

THE SKYLINE REPORT

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Center for Business and Economic Research

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Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the seventeenth 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 Second Quarter of 2008

- In the second quarter of 2008, 253,176 square feet of competitive commercial property were added to the Northwest Arkansas market. About 115,200 square feet of that space were new warehouse space, 71,400 were new office space, 51,500 were new office/warehouse, and about 15,000 were new retail space.
- In the office market, there was positive net absorption of 21,854 square feet. A total of 40,000 square feet of new space were added to the Class A office submarket, 12,400 to the Class B office submarket, and 19,000 to the medical office submarket.
- During the second quarter of 2008, the retail submarket in Northwest Arkansas added 15,076 square feet and 25,367 square feet became vacant. As a result, the vacancy rate increased to 14.3 percent in the second quarter from a revised 13.2 percent in the first quarter of 2008.
- Within the office/retail submarket there was absorption of 22,601 square feet, while no new space entered the market. Accordingly, the office/retail vacancy rate declined from 22.2 percent in the first quarter to 21.8 percent in the second quarter.
- A total of 51,500 square feet of new office/warehouse space were added to the Springdale market in the second quarter, while 40,703 square feet became occupied in Northwest Arkansas, netting negative net absorption of 10,979 square feet.
- The warehouse submarket experienced negative net absorption of 487,260 square feet, while 115,200 square feet of new space were added in Springdale during the second quarter of 2008.
- From March to May of 2008, there were almost \$13.0 million in commercial building permits issued in Bentonville, Fayetteville, Lowell, Rogers, and Springdale. This is a decline of 64.7 percent from the prior quarter, and a decline of 79.1 percent from the second quarter of 2007.

Report Structure

The Skyline Report presents an analysis of data from three primary sources. Information on the entire population of commercial property is gathered from the offices of the Benton and Washington County Assessors. These data sets are then filtered to exclude properties that are not part of the competitive leasing market. These excluded properties include owner-occupied buildings and other dedicated spaces. Additionally, commercial properties that do not meet certain minimum size criteria (detailed on page 54) are also filtered from the base of commercial properties considered. As a second source of data, building permit information is collected from the relevant divisions in Northwest Arkansas city governments. Finally, availability, lease rates, and other characteristics of competitive commercial properties are obtained from a panel of the largest commercial property owners and managers in Northwest Arkansas. Each of the three types of information that is collected gives a unique, but critical perspective of the local commercial property market. Without understanding what the universe of commercial properties looks like at the beginning of a period, the scale of available space for lease is meaningless. Likewise, the data that come from building permits paint a picture of what market additions are imminent. Only after setting the stage with these two perspectives do vacancy rates and market absorption numbers have real value.

In order to provide yet another level of perspective on the Northwest Arkansas commercial property market, the Skyline Report contains an overview of national and regional macroeconomic conditions. Ultimately, the real estate market is subject to the same fundamental forces that shape the rest of the economy, so having a broader view of current issues provides insights into potential challenges and opportunities for commercial property development.

To this end, the Skyline Report begins with an economic overview. First, national output and employment issues are discussed

followed by the discussion of short-term and long-term interest rate prospects. Then, recent regional economic statistics, focusing on regional employment trends, are presented. After the economic overview, the results of some focus group discussions with commercial property developers and managers are summarized in order to supplement the hard data with anecdotal evidence from market participants about regional trends.

After the summary of local perceptions, the second quarter numbers for total commercial property square feet and building permit data are presented. Within the total square feet table, breakdowns of property type by city are contained. Also, the number of square feet of competitive commercial property for which the 241 panelists provide information is broken down by city and the percentage of coverage of the competitive market is calculated. A table containing publicly announced new commercial real estate projects is presented after the summary of building permit data. This table is meant to provide an indication of the future direction of the Northwest Arkansas commercial property market. As many of these projects are still in the conceptual phase, hard data are incomplete and subject to change.

Following the table of announced commercial projects is a trends summary that includes information about vacancy rate and available space trends. There are also three tables summarizing some results from the most recent five quarters. The first table presents vacancy rates by submarket for the second, third, and fourth quarters of 2007 and for the first and second quarters of 2008. The second table presents net absorption by submarket and the



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

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

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

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



Economic Overview

The Macro Economy at a Glance

In the first quarter of 2008, the overall real growth rate in GDP was 1.0 percent, according to the final estimates released by the U.S. Department of Commerce Bureau of Economic Analysis (BEA). The growth rate went up from a revised 0.6 percent rate in the fourth quarter of 2007 and was lower than the growth rate in the first quarter of 2007 (which was 1.3 percent). The BEA reported that the increase in real GDP in the first quarter primarily reflected positive contributions from personal consumption expenditures (PCE) for services, exports of goods and services, and federal government spending that were partly offset by negative contributions from residential fixed investment and PCE for durable goods. Imports, which are a subtraction in the calculation of GDP, decreased slightly. The small acceleration in real GDP primarily reflected an upturn in inventory investment that was partly offset by a deceleration in PCE. Final sales of computers contributed 0.09 percentage point to first-quarter growth in real GDP after contributing 0.16 percentage point to the fourth-quarter growth. Motor vehicle output subtracted 0.48 percentage point from the first-quarter growth in real GDP after subtracting 0.86 percentage point from the fourth-quarter growth.

Turning to other data, in June of 2008, the national unemployment rate was a seasonally adjusted 5.5 percent, higher than the 4.6 percent rate a year earlier. The Conference Board Consumer Confidence Index, which had declined in May, declined even further in June. The Index now stands at 50.4 (1985=100), down from 58.1 in May. The Present Situation Index decreased to 64.5 from 74.2. The Expectations Index declined to 41.0 from 47.3 in May. Lynn Franco, Director of the Conference Board Consumer Research Center: "This month's Consumer Confidence Index is the fifth lowest reading ever. Consumers' assessment of present-day conditions continues to grow more negative and suggests the economy remains stuck in

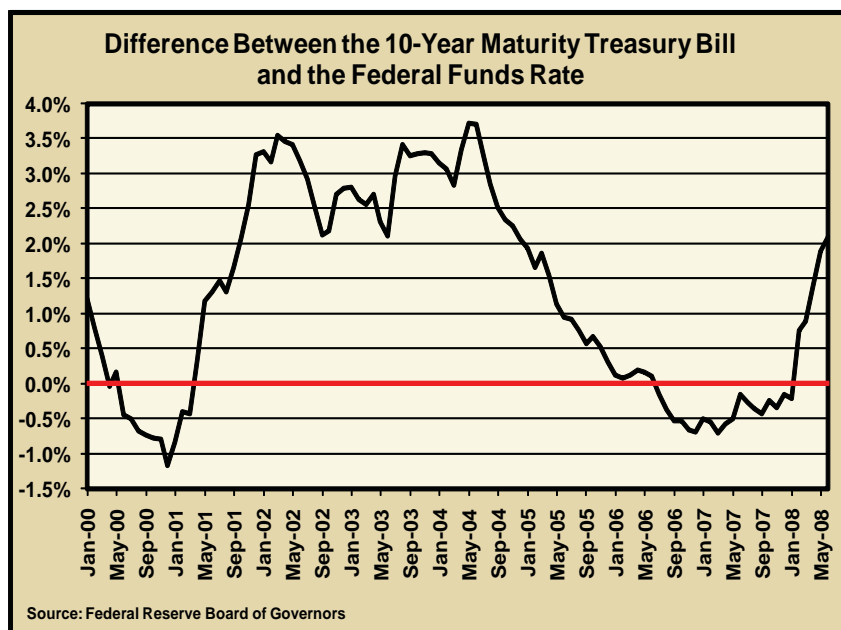
low gear. Looking ahead, consumers' economic outlook is so bleak that the Expectations Index has reached a new all-time low. Perhaps the silver lining to this otherwise dismal report is that Consumer Confidence may be nearing a bottom."

During the first five months of 2008, the Consumer Price Index for All Urban Consumers (CPI-U) rose at a 4.0 percent seasonally adjusted annual rate (SAAR). This compares with an increase of 4.1 percent for all of 2007. Between January 2008 and May 2008, overall energy costs rose at a 16.5 percent SAAR, whereas the energy index increased by 17.4 percent in all of 2007. The food index has increased at a 6.3 percent SAAR thus far this year, following a 4.9 percent rise for all of 2007. Excluding food and energy, the CPI-U advanced at a 2.0 percent SAAR in the first five months, following a 2.4 percent rise for all of 2007. Each of the three groups--food, energy, and all items less food and energy--contributed to the deceleration. On a seasonally adjusted basis, the CPI-U advanced 0.6 percent in May, following a 0.2 percent increase in April. The index for energy, which was virtually unchanged in April, increased 4.4 percent in May. The index for petroleum-based energy advanced

5.8 percent and the index for energy services rose 2.3 percent. The food index rose 0.3 percent in May. The index for all items less food and energy advanced 0.2 percent in May, following a 0.1 percent rise in April. Upturns in the indexes for lodging away from home, for public transportation, and for household furnishings and operations more than offset a downturn in the index for apparel.

Short-term Interest Rate Risk

The Federal Reserve stopped implementing decreases in short term interest rates. The Fed Funds rates averaged 2.0 percent at the end of June. According to the Fed's Chairman, Ben Bernanke, despite the unwelcome rise in the unemployment rate, the recent incoming data, taken as a whole, have affected the outlook for economic activity and employment only modestly. Indeed, although activity during the second quarter is likely to be weak, the risk that the economy has entered a substantial downturn appears to have diminished over the past month or so. Over the remainder of 2008, the effects of monetary and fiscal stimulus, a gradual ebbing of the drag from residential construction, further progress in the repair of financial and credit markets, and still-solid demand from abroad should



Economic Overview

provide some offset to the headwinds that still face the economy. However, the ongoing contraction in the housing market and continuing increases in energy prices suggest that growth risks remain to the downside. In order to strengthen consumer protections, the Fed will issue new rules on mortgage lending in July, using its authorities under the Home Ownership and Equity Protection Act.

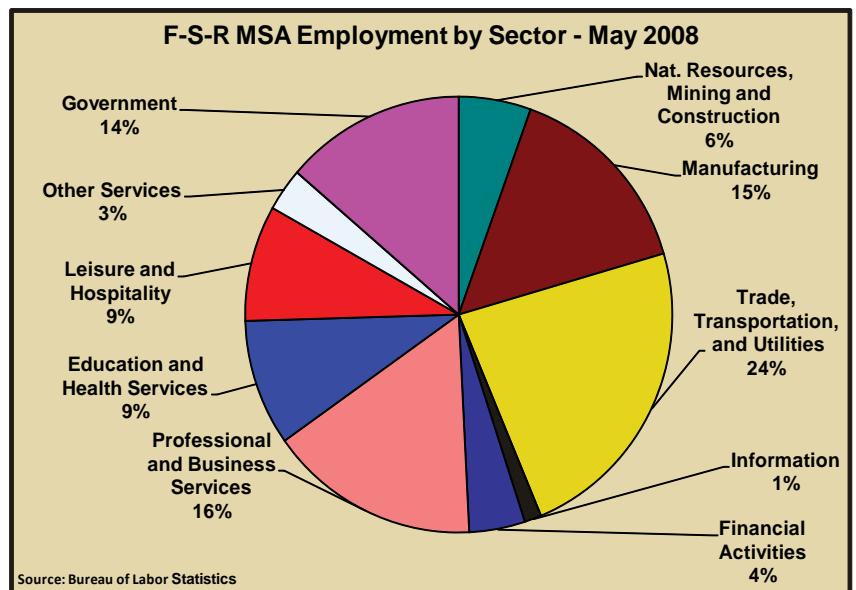
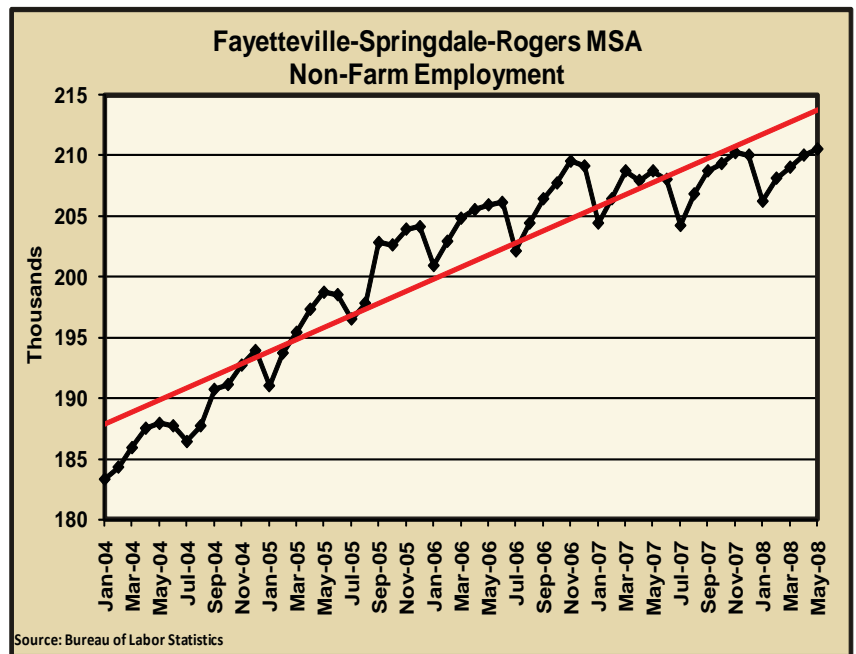
Long-term Interest Rate Risk

The ten year constant maturity Treasury bill had an interest rate of 4.1 percent in June 2008. The growth of short-term rates was less than the increase in long-term interest rates, implying an increase in the spread between the two. The accompanying figure shows the spread between the Fed Funds Rate and the ten year Treasury bill since January 2000. In June 2008, the spread was a 2.1 percent. The positive spread is important as it has typically been a sign of strong economy.

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 May 2008, a five year average of 500 non-farm jobs was created per month. The local economy added 1,800 jobs over the course of the year from May 2007 to May 2008. A similar year over year comparison in March 2007 showed that the economy added only 300 jobs.

In order to delve more closely into the makeup of the job growth in Northwest Arkansas, two additional figures are provided. The first shows the May 2008 Fayetteville-Springdale-Rogers MSA employment breakdown by sector. As the pie chart shows, trade, transportation, and utilities have the largest share of employment (24 percent) in North-



west Arkansas, followed by professional business services (16 percent), manufacturing (15 percent), government (14 percent), and lastly education and health services or leisure and hospitality (9 percent). The second figure shows the annual percentage change in the MSA's employment by sector from May 2007 to May 2008. Total nonfarm employment increased by 0.9 percent during that time, so those sectors with larger employment growth rates increased in relative impact

and those sectors with smaller employment growth rates decreased in relative impact. Education and health services, information, other services, government, leisure and hospitality, professional and business services, and financial activities sector had the largest percentage increases.

According to the Bureau of Labor Statistics, the unemployment rate in Northwest Arkansas was at a preliminary seasonally



Local Perceptions

non-adjusted 4.0 percent in May 2008. This is 0.3 percentage points higher than in May of 2007. The unemployment rate in Northwest Arkansas continues to outperform both the state (5.0 percent) and nation (5.2 percent) seasonally non-adjusted rates.

Local Perceptions of the Northwest Arkansas Commercial Property Market

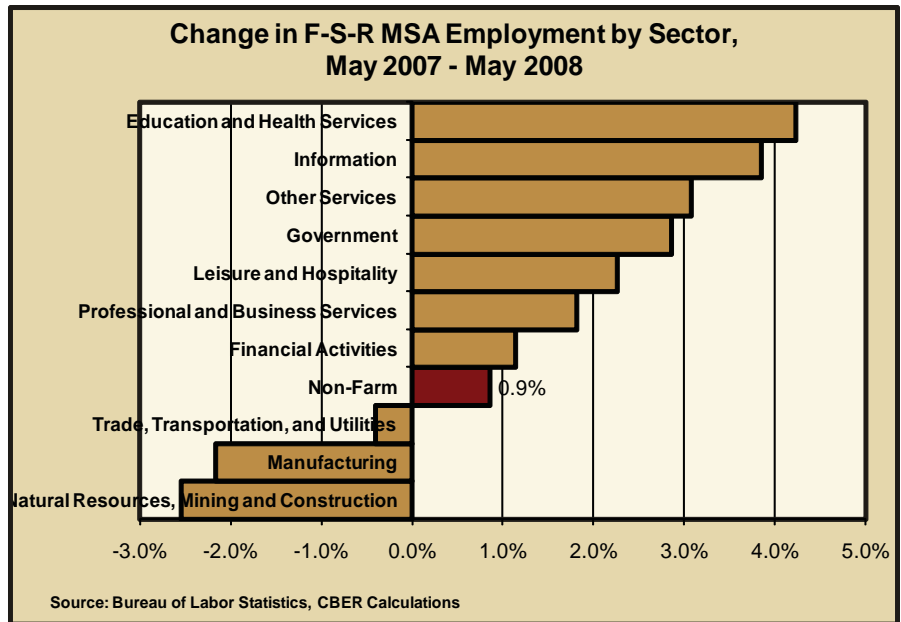
Each quarter, CBER staff members have conversations with a dozen or so commercial developers and/or property managers to gain their ground-level insights on the current commercial real estate market in Benton and Washington counties. Panelists have talked about the general state of the market including areas of concern, supply and demand imbalances, and areas of potential growth and opportunity; the national economy; the banking industry; local governmental concerns; 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.

In talking with panelists this quarter, it quickly became apparent that the burgeoning optimism from last quarter had been replaced by a more cautious, if not downright pessimistic, outlook for the rest of 2008 and 2009, except for certain targeted locations and opportunities. Many panelists commented on projects, varying from large single tenant and multi-tenant buildings down to renovating small office vendor space, being delayed or cancelled. Caution seems to be the watch word for many groups in this economic environment. The oversupply in the office market across the region was cited as an important reason for this situation. Also tighter credit and rising fuel costs, affecting both local and national firms, were indicated as being significant factors in the pull back from new projects. In addition to discussing the oversupply in the regional office market (with specific references to the Fayetteville

Mall/Joyce Street Corridor area), oversupply was mentioned with regards to multifamily and residential markets by several of the panelists. They felt that oversupply in those areas was also having a negative effect on the commercial market. There was a particular concern about the multifamily market and the large number of units approved or on the drawing board. Some panelists are worried that exacerbating the oversupply situation will lead to a further deterioration of another facet of the real estate market, and that will then cause more problems in the commercial market as well. Residential market concerns were linked to commercial market concerns in the often repeated phrase “rooftops to retail.” In this case, the panelists were bemoaning the lack of rooftop growth to support more retail. A less negative comment was made by several panelists that they were “running harder to stay in the same spot” with regards to leasing activity. At the same time, many panelists reported that there is a tremendous amount of activity in the commercial sector; although “churn” dominated, there was also some reporting of new firms in the area. Also, several panelists made the point that excellent property management and strong tenant relations are more critical than ever in this highly competitive environment. Providing

strong tenant services is crucial to retaining tenants, and important to recruiting new ones away from properties that are managed less professionally, which has been a factor in some property-owners problems. This quarter panelists reiterated the thought that the current shake-out of developers, property owners and managers, real estate agents and firms, will lead to a much healthier long term market for Northwest Arkansas.

There are areas of strength in the commercial market according to some panelists. They mention continued demand for office and retail space. However, that demand was contingent upon “location, location, location.” First, some areas on the I-540 corridor were mentioned as being areas of current and future growth, regardless of other areas’ problems. The medical office market was also cited as a growth sector. Next, a few panelists said it is cheaper to build today than it was two years ago, and will be two years from now. Therefore, with strong liquidity and some preleasing they feel there are opportunities to build even today. But the consensus is that there are few developers in that strong of a cash position.



Local Perceptions

The national economy was a far more important topic of conversation than at any time in the past several quarters dating back to the fourth quarter of 2005. First and foremost, fuel costs are on all minds. Panelists are extremely concerned about the impact of rising fuel costs in several ways: on the construction of new space, the ability of owners and lessees to renovate or reconfigure old space, on the ability of lessees to pay for existing space, and perhaps most importantly, the ability of consumers to buy goods and services. Additionally, panelists expressed concerns about the increase in food prices and how that will impact consumer spending and its effect on the commercial market. Additionally, panelists talked about keeping a close eye on interest rates. It is clear in talking to panelists that they no longer feel Northwest Arkansas is highly insulated from the national economy. Future economic decisions will need to take national trends into account in a somewhat more significant manner than in the past seemed to be a common thread.

Panelists again discussed the banking situation extensively. There was still some blaming of the banks for the current downturn, but not nearly at the level of the past couple quarters. Panelists by-and-large are more concerned about further bank failures and the negative impact that would have on commercial developments. A few panelists believe at least two and perhaps as many as five or six local banks are still in trouble. Further, many feel the banks have gone too far in withholding credit; almost to the same extent they over-extended credit during the expansion. They are very concerned that what they see as this precipitous action by the banking industry is exacerbating the current slowdown.

This quarter there was very little discussion of local government. Mostly it was in regards to the possibility of the Northwest Arkansas mobility authority to accomplish anything. Panelists firmly believe that infrastructure improvements are necessary to long term growth

in Northwest Arkansas. There was a little conversation about government rules and regulations, but it wasn't high on panelist's agenda as a topic to discuss this quarter.

Long run optimism remains, but it was truly tempered this time. Panelists still feel that Northwest Arkansas' fundamentals remain strong, but it is going to take longer for the economy to turn around. Most panelists don't believe the "bottom" has yet been reached. Further, most of them do not foresee a real chance of growth again until 2010, with a couple who believe it may be four or five years before we enter another expansion.

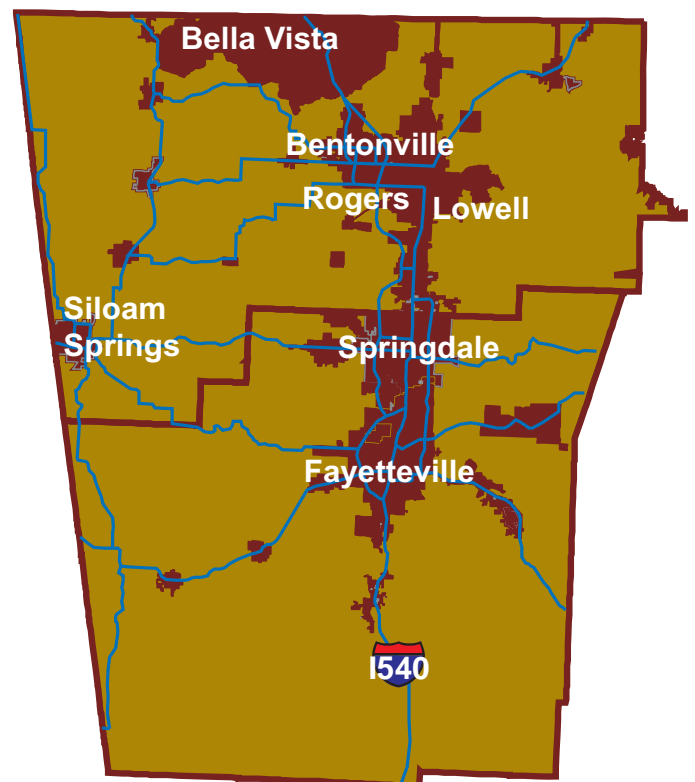
Positive Factors:

1. Strong demand for office space.
2. Continued movement of vendors into Northwest Arkansas.
3. Continued influx of professionals into Northwest Arkansas.
4. National attention to the growing MSA by developers and retailers.

5. National media coverage of Northwest Arkansas as a good place to live and work.
6. Creation of destination locations including development of the baseball stadium in Springdale.
7. Wal-Mart, Tyson Foods and the poultry industry, J.B. Hunt and the transportation industry, the University of Arkansas and higher education.
8. Region's entrepreneurial spirit.

Negative Factors:

1. Oversupply of office space in Bentonville/Fayetteville/Rogers.
2. Oversupply in the residential market.
3. Oversupply in the multifamily market.
4. Higher fuel costs.
5. Infrastructure: local roads, new by-passes, sewers.
6. Possible loss of construction worker population.
7. National economic slowdown.



Inventory and Building Permits

Categories of Commercial Properties

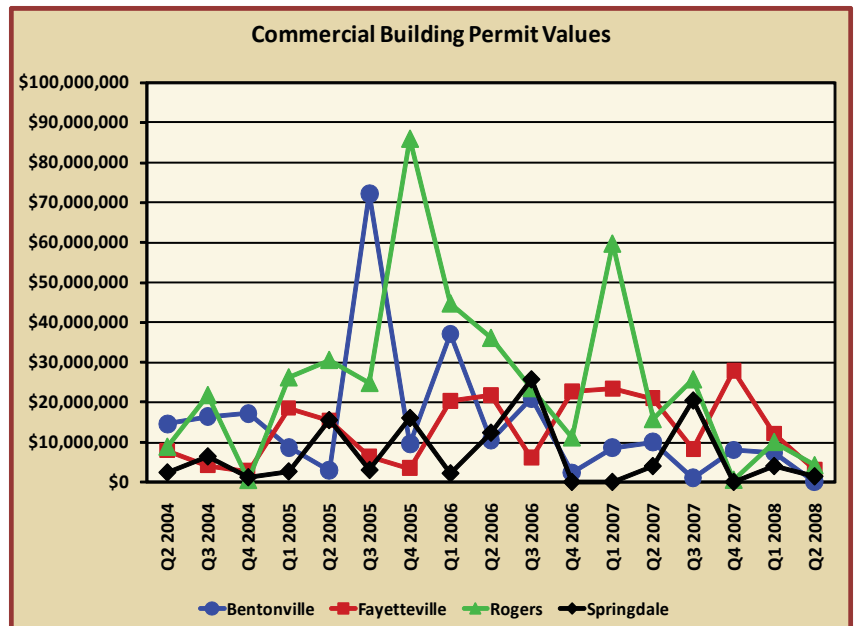
The Northwest Arkansas commercial market is divided into seven major categories of space:

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

Further, analysts at the 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 following table 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 May 2008. For the second quarter, the Sky-



line Report covered 92.1 percent of the total competitive commercial property population in Northwest Arkansas. Some cities had better coverage than others.

Building permit data from the past sixteen quarters are presented for six major cities in Northwest Arkansas. Building permit data are seasonal in nature and will show large fluctuations in square footage and value from quarter to quarter. Moreover, any particularly large project can skew the numbers immensely. Building permit data are also city-specific. Only Bentonville, Fayetteville, and Siloam Springs present square footage data, while only Bentonville and Fayetteville break out the different types of commercial property. A standardization of building permit applications in the region would provide much better data for comparison purposes.

From March to May of 2008, there were almost \$13.0 million in commercial building permits issued in Bentonville, Fayetteville, Lowell, Rogers, and Springdale. This is a decline of 64.7 percent from the prior quarter, and a decline of 79.1 percent from the second quarter of 2007. Rogers accounted for about 32.3 percent of the total value of building permits in the March to May period. Lowell

accounted for an additional 31.5 percent and Fayetteville accounted for 24.3 percent. Springdale's and Bentonville's shares were 10.8 and 1.2 percent respectively in the second quarter of 2008. Siloam Springs issued no commercial building permits in the second quarter.

The table of announcements of New Commercial Property is included as an indication of the future direction of the Northwest Arkansas commercial market. The list is not exhaustive, but represents an effort to gather data at a step before the official permitting process. The managers and owners of many of these properties have provided the 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 the first quarter, there were 6,955 standard rooms and 1,664 suites in Northwest Arkansas. Ben-



Inventory

tonville continued to have the most rooms, detailed in a table following the existing information. with 2,191. Announced new properties are hotel properties. Finally, a list of announced new restaurant properties follows the hotel

Total Square Feet and Coverage of Competitive Commercial Properties

	Industrial ¹	Office ¹	Retail ¹	Warehouse ¹	Total ¹	Panel Total Square Feet ²	Panel Coverage ²
Bella Vista	--	111,924	138,680	90,964	341,568	319,574	93.6%
Bentonville	76,056	4,154,074	962,253	788,376	5,980,759	6,590,909	110.2%
Fayetteville	114,079	2,819,070	3,873,792	1,778,270	8,567,147	7,409,193	86.5%
Lowell	57,970	254,691	172,208	772,259	1,257,128	923,456	73.5%
Rogers	307,281	2,064,350	3,448,176	1,674,190	7,493,997	7,875,882	105.1%
Siloam Springs	281,422	180,293	692,789	434,212	1,588,716	1,155,985	72.8%
Springdale	1,231,976	1,447,589	2,181,159	2,417,034	7,277,758	5,675,422	78.0%
Northwest Arkansas Total	2,068,784	11,031,991	11,469,057	7,955,305	32,507,073	29,950,421	92.1%

¹Source: 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.

²Source: Panel of 241 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
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	
Crye-Leike Office	Bella Vista	Crye-Leike Realtors	Office/Retail	9,000	2008
Mercy Health System Urgent Care	Bella Vista	Mercy Health System	Medical		
206 SW 2nd Street Multi-Use Building	Bentonville	Main Street Builders LLC	Mixed Use		
28th Street Commercial Building	Bentonville	Rick Thomas	Office/Retail	24,000	
Airport Plaza	Bentonville		Office/Retail/Bank	25,846	
Applegate Hills	Bentonville	Robert Weinmeier and Jim Brassart	Mixed Use	980,000	
Archer Business Park	Bentonville	Wayne and Victoria Martin	Retail	20,000	
Arvest Bank	Bentonville	Arvest Bank	Bank	5,000	2008
Bentonville Pre-K School	Bentonville	Bentonville School District	School	22,630	
Brightwood Business Park	Bentonville	Mike Charlton	Office/Retail	35,260	2008
Christopher's Custom Homes Office	Bentonville	Christopher's Custom Homes	Office		
Classic Lube, Tune and Brakes	Bentonville	Shane Willis	Retail	4,300	
Covington Center	Bentonville	Benchmark Group	Office/Retail		
Crye-Leike Office	Bentonville	Crye-Leike Realtors	Office/Retail	14,000	Sept. 2008
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	2008
Heritage Center Buildings	Bentonville	Colliers Dickson Flake	Office	25,012	Summer 2008
Kum and Go	Bentonville	Kum and Go	Retail		
Lakeside Center	Bentonville	Lindsey Management	Office	60,000	
Landers McClarty Jeep	Bentonville	Landers McClarty Auto	Commercial	9,033	
Moberly Professional Park	Bentonville		Office	56,128	
Morrison Addition Office Buildings	Bentonville	Clinard Construction	Office	30,000	
Neighborhood Wal-Mart and Uptown Center	Bentonville	CEI Engineering	Retail	40,000+	Delayed
Oakbrooke II Office Building	Bentonville	MIDD Development	Office/Retail	26,000	
PJT Commercial Building	Bentonville	PJT Development	Office	20,000	
Polo Park Commercial/Industrial Park	Bentonville	San Miguel LLC	Commercial	8,000	
Polo Park Warehouse	Bentonville	San Miguel LLC	Commercial/Industrial		
Primary-Care Clinic	Bentonville		Warehouse	108,000	
Rainbow Junction	Bentonville		Commercial		
Rescue Heroes Building	Bentonville	Rescue Heroes LLC	Office	54,000	
Retail Building on Central	Bentonville	Schaefer Properties	Office	40,000	
SDI Realty Retail Development	Bentonville	SDI Realty	Retail	40,000	
Studio Salon and Day Spa	Bentonville		Retail	6,500	
Supplier Plaza	Bentonville	W. Wallace and S. Xayprasith	Retail	30,000	2008
Tate & Haney Building	Bentonville	John Tate and Johnny Haney	Mixed Use	50,000	2008
The Chateau on Chardonnay	Bentonville	Rex Fox and Frank Farrer	Mixed Use	55,000	Summer 2008
The Links at Rainbow Curve	Bentonville	Lindsey Management	Mixed Use		
Unnamed Downtown Bentonville Proj.	Bentonville		Mixed Use		
Vogel Commercial Development	Bentonville	Ross and Steve Vogel	Commercial	38,000	2008
Volkswagen Dealership Building	Bentonville	Bryan Hunt	Retail	15,000	2010
White Oak Convenience Store	Bentonville	Steve Turner/Petromark	Retail	11,687	Summer 2008
Willow Brook Farms	Bentonville		Retail		
932 Garland	Fayetteville	Steve Mansfield	Commercial		
Appleby Landing	Fayetteville		Mixed Use	66,227	2010
Arkansas Research and Tech. Park	Fayetteville	U of A Tech. Dev. Foundation	Medical Office	156,000	
Arvest Bank	Fayetteville	Arvest Bank	Office/Lab	60,000	Early 2009
Beacon Flats	Fayetteville	Beacon Flats LLC	Bank	8,080	Dec. 2008
Bellafront II	Fayetteville	Flake-Kelley	Mixed Use	5,500	
			Mixed Use	382,622	



New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
BioBased Headquarters	Fayetteville	J. Hunt, M. & T. Muccio, P. Phillips	Office/Lab	30,000	August 2008
Bradberry Building	Fayetteville	Ed and Karlee Bradberry	Mixed Use	10,000	2008
Bridgedale Plaza	Fayetteville	Clinton McDonald	Mixed Use	35,000	
Broyles Development	Fayetteville	Broyles Development LLC	Mixed Use	80,000	
City Lake Office Buildings (2)	Fayetteville	Teddy Caldwell and Candy Clark	Commercial	8,775	
Crye-Leike Office	Fayetteville	Crye-Leike Realtors	Office/Retail	18,900	Summer 2008
Flintco Warehouse	Fayetteville	Flintco Inc.	Warehouse	114,750	
Forest Hills Development	Fayetteville	John Alford	Commercial	206,000	Delayed
Forest Hills-Wal-Mart Neigh. Market	Fayetteville	John Alford	Retail		
Frisco Depot Project	Fayetteville	MansfieldHouse Ventures	Mixed Use	48,520	
Kantz Building	Fayetteville	Kathy Ball	Commercial	9,000	2008
Liberty Bank	Fayetteville	Liberty Bank	Bank	24,000	On hold
N Shiloh Commercial Development	Fayetteville		Commercial	27,500	
N. Point Circle Office Building	Fayetteville	John Davidson	Office	6,500	July 2008
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		Commercial		
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	
Ruskin Heights	Fayetteville	Davis, Hooker, Massey, VanVeen	Retail	58,500	
Shoppes at the Bluffs	Fayetteville	Mathias Properties	Retail	46,519	August 2008
Southpass	Fayetteville	Richard Alexander & John Nock	Retail	150,000	
Springwoods Behavioral Health	Fayetteville	Universal Health Services	Hospital/MedicalOffice	40,000	
Stonebridge Commercial Development	Fayetteville		Commercial		
The Links at Fayetteville	Fayetteville	Lindsey Management	Commercial	120,888	
The Lofts at Underwood Plaza	Fayetteville	AMA Real Estate Group, Nock Invest., the Beldens, the Underwoods	Commercial	49,085	August 2008
The Mill at West End	Fayetteville	B., J., & M. Box, A. & 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		
Vantage Partners Med. Office Build. 1	Fayetteville	WW Healthcare	Medical Office	26,528	2008
Vantage Partners Med. Office Build. 2	Fayetteville	WW Healthcare	Medical Office	26,528	
Vantage Partners Med. Office Build. 3	Fayetteville	WW Healthcare	Medical Office	26,528	
Walgreen's	Fayetteville	Sansone Group	Retail	13,354	August 2008
Walgreen's	Fayetteville	Walgreen's	Retail		
Washington Medical Center	Fayetteville	Rob Karas	Medical Office	20,000	
Wedington Circle	Fayetteville	Mansfield Property Management	Office/Retail	10,000	
Wedington Circle	Fayetteville	Mansfield Property Management	Retail	6,576	
Wedington Place	Fayetteville	Mathias Shopping Centers Inc	Office/Retail	26,000	Mid 2008
Wedington Retail Center	Fayetteville		Office/Retail	18,800	
Western Sizzlin Retail Center	Fayetteville	Mark Bazyk	Retail	5,000	
Woodstock Community	Fayetteville	Hank Broyles and John Nock	Mixed Use	100,000+	After 2009
Commerce Park	Lowell	Nickell, Hill, Rodman&Trumbo, Inc.	Office/Warehouse	75,000	2008
Crye-Leike Office	Lowell	Crye-Leike Realtors	Office	6,000	2008
Culligan Building	Lowell	C.R. Hall	Commercial	21,000	Fall 2008
Fast Lane Entertainment	Lowell	Chris Moore	Retail	74,000	July 2008
Kum and Go	Lowell	Kum and Go	Retail	3,391	
Lowell City Hall	Lowell				
Midpoint Exchange Business Park	Lowell	Sage Partners	Commercial		



New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
NWA Business Center Tower	Lowell	Pinnacle Group	Office	48,000	Mid 2008
World Gym	Lowell	Rhett Garner and Tania Zamzow	Retail	47,100	2008
Park Central	Lowell/Rog.	Charleton Development	Mixed Use		2008
Aaron's Rents	Rogers	Aarons Rents	Retail		
Adult Development Center Facility	Rogers	Adult Dev. Center of Benton Co.	Office/Warehouse	22,000	
Angler's Bend	Rogers	Caro Minas	Mixed Use		
Arkansas St Commercial Building	Rogers	Brad Snyder	Commercial	7,200	Early 2008
BancorpSouth	Rogers	Bancorp South	Bank/Office	8,500	2008
Benchmark Office Building	Rogers	Benchmark Group	Office	118,000	2008
Chastain Office Building	Rogers		Office		
Creekside Phase III	Rogers	Daniel Ellis	Commercial	60,000	
Crye-Leike Office	Rogers	Crye-Leike Realtors	Office/Retail	14,000	Sept. 2008
District at Pinnacle Hills	Rogers	Pinnacle Investments	Mixed Use		
Friends House	Rogers	Friends House	Adult Care	5,000	March 2008
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	Late 2008
Harrison Dental Office	Rogers		Medical Office		
Highlands Oncology Group Building	Rogers	Highlands Oncology Group	Medical Office	55,000	Dec. 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	2008
Kia Dealership	Rogers	Bill White	Retail	11,000	2008
Kum and Go	Rogers	Kum and Go	Retail	3,400	
Legacy Bank	Rogers	Legacy Bank	Bank		
Maralle Warehouse	Rogers	Maralle Development	Warehouse	7,200	
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 Commercial Phase 1	Rogers		Commercial		
New Hope Investors PUD	Rogers	New Hope Invest. and Elder Constr.	Mixed Use		
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Office	21,432	
Oliver Farm Development	Rogers	Collins&Haynes&The Sachs Family	Commerical		
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+	
Pottery Barn	Rogers	General Growth Corporation	Retail		Summer 2008
Prairie Creek Center	Rogers	Mathias Properties	Retail	51,279	
Promenade Extension	Rogers	General Growth Corporation	Retail	62,625	
Promenade Pointe	Rogers	Pinnacle Barber Partners LLC	Mixed Use	750,000	
Rees Development	Rogers	Rees Development	Mixed Use		
Rogers Board of Realtors	Rogers	Rogers Board of Realtors	Office		
South 40 Partners Development	Rogers	Bill Schwyhart, Robert Thornton	Commercial		
SWEPCO LEED Building	Rogers	SWEPCO	Office	14,722	Fall 2008
Target	Rogers	Target Corporation	Retail	137,000	
The Dental Depot	Rogers		Medical Office		
The Farms	Rogers	Haynes LTD	Mixed Use		
The Market at Pleasant Crossing	Rogers	P & H Properties	Retail	29,750	
The Village at Centre Point	Rogers	Centre Pointe LLC	Retail	250,000	
Wal-Mart Neighborhood Market	Rogers	Wal-Mart	Retail	36,000	
Walnut Crossing	Rogers	Greg House	Commercial	50,000	



New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Autumn Glen	Sil. Springs	James Mathias	Commercial		2008
Crye-Leike Office	Sil. Springs	Crye-Leike Realtors	Office	6,500	Late 2008
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		Hospital		
Walgreen's	Sil. Springs	112 Partner's LLC of Fort Smith	Retail		
AT&T Retail Center and Warehouse	Springdale	Hank Kelly	Retail/Warehouse	6,000	
Cavalier Commercial Buildings	Springdale	Cavalier Development	Office/Warehouse		
Crye-Leike Office	Springdale	Crye-Leike Realtors	Office	14,000	2008
Diesel Downs	Springdale	Gary Combs	Office/Retail	134,000	
Duralor	Springdale	Duralor LLC, Barrows & Bayyari	Industrial		Early 2009
El Mercadao Warehouse	Springdale	Green Hills Foods	Warehouse	135,000	January 2009
Frez-N-Stor	Springdale		Warehouse		
Habberton Ridge	Springdale		Mixed Use		
Hammitt-Eoff Business Center	Springdale		Office		
Imperial Doors	Springdale	Barry Ozturk	Retail/Warehouse	30,000	2008
Ironworks	Springdale	Stacey Hamm and Roger Piper	Commercial	10,000	August 2008
Legacy Bank	Springdale	Legacy Bank	Bank		
Neighborhood Wal-Mart	Springdale	Wal-Mart	Retail	40,000	Fall 2008
Springdale Center for Health	Springdale	WRMC	Medical	30,000	Summer 2008
Walgreen's	Springdale	Sansone Group	Retail	14,500	
Northwest Arkansas Science Center	Undeterm.	NWA Museum Foundation	Museum	130,000	



Hotels

Existing Hotels

Property Name	City	Number of Rooms	Number of Suites
Best Western Bentonville Inn	Bentonville	55	0
Best Western Castle Rock Suites	Bentonville	84	0
Clarion Hotel & Convention Center	Bentonville	105	0
Comfort Suites	Bentonville	120	0
Comfort Inn	Bentonville	64	0
Courtyard Bentonville	Bentonville	90	0
Days Inn & Suites	Bentonville	63	0
DoubleTree Guest Suites	Bentonville	131	0
DoubleTree Guest Suites	Bentonville	140	0
Econo Lodge Inn and Suites	Bentonville	152	0
Hartland Motel of Bentonville	Bentonville	31	0
Hilton Garden Inn	Bentonville	133	0
Holiday Inn Express Hotel & Suites	Bentonville	84	0
La Quinta Inn & Suites	Bentonville	107	0
Merchant Flats on 8th	Bentonville	10	0
Microtel	Bentonville	78	0
Pines Motel	Bentonville	9	0
Simmons Suites	Bentonville	115	0
Sleep Inn	Bentonville	103	0
South Walton Suites	Bentonville	56	0
Springhill Suites By Marriott	Bentonville	67	0
Super 8 Motel-Bentonville/Rogers	Bentonville	52	0
Towneplace Suites by Marriott	Bentonville	78	0
The Links at Bentonville Apts.	Bentonville	41	0
Value Place Extended Stay	Bentonville	121	0
Wingate Inn Bentonville	Bentonville	102	0
Best Western Windsor Suites	Fayetteville	66	0
Candlewood Suites	Fayetteville	78	78
Chief Motel	Fayetteville	31	1
Clarion Inn	Fayetteville	197	10
Comfort Inn-Fayetteville	Fayetteville	60	0
Cosmopolitan Hotel	Fayetteville	235	6
Country Inn & Suites By Carlson	Fayetteville	40	25
Courtyard by Marriot	Fayetteville	110	4
Days Inn	Fayetteville	140	5
Fairfield Inn Fayetteville	Fayetteville	61	0
Hampton Inn	Fayetteville	87	8
Hi-Way Inn Motel	Fayetteville	24	0
Holiday Inn Express	Fayetteville	77	33
Inn at Carnall Hall	Fayetteville	49	0
Inn At the Mill	Fayetteville	38	8
Motel 6	Fayetteville	98	0
Quality Inn	Fayetteville	48	10
Red Roof Inns	Fayetteville	104	1
Regency 7 Motel	Fayetteville	29	3
Sleep Inn of Fayetteville	Fayetteville	62	0
Staybridge Suites	Fayetteville	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
Ramada Inn Lowell	Lowell	51	0
Colonial Motel	Prairie Grove	8	0
Aloft	Rogers	130	1
Best Value Inn & Suites	Rogers	127	0



Hotels

Existing Hotels

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



Hotels

Existing Hotels Summary

City	Number of Rooms	Number of Suites
Bentonville	2,191	0
Fayetteville	1,856	301
Lowell	51	0
Prairie Grove	8	0
Rogers	1,355	962
Siloam Springs	273	27
Springdale	1,221	374
Northwest Arkansas Total	6,955	1,664



Announced Coming Hotels

Property Name	City	Owner	Number of Rooms	Expected Completion
Sheraton Hotel	Bentonville	Paul Myers	155	summer 2008
Suburban Extended Stay Hotel	Bentonville	Choice Hotels	100	Summer 2008
Hilton Gardens Inn	Fayetteville	Hilton		
Pratt Place Inn	Fayetteville	Julian Archer		
Homewood Suites	Fayetteville	Narry Krushiker	96	2009
Marriot Townplace	Johnson	CSK Hotels	94	January 2009
Unnamed	Rogers			
Westin Hotel and Condos	Rogers	Barber Group		Fall 2008
Horsebarn Tower Hotel	Rogers	FAE Horsebarn SPE LLC (including Crossland)		144
Best Western	Springdale	Tom Bhakta	70	
Double Tree Plaza	Springdale			
Microtel	Springdale			



Restaurants

Announced Coming Restaurants

Property Name	City	Owner	Expected Completion
Scooter's CoffeeHouse	12 Unkn. Locations	Scooters Coffee House of Omaha	--
Einstein Bros Bagels	3 Unknown Locations	Mike Philips	--
Jasons Deli	Benton County	Bourke Harvey	2009
Arbys	Bentonville	--	--
Beef 'O' Brady's	Bentonville	Matthew Amato	August 2008
Brightwood Grill	Bentonville	John Charlton	Done
Chickun on the Run	Bentonville	--	Done
Flying Burrito	Bentonville	Mike Rohrbach and Archie Schaffer Jr	done
Johnny Brusco's New York Style Pizza	Bentonville	Johnny Brusco's New York Style Pizza	Done
Osequera's Mexican Restaurant	Bentonville	Chris Conway	Done
Whole Hog Café	Bentonville	Brian Adams/Kevin Jacobs	--
Bistro 301	Bentonville	--	Done
J Bo's Cafe	Bentonville	--	Done
Bud's Family Style Chicken	Bentonville	--	Done
A Fare to Remember	Fayetteville	Jayn Parenti	Done
Asian Fusion	Fayetteville	Kelvin Tay and Raj Thuruzam	Done
Cheers Bar and Grill	Fayetteville	--	Done
Emelia's	Fayetteville	George and Sara Lusher	2008
Gullet's Gourmet	Fayetteville	Grant Gullett	Done
Jasons Deli	Fayetteville	Bourke Harvey	Done
Krystal Burger	Fayetteville	Krystal Burger	2008
Mellow Mushroom	Fayetteville	Mellow Mushroom	--
Starbucks	Fayetteville	Kathy Ball	2008
Tangerine	Fayetteville	--	Done
Unnamed café on square	Fayetteville	Growth Group	--
Western Sizzlin	Fayetteville	Mark Bazyk	--
Wilmas	Fayetteville	--	Done
Wow	Fayetteville	Lance An	Done
Zaxbys	Fayetteville	Brian Driggers	Done
Rockin' Chicken	Fayetteville	David Martin	Done
Inta Juice	Fayetteville	--	Done
Los Cabos Restaurant	Rogers	Northwest Hospitality	Done
Crabby's Seafood Bar & Grill	Rogers	Ahamd Enyati	Done
Einstein Bros Bagels	Rogers	Mike Philips	August 2008
Firehouse Subs	Rogers	Tracy Bush	--
Firehouse Subs	Rogers	Tracy Bush	--
Fuddruckers	Rogers	Pinnacle Hamburger Partners llc	--
Golden Corral	Rogers	Golden Partners	Summer 2008
Guido's Restaurant	Rogers	Mike Bariola	September 2008
Incredible Pizza Company	Rogers	Incredible Pizza Company	2008
Joey's Seafood and Grill USA	Rogers	Joey's Seafood and Grill USA	2008
KFC/Taco Bell	Rogers	John R. Meyers	--
Krystal Burger	Rogers	Smitco Eateries	Summer 2008
Lil' Juan's Restaurant	Rogers	--	--
McDonalds	Rogers	Matthews Management Co	2008
Red Lobster	Rogers	Darden Restaurants	Late 2008
Steak & Shake	Rogers	Mike Stennett	September 2008
Taco Bell	Rogers	K-Mac Enterprises	--
Traders Market Restaurant	Rogers	Moe Torabi	--
Puerto la Libertad	Rogers	--	Done
Chickun On the Run	Rogers	--	Done
La Carreta	Rogers	--	Done
La Guadalupana	Rogers	--	Done
McDonalds	Siloam Springs	112 Partners LLC	--



Restaurants

Announced Coming Restaurants

Property Name	City	Owner	Expected Completion
Arbys	Springdale	U.S. Beef	Done
Firehouse Subs	Springdale	Tracy Bush	--
Flying Burrito	Springdale	Mike Rohrbach and Archie Schaffer Jr	Done
Shakes Frozen Custard	Springdale	Mike Rohrbach and Archie Schaffer Jr	Done
Taco Bueno	Springdale	U.S. Beef	--
TaMolly's Mexican Restaurant	Springdale	TaMolly's Mexican Restaurant	2008
El Norteno Mexican Food	Springdale	--	Done
Annie Enzor's Sidewalk Café	Tontitown	Erin Cantu	Done
McDonalds	Tontitown	McDonalds Corp	Done

Closed Restaurants

Property Name	City	Date Closed
Brioso Brazil	Bentonville	June 2007
Mama Fu's Asian House	Bentonville	December 2007
Moe's Southwest Grill	Bentonville	December 2007
Nicolis	Bentonville	March 2008
San Francisco Bread Co	Bentonville	March 2008
Big Guy's Subs	Bentonville	April 2008
The Vineyard Restaurant	Bentonville	May 2008
Blue Plate Café	Bentonville	May 2008
Silk Road Restaurant	Bentonville	May 2008
Butterfly's Mexican Restaurant	Bentonville	June 2008
O'Charleys	Fayetteville	April 2007
Arsagas Block Street	Fayetteville	June 2007
Smokey Bones	Fayetteville	June 2007
Chloe's	Fayetteville	July 2007
Fuddruckers	Fayetteville	September 2007
Gloria JeansGourmet Coffee	Fayetteville	November 2007
Haagen-Daz	Fayetteville	November 2007
Mama Dean's Soul Food	Fayetteville	November 2007
Taco Bell	Fayetteville	November 2007
Cool Water Café	Fayetteville	December 2007
Garfield's Restaurant and Pub	Fayetteville	December 2007
Shanghai Chinese Restaurant	Fayetteville	December 2007
Maison des Tartes	Fayetteville	February 2008
Boston Mountain Grill	Fayetteville	February 2008
Wilma's Restaurant	Fayetteville	April 2008
Elenitas 2	Fayetteville	May 2008
Mordours	Fayetteville	June 2008
La Carreta Mexican Restaurant	Rogers	February 2008
Roca Linda	Rogers	February 2008
Gators Restaurant	Rogers	April 2008
Oscars Steak House	Rogers	May 2008
Macchu Picchu	Springdale	March 2008
Loafin' Joes	Springdale	May 2008



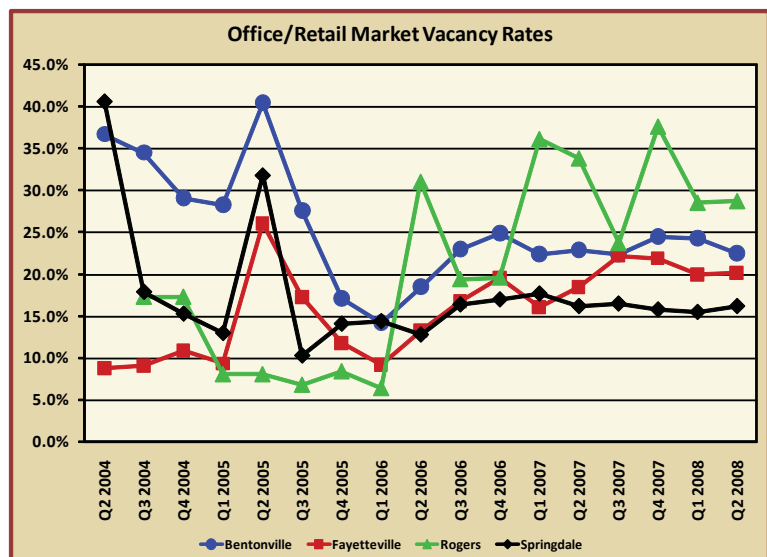
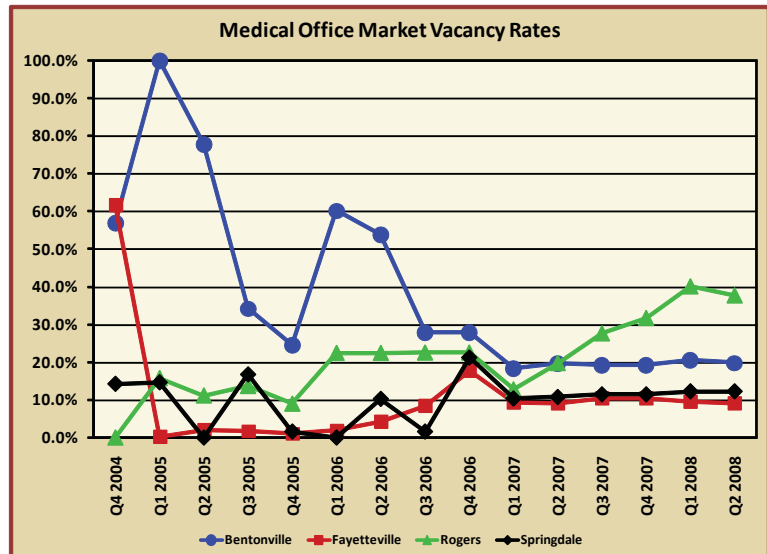
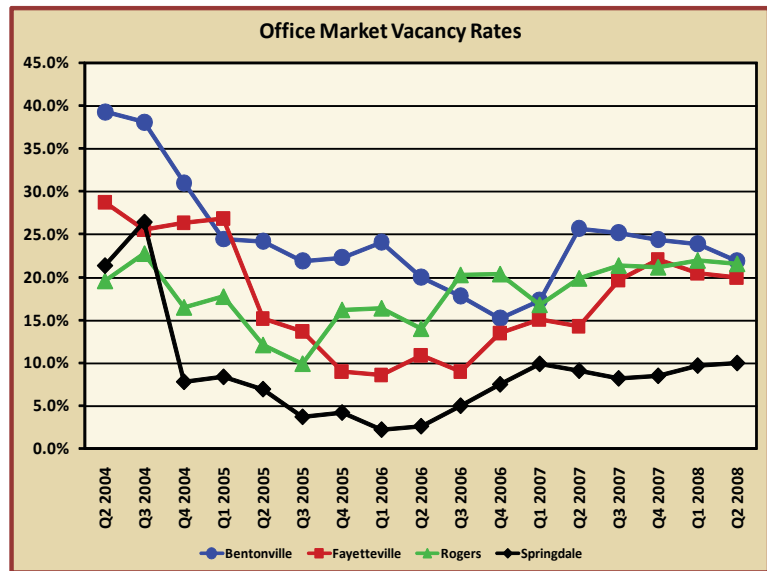
Commercial Market Trends

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

Over the past twelve months, in the office submarket, only Bentonville and Siloam Springs have experienced positive net absorption in the office market. Fayetteville accounted for most of the annual negative net absorption with 123,858 square feet becoming available. Available office square footage in Northwest Arkansas grew from 1,466,817 square feet from the second quarter of 2007 to 1,704,284 square feet in the second quarter of 2008. This was due to increases in available office space in almost every city in Northwest Arkansas. Over the past year, 418,372 square feet of new office space became available for the first time. The overall Northwest Arkansas office vacancy rate has risen from 19.3 percent in the second quarter of 2007 to 19.7 percent in the second quarter of this year.

The office/retail market experienced negative net absorption of 37,317 square feet during the past twelve months. Fayetteville accounted for most of the negative absorption, but most of the cities had more available office/retail square footage in the second quarter of 2008 than in the second quarter of 2007. New square footage totaling 178,470 was added to the market during the last year. In the second quarter of 2008, 849,873 square feet of office/retail space were available, up from 686,615 square feet in the second quarter of 2007. This space was primarily located in Fayetteville, Rogers, and Bentonville.

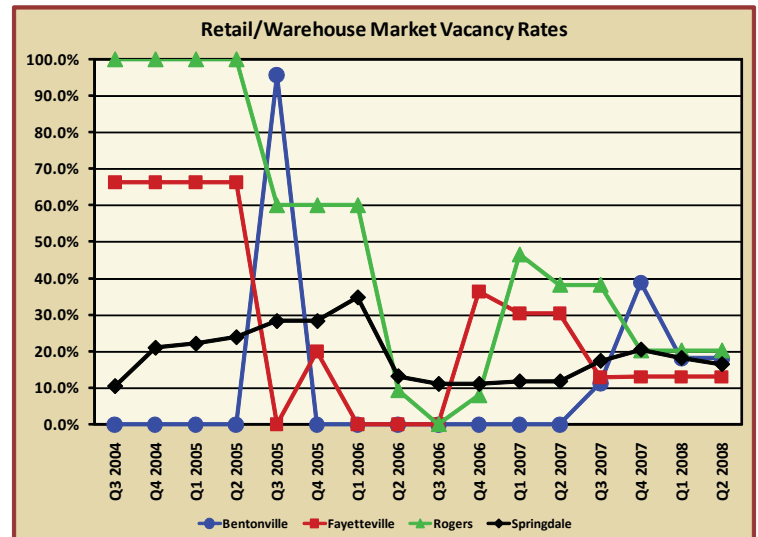
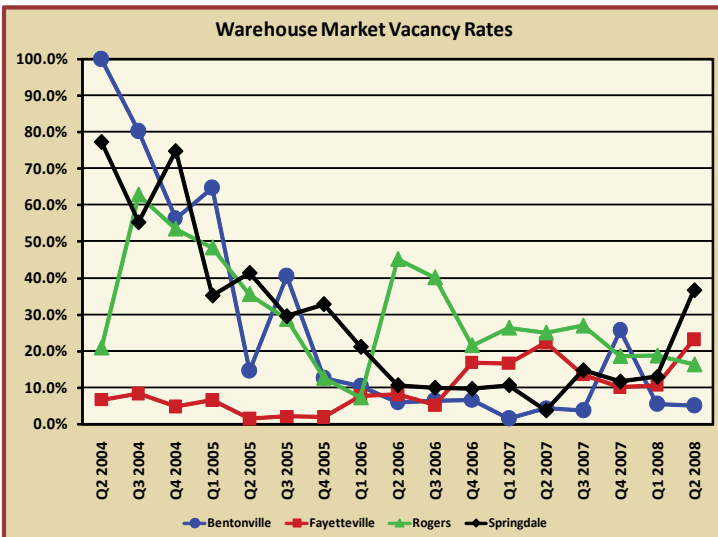
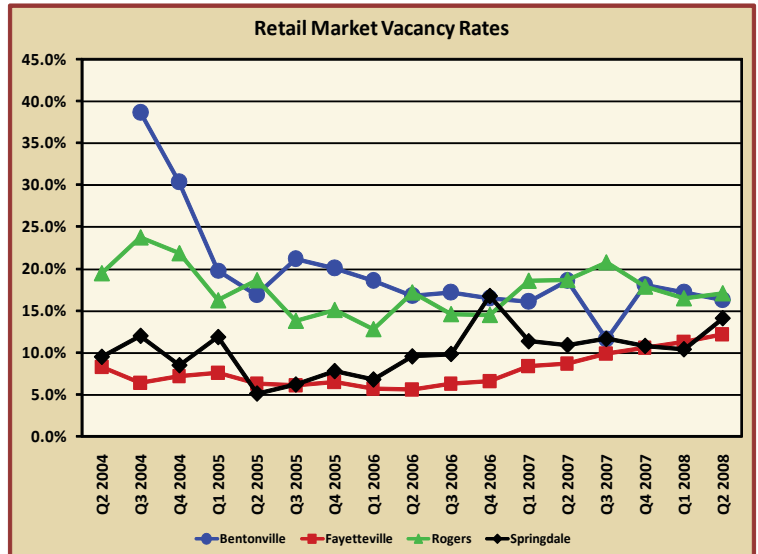
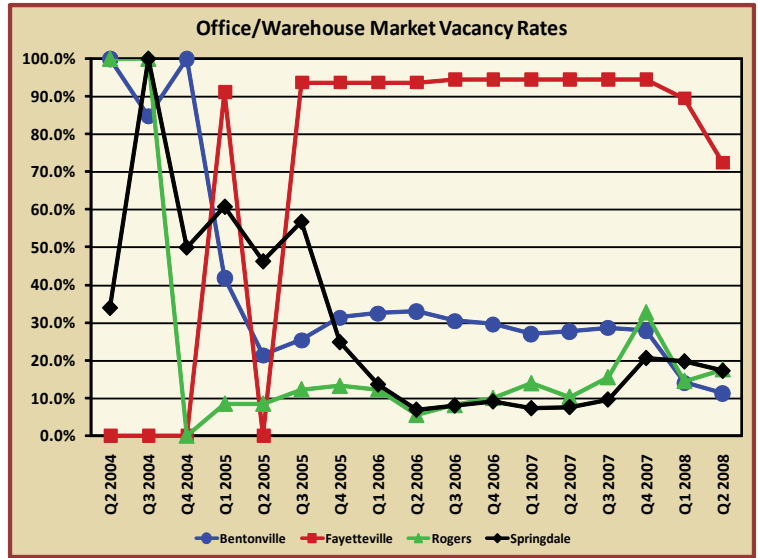
The retail market has experienced negative net absorption in the past twelve months. Although the cities of Bentonville, Rogers, and



Commercial Market Trends

Springdale experienced a positive net absorption in the retail submarket over the past year, a negative net absorption of 78,658 square feet occurred in Fayetteville, Lowell, and Siloam Springs. There were 268,810 new square feet of retail space added to the Northwest Arkansas market during the past twelve months—of that amount, more than half or 165,000 square feet were located in Rogers and 83,734 square feet were located in Fayetteville. In the second quarter of 2008, a total of 947,362 square feet of space were available in Northwest Arkansas, up from 868,044 square feet at the same time in the previous year.

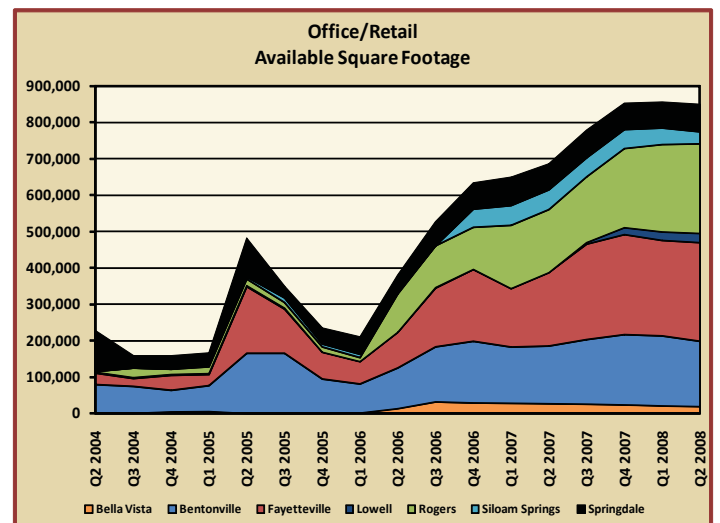
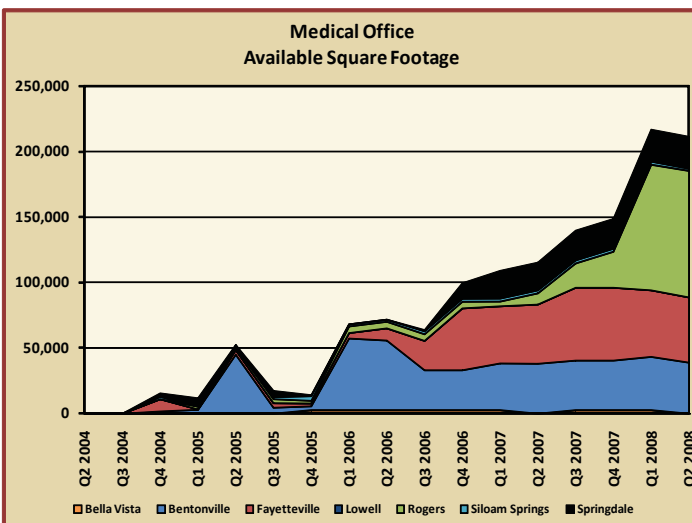
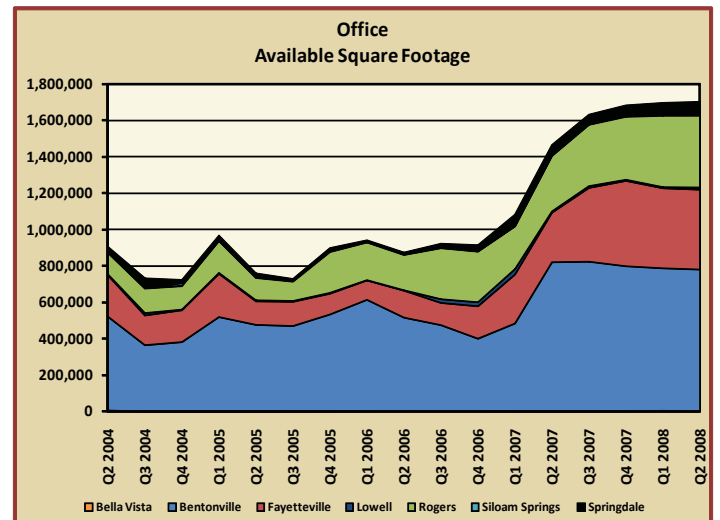
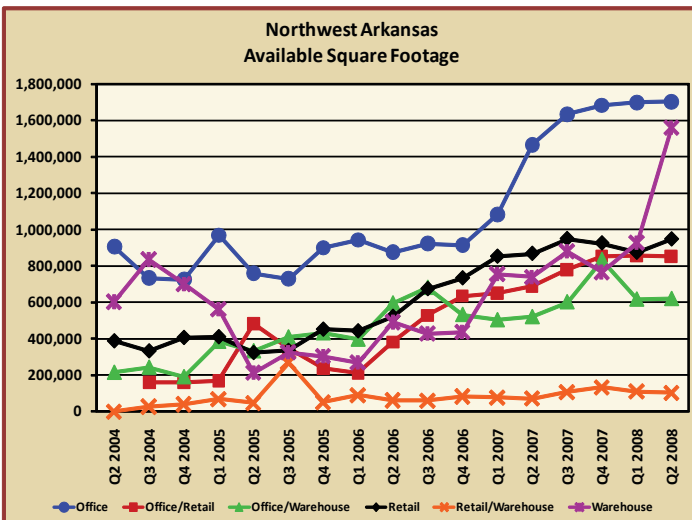
The Northwest Arkansas warehouse market also experienced negative net absorption of 450,303 square feet during the past year. The number of available square feet rose from 739,901 in the second quarter of 2007 to 1,561,378 in the second quarter of 2008 and vacancy rates increased from 17.3 percent to 27.9 percent during the same time period. A total of 553,287 square feet of new warehouse space were added to the Northwest Arkansas market during the past year. Fayetteville and Rogers were the only cities that experienced positive net absorption since the second quarter of last year in the warehouse submarket.



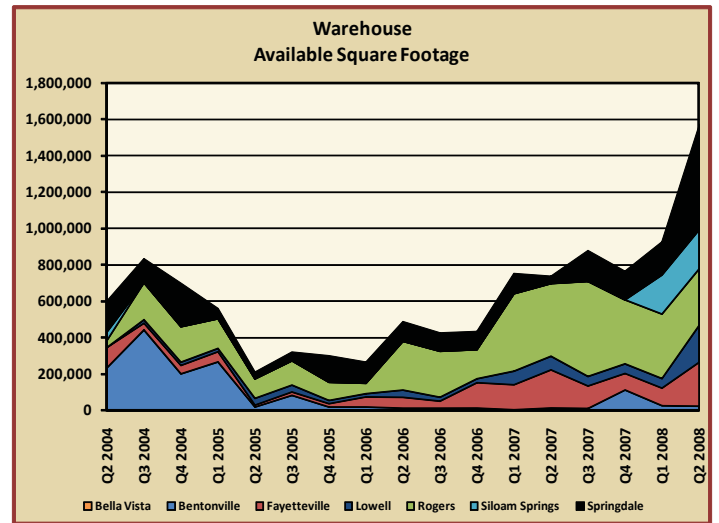
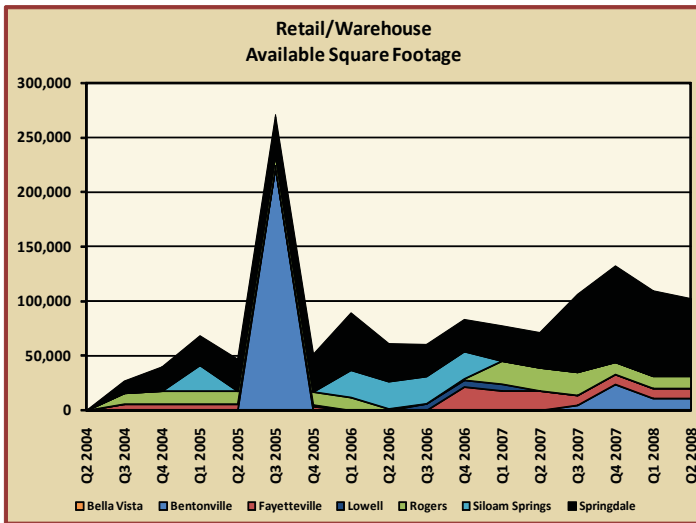
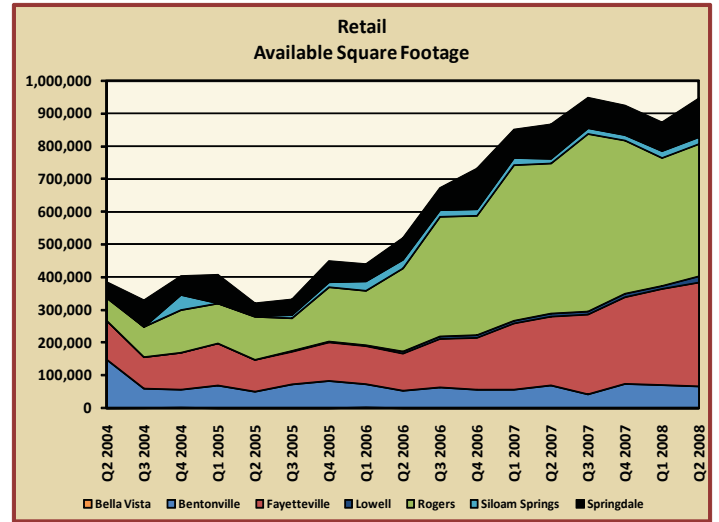
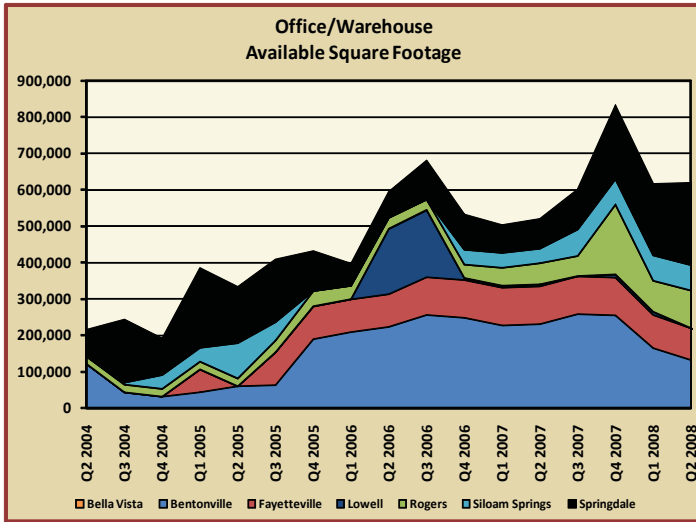
Commercial Market Trends

Net Twelve Month Absorption by Submarket Q2 2007 - Q2 2008

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	-2,200	9,104	0	0
Bentonville	76,380	-4,918	24,854	-22,400
Fayetteville	-123,858	-41,462	-61,838	59,980
Lowell	-3,012	-5,380	-9,750	-119,216
Rogers	-19,898	-17,000	36,400	88,955
Siloam Springs	400	21,065	-7,070	0
Springdale	-1,524	1,274	11,600	-457,622
Northwest Arkansas	-73,712	-37,317	-5,804	-450,303



Commercial Market Trends



Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q2 2007	0.0%	25.7%	14.3%	2.2%	19.9%	4.0%	9.1%	19.3%
Q3 2007	24.2%	25.2%	19.7%	3.0%	21.4%	4.0%	8.2%	20.7%
Q4 2007	24.2%	24.4%	22.1%	1.6%	21.2%	6.7%	8.5%	20.9%
Q1 2008	43.3%	23.9%	20.5%	1.5%	22.0%	4.6%	9.7%	20.6%
Q2 2008	19.0%	21.9%	20.0%	3.8%	21.6%	3.5%	10.0%	19.7%

Medical Office

Q2 2007	0.0%	19.7%	9.1%	0.0%	19.8%	3.1%	10.8%	11.0%
Q3 2007	34.6%	19.3%	10.6%	0.0%	27.7%	3.1%	11.5%	12.7%
Q4 2007	34.6%	19.3%	10.6%	0.0%	31.8%	3.1%	11.5%	13.2%
Q1 2008	34.6%	20.7%	9.7%	0.0%	40.2%	3.1%	12.3%	17.0%
Q2 2008	0.0%	19.9%	9.2%	0.0%	37.8%	2.1%	12.3%	16.1%

Office/Retail

Q2 2007	10.8%	22.9%	18.5%	0.0%	33.8%	46.0%	16.2%	21.9%
Q3 2007	10.6%	22.4%	22.2%	11.6%	23.7%	44.2%	16.5%	21.6%
Q4 2007	9.4%	24.5%	21.9%	27.8%	37.6%	44.2%	15.8%	24.2%
Q1 2008	8.4%	24.3%	20.0%	40.1%	28.5%	35.4%	15.5%	22.2%
Q2 2008	7.8%	22.5%	20.2%	43.2%	28.7%	26.2%	16.2%	21.8%

Office/Warehouse

Q2 2007	--	27.7%	94.6%	2.2%	10.3%	37.8%	7.7%	18.0%
Q3 2007	--	28.7%	94.6%	0.0%	15.5%	68.6%	9.7%	21.5%
Q4 2007	--	28.0%	94.6%	3.8%	32.7%	65.8%	20.7%	28.7%
Q1 2008	--	14.1%	89.6%	3.8%	14.5%	65.8%	19.8%	19.4%
Q2 2008	--	11.3%	72.5%	0.0%	17.6%	65.8%	17.3%	17.7%

Retail

Q2 2007	0.0%	18.6%	8.7%	12.9%	18.7%	4.7%	10.9%	13.1%
Q3 2007	0.0%	11.6%	9.9%	15.4%	20.8%	5.8%	11.6%	14.3%
Q4 2007	0.0%	18.1%	10.6%	18.0%	17.9%	5.5%	10.8%	13.7%
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%

Retail/Warehouse

Q2 2007	--	0.0%	30.4%	0.0%	38.2%	0.0%	11.8%	15.7%
Q3 2007	--	11.4%	12.9%	0.0%	38.2%	0.0%	17.4%	17.2%
Q4 2007	--	38.9%	13.0%	0.0%	20.2%	0.0%	20.5%	20.3%
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%

Warehouse

Q2 2007	0.0%	4.4%	22.3%	28.8%	25.1%	0.0%	3.8%	17.3%
Q3 2007	0.0%	3.8%	13.6%	20.3%	27.0%	0.0%	14.8%	18.8%
Q4 2007	0.0%	25.7%	10.1%	21.2%	18.7%	0.0%	11.7%	15.5%
Q1 2008	0.0%	5.6%	10.7%	21.2%	18.8%	71.1%	13.0%	17.7%
Q2 2008	0.0%	5.1%	23.3%	65.4%	16.4%	71.1%	36.7%	27.9%



Commercial Market Trends

Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q2 2007	2,800	-335,006	29,058	24,144	-3,768	0	12,588	-270,184
Q3 2007	-2,800	4,272	-95,511	-2,208	-12,110	0	6,884	-101,473
Q4 2007	0	25,005	-57,249	3,683	-16,818	-2,200	-1,372	-48,951
Q1 2008	-2,200	16,027	35,362	1,500	9,949	1,700	-7,480	54,858
Q2 2008	2,800	31,076	-6,460	-5,987	-919	900	444	21,854

Medical Office

Q2 2007	2,800	-2,560	-1,554	0	-5,000	0	0	-6,314
Q3 2007	-2,800	400	-10,476	0	0	0	-1,520	-14,396
Q4 2007	0	0	0	0	-12,235	0	0	-12,235
Q1 2008	0	-2,850	4,834	0	-14,100	0	-1,600	-13,716
Q2 2008	2,800	1,600	1,033	0	2,775	700	0	8,908

Office/Retail

Q2 2007	485	-3,287	-43,535	0	578	25	6,629	-39,105
Q3 2007	1,531	-4,012	-63,369	0	11,391	2,074	6,629	-45,756
Q4 2007	2,400	-15,987	7,978	2,500	-24,302	0	-3,558	-30,969
Q1 2008	3,323	983	12,583	-6,000	-1,866	6,630	1,154	16,807
Q2 2008	1,850	14,098	1,346	-1,880	-2,223	12,361	-2,951	22,601

Office/Warehouse

Q2 2007	--	-3,600	0	0	-9,009	880	-5,300	-17,029
Q3 2007	--	-27,516	0	0	3,000	-32,800	-28,525	-85,841
Q4 2007	--	3,354	0	0	-120,000	3,000	7,334	-106,312
Q1 2008	--	89,975	0	0	106,500	0	6,450	202,925
Q2 2008	--	32,650	15,080	7,940	-18,000	0	-48,467	-10,797

Retail

Q2 2007	0	-4,081	-18,629	-1,275	18,061	7,900	-18,469	-16,493
Q3 2007	0	21,396	-33,566	250	-83,893	-3,570	13,103	-86,280
Q4 2007	0	-2,902	7,409	-1,590	70,233	1,000	2,798	76,948
Q1 2008	0	3,584	-22,478	1,590	63,250	-4,500	2,525	43,971
Q2 2008	0	2,776	-13,203	-10,000	-13,190	0	-6,826	-40,443

Retail/Warehouse

Q2 2007	--	0	0	6,200	0	0	0	6,200
Q3 2007	--	0	11,150	0	0	0	-39,226	-28,076
Q4 2007	--	0	-107	0	10,000	0	0	9,893
Q1 2008	--	12,800	0	0	0	0	10,025	22,825
Q2 2008	--	0	0	0	0	0	7,126	7,126

Warehouse

Q2 2007	0	2,500	-36,635	0	-23,945	0	79,591	21,511
Q3 2007	0	-10,000	56,000	22,150	-8,156	0	-103,612	-43,618
Q4 2007	0	-101,500	32,580	0	55,860	0	39,955	26,895
Q1 2008	0	86,500	-6,000	0	-2,330	0	-24,490	53,680
Q2 2008	0	2,600	-22,600	-141,366	43,581	0	-369,475	-487,260



Commercial Market Trends

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q2 2007	0	822,831	273,685	5,319	305,730	3,200	56,052	1,466,817
Q3 2007	2,800	823,028	406,882	7,527	339,196	3,200	51,168	1,633,801
Q4 2007	2,800	798,023	470,731	3,844	348,274	5,400	55,742	1,684,814
Q1 2008	5,000	784,492	441,369	3,844	394,749	3,700	65,222	1,698,376
Q2 2008	2,200	780,416	440,601	9,831	396,668	2,800	71,768	1,704,284

Medical Office

Q2 2007	0	38,246	45,288	0	8,532	2,200	21,162	115,428
Q3 2007	2,800	37,846	55,764	0	18,532	2,200	22,682	139,824
Q4 2007	2,800	37,846	55,764	0	27,467	2,200	22,682	148,759
Q1 2008	2,800	40,696	50,930	0	96,004	2,200	24,282	216,912
Q2 2008	0	39,096	49,897	0	96,729	1,500	24,282	211,504

Office/Retail

Q2 2007	29,120	157,559	201,681	0	173,553	54,029	70,673	686,615
Q3 2007	27,589	176,733	261,550	5,000	181,062	51,955	75,344	779,233
Q4 2007	25,189	192,720	274,173	19,660	217,667	51,955	71,618	852,982
Q1 2008	22,666	191,737	261,590	24,160	240,182	45,325	70,464	856,124
Q2 2008	20,816	178,839	270,310	26,040	246,289	32,964	74,615	849,873

Office/Warehouse

Q2 2007	--	232,363	104,326	4,720	58,023	40,207	81,750	521,389
Q3 2007	--	259,879	104,326	0	55,023	73,007	110,275	602,510
Q4 2007	--	256,525	104,326	7,940	191,523	70,007	202,649	832,970
Q1 2008	--	166,550	91,726	7,940	85,023	70,007	196,199	617,445
Q2 2008	--	133,900	87,501	0	103,023	70,007	226,066	620,497

Retail

Q2 2007	0	70,042	211,137	9,750	458,416	14,130	104,569	868,044
Q3 2007	0	42,830	244,703	9,500	542,309	17,700	92,328	949,370
Q4 2007	0	74,732	265,603	11,090	467,853	16,700	89,530	925,508
Q1 2008	0	71,148	294,345	9,500	390,943	21,200	87,005	874,141
Q2 2008	0	67,172	317,839	19,500	404,133	21,200	117,518	947,362

Retail/Warehouse

Q2 2007	--	0	18,000	0	21,283	0	32,025	71,308
Q3 2007	--	4,798	9,090	0	21,283	0	71,251	106,422
Q4 2007	--	23,898	9,197	0	11,283	0	88,051	132,429
Q1 2008	--	11,098	9,197	0	11,283	0	78,026	109,604
Q2 2008	--	11,098	9,197	0	11,283	0	70,900	102,478

Warehouse

Q2 2007	-	15,360	210,735	75,150	398,824	-	39,832	739,901
Q3 2007	0	12,800	124,795	53,000	521,323	0	168,444	880,362
Q4 2007	0	114,300	92,215	53,000	351,120	0	156,489	767,124
Q1 2008	0	27,800	98,215	53,000	353,450	214,710	180,979	928,154
Q2 2008	0	25,200	242,115	201,866	309,869	214,710	567,618	1,561,378



Office

In the second quarter of 2008, the office properties included in the Skyline Report panel had a vacancy rate of 19.7 percent, down from the rate of 20.6 percent in the first quarter of 2008. Of almost 8.7 million square feet of Northwest Arkansas properties examined, more than 1.7 million square feet are currently available. This is slightly up from the first quarter of 2008. From the first quarter to the second quarter of 2008, 71,400 square feet of new office space entered the market, while 93,254 square feet were absorbed, netting positive absorption of 21,854 square feet for the market.

Of the 1,704,284 square feet of available office space in Northwest Arkansas, about 45.8 percent is located in Bentonville and comprises Class A, Class B, and medical space. In the second quarter, 56,182 square feet of Class A and 1,600 square feet of medical office were absorbed, while 26,706 square feet of Class B office space became vacant and no new space became available, netting positive absorption of 31,076 square feet of office space in Bentonville.

While Bentonville continued to have the most available office space at 780,416 square feet, Fayetteville had 440,601 square feet available. About 57.6 percent of the available office space in Fayetteville was in the Class B submarket, while Class A space accounted for almost 27.7 percent and the remainder was in the Class C and medical office markets. From the first quarter to the second quarter of 2008, there was positive absorption of 12,540 square feet in the office submarket in Fayetteville, whereas 19,000 square feet of new medical space entered the market, yielding a negative net absorption of 6,460 square feet.

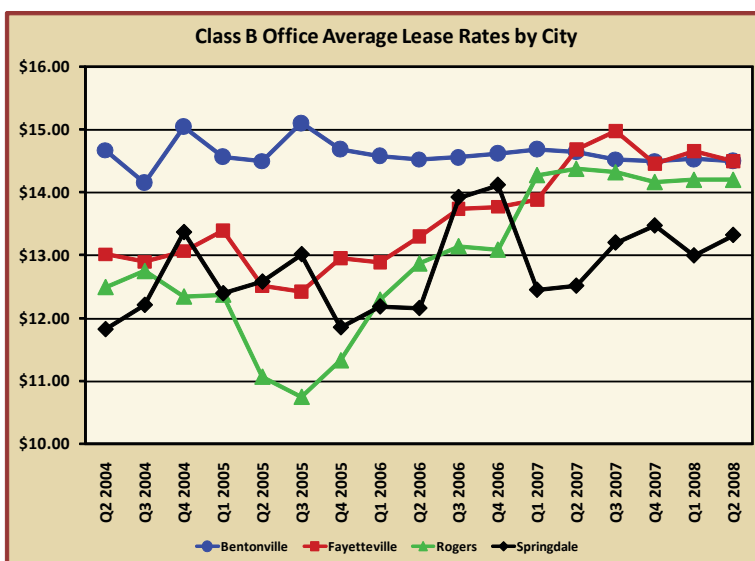
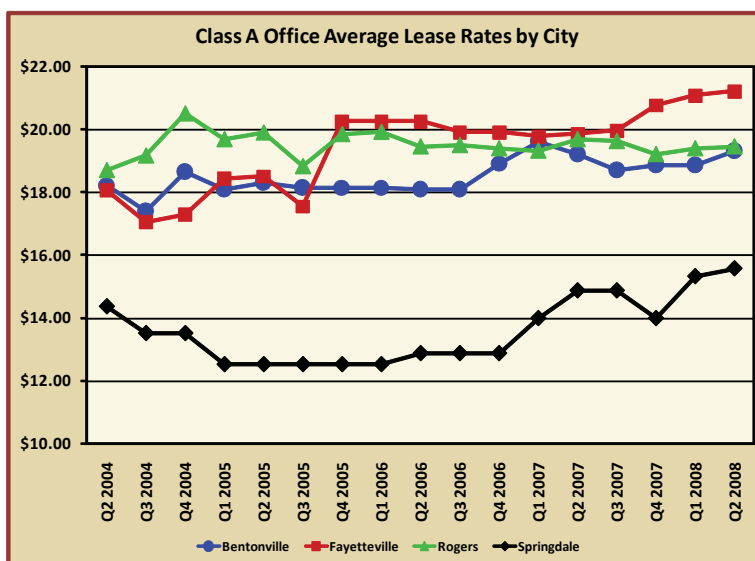
Rogers had 396,668 square feet of available office space in the second quarter of 2008. In the Rogers office submarket, Class A accounted for 42.5 percent of all available space, while medical office accounted for 24.4 percent and class B for 21.8 percent. There was positive absorption of 39,081

square feet in the second quarter of 2008, while 40,000 new square feet were added to the Class A market, hence netting negative absorption of 919 square feet.

The Springdale office market had 71,768 square feet of available space in the second quarter. There were 12,400 new square feet of Class B office added in the second quarter

Office Lease Rates Average Range by City

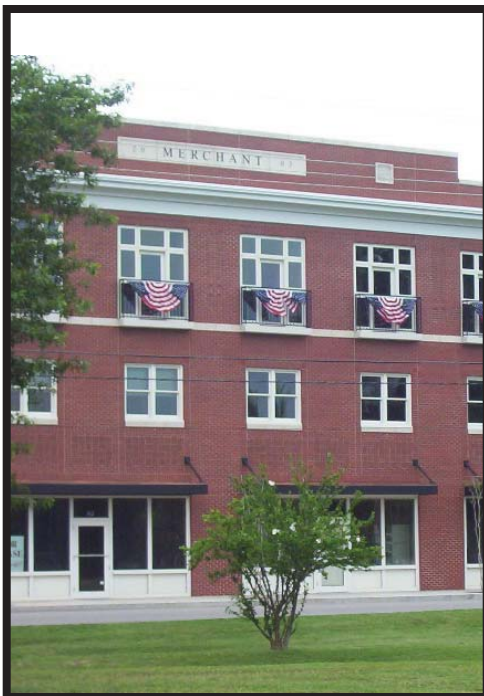
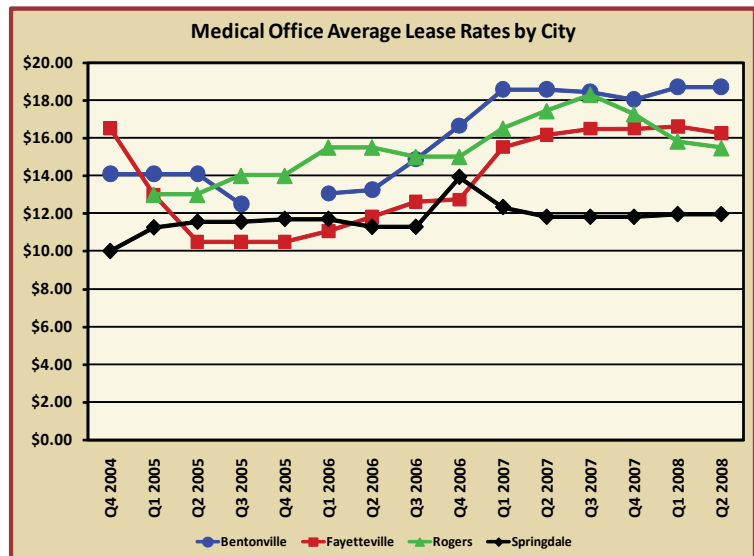
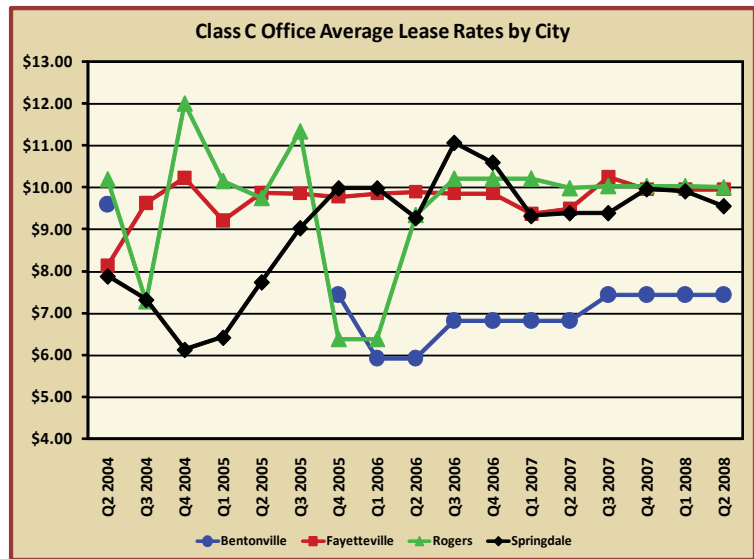
	Class A	Class B	Class C	Medical
Bentonville	\$18.53 - \$20.14	\$14.28 - \$14.73	\$7.44 - \$7.44	\$18.07 - \$19.35
Fayetteville	\$19.65 - \$22.80	\$13.95 - \$15.04	\$9.60 - \$10.32	\$15.31 - \$17.20
Rogers	\$18.53 - \$20.39	\$13.91 - \$14.50	\$9.82 - \$10.18	\$15.35 - \$15.58
Springdale	\$15.58 - \$15.58	\$12.42 - \$14.23	\$9.41 - \$9.70	\$11.45 - \$12.46



Office

and 12,844 square feet absorbed, resulting in positive net absorption of 444 square feet. The positive absorption came in Class C space, with 12,323 square feet becoming occupied. In the medical office, 2,951 square feet became vacant, while no change occurred in the Class A office submarket.

Class A office average reported lease rates continued to be highest in Fayetteville at \$21.23 per square foot. Class A space average lease rates increased in Bentonville to \$19.34, in Rogers to \$19.46, and in Springdale to \$15.38 per square foot. Class B office space average reported lease rates declined in Bentonville and Fayetteville, stayed flat in Rogers, and ticked up in Springdale. In the second quarter of 2008, reported average lease rates for Class C office continued to decline in Springdale, while staying almost the same in other cities. Reported average medical office space lease rates declined in Fayetteville and Rogers, but were unchanged in Bentonville and Springdale.



Office

Office Space Characteristics by Class and City

Class	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Class A							
Bentonville	1,023,047	428,900	41.9%	56,182	0	56,182	22.9
Fayetteville	436,882	121,902	27.9%	-8,750	0	-8,750	--
Rogers	1,005,345	168,541	16.8%	33,000	40,000	-7,000	--
Springdale	77,123	4,616	6.0%	0	0	0	--
Class B							
Bentonville	2,328,084	312,420	13.4%	-26,706	0	-26,706	--
Fayetteville	1,048,571	253,943	24.2%	1,682	0	1,682	452.9
Rogers	462,380	86,641	18.7%	-2,495	0	-2,495	--
Springdale	332,337	33,003	9.9%	521	12,400	-11,879	--
Class C							
Bentonville	9,528	0	0.0%	0	0	0	0.0
Fayetteville	176,589	14,859	8.4%	-425	0	-425	--
Rogers	108,536	44,757	41.2%	5,801	0	5,801	23.1
Springdale	109,094	9,867	0%	12,323	0	12,323	2.4
Medical							
Bentonville	196,326	39,096	19.9%	1,600	0	1,600	73.3
Fayetteville	544,501	49,897	9.2%	20,033	19,000	1,033	144.9
Rogers	256,194	96,729	37.8%	2,775	0	2,775	104.6
Springdale	196,703	24,282	12.3%	0	0	0	--

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents



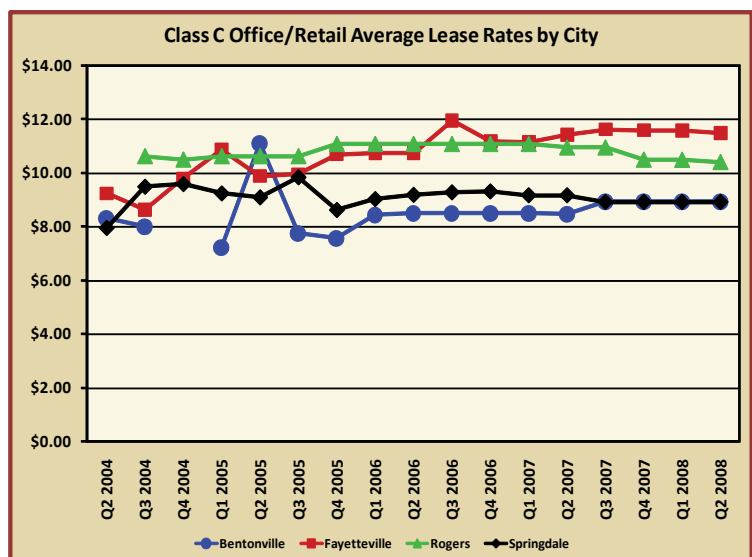
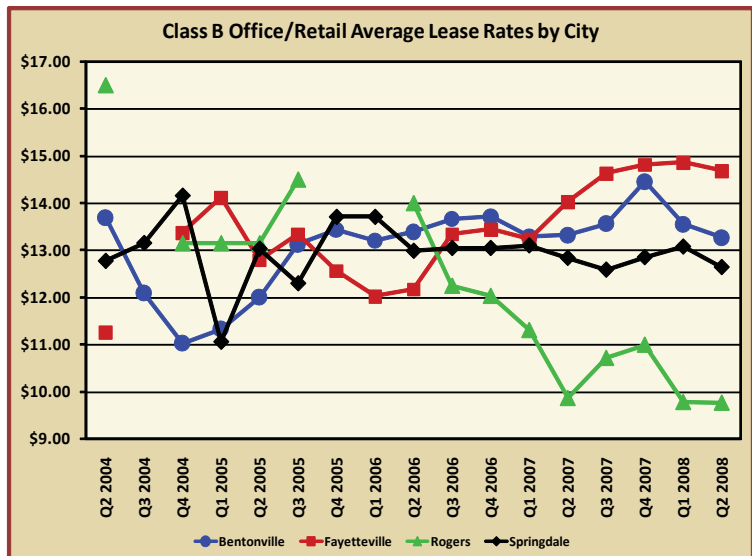
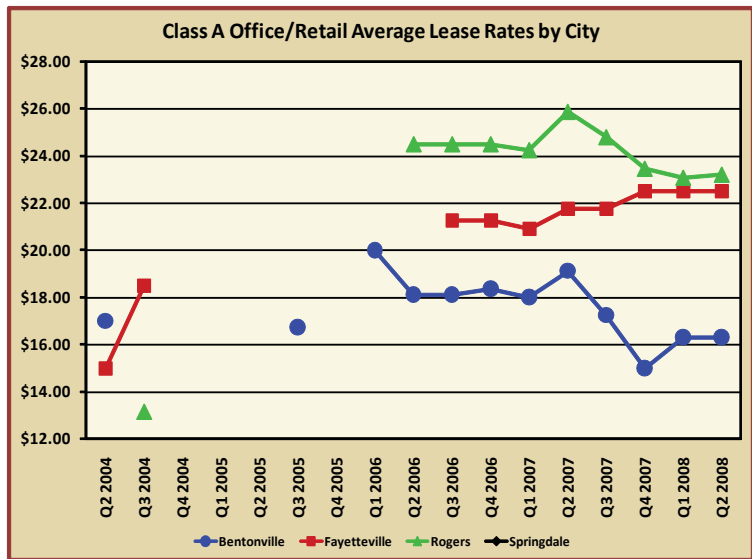
Office/Retail

In the second quarter of 2008, the office/retail properties included in the Skyline report sample had a vacancy rate of 21.8 percent. This was a decrease from the first quarter vacancy rate of 22.2 percent. Of the 3.9 million square feet of Northwest Arkansas properties examined, 849,873 square feet were available.

From the first quarter to the second quarter of 2008, 22,601 square feet of office/retail space became occupied. There were no new square feet of office/retail space added in Northwest Arkansas in the second quarter, thus yielding a positive net absorption of 22,601 square feet. Lowell, Rogers, and Springdale experienced negative net absorption of office/retail space in the second quarter of 2008. All other cities in Northwest Arkansas experienced positive net absorption.

Fayetteville is ahead of Rogers and Bentonville, having the largest amount of available square feet in the office/retail submarket with 270,310 square feet available. Rogers had 246,289 and Bentonville had 178,839 square feet available. Dividing those by the total square feet of office/retail space, this translated to vacancy rates of 20.2 percent for Fayetteville, 28.7 percent for Rogers, and 22.5 percent for Bentonville. Springdale had reported available office/retail square footage of 74,615 with a 16.2 percent vacancy rate.

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



Office/Retail

Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	\$15.50 - \$17.13	\$12.55 - \$13.98	\$8.75 - \$9.13
Fayetteville	\$21.67 - \$23.33	\$13.99 - \$15.38	\$10.89 - \$12.09
Rogers	\$21.67 - \$24.75	\$9.11 - \$10.43	\$9.26 - \$11.55
Springdale	--	\$12.04 - \$13.27	\$8.29 - \$9.57



Office/Retail Space Characteristics by Class and City

Class	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Class A							
Bentonville	75,667	25,688	33.9%	0	0	0	--
Fayetteville	63,000	29,000	46.0%	0	0	0	--
Rogers	297,430	102,568	34.5%	13,841	0	13,841	22.2
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	623,240	147,577	23.7%	9,548	0	9,548	46.4
Fayetteville	930,298	195,139	21.0%	-3,600	0	-3,600	--
Rogers	337,575	111,857	33.1%	-14,164	0	-14,164	--
Springdale	193,048	46,349	24.0%	475	0	475	292.7
Class C							
Bentonville	94,310	5,574	5.9%	4,550	0	4,550	3.7
Fayetteville	345,450	46,171	13.4%	4,946	0	4,946	28.0
Rogers	224,035	31,864	14.2%	-1,900	0	-1,900	--
Springdale	267,554	28,266	10.6%	-3,426	0	-3,426	--

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents



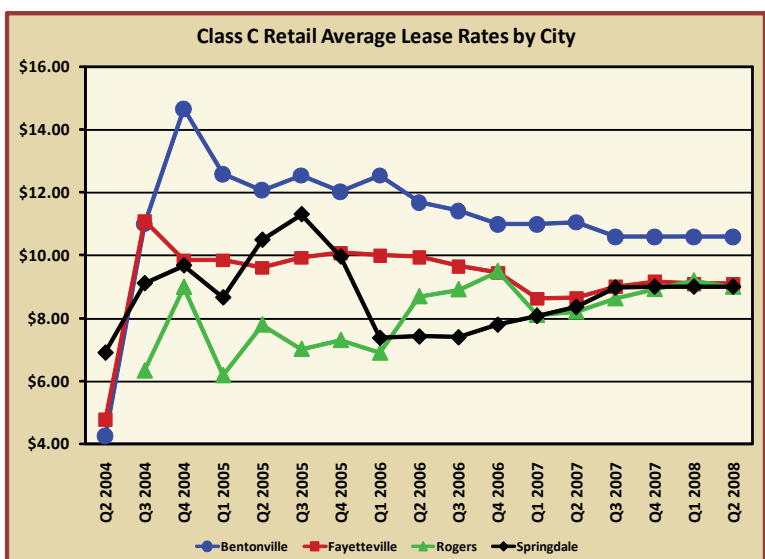
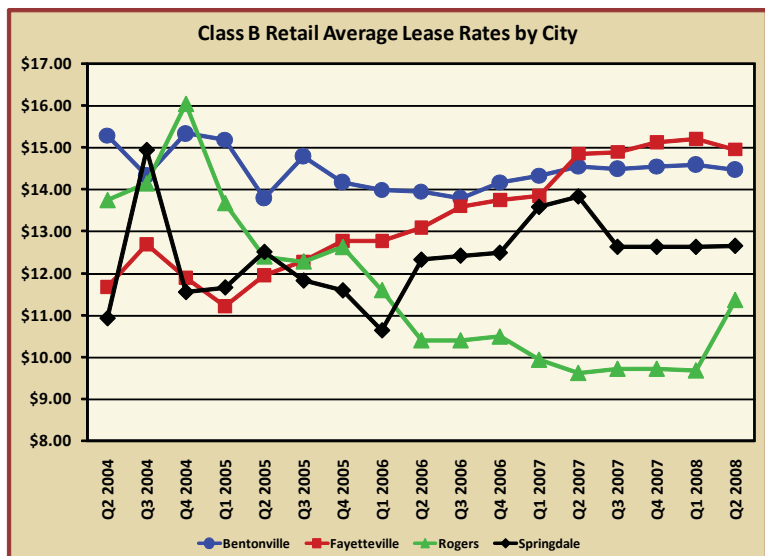
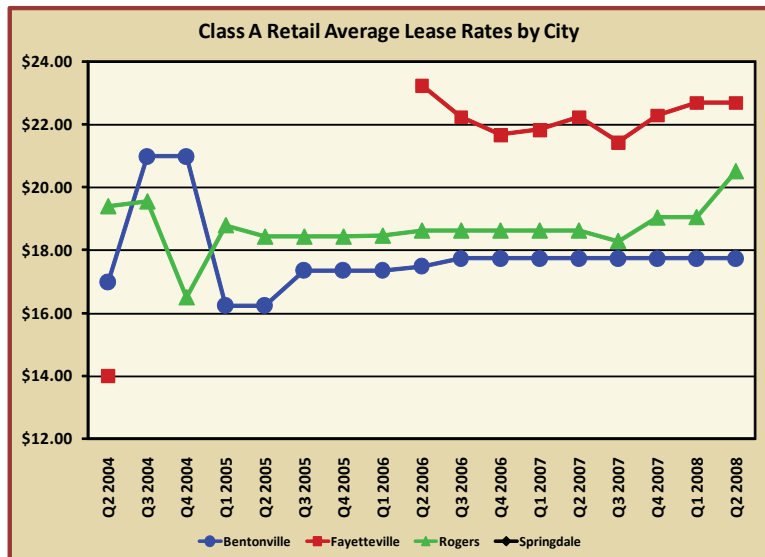
Retail

In the second quarter of 2008, the retail properties included in the Skyline report panel had a vacancy rate of 14.3 percent, up from a revised 13.2 percent in the first quarter. (The revisions were done for the retail submarket in Springdale.) Of the 6.6 million square feet of Northwest Arkansas retail properties examined, 947,362 square feet were available. From the first quarter to the second quarter of 2008, there were 15,076 square feet of new retail space coming on the Lowell market, while 25,367 square feet became vacant, netting negative absorption of 40,443 square feet.

Bentonville had 412,575 total square feet and 67,172 available square feet of retail space in the second quarter, resulting in a vacancy rate of 16.3 percent. This represented a decline from the rate of 17.2 percent in the first quarter of 2007 due to the decline in the available space. A total of 3,176 square feet became occupied in the Bentonville Class B retail market and 400 square feet became vacant in the Class C market, while no new square feet were added to the market in the second quarter.

In the second quarter of 2008, Fayetteville had a retail vacancy rate of 12.2 percent, down from 11.3 percent in the first quarter, with 317,839 available square feet out of a total of 2.6 million. There was reported positive absorption of 564 square feet in the Class B retail submarket and negative absorption of 6,432 and 7,335 square feet in the Class A and Class C submarket, respectively, yielding a total negative net absorption of 13,203 square feet in the retail market.

The Rogers market had 404,133 square feet of available retail space out of a total of 2.4 million square feet for a vacancy rate of 17.1 percent in the second quarter. The city experienced an increase in a vacancy rate from 16.5 percent in the first quarter of 2008. There was no new space added to the market during the last quarter. In the Class A submarket there was positive absorption of 3,922 square feet, whereas in the Class B and Class C retail submarkets 11,112 and 6,000 square feet became vacant, respectively.



Retail

There were 117,518 square feet of available retail space out of a total of 835,957 square feet in Springdale in the second quarter. This implied a vacancy rate of 14.1 percent, up from a revised 10.4 percent in the first quarter of 2008. No new retail space was added to the market in the second quarter. Positive absorption of 9,100 square feet was reported in the Class C submarket and negative absorption of 15,926 square feet in the Class B submarket.

Reported retail average lease rates were also mixed during the second quarter. Class A space lease rates were constant in Bentonville and Fayetteville and kept increasing in Rogers. Class B average lease rates increased in Rogers and slightly in Springdale, while declining in Bentonville and Fayetteville. Class C reported average lease rates declined in Rogers, while staying constant in other cities.

Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	\$16.00 - \$19.50	\$14.28 - \$14.68	\$10.32 - \$10.88
Fayetteville	\$21.00 - \$24.40	\$14.25 - \$15.67	\$8.83 - \$9.40
Rogers	\$18.79 - \$22.27	\$10.87 - \$11.86	\$8.80 - \$9.21
Springdale	--	\$12.05 - \$13.28	\$8.69 - \$9.34



Retail Space Characteristics by Class and City

Class	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Class A							
Bentonville	39,534	6,988	17.7%	0	0	0	--
Fayetteville	1,372,331	100,341	7.3%	-6,432	0	-6,432	--
Rogers	1,524,843	143,567	9.4%	3,922	0	3,922	109.8
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	263,777	47,761	18.1%	3,176	0	3,176	--
Fayetteville	915,552	128,521	14.0%	564	0	564	683.6
Rogers	538,606	200,747	37.3%	-11,112	0	-11,112	--
Springdale	573,867	78,221	13.6%	-15,926	0	-15,926	--
Class C							
Bentonville	109,264	12,423	11.4%	-400	0	-400	--
Fayetteville	319,128	88,977	27.9%	-7,335	0	-7,335	--
Rogers	301,621	59,819	19.8%	-6,000	0	-6,000	--
Springdale	262,090	39,297	15.0%	9,100	0	9,100	13.0

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents



Other Categories

Warehouse

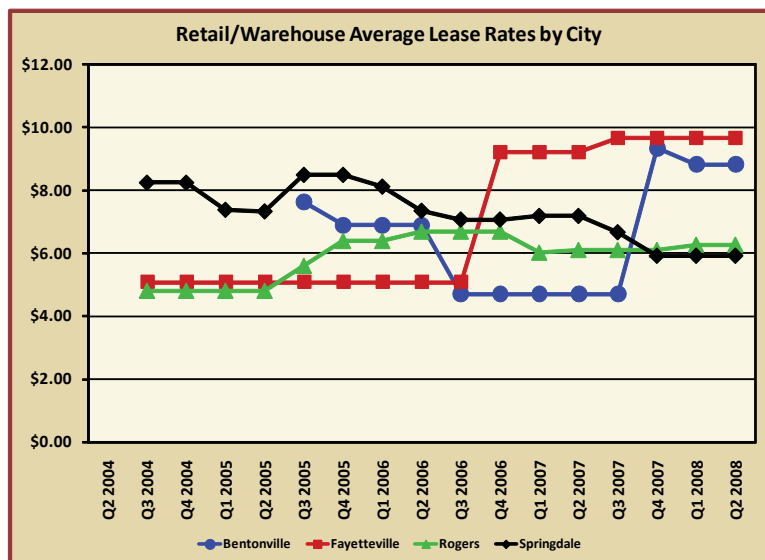
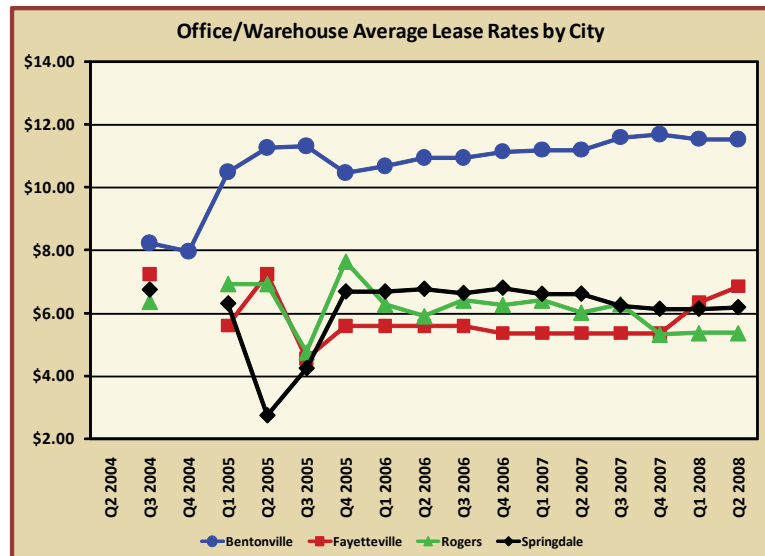
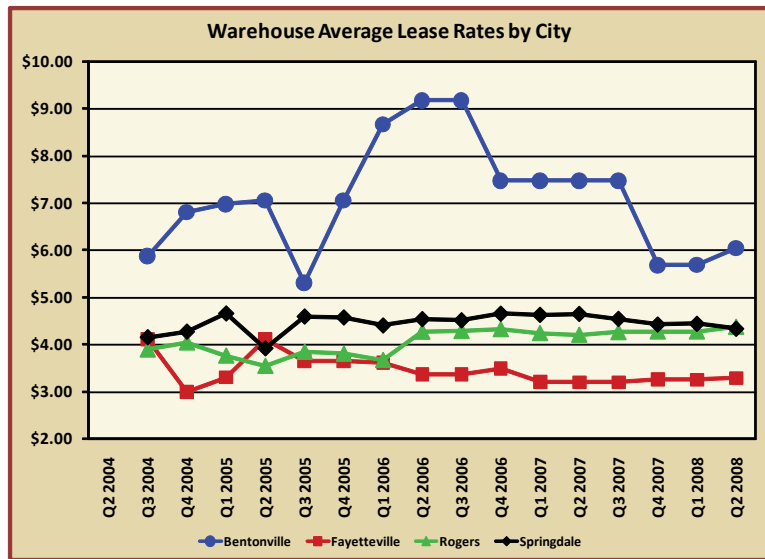
In the second quarter of 2008, the warehouse properties included in the Skyline report panel had a vacancy rate of 27.9 percent, up from a 17.7 percent in the first quarter. The reason of this enormous rise in a vacancy rate was a 68.2 percent increase in the amount of the available space. Of the 5.6 million square feet of warehouse space examined, almost \$1.6 million square feet were available in the second quarter.

The majority of available warehouse space was split between Springdale (with 567,618 square feet), Rogers (with 309,869 square feet), Fayetteville (with 242,115 square feet), Siloam Springs (with 214,710 square feet), and Lowell (with 201,866 square feet). The enormous increase of total and available space in Fayetteville was due to the previously owner-occupied space becoming leasable warehouse space. There were 115,200 square feet of new space added in the Springdale warehouse submarket in the second quarter. Meanwhile, existing warehouse space became vacant in Fayetteville, Lowell, and Springdale, yielding negative net absorption of 487,260 square feet in Northwest Arkansas. Reported warehouse vacancy rates declined in Bentonville and Rogers and increased in Fayetteville, Lowell, and Springdale in the second quarter in accordance with the absorption. Siloam Springs warehouse vacancy rates were unchanged.

The average reported warehouse lease rates in Bentonville increased up to \$6.05, continuing to be the most expensive lease rates in Northwest Arkansas. Rogers and Fayetteville reported average lease rates went up, while Springdale average lease rates declined.

Office/Warehouse

The Skyline report panelists reported on 3.5 million square feet of office/warehouse space in the second quarter. The vacancy rate in the office/warehouse submarket declined from 19.4 percent in the first quarter of 2008 to 17.7 percent in the second quarter in Northwest Arkan-



Other Categories

sas, with 620,497 total square feet available in the second quarter. The discrepancy between an increase in available space and a decline in vacancy rates was due to the increase in the total reported space. From the first quarter to the second quarter of 2008, 51,500 new square feet came online in Springdale, while 40,703 square feet of office/warehouse space were absorbed, netting a negative absorption of 10,797 square feet in Northwest Arkansas in the second quarter.

The activity in the office/warehouse submarket in the second quarter was concentrated in Bentonville, Fayetteville, Lowell, Rogers, and Springdale. There were 32,650 square feet of office/warehouse space absorbed in Bentonville, 15,080 in Fayetteville, and 7,940 in Lowell, while 18,000 square feet became vacant in Rogers. Springdale experienced negative net absorption of 48,467 square feet.

Average reported office/warehouse lease rates in Fayetteville and Springdale increased. Meanwhile, average lease rates in Bentonville and Rogers were almost constant during the second quarter.

Other Lease Rates Average Range by City

	Warehouse	Office/ Warehouse	Retail/ Warehouse
Bentonville	\$5.27 - \$6.83	\$10.72 - \$12.37	\$8.32 - \$9.35
Fayetteville	\$3.28 - \$3.31	\$6.71 - \$7.00	\$8.85 - \$10.51
Rogers	\$4.29 - \$4.48	\$4.57 - \$6.18	\$6.26 - \$6.30
Springdale	\$4.13 - \$4.55	\$5.03 - \$7.35	\$5.34 - \$6.50

Retail/Warehouse

The Skyline report panelists reported on 652,209 square feet of retail/warehouse space in the second quarter of 2008. The vacancy rate in the retail/warehouse submarket declined to 15.7 percent in the second quarter, down from a revised 16.8 percent in the previous quarter. A total of 102,478 square feet became available in Northwest Arkansas in the second quarter. From the first quarter to the second quarter of 2008, there was positive net absorption of 7,126 square feet of retail/warehouse space. No square feet of new retail/warehouse space were added to

the market in the last quarter. Positive absorption occurred only in Springdale. There was no other activity in the retail/warehouse submarket in Northwest Arkansas. The decline in the retail/warehouse vacancy rate of Springdale was consistent with the absorption numbers from the first quarter to the second quarter of 2008.

The retail/warehouse average reported lease rates in all major Northwest Arkansas cities were constant during the second quarter of 2008.

Other Space Characteristics by Class and City

Warehouse	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Bentonville	495,868	25,200	5.1%	2,600	0	2,600	29.1
Fayetteville	1,038,027	242,115	23.3%	-22,600	0	-22,600	--
Rogers	1,885,531	309,869	16.4%	43,581	0	43,581	21.3
Springdale	1,548,078	567,618	36.7%	-254,275	115,200	-369,475	--
Office/Warehouse							
Bentonville	1,184,532	133,900	11.3%	32,650	0	32,650	12.3
Fayetteville	120,681	87,501	72.5%	15,080	0	15,080	17.4
Rogers	586,255	103,023	17.6%	-18,000	0	-18,000	--
Springdale	1,304,257	226,066	17.3%	3,033	51,500	-48,467	--
Retail/Warehouse							
Bentonville	61,356	11,098	18.1%	0	0	0	--
Fayetteville	70,580	9,197	13.0%	0	0	0	--
Rogers	55,729	11,283	20.2%	0	0	0	--
Springdale	429,624	70,900	16.5%	7,126	0	7,126	29.8

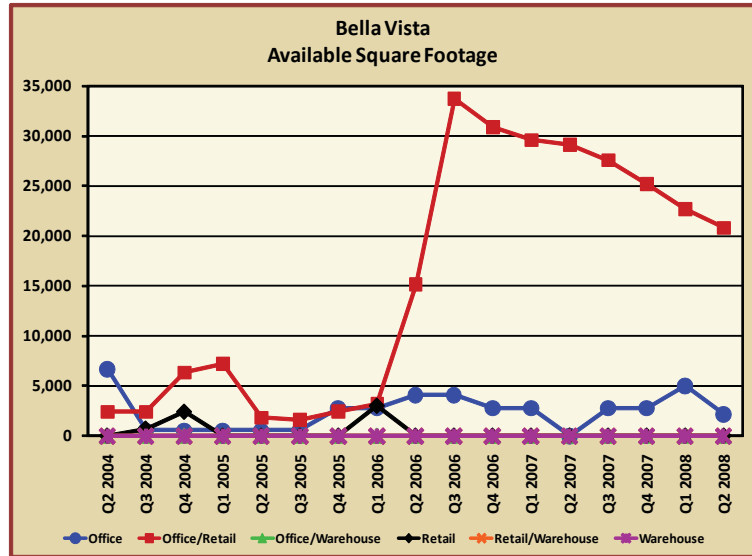
¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents



Bella Vista

- Skyline report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 319,574 square feet of commercial space in the second quarter of 2008.
- In the second quarter of 2008, Bella Vista experienced positive net absorption of 1,850 square feet in the Class B office/retail submarket and 2,800 square feet in the medical office submarket.
- No new space was added to the Bella Vista commercial market in the second quarter of 2008.
- Reported vacancy rates decreased in the office and office/retail submarkets, while staying constant in all other submarkets in Bella Vista from the first quarter to the second quarter of 2008 in accord with absorption.
- Reported average lease rates for Class B office/retail decreased slightly in Bella Vista in the second quarter of 2008. Other average lease rates remained constant.



Bella Vista Commercial Real Estate Market Summary Statistics

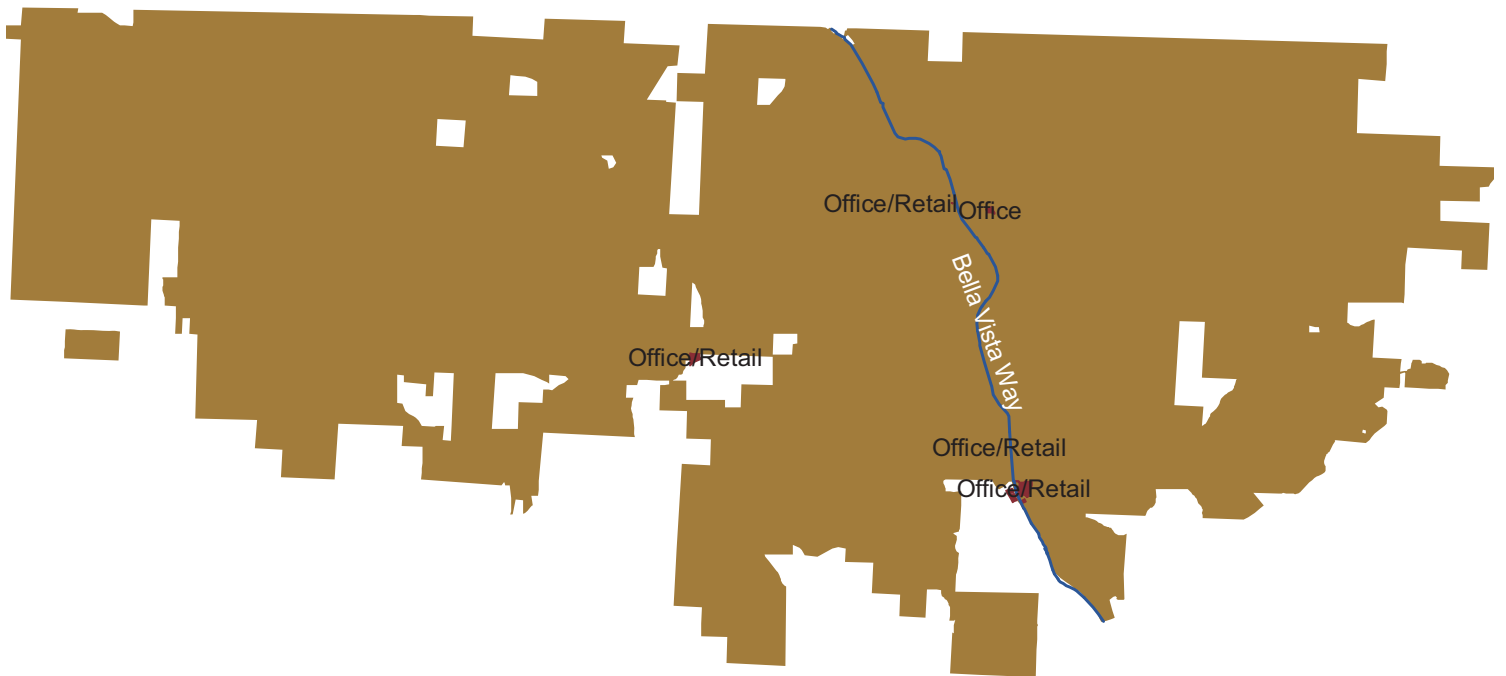
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Industrial	--	--	--	--	--	--	--	--
Office	\$12.93 - \$13.93	11,554	2,200	19.0%	2,800	0	2,800	2.4
Class A	--	--	--	--	--	--	--	--
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%	2,800	0	2,800	0.0
Office/Retail	\$9.22 - \$11.53	268,534	20,816	7.8%	1,850	0	1,850	33.8
Class A	--	--	--	--	--	--	--	--
Class B	\$9.22 - \$11.53	268,534	20,816	7.8%	1,850	0	1,850	33.8
Class C	--	--	--	--	--	--	--	--
Office/Warehouse	--	--	--	--	--	--	--	--
Retail	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	--
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	--	--	--	--	--	--	--	--
Warehouse	\$1.00 - \$2.70	18,486	0	0.0%	0	0	0	--

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents

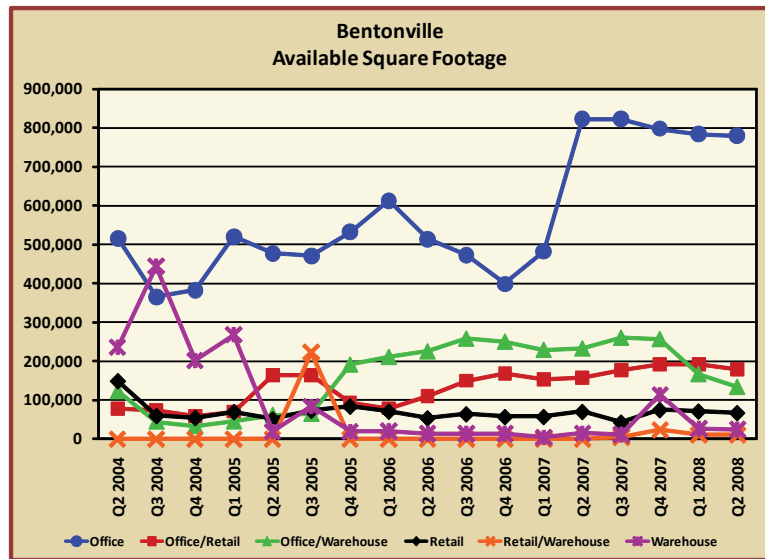


Bella Vista



Bentonville

- From March to May 2008, Bentonville issued building permits for \$153,000 worth of new commercial space. The second quarter 2008 value was significantly lower than the first quarter 2008 value of \$7.4 million and the second quarter 2007 value of \$10.1 million.
- Skyline report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,590,909 square feet of commercial space in the second quarter of 2008.
- In the second quarter of 2008, Bentonville experienced positive net absorption and decreased vacancy rates in all submarkets except retail/warehouse.
- There was positive net absorption in the office, office/retail, office/warehouse, retail, and warehouse submarkets in the recent quarter in Bentonville. Meanwhile, the Class B office and Class C retail submarkets experienced negative absorption in the second quarter.
- No new space was added to the Bentonville commercial market in the second quarter of 2008.



- Reported vacancy rates stayed constant in the retail/warehouse submarket and declined in all other submarkets in accordance with net absorption.
- Average reported lease rates declined in the second quarter of 2008 for Class B office/retail by \$0.29 and Class B retail by \$0.12. The slight decrease in the Class B office and office/warehouse lease rates was due to a decrease in the

minimum lease rates while the maximum lease rates remained unchanged. The average lease rates for Class A office space increased by \$0.46 and for warehouse by \$0.36. All other average reported lease rates remained constant.

Bentonville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Industrial	\$2.76 - \$2.76	86,376	76,056	88.1%	0	0	0	--
Office	\$14.62 - \$15.16	3,556,985	780,416	21.9%	31,076	0	31,076	75.3
Class A	\$18.53 - \$20.14	1,023,047	428,900	41.9%	56,182	0	56,182	22.9
Class B	\$14.28 - \$14.73	2,328,084	312,420	13.4%	-26,706	0	-26,706	--
Class C	\$7.44 - \$7.44	9,528	0	0.0%	0	0	0	0.0
Medical	\$18.07 - \$19.35	196,326	39,096	19.9%	1,600	0	1,600	73.3
Office/Retail	\$12.30 - \$13.60	793,217	178,839	22.5%	14,098	0	14,098	38.1
Class A	\$15.50 - \$17.13	75,667	25,688	33.9%	0	0	0	--
Class B	\$12.55 - \$13.98	623,240	147,577	23.7%	9,548	0	9,548	46.4
Class C	\$8.75 - \$9.13	94,310	5,574	5.9%	4,550	0	4,550	3.7
Office/Warehouse	\$10.72 - \$12.37	1,184,532	133,900	11.3%	32,650	0	32,650	12.3
Retail	\$13.13 - \$13.69	412,575	67,172	16.3%	2,776	0	2,776	72.6
Class A	\$16.00 - \$19.50	39,534	6,988	17.7%	0	0	0	--
Class B	\$14.28 - \$14.68	263,777	47,761	18.1%	3,176	0	3,176	45.1
Class C	\$10.32 - \$10.88	109,264	12,423	11.4%	-400	0	-400	--
Retail/Warehouse	\$8.32 - \$9.35	61,356	11,098	18.1%	0	0	0	--
Warehouse	\$5.27 - \$6.83	495,868	25,200	5.1%	2,600	0	2,600	29.1

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents



Bentonville

Downtown Bentonville

- Skyline report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 165,340 square feet of office, office/retail, and retail space in downtown Bentonville in the second quarter of 2008.
- The office space in downtown Bentonville had a reported vacancy rate of 28.0 percent in the second quarter of 2008, up from 19.4 percent in the first quarter of 2008. This was higher than the overall office vacancy rate for Bentonville, which was 21.9 percent in the same period, down from 23.9 percent in the first quarter of 2008.
- The office/retail and retail vacancy rates for downtown Bentonville properties continued to have much lower vacancy rates than those for all of Bentonville during the second quarter. In fact, no vacant space was available in the retail submarket in the downtown area.



- There was negative absorption of 5,174 square feet of office space in downtown Bentonville from the first quarter to the second quarter of 2008. The office/retail and retail submarkets experienced no absorption in downtown Bentonville.
- No new space was added to the downtown Bentonville commercial market in the second quarter of this year.
- Average reported lease rates remained unchanged from the first to the second quarter of 2008 in downtown Bentonville. Reported lease rates continued to be around \$2.00 - \$4.00 lower for office and office/retail space in downtown Bentonville than the city average. For the retail space, the average reported lease rate was about \$1.50 lower.

Downtown Bentonville Summary Statistics

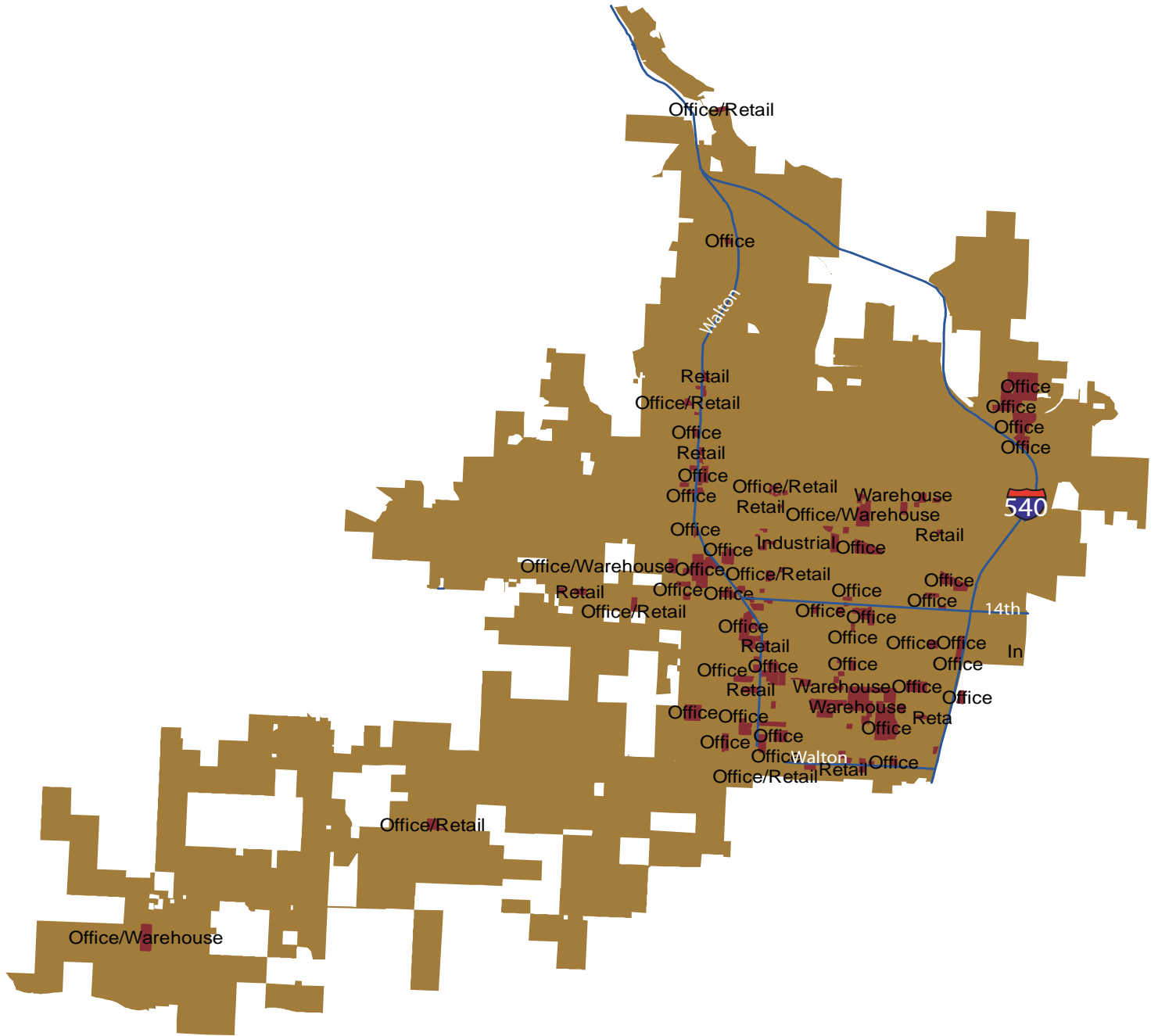
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$10.67 - \$11.95	60,265	16,845	28.0%	-5,174	0	-5,174	--
Office/Retail	\$9.74 - \$11.58	85,950	3,008	3.5%	0	0	0	--
Retail	\$11.93 - \$11.93	19,125	0	0.0%	0	0	0	0.0

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents

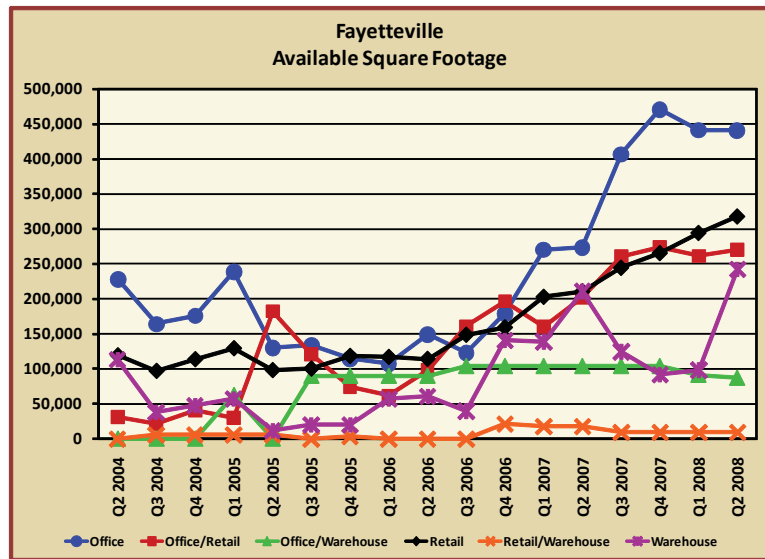


Bentonville



Fayetteville

- From March to May 2008, Fayetteville issued building permits for \$3,152,132 worth of new commercial space. The second quarter 2008 value was almost four times lower than the first quarter value and almost six times lower than the second quarter 2007 value.
- In the second quarter of 2008, Fayetteville experienced negative net absorption overall. There was positive net absorption in the office, medical office, office/retail, and office/warehouse submarkets. There was negative net absorption in the retail and warehouse submarkets and no absorption in the retail/warehouse submarket.
- A total of 19,000 square feet of new medical space entered the Fayetteville commercial market in the second quarter of 2008.
- Observed vacancy rates in Fayetteville in the second quarter increased in the office/retail, retail, and significantly in the warehouse submarket, declined in



- the office, medical office, and office/warehouse submarkets, and remained unchanged in the retail/warehouse submarket.
- Average reported lease rates decreased in the second quarter of 2008 for Class B and medical office by \$0.16 and \$0.35, respectively, for Class B and Class C office/retail by \$0.19 and \$0.10,

respectively, and for Class B retail by \$0.25. Average reported lease rates increased for Class A office by \$0.15 and office/warehouse by \$0.52. All other average reported lease rates remained almost unchanged.

Fayetteville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
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	\$14.37 - \$15.85	2,206,543	440,601	20.0%	12,540	19,000	-6,460	--
Class A	\$19.65 - \$22.80	436,882	121,902	27.9%	-8,750	0	-8,750	--
Class B	\$13.95 - \$15.04	1,048,571	253,943	24.2%	1,682	0	1,682	452.9
Class C	\$9.60 - \$10.32	176,589	14,859	8.4%	-425	0	-425	--
Medical	\$15.31 - \$17.20	544,501	49,897	9.2%	20,033	19,000	1,033	144.9
Office/Retail	\$13.24 - \$14.57	1,338,748	270,310	20.2%	1,346	0	1,346	602.5
Class A	\$21.67 - \$23.33	63,000	29,000	46.0%	0	0	0	--
Class B	\$13.99 - \$15.38	930,298	195,139	21.0%	-3,600	0	-3,600	--
Class C	\$10.89 - \$12.09	345,450	46,171	13.4%	4,946	0	4,946	28.0
Office/Warehouse	\$6.71 - \$7.00	120,681	87,501	72.5%	15,080	0	15,080	17.4
Retail	\$12.78 - \$14.06	2,607,011	317,839	12.2%	-13,203	0	-13,203	--
Class A	\$21.00 - \$24.40	1,372,331	100,341	7.3%	-6,432	0	-6,432	--
Class B	\$14.25 - \$15.67	915,552	128,521	14.0%	564	0	564	683.6
Class C	\$8.83 - \$9.40	319,128	88,977	27.9%	-7,335	0	-7,335	--
Retail/Warehouse	\$8.85 - \$10.51	70,580	9,197	13.0%	0	0	0	--
Warehouse	\$3.28 - \$3.31	1,038,027	242,115	23.3%	-22,600	0	-22,600	--

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents



Fayetteville

Downtown Fayetteville/Dickson Street Area

- Skyline report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 641,310 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street area in the second quarter of 2008.
- The office space in the downtown Fayetteville had a reported vacancy rate of 21.4 percent in the second quarter of 2008. This was slightly higher than the overall Fayetteville office vacancy rate of 20.0 percent.
- The office/retail vacancy rate for downtown Fayetteville properties had a vacancy rate of 27.8 percent, almost 8 percentage points higher than the average in the same submarket for all of Fayetteville during the second quarter. The downtown Fayetteville retail vacancy rate, at 40.2 percent, was 28 percentage points higher than the entire Fayetteville area.
- There was no new commercial space added in downtown Fayetteville during the second quarter of 2008.
- There was negative net absorption of 1,500 square feet of office space and 4,000 square feet of retail space while there was no absorption of office/retail space in downtown Fayetteville.
- On average, reported lease rates were about \$2.00 higher for office/retail space in downtown Fayetteville than the city average. The average reported



office lease rate was about \$0.50 lower and the average retail lease rate was about \$1.60 lower than the city average.

Northwest Arkansas Mall Area/Joyce Street Corridor

- Skyline report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 2,805,204 square feet of office, office/retail, and retail space in the Northwest Arkansas Mall Area/Joyce Street Corridor in the second quarter of 2008.
- The office space in north Fayetteville had a reported vacancy rate of 23.1 percent in the second quarter. This was lower than the previous quarter vacancy rate of 24.3 percent and higher than the overall office vacancy rate for Fayetteville at 20.0 percent.
- The office/retail vacancy rate in north Fayetteville stayed constant at 28.8

percent, but still remained almost 9 percentage points higher than the city average office/retail vacancy rate of 20.2 percent.

- The retail vacancy rate for north Fayetteville properties was 10.8 percent – lower than the city average of 12.2 percent during the second quarter.
- There was no new square footage added to the north Fayetteville commercial market in the second quarter of 2008.
- There was positive net absorption of 4,134 square feet of office space, a negative net absorption of 5,304 square feet of retail space, and no absorption of office/retail space during the second quarter of 2008 in the Northwest Arkansas Mall Area/Joyce Street Corridor.
- Average reported lease rates were consistently higher than the city average in north Fayetteville. Office and office/retail space averaged between \$1.25 - \$3.00 higher lease rates and retail had a \$6.00 premium.

Fayetteville Downtown/Dickson Street Area Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$12.73 - \$16.47	359,573	77,012	21.4%	-1,500	0	-1,500	--
Office/Retail	\$15.47 - \$16.31	246,890	68,570	27.8%	0	0	0	--
Retail	\$10.27 - \$13.43	34,847	14,000	40.2%	-4,000	0	-4,000	--

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents



Fayetteville

Sixth Street Corridor

- Skyline report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 396,506 square feet of office, office/retail, and retail space in the Sixth Street Corridor in the second quarter of 2008.
- The office space in southwest Fayetteville had a reported vacancy rate of 53.8 percent in the second quarter of 2008. This was the same as in the three previous quarters and much higher than the overall office vacancy rate for Fayetteville, which totaled 20.0 percent during the second quarter.
- The office/retail and retail vacancy rates were also substantially higher in southwest Fayetteville than the city average, totaling 39.3 and 30.2 percent, respectively. These percentages remained constant during the first two quarters of 2008.
- There was no new commercial space added to southwest Fayetteville in the second quarter of 2008.
- The Sixth Street Corridor of Fayetteville experienced no commercial space absorption during the second quarter.
- Maximum reported office lease rates increased by \$5.00 in southwest Fayetteville due to higher price discrimination and offers of executive office space. As a result, average office lease rates became \$2.25 higher than the city average. Average reported office/retail and retail lease rates were practically the same as the city average in southwest Fayetteville. Office/retail space averaged \$0.20 lower and retail averaged \$0.05 higher than the city average lease rates.



Fayetteville Mall/Joyce Street Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$15.72 - \$17.01	1,183,956	273,996	23.1%	4,134	0	4,134	198.8
Office/Retail	\$16.42 - \$17.42	104,970	30,200	28.8%	0	0	0	--
Retail	\$19.05 - \$20.27	1,516,278	163,386	10.8%	-5,304	0	-5,304	--

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents

Fayetteville Sixth Street Corridor Summary Statistics

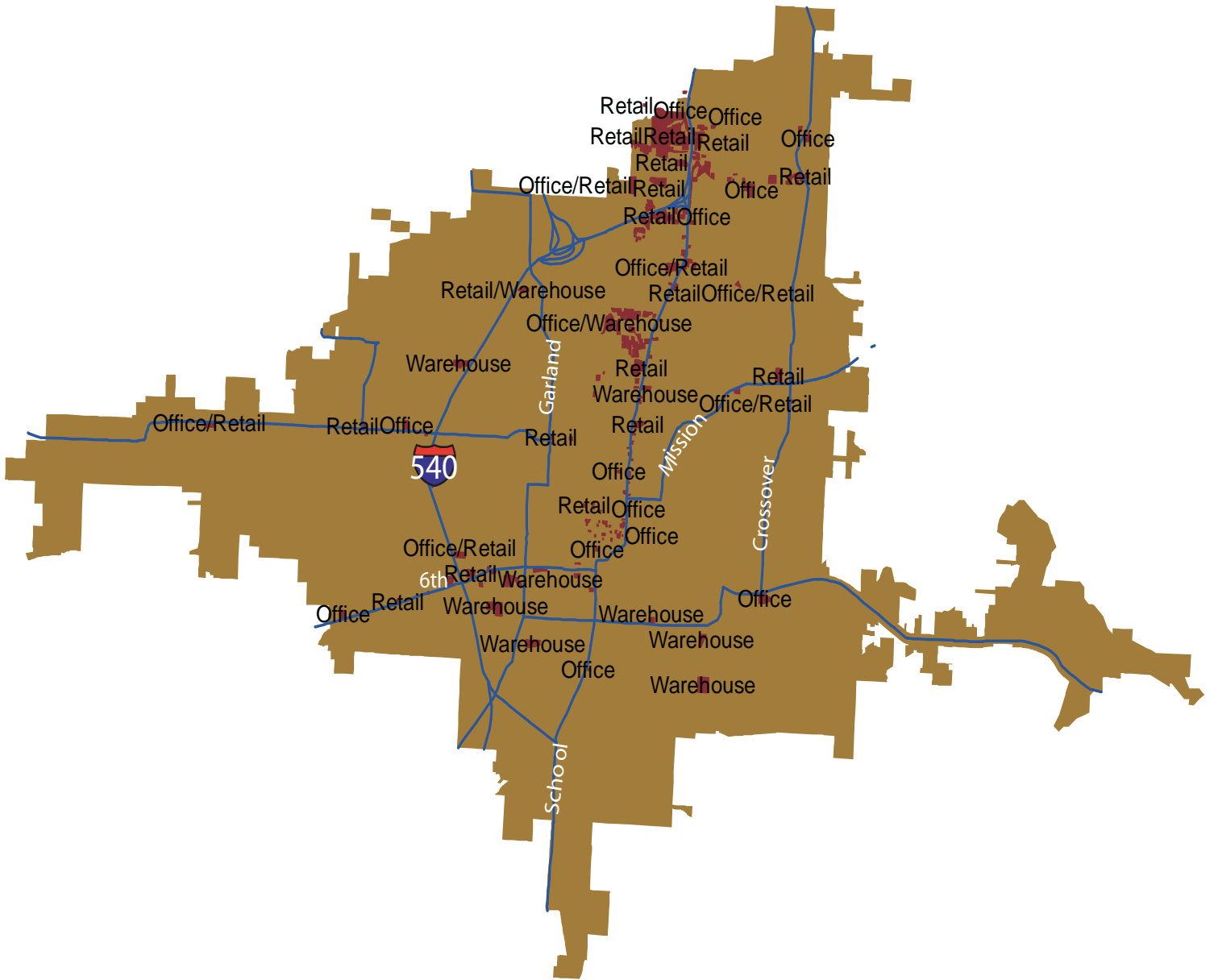
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$14.75 - \$20.00	22,725	12,230	53.8%	0	0	0	--
Office/Retail	\$12.68 - \$14.74	137,200	53,900	39.3%	0	0	0	--
Retail	\$12.66 - \$14.29	236,581	71,466	30.2%	0	0	0	--

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents

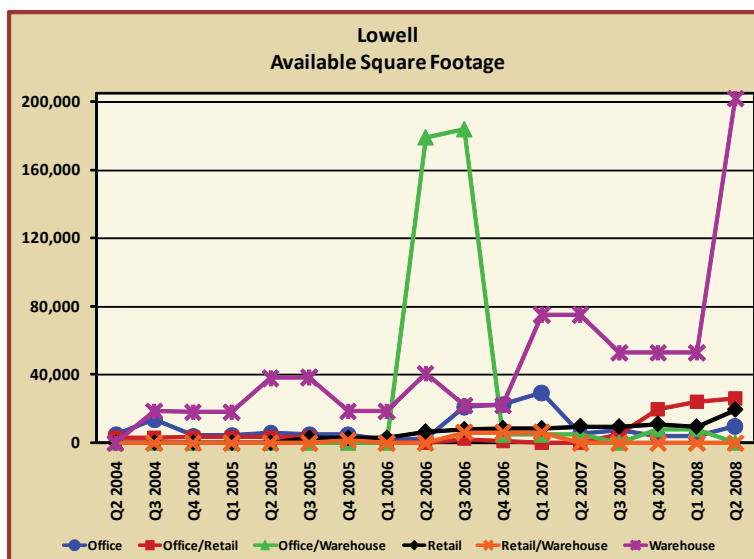


Fayetteville



Lowell

- From March to May 2008, Lowell issued building permits for \$4,075,075 worth of new commercial space. The second quarter 2008 value was 50.8 percent lower than the second quarter 2007 value. There were no commercial building permits issued in the first quarter of 2008 in Lowell.
- Skyline report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 923,456 square feet of commercial space in the second quarter of 2008.
- In the second quarter of 2008, Lowell experienced positive net absorption in the retail and office/warehouse submarkets and negative net absorption in the office, office/retail, and warehouse submarkets.
- There were 15,706 of new commercial square footage added in the Lowell retail submarket in the second quarter of 2008.
- Reported vacancy rates declined in the office/warehouse from the first quarter to the second quarter of 2008 and increased in the office, office/retail,



retail, and warehouse submarkets. The discrepancy between the absorption and vacancy rates in the retail submarket is due to the increase in the total reported space. For the fifth consecutive quarter, no vacant space was available in the medical office and retail/warehouse submarkets.

- Reported second quarter average lease rates for the office/retail submarket fell by \$0.17 and for the retail submarket by \$0.21. Average reported lease rates for the warehouse submarket increased by \$0.19. All other submarket average lease rates remained almost the same.

Lowell Commercial Real Estate Market Summary Statistics

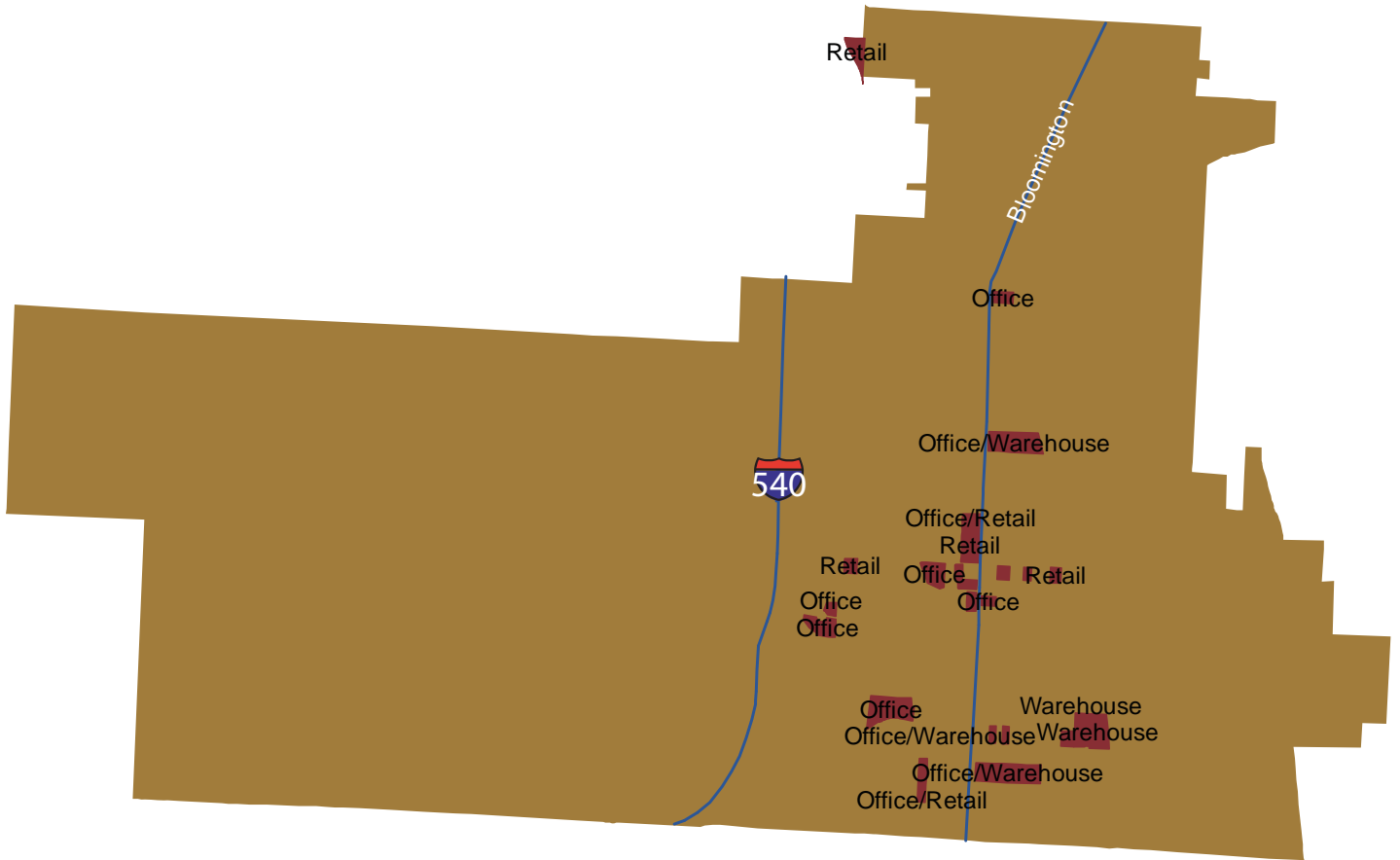
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$16.64 - \$17.30	257,873	9,831	3.8%	-5,987	0	-5,987	-4.9
Class A	\$18.00 - \$19.33	111,552	0	0.0%	0	0	0	0.0
Class B	\$15.38 - \$15.88	106,321	9,831	9.2%	-5,987	0	-5,987	-4.9
Class C	--	--	--	--	--	--	--	--
Medical	\$24.00 - \$24.00	40,000	0	0.0%	0	0	0	0.0
Office/Retail	\$8.19 - \$9.19	60,260	26,040	43.2%	-1,880	0	-1,880	--
Class A	--	--	--	--	--	--	--	--
Class B	\$10.25 - \$11.75	43,100	8,880	20.6%	-1,880	0	-1,880	--
Class C	\$4.08 - \$4.08	17,160	17,160	100.0%	0	0	0	--
Office/Warehouse	\$6.27 - \$6.81	208,740	0	0.0%	7,940	0	7,940	0.0
Retail	\$14.46 - \$17.13	76,571	19,500	25.5%	5,076	15,076	-10,000	--
Class A	--	--	--	--	--	--	--	--
Class B	\$14.46 - \$17.13	76,571	19,500	25.5%	5,076	15,076	-10,000	--
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	\$10.89 - \$10.89	11,240	0	0.0%	0	0	0	0.0
Warehouse	\$3.57 - \$3.57	308,772	201,866	65.4%	-141,366	0	-141,366	--

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents

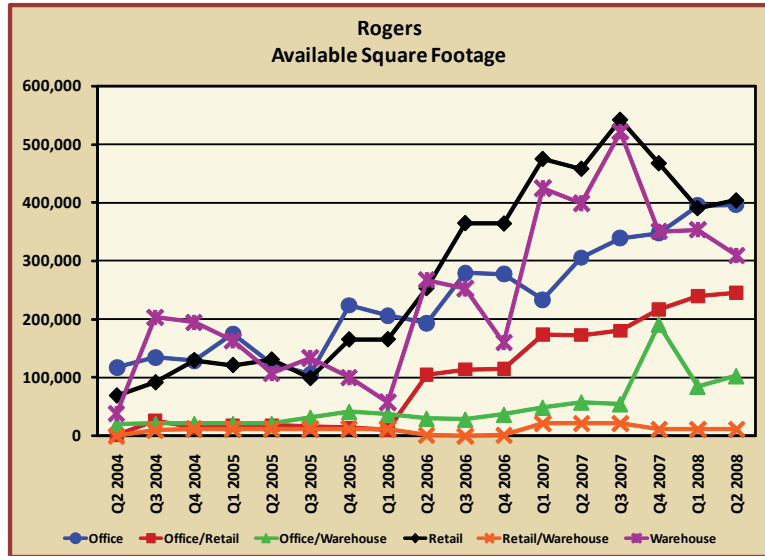


Lowell



Rogers

- From March to May 2008, Rogers issued building permits for \$4,179,000 worth of new commercial space. The second quarter 2008 value is 58.2 percents lower than the first quarter 2008 value and about 73.4 percent lower than the second quarter 2007 value.
- Skyline report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 7,875,882 square feet of commercial space in the second quarter of 2008.
- There were 40,000 square feet of new Class A office space added to the Rogers market in the second quarter.
- In the second quarter of 2008, Rogers experienced positive net absorption in the office, medical office, and warehouse submarkets and experienced negative net absorption in the industrial, office/retail, office/warehouse, and retail submarkets. There was no activity in the retail/warehouse submarket during the second quarter.
- Reported vacancy rates declined in the office, medical office, and warehouse submarkets in the second quarter. On



- the other hand, average vacancy rates increased in the office/retail, office/warehouse, and retail submarkets in accordance with absorption. The reported vacancy rate for the retail/warehouse submarket did not change.
- Average reported lease rates decreased for medical office by \$0.36 and Class C retail space by \$0.19 in the second quarter of 2008. Average lease rates for

Class C office as well as Class B and Class C office/retail experienced a slight decrease, while Class A office space saw a slight increase. Average reported lease rates increased for Class A office/retail by \$0.13, Class A and Class B retail space by \$1.47 and \$1.69, respectively, and for warehouse by \$0.10. The office/warehouse and retail/warehouse submarkets remained steady.

Rogers Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Lab	\$10.00 - \$12.00	9,482	9,482	100.0%	0	0	0	--
Industrial	\$6.00 - \$6.00	282,320	8,200	2.9%	-8,200	0	-8,200	--
Office	\$15.34 - \$16.30	1,832,455	396,668	21.6%	39,081	40,000	-919	--
Class A	\$18.53 - \$20.39	1,005,345	168,541	16.8%	33,000	40,000	-7,000	--
Class B	\$13.91 - \$14.50	462,380	86,641	18.7%	-2,495	0	-2,495	--
Class C	\$9.82 - \$10.18	108,536	44,757	41.2%	5,801	0	5,801	23.1
Medical	\$15.35 - \$15.58	256,194	96,729	37.8%	2,775	0	2,775	104.6
Office/Retail	\$12.93 - \$15.12	859,040	246,289	28.7%	-2,223	0	-2,223	--
Class A	\$21.67 - \$24.75	297,430	102,568	34.5%	13,841	0	13,841	22.2
Class B	\$9.11 - \$10.43	337,575	111,857	33.1%	-14,164	0	-14,164	--
Class C	\$9.26 - \$11.55	224,035	31,864	14.2%	-1,900	0	-1,900	--
Office/Warehouse	\$4.57 - \$6.18	586,255	103,023	17.6%	-18,000	0	-18,000	--
Retail	\$11.44 - \$12.63	2,365,070	404,133	17.1%	-13,190	0	-13,190	--
Class A	\$18.79 - \$22.27	1,524,843	143,567	9.4%	3,922	0	3,922	109.8
Class B	\$10.87 - \$11.86	538,606	200,747	37.3%	-11,112	0	-11,112	--
Class C	\$8.80 - \$9.21	301,621	59,819	19.8%	-6,000	0	-6,000	--
Retail/Warehouse	\$6.26 - \$6.30	55,729	11,283	20.2%	0	0	0	--
Warehouse	\$4.29 - \$4.48	1,885,531	309,869	16.4%	43,581	0	43,581	21.3

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents



Rogers

Downtown Rogers

- Skyline report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 517,265 square feet of office, office/retail, and retail space in downtown Rogers in the second quarter of 2008.
- The office space in downtown Rogers had a reported average vacancy rate of 17.4 percent in the second quarter of 2008. This was lower than the overall average office vacancy rate for Rogers, which was 21.6 percent during the same period.
- The average retail vacancy rate for downtown Rogers properties held constant at 5.6 percent, much lower than the 17.1 percent average for all of Rogers. The office/retail submarket experienced a vacancy rate of 88.9 percent in the downtown area, an area that was completely vacant during the first quarter of 2008.
- No new commercial space was added to downtown Rogers in the second quarter of 2008.
- There was positive net absorption of 2,629 square feet of office space and no absorption of retail or office/retail space in downtown Rogers from the first quarter to the second quarter of 2008.
- Average reported lease rates for downtown Rogers office space decreased and

were about \$3.70 lower than the average for all of Rogers. The average reported office/retail lease rate increased, which made it about \$6.60 lower than the city average. Average retail lease rates for downtown Rogers stayed constant in the second quarter of 2008 and were about \$1.10 higher than the city average.

Rogers Interstate 540

- Skyline report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 2,847,571 square feet of office, office/retail, and retail space along the Rogers I-540 corridor in the second quarter of 2008.
- The office space along the Rogers I-540 corridor had a reported average vacancy rate of 15.9 percent in the second quarter of 2008. This was lower than the overall average office vacancy rate for Rogers at 21.6 percent.
- The average office/retail and retail vacancy rates for Rogers I-540 corridor properties were higher than the rates for all of Rogers by about 5.1 and 3.1 percentage points, respectively.
- There were 40,000 square feet of new office space added to the Rogers I-540 corridor submarket in the second quarter of 2008.
- There was positive net absorption of 33,827 square feet of office space and 5,558 square feet of office/retail space,

and a negative absorption of 3,478 square feet of retail space along the Rogers I-540 corridor from the first quarter to the second quarter of 2008.

- Average reported lease rates for Rogers I-540 corridor commercial properties were consistently higher than the average for all of Rogers. The average reported office lease rate was about \$2.90 higher, office/retail lease rate about \$9.70 higher, and the average reported retail lease rate was about \$3.80 higher than the city average.
- The reported average office lease rate was about \$2.50 higher, office/retail lease rate about \$6.50 higher, and the average reported retail lease rate was about \$3.70 higher than the city average.



Rogers Downtown Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$11.95 - \$12.29	42,613	7,403	17.4%	2,629	0	2,629	8.4
Office/Retail	\$7.20 - \$7.70	18,555	16,497	88.9%	0	0	0	--
Retail	\$12.63 - \$13.63	456,097	25,680	5.6%	0	0	0	--

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents



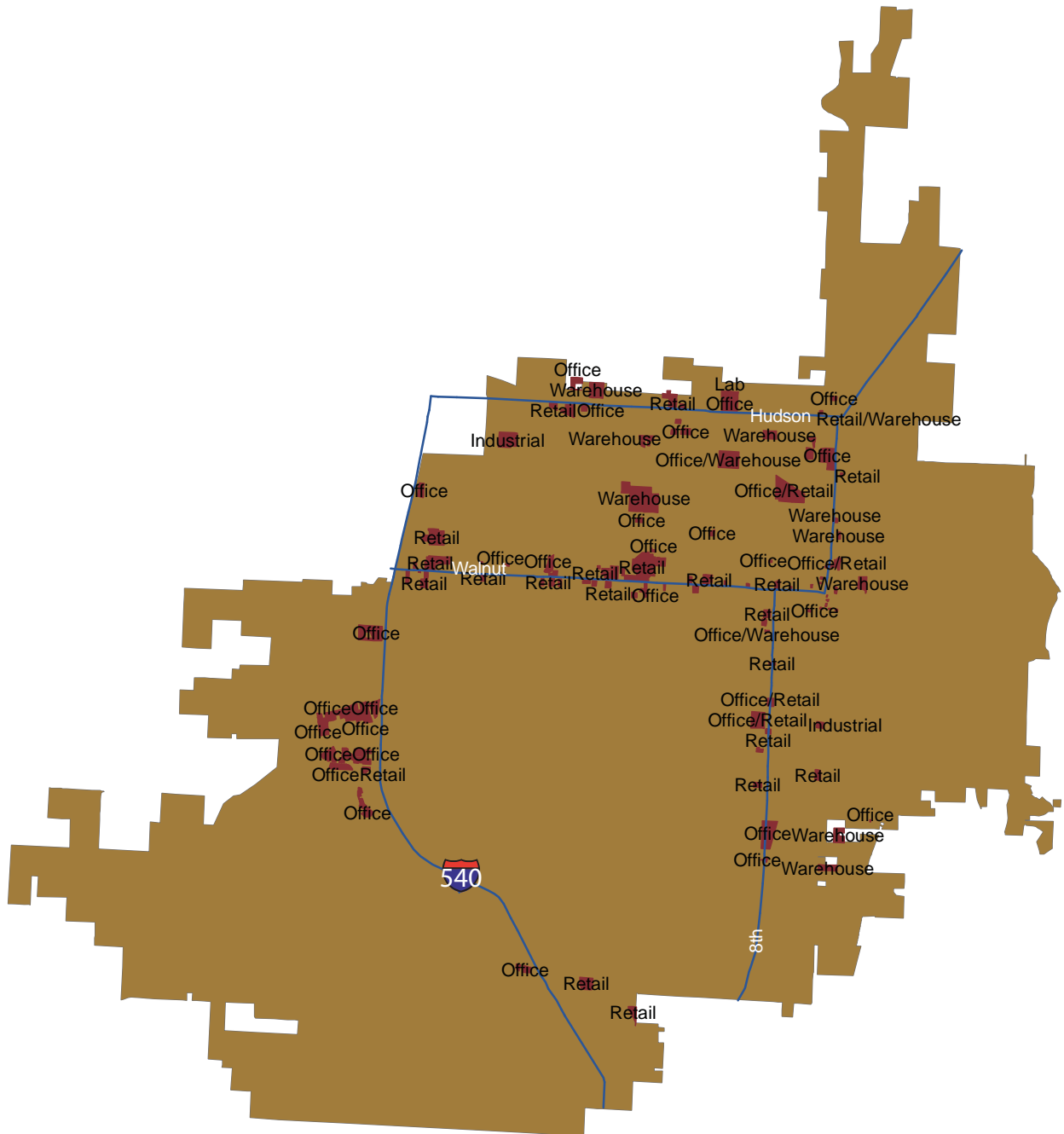
Rogers

Rogers Interstate 540 Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$18.15 - \$19.24	1,125,890	179,354	15.9%	33,827	40,000	-6,173	--
Office/Retail	\$22.10 - \$25.30	274,104	92,713	33.8%	5,558	0	5,558	50.0
Retail	\$14.96 - \$16.71	1,447,577	292,064	20.2%	-3,478	0	-3,478	--

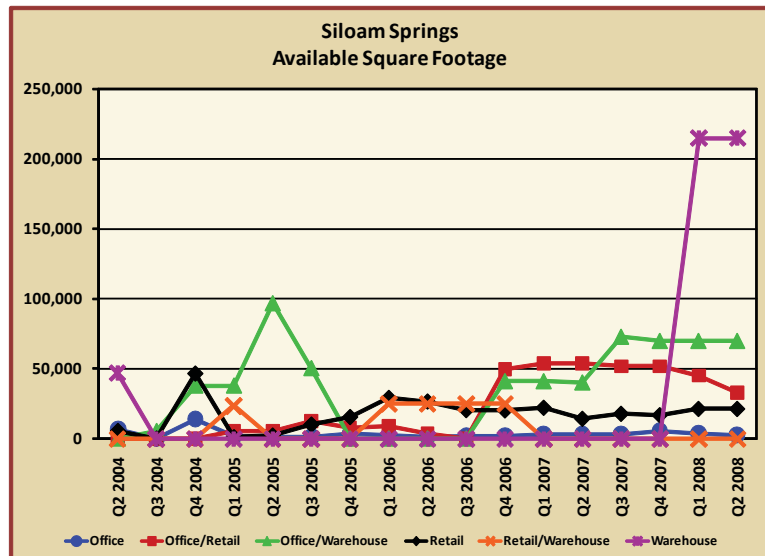
¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents



Siloam Springs

- From March to May 2008, Siloam Springs issued no building permits for new commercial space. Siloam Springs issued \$3.2 million worth of building permits during the first quarter of 2008 and \$3.0 million worth of building permits during the second quarter of 2007.
- Skyline report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,134,030 square feet of commercial space for Siloam Springs in the second quarter of 2008.
- There was no new commercial space added in Siloam Springs in the second quarter.
- In the second quarter of 2008, Siloam Springs experienced positive net absorption in office of 900 square feet, medical office of 700 square feet, and office/retail submarkets of 12,361



square feet. There was no absorption in the retail, office/warehouse, retail/warehouse, and warehouse submarkets in the second quarter.

- Following net absorption, vacancy rates declined in the office, medical office, and office/retail submarkets, while they remained unchanged elsewhere.
- Average reported lease rates remained unchanged in Siloam Springs for the second quarter of 2008.

Siloam Springs Commercial Real Estate Market Summary Statistics

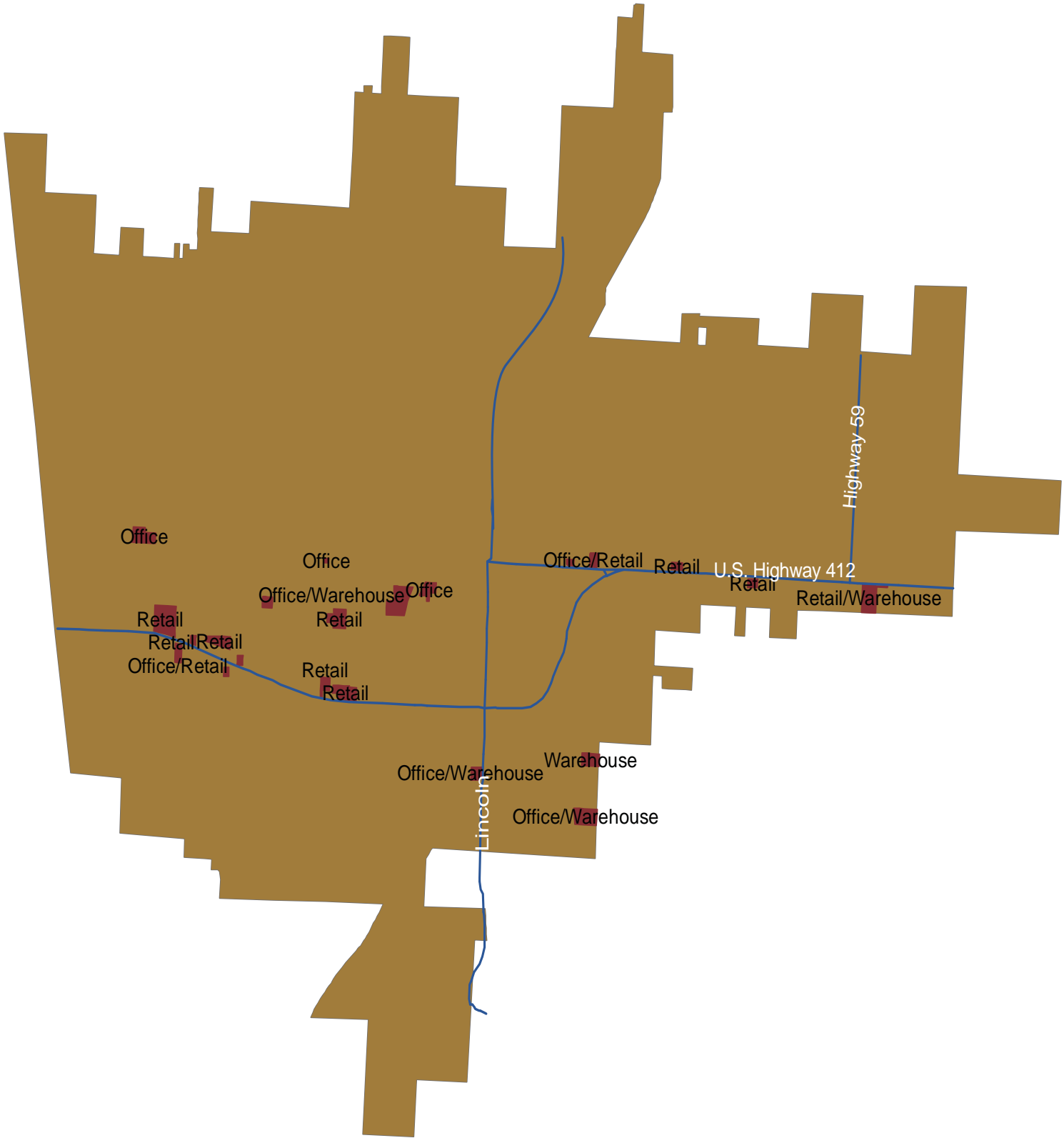
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Industrial	--	192,069	192,069	100.0%	0	0	0	--
Office	\$10.84 - \$11.53	81,032	2,800	3.5%	900	0	900	9.3
Class A	--	--	--	--	--	--	--	--
Class B	\$7.39 - \$8.27	8,000	200	2.5%	200	0	200	3.0
Class C	\$6.27 - \$6.33	2,000	1,100	55.0%	0	0	0	--
Medical	\$13.51 - \$14.34	71,032	1,500	2.1%	700	0	700	6.4
Office/Retail	\$10.38 - \$11.21	125,790	32,964	26.2%	12,361	0	12,361	8.0
Class A	\$13.00 - \$18.00	54,000	24,564	45.5%	10,361	0	10,361	7.1
Class B	\$9.85 - \$9.85	71,790	8,400	11.7%	2,000	0	2,000	12.6
Class C	--	--	--	--	--	--	--	--
Office/Warehouse	\$3.12 - \$3.12	106,441	70,007	65.8%	0	0	0	--
Retail	\$8.73 - \$9.40	302,846	21,200	7.0%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$9.63 - \$10.03	187,222	20,000	10.7%	0	0	0	--
Class C	\$6.00 - \$7.50	115,624	1,200	1.0%	0	0	0	--
Retail/Warehouse	\$4.05 - \$4.05	23,680	0	0.0%	0	0	0	0.0
Warehouse	--	302,172	214,710	71.1%	0	0	0	--

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents

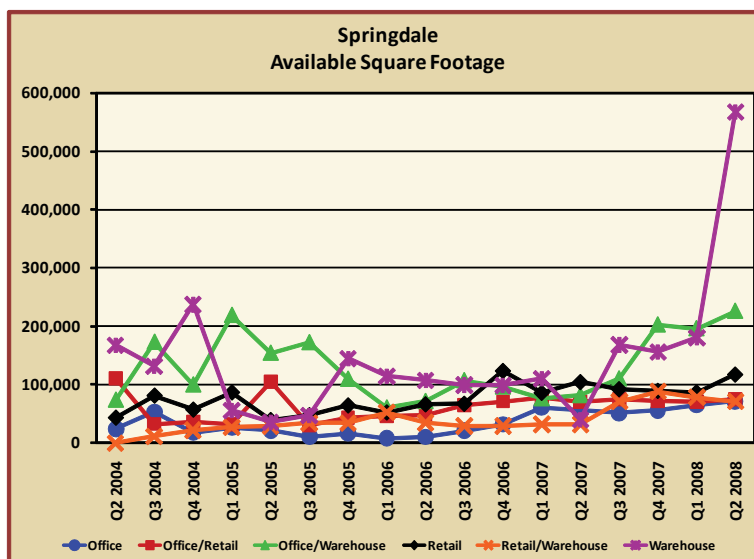


Siloam Springs



Springdale

- From March to May 2008, Springdale issued building permits for \$1,395,524 worth of new commercial space. The second quarter 2008 value is 64.9 percent lower than the first quarter 2008 value and 64.8 percent lower than the second quarter 2007 value.
- Skyline report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 5,675,422 square feet of commercial space in the second quarter.
- In the second quarter of 2008, Springdale experienced positive net absorption in the office, office/warehouse, and retail/warehouse submarkets and negative net absorption in the office/retail, retail, and warehouse submarkets.
- There were 12,400 square feet of new Class B office space, 51,500 square feet of new office/warehouse space, and 115,200 square feet of new warehouse space added in the second quarter to the Springdale commercial property market.
- Reported vacancy rates increased in the office, office/retail, retail, and warehouse submarkets and declined in the office/warehouse and retail/warehouse submarkets in Springdale in the second quarter.



- In the second quarter of 2008, Springdale experienced positive net absorption in the office, office/warehouse, and retail/warehouse submarkets and negative net absorption in the office/retail, retail, and warehouse submarkets.
- Reported vacancy rates increased in the office, office/retail, retail, and warehouse submarkets and declined in the office/warehouse and retail/warehouse submarkets in Springdale in the second quarter.
- The discrepancy between absorption and vacancy rates changes in the office market is due to the increased total space reported.
- In the second quarter of 2008 in Springdale, average reported lease rates for Class C office decreased by \$0.36, Class B office/retail by \$0.44, and warehouse by \$0.11. Average lease rates increased for Class A office space by \$0.25, Class

B office by \$0.32, and office/warehouse by \$0.05. The slight increase in Class B retail average lease rate was due to the rise in the maximum lease rate. The other submarkets remained consistent with the previous quarter.

Springdale Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Industrial	\$4.10 - \$5.60	381,647	27,500	7.2%	0	0	0	--
Office	\$11.50 - \$12.57	715,257	71,768	10.0%	12,844	12,400	444	484.9
Class A	\$15.58 - \$15.58	77,123	4,616	6.0%	0	0	0	--
Class B	\$12.42 - \$14.23	332,337	33,003	9.9%	521	12,400	-11,879	--
Class C	\$9.41 - \$9.70	109,094	9,867	9.0%	12,323	0	12,323	2.4
Medical	\$11.45 - \$12.46	196,703	24,282	12.3%	0	0	0	--
Office/Retail	\$9.96 - \$11.21	460,602	74,615	16.2%	-2,951	0	-2,951	--
Class A	--	--	--	--	--	--	--	--
Class B	\$12.04 - \$13.27	193,048	46,349	24.0%	475	0	475	292.7
Class C	\$8.29 - \$9.57	267,554	28,266	10.6%	-3,426	0	-3,426	--
Office/Warehouse	\$5.03 - \$7.35	1,304,257	226,066	17.3%	3,033	51,500	-48,467	--
Retail	\$9.98 - \$10.85	835,957	117,518	14.1%	-6,826	0	-6,826	--
Class A	--	--	--	--	--	--	--	--
Class B	\$12.05 - \$13.28	573,867	78,221	13.6%	-15,926	0	-15,926	--
Class C	\$8.69 - \$9.34	262,090	39,297	15.0%	9,100	0	9,100	13.0
Retail/Warehouse	\$5.34 - \$6.50	429,624	70,900	16.5%	7,126	0	7,126	29.8
Warehouse	\$4.13 - \$4.55	1,548,078	567,618	36.7%	-254,275	115,200	-369,475	--

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents



Springdale

Downtown Springdale

- Skyline report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 189,578 square feet of office and retail space in downtown Springdale in the second quarter of 2008.
- The office space in downtown Springdale had a reported average vacancy rate of 13.1 percent in the second quarter of 2008. The rate was higher than the overall Springdale average office vacancy rate of 10.0 percent in the second quarter.
- The average retail vacancy rate for downtown Springdale properties was 18.5 percent, a decrease from the previous quarter (24.7 percent), but higher than the 14.1 percent average for all of Springdale.
- There were no new square feet of commercial property added to downtown Springdale in the second quarter of 2008.

- There was positive net absorption of 200 square feet in the office submarket and 1,100 square feet in the retail submarket in downtown Springdale in the second quarter.
- Average reported lease rates for downtown Springdale office space were about \$3.20 lower than the average for all of Springdale. The average reported retail lease rate was about \$0.75 lower than the city average.

West Springdale

- Skyline report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 487,336 square feet of office, office/retail, and retail space in West Springdale in the second quarter of 2008.
- The office space in West Springdale had a reported average vacancy rate of 16.5 percent in the second quarter of 2008, increasing of 1.8 percentage points from the first quarter, and remaining higher than the city average vacancy rate of 10.0 percent.

- The average office/retail vacancy rate declined to 10.1 percent in West Springdale, and was lower than the overall city average office/retail vacancy rate of 16.2 percent. The retail vacancy rate for West Springdale properties increased to 6.0 percent after two consecutive quarters of zero vacancy.
- There were 12,400 square feet of office space added to West Springdale in the second quarter of 2008.
- There was positive net absorption of 475 square feet of office/retail space and negative net absorption of 3,000 square feet of office property and 12,500 square feet of retail property in West Springdale in the second quarter.
- Average reported lease rates for West Springdale office space remained about \$3.50 higher than the average for all of Springdale and office/retail lease rates were about \$1.75 higher. The average reported retail lease rate was about \$0.40 lower than the city average.

Downtown Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$8.65 - \$9.07	171,924	22,582	13.1%	200	0	200	338.7
Retail	\$9.68 - \$9.68	17,654	3,262	18.5%	1,100	0	1,100	8.9

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents

West Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q1 to Q2 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$15.33 - \$15.68	66,854	11,000	16.5%	9,400	12,400	-3,000	--
Office/Retail	\$11.17 - \$13.50	44,550	4,500	10.1%	475	0	475	28.4
Retail	\$9.33 - \$10.67	375,932	22,500	6.0%	-12,500	0	-12,500	--

¹From all Q2 2008 respondents

²From Q2 2008 respondents who were also Q1 2008 respondents



Interpretation

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

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

- Banks: 20,000 ft²
- Department Stores: 20,000 ft²
- Discount Stores: 20,000 ft²
- Industrial Buildings: 20,000 ft²
- Markets: 20,000 ft²
- Office Buildings: 5,000 ft²
- Medical Office Buildings: 5,000 ft²
- Retail Buildings: 10,000 ft²
- Community Shopping Centers: 5,000 ft²
- Neighborhood Shopping Centers: 5,000 ft²
- Warehouses: 20,000 ft²

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

The second source of data that helps comprise the Skyline Report is building permit

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

The third source of data for the Skyline report is a panel of large commercial property owners and managers. These individuals are responsible for the bulk of the competitive commercial properties in Northwest Arkansas. CBER researchers gather information on square footage available to the market, lease rates, and other property characteristics from the panelists. In the second quarter of 2008, 241 panelists provided data on 1,246 competitive properties across Benton and Washington Counties. Data are excluded for owner-occupied and dedicated spaces so that the total square feet, available square feet, and lease rates represent a sample only from properties that are currently or potentially available for lease. Vacancy rates are calculated from the sample of 1,246 properties and are assumed to be representative of the larger competitive commercial property market.

The panel participants vary somewhat from quarter to quarter as new contributors are added and as previous contributors fail to respond for new requests for information. Time trend analysis is dependent on having a consistent base of information so that apples-to-apples comparisons can be made. Absorption rates are only calculated for properties that are part of a matched sub-sample—that is, there

must have been information received about a particular property in both recent quarters for the number to be included in the calculated property absorption rates. The one exception to this rule is for new properties that are completed and come online for leasing in the most recent quarter.

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

Classification

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

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

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

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

