

THE SKYLINE REPORT

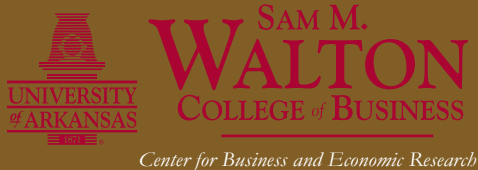
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July 2008 Highlights

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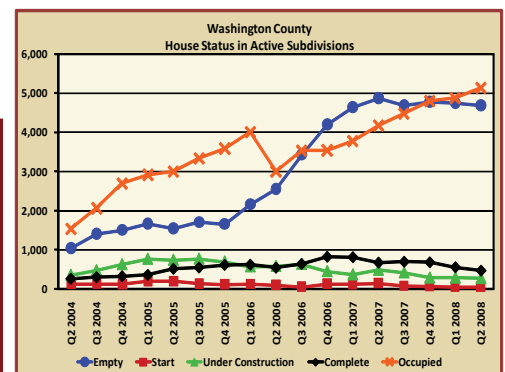
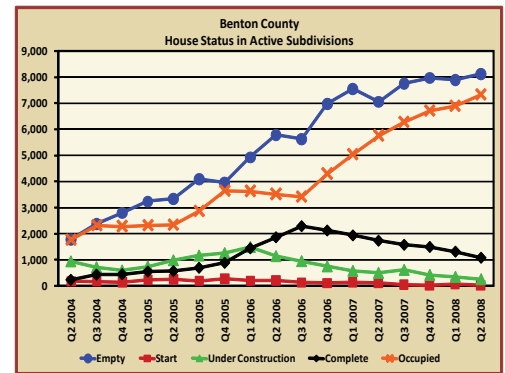
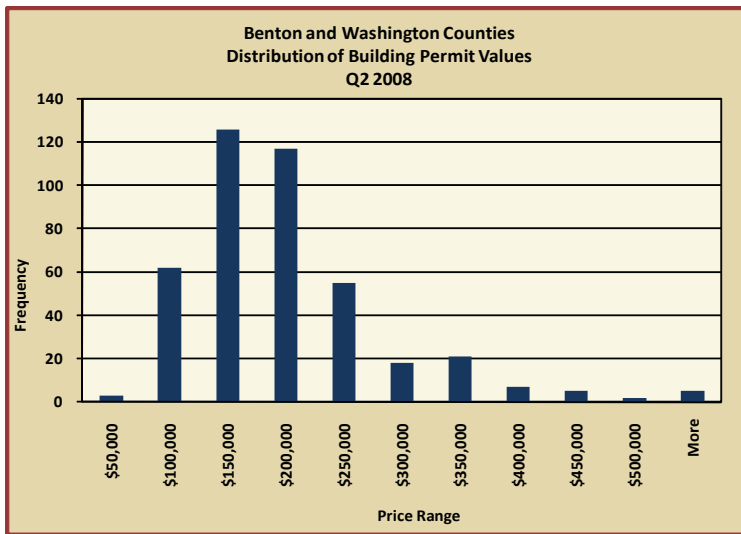
Residential Real Estate Market Summary for Benton and Washington Counties

This report is the seventeenth edition of the Skyline Report for Benton and Washington Counties—Residential 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 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 2008

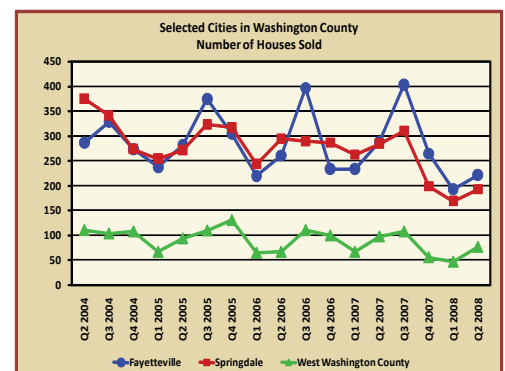
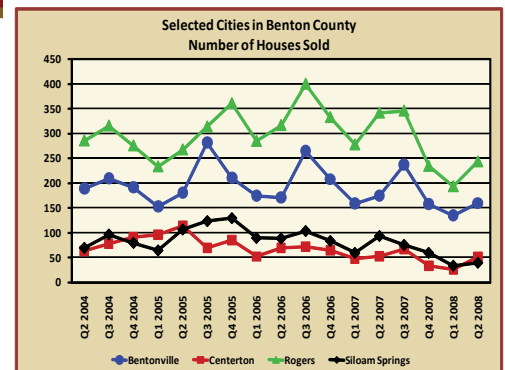
- There were 416 residential building permits issued in Northwest Arkansas from February to May 2008, down from 744 building permits issued in the same period last year. Among these, Fayetteville accounted for 27.2 percent.
- There were 27,391 lots in the 375 active subdivisions in Northwest Arkansas in the second quarter.
- From the first quarter to the second quarter of 2008, 900 houses in active subdivisions became occupied. This absorption rate is an increase from the first quarter 2008 total of 798, but a significant decline from the second quarter 2007 total of 1,148.
- Using the most recent annual absorption rate implies that the supply of remaining lots in Northwest Arkansas active subdivisions is sufficient for 50.8 months, up from a revised 48.8 months in the first quarter of 2008.
- In the second quarter of 2008, there were 1,566 complete but unoccupied houses, a decline from 1,889 in the first quarter. Benton County experienced a decline of 17.8 percent in available complete inventory from the first quarter of 2008, and a decline of 37.7 percent from the second quarter of 2007. In comparison, Washington County experienced a 15.5 percent inventory decrease over the past quarter and a cumulative decrease of 30.3 percent over the past year.
- There were an additional 17,913 residential lots that have been at least preliminarily approved in Northwest Arkansas. Adding these proposed lots to those in active subdivisions yields 111.8 months of inventory in Northwest Arkansas.
- From February 16, 2008 to May 15, 2008, there were 1,307 existing houses sold in Benton and Washington Counties. This is a decline of 25.0 percent from the same time period in the previous year.
- In the second quarter of 2008 in Northwest Arkansas, the average sales price of existing houses declined from second quarter 2007 levels by 3.3 percent in Benton County and increased by 5.3 percent in Washington County.

Residential Market Trends

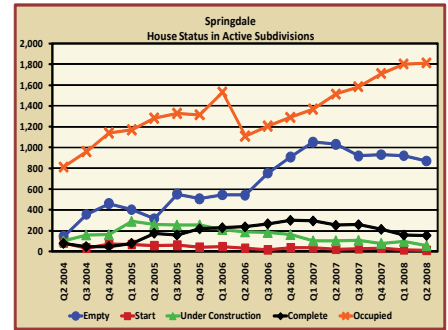
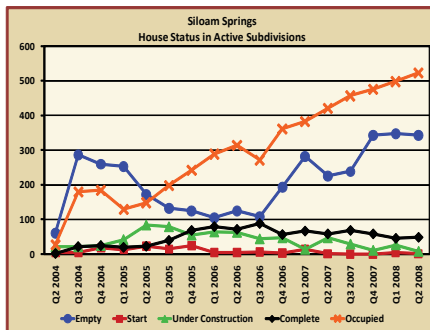
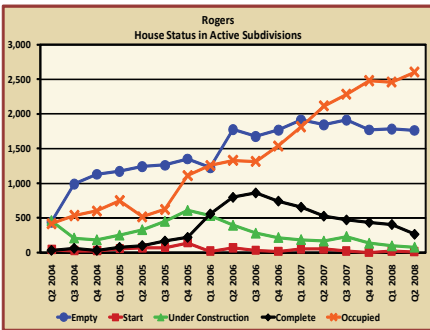
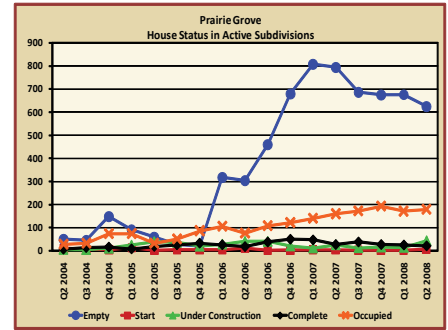
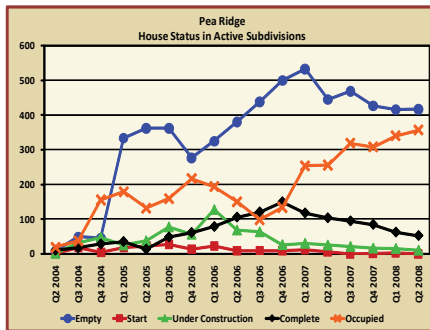
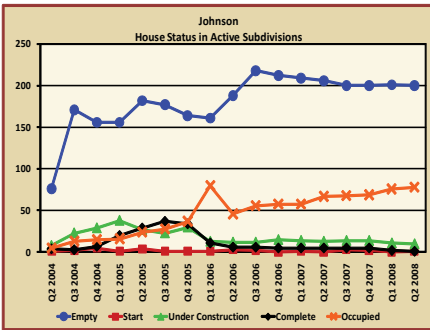
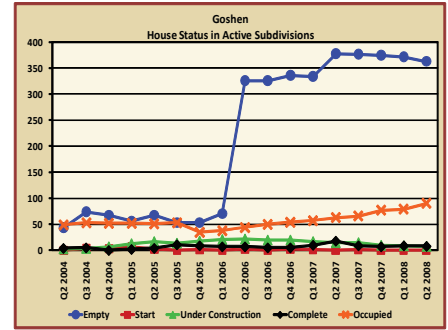
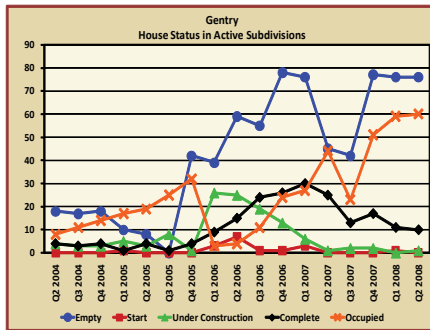
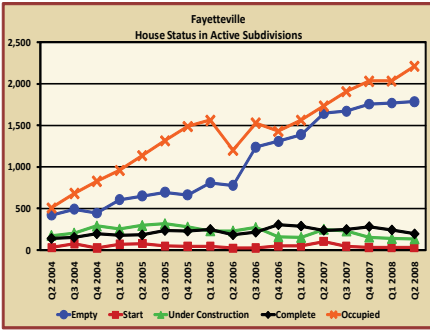
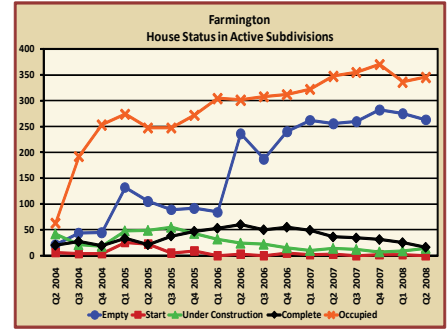
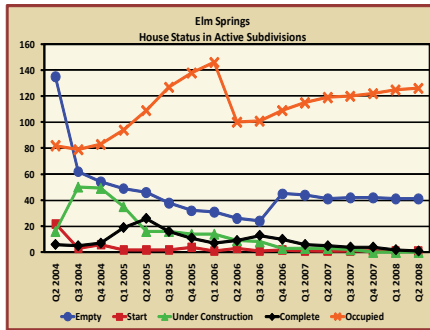
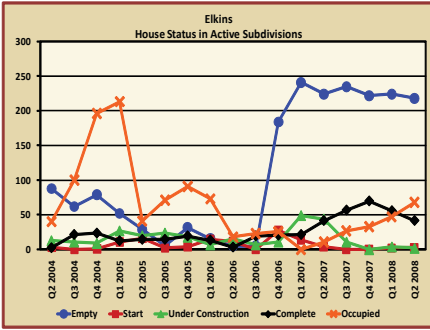
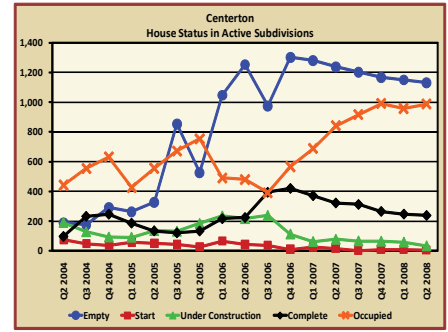
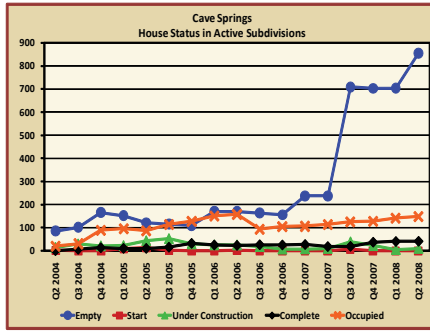
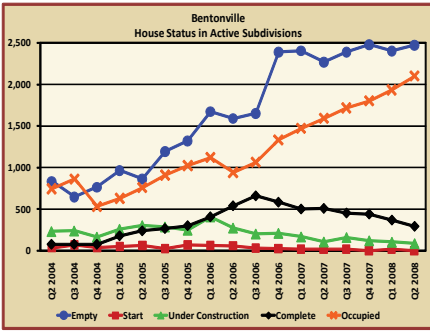


Benton and Washington Counties Number and Average Value of Residential Building Permits Q2 2007 and Q2 2008

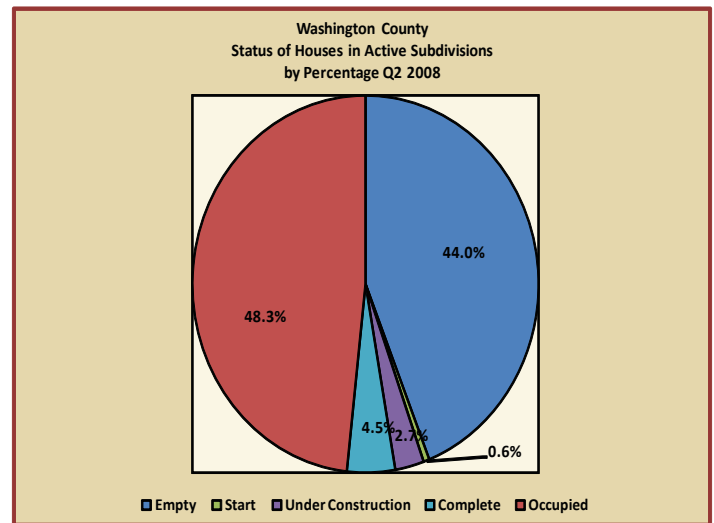
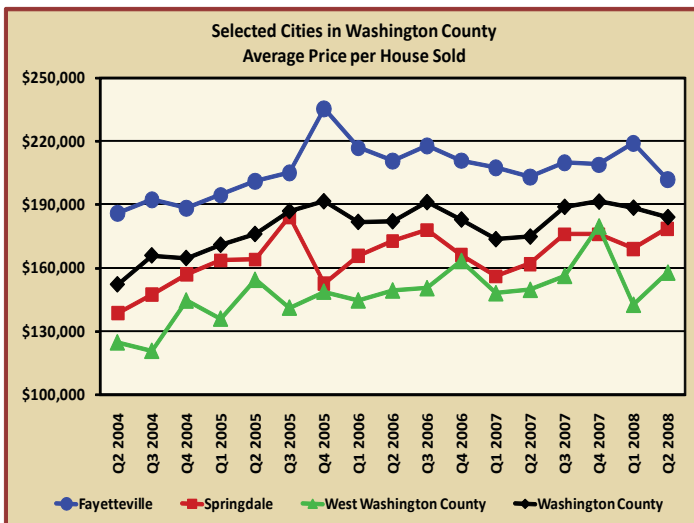
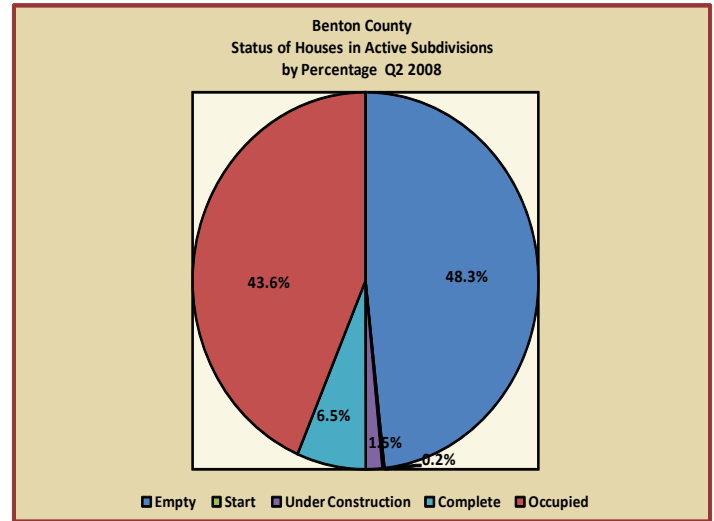
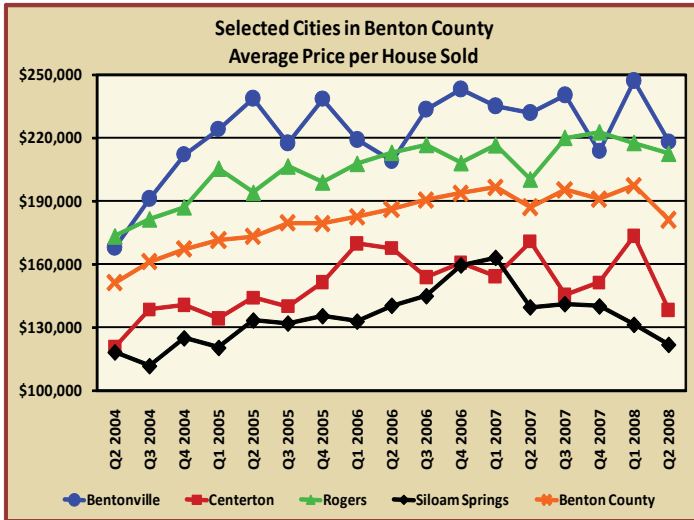
City	Q2 2007 Number of Building Permits	Q2 2008 Number of Building Permits	Q2 2007 Average Value of Building Permits	Q2 2008 Average Value of Building Permits
Bella Vista	98	28	\$161,726	\$156,833
Bentonville	89	64	\$190,399	\$231,217
Bethel Heights	12	0	\$91,525	--
Cave Springs	3	4	\$507,333	\$74,700
Centerton	67	15	\$115,175	\$108,060
Decatur	0	0	--	--
Elkins	18	1	\$85,899	\$74,855
Elm Springs	0	3	--	\$191,666
Farmington	6	4	\$204,738	\$239,093
Fayetteville	184	113	\$169,470	\$176,504
Gentry	1	0	\$126,000	--
Goshen	2	8	\$337,040	\$234,779
Gravette	0	8	--	\$90,014
Greenland	2	1	\$122,500	\$18,000
Johnson	1	1	\$138,580	--
Lincoln	11	0	\$97,843	--
Little Flock	1	3	\$520,000	\$261,773
Lowell	1	4	\$269,134	\$180,693
Pea Ridge	32	4	\$104,670	\$79,696
Prairie Grove	17	34	\$89,647	\$69,058
Rogers	99	70	\$155,548	\$160,102
Siloam Springs	10	4	\$97,172	\$99,937
Springdale	82	40	\$200,871	\$220,404
Tontitown	5	4	\$519,835	\$279,715
West Fork	3	3	\$103,333	\$148,333
Northwest Arkansas	744	416	\$162,316	\$177,374



Residential Market Trends



Residential Market Trends



Selected House Status in Active Subdivisions and Coming Lots Q2 2008

City	Empty Lots	Starts	Under Construction	Complete, but Unoccupied	Occupied	Total Lots in Active Subdivisions	Absorbed Lots	Approved Lots, Not Yet Active
Bentonville	2,474	5	89	295	2,102	4,865	168	2,872
Centerton	1,130	5	35	240	989	2,399	56	2,534
Fayetteville	1,786	32	139	198	2,211	4,366	181	2,952
Rogers	1,765	15	80	269	2,604	4,733	227	1,838
Siloam Springs	343	1	9	49	523	825	25	1,236
Springdale	872	14	59	156	1,811	2,912	99	3,704
West Washington County	1,087	8	63	60	671	1,889	38	994

