



THE SKYLINE REPORT

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**July 2006
Highlights**

Contents

Highlights	1
Residential Summary	2

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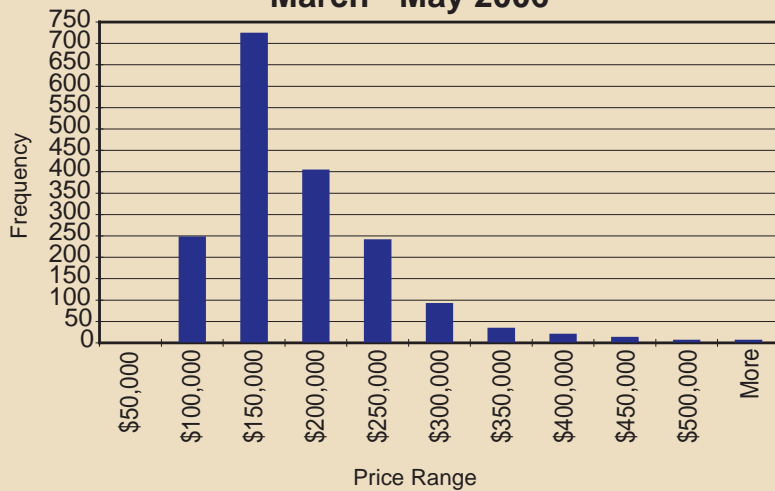
Residential Real Estate Market Summary for Benton and Washington Counties

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.

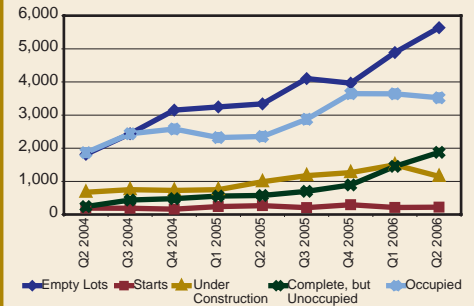
Highlights from the Second Quarter of 2006

- Rogers accounted for 37 percent of the 1,702 Northwest Arkansas residential building permits issued from May to March 2006. Centerton, Bella Vista, Bentonville, Springdale, and Fayetteville followed with 14, 10, 10, 9, and 9 percents respectively.
- There were 19,326 lots in the 255 active subdivisions in Northwest Arkansas in the second quarter.
- From the first quarter to the second quarter of 2006, 638 houses in active subdivisions became occupied. This absorption rate is a substantial drop off from the first quarter total of 1,051 and the second quarter 2005 total of 823.
- Using the most recent annual absorption rate implies that the supply of remaining lots in Northwest Arkansas active subdivisions is sufficient for 41.9, up from 35.9 months in the first quarter of 2006.
- In the second quarter of 2006, there were 2,431 complete but unoccupied houses. Benton County experienced an increase of 227 percent in available complete inventory from the second quarter of 2005, with a 29 percent increase in the most recent quarter alone. In comparison, Washington County experienced a tiny inventory increase of 6 percent over the past twelve months.
- There were an additional 19,783 residential lots that have been at least preliminarily approved in Northwest Arkansas. Adding these proposed lots to those in active subdivisions yields a whopping 106.4 months of inventory in Northwest Arkansas.
- From February 16 to May 15, 2006, there were 1,755 existing houses sold in Benton and Washington Counties. This is a decline of 7.1 percent from the same time period in 2005.
- In the second quarter of 2006 in Northwest Arkansas, the average sales price of existing houses increased from first quarter 2005 levels by 3.5 percent in Washington County and by 7.4 percent in Benton County.

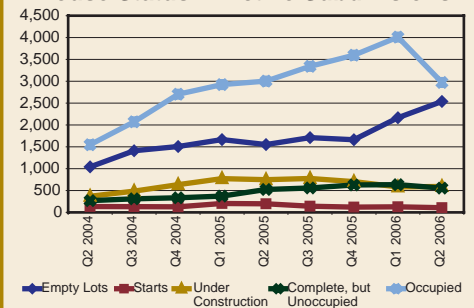
Benton and Washington Counties Distribution of Residential Building Permit Values March - May 2006



Benton County House Status in Active Subdivisions



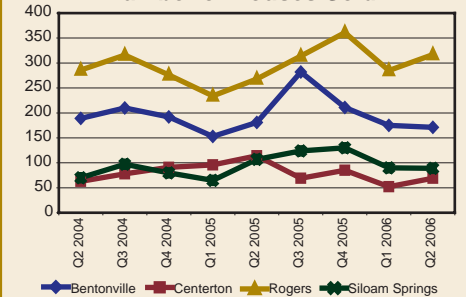
Washington County House Status in Active Subdivisions



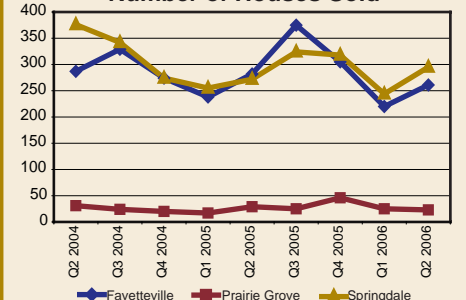
Benton and Washington Counties Number and Average Value of Residential Building Permits Q2 2005 and Q2 2006

City	Q2 2005 Number of Building Permits	Q2 2006 Number of Building Permits	Q2 2005 Average Value of Building Permits	Q2 2006 Average Value of Building Permits
Bella Vista	207	175	\$159,009	\$182,345
Bentonville	166	173	\$198,056	\$201,896
Bethel Heights	33	12	\$122,940	\$185,831
Cave Springs	11	2	\$333,364	\$258,100
Centerton	103	232	\$89,799	\$162,283
Decatur	0	1	-	\$100,000
Elkins	36	12	\$90,938	\$77,637
Elm Springs	8	5	\$165,098	\$239,200
Farmington	6	1	\$158,250	\$109,000
Fayetteville	218	150	\$207,918	\$189,536
Gentry	-	23	-	\$98,174
Goshen	3	5	\$238,301	\$233,593
Gravette	6	17	\$75,500	\$117,165
Greenland	23	1	\$114,953	\$113,680
Johnson	18	3	\$503,622	\$594,386
Lincoln	6	2	\$126,913	\$130,000
Little Flock	-	2	-	\$225,000
Lowell	8	11	\$325,510	\$240,909
Pea Ridge	58	41	\$99,894	\$111,459
Prairie Grove	28	29	\$100,429	\$116,207
Rogers	309	622	\$163,112	\$146,155
Siloam Springs	76	24	\$125,554	\$131,998
Springdale	127	146	\$228,534	\$173,279
Tontitown	-	13	-	\$257,389
West Fork	4	1	\$95,000	\$262,000
Northwest Arkansas	1,454	1,703	\$170,448	\$164,231

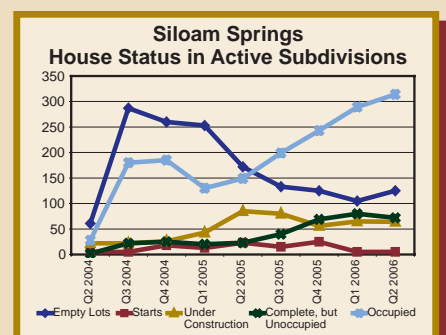
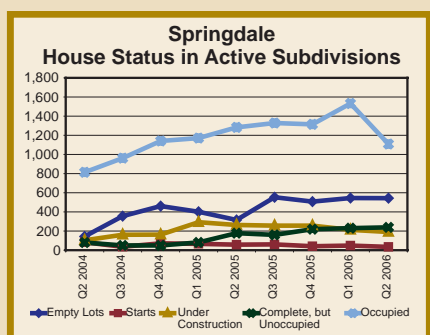
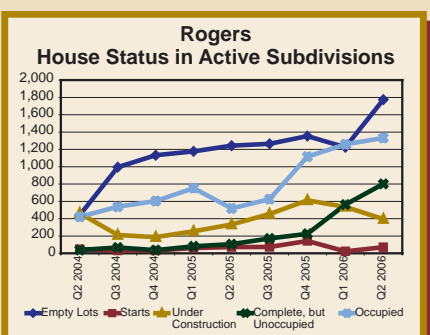
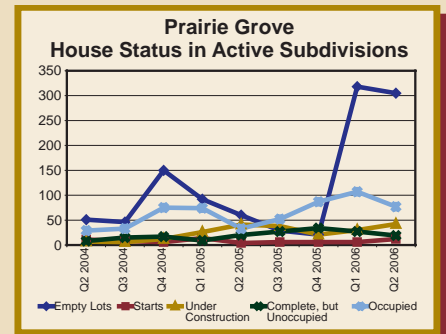
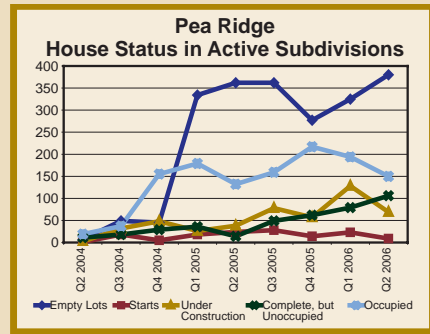
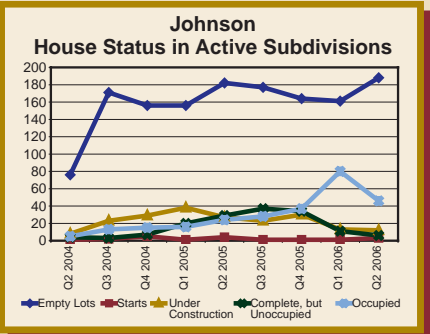
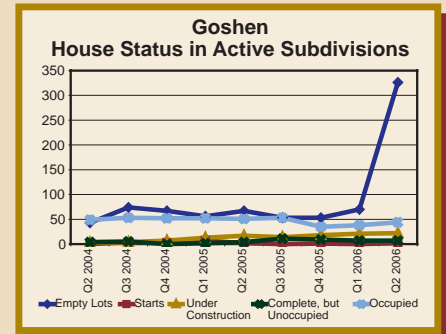
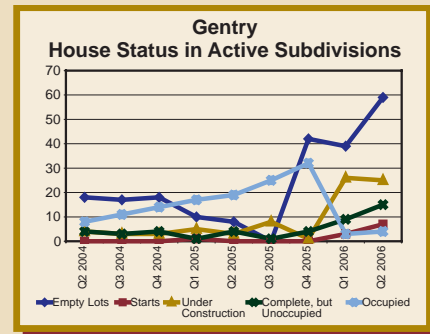
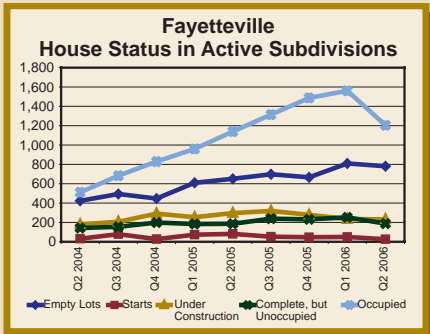
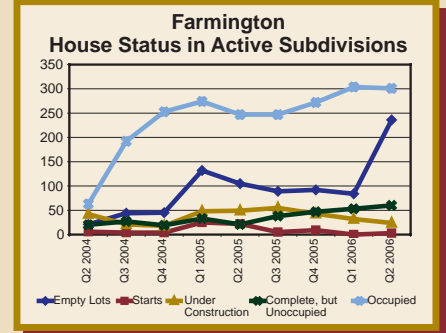
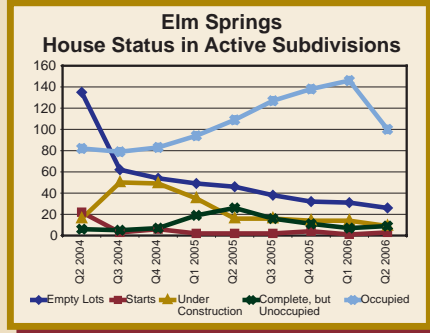
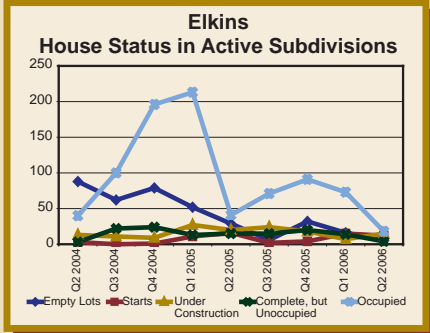
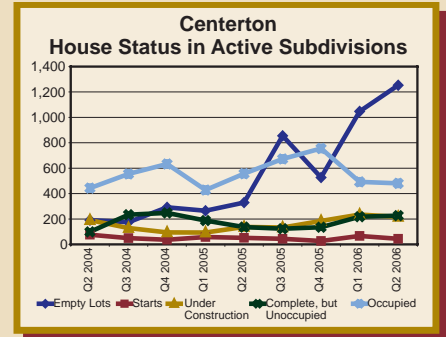
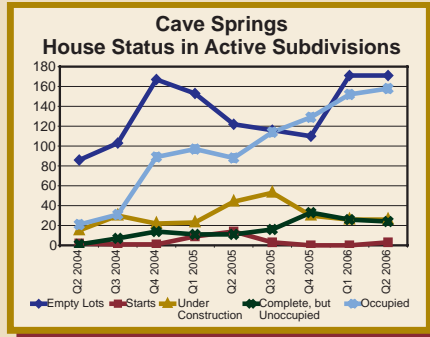
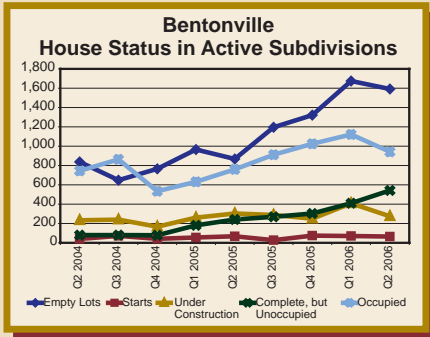
Benton County Number of Houses Sold



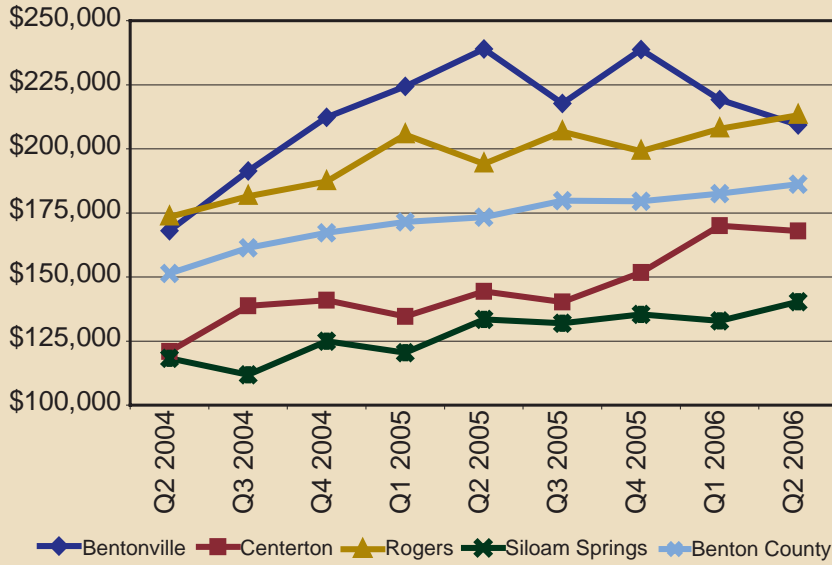
Washington County Number of Houses Sold



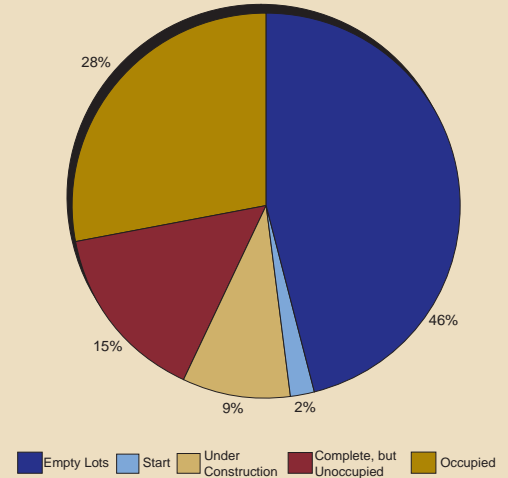
House Status Trends by City



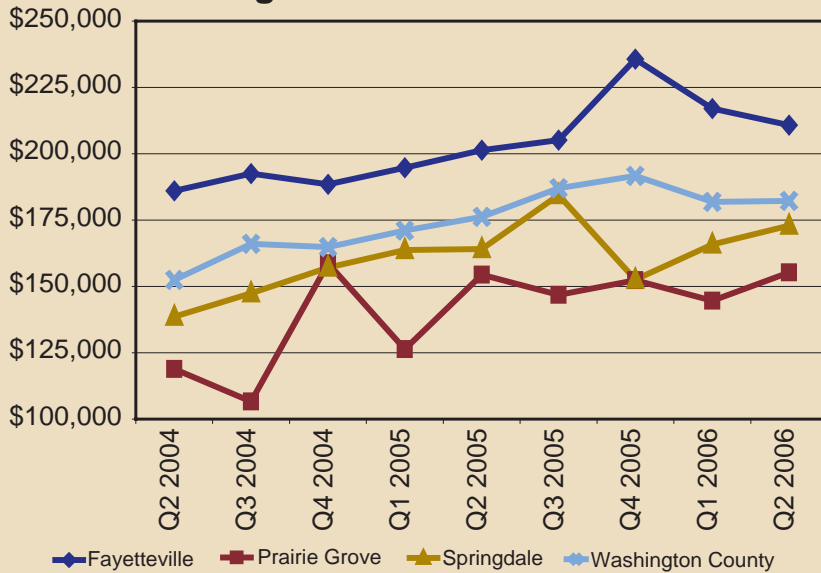
Benton County Average Price of Houses Sold



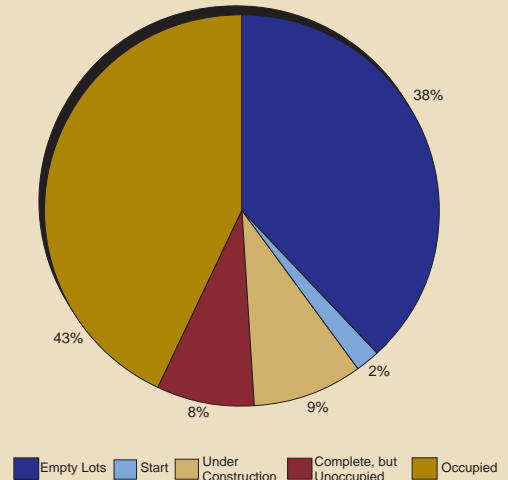
Benton County Status of Houses in Active Subdivisions by Percentage Q2 2006



Washington County Average Price of Houses Sold



Washington County Status of Houses in Active Subdivisions by Percentage Q2 2006



House Status in Active Subdivisions and Coming Lots from Major Cities Q2 2006

City	Empty Lots	Starts	Under Construction	Complete, but Unoccupied	Occupied	Total Lots in Active Subdivisions	Approved Lots, Not Yet Active
Bentonville	1,592	65	275	542	942	3,416	3,259
Centerton	1,253	44	217	226	481	2,221	3,244
Fayetteville	781	26	232	187	1,204	2,430	3,485
Prairie Grove	305	12	42	19	77	455	338
Rogers	1,775	71	396	801	1,332	4,375	2,006
Siloam Springs	125	5	64	72	314	580	1,285
Springdale	544	34	190	239	1,109	2,116	2,936