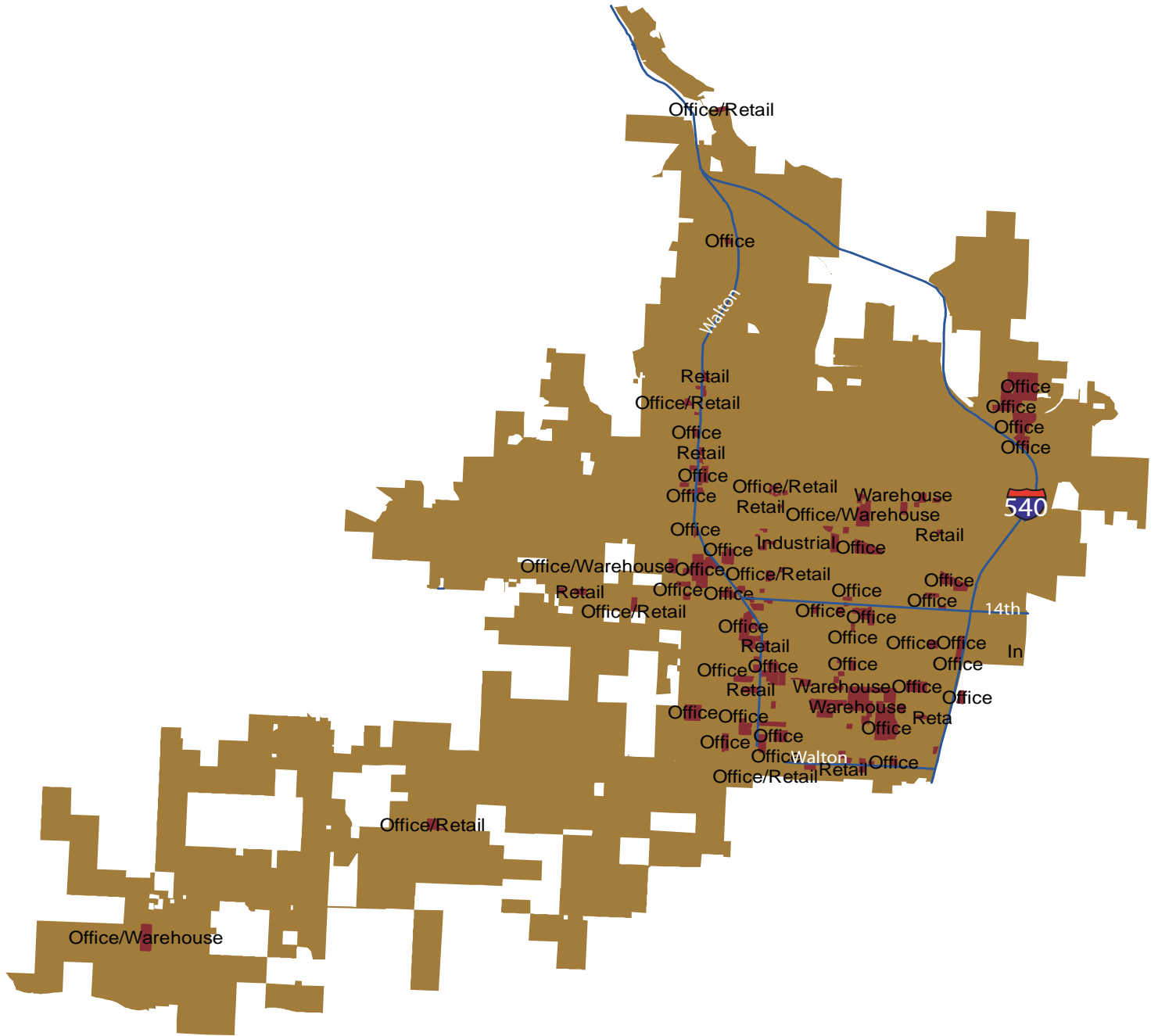
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$10.67 - \$11.95	60,265	11,671	19.4%	-1,580	0	-1,580	--
Office/Retail	\$9.74 - \$11.58	85,950	3,008	3.5%	0	0	0	--
Retail	\$11.93 - \$11.93	19,125	0	0.0%	0	0	0	--

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents

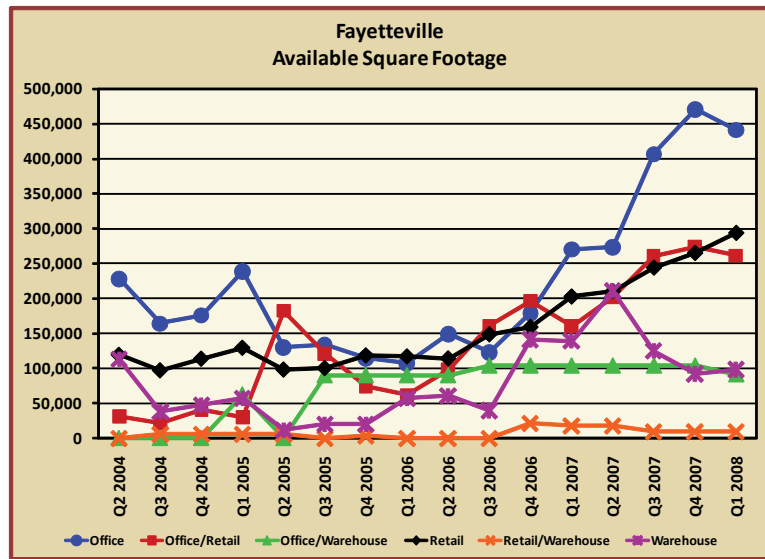


# Bentonville



# Fayetteville

- From December 2007 to February 2008, Fayetteville issued building permits for \$12,125,756 worth of new commercial space. The first quarter 2008 value was 56.5% lower than the fourth 2007 value and 51.8% lower than the first quarter 2007 value.
- In the first quarter of 2008, Fayetteville experienced positive net absorption overall. There was positive net absorption in the office, medical office, and office/retail submarkets. There was negative net absorption in the retail and warehouse submarkets.
- A total of 56,300 square feet of retail space entered the Fayetteville commercial market in the first quarter of 2008.
- Observed vacancy rates in Fayetteville in the first quarter increased in the retail and warehouse submarkets, declined in the office, medical office, office/retail, and office/warehouse submarkets, and were unchanged in the retail/warehouse submarket.
- Average reported lease rates increased for Class B office submarket by \$0.20,



medical office space by \$0.12, and of office/warehouse space by \$1.00 for the first quarter of 2008. Maximum lease rates for Class A office space increased by \$0.60 and for Class A retail space by \$0.80, while the minimum lease rates remained unchanged. There was a slight decline in the average reported lease rates in Class C office/retail submarket and Class C retail submarket.

Industrial average lease rate, reported for the first time this quarter, was \$3.35. Average lease rates in the other submarkets remained the same.

## Fayetteville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Lab	\$19.75 - \$19.75	10,603	0	0.0%	0	0	0	0.0
Industrial	\$3.20 - \$3.50	17,000	17,000	100.0%	0	0	0	--
Office	\$14.52 - \$16.05	2,155,984	441,369	20.5%	35,362	0	35,362	--
Class A	\$19.23 - \$22.93	436,882	113,152	25.9%	5,200	0	5,200	--
Class B	\$14.15 - \$15.16	1,022,012	263,853	25.8%	26,128	0	26,128	--
Class C	\$9.57 - \$10.35	171,589	13,434	7.8%	-800	0	-800	--
Medical	\$15.59 - \$17.62	525,501	50,930	9.7%	4,834	0	4,834	--
Office/Retail	\$13.47 - \$14.68	1,308,174	261,590	20.0%	12,583	0	12,583	--
Class A	\$21.67 - \$23.33	63,000	29,000	46.0%	5,500	0	5,500	15.8
Class B	\$14.27 - \$15.47	899,724	181,473	20.2%	5,100	0	5,100	--
Class C	\$11.01 - \$12.17	345,450	51,117	14.8%	1,983	0	1,983	77.3
Office/Warehouse	\$6.17 - \$6.50	102,326	91,726	89.6%	0	0	0	--
Retail	\$12.88 - \$14.39	2,613,978	294,345	11.3%	37,072	56,300	-22,478	--
Class A	\$21.00 - \$24.40	1,372,331	93,909	6.8%	23,491	0	23,491	--
Class B	\$14.32 - \$16.10	948,947	145,222	15.3%	7,583	56,300	-51,967	--
Class C	\$8.78 - \$9.43	292,700	55,214	18.9%	5,998	0	5,998	27.6
Retail/Warehouse	\$8.85 - \$10.51	70,580	9,197	13.0%	0	0	0	--
Warehouse	\$3.24 - \$3.28	916,727	98,215	10.7%	-6,000	0	-6,000	--

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents





# Fayetteville

## Downtown Fayetteville/Dickson Street Area

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 606,210 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street Area in the first quarter of 2008.
- The office space in downtown Fayetteville had a reported vacancy rate of 20.7 percent in the first quarter of 2008. This was slightly higher than the overall Fayetteville office vacancy rate of 20.5 percent.
- The office/retail vacancy rates for downtown Fayetteville properties had vacancy rate about 8 percentage points higher than the average for all of Fayetteville during the first quarter and downtown Fayetteville retail vacancy rate was about 18 percentage points higher.
- The retail vacancy rate was reported as 8.6 percent lower than the fourth quarter of 2007. During the fourth quarter of 2007, an increase in total space available for estimation resulted in a significant increase in the retail vacancy rate. The increase in total space was still reflected in the first quarter of 2008 – the downtown retail vacancy rate was 28.7 percent, while the overall Fayetteville retail vacancy rate was 11.3 percent.
- There was no new commercial space in downtown Fayetteville in the first quarter of 2008.
- There was negative net absorption of 1,400 square feet of office/retail space



- and positive net absorption of 600 square feet of office space and a positive net absorption of 3,000 square feet of retail space in downtown Fayetteville.
- On average, reported lease rates were about \$1.8 higher for office/retail space in downtown Fayetteville than the city average. The average reported office lease rate was about \$0.1 lower and the average retail lease rate was about \$1.8 lower than the city average.

## Northwest Arkansas Mall Area/Joyce Street Corridor

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 2,786,747 square feet of office, office/retail, and retail space in the Northwest Arkansas Mall Area/Joyce Street Corridor in the first quarter of 2008.
- The office space in north Fayetteville had a reported vacancy rate of 24.3 percent in the first quarter of 2008. This

- was lower than the previous quarter vacancy rate and higher than the overall office vacancy rate for Fayetteville (20.5 percent).
- The office/retail vacancy rate in north Fayetteville went down to 28.8 percent in accordance with absorption, but still remained almost 9 percentage points higher than the city average office/retail vacancy rate of 20.0 percent.
- The retail vacancy rate for north Fayetteville properties was 8.8 percent – lower than the city average of 11.3 percent during the first quarter.
- There were 18,000 square feet of new retail space added to the commercial market in the first quarter of 2008.
- There was positive net absorption of 25,690 square feet of office space, 6,700 square feet of retail/office space, and 21,331 square feet of retail space during the first quarter in the Northwest Arkansas Mall Area/Joyce Street Corridor.

## Fayetteville Downtown/Dickson Street Area Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$13.18 - \$17.19	324,473	67,012	20.7%	600	0	600	335.1
Office/Retail	\$15.47 - \$16.31	246,890	68,570	27.8%	-1,400	0	-1,400	--
Retail	\$10.27 - \$13.43	34,847	10,000	28.7%	3,000	0	3,000	--

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents



# Fayetteville

- Average reported lease rates were consistently higher than the city average in north Fayetteville. Office and office/retail space averaged between \$1.25-\$2.35 higher lease rates and retail had a \$6 premium.
- The office/retail and retail vacancy rates were also substantially higher in southwest Fayetteville than the city average, totaling 39.3 and 30.2 percent, respectively.
- There were 38,300 square feet of retail space added to the submarket in the first quarter of 2008.
- There was positive net absorption of 28,800 square feet of office/retail space and a negative net absorption of 21,666 square feet of retail space during the first quarter in the Sixth Street Corridor. The office submarkets experienced no absorption during the same period.
- Average reported lease rates were practically the same as the city average in southwest Fayetteville. Office space averaged \$0.06 lower and office/retail and retail averaged between \$0.07-\$0.15 higher than the city average lease rates.

## Sixth Street Corridor

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 396,506 square feet of office, office/retail, and retail space in the Sixth Street Corridor in the first quarter of 2008.
- The office space in southwest Fayetteville had a reported vacancy rate of 53.8 percent in the first quarter of 2008. This was the same as in the two previous quarters and much higher than the overall office vacancy rate for Fayetteville, which totaled 20.5 percent during the first quarter.



## Fayetteville Mall/Joyce Street Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$15.87 - \$17.20	1,191,927	289,858	24.3%	25,690	0	25,690	--
Office/Retail	\$15.92 - \$16.92	104,970	30,200	28.8%	6,700	0	6,700	13.5
Retail	\$19.04 - \$20.27	1,489,850	131,654	8.8%	21,331	18,000	3,331	--

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents

## Fayetteville Sixth Street Corridor Summary Statistics

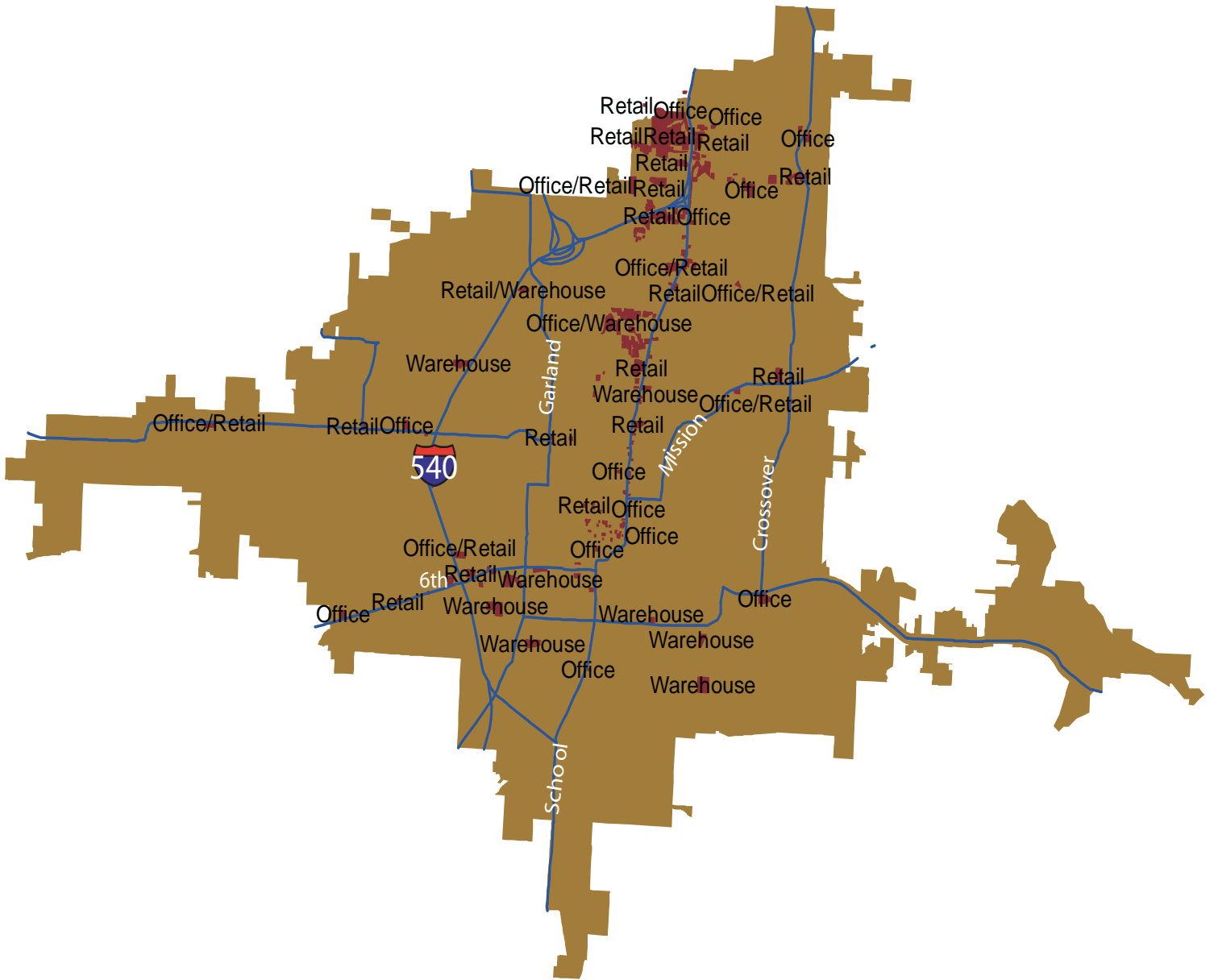
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$14.48 - \$15.98	22,725	12,230	53.8%	0	0	0	--
Office/Retail	\$13.30- \$14.99	137,200	53,900	39.3%	28,800	0	28,800	--
Retail	\$12.66 - \$14.29	236,581	71,466	30.2%	16,634	38,300	-21,666	--

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents

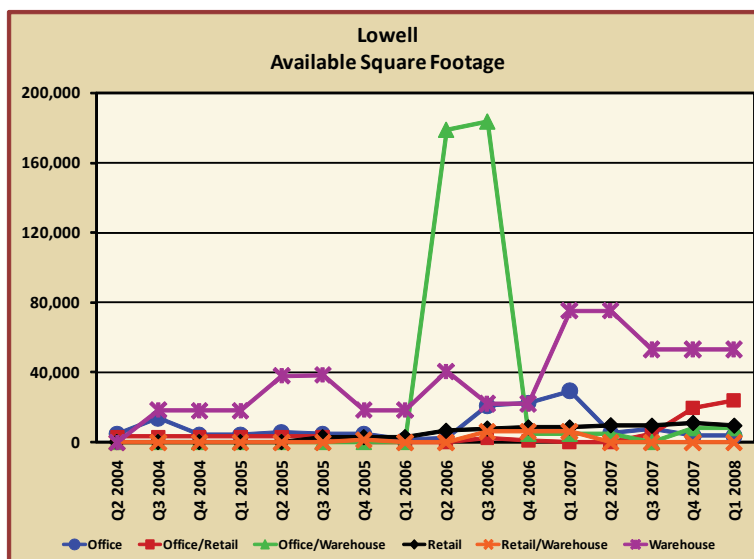


# Fayetteville



# Lowell

- From December 2007 to February 2008, Lowell issued no commercial building permits.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 850,164 square feet of commercial space in the first quarter of 2008.
- In the first quarter of 2008, Lowell experienced positive net absorption in the office and retail submarkets and negative net absorption in the office/retail submarket.
- There was no new commercial space in Lowell in the first quarter of 2008.
- Reported vacancy rates declined in the office and retail submarkets from the fourth quarter of 2007 to the first quarter of 2008 and increased in the office/retail submarket. For the fourth consecutive quarter, no vacant space was available in the medical office and retail/warehouse submarkets. Reported



vacancy rates for the office/warehouse and warehouse submarkets did not change from the fourth quarter of 2007 to the first quarter of 2008.

- Reported first quarter average lease rates for the office submarket fell by \$0.40 and for the office/retail submarket by \$0.80. All other submarket lease rates remained the same.

## Lowell Commercial Real Estate Market Summary Statistics

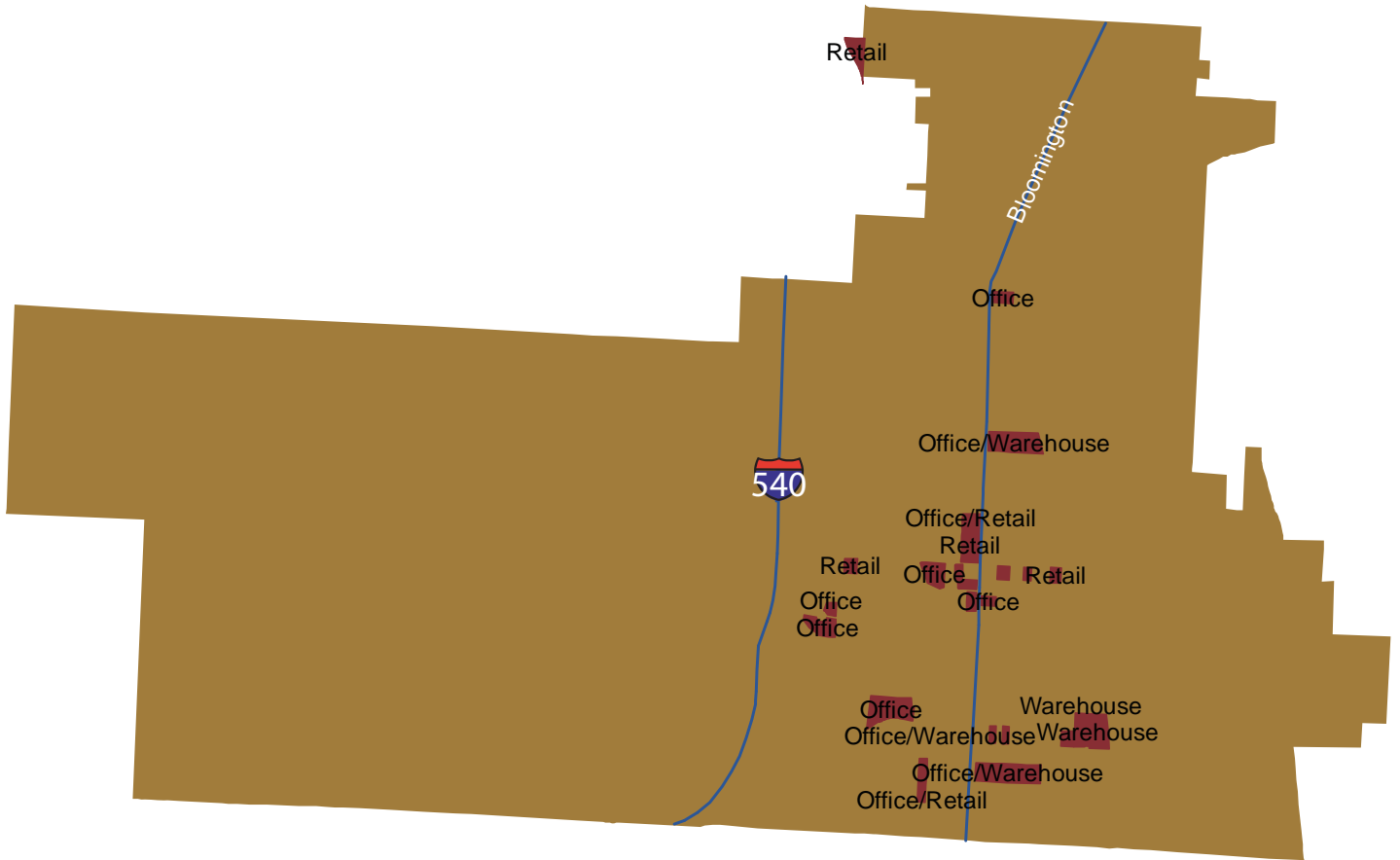
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	--	--	--	--	--	--	--	--
Office	\$16.34 - \$17.53	257,873	3,844	1.5%	1,500	0	1,500	7.7
Class A	\$18.00 - \$19.33	111,552	0	0.0%	0	0	0	--
Class B	\$14.93 - \$16.21	106,321	3,844	3.6%	1,500	0	1,500	7.7
Class C	--	--	--	--	--	--	--	--
Medical	\$24.00 - \$24.00	40,000	0	0.0%	0	0	0	--
Office/Retail	\$8.36 - \$9.36	60,260	24,160	40.1%	-6,000	0	-6,000	--
Class A	--	--	--	--	--	--	--	--
Class B	\$10.50 - \$12.00	43,100	7,000	16.2%	-6,000	0	-6,000	--
Class C	\$4.08 - \$4.08	17,160	17,160	--	0	0	0	--
Office/Warehouse	\$6.27 - \$6.81	208,740	7,940	3.8%	0	0	0	--
Retail	\$14.00 - \$18.00	61,495	9,500	15.4%	1,590	0	1,590	--
Class A	--	--	--	--	--	--	--	--
Class B	\$14.00 - \$18.00	61,495	9,500	15.4%	1,590	0	1,590	--
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	\$10.89 - \$10.89	11,240	0	0.0%	0	0	0	--
Warehouse	\$3.38 - \$3.38	250,556	53,000	21.2%	0	0	0	--

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents



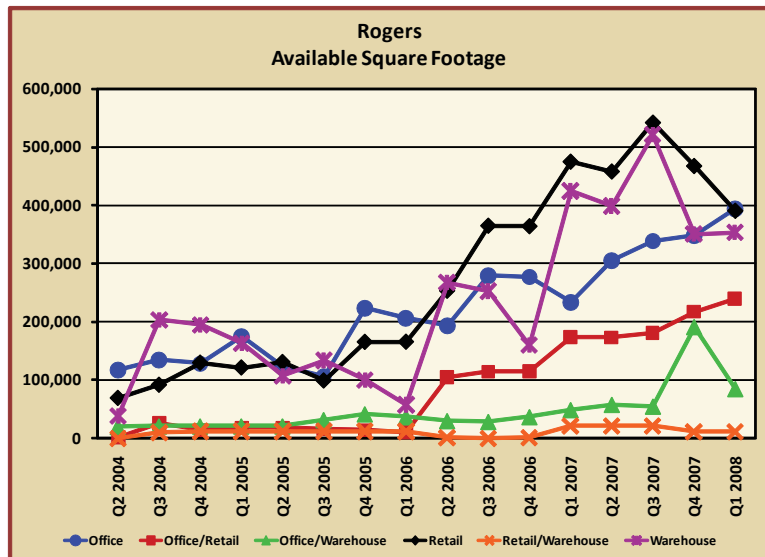
# Lowell





# Rogers

- From December 2007 to February 2008, Rogers issued building permits for \$9,995,030 worth of new commercial space. Rogers issued only \$533,200 worth of commercial permits during the fourth quarter of 2007. The first quarter 2008 value was 83.2% lower than the first quarter 2007 value.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 7,805,889 square feet of commercial space in the first quarter of 2008.
- There were 98,000 square feet of new medical office space added to the Rogers market in the first quarter of 2008.
- In the first quarter of 2008, Rogers experienced positive net absorption in the office, office/warehouse, and retail submarkets and experienced negative net absorption in the medical office, office/retail, and warehouse submarkets.
- Reported vacancy rates declined in the office/retail, office/warehouse, and retail submarkets in the first quarter. On the other hand, average vacancy rates



- increased in the office, medical office, and warehouse submarkets. The reported vacancy rate for the retail/warehouse submarket did not change.
- Average reported lease rates increased for Class A office space by \$0.20, Class C retail space by \$0.30, and retail/warehouse by about \$0.20 in the first quarter of 2008. Average lease rates fell for medical office space by \$1.44

and for Class B office/retail space by \$1.22. The minimum lease rate for Class A retail space increased by about \$0.40 and its maximum lease rate fell by \$0.40, thus it maintained the same average lease rate from the previous quarter. Class A office/retail average lease rate fell \$0.40 despite a \$0.40

## Rogers Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Lab	\$10.00 - \$12.00	9,482	9,482	100.0%	0	0	0	--
Industrial	\$6.00 - \$6.00	282,120	0	0.0%	0	0	0	--
Office	\$15.44 - \$16.43	1,790,674	394,749	22.0%	107,949	98,000	9,949	--
Class A	\$18.47 - \$20.33	978,145	161,541	16.5%	27,878	0	27,878	--
Class B	\$13.93 - \$14.48	465,180	86,646	18.6%	771	0	771	--
Class C	\$9.83 - \$10.23	108,536	50,558	46.6%	-4,600	0	-4,600	--
Medical	\$15.66 - \$15.98	238,813	96,004	40.2%	83,900	98,000	-14,100	--
Office/Retail	\$13.23 - \$15.98	842,723	240,182	28.5%	-1,866	0	-1,866	--
Class A	\$22.08 - \$24.08	288,328	116,409	40.4%	30,408	0	30,408	--
Class B	\$8.75 - \$10.82	338,475	97,693	28.9%	-25,474	0	-25,474	--
Class C	\$8.89 - \$12.09	215,920	26,080	12.1%	-6,800	0	-6,800	--
Office/Warehouse	\$4.57 - \$6.18	586,255	85,023	14.5%	106,500	0	106,500	--
Retail	\$11.47 - \$12.35	2,363,412	390,943	16.5%	63,250	0	63,250	18.5
Class A	\$18.32 - \$19.81	1,603,506	163,620	10.2%	52,288	0	52,288	9.4
Class B	\$9.24 - \$10.12	461,675	173,504	37.6%	4,030	0	4,030	129.2
Class C	\$9.00 - \$9.40	298,231	53,819	18.0%	6,932	0	6,932	--
Retail/Warehouse	\$6.26 - \$6.30	55,729	11,283	20.2%	0	0	0	--
Warehouse	\$4.19 - \$4.38	1,875,494	353,450	18.8%	-2,330	0	-2,330	--

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents



# Rogers

increase in the minimum lease rate because its maximum lease rate decreased by almost \$1.2. All other submarkets remained steady.

## Downtown Rogers

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 528,750 square feet of office, office/retail, and retail space in Downtown Rogers in the first quarter of 2008.
- The office space in downtown Rogers had a reported average vacancy rate of 21.5 percent in the first quarter of 2008. This was lower than the overall average office vacancy rate for Rogers, which was 22.0 percent in the same period.
- The average retail vacancy rate for downtown Rogers properties was 5.6 percent, much lower than the 16.5 percent average for all of Rogers. The office/retail submarket was completely vacant in the downtown area.
- No new commercial space was added to downtown Rogers in the first quarter of 2008.
- There was negative net absorption of 3,500 square feet of office space and no absorption of retail or office/retail space in downtown Rogers from the fourth quarter of 2007 to the first quarter of 2008.

- Average reported lease rates for downtown Rogers office space were about \$3.40 lower than the average for all of Rogers. The average reported office/retail lease rate was about \$8.10 lower than the city average. The average retail lease rate for downtown Rogers increased by \$2.30 for the first quarter of 2008 which made it \$1.20 higher than the city average.

## Rogers Interstate 540

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 2,800,201 square feet of office, office/retail, and retail space along the Rogers I-540 corridor in the first quarter of 2008.
- The office space along the Rogers I-540 corridor had a reported average vacancy rate of 15.9 percent in the first quarter of 2008. This was lower than the overall average office vacancy rate for Rogers (22.0 percent).
- The average office/retail and retail vacancy rates for Rogers I-540 corridor properties were higher than the rates for all of Rogers by about 8.6 and 3.4 percentage points, respectively.
- There was no new commercial space added to the Rogers I-540 corridor submarket in the first quarter of 2008.
- There was positive net absorption of 56,318 square feet of retail space, of

28,608 square feet of retail/office space, and 27,209 square feet of office space along the Rogers I-540 corridor from the fourth quarter of 2007 to the first quarter of 2008.

- Average reported lease rates for Rogers I-540 corridor commercial properties were consistently higher than the average for all of Rogers. The average reported office lease rate was about \$2.80 higher, office/retail lease rate about \$8.60 higher, and the average reported retail lease rate was about \$3.50 higher than the city average.
- reported office lease rate was about \$2.50 higher, office/retail lease rate about \$6.50 higher, and the average reported retail lease rate was about \$3.70 higher than the city average.



## Rogers Downtown Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$12.27 - \$12.75	58,213	12,532	21.5%	-3,500	0	-3,500	--
Office/Retail	\$6.00 - \$7.00	14,440	14,440	100.0%	0	0	0	--
Retail	\$12.63 - \$13.63	456,097	25,680	5.6%	0	0	0	--

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents



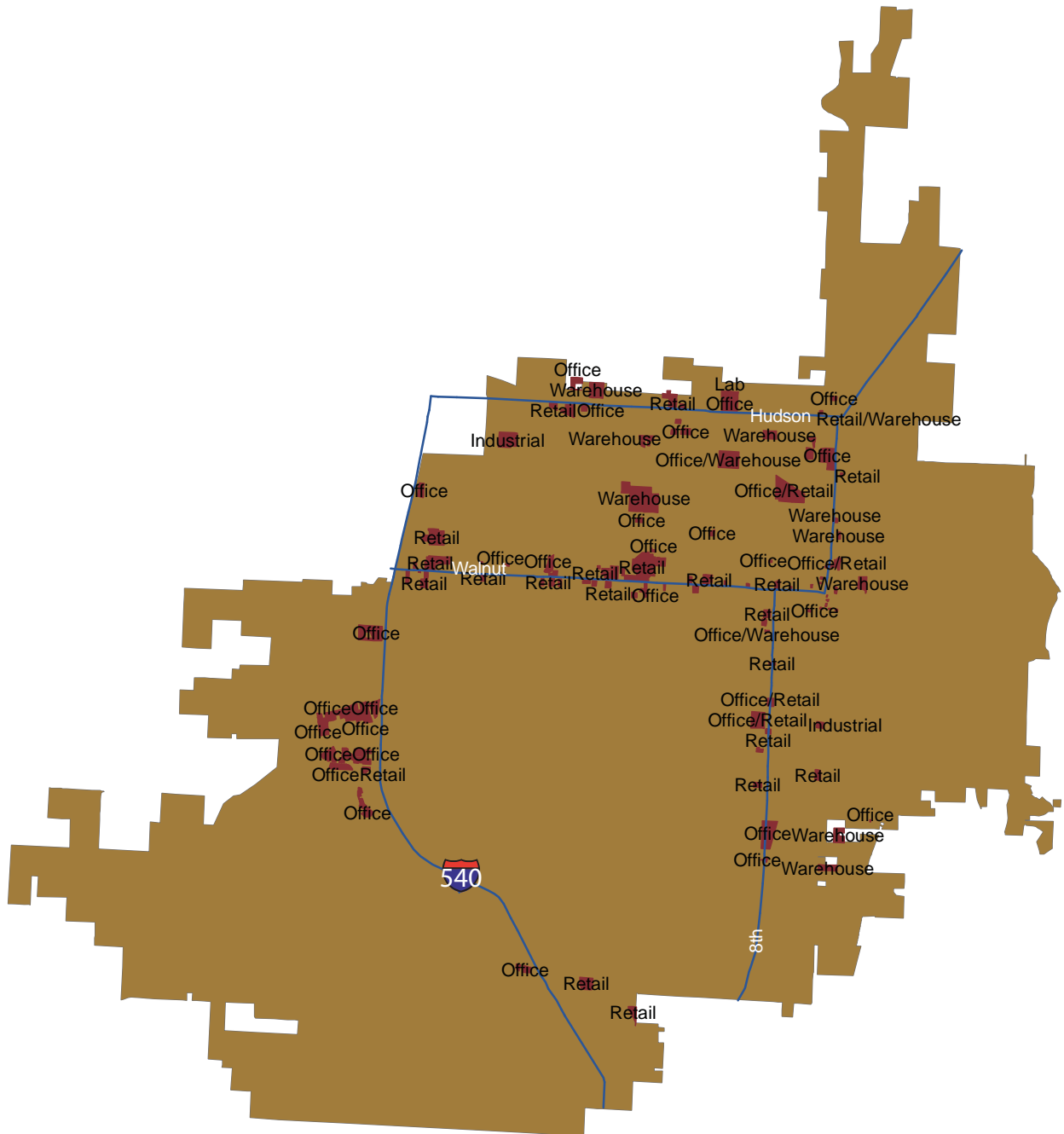
# Rogers

## Rogers Interstate 540 Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$18.14 - \$19.27	1,085,890	173,181	15.9%	27,209	0	27,209	--
Office/Retail	\$22.5 - \$23.90	265,002	98,271	37.1%	28,608	0	28,608	--
Retail	\$14.96 - \$15.78	1,449,309	288,586	19.9%	56,318	0	56,318	15.4

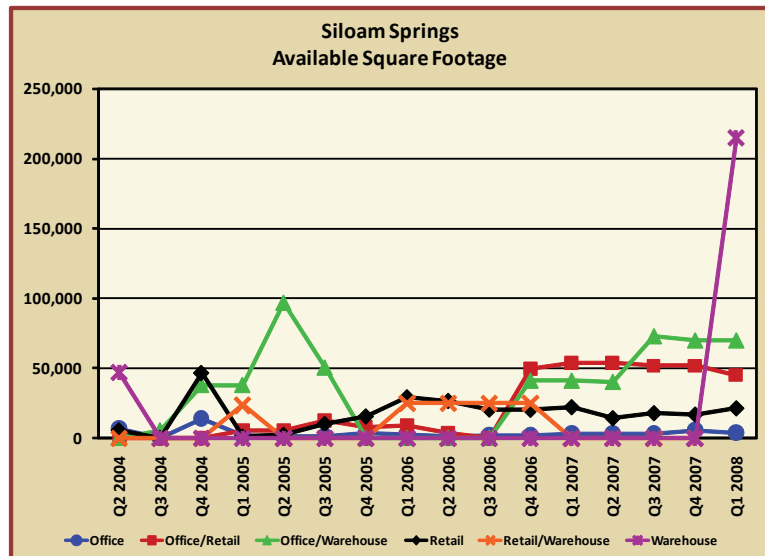
<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents



# Siloam Springs

- From December 2007 to February 2008, Siloam Springs issued building permits for \$3,200,000 worth of new commercial space. Siloam Springs issued no permits during the fourth quarter of 2007 and only \$25,000 worth of commercial building permits during the first quarter of 2008.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,136,126 square feet of commercial space in the first quarter of 2008.
- In the first quarter of 2008, Siloam Springs experienced positive net absorption in office of 1,700 and office/retail submarkets of 6,630 and negative net absorption in the retail submarket of 4,500.



- Following net absorption, vacancy rates declined in the office and office/retail submarkets, increased in the retail and warehouse submarkets, and were unchanged elsewhere.
- Average reported lease rates remain unchanged in Siloam Springs for the first quarter of 2008.

## Siloam Springs Commercial Real Estate Market Summary Statistics

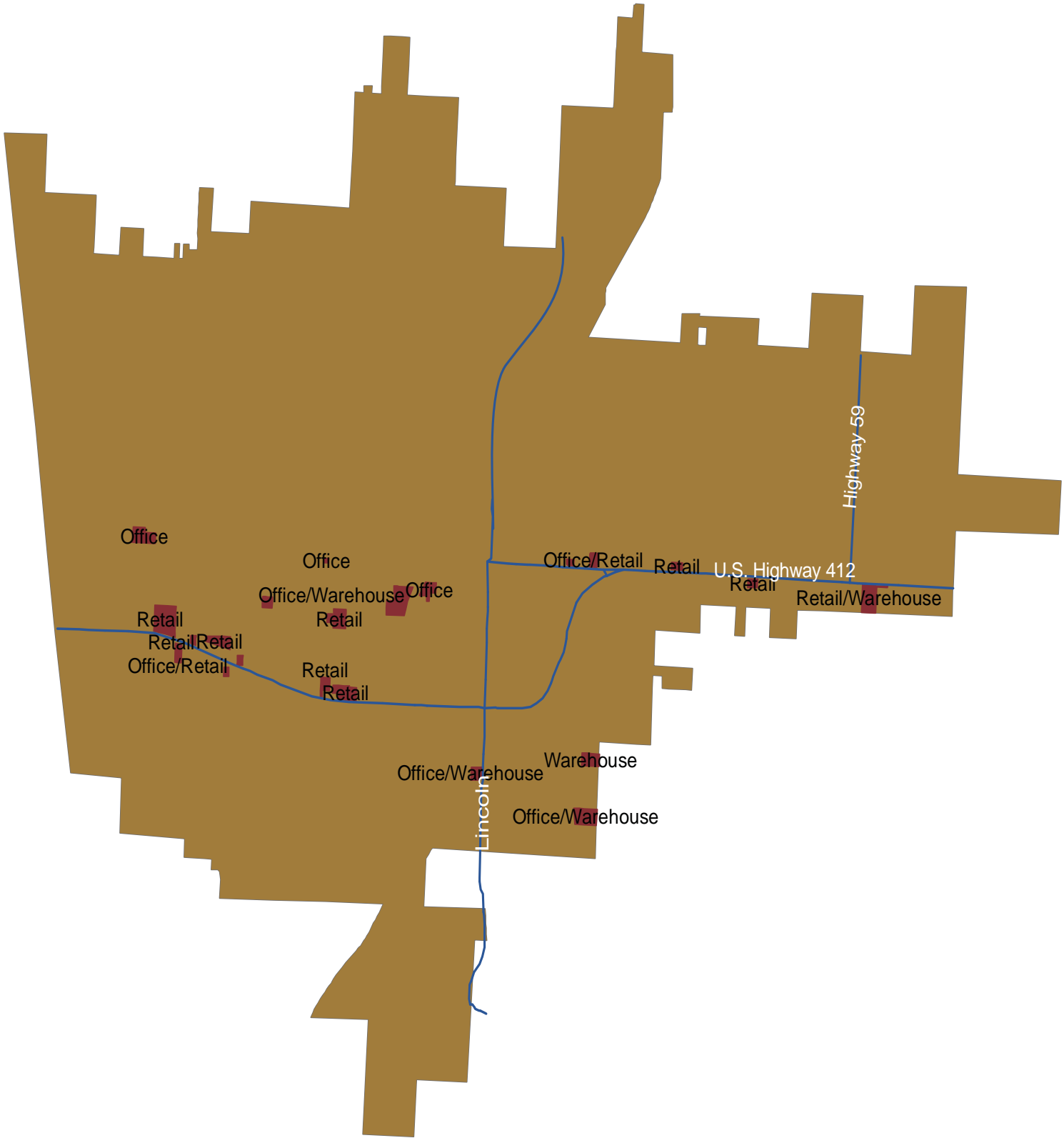
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	--	192,069	192,069	100.0%	0	0	0	--
Office	\$10.84 - \$11.53	81,032	3,700	4.6%	1,700	0	1,700	--
Class A	--	--	--	--	--	--	--	--
Class B	\$7.39 - \$8.27	8,000	400	5.0%	800	0	800	--
Class C	\$6.27 - \$6.33	2,000	1,100	55.0%	900	0	900	--
Medical	\$13.51 - \$14.34	71,032	2,200	3.1%	0	0	0	--
Office/Retail	\$10.38 - \$11.21	127,886	45,325	35.4%	6,630	0	6,630	--
Class A	\$13.00 - \$18.00	56,096	34,925	62.3%	4,630	0	4,630	--
Class B	\$9.85 - \$9.85	71,790	10,400	14.5%	2,000	0	2,000	--
Class C	--	--	--	--	--	--	--	--
Office/Warehouse	\$3.12 - \$3.12	106,441	70,007	65.8%	0	0	0	--
Retail	\$8.73 - \$9.40	302,846	21,200	7.0%	-4,500	0	-4,500	--
Class A	--	--	--	--	--	--	--	--
Class B	\$9.63 - \$10.03	187,222	20,000	10.7%	-3,300	0	-3,300	--
Class C	\$6.00 - \$7.50	115,624	1,200	1.0%	-1,200	0	-1,200	--
Retail/Warehouse	\$4.05 - \$4.05	23,680	0	0.0%	0	0	0	--
Warehouse	--	302,172	214,710	71.1%	0	0	0	--

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents



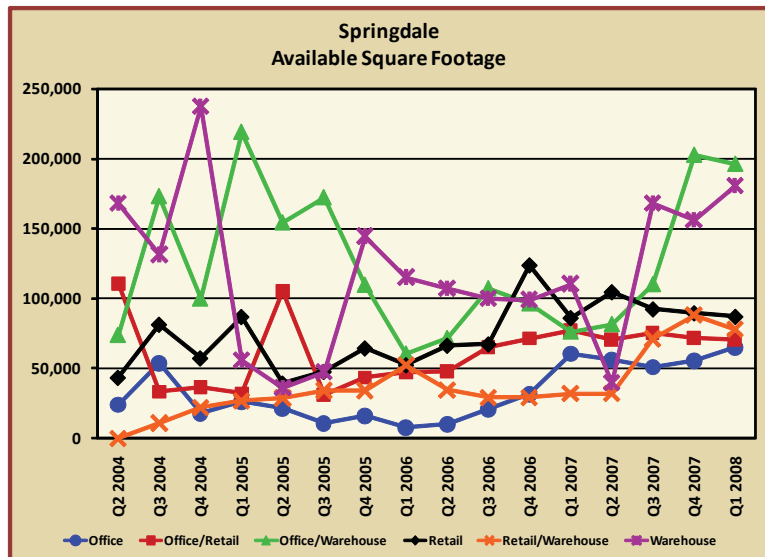
# Siloam Springs





# Springdale

- From December 2007 to February 2008, Springdale issued building permits for \$3,970,299 worth of new commercial space. Springdale issued no permits for the first and fourth quarters of 2007.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 5,816,256 square feet of commercial space in the first quarter of 2008.
- In the first quarter of 2008, Springdale experienced positive net absorption in the office/retail, office/warehouse, retail, and retail/warehouse submarkets and negative net absorption in the industrial, office, medical office, and warehouse submarkets.
- No new space was added in the first quarter to the Springdale commercial property market.
- Reported vacancy rates increased in the office, medical office, and warehouse submarkets; and declined in the retail, office/retail, retail/warehouse, and office/warehouse submarkets in Springdale in the first quarter.
- In the first quarter of 2008 in Springdale, average lease rates for Class A office increased by \$1.30 and for Class B office/



retail by \$0.23. Average lease rates for medical office space experienced a slight increase while Class C office space saw a slight decrease. Class B office average lease rates fell by almost \$0.50. The other submarkets remained consistent with the previous quarter.

## Downtown Springdale

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 189,578 square feet of office and retail space in Downtown Springdale in the first quarter of 2008.
- The office space in downtown Springdale had a reported average vacancy rate of 13.3 percent in the first quarter of 2008, which was the same percentage

## Springdale Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	\$4.10 - \$5.60	381,647	27,500	7.2%	-7,500	0	-7,500	--
Office	\$11.47 - \$12.59	675,087	65,222	9.7%	-7,480	0	-7,480	--
Class A	\$15.33 - \$15.33	77,123	4,616	6.0%	200	0	200	--
Class B	\$12.09 - \$13.91	303,937	16,624	5.5%	-5,430	0	-5,430	--
Class C	\$9.74 - \$10.08	97,324	19,700	20.2%	-650	0	-650	--
Medical	\$11.45 - \$12.46	196,703	24,282	12.3%	-1,600	0	-1,600	--
Office/Retail	\$9.99 - \$11.18	454,422	70,464	15.5%	1,154	0	1,154	--
Class A	--	--	--	--	--	--	--	--
Class B	\$12.32 - \$13.86	186,868	45,624	24.4%	-2,566	0	-2,566	--
Class C	\$8.29 - \$9.57	71,790	10,400	14.5%	3,720	0	3,720	8.4
Office/Warehouse	\$5.14 - \$7.14	988,905	196,199	19.8%	6,450	0	6,450	91.3
Retail	\$10.02 - \$10.91	1,497,457	87,005	5.8%	2,525	0	2,525	103.4
Class A	--	--	--	--	--	--	--	--
Class B	\$12.05 - \$13.23	1,259,054	62,295	4.9%	-3,475	0	-3,475	--
Class C	\$8.67 - \$9.36	238,403	24,710	10.4%	6,000	0	6,000	--
Retail/Warehouse	\$5.34 - \$6.50	427,224	78,026	18.3%	10,025	0	10,025	--
Warehouse	\$4.16 - \$4.73	1,391,514	180,979	13.0%	-24,490	0	-24,490	--

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents



# Springdale

reported in the fourth quarter of 2007. The rate was higher than the overall Springdale average office vacancy rate of 9.7 percent in the first quarter of 2008.

- The average retail vacancy rate for downtown Springdale properties was 24.7 percent, much higher than the 5.8 percent average for all of Springdale.
- There were no new square feet of commercial property added to downtown Springdale in the first quarter of 2008.
- There was positive net absorption of 2,500 square feet in the retail submarket and no absorption in the office submarket in downtown Springdale in the first quarter of 2008.
- Average reported lease rates for downtown Springdale office space were about \$3.2 lower than the average for all of Springdale. The average reported retail lease rate was about \$0.8 lower than the city average.

## West Springdale

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 865,086 square feet of office, office/retail, and retail space in West Springdale in the first quarter of 2008.
- The office space in West Springdale had a reported average vacancy rate of 14.7 percent in the first quarter of 2008 – an increase of 1.8 percent from the fourth quarter and higher than the city average vacancy rate of 9.7 percent.
- The average office/retail vacancy rate declined to 11.2 percent in West Springdale, and was lower than the overall city average office/retail vacancy rate of 15.5 percent. The retail vacancy rate for West Springdale properties was 0.0 percent for the second straight quarter.
- No new commercial space was added to West Springdale in the first quarter of 2008.
- There was positive net absorption of 2,000 square feet of office/retail space and negative net absorption of 1,000 square feet of office property and no net absorption of retail property in West Springdale in the first quarter of 2008.
- Average reported lease rates for West Springdale office space were about \$3.5 higher than the average for all of Springdale and office/retail lease rates were about \$1.7 higher. The average reported retail lease rate was about \$1 lower than the city average.

## Downtown Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$8.65 - \$9.07	171,924	22,782	13.3%	0	0	0	--
Retail	\$9.68 - \$9.68	17,654	4,362	24.7%	2,500	0	2,500	5.2

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents

## West Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$15.51 - \$15.62	54,454	8,000	14.7%	-1,000	0	-1,000	--
Office/Retail	\$11.12 - \$13.50	44,550	4,975	11.2%	2,000	0	2,000	--
Retail	\$9.00 - \$10.00	766,082	0	0.0%	0	0	0	--

<sup>1</sup>From all Q1 2008 respondents

<sup>2</sup>From Q1 2008 respondents who were also Q4 2007 respondents





# Interpretation

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

The first level of data that the Skyline report contains comes directly from the offices of the Washington and Benton County Assessors. The Benton County Assessor Office uses Apprentice Information Systems as the subcontractor to handle data requests. On a quarterly basis, CBER 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<sup>2</sup>
- Department Stores: 20,000 ft<sup>2</sup>
- Discount Stores: 20,000 ft<sup>2</sup>
- Industrial Buildings: 20,000 ft<sup>2</sup>
- Markets: 20,000 ft<sup>2</sup>
- Office Buildings: 5,000 ft<sup>2</sup>
- Medical Office Buildings: 5,000 ft<sup>2</sup>
- Retail Buildings: 10,000 ft<sup>2</sup>
- Community Shopping Centers: 5,000 ft<sup>2</sup>
- Neighborhood Shopping Centers: 5,000 ft<sup>2</sup>
- Warehouses: 20,000 ft<sup>2</sup>

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. CBER researchers gather information on square footage available to the market, lease rates, and other property characteristics from the panelists. In the first quarter of 2008, 239 panelists provided data on 1,216 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 a sample only from properties that are currently or potentially available for lease. Vacancy rates are calculated from the sample of 1,216 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, CBER researchers also depend on business publications, public websites, and MLS data.

## Classification

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

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

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

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

