

THE SKYLINE REPORT

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SAM M.
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Commercial Real Estate Market Summary for Benton and Washington Counties

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

Highlights from the Fourth Quarter of 2007

- In the fourth quarter of 2007, 211,897 square feet of competitive commercial property were added to the Northwest Arkansas market. Almost 100,000 square feet of that space was new office space, almost 80,000 was new warehouse space, and about 35,000 was new office/retail space.
- In the office market, there was negative net absorption of 48,951 square feet. A total of 97,170 square feet of new space were added to the office markets in Fayetteville, Rogers, Siloam Springs, and Springdale.
- Within the retail submarket, there was absorption of 76,948 square feet, while no new space entered the market. Accordingly, the retail vacancy rate declined from 13.0 percent in the third quarter to 12.5 percent in the fourth quarter of 2007.
- The office/retail submarket in Northwest Arkansas added 35,227 square feet and absorbed 4,258 square feet. As a result, the vacancy rate increased to 24.2 percent in the fourth quarter from 21.6 percent in the third quarter.
- A total of 79,500 square feet of new warehouse space were added to the Northwest Arkansas market in the fourth quarter, while 106,395 square feet became occupied, netting the positive net absorption of 26,895 square feet. The vacancy rate declined from 21.4 percent to 18.0 percent, accordingly.
- From September to November 2007, there were almost \$41.0 million in commercial building permits issued in Bentonville, Fayetteville, Lowell, and Rogers. This is a decline of 29.5 percent from the prior quarter, but an increase of 6.0 percent from the fourth quarter of 2006.

Report Structure

The Skyline Report presents an analysis of data from three primary sources. Information on the entire population of commercial property is gathered from the offices of the Benton and Washington County Assessors. These data sets are then filtered to exclude properties that are not part of the competitive leasing market. These excluded properties include owner-occupied buildings and other dedicated spaces. Additionally, commercial properties that do not meet certain minimum size criteria (detailed on page 53) are also filtered from the base of commercial properties considered. As a second source of data, building permit information is collected from the relevant divisions in Northwest Arkansas city governments. Finally, availability, lease rates, and other characteristics of competitive commercial properties are obtained from a panel of the largest commercial property owners and managers in Northwest Arkansas. Each of the three types of information that is collected gives a unique, but critical perspective of the local commercial property market. Without understanding what the universe of commercial properties looks like at the beginning of a period, the scale of available space for lease is meaningless. Likewise, the data that come from building permits paint a picture of what market additions are imminent. Only after setting the stage with these two perspectives do vacancy rates and market absorption numbers have real value.

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

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

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

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

Following the table of announced commercial projects is a trends summary that includes information about vacancy rate and available space trends. There are also three tables summarizing some results from the most recent five quarters. The first table presents vacancy rates by submarket for the fourth quarter of 2006 and for the first, second, third, and fourth quarters of 2007. The second table presents net absorption by submarket and the



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

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

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

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



Economic Overview

The Macro Economy at a Glance

In the fourth quarter of 2007, the overall real growth rate in GDP was 0.6 percent, according to advance estimates released by the U.S. Department of Commerce Bureau of Economic Analysis (BEA). The growth rate went down from a revised 4.9 percent rate in the third quarter of 2007 and was lower than the growth rate in the fourth quarter of 2006 which was 2.1 percent. The BEA reported that the increase in real GDP in the fourth quarter primarily reflected positive contributions from personal consumption expenditures (PCE), nonresidential structures, state and local government spending, exports, and equipment and software that were largely offset by negative contributions from private inventory investment and residential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased slightly. The deceleration in real GDP growth in the fourth quarter primarily reflected a downturn in inventory investment and decelerations in exports, in PCE, and in federal government spending, that were partly offset by a deceleration in imports and acceleration in state and local government spending. Final sales of computers contributed 0.18 percentage point to the fourth-quarter growth in real GDP after contributing 0.28 percentage point to the third-quarter growth. Motor vehicle output subtracted 0.90 percentage point from the fourth-quarter growth in real GDP after contributing 0.36 percentage point to the third-quarter growth.

Turning to other data, in December of 2007, the national unemployment rate was a seasonally adjusted 5.0 percent, higher than 4.4 percent a year earlier. The Conference Board Consumer Confidence Index, which had been declining since the summer, posted a slight increase in December. The Index now stands at 88.6 (1985=100), up from 87.8 in November. The Expectations Index rose to 75.5 from 69.1. The Present Situation Index, however, decreased to 108.3 from 115.7 in November. Lynn Franco, Director of The Conference

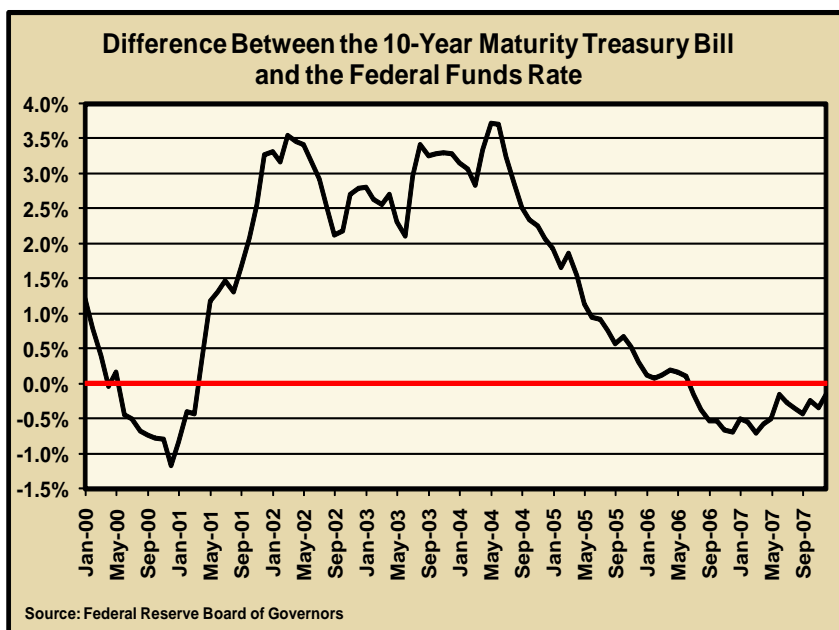
Board Consumer Research Center, said: “This month’s slight gain in Confidence was due solely to an increase in the Expectations Index. Consumers’ short-term outlook regarding business conditions, employment, inflation, and stock prices improved marginally. However, while consumers are less negative about the near-term future, they remain far from optimistic.”

From December 2006 to December 2007, the Consumer Price Index for All Urban Consumers (CPI-U) rose at a 3.7 percent seasonally adjusted annual rate (SAAR). This compares with an increase of 2.5 percent in 2006. Overall energy costs rose 17.4 percent in 2007 with the index for petroleum-based energy costs (energy commodities) up 29.4 percent and charges for energy services (gas and electricity) up 3.4 percent. The food index, which rose 2.1 percent in all of 2006, advanced 4.9 percent in 2007, its largest increase since a 5.3 percent rise in 1990. Excluding food and energy, the CPI-U advanced at a 2.7 percent SAAR in 2007, following a 2.6 percent rise for all of 2006. The producer price index for materials and

components for construction increased at a 0.4 percent SAAR during the fourth quarter of 2007 after rising at a 0.6 percent SAAR during the third quarter.

Short-term Interest Rate Risk

The Federal Reserve continued to implement decreases in short term interest rates, making its fourth and largest cut since September 2007 in January 2008. The Fed Funds target stand at 3.47 percent now. According to the Fed, declines were due to weakening of the economic outlook and increasing downside risks to growth. Although economic growth slowed in the fourth quarter of last year from the third quarter’s rapid clip, it seems nonetheless, as best the central bank can tell, to have continued at a moderate pace. Incoming information has suggested that the baseline outlook for real activity in 2008 has worsened and the downside risks to growth have become more pronounced. Notably, the demand for housing seems to have weakened further, in part reflecting the ongoing problems in mortgage markets. In addition, a number of factors, including higher oil prices,



Economic Overview

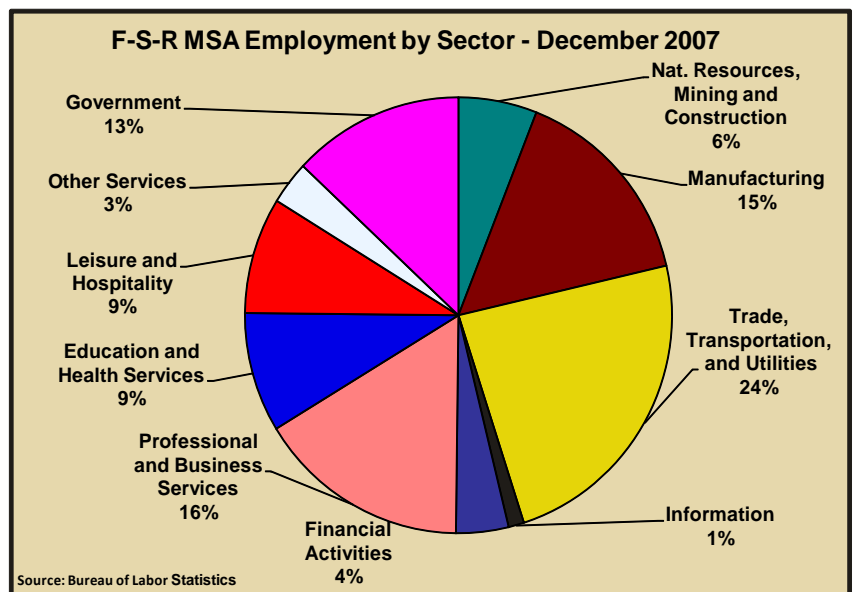
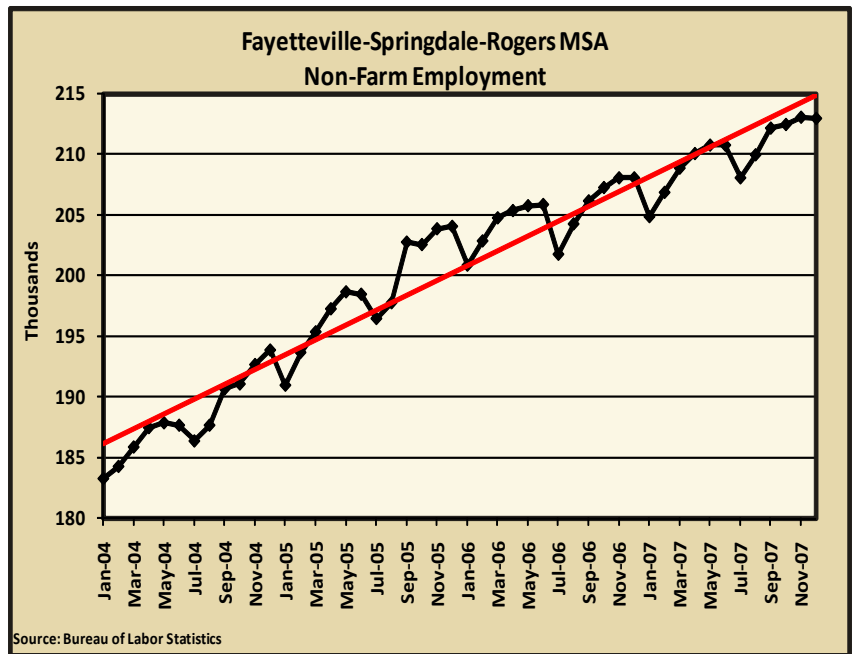
lower equity prices, and softening home values as well as softening in labor markets, seem likely to weigh on consumer spending as we move into 2008.

Long-term Interest Rate Risk

Although short-term rates climbed from 2004 through early 2006, increases in longer term rates did not keep pace and even decreased. The ten year constant maturity Treasury bill had an interest rate of 4.15 percent in January 2004 and an interest rate of 4.10 percent in December 2007, while the federal funds rate increased by 224 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 January 2004 to December 2007, there was a 329 basis point decline in the spread. In December 2007, the spread was a negative 0.14 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 numbers bear careful watching because the demand for much of the new and expected commercial development relies on the assumption that job growth will be strong. Between December 2006 and December 2007 the Northwest Arkansas economy added, on average, 408 jobs per month which is far below the five year average of 549 jobs per month. While looking at the individual data points of 2007, mixed patterns of employment growth are revealed compared to the data of 2006. Earlier months of 2007 showed slightly stronger growth, while the fourth quarter revealed somewhat weaker growth. Specifically, 300 jobs were added in



October of 2007 and 600 jobs in November of 2007 as compared to 1,100 and 800 jobs added in October and November of 2006, respectively.

In order to delve more closely into the makeup of the job growth in Northwest Arkansas, two additional figures are provided. The first shows the December 2007 Fayetteville-Springdale-Rogers MSA employment breakdown by sector. As the pie chart shows,

trade, transportation and utilities continued to have the largest share of employment (24 percent) in Northwest Arkansas, followed by professional and business services (16 percent), manufacturing (15 percent), government (13 percent), education and health services (9 percent), and leisure and hospitality (9 percent). The second figure shows the annual percentage change in the MSA's employment by sector from December 2006 to December 2007. Total nonfarm employ-



Local Perceptions

ment increased by 2.4 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. Professional and business services, leisure and hospitality, education and health services, natural resources, mining, and construction, trade, transportation, and utilities, as well as other services sectors had the largest percentage increases.

According to the Bureau of Labor Statistics, the unemployment rate in Northwest Arkansas was at a seasonally non-adjusted 3.6 percent in November 2007. This is up from 3.0 percent in November of 2006. The November unemployment rate is down from its 2007 high of 4.3 percent in July. The unemployment rate in Northwest Arkansas continues to outperform both the state (5.2 percent) and nation (4.5 percent) seasonally non-adjusted rates.

Local Perceptions of the Northwest Arkansas Commercial Property Market

Each quarter, CBER staff members have conversations with a dozen or so commercial developers and/or property managers to gain their ground-level insights on the current commercial real estate market in Benton and Washington counties. Panelists have talked about the banking industry; the general state of the market including hot spots of activity, areas of softness, and supply/demand imbalances; demographic shifts; local governmental concerns; interest rates and the national economy; and infrastructure issues. Over the past several quarters the panelists have become increasingly open in expressing their thoughts and feelings on the issues, sometimes controversial, affecting Northwest Arkansas.

Several panelists expressed a deepening sense of concern for the coming year. Increasing numbers of bankruptcies and

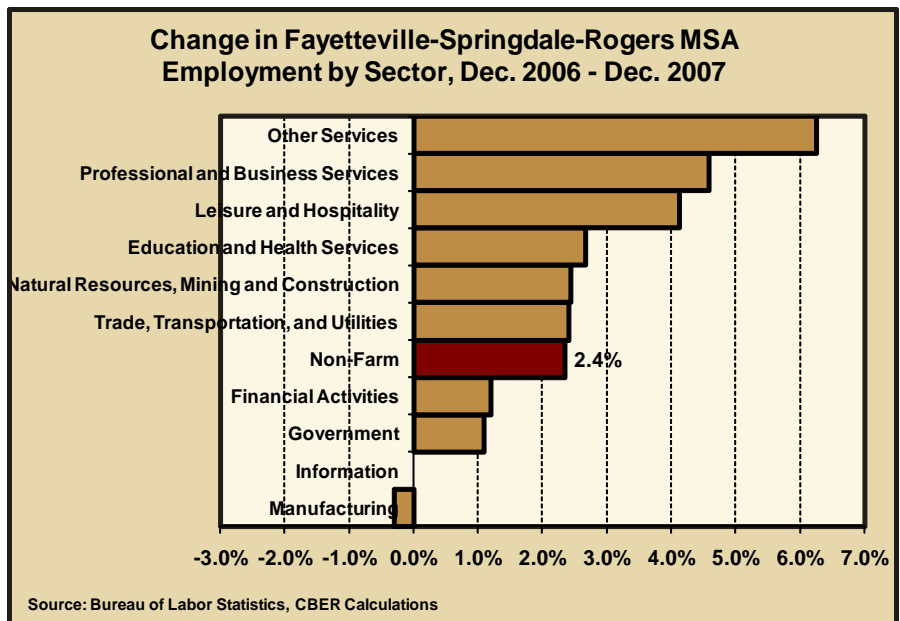
foreclosures are continuing to cause worry about the health of several local banks. A number of panelists reiterated the thought that the local banks are to blame for much of the current problems. Additionally, there was a clear division between panelists who believe the banking industry will learn from its mistakes during this expansion and not make them when the Northwest Arkansas real estate market rebounds, and those who do not believe there will be any change in banking behavior during the next expansion.

Continuing vacancies and oversupply of commercial property also contributed to the concern most panelists feel. The burgeoning increase in office space in the Fayetteville market, particularly around the Northwest Arkansas Mall is a prime contributor to this problem. Also strong concerns about the substantial vacancies in Bentonville and Rogers remain. Some panelists continue to anticipate further fall out in the commercial sector with substantial benefits to be realized with those who have cash. As one panelist put it “cash will be king” in 2008. Several panelists reported substantial leasing activity. There is continued “churn” as some tenants just move looking for better pricing and/or quality, and other tenants move into larger spaces. A

majority of panelists continue to report that there is still growth: due to new vendors (not from the often rumored “Asian influx”), new professional space demand (led by the medical office sector), and even some new retail. Panelists continue to feel that new building can continue as long as it is in a strong niche (medical, expanding vendor space) or there is substantial preleasing. Panelists continue to express the belief that in the long run office and retail supply and demand will move to equilibrium as the population continues to grow in Northwest Arkansas.

However, potentially dampening this perception of continued population growth is the concern expressed by panelists regarding the decline in the number of Hispanics. It is also taken as an indication of weakness in the Northwest Arkansas construction industry. Nonetheless panelists also expressed long run confidence in the ability of Wal-Mart, the University of Arkansas, Tyson, J.B. Hunt, and second tier economic development as population growth engines.

Impact fees and increased costs due to regulations again were mentioned in passing but not with a strong focus for the second quarter in a row. For the time being that



Local Perceptions

concern seems to have leveled out. However, if there is another new push for increases in either category it will return. Several panelists did discuss perceived local government incompetence, and a few panelists mentioned corruption, as being noticeable costs of doing business in many Northwest Arkansas cities.

Panelists continued to express increasing levels of concern about the effect of national economic problems on Northwest Arkansas, as the level of insularity has declined. Last quarter panelists felt that if the Fed cut interest rates it would spur new development in the NWA commercial market. That optimism seemed tempered because even with the interest rate cuts by the Fed, panelists voiced more fears of a recession in the first quarters of 2008.

Infrastructure remains an ongoing concern, but as there continues to be visual progress the level of concern has remained constant for another quarter. Panelists continue to hope that the rate of increase in infrastructure development will continue, although none expects Northwest Arkansas to see existing infrastructure fully meet the needs of the region for decades, if ever. As a panelist said, "further growth demands further infrastructure."

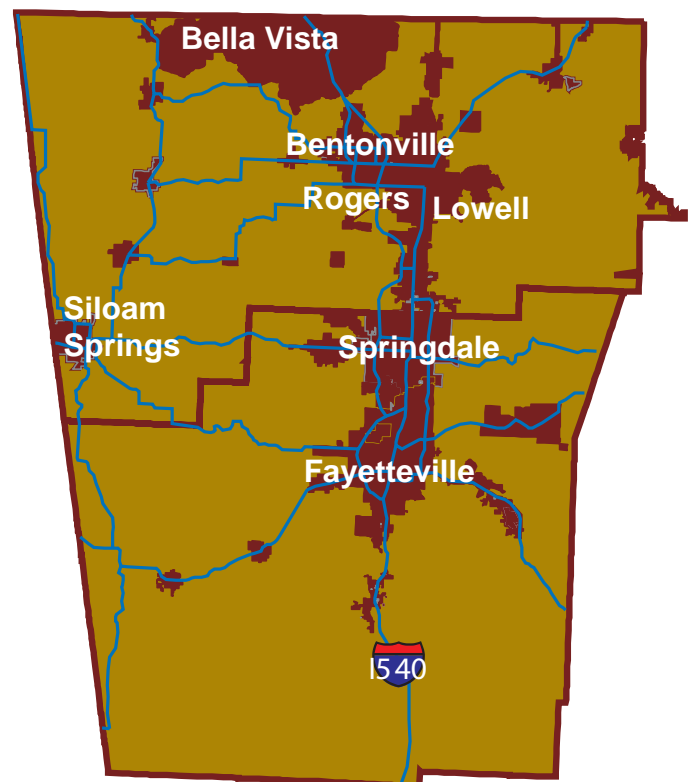
Long run optimism remains fairly strong, although short run worries are increasing. Panelists remain concerned about the short run (but not the long run) growth of Wal-Mart and J.B. Hunt. The decline in the rate of population growth, highlighted by concerns about the Hispanic working class and the decline in the rate of job creation, are also tempering optimism about Northwest Arkansas development and growth over the next couple of years. A consensus of panelists feels it will not be until 2010 that the commercial real estate market in Northwest Arkansas enters a new period of strong expansion.

Positive Factors:

1. Strong demand for office space.
2. Continued movement of vendors into Northwest Arkansas.
3. Continued influx of professionals into Northwest Arkansas.
4. National attention to the growing MSA by developers and retailers.
5. National media coverage of Northwest Arkansas as a good place to live and work.
6. Creation of destination locations including development of the baseball stadium in Springdale.
7. Wal-Mart, Tyson Foods, J.B. Hunt, and the University of Arkansas.
8. Region's entrepreneurial spirit.
9. Interest rate cuts.

Negative Factors:

1. Oversupply of office space in Bentonville/ Fayetteville/Rogers.
2. Oversupply in the residential market.



Inventory and Building Permits

Categories of Commercial Properties

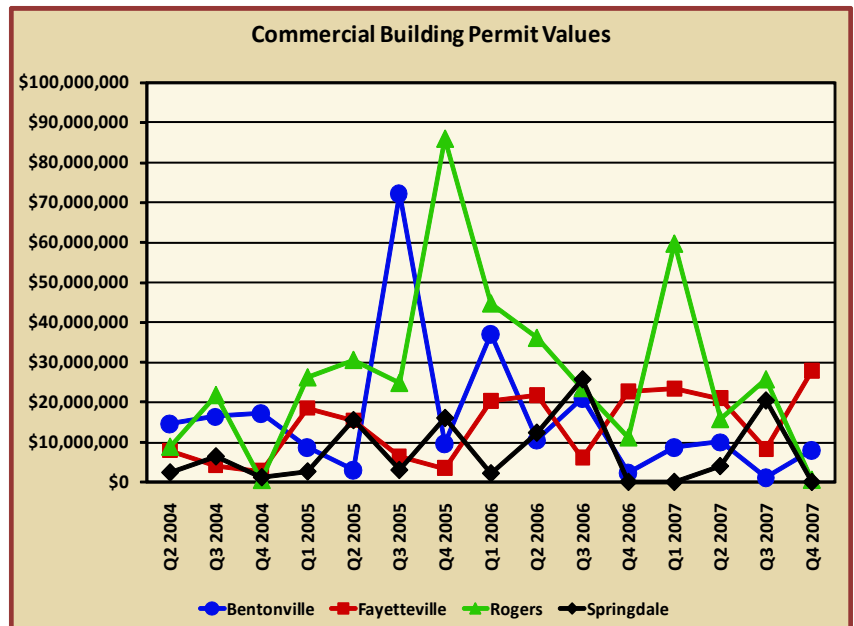
The Northwest Arkansas commercial market is divided into seven major categories of space:

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

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

Local Commercial Property Inventory and Building Permit Data

The following table presents the total competitive commercial property inventory in Northwest Arkansas that meets minimum square footage requirements (a complete list of these criteria are included on page 53) as of November 2007. For the fourth quarter,



the Skyline Report covered 89.8 percent of the total competitive commercial property population in Northwest Arkansas. Some cities had better coverage than others.

Building permit data from the past fifteen 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 2007, there were almost \$41.0 million in commercial building permits issued in Bentonville, Fayetteville, Lowell, and Rogers. This is a decline of 29.5 percent from the prior quarter, but an increase of 6.0 percent from the fourth quarter of 2006. Fayetteville accounted for about 68.1 percent of the total value of building permits in the September to November period. Bentonville accounted

for an additional 19.7 percent and Lowell accounted for 10.9 percent. Rogers' share decreased significantly to 1.3 percent in the fourth quarter from 44.1 percent in the third quarter. Springdale and Siloam Springs issued no commercial building permits in the fourth quarter.

The table of announcements of New Commercial Property is included as an indication of the future direction of the Northwest Arkansas commercial market. The list is not exhaustive, but represents an effort to gather data at a step before the official permitting process. The managers and owners of many of these properties have provided the 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.

Following the announced properties table is a list of the existing hotel properties in Northwest Arkansas, detailed by city. In the fourth quarter, there were 6,794 standard rooms and 1,360 suites in Northwest Arkansas. Bentonville had the most rooms, with 2,051. Announced new properties are detailed in a



Inventory

table following the existing hotel properties. properties follows the hotel information.
Finally, a list of announced new restaurant

Total Square Feet and Coverage of Competitive Commercial Properties

	Industrial ¹	Office ¹	Retail ¹	Warehouse ¹	Total ¹	Panel Total Square Feet ²	Panel Coverage ²
Bella Vista	--	111,924	138,680	90,964	341,568	319,574	93.6%
Bentonville	76,056	3,686,270	940,973	708,876	5,412,175	5,981,873	110.5%
Fayetteville	114,079	2,819,070	3,873,792	1,778,270	8,567,147	7,009,765	81.8%
Lowell	57,970	254,691	172,208	772,259	1,257,128	850,164	67.6%
Rogers	439,106	2,052,430	3,429,216	1,495,438	7,416,190	7,641,375	103.0%
Siloam Springs	89,353	180,293	687,989	219,502	1,177,137	719,094	61.1%
Springdale	1,231,976	1,447,589	2,181,159	2,417,034	7,277,758	5,727,961	78.7%
Northwest Arkansas Total	2,008,540	10,552,267	11,424,017	7,482,343	31,449,103	28,249,806	89.8%

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 53 of this report.

²Source: Panel of 241 large Northwest Arkansas commercial property owners and managers.



Building Permits



Commercial Building Permit Data by City

	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Sept. - Nov. 2007	\$8,075,766	\$27,923,695	\$4,455,275	\$533,200	\$0	\$0	\$40,987,936
June - August 2007	\$1,194,440	\$8,309,014	\$48,927	\$25,668,347	\$2,575,178	\$20,375,131	\$58,171,037
March - May 2007	\$10,082,817	\$20,962,887	\$8,277,328	\$15,727,729	\$3,019,500	\$3,960,747	\$62,031,008
Dec. 2006 - Feb. 2007	\$8,725,598	\$23,406,927	\$4,709,086	\$59,642,734	\$25,000	\$0	\$96,509,345
Sept. - Nov. 2006	\$2,404,840	\$22,721,389	\$1,840,722	\$11,146,805	\$538,000	\$0	\$38,651,756
June - August 2006	\$21,014,259	\$6,147,723	\$462,712	\$23,479,198	\$5,890,000	\$25,663,800	\$82,657,692
March - May 2006	\$10,575,639	\$21,780,317	\$10,924,435	\$36,046,864	\$3,650,000	\$12,322,984	\$95,300,239
Dec. 2005 - Feb. 2006	\$37,121,720	\$20,330,697	\$2,359,019	\$44,672,800	\$165,000	\$2,151,476	\$106,800,712
Sept. - Nov. 2005	\$9,674,394	\$3,519,150	\$3,275,717	\$85,896,765	\$150,000	\$15,999,816	\$118,515,842
June - August 2005	\$72,205,699	\$6,434,833	\$1,666,851	\$24,782,039	\$200,000	\$2,982,618	\$108,272,040
March - May 2005	\$3,061,870	\$15,491,806	\$1,590,789	\$30,534,466	\$1,059,000	\$15,468,833	\$67,206,764
Dec. 2004 - Feb. 2005	\$8,753,636	\$18,560,094	\$390,000	\$26,172,000	\$254,700	\$2,614,524	\$56,744,954
Sept. - Nov. 2004	\$17,242,269	\$2,750,867	\$402,891	\$489,240	\$188,000	\$1,174,999	\$22,248,266
June - August 2004	\$16,446,488	\$4,145,124	\$10,035,248	\$21,734,534	\$1,993,393	\$6,390,478	\$60,745,265
March - May 2004	\$14,640,091	\$7,839,529	\$203,680	\$8,804,700	\$1,721,585	\$2,371,888	\$35,581,473



New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Crye-Leike Office	Bella Vista	Crye-Leike Realtors	Office/Retail	9,000	April 2008
Mercy Health System Urgent Care	Bella Vista	Mercy Health System	Medical	--	--
206 SW 2nd Street Multi-Use Building	Bentonville	Main Street Builders LLC	Mixed Use	--	--
28th Street Commercial Building	Bentonville	Rick Thomas	Office/Retail	24,000	--
3 Cottonwood Village Buildings	Bentonville	Charles Benningfield	Office	25,012	--
Airport Plaza	Bentonville	--	Office/Retail/Bank	25,846	--
Applegate Hills	Bentonville	Robert Weinmeier and Jim Brassart	Mixed Use	980,000	--
Archer Business Park	Bentonville	Wayne and Victoria Martin	Retail	20,000	--
Arvest Bank	Bentonville	Arvest Bank	Bank	5,000	2008
Bentonville Dialysis Center	Bentonville	Dr. Fred Smardo	Medical Office	86,035	--
Bentonville Pre-K School	Bentonville	Bentonville School District	School	22,630	--
Brightwood Business Park	Bentonville	Mike Charlton	Office/Retail	35,260	2008
Christopher's Custom Homes Office	Bentonville	Christopher's Custom Homes Office	Office	--	--
Classic Lube, Tune and Brakes	Bentonville	Shane Willis	Retail	4,300	--
Cornerstone Ridge	Bentonville	Tom Terminella	Mixed Use	--	--
Covington Center	Bentonville	Benchmark Group	Office/Retail	--	--
Crye-Leike Office	Bentonville	Crye-Leike Realtors	Office/Retail	14,000	Sept. 2008
Day Care and Commercial Building	Bentonville	Max McGaugh	Office/Retail	8,000	--
Digital Endeavors	Bentonville	Digital Endeavors	Office	7,650	--
Elm Tree Place	Bentonville	--	Commercial	10,144	--
Heritage Center Building 2	Bentonville	Colliers Dickson Flake	Office	8,498	2008
Jump Zone	Bentonville	Cottonwood Development LLC	Retail	10,206	--
Lakeside Center	Bentonville	Lindsey Management	Office	60,000	--
Landers McClarty Jeep	Bentonville	Landers McClarty Auto	Commercial	9,033	--
Moberly Professional Park	Bentonville	--	Office	56,128	--
Morrison Addition Office Buildings	Bentonville	Clinard Construction	Office	30,000	--
Neighborhood Wal-Mart and Uptown Center	Bentonville	CEI Engineering	Retail	40,000+	Mid 2008
Oakbrooke II	Bentonville	MIDD Development	Office/Retail	26,000	--
Outdoor Cap Expansion	Bentonville	Outdoor Cap	Warehouse	59,400	--
PJT Commercial Building	Bentonville	PJT Development	Commercial	8,000	--
Polo Park Commercial/Industrial Park	Bentonville	San Miguel LLC	Commercial/Industrial	--	--
Polo Park Warehouse	Bentonville	San Miguel LLC	Warehouse	108,000	--
Primary-Care Clinic	Bentonville	--	--	--	--
Rainbow Junction	Bentonville	--	Commercial	--	--
Rescue Heroes Building	Bentonville	Rescue Heroes LLC	Office	54,000	--
Retail Building on Central	Bentonville	Schaefer Properties	Retail	40,000	--
Savannah Suites	Bentonville	Pro Con Inc	Office/Retail	42,000	--
Single Parent Scholarship Fund of Benton County Office	Bentonville	Single Parent Scholarship Fund of Benton County Office	Office	5,068	April 2008
South Walton Plaza	Bentonville	Pro Con Inc	Office/Retail	11,500	Spring 2008
South Walton Plaza	Bentonville	Burckart, Fox & Werts	Office	12,000	2008
Supplier Plaza	Bentonville	Wallace & Xayprasith	Mixed Use	30,000	2008
SW Chucker Ave Warehouse	Bentonville	--	Warehouse	108,000	--
Tate & Haney Building	Bentonville	John Tate and Johnny Haney	Mixed Use	50,000	2008
The Chateau on Chardonnay	Bentonville	Rex Fox and Frank Farrer	Mixed Use	55,000	Early 2008
The Links at Rainbow Curve	Bentonville	Lindsey Management	Mixed Use	--	--
Top Dollar Pawn Shop	Bentonville	--	Retail	5,000	--
Vogel Commercial Development	Bentonville	Ross and Steve Vogel	Commercial	38,000	March 2008
Volkswagon Dealership Building	Bentonville	Bryan Hunt	Retail	15,000	2010
Wal-Mart Lay-out Center	Bentonville	Ivan Crossland and Bill Keating	Lay-out Center	270,000	2008
White Oak Convience Store	Bentonville	Steve Turner/Petromark	Retail	11,687	March 2008



New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Willow Brook Farms	Bentonville	--	Commercial	--	--
Woodehouse Day Spa	Bentonville	Daniel Ellis	Retail	6,300	2008
932 Garland	Fayetteville	Steve Mansfield	Mixed Use	66,227	2010
Appleby Landing	Fayetteville	Dixie Development	Medical Office	175,000	--
Arvest Bank	Fayetteville	Arvest Bank	Bank	8,080	Spring 2008
Beacon Flats	Fayetteville	Beacon Flats LLC	Mixed Use	5,500	--
Bellafont II	Fayetteville	Barber Group	Mixed Use	560,000	--
BioBased Headquarters	Fayetteville	J. Hunt, M. & T. Muccio, P. Phillips	Office/Lab	30,000	Nov. 2008
Bradberry Building	Fayetteville	Ed and Karlee Bradberry	Mixed Use	14,600	2008
Broyles Development	Fayetteville	Broyles Development LLC	Mixed Use	80,000	--
Clinton Retail Complex	Fayetteville	Roy Clinton	Retail	18,000	March 2008
Crye-Leike Office	Fayetteville	Crye-Leike Realtors	Office/Retail	18,900	Spring 2008
Flintco Warehouse	Fayetteville	Flintco Inc.	Warehouse	114,750	--
Forest Hills Development	Fayetteville	Forest Hills Dev. of Fort Smith	Mixed Use	240,000	--
Frisco Depot Project	Fayetteville	MansfieldHouse Ventures	Mixed Use	48,520	--
Kantz Building	Fayetteville	Kathy Ball	Commercial	9,000	2008
Metropolitan National Bank	Fayetteville	Metropolitan National Bank	Bank	4,902	Early 2008
N Shiloh Commercial Development	Fayetteville	--	Commercial	27,500	--
Park West	Fayetteville	Tracy Hoskins	Commercial	1,000,000+	2020
Pebble Creek Flats	Fayetteville	Art Scott	Mixed Use	11,000	--
Porter Road Development	Fayetteville	Mitchell Massey	Office/Warehouse	150,000	--
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	--
Ruskin Heights	Fayetteville	Davis, Hooker, Massey, & VanVeen	Retail	58,500	--
Southpass	Fayetteville	Richard Alexander & John Nock	Retail	150,000	--
The Dickson	Fayetteville	Collins Haynes	Mixed Use	65,143	--
The Links at Fayetteville	Fayetteville	Lindsey Management	Commercial	120,888	--
The Lofts at Underwood Plaza	Fayetteville	AMA Real Est. Group, Nock Inv., the Beldens, the Underwoods	Commercial	49,085	August 2008
The Mill at West End	Fayetteville	Box & Paxton	Commercial	12,027	Spring 2008
Timberlake Office Park	Fayetteville	Jeff Martin and Mike Phillips	Office	--	--
Tracy Hoskins MUD	Fayetteville	Tracy Hoskins	Mixed Use	--	--
Univ. Health Serv. Ment. Health Center	Fayetteville	Universal Health Services	Hospital	--	--
University Village Center	Fayetteville	Ark 4-John Ellis & Bill Lazenby	Retail	38,774	Early 2008
Vantage Partners Med. Office Building	Fayetteville	WW Healthcare	Medical Office	79,584	--
Walgreens	Fayetteville	Walgren's	Retail	13,000	--
Walgren's	Fayetteville	Walgren's	Retail	--	--
Wedington Circle	Fayetteville	Mansfield Property Management	Office/Retail	10,000	--
Wedington Circle	Fayetteville	Mansfield Property Management	Retail	6,576	--
Wedington Place	Fayetteville	Mathias Shopping Centers Inc	Office/Retail	26,000	Mid 2008
Wedington Retail Center	Fayetteville	--	Office/Retail	18,800	--
Western Sizzlin Retail Center	Fayetteville	Mark Bazyk	Retail	5,000	--
Woodstock Community	Fayetteville	Hank Broyles and John Nock	Mixed Use	100,000+	After 2009
Bloomington Crossing	Lowell	Nickle Investments	Retail	15,076	--
Commerce Park	Lowell	Nickell, Hill, Rodman&Trumbo, Inc.	Office/Warehouse	75,000	2008
Crye-Leike Office	Lowell	Crye-Leike Realtors	Office	6,000	January 2008
Fast Lane Entertainment	Lowell	Chris Moore	Retail	45,000	Sept. 2008
Kum and Go	Lowell	Kum and Go	Retail	3,391	--
Lowell City Hall	Lowell	--	--	--	--
Lowell Pharmacy	Lowell	John Lykins	Retail	4,000	March 2008
Midpoint Exchange Business Park	Lowell	Sage Partners	Commercial	--	--
NWA Business Center Tower	Lowell	Pinnacle Group	Office	48,000	Mid 2008
Shoppes at the Vineyards	Lowell	John Stucky	Office/Retail	5,000	Early 2008



New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
World Gym	Lowell	Rhett Garner and Tania Zamzow	Retail	47,100	Spring 2008
Park Central	Lowell/Rog	Charleton Development	Mixed Use	--	2008
Aaron's Rents	Rogers	Aarons Rents	Retail	--	--
Angler's Bend	Rogers	Caro Minas	Mixed Use	--	--
Arkansas St Commercial Building	Rogers	Brad Snyder	Commercial	7,200	Early 2008
BancorpSouth	Rogers	Bancorp South	Bank/Office	8,500	2008
Benchmark Office Building	Rogers	Benchmark Group	Office	118,000	2008
Chastain Office Building	Rogers	--	Office	--	--
Creekside Medical Park	Rogers	Colliers Dickson Flake	Medical Office/Retail	600,000	--
Creekside Phase III	Rogers	Daniel Ellis	Commercial	60,000	--
Crye-Leike Office	Rogers	Crye-Leike Realtors	Office/Retail	14,000	Sept. 2008
Friends House	Rogers	Friends House	Adult Care	5,000	March 2008
Furniture Store in Pinnacle Hills	Rogers	--	Retail	7,000	--
Gordmans	Rogers	Gordmans	Retail	50,000	April 2008
Harp's	Rogers	Harp's	Retail	32,000	Late 2008
Jamestown Community	Rogers	John Montgomery	Mixed Use	165,000	January 2008
Kia Dealership	Rogers	Bill White	Retail	11,000	2008
Legacy Bank	Rogers	Legacy Bank	Bank	--	--
Maralle Warehouse	Rogers	Maralle Development	Warehouse	7,200	--
Mercy Health System Office Building	Rogers	Mercy Health System	Medical Office	105,000	2008
Metro Park-The Strand	Rogers	Collins Haynes	Retail	44,900	--
Metro Park-Vendor Office Building	Rogers	Collins Haynes	Office	42,000	April 2008
Michaels	Rogers	Charles Reaves, et al	Retail	21,300	--
Myers Ranch	Rogers	Upscale Companies LLC	Mixed Use	680,000	Summer 2008
New Hope Investors PUD	Rogers	N. H. Investors and Elder Constr.	Mixed Use	--	--
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Office	21,432	--
Oliver Farm Development	Rogers	Collins, H. Haynes&Sachs Family	Commercial	--	--
Ozark Mountain Poultry Addition	Rogers	Ozark Mountain Poultry	Industrial	55,140	--
Ozark Orthopedic & Sports Medicine	Rogers	Ozark Orthopedic & Sports Med.	Medical Office	13,265	March 2008
Pinnacle Station	Rogers	Stephan Lair and Steve Turner	Mixed Use	42,000	April 2008
Pleasant Blossom Business Park	Rogers	--	Commercial	--	--
Pleasant Crossing	Rogers	Charles Reaves, et al	Retail	500,000+	--
Prairie Creek Center	Rogers	Mathias Properties	Retail	51,279	--
Promenade Extension	Rogers	General Growth Corporation	Retail	62,625	--
Promenade Pointe	Rogers	Pinnacle Barber Partners LLC	Mixed Use	750,000	--
Rees Development	Rogers	Rees Development	Mixed Use	--	--
Rogers Board of Realtors	Rogers	Rogers Board of Realtors	Office	--	--
South 40 Partners Development	Rogers	Bill Schywart and Robert Thornton	Commercial	--	--
SWEPCO LEED Building	Rogers	SWEPCO	Office	14,722	--
Target	Rogers	Target Corporation	Retail	137,000	--
The Dental Depot	Rogers	--	Medical Office	--	--
The Farms	Rogers	Haynes LTD	Mixed Use	--	--
The Market at Pleasant Crossing	Rogers	P & H Properties	Retail	29,750	--
The Village at Centre Point	Rogers	Centre Pointe LLC	Retail	250,000	--
Toyota of Northwest Arkansas Building	Rogers	Toyota of NWA	Commercial	13,000	March 2008
Walnut Street Holding PUD	Rogers	Greg House	Commercial	50,000	--
Westin Hotel and Condos	Rogers	Barber Group	Hotel/Retail/Condos	165,231	Fall 2008
Autumn Glen	Sil. Springs	James Mathias	Commercial	--	2008
Crye-Leike Office	Sil. Springs	Crye-Leike Realtors	Office	6,500	Late 2008
Kenwood Development	Sil. Springs	Bar and Shield Development LLC	Mixed Use	--	--
Siloam Springs Senior Activity Center	Sil. Springs	Sil. Springs Comm. Development	Nonprofit Building	7,040	Spring 2008
The Manna Center	Sil. Springs	Sil. Springs Comm. Development	Nonprofit Building	7,134	Spring 2008



New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Walgreen's	Sil. Springs	112 Partner's LLC of Fort Smith	Retail	--	--
Blue Cliff College	Springdale	Dixie Development	Office/Retail	30,000	--
Cavalier Commercial Buildings	Springdale	Cavalier Development	Office/Warehouse	--	--
Crye-Leike Office	Springdale	Crye-Leike Realtors	Office	14,000	2008
Diesel Downs	Springdale	Gary Combs	Office/Retail	134,000	--
Habberton Ridge	Springdale	--	Mixed Use	--	--
Harber Corner	Springdale	NWA Holdings LLC	Office	16,000	Early 2008
Imperial Doors	Springdale	Barry Ozturk	Retail/Warehouse	30,000	March 2008
Lazenby Office/Warehouses	Springdale	William Lazenby	Office/Warehouse	115,200	February 2008
Springdale Center for Health	Springdale	Washington Reg. Medical Center	Medcal	30,000	--
UPS Facility	Springdale	UPS	Warehouse	48,000	February 2008



Hotels

Existing Hotels

Property Name	City	Number of Rooms	Number of Suites
Best Western Bentonville Inn	Bentonville	55	0
Best Western Castle Rock Suites	Bentonville	84	0
Clarion Hotel & Convention Center	Bentonville	105	0
Comfort Suites	Bentonville	120	0
Comfort Inn	Bentonville	64	0
Courtyard Bentonville	Bentonville	90	0
Days Inn & Suites	Bentonville	63	0
DoubleTree Guest Suites	Bentonville	131	0
Econo Lodge Inn and Suites	Bentonville	152	0
Hartland Motel of Bentonville	Bentonville	31	0
Hilton Garden Inn	Bentonville	133	0
Holiday Inn Express Hotel & Suites	Bentonville	84	0
La Quinta Inn & Suites	Bentonville	107	0
Merchant Flats on 8th	Bentonville	10	0
Microtel	Bentonville	78	0
Pines Motel	Bentonville	9	0
Simmons Suites	Bentonville	115	0
Sleep Inn	Bentonville	103	0
South Walton Suites	Bentonville	56	0
Springhill Suites By Marriott	Bentonville	67	0
Super 8 Motel-Bentonville/Rogers	Bentonville	52	0
Towneplace Suites by Marriott	Bentonville	78	0
The Links at Bentonville Apts.	Bentonville	41	0
Value Place Extended Stay	Bentonville	121	0
Wingate Inn Bentonville	Bentonville	102	0
Best Western Windsor Suites	Fayetteville	66	0
Chief Motel	Fayetteville	31	1
Clarion Inn	Fayetteville	197	10
Comfort Inn-Fayetteville	Fayetteville	60	0
Cosmopolitan Hotel	Fayetteville	235	6
Country Inn & Suites By Carlson	Fayetteville	40	25
Courtyard by Marriot	Fayetteville	110	4
Days Inn	Fayetteville	140	5
Fairfield Inn Fayetteville	Fayetteville	61	0
Hampton Inn	Fayetteville	87	8
Hi-Way Inn Motel	Fayetteville	24	0
Holiday Inn Express	Fayetteville	77	33
Inn at Carnall Hall	Fayetteville	49	0
Inn At the Mill	Fayetteville	38	8
Motel 6	Fayetteville	98	0
Quality Inn	Fayetteville	48	10
Red Roof Inns	Fayetteville	104	1
Regency 7 Motel	Fayetteville	29	3
Sleep Inn of Fayetteville	Fayetteville	62	0
Staybridge Suites	Fayetteville	109	109
Stay Inn Style	Fayetteville	6	0
Super 8 Motel	Fayetteville	83	0
Twin Arch Motel	Fayetteville	12	0
Value Place Hotel	Fayetteville	121	0
Ramada Inn Lowell	Lowell	51	0
Colonial Motel	Prairie Grove	8	0
Best Value Inn & Suites	Rogers	127	0
Candlewood Suites	Rogers	118	12
Country Inn & Suites	Rogers	68	42



Hotels

Existing Hotels

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

Bentonville Total	2,051	0
Fayetteville Total	1,887	223
Lowell Total	51	0
Prairie Grove Total	8	0
Rogers Total	1,303	736
Siloam Springs Total	273	27
Springdale Total	1,221	374
Northwest Arkansas Total	6,794	1,360



Hotels

Announced Coming Hotels

Property Name	City	Owner	Number of Rooms	Expected Completion
DoubleTree Guest Suites	Bentonville	Tom Bhakta	140	February 2008
Sheraton Hotel	Bentonville	Paul Myers	155	Summer 2008
Suburban Extended Stay Hotel	Bentonville	Choice Hotels	100	June 2008
Candlewood Suites	Fayetteville	Choice Hotels	78	February 2008
Hilton Gardens Inn	Fayetteville	Hilton	--	--
Pratt Place Inn	Fayetteville	Julian Archer	--	--
Marriot Townplace	Johnson	CSK Hotels	94	January 2009
Aloft Hotel	Rogers	CSK Hotels	130	Spring 2008
Holiday Inn	Rogers	Narry Krushiker	130	Spring 2008
MainStay Suites	Rogers	MainStay Suites	99	June 2008
Microtel	Rogers	Anderson, Talley & Dhaliwal	52	Spring 2008
Sheraton Hotel	Rogers	Upscale Development (Paul Myers)	--	Summer 2008
Westin Hotel and Condos	Rogers	Barber Group	--	Fall 2008
Microtel	Springdale	--	--	--
Double Tree Plaza	Springdale	--	--	--
Best Western	Springdale	Tom Bhakta	70	--



Restaurants

Announced Coming Restaurants

Property Name	City	Owner	Expected Completion
Einstein Bros Bagels	4 Locations	Mike Philips	--
Arbys	Bentonville	--	--
Boston's Gourmet Pizza	Bentonville	Boston's Gourmet Pizza	Done
Café Rue Orleans	Bentonville	--	Done
Chick-fil-A	Bentonville	Chik-fil-A	March 2008
Firehouse Subs	Bentonville	Tracy Bush	February 2008
Osequera's Mexican Restaurant	Bentonville	Chris Conway	--
Spiedini's Italian Grill	Bentonville	Robert Lee	January 2008
Starbucks	Bentonville	Starbucks	Done
Whole Hog Café	Bentonville	Brian Adams/Kevin Jacobs	--
Chick-fil-A	Fayetteville	Chik-fil-A	Done
Chubby's Coneys	Fayetteville	Floyd and Wade Singleton	Done
Cold Stone Creamery	Fayetteville	Cold Stone Creamery	Done
Emelia's	Fayetteville	George and Sara Lusher	February 2008
Foghorn's	Fayetteville	Jeff Hodges	Early 2008
Habibi	Fayetteville	Jordan Curtis and Shane Gumm	Done
Krystal Burger	Fayetteville	Krystal Burger	--
Larry's Pizza	Fayetteville	Jon Thomason	Done
Lu Lus Fish Shack	Fayetteville	Andy Hague	Done
Mama Dean's Soul Food	Fayetteville	Terry Morrison	Done
Market Place express	Fayetteville	Price Gardner	2008
Meaux Dad's	Fayetteville	John Bliss	Done
Mellow Mushroom	Fayetteville	Mellow Mushroom	--
Pig-N-Whistle BBQ	Fayetteville	John Ellis	Done
Popeyes	Fayetteville	Popeyes	Done
Shogun	Fayetteville	John K. Pak	Done
Starbucks	Fayetteville	Kathy Ball	2008
Taco Bell	Fayetteville	K-Mac Enterprises	March 2008
Unnamed café on square	Fayetteville	Growth Group	--
Urban Table	Fayetteville	Rhett and Judy Hall	Done
Western Sizzlin	Fayetteville	Mark Bazyk	--
Wow	Fayetteville	Lance An	April 2008
Zaxbys	Fayetteville	Zaxbys	February 2008
Lightning Bug Coffee	Gentry	Joe Morretti	Done
Pizza Hut	Lowell	--	Done
McDonalds	Pea Ridge	Bill and Walter Matthews	Done
Chuck E Cheese's	Rogers	Chuck E Cheese's	Early 2008
Crabby's Seafood Bar & Grill	Rogers	Ahamd Enyati	Early February 2008
DeCarlo's Italian Pizzeria	Rogers	--	Done
Firehouse Subs	Rogers	Tracy Bush	--
Firehouse Subs	Rogers	Tracy Bush	--
Fuddruckers	Rogers	Pinnacle Hamburger Partners llc	--
Golden Corral	Rogers	Golden Corral	Summer 2008
Guido's Restaurant	Rogers	--	--
Incredible Pizza Company	Rogers	Incredible Pizza Company	2008
Joey's Seafood and Grill USA	Rogers	Joey's Seafood and Grill USA	Early 2008
KFC/Taco Bell	Rogers	John R. Meyers	--
Krystal Burger	Rogers	Smitco Eateries	February 2008
Lil' Juan's Restaurant	Rogers	--	--
McDonalds	Rogers	--	--
Red Lobster	Rogers	Darden Restaurants	2008
Ruth's Chris Steakhouse	Rogers	Arkansas Chops	Done
Steak & Shake	Rogers	Steak & Shake	May 2008



Restaurants

Announced Coming Restaurants

Property Name	City	Owner	Expected Completion
Subway	Rogers	Subway	Done
Taco Bell	Rogers	K-Mac Enterprises	--
Tea Room at Vinson Square	Rogers	Mary and Dennis Wohlford	Done
Texas Land and Cattle Co.	Rogers	Texas Land and Cattle Co.	February 2008
Traders Market Restaurant	Rogers	Moe Torabi	--
Covered Wagon Café and Mercantile	Siloam Springs	Jack Eaton	Done
McDonalds	Siloam Springs	112 Partners LLC	--
Zaxbys	Siloam Springs	Zaxbys	--
Arbys	Springdale	U.S. Beef	2008
Bills Hickory House	Springdale	--	Done
Columbia Kwik Krystal Burger	Springdale	Smitco Eateries	Done
Firehouse Subs	Springdale	Tracy Bush	--
Flying Burrito	Springdale	Mike Rohrbach and Archie Schaffer Jr	Early 2009
Taco Bueno	Springdale	U.S. Beef	--
Zaxbys	Springdale	Zaxbys	Done



Closed Restaurants

Property Name	City	Date Closed
Brioso Brazil	Bentonville	June 2007
Mama Fu's Asian House	Bentonville	December 2007
Moe's Southwest Grill	Bentonville	December 2007
Arsagas Block Street	Fayetteville	June 2007
Chloe's	Fayetteville	July 2007
Cool Water Café	Fayetteville	December 2007
Fuddruckers	Fayetteville	September 2007
Garfield's Restaurant and Pub	Fayetteville	December 2007
Gloria Jeans Gourmet Coffee	Fayetteville	November 2007
Haagen-Daz	Fayetteville	November 2007
Mama Dean's Soul Food	Fayetteville	November 2007
O'Charleys	Fayetteville	April 2007
Shanghai Chinese Restaurant	Fayetteville	December 2007
Smokey Bones	Fayetteville	June 2007
Taco Bell	Fayetteville	November 2007



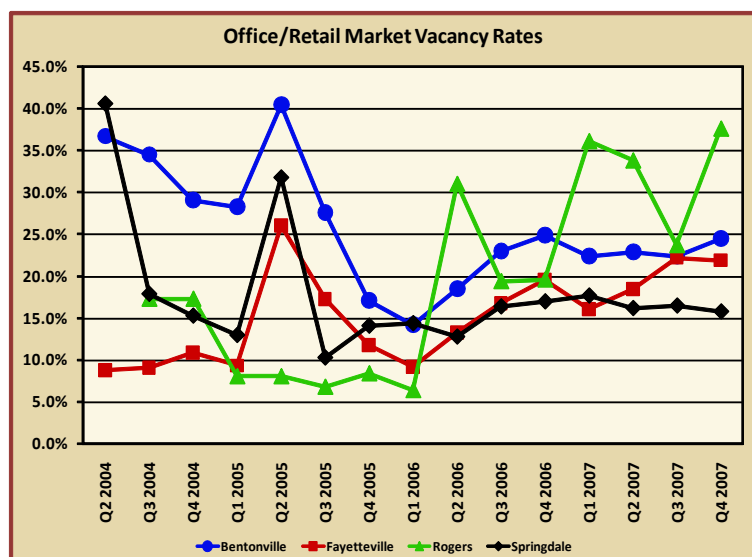
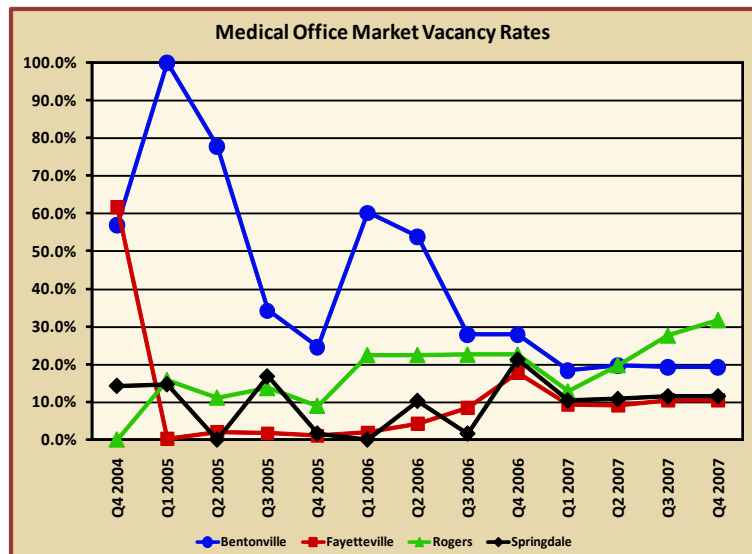
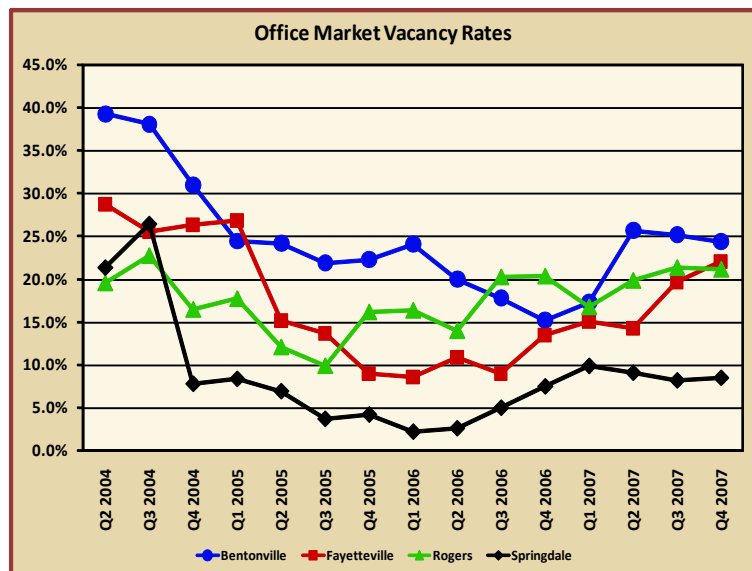
Commercial Market Trends

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

Over the past twelve months, in the office submarket, only Lowell has experienced positive net absorption. Bentonville accounted for over half of the annual negative net absorption with over 384,293 square feet becoming available. Available office square footage in Northwest Arkansas grew from 915,107 square feet from the fourth quarter of 2006 to 1,684,814 square feet in the fourth quarter of 2007. This was due to increases in available office space in almost every city in Northwest Arkansas. Over the past year, 1,019,884 square feet of new office space became available for the first time. The overall Northwest Arkansas office vacancy rate has risen from 15.2 percent to 20.9 percent in the past year.

The office/retail market experienced negative net absorption of 206,130 square feet during the past twelve months. Fayetteville accounted for more than 47 percent of the negative absorption, but each city had more available office/retail square footage in the fourth quarter of 2007 than in the fourth quarter of 2006 (except for Bella Vista). New square footage totaling 377,701 was added to the market during the same time period. In the fourth quarter of 2007, 852,982 square feet of office/retail space were available, up from 634,355 square feet in the fourth quarter of 2006. This space was primarily located in Fayetteville, Rogers, and Bentonville.

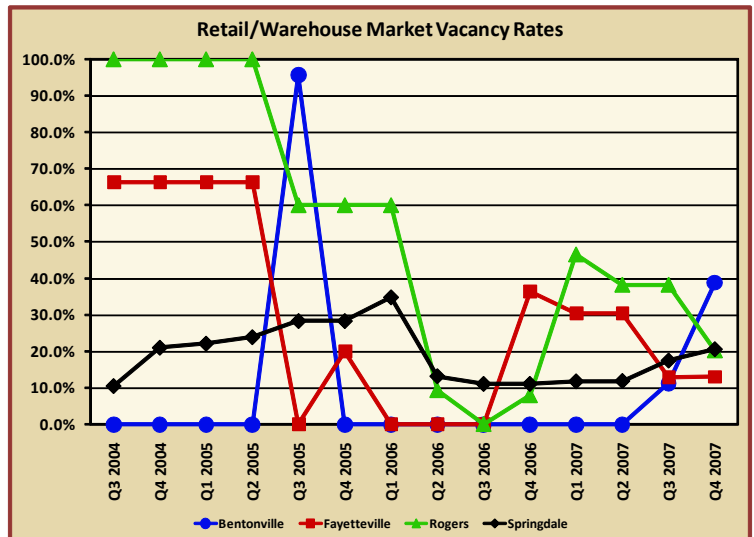
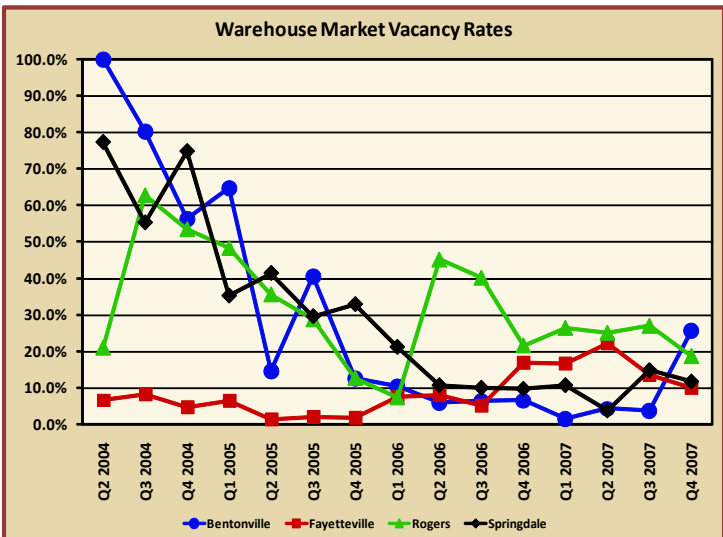
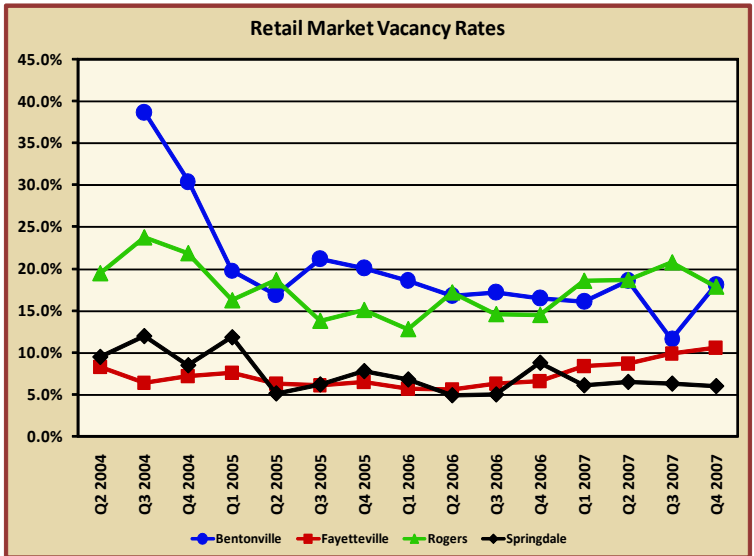
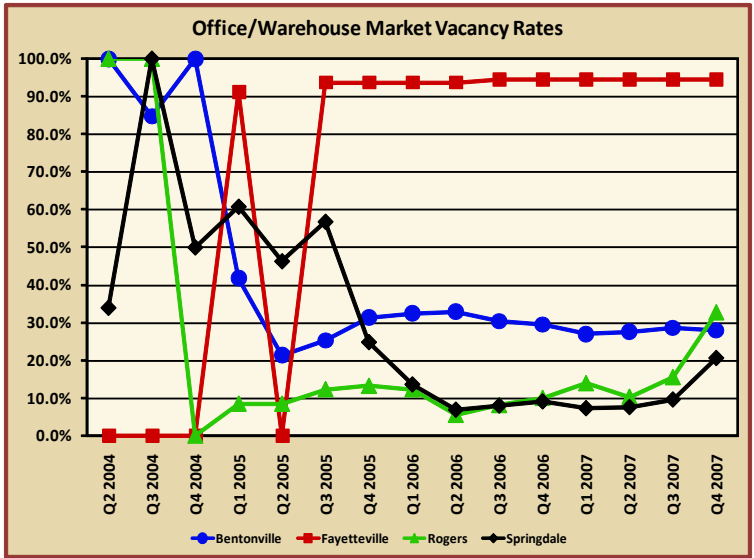
The retail market also has experienced negative net absorption in the past twelve months. Although more than 76 percent of the negative net absorption was in Rogers, the cities of Fay-



Commercial Market Trends

etteville and Lowell also experienced a degree of negative net absorption in the retail submarket over the past year. There were 457,894 new square feet of retail space added to the Northwest Arkansas market during the past twelve months—of that amount, less than half or 162,894 square feet were located in cities other than Rogers. In the fourth quarter of 2007, a total of 925,508 square feet of space were available in Northwest Arkansas, up from 733,442 square feet at the same time in the previous year.

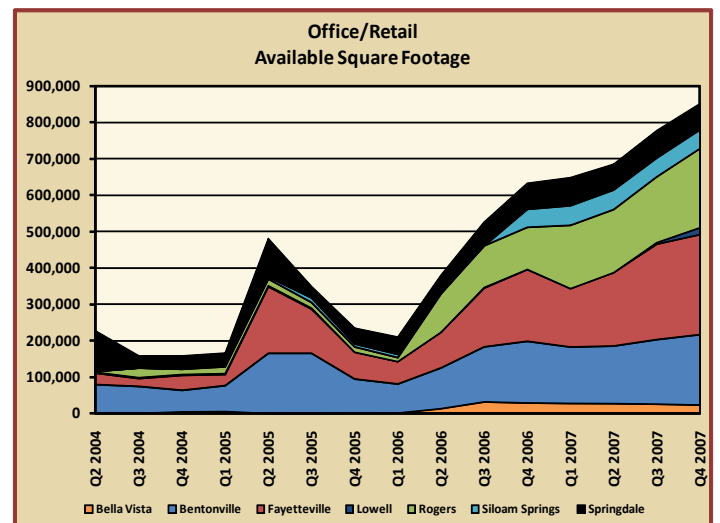
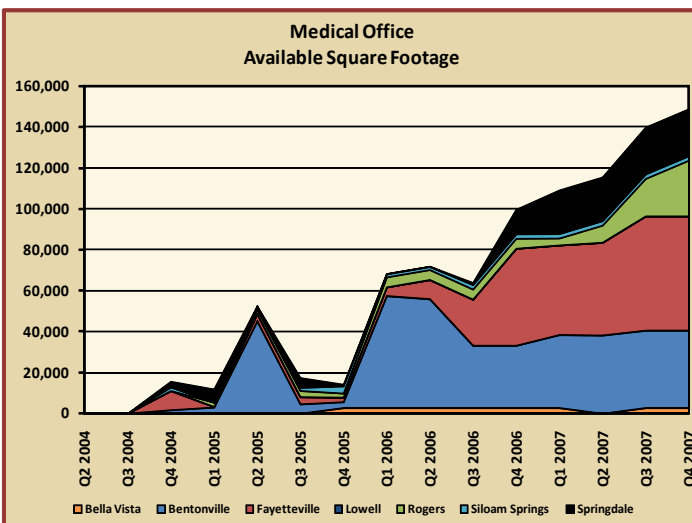
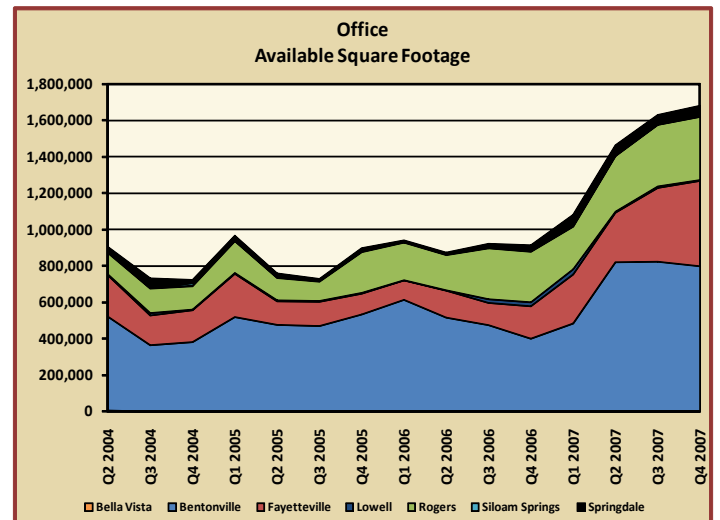
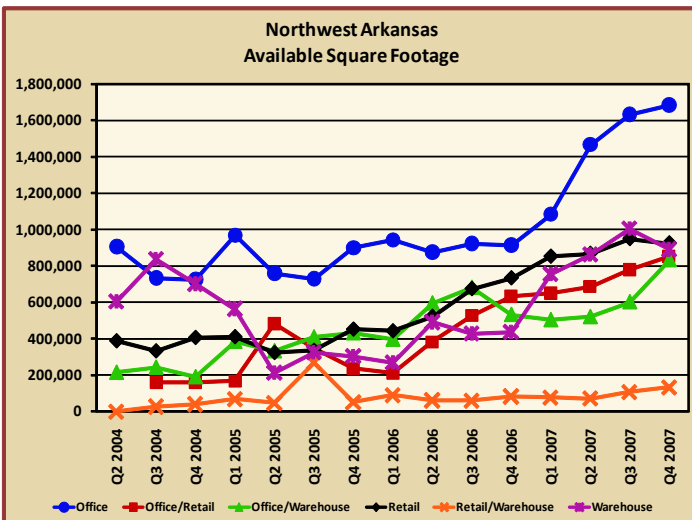
The Northwest Arkansas warehouse market experienced negative net absorption of 308,144 square feet from the fourth quarter of 2006 to the fourth quarter of 2007. Vacancy rates climbed from 14.6 percent to 18.0 percent, while the number of available square feet rose from 437,088 to 890,090 during that time. A total of 1,335,087 square feet of new warehouse space were added to the Northwest Arkansas market during the past year. Fayetteville and Springdale were the only cities that experienced positive net absorption since the fourth quarter of last year in the warehouse submarket.



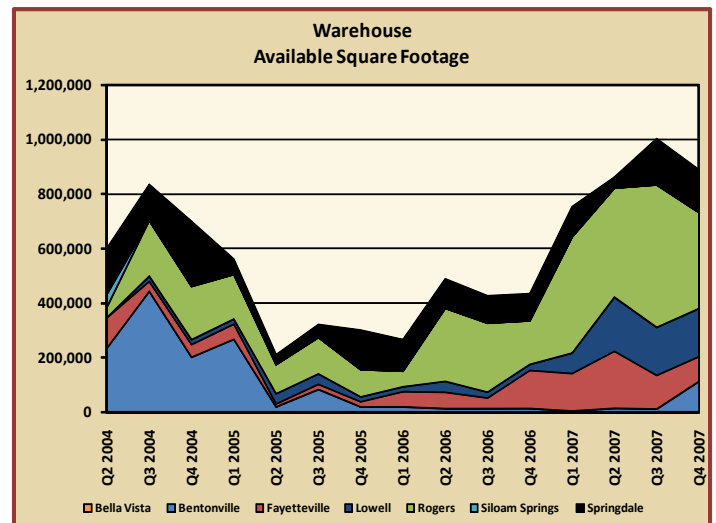
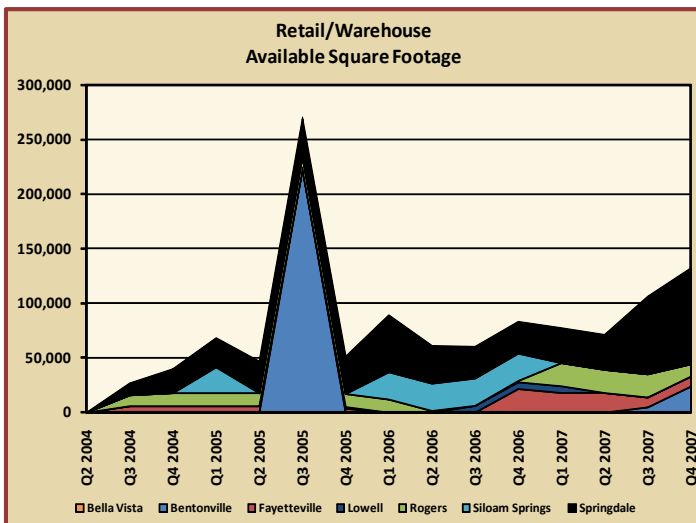
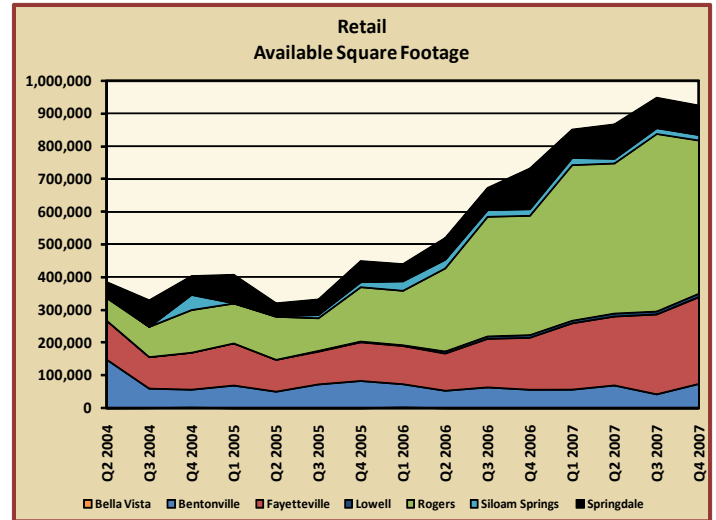
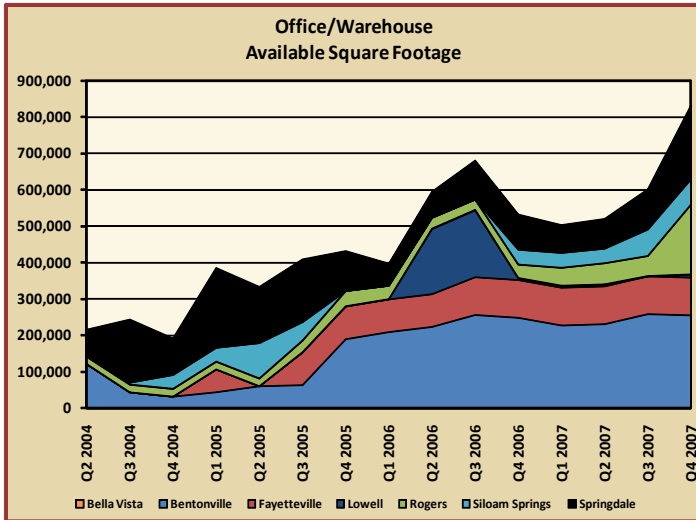
Commercial Market Trends

Net Absorption by Submarket Q4 2006 - Q4 2007

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	0	5,726	0	0
Bentonville	-384,293	-16,722	14,163	-99,500
Fayetteville	-254,024	-97,117	-85,538	53,820
Lowell	18,744	3,290	-2,615	-30,850
Rogers	-48,026	-73,068	-116,392	-236,123
Siloam Springs	-3,200	-28,361	3,433	0
Springdale	-9,332	122	35,063	4,509
Northwest Arkansas	-680,131	-206,130	-151,886	-308,144



Commercial Market Trends



Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2006	24.2%	15.2%	13.5%	13.4%	20.4%	2.7%	7.5%	15.2%
Q1 2007	24.2%	17.3%	15.1%	12.0%	16.8%	4.0%	9.9%	15.7%
Q2 2007	0.0%	25.7%	14.3%	2.2%	19.9%	4.0%	9.1%	19.3%
Q3 2007	24.2%	25.2%	19.7%	3.0%	21.4%	4.0%	8.2%	20.7%
Q4 2007	24.2%	24.4%	22.1%	1.6%	21.2%	6.7%	8.5%	20.9%

Medical Office

Q4 2006	34.6%	27.9%	17.8%	--	22.6%	3.1%	21.3%	18.8%
Q1 2007	34.6%	18.4%	9.3%	0.0%	12.8%	3.1%	10.4%	10.8%
Q2 2007	0.0%	19.7%	9.1%	0.0%	19.8%	3.1%	10.8%	11.0%
Q3 2007	34.6%	19.3%	10.6%	0.0%	27.7%	3.1%	11.5%	12.7%
Q4 2007	34.6%	19.3%	10.6%	0.0%	31.8%	3.1%	11.5%	13.2%

Office/Retail

Q4 2006	11.3%	24.9%	19.6%	5.0%	19.6%	46.0%	17.0%	20.5%
Q1 2007	10.9%	22.4%	16.1%	0.0%	36.1%	48.0%	17.7%	20.3%
Q2 2007	10.8%	22.9%	18.5%	0.0%	33.8%	46.0%	16.2%	21.9%
Q3 2007	10.6%	22.4%	22.2%	11.6%	23.7%	44.2%	16.5%	21.6%
Q4 2007	9.4%	24.5%	21.9%	27.8%	37.6%	44.2%	15.8%	24.2%

Office/Warehouse

Q4 2006	--	29.6%	94.6%	2.2%	10.0%	31.4%	9.2%	19.7%
Q1 2007	--	27.1%	94.6%	2.2%	13.9%	38.3%	7.4%	19.0%
Q2 2007	--	27.7%	94.6%	2.2%	10.3%	37.8%	7.7%	18.0%
Q3 2007	--	28.7%	94.6%	0.0%	15.5%	68.6%	9.7%	21.5%
Q4 2007	--	28.0%	94.6%	3.8%	32.7%	65.8%	20.7%	28.7%

Retail

Q4 2006	0.0%	16.5%	6.6%	11.2%	14.5%	6.6%	8.8%	10.4%
Q1 2007	0.0%	16.1%	8.4%	11.2%	18.6%	7.3%	6.1%	11.9%
Q2 2007	0.0%	18.6%	8.7%	12.9%	18.7%	4.7%	6.5%	11.9%
Q3 2007	0.0%	11.6%	9.9%	15.4%	20.8%	5.8%	6.3%	13.0%
Q4 2007	0.0%	18.1%	10.6%	18.0%	17.9%	5.5%	6.0%	12.5%

Retail/Warehouse

Q4 2006	--	0.0%	36.4%	55.2%	7.9%	100.0%	11.1%	20.4%
Q1 2007	--	0.0%	30.4%	55.2%	46.5%	0.0%	11.8%	17.4%
Q2 2007	--	0.0%	30.4%	0.0%	38.2%	0.0%	11.9%	15.8%
Q3 2007	--	11.4%	12.9%	0.0%	38.2%	0.0%	17.5%	17.2%
Q4 2007	--	38.9%	13.0%	0.0%	20.2%	0.0%	20.6%	20.4%

Warehouse

Q4 2006	0.0%	6.6%	16.9%	43.5%	21.6%	0.0%	9.7%	14.6%
Q1 2007	0.0%	1.6%	16.7%	61.1%	26.4%	0.0%	10.7%	18.7%
Q2 2007	0.0%	4.4%	22.3%	75.9%	25.1%	0.0%	3.8%	20.1%
Q3 2007	0.0%	3.8%	13.6%	67.4%	27.0%	0.0%	14.8%	21.4%
Q4 2007	0.0%	25.7%	10.1%	70.2%	18.7%	0.0%	11.7%	18.0%



Commercial Market Trends

Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2006	1,300	73,453	-56,387	-1,500	2,131	0	-8,941	10,056
Q1 2007	0	-78,564	-130,322	-6,875	-15,330	-1,000	-27,432	-259,523
Q2 2007	2,800	-335,006	29,058	24,144	-3,768	0	12,588	-270,184
Q3 2007	-2,800	4,272	-95,511	-2,208	-12,110	0	6,884	-101,473
Q4 2007	0	25,005	-57,249	3,683	-16,818	-2,200	-1,372	-48,951

Medical Office

Q4 2006	1,300	0	-24,863	--	0	0	-10,920	-34,483
Q1 2007	0	-2,246	3,630	0	1,500	0	-9,342	-6,458
Q2 2007	2,800	-2,560	-1,554	0	-5,000	0	0	-6,314
Q3 2007	-2,800	400	-10,476	0	0	0	-1,520	-14,396
Q4 2007	0	0	0	0	-12,235	0	0	-12,235

Office/Retail

Q4 2006	3,832	-15,355	-57,521	1,420	-1,106	-49,690	-4,516	-122,936
Q1 2007	1,310	6,564	1,800	790	-60,735	-30,460	-9,578	-90,309
Q2 2007	485	-3,287	-43,535	0	578	25	6,629	-39,105
Q3 2007	1,531	-4,012	-63,369	0	11,391	2,074	6,629	-45,756
Q4 2007	2,400	-15,987	7,978	2,500	-24,302	0	-3,558	-30,969

Office/Warehouse

Q4 2006	--	7,850	0	179,900	1,750	-35,007	2,664	157,157
Q1 2007	--	21,000	0	0	-17,150	0	12,808	16,658
Q2 2007	--	-3,600	0	0	-9,009	880	-5,300	-17,029
Q3 2007	--	-27,516	0	0	3,000	-32,800	-28,525	-85,841
Q4 2007	--	3,354	0	0	-120,000	3,000	7,334	-106,312

Retail

Q4 2006	0	7,114	-10,456	-600	2,286	221	-32,547	-33,982
Q1 2007	0	-250	-40,752	0	-120,793	-1,897	37,631	-126,061
Q2 2007	0	-4,081	-18,629	-1,275	18,061	7,900	-18,469	-16,493
Q3 2007	0	21,396	-33,566	250	-83,893	-3,570	13,103	-86,280
Q4 2007	0	-2,902	7,409	-1,590	70,233	1,000	2,798	76,948

Retail/Warehouse

Q4 2006	--	0	3,000	0	-1,283	0	0	1,717
Q1 2007	--	0	3,600	0	-20,000	0	-2,925	-19,325
Q2 2007	--	0	0	6,200	0	0	0	6,200
Q3 2007	--	0	11,150	0	0	0	-39,226	-28,076
Q4 2007	--	0	-107	0	10,000	0	0	9,893

Warehouse

Q4 2006	0	-400	-20,000	0	6,120	0	4,874	-9,406
Q1 2007	0	9,500	1,875	-53,000	-259,882	0	-11,425	-312,932
Q2 2007	0	2,500	-36,635	0	-23,945	0	79,591	21,511
Q3 2007	0	-10,000	56,000	22,150	-8,156	0	-103,612	-43,618
Q4 2007	0	-101,500	32,580	0	55,860	0	39,955	26,895



Commercial Market Trends

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2006	2,800	398,864	179,317	22,588	277,530	2,200	31,808	915,107
Q1 2007	2,800	482,625	270,543	29,463	233,860	3,200	60,640	1,083,131
Q2 2007	0	822,831	273,685	5,319	305,730	3,200	56,052	1,466,817
Q3 2007	2,800	823,028	406,882	7,527	339,196	3,200	51,168	1,633,801
Q4 2007	2,800	798,023	470,731	3,844	348,274	5,400	55,742	1,684,814

Medical Office

Q4 2006	2,800	30,440	47,364	--	5,032	2,200	11,820	99,656
Q1 2007	2,800	35,686	43,734	0	3,532	2,200	21,162	109,114
Q2 2007	0	38,246	45,288	0	8,532	2,200	21,162	115,428
Q3 2007	2,800	37,846	55,764	0	18,532	2,200	22,682	139,824
Q4 2007	2,800	37,846	55,764	0	27,467	2,200	22,682	148,759

Office/Retail

Q4 2006	30,915	168,733	196,852	790	115,935	49,690	71,440	634,355
Q1 2007	29,605	154,272	160,646	0	174,131	54,054	77,302	650,010
Q2 2007	29,120	157,559	201,681	0	173,553	54,029	70,673	686,615
Q3 2007	27,589	176,733	261,550	5,000	181,062	51,955	75,344	779,233
Q4 2007	25,189	192,720	274,173	19,660	217,667	51,955	71,618	852,982

Office/Warehouse

Q4 2006	--	249,763	104,326	4,720	36,864	41,087	96,542	533,302
Q1 2007	--	228,763	104,326	4,720	49,014	41,087	76,450	504,360
Q2 2007	--	232,363	104,326	4,720	58,023	40,207	81,750	521,389
Q3 2007	--	259,879	104,326	0	55,023	73,007	110,275	602,510
Q4 2007	--	256,525	104,326	7,940	191,523	70,007	202,649	832,970

Retail

Q4 2006	0	56,919	159,700	8,475	364,484	20,133	123,731	733,442
Q1 2007	0	57,169	203,308	8,475	475,277	22,030	86,100	852,359
Q2 2007	0	70,042	211,137	9,750	458,416	14,130	104,569	868,044
Q3 2007	0	42,830	244,703	9,500	542,309	17,700	92,328	949,370
Q4 2007	0	74,732	265,603	11,090	467,853	16,700	89,530	925,508

Retail/Warehouse

Q4 2006	--	0	21,600	6,200	1,283	25,110	29,100	83,293
Q1 2007	--	0	18,000	6,200	21,283	0	32,025	77,508
Q2 2007	--	0	18,000	0	21,283	0	32,025	71,308
Q3 2007	--	4,798	9,090	0	21,283	0	71,251	106,422
Q4 2007	--	23,898	9,197	0	11,283	0	88,051	132,429

Warehouse

Q4 2006	0	14,800	140,975	22,150	159,997	0	99,166	437,088
Q1 2007	0	5,300	139,100	75,150	424,879	0	110,591	755,020
Q2 2007	-	15,360	210,735	198,116	398,824	-	39,832	862,867
Q3 2007	0	12,800	124,795	175,966	521,323	0	168,444	1,003,328
Q4 2007	0	114,300	92,215	175,966	351,120	0	156,489	890,090



Office

In the fourth quarter of 2007, the office properties included in the Skyline Report panel had a vacancy rate of 20.9 percent, slightly up from the rate of 20.7 percent in the third quarter of 2007. Of the 8.0 million square feet of Northwest Arkansas properties examined, almost 1.7 million square feet are currently available. This is up from 1.6 million available square feet of office space in the third quarter of 2007. From the third quarter to the fourth quarter of 2007, 97,170 square feet of new office space entered the market, while 48,219 square feet of space were absorbed, netting negative absorption of 48,951 for the market.

Of the 1,684,814 square feet of available office space in Northwest Arkansas, about 47.4 percent is located in Bentonville and comprises Class A and Class B space. In the fourth quarter, 12,361 square feet of Class A and 12,644 square feet of Class B office space were absorbed, while no new space became available, netting positive absorption of 25,005 square feet of office space in Bentonville.

While Bentonville continued to have the most available office space at 798,023 square feet, Fayetteville had 470,731 square feet available. About 60.3 percent of the available office space in Fayetteville was in the Class B submarket, while Class A space accounted for over 25.1 percent and the remainder was in the Class C and medical office markets. From the third quarter to the fourth quarter of 2007, there was negative absorption of 32,249 square feet in the office submarket in Fayetteville, new space totaling 25,000 square feet, and negative net absorption of 57,249 square feet.

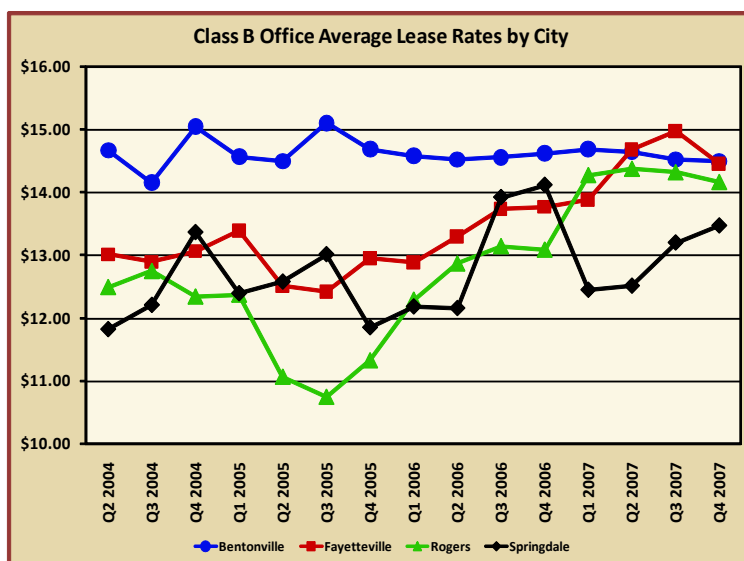
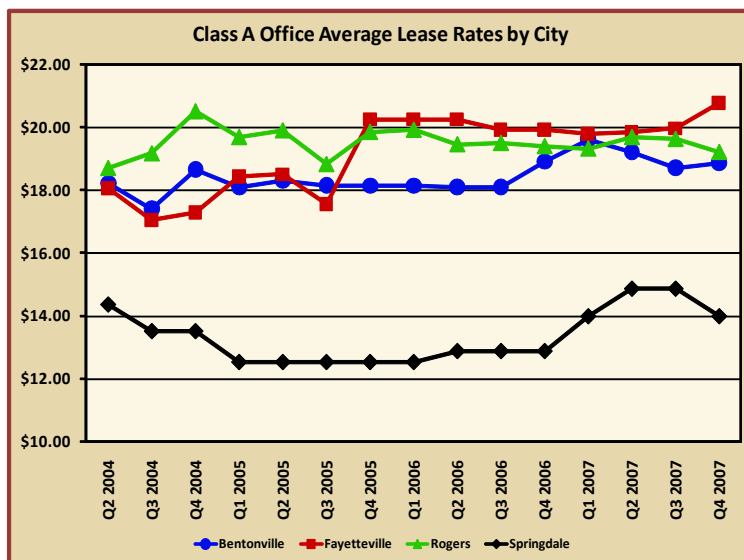
Rogers had 348,274 square feet of available office space in the fourth quarter of 2007. In the Rogers office submarket, Class A accounted for 54.4 percent of all available space, while class B accounted for 24.5 percent. There was positive absorption of 38,852

square feet in the fourth quarter of 2007, while 55,670 new square feet were added to the market, hence netting negative absorption of 16,818 square feet.

The Springdale office market had 55,742 square feet of available space in the fourth quarter. There were 14,500 new square feet of Class B office space added in the fourth

Office Lease Rates Average Range by City

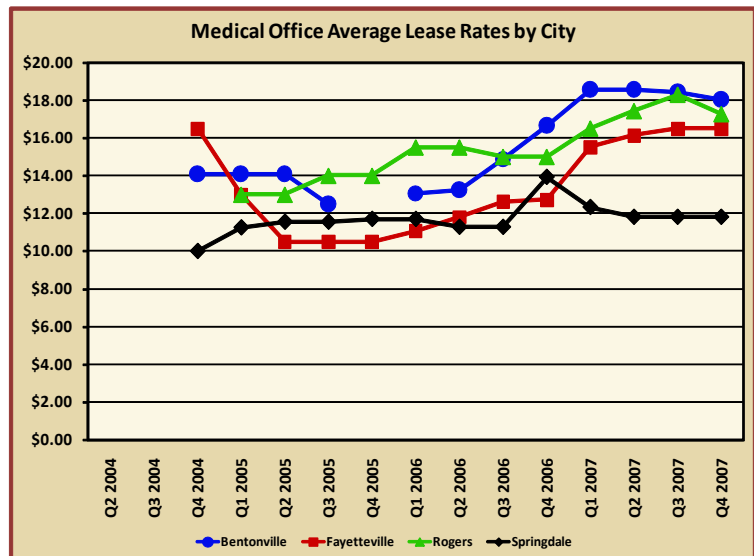
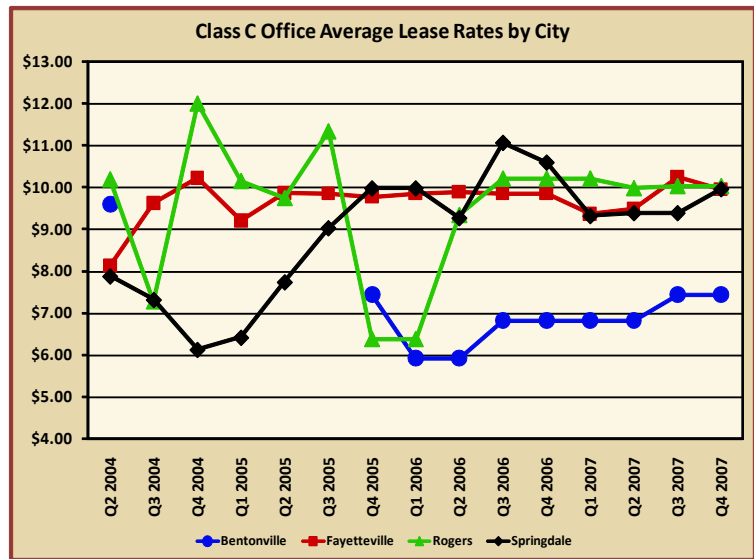
	Class A	Class B	Class C	Medical
Bentonville	\$18.22 - \$19.53	\$14.32 - \$14.68	\$7.44 - \$7.44	\$16.74 - \$19.35
Fayetteville	\$19.23 - \$22.33	\$13.82 - \$15.09	\$9.49 - \$10.43	\$15.48 - \$17.50
Rogers	\$18.34 - \$20.09	\$13.87 - \$14.47	\$9.83 - \$10.23	\$17.03 - \$17.49
Springdale	\$14.00 - \$14.00	\$12.31 - \$14.64	\$9.79 - \$10.13	\$11.31 - \$12.31



Office

quarter and there was positive absorption of 13,128 square feet. The positive absorption came in Class B space, with 8,944 square feet and in Class C, with 7,000 square feet becoming occupied. In the Class A office submarket, 2,816 square feet became available.

Class A office average reported lease rates were highest in Fayetteville at almost \$20.80 per square foot. Class A space average lease rates decreased in Rogers to \$19.20 and in Springdale to \$14.00 per square foot, while increasing in Bentonville to almost \$18.90 per square foot. Class B office space average reported lease rates ticked up in Springdale, and slightly declined in Bentonville, Fayetteville, and Rogers. In the fourth quarter, reported average lease rates for Class C office ticked up in Springdale and declined in Fayetteville, while staying the same in other cities. Reported average medical office space lease rates decreased in Bentonville and Rogers and stayed unchanged in Fayetteville and Springdale.



Office

Office Space Characteristics by Class and City

Class A	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Bentonville	744,958	462,076	62.0%	12,361	0	12,361	112.1
Fayetteville	436,882	118,352	27.1%	-6,985	0	-6,985	--
Rogers	978,145	189,419	19.4%	27,397	30,000	-2,603	--
Springdale	57,123	2,816	4.9%	-2,816	0	-2,816	--
Class B							
Bentonville	2,322,682	298,101	12.8%	12,644	0	12,644	70.7
Fayetteville	999,684	283,981	28.4%	-23,764	25,000	-48,764	--
Rogers	467,537	85,430	18.3%	-1,980	0	-1,980	--
Springdale	303,937	11,194	3.7%	8,944	14,500	-5,556	--
Class C							
Bentonville	9,528	0	0.0%	0	0	0	0.0
Fayetteville	171,589	12,634	7.4%	-1,500	0	-1,500	--
Rogers	108,536	45,958	42.3%	0	0	0	--
Springdale	97,324	19,050	0	7,000	0	7,000	8.2
Medical							
Bentonville	196,326	37,846	19.3%	0	0	0	--
Fayetteville	525,501	55,764	10.6%	0	0	0	--
Rogers	86,376	27,467	31.8%	13,435	25,670	-12,235	--
Springdale	196,703	22,682	11.5%	0	0	0	--

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents



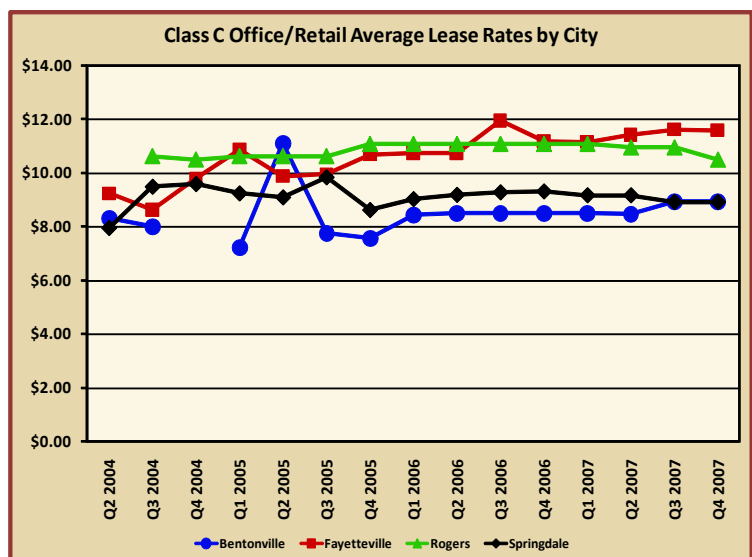
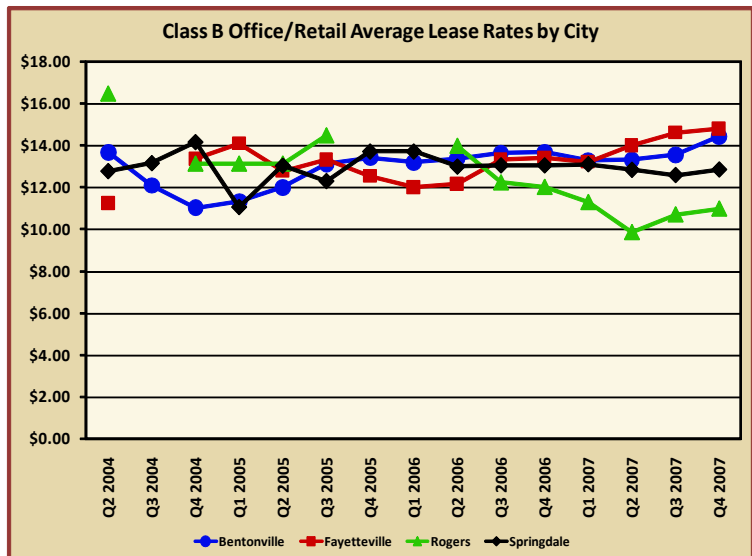
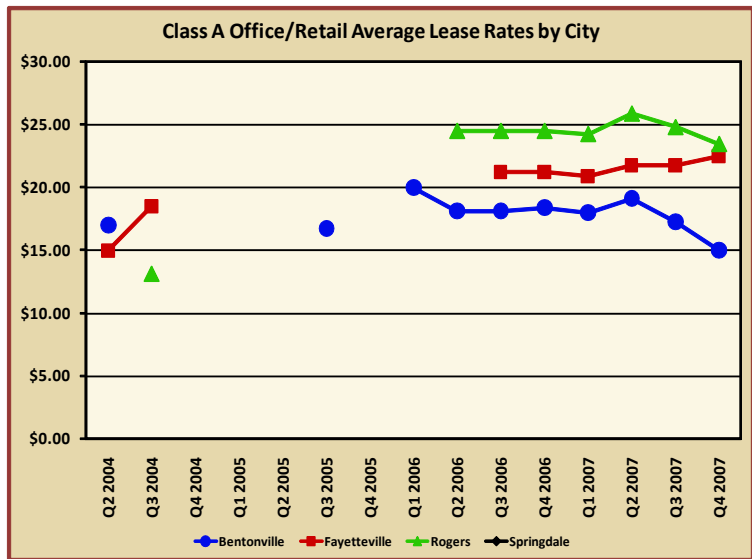
Office/Retail

In the fourth quarter of 2007, the office/retail properties included in the CBER sample had a vacancy rate of 24.2 percent. This was a substantial rise from the third quarter vacancy rate of 21.6 percent. Of the 3.5 million square feet of Northwest Arkansas properties examined, 852,982 square feet were available. From the third quarter to the fourth quarter of 2007, 35,227 new square feet of office/retail space were added to the market, while 4,258 square feet of space became occupied. This yielded a negative net absorption of 30,969 square feet.

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

Fayetteville is ahead of Rogers and Bentonville, having the largest amount of available square feet in the office/retail submarket with 274,173 square feet available. Rogers had 217,667 and Bentonville had 192,720 square feet available. Dividing those by the total square feet of office/retail space, this translated to vacancy rates of 21.9 percent for Fayetteville, 37.6 percent for Rogers, and 24.5 percent for Bentonville. Springdale had reported available office/retail square footage of 71,618 with a 15.8 percent vacancy rate.

Office/retail space average reported lease rates were mixed in the fourth quarter. In the Class A submarket, average reported lease rates continued to decline in Bentonville and Rogers, while increasing in Fayetteville. There was an increase in average reported Class B rates in all the cities in Northwest Arkansas. In the Class C office/retail submarket, average reported prices decreased slightly in Fayetteville and Rogers, but stayed constant in Bentonville and Springdale.



Office/Retail

Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	\$15.00 - \$15.00	\$14.01 - \$14.91	\$8.75 - \$9.13
Fayetteville	\$21.67 - \$23.33	\$14.22 - \$15.43	\$10.85 - \$12.37
Rogers	\$21.67 - \$25.25	\$10.40 - \$11.60	\$8.89 - \$12.10
Springdale	--	\$12.50 - \$13.23	\$8.29 - \$9.57



Office/Retail Space Characteristics by Class and City

Class	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Class A							
Bentonville	75,667	25,688	33.9%	-3,704	0	-3,704	--
Fayetteville	63,000	34,500	54.8%	13,500	0	13,500	7.7
Rogers	284,399	146,817	51.6%	-4,695	13,727	-18,422	--
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	617,823	154,672	25.0%	-12,283	0	-12,283	--
Fayetteville	843,224	186,573	22.1%	6,268	13,500	-7,232	--
Rogers	77,970	51,570	66.1%	-7,180	0	-7,180	--
Springdale	186,868	43,058	23.0%	442	8,000	-7,558	--
Class C							
Bentonville	94,310	12,360	13.1%	0	0	0	--
Fayetteville	345,450	53,100	15.4%	1,710	0	1,710	93.2
Rogers	215,920	19,280	8.9%	1,300	0	1,300	44.5
Springdale	267,554	28,560	10.7%	4,000	0	4,000	21.4

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents



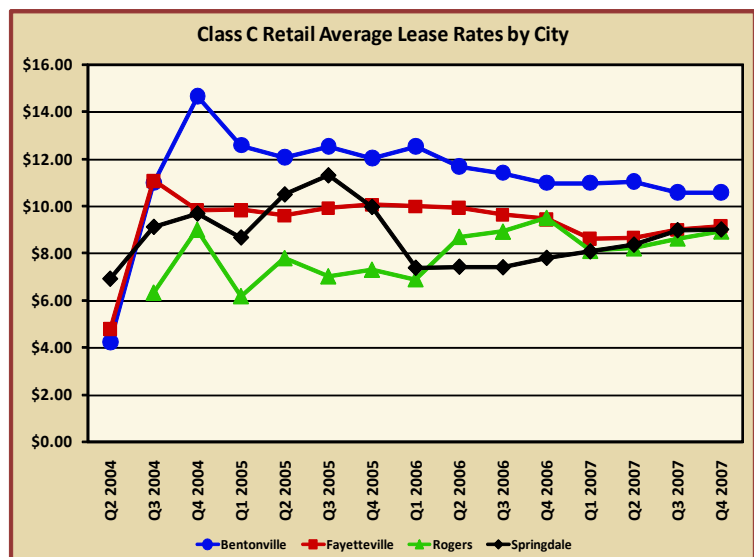
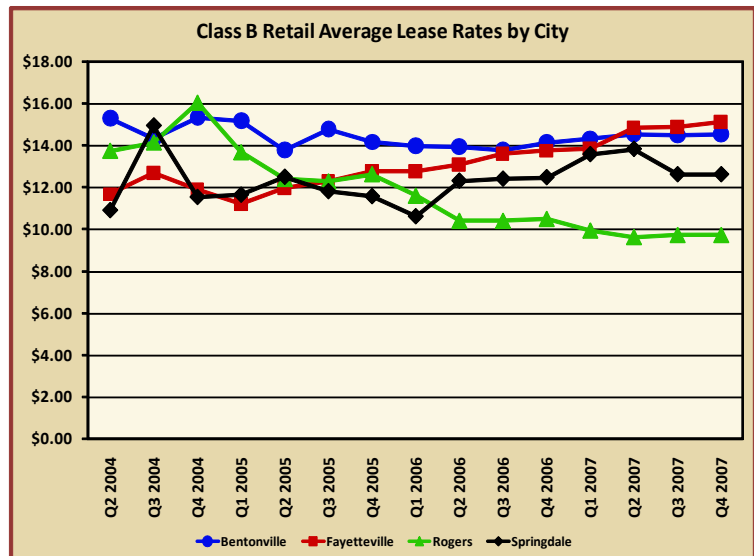
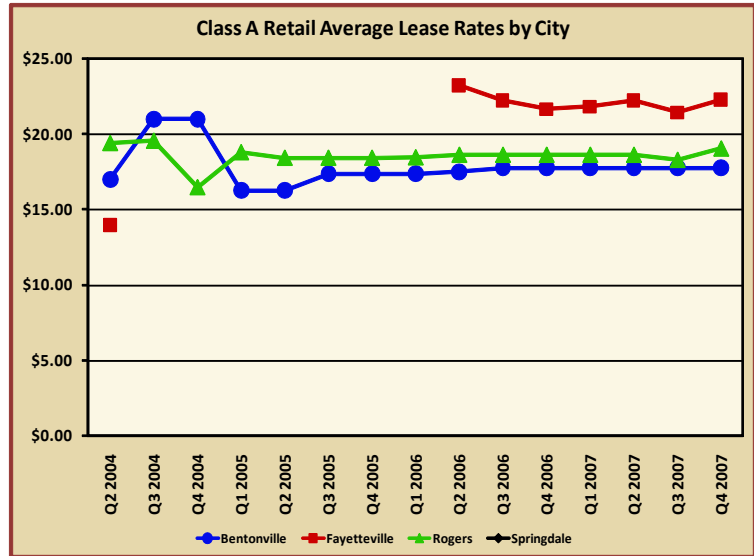
Retail

In the fourth quarter of 2007, the retail properties included in the CBER panel had a vacancy rate of 12.5 percent, down from 13.0 percent in the third quarter of 2007. Of the 7.4 million square feet of Northwest Arkansas retail properties examined, 925,508 square feet were available. From the third quarter to the fourth quarter of 2007, no new retail space came on the market, netting positive absorption of 76,948 square feet.

Bentonville had 412,947 total square feet and 74,732 available square feet of retail space in the fourth quarter, resulting in a vacancy rate of 18.1 percent. This represented a rise from the rate of 11.6 percent in the third quarter of 2007 due to the growth in the available space. A total of 2,902 square feet became vacant in the Bentonville retail market, while no new square feet were added to the market in the fourth quarter. A total of 1,112 square feet of positive absorption occurred in the Class A submarket, while 4,014 square feet of negative net absorption occurred in the Class B submarket.

In the fourth quarter of 2007, Fayetteville had a retail vacancy rate of 10.6 percent, up from 9.9 percent in the third quarter, with 265,603 available square feet out of a total of 2.5 million. There was reported negative absorption of 7,484 square feet in the Class A retail submarket. In the Class B submarket there was positive absorption of 6,445 square feet and in the Class C submarket 8,448 square feet became occupied, while no new square feet entered the market.

The Rogers market had 467,853 square feet of available retail space out of a total of 2.6 million square feet for a vacancy rate of 17.9 percent in the fourth quarter. The city experienced a first decline in a vacancy rate for the past year. There was no new space added to the market during the last quarter. In the Class A submarket there was positive absorption of 10,959 square feet and in the Class B retail submarket 66,340 square feet were absorbed. There was reported negative absorption of 7,066 square feet in the Class C submarket.



Retail

There were 89,530 square feet of available retail space out of a total of 1.5 million square feet in Springdale in the fourth quarter. This implies a vacancy rate of 6.0 percent, slightly down from 6.3 percent in the third quarter of 2007. No square feet of new retail space were added to the market in the fourth quarter. Positive absorption of 10,398 square feet was reported in the Class B submarket and negative absorption of 7,600 square feet in the Class C submarket.

Reported average lease rates were either constant or increased during the fourth quarter. Class A space lease rates continued to be constant in Bentonville, but increased in Fayetteville and Rogers. Class B average lease rates increased in Bentonville and Fayetteville, and stayed flat in Springdale and Rogers. Class C reported average lease rates stayed constant in Bentonville and continued to increase slightly in all other cities.

Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	\$16.00 - \$19.50	\$14.37 - \$14.73	\$10.32 - \$10.88
Fayetteville	\$21.00 - \$23.60	\$14.15 - \$16.11	\$8.82 - \$9.52
Rogers	\$17.89 - \$20.21	\$9.22 - \$10.22	\$8.66 - \$9.20
Springdale	--	\$12.05 - \$13.23	\$8.67 - \$9.36



Retail Space Characteristics by Class and City

Class	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Class A							
Bentonville	39,534	6,988	17.7%	1,112	0	1,112	18.9
Fayetteville	1,372,331	117,400	8.6%	-7,484	0	-7,484	--
Rogers	1,603,506	215,908	13.5%	10,959	0	10,959	59.1
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	269,137	55,721	20.7%	-4,014	0	-4,014	--
Fayetteville	893,016	93,255	10.4%	6,445	0	6,445	43.4
Rogers	711,675	191,194	26.9%	66,340	0	66,340	8.6
Springdale	1,250,514	58,820	4.7%	10,398	0	10,398	17.0
Class C							
Bentonville	104,276	12,023	11.5%	0	0	0	--
Fayetteville	250,852	54,948	21.9%	8,448	0	8,448	19.5
Rogers	298,231	60,751	20.4%	-7,066	0	-7,066	--
Springdale	238,403	30,710	12.9%	-7,600	0	-7,600	--

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents



Other Categories

Warehouse

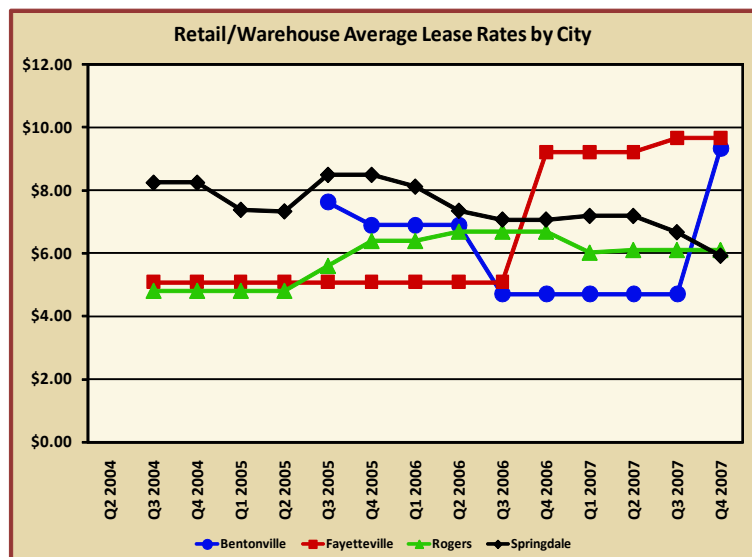
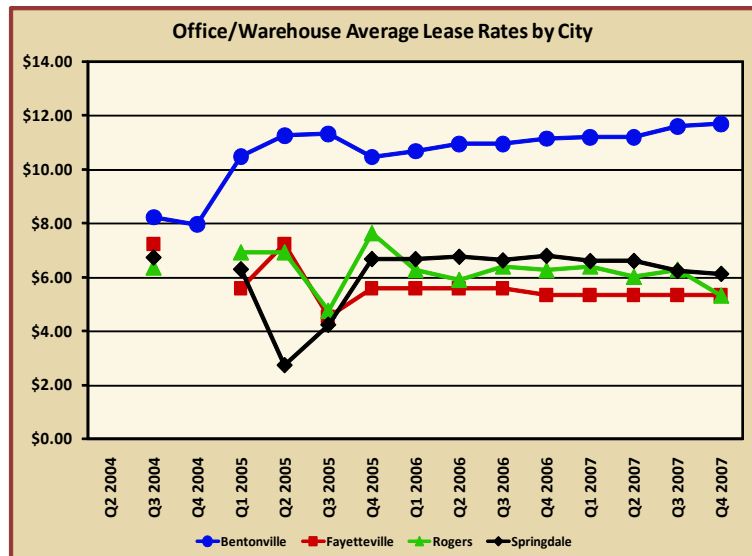
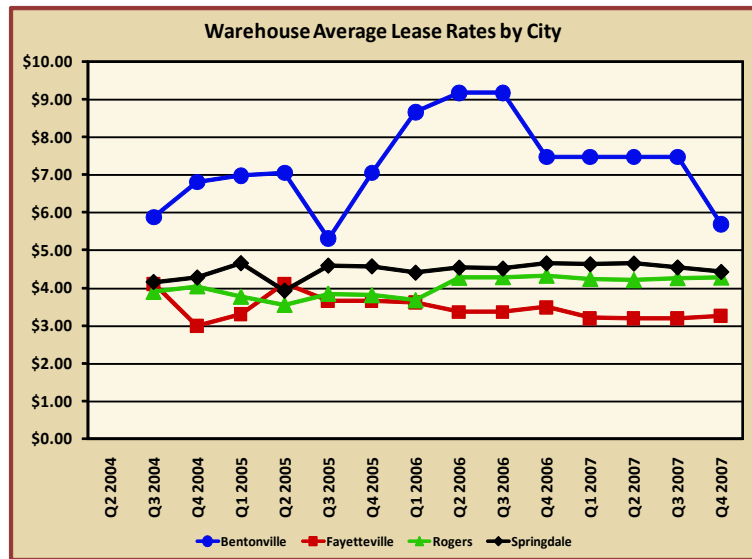
In the fourth quarter of 2007, the warehouse properties included in the CBER panel had a vacancy rate of 18.0 percent, down from 21.4 percent in the third quarter of 2007. Of the 4.9 million square feet of warehouse space examined, 890,090 square feet were available in the fourth quarter.

The majority of available warehouse space was split between Rogers (with 351,120 square feet), Lowell (with 175,966 square feet), and Springdale (with 156,489 square feet). There were 79,500 new warehouse square feet added in Bentonville in the fourth quarter, but available space tightened, with the absorption of 55,860 square feet in Rogers, 39,955 square feet in Springdale, and 32,580 square feet in Fayetteville. Reported warehouse vacancy rates increased in Bentonville and Lowell and declined in Fayetteville, Rogers, and Springdale in the fourth quarter.

The average reported warehouse lease rates in Bentonville declined sharply down to \$5.69, while continuing to be the most expensive lease rates in Northwest Arkansas. Rogers and Fayetteville reported average lease rates went slightly up, while Springdale average lease rates decreased in the fourth quarter.

Office/Warehouse

The CBER panelists reported on 2.9 million square feet of office/warehouse space in the fourth quarter. The vacancy rate in the office/warehouse submarket increased from 21.5 percent in the third quarter to 28.7 percent in the fourth quarter in Northwest Arkansas, with 832,970 total square feet available in the fourth quarter. From the third quarter to the fourth quarter of 2007, no new square feet came online, while 106,312 square feet of office/warehouse space became vacant.



Other Categories

The activity in the office/warehouse submarket in the fourth quarter was concentrated in Bentonville, Rogers, Siloam Springs, and Springdale. There were 7,334 square feet of office/warehouse space absorbed in Springdale, 3,354 square feet in Bentonville, and 3,000 square feet in Siloam Springs. Rogers experienced negative net absorption with 120,000 square feet becoming vacant.

Office/warehouse reported average lease rates in Bentonville increased slightly, while average lease rates in Rogers and Springdale declined. Average lease rates for office/warehouse space in Fayetteville continued to be constant during the fourth quarter.

Retail/Warehouse

The CBER panelists reported on 649,809 square feet of retail/warehouse space in the fourth quarter of 2007. The vacancy rate in the retail/warehouse submarket continued to increase, reaching 20.4 percent in the fourth quarter, up from 17.2 percent in the third quarter. A total of 132,429 square feet became available in Northwest Arkansas in the

fourth quarter. From the third quarter to the fourth quarter of 2007, there was positive net absorption of 9,893 square feet of retail/warehouse space. No square feet of new retail/warehouse space were added to the market in the last quarter. Positive absorption occurred in Rogers, with 10,000 square feet absorbed. A total of 107 square feet were vacated in Fayetteville. There was no other activity in the retail/warehouse submarket in Northwest Arkansas. The change in retail/warehouse vacancy rates of Rogers and Fayetteville was consistent with the absorption numbers

from the third to the fourth quarter. (The rise in Bentonville and Springdale vacancy rates is due to the increased total square feet data available for the estimation.)

The retail/warehouse average reported lease rates in Bentonville increased significantly in the fourth quarter due to the rise of the total space available for the estimation. Average reported lease rates were constant in Fayetteville and Rogers and continued to decline in Springdale.

Other Lease Rates Average Range by City

	Warehouse	Office/ Warehouse	Retail/ Warehouse
Bentonville	\$5.27 - \$6.11	\$10.76 - \$12.65	\$8.96 - \$9.75
Fayetteville	\$3.23 - \$3.30	\$5.20 - \$5.53	\$8.85 - \$10.51
Rogers	\$4.19 - \$4.38	\$4.48 - \$6.18	\$6.09 - \$6.13
Springdale	\$4.14 - \$4.72	\$5.14 - \$7.14	\$5.34 - \$6.50

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 ²	Months of Inventory ²
Bentonville	445,368	114,300	25.7%	-22,000	79,500	-101,500	--
Fayetteville	916,727	92,215	10.1%	32,580	0	32,580	8.5
Rogers	1,875,494	351,120	18.7%	55,860	0	55,860	18.9
Springdale	1,341,759	156,489	11.7%	39,955	0	39,955	11.7

Office/Warehouse

Bentonville	914,532	256,525	28.0%	3,354	0	3,354	229.4
Fayetteville	110,326	104,326	94.6%	0	0	0	--
Rogers	586,255	191,523	32.7%	-120,000	0	-120,000	--
Springdale	978,905	202,649	20.7%	7,334	0	7,334	82.9

Retail/Warehouse

Bentonville	61,356	23,898	38.9%	0	0	0	--
Fayetteville	70,580	9,197	13.0%	-107	0	-107	--
Rogers	55,729	11,283	20.2%	10,000	0	10,000	3.4
Springdale	427,224	88,051	20.6%	0	0	0	--

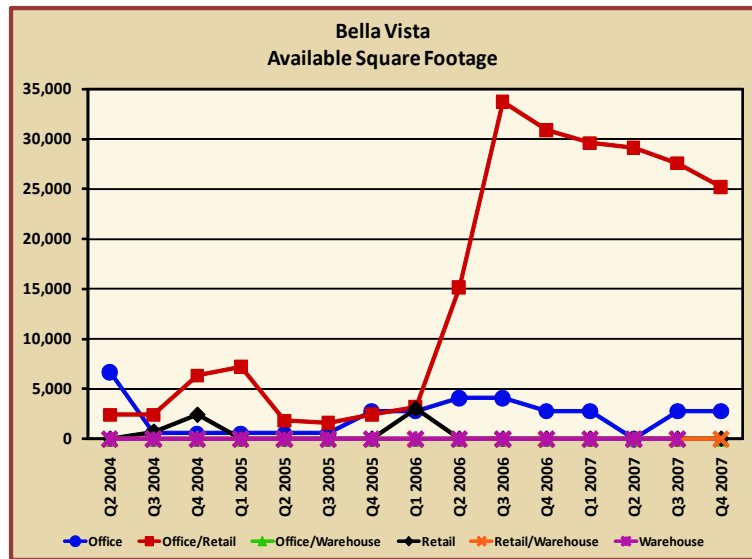
¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents



Bella Vista

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 319,574 square feet of commercial space in the fourth quarter of 2007.
- In the fourth quarter of 2007, Bella Vista experienced a positive absorption of 2,400 square feet in the Class B office/retail submarket.
- No new space was added to Bella Vista commercial market in the fourth quarter of last year.
- Reported vacancy rates declined in the office/retail submarket and stayed constant in all other submarkets in Bella Vista from the third quarter to the fourth quarter of 2007 in accord with absorption.
- Reported average lease rates decreased in medical office and increased in Class B office/retail submarket in the fourth quarter of 2007, while other lease rates remained unchanged in Bella Vista.



Bella Vista Commercial Real Estate Market Summary Statistics

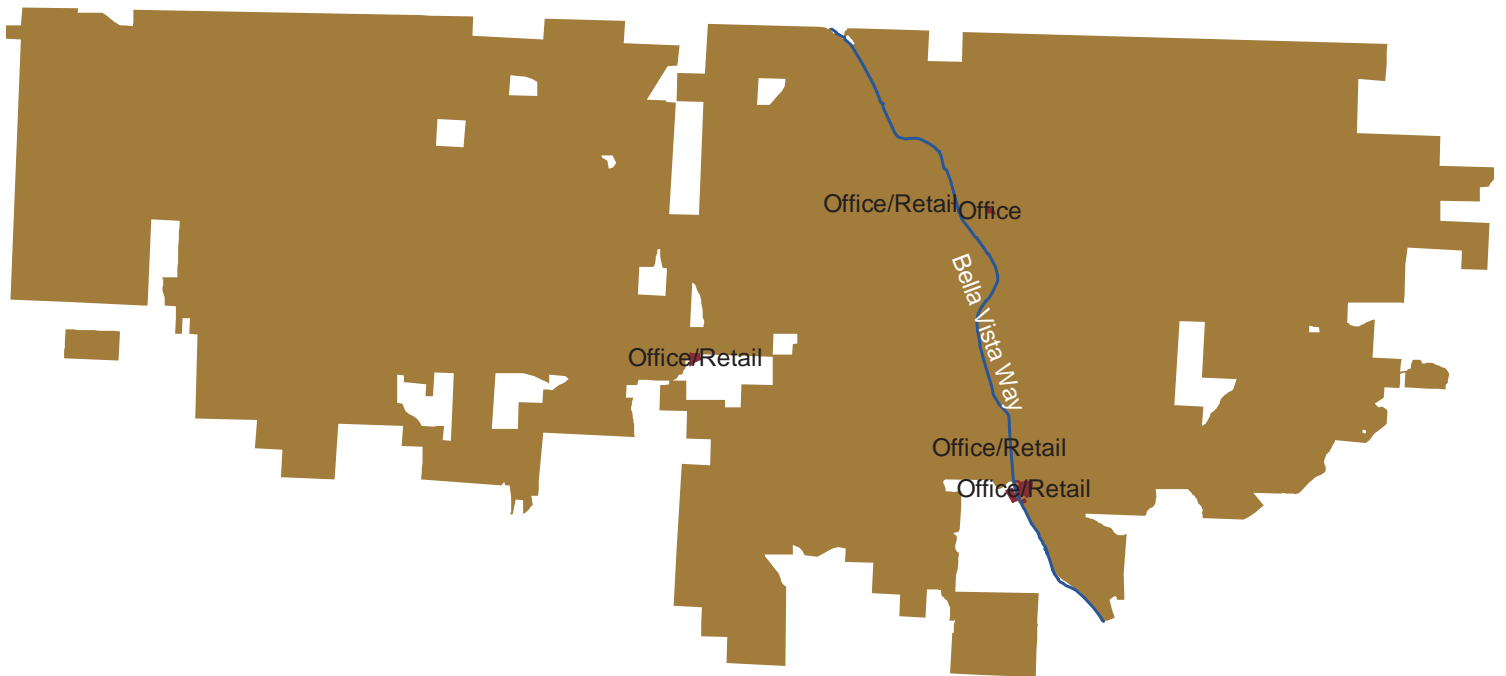
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Industrial	--	--	--	--	--	--	--	--
Office	\$12.93 - \$13.93	11,554	2,800	24.2%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	\$13.85 - \$13.85	3,450	0	0.0%	0	0	0	0.0
Class C	--	--	--	--	--	--	--	--
Medical	\$12.00 - \$14.00	8,104	2,800	34.6%	0	0	0	--
Office/Retail	\$9.29 - \$11.62	268,534	25,189	9.4%	2,400	0	2,400	31.5
Class A	--	--	--	--	--	--	--	--
Class B	\$9.29 - \$11.62	268,534	25,189	9.4%	2,400	0	2,400	31.5
Class C	--	--	--	--	--	--	--	--
Office/Warehouse	--	--	--	--	--	--	--	--
Retail	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	0.0
Class A	--	--	--	--	--	--	--	--
Class B	\$3.46 - \$3.46	21,000	0	0.0%	0	0	0	0.0
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	--	--	--	--	--	--	--	--
Warehouse	\$1.00 - \$2.70	18,486	0	0.0%	0	0	0	0.0

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents

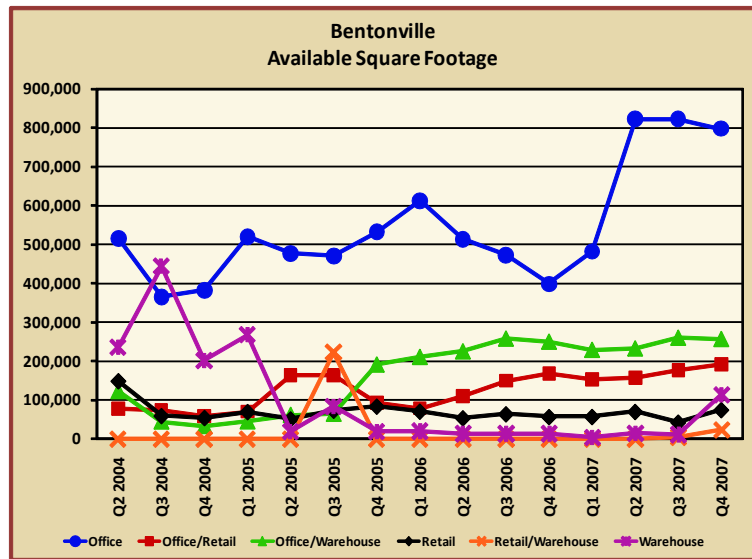


Bella Vista



Bentonville

- From September to November 2007, Bentonville issued building permits for \$8,075,766 worth of new commercial space. The fourth quarter 2007 value was almost seven times higher than the third quarter 2007 value and three times higher than the fourth quarter 2006 value.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 5,981,873 square feet of commercial space in the fourth quarter of 2007.
- There was negative net absorption in the office/retail, retail, and warehouse submarkets and positive net absorption in the office and office/warehouse submarkets in Bentonville. The retail/warehouse submarket experienced no absorption in the fourth quarter of 2007.
- A total of 79,500 new square feet of warehouse space entered the Bentonville commercial market in the fourth quarter of 2007.
- Reported vacancy rates increased in the office/retail, retail, and warehouse



submarkets and declined in the office and office/warehouse submarkets in accordance with net absorption. The retail/warehouse submarket vacancy rates increased notably. The discrepancy between the net absorption and vacancy rates of this market is due to the increased number of reported square feet.

- Average reported lease rates for the medical office space, Class A office/retail space, and warehouse space declined in the fourth quarter of 2007. Class A office space average reported lease rates as well as Class B office/retail space, office/warehouse space,

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 ²	Months of Inventory ²
Industrial	\$2.76 - \$2.76	86,376	76,056	88.1%	0	0	0	--
Office	\$14.62 - \$15.08	3,273,494	798,023	24.4%	25,005	0	25,005	95.7
Class A	\$18.22 - \$19.53	744,958	462,076	62.0%	12,361	0	12,361	112.1
Class B	\$14.32 - \$14.68	2,322,682	298,101	12.8%	12,644	0	12,644	70.7
Class C	\$7.44 - \$7.44	9,528	0	0.0%	0	0	0	0.0
Medical	\$16.74 - \$19.35	196,326	37,846	19.3%	0	0	0	--
Office/Retail	\$13.76 - \$14.61	787,800	192,720	24.5%	-15,987	0	-15,987	--
Class A	\$15.00 - \$15.00	75,667	25,688	33.9%	-3,704	0	-3,704	--
Class B	\$14.01 - \$14.91	617,823	154,672	25.0%	-12,283	0	-12,283	--
Class C	\$8.75 - \$9.13	94,310	12,360	13.1%	0	0	0	--
Office/Warehouse	\$10.76 - \$12.65	914,532	256,525	28.0%	3,354	0	3,354	229.4
Retail	\$13.23 - \$13.76	412,947	74,732	18.1%	-2,902	0	-2,902	--
Class A	\$16.00 - \$19.50	39,534	6,988	17.7%	1,112	0	1,112	18.9
Class B	\$14.37 - \$14.73	269,137	55,721	20.7%	-4,014	0	-4,014	--
Class C	\$10.32 - \$10.88	104,276	12,023	11.5%	0	0	0	--
Retail/Warehouse	\$8.96 - \$9.75	61,356	23,898	38.9%	0	0	0	--
Warehouse	\$5.27 - \$6.11	445,368	114,300	25.7%	-22,000	79,500	-101,500	--

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents



Bentonville

and retail/warehouse space lease rates ticked up during the fourth quarter. Other reported average lease rates were basically unchanged.

Downtown Bentonville

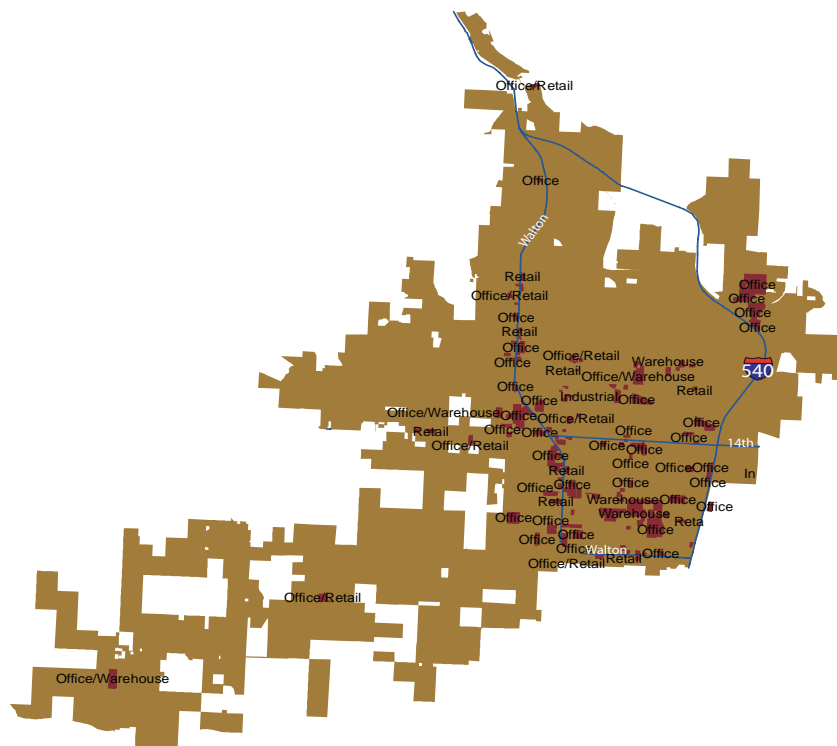
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 165,340 square feet of office, office/retail, and retail space in downtown Bentonville in the fourth quarter of 2007.
- The office space in downtown Bentonville had a reported vacancy rate of 16.7 percent in the fourth quarter of 2007, down from 18.1 percent in the third quarter. This was lower than the overall office vacancy rate for Bentonville, which was 24.4 percent in the same period.
- The office/retail and retail vacancy rates for downtown Bentonville properties continued to have vacancy rates lower than those for all of Bentonville during the fourth quarter. In fact, no vacant space was available in the retail submarket in the downtown.
- There was positive absorption of 797 square feet of office space in downtown Bentonville from the third quarter of 2007 to the fourth quarter of 2007. The office/retail and retail submarkets experienced no absorption in the downtown Bentonville.
- Average reported lease rates continued to be around \$3-\$4 lower for office and office/retail space in downtown Bentonville than the city average. For the retail space, the average reported lease rate continued to be about \$1.50 lower.

Downtown Bentonville Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$10.67 - \$11.95	60,265	10,091	16.7%	797	0	797	38.0
Office/Retail	\$9.74 - \$11.58	85,950	3,008	3.5%	0	0	0	--
Retail	\$11.93 - \$11.93	19,125	0	0.0%	0	0	0	0.0

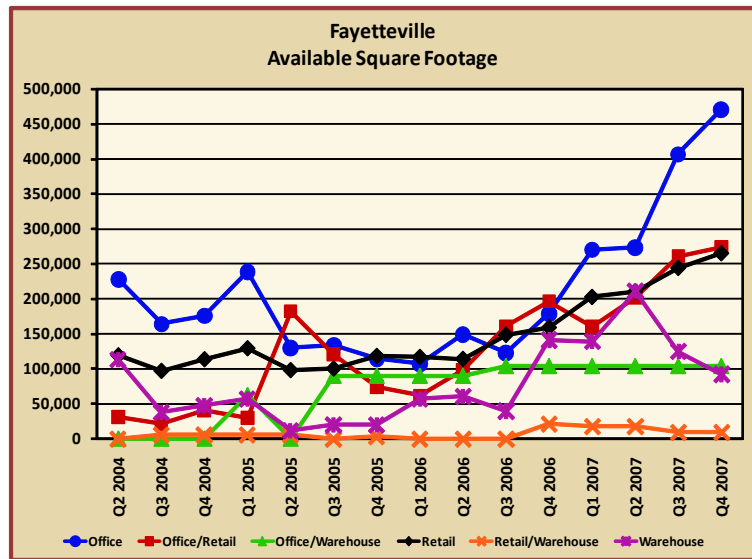
¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents



Fayetteville

- From September to November 2007, Fayetteville issued building permits for \$27,923,695 worth of new commercial space. The fourth quarter 2007 value was 236.1 percent higher than the third quarter 2007 value and 22.9 percent higher than the fourth quarter 2006 value.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 7,009,765 square feet of commercial space in the fourth quarter of 2007.
- In the fourth quarter of 2007, Fayetteville experienced negative net absorption in the office and retail/warehouse submarkets. There was positive net absorption in office/retail, retail, and warehouse submarkets, and no absorption in the office/warehouse market.
- Totals of 25,000 new square feet of Class B office space and 13,500 square feet of Class B office/retail space entered the Fayetteville commercial market in the fourth quarter of 2007.
- Observed vacancy rates in Fayetteville in the fourth quarter increased in the



- office, retail, and retail/warehouse submarkets, declined in the office/retail and warehouse submarkets, and were unchanged in the medical office and office/warehouse submarkets.
- Average reported lease rates in Class A office submarket, in Class A and B office/retail submarkets, and in all retail submarkets increased in the fourth quarter. The reported lease rates in Class

B and C office submarkets declined, following the increase in vacancy rates. The warehouse lease rates increased slightly, whereas average lease rates in other submarkets remained almost the same.

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 ²	Months of Inventory ²
Lab	\$19.75 - \$19.75	10,603	0	0.0%	0	0	0	0.0
Industrial	--	--	--	--	--	--	--	--
Office	\$14.33 - \$15.96	2,133,656	470,731	22.1%	-32,249	25,000	-57,249	--
Class A	\$19.23 - \$22.33	436,882	118,352	27.1%	-6,985	0	-6,985	--
Class B	\$13.82 - \$15.09	999,684	283,981	28.4%	-23,764	25,000	-48,764	--
Class C	\$9.49 - \$10.43	171,589	12,634	7.4%	-1,500	0	-1,500	--
Medical	\$15.48 - \$17.50	525,501	55,764	10.6%	0	0	0	--
Office/Retail	\$13.43 - \$14.77	1,251,674	274,173	21.9%	21,478	13,500	7,978	--
Class A	\$21.67 - \$23.33	63,000	34,500	54.8%	13,500	0	13,500	7.7
Class B	\$14.22 - \$15.43	843,224	186,573	22.1%	6,268	13,500	-7,232	--
Class C	\$10.85 - \$12.37	345,450	53,100	15.4%	1,710	0	1,710	93.2
Office/Warehouse	\$5.20 - \$5.53	110,326	104,326	94.6%	0	0	0	--
Retail	\$12.84 - \$14.37	2,516,199	265,603	10.6%	7,409	0	7,409	107.5
Class A	\$21.00 - \$23.60	1,372,331	117,400	8.6%	-7,484	0	-7,484	--
Class B	\$14.15 - \$16.11	893,016	93,255	10.4%	6,445	0	6,445	43.4
Class C	\$8.82 - \$9.52	250,852	54,948	21.9%	8,448	0	8,448	19.5
Retail/Warehouse	\$8.85 - \$10.51	70,580	9,197	13.0%	-107	0	-107	--
Warehouse	\$3.23 - \$3.30	916,727	92,215	10.1%	32,580	0	32,580	8.5

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents



Fayetteville

Downtown Fayetteville/Dickson Street Area

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 606,210 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street Area in the fourth quarter of 2007.
- The office space in downtown Fayetteville had a reported vacancy rate of 20.8 percent in the fourth quarter of 2007. This was higher than the overall Fayetteville office vacancy rate of 22.1 percent.
- The office/retail vacancy rates for downtown Fayetteville properties had vacancy rate about 5 percentage points higher than the average for all of Fayetteville during the fourth quarter and downtown Fayetteville retail vacancy rate was about 20 percentage points higher. The resulted increase in retail vacancy rates in the fourth quarter is due to more total space available for estimation.
- There was no new space in downtown Fayetteville in the fourth quarter of 2007.
- There was negative net absorption of 3,900 square feet of office/retail space and positive net absorption of 3,500 square feet of office space in downtown Fayetteville from the third quarter of 2007 to the fourth quarter of 2007. There was no absorption in the downtown Fayetteville retail submarket.



- On average, reported lease rates were about \$1.7 higher for office/retail space in downtown Fayetteville than the city average. The average reported office lease rate was about the same as the city average and the average retail lease rate was about \$1.7 lower.
- The office/retail vacancy rate in north Fayetteville went down to 35.2 percent in accordance with the absorption, but still remained more than 13 percentage points higher than the city average office/retail vacancy rate of 21.9 percent.
- The retail vacancy rate for north Fayetteville properties was 9.2 percent – lower than the city average of 10.6 percent during the fourth quarter.
- There were 25,000 square feet of new office space added to the submarket in the fourth quarter of 2007.
- There was negative net absorption of 37,254 square feet of office space and 3,165 square feet of retail space during the fourth quarter in the Northwest Arkansas Mall Area/Joyce Street Corridor. The office/retail submarket experienced a positive absorption of 14,600 square feet.
- Average reported lease rates were consistently higher than the city average.

Northwest Arkansas Mall Area/Joyce Street Corridor

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 2,757,019 square feet of office, office/retail, and retail space in the Northwest Arkansas Mall Area/Joyce Street Corridor in the fourth quarter of 2007.
- The office space in north Fayetteville had a reported vacancy rate of 26.7 percent in the fourth quarter of 2007. This was higher than the previous quarter vacancy rate and higher than the overall office vacancy rate for Fayetteville (22.1 percent).

Fayetteville Downtown/Dickson Street Area 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 ²	Months of Inventory ²
Office	\$13.18 - \$17.19	324,473	67,612	20.8%	3,500	0	3,500	58.0
Office/Retail	\$15.36 - \$16.22	246,890	67,170	27.2%	-3,900	0	-3,900	--
Retail	\$10.27 - \$13.43	34,847	13,000	37.3%	0	0	0	--

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents



Fayetteville

age in north Fayetteville. Office and office/retail space averaged between \$1.00-\$2.50 higher lease rates and retail had a \$6.00 premium.

Sixth Street Corridor

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 388,206 square feet of office, office/retail, and retail space in the Sixth Street Corridor in the fourth quarter of 2007.
- The office space in southwest Fayetteville had a reported vacancy rate of 53.8 percent in the fourth quarter of 2007. This was the same as in previous quarter and much higher than the overall office vacancy rate for Fayetteville, which was 22.1 percent during the same period.
- The office/retail and retail vacancy rates were also substantially higher in southwest Fayetteville than the city average, being 49.5 and 25.1 percent, respectively.

- There was no new space added to the submarket in the fourth quarter of 2007.
- There was positive absorption of 7,213 square feet of retail space during the fourth quarter in the Sixth Street Corridor. The office and office/retail submarkets experienced no absorption during the same period.

- Average reported lease rates were consistently lower than the city average in southwest Fayetteville, except for the average office/retail lease rate. Office and retail space averaged between \$1.30-\$1.50 lower lease rates. Office/retail had minimum lease rate just slightly below the city minimum rate, while maximum office/retail lease rate was \$1.00 higher.



Fayetteville Mall/Joyce Street Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$15.52 - \$17.04	1,180,199	315,548	26.7%	-37,254	25,000	-62,254	--
Office/Retail	\$15.92 - \$16.92	104,970	36,900	35.2%	14,600	0	14,600	7.6
Retail	\$19.15 - \$20.25	1,471,850	134,985	9.2%	-3,165	0	-3,165	--

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents

Fayetteville Sixth Street Corridor Summary Statistics

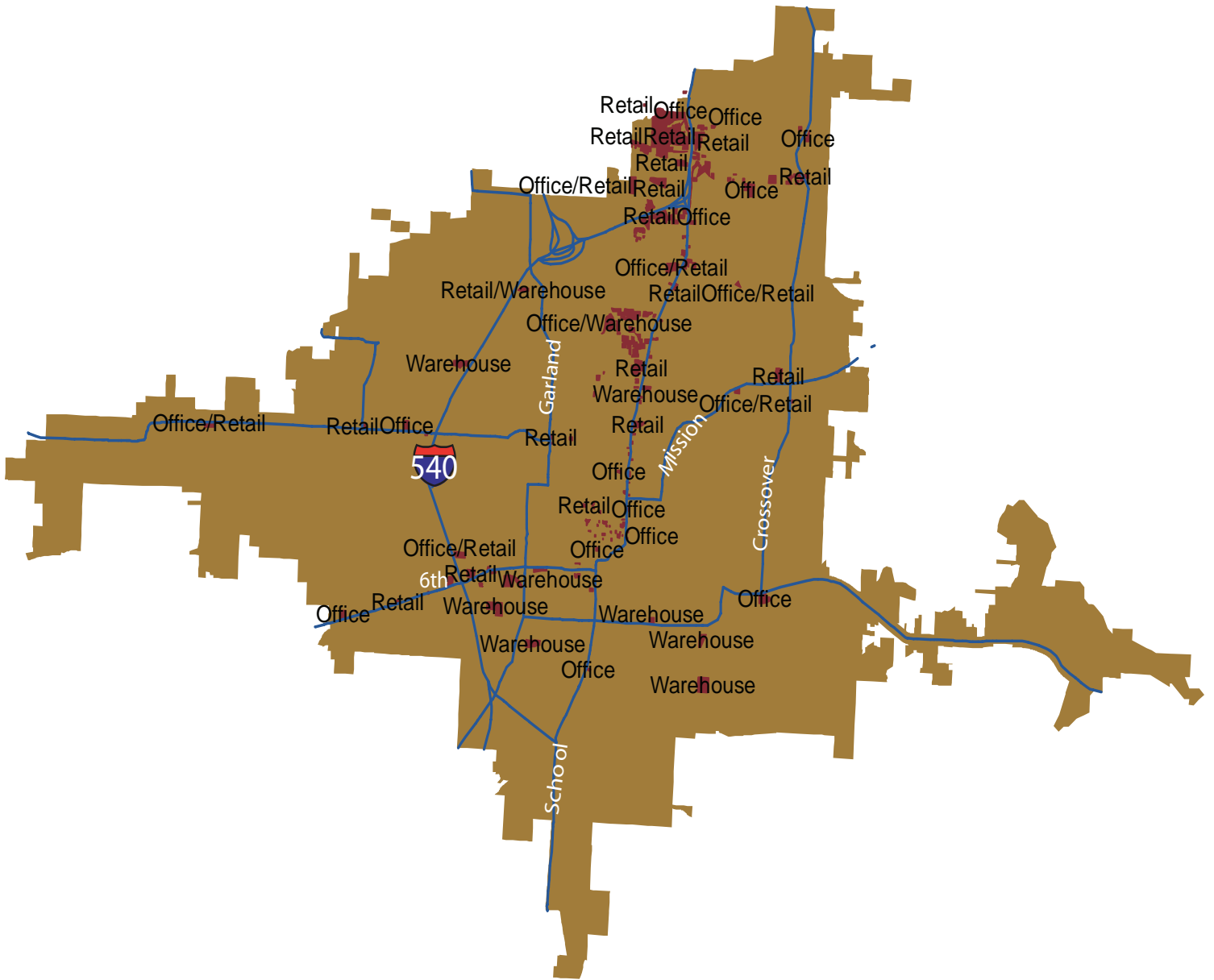
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$13.00 - \$14.75	22,725	12,230	53.8%	0	0	0	--
Office/Retail	\$13.36 - \$15.80	167,200	82,700	49.5%	0	0	0	--
Retail	\$11.05 - \$13.22	198,281	49,800	25.1%	7,213	0	7,213	20.7

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents

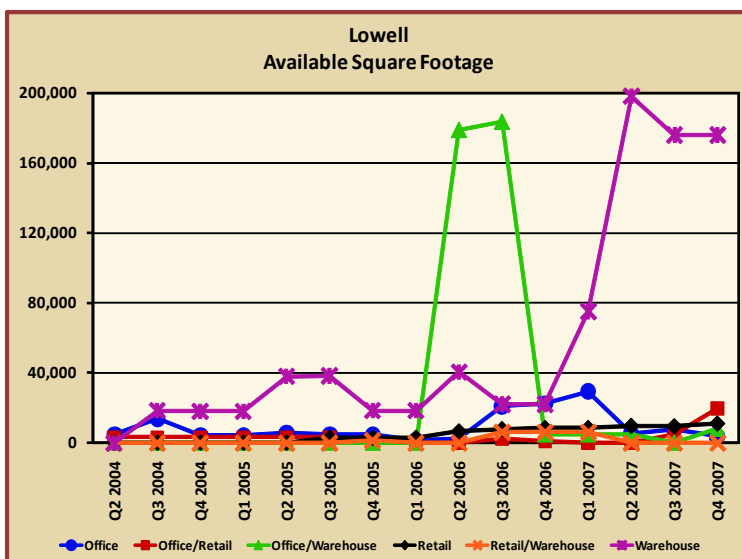


Fayetteville



Lowell

- From September to November 2007, Lowell issued building permits for \$4,455,275 worth of new commercial space. The fourth quarter 2007 value was almost 100 times higher than the third quarter 2007 value and more than twice higher than the fourth quarter 2006 value.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 850,164 square feet of commercial space in the fourth quarter of 2007.
- In the fourth quarter of 2007, Lowell experienced positive absorption in the office and office/retail submarkets, negative absorption in the retail submarket, and no absorption in the medical, office/warehouse, retail/warehouse, and warehouse submarkets.
- Reported vacancy rates declined in the office submarket from the third quarter to the fourth quarter of 2007 and increased in the retail, office/retail, office/warehouse, and warehouse submarkets in Lowell. Discrepancy between the



changes in absorption and vacancy rates is due to more data available for office/retail and office/warehouse submarkets and less data available for warehouse submarket. No vacant space was available in the medical office and retail/warehouse submarkets.

- Reported fourth quarter average lease rates decreased in the warehouse submarket and remained almost the same in all other submarkets.

Lowell Commercial Real Estate Market Summary Statistics

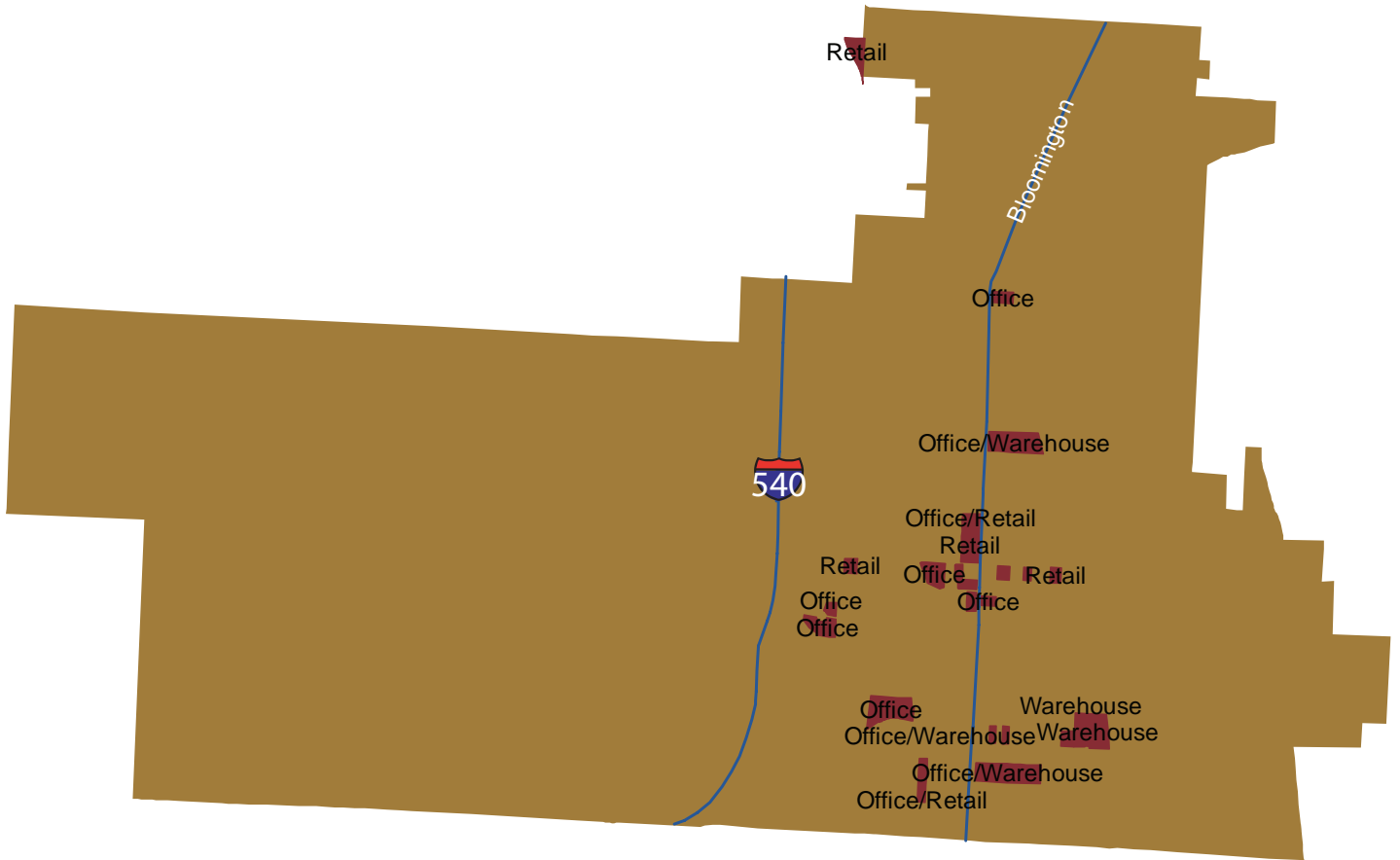
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Industrial	--	--	--	--	--	--	--	--
Office	\$16.69 - \$17.99	247,475	3,844	1.6%	3,683	0	3,683	3.1
Class A	\$18.00 - \$19.33	111,552	0	0.0%	1,914	0	1,914	0.0
Class B	\$15.30 - \$16.74	95,923	3,844	4.0%	1,769	0	1,769	6.5
Class C	--	--	--	--	--	--	--	--
Medical	\$24.00 - \$24.00	40,000	0	0.0%	0	0	0	0.0
Office/Retail	\$9.27 - \$10.02	70,658	19,660	27.8%	2,500	0	2,500	23.6
Class A	--	--	--	--	--	--	--	--
Class B	\$11.00 - \$12.00	53,498	2,500	4.7%	2,500	0	2,500	3.0
Class C	\$4.08 - \$4.08	17,160	17,160	--	0	0	0	--
Office/Warehouse	\$6.27 - \$6.81	208,740	7,940	3.8%	0	0	0	--
Retail	\$14.00 - \$18.00	61,495	11,090	18.0%	-1,590	0	-1,590	--
Class A	--	--	--	--	--	--	--	--
Class B	\$14.00 - \$18.00	61,495	11,090	18.0%	-1,590	0	-1,590	--
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	\$10.89 - \$10.89	11,240	0	0.0%	0	0	0	0.0
Warehouse	\$3.38 - \$3.38	250,556	175,966	70.2%	0	0	0	--

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents

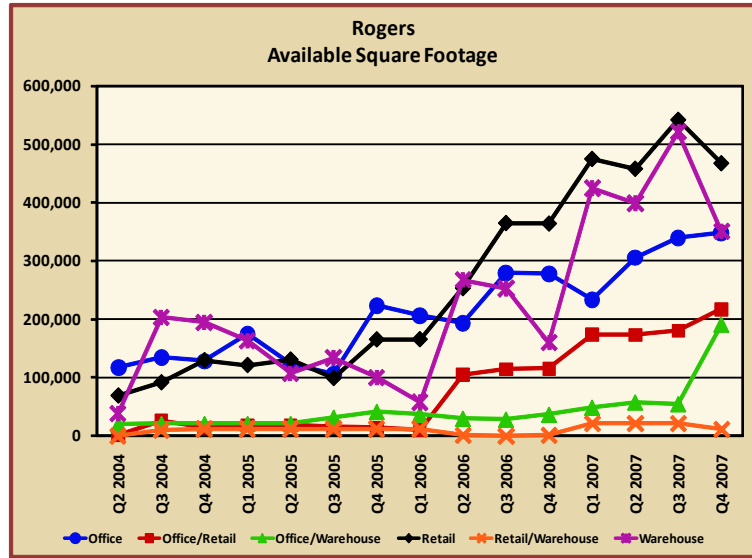


Lowell



Rogers

- From September to November 2007, Rogers issued building permits for \$533,200 worth of new commercial space. The fourth quarter 2007 value was 97.9 percent lower than the third quarter 2007 value and 95.2 percent lower than the fourth quarter 2006 value.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 7,641,375 square feet of commercial space in the fourth quarter of 2007.
- There were 55,670 square feet of new office space and 13,727 square feet of new office/retail space added to the Rogers market in the fourth quarter of 2007.
- In the fourth quarter of 2007, Rogers experienced negative net absorption in the office, medical office, office/retail, and office/warehouse submarkets and experienced positive absorption in the retail, retail/warehouse, and warehouse submarkets. Reported vacancy rates declined in the retail, retail/warehouse, and warehouse submarkets in the fourth



- quarter. On the other hand, average vacancy rates increased in the medical office, office/retail, and office/warehouse submarkets in accordance with absorption. The vacancy rate in the office submarket decreased slightly due to more data available for the estimation.
- Average reported lease rates decreased in Class A and B office submarkets as well as in medical office and office/

warehouse markets (Class C office lease rates remained steady). Class A and C retail average reported lease rates increased in the fourth quarter of 2007 in Rogers, whilst Class B retail average lease rates stayed constant. Class A and C office/retail reported lease rates declined, while Class B office/retail lease rates rose in the fourth quarter. Aver-

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 ²	Months of Inventory ²
Lab	\$10.00 - \$12.00	9,482	9,482	100.0%	0	0	0	--
Industrial	\$6.00 - \$6.00	282,120	0	0.0%	0	0	0	0.0
Office	\$15.58 - \$16.60	1,640,594	348,274	21.2%	38,852	55,670	-16,818	--
Class A	\$18.34 - \$20.09	978,145	189,419	19.4%	27,397	30,000	-2,603	--
Class B	\$13.87 - \$14.47	467,537	85,430	18.3%	-1,980	0	-1,980	--
Class C	\$9.83 - \$10.23	108,536	45,958	42.3%	0	0	0	--
Medical	\$17.03 - \$17.49	86,376	27,467	31.8%	13,435	25,670	-12,235	--
Office/Retail	\$14.15 - \$16.87	578,289	217,667	37.6%	-10,575	13,727	-24,302	--
Class A	\$21.67 - \$25.25	284,399	146,817	51.6%	-4,695	13,727	-18,422	--
Class B	\$10.40 - \$11.60	77,970	51,570	66.1%	-7,180	0	-7,180	--
Class C	\$8.89 - \$12.10	215,920	19,280	8.9%	1,300	0	1,300	44.5
Office/Warehouse	\$4.48 - \$6.18	586,255	191,523	32.7%	-120,000	0	-120,000	--
Retail	\$10.92 - \$12.00	2,613,412	467,853	17.9%	70,233	0	70,233	20.0
Class A	\$17.89 - \$20.21	1,603,506	215,908	13.5%	10,959	0	10,959	59.1
Class B	\$9.22 - \$10.22	711,675	191,194	26.9%	66,340	0	66,340	8.6
Class C	\$8.66 - \$9.20	298,231	60,751	20.4%	-7,066	0	-7,066	--
Retail/Warehouse	\$6.09 - \$6.13	55,729	11,283	20.2%	10,000	0	10,000	3.4
Warehouse	\$4.19 - \$4.38	1,875,494	351,120	18.7%	55,860	0	55,860	18.9

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents



Rogers

age lease rates in warehouse market increased slightly, whereas lease rates in retail/warehouse market remained unchanged.

Downtown Rogers

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 528,750 square feet of office, office/retail, and retail space in Downtown Rogers in the fourth quarter of 2007.
- The office space in downtown Rogers had a reported average vacancy rate of 15.5 percent in the fourth quarter of 2007. This was lower than the overall average office vacancy rate for Rogers, which was 21.2 percent in the same period.
- The average retail vacancy rate for downtown Rogers properties was 5.6 percent, much lower than the 17.9 percent average for all of Rogers.
- A total of 14,440 square feet of office/retail space added to the estimation of downtown Rogers in the fourth quarter of 2007 were available, yielding 100.0 percent vacancy rate.
- There was positive net absorption of 2,100 square feet of office space and no absorption of retail or office/retail space in downtown Rogers from the third quarter to the fourth quarter of 2007.

- Average reported lease rates for downtown Rogers office space were about \$3.6 lower than the average for all of Rogers. The average reported office/retail lease rate was about \$9 lower than the city average and average retail lease rate was about \$0.6 lower.

Rogers Interstate 540

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 2,807,552 square feet of office, office/retail, and retail space along the Rogers I-540 corridor in the fourth quarter of 2007.
- The office space along the Rogers I-540 corridor had a reported average vacancy rate of 18.5 percent in the fourth quarter of 2007. This was lower than the overall average office vacancy rate for Rogers (21.2 percent).
- The average office/retail and retail vacancy rates for Rogers I-540 corridor properties were higher than the rates for all of Rogers for about 12 and 6 percentage points respectively.
- There were 4,470 square feet of new office space and 13,727 square feet of new office/retail space added to the Rogers I-540 corridor submarket in the fourth quarter of 2007.
- There was positive net absorption of 36,959 square feet of retail space and

negative net absorption of 5,038 square feet of office space and 18,422 square feet of office/retail space along the Rogers I-540 corridor from the third quarter to the fourth quarter of 2007.

- Average reported lease rates for Rogers I-540 corridor commercial properties were consistently higher than the average for all of Rogers. The average reported office lease rate was about \$2.5 higher, office/retail lease rate about \$6.5 higher, and the average reported retail lease rate was about \$3.7 higher than the city average.



Rogers Downtown Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$12.27 - \$12.78	58,213	9,032	15.5%	2,100	0	2,100	12.9
Office/Retail	\$6.00 - \$7.00	14,440	14,440	100.0%	0	0	0	--
Retail	\$10.83 - \$10.83	456,097	25,680	5.6%	0	0	0	--

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents



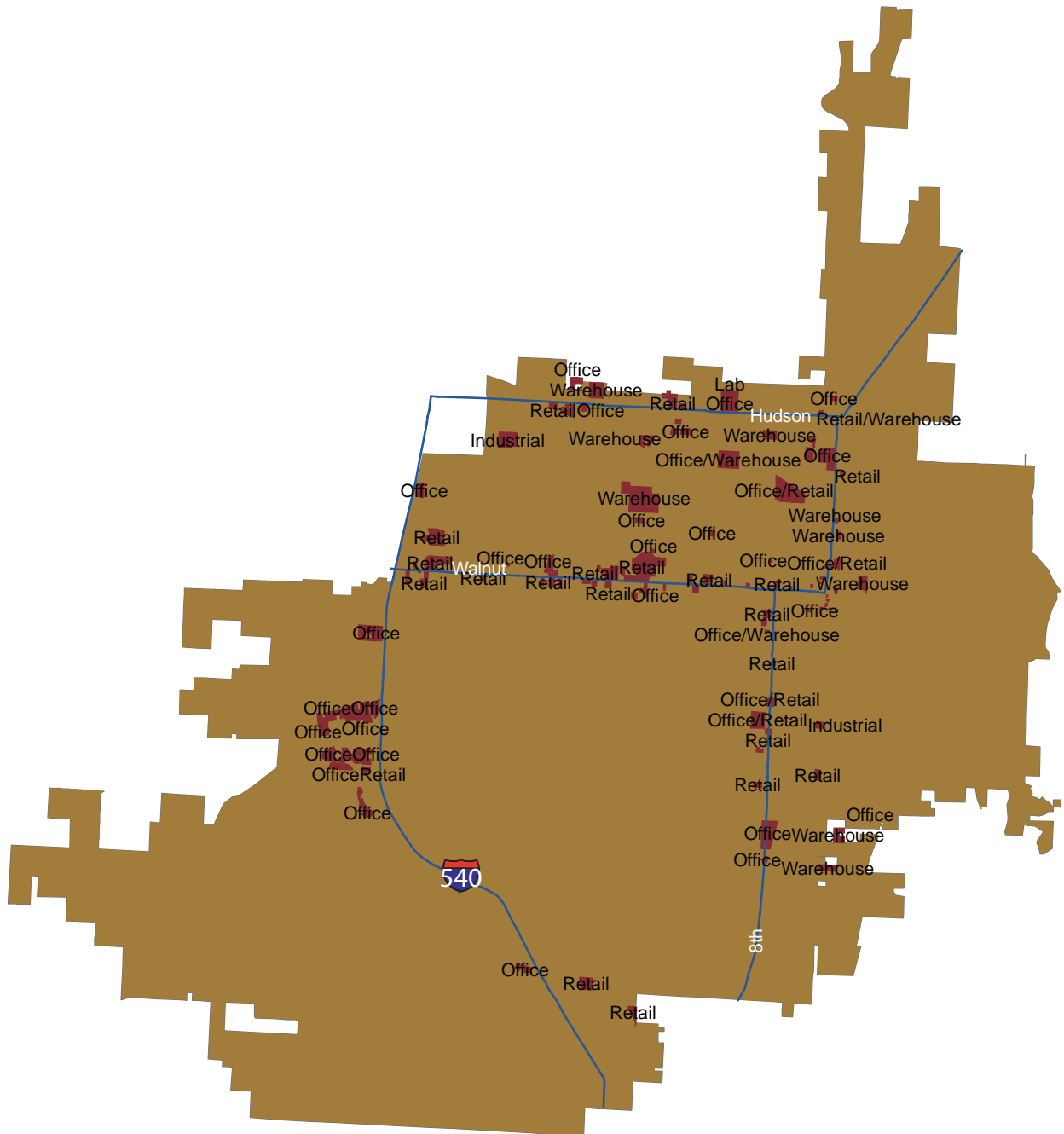
Rogers

Rogers Interstate 540 Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$18.09 - \$19.13	1,085,890	200,390	18.5%	-568	4,470	-5,038	--
Office/Retail	\$20.67 - \$23.42	272,353	133,929	49.2%	-4,695	13,727	-18,422	--
Retail	\$14.38 - \$15.91	1,449,309	344,904	23.8%	36,959	0	36,959	28.0

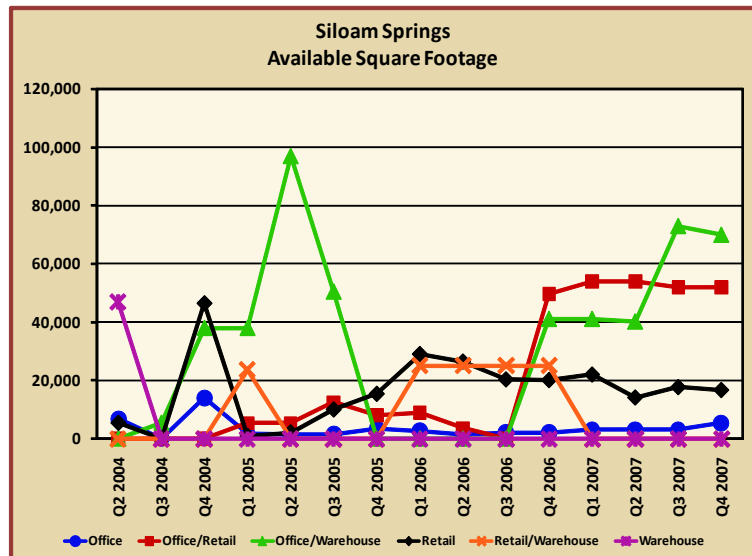
¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents



Siloam Springs

- From September to November 2007, Siloam Springs issued no building permits for new commercial space.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 719,094 square feet of commercial space in the fourth quarter of 2007.
- In the fourth quarter of 2007, Siloam Springs experienced positive net absorption in the office/warehouse and retail submarkets and negative net absorption in the office submarket. There was no absorption in the medical office, office/retail, retail/warehouse, or warehouse submarkets in the fourth quarter.
- There were 2,000 square feet of new Class C office space added in Siloam Springs in the fourth quarter.



- Following net absorption, vacancy rates declined in the office/warehouse submarket and increased in the office submarket, and were unchanged elsewhere.
- Average reported lease rates decreased for the office/warehouse submarket in Siloam Springs in the fourth quarter.

Siloam Springs Commercial Real Estate Market Summary Statistics

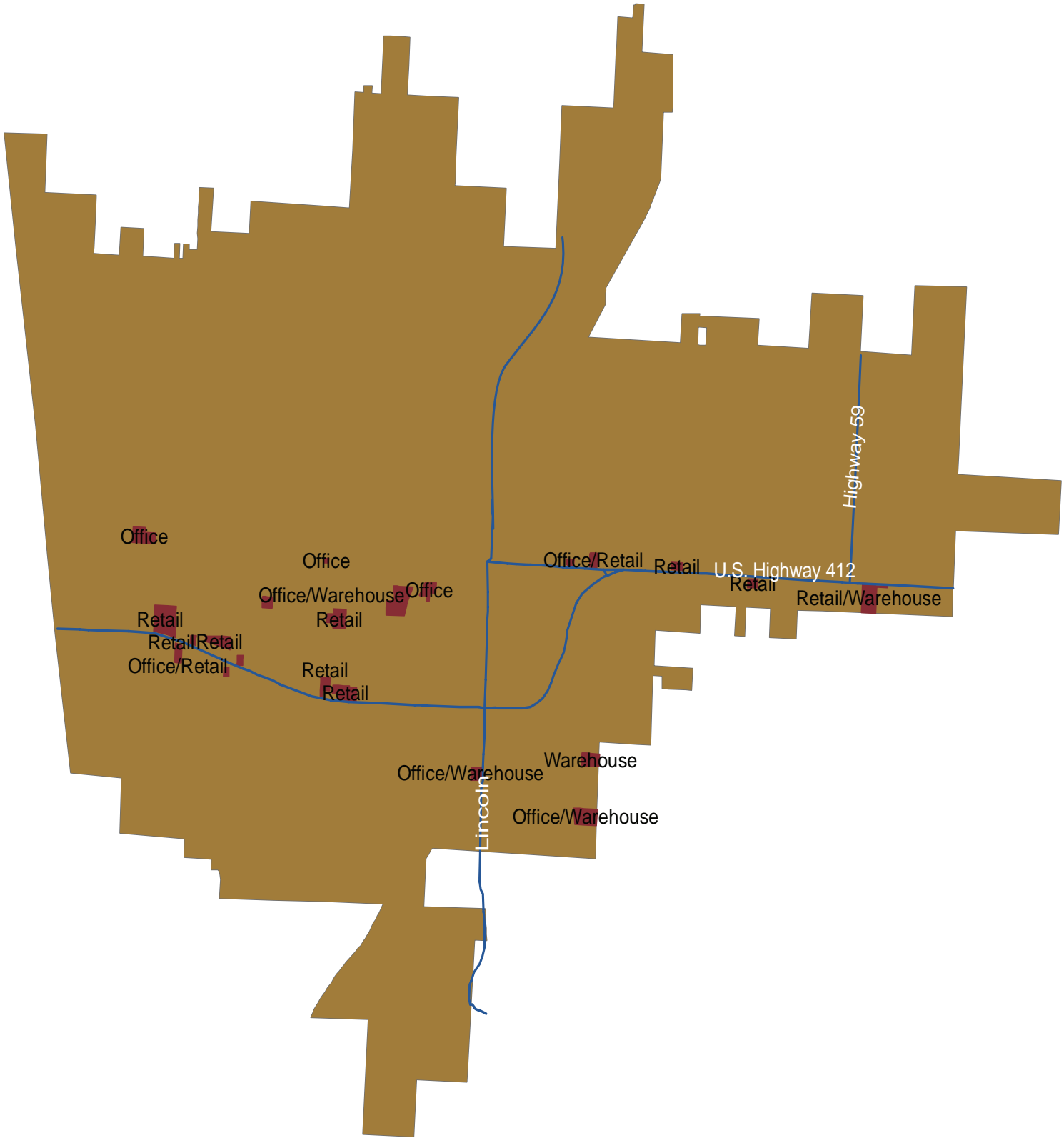
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Industrial	--	--	--	--	--	--	--	--
Office	\$10.84 - \$11.53	81,032	5,400	6.7%	-200	2,000	-2,200	--
Class A	--	--	--	--	--	--	--	--
Class B	\$7.39 - \$8.27	8,000	1,200	15.0%	-200	0	-200	--
Class C	\$6.27 - \$6.33	2,000	2,000	100.0%	0	2,000	-2,000	--
Medical	\$13.51 - \$14.34	71,032	2,200	3.1%	0	0	0	--
Office/Retail	\$10.38 - \$11.21	117,633	51,955	44.2%	0	0	0	--
Class A	\$13.00 - \$18.00	56,096	39,555	70.5%	0	0	0	--
Class B	\$9.85 - \$9.85	61,537	12,400	20.2%	0	0	0	--
Class C	--	--	--	--	--	--	--	--
Office/Warehouse	\$3.12 - \$3.12	106,441	70,007	65.8%	3,000	0	3,000	70.0
Retail	\$8.73 - \$9.40	302,846	16,700	5.5%	1,000	0	1,000	50.1
Class A	--	--	--	--	--	--	--	--
Class B	\$9.63 - \$10.03	187,222	16,700	8.9%	1,000	0	1,000	50.1
Class C	\$6.00 - \$7.50	115,624	0	0.0%	0	0	0	--
Retail/Warehouse	\$4.05 - \$4.05	23,680	0	0.0%	0	0	0	--
Warehouse	--	87,462	0	0.0%	0	0	0	--

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents

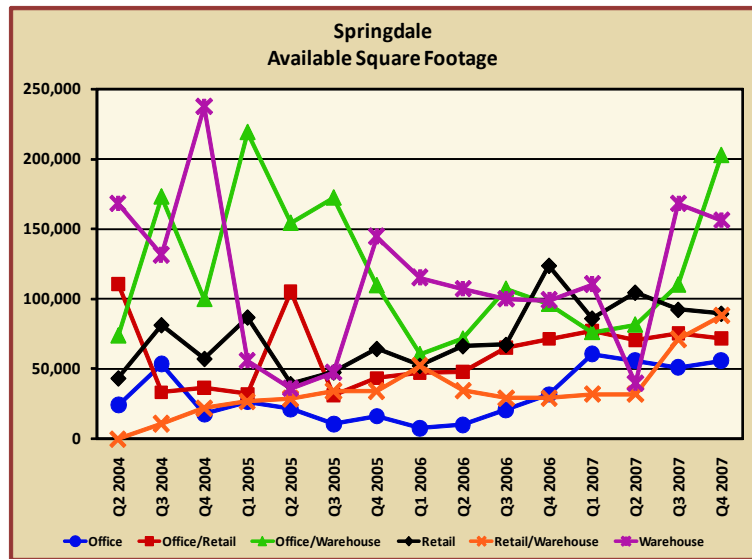


Siloam Springs



Springdale

- From September to November 2007, Springdale issued no building permits for new commercial space.
- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 5,727,961 square feet of commercial space in the fourth quarter of 2007.
- In the fourth quarter of 2007, Springdale experienced positive net absorption in the office/warehouse, retail, and warehouse submarkets and negative net absorption in the office and office/retail submarkets. The medical office and retail/warehouse submarkets experienced no absorption.
- A total of 14,500 square feet of new Class B office space and 8,000 square feet of new Class B office/retail space were added in the fourth quarter to the Springdale commercial property market.
- Reported vacancy rates increased in the office, office/warehouse, and retail/warehouse submarkets and declined in the retail, office/retail, and warehouse submarkets in Springdale in the fourth quarter.



- In Springdale, reported average lease rates for Class B and C office space rose, as well as Class B office/retail space and Class C retail space lease rates (retail space rates experienced very slight increase). Class A office submarket, office/warehouse, retail/warehouse, and warehouse market average reported lease rates declined in the fourth quarter.

Downtown Springdale

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

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 ²	Months of Inventory ²
Industrial	\$4.30 - \$5.80	381,647	20,000	5.2%	0	0	0	--
Office	\$11.40 - \$12.75	655,087	55,742	8.5%	13,128	14,500	-1,372	--
Class A	\$14.00 - \$14.00	57,123	2,816	4.9%	-2,816	0	-2,816	--
Class B	\$12.31 - \$14.64	303,937	11,194	3.7%	8,944	14,500	-5,556	--
Class C	\$9.79 - \$10.13	97,324	19,050	19.6%	7,000	0	7,000	8.2
Medical	\$11.31 - \$12.31	196,703	22,682	11.5%	0	0	0	--
Office/Retail	\$10.07 - \$11.12	454,422	71,618	15.8%	4,442	8,000	-3,558	--
Class A	--	--	--	--	--	--	--	--
Class B	\$12.50 - \$13.23	186,868	43,058	23.0%	442	8,000	-7,558	--
Class C	\$8.29 - \$9.57	267,554	28,560	10.7%	4,000	0	4,000	21.4
Office/Warehouse	\$5.14 - \$7.14	978,905	202,649	20.7%	7,334	0	7,334	82.9
Retail	\$10.02 - \$10.91	1,488,917	89,530	6.0%	2,798	0	2,798	96.0
Class A	--	--	--	--	--	--	--	--
Class B	\$12.05 - \$13.23	1,250,514	58,820	4.7%	10,398	0	10,398	17.0
Class C	\$8.67 - \$9.36	238,403	30,710	12.9%	-7,600	0	-7,600	--
Retail/Warehouse	\$5.34 - \$6.50	427,224	88,051	20.6%	0	0	0	--
Warehouse	\$4.14 - \$4.72	1,341,759	156,489	11.7%	39,955	0	39,955	11.7

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents



Springdale

of 13.3 percent in the third quarter of 2007. This was higher than the overall Springdale average office vacancy rate of 8.5 percent in the same period.

- The average retail vacancy rate for downtown Springdale properties was 38.9 percent, much higher than the 6.0 percent average for all of Springdale.
- There were no new square feet of commercial property added to downtown Springdale in the fourth quarter of 2007.
- There was negative net absorption of 3,600 square feet in the retail submarket and positive net absorption of 400 square feet in the office submarket in downtown Springdale in the fourth quarter of 2007.
- Average reported lease rates for downtown Springdale office space were about \$3.2 lower than the average for all of Springdale. The average reported retail lease rate was about \$0.8 lower than the city average.

West Springdale

- CBER panelists reported vacancy statistics, lease rate ranges, and other characteristics for 865,086 square feet of office, office/retail, and retail space in West Springdale in the fourth quarter of 2007.
- The office space in West Springdale had a reported average vacancy rate of 12.9 percent in the fourth quarter of 2007, which was a significant increase from the third quarter and higher than the city average vacancy rate of 8.5 percent.
- The average office/retail vacancy rate went up to 15.7 percent in West Springdale, almost reaching the overall city average office/retail vacancy rate of 15.8 percent. The retail vacancy rate for West Springdale properties was 0.0 percent in the fourth quarter.

- There were 14,500 square feet of new office space and 8,000 square feet of new office/retail space added to West Springdale in the fourth quarter of 2007.
- There was positive net absorption of 2,250 square feet of retail space and negative net absorption of 7,000 square feet of office property and 3,975 square feet of office/retail property in West Springdale in the fourth quarter of 2007.
- Average reported lease rates for West Springdale office space were between \$3 and \$4 higher than the average for all of Springdale and office/retail lease rates were about \$1.7 higher. The average reported retail lease rate was about \$1 lower than the city average.

Downtown Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$8.65 - \$9.07	171,924	22,782	13.3%	400	0	400	170.9
Retail	\$9.68 - \$9.68	17,654	6,862	38.9%	-3,600	0	-3,600	--

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents

West Springdale Summary Statistics

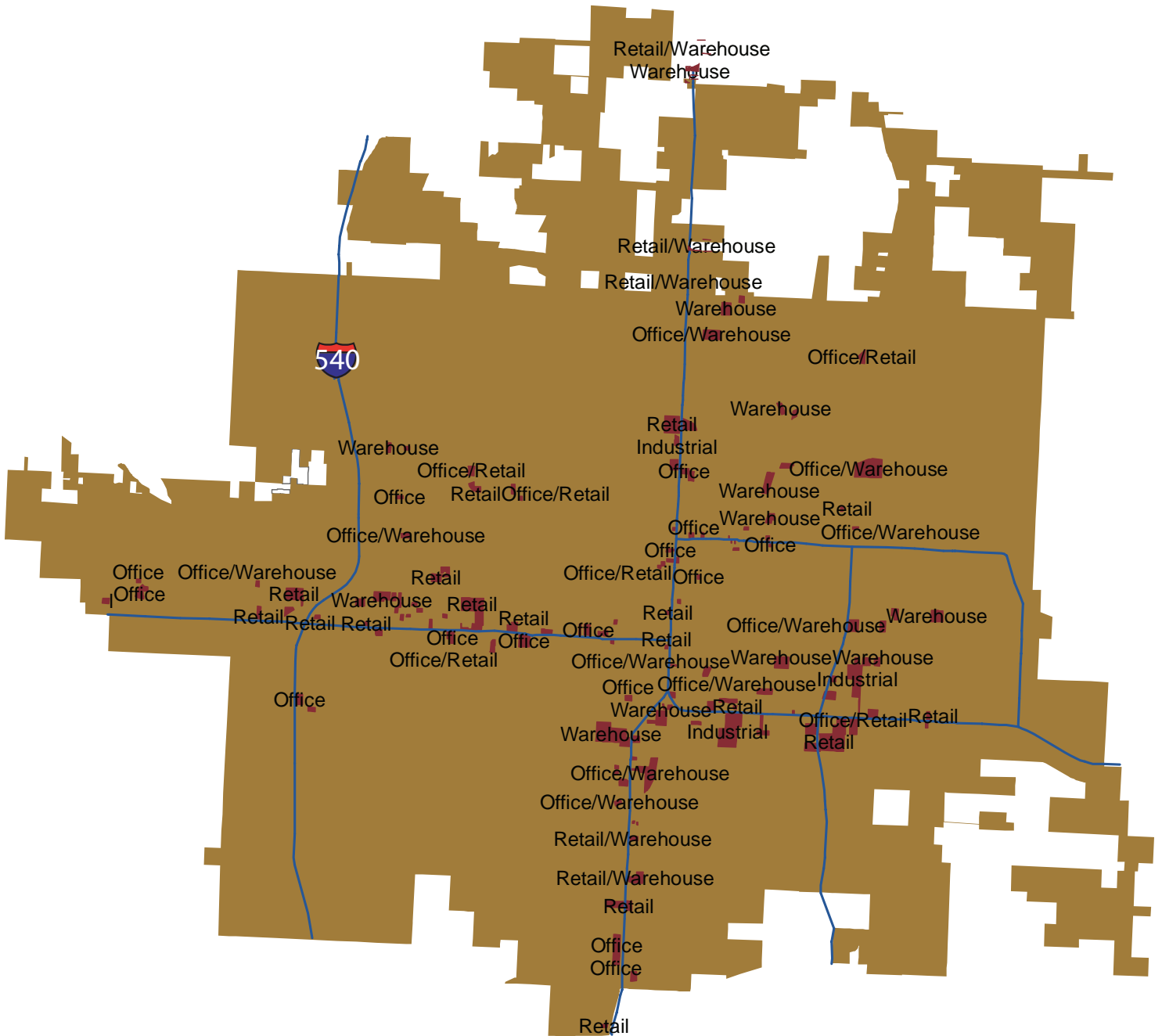
	Average Lease Rate Range	Total Square Feet ¹	Available Square Feet ¹	Percent Available ¹	Absorption from Q3 to Q4 ²	New Available Square Feet ¹	Net Absorption ²	Months of Inventory ²
Office	\$15.51 - \$15.80	54,454	7,000	12.9%	7,500	14,500	-7,000	--
Office/Retail	\$11.12 - \$13.50	44,550	6,975	15.7%	4,025	8,000	-3,975	--
Retail	\$9.00 - \$10.00	766,082	0	0.0%	2,250	0	2,250	0.0

¹From all Q4 2007 respondents

²From Q4 2007 respondents who were also Q3 2007 respondents



Springdale



Interpretation

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

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

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

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

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

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

The third source of data for the Skyline report is a panel of large commercial property owners and managers. These individuals are responsible for the bulk of the competitive commercial properties in Northwest Arkansas. CBER researchers gather information on square footage available to the market, lease rates, and other property characteristics from the panelists. In the fourth quarter of 2007, 241 panelists provided data on 1,191 competitive properties across Benton and Washington Counties. Data are excluded for owner-occupied and dedicated spaces so that the total square feet, available square feet, and lease rates represent a sample only from properties that are currently or potentially available for lease. Vacancy rates are calculated from the sample of 1,191 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.

