



THE SKYLINE REPORT

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Commercial Real Estate Market Summary for Benton and Washington Counties February 2007



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Commercial Real Estate Market Summary for Benton and Washington Counties

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

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Highlights from the Fourth Quarter of 2006

- In the fourth quarter of 2006, 258,715 square feet of competitive commercial property were added to the Northwest Arkansas market.
- In the office market, there was positive net absorption of 10,056 square feet, with positive net absorption of 73,453 square feet in Bentonville and negative net absorption of 56,387 square feet in Fayetteville.
- Within the retail submarket there was absorption of 64,584 square feet and the entry of 98,566 new square feet, netting negative net absorption of 33,982 square feet.
- The office/retail markets in Bentonville, Rogers, Fayetteville, Siloam Springs and Springdale each experienced negative net absorption in the fourth quarter of 2006. There were 152,949 square feet of office/retail space added to the market, while only 30,013 square feet were occupied.
- The warehouse submarket had negative absorption of 9,406 square feet and no new square footage in the fourth quarter of 2006.
- From September to November 2006, there were \$38.7 million in commercial building permits issued in Bentonville, Fayetteville, Lowell, Rogers, Siloam Springs, and Springdale. This represents a decline of 67.4 percent over the same period in 2005.
- The yield curve remained inverted during the fourth quarter, putting downward pressure on the national and local economies.

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Report Structure

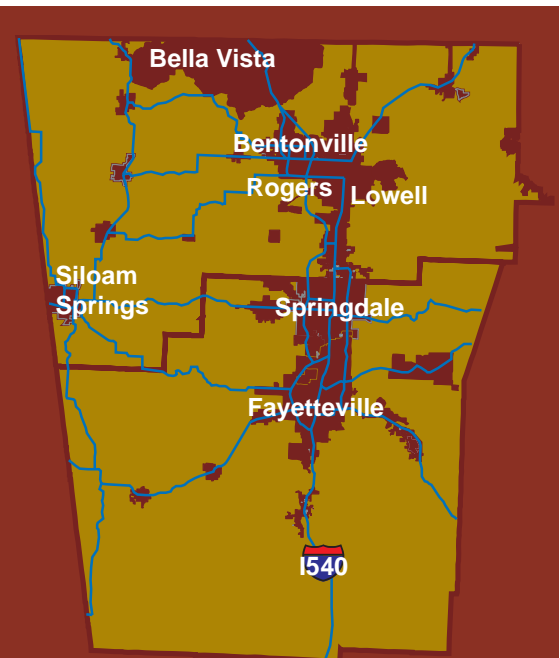
The Skyline Report presents an analysis of data from three primary sources. Information on the entire population of commercial property is gathered from the offices of the Benton and Washington County Assessors. These data sets are then filtered to exclude properties that are not part of the competitive 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 40) are also filtered from the base of commercial properties considered. As a third 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. Second national output and employment issues are discussed and then there is a 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 fourth quarter numbers for total commercial property square feet and building permit data are presented. Within the total square feet table, breakdowns of property type by city are contained. Also, the number of square feet of competitive commercial property for which the 187 panelists provide information is broken down by city and the percentage of coverage of the competitive market is calculated. A table containing publicly announced new commercial real estate projects is presented after the summary of building permit data. This table is meant to provide an indication of the future direction of the Northwest Arkansas commercial property market. As many of these projects are still in the conceptual phase, hard data are incomplete and subject to change.

Following the table of announced commercial projects is a trends summary that includes information about vacancy rate and available space trends. There are also three tables summarizing some results from the most recent five



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

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

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

quarters. The second table presents vacancy rates by submarket for the first, second, third and fourth quarters of 2006 and for the fourth quarter of 2005. The third table presents net absorption by submarket for the same time periods. These tables are the foundation for the performing trend analysis and eventually 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 second, 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 third quarter of 2006, the overall real growth rate in GDP was a revised 2.0 percent, down from a 2.6 percent rate in the second quarter of 2006. The growth rate in GDP in the third quarter of 2005 was 3.3 percent, in comparison. The U.S. Department of Commerce Bureau of Economic Analysis (BEA) reported that the increase in real GDP in the third quarter primarily reflected positive contributions from personal consumption expenditures (PCE), exports, equipment and software, nonresidential structures, and state and local government spending that were partly offset by a negative contribution from residential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased.

The deceleration in real GDP growth in the third quarter primarily reflected an acceleration in imports, a larger decrease in residential fixed investment, and decelerations in PCE for services, in private inventory investment, and in state and local government spending that were partly offset by upturns in equipment and software, in PCE for durable goods, and in federal government spending.

Final sales of computers contributed 0.07 percentage point to the third-quarter growth in real GDP after contributing 0.04 percentage point to the second-quarter growth. Motor vehicle output contributed 0.76 percentage point to the third-quarter growth in real GDP after subtracting 0.31 percentage point from the second-quarter growth.

Turning to other data, in December, the national unemployment rate was a seasonally adjusted 4.5 percent, below the 5.0 percent decade long average rate. The Conference Board Consumer Confidence Index, which was virtually unchanged in November, posted a gain in December. The Index now stands at 109.0 (1985=100), up from 105.3 in November. The Present Situation Index increased to 129.9 from 125.4. The Expectations Index improved to 95.1 from 91.9 last month... Said Lynn Franco, Director of The Conference Board Consumer Research Center: "Despite the latest improvement in the Index, there is little to suggest that the pace of economic activity in the final quarter of 2006 is anything but moderately better than its uninspiring performance earlier this year. Given the see-saw pattern in recent months, it is too soon to tell if this boost in confidence is a genuine signal that better times are ahead."

From November 2005 to November 2006, overall inflation was a moderate 2.0 percent. During the first eleven months of 2006, the CPI-U rose at a 2.2 percent seasonally adjusted annual rate (SAAR). This compares with an increase of 3.4 percent for all of 2005. The index for energy, which rose 17.1 percent in 2005, declined 1.5 percent in the first eleven months of 2006. In terms of construction prices, the producer price index for construction industries increased at a 4.8 percent SAAR during the first eleven months of the year. For 2005, that index increased 7.8 percent.

Short-term Interest Rate Risk

The Federal Reserve has paused four times since completing its incremental raising of short-term interest rates. The Fed Funds target continues to stand at 5.25 percent, up 425 basis points from its historic low in 2003. Indications are that the Fed will continue to remove monetary stimulus from the economy if inflationary pressures continue to mount, but that the Fed might actually cut rates if the macroeconomic risks tilt more toward recession. Given this significant level of uncertainty, many observers are expecting the Federal Reserve to maintain the current "neutral" monetary policy until clear evidence mounts about the overall direction of the economy.

Long-term Interest Rate Risk

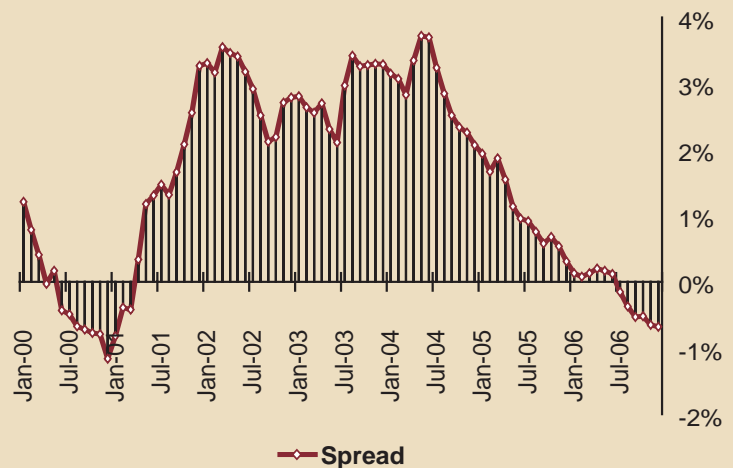
Even as short-term rates climbed from 2004 through early 2006, increases in longer term rates did not kept pace. The ten year constant maturity Treasury bill had an interest rate of 4.15 percent in January 2004 and an interest rate of 4.56 percent in December 2006, while the federal funds rate increased by 425 basis points during the same period. The upward pressure on short-term rates combined with declining long-term interest rates implied a decrease in the spread between the two. The accompanying figure shows the spread between the Fed Funds Rate and the ten year Treasury bill since January 2000. From May 2004 to December 2006, there was a 440 basis point decline in the spread. In December 2006, the spread was a negative 0.68 percent. This is important as a negative spread has typically been a sign of weakness in the economy and a harbinger of recession.

Regional Employment Trends

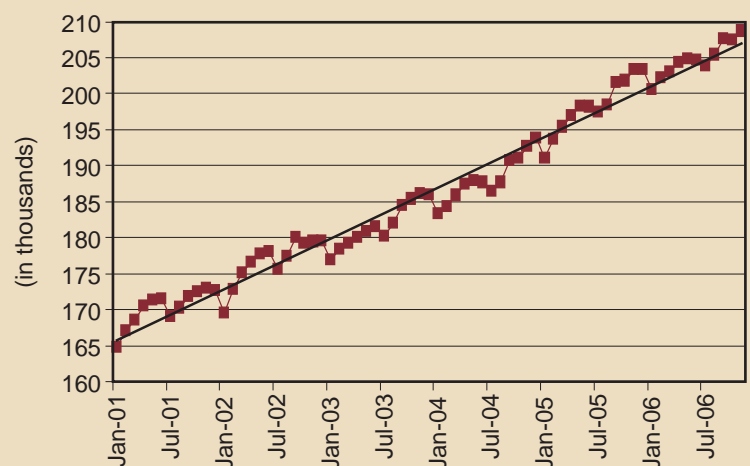
Local demand for real estate is uniquely associated with employment growth in the region. The Northwest Arkansas employment situation has been extremely conducive to both residential and commercial development in recent years. The most recent numbers show that during 2005 and 2006, the Northwest Arkansas economy has been creating new jobs at an even better pace than in 2003 and 2004. The accompanying figure shows that from January to November 2006, employment in the Fayetteville-Springdale-Rogers MSA increased at just above trend levels. Since January of 2001, employment growth has averaged 0.3 percent per month, or about 600 jobs per month.

In order to delve more closely into the makeup of the job growth in Northwest Arkansas, two additional figures are provided. The second shows the November 2006 Fayetteville-Springdale-Rogers MSA employment break-

Difference Between the 10-year Maturity Treasury Bill and the Federal Funds Rate



Fayetteville-Springdale-Rogers MSA Employment and Trend



down by sector. As the pie chart shows, professional and business services had the largest share of employment (16.4 percent) in Northwest Arkansas, followed by manufacturing (15.6 percent), government (13.6 percent), and retail trade (10.3 percent). The third figure shows the annual percentage change in the MSA's employment by sector from November 2005 to November 2006. Total nonfarm employment increased by 2.6 percent during that time, so those sectors with larger employment growth rates are increased in relative impact and those sectors with smaller employment growth rates decreased in relative impact. The construction, professional and business services, information, and educational and health services had the largest percentage increases.

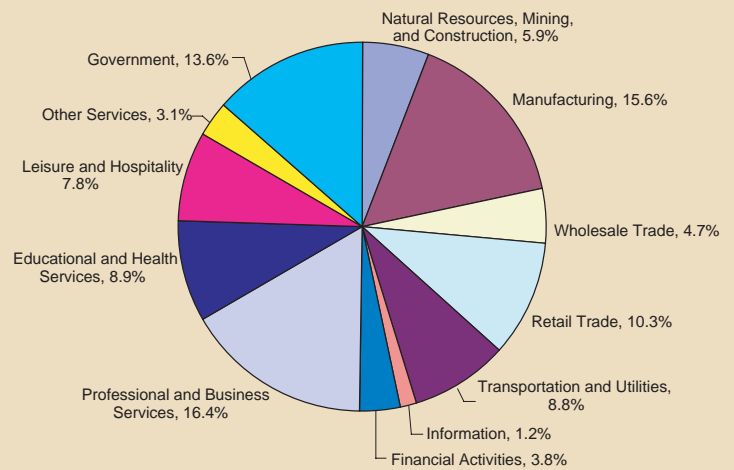
Other Regional Economic Indicators

The Bureau of Labor Statistics has revised its unemployment numbers so that the most recent measurements are consistent with those of the past five years. In November 2006, the unemployment rate in Northwest Arkansas was a preliminary 2.8 percent, up from 2.4 percent in November of 2005. In October 2006, the unemployment rate was also 2.8 percent. In November, the state unemployment rate was 4.7 percent and the national unemployment rate was 4.5 percent. Under any measure, Northwest Arkansas continues to outperform the state and national economies.

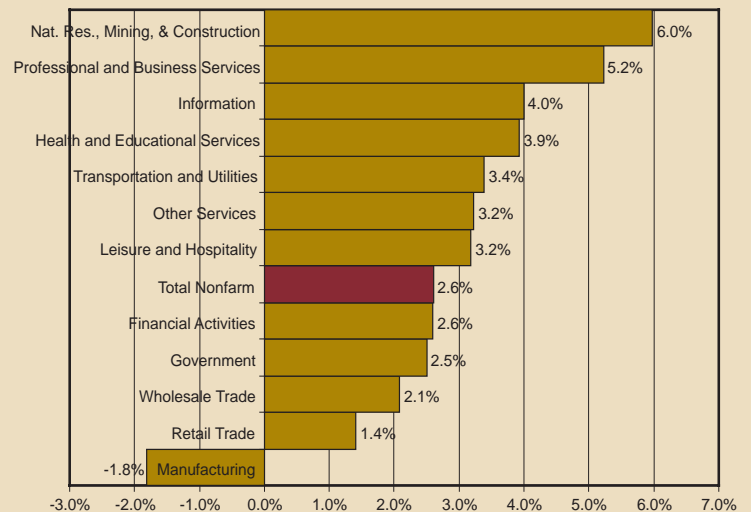
Local Perceptions of the Northwest Arkansas Commercial Property Market

Each quarter, CBER staff members have conversations with a dozen or so commercial developers and/or property managers to gain their ground-level insights on the current commercial real estate market in Benton and Washington counties. The themes of these conversations have been pretty consistent over the past year. Panelists have talked about the general state of the market, hot spots of activity, areas of softness, supply/demand imbalances, and infrastructure issues. In contrast to the previous couple of quarters panelists expressed a renewed, but calm, optimism about the commercial market (a feeling not duplicated for the residential market) for the coming year. One panelist commented that this is the "most optimistic I have been in 8-10 months". Nonetheless, concerns do remain: the perceived oversupply of Class A office space in Benton County, and the potential exacerbation of that situation by the Superior Building; negative spillover from the residential overbuilding onto the commercial market; negative perceptions in the media; increasing impact fees and other regulatory costs of development; the infrastructure situation, specifically local roads, I-540

Fayetteville-Springdale-Rogers MSA
Employment Breakdown by Sector
November 2006



Percent Change in
Fayetteville-Springdale-Rogers MSA
Employment Breakdown by Sector
November 2005 - November 2006



bypasses, I-540 exits, the development of I-49, the Highway 412 bypass, and sewer construction. Finally, panelists continue to feel positive about long run opportunities in Northwest Arkansas.

Panelists still feel there is an oversupply of Class A space in the Bentonville/Rogers office market, and there is still concern how the completion of the Superior building will affect the office market. While the level of concern about that oversupply having a significant negative impact on the Class B market lessened appreciably, some panelists expressed misgivings about the trend giving tenants free rent and other benefits to sign leases. Many panelists reported increased activity and continued strong demand in the Class B market. Also, panelists repeatedly commented about niche opportunities in both the office and retail markets. Strong current and future demand for medical office space was discussed. As one panelist succinctly phrased it, "the right thing in the right location" is the key to everything. The entire Fayetteville office and retail market is considered very healthy. The new developments at Nelsons Crossing and the CMN business park are creating another "destination location" in Northwest Arkansas, along with Pinnacle Hills. Panelists feel that both locations will contribute positively to the economy of Northwest Arkansas. Another factor contributing to renewed optimism about the retail market is the belief that Northwest Arkansas is still "under stored per capita". Panelists generally agreed that the tightening of credit was having a positive impact on the market by eliminating spurious projects. Remaining developments have more sound business plans than just a quick flip for a quick profit. Also, panelists report a growing influx of out-of-region, and out-of-state financial capital supporting continued commercial growth. Further, stable interest rates are beneficial for long term planning of new developments.

Panelists expressed continued concern about the overbuilt residential market, and the effect of media reporting of this overbuilding. They feel that there is an exaggerated portrayal of the residential problems as demand for housing remains strong, particularly in certain price ranges. The panelists expressed concern that the positive economic qualities of Northwest Arkansas, such as continued job growth, quality of life, and the strong demand for goods and services brought about by the continued influx of more than 1000 people month are sometimes being under-reported relative to the oversupply in the residential market.

Impact fees and other government imposed costs of doing business remain a concern, in both counties, but most strongly in Fayetteville. Panelists reported projects that were cancelled due to these costs, and expressed concern about future growth if these costs are allowed to spiral out of control.

Infrastructure is and will remain a constant source of concern according to all the panelists. However, their feelings were more positive than in past quarters, as visual evidence of progress is appearing. There is still a call for more coordination between the various levels of government, and a hope that local representative can be more successful interfacing with the state government. Panelists think Northwest Arkansas will remain behind the infrastructure curve, but that is also a function of continued demand due to continued growth.

Long term optimism remains a constant. Panelists feel that the entire region will benefit from the creation of multiple destination locations in Northwest Arkansas: Crystal Bridges in Bentonville, Pinnacle Hills and Pleasant Crossing areas in Rogers, Springdale's Baseball Stadium, NWA Mall and its surrounding area. The entrepreneurial spirit found in the region was discussed by panelists. Additionally, panelists mentioned the quality of life in Northwest Arkansas as a continued draw for population growth, as well as the presence of Wal-Mart, Tyson Foods, J.B. Hunt Transportation, and the University of Arkansas.

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. Healthy Fayetteville office and retail markets.
7. Increasing opportunities in Springdale.
8. Creation of destination locations including development of sports arenas in Springdale and Bentonville.
9. Wal-Mart, Tyson Foods, J.B. Hunt, and the University of Arkansas.
10. Increasing opportunities along Highway 71-B in Lowell and Rogers.
11. Stable interest rates.
12. Region's entrepreneurial spirit.

Negative Factors:

1. Oversupply of office space in Bentonville/Rogers.
2. Oversupply in the residential market.
3. Infrastructure: local roads, I-540 entrances and exits, new bypasses, sewers.
4. Exaggerated negative media coverage of the residential market situation.
5. Tenant enticements, including free rent.

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 are included on page 40) as of December 2006. Also included are columns detailing the total square feet and percent coverage of the total inventory for which the Skyline Report commercial property owner and manager panel provided information. For the fourth quarter, the Skyline Report covered 77.9 percent of the total competitive commercial property population in Northwest Arkansas. Some cities had better coverage than others. For example, the Skyline Report panelists reported information on almost 100 percent of the (included) competitive commercial properties in Bentonville, but only 54.8 percent of the competitive commercial properties in Siloam Springs. Bella Vista, Fayetteville, Lowell, Rogers, and Springdale had coverages of 99.5, 67.2, 55.5, 90.8, and 70.3 percents, respectively.

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

From September to November 2006, there were \$38.7 million in commercial building permits issued in Bentonville, Fayetteville, Lowell, Rogers, Siloam Springs, and Springdale. This is a decline of 53.2 percent over the prior quarter, and a decline of 67.4 percent from the fourth quarter of 2005. Fayetteville accounted for about 58.8 percent of the total value of building permits in the September to November period. Rogers accounted for an additional 28.8 percent and Bentonville accounted for 6.2 percent. There were no commercial building permits issued in Springdale in the fourth quarter of 2006. The table of announcements of New Commercial Property is included as an indication of the future direction of the Northwest Arkansas commercial market. The list is not exhaustive, but represents an effort to gather data at a step before the official permitting process. The managers and owners of many of these properties have provided the CBER with information about these buildings, but until construction is complete, they do not appear in the aggregated total square footage and available square footage calculations. Some of the properties listed are actually under construction, while others are only in the concept phase.

Total Square Feet and Coverage of Competitive Commercial Properties

	Industrial ¹	Office ¹	Retail ¹	Warehouse ¹	Total ¹	Panel Total Square Feet ²	Panel Coverage ²
Bella Vista	–	247,192	14,752	61,594	323,538	321,782	99.5%
Bentonville	165,160	3,364,181	818,055	685,718	5,033,114	5,032,397	100.0%
Fayetteville	114,079	2,801,006	3,873,792	1,778,270	8,567,147	5,753,070	67.2%
Lowell	164,624	315,402	138,613	341,882	960,521	533,043	55.5%
Rogers	1,045,327	1,824,061	2,130,551	1,087,975	6,087,914	5,525,397	90.8%
Siloam Springs	180,602	157,877	613,574	389,919	1,341,972	735,139	54.8%
Springdale	1,142,623	1,401,661	2,122,700	2,344,291	7,011,275	4,929,313	70.3%
Northwest Arkansas Total	2,812,415	10,111,380	9,712,037	6,689,649	29,325,481	22,830,141	77.9%

¹Source: Benton and Washington County offices of the Assessor. The total square feet represent the population of competitive commercial properties that meet the baseline criteria set out on page 40 of this report.

²Source: Panel of 187 large Northwest Arkansas commercial property owners and managers.

Commercial Building Permit Data by City

September - November 2006							
	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Value	\$2,404,840	\$22,721,389	\$1,840,722	\$11,146,805	\$538,000	\$0	\$38,651,756
Square Feet	25,120	208,853	240,591		20,816		
June - August 2006							
	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Value	\$21,014,259	\$6,147,723	\$462,712	\$23,479,198	\$5,890,000	\$25,663,800	\$82,657,692
Square Feet	577,875	86,780	2,484		142,760		
March - May 2006							
	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Value	\$10,575,639	\$21,780,317	\$10,924,435	\$36,046,864	\$3,650,000	\$12,322,984	\$95,300,239
Square Feet	79,285	233,208	141,918		66,108		
December 2005 - February 2006							
	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Value	\$37,121,720	\$20,330,697	\$2,359,019	\$44,672,800	\$165,000	\$2,151,476	\$106,800,712
Square Feet	326,759	202,809	21,008		9,600		
September - November 2005							
	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Value	\$9,674,394	\$3,519,150	\$3,275,717	\$85,896,765	\$150,000	\$15,999,816	\$118,515,842
Square Feet	88,022	9,960	5,408		9,300		
June - August 2005							
	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Value	\$72,205,699	\$6,434,833	\$1,666,851	\$24,782,039	\$200,000	\$2,982,618	\$108,272,040
Square Feet	634,633	77,651	--	--	18,000	--	--
March - May 2005							
	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Value	\$3,061,870	\$15,491,806	\$1,590,789	\$30,534,466	\$1,059,000	\$15,468,833	\$67,206,764
Square Feet	32,822	138,405	--	--	29,699	--	--
December 2004 - February 2005							
	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Value	\$8,753,636	\$18,560,094	\$390,000	\$26,172,000	\$254,700	\$2,614,524*	\$56,744,954
Square Feet	25,866	183,189	--	--	7,845	--	--
September - November 2004							
	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Value	\$17,242,269	\$2,750,867	\$402,891	\$489,240	\$188,000	\$1,174,999	\$22,248,266
Square Feet	156,026	22,853	--	--	4,748	--	--
June - August 2004							
	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Value	\$16,446,488	\$4,145,124	\$10,035,248	\$21,734,534	\$1,993,393	\$6,390,478	\$60,745,265
Square Feet	211,258	35,500	--	--	25,446	--	--
March - May 2004							
	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Value	\$14,640,091	\$7,839,529	\$203,680	\$8,804,700	\$1,721,585	\$2,371,888	\$35,581,473
Square Feet	221,301	89,921	--	--	84,124	--	--

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion Date
"Green" Development	Bentonville	Four Frogs LLC	Mixed Use	6,460	
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	Mid 2007
Airport Plaza	Bentonville		Office/Retail/Bank	25,846	
Applegate Hills	Bentonville	Robert Weinmeier and Jim Brassart	Mixed Use	980,000	
Archer's East Central Business Park	Bentonville	Jeff and Wayne Martin	Mixed Use	55,166	2007
Arvest Bank	Bentonville	Arvest Bank	Bank	5,000	2008
Beau Terre Office Building	Bentonville	Behringer Harvard Funds	Office	11,608	
Bentonville Dialysis Center	Bentonville	Dr. Fred Smardo	Medical Office	86,035	
Cornerstone Ridge	Bentonville	Tom Terminella	Mixed Use		
Cottonwood Village	Bentonville	Colliers Dickson Flake	Office	60,000	
Day Care and Commercial Building	Bentonville	Max McGaugh	Office/Retail	8,000	
Digital Endeavors	Bentonville	Digital Endeavors	Office	7,650	
Elm Tree Place	Bentonville		Mixed Use	16,844	
Graebel Moving Warehouse	Bentonville		Warehouse	80,000	
Jarden Business Center	Bentonville		Office	15,292	
Metropolitan National Bank	Bentonville	Metropolitan National Bank	Bank		March 2007
Moberly Professional Park	Bentonville		Office	56,128	
NW Arkansas Center for Children	Bentonville	Dept. of Pediatric Services UAMS	Medical Office	33,000	January 2007
Oakbrooke II	Bentonville	MIDD Development	Office/Retail	26,000	Spring 2007
Otis Corley Warehouse	Bentonville	Fortune 500 MFG. Co.	Warehouse	30,000	
Parkway Bank	Bentonville	Parkway Bank	Bank	4,800	2006
PJT Commercial Building	Bentonville	PJT Development	Commercial	8,000	
Polo Park Commerical/Industrial Park	Bentonville	San Miguel LLC	Commercial/Industrial		
Polo Park Warehouse	Bentonville	San Miguel LLC	Warehouse	108,000	
Rainbow Junction	Bentonville		Commercial		
Rescue Heroes Building	Bentonville	Rescue Heroes LLC	Office	54,000	
Retail Building on Central	Bentonville	Schaefer Properties	Retail	40,000	2007
Savannah Suites	Bentonville	Pro Con Inc	Office/Retail	42,000	2007
SW Chucker Ave Warehouse	Bentonville		Warehouse	108,000	
Talley Project Sw Bentonville	Bentonville	Chris Talley	Whse/Office/Hotel	1,000,000+	
Tate & Haney Building	Bentonville	John Tate and Johnny Haney	Mixed Use	50,000	February 2007
The Chateau on Chardonnay	Bentonville	Rex Fox and Frank Farrer	Mixed Use	55,000	Summer 2007
The Superior Building	Bentonville	Slone-Hanna Partnership	Office	396,000	June 2007
Walton Blvd Office Building	Bentonville		Office	8,030	
Werts Third Addition Building	Bentonville	Pro Con Inc	Commerical	12,200	2007
Woodehouse Day Spa	Bentonville		Retail	6,300	
932 Garland	Fayetteville	Steve Mansfield	Mixed Use	66,227	2010
Appleby Landing	Fayetteville	Dixie Development	Medical Office	175,000	Mid 2007
Arvest Bank	Fayetteville	Arvest Bank	Bank	8,000	Spring 2008
Bank of The Ozarks	Fayetteville	Bank of The Ozarks	Bank	4,352	Summer 2007
Beacon Flats	Fayetteville	Beacon Flats LLC	Mixed Use	5,500	
Bellafont II	Fayetteville	Barber Group	Mixed Use	560,000	Late 2007
Broyles Development	Fayetteville	Broyles Development LLC	Mixed Use	80,000	
Calypso Crossing	Fayetteville	Cliff Slinkard and James Odom	Office	22,725	Spring 2007
CMN Business Park	Fayetteville	Dixie Development	Office	28,000	Early 2007
Commerce Park II	Fayetteville	Dixie Development	Office	64,000	Spring 2007
Crye-Leike Office	Fayetteville	Crye-Leike Realtors	Office	17,000	
Divinity Building	Fayetteville	Barber Group	Mixed Use	350,000	
Flintco Warehouse	Fayetteville	Flintco Inc.	Warehouse	114,750	
Frisco Depot Project	Fayetteville	MansfieldHouse Ventures	Mixed Use	48,520	
Hometown Center	Fayetteville	Hometown Development Ltd	Office/Retail	8,000	January 2007
Hunnicut Building	Fayetteville	Don Hunnicutt	Office/Retail	23,000	
Legacy Building	Fayetteville	Barber Group	Mixed Use	117,000	Early 2007
Malco Movies	Fayetteville	Malco	Retail	44,315	Spring 2007
Mason's	Fayetteville	Barber Group	Retail	10,000	2007
Metropolitan National Bank	Fayetteville	Metropolitan National Bank	Bank	4,902	
Metropolitan National Bank	Fayetteville	Metropolitan National Bank	Bank	3,505	
Milsap Center	Fayetteville	Milsap Center LLC	Office	25,340	

Announcements of New Commercial Projects (Continued)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion Date
Nelsons Crossing	Fayetteville	Dixie Development	Office/Retail	11,000	Spring 2007
Paradise Point	Fayetteville	Kirk Elsass	Mixed Use		
Parkwest	Fayetteville	Tracy Hoskins	Office	856,000	2020
Porter Road Development	Fayetteville	Mitchell Massey	Office/Warehouse	150,000	
Procter & Gamble Building	Fayetteville	Procter & Gamble Inc.	Office	66,712	Fall 2007
Ruskin Heights	Fayetteville	Ward Davis, Morgan Hooker, Mitchell Massey, Dirk VanVeen	Retail	60,000	
Sam's Club	Fayetteville	Wal-Mart	Retail	142,898	
Shoppes at Steele Crossing	Fayetteville	Shoppes at Steele Crossing LLC	Retail	25,952	2007
Shoppes at Stonebridge	Fayetteville	Sean Trumbo	Retail	46,000	
Southern View, Phase II	Fayetteville	Southern View Phase II LP	Office/Retail	42,000	Early 2007
Southpass	Fayetteville	Richard Alexander & John Nock	Retail	150,000	
Springwoods	Fayetteville	Haynes LTD	Mixed Use		2007
Springwoods Medical Facility	Fayetteville	Haynes LTD	Medical Office	24,000	August 2007
Stadium Centre Strip Mall	Fayetteville	Mathias Shopping Centers	Retail	41,600	January 2008
Steele Crossing Retail Center	Fayetteville		Retail	43,000	2007
The Dickson	Fayetteville	Collins Haynes	Mixed Use	65,143	Summer 2007
The Lofts at Underwood Plaza	Fayetteville	AMA Real Estate Group, Nock Investments, the Beldens, the Underwoods	Mixed Use	109,000	Fall 2008
Timberlake Office Park	Fayetteville	Jeff Martin and Mike Phillips	Office		
Township Office Building	Fayetteville	Keating Enterprises	Office	12,000	Early 2007
University Village Center	Fayetteville	Ark 4-John Ellis & Bill Lazenby	Retail	38,774	June 2007
VA Medical Center expansion	Fayetteville	VA Medical Center	Medical Office	151,000	
Washington Regional Medical Center	Fayetteville	Washington Regional Med Ctr	Medical Office	200,000	Fall 2007
Wedington Circle	Fayetteville	Mansfield Property Management	Office/Retail	10,000	
Wedington Circle	Fayetteville	Mansfield Property Management	Retail	6,576	
Wedington Place	Fayetteville	Mathias Shopping Centers Inc	Office/Retail	55,400	June 2007
Western Sizzlin Retail Center	Fayetteville	Mark Bazyk	Retail	5,000	
Westside Village	Fayetteville	Nock-Broyles Development	Mixed Use	86,000	
Aaron Nickells Homes' Office	Lowell	Aaron Nickell	Office	24,445	
AERT	Lowell	AERT	Warehouse	120,000	
Arvest Bank Operations Center	Lowell	Arvest Bank	Office	35,590	
Bloomington Crossing	Lowell	Nickell Investments	Retail	15,076	Early 2007
UAMS Pediatric Center	Lowell	Pinnacle Group	Medical Office	40,000	March 2007
World Gym	Lowell	Rhett Garner and Tania Zamzow	Retail	50,000	Late 2006
Park Central	Lowell/Rogers	Charleton Development	Mixed Use		2007
Benchmark Office Building	Rogers	Benchmark Group	Office	114,000	
Centre Pointe at Pleasant Grove	Rogers	Centre Pointe LLC	Retail	250,000	2007
Creekside Medical Park	Rogers	Colliers Dickson Flake	Med Office/Retail	600,000	2007
Creekside Office Building	Rogers	Sharp Properties LLC	Office	22,000	2007
Don's Cold Storage and Trans.	Rogers	Don Coenen	Warehouse	425,000	January 2007
First Federal Bank	Rogers	First Federal Bank	Bank		
Forty-Fifth	Rogers	Barber Group	Mixed Use	750,000	
Gaines Dental Office	Rogers	Carla Gaines	Medical Office		
Glad Warehouse	Rogers	Bill McLard	Warehouse	400,000	
Graham Building	Rogers	Horsebarn Partners LLC	Office/Retail	70,000	
Harps	Rogers	Harps	Retail	31,500	Summer 2007
Harris-McHaney Office Building	Rogers	Harris & Harris Properties LLC	Office	30,000	February 2007
Maralle Warehouse	Rogers	Maralle Development	Warehouse	7,200	
Metro Park	Rogers	Collins Haynes	Medical Office	80,000	
MetroPark Dental Office Building	Rogers	Barry Henbest and Jeff Erickson	Medical Office	15,500	February 2007
Michaels	Rogers	Charles Reaves, et al	Retail	21,300	
Myers Ranch	Rogers	Upscale Companies LLC	Mixed Use	680,000	Summer 2008
Nestle Building	Rogers	H2 Holdings	Office	31,000	February 2007
NWA Sports and Entertainment Arena	Rogers	Chris Talley	Mixed Use	250,000+	September 2008
Ozark Mountain Poultry Addition	Rogers	Ozark Mountain Poultry	Industrial	55,140	
Pinnacle Station	Rogers	Petromark Inc	Mixed Use	42,000	Summer 2007
Pleasant Crossing	Rogers	Charles Reaves, et al	Retail	1,000,000+	2007

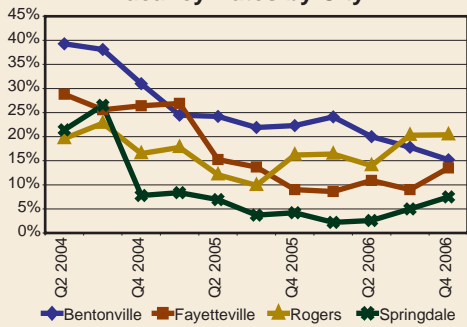
Announcements of New Commercial Projects (Continued)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion Date
Rees Development	Rogers	Rees Development	Mixed Use		
Regions Bank	Rogers	Regions Bank	Bank		January 2007
Simmons First Bank	Rogers	Simmons First Bank	Bank		Early 2007
Southern Hills Business Park	Rogers	Dixie Development	Office	10,000	2007
Sports Park Plaza	Rogers	Cody Burnett	Office/Retail	18,900	Summer 2007
Stafford & Westervelt Office Building	Rogers	Swarthout Properties LLC	Office	8,190	January 2007
The Farms	Rogers	Haynes LTD	Mixed Use		
Walnut and 37th St	Rogers	Dixie Development	Retail	24,118	
Westin Hotel and Condos	Rogers	Barber Group	Hotel/Ret/Condos	700,000	Fall 2008
White Oak Station	Rogers	Stephen Lair	Office/Retail	27,414	
Center Theater	Siloam Springs	Center Cinemas	Retail	22,960	Spring 2007
DaySprings Cards Building	Siloam Springs	DaySprings Cards	Office	36,000	February 2007
Lowe's	Siloam Springs	Lowe's	Retail	130,000	January 2007
Bella Homes Office	Springdale	Bella Homes	Office	8,400	
Cargill Freezer and Production Facility	Springdale	Cargill	Industrial	83,000	April 2007
Cavalier Commercial Buildings	Springdale	Cavalier Development	Office/Warehouse		
Chester Avenue Commerical Bldgs	Springdale	Elder Construction	Office/Warehouse	11,950	
CL George & Sons Retail Building	Springdale	George's Inc	Retail	55,000	
Diesel Downs	Springdale	Gary Combs	Office/Retail	134,000	
Discovery Center Project	Springdale	Tyson Foods Inc	Office	358,000	Fall 2006-2007
First State Bank of Lonoke	Springdale	Lonoke Bancshares	Bank	8,124	
FirstCare Family Doctors Office	Springdale	Springdale Fam Med Rentals	Medical Office	6,504	
Habberton Ridge	Springdale		Mixed Use		
Har-Ber Meadows Medical Building	Springdale	Washington Regional Med Ctr	Medical Office	31,860	Summer 2007
Legacy National Bank	Springdale	Legacy National Bank	Bank		Late 2007
Metropolitan National Bank	Springdale	Metropolitan National Bank	Bank	3,700	
Shoppes at Har-Ber Lakes	Springdale	Sage Partners	Mixed Use	70,000	Early 2007

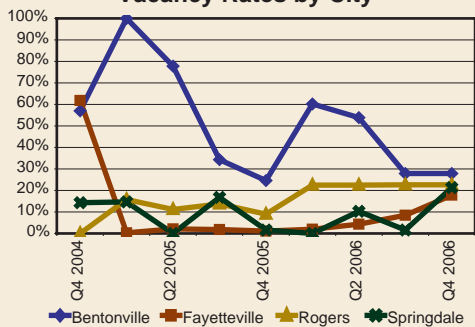
Trends Summary

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

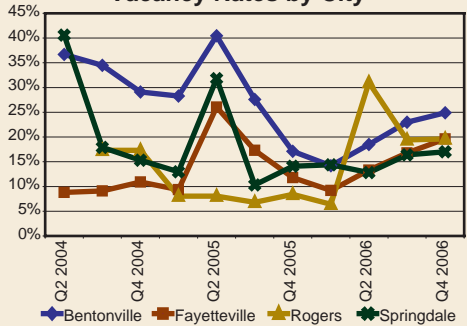
**Office Market
Vacancy Rates by City**



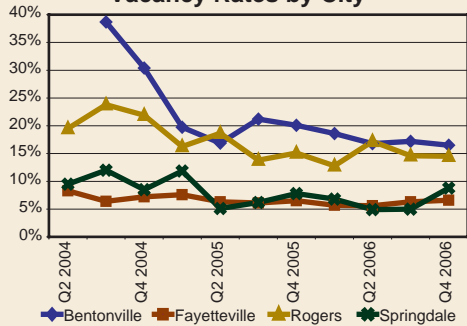
**Medical Office Market
Vacancy Rates by City**



**Office/Retail Market
Vacancy Rates by City**



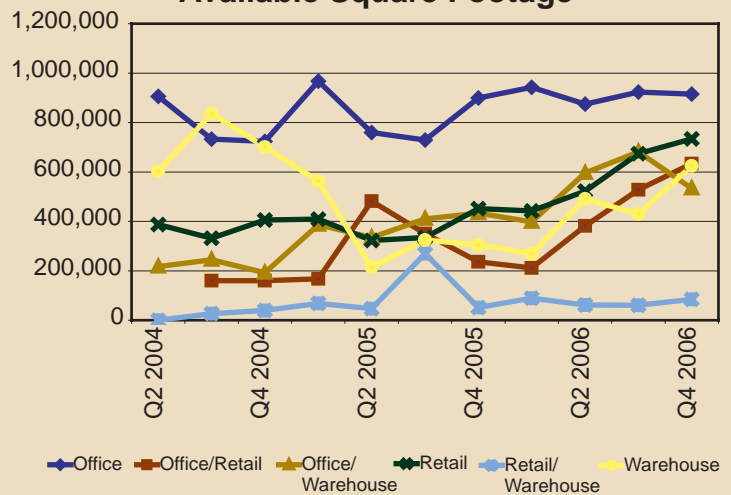
**Retail Market
Vacancy Rates by City**

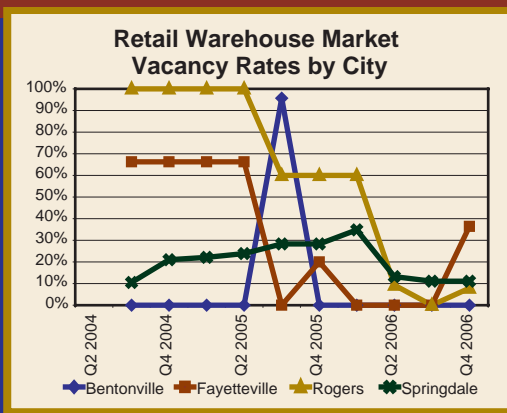
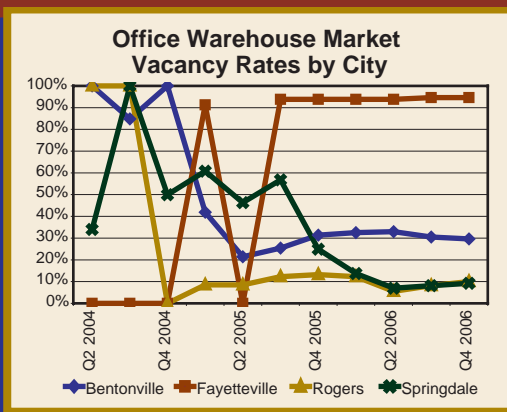
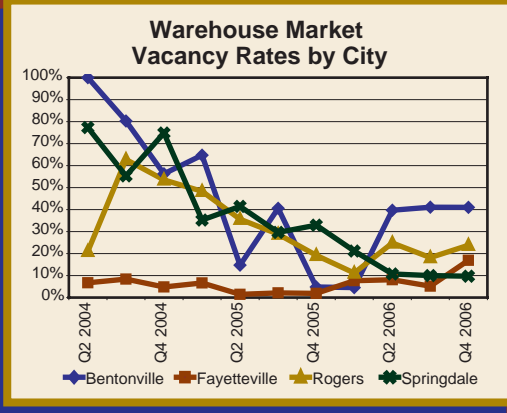


Net Absorption by Submarket December 2005 - November 2006

	Submarket			
	Office	Office/Retail	Retail	Warehouse
Bella Vista	1,300	-20,451	-3,000	0
Bentonville	84,015	-54,573	12,637	-169,100
Fayetteville	-45,379	-123,392	-30,431	1,000
Lowell	3,500	-790	-5,666	-3,750
Rogers	-79,722	-74,097	-55,791	28,914
Siloam Springs	2,550	-41,690	-1,103	0
Springdale	-12,277	-14,702	-45,619	55,574
Northwest Arkansas	-46,013	-329,695	-128,973	-87,362

**Northwest Arkansas
Available Square Footage**



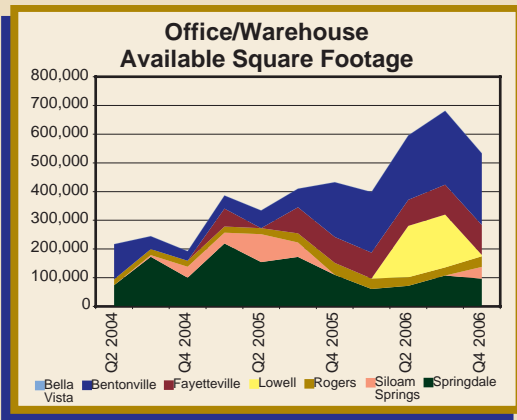
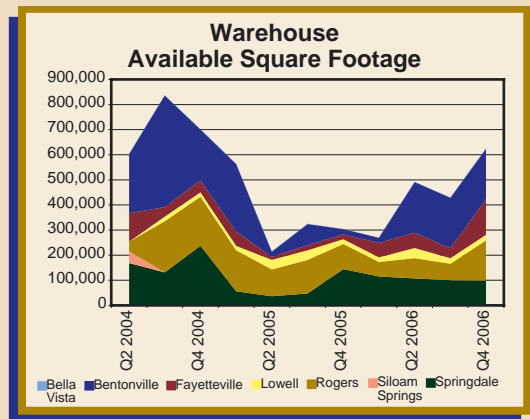
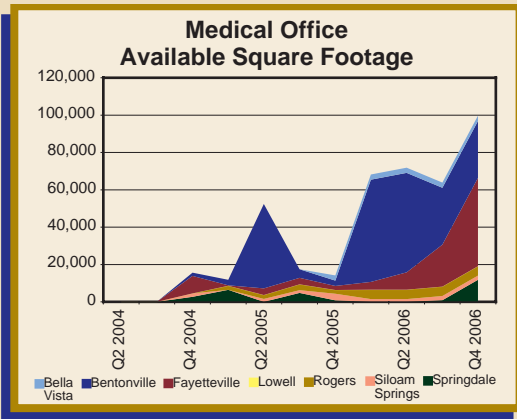
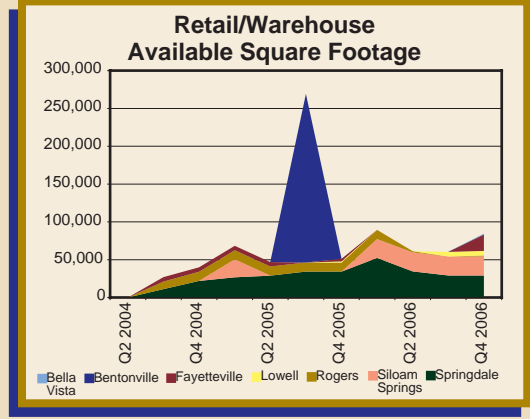
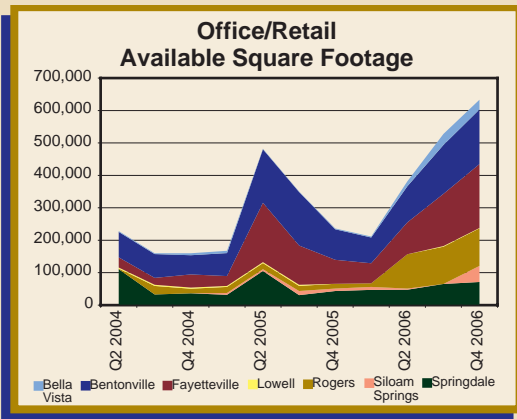
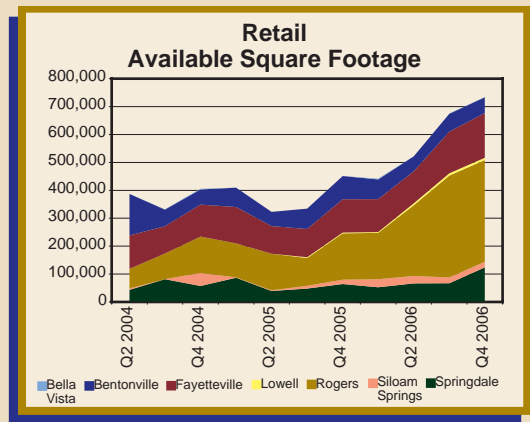
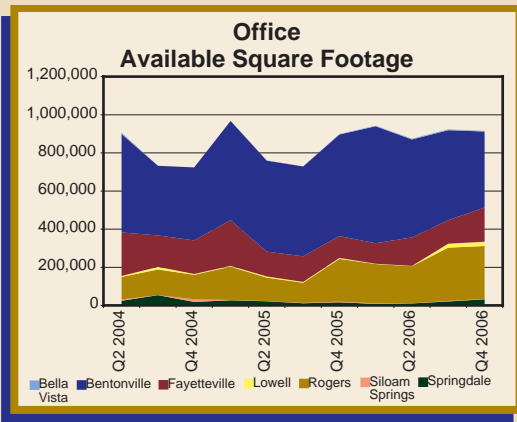


Over the past twelve months, in the office submarket, negative net absorption in Rogers, Fayetteville, and Springdale dwarfed positive net absorption in Bentonville, Lowell, Bella Vista, and Siloam Springs. Available office square footage in Northwest Arkansas grew from 899,113 square feet from the fourth quarter of 2005 to 915,107 square feet in the fourth quarter of 2006. This was primarily due to increases in available office space in Fayetteville and Rogers. Bentonville and Siloam Springs had less available office space in the fourth quarter of 2006 than they had in the fourth quarter of 2005. Over the past year 548,538 square feet of new office space became available for the first time. The overall Northwest Arkansas office vacancy rate has fallen from 16.0 percent to 15.2 percent in the past year. However, the vacancy rates in the Rogers office market are much higher at 20.4 percent, up from 16.2 percent a year ago.

The office/retail market experienced negative net absorption of 329,695 square feet during the past twelve months. The majority of negative net absorption was in Fayetteville and Rogers. New square footage totaling 572,912 was added to the market during the same time period. In the fourth quarter of 2006, 633,355 square feet of office/retail space were available, up from 236,206 square feet in the fourth quarter of 2005. This space was primarily located in Bentonville, Fayetteville, and Rogers.

The retail market also has experienced negative net absorption in the past twelve months. Although 43.3 percent of the negative net absorption was in Rogers, each city in Northwest Arkansas other than Bentonville has experienced some degree of negative net absorption in the retail submarket over the past year. There were 1,242,615 new square feet of retail space added to the Northwest Arkansas market during the past twelve months-of that amount, only 217,615 square feet were located in cities other than Rogers. In the fourth quarter of 2006, a total of 733,442 square feet of space were available in Northwest Arkansas, up from 451,424 square feet at the same time in the prior year.

The Northwest Arkansas warehouse market experienced negative net absorption of 87,362 square feet from the fourth quarter of 2005 to the fourth quarter of 2006. Vacancy rates climbed from 12.4 percent to 19.6 percent, while the number of available square feet rose from 303,961 to 623,988. A total of 37,150 square feet of new warehouse space were added to the Northwest Arkansas market during that time. Bentonville and Lowell were the only cities that experienced negative net absorption since the fourth quarter of last year in the warehouse submarket.



Vacancy Rates by Submarket

Office

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	20.4%	22.3%	9.0%	4.2%	16.2%	7.0%	4.2%	16.0%
Q1 2006	20.4%	24.1%	8.6%	1.3%	16.4%	3.3%	2.2%	16.7%
Q2 2006	35.5%	20.0%	10.9%	1.8%	14.0%	1.9%	2.6%	14.8%
Q3 2006	35.5%	17.8%	9.0%	12.5%	20.3%	2.7%	5.0%	15.2%
Q4 2006	24.2%	15.2%	13.5%	13.4%	20.4%	2.7%	7.5%	15.2%

Medical Office

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	34.6%	24.6%	1.1%	--	9.0%	7.0%	1.6%	4.2%
Q1 2006	34.6%	60.2%	2.0%	--	22.5%	2.1%	0.0%	15.3%
Q2 2006	34.6%	53.9%	4.3%	--	22.5%	2.1%	10.3%	15.1%
Q3 2006	34.6%	27.9%	8.5%	--	22.6%	3.1%	1.6%	16.1%
Q4 2006	34.6%	27.9%	17.8%	--	22.6%	3.1%	21.3%	18.8%

Office/Retail

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	3.2%	17.1%	11.8%	0.0%	8.4%	15.8%	14.1%	13.4%
Q1 2006	4.2%	14.2%	9.2%	0.0%	6.4%	17.7%	14.4%	11.3%
Q2 2006	6.4%	18.5%	13.3%	0.0%	31.0%	7.1%	12.8%	14.9%
Q3 2006	12.9%	23.0%	16.8%	13.9%	19.4%	0.0%	16.4%	18.0%
Q4 2006	11.3%	24.9%	19.6%	5.0%	19.6%	46.0%	17.0%	20.5%

Office/Warehouse

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	--	31.4%	93.8%	--	13.2%	0.0%	24.9%	27.5%
Q1 2006	--	32.5%	93.8%	--	12.3%	0.0%	13.7%	20.1%
Q2 2006	--	33.0%	93.8%	100.0%	5.5%	0.0%	7.0%	24.5%
Q3 2006	--	30.5%	94.6%	94.7%	8.1%	0.0%	8.1%	23.2%
Q4 2006	--	29.6%	94.6%	2.2%	10.0%	31.4%	9.2%	19.7%

Retail

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	0.0%	20.1%	6.5%	4.7%	15.1%	6.0%	7.8%	9.9%
Q1 2006	3.9%	18.6%	5.7%	4.7%	12.8%	10.6%	6.8%	9.0%
Q2 2006	0.0%	16.8%	5.6%	10.9%	17.2%	8.8%	4.9%	9.3%
Q3 2006	0.0%	17.2%	6.3%	10.4%	14.6%	6.7%	5.0%	9.7%
Q4 2006	0.0%	16.5%	6.6%	11.2%	14.5%	6.6%	8.8%	10.4%

Retail/Warehouse

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	--	0.0%	20.0%	7.5%	60.0%	--	28.3%	25.7%
Q1 2006	--	0.0%	0.0%	0.0%	60.0%	100.0%	34.8%	33.0%
Q2 2006	--	0.0%	0.0%	0.0%	9.3%	100.0%	13.2%	18.1%
Q3 2006	--	0.0%	0.0%	55.2%	0.0%	100.0%	11.1%	16.5%
Q4 2006	14.1%	0.0%	36.4%	55.2%	7.9%	100.0%	11.1%	20.4%

Warehouse

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	--	4.8%	1.9%	63.9%	19.2%	--	32.9%	12.4%
Q1 2006	--	4.5%	7.7%	63.9%	11.2%	--	21.2%	11.7%
Q2 2006	0.0%	39.7%	8.1%	79.6%	24.8%	--	10.7%	18.5%
Q3 2006	0.0%	41.1%	5.2%	43.5%	18.2%	--	10.0%	16.0%
Q4 2006	0.0%	41.0%	16.9%	43.5%	23.8%	0.0%	9.7%	19.6%

Net Absorption by Submarket

Office

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	550	10,860	4,968	50	-88,559	--	1,900	-70,231
Q1 2006	0	-77,447	3,891	3,500	17,275	2,050	8,601	-42,130
Q2 2006	0	51,815	-25,444	1,500	29,386	1,200	887	59,344
Q3 2006	0	36,194	32,561	0	-128,514	-700	-12,824	-73,283
Q4 2006	1,300	73,453	-56,387	-1,500	2,131	0	-8,941	10,056

Medical Office

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	0	0	1,300	--	1,048	-2,017	4,000	4,331
Q1 2006	0	-43,500	511	--	-3,000	2,050	750	-43,189
Q2 2006	0	1,510	-804	--	0	0	0	706
Q3 2006	0	19,400	-4,600	--	-32	-700	-900	13,168
Q4 2006	1,300	0	-24,863	--	0	0	-10,920	-34,483

Office/Retail

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	700	3,581	-31,648	0	-10,299	-600	-12,380	-50,646
Q1 2006	-728	14,408	3,218	0	3,500	-1,000	-3,846	15,552
Q2 2006	-4,980	-24,143	-31,287	0	-70,020	5,400	-568	-125,598
Q3 2006	-18,575	-29,483	-37,802	-2,210	-6,471	3,600	-5,772	-96,713
Q4 2006	3,832	-15,355	-57,521	1,420	-1,106	-49,690	-4,516	-122,936

Office/Warehouse

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	--	199,300	0	--	0	50,507	-39,959	209,848
Q1 2006	--	-16,528	0	--	2,000	0	49,170	34,642
Q2 2006	--	-8,935	0	0	14,412	0	11,900	17,377
Q3 2006	--	-32,750	0	-4,720	1,470	0	7,900	-28,100
Q4 2006	--	7,850	0	170,900	1,750	-35,007	2,664	156,257

Retail

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	0	-15,293	10,794	3,200	-66,311	-275	2,600	-65,285
Q1 2006	-3,000	2,854	15,424	0	21,217	-12,480	13,010	37,025
Q2 2006	0	11,336	1,775	-3,750	27,247	4,080	-13,948	26,740
Q3 2006	0	-8,667	-37,174	-1,316	-106,541	7,076	-12,134	-158,756
Q4 2006	0	7,114	-10,456	-600	2,286	221	-32,547	-33,982

Retail/Warehouse

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	--	20,560	0	18,500	0	--	0	39,060
Q1 2006	--	0	3,600	1,500	0	0	-7,500	-2,400
Q2 2006	--	0	0	0	0	0	42,640	42,640
Q3 2006	--	0	0	-6,200	1,500	0	16,520	11,820
Q4 2006	0	0	3,000	0	-1,283	0	0	1,717

Warehouse

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	--	64,150	0	0	16,800	--	20,925	101,875
Q1 2006	--	11,900	0	0	42,622	--	43,350	97,872
Q2 2006	0	-180,600	-500	-22,150	-34,940	--	0	-238,190
Q3 2006	0	0	21,500	18,400	15,112	--	7,350	62,362
Q4 2006	0	-400	-20,000	0	6,120	0	4,874	-9,406

Available Square Footage by Submarket

Office

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	2,800	532,409	115,007	5,000	223,920	3,550	16,427	899,113
Q1 2006	2,800	613,063	107,584	1,500	206,645	2,700	7,826	942,118
Q2 2006	4,100	513,663	149,239	2,250	193,635	1,500	10,188	874,575
Q3 2006	4,100	472,317	122,930	21,088	279,661	2,200	20,867	923,163
Q4 2006	2,800	398,864	179,317	22,588	277,530	2,200	31,808	915,107

Medical Office

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	2,800	2,850	2,207	--	2,000	3,550	750	14,157
Q1 2006	2,800	54,734	4,196	--	5,000	1,500	0	68,230
Q2 2006	2,800	53,224	9,300	--	5,000	1,500	0	71,824
Q3 2006	2,800	30,440	22,501	--	5,032	2,200	900	63,873
Q4 2006	2,800	30,440	47,364	--	5,032	2,200	11,820	99,656

Office/Retail

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	2,464	93,852	73,873	0	14,679	8,000	43,338	236,206
Q1 2006	3,192	79,535	61,651	0	11,179	9,000	47,184	211,741
Q2 2006	15,172	111,559	98,138	0	105,539	3,600	47,752	381,760
Q3 2006	33,747	150,678	160,931	2,210	114,829	0	65,324	527,719
Q4 2006	29,915	168,733	196,852	790	115,935	49,690	71,440	633,355

Office/Warehouse

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	--	191,100	90,326	--	41,736	0	109,809	432,971
Q1 2006	--	210,628	90,326	--	36,736	0	60,639	398,329
Q2 2006	--	224,863	90,326	179,000	30,084	0	71,706	595,979
Q3 2006	--	257,613	104,326	183,720	28,614	0	107,306	681,579
Q4 2006	--	249,763	104,326	4,720	36,864	41,087	96,542	533,302

Retail

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	0	83,681	119,069	2,809	165,993	15,400	64,472	451,424
Q1 2006	3,000	70,827	117,645	2,809	166,264	29,080	52,462	442,087
Q2 2006	0	53,766	114,870	6,559	253,829	26,500	66,410	521,934
Q3 2006	0	64,033	149,244	7,875	365,370	20,354	67,334	674,210
Q4 2006	0	56,919	159,700	8,475	364,484	20,133	123,731	733,442

Retail/Warehouse

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	--	0	3,600	1,500	12,000	--	34,200	51,300
Q1 2006	--	0	0	0	12,000	25,100	52,200	89,300
Q2 2006	--	0	0	0	1,500	25,110	34,560	61,170
Q3 2006	--	0	0	6,200	0	25,110	29,100	60,410
Q4 2006	1,000	0	21,600	6,200	1,283	25,110	29,100	84,293

Warehouse

	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2005	--	20,600	20,000	18,400	100,311	--	144,650	303,961
Q1 2006	--	20,700	57,000	18,400	57,689	--	115,300	269,089
Q2 2006	0	201,300	61,000	40,550	80,854	--	107,300	491,004
Q3 2006	0	201,300	40,000	22,150	65,742	--	99,950	429,142
Q4 2006	0	201,700	140,975	22,150	159,997	0	99,166	623,988



Office Lease Rates

Average Range by City

	Class A	Class B	Class C	Medical
Bentonville	\$17.81 - \$20.03	\$14.38 - \$14.87	\$6.82 - \$6.82	\$16.55 - \$16.75
Fayetteville	\$18.79 - \$21.05	\$13.08 - \$14.46	\$9.54 - \$10.18	\$12.45 - \$13.02
Rogers	\$18.65 - \$20.15	\$12.75 - \$13.44	\$10.21 - \$10.21	\$15.00 - \$15.00
Springdale	\$10.40 - \$15.38	\$13.35 - \$14.89	\$10.59 - \$10.60	\$10.78 - \$11.78

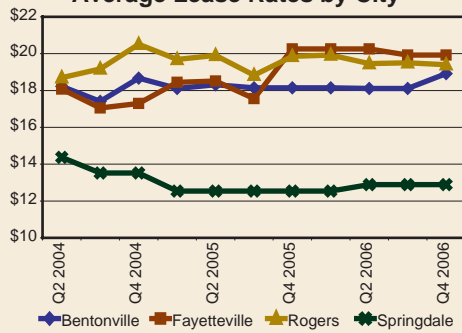
Office

In the fourth quarter of 2006, the office properties included in the Skyline Report panel had a vacancy rate of 15.2 percent, unchanged from the third quarter of 2006. Of the 6.0 million square feet of Northwest Arkansas properties examined, 915,107 square feet are currently available. This is down from 923,163 available square feet of office space in the third quarter of 2006. From the third quarter to the fourth quarter of 2006, no square feet of new office space entered the market, while 10,056 square feet of space were absorbed.

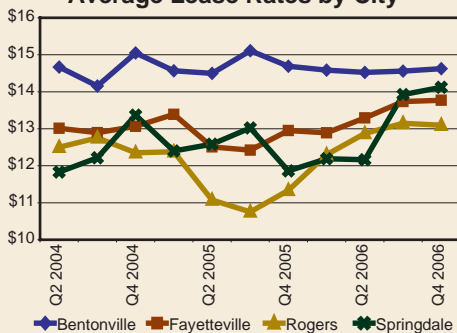
Of the 915,107 square feet of available office space in Northwest Arkansas, about 43.6 percent is located in Bentonville and comprises Class A and Class B space. The Bentonville Plaza property accounts for about 32.1 percent of the unoccupied office space in Bentonville, up from 27.5 percent in the previous quarter. While Bentonville Plaza continues to play a role in the oversupply in the Bentonville market, now there is even more square footage sitting vacant in the Class B market. In the fourth quarter, 10,056 net square feet of office space became occupied, while no additional square feet of office space entered the market.

While Bentonville continued to have the most available office space at 398,864 square feet, Rogers had almost 277,530 square feet available. In the Rogers office submarket, Class A accounted for 78.8 percent of all available space while Class B accounted for 19.3 percent and medical space made up the re-

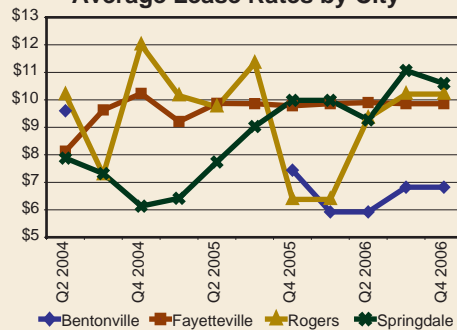
**Class A Office
Average Lease Rates by City**



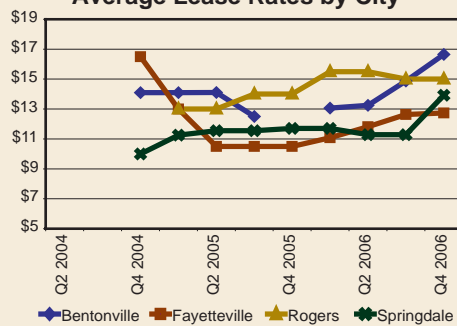
**Class B Office
Average Lease Rates by City**



**Class C Office
Average Lease Rates by City**



**Medical Office
Average Lease Rates by City**



mainder. There was positive net absorption of 2,131 square feet in the fourth quarter of 2006. There was limited activity during the fourth quarter with negative absorption in Class A space and positive absorption in Class B and Class C space.

Fayetteville had 179,317 square feet of available office space in the fourth quarter of 2006. About 53 percent of the available office space in Fayetteville was in the Class B submarket, while Class A space accounted for just over 20 percent and the remainder was in the medical office market. From the third quarter to the fourth quarter of 2006, there was negative absorption of 31,524 square feet in the Class B office submarket and negative absorption of 24,863 square feet in the medical office submarket. No new office space was added to the Fayetteville submarket in the fourth quarter.

The Springdale office market had only 31,808 square feet of available space in the fourth quarter. No new square footage was added in the fourth quarter and there was negative net absorption of 8,941 square feet. The only positive absorption was in Class B space, with 6,824 square feet becoming occupied. In the Class A submarket, 3,805 square feet became available, while in the Class C submarket 1,040 square feet were vacated. The medical office market experienced the largest negative absorption at 10,920 square feet.

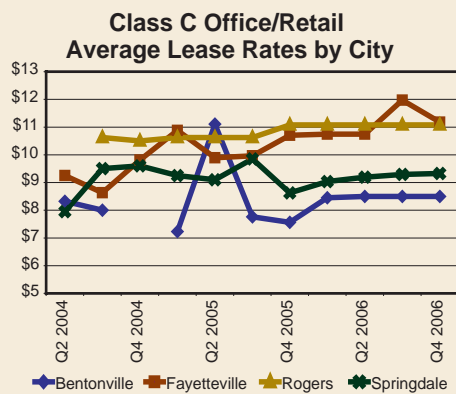
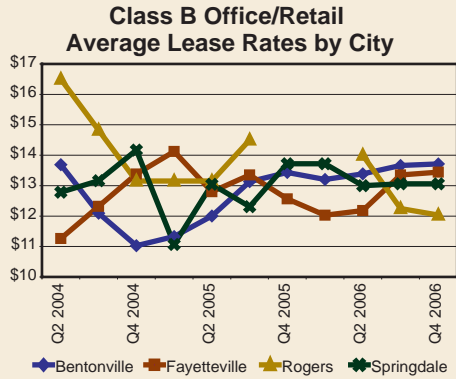
Office lease rates were highest, on average, for Class A office space in Fayetteville and Rogers, averaging about \$20 per square foot. Class A space average lease rates ticked up in Bentonville, but remained nearly constant in the other cities in the fourth quarter. Class B office space was most expensive in Bentonville and least expensive on average in Rogers. Average Class B office lease rates increased slightly in Springdale and were nearly constant elsewhere. In the fourth quarter, reported average lease rates for Class C office space in Springdale declined a bit. Reported average medical office space lease rates increased in Bentonville and Springdale and were fairly constant elsewhere during the quarter.

Office Space Characteristics by Class and City

Class A Office							
	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1,2}	Months of Inventory ^{1,2}
Bentonville	399,076	149,808	37.5%	12,449	0	12,449	36.1
Fayetteville	165,043	37,464	22.7%	0	0	0	--
Rogers	898,831	218,812	24.3%	-1,289	0	-1,289	--
Springdale	--	--	--	--	--	--	--
Class B Office							
	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1,2}	Months of Inventory ^{1,2}
Bentonville	2,113,867	216,295	10.2%	61,004	0	61,004	10.6
Fayetteville	773,880	94,489	12.2%	-31,524	0	-31,524	--
Rogers	378,067	53,686	14.2%	2,002	0	2,002	80.4
Springdale	178,519	35,500	19.9%	-1,516	0	-1,516	--
Class C Office							
	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1,2}	Months of Inventory ^{1,2}
Bentonville	9,571	2,321	24.3%	0	0	0	--
Fayetteville	121,946	0	0.0%	0	0	0	--
Rogers	60,101	0	0.0%	1,418	0	1,418	0.0
Springdale	242,638	35,940	14.8%	-3,000	0	-3,000	--
Medical Office							
	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1,2}	Months of Inventory ^{1,2}
Bentonville	109,198	30,440	27.9%	0	0	0	--
Fayetteville	265,520	47,364	17.8%	-24,863	0	-24,863	--
Rogers	22,265	5,032	22.6%	0	0	0	--
Springdale	1,050,634	96,542	9.2%	9,864	7,200	2,664	108.7

¹From all Q4 2006 respondents

²From Q4 2006 respondents who were also Q3 2006 respondents



Office/Retail Lease Rates

	Average Range by City	
	Class B	Class C
Bentonville	\$12.93 - \$14.50	\$8.22 - \$8.77
Fayetteville	\$12.81 - \$14.08	\$10.31 - \$12.05
Rogers	\$11.82 - \$12.25	\$9.33 - \$12.83
Springdale	\$12.12 - \$14.00	\$8.24 - \$10.41

Office/Retail

In the fourth quarter of 2006, the office/retail properties included in the CBER sample had a vacancy rate of 20.5 percent, up from 18.0 percent in the third quarter. Of the 3.1 million square feet of Northwest Arkansas properties examined, 633,355 square feet were available. From the third quarter to the fourth quarter of 2006, 152,949 new square feet of office/retail space were added to the market, while 30,013 square feet of space became occupied. This yielded a negative net absorption of 122,936 square feet.

The majority of the new office/retail space occurred in the Fayetteville Class A and Class B submarkets. The rest of the new available square footage was located in the Class B submarket in Bentonville. No city experienced positive net absorption of office/retail space in the fourth quarter of 2006.

Fayetteville and Bentonville had the largest amount of available square feet in the office/retail submarket with 196,852 and 1568,733 square feet available, respectively. This translated to vacancy rates of 19.6 and 24.9 percents. Rogers had a fair amount of available office/retail space available as well with 115,935 square feet and 19.6 percent vacancy. Springdale had reported available office/retail square footage of 71,440 with a 17.0 percent vacancy rate.

Office/retail space average reported lease rates did not change much in the fourth quarter. There was a noticeable increase in average reported Class B rates in Fayetteville and a noticeable decline in average Class B rates in Rogers. Fayetteville also experienced a reported average increase in Class C rates, while the other cities had constant average lease rates in that submarket.

Office/Retail Space Characteristics by Class and City

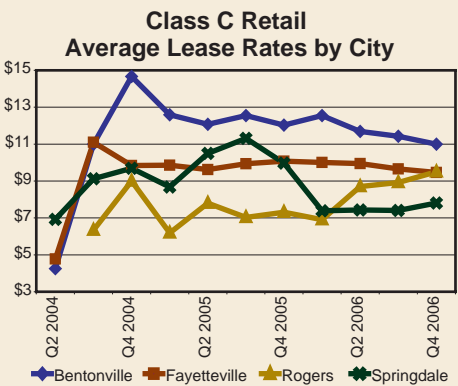
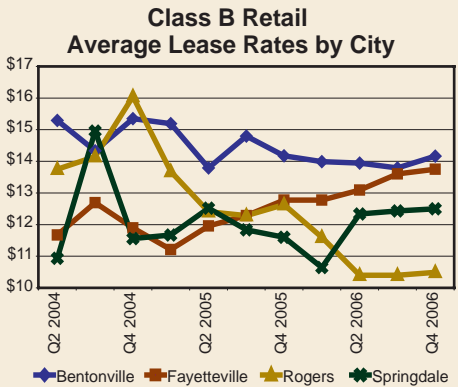
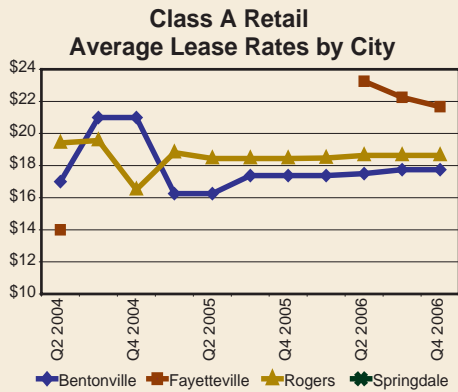
Class A Office/Retail							
	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1,2}	Months of Inventory ^{1,2}
Bentonville	38,910	7,705	19.8%	620	0	620	37
Fayetteville	131,126	79,126	60.3%	0	45,126	-45,126	--
Rogers	129,316	69,670	53.9%	0	0	0	--
Springdale	--	--	--	--	--	--	--
Class B Office/Retail							
	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1,2}	Months of Inventory ^{1,2}
Bentonville	547,769	151,458	27.6%	8,625	24,600	-15,975	--
Fayetteville	656,358	77,848	11.9%	17,187	26,000	-8,813	--
Rogers	77,012	34,259	44.5%	0	0	0	--
Springdale	178,519	35,500	19.9%	-1,516	0	-1,516	--
Class C Office/Retail							
	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1,2}	Months of Inventory ^{1,2}
Bentonville	91,849	9,570	10.4%	0	0	0	--
Fayetteville	216,199	39,878	18.4%	-3,582	0	-3,582	--
Rogers	176,506	12,006	6.8%	-1,106	0	-1,106	--
Springdale	242,638	35,940	14.8%	-3,000	0	-3,000	--

¹From all Q4 2006 respondents

²From Q4 2006 respondents who were also Q3 2006 respondents



Retail Lease Rates



Average Range by City

	Class A	Class B	Class C
Bentonville	\$16.00 - \$19.50	\$13.96 - \$14.37	\$10.89 - \$11.10
Fayetteville	\$20.67 - \$22.67	\$12.82 - \$14.68	\$8.69 - \$10.23
Rogers	\$18.20 - \$18.68	\$9.82 - \$11.16	\$9.07 - \$9.93
Springdale	-	\$11.51 - \$13.49	\$7.35 - \$8.27

Retail

In the fourth quarter of 2006, the retail properties included in the CBER panel had a vacancy rate of 10.4 percent, which was up from the 9.7 percent reported in the third quarter of 2006. Of the 7.1 million square feet of Northwest Arkansas retail properties examined, 733,442 square feet were available. From the third quarter to the fourth quarter of 2006, there was a positive absorption of 64,584 square feet of retail space, with 98,566 square feet of new retail space coming on the market, netting negative absorption of 33,982 square feet.

Bentonville had 344,126 total square feet and 56,919 available square feet of retail space in the fourth quarter, resulting in a vacancy rate of 16.5 percent. This represented a decline from the rate of 17.2 percent in the third quarter of 2006. No new square feet became available in the Bentonville retail market, while 7,114 square feet of space were absorbed. A total of 5,114 square feet of the absorption was in the Class B submarket and 2,000 square feet of the absorption were in the Class C submarket.

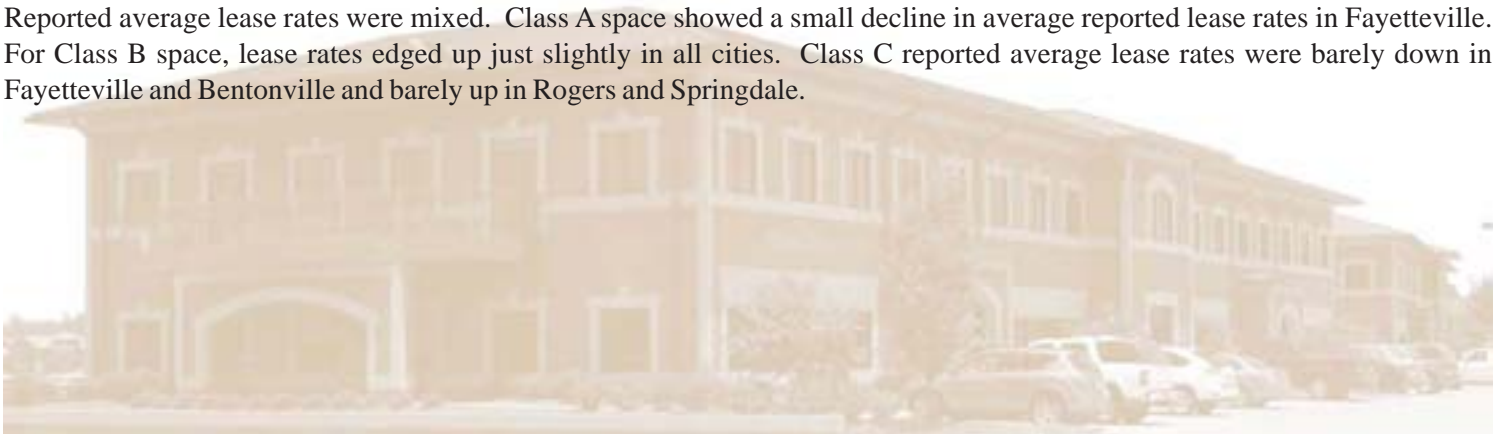
In the fourth quarter of 2006, Fayetteville had a retail vacancy rate of 6.6 percent, up from 6.3 percent in the third quarter, with 159,700 available square feet out of a total of 2,419,705. There was reported positive absorption of 44,152 square feet in the Class A retail submarket, while 60,966 square feet entered the market, netting negative absorption of 16,814 square feet. In the Class B submarket there was positive absorption of 9,819 square feet and new square footage totally 6,600 square

feet, netting positive absorption of 3,219 square feet. In the Class C and medical submarkets 3,139 square feet and 3,000 square feet were absorbed, respectively.

The Rogers market had 364,484 square feet of available retail space out of a total of 2.5 million square feet for a vacancy rate of 14.5 percent in the fourth quarter. This rate was a slight decline from the third quarter rate of 14.6 percent. No new square footage was added to the Rogers retail market in the fourth quarter. A total of 926 square feet were vacated in the Class A submarket. In the Class B, submarket, 2,000 square feet were absorbed, while 1,212 square feet were absorbed in the Class C retail submarket.

There were 123,731 square feet of available retail space out of a total of 1.4 million square feet in Springdale in the fourth quarter. This implies a vacancy rate of 8.8 percent, up from 5.0 percent in the third quarter of 2006. A total of 31,000 square feet of Class B space was added to the Springdale market in the fourth quarter. Positive absorption of 2,588 square feet was reported in the Class B submarket, netting negative absorption 28,412 square feet. There was negative absorption of 4,135 square feet in the Class C retail submarket.

Reported average lease rates were mixed. Class A space showed a small decline in average reported lease rates in Fayetteville. For Class B space, lease rates edged up just slightly in all cities. Class C reported average lease rates were barely down in Fayetteville and Bentonville and barely up in Rogers and Springdale.



Retail Space Characteristics by Class and City

Class A Retail							
	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1,2}	Months of Inventory ^{1,2}
Bentonville	39,534	21,895	55.4%	0	0	0	--
Fayetteville	1,347,331	80,818	6.0%	44,152	60,966	-16,814	--
Rogers	1,598,964	168,066	10.5%	-926	0	-926	--
Springdale	--	--	--	--	--	--	--
Class B Retail							
	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1,2}	Months of Inventory ^{1,2}
Bentonville	246,327	28,024	11.4%	5,114	0	5,114	--
Fayetteville	896,859	70,334	7.8%	9,819	6,600	3,219	65.5
Rogers	679,015	177,880	26.2%	2,000	0	2,000	266.8
Springdale	1,221,888	104,844	8.6%	2,588	31,000	-28,412	--
Class C Retail							
	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1,2}	Months of Inventory ^{1,2}
Bentonville	58,265	7,000	12.0%	2,000	0	2,000	10.5
Fayetteville	175,515	8,548	4.9%	3,139	0	3,139	8.2
Rogers	232,409	18,538	8.0%	1,212	0	1,212	45.9
Springdale	178,470	18,887	10.6%	-4,135	0	-4,135	--

¹From all Q4 2006 respondents

²From Q4 2006 respondents who were also Q3 2006 respondents

Other Lease Rates

Average Range by City

	Warehouse	Office/ Warehouse	Retail/ Warehouse
Bentonville	\$6.15 - \$7.33	\$10.24 - \$12.07	\$3.84 - \$5.56
Fayetteville	\$3.50 - \$3.50	\$5.20 - \$5.53	\$8.22 - \$10.22
Rogers	\$4.16 - \$4.51	\$5.50 - \$7.05	\$6.70 - \$6.70
Springdale	\$4.11 - \$5.21	\$5.67 - \$7.95	\$6.15 - \$8.00

Warehouse

In the fourth quarter of 2006, the warehouse properties included in the CBER panel had a vacancy rate of 19.6 percent. This was an increase from the third quarter vacancy rate of 16.0 percent that is due to vacancy rates increasing in Fayetteville and Rogers. Of the 3.2 million square feet of warehouse space examined, 623,988 square feet were available in the fourth quarter. No new warehouse space was added to the market in the fourth quarter.

As in the previous quarter, the majority of available warehouse space was in Bentonville, with over 200,000 square feet. However, both Rogers and Fayetteville had significant increases in reported available space with 159,887 and 140,975 square feet available, respectively. Springdale had 99,166 square feet of warehouse space available in the fourth quarter. Reported warehouse vacancy rates increased in Fayetteville and Rogers and decline in Bentonville and Springdale in the fourth quarter.

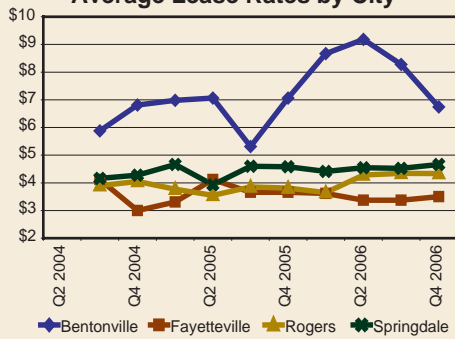
Bentonville continued to have the most expensive average warehouse lease rates, even with a reported decline of over \$1.00. The average reported warehouse lease rates in Rogers, Fayetteville and Springdale were basically unchanged in the fourth quarter.

Office/Warehouse

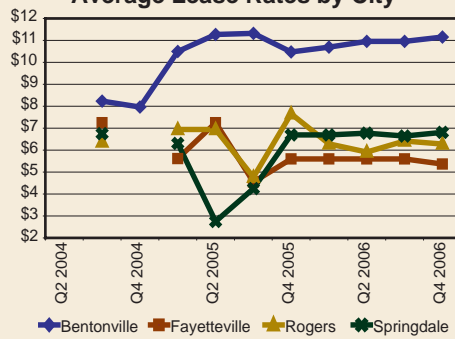
The CBER panelists reported on 2.7 million square feet of office/warehouse space in the fourth quarter. The vacancy rate in the office/warehouse submarket declined to 19.7 percent in Northwest Arkansas, with 533,302 total square feet available in the fourth quarter. From the third quarter to the fourth quarter of 2006, there was positive absorption of 163,457 square feet of office/warehouse space, while 7,200 new square feet came online, netting positive absorption of 156,257.

The activity in the office/warehouse submarket in the fourth quarter was concentrated in Lowell where 179,000 square feet of space became occupied. New space came online in Springdale. Bentonville had positive net absorption of 7,850 square feet, Rogers had positive absorption of 1,750 square feet, and Springdale had net positive absorption of 2,664 square feet.

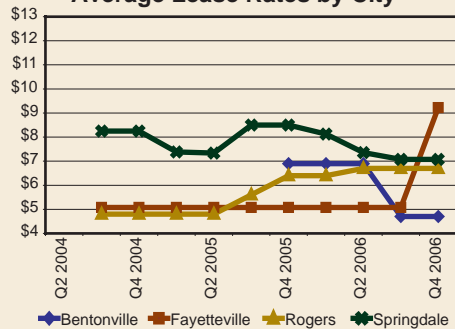
**Warehouse
Average Lease Rates by City**



**Office/Warehouse
Average Lease Rates by City**



**Retail/Warehouse
Average Lease Rates by City**



Other Space Characteristics by Class and City

Warehouse							
	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1,2}	Months of Inventory ^{1,2}
Bentonville	491,475	201,700	41.0%	-400	0	-400	--
Fayetteville	833,667	140,975	16.9%	-20,000	0	-20,000	--
Rogers	672,583	159,997	23.8%	6,120	0	6,120	78.4
Springdale	1,020,963	99,166	9.7%	4,784	0	4,784	62.2

Office/Warehouse							
	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1,2}	Months of Inventory ^{1,2}
Bentonville	843,666	249,763	29.6%	7,850	0	7,850	95
Fayetteville	110,326	104,326	94.6%	0	0	0	--
Rogers	367,422	36,864	10.0%	1,750	0	1,750	63.2
Springdale	1,050,634	96,542	9.2%	9,864	7,200	2,664	109

Retail/Warehouse							
	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1,2}	Months of Inventory ^{1,2}
Bentonville	32,570	0	0.0%	0	0	0	--
Fayetteville	59,300	21,600	36.4%	3,000	0	3,000	22
Rogers	16,160	1,283	7.9%	-1,283	0	-1,283	--
Springdale	261,723	29,100	11.1%	0	0	0	--

¹From all Q4 2006 respondents

²From Q4 2006 respondents who were also Q3 2006 respondents

Despite already being significantly higher than the rest of the region, in the fourth quarter, the office/warehouse average lease rates in Bentonville increased slightly. Average reported lease rates for office/warehouse space remained fairly constant in the other cities in Northwest Arkansas during the quarter.

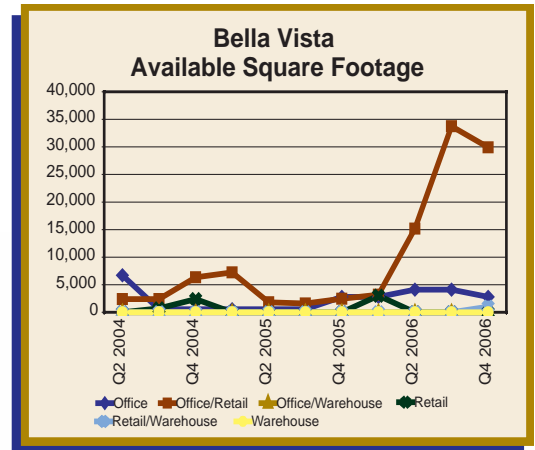
Retail/Warehouse

The CBER panelists reported on 413,207 square feet of retail/warehouse space in the fourth quarter of 2006. The vacancy rate in the retail/warehouse submarket increased from 16.5 percent in the third quarter to 20.4 percent in the fourth quarter in Northwest Arkansas, with 84,293 total square feet available in the fourth quarter. From the third quarter to the fourth quarter of 2006, there was net positive absorption of 1,717 square feet of retail/warehouse space, while no new square feet came online. Positive absorption of 3,000 square feet occurred in Fayetteville, while negative absorption of 1,283 square feet occurred in Rogers. There was no other activity in the retail/warehouse submarket in Northwest Arkansas. The Northwest Arkansas vacancy rate increase was the result of adding new properties to the sample during the quarter.

The retail/warehouse average reported lease rates in Fayetteville jumped quite a bit during the fourth quarter, but represent a very small sample of properties. Average reported lease rates were constant in the other cities in Northwest Arkansas.

Bella Vista

- Bella Vista had 323,538 square feet of competitive commercial space in the fourth quarter of 2006.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 321,782 square feet of commercial space in the fourth quarter of 2006. This represents 99.5 percent of the commercial space in Bella Vista.
- In the fourth quarter of 2006, Bella Vista experienced positive absorption of 1,300 square feet in the office submarket and 3,832 square feet in the office/retail submarket.
- Reported vacancy rates declined in the office and office/retail submarkets and were unchanged in other submarkets in Bella Vista from the third quarter to the fourth quarter of 2006.
- Reported average lease rates were unchanged in Bella Vista in the fourth quarter of 2006.



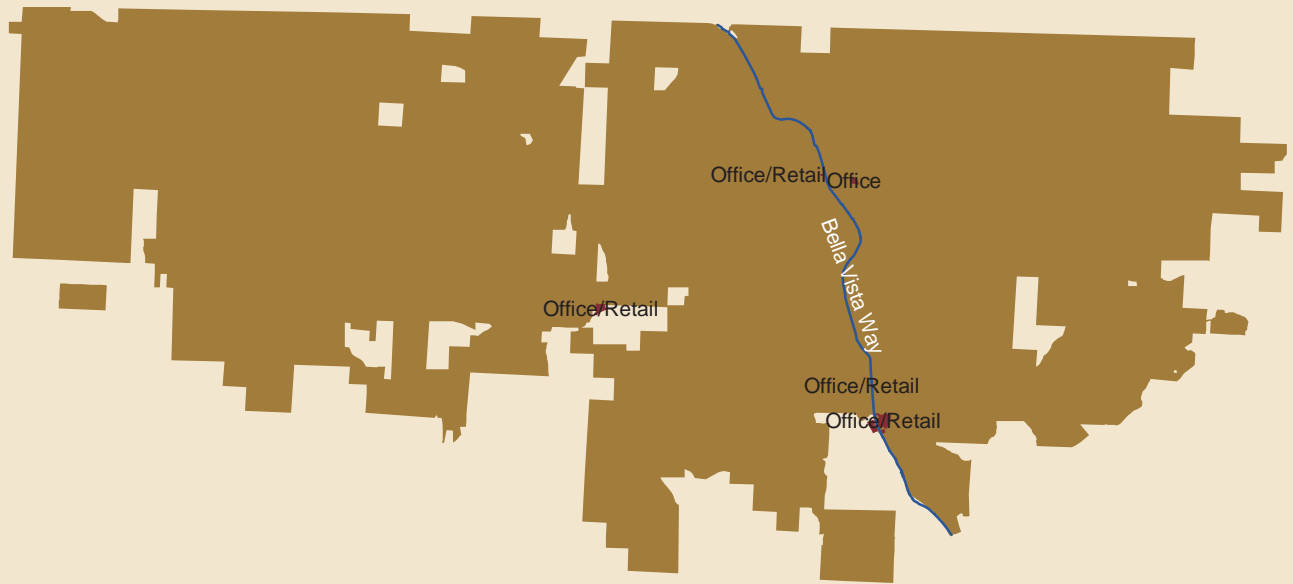
Bella Vista Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1, 2}	Months of Inventory ^{1, 2}
Industrial	--	--	--	--	--	--	--	--
Office	\$13.43 - \$13.93	11,554	2,800	24.2%	1,300	0	1,300	6.5
Class A	--	--	--	--	--	--	--	--
Class B	\$13.85 - \$13.85	3,450	0	0.0%	1,300	0	1,300	0.0
Class C	--	--	--	--	--	--	--	--
Medical	\$13.00 - \$14.00	8,104	2,800	34.6%	0	0	0	--
Office/Retail	\$8.72 - \$11.30	263,638	29,915	11.3%	3,832	0	3,832	23.4
Class A	--	--	--	--	--	--	--	--
Class B	\$8.72 - \$11.30	263,638	29,915	11.3%	3,832	0	3,832	23.4
Class C	--	--	--	--	--	--	--	--
Office/Warehouse	--	--	--	--	--	--	--	--
Retail	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	--
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	\$16.20 - \$16.20	7,104	1,000	14.1%	0	0	0	--
Warehouse	\$1.00 - \$2.70	18,486	0	0.0%	0	0	0	--

¹From all Q4 2006 respondents

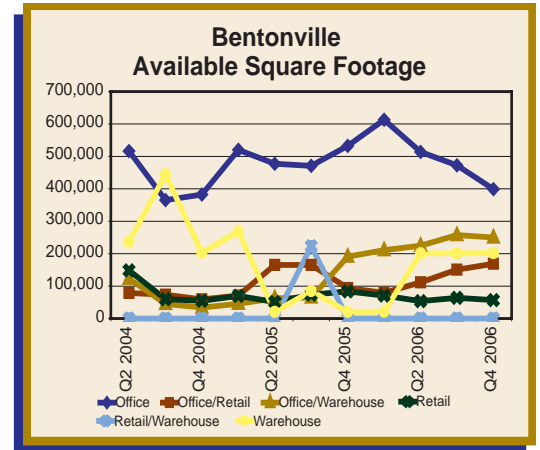
²From Q4 2006 respondents who were also Q3 2006 respondents

Bella Vista Commercial Properties



Bentonville

- Bentonville had 5,033,114 square feet of competitive commercial space in the fourth quarter of 2006.
- From September to November 2006, Bentonville issued building permits for 25,120 square feet of new commercial space, valued at a total of \$2,404,840.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 5,032,397 square feet of commercial space in the fourth quarter of 2006. This represents about 100 percent of the commercial space in Bentonville in the Benton County Assessor's database.
- In the fourth quarter of 2006, Bentonville experienced positive net absorption in the office and office/warehouse, and retail submarkets and negative net absorption in the office/retail and warehouse submarkets. There was no reported activity in the retail/warehouse submarket.
- Within the office market, no additional square feet of space came online. There was positive absorption of 73,453 square feet of existing space
- The retail submarket had positive net absorption of 5,114 square feet in Class B space and 2,000 square feet in Class C space. There was no activity in the Bentonville Class A retail submarket.
- The office/retail submarket gained 24,600 square feet of new space in the fourth quarter. Only 9,245 total square feet were absorbed.
- Reported vacancy rates declined in the office, office/warehouse, retail, and warehouse submarkets from the third quarter to the fourth quarter of 2006 and increased in the office/retail submarket.
- Average reported lease rates for Class A office space ticked up during the fourth quarter. Average reported lease rates for warehouse space continued their decline in the fourth quarter of 2006. Other reported average lease rates were basically unchanged.



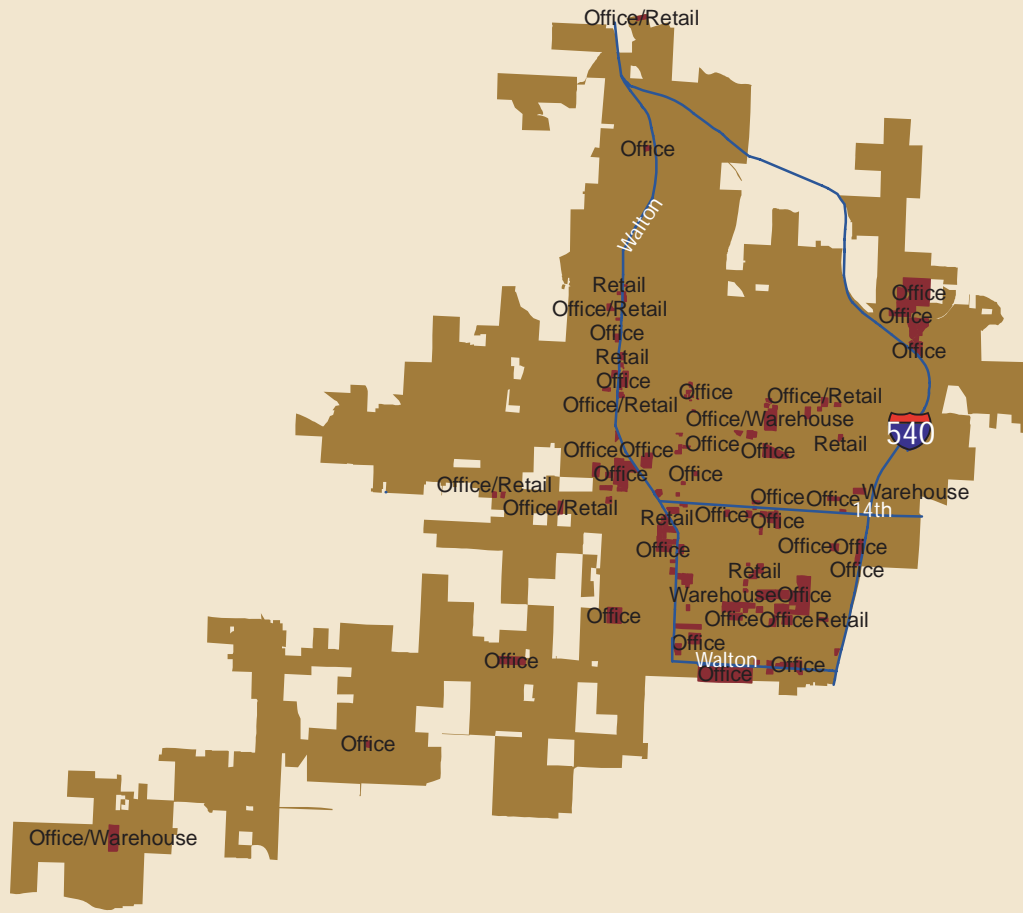
Bentonville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1, 2}	Months of Inventory ^{1, 2}
Industrial	--	10,320	0	0.0%	0	0	0	--
Office	\$14.54 - \$15.10	2,631,712	398,864	15.2%	73,453	0	73,453	16.3
Class A	\$17.81 - \$20.03	399,076	149,808	37.5%	12,449	0	12,449	36.1
Class B	\$14.38 - \$14.87	2,113,867	216,295	10.2%	61,004	0	61,004	10.6
Class C	\$6.82 - \$6.82	9,571	2,321	24.3%	0	0	0	--
Medical	\$16.55 - \$16.75	109,198	30,440	27.9%	0	0	0	--
Office/Retail	\$12.46 - \$14.01	678,528	168,733	24.9%	9,245	24,600	-15,355	--
Class A	\$16.50 - \$20.25	38,910	7,705	19.8%	620	0	620	37.3
Class B	\$12.93 - \$14.50	547,769	151,458	27.6%	8,625	24,600	-15,975	--
Class C	\$8.22 - \$8.77	91,849	9,570	10.4%	0	0	0	--
Office/Warehouse	\$10.24 - \$12.07	843,666	249,763	29.6%	7,850	0	7,850	95.5
Retail	\$13.21 - \$13.69	344,126	56,919	16.5%	7,114	0	7,114	24.0
Class A	\$16.00 - \$19.50	39,534	21,895	55.4%	0	0	0	--
Class B	\$13.96 - \$14.37	246,327	28,024	11.4%	5,114	0	5,114	16.4
Class C	\$10.89 - \$11.10	58,265	7,000	12.0%	2,000	0	2,000	10.5
Retail/Warehouse	\$3.84 - \$5.56	32,570	0	0.0%	0	0	0	--
Warehouse	\$6.15 - \$7.33	491,475	201,700	41.0%	-400	0	-400	--

¹From all Q4 2006 respondents

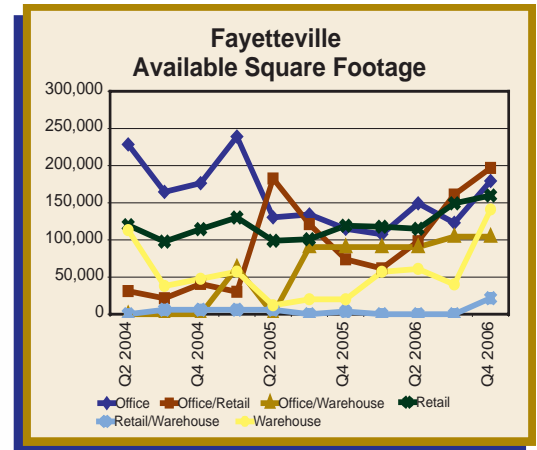
²From Q4 2006 respondents who were also Q3 2006 respondents

Bentonville Commercial Properties



Fayetteville

- Fayetteville had 8,567,147 square feet of competitive commercial space in the fourth quarter of 2006.
- From September to November 2006, Fayetteville issued building permits for 208,853 square feet of new commercial space, valued at a total of \$22,721,389.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 5,753,070 square feet of commercial space in the fourth quarter of 2006. This represents 67.2 percent of the total competitive commercial space in Fayetteville.
- In the fourth quarter of 2006, Fayetteville experienced negative net absorption in the office, office/retail, retail, and warehouse submarkets, no absorption in the office/warehouse submarket, and positive net absorption in the retail/warehouse submarket.
- A total of 71,126 new square feet of office/retail space and a total of 67,566 new square feet of retail space entered the Fayetteville commercial market in the fourth quarter of 2006.
- Observed vacancy rates increased in Fayetteville in the fourth quarter in all submarkets, except for the office/warehouse submarket.
- Class B office, office/retail, retail, and warehouse space average reported lease rates remained steady in the fourth quarter. Average reported retail/warehouse lease rates jumped up.



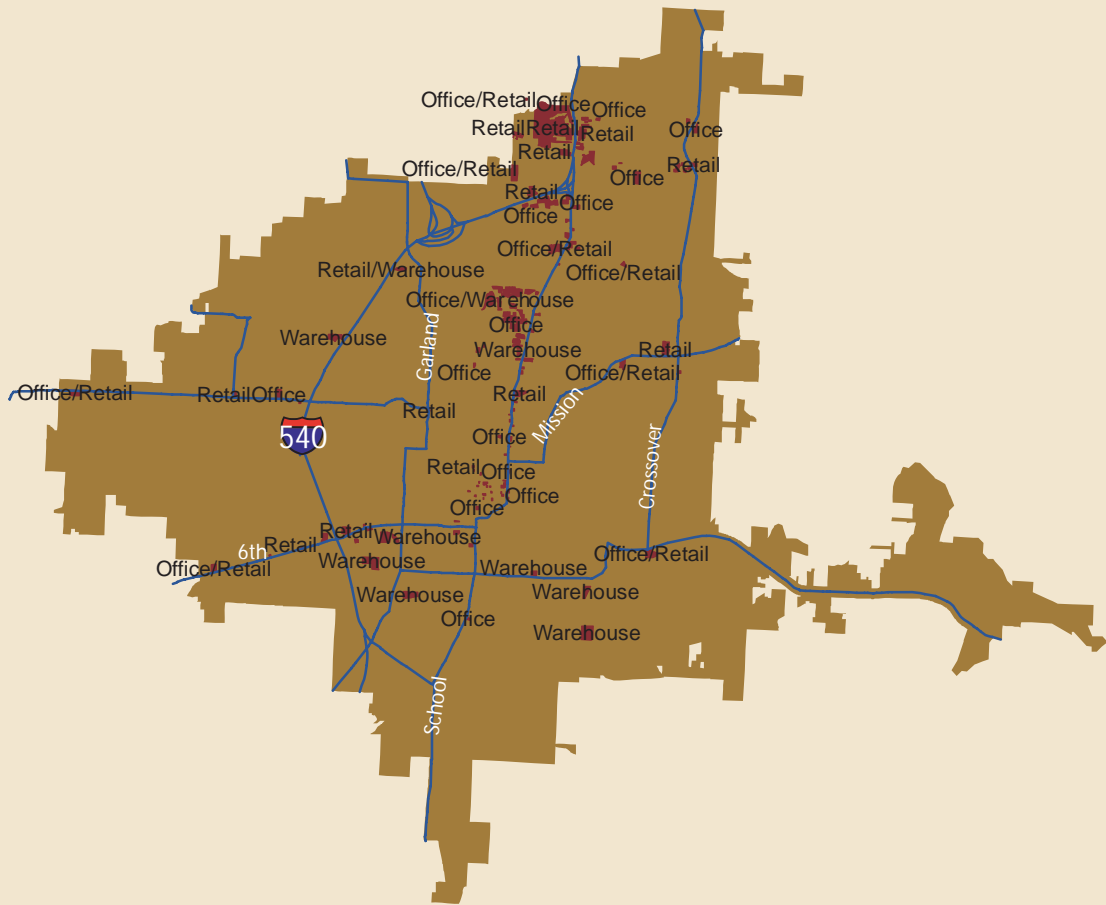
Fayetteville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1, 2}	Months of Inventory ^{1, 2}
Industrial	--	--	--	--	--	--	--	--
Office	\$13.07 - \$14.31	1,326,389	179,317	13.5%	-56,387	0	-56,387	--
Class A	\$18.79 - \$21.05	165,043	37,464	22.7%	0	0	0	--
Class B	\$13.08 - \$14.46	773,880	94,489	12.2%	-31,524	0	-31,524	--
Class C	\$9.54 - \$10.18	121,946	0	0.0%	0	0	0	--
Medical	\$12.45 - \$13.02	265,520	47,364	17.8%	-24,863	0	-24,863	--
Office/Retail	\$12.28 - \$13.75	1,003,683	196,852	19.6%	13,605	71,126	-57,521	--
Class A	\$20.25 - \$22.25	131,126	79,126	60.3%	0	45,126	-45,126	--
Class B	\$12.81 - \$14.08	656,358	77,848	11.9%	17,187	26,000	-8,813	--
Class C	\$10.31 - \$12.05	216,199	39,878	18.4%	-3,582	0	-3,582	--
Office/Warehouse	\$5.20 - \$5.53	110,326	104,326	94.6%	0	0	0	--
Retail	\$12.23 - \$13.99	2,419,705	159,700	6.6%	57,110	67,566	-10,456	--
Class A	\$20.67 - \$22.67	1,347,331	80,818	6.0%	44,152	60,966	-16,814	--
Class B	\$12.82 - \$14.68	896,859	70,334	7.8%	9,819	6,600	3,219	65.5
Class C	\$8.69 - \$10.23	175,515	8,548	4.9%	3,139	0	3,139	8.2
Retail/Warehouse	\$8.22 - \$10.22	59,300	21,600	36.4%	3,000	0	3,000	21.6
Warehouse	\$3.50 - \$3.50	833,667	140,975	16.9%	-20,000	0	-20,000	--

¹From all Q4 2006 respondents

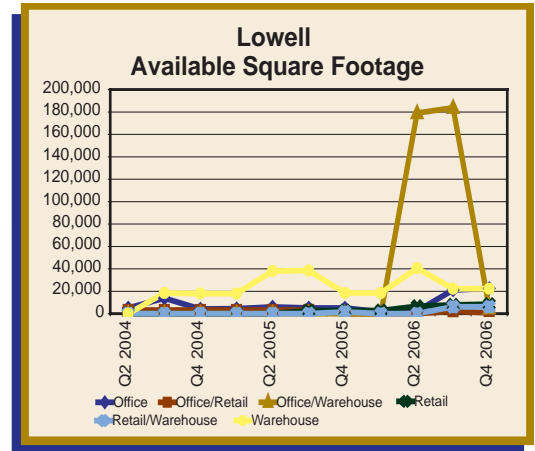
²From Q4 2006 respondents who were also Q3 2006 respondents

Fayetteville Commercial Properties



Lowell

- Lowell had 960,521 square feet of competitive commercial space in the fourth quarter of 2006.
- From September to November 2006, Lowell issued building permits for new commercial space of 240,591 square feet, valued at a total of \$1,840,722.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 533,043 square feet of commercial space in the fourth quarter of 2006. This represents 55.5 percent of the total competitive commercial space in Lowell.
- In the fourth quarter of 2006, Lowell experienced substantial positive absorption in the office/warehouse submarket, small positive absorption in the office/retail submarket, and small negative absorption in the office and retail submarkets.
- Reported vacancy rates increased in the office and retail submarkets from the third quarter to the fourth quarter of 2006 and declined in the office/retail and office/warehouse submarkets in Lowell. Reported vacancy rates were unchanged in the retail/warehouse and warehouse submarkets in the fourth quarter.
- Reported fourth quarter average lease rates were basically unchanged in all submarkets.



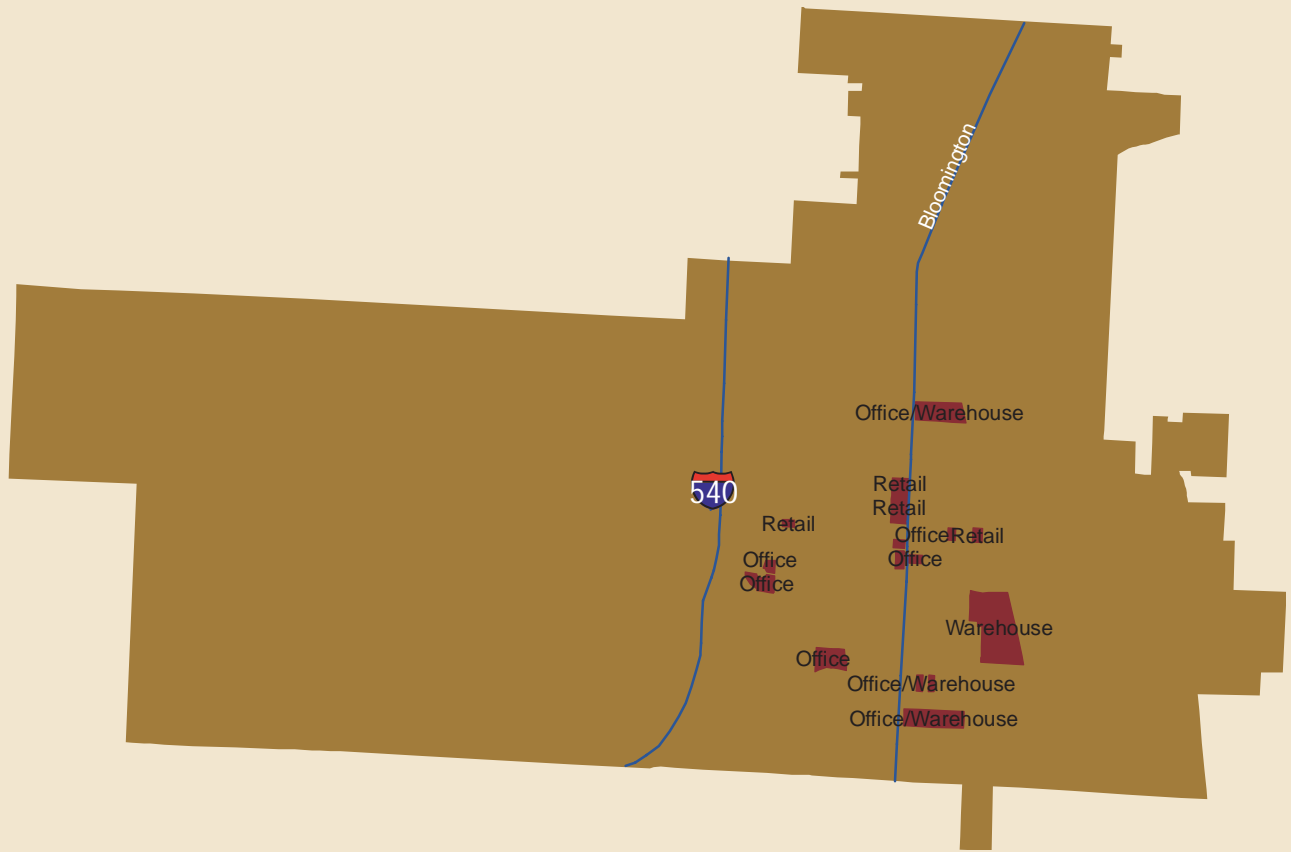
Lowell Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1, 2}	Months of Inventory ^{1, 2}
Industrial	--	--	--	--	--	--	--	--
Office	\$15.98 - \$15.98	169,020	22,588	13.4%	-1,500	0	-1,500	--
Class A	\$18.50 - \$18.50	111,552	0	0.0%	0	0	0	--
Class B	\$13.45 - \$13.55	57,468	22,588	39.3%	-1,500	0	-1,500	--
Class C	--	--	--	--	--	--	--	--
Medical	--	--	--	--	--	--	--	--
Office/Retail	\$12.00 - \$12.00	15,900	790	5.0%	1,420	0	1,420	1.7
Class A	--	--	--	--	--	--	--	--
Class B	\$12.00 - \$12.00	15,900	790	5.0%	1,420	0	1,420	--
Class C	--	--	--	--	--	--	--	--
Office/Warehouse	\$6.16 - \$6.96	210,240	4,720	2.2%	179,000	0	179,000	0.1
Retail	\$11.67 - \$14.67	75,695	8,475	11.2%	-600	0	-600	--
Class A	--	--	--	--	--	--	--	--
Class B	\$11.67 - \$14.67	75,695	8,475	11.2%	-600	0	-600	--
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	\$10.89 - \$10.89	11,240	6,200	55.2%	0	0	0	--
Warehouse	\$6.25 - \$6.25	50,948	22,150	43.5%	0	0	0	--

¹From all Q4 2006 respondents

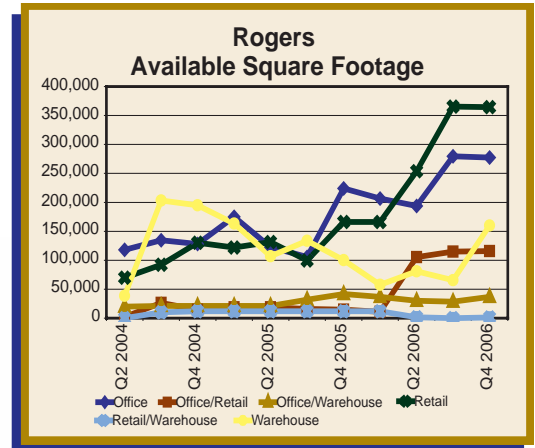
²From Q4 2006 respondents who were also Q3 2006 respondents

Lowell Commercial Properties



Rogers

- Rogers had 6,087,914 square feet of competitive commercial space in the fourth quarter of 2006.
- From September to November 2006, Rogers issued building permits for new commercial space valued at a total of \$11,146,805.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 5,525,397 square feet of commercial space in the fourth quarter of 2006. This represents 90.8 percent of the total competitive commercial space in Rogers.
- In the fourth quarter of 2006, Rogers experienced small amounts of positive net absorption in the office, office/warehouse, retail, and warehouse submarkets and negative net absorption in the office/retail and retail/warehouse submarkets.
- In the fourth quarter of 2006, no additional space was added to the Rogers commercial market. This follows the third quarter where substantial space was added to both the office and retail submarkets.
- Reported vacancy rates increased slightly in the office and office/retail submarkets in the fourth quarter and decreased slightly in the retail submarket. Vacancy rates were up in the office/warehouse, retail/warehouse, and warehouse submarkets in the fourth quarter of 2006.
- Average reported lease rates for Rogers commercial space were virtually unchanged in the fourth quarter of 2006.



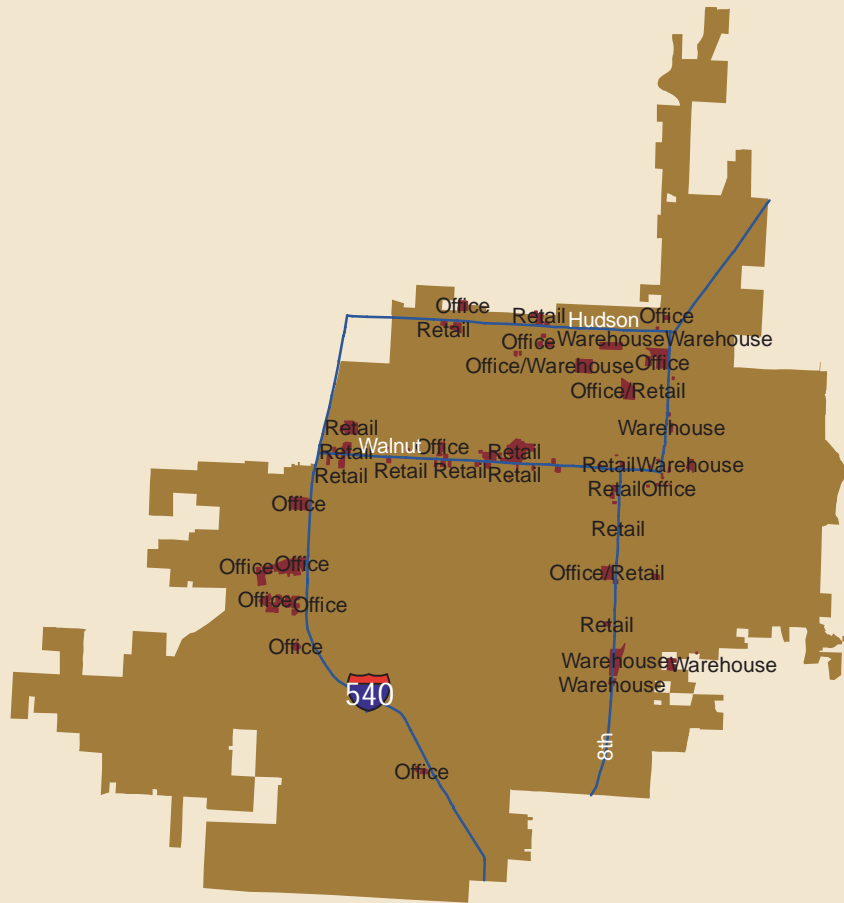
Rogers Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1, 2}	Months of Inventory ^{1, 2}
Industrial	\$6.00 - \$6.00	8,000	0	0.0%	0	0	0	-
Office	\$15.84 - \$16.88	1,359,264	277,530	20.4%	2,131	0	2,131	390.7
Class A	\$18.65 - \$20.15	898,831	218,812	24.3%	-1,289	0	-1,289	-
Class B	\$12.75 - \$13.44	378,067	53,686	14.2%	2,002	0	2,002	80.4
Class C	\$10.21 - \$10.21	60,101	0	0.0%	1,418	0	1,418	0.0
Medical	\$15.00 - \$15.00	22,265	5,032	22.6%	0	0	0	-
Office/Retail	\$12.83 - \$14.14	591,580	115,935	19.6%	-1,106	0	-1,106	-
Class A	\$24.50 - \$24.50	129,316	69,670	53.9%	0	0	0	-
Class B	\$11.82 - \$12.25	77,012	34,259	44.5%	0	0	0	-
Class C	\$9.33 - \$12.83	176,506	12,006	6.8%	-1,106	0	-1,106	-
Office/Warehouse	\$5.50 - \$7.05	367,422	36,864	10.0%	1,750	0	1,750	63.2
Retail	\$12.35 - \$13.37	2,510,388	364,484	14.5%	2,286	0	2,286	478.3
Class A	\$18.28 - \$18.99	1,598,964	168,066	10.5%	-926	0	-926	-
Class B	\$9.82 - \$11.16	679,015	177,880	26.2%	2,000	0	2,000	266.8
Class C	\$9.07 - \$9.93	232,409	18,538	8.0%	1,212	0	1,212	45.9
Retail/Warehouse	\$6.70 - \$6.70	16,160	1,283	7.9%	-1,283	0	-1,283	-
Warehouse	\$4.16 - \$4.51	672,583	159,997	23.8%	6,120	0	6,120	78.4

¹From all Q4 2006 respondents

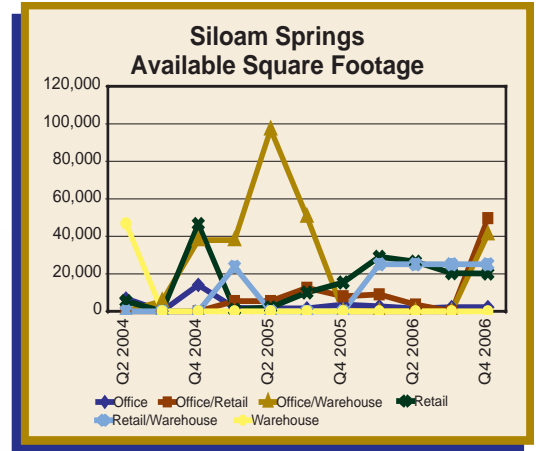
²From Q4 2006 respondents who were also Q3 2006 respondents

Rogers Commercial Properties



Siloam Springs

- Siloam Springs had 1,341,972 square feet of competitive commercial space in the fourth quarter of 2006.
- From September to November 2006, Siloam Springs issued building permits for 20,816 square feet of new commercial space, valued at a total of \$538,000.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 735,139 square feet of commercial space in the fourth quarter of 2006. This represents 54.8 percent of the total competitive commercial space in Siloam Springs.
- In fourth quarter of 2006, Siloam Springs experienced negative net absorption in the office/retail and office/warehouse submarkets. There was slight net positive absorption in the retail submarket in the fourth quarter.
- A total of 57,223 square feet of new office/retail space came online in the fourth quarter in Siloam Springs.
- Following net absorption, vacancy rates jumped up in the office/retail and office/warehouse submarkets and barely declined in the retail submarket in the fourth quarter of 2006.
- Average reported lease rates were increased in the office/retail submarket in Siloam Springs in the fourth quarter.



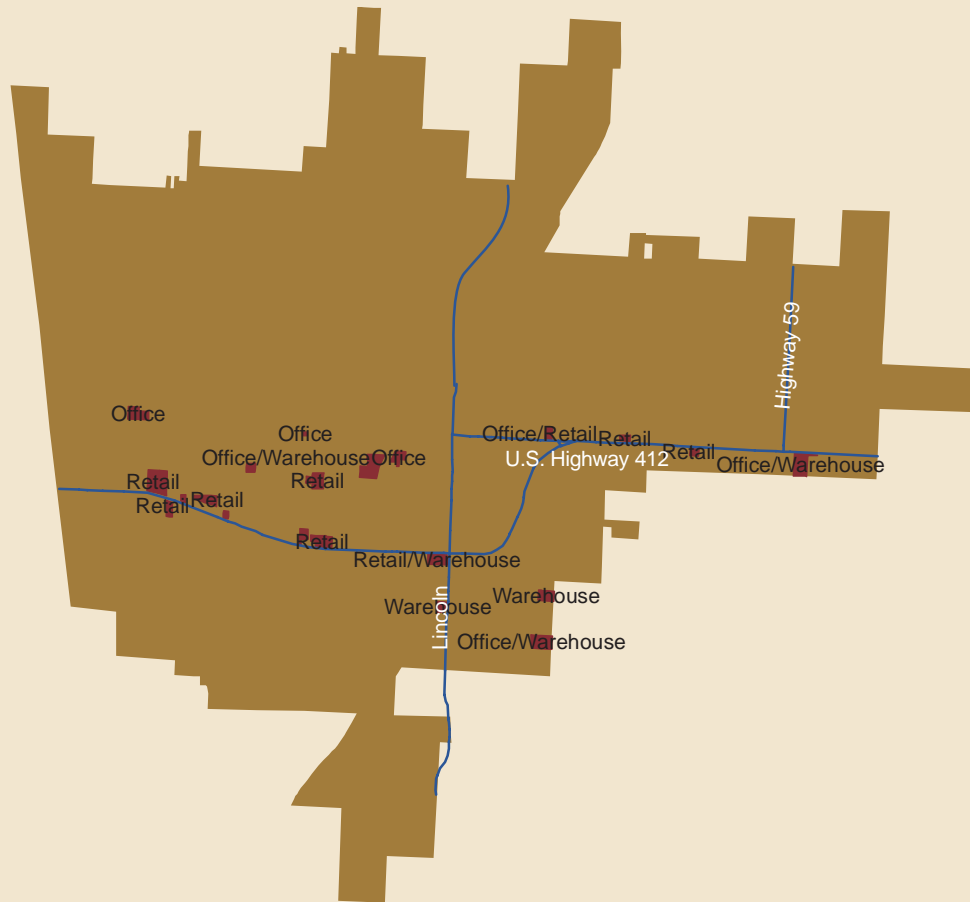
Siloam Springs Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1, 2}	Months of Inventory ^{1, 2}
Industrial	—	—	—	—	—	—	—	—
Office	\$11.98 - \$12.83	80,760	2,200	2.7%	0	0	0	—
Class A	—	—	—	—	—	—	—	—
Class B	\$7.39 - \$8.27	9,728	0	0.0%	0	0	0	—
Class C	—	—	—	—	—	—	—	—
Medical	\$13.51 - \$14.34	71,032	2,200	3.1%	0	0	0	—
Office/Retail	\$10.03 - \$11.20	107,960	49,690	46.0%	7,533	57,223	-49,690	—
Class A	\$14.50 - \$18.00	57,223	48,640	85.0%	8,583	57,223	-48,640	—
Class B	\$7.80 - \$7.80	50,737	1,050	2.1%	-1,050	0	-1,050	—
Class C	—	—	—	—	—	—	—	—
Office/Warehouse	\$3.17 - \$3.29	131,001	41,087	31.4%	-35,007	0	-35,007	—
Retail	\$8.26 - \$9.03	302,846	20,133	6.6%	221	0	221	273.3
Class A	—	—	—	—	—	—	—	—
Class B	\$9.16 - \$9.64	187,222	20,133	10.8%	-1,703	0	-1,703	—
Class C	\$6.00 - \$7.50	115,624	0	0.0%	1,924	0	1,924	0.0
Retail/Warehouse	—	25,110	25,110	100.0%	0	0	0	—
Warehouse	—	87,462	0	0.0%	0	0	0	—

¹From all Q4 2006 respondents

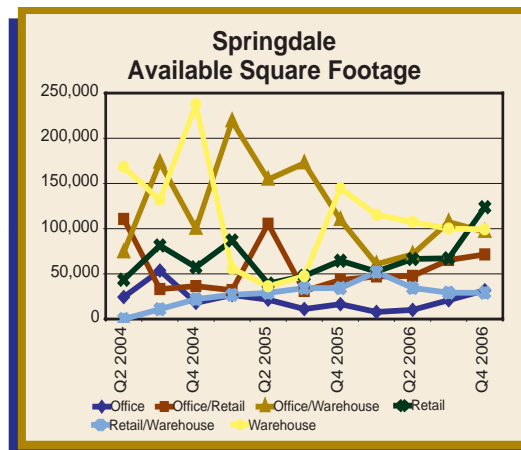
²From Q4 2006 respondents who were also Q3 2006 respondents

Siloam Springs Commercial Properties



Springdale

- Springdale had 7,011,275 square feet of competitive commercial space in the fourth quarter of 2006.
- From September to November 2006, Springdale issued no commercial building permits.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 4,929,313 square feet of commercial space in the fourth quarter of 2006. This represents 70.3 percent of the total competitive commercial space in Springdale.
- In the fourth quarter of 2006, Springdale experienced positive net absorption in the office/warehouse and warehouse submarkets and negative net absorption in the office, office/retail, and retail submarkets.
- A total of 7,200 square feet of new office/warehouse space was added in the fourth quarter. An additional 31,000 square feet of retail space was added to the Springdale commercial property market in the fourth quarter.
- Reported vacancy rates increased in all submarkets except warehouse in Springdale in the fourth quarter.
- Reported average lease rates for commercial properties in Springdale were basically unchanged in the fourth quarter.



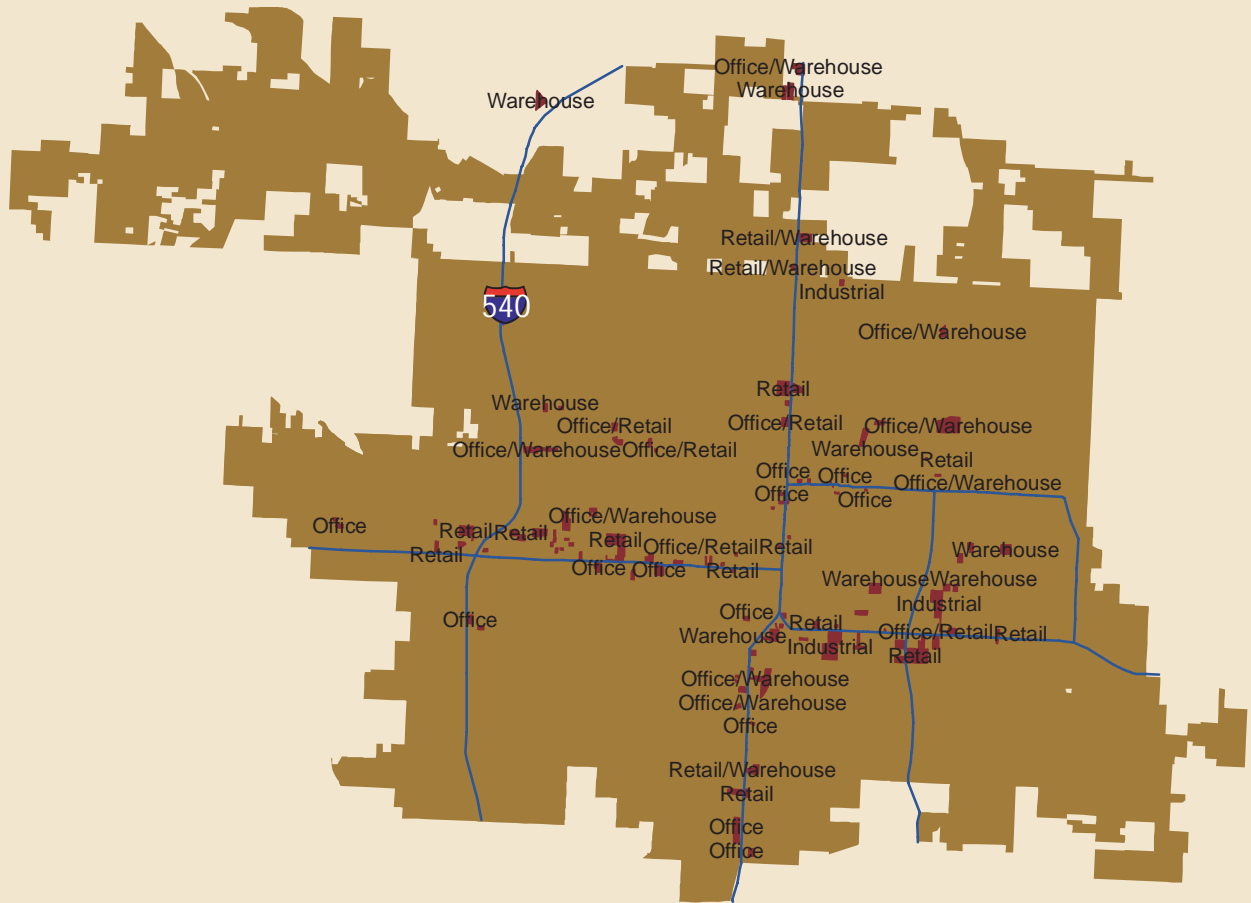
Springdale Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ^{1, 2}	Months of Inventory ^{1, 2}
Industrial	\$3.50 - \$6.00	351,647	0	0.0%	0	0	0	0.0
Office	\$11.87 - \$13.16	422,831	31,808	7.5%	-8,941	0	-8,941	--
Class A	\$10.40 - \$15.38	57,248	3,805	6.6%	-3,805	0	-3,805	--
Class B	\$13.35 - \$14.89	260,961	12,039	4.6%	6,824	0	6,824	5.3
Class C	\$10.59 - \$10.60	49,244	4,144	8.4%	-1,040	0	-1,040	--
Medical	\$10.78 - \$11.78	55,378	11,820	21.3%	-10,920	0	-10,920	--
Office/Retail	\$9.90 - \$11.95	421,157	71,440	17.0%	-4,516	0	-4,516	--
Class A	--	--	--	--	--	--	--	--
Class B	\$12.12 - \$14.00	178,519	35,500	19.9%	-1,516	0	-1,516	--
Class C	\$8.24 - \$10.41	242,638	35,940	14.8%	-3,000	0	-3,000	--
Office/Warehouse	\$5.67 - \$7.95	1,050,634	96,542	9.2%	9,864	7,200	2,664	108.7
Retail	\$9.32 - \$10.74	1,400,358	123,731	8.8%	-1,547	31,000	-32,547	--
Class A	--	--	--	--	--	--	--	--
Class B	\$11.51 - \$13.49	1,221,888	104,844	8.6%	2,588	31,000	-28,412	--
Class C	\$7.35 - \$8.27	178,470	18,887	10.6%	-4,135	0	-4,135	--
Retail/Warehouse	\$6.15 - \$8.00	261,723	29,100	11.1%	0	0	0	--
Warehouse	\$4.11 - \$5.21	1,020,963	99,166	9.7%	4,784	0	4,784	62.2

¹From all Q4 2006 respondents

²From Q4 2006 respondents who were also Q3 2006 respondents

Springdale Commercial Properties



Interpreting the Numbers in the Skyline Report

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

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

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

The third source of data for the Skyline report is a panel of large commercial property owners and managers. These individuals are responsible for the bulk of the competitive commercial properties in Northwest Arkansas. CBER researchers gather information on square footage available to the market, lease rates, and other property characteristics from the panelists. In the fourth quarter of 2006, 187 panelists provided data on 953 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 953 properties and are assumed to be representative of the larger competitive commercial property market.

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

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

Classification

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

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

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

