

THE SKYLINE REPORT

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August 2007 Highlights

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



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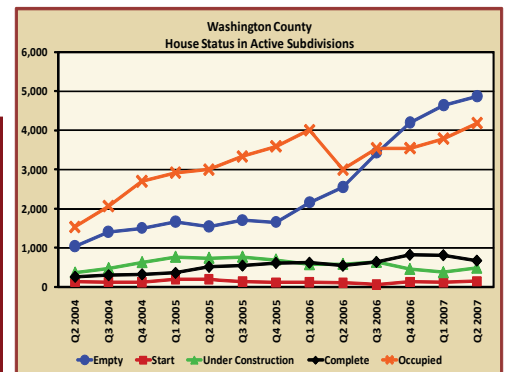
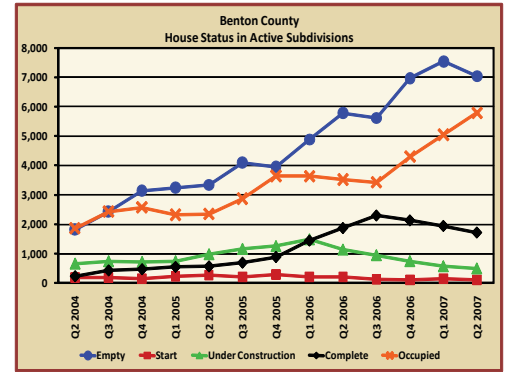
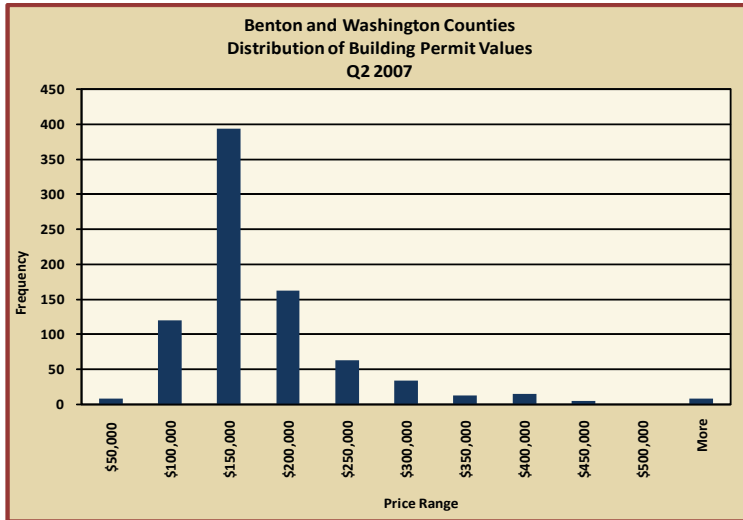
Residential Real Estate Market Summary for Benton and Washington Counties

This report is the thirteenth edition of the Skyline Report for Benton and Washington Counties—Residential Real Estate Market Analysis. Researchers at the Center for Business and Economic Research (CBER) 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 residential real estate market. As the population of Northwest Arkansas burgeons, it is imperative that housing 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 2007

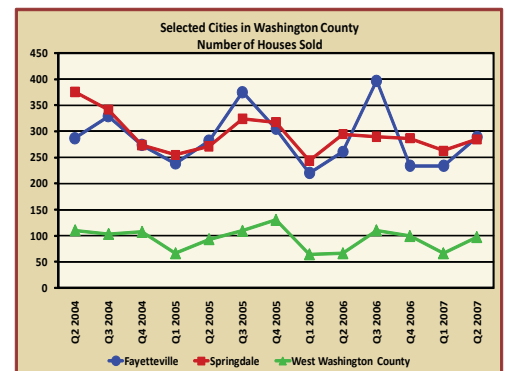
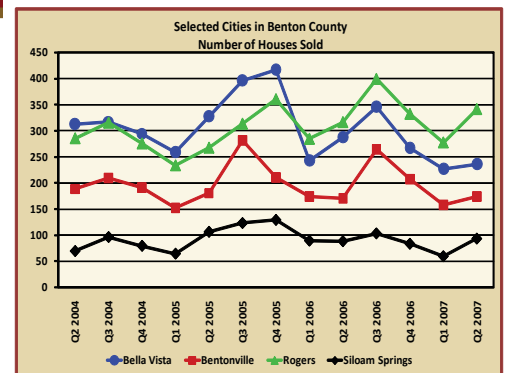
- Fayetteville accounted for 25 percent and Rogers and Bella Vista each accounted for 13 percent of the 744 Northwest Arkansas residential building permits issued from March to May 2007. Bentonville and Springdale followed with 12 and 11 percents respectively.
- There were 25,588 lots in the 335 active subdivisions in Northwest Arkansas in the second quarter.
- From the first to the second quarter of 2007, 1,166 houses in active subdivisions became occupied. This absorption rate is a decline from the first quarter 2007 total of 1,217 and an increase from the second quarter 2006 total of 638.
- Using the most recent annual absorption rate implies that the supply of remaining lots in Northwest Arkansas active subdivisions is sufficient for 42.1 months, down from 49.9 months in the first quarter of 2007.
- In the second quarter of 2007, there were 2,411 complete but unoccupied houses, a decline from 2,775 in the first quarter. Benton County experienced a decline of 11.5 percent in available complete inventory from the first quarter of 2007, and a decline of 8.1 percent from the second quarter of 2006. In comparison, Washington County experienced a 16.8 percent inventory decline over the past quarter and a cumulative increase of 23.8 percent over the past year.
- There were an additional 19,536 residential lots that have been at least preliminarily approved in Northwest Arkansas. Adding these proposed lots to those in active subdivisions yields a whopping 94.8 months of inventory in Northwest Arkansas.
- From February 16, 2007 to May 15, 2007, there were 1,743 existing houses sold in Benton and Washington Counties. This is a decline of 0.7 percent from the same time period in 2006.
- In the second quarter of 2007 in Northwest Arkansas, the average sales price of existing houses declined from first quarter 2006 levels by 4.0 percent in Washington County and increased by 0.6 percent in Benton County.

Residential Market Trends

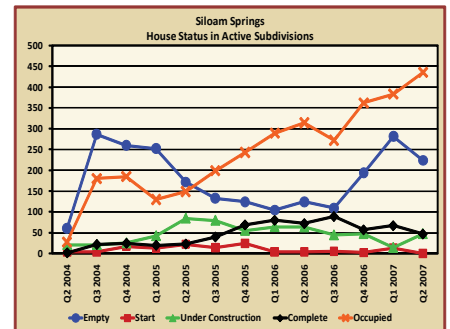
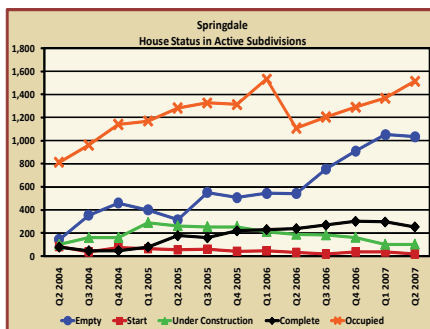
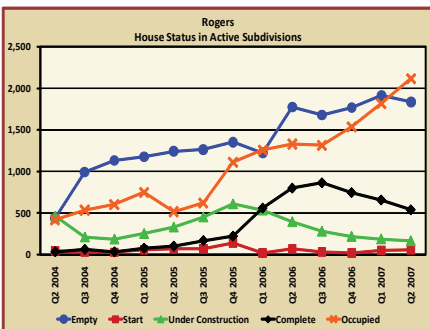
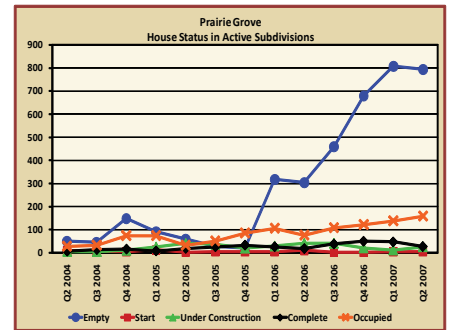
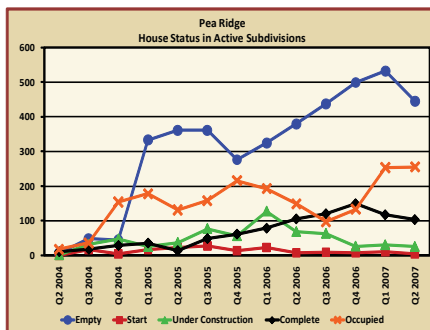
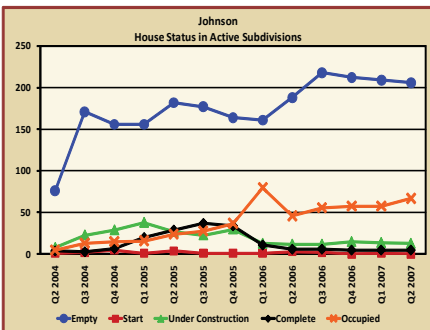
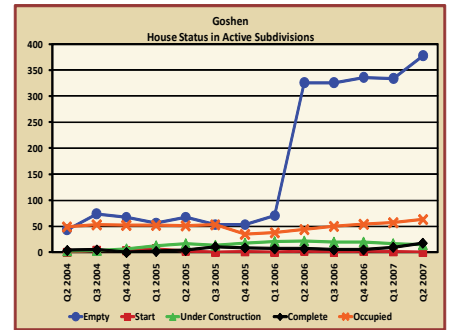
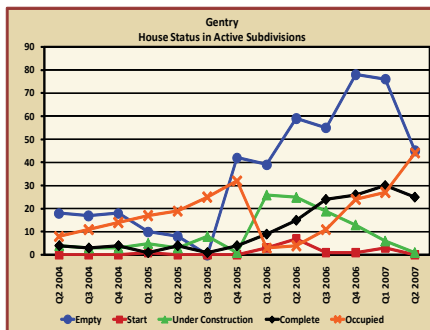
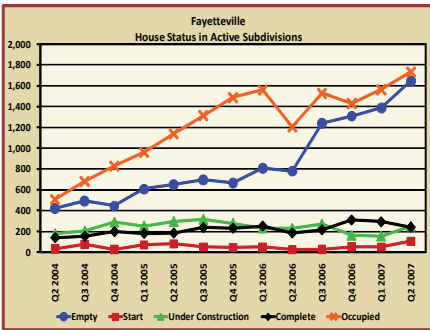
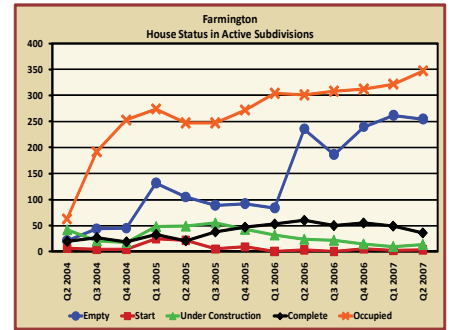
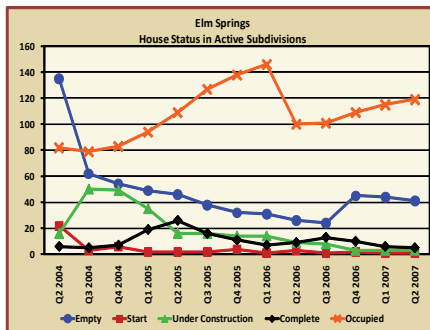
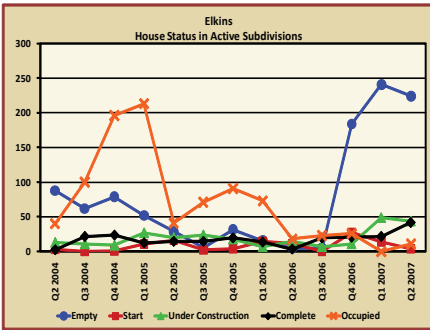
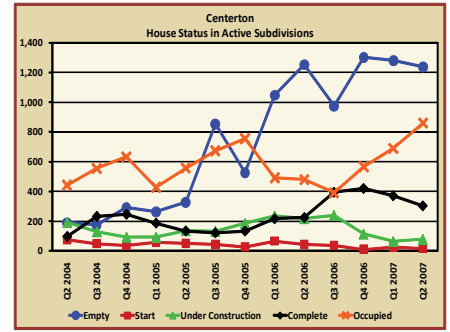
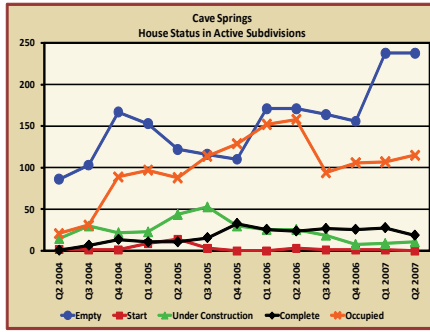
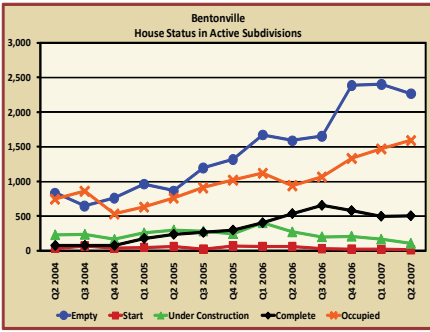


Benton and Washington Counties Number and Average Value of Residential Building Permits Q2 2006 and Q2 2007

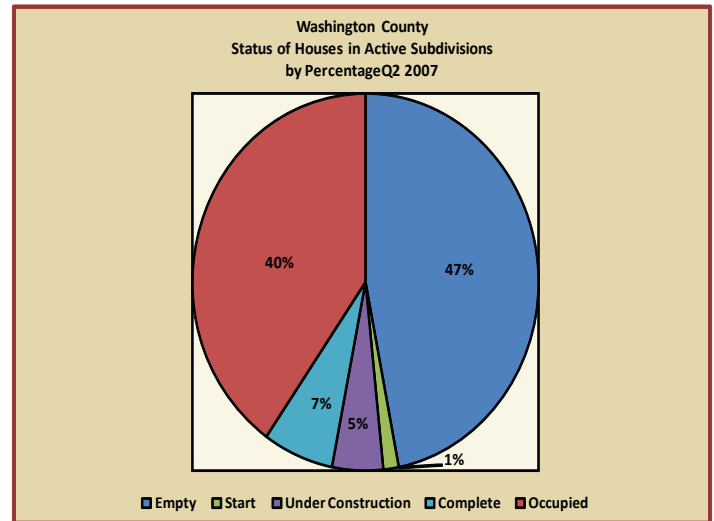
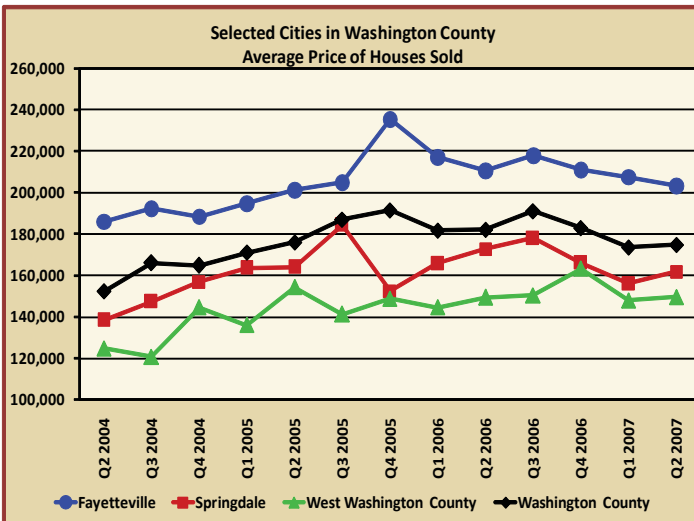
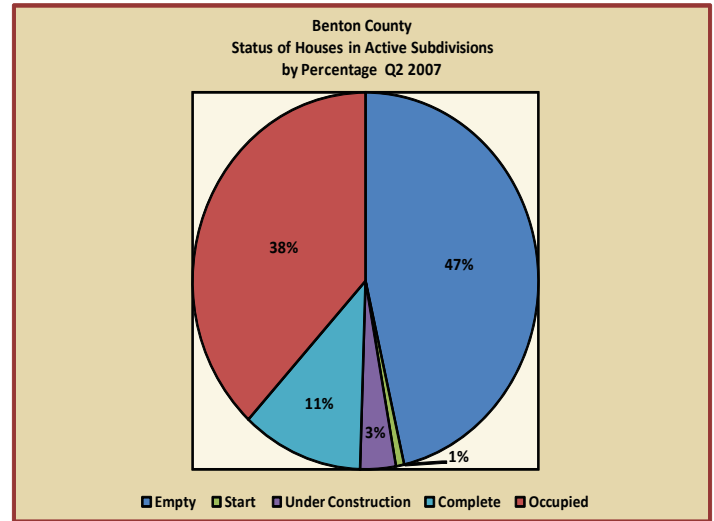
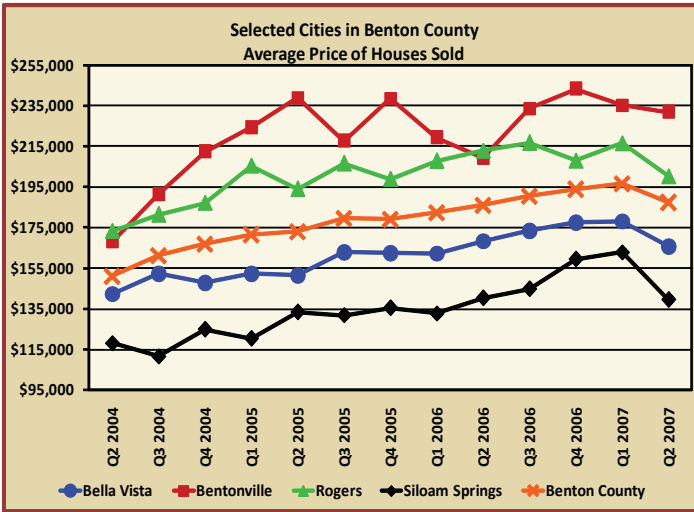
City	Q2 2006 Number of Building Permits	Q2 2007 Number of Building Permits	Q2 2006 Average Value of Building Permits	Q2 2007 Average Value of Building Permits
Bella Vista	175	98	\$182,345	\$161,726
Bentonville	173	89	\$201,896	\$190,399
Bethel Heights	12	12	\$185,831	\$91,525
Cave Springs	2	3	\$258,100	\$507,333
Centerton	232	67	\$162,283	\$115,175
Decatur	1	0	\$100,000	--
Elkins	12	18	\$77,637	\$85,899
Elm Springs	5	0	\$239,200	--
Farmington	1	6	\$109,000	\$204,738
Fayetteville	150	184	\$189,536	\$169,470
Gentry	23	1	\$98,174	\$126,000
Goshen	5	2	\$233,593	\$337,040
Gravette	17	0	\$117,165	--
Greenland	1	2	\$113,680	\$122,500
Johnson	3	1	\$594,386	\$138,580
Lincoln	2	11	\$130,000	\$97,843
Little Flock	2	1	\$225,000	\$520,000
Lowell	11	1	\$240,909	\$269,134
Pea Ridge	41	32	\$111,459	\$104,670
Prairie Grove	29	17	\$116,207	\$89,647
Rogers	622	99	\$146,155	\$155,548
Siloam Springs	24	10	\$131,998	\$97,172
Springdale	146	82	\$173,279	\$200,871
Tontitown	13	5	\$257,389	\$519,835
West Fork	1	3	\$262,000	\$103,333
Northwest Arkansas	1,703	744	\$164,231	\$162,316



Residential Market Trends



Residential Market Trends



Selected House Status in Active Subdivisions and Coming Lots Q2 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

