THE SKYLINE REPORT

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Contents

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

Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the twenty first 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 2009

- In the second quarter of 2009, 218,428 square feet of competitive commercial property were added to the Northwest Arkansas market. About 8,500 square feet of the added space were new industrial space, 33,000 were new office space, 128,002 were new office/retail, 27,726 were new retail, 14,000 were new retail/warehouse, and 7,200 were new warehouse space.

- In the office market, there was negative net absorption of 45,146 square feet and the vacancy rate increased to 18.3 percent, accordingly. New space was added to the Bentonville Class B office submarket in the second quarter.

- New retail space was added to the Fayetteville market, while 16,596 square feet became vacant in Northwest Arkansas, netting a negative absorption of 44,322 square feet. As a result, the retail vacancy rate increased from 14.0 percent in the first quarter to 14.6 percent in the second quarter of 2009.

- Within the office/retail submarket, 73,119 square feet became occupied, while new space entered the Bentonville, Fayetteville, and Rogers markets. The vacancy rate increased to 23.0 percent in accord with the negative net absorption.

- During the second quarter of 2009, 40,760 square feet of office/warehouse market became vacant in Northwest Arkansas. The vacancy rate increased in accord with the absorption to 15.4 percent in the second quarter.

- The warehouse submarket experienced positive net absorption of 46,891 square feet, while new space was added in Rogers. Thus, the warehouse vacancy rate has declined to 29.0 percent in the second quarter of 2009.

- From March to May of 2009, almost $37.7 million in commercial building permits were issued in Northwest Arkansas. Among these, $31.6 million were for the Crystal Bridges museum. There were almost $7.7 million of building permits issued in the prior quarter and almost $13.0 million in the second quarter of 2008.

Report Structure

The Skyline Report presents an analysis of data from three primary sources. Information on the entire population of commercial property is gathered from the offices of the Benton and Washington County Assessors. These data sets are then filtered to exclude properties that are not part of the competitive leasing market. These excluded properties include owner-occupied buildings and other dedicated spaces. Additionally, commercial properties that do not meet certain minimum size criteria (detailed on page 52) are also filtered from the base of commercial properties considered. As a second source of data, building permit information is collected from the relevant divisions in Northwest Arkansas city governments. Finally, availability, lease rates, and other characteristics of competitive commercial properties are obtained from a panel of the largest commercial property owners and managers in Northwest Arkansas. Each of the three types of information that is collected gives a unique but critical perspective of the local commercial property market. Without understanding what the universe of commercial properties looks like at the beginning of a period, the scale of available space for lease is meaningless. Likewise, the data that come from building permits paint a picture of what market additions are imminent. Only after setting the stage with these two perspectives do vacancy rates and market absorption numbers have real value.

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

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

After the summary of local perceptions, the second quarter numbers for total commercial property square feet and building permit data are presented. Within the total square feet table, a breakdown of property type by city is provided. Also, the square footage of competitive commercial property for which the 259 panelists provide information is broken down by city and the percentage of coverage of the competitive market is calculated. A table containing publicly announced new commercial real estate projects is presented after the summary of building permit data. This table is meant to provide an indication of the future direction of the Northwest Arkansas commercial property market. As many of these projects are still in the conceptual phase, hard data are incomplete and subject to change. This quarter, the announced data was examined particularly closely. Project locations were checked and developers were contacted regarding the projects from the last quarter's Skyline report. Over 60 projects were removed as indefinitely delayed or dead and many projects were reclassified.

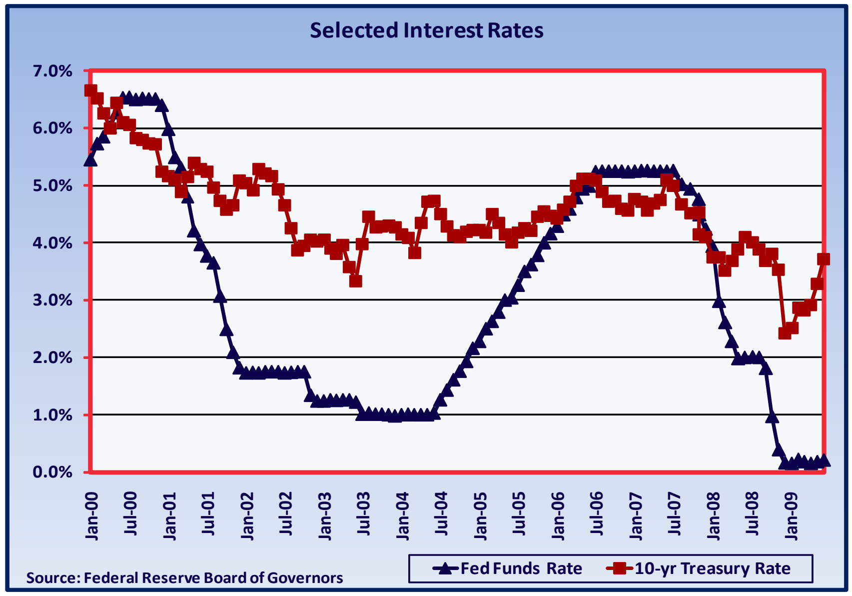
Following the table of announced commercial projects is a trend summary that includes information about vacancy rate and available space trends. There are also three tables summarizing the results from the most recent five quarters. The first table presents vacancy rates by submarket for the second, third, and fourth quarters of 2008 and for the first and second quarters of 2009. The second table presents net absorption by submarket and the third table presents available square footage by submarket for the same time periods. These tables are the foundation for the performing trend analysis and for separating the seasonal effects from real effects. The results in the tables are referred to throughout the remainder of the Skyline Report.

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

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

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

Economic Overview



The Macro Economy at a Glance

In the first quarter of 2009, the overall real GDP growth rate was negative 5.5 percent, according to final estimates released by the U.S. Department of Commerce Bureau of Economic Analysis (BEA). The growth rate went up from a revised negative 6.3 percent rate in the fourth quarter of 2008, but was significantly lower than the growth rate in the first quarter of 2008 (which was 0.9 percent). The BEA reported that the smaller decrease in real GDP in the first quarter of 2009 primarily reflected an upturn in personal consumption expenditures (PCE) and a larger decrease in imports that were partly offset by larger decreases in private inventory investment and in nonresidential structures. Motor vehicle output subtracted 1.26 percentage points from the first-quarter change in real GDP after subtracting 2.01 percentage points from the fourth-quarter change. Final sales of computers added 0.09 percentage point to the first-quarter change in real GDP after subtracting 0.02 percentage point from the fourth-quarter change. Real personal consumption expenditures increased 1.4 percent in the first quarter, in contrast to a decrease of 4.3 percent in the fourth quarter. Real final sales of domestic product -- GDP less change in private inventories -- decreased 3.3 percent in the first quarter of 2009, compared with a decrease of 6.2 percent in the fourth quarter of 2008.

Turning to the Bureau of Labor Statistics (BLS) data, in June of 2009, the national unemployment rate was a seasonally adjusted 9.5 percent, much higher than the 5.6 percent rate a year earlier. The Conference Board Consumer Confidence Index, which had improved considerably in May, retreated in June. The Index now stands at 49.3 (1985=100), down from 54.8 in May. The Present Situation Index decreased to 24.8 from 29.7. The Expectations Index declined to 65.5 from 71.5 in May. Lynn Franco, Director of the Conference Board Consumer Research Center, says: "After back-to-back months of strong gains, Consumer Confidence retreated in June. The decline in the Present Situation Index, caused by a less favorable assessment of business conditions and employment, continues to imply that economic conditions, while not as weak as earlier this year, are nonetheless weak. Looking ahead, Expectations continue to suggest less negative conditions in the months ahead, as opposed to strong growth."

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.7 percent in June after rising 0.1 percent in May, on a seasonally adjusted basis. According to the BLS report, the June 2009 level was 1.4 percent lower than the June 2008 level (before seasonal adjustment). This is the largest decline since April 1950 and is due mainly to a 25.5 percent decline in the energy index (before seasonal adjustment). However, the index for energy, which had declined before, rose at a 7.4 percent seasonally adjusted annualized rate (SAAR) in June, with a decline in the electricity index partly offsetting the sharp increase in gasoline. The food index, which had fallen each of the last four months, was unchanged in June. The index for all items less food and energy rose 0.2 percent (SAAR) in June following a 0.1 percent increase in May. Most components of all items less food and energy posted increases; the indexes for shelter and medical care rose slightly, while the indexes for new vehicles, used cars and trucks, recreation, and apparel all increased at least 0.5 percent. The index for airline fares did decline in June, falling 0.6 percent.

Short-term Interest Rate Risk

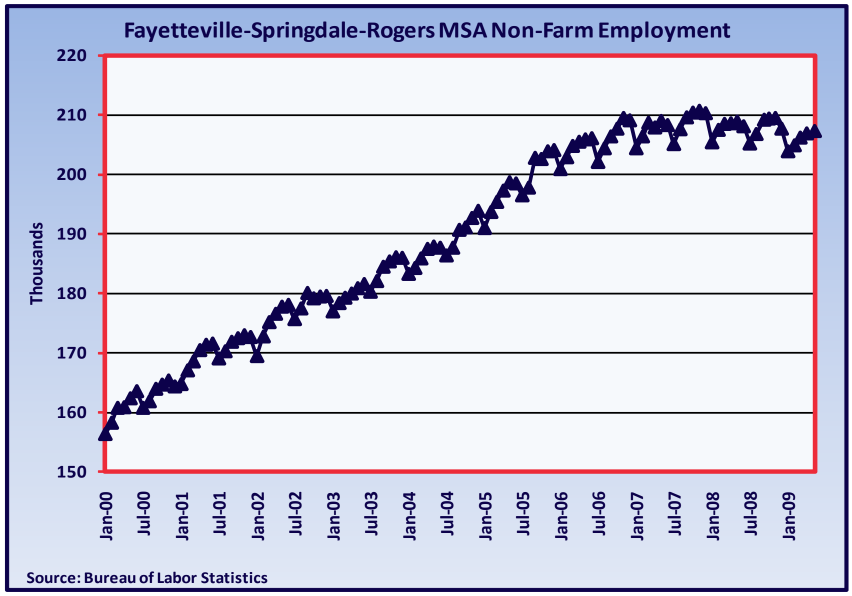
The Federal Funds rates averaged 0.21 percent in June. According to the Federal Open Market Committee which sets interest rates, the Federal Reserve will employ all available tools to promote economic recovery and to preserve price stability. The Committee will maintain the target range for the federal funds rate at 0 to 0.25 percent and continues to anticipate that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period. To provide support to mortgage lending and housing markets and to improve overall conditions in private credit markets, the Federal Reserve will purchase a total of up to \$1.25 trillion of agency mortgage-backed securities and up to \$200 billion of agency debt by the end of the year. In addition, the Federal Reserve will buy up to \$300 billion of Treasury securities by autumn. The Committee will continue to evaluate the timing and overall amounts of its purchases of securities in light of the evolving economic outlook and conditions in financial markets. The Federal Reserve is monitoring the size and composition of its balance sheet and will make adjustments to its credit and liquidity programs as warranted.

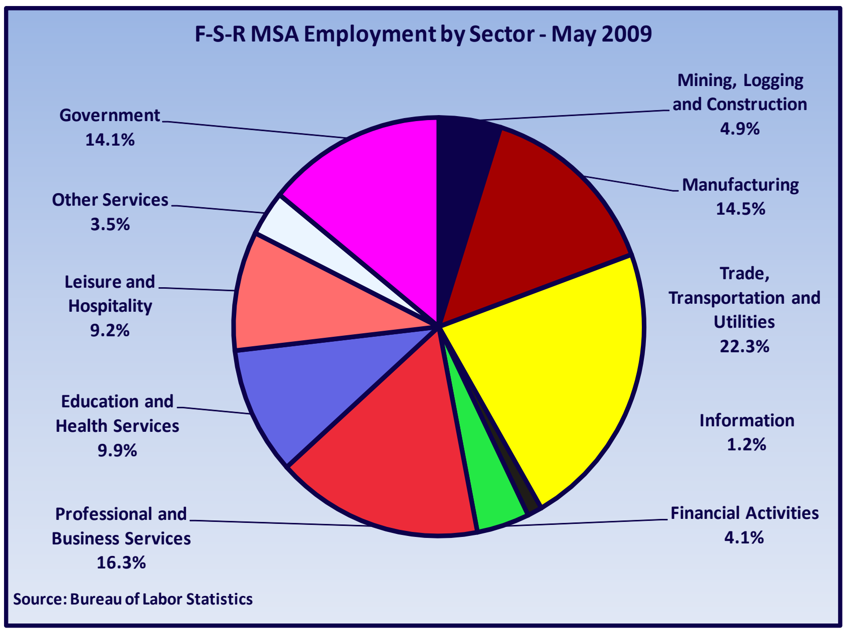
Long-term Interest Rate Risk

The ten year constant maturity Treasury bill had an interest rate of of 3.72 percent in June of 2009. Low short-term rates continue to cause the positive spread between the two. The figure on the previous page shows the Fed Funds rate and the ten year Treasury bill rate since January 2000.

Regional Employment Trends

Local demand for real estate is uniquely associated with employment growth in the region. The Northwest Arkansas employment numbers bear careful watching because the demand for much of the new and expected commercial development relies on the assumption that job growth will be strong. In May 2009, a five year average of 325 nonfarm jobs was created per month according to preliminary results. The local economy lost 1,600 jobs over the course of the year from May 2008 to May 2009. According to the updated BLS data, the local economy gained jobs during February, March and April before losing jobs again in May.



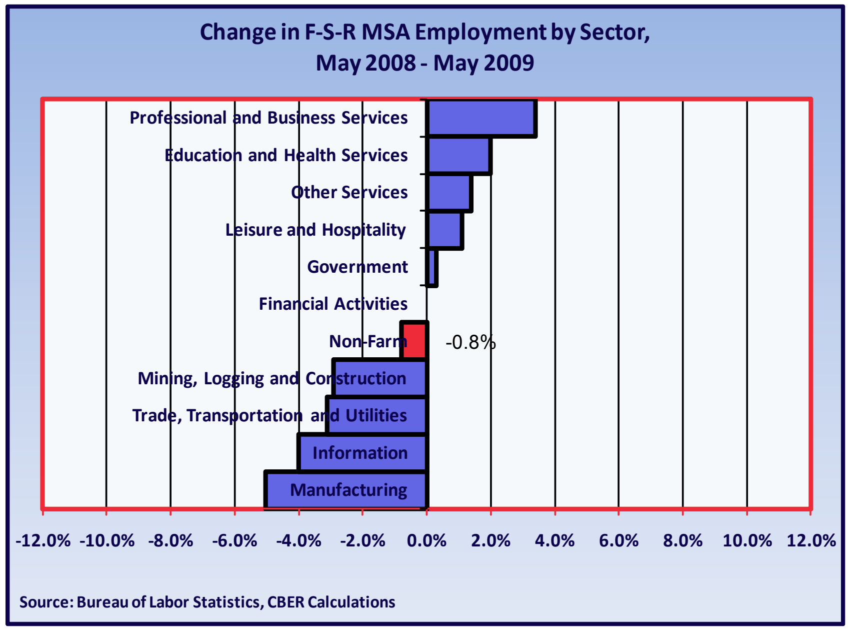


With the purpose of exploring more closely the composition of the job growth in Northwest Arkansas, two additional figures are provided. The first shows the May 2009 Fayetteville-Springdale-Rogers MSA employment breakdown by sector. As the pie chart shows, trade, transportation and utilities have the largest share of employment (22.3 percent) in Northwest Arkansas, followed by professional and business services (16.3 percent), manufacturing (14.5 percent), government (14.1 percent), education and health services (9.9 percent), and leisure and hospitality (9.2 percent). The second figure shows the annual percentage change in the MSA's employment by sector from May 2008 to May 2009. Total nonfarm employment decreased by 0.8 percent during that time. Professional and business services, education and health services, other services, leisure and hospitality, and government sectors have increased, while mining, logging and construction, trade, transportation and utilities, information, and manufacturing sectors have declined.

According to the Bureau of Labor Statistics, the unemployment rate in Northwest Arkansas was at a preliminary seasonally non-adjusted 5.5 percent in May 2009. This is 1.7 percentage points higher than in May of 2008. The unemployment rate in Northwest Arkansas, however, continues to outperform both the state (6.9 percent) and nation (9.1 percent) seasonally non-adjusted rates.

Local Perceptions

Local Perceptions of the Northwest Arkansas Commercial Property Market



Each quarter, Center for Business and Economic Research staff members have conversations with a dozen or so commercial developers and/or property managers to gain their ground-level insights on the current commercial real estate market in Benton and Washington counties. Panelists have talked about areas of concern including the issue of effective rents; impact the national economy was having on Northwest Arkansas; banking and investment; supply and demand imbalances; areas of potential growth and opportunity; and infrastructure issues. Over the past several quarters the panelists have become increasingly open in expressing their thoughts and feelings on the issues, sometimes controversial, effecting Northwest Arkansas.

A very important theme of this quarter's discussions had to do with effective rental rates. Skyline Report data hasn't shown as significant a decrease in price levels as might be expected given the level of inventory for the last few quarters. However, an overwhelming number of respondents said that in response to the fairly aggressive tenant demands, they were providing various kinds of benefits to tenants that lowered the effective rental rate. These include free rent in the beginning of the lease period; greater tenant improvement allowances for build out; paying utilities, taxes, and maintenance more often; not going through with scheduled lease rate increases at lease renewal time; and removing long term termination clauses. The respondents who did not experience much of this aggressive tenant behavior attributed that to either having exceptional location, or already very low lease rates.

Respondents remain very concerned about the national economy, but their outlook is starting to become more positive in the long run. Many panelists feel things are beginning to firm up and that the bottom has been reached or is close to being reached. That said, there were a few respondents who believe that the national economy is in for much more severe long run consequences due to the high level of debt being incurred by the federal government. They are very concerned about long run high or even hyper-inflation. But for the majority of panelists, the fact that the economy has stopped free falling, that the government is doing something, and that Wal-Mart is sound financially are acting to boost their confidence. Most of them did express recognition of how fragile the situation is and that further economic shocks could send the economy back into a tailspin.

The issue of banking and investment in new commercial development was also discussed by several respondents. Interestingly, while some still express how the banks were at fault for the tremendous oversupply in the commercial market, and some believe the banks have tightened up lending standards too much in the commercial sector, there were some expressions of support for the more cautious lending environment, as well as comments that the local market really does not need much in the way of new construction. Additionally, some respondents expressed the idea that there really needs to be an extended period of absorption, that will lead to a healthier long term balance between supply and demand for commercial property.

The continuing imbalance between supply and demand in each of the commercial property sectors (office, retail, and warehouse) was another theme in this quarter's conversations. In the office sector, several respondents were of the opinion that Class A space was being absorbed at a rate that might warrant additional new buildings coming on line by late 2011. One respondent even felt that 2010 might see Class A office space inventory reduced to a level that new Class A buildings coming on line at the end of 2010 might be legitimate projects. Class B and class C office space did not receive the same kind of positive outlook, even as some respondents mentioned some expansion by strong Wal-Mart vendors. But the general outlook is that the surplus in Class B and C office space will persist for quite a while. Most respondents feel the oversupply in the retail market is strongly influenced by the recession. There is a widespread belief that retail space is going to absorb slowly as more retailers face problems going into 2010. Given that, however, some respondents still feel that the particular mixed use projects with a strong retail component in good locations can be successful. Warehouse oversupply presents an interesting situation. Several respondents discussed the fact that a very significant percentage of the oversupply in the warehouse segment is from out-of-date buildings that do not have current desired height requirements or sufficient loading docks.

When discussing potential growth opportunities in the current Northwest Arkansas economic environment, location, location, location was again mentioned. Respondents who are affiliated with current or near term building feel that in the proper location projects can still work, given proper funding and planning. However, the number of these projects has dramatically decreased in the eyes of most respondents. This is also connected to the infrastructure issues in Northwest Arkansas. Respondents articulated how better infrastructure is still important in creating locations for potential development or expanded development.

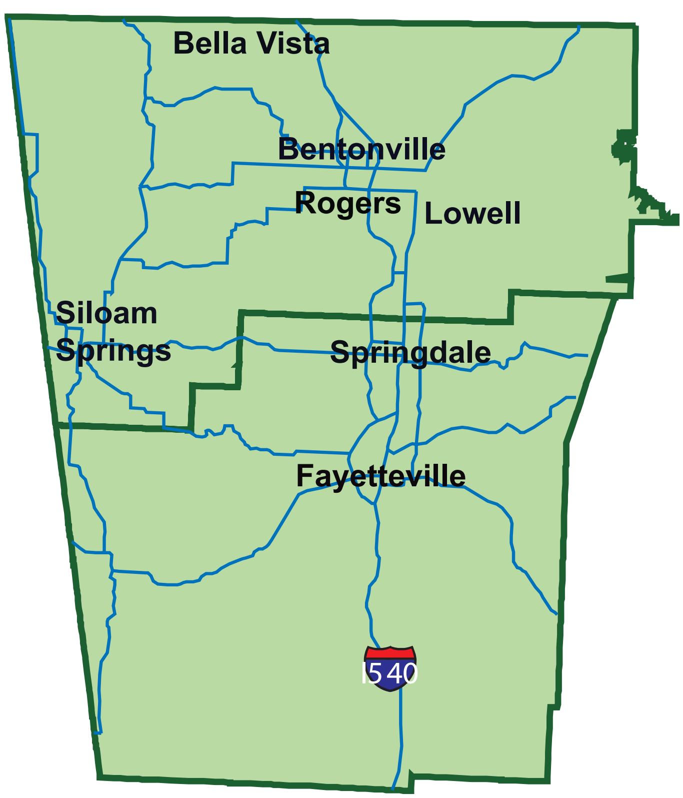
Looking towards the future, most of the respondents remain optimistic about the future of Northwest Arkansas. Several mentioned Crystal Bridges as an example of important cultural growth. Along with that, the confidence in Wal-Mart is strong, as is the belief that the other important sectors: food processing, lead by Tyson, transportation, led by J.B. Hunt, and education led by the University of Arkansas, will remain growth drivers. Most respondents also believe Northwest Arkansas will recover faster than many areas in the nation, but there is concern or perhaps a better phrase is thoughtfulness about what can be done to lead the next wave of growth in region. The general consensus seems to be that there will not be much growth in the commercial real estate market till late 2011.

Positive Factors:

1. Perceived demand for Class A office space.
2. Continued, although slower, movement of vendors into Northwest Arkansas.
3. National attention to the growing MSA by developers and retailers.
4. National media coverage of Northwest Arkansas as a good place to live and work.
5. Creation of destination locations including development of the baseball stadium in Springdale, Crystal Bridges in Bentonville, and continued growth of the Pinnacle area.
6. Wal-Mart, Tyson Foods and the poultry industry, J.B. Hunt and the transportation industry, the University of Arkansas and higher education.
7. Region’s entrepreneurial spirit.

Negative Factors:

1. Oversupply of Class B office space.
2. Oversupply in the residential market.
3. Oversupply in the multifamily market.
4. Infrastructure development still slow and behind regions needs.
5. National economic slowdown.
6. Concern over financial issues particularly higher interest rates and inflation.



Inventory and Building Permits

Categories of Commercial Properties

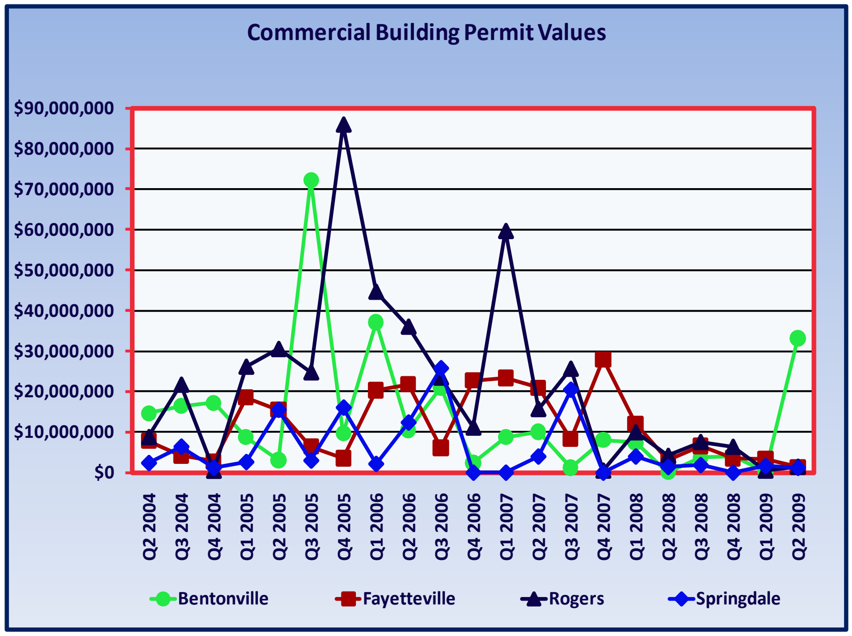
The Northwest Arkansas commercial market is divided into eight major categories of space:

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

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

Local Commercial Property Inventory and Building Permit Data

The table on the following page presents the total competitive commercial property inventory in Northwest Arkansas that meets minimum square footage requirements (a complete list of these criteria is included on page 52) as of July 2009. For the second quarter of 2009, the Skyline Report covered 96.0 percent of the total competitive commercial property population in Northwest Arkansas. Some cities had more complete coverage than others.



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

From March to May of 2009, almost $37.7 million in commercial building permits were issued in Northwest Arkansas. Among these, $31.6 million were for the Crystal Bridges museum. There were almost $7.7 million of building permits issued in the prior quarter and almost $13.0 million in the second quarter of 2008. Bentonville accounted for about 88.0 percent of the total value of building permits in the March to May period. Rogers accounted for an additional 4.0 percent, Fayetteville accounted for 3.6 percent, and Springdale accounted for 3.2 percent during the second quarter. Lowell and Siloam Springs accounted for 0.1 and 1.1 percent, respectively.

The table of announcements of new commercial projects is included as an indication of the future direction of the Northwest Arkansas commercial market. The list is not exhaustive, but represents an effort to gather data at a step before the official permitting process. The managers and owners of many of these properties have provided the Center for Business and Economic Research with information about these buildings, but until construction is complete, they do not appear in the aggregated total square footage and available square footage calculations. Some of the properties listed are actually under construction, while others are only in the concept phase. The Center researchers examined the announced data particularly closely this quarter. Project locations were checked and developers were contacted regarding the projects from the last quarter's Skyline report. First, over 60 projects were removed as indefinitely delayed or dead. Second, many projects were reclassified as conceptual. This category means that the developer still feels the project is viable, but there are many uncertainties regarding funding, leasing, timing, etc, so there is no established timeline.

Following the announced properties table is a list of the existing hotel properties in Northwest Arkansas, detailed by city. In the second quarter, there continued to be 6,606 standard rooms and 2,119 suites in Northwest Arkansas. Bentonville continued to have the most rooms, with 1,920. Additionally, graphs, that describe the development of hotels in Northwest Arkansas over time, are provided below the hotels list. Announced new hotel properties are detailed in a table following the existing hotel properties. Finally, lists of announced new and closed restaurant properties follow the hotel information.

Total Square Feet and Coverage of Competitive Commercial Properties

	Industrial[1]	Office[1]	Retail[1]	Warehouse[1]	Total[1]	Panel Total Square Feet[2]	Panel Coverage[2]
Bella Vista	--	120,424	138,680	90,964	350,068	329,974	94.3%
Bentonville	76,056	3,794,439	994,244	788,376	5,653,115	6,196,150	109.6%
Fayetteville	114,079	2,991,282	3,893,090	1,778,270	8,776,721	8,063,845	91.9%
Lowell	57,970	275,837	172,208	772,259	1,278,274	1,381,320	108.1%
Rogers	307,281	2,079,439	3,660,752	1,674,190	7,721,662	8,316,077	107.7%
Siloam Springs	281,422	180,293	692,789	550,325	1,704,829	1,299,033	76.2%
Springdale	1,142,623	1,463,161	2,181,159	2,598,282	7,385,225	5,975,215	80.9%
Northwest Arkansas Total	1,979,431	10,904,875	11,732,922	8,252,666	32,869,894	31,561,614	96.0%

[1]Source: Benton and Washington County offices of the Assessor. The total square feet represent the population of competitive commercial properties that meet the baseline criteria set out on page 52 of this report.
[2]Source: Panel of 259 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 2009	$33,171,420	$1,368,907	$50,112	$1,500,000	$400,000	$1,194,175	$37,684,614
Dec. 2008 - Feb. 2009	$344,325	$3,403,704	$1,766,386	$545,000	$0	$1,596,349	$7,655,764
Sept. - Nov. 2008	$3,908,853	$3,588,389	$0	$6,411,775	$0	$0	$13,909,017
June - August 2008	$3,689,476	$6,548,894	$1,019,000	$7,579,500	$1,006,596	$1,861,390	$21,704,856
March - May 2008	$153,000	$3,152,132	$4,075,075	$4,179,000	$0	$1,395,524	$12,954,731
Dec. 2007 - Feb. 2008	$7,400,153	$12,125,756	$0	$9,995,030	$3,200,000	$3,970,299	$36,691,238
Sept. - Nov. 2007	$8,075,766	$27,923,695	$4,455,275	$533,200	$0	$0	$40,987,936
June - August 2007	$1,194,440	$8,309,014	$48,927	$25,668,347	$2,575,178	$20,375,131	$58,171,037
March - May 2007	$10,082,817	$20,962,887	$8,277,328	$15,727,729	$3,019,500	$3,960,747	$62,031,008
Dec. 2006 - Feb. 2007	$8,725,598	$23,406,927	$4,709,086	$59,642,734	$25,000	$0	$96,509,345
Sept. - Nov. 2006	$2,404,840	$22,721,389	$1,840,722	$11,146,805	$538,000	$0	$38,651,756
June - August 2006	$21,014,259	$6,147,723	$462,712	$23,479,198	$5,890,000	$25,663,800	$82,657,692
March - May 2006	$10,575,639	$21,780,317	$10,924,435	$36,046,864	$3,650,000	$12,322,984	$95,300,239
Dec. 2005 - Feb. 2006	$37,121,720	$20,330,697	$2,359,019	$44,672,800	$165,000	$2,151,476	$106,800,712
Sept. - Nov. 2005	$9,674,394	$3,519,150	$3,275,717	$85,896,765	$150,000	$15,999,816	$118,515,842
June - August 2005	$72,205,699	$6,434,833	$1,666,851	$24,782,039	$200,000	$2,982,618	$108,272,040
March - May 2005	$3,061,870	$15,491,806	$1,590,789	$30,534,466	$1,059,000	$15,468,833	$67,206,764
Dec. 2004 - Feb. 2005	$8,753,636	$18,560,094	$390,000	$26,172,000	$254,700	$2,614,524	$56,744,954
Sept. - Nov. 2004	$17,242,269	$2,750,867	$402,891	$489,240	$188,000	$1,174,999	$22,248,266
June - August 2004	$16,446,488	$4,145,124	$10,035,248	$21,734,534	$1,993,393	$6,390,478	$60,745,265
March - May 2004	$14,640,091	$7,839,529	$203,680	$8,804,700	$1,721,585	$2,371,888	$35,581,473

New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Aventine Plaza	Bella Vista	Mike Andrews	Commercial	15,000	Conceptual
Mercy Health System Urgent Care	Bella Vista	Mercy Health System	Medical		
28th Street Commercial Building	Bentonville	Rick Thomas	Office/Retail	24,000	Conceptual
Airport Plaza	Bentonville		Office/Retail/Bank	25,846	Conceptual
Archer Business Park	Bentonville	Wayne and Victoria Martin	Retail	20,000	Conceptual
Arkansas National Guard Facility	Bentonville	Arkansas National Guard	Military Facility	110,000	2011
Bentonville Plaza	Bentonville	FBE Limited LLC	Commercial		Conceptual
Brightwood Business Park	Bentonville	Mike Charlton	Office/Retail	35,260	Conceptual
Classic Lube, Tune and Brakes	Bentonville	Shane Willis	Retail	4,300	Done
Coleman Office Building	Bentonville	Josh Kyleton and Partners	Office	21,126	Done
Crye-Leike Office	Bentonville	Crye-Leike Realtors	Office/Retail	14,000	Conceptual
Fountain Plaza New Building 1	Bentonville	Jeannie Fleeman	Retail	23,104	Conceptual
Fountain Plaza New Building 2	Bentonville	Jeannie Fleeman	Retail	30,000	Conceptual
Kum and Go	Bentonville	Kum and Go	Retail	3,391	Done
Kyleton Office Building	Bentonville	Josh Kyleton and Partners	Office	12,000	Done
Lakeside Center	Bentonville	Lindsey Management	Office	60,000	Conceptual
Landers McClarty Jeep	Bentonville	Landers McClarty Auto	Commercial	9,033	Done
Lifespring Women’s Healthcare	Bentonville	Lifespring	Medical	11,950	Fall 2009
Neighborhood Wal-Mart and Uptown Center	Bentonville	CEI Engineering	Retail	40,000+	Conceptual
NWA Children’s Center Campus	Bentonville	NWA Children’s Center	Mixed Use	51,000	2010
NWA Chldren’s Museum	Bentonville	NWA Children’s Museum	Museum		2012
SDI Realty Retail Development	Bentonville	SDI Realty	Retail	6,500	Conceptual
The Chateau on Chardonnay	Bentonville	Rex Fox and Frank Farrer	Mixed Use	55,000	Done
The Links at Rainbow Curve	Bentonville	Lindsey Management	Mixed Use		Conceptual
Vogel Commercial Development	Bentonville	Ross and Steve Vogel	Commercial	38,000	Conceptual
KUAF Building	Fayetteville	University of Arkansas	Office	7,000	January 2010
Arkansas Research and Tech. Park	Fayetteville	U of A Tech. Dev. Foundation	Office/Lab	65,000	Early 2010
Bellafont II-Buildings B,G, H	Fayetteville	B. Barber-Colliers International	Retail	27,152	Done
Bridgedale Plaza	Fayetteville	Clinton McDonald	Mixed Use	35,000	Conceptual
City Lake Office Buildings (2)	Fayetteville	Teddy Caldwell and Candy Clark	Commercial	8,775	Done
District Court Building	Fayetteville	District Court	Office	13,500	January 2010
Dollar General	Fayetteville	Dollar General	Retail	9,000	Done
Forest Hills Development	Fayetteville	John Alford	Commercial	206,000	2010
Forest Hills-Wal-Mart Neigh. Market	Fayetteville	John Alford	Retail	17,000	2010
Frisco Depot Project	Fayetteville	MansfieldHouse Ventures	Mixed Use	48,520	Conceptual
Garland Center Bookstore	Fayetteville	University of Arkansas	Retail	30,000	August 2010
Garland Center Retail	Fayetteville	University of Arkansas	Retail	20,000	August 2010
Johanson Office Building	Fayetteville	Blair and Bruce Johanson	Office	5,000	Conceptual
Kantz Building	Fayetteville	Kathy Ball	Commercial	9,000	Conceptual
Liberty Bank	Fayetteville	Liberty Bank	Bank	24,000	Conceptual
Links at Fayetteville	Fayetteville	Lindsey Management	Commercial	120,888	Conceptual
Mountain Ranch	Fayetteville	Colliers International	Commercial		Conceptual
Nanotech Facility	Fayetteville	University of Arkansas	Lab	7,400	Late 2010
Park West	Fayetteville	Tracy Hoskins	Commercial	1,000,000+	Conceptual
Persimmon Nursing Home	Fayetteville	Dave Jorgenson (Architect)	Nursing Home		
Premier Plaza	Fayetteville	Jimmy Rapert and Robert Taylor	Commercial	7,000+	
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	
Ruskin Heights	Fayetteville	Davis, Hooker, Massey, VanVeen	Retail	58,500	Conceptual
Shoppes at the Bluffs	Fayetteville	Mathias Properties	Retail	46,519	2009
Shoppes at Wedington	Fayetteville	Sage Partners	Retail	15,750	Spring 2009
Southpass, Phase I	Fayetteville	Richard Alexander & John Nock	Commercial	26,000	
Southpass, Phase II+	Fayetteville	Richard Alexander & John Nock	Commercial	214,000	

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Springwoods Behavioral Health	Fayetteville	Universal Health Services	Hospital	58,000	July 2009
Timberlake Office Park	Fayetteville	Jeff Martin and Mike Phillips	Office		Conceptual
Timberlake Office Park Building One	Fayetteville	Henry Ho and Rick West	Office	19,000	Summer 2009
Veterans Hospital Expansion	Fayetteville	Vet. Health Care Sys. of the Ozarks	Medical Facility	158,466	2011
Crye-Leike Office	Lowell	Crye-Leike Realtors	Office	6,000	2009
Midpoint Exchange Business Park	Lowell	Sage Partners	Commercial		Conceptual
Park Central	Lowell/Rog.	Charleton Development	Mixed Use		Conceptual
Adult Development Center Facility	Rogers	Adult Dev. Center of Benton County	Office/Warehouse	22,000	Late 2009
Arkansas Street Commercial Building	Rogers	Brad Snyder	Commercial	7,200	Done
Benton County Cancer Center	Rogers	Highlands Oncology Group	Medical Office	55,000	Conceptual
Car Mart	Rogers	Car Mart	Retail		Done
Creekside, Phase III	Rogers	Daniel Ellis	Commercial	60,000	Conceptual
Don's Cold Storage Expansion	Rogers	Don Coenen	Warehouse	120,000	Summer 2009
Garcia Commercial Building	Rogers	Miguel Garcia	Commercial	8,000	Done
Habitat for Humanity	Rogers	Habitat for Humanity	Office/Warehouse		
Harp's	Rogers	Harp's	Retail	32,000	Conceptual
Hull Dermatology	Rogers	Haynes LTD	Medical Office		Done
Jamestown Care & Rehab	Rogers	Montgomery & Sons Construction	Medical		Summer 2009
Little Sunshine Playhouse	Rogers		Office		Done
Metal Salvage Facility	Rogers	A. Tannenbaum	Industrial		Conceptual
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Office	21,432	
Pinnacle Center 4	Rogers	Pinnacle Group	Office	100,000	Done
Prairie Creek Center	Rogers	Mathias Properties	Retail	51,279	Conceptual
Recycling Center	Rogers	City of Rogers	Industrial	24,000	
The Dental Depot	Rogers		Medical Office		
Walgreen's	Rogers	Pinnacle Group	Retail	13,000	Sept. 2009
Wal-Mart Neighborhood Market	Rogers	Wal-Mart	Retail	36,000	Done
Walnut Crossing	Rogers	Greg House	Commercial	50,000	Conceptual
Autumn Glen	Sil. Springs	James Mathias	Commercial		Conceptual
Crye-Leike Office	Sil. Springs	Crye-Leike Realtors	Office	6,500	Conceptual
Osage Creek Performing Arts Center	Sil. Springs	Greg Smith	Performing Arts Center		2010
Siloam Springs Hospital	Sil. Springs	Community Health System	Hospital	95,000	2013
Arvest Bank	Springdale	Arvest Bank	Bank	5,000	Summer 2009
AT&T Retail Center and Warehouse	Springdale	Hank Kelly	Retail/Warehouse	6,000	
Commercial Building on Robinson	Springdale	Jesus Reyes	Commercial		2009
Duralor	Springdale	Duralor LLC, Barrows & Bayyari	Industrial	13,200	Done
Earlene Howard Hospice-Expansion	Springdale	Circle of Life Hospice	Medical Office	11,000	July 2009
El Mercadao Warehouse	Springdale	Green Hills Foods	Warehouse	135,000	Done
Toter Industries Factory	Springdale	Graham of B. Lyn Properties LLC	Industrial	27,000	Done
White Oak Station	Springdale	Petromark Inc.	Retail		Conceptual
Northwest Arkansas Science Center	Undeterm.	NWA Museum Foundation	Museum	130,000	

Hotels

Existing Hotels

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

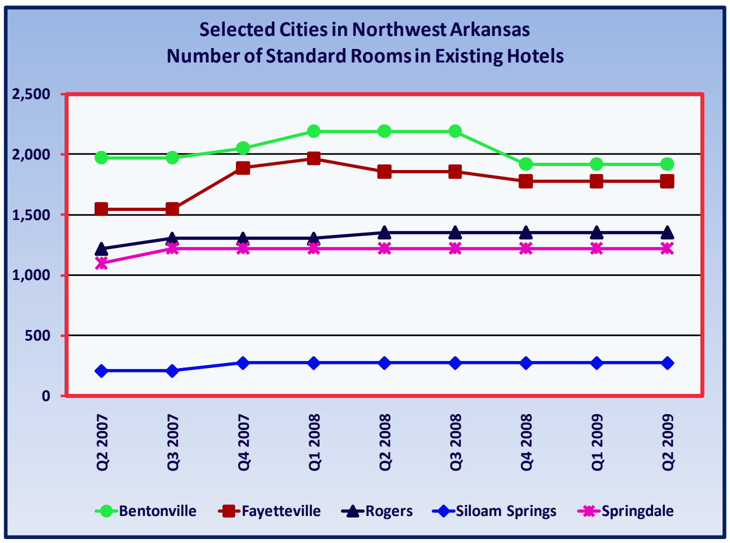
Existing Hotels (Cont.)

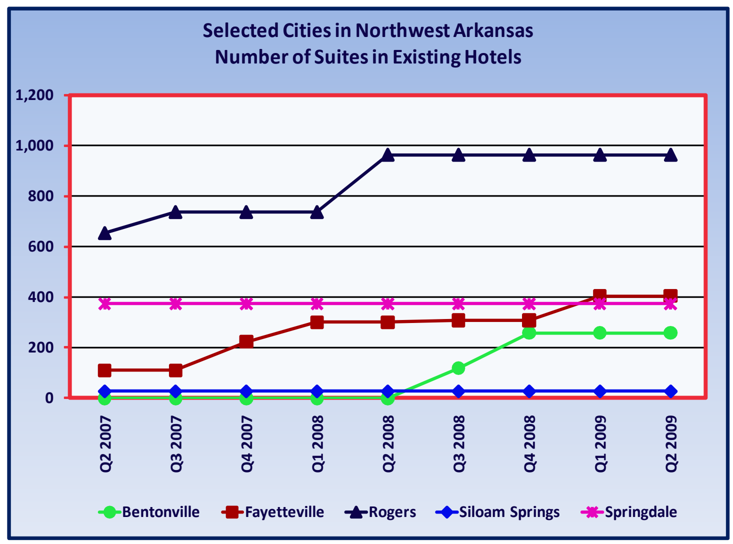
Property Name	City	Number of Standard Rooms	Number of Suites
Colonial Motel	Prairie Grove	8	0
Aloft	Rogers	130	1
Best Value Inn & Suites	Rogers	127	0
Candlewood Suites	Rogers	118	12
Country Inn & Suites	Rogers	68	42
Embassy Suites	Rogers	0	400
Fairfield Inn Rogers	Rogers	99	0
Guest Inn	Rogers	42	0
Hampton Inn	Rogers	122	0
Hartland Lodge	Rogers	28	0
Holiday Inn	Rogers	0	127
Homewood Suites	Rogers	126	83
Hyatt Place	Rogers	104	0
Mainstay Suites	Rogers	0	99
Microtel	Rogers	52	0
Ranch-O-Tel Motel	Rogers	21	0
Regency 7 Motel	Rogers	31	0
Residence Inn by Marriott	Rogers	88	0
Rocky Branch Resort	Rogers	14	0
Simmons Suites	Rogers	0	115
Staybridge Suites	Rogers	83	83
Super 8 Motel	Rogers	34	0
Tanglewood Lodge	Rogers	30	0
Town & Country Inn	Rogers	86	1
Travelers Inn	Rogers	82	0
Best Value	Siloam Springs	19	26
Hampton Inn	Siloam Springs	66	0
Hereford Motel	Siloam Springs	10	0
Holiday Inn Express	Siloam Springs	59	1
Stone Inn's	Siloam Springs	43	0
Super 7 Inn	Siloam Springs	46	0
Super 8 Motel	Siloam Springs	30	0
Best Rest	Springdale	100	17
Comfort Suites Springdale	Springdale	0	69
DoubleTree Club Hotel of Springdale	Springdale	74	11
Executive Inn	Springdale	90	0
Extended Stay America	Springdale	101	0
Fairfield Inn and Suites	Springdale	40	34
Hampton Inn & Suites	Springdale	67	35
Hartland Lodge	Springdale	29	0
Hartland Motel	Springdale	29	0
Hill Top Inn	Springdale	30	0
Holiday Inn	Springdale	180	26
Journey's Inn	Springdale	30	0
Laquinta Inn & Suites	Springdale	88	12
Magnolia Gardens Inn (B&B)	Springdale	10	0
Motel 8	Springdale	30	0
Residence Inn	Springdale	0	72
Scottish Inns	Springdale	33	24
Sleep Inn & Suites	Springdale	0	72
Springdale Inn	Springdale	50	0
Sunrise Inn	Springdale	60	1
Super 8 Motel	Springdale	59	1
Value Place Hotel	Springdale	121	0

Hotels

Existing Hotels Summary

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





Announced Coming Hotels

Property Name	City	Owner	Number of Rooms	Expected Completion
Sheraton Hotel	Bentonville	Paul Myers	155	Cancelled
Hilton Gardens Inn	Fayetteville	Hilton	--	Delayed
Dickson Street Inn	Fayetteville	Greg House	10	Delayed
Westin Hotel and Condos	Rogers	Barber Group	--	Delayed
Horsebarn Tower Hotel	Rogers	FAE Horsebarn SPE LLC	144	Delayed
Sunday Partners Hotel	Rogers	Sunday Partners	--	--
Best Western	Springdale	Tom Bhakta	70	--
Microtel	Springdale	--	--	Delayed
Sheraton Bentonville Plaza	Bentonville	Starwood Hotels & Resorts Worldwide Inc	234	August 2011

Restaurants

Announced Coming Restaurants

Property Name	City	Owner	Expected Completion
Jasons Deli	Benton County	Bourke Harvey	2009
Arby's	Bentonville	--	--
Dickey's Barbecue Pit	Bentonville	Randon Arney	Delayed
Rubaie's Café	Bentonville	Al Rubaie	Done
Whole Hog Café	Bentonville	Brian Adams/Kevin Jacobs	--
Doma Bellas Italian Eatery	Centerton	--	Done
Andy's Custard	Fayetteville	--	Done
Blue-Fin	Fayetteville	--	Done
Dam Goode Pies	Fayetteville	Dam Goode Pies of Little Rock	Done
Dickey's Barbecue Pit	Fayetteville	Randon Arney	2009-2010
Emelia's	Fayetteville	George and Sara Lusher	Delayed
Firehouse Subs	Fayetteville	Forest Hills Development	June 2010
Hog Brats	Fayetteville	--	Done
Krystal Burger	Fayetteville	Krystal Burger	--
La Hacienda	Fayetteville	--	Done
Lillie, Lou and Jaq	Fayetteville	--	--
Rockin' Chicken	Fayetteville	David Martin	Summer 2009
Sassy's	Fayetteville	--	Done
Starbucks	Fayetteville	Kathy Ball	Delayed
Western Sizzlin	Fayetteville	Mark Bazyk	--
Dickey's Barbecue Pit	Lowell	Randon Arney	2009-2010
Basils	Rogers	--	Done
Café Bread and Butter	Rogers	--	Done
Del Sol	Rogers	--	Done
Dickey's Barbecue Pit	Rogers	Randon Arney	2009-2010
Firehouse Subs-Pinnacle Hills	Rogers	Tracy Bush	--
Firehouse Subs-Pleasant Crossing	Rogers	Tracy Bush	--
Fuddruckers	Rogers	Pinnacle Hamburger Partners llc	--
KFC/Taco Bell	Rogers	John R. Meyers	--
Krystal Burger	Rogers	Smitco Eateries	Delayed
Napoli Italian Restaurant	Rogers	Napoli Family Restaurants	Done
Patio Restaurant	Rogers	--	Done
Traders Market Restaurant	Rogers	Moe Torabi	Delayed
Wasabi	Rogers	--	Done
Emilia's Kitchen	Siloam Springs	Emelia's Kitchen	Summer 2009
McDonalds	Siloam Springs	112 Partners LLC	Done
Dickey's Barbecue Pit	Springdale	Randon Arney	2009-2010
Firehouse Subs	Springdale	Tracy Bush	--
La Huerta Mexican Restaurant	Springdale	--	--
TaMolly's Mexican Restaurant	Springdale	TaMolly's Mexican Restaurant	Done
Romano's Macaroni Grill	Unkn. Location	Bruce Swisshelm	--
Einstein Bros Bagels	3 Unkn. Locations	Mike Philips	--
Scooter's CoffeeHouse	12 Unkn. Locations	Scooters Coffee House of Omaha	--

Closed Restaurants

Property Name	City	Date Closed
Butterfly's Mexican Restaurant	Bentonville	June 2008
Java On The Square	Bentonville	April 2009
J'Bos	Bentonville	August 2008
Rosati's Pizza	Bentonville	February 2009
Samuarai Japanese Steakhouse	Bentonville	August 2008
Siam Palace	Bentonville	June 2009
Taco Tico	Bentonville	June 2009
The Sanctuary	Bentonville	August 2008
Varsity Den Family Sports Café	Bentonville	January 2009
What's for Dinner? Johnny's	Bentonville	August 2008
Johns Supreme Donuts	Centerton	June 2009
Hog Wild Pizza	Fayetteville	February 2009
Koreana	Fayetteville	November 2008
Larry's Pizza	Fayetteville	August 2008
Lu Lu's Fish Shack	Fayetteville	December 2008
Mordours	Fayetteville	June 2008
Ozark Mountain Smokehouse	Fayetteville	January 2009
Picassos	Fayetteville	November 2008
Rice Village	Fayetteville	June 2009
Table 5	Fayetteville	March 2009
Wilmas	Fayetteville	June 2009
Wow	Fayetteville	December 2008
Coaches Pizza	Gentry	December 2008
Red Roof Café	Gravette	February 2009
Starbucks	Lowell	July 2008
Basils Café	Rogers	March 2009
DeCarlos Italian Pizzaria	Rogers	August 2008
El Rincon	Rogers	February 2009
Granite City Food and Brewery	Rogers	August 2008
Rib Crib	Rogers	February 2009
Ryan's Family Steakhouse	Rogers	August 2008
Starbucks	Rogers	March 2009
Taqueria El Parrillero	Rogers	August 2008
Popeyes Chicken & Biscuits	Siloam Springs	October 2008
Chili's	Springdale	February 2009
Daves Pizza	Springdale	August 2008
Sizzler	Springdale	August 2008
T & T Diner	Springdale	August 2008

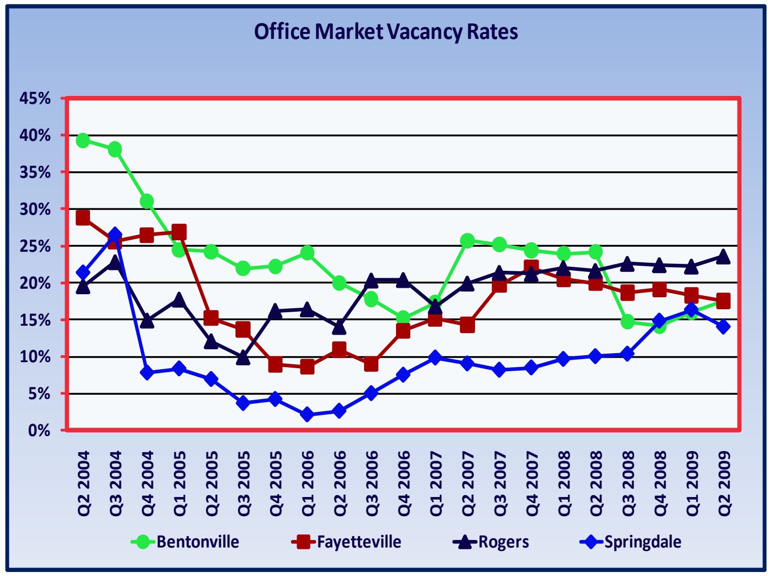
Commercial Market Trends

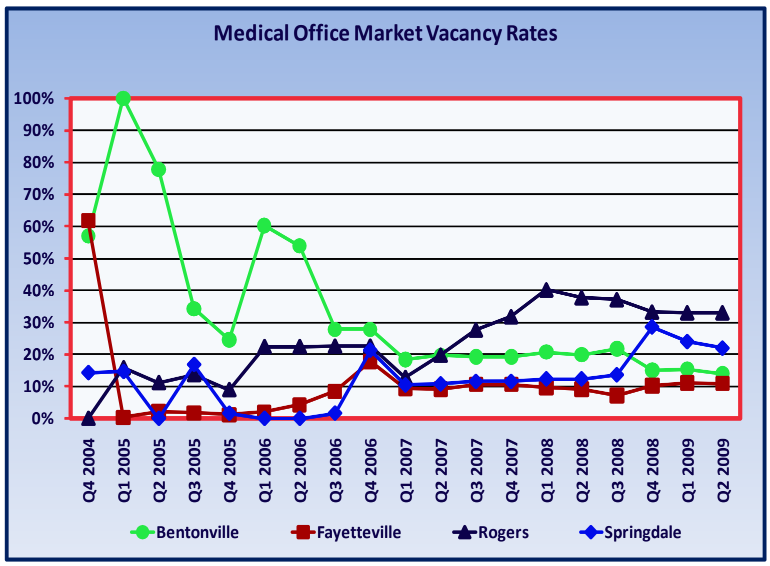
This version of the Skyline Report represents the twenty-first quarter that data have been collected. Annual comparisons were made to minimize the effects of attributing too much weight to seasonal changes. The accompanying graphs show how vacancy rates and available square footage have changed in each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

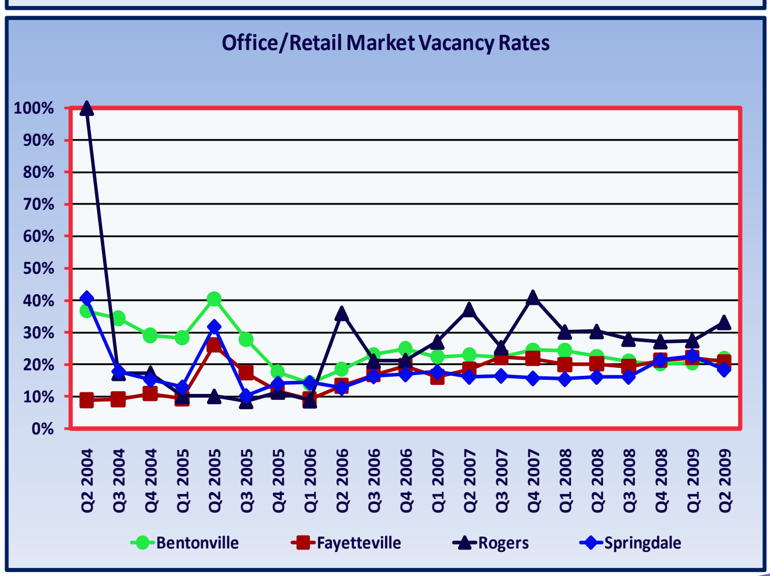
Over the past twelve months, Bentonville and Fayetteville have experienced positive net absorption in the office market. Bentonville accounted for most of the annual positive net absorption with 271,488 square feet becoming occupied (most of the absorption was due to the Superior Building becoming occupied). Available office square footage in Northwest Arkansas declined from 1,718,170 square feet in the second quarter of 2008 to 1,539,430 square feet in the second quarter of 2009. This was due to decreases in available office space in Bentonville and Fayetteville. Over the past year, 183,547 square feet of new office space became available for the first time. The overall Northwest Arkansas office vacancy rate has declined from 20.5 percent in the second quarter of 2008 to 18.3 percent in the second quarter of this year.

The office/retail market, however, has experienced negative net absorption of 71,778 square feet during the past twelve months. Rogers, Fayetteville, and Springdale accounted for most of the negative absorption, but Bentonville and Siloam Springs also had more available office/retail square footage in the second quarter of 2009 than in the second quarter of 2008. New square footage totaling 206,402 was added to the market during the last year—of that amount, 112,325 square feet were located in Rogers and 49,677 square feet were located in Fayetteville. In the second quarter of 2009, 975,810 square feet of office/retail space were available, up from 849,873 square feet in the second quarter of 2008. This space was primarily located in Bentonville, Fayetteville, and Rogers.

The retail market also experienced negative net absorption in the past twelve months. Only the cities of Lowell and Springdale experienced positive net absorption in the retail submarket over the past year, while a negative net absorption of 203,697 square feet occurred in Bentonville, Fayetteville, Rogers, and Siloam Springs. There were 110,479 new square feet of retail space added to the North-

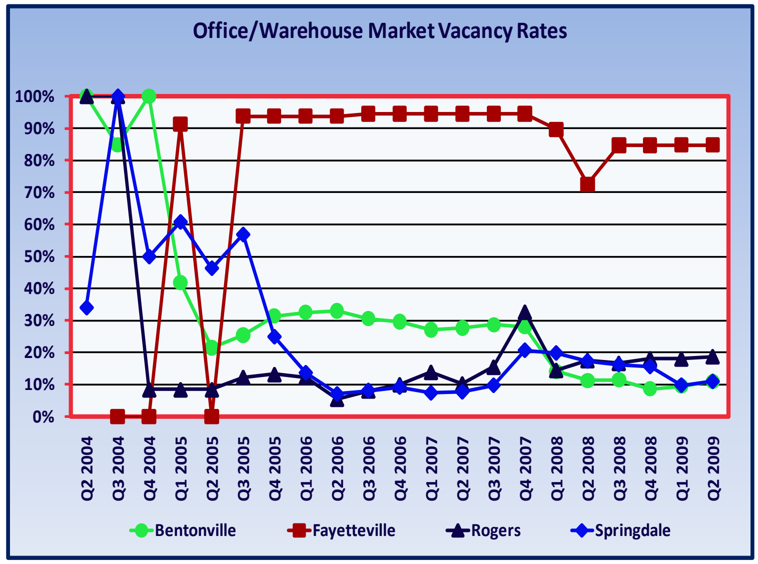


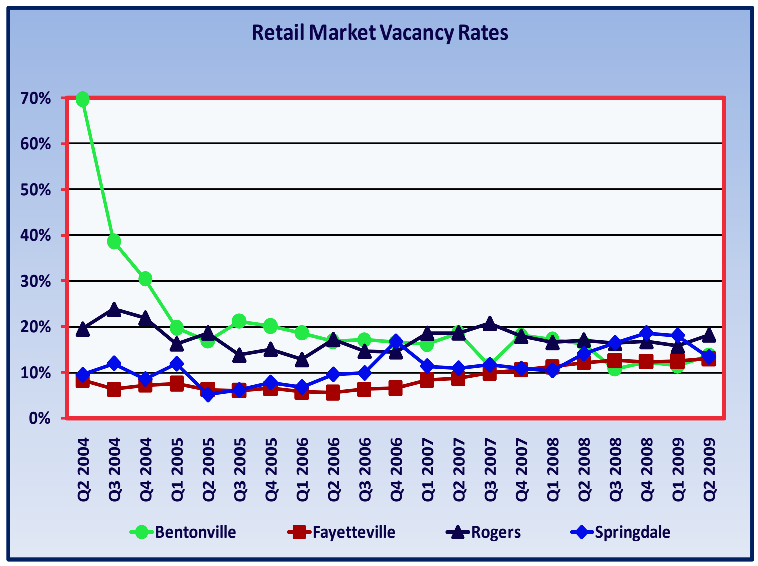


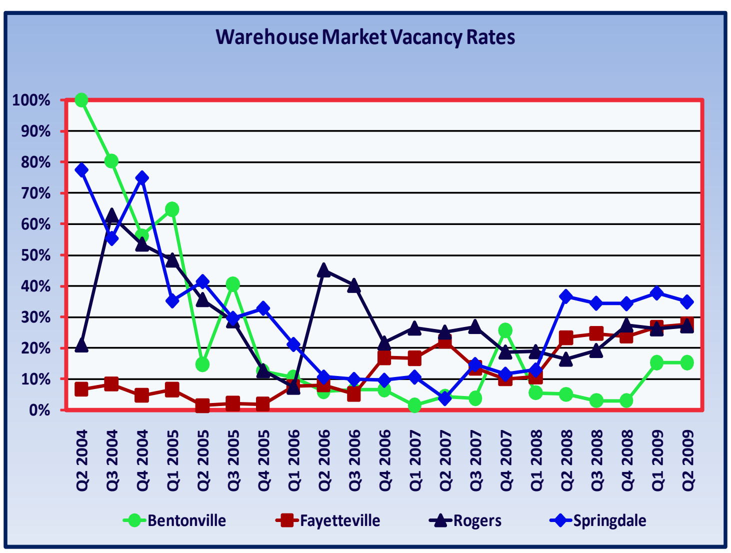


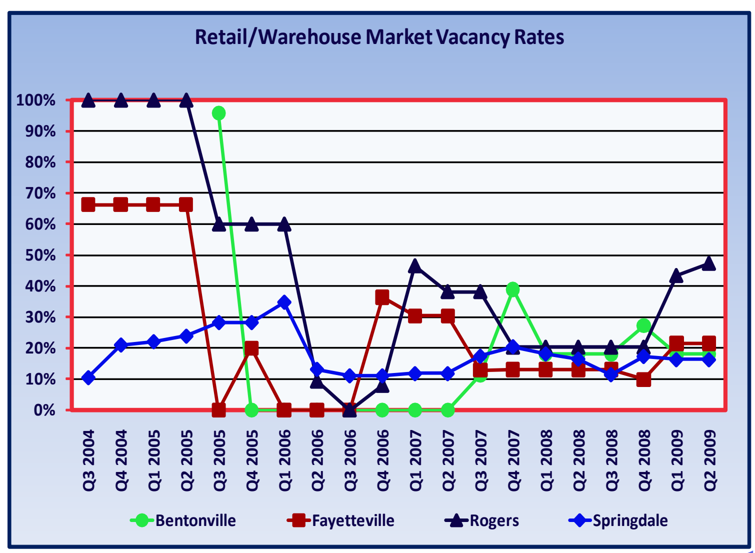
west Arkansas market during the past twelve months. In the second quarter of 2009, a total of 1,055,021 square feet of space were available in Northwest Arkansas, up from 947,362 square feet at the same time in the previous year.

Meanwhile, the Northwest Arkansas warehouse market experienced positive net absorption of 111,806 square feet during the past year. The number of available square feet rose from 1,561,378 in the second quarter of 2008 to 1,889,480 in the second quarter of 2009 and vacancy rates increased from 27.9 percent to 29.0 percent during the same time period. The discrepancy between positive net absorption and increased vacancy rates was due to the increase in the total reported space. Bentonville, Fayetteville, and Rogers, however, experienced negative net absorption since the second quarter of last year in the warehouse market. A total of 7,200 square feet of new warehouse space was added to the Northwest Arkansas market during the past year (all new space was added to the Rogers market during the second quarter of 2009).





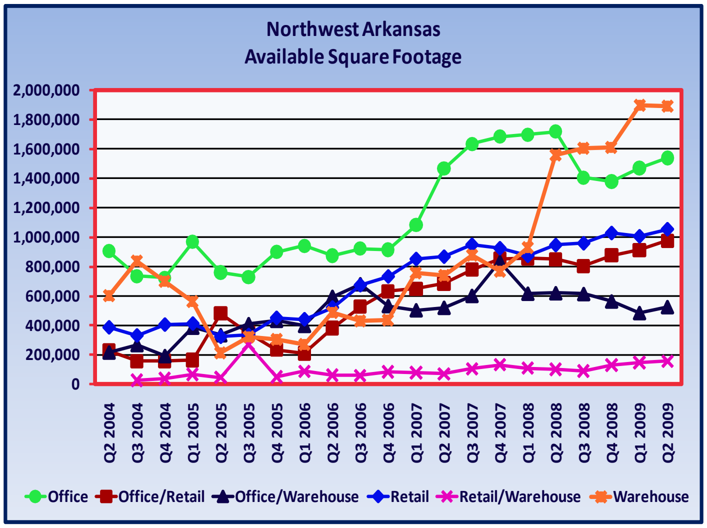


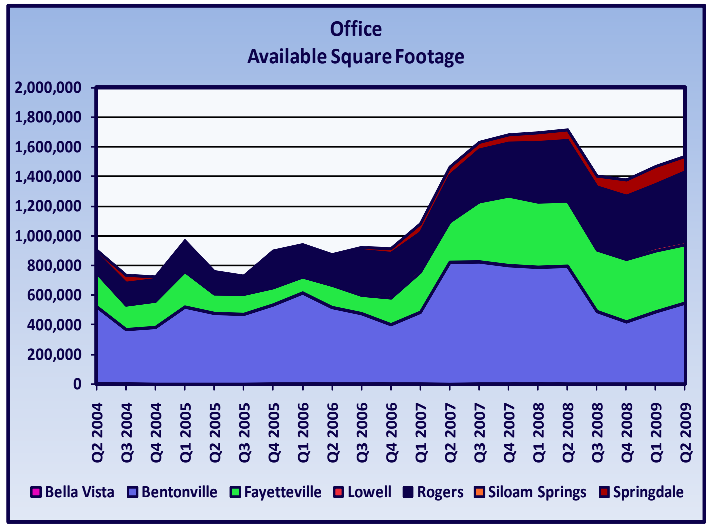


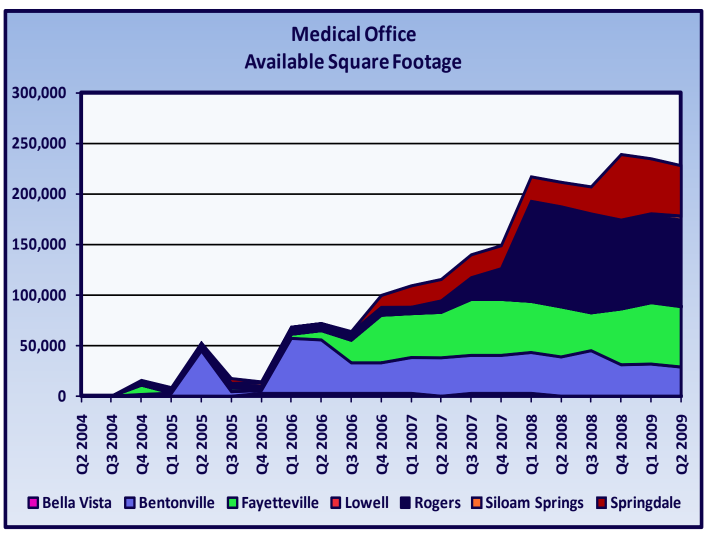
Commercial Market Trends

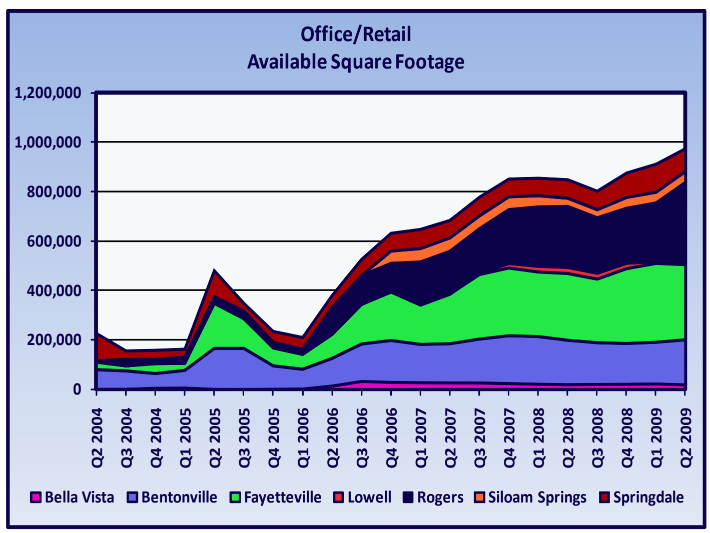
Net Twelve Month Absorption by Submarket Q2 2008 - Q2 2009

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	0	846	0	0
Bentonville	271,488	2,440	-7,023	-50,600
Fayetteville	48,740	-22,706	-66,352	-18,500
Lowell	-7,269	18,340	300	195,116
Rogers	-37,276	-53,210	-19,869	-92,519
Siloam Springs	-1,073	-4,050	-11,636	0
Springdale	-32,510	-13,438	5,763	78,309
Northwest Arkansas	242,100	-71,778	-98,817	111,806

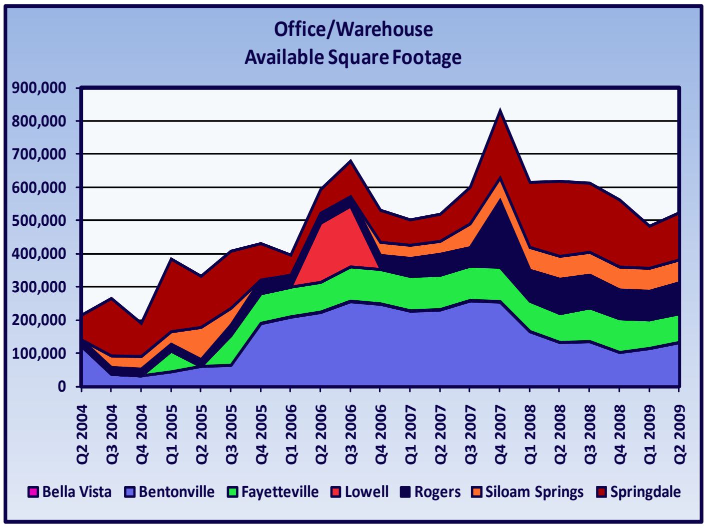


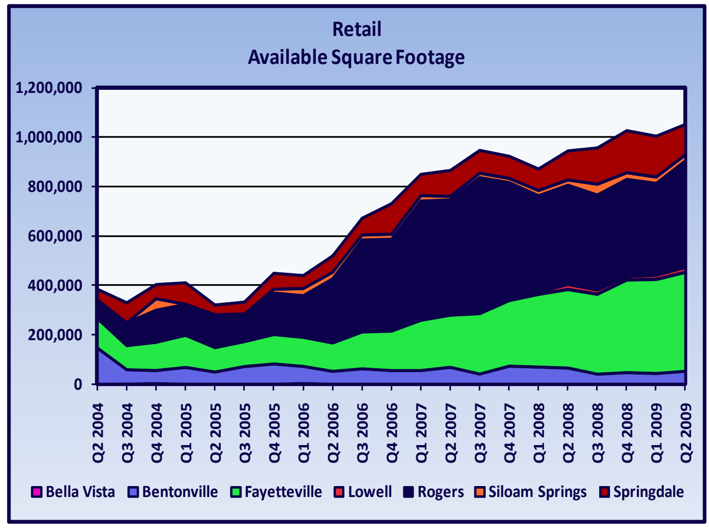


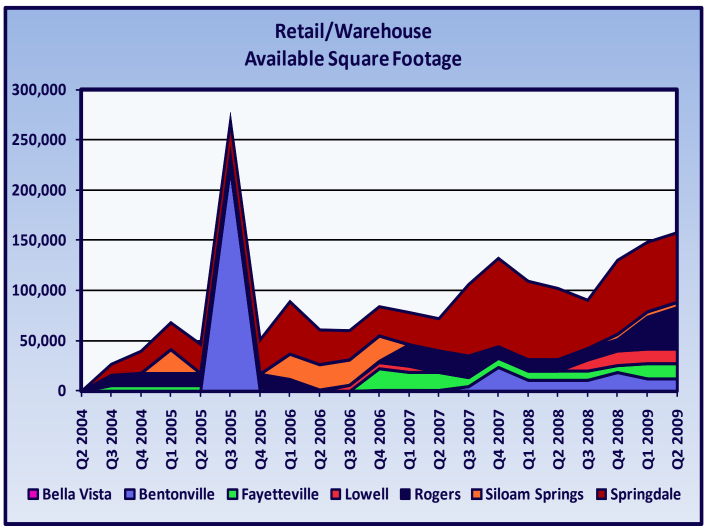


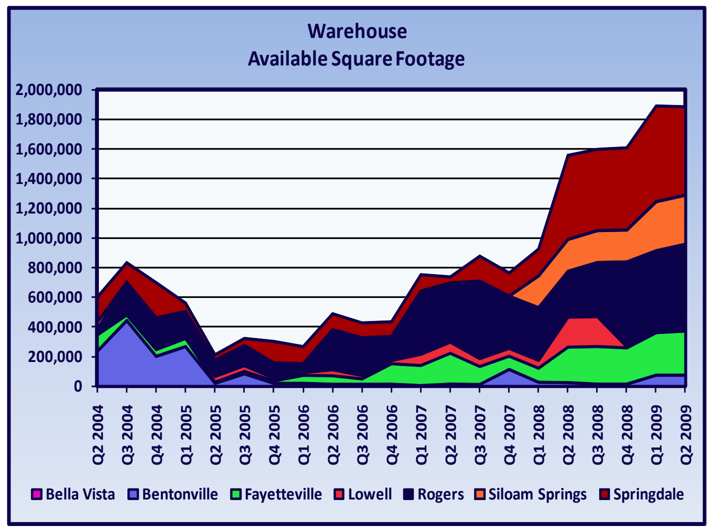


Commercial Market Trends









Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q2 2008	19.0%	24.2%	20.0%	3.8%	21.6%	3.5%	10.0%	20.5%
Q3 2008	19.0%	14.7%	18.7%	3.8%	22.6%	2.7%	10.4%	16.7%
Q4 2008	19.0%	14.1%	19.1%	7.2%	22.4%	2.6%	14.8%	17.1%
Q1 2009	19.0%	16.1%	18.3%	9.0%	22.2%	2.6%	16.4%	17.7%
Q2 2009	19.0%	17.6%	17.5%	8.4%	23.6%	4.7%	14.0%	18.3%
Medical Office								
Q2 2008	0.0%	19.9%	9.2%	0.0%	37.8%	2.1%	12.3%	16.1%
Q3 2008	0.0%	21.8%	7.2%	0.0%	37.1%	2.8%	13.6%	15.8%
Q4 2008	0.0%	15.1%	10.2%	0.0%	33.3%	2.8%	28.6%	17.7%
Q1 2009	0.0%	15.4%	11.1%	0.0%	33.0%	2.8%	24.0%	17.2%
Q2 2009	0.0%	14.0%	10.9%	0.0%	33.0%	5.2%	22.0%	16.7%
Office/Retail								
Q2 2008	7.8%	22.5%	20.2%	43.2%	30.4%	26.2%	16.2%	22.0%
Q3 2008	8.1%	21.0%	19.3%	40.8%	28.0%	25.9%	16.2%	20.9%
Q4 2008	8.4%	20.2%	21.3%	38.4%	27.2%	31.0%	21.4%	22.0%
Q1 2009	8.5%	20.6%	22.1%	12.8%	27.5%	30.7%	22.7%	22.3%
Q2 2009	7.2%	21.8%	20.8%	19.7%	33.2%	29.7%	18.5%	23.0%
Office/Warehouse								
Q2 2008	--	11.3%	72.5%	0.0%	17.6%	65.8%	17.3%	17.7%
Q3 2008	--	11.4%	84.7%	0.0%	16.7%	65.8%	16.2%	17.5%
Q4 2008	--	8.6%	84.7%	0.0%	18.1%	65.8%	15.6%	16.5%
Q1 2009	--	9.5%	84.8%	0.0%	18.1%	65.8%	9.8%	14.2%
Q2 2009	--	11.0%	84.8%	1.8%	18.8%	65.8%	11.0%	15.4%
Retail								
Q2 2008	0.0%	16.3%	12.2%	25.5%	17.1%	7.0%	14.1%	14.3%
Q3 2008	0.0%	10.8%	12.6%	21.5%	16.3%	14.4%	16.4%	14.5%
Q4 2008	0.0%	12.3%	12.4%	10.3%	16.8%	9.1%	18.6%	14.4%
Q1 2009	0.0%	11.5%	12.5%	12.8%	15.7%	8.7%	18.1%	14.0%
Q2 2009	0.0%	13.7%	13.0%	15.2%	18.2%	8.3%	13.4%	14.6%
Retail/Warehouse								
Q2 2008	--	18.1%	13.0%	0.0%	20.2%	0.0%	16.5%	15.7%
Q3 2008	--	18.1%	13.0%	37.9%	20.2%	0.0%	11.5%	13.8%
Q4 2008	--	27.2%	9.9%	38.1%	20.2%	9.3%	17.4%	18.3%
Q1 2009	--	18.1%	21.5%	38.1%	43.4%	9.3%	16.3%	20.3%
Q2 2009	--	18.1%	21.5%	38.1%	47.3%	9.3%	16.3%	21.2%
Warehouse								
Q2 2008	0.0%	5.1%	23.3%	65.4%	16.4%	71.1%	36.7%	27.9%
Q3 2008	0.0%	3.1%	24.7%	65.4%	19.2%	71.1%	34.5%	28.3%
Q4 2008	0.0%	3.1%	23.8%	2.8%	27.5%	71.1%	34.3%	27.5%
Q1 2009	0.0%	15.3%	26.7%	1.4%	26.2%	79.1%	37.8%	29.3%
Q2 2009	0.0%	15.3%	27.7%	1.0%	27.2%	79.1%	34.9%	29.0%

Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q2 2008	2,800	-9,810	-6,460	-5,987	-919	900	444	-19,032
Q3 2008	0	312,289	25,980	-100	-17,656	600	-2,232	318,881
Q4 2008	0	62,206	-13,346	-8,790	7,285	56	-42,667	4,744
Q1 2009	0	-65,792	19,399	181	14,730	0	-4,897	-36,379
Q2 2009	0	-37,215	16,707	1,440	-41,635	-1,729	17,286	-45,146
Medical Office								
Q2 2008	2,800	1,600	1,033	0	2,775	700	0	8,908
Q3 2008	0	-3,291	12,150	0	1,600	-500	-2,500	7,459
Q4 2008	0	15,100	-17,832	0	9,892	0	-38,058	-30,898
Q1 2009	0	-650	-585	0	0	0	10,453	9,218
Q2 2009	0	2,900	1,042	0	0	-1,729	4,621	6,834
Office/Retail								
Q2 2008	1,850	14,098	1,346	-1,880	-2,223	12,361	-2,951	22,601
Q3 2008	-1,050	12,683	12,439	1,440	28,387	400	-39	54,260
Q4 2008	-600	7,194	-36,860	1,440	6,216	-4,450	-23,900	-50,960
Q1 2009	-1,304	-3,659	-13,389	15,460	-7,012	400	-10,691	-20,195
Q2 2009	3,800	-13,778	15,104	0	-80,801	-400	21,192	-54,883
Office/Warehouse								
Q2 2008	--	32,650	15,080	7,940	-18,000	0	-48,467	-10,797
Q3 2008	--	0	-14,680	0	5,114	0	17,667	8,101
Q4 2008	--	40,500	0	0	20,103	0	12,600	73,203
Q1 2009	--	-12,065	4,600	0	250	0	61,682	54,467
Q2 2009	--	-17,960	0	-4,000	-3,400	0	-15,400	-40,760
Retail								
Q2 2008	0	2,776	-13,203	-10,000	-13,190	0	-6,826	-40,443
Q3 2008	0	4,358	-16,552	3,000	17,366	-22,403	-29,108	-43,339
Q4 2008	0	-5,907	-44,926	3,400	-8,617	8,300	-12,927	-60,677
Q1 2009	0	3,361	15,205	-3,100	28,010	1,267	4,778	49,521
Q2 2009	0	-8,835	-20,079	-3,000	-56,628	1,200	43,020	-44,322
Retail/Warehouse								
Q2 2008	--	0	0	0	0	0	7,126	7,126
Q3 2008	--	0	0	-5,540	0	0	12,300	6,760
Q4 2008	--	0	2,240	5,540	0	3,100	-25,660	-14,780
Q1 2009	--	6,300	-8,200	0	-3,000	0	4,460	-440
Q2 2009	--	0	0	0	-9,517	0	0	-9,517
Warehouse								
Q2 2008	0	2,600	-22,600	-141,366	43,581	0	-369,475	-487,260
Q3 2008	0	10,000	-14,000	0	-38,849	0	32,964	-9,885
Q4 2008	0	0	9,000	193,066	-85,722	0	-5,617	110,727
Q1 2009	0	-60,600	-3,000	-200	26,340	0	1,533	-35,927
Q2 2009	0	0	-10,500	2,250	5,712	0	49,429	46,891

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q2 2008	2,200	794,302	440,601	9,831	396,668	2,800	71,768	1,718,170
Q3 2008	2,200	488,347	415,611	9,931	414,324	2,200	73,365	1,405,978
Q4 2008	2,200	418,386	421,557	18,721	407,039	2,144	109,532	1,379,579
Q1 2009	2,200	486,698	410,658	24,540	423,099	2,144	121,929	1,471,268
Q2 2009	2,200	545,913	393,951	23,100	465,750	3,873	104,643	1,539,430
Medical Office								
Q2 2008	0	39,096	49,897	0	96,729	1,500	24,282	211,504
Q3 2008	0	45,317	37,747	0	95,129	2,000	26,782	206,975
Q4 2008	0	31,317	55,579	0	85,237	2,000	64,840	238,973
Q1 2009	0	31,967	61,164	0	85,237	2,000	54,387	234,755
Q2 2009	0	29,067	60,122	0	85,237	3,729	49,766	227,921
Office/Retail								
Q2 2008	20,816	178,839	270,310	26,040	246,289	32,964	74,615	849,873
Q3 2008	21,866	167,656	257,871	24,600	224,422	32,564	74,654	803,633
Q4 2008	22,466	164,098	303,131	23,160	222,206	43,724	98,554	877,339
Q1 2009	23,770	167,757	319,140	7,700	238,149	43,324	112,977	912,817
Q2 2009	19,970	181,535	304,036	12,910	321,850	43,724	91,785	975,810
Office/Warehouse								
Q2 2008	--	133,900	87,501	0	103,023	70,007	226,066	620,497
Q3 2008	--	136,550	102,181	0	97,909	70,007	208,399	615,046
Q4 2008	--	103,805	102,181	0	86,056	70,007	202,399	564,448
Q1 2009	--	115,870	86,726	0	85,806	70,007	126,992	485,401
Q2 2009	--	133,830	86,726	4,000	89,206	70,007	142,392	526,161
Retail								
Q2 2008	0	67,172	317,839	19,500	404,133	21,200	117,518	947,362
Q3 2008	0	42,314	323,391	16,500	386,767	43,603	146,626	959,201
Q4 2008	0	48,565	375,144	13,100	395,384	27,003	170,043	1,029,239
Q1 2009	0	45,204	380,657	16,200	373,897	25,736	165,265	1,006,959
Q2 2009	0	54,035	400,736	19,200	434,269	24,536	122,245	1,055,021
Retail/Warehouse								
Q2 2008	--	11,098	9,197	0	11,283	0	70,900	102,478
Q3 2008	--	11,098	9,197	11,080	11,283	0	48,100	90,758
Q4 2008	--	18,798	6,957	14,540	11,283	5,200	73,760	130,538
Q1 2009	--	12,498	15,157	14,540	31,763	5,200	69,300	148,458
Q2 2009	--	12,498	15,157	14,540	41,280	5,200	69,300	157,975
Warehouse								
Q2 2008	0	25,200	242,115	201,866	309,869	214,710	567,618	1,561,378
Q3 2008	0	15,200	256,115	201,866	365,718	214,710	548,654	1,602,263
Q4 2008	0	15,200	247,115	8,800	571,440	214,710	554,975	1,612,240
Q1 2009	0	75,800	288,556	9,000	545,100	330,843	645,618	1,894,917
Q2 2009	0	75,800	299,056	6,750	580,842	330,843	596,189	1,889,480

Office

In the second quarter of 2009, the office properties included in the Skyline Report panel had a vacancy rate of 18.3 percent, up from the rate of 17.7 percent in the first quarter. Of more than 8.4 million square feet of Northwest Arkansas properties examined, more than 1.5 million square feet are currently available. This is an increase from the first quarter. From the first quarter to the second quarter of 2009, 33,000 square feet of new office space entered the market (in Bentonville), while 12,146 square feet became vacant, netting negative absorption of 45,146 square feet for the market.

Of the 1,539,430 square feet of available office space in Northwest Arkansas, about 35.5 percent is located in Bentonville. In the second quarter of 2009, 1,563 square feet of Class A, and 5,552 square feet of Class B office space became vacant, while 2,900 square feet of medical office space were absorbed in Bentonville. Additional 33,000 square feet of new space were added to the Class B market, netting negative absorption of 37,215 square feet of office space.

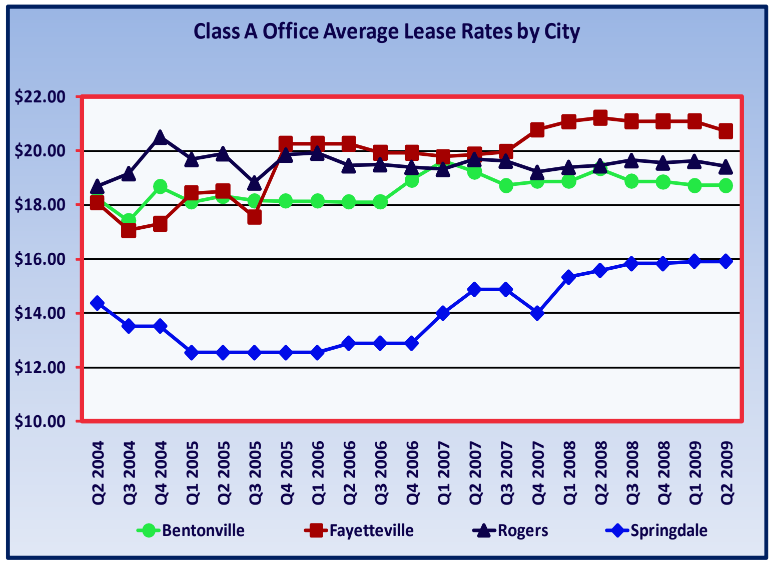
While Bentonville had the most available office space at 545,913 square feet, Fayetteville had 393,951 square feet available. About 57.9 percent of the available office space in Fayetteville was in the Class B submarket, while Class A space accounted for about 22.0 percent, and the remainder was in the Class C and medical office submarkets. There was a positive absorption of 16,707 square feet in the second quarter of 2009, while no new space was added to the market,

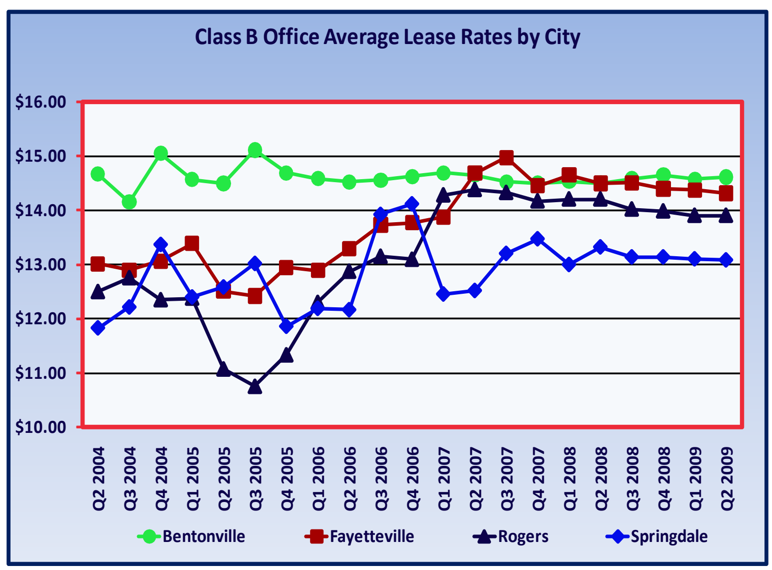
Rogers had 465,750 square feet of available office space in the second quarter of 2009. In the Rogers office submarket, Class A accounted for 52.8 percent of all available space, while Class B accounted for 21.2 percent, and medical office for 18.3 percent. From the first quarter to the second quarter of 2009, 43,833 square feet became vacant in the Class A submarket, whereas Class B and Class C submarkets experienced positive absorption and no new space was added to the market, yielding a negative net absorption of 41,635 square feet.

The Springdale office market had 104,643 square feet of available space in the second quarter. No new space was added in the second quarter to Springdale market. Overall,

Office Lease Rates
Average Range by City

	Class A	Class B	Class C	Medical
Bentonville	$17.93 - $19.50	$14.36 - $14.87	$6.00 - $7.00	$17.33 - $19.00
Fayetteville	$19.17 - $22.28	$13.70 - $14.85	$9.92 - $10.56	$15.39 - $17.15
Rogers	$18.67 - $20.17	$13.51 - $14.30	$8.74 - $9.88	$14.75 - $14.98
Springdale	$15.67 - $16.17	$12.19 - $13.98	$9.60 - $9.86	$11.87 - $13.59

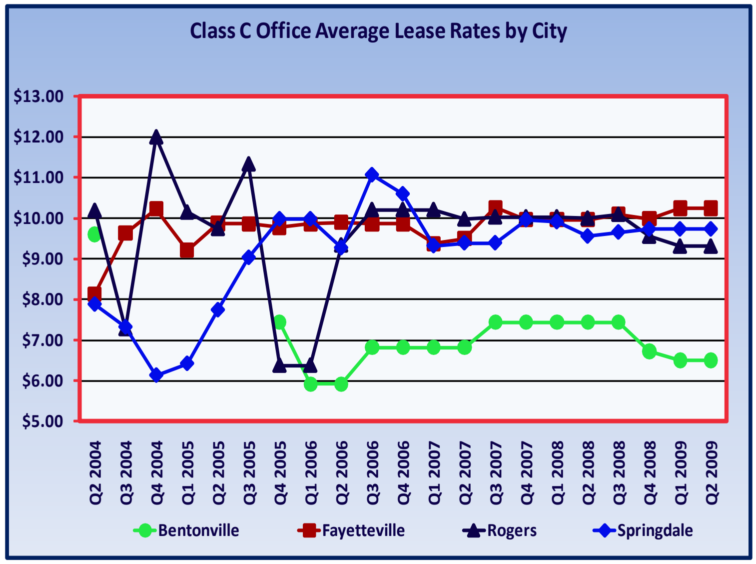


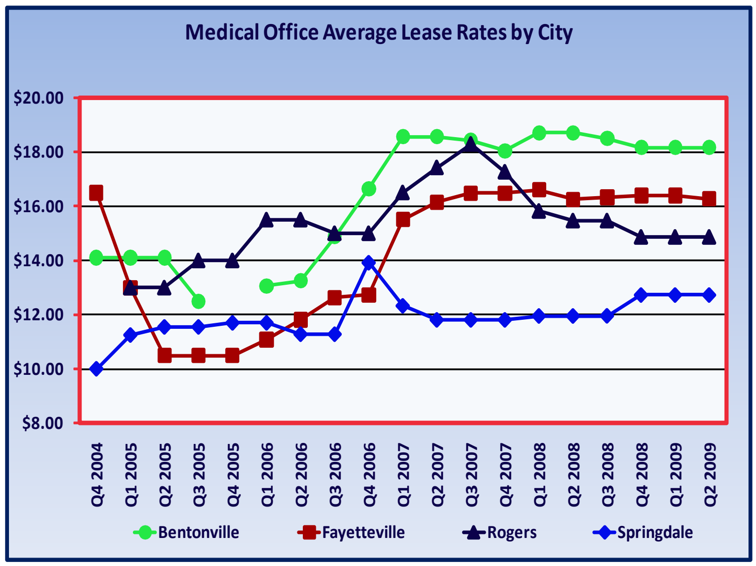


Office

17,286 square feet became occupied in the Class A, Class B, Class C, and medical office submarkets, resulting in a positive net absorption in Springdale in the second quarter.

Class A office average reported lease rates continued to be highest in Fayetteville at $20.73 per square foot. Class A space average lease rates declined in Fayetteville and Rogers (to $19.42), while remaining constant in Bentonville and Springdale. Class B office space average reported lease rates declined slightly in Fayetteville and Springdale, while increasing slighlty in Bentonville and staying constant in Rogers. In the second quarter of 2009, reported average lease rates for Class C office stayed flat in all major cities of Northwest Arkansas. Reported average medical office space lease rates declined in Fayetteville to $16.27 per square foot, while remaining constant in other cities in the second quarter.





Office

Office Space Characteristics by Class and City

Class A	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	383,047	72,843	19.0%	-1,563	0	-1,563	--
Fayetteville	416,882	86,793	20.8%	10,982	0	10,982	23.7
Rogers	1,104,841	246,147	22.3%	-43,833	0	-43,833	--
Springdale	77,123	8,883	11.5%	300	0	300	88.8
Class B							
Bentonville	2,502,133	444,003	17.7%	-5,552	33,000	-38,552	--
Fayetteville	1,085,017	228,112	21.0%	3,883	0	3,883	176.2
Rogers	490,128	98,900	20.2%	1,963	0	1,963	151.1
Springdale	322,680	24,408	7.6%	5,530	0	5,530	13.2
Class C							
Bentonville	9,528	0	0.0%	0	0	0	0.0
Fayetteville	190,263	18,924	9.9%	800	0	800	71.0
Rogers	119,314	35,466	29.7%	235	0	235	452.8
Springdale	119,017	21,586	18.1%	6,835	0	6,835	9.5
Medical							
Bentonville	207,951	29,067	14.0%	2,900	0	2,900	30.1
Fayetteville	552,840	60,122	10.9%	1,042	0	1,042	173.1
Rogers	257,986	85,237	33.0%	0	0	0	--
Springdale	226,703	49,766	22.0%	4,621	0	4,621	32.3

[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

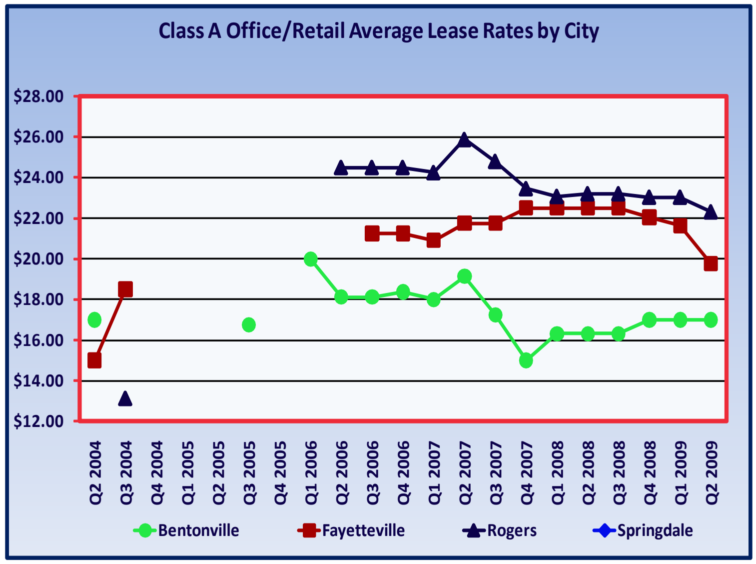
Office/Retail

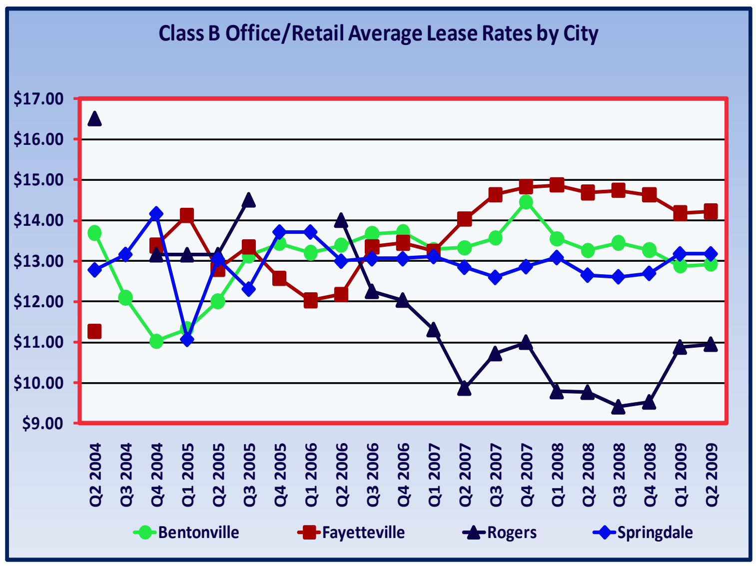
In the second quarter of 2009, the office/retail properties included in the Skyline Report sample had a vacancy rate of 23.0 percent, an increase from a revised 22.3 percent in the first quarter. Of more than 4.2 million square feet of Northwest Arkansas properties examined, 975,810 square feet were available.

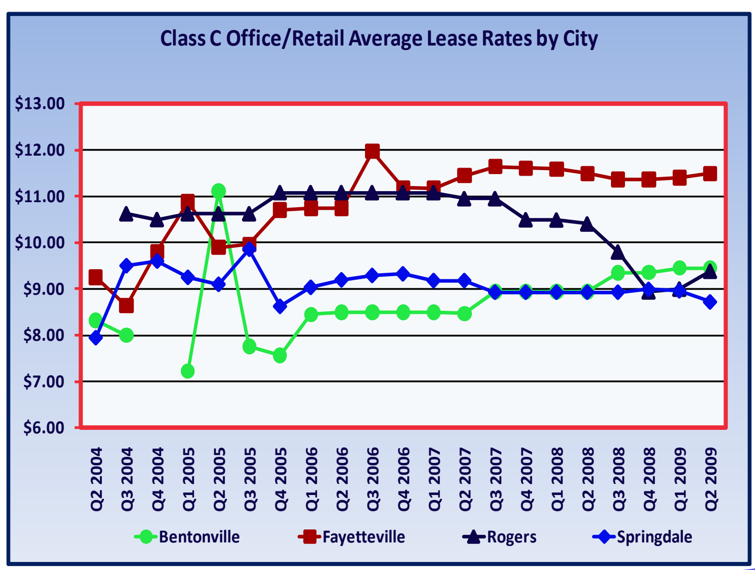
From the first quarter to the second quarter of 2009, 73,119 square feet of office/retail space became occupied. Meanwhile, there were 128,002 new square feet of office/retail space added in Northwest Arkansas: 20,000 square feet in Bentonville, 10,677 square feet in Fayetteville, and 97,325 square feet in Rogers. As a result, there was a negative net absorption of 54,883 square feet in the second quarter. Bella Vista, Fayetteville, and Springdale experienced positive net absorption of office/retail space in the second quarter of 2009. Bentonville and Rogers, however. experienced negative net absorption.

Rogers had the largest amount of available square feet in the office/retail submarket with 321,850 square feet available. Fayetteville had 304,036 and Bentonville had 181,535 square feet available. Dividing those by the total square feet of office/retail space, this translated to vacancy rates of 33.2 percent for Rogers, 20.8 percent for Fayetteville, and 21.8 percent for Bentonville. Springdale had reported available office/retail square footage of 91,785 with an 18.5 percent vacancy rate.

Office/retail space average reported lease rates remained mixed in the second quarter. In the Class A submarket, average reported lease rates decreased in Fayetteville and Rogers and stayed constant in Bentonville. Average reported Class B rates remained almost constant in Northwest Arkansas. Bentonville, Fayetteville, and Rogers experienced slight increases in their lease rates. In the Class C office/retail submarket, average reported prices continued to decline in Springdale, but increased in Rogers and slightly increased in Fayetteville, while staying flat in Bentonville.







Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	$15.67 - $18.33	$12.21 - $13.64	$9.20 - $9.70
Fayetteville	$18.68 - $20.82	$13.59 - $14.85	$10.81 - $12.17
Rogers	$20.43 - $24.21	$10.20 - $11.70	$8.49 - $10.28
Springdale	--	$12.42 - $13.94	$7.97 - $9.47

Office/Retail Space Characteristics by Class and City

Class A	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	56,307	8,300	14.7%	377	0	377	66.0
Fayetteville	140,776	86,496	61.4%	-12,819	10,677	-23,496	--
Rogers	394,028	142,662	36.2%	15,547	97,325	-81,778	--
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	672,197	162,375	24.2%	-5,563	20,000	-25,563	--
Fayetteville	959,847	189,819	19.8%	22,400	0	22,400	25.4
Rogers	383,443	114,475	29.9%	-1,080	0	-1,080	--
Springdale	226,157	52,233	23.1%	10,432	0	10,432	15.0
Class C							
Bentonville	104,310	10,860	10.4%	11,408	0	11,408	2.9
Fayetteville	358,946	27,721	7.7%	16,200	0	16,200	5.1
Rogers	191,662	64,713	33.8%	2,057	0	2,057	94.4
Springdale	271,286	39,552	14.6%	10,760	0	10,760	11.0

[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

Retail

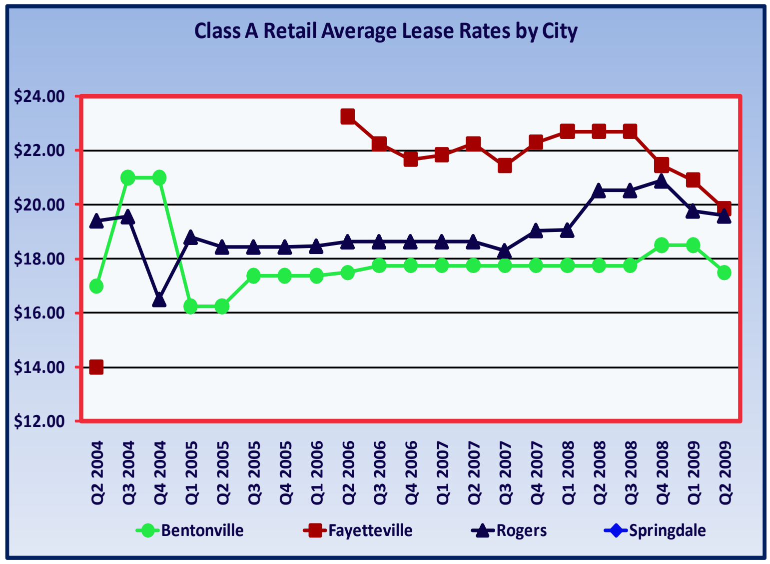
In the second quarter of 2009, the retail properties included in the Skyline Report panel had a vacancy rate of 14.6 percent, up from 14.0 percent in the first quarter. Of more than 7.2 million square feet of Northwest Arkansas retail properties examined, 1,055,021 square feet were available. From the first quarter to the second quarter of 2009, 27,726 square feet of new retail space came on the Fayetteville market, while 16,596 square feet became vacant, netting a negative absorption of 44,322 square feet in Northwest Arkansas.

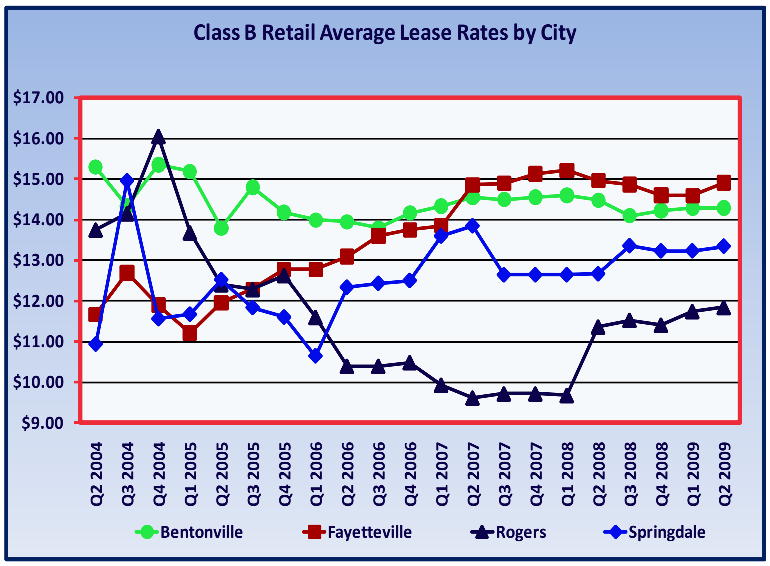
Bentonville had 394,042 total square feet and 54,035 available square feet of retail space in the second quarter, resulting in a vacancy rate of 13.7 percent. This represented an increase from the rate of 11.5 percent in the first quarter due to the increase in the available space.

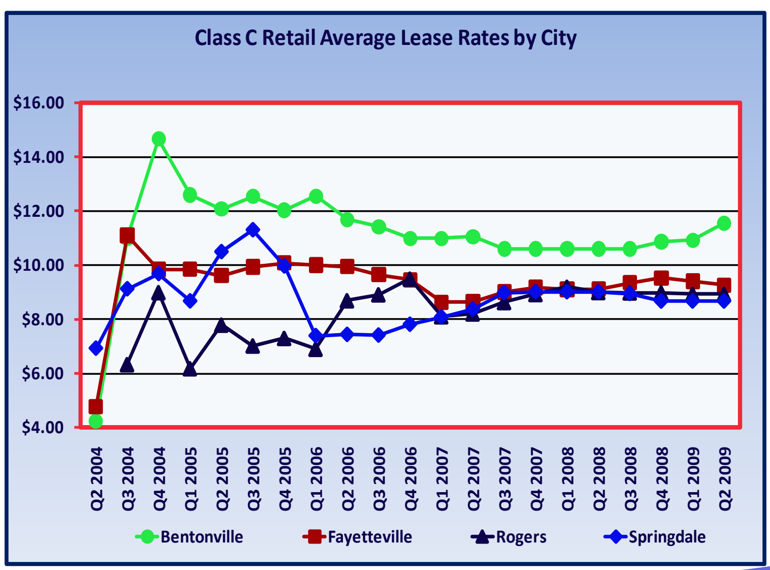
In the second quarter of 2009, Fayetteville had a retail vacancy rate of 13.0 percent, up from 12.5 percent in the first quarter, with 400,736 available square feet out of a total of 3.1 million. There was reported positive absorption of 7,647 square feet, while new space entered in the Class A, Class B, and Class C retail submarkets, netting a negative absorption of 20,079 square feet.

The Rogers market had 434,269 square feet of available retail space out of a total of 2.4 million square feet for a vacancy rate of 18.2 percent in the second quarter. The city experienced an increase in a vacancy rate from 15.7 percent in the first quarter in accordance with the net absorption. No new space entered the market, while 58,078 square feet became vacant in the Class A retail submarket and 1,450 square feet became occupied in the Class B submarket, netting a negative absorption of 56,628 square feet in the second quarter.

There were 122,245 square feet of available retail space out of a total of 915,497 square feet in Springdale in the second quarter of 2009. This implied a vacancy rate of 13.4 percent, down from 18.1 percent in the first quarter. There was no new space added to the market during the last







quarter. Springdale Class B and Class C retail submarkets experienced positive absorption, resulting in 43,020 square feet of positive net absorption for the market.

Reported retail average lease rates remained mixed during the second quarter of 2009. In the Class A submarket, average reported lease rates declined in Bentonville, Fayetteville and Rogers. Class B average lease rates increased in Fayetteville, Rogers, and Springdale, while remaining constant in Bentonville. Class C reported average lease rates continued to increase in Bentonville and to decline in Fayetteville, while staying flat in Rogers and Springdale.

Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	$15.50 - $19.50	$13.98 - $14.59	$11.40 - $11.72
Fayetteville	$18.48 - $21.20	$14.39 - $15.42	$9.00 - $9.52
Rogers	$18.25 - $20.93	$11.21 - $12.48	$8.75 - $9.13
Springdale	--	$12.75 - $13.94	$8.23 - $9.11

Retail Space Characteristics by Class and City

Class A	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	39,534	6,984	17.7%	0	0	0	--
Fayetteville	1,838,516	176,036	9.6%	-1,353	16,476	-17,829	--
Rogers	1,527,879	255,849	16.7%	-58,078	0	-58,078	--
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	251,126	39,048	15.5%	-15,385	0	-15,385	--
Fayetteville	939,520	156,952	16.7%	6,000	3,750	2,250	209.3
Rogers	535,724	110,692	20.7%	1,450	0	1,450	229.0
Springdale	634,407	106,035	16.7%	40,020	0	40,020	7.9
Class C							
Bentonville	103,382	8,003	7.7%	6,550	0	6,550	3.7
Fayetteville	300,261	67,748	22.6%	3,000	7,500	-4,500	--
Rogers	318,874	67,728	21.2%	0	0	0	--
Springdale	281,090	16,210	5.8%	3,000	0	3,000	16.2

[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

Warehouse

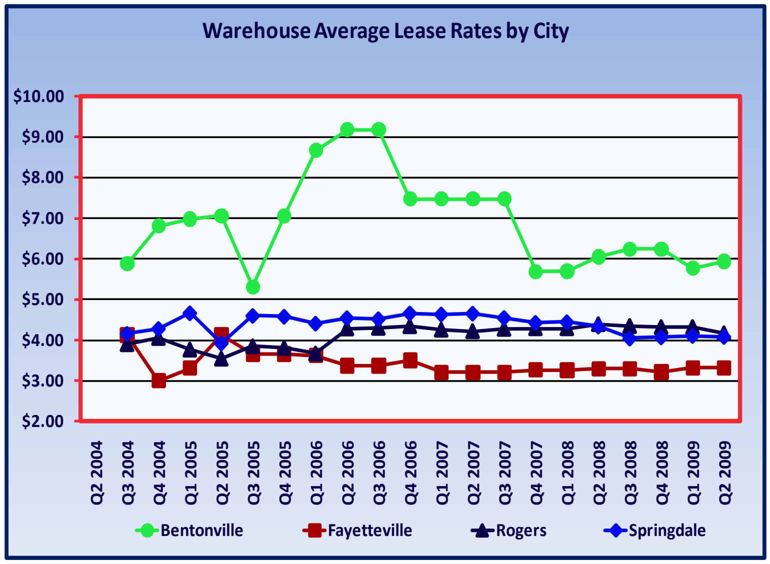
In the second quarter of 2009, the warehouse properties included in the Skyline Report panel had a vacancy rate of 29.0 percent, down from a revised 29.3 percent in the first quarter. The reason for this decline in vacancy rates was a decline in the amount of available space. Of more than 6.5 million square feet of warehouse space examined, almost 1.9 million square feet were available in the second quarter.

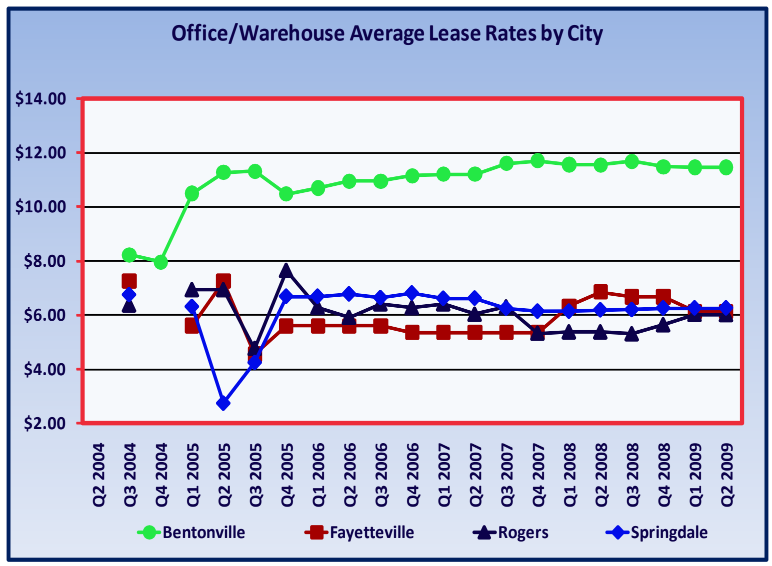
The majority of available warehouse space was split between Springdale (with 596,189 square feet), Rogers (with 580,842 square feet), Siloam Springs (with 330,843 square feet), and Fayetteville (with 299,056 square feet). There were 7,200 new square feet added in the Rogers warehouse market in the second quarter. Existing warehouse space became occupied in Lowell, Rogers, and Springdale, while some became vacant in Fayetteville, resulting in a positive net absorption of 46,891 square feet in Northwest Arkansas. Reported warehouse vacancy rates declined in Lowell and Springdale, and increased in Fayetteville in the second quarter in accordance with absorption. Rogers warehouse vacancy rates increased due to the increase in the total and available reported space.

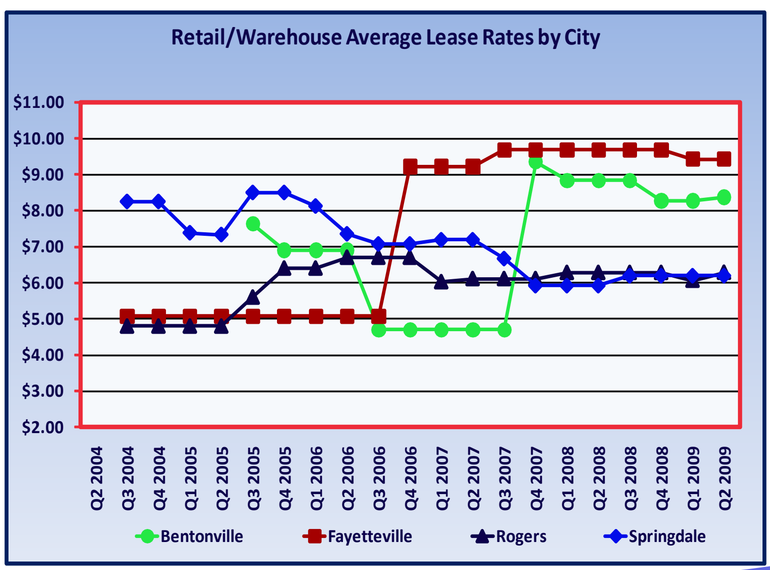
The average reported warehouse lease rates in Bentonville increased to $5.94, continuing to be the most expensive lease rates in Northwest Arkansas. On the other hand, Rogers reported average lease rates declined and Springdale average lease rates declined slightly, while Fayetteville average lease rates remained the same.

Office/Warehouse

The Skyline Report panelists reported on more than 3.4 million square feet of office/warehouse space in the second quarter. The vacancy rate in the office/warehouse submarket increased from 14.2 percent in the first quarter to 15.4 percent in the second quarter of 2009 in Northwest Arkansas, with 526,161 total square feet available in the second quarter. No new space entered the market during the second quarter of 2009.







Other Categories

The activity in the office/warehouse submarket in the second quarter was concentrated in Bentonville, Lowell, Rogers, and Springdale. About 17,960 square feet of office/warehouse space became vacant in Bentonville, 4,000 square feet in Lowell, 3,400 square feet in Rogers, and 15,400 square feet in Springdale, netting a negative absorption of 40,760 square feet in Northwest Arkansas.

Average reported office/warehouse lease rates in Northwest Arkansas were constant during the second quarter of 2009. Only Rogers average reported lease rates declined slightly.

Retail/Warehouse

The Skyline Report panelists reported on 745,849 square feet of retail/warehouse space in the second quarter of 2009. The vacancy rate in the retail/warehouse submarket continued to increase: it was 21.2 percent in the second quarter, up from 20.3 percent in the previous quarter. A total of 157,975 square feet were available in Northwest Arkansas in the second quarter. From the first quarter to the second quarter of 2009, there was a positive absorption of 4,483 square feet in the Rogers retail/warehouse market, while 14,000 new square feet entered the city market, netting a negative absorption of 9,517 square feet. There was no other activity in the retail/warehouse submarket in Northwest Arkansas. The increase in the Rogers vacancy rate was consistent with the absorption numbers from the first quarter to the second quarter of 2009.

The retail/warehouse average reported lease rates in Bentonville and Rogers increased during the second quarter. Meanwhile, average lease rates in Fayetteville and Springdale remained constant.

Other Lease Rates Average Range by City

	Warehouse	Office/ Warehouse	Retail/ Warehouse
Bentonville	$5.29 - $6.59	$10.60 - $12.32	$7.94 - $8.80
Fayetteville	$3.26 - $3.38	$6.13 - $6.13	$8.35 - $10.51
Rogers	$4.10 - $4.23	$5.84 - $6.19	$6.27 - $6.30
Springdale	$3.89 - $4.28	$5.22 - $7.30	$5.57 - $6.82

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	75,800	15.3%	0	0	0	--
Fayetteville	1,080,468	299,056	27.7%	-10,500	0	-10,500	--
Rogers	2,138,307	580,842	27.2%	12,912	7,200	5,712	305.1
Springdale	1,708,854	596,189	34.9%	49,429	0	49,429	36.2
Office/Warehouse							
Bentonville	1,215,255	133,830	11.0%	-17,960	0	-17,960	--
Fayetteville	102,326	86,726	84.8%	0	0	0	--
Rogers	474,552	89,206	18.8%	-3,400	0	-3,400	--
Springdale	1,297,403	142,392	11.0%	-15,400	0	-15,400	--
Retail/Warehouse							
Bentonville	69,056	12,498	18.1%	0	0	0	--
Fayetteville	70,580	15,157	21.5%	0	0	0	--
Rogers	87,209	41,280	47.3%	4,483	14,000	-9,517	--
Springdale	425,124	69,300	16.3%	0	0	0	--

[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

Bella Vista

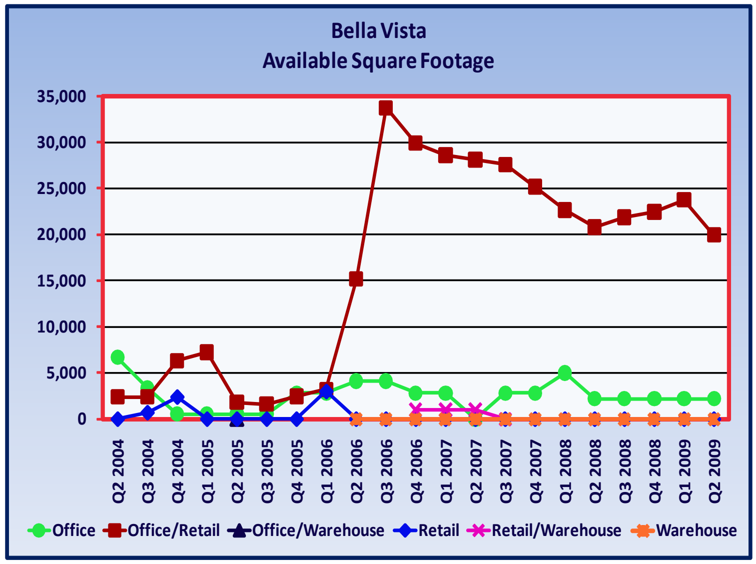
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 329,974 square feet of commercial space in the second quarter of 2009.

- In the second quarter of 2009, Bella Vista experienced positive net absorption of 3,800 square feet in the Class B office/retail submarket.

- There was no new space added to the Bella Vista commercial market in the second quarter of 2009.

- Reported vacancy rates decreased in the office/retail submarket, while staying constant in all other submarkets in Bella Vista from the first quarter to the second quarter of 2009 in accord with absorption.

- Reported average lease rates in Bella Vista remained constant in the second quarter of 2009.

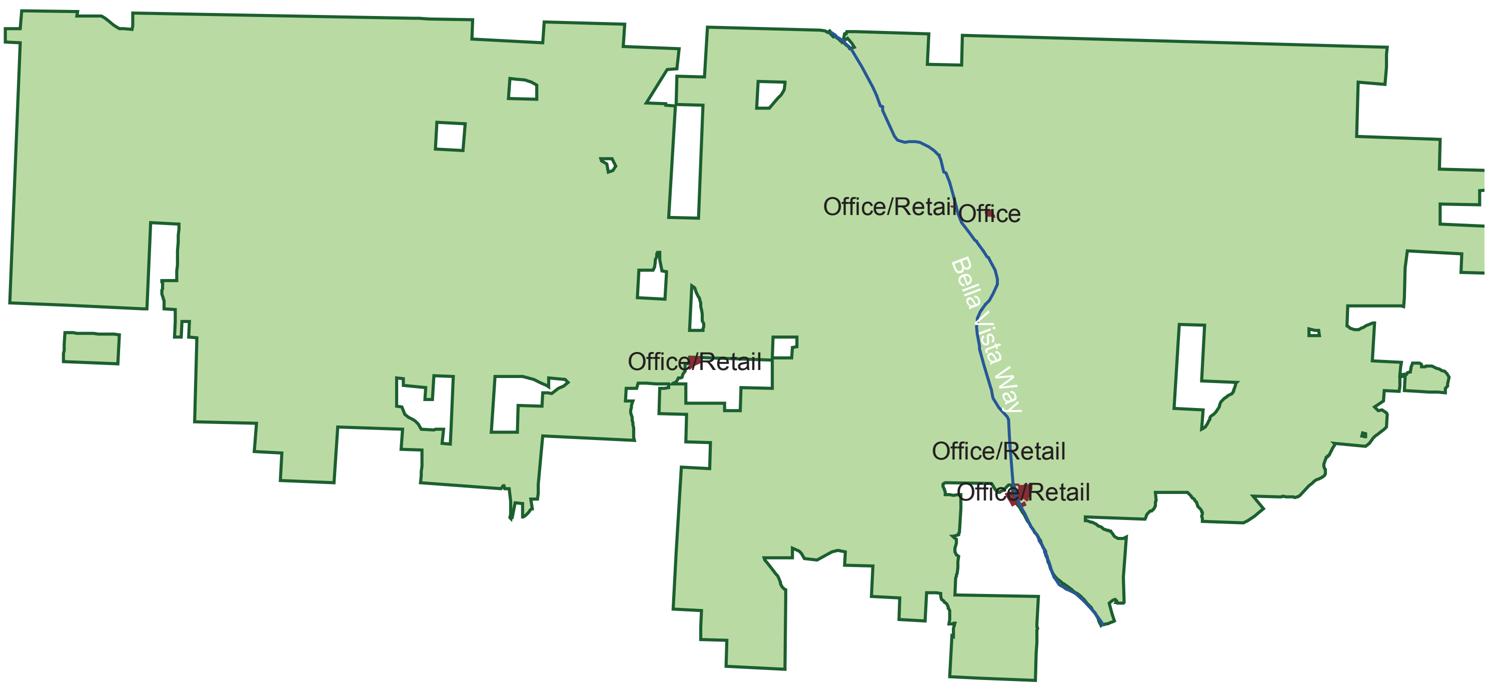


Bella Vista Commercial Real Estate Market Summary Statistics

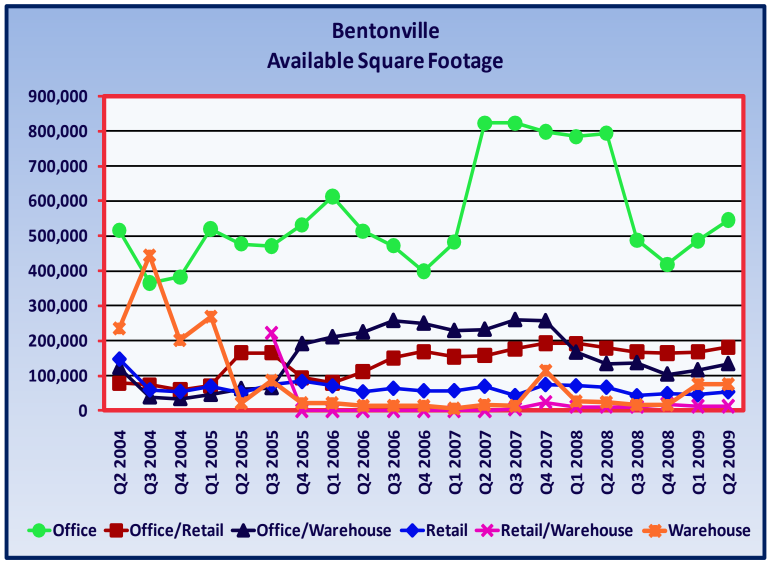
	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q1 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	--	--	--	--	--	--	--	--
Office	$12.93 - $13.93	11,554	2,200	19.0%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	$13.85 - $13.85	3,450	2,200	63.8%	0	0	0	--
Class C	--	--	--	--	--	--	--	--
Medical	$12.00 - $14.00	8,104	0	0.0%	0	0	0	0.0
Office/Retail	$9.98 - $12.30	278,934	19,970	7.2%	3,800	0	3,800	15.8
Class A	--	--	--	--	--	--	--	--
Class B	$9.98 - $12.30	278,934	19,970	7.2%	3,800	0	3,800	15.8
Class C	--	--	--	--	--	--	--	--
Office/Warehouse	--	--	--	--	--	--	--	--
Retail	$3.46 - $3.46	21,000	0	0.0%	0	0	0	0.0
Class A	--	--	--	--	--	--	--	--
Class B	$3.46 - $3.46	21,000	0	0.0%	0	0	0	0.0
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	--	--	--	--	--	--	--	--
Warehouse	$1.00 - $2.70	18,486	0	0.0%	0	0	0	0.0

[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

Bella Vista


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

- From March to May 2009, Bentonville issued building permits for $33,171,420 worth of new commercial space. Among these, $31.6 million were for the Crystal Bridges museum. The second quarter 2009 value was significantly higher than the first quarter value of $344,325 and the second quarter 2008 value of $153,000. Bentonville accounted for 88.0 percent of the commercial permits issued in Northwest Arkansas.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,196,150 square feet of commercial space in the second quarter of 2009.
- In the second quarter of 2009, Bentonville experienced negative net absorption and increased vacancy rates overall.
- There was positive net absorption in the medical submarket in the recent quarter in Bentonville. Meanwhile, there was no activity in the industrial, warehouse, and retail/warehouse submarkets.
- There were 33,000 square feet of Class B office space and 20,000 square feet of Class B office/retail space added to the Bentonville commercial market in the second quarter of 2009.
- Reported vacancy rates in the second quarter of 2009 increased in the office, office/retail, office/warehouse, and retail submarkets while they remained constant in the retail/warehouse and warehouse submarkets during the second quarter in accordance with absorption. It should be noted that Bentonville office vacancy rate does not change and remains equal 17.6 percent even when accounting for Bentonville Plaza.
- Average reported lease rates declined in the second quarter for the Class A retail by $1.00. The average lease rates increased for the Class B office by $0.04, Class B office/retail by $0.05, Class C retail by $0.64, retail/



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	$3.00 - $3.00	86,456	76,056	88.0%	0	0	0	--
Office	$14.60 - $15.22	3,102,659	545,913	17.6%	-4,215	33,000	-37,215	--
Class A	$17.93 - $19.50	383,047	72,843	19.0%	-1,563	0	-1,563	--
Class B	$14.36 - $14.87	2,502,133	444,003	17.7%	-5,552	33,000	-38,552	--
Class C	$6.00 - $7.00	9,528	0	0.0%	0	0	0	0.0
Medical	$17.33 - $19.00	207,951	29,067	14.0%	2,900	0	2,900	30.1
Office/Retail	$11.91 - $13.26	832,814	181,535	21.8%	6,222	20,000	-13,778	--
Class A	$15.67 - $18.33	56,307	8,300	14.7%	377	0	377	66.0
Class B	$12.21 - $13.64	672,197	162,375	24.2%	-5,563	20,000	-25,563	--
Class C	$9.20 - $9.70	104,310	10,860	10.4%	11,408	0	11,408	2.9
Office/Warehouse	$10.60 - $12.32	1,215,255	133,830	11.0%	-17,960	0	-17,960	--
Retail	$13.20 - $13.84	394,042	54,035	13.7%	-8,835	0	-8,835	--
Class A	$15.50 - $19.50	39,534	6,984	17.7%	0	0	0	--
Class B	$13.98 - $14.59	251,126	39,048	15.5%	-15,385	0	-15,385	--
Class C	$11.40 - $11.72	103,382	8,003	7.7%	6,550	0	6,550	3.7
Retail/Warehouse	$7.94 - $8.80	69,056	12,498	18.1%	0	0	0	--
Warehouse	$5.29 - $6.59	495,868	75,800	15.3%	0	0	0	--

[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

warehouse by $0.10, and warehouse by $0.17. All other average reported lease rates remained unchanged.

Downtown Bentonville

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 181,540 square feet of office, office/retail, and retail space in downtown Bentonville in the second quarter of 2009.
- The office space in downtown Bentonville had a reported vacancy rate of 4.1 percent in the second quarter, the same as during the first quarter. This quarter vacancy rate was much lower than the overall office vacancy rate of 17.6 percent for all of Bentonville.
- The office/retail and retail vacancy rates for downtown Bentonville properties were also lower than those for all of Bentonville during the second quarter. This represents a change from the last quarter, when downtown retail vacancy rates were higher than those for all of Bentonville.

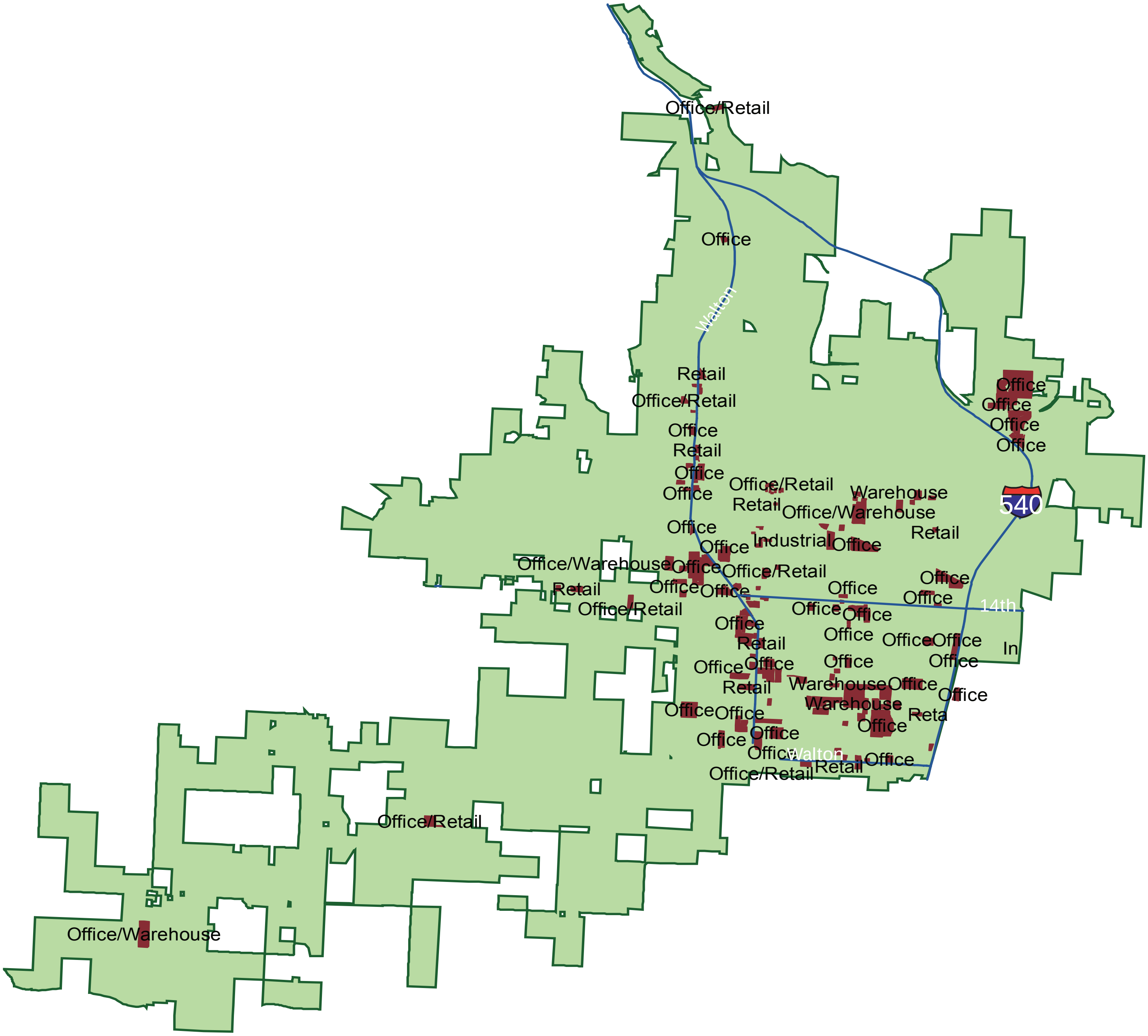
- There was a positive net absorption of 1,408 square feet of office/retail space and 482 square feet of retail space in downtown Bentonville from the first quarter to the second quarter of 2009. The office submarket experienced no absorption in downtown Bentonville.
- No new space was added to the downtown Bentonville commercial market in the second quarter of this year.
- In downtown Bentonville, average office, office/retail, and retail reported lease rates remained unchanged from the first quarter to the second quarter of 2009. Average reported lease rates were lower for the office, office/retail, and retail space in downtown Bentonville than the city average by $2.14, $1.84, and $1.82, respectively.

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	$12.20 - $13.35	60,265	2,500	4.1%	0	0	0	--
Office/Retail	$9.83 - $11.67	85,950	3,550	4.1%	1,408	0	1,408	7.6
Retail	$11.45 - $11.95	35,325	3,818	10.8%	482	0	482	23.8

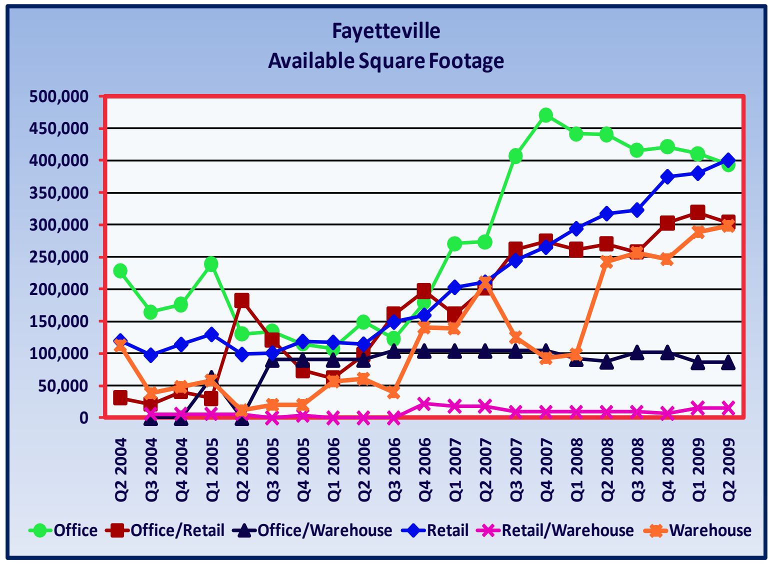
[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

Bentonville



Fayetteville

- From March to May 2009, Fayetteville issued building permits for $1,368,907 worth of new commercial space. The second quarter 2009 value was 59.8 percent lower than the first quarter 2009 value and 56.6 percent lower than the second quarter 2008 value.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 8,063,845 square feet of commercial space in the second quarter of 2009.
- In the second quarter of 2009, Fayetteville experienced positive net absorption overall. There was positive net absorption in the office and office/retail submarkets. However, there was negative net absorption in the retail and warehouse submarkets.
- A total of 38,403 square feet of new commercial space entered the Fayetteville market in the second quarter in the office/retail and retail submarkets.
- Observed vacancy rates in Fayetteville in the second quarter increased in the retail and warehouse submarkets, while declining in the office and office/retail submarkets in accord with absorption.
- Average reported lease rates increased in the second quarter of 2009 for the Class B and Class C office/retail as well as for the Class B retail by $0.04, $0.08, and $0.32, respectively. Average reported lease rates decreased for the Class A office by $0.36, Class B office by $0.06, medical office by $0.13, Class A office/retail by $1.88, Class A retail by $1.07, and Class C retail by $0.15. All other average reported lease rates remained 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	$14.13 - $15.50	2,245,002	393,951	17.5%	16,707	0	16,707	70.7
Class A	$19.17 - $22.28	416,882	86,793	20.8%	10,982	0	10,982	23.7
Class B	$13.70 - $14.85	1,085,017	228,112	21.0%	3,883	0	3,883	176.2
Class C	$9.92 - $10.56	190,263	18,924	9.9%	800	0	800	71.0
Medical	$15.39 - $17.15	552,840	60,122	10.9%	1,042	0	1,042	173.1
Office/Retail	$13.15 - $14.53	1,459,569	304,036	20.8%	25,781	10,677	15,104	60.4
Class A	$18.68 - $20.82	140,776	86,496	61.4%	-12,819	10,677	-23,496	--
Class B	$13.59 - $14.85	959,847	189,819	19.8%	22,400	0	22,400	25.4
Class C	$10.81 - $12.17	358,946	27,721	7.7%	16,200	0	16,200	5.1
Office/Warehouse	$6.13 - $6.13	102,326	86,726	84.8%	0	0	0	--
Retail	$12.89 - $14.02	3,078,297	400,736	13.0%	7,647	27,726	-20,079	--
Class A	$18.48 - $21.20	1,838,516	176,036	9.6%	-1,353	16,476	-17,829	--
Class B	$14.39 - $15.42	939,520	156,952	16.7%	6,000	3,750	2,250	209.3
Class C	$9.00 - $9.52	300,261	67,748	22.6%	3,000	7,500	-4,500	--
Retail/Warehouse	$8.35 - $10.51	70,580	15,157	21.5%	0	0	0	--
Warehouse	$3.26 - $3.38	1,080,468	299,056	27.7%	-10,500	0	-10,500	--

[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

Fayetteville

Downtown Fayetteville/Dickson Street Area

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 757,532 square feet of office, office/retail, and retail space in the Downtown Fayetteville/ Dickson Street area in the second quarter of 2009.
- There was positive absorption of 8,500 square feet of office space in the second quarter and negative absorption of 9,874 square feet of office/retail space.
- There was no new commercial space added in downtown Fayetteville during the second quarter of 2009.
- The office space in downtown Fayetteville saw a decline in the reported vacancy rate to 29.2 percent in the second quarter, in accordance with absorption. This was higher than the overall Fayetteville office vacancy rate of 17.5 percent.
- The office/retail vacancy rate for downtown Fayetteville properties had an increased vacancy rate of 37.2 percent. This compares to 20.8 percent in the same submarket for all of Fayetteville during the second quarter.
- The downtown Fayetteville retail vacancy rate held constant at 20.2 percent, remaining higher than the Fayetteville average of 13.0 percent.
- Average reported lease rates in downtown Fayetteville were unchanged in the office and retail submarkets, while increasing by $0.27 in the office/retail submarket. Compared to the city average reported lease rates, the downtown area rates were $1.94 higher in the office/retail submarket and lower by $0.85 and $3.11 in the office and retail submarkets, respectively.

Northwest Arkansas Mall Area/ Joyce Street Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 3,354,826 square feet of office, office/retail, and retail space in the Northwest Arkansas Mall Area/Joyce Street Corridor in the second quarter of 2009.
- There were 27,153 square feet of office space added to the north Fayetteville commercial market in the second quarter of 2009 in the office/retail and retail submarkets.
- There was positive net absorption of 4,001 square feet of office space during the second quarter of 2009 in the Northwest Arkansas Mall Area/Joyce Street Corridor. There was negative net absorption of 10,677 square feet and of 17,289 square feet in the office/retail and retail submarkets, respectively.
- The office space in north Fayetteville had a reported vacancy rate of 16.8 percent in the second quarter. This was lower than the previous quarter vacancy rate of 17.1 percent, and was lower than the overall office vacancy rate for Fayetteville at 17.5 percent.
- The office/retail vacancy rate in north Fayetteville increased to 34.7 percent from 29.1 percent in the previous quarter and remained higher than the city average office/retail vacancy rate of 20.8 percent.
- The retail vacancy rate for north Fayetteville properties rose to 11.6 percent from 10.8 percent last quarter, but remained lower than the city average of 13.0 percent during the second quarter.

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	$12.43 - $15.50	363,029	105,855	29.2%	8,500	0	8,500	37.4
Office/Retail	$15.40 - $16.68	322,255	119,738	37.2%	-9,874	0	-9,874	--
Retail	$8.97 - $11.72	72,248	14,627	20.2%	0	0	0	--

[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

- Average reported lease rates in the office and retail markets saw decreases of $0.19 and $0.21, respectively, while the office/retail submarket lease rates increased by $0.12. North Fayetteville average reported lease rates continued to be consistently higher than the city average. For the office, office/retail, and retail submarkets, there were premiums of $1.55, $2.95, and $5.70, respectively.

Martin Luther King, Jr. Boulevard Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 337,903 square feet of office, office/retail, and retail space in the MLK Boulevard Corridor in the second quarter of 2009.
- There were 11,250 square feet of new retail commercial space added to southwest Fayetteville in the second quarter.
- The MLK Boulevard Corridor of Fayetteville experienced a positive net absorption of 11,400 square feet of office/retail space and a negative net absorption of 11,250 square feet of retail space in the second quarter of 2009.
- The office space in southwest Fayetteville had a reported vacancy rate of 53.8 percent in the second quarter of 2009, unchanged from the previous two quarters. This was much higher than the overall office vacancy rate for Fayetteville (17.5 percent) during the second quarter.
- From the first quarter to the second quarter of 2009, office/retail vacancy rate decreased from 38.3 percent to 30.0 percent, but was substantially higher in southwest Fayetteville than the city average rate of 20.8 percent.
- The vacancy rates for retail space increased to 32.7 percent in the second quarter from 28.1 percent in the first quarter and remained higher than the 13.0 percent vacancy rates for all of Fayetteville.
- Average reported lease rates for office space remained constant in southwest Fayetteville in the second quarter. The office/retail submarket average reported lease rates increased by $0.38 and the retail submarket average lease rates decreased by $0.12. Reported lease rates for office space averaged $1.19 higher and for retail space $0.02 higher than the city average lease rates, while average office/retail lease rates were $0.13 lower than the city average.

Fayetteville Mall/Joyce Street Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet[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	$15.60 - $16.74	1,223,225	205,214	16.8%	4,001	0	4,001	153.9
Office/Retail	$16.53 - $17.28	134,547	46,677	34.7%	0	10,677	-10,677	--
Retail	$18.34 - $19.56	1,997,054	232,020	11.6%	-1,353	16,476	-17,829	--

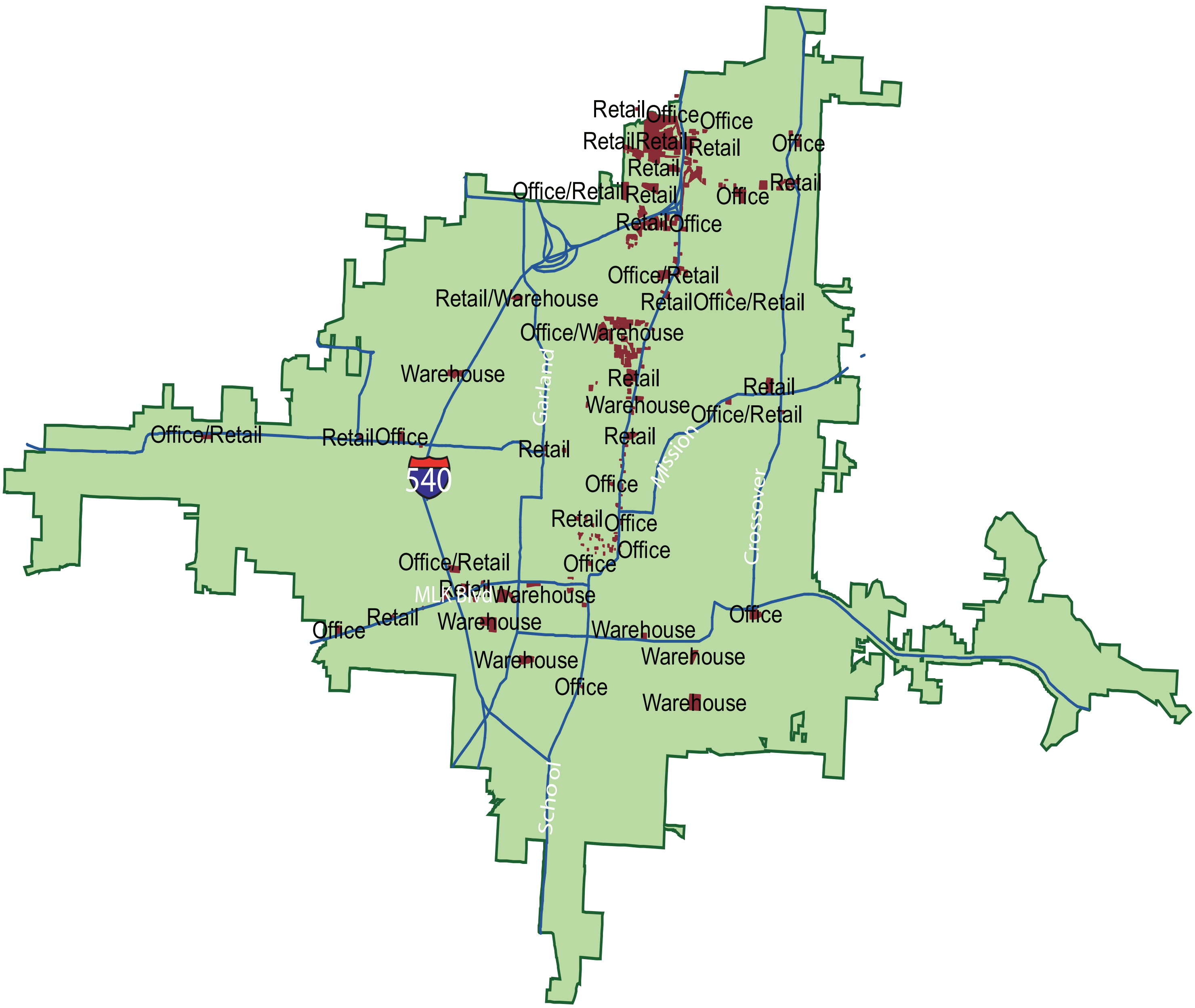
[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

Fayetteville MLK Boulevard 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	$12.00 - $20.00	22,725	12,230	53.8%	0	0	0	--
Office/Retail	$12.68 - $15.49	137,200	41,200	30.0%	11,400	0	11,400	10.8
Retail	$12.78 - $13.94	177,978	58,182	32.7%	0	11,250	-11,250	--

[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

Fayetteville



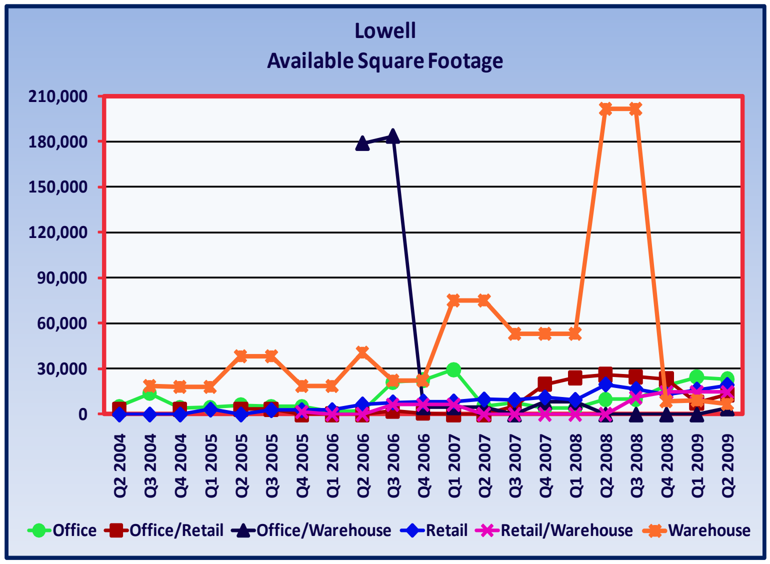
Lowell

- From March to May 2009, Lowell issued $50,112 in building permits for new commercial space. This is 97.2 percent lower than the building permits issued in the previous quarter and also significantly lower than the second quarter 2008 value of $4.1 million.

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,381,320 square feet of Lowell commercial space in the second quarter of 2009.

- In the second quarter of 2009, Lowell experienced positive net absorption in the office and warehouse submarkets, while having negative net absorption in the office/warehouse and retail submarkets. There was no activity in other submarkets in Lowell.

- There was no new space added in Lowell in the second quarter of 2009.



- Reported vacancy rates declined in the office and warehouse submarkets, while increasing in the office/warehouse and retail submarkets in the second quarter in accord with absorption. The office/retail submarket saw increase in vacancy rates due to the increase in the total reported space.

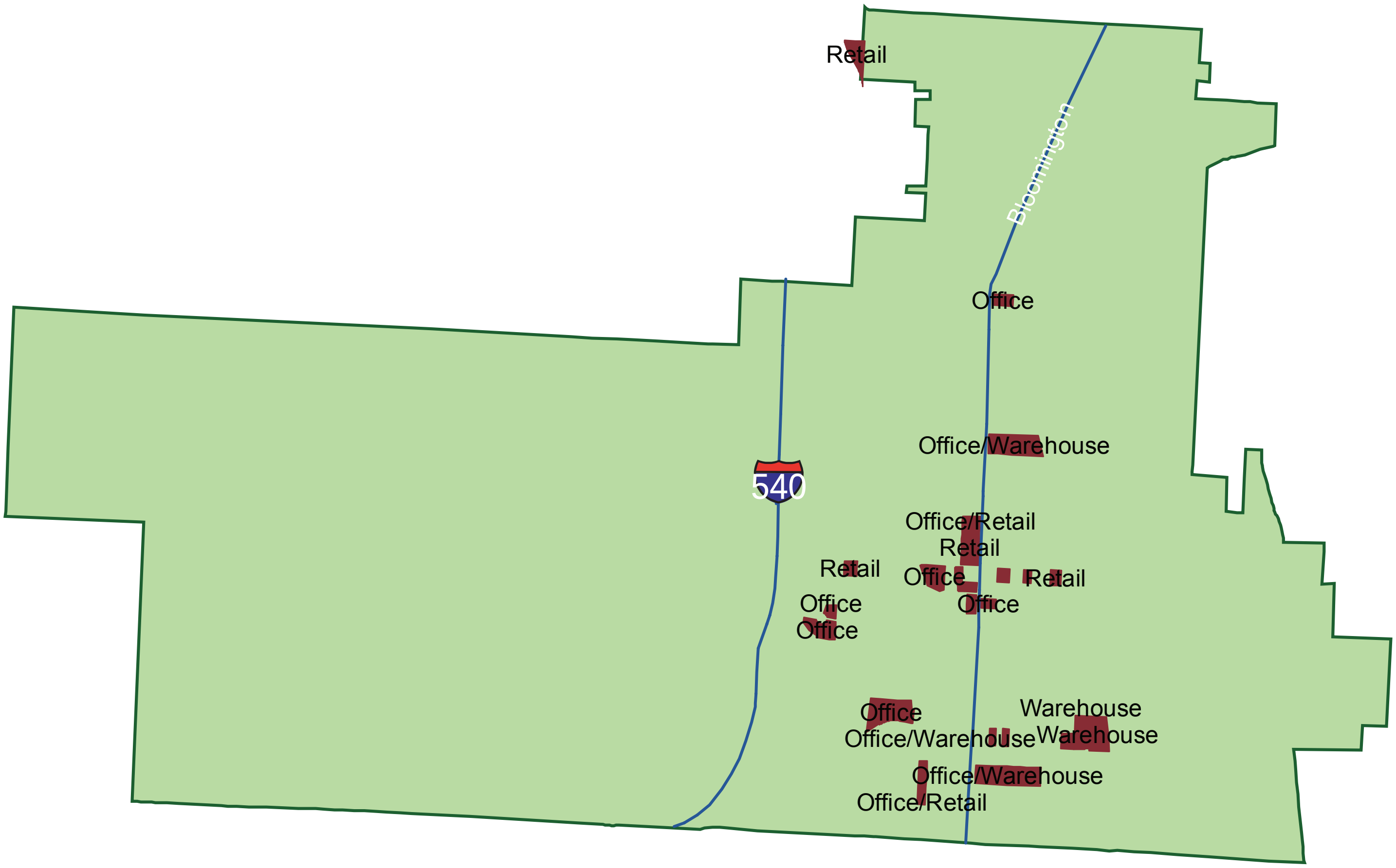
- Reported average lease rates for the office/warehouse submarket decreased by $1.25 in the second quarter. Meanwhile, average reported lease rates for the Class B office/retail submarket increased by $0.78. All other submarket average lease rates remained the same.

Lowell Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q1 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	--	--	--	--	--	--	--	--
Office	$15.76 - $16.59	274,102	23,100	8.4%	1,440	0	1,440	48.1
Class A	$18.00 - $19.33	111,552	0	0.0%	0	0	0	0.0
Class B	$14.10 - $14.85	122,550	23,100	18.8%	1,440	0	1,440	48.1
Class C	--	--	--	--	--	--	--	--
Medical	$24.00 - $24.00	40,000	0	0.0%	0	0	0	0.0
Office/Retail	$9.97 - $10.72	65,470	12,910	19.7%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	$11.93 - $12.93	48,310	12,910	26.7%	0	0	0	--
Class C	$4.08 - $4.08	17,160	0	0.0%	0	0	0	0.0
Office/Warehouse	$7.21 - $7.61	220,065	4,000	1.8%	-4,000	0	-4,000	--
Retail	$13.13 - $16.29	126,295	19,200	15.2%	-3,000	0	-3,000	--
Class A	--	50,000	0	0.0%	0	0	0	0.0
Class B	$13.13 - $16.29	76,295	19,200	25.2%	-3,000	0	-3,000	--
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	$11.33 - $11.33	38,200	14,540	38.1%	0	0	0	--
Warehouse	$3.58 - $3.58	657,188	6,750	1.0%	2,250	0	2,250	9.0

[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

Lowell



Retail
Bloomington
Office
Office/Warehouse
540
Office/Retail
Retail
Retail
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Warehouse
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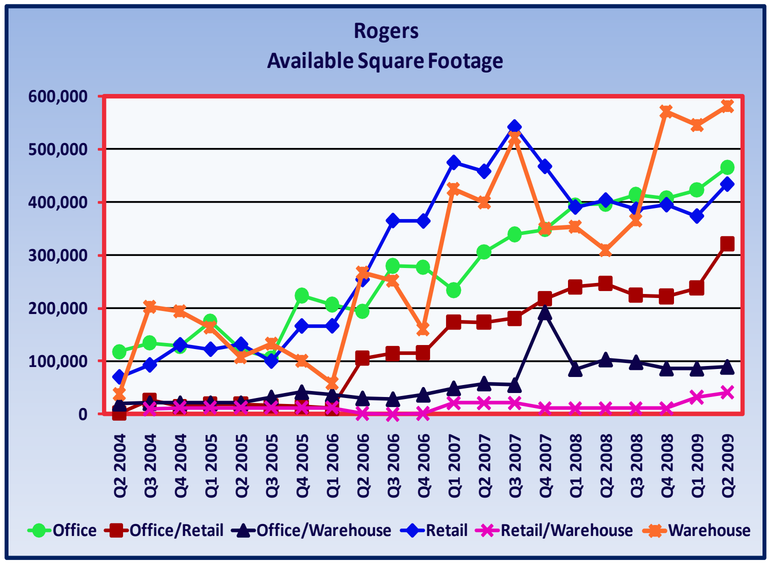
Warehouse
Office/Warehouse
Office/Retail

Rogers

- From March to May 2009, Rogers issued building permits for $1,500,000 worth of new commercial space. The second quarter 2009 value is almost three times higher than the first quarter value of $545,000, but 64.1 percent lower than the second quarter 2008 value of $4.2 million.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 8,316,077 square feet of commercial space in the second quarter of 2009.
- There were 97,325 square feet of Class A office/retail space, 14,000 square feet of retail/warehouse space, and 7,200 square feet of warehouse space added to the Rogers market in the second quarter.
- In the second quarter of 2009, Rogers experienced positive net absorption in the warehouse submarket and experienced negative net absorption in the office, office/retail, office/warehouse, retail, and retail/warehouse submarkets. There was no activity in the lab or industrial submarkets during the second quarter.
- Reported vacancy rates increased in the office, office/retail, office/warehouse, retail, retail/warehouse, and warehouse submarkets in the second quarter of 2009. The increase of warehouse vacancy rate was due to the increase in the total reported space
- Average reported lease rates decreased in the second quarter of 2009 for the Class A office by $0.20, Class A office/retail by $0.72, Class A retail by $0.18, and warehouse by $0.15.



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	$3.48 - $3.48	9,482	0	0.0%	0	0	0	0.0
Industrial	$5.21 - $5.21	282,648	8,528	3.0%	0	0	0	--
Office	$14.93 - $15.93	1,972,269	465,750	23.6%	-41,635	0	-41,635	--
Class A	$18.67 - $20.17	1,104,841	246,147	22.3%	-43,833	0	-43,833	--
Class B	$13.51 - $14.30	490,128	98,900	20.2%	1,963	0	1,963	151.1
Class C	$8.74 - $9.88	119,314	35,466	29.7%	235	0	235	452.8
Medical	$14.75 - $14.98	257,986	85,237	33.0%	0	0	0	--
Office/Retail	$12.15 - $14.32	969,133	321,850	33.2%	16,524	97,325	-80,801	--
Class A	$20.43 - $24.21	394,028	142,662	36.2%	15,547	97,325	-81,778	--
Class B	$10.20 - $11.70	383,443	114,475	29.9%	-1,080	0	-1,080	--
Class C	$8.49 - $10.28	191,662	64,713	33.8%	2,057	0	2,057	94.4
Office/Warehouse	$5.84 - $6.19	474,552	89,206	18.8%	-3,400	0	-3,400	--
Retail	$11.58 - $12.79	2,382,477	434,269	18.2%	-56,628	0	-56,628	--
Class A	$18.25 - $20.93	1,527,879	255,849	16.7%	-58,078	0	-58,078	--
Class B	$11.21 - $12.48	535,724	110,692	20.7%	1,450	0	1,450	229.0
Class C	$8.75 - $9.13	318,874	67,728	21.2%	0	0	0	--
Retail/Warehouse	$6.27 - $6.30	87,209	41,280	47.3%	4,483	14,000	-9,517	--
Warehouse	$4.10 - $4.23	2,138,307	580,842	27.2%	12,912	7,200	5,712	305.1

[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

Rogers

Average reported lease rates increased for the Class B office/retail by $0.07, Class C office/retail by $0.39, Class B retail by $0.10, and retail/warehouse by $0.22. All other reported average lease rates remained almost unchanged.

Downtown Rogers

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 537,653 square feet of office, office/retail, and retail space in downtown Rogers in the second quarter of 2009.
- No new commercial space was added to downtown Rogers in the second quarter.
- There was positive net absorption of 2,057 square feet of office/retail space and no absorption in the office and retail markets in downtown Rogers from the first quarter to the second quarter of 2009.
- The office space in downtown Rogers had the same reported average vacancy rate of 30.2 percent in the second quarter as in the first quarter. The downtown vacancy rate was higher than the overall average office vacancy rate for Rogers, which was 23.6 percent during the same period.
- The office/retail submarket experienced a decrease in the vacancy rate to 75.6 percent from the first quarter rate of 91.3 percent in the downtown area, an area that was completely vacant during the first quarter of 2008. This compares to a vacancy rate of 33.2 percent for all of Rogers.
- The average retail vacancy rate for downtown Rogers properties in the second quarter increased to 13.7 percent from a first quarter rate of 13.1 percent, but was still lower than 18.2 percent average rate for all of Rogers.
- Average reported lease rates for downtown Rogers remained constant in the second quarter. As compared to the city of Rogers, average reported lease rates in downtown were lower by $4.15, $5.94, and $0.32 for the office, office/retail, and retail submarkets, respectively.

Rogers Interstate 540

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 3,047,693 square feet of office, office/retail, and retail space along the Rogers I-540 corridor in the second quarter of 2009.
- There was 97,325 square feet of office/retail space added to the Rogers I-540 corridor submarket in the second quarter of 2009.
- There was negative net absorption of 45,501 square feet of office space, 84,335 square feet of office/retail space, and 55,128 square feet of retail space along the Rogers I-540 corridor from the previous to the current quarter.
- The office space along the Rogers I-540 corridor had a reported average vacancy rate of 20.0 percent in the second quarter, an increase from the previous quarter vlaue of 17.2 percent. This was lower than the overall average office vacancy rate for all of Rogers at 23.6 percent.
- The average retail and office/retail vacancy rates for Rogers I-540 corridor properties were higher than the rates for all of Rogers. Overall, the office/retail and retail vacancy rates increased in the second quarter of 2009.
- The Rogers I-540 corridor saw a decline in average reported lease rates for office space by $0.04, office/retail space by $0.92, and retail space by $0.10 from the first quarter. Compared to the city average, the average reported office lease rates were $3.17 higher, office/retail rates were $10.27 higher, and retail lease rates were $3.93 higher.

Rogers Downtown Summary Statistics

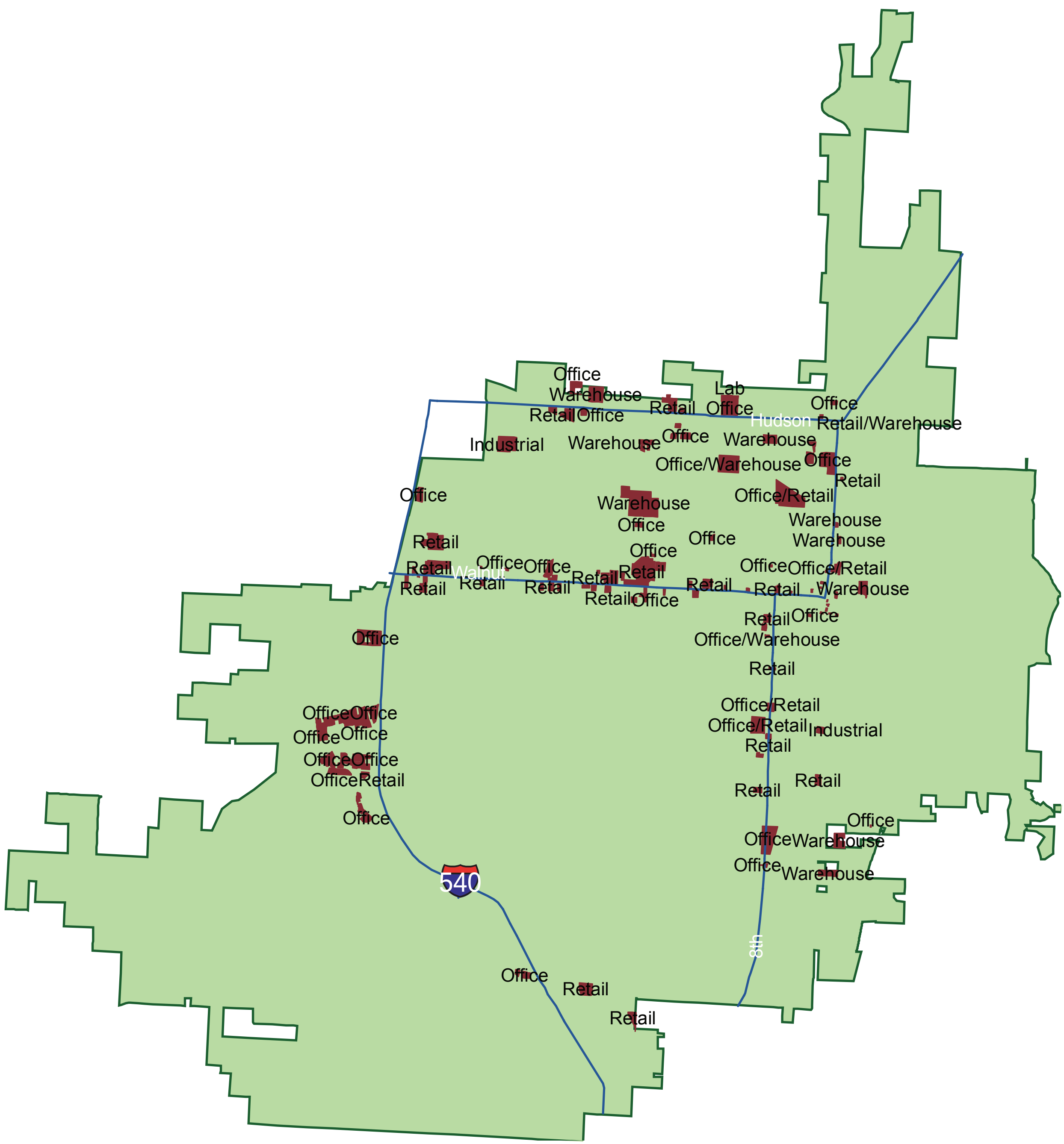
	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q1 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$10.27 - $12.29	42,713	12,903	30.2%	0	0	0	--
Office/Retail	$6.66 - $7.93	29,590	22,375	75.6%	2,057	0	2,057	32.6
Retail	$11.53 - $12.19	465,350	63,689	13.7%	0	0	0	--

[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

Rogers Interstate 540 Corridor Summary Statistics

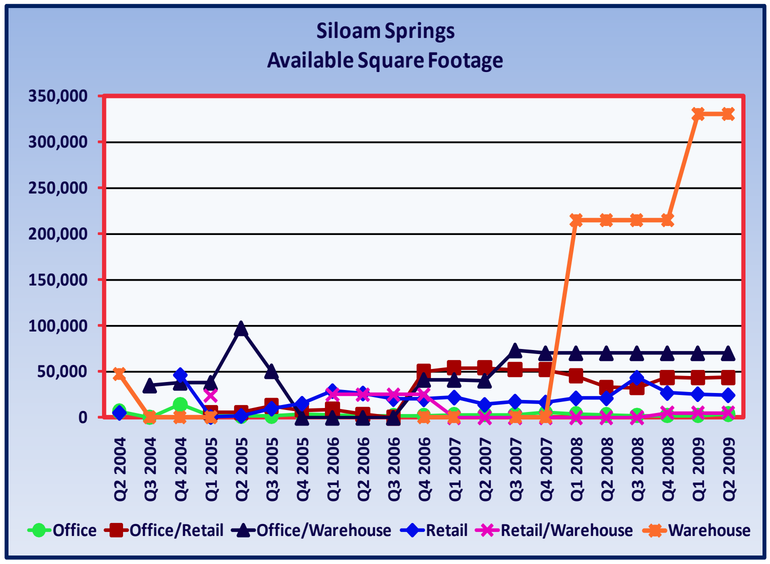
	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q1 to Q2[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$17.97 - $19.15	1,226,378	244,915	20.0%	-45,501	0	-45,501	--
Office/Retail	$20.58 - $24.58	370,702	141,062	38.1%	12,990	97,325	-84,335	--
Retail	$15.24 - $16.78	1,450,613	325,702	22.5%	-55,128	0	-55,128	--

[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents



Siloam Springs

- From March to May 2009, Siloam Springs issued building permits for $400,000 worth of new commercial space. There were no building permits issued in the previous quarter or in the second quarter of 2008 in Siloam Springs.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,299,033 square feet of commercial space for Siloam Springs in the second quarter of 2009.
- There was no new commercial space added in Siloam Springs in the second quarter.
- In the second quarter of 2009, Siloam Springs experienced positive net absorption of 1,200 square feet in the retail submarket. There was negative net absorption of 1,729 square feet in the office submarket and of 400 square feet in the office/retail submarket. There was no other activity in Siloam Springs submarkets in the second quarter.
- Following net absorption, vacancy rates declined in the retail submarket and increased in the office submarket. The vacancy rates declined in the office/retail submarket due to the decrease in the total reported space and remained unchanged in all other submarkets.
- Class C office/retail lease rate increased in the second quarter of 2009 by $0.50. All other reported lease rates remained unchanged in Siloam Springs.

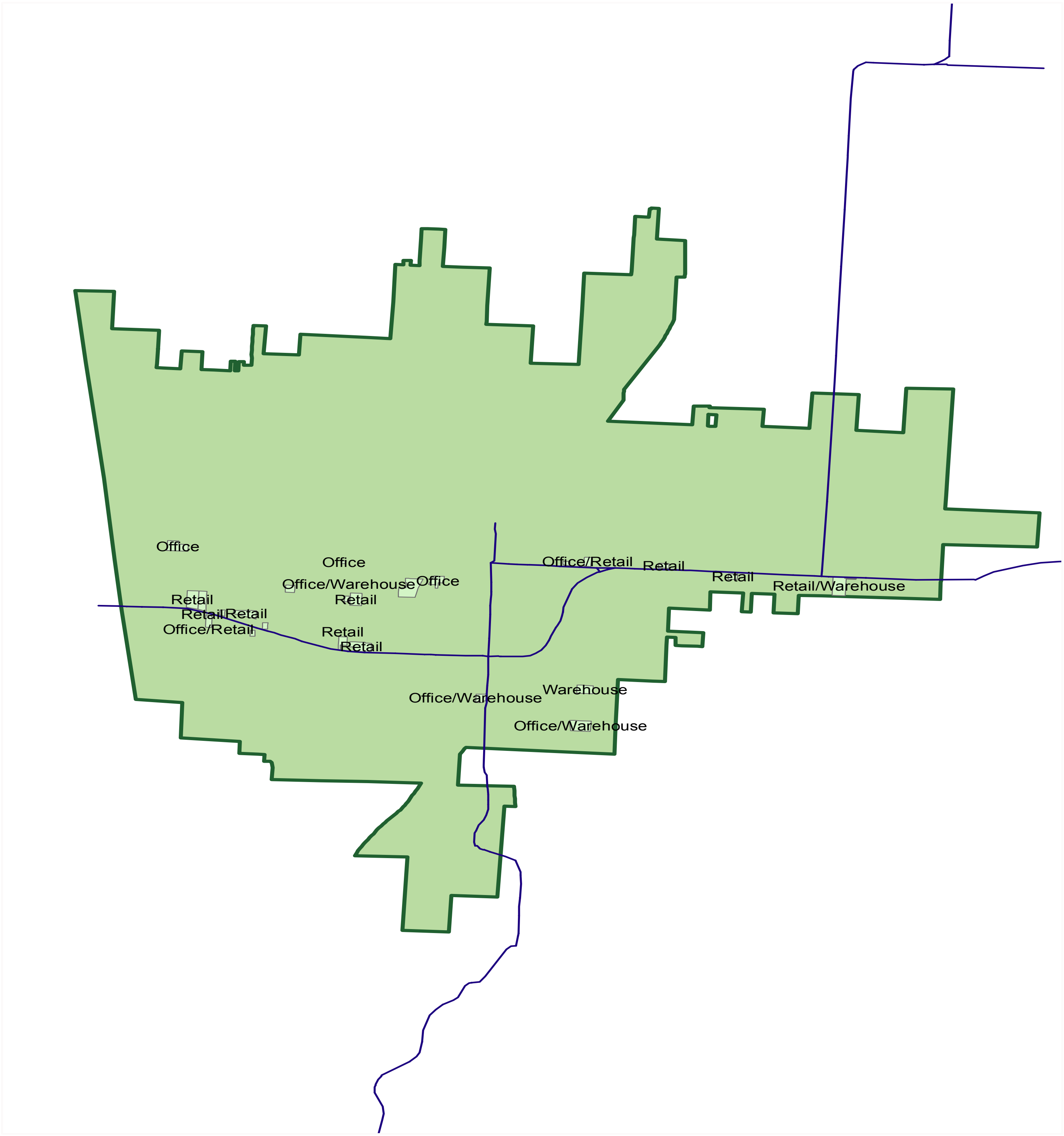


Siloam Springs Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from 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	$10.70 - $11.86	82,232	3,873	4.7%	-1,729	0	-1,729	--
Class A	--	--	--	--	--	--	--	--
Class B	$7.39 - $8.27	8,000	144	1.8%	0	0	0	--
Class C	$7.64 - $9.92	3,200	0	0.0%	0	0	0	0.0
Medical	$13.84 - $14.34	71,032	3,729	5.2%	-1,729	0	-1,729	--
Office/Retail	$7.98 - $9.82	147,200	43,724	29.7%	-400	0	-400	--
Class A	$13.00 - $18.00	54,000	24,564	45.5%	0	0	0	--
Class B	$9.48 - $10.28	71,790	12,450	17.3%	-400	0	-400	--
Class C	$4.49 - $7.09	21,410	6,710	31.3%	0	0	0	--
Office/Warehouse	$3.12 - $3.12	106,441	70,007	65.8%	0	0	0	--
Retail	$8.87 - $9.54	297,106	24,536	8.3%	1,200	0	1,200	61.3
Class A	--	--	--	--	--	--	--	--
Class B	$10.16 - $10.64	155,222	21,168	13.6%	0	0	0	--
Class C	$6.71 - $7.71	141,884	3,368	2.4%	1,200	0	1,200	8.4
Retail/Warehouse	$5.53 - $5.53	55,680	5,200	9.3%	0	0	0	--
Warehouse	$2.00 - $2.00	418,305	330,843	79.1%	0	0	0	--

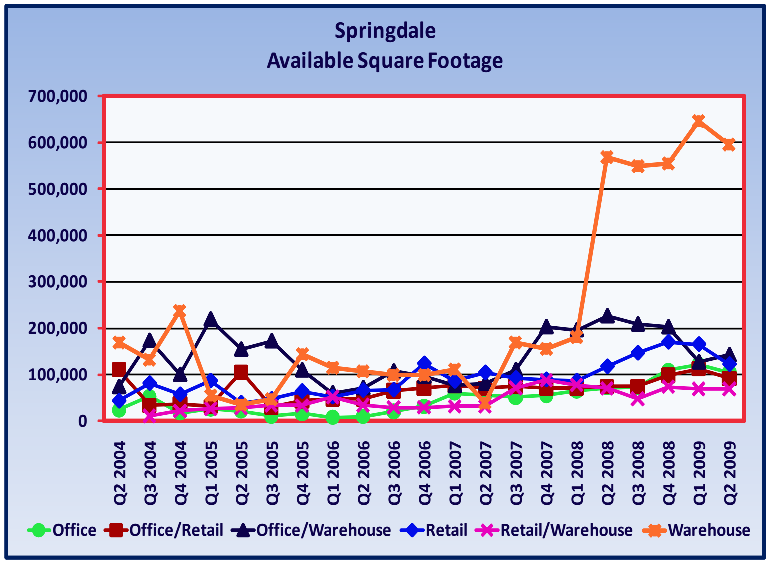
[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

Siloam Springs



Springdale

- From March to May 2009, Springdale issued $1,194,175 worth of building permits for new commercial space. This was 25.2 percent lower than the building permits issued in the previous quarter and 14.4 percent lower than the building permits issued in the second quarter of 2008.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 5,975,215 square feet of commercial space in the second quarter.
- A total of 8,500 square feet were added in the second quarter to the Springdale industrial submarket.
- In the second quarter of 2009, Springdale experienced positive net absorption in the office, medical office, office/retail, retail, and warehouse submarkets, while there was a negative net absorption in the office/warehouse submarket.
- Reported vacancy rates increased in the office/warehouse submarket, remained unchanged in the retail/warehouse and industrial submarkets, and declined in all other submarkets in Springdale in the second quarter.



- In the second quarter of 2009 in Springdale, average reported lease rates decreased for the Class B office by $0.02, Class C office/retail by $0.24, and warehouse by $0.02. Average lease rates increased for the Class B retail by $0.11. All other reported average lease rates remained unchanged.

Downtown Springdale

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

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]
Lab	--	5,224	5,224	100.0%	0	0	0	--
Industrial	$3.63 - $5.50	380,147	0	0.0%	8,500	8,500	0	0.0
Office	$11.46 - $12.63	745,523	104,643	14.0%	17,286	0	17,286	18.2
Class A	$15.67 - $16.17	77,123	8,883	11.5%	300	0	300	88.8
Class B	$12.19 - $13.98	322,680	24,408	7.6%	5,530	0	5,530	13.2
Class C	$9.60 - $9.86	119,017	21,586	18.1%	6,835	0	6,835	9.5
Medical	$11.87 - $13.59	226,703	49,766	22.0%	4,621	0	4,621	32.3
Office/Retail	$9.97 - $11.48	497,443	91,785	18.5%	21,192	0	21,192	13.0
Class A	--	--	--	--	--	--	--	--
Class B	$12.42 - $13.94	226,157	52,233	23.1%	10,432	0	10,432	15.0
Class C	$7.97 - $9.47	271,286	39,552	14.6%	10,760	0	10,760	11.0
Office/Warehouse	$5.22 - $7.30	1,297,403	142,392	11.0%	-15,400	0	-15,400	--
Retail	$10.35 - $11.37	915,497	122,245	13.4%	43,020	0	43,020	8.5
Class A	--	--	--	--	--	--	--	--
Class B	$12.75 - $13.94	634,407	106,035	16.7%	40,020	0	40,020	7.9
Class C	$8.23 - $9.11	281,090	16,210	5.8%	3,000	0	3,000	16.2
Retail/Warehouse	$5.57 - $6.82	425,124	69,300	16.3%	0	0	0	--
Warehouse	$3.89 - $4.28	1,708,854	596,189	34.9%	49,429	0	49,429	36.2

[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

Springdale

- There were no new square feet of commercial property added to downtown Springdale in the second quarter of 2009.
- There was positive net absorption of 7,749 square feet in the office submarket in downtown Springdale in the second quarter.
- The office space in downtown Springdale had a reported average vacancy rate of 13.9 percent in the second quarter of 2009. The rate was nearly equal to the overall Springdale average office vacancy rate of 14.0 percent in the second quarter.
- There was no available retail commercial space for downtown Springdale properties in the second quarter, the same as in the previous quarter. This compares to the 13.4 percent average retail vacancy rate for all of Springdale.
- Meanwhile, all office/retail space continued to be available in downtown Springdale in the second quarter.
- Average reported lease rates for downtown Springdale remained constant. Compared to the average reported lease rates for all of Springdale, downtown office, office/retail, and retail space rates were lower by $3.19. $1.73, and $2.60, respectively.

West Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 547,436 square feet of office, office/retail, and retail space in West Springdale in the second quarter of 2009.
- There were no new square feet added to West Springdale in the second quarter of 2009.
- There was positive net absorption of 5,960 square feet of office/retail space and 30,900 square feet of retail space in West Springdale in the second quarter.
- The office space in West Springdale had a reported average vacancy rate of 21.8 percent in the second quarter of 2009, same as in the first quarter. The rate remained higher than the city average office vacancy rate of 14.0 percent.
- The average office/retail vacancy rate in West Springdale declined to 13.2 percent from the first quarter value of 23.3 percent, while remaining higher than the overall city average office/retail vacancy rate of 11.0 percent.
- The retail vacancy rate for West Springdale properties decreased to 8.7 percent in the second quarter from 16.6 percent in the first quarter, and fell below the city average retail vacancy rate of 13.4 percent.
- Average reported lease rates for West Springdale remained constant from the first quarter to the second quarter of 2009. Compared to all of Springdale, West Springdale average reported lease rates were higher in the office, office/retail, and retail submarkets by $3.06, $3.28, and $1.64, respectively.

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	$8.45 - $9.27	171,924	23,855	13.9%	7,749	0	7,749	9.2
Office/Retail	$8.00 - $10.00	3,732	3,732	100.0%	0	0	0	--
Retail	$7.68 - $8.84	17,654	0	0.0%	0	0	0	0.0

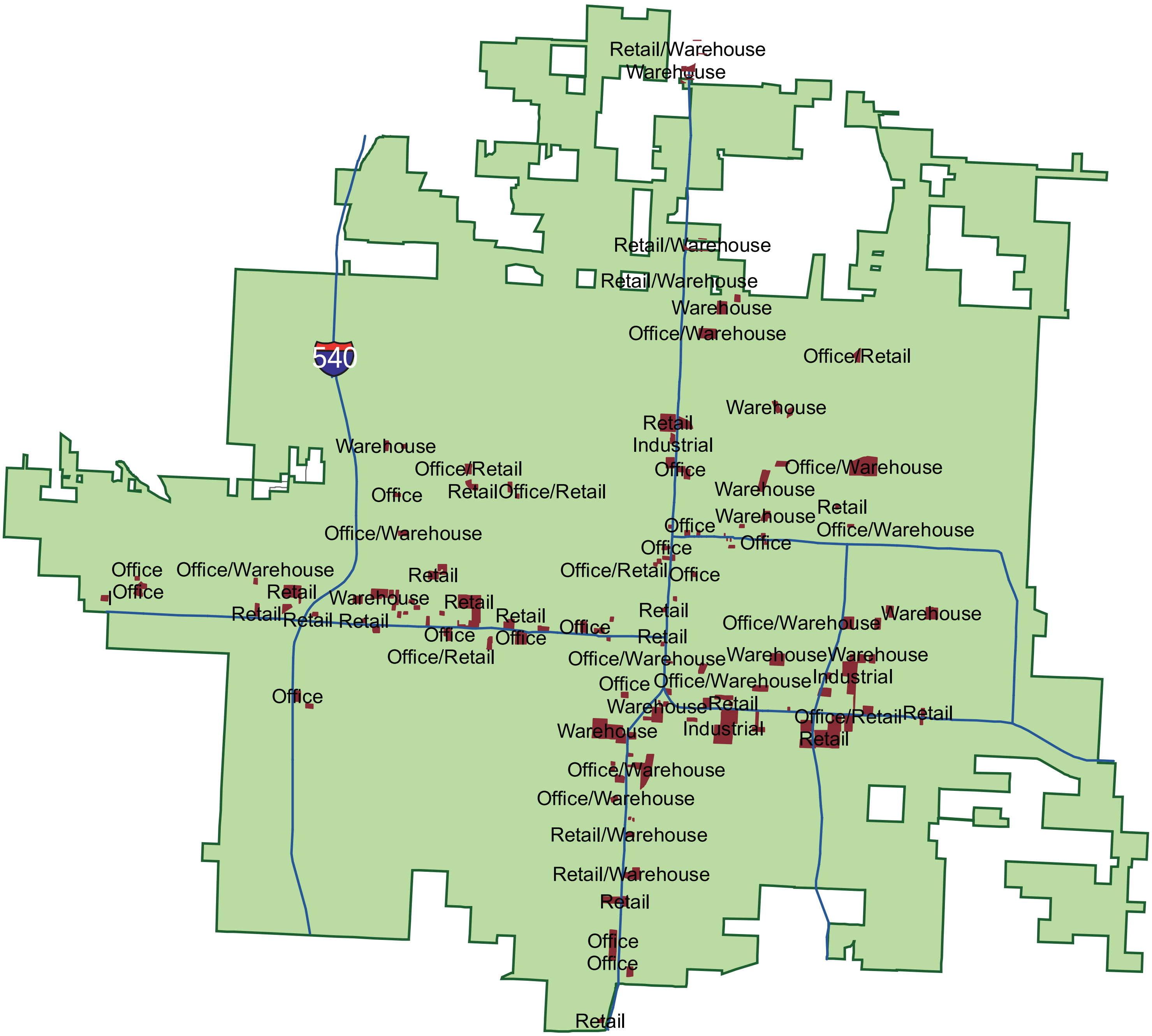
[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

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	$14.93 - $15.28	96,854	21,150	21.8%	0	0	0	--
Office/Retail	$13.13 - $14.88	58,550	7,700	13.2%	5,960	0	5,960	3.9
Retail	$12.00 - $13.00	392,032	34,270	8.7%	30,900	0	30,900	3.3

[1]From all Q2 2009 respondents
[2]From Q2 2009 respondents who were also Q1 2009 respondents

Springdale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Interpretation

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

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

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

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

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

The third source of data for the Skyline report is a panel of large commercial property owners and managers. These individuals are responsible for the bulk of the competitive commercial properties in Northwest Arkansas. The Center for Business and Economic Research staff gather information on square footage available to the market, lease rates, and other property characteristics from the panelists. In the second quarter of 2009, 259 panelists provided data on 1,362 competitive properties across Benton and Washington Counties. Data are excluded for owner-occupied and dedicated spaces so that the total square feet, available square feet, and lease rates represent only a sample from properties that are currently or potentially available for lease. Vacancy rates are calculated from the sample of 1,362 properties and are assumed to be representative of the larger competitive commercial property market.

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

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

Classification

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

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

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

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