



THE SKYLINE REPORT

SPONSORED BY ARVEST BANK

**May 2007
Highlights**

Contents

Highlights.....	1
Residential Summary	2

**Residential Real Estate Market Summary,
Prepared Exclusively under Contract
Agreement for ARVEST BANK**



**SAM M.
WALTON
COLLEGE of BUSINESS**

Center for Business and Economic Research

**Center for Business and Economic Research
Sam M. Walton College of Business
University of Arkansas
Fayetteville, AR 72701
Telephone: 479.575.4151
<http://cber.uark.edu/>**

The information contained herein has been obtained from reasonably reliable sources. The Center for Business and Economic Research makes no guarantee, either expressed or implied, as to the accuracy of such information. All data contained herein is subject to errors, omissions and changes. Reproduction in whole or in part, without prior written consent is prohibited.

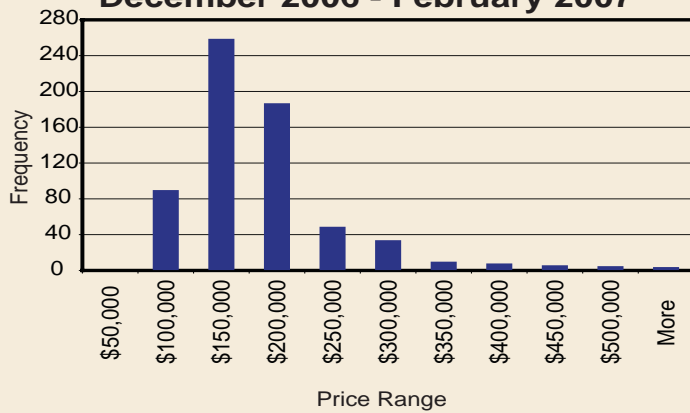
Residential Real Estate Market Summary for Benton and Washington Counties

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.

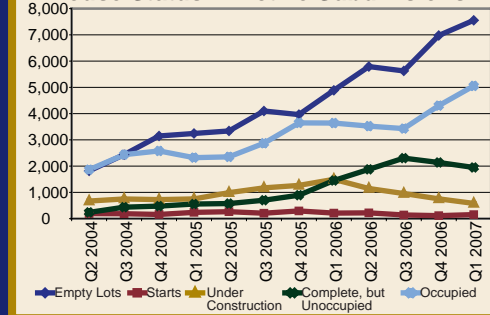
Highlights from the First Quarter of 2007

- Fayetteville accounted for 22 percent and Rogers accounted for 13 percent of the 632 Northwest Arkansas residential building permits issued from December 2006 to February 2007. Bentonville, Springdale, and Bella Vista followed with 12, 11, and 11 percents respectively.
- There were 25,144 lots in the 325 active subdivisions in Northwest Arkansas in the first quarter.
- From the fourth quarter of 2006 to the first quarter of 2007, 1,217 houses in active subdivisions became occupied. This absorption rate is an increase from the fourth quarter 2006 total of 1,121 and from the first quarter 2006 total of 1,051.
- Using the most recent annual absorption rate implies that the supply of remaining lots in Northwest Arkansas active subdivisions is sufficient for 49.9 months, down just slightly from 50.0 months in the fourth quarter of 2006.
- In the first quarter of 2006, there were 2,775 complete but unoccupied houses, a decrease from 2,973 in the fourth quarter. Benton County experienced a decline of 8.8 percent in available complete inventory from the fourth quarter of 2006, but an increase of 34.4 percent from the first quarter of 2006. In comparison, Washington County experienced a 1.2 percent inventory decline over the past quarter and a cumulative increase of 30.3 percent over the past year.
- There were an additional 18,091 residential lots that have been at least preliminarily approved in Northwest Arkansas. Adding these proposed lots to those in active subdivisions yields a whopping 105.1 months of inventory in Northwest Arkansas.
- From November 16, 2006 to February 15, 2007, there were 1,784 existing houses sold in Benton and Washington Counties. This is a decline of 14.3 percent from the same time period in 2005 and 2006.
- In the first quarter of 2007 in Northwest Arkansas, the average sales price of existing houses declined from first quarter 2006 levels by 4.5 percent in Washington County and increased by 7.8 percent in Benton County.

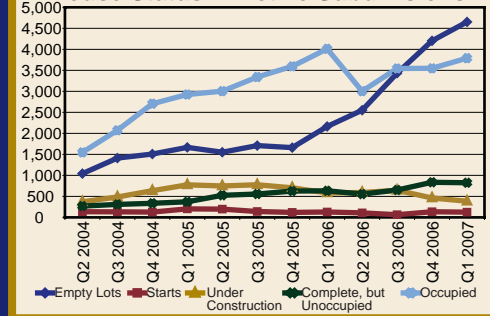
Benton and Washington Counties Distribution of Residential Building Permit Values December 2006 - February 2007



Benton County House Status in Active Subdivisions



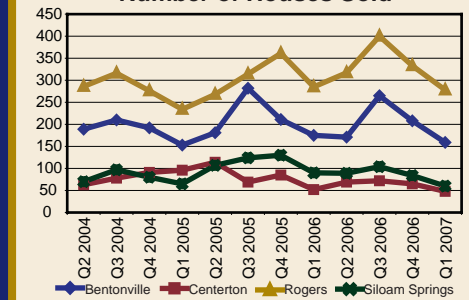
Washington County House Status in Active Subdivisions



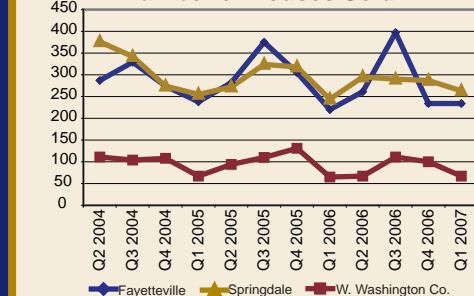
Benton and Washington Counties Number and Average Value of Residential Building Permits Q1 2006 and Q1 2007

City	Q1 2006 Number of Building Permits	Q1 2007 Number of Building Permits	Q1 2006 Average Value of Building Permits	Q1 2007 Average Value of Building Permits
Bella Vista	315	69	\$170,230	\$186,394
Bentonville	197	77	\$237,525	\$185,713
Bethel Heights	16	10	\$49,656	\$112,850
Cave Springs	9	4	\$399,556	\$216,334
Centerton	189	64	\$122,478	\$115,377
Decatur	1	0	--	--
Elkins	16	26	\$79,692	\$115,842
Elm Springs	0	2	--	\$241,000
Farmington	2	0	\$220,000	--
Fayetteville	138	136	\$191,451	\$151,659
Gentry	42	6	\$83,905	\$92,933
Goshen	2	2	\$244,850	\$247,456
Gravette	16	1	\$82,203	\$99,700
Greenland	13	1	\$101,754	\$104,000
Johnson	5	4	\$277,159	\$256,718
Lincoln	10	2	\$138,399	\$77,188
Little Flock	2	1	\$209,925	\$215,500
Lowell	7	4	\$279,843	\$207,433
Pea Ridge	95	35	\$107,989	\$116,201
Prairie Grove	27	6	\$117,556	\$158,500
Rogers	243	82	\$179,250	\$158,299
Siloam Springs	44	25	\$132,138	\$197,481
Springdale	165	70	\$188,964	\$186,194
Tontitown	2	3	\$382,853	\$606,833
West Fork	6	2	\$114,000	\$120,000
Northwest Arkansas	1,562	632	\$168,708	\$161,390

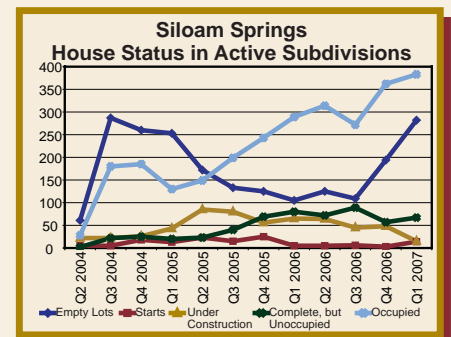
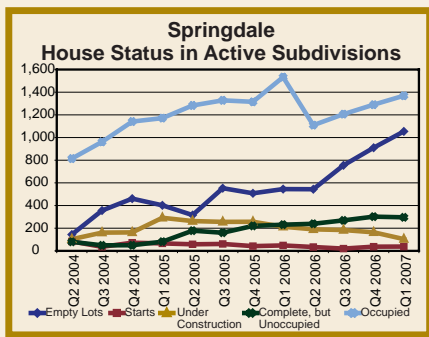
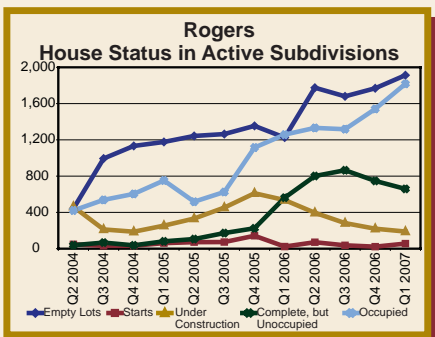
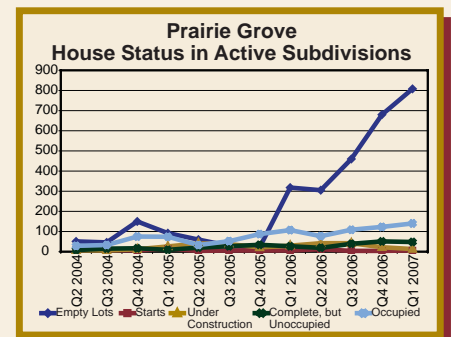
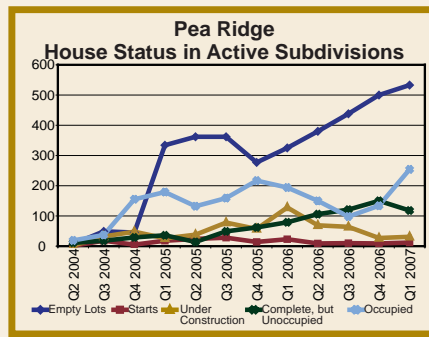
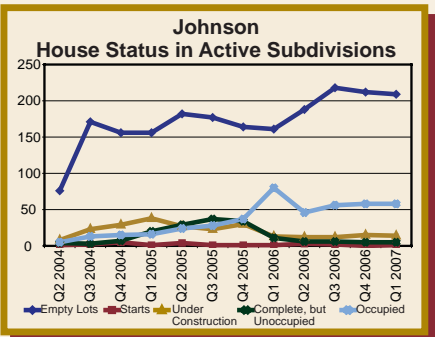
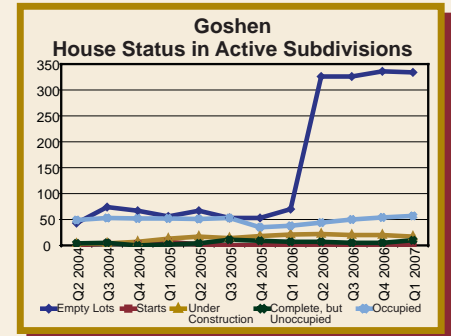
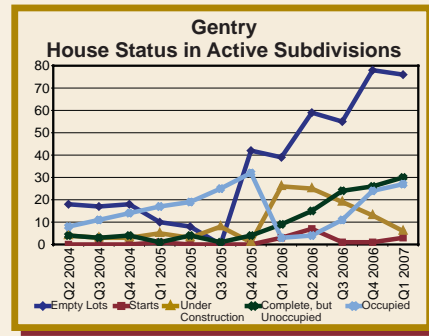
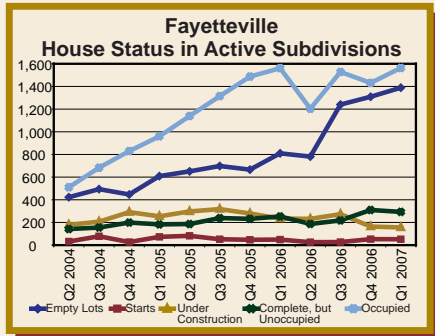
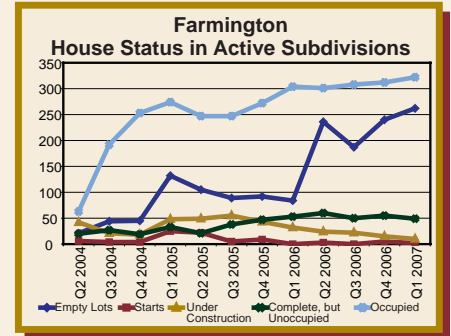
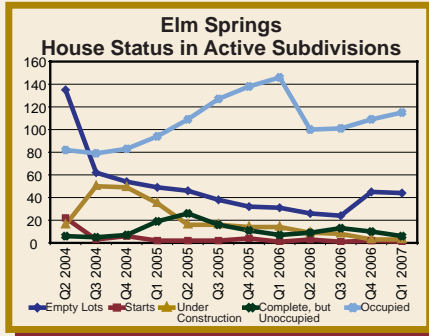
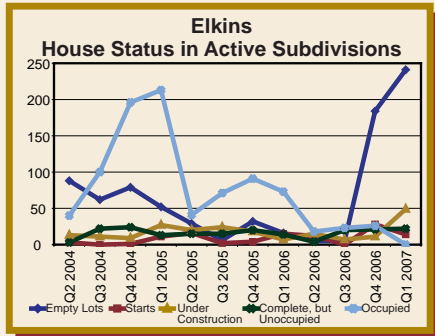
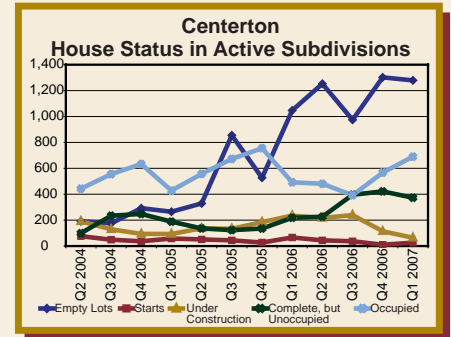
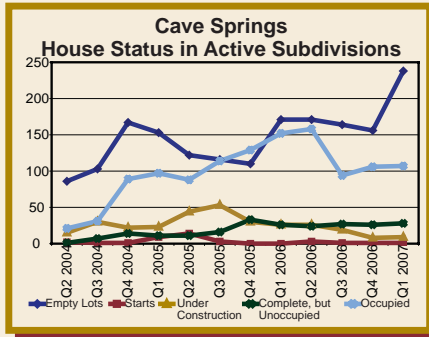
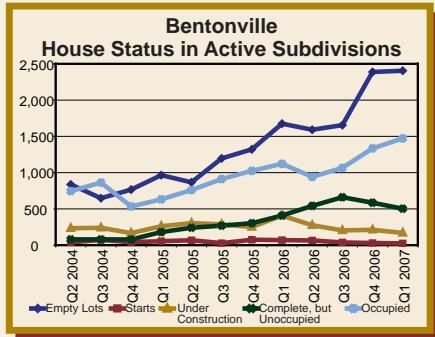
Benton County Number of Houses Sold



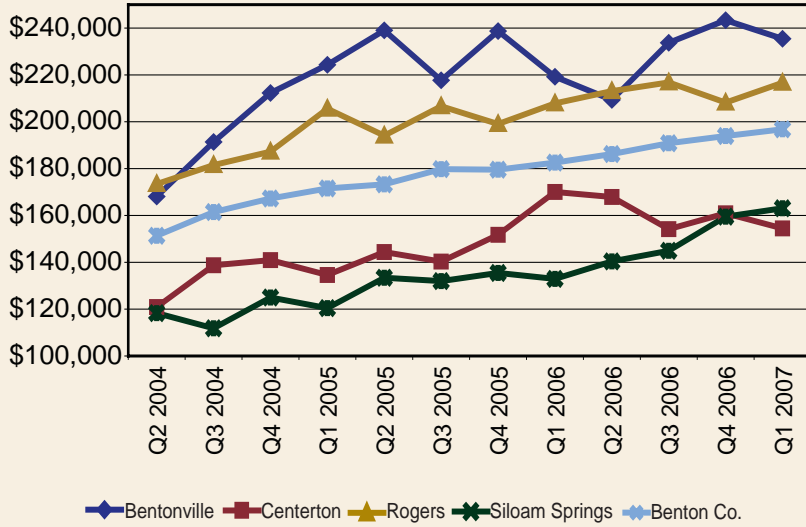
Washington County Number of Houses Sold



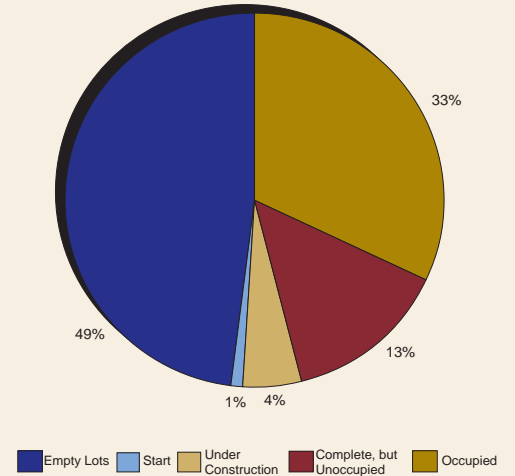
House Status Trends by City



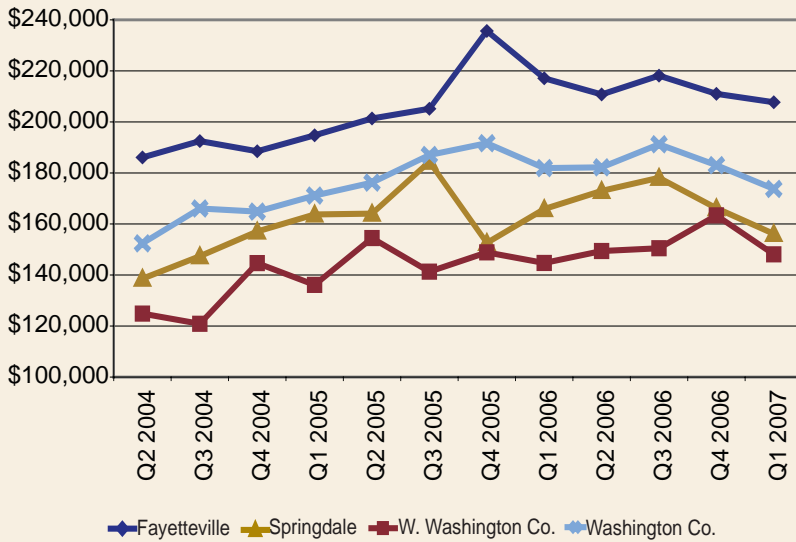
Benton County Average Price of Houses Sold



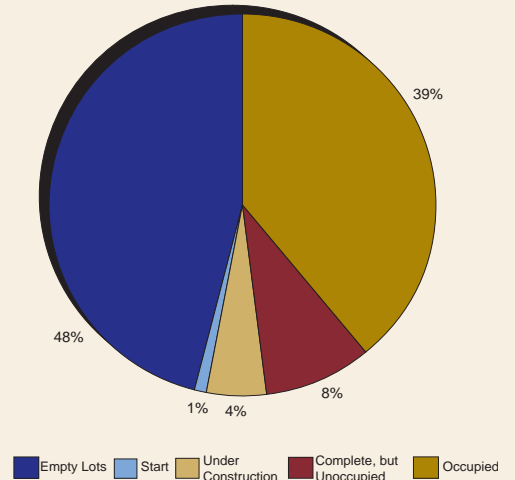
Benton County Status of Houses in Active Subdivisions by Percentage Q1 2007



Washington County Average Price of Houses Sold



Washington County Status of Houses in Active Subdivisions by Percentage Q1 2007



Selected House Status in Active Subdivisions and Coming Lots Q1 2007

City	Empty Lots	Starts	Under Construction	Complete, but Unoccupied	Occupied	Total Lots in Active Subdivisions	Absorbed Lots	Approved Lots, Not Yet Active
Bentonville	2,405	25	169	503	1,472	4,573	248	3,350
Centerton	1,279	26	64	373	690	2,432	153	2,740
Fayetteville	1,389	52	156	293	1,563	3,453	143	3,098
Rogers	1,953	56	189	659	1,818	4,715	297	1,894
Siloam Springs	283	14	15	67	389	768	28	1,173
Springdale	1,054	38	104	296	1,369	2,861	129	3,041
West Washington County	1,325	17	36	187	547	3,112	56	905