

SPONSORED BY ARVEST BANK

Contents

| | |
|--|----|
| Report Structure | 2 |
| Economic Overview | 3 |
| Local Perceptions | 5 |
| Inventory & Building Permits | 7 |
| New Commercial Projects | 10 |
| Hotels | 13 |
| Restaurants | 16 |
| Commercial Market Trends | 18 |
| Office Submarket Comparision..... | 25 |
| Office/Retail Submarket Comparison | 28 |
| Retail Submarket Comparison..... | 30 |
| Other Submarket Comparisons | 32 |
| City Summary Statistics | |
| Bella Vista..... | 34 |
| Bentonville | 36 |
| Fayetteville | 38 |
| Lowell | 42 |
| Rogers | 44 |
| Siloam Springs | 47 |
| Springdale | 49 |
| Interpretation | 52 |



SAM M.
WALTON
COLLEGE of BUSINESS

Center for Business and Economic Research

The information contained herein has been obtained from reasonably reliable sources. The Center for Business and Economic Research makes no guarantee, either expressed or implied, as to the accuracy of such information. All data contained herein is subject to errors, omissions and changes. Reproduction in whole or in part without prior written consent is prohibited.

Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the fourteenth 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. Because of the fast pace of growth in Northwest Arkansas, the 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 Third Quarter of 2007

- There were 979,982 square feet of competitive commercial property added to the Northwest Arkansas market in the third quarter of 2007. Almost 360,000 square feet of that space were new warehouse space and almost 200,000 were new retail space.
- In the office market, there was negative net absorption of 101,473 square feet in the third quarter of 2007. A total of 151,802 square feet of new space were added to the office market in Fayetteville and Bentonville.
- Within the retail submarket, there was absorption of 111,154 square feet and the entry of 197,434 new square feet, netting negative absorption of 86,280 square feet in the third quarter of 2007.
- The office/retail submarket in Northwest Arkansas added 143,243 square feet and absorbed 96,487 square feet, while the reported vacancy rate declined to 21.6 percent in the third quarter from 21.9 percent in the second quarter.
- A total of 358,587 square feet of new warehouse space was added to the Northwest Arkansas market in the third quarter, but much of it was occupied, netting negative absorption of 43,618 square feet. As the result, the vacancy rate increased from 20.1 percent to 21.4 percent.
- From June to August 2007, there were \$58.2 million in commercial building permits issued in Bentonville, Fayetteville, Lowell, Rogers, Siloam Springs, and Springdale. This was a decline of 6.2 percent from the prior quarter, and a decline of 29.6 percent from the third quarter of 2006.

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,

and then there is a discussion of short-term and long-term interest rate prospects. Next, 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.

Following the summary of local perceptions, the third quarter numbers for total commercial property square feet and building permit data are presented. Breakdowns of property type by city are contained within the square footage table. Also, the number of square feet of competitive commercial property for which the 235 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.

After the table of announced commercial projects is a trends summary that includes information about vacancy rate and available space trends. There are also three tables summarizing some results from the most recent five quarters. The first table presents vacancy rates by submarket for the third and fourth quarters of 2006 and for the first, second, and third quarters of 2007. 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 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 second quarter of 2007, the overall real growth rate in GDP was a revised 3.8 percent, up from a revised 0.6 percent rate in the first quarter of 2007. By way of comparison, the growth rate in GDP in the second quarter of 2006 was 2.4 percent. The U.S. Department of Commerce Bureau of Economic Analysis (BEA) reported that the increase in real GDP in the second quarter primarily reflected positive contributions from personal consumption expenditures (PCE) for services, exports, nonresidential structures, federal government spending, state and local government spending, and equipment and software that were partly offset by negative contributions from residential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased. The acceleration in real GDP growth in the second quarter primarily reflected a downturn in imports, upturns in federal government spending and in private inventory investment, accelerations in exports, in nonresidential structures, and in equipment and software, and a smaller decrease in residential fixed investment that were partly offset by a notable deceleration in PCE. Final sales of computers contributed 0.21 percentage point to the second-quarter growth in real GDP after subtracting 0.01 percentage point from the first-quarter growth. Motor vehicle output contributed 0.03 percentage point to the second-quarter growth in real GDP after contributing 0.18 percentage point to the first-quarter growth.

Turning to other data, in September, the national unemployment rate was a seasonally adjusted 4.7 percent, below the 4.9 percent decade long average rate. The Conference Board Consumer Confidence Index, which had declined in August, fell further in September. The Index now stands at 99.8 (1985=100), down from 105.6 in August. The Expectations Index declined to 85.2 from 89.2. The Present Situation Index decreased to 121.7 from 130.1 in August. Said Lynn Franco, Director of The Conference Board

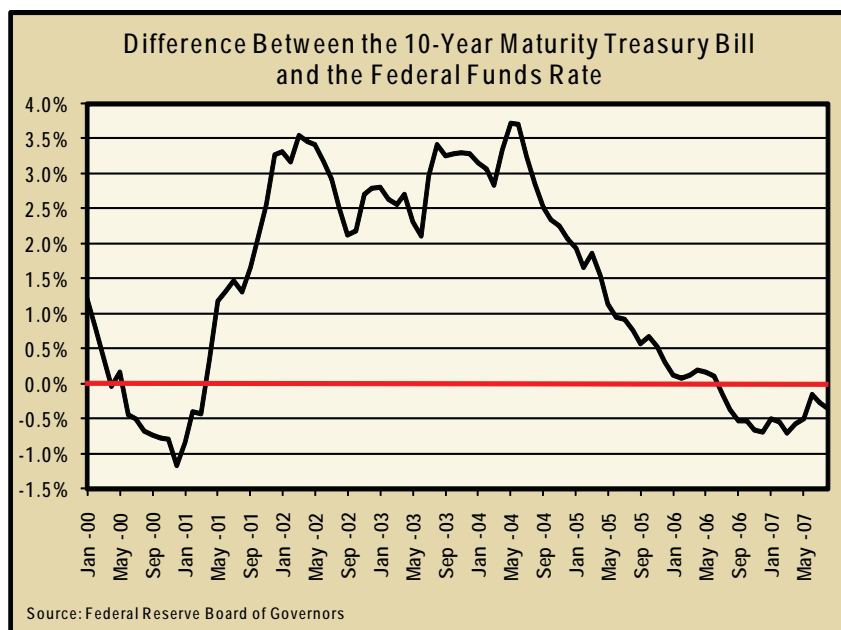
Consumer Research Center: “The Consumer Confidence Index is now at its lowest level in nearly two years (Nov. 2005, 98.3). Weaker business conditions combined with a less favorable job market continue to cast a cloud over consumers and heighten their sense of uncertainty and concern. Looking ahead, little economic improvement is expected and with the holiday season around the corner this is not welcome news.”

From August 2006 to August 2007, overall inflation was a moderate 1.9 percent. During the first eight months of 2007, the Consumer Price Index for All Urban Consumers (CPI-U) rose at a 3.7 percent seasonally adjusted annual rate (SAAR). This compares with an increase of 2.5 percent for all of 2006. The larger advance thus far this year was due to larger increases in the energy and food indexes. Despite registering declines in each of the last three months, the index for energy increased at a 12.7 percent SAAR through August. Petroleum-based energy led the acceleration with a 22.7 percent increase at an annual rate. Last year the overall energy index rose 2.9 percent. The food index also increased much more so far this year compared with last year, a 5.6 percent SAAR compared with a 2.1 percent rise for all of

2006. Excluding food and energy, the CPI-U advanced at a 2.3 percent SAAR in the first eight months, following a 2.6 percent rise for all of 2006. The producer price index for materials and components for construction edged down at a 0.2 percent SAAR during the third quarter of 2007 after rising at a 4.5 percent SAAR during the second quarter.

Short-term Interest Rate Risk

The Federal Reserve implemented its first decrease in short term interest rates since 2003 during the third quarter of 2007. The Fed Funds target stand at 4.94 percent now, up 394 basis points from its historic low in 2003. According to the Fed, moderate growth in overall economic activity has continued despite a notable contraction in the housing sector that began in the second half of 2005. The housing correction has intensified this year as demand has declined further, inventories of unsold new homes have climbed relative to sales, and house prices have decelerated, with some areas of the country experiencing outright declines in home values. The turmoil in financial markets significantly affected the Federal Open Market Committee’s outlook for the broader economy. Indeed, in a statement is-



Economic Overview

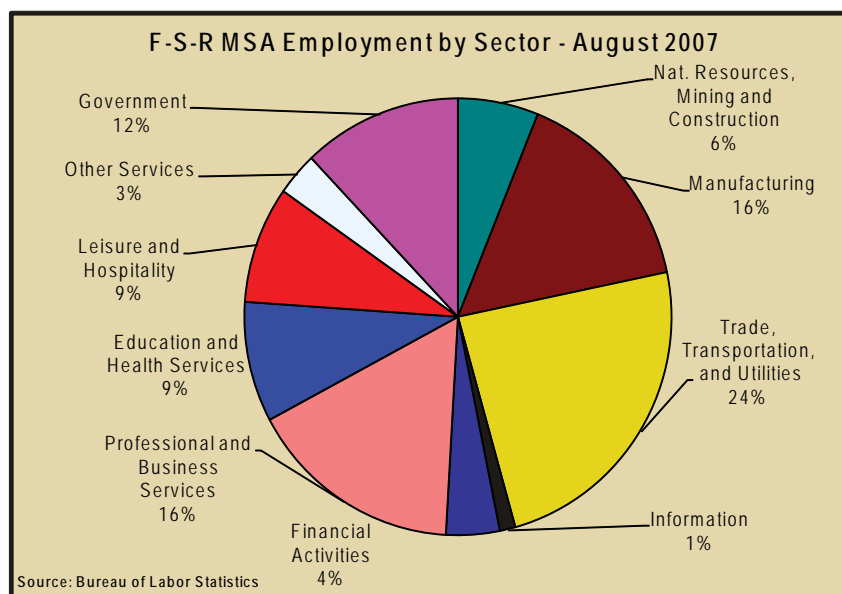
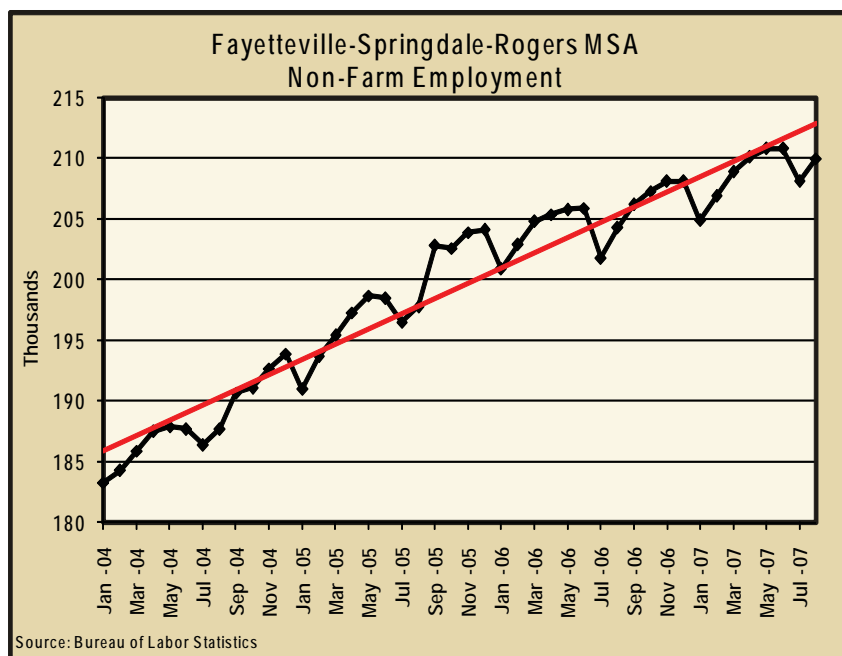
sued simultaneously with the Fed's August announcement of the cut in the discount rate, the FOMC noted that the downside risks to growth had increased appreciably. Financial markets overall had improved somewhat, but tighter terms and standards in the mortgage market--particularly in the nonprime and jumbo segments--appeared likely to intensify the correction in housing significantly, with adverse implications for construction activity and house prices. Indeed, incoming housing data had continued to soften even before the advent of the stress in financial markets. A further sharp contraction in residential construction seems likely to hold down overall economic growth in the fourth quarter and in early 2008.

Long-term Interest Rate Risk

Even as short-term rates climbed from 2004 through early 2006, increases in longer term rates did not kept pace. The ten year constant maturity Treasury bill had an interest rate of 4.15 percent in January 2004 and an interest rate of 4.52 percent in September 2007, while the federal funds rate increased by 394 basis points during the same period. The upward pressure on short-term rates combined with declining long-term interest rates implied a decrease in the spread between the two. The figure on the preceding page shows the spread between the Fed Funds Rate and the ten year Treasury bill since January 2000. From August 2004 to September 2007, there was a 243 basis point decline in the spread. In September 2007, the spread was a negative 0.42 percent. This is important as a negative spread has typically been a sign of weakness in the economy and a harbinger of recession.

Regional Employment Trends

Local demand for real estate is uniquely associated with employment growth in the region. The Northwest Arkansas employment situation has been extremely conducive to



both residential and commercial development in recent years. The employment numbers bear careful watching in the next few months because the demand for much of the new and expected commercial development relies on the assumption that job growth remains strong. Between August 2006 and August 2007 the Northwest Arkansas economy added on average 475 jobs per month which is below the five year average of 562 jobs per month. However, looking at the individual

data points for the first months of 2007 reveals slightly stronger employment growth in 2007 than was experienced in early 2006. Consistent with previous years, employment growth was far below trend in June through August 2007. The last quarter will be telling as to whether employment growth in Northwest Arkansas in 2007 will look more like the moderated growth of 2006 or the strong employment growth of 2005.



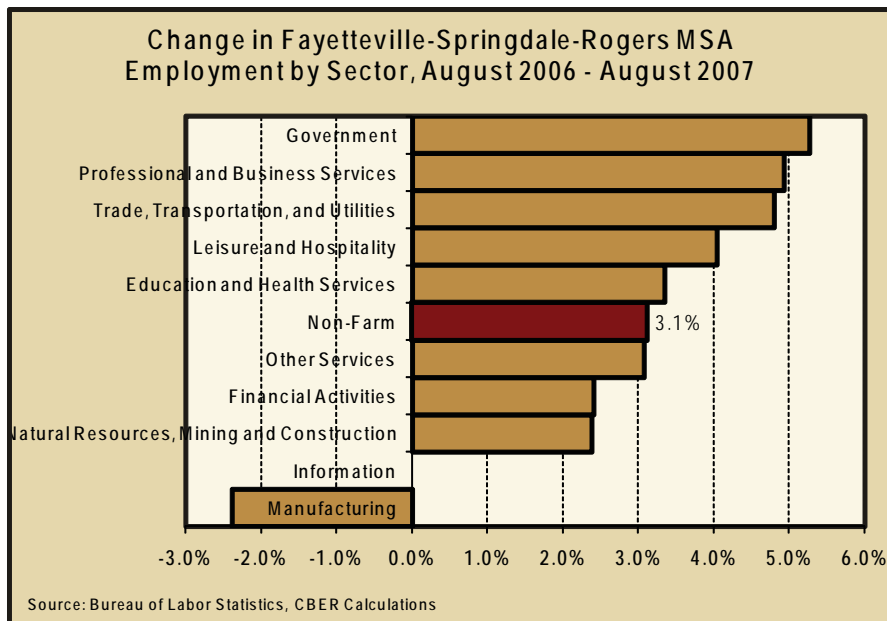
Economic Overview

In order to delve more closely into the makeup of the job growth in Northwest Arkansas, two additional figures are provided. The first shows the August 2007 Fayetteville-Springdale-Rogers MSA employment breakdown by sector. As the pie chart on the preceding page shows, trade, transportation and utilities had the largest share of employment (24 percent) in Northwest Arkansas, followed by professional and business services (16 percent), manufacturing (16 percent), government (12 percent), education and health services (9 percent), and leisure and hospitality (9 percent). The figure on this page shows the annual percentage change in the MSA's employment by sector from August 2006 to August 2007. Total nonfarm employment increased by 3.1 percent during that time, so those sectors with larger employment growth rates are increased in relative impact and those sectors with smaller employment growth rates decreased in relative impact. The government, professional and business services, trade, transportation, and utilities, leisure and hospitality, and education and health services sectors had the largest percentage increases.

The Bureau of Labor Statistics has revised its unemployment numbers so that the most recent measurements are consistent with those of the past five years. In August 2007, the unemployment rate in Northwest Arkansas was a preliminary 3.8 percent, up barely from 3.5 percent in August of 2006. The August employment rate is down from its 2007 high of 4.3 percent in July. The unemployment rate in Northwest Arkansas continues to be below that of both the state (5.3 percent) and nation (4.6 percent).

Local Perceptions of the Northwest Arkansas Commercial Property Market

Each quarter, CBER staff members have conversations with a dozen or so commercial developers and/or property managers to gain their ground-level insights on the current



commercial real estate market in Benton and Washington counties. The themes of these conversations have been pretty consistent over the past year. Panelists have talked about the general state of the market, hot spots of activity, areas of softness, supply/demand imbalances, and infrastructure issues. The lack of optimism seen in the second quarter has deepened for many panelists. Increasing numbers of bankruptcies and foreclosures are causing even more concern about the health of several local banks. Many panelists this quarter expressed the thought that the local banks are to blame for much of the current problems. Increasing vacancies and the growing oversupply of commercial property also contributed to the concern most panelists are feeling. Even more panelists mentioned a decline in the number of Hispanics in Northwest Arkansas as an indication of weakness in the market. Panelists were more concerned about the effect of national economic problems on Northwest Arkansas, as the level of insularity has declined. Other concerns about interest rates, impact fees, increased regulation, and infrastructure needs remained fairly consistent from last quarter. A few concerns did mitigate: commercial land costs, commercial construction

costs, and interest rates. Nonetheless, most panelists still feel that the commercial market will not come close to being in balance until 2009 at the earliest.

The most noticeable change in panelist comments, were regarding the local banking industry. Several panelists expressed very strong feelings that local banks had engaged in irresponsible lending practices that tremendously exacerbated the oversupply of commercial (and residential space). Further, some panelists felt the banks were now overreacting the other way by tightening lending too much. There was concern about the future with respect to the banking industry as well: how many banks will be merged with others, leading to less future competition. Also, will there be institutional learning so the mistakes of this high growth period are not repeated down the road when the local economy again exhibits strong growth.

Another change mentioned by panelists is the rapid increase in office space vacancy in the Fayetteville market, particularly around the Northwest Arkansas Mall. There were still strong concerns about the substantial vacancies in Bentonville and Rogers. The Superior Building was referenced, but not



Local Perceptions

as much. Some panelists were anticipating further fall out in the commercial sector, and were “licking their chops” waiting for fire sale prices. On the other hand, a few panelists felt that more harm than good will come, in terms of business opportunities, if large developers collapse. Several panelists reported substantial leasing activity. There was “churn” as some tenants just move looking for better pricing and/or quality, and there was “churn” as tenants move into larger spaces. A majority of panelists reported that there is still growth: due to new vendors (not from the often rumored “Asian influx”), new professional space demand (led by the medical office sector), and even some new retail. Panelists felt that new building can continue as long as it was in a strong niche (medical, expanding vendor space) or there was substantial preleasing. Panelists continued to express the belief that in the long run office and retail supply and demand will move to equilibrium as the population continues to grow in Northwest Arkansas.

Several panelists expressed the thought that if the Fed cuts interest rates, the local economy will experience a more rapid recovery, and if it doesn't the recovery will take longer. With the interest rate cut approved by the Fed, panelists expected more activity as financial costs of development hopefully decrease.

Impact fees and increased costs due to regulations were mentioned in passing but not with a strong focus this quarter. For the time being that concern seems to have leveled out. However, if there is another new push for increases in either category, it will return.

Infrastructure remains a concern, but as there continues to be visual progress the level of concern has remained constant again. One panelist did say “Arkansas needs to learn how to build roads”. Panelists hope that the rate of increase in infrastructure development will continue, although none expected Northwest

Arkansas to see existing infrastructure fully meet the needs of the region for decades, if ever. As a panelist said, “further growth demands further infrastructure.”

There was still strong long run optimism, expressed more strongly than last quarter, even though short run concerns grew. However, panelists were more concerned about the financial health of Wal-Mart, J.B. Hunt, and Tyson Foods than last year. Also the decline in the rate of population growth, highlighted by concerns about the Hispanic working class and the decline in the rate of job creation, were also tempering the formerly unbridled optimism about Northwest Arkansas' future development and growth.

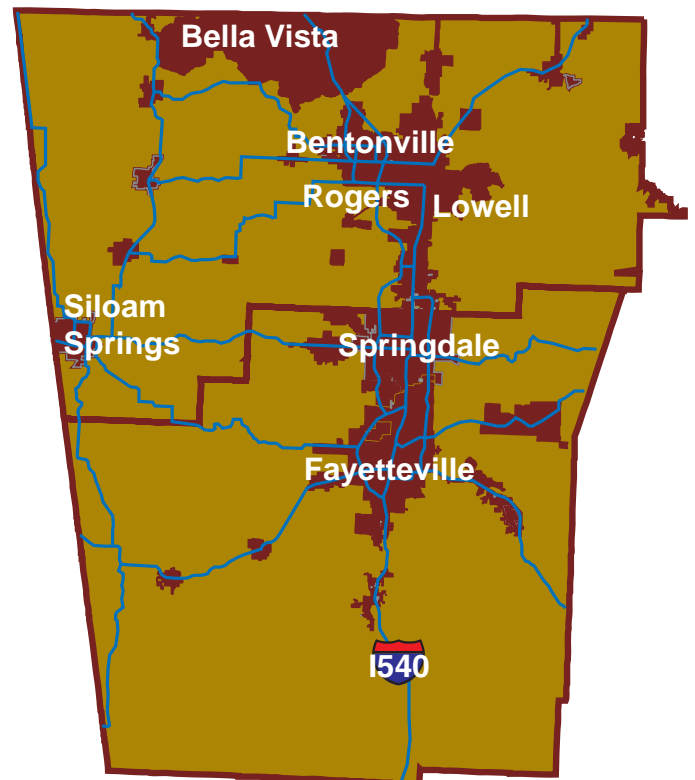
Positive Factors:

1. Strong demand for office space.
2. Continued movement of vendors into Northwest Arkansas.

3. Continued influx of professionals into Northwest Arkansas.
4. National attention to the growing MSA by developers and retailers.
5. National media coverage of Northwest Arkansas as a good place to live and work.
6. Creation of destination locations including development of Sports arenas in Springdale and Bentonville.
7. Wal-Mart, Tyson Foods, J.B. Hunt, and the University of Arkansas.
8. Region's entrepreneurial spirit.

Negative Factors:

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



Inventory and Building Permits

Categories of Commercial Properties

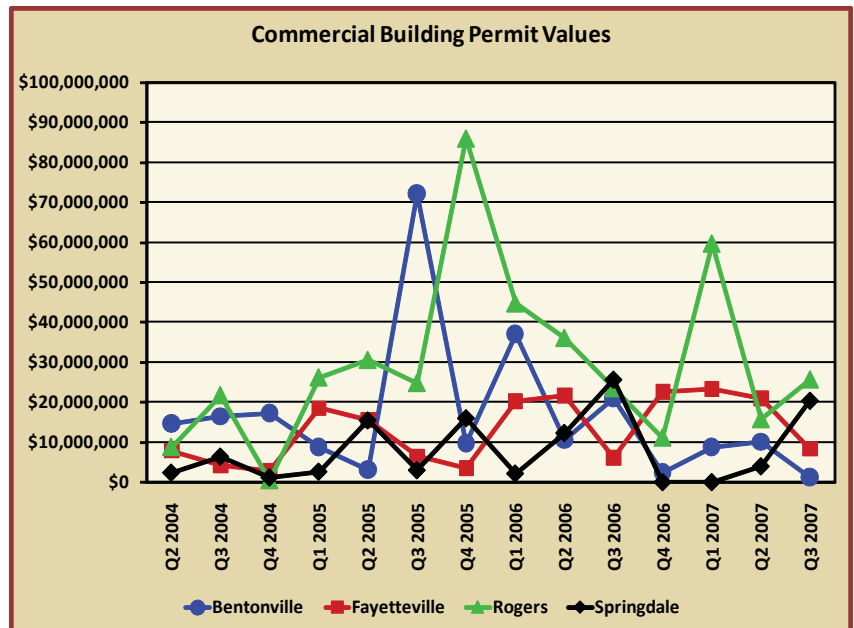
The Northwest Arkansas commercial market is divided into seven major categories of space:

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

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

Local Commercial Property Inventory and Building Permit Data

The following table presents the total competitive commercial property inventory in Northwest Arkansas that meets minimum square footage requirements (a complete list of these criteria is included on page 52) as of August 2007. For the third quarter, the Sky-



line Report covered 90.2 percent of the total competitive commercial property population in Northwest Arkansas. Some cities had better coverage than others.

percent and Fayetteville accounted for 14.3 percent. Bentonville share decreased significantly to 2.1 percent in the third quarter from 16.3 percent in the second quarter.

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

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

From June to August 2007, there were \$58.2 million in commercial building permits issued in Bentonville, Fayetteville, Lowell, Rogers, Siloam Springs, and Springdale. This is a decline of 6.2 percent from the prior quarter, and a decline of 29.6 percent from the third quarter of 2006. Rogers accounted for about 44.1 percent of the total value of building permits in the June to August period. Springdale accounted for an additional 35.0

Following the announced properties table is a list of the existing hotel properties in Northwest Arkansas, detailed by city. In the third quarter, there were 6,310 standard rooms and 1,247 suites in Northwest Arkansas. Bentonville had the most rooms, with 1,973. Announced new properties are detailed in a table following the existing hotel properties. Finally, a list of announced new restaurant properties follows the hotel information.



Inventory

Total Square Feet and Coverage of Competitive Commercial Properties

| | Industrial ¹ | Office ¹ | Retail ¹ | Warehouse ¹ | Total ¹ | Panel Total Square Feet ² | Panel Coverage ² |
|--------------------------|-------------------------|---------------------|---------------------|------------------------|--------------------|--------------------------------------|-----------------------------|
| Bella Vista | -- | 111,924 | 138,680 | 90,964 | 341,568 | 319,574 | 93.6% |
| Bentonville | 76,056 | 3,686,270 | 940,973 | 708,876 | 5,412,175 | 5,825,665 | 107.6% |
| Fayetteville | 114,079 | 2,819,070 | 3,873,792 | 1,778,270 | 8,567,147 | 6,821,491 | 79.6% |
| Lowell | 57,970 | 254,651 | 172,208 | 555,658 | 1,040,487 | 825,064 | 79.3% |
| Rogers | 439,106 | 1,906,238 | 3,288,538 | 1,495,438 | 7,129,320 | 7,728,927 | 108.4% |
| Siloam Springs | 89,353 | 175,493 | 687,989 | 219,502 | 1,172,337 | 718,822 | 61.3% |
| Springdale | 1,142,623 | 1,469,829 | 2,181,359 | 2,417,034 | 7,210,845 | 5,594,589 | 77.6% |
| Northwest Arkansas Total | 1,919,187 | 10,423,475 | 11,283,539 | 7,265,742 | 30,873,879 | 27,834,132 | 90.2% |

¹Source: Benton and Washington County offices of the Assessor. The total square feet represent the population of competitive commercial properties that meet the baseline criteria set out on page 52 of this report.

²Source: Panel of 235 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 |
|-----------------------|--------------|--------------|--------------|--------------|----------------|--------------|---------------|
| 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 |
|---|--------------|--|-----------------------|----------------|------------------------|
| Mercy Health System Urgent Care | Bella Vista | Mercy Health System | Medical | | |
| Crye-Leike Office | Bella Vista | Crye-Leike Realtors | Office | 9,000 | February 2008 |
| Arvest Bank | Bentonville | Arvest Bank | Bank | 5,000 | 2008 |
| Elm Tree Place | Bentonville | | Commercial | 10,144 | |
| Landers McClarty Jeep | Bentonville | Landers McClarty Auto | Commercial | 9,033 | |
| PJT Commercial Building | Bentonville | PJT Development | Commercial | 8,000 | |
| Rainbow Junction | Bentonville | | Commercial | | |
| Vogel Commercial Development | Bentonville | Ross and Steve Vogel | Commercial | 38,000+ | |
| Polo Park Commerical/Industrial Park | Bentonville | San Miguel LLC | Commercial/Industrial | | |
| Wal-Mart Lay-out Center | Bentonville | Ivan Crossland and Bill Keating | Lay-out Center | 270,000 | |
| Cottonwood Village Medical Building | Bentonville | Dr. Stephen S. Pirotta | Medical | 4,978 | Summer 2007 |
| Bentonville Dialysis Center | Bentonville | Dr. Fred Smardo | Medical Office | 86,035 | |
| 206 SW 2nd Street Multi-Use Building | Bentonville | Main Street Builders LLC | Mixed Use | | |
| Applegate Hills | Bentonville | Robert Weinmeier and Jim Brassart | Mixed Use | 980,000 | |
| Cornerstone Ridge | Bentonville | Tom Terminella | Mixed Use | | |
| Supplier Plaza | Bentonville | Wallace & Supha Xayprasith | Mixed Use | 30,000 | 2008 |
| Tate & Haney Building | Bentonville | John Tate and Johnny Haney | Mixed Use | 50,000 | 2008 |
| The Chateau on Chardonnay | Bentonville | Rex Fox and Frank Farrer | Mixed Use | 55,000 | Late 2007 |
| The Links at Rainbow Curve | Bentonville | Lindsey Management | Mixed Use | | |
| 3 Cottonwood Village Buildings | Bentonville | Charles Benningfield | Office | 25,012 | |
| Christopher's Custom Homes Office | Bentonville | Christopher's Custom Homes | Office | | |
| Cottonwood Village Office Building | Bentonville | | Office | 5,040 | Fall 2007 |
| Digital Endeavors | Bentonville | Digital Endeavors | Office | 7,650 | |
| Moberly Professional Park | Bentonville | | Office | 56,128 | |
| Morrison Addition Office Buildings | Bentonville | Clinard Construction | Office | 30,000 | |
| Rescue Heroes Building | Bentonville | Rescue Heroes LLC | Office | 54,000 | |
| Single Parent Scholarship Fund of Benton County Office | Bentonville | Single Parent Scholarship Fund of Benton County | Office | 5,068 | April 2008 |
| 28th Street Commercial Building | Bentonville | Rick Thomas | Office/Retail | 24,000 | Mid 2007 |
| Covington Center | Bentonville | Benchmark Group | Office/Retail | | |
| Day Care and Commercial Building | Bentonville | Max McGaugh | Office/Retail | 8,000 | |
| Oakbrooke II | Bentonville | MIDD Development | Office/Retail | 26,000 | |
| Savannah Suites | Bentonville | Pro Con Inc | Office/Retail | 42,000 | Late 2007 |
| South Walton Plaza | Bentonville | Pro Con Inc | Office/Retail | 11,500 | Spring 2008 |
| Airport Plaza | Bentonville | | Office/Retail/Bank | 25,846 | |
| Classic Lube, Tune and Brakes | Bentonville | Shane Willis | Retail | 4,300 | |
| Jump Zone | Bentonville | Cottonwood Development LLC | Retail | 10,206 | |
| Neighborhood Wal-Mart | Bentonville | CEI Engineering | Retail | 40,000+ | Mid 2008 |
| Retail Building on Central | Bentonville | Schaefer Properties | Retail | 40,000 | |
| Top Dollar Pawn Shop | Bentonville | | Retail | 5,000 | |
| Volkswagon Dealership Building | Bentonville | Bryan Hunt | Retail | 15,000 | 2010 |
| Woodehouse Day Spa | Bentonville | Daniel Ellis | Retail | 6,300 | |
| Bentonville Pre-K School | Bentonville | Bentonville School District | School | 20,400 | |
| Graebel Moving Warehouse | Bentonville | | Warehouse | 80,000 | |
| Polo Park Warehouse | Bentonville | San Miguel LLC | Warehouse | 108,000 | |
| SW Chucker Ave Warehouse | Bentonville | | Warehouse | 108,000 | |
| Primary-Care Clinic | Bentonville | | | | |
| Arvest Bank | Fayetteville | Arvest Bank | Bank | 8,080 | Spring 2008 |
| Metropolitan National Bank | Fayetteville | Metropolitan National Bank | Bank | 4,902 | |
| Kantz Building | Fayetteville | Kathy Ball | Commercial | 9,000 | 2008 |
| N Shiloh Commercial Development | Fayetteville | | Commercial | 27,500 | |
| Park West | Fayetteville | Tracy Hoskins | Commercial | 1,000,000+ | 2020 |



New Commercial Projects

Announcements of New Commercial Projects

| Property | City | Owner/Developer/ Property Manager | Use | Square Feet | Expected Completion |
|---|--------------|--|---------------------|----------------|------------------------|
| The Links at Fayetteville | Fayetteville | Lindsey Management | Commercial | 120,888 | |
| The Lofts at Underwood Plaza | Fayetteville | AMA Real Estate Group, et al | Commercial | 45,000 | Fall 2008 |
| The Mill at West End | Fayetteville | Box and Paxton | Commercial | 12,027 | Spring 2008 |
| Universal Health Services Mental Health Services | Fayetteville | Universal Health Services | Hospital | | |
| Appleby Landing | Fayetteville | Dixie Development | Medical Office | 175,000 | |
| Washington Regional Medical Center | Fayetteville | WRMC | Medical Office | 200,000 | Fall 2007 |
| 932 Garland | Fayetteville | Steve Mansfield | Mixed Use | 66,227 | 2010 |
| Beacon Flats | Fayetteville | Beacon Flats LLC | Mixed Use | 5,500 | |
| Bellafont II | Fayetteville | Barber Group | Mixed Use | 560,000 | Late 2007 |
| Broyles Development | Fayetteville | Broyles Development LLC | Mixed Use | 80,000 | |
| Frisco Depot Project | Fayetteville | MansfieldHouse Ventures | Mixed Use | 48,520 | |
| Pebble Creek Flats | Fayetteville | Art Scott | Mixed Use | 11,000 | |
| The Dickson | Fayetteville | Collins Haynes | Mixed Use | 65,143 | Summer 2007 |
| Tracy Hoskins MUD | Fayetteville | Tracy Hoskins | Mixed Use | | |
| Woodstock Community | Fayetteville | Hank Broyles and John Nock | Mixed Use | 100,000+ | After 2009 |
| Milsap Plaza | Fayetteville | Jim Lindsey and Stan Green | Office | 25,340 | Summer 2007 |
| Presidential Conversions Office | Fayetteville | John Wilson | Office | 12,000 | |
| Timberlake Office Park | Fayetteville | Jeff Martin and Mike Phillips | Office | | |
| Crye-Leike Office | Fayetteville | Crye-Leike Realtors | Office/Retail | 17,000 | Winter 2007-08 |
| Nelsons Crossing | Fayetteville | Dixie Development | Office/Retail | 11,000 | July 2007 |
| Wedington Circle | Fayetteville | Mansfield Property Management | Office/Retail | 10,000 | |
| Wedington Place | Fayetteville | Mathias Shopping Centers Inc | Office/Retail | 44,000 | Late 2007 |
| Porter Road Development | Fayetteville | Mitchell Massey | Office/Warehouse | 150,000 | |
| Malco Movies | Fayetteville | Malco | Retail | 45,976 | October 2007 |
| Ruskin Heights | Fayetteville | Ward Davis, Morgan Hooker, Mitchell Massey, Dirk VanVeen | Retail | 60,000 | |
| Southpass | Fayetteville | Richard Alexander & John Nock | Retail | 150,000 | |
| University Village Center | Fayetteville | Ark 4-John Ellis & Bill Lazenby | Retail | 38,774 | Fall 2007 |
| Walgren's | Fayetteville | Walgren's | Retail | | |
| Wedington Circle | Fayetteville | Mansfield Property Management | Retail | 6,576 | |
| Western Sizzlin Retail Center | Fayetteville | Mark Bazyk | Retail | 5,000 | |
| Flintco Warehouse | Fayetteville | Flintco Inc. | Warehouse | 114,750 | |
| Midpoint Exchange Business Park | Lowell | Sage Partners | Commercial | | |
| NWA Business Center Tower | Lowell | Pinnacle Group | Office | 48,000 | Mid 2008 |
| Commerce Park | Lowell | Nickell, Hill, Rodman & Trumbo | Office/Warehouse | 75,000 | Late 2007/2008 |
| Bloomington Crossing | Lowell | Nickle Investments | Retail | 15,076 | Summer 2007 |
| Fast Lane Entertainment | Lowell | Chris Moore | Retail | 45,000 | Sept. 2008 |
| Kum and Go | Lowell | Kum and Go | Retail | 3,391 | |
| Lowell Pharmacy | Lowell | John Lykins | Retail | 4,000 | March 2008 |
| World Gym | Lowell | Rhett Garner and Tania Zamzow | Retail | 50,000 | 2007 |
| Lowell City Hall | Lowell | | | | |
| Park Central | Lowell/Rog. | Charleton Development | Mixed Use | | 2007 |
| Friends House | Rogers | Friends House | Adult Care | 5,000 | March 2008 |
| Bank of The Ozarks | Rogers | Bank of The Ozarks | Bank | 9,000 | October 2007 |
| Simmons First Bank | Rogers | Simmons First Bank | Bank | 16,000 | Dec. 2007 |
| Creekside Phase III | Rogers | Daniel Ellis | Commercial | 60,000 | |
| South 40 Partners Development | Rogers | Bill Schywart and Robert Thornton | Commercial | | |
| Toyota of Northwest Arkansas Building | Rogers | Toyota of NWA | Commercial | 10,000 | |
| Walnut Street Holding PUD | Rogers | Greg House | Commercial | 50,000 | |
| Oliver Farm Development | Rogers | Haynes and The Sachs Family | Commercial | | |
| Westin Hotel and Condos | Rogers | Barber Group | Hotel/Retail/Condos | 165,231 | Fall 2008 |
| Ozark Mountain Poultry Addition | Rogers | Ozark Mountain Poultry | Industrial | 55,140 | |



New Commercial Projects

Announcements of New Commercial Projects

| Property | City | Owner/Developer/ Property Manager | Use | Square Feet | Expected Completion |
|---------------------------------------|--------------|---|-----------------------|----------------|------------------------|
| Jeremy Smith Family Orthodontics | Rogers | Jeremy Smith | Medical | 4,600 | January 2008 |
| McBeth Orthodontics Clinic | Rogers | Susan McBeth | Medical Office | 5,600 | |
| Mercy Health System Office Building | Rogers | Mercy Health System | Medical Office | 105,000 | Dec. 2007 |
| Metro Park-Medical Office Building | Rogers | Collins Haynes | Medical Office | 21,500 | Late 2007 |
| NWA Ear, Nose & Throat | Rogers | Randall Black and John Lee | Medical Office | 9,000 | Dec. 2007 |
| Ozark Orthopedic and Sports Medicine | Rogers | Ozark Orthopedic & Sports Med. | Medical Office | 13,265 | March 2008 |
| The Dental Depot | Rogers | | Medical Office | | |
| Creekside Medical Park | Rogers | Colliers Dickson Flake | Medical Office/Retail | 600,000 | 2007 |
| Angler's Bend | Rogers | Caro Minas | Mixed Use | | |
| Jamestown Community | Rogers | John Montgomery | Mixed Use | 165,000 | January 2008 |
| Myers Ranch | Rogers | Upscale Companies LLC | Mixed Use | 680,000 | Summer 2008 |
| New Hope Investors PUD | Rogers | New Hope Investors and Elder Construction | Mixed Use | | |
| Pinnacle Station | Rogers | Stephan Lair and Steve Turner | Mixed Use | 42,000 | April 2008 |
| Promenade Pointe | Rogers | Pinnacle Barber Partners LLC | Mixed Use | 750,000 | |
| Rees Development | Rogers | Rees Development | Mixed Use | | |
| The Farms | Rogers | Haynes LTD | Mixed Use | | |
| BancorpSouth | Rogers | | Office | | |
| Benchmark Office Building | Rogers | Benchmark Group | Office | 118,000 | 2008 |
| Brightwood Business Park | Rogers | Mike Charlton | Office | 30,000 | 2008 |
| Chastain Office Building | Rogers | | Office | | |
| NWA Regional Animal Hospital | Rogers | NWA Regional Animal Hospital | Office | 21,432 | |
| Southern Hills Business Park | Rogers | Dixie Development | Office | 10,000 | 2007 |
| Furniture Store in Pinnacle Hills | Rogers | | Retail | 7,000 | |
| Kia Dealership | Rogers | Bill White | Retail | 11,000 | 2008 |
| Kum and Go | Rogers | Kum and Go | Retail | 4,717 | Late 2007/2008 |
| The Market at Pleasant Crossing | Rogers | P & H Properties | Retail | 29,750 | 2007 |
| Metro Park-The Strand | Rogers | Collins Haynes | Retail | 44,900 | |
| Michaels | Rogers | Charles Reaves, et al | Retail | 21,300 | |
| Pleasant Crossing | Rogers | Charles Reaves, et al | Retail | 500,000+ | 2007 |
| The Village at Centre Point | Rogers | Centre Pointe LLC | Retail | 250,000 | 2007 |
| Maralle Warehouse | Rogers | Maralle Development | Warehouse | 7,200 | |
| Autumn Glen | Sil. Springs | James Mathias | Commercial | | 2008 |
| Kenwood Development | Sil. Springs | Bar and Shield Development LLC | Mixed Use | | |
| The Manna Center | Sil. Springs | Siloam Springs Com. Development | Nonprofit Building | 7,134 | Spring 2008 |
| Siloam Springs Senior Activity Center | Sil. Springs | Siloam Springs Com. Development | Nonprofit Building | 7,040 | Spring 2008 |
| Habberton Ridge | Springdale | | Mixed Use | | |
| Harber Corner | Springdale | NWA Holdings LLC | Office | 28,000 | Early 2008 |
| Blue Cliff College | Springdale | Dixie Development | Office/Retail | 30,000 | October 2007 |
| Diesel Downs | Springdale | Gary Combs | Office/Retail | 134,000 | |
| Cavalier Commercial Buildings | Springdale | Cavalier Development | Office/Warehouse | | |
| Lazenby Office/Warehouses | Springdale | William Lazenby | Office/Warehouse | 115,200 | Late 2007/2008 |
| Tractor Supply | Springdale | Tractor Supply | Retail | 19,097 | October 2007 |
| UPS Facility | Springdale | UPS | Warehouse | 48,000 | Feb 2008 |



Hotels

Existing Hotels

| Property Name | City | Number of Rooms | Number of Suites |
|------------------------------------|---------------|-----------------|------------------|
| Best Western Bentonville Inn | Bentonville | 55 | 0 |
| Best Western Castle Rock Suites | Bentonville | 84 | 0 |
| Clarion Hotel & Convention Center | Bentonville | 105 | 0 |
| Comfort Suites | Bentonville | 120 | 0 |
| Comfort Inn | Bentonville | 64 | 0 |
| Courtyard Bentonville | Bentonville | 90 | 0 |
| Days Inn & Suites | Bentonville | 63 | 0 |
| DoubleTree Guest Suites | Bentonville | 131 | 0 |
| 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 |
| Pines Motel | Bentonville | 9 | 0 |
| Simmons Suites | Bentonville | 115 | 0 |
| Sleep Inn | Bentonville | 103 | 0 |
| South Walton Suites | Bentonville | 56 | 0 |
| Springhill Suites By Marriott | Bentonville | 67 | 0 |
| Super 8 Motel-Bentonville/Rogers | Bentonville | 52 | 0 |
| Towneplace Suites by Marriott | Bentonville | 78 | 0 |
| The Links at Bentonville Apts. | Bentonville | 41 | 0 |
| Value Place Extended Stay | Bentonville | 121 | 0 |
| Wingate Inn Bentonville | Bentonville | 102 | 0 |
| Best Western Windsor Suites | Fayetteville | 66 | 0 |
| 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 |
| Days Inn | Fayetteville | 140 | 5 |
| Fairfield Inn Fayetteville | Fayetteville | 61 | 0 |
| Hampton Inn | Fayetteville | 87 | 8 |
| Hi-Way Inn Motel | Fayetteville | 24 | 0 |
| Holiday Inn Express | Fayetteville | 77 | 33 |
| Inn at Carnall Hall | Fayetteville | 49 | 0 |
| Inn At the Mill | Fayetteville | 38 | 8 |
| Motel 6 | Fayetteville | 98 | 0 |
| Quality Inn | Fayetteville | 48 | 10 |
| Red Roof Inns | Fayetteville | 104 | 1 |
| Regency 7 Motel | Fayetteville | 29 | 3 |
| Sleep Inn of Fayetteville | Fayetteville | 62 | 0 |
| Stay Inn Style | Fayetteville | 6 | 0 |
| Super 8 Motel | Fayetteville | 83 | 0 |
| Twin Arch Motel | Fayetteville | 12 | 0 |
| Ramada Inn Lowell | Lowell | 51 | 0 |
| Colonial Motel | Prairie Grove | 8 | 0 |
| Best Value Inn & Suites | Rogers | 127 | 0 |
| Candlewood Suites | Rogers | 118 | 12 |
| Country Inn & Suites | Rogers | 68 | 42 |
| Embassy Suites | Rogers | 0 | 400 |
| Fairfield Inn Rogers | Rogers | 99 | 0 |
| Guest Inn | Rogers | 42 | 0 |



Hotels

Existing Hotels

| Property Name | City | Number of Rooms | Number of Suites |
|-------------------------------------|----------------|-----------------|------------------|
| Hampton Inn | Rogers | 122 | 0 |
| Hartland Lodge | Rogers | 28 | 0 |
| Homewood Suites | Rogers | 126 | 83 |
| Hyatt Place | Rogers | 104 | 0 |
| Ranch-O-Tel Motel | Rogers | 21 | 0 |
| Regency 7 Motel | Rogers | 31 | 0 |
| Residence Inn by Marriott | Rogers | 88 | 0 |
| Rocky Branch Resort | Rogers | 14 | 0 |
| Simmons Suites | Rogers | 0 | 115 |
| Staybridge Suites | Rogers | 83 | 83 |
| Super 8 Motel | Rogers | 34 | 0 |
| Tanglewood Lodge | Rogers | 30 | 0 |
| Town & Country Inn | Rogers | 86 | 1 |
| Travelers Inn | Rogers | 82 | 0 |
| Best Value | Siloam Springs | 19 | 26 |
| Hereford Motel | Siloam Springs | 10 | 0 |
| Holiday Inn Express | Siloam Springs | 59 | 1 |
| Stone Inn's | Siloam Springs | 43 | 0 |
| Super 7 Inn | Siloam Springs | 46 | 0 |
| Super 8 Motel | Siloam Springs | 30 | 0 |
| Best Rest | Springdale | 100 | 17 |
| Comfort Suites Springdale | Springdale | 0 | 69 |
| DoubleTree Club Hotel of Springdale | Springdale | 74 | 11 |
| Executive Inn | Springdale | 90 | 0 |
| Extended Stayamerica | Springdale | 101 | 0 |
| Fairfield and Suites | Springdale | 40 | 34 |
| Hampton Inn & Suites | Springdale | 67 | 35 |
| Hartland Lodge | Springdale | 29 | 0 |
| Hartland Motel | Springdale | 29 | 0 |
| Hill Top Inn | Springdale | 30 | 0 |
| Holiday Inn | Springdale | 180 | 26 |
| Journey's Inn | Springdale | 30 | 0 |
| Laquinta Inn & Suites | Springdale | 88 | 12 |
| Magnolia Gardens Inn (B&B) | Springdale | 10 | 0 |
| Motel 8 | Springdale | 30 | 0 |
| Residence Inn | Springdale | 0 | 72 |
| Scottish Inns | Springdale | 33 | 24 |
| Sleep Inn & Suites | Springdale | 0 | 72 |
| Springdale Inn | Springdale | 50 | 0 |
| Sunrise Inn | Springdale | 60 | 1 |
| Value Place Hotel | Springdale | 121 | 0 |
| Bentonville Total | | 1,973 | 0 |
| Fayetteville Total | | 1,547 | 110 |
| Rogers Total | | 1,303 | 736 |
| Siloam Springs Total | | 207 | 27 |
| Springdale Total | | 1,221 | 374 |
| Grand Total | | 6,310 | 1,227 |



Hotels

Announced Coming Hotels

| Property Name | City | Owner | Number of Rooms | Expected Completion |
|---|----------------|----------------------------------|-----------------|---------------------|
| DoubleTree Guest Suites | Bentonville | Tom Bhakta | | |
| Microtel | Bentonville | Anderson, Talley, Dhaliwal | 78 | November 2007 |
| Myers Ranch Extended Stay Hotel | Bentonville | Paul Myers | | Summer 2008 |
| Myers Ranch Hotel | Bentonville | Paul Myers | | Summer 2008 |
| Suburban Extended Stay Hotel | Bentonville | Choice Hotels | 100 | January 2008 |
| Candlewood Suites | Fayetteville | Choice Hotels | 78 | January 2008 |
| Courtyard by Marriot | Fayetteville | Vista Host inc | | Fall 2007 |
| Hilton Gardens Inn | Fayetteville | Hilton | | Late 2007 |
| Pratt Place Inn | Fayetteville | Julian Archer | | |
| Staybridge Suites in University Vil. Ctr. | Fayetteville | Tom Bhakta | | Fall 2007 |
| Value Place Hotel | Fayetteville | Whitt Properties | 121 | Fall 2007 |
| Aloft Hotel | Rogers | CSK Hotels | | Early 2008 |
| Holiday Inn | Rogers | Narry Krushiker | | Late 2007 |
| MainStay Suites | Rogers | MainStay Suites | 99 | June 2008 |
| Microtel | Rogers | Anderson, Talley, Dhaliwal | 52 | September 2007 |
| Sheraton Hotel | Rogers | Upscale Development (Paul Myers) | | Summer 2008 |
| Staybridge Suites | Rogers | Narry Krushiker | | Done |
| Westin Hotel and Condos | Rogers | Barber Group | | Fall 2008 |
| Hampton Inn | Siloam Springs | Marion Driscoll | 66 | Fall 2007 |
| Double Tree Plaza | Springdale | | | |
| Microtel | Springdale | | | |



Restaurants

Announced Coming Restaurants

| Property Name | City | Owner | Expected Completion |
|-------------------------------------|--------------|---------------------------------|---------------------|
| Einstein Bros Bagels | 4 Locations | Mike Philips | |
| Bella Vista Country Club Restaurant | Bella Vista | Doug and Brenda Clapper | Done |
| Gusano's Pizzeria | Bella Vista | Gusano's | Done |
| Arbys | Bentonville | | |
| Café Rue Orleans | Bentonville | | October 2007 |
| Chick-fil-A | Bentonville | Chik-fil-A | Late 2007 |
| Gusano's Pizzeria | Bentonville | Gusano's | Done |
| J'Bos Café | Bentonville | | Done |
| Orient Express | Bentonville | | Done |
| Rosati's | Bentonville | Michael Miroballi | Done |
| Siam Palace | Bentonville | Supha Xayprasith | Done |
| Spiedini's Italian Grill | Bentonville | | Fall 2007 |
| Starbucks | Bentonville | Starbucks | |
| Starbucks | Bentonville | | October 2007 |
| Whole Hog Café | Bentonville | Brian Adams/Kevin Jacobs | |
| Billys Blues Club | Fayetteville | RB of Springdale | Done |
| Chick-fil-A | Fayetteville | Chik-fil-A | November 2007 |
| Chubby's Coneys | Fayetteville | Floyd and Wade Singleton | Fall 2007 |
| Cold Stone Creamery | Fayetteville | Cold Stone Creamery | Fall 2007 |
| El Sol | Fayetteville | | Done |
| Emelia's | Fayetteville | George and Sara Lusher | February 2008 |
| Foghorn's | Fayetteville | Jeff Hodges | November 2007 |
| Hawgtown Pizza | Fayetteville | RB of Springdale | Done |
| Krystal Burger | Fayetteville | Krystal Burger | |
| Larry's Pizza | Fayetteville | Jon Thomason | Fall 2007 |
| Lu Lus Fish Shack | Fayetteville | Andy Hague | Fall 2007 |
| Maggie Moos | Fayetteville | Celeste Hoskins | Done |
| Market Place express | Fayetteville | Price Gardner | 2008 |
| Mellow Mushroom | Fayetteville | Mellow Mushroom | 2007 |
| Pig-N-Whistle BBQ | Fayetteville | John Ellis | November 2007 |
| Popeyes | Fayetteville | Popeyes | July 2007 |
| Shogun | Fayetteville | John K. Pak | Fall 2007 |
| Smiling Jacks Fresh Foods | Fayetteville | Jack Stewart | Done |
| Soul | Fayetteville | Steve Brooks | Done |
| Starbucks | Fayetteville | Kathy Ball | 2008 |
| Unnamed café on Square | Fayetteville | Growth Group | |
| Urban Table | Fayetteville | Rhett and Judy Hall | August 2007 |
| Western Sizzlin | Fayetteville | Mark Bazyk | |
| Whole Hog Café | Fayetteville | Brian Adams/Kevin Jacobs | Done |
| Zaxbys | Fayetteville | Zaxbys | Fall 2007 |
| Lightning Bug Coffee | Gentry | Joe Morretti | June 2007 |
| Main Street Bakery and Grill | Johnson | | Done |
| Apple Dumpling House | Lincoln | Jane Reed | Done |
| Starbucks | Lowell | Starbucks | Done |
| McDonalds | Pea Ridge | Bill and Walter Matthews | October 2007 |
| Coffee Tales | Praire Grove | Josh and Lidia Rutherford | Done |
| Chuck E Cheese's | Rogers | Chuck E Cheese's | December 2007 |
| Cold Stone Creamery | Rogers | Jimmy and Dawn Funderburk | Done |
| Crabby's Seafood Bar & Grill | Rogers | Ahamd Enyati | Winter 2007 |
| Fuddruckers | Rogers | Pinnacle Hamburger Partners LLC | |
| Granite City Food and Brewery | Rogers | Granite City Food and Brewery | Fall 2007 |
| Incredible Pizza Company | Rogers | Incredible Pizza Company | October 2007 |
| Joey's Seafood and Grill USA | Rogers | Joey's Seafood and Grill USA | Late 2007 |



Restaurants

Coming Restaurants

| Property Name | City | Owner | Expected Completion |
|---|----------------|---------------------------|---------------------|
| KFC/Taco Bell | Rogers | John R. Meyers | |
| Krystal Burger | Rogers | Smitco Eateries | February 2008 |
| Mad Pizza Company | Rogers | Mad Pizza Company | |
| Olive Garden | Rogers | Darden Restaurants | Done |
| Red Lobster | Rogers | Darden Restaurants | September 2007 |
| Rocky Mountain Chocolate Factory/ Aunt Annies Pretzels | Rogers | Bob Phillips | Done |
| Ruth's Chris Steakhouse | Rogers | Arkansas Chops | November 2007 |
| Salad Daze | Rogers | Rhonda and Tom Olsen | Done |
| Schlotsky's Deli | Rogers | | Done |
| Sonic | Rogers | Sonic Corp | Done |
| Subway | Rogers | Subway | |
| Taco Bell | Rogers | K-Mac Enterprises | |
| Tea Room at Vinson Square | Rogers | Mary and Dennis Wohlford | October 2007 |
| Texas Land and Cattle Co. | Rogers | Texas Land and Cattle Co. | Early 2008 |
| Traders Market Restaurant | Rogers | Moe Torabi | |
| Zaxbys | Siloam Springs | Zaxbys | |
| Arbys | Springdale | U.S. Beef | |
| Bills Hickory House | Springdale | | Fall 2007 |
| Bluefin | Springdale | | Done |
| Buffalo Wild Wings | Springdale | Buffalo Wild Wings | Done |
| Columbia Kwik Krystal burger | Springdale | Smitco Eateries | November 2007 |
| Jimmy Johns | Springdale | | Done |
| Sizzler | Springdale | Sizzler | Done |
| Taco Bueno | Springdale | U.S. Beef | |
| Zaxbys | Springdale | Zaxbys | Fall 2007 |

Closed Restaurants

| Property Name | City | Date Closed |
|----------------------|--------------|-------------|
| Brioso Brazil | Bentonville | June 2007 |
| Arsagas Block Street | Fayetteville | June 2007 |
| Chloe's | Fayetteville | June 2007 |
| O'Charleys | Fayetteville | April 2007 |
| Smokey Bones | Fayetteville | June 2007 |
| Lone Star | Springdale | June 2007 |

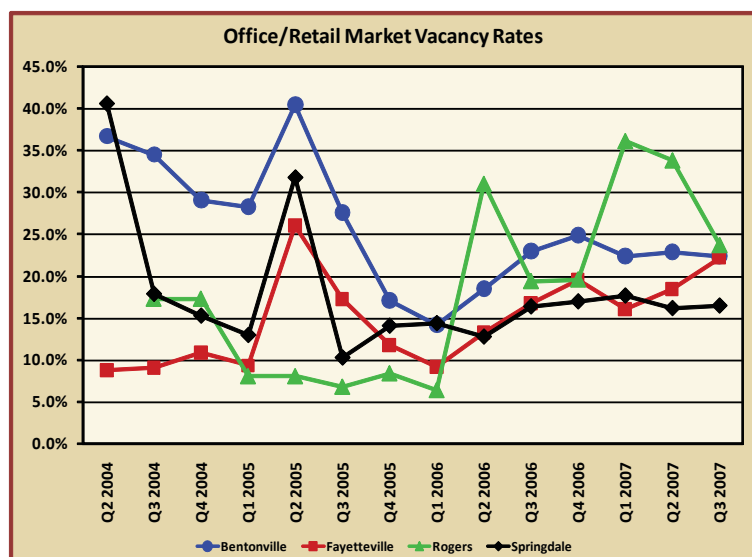
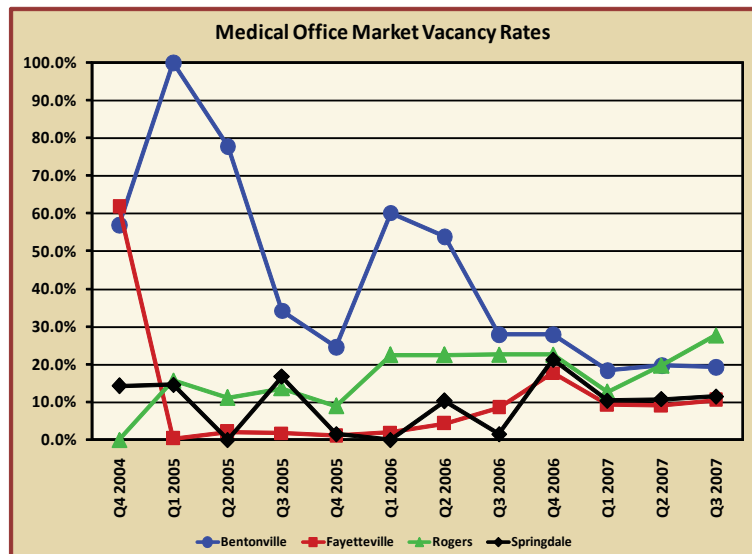
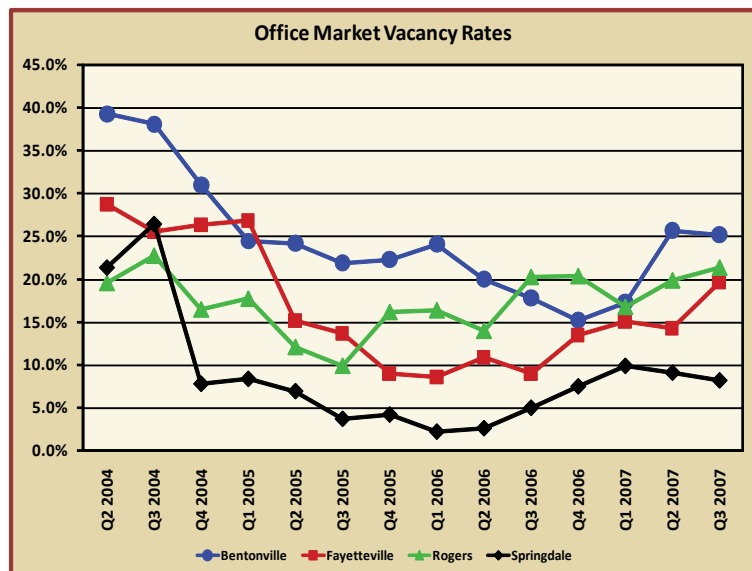


Commercial Market Trends

This version of the Skyline Report represents the fourteenth quarter that data have been collected. Therefore, annual comparisons can be 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 year. Also, a table presents the total absorption over the past year by city and submarket. The following three pages have tables with more detailed information about vacancy rates, absorption, and available space.

Over the past twelve months, in the office submarket, only Bella Vista and Lowell have experienced positive net absorption. Bentonville accounted for over half of the annual negative net absorption, with over 335,845 square feet becoming available. Available office square footage in Northwest Arkansas grew from 923,163 square feet from the third quarter of 2006 to 1,633,801 square feet in the third quarter of 2007. This was due to increases in available office space in every city in Northwest Arkansas. Over the past year 922,714 square feet of new office space became available for the first time. The overall Northwest Arkansas office vacancy rate has risen from 15.2 percent to 20.7 percent in the past twelve months.

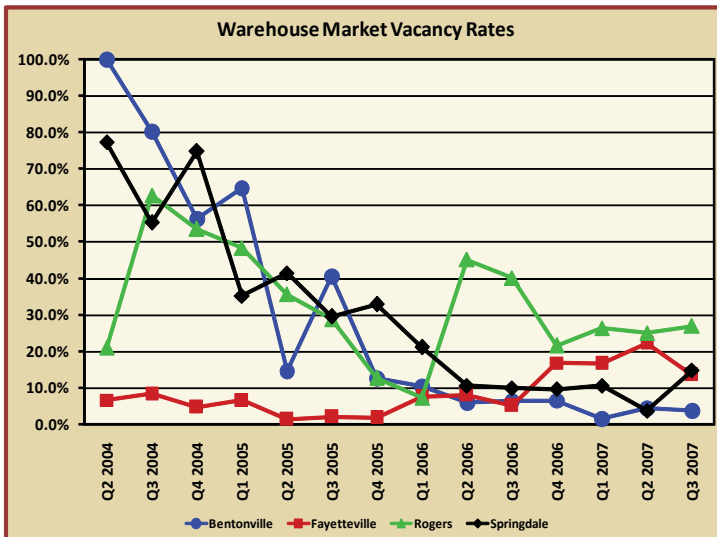
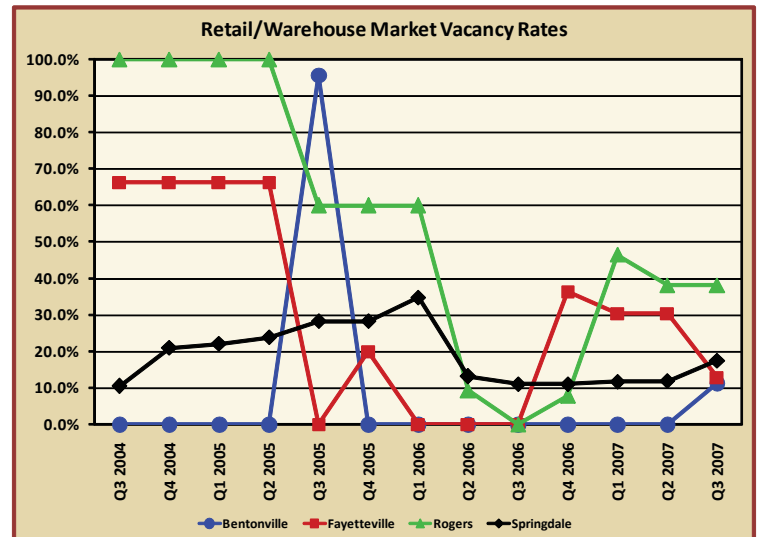
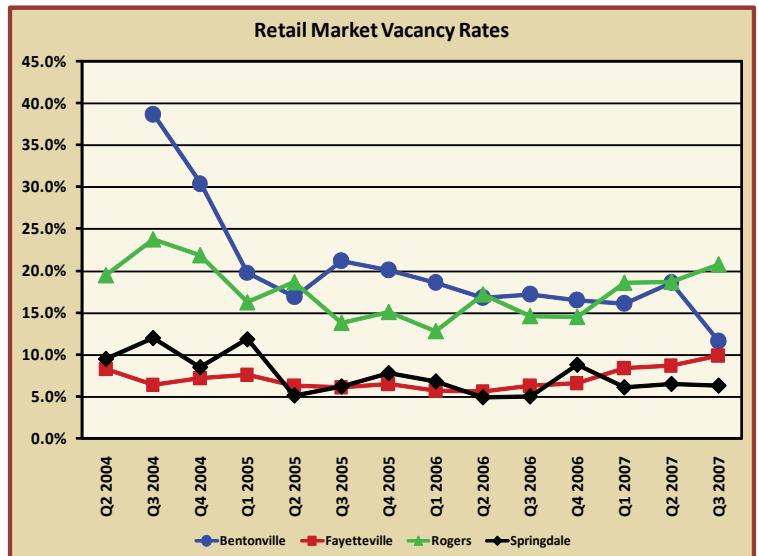
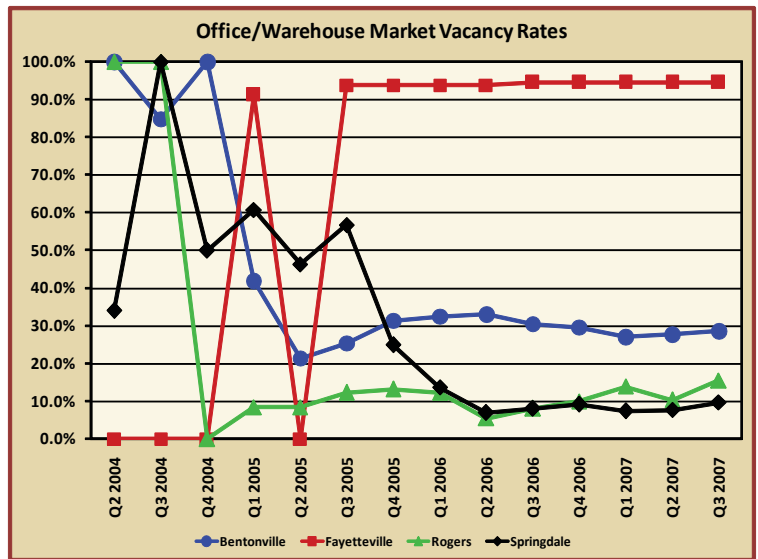
The office/retail market experienced negative net absorption of 299,106 square feet during the same time period. Fayetteville accounted for more than 54 percent of the negative absorption, but each city, except Bella Vista and Lowell, had more available square footage in the third quarter of 2007 than in the third quarter of 2006. New square footage totaling 527,757 was added to the market during the same time period. In the third quarter of 2007, there were 779,233 square feet of office/retail space available, up from 527,719 square feet in the third quarter of 2006. This space was primarily located in Fayetteville, Rogers, and Bentonville.



Commercial Market Trends

The retail market also experienced negative net absorption in the past twelve months. Although 70.1 percent of the negative net absorption was in Rogers, the cities of Fayetteville, Lowell, and Springdale also experienced a degree of negative net absorption in the retail submarket over the past year. There were 556,460 new square feet of retail space added to the Northwest Arkansas market during the past twelve months—of that amount, only half or 261,460 square feet was located in cities other than Rogers. In the third quarter of 2007, a total of 949,370 square feet of space were available in Northwest Arkansas, up from 674,210 square feet at the same time in the prior year.

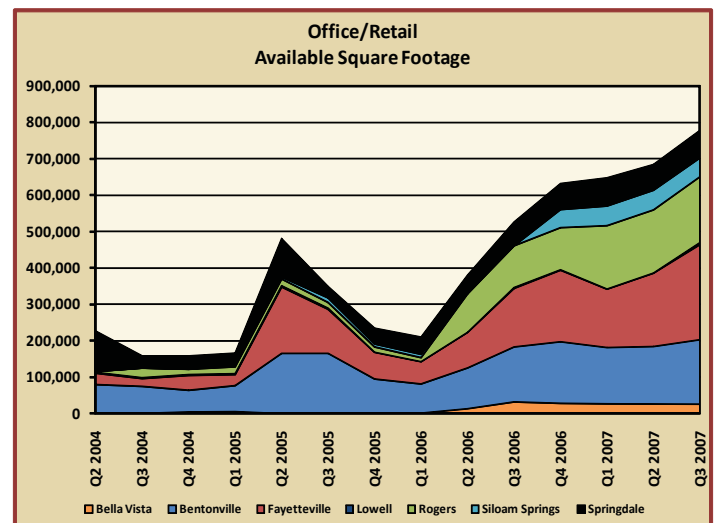
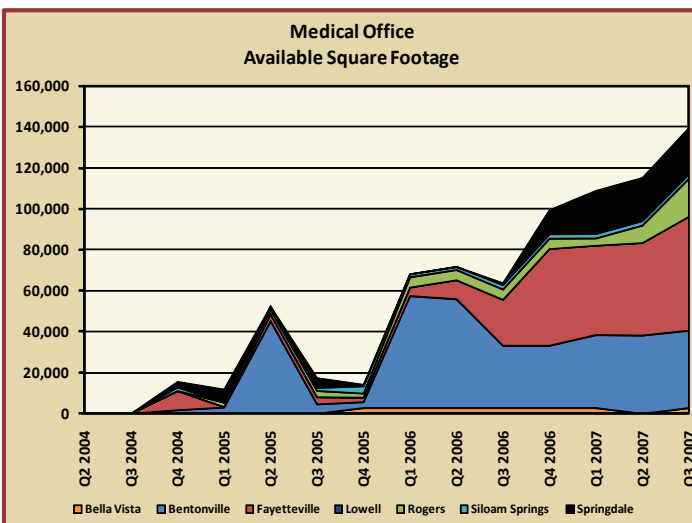
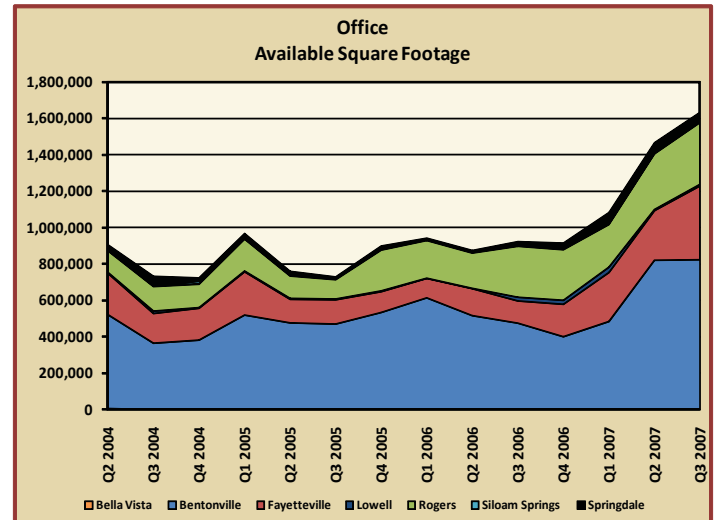
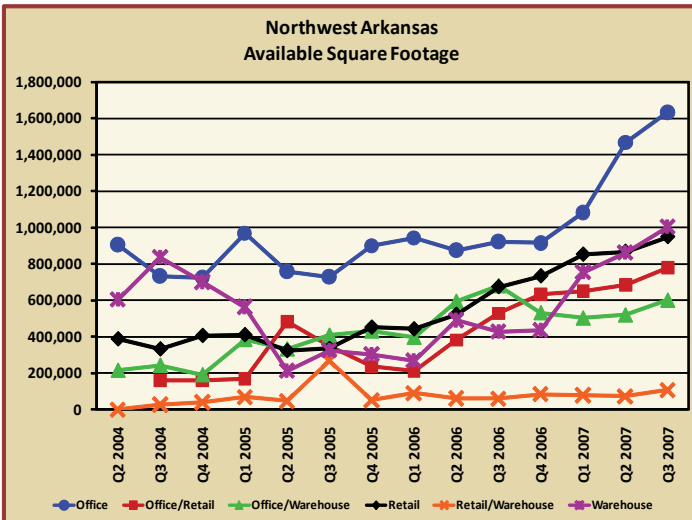
The Northwest Arkansas warehouse market experienced negative net absorption of 344,445 square feet from the third quarter of 2006 to the third quarter of 2007. Vacancy rates climbed from 16.0 percent to 21.4 percent, while the number of available square feet rose from 429,142 to 1,003,328. A total of 1,255,587 square feet of new warehouse space were added to the Northwest Arkansas market during that time. Bentonville and Fayetteville were the only cities that experienced positive net absorption since the third quarter of last year in the warehouse submarket.



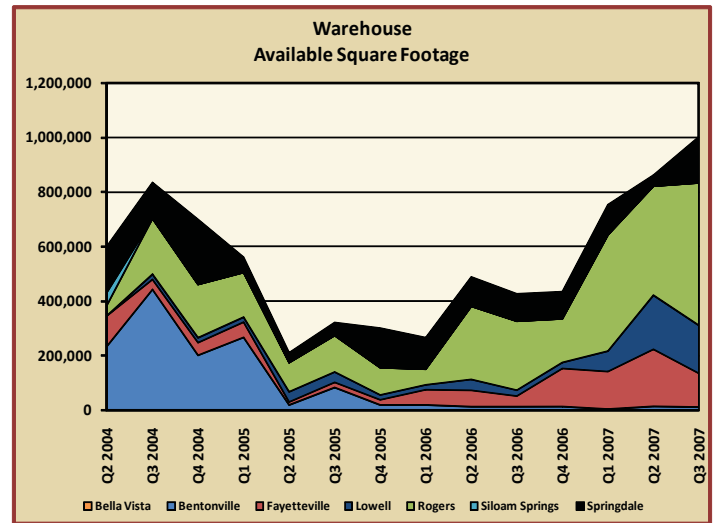
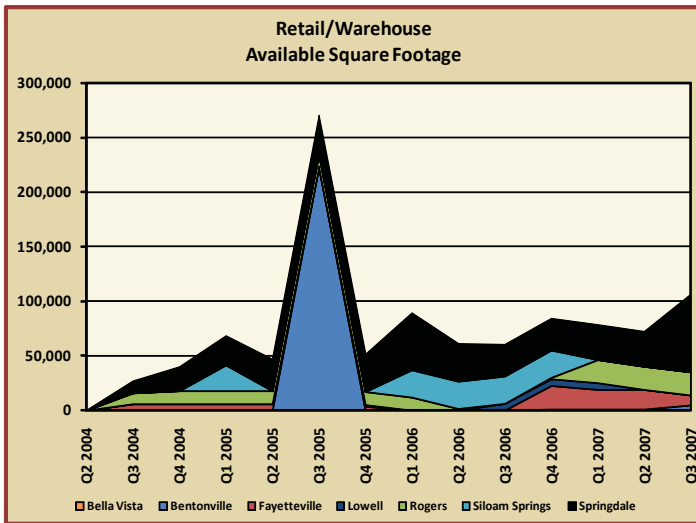
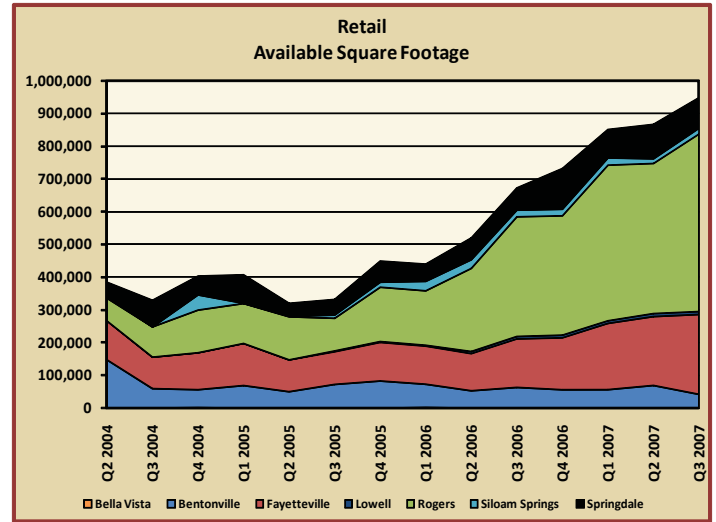
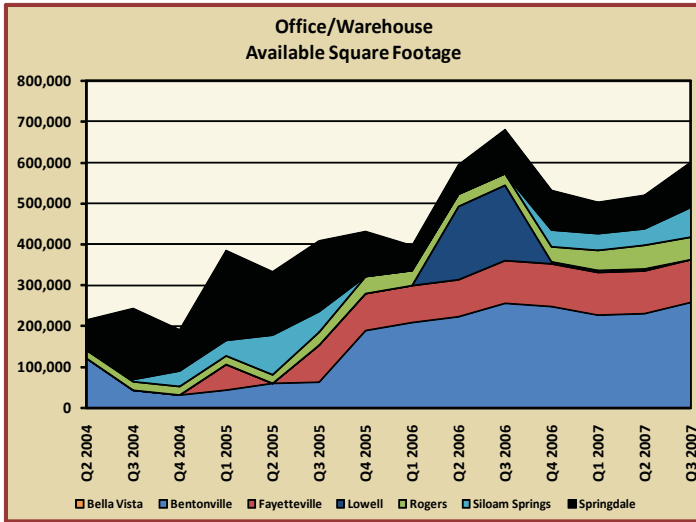
Commercial Market Trends

Net Absorption by Submarket September 2006 - August 2007

| Submarket | Office | Office/Retail | Retail | Warehouse |
|---------------------------|-----------------|-----------------|-----------------|-----------------|
| Bella Vista | 1,300 | 6,158 | 0 | 0 |
| Bentonville | -335,845 | -16,090 | 24,179 | 1,600 |
| Fayetteville | -253,162 | -162,625 | -103,403 | 1,240 |
| Lowell | 13,561 | 2,210 | -1,625 | -30,850 |
| Rogers | -29,077 | -49,872 | -184,339 | -285,863 |
| Siloam Springs | -1,000 | -78,051 | 2,654 | 0 |
| Springdale | -16,901 | -836 | -282 | -30,572 |
| Northwest Arkansas | -621,124 | -299,106 | -262,816 | -344,445 |



Commercial Market Trends



Commercial Market Trends

Vacancy Rates by Submarket

| Office | Bella Vista | Bentonville | Fayetteville | Lowell | Rogers | Siloam Springs | Springdale | NW Arkansas |
|---------|-------------|-------------|--------------|--------|--------|----------------|------------|-------------|
| Q3 2006 | 35.5% | 17.8% | 9.0% | 12.5% | 20.3% | 2.7% | 5.0% | 15.2% |
| Q4 2006 | 24.2% | 15.2% | 13.5% | 13.4% | 20.4% | 2.7% | 7.5% | 15.2% |
| Q1 2007 | 24.2% | 17.3% | 15.1% | 12.0% | 16.8% | 4.0% | 9.9% | 15.7% |
| Q2 2007 | 0.0% | 25.7% | 14.3% | 2.2% | 19.9% | 4.0% | 9.1% | 19.3% |
| Q3 2007 | 24.2% | 25.2% | 19.7% | 3.0% | 21.4% | 4.0% | 8.2% | 20.7% |

Medical Office

| | | | | | | | | |
|---------|-------|-------|-------|------|-------|------|-------|-------|
| Q3 2006 | 34.6% | 27.9% | 8.5% | -- | 22.6% | 3.1% | 1.6% | 16.1% |
| Q4 2006 | 34.6% | 27.9% | 17.8% | -- | 22.6% | 3.1% | 21.3% | 18.8% |
| Q1 2007 | 34.6% | 18.4% | 9.3% | 0.0% | 12.8% | 3.1% | 10.4% | 10.8% |
| Q2 2007 | 0.0% | 19.7% | 9.1% | 0.0% | 19.8% | 3.1% | 10.8% | 11.0% |
| Q3 2007 | 34.6% | 19.3% | 10.6% | 0.0% | 27.7% | 3.1% | 11.5% | 12.7% |

Office/Retail

| | | | | | | | | |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|
| Q3 2006 | 12.9% | 23.0% | 16.8% | 13.9% | 19.4% | 0.0% | 16.4% | 18.0% |
| Q4 2006 | 11.3% | 24.9% | 19.6% | 5.0% | 19.6% | 46.0% | 17.0% | 20.5% |
| Q1 2007 | 10.9% | 22.4% | 16.1% | 0.0% | 36.1% | 48.0% | 17.7% | 20.3% |
| Q2 2007 | 10.8% | 22.9% | 18.5% | 0.0% | 33.8% | 46.0% | 16.2% | 21.9% |
| Q3 2007 | 10.6% | 22.4% | 22.2% | 11.6% | 23.7% | 44.2% | 16.5% | 21.6% |

Office/Warehouse

| | | | | | | | | |
|---------|----|-------|-------|-------|-------|-------|------|-------|
| Q3 2006 | -- | 30.5% | 94.6% | 94.7% | 8.1% | 0.0% | 8.1% | 23.2% |
| Q4 2006 | -- | 29.6% | 94.6% | 2.2% | 10.0% | 31.4% | 9.2% | 19.7% |
| Q1 2007 | -- | 27.1% | 94.6% | 2.2% | 13.9% | 38.3% | 7.4% | 19.0% |
| Q2 2007 | -- | 27.7% | 94.6% | 2.2% | 10.3% | 37.8% | 7.7% | 18.0% |
| Q3 2007 | -- | 28.7% | 94.6% | 0.0% | 15.5% | 68.6% | 9.7% | 21.5% |

Retail

| | | | | | | | | |
|---------|------|-------|------|-------|-------|------|------|-------|
| Q3 2006 | 0.0% | 17.2% | 6.3% | 10.4% | 14.6% | 6.7% | 5.0% | 9.7% |
| Q4 2006 | 0.0% | 16.5% | 6.6% | 11.2% | 14.5% | 6.6% | 8.8% | 10.4% |
| Q1 2007 | 0.0% | 16.1% | 8.4% | 11.2% | 18.6% | 7.3% | 6.1% | 11.9% |
| Q2 2007 | 0.0% | 18.6% | 8.7% | 12.9% | 18.7% | 4.7% | 6.5% | 12.2% |
| Q3 2007 | 0.0% | 11.6% | 9.9% | 15.4% | 20.8% | 5.8% | 6.3% | 13.0% |

Retail/Warehouse

| | | | | | | | | |
|---------|-------|-------|-------|-------|-------|--------|-------|-------|
| Q3 2006 | -- | 0.0% | 0.0% | 55.2% | 0.0% | 100.0% | 11.1% | 16.5% |
| Q4 2006 | 14.1% | 0.0% | 36.4% | 55.2% | 7.9% | 100.0% | 11.1% | 20.4% |
| Q1 2007 | 14.1% | 0.0% | 30.4% | 55.2% | 46.5% | 0.0% | 11.8% | 17.4% |
| Q2 2007 | 14.1% | 0.0% | 30.4% | 0.0% | 38.2% | 0.0% | 11.9% | 15.8% |
| Q3 2007 | 0.0% | 11.4% | 12.9% | 0.0% | 38.2% | 0.0% | 17.5% | 17.2% |

Warehouse

| | | | | | | | | |
|---------|------|------|-------|-------|-------|------|-------|-------|
| Q3 2006 | 0.0% | 6.5% | 5.2% | 43.5% | 40.2% | -- | 10.0% | 16.0% |
| Q4 2006 | 0.0% | 6.6% | 16.9% | 43.5% | 21.6% | 0.0% | 9.7% | 14.6% |
| Q1 2007 | 0.0% | 1.6% | 16.7% | 61.1% | 26.4% | 0.0% | 10.7% | 18.7% |
| Q2 2007 | 0.0% | 4.4% | 22.3% | 75.9% | 25.1% | 0.0% | 3.8% | 20.1% |
| Q3 2007 | 0.0% | 3.8% | 13.6% | 67.4% | 27.0% | 0.0% | 14.8% | 21.4% |



Commercial Market Trends

Net Absorption by Submarket

| Office | Bella Vista | Bentonville | Fayetteville | Lowell | Rogers | Siloam Springs | Springdale | NW Arkansas |
|---------|-------------|-------------|--------------|--------|----------|----------------|------------|-------------|
| Q3 2006 | 0 | 36,194 | 32,561 | 0 | -128,514 | -700 | -12,824 | -73,283 |
| Q4 2006 | 1,300 | 73,453 | -56,387 | -1,500 | 2,131 | 0 | -8,941 | 10,056 |
| Q1 2007 | 0 | -78,564 | -130,322 | -6,875 | -15,330 | -1,000 | -27,432 | -259,523 |
| Q2 2007 | 2,800 | -335,006 | 29,058 | 24,144 | -3,768 | 0 | 12,588 | -270,184 |
| Q3 2007 | -2,800 | 4,272 | -95,511 | -2,208 | -12,110 | 0 | 6,884 | -101,473 |

Medical Office

| | | | | | | | | |
|---------|--------|--------|---------|----|--------|------|---------|---------|
| Q3 2006 | 0 | 19,400 | -4,600 | -- | -32 | -700 | -900 | 13,168 |
| Q4 2006 | 1,300 | 0 | -24,863 | -- | 0 | 0 | -10,920 | -34,483 |
| Q1 2007 | 0 | -2,246 | 3,630 | 0 | 1,500 | 0 | -9,342 | -6,458 |
| Q2 2007 | 2,800 | -2,560 | -1,554 | 0 | -5,000 | 0 | 0 | -6,314 |
| Q3 2007 | -2,800 | 400 | -10,476 | 0 | 0 | 0 | -1,520 | -14,396 |

Office/Retail

| | | | | | | | | |
|---------|---------|---------|---------|--------|---------|---------|--------|----------|
| Q3 2006 | -18,575 | -29,483 | -37,802 | -2,210 | -6,471 | 3,600 | -5,772 | -96,713 |
| Q4 2006 | 3,832 | -15,355 | -57,521 | 1,420 | -1,106 | -49,690 | -4,516 | -122,936 |
| Q1 2007 | 1,310 | 6,564 | 1,800 | 790 | -60,735 | -30,460 | -9,578 | -90,309 |
| Q2 2007 | 485 | -3,287 | -43,535 | 0 | 578 | 25 | 6,629 | -39,105 |
| Q3 2007 | 531 | -4,012 | -63,369 | 0 | 11,391 | 2,074 | 6,629 | -46,756 |

Office/Warehouse

| | | | | | | | | |
|---------|----|---------|---|---------|---------|---------|---------|---------|
| Q3 2006 | -- | -32,750 | 0 | -4,720 | 1,470 | 0 | 7,900 | -28,100 |
| Q4 2006 | -- | 7,850 | 0 | 179,900 | 1,750 | -35,007 | 2,664 | 157,157 |
| Q1 2007 | -- | 21,000 | 0 | 0 | -17,150 | 0 | 12,808 | 16,658 |
| Q2 2007 | -- | -3,600 | 0 | 0 | -9,009 | 880 | -5,300 | -17,029 |
| Q3 2007 | -- | -27,516 | 0 | 0 | 3,000 | -32,800 | -28,525 | -85,841 |

Retail

| | | | | | | | | |
|---------|---|--------|---------|--------|----------|--------|---------|----------|
| Q3 2006 | 0 | -8,667 | -37,174 | -1,316 | -106,541 | 7,076 | -12,134 | -158,756 |
| Q4 2006 | 0 | 7,114 | -10,456 | -600 | 2,286 | 221 | -32,547 | -33,982 |
| Q1 2007 | 0 | -250 | -40,752 | 0 | -120,793 | -1,897 | 37,631 | -126,061 |
| Q2 2007 | 0 | -4,081 | -18,629 | -1,275 | 18,061 | 7,900 | -18,469 | -16,493 |
| Q3 2007 | 0 | 21,396 | -33,566 | 250 | -83,893 | -3,570 | 13,103 | -86,280 |

Retail/Warehouse

| | | | | | | | | |
|---------|-------|---|--------|--------|---------|---|---------|---------|
| Q3 2006 | -- | 0 | 0 | -6,200 | 1,500 | 0 | 16,520 | 11,820 |
| Q4 2006 | 0 | 0 | 3,000 | 0 | -1,283 | 0 | 0 | 1,717 |
| Q1 2007 | 0 | 0 | 3,600 | 0 | -20,000 | 0 | -2,925 | -19,325 |
| Q2 2007 | 0 | 0 | 0 | 6,200 | 0 | 0 | 0 | 6,200 |
| Q3 2007 | 1,000 | 0 | 11,150 | 0 | 0 | 0 | -39,226 | -27,076 |

Warehouse

| | | | | | | | | |
|---------|---|---------|---------|---------|----------|----|----------|----------|
| Q3 2006 | 0 | 0 | 21,500 | 18,400 | 15,112 | -- | 7,350 | 62,362 |
| Q4 2006 | 0 | -400 | -20,000 | 0 | 6,120 | 0 | 4,874 | -9,406 |
| Q1 2007 | 0 | 9,500 | 1,875 | -53,000 | -259,882 | 0 | -11,425 | -312,932 |
| Q2 2007 | 0 | 2,500 | -36,635 | 0 | -23,945 | 0 | 79,591 | 21,511 |
| Q3 2007 | 0 | -10,000 | 56,000 | 22,150 | -8,156 | 0 | -103,612 | -43,618 |



Commercial Market Trends

Available Square Footage by Submarket

| Office | Bella Vista | Bentonville | Fayetteville | Lowell | Rogers | Siloam Springs | Springdale | NW Arkansas |
|---------|-------------|-------------|--------------|--------|---------|----------------|------------|-------------|
| Q3 2006 | 4,100 | 472,317 | 122,930 | 21,088 | 279,661 | 2,200 | 20,867 | 923,163 |
| Q4 2006 | 2,800 | 398,864 | 179,317 | 22,588 | 277,530 | 2,200 | 31,808 | 915,107 |
| Q1 2007 | 2,800 | 482,625 | 270,543 | 29,463 | 233,860 | 3,200 | 60,640 | 1,083,131 |
| Q2 2007 | 0 | 822,831 | 273,685 | 5,319 | 305,730 | 3,200 | 56,052 | 1,466,817 |
| Q3 2007 | 2,800 | 823,028 | 406,882 | 7,527 | 339,196 | 3,200 | 51,168 | 1,633,801 |

Medical Office

| | | | | | | | | |
|---------|-------|--------|--------|----|--------|-------|--------|---------|
| Q3 2006 | 2,800 | 30,440 | 22,501 | -- | 5,032 | 2,200 | 900 | 63,873 |
| Q4 2006 | 2,800 | 30,440 | 47,364 | -- | 5,032 | 2,200 | 11,820 | 99,656 |
| Q1 2007 | 2,800 | 35,686 | 43,734 | 0 | 3,532 | 2,200 | 21,162 | 109,114 |
| Q2 2007 | 0 | 38,246 | 45,288 | 0 | 8,532 | 2,200 | 21,162 | 115,428 |
| Q3 2007 | 2,800 | 37,846 | 55,764 | 0 | 18,532 | 2,200 | 22,682 | 139,824 |

Office/Retail

| | | | | | | | | |
|---------|--------|---------|---------|-------|---------|--------|--------|---------|
| Q3 2006 | 33,747 | 150,678 | 160,931 | 2,210 | 114,829 | 0 | 65,324 | 527,719 |
| Q4 2006 | 29,915 | 168,733 | 196,852 | 790 | 115,935 | 49,690 | 71,440 | 633,355 |
| Q1 2007 | 28,605 | 154,272 | 160,646 | 0 | 174,131 | 54,054 | 77,302 | 649,010 |
| Q2 2007 | 28,120 | 157,559 | 201,681 | 0 | 173,553 | 54,029 | 70,673 | 685,615 |
| Q3 2007 | 27,589 | 176,733 | 261,550 | 5,000 | 181,062 | 51,955 | 75,344 | 779,233 |

Office/Warehouse

| | | | | | | | | |
|---------|----|---------|---------|---------|--------|--------|---------|---------|
| Q3 2006 | -- | 257,613 | 104,326 | 183,720 | 28,614 | 0 | 107,306 | 681,579 |
| Q4 2006 | -- | 249,763 | 104,326 | 4,720 | 36,864 | 41,087 | 96,542 | 533,302 |
| Q1 2007 | -- | 228,763 | 104,326 | 4,720 | 49,014 | 41,087 | 76,450 | 504,360 |
| Q2 2007 | -- | 232,363 | 104,326 | 4,720 | 58,023 | 40,207 | 81,750 | 521,389 |
| Q3 2007 | -- | 259,879 | 104,326 | 0 | 55,023 | 73,007 | 110,275 | 602,510 |

Retail

| | | | | | | | | |
|---------|---|--------|---------|-------|---------|--------|---------|---------|
| Q3 2006 | 0 | 64,033 | 149,244 | 7,875 | 365,370 | 20,354 | 67,334 | 674,210 |
| Q4 2006 | 0 | 56,919 | 159,700 | 8,475 | 364,484 | 20,133 | 123,731 | 733,442 |
| Q1 2007 | 0 | 57,169 | 203,308 | 8,475 | 475,277 | 22,030 | 86,100 | 852,359 |
| Q2 2007 | 0 | 70,042 | 211,137 | 9,750 | 458,416 | 14,130 | 104,569 | 868,044 |
| Q3 2007 | 0 | 42,830 | 244,703 | 9,500 | 542,309 | 17,700 | 92,328 | 949,370 |

Retail/Warehouse

| | | | | | | | | |
|---------|-------|-------|--------|-------|--------|--------|--------|---------|
| Q3 2006 | -- | 0 | 0 | 6,200 | 0 | 25,110 | 29,100 | 60,410 |
| Q4 2006 | 1,000 | 0 | 21,600 | 6,200 | 1,283 | 25,110 | 29,100 | 84,293 |
| Q1 2007 | 1,000 | 0 | 18,000 | 6,200 | 21,283 | 0 | 32,025 | 78,508 |
| Q2 2007 | 1,000 | 0 | 18,000 | 0 | 21,283 | 0 | 32,025 | 72,308 |
| Q3 2007 | 0 | 4,798 | 9,090 | 0 | 21,283 | 0 | 71,251 | 106,422 |

Warehouse

| | | | | | | | | |
|---------|----|--------|---------|---------|---------|----|---------|-----------|
| Q3 2006 | 0 | 14,400 | 40,000 | 22,150 | 252,642 | -- | 99,950 | 429,142 |
| Q4 2006 | 0 | 14,800 | 140,975 | 22,150 | 159,997 | 0 | 99,166 | 437,088 |
| Q1 2007 | 0 | 5,300 | 139,100 | 75,150 | 424,879 | 0 | 110,591 | 755,020 |
| Q2 2007 | -- | 15,360 | 210,735 | 198,116 | 398,824 | -- | 39,832 | 862,867 |
| Q3 2007 | 0 | 12,800 | 124,795 | 175,966 | 521,323 | 0 | 168,444 | 1,003,328 |



Office

In the third quarter of 2007, the office properties included in the Skyline Report panel had a vacancy rate of 20.7 percent, up from a rate of 19.3 percent in the second quarter of 2007. Of the 7.9 million square feet of Northwest Arkansas properties examined, 1.6 million square feet are currently available. This is up from 1.5 million available square feet of office space in the second quarter of 2007. In 2007, from the second quarter to the third quarter, 151,802 square feet of new office space entered the market, while 50,329 square feet of space were absorbed, netting negative absorption of 101,473 square feet for the market.

Of the 1,633,801 square feet of available office space in Northwest Arkansas, about 50.4 percent is located in Bentonville and comprises Class A and Class B space. In the third quarter, 48,834 square feet of office space were absorbed, while 44,562 new square feet became available, netting positive absorption of 4,272 square feet of office space in Bentonville.

While Bentonville continued to have the most available office space at 823,028 square feet, the amount of available space in Fayetteville increased by 48.7 percent from the second quarter to the third quarter to 406,882 square feet. About 62.5 percent of the available office space in Fayetteville was in the Class B submarket, while Class A space accounted for just over 22.5 percent and the remainder was in the Class C and medical office markets. From the second quarter to the third quarter of 2007, there was positive absorption of 11,729 square feet, new space totaling 107,240 square feet, and negative net absorption of 95,511 square feet in the office submarket in Fayetteville.

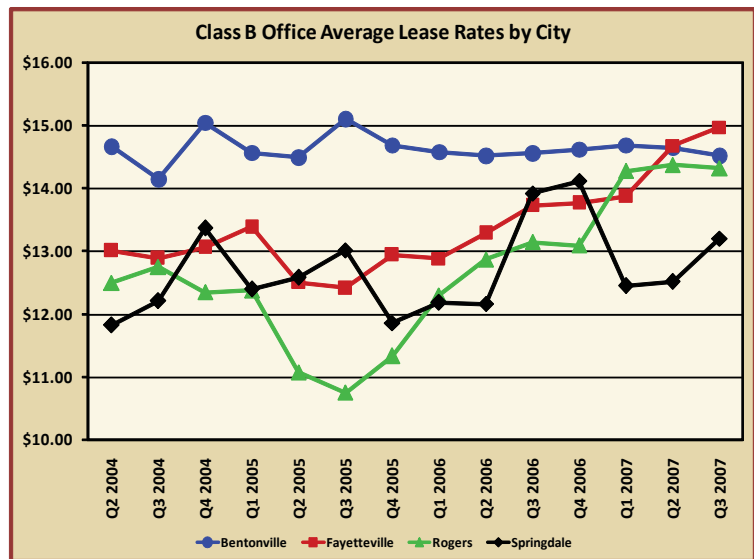
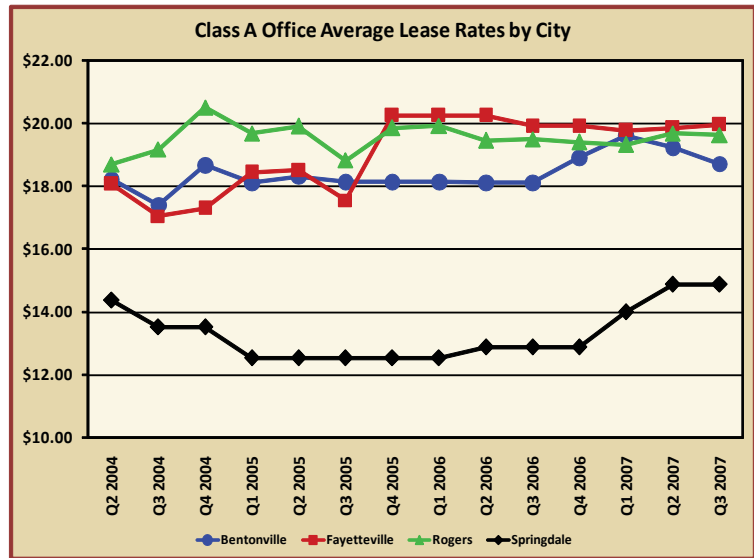
Rogers had 339,196 square feet of available office space in the third quarter of 2007. In the Rogers office submarket, Class A accounted for 56.4 percent of all available space, while class B accounted for 24.6 percent. There was negative absorption of

12,110 square feet in the third quarter of 2007, while no new space was added to the market, hence netting negative absorption of 12,110 square feet.

The Springdale office market had 51,168 square feet of available space in the third quarter. No new square footage was added in the third quarter and there was positive

Office Lease Rates Average Range by City

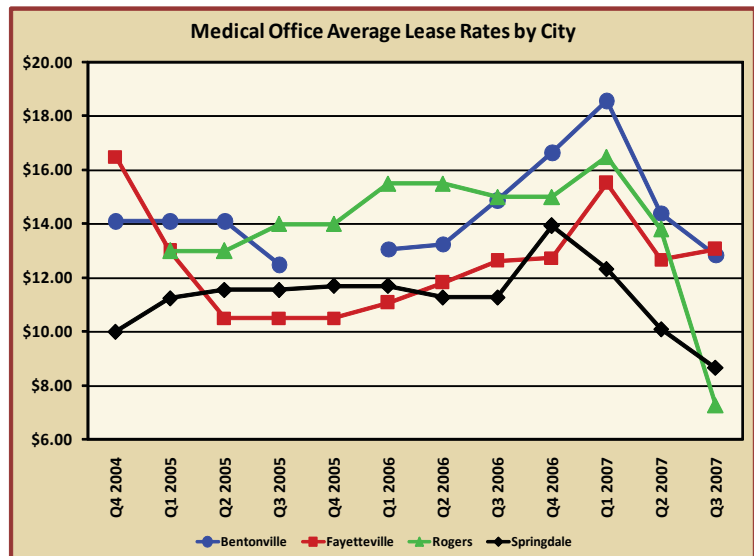
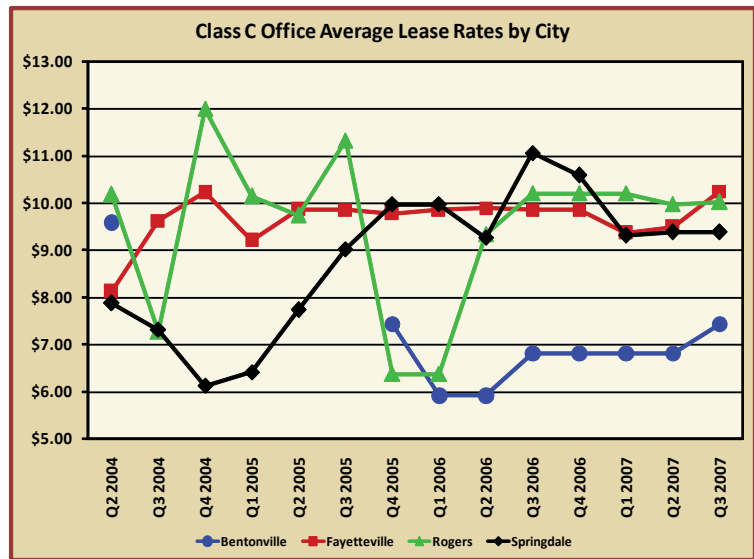
| | Class A | Class B | Class C | Medical |
|--------------|-------------------|-------------------|------------------|-------------------|
| Bentonville | \$18.22 - \$19.22 | \$14.33 - \$14.72 | \$7.44 - \$7.44 | \$17.79 - \$19.07 |
| Fayetteville | \$19.47 - \$20.47 | \$13.93 - \$16.02 | \$9.74 - \$10.77 | \$15.48 - \$17.50 |
| Rogers | \$18.90 - \$20.36 | \$13.98 - \$14.67 | \$9.83 - \$10.23 | \$18.07 - \$18.50 |
| Springdale | \$14.88 - \$14.88 | \$12.24 - \$14.17 | \$9.25 - \$9.53 | \$11.31 - \$12.31 |



Office

absorption of 6,884 square feet. The positive absorption came in Class A space, with 4,011, in Class B, with 689, and in the Class C, with 5,940 square feet becoming occupied. In the medical office submarket, 1,520 square feet became available.

Class A office average reported lease rates were almost identical in Fayetteville and Rogers at just under \$20 per square foot. Class A space average lease rates decreased in Bentonville to less than \$19 and ticked up in Springdale to almost \$15 per square foot. Class B office space average reported lease rates ticked up in Springdale and Fayetteville, and were almost constant in Bentonville and Rogers. In the third quarter, reported average lease rates for Class C office ticked up in all the cities except Springdale. Reported average medical office space lease rates decreased in Bentonville and Rogers and stayed unchanged in Fayetteville.



Office

Office Space Characteristics by Class and City

| Class | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1, 2} | Months of Inventory ^{1, 2} |
|----------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|--------------------------------|-------------------------------------|
| Class A | | | | | | | |
| Bentonville | 744,958 | 474,437 | 63.7% | 1,185 | 12,800 | -11,615 | -- |
| Fayetteville | 408,748 | 91,367 | 22.4% | 51,928 | 66,712 | -14,784 | -- |
| Rogers | 970,230 | 191,256 | 19.7% | 8,742 | 0 | 8,742 | 65.6 |
| Springdale | 57,123 | 0 | 0.0% | 4,011 | 0 | 4,011 | 0.0 |
| Class B | | | | | | | |
| Bentonville | 2,318,964 | 310,745 | 13.4% | 47,249 | 31,762 | 15,487 | 60.2 |
| Fayetteville | 997,002 | 254,117 | 25.5% | -55,389 | 11,728 | -67,117 | -- |
| Rogers | 440,138 | 83,450 | 19.0% | -23,852 | 0 | -23,852 | -- |
| Springdale | 178,619 | 35,500 | 19.9% | 689 | 0 | 689 | 154.6 |
| Class C | | | | | | | |
| Bentonville | 9,528 | 0 | 0.0% | 0 | 0 | 0 | 0.0 |
| Fayetteville | 132,622 | 5,634 | 4.2% | -3,134 | 0 | -3,134 | -- |
| Rogers | 108,536 | 45,958 | 42.3% | 3,000 | 0 | 3,000 | 46.0 |
| Springdale | 267,554 | 32,560 | 12.2% | 5,940 | 0 | 5,940 | 16.4 |
| Medical | | | | | | | |
| Bentonville | 196,326 | 37,846 | 19.3% | 400 | 0 | 400 | 283.8 |
| Fayetteville | 525,501 | 55,764 | 10.6% | 18,324 | 28,800 | -10,476 | -- |
| Rogers | 67,014 | 18,532 | 27.7% | 0 | 0 | 0 | -- |
| Springdale | 196,703 | 22,682 | 11.5% | -1,520 | 0 | -1,520 | -- |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents



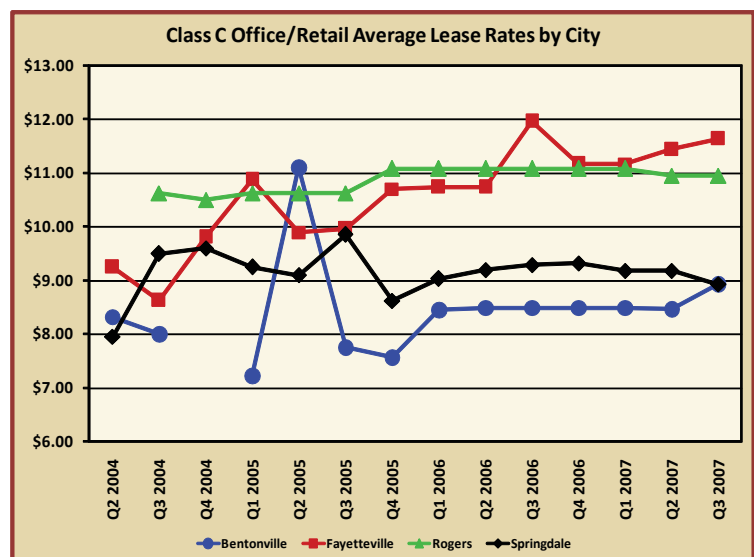
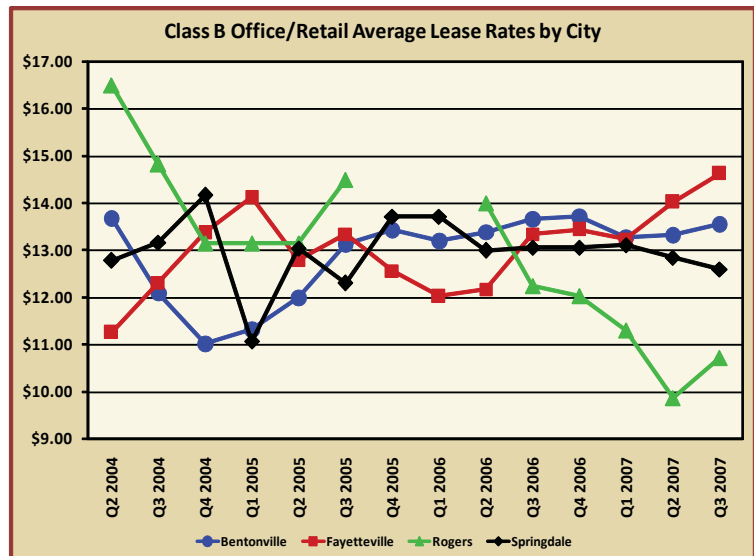
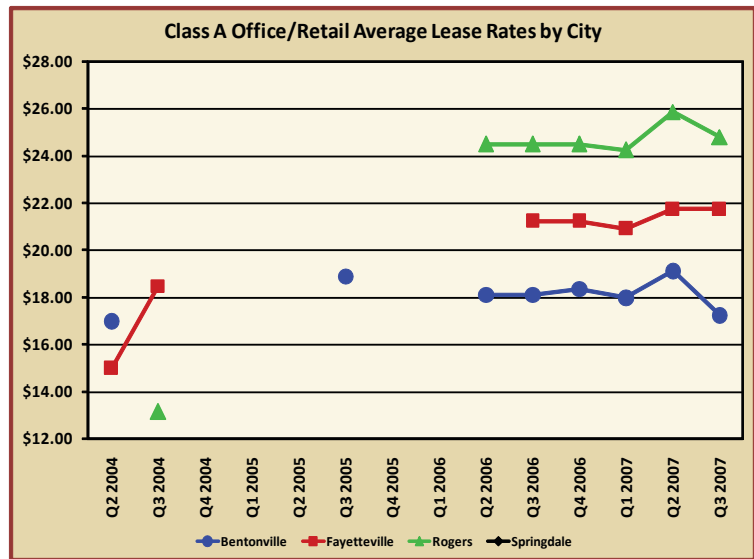
Office/Retail

In the third quarter of 2007, the office/retail properties included in the CBER sample had a vacancy rate of 21.6 percent. This was a slight decline from the second quarter vacancy rate of 21.9 percent. Of the 3.6 million square feet of Northwest Arkansas properties examined, 779,233 square feet were available. In 2007, from the second quarter to the third quarter, 143,243 new square feet of office/retail space were added to the market, while 96,487 square feet of space became occupied. This yielded negative net absorption of 46,756 square feet.

The new office/retail space was in the Rogers Class A submarket, and in the Bentonville and Fayetteville Class B submarkets. Bella Vista, Rogers, Siloam Springs, and Springdale experienced positive net absorption of office/retail space in the third quarter of 2007. Bentonville and Fayetteville experienced negative net absorption.

Fayetteville is ahead of Rogers and Bentonville, having the largest amount of available square feet in the office/retail submarket with 261,550 square feet available. Rogers had 181,062 and Bentonville had 176,733 square feet available. This translated to vacancy rates of 23.7 percent for Rogers, 22.2 percent for Fayetteville, and 22.4 percent for Bentonville. Springdale had reported available office/retail square footage of 75,344 with a 16.5 percent vacancy rate.

Office/retail space average reported lease rates were mixed in the third quarter. In the Class A submarket, average reported lease rates declined in Bentonville and Rogers, but stayed flat in Fayetteville. There was an increase in average reported Class B rates in all the cities in Northwest Arkansas except Springdale. In the Class C office/retail submarket, average reported prices rose in Bentonville and Fayetteville, but declined in Springdale and stayed constant in Rogers.



Office/Retail

Office/Retail Lease Rates Average Range by City

| | Class A | Class B | Class C |
|--------------|-------------------|-------------------|---------|
| Bentonville | \$12.82 - \$14.31 | \$8.75 - \$9.13 | |
| Fayetteville | \$14.10 - \$15.17 | \$10.84 - \$12.44 | |
| Rogers | \$9.99 - \$11.45 | \$8.95 - \$12.95 | |
| Springdale | \$12.20 - \$13.00 | \$8.29 - \$9.57 | |



Office/Retail Space Characteristics by Class and City

| Class | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1, 2} | Months of Inventory ^{1, 2} |
|----------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|--------------------------------|-------------------------------------|
| Class A | | | | | | | |
| Bentonville | 75,667 | 21,984 | 29.1% | 987 | 0 | 987 | 66.8 |
| Fayetteville | 65,126 | 50,126 | 77.0% | 0 | 0 | 0 | -- |
| Rogers | 268,526 | 124,172 | 46.2% | 58,283 | 70,000 | -11,717 | -- |
| Springdale | -- | -- | -- | -- | -- | -- | --- |
| Class B | | | | | | | |
| Bentonville | 617,723 | 142,389 | 23.1% | 6,194 | 11,443 | -5,249 | -- |
| Fayetteville | 821,129 | 177,041 | 21.6% | -1,909 | 61,800 | -63,709 | -- |
| Rogers | 77,970 | 44,390 | 56.9% | 18,900 | 0 | 18,900 | 7.0 |
| Springdale | 178,619 | 35,500 | 19.9% | 689 | 0 | 689 | 154.6 |
| Class C | | | | | | | |
| Bentonville | 94,310 | 12,360 | 13.1% | 250 | 0 | 250 | -- |
| Fayetteville | 289,931 | 34,383 | 11.9% | 340 | 0 | 340 | 303.4 |
| Rogers | 207,840 | 12,500 | 6.0% | 4,208 | 0 | 4,208 | 8.9 |
| Springdale | 267,554 | 32,560 | 12.2% | 5,940 | 0 | 5,940 | 16.4 |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents



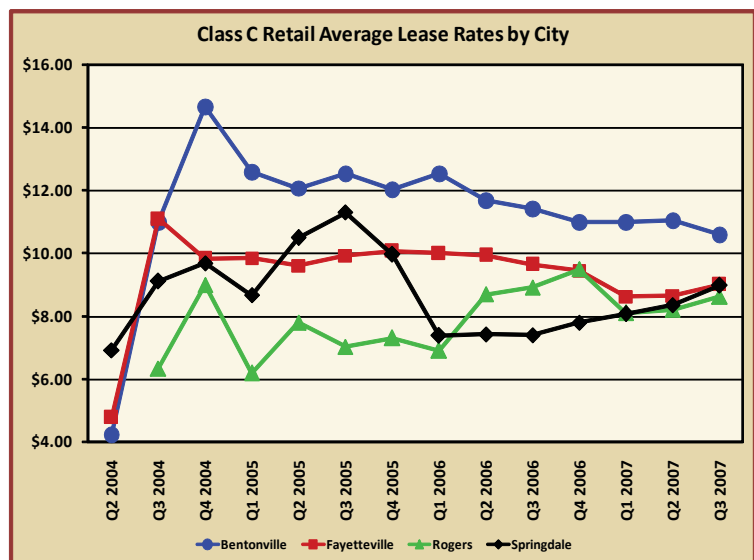
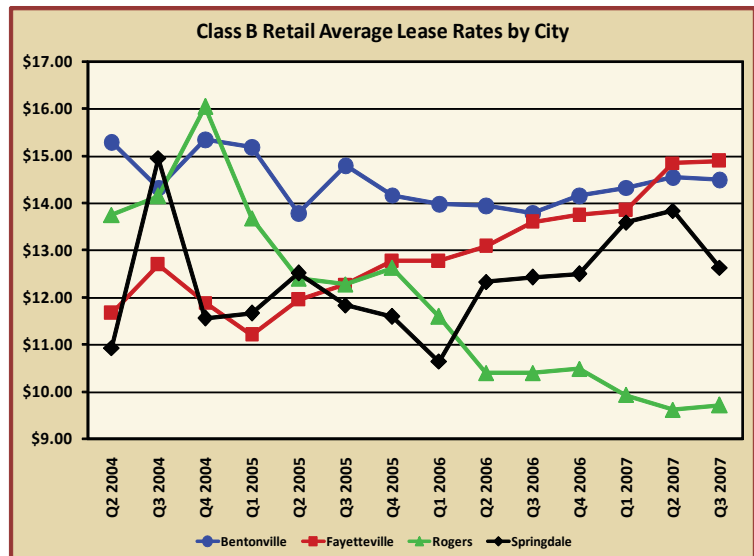
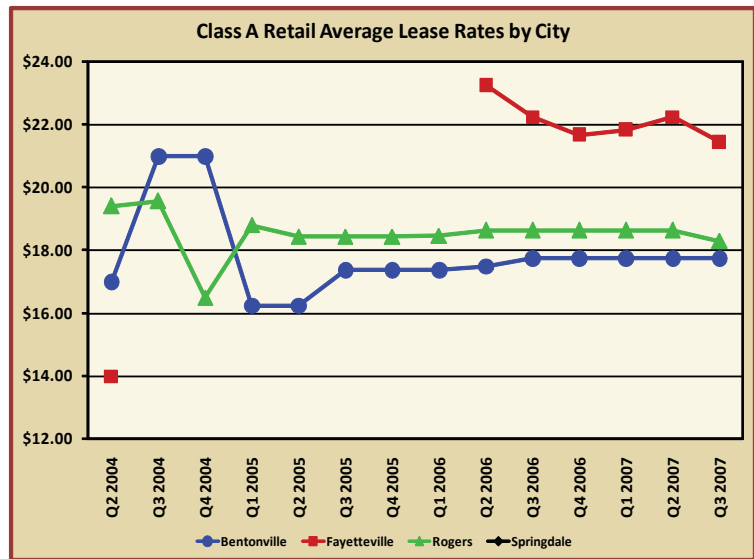
Retail

In the third quarter of 2007, the retail properties included in the CBER panel had a vacancy rate of 13.0 percent, up from 11.9 percent in the second quarter of 2007. Of the 7.3 million square feet of Northwest Arkansas retail properties examined, 949,370 square feet were available. From the second quarter to the third quarter of 2007, there was positive absorption of 111,154 square feet of retail space, with 197,434 square feet of new retail space coming on the market, netting negative absorption of 86,280 square feet.

Bentonville had 369,407 total square feet and 42,830 available square feet of retail space in the third quarter, resulting in a vacancy rate of 11.6 percent. This represented a decrease from the rate of 18.6 percent in the second quarter of 2007. A total of 21,396 square feet became occupied in the Bentonville retail market, while no new square feet were added to the market in the third quarter. A total of 13,795 square feet of positive absorption occurred in the Class A submarket, while 7,600 square feet of positive net absorption occurred in the Class C submarket.

In the third quarter of 2007, Fayetteville had a retail vacancy rate of 9.9 percent, up from 8.7 percent in the second quarter, with 244,703 available square feet out of a total of 2,473,196. There was reported negative absorption of 1,112 square feet in the Class A retail submarket, while no square feet entered the market. In the Class B submarket there was negative absorption of 5,420 square feet and new square footage totaling 27,434 square feet, netting negative absorption of 32,854 square feet. In the Class C submarket, 400 square feet became occupied.

The Rogers market had 542,309 square feet of available retail space out of a total of 2.6 million square feet for a vacancy rate of 20.8 percent in the third quarter. This rate has increased for the last four quarters. In the Class A submarket there was positive absorption of 122,960 square feet and new square footage totaling 135,000 square feet,



Retail

netting negative absorption of 12,040 square feet. In the Class B retail submarket, 42,819 square feet were vacated, while 30,000 new square feet were added, resulting in negative net absorption of 72,819 square feet. There was reported positive absorption of 966 square feet in the Class C submarket, while no square feet entered the market.

There were 92,328 square feet of available retail space out of a total of 1.5 million square feet in Springdale in the third quarter. This implies a vacancy rate of 6.3 percent, slightly down from 6.5 percent in the second quarter of 2007. No square feet of new retail space were added to the market in the third quarter. Positive absorption of 25,003 square feet was reported in the Class B submarket and 11,900 square feet became available in the Class C submarket.

Reported average lease rates were mixed. Class A space lease rates were constant in Bentonville, but declined in Fayetteville and Rogers. Class B average lease rates continued to increase in Bentonville, Fayetteville, and Springdale, and to decline in Rogers. Class C reported average lease rates decreased in Bentonville and went slightly up in all other cities.

Retail Lease Rates Average Range by City

| | Class A | Class B | Class C |
|--------------|-------------------|-------------------|-------------------|
| Bentonville | \$16.00 - \$19.50 | \$14.26 - \$14.73 | \$10.32 - \$10.88 |
| Fayetteville | \$19.88 - \$23.00 | \$13.94 - \$15.85 | \$8.64 - \$9.38 |
| Rogers | \$18.20 - \$18.68 | \$9.22 - \$10.22 | \$8.43 - \$8.84 |
| Springdale | -- | \$12.05 - \$13.23 | \$8.61 - \$9.36 |

Retail Space Characteristics by Class and City

| Class | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|----------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Class A | | | | | | | |
| Bentonville | 39,534 | 8,100 | 20.5% | 13,795 | 0 | 13,795 | 1.8 |
| Fayetteville | 1,361,331 | 107,506 | 7.9% | -1,112 | 0 | -1,112 | -- |
| Rogers | 1,604,354 | 231,090 | 14.4% | 122,960 | 135,000 | -12,040 | -- |
| Springdale | -- | -- | -- | -- | -- | -- | -- |
| Class B | | | | | | | |
| Bentonville | 240,137 | 22,707 | 9.5% | 1 | 0 | 1 | -- |
| Fayetteville | 896,283 | 92,000 | 10.3% | -5,420 | 27,434 | -32,854 | -- |
| Rogers | 709,675 | 257,534 | 36.3% | -42,819 | 30,000 | -72,819 | -- |
| Springdale | 1,250,514 | 69,218 | 5.5% | 25,003 | 0 | 25,003 | 8.3 |
| Class C | | | | | | | |
| Bentonville | 89,736 | 12,023 | 13.4% | 7,600 | 0 | 7,600 | 4.7 |
| Fayetteville | 215,582 | 45,197 | 21.0% | 400 | 0 | 400 | 339.0 |
| Rogers | 298,231 | 53,685 | 18.0% | 966 | 0 | 966 | 166.7 |
| Springdale | 204,606 | 23,110 | 11.3% | -11,900 | 0 | -11,900 | -- |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents



Other Categories

Warehouse

In the third quarter of 2007, the warehouse properties included in the CBER panel had a vacancy rate of 21.4 percent, up from 20.1 percent in the second quarter of 2007. Of the 4.7 million square feet of warehouse space examined, 1.0 million square feet were available in the third quarter.

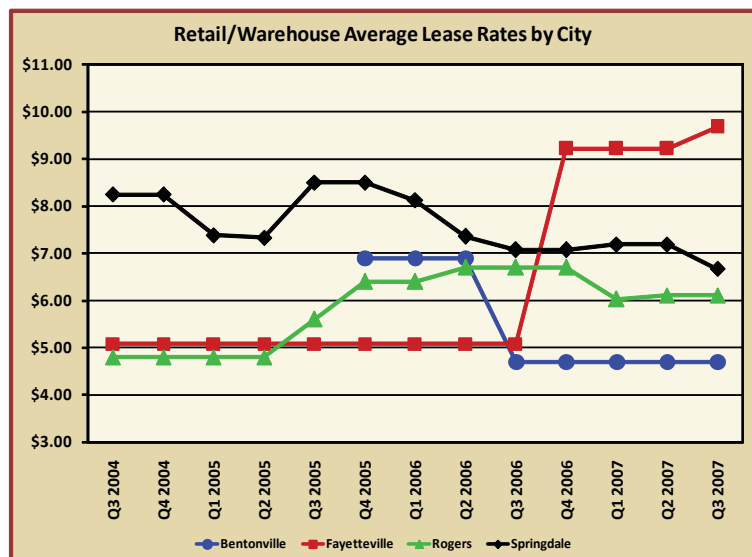
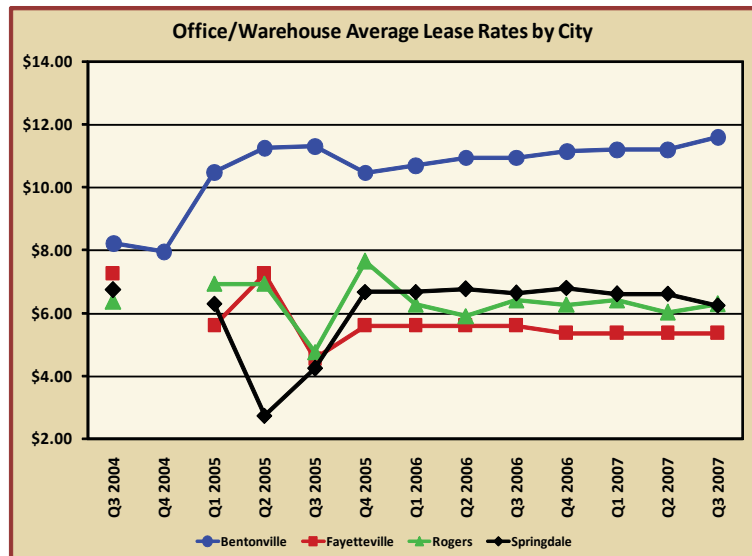
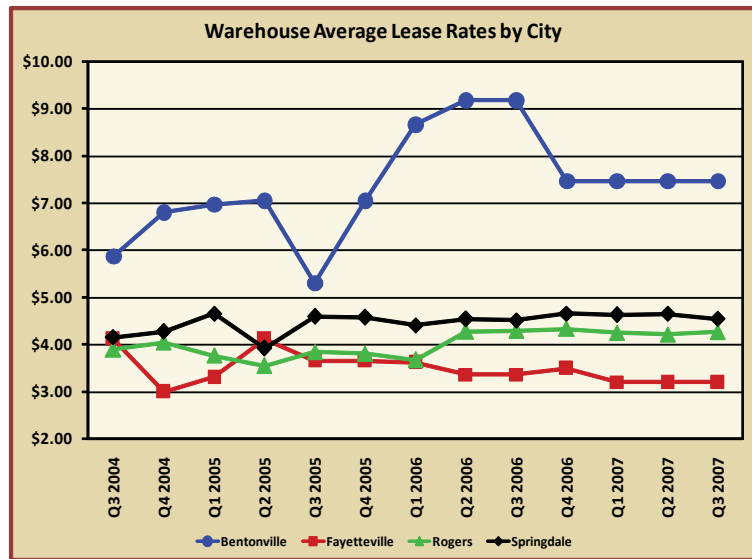
The majority of available warehouse space was split between Rogers (with 521,323 square feet), Lowell (with 198,116 square feet), and Springdale (with 168,444 square feet). There was negative absorption in Springdale, Bentonville, and Rogers in the third quarter, but available space tightened in Fayetteville and Lowell, with the absorption of almost 56,000 and 22,150 square feet, respectively. Reported warehouse vacancy rates increased in Rogers and Springdale and declined in Bentonville, Fayetteville, and Lowell in the third quarter.

Bentonville continued to have the most expensive average warehouse lease rates of \$7.48. The average reported warehouse lease rates in Bentonville, Rogers, Fayetteville and Springdale were basically unchanged in the third quarter.

Office/Warehouse

The CBER panelists reported on 2.8 million square feet of office/warehouse space in the third quarter. The vacancy rate in the office/warehouse submarket increased from 18.0 percent in the second quarter to 21.5 percent in the third quarter in Northwest Arkansas, with 602,510 total square feet available in the third quarter. From the second quarter to the third quarter of 2007, there was a positive absorption of 14,275 square feet of office/warehouse space, while 100,116 new square feet came online, netting negative absorption of 85,841 square feet.

The activity in the office/warehouse submarket in the third quarter was concentrated



Other Categories

in Bentonville, Rogers, Siloam Springs and Springdale. Bentonville had negative absorption of 27,516 square feet of office/warehouse space. Siloam Springs experienced negative net absorption of 32,800 square feet and 28,525 square feet were negative net absorption in Springdale. Rogers has positive absorption of 3,000 square feet.

Office/warehouse average lease rates in Bentonville and Rogers increased slightly. Average reported lease rates for office/warehouse space declined in Springdale and remained constant in Fayetteville during the third quarter.

Retail/Warehouse

The CBER panelists reported on 616,973 square feet of retail/warehouse space in the third quarter of 2007. The vacancy rate in the retail/warehouse submarket increased from 15.8 percent in the second quarter to 17.2 percent in the third quarter in Northwest Arkansas, with 106,422 total square feet available in the third quarter. From the second quarter to the third quarter of 2007,

Other Lease Rates Average Range by City

| | Warehouse | Office/ Warehouse | Retail/ Warehouse |
|--------------|-----------------|----------------------|----------------------|
| Bentonville | \$6.84 - \$8.11 | \$10.79 - \$12.42 | \$3.84 - \$5.56 |
| Fayetteville | \$3.18 - \$3.23 | \$5.20 - \$5.53 | \$8.85 - \$10.51 |
| Rogers | \$4.17 - \$4.37 | \$5.48 - \$7.12 | \$6.09 - \$6.13 |
| Springdale | \$4.24 - \$4.86 | \$5.19 - \$7.31 | \$5.84 - \$7.50 |

there was negative net absorption of 27,076 square feet of retail/warehouse space. No square feet of new retail/warehouse space were added to the market in the third quarter. Positive absorption occurred in Bella Vista and Fayetteville, with 1,000 and 11,500 square feet respectively. A total of 39,226 square feet were vacated in Springdale. There was no other activity in the retail/warehouse submarket in Northwest Arkansas. The change in Northwest Arkansas retail/warehouse vacancy rate was consistent with the absorption numbers from the second to the third quarter. (The rise in Bentonville vacancy rate is due to the increased total square feet data available for the estimation.)

The retail/warehouse average reported lease rates in Fayetteville increased slightly and in Springdale declined in the third quarter. Average reported lease rates were constant in the other cities in Northwest Arkansas.

Other Space Characteristics by Class and City

| Warehouse | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|-------------------------|-----------------------------------|---------------------------------------|-----------------------------------|--|---|----------------------------------|---------------------------------------|
| Bentonville | 335,868 | 12,800 | 3.8% | -10,000 | 0 | -10,000 | -- |
| Fayetteville | 916,727 | 124,795 | 13.6% | 56,000 | 0 | 56,000 | 6.7 |
| Rogers | 1,933,852 | 521,323 | 27.0% | 254,344 | 262,500 | -8,156 | -- |
| Springdale | 1,140,057 | 168,444 | 14.8% | -7,525 | 96,087 | -103,612 | -- |
| Office/Warehouse | | | | | | | |
| Bentonville | 904,782 | 259,879 | 28.7% | 37,600 | 65,116 | -27,516 | -- |
| Fayetteville | 110,326 | 104,326 | 94.6% | 0 | 0 | 0 | -- |
| Rogers | 354,759 | 55,023 | 15.5% | 3,000 | 0 | 3,000 | 55.0 |
| Springdale | 1,131,383 | 110,275 | 9.7% | 6,475 | 35,000 | -28,525 | -- |
| Retail/Warehouse | | | | | | | |
| Bentonville | 42,256 | 4,798 | 11.4% | 0 | 0 | 0 | -- |
| Fayetteville | 70,580 | 9,090 | 12.9% | 11,150 | 0 | 11,150 | 2.4 |
| Rogers | 55,729 | 21,283 | 38.2% | -- | -- | -- | -- |
| Springdale | 406,384 | 71,251 | 17.5% | -39,226 | 0 | -39,226 | -- |

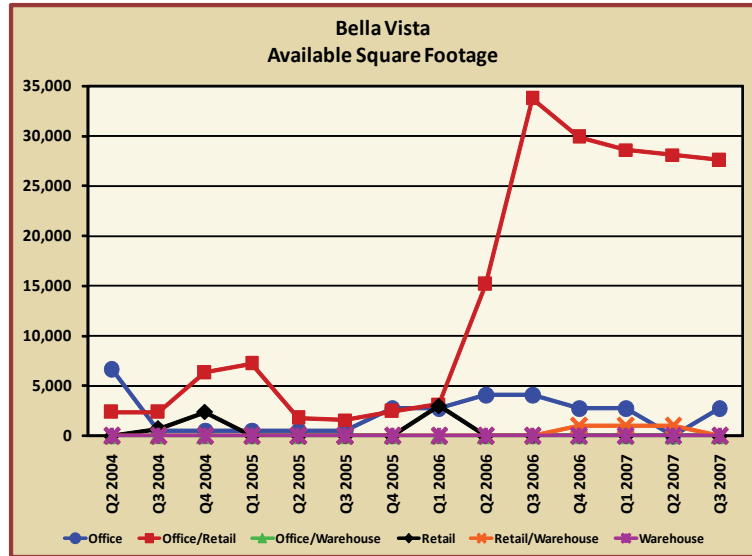
¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents



Bella Vista

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 319,574 square feet of commercial space in the third quarter of 2007.
- In the third quarter of 2007, Bella Vista experienced a positive absorption of 1,000 square feet in the retail/warehouse and 531 square feet in the office/retail submarkets. The medical office submarket had a negative absorption of 2,800 square feet.
- Reported vacancy rates increased in the medical office submarket and decreased in the office/retail and retail/warehouse submarkets in Bella Vista from the second quarter to the third quarter of 2007 in accord with absorption.
- Reported average lease rates were unchanged in Bella Vista in the third quarter of 2007.



Bella Vista Commercial Real Estate Market Summary Statistics

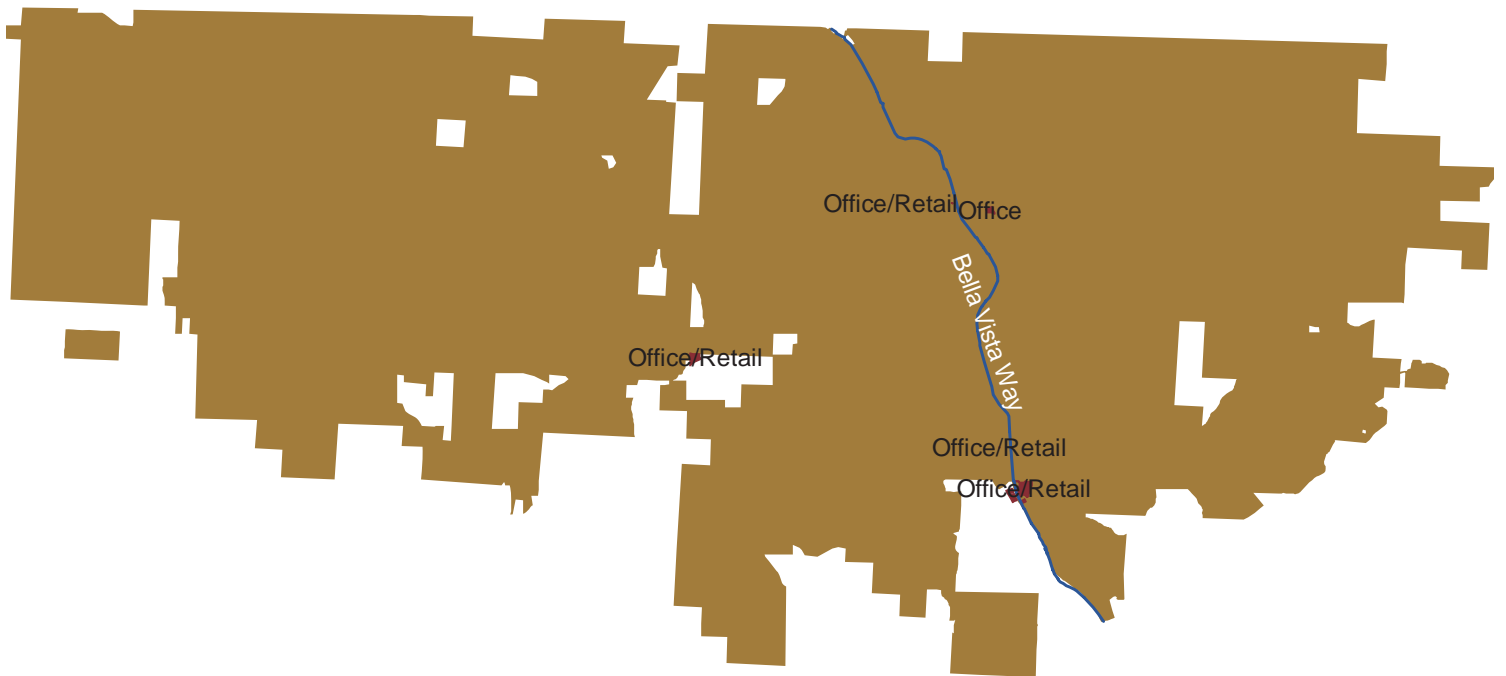
| | Average Lease Rate Range | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|------------------|--------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Industrial | -- | -- | -- | -- | -- | -- | -- | -- |
| Office | \$13.43 - \$13.93 | 11,554 | 2,800 | 24.2% | -2,800 | 0 | -2,800 | -- |
| Class A | -- | -- | -- | -- | -- | -- | -- | -- |
| Class B | \$13.85 - \$13.85 | 3,450 | 0 | 0.0% | 0 | 0 | 0 | 0.0 |
| Class C | -- | -- | -- | -- | -- | -- | -- | -- |
| Medical | \$13.00 - \$14.00 | 8,104 | 2,800 | 34.6% | -2,800 | 0 | -2,800 | -- |
| Office/Retail | \$8.72 - \$11.38 | 261,430 | 27,589 | 10.6% | 531 | 0 | 531 | 155.9 |
| Class A | -- | -- | -- | -- | -- | -- | -- | -- |
| Class B | \$8.72 - \$11.38 | 261,430 | 27,589 | 10.6% | 531 | 0 | 531 | 155.9 |
| 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 | \$14.40 - \$14.40 | 7,104 | 0 | 0.0% | 1,000 | 0 | 1,000 | 0.0 |
| Warehouse | \$1.00 - \$2.70 | 18,486 | 0 | 0.0% | 0 | 0 | 0 | 0.0 |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents

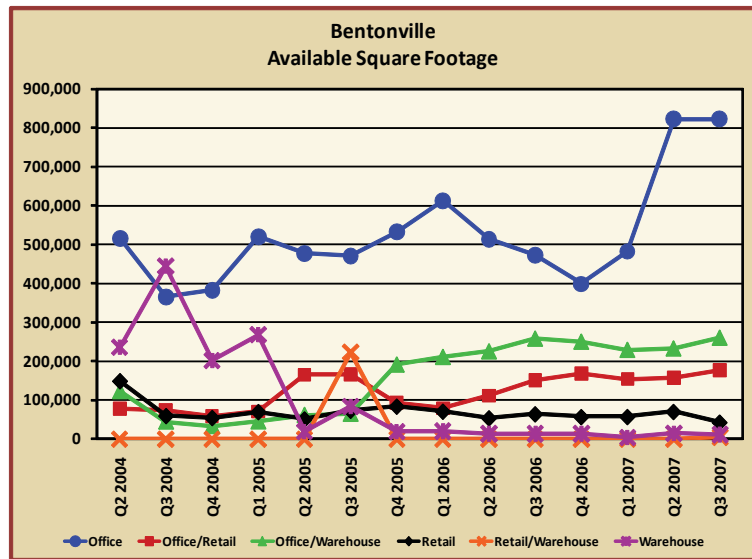


Bella Vista



Bentonville

- From June to August 2007, Bentonville issued building permits for \$1,194,440 worth of new commercial space. The third quarter 2007 value was 88.1 percent lower than the second quarter 2007 value and 94.3 percent lower than the third quarter 2006 value.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 5,825,665 square feet of commercial space in the third quarter of 2007.
- In the third quarter of 2007, Bentonville experienced positive net absorption and decreased vacancies in the office and retail markets.
- There was negative net absorption in the office/retail, office/warehouse and warehouse submarkets in Bentonville. The retail/warehouse submarket experienced no absorption in the third quarter of 2007.
- 65,116 new square feet of office/warehouse space, 44,562 square feet of office space, and 11,443 square feet of office/retail space entered the commercial market in the third quarter.



- Reported vacancy rates increased in the office/warehouse submarket in accordance with the negative net absorption. The medical office, office/retail, and warehouse submarket vacancy rates slightly declined. The discrepancy between the net absorption and vacancy rates of these markets is due to the increased number of reported square feet.
- Average reported lease rates for medical office space, Class B office, Class B and C retail, and Class A office/retail space declined in the third quarter of 2007. Class C office space average reported lease rates as well as Class B and C office/retail space and office/warehouse lease rates ticked up again during the third quarter. Other reported average lease rates were basically unchanged.

Bentonville Commercial Real Estate Market Summary Statistics

| | Average Lease Rate Range | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|------------------|--------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Industrial | \$2.76 - \$2.76 | 115,876 | 76,056 | 65.6% | 0 | 0 | 0 | -- |
| Office | \$14.62 - \$15.08 | 3,269,776 | 823,028 | 25.2% | 48,834 | 44,562 | 4,272 | 578.0 |
| Class A | \$18.22 - \$19.22 | 744,958 | 474,437 | 63.7% | 1,185 | 12,800 | -11,615 | -- |
| Class B | \$14.33 - \$14.72 | 2,318,964 | 310,745 | 13.4% | 47,249 | 31,762 | 15,487 | 60.2 |
| Class C | \$7.44 - \$7.44 | 9,528 | 0 | 0.0% | 0 | 0 | 0 | 0.0 |
| Medical | \$17.79 - \$19.07 | 196,326 | 37,846 | 19.3% | 400 | 0 | 400 | 283.8 |
| Office/Retail | \$12.59 - \$13.92 | 787,700 | 176,733 | 22.4% | 7,431 | 11,443 | -4,012 | -- |
| Class A | \$16.50 - \$18.00 | 75,667 | 21,984 | 29.1% | 987 | 0 | 987 | 66.8 |
| Class B | \$12.82 - \$14.31 | 617,723 | 142,389 | 23.1% | 6,194 | 11,443 | -5,249 | -- |
| Class C | \$8.75 - \$9.13 | 94,310 | 12,360 | 13.1% | 250 | 0 | 250 | -- |
| Office/Warehouse | \$10.79 - \$12.42 | 904,782 | 259,879 | 28.7% | 37,600 | 65,116 | -27,516 | -- |
| Retail | \$13.15 - \$13.76 | 369,407 | 42,830 | 11.6% | 21,396 | 0 | 21,396 | 6.0 |
| Class A | \$16.00 - \$19.50 | 39,534 | 8,100 | 20.5% | 13,795 | 0 | 13,795 | 1.8 |
| Class B | \$14.26 - \$14.73 | 240,137 | 22,707 | 9.5% | 1 | 0 | 1 | -- |
| Class C | \$10.32 - \$10.88 | 89,736 | 12,023 | 13.4% | 7,600 | 0 | 7,600 | 4.7 |
| Retail/Warehouse | \$3.84 - \$5.56 | 42,256 | 4,798 | 11.4% | 0 | 0 | 0 | -- |
| Warehouse | \$6.84 - \$8.11 | 335,868 | 12,800 | 3.8% | -10,000 | 0 | -10,000 | -- |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents



Bentonville

Downtown Bentonville

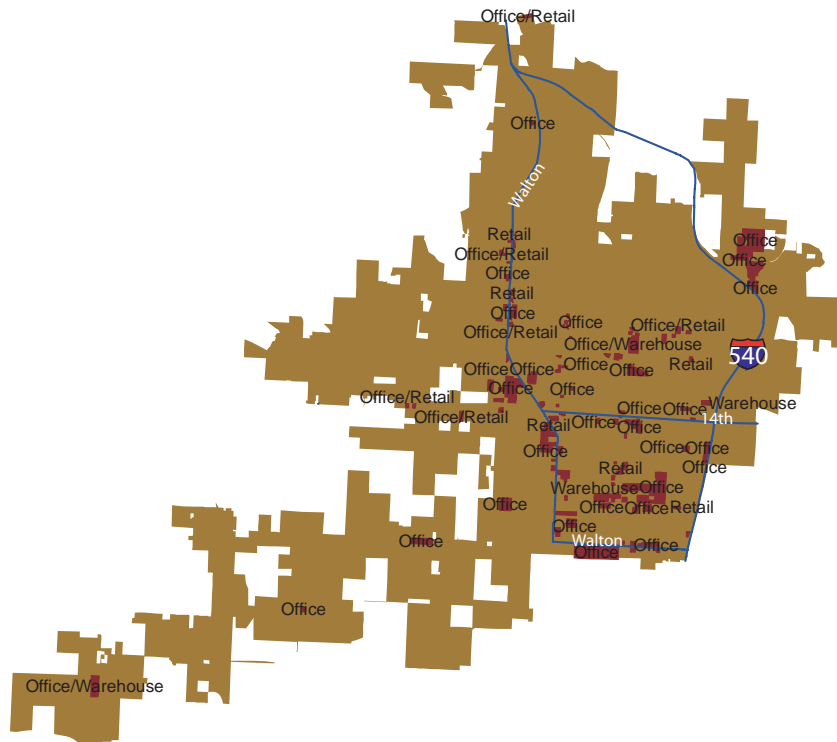
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 165,340 square feet of office, office/retail, and retail space in downtown Bentonville in the third quarter of 2007.
- The office space in downtown Bentonville had a reported vacancy rate of 18.1 percent in the third quarter of 2007. This was lower than the overall office vacancy rate for Bentonville, which was 25.2 percent in the same period.
- The office/retail and retail vacancy rates for downtown Bentonville properties continued to have vacancy rates lower than those for all of Bentonville during the third quarter. In fact, no vacant space was available in the retail submarket in the downtown.
- There was positive absorption of 4,339 square feet of office space in downtown Bentonville from the second quarter of 2007 to the third quarter of 2007. The office/retail and retail submarkets experienced no absorption in the downtown Bentonville.
- Average reported lease rates were \$3-\$4 lower for office and office/retail space in downtown Bentonville than the city average. For the retail space, the average reported lease rate continued to be about \$1.50 lower.

Downtown Bentonville Summary Statistics

| | Average Lease Rate Range | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|---------------|--------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Office | \$10.67 - \$11.95 | 60,265 | 10,888 | 18.1% | 4,339 | 0 | 4,339 | 7.5 |
| Office/Retail | \$9.74 - \$11.58 | 85,950 | 3,008 | 3.5% | 0 | 0 | 0 | -- |
| Retail | \$11.93 - \$11.93 | 19,125 | 0 | 0.0% | 0 | 0 | 0 | 0.0 |

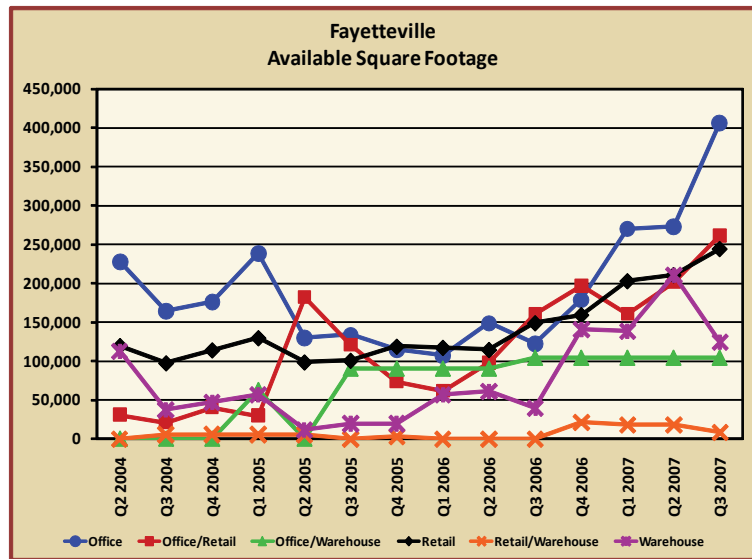
¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents



Fayetteville

- From June to August 2007, Fayetteville issued building permits for \$8,309,014 worth of new commercial space. The third quarter 2007 value was 60.4 percent lower than the second quarter 2007 value and 35.2 percent higher than the third quarter 2006 value.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,821,491 square feet of commercial space in the third quarter of 2007.
- In the third quarter of 2007, Fayetteville experienced negative net absorption in the office, office/retail, and retail submarkets. There was positive net absorption in retail/warehouse and warehouse submarkets, and no absorption in the office/warehouse market.
- Totals of 107,240 new square feet of office space, 61,800 square feet of office/retail space, and 27,434 square feet of retail space entered the Fayetteville commercial market in the third quarter of 2007.
- Observed vacancy rates in Fayetteville in the third quarter continued to increase



- in the office, medical office, office/retail, and retail submarkets, to decline in the retail/warehouse and warehouse submarkets, and were unchanged in the office/warehouse submarket.
- Average reported lease rates in all office submarkets and in retail/warehouse market increased in the third quarter. In office/retail market, average lease rates rose in Class B and C and remained

same in Class A submarket. The reported lease rates in the retail market declined, following the decline in Class A submarket, though average lease rates in Class B and C increased slightly. The office/warehouse and warehouse lease rates remained almost steady.

Fayetteville Commercial Real Estate Market Summary Statistics

| | Average Lease Rate Range | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|------------------|--------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Lab | \$19.75 - \$19.75 | 10,603 | 0 | 0.0% | 0 | 0 | 0 | 0.0 |
| Industrial | -- | -- | -- | -- | -- | -- | -- | -- |
| Office | \$14.48 - \$16.34 | 2,063,873 | 406,882 | 19.7% | 11,729 | 107,240 | -95,511 | -- |
| Class A | \$19.47 - \$20.47 | 408,748 | 91,367 | 22.4% | 51,928 | 66,712 | -14,784 | -- |
| Class B | \$13.93 - \$16.02 | 997,002 | 254,117 | 25.5% | -55,389 | 11,728 | -67,117 | -- |
| Class C | \$9.74 - \$10.77 | 132,622 | 5,634 | 4.2% | -3,134 | 0 | -3,134 | -- |
| Medical | \$15.48 - \$17.50 | 525,501 | 55,764 | 10.6% | 18,324 | 28,800 | -10,476 | -- |
| Office/Retail | \$13.39 - \$14.59 | 1,176,186 | 261,550 | 22.2% | -1,569 | 61,800 | -63,369 | -- |
| Class A | \$21.75 - \$21.75 | 65,126 | 50,126 | 77.0% | 0 | 0 | 0 | -- |
| Class B | \$14.10 - \$15.17 | 821,129 | 177,041 | 21.6% | -1,909 | 61,800 | -63,709 | -- |
| Class C | \$10.84 - \$12.44 | 289,931 | 34,383 | 11.9% | 340 | 0 | 340 | 303.4 |
| Office/Warehouse | \$5.20 - \$5.53 | 110,326 | 104,326 | 94.6% | 0 | 0 | 0 | -- |
| Retail | \$12.45 - \$14.02 | 2,473,196 | 244,703 | 9.9% | -6,132 | 27,434 | -33,566 | -- |
| Class A | \$19.88 - \$23.00 | 1,361,331 | 107,506 | 7.9% | -1,112 | 0 | -1,112 | -- |
| Class B | \$13.94 - \$15.85 | 896,283 | 92,000 | 10.3% | -5,420 | 27,434 | -32,854 | -- |
| Class C | \$8.64 - \$9.38 | 215,582 | 45,197 | 21.0% | 400 | 0 | 400 | 339.0 |
| Retail/Warehouse | \$8.85 - \$10.51 | 70,580 | 9,090 | 12.9% | 11,150 | 0 | 11,150 | 2.4 |
| Warehouse | \$3.18 - \$3.23 | 916,727 | 124,795 | 13.6% | 56,000 | 0 | 56,000 | 6.7 |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents



Fayetteville

Downtown Fayetteville/Dickson Street Area

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 562,261 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street Area in the third quarter of 2007.
- The office space in downtown Fayetteville had a reported vacancy rate of 20.5 percent in the third quarter of 2007. This was higher than the overall office vacancy rate for Fayetteville, which was 19.7 percent in the same period.
- The office/retail and retail vacancy rates for downtown Fayetteville properties had vacancy rates about 3 percentage points higher than the average for all of Fayetteville during the third quarter.
- There was no new office space in downtown Fayetteville in the third quarter of 2007.
- There was negative net absorption of 8,106 square feet of office/retail space and 5,500 square feet of office space in downtown Fayetteville from the second quarter of 2007 to the third quarter of 2007. There was no absorption in the downtown Fayetteville retail submarket.
- Average reported lease rates were about \$1.5 - \$1.8 higher for office/retail space in downtown Fayetteville than the city average. The average reported office



lease rate was about the same and the average reported retail lease rate was about \$4.0 lower than the city average.

Northwest Arkansas Mall Area/Joyce Street Corridor

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 2,677,899 square feet of office, office/retail, and retail space in the Northwest Arkansas Mall Area/Joyce Street Corridor in the third quarter of 2007.
- The office space in north Fayetteville had a reported vacancy rate of 22.5 percent in the third quarter of 2007. This was higher than the overall office vacancy rate for Fayetteville, which was 19.7 percent in the same period.

- The office/retail vacancy rate in north Fayetteville was almost triple the city average (compare 61.9 with 22.2 percent) due to the abundance of new construction.
- The retail vacancy rate for north Fayetteville properties was 9.1 percent – slightly lower than the city average of 9.9 percent during the third quarter.
- There were 83,440 square feet of new office space, 27,434 square feet of new retail, and 6,000 square feet of office/retail added to the submarket in the third quarter of 2007.
- There was negative net absorption of 79,850 square feet of office space, 32,480 square feet of retail space, and 3,700 square feet of office/retail space during the third quarter in the Northwest Arkansas Mall Area/Joyce Street Corridor.
- Average reported lease rates were consistently higher than the city aver-

Fayetteville Downtown/Dickson Street Area Summary Statistics

| | Average Lease Rate Range | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|---------------|--------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Office | \$13.79 - \$19.64 | 286,119 | 58,612 | 20.5% | -5,500 | 0 | -5,500 | -- |
| Office/Retail | \$15.18 - \$15.97 | 253,295 | 63,270 | 25.0% | -8,106 | 0 | -8,106 | -- |
| Retail | \$7.90 - \$10.15 | 22,847 | 3,000 | 13.1% | 0 | 0 | 0 | -- |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents



Fayetteville

age in north Fayetteville. Office and office/retail space averaged between \$1-\$2.5 higher lease rates and retail had a \$5-\$6 premium.

Sixth Street Corridor

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 388,206 square feet of office, office/retail, and retail space in the Sixth Street Corridor in the third quarter of 2007.
- The office space in southwest Fayetteville had a reported vacancy rate of 53.8 percent in the third quarter of 2007. This was much higher than the overall office vacancy rate for Fayetteville, which was 19.7 percent in the same period.
- The office/retail and retail vacancy rates were also substantially higher in southwest Fayetteville than the city average.

- There were 44,800 square feet of new office/retail space added to the submarket in the third quarter of 2007.
- There was positive absorption of 4,100 square feet of retail space and 665 square feet of office space and negative net absorption of 35,600 square feet of office/retail space during the third quarter in the Sixth Street Corridor.
- Average reported lease rates were con-

sistent with southwest Fayetteville, except for the average office/retail lease rate. Office and retail space averaged between \$1-\$1.80 lower lease rates. Office/retail had minimum lease rate just slightly below the city minimum rate, while maximum office/retail lease rate was \$1.20 higher.



Fayetteville Mall/Joyce Street Corridor Summary Statistics

| | Average Lease Rate Range | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|---------------|--------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Office | \$15.64 - \$17.35 | 1,120,436 | 252,194 | 22.5% | 3,590 | 83,440 | -79,850 | -- |
| Office/Retail | \$16.25 - \$16.25 | 82,896 | 51,326 | 61.9% | 2,300 | 6,000 | -3,700 | -- |
| Retail | \$18.55 - \$19.73 | 1,474,567 | 134,120 | 9.1% | -5,046 | 27,434 | -32,480 | -- |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents

sistently lower than the city average in

Fayetteville Sixth Street Corridor Summary Statistics

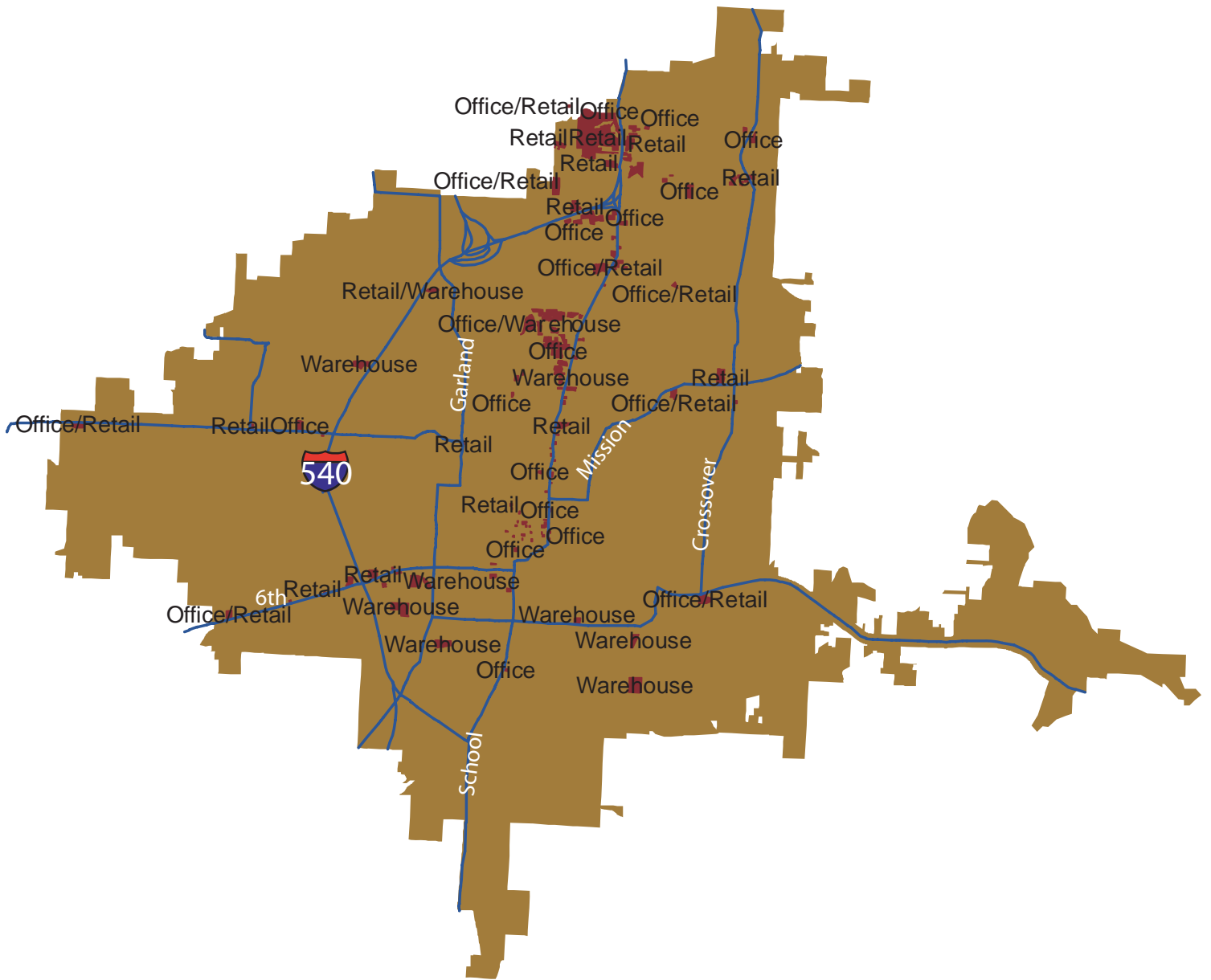
| | Average Lease Rate Range | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|---------------|--------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Office | \$13.00 - \$14.50 | 22,725 | 12,230 | 53.8% | 665 | 0 | 665 | 55.2 |
| Office/Retail | \$13.36 - \$15.80 | 167,200 | 82,700 | 49.5% | 9,200 | 44,800 | -35,600 | -- |
| Retail | \$11.05 - \$13.22 | 198,281 | 57,013 | 28.8% | 4,100 | 0 | 4,100 | 41.7 |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents

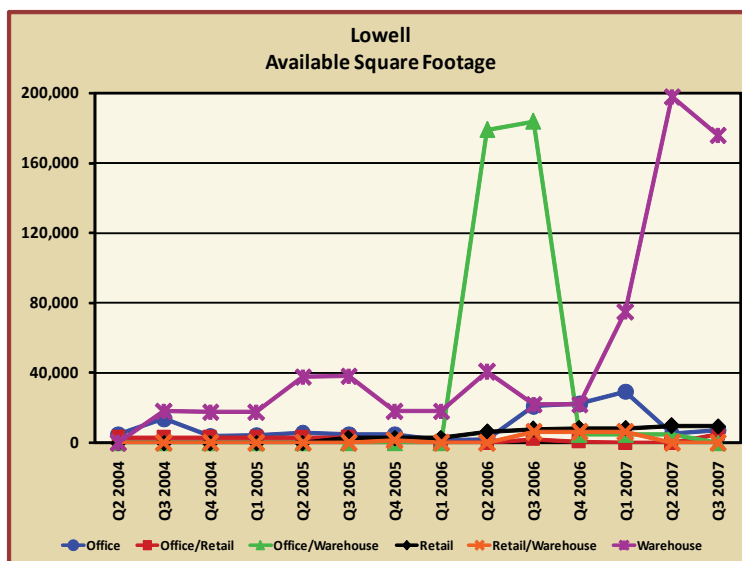


Fayetteville



Lowell

- From June to August 2007, Lowell issued building permits for \$48,927 worth of new commercial space. The third quarter 2007 value was 99.4 percent lower than the second quarter 2007 value and 89.4 percent lower than the third quarter 2006 value.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 825,064 square feet of commercial space in the third quarter of 2007.
- In the third quarter of 2007, Lowell experienced positive absorption in the retail and warehouse submarkets, negative absorption in the office submarket, and no absorption in the medical, office/retail, office/warehouse, and retail/warehouse submarkets.
- Reported vacancy rates declined in the warehouse submarket from the second quarter to the third quarter of 2007 and increased in the office, office/retail, and retail submarkets in Lowell. No vacant space was available in the medical office, office/warehouse, and retail/warehouse submarkets.



- Reported third quarter average lease rates increased in the office and retail submarkets, declined in the office/retail submarket, and were unchanged in all other submarkets.

Lowell Commercial Real Estate Market Summary Statistics

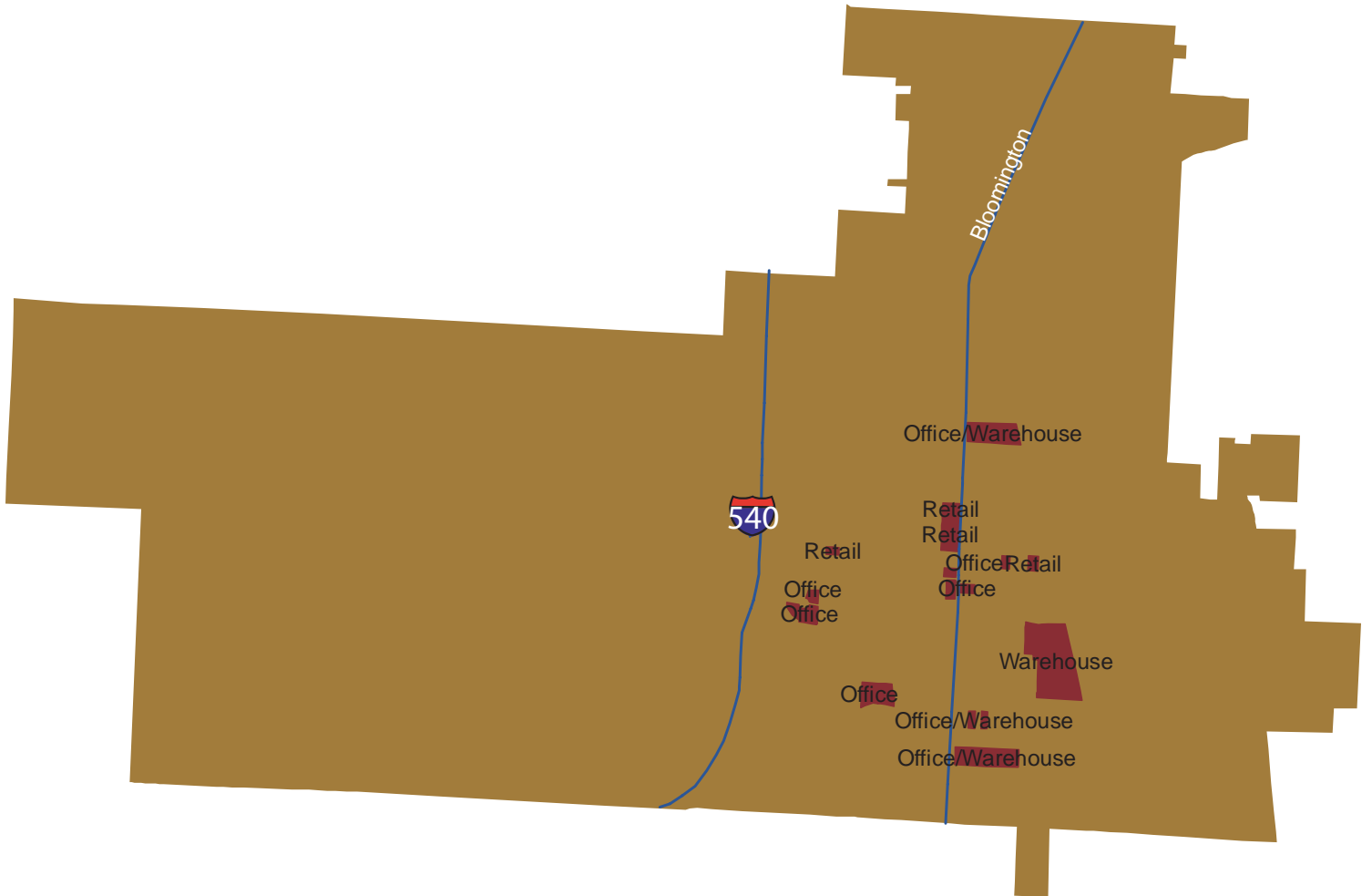
| | Average Lease Rate Range | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|------------------|--------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Industrial | -- | -- | -- | -- | -- | -- | -- | -- |
| Office | \$16.82 - \$17.78 | 247,475 | 7,527 | 3.0% | -2,208 | 0 | -2,208 | -- |
| Class A | \$18.50 - \$18.50 | 111,552 | 1,914 | 1.7% | -1,914 | 0 | -1,914 | -- |
| Class B | \$15.30 - \$16.74 | 95,923 | 5,613 | 5.9% | -294 | 0 | -294 | -- |
| Class C | -- | -- | -- | -- | -- | -- | -- | -- |
| Medical | \$24.00 - \$24.00 | 40,000 | 0 | 0.0% | 0 | 0 | 0 | 0.0 |
| Office/Retail | \$10.50 - \$12.00 | 43,100 | 5,000 | 11.6% | 0 | 0 | 0 | -- |
| Class A | -- | -- | -- | -- | -- | -- | -- | -- |
| Class B | \$10.50 - \$12.00 | 43,100 | 5,000 | 11.6% | 0 | 0 | 0 | -- |
| Class C | -- | -- | -- | -- | -- | -- | -- | -- |
| Office/Warehouse | \$6.16 - \$6.96 | 200,800 | 0 | 0.0% | 0 | 0 | 0 | 0.0 |
| Retail | \$14.00 - \$18.00 | 61,495 | 9,500 | 15.4% | 5,250 | 5,000 | 250 | 114.0 |
| Class A | -- | -- | -- | -- | -- | -- | -- | -- |
| Class B | \$14.00 - \$18.00 | 61,495 | 9,500 | 15.4% | 5,250 | 5,000 | 250 | 114.0 |
| Class C | -- | -- | -- | -- | -- | -- | -- | -- |
| Retail/Warehouse | \$10.89 - \$10.89 | 11,240 | 0 | 0.0% | 0 | 0 | 0 | 0.0 |
| Warehouse | \$5.10 - \$5.10 | 260,954 | 175,966 | 67.4% | 22,150 | 0 | 22,150 | 23.8 |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents

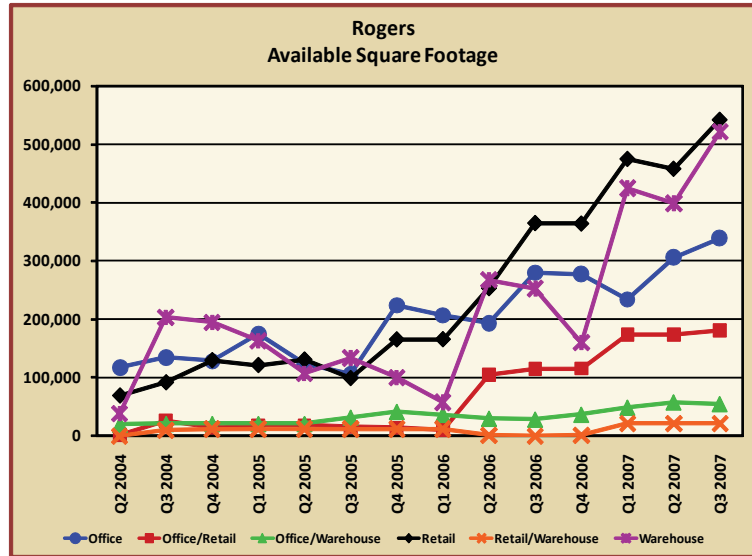


Lowell



Rogers

- From June to August 2007, Rogers issued building permits for \$25,668,347 worth of new commercial space. The third quarter 2007 value was 63.2 percent higher than the second quarter 2007 value and 9.3 percent higher than the third quarter 2006 value.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 7,728,927 square feet of commercial space in the third quarter of 2007.
- There were 262,500 square feet of new warehouse space, 165,000 square feet of new retail space, and 70,000 square feet of new office/retail space added to the Rogers market in the third quarter of 2007.
- In the third quarter of 2007, Rogers experienced negative net absorption in the office, retail, and warehouse submarkets and experienced positive absorption in the office/retail and office/warehouse submarkets. There was zero net absorption in the medical office and retail/warehouse submarkets.



- Reported vacancy rates declined in the office/retail submarket and increased in the office, medical office, office/warehouse, retail, and warehouse submarkets. The vacancy rates in the retail/warehouse submarket stayed unchanged from the second to the third quarter of 2007.
- Average reported lease rates increased slightly in the office/warehouse market.

Class A office/retail average lease rates fell, while Class B office/retail average lease rates rose. Class A retail average reported lease rates were slightly down in the third quarter of 2007 in Rogers, whilst Class B and C retail average lease rates increased slightly. Average reported lease rates in the warehouse market rose slightly. Class A and C

Rogers Commercial Real Estate Market Summary Statistics

| | Average Lease Rate Range | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|------------------|--------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Lab | \$10.00 - \$12.00 | 9,482 | 9,482 | 100.0% | 0 | 0 | 0 | -- |
| Industrial | \$6.00 - \$6.00 | 413,845 | 131,725 | 31.8% | 0 | 0 | 0 | -- |
| Office | \$15.89 - \$16.85 | 1,585,918 | 339,196 | 21.4% | -12,110 | 0 | -12,110 | -- |
| Class A | \$18.90 - \$20.36 | 970,230 | 191,256 | 19.7% | 8,742 | 0 | 8,742 | 65.6 |
| Class B | \$13.98 - \$14.67 | 440,138 | 83,450 | 19.0% | -23,852 | 0 | -23,852 | -- |
| Class C | \$9.83 - \$10.23 | 108,536 | 45,958 | 42.3% | 3,000 | 0 | 3,000 | 46.0 |
| Medical | \$18.07 - \$18.50 | 67,014 | 18,532 | 27.7% | 0 | 0 | 0 | -- |
| Office/Retail | \$13.58 - \$16.34 | 763,082 | 181,062 | 23.7% | 81,391 | 70,000 | 11,391 | 47.7 |
| Class A | \$23.00 - \$26.60 | 268,526 | 124,172 | 46.2% | 58,283 | 70,000 | -11,717 | -- |
| Class B | \$9.99 - \$11.45 | 77,970 | 44,390 | 56.9% | 18,900 | 0 | 18,900 | 7.0 |
| Class C | \$8.95 - \$12.95 | 207,840 | 12,500 | 6.0% | 4,208 | 0 | 4,208 | 8.9 |
| Office/Warehouse | \$5.48 - \$7.12 | 354,759 | 55,023 | 15.5% | 3,000 | 0 | 3,000 | 55.0 |
| Retail | \$10.81 - \$11.53 | 2,612,260 | 542,309 | 20.8% | 81,107 | 165,000 | -83,893 | -- |
| Class A | \$17.94 - \$18.66 | 1,604,354 | 231,090 | 14.4% | 122,960 | 135,000 | -12,040 | -- |
| Class B | \$9.22 - \$10.22 | 709,675 | 257,534 | 36.3% | -42,819 | 30,000 | -72,819 | -- |
| Class C | \$8.43 - \$8.84 | 298,231 | 53,685 | 18.0% | 966 | 0 | 966 | 166.7 |
| Retail/Warehouse | \$6.09 - \$6.13 | 55,729 | 21,283 | 38.2% | 0 | 0 | 0 | -- |
| Warehouse | \$4.17 - \$4.37 | 1,933,852 | 521,323 | 27.0% | 254,344 | 262,500 | -8,156 | -- |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents



Rogers



office as well as medical office lease rates increased, while Class B office average reported lease rates declined in the third quarter.

Downtown Rogers

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 514,310 square feet of office, office/retail, and retail space in Downtown Rogers in the third quarter of 2007.
- The office space in downtown Rogers had a reported average vacancy rate of 19.1 percent in the third quarter of 2007. This was lower than the overall average office vacancy rate for Rogers, which was 21.4 percent in the same period.

- The average retail vacancy rate for downtown Rogers properties was 5.6 percent, much lower than the 20.8 percent average for all of Rogers.
- No square feet of new office or retail space were added to the downtown Rogers in the third quarter of 2007.
- There was positive net absorption of 900 square feet of office space and no absorption of retail space in downtown Rogers from the second quarter of 2007 to the third quarter of 2007.
- Average reported lease rates for downtown Rogers office space were \$3.30 to \$3.85 lower than the average for all of Rogers. The average reported retail lease rate was about \$0.30 lower than the city average.
- There were 165,000 square feet of new retail space and 70,000 square feet of new office/retail space added to the Rogers I-540 corridor submarket in the third quarter of 2007.
- There was positive net absorption of 6,260 square feet of office space and negative absorption of 9,502 square feet of office/retail space and 27,120 square feet of retail space along the Rogers I-540 corridor from the second quarter to the third quarter of 2007.
- Average reported lease rates for Rogers I-540 corridor office space continued to be about \$2.50 higher than the average for all of Rogers. The average reported office/retail lease rate was about \$8 higher and the average reported retail lease rate was about \$3.50 higher than the city average.

Rogers Interstate 540

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 2,750,943 square feet of office, office/retail, and retail space along the Rogers I-540 corridor in the third quarter of 2007.
- The office space along the Rogers I-540 corridor had a reported average vacancy rate of 18.7 percent in the third quarter of 2007. This was lower than the overall average office vacancy rate for Rogers (21.4 percent).
- The average office/retail and retail vacancy rates for Rogers I-540 corridor properties were higher than the rates for all of Rogers by about 20 and 6 percentage points respectively.

Rogers Downtown Summary Statistics

| | Average Lease Rate Range | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|--------|--------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Office | \$12.52 - \$13.00 | 58,213 | 11,132 | 19.1% | 900 | 0 | 900 | 37.1 |
| Retail | \$10.83 - \$10.83 | 456,097 | 25,680 | 5.6% | 0 | 0 | 0 | -- |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents



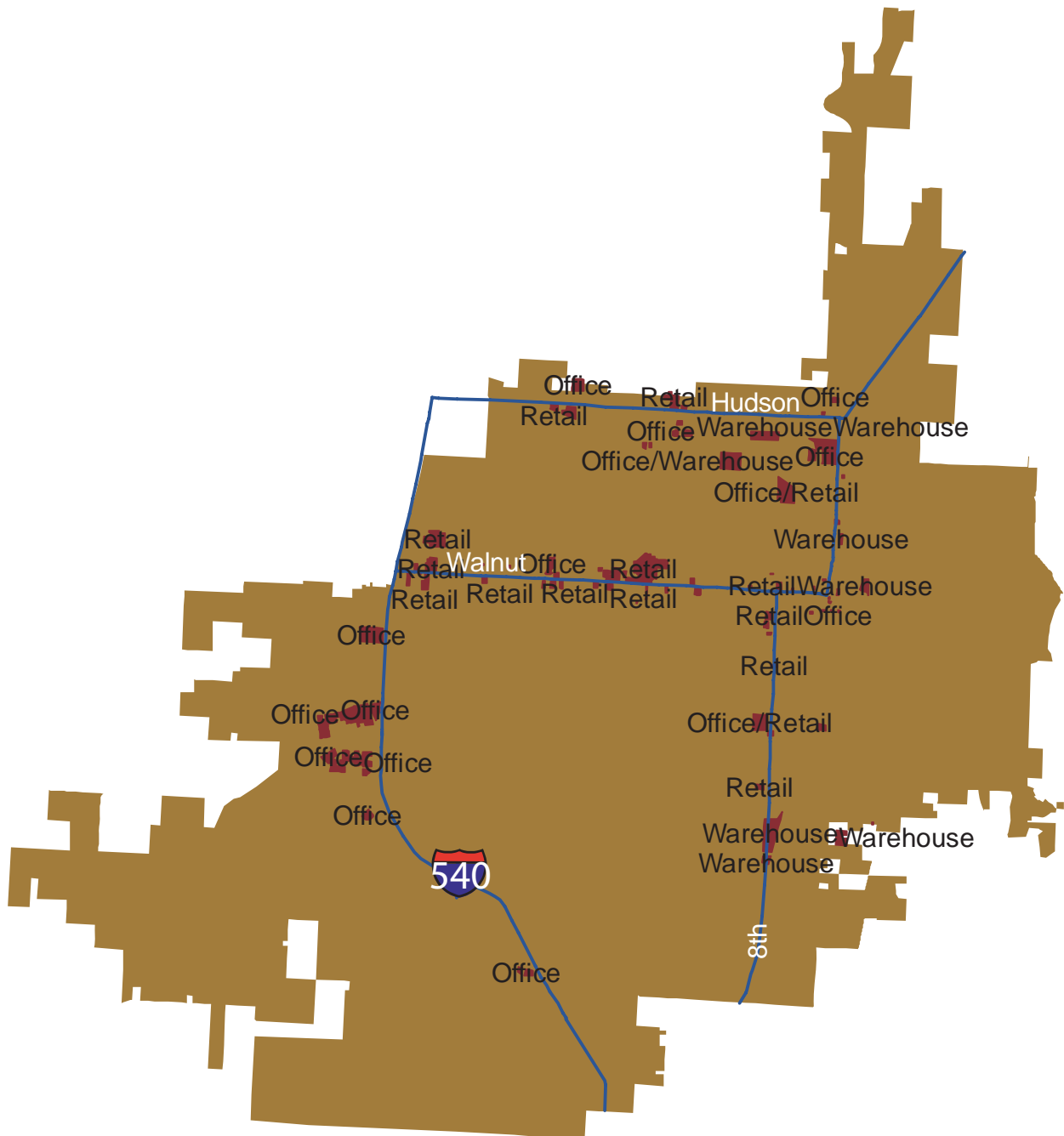
Rogers

Rogers Interstate 540 Corridor Summary Statistics

| | Average Lease Rate Range | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|---------------|--------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Office | \$18.46 - \$19.24 | 1,046,306 | 195,352 | 18.7% | 6,260 | 0 | 6,260 | 93.6 |
| Office/Retail | \$21.80 - \$24.40 | 256,480 | 111,284 | 43.4% | 60,498 | 70,000 | -9,502 | -- |
| Retail | \$14.41 - \$14.84 | 1,448,157 | 386,086 | 26.7% | 137,880 | 165,000 | -27,120 | -- |

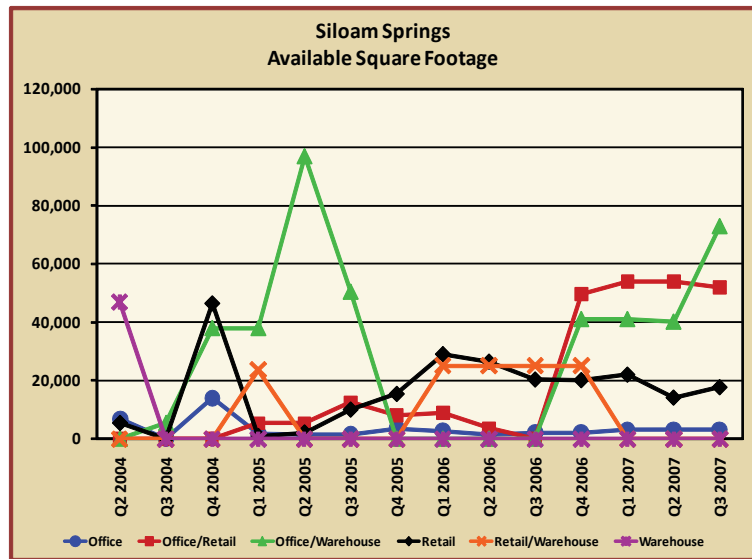
¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents



Siloam Springs

- From June to August 2007, Siloam Springs issued building permits for \$2,575,178 worth of new commercial space. The third quarter 2007 value was 14.7 percent lower than the second quarter 2007 value and 56.3 percent lower than the third quarter 2006 value.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 718,822 square feet of commercial space in the third quarter of 2007.
- In the third quarter of 2007, Siloam Springs experienced positive net absorption in the office/retail submarket and negative net absorption in the retail and office/warehouse submarkets. There was no absorption in the office, retail/warehouse, or warehouse submarkets in the third quarter.
- There were no new square feet of commercial property added in Siloam Springs in the third quarter.
- Following net absorption, vacancy rates declined in the office/retail submarket



- and increased in the retail and office/warehouse submarkets (in the latter submarket by 81.5 percent), and were unchanged elsewhere.
- Average reported lease rates increased for the Class B retail submarket in Siloam Springs in the third quarter.

Siloam Springs Commercial Real Estate Market Summary Statistics

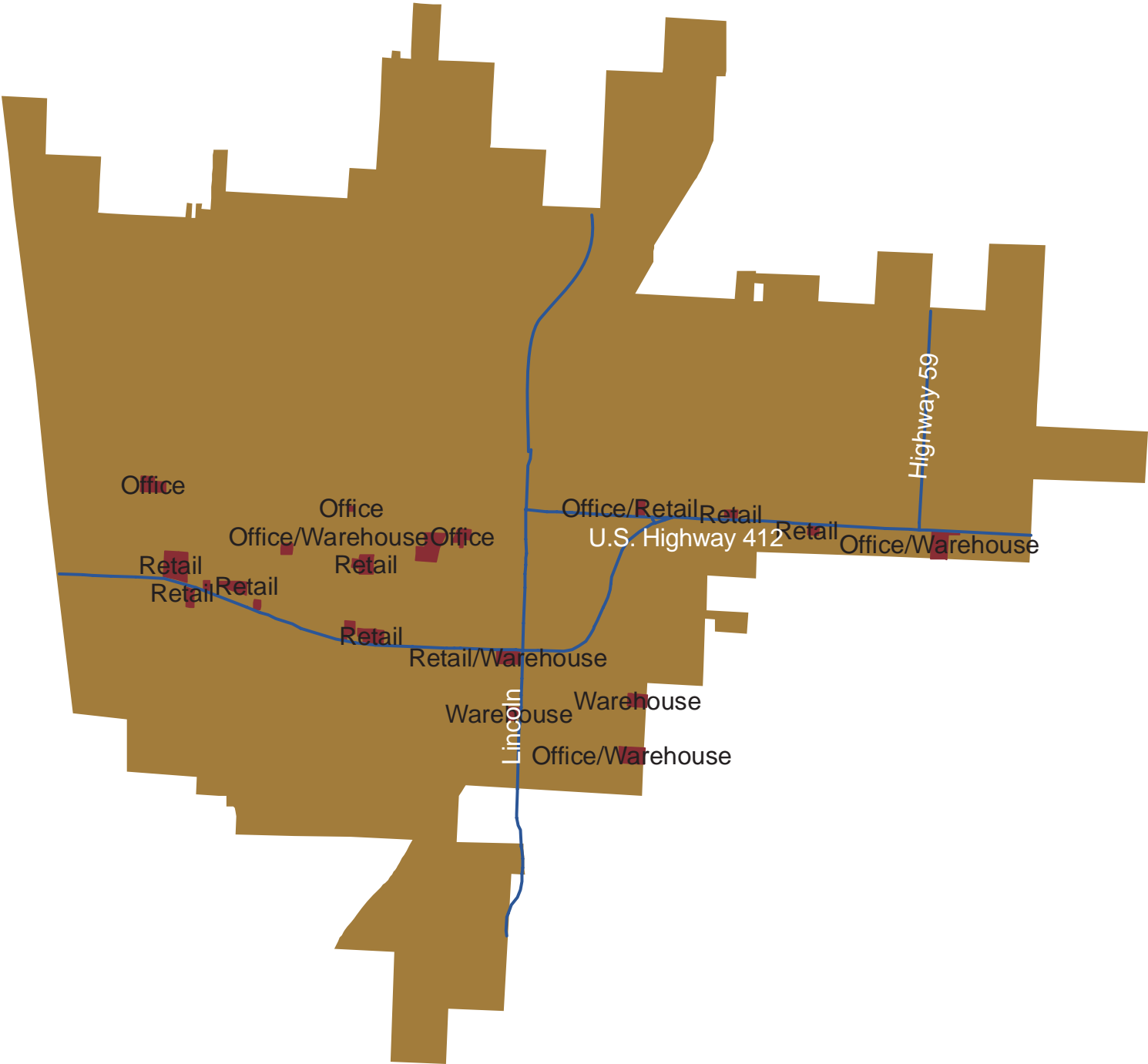
| | Average Lease Rate Range | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|------------------|--------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Industrial | -- | -- | -- | -- | -- | -- | -- | -- |
| Office | \$11.98 - \$12.83 | 80,760 | 3,200 | 4.0% | 0 | 0 | 0 | -- |
| Class A | -- | -- | -- | -- | -- | -- | -- | -- |
| Class B | \$7.39 - \$8.27 | 9,728 | 1,000 | 10.3% | 0 | 0 | 0 | -- |
| Class C | -- | -- | -- | -- | -- | -- | -- | -- |
| Medical | \$13.51 - \$14.34 | 71,032 | 2,200 | 3.1% | 0 | 0 | 0 | -- |
| Office/Retail | \$10.38 - \$11.21 | 117,633 | 51,955 | 44.2% | 2,074 | 0 | 2,074 | 75.2 |
| Class A | \$13.00 - \$18.00 | 56,096 | 39,555 | 70.5% | 924 | 0 | 924 | 128.4 |
| Class B | \$9.85 - \$9.85 | 61,537 | 12,400 | 20.2% | 1,150 | 0 | 1,150 | 32.3 |
| Class C | -- | -- | -- | -- | -- | -- | -- | -- |
| Office/Warehouse | \$3.04 - \$3.36 | 106,441 | 73,007 | 68.6% | -32,800 | 0 | -32,800 | -- |
| Retail | \$8.73 - \$9.40 | 302,846 | 17,700 | 5.8% | -3,570 | 0 | -3,570 | -- |
| Class A | -- | -- | -- | -- | -- | -- | -- | -- |
| Class B | \$9.63 - \$10.03 | 187,222 | 17,700 | 9.5% | -5,970 | 0 | -5,970 | -- |
| Class C | \$6.00 - \$7.50 | 115,624 | 0 | 0.0% | 2,400 | 0 | 2,400 | 0.0 |
| Retail/Warehouse | \$4.05 - \$4.05 | 23,680 | 0 | 0.0% | 0 | 0 | 0 | 0.0 |
| Warehouse | -- | 87,462 | 0 | 0.0% | 0 | 0 | 0 | 0.0 |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents

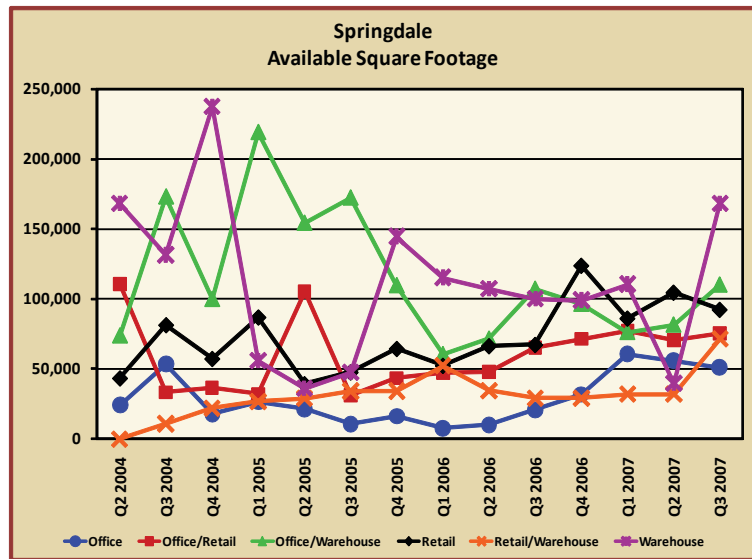


Siloam Springs



Springdale

- From June to August 2007, Springdale issued building permits for \$20,375,131 worth of new commercial space. The third quarter 2007 value was 414.4 percent higher than the second quarter 2007 value and 20.6 percent lower than the third quarter 2006 value.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 5,594,589 square feet of commercial space in the third quarter of 2007.
- In the third quarter of 2007, Springdale experienced positive net absorption in the office, office/retail, and retail submarkets and negative net absorption in the office/warehouse, retail/warehouse and warehouse submarkets.
- A total of 96,087 square feet of new warehouse space and 35,000 square feet of new office/warehouse space were added in the third quarter to the Springdale commercial property market.
- Reported vacancy rates increased in the medical office, office/retail, of-



- office/warehouse, retail/warehouse, and warehouse submarkets, and declined in the office and retail submarkets in Springdale in the third quarter.
- In Springdale, reported average lease rates for Class B office space increased, as well as Class B and Class C retail space lease rates. The retail/warehouse average reported lease rates declined in the third quarter.

Downtown Springdale

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 189,578 square feet of office, office/retail, and retail space in Downtown Springdale in the third quarter of 2007.
- The office space in downtown Springdale had a reported average vacancy

Springdale Commercial Real Estate Market Summary Statistics

| | Average Lease Rate Range | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|------------------|--------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Industrial | \$4.38 - \$6.25 | 381,647 | 20,000 | 5.2% | 0 | 0 | 0 | -- |
| Office | \$11.38 - \$12.57 | 624,225 | 51,168 | 8.2% | 6,884 | 0 | 6,884 | 22.3 |
| Class A | \$14.88 - \$14.88 | 57,123 | 0 | 0.0% | 4,011 | 0 | 4,011 | 0.0 |
| Class B | \$12.24 - \$14.17 | 289,437 | 5,638 | 1.9% | 2,393 | 0 | 2,393 | 7.1 |
| Class C | \$9.25 - \$9.53 | 80,962 | 22,848 | 28.2% | 2,000 | 0 | 2,000 | 34.3 |
| Medical | \$11.31 - \$12.31 | 196,703 | 22,682 | 11.5% | -1,520 | 0 | -1,520 | -- |
| Office/Retail | \$9.79 - \$10.83 | 455,773 | 75,344 | 16.5% | 6,629 | 0 | 6,629 | 34.1 |
| Class A | -- | -- | -- | -- | -- | -- | -- | -- |
| Class B | \$12.20 - \$13.00 | 178,619 | 35,500 | 19.9% | 689 | 0 | 689 | 154.6 |
| Class C | \$8.29 - \$9.57 | 267,554 | 32,560 | 12.2% | 5,940 | 0 | 5,940 | 16.4 |
| Office/Warehouse | \$5.19 - \$7.31 | 1,131,383 | 110,275 | 9.7% | 6,475 | 35,000 | -28,525 | -- |
| Retail | \$9.99 - \$10.91 | 1,455,120 | 92,328 | 6.3% | 13,103 | 0 | 13,103 | 21.1 |
| Class A | -- | -- | -- | -- | -- | -- | -- | -- |
| Class B | \$12.05 - \$13.23 | 1,250,514 | 69,218 | 5.5% | 25,003 | 0 | 25,003 | 8.3 |
| Class C | \$8.61 - \$9.36 | 204,606 | 23,110 | 11.3% | -11,900 | 0 | -11,900 | -- |
| Retail/Warehouse | \$5.84 - \$7.50 | 406,384 | 71,251 | 17.5% | -39,226 | 0 | -39,226 | -- |
| Warehouse | \$4.24 - \$4.86 | 1,140,057 | 168,444 | 14.8% | -7,525 | 96,087 | -103,612 | -- |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents



Springdale

rate of 13.5 percent in the third quarter of 2007. This was higher than the overall average office vacancy rate for Springdale, which was 8.2 percent in the same period.

- The average retail vacancy rate for downtown Springdale properties was 18.5 percent, much higher than the 6.3 percent average for all of Springdale.
 - There were no new square feet of commercial property added to downtown Springdale in the third quarter of 2007.
 - There was negative net absorption of 2,920 square feet in the office submarket and 400 square feet in the retail submarket in downtown Springdale in the third quarter of 2007.
 - Average reported lease rates for downtown Springdale office space were \$2.70 to \$3.50 lower than the average for all of Springdale. The average reported retail lease rate was between \$0.30 and \$1.20 lower than the city average.
- ### West Springdale
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 842,586 square feet of office, office/retail, and retail space in West Springdale in the third quarter of 2007.
 - The office space in West Springdale continued to have a reported average vacancy rate of 0.0 percent in the third quarter of 2007.
 - In West Springdale, the average office/retail vacancy rate was half the rate of the city as a whole (8.2 compared to 16.5 percent). The retail vacancy rate for West Springdale properties was 0.3 percent, also much lower than the 6.3 percent average for all of Springdale.
 - There were no new square feet of commercial property added to West Springdale in the third quarter of 2007.
 - There was positive absorption of 2,000 square feet of office property and negative absorption of 2,250 square feet of retail space in West Springdale in the
- Average reported lease rates for West Springdale office space were between \$3.20 and \$4 higher than the average for all of Springdale. The average reported retail lease rate was about \$1 lower than the city average.

Downtown Springdale Summary Statistics

| | Average Lease Rate Range | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|--------|--------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Office | \$8.65 - \$9.07 | 171,924 | 23,182 | 13.5% | -2,920 | 0 | -2,920 | -- |
| Retail | \$9.68 - \$9.68 | 17,654 | 3,262 | 18.5% | -400 | 0 | -400 | -- |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents

third quarter of 2007.

West Springdale Summary Statistics

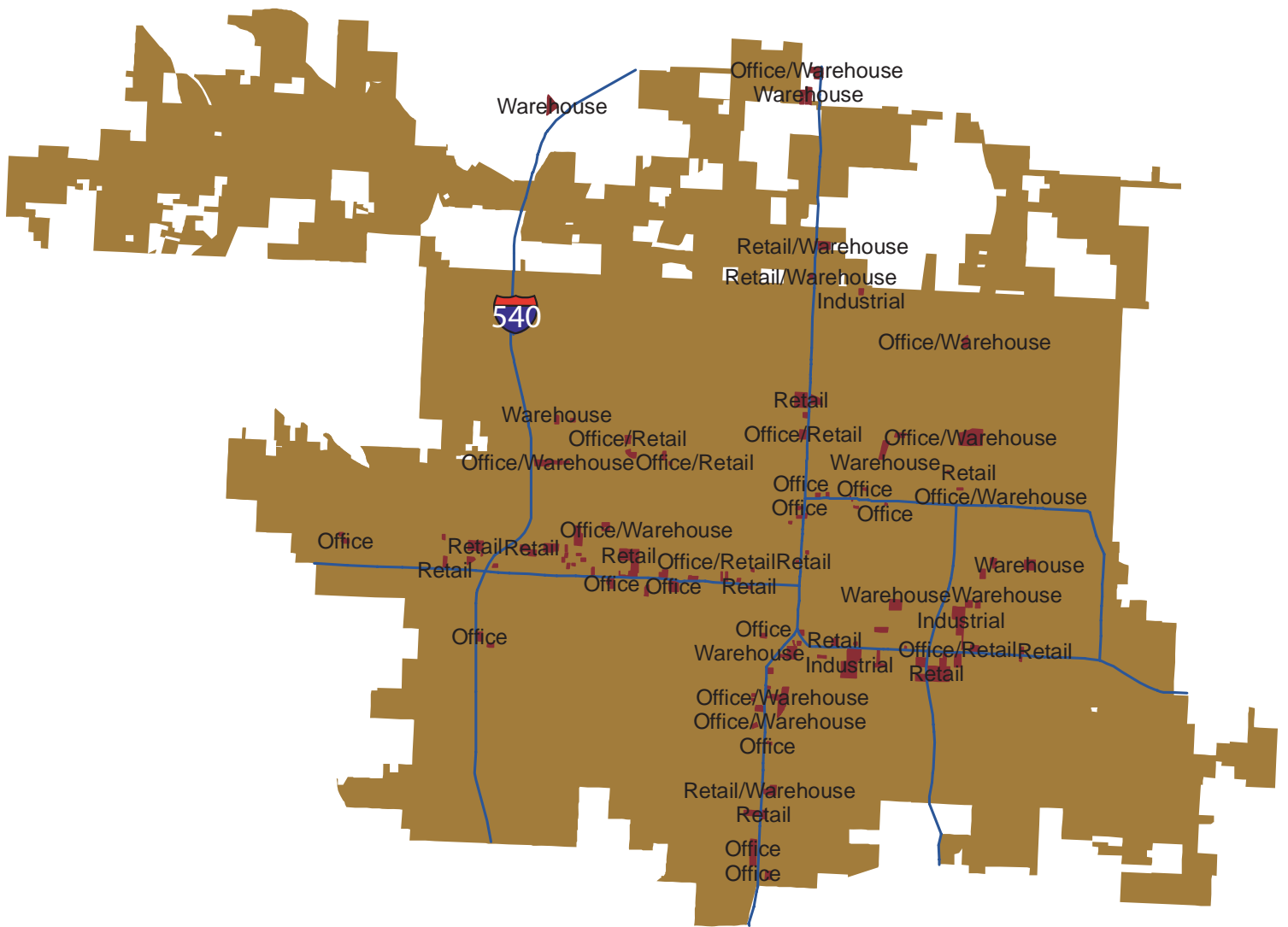
| | Average Lease Rate Range | Total Square Feet ¹ | Available Square Feet ¹ | Percent Available ¹ | Absorption from Q2 to Q3 ² | New Available Square Feet ¹ | Net Absorption ^{1,2} | Months of Inventory ^{1,2} |
|---------------|--------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------------|--|-------------------------------|------------------------------------|
| Office | \$15.38 - \$15.75 | 39,954 | 0 | 0.0% | 2,000 | 0 | 2,000 | 0.0 |
| Office/Retail | \$8.50 - \$12.00 | 36,550 | 3,000 | 8.2% | 0 | 0 | 0 | -- |
| Retail | \$9.00 - \$10.00 | 766,082 | 2,250 | 0.3% | -2,250 | 0 | -2,250 | -- |

¹From all Q3 2007 respondents

²From Q3 2007 respondents who were also Q2 2007 respondents



Springdale



Interpretation

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

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

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

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

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

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

The third source of data for the Skyline report is a panel of large commercial property owners and managers. These individuals are responsible for the bulk of the competitive commercial properties in Northwest Arkansas. CBER researchers gather information on square footage available to the market, lease rates, and other property characteristics from the panelists. In the third quarter of 2007, 235 panelists provided data on 1,151 competitive properties across Benton and Washington Counties. Data are excluded for owner-occupied and dedicated spaces so that the total square feet, available square feet, and lease rates represent a sample only from properties that are currently or potentially available for lease. Vacancy rates are calculated from the sample of 1,151 properties and are assumed to be representative of the larger competitive commercial property market.

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

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

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

Classification

In order to compare similar spaces, CBER has developed a classification system for office, office/retail, and retail spaces. These classes rate the quality of each building in terms of the following criteria: age, quality of construction, location, and included amenities. Class A space represents the most prestigious buildings available in the Northwest Arkansas market. These spaces are new or newly renovated, made of the best quality materials, with brick, masonry, or glass exteriors. Class A buildings are located in highly accessible locations with easy access to major clients or customers.

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

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

