THE SKYLINE REPORT

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Contents

University of Arkansas

Sam M. Walton College of Business

Center for Business and Economic Research

Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the nineteenth 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 2008

- In the fourth quarter of 2008, 223,559 square feet of competitive commercial property were added to the Northwest Arkansas market. About 65,800 square feet of the added space were new office space, 73,006 were new office/retail, 74,753 were new retail, 4,000 were new office/warehouse, and 6,000 were new retail/warehouse space.

- In the office market, there was positive net absorption of 4,744 square feet. New space was added to the Class B, Class C, and medical office submarkets.

- New retail space was added to the Bentonville, Fayetteville, Lowell, and Springdale markets, while 14,076 square feet became occupied in Northwest Arkansas, netting negative absorption of 60,677 square feet. The retail vacancy rate declined slightly to 14.4 percent in the fourth quarter due to an increase in the reported total space.

- Within the office/retail submarket, 11,960 square feet became vacant, while new space entered the Fayetteville and Rogers markets. Accordingly, the vacancy rate increased to 22.7 percent in the fourth quarter.

- During the fourth quarter of 2008, new office/warehouse space was added in Springdale, while 77,203 square feet became occupied in Northwest Arkansas. The vacancy rate decreased in accord with the absorption to 16.5 percent in the fourth quarter.

- The warehouse submarket experienced positive net absorption of 110,727 square feet, while no new space was added. Thus, the warehouse vacancy rate declined from 28.3 percent in the third quarter to 27.5 percent in the fourth quarter of 2008.

- From September to November of 2008, about $13.9 million in commercial building permits were issued in Bentonville, Fayetteville, and Rogers. This is a decline of 35.9 percent from the prior quarter and a decline of 66.1 percent from the fourth quarter of 2007.

Report Structure

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

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

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

After the summary of local perceptions, the fourth quarter numbers for total commercial property square feet and building permit data are presented. Within the total square feet table, a breakdown of property type by city is provided. Also, the square footage of competitive commercial property for which the 255 panelists provide information is broken down by city and the percentage of coverage of the competitive market is calculated. A table containing publicly announced new commercial real estate projects is presented after the summary of building permit data. This table is meant to provide an indication of the future direction of the Northwest Arkansas commercial property market. As many of these projects are still in the conceptual phase, hard data are incomplete and subject to change.

Following the table of announced commercial projects is a trend summary that includes information about vacancy rate and available space trends. There are also three tables summarizing some results from the most recent five quarters. The first table presents vacancy rates by submarket for the fourth quarter of 2007 and for the first, second, third, and fourth quarters of 2008. The second table presents net absorption by submarket and the third table presents available square footage by submarket for the same time periods. These tables are the foundation for the performing trend analysis and for separating the seasonal effects from real effects. The results in the tables are referred to throughout the remainder of the Skyline Report.

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

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

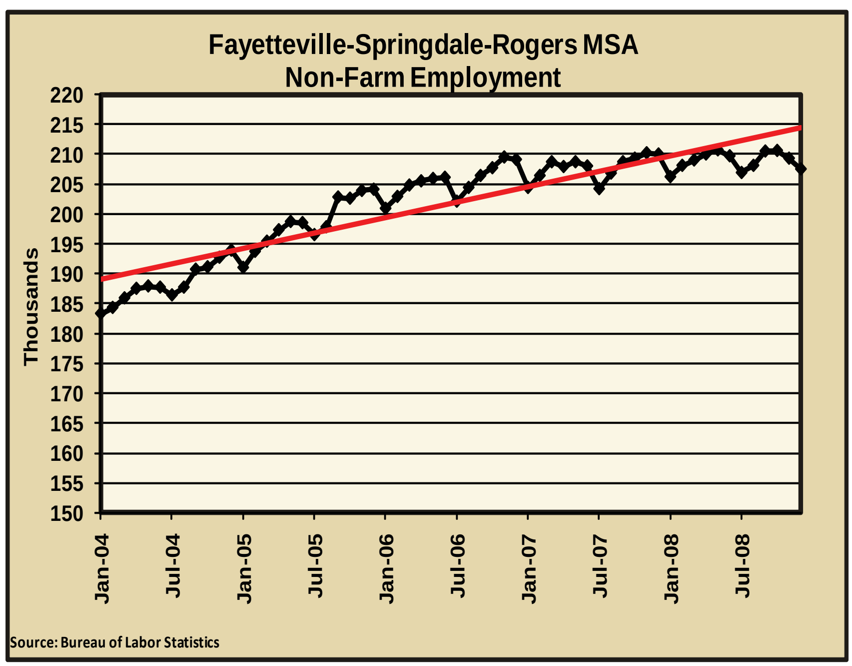
By aggregating and analyzing data from a variety of sources, the Skyline Report is unique in its perspective on the Northwest Arkansas commercial property market. The information should be useful to anyone with an interest in the current workings and projected course of commercial real estate in Benton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

Economic Overview

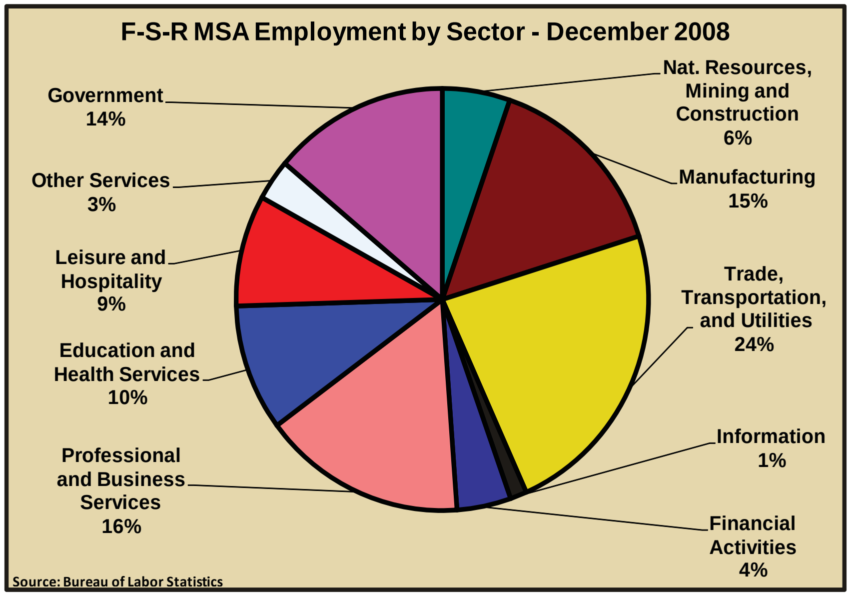
The Macro Economy at a Glance

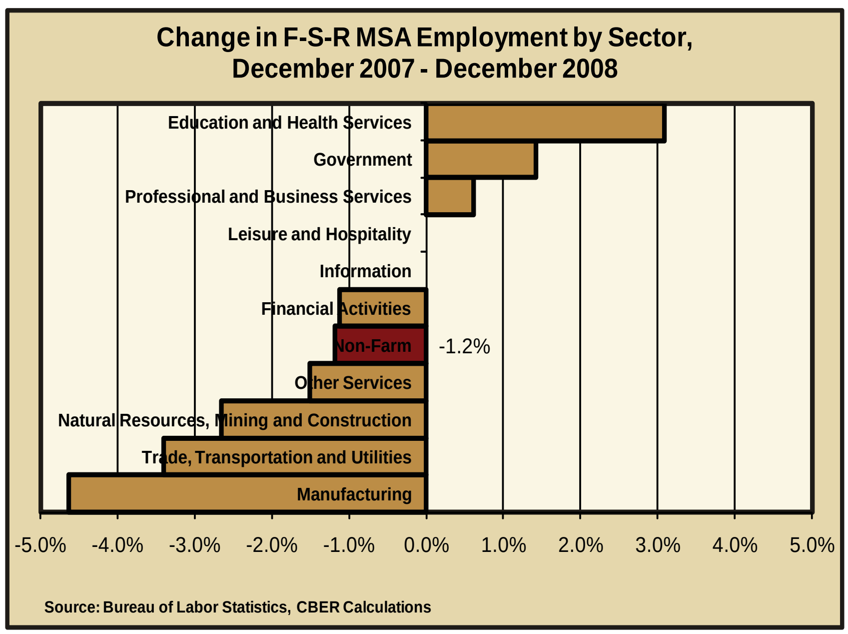
In the fourth quarter of 2008, the overall real GDP growth rate was negative 3.8 percent, according to the advance estimates released by the U.S. Department of Commerce Bureau of Economic Analysis (BEA). The growth rate went down from a revised negative 0.5 percent rate in the third quarter of 2008, and was lower than the growth rate in the fourth quarter of 2007 (which was -0.2 percent). Overall, the annual 2008 growth rate was 1.3 percent according to advance estimates, lower than 2.0 growth rate for all of 2007. The BEA reported that the decrease in real GDP in the fourth quarter primarily reflected negative contributions from exports, personal consumption and expenditures (PCE), equipment and software, and residential fixed investment that were partly offset by positive contributions from private inventory investment and federal government spending. Imports, which are a subtraction in the calculation of GDP, decreased. The deceleration in real GDP primarily reflected a sharp deceleration in PCE, a downturn in equipment and software, and decelerations in exports and in state and local government spending that were partly offset by a sharp downturn in imports, an acceleration in federal government spending, and a smaller decrease in private inventory investment. Final sales of computers subtracted less than 0.01 percentage point from the change in real GDP after subtracting 0.01 percentage point from the third-quarter change. Motor vehicle output subtracted 2.04 percentage points from the fourth-quarter change in real GDP after contributing 0.16 percentage point to the third-quarter change.

Turning to the Bureau of Labor Statistics data, in December of 2008, the national unemployment rate was a seasonally adjusted 7.2 percent, much higher than the 4.9 percent rate a year earlier. The annual unemployment rate was 5.8 percent in 2008 (not seasonally adjusted) as compared with a 4.6 percent annual unemployment rate in 2007. The Conference Board Consumer Confidence Index, which had decreased in December, inched lower in January and continues to be at a historic low. The Index now stands at 37.7 (1985=100), down from 38.6 in December. The Present Situation Index declined slightly to 29.9 from 30.2 last month. The Expectations Index decreased moderately to 43.0 from 44.2. Lynn Franco, Director of the Conference Board Consumer Research Center, said: "The Consumer Confidence Index continues to hover at all-time lows (the Index began in 1967) and it appears that consumers have begun the New Year with the same degree of pessimism that they exhibited in the final months of 2008. The minor change in the Present Situation Index suggests that economic conditions did not deteriorate significantly further in January but, on the other hand, they did not improve either. Looking ahead, consumers remain quite pessimistic about the state of the economy and about their earnings. And, until we begin to see considerable improvements in the Expectations Index, we can't say that the worst of times are behind us."



During all of 2008, the Consumer Price Index for All Urban Consumers (CPI-U) rose 0.1 percent. This was the smallest calendar year increase since 1954 and compares with a 4.1 percent increase for all of 2007. Consumer prices declined at a seasonally adjusted annualized rate (SAAR) of 12.7 percent in the fourth quarter of 2008. This followed increases during the first three quarters at rates of 3.1, 7.9, and 2.6 percent, respectively. The energy index declined at a 76.6 percent SAAR during the fourth quarter, resulting in a 21.3 percent decline for all of 2008, as compared with an increase of 17.4 percent during 2007. The food index rose 5.9 percent in 2008 as compared to 4.9 percent in 2007. On a seasonally adjusted basis, the CPI-U decreased 0.7 percent in December, the third consecutive decline. Declining energy prices, particularly for gasoline, again drove most of the decline. The energy index fell 8.3 percent in December after five consecutive declines. The food index declined 0.1 percent in December, the first decrease since April 2006. The index for all items less food and energy





was virtually unchanged in December. Continuing decreases in the indexes for lodging away from home, airline fare, and new and used motor vehicles, along with downturns in the indexes for apparel and recreation offset increases in other indexes including rent and owners' equivalent rent, medical care, and education.

Short-term Interest Rate Risk

The Federal Funds rates averaged 0.15 percent in January. The Federal Open Market Committee decided to keep its target range for the federal funds rate at 0 to 1/4 percent. The Committee continues to anticipate that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for some time. Information received since the Committee met in December suggests that the economy has weakened further. Industrial production, housing starts, and employment have continued to decline steeply, as consumers and businesses have cut back spending. Furthermore, global demand appears to be slowing significantly. Conditions in some financial markets have improved, in part reflecting government efforts to provide liquidity and strengthen financial institutions. Nevertheless, credit conditions for households and firms remain extremely tight. The Committee anticipates that a gradual recovery in economic activity will begin later this year, but the downside risks to that outlook are significant.

Regional Employment Trends

Local demand for real estate is uniquely associated with employment growth in the region. The Northwest Arkansas employment numbers bear careful watching because the demand for much of the new and expected commercial development relies on the assumption that job growth will be strong. In December 2008, a five year average of 351 non-farm jobs was created per month according to preliminary results. The local economy lost 2,500 jobs over the course of the year from December 2007 to December 2008. November was the first month in 2008 that Northwest Arkansas started losing jobs. A similar year over year comparison in November 2008 showed that the economy lost 900 jobs.

In order to delve more closely into the makeup of the job growth in Northwest Arkansas, two additional figures are provided. The first shows the December 2008 Fayetteville-Springdale-Rogers MSA employment breakdown by sector. As the pie chart shows, trade, transportation, and utilities have the largest share of employment (24 percent) in Northwest Arkansas, followed by professional and business services (16 percent), manufacturing (15 percent), government (14 percent), education and health services (10 percent), and leisure and hospitality (9 percent). The second figure shows the annual percentage change in the MSA's employment by sector from December 2007 to December 2008. Total nonfarm employment decreased by 1.2 percent during that time. Education and health services, government, professional and business services sectors have increased, while financial activities, other services, natural resources, mining and construction, trade, transportation and utilities, and manufacturing sectors have declined.

According to the Bureau of Labor Statistics, the unemployment rate in Northwest Arkansas was at a preliminary seasonally non-adjusted 4.6 percent in December 2008. This is 0.6 percentage points higher than in December of 2007. However, the unemployment rate in Northwest Arkansas continues to outperform both the state (6.0 percent) and nation (7.1 percent) seasonally non-adjusted rates.

Local Perceptions of the Northwest Arkansas Commercial Property Market

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

The tone of this quarter's conversations was generally much gloomier than that of previous quarters. Most of the respondents were very apprehensive about the rising unemployment rate across the country and in Northwest Arkansas as well. They no longer see Northwest Arkansas as being highly insulated from the national economy. There is a real concern that some of the stronger firms and industries in Northwest Arkansas, such as J. B. Hunt and the trucking industry and Tyson and the meat processing industry, are going to have declining revenue and rising unemployment as the recession goes on longer. There are anxious feelings about the impact bankruptcies of national retailers are going to have on the region's employment as well.

The lack of lending by banks is also a continued and ever growing source of worry. Respondents are troubled that small businesses will fail due to the lack of seasonal bridge loans, that businesses will not be able to find funding for improving commercial space, and that developers will not be able to build new space even if it has a good business plan associated with it. Respondents are also very nervous about the amount of commercial paper that may be called this year. They feel that if banks do call the paper or demand hefty equity payment it may lead to a great increase in foreclosures in 2009 and further declines in the value of real estate in Northwest Arkansas. Some respondents still feel the banking industry in Northwest Arkansas bears a large degree of responsibility for the run-up in land and property prices and the quantity of commercial space, and now bears responsibility for not doing enough to help ease the downturn by maintaining lending. Further, several respondents expressed how bothered they were by what they perceive as banks actions in this financial crisis as taking advantage of those commercial borrowers who are making their loan payments. These respondents discussed increased basis points, and the additional equity payments banks are imposing. Some of the respondents said they believe this will lead to permanent damage to banking relationships in the future.

Oversupply of commercial inventory is still an issue for many respondents, although there was still a lot of positive feedback about the Superior Building being out of the market. The real troublesome thought for some of the respondents is if more businesses go under, even more space will be dumped onto the market leading to higher vacancy rates and additional downward price pressure. In general, oversupply in Rogers and Fayetteville (in the Mall-Joyce corridor) garnered the most comments. There was also some mention of the oversupply of warehouse in Springdale, and how that has led to some additional projects being delayed.

The medical office space market was considered to be a potential bright spot in the commercial market, but in the light of the recent cuts at area hospitals that feeling may be modified. Additionally, respondents again reiterated that in this fiscal environment "cash is king." In order to build anything, developers must have ready cash. Only a few respondents felt that there are still potentially good projects at this point in time. Although the point was made that with a strong cash position this may be a good time to build looking forward toward late 2010 or 2011. But in general, this was a much more pessimistic outlook from more respondents than even in the previous quarter.

Another major theme that appeared in several conversations was regarding infrastructure improvements around Fayetteville's Mall area. Many respondents see it as an area that needs strong infrastructure improvements in order to maintain itself as a viable shopping area especially in completion with the Pinnacle Hills area. Several respondents openly questioned whether the Fayetteville political structure really recognizes the seriousness of the competition between the two areas. Other respondents commented on the improvements being made in Rogers and Bentonville, and wondered if Fayetteville will be able to marshal the same effort to support its business areas.

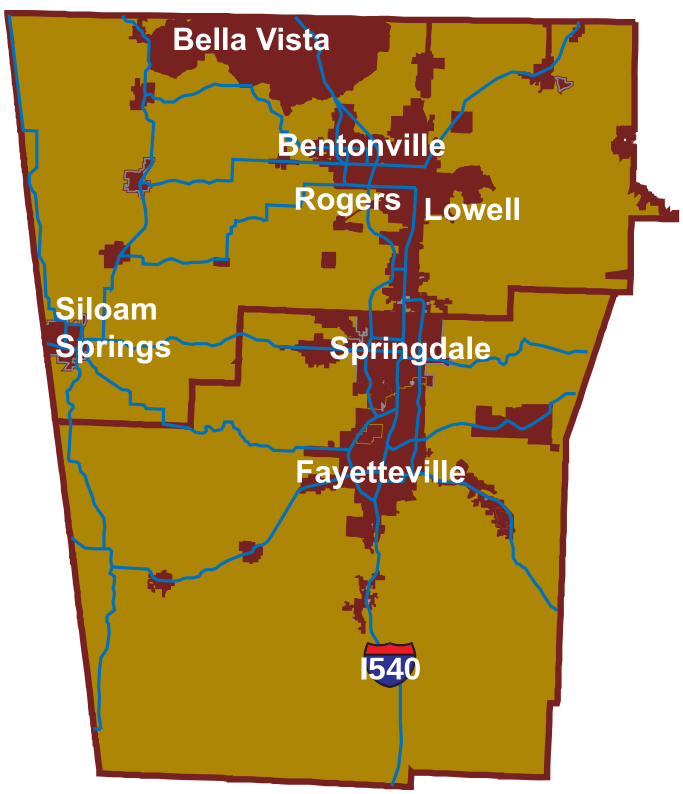
Most panelists still believe that there are solid fundamentals in Northwest Arkansas that will help the region regain a positive growth mode in the future. Wal-Mart, Tyson and the poultry industry, J. B. Hunt and the transportation industry, the University of Arkansas and the education sector were all mentioned. But even the long term optimism is much more tempered this quarter then previously. Panelists remain concerned about the future.

Positive Factors:

1. Demand for office space.
2. Continued, although slower, 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, Crystal Bridges in Bentonville, and continued growth of the Pinnacle area.
7. Wal-Mart, Tyson Foods and the poultry industry, J. B. Hunt and the transportation industry, the University of Arkansas and higher education.
8. Region’s entrepreneurial spirit.

Negative Factors:

1. Oversupply of office space in Bentonville/Fayetteville/Rogers.
2. Oversupply in the residential market.
3. Oversupply in the multifamily market.
4. Infrastructure: local roads, new by-passes, sewers.
5. National economic slowdown.
6. Continued financial crisis.



Inventory and Building Permits

Categories of Commercial Properties

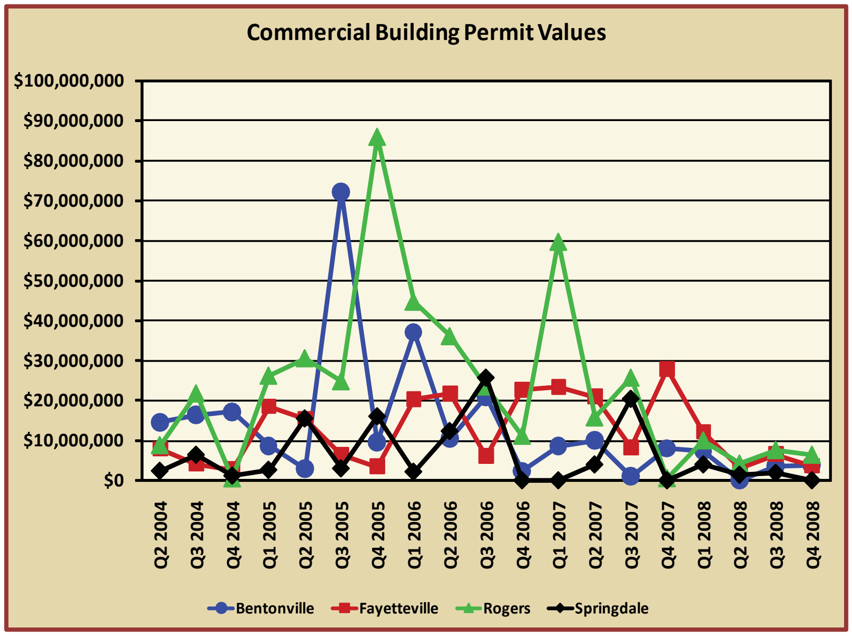
The Northwest Arkansas commercial market is divided into seven major categories of space:

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

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

Local Commercial Property Inventory and Building Permit Data

The table on the following page presents the total competitive commercial property inventory in Northwest Arkansas that meets minimum square footage requirements (a complete list of these criteria is included on page 54) as of December 2008. For the fourth quarter of 2008, the Skyline Report covered 92.7 percent of the total competitive commercial property population in Northwest Arkansas. Some cities had better coverage than others.



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

From September to November of 2008, there were about $13.9 million in commercial building permits issued in Bentonville, Fayetteville, and Rogers. This is a decline of 35.9 percent from the prior quarter and a decline of 66.1 percent from the fourth quarter of 2007. Rogers accounted for about 46.1 percent of the total value of building permits in the September to November period. Bentonville accounted for an additional 28.1 percent and Fayetteville accounted for 25.8 percent. Lowell, Siloam Springs, and Springdale had no building permits issued during the fourth quarter of 2008.

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

Following the announced properties table is a list of the existing hotel properties in Northwest Arkansas, detailed by city. In the fourth quarter, there were 6,606 standard rooms and 1,929 suites in Northwest Arkansas. Bentonville continued to have the most rooms, with 1,920. Announced new hotel properties are detailed in a table following the existing hotel properties. Finally, lists of announced new and closed restaurant properties follow the hotel information.

Total Square Feet and Coverage of Competitive Commercial Properties

	Industrial[1]	Office[1]	Retail[1]	Warehouse[1]	Total[1]	Panel Total Square Feet[2]	Panel Coverage[2]
Bella Vista	--	120,424	138,680	90,964	350,068	319,574	91.3%
Bentonville	76,056	3,772,150	962,253	788,376	5,598,835	6,021,597	107.6%
Fayetteville	114,079	2,991,282	3,893,090	1,778,270	8,776,721	7,916,520	90.2%
Lowell	57,970	254,691	172,208	772,259	1,257,128	1,015,514	80.8%
Rogers	307,281	2,064,350	3,660,752	1,674,190	7,706,573	7,929,364	102.9%
Siloam Springs	281,422	180,293	692,789	434,212	1,588,716	1,176,900	74.1%
Springdale	1,142,623	1,463,161	2,181,159	2,525,034	7,311,977	5,829,164	79.7%
Northwest Arkansas Total	1,979,431	10,846,351	11,700,931	8,063,305	32,590,018	30,208,633	92.7%

[1]Source: Benton and Washington County offices of the Assessor. The total square feet represent the population of competitive commercial properties that meet the baseline criteria set out on page 54 of this report.
[2]Source: Panel of 255 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. 2008	$3,908,853	$3,588,389	$0	$6,411,775	$0	$0	$13,909,017
June - August 2008	$3,689,476	$6,548,894	$1,019,000	$7,579,500	$1,006,596	$1,861,390	$21,704,856
March - May 2008	$153,000	$3,152,132	$4,075,075	$4,179,000	$0	$1,395,524	$12,954,731
Dec. 2007 - Feb. 2008	$7,400,153	$12,125,756	$0	$9,995,030	$3,200,000	$3,970,299	$36,691,238
Sept. - Nov. 2007	$8,075,766	$27,923,695	$4,455,275	$533,200	$0	$0	$40,987,936
June - August 2007	$1,194,440	$8,309,014	$48,927	$25,668,347	$2,575,178	$20,375,131	$58,171,037
March - May 2007	$10,082,817	$20,962,887	$8,277,328	$15,727,729	$3,019,500	$3,960,747	$62,031,008
Dec. 2006 - Feb. 2007	$8,725,598	$23,406,927	$4,709,086	$59,642,734	$25,000	$0	$96,509,345
Sept. - Nov. 2006	$2,404,840	$22,721,389	$1,840,722	$11,146,805	$538,000	$0	$38,651,756
June - August 2006	$21,014,259	$6,147,723	$462,712	$23,479,198	$5,890,000	$25,663,800	$82,657,692
March - May 2006	$10,575,639	$21,780,317	$10,924,435	$36,046,864	$3,650,000	$12,322,984	$95,300,239
Dec. 2005 - Feb. 2006	$37,121,720	$20,330,697	$2,359,019	$44,672,800	$165,000	$2,151,476	$106,800,712
Sept. - Nov. 2005	$9,674,394	$3,519,150	$3,275,717	$85,896,765	$150,000	$15,999,816	$118,515,842
June - August 2005	$72,205,699	$6,434,833	$1,666,851	$24,782,039	$200,000	$2,982,618	$108,272,040
March - May 2005	$3,061,870	$15,491,806	$1,590,789	$30,534,466	$1,059,000	$15,468,833	$67,206,764
Dec. 2004 - Feb. 2005	$8,753,636	$18,560,094	$390,000	$26,172,000	$254,700	$2,614,524	$56,744,954
Sept. - Nov. 2004	$17,242,269	$2,750,867	$402,891	$489,240	$188,000	$1,174,999	$22,248,266
June - August 2004	$16,446,488	$4,145,124	$10,035,248	$21,734,534	$1,993,393	$6,390,478	$60,745,265
March - May 2004	$14,640,091	$7,839,529	$203,680	$8,804,700	$1,721,585	$2,371,888	$35,581,473

New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Aventine Plaza	Bella Vista	Mike Andrews	Commercial	15,000	
Crye-Leike Office	Bella Vista	Crye-Leike Realtors	Office/Retail	9,000	Early 2009
Mercy Health System Urgent Care	Bella Vista	Mercy Health System	Medical		
206 SW 2nd Street Multi-Use Building	Bentonville	Main Street Builders LLC	Mixed Use		
28th Street Commercial Building	Bentonville	Rick Thomas	Office/Retail	24,000	
Airport Plaza	Bentonville		Office/Retail/Bank	25,846	
Applegate Hills	Bentonville	Robert Weinmeier and Jim Brassart	Mixed Use	980,000	
Archer Business Park	Bentonville	Wayne and Victoria Martin	Retail	20,000	
Bentonville Pre-K School	Bentonville	Bentonville School District	School	22,630	
Bentonville Utility Dept Warehouse	Bentonville	City of Bentonville	Warehouse	7,500	March 2009
Brightwood Business Park	Bentonville	Mike Charlton	Office/Retail	35,260	Delayed
Christopher's Custom Homes Office	Bentonville	Christopher's Custom Homes Office	Office		
Classic Lube, Tune and Brakes	Bentonville	Shane Willis	Retail	4,300	
Coleman Office Building	Bentonville	Josh Kyleton and Partners	Office	21,126	2009
Covington Center	Bentonville	Benchmark Group	Office/Retail		
Crye-Leike Office	Bentonville	Crye-Leike Realtors	Office/Retail	14,000	2009
Digital Endeavors	Bentonville	Digital Endeavors	Office	7,650	
Elm Tree Place	Bentonville		Commercial	10,144	
E-Wollff Sales Solution Building	Bentonville	E-Wolff Sales Solutions	Office/Warehouse	4,000	2009
Fountain Plaza New Building 1	Bentonville	Jeannie Fleeman	Retail	23,000	Spring 2009
Fountain Plaza New Building 2	Bentonville	Jeannie Fleeman	Retail	30,000	
Kum and Go	Bentonville	Kum and Go	Retail	3,391	2009
Kyleton Office Building	Bentonville	Josh Kyleton and Partners	Office	12,000	2009
Lakeside Center	Bentonville	Lindsey Management	Office	60,000	
Landers McClarty Jeep	Bentonville	Landers McClarty Auto	Commercial	9,033	
Moberly Professional Park	Bentonville		Office	56,128	
Morrison Addition Office Buildings	Bentonville	Clinard Construction	Office	30,000	
Neighborhood Wal-Mart and Uptown Center	Bentonville	CEI Engineering	Retail	40,000+	Delayed
Oakbrooke II	Bentonville	MIDD Development	Office/Retail	26,000	
Office Building	Bentonville		Office	20,000	
PJT Commercial Building	Bentonville	PJT Development	Commercial	8,000	
Polo Park Commerical/Industrial Park	Bentonville	San Miguel LLC	Commercial/Industrial		
Polo Park Warehouse	Bentonville	San Miguel LLC	Warehouse	108,000	
Primary-Care Clinic	Bentonville		Medical		
Rainbow Holding Office Building	Bentonville	Rainbow Holdings LLC	Office	15,011	
Rainbow Junction	Bentonville		Commercial		
Rescue Heroes Building	Bentonville	Rescue Heroes LLC	Office	54,000	Delayed
Retail Building on Central	Bentonville	Schaefer Properties	Retail	40,000	Delayed
SDI Realty Retail Development	Bentonville	SDI Realty	Retail	6,500	
Smurfit Stone Office Building	Bentonville	Josh Kyleton and Partners	Office	21,800	2009
Supplier Plaza	Bentonville	W. Wallace and Supha Xayprasith	Mixed Use	30,000	
Tate & Haney Building	Bentonville	John Tate and Johnny Haney	Mixed Use	50,000	Delayed
The Chateau on Chardonnay	Bentonville	Rex Fox and Frank Farrer	Mixed Use	55,000	Early 2009
The Links at Rainbow Curve	Bentonville	Lindsey Management	Mixed Use		
Vista Health Expansion	Bentonville	Texarkana Behavioral Health Ass.	Medical Office	10,000	
Vogel Commercial Development	Bentonville	Ross and Steve Vogel	Commercial	38,000	
Volkswagon Dealership Building	Bentonville	Bryan Hunt	Retail	15,000	2010
Willow Brook Farms	Bentonville		Commercial		
6th Street Retail Building	Fayetteville		Retail	16,500	2009
932 Garland	Fayetteville	Steve Mansfield	Mixed Use	66,227	2010
Appleby Landing	Fayetteville		Medical Office	156,000	
Arkansas Research and Tech. Park	Fayetteville	U of A Tech. Dev. Foundation	Office/Lab	60,000	Early 2009

New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Arvest Bank	Fayetteville	Arvest Bank	Bank	8,080	Early 2009
Beacon Flats	Fayetteville	Beacon Flats LLC	Mixed Use	5,500	
Bellafont II	Fayetteville	B. Barber-Colliers International	Mixed Use	382,622	
Bridgedale Plaza	Fayetteville	Clinton McDonald	Mixed Use	35,000	Delayed
Broyles Development	Fayetteville	Broyles Development LLC	Mixed Use	80,000	
City Lake Office Buildings (2)	Fayetteville	Teddy Caldwell and Candy Clark	Commercial	8,775	
Flintco Warehouse	Fayetteville	Flintco Inc.	Warehouse	114,750	
Forest Hills Development	Fayetteville	John Alford	Commercial	206,000	
Forest Hills-Wal-Mart Neigh. Market	Fayetteville	John Alford	Retail		
Frisco Depot Project	Fayetteville	MansfieldHouse Ventures	Mixed Use	48,520	Delayed
Garland Center Bookstore	Fayetteville				
Garland Center Retail	Fayetteville	University of Arkansas	Retail	20,000	August 2010
Johanson Office Building	Fayetteville	Blair and Bruce Johanson	Office	5,000	Early 2009
Kantz Building	Fayetteville	Kathy Ball	Commercial	9,000	Delayed
Liberty Bank	Fayetteville	Liberty Bank	Bank	24,000	On hold
Links at Fayetteville	Fayetteville	Lindsey Management	Commercial	120,888	
Mountain Ranch	Fayetteville	Colliers International	Commercial		
N Shiloh Commercial Development	Fayetteville		Commercial	27,500	
N. Point Circle Office Building	Fayetteville	John Davidson	Office	6,500	January 2009
Park Center	Fayetteville		Commercial		
Park West	Fayetteville	Tracy Hoskins	Commercial	1,000,000+	2020
Pebble Creek Flats	Fayetteville	Art Scott	Mixed Use	11,000	
Persimmon Nursing Home	Fayetteville	Dave Jorgenson (Architect)	Nursing Home		
Porter Road Development	Fayetteville	Mitchell Massey	Office/Warehouse	150,000	
Premier Plaza	Fayetteville	Jimmy Rapert and Robert Taylor	Commercial	7,000+	
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	
Retail Building on School	Fayetteville		Retail	6,549	
Ruskin Heights	Fayetteville	Davis, Hooker, Massey, VanVeen	Retail	58,500	
Shoppes at the Bluffs	Fayetteville	Mathias Properties	Retail	46,519	2009
Shoppes at Wedington	Fayetteville	Sage Partners	Retail	15,750	Spring 2009
Southpass Phase I	Fayetteville	Richard Alexander & John Nock	Commercial	26,000	
Southpass(phase II+)	Fayetteville	Richard Alexander & John Nock	Commercial	214,000	
Springwoods Behavioral Health	Fayetteville	Universal Health Services	Hospital	58,000	July 2009
Stonebridge Commercial Development	Fayetteville		Commercial		
The Mill at West End	Fayetteville	B., J., & M. Box, A. and M. Paxton	Commercial	12,027	Offline Indef.
Timberlake Office Park	Fayetteville	Jeff Martin and Mike Phillips	Office		
Timberlake Office Park Building One	Fayetteville	Henry Ho and Rick West	Office	19,000	April 2009
Tracy Hoskins MUD	Fayetteville	Tracy Hoskins	Mixed Use		
Wedington Circle	Fayetteville	Mansfield Property Management	Office/Retail	10,000	
Wedington Circle	Fayetteville	Mansfield Property Management	Retail	6,576	
Wedington Retail Center	Fayetteville		Office/Retail	18,800	
Western Sizzlin Retail Center	Fayetteville	Mark Bazyk	Retail	5,000	
Woodstock Community	Fayetteville	Hank Broyles and John Nock	Mixed Use	100,000+	After 2009
Commerce Park	Lowell	Nickell, Hill, Rodman&Trumbo, Inc.	Office/Warehouse	75,000	
Crye-Leike Office	Lowell	Crye-Leike Realtors	Office	6,000	2009
Midpoint Exchange Business Park	Lowell	Sage Partners	Commercial		
NWA Business Center Tower	Lowell	Pinnacle Group	Office	48,000	
Park Central	Lowell/Rog.	Charleton Development	Mixed Use		Delayed
Adult Development Center Facility	Rogers	Adult Dev. Center of Benton County	Office/Warehouse	22,000	
Angler's Bend	Rogers	Caro Minas	Mixed Use		
Arkansas St. Commercial Building	Rogers	Brad Snyder	Commercial	7,200	Early 2009
Benton County Cancer Center	Rogers	Highlands Oncology Group	Medical Office	55,000	Dec. 2009
Car Mart	Rogers	Car Mart	Retail		

New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Commercial Development	Rogers		Commercial		
Creekside, Phase III	Rogers	Daniel Ellis	Commercial	60,000	
Crye-Leike Office	Rogers	Crye-Leike Realtors	Office/Retail	14,000	Early 2009
District at Pinnacle Hills	Rogers	Pinnacle Investments	Mixed Use		
Don's Cold Storage Expansion	Rogers	Don Coenen	Warehouse	425,000	Early 2009
Garcia Commercial Building	Rogers	Miguel Garcia	Commercial	8,000	
Habitat for Humanity	Rogers	Habitat for Humanity	Office/Warehouse		
Harp's	Rogers	Harp's	Retail	32,000	2009
Harrison Dental Office	Rogers	Matthew Harrison	Medical Office	4,000	April 2009
Horsebarn Office Tower	Rogers	FAE Horsebarn SPE LLC	Mixed Use	135,383	
Hull Dermatology	Rogers	Haynes LTD	Medical Office		
Jamestown Community	Rogers	John Montgomery	Mixed Use	165,000	
Little Sunshine Playhouse	Rogers		Office		
Maralle Warehouse	Rogers	Maralle Development	Warehouse	7,200	
Metal Salvage Facility	Rogers		Industrial		
Metro Park-The Strand	Rogers	Collins Haynes	Retail	44,900	
Michaels	Rogers	Charles Reaves et al	Retail	21,300	
New Hope Investors PUD	Rogers	New Hope Invest. & Elder Constr.	Mixed Use		
NWA Children's Center Campus	Rogers	NWA Children's Center	Mixed Use	51,000	2010
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Office	21,432	
Oliver Farm Development	Rogers	Collins, Haynes, Sachs Family	Commerical		
Ozark Mountain Poultry Addition	Rogers	Ozark Mountain Poultry	Industrial	55,140	
Pinnacle Center 4	Rogers	Pinnacle Group	Office	100,000	Late 2009
Pleasant Blossom Business Park	Rogers		Commercial		
Pleasant Crossing	Rogers	Charles Reaves et al	Retail	500,000+	
Prairie Creek Center	Rogers	Mathias Properties	Retail	51,279	
Promendade Extension	Rogers	General Growth Corporation	Retail	62,625	
Promendade Pointe	Rogers	Pinnacle Barber Partners LLC	Mixed Use	750,000	
Recycling Center	Rogers	City of Rogers	Industrial	24,000	
Rees Development	Rogers	Rees Development	Mixed Use		
Rogers Board of Realtors	Rogers	Rogers Board of Realtors	Office		
South 40 Partners Development	Rogers	Bill Schwyhart, Robert Thornton	Commercial		
Target	Rogers	Target Corporation	Retail	137,000	Early 2009
The Dental Depot	Rogers		Medical Office		
The Market at Pleasant Crossing	Rogers	P & H Properties	Retail	29,750	
The Village at Centre Point	Rogers	Centre Pointe LLC	Retail	250,000	
Wal-Mart Neighborhood Market	Rogers	Wal-Mart	Retail	36,000	2009
Walnut Crossing	Rogers	Greg House	Commercial	50,000	
Autumn Glen	Sil. Springs	James Mathias	Commercial		
Crye-Leike Office	Sil. Springs	Crye-Leike Realtors	Office	6,500	Early 2009
John Brown University Arena	Sil. Springs	John Brown University	Arena	52,000	
Kenwood Development	Sil. Springs	Bar and Shield Development LLC	Mixed Use		
Osage Creek Performing Arts Center	Sil. Springs	Greg Smith	Performing Arts Center		2010
Siloam Springs Hospital	Sil. Springs	Community Health System	Hospital	100,000	
Walgreen's	Sil. Springs	112 Partner's LLC of Fort Smith	Retail		
Arvest Bank	Springdale	Arvest Bank	Bank	5,000	Spring 2009
AT&T Retail Center and Warehouse	Springdale	Hank Kelly	Retail/Warehouse	6,000	
Cavalier Commercial Buildings	Springdale	Cavalier Devlopment	Office/Warehouse		
Crye-Leike Office	Springdale	Crye-Leike Realtors	Office	14,000	Early 2009
Diesel Downs	Springdale	Gary Combs	Office/Retail	134,000	
Duralor	Springdale	Duralor LLC, Barrows & Bayyari	Industrial	13,200	Early 2009
E. Howard Hospice House-Expansion	Springdale	Circle of Life Hospice	Medical Office	11,000	May 2009
El Mercadao Warehouse	Springdale	Green Hills Foods	Warehouse	135,000	Early 2009

New Commercial Projects

Announcements of New Commercial Projects

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Frez-N-Stor	Springdale		Warehouse		
Habberton Ridge	Springdale		Mixed Use		
Hammitt-Eoff Business Center	Springdale		Office		
Imperial Doors	Springdale	Barry Ozturk	Retail/Warehouse	30,000	Early 2009
Ironworks	Springdale	Stacey Hamm and Roger Piper	Commercial	10,000	August 2008
Kum and Go	Springdale	Kum and Go	Retail		2009
Neighborhood Wal-Mart	Springdale	Wal-Mart	Retail	40,000	Early 2009
Toter Industries Factory	Springdale	Graham of B. Lyn Properties LLC	Industrial	27,000	Early 2009
Walgreen's	Springdale	Sansone Group	Retail	14,500	Early 2009
Northwest Arkansas Science Center	Undeterm.	NWA Museum Foundation	Museum	130,000	

Hotels

Existing Hotels

Property Name	City	Number of Standard Rooms	Number of Suites
Best Western Bentonville Inn	Bentonville	55	0
Best Western Castle Rock Suites	Bentonville	84	0
Clarion Hotel & Convention Center	Bentonville	105	0
Comfort Suites	Bentonville	120	0
Comfort Inn	Bentonville	64	0
Courtyard Bentonville	Bentonville	90	0
Days Inn & Suites	Bentonville	63	0
DoubleTree Guest Suites	Bentonville	0	140
Econo Lodge Inn and Suites	Bentonville	152	0
Hartland Motel of Bentonville	Bentonville	31	0
Hilton Garden Inn	Bentonville	133	0
Holiday Inn Express Hotel & Suites	Bentonville	84	0
La Quinta Inn & Suites	Bentonville	107	0
Merchant Flats on 8th	Bentonville	10	0
Microtel	Bentonville	78	0
Pines Motel	Bentonville	9	0
Simmons Suites	Bentonville	115	0
Sleep Inn	Bentonville	103	0
South Walton Suites	Bentonville	56	0
Springhill Suites By Marriott	Bentonville	67	0
Suburban Extended Stay	Bentonville	0	118
Super 8 Motel-Bentonville/Rogers	Bentonville	52	0
Towneplace Suites by Marriott	Bentonville	78	0
The Links at Bentonville Apts.	Bentonville	41	0
Value Place Extended Stay	Bentonville	121	0
Wingate Inn Bentonville	Bentonville	102	0
Best Western Windsor Suites	Fayetteville	66	0
Candlewood Suites	Fayetteville	0	78
Chief Motel	Fayetteville	31	1
Clarion Inn	Fayetteville	197	10
Comfort Inn-Fayetteville	Fayetteville	60	0
Cosmopolitan Hotel	Fayetteville	235	6
Country Inn & Suites By Carlson	Fayetteville	40	25
Courtyard by Marriot	Fayetteville	110	4
Days Inn	Fayetteville	140	5
Fairfield Inn Fayetteville	Fayetteville	61	0
Hampton Inn	Fayetteville	87	8
Hi-Way Inn Motel	Fayetteville	24	0
Holiday Inn Express	Fayetteville	77	33
Inn at Carnall Hall	Fayetteville	49	0
Inn At the Mill	Fayetteville	38	8
Motel 6	Fayetteville	98	0
Pratt Place Inn	Fayetteville	0	7
Quality Inn	Fayetteville	48	10
Red Roof Inns	Fayetteville	104	1
Regency 7 Motel	Fayetteville	29	3
Sleep Inn of Fayetteville	Fayetteville	62	0
Staybridge Suites	Fayetteville	0	109
Stay Inn Style	Fayetteville	6	0
Super 8 Motel	Fayetteville	83	0
Twin Arch Motel	Fayetteville	12	0
Value Place Hotel	Fayetteville	121	0
Ramada Inn Lowell	Lowell	51	0
Colonial Motel	Prairie Grove	8	0
Aloft	Rogers	130	1

Hotels

Existing Hotels

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

Hotels

Existing Hotels Summary

City	Number of Standard Rooms	Number of Suites
Bentonville	**1,920**	**258**
Fayetteville	**1,778**	**308**
Lowell	**51**	**0**
Prairie Grove	**8**	**0**
Rogers	**1,355**	**962**
Siloam Springs	**273**	**27**
Springdale	**1,221**	**374**
Northwest Arkansas Total	**6,606**	**1,929**

Announced Coming Hotels

Property Name	City	Owner	Number of Rooms	Expected Completion
Sheraton Hotel	Bentonville	Paul Myers	155	Delayed
Hilton Gardens Inn	Fayetteville	Hilton		Delayed
Homewood Suites	Fayetteville	Narry Krushiker	96	March 2009
Dickson Street Inn	Fayetteville	Greg House	10	Spring 2009
Marriot Townplace	Johnson	CSK Hotels	94	Done
Unnamed on Walnut	Rogers	--		--
Westin Hotel and Condos	Rogers	Barber Group		Delayed
Horsebarn Tower Hotel	Rogers	FAE Horsebarn SPE LLC	144	--
Sunday Partners Hotel	Rogers	Sunday Partners		--
Best Western	Springdale	Tom Bhakta	70	--
Double Tree Plaza	Springdale	--		Delayed
Microtel	Springdale	--		Delayed

Restaurants

Announced Coming Restaurants

Property Name	City	Owner	Expected Completion
Jasons Deli	Benton County	Bourke Harvey	2009
Arbys	Bentonville	--	--
Dickey's Barbecue Pit	Bentonville	Randon Arney	Spring 2009
Table Mesa Bistro	Bentonville	--	Done
Whole Hog Café	Bentonville	Brian Adams/Kevin Jacobs	--
Ryan's	Bentonville	Jason and Barb Ryan	Done
Dam Goode Pies	Fayetteville	Dam Goode Pies of Little Rock	2009
Dickey's Barbecue Pit	Fayetteville	Randon Arney	2009-2010
Emelia's	Fayetteville	George and Sara Lusher	2009
Formosa	Fayetteville	--	Done
Garcia's Mexican Grill	Fayetteville	--	Done
Geraldi's	Fayetteville	Geraldis of Eureka Springs	Done
Gusanos	Fayetteville	Gusanos	2009
Krystal Burger	Fayetteville	Krystal Burger	--
La Hacienda	Fayetteville	--	2009
Lenny's Sub Shop	Fayetteville	Michael and Karen Timbes	Done
Louie's Grill and Bar	Fayetteville	--	Early 2009
Mellow Mushroom	Fayetteville	Kevin & Jennifer Kestner	Done
Patron's	Fayetteville	--	2009
Rockin' Chicken	Fayetteville	David Martin	--
Starbucks	Fayetteville	Kathy Ball	Delayed
Taco Bueno	Fayetteville	Taco Bueno	Early 2009
Tangiers Mediterranean Food and Café	Fayetteville	--	Done
Uber Burger Bistro	Fayetteville	--	Done
Western Sizzlin	Fayetteville	Mark Bazyk	--
Wine Cellar	Fayetteville	Lex Broyles	Done
Savor	Fayetteville	--	Done
Dickey's Barbecue Pit	Lowell	Randon Arney	2009-2010
Dickey's Barbecue Pit	Rogers	Randon Arney	2009-2010
Einstein Bros Bagels	Rogers	Mike Philips	Done
Firehouse Subs-Pinnacle Hills	Rogers	Tracy Bush	--
Firehouse Subs-Pleasant Crossing	Rogers	Tracy Bush	--
Fuddruckers	Rogers	Pinnacle Hamburger Partners llc	--
Guido's Restaurant	Rogers	Mike Bariola and Pinnacle 46th LLC	Done
Incredible Pizza Company	Rogers	Incredible Pizza Company	Done
Joeys Seafood and Grill USA	Rogers	Joey's Seafood and Grill USA	Done
KFC/Taco Bell	Rogers	John R. Meyers	--
Krystal Burger	Rogers	Smitco Eateries	Delayed
Lil' Juan's Restaurant	Rogers	--	--
Papa Murphy's Take 'n' Bake Pizza	Rogers	James Rogers	Done
Pollo Campero	Rogers	--	Done
Red Lobster	Rogers	Darden Restaurants	Done
Taco Bell	Rogers	K-Mac Enterprises	--
Traders Market Restaurant	Rogers	Moe Torabi	--
A Taste of Thai	Siloam Springs	--	Early 2009
McDonalds	Siloam Springs	112 Partners LLC	--
Emilia's Kitchen	Siloam Springs	Emelia's Kitchen	April 2009
Dickey's Barbecue Pit	Springdale	Randon Arney	2009-2010
Firehouse Subs	Springdale	Tracy Bush	--
Taco Bueno	Springdale	U.S. Beef	Done
TaMolly's Mexican Restaurant	Springdale	TaMolly's Mexican Restaurant	2009
Romano's Macaroni Grill	Unkn. Location	Bruce Swisshelm	--
Einstein Bros Bagels	3 Unkn. Locations	Mike Philips	--
Scooter's CoffeeHouse	12 Unkn. Locations	Scooters Coffee House of Omaha	--

Restaurants

Closed Restaurants

Property Name	City	Date Closed
Big Guy's Subs	Bentonville	April 2008
Blue Plate Café	Bentonville	May 2008
Butterfly's Mexican Restaurant	Bentonville	June 2008
J'Bos	Bentonville	August 2008
Nicolis	Bentonville	March 2008
Samuarai Japanese Steakhouse	Bentonville	August 2008
San Francisco Bread Co	Bentonville	March 2008
Silk Road Restaurant	Bentonville	May 2008
The Sanctuary	Bentonville	August 2008
The Vineyard Restaurant	Bentonville	May 2008
What's for Dinner? Johnny's	Bentonville	August 2008
Boston Mountain Grill	Fayetteville	February 2008
Elenitas 2	Fayetteville	May 2008
Koreana	Fayetteville	November 2008
Larry's Pizza	Fayetteville	August 2008
Lou Lous Fish Shack	Fayetteville	December 2008
Maison des Tartes	Fayetteville	February 2008
Mordours	Fayetteville	June 2008
Picassos	Fayetteville	November 2008
Wilma's Restaurant	Fayetteville	April 2008
Wow	Fayetteville	December 2008
Coaches Pizza	Gentry	December 2008
Starbucks	Lowell	July 2008
DeCarlos Italian Pizzaria	Rogers	August 2008
Gators Restaurant	Rogers	April 2008
Granite City Food and Brewery	Rogers	August 2008
La Carreta Mexican Restaurant	Rogers	February 2008
Oscars Steak House	Rogers	May 2008
Roca Linda	Rogers	February 2008
Ryan's Family Steakhouse	Rogers	August 2008
Taqueria El Parrillero	Rogers	August 2008
Popeyes Chicken & Biscuits	Siloam Springs	October 2008
Daves Pizza	Springdale	August 2008
Loafin' Joes	Springdale	May 2008
Macchu Picchu	Springdale	March 2008
Sizzler	Springdale	August 2008
T & T Diner	Springdale	August 2008

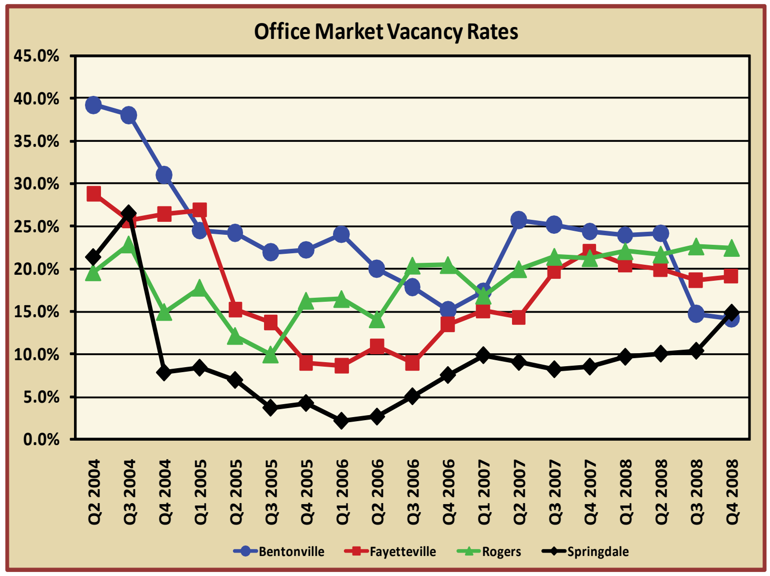
Commercial Market Trends

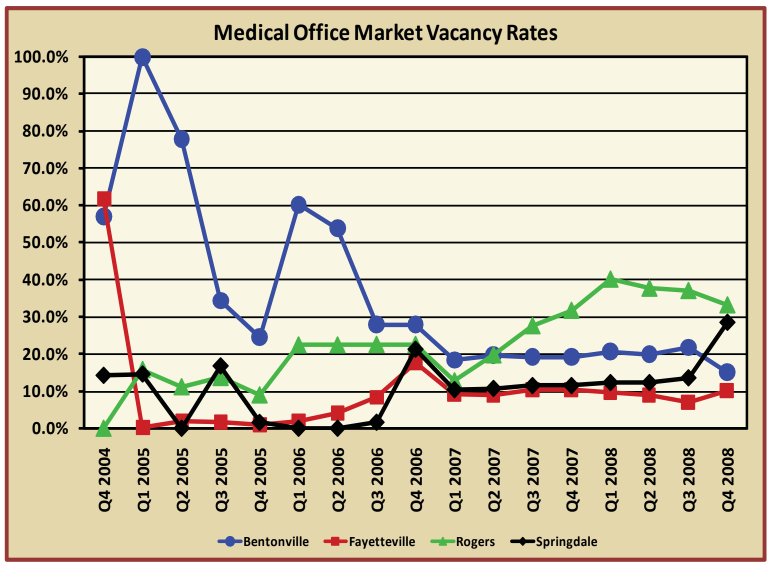
This version of the Skyline Report represents the nineteenth quarter that data have been collected. Annual comparisons were made to minimize the effects of attributing too much weight to seasonal changes. The accompanying graphs show how vacancy rates and available square footage have changed in each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

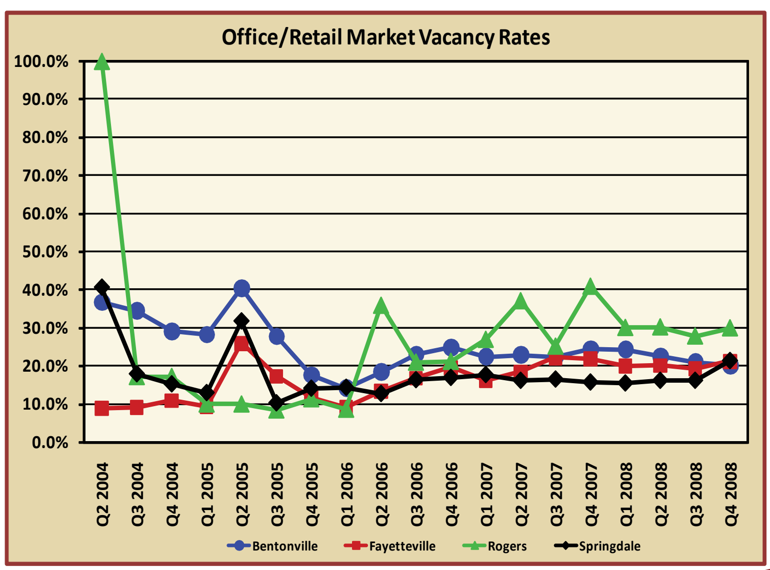
Over the past twelve months, Bella Vista, Bentonville, Fayetteville, and Siloam Springs have experienced positive net absorption in the office market. Bentonville accounted for most of the annual positive net absorption with 380,712 square feet becoming occupied (most of the absorption was due to the Superior Building becoming occupied). Available office square footage in Northwest Arkansas declined from 1,684,814 square feet in the fourth quarter of 2007 to 1,379,579 square feet in the fourth quarter of 2008. This was due to decreases in available office space in Bella Vista, Bentonville, Fayetteville, and Siloam Springs. Over the past year, 279,014 square feet of new office space became available for the first time. The overall Northwest Arkansas office vacancy rate has declined from 20.9 percent in the fourth quarter of 2007 to 17.1 percent in the fourth quarter of this year.

The office/retail market experienced positive net absorption of 8,702 square feet during the past twelve months. Bentonville accounted for most of the positive absorption, but most of the cities had more available office/retail square footage in the fourth quarter of 2008 than in the fourth quarter of 2007. New square footage totaling 73,006 was added to the market during the last year—of that amount, more than half or 39,000 square feet were located in Fayetteville and 34,006 square feet were located in Rogers. In the fourth quarter of 2008, 911,345 square feet of office/retail space were available, up from 852,982 square feet in the fourth quarter of 2007. This space was primarily located in Bentonville, Fayetteville, and Rogers.

The retail market, however, has experienced negative net absorption in the past twelve months. Although the cities of Bentonille and Rogers experienced positive net absorption in the retail submarket over the past year, a negative net absorption of 164,108 square feet occurred in Fayetteville, Lowell, Siloam Springs, and Springdale. There were 146,129 new square feet of retail space added to the Northwest Arkansas market during the past twelve

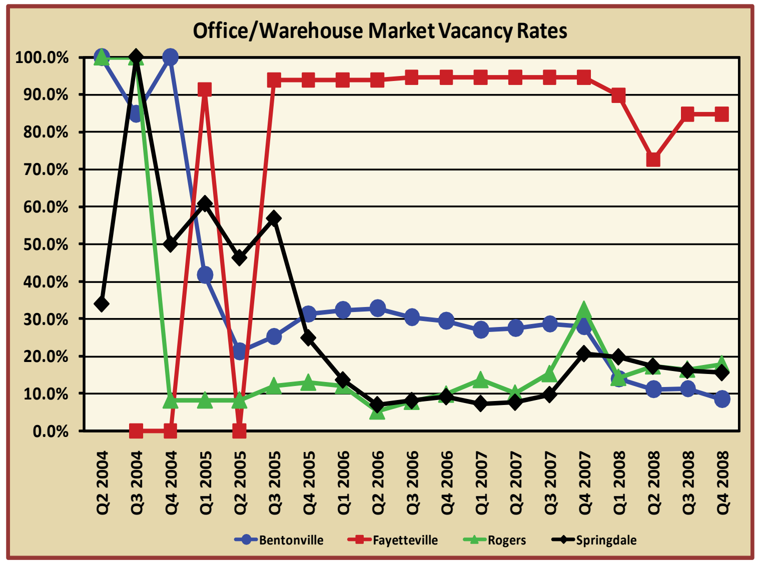


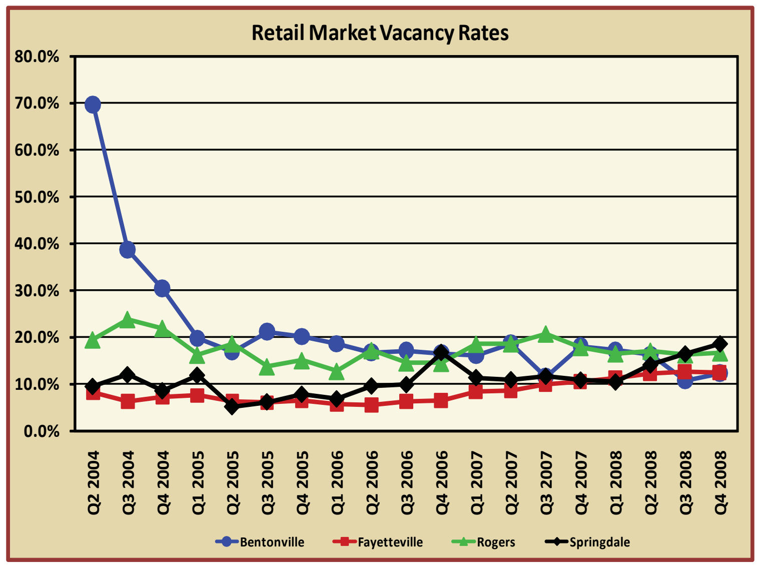


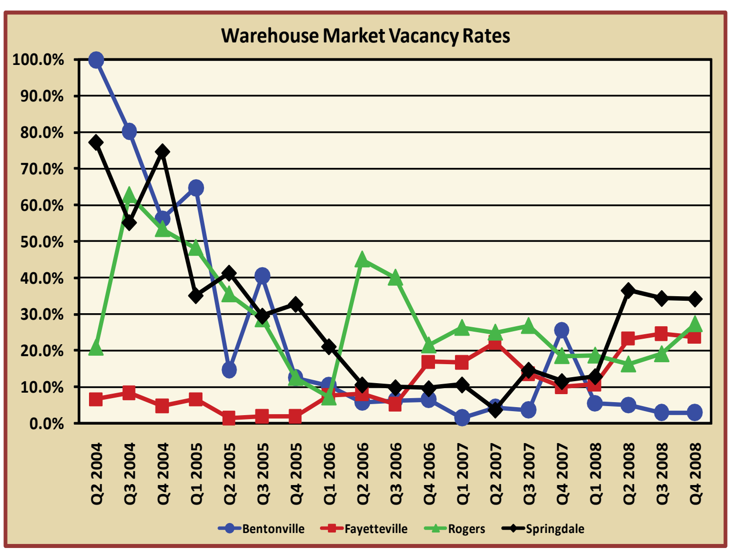


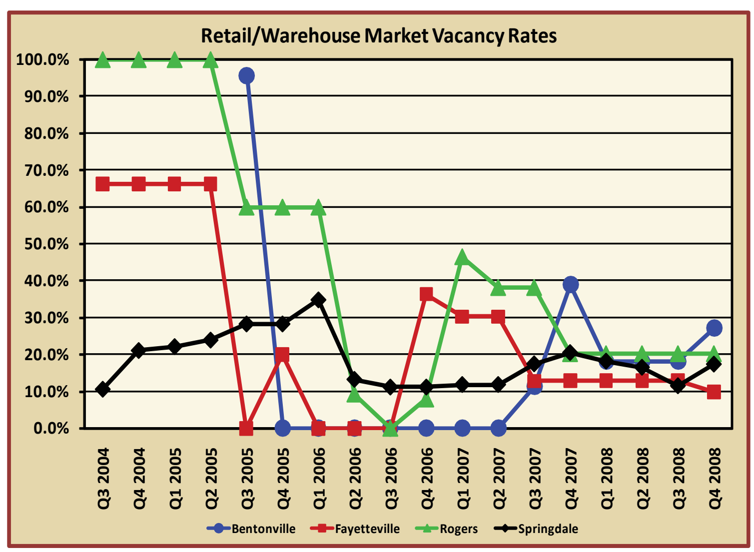
months. In the fourth quarter of 2008, a total of 1,029,239 square feet of space were available in Northwest Arkansas, up from 925,508 square feet at the same time in the previous year.

The Northwest Arkansas warehouse market also experienced negative net absorption of 332,738 square feet during the past year. The number of available square feet rose from 767,124 in the fourth quarter of 2007 to 1,612,240 in the fourth quarter of 2008 and vacancy rates increased from 15.5 percent to 27.5 percent during the same time period. A total of 115,200 square feet of new warehouse space were added to the Northwest Arkansas market during the past year (all new space was added to the Springdale market). Bentonville and Lowell were the only cities that experienced positive net absorption since the fourth quarter of last year in the warehouse submarket.





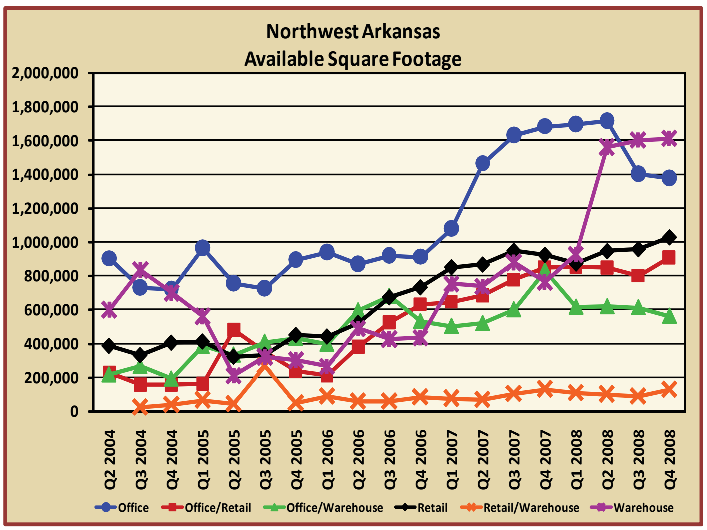


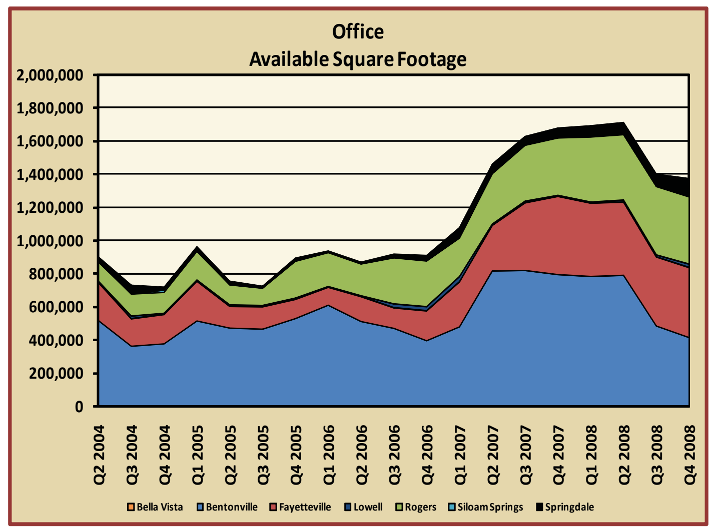


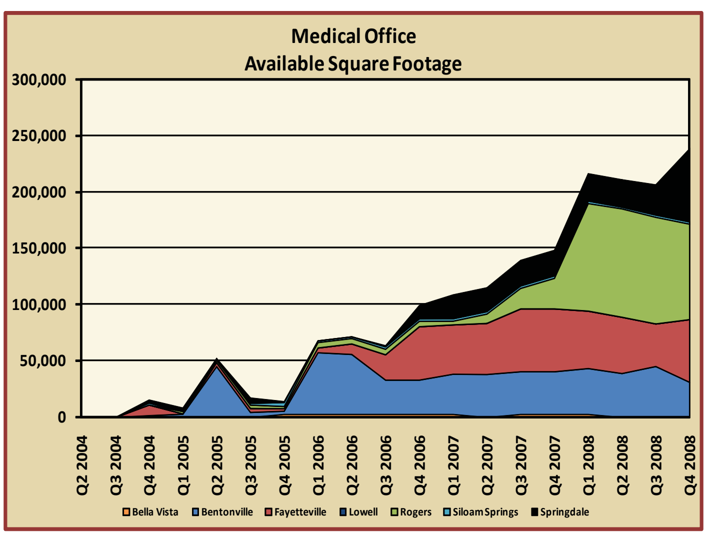
Commercial Market Trends

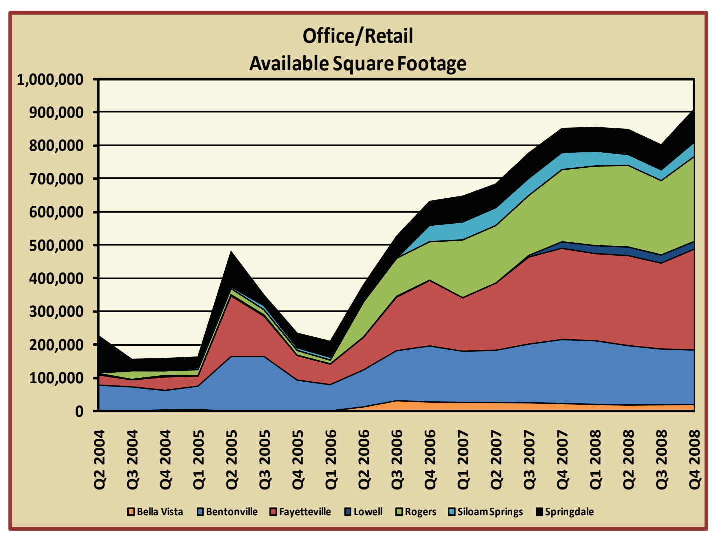
Net Twelve Month Absorption by Submarket Q4 2007 - Q4 2008

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	600	3,523	0	0
Bentonville	380,712	34,958	4,811	99,100
Fayetteville	41,536	-10,492	-97,159	-33,600
Lowell	-13,377	-5,000	-2,010	51,700
Rogers	-1,341	-3,492	58,809	-83,320
Siloam Springs	3,256	14,941	-18,603	0
Springdale	-51,935	-25,736	-46,336	-366,618
Northwest Arkansas	359,451	8,702	-100,488	-332,738

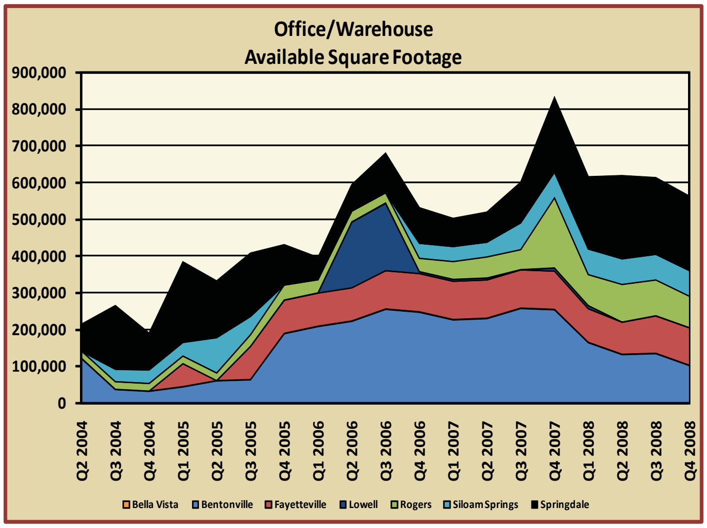


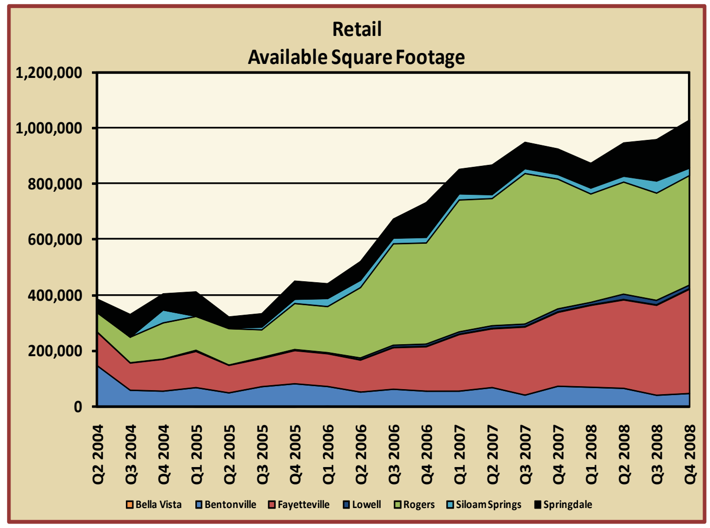


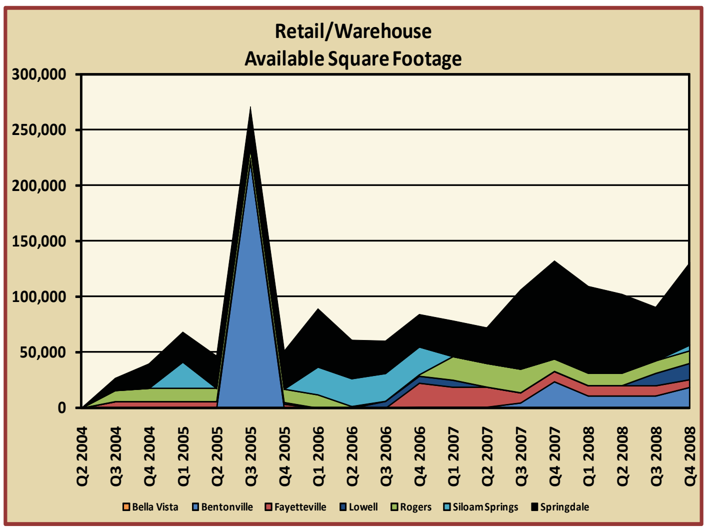


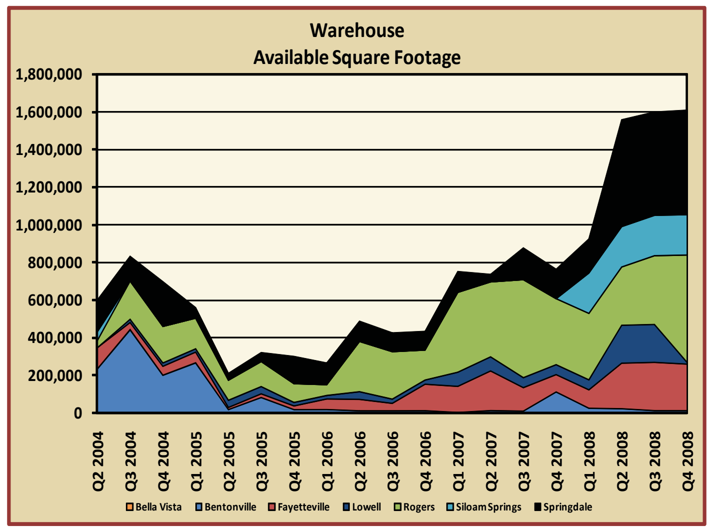


Commercial Market Trends









Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2007	24.2%	24.4%	22.1%	1.6%	21.2%	6.7%	8.5%	20.9%
Q1 2008	43.3%	23.9%	20.5%	1.5%	22.0%	4.6%	9.7%	20.6%
Q2 2008	19.0%	24.2%	20.0%	3.8%	21.6%	3.5%	10.0%	20.5%
Q3 2008	19.0%	14.7%	18.7%	3.8%	22.6%	2.7%	10.4%	16.7%
Q4 2008	19.0%	14.1%	19.1%	7.2%	22.4%	2.6%	14.8%	17.1%
Medical Office								
Q4 2007	34.6%	19.3%	10.6%	0.0%	31.8%	3.1%	11.5%	13.2%
Q1 2008	34.6%	20.7%	9.7%	0.0%	40.2%	3.1%	12.3%	17.0%
Q2 2008	0.0%	19.9%	9.2%	0.0%	37.8%	2.1%	12.3%	16.1%
Q3 2008	0.0%	21.8%	7.2%	0.0%	37.1%	2.8%	13.6%	15.8%
Q4 2008	0.0%	15.1%	10.2%	0.0%	33.3%	2.8%	28.6%	17.7%
Office/Retail								
Q4 2007	9.4%	24.5%	21.9%	27.8%	41.0%	44.2%	15.8%	24.5%
Q1 2008	8.4%	24.3%	20.0%	40.1%	30.2%	35.4%	15.5%	22.5%
Q2 2008	7.8%	22.5%	20.2%	43.2%	30.4%	26.2%	16.2%	22.0%
Q3 2008	8.1%	21.0%	19.3%	40.8%	28.0%	25.9%	16.2%	20.9%
Q4 2008	8.4%	20.2%	21.3%	38.4%	30.1%	31.0%	21.4%	22.7%
Office/Warehouse								
Q4 2007	--	28.0%	94.6%	3.8%	32.7%	65.8%	20.7%	28.7%
Q1 2008	--	14.1%	89.6%	3.8%	14.5%	65.8%	19.8%	19.4%
Q2 2008	--	11.3%	72.5%	0.0%	17.6%	65.8%	17.3%	17.7%
Q3 2008	--	11.4%	84.7%	0.0%	16.7%	65.8%	16.2%	17.5%
Q4 2008	--	8.6%	84.7%	0.0%	18.1%	65.8%	15.6%	16.5%
Retail								
Q4 2007	0.0%	18.1%	10.6%	18.0%	17.9%	5.5%	10.8%	13.7%
Q1 2008	0.0%	17.2%	11.3%	15.4%	16.5%	7.0%	10.4%	13.2%
Q2 2008	0.0%	16.3%	12.2%	25.5%	17.1%	7.0%	14.1%	14.3%
Q3 2008	0.0%	10.8%	12.6%	21.5%	16.3%	14.4%	16.4%	14.5%
Q4 2008	0.0%	12.3%	12.4%	10.3%	16.8%	9.1%	18.6%	14.4%
Retail/Warehouse								
Q4 2007	--	38.9%	13.0%	0.0%	20.2%	0.0%	20.5%	20.3%
Q1 2008	--	18.1%	13.0%	0.0%	20.2%	0.0%	18.2%	16.8%
Q2 2008	--	18.1%	13.0%	0.0%	20.2%	0.0%	16.5%	15.7%
Q3 2008	--	18.1%	13.0%	37.9%	20.2%	0.0%	11.5%	13.8%
Q4 2008	--	27.2%	9.9%	38.1%	20.2%	9.3%	17.4%	18.3%
Warehouse								
Q4 2007	0.0%	25.7%	10.1%	21.2%	18.7%	0.0%	11.7%	15.5%
Q1 2008	0.0%	5.6%	10.7%	21.2%	18.8%	71.1%	13.0%	17.7%
Q2 2008	0.0%	5.1%	23.3%	65.4%	16.4%	71.1%	36.7%	27.9%
Q3 2008	0.0%	3.1%	24.7%	65.4%	19.2%	71.1%	34.5%	28.3%
Q4 2008	0.0%	3.1%	23.8%	2.8%	27.5%	71.1%	34.3%	27.5%

Commercial Market Trends

Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2007	0	25,005	-57,249	3,683	-16,818	-2,200	-1,372	-48,951
Q1 2008	-2,200	16,027	35,362	1,500	9,949	1,700	-7,480	54,858
Q2 2008	2,800	-9,810	-6,460	-5,987	-919	900	444	-19,032
Q3 2008	0	312,289	25,980	-100	-17,656	600	-2,232	318,881
Q4 2008	0	62,206	-13,346	-8,790	7,285	56	-42,667	4,744
Medical Office								
Q4 2007	0	0	0	0	-12,235	0	0	-12,235
Q1 2008	0	-2,850	4,834	0	-14,100	0	-1,600	-13,716
Q2 2008	2,800	1,600	1,033	0	2,775	700	0	8,908
Q3 2008	0	-3,291	12,150	0	1,600	-500	-2,500	7,459
Q4 2008	0	15,100	-17,832	0	9,892	0	-38,058	-30,898
Office/Retail								
Q4 2007	2,400	-15,987	7,978	2,500	-24,302	0	-3,558	-30,969
Q1 2008	3,323	983	12,583	-6,000	-1,866	6,630	1,154	16,807
Q2 2008	1,850	14,098	1,346	-1,880	-2,223	12,361	-2,951	22,601
Q3 2008	-1,050	12,683	12,439	1,440	28,387	400	-39	54,260
Q4 2008	-600	7,194	-36,860	1,440	-27,790	-4,450	-23,900	-84,966
Office/Warehouse								
Q4 2007	--	3,354	0	0	-120,000	3,000	7,334	-106,312
Q1 2008	--	89,975	0	0	106,500	0	6,450	202,925
Q2 2008	--	32,650	15,080	7,940	-18,000	0	-48,467	-10,797
Q3 2008	--	0	-14,680	0	5,114	0	17,667	8,101
Q4 2008	--	40,500	0	0	20,103	0	12,600	73,203
Retail								
Q4 2007	0	-2,902	7,409	-1,590	70,233	1,000	2,798	76,948
Q1 2008	0	3,584	-22,478	1,590	63,250	-4,500	2,525	43,971
Q2 2008	0	2,776	-13,203	-10,000	-13,190	0	-6,826	-40,443
Q3 2008	0	4,358	-16,552	3,000	17,366	-22,403	-29,108	-43,339
Q4 2008	0	-5,907	-44,926	3,400	-8,617	8,300	-12,927	-60,677
Retail/Warehouse								
Q4 2007	--	0	-107	0	10,000	0	0	9,893
Q1 2008	--	12,800	0	0	0	0	10,025	22,825
Q2 2008	--	0	0	0	0	0	7,126	7,126
Q3 2008	--	0	0	-5,540	0	0	12,300	6,760
Q4 2008	--	0	2,240	5,540	0	3,100	-25,660	-14,780
Warehouse								
Q4 2007	0	-101,500	32,580	0	55,860	0	39,955	26,895
Q1 2008	0	86,500	-6,000	0	-2,330	0	-24,490	53,680
Q2 2008	0	2,600	-22,600	-141,366	43,581	0	-369,475	-487,260
Q3 2008	0	10,000	-14,000	0	-38,849	0	32,964	-9,885
Q4 2008	0	0	9,000	193,066	-85,722	0	-5,617	110,727

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
Q4 2007	2,800	798,023	470,731	3,844	348,274	5,400	55,742	1,684,814
Q1 2008	5,000	784,492	441,369	3,844	394,749	3,700	65,222	1,698,376
Q2 2008	2,200	794,302	440,601	9,831	396,668	2,800	71,768	1,718,170
Q3 2008	2,200	488,347	415,611	9,931	414,324	2,200	73,365	1,405,978
Q4 2008	2,200	418,386	421,557	18,721	407,039	2,144	109,532	1,379,579
Medical Office								
Q4 2007	2,800	37,846	55,764	0	27,467	2,200	22,682	148,759
Q1 2008	2,800	40,696	50,930	0	96,004	2,200	24,282	216,912
Q2 2008	0	39,096	49,897	0	96,729	1,500	24,282	211,504
Q3 2008	0	45,317	37,747	0	95,129	2,000	26,782	206,975
Q4 2008	0	31,317	55,579	0	85,237	2,000	64,840	238,973
Office/Retail								
Q4 2007	25,189	192,720	274,173	19,660	217,667	51,955	71,618	852,982
Q1 2008	22,666	191,737	261,590	24,160	240,182	45,325	70,464	856,124
Q2 2008	20,816	178,839	270,310	26,040	246,289	32,964	74,615	849,873
Q3 2008	21,866	167,656	257,871	24,600	224,422	32,564	74,654	803,633
Q4 2008	22,466	164,098	303,131	23,160	256,212	43,724	98,554	911,345
Office/Warehouse								
Q4 2007	--	256,525	104,326	7,940	191,523	70,007	202,649	832,970
Q1 2008	--	166,550	91,726	7,940	85,023	70,007	196,199	617,445
Q2 2008	--	133,900	87,501	0	103,023	70,007	226,066	620,497
Q3 2008	--	136,550	102,181	0	97,909	70,007	208,399	615,046
Q4 2008	--	103,805	102,181	0	86,056	70,007	202,399	564,448
Retail								
Q4 2007	0	74,732	265,603	11,090	467,853	16,700	89,530	925,508
Q1 2008	0	71,148	294,345	9,500	390,943	21,200	87,005	874,141
Q2 2008	0	67,172	317,839	19,500	404,133	21,200	117,518	947,362
Q3 2008	0	42,314	323,391	16,500	386,767	43,603	146,626	959,201
Q4 2008	0	48,565	375,144	13,100	395,384	27,003	170,043	1,029,239
Retail/Warehouse								
Q4 2007	--	23,898	9,197	0	11,283	0	88,051	132,429
Q1 2008	--	11,098	9,197	0	11,283	0	78,026	109,604
Q2 2008	--	11,098	9,197	0	11,283	0	70,900	102,478
Q3 2008	--	11,098	9,197	11,080	11,283	0	48,100	90,758
Q4 2008	--	18,798	6,957	14,540	11,283	5,200	73,760	130,538
Warehouse								
Q4 2007	0	114,300	92,215	53,000	351,120	0	156,489	767,124
Q1 2008	0	27,800	98,215	53,000	353,450	214710	180,979	928,154
Q2 2008	0	25,200	242,115	201,866	309,869	214,710	567,618	1,561,378
Q3 2008	0	15,200	256,115	201,866	365,718	214,710	548,654	1,602,263
Q4 2008	0	15,200	247,115	8,800	571,440	214,710	554,975	1,612,240

Office

In the fourth quarter of 2008, the office properties included in the Skyline Report panel had a vacancy rate of 17.1 percent, up from a revised rate of 16.7 percent in the third quarter of 2008. Of almost 8.1 million square feet of Northwest Arkansas properties examined, almost 1.4 million square feet are currently available. This is down from the third quarter of 2008. From the third quarter to the fourth quarter of 2008, 65,800 square feet of new office space entered the market, while 70,544 square feet were absorbed, netting positive absorption of 4,744 square feet for the market.

Of the 1,379,579 square feet of available office space in Northwest Arkansas, about 30.6 percent is located in Fayetteville. About 59.2 percent of the available office space in Fayetteville was in the Class B submarket, while Class A space accounted for almost 22.7 percent, and the remainder was in the Class C and medical office markets. From the third quarter to the fourth quarter of 2008, 13,654 square feet became occupied in the office submarket in Fayetteville, whereas 27,000 square feet of new medical space entered the market, yielding a negative net absorption of 13,346 square feet.

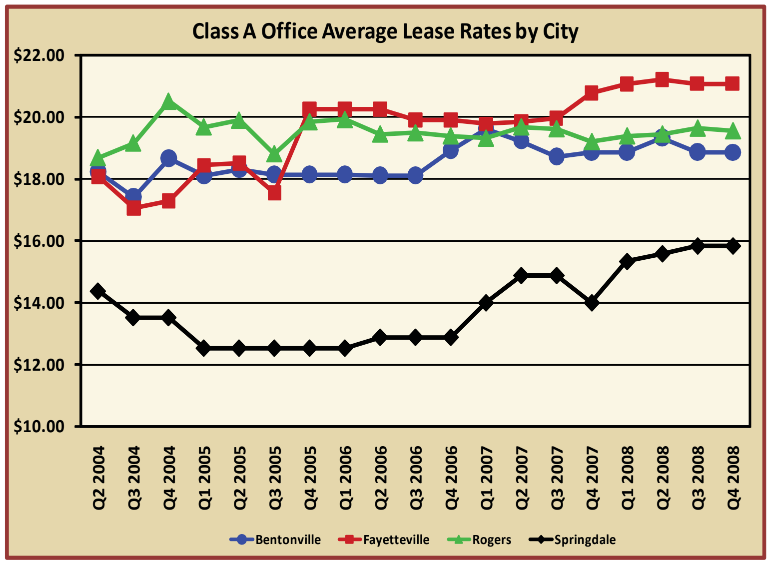
While Fayetteville had the most available office space at 421,557 square feet, Bentonville had 418,386 square feet available. In the fourth quarter, 5,657 square feet of Class A, 41,649 square feet of Class B, and 15,100 square feet of medical office space were absorbed, while 200 square feet of Class C office became vacant. No new space was added to the market, netting positive absorption of 62,206 square feet of office space in Bentonville.

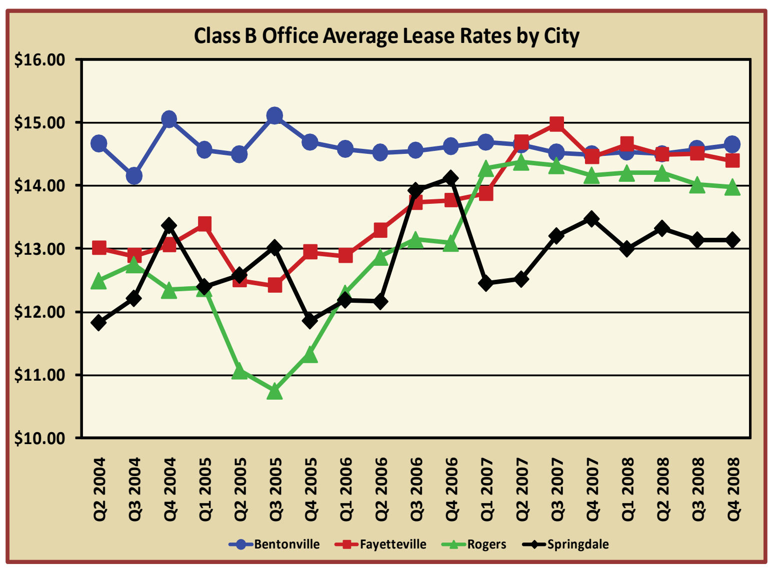
Rogers had 407,039 square feet of available office space in the fourth quarter of 2008. In the Rogers office submarket, Class A accounted for 44.7 percent of all available space, while class B accounted for 22.5 percent, and medical office for 20.9 percent. There was a positive absorption of 7,285 square feet in the fourth quarter of 2008, while no new space was added to the market.

The Springdale office market had 109,532 square feet of available space in the fourth quarter. There were 38,800 new square feet added in the fourth quarter to Springdale

Office Lease Rates Average Range by City

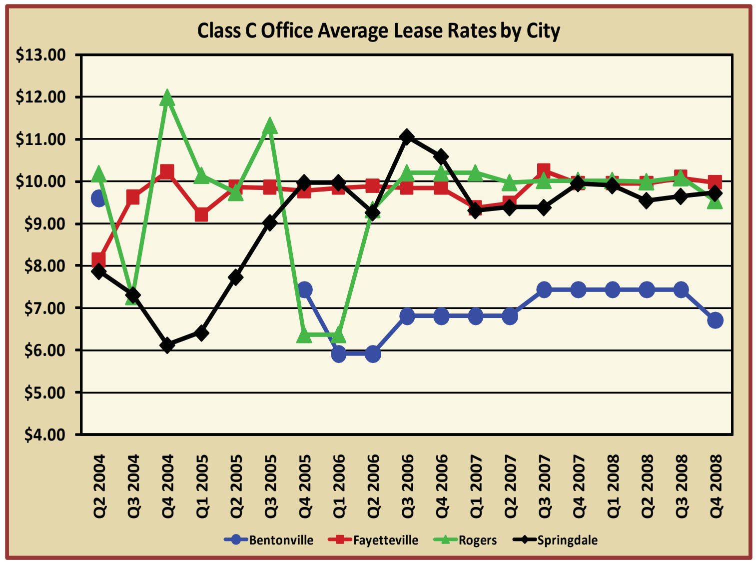
	Class A	Class B	Class C	Medical
Bentonville	$18.14 - $19.57	$14.40 - $14.91	$6.00 - $7.44	$17.33 - $19.00
Fayetteville	$19.50 - $22.67	$13.81 - $14.98	$9.69 - $10.28	$15.47 - $17.33
Rogers	$18.84 - $20.29	$13.63 - $14.34	$9.43 - $9.68	$14.75 - $14.98
Springdale	$15.58 - $16.08	$12.30 - $13.98	$9.60 - $9.86	$12.01 - $13.45

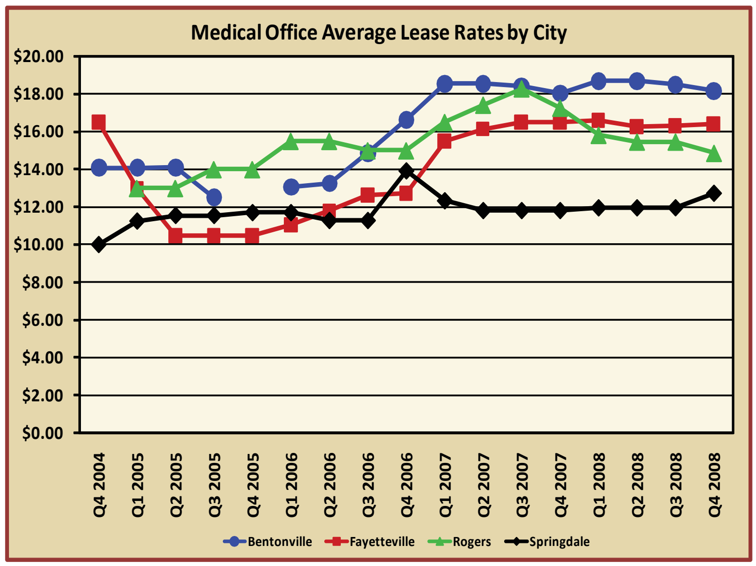




market. Among these, 6,400 square feet were added to the Class B, 2,400 square feet to the Class C, and 30,000 square feet were added to the medical office submarket. In addition, 3,867 square feet became vacant in Springdale, resulting in a negative net absorption of 42,667 square feet.

Class A office average reported lease rates continued to be highest in Fayetteville at $21.09 per square foot. Class A space average lease rates declined slightly in Bentonville to $18.86 and in Rogers to $19.57, while remaining constant in Springdale at $15.83 per square foot. Class B office space average reported lease rates declined in Fayetteville and Rogers, ticked up in Bentonville, and stayed flat in Springdale. In the fourth quarter of 2008, reported average lease rates for Class C office increased in Springdale, while decreasing in other cities. Reported average medical office space lease rates declined in Bentonville and Rogers, but increased 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	383,047	65,363	17.1%	5,657	0	5,657	34.7
Fayetteville	416,882	95,495	22.9%	-1,593	0	-1,593	--
Rogers	987,053	181,852	18.4%	-6,257	0	-6,257	--
Springdale	77,123	2,400	3.1%	2,216	0	2,216	3.2
Class B							
Bentonville	2,360,148	321,506	13.6%	41,649	0	41,649	23.2
Fayetteville	1,058,431	249,759	23.6%	6,479	0	6,479	115.6
Rogers	462,380	91,427	19.8%	3,650	0	3,650	75.1
Springdale	322,737	23,247	7.2%	7,565	6,400	1,165	60
Class C							
Bentonville	9,528	200	2.1%	-200	0	-200	0.0
Fayetteville	185,579	20,724	11.2%	-400	0	-400	--
Rogers	108,636	48,523	44.7%	0	0	0	--
Springdale	111,517	19,045	17.1%	-5,590	2,400	-7,990	--
Medical							
Bentonville	207,951	31,317	15.1%	15,100	0	15,100	6.2
Fayetteville	543,112	55,579	10.2%	9,168	27,000	-17,832	--
Rogers	256,194	85,237	33.3%	9,892	0	9,892	25.9
Springdale	226,703	64,840	28.6%	-8,058	30,000	-38,058	--

[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

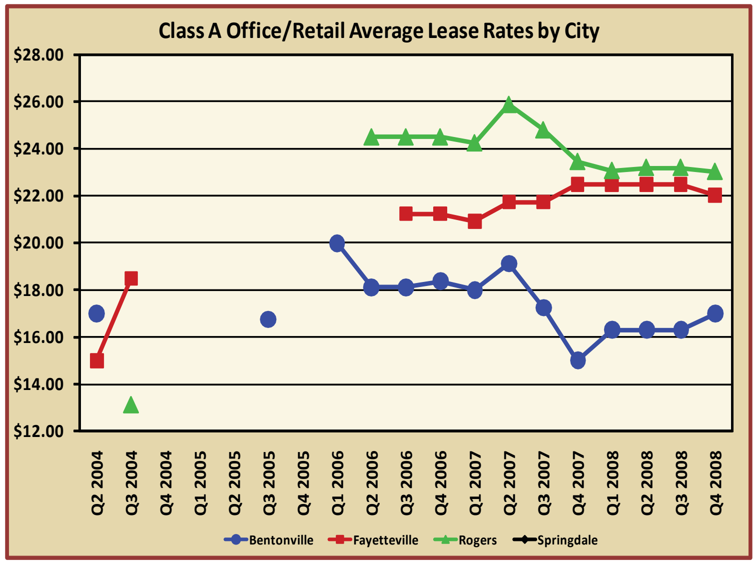
Office/Retail

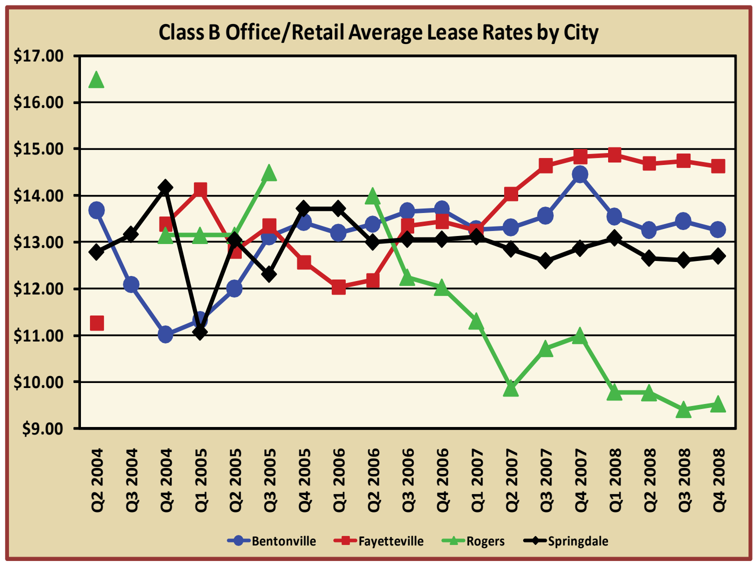
In the fourth quarter of 2008, the office/retail properties included in the Skyline Report sample had a vacancy rate of 22.7 percent. This was a decrease from a revised third quarter vacancy rate of 20.9 percent. Of more than 4.0 million square feet of Northwest Arkansas properties examined, 911,345 square feet were available.

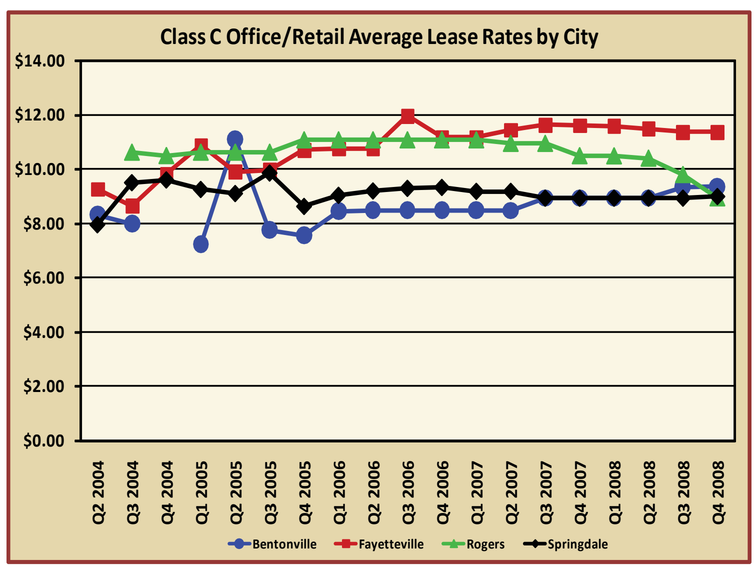
From the third quarter to the fourth quarter of 2008, 84,966 square feet of office/retail space became vacant. There were 73,006 new square feet of office/retail space added in Northwest Arkansas in the fourth quarter: 39,000 square feet in Fayetteville and 34,006 square feet in Rogers. In addition, 11,960 square feet became vacant, thus yielding a negative net absorption of 84,966 square feet. Bentonville and Lowell experienced positive net absorption of office/retail space in the fourth quarter of 2008. All other cities in Northwest Arkansas experienced negative net absorption.

Fayetteville remained ahead of Rogers and Bentonville, having the largest amount of available square feet in the office/retail submarket with 303,131 square feet available. Rogers had 256,212 and Bentonville had 164,098 square feet available. Dividing those by the total square feet of office/retail space, this translated to vacancy rates of 21.3 percent for Fayetteville, 30.1 percent for Rogers, and 20.2 percent for Bentonville. Springdale had reported available office/retail square footage of 98,554 with a 21.4 percent vacancy rate.

Office/retail space average reported lease rates remained mixed in the fourth quarter. In the Class A submarket, average reported lease rates increased in Bentonville and declined in Fayetteville and Rogers. There was a decline in average reported Class B rates in Bentonville and Fayetteville, but an increase in Rogers and Springdale. In the Class C office/retail submarket, average reported prices declined in Rogers, but increased slightly in Bentonville and Springdale, while staying flat in Fayetteville.







Office/Retail

Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	$15.67 - $18.33	$12.46 - $14.08	$9.05 - $9.66
Fayetteville	$20.75 - $23.33	$13.85 - $15.40	$10.81 - $11.92
Rogers	$21.25 - $24.83	$8.72 - $10.34	$8.14 - $9.74
Springdale	--	$11.88 - $13.52	$8.29 - $9.69

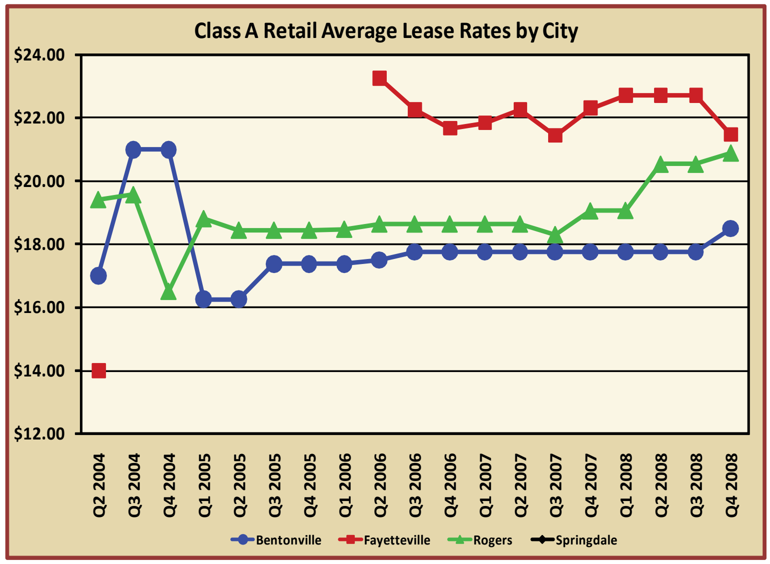
Office/Retail Space Characteristics by Class and City

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	56,307	10,677	19.0%	1,312	0	1,312	24.4
Fayetteville	126,099	63,000	50.0%	0	34,000	-34,000	--
Rogers	296,703	80,423	27.1%	1,731	0	1,731	139.4
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	652,197	135,897	20.8%	5,882	0	5,882	69.3
Fayetteville	940,727	194,010	20.6%	-1,910	5,000	-6,910	--
Rogers	333,435	84,599	25.4%	6,542	0	6,542	38.8
Springdale	193,253	52,205	27.0%	-4,660	0	-4,660	--
Class C							
Bentonville	104,310	17,524	16.8%	0	0	0	--
Fayetteville	358,946	46,121	12.8%	4,050	0	4,050	34.2
Rogers	220,633	91,190	41.3%	-2,057	34,006	-36,063	--
Springdale	267,554	46,349	17.3%	-19,240	0	-19,240	--

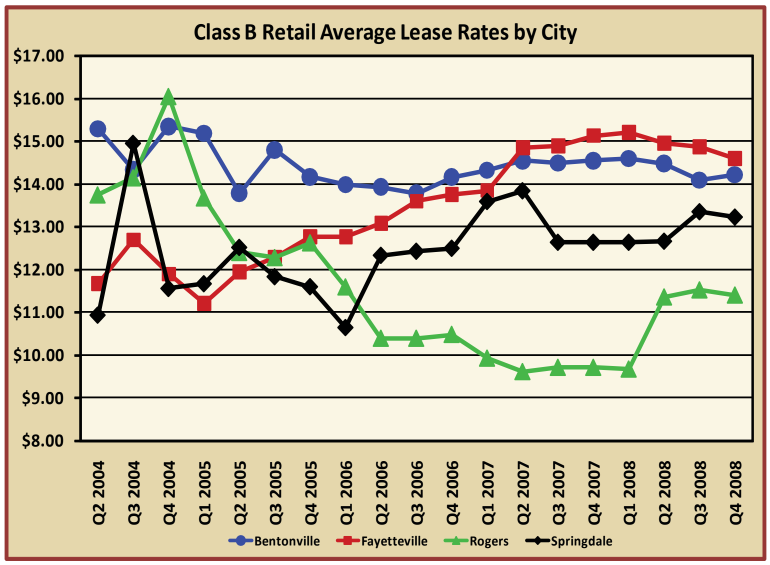
[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

Retail

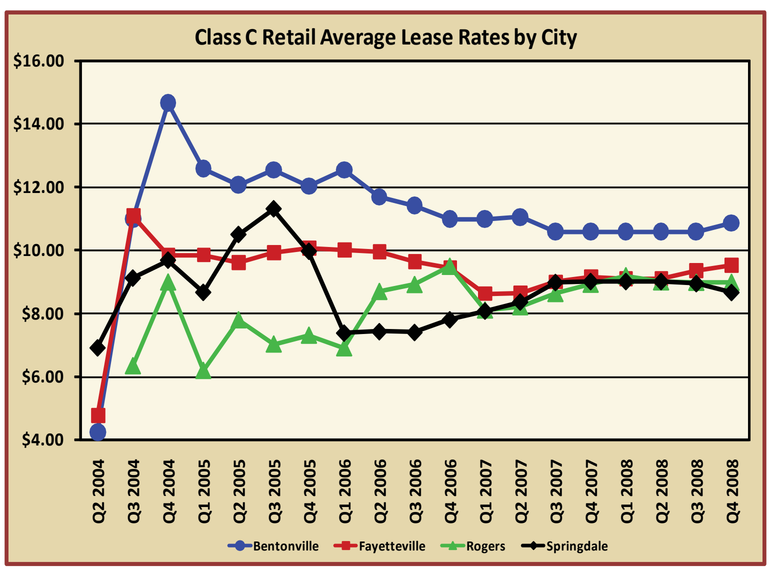
In the fourth quarter of 2008, the retail properties included in the Skyline Report panel had a vacancy rate of 14.4 percent, down from 14.5 percent in the third quarter. Of the 7.1 million square feet of Northwest Arkansas retail properties examined, 1,029,239 square feet were available. From the third quarter to the fourth quarter of 2008, 74,753 square feet of new retail space came on the Bentonville, Fayetteville, Lowell, and Springdale markets, while 14,076 square feet became occupied, netting a negative absorption of 60,677 square feet.



Bentonville had 394,042 total square feet and 48,565 available square feet of retail space in the fourth quarter, resulting in a vacancy rate of 12.3 percent. This represented an increase from the rate of 10.8 percent in the third quarter of 2007 due to the increase in the available space. A total of 11,687 new Class B square feet were added to the market, while 5,780 square feet became occupied, netting a negative absorption of 5,907 square feet in the fourth quarter.



In the fourth quarter of 2008, Fayetteville had a retail vacancy rate of 12.4 percent, down from 12.6 percent in the third quarter, with 375,144 available square feet out of a total of 3.0 million. There was reported positive absorption of 7,585 square feet in the Class C retail submarket and negative absorption of 35,390 and 13,055 square feet in the Class A and Class B submarket, respectively. Additionally, 4,066 new square feet entered Class A submarket, yielding a total negative net absorption of 44,926 square feet in the retail market. The discrepancy between a decline in vacancy rate and an increase in available space is due to the increase of the total reported space.



The Rogers market had 395,384 square feet of available retail space out of a total of 2.4 million square feet for a vacancy rate of 16.8 percent in the fourth quarter. The city experienced an increase in a vacancy rate from 16.3 percent in the third quarter of 2008 in accordance with the absorption. There was no new space added to the market during the last quarter. Rogers Class A and Class B retail submarkets experienced negative absorption, resulting in 8,617 square feet of negative net absorption for the market.

There were 170,043 square feet of available retail space out of a total of 915,497 square feet in Springdale in the fourth quarter. This implied a vacancy rate of 18.6 percent, up from 16.4 percent in the third quarter of 2008. A total of 9,000 new square feet were added to the Class B submarket in the fourth quarter. Positive absorption of 28,587 square feet was reported in the Class C submarket and negative absorption of 32,514 square feet in the Class B submarket, netting a negative absorption of 12,927 square feet.

Reported retail average lease rates remained mixed during the fourth quarter of 2008. In the Class A submarket, average reported lease rates increased in Bentonville and Rogers, but sharply declined in Fayetteville. Class B average lease rates declined in Fayetteville, Rogers, and Springdale, while increasing in Bentonville. Class C reported average lease rates increased in Bentonville and Fayetteville, and declined in Springdale, while staying constant in Rogers.

Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	$17.50 - $19.50	$13.81 - $14.64	$10.62 - $11.11
Fayetteville	$19.93 - $23.00	$14.07 - $15.13	$9.34 - $9.71
Rogers	$18.93 - $22.84	$10.91 - $11.91	$8.79- $9.19
Springdale	--	$12.75 - $13.71	$8.23 - $9.11

Retail Space Characteristics by Class and City

Class A	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q3 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Bentonville	39,534	6,988	17.7%	0	0	0	--
Fayetteville	1,822,040	166,052	9.1%	-35,390	4,066	-39,456	--
Rogers	1,527,879	143,006	9.4%	-7,379	0	-7,379	--
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	239,964	25,174	10.5%	5,780	11,687	-5,907	--
Fayetteville	915,052	144,849	15.8%	-13,055	0	-13,055	--
Rogers	530,966	201,559	38.0%	-1,238	0	-1,238	--
Springdale	634,407	149,833	23.6%	-32,514	9,000	-41,514	--
Class C							
Bentonville	114,544	16,403	14.3%	0	0	0	--
Fayetteville	292,761	64,243	21.9%	7,585	0	7,585	25.4
Rogers	301,621	50,819	16.8%	0	0	0	--
Springdale	281,090	20,210	7.2%	28,587	0	28,587	2.1

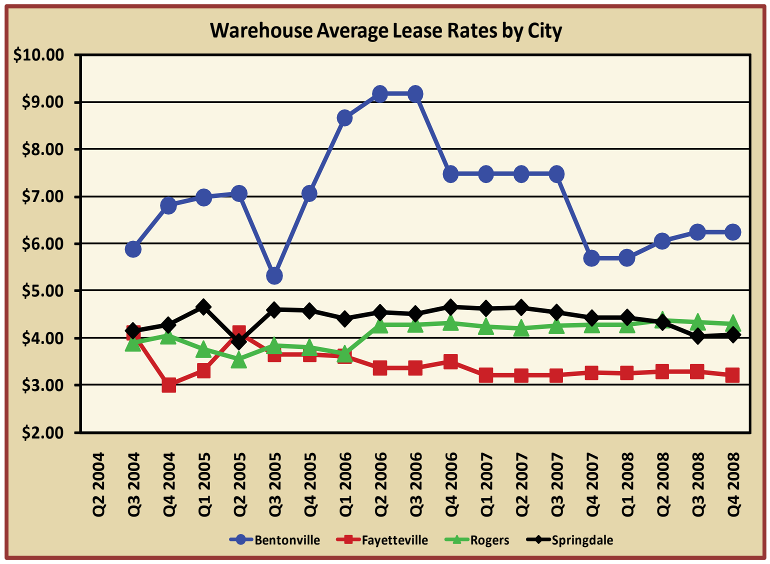
[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

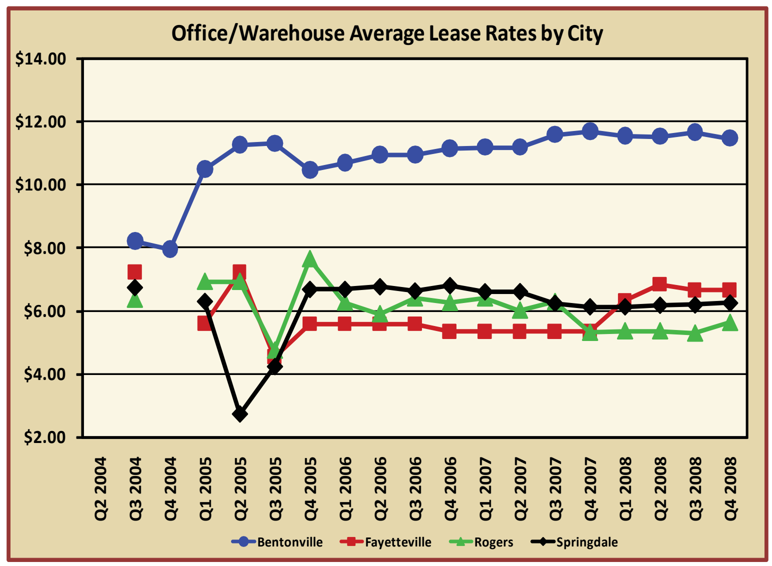
Warehouse

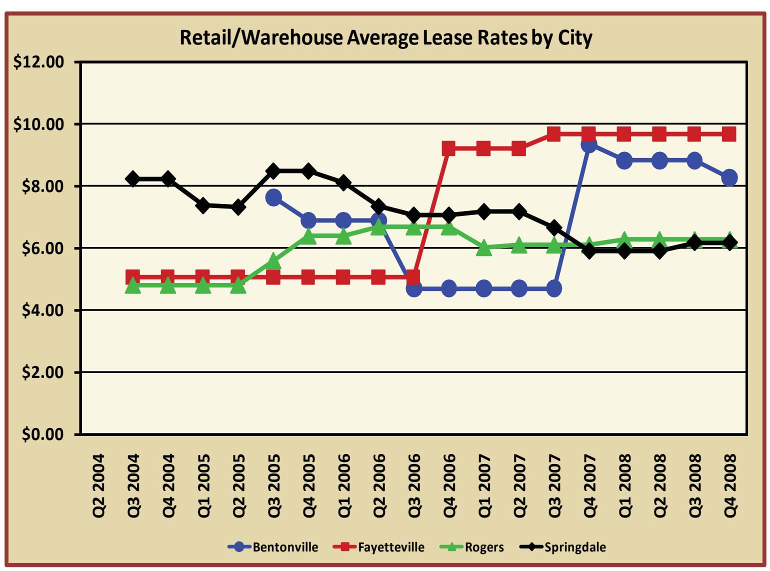
In the fourth quarter of 2008, the warehouse properties included in the Skyline Report panel had a vacancy rate of 27.5 percent, down from 28.3 percent in the third quarter. The reason for this decline in vacancy rates was an increase in the amount of reported space. Of almost 5.9 million square feet of warehouse space examined, more than 1.6 million square feet were available in the fourth quarter.

The majority of available warehouse space was split between Rogers (with 571,440 square feet), Springdale (with 554,975 square feet), Fayetteville (with 247,115 square feet), and Siloam Springs (with 214,710 square feet). There was no new space added in the Northwest Arkansas warehouse market in the fourth quarter. Existing warehouse space became vacant in Rogers and Springdale, while some became occupied in Fayetteville and Lowell, resulting in positive net absorption of 110,727 square feet in Northwest Arkansas. Reported warehouse vacancy rates declined in Fayetteville and Lowell and increased in Rogers in the fourth quarter in accordance with the absorption. Bella Vista and Siloam Springs warehouse vacancy rates were unchanged, while Springdale vacancy rates declined slightly due to the increase in the total reported space.

The average reported warehouse lease rates in Bentonville remained constant at $6.24, continuing to be the most expensive lease rates in Northwest Arkansas. Fayetteville and Rogers reported average lease rates declined slightly, while Springdale average lease rates slightly increased.







Office/Warehouse

The Skyline Report panelists reported on 3.4 million square feet of office/warehouse space in the fourth quarter. The vacancy rate in the office/warehouse submarket declined from 17.5 percent in the third quarter to 16.5 percent in the fourth quarter of 2008 in Northwest Arkansas, with 564,448 total square feet available in the fourth quarter. From the third quarter to the fourth quarter of 2008, 4,000 new square feet came online in Springdale, while 77,203 square feet of office/warehouse space were absorbed, netting a positive absorption of 73,203 square feet in Northwest Arkansas.

The activity in the office/warehouse submarket in the fourth quarter was concentrated in Bentonville, Rogers, and Springdale. There were 40,500 square feet of office/warehouse space absorbed in Bentonville, 20,103 square feet in Rogers, and 16,600 square feet in Springdale (netting a positive net absorption of 12,600 square feet for this city).

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

Retail/Warehouse

The Skyline Report panelists reported on 714,369 square feet of retail/warehouse space in the fourth quarter of 2008. The vacancy rate in the retail/warehouse submarket increased to 18.3 percent in the fourth quarter, up from 13.8 percent in the previous quarter. A total of 130,538 square feet were available in Northwest Arkansas in the fourth quarter. From the third quarter to the fourth quarter of 2008, there was negative net absorption of 14,780 square feet in the retail/warehouse submarket. About 6,000 square feet of new retail/warehouse space were added to the Springdale market in the last quarter. Positive absorption occurred in Fayetteville, Lowell, and Siloam Springs, while negative occured in Springdale. There was no other activity in the retail/warehouse submarket in Northwest Arkansas. The decline in the retail/warehouse vacancy rate of Fayetteville and increase in the Springdale vacancy rate were consistent with the absorption numbers from the third quarter to the fourth quarter of 2008. Increases in Bentonville, Lowell, and Siloam Springs vacancy rates were due to the increase in the reported total space.

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

Other Lease Rates Average Range by City

	Warehouse	Office/ Warehouse	Retail/ Warehouse
Bentonville	$5.31 - $7.17	$10.70 - $12.27	$7.84 - $8.70
Fayetteville	$3.21 - $3.22	$6.68 - $6.68	$8.85 - $10.51
Rogers	$4.24 - $4.39	$5.15 - $6.13	$6.26 - $6.30
Springdale	$3.87 - $4.28	$5.18 - $7.34	$5.57 - $6.82

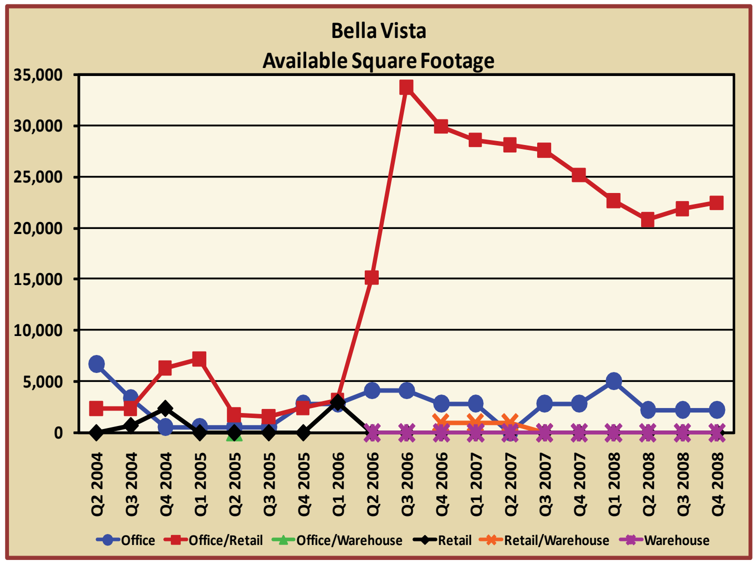
Other Space Characteristics by Class and City

Warehouse	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q3 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Bentonville	495,868	15,200	3.1%	0	0	0	--
Fayetteville	1,038,027	247,115	23.8%	9,000	0	9,000	82.4
Rogers	2,081,453	571,440	27.5%	-85,722	0	-85,722	--
Springdale	1,616,678	554,975	34.3%	-5,617	0	-5,617	--
Office/Warehouse							
Bentonville	1,202,767	103,805	8.6%	40,500	0	40,500	7.7
Fayetteville	120,681	102,181	84.7%	0	0	0	--
Rogers	474,552	86,056	18.1%	20,103	0	20,103	12.8
Springdale	1,296,107	202,399	15.6%	16,600	4,000	12,600	48.2
Retail/Warehouse							
Bentonville	69,056	18,798	27.2%	0	0	0	--
Fayetteville	70,580	6,957	9.9%	2,240	0	2,240	9.3
Rogers	55,729	11,283	20.2%	0	0	0	--
Springdale	425,124	73,760	17.4%	-19,660	6,000	-25,660	--

[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

Bella Vista

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 319,574 square feet of commercial space in the fourth quarter of 2008.
- In the fourth quarter of 2008, Bella Vista experienced negative net absorption of 600 square feet in the Class B office/retail submarket.
- No new space was added to the Bella Vista commercial market in the fourth quarter of 2008.
- Reported vacancy rates increased slightly in the office/retail submarket, while staying constant in all other submarkets in Bella Vista from the third quarter to the fourth quarter of 2008 in accord with absorption.
- Almost all reported average lease rates in Bella Vista remained constant in the fourth quarter of 2008. The exception was a slight increase in Class B office/retail market lease rates.

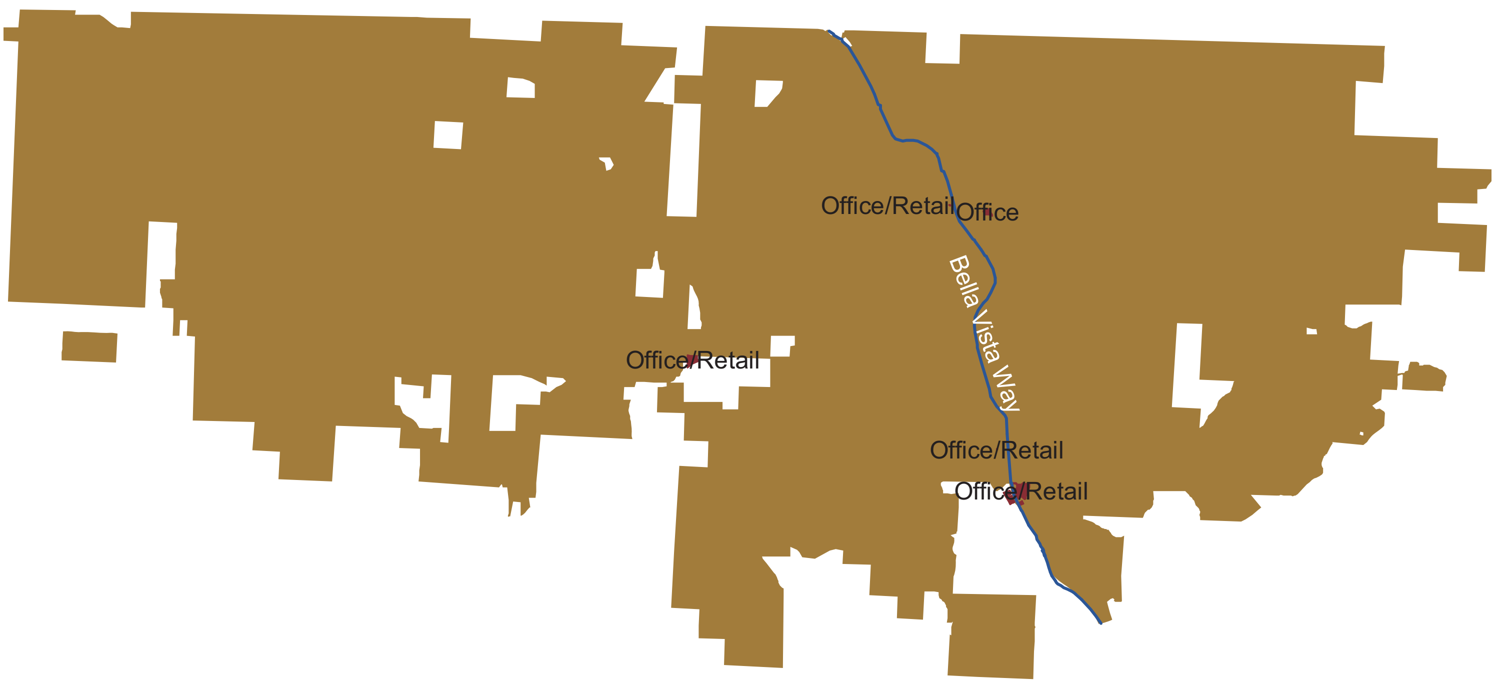


Bella Vista Commercial Real Estate Market Summary Statistics

	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	2,200	19.0%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	$13.85 - $13.85	3,450	2,200	63.8%	0	0	0	--
Class C	--	--	--	--	--	--	--	--
Medical	$12.00 - $14.00	8,104	0	0.0%	0	0	0	0.0
Office/Retail	$9.58 - $11.89	268,534	22,466	8.4%	-600	0	-600	--
Class A	--	--	--	--	--	--	--	--
Class B	$9.58 - $11.89	268,534	22,466	8.4%	-600	0	-600	--
Class C	--	--	--	--	--	--	--	--
Office/Warehouse	--	--	--	--	--	--	--	--
Retail	$3.46 - $3.46	21,000	0	0.0%	0	0	0	0.0
Class A	--	--	--	--	--	--	--	--
Class B	$3.46 - $3.46	21,000	0	0.0%	0	0	0	0.0
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	--	--	--	--	--	--	--	--
Warehouse	$1.00 - $2.70	18,486	0	0.0%	0	0	0	0.0

[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

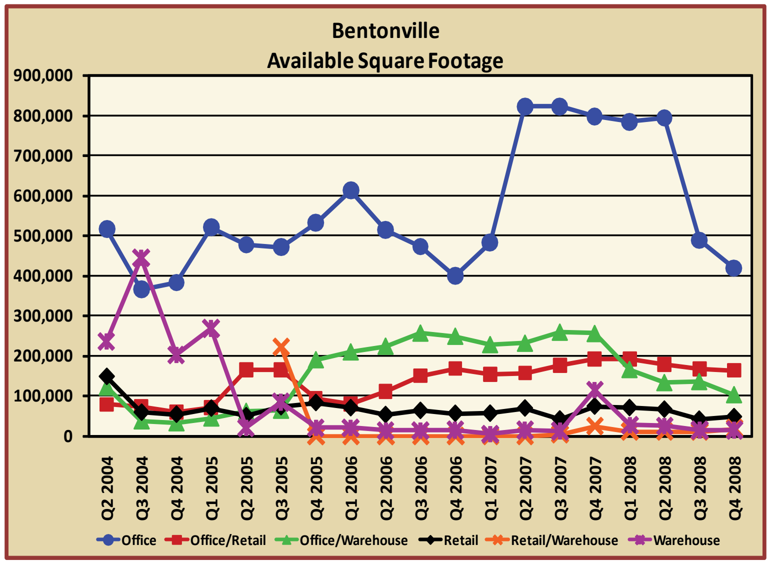
Bella Vista



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

Bentonville

- From September to November 2008, Bentonville issued building permits for $3,908,853 worth of new commercial space. The fourth quarter 2008 value was higher than the third quarter 2008 value of $3.7 million, but significantly lower than the fourth quarter 2007 value of $8.1 million.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,021,597 square feet of commercial space in the fourth quarter of 2008.
- In the fourth quarter of 2008, Bentonville experienced positive net absorption and decreased vacancy rates overall.
- There was positive net absorption in the office, medical office, office/retail, and office/warehouse submarkets in the recent quarter in Bentonville. There was no activity in the warehouse and retail/warehouse submarkets.
- There were 11,687 square feet of the Class B retail space added to the Bentonville commercial market in the fourth quarter of 2008.



- Reported vacancy rates in the fourth quarter of 2008 decreased in the office, medical office, office/retail, and office/warehouse submarkets. Vacancy rates increased in the retail and retail/warehouse markets and remained constant in warehouse market during the fourth quarter of 2008.
- Average reported lease rates declined in the fourth quarter for the Class A and C office by $0.02 and $0.72, for the medical office by $0.34, Class B office/retail by $0.18, office/warehouse by $0.20, and retail/warehouse by $0.57. The average lease rates increased in the Class B office by $0.07, Class A and C office/retail by $0.69 and $0.01, and Class A, B,

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	$14.66 - $15.26	2,960,674	418,386	14.1%	62,206	0	62,206	20.2
Class A	$18.14 - $19.57	383,047	65,363	17.1%	5,657	0	5,657	34.7
Class B	$14.40 - $14.91	2,360,148	321,506	13.6%	41,649	0	41,649	23.2
Class C	$6.00 - $7.44	9,528	200	2.1%	-200	0	-200	0.0
Medical	$17.33 - $19.00	207,951	31,317	15.1%	15,100	0	15,100	6.2
Office/Retail	$12.14 - $13.68	812,814	164,098	20.2%	7,194	0	7,194	68.4
Class A	$15.67 - $18.33	56,307	10,677	19.0%	1,312	0	1,312	24.4
Class B	$12.46 - $14.08	652,197	135,897	20.8%	5,882	0	5,882	69.3
Class C	$9.05 - $9.66	104,310	17,524	16.8%	0	0	0	--
Office/Warehouse	$10.70 - $12.27	1,202,767	103,805	8.6%	40,500	0	40,500	7.7
Retail	$12.92 - $13.68	394,042	48,565	12.3%	5,780	11,687	-5,907	--
Class A	$17.50 - $19.50	39,534	6,988	17.7%	0	0	0	--
Class B	$13.81 - $14.64	239,964	25,174	10.5%	5,780	11,687	-5,907	--
Class C	$10.62 - $11.11	114,544	16,403	14.3%	0	0	0	--
Retail/Warehouse	$7.84 - $8.70	69,056	18,798	27.2%	0	0	0	--
Warehouse	$5.31 - $7.17	495,868	15,200	3.1%	0	0	0	--

[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

and C retail by $0.75, $0.13, and $0.26, rerspectively. All other average reported lease rates remained unchanged.

Downtown Bentonville

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 181,540 square feet of office, office/retail, and retail space in downtown Bentonville in the fourth quarter of 2008.
- The office space in downtown Bentonville had a reported vacancy rate of 10.1 percent in the fourth quarter, a drop from 28.0 percent in the third quarter of 2008. This quarter vacancy rate was lower than the overall office vacancy rate of 14.1 percent for all of Bentonville.
- The retail vacancy rates for downtown Bentonville properties were higher than those for all of Bentonville during the fourth quarter. The vacancy rates for office/retail space, however, were much lower than the overall Bentonville rates.

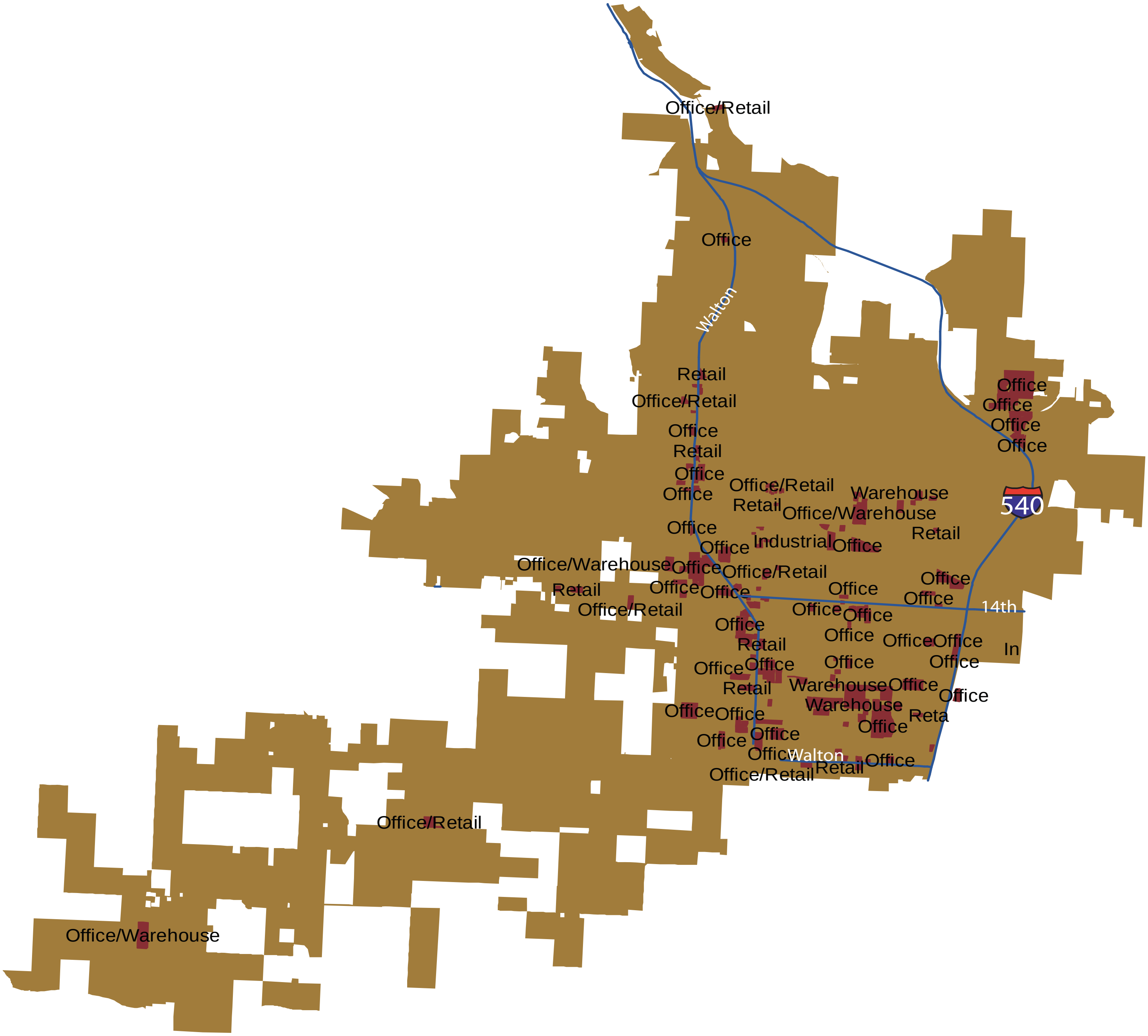
- There was a positive net absorption of 10,735 square feet of office space in downtown Bentonville from the third quarter to the fourth quarter of 2008. The office/retail and retail submarkets experienced no absorption in downtown Bentonville.
- No new space was added to the downtown Bentonville commercial market in the fourth quarter of last year.
- In downtown Bentonville, average office/retail and retail reported lease rates remained unchanged from the third to the fourth quarter of 2008. Meanwhile, reported lease rates increased by $1.47 in the office submarket. Average reported lease rates were lower for the office, office/retail, and retail space in downtown Bentonville than the city average by $2.18, $2.16, and $1.60, respectively.

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	$12.20 - $13.35	60,265	6,110	10.1%	10,735	0	10,735	1.7
Office/Retail	$9.83 - $11.67	85,950	4,958	5.8%	0	0	0	--
Retail	$11.45 - $11.95	35,325	4,800	13.6%	0	0	0	--

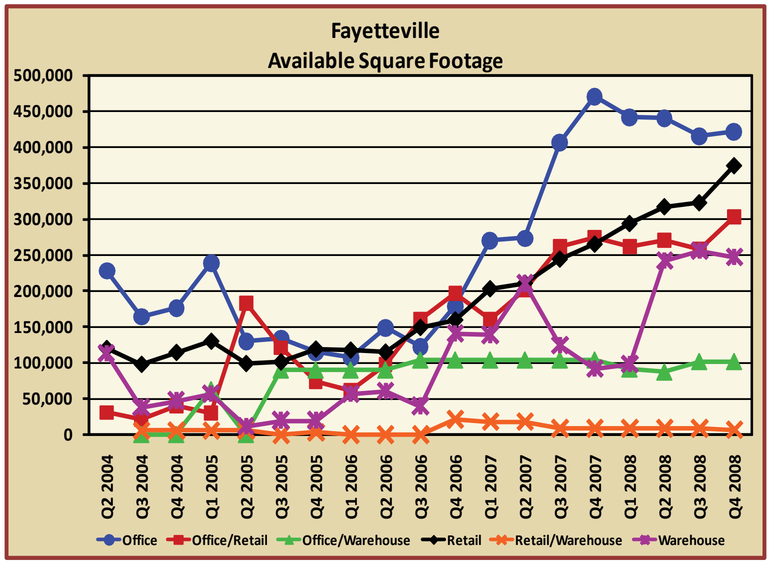
[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

Bentonville



Fayetteville

- From September to November 2008, Fayetteville issued building permits for $3,588,389 worth of new commercial space. The fourth quarter 2008 value was almost half the third quarter value and significantly lower than the fourth quarter 2007 value of $27.9 million.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 7,916,520 square feet of commercial space in the fourth quarter of 2008.
- In the fourth quarter of 2008, Fayetteville experienced negative net absorption overall. There was positive net absorption in the retail/warehouse and warehouse markets. There was negative net absorption in the office, medical office, office/retail, and retail submarkets and no absorption in the office/warehouse submarket.
- A total of 70,066 square feet of new commercial space entered the Fayetteville market in the fourth quarter: in the medical office, Class A and B office/retail, and Class A retail submarkets.



- Observed vacancy rates in Fayetteville in the fourth quarter increased in the office, medical office, and office/retail submarkets, declined in the retail, retail/warehouse, and warehouse submarkets, while remaining unchanged in the office/warehouse submarket.
- Average reported lease rates increased in the fourth quarter of 2008 for medical office by $0.07 and Class C retail by $0.17. Average reported lease rates decreased for Classes B and C office by $0.12 and $0.11, Classes A and B office/retail by $0.46 and $0.11, Class A and B retail by $1.24 and $0.26, and warehouse by $0.08. All other average reported lease rates remained unchanged.

Fayetteville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from 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	$3.20 - $3.50	17,000	17,000	100.0%	0	0	0	--
Office	$14.23 - $15.69	2,204,004	421,557	19.1%	13,654	27,000	-13,346	--
Class A	$19.50 - $22.67	416,882	95,495	22.9%	-1,593	0	-1,593	--
Class B	$13.81 - $14.98	1,058,431	249,759	23.6%	6,479	0	6,479	115.6
Class C	$9.69 - $10.28	185,579	20,724	11.2%	-400	0	-400	--
Medical	$15.47 - $17.33	543,112	55,579	10.2%	9,168	27,000	-17,832	--
Office/Retail	$13.14 - $14.54	1,425,772	303,131	21.3%	2,140	39,000	-36,860	--
Class A	$20.75 - $23.33	126,099	63,000	50.0%	0	34,000	-34,000	--
Class B	$13.85 - $15.40	940,727	194,010	20.6%	-1,910	5,000	-6,910	--
Class C	$10.81 - $11.92	358,946	46,121	12.8%	4,050	0	4,050	34.2
Office/Warehouse	$6.68 - $6.68	120,681	102,181	84.7%	0	0	0	--
Retail	$12.72 - $13.74	3,029,853	375,144	12.4%	-40,860	4,066	-44,926	--
Class A	$19.93 - $23.00	1,822,040	166,052	9.1%	-35,390	4,066	-39,456	--
Class B	$14.07 - $15.13	915,052	144,849	15.8%	-13,055	0	-13,055	--
Class C	$9.34 - $9.71	292,761	64,243	21.9%	7,585	0	7,585	25.4
Retail/Warehouse	$8.85 - $10.51	70,580	6,957	9.9%	2,240	0	2,240	9.3
Warehouse	$3.21 - $3.22	1,038,027	247,115	23.8%	9,000	0	9,000	82.4

[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

Fayetteville

Downtown Fayetteville/Dickson Street Area

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 744,449 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street area in the fourth quarter of 2008.
- The office space in downtown Fayetteville saw a rise in the reported vacancy rate to 27.4 percent in the fourth quarter of 2008. This was higher than the overall Fayetteville office vacancy rate of 19.1 percent.
- The office/retail vacancy rate for downtown Fayetteville properties had an increased vacancy rate of 37.2 percent, almost 16 percentage points higher than the average in the same submarket for all of Fayetteville during the fourth quarter.
- The downtown Fayetteville retail vacancy rate fell from 17.2 percent to 16.1 percent, though it was still higher than the Fayetteville average of 12.4 percent.
- There were 39,000 square feet of new commercial space in the office/retail submarket added in downtown Fayetteville during the fourth quarter of 2008.
- There was negative net absorption of 47,900 square feet of office/retail space and 19,888 square feet of office space. There was no absorption of retail space in downtown Fayetteville.

- Average reported lease rates in downtown Fayetteville were unchanged in the office submarket and declined by $0.12 and $1.68 in the office/retail and retail submarkets, respectively. Compared to the city average reported lease rates, the downtown area rates were $1.94 higher in the office/retail submarket and lower by $0.36 and $4.22 in the office and retail submarkets, respectively.

Northwest Arkansas Mall Area/ Joyce Street Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 3,287,227 square feet of office, office/retail, and retail space in the Northwest Arkansas Mall Area/Joyce Street Corridor in the fourth quarter of 2008.
- The office space in north Fayetteville had a reported vacancy rate of 20.3 percent in the fourth quarter. This was lower than the previous quarter vacancy rate of 21.4 percent, but still higher than the overall office vacancy rate for Fayetteville at 19.1 percent.
- The office/retail vacancy rate in north Fayetteville rose slightly to 29.1 percent and remained higher than the city average office/retail vacancy rate of 21.3 percent.
- The retail vacancy rate for north Fayetteville properties fell to 10.5 percent and remained lower than the city average of 12.4 percent during the fourth quarter.
- There were 31,066 square feet of office and retail space added to the north Fayetteville commercial market in the fourth quarter of 2008.
- There was positive net absorption of 6,151 square feet of office space, 1,400 square feet of office/retail space and a negative net absorption of 35,631

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	$12.73 - $16.47	353,946	96,900	27.4%	-19,888	0	-19,888	--
Office/Retail	$15.26 - $16.29	318,255	118,470	37.2%	-8,900	39,000	-47,900	--
Retail	$7.96 - $10.06	72,248	11,627	16.1%	0	0	0	--

[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

square feet of retail space during the fourth quarter of 2008 in the Northwest Arkansas Mall Area/Joyce Street Corridor.

- The office and retail submarkets saw decreases in the average reported lease rates of $0.01 and $0.16, while the office/retail submarket saw an increase of $0.30. Average reported lease rates in north Fayetteville were consistently higher than the city average. For the office, office/retail, and retail submarkets, there were premiums of $1.44, $3.38, and $5.93, respectively.

Martin Luther King, Jr. Boulevard Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 326,653 square feet of office, office/retail, and retail space in the MLK Boulevard Corridor in the fourth quarter of 2008.
- The office space in southwest Fayetteville had a reported vacancy rate of 53.8 percent in the fourth quarter of 2008, up from 51.7 percent in the previous quarter. This was much higher than the overall office vacancy rate for Fayetteville, which was 19.1 percent during the fourth quarter.
- The fourth quarter office/retail and retail vacancy rates were also substantially higher in southwest Fayetteville than the city average, totaling 38.3 and 32.6 percent, respectively. The vacancy rates were the same for office/retail space and decreased for retail space as compared to the third quarter of 2008.
- There was no new commercial space added to southwest Fayetteville in the fourth quarter of 2008.
- The MLK Boulevard Corridor of Fayetteville experienced a negative net absorption of 480 square feet of office space in the fourth quarter of 2008. However, there was a positive net absorption of 4,620 square feet of retail space.
- Average reported office lease rates remained constant in southwest Fayetteville in the fourth quarter, except for the office submarket which saw a decrease of $1.38. Reported lease rates for office space averaged $1.04 higher and for retail space $0.25 higher than the city average lease rates, while average office/retail lease rates were $0.13 lower than the city average.

Fayetteville Mall/Joyce Street Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q3 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$15.78 - $17.01	1,203,497	244,900	20.3%	33,151	27,000	6,151	119.4
Office/Retail	$16.79 - $17.64	123,870	36,000	29.1%	1,400	0	1,400	77.1
Retail	$18.48 - $19.83	1,959,860	204,818	10.5%	-31,565	4,066	-35,631	--

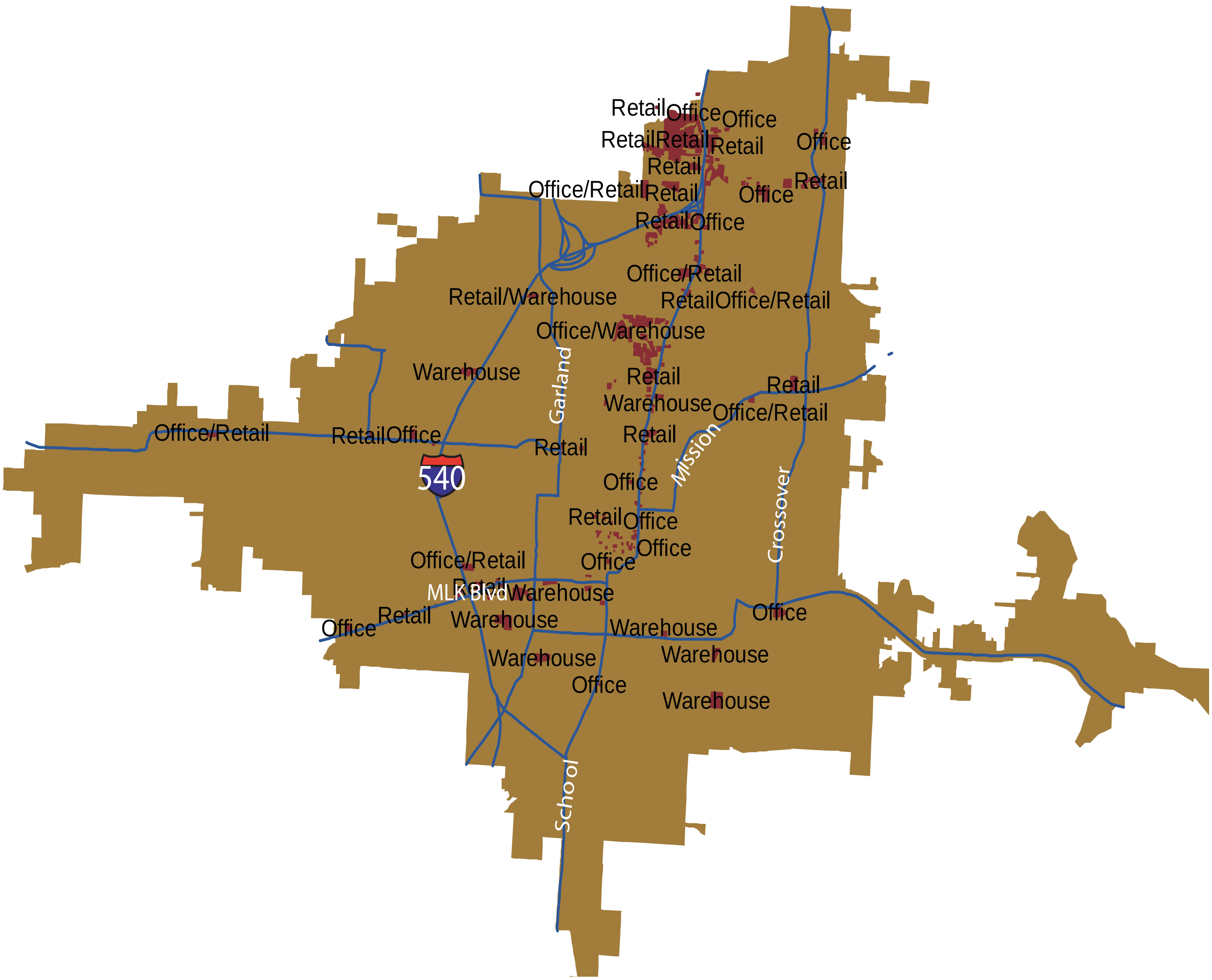
[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

Fayetteville MLK Boulevard 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	$12.00 - $20.00	22,725	12,230	53.8%	-480	0	-480	--
Office/Retail	$12.68 - $14.74	137,200	52,600	38.3%	0	0	0	--
Retail	$12.66 - $14.29	166,728	54,346	32.6%	4,620	0	4,620	35.3

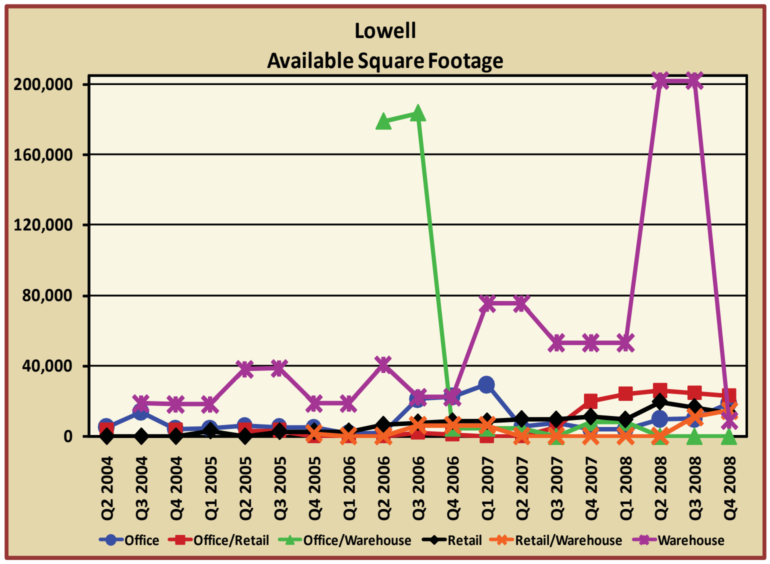
[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

Fayetteville



Lowell

- From September to November 2008, Lowell issued no building permits for new commercial space. This is compared to a value of $1.0 million in the third quarter of 2008 and a drop from almost $4.5 million in the fourth quarter of 2007.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,015,514 square feet of Lowell commercial space in the fourth quarter of 2008.
- In the fourth quarter of 2008, Lowell experienced positive net absorption in the office/retail, retail, retail/warehouse, and warehouse submarkets while the office submarket had negative net absorption.
- There were 50,000 square feet of new Class A retail space added in Lowell in the fourth quarter of 2008.
- Reported vacancy rates declined in the office/retail, retail, and warehouse submarkets in the fourth quarter of 2008 and increased in the office and retail/warehouse submarkets. The medical and office/warehouse submarkets saw no change in vacancy rates.
- Reported fourth quarter average lease rates for the Class B office submarket fell by $0.96. Average reported lease rates for the Class B office/retail submarket increased by $0.65. All other submarket average lease rates remained the same.

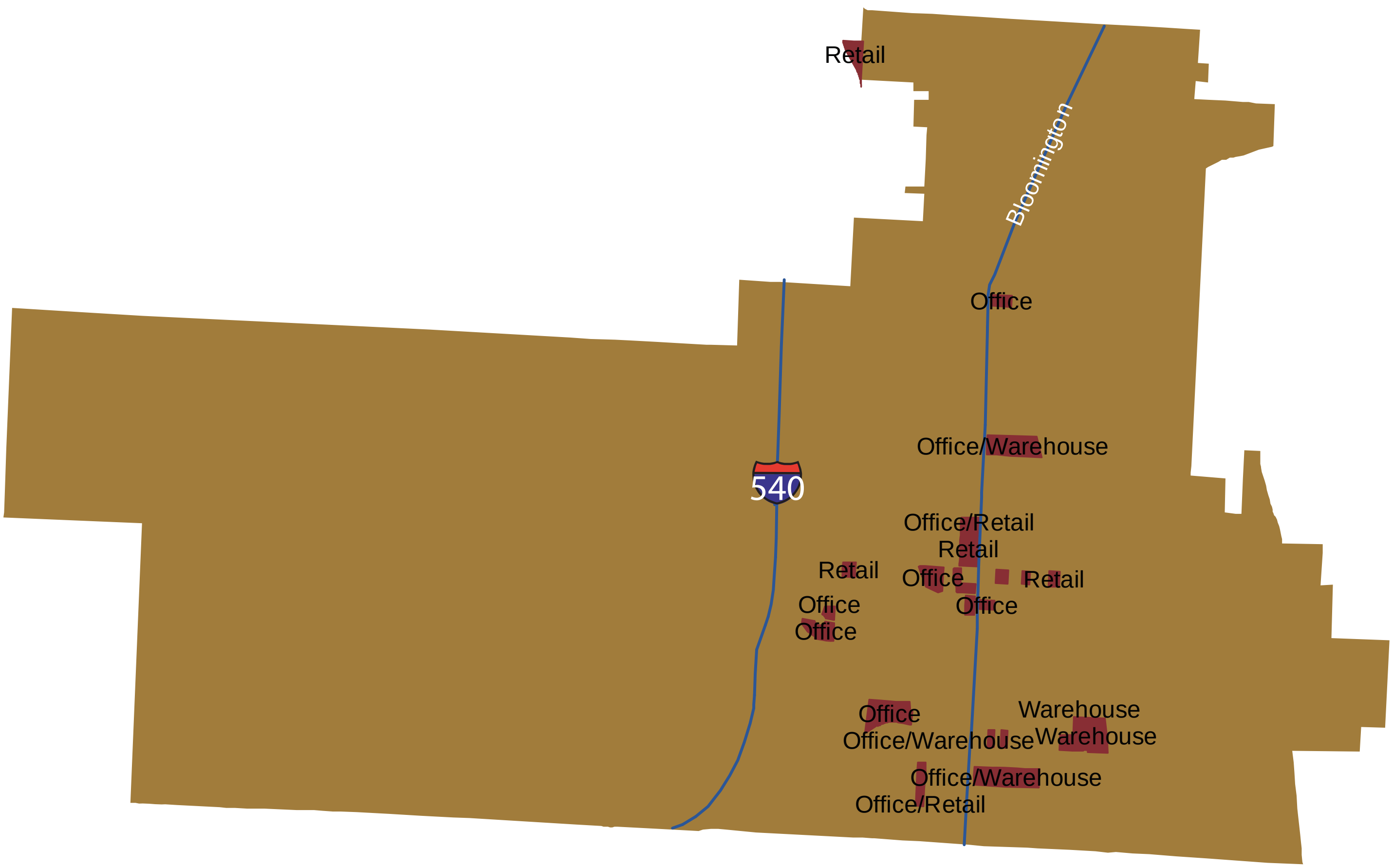


Lowell Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption from Q3 to Q4[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	--	--	--	--	--	--	--	--
Office	$16.03 - $16.70	261,646	18,721	7.2%	-8,790	0	-8,790	--
Class A	$18.00 - $19.33	111,552	0	0.0%	0	0	0	0.0
Class B	$14.30 - $14.80	110,094	18,721	17.0%	-8,790	0	-8,790	--
Class C	--	--	--	--	--	--	--	--
Medical	$24.00 - $24.00	40,000	0	0.0%	0	0	0	0.0
Office/Retail	$8.63 - $9.63	60,260	23,160	38.4%	1,440	0	1,440	48.3
Class A	--	--	--	--	--	--	--	--
Class B	$10.90 - $12.40	43,100	6,000	13.9%	1,440	0	1,440	12.5
Class C	$4.08 - $4.08	17,160	17,160	100.0%	0	0	0	--
Office/Warehouse	$7.21 - $10.11	220,065	0	0.0%	0	0	0	0.0
Retail	$14.46 - $17.13	126,571	13,100	10.3%	53,400	50,000	3,400	11.6
Class A	--	50,000	0	0.0%	50,000	50,000	0	0.0
Class B	$14.46 - $17.13	76,571	13,100	17.1%	3,400	0	3,400	11.6
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	$11.33 - $11.33	38,200	14,540	38.1%	5,540	0	5,540	7.9
Warehouse	$3.61 - $3.61	308,772	8,800	2.8%	193,066	0	193,066	0.1

[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

Lowell



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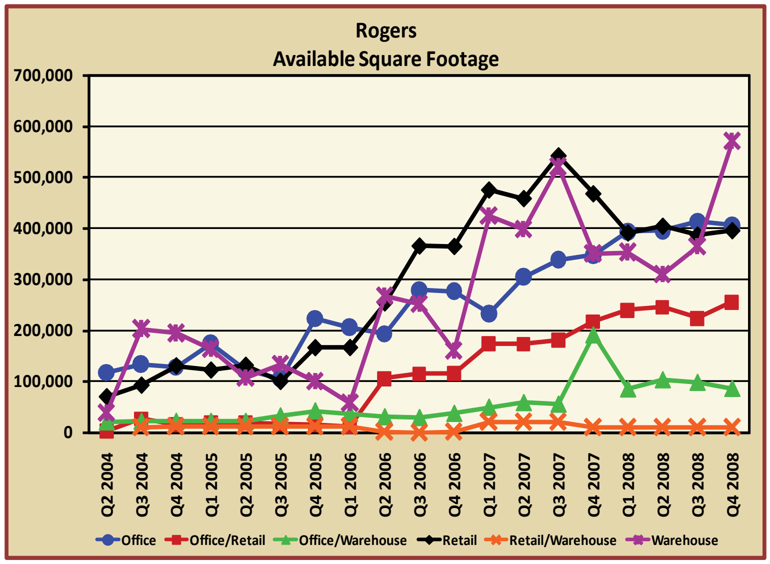
Warehouse
Office/Warehouse
Office/Retail

Rogers

- From September to November 2008, Rogers issued building permits for $6,411,775 worth of new commercial space. The fourth quarter 2008 value is almost $1.2 million lower than the third quarter 2008 value, but significantly higher than the fourth quarter 2007 value of $533,200.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 7,929,364 square feet of commercial space in the fourth quarter of 2008.
- There were 34,006 square feet of Class C office/retail space added to the Rogers market in the fourth quarter of 2008.
- In the fourth quarter of 2008, Rogers experienced positive net absorption in the office, medical office, and office/warehouse submarkets and experienced negative net absorption in the office/retail, retail, and warehouse submarkets. There was no activity in the retail/warehouse submarket during the fourth quarter.
- Reported vacancy rates increased in the office/retail, office/warehouse, retail, and warehouse submarkets in the fourth quarter of 2008. The office and medical submarkets experienced decreases in the reported vacancy rates, while the retail/warehouse submarket vacancy rate has held constant for over a year, in accordance with the absorption.
- Average reported lease rates decreased in the fourth quarter of 2008 for Class A, B, and C office by $0.09, $0.04, and $0.54, respectively, medical office by $0.60, Class A and C office/retail by $0.17 and $0.86, Class B retail by $0.12, and warehouse by $0.03. Average reported lease rates increased for Class B office/retail by $0.12, Class A retail by $0.35, and office/warehouse by $0.34. All other reported average lease rates remained unchanged.



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	$5.00 - $5.00	9,482	9,482	100.0%	0	0	0	--
Industrial	$6.00 - $6.00	282,648	8,528	3.0%	-328	0	-328	--
Office	$15.14 - $15.97	1,814,263	407,039	22.4%	7,285	0	7,285	167.6
Class A	$18.84 - $20.29	987,053	181,852	18.4%	-6,257	0	-6,257	--
Class B	$13.63 - $14.34	462,380	91,427	19.8%	3,650	0	3,650	75.1
Class C	$9.43 - $9.68	108,636	48,523	44.7%	0	0	0	--
Medical	$14.75 - $14.98	256,194	85,237	33.3%	9,892	0	9,892	25.9
Office/Retail	$11.61 - $13.71	850,771	256,212	30.1%	6,216	34,006	-27,790	--
Class A	$21.25 - $24.83	296,703	80,423	27.1%	1,731	0	1,731	139.4
Class B	$8.72 - $10.34	333,435	84,599	25.4%	6,542	0	6,542	38.8
Class C	$8.14 - $9.74	220,633	91,190	41.3%	-2,057	34,006	-36,063	--
Office/Warehouse	$5.15 - $6.13	474,552	86,056	18.1%	20,103	0	20,103	12.8
Retail	$11.48 - $12.74	2,360,466	395,384	16.8%	-8,617	0	-8,617	--
Class A	$18.93 - $22.84	1,527,879	143,006	9.4%	-7,379	0	-7,379	--
Class B	$10.91 - $11.91	530,966	201,559	38.0%	-1,238	0	-1,238	--
Class C	$8.79- $9.19	301,621	50,819	16.8%	0	0	0	--
Retail/Warehouse	$6.26 - $6.30	55,729	11,283	20.2%	0	0	0	--
Warehouse	$4.24 - $4.39	2,081,453	571,440	27.5%	-85,722	0	-85,722	--

[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

Rogers

Downtown Rogers

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 517,365 square feet of office, office/retail, and retail space in downtown Rogers in the fourth quarter of 2008.
- The office space in downtown Rogers had a reported average vacancy rate of 33.5 percent in the fourth quarter of 2008, the same as in the previous quarter. The rate is higher than the overall average office vacancy rate for Rogers, which was 22.4 percent during the same period.
- The average retail vacancy rate for downtown Rogers properties in the fourth quarter held constant at 5.6 percent, much lower than the 16.8 percent average for all of Rogers.
- The office/retail submarket experienced an increase in the vacancy rate to 88.9 percent from the third quarter rate of 77.8 percent in the downtown area, an area that was completely vacant during the first quarter of 2008. This compares to a vacancy rate of 30.1 percent for all of Rogers.
- No new commercial space was added to downtown Rogers in the fourth quarter of 2008.
- There was negtive net absorption of 2,057 square feet of office/retail space and no absorption of office or retail space in downtown Rogers from the third quarter to the fourth quarter of 2008.
- Average reported lease rates for downtown Rogers office/retail space decreased by $1.25 and remained constant for the office and retail submarkets from the previous quarter. As compared to the city of Rogers, average reported lease rates in downtown were lower by $3.49 and $6.46 for the office and office/retail submarkets and higher by $1.02 for the retail submarket.

Rogers Interstate 540

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 2,849,880 square feet of office, office/retail, and retail space along the Rogers I-540 corridor in the fourth quarter of 2008.
- The office space along the Rogers I-540 corridor had a reported average vacancy rate of 16.8 percent in the fourth quarter of 2008. This was lower than the overall average office vacancy rate for all of Rogers at 22.4 percent.
- The average retail vacancy rates for Rogers I-540 corridor properties were higher than the rates for all of Rogers while the office/retail rates were lower in the fourth quarter. Overall, the office, office/retail, and retail vacancy rates increased from the previous quarter.
- There was no new square footage added to the Rogers I-540 corridor submarket in the fourth quarter of 2008.
- There was negative net absorption of 5,321 square feet of office space, 928 square feet of office/retail space, and 7,379 square feet of retail space along the Rogers I-540 corridor from the third to the fourth quarter of 2008.
- The Rogers I-540 corridor saw a decline in average reported lease rates for office and office/retail space by $0.05 and $0.20, respectively, and an increase for retail space by $0.17 from the third quarter of 2008. Although, compared to the city average, the average reported office lease rates were $3.06 higher, office/retail were $10.84 higher, and retail lease rates were about $3.90 higher.

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	$11.84 - $12.29	42,713	14,303	33.5%	0	0	0	--
Office/Retail	$5.70 - $6.70	18,555	16,497	88.9%	-2,057	0	-2,057	--
Retail	$12.63 - $13.63	456,097	25,680	5.6%	0	0	0	--

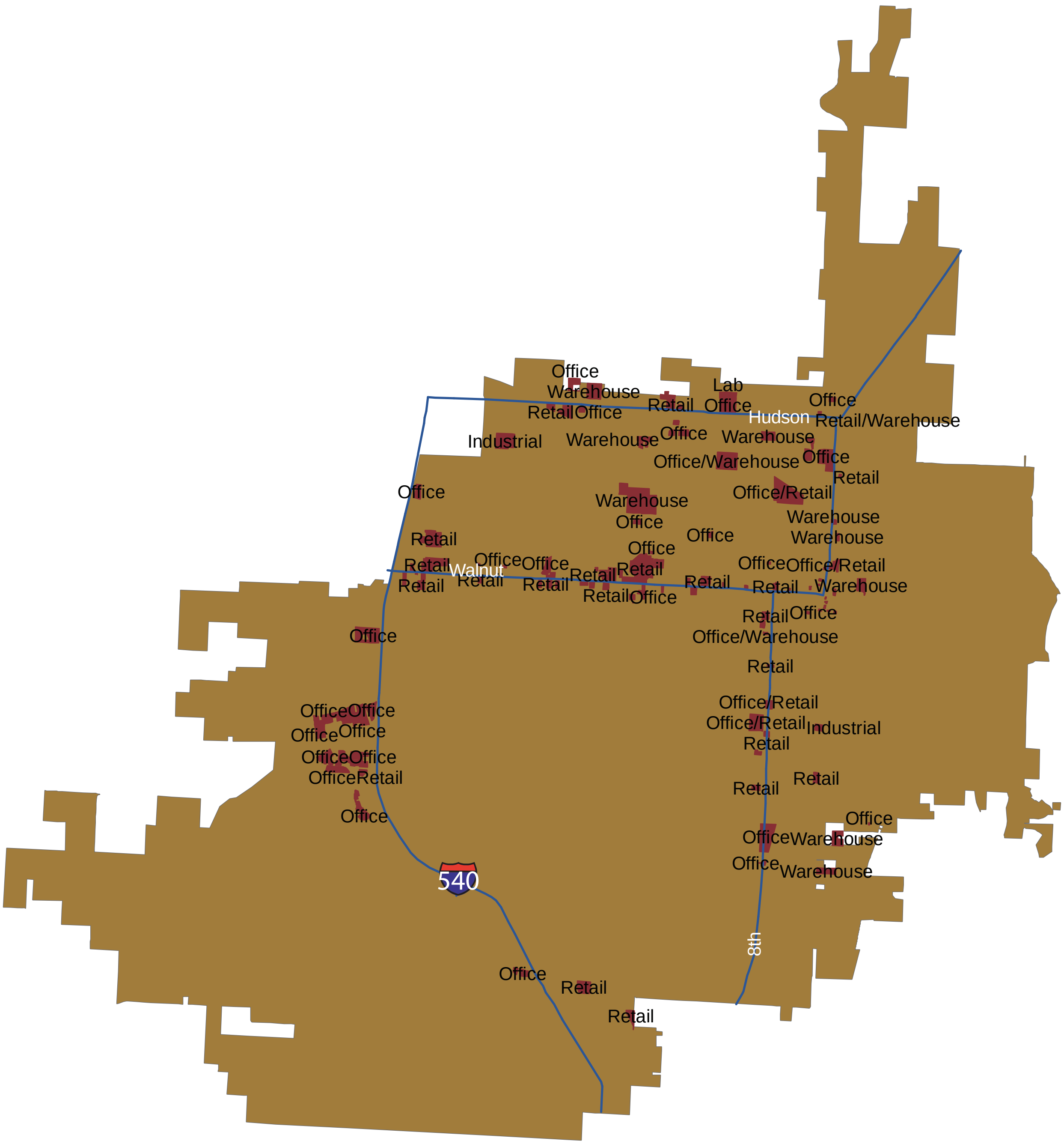
[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

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	$18.05 - $19.19	1,125,890	189,130	16.8%	-5,321	0	-5,321	--
Office/Retail	$21.60 - $25.40	273,377	73,227	26.8%	-928	0	-928	--
Retail	$15.03 - $16.99	1,450,613	291,327	20.1%	-7,379	0	-7,379	--

[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents



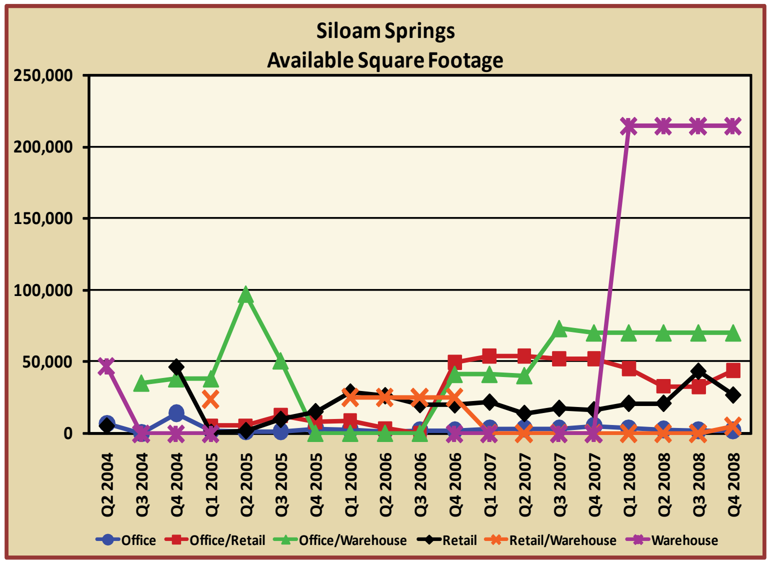
Siloam Springs

- From September to November 2008, Siloam Springs issued no building permits for new commercial space. There were also no new commercial building permits issued in the fourth quarter of 2007. However, there were $1.0 million of new commercial building permits issued in the third quarter of 2008 in Siloam Springs.

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,176,900 square feet of commercial space for Siloam Springs in the fourth quarter of 2008.

- There was no new commercial space added in Siloam Springs in the fourth quarter.

- In the fourth quarter of 2008, Siloam Springs experienced positive net absorption of 56 square feet in the office submarket, 8,300 square feet in the retail submarket, and 3,100 square feet in the retail/warehouse submarket.



There was negative net absorption of 4,450 square feet in the office/retail submarket in the fourth quarter.

- Following net absorption, vacancy rates declined in the office and retail submarkets, while increasing in the office/retail submarket. The rates remained unchanged in the medical, office/warehouse, and warehouse submarkets. The retail/warehouse vacancy rates increased due to the increase in the total reported space.

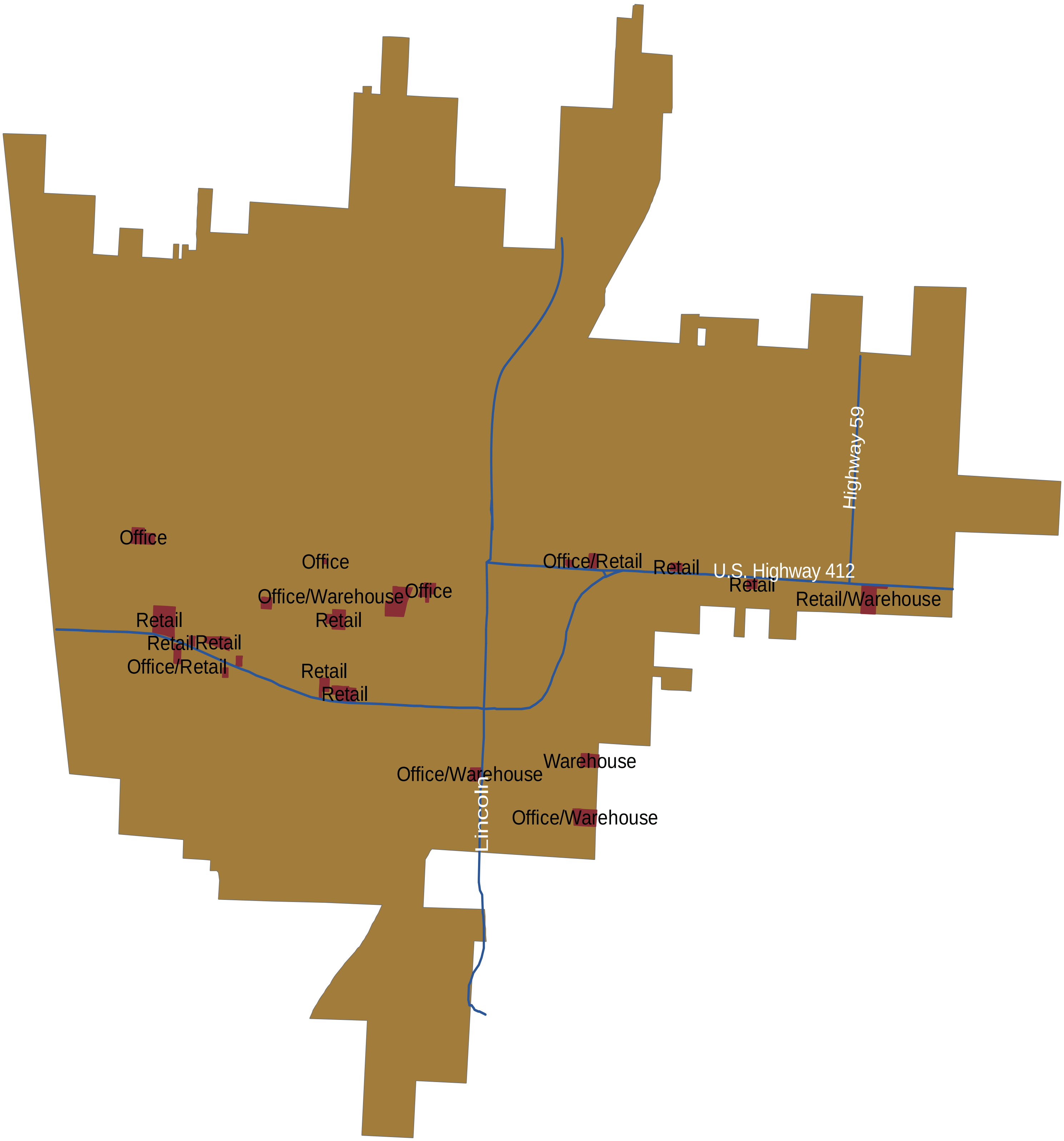
- Class B office/retail lease rate decreased in the fourth quarter of 2008,

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	--	192,069	192,069	100.0%	0	0	0	--
Office	$10.70 - $11.86	82,232	2,144	2.6%	56	0	56	114.9
Class A	--	--	--	--	--	--	--	--
Class B	$7.39 - $8.27	8,000	144	1.8%	56	0	56	7.7
Class C	$7.64 - $9.92	3,200	0	0.0%	0	0	0	0.0
Medical	$13.84 - $14.34	71,032	2,000	2.8%	0	0	0	--
Office/Retail	$8.02 - $9.45	141,200	43,724	31.0%	-4,450	0	-4,450	--
Class A	$13.00 - $18.00	54,000	24,564	45.5%	0	0	0	--
Class B	$9.45 - $9.45	71,790	12,450	17.3%	-4,450	0	-4,450	--
Class C	$3.98 - $6.60	15,410	6,710	43.5%	0	0	0	--
Office/Warehouse	$3.12 - $3.12	106,441	70,007	65.8%	0	0	0	--
Retail	$8.87 - $9.54	297,106	27,003	9.1%	8,300	0	8,300	9.8
Class A	--	--	--	--	--	--	--	--
Class B	$10.16 - $10.64	155,222	21,800	14.0%	9,500	0	9,500	6.9
Class C	$6.71 - $7.71	141,884	5,203	3.7%	-1,200	0	-1,200	--
Retail/Warehouse	$5.53 - $5.53	55,680	5,200	9.3%	3,100	0	3,100	0.0
Warehouse	--	302,172	214,710	71.1%	0	0	0	--

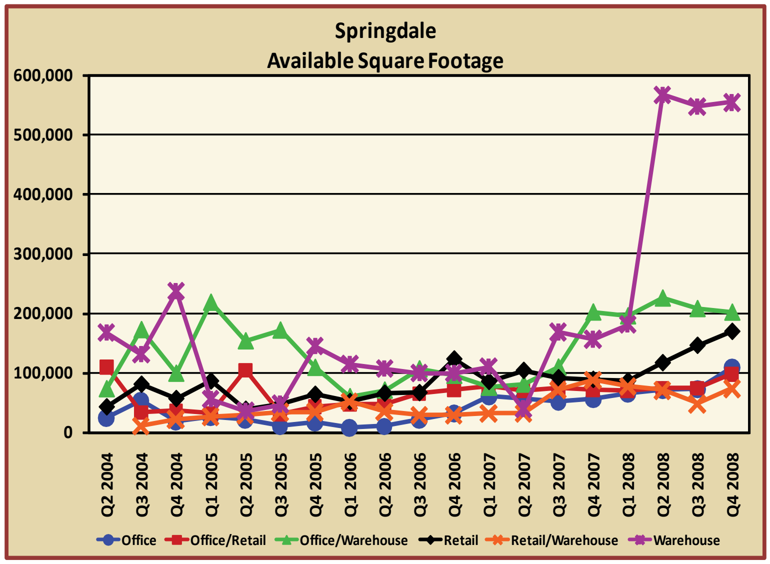
[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

Siloam Springs



Springdale

- From September to November 2008, Springdale issued no building permits for new commercial space. The third quarter 2008 value was $1.9 million, while there were no new commercial building permits issued in the fourth quarter of 2007 as well.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 5,829,164 square feet of commercial space in the fourth quarter.
- In the fourth quarter of 2008, Springdale experienced positive net absorption in the office/warehouse and industrial submarkets, while there was negative net absorption in all other submarkets.
- A total of 57,800 square feet were added in the fourth quarter to the Springdale office, office/warehouse, retail, and retail/warehouse submarkets.
- Reported vacancy rates increased in the office, medical office, office/retail, retail, and retail/warehouse submarkets and declined in the office/warehouse and warehouse submarkets in Springdale in the fourth quarter.



- In the fourth quarter of 2008 in Springdale, average reported lease rates decreased for Class B and C retail by $0.13 and $0.28, respectively. Average lease rates increased for Class C office by $0.07, medical office by $0.77, Class B and C office/retail by $0.08 and $0.06, warehouse by $0.03, and office/warehouse by $0.06. All other reported average lease rates remained unchanged.

Downtown Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 189,578 square feet of office and retail space in downtown Springdale in the fourth quarter of 2008.
- The office space in downtown Springdale had a reported average vacancy rate of

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]
Lab	--	5,224	5,224	100.0%	0	0	0	--
Industrial	$3.63 - $5.50	371,647	0	0.0%	20,000	0	20,000	0.0
Office	$11.52 - $12.60	738,080	109,532	14.8%	-3,867	38,800	-42,667	--
Class A	$15.58 - $16.08	77,123	2,400	3.1%	2,216	0	2,216	3.2
Class B	$12.30 - $13.98	322,737	23,247	7.2%	7,565	6,400	1,165	59.9
Class C	$9.60 - $9.86	111,517	19,045	17.1%	-5,590	2,400	-7,990	--
Medical	$12.01 - $13.45	226,703	64,840	28.6%	-8,058	30,000	-38,058	--
Office/Retail	$9.88 - $11.39	460,807	98,554	21.4%	-23,900	0	-23,900	--
Class A	--	--	--	--	--	--	--	--
Class B	$11.88 - $13.52	193,253	52,205	27.0%	-4,660	0	-4,660	--
Class C	$8.29 - $9.69	267,554	46,349	17.3%	-19,240	0	-19,240	--
Office/Warehouse	$5.18 - $7.34	1,296,107	202,399	15.6%	16,600	4,000	12,600	48.2
Retail	$10.35 - $11.27	915,497	170,043	18.6%	-3,927	9,000	-12,927	--
Class A	--	--	--	--	--	--	--	--
Class B	$12.75 - $13.71	634,407	149,833	23.6%	-32,514	9,000	-41,514	--
Class C	$8.23 - $9.11	281,090	20,210	7.2%	28,587	0	28,587	2.1
Retail/Warehouse	$5.57 - $6.82	425,124	73,760	17.4%	-19,660	6,000	-25,660	--
Warehouse	$3.87 - $4.28	1,616,678	554,975	34.3%	-5,617	0	-5,617	--

[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

23.4 percent in the fourth quarter of 2008. The rate was higher than the overall Springdale average office vacancy rate of 14.8 percent in the fourth quarter.

- There was no retail commercial space for downtown Springdale properties available in the fourth quarter of 2008, a decline in a vacancy rate from the third quarter rate of 2.3 percent. This compares to the 18.6 percent average retail vacancy rate for all of Springdale.
- There were no new square feet of commercial property added to downtown Springdale in the fourth quarter of 2008.
- There was negative net absorption of 17,059 square feet in the office submarket and positive net absorption of 400 square feet in the retail submarket in downtown Springdale in the fourth quarter.
- Average reported lease rates for downtown Springdale were $0.58 lower for retail space and remained constant for office space compared to the third quarter of 2008. Compared to the average reported lease rates for all of Springdale, downtown office and retail space rates were lower by $3.20 and $2.55, respectively.

West Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 533,436 square feet of office, office/retail, and retail space in West Springdale in the fourth quarter of 2008.
- The office space in West Springdale had a reported average vacancy rate of 18.6 percent in the fourth quarter of 2008, an increase of 6.5 percentage points from the third quarter. The rate remained higher than the city average office vacancy rate of 14.8 percent.
- The average office/retail vacancy rate in West Springdale increased to 17.3 percent, but continued to be lower than the overall city average office/retail vacancy rate of 21.4 percent.
- The retail vacancy rate for West Springdale properties continued to increase and was 17.0 percent in the fourth quarter, but still remained lower than the city average retail vacancy rate 18.6 percent.
- There were 30,000 square feet of new office space added to West Springdale in the fourth quarter of 2008.
- There was negative net absorption of 9,900 square feet of office space, 34,850 square feet of retail space, and 3,200 square feet of office/retail space in West Springdale in the fourth quarter.
- Average reported lease rates for West Springdale office space increased and were about $3.05 higher than the average for all of Springdale, while office/retail average lease rates remained about $1.70 higher. The average reported retail lease rate also remained constant during the fourth quarter and was about $1.69 higher 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	40,241	23.4%	-17,059	0	-17,059	--
Retail	$7.68 - $8.84	17,654	0	0.0%	400	0	400	0.0

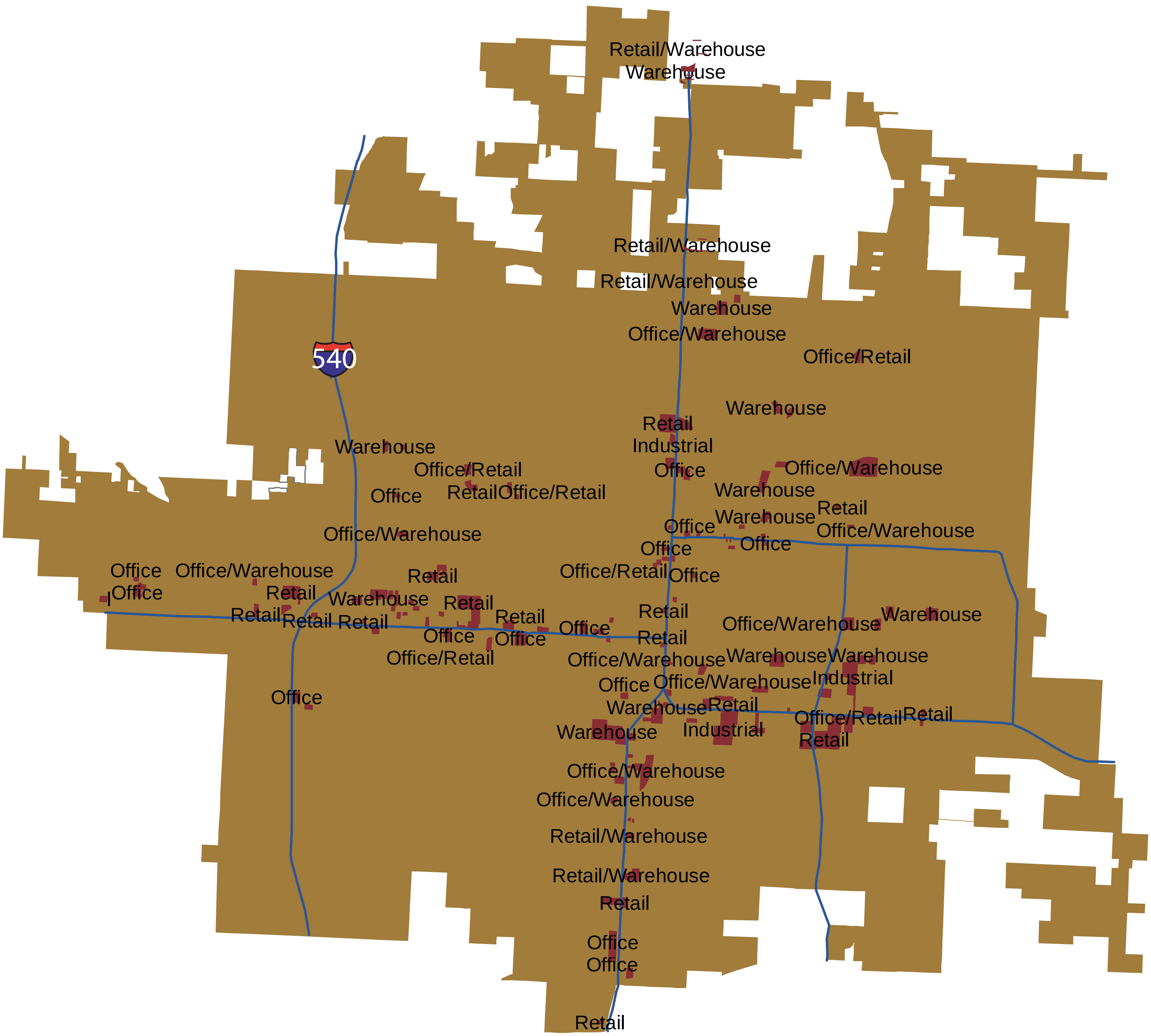
[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

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	$14.93 - $15.28	96,854	18,000	18.6%	20,100	30,000	-9,900	--
Office/Retail	$11.17 - $13.50	44,550	7,700	17.3%	-3,200	0	-3,200	--
Retail	$12.00 - $13.00	392,032	66,533	17.0%	-34,850	0	-34,850	--

[1]From all Q4 2008 respondents
[2]From Q4 2008 respondents who were also Q3 2008 respondents

Springdale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Interpretation

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

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

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

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

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

The third source of data for the Skyline report is a panel of large commercial property owners and managers. These individuals are responsible for the bulk of the competitive commercial properties in Northwest Arkansas. The Center for Business and Economic Research staff gather information on square footage available to the market, lease rates, and other property characteristics from the panelists. In the fourth quarter of 2008, 255 panelists provided data on 1,298 competitive properties across Benton and Washington Counties. Data are excluded for owner-occupied and dedicated spaces so that the total square feet, available square feet, and lease rates represent only a sample from properties that are currently or potentially available for lease. Vacancy rates are calculated from the sample of 1,298 properties and are assumed to be representative of the larger competitive commercial property market.

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

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

Classification

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

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

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

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