

# THE SKYLINE REPORT

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SAM M.  
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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 twentieth 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 2009

- In the first quarter of 2009, 95,333 square feet of competitive commercial property were added to the Northwest Arkansas market. About 40,933 square feet of the added space were new office space, 39,400 were new office/retail, 7,000 were new office/warehouse, and 8,000 were new retail space.
- In the office market, there was negative net absorption of 36,379 square feet. New space was added to the Bentonville Class B office as well as to the Fayetteville medical and Class B office submarkets in the first quarter.
- New retail space was added to the Rogers market, while 57,521 square feet became occupied in Northwest Arkansas, netting a positive absorption of 49,521 square feet. Accordingly, the retail vacancy rate declined to 14.0 percent in the first quarter.
- Within the office/retail submarket, 28,205 square feet became occupied, while new space entered the Bella Vista, Rogers, and Springdale markets. The vacancy rate stayed flat at 22.7 percent due to an increase in the reported total space.
- During the first quarter of 2009, new office/warehouse space was added in Bentonville, while 61,467 square feet became occupied in Northwest Arkansas. The vacancy rate declined in accord with the absorption to 14.2 percent in the first quarter.
- The warehouse submarket experienced negative net absorption of 35,927 square feet, while no new space was added. Thus, the warehouse vacancy rate increased from 27.5 percent in the fourth quarter of 2008 to 29.6 percent in the first quarter of 2009.
- From December of 2008 to February of 2009, almost \$7.7 million in commercial building permits were issued in Bentonville, Fayetteville, Lowell, Rogers, and Springdale. This is a decline of 45.0 percent from the prior quarter and a decline of 79.1 percent from the first quarter of 2008.

# 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, a breakdown of property type by city is provided. Also, the square footage of competitive commercial property for which the 261 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 trend 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 2008 and for the first quarter of 2009. The second table presents net absorption by submarket and the third



table presents available square footage by submarket for the same time periods. These tables are the foundation for the performing trend analysis and for separating the seasonal effects from real effects. The results in the tables are referred to throughout the remainder of the Skyline Report.

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

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

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



# Economic Overview

## The Macro Economy at a Glance

In the fourth quarter of 2008, the overall real GDP growth rate was negative 6.3 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 negative 0.5 percent rate in the third quarter of 2008, and was significantly lower than the growth rate in the fourth quarter of 2007 (which was -0.2 percent). Overall, the annual 2008 growth rate was 1.1 percent according to final estimates, lower than the 2.0 growth rate for all the 2007. The BEA reported that the decrease in real GDP in the fourth quarter primarily reflected negative contributions from exports, personal consumption expenditures (PCE), equipment and software, and residential fixed investment that were partly offset by positive contributions from federal government spending. Imports, which are a subtraction in the calculation of GDP, decreased. Most of the major components contributed to the much larger decrease in real GDP in the fourth quarter than in the third. The largest contributors were a downturn in exports and a much larger decrease in equipment and software. The most notable offset was a much larger decrease in imports. Final sales of computers subtracted 0.02 percentage point from the fourth-quarter change in real GDP after subtracting 0.01 percentage point from the third-quarter change. Motor vehicle output subtracted 2.01 percentage points from the fourth-quarter change in real GDP after adding 0.16 percentage point to the third-quarter change.

Turning to the Bureau of Labor Statistics (BLS) data, in March of 2009, the national unemployment rate was a seasonally adjusted 8.5 percent, much higher than the 5.1 percent rate a year earlier. The annual unemployment rate was 5.8 percent in 2008 (not seasonally adjusted) as compared with the 4.6 percent annual unemployment rate in 2007. The Conference Board Consumer Confidence Index, which had declined sharply in Febru-

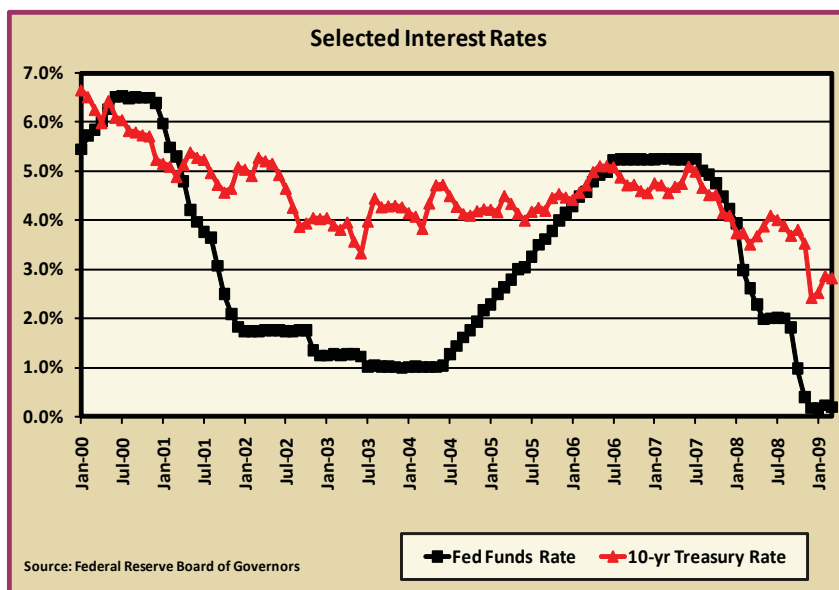
ary, was flat in March of 2009. The Index now stands at 26.0 (1985=100), up from 25.3 in February. The Present Situation Index declined to 21.5 in March from 22.3, while the Expectations Index increased to 28.9 from 27.3 in February. Lynn Franco, Director of the Conference Board Consumer Research Center, says: "Consumer Confidence was relatively unchanged in March, after reaching an all-time low in February (Index began in 1967). The Present Situation Index suggests that the overall state of the economy remains weak and that more job losses are on the horizon. Apprehension about the outlook for the economy, the labor market and earnings continues to weigh heavily on consumers' attitudes. Looking ahead, consumers remain extremely pessimistic about the short-term future and do not foresee a turnaround in economic conditions over the coming six months."

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4 percent in February after rising 0.3 percent in January, on a seasonally adjusted basis. According to the BLS report, the February 2009 level was 0.2 percent higher than the February 2008 level (before seasonal adjustment). The energy index rose at a seasonally adjusted annualized rate (SAAR) of 3.3 percent in

February following a 1.7 percent increase in January as the gasoline index rose 8.3 percent in February after a 6.0 percent increase in January. About two-thirds of the all items increase was due to the rise in the gasoline index. Compared to the July 2008 peak, the energy index was 29.2 percent lower and the gasoline index was down 44.0 percent. The food index turned down slightly in February, falling 0.1 percent, after rising by 0.1 percent SAAR in January. The index for all items less food and energy increased at a 0.2 percent SAAR in February, the same increase as in January, after staying virtually unchanged in December of 2008. The indexes for new vehicles and apparel increased substantially in February, and the indexes for rent and owners' equivalent rent increased slightly. Partly offsetting these increases were continuing declines in the indexes for lodging away from home and airline fares.

## Short-term Interest Rate Risk

The Federal Funds rates averaged 0.18 percent in March. According to the Federal Reserve Board Chairman Ben Bernanke, in order to address the current crisis, the Federal Reserve has taken a number of aggressive and creative policy actions, many of which are reflected in the size and composition of



# Economic Overview

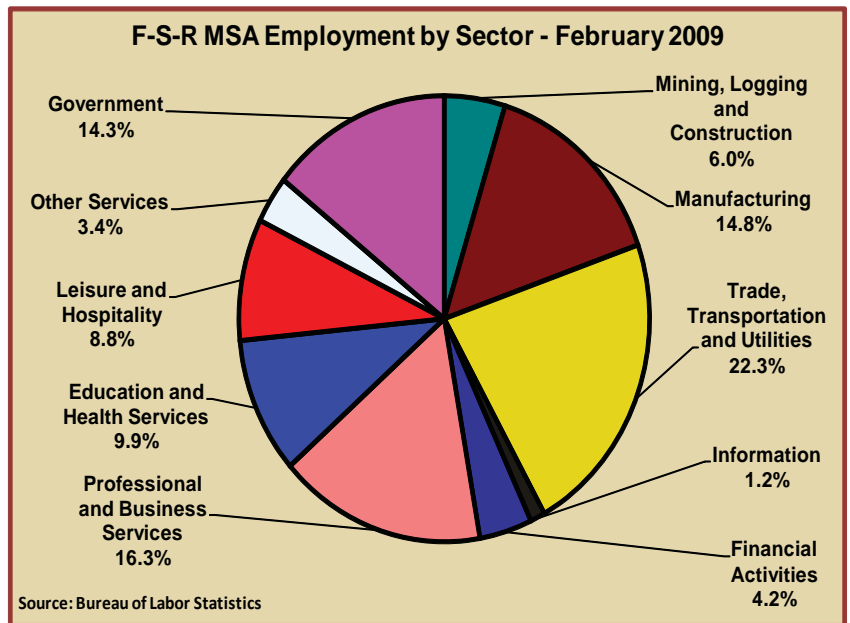
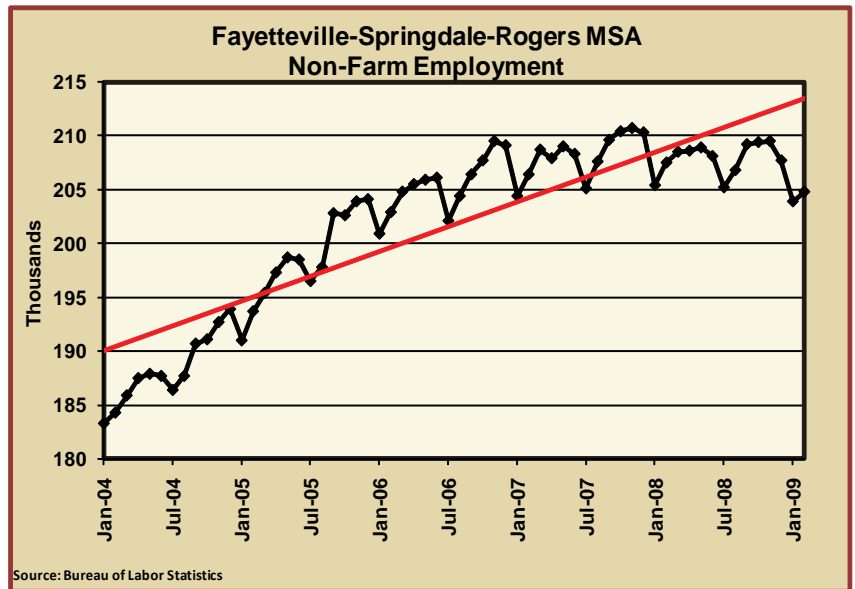
the Fed's balance sheet. The Fed formalized the following principles in a joint Federal Reserve-Treasury statement on March 23: (1) that the Fed will cooperate closely with the Treasury and other agencies in addressing the financial crisis; (2) that the Fed in its lending activities should avoid taking credit risk or allocating credit to narrowly defined sectors or classes of borrowers; (3) that the Fed's independent ability to manage monetary policy must not be constrained by its programs to ease credit conditions; and (4) that there is a pressing need for a new resolution regime for nonbanks that, among other things, will better define the Fed's role in preventing the disorderly failure of systemically critical financial institutions.

## Long-term Interest Rate Risk

The ten year constant maturity Treasury bill had an interest rate of 2.82 percent in March of 2009. Low short-term rates continue to cause the positive spread between the two. The figure on the previous page shows the Fed Funds rate and the ten year Treasury bill rate since January 2000.

## Regional Employment Trends

Local demand for real estate is uniquely associated with employment growth in the region. The Northwest Arkansas employment numbers bear careful watching because the demand for much of the new and expected commercial development relies on the assumption that job growth will be strong. In February 2009, a five year average of 352 non-farm jobs was created per month according to preliminary results. The local economy lost 2,700 jobs over the course of the year from February 2008 to February 2009. According to the updated BLS data, March 2008 was the first month that the Northwest Arkansas economy started losing jobs. This trend continued through all of 2008, except for April and July, when the local economy gained jobs.



With the purpose of exploring more closely the composition of the job growth in Northwest Arkansas, two additional figures are provided. The first shows the February 2009 Fayetteville-Springdale-Rogers MSA employment breakdown by sector. As the pie chart shows, trade, transportation, and utilities have the largest share of employment (22 percent) in Northwest Arkansas, followed by professional business services (16 percent), manufacturing (15 percent), government

(14 percent), education and health services (10 percent), and leisure and hospitality (9 percent). The second figure shows the annual percentage change in the MSA's employment by sector from February 2008 to February 2009. Total nonfarm employment decreased by 1.3 percent during that time. Education and health services, professional and business services, leisure and hospitality, and govern-





# Local Perceptions

ment sectors have increased, while other services, information, trade, transportation and utilities, manufacturing, and mining, logging and construction sectors have declined.

According to the Bureau of Labor Statistics, the unemployment rate in Northwest Arkansas was at a preliminary seasonally non-adjusted 5.8 percent in February 2009. This is 1.6 percentage points higher than in February of 2008. The unemployment rate in Northwest Arkansas continues to outperform both the state (7.3 percent) and nation (8.9 percent) seasonally non-adjusted rates.

## Local Perceptions of the Northwest Arkansas Commercial Property Market

Each quarter, Center for Business and Economic Research staff members have conversations with a dozen or so commercial developers and/or property managers to gain their ground-level insights on the current commercial real estate market in Benton and Washington counties. Panelists have talked about areas of concern including the impact the national economy is having on Northwest Arkansas; banking and investment; supply and demand imbalances; areas of potential growth and opportunity; 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, effecting Northwest Arkansas.

The tone of this quarter's conversations was not quite as gloomy as last quarter's. Still the respondents continue to be apprehensive about the rising unemployment rate across the country and in Northwest Arkansas as well and they recognize that Northwest Arkansas is not insulated from national trends as it may have been in the past. Concerns about the impact bankruptcies of national retailer may have on the region remain strong though. There were some positive comments about the government policies helping dampen the recession and get the financial system moving again, but other respondents felt that in the long run the heavy government debt load will

cause even more problems. Another worry from the national level is about fuel costs in 2010 and into 2011. A couple of respondents think that severe price increases are going to occur in the next two years that may retard any recovery.

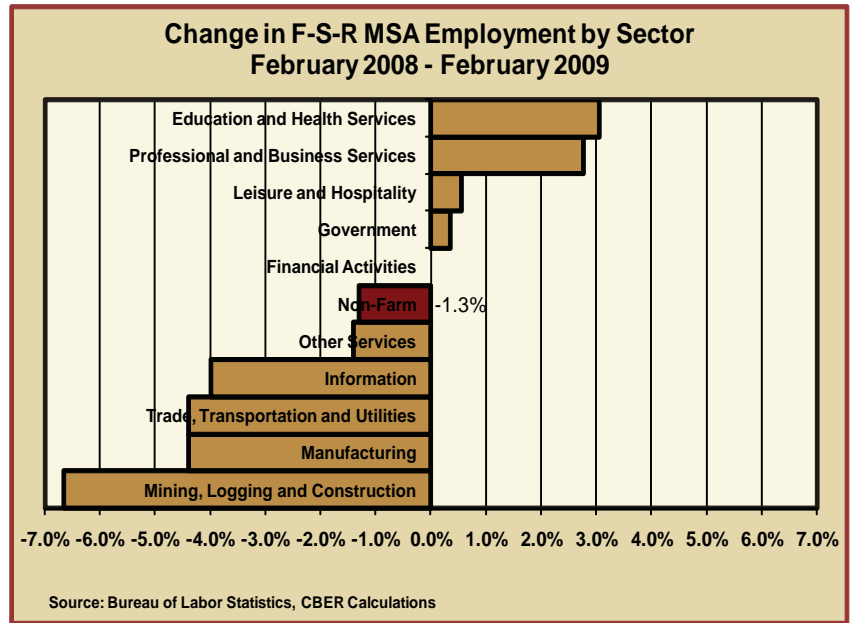
Respondents remain concerned about what they perceive as a lack of lending by the banking establishment. Many still feel that banks are not funding "good" new projects, and not providing loans for reasonable tenant finish out as well. Additionally, there is still a strong fear that many banks will start to call more and more commercial paper in this coming year and that will lead to very detrimental situation in terms of pricing and available space.

The oversupply of commercial inventory remains a concern for respondents, though the good feelings about the Superior Building's sale remains as well. Many respondents expressed positive thoughts about the movement of the office market in both counties. Strong worries were expressed about the retail sector and more muted ones about the warehouse market. The retail worries relate back to bankruptcies of national and local businesses. If more businesses go under, respondents see strong downward price pressure on lease rates, and that can cause further problems especially for relatively

new properties. The warehouse comments were interesting as some respondents pointed out that even though there is an abundance of warehouse space available in Northwest Arkansas, much of that space no longer meets the requirements that tenants seek in warehouse space (particularly height requirements and number of loading bays). Thus these respondents felt that the warehouse market was actually much tighter than it might appear just from the raw data without knowledge of the local market. The decline in the attitude towards the medical office space market showed continued this quarter. Some respondents feel an over-supply situation is developing in this sector, and if medical office building does not slow down they predict the situation will become dire as well.

Nonetheless, a few respondents still feel that there are good projects that can be built. However, the first requirement they say is a strong cash position. Second, still location location relative to what the projects purpose is. Third is an adequate amount of preleasing with solid tenants. Their feeling about "building towards the future" was not strong, but still showed a marked improvement from the past two quarters.

Infrastructure conversations were not as pointed as last quarter and mostly served to



# Local Perceptions

reiterate the points made by other respondents. First, Fayetteville needs to do more to improve traffic flow through its commercial areas, particularly the mall area. Second, that Bentonville and Rogers are doing a good job with infrastructure improvements in their communities and that is a reflection of a more pro-business attitude in those cities. Third, respondents are hopeful that some federal money will make its way to Northwest Arkansas and help with the Bella Vista bypass or other freeway exchanges.

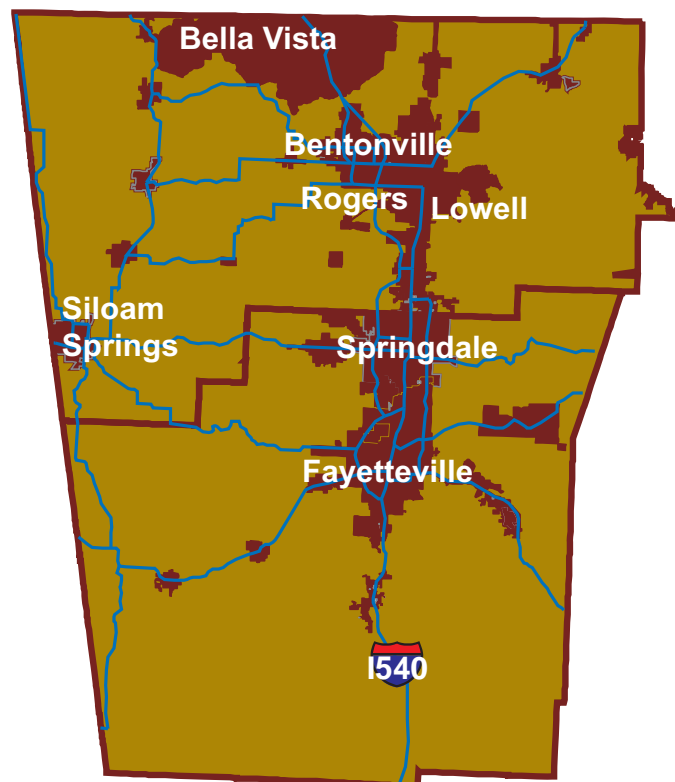
The respondents belief in Northwest Arkansas as a good place to live and work remains strong. They also believe that due to the presence of Wal-Mart, the University of Arkansas, Tyson's, and J.B. Hunt the region will weather the economic downturn better than most places. While not as optimistic about future growth as in the past, the respondents, on average, feel there will be increasing opportunities and growth as soon as mid-2010.

## Positive Factors:

1. Demand for office space.
2. Continued, although slower, 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, Crystal Bridges in Bentonville, and continued growth of the Pinnacle area.
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.

## Negative Factors:

1. Oversupply in the residential market.
2. Oversupply in the multifamily market.
3. Infrastructure: local roads, new by-passes, sewers.
4. National economic slowdown.
5. Continued financial crisis.



# Inventory and Building Permits

## Categories of Commercial Properties

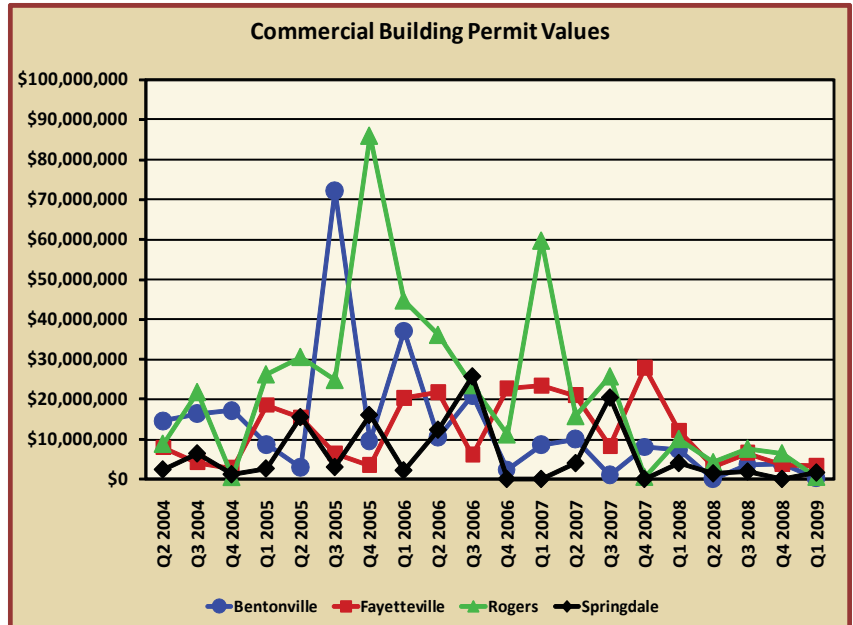
The Northwest Arkansas commercial market is divided into eight major categories of space:

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

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

## Local Commercial Property Inventory and Building Permit Data

The table on the following page presents the total competitive commercial property inventory in Northwest Arkansas that meets minimum square footage requirements (a complete list of these criteria is included



on page 54) as of April 2009. For the first quarter of 2009, the Skyline Report covered 95.0 percent of the total competitive commercial property population in Northwest Arkansas. Some cities had better coverage than others.

Next, building permit data from the past twenty 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 superior data for comparison purposes.

From December of 2008 to February of 2009, there were almost \$7.7 million in commercial building permits issued in Bentonville, Fayetteville, Lowell, Rogers, and Springdale. This is a decline of 45.0 percent from the prior quarter and a decline of 79.1 percent from the first quarter of 2008.

Fayetteville accounted for about 44.5 percent of the total value of building permits in the December to February period. Lowell accounted for an additional 23.1 percent and Springdale accounted for 20.9 percent, while Rogers and Bentonville accounted for 7.1 and 4.5 percent, respectively. Siloam Springs had no building permits issued during the first quarter of 2009.

The table of announcements of new commercial projects is included as an indication of the future direction of the Northwest Arkansas commercial market. The list is not exhaustive, but represents an effort to gather data at a step before the official permitting process. The managers and owners of many of these properties have provided the Center for Business and Economic Research with information about these buildings, but until construction is complete, they do not appear in the aggregated total square footage and available square footage calculations. Some of the properties listed are actually under construction, while others are only in the concept phase.

Following the announced properties table is a list of the existing hotel properties in Northwest Arkansas, detailed by city. In



# Inventory

the first quarter, there were 6,606 standard rooms and 2,119 suites in Northwest Arkansas. Bentonville continued to have the most rooms, with 1,920. Announced new hotel

properties are detailed in a table following the existing hotel properties. Finally, lists of announced new and closed restaurant properties follow the hotel information.

## Total Square Feet and Coverage of Competitive Commercial Properties

	Industrial <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	--	120,424	138,680	90,964	350,068	329,974	94.3%
Bentonville	76,056	3,794,439	986,744	788,376	5,645,615	6,105,370	108.1%
Fayetteville	114,079	2,991,282	3,893,090	1,778,270	8,776,721	8,017,627	91.4%
Lowell	57,970	275,837	172,208	772,259	1,278,274	1,376,110	107.7%
Rogers	307,281	2,079,439	3,660,752	1,674,190	7,721,662	8,098,216	104.9%
Siloam Springs	281,422	180,293	692,789	550,325	1,704,829	1,293,033	75.8%
Springdale	1,142,623	1,463,161	2,181,159	2,598,282	7,385,225	5,996,722	81.2%
Northwest Arkansas Total	1,979,431	10,904,875	11,725,422	8,252,666	32,862,394	31,217,052	95.0%

<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 261 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. 2008 - Feb. 2009	\$344,325	\$3,403,704	\$1,766,386	\$545,000	\$0	\$1,596,349	\$7,655,764
Sept. - Nov. 2008	\$3,908,853	\$3,588,389	\$0	\$6,411,775	\$0	\$0	\$13,909,017
June - August 2008	\$3,689,476	\$6,548,894	\$1,019,000	\$7,579,500	\$1,006,596	\$1,861,390	\$21,704,856
March - May 2008	\$153,000	\$3,152,132	\$4,075,075	\$4,179,000	\$0	\$1,395,524	\$12,954,731
Dec. 2007 - Feb. 2008	\$7,400,153	\$12,125,756	\$0	\$9,995,030	\$3,200,000	\$3,970,299	\$36,691,238
Sept. - Nov. 2007	\$8,075,766	\$27,923,695	\$4,455,275	\$533,200	\$0	\$0	\$40,987,936
June - August 2007	\$1,194,440	\$8,309,014	\$48,927	\$25,668,347	\$2,575,178	\$20,375,131	\$58,171,037
March - May 2007	\$10,082,817	\$20,962,887	\$8,277,328	\$15,727,729	\$3,019,500	\$3,960,747	\$62,031,008
Dec. 2006 - Feb. 2007	\$8,725,598	\$23,406,927	\$4,709,086	\$59,642,734	\$25,000	\$0	\$96,509,345
Sept. - Nov. 2006	\$2,404,840	\$22,721,389	\$1,840,722	\$11,146,805	\$538,000	\$0	\$38,651,756
June - August 2006	\$21,014,259	\$6,147,723	\$462,712	\$23,479,198	\$5,890,000	\$25,663,800	\$82,657,692
March - May 2006	\$10,575,639	\$21,780,317	\$10,924,435	\$36,046,864	\$3,650,000	\$12,322,984	\$95,300,239
Dec. 2005 - Feb. 2006	\$37,121,720	\$20,330,697	\$2,359,019	\$44,672,800	\$165,000	\$2,151,476	\$106,800,712
Sept. - Nov. 2005	\$9,674,394	\$3,519,150	\$3,275,717	\$85,896,765	\$150,000	\$15,999,816	\$118,515,842
June - August 2005	\$72,205,699	\$6,434,833	\$1,666,851	\$24,782,039	\$200,000	\$2,982,618	\$108,272,040
March - May 2005	\$3,061,870	\$15,491,806	\$1,590,789	\$30,534,466	\$1,059,000	\$15,468,833	\$67,206,764
Dec. 2004 - Feb. 2005	\$8,753,636	\$18,560,094	\$390,000	\$26,172,000	\$254,700	\$2,614,524	\$56,744,954
Sept. - Nov. 2004	\$17,242,269	\$2,750,867	\$402,891	\$489,240	\$188,000	\$1,174,999	\$22,248,266
June - August 2004	\$16,446,488	\$4,145,124	\$10,035,248	\$21,734,534	\$1,993,393	\$6,390,478	\$60,745,265
March - May 2004	\$14,640,091	\$7,839,529	\$203,680	\$8,804,700	\$1,721,585	\$2,371,888	\$35,581,473



# New Commercial Projects

## Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Aventine Plaza	Bella Vista	Mike Andrews	Commercial	15,000	
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	Delayed
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	
Arkansas National Guard Facility	Bentonville	Arkansas National Guard	Military Facility	110,000	2011
Brightwood Business Park	Bentonville	Mike Charlton	Office/Retail	35,260	Delayed
Classic Lube, Tune and Brakes	Bentonville	Shane Willis	Retail	4,300	
Coleman Office Building	Bentonville	Josh Kyleton and Partners	Office	21,126	2009
Covington Center	Bentonville	Benchmark Group	Office/Retail		
Crye-Leike Office	Bentonville	Crye-Leike Realtors	Office/Retail	14,000	2009
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	2009
Fountain Plaza New Building 1	Bentonville	Jeannie Fleeman	Retail	23,104	Spring 2009
Fountain Plaza New Building 2	Bentonville	Jeannie Fleeman	Retail	30,000	
Kum and Go	Bentonville	Kum and Go	Retail	3,391	2009
Kyleton Office Building	Bentonville	Josh Kyleton and Partners	Office	12,000	2009
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	
Neighborhood Wal-Mart and Uptown Center	Bentonville	CEI Engineering	Retail	40,000+	Delayed
NWA Children's Center Campus	Bentonville	NWA Children's Center	Mixed Use	51,000	2010
NWA Children's Museum	Bentonville	NWA Children's Museum	Museum		2012
Oakbrooke II	Bentonville	MIDD Development	Office/Retail	26,000	
PJT Commercial Building	Bentonville	PJT Development	Commercial	8,000	
Polo Park Commercial/Industrial Park	Bentonville	San Miguel LLC	Commercial/Industrial		
Polo Park Warehouse	Bentonville	San Miguel LLC	Warehouse	108,000	
Primary-Care Clinic	Bentonville		Medical		
Rainbow Holding Office Building	Bentonville	Rainbow Holdings LLC	Office	15,011	
Rainbow Junction	Bentonville		Commercial		
Rescue Heroes Building	Bentonville	Rescue Heroes LLC	Office	54,000	Delayed
Retail Building on Central	Bentonville	Schaefer Properties	Retail	40,000	Delayed
SDI Realty Retail Development	Bentonville	SDI Realty	Retail	6,500	
Smurfit Stone Office Building	Bentonville	Josh Kyleton and Partners	Office	21,800	2009
Supplier Plaza	Bentonville	William Wallace and S.Xayprasith	Mixed Use	30,000	
Tate & Haney Building	Bentonville	John Tate and Johnny Haney	Mixed Use	50,000	Delayed
The Chateau on Chardonnay	Bentonville	Rex Fox and Frank Farrer	Mixed Use	55,000	Early 2009
The Links at Rainbow Curve	Bentonville	Lindsey Management	Mixed Use		Delayed
Unnamed Downtown Bentonville Proj.	Bentonville				
Vogel Commercial Development	Bentonville	Ross and Steve Vogel	Commercial	38,000	
Volkswagon Dealership Building	Bentonville	Bryan Hunt	Retail	15,000	2010
Willow Brook Farms	Bentonville		Commercial		
KUAF Building	Fayetteville	University of Arkansas	Office	7,000	January 2010
6th Street Retail Building	Fayetteville		Retail	16,500	2009
932 Garland	Fayetteville	Steve Mansfield	Mixed Use	66,227	Delayed
Appleby Landing	Fayetteville		Medical Office	156,000	
Arkansas Research and Tech. Park	Fayetteville	U of A Tech. Dev. Foundation	Office/Lab	60,000	Early 2009
Beacon Flats	Fayetteville	Beacon Flats LLC	Mixed Use	5,500	



# New Commercial Projects

## Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Bellafront II	Fayetteville	B. Barber-Colliers International	Mixed Use	382,622	
Bridgedale Plaza	Fayetteville	Clinton McDonald	Mixed Use	35,000	Delayed
Broyles Development	Fayetteville	Broyles Development LLC	Mixed Use	80,000	
City Lake Office Buildings (2)	Fayetteville	Teddy Caldwell and Candy Clark	Commercial	8,775	
District Court Building	Fayetteville	District Court	Office	13,500	January 2010
Dollar General	Fayetteville	Dollar General	Retail	9,000	2009
Flintco Warehouse	Fayetteville	Flintco Inc.	Warehouse	114,750	
Forest Hills Development	Fayetteville	John Alford	Commercial	206,000	2010
Forest Hills-Wal-Mart Neigh. Market	Fayetteville	John Alford	Retail	17,000	2010
Frisco Depot Project	Fayetteville	MansfieldHouse Ventures	Mixed Use	48,520	Delayed
Garland Center Bookstore	Fayetteville	University of Arkansas	Retail	30,000	August 2010
Garland Center Retail	Fayetteville	University of Arkansas	Retail	20,000	August 2010
Johanson Office Building	Fayetteville	Blair and Bruce Johanson	Office	5,000	Early 2009
Kantz Building	Fayetteville	Kathy Ball	Commercial	9,000	Delayed
Liberty Bank	Fayetteville	Liberty Bank	Bank	24,000	Delayed
Links at Fayetteville	Fayetteville	Lindsey Management	Commercial	120,888	
Mountain Ranch	Fayetteville	Colliers International	Commercial		
N. Shiloh Commercial Development	Fayetteville		Commercial	27,500	
Nanotech Facility	Fayetteville	University of Arkansas	Lab	7,400	Late 2010
Park Center	Fayetteville		Commercial		
Park West	Fayetteville	Tracy Hoskins	Commercial	1,000,000+	2020
Pebble Creek Flats	Fayetteville	Art Scott	Mixed Use	11,000	
Persimmon Nursing Home	Fayetteville	Dave Jorgenson (Architect)	Nursing Home		
Porter Road Development	Fayetteville	Mitchell Massey	Office/Warehouse	150,000	
Premier Plaza	Fayetteville	Jimmy Rapert and Robert Taylor	Commercial	7,000+	
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	
Retail Building on MLK Blvd	Fayetteville		Retail	5,000	Spring 2009
Retail Building on School	Fayetteville		Retail	6,549	
Ruskin Heights	Fayetteville	Davis, Hooker, Massey, VanVeen	Retail	58,500	
Shoppes at the Bluffs	Fayetteville	Mathias Properties	Retail	46,519	2009
Shoppes at Wedington	Fayetteville	Sage Partners	Retail	15,750	Spring 2009
Southpass Phase I	Fayetteville	Richard Alexander & John Nock	Commercial	26,000	
Southpass(phase II+)	Fayetteville	Richard Alexander & John Nock	Commercial	214,000	
Springwoods Behavioral Health	Fayetteville	Universal Health Services	Hospital	58,000	July 2009
Stonebridge Commercial Development	Fayetteville		Commercial		
The Mill at West End	Fayetteville	B., J., & M. Box, A. and M. Paxton	Commercial	12,027	Offline Indef.
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		
Veterans Hospital Expansion	Fayetteville	Vet. Health Care Sys. of the Ozarks	Medical Facility	158,466	2011
Wedington Circle	Fayetteville	Mansfield Property Management	Office/Retail	10,000	Delayed
Wedington Circle	Fayetteville	Mansfield Property Management	Retail	6,576	Delayed
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
Commerce Park	Lowell	Nickell, Hill, Rodman&Trumbo, Inc.	Office/Warehouse	75,000	
Crye-Leike Office	Lowell	Crye-Leike Realtors	Office	6,000	2009
Midpoint Exchange Business Park	Lowell	Sage Partners	Commercial		
NWA Business Center Tower	Lowell	Pinnacle Group	Office	48,000	
Park Central	Lowell/Rog.	Charleton Development	Mixed Use		Delayed
Adult Development Center Facility	Rogers	Adult Dev. Center of Benton County	Office/Warehouse	22,000	
Angler's Bend	Rogers	Caro Minas	Mixed Use		



# New Commercial Projects

## Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Arkansas Street Commercial Building	Rogers	Brad Snyder	Commercial	7,200	Early 2009
Benton County Cancer Center	Rogers	Highlands Oncology Group	Medical Office	55,000	Dec. 2009
Car Mart	Rogers	Car Mart	Retail		Spring 2009
Commercial Development	Rogers		Commercial		
Creekside Phase III	Rogers	Daniel Ellis	Commercial	60,000	
District at Pinnacle Hills	Rogers	Pinnacle Investments	Mixed Use		
Don's Cold Storage Expansion	Rogers	Don Coenen	Warehouse	120,000	Early 2009
Garcia Commercial Building	Rogers	Miguel Garcia	Commercial	8,000	
Habitat for Humanity	Rogers	Habitat for Humanity	Office/Warehouse		
Harp's	Rogers	Harp's	Retail	32,000	2009
Horsebarn Office Tower	Rogers	FAE Horsebarn SPE LLC	Mixed Use	135,383	
Hull Dermatology	Rogers	Haynes LTD	Medical Office		
Jamestown Community	Rogers	John Montgomery	Mixed Use	165,000	
Little Sunshine Playhouse	Rogers		Office		
Maralle Warehouse	Rogers	Maralle Development	Warehouse	7,200	
Medical Building in Pinnacle Area	Rogers		Medical Office		
Metal Salvage Facility	Rogers		Industrial		
Metro Park-The Strand	Rogers	Collins Haynes	Retail	44,900	
Michaels	Rogers	Charles Reaves, et al	Retail	21,300	
New Hope Investors PUD	Rogers	New Hope Invest. & Elder Constr.	Mixed Use		
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Office	21,432	
Oliver Farm Development	Rogers		Commercial		
Ozark Mountain Poultry Addition	Rogers	Ozark Mountain Poultry	Industrial	55,140	
Pinnacle Center 4	Rogers	Pinnacle Group	Office	100,000	Late 2009
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	
Recycling Center	Rogers	City of Rogers	Industrial	24,000	
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		
The Dental Depot	Rogers		Medical Office		
The Market at Pleasant Crossing	Rogers	P & H Properties	Retail	29,750	
The Village at Centre Point	Rogers	Centre Pointe LLC	Retail	250,000	
Wal-Mart Neighborhood Market	Rogers	Wal-Mart	Retail	36,000	2009
Walnut Crossing	Rogers	Greg House	Commercial	50,000	
Autumn Glen	Sil. Springs	James Mathias	Commercial		
Crye-Leike Office	Sil. Springs	Crye-Leike Realtors	Office	6,500	Early 2009
John Brown University Arena	Sil. Springs	John Brown University	Arena	52,000	
Kenwood Development	Sil. Springs	Bar and Shield Development LLC	Mixed Use		
Osage Creek Performing Arts Center	Sil. Springs	Greg Smith	Performing Arts Center		2010
Siloam Springs Hospital	Sil. Springs	Community Health System	Hospital	95,000	2013
Arvest Bank	Springdale	Arvest Bank	Bank	5,000	Spring 2009
AT&T Retail Center and Warehouse	Springdale	Hank Kelly	Retail/Warehouse	6,000	
Cavalier Commercial Buildings	Springdale	Cavalier Development	Office/Warehouse		
Commercial Building on Robinson	Springdale	Jesus Reyes	Commercial		2009
Diesel Downs	Springdale	Gary Combs	Office/Retail	134,000	
Duralor	Springdale	Duralor LLC, Barrows & Bayyari	Industrial	13,200	Spring 2009
Earlene Howard Hospice-Expansion	Springdale	Circle of Life Hospice	Medical Office	11,000	May 2009
El Mercadao Warehouse	Springdale	Green Hills Foods	Warehouse	135,000	Spring 2009





# New Commercial Projects

## Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Frez-N-Stor	Springdale		Warehouse		
Habberton Ridge	Springdale		Mixed Use		
Toter Industries Factory	Springdale	Graham of B. Lyn Properties LLC	Industrial	27,000	Spring 2009
Northwest Arkansas Science Center	Undeterm.	NWA Museum Foundation	Museum	130,000	



# Hotels

## Existing Hotels

Property Name	City	Number of Standard Rooms	Number of Suites
Best Western Bentonville Inn	Bentonville	55	0
Best Western Castle Rock Suites	Bentonville	84	0
Clarion Hotel & Convention Center	Bentonville	105	0
Comfort Suites	Bentonville	120	0
Comfort Inn	Bentonville	64	0
Courtyard Bentonville	Bentonville	90	0
Days Inn & Suites	Bentonville	63	0
DoubleTree Guest Suites	Bentonville	0	140
Econo Lodge Inn and Suites	Bentonville	152	0
Hartland Motel of Bentonville	Bentonville	31	0
Hilton Garden Inn	Bentonville	133	0
Holiday Inn Express Hotel & Suites	Bentonville	84	0
La Quinta Inn & Suites	Bentonville	107	0
Merchant Flats on 8th	Bentonville	10	0
Microtel	Bentonville	78	0
Pines Motel	Bentonville	9	0
Simmons Suites	Bentonville	115	0
Sleep Inn	Bentonville	103	0
South Walton Suites	Bentonville	56	0
Springhill Suites By Marriott	Bentonville	67	0
Suburban Extended Stay	Bentonville	0	118
Super 8 Motel-Bentonville/Rogers	Bentonville	52	0
Towneplace Suites by Marriott	Bentonville	78	0
The Links at Bentonville Apartments	Bentonville	41	0
Value Place Extended Stay	Bentonville	121	0
Wingate Inn Bentonville	Bentonville	102	0
Best Western Windsor Suites	Fayetteville	66	0
Candlewood Suites	Fayetteville	0	78
Chief Motel	Fayetteville	31	1
Clarion Inn	Fayetteville	197	10
Comfort Inn-Fayetteville	Fayetteville	60	0
Cosmopolitan Hotel	Fayetteville	235	6
Country Inn & Suites By Carlson	Fayetteville	40	25
Courtyard by Marriot	Fayetteville	110	4
Days Inn	Fayetteville	140	5
Fairfield Inn Fayetteville	Fayetteville	61	0
Hampton Inn	Fayetteville	87	8
Hi-Way Inn Motel	Fayetteville	24	0
Homewood Suites	Fayetteville	0	96
Holiday Inn Express	Fayetteville	77	33
Inn at Carnall Hall	Fayetteville	49	0
Inn at the Mill	Fayetteville	38	8
Motel 6	Fayetteville	98	0
Pratt Place Inn	Fayetteville	0	7
Quality Inn	Fayetteville	48	10
Red Roof Inns	Fayetteville	104	1
Regency 7 Motel	Fayetteville	29	3
Sleep Inn of Fayetteville	Fayetteville	62	0
Staybridge Suites	Fayetteville	0	109
Stay Inn Style	Fayetteville	6	0
Super 8 Motel	Fayetteville	83	0
Twin Arch Motel	Fayetteville	12	0
Value Place Hotel	Fayetteville	121	0
Marriot Townplace	Johnson	0	94
Ramada Inn Lowell	Lowell	51	0



# Hotels

## Existing Hotels (Cont.)

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



# Hotels

## Existing Hotels Summary

City	Number of Standard Rooms	Number of Suites
Bentonville	1,920	258
Fayetteville	1,778	404
Johnson	0	94
Lowell	51	0
Prairie Grove	8	0
Rogers	1,355	962
Siloam Springs	273	27
Springdale	1,221	374
Northwest Arkansas Total	6,606	2,119



## Announced Coming Hotels

Property Name	City	Owner	Number of Rooms	Expected Completion
Sheraton Hotel	Bentonville	Paul Myers	155	Delayed
Hilton Gardens Inn	Fayetteville	Hilton	--	Delayed
Homewood Suites	Fayetteville	Narry Krushiker	96	Done
Dickson Street Inn	Fayetteville	Greg House	10	Spring 2009
Unnamed on Walnut	Rogers	--	--	--
Westin Hotel and Condos	Rogers	Barber Group	--	Delayed
Horsebarn Tower Hotel	Rogers	FAE Horsebarn SPE LLC	144	--
Sunday Partners Hotel	Rogers	Sunday Partners	--	--
Best Western	Springdale	Tom Bhakta	70	--
Microtel	Springdale	--	--	Delayed





# Restaurants

## Announced Coming Restaurants

Property Name	City	Owner	Expected Completion
Jasons Deli	Benton County	Bourke Harvey	2009
Arbys	Bentonville	--	--
Dickey's Barbecue Pit	Bentonville	Randon Arney	Spring 2009
Northside Restaurant	Bentonville	--	Done
Whole Hog Café	Bentonville	Brian Adams/Kevin Jacobs	--
World Garden	Bentonville	--	Done
Dam Goode Pies	Fayetteville	Dam Goode Pies of Little Rock	2009
Dickey's Barbecue Pit	Fayetteville	Randon Arney	2009-2010
Emelia's	Fayetteville	George and Sara Lusher	2009
Firehouse Subs	Fayetteville	Forest Hills Development	June 2010
Gusanos	Fayetteville	Gusanos	Done
Hammontree's Take Home Gourmet	Fayetteville	--	Done
Hog Brats	Fayetteville	--	Spring 2009
Krystal Burger	Fayetteville	Krystal Burger	--
La Hacienda	Fayetteville	--	Spring 2009
Lillie, Lou and Jaq	Fayetteville	--	Late Spring 2009
Louie's Grill and Bar	Fayetteville	--	Done
Mezza Luna	Fayetteville	--	Done
Mojitos Mexican Grill	Fayetteville	--	Done
Patron's	Fayetteville	Christopher Blazola	Done
Rockin' Chicken	Fayetteville	David Martin	Late April 2009
Starbucks	Fayetteville	Kathy Ball	Delayed
Taco Bueno	Fayetteville	Taco Bueno	Done
The Diner Dash	Fayetteville	--	Done
Trailside Café and Tea Room	Fayetteville	--	Done
Western Sizzlin	Fayetteville	Mark Bazyk	--
Dickey's Barbecue Pit	Lowell	Randon Arney	2009-2010
Café Baristo	Rogers	Staci Aronoff	Done
Cinco De Mayo Grill	Rogers	--	Done
Del Sol	Rogers	--	Late April 2009
Dickey's Barbecue Pit	Rogers	Randon Arney	2009-2010
Firehouse Subs-Pinnacle Hills	Rogers	Tracy Bush	--
Firehouse Subs-Pleasant Crossing	Rogers	Tracy Bush	--
Fuddruckers	Rogers	Pinnacle Hamburger Partners llc	--
JJ's Grill and Chill	Rogers	--	Done
KFC/Taco Bell	Rogers	John R. Meyers	--
Krystal Burger	Rogers	Smitco Eateries	Delayed
Lil' Juan's Restaurant	Rogers	--	Done
Napoli Italian Restaurant	Rogers	Napoli Family Restaurants	Spring 2009
Pollo Rico	Rogers	--	Done
Taco Bell	Rogers	K-Mac Enterprises	Done
Traders Market Restaurant	Rogers	Moe Torabi	--
A Taste of Thai	Siloam Springs	--	Done
Emilia's Kitchen	Siloam Springs	Emelia's Kitchen	April 2009
Lua Orchid	Siloam Springs	--	Done
McDonalds	Siloam Springs	112 Partners LLC	--
Napoli's Italian Restaurant	Siloam Springs	Napoli Family Restaurants	Done
Taqueria Cunado	Siloam Springs	--	Done
Cancun Restaurant	Springdale	--	Done
Dickey's Barbecue Pit	Springdale	Randon Arney	2009-2010
Firehouse Subs	Springdale	Tracy Bush	--
Joe's Pizza and Pasta Italian Grill	Springdale	--	Done
TaMolly's Mexican Restaurant	Springdale	TaMolly's Mexican Restaurant	2009
Taqueria Guanajuato	Springdale	--	Done



# Restaurants

## Announced Coming Restaurants (Cont.)

Property Name	City	Owner	Expected Completion
Romano's Macaroni Grill	Unkn. Location	Bruce Swisshelm	--
Einstein Bros Bagels	3 Unkn. Locations	Mike Philips	--
Scooter's CoffeeHouse	12 Unkn. Locations	Scooters Coffee House of Omaha	--

## Closed Restaurants

Property Name	City	Date Closed
Big Guy's Subs	Bentonville	April 2008
Blue Plate Café	Bentonville	May 2008
Butterfly's Mexican Restaurant	Bentonville	June 2008
Java On The Square	Bentonville	April 2009
J'Bos	Bentonville	August 2008
Rosati's Pizza	Bentonville	February 2009
Samuarai Japanese Steakhouse	Bentonville	August 2008
Silk Road Restaurant	Bentonville	May 2008
The Sanctuary	Bentonville	August 2008
The Vineyard Restaurant	Bentonville	May 2008
Varsity Den Family Sports Café	Bentonville	January 2009
What's for Dinner? Johnny's	Bentonville	August 2008
Elenitas 2	Fayetteville	May 2008
Hog Wild Pizza	Fayetteville	February 2009
Koreana	Fayetteville	November 2008
Larry's Pizza	Fayetteville	August 2008
Lou Lou Fish Shack	Fayetteville	December 2008
Mordours	Fayetteville	June 2008
Ozark Mountain Smokehouse	Fayetteville	January 2009
Picassos	Fayetteville	November 2008
Table 5	Fayetteville	March 2009
Wilma's Restaurant	Fayetteville	April 2008
Wow	Fayetteville	December 2008
Coaches Pizza	Gentry	December 2008
Red Roof Café	Gravette	February 2009
Starbucks	Lowell	July 2008
Basils Café	Rogers	March 2009
DeCarlos Italian Pizzeria	Rogers	August 2008
El Rincon	Rogers	February 2009
Gators Restaurant	Rogers	April 2008
Granite City Food and Brewery	Rogers	August 2008
Oscars Steak House	Rogers	May 2008
Rib Crib	Rogers	February 2009
Ryan's Family Steakhouse	Rogers	August 2008
Starbucks	Rogers	March 2009
Taqueria El Parrillero	Rogers	August 2008
Popeyes Chicken & Biscuits	Siloam Springs	October 2008
Chili's	Springdale	February 2009
Daves Pizza	Springdale	August 2008
Loafin' Joes	Springdale	May 2008
Sizzler	Springdale	August 2008
T & T Diner	Springdale	August 2008



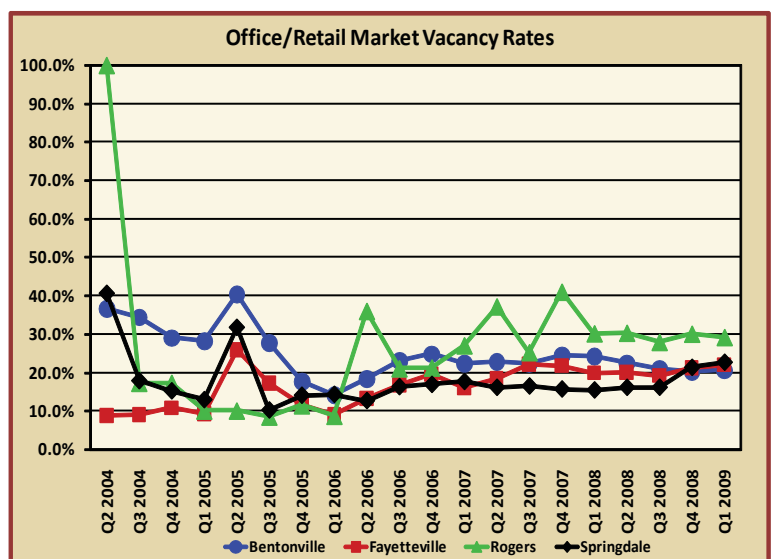
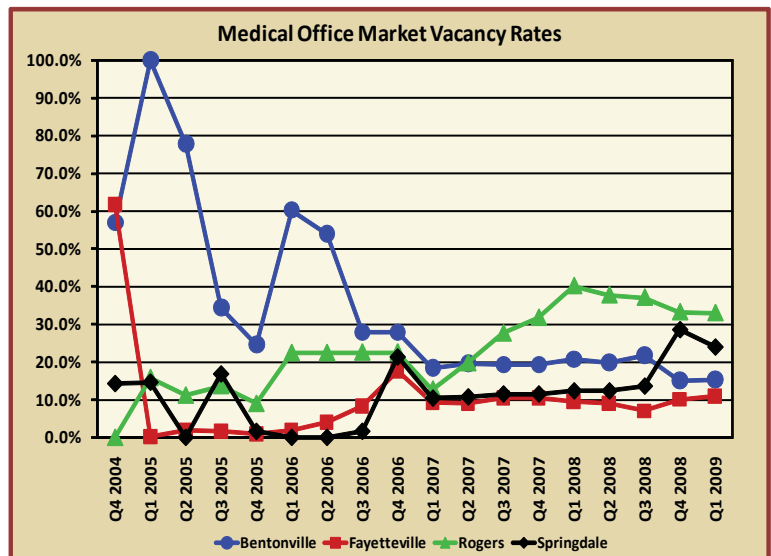
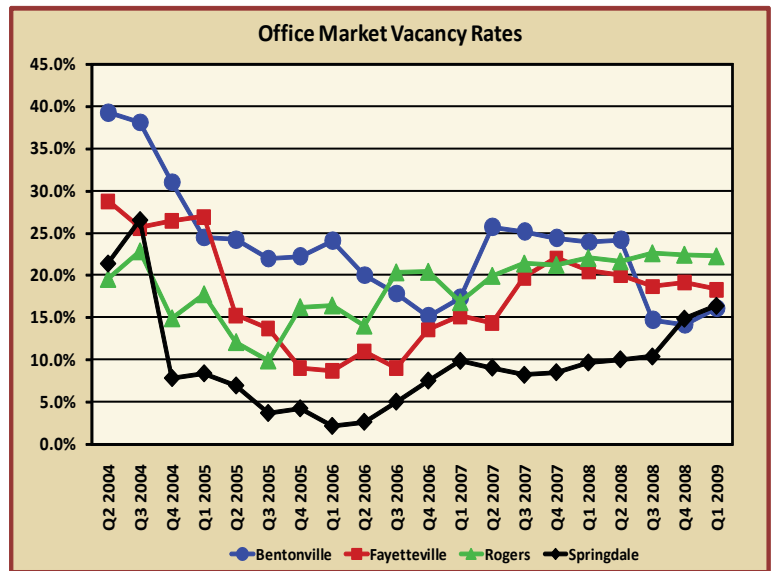
# Commercial Market Trends

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

Over the past twelve months, Bella Vista, Bentonville, Fayetteville, Rogers, and Siloam Springs have experienced positive net absorption in the office market. Bentonville accounted for most of the annual positive net absorption with 298,893 square feet becoming occupied (most of the absorption was due to the Superior Building becoming occupied). Available office square footage in Northwest Arkansas declined from 1,698,376 square feet in the first quarter of 2008 to 1,471,268 square feet in the first quarter of 2009. This was due to decreases in available office space in Bella Vista, Bentonville, Fayetteville, and Siloam Springs. Over the past year, 221,947 square feet of new office space became available for the first time. The overall Northwest Arkansas office vacancy rate has declined from 20.6 percent in the first quarter of 2008 to 17.7 percent in the first quarter of this year.

The office/retail market, however, has experienced negative net absorption of 19,300 square feet during the past twelve months. Springdale and Fayetteville accounted for most of the negative absorption, but Rogers and Bella Vista also had more available office/retail square footage in the first quarter of 2009 than in the first quarter of 2008. New square footage totaling 112,406 was added to the market during the last year—of that amount, 49,006 square feet were located in Rogers and 39,000 square feet were located in Fayetteville. In the first quarter of 2009, 937,823 square feet of office/retail space were available, up from 856,124 square feet in the first quarter of 2008. This space was primarily located in Bentonville, Fayetteville, and Rogers.

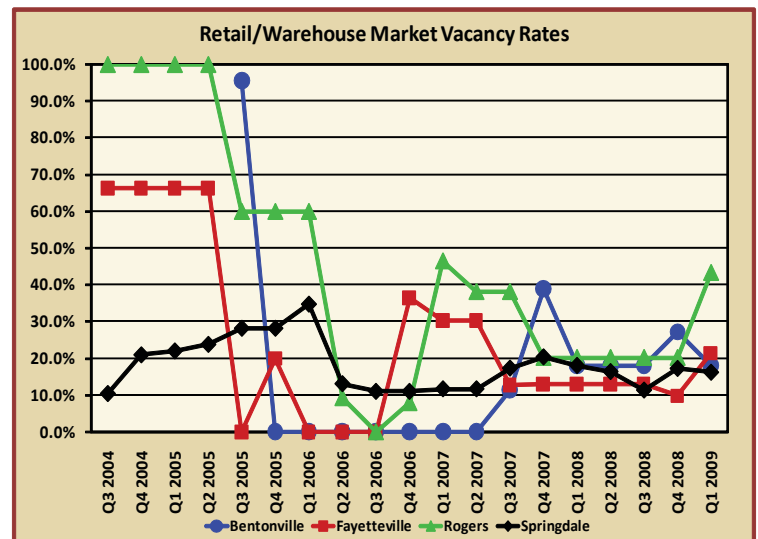
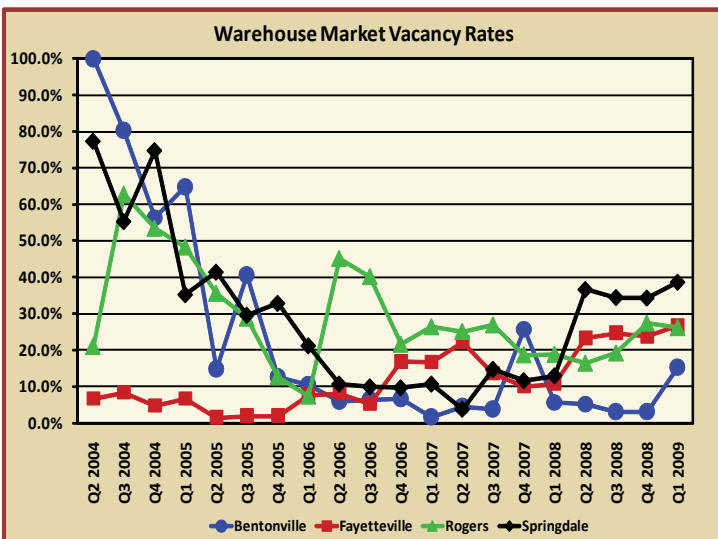
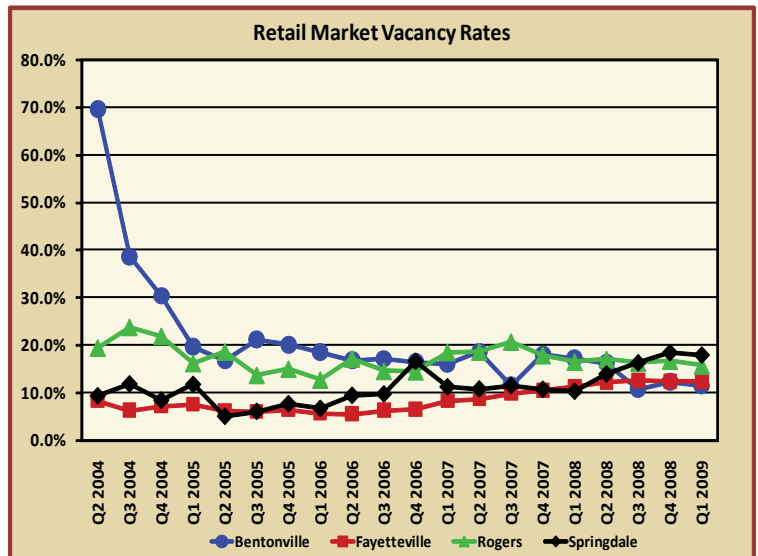
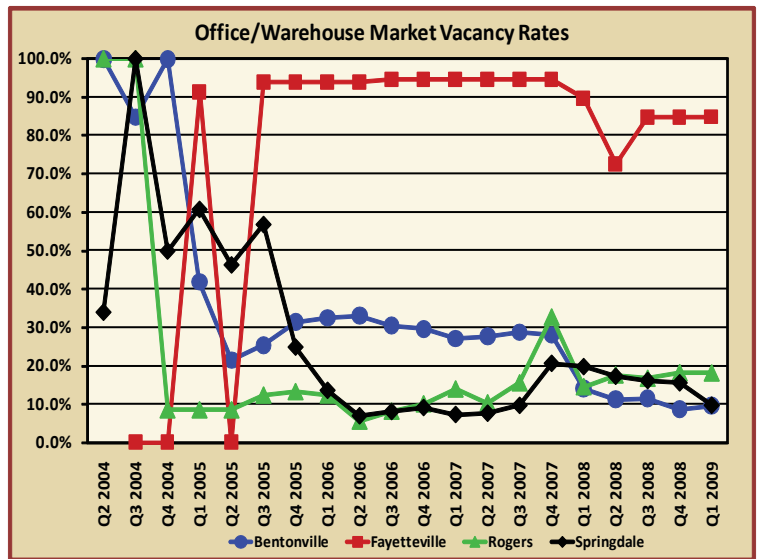
The retail market also experienced negative net absorption in the past twelve months. Although the cities of Bentonville and Rogers experienced positive net absorption in the retail submarket over the past year, a negative net absorption of 123,095 square feet occurred in Fayetteville, Lowell, Siloam Springs, and Springdale. There were 97,829 new square feet of retail space added to the North-



# Commercial Market Trends

west Arkansas market during the past twelve months. In the first quarter of 2009, a total of 1,006,959 square feet of space were available in Northwest Arkansas, up from 874,141 square feet at the same time in the previous year.

Furthermore, the Northwest Arkansas warehouse market experienced negative net absorption of 422,345 square feet during the past year. The number of available square feet rose from 928,154 in the first quarter of 2008 to 1,921,917 in the first quarter of 2009 and vacancy rates increased from 17.7 percent to 29.6 percent during the same time period. A total of 115,200 square feet of new warehouse space was added to the Northwest Arkansas market during the past year (all new space was added to the Springdale market). Lowell was the only city that experienced positive net absorption since the first quarter of last year in the warehouse submarket.

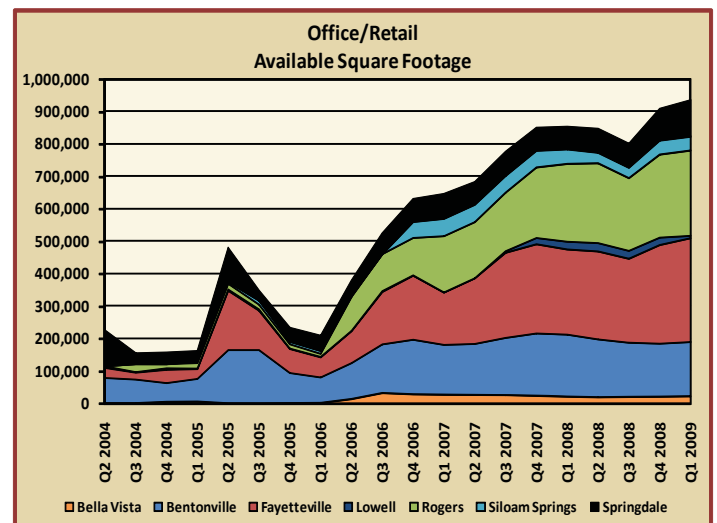
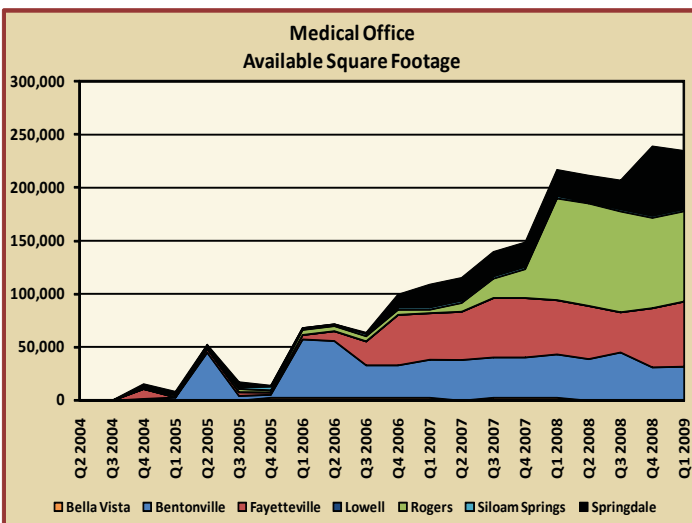
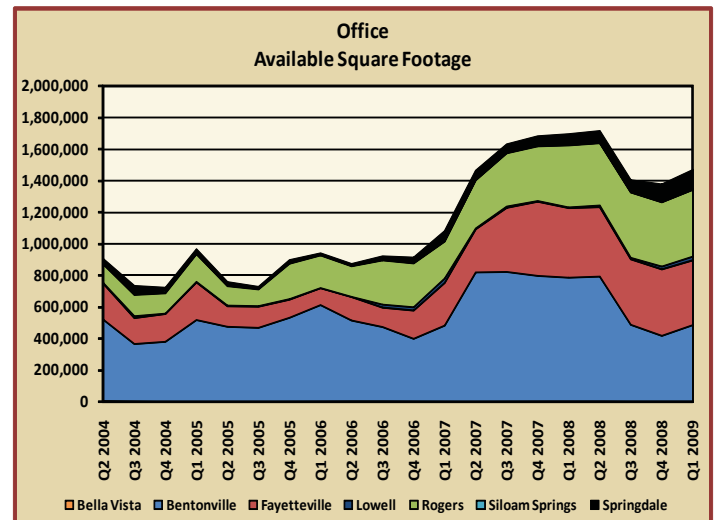
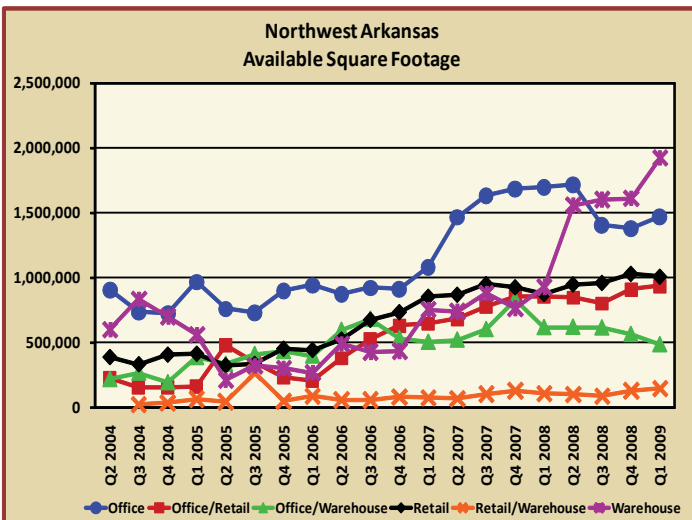




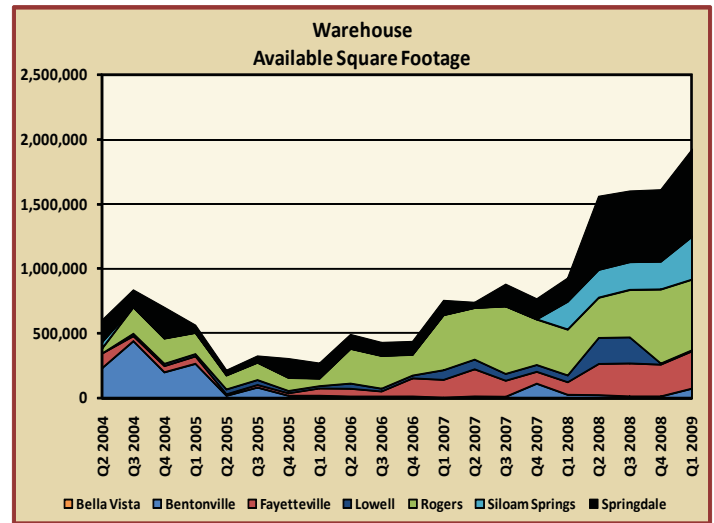
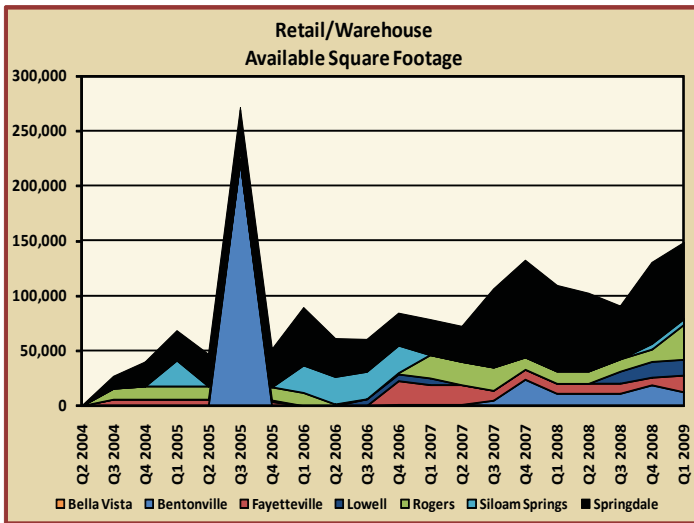
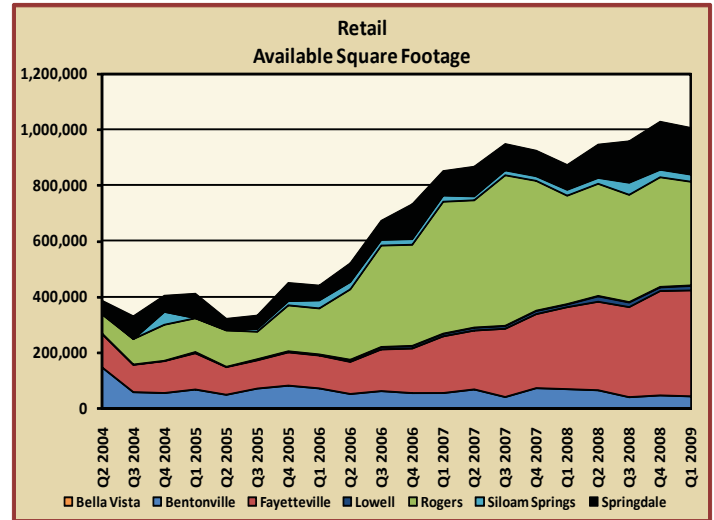
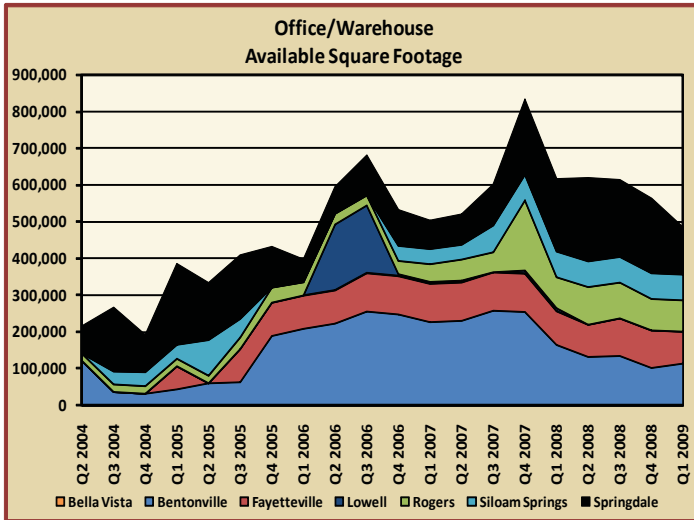
# Commercial Market Trends

## Net Twelve Month Absorption by Submarket Q1 2008 - Q1 2009

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	2,800	-1,104	0	0
Bentonville	298,893	30,316	4,588	-48,000
Fayetteville	25,573	-36,464	-59,476	-30,600
Lowell	-14,696	16,460	-6,700	51,500
Rogers	3,440	362	23,569	-54,650
Siloam Springs	1,556	8,711	-12,836	0
Springdale	-49,352	-37,581	-44,083	-340,595
<b>Northwest Arkansas</b>	<b>268,214</b>	<b>-19,300</b>	<b>-94,938</b>	<b>-422,345</b>



# Commercial Market Trends



# Commercial Market Trends

## Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q1 2008	43.3%	23.9%	20.5%	1.5%	22.0%	4.6%	9.7%	20.6%
Q2 2008	19.0%	24.2%	20.0%	3.8%	21.6%	3.5%	10.0%	20.5%
Q3 2008	19.0%	14.7%	18.7%	3.8%	22.6%	2.7%	10.4%	16.7%
Q4 2008	19.0%	14.1%	19.1%	7.2%	22.4%	2.6%	14.8%	17.1%
Q1 2009	19.0%	16.1%	18.3%	9.0%	22.2%	2.6%	16.4%	17.7%

### Medical Office

Q1 2008	34.6%	20.7%	9.7%	0.0%	40.2%	3.1%	12.3%	17.0%
Q2 2008	0.0%	19.9%	9.2%	0.0%	37.8%	2.1%	12.3%	16.1%
Q3 2008	0.0%	21.8%	7.2%	0.0%	37.1%	2.8%	13.6%	15.8%
Q4 2008	0.0%	15.1%	10.2%	0.0%	33.3%	2.8%	28.6%	17.7%
Q1 2009	0.0%	15.4%	11.1%	0.0%	33.0%	2.8%	24.0%	17.2%

### Office/Retail

Q1 2008	8.4%	24.3%	20.0%	40.1%	30.2%	35.4%	15.5%	22.5%
Q2 2008	7.8%	22.5%	20.2%	43.2%	30.4%	26.2%	16.2%	22.0%
Q3 2008	8.1%	21.0%	19.3%	40.8%	28.0%	25.9%	16.2%	20.9%
Q4 2008	8.4%	20.2%	21.3%	38.4%	30.1%	31.0%	21.4%	22.7%
Q1 2009	8.5%	20.6%	22.1%	12.8%	29.2%	30.7%	22.7%	22.7%

### Office/Warehouse

Q1 2008	--	14.1%	89.6%	3.8%	14.5%	65.8%	19.8%	19.4%
Q2 2008	--	11.3%	72.5%	0.0%	17.6%	65.8%	17.3%	17.7%
Q3 2008	--	11.4%	84.7%	0.0%	16.7%	65.8%	16.2%	17.5%
Q4 2008	--	8.6%	84.7%	0.0%	18.1%	65.8%	15.6%	16.5%
Q1 2009	--	9.5%	84.8%	0.0%	18.1%	65.8%	9.8%	14.2%

### Retail

Q1 2008	0.0%	17.2%	11.3%	15.4%	16.5%	7.0%	10.4%	13.2%
Q2 2008	0.0%	16.3%	12.2%	25.5%	17.1%	7.0%	14.1%	14.3%
Q3 2008	0.0%	10.8%	12.6%	21.5%	16.3%	14.4%	16.4%	14.5%
Q4 2008	0.0%	12.3%	12.4%	10.3%	16.8%	9.1%	18.6%	14.4%
Q1 2009	0.0%	11.5%	12.5%	12.8%	15.7%	8.7%	18.1%	14.0%

### Retail/Warehouse

Q1 2008	--	18.1%	13.0%	0.0%	20.2%	0.0%	18.2%	16.8%
Q2 2008	--	18.1%	13.0%	0.0%	20.2%	0.0%	16.5%	15.7%
Q3 2008	--	18.1%	13.0%	37.9%	20.2%	0.0%	11.5%	13.8%
Q4 2008	--	27.2%	9.9%	38.1%	20.2%	9.3%	17.4%	18.3%
Q1 2009	--	18.1%	21.5%	38.1%	43.4%	9.3%	16.3%	20.3%

### Warehouse

Q1 2008	0.0%	5.6%	10.7%	21.2%	18.8%	71.1%	13.0%	17.7%
Q2 2008	0.0%	5.1%	23.3%	65.4%	16.4%	71.1%	36.7%	27.9%
Q3 2008	0.0%	3.1%	24.7%	65.4%	19.2%	71.1%	34.5%	28.3%
Q4 2008	0.0%	3.1%	23.8%	2.8%	27.5%	71.1%	34.3%	27.5%
Q1 2009	0.0%	15.3%	26.7%	1.4%	26.2%	79.1%	38.7%	29.6%



# Commercial Market Trends

## Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q1 2008	-2,200	16,027	35,362	1,500	9,949	1,700	-7,480	54,858
Q2 2008	2,800	-9,810	-6,460	-5,987	-919	900	444	-19,032
Q3 2008	0	312,289	25,980	-100	-17,656	600	-2,232	318,881
Q4 2008	0	62,206	-13,346	-8,790	7,285	56	-42,667	4,744
Q1 2009	0	-65,792	19,399	181	14,730	0	-4,897	-36,379

### Medical Office

Q1 2008	0	-2,850	4,834	0	-14,100	0	-1,600	-13,716
Q2 2008	2,800	1,600	1,033	0	2,775	700	0	8,908
Q3 2008	0	-3,291	12,150	0	1,600	-500	-2,500	7,459
Q4 2008	0	15,100	-17,832	0	9,892	0	-38,058	-30,898
Q1 2009	0	-650	-585	0	0	0	10,453	9,218

### Office/Retail

Q1 2008	3,323	983	12,583	-6,000	-1,866	6,630	1,154	16,807
Q2 2008	1,850	14,098	1,346	-1,880	-2,223	12,361	-2,951	22,601
Q3 2008	-1,050	12,683	12,439	1,440	28,387	400	-39	54,260
Q4 2008	-600	7,194	-36,860	1,440	-27,790	-4,450	-23,900	-84,966
Q1 2009	-1,304	-3,659	-13,389	15,460	1,988	400	-10,691	-11,195

### Office/Warehouse

Q1 2008	--	89,975	0	0	106,500	0	6,450	202,925
Q2 2008	--	32,650	15,080	7,940	-18,000	0	-48,467	-10,797
Q3 2008	--	0	-14,680	0	5,114	0	17,667	8,101
Q4 2008	--	40,500	0	0	20,103	0	12,600	73,203
Q1 2009	--	-12,065	4,600	0	250	0	61,682	54,467

### Retail

Q1 2008	0	3,584	-22,478	1,590	63,250	-4,500	2,525	43,971
Q2 2008	0	2,776	-13,203	-10,000	-13,190	0	-6,826	-40,443
Q3 2008	0	4,358	-16,552	3,000	17,366	-22,403	-29,108	-43,339
Q4 2008	0	-5,907	-44,926	3,400	-8,617	8,300	-12,927	-60,677
Q1 2009	0	3,361	15,205	-3,100	28,010	1,267	4,778	49,521

### Retail/Warehouse

Q1 2008	--	12,800	0	0	0	0	10,025	22,825
Q2 2008	--	0	0	0	0	0	7,126	7,126
Q3 2008	--	0	0	-5,540	0	0	12,300	6,760
Q4 2008	--	0	2,240	5,540	0	3,100	-25,660	-14,780
Q1 2009	--	6,300	-8,200	0	-3,000	0	4,460	-440

### Warehouse

Q1 2008	0	86,500	-6,000	0	-2,330	0	-24,490	53,680
Q2 2008	0	2,600	-22,600	-141,366	43,581	0	-369,475	-487,260
Q3 2008	0	10,000	-14,000	0	-38,849	0	32,964	-9,885
Q4 2008	0	0	9,000	193,066	-85,722	0	-5,617	110,727
Q1 2009	0	-60,600	-3,000	-200	26,340	0	1,533	-35,927





# Commercial Market Trends

## Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q1 2008	5,000	784,492	441,369	3,844	394,749	3,700	65,222	1,698,376
Q2 2008	2,200	794,302	440,601	9,831	396,668	2,800	71,768	1,718,170
Q3 2008	2,200	488,347	415,611	9,931	414,324	2,200	73,365	1,405,978
Q4 2008	2,200	418,386	421,557	18,721	407,039	2,144	109,532	1,379,579
Q1 2009	2,200	486,698	410,658	24,540	423,099	2,144	121,929	1,471,268

### Medical Office

Q1 2008	2,800	40,696	50,930	0	96,004	2,200	24,282	216,912
Q2 2008	0	39,096	49,897	0	96,729	1,500	24,282	211,504
Q3 2008	0	45,317	37,747	0	95,129	2,000	26,782	206,975
Q4 2008	0	31,317	55,579	0	85,237	2,000	64,840	238,973
Q1 2009	0	31,967	61,164	0	85,237	2,000	54,387	234,755

### Office/Retail

Q1 2008	22,666	191,737	261,590	24,160	240,182	45,325	70,464	856,124
Q2 2008	20,816	178,839	270,310	26,040	246,289	32,964	74,615	849,873
Q3 2008	21,866	167,656	257,871	24,600	224,422	32,564	74,654	803,633
Q4 2008	22,466	164,098	303,131	23,160	256,212	43,724	98,554	911,345
Q1 2009	23,770	167,757	319,140	7,700	263,155	43,324	112,977	937,823

### Office/Warehouse

Q1 2008	--	166,550	91,726	7,940	85,023	70,007	196,199	617,445
Q2 2008	--	133,900	87,501	0	103,023	70,007	226,066	620,497
Q3 2008	--	136,550	102,181	0	97,909	70,007	208,399	615,046
Q4 2008	--	103,805	102,181	0	86,056	70,007	202,399	564,448
Q1 2009	--	115,870	86,726	0	85,806	70,007	126,992	485,401

### Retail

Q1 2008	0	71,148	294,345	9,500	390,943	21,200	87,005	874,141
Q2 2008	0	67,172	317,839	19,500	404,133	21,200	117,518	947,362
Q3 2008	0	42,314	323,391	16,500	386,767	43,603	146,626	959,201
Q4 2008	0	48,565	375,144	13,100	395,384	27,003	170,043	1,029,239
Q1 2009	0	45,204	380,657	16,200	373,897	25,736	165,265	1,006,959

### Retail/Warehouse

Q1 2008	--	11,098	9,197	0	11,283	0	78,026	109,604
Q2 2008	--	11,098	9,197	0	11,283	0	70,900	102,478
Q3 2008	--	11,098	9,197	11,080	11,283	0	48,100	90,758
Q4 2008	--	18,798	6,957	14,540	11,283	5,200	73,760	130,538
Q1 2009	--	12,498	15,157	14,540	31,763	5,200	69,300	148,458

### Warehouse

Q1 2008	0	27,800	98,215	53,000	353,450	214,710	180,979	928,154
Q2 2008	0	25,200	242,115	201,866	309,869	214,710	567,618	1,561,378
Q3 2008	0	15,200	256,115	201,866	365,718	214,710	548,654	1,602,263
Q4 2008	0	15,200	247,115	8,800	571,440	214,710	554,975	1,612,240
Q1 2009	0	75,800	288,556	9,000	545,100	330,843	672,618	1,921,917



# Office

In the first quarter of 2009, the office properties included in the Skyline Report panel had a vacancy rate of 17.7 percent, up from the rate of 17.1 percent in the fourth quarter of 2008. Of almost 8.3 million square feet of Northwest Arkansas properties examined, almost 1.5 million square feet are currently available. This is an increase from the fourth quarter of 2008. From the fourth quarter of 2008 to the first quarter of 2009, 40,933 square feet of new office space entered the market, while 4,544 square feet were absorbed, netting negative absorption of 36,379 square feet for the market.

Of the 1,471,268 square feet of available office space in Northwest Arkansas, about 33.1 percent is located in Bentonville. In the first quarter of 2009, 5,917 square feet of Class A, 42,092 square feet of Class B, and 650 square feet of medical office space became vacant, while 200 square feet of Class C office space were absorbed in Bentonville. Additional 14,333 square feet of new space was added to the Class B market, netting negative absorption of 65,792 square feet of office space.

While Bentonville had the most available office space at 486,698 square feet, Fayetteville had 410,658 square feet available. About 56.5 percent of the available office space in Fayetteville was in the Class B submarket, while Class A space accounted for about 23.8 percent, and the remainder was in the Class C and medical office submarkets. From the fourth quarter of 2008 to the first quarter of 2009, 45,999 square feet became occupied in the office submarket in Fayetteville, whereas 26,600 square feet of new Class B and medical space entered the market, yielding a positive net absorption of 19,399 square feet.

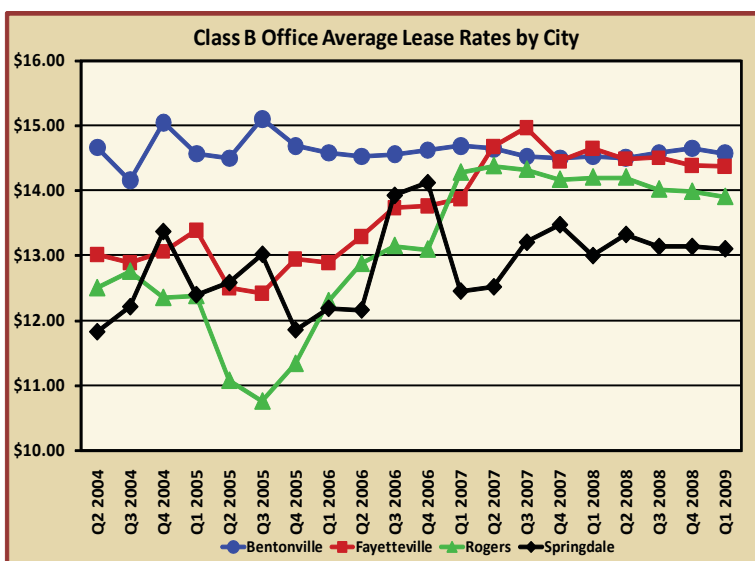
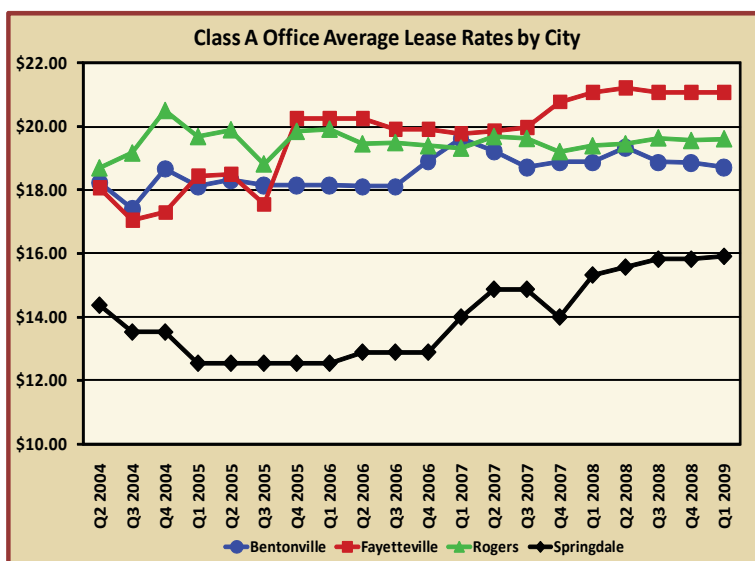
Rogers had 423,099 square feet of available office space in the first quarter of 2009. In the Rogers office submarket, Class A accounted for 47.8 percent of all available space, while Class B accounted for 23.6 percent, and

medical office for 20.1 percent. There was a positive absorption of 14,730 square feet in the first quarter of 2009, while no new space was added to the market.

The Springdale office market had 121,929 square feet of available space in the first quarter. No new space was added in the first quarter to Springdale market. Overall, 15,350

## Office Lease Rates Average Range by City

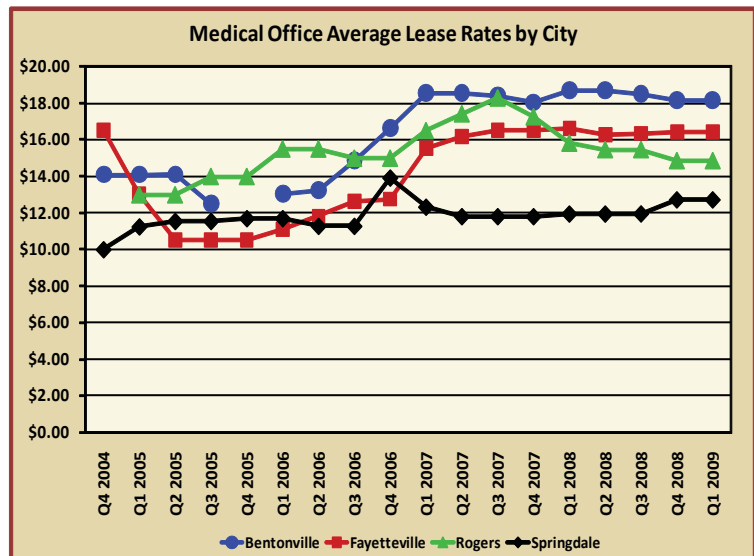
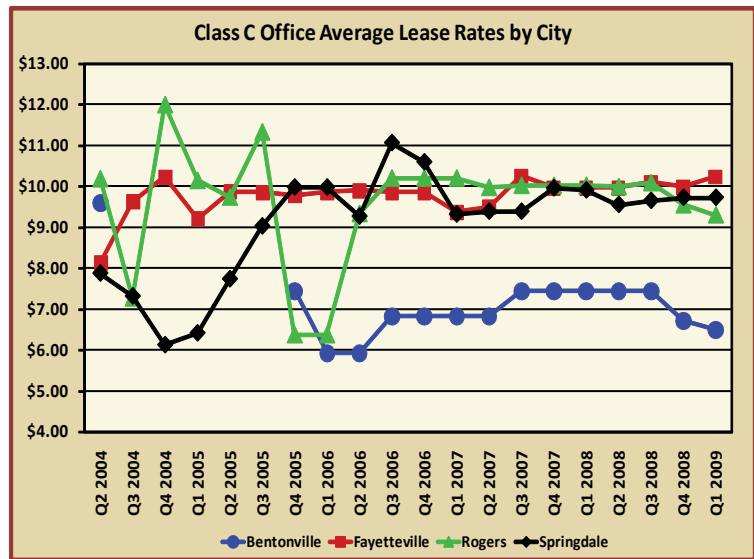
	Class A	Class B	Class C	Medical
Bentonville	\$17.93 - \$19.50	\$14.33 - \$14.82	\$6.00 - \$7.00	\$17.33 - \$19.00
Fayetteville	\$19.50 - \$22.67	\$13.85 - \$14.90	\$9.92 - \$10.56	\$15.51 - \$17.28
Rogers	\$18.82 - \$20.42	\$13.44 - \$14.37	\$8.74 - \$9.88	\$14.75 - \$14.98
Springdale	\$15.67 - \$16.17	\$12.23 - \$13.98	\$9.60 - \$9.86	\$11.87 - \$13.59



# Office

square feet became vacant in the Class A, Class B, and Class C Springdale submarkets, while 10,453 square feet of medical office space became occupied, resulting in a negative net absorption of 4,897 square feet in the first quarter.

Class A office average reported lease rates continued to be highest in Fayetteville at \$21.09 per square foot. Class A space average lease rates declined in Bentonville to \$18.72, while increasing in Rogers and Springdale to \$19.62 and \$15.92, respectively. Class B office space average reported lease rates declined in all major cities of Northwest Arkansas. In the first quarter of 2009, reported average lease rates for Class C office increased in Fayetteville, while decreasing in Bentonville and Rogers, and remaining constant in Springdale. Reported average medical office space lease rates stayed flat in Northwest Arkansas in the first quarter.



# 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	383,047	71,280	18.6%	-5,917	0	-5,917	--
Fayetteville	416,882	97,775	23.5%	-2,280	0	-2,280	--
Rogers	1,037,689	202,314	19.5%	-6,462	0	-6,462	--
Springdale	77,123	9,183	11.9%	-6,783	0	-6,783	--
<b>Class B</b>							
Bentonville	2,431,433	383,451	15.8%	-45,092	14,333	-59,425	--
Fayetteville	1,084,330	231,995	21.4%	39,264	18,000	21,264	32.7
Rogers	487,080	99,847	20.5%	6,370	0	6,370	47.0
Springdale	322,737	29,938	9.3%	-6,691	0	-6,691	--
<b>Class C</b>							
Bentonville	9,528	0	0.0%	200	0	200	0.0
Fayetteville	190,263	19,724	10.4%	1,000	0	1,000	59.2
Rogers	119,314	35,701	29.9%	14,822	0	14,822	7.2
Springdale	119,017	28,421	23.9%	-1,876	0	-1,876	--
<b>Medical</b>							
Bentonville	207,951	31,967	15.4%	-650	0	-650	--
Fayetteville	553,312	61,164	11.1%	8,015	8,600	-585	--
Rogers	257,986	85,237	33.0%	0	0	0	--
Springdale	226,703	54,387	24.0%	10,453	0	10,453	15.6

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents





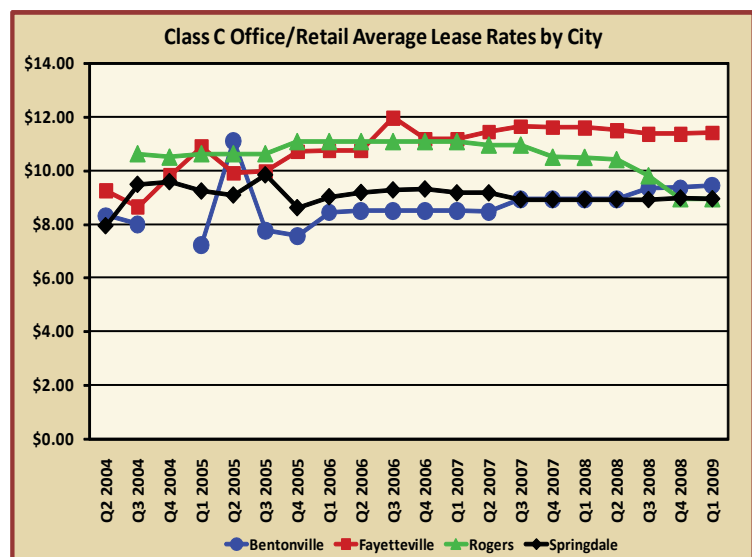
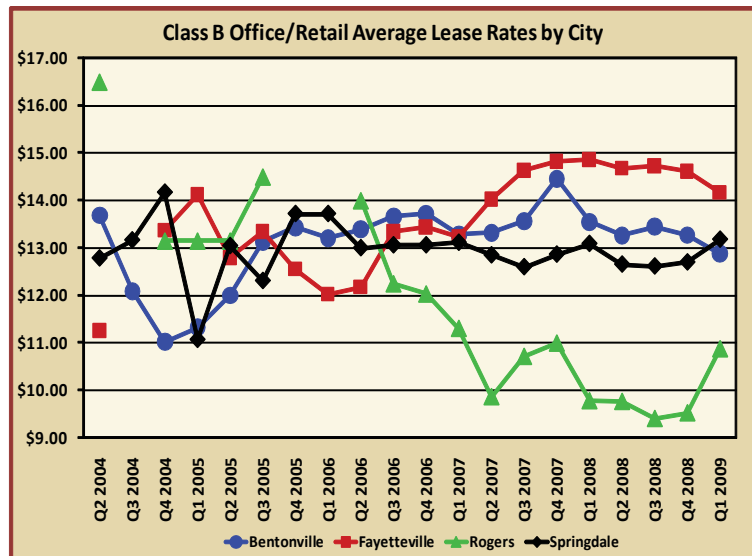
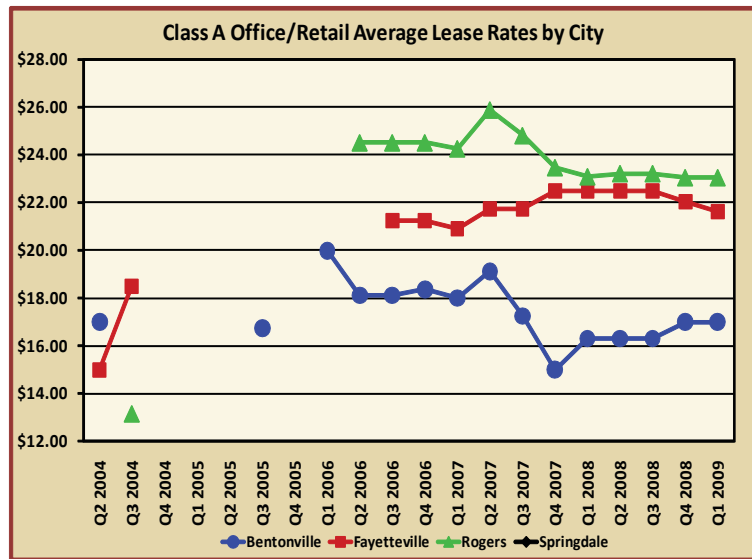
# Office/Retail

In the first quarter of 2009, the office/retail properties included in the Skyline Report sample had a vacancy rate of 22.7 percent, same as in the fourth quarter of 2008. Of more than 4.1 million square feet of Northwest Arkansas properties examined, 937,823 square feet were available.

From the fourth quarter of 2008 to the first quarter of 2009, 28,205 square feet of office/retail space became vacant. Additionally, there were 39,400 new square feet of office/retail space added in Northwest Arkansas: 10,400 square feet in Bella Vista, 15,000 square feet in Rogers, and 14,000 square feet in Springdale. As a result, there was a negative net absorption of 11,195 square feet in the first quarter. Lowell, Rogers, and Siloam Springs experienced positive net absorption of office/retail space in the first quarter of 2009. All other cities in Northwest Arkansas experienced negative net absorption.

Fayetteville remained ahead of Rogers and Bentonville, having the largest amount of available square feet in the office/retail submarket with 319,140 square feet available. Rogers had 263,155 and Bentonville had 167,757 square feet available. Dividing those by the total square feet of office/retail space, this translated to vacancy rates of 22.1 percent for Fayetteville, 29.2 percent for Rogers, and 20.6 percent for Bentonville. Springdale had reported available office/retail square footage of 112,977 with a 22.7 percent vacancy rate.

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



# Office/Retail

## Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	\$15.67 - \$18.33	\$12.15 - \$13.61	\$9.20 - \$9.70
Fayetteville	\$20.75 - \$22.50	\$13.40 - \$14.95	\$10.83 - \$11.98
Rogers	\$21.25 - \$24.83	\$10.24 - \$11.52	\$8.19 - \$9.81
Springdale	--	\$12.42 - \$13.94	\$8.21 - \$9.71



## 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	56,307	8,677	15.4%	2,000	0	2,000	13.0
Fayetteville	126,099	63,000	50.0%	0	0	0	--
Rogers	296,703	60,884	20.5%	19,539	0	19,539	9.3
Springdale	--	--	--	--	--	--	--
<b>Class B</b>							
Bentonville	652,197	136,812	21.0%	-915	0	-915	--
Fayetteville	959,847	212,219	22.1%	-15,589	0	-15,589	--
Rogers	377,443	110,495	29.3%	-7,000	15,000	-22,000	--
Springdale	226,157	62,665	27.7%	3,540	14,000	-10,460	--
<b>Class C</b>							
Bentonville	104,310	22,268	21.3%	-4,744	0	-4,744	--
Fayetteville	355,346	43,921	12.4%	2,200	0	2,200	59.9
Rogers	225,668	91,776	40.7%	4,449	0	4,449	61.9
Springdale	271,286	50,312	18.5%	-231	0	-231	--

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents



# Retail

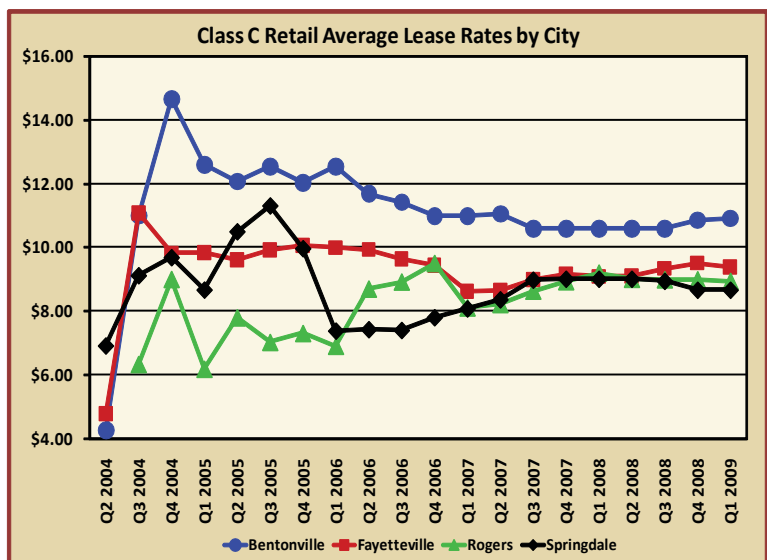
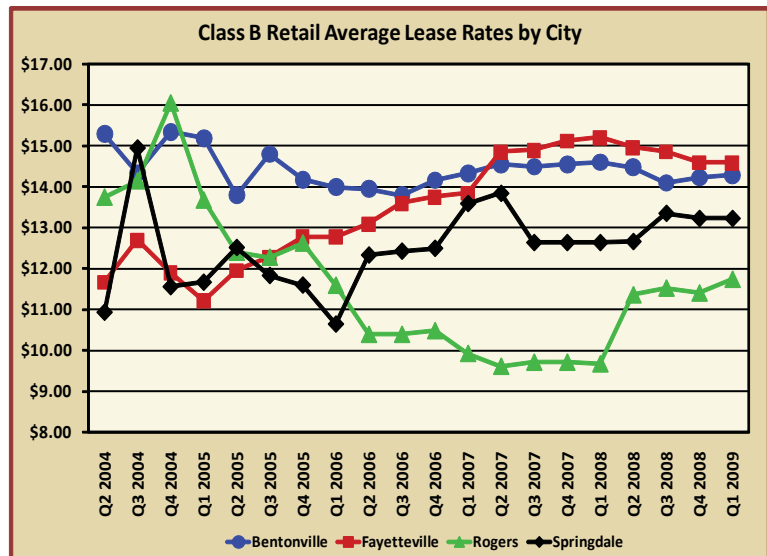
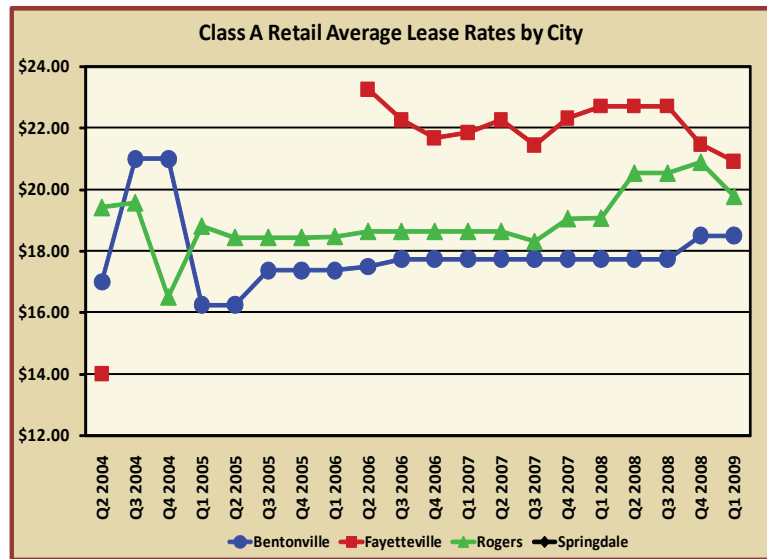
In the first quarter of 2009, the retail properties included in the Skyline Report panel had a vacancy rate of 14.0 percent, down from 14.4 percent in the fourth quarter of 2008. Of almost 7.2 million square feet of Northwest Arkansas retail properties examined, 1,006,959 square feet were available. From the fourth quarter of 2008 to the first quarter of 2009, 8,000 square feet of new retail space came on the Rogers market, while 57,521 square feet became occupied, netting a positive absorption of 49,521 square feet in Northwest Arkansas.

Bentonville had 394,042 total square feet and 45,204 available square feet of retail space in the first quarter, resulting in a vacancy rate of 11.5 percent. This represented a decline from the rate of 12.3 percent in the fourth quarter of 2008 due to the decrease in the available space.

In the first quarter of 2009, Fayetteville had a retail vacancy rate of 12.5 percent, up from 12.4 percent in the fourth quarter of 2008, with 380,657 available square feet out of a total of 3.1 million. There was reported positive absorption of 15,205 square feet in the Class A, Class B, and Class C retail submarkets. The discrepancy between a positive absorption and an increase in vacancy rate is due to the increase of the total reported space.

The Rogers market had 373,897 square feet of available retail space out of a total of 2.4 million square feet for a vacancy rate of 15.7 percent in the first quarter. The city experienced a decline in a vacancy rate from 16.8 percent in the fourth quarter of 2008 in accordance with the net absorption. A total of 8,000 new Class C square feet were added to the market, while 58,165 square feet became vacant in the Class A and Class C retail submarkets and additional 94,175 square feet became occupied in the Class B submarket, netting a positive absorption of 28,010 square feet in the first quarter.

There were 165,265 square feet of available retail space out of a total of 915,497 square feet in Springdale in the first quarter of 2009. This implied a vacancy rate of 18.1 percent, down



# Retail

from 18.6 percent in the fourth quarter of 2008. There was no new space added to the market during the last quarter. Springdale Class B and Class C retail submarkets experienced positive absorption, resulting in 4,778 square feet of positive net absorption for the market.

Reported retail average lease rates remained mixed during the first quarter of 2009. In the Class A submarket, average reported lease rates decreased in Fayetteville and Rogers, but stayed the same in Bentonville. Class B average lease rates declined slightly in Fayetteville, while increasing in Bentonville and Rogers, and remaining constant in Springdale. Class C reported average lease rates increased in Bentonville and declined in Fayetteville and Rogers, while staying flat in Springdale.

## Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	\$17.50 - \$19.50	\$13.98 - \$14.59	\$10.73 - \$11.11
Fayetteville	\$19.19 - \$22.63	\$14.05 - \$15.13	\$9.13 - \$9.68
Rogers	\$18.25 - \$21.30	\$11.21 - \$12.28	\$8.75 - \$9.13
Springdale	--	\$12.75 - \$13.71	\$8.23 - \$9.11



## 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	--
Fayetteville	1,822,040	158,207	8.7%	7,845	0	7,845	60.5
Rogers	1,527,879	197,771	12.9%	-54,765	0	-54,765	--
Springdale	--	--	--	--	--	--	--
<b>Class B</b>							
Bentonville	239,964	20,063	8.4%	5,111	0	5,111	11.8
Fayetteville	935,770	159,202	17.0%	6,365	0	6,365	75.0
Rogers	535,724	112,142	20.9%	94,175	0	94,175	3.6
Springdale	634,407	146,055	23.0%	3,778	0	3,778	116.0
<b>Class C</b>							
Bentonville	114,544	18,153	15.8%	-1,750	0	-1,750	--
Fayetteville	292,761	63,248	21.6%	995	0	995	190.7
Rogers	311,386	63,984	20.5%	-3,400	8,000	-11,400	--
Springdale	281,090	19,210	6.8%	1,000	0	1,000	57.6

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents





# Other Categories

## Warehouse

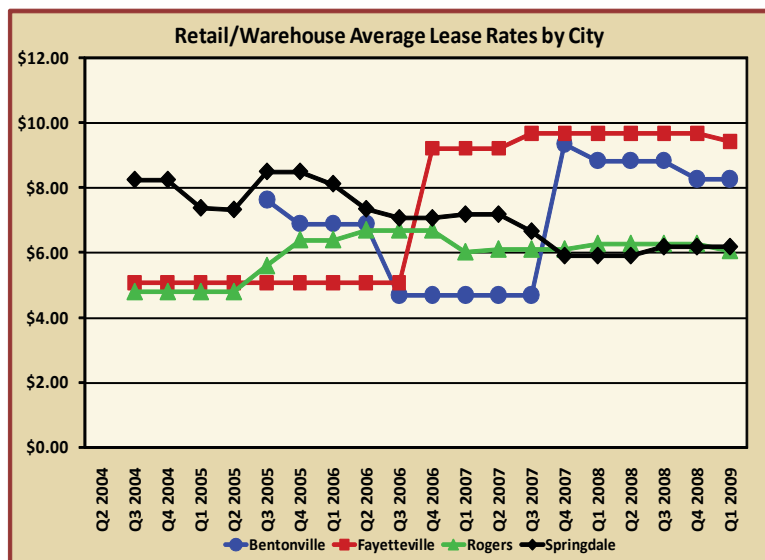
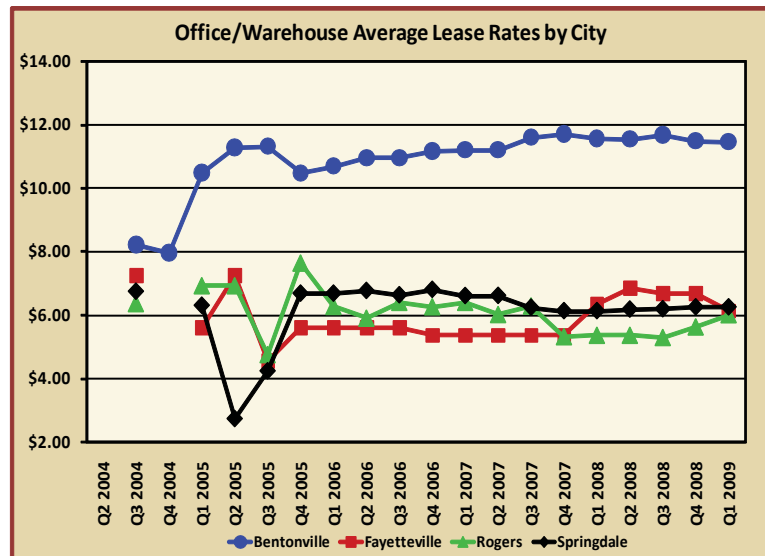
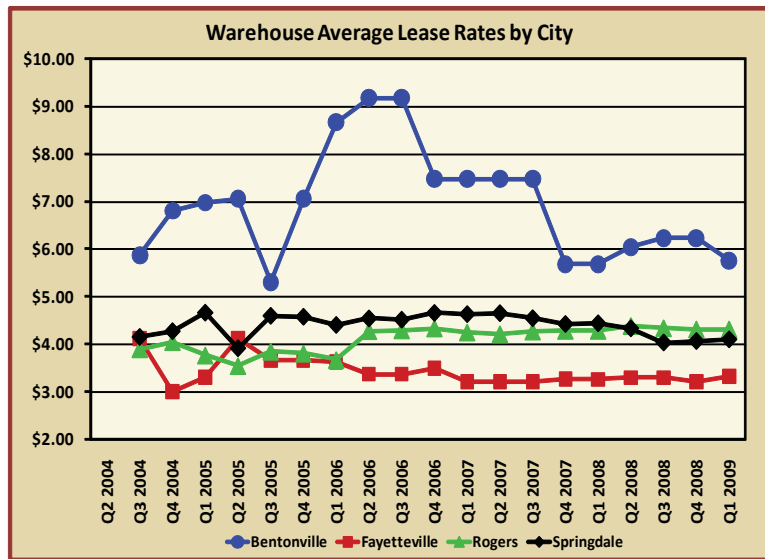
In the first quarter of 2009, the warehouse properties included in the Skyline Report panel had a vacancy rate of 29.6 percent, up from 27.5 percent in the fourth quarter of 2008. The reason for this decline in vacancy rates was an increase in the amount of available space as well as an increase in the total reported space. Of almost 6.5 million square feet of warehouse space examined, more than 1.9 million square feet were available in the first quarter.

The majority of available warehouse space was split between Springdale (with 672,618 square feet), Rogers (with 545,100 square feet), Siloam Springs (with 330,843 square feet), and Fayetteville (with 288,556 square feet). There was no new space added in the Northwest Arkansas warehouse market in the first quarter. Existing warehouse space became vacant in Bentonville, Fayetteville, and Lowell, while some became occupied in Rogers and Springdale, resulting in a negative net absorption of 35,927 square feet in Northwest Arkansas. Reported warehouse vacancy rates increased in Bentonville and Fayetteville and declined in Rogers in the first quarter in accordance with the absorption. Lowell warehouse vacancy rates declined, while Siloam Springs and Springdale vacancy rates increased due to the increase in the total reported space.

The average reported warehouse lease rates in Bentonville declined to \$5.77, but continued to be the most expensive lease rates in Northwest Arkansas. Fayetteville and Springdale reported average lease rates increased slightly, while Rogers average lease rates remained the same.

## Office/Warehouse

The Skyline Report panelists reported on 3.4 million square feet of office/warehouse space in the first quarter. The vacancy rate in the office/warehouse submarket declined from 16.5 percent in the fourth quarter of 2008 to 14.2 percent in the first quarter of 2009 in Northwest Arkansas, with 485,401 total square feet available in the first quarter. During the first quarter of 2009, 7,000 new square feet came online in Bentonville,



# Other Categories

while 61,467 square feet of office/warehouse space were absorbed, netting a positive absorption of 54,467 square feet in Northwest Arkansas.

The activity in the office/warehouse submarket in the first quarter was concentrated in Bentonville, Fayetteville, Rogers, and Springdale. There were 4,600 square feet of office/warehouse space absorbed in Fayetteville, 250 square feet in Rogers, and 61,682 square feet in Springdale, while 5,065 square feet became vacant in Bentonville (netting a negative net absorption of 12,065 square feet for this city).

Average reported office/warehouse lease rates in Bentonville declined slightly and in Fayetteville declined sharply. Meanwhile, average lease rates increased in Rogers and were constant in Springdale during the first quarter.

## Other Lease Rates Average Range by City

	Warehouse	Office/ Warehouse	Retail/ Warehouse
Bentonville	\$5.07 - \$6.46	\$10.60 - \$12.32	\$7.84 - \$8.70
Fayetteville	\$3.26 - \$3.38	\$6.13 - \$6.13	\$8.35 - \$10.51
Rogers	\$4.24 - \$4.39	\$5.84 - \$6.21	\$6.05 - \$6.08
Springdale	\$3.92 - \$4.30	\$5.22 - \$7.30	\$5.57 - \$6.82

### Retail/Warehouse

The Skyline Report panelists reported on 731,849 square feet of retail/warehouse space in the first quarter of 2009. The vacancy rate in the retail/warehouse submarket increased to 20.3 percent in the first quarter, up from 18.3 percent in the previous quarter. A total of 148,458 square feet were available in Northwest Arkansas in the first quarter. From the fourth quarter of 2008 to the first quarter of 2009, there was negative absorption of 440 square feet in the retail/warehouse market, while no new space was added. Positive absorption occurred in Bentonville

and Springdale, while negative occurred in Fayetteville and Rogers. There was no other activity in the retail/warehouse submarket in Northwest Arkansas. The decline in the retail/warehouse vacancy rate of Bentonville and Springdale and the increase in the Fayetteville and Rogers vacancy rates were consistent with the absorption numbers from the fourth quarter of 2008 to the first quarter of 2009.

The retail/warehouse average reported lease rates in Fayetteville and Rogers declined during the first quarter of 2009. On the other hand, average lease rates in Bentonville and Springdale remained constant.

## 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	75,800	15.3%	-60,600	0	-60,600	--
Fayetteville	1,080,468	288,556	26.7%	-3,000	0	-3,000	--
Rogers	2,081,453	545,100	26.2%	26,340	0	26,340	62.1
Springdale	1,738,854	672,618	38.7%	1,533	0	1,533	1,316.3

### Office/Warehouse

Bentonville	1,215,255	115,870	9.5%	-5,065	7,000	-12,065	--
Fayetteville	102,326	86,726	84.8%	4,600	0	4,600	56.6
Rogers	474,552	85,806	18.1%	250	0	250	1,029.7
Springdale	1,297,403	126,992	9.8%	61,682	0	61,682	6.2

### Retail/Warehouse

Bentonville	69,056	12,498	18.1%	6,300	0	6,300	6.0
Fayetteville	70,580	15,157	21.5%	-8,200	0	-8,200	--
Rogers	73,209	31,763	43.4%	-3,000	0	-3,000	--
Springdale	425,124	69,300	16.3%	4,460	0	4,460	46.6

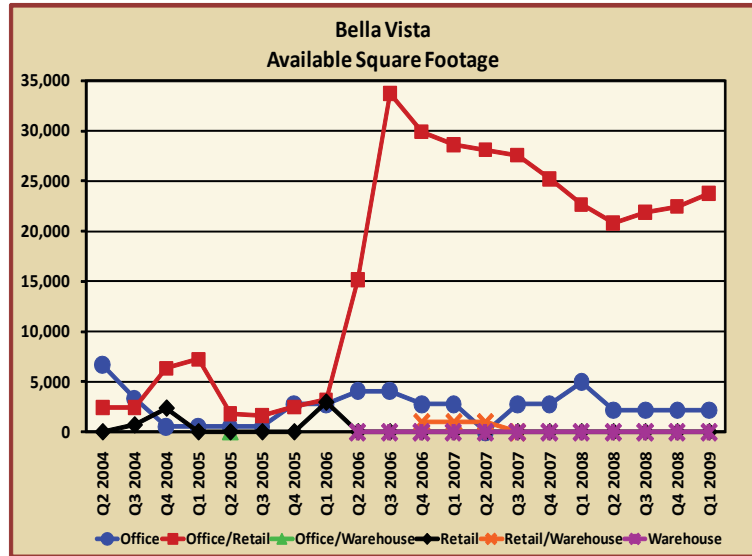
<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents



# Bella Vista

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 329,974 square feet of commercial space in the first quarter of 2009.
- In the first quarter of 2009, Bella Vista experienced negative net absorption of 1,304 square feet in the Class B office/retail submarket.
- There were 10,400 square feet of new Class B office/retail space added to the Bella Vista commercial market in the first quarter of 2009.
- Reported vacancy rates increased slightly in the office/retail submarket, while staying constant in all other submarkets in Bella Vista from the fourth quarter of 2008 to the first quarter of 2009 in accord with absorption.
- Almost all reported average lease rates in Bella Vista were held constant in the first quarter of 2009. The exception was a slight increase in the Class B office/retail market lease rates.



## Bella Vista Commercial Real Estate Market Summary Statistics

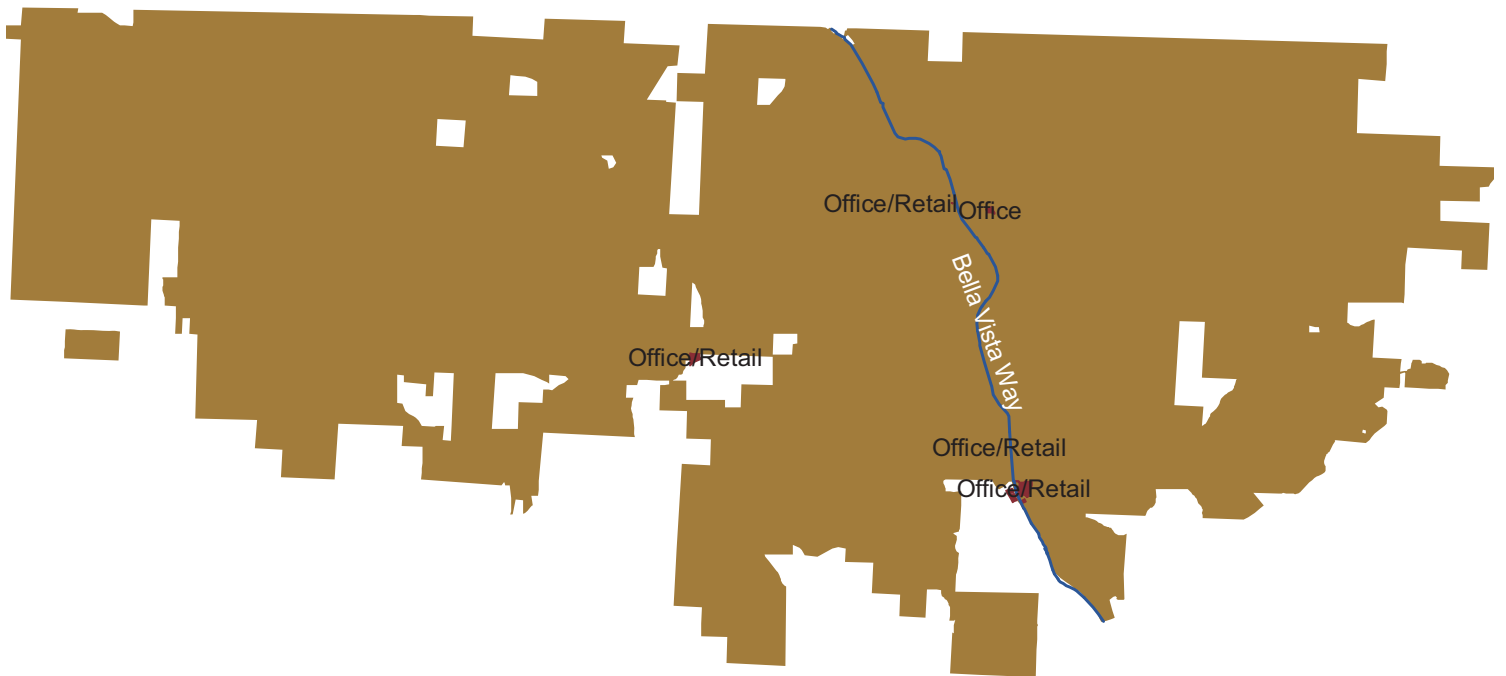
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	--	--	--	--	--	--	--	--
Office	\$12.93 - \$13.93	11,554	2,200	19.0%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$13.85 - \$13.85	3,450	2,200	63.8%	0	0	0	--
Class C	--	--	--	--	--	--	--	--
Medical	\$12.00 - \$14.00	8,104	0	0.0%	0	0	0	0.0
Office/Retail	\$9.98 - \$12.30	278,934	23,770	8.5%	9,096	10,400	-1,304	--
Class A	--	--	--	--	--	--	--	--
Class B	\$9.98 - \$12.30	278,934	23,770	8.5%	9,096	10,400	-1,304	--
Class C	--	--	--	--	--	--	--	--
Office/Warehouse	--	--	--	--	--	--	--	--
Retail	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	0.0
Class A	--	--	--	--	--	--	--	--
Class B	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	0.0
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	--	--	--	--	--	--	--	--
Warehouse	\$1.00 - \$2.70	18,486	0	0.0%	0	0	0	0.0

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents



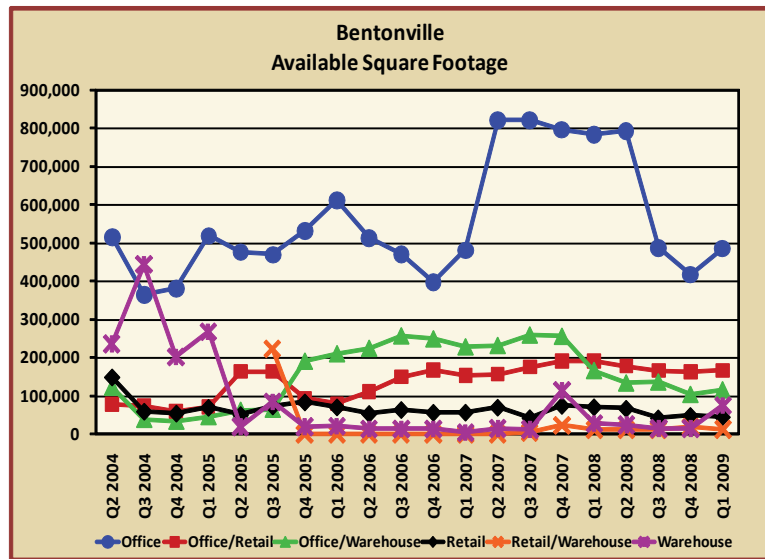
# Bella Vista





# Bentonville

- From December 2008 to February 2009, Bentonville issued building permits for \$344,325 worth of new commercial space. The first quarter 2009 value was significantly lower than the fourth quarter 2008 value of \$3.9 million and the first quarter 2008 value of \$7.4 million.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,105,370 square feet of commercial space in the first quarter of 2009.
- In the first quarter of 2009, Bentonville experienced negative net absorption and increased vacancy rates overall.
- There was positive net absorption in the retail and retail/warehouse submarkets in the recent quarter in Bentonville. Meanwhile, there was no activity in the industrial submarket.
- There were 14,333 square feet of the Class B office space and 7,000 square feet of the office/warehouse space added to the Bentonville commercial market in the first quarter of 2009.



- Reported vacancy rates in the first quarter of 2009 decreased in the retail and retail/warehouse submarkets. Vacancy rates increased in the office, office/retail, office/warehouse, and warehouse markets and remained constant in the industrial market during the first quarter in accordance with absorption.
- Average reported lease rates declined in the first quarter for the Class A, B,

and C office by \$0.14, \$0.08, and \$0.22, respectively, Class B office/retail by \$0.39, warehouse by \$0.48, and office/warehouse by \$0.02. The average lease rates increased in the Class C office/retail by \$0.09, and Class B and C retail both by \$0.06. All other average reported lease rates remained unchanged.

## 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	\$14.58 - \$15.18	3,031,959	486,698	16.1%	-51,459	14,333	-65,792	--
Class A	\$17.93 - \$19.50	383,047	71,280	18.6%	-5,917	0	-5,917	--
Class B	\$14.33 - \$14.82	2,431,433	383,451	15.8%	-45,092	14,333	-59,425	--
Class C	\$6.00 - \$7.00	9,528	0	0.0%	200	0	200	0.0
Medical	\$17.33 - \$19.00	207,951	31,967	15.4%	-650	0	-650	--
Office/Retail	\$11.87 - \$13.24	812,814	167,757	20.6%	-3,659	0	-3,659	--
Class A	\$15.67 - \$18.33	56,307	8,677	15.4%	2,000	0	2,000	13.0
Class B	\$12.15 - \$13.61	652,197	136,812	21.0%	-915	0	-915	--
Class C	\$9.20 - \$9.70	104,310	22,268	21.3%	-4,744	0	-4,744	--
Office/Warehouse	\$10.60 - \$12.32	1,215,255	115,870	9.5%	-5,065	7,000	-12,065	--
Retail	\$13.06 - \$13.64	394,042	45,204	11.5%	3,361	0	3,361	40.3
Class A	\$17.50 - \$19.50	39,534	6,988	17.7%	0	0	0	--
Class B	\$13.98 - \$14.59	239,964	20,063	8.4%	5,111	0	5,111	11.8
Class C	\$10.73 - \$11.11	114,544	18,153	15.8%	-1,750	0	-1,750	--
Retail/Warehouse	\$7.84 - \$8.70	69,056	12,498	18.1%	6,300	0	6,300	6.0
Warehouse	\$5.07 - \$6.46	495,868	75,800	15.3%	-60,600	0	-60,600	--

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents



# Bentonville

## Downtown Bentonville

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 181,540 square feet of office, office/retail, and retail space in downtown Bentonville in the first quarter of 2009.
- The office space in downtown Bentonville had a reported vacancy rate of 4.1 percent in the first quarter, a drop from 10.1 percent in the fourth quarter of 2008. This quarter vacancy rate was much lower than the overall office vacancy rate of 16.1 percent for all of Bentonville.
- The office/retail vacancy rates for downtown Bentonville properties were also lower than those for all of Bentonville during the first quarter, while the retail vacancy rates were higher in the downtown.
- There was a positive net absorption of 3,610 square feet of office space and 500 square feet of retail space in downtown Bentonville from the fourth



quarter of 2008 to the first quarter of 2009. The office/retail submarket experienced no absorption in downtown Bentonville.

- No new space was added to the downtown Bentonville commercial market in the first quarter of this year.
- In downtown Bentonville, average office, office/retail, and retail reported lease rates remained unchanged from the fourth quarter of 2008 to the first quarter of 2009. Average reported lease

rates were lower for the office, office/retail, and retail space in downtown Bentonville than the city average by \$2.11, \$1.81, and \$1.65, respectively.

## Downtown Bentonville Summary Statistics

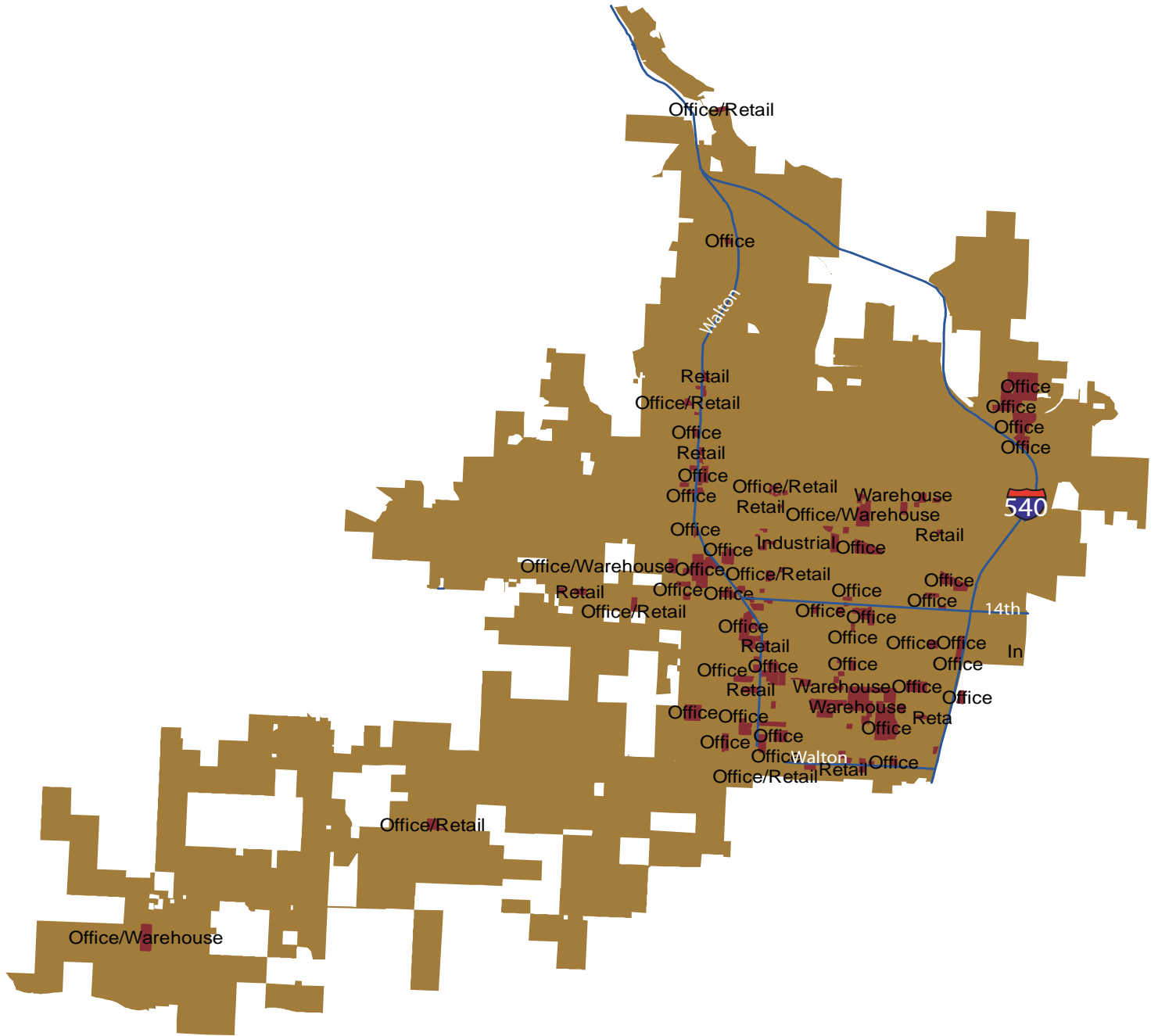
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$12.20 - \$13.35	60,265	2,500	4.1%	3,610	0	3,610	2.1
Office/Retail	\$9.83 - \$11.67	85,950	4,958	5.8%	0	0	0	--
Retail	\$11.45 - \$11.95	35,325	4,300	12.2%	500	0	500	25.8

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents

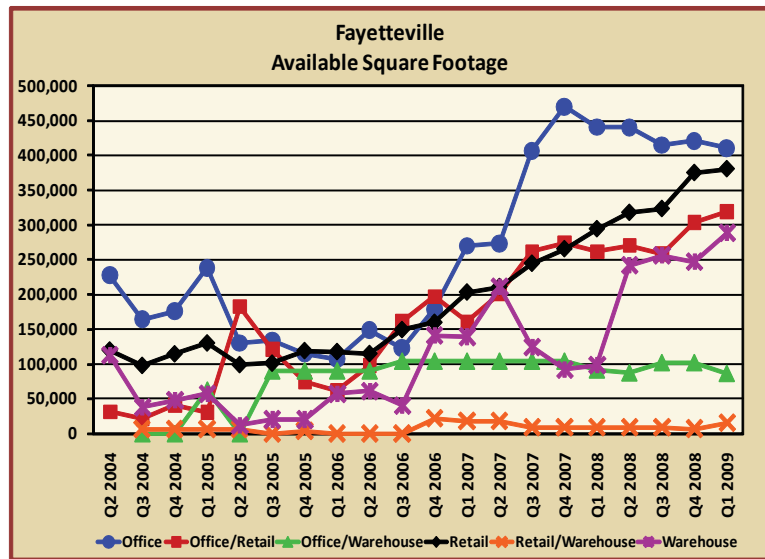


# Bentonville



# Fayetteville

- From December 2008 to February 2009, Fayetteville issued building permits for \$3,402,704 worth of new commercial space. The first quarter 2009 value was 5.1 percent lower than the fourth quarter 2008 value and significantly lower than the first quarter 2008 value of \$12.1 million.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 8,017,627 square feet of commercial space in the first quarter of 2009.
- In the first quarter of 2009, Fayetteville experienced positive net absorption overall. There was positive net absorption in the office, office/warehouse, and retail markets. However, there was negative net absorption in the office/retail, retail/warehouse, and warehouse submarkets.
- A total of 26,600 square feet of new commercial space entered the Fayetteville market in the first quarter: in the Class B and medical office submarkets.



- Observed vacancy rates in Fayetteville in the first quarter increased in the medical office, office/retail, office/warehouse, retail, retail/warehouse, and warehouse submarkets, while declining in the office submarket.
- Average reported lease rates increased in the first quarter of 2009 for the Class C office by \$0.26, Class C office/retail by \$0.04, and warehouse by \$0.11.

Average reported lease rates decreased for the Class B office by \$0.02, office/warehouse by \$0.55, retail/warehouse by \$0.25, office/retail Class A and B by \$0.41 and \$0.45, and retail Class A, B, and C by \$0.56, \$0.01, and \$0.12, respectively. All other average reported lease rates remained unchanged.

## 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	\$14.23 - \$15.59	2,244,787	410,658	18.3%	45,999	26,600	19,399	63.5
Class A	\$19.50 - \$22.67	416,882	97,775	23.5%	-2,280	0	-2,280	--
Class B	\$13.85 - \$14.90	1,084,330	231,995	21.4%	39,264	18,000	21,264	32.7
Class C	\$9.92 - \$10.56	190,263	19,724	10.4%	1,000	0	1,000	59.2
Medical	\$15.51 - \$17.28	553,312	61,164	11.1%	8,015	8,600	-585	--
Office/Retail	\$12.94 - \$14.36	1,441,292	319,140	22.1%	-13,389	0	-13,389	--
Class A	\$20.75 - \$22.50	126,099	63,000	50.0%	0	0	0	--
Class B	\$13.40 - \$14.95	959,847	212,219	22.1%	-15,589	0	-15,589	--
Class C	\$10.83 - \$11.98	355,346	43,921	12.4%	2,200	0	2,200	59.9
Office/Warehouse	\$6.13 - \$6.13	102,326	86,726	84.8%	4,600	0	4,600	56.6
Retail	\$12.65 - \$13.84	3,050,571	380,657	12.5%	15,205	0	15,205	75.1
Class A	\$19.19 - \$22.63	1,822,040	158,207	8.7%	7,845	0	7,845	60.5
Class B	\$14.05 - \$15.13	935,770	159,202	17.0%	6,365	0	6,365	75.0
Class C	\$9.13 - \$9.68	292,761	63,248	21.6%	995	0	995	190.7
Retail/Warehouse	\$8.35 - \$10.51	70,580	15,157	21.5%	-8,200	0	-8,200	--
Warehouse	\$3.26 - \$3.38	1,080,468	288,556	26.7%	-3,000	0	-3,000	--

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents



# Fayetteville

## Downtown Fayetteville/Dickson Street Area

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 753,532 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street area in the first quarter of 2009.
- The office space in downtown Fayetteville saw a rise in the reported vacancy rate to 31.5 percent in the first quarter of 2009. This was higher than the overall Fayetteville office vacancy rate of 18.3 percent.
- The office/retail vacancy rate for downtown Fayetteville properties had a decreased vacancy rate of 34.5 percent, but still over 12 percentage points higher than the average in the same submarket for all of Fayetteville during the first quarter.
- The downtown Fayetteville retail vacancy rate rose from 16.1 percent to 20.2 percent, remaining higher than the Fayetteville average of 12.5 percent.
- There was no new commercial space added in downtown Fayetteville during the first quarter of 2009.
- There was positive absorption of 8,606 square feet of office/retail space in the first quarter. There was negative absorption of 17,455 square feet of office space and 3,000 square feet of retail space.
- Average reported lease rates in downtown Fayetteville were unchanged in the office/retail submarket, declined by \$0.64 in the office submarket, and



increased by \$1.34 in the retail submarket. Compared to the city average reported lease rates, the downtown area rates were \$2.13 higher in the office/retail submarket and lower by \$0.95 and \$2.90 in the office and retail submarkets, respectively.

## Northwest Arkansas Mall Area/Joyce Street Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 3,328,145 square feet of office, office/retail, and retail space in the Northwest Arkansas Mall Area/Joyce Street Corridor in the first quarter of 2009.
- The office space in north Fayetteville had a reported vacancy rate of 17.1 percent in the first quarter. This was lower than the previous quarter vacancy rate of 20.3 percent, and was lower than the overall office vacancy rate for Fayetteville at 18.3 percent.

- The office/retail vacancy rate in north Fayetteville stayed constant at 29.1 percent and remained higher than the city average office/retail vacancy rate of 22.1 percent.
- The retail vacancy rate for north Fayetteville properties rose slightly to 10.8 percent but remained lower than the city average of 12.5 percent during the first quarter.
- There were 20,100 square feet of office space added to the north Fayetteville commercial market in the first quarter of 2009.
- There was positive absorption of 59,285 square feet of office space and 11,345 square feet of retail space during the first quarter of 2009 in the Northwest Arkansas Mall Area/Joyce Street Corridor. There was no absorption in the office/retail market.
- The office and office/retail submarkets saw decreases in the average reported lease rates of \$0.04 and \$0.43, while

## 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	\$12.43 - \$15.50	363,029	114,355	31.5%	-17,455	0	-17,455	--
Office/Retail	\$15.26 - \$16.29	318,255	109,864	34.5%	8,606	0	8,606	38.3
Retail	\$8.97 - \$11.72	72,248	14,627	20.2%	-3,000	0	-3,000	--

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents





# Fayetteville

the retail submarket was unchanged. Average reported lease rates in north Fayetteville were consistently higher than the city average. For the office, office/retail, and retail submarkets, there were premiums of \$1.49, \$3.57, and \$5.91, respectively.

## Martin Luther King, Jr. Boulevard Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 326,653 square feet of office, office/retail, and retail space in the MLK Boulevard Corridor in the first quarter of 2009.
- The office space in southwest Fayetteville had a reported vacancy rate of 53.8 percent in the first quarter of 2009, this was unchanged from the previous quarter. This was much higher than the overall office vacancy rate for Fayetteville, which was 18.3 percent during the first quarter.

- The first quarter office/retail and retail vacancy rates were also substantially higher in southwest Fayetteville than the city average, totaling 38.3 and 28.1 percent, respectively. The vacancy rates were the same for office/retail space but declined for the retail space as compared to the fourth quarter of 2008.
- There was no new commercial space added to southwest Fayetteville in the first quarter of 2009.
- The MLK Boulevard Corridor of Fayetteville experienced a positive net absorption of 7,414 square feet of retail space in the first quarter of 2009.
- Average reported lease rates remained constant in southwest Fayetteville in the first quarter. Reported lease rates for office space averaged \$1.09 higher and for retail space \$0.25 higher than the city average lease rates, while average office/retail lease rates were \$0.13 lower than the city average.



## 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	\$15.78 - \$16.94	1,223,697	209,215	17.1%	59,285	20,100	39,185	16.0
Office/Retail	\$16.36 - \$17.21	123,870	36,000	29.1%	0	0	0	--
Retail	\$18.48 - \$19.83	1,980,578	214,191	10.8%	11,345	0	11,345	56.6

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents

## Fayetteville MLK Boulevard Corridor Summary Statistics

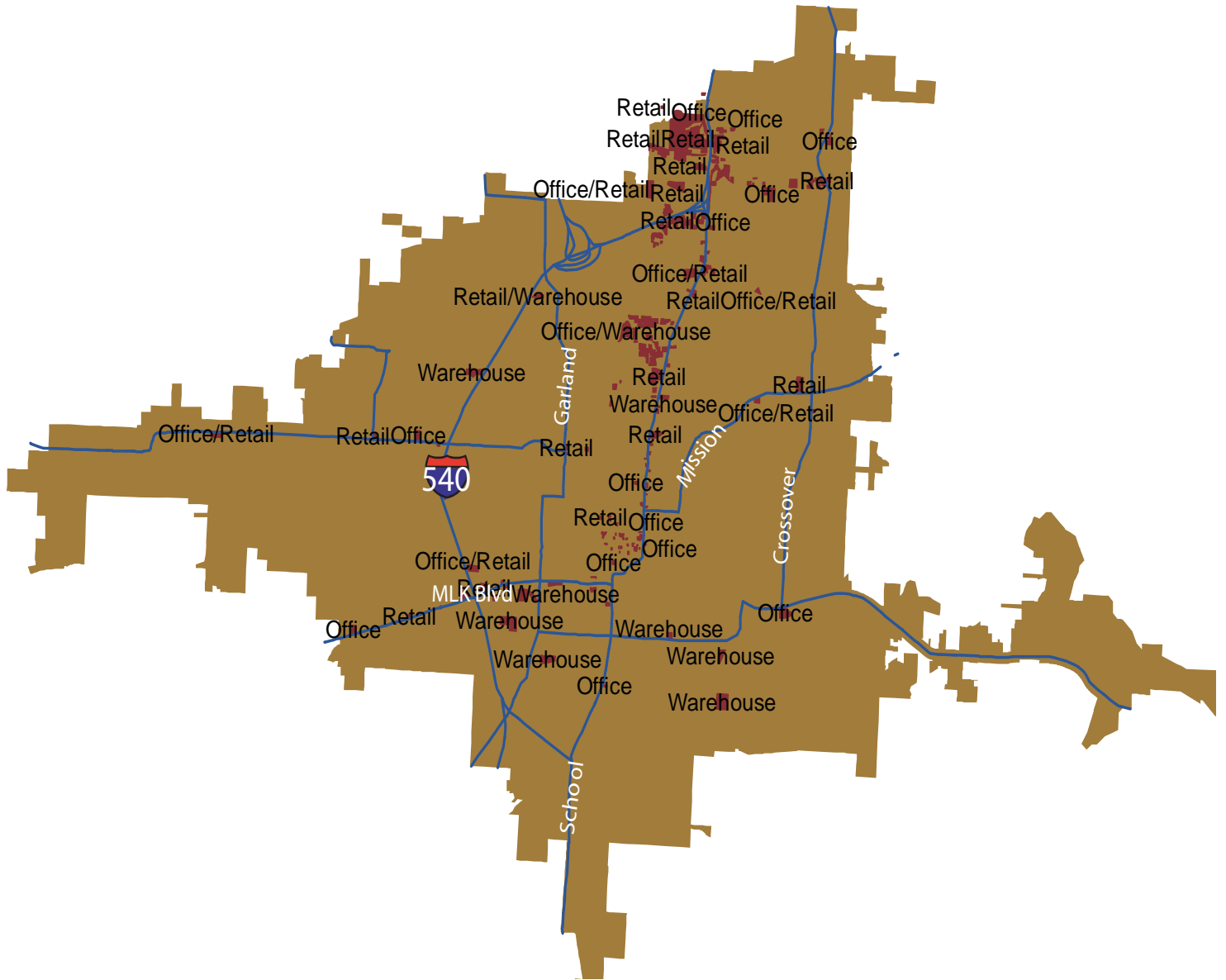
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$12.00 - \$20.00	22,725	12,230	53.8%	0	0	0	--
Office/Retail	\$12.68 - \$14.74	137,200	52,600	38.3%	0	0	0	--
Retail	\$12.66 - \$14.29	166,728	46,932	28.1%	7,414	0	7,414	19.0

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents

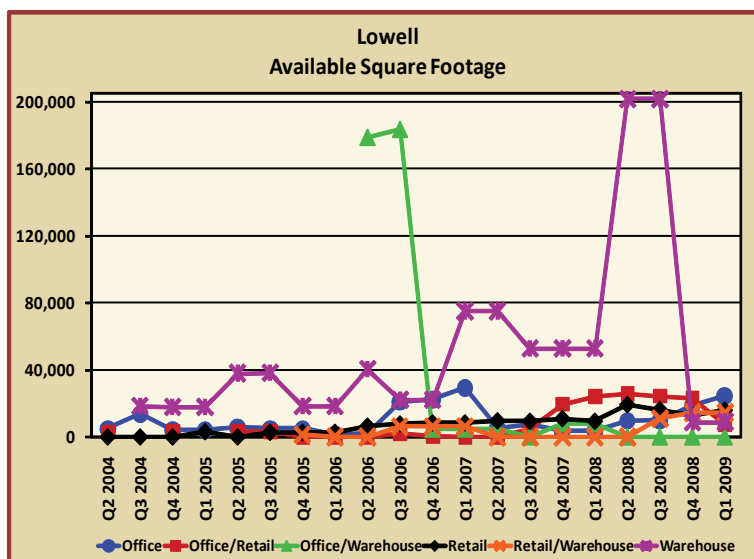


# Fayetteville



# Lowell

- From December 2008 to February 2009, Lowell issued \$1,766,386 in building permits for new commercial space. There were no building permits issued in the previous quarter or in the first quarter of 2008.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,376,110 square feet of Lowell commercial space in the first quarter of 2009.
- In the first quarter of 2009, Lowell experienced positive net absorption in the office and office/retail submarkets, while having negative net absorption in the retail and warehouse submarkets. There was no activity in the office/warehouse and retail/warehouse submarkets in Lowell.
- There was no new space added in Lowell in the first quarter of 2009.
- Reported vacancy rates declined in the office/retail and warehouse submarkets,



while increasing in the office and retail submarkets in the first quarter. The medical, office/warehouse, and retail/warehouse submarkets saw no change in vacancy rates in accord with absorption.

lease rates for the retail and warehouse submarkets decreased by \$1.09 and \$0.03, respectively. All other submarket average lease rates remained the same.

- Reported first quarter average lease rates for the office submarket fell by \$0.19. Meanwhile, average reported

## Lowell Commercial Real Estate Market Summary Statistics

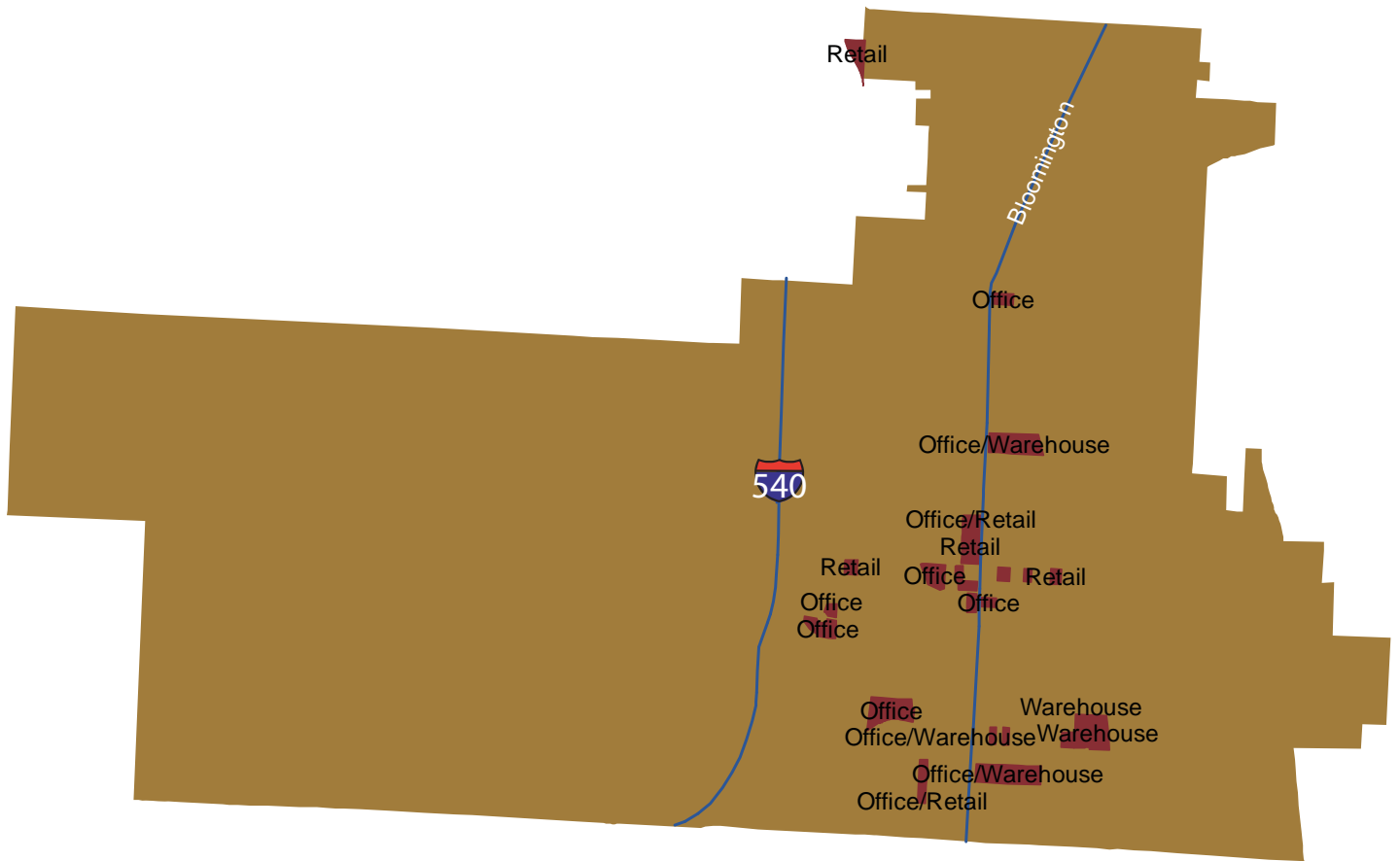
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	--	--	--	--	--	--	--	--
Office	\$15.76 - \$16.59	274,102	24,540	9.0%	181	0	181	406.7
Class A	\$18.00 - \$19.33	111,552	0	0.0%	0	0	0	0.0
Class B	\$14.10 - \$14.85	122,550	24,540	20.0%	181	0	181	406.7
Class C	--	--	--	--	--	--	--	--
Medical	\$24.00 - \$24.00	40,000	0	0.0%	0	0	0	0.0
Office/Retail	\$8.63 - \$9.63	60,260	7,700	12.8%	15,460	0	15,460	1.5
Class A	--	--	--	--	--	--	--	--
Class B	\$10.90 - \$12.40	43,100	7,700	17.9%	-1,700	0	-1,700	--
Class C	\$4.08 - \$4.08	17,160	0	0.0%	17,160	0	17,160	0.0
Office/Warehouse	\$7.21 - \$10.11	220,065	0	0.0%	0	0	0	0.0
Retail	\$13.13 - \$16.29	126,295	16,200	12.8%	-3,100	0	-3,100	--
Class A	--	50,000	0	0.0%	0	0	0	0.0
Class B	\$13.13 - \$16.29	76,295	16,200	21.2%	-3,100	0	-3,100	--
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	\$11.33 - \$11.33	38,200	14,540	38.1%	0	0	0	--
Warehouse	\$3.58 - \$3.58	657,188	9,000	1.4%	-200	0	-200	--

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents

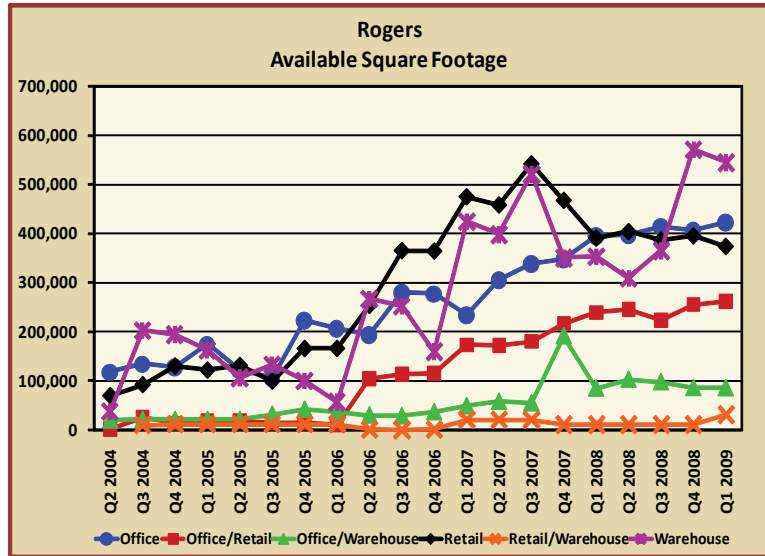


# Lowell



# Rogers

- From December 2008 to February 2009, Rogers issued building permits for \$545,000 worth of new commercial space. The first quarter 2009 value is significantly lower than the fourth quarter 2008 value of \$6.4 million and the first quarter 2008 value of almost \$10.0 million.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 8,098,216 square feet of commercial space in the first quarter of 2009.
- There were 15,000 square feet of Class B office/retail space and 8,000 square feet of Class C retail space added to the Rogers market in the first quarter.
- In the first quarter of 2009, Rogers experienced positive net absorption in the lab, office, office/retail, office/warehouse, retail, and warehouse submarkets and experienced negative net absorption in the retail/warehouse submarket. There was no activity in the industrial submarket during the first quarter.



- Reported vacancy rates increased in the retail/warehouse submarket in the first quarter of 2009. The office, medical office, office/retail, retail, and warehouse submarkets experienced decreases in the reported vacancy rates, while the industrial and office/warehouse submarkets vacancy rates were constant.
- Average reported lease rates decreased in the first quarter of 2009 for the of-

office Class B and C by \$0.08 and \$0.24, retail Class A and C by \$1.11 and \$0.05, and retail/warehouse by \$0.22. Average reported lease rates increased for the office Class A by \$0.06, office/retail Class B by \$1.35, retail Class B by \$0.34, and office/warehouse by \$0.39. All other reported average lease rates remained unchanged.

## 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	\$3.48 - \$3.48	9,482	0	0.0%	9,482	0	9,482	0.0
Industrial	\$5.21 - \$5.21	282,648	8,528	3.0%	0	0	0	--
Office	\$14.98 - \$16.06	1,902,069	423,099	22.2%	14,730	0	14,730	86.2
Class A	\$18.82 - \$20.42	1,037,689	202,314	19.5%	-6,462	0	-6,462	--
Class B	\$13.44 - \$14.37	487,080	99,847	20.5%	6,370	0	6,370	47.0
Class C	\$8.74 - \$9.88	119,314	35,701	29.9%	14,822	0	14,822	7.2
Medical	\$14.75 - \$14.98	257,986	85,237	33.0%	0	0	0	--
Office/Retail	\$11.79 - \$13.70	899,814	263,155	29.2%	16,988	15,000	1,988	397.1
Class A	\$21.25 - \$24.83	296,703	60,884	20.5%	19,539	0	19,539	9.3
Class B	\$10.24 - \$11.52	377,443	110,495	29.3%	-7,000	15,000	-22,000	--
Class C	\$8.19 - \$9.81	225,668	91,776	40.7%	4,449	0	4,449	61.9
Office/Warehouse	\$5.84 - \$6.21	474,552	85,806	18.1%	250	0	250	1029.7
Retail	\$11.58 - \$12.75	2,374,989	373,897	15.7%	36,010	8,000	28,010	40.0
Class A	\$18.25 - \$21.30	1,527,879	197,771	12.9%	-54,765	0	-54,765	--
Class B	\$11.21 - \$12.28	535,724	112,142	20.9%	94,175	0	94,175	3.6
Class C	\$8.75 - \$9.13	311,386	63,984	20.5%	-3,400	8,000	-11,400	--
Retail/Warehouse	\$6.05 - \$6.08	73,209	31,763	43.4%	-3,000	0	-3,000	--
Warehouse	\$4.24 - \$4.39	2,081,453	545,100	26.2%	26,340	0	26,340	62.1

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents





# Rogers

## Downtown Rogers

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 524,165 square feet of office, office/retail, and retail space in downtown Rogers in the first quarter of 2009.
- The office space in downtown Rogers had a reported average vacancy rate of 30.2 percent in the first quarter of 2009, a decline from the previous quarter rate of 33.5. The downtown vacancy rate is higher than the overall average office vacancy rate for Rogers, which was 22.2 percent during the same period.
- The average retail vacancy rate for downtown Rogers properties in the first quarter increased to 13.1 percent, but was still lower than the 15.7 percent average for all of Rogers.
- The office/retail submarket experienced an increase in the vacancy rate to 91.3 percent from the fourth quarter rate of 88.9 percent in the downtown area, an area that was completely vacant during the first quarter of 2008. This compares to a vacancy rate of 29.2 percent for all of Rogers.
- No new commercial space was added to downtown Rogers in the first quarter of 2009.
- There was negative net absorption of 32,500 square feet of retail space, positive net absorption of 1,400 square feet

- of office space, and no absorption of office/retail space in downtown Rogers from the fourth quarter of 2008 to the first quarter of 2009.
- Average reported lease rates for downtown Rogers office/retail space increased by \$1.10, while decreasing in the office and retail submarkets by \$0.79 and \$1.27, respectively, from the previous quarter. As compared to the city of Rogers, average reported lease rates in downtown were lower by \$4.24, \$5.45, and \$0.31 for the office, office/retail, and retail submarkets.

## Rogers Interstate 540

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 2,883,216 square feet of office, office/retail, and retail space along the Rogers I-540 corridor in the first quarter of 2009.
- The office space along the Rogers I-540 corridor had a reported average vacancy rate of 17.2 percent in the first quarter. This was lower than the overall average office vacancy rate for all of Rogers at 22.2 percent.
- The average retail vacancy rates for Rogers I-540 corridor properties were higher than the rates for all of Rogers, while the office/retail rates were lower. Overall, the office/retail and retail vacancy rates decreased in the first quarter of 2009.

- There was no new square footage added to the Rogers I-540 corridor submarket in the first quarter of 2009.
- There was negative net absorption of 3,284 square feet of office space and a positive net absorption of 16,500 square feet of office/retail space and 20,753 square feet of retail space along the Rogers I-540 corridor from the previous to the current quarter.
- The Rogers I-540 corridor saw a decline in average reported lease rates for office space by \$0.03 and an increase for retail space by \$0.11 from the fourth quarter of 2008. There was no change in average office/retail rates. Compared to the city average, the average reported office lease rates were \$3.08 higher, office/retail rates were \$10.76 higher, and retail lease rates were about \$3.95 higher.



## 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	\$10.27 - \$12.29	42,713	12,903	30.2%	1,400	0	1,400	27.6
Office/Retail	\$6.66 - \$7.93	23,590	21,532	91.3%	0	0	0	--
Retail	\$11.53 - \$12.19	457,862	59,945	13.1%	-32,500	0	-32,500	--

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents



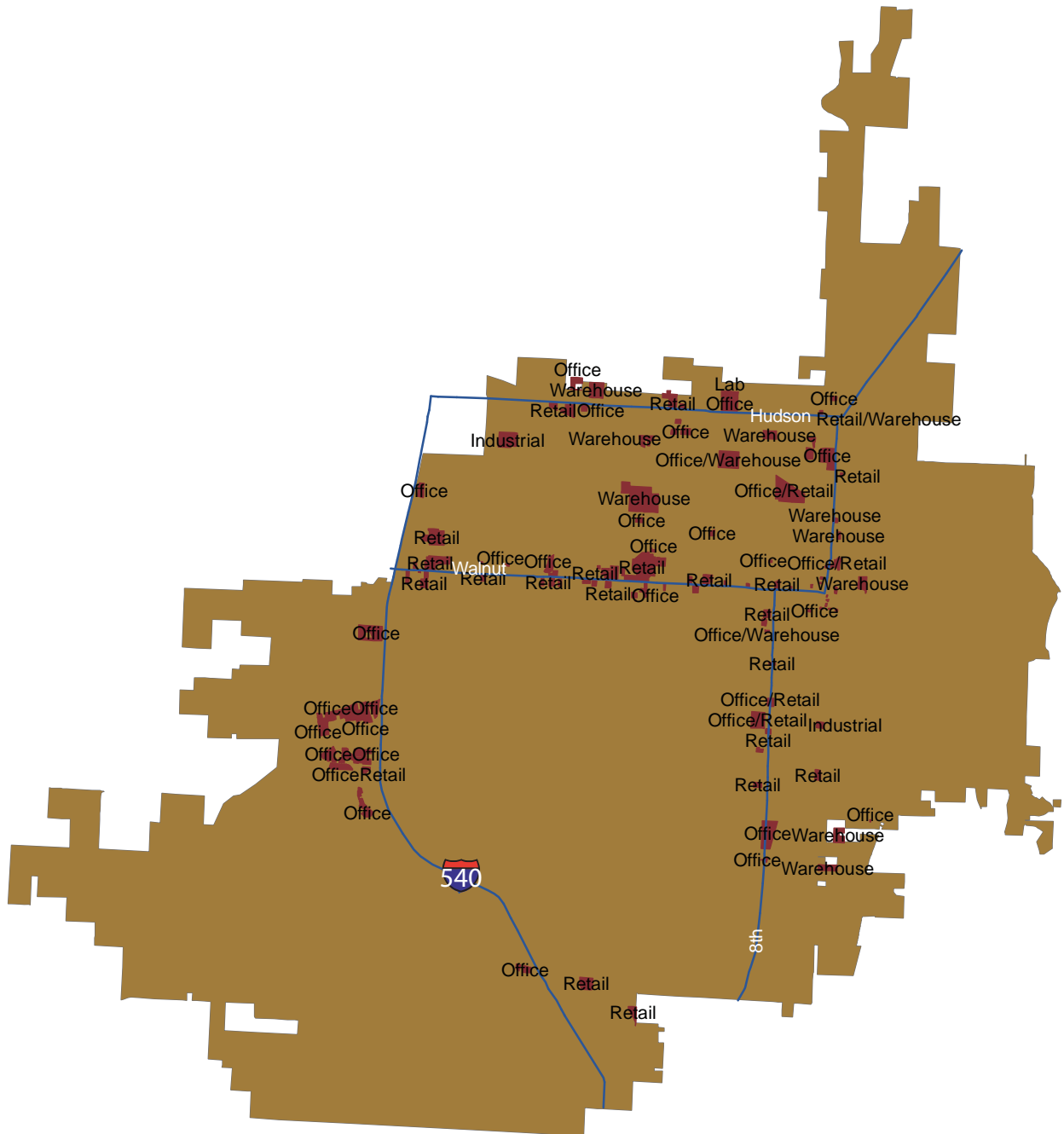
# Rogers

## 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	\$17.99 - \$19.20	1,159,226	199,414	17.2%	-3,284	0	-3,284	--
Office/Retail	\$21.60 - \$25.40	273,377	56,727	20.8%	16,500	0	16,500	10.3
Retail	\$15.24 - \$16.99	1,450,613	270,574	18.7%	20,753	0	20,753	39.1

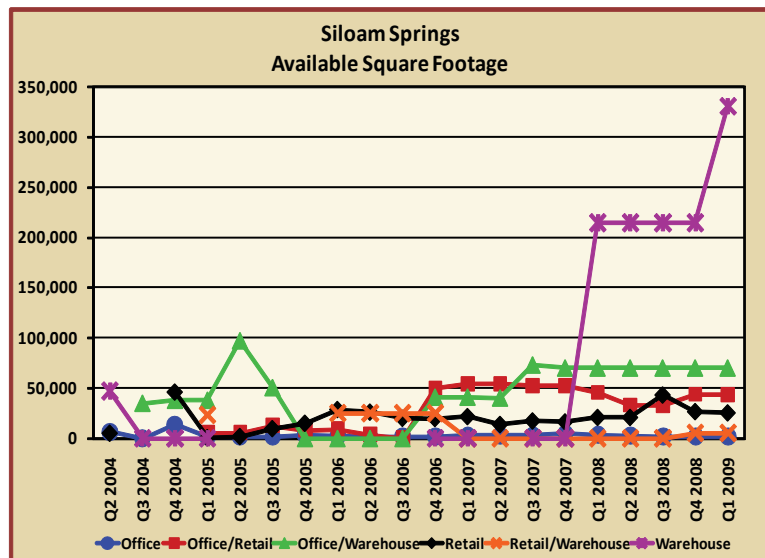
<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents



# Siloam Springs

- From December 2008 to February 2009, Siloam Springs issued no building permits for new commercial space. There were also no building permits issued in the previous quarter. However, there were \$3.2 million of new commercial building permits issued in the first quarter of 2008 in Siloam Springs.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,293,033 square feet of commercial space for Siloam Springs in the first quarter of 2009.
- There was no new commercial space added in Siloam Springs in the first quarter.
- In the first quarter of 2009, Siloam Springs experienced positive net absorption of 400 square feet in the office/retail submarket and 1,267 square feet in the retail submarket. There was no activity in other submarkets in the first quarter.



- Following net absorption, vacancy rates declined in the office/retail and retail submarkets. The warehouse submarket vacancy rates increased due to an increase in the reported space. The vacancy rates remained unchanged in all other submarkets.
- Class B office/retail lease rate increased in the first quarter of 2009 by \$0.43. All other reported lease rates remained unchanged in Siloam Springs.

## Siloam Springs Commercial Real Estate Market Summary Statistics

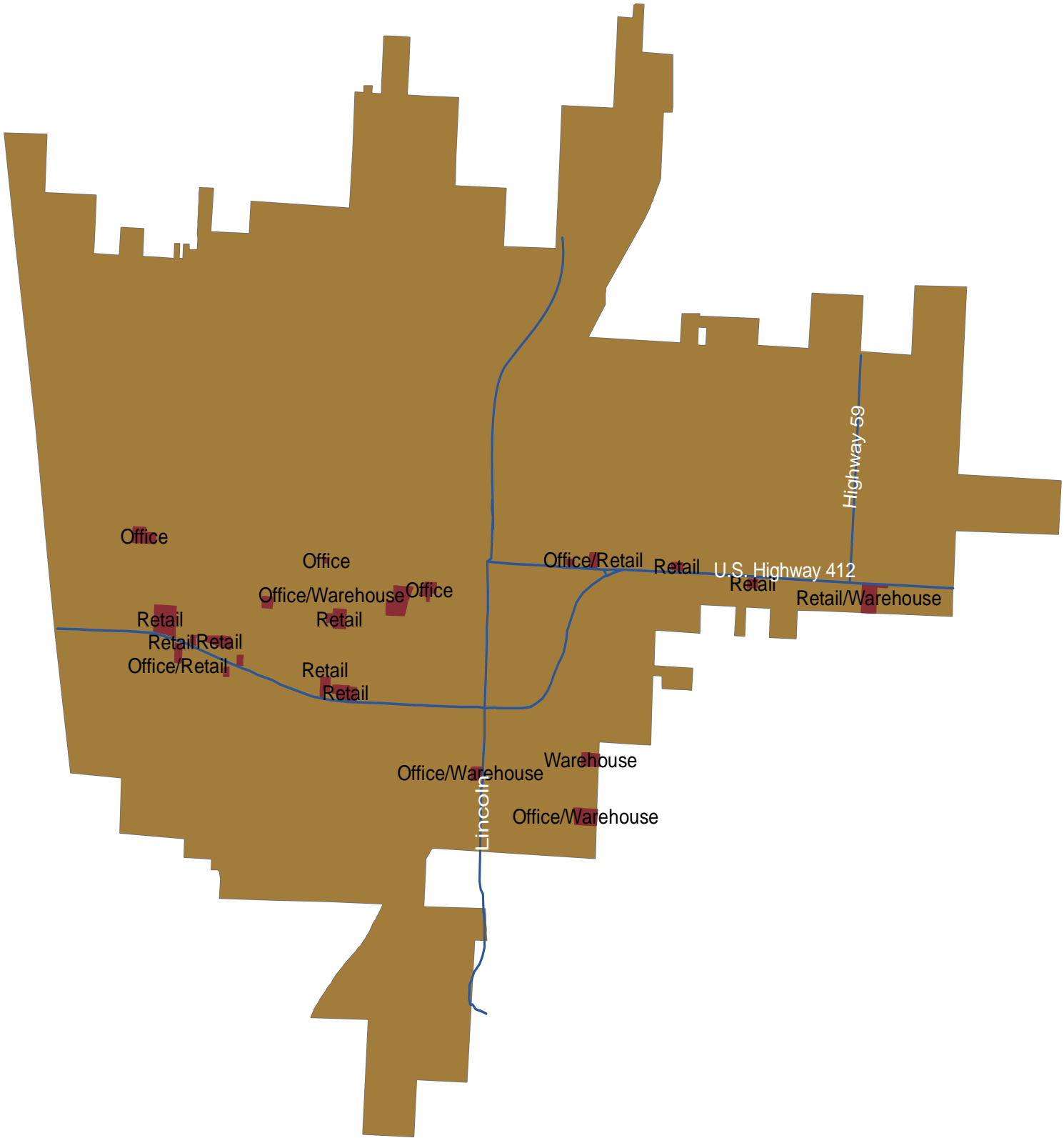
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	--	192,069	192,069	100.0%	0	0	0	--
Office	\$10.70 - \$11.86	82,232	2,144	2.6%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$7.39 - \$8.27	8,000	144	1.8%	0	0	0	--
Class C	\$7.64 - \$9.92	3,200	0	0.0%	0	0	0	0.0
Medical	\$13.84 - \$14.34	71,032	2,000	2.8%	0	0	0	--
Office/Retail	\$8.18 - \$9.95	141,200	43,324	30.7%	400	0	400	324.9
Class A	\$13.00 - \$18.00	54,000	24,564	45.5%	0	0	0	--
Class B	\$9.48 - \$10.28	71,790	12,050	16.8%	400	0	400	90.4
Class C	\$3.98 - \$6.60	15,410	6,710	43.5%	0	0	0	--
Office/Warehouse	\$3.12 - \$3.12	106,441	70,007	65.8%	0	0	0	--
Retail	\$8.87 - \$9.54	297,106	25,736	8.7%	1,267	0	1,267	60.9
Class A	--	--	--	--	--	--	--	--
Class B	\$10.16 - \$10.64	155,222	21,168	13.6%	632	0	632	100.5
Class C	\$6.71 - \$7.71	141,884	4,568	3.2%	635	0	635	21.6
Retail/Warehouse	\$5.53 - \$5.53	55,680	5,200	9.3%	0	0	0	--
Warehouse	\$2.00 - \$2.00	418,305	330,843	79.1%	0	0	0	--

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents

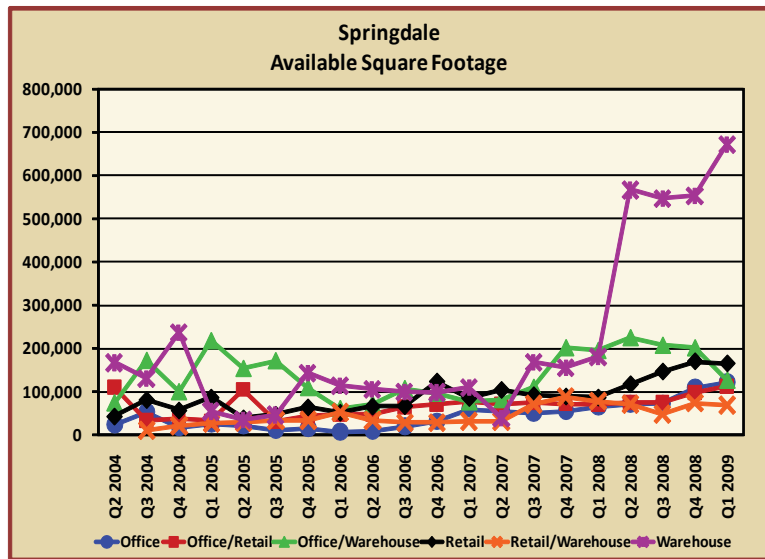


# Siloam Springs



# Springdale

- From December 2008 to February 2009, Springdale issued \$1,596,349 worth of building permits for new commercial space. There were no building permits issued in the previous quarter, while there were almost \$4.0 million worth of commercial building permits issued in the first quarter of 2008.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 5,996,772 square feet of commercial space in the first quarter.
- In the first quarter of 2009, Springdale experienced positive net absorption in the medical office, office/warehouse, retail, retail/warehouse, and warehouse submarkets, while there was negative net absorption in the office and office/retail submarkets.
- A total of 14,000 square feet were added in the first quarter to the Springdale Class B office/retail submarket.
- Reported vacancy rates increased in the office, office/retail, and warehouse submarkets and declined in the medical office, office/warehouse, retail, and retail/warehouse submarkets in Springdale in the first quarter.



- In the first quarter of 2009 in Springdale, average reported lease rates decreased for the office Class B by \$0.04 and office/retail Class C by \$0.03. Average lease rates increased for the office Class A by \$0.09, office/retail Class B by \$0.48, and warehouse by \$0.03. All other reported average lease rates remained unchanged.

## Downtown Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 193,310 square feet of office, office/retail, and retail space in downtown Springdale in the first quarter of 2009.
- The office space in downtown Springdale had a reported average vacancy rate of

## 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>
Lab	--	5,224	5,224	100.0%	0	0	0	--
Industrial	\$3.63 - \$5.50	371,647	0	0.0%	0	0	0	0.0
Office	\$11.48 - \$12.63	745,580	121,929	16.4%	-4,897	0	-4,897	--
Class A	\$15.67 - \$16.17	77,123	9,183	11.9%	-6,783	0	-6,783	--
Class B	\$12.23 - \$13.98	322,737	29,938	9.3%	-6,691	0	-6,691	--
Class C	\$9.60 - \$9.86	119,017	28,421	23.9%	-1,876	0	-1,876	--
Medical	\$11.87 - \$13.59	226,703	54,387	24.0%	10,453	0	10,453	15.6
Office/Retail	\$10.10 - \$11.61	497,443	112,977	22.7%	3,309	14,000	-10,691	--
Class A	--	--	--	--	--	--	--	--
Class B	\$12.42 - \$13.94	226,157	62,665	27.7%	3,540	14,000	-10,460	--
Class C	\$8.21 - \$9.71	271,286	50,312	18.5%	-231	0	-231	--
Office/Warehouse	\$5.22 - \$7.30	1,297,403	126,992	9.8%	61,682	0	61,682	6.2
Retail	\$10.35 - \$11.27	915,497	165,265	18.1%	4,778	0	4,778	103.8
Class A	--	--	--	--	--	--	--	--
Class B	\$12.75 - \$13.71	634,407	146,055	23.0%	3,778	0	3,778	116.0
Class C	\$8.23 - \$9.11	281,090	19,210	6.8%	1,000	0	1,000	57.6
Retail/Warehouse	\$5.57 - \$6.82	425,124	69,300	16.3%	4,460	0	4,460	46.6
Warehouse	\$3.92 - \$4.30	1,738,854	672,618	38.7%	1,533	0	1,533	1,316.3

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents





# Springdale

18.4 percent in the first quarter of 2009. The rate was higher than the overall Springdale average office vacancy rate of 16.4 percent in the first quarter.

- There was no available retail commercial space for downtown Springdale properties in the first quarter, the same as in the previous quarter. This compares to the 18.1 percent average retail vacancy rate for all of Springdale.
- Meanwhile, all office/retail space was available in downtown Springdale in the first quarter of 2009.
- There were no new square feet of commercial property added to downtown Springdale in the first quarter of 2009.
- There was positive net absorption of 8,637 square feet in the office submarket in downtown Springdale in the first quarter.
- Average reported lease rates for downtown Springdale remained constant for office and retail space compared to the first quarter of 2008. Compared to the

average reported lease rates for all of Springdale, downtown office, office/retail, and retail space rates were lower by \$3.20, \$1.86, and \$2.55, respectively.

## West Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 547,436 square feet of office, office/retail, and retail space in West Springdale in the first quarter of 2009.
- The office space in West Springdale had a reported average vacancy rate of 21.8 percent in the first quarter of 2009, an increase of 3.2 percentage points from the fourth quarter of 2008. The rate remained higher than the city average office vacancy rate of 16.4 percent.
- The average office/retail vacancy rate in West Springdale increased to 23.3 percent, which is higher than the overall city average office/retail vacancy rate of 22.7 percent.

- The retail vacancy rate for West Springdale properties decreased to 16.6 percent in the first quarter, and remained lower than the city average retail vacancy rate of 18.1 percent.
- There were 14,000 square feet of new office/retail space added to West Springdale in the first quarter of 2009.
- There was negative absorption of 3,150 square feet of office space and positive absorption of 8,040 square feet of office/retail space and 1,363 square feet of retail space in West Springdale in the first quarter.
- Average reported lease rates for West Springdale office/retail space increased and were about \$3.15 higher than the average for all of Springdale, while office and retail average lease rates remained constant and about \$3.05 and \$1.69 higher than Springdale overall from the fourth quarter of 2008 to the first quarter of 2009.

## 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	\$8.45 - \$9.27	171,924	31,604	18.4%	8,637	0	8,637	11.0
Office/Retail	\$8.00 - \$10.00	3,732	3,732	100.0%	0	0	0	--
Retail	\$7.68 - \$8.84	17,654	0	0.0%	0	0	0	--

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents

## West Springdale Summary Statistics

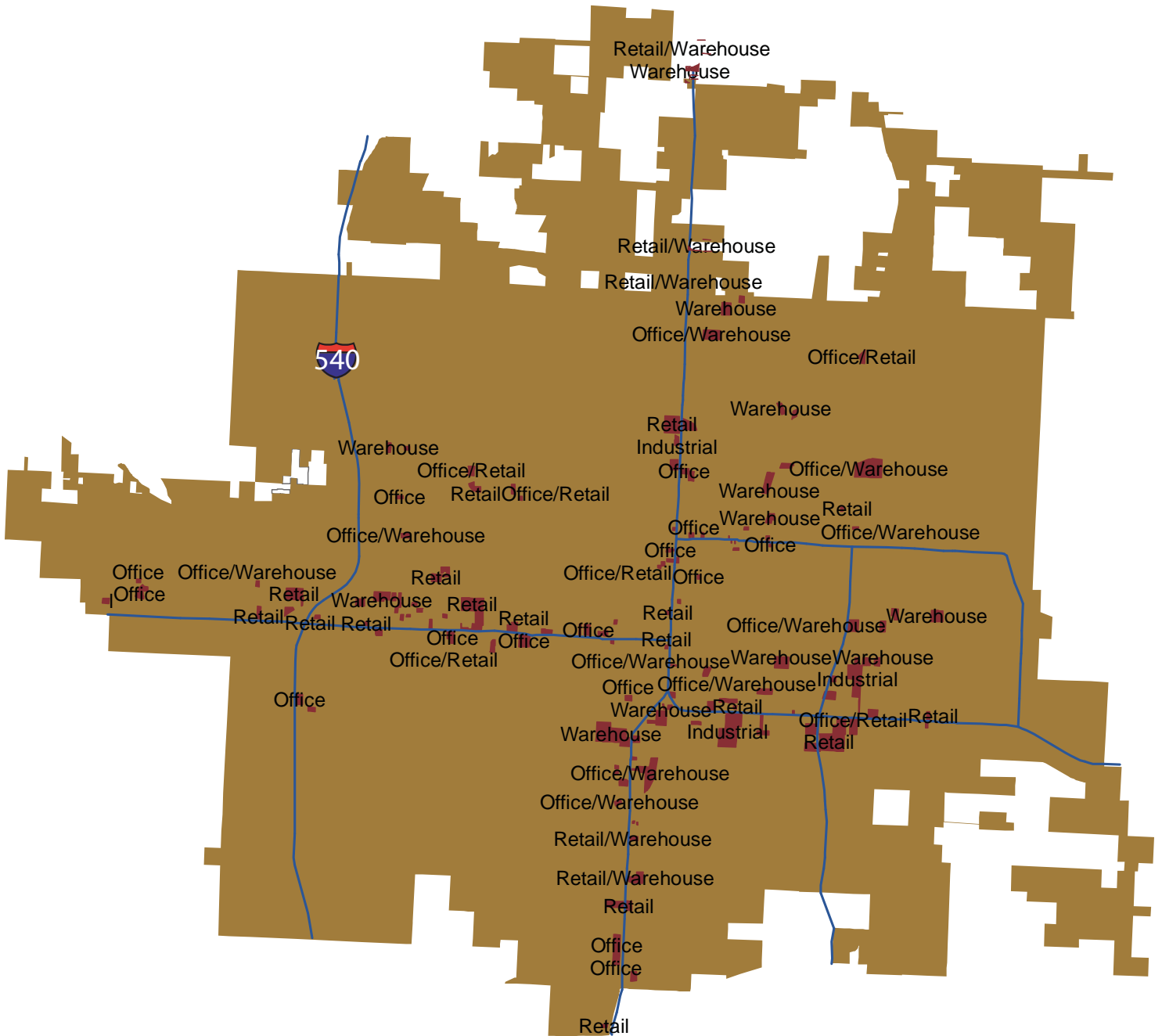
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q4 to Q1 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$14.93 - \$15.28	96,854	21,150	21.8%	-3,150	0	-3,150	--
Office/Retail	\$13.13 - \$14.88	58,550	13,660	23.3%	8,040	14,000	-5,960	--
Retail	\$12.00 - \$13.00	392,032	65,170	16.6%	1,363	0	1,363	143.4

<sup>1</sup>From all Q1 2009 respondents

<sup>2</sup>From Q1 2009 respondents who were also Q4 2008 respondents



# Springdale



# Interpretation

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

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

- Banks: 20,000 ft<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. The Center for Business and Economic Research staff gather information on square footage available to the market, lease rates, and other property characteristics from the panelists. In the first quarter of 2009, 261 panelists provided data on 1,342 competitive properties across Benton and Washington Counties. Data are excluded for owner-occupied and dedicated spaces so that the total square feet, available square feet, and lease rates represent only a sample from properties that are currently or potentially available for lease. Vacancy rates are calculated from the sample of 1,342 properties and are assumed to be representative of the larger competitive commercial property market.

The panel participants vary somewhat from quarter to quarter as new contributors are added and as previous contributors fail to respond for new requests for information. Time trend analysis is dependent on having a consistent base of information so that apples-to-apples

comparisons can be made. Absorption rates are only calculated for properties that are part of a matched sub-sample—that is, there must have been information received about a particular property in both recent quarters for the number to be included in the calculated property absorption rates. The one exception to this rule is for new properties that are completed and come online for leasing in the most recent quarter.

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

## Classification

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

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

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

Class C space is adequate for users that require functional space for their businesses,

