

# THE SKYLINE REPORT

SPONSORED BY ARVEST BANK

## Contents

Report Structure .....	2
Economic Overview .....	3
Local Perceptions .....	5
Inventory & Building Permits .....	7
New Commercial Projects .....	10
Hotels .....	14
Restaurants .....	17
Commercial Market Trends .....	19
Office Submarket Comparison .....	26
Office/Retail Submarket Comparison .....	29
Retail Submarket Comparison.....	31
Other Submarket Comparisons .....	33
City Summary Statistics	
Bella Vista.....	35
Bentonville .....	37
Fayetteville .....	40
Lowell .....	44
Rogers .....	46
Siloam Springs .....	49
Springdale .....	51
Interpretation .....	54



*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 eighteenth edition of the Skyline Report for Benton and Washington Counties—Commercial Real Estate Market Analysis. Researchers at the Center for Business and Economic Research in the Sam M. Walton College of Business at the University of Arkansas produce the Skyline Report to provide timely statistical analysis of the Northwest Arkansas commercial real estate market. The information contained in the Skyline Report is critical for lenders, developers, contractors, and potential lessees. The Northwest Arkansas commercial real estate market is fragmented with many local and national commercial real estate professionals competing to serve the needs of a burgeoning business community. Having current information and analysis provides a competitive advantage over those who make decisions without the benefit of hard data.

### Highlights from the Third Quarter of 2008

- In the third quarter of 2008, 64,414 square feet of competitive commercial property were added to the Northwest Arkansas market. About 43,814 square feet of that space were new office space and 20,600 were new retail space.
- In the office market, there was positive net absorption of 320,681 square feet. A total of 43,814 square feet of new space were added to the Class B office submarket, while 382,712 square feet became occupied in the Class A office, 1,536 in the Class C office, and 7,459 in the medical office submarket.
- A total of 20,600 square feet of new retail space were added to the Springdale market, while 22,739 square feet became vacant in Northwest Arkansas. As a result, the retail vacancy rate increased to 14.5 percent in the third quarter from 14.3 percent in the second quarter of 2008.
- Within the office/retail submarket there was absorption of 54,260 square feet, while no new space entered the market. Accordingly, the vacancy rate declined from a revised 22.0 percent in the second quarter to 21.0 percent in the third quarter.
- During the third quarter of 2008, no new office/warehouse space was added in Northwest Arkansas, while 8,101 square feet became occupied. The vacancy rate decreased in accord with the absorption to 17.5 percent in the third quarter of 2008.
- The warehouse submarket experienced negative net absorption of 9,885 square feet, while no new space was added. Thus, the warehouse vacancy rate increased from 27.9 percent in the second quarter to 28.3 percent in the third quarter.
- From June to August of 2008, there were about \$21.7 million in commercial building permits issued in Bentonville, Fayetteville, Lowell, Rogers, Siloam Springs, and Springdale. This is an increase of 67.5 percent from the prior quarter, but a decline of 62.7 percent from the third quarter of 2007.

# Report Structure

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

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

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

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

After the summary of local perceptions, the third quarter numbers for total commercial property square feet and building permit data are presented. Within the total square feet table, a breakdown of property type by city is provided. Also, the square footage of competitive commercial property for which the 247 panelists provide information is broken down by city and the percentage of coverage of the competitive market is calculated. A table containing publicly announced new commercial real estate projects is presented after the summary of building permit data. This table is meant to provide an indication of the future direction of the Northwest Arkansas commercial property market. As many of these projects are still in the conceptual phase, hard data are incomplete and subject to change.

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



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

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

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

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



# Economic Overview

## The Macro Economy at a Glance

In the second quarter of 2008, the overall real growth rate in GDP was 2.8 percent, according to the final estimates released by the U.S. Department of Commerce Bureau of Economic Analysis (BEA). The growth rate went up from a revised 0.9 percent rate in the first quarter of 2008, but was lower than the growth rate in the second quarter of 2007 (which was 4.8 percent). The BEA reported that the increase in real GDP in the second quarter primarily reflected positive contributions from exports, personal consumption expenditures (PCE), nonresidential structures, federal government spending, and state and local government spending that were partly offset by negative contributions from private inventory investment, residential fixed investment, and equipment and software. Imports, which are a subtraction in the calculation of GDP, decreased. The acceleration in real GDP growth primarily reflected a larger decrease in imports, an acceleration in exports, a smaller decrease in residential fixed investment, an acceleration in nonresidential structures, an upturn in state and local government spending, and an acceleration in PCE that were partly offset by larger decreases in inventory investment and in equipment and software. Final sales of computers contributed 0.17 percentage points to the second-quarter growth in real GDP after contributing 0.05 percentage points to the first-quarter growth. Motor vehicle output subtracted 1.01 percentage points from the second-quarter growth in real GDP after subtracting 0.41 percentage points from the first-quarter growth.

Turning to the Bureau of Labor Statistics data, in August of 2008, the national unemployment rate was a seasonally adjusted 6.1 percent, higher than the 4.7 percent rate a year earlier. The Conference Board Consumer Confidence Index, which had improved moderately in August, posted a slight gain in September. The Index now stands at 59.8 (1985=100), up from 58.5 in August of 2008. The Present Situation Index decreased to

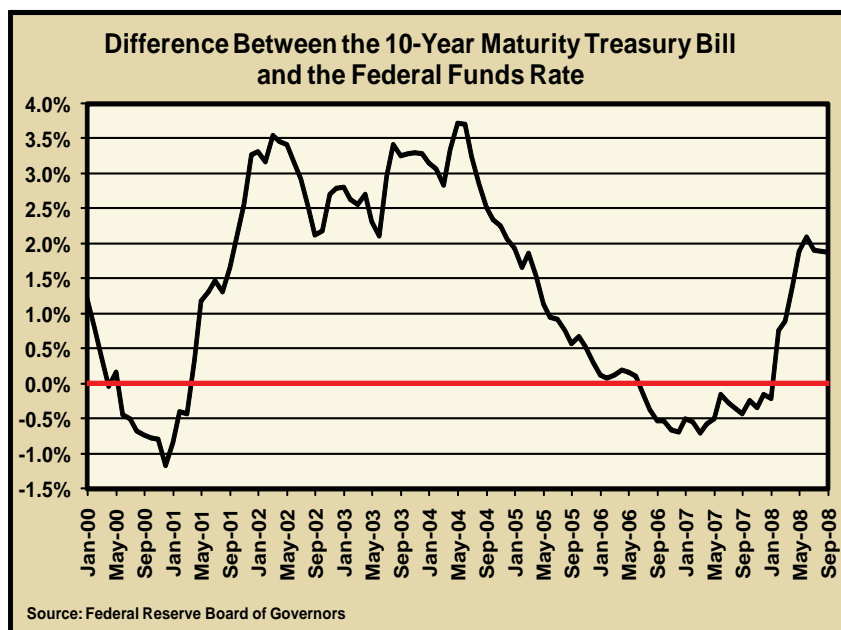
58.8 from 65.0 last month. The Expectations Index, however, increased to 60.5 from 54.1 in August. Lynn Franco, Director of the Conference Board Consumer Research Center, says: "September's increase in the Consumer Confidence Index was due solely to an improvement in the short-term outlook. However, these results did not capture all of the tumultuous events in the financial sector this month, and until the dust settles a bit more, we will not know the full impact on consumers' expectations."

During the first eight months of 2008, the Consumer Price Index for All Urban Consumers (CPI-U) rose at a 5.1 percent seasonally adjusted annual rate (SAAR). This compares with a 4.1 percent increase for all of 2007. Between January and August 2008, overall energy costs rose at a 22.4 percent SAAR, whereas the energy index increased by 17.4 percent in all of 2007. The food index has increased at a 7.5 percent SAAR thus far this year, following a 4.9 percent rise for all of 2007. Excluding food and energy, the CPI-U has advanced at a 2.5 percent SAAR in 2008 after increasing 2.4 percent in 2007. On a seasonally adjusted basis, the CPI-U decreased 0.1 percent in August, following a 0.8 percent increase in July. The index for

energy fell 3.1 percent in August after three consecutive sharp increases. The food index advanced 0.6 percent in August after rising 0.9 percent in July. The index for all items less food and energy increased 0.2 percent in August following a 0.3 percent increase in July. Downturns in the indexes for lodging away from home, new vehicles, apparel, and telephone services were partly offset by larger increases in the indexes for medical care and recreation.

## Short-term Interest Rate Risk

The Federal Funds rates averaged 1.81 percent in September. The Fed implemented a decrease in short term interest rate down to 1.5 percent last week, its lowest level in more than four years. According to the Fed's Chairman, Ben Bernanke, financial systems in the United States and in much of the rest of the world are under extraordinary stress, particularly the credit and money markets. The losses suffered by many banks and nonbank financial firms have both constrained their ability to lend and reduced the willingness of other market participants to deal with them. The financial storm has not yet subsided and its effects on the broader economy are becoming apparent in the form



# Economic Overview

of softening economic activity and rising unemployment. Add to this mix a jump in inflation, in part the product of a global commodity boom, and the result has been one of the most challenging economic and policy environments in memory. The Federal Reserve Board announced several initiatives to support financial stability. Central banks will continue working together to expand the U.S. dollar liquidity and to maintain stable flow of credit to the economy during this period of significant strain in global markets.

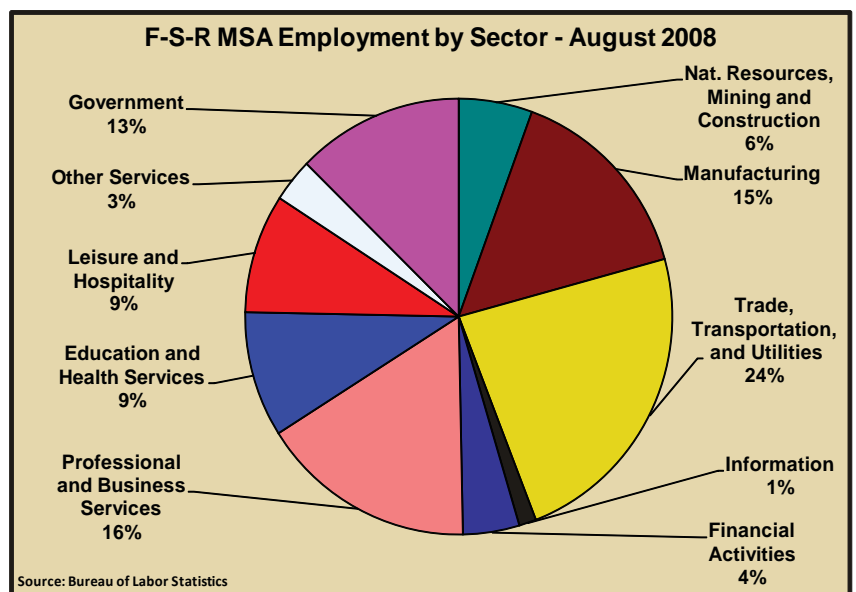
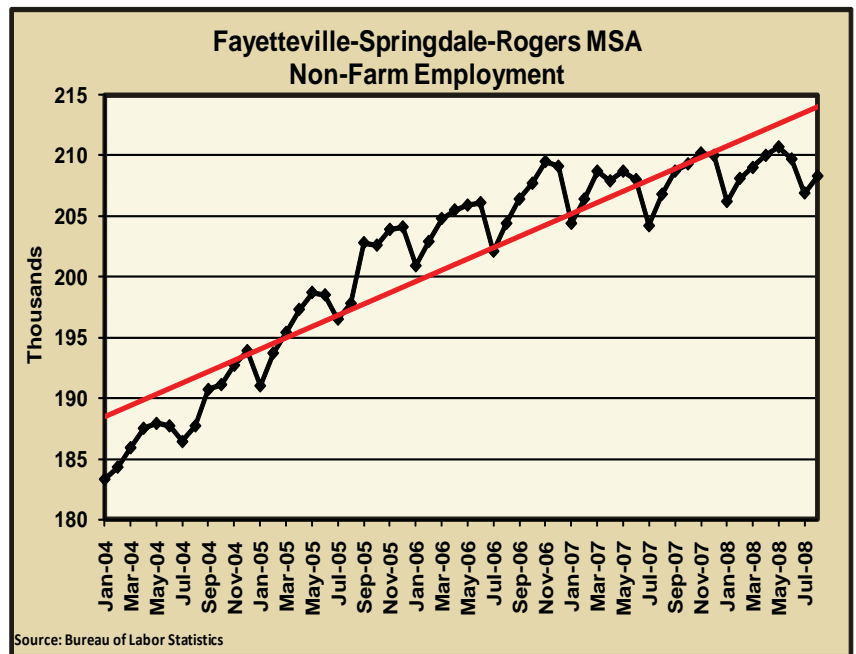
## Long-term Interest Rate Risk

The ten year constant maturity Treasury bill had an interest rate of 3.69 percent in September 2008. The decline in short-term rates was less than the decline in long-term interest rates, resulting in a decrease in the spread between the two. The accompanying figure shows the spread between the Fed Funds Rate and the ten year Treasury bill since January 2000. In September 2008, the spread was a 1.88 percent. The continuing positive spread is important as it has typically been a sign of stronger economy.

## Regional Employment Trends

Local demand for real estate is uniquely associated with employment growth in the region. The Northwest Arkansas employment numbers bear careful watching because the demand for much of the new and expected commercial development relies on the assumption that job growth will be strong. In August 2008, a five year average of 459 non-farm jobs was created per month according to preliminary results. The local economy added 1,500 jobs over the course of the year from August 2007 to August 2008. A similar year over year comparison in July 2008 showed that the economy added 2,400 jobs.

In order to delve more closely into the makeup of the job growth in Northwest Arkansas, two additional figures are provided. The first shows the August 2008 Fayetteville-



Springdale-Rogers MSA employment breakdown by sector. As the pie chart shows, trade, transportation, and utilities have the largest share of employment (24 percent) in Northwest Arkansas, followed by professional and business services (16 percent), manufacturing (15 percent), government (13 percent), and education and health services or leisure and hospitality (9 percent). The second figure shows the annual percentage change in the MSA's employment by sector from August

2007 to August 2008. Total non-farm employment increased by 0.7 percent during that time, so those sectors with larger employment growth rates increased in relative impact and those sectors with smaller employment growth rates decreased in relative impact. Education and health services, other services, professional and business services, leisure and hospitality, government, and financial activities sector had the largest percentage increases.





# Local Perceptions

According to the Bureau of Labor Statistics, the unemployment rate in Northwest Arkansas was at a preliminary seasonally non-adjusted 3.5 percent in August 2008. This is 0.5 percentage points lower than in August of 2007. The unemployment rate in Northwest Arkansas continues to outperform both the state (4.6 percent) and nation (6.1 percent) seasonally non-adjusted rates.

## Local Perceptions of the Northwest Arkansas Commercial Property Market

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

This quarter panelists were extremely concerned about near and mid-term prospects for the Northwest Arkansas real estate market. They felt the national economy was having, and will continue to have a stronger impact on Northwest Arkansas than in the past (all interviews were conducted before the precipitous drop in the Dow Jones during the week of October 6-10). Primary concerns associated with national economy were the credit market crisis, fuel prices, and the presidential election. Several panelists mentioned not being able to fund new projects they felt were sound due to a lack of available credit and general unwillingness of banks to lend. Also,

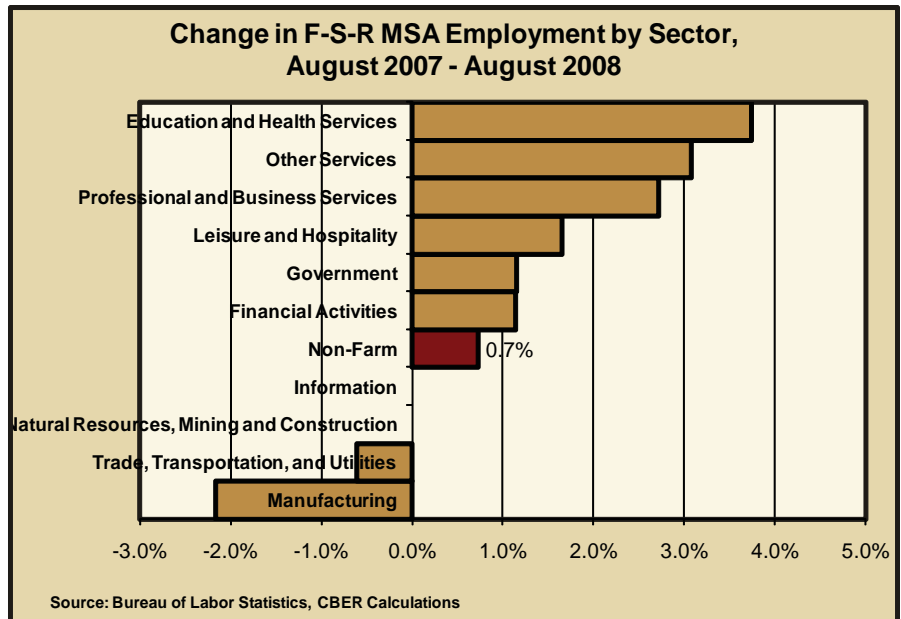
panelists were concerned about the impact the credit freeze may have on tenants' ability to stay in business, let alone expand. Fuel prices were worrisome because they have a direct impact on consumers ability to buy products, thereby impacting tenant income, and on supply costs as well. Finally, several panelists expressed the view that there was an amount of economic uncertainty due to the election. By and large the panelists were hoping for a Republican victory, but overall they expressed the thought that once the election was over, that uncertainty will be gone and it will lead to a more stable economic environment.

More locally oriented concerns were the continued oversupply of office space (even with Wal-Mart acquiring the Superior Building), more potential fallout in the commercial sector as additional properties face foreclosure, more developers heading into serious financial turmoil including bankruptcy, and the local banking industry's willingness and ability to lend. While some panelists reported increasing activity, none felt very positive about growth for the coming year, even through 2010 or later. Even the panelists who reported that they were doing more business than last quarter felt less inclined to think

that the coming year was not going to be any better, and may in fact be worse. No panelist was willing to call the "bottom" (which all agree is a vague and nebulous term) yet.

With the purchase of the Superior Building by Wal-Mart, a substantial amount of available space left the market. Many panelists felt that this will not have a significant impact on lease rates and leasing activity as they said it was not competitive with most other office space in the region due to physical size constraints. Still, many did welcome the news, one of the few bright spots of the last quarter. Strong concerns remained about an abundance of smaller Class A and Class B space in both Benton and Washington counties. Also, there were many concerns voiced about office/retail and retail space as panelists were worried about the ability of both small independent business owners and larger regional or national chains to weather the current economic downturn. Panelists felt there was a strong chance vacancies will increase in these two market areas in the next year if the nation and local area move into recession.

Some panelists again reiterated the point that developers with a strong cash position



# Local Perceptions

can still find niche projects that will be successful. They also pointed out that given the time frame for development of some projects, if one believes 2010-2011 are going to be rebounding years, this is the time to plan for that expansion. However, those thoughts were tempered with the possibility that the economic slowdown may turn into a more serious recession.

Infrastructure was discussed briefly this quarter. Many panelists were happy that improvements have been made and are hoping for an even stronger infrastructure development program in the next few years. A couple of panelists expressed concern that most of the improvements are only benefiting certain areas and population groups.

Most panelists still believed that there are solid fundamentals in Northwest Arkansas that will help the region regain a positive growth mode in the future. Wal-Mart, Tyson

and the poultry industry, JB Hunt and the transportation industry, the University of Arkansas and the education sector were all mentioned. But even the long term optimism is much more tempered this quarter than previously. Panelists are very concerned about the future.

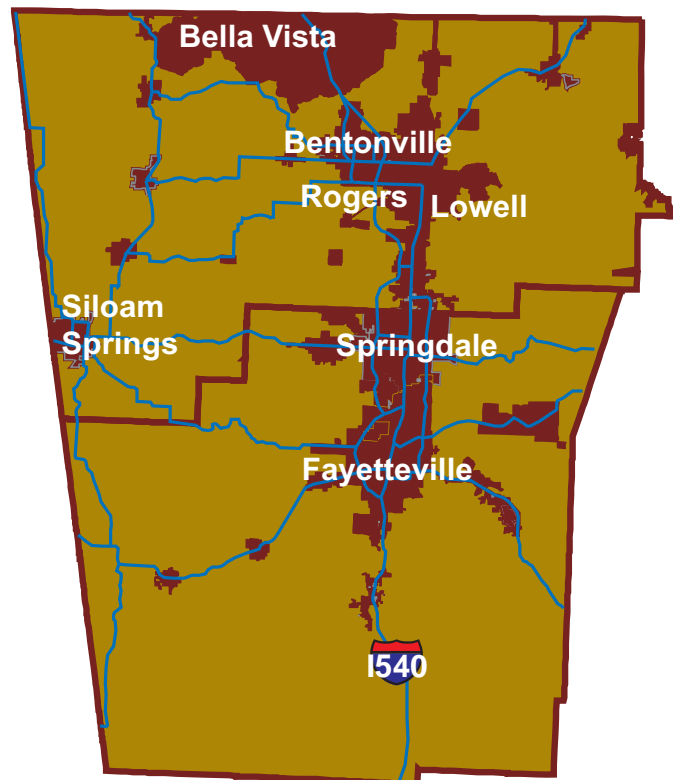
#### Positive Factors:

1. Strong demand for office space.
2. Continued movement of vendors into Northwest Arkansas.
3. Continued influx of professionals into Northwest Arkansas.
4. National attention to the growing MSA by developers and retailers.
5. National media coverage of Northwest Arkansas as a good place to live and work.
6. Creation of destination locations including development of the baseball stadium in Springdale.

7. Wal-Mart, Tyson Foods and the poultry industry, J.B. Hunt and the transportation industry, the University of Arkansas and higher education.
8. Region's entrepreneurial spirit.

#### Negative Factors:

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



# Inventory and Building Permits

## Categories of Commercial Properties

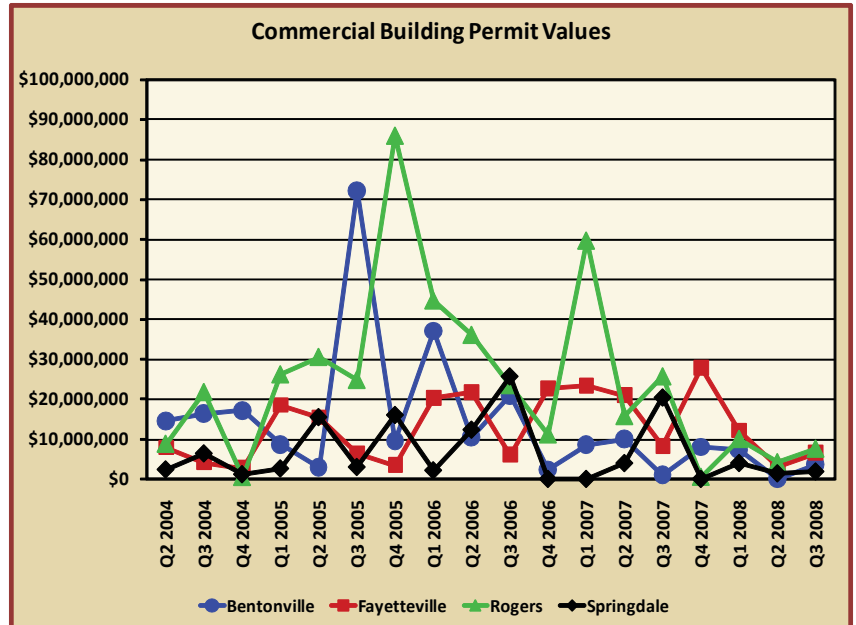
The Northwest Arkansas commercial market is divided into seven major categories of space:

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

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

## Local Commercial Property Inventory and Building Permit Data

The following table presents the total competitive commercial property inventory in Northwest Arkansas that meets minimum square footage requirements (a complete list of these criteria is included on page 54) as of August 2008. For the third quarter, the Sky-



line Report covered 91.2 percent of the total competitive commercial property population in Northwest Arkansas. Some cities had better coverage than others.

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

From June to August of 2008, there were about \$21.7 million in commercial building permits issued in Bentonville, Fayetteville, Lowell, Rogers, Siloam Springs, and Springdale. This is an increase of 67.5 percent from the prior quarter, but a decline of 62.7 percent from the third quarter of 2007. Rogers accounted for about 34.9 percent of the total value of building permits in the June to

August period. Fayetteville accounted for an additional 30.2 percent and Bentonville accounted for 17.0 percent. Springdale's, Lowell's, and Siloam Springs's shares were 8.6, 4.7, and 4.6 percent respectively in the third quarter of 2008.

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

Following the announced properties table is a list of the existing hotel properties in Northwest Arkansas, detailed by city. In the third quarter, there were 6,955 standard rooms and 1,789 suites in Northwest Arkansas. Bentonville continued to have the most rooms, with



# Inventory

2,191. Announced new hotel properties are detailed in a table following the existing hotel properties. Finally, lists of announced new and closed restaurant properties follow the hotel information.

## Total Square Feet and Coverage of Competitive Commercial Properties

	Industrial <sup>1</sup>	Office <sup>1</sup>	Retail <sup>1</sup>	Warehouse <sup>1</sup>	Total <sup>1</sup>	Panel Total Square Feet <sup>2</sup>	Panel Coverage <sup>2</sup>
Bella Vista	--	111,924	138,680	90,964	341,568	319,574	93.6%
Bentonville	76,056	4,154,074	962,253	788,376	5,980,759	6,384,387	106.7%
Fayetteville	114,079	2,889,928	3,893,090	1,778,270	8,675,367	7,377,248	85.0%
Lowell	57,970	254,691	172,208	772,259	1,257,128	957,714	76.2%
Rogers	307,281	2,064,350	3,448,176	1,674,190	7,493,997	7,838,388	104.6%
Siloam Springs	281,422	180,293	692,789	434,212	1,588,716	1,134,030	71.4%
Springdale	1,142,623	1,447,589	2,181,159	2,525,034	7,296,405	5,738,514	78.6%
Northwest Arkansas Total	1,979,431	11,102,849	11,488,355	8,063,305	32,633,940	29,749,855	91.2%

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

<sup>2</sup>Source: Panel of 247 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 2008	\$3,689,476	\$6,548,894	\$1,019,000	\$7,579,500	\$1,006,596	\$1,861,390	\$21,704,856
March - May 2008	\$153,000	\$3,152,132	\$4,075,075	\$4,179,000	\$0	\$1,395,524	\$12,954,731
Dec. 2007 - Feb. 2008	\$7,400,153	\$12,125,756	\$0	\$9,995,030	\$3,200,000	\$3,970,299	\$36,691,238
Sept. - Nov. 2007	\$8,075,766	\$27,923,695	\$4,455,275	\$533,200	\$0	\$0	\$40,987,936
June - August 2007	\$1,194,440	\$8,309,014	\$48,927	\$25,668,347	\$2,575,178	\$20,375,131	\$58,171,037
March - May 2007	\$10,082,817	\$20,962,887	\$8,277,328	\$15,727,729	\$3,019,500	\$3,960,747	\$62,031,008
Dec. 2006 - Feb. 2007	\$8,725,598	\$23,406,927	\$4,709,086	\$59,642,734	\$25,000	\$0	\$96,509,345
Sept. - Nov. 2006	\$2,404,840	\$22,721,389	\$1,840,722	\$11,146,805	\$538,000	\$0	\$38,651,756
June - August 2006	\$21,014,259	\$6,147,723	\$462,712	\$23,479,198	\$5,890,000	\$25,663,800	\$82,657,692
March - May 2006	\$10,575,639	\$21,780,317	\$10,924,435	\$36,046,864	\$3,650,000	\$12,322,984	\$95,300,239
Dec. 2005 - Feb. 2006	\$37,121,720	\$20,330,697	\$2,359,019	\$44,672,800	\$165,000	\$2,151,476	\$106,800,712
Sept. - Nov. 2005	\$9,674,394	\$3,519,150	\$3,275,717	\$85,896,765	\$150,000	\$15,999,816	\$118,515,842
June - August 2005	\$72,205,699	\$6,434,833	\$1,666,851	\$24,782,039	\$200,000	\$2,982,618	\$108,272,040
March - May 2005	\$3,061,870	\$15,491,806	\$1,590,789	\$30,534,466	\$1,059,000	\$15,468,833	\$67,206,764
Dec. 2004 - Feb. 2005	\$8,753,636	\$18,560,094	\$390,000	\$26,172,000	\$254,700	\$2,614,524	\$56,744,954
Sept. - Nov. 2004	\$17,242,269	\$2,750,867	\$402,891	\$489,240	\$188,000	\$1,174,999	\$22,248,266



# New Commercial Projects

## Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Aventine Plaza	Bella Vista	Mike Andrews	Commercial	15,000	
Crye-Leike Office	Bella Vista	Crye-Leike Realtors	Office/Retail	9,000	2008
Mercy Health System Urgent Care	Bella Vista	Mercy Health System	Medical		
206 SW 2nd Street Multi-Use Building	Bentonville	Main Street Builders LLC	Mixed Use		
28th Street Commercial Building	Bentonville	Rick Thomas	Office/Retail	24,000	
Airport Plaza	Bentonville		Office/Retail/Bank	25,846	
Applegate Hills	Bentonville	Robert Weinmeier and Jim Brassart	Mixed Use	980,000	
Archer Business Park	Bentonville	Wayne and Victoria Martin	Retail	20,000	
Arvest Bank	Bentonville	Arvest Bank	Bank	5,000	2008
Bentonville Pre-K School	Bentonville	Bentonville School District	School	22,630	
Bentonville Utility Dept. Warehouse	Bentonville	City of Bentonville	Warehouse	7,500	March 2009
Brightwood Business Park	Bentonville	Mike Charlton	Office/Retail	35,260	2008
Christopher's Custom Homes Office	Bentonville	Christopher's Custom Homes Office	Office		
Classic Lube, Tune and Brakes	Bentonville	Shane Willis	Retail	4,300	
Covington Center	Bentonville	Benchmark Group	Office/Retail		
Crye-Leike Office	Bentonville	Crye-Leike Realtors	Office/Retail	14,000	Sept. 2008
Digital Endeavors	Bentonville	Digital Endeavors	Office	7,650	
Elm Tree Place	Bentonville		Commercial	10,144	
E-Wolff Sales Solution Building	Bentonville	E-Wolff Sales Solutions	Office/Warehouse	4,000	2008
Fountain Plaza New Building 1	Bentonville	Jeannie Fleeman	Retail	23,000	Spring 2009
Fountain Plaza New Building 2	Bentonville	Jeannie Fleeman	Retail	30,000	
Kum and Go	Bentonville	Kum and Go	Retail	3,391	2009
Lakeside Center	Bentonville	Lindsey Management	Office	60,000	
Landers McClarty Jeep	Bentonville	Landers McClarty Auto	Commercial	9,033	
Moberly Professional Park	Bentonville		Office	56,128	
Morrison Addition Office Buildings	Bentonville	Clinard Construction	Office	30,000	
Neighborhood Wal-Mart and Uptown Center	Bentonville	CEI Engineering	Retail	40,000+	Delayed
Oakbrooke II	Bentonville	MIDD Development	Office/Retail	26,000	
Office Building	Bentonville		Office	20,000	
PJT Commercial Building	Bentonville	PJT Development	Commercial	8,000	
Polo Park Commercial/Industrial Park	Bentonville	San Miguel LLC	Commercial/Industrial		
Polo Park Warehouse	Bentonville	San Miguel LLC	Warehouse	108,000	
Primary-Care Clinic	Bentonville				
Rainbow Holding Office Building	Bentonville	Rainbow Holdings LLC	Office	15,011	
Rainbow Junction	Bentonville		Commercial		
Rescue Heroes Building	Bentonville	Rescue Heroes LLC	Office	54,000	Delayed
Retail Building on Central	Bentonville	Schaefer Properties	Retail	40,000	Delayed
SDI Realty Retail Development	Bentonville	SDI Realty	Retail	6,500	
Supplier Plaza	Bentonville	W. Wallace and S. Xayprasith	Mixed Use	30,000	2008
Tate & Haney Building	Bentonville	John Tate and Johnny Haney	Mixed Use	50,000	2008
The Chateau on Chardonnay	Bentonville	Rex Fox and Frank Farrer	Mixed Use	55,000	October 2008
The Links at Rainbow Curve	Bentonville	Lindsey Management	Mixed Use		
Unnamed Downtown Bentonville Proj.	Bentonville				
Vista Health Expansion	Bentonville	Texarkana Behavioral Health Ass.	Medical Office	10,000	
Vogel Commercial Development	Bentonville	Ross and Steve Vogel	Commercial	38,000	2008
Volkswagon Dealership Building	Bentonville	Bryan Hunt	Retail	15,000	2010
White Oak Convenience Store	Bentonville	Steve Turner/Petromark	Retail	11,687	October 2008
Willow Brook Farms	Bentonville		Commercial		
932 Garland	Fayetteville	Steve Mansfield	Mixed Use	66,227	2010
Appleby Landing	Fayetteville		Medical Office	156,000	
Arkansas Research and Tech. Park	Fayetteville	U of A Tech. Dev. Foundation	Office/Lab	60,000	Early 2009
Arvest Bank	Fayetteville	Arvest Bank	Bank	8,080	Dec. 2008



# New Commercial Projects

## Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Beacon Flats	Fayetteville	Beacon Flats LLC	Mixed Use	5,500	
Bellafont II	Fayetteville	Brandon Barber-Colliers Intern.	Mixed Use	382,622	
BioBased Headquarters	Fayetteville	J. Hunt, M. and T. Muccio, Phillips	Office/Lab	30,000	October 2008
Bradberry Building	Fayetteville	Ed and Karlee Bradberry	Mixed Use	10,000	2008
Bridgedale Plaza	Fayetteville	Clinton McDonald	Mixed Use	35,000	Delayed
Broyles Development	Fayetteville	Broyles Development LLC	Mixed Use	80,000	
City Lake Office Buildings (2)	Fayetteville	Teddy Caldwell and Candy Clark	Commercial	8,775	
Flintco Warehouse	Fayetteville	Flintco Inc.	Warehouse	114,750	
Forest Hills Development	Fayetteville	John Alford	Commercial	206,000	
Forest Hills-Wal-Mart Neigh. Market	Fayetteville	John Alford	Retail		
Frisco Depot Project	Fayetteville	MansfieldHouse Ventures	Mixed Use	48,520	Delayed
Johanson Office Building	Fayetteville	Blair and Bruce Johanson	Office	5,000	Early 2009
Kantz Building	Fayetteville	Kathy Ball	Commercial	9,000	2008
Liberty Bank	Fayetteville	Liberty Bank	Bank	24,000	On hold
Links at Fayetteville	Fayetteville	Lindsey Management	Commercial	120,888	
Lofts at Underwood Plaza	Fayetteville	AMA Real Estate Group, Nock, Beldens, Underwoods	Commercial	49,085	Late 2008
Mountain Ranch	Fayetteville	Colliers International	Commercial		
N. Shiloh Commercial Development	Fayetteville		Commercial	27,500	
N. Point Circle Office Building	Fayetteville	John Davidson	Office	6,500	October 2008
Park Center	Fayetteville		Commercial		
Park West	Fayetteville	Tracy Hoskins	Commercial	1,000,000+	2020
Pebble Creek Flats	Fayetteville	Art Scott	Mixed Use	11,000	
Persimmon Nursing Home	Fayetteville	Dave Jorgenson (Architect)	Nursing Home		
Porter Road Development	Fayetteville	Mitchell Massey	Office/Warehouse	150,000	
Premier Plaza	Fayetteville	Jimmy Rapert and Robert Taylor	Commercial	7,000+	
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	
Retail Building on School	Fayetteville		Retail	6,549	
Ruskin Heights	Fayetteville	Davis, Hooker, Massey, VanVeen	Retail	58,500	
Shoppes at the Bluffs	Fayetteville	Mathias Properties	Retail	46,519	Late 2008
Shoppes at Wedington	Fayetteville	Sage Partners	Retail	15,750	January 2009
Southpass, Phase I	Fayetteville	Richard Alexander & John Nock	Commercial	26,000	
Southpass, Phase II+	Fayetteville	Richard Alexander & John Nock	Commercial	214,000	
Springwoods Behavioral Health	Fayetteville	Universal Health Services	Hospital	58,000	July 2009
Stonebridge Commercial Development	Fayetteville		Commercial		
The Mill at West End	Fayetteville	B., J., & M. Box, A. & M. Paxton	Commercial	12,027	Offline Indef.
Timberlake Office Park	Fayetteville	Jeff Martin and Mike Phillips	Office		
Timberlake Office Park Building One	Fayetteville	Henry Ho and Rick West	Office	19,000	April 2009
Tracy Hoskins MUD	Fayetteville	Tracy Hoskins	Mixed Use		
Vantage Partners Med. Office Build. 1	Fayetteville	WW Healthcare	Medical Office	26,528	Nov. 2008
Walgreen's	Fayetteville	Sansone Group	Retail	13,354	October 2008
Washington Medical Center	Fayetteville	Rob Karas	Medical Office	20,000	
Wedington Circle	Fayetteville	Mansfield Property Management	Office/Retail	10,000	
Wedington Circle	Fayetteville	Mansfield Property Management	Retail	6,576	
Wedington Retail Center	Fayetteville		Office/Retail	18,800	
Western Sizzlin Retail Center	Fayetteville	Mark Bazyk	Retail	5,000	
Woodstock Community	Fayetteville	Hank Broyles and John Nock	Mixed Use	100,000+	After 2009
Commerce Park	Lowell	Nickell, Hill, Rodman&Trumbo, Inc.	Office/Warehouse	75,000	2008
Crye-Leike Office	Lowell	Crye-Leike Realtors	Office	6,000	2008
Culligan Building	Lowell	C.R. Hall	Commercial	21,000	Fall 2008
Kum and Go	Lowell	Kum and Go	Retail	3,391	
Lowell City Hall	Lowell				
Midpoint Exchange Business Park	Lowell	Sage Partners	Commercial		



# New Commercial Projects

## Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
NWA Business Center Tower	Lowell	Pinnacle Group	Office	48,000	
World Gym	Lowell	Rhett Garner and Tania Zamzow	Retail	47,100	Sept. 2008
Park Central	Lowell/Rog.	Charleton Development	Mixed Use		2008
Aaron's Rents	Rogers	MKBM Properties	Retail	8,000	Sept. 2008
Adult Development Center Facility	Rogers	Adult Dev. Center of Benton Co.	Office/Warehouse	22,000	
Angler's Bend	Rogers	Caro Minas	Mixed Use		
Arkansas St. Commercial Building	Rogers	Brad Snyder	Commercial	7,200	Late 2008
Commercial Development	Rogers		Commercial		
Creekside, Phase III	Rogers	Daniel Ellis	Commercial	60,000	
Crye-Leike Office	Rogers	Crye-Leike Realtors	Office/Retail	14,000	Sept. 2008
District at Pinnacle Hills	Rogers	Pinnacle Investments	Mixed Use		
Don's Cold Storage Expansion	Rogers	Don Coenen	Warehouse	425,000	Late 2008
Garcia Commercial Building	Rogers	Miguel Garcia	Commercial	8,000	
Habitat for Humanity	Rogers	Habitat for Humanity	Office/Warehouse		
Harp's	Rogers	Harp's	Retail	32,000	Late 2008
Harrison Dental Office	Rogers	Matthew Harrison	Medical Office	4,000	April 2009
Highlands Oncology Group Building	Rogers	Highlands Oncology Group	Medical Office	55,000	Dec. 2009
Horsebarn Office Tower	Rogers	FAE Horsebarn SPE LLC	Mixed Use	135,383	
Hull Dermatology	Rogers	Haynes LTD	Medical Office		
Jamestown Community	Rogers	John Montgomery	Mixed Use	165,000	2008
Little Sunshine Playhouse	Rogers		Office		
Maralle Warehouse	Rogers	Maralle Development	Warehouse	7,200	
Metal Salvage Facility	Rogers		Industrial		
Metro Park-The Strand	Rogers	Collins Haynes	Retail	44,900	
Michaels	Rogers	Charles Reaves, et al	Retail	21,300	
New Hope Investors PUD	Rogers	New Hope Invest. & Elder Constr.	Mixed Use		
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Animal Hospital	21,432	
Oliver Farm Development	Rogers	Collins, Haynes, Sachs Family	Commercial		
Ozark Mountain Poultry Addition	Rogers	Ozark Mountain Poultry	Industrial	55,140	
Pinnacle Center 4	Rogers	Pinnacle Group	Office	100,000	Late 2009
Pleasant Blossom Business Park	Rogers		Commercial		
Pleasant Crossing	Rogers	Charles Reaves, et al	Retail	500,000+	
Prairie Creek Center	Rogers	Mathias Properties	Retail	51,279	
Promenade Extension	Rogers	General Growth Corporation	Retail	62,625	
Promenade Pointe	Rogers	Pinnacle Barber Partners LLC	Mixed Use	750,000	
Rees Development	Rogers	Rees Development	Mixed Use		
Rogers Board of Realtors	Rogers	Rogers Board of Realtors	Office		
South 40 Partners Development	Rogers	Bill Schwyhart, Robert Thornton	Commercial		
SWEPCO LEED Building	Rogers	SWEPCO	Office	14,722	Fall 2008
Target	Rogers	Target Corporation	Retail	137,000	
The Dental Depot	Rogers		Medical Office		
The Market at Pleasant Crossing	Rogers	P & H Properties	Retail	29,750	
The Village at Centre Point	Rogers	Centre Pointe LLC	Retail	250,000	
Wal-Mart Neighborhood Market	Rogers	Wal-Mart	Retail	36,000	
Walnut Crossing	Rogers	Greg House	Commercial	50,000	
Autumn Glen	Sil. Springs	James Mathias	Commercial		2008
Crye-Leike Office	Sil. Springs	Crye-Leike Realtors	Office	6,500	Late 2008
John Brown University Arena	Sil. Springs	John Brown University	Arena	52,000	
Kenwood Development	Sil. Springs	Bar and Shield Development LLC	Mixed Use		
Osage Creek Performing Arts Center	Sil. Springs	Greg Smith	Performing Arts Center		2010
Siloam Springs Hospital	Sil. Springs	Community Health System	Hospital	100,000	
Walgreen's	Sil. Springs	112 Partner's LLC of Fort Smith	Retail		
AT&T Retail Center and Warehouse	Springdale	Hank Kelly	Retail/Warehouse	6,000	





# New Commercial Projects

## Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Cavalier Commercial Buildings	Springdale	Cavalier Development	Office/Warehouse		
Crye-Leike Office	Springdale	Crye-Leike Realtors	Office	14,000	2008
Diesel Downs	Springdale	Gary Combs	Office/Retail	134,000	
Duralor	Springdale	Duralor LLC, Barrows & Bayyari	Industrial		Early 2009
El Mercadao Warehouse	Springdale	Green Hills Foods	Warehouse	135,000	January 2009
Frez-N-Stor	Springdale		Warehouse		
Habberton Ridge	Springdale		Mixed Use		
Hammit-Eoff Business Center	Springdale		Office		
Imperial Doors	Springdale	Barry Ozturk	Retail/Warehouse	30,000	Late 2008
Ironworks	Springdale	Stacey Hamm and Roger Piper	Commercial	10,000	August 2008
Kum and Go	Springdale	Kum and Go	Retail		2009
Montessori School	Springdale	Howard Davis	School	8,100	Nov. 2008
Neighborhood Wal-Mart	Springdale	Wal-Mart	Retail	40,000	Fall 2008
Springdale Center for Health	Springdale	Washington Reg. Medical Center	Medical	30,000	Nov. 2008
Toter Industries Factory	Springdale	Graham of B. Lyn Properties LLC	Industrial	27,000	January 2009
Walgreen's	Springdale	Sansone Group	Retail	14,500	
Northwest Arkansas Science Center	Undeterm.	NWA Museum Foundation	Museum	130,000	



# Hotels

## Existing Hotels

Property Name	City	Number of Rooms	Number of Suites
Best Western Bentonville Inn	Bentonville	55	0
Best Western Castle Rock Suites	Bentonville	84	0
Clarion Hotel & Convention Center	Bentonville	105	0
Comfort Suites	Bentonville	120	0
Comfort Inn	Bentonville	64	0
Courtyard Bentonville	Bentonville	90	0
Days Inn & Suites	Bentonville	63	0
DoubleTree Guest Suites	Bentonville	131	0
DoubleTree Guest Suites	Bentonville	140	0
Econo Lodge Inn and Suites	Bentonville	152	0
Hartland Motel of Bentonville	Bentonville	31	0
Hilton Garden Inn	Bentonville	133	0
Holiday Inn Express Hotel & Suites	Bentonville	84	0
La Quinta Inn & Suites	Bentonville	107	0
Merchant Flats on 8th	Bentonville	10	0
Microtel	Bentonville	78	0
Pines Motel	Bentonville	9	0
Simmons Suites	Bentonville	115	0
Sleep Inn	Bentonville	103	0
South Walton Suites	Bentonville	56	0
Springhill Suites By Marriott	Bentonville	67	0
Suburban Extended Stay	Bentonville	0	118
Super 8 Motel-Bentonville/Rogers	Bentonville	52	0
Towneplace Suites by Marriott	Bentonville	78	0
The Links at Bentonville Apts.	Bentonville	41	0
Value Place Extended Stay	Bentonville	121	0
Wingate Inn Bentonville	Bentonville	102	0
Best Western Windsor Suites	Fayetteville	66	0
Candlewood Suites	Fayetteville	78	78
Chief Motel	Fayetteville	31	1
Clarion Inn	Fayetteville	197	10
Comfort Inn-Fayetteville	Fayetteville	60	0
Cosmopolitan Hotel	Fayetteville	235	6
Country Inn & Suites By Carlson	Fayetteville	40	25
Courtyard by Marriot	Fayetteville	110	4
Days Inn	Fayetteville	140	5
Fairfield Inn Fayetteville	Fayetteville	61	0
Hampton Inn	Fayetteville	87	8
Hi-Way Inn Motel	Fayetteville	24	0
Holiday Inn Express	Fayetteville	77	33
Inn at Carnall Hall	Fayetteville	49	0
Inn At the Mill	Fayetteville	38	8
Motel 6	Fayetteville	98	0
Pratt Place Inn	Fayetteville	0	7
Quality Inn	Fayetteville	48	10
Red Roof Inns	Fayetteville	104	1
Regency 7 Motel	Fayetteville	29	3
Sleep Inn of Fayetteville	Fayetteville	62	0
Staybridge Suites	Fayetteville	0	109
Stay Inn Style	Fayetteville	6	0
Super 8 Motel	Fayetteville	83	0
Twin Arch Motel	Fayetteville	12	0
Value Place Hotel	Fayetteville	121	0
Ramada Inn Lowell	Lowell	51	0
Colonial Motel	Prairie Grove	8	0



# Hotels

## Existing Hotels

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



# Hotels

## Existing Hotels Summary

City	Number of Rooms	Number of Suites
Bentonville	2,191	118
Fayetteville	1,856	308
Lowell	51	0
Prairie Grove	8	0
Rogers	1,355	962
Siloam Springs	273	27
Springdale	1,221	374
Northwest Arkansas Total	6,955	1,789



## Announced Coming Hotels

Property Name	City	Owner	Number of Rooms	Expected Completion
Sheraton Hotel	Bentonville	Paul Myers	155	Delayed
Suburban Extended Stay Hotel	Bentonville	Nueterra Real Estate Development	118	Done
Hilton Gardens Inn	Fayetteville	Hilton		Delayed
Homewood Suites	Fayetteville	Narry Krushiker	96	2009
Pratt Place Inn	Fayetteville	Julian Archer	7	Done
Marriot Townplace	Johnson	CSK Hotels	94	January 2009
Horsebarn Tower Hotel	Rogers	FAE Horsebarn SPE LLC	144	
Sunday Partners Hotel	Rogers	Sunday Partners		
Unnamed on Walnut	Rogers			
Westin Hotel and Condos	Rogers	Barber Group		Delayed
Best Western	Springdale	Tom Bhakta	70	
Double Tree Plaza	Springdale			Delayed
Microtel	Springdale			Delayed





# Restaurants

## Announced Coming Restaurants

Property Name	City	Owner	Expected Completion
Jasons Deli	Benton County	Bourke Harvey	2009
Arbys	Bentonville	--	--
Aroma	Bentonville	Sayed Ashfaq Ali	Done
Beef 'O' Brady's	Bentonville	Matthew Amato	Done
Boomer's Time Out Sports Grill	Bentonville	Ralph and Sheri Mozes	Done
JC's Catfish House	Bentonville	Joan Crone	Done
Table Mesa Bistro	Bentonville	--	--
The Flying Burrito	Bentonville	--	Done
Whole Hog Café	Bentonville	Brian Adams/Kevin Jacobs	--
Brey's Fine Dining	Fayetteville	Don Brey	Done
Club Froggy's	Fayetteville	--	Done
Dagobas	Fayetteville	--	Done
Emelia's	Fayetteville	George and Sara Lusher	2008
Garcia's Mexican Restaurant	Fayetteville	Eateries Inc.	Done
Krystal Burger	Fayetteville	Krystal Burger	2008
Mellow Mushroom	Fayetteville	Mellow Mushroom	November 2008
Muse Gallery and coffe Shop	Fayetteville	Terra Studios	Done
Pho Quyen	Fayetteville	--	Done
Pig-n_Whistle BBQ	Fayetteville	--	Done
Rockin' Chicken	Fayetteville	David Martin	
Starbucks	Fayetteville	Kathy Ball	2008
Table Five	Fayetteville	Manuel Whitmore	Done
Western Sizzlin	Fayetteville	Mark Bazyk	--
Wine Cellar	Fayetteville	--	September 2008
Mordours	Johnson	--	Done
Einstein Bros Bagels	Rogers	Mike Philips	October 2008
Firehouse Subs	Rogers	Tracy Bush	--
Firehouse Subs	Rogers	Tracy Bush	--
Fuddruckers	Rogers	Pinnacle Hamburger Partners llc	--
Golden Corral	Rogers	Golden Partners	Done
Guido's Restaurant	Rogers	Mike Bariola and Pinnacle 46th LLC	September 2008
Incredible Pizza Company	Rogers	Incredible Pizza Company	2008
Joey's Seafood and Grill USA	Rogers	Joey's Seafood and Grill USA	2008
KFC/Taco Bell	Rogers	John R. Meyers	--
King Burrito and Taqueria	Rogers	--	Done
Krystal Burger	Rogers	Smitco Eateries	Summer 2008
Lil' Juan's Restaurant	Rogers	--	--
McDonalds	Rogers	Matthews Management Co	Done
Papa Murphy's Take 'n' Bake Pizza	Rogers	James Rogers	Late 2008
Red Lobster	Rogers	Darden Restaurants	Late 2008
Steak & Shake	Rogers	Mike Stennett	Done
Taco Bell	Rogers	K-Mac Enterprises	--
Traders Market Restaurant	Rogers	Moe Torabi	--
McDonalds	Siloam Springs	112 Partners LLC	--
Firehouse Subs	Springdale	Tracy Bush	--
Taco Bueno	Springdale	U.S. Beef	--
TaMolly's Mexican Restaurant	Springdale	TaMolly's Mexican Restaurant	2008
Valley Inn Pie Shoppe	Springdale	Teresa Murr	Done
Romano's Macaroni Grill	Unkn. Location	Bruce Swisshelm	--
Einstein Bros Bagels	3 Unkn. Locations	Mike Philips	--
Scooter's CoffeeHouse	12 Unkn. Locations	Scooters Coffee House of Omaha	--



# Restaurants

## Closed Restaurants

Property Name	City	Date Closed
Big Guy's Subs	Bentonville	April 2008
Blue Plate Café	Bentonville	May 2008
Butterfly's Mexican Restaurant	Bentonville	June 2008
J'Bos	Bentonville	August 2008
Mama Fu's Asian House	Bentonville	December 2007
Moe's Southwest Grill	Bentonville	December 2007
Nicolis	Bentonville	March 2008
Samuarai Japanese Steakhouse	Bentonville	August 2008
San Francisco Bread Co	Bentonville	March 2008
Silk Road Restaurant	Bentonville	May 2008
The Sanctuary	Bentonville	August 2008
The Vineyard Restaurant	Bentonville	May 2008
What's for Dinner? Johnny's	Bentonville	August 2008
Arsagas Block Street	Fayetteville	June 2007
Boston Mountain Grill	Fayetteville	February 2008
Chloe's	Fayetteville	July 2007
Cool Water Café	Fayetteville	December 2007
Elenitas 2	Fayetteville	May 2008
Fuddruckers	Fayetteville	September 2007
Garfield's Restaurant and Pub	Fayetteville	December 2007
Gloria JeansGourmet Coffee	Fayetteville	November 2007
Haagen-Daz	Fayetteville	November 2007
Larry's Pizza	Fayetteville	August 2008
Maison des Tartes	Fayetteville	February 2008
Mama Dean's Soul Food	Fayetteville	November 2007
Mordours	Fayetteville	June 2008
O'Charleys	Fayetteville	April 2007
Shanghai Chinese Restaurant	Fayetteville	December 2007
Smokey Bones	Fayetteville	June 2007
Taco Bell	Fayetteville	November 2007
Wilma's Restaurant	Fayetteville	April 2008
Starbucks	Lowell	July 2008
DeCarlos Italian Pizzeria	Rogers	August 2008
Gators Restaurant	Rogers	April 2008
Granite City Food and Brewery	Rogers	August 2008
La Carreta Mexican Restaurant	Rogers	February 2008
Oscars Steak House	Rogers	May 2008
Roca Linda	Rogers	February 2008
Ryan's Family Steakhouse	Rogers	August 2008
Taqueria El Parrillero	Rogers	August 2008
Daves Pizza	Springdale	August 2008
Loafin' Joes	Springdale	May 2008
Macchu Picchu	Springdale	March 2008
Sizzler	Springdale	August 2008
T & T Diner	Springdale	August 2008



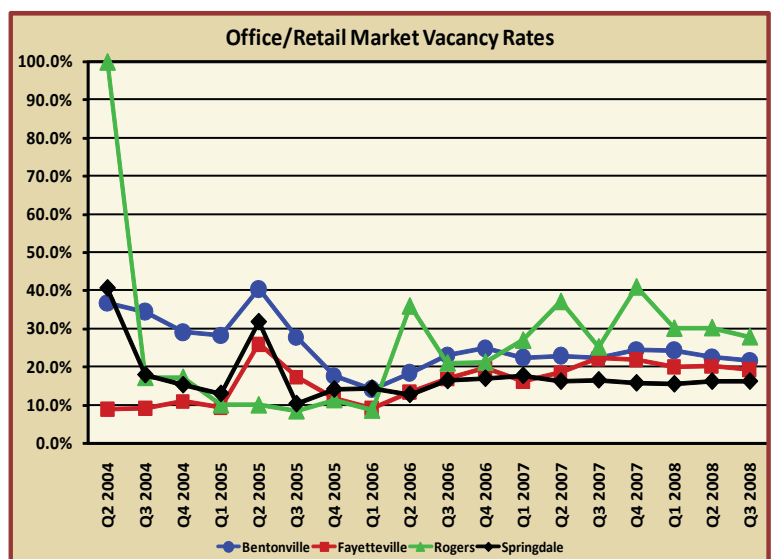
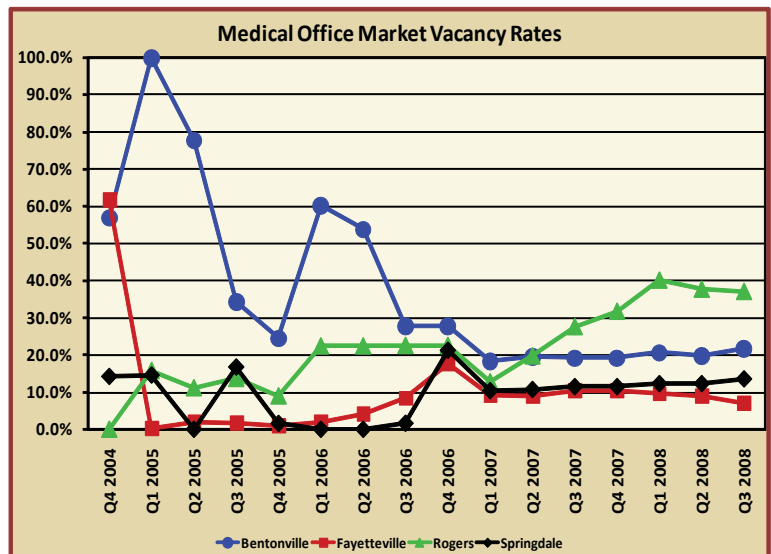
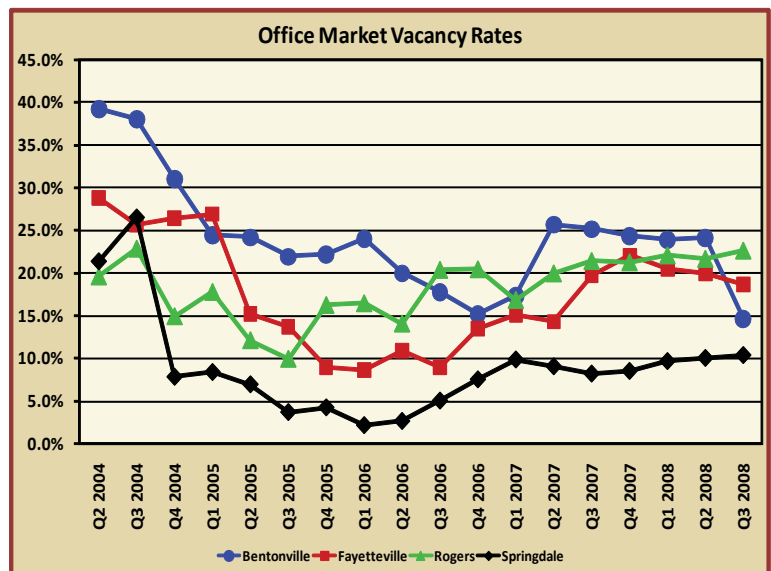
# Commercial Market Trends

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

Over the past twelve months, only Bella Vista, Bentonville, and Siloam Springs have experienced positive net absorption in the office market. Bentonville accounted for most of the annual positive net absorption with 345,311 square feet becoming occupied. Available office square footage in Northwest Arkansas declined from 1,633,801 square feet from the third quarter of 2007 to 1,405,978 square feet in the third quarter of 2008. This was due to decreases in available office space in Bella Vista, Bentonville, and Siloam Springs. Over the past year, 310,384 square feet of new office space became available for the first time. The overall Northwest Arkansas office vacancy rate has declined from 20.7 percent in the third quarter of 2007 to 16.6 percent in the third quarter of this year.

The office/retail market experienced positive net absorption of 62,699 square feet during the past twelve months. Fayetteville accounted for most of the positive absorption, but most of the cities had more available office/retail square footage in the third quarter of 2008 than in the third quarter of 2007. New square footage totaling 35,227 was added to the market during the last year. In the third quarter of 2008, 812,633 square feet of office/retail space were available, up from 779,233 square feet in the third quarter of 2007. This space was primarily located in Fayetteville, Rogers, and Bentonville. The discrepancy between an increase in available space and positive absorption was due to the reclassification of properties, whereas a decline in vacancy rates was due to the increase in the total reported space.

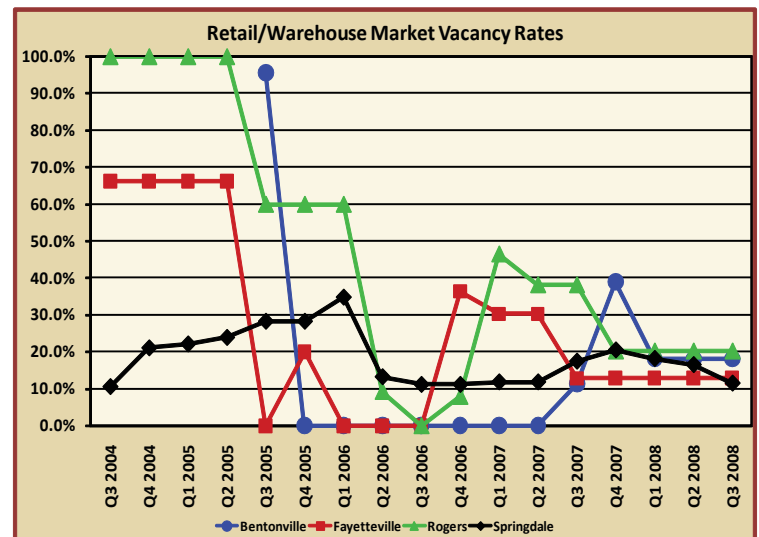
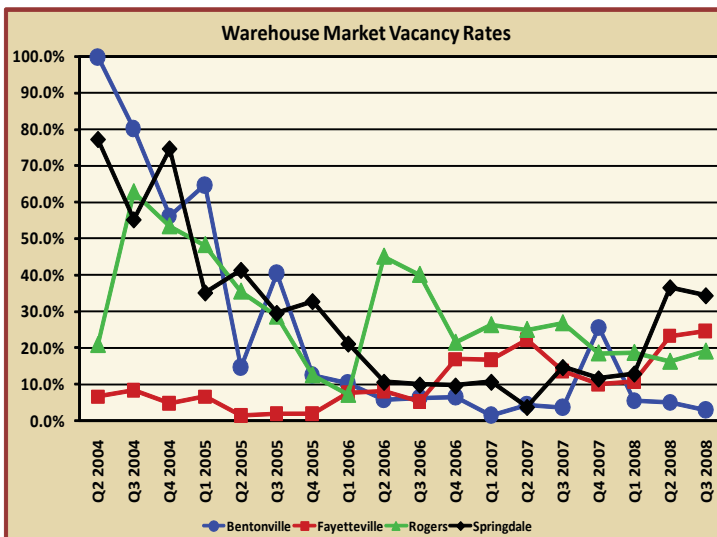
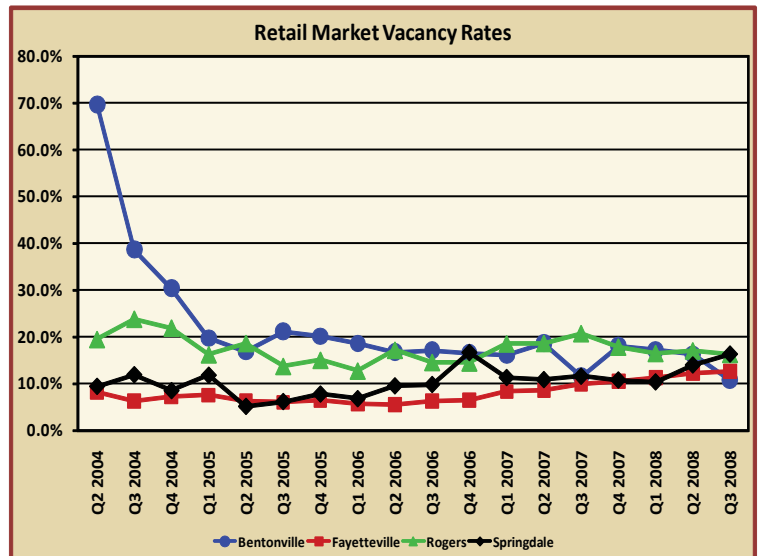
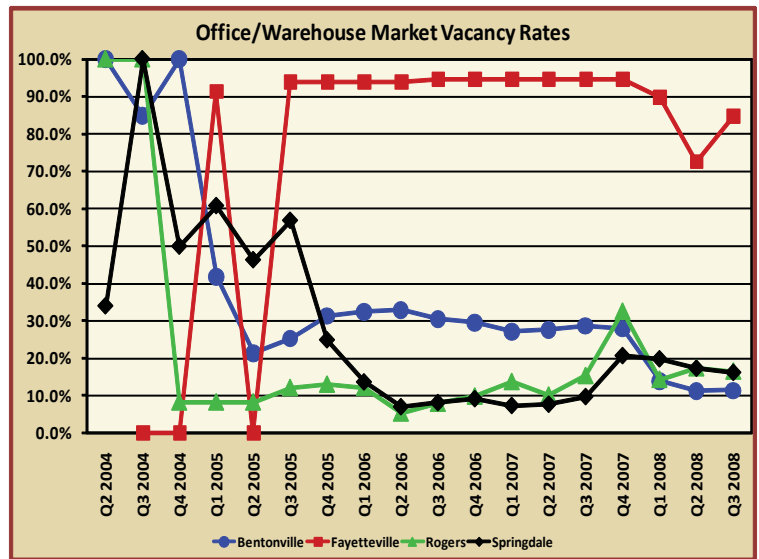
The retail market has also experienced positive net absorption in the past twelve months. Although the cities of Fayetteville, Lowell, Siloam Springs, and Springdale experienced negative net absorption in the retail submarket over the past year, a positive net absorption of 145,475 square feet occurred in Bentonville and Rogers. There were 71,376 new square feet of retail space added to the Northwest Arkansas market during the past twelve months—of



# Commercial Market Trends

that amount, more than half or 56,300 square feet were located in Fayetteville and 15,076 square feet were located in Lowell. In the third quarter of 2008, a total of 959,201 square feet of space were available in Northwest Arkansas, up from 949,370 square feet at the same time in the previous year. The increase in the available space was due to the increase in the total reported properties and, thus, was not reflected in absorption.

The Northwest Arkansas warehouse market, however, experienced negative net absorption of 416,570 square feet during the past year. The number of available square feet rose from 880,362 in the third quarter of 2007 to 1,602,263 in the third quarter of 2008 and vacancy rates increased from 18.8 percent to 28.3 percent during the same time period. A total of 194,700 square feet of new warehouse space were added to the Northwest Arkansas market during the past year. Rogers was the only city that experienced positive net absorption since the third quarter of last year in the warehouse submarket.

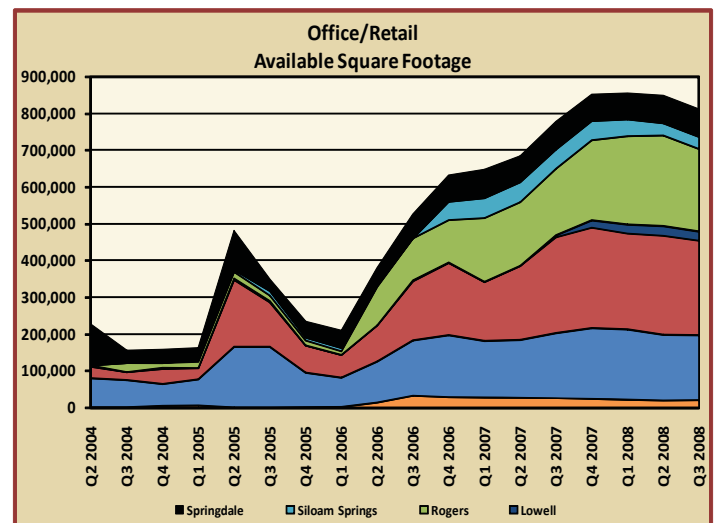
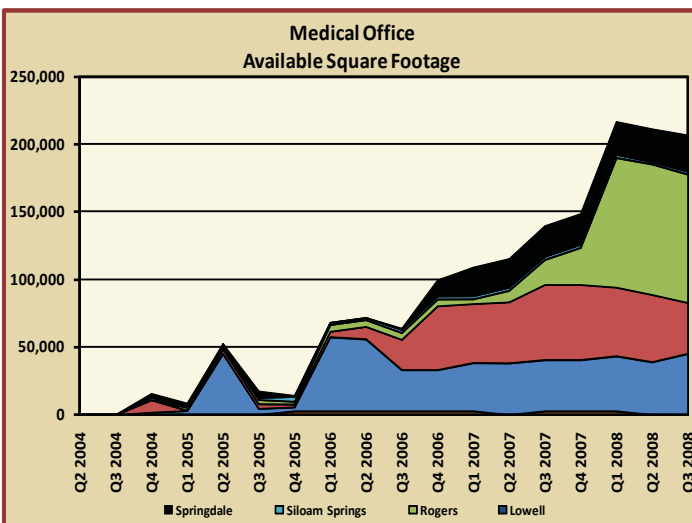
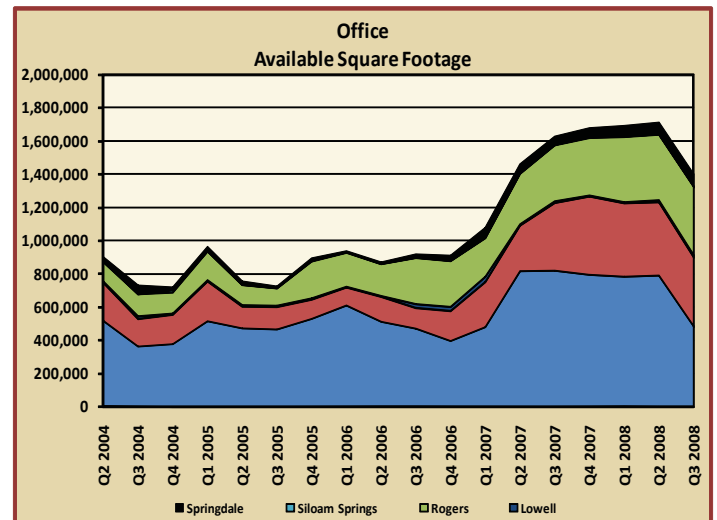
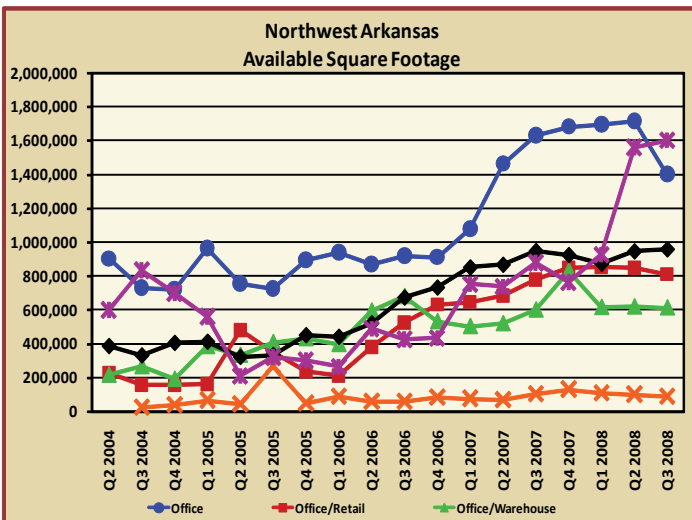




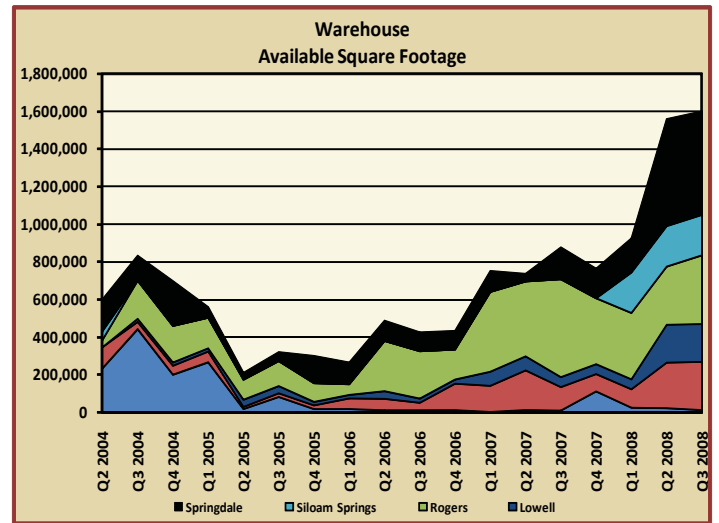
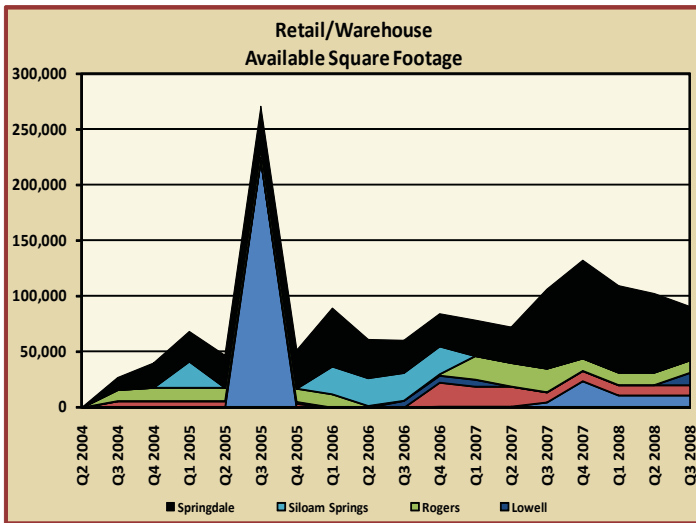
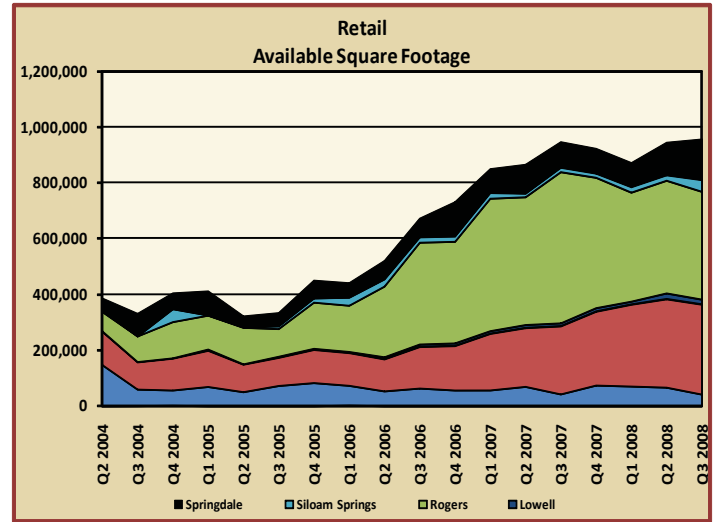
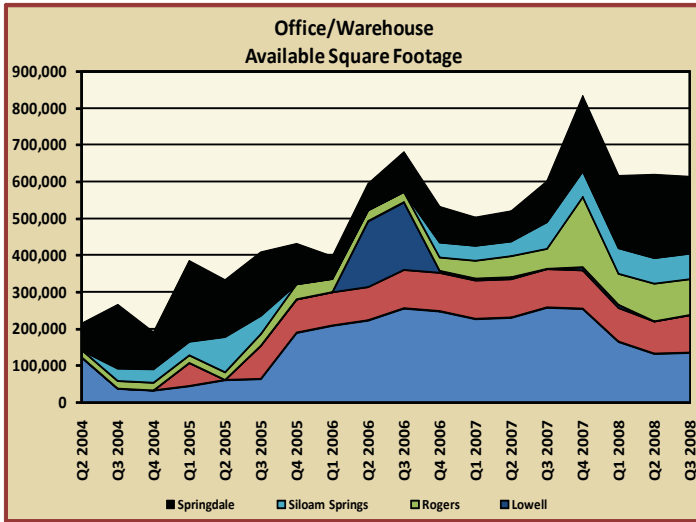
# Commercial Market Trends

## Net Twelve Month Absorption by Submarket Q3 2007 - Q3 2008

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	600	6,523	0	0
Bentonville	345,311	11,777	7,816	-2,400
Fayetteville	-2,367	34,346	-44,824	-10,020
Lowell	-904	-3,940	-7,000	-141,366
Rogers	-25,444	-4	137,659	58,262
Siloam Springs	1,000	19,391	-25,903	0
Springdale	-10,640	-5,394	-30,611	-321,046
<b>Northwest Arkansas</b>	<b>307,556</b>	<b>62,699</b>	<b>37,137</b>	<b>-416,570</b>



# Commercial Market Trends



# Commercial Market Trends

## Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q3 2007	24.2%	25.2%	19.7%	3.0%	21.4%	4.0%	8.2%	20.7%
Q4 2007	24.2%	24.4%	22.1%	1.6%	21.2%	6.7%	8.5%	20.9%
Q1 2008	43.3%	23.9%	20.5%	1.5%	22.0%	4.6%	9.7%	20.6%
Q2 2008	19.0%	24.2%	20.0%	3.8%	21.6%	3.5%	10.0%	20.5%
Q3 2008	19.0%	14.6%	18.7%	3.8%	22.6%	2.7%	10.4%	16.6%

### Medical Office

Q3 2007	34.6%	19.3%	10.6%	0.0%	27.7%	3.1%	11.5%	12.7%
Q4 2007	34.6%	19.3%	10.6%	0.0%	31.8%	3.1%	11.5%	13.2%
Q1 2008	34.6%	20.7%	9.7%	0.0%	40.2%	3.1%	12.3%	17.0%
Q2 2008	0.0%	19.9%	9.2%	0.0%	37.8%	2.1%	12.3%	16.1%
Q3 2008	0.0%	21.8%	7.2%	0.0%	37.1%	2.8%	13.6%	15.8%

### Office/Retail

Q3 2007	10.6%	22.4%	22.2%	11.6%	25.3%	44.2%	16.5%	21.9%
Q4 2007	9.4%	24.5%	21.9%	27.8%	41.0%	44.2%	15.8%	24.5%
Q1 2008	8.4%	24.3%	20.0%	40.1%	30.2%	35.4%	15.5%	22.5%
Q2 2008	7.8%	22.5%	20.2%	43.2%	30.4%	26.2%	16.2%	22.0%
Q3 2008	8.1%	21.6%	19.3%	40.8%	28.0%	25.9%	16.2%	21.0%

### Office/Warehouse

Q3 2007	--	28.7%	94.6%	0.0%	15.5%	68.6%	9.7%	21.5%
Q4 2007	--	28.0%	94.6%	3.8%	32.7%	65.8%	20.7%	28.7%
Q1 2008	--	14.1%	89.6%	3.8%	14.5%	65.8%	19.8%	19.4%
Q2 2008	--	11.3%	72.5%	0.0%	17.6%	65.8%	17.3%	17.7%
Q3 2008	--	11.4%	84.7%	0.0%	16.7%	65.8%	16.2%	17.5%

### Retail

Q3 2007	0.0%	11.6%	9.9%	15.4%	20.8%	5.8%	11.6%	14.3%
Q4 2007	0.0%	18.1%	10.6%	18.0%	17.9%	5.5%	10.8%	13.7%
Q1 2008	0.0%	17.2%	11.3%	15.4%	16.5%	7.0%	10.4%	13.2%
Q2 2008	0.0%	16.3%	12.2%	25.5%	17.1%	7.0%	14.1%	14.3%
Q3 2008	0.0%	10.8%	12.6%	21.5%	16.3%	14.4%	16.4%	14.5%

### Retail/Warehouse

Q3 2007	0.0%	11.4%	12.9%	0.0%	38.2%	0.0%	17.4%	17.2%
Q4 2007	--	38.9%	13.0%	0.0%	20.2%	0.0%	20.5%	20.3%
Q1 2008	--	18.1%	13.0%	0.0%	20.2%	0.0%	18.2%	16.8%
Q2 2008	--	18.1%	13.0%	0.0%	20.2%	0.0%	16.5%	15.7%
Q3 2008	--	18.1%	13.0%	37.9%	20.2%	0.0%	11.5%	13.8%

### Warehouse

Q3 2007	0.0%	3.8%	13.6%	20.3%	27.0%	0.0%	14.8%	18.8%
Q4 2007	0.0%	25.7%	10.1%	21.2%	18.7%	0.0%	11.7%	15.5%
Q1 2008	0.0%	5.6%	10.7%	21.2%	18.8%	71.1%	13.0%	17.7%
Q2 2008	0.0%	5.1%	23.3%	65.4%	16.4%	71.1%	36.7%	27.9%
Q3 2008	0.0%	3.1%	24.7%	65.4%	19.2%	71.1%	34.5%	28.3%



# Commercial Market Trends

## Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q3 2007	-2,800	4,272	-95,511	-2,208	-12,110	0	6,884	-101,473
Q4 2007	0	25,005	-57,249	3,683	-16,818	-2,200	-1,372	-48,951
Q1 2008	-2,200	16,027	35,362	1,500	9,949	1,700	-7,480	54,858
Q2 2008	2,800	-9,810	-6,460	-5,987	-919	900	444	-19,032
Q3 2008	0	314,089	25,980	-100	-17,656	600	-2,232	320,681

### Medical Office

Q3 2007	-2,800	400	-10,476	0	0	0	-1,520	-14,396
Q4 2007	0	0	0	0	-12,235	0	0	-12,235
Q1 2008	0	-2,850	4,834	0	-14,100	0	-1,600	-13,716
Q2 2008	2,800	1,600	1,033	0	2,775	700	0	8,908
Q3 2008	0	-3,291	12,150	0	1,600	-500	-2,500	7,459

### Office/Retail

Q3 2007	1,531	-4,012	-63,369	0	11,391	2,074	6,629	-45,756
Q4 2007	2,400	-15,987	7,978	2,500	-24,302	0	-3,558	-30,969
Q1 2008	3,323	983	12,583	-6,000	-1,866	6,630	1,154	16,807
Q2 2008	1,850	14,098	1,346	-1,880	-2,223	12,361	-2,951	22,601
Q3 2008	-1,050	12,683	12,439	1,440	28,387	400	-39	54,260

### Office/Warehouse

Q3 2007	--	-27,516	0	0	3,000	-32,800	-28,525	-85,841
Q4 2007	--	3,354	0	0	-120,000	3,000	7,334	-106,312
Q1 2008	--	89,975	0	0	106,500	0	6,450	202,925
Q2 2008	--	32,650	15,080	7,940	-18,000	0	-48,467	-10,797
Q3 2008	--	0	-14,680	0	5,114	0	17,667	8,101

### Retail

Q3 2007	0	21,396	-33,566	250	-83,893	-3,570	13,103	-86,280
Q4 2007	0	-2,902	7,409	-1,590	70,233	1,000	2,798	76,948
Q1 2008	0	3,584	-22,478	1,590	63,250	-4,500	2,525	43,971
Q2 2008	0	2,776	-13,203	-10,000	-13,190	0	-6,826	-40,443
Q3 2008	0	4,358	-16,552	3,000	17,366	-22,403	-29,108	-43,339

### Retail/Warehouse

Q3 2007	--	0	11,150	0	0	0	-39,226	-28,076
Q4 2007	--	0	-107	0	10,000	0	0	9,893
Q1 2008	--	12,800	0	0	0	0	10,025	22,825
Q2 2008	--	0	0	0	0	0	7,126	7,126
Q3 2008	--	0	0	-5,540	0	0	12,300	6,760

### Warehouse

Q3 2007	0	-10,000	56,000	22,150	-8,156	0	-103,612	-43,618
Q4 2007	0	-101,500	32,580	0	55,860	0	39,955	26,895
Q1 2008	0	86,500	-6,000	0	-2,330	0	-24,490	53,680
Q2 2008	0	2,600	-22,600	-141,366	43,581	0	-369,475	-487,260
Q3 2008	0	10,000	-14,000	0	-38,849	0	32,964	-9,885





# Commercial Market Trends

## Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q3 2007	2,800	823,028	406,882	7,527	339,196	3,200	51,168	1,633,801
Q4 2007	2,800	798,023	470,731	3,844	348,274	5,400	55,742	1,684,814
Q1 2008	5,000	784,492	441,369	3,844	394,749	3,700	65,222	1,698,376
Q2 2008	2,200	794,302	440,601	9,831	396,668	2,800	71,768	1,718,170
Q3 2008	2,200	488,347	415,611	9,931	414,324	2,200	73,365	1,405,978

### Medical Office

Q3 2007	2,800	37,846	55,764	0	18,532	2,200	22,682	139,824
Q4 2007	2,800	37,846	55,764	0	27,467	2,200	22,682	148,759
Q1 2008	2,800	40,696	50,930	0	96,004	2,200	24,282	216,912
Q2 2008	0	39,096	49,897	0	96,729	1,500	24,282	211,504
Q3 2008	0	45,317	37,747	0	95,129	2,000	26,782	206,975

### Office/Retail

Q3 2007	27,589	176,733	261,550	5,000	181,062	51,955	75,344	779,233
Q4 2007	25,189	192,720	274,173	19,660	217,667	51,955	71,618	852,982
Q1 2008	22,666	191,737	261,590	24,160	240,182	45,325	70,464	856,124
Q2 2008	20,816	178,839	270,310	26,040	246,289	32,964	74,615	849,873
Q3 2008	21,866	176,656	257,871	24,600	224,422	32,564	74,654	812,633

### Office/Warehouse

Q3 2007	--	259,879	104,326	0	55,023	73,007	110,275	602,510
Q4 2007	--	256,525	104,326	7,940	191,523	70,007	202,649	832,970
Q1 2008	--	166,550	91,726	7,940	85,023	70,007	196,199	617,445
Q2 2008	--	133,900	87,501	0	103,023	70,007	226,066	620,497
Q3 2008	--	136,550	102,181	0	97,909	70,007	208,399	615,046

### Retail

Q3 2007	0	42,830	244,703	9,500	542,309	17,700	92,328	949,370
Q4 2007	0	74,732	265,603	11,090	467,853	16,700	89,530	925,508
Q1 2008	0	71,148	294,345	9,500	390,943	21,200	87,005	874,141
Q2 2008	0	67,172	317,839	19,500	404,133	21,200	117,518	947,362
Q3 2008	0	42,314	323,391	16,500	386,767	43,603	146,626	959,201

### Retail/Warehouse

Q3 2007	0	4,798	9,090	0	21,283	0	71,251	106,422
Q4 2007	--	23,898	9,197	0	11,283	0	88,051	132,429
Q1 2008	--	11,098	9,197	0	11,283	0	78,026	109,604
Q2 2008	--	11,098	9,197	0	11,283	0	70,900	102,478
Q3 2008	--	11,098	9,197	11,080	11,283	0	48,100	90,758

### Warehouse

Q3 2007	0	12,800	124,795	53,000	521,323	0	168,444	880,362
Q4 2007	0	114,300	92,215	53,000	351,120	0	156,489	767,124
Q1 2008	0	27,800	98,215	53,000	353,450	214,710	180,979	928,154
Q2 2008	0	25,200	242,115	201,866	309,869	214,710	567,618	1,561,378
Q3 2008	0	15,200	256,115	201,866	365,718	214,710	548,654	1,602,263



# Office

In the third quarter of 2008, the office properties included in the Skyline Report panel had a vacancy rate of 16.6 percent, down from the rate of 20.5 percent in the second quarter of 2008. Of almost 8.5 million square feet of Northwest Arkansas properties examined, more than 1.4 million square feet are currently available. This is down from the second quarter of 2008. From the second quarter to the third quarter of 2008, 43,814 square feet of new office space entered the market, while 364,495 square feet were absorbed, netting positive absorption of 320,681 square feet for the market.

Of the 1,405,978 square feet of available office space in Northwest Arkansas, about 34.7 percent is located in Bentonville and comprises Class A, Class B, and medical space. In the third quarter, 371,766 square feet of Class A were absorbed, while 29,472 square feet of Class B office and 3,291 square feet of medical office space became vacant. Additionally, about 24,914 new square feet entered the market in Class B, netting positive absorption of 314,089 square feet of office space in Bentonville.

While Bentonville continued to have the most available office space at 488,347 square feet, Fayetteville had 415,611 square feet available. About 63.4 percent of the available office space in Fayetteville was in the Class B submarket, while Class A space accounted for almost 22.6 percent, and the remainder was in the Class C and medical office markets. From the second quarter to the third quarter of 2008, there was positive absorption of 44,880 square feet in the office submarket in Fayetteville, whereas 18,900 square feet of new Class B space entered the market, yielding a positive net absorption of 25,980 square feet.

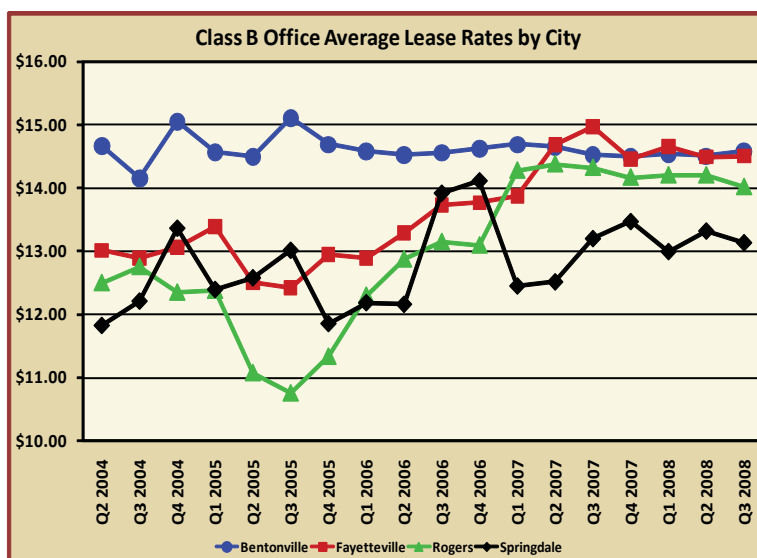
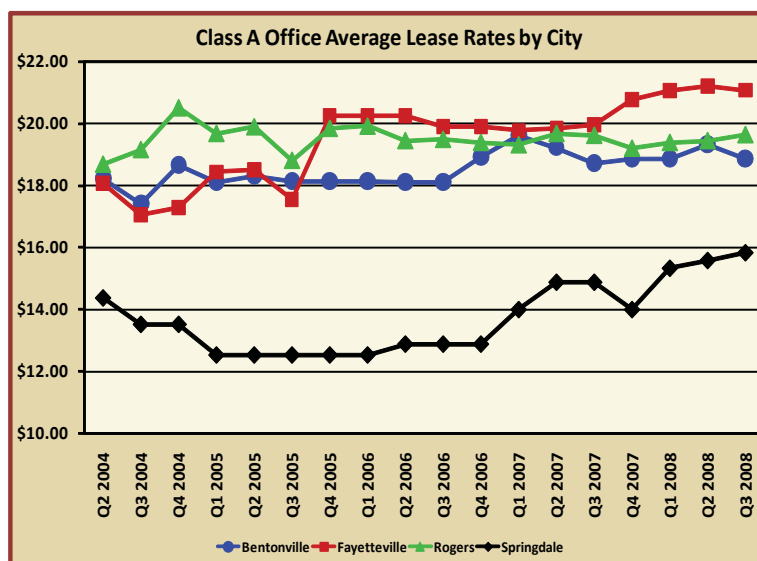
Rogers had 414,324 square feet of available office space in the third quarter of 2008. In the Rogers office submarket, Class A accounted for 42.4 percent of all available space, while medical office accounted for 23.0 percent,

and class B for 22.9 percent. There was negative absorption of 17,656 square feet in the third quarter of 2008, while no new space was added to the market.

The Springdale office market had 73,365 square feet of available space in the third quarter. There were no new square feet added in the third quarter and 2,232 square

## Office Lease Rates Average Range by City

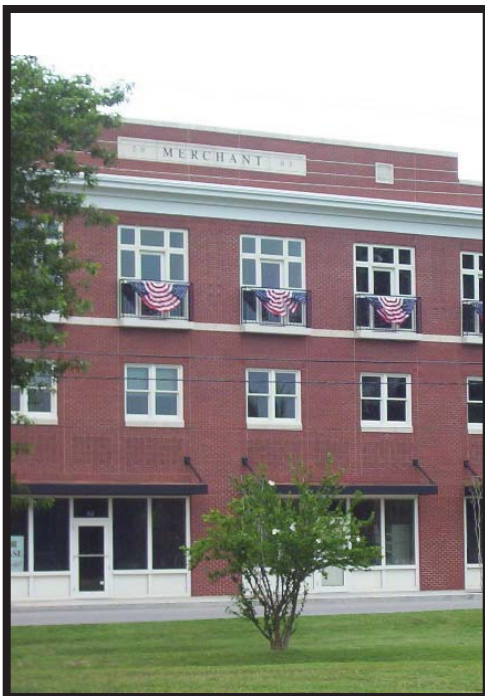
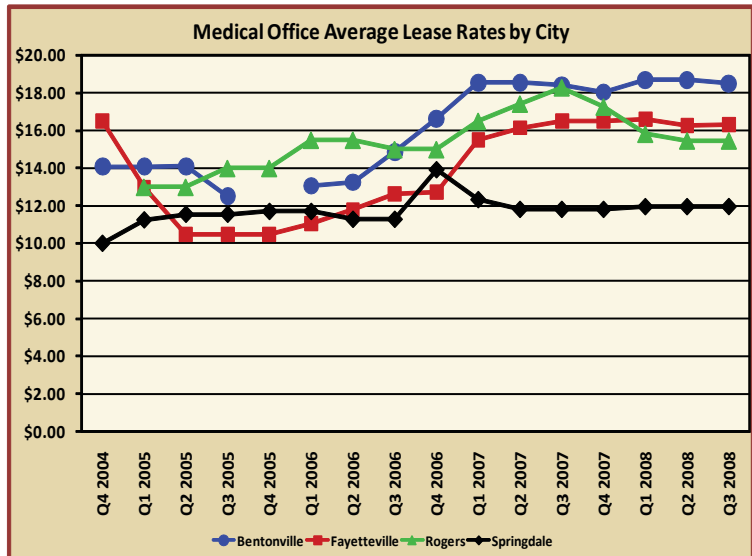
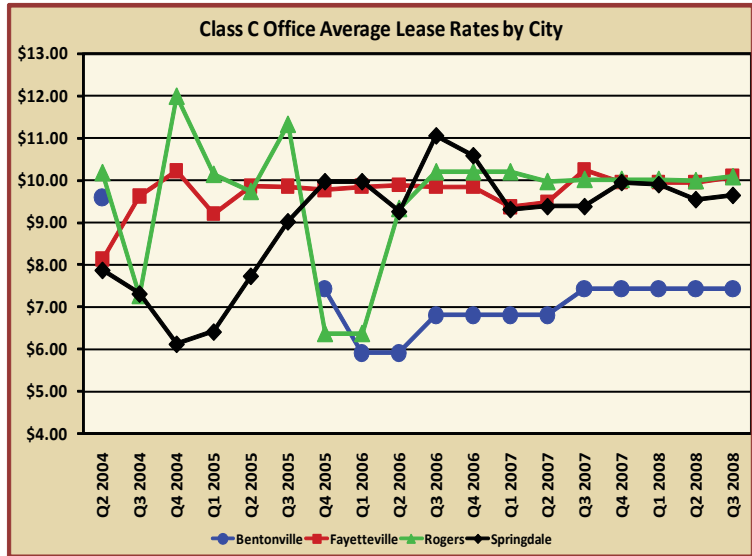
	Class A	Class B	Class C	Medical
Bentonville	\$18.22 - \$19.53	\$14.36 - \$14.81	\$7.44 - \$7.44	\$17.72 - \$19.28
Fayetteville	\$19.50 - \$22.67	\$13.94 - \$15.08	\$9.80 - \$10.39	\$15.35 - \$17.30
Rogers	\$18.79 - \$20.51	\$13.70 - \$14.34	\$9.88 - \$10.31	\$15.35 - \$15.58
Springdale	\$15.58 - \$16.08	\$12.09 - \$14.19	\$9.51 - \$9.80	\$11.53 - \$12.39



# Office

feet became vacant. The negative absorption came in the medical office with 2,500 square feet and in Class B with 409 square feet becoming available. In the Class C office submarket, 677 square feet were absorbed, while no change occurred in the Class A office submarket.

Class A office average reported lease rates continued to be highest in Fayetteville at \$21.09 per square foot. Class A space average lease rates declined in Bentonville to \$18.88, while increasing in Rogers to \$19.65 and in Springdale to \$15.83 per square foot. Class B office space average reported lease rates declined in Rogers and Springdale and ticked up in Bentonville and Fayetteville. In the third quarter of 2008, reported average lease rates for Class C office stayed constant in Bentonville, while increasing in other cities. Reported average medical office space lease rates declined in Bentonville, increased slightly in Fayetteville, but were unchanged in Rogers and Springdale.



# Office

## Office Space Characteristics by Class and City

Class A	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Bentonville	753,047	71,020	9.4%	371,766	0	371,766	0.6
Fayetteville	416,882	93,902	22.5%	18,000	0	18,000	15.7
Rogers	1,005,345	175,595	17.5%	-7,054	0	-7,054	--
Springdale	77,123	4,616	6.0%	0	0	0	--
<b>Class B</b>							
Bentonville	2,367,000	372,010	15.7%	-29,472	24,914	-54,386	--
Fayetteville	1,097,051	263,638	24.0%	11,205	18,900	-7,695	--
Rogers	462,380	95,077	20.6%	-8,436	0	-8,436	--
Springdale	332,337	33,412	10.1%	-409	0	-409	--
<b>Class C</b>							
Bentonville	9,528	0	0.0%	0	0	0	0.0
Fayetteville	185,579	20,324	11.0%	3,525	0	3,525	17.3
Rogers	108,636	48,523	44.7%	-3,766	0	-3,766	--
Springdale	101,386	8,555	8.4%	677	0	677	37.9
<b>Medical</b>							
Bentonville	207,951	45,317	21.8%	-3,291	0	-3,291	--
Fayetteville	527,239	37,747	7.2%	12,150	0	12,150	9.3
Rogers	256,194	95,129	37.1%	1,600	0	1,600	178.4
Springdale	196,703	26,782	13.6%	-2,500	0	-2,500	--

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents





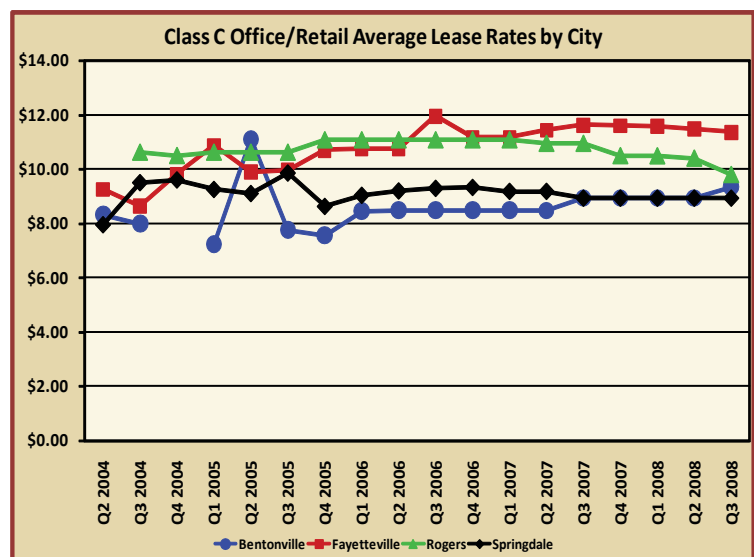
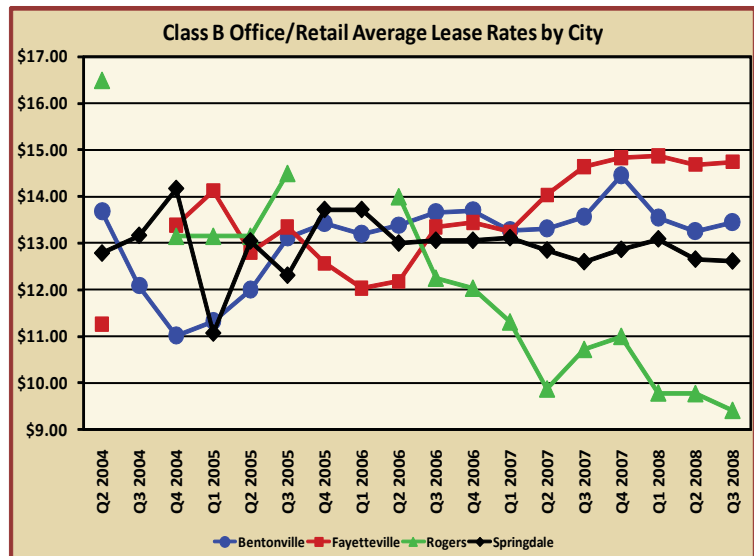
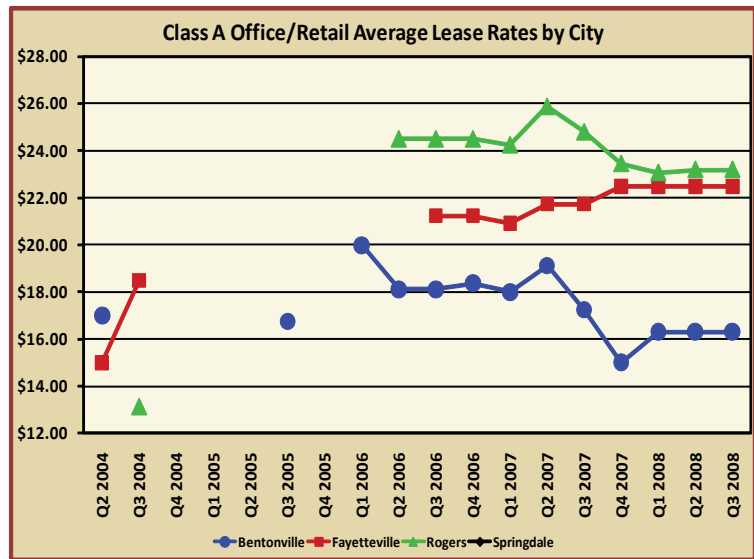
# Office/Retail

In the third quarter of 2008, the office/retail properties included in the Skyline Report sample had a vacancy rate of 21.0 percent. This was a decrease from a revised second quarter vacancy rate of 22.0 percent. Of almost 3.9 million square feet of Northwest Arkansas properties examined, 812,633 square feet were available.

From the second quarter to the third quarter of 2008, 54,260 square feet of office/retail space became occupied. There were no new square feet of office/retail space added in Northwest Arkansas in the third quarter, thus yielding a positive net absorption of 54,260 square feet. Bella Vista and Springdale experienced negative net absorption of office/retail space in the third quarter of 2008. All other cities in Northwest Arkansas experienced positive net absorption.

Fayetteville is ahead of Rogers and Bentonville, having the largest amount of available square feet in the office/retail submarket with 257,871 square feet available. Rogers had 224,422 and Bentonville had 176,656 square feet available. Dividing those by the total square feet of office/retail space, this translated to vacancy rates of 19.3 percent for Fayetteville, 28.0 percent for Rogers, and 21.6 percent for Bentonville. Springdale had reported available office/retail square footage of 74,654 with a 16.2 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 stayed unchanged in Northwest Arkansas. There was a decline in average reported Class B rates in Rogers and Springdale and an increase in Bentonville and Fayetteville. In the Class C office/retail submarket, average reported prices declined in Fayetteville and Rogers, but increased in Bentonville, while staying flat in Springdale.



# Office/Retail

## Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	\$15.50 - \$17.13	\$12.69 - \$14.21	\$9.33 - \$9.37
Fayetteville	\$21.67 - \$23.33	\$14.03 - \$15.45	\$10.81 - \$11.92
Rogers	\$21.67 - \$24.75	\$8.82 - \$10.00	\$8.80 - \$10.80
Springdale	--	\$11.88 - \$13.35	\$8.29 - \$9.57



## Office/Retail Space Characteristics by Class and City

Class	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
<b>Class A</b>							
Bentonville	75,667	20,585	27.2%	5,103	0	5,103	12.1
Fayetteville	63,000	29,000	46.0%	0	0	0	--
Rogers	296,703	82,154	27.7%	20,414	0	20,414	12.1
Springdale	--	--	--	--	--	--	--
<b>Class B</b>							
Bentonville	636,197	138,547	21.8%	9,530	0	9,530	43.6
Fayetteville	918,798	178,700	19.4%	16,439	0	16,439	32.6
Rogers	322,795	91,141	28.2%	20,716	0	20,716	13.2
Springdale	193,048	47,545	24.6%	-1,196	0	-1,196	--
<b>Class C</b>							
Bentonville	104,310	17,524	16.8%	-1,950	0	-1,950	--
Fayetteville	353,650	50,171	14.2%	-4,000	0	-4,000	--
Rogers	182,627	51,127	28.0%	-12,743	0	-12,743	--
Springdale	267,554	27,109	10.1%	1,157	0	1,157	70.3

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents



# Retail

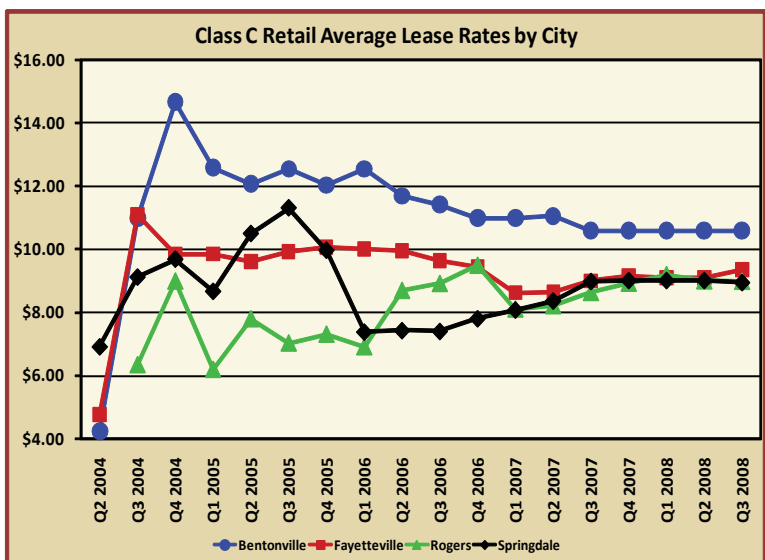
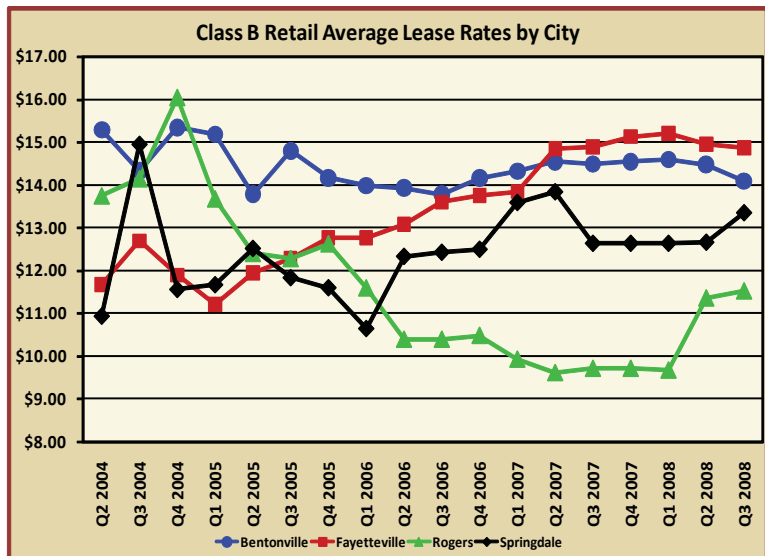
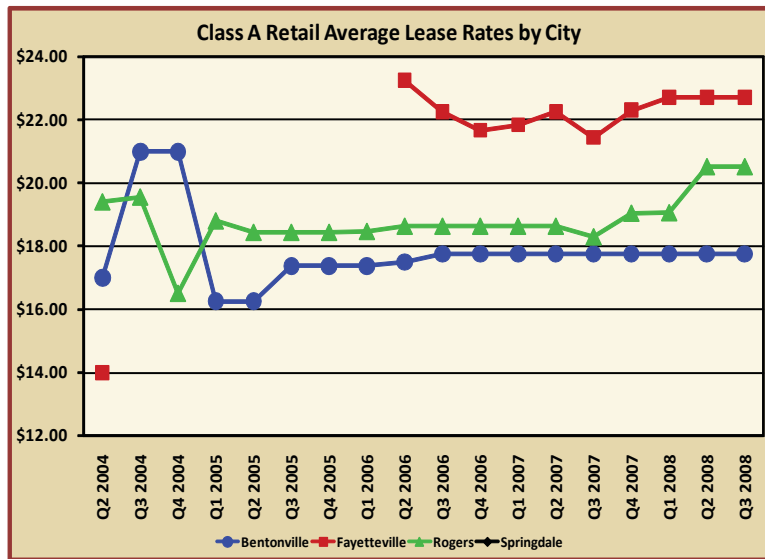
In the third quarter of 2008, the retail properties included in the Skyline Report panel had a vacancy rate of 14.5 percent, up from 14.3 percent in the second quarter. Of the 6.6 million square feet of Northwest Arkansas retail properties examined, 959,201 square feet were available. From the second quarter to the third quarter of 2008, 20,600 square feet of new retail space came on the Springdale market, while 22,739 square feet became vacant, netting negative absorption of 43,339 square feet.

Bentonville had 392,075 total square feet and 42,314 available square feet of retail space in the third quarter, resulting in a vacancy rate of 10.8 percent. This represented a decline from the rate of 16.3 percent in the second quarter of 2007 due to the decline in the available space. A total of 4,358 square feet became occupied in the Bentonville Class B retail submarket, while no new square feet were added to the market in the third quarter.

In the third quarter of 2008, Fayetteville had a retail vacancy rate of 12.6 percent, up from 12.2 percent in the second quarter, with 323,391 available square feet out of a total of 2.6 million. There was reported positive absorption of 7,349 square feet in the Class C retail submarket and negative absorption of 20,628 and 3,273 square feet in the Class A and Class B submarket, respectively, yielding a total negative net absorption of 16,552 square feet in the retail market.

The Rogers market had 386,767 square feet of available retail space out of a total of 2.4 million square feet for a vacancy rate of 16.3 percent in the third quarter. The city experienced a decrease in a vacancy rate from 17.1 percent in the second quarter of 2008. There was no new space added to the market during the last quarter. All Rogers retail submarkets experienced positive absorption, resulting in 17,366 square feet of positive net absorption for the market.

There were 146,626 square feet of available retail space out of a total of 893,507 square feet



# Retail

in Springdale in the third quarter. This implied a vacancy rate of 16.4 percent, up from 14.1 percent in the second quarter of 2008. A total of 20,600 new square feet were added to the Class B submarket in the third quarter. Negative absorption of 2,000 square feet was reported in the Class C submarket and of 6,508 square feet in the Class B submarket, netting negative absorption of 29,108 square feet.

Reported retail average lease rates were mixed during the third quarter of 2008. Class A space lease rates were constant in all Northwest Arkansas cities. Class B average lease rates continued to increase in Rogers and Springdale, while declining in Bentonville and Fayetteville. Class C reported average lease rates increased in Fayetteville, declined slightly in Rogers and Springdale, while staying constant in Bentonville.

## Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	\$16.00 - \$19.50	\$13.77 - \$14.42	\$10.32 - \$10.88
Fayetteville	\$21.00 - \$24.40	\$14.24 - \$15.49	\$9.18 - \$9.53
Rogers	\$18.79 - \$22.27	\$11.05 - \$12.01	\$8.79 - \$9.19
Springdale	--	\$12.88 - \$13.83	\$8.59 - \$9.31



## Retail Space Characteristics by Class and City

Class	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
<b>Class A</b>							
Bentonville	39,534	6,988	17.7%	0	0	0	--
Fayetteville	1,372,331	120,969	8.8%	-20,628	0	-20,628	--
Rogers	1,524,164	135,627	8.9%	7,940	0	7,940	51.2
Springdale	--	--	--	--	--	--	--
<b>Class B</b>							
Bentonville	243,277	22,903	9.4%	4,358	0	4,358	15.8
Fayetteville	933,552	143,794	15.4%	-3,273	0	-3,273	--
Rogers	541,606	200,321	37.0%	426	0	426	1,410.7
Springdale	622,417	105,329	16.9%	-6,508	20,600	-27,108	--
<b>Class C</b>							
Bentonville	109,264	12,423	11.4%	0	0	0	--
Fayetteville	252,275	58,628	23.2%	7,349	0	7,349	23.9
Rogers	301,621	50,819	16.8%	9,000	0	9,000	16.9
Springdale	271,090	41,297	15.2%	-2,000	0	-2,000	--

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents





# Other Categories

## Warehouse

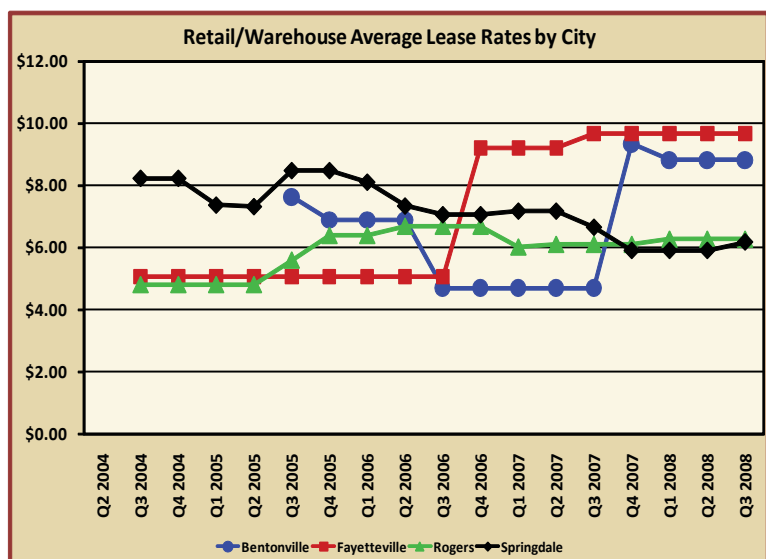
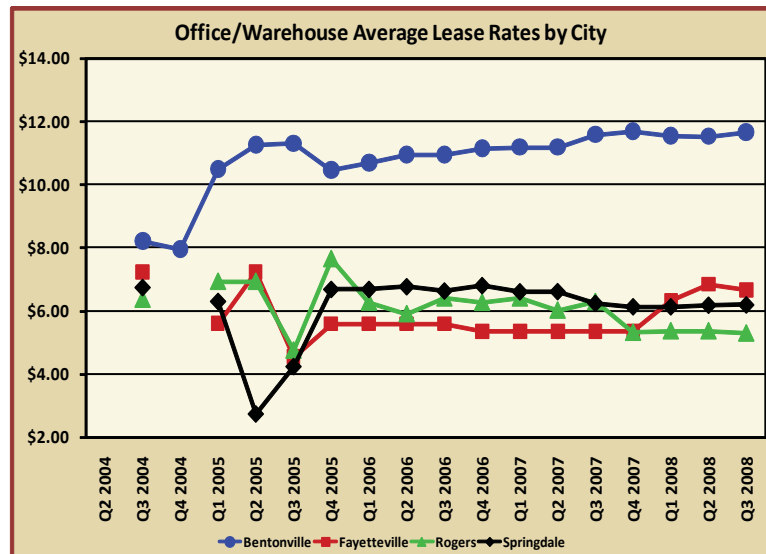
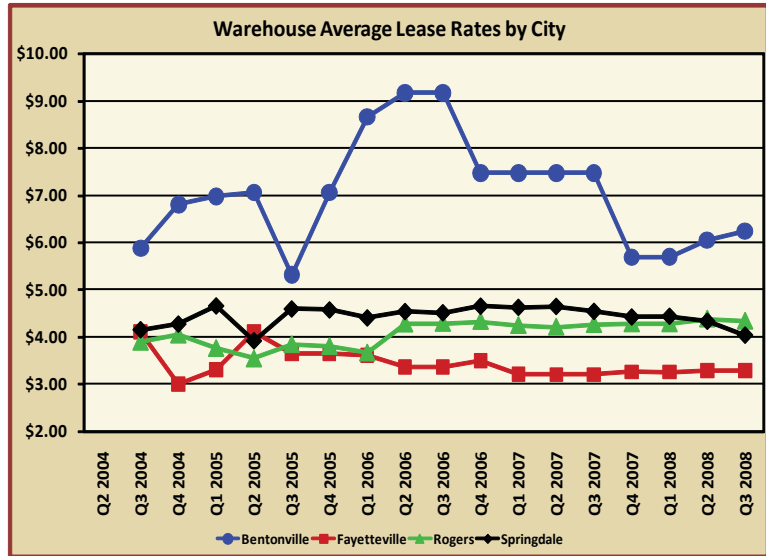
In the third quarter of 2008, the warehouse properties included in the Skyline Report panel had a vacancy rate of 28.3 percent, up from a 27.9 percent in the second quarter. The reason for this rise in a vacancy rate was an increase in the amount of the available space. Of the 5.6 million square feet of warehouse space examined, almost 1.6 million square feet were available in the third quarter.

The majority of available warehouse space was split between Springdale (with 548,654 square feet), Rogers (with 365,718 square feet), Fayetteville (with 256,115 square feet), Siloam Springs (with 214,710 square feet), and Lowell (with 201,866 square feet). There were no new space added in the Northwest Arkansas warehouse market in the third quarter. Existing warehouse space became vacant in Fayetteville and Rogers, while becoming occupied in Bentonville and Springdale, resulting in negative net absorption of 9,885 square feet in Northwest Arkansas. Reported warehouse vacancy rates declined in Bentonville and Springdale and increased in Fayetteville and Rogers in the third quarter in accordance with the absorption. Bella Vista, Lowell, and Siloam Springs warehouse vacancy rates were unchanged.

The average reported warehouse lease rates in Bentonville increased up to \$6.24, continuing to be the most expensive lease rates in Northwest Arkansas. Rogers and Springdale reported average lease rates declined, while Fayetteville average lease rates stayed unchanged.

## Office/Warehouse

The Skyline Report panelists reported on 3.5 million square feet of office/warehouse space in the third quarter. The vacancy rate in the office/warehouse submarket declined from 17.7 percent in the second quarter to 17.5 percent in the third quarter of 2008 in Northwest Arkansas, with 615,046 total square feet available in the third



# Other Categories

quarter. From the second quarter to the third quarter of 2008, no new square feet came online, while 8,101 square feet of office/warehouse space were absorbed in Northwest Arkansas.

The activity in the office/warehouse submarket in the third quarter was concentrated in Fayetteville, Rogers, and Springdale. There were 17,667 square feet of office/warehouse space absorbed in Springdale and 5,114 in Rogers, while 14,680 square feet became vacant in Fayetteville.

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

## Retail/Warehouse

The Skyline Report panelists reported on 659,669 square feet of retail/warehouse space in the third quarter of 2008. The vacancy rate in the retail/warehouse submarket declined to 13.8 percent in the third quarter, down

## Other Lease Rates Average Range by City

	Warehouse	Office/ Warehouse	Retail/ Warehouse
Bentonville	\$5.31 - \$7.17	\$10.88 - \$12.48	\$8.32 - \$9.35
Fayetteville	\$3.28 - \$3.31	\$6.68 - \$6.68	\$8.85 - \$10.51
Rogers	\$4.25 - \$4.43	\$4.57 - \$6.04	\$6.26 - \$6.30
Springdale	\$3.84 - \$4.25	\$5.12 - \$7.28	\$5.57 - \$6.82

from 15.7 percent in the previous quarter. A total of 90,758 square feet were available in Northwest Arkansas in the third quarter. From the second quarter to the third quarter of 2008, there was positive net absorption of 6,760 square feet in the retail/warehouse submarket. No square feet of new retail/warehouse space were added to the market in the last quarter. Positive absorption occurred in Springdale, while negative occurred in Lowell. There was no other activity in the retail/warehouse submarket in Northwest Arkansas. The decline in the retail/warehouse vacancy

rate of Springdale and increase in the Lowell vacancy rate were consistent with the absorption numbers from the second quarter to the third quarter of 2008.

The retail/warehouse average reported lease rates in almost all major Northwest Arkansas cities were constant during the third quarter of 2008. However, average lease rates in Springdale increased.

## Other Space Characteristics by Class and City

Warehouse	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Bentonville	495,868	15,200	3.1%	10,000	0	10,000	4.6
Fayetteville	1,038,027	256,115	24.7%	-14,000	0	-14,000	--
Rogers	1,902,531	365,718	19.2%	-38,849	0	-38,849	--
Springdale	1,591,578	548,654	34.5%	32,964	0	32,964	49.9
<b>Office/Warehouse</b>							
Bentonville	1,195,012	136,550	11.4%	0	0	0	--
Fayetteville	120,681	102,181	84.7%	-14,680	0	-14,680	--
Rogers	586,255	97,909	16.7%	5,114	0	5,114	57.4
Springdale	1,284,507	208,399	16.2%	17,667	0	17,667	--
<b>Retail/Warehouse</b>							
Bentonville	61,356	11,098	18.1%	0	0	0	--
Fayetteville	70,580	9,197	13.0%	0	0	0	--
Rogers	55,729	11,283	20.2%	0	0	0	--
Springdale	419,124	48,100	11.5%	12,300	0	12,300	11.7

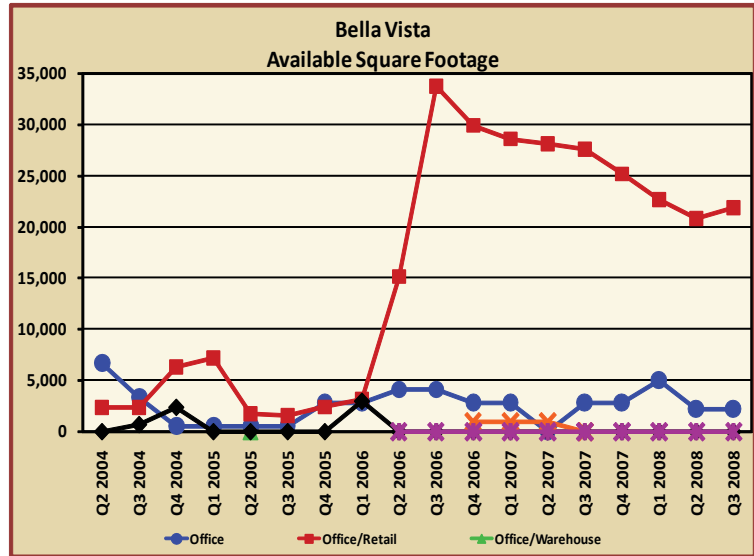
<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents



# Bella Vista

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 319,574 square feet of commercial space in the third quarter of 2008.
- In the third quarter of 2008, Bella Vista experienced negative net absorption of 1,050 square feet in the Class B office/retail submarket.
- No new space was added to the Bella Vista commercial market in the third quarter of 2008.
- Reported vacancy rates increased in the office/retail submarket, while staying constant in all other submarkets in Bella Vista from the second quarter to the third quarter of 2008 in accord with absorption.
- All reported average lease rates in Bella Vista remained constant in the third quarter of 2008.



## Bella Vista Commercial Real Estate Market Summary Statistics

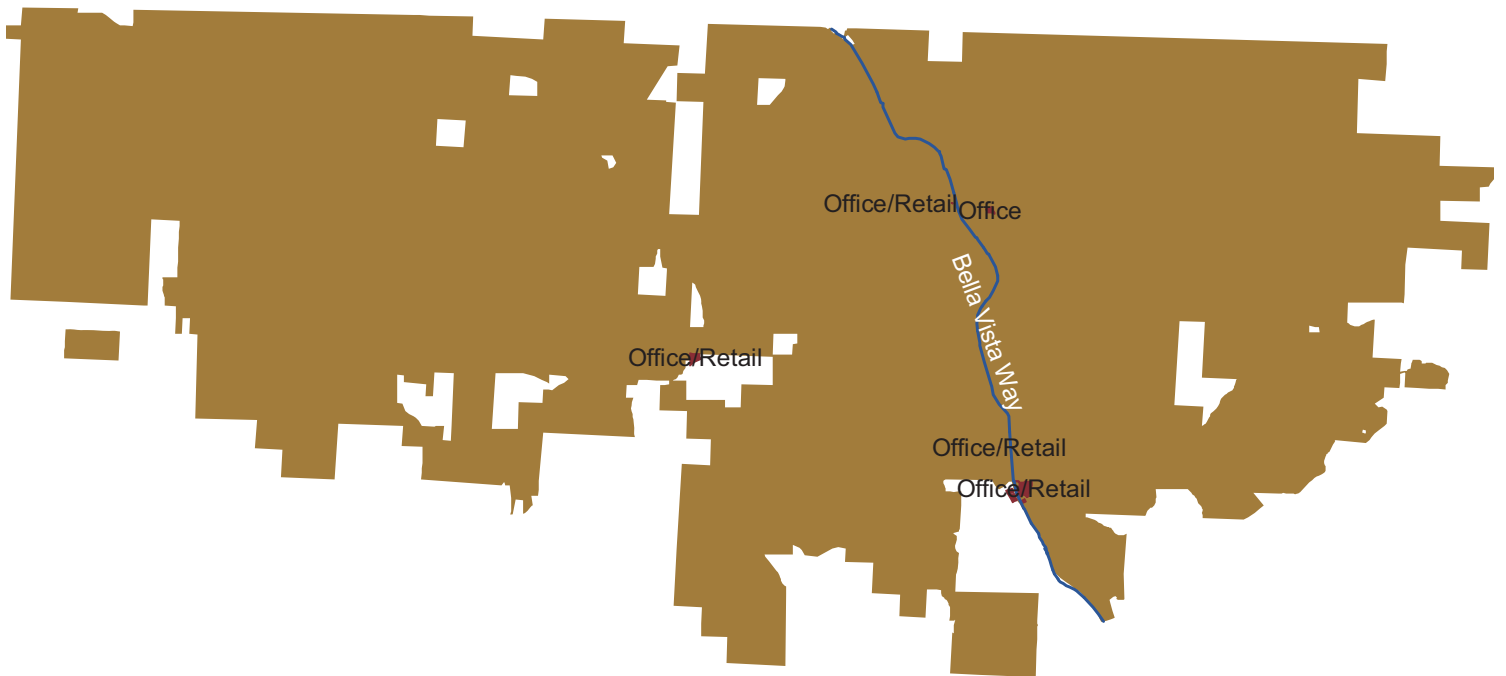
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	--	--	--	--	--	--	--	--
Office	\$12.93 - \$13.93	11,554	2,200	19.0%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$13.85 - \$13.85	3,450	2,200	63.8%	0	0	0	--
Class C	--	--	--	--	--	--	--	--
Medical	\$12.00 - \$14.00	8,104	0	0.0%	0	0	0	0.0
Office/Retail	\$9.22 - \$11.53	268,534	21,866	8.1%	-1,050	0	-1,050	-62.5
Class A	--	--	--	--	--	--	--	--
Class B	\$9.22 - \$11.53	268,534	21,866	8.1%	-1,050	0	-1,050	-62.5
Class C	--	--	--	--	--	--	--	--
Office/Warehouse	--	--	--	--	--	--	--	--
Retail	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	0.0
Class A	--	--	--	--	--	--	--	--
Class B	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	0.0
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	--	--	--	--	--	--	--	--
Warehouse	\$1.00 - \$2.70	18,486	0	0.0%	0	0	0	0.0

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents



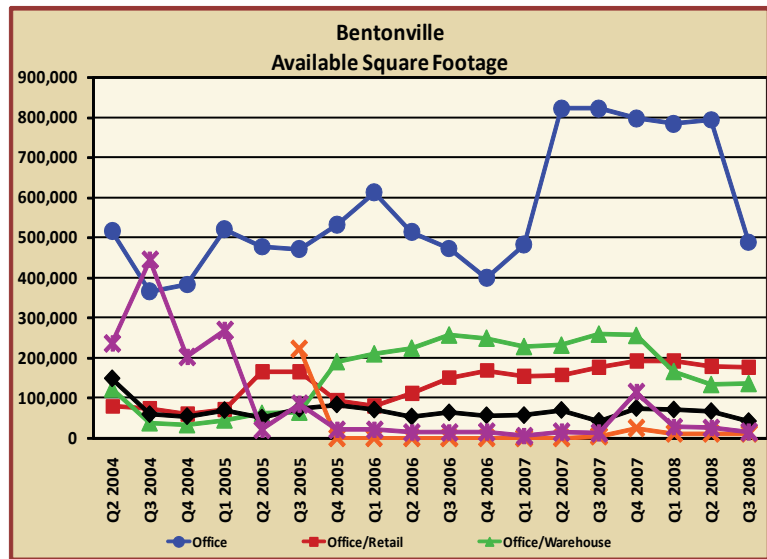
# Bella Vista





# Bentonville

- From June to August 2008, Bentonville issued building permits for \$3,689,476 worth of new commercial space. The third quarter 2008 value was significantly higher than the second quarter 2008 value of \$153,000 and the third quarter 2007 value of \$1.2 million.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,384,387 square feet of commercial space in the third quarter of 2008.
- In the third quarter of 2008, Bentonville experienced positive net absorption and decreased vacancy rates overall.
- There was positive net absorption in the office, office/retail, retail, and warehouse submarkets in the recent quarter in Bentonville. There was zero net absorption in the office/warehouse and retail/warehouse submarkets. Meanwhile, the Class B office, medical, and Class C office/retail submarkets experienced negative absorption in the third quarter.



- There was 24,914 square feet of Class B office space added to the Bentonville commercial market in the third quarter of 2008.
- Reported vacancy rates in the third quarter of 2008 decreased in the office, office/retail, retail, and warehouse submarkets, increased in medical space, and remained almost constant in all other submarkets.
- Average reported lease rates declined in the third quarter of 2008 for Class A office by \$0.46, medical office by \$0.21, and Class B retail by \$0.39. The average lease rates for Class B office space increased by \$0.08, Class B and Class C office/retail by \$0.18 and \$0.41, respectively, for

## Bentonville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	\$2.76 - \$2.76	86,376	76,056	88.1%	0	0	0	--
Office	\$14.67 - \$15.20	3,337,526	488,347	14.6%	339,003	24,914	314,089	4.7
Class A	\$18.22 - \$19.53	753,047	71,020	9.4%	371,766	0	371,766	0.6
Class B	\$14.36 - \$14.81	2,367,000	372,010	15.7%	-29,472	24,914	-54,386	--
Class C	\$7.44 - \$7.44	9,528	0	0.0%	0	0	0	0.0
Medical	\$17.72 - \$19.28	207,951	45,317	21.8%	-3,291	0	-3,291	--
Office/Retail	\$12.41 - \$13.71	816,174	176,656	21.6%	12,683	0	12,683	41.8
Class A	\$15.50 - \$17.13	75,667	20,585	27.2%	5,103	0	5,103	12.1
Class B	\$12.69 - \$14.21	636,197	138,547	21.8%	9,530	0	9,530	43.6
Class C	\$9.33 - \$9.37	104,310	17,524	16.8%	-1,950	0	-1,950	--
Office/Warehouse	\$10.88 - \$12.48	1,195,012	136,550	11.4%	0	0	0	--
Retail	\$12.83 - \$13.56	392,075	42,314	10.8%	4,358	0	4,358	29.1
Class A	\$16.00 - \$19.50	39,534	6,988	17.7%	0	0	0	--
Class B	\$13.77 - \$14.42	243,277	22,903	9.4%	4,358	0	4,358	15.8
Class C	\$10.32 - \$10.88	109,264	12,423	11.4%	0	0	0	--
Retail/Warehouse	\$8.32 - \$9.35	61,356	11,098	18.1%	0	0	0	--
Warehouse	\$5.31 - \$7.17	495,868	15,200	3.1%	10,000	0	10,000	4.6

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents



# Bentonville

warehouse by \$0.19 and for office/warehouse by \$0.14. All other average reported lease rates remained constant.

## Downtown Bentonville

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 181,540 square feet of office, office/retail, and retail space in downtown Bentonville in the third quarter of 2008.
- The office space in downtown Bentonville had a reported vacancy rate of 28.0 percent in the third quarter, the same as in the second quarter of 2008. This was significantly higher than the overall office vacancy rate for Bentonville, which was 14.6 percent during the recent quarter.
- The retail vacancy rate for downtown Bentonville properties also had a higher vacancy rate than those for all of Bentonville during the third quarter. The vacancy rates for office/retail space, however, were much lower than the overall Bentonville rates.



- There was negative net absorption of 1,950 square feet of office/retail space in downtown Bentonville from the second quarter to the third quarter of 2008. The office and retail submarkets experienced no absorption in downtown Bentonville.
- No new space was added to the downtown Bentonville commercial market in the third quarter of this year.
- Average office reported lease rates remained unchanged from the second to the third quarter of 2008 in downtown Bentonville. Meanwhile, reported lease

rates increased slightly in the office/retail submarket and declined in the retail submarket. Reported lease rates were around \$2.30 - \$3.60 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

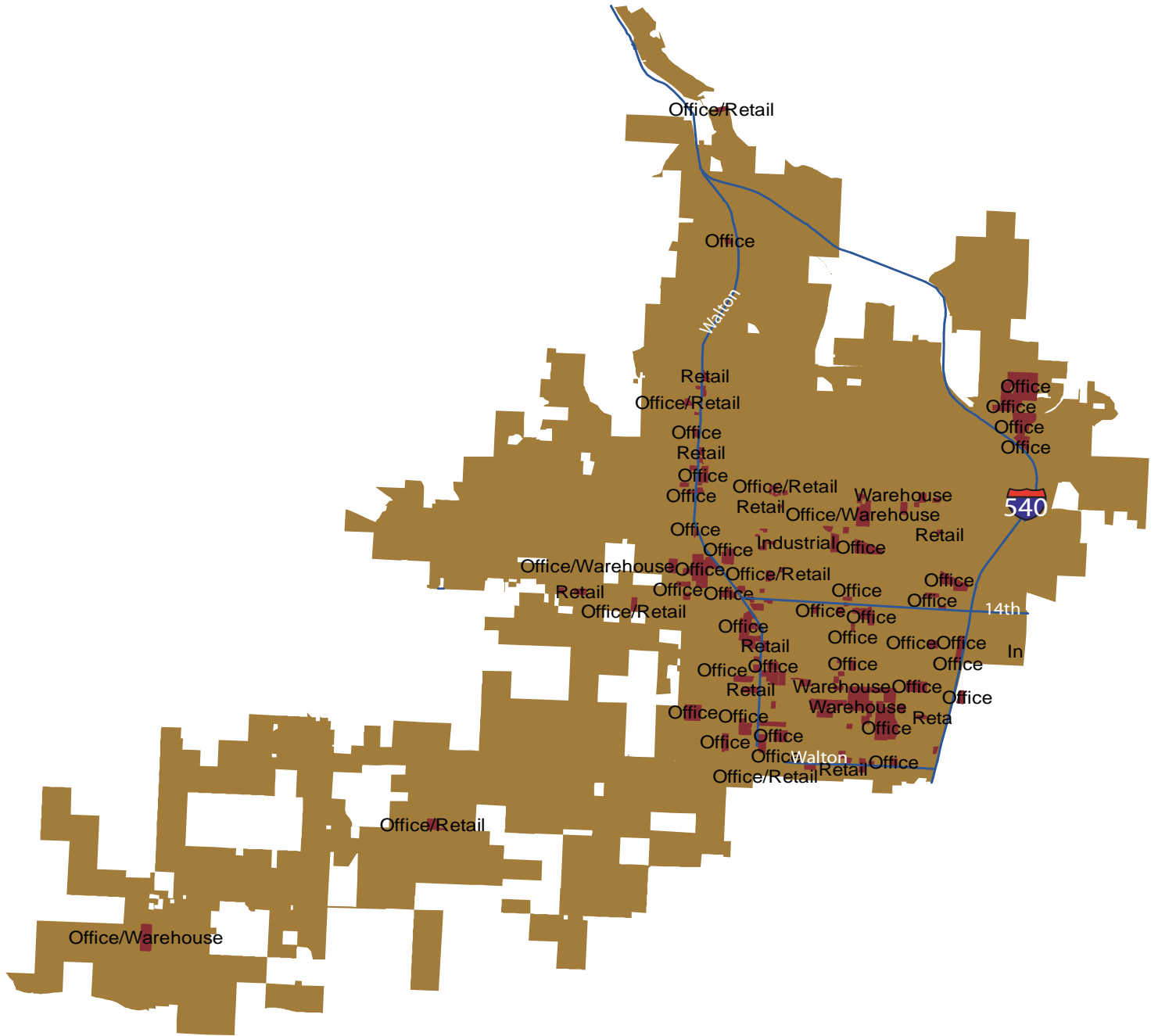
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$10.67 - \$11.95	60,265	16,845	28.0%	0	0	0	--
Office/Retail	\$9.83 - \$11.67	85,950	4,958	5.8%	-1,950	0	-1,950	--
Retail	\$11.45 - \$11.95	35,325	4,800	13.6%	0	0	0	--

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents

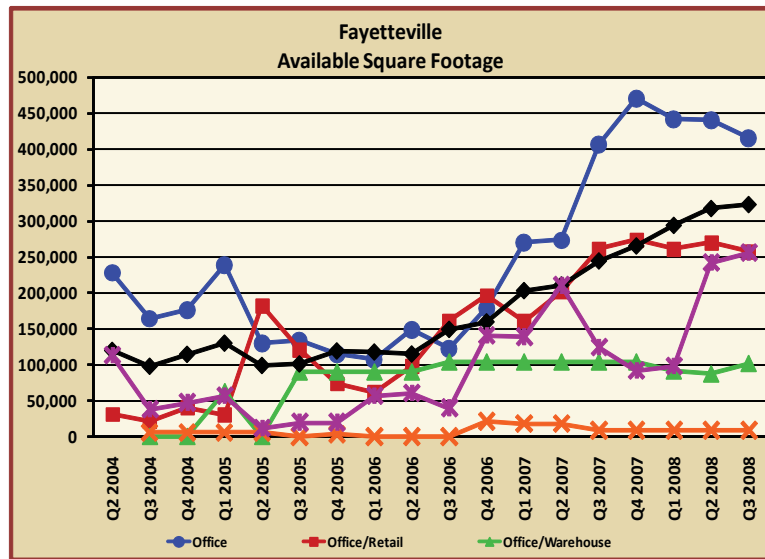


# Bentonville



# Fayetteville

- From June to August 2008, Fayetteville issued building permits for \$6,548,894 worth of new commercial space. The third quarter 2008 value was twice as high as the second quarter value, but 21.2 percent lower than the third quarter 2007 value.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 7,377,248 square feet of commercial space in the third quarter of 2008.
- In the third quarter of 2008, Fayetteville experienced negative net absorption overall. There was positive net absorption in the office, medical office, and office/retail submarkets. There was negative net absorption in the retail, warehouse, and office/warehouse submarkets and no absorption in the retail/warehouse submarket.
- A total of 18,900 square feet of new Class B office space entered the Fayetteville commercial market in the third quarter of 2008.
- Observed vacancy rates in Fayetteville in the third quarter increased in



- the warehouse, office/warehouse, and retail submarkets, declined in the office, medical office, and office/retail submarkets, and remained unchanged in the retail/warehouse submarket.
- Average reported lease rates increased slightly in the third quarter of 2008 for Class B and medical office and for Class B office/retail. Average reported lease

rates decreased for Class A office by \$0.14, Class C office/retail by \$0.13, Class B retail by \$0.10, and office/warehouse by \$0.18 and increased in Class C office by \$0.14 and Class C retail by \$0.24. All other average reported lease rates remained unchanged.

## Fayetteville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Lab	\$19.75 - \$19.75	10,603	0	0.0%	0	0	0	0.0
Industrial	\$3.20 - \$3.50	17,000	17,000	100.0%	0	0	0	--
Office	\$14.28 - \$15.75	2,226,751	415,611	18.7%	44,880	18,900	25,980	48.0
Class A	\$19.50 - \$22.67	416,882	93,902	22.5%	18,000	0	18,000	15.7
Class B	\$13.94 - \$15.08	1,097,051	263,638	24.0%	11,205	18,900	-7,695	--
Class C	\$9.80 - \$10.39	185,579	20,324	11.0%	3,525	0	3,525	17.3
Medical	\$15.35 - \$17.30	527,239	37,747	7.2%	12,150	0	12,150	9.3
Office/Retail	\$13.14 - \$14.45	1,335,448	257,871	19.3%	12,439	0	12,439	62.2
Class A	\$21.67 - \$23.33	63,000	29,000	46.0%	0	0	0	--
Class B	\$14.03 - \$15.45	918,798	178,700	19.4%	16,439	0	16,439	32.6
Class C	\$10.81 - \$11.92	353,650	50,171	14.2%	-4,000	0	-4,000	--
Office/Warehouse	\$6.68 - \$6.68	120,681	102,181	84.7%	-14,680	0	-14,680	--
Retail	\$12.86 - \$13.97	2,558,158	323,391	12.6%	-16,552	0	-16,552	--
Class A	\$21.00 - \$24.40	1,372,331	120,969	8.8%	-20,628	0	-20,628	--
Class B	\$14.24 - \$15.49	933,552	143,794	15.4%	-3,273	0	-3,273	--
Class C	\$9.18 - \$9.53	252,275	58,628	23.2%	7,349	0	7,349	23.9
Retail/Warehouse	\$8.85 - \$10.51	70,580	9,197	13.0%	0	0	0	--
Warehouse	\$3.28 - \$3.31	1,038,027	256,115	24.7%	-14,000	0	-14,000	--

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents



# Fayetteville

## Downtown Fayetteville/Dickson Street Area

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 641,310 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street area in the third quarter of 2008.
- The office space in the downtown Fayetteville continued to have a reported vacancy rate of 21.4 percent in the third quarter of 2008. This was higher than the overall Fayetteville office vacancy rate of 18.7 percent.
- The office/retail vacancy rate for downtown Fayetteville properties had an increased vacancy rate of 28.6 percent, over 9 percentage points higher than the average in the same submarket for all of Fayetteville during the third quarter. The downtown Fayetteville retail vacancy rate fell from 40.2 percent to 17.2 percent, though it was still higher than the Fayetteville average.
- There was no new commercial space added in downtown Fayetteville during the third quarter of 2008.
- There was negative net absorption of 2,000 square feet of office/retail space and positive net absorption of 8,000 square feet of retail space. There was no absorption of office space in downtown Fayetteville.
- On average, reported lease rates were about \$2.00 higher for office/retail space in downtown Fayetteville than the city average. The average reported



office lease rate was about \$0.40 lower and the average retail lease rate was about \$2.74 lower than the city average.

## Northwest Arkansas Mall Area/Joyce Street Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 2,854,772 square feet of office, office/retail, and retail space in the Northwest Arkansas Mall Area/Joyce Street Corridor in the third quarter of 2008.
- The office space in north Fayetteville had a reported vacancy rate of 21.4 percent in the third quarter. This was lower than the previous quarter vacancy rate of 23.1 percent, but higher than the overall office vacancy rate for Fayetteville at 18.7 percent.
- The office/retail vacancy rate in north Fayetteville fell slightly at 28.6 percent, but still remained 9 percentage points higher than the city average office/retail vacancy rate of 19.3 percent.
- The retail vacancy rate for north Fayetteville properties rose to 11.8 percent but remained lower than the city average of 12.6 percent during the third quarter.
- There was 18,900 square feet of office space added to the north Fayetteville commercial market in the third quarter of 2008.
- There was positive net absorption of 15,545 square feet of office space, 200 square feet of office/retail space and a negative net absorption of 5,801 square feet of retail space during the third quarter of 2008 in the Northwest Arkansas Mall Area/Joyce Street Corridor.
- Average reported lease rates were consistently higher than the city average

## Fayetteville Downtown/Dickson Street Area Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$12.73 - \$16.47	359,573	77,012	21.4%	0	0	0	--
Office/Retail	\$15.47 - \$16.31	246,890	70,570	28.6%	-2,000	0	-2,000	--
Retail	\$9.27 - \$12.10	34,847	6,000	17.2%	8,000	0	8,000	2.3

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents





# Fayetteville

in north Fayetteville. Office and office/retail space averaged between \$1.39 - \$3.13 higher lease rates and retail had an almost \$6.00 premium.

## Sixth Street Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 326,653 square feet of office, office/retail, and retail space in the Sixth Street Corridor in the third quarter of 2008.
- The office space in southwest Fayetteville had a reported vacancy rate of 51.7 percent in the third quarter of 2008. This was the first decline in vacancy rates since the third quarter of 2007, but still was much higher than the overall office vacancy rate for Fayetteville, which was 18.7 percent during the third quarter.
- The third quarter office/retail and retail vacancy rates were also substantially higher in southwest Fayetteville than the city average, totaling 38.3 and 35.4 percent, respectively. These percentages represented a decrease for office/retail and an increase for retail vacancy rates after remaining constant during the first two quarters of 2008.
- There was no new commercial space added to southwest Fayetteville in the third quarter of 2008.
- The Sixth Street Corridor of Fayetteville experienced a positive net absorption of 480 square feet of office space and 1,300 square feet of office/retail space in the third quarter of 2008. There was a negative net absorption of 10,500 square feet of retail space.
- Average reported office lease rates remained constant in southwest Fayetteville in the third quarter. Office space averaged \$2.36 higher and retail averaged \$0.05 higher than the city average lease rates, while average office/retail lease rates were about \$0.08 lower than the city average.



## Fayetteville Mall/Joyce Street Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$15.77 - \$17.05	1,206,524	258,451	21.4%	34,445	18,900	15,545	49.9
Office/Retail	\$16.42 - \$17.42	104,970	30,000	28.6%	200	0	200	450.0
Retail	\$18.88 - \$19.88	1,534,278	181,187	11.8%	-5,801	0	-5,801	--

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents

## Fayetteville Sixth Street Corridor Summary Statistics

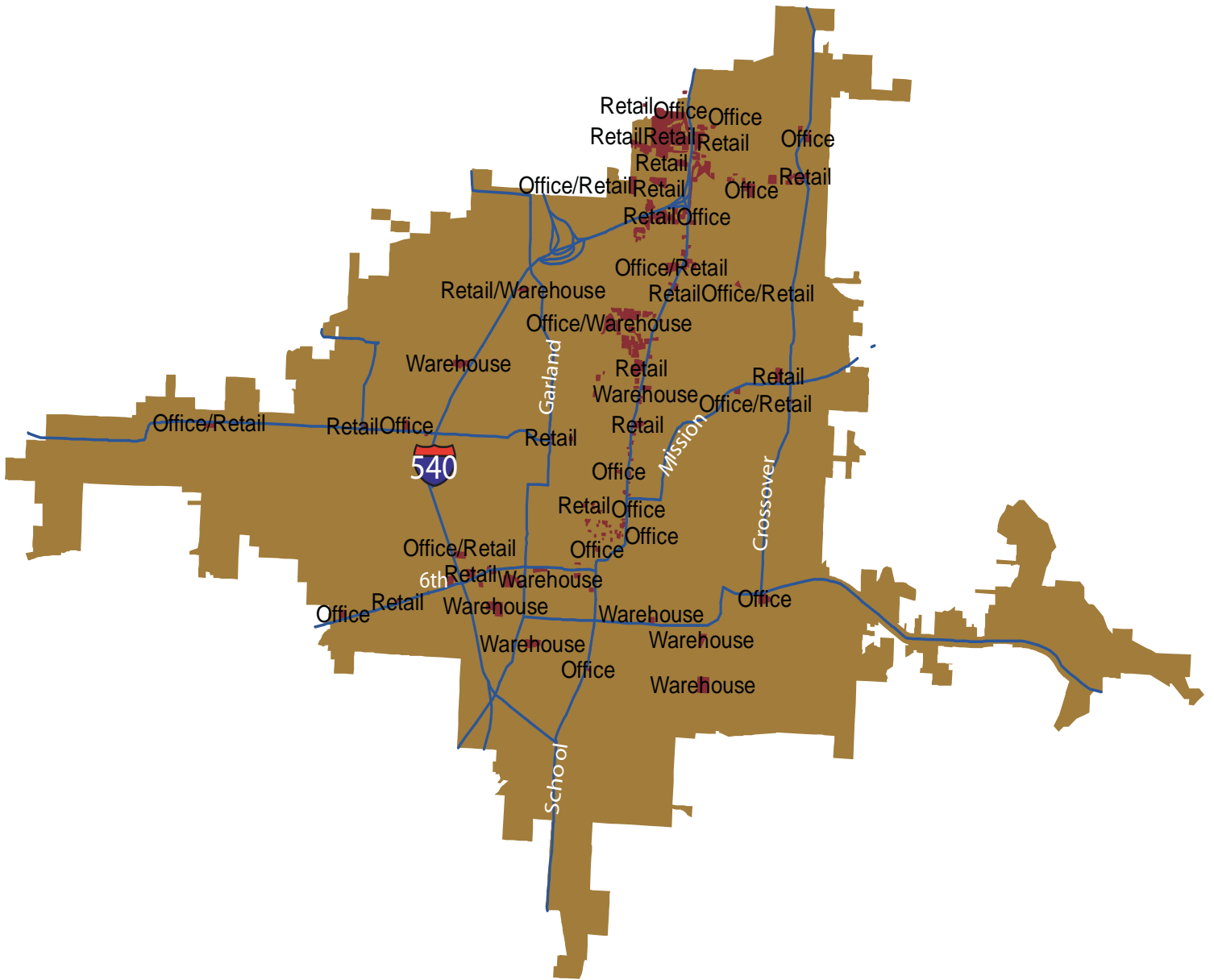
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$14.75 - \$20.00	22,725	11,750	51.7%	480	0	480	73.4
Office/Retail	\$12.68 - \$14.74	137,200	52,600	38.3%	1,300	0	1,300	121.4
Retail	\$12.66 - \$14.29	166,728	58,966	35.4%	-10,500	0	-10,500	--

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents

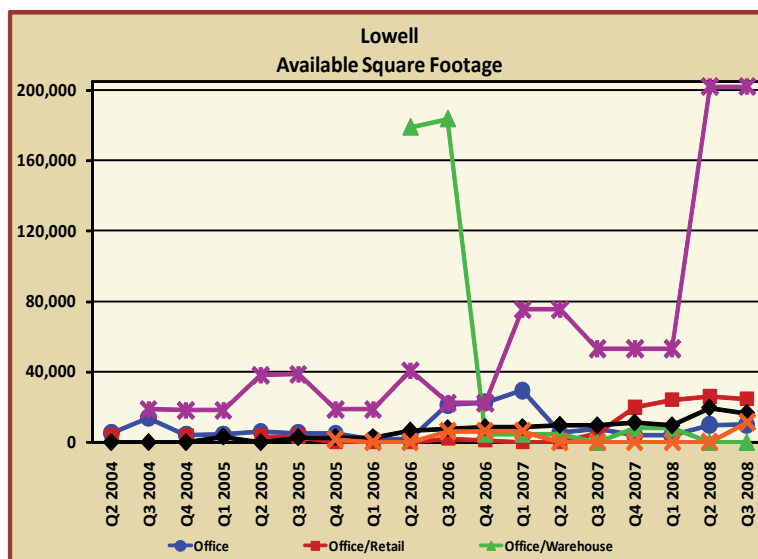


# Fayetteville



# Lowell

- From June to August 2008, Lowell issued building permits for \$1,019,000 worth of new commercial space. The third quarter 2008 value was four times lower than the second quarter 2008 value, but significantly higher than the third quarter of 2007 value of \$48,927.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 957,714 square feet of Lowell commercial space in the third quarter of 2008.
- In the third quarter of 2008, Lowell experienced positive net absorption in the retail and office/retail submarkets, while office and retail/warehouse submarkets had negative net absorption.
- There was no new commercial square footage added in Lowell in the third quarter of 2008.
- Reported vacancy rates declined in the office/retail and retail submarkets in the third quarter of 2008 and increased in the retail/warehouse submarket, the first change in this submarket during 2008. Other submarkets saw no change



- in vacancy rates. The medical office and office/warehouse submarkets continued to have no available square footage, which resulted in zero percent vacancy rates.
- Reported third quarter average lease rates for the Class B office submarket fell by \$0.07. Average reported lease rates for the office/warehouse submar-

ket increased by \$2.12, for the retail/warehouse submarket by \$0.44, and for the warehouse submarket by \$0.06. All other submarket average lease rates remained the same.

## Lowell Commercial Real Estate Market Summary Statistics

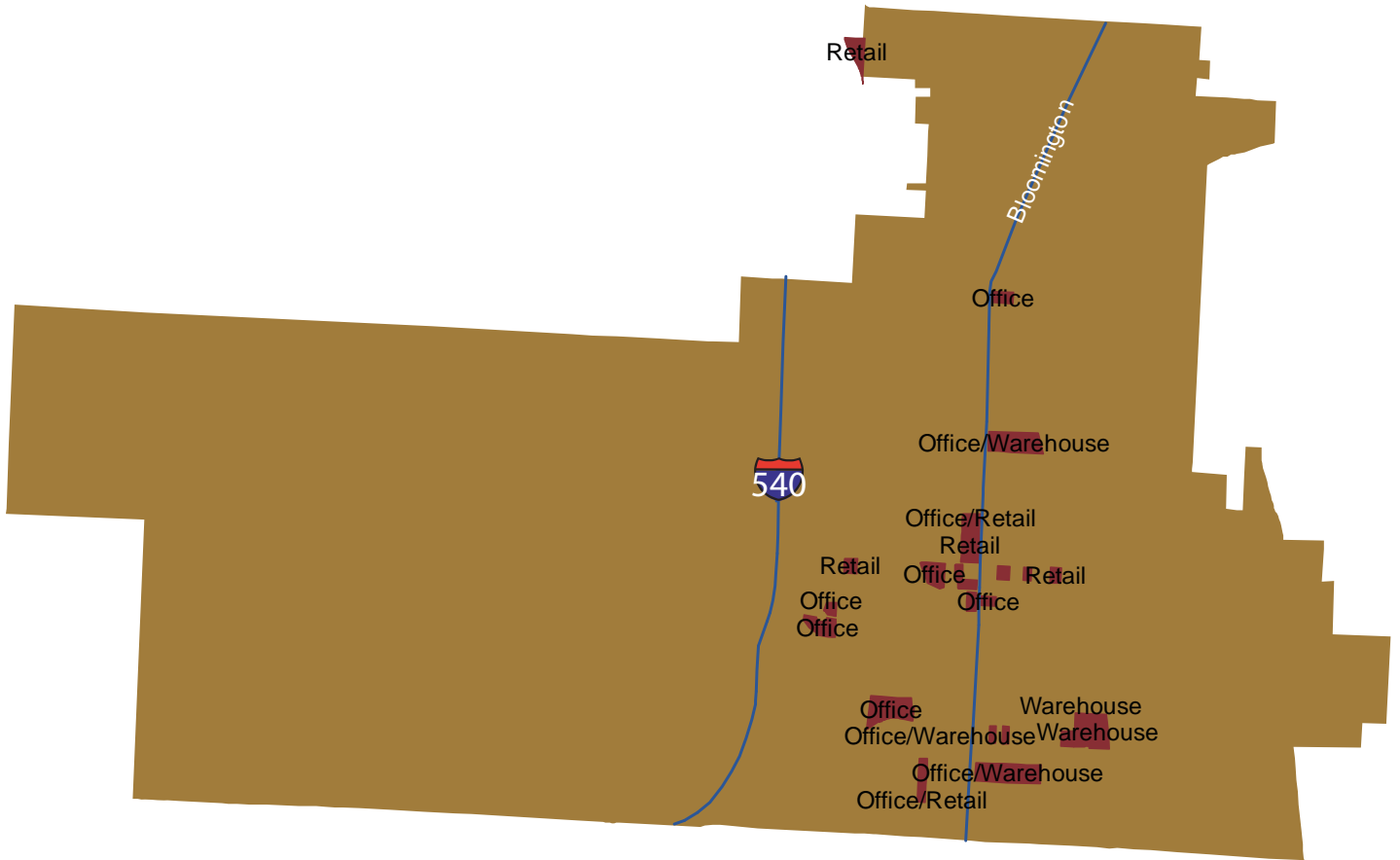
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	--	--	--	--	--	--	--	--
Office	\$16.57 - \$17.22	262,846	9,931	3.8%	-100	0	-100	--
Class A	\$18.00 - \$19.33	111,552	0	0.0%	0	0	0	0.0
Class B	\$15.26 - \$15.76	111,294	9,931	8.9%	-100	0	-100	--
Class C	--	--	--	--	--	--	--	--
Medical	\$24.00 - \$24.00	40,000	0	0.0%	0	0	0	0.0
Office/Retail	\$8.19 - \$9.19	60,260	24,600	40.8%	1,440	0	1,440	51.3
Class A	--	--	--	--	--	--	--	--
Class B	\$10.25 - \$11.75	43,100	7,440	17.3%	1,440	0	1,440	15.5
Class C	\$4.08 - \$4.08	17,160	17,160	100.0%	0	0	0	--
Office/Warehouse	\$7.21 - \$10.11	220,065	0	0.0%	0	0	0	0.0
Retail	\$14.46 - \$17.13	76,571	16,500	21.5%	3,000	0	3,000	16.5
Class A	--	--	--	--	--	--	--	--
Class B	\$14.46 - \$17.13	76,571	16,500	21.5%	3,000	0	3,000	16.5
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	\$11.33 - \$11.33	29,200	11,080	37.9%	-5,540	0	-5,540	--
Warehouse	\$3.63 - \$3.63	308,772	201,866	65.4%	0	0	0	--

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents

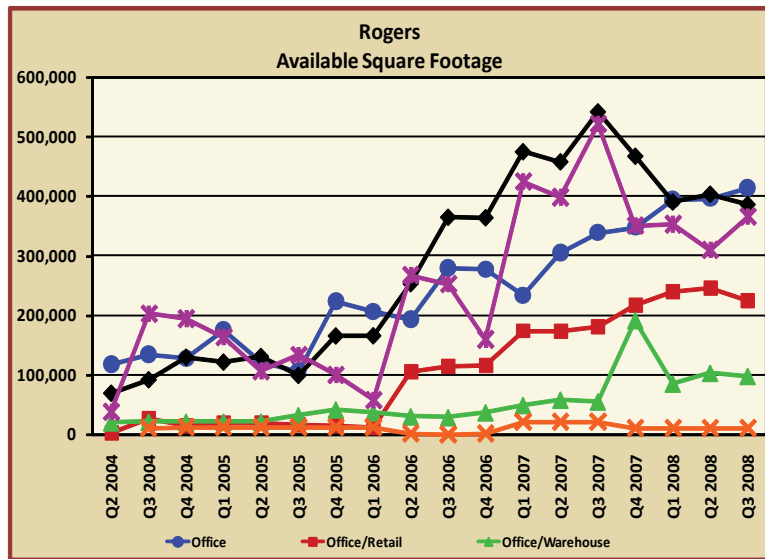


# Lowell



# Rogers

- From June to August 2008, Rogers issued building permits for \$7,579,500 worth of new commercial space. The third quarter 2008 value is almost twice as high as the second quarter 2008 value, but about 70.5 percent lower than the third quarter 2007 value.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 7,838,388 square feet of commercial space in the third quarter of 2008.
- There was no new square feet added to the Rogers market in the third quarter of 2008.
- In the third quarter of 2008, Rogers experienced positive net absorption in the office/retail, office/warehouse, and retail submarkets and experienced negative net absorption in the office and warehouse submarkets. There was no activity in the retail/warehouse or industrial submarkets during the third quarter.
- Reported vacancy rates increased in the office and warehouse submarkets in the third quarter of 2008. All other



- submarkets experienced decreases in the reported vacancy rates except for the retail/warehouse submarket, which has held constant for a year.
- Average reported lease rates decreased for Class B office by \$0.19 and Class B and Class C office/retail space by \$0.36 and \$0.61, respectively, in the third quarter of 2008. Average lease rates for Class C retail, office/warehouse,

and warehouse experienced a slight decrease. Average reported lease rates increased for Class A and Class C office by \$0.19 and \$0.10, respectively, and for Class B retail space by \$0.17. The medical office, Class A office/retail, Class A retail, and retail/warehouse submarkets remained steady.

## Rogers Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Lab	\$10.00 - \$12.00	9,482	9,482	100.0%	0	0	0	--
Industrial	\$6.00 - \$6.00	282,320	8,200	2.9%	0	0	0	--
Office	\$15.35 - \$16.29	1,832,555	414,324	22.6%	-17,656	0	-17,656	--
Class A	\$18.79 - \$20.51	1,005,345	175,595	17.5%	-7,054	0	-7,054	--
Class B	\$13.70 - \$14.34	462,380	95,077	20.6%	-8,436	0	-8,436	--
Class C	\$9.88 - \$10.31	108,636	48,523	44.7%	-3,766	0	-3,766	--
Medical	\$15.35 - \$15.58	256,194	95,129	37.1%	1,600	0	1,600	178.4
Office/Retail	\$12.48 - \$14.52	802,125	224,422	28.0%	28,387	0	28,387	23.7
Class A	\$21.67 - \$24.75	296,703	82,154	27.7%	20,414	0	20,414	12.1
Class B	\$8.82 - \$10.00	322,795	91,141	28.2%	20,716	0	20,716	13.2
Class C	\$8.80 - \$10.80	182,627	51,127	28.0%	-12,743	0	-12,743	--
Office/Warehouse	\$4.57 - \$6.04	586,255	97,909	16.7%	5,114	0	5,114	57.4
Retail	\$11.51 - \$12.68	2,367,391	386,767	16.3%	17,366	0	17,366	66.8
Class A	\$18.79 - \$22.27	1,524,164	135,627	8.9%	7,940	0	7,940	51.2
Class B	\$11.05 - \$12.01	541,606	200,321	37.0%	426	0	426	1,410.7
Class C	\$8.79 - \$9.19	301,621	50,819	16.8%	9,000	0	9,000	16.9
Retail/Warehouse	\$6.26 - \$6.30	55,729	11,283	20.2%	0	0	0	--
Warehouse	\$4.25 - \$4.43	1,902,531	365,718	19.2%	-38,849	0	-38,849	--

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents





# Rogers

## Downtown Rogers

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 517,365 square feet of office, office/retail, and retail space in downtown Rogers in the third quarter of 2008.
- The office space in downtown Rogers had a reported average vacancy rate of 33.5 percent in the third quarter of 2008, an increase from 17.4 percent in the previous quarter. The rate is now higher than the overall average office vacancy rate for Rogers, which was 22.6 percent during the same period.
- The average retail vacancy rate for downtown Rogers properties in the third quarter held constant at 5.6 percent, much lower than the 16.3 percent average for all of Rogers. The office/retail submarket experienced a decrease in the vacancy rate to 77.8 percent from the second quarter 88.9 percent in the downtown area, an area that was completely vacant during the first quarter of 2008.
- No new commercial space was added to downtown Rogers in the third quarter of 2008.
- There was positive net absorption of 2,057 square feet of office/retail space, negative net absorption of 6,900 square feet in the office submarket, and no absorption of retail space in downtown Rogers from the second quarter to the third quarter of 2008.

- Average reported lease rates for downtown Rogers office space slightly decreased and were about \$3.76 lower than the average for all of Rogers. The average reported office/retail and retail lease rates stayed constant in the third quarter of 2008 and were about \$6.05 lower and \$1.04 higher than the city average, respectively.

## Rogers Interstate 540

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 2,846,165 square feet of office, office/retail, and retail space along the Rogers I-540 corridor in the third quarter of 2008.
- The office space along the Rogers I-540 corridor had a reported average vacancy rate of 16.3 percent in the third quarter of 2008. This was lower than the overall average office vacancy rate for Rogers at 22.6 percent.
- The average retail vacancy rates for Rogers I-540 corridor properties were higher than the rates for all of Rogers while the office/retail rates were lower in the third quarter. The office/retail and retail vacancy rates declined while the office vacancy rate saw increase from the previous quarter.
- There was no new square footage added to the Rogers I-540 corridor submarket in the third quarter of 2008.

- There was positive net absorption of 20,414 square feet of office/retail space and 8,116 square feet of retail space, and a negative absorption of 4,455 square feet of office space along the Rogers I-540 corridor from the second to the third quarter of 2008.
- Average reported lease rates for Rogers I-540 corridor commercial properties were consistently higher than the average for all of Rogers. The average reported office lease rate was about \$2.85 higher, office/retail lease rate about \$10.20 higher, and the average reported retail lease rate was about \$3.74 higher than the city average.



## Rogers Downtown Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$11.84 - \$12.29	42,713	14,303	33.5%	-6,900	0	-6,900	--
Office/Retail	\$7.20 - \$7.70	18,555	14,440	77.8%	2,057	0	2,057	21.1
Retail	\$12.63 - \$13.63	456,097	25,680	5.6%	0	0	0	--

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents



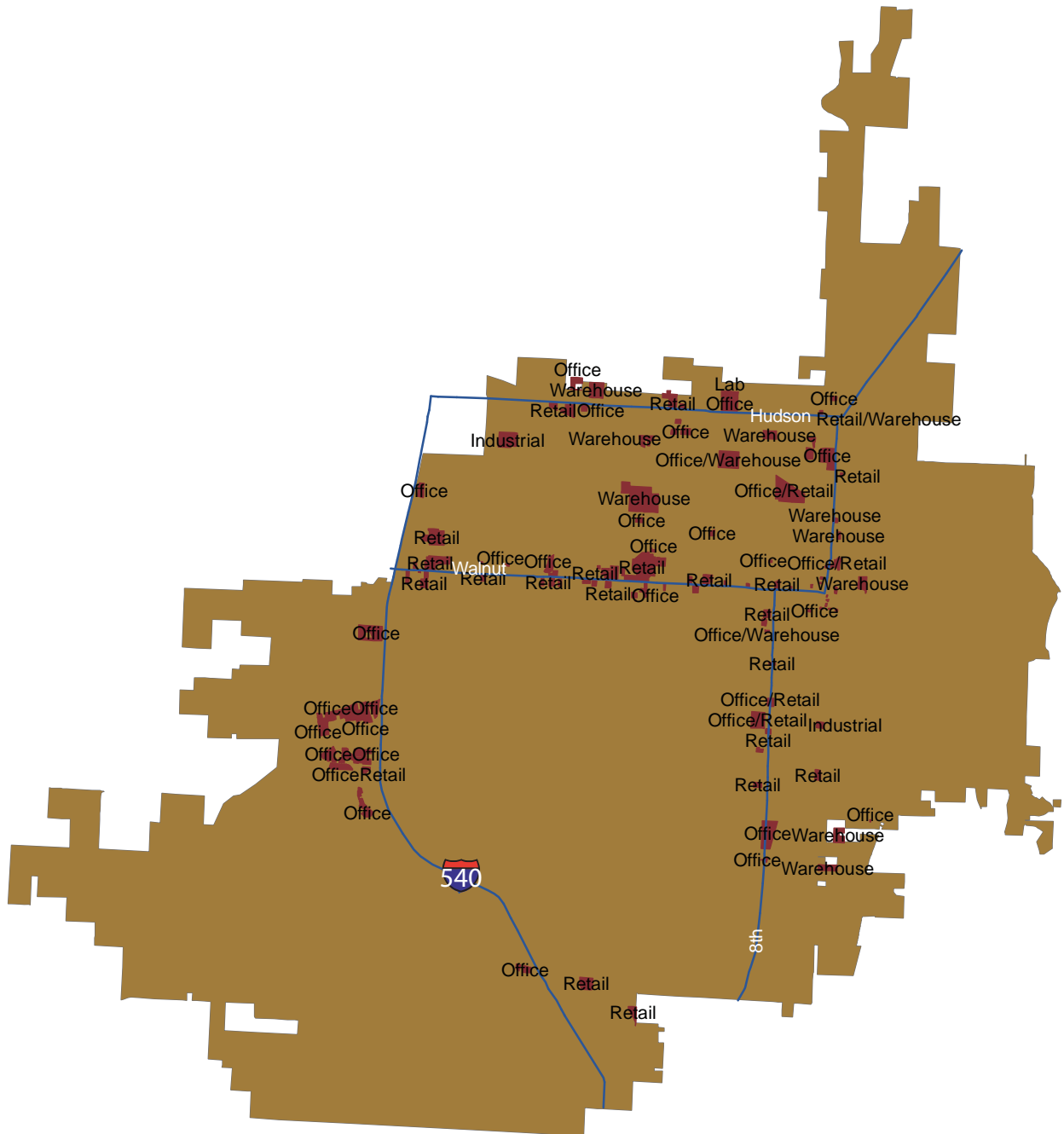
# Rogers

## Rogers Interstate 540 Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$18.10 - \$19.24	1,125,890	183,809	16.3%	-4,455	0	-4,455	--
Office/Retail	\$22.10 - \$25.30	273,377	72,299	26.4%	20,414	0	20,414	10.6
Retail	\$14.96 - \$16.71	1,446,898	283,948	19.6%	8,116	0	8,116	105.0

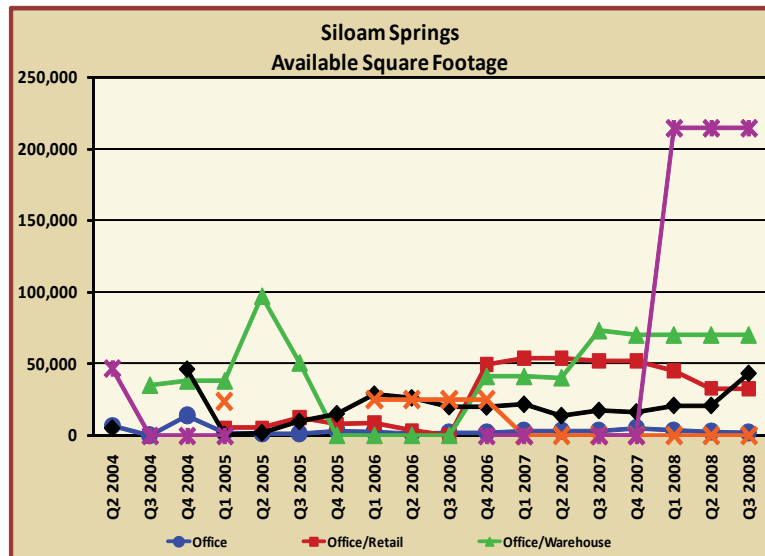
<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents



# Siloam Springs

- From June to August 2008, Siloam Springs issued building permits for \$1,006,596 worth of new commercial space. The third quarter 2008 value was 60.9 percent lower than the third quarter 2007 value. There were no commercial building permits issued in the second quarter of 2008 in Siloam Springs.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,134,030 square feet of commercial space for Siloam Springs in the third quarter of 2008.
- There was no new commercial space added in Siloam Springs in the third quarter.
- In the third quarter of 2008, Siloam Springs experienced positive net absorption of 600 square feet in the office submarket and 400 square feet in the office/retail submarket. There was negative net absorption of 22,403



- square feet in the retail submarket and 500 square feet in the medical office submarket in the third quarter.
- Following net absorption, vacancy rates declined in the office and office/retail submarkets, while increasing in the medical office and retail submarkets. The rates remained unchanged elsewhere.
- Minimum medical office lease rate increased slightly in the third quarter of 2008. All other reported lease rates remained unchanged in Siloam Springs.

## Siloam Springs Commercial Real Estate Market Summary Statistics

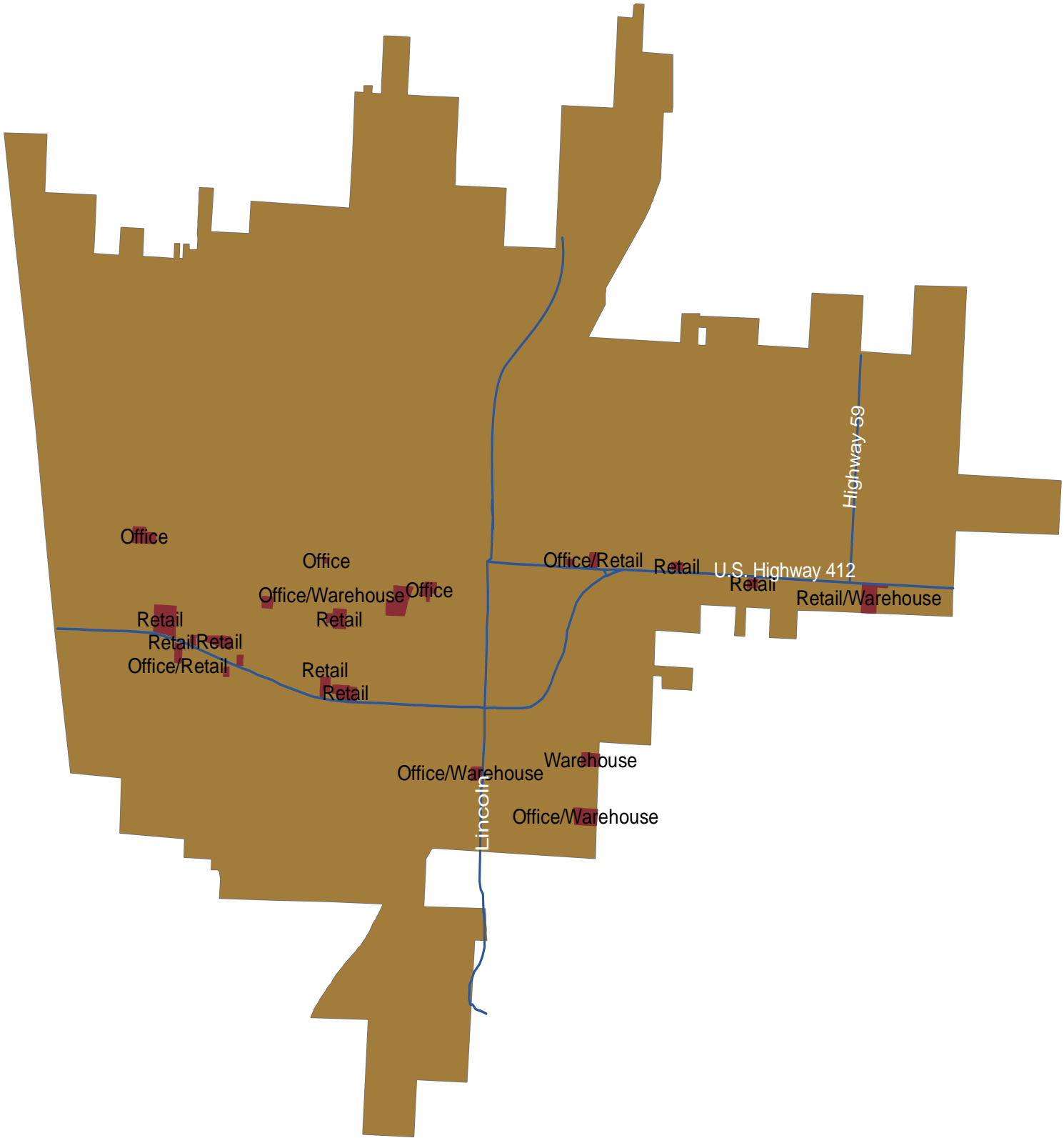
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	--	192,069	192,069	100.0%	0	0	0	--
Office	\$11.04 - \$11.53	81,032	2,200	2.7%	600	0	600	11.0
Class A	--	--	--	--	--	--	--	--
Class B	\$7.39 - \$8.27	8,000	200	2.5%	0	0	0	--
Class C	\$6.27 - \$6.33	2,000	0	0.0%	1,100	0	1,100	0.0
Medical	\$13.84 - \$14.34	71,032	2,000	2.8%	-500	0	-500	--
Office/Retail	\$10.38 - \$11.21	125,790	32,564	25.9%	400	0	400	244.2
Class A	\$13.00 - \$18.00	54,000	24,564	45.5%	0	0	0	--
Class B	\$9.85 - \$9.85	71,790	8,000	11.1%	400	0	400	60.0
Class C	--	--	--	--	--	--	--	--
Office/Warehouse	\$3.12 - \$3.12	106,441	70,007	65.8%	0	0	0	--
Retail	\$8.73 - \$9.40	302,846	43,603	14.4%	-22,403	0	-22,403	--
Class A	--	--	--	--	--	--	--	--
Class B	\$9.63 - \$10.03	187,222	39,600	21.2%	-19,600	0	-19,600	--
Class C	\$6.00 - \$7.50	115,624	4,003	3.5%	-2,803	0	-2,803	--
Retail/Warehouse	\$4.05 - \$4.05	23,680	0	0.0%	0	0	0	0.0
Warehouse	--	302,172	214,710	71.1%	0	0	0	--

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents

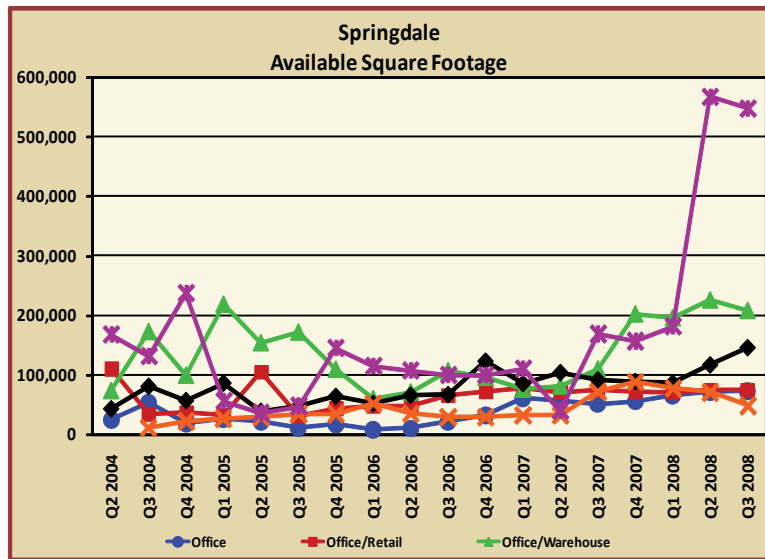


# Siloam Springs



# Springdale

- From June to August 2008, Springdale issued building permits for \$1,861,390 worth of new commercial space. The third quarter 2008 value is 33.4 percent higher than the second quarter 2008 value, but 90.9 percent lower than the third quarter 2007 value.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 5,738,514 square feet of commercial space in the third quarter.
- In the third quarter of 2008, Springdale experienced positive net absorption in the office/warehouse, retail/warehouse, and warehouse submarkets and negative net absorption in the office, medical office, office/retail, and retail submarkets.
- There were 20,600 square feet of Class B retail space added in the third quarter of 2008 to the Springdale commercial property market.
- Reported vacancy rates increased in the office, medical office, and retail submarkets and declined in the office/warehouse, retail/warehouse, and warehouse submarkets in Springdale in the third quarter.
- In the third quarter of 2008 in Springdale, average reported lease rates for Class A



and Class C office increased by \$0.25 and \$0.10, respectively, Class B retail by \$0.69, and retail/warehouse by \$0.28. Average lease rates decreased for Class B office space by \$0.18, Class C retail by \$0.07, and warehouse by \$0.30. All other submarkets remained almost unchanged.

## Downtown Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 189,578 square feet of office and retail space in downtown Springdale in the third quarter of 2008.
- 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 <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Industrial	\$4.10 - \$5.60	381,647	27,500	7.2%	0	0	0	--
Office	\$11.40 - \$12.64	707,549	73,365	10.4%	-2,232	0	-2,232	--
Class A	\$15.58 - \$16.08	77,123	4,616	6.0%	0	0	0	--
Class B	\$12.09 - \$14.19	332,337	33,412	10.1%	-409	0	-409	--
Class C	\$9.51 - \$9.80	101,386	8,555	8.4%	677	0	677	37.9
Medical	\$11.53 - \$12.39	196,703	26,782	13.6%	-2,500	0	-2,500	--
Office/Retail	\$9.88 - \$11.25	460,602	74,654	16.2%	-39	0	-39	--
Class A	--	--	--	--	--	--	--	--
Class B	\$11.88 - \$13.35	193,048	47,545	24.6%	-1,196	0	-1,196	--
Class C	\$8.29 - \$9.57	267,554	27,109	10.1%	1,157	0	1,157	70.3
Office/Warehouse	\$5.12 - \$7.28	1,284,507	208,399	16.2%	17,667	0	17,667	--
Retail	\$10.52 - \$11.33	893,507	146,626	16.4%	-8,508	20,600	-29,108	--
Class A	--	--	--	--	--	--	--	--
Class B	\$12.88 - \$13.83	622,417	105,329	16.9%	-6,508	20,600	-27,108	--
Class C	\$8.59 - \$9.31	271,090	41,297	15.2%	-2,000	0	-2,000	--
Retail/Warehouse	\$5.57 - \$6.82	419,124	48,100	11.5%	12,300	0	12,300	11.7
Warehouse	\$3.84 - \$4.25	1,591,578	548,654	34.5%	32,964	0	32,964	49.9

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents





# Springdale

rate of 13.5 percent in the third quarter of 2008. The rate was higher than the overall Springdale average office vacancy rate of 10.4 percent in the third quarter.

- The average retail vacancy rate for downtown Springdale properties was 2.3 percent, a significant decrease from the previous quarter (18.5 percent) due to the positive absorption. The rate is now much lower than the 16.4 percent average for all of Springdale.
- There were no new square feet of commercial property added to downtown Springdale in the third quarter of 2008.
- There was negative net absorption of 600 square feet in the office submarket and positive net absorption of 2,862 square feet in the retail submarket in downtown Springdale in the third quarter.
- Average reported lease rates for downtown Springdale office space were about \$3.16 lower than the average for all of Springdale. The average reported retail lease rate declined during the third quarter and was about \$2.09 lower than the city average.

## West Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 503,436 square feet of office, office/retail, and retail space in West Springdale in the third quarter of 2008.
- The office space in West Springdale had a reported average vacancy rate of 12.1 percent in the third quarter of 2008, a decline of 4.4 percentage points from the second quarter. The rate remained higher than the city average vacancy rate of 10.4 percent.
- The average office/retail vacancy rate in West Springdale stayed flat at 10.1 percent and continued to be lower than the overall city average office/retail vacancy rate of 16.2 percent.
- The retail vacancy rate for West Springdale properties continued to increase and was 8.1 percent in the third quarter, but still remained lower than the city average retail vacancy rate.

- There were 6,100 square feet of retail space added to West Springdale in the third quarter of 2008.
- There was positive net absorption of 2,900 square feet of office space and negative net absorption of 3,083 square feet of retail property in West Springdale in the third quarter.
- Average reported lease rates for West Springdale office space declined and were about \$3.00 higher than the average for all of Springdale, while office/retail average lease rates remained about \$1.75 higher. The average reported retail lease rate increased significantly during the third quarter and was about \$1.58 higher than the city average.

## Downtown Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$8.65 - \$9.07	171,924	23,182	13.5%	-600	0	-600	--
Retail	\$8.84 - \$8.84	17,654	400	2.3%	2,862	0	2,862	0.4

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents

## West Springdale Summary Statistics

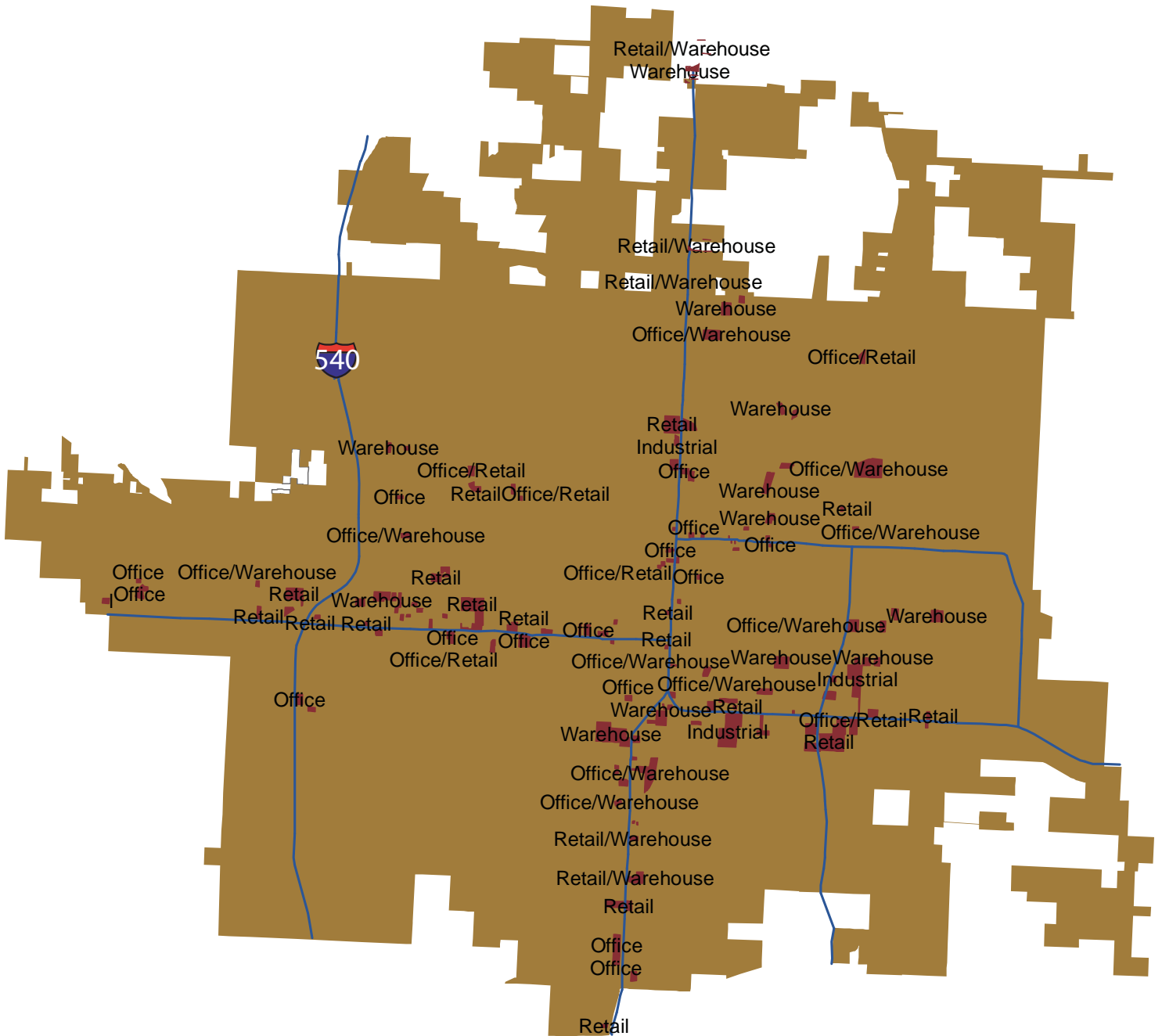
	Average Lease Rate Range	Total Square Feet <sup>1</sup>	Available Square Feet <sup>1</sup>	Percent Available <sup>1</sup>	Absorption from Q2 to Q3 <sup>2</sup>	New Available Square Feet <sup>1</sup>	Net Absorption <sup>2</sup>	Months of Inventory <sup>2</sup>
Office	\$14.33 - \$15.68	66,854	8,100	12.1%	2,900	0	2,900	8.4
Office/Retail	\$11.17 - \$13.50	44,550	4,500	10.1%	0	0	0	--
Retail	\$12.00 - \$13.00	392,032	31,683	8.1%	-3,083	6,100	-9,183	--

<sup>1</sup>From all Q3 2008 respondents

<sup>2</sup>From Q3 2008 respondents who were also Q2 2008 respondents



# Springdale



# Interpretation

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

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

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

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

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

The third source of data for the Skyline report is a panel of large commercial property owners and managers. These individuals are responsible for the bulk of the competitive commercial properties in Northwest Arkansas. Center for Business and Economic Research staff gather information on square footage available to the market, lease rates, and other property characteristics from the panelists. In the third quarter of 2008, 247 panelists provided data on 1,267 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 1,267 properties and are assumed to be representative of the larger competitive commercial property market.

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

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

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

## Classification

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

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

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

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

