THE SKYLINE REPORT

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SAM M. WALTON
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First Half of 2015
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Contents

Commercial Real Estate Market Summary for Benton and Washington Counties

This report is the thirty-third 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 First Half of 2015

- In the first half of 2015, 576,017 total square feet of commercial space were absorbed, while 365,615 new square feet were added, netting positive absorption of 210,402 square feet in the Northwest Arkansas market and an overall vacancy rate of 12.0 percent, up from 11.8 in the second half of 2014.
- In the office submarket there was overall absorption of 241,036 square feet, while 114,566 new square feet were added, leading to net postive absorption of 126,470 square feet in the first half of 2015. The office vacancy rate declined to 12.7 percent from 13.8 percent in the second half of 2014.
- Within the retail submarket, there was overall negative absorption of 46,756 square feet, while 81,049 new square feet entered the market, leading to negative net absorption of 127,805 square feet in the first half of 2015. Consequently, the Northwest Arkansas vacancy rate increased to 9.0 percent in the first half of 2015 from 7.3 percent in the second half of 2014.
- The warehouse submarket had overall absorption of 406,346 square feet, while 150,000 new square feet were added, leading to positive net absorption of 256,346 square feet in the first half of 2015. This led the Northwest Arkansas warehouse vacancy rate to decrease from 16.4 percent in the second half of 2014 to 13.1 percent.
- In the office/retail submarket, there was negative net absorption of 12,639 square feet in the first half of 2015. The vacancy rate increased from 11.5 percent in the second half of 2014 to to 11.8 percent in the first half of 2015.
- The office/warehouse submarket and had 3,268 square feet of net positive absorption, while the retail/warehouse submarket had negative net absorption of 35,238 square feet in the first half of 2015.
- From January 1 to June 30, 2015, $75.2 million in commercial building permits were issued in Northwest Arkansas. In comparison, there were $78.2 million in permits issued in the first half of 2014.

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 50) 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 first half of 2015 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 236 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. This period, the announced data was examined particularly closely. Project locations were checked and developers were contacted regarding the projects from the previous Skyline report.

Following the tables of announced commercial projects, hotels, and restaurants is a trend summary that includes information about vacancy rate and available space trends. There are also three tables summarizing the results from the most recent time periods. The first table presents vacancy rates by submarket for the first half of 2015, and both the the first and second halves of 2014. 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.

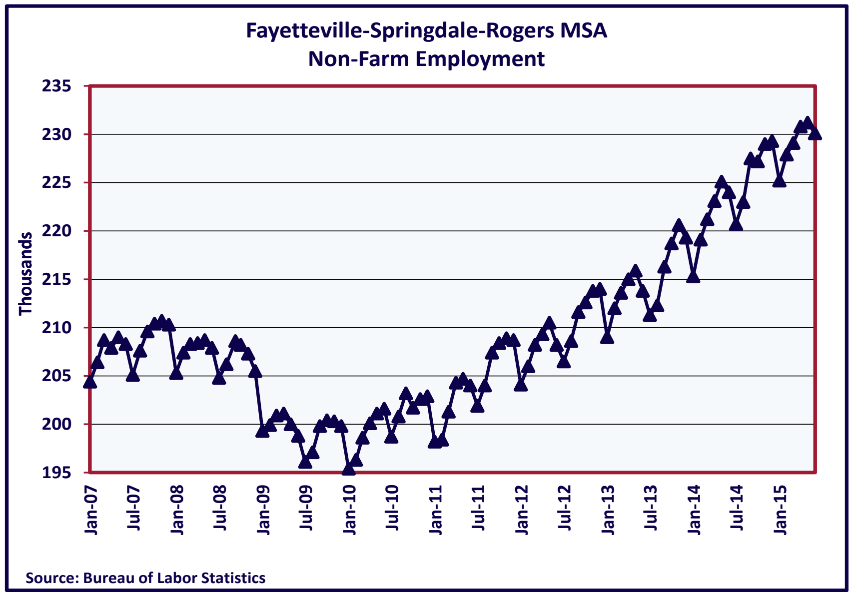
The next four sections present analyses of Northwest Arkansas submarkets by type of space. The office submarket is examined first, followed by the office/retail, retail, warehouse, office/warehouse, and retail/warehouse submarkets. Following these sections are commercial property summary statistics by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

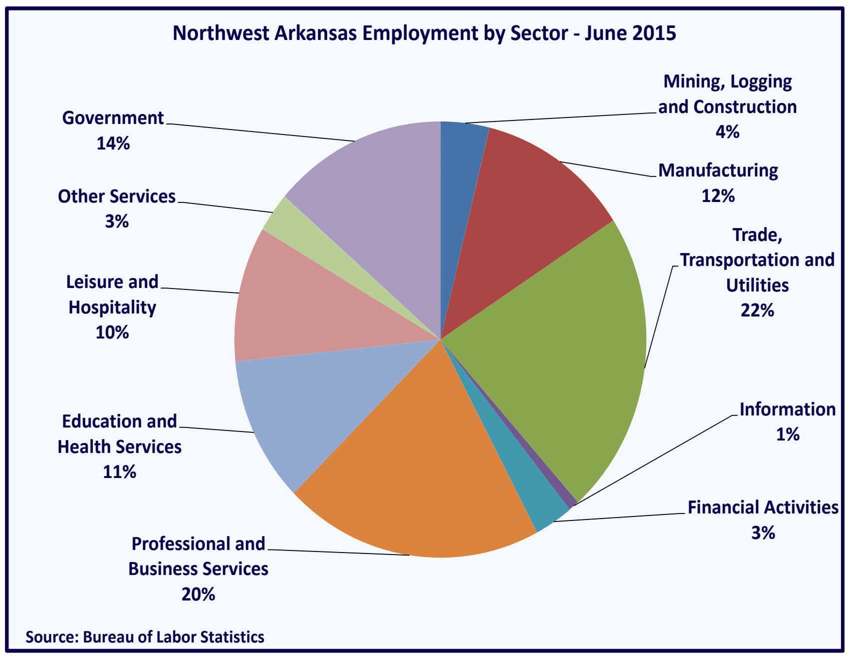
Finally, a section on how to interpret the numbers contained in the report and a description of the commercial property classification system are offered.

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

It is helpful to look at some key macroeconomic statistics in order to get a sense of the Northwest Arkansas commercial real estate market. The rate of activity in the Northwest Arkansas commercial real estate market is dependent upon two general factors: those that are specific to the region and those that are national in nature. The following discussion highlights some of the statistics that indicate the direction of the macro economy.





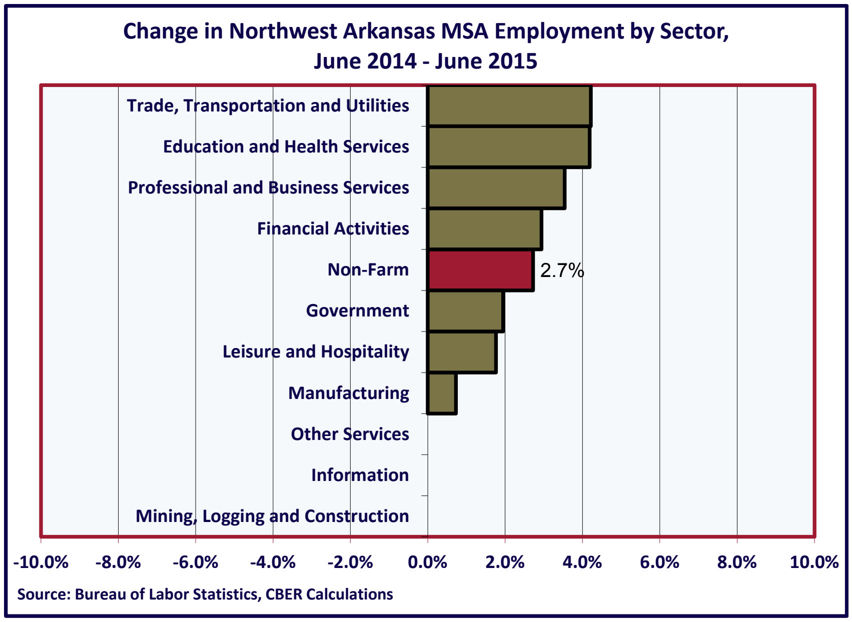
Gross Domestic Product

In the second quarter of 2015, real GDP decreased by 2.3 percent according to estimates released by the U.S. Department of Commerce's Bureau of Economic Analysis (BEA). Real GDP increased by 0.6 percent in the first quarter of 2015. The increase in real GDP in the second quarter reflected positive contributions from personal consumption expenditures (PCE), exports, state and local government spending, and residential fixed investment that were partly offset by negative contributions from federal government spending, private inventory investment, and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased.

Employment

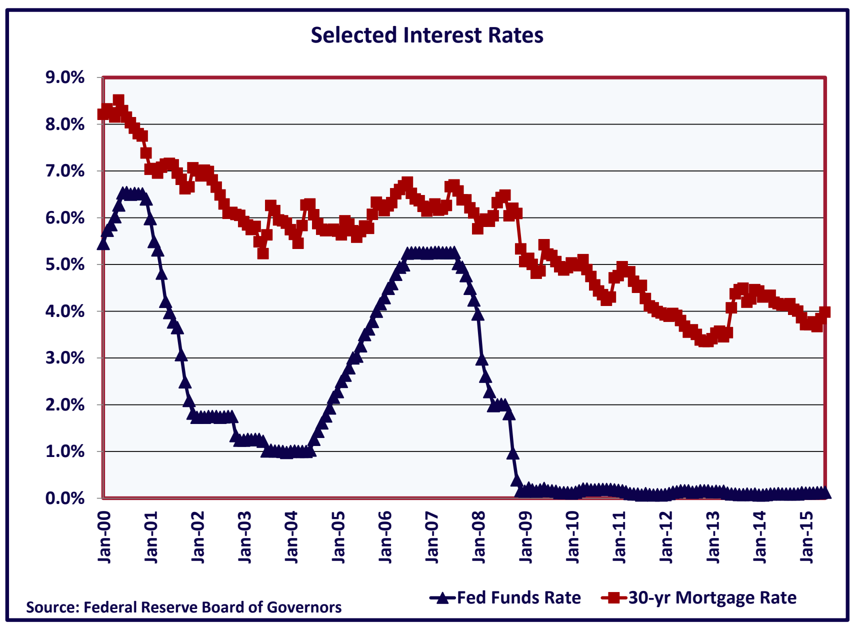
The Northwest Arkansas employment situation is extremely important to the health of the real estate market. The most recent data show that employment in the Northwest Arkansas region was at 230,100 in June 2015, up 2.7 percent from June 2014. According to the U.S. Bureau of Labor Statistics (BLS), the unemployment rate in Northwest Arkansas was at 4.2 percent in June 2015. This is down from the June 2014 rate of 4.7 percent. The unemployment rate has remained under 5.0 percent since July of 2014. The unemployment rate in Northwest Arkansas continues to be lower than both the state (5.6 percent) and national (5.5) unadjusted rates.

With the purpose of exploring more closely the composition of job growth in Northwest Arkansas, two additional figures are provided. The first shows the June 2015 Fayetteville-Springdale-Rogers MSA employment breakdown by sector. As the pie chart shows, trade, transportation, and utilities had the largest share of employment (22 percent) in Northwest Arkansas followed by professional and business services (20 percent), government (14 percent), manufacturing (12 percent), education and health services (11 percent), and leisure and hospitality (10 percent). The figure on the next page shows the annual percentage change in the metro area's employment by sector from June 2014 to June 2015. Total nonfarm employment increased by 2.7 percent during that time. Employment in trade, transportation, and utilities, education and health services, professional and business services, and financial activities grew more quickly than 2.7 percent, while government, leisure and hospitality, and manufacturing grew at a slower pace. Other services, information, and the mining, logging, and construction sectors remained unchanged year-over-year.



Interest Rates

The Federal Funds rate averaged 0.13 percent in June 2015. The ten year constant maturity Treasury bill had an interest rate of 2.3 percent in June 2015, up from 2.2 percent in May 2015. Near zero short-term rates continue to cause the positive spread between the ten year rate and the fed rate. The Federal Reserve Open Market Committee has indicated that the current easy money policy of keeping interest rates near zero is likely to change in this calendar year if the data supports the decision. The quantitative easing program has ended. The accompanying figure shows the Federal Funds rate and the thirty year mortgage rate since January 2000.



Consumer Sentiment

The University of Michigan produces the Consumer Sentiment Index. The Index of Consumer Sentiment increased to 93.3 in July 2015, down from 96.1 in June 2015 but up from 81.8 in July 2014. Following the same methododology, the most recent Arvest Consumer Sentiment Index measured 79.1 in March 2015.

Local Perceptions

Local Perceptions of the Northwest Arkansas Commercial Property Market

During each reporting period, 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. In general, the panelists remained very positive about the future of Northwest Arkansas, both as a growing vibrant community and as a place with development opportunities. Some respondents do no see the current growth phase ending within the next five years; however, for the first time since the last contraction ended, some panelists are projecting a peak in commercial development, followed by the inevitable downturn in growth. There is a wide disparity among the respondents who see a peak coming as to when it will happen. The predictions range from the end of 2016 to well into 2018. Nonetheless, a strong sense of current optimism remains the dominant feeling among the panelists.

"Rooftops" or overall household growth remains fundamental to the optimism panelists are feeling. It is a sign of continued business expansion, and every respondent mentioned growth among mid-sized to large firms as fueling the continued demand for Class A office space. Further, as the population of Northewst Arkansas grows, some panelists feel the area becomes more acceptable to Fortune 500 firms officing in large metros as a permanent location for high-ranking staff. In addition, as more staff locates to Northwest Arkansas, it fuels the Class A office space boom, as comparisons are made with office space available in the large metros both in terms of quality and pricing. Respondents repeatedly said that even as new Class A space lease rates are pushing past $25 per square foot, that rate is still inexpensive when compared to equilavent office space in major metros. Further, vendor support firms (marketing and IT still being mentioned the most) continue to expand or enter the market, stimulating demand.

The growth of amentities in Northwest Arkansas was often cited as a factor in the growth of Class A office demand. The regional greenway trail was discussed extensively. Most respondents look upon it as a tremendous regional amentity, a selling point for long term location in Northwest Arkansas, and as a potential tie breaker for office tenants choosing locations. However, only one respondent feels it has any current price impact, perhaps up to a dollar a square foot for lease rates. Other respondents do feel that in the longer term the trail may be monetitizable in lease rates. Other amenties that panelists feel are making the selling of Northwest Arkansas easier include Crystal Bridges, the AMP, the Amazeum, and the continued influx of new retail establsihments such as Whole Foods and Burlington Coat Factory, and the introduction and expansion of chain restaurants such as Whataburger, Chipotle, Houlihans, Panda Express, Moe's Southwest Grill, and Pei Wei.

"Rooftops to retail" remains a continuing mantra when looking at the growth of retail space in hot spot areas like Downtown Bentonville, Rainbow Curve in Bentonville, Pinnacle Hills Promenade in Rogers, Pleasant Crossing in Rogers, the Mall Area in Fayetteville, Wedington off I-49 in Fayetteville, and MLK in Fayetteville. The only potential retail hot spot not associated with strong rooftop growth is 56th Street in Springdale. A couple respondents suggested Northwest Arkansas is still under-retailed, but with over 50 square feet of retail space per capita, other respondents said it is a question of certain segments of the retail market that Northwest Arkansas lacks, such as higher end clothing stores for example. Additionally, those respondents said retail demand is strong in desired shopping areas, and consumers will move their shopping dollars to areas perceived as being better shopping areas. Some of the panelists believe that the real driver in retail for the next few years will be restaurants, which are more protected from internet competition.

The warehouse space submarket is enjoying resurgence in speculative building, which repsondents believe will continue well into the future. One reason is the growth of the area's economy creates a demand for warehouse and distribution space. This is coupled with the opinion that old warehouse space does not meet the needs of today's warehouse users, thereby creating demand for higher quality warehouse space: 25 to 30 foot sidewalls, enough loading docks, enough power, etc. However, there are only a few builders competing in this submarket, and as long as that remains the case, most panelists don't forsee a glut of warehouse space in the market, even a couple years into the future. Walmart's "Made in America" intiative was mentioned but less than in the previous period.

Helping to facilitate the current expansion of office, retail, and warehouse space is a looser credit market. Almost every respondent said that banks are much more willing to lend on projects, although, not as readily in the run up to the great recession. In addition, underwriting standards are higher, and banks are demanding "skin in the game" from most developers as well as significant preleasing from all but a few very deep pocketed builders. The lending market for qualified developers is highly competitive in terms of lease rates, length of terms, and conditions. Some respondents indicated they have a list of banks who are calling them asking to fund future projects. Panelists said that they do feel banks are not lending on many ill-conceived projects or to any inexperienced developers. As a panelist put it, there was enough "banker blood in the water" for a long-term lesson to be learned. Further, several respondents mentioned significant amounts of money coming into the region from out of state investors. These investors are buying commercial properties and

Local Perceptions

funding some of the new construction, as comparative cap rates are more attractive in Northwest Arkansas then the larger metros many of these out of state investors come from.

While the conversations were very postitive this report period, some of the respondents are beginning to feel the end of the current expansion may be in sight. The feelings range from a vague sense of unease to a clear belief that the current growth period is going to end in anywhere from a year and a half to three years in the future. A critical factor in the variance of these future projections is how many of the discussed buildings happen, in particular Bentonville Plaza II. Among the respondents who believe the peak will come, this potential project is cited as the turning point. These respondents do not believe that close to 400,000 square feet of Class A office space (including the Hunt Tower, Country Club Plaza Tower, 8W Center, plus a few 30,000 to 50,000 square feet projects) will be easily absorbed even in two to three years. Nonetheless, the consensus among respondents is that 2015 will continue to show strong leasing and positive absorption, and they expect continued growth into at least the middle 2016 as well, as long as there is no global or national crisis to negatively shock the economy. As always, respondents mentioned the fundamental drivers of Northwest Arkansas: Walmart and the Walton Family, the University of Arkansas and the education sector, J.B. Hunt, Hunt Ventures, and the transportation sector, and Tyson Foods and the food industry sector provide respondents a strong sense of stability for the region. Looking into the future, respondents were very excited about the continued growth of regional amenities such as the Amazeum and the trail system connecting Northwest Arkansas, as both will stimulate tourism. They are also hopeful that more national retailers will follow Whole Foods and Burlington Coat Factory in entering Northwest Arkansas.

Positive Factors:

1. Strong demand for Class A office space, and multiple developers willing to build.
2. Strong demand for retail space in several hot locations.
3. Potential opportunity for speculative warehouse space.
4. Continuing creation of amenities in Northwest Arkansas.
5. Continued attention to the MSA by national retailers and investors.
6. Further media coverage of Northwest Arkansas as a good place to work and live.
7. Strong multifamily housing market potential in downtown and western Bentonville, Fayetteville away from the University of Arkansas, and Rogers from Pleasant Crossing to the Scottsdale Center.

Negative Factors

1. Potential overbuilding of Class A office space in 2016.
2. Overhang of existing Class B office space.
3. Overhang of existing retail space.
4. Poor quality of existing available warehouse space.
5. Increased construction costs.
6. Potential skilled labor shortage.
7. Overbuilding of the student housing market around the University of Arkansas.

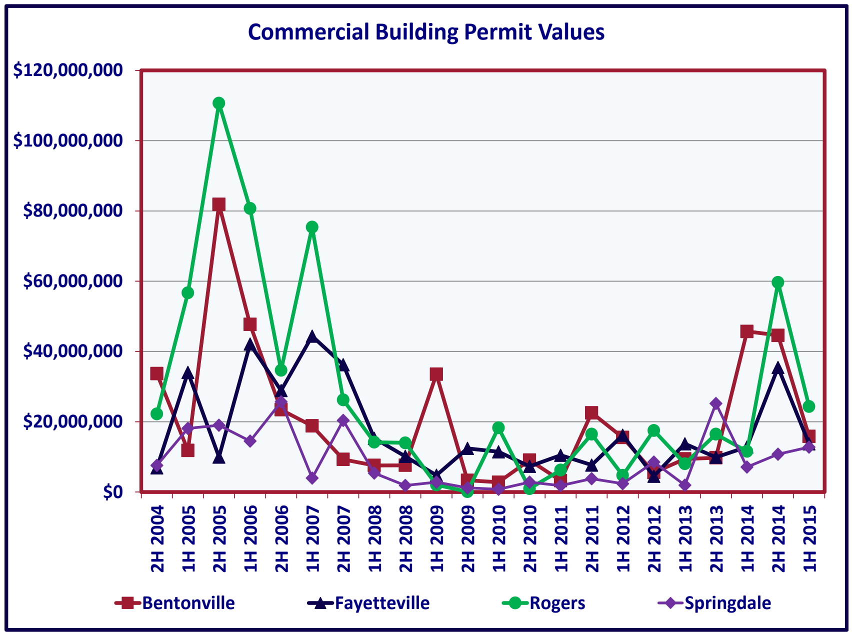
Inventory and Building Permits

Categories of Commercial Properties

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

1. Lab – a workplace for conducting scientific research;
2. Industrial—space that is appropriate for the manufacturing of goods;
3. Office—space where business professionals work;
4. Office/Retail—space that can be configured as either office or retail space or both;
5. Office/Warehouse—space that can be configured as either office or warehouse space or both;
6. Retail—space where goods and services can be offered and sold to the public;
7. Retail/Warehouse—space where goods and services can be offered, sold, and stored;
8. 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 50) as of June 2015. For the first half of 2015, the Skyline Report covered 98.7 percent of the total competitive commercial property population in Northwest Arkansas. Some cities had more complete coverage than others.

Next, building permit data from the past forty-five quarters is presented for six major cities in Northwest Arkansas. Building permit data are seasonal in nature and 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 the cities of 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 January 1 to June 30, 2015, there were just over $75.2 million in commercial building permits issued in six major cities in Northwest Arkansas, Bentonville, Fayetteville, Lowell, Rogers, Siloam Springs, and Springdale. In the first quarter of 2015, just over $29.9 million in commercial building permits were issued. In the second quarter, over $45.2 million in building permits were issued. In the first half of 2015, Bentonville, Fayetteville and Rogers, accounted for 21.1, 18.2, and 32.4 percent, respectively.

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. The Center researchers examined the announced data closely this reporting period. Project locations were checked and developers were contacted regarding the projects from the last Skyline report. The conceptual category means that the developer still feels the project is viable, but there are many uncertainties regarding funding, leasing, timing, etc., so there is no established timeline.

Following the announced properties table is a list of the existing hotel properties in Northwest Arkansas, detailed by city. In the first half of 2015, there were 6,518 standard rooms and 2,164 suites in Northwest Arkansas. Bentonville had the most standard rooms with 1,860 while Rogers had the most suites with 963. Additionally, graphs that describe the development of hotels in Northwest Arkansas over time are provided below the hotels list. 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	--	129,924	239,100	90,964	459,988	419,024	91.1%
Bentonville	31,300	3,995,245	1,063,655	1,364,552	6,454,752	6,987,267	108.2%
Fayetteville	775,079	3,354,912	4,163,705	1,799,030	10,092,726	9,804,295	97.1%
Lowell	101,970	325,557	172,208	949,348	1,549,083	1,544,282	99.7%
Rogers	439,006	2,654,153	4,234,388	2,587,073	9,914,620	9,929,032	100.1%
Siloam Springs	329,942	195,261	645,029	340,615	1,510,847	1,378,191	91.2%
Springdale	1,714,565	1,470,354	2,229,185	2,626,714	8,040,818	7,459,136	92.8%
Northwest Arkansas Total	3,391,862	12,125,406	12,747,270	9,758,296	38,022,834	37,521,227	98.7%

[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 50 of this report.
[2]Source: Panel of 236 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
April - June 2015	$8,520,763	$9,878,384	$2,437,861	$20,234,817	$6,095,000	$4,157,720	$51,324,545
Jan - March 2015	$7,316,156	$3,829,883	$0	$4,115,779	$0	$8,617,653	$23,879,471
Oct. - Dec 2014	$15,077,940	$23,716,086	$942,443	$41,437,354	$298,450	$5,456,402	$86,928,675
July - Sept. 2014	$29,512,908	$11,744,678	$1,375,887	$18,199,323	$420,000	$5,311,744	$66,564,540
April - June 2014	$14,880,491	$6,352,097	$299,768	$8,944,856	$700,000	$6,286,894	$37,464,106
Jan. - March 2014	$30,816,399	$6,462,060	$0	$2,620,482	$0	$807,905	$40,706,846
Oct. - Dec. 2013	$5,614,108	$5,227,632	$1,662,604	$4,322,282	$0	$18,725,840	$35,552,466
July - Sept 2013	$4,147,738	$4,642,389	$0	$12,137,965	$0	$6,472,554	$27,400,646
April - June 2013	$9,413,479	$3,035,704	$0	$3,930,130	$2,165,090	$1,572,774	$20,117,177
Jan. -March 2013	$0	$10,686,133	$0	$4,122,942	$0	$359,328	$15,168,403
Oct - Dec. 2012	$4,327,940	$3,953,149	$0	$8,474,647	$1,795,000	$5,378,894	$23,929,630
July - Sept. 2012	$1,221,000	$537,447	$0	$9,026,238	$2,083,115	$3,121,673	$15,989,473
April - June 2012	$13,126,525	$15,157,427	$0	$3,702,000	$0	$0	$31,985,952
Jan. -March 2012	$2,386,772	$1,015,056	$709,949	$1,027,000	$0	$2,373,879	$7,512,656
Sept. - Dec. 2011	$21,094,402	$5,907,082	$0	$16,450,594	$0	$1,455,757	$44,907,875
June - August 2011	$1,445,222	$1,763,872	$404,493	$0	$500,000	$2,328,979	$6,442,566
March 2011 - May 2011	$1,773,228	$9,552,146	$150,000	$1,614,000	$0	$0	$13,089,374
Dec. 2010 - Feb. 2011	$1,469,162	$915,280	$438,289	$4,616,536	$22,997,000	$1,803,778	$32,240,045
Sept. - Nov. 2010	$7,214,903	$2,623,509	$941,017	$958,000	$6,005,000	$1,898,944	$19,641,373
June - August 2010	$1,846,518	$4,679,537	$0	$0	$0	$892,252	$7,418,307
March - May 2010	$2,661,860	$11,450,334	$100,000	$6,055,000	$1,296,000	$798,774	$22,361,968
Dec. 2009 - Feb. 2010	$105,030	$0	$255,505	$12,224,147	$0	$0	$12,584,682
Sept. - Nov. 2009	$0	$10,005,337	$330,803	$7,000	$379,711	$1,139,928	$11,862,779
June - August 2009	$3,336,498	$2,403,905	$0	$70,000	$215,000	$37,460	$6,062,863
March - May 2009	$33,171,420	$1,368,907	$50,112	$1,500,000	$400,000	$1,194,175	$37,684,614
Dec. 2008 - Feb. 2009	$344,325	$3,403,704	$1,766,386	$545,000	$0	$1,596,349	$7,655,764
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
American Legion Post	Bella Vista	American Legion	Office	4,600	
Sisters of Mercy Multispeciality Clinic	Bella Vista	Sisters Of Mercy Health Systems	Medical		Conceptual
Walmart Supercenter	Bella Vista	Wal-Mart Stores Inc	Retail		Conceptual
28th St Warehouse	Bentonville	Crossland & Bill McClard	Warehouse	100,000	Conceptual
8W Center	Bentonville	Troy Link	Commercial	80,000	Summer 2016
Amazeum	Bentonville	Walton Family Foundation	Museum	44,500	Done
Arkansas Musicworks	Bentonville	Tony Baker and Greg Price	Retail	9,867	Summer 2015
Arvest Bank Uptown Village	Bentonville	Arvest Bank			Conceptual
Bentonville Commercial Building	Bentonville	Dean Eisma	Commercial	50,000	Conceptual
Bentonville Plaza II	Bentonville	FBE Limited LLC	Commercial	250,000	Conceptual
Big O Tires	Bentonville		Commercial	5,000	Done
BOS Park Phase 1	Bentonville		Commercial	10,160	Conceptual
Campbells Office Building	Bentonville	Josh Kyles	Office	20,000	Done
Central Investment Building	Bentonville	Crossmar	Office	30,000	May 2016
Childrens Acadamy on I St.	Bentonville		School		Conceptual
Chrysler Dodge Jeep on Moberly	Bentonville	Alan Cole	Retail	45,880	Summer 2015
C-Store @ 14th and S. Walton	Bentonville		Retail	5,200	Conceptual
CrossMar Supplier Park I	Bentonville	CrossMar and Glass Investments	Warehouse	150,000	Done
CrossMar Supplier Park II	Bentonville	CrossMar and Glass Investments	Warehouse	150,000	Conceptual
CrossMar Supplier Park III	Bentonville	CrossMar and Glass Investments	Warehouse	550,000	Conceptual
First National Bank of NWA	Bentonville	First National Bank of NWA	Bank		Done
Fountain Plaza Office	Bentonville	Butch Gurganus	Office	67,355	Conceptual
Haas Hall	Bentonville	Crossland & Bill McClard	Office/Warehouse	20,000	Done
J Street Office Building	Bentonville	Bill Keating	Office	4,000	Conceptual
J Street Warehouse II	Bentonville	Crossland & Bill McClard	Warehouse	100,000	Done
Jarden Office Building	Bentonville	Josh Kyles	Office	45,000	Done
Lakeside Center North	Bentonville	Bob Hopmann	Office	67,000	Conceptual
Midtown Center	Bentonville	Walton Family Foundation	Office/Retail	40,000	Done
Mt. Carmel Community in Bentonville	Bentonville	Jimmy Elrod	Commercial		Conceptual
Norwalk Juicers	Bentonville		Commercial	30,000	
Octopus Messaging Building	Bentonville	Heather Wegner	Commercial		
Pediatric Dental Associates	Bentonville	Tonya Triplett	Medical	10,846	Conceptual
Retail Building on Hwy 12	Bentonville	Josh Kyles	Retail	5,000	Conceptual
Rush Running	Bentonville	Mike and Ali Rush	Retail	5,000	April 2016
Sam's Club Layout Center	Bentonville	Ivan Crossland	Office	220,000	Conceptual
SDI Realty Retail Development	Bentonville	SDI Realty	Retail	6,500	Conceptual
Simpson Office building	Bentonville	Chance Simpson	Office	21,000	Conceptual
SW A St. Office	Bentonville		Office		Late 2015
SW Elm Tree Road Development	Bentonville				Conceptual
The Incubator Phase I	Bentonville	Terry Carson	Commercial	94,250	March 2016
The Incubator Phase II	Bentonville	Terry Carson	Commercial	51,550	Spring 2017
Thrive	Bentonville	ERC Companies	Retail	5,000	Done
Vogel Commercial Development	Bentonville	Ross and Steve Vogel	Commercial	38,000	Conceptual
Walmart Market Midtown	Bentonville	Wal-Mart Stores Inc	Retail	31,000	Fall 2015
Walmart Market on Central	Bentonville	Wal-Mart Stores Inc	Retail	41,983	Done
Walmart Market on N Walton	Bentonville	Wal-Mart Stores Inc	Retail	41,839	Done
AT&T Store	Fayetteville		Retail	3,250	Done
Bellafont Commercial Building	Fayetteville	David Erstine	Commercial	14,000	Done
Blue Top Liquor	Fayetteville		Retail		Fall 2015
Brady Dentistry	Fayetteville	David Erstine	Medical/Office	8,000	Done
Bright Technology	Fayetteville	Bright Technology Inc.	Industrial	80,000	Done
College Market Place	Fayetteville	S.J. Collins	Retail	26,670	Fall 2015
Crain Hyumdai	Fayetteville	Crain Hyundai	Retail	28,000	Done

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Cross Church	Fayetteville	Cross Church	Church		Conceptual
Discount Tire Center	Fayetteville		Retail		Done
Forest Hills Arkansas Braces/Starbucks	Fayetteville	Haag Brown	Commercial	6,300	Done
Grundfest Building on Cato Springs	Fayetteville	David Grundfest	Commercial		Done
Health South Expansion	Fayetteville	HealthSouth	Medical	9,250	Done
Indoor Climbing and Fitness Center	Fayetteville	Dennis Nelms	Retail		Conceptual
Kum and Go	Fayetteville	Kum and Go	Retail		Conceptual
Kum and Go	Fayetteville	Kum and Go	Retail		Conceptual
Marshalltown Expansion	Fayetteville	Marshalltown Company	Commercial	50,000	Late 2015
O'Reilly Auto Parts	Fayetteville	O'Reilly Auto Parts	Retail	7,500	Summer 2015
Pacific Vet Group Industrial	Fayetteville	Pacific Vet Group	Manufacturing		Conceptual
Presidential Conversions Office	Fayetteville	John Wilson	Office	12,000	Conceptual
Roller Weight Loss Clinic	Fayetteville	Josh Roller	Medical		Late 2015
Shoppes at the Bluffs	Fayetteville	Mathias Properties	Retail	46,519	Conceptual
UA Wesley College Ministry	Fayetteville	Central United Methodist Church	Office	8,230	Early 2016
Uptown Apartments Retail	Fayetteville	Specialized Real Estate Group	Retail	20,000	Conceptual
Victory Commons	Fayetteville	Tracy Hoskins and Allied Bank	Commercial		Conceptual
Walmart Neighborhood Market on MLK	Fayetteville	Wal-Mart Stores Inc	Retail	43,101	Fall 2015
Walton Arts Center Expansion	Fayetteville	Walton Arts Center	Commercial	30,000	2015
Washington Regional Expansion	Fayetteville	WRMC	Medical	100,000	Late 2016
Whole Foods Market	Fayetteville	S.J. Collins	Retail	35,000	Fall 2014
Central Research Inc	Lowell	Johnny and Scott Dillard	Office		
Delta Systems and Automation	Lowell	Hunter Haynes	Industrial	80,000	Conceptual
Firebird II	Lowell	Bill McClard	Warehouse	60,000	Conceptual
Harps Grocery Store	Lowell	Harps	Retail		Conceptual
J.B. Hunt Office Tower	Lowell	J.B. Hunt	Office	150,000	Early 2017
Source Gas	Lowell	Source Gas	Commercial		Conceptual
Aspen Dental	Rogers		Medical	3,665	Done
Burlington Coat Factory	Rogers	Matt Sitton	Retail	60,000	Fall 2015
Centre Point	Rogers	CRE	Retail	18,285	Delayed
Commercial Development	Rogers	HBH Holdings	Commercial		
Country Club Plaza Office	Rogers	LaFrance Family	Office	16,249	2016
Country Club Plaza Retail	Rogers	LaFrance Family	Retail	21,489	2016
Country Club Plaza Tower	Rogers	LaFrance Family	Office	88,000	2016
Digital Entertainment Addition	Rogers	Digital Entertainment	Office	11,967	2015
District at Pinnacle Hills I	Rogers	Whisenvest	Retail	15,000	2016
District at Pinnacle Hills II	Rogers	Whisenvest	Retail	27,000	2016
District at Pinnacle Hills III	Rogers	Whisenvest	Office	32,000	2016
District at Pinnacle Hills IV	Rogers	Whisenvest	Office	44,900	Conceptual
District at Pinnacle Hills V	Rogers	Whisenvest	Office	44,900	Conceptual
District at Pinnacle Hills VI	Rogers	Whisenvest	Office	44,900	Conceptual
District at Pinnacle Hills VII	Rogers	Whisenvest	Retail	25,000	Conceptual
Gateway Plaza	Rogers	Flake-Kelley	Commercial	39,600	Conceptual
Harvey Clinic	Rogers	Dr. Bryan Harvey	Medical	15,700	2015
HBA Holdings Warehouse	Rogers	HBA Holdings	Warehouse		
Legacy National Bank	Rogers	Legacy Bank	Bank	6,500	Done
Lifestyles Dental Office	Rogers		Medical	4,653	2015
Mars Office Building	Rogers	Chad Hatfield	Office	40,000	Conceptual
Mathias Warehouse on Hudson 2	Rogers	Mathias Properties	Warehouse	16,000	Fall 2015
Mathias Warehouse on Hudson 3	Rogers	Mathias Properties	Warehouse	8,100	Fall 2015
Med Express	Rogers		Medical		Conceptual
Metropark Office Building I	Rogers	Hunter Haynes & Sage Partners	Office	25,000	Conceptual
Metropark Office Building II	Rogers	Hunter Haynes & Sage Partners	Office	35,000	Conceptual

New Commercial Projects

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
Metropark Office Building III	Rogers	Sage Partners	Office	15,000	Conceptual
Metropark Retail Building	Rogers	Hunter Haynes & Sage Partners	Retail	31,808	Conceptual
Mt. Carmel Community in Rogers	Rogers	Jimmy Elrod	Commercial		Late 2015
New Hope Plaza	Rogers	Tim Salmonson	Retail	23,000	Conceptual
Nolan Caddell Reynolds Office	Rogers	Nolan Caddell Reynolds	Office		Conceptual
Nursing Facility	Rogers	Emeritus Co.	Medical		Conceptual
NWA Collision on Hudson	Rogers	NWA Collision	Commercial	9,000	Summer 2015
NWA Regional Animal Hospital	Rogers	NWA Regional Animal Hospital	Office	21,432	Conceptual
Pinnacle Heights II	Rogers	Hunt Ventures	Office	211,738	2016
Pinnacle Heights Retail I	Rogers	Hunt Ventures	Retail	18,800	Done
Pinnacle Hills I	Rogers	Whisenvest	Office	13,000	Conceptual
Pinnacle Hills II	Rogers	Whisenvest	Office	6,000	Fall 2015
Pinnacle Hills III	Rogers	Whisenvest	Office/Retail	6,000	Conceptual
Pinnacle Hills IV Yiannios Dental	Rogers	Dr. Nick Yiannios	Medical	6,000	Summer 2015
Pinnacle Hills V Daycare	Rogers	Whisenvest	Daycare	20,000	Conceptual
Pinnacle Promenade Point III	Rogers	Hunt Ventures	Office	40,000	Conceptual
Pinnacle PUD	Rogers	Whisenvest	Commercial	9,000	Conceptual
Pinnacle Summit Park	Rogers		Commercial	50,000	Conceptual
Pleasant Crossing Commons, Phase I	Rogers	Matt Sitton	Commercial	68,500	Conceptual
Pleasant Crossing Commons, Phase II	Rogers	Matt Sitton	Commercial	170,000	Conceptual
Pleasant Crossing Retail Building	Rogers	Whisenvest	Retail	10,000	Conceptual
Prairie Creek Center	Rogers	Mathias Properties	Retail	51,279	Conceptual
Rainbow Honda Service Center	Rogers	Rainbow Honda	Commercial	7,500	Summer 2015
Rick Mooney PUD	Rogers	Rick Mooney	Commercial		Conceptual
Ryzabuv	Rogers	Case Lawrence	Retail	30,000	Conceptual
Scottdale Center JoAnn Fabrics	Rogers	Tom Hopper	Retail	40,000	Done
Scottsdale Center, Phase VI, Bld 3	Rogers	Tom Hopper	Retail	21,965	Conceptual
Sisters of Mercy Primary Care Office	Rogers	Sisters Of Mercy Health Systems	Medical		Conceptual
Southern Hills Office Building	Rogers	John Craig	Office	6,500	Late 2015
Violin Studio and Repair Shop	Rogers	SMEK LLC	Retail		Conceptual
Walmart Market Downtown	Rogers	Wal-Mart Stores Inc	Retail		Conceptual
Walmart Market on Walnut	Rogers	Wal-Mart Stores Inc	Retail		2015
Walnut Crossing	Rogers	Greg House	Commercial	50,000	Conceptual
Wilson-Coker Office Building	Rogers	Wilson-Coker Wealth Management	Office		Conceptual
AT&T Store	Sil Springs	Haag Brown	Retail	2,000	Done
Crye-Leike Office	Sil Springs	Crye-Leike Realtors	Office	6,500	Conceptual
Holly Street Crossing	Sil Springs	Ted Viala	Commercial		Conceptual
Progress Plaza Phase II	Sil Springs	Brown Cow LLC	Medical Office	11,250	Conceptual
Siloam Springs Medical Clinic	Sil Springs	412 E. Medical Group LLC	Medical	10,470	2016
Siloam Springs Memorial Hospital	Sil Springs	Siloam Springs Hospital	Medical	18,300	2016
BNSF Office Building	Springdale	Sage Partners	Office	30,000	Fall 2015
CVS	Springdale	CVS	Retail	13,352	Done
Edwards Warehouse I	Springdale	Joe Edwards	Warehouse	40,000	Conceptual
Edwards Warehouse II	Springdale	Joe Edwards	Warehouse	21,000	Conceptual
First State Bank	Springdale	First State Bank	Bank		Conceptual
Geels Paint	Springdale	Geels Paint	Commercial		
Health and Speech Clinic	Springdale		Medical		Conceptual
Iron Hand on 412	Springdale	Mr. Rossi	Retail	7,200	Done
Kum and Go	Springdale	Kum and Go	Retail		Done
Love's Travel Center	Springdale	Love's	Retail		Conceptual
Northwest Medical Plaza	Springdale		Medical	20,000	January 2016
Northwest Technical Institute	Springdale	NTI	School	31,000	Conceptual

Announcements of New Commercial Projects (Cont.)

Property	City	Owner/Developer/ Property Manager	Use	Square Feet	Expected Completion
NWACC	Springdale	NWACC	School		Conceptual
Office Building on 48th St	Springdale	Sage Partners	Commercial	30,000	Conceptual
Owen’s Optometry	Springdale		Medical		
Ozark Business Park	Springdale	Mathias Properties	Commercial	42,000	Done
Pandoras Box	Springdale	Mr. Rossi	Retail	7,200	Done
Sam’s Club	Springdale	Wal-Mart Stores Inc	Retail	136,000	Spring 2016
Sam’s Furniture	Springdale	Mathias Properties	Retail	100,000	2016
Stabil-Loc Inc.	Springdale	Steve Patton	Industrial	30,000	2015
Todays Bank	Springdale	Todays Bank	Bank		Done
Walmart Market on Don Tyson	Springdale	Wal-Mart Stores Inc	Retail	41,920	Done

Hotels

Existing Hotels

Property Name	City	Number of Standard Rooms	Number of Suites
21c Hotel	Bentonville	98	6
Best Western Bentonville Inn	Bentonville	55	0
Best Western Castle Rock Suites	Bentonville	84	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
Four Points by Sheraton	Rogers	99	6
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
Motel 6	Bentonville	103	0
Pines Motel	Bentonville	9	0
Simmons Suites	Bentonville	115	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
The Chancellor Hotel	Fayetteville	191	17
Chief Motel	Fayetteville	31	1
Comfort Inn-Fayetteville	Fayetteville	60	0
Country Inn & Suites By Carlson	Fayetteville	40	25
Courtyard by Marriot	Fayetteville	110	4
Dickson Street Inn	Fayetteville	8	2
Fairfield Inn Fayetteville	Fayetteville	61	0
Guest House Int'l Hotel and Suites	Fayetteville	197	10
Hampton Inn	Fayetteville	87	8
Hilton Garden Inn	Fayetteville	90	25
Hi-Way Inn Motel	Fayetteville	24	0
Homewood Suites	Fayetteville	0	96
Holiday Inn Express	Fayetteville	77	33
Inn at Carnall Hall	Fayetteville	49	0
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
Value Place Hotel	Fayetteville	121	0
Inn At the Mill	Johnson	38	8
Marriot Townplace	Johnson	0	94

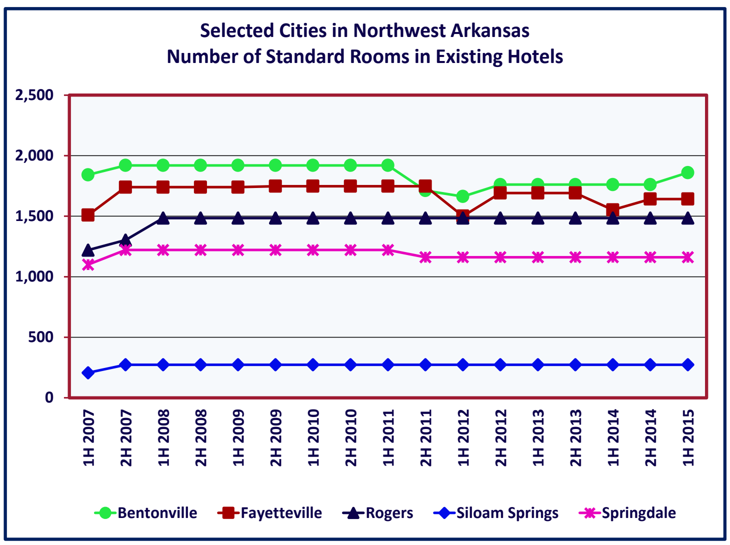
Existing Hotels (Cont.)

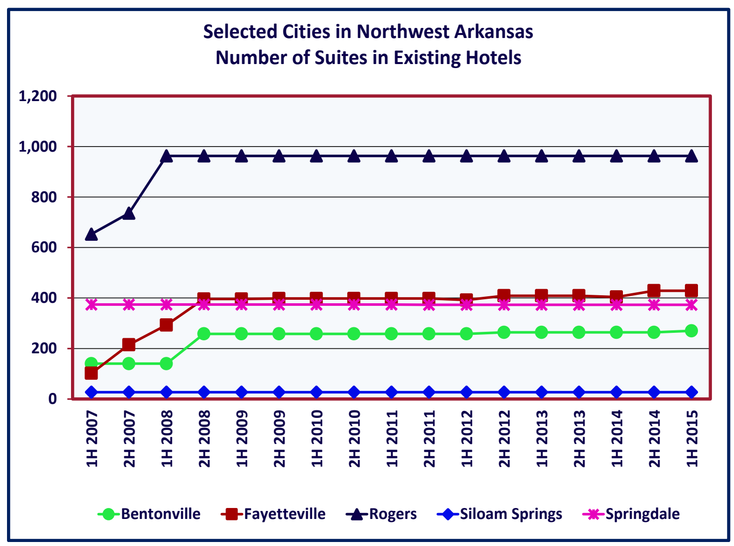
Property Name	City	Number of Standard Rooms	Number of Suites
Ramada Inn Lowell	Lowell	51	0
Colonial Motel	Prairie Grove	8	0
Aloft	Rogers	130	1
Best Value Inn & Suites	Rogers	127	0
Candlewood Suites	Rogers	118	12
Country Inn & Suites	Rogers	68	42
Embassy Suites	Rogers	0	400
Fairfield Inn Rogers	Rogers	99	0
Guest Inn	Rogers	42	0
Hampton Inn	Rogers	122	0
Hartland Lodge	Rogers	28	0
Holiday Inn	Rogers	0	127
Homewood Suites	Rogers	126	83
Hyatt Place	Rogers	104	0
Mainstay Suites	Rogers	0	99
Microtel	Rogers	52	0
Ranch-O-Tel Motel	Rogers	21	0
Regency 7 Motel	Rogers	31	0
Residence Inn by Marriott	Rogers	88	0
Rocky Branch Resort	Rogers	14	0
Simmons Suites	Rogers	0	115
Staybridge Suites	Rogers	83	83
Super 8 Motel	Rogers	34	0
Tanglewood Lodge	Rogers	30	0
Town & Country Inn	Rogers	86	1
Travelers Inn	Rogers	82	0
Best Value	Siloam Springs	19	26
Hampton Inn	Siloam Springs	66	0
Hereford Motel	Siloam Springs	10	0
Holiday Inn Express	Siloam Springs	59	1
Stone Inn’s	Siloam Springs	43	0
Super 7 Inn	Siloam Springs	46	0
Super 8 Motel	Siloam Springs	30	0
Best Rest	Springdale	100	17
Comfort Suites Springdale	Springdale	0	69
DoubleTree Club Hotel of Springdale	Springdale	74	11
Executive Inn	Springdale	90	0
Extended Stayamerica	Springdale	101	0
Fairfield 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
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	1,860	270
Fayetteville	1,642	429
Johnson	38	102
Lowell	51	0
Prairie Grove	8	0
Rogers	1,485	963
Siloam Springs	273	27
Springdale	1,161	373
Northwest Arkansas	6,518	2,164





Hotels

Announced Coming Hotels

Property Name	City	Owner	Number of Rooms	Expected Completion
Four Points by Sheraton	Bentonville	Sree Akshar and Kunal Mody	105	Done
Sheraton Bentonville Plaza	Bentonville	Starwood Hotels	234	Conceptual
Walton College Hotel	Fayetteville		125-150	Conceptual
District at Pinnacle Hills	Rogers	Whisenvest		Conceptual
Evelyn Hotel	Rogers	MCE Enterprises`	6	Conceptual
Holiday Inn Express	Siloam Springs	Krish Hotel Group	80	April 2016
Microtel	Springdale			Delayed

Restaurants

Announced Coming Restaurants

Property Name	Location (City)	Owner	Expected Completion
Coffee Shop and Ice Cream Parlor	Bella Vista	Roger Gildehaus	--
Angus Jack	Benton County	Ian and Jean Cairns	Conceptual
Jason's Deli	Benton County	Bourke Harvey	--
Bentonville Brewing Company	Bentonville	Gavin Edwards and Lee Robinson	Done
Catfish Hole	Bentonville	Pat Gazzola	Delayed
Crepes Paulette	Bentonville	Paula Jo Chitty Henry	Done
Dickey's Pit Barbecue	Bentonville	Jared Thompson	2015
Dolivo	Bentonville		2015
Fresh Seafood Market	Bentonville	Barry Furuseth	Fall 2015
Joe's Italian Restaurant	Bentonville	Kunal Mody	Fall 2015
King Burrito	Bentonville		Fall 2015
Oven and Tap	Bentonville	Cash East, Mollie Mullis, Luke Wetzel	Done
Paradise Donuts	Bentonville		Summer 2015
Ramo d'Olivo	Bentonville	Laura Brown and Tom Gheen	Done
Rose Properties Restaurant	Bentonville	Larry Rose	--
Smashburger	Bentonville	Smashburger	Done
The Belfry Restaurant and Old 71 Club	Bentonville	Ropeswing Group	Summer 2015
McDonald's	Elm Springs	Bill and Walter Matthews	2015
Olyde Tyme Donuts	Farmington		Fall 2015
Alchemy Macarons	Fayetteville	Crumpton Family	Done
Arsagas on Center	Fayetteville	Cary Arsaga	2015
Arsagas on MLK	Fayetteville	Cary Arsaga	2016
Big Star	Fayetteville	Archie Schaffer	2015
Buffalo Wild Wings	Fayetteville	Buffalo Wild Wings	Early 2016
Cardamon and Curry	Fayetteville	Jeremy Gawthrop and Clayton Suttle	Done
Chipotle's in College Marketplace	Fayetteville		Fall 2015
Chuy's	Fayetteville	Mike Young and John Zapp	Conceptual
Citizen, The	Fayetteville	Lane Coleman, Knox McCorquodale, Wilson Wood	Delayed
Columbus House Brewery	Fayetteville	Carey Ashworth and Jason Corral	Done
Con Quesos	Fayetteville	Omar Kasim, Natalie Banister, Amanda Burge	Fall 2015
Core Brewing Pub Uptown	Fayetteville	Jesse Core	Late 2015
Cork and Keg	Fayetteville	Mike & Virginia Porter and Jaron Porter	Done
El Matador Mexican Bar and Grill	Fayetteville	Edgar Montes	September 2015
Firehouse Subs	Fayetteville	Forest Hills Development	--
Fossil Cove Container Kitchen	Fayetteville	Ben Mills and Mitchell Owen	Done
Four Corners Kitchen	Fayetteville	Wesley Douglas	Done
Freddy's Frozen Custard and Steakburger	Fayetteville	Jamie Rheem	Summer 2015
Fuzzy's Taco Shop	Fayetteville	Fuzzy's Taco Shops	Delayed
Hello Cocoa	Fayetteville	Abby and Justin Stewart	Summer 2015
Jimmy Johns in College Marketplace	Fayetteville		Fall 2015
Jimmy Johns on MLK	Fayetteville	Jimmy Johns	Fall 2015
Joes Italian	Fayetteville		Done
Khana Indian Grill	Fayetteville	Lisa Larkin and Abhijeet Purkayastha	Fall 2015
Krystal Burger	Fayetteville	Krystal Burger	--
Native Nectar Juice Co	Fayetteville	Wilson Wood	Late Summer 2015
Nomads Music Lounge	Fayetteville	Jeremy Brown	Done
Ozzy's Pizza	Fayetteville		Done
Papa John's	Fayetteville		--
PDQ Chicken	Fayetteville		Conceptual
Raising Cane's Chicken Fingers	Fayetteville	Raising Cane's Chicken Fingers	Summer 2015
Roma	Fayetteville	Scott Bowman	Conceptual
San Lio	Fayetteville	Darwin Beyer	Done
Starbucks	Fayetteville	Starbucks	Done
Sweet 7	Fayetteville	Brian and Sharon Waters	Done

Restaurants

Taco's 4 Life	Fayetteville	Taco's 4 Life	Summer 2015
Thai Wok	Fayetteville		Done
The Handle Bar	Fayetteville		Done
Unnamed Restaurant in ex-Hooters	Fayetteville	Jeff Bishop	Conceptual
Whataburger Joyce	Fayetteville	Whataburger Inc.	2016
Whataburger MLK	Fayetteville	Whataburger Inc.	Done
Zoe's Kitchen in College Marketplace	Fayetteville	Zoe's Kitchen Inc.	Summer 2015
The Switch	Johnson	Marty Newbury	Done
Brick Street Brews	Rogers		Done
Curry Restaurant	Rogers		Spring 2015
Deluxe Burger	Rogers		Done
Foster's Pint and Plate	Rogers	Chris Moore	Done
Fresco Grill	Rogers		Done
Krystal Burger	Rogers	Smitco Eateries	Delayed
Moes Southwest Grill	Rogers	Melanie Hoggard	Done
Papa Murphy's	Rogers	Whisinvest	Done
Pattaya Thai Sushi	Rogers	Supachad Phahurat	Done
Pei Wei	Rogers	Hunt Ventures	Done
Roma Italian	Rogers		Done
Simple Simon Pizza	Rogers		Done
The Sweetery	Rogers		Done
Twin Peaks	Rogers	Twin Peaks Inc.	Done
Uncle Maddios	Rogers		Done
Whataburger Pleasant Crossing	Rogers	Whataburger Inc.	August 2015
Williams Soul Food	Rogers	Williams Family	Done
Fratelli's Wood-Fired Pizza	Siloam Springs	Scott Jones and Tom Leadabrand	Done
Mama De Luca's Pizza	Siloam Springs		Done
Panda Express	Siloam Springs	Panda Express	Fall 2015
Ana Marie's Bakery	Springdale		--
Core Brewing Pub Downtown	Springdale	Jesse Core	Fall 2015
Core Brewing Pub Har-Ber Meadows	Springdale	Jesse Core	Done
Dickey's Barbecue Pit	Springdale	Matt and Neikedra Womack	Done
Foghorn's	Springdale	Jeff Hodges	Done
MJ Pizzeria	Springdale	Miles James	Done
Noble Crossing	Springdale	John Handley, Trey Holt, Leo Orphin	Done
Panda Express	Springdale		Late 2015
Slim Chicken	Springdale		Delayed
Whataburger	Springdale	Whataburger Inc.	Late 2015
Casalini Court Restaurant	Tontitown	Brett Hash	Delayed
Dominos	Tontitown		Summer 2015
Olde Time Donuts	Tontitown		Done
Taco Bueno	Tontitown		Done
JJ's Grill Brewery and Restaurant	Unkn. Location	JJ's Grill	Conceptual
Mama Fu's	Unkn. Location	Murphy Adams Restaurant Group	--
Captain D's	Unkn. Locations	Smitco D's Inc	Conceptual
Pie Five Pizza	Unkn. Locations	Rob Byford	Mid June 2016

Restaurants

Closed Restaurants

Property Name	City	Date Closed
Blue Monkey Grill	Springdale	July 2014
Hogs Breath Eatery	Fayetteville	August 2014
Mas Mex	Fayetteville	October 2014
El Paso Cantina	Fayetteville	October 2014
Grizzly's Restaurant	Siloam Springs	October 2014
Orlando's	Bentonville	November 2014
City Pizzeria & Salad	Fayetteville	November 2014
Tanglewood Branch Beer	Fayetteville	November 2014
Sweet Blessing Cakery	Siloam Springs	November 2014
Phoebe's Treats	Fayetteville	December 2014
Wine Cellar	Fayetteville	December 2014
Mayflower Restaurant	Fayetteville	January 2015
Lenny's Sub Shop	Fayetteville	April 2015
Meridienne Dessert Salon	Bentonville	May 2015
OK China Buffet	Fayetteville	May 2015
The Burger Patti	Fayetteville	June 2015
Cable Car Pizza	Fayetteville	June 2015
Jammin Java	Fayetteville	June 2015
Taco Shack	Fayetteville	June 2015
Joe's Italian	Springdale	June 2015
Bar B Que Place	Siloam Springs	June 2015
Taco Tico	Siloam Springs	June 2015

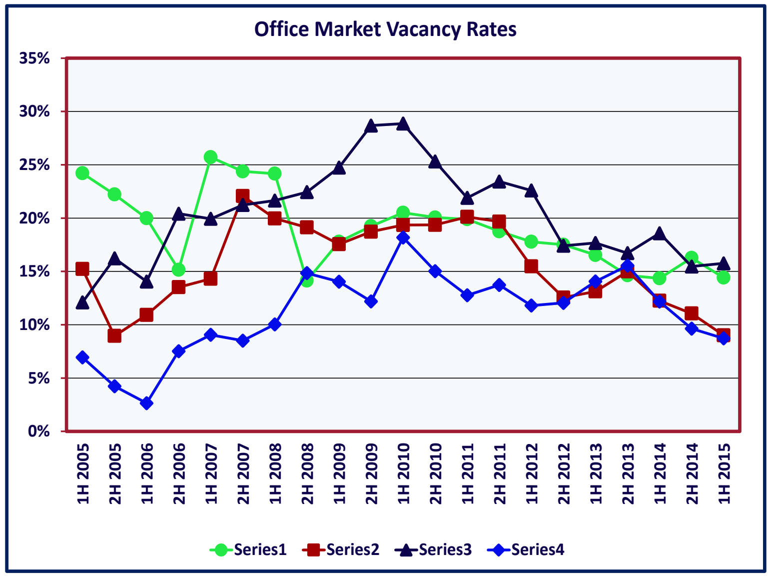
Commercial Market Trends

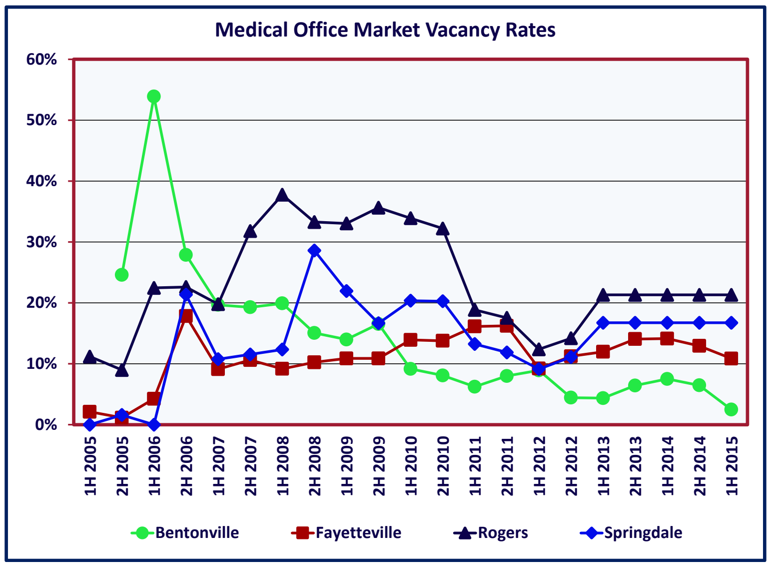
This version of the Commercial Skyline Report presents data that have been collected since 2004. Annual comparisons are made to minimize the effects of attributing too much weight to seasonal changes. The accompanying graphs show how vacancy rates and available square footage have changed in each submarket over the past eleven 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.

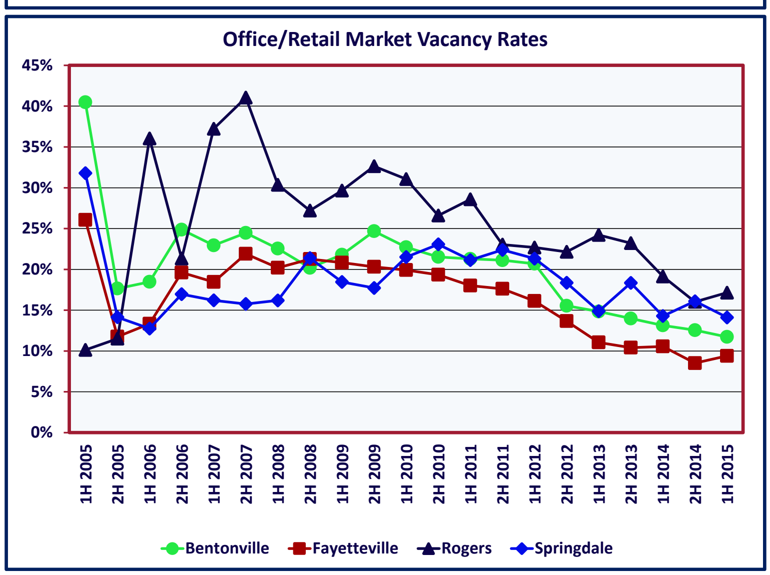
Available office square footage in Northwest Arkansas decreased from 1,484,024 square feet in the first half of 2014 to 1,354,840 square feet in the first half of 2015. In the past year, 200,338 new square feet of office space were added, with Bentonville having the most with 94,500 square feet, and there was net positive absorption of 212,998 square feet. Fayetteville accounted for the greatest amount of net positive absorption with 92,903 square feet, while Rogers accounted for another 87,615 square feet, and Springdale accounted for 30,918 square feet of net positive absorption. The overall Northwest Arkansas office vacancy rate decreased 1.8 percentage points from 14.5 percent in the first half of 2014 to 12.7 percent in the first half of 2015.

In Northwest Arkansas 502,655 square feet of office/retail space were available, down from 545,480 square feet in the first half of last year. The office/retail market experienced positive net absorption of 28,231 square feet in the past year. Rogers accounted for the most with 15,000 square feet of the positive absorption from the first half of 2014 to the first half of 2015. New office/retail space of 20,050 square feet, all of it in Bentonville, was added within the past year. The overall Northwest Arkansas office/retail vacancy rate decreased 1.0 percentage points from 12.8 percent in the first half of 2014 to 11.8 percent in the first half of 2015.

In the first half of 2015, a total of 748,753 square feet of retail space was available in Northwest Arkansas, up from 685,950 square feet in the first half of 2014. The retail market had negative net absorption of 29,024 square feet in the past twelve months. Fayetteville accounted for 45,269 square feet and Springdale accounted for 60,294 square feet of positive net absorption, but Rogers accounted for 56,940 square feet of the negative net absorption. Bentonville and Lowell also had negative net absorption in retail space over the past twelve months. There were 174,619 new square feet of retail space added to the North-



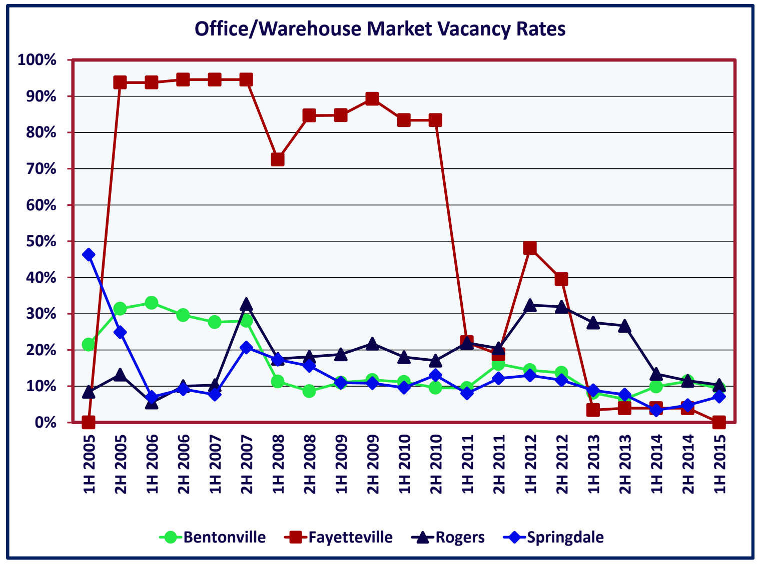


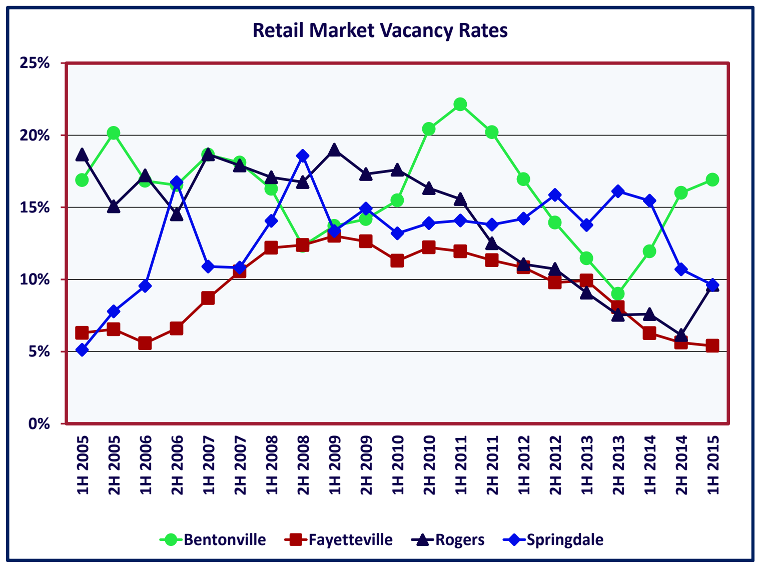


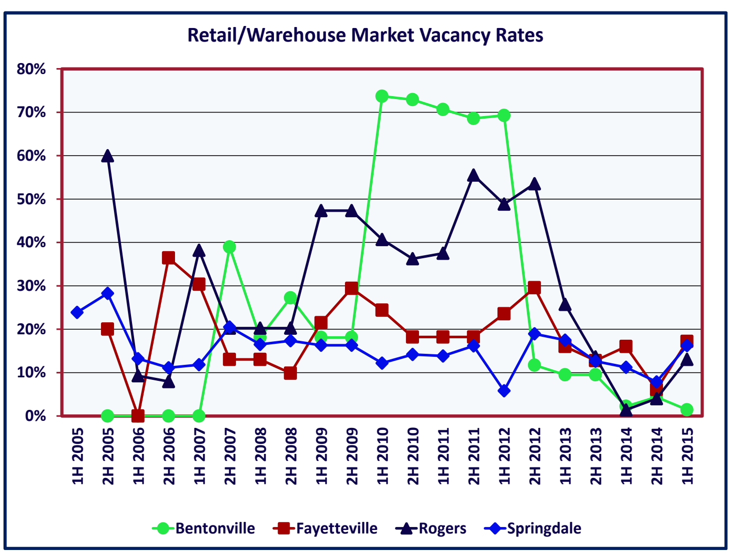
Commercial Market Trends

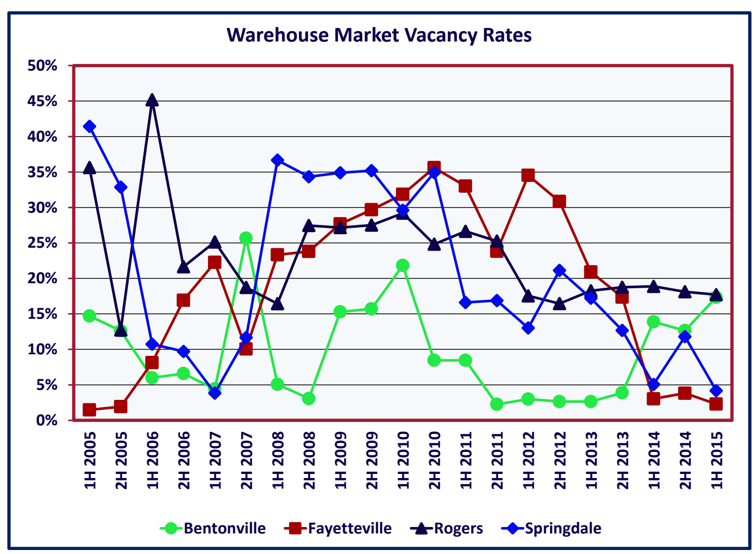
west Arkansas market during that time, with Rogers accounting for 85,919 square feet, and Bentonville for 71,000 square feet. The overall Northwest Arkansas retail vacancy rate increased 0.5 percentage points from 8.5 percent in the first half of 2014 to 9.0 percent in the first half of 2015.

In the Northwest Arkansas warehouse market, available square footage increased from 966,843 in the first half of 2014 to 989,136 in the first half of 2015.The warehouse market also experienced positive net absorption of 247,009 square feet during the past year. Springdale accounted for 233,700 square feet of the positive net warehouse absorption in the past year; Siloam Springs added another 116,133 square feet of positive net absorption but Lowell had 101,955 square feet of negative net absorption in the last year in the warehouse market. 393,050 square feet of new warehouse space were added to the Northwest Arkansas market during the past year,with Bentonville accounting for 293,000 square feet, while vacancy rates declined from 13.8 percent to 13.1 percent over the same period..





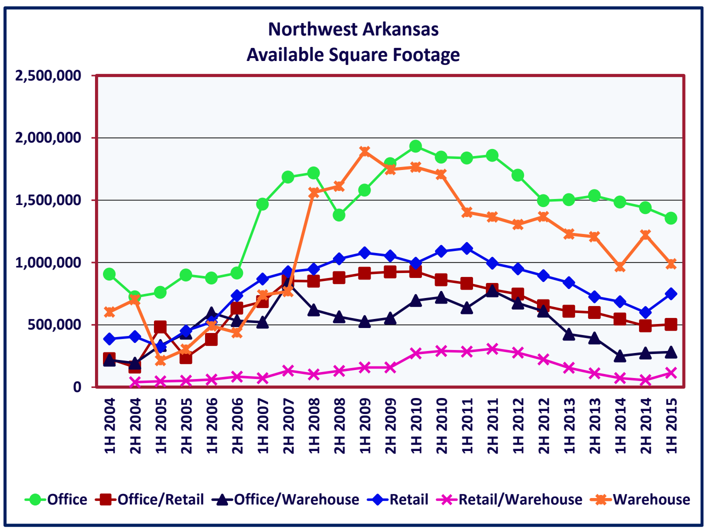


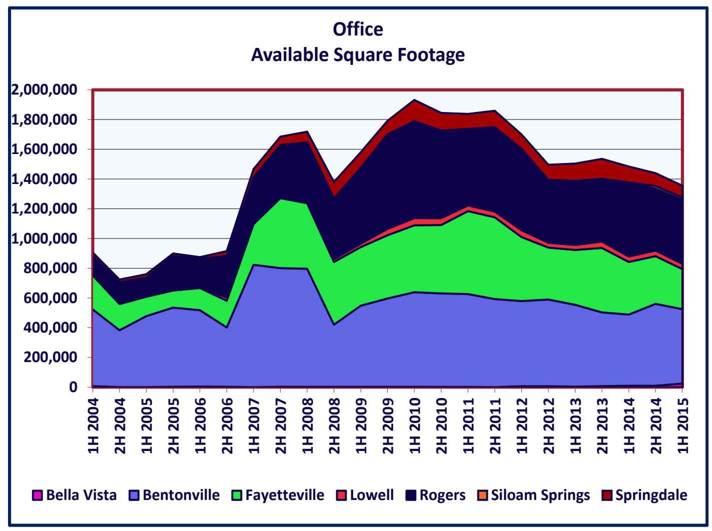


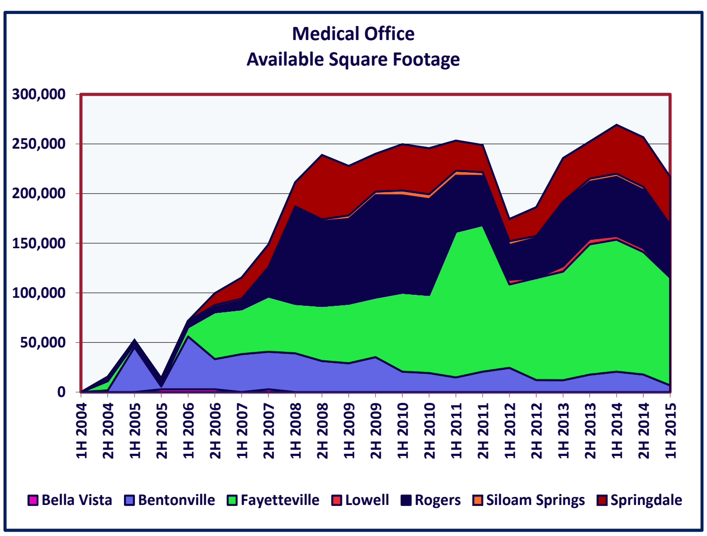
Commercial Market Trends

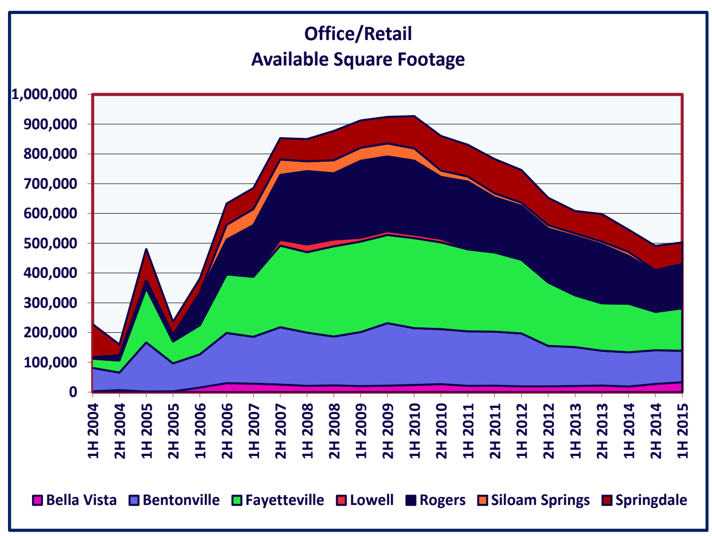
Net Twelve Month Absorption by Submarket 1H 2014 - 1H 2015

Submarket	Office	Office/Retail	Retail	Warehouse
Bella Vista	-32	-14,443	0	0
Bentonville	-756	6,941	-32,097	-21,269
Fayetteville	92,903	8,289	45,269	8,625
Lowell	350	1,900	-49,150	-101,955
Rogers	87,615	15,000	-56,940	11,775
Siloam Springs	2,000	7,700	3,600	116,133
Springdale	30,918	2,934	60,294	233,700
Northwest Arkansas	212,998	28,321	-29,024	247,009

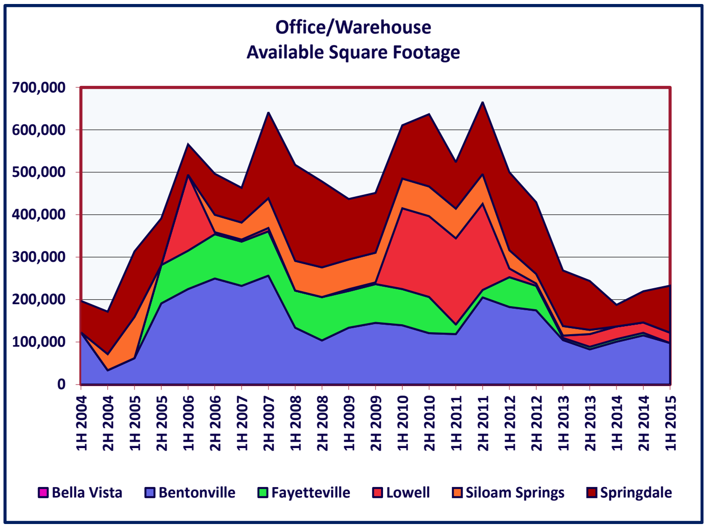


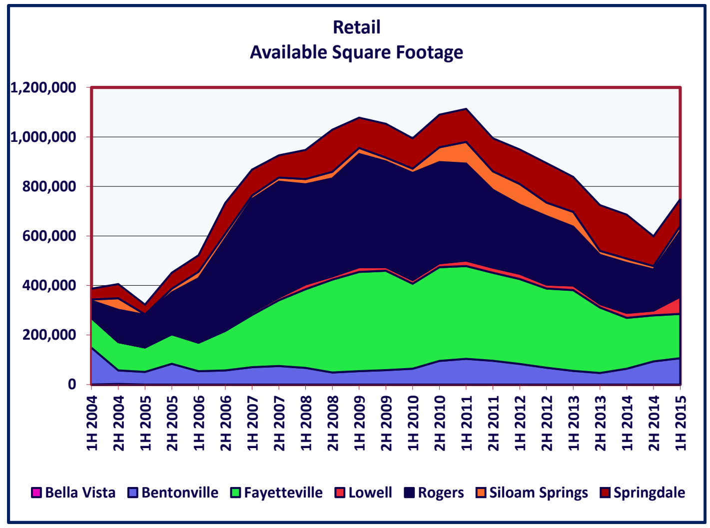


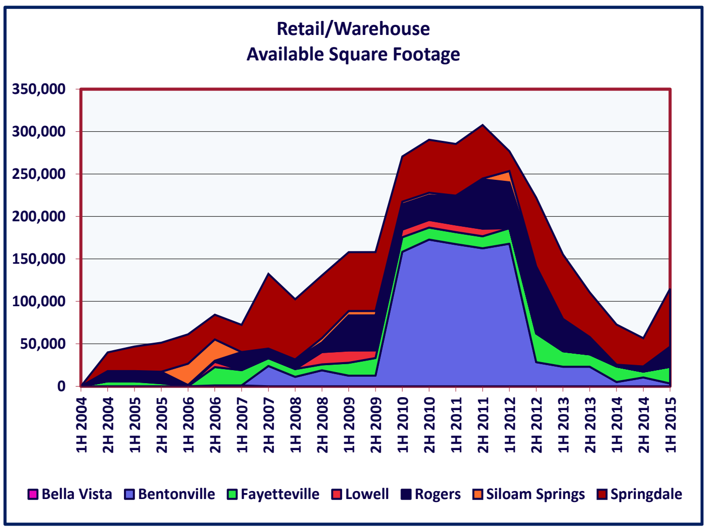


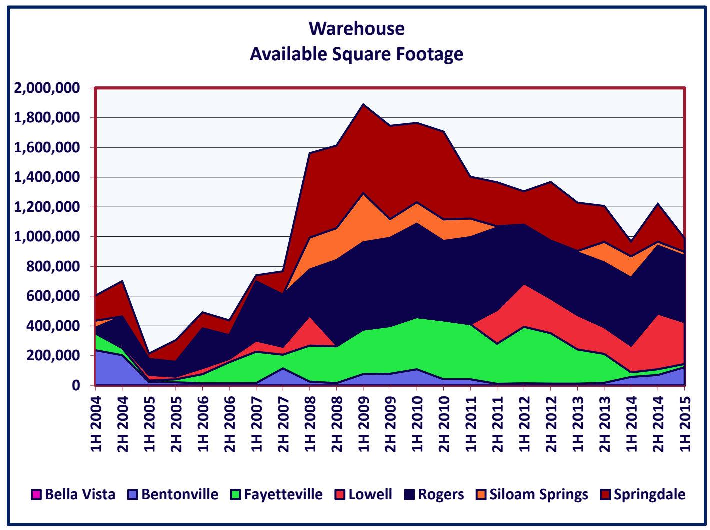


Commercial Market Trends









Commercial Market Trends

Vacancy Rates by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2014	12.2%	14.4%	12.2%	12.0%	18.6%	3.0%	12.2%	14.5%
2H 2014	11.6%	16.3%	11.1%	11.8%	15.5%	14.3%	9.6%	13.8%
1H 2015	26.2%	14.4%	9.0%	11.4%	15.8%	11.1%	8.7%	12.7%
Medical Office								
1H 2014	0.0%	7.5%	14.1%	7.4%	21.3%	2.3%	16.7%	13.5%
2H 2014	0.0%	6.5%	12.9%	7.4%	21.3%	2.3%	16.7%	12.5%
1H 2015	0.0%	2.5%	10.9%	7.4%	21.3%	2.3%	16.7%	10.3%
Office/Retail								
1H 2014	6.5%	13.1%	10.6%	2.9%	19.1%	8.8%	14.3%	12.8%
2H 2014	9.5%	12.5%	8.5%	1.5%	16.0%	3.0%	16.1%	11.5%
1H 2015	11.6%	11.7%	9.4%	0.0%	17.1%	3.7%	14.1%	11.8%
Office/Warehouse								
1H 2014	--	9.9%	3.9%	32.4%	13.4%	0.0%	3.4%	7.5%
2H 2014	--	11.4%	3.9%	26.4%	11.5%	0.0%	4.8%	8.1%
1H 2015	--	9.4%	0.0%	26.4%	10.3%	0.0%	7.2%	8.2%
Retail								
1H 2014	0.0%	11.9%	6.3%	16.1%	7.6%	5.5%	15.5%	8.5%
2H 2014	0.0%	16.0%	5.6%	15.4%	6.1%	4.5%	10.7%	7.3%
1H 2015	0.0%	16.9%	5.4%	55.2%	9.6%	6.5%	9.6%	9.0%
Retail/Warehouse								
1H 2014	--	2.2%	16.0%	0.0%	1.4%	0.0%	11.2%	7.2%
2H 2014	--	4.4%	6.1%	0.0%	4.0%	0.0%	7.9%	5.5%
1H 2015	--	1.4%	17.2%	0.0%	13.0%	0.0%	16.2%	11.0%
Warehouse								
1H 2014	0.0%	13.9%	3.0%	21.4%	18.9%	43.3%	5.1%	13.8%
2H 2014	0.0%	12.6%	3.8%	43.7%	18.1%	8.3%	11.8%	16.4%
1H 2015	0.0%	17.3%	2.3%	32.8%	17.7%	8.2%	4.2%	13.1%

Net Absorption by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2014	3,450	21,995	83,914	7,002	-16,578	0	25,892	125,675
2H 2014	3,300	-57,709	32,692	-1,140	79,679	0	29,706	86,528
1H 2015	-3,332	56,953	60,211	1,490	7,936	2,000	1,212	126,470
Medical Office								
1H 2014	0	-2,929	4,761	1,707	5,010	0	-5,010	3,539
2H 2014	0	2,850	9,568	0	806	0	9,453	22,677
1H 2015	0	10,934	17,826	3,700	6,697	2,000	1,584	42,741
Office/Retail								
1H 2014	6,169	1,811	2,867	540	18,408	-4,000	14,968	40,763
2H 2014	-8,428	1,775	20,764	900	24,426	8,700	-7,177	40,960
1H 2015	-6,015	5,166	-12,475	1,000	-9,426	-1,000	10,111	-12,639
Office/Warehouse								
1H 2014	--	-18,105	0	0	-7,000	10,000	50,860	35,755
2H 2014	--	-10,831	0	5,475	8,840	0	16,900	20,384
1H 2015	--	18,068	6,000	0	5,500	0	-26,300	3,268
Retail								
1H 2014	0	-12,631	57,604	-6,147	-2,247	-6,600	20,277	50,256
2H 2014	0	-29,595	38,318	850	37,376	3,200	48,632	98,781
1H 2015	0	-2,502	6,951	-50,000	-94,316	400	11,662	-127,805
Retail/Warehouse								
1h 2014	--	0	-3,711	0	18,316	0	5,260	19,865
2H 2014	--	-2,067	11,355	0	-3,900	0	14,000	19,388
1H 2015	--	7,067	-12,705	0	-7,600	0	-22,000	-35,238
Warehouse								
1H 2014	0	-39,500	163,948	0	74,400	-5,760	157,923	351,011
2H 2014	0	30,731	-8,000	-195,355	1,254	116,133	45,900	-9,337
1H 2015	0	-52,000	16,625	93,400	10,521	0	187,800	256,346

Commercial Market Trends

Available Square Footage by Submarket

Office	Bella Vista	Bentonville	Fayetteville	Lowell	Rogers	Siloam Springs	Springdale	NW Arkansas
1H 2014	9,514	478,966	353,668	36,709	496,116	3,300	105,752	1,484,025
2H 2014	9,442	550,750	320,976	37,849	416,437	17,634	86,172	1,439,260
1H 2015	24,274	500,348	269,375	36,359	429,834	15,634	79,016	1,354,840
Medical Office								
1H 2014	0	20,552	133,087	3,700	59,496	3,300	49,207	269,342
2H 2014	0	17,702	123,519	3,700	58,690	3,300	49,880	256,791
1H 2015	0	6,768	108,693	0	51,993	1,300	48,296	217,050
Office/Retail								
1H 2014	18,736	115,102	163,040	1,900	158,682	13,200	74,820	545,480
2H 2014	27,164	113,327	128,903	1,000	134,256	4,500	81,997	491,147
1H 2015	33,179	105,595	142,813	0	143,682	5,500	71,886	502,655
Office/Warehouse								
1H 2014	--	100,950	6,000	29,875	63,029	0	50,800	250,654
2H 2014	--	115,781	6,000	24,400	54,189	0	73,435	273,805
1H 2015	--	97,713	0	24,400	48,689	0	110,679	281,481
Retail								
1H 2014	0	63,782	205,500	20,251	201,653	17,124	177,640	685,950
2H 2014	0	93,377	185,936	19,401	165,777	13,924	120,300	598,715
1H 2015	0	106,295	178,985	69,401	264,112	21,322	108,638	748,753
Retail/Warehouse								
1H 2014	--	5,000	18,312	0	2,100	0	47,300	72,712
2H 2014	--	10,367	6,957	0	6,000	0	33,300	56,624
1H 2015	--	3,300	19,662	0	23,691	0	68,255	114,908
Warehouse								
1H 2014	0	56,834	30,625	179,000	457,312	143,768	99,304	966,843
2H 2014	0	69,834	38,625	374,355	456,058	27,635	254,404	1,220,911
1H 2015	0	121,834	22,000	280,955	445,537	27,635	91,175	989,136

Office

In the first half of 2015, the office properties included in the Skyline Report panel had a vacancy rate of 13.0 percent, a decrease from the 13.8 percent in the second half of 2014. Of the 10,649,245 square feet of Northwest Arkansas properties examined, 1,354,840 square feet were available. From the second half of 2014 to the first half of 2015, 114,566 square feet of new space entered the market, while 241,036 square feet became occupied, netting positive absorption of 126,470 square feet for the Northwest Arkansas office market.

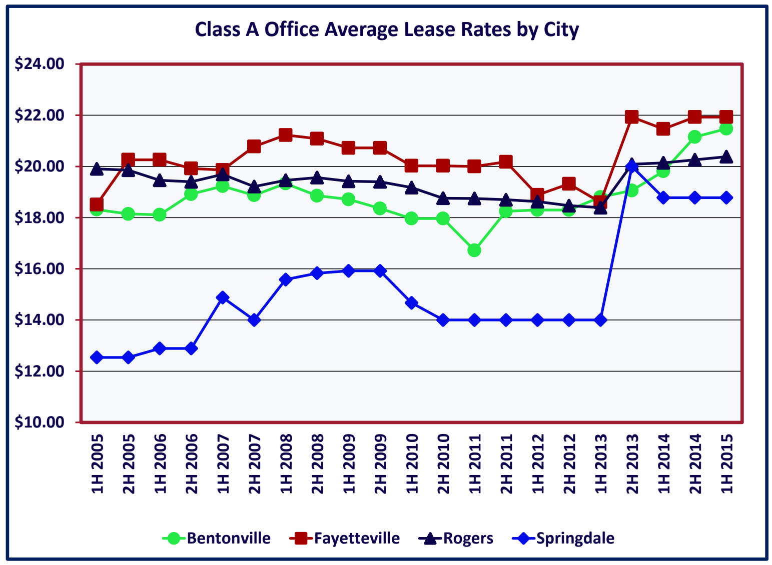
Bentonville had the most office space available with 500,348 square feet, out of its total office space of 3,469,981 square feet, in the first half of 2015. 80.4 percent of the available office space was Class B. There were 74,500 new square feet added during this time, all in the Class A submarket. The Bentonville office market had net positive absorption of 56,953 square feet. That included net positive absorption of 13,692 square feet in the Class A submarket.

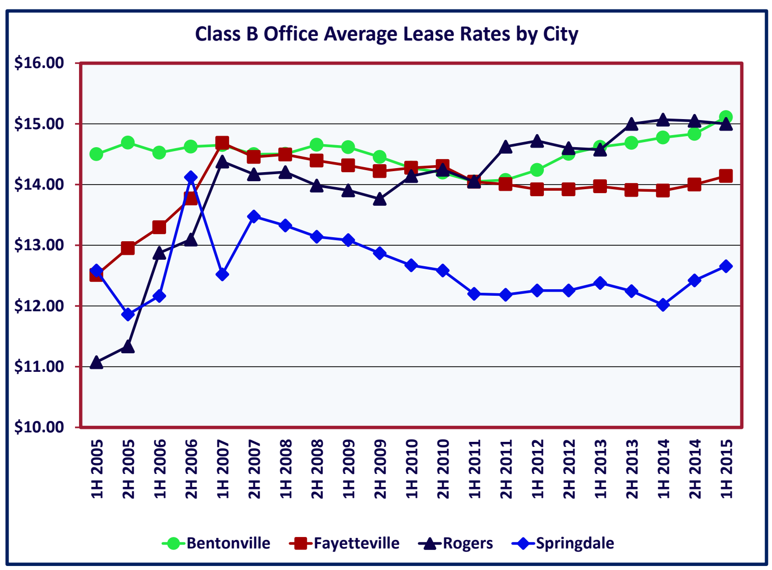
Rogers had 2,728,064 square feet of total office space, with 429,834 square feet available in the first half of 2015. 48.2 percent of the available space was in the Class A submarket. No new office space was added during this time. The Rogers office market had net positive absorption of only 7,936 square feet in the first half of 2015, with 16,005 square feet of Class A space becoming occupied, while there was net negative absorption of 11,549 square feet in the Class C submarket.

Fayetteville had 269,375 square feet of available space, out of its total office space of 2,991,229 in the first half of 2015. 40.7 percent of the available space was in the Class B submarket, while an additional 40.4 percent was in the medical office submarket. 21,728 new square feet of Class B office space were added in the first half of 2015.

Office Lease Rates Average Range by City

	Class A	Class B	Class C	Medical
Bentonville	$20.81 - $22.14	$14.74 - $15.48	$10.18 - $10.32	$16.23 - $16.87
Fayetteville	$19.86 - $24.00	$13.87 - $14.41	$10.19 - $10.67	$15.01 - $16.81
Rogers	$19.27 - $21.49	$14.78 - $15.22	$9.05 - $9.60	$13.14 - $13.43
Springdale	$18.28 - $19.28	$12.26 - $13.49	$9.27 - $9.53	$13.05 - $13.68

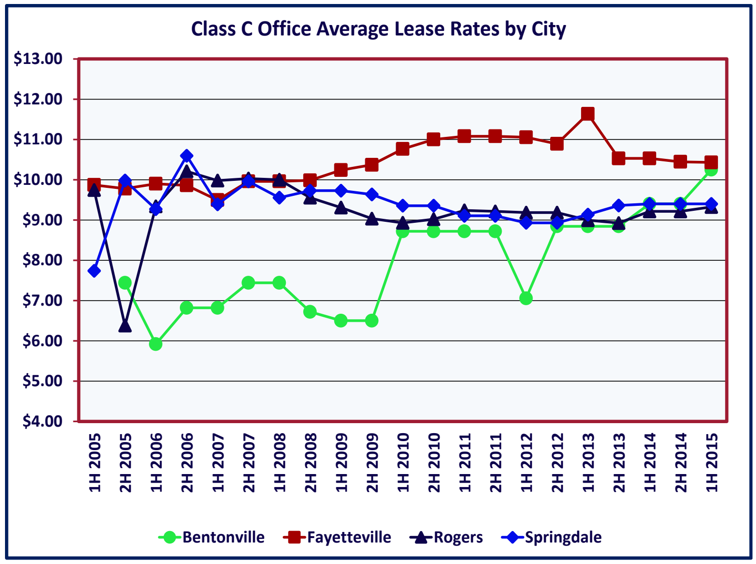


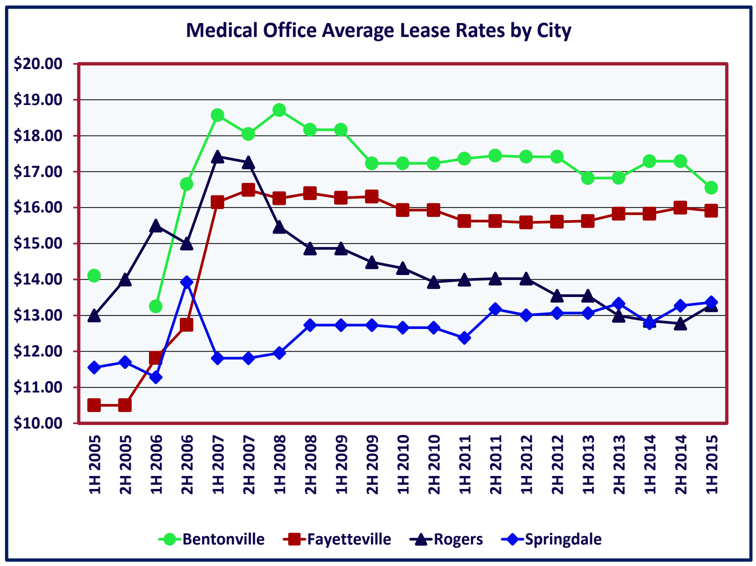


The Fayetteville office market had net positive absorption of 60,211 square feet, with 41,058 square feet coming in the Class B submarket.

Springdale had 906,364 square feet of total office space, with 79,016 square feet of it available in the first half of 2015. 61.1 percent was medical office space. 18,338 new square feet of Class B office space were added in the first half of 2015. There was net positive absorption of 1,212 square feet in the Springdale office market in the first half of 2015.

In the first half of 2015, average reported lease rates for Class A office space were highest in Fayetteville at $21.93. Bentonville increased $0.33 to $21.48, Rogers was at $20.38, and Springdale (with very limited Class A space) was at $18.78. Average reported lease rates for Class B office space were highest in Bentonville at $15.11. Rogers was at $15.00, Fayetteville was at $14.14, and Springdale had the lowest reported average lease rates at $12.66. Reported average lease rates for Class C office were highest in Fayetteville at $10.43. Bentonville has increased $0.85 to $10.25, Springdale was at $9.40, and Rogers was the lowest at $9.33. Reported average medical office space lease rates were highest in Bentonville at $16.55, after declining by $0.74. Fayetteville was at $15.91, Springdale increased to $13.37, and Rogers was the lowest at $13.29, even after increasing by $0.51.





Office

Office Space Characteristics by Class and City

Class A	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption	Months of Inventory
Bentonville	442,292	56,906	12.9%	88,192	74,500	13,692	52.7
Fayetteville	409,222	34,609	8.5%	-1,773	0	-1,773	26.8
Rogers	1,431,777	207,319	14.5%	16,005	0	16,005	--
Springdale	65,501	0	0.0%	0	0	0	--
Class B							
Bentonville	2,651,833	402,048	15.2%	13,603	0	13,603	177.3
Fayetteville	1,322,581	109,581	8.3%	62,786	21,728	41,058	16.0
Rogers	733,549	81,500	11.1%	-3,217	0	-3,217	--
Springdale	395,175	21,072	5.3%	10,110	18,338	-8,228	--
Class C							
Bentonville	101,838	34,626	34.0%	18,724	0	18,724	11.1
Fayetteville	257,898	16,492	6.4%	3,100	0	3,100	31.9
Rogers	219,409	89,022	40.6%	-11,549	0	-11,549	--
Springdale	143,055	9,648	6.7%	7,856	0	7,856	7.4
Medical							
Bentonville	274,018	6,768	2.5%	10,934	0	10,934	3.7
Fayetteville	1,001,528	108,693	10.9%	17,826	0	17,826	36.6
Rogers	343,329	51,993	15.1%	6,697	0	6,697	46.6
Springdale	302,633	48,296	16.0%	1,584	0	1,584	182.9

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

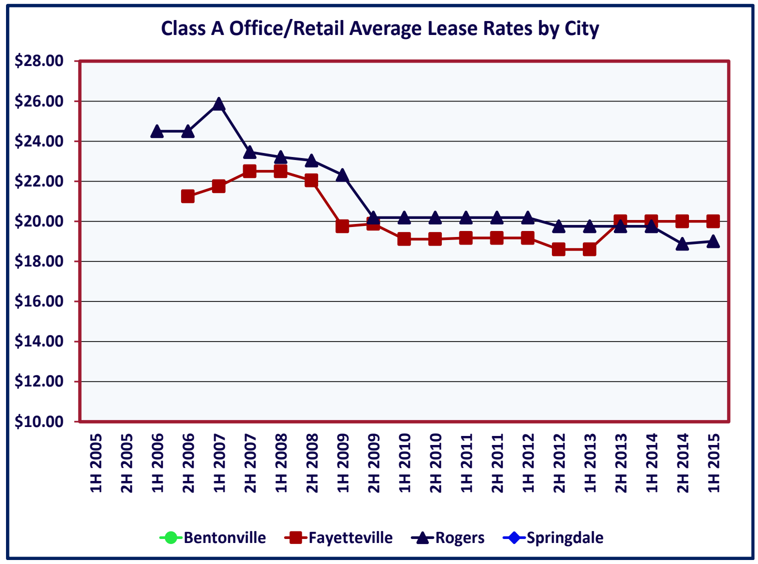
Office/Retail

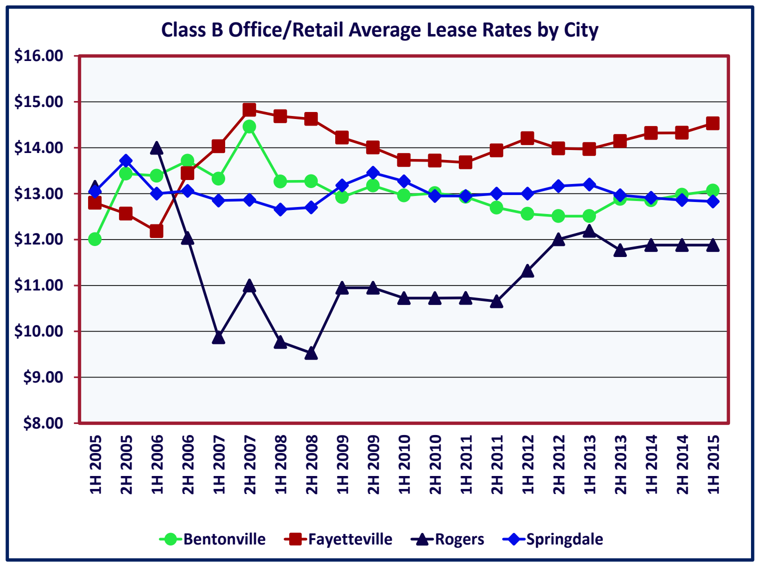
In the first half of 2015, the office/retail properties included in the Skyline Report sample had a vacancy rate of 11.8 percent, an increase from 11.5 percent in the second half of 2014. Of the over 4.2 million square feet of Northwest Arkansas properties examined, 502,655 square feet were available.

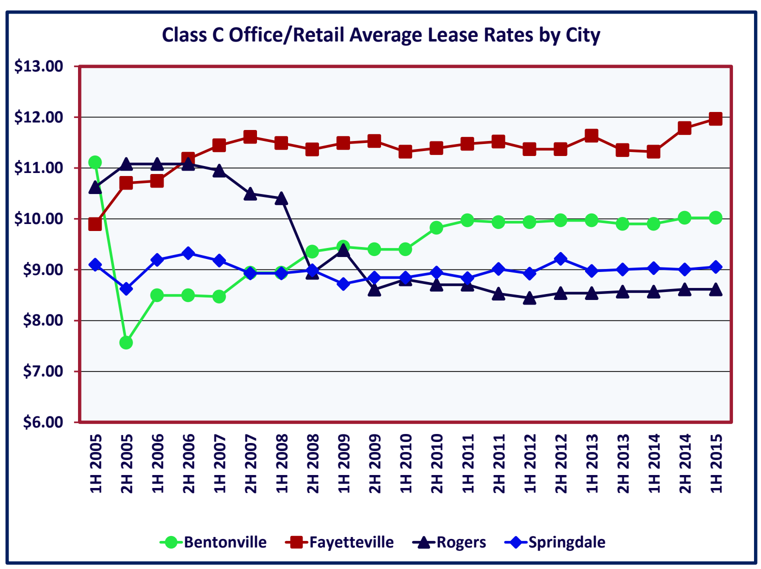
From the second half of 2014 to the first half of 2015, no new office/retail space was added in Northwest Arkansas. There was net negative absorption of 12,639 square feet in the first half of 2015. Springdale had the most positive net absorption with 10,111 square feet, while Fayetteville had the most negative net absorption with 12,475 square feet.

Rogers had the largest amount of available square feet in the office/retail submarket with 143,682 square feet available in the first half of 2015. Vacancy rates were highest in Rogers at 17.1 percent. The vacancy rate in Fayetteville was 9.4 percent, while in Springdale it was 14.1 percent.

The office/retail space reported average lease rates in the first half of 2015 were highest in the Fayetteville Class A submarket at $20.00. The average Class A lease rate in Rogers was $19.01. In the Class B submarket, Fayetteville was the most expensive at $14.53, followed by Bentonville at $13.07, Springdale at $12.83, and Rogers at $11.88. In the Class C submarket the average lease rate in Fayetteville was $11.97, in Bentonville it was $10.02, in Springdale it was $9.06, and in Rogers was the least expensive at $8.62.







Office/Retail

Office/Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	--	$12.33 - $13.80	$9.33 - $10.71
Fayetteville	$20.00 - $20.00	$13.71 - $15.35	$11.32 - $12.77
Rogers	$18.38 - $19.63	$11.36 - $12.40	$7.70 - $9.53
Springdale	--	$12.21 - $13.45	$8.65 - $9.46

Office/Retail Space Characteristics by Class and City

Class A	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption	Months of Inventory
Bentonville	442,292	56,906	12.9%	88,192	74,500	13,692	24.9
Fayetteville	409,222	34,609	8.5%	-1,773	0	-1,773	--
Rogers	1,431,777	207,319	14.5%	16,005	0	16,005	77.7
Springdale	65,501	0	0.0%	0	0	0	--
Class B							
Bentonville	2,651,833	402,048	15.2%	13,603	0	13,603	177.3
Fayetteville	1,322,581	109,581	8.3%	62,786	21,728	41,058	16.0
Rogers	733,549	81,500	11.1%	-3,217	0	-3,217	--
Springdale	395,175	21,072	5.3%	10,110	18,338	-8,228	--
Class C							
Bentonville	101,838	34,626	34.0%	18,724	0	18,724	11.1
Fayetteville	257,898	16,492	6.4%	3,100	0	3,100	31.9
Rogers	219,409	89,022	40.6%	-11,549	0	-11,549	--
Springdale	143,055	9,648	6.7%	7,856	0	7,856	7.4

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

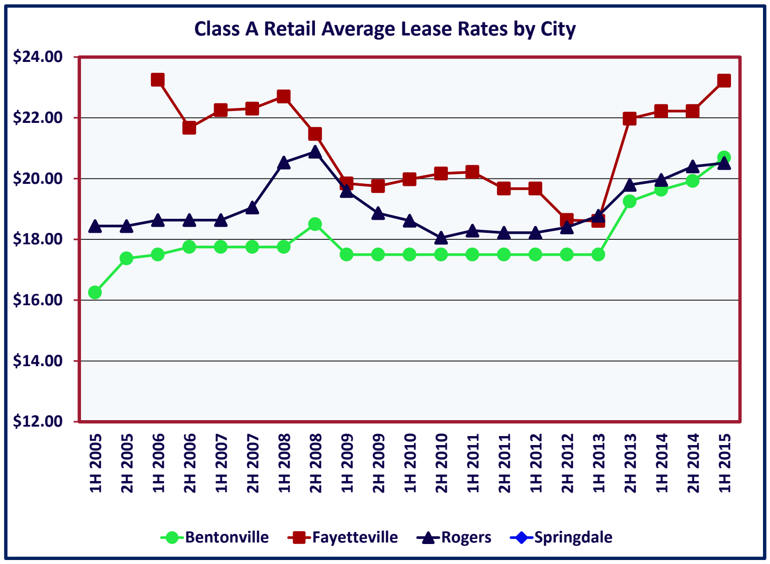
In the first half of 2015, the retail properties included in the Skyline Report panel had a vacancy rate of 9.0 percent, up from 7.3 percent in the second half of 2014. A few large retail buildings being vacated contributed substantially to this increase. Of the almost 8.3 million square feet of Northwest Arkansas retail properties examined, 748,753 square feet were available. 81,049 square feet of new retail space were added in Northwest Arkansas, contributing to negative net absorption of 98,781 square feet in the first half of 2015.

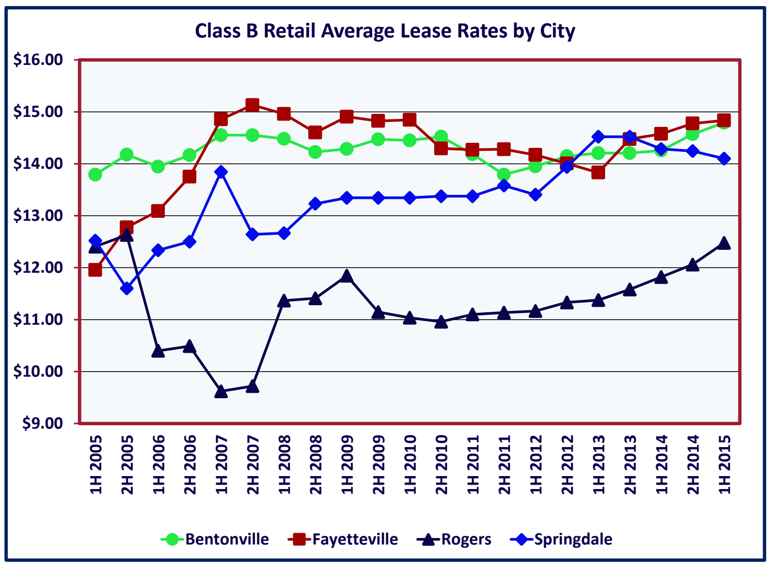
Bentonville had 628,498 total square feet and 106,295 available square feet of retail space in the first half of 2015, resulting in a vacancy rate of 16.9 percent. This represented an increase from the rate of 16.0 percent in the second half of 2014. 15,000 square feet of new retail space were added to the Bentonville market. The increased vacancy rate resulted from net negative absorption of 2,502 square feet.

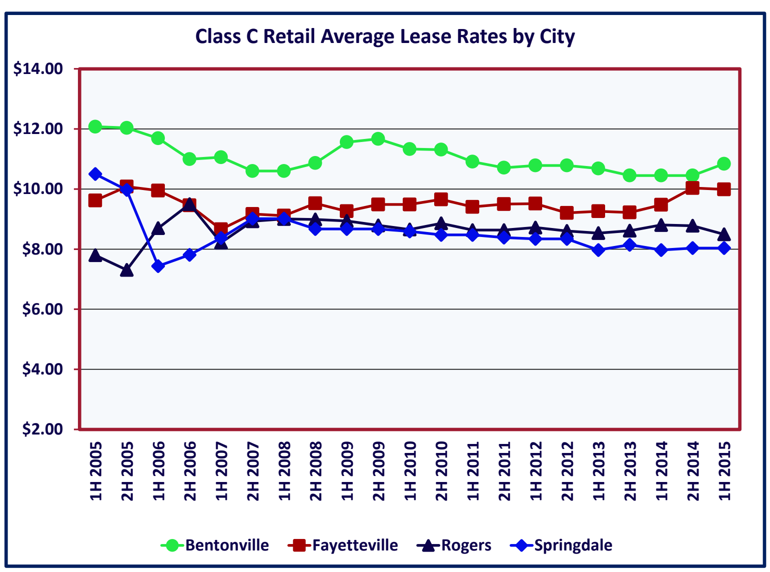
In the first half of 2015, Fayetteville had a retail vacancy rate of 5.4 percent, down from 5.6 percent in the second half of 2014, with 178,985 available square feet out of a total of 3,315,333. 7,500 new square feet were added and there was reported net positive absorption of 6,951 square feet in the Fayetteville retail market in the first half of 2015.

The Rogers market had 264,112 square feet of available retail space out of a total of 2,743,286 square feet for a vacancy rate of 9.6 percent in the first half of 2015. This was an increase from the 6.1 percent rate in the second half of 2014. 48,349 square feet of new retail space were added in Rogers, however, contributing to negative net absorption of 94,316 square feet in the first half of 2015.

There were 108,638 square feet of available retail space out of a total of 1,130,228 square feet in Springdale in the first half of 2015. This implied a vacancy rate of 9.6 percent, down from 10.7 percent in the second half of 2014. 7,200 square feet of new retail space were added during the first half of 2015 while there was net positive absorption of 11,662 square feet.







Retail

In the Class A retail submarket, Fayetteville had the highest average reported lease rates with an increase of $1.00 to $23.22. The average rate in Bentonville increased $0.77 to $20.69, and Rogers increased to $20.51. Class B retail average lease rates were highest in Fayetteville at $14.84. Bentonville was next at $14.79, Springdale was at $14.10, and Rogers was the lowest at $12.48, after increasing $0.42. Class C average reported lease rates remained the highest in Bentonville at $10.84. Fayetteville was at $9.99, Rogers was at $8.50, and Springdale was at $8.04 in the first half of 2015.

Retail Lease Rates Average Range by City

	Class A	Class B	Class C
Bentonville	$19.13 - $22.25	$14.63 - $14.95	$10.73 - $10.95
Fayetteville	$22.44 - $24.00	$14.29 - $15.38	$9.78 - $10.20
Rogers	$19.79 - $21.23	$11.99 - $12.96	$8.29 - $8.70
Springdale	--	$13.80 - $14.40	$7.62 - $8.45

Retail Space Characteristics by Class and City

Class A	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption	Months of Inventory
Bentonville	149,790	65,452	43.7%	8,782	15,000	-6,218	--
Fayetteville	1,853,132	58,632	3.2%	10,406	7,500	2,906	25.5
Rogers	1,668,552	90,404	5.4%	55,662	43,349	12,313	44.1
Springdale	--	--	--	--	--	--	--
Class B							
Bentonville	339,510	28,143	8.3%	6,616	0	6,616	25.5
Fayetteville	1,095,381	83,181	7.6%	8,039	0	8,039	62.1
Rogers	656,234	115,756	17.6%	-101,156	5,000	-106,156	--
Springdale	748,446	95,738	12.8%	18,862	7,200	11,662	49.3
Class C							
Bentonville	139,198	12,700	9.1%	-2,900	0	-2,900	--
Fayetteville	366,820	37,172	10.1%	-3,994	0	-3,994	--
Rogers	418,500	57,952	13.8%	-473	0	-473	--
Springdale	381,782	12,900	3.4%	0	0	0	--

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

Other Categories

Warehouse

In the first half of 2015, the warehouse properties included in the Skyline Report panel had a vacancy rate of 13.1 percent, down from 16.4 percent in the second half of 2014. Of 7,570,531 square feet of warehouse space examined, 989,136 square feet were available. 150,000 new square feet of warehouse space, all of it in Bentonville, were added in the first half of 2015, but there was still positive net absorption of 256,346 square feet.

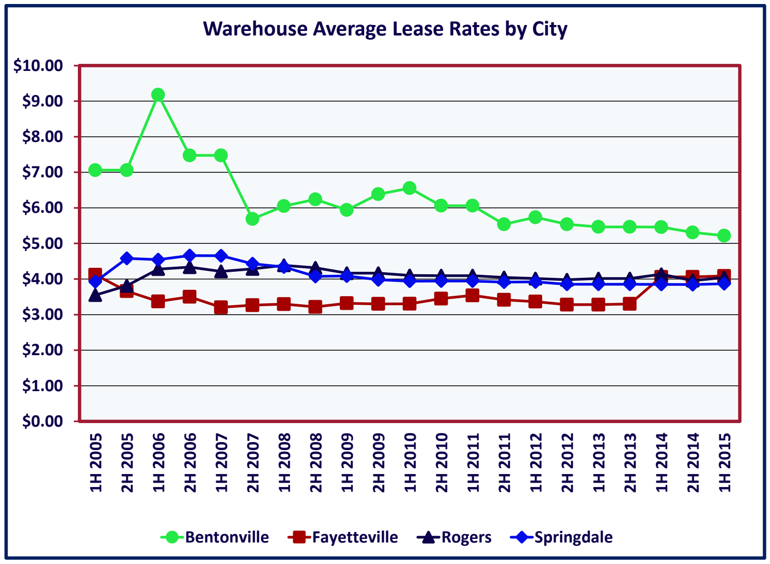
The majority of available warehouse space was split between Rogers with 445,537 square feet and Lowell with 280,955 square feet. Springdale had the greatest net positive absorption with 187,800 square feet, followed by Lowell with 93,400 square feet. However, with the new warehouse space, Bentonville had negative net absorption of 52,000 square feet. Reported warehouse vacancy rates declined in Bentonville, but were flat in all other cities.

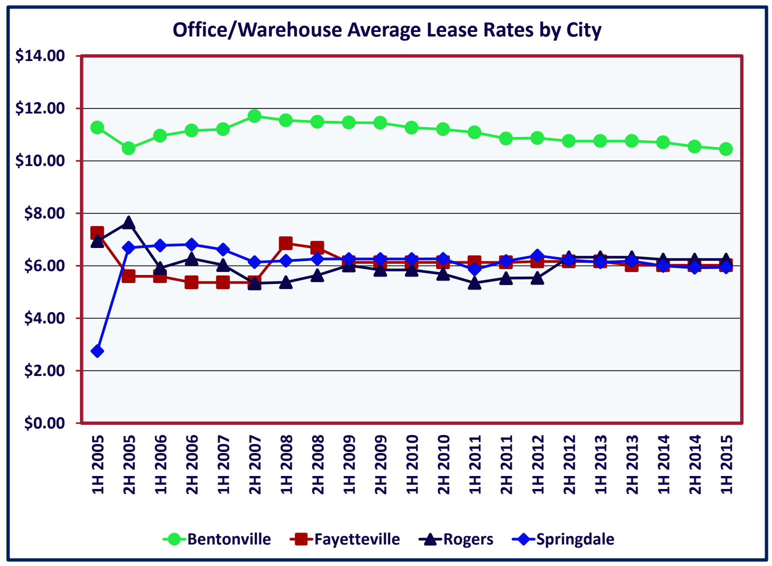
The average reported warehouse lease rates in Northwest Arkansas remained relatively stable, while Bentonville continued to have the highest reported lease rate at $5.22 in the first half of 2015.

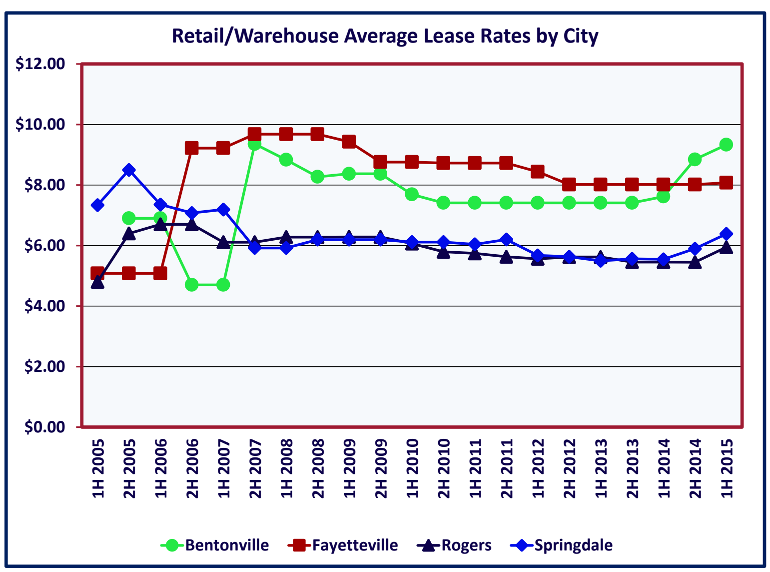
Office/Warehouse

The Skyline Report panelists reported on 3,414,863 square feet of office/warehouse space, with 281,481 total square feet available in the first half of 2015. The vacancy rate in the office/warehouse submarket increased from 8.1 percent in the second half of 2014 to 8.2 percent in the first half of 2015. 20,000 square feet of new office/warehouse space entered the market in Bentonville during the first half of 2015.

The office/warehouse submarket in Northwest Arkansas experienced positive net absorption of 3,268 square feet during the first half of 2015. Springdale and Bentonville with 110,679 square feet and 97,713 square feet, respectively, had the bulk of the available office/warehouse space in Northwest Arkansas.







Other Categories

Average reported office/warehouse lease rates remained relatively stable in Northwest Arkansas in the first half of 2015, with Bentonville continuing to have the highest reported average lease rate at $10.45.

Retail/Warehouse

The Skyline Report panelists reported on 1,042,108 square feet of retail/warehouse space in the first half of 2015. A total of 114,908 square feet was available in Northwest Arkansas. No new square feet entered the market during this time. The vacancy rate in the retail/warehouse submarket increased from 5.5 percent in the second half of 2014 to 11.0 percent in the first half of 2015.

From the second half of 2014 to the first half of 2015, there was negative net absorption of 35,238 square feet of retail/warehouse space in Northwest Arkansas. Springdale experienced the greatest amount net negative absorption with 22,000 square feet during the first half of 2015. Springdale had the majority of the available retail/warehouse space with 68,255 square feet.

Other Lease Rates Average Range by City

	Warehouse	Office/Warehouse	Retail/Warehouse
Bentonville	$5.01 - $5.43	$9.93 - $10.96	$8.96 - $9.70
Fayetteville	$3.89 - $4.28	$5.69 - $6.35	$7.39 - $8.76
Rogers	$3.95 - $4.13	$6.07 - $6.41	$5.86 - $6.03
Springdale	$3.68 - $4.06	$5.37 - $6.51	$6.10 - $6.67

Retail/warehouse reported average lease rates increased significantly in Bentonville by $0.49 to $9.33, which remained the highest average lease rate in this market. Springdale and Rogers also increase significantly by $0.49 and $0.50, respectively, while Fayetteville remained steady in the first half of 2015.

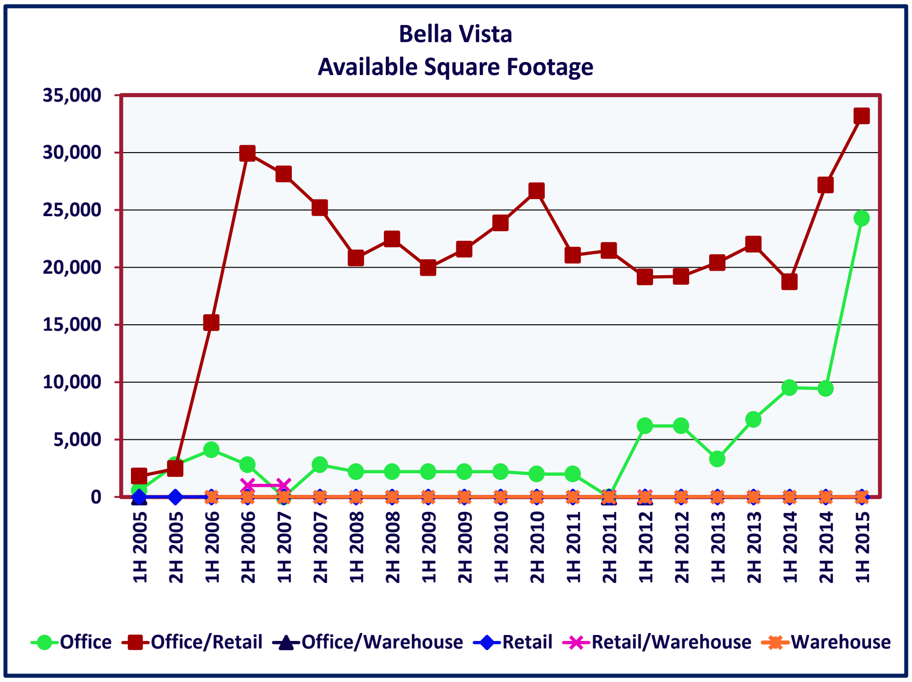
Other Space Characteristics by Class and City

Warehouse	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption	Months of Inventory
Bentonville	702,288	121,834	17.3%	98,000	150,000	-52,000	--
Fayetteville	957,339	22,000	2.3%	16,625	0	16,625	7.9
Rogers	2,515,610	445,537	17.7%	10,521	0	10,521	254.1
Springdale	2,180,919	91,175	4.2%	187,800	0	187,800	2.9
Office/Warehouse							
Bentonville	1,039,408	97,713	9.4%	38,068	20,000	18,068	32.4
Fayetteville	152,072	0	0.0%	6,000	0	6,000	0.0
Rogers	470,562	48,689	10.3%	5,500	0	5,500	53.1
Springdale	1,546,021	110,679	7.2%	-26,300	0	-26,300	--
Retail/Warehouse							
Bentonville	230,226	3,300	1.4%	7,067	0	7,067	2.8
Fayetteville	114,440	19,662	17.2%	-12,705	0	-12,705	--
Rogers	181,695	23,691	13.0%	-7,600	0	-7,600	--
Springdale	421,019	68,255	16.2%	-22,000	0	-22,000	--

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

Bella Vista

- From January 1 to June 30, 2015, no commercial building permits were issued in Bella Vista.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 419,024 square feet of commercial space in Bella Vista in the first half of 2015.
- In the first half of 2015, Bella Vista experienced negative net absorption of 9,347 square feet, 6,015 square feet of it in the office/retail submarket.
- There was no space added to the Bella Vista commercial market in the first half of 2015.
- Reported average lease rates in Bella Vista in the first half of 2015 increased by approximately $2.48 in the Class B office submarket and remained relatively consistent with the rates in the second half of 2014 in the other submarkets.



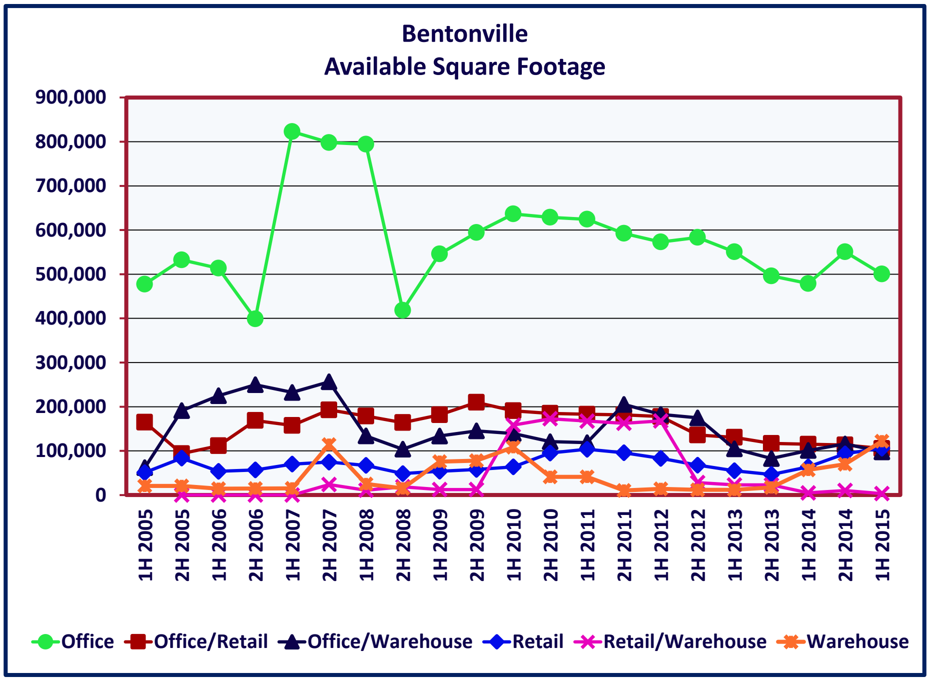
Bella Vista Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	--	--	--	--	--	--	--	--
Office	$12.32 - $13.42	92,669	24,274	26.2%	-3,332	0	-3,332	--
Class A	--	--	--	--	--	--	--	--
Class B	$14.80 - $14.80	64,025	9,514	14.9%	-3,300	0	-3,300	--
Class C	$10.00 - $11.75	20,540	14,760	71.9%	-32	0	-32	--
Medical	$12.00 - $14.00	8,104	0	0.0%	0	0	0	--
Office/Retail	$9.94 - $12.59	286,869	33,179	11.6%	-6,015	0	-6,015	--
Class A	--	--	--	--	--	--	--	--
Class B	$9.94 - $12.59	276,285	30,279	11.0%	-6,015	0	-6,015	--
Class C	--	10,584	2,900	27.4%	0	0	0	--
Office/Warehouse	--	--	--	--	--	--	--	--
Retail	$3.46 - $3.46	21,000	0	0.0%	0	0	0	--
Class A	--	--	--	--	--	--	--	--
Class B	$3.46 - $3.46	21,000	0	0.0%	0	0	0	--
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	--	--	--	--	--	--	--	--
Warehouse	$1.00 - $2.70	18,486	0	0.0%	0	0	0	--

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

Bentonville

- From January 1 to June 30, 2015, Bentonville issued $15,836,919 worth of building permits for new commercial space. The first half of 2015 value was 65.3 percent lower than the first half of 2014 value of $45,696,890. Bentonville accounted for 21.1 percent of the commercial permits issued in Northwest Arkansas during the first half of 2015.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 6,987,267 square feet of commercial space in Bentonville in the first half of 2015.
- In the first half of 2015, Bentonville experienced absorption of 292,252 square feet, while 259,500 new square feet were added, with warehouse space accounting for 150,000 square feet and the office market another 74,500 square feet, leading to positive net absorption of 32,752 square feet.
- The office market had the greatest amount of positive net absorption with 56,953 square feet, with the office/warehouse adding an additional 18,068 square feet. However, the warehouse market had significant net negative absorption of 52,000 square feet in the first half of 2015.
- Reported vacancy rates from the second half of 2014 to the first half of 2015 decreased in the office, medical office, office/retail, and retail/warehouse submarkets, while increasing in the retail, and warehouse submarkets, and remaining the same in the industrial submarket of Bentonville.



Bentonville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	$4.50 - $4.50	16,340	0	0.0%	0	0	0	--
Office	$14.95 - $15.69	3,469,981	500,348	14.4%	131,453	74,500	56,953	52.7
Class A	$20.81 - $22.14	442,292	56,906	12.9%	88,192	74,500	13,692	24.9
Class B	$14.74 - $15.48	2,651,833	402,048	15.2%	13,603	0	13,603	177.3
Class C	$10.18 - $10.32	101,838	34,626	34.0%	18,724	0	18,724	11.1
Medical	$16.23 - $16.87	274,018	6,768	2.5%	10,934	0	10,934	3.7
Office/Retail	$11.86 - $13.32	900,526	105,595	11.7%	5,166	0	5,166	122.6
Class A	--	--	--	--	--	--	--	--
Class B	$12.33 - $13.80	818,292	105,595	12.9%	5,166	0	5,166	122.6
Class C	$9.33 - $10.71	82,234	0	0.0%	0	0	0	--
Office/Warehouse	$9.93 - $10.96	1,039,408	97,713	9.4%	38,068	20,000	18,068	32.4
Retail	$14.29 - $15.10	628,498	106,295	16.9%	12,498	15,000	-2,502	--
Class A	$19.13 - $22.25	149,790	65,452	43.7%	8,782	15,000	-6,218	--
Class B	$14.63 - $14.95	339,510	28,143	8.3%	6,616	0	6,616	25.5
Class C	$10.73 - $10.95	139,198	12,700	9.1%	-2,900	0	-2,900	--
Retail/Warehouse	$8.96 - $9.70	230,226	3,300	1.4%	7,067	0	7,067	2.8
Warehouse	$5.01 - $5.43	702,288	121,834	17.3%	98,000	150,000	-52,000	--

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

Bentonville

- Average lease rates increased significantly in the Bentonville Class C office submarket, increased in the Class A retail submarket, and decreased in the medical office submarket from the second half of 2014 to the first half of 2015. Other lease rates remained relatively stable during this period.

Downtown Bentonville

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 200,145 square feet of office, office/retail, and retail space in Downtown Bentonville in the first half of 2015.
- There was negative net absorption of 12,500 square feet in Downtown Bentonville during the first half of 2015 as the area added 30,000 new square feet of space.
- Office space in Downtown Bentonville had a reported vacancy rate of 2.1 percent in the first half of 2015, up from 1.2 percent in the second half of 2014, as 15,000 new square feet of space entered the market.
- The office/retail vacancy rate in Downtown Bentonville remained at 0.0 percent, as all the space stayed occupied.
- The reported retail vacancy rate for Downtown Bentonville properties increased to 20.3 percent, as 15,000 square feet of new space entered the market in the first half of 2015.
- Average office and retail lease rates increased significantly, while office/retail lease rates remained the same for Downtown Bentonville in the first half of 2015.

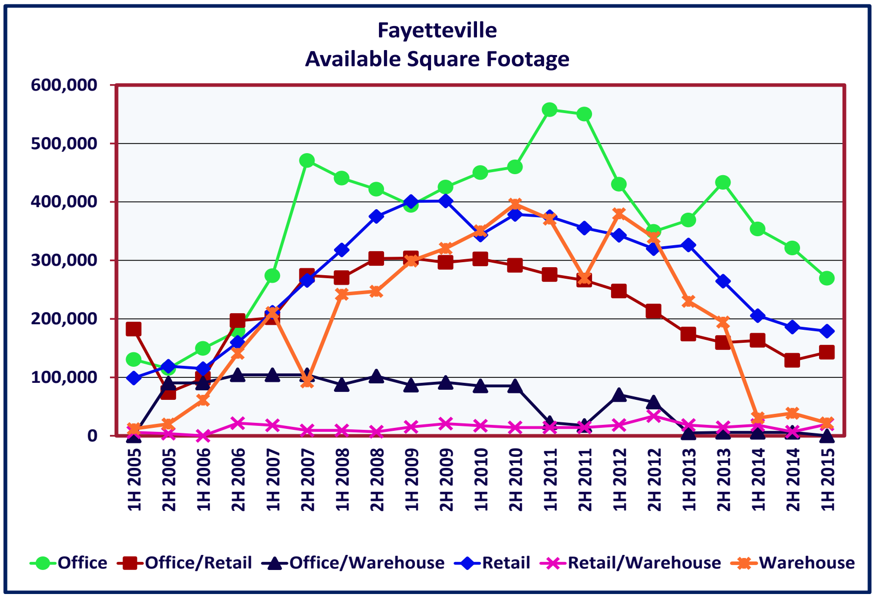
Downtown Bentonville Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$14.47 - $16.72	97,313	2,000	2.1%	14,000	15,000	-1,000	--
Office/Retail	$11.08 - $13.58	46,109	0	0.0%	0	0	0	--
Retail	$15.11 - $17.54	56,723	11,500	20.3%	3,500	15,000	-11,500	--

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

Fayetteville

- From January 1 to June 30, 2015, Fayetteville issued building permits for $13,708,267 worth of new commercial space. The first half of 2015 value was 7.0 percent higher than the first half of 2014 value of $12,814,157. Fayetteville accounted for 18.2 percent of the commercial permits issued in Northwest Arkansas during the first half of 2015.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 9,804,295 square feet of commercial space in Fayetteville in the first half of 2015.
- In the first half of 2015, Fayetteville experienced positive net absorption of 64,607 square feet. The office submarket had the greatest amount of net positive absorption with 60,211 square feet, followed by the warehouse submarket with 16,625 square feet. The office/retail and retail/warehouse submarkets experienced negative net absorption of 12,475 and 12,705 square feet, respectively.



- 21,728 square feet of new office space and 7,500 square feet of new retail space were added to the Fayetteville market in the first half of 2015.
- Observed vacancy rates in Fayetteville from the second half of 2014 to the first half of 2015 decreased for office, medical office, office/warehouse, retail, and warehouse space. Vacancy rates increased for office/retail and retail/warehouse space.
- The Fayetteville Class A retail submarket had a significant average lease rate

Fayetteville Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Lab	$20.63 - $21.63	75,603	30,000	39.7%	0	0	0	--
Industrial	$2.73 - $2.88	678,500	0	0.0%	0	0	0	--
Office	$13.88 - $14.93	2,991,229	269,375	9.0%	81,939	21,728	60,211	26.8
Class A	$19.86 - $24.00	409,222	34,609	8.5%	-1,773	0	-1,773	--
Class B	$13.87 - $14.41	1,322,581	109,581	8.3%	62,786	21,728	41,058	16.0
Class C	$10.19 - $10.67	257,898	16,492	6.4%	3,100	0	3,100	31.9
Medical	$15.01 - $16.81	1,001,528	108,693	10.9%	17,826	0	17,826	36.6
Office/Retail	$13.05 - $14.56	1,519,779	142,813	9.4%	-12,475	0	-12,475	--
Class A	$20.00 - $20.00	69,307	3,300	4.8%	0	0	0	--
Class B	$13.71 - $15.35	1,092,019	121,203	11.1%	-11,975	0	-11,975	--
Class C	$11.32 - $12.77	358,453	18,310	5.1%	-500	0	-500	--
Office/Warehouse	$5.69 - $6.35	152,072	0	0.0%	6,000	0	6,000	0.0
Retail	$13.34 - $14.22	3,315,333	178,985	5.4%	14,451	7,500	6,951	154.5
Class A	$22.44 - $24.00	1,853,132	58,632	3.2%	10,406	7,500	2,906	121.1
Class B	$14.29 - $15.38	1,095,381	83,181	7.6%	8,039	0	8,039	62.1
Class C	$9.78 - $10.20	366,820	37,172	10.1%	-3,994	0	-3,994	--
Retail/Warehouse	$7.39 - $8.76	114,440	19,662	17.2%	-12,705	0	-12,705	--
Warehouse	$3.89 - $4.28	957,339	22,000	2.3%	16,625	0	16,625	7.9

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

increase of $1.00, and all other lease rates were relatively stable from the second half of 2014 to the first half of 2015.

Downtown Fayetteville/Dickson Street Area

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 939,113 square feet of office, office/retail, and retail space in the Downtown Fayetteville/Dickson Street area in the first half of 2015.
- There was positive net absorption of 15,252 square feet in the downtown Fayetteville area, with the office submarket accounting for 8,102 square feet in the first half of 2015.
- There was no new space added in downtown Fayetteville during the first half of 2015.
- The office space in downtown Fayetteville had a reported vacancy rate of 6.1 percent in the first half of 2015, down 1.8 percentage points from the second half of 2014. This was lower than the overall Fayetteville office vacancy rate of 9.0 percent.
- The office/retail vacancy rate for downtown Fayetteville properties decreased 1.0 percentage points to 2.5 percent. This compares to 9.4 percent in the same submarket for all of Fayetteville during the first half of 2015.
- The downtown Fayetteville retail vacancy rate decreased 4.0 percentage points to 9.9 percent, and stayed higher than the overall Fayetteville retail vacancy rate of 5.4 percent in the first half of 2015.
- Average reported lease rates in downtown Fayetteville remained relatively unchanged during the past six months in the others.

Northwest Arkansas Mall Area/ Joyce Street Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 3,894,842 square feet of office, office/retail, and retail space in the Northwest Arkansas Mall Area/Joyce Street Corridor in the first half of 2015.
- There was positive net absorption of 59,894 square feet of space during the first half of 2015 in the Northwest Arkansas Mall Area/Joyce Street Corridor, with office space accounting for 47,734 of this total.
- There were 21,728 square feet of new office space added to the north Fayetteville commercial market in the first half of 2015.
- The office space in north Fayetteville had a reported vacancy rate of 9.1 percent in the first half of 2015. This was lower than the second half of 2014 vacancy rate of 12.6 percent and was just higher than the 9.0 percent vacancy rate for all of Fayetteville.
- In the first half of 2015, the office/retail vacancy rate in north Fayetteville increased by 0.9 percentage points to 6.4 percent. The vacancy rate was below the city average office/retail vacancy rate of 9.0 percent.

Fayetteville Downtown/Dickson Street Area Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$13.41 - $15.25	452,702	27,701	6.1%	8,102	0	8,102	20.5
Office/Retail	$14.19 - $15.86	407,757	10,150	2.5%	4,008	0	4,008	15.2
Retail	$11.07 - $13.00	78,654	7,773	9.9%	3,142	0	3,142	14.8

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

Fayetteville

- Retail space in north Fayetteville had a reported vacancy rate of 4.8 percent in the first half of 2015, a decrease of 0.5 percent from the second half of 2014, and lower than the overall Fayetteville rate of 5.4 percent.
- Average reported lease rates decreased slightly in the office/retail submarket of the Mall Area/Joyce Street Corridor. Average reported lease rates in the other two submarkets remained relatively unchanged.

Martin Luther King, Jr. Boulevard Corridor

- In the first half of 2015, Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 414,284 square feet of office, office/retail, and retail space in the MLK Boulevard Corridor.
- There was no new competitive space added to southwest Fayetteville in the first six months of 2015.
- The MLK Boulevard Corridor of Fayetteville experienced net positive absorption of 1,875 square feet of space, with office space having 4,775 square feet of net positive absorption, and office/retail having net negative absorption of 2,900 square feet of space in the first half of 2015.
- Office space in the MLK Boulevard Corridor of Fayetteville had a reported vacancy rate of 10.7 percent in the first half of 2015. This was higher than the overall office vacancy rate of 9.0 percent for Fayetteville; however, the percentage decreased by a significant amount from 29.8 percent in the second half of 2014.
- From the second half of 2014 to the first half of 2015, the office/retail vacancy rate increased from 5.1 percent to 6.3 percent in the MLK Boulevard Corridor of Fayetteville, and was lower than the overall city average rate of 9.4 percent.
- The vacancy rate for retail space in the MLK Boulevard Corridor was 10.5 percent in the first half of 2015--the same as in the second half of 2014. The retail vacancy rate for all of Fayetteville was lower at 5.4 percent.
- Average reported lease rates increased by $0.63 in the office/retail submarkets in southwest Fayetteville over the past six months and the others remained relatively unchanged.

Fayetteville Mall/Joyce Street Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$15.02 - $15.91	1,533,857	139,543	9.1%	69,462	21,728	47,734	17.5
Office/Retail	$16.03 - $16.53	78,087	5,035	6.4%	400	0	400	75.5
Retail	$17.86 - $18.60	2,282,898	110,081	4.8%	11,760	0	11,760	56.2

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

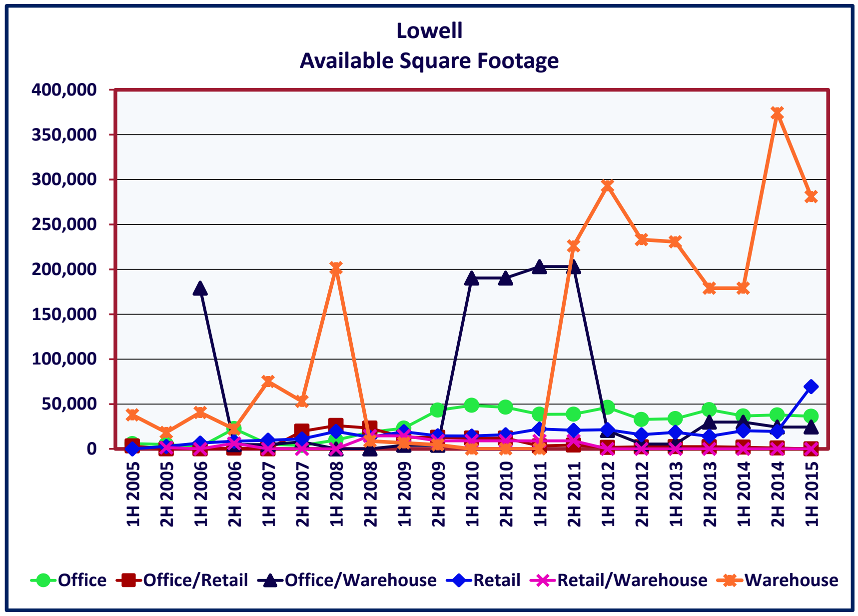
Fayetteville MLK Boulevard Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$10.75 - $10.75	25,125	2,700	10.7%	4,775	0	4,775	3.4
Office/Retail	$13.90 - $16.15	235,591	14,900	6.3%	-2,900	0	-2,900	--
Retail	$12.46 - $13.02	153,568	16,100	10.5%	0	0	0	--

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

Lowell

- From January 1 to June 30, 2015, Lowell issued building permits for $2,437,861 worth of new commercial space. The first half of 2015 value was 713.2 percent higher than the first half of 2014 value of $299,768. Lowell accounted for 3.2 percent of building permits issued in Northwest Arkansas in the first half of 2015.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,544,282 square feet of Lowell commercial space in the first half of 2015.
- In the first half of 2015, Lowell had net positive absorption of 45,890 square feet overall. The warehouse submarket had the greatest amount of positive net absorption with 93,400 square feet, while the retail submarket had the most negative net absorption with 50,000 square feet.
- There was no new commercial space added in Lowell in the first half of 2015.
- Reported vacancy rates increased in the retail submarket and decreased in the office, office/retail, and warehouse submarkets, while remaining the same in medical office, office/warehouse and retail/warehouse from the second half of 2014 to the first half of 2015.
- Average reported lease rates in Lowell from the second half of 2014 to the first half of 2015 remained relatively stable.



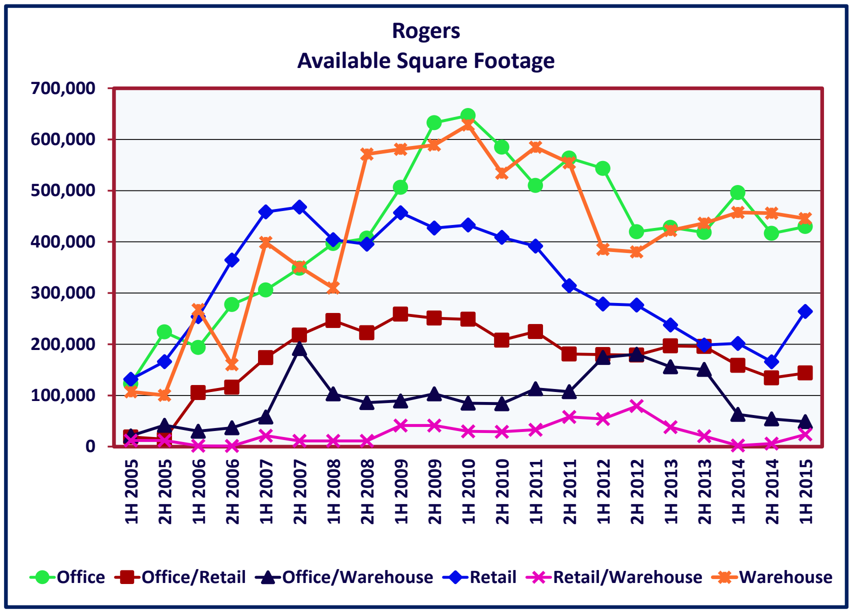
Lowell Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	--	57,180	0	0.0%	0	0	0	--
Office	$14.60 - $14.67	319,479	36,359	11.4%	1,490	0	1,490	146.4
Class A	$18.83 - $18.83	109,330	20,319	18.6%	0	0	0	--
Class B	$12.28 - $12.39	127,550	16,040	12.6%	-2,210	0	-2,210	--
Class C	--	--	--	--	--	--	--	--
Medical	$17.33 - $17.33	82,599	0	0.0%	3,700	0	3,700	0.0
Office/Retail	$9.63 - $10.38	65,470	0	0.0%	1,000	0	1,000	0.0
Class A	--	--	--	--	--	--	--	--
Class B	$11.67 - $12.67	48,310	0	0.0%	1,000	0	1,000	0.0
Class C	$3.50 - $3.50	17,160	0	0.0%	0	0	0	--
Office/Warehouse	$5.62 - $6.03	92,298	24,400	26.4%	0	0	0	--
Retail	$12.38 - $15.88	125,762	69,401	55.2%	-50,000	0	-50,000	--
Class A	--	50,000	50,000	100.0%	-50,000	0	-50,000	--
Class B	$12.38 - $15.88	75,762	19,401	25.6%	0	0	0	--
Class C	--	--	--	--	--	--	--	--
Retail/Warehouse	$10.19 - $10.19	26,700	0	0.0%	0	0	0	--
Warehouse	$3.53 - $3.53	857,393	280,955	32.8%	93,400	0	93,400	18.0

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

Rogers

- From January 1 to June 30, 2015, Rogers issued building permits for $24,350,596 worth of new commercial space. The first half of 2015 value was 110.5 percent higher than the first half of 2014 value of $11,563,338. Rogers accounted for 32.4 percent of the commercial permits issued in Northwest Arkansas during the first half of 2015.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 9,929,032 square feet of commercial space in the first half of 2015.
- In the first half of 2015, Rogers had overall negative net absorption of 87,385 square feet. The retail submarket had the greatest amount of negative net absorption of 94,316 square feet. The warehouse market had the most positive net absorption with 10,521 square feet.
- In the first half of 2015, 48,349 square feet of new retail space were added to the Rogers market.
- Reported vacancy rates in the first half of 2015 decreased in the office/warehouse and warehouse submarkets, while increasing in the office, office/retail, retail, and retail/warehouse submarkets and remaining the same in medical office and industrial submarkets.
- The most significant changes in average reported lease rates in Rogers from the second half of 2014 to the first half of 2015 were increases of $0.51 in the medical office submarket, $0.50 in the warehouse submarket, and $0.42 in the Class B retail submarket. All other lease rates remained relatively unchanged.



Rogers Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Lab	$10.00 - $12.00	9,482	0	0.0%	0	0	0	--
Industrial	$4.19 - $4.19	442,421	148,525	33.6%	0	0	0	--
Office	$14.47 - $15.29	2,728,064	429,834	15.8%	7,936	0	7,936	325.0
Class A	$19.27 - $21.49	1,431,777	207,319	14.5%	16,005	0	16,005	77.7
Class B	$14.78 - $15.22	733,549	81,500	11.1%	-3,217	0	-3,217	--
Class C	$9.05 - $9.60	219,409	89,022	40.6%	-11,549	0	-11,549	--
Medical	$13.14 - $13.43	343,329	51,993	15.1%	6,697	0	6,697	46.6
Office/Retail	$10.29 - $11.78	837,912	143,682	17.1%	-9,426	0	-9,426	--
Class A	$18.38 - $19.63	133,127	28,375	21.3%	-13,540	0	-13,540	--
Class B	$11.36 - $12.40	384,486	77,199	20.1%	9,534	0	9,534	48.6
Class C	$7.70 - $9.53	320,299	38,108	11.9%	-5,420	0	-5,420	--
Office/Warehouse	$6.07 - $6.41	470,562	48,689	10.3%	5,500	0	5,500	53.1
Retail	$12.53 - $13.40	2,743,286	264,112	9.6%	-45,967	48,349	-94,316	--
Class A	$19.79 - $21.23	1,668,552	90,404	5.4%	55,662	43,349	12,313	44.1
Class B	$11.99 - $12.96	656,234	115,756	17.6%	-101,156	5,000	-106,156	--
Class C	$8.29 - $8.70	418,500	57,952	13.8%	-473	0	-473	--
Retail/Warehouse	$5.86 - $6.03	181,695	23,691	13.0%	-7,600	0	-7,600	--
Warehouse	$3.95 - $4.13	2,515,610	445,537	17.7%	10,521	0	10,521	254.1

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

Rogers

Downtown Rogers

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 281,962 square feet of office, office/retail, and retail space in Downtown Rogers in the first half of 2015.
- No new commercial space was added to downtown Rogers in the first six months of 2015.
- The office space in Downtown Rogers had negative net absorption of 11,680 square feet, and had a vacancy rate of 34.2 percent in the first half of 2015, more than double the 16.4 percent in the second half of 2014. The downtown vacancy rate was higher than the overall average office vacancy rate for Rogers, which was 15.8 percent during the same period.
- The office/retail submarket had negative net absorption of 9,500 square feet, and had an increase in the vacancy rate to 34.1 percent from the second half of 2014 rate of 21.4 percent in the downtown area. This compares to a vacancy rate of 17.1 percent for all of Rogers.
- Downtown Rogers experienced negative net absorption of 169 square feet of retail space during the first half of 2015. The average retail vacancy rate for downtown Rogers properties for the first half of 2015 decreased to 9.4 percent from 10.0 in the second half of 2014, as additional properties were included, and was lower than the 9.6 percent average rate for all of Rogers.
- Average reported lease rates for downtown Rogers remained relatively stable in the first half of 2015.

Rogers Interstate 49 Corridor

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 3,967,748 square feet of office, office/retail, and retail space along the Rogers I-49 corridor in the first half of 2015.
- 48,349 feet of new retail space were added to the Rogers I-49 corridor submarket in the first six months of 2015.
- Office space along the Rogers I-49 corridor experienced positive net absorption of 25,085 square feet during the first half of 2015. The reported average vacancy rate was 11.5 percent in the first half of 2015, lower than 12.3 in the second half of 2014. This was lower than the overall average office vacancy rate for all of Rogers at 15.8 percent.
- Office/retail space along the Rogers I-49 corridor experienced negative net absorption of 11,325 square feet in the first half of 2015. The office/retail submarket had a 15.8 percent vacancy rate, an increase from 6.4 percent reported in the second half of 2014. This compares to a vacancy rate of 17.1 percent for all of Rogers.
- There were 12,266 square feet of positive net absorption in the retail submarket for the Rogers I-49 corridor properties. The average retail vacancy rate for the first half of 2015 was 4.9 percent, a decrease from 5.3 percent in the second half of 2014, and was lower than 9.6 percent average rate for all of Rogers.
- Average reported lease rates remained relatively stable in the Rogers I-49 area in the first half of 2015.

Rogers Downtown Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$10.38 - $11.14	88,816	30,405	34.2%	-11,680	0	-11,680	--
Office/Retail	$7.83 - $10.97	74,825	25,500	34.1%	-9,500	0	-9,500	--
Retail	$8.81 - $9.32	118,321	11,089	9.4%	-169	0	-169	--

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

Rogers

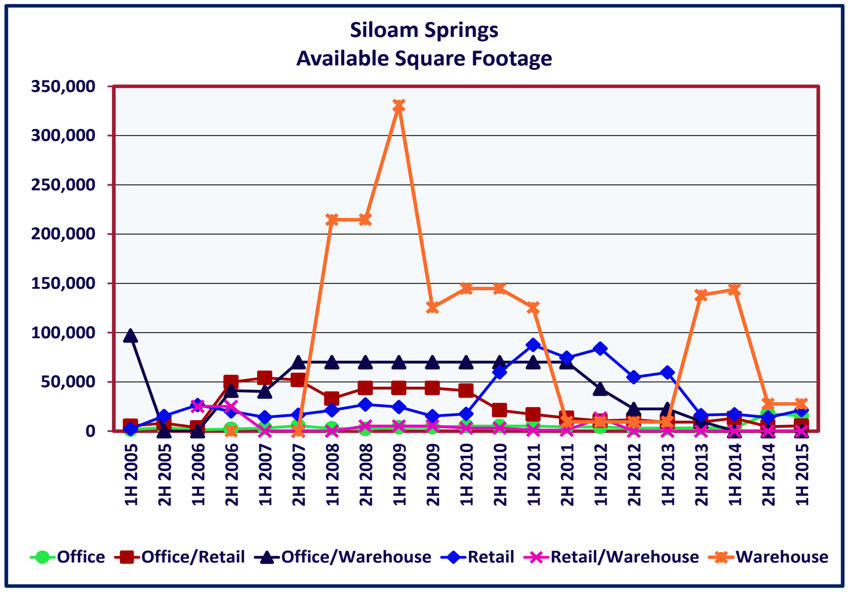
Rogers I-49 Corridor Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$17.88 - $19.06	1,889,028	216,701	11.5%	25,085	0	25,085	51.8
Office/Retail	$18.88 - $19.38	121,291	19,106	15.8%	-11,325	0	-11,325	--
Retail	$17.96 - $19.27	1,957,429	96,551	4.9%	60,615	48,349	12,266	47.2

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

Siloam Springs

- From January 1 to June 30, 2015, Siloam Springs issued commercial building permits worth $6,095,000. The first half of 2015 value was 770.7 percent higher than the first half of 2014 value of 700,000. Siloam Springs accounted for 8.1 percent of the commercial permits issued in Northwest Arkansas during the first half of 2015.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 1,378,191 square feet of commercial space for Siloam Springs in the first half of 2015.
- 3,000 square feet of new retail space entered the Siloam Springs market in the first half of 2015.
- In the first half of 2015, Siloam Springs experienced overall positive net absorption of 1,400 square feet.
- Vacancy rates from the second half of 2014 to the first half of 2015 decreased in the office and warehouse submarkets, while increasing in the office/retail and retail submarkets, and remaining the same in the medical office, office/warehouse, retail/warehouse, and industrial submarkets.
- Average lease rates did not change significantly in the first half of 2015 in any submarket in Siloam Springs.



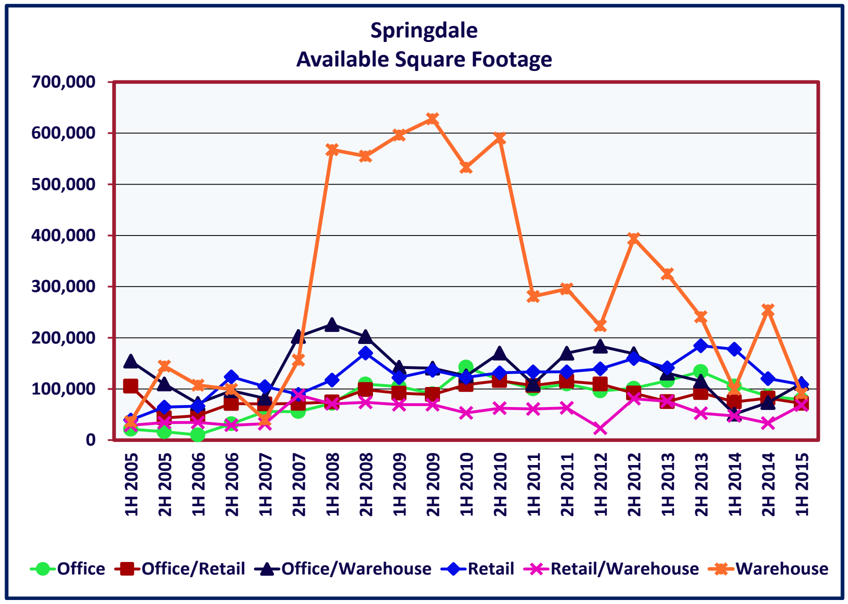
Siloam Springs Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Industrial	--	240,589	0	0.0%	0	0	0	--
Office	$10.02- $11.58	141,459	15,634	11.1%	2,000	0	2,000	46.9
Class A	--	--	--	--	--	--	--	--
Class B	$7.39 - $8.27	22,334	14,334	64.2%	0	0	0	--
Class C	$6.42 - $8.28	15,021	0	0.0%	0	0	0	--
Medical	$13.38 - $14.88	104,104	1,300	1.2%	2,000	0	2,000	3.9
Office/Retail	$7.86 - $9.87	149,285	5,500	3.7%	-1,000	0	-1,000	--
Class A	$12.00 - $16.00	56,085	1,500	2.7%	0	0	0	--
Class B	$9.42 - $10.70	71,790	4,000	5.6%	-1,000	0	-1,000	--
Class C	$4.49 - $7.09	21,410	0	0.0%	0	0	0	--
Office/Warehouse	$2.73 - $2.73	114,502	0	0.0%	0	0	0	--
Retail	$9.09 - $9.68	325,832	21,322	6.5%	3,400	3,000	400	319.8
Class A	--	--	--	--	--	--	--	--
Class B	$11.22 - $11.62	170,222	13,524	7.9%	2,200	3,000	-800	--
Class C	$5.91 - $6.78	155,610	7,798	5.0%	1,200	0	1,200	39.0
Retail/Warehouse	$4.90 - $6.74	68,028	0	0.0%	0	0	0	--
Warehouse	$3.64 - $3.84	338,496	27,635	8.2%	0	0	0	--

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

Springdale

- From January 1 to June 30, 2015, Springdale issued $12,775,373 worth of building permits for new commercial space. This was an increase of 80.1 percent from the $7,094,799 issued in the first half of 2014. Springdale accounted for 17.0 percent of the commercial permits issued in Northwest Arkansas for the first half of 2015.
- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 7,459,136 square feet of commercial space in Springdale in the first half of 2015.
- In the first half of 2015, 18,338 square feet of office space and 7,200 square feet of retail space were added to the Springdale market.
- In the first half of 2015, Springdale experienced overall positive net absorption of 162,485 square feet. The warehouse submarket had the greatest amount of positive net absorption with 187,800 square feet, while the office/warehouse and retail/warehouse submarkets had the largest amounts of negative net absorption of 26,300 and 22,000 square feet, respectively.
- Reported vacancy rates decreased in the office, office/retail, retail, and warehouse submarkets, increased in office/warehouse, and retail/warehouse, while remaining the same in medical office in Springdale from the second half of 2014 to the first half of 2015.



Springdale Commercial Real Estate Market Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Lab	--	5,224	5,224	100.0%	0	0	0	--
Industrial	$4.06 - $4.92	759,939	333,649	43.9%	0	0	0	--
Office	$11.70 - $12.50	906,364	79,016	8.7%	19,550	18,338	1,212	391.2
Class A	$18.28 - $19.28	65,501	0	0.0%	0	0	0	--
Class B	$12.26 - $13.49	395,175	21,072	5.3%	10,110	18,338	-8,228	--
Class C	$9.27 - $9.53	143,055	9,648	6.7%	7,856	0	7,856	7.4
Medical	$13.05 - $13.68	302,633	48,296	16.0%	1,584	0	1,584	182.9
Office/Retail	$10.22 - $11.22	509,422	71,886	14.1%	10,111	0	10,111	42.7
Class A	--	--	--	--	--	--	--	--
Class B	$12.21 - $13.45	243,647	42,631	17.5%	3,321	0	3,321	77.0
Class C	$8.65 - $9.46	265,775	29,255	11.0%	6,790	0	6,790	25.9
Office/Warehouse	$5.37 - $6.51	1,546,021	110,679	7.2%	-26,300	0	-26,300	--
Retail	$10.48 - $11.20	1,130,228	108,638	9.6%	18,862	7,200	11,662	55.9
Class A	--	--	--	--	--	--	--	--
Class B	$13.80 - $14.40	748,446	95,738	12.8%	18,862	7,200	11,662	49.3
Class C	$7.62 - $8.45	381,782	12,900	3.4%	0	0	0	--
Retail/Warehouse	$6.10 - $6.67	421,019	68,255	16.2%	-22,000	0	-22,000	--
Warehouse	$3.68 - $4.06	2,180,919	91,175	4.2%	187,800	0	187,800	2.9

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

Springdale

- The average reported lease rate in the retail/warehouse submarket had a significant increase of $0.49 while all other lease rates remained relatively stable in the first six months of 2015.

Downtown Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 311,079 square feet of office, office/retail, retail, retail/warehouse and warehouse space in downtown Springdale in the first half of 2015.
- There were no new square feet of commercial property added to downtown Springdale in the first half of 2015.
- There was no absorption in the office market in downtown Springdale in the first half of 2015.
- The office space in downtown Springdale reported average vacancy rate remained constant in the second half at 1.1 percent in accordance with absorption. The rate was lower than the overall Springdale average office vacancy rate of 8.7 percent.
- 79.3 of all reported office/retail space continued to be available in downtown Springdale in the second half, compared to a 14.1 percent vacancy rate for all of Springdale.
- All reported retail space in downtown Springdale was occupied. Meanwhile, the average retail vacancy rate for all of Springdale was 9.6 percent.
- All average reported lease rates for downtown Springdale remained relatively unchanged in the first half of 2015.

West Springdale

- Skyline Report panelists reported vacancy statistics, lease rate ranges, and other characteristics for 588,642 square feet of office, office/retail, and retail space in West Springdale in the first half of 2015.
- 11,520 new square feet of office space were added to West Springdale in the first half of 2015.
- The office space in West Springdale had a reported an increase of 2.1 percent to an average vacancy rate of 5.2 percent in the first half of 2015, as there was negative net absorption of 3,000 square feet. The rate was lower than the city average office vacancy rate of 8.7 percent.
- The average office/retail vacancy rate in West Springdale was 13.3 percent in first half of 2015, a decrease of 2.0 percent, as there was positive net absorption of 1,001 square feet. The rate was below the overall city average office/retail vacancy rate of 14.1 percent.
- The retail vacancy rate for West Springdale properties increased by 2.7 percent to 18.2 percent in the first half of 2015, as there was negative net absorption of 11,004 square feet, and was above the city average retail vacancy rate of 9.6 percent.
- Average reported lease rates for West Springdale increased in the retail submarket by $2.13, and remained unchanged in the other submarkets in the first half of 2015.

Downtown Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$9.49 - $10.16	209,494	2,248	1.1%	0	0	0	--
Office/Retail	$11.10 - $16.27	24,191	19,191	79.3%	-18,316	0	-18,316	--
Retail	$7.26 - $7.26	77,394	0	0.0%	4,992	0	4,992	0.0

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

West Springdale Summary Statistics

	Average Lease Rate Range	Total Square Feet[1]	Available Square Feet[1]	Percent Available[1]	Absorption[2]	New Available Square Feet[1]	Net Absorption[2]	Months of Inventory[2]
Office	$15.25- $15.59	112,788	3,500	3.1%	2,212	0	2,212	9.5
Office/Retail	$13.25 - $13.75	55,550	8,491	15.3%	6,270	0	6,270	8.1
Retail	$11.63 - $12.63	408,604	63,396	15.5%	0	0	0	--

[1]From all 1H 2015 respondents
[2]From 1H 2015 respondents who were also 2H 2014 respondents

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

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

The 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 first half of 2015, 236 panelists provided data on 1,760 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 1,760 properties and are assumed to be representative of the larger competitive commercial property market.

The panel participants vary somewhat from report to report 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 reporting periods 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 half year.

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 Walmart vendor community. These spaces have average range rents. The buildings are attractive, but not necessarily brand new, and have a lower level of material quality than Class A buildings. Many amenities are not included in the base lease price of Class B buildings.

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