



THE SKYLINE REPORT

SPONSORED BY ARVEST BANK

**November 2006
Highlights**

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



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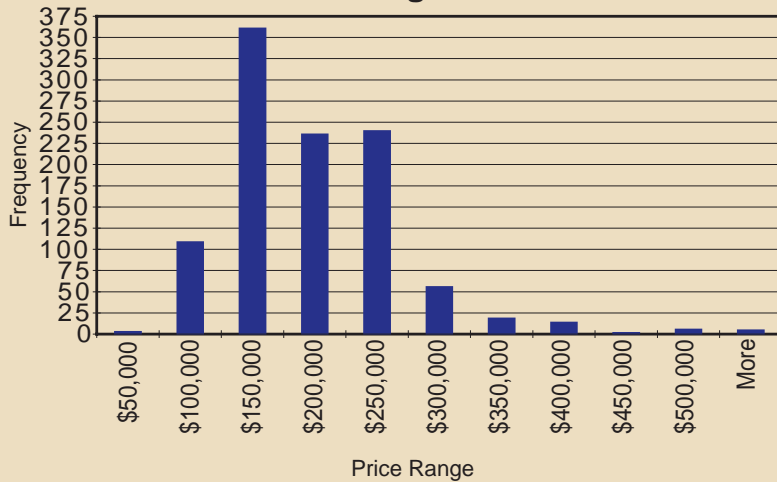
Residential Real Estate Market Summary for Benton and Washington Counties

This report 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.

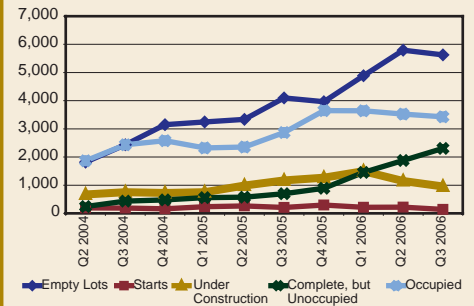
Highlights from the Third Quarter of 2006

- The volume of new building permits issued in the third quarter declined dramatically year over year from 1,405 to 870.
- There were 20,791 lots in the 281 active subdivisions in Northwest Arkansas in the third quarter, up from 19,326 in the previous quarter.
- From the second quarter to the third quarter of 2006, 944 houses in active subdivisions became occupied. This absorption rate is a substantial increase from the second quarter total of 638, but down from the third quarter 2005 total of 1,075.
- Using the most recent annual absorption rate implies that the supply of remaining lots in Northwest Arkansas active subdivisions is sufficient for 46.8 months, up from 41.9 months in the second quarter of 2006.
- In the third quarter of 2006, there were 2,956 complete but unoccupied houses. Benton County experienced an increase of 229 percent in available complete inventory from the third quarter of 2005, with a 23 percent increase in the most recent quarter alone. In comparison, Washington County experienced a 17 percent inventory increase over the past twelve months.
- There were an additional 19,543 residential lots that have been at least preliminarily approved in Northwest Arkansas. Adding these proposed lots to those in active subdivisions yields a whopping 112.9 months of inventory in Northwest Arkansas.
- From May 16 to August 15, 2006, there were 2,224 existing houses sold in Benton and Washington Counties. This is a decline of 1.9 percent from the same time period in 2005.
- In the third quarter of 2006 in Northwest Arkansas, the average sales price of existing houses increased from third quarter 2005 levels by 2.3 percent in Washington County and by 6.1 percent in Benton County.

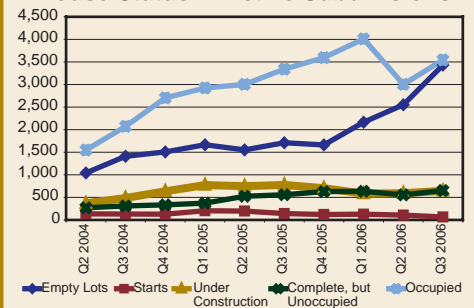
Benton and Washington Counties Distribution of Residential Building Permit Values June - August 2006



Benton County House Status in Active Subdivisions



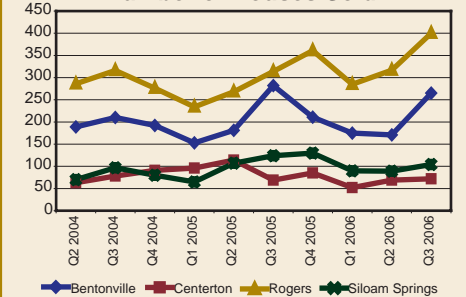
Washington County House Status in Active Subdivisions



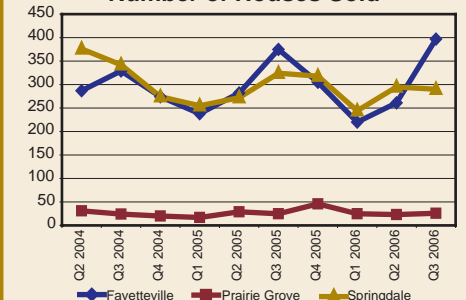
Benton and Washington Counties Number and Average Value of Residential Building Permits Q3 2005 and Q3 2006

| City | Q3 2005 Number of Building Permits | Q3 2006 Number of Building Permits | Q3 2005 Average Value of Building Permits | Q3 2006 Average Value of Building Permits |
|---------------------------|---|---|--|--|
| Bella Vista | 289 | 130 | \$154,287 | \$168,184 |
| Bentonville | 95 | 144 | \$225,765 | \$177,736 |
| Bethel Heights | 34 | 12 | \$113,238 | \$105,404 |
| Cave Springs | 12 | 1 | \$235,384 | \$500,000 |
| Centerton | 80 | 80 | \$113,623 | \$115,973 |
| Decatur | 0 | 0 | -- | -- |
| Elkins | 3 | 2 | \$103,704 | \$90,234 |
| Elm Springs | 6 | 3 | \$213,833 | \$203,333 |
| Farmington | 9 | 6 | \$162,111 | \$124,833 |
| Fayetteville | 223 | 99 | \$195,518 | \$184,990 |
| Gentry | 16 | 0 | \$78,866 | -- |
| Goshen | 3 | 0 | \$205,989 | -- |
| Gravette | 0 | 0 | -- | -- |
| Greenland | 16 | 0 | \$115,572 | -- |
| Johnson | 2 | 11 | \$368,213 | \$385,146 |
| Lincoln | 6 | 9 | \$117,997 | \$113,866 |
| Little Flock | 2 | 0 | \$266,675 | -- |
| Lowell | 13 | 14 | \$302,982 | \$232,632 |
| Pea Ridge | 75 | 50 | \$111,945 | \$97,507 |
| Prairie Grove | 19 | 21 | \$113,947 | \$125,048 |
| Rogers | 305 | 71 | \$210,399 | \$162,734 |
| Siloam Springs | 42 | 8 | \$125,534 | \$151,750 |
| Springdale | 147 | 196 | \$218,367 | \$169,826 |
| Tontitown | 0 | 9 | -- | \$273,654 |
| West Fork | 8 | 4 | \$124,531 | \$107,500 |
| Northwest Arkansas | 1,405 | 870 | \$178,791 | \$164,736 |

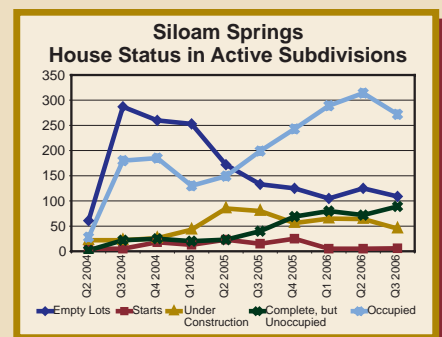
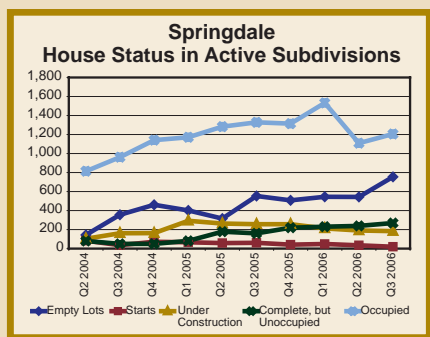
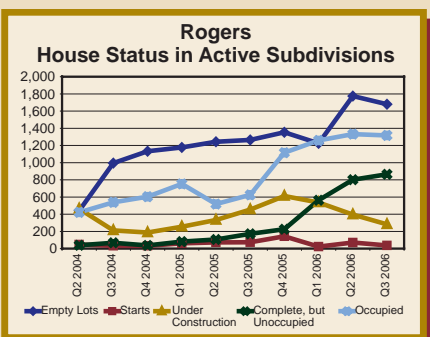
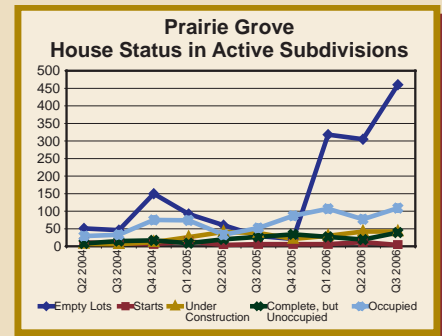
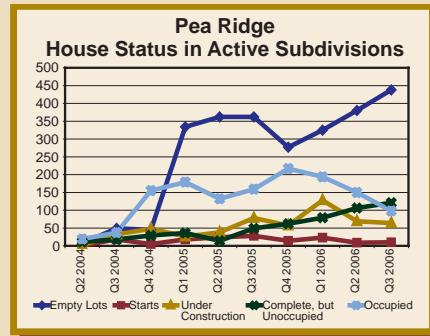
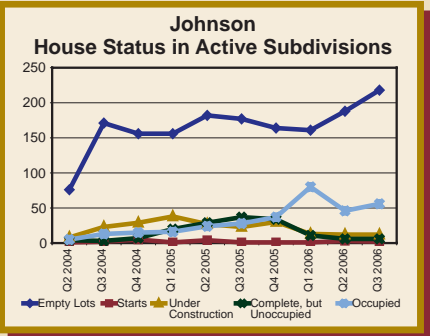
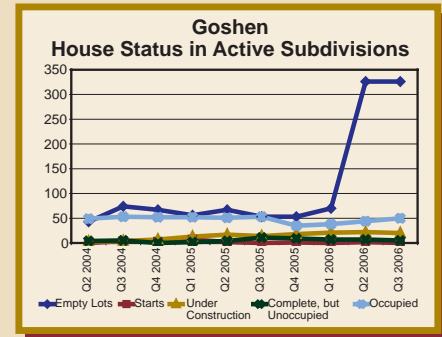
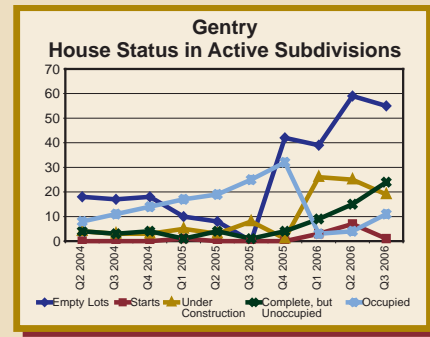
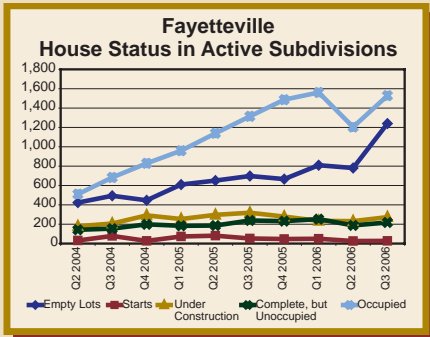
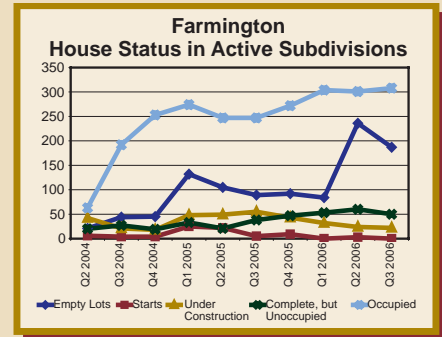
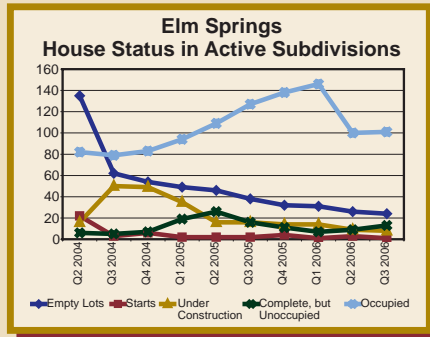
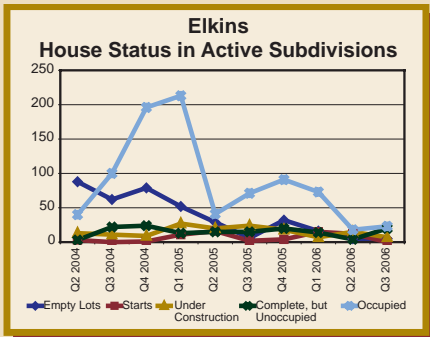
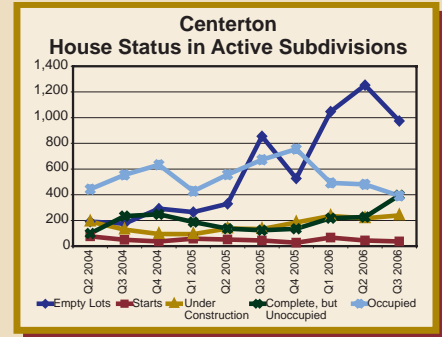
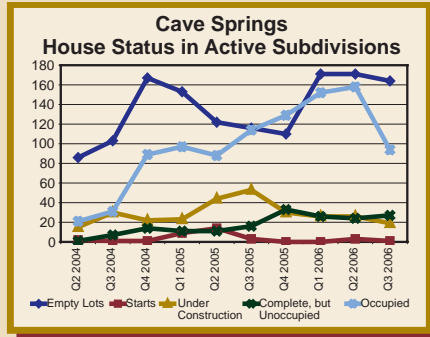
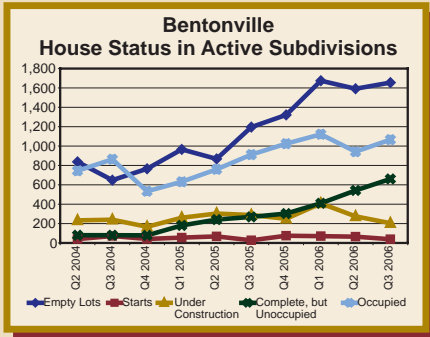
Benton County Number of Houses Sold



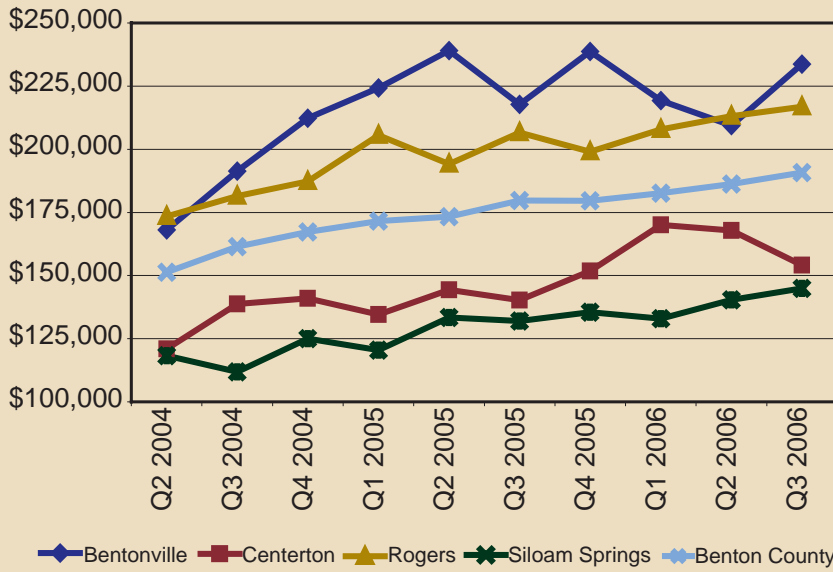
Washington County Number of Houses Sold



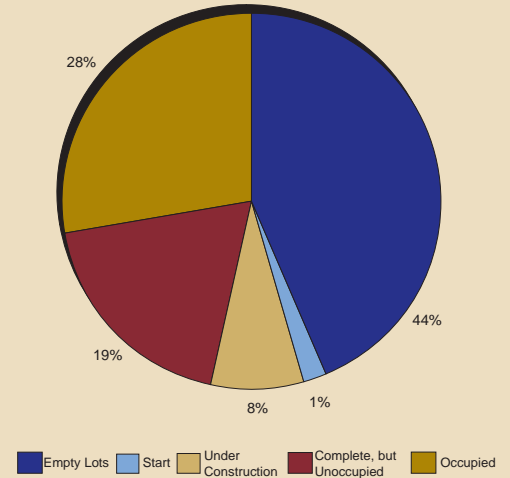
House Status Trends by City



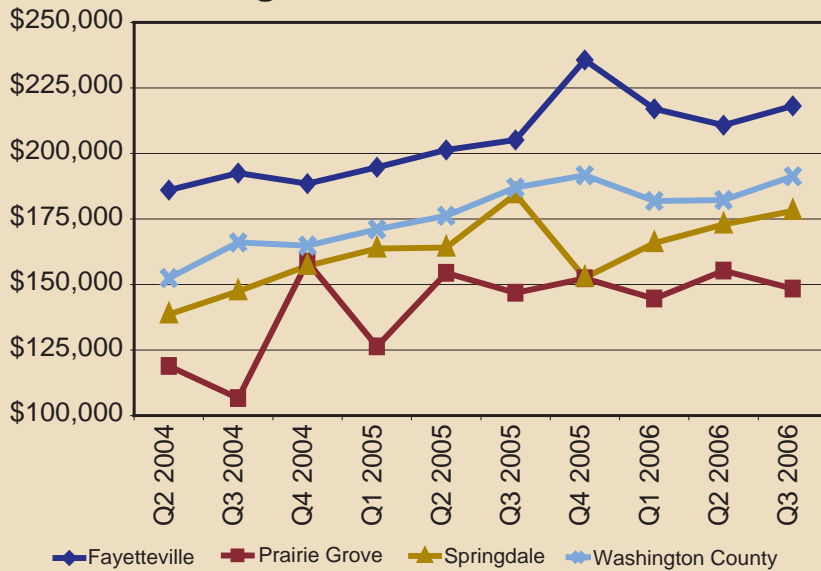
Benton County Average Price of Houses Sold



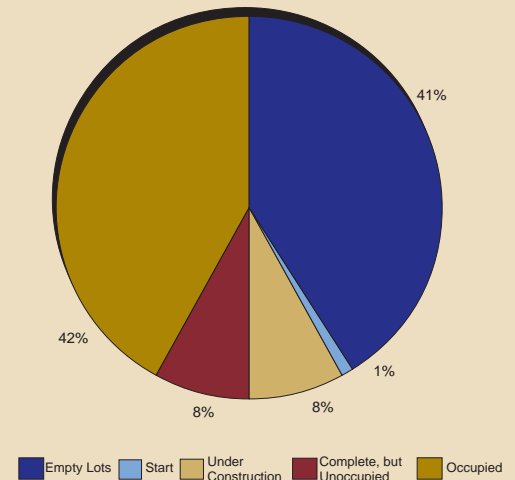
Benton County Status of Houses in Active Subdivisions by Percentage Q3 2006



Washington County Average Price of Houses Sold



Washington County Status of Houses in Active Subdivisions by Percentage Q3 2006



House Status in Active Subdivisions and Coming Lots from Major Cities Q3 2006

| City | Empty Lots | Starts | Under Construction | Complete, but Unoccupied | Occupied | Total Lots in Active Subdivisions | Absorbed Lots | Approved Lots, Not Yet Active |
|----------------|------------|--------|--------------------|--------------------------|----------|-----------------------------------|---------------|-------------------------------|
| Bentonville | 1,655 | 38 | 204 | 661 | 1,066 | 3,624 | 137 | 3,586 |
| Centerton | 974 | 37 | 239 | 396 | 392 | 2,038 | 67 | 3,244 |
| Fayetteville | 1,240 | 27 | 273 | 218 | 1,528 | 3,286 | 165 | 3,097 |
| Prairie Grove | 460 | 4 | 42 | 39 | 109 | 654 | 10 | 221 |
| Rogers | 1,680 | 37 | 282 | 865 | 1,317 | 4,181 | 237 | 1,911 |
| Siloam Springs | 109 | 6 | 45 | 89 | 272 | 521 | 28 | 1,285 |
| Springdale | 755 | 20 | 184 | 269 | 1,206 | 2,434 | 165 | 2,818 |