



# THE SKYLINE REPORT

SPONSORED BY ARVEST BANK

**February 2007  
Highlights**

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



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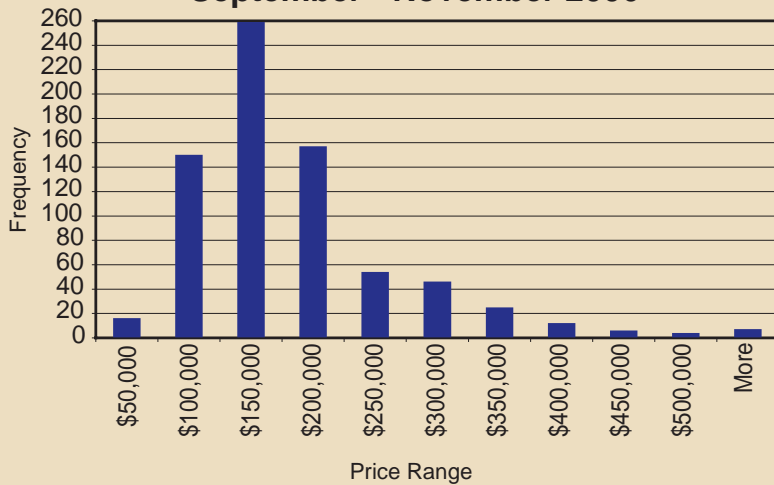
## Residential Real Estate Market Summary for Benton and Washington Counties

This report 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.

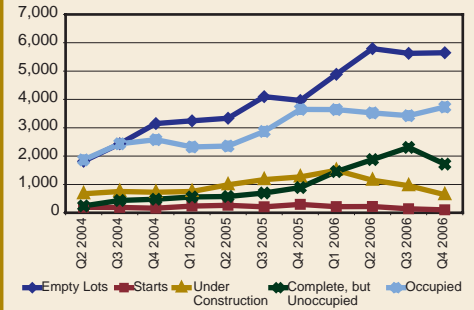
## Highlights from the Fourth Quarter of 2006

- Springdale and Fayetteville each accounted for 15 percent of the 725 Northwest Arkansas residential building permits issued from September to November 2006. Bentonville, Bella Vista, and Bethel Heights followed with 14, 12, and 10 percents respectively.
- There were 21,037 lots in the 301 active subdivisions in Northwest Arkansas in the fourth quarter.
- From the third quarter to the fourth quarter of 2006, 875 houses in active subdivisions became occupied. This absorption rate is a decline from the third quarter 2006 total of 944 and from the fourth quarter 2005 total of 913.
- Using the most recent annual absorption rate implies that the supply of remaining lots in Northwest Arkansas active subdivisions is sufficient for 47.0 months, up from 46.8 months in the third quarter of 2006.
- In the fourth quarter of 2006, there were 2,551 complete but unoccupied houses, a decrease from 2,956 in the third quarter. Benton County experienced a decline of 25.5 percent in available complete inventory from the third quarter of 2006, but an increase of 92.4 percent from the fourth quarter of 2005. In comparison, Washington County experienced a 28.1 percent inventory increase over the past quarter and a cumulative increase of 33.4 percent over the past year.
- There were an additional 19,811 residential lots that have been at least preliminarily approved in Northwest Arkansas. Adding these proposed lots to those in active subdivisions yields a whopping 114.8 months of inventory in Northwest Arkansas.
- From August 16 to November 15, 2006, there were 1,784 existing houses sold in Benton and Washington Counties. This is a decline of 21.1 percent from the same time period in 2005.
- In the fourth quarter of 2006 in Northwest Arkansas, the average sales price of existing houses declined from fourth quarter 2005 levels by 4.5 percent in Washington County and increased by 8.0 percent in Benton County.

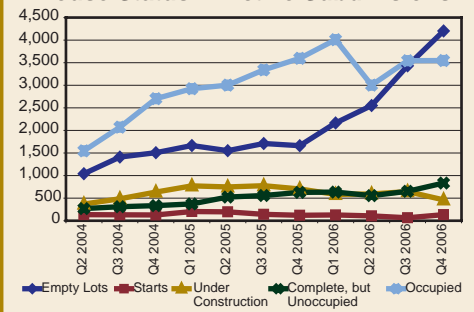
## Benton and Washington Counties Distribution of Residential Building Permit Values September - November 2006



### Benton County House Status in Active Subdivisions



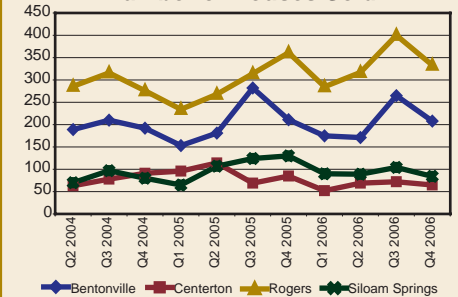
### Washington County House Status in Active Subdivisions



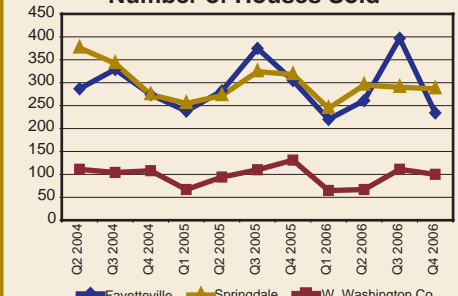
## Benton and Washington Counties Number and Average Value of Residential Building Permits Q4 2005 and Q4 2006

| City                      | Q4 2005<br>Number<br>of Building<br>Permits | Q4 2006<br>Number<br>of Building<br>Permits | Q4 2005<br>Average Value<br>of Building<br>Permits | Q4 2006<br>Average Value<br>of Building<br>Permits |
|---------------------------|---|---|--|--|
| Bella Vista               | 193   | 88  | \$171,800  | \$174,865  |
| Bentonville               | 270   | 104   | \$191,648  | \$197,033  |
| Bethel Heights            | 16  | 71  | \$67,102   | \$101,914  |
| Cave Springs              | 2   | 2   | \$385,000  | \$190,000  |
| Centerton                 | 140   | 52  | \$120,193  | \$106,883  |
| Decatur                   | 37  | 1   | \$65,000   | \$200,000  |
| Elkins                    | 20  | 49  | \$76,450   | \$77,876   |
| Elm Springs               | 5   | 6   | \$202,000  | \$170,281  |
| Farmington                | 11  | 0   | \$184,727  | -  |
| Fayetteville              | 150   | 106   | \$215,001  | \$191,460  |
| Gentry                    | 14  | 7   | \$77,500   | \$83,571   |
| Goshen                    | 4   | 1   | \$195,066  | \$316,137  |
| Gravette                  | 14  | 3   | \$91,186   | \$130,000  |
| Greenland                 | 5   | 1   | \$109,400  | \$125,000  |
| Johnson                   | 5   | 9   | \$283,124  | \$328,028  |
| Lincoln                   | 3   | 2   | \$104,065  | \$96,980   |
| Little Flock              | 4   | 1   | \$321,250  | \$280,000  |
| Lowell                    | 8   | 3   | \$391,231  | \$303,452  |
| Pea Ridge                 | 38  | 20  | \$131,178  | \$106,554  |
| Prairie Grove             | 15  | 3   | \$125,333  | \$246,667  |
| Rogers                    | 375   | 39  | \$177,989  | \$136,402  |
| Siloam Springs            | 88  | 36  | \$101,408  | \$101,910  |
| Springdale                | 148   | 109   | \$198,789  | \$197,678  |
| Tontitown                 | 0   | 3   | -  | \$219,940  |
| West Fork                 | 5   | 9   | \$115,000  | \$133,333  |
| <b>Northwest Arkansas</b> | <b>1,570</b>                                | <b>725</b>                                  | <b>\$166,783</b>                                   | <b>\$159,179</b>                                   |

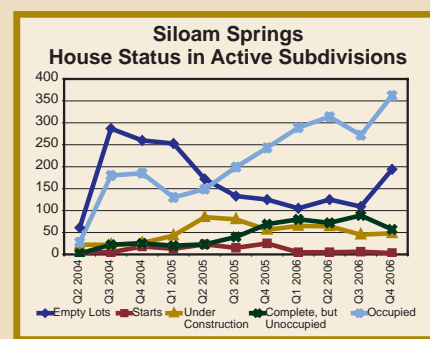
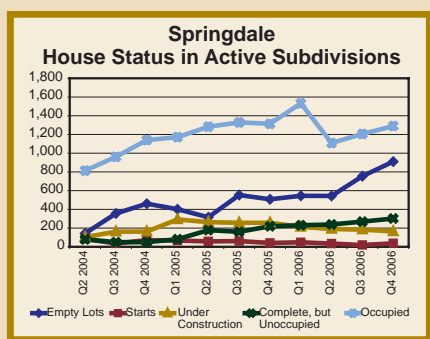
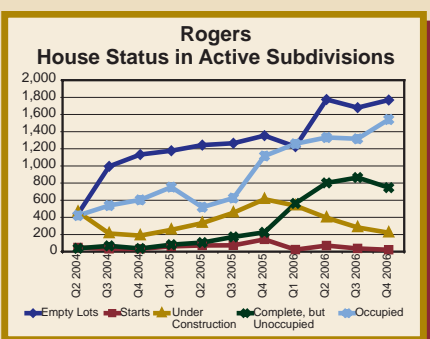
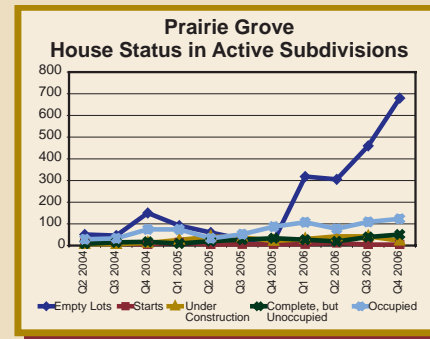
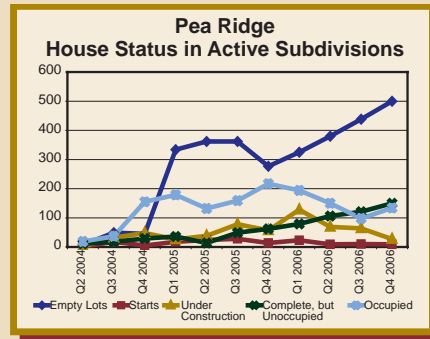
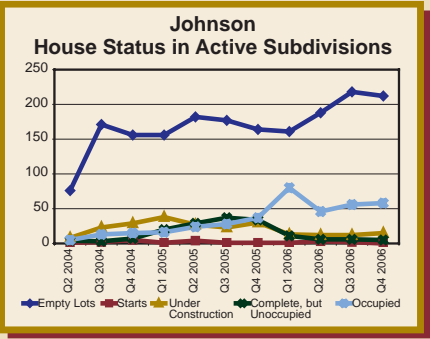
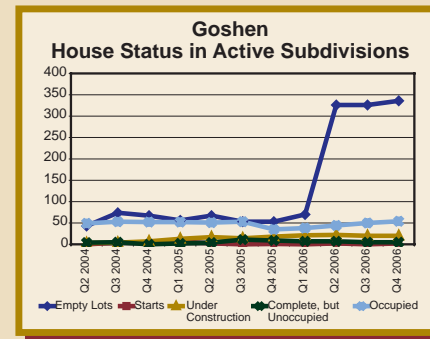
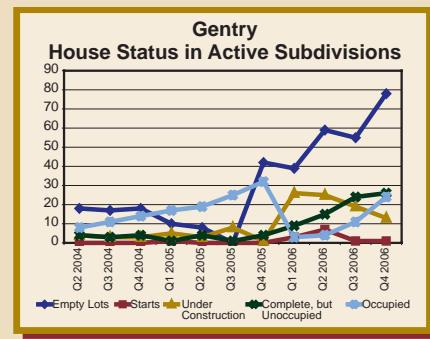
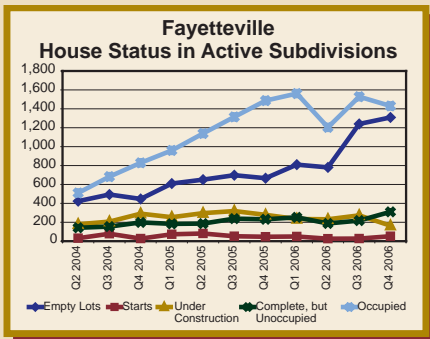
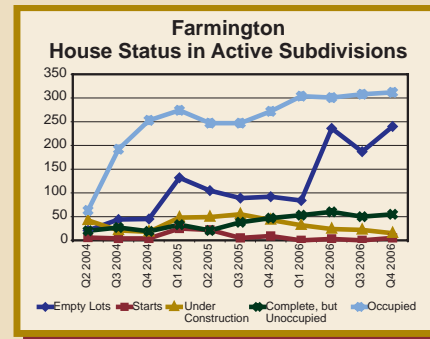
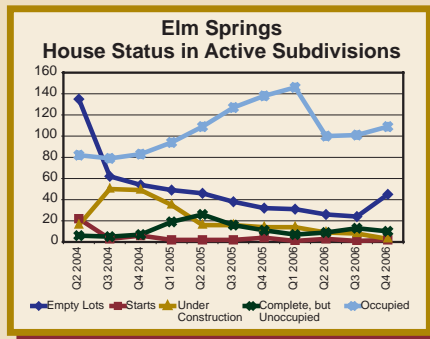
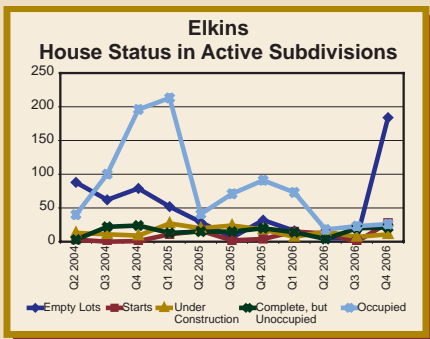
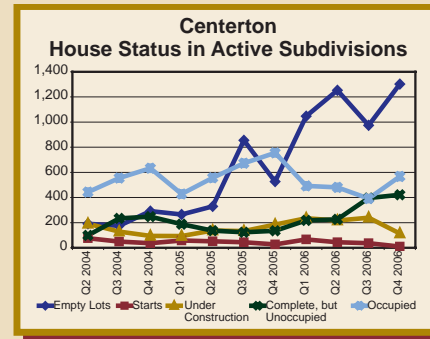
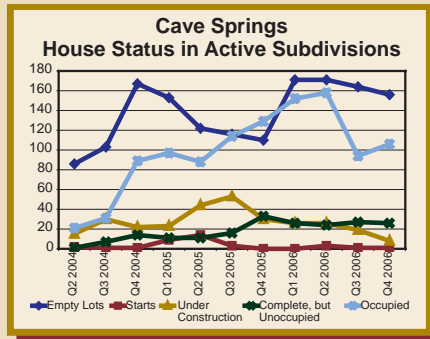
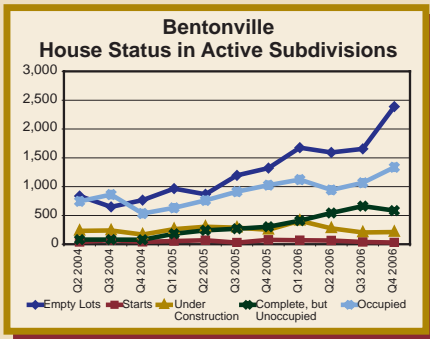
### Benton County Number of Houses Sold



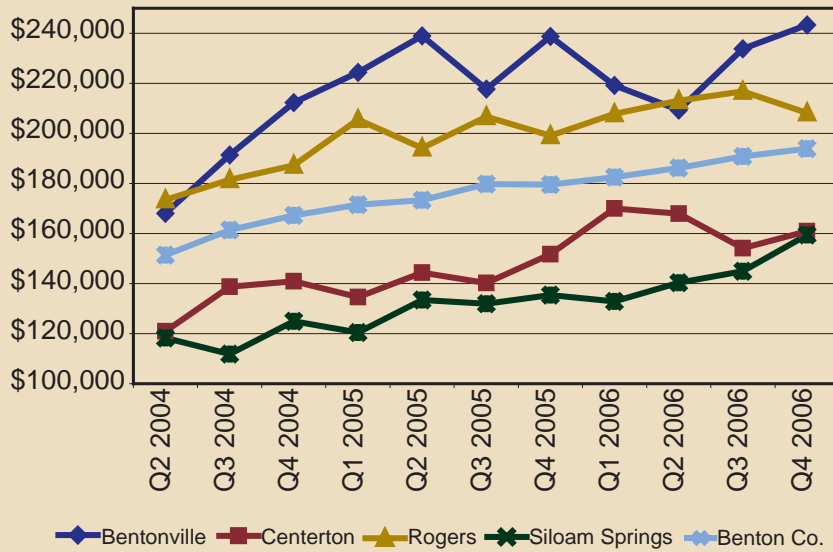
### Washington County Number of Houses Sold



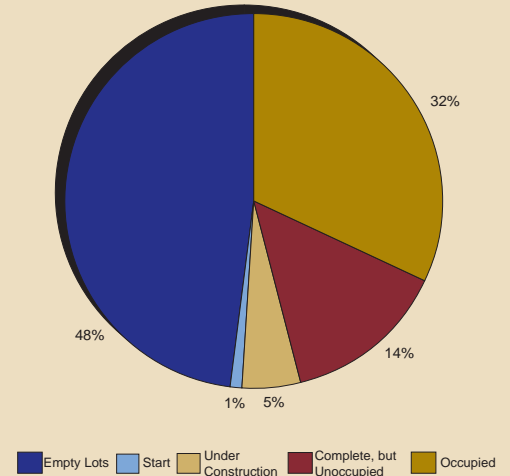
# House Status Trends by City



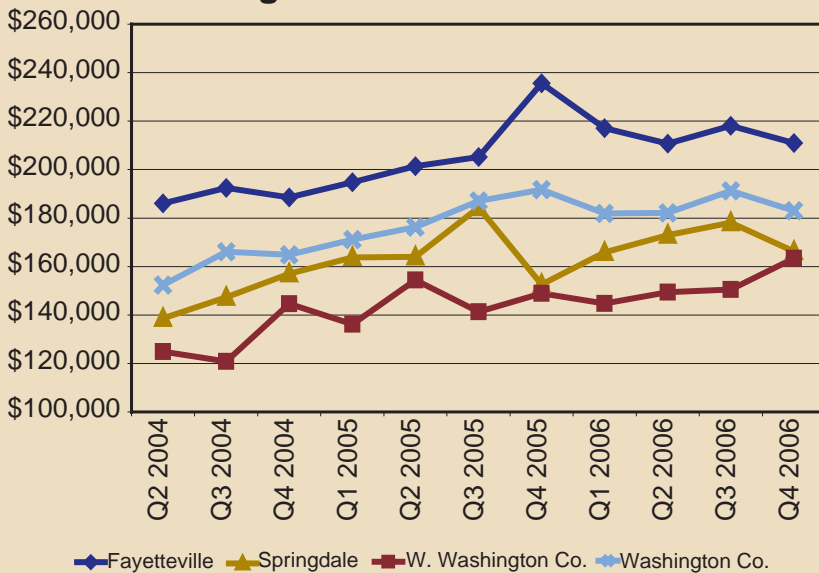
### Benton County Average Price of Houses Sold



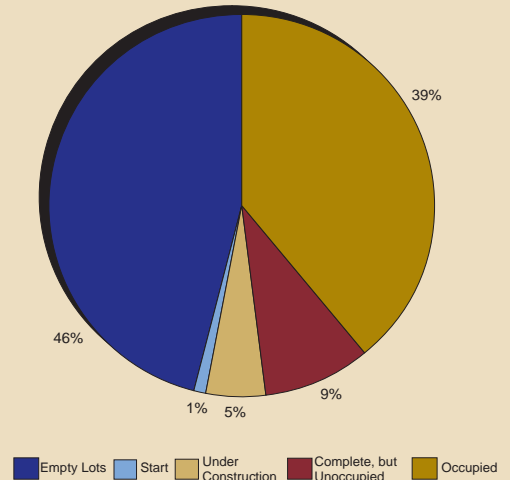
### Benton County Status of Houses in Active Subdivisions by Percentage Q4 2006



### Washington County Average Price of Houses Sold



### Washington County Status of Houses in Active Subdivisions by Percentage Q4 2006



## Selected House Status in Active Subdivisions and Coming Lots Q4 2006

| City                   | Empty Lots | Starts | Under Construction | Complete, but Unoccupied | Occupied | Total Lots in Active Subdivisions | Absorbed Lots | Approved Lots, Not Yet Active |
|------------------------|------------|--------|--------------------|--------------------------|----------|-----------------------------------|---------------|-------------------------------|
| Bentonville            | 2,388      | 30     | 212                | 585                      | 1,335    | 4,570                             | 208           | 3,586                         |
| Centerton              | 1,302      | 10     | 114                | 422                      | 567      | 2,415                             | 246           | 3,238                         |
| Fayetteville           | 1,309      | 53     | 164                | 310                      | 1,431    | 3,266                             | 89            | 3,525                         |
| Rogers                 | 1,769      | 22     | 220                | 747                      | 1,541    | 4,299                             | 246           | 2,048                         |
| Siloam Springs         | 194        | 3      | 48                 | 57                       | 362      | 664                               | 61            | 1,302                         |
| Springdale             | 910        | 37     | 164                | 302                      | 1,290    | 2,703                             | 94            | 2,715                         |
| West Washington County | 1,163      | 11     | 74                 | 179                      | 504      | 1,924                             | 23            | 1,229                         |