

THE

SKYLINE REPORT

SPONSORED BY ARVEST BANK

**April 2006
Highlights**

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**Residential Real Estate Market Summary,
Prepared Exclusively under Contract
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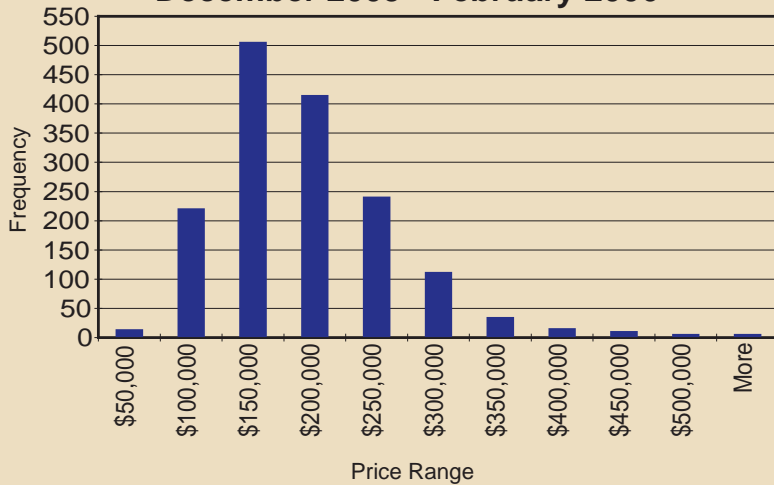
Residential Real Estate Market Summary for Benton and Washington Counties

This report contains highlights from the Residential Skyline Report for Benton and Washington Counties. 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 real estate markets. The information contained in the Skyline Report is critical for lenders, developers, contractors, and potential lessees. As the population of Northwest Arkansas burgeons, it is imperative that real estate markets work efficiently in order to meet the demand of new and existing residents. The Skyline Report includes the information that is necessary to help market participants make good decisions.

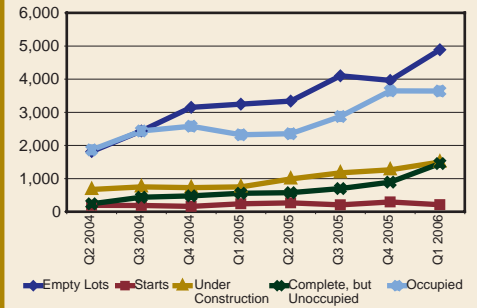
Highlights from the First Quarter of 2006

- Bella Vista accounted for 20 percent of the 1,562 Northwest Arkansas residential building permits issued from December 2005 through February 2006. Rogers, Bentonville, Centerton, Springdale, and Fayetteville followed with 16, 13, 12, 11, and 9 percents respectively.
- There were 19,206 lots in the 269 active subdivisions in Northwest Arkansas in the first quarter.
- From the fourth quarter of 2005 to the first quarter of 2006, 1,051 houses in active subdivisions became occupied. This absorption rate is an increase from the fourth quarter total of 913 and the first quarter 2005 total of 873.
- Using the most recent annual absorption rate implies that the supply of remaining lots in Northwest Arkansas active subdivisions is sufficient for 35.9 months.
- In the first quarter of 2006, there were 2,084 complete but unoccupied houses. Benton County experienced an increase of 160 percent in available complete inventory from the first quarter of 2005, with a 63 percent increase in the most recent quarter alone. Washington County experienced a smaller inventory increase of 71 percent over the past year.
- There were an additional 19,200 residential lots that have been at least preliminarily approved in Northwest Arkansas. Adding these proposed lots to those in active subdivisions yields a whopping 95.6 months of inventory in Northwest Arkansas.
- From November 16, 2005 to February 15, 2006, there were 1,613 existing houses sold in Benton and Washington Counties. This is an increase of 1.3 percent from the same time in 2004 and 2005.
- In the first quarter of 2006 in Northwest Arkansas, the average sales price of existing houses increased from first quarter 2005 levels by 6.3 percent in Washington County and by 6.4 percent in Benton County.

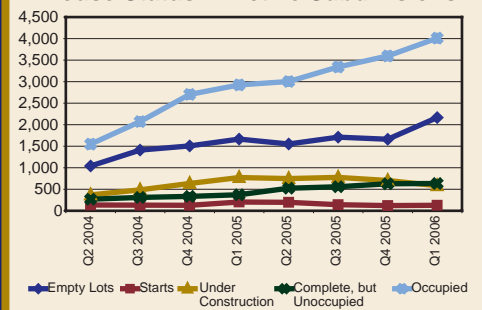
Benton and Washington Counties Distribution of Residential Building Permit Values December 2005 - February 2006



Benton County House Status in Active Subdivisions



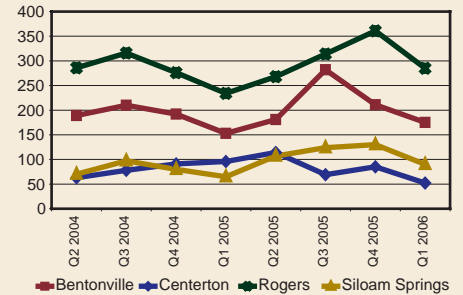
Washington County House Status in Active Subdivisions



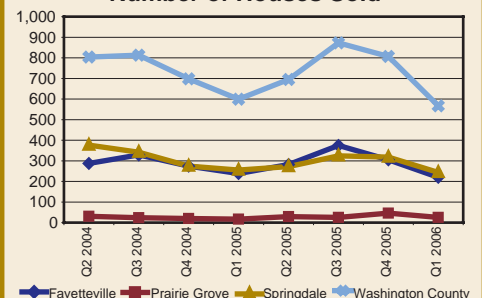
Benton and Washington Counties Number and Average Value of Residential Building Permits Q1 2005 and Q1 2006

City	Q1 2005 Number of Building Permits	Q1 2006 Number of Building Permits	Q1 2005 Average Value of Building Permits	Q1 2006 Average Value of Building Permits
Bella Vista	192	315	\$159,878	\$170,230
Bentonville	162	197	\$216,849	\$237,525
Bethel Heights	29	16	\$53,760	\$49,656
Cave Springs	15	9	\$366,333	\$399,556
Centerton	65	189	\$129,502	\$122,478
Decatur	11	1	\$50,909	-
Elkins	31	16	\$92,039	\$79,692
Farmington	13	2	\$96,615	\$220,000
Fayetteville	130	138	\$184,563	\$191,451
Gentry	-	42	-	\$83,905
Goshen	7	2	\$325,315	\$244,850
Gravette	16	16	\$86,283	\$82,203
Greenland	5	13	\$102,000	\$101,754
Johnson	7	5	\$280,571	\$277,159
Lincoln	13	10	\$118,952	\$138,399
Little Flock	2	2	\$155,000	\$209,925
Lowell	10	7	\$304,990	\$279,843
Pea Ridge	38	95	\$99,067	\$107,989
Prairie Grove	30	27	\$102,033	\$117,556
Rogers	176	243	\$173,601	\$179,250
Siloam Springs	81	44	\$137,744	\$132,138
Springdale	230	165	\$200,899	\$188,964
Tontitown	-	2	-	\$382,463
West Fork	4	6	\$115,000	\$114,000
Northwest Arkansas	1,267	1,562	\$170,680	\$168,708

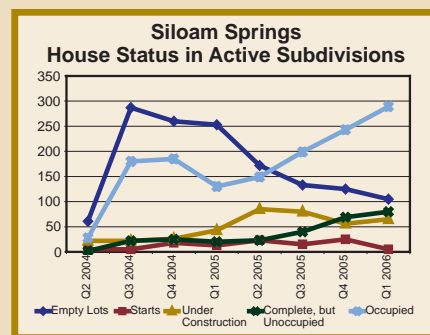
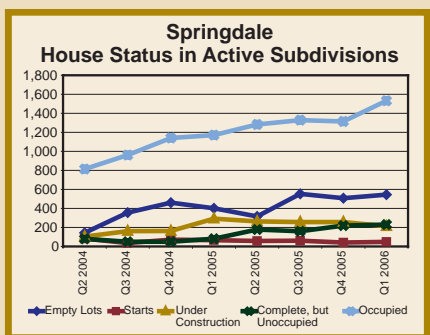
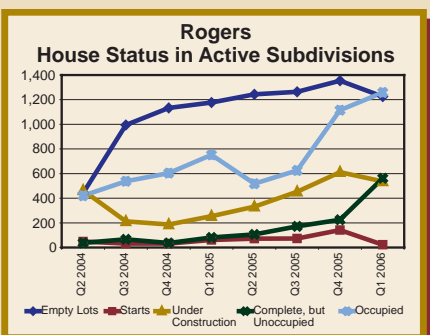
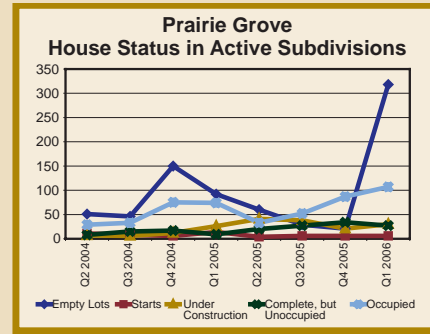
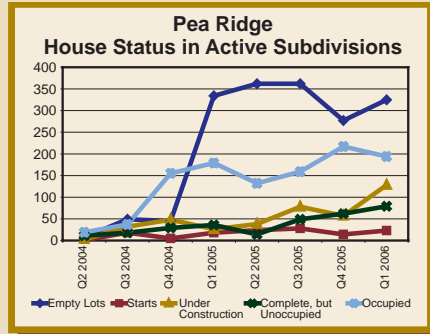
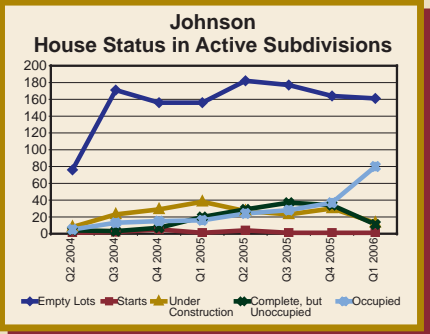
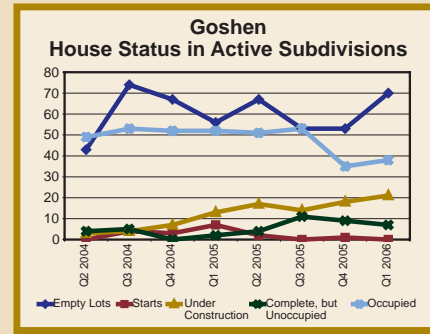
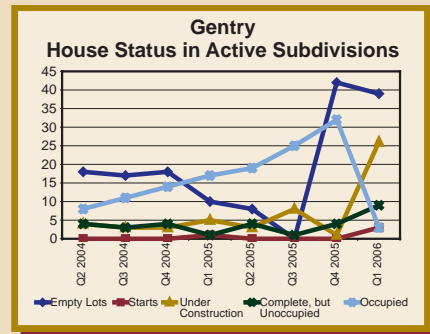
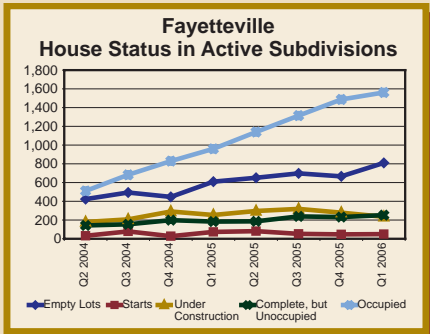
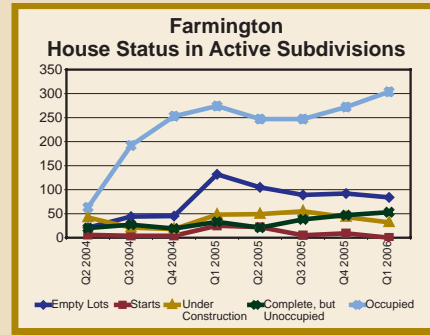
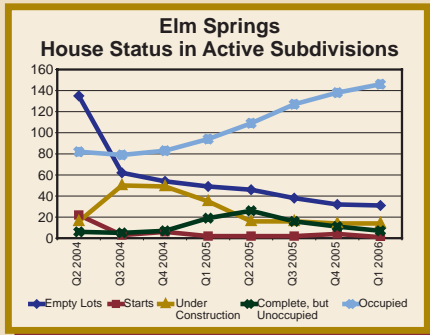
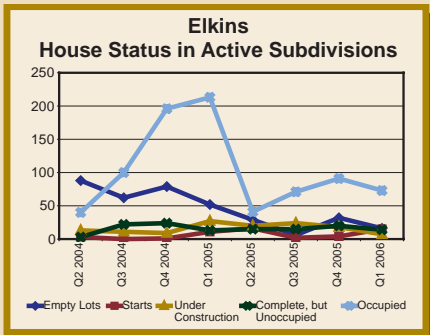
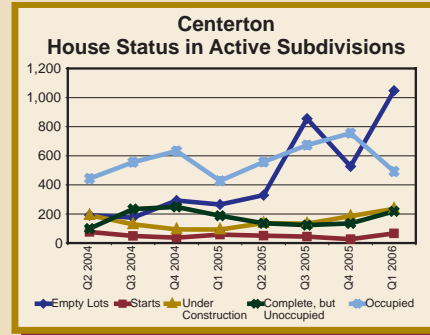
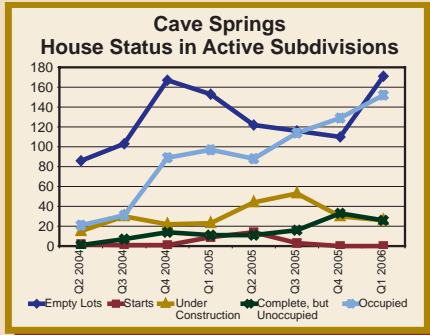
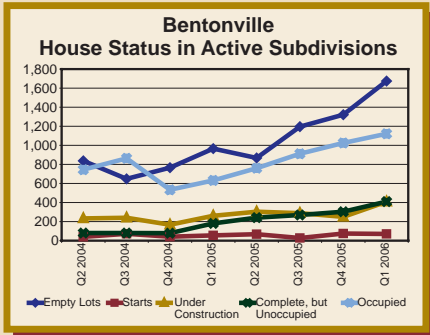
Benton County Number of Houses Sold



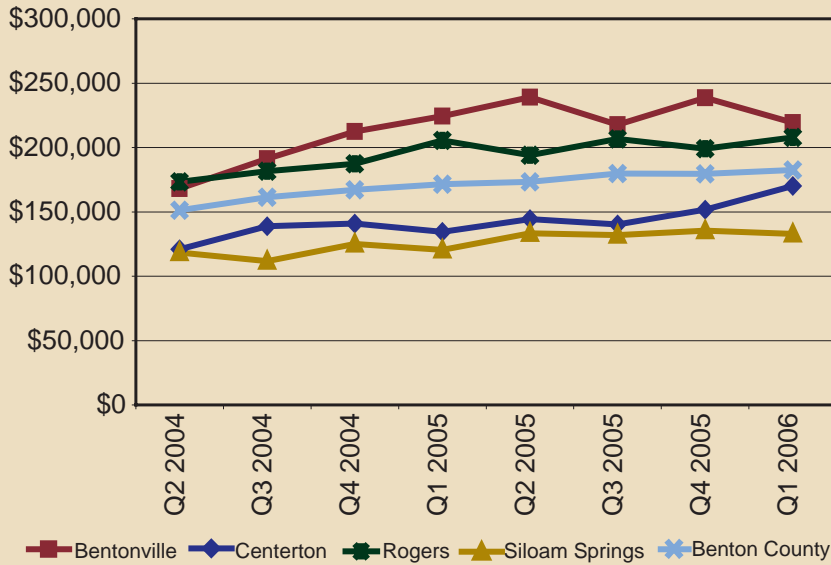
Washington County Number of Houses Sold



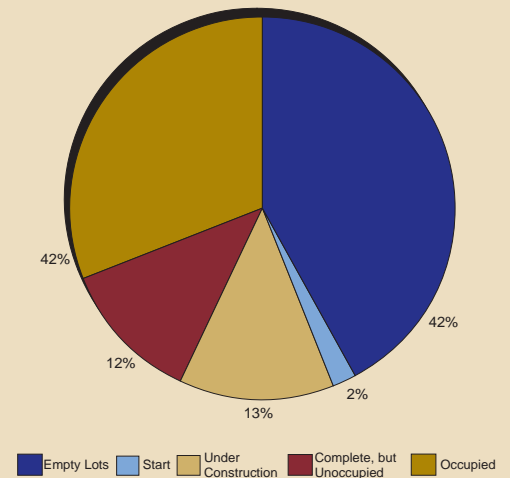
House Status Trends by City



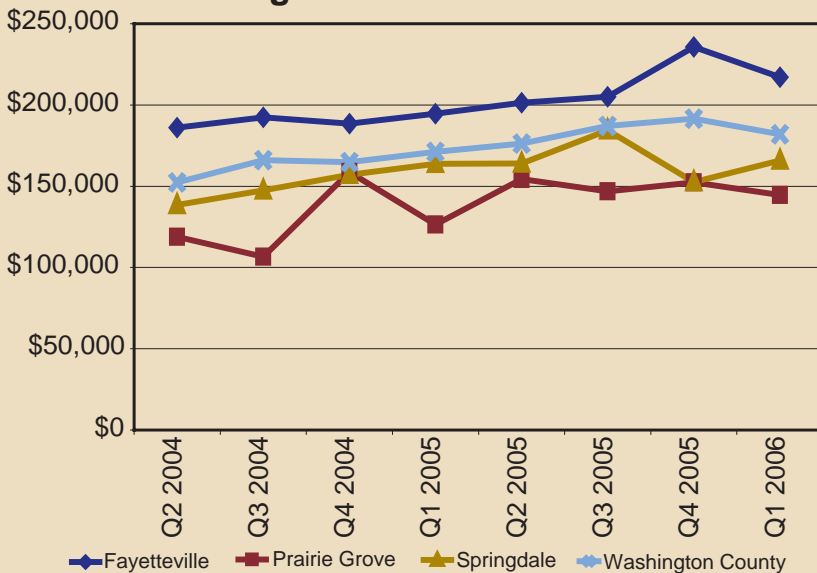
Benton County Average Price of Houses Sold



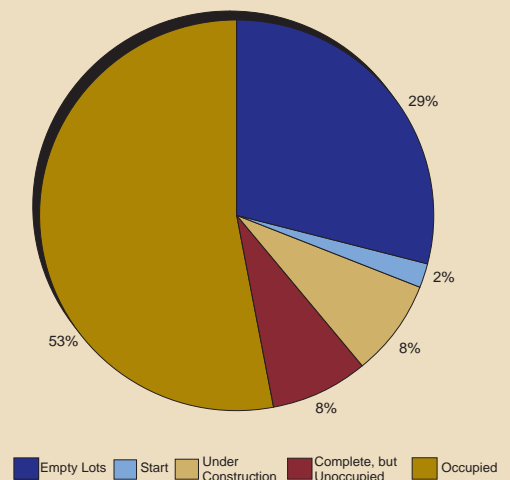
Benton County Status of Houses in Active Subdivisions by Percentage Q1 2006



Washington County Average Price of Houses Sold



Washington County Status of Houses in Active Subdivisions by Percentage Q1 2006



House Status in Active Subdivisions and Coming Lots from Major Cities Q1 2006

City	Empty Lots	Starts	Under Construction	Complete, but Unoccupied	Occupied	Total Lots in Active Subdivisions	Absorbed Lots	Approved Lots, Not Yet Active
Bentonville	1,675	70	408	409	1,122	3,684	106	3,045
Centerton	1,047	66	235	218	492	2,058	81	3,854
Fayetteville	810	49	234	253	1,561	2,907	164	2,531
Prairie Grove	318	6	30	27	107	488	20	338
Rogers	1,225	23	536	562	1,258	3,604	171	2,390
Siloam Springs	105	5	65	80	289	544	47	1,010
Springdale	545	48	213	231	1,533	2,570	218	2,608