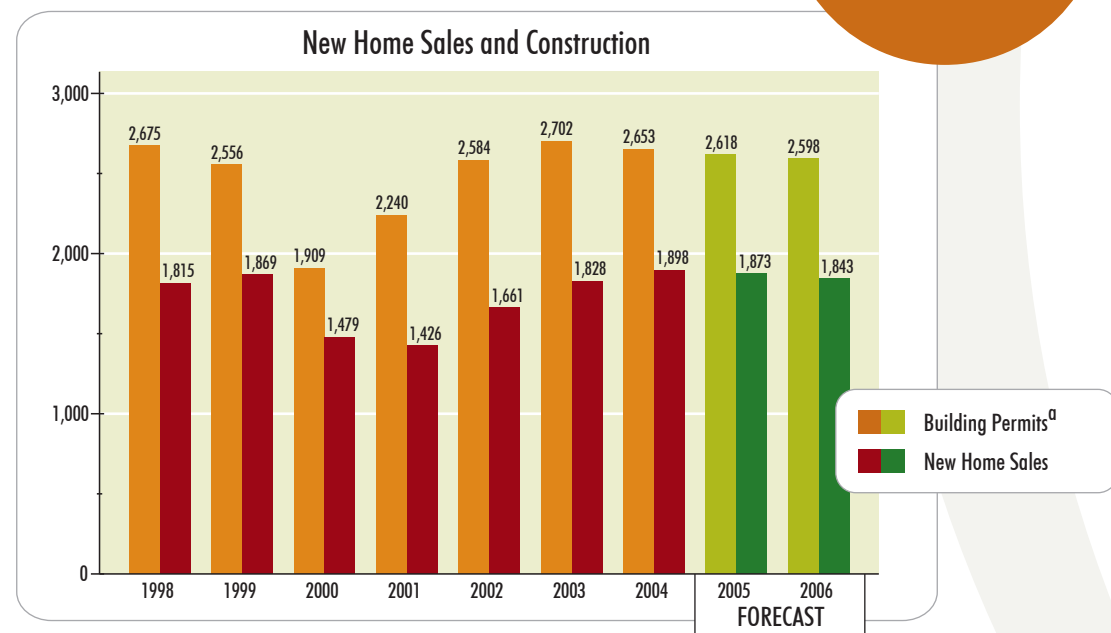


In Full Bloom



New homes continue to blossom throughout the area. Although new home construction was down 4.5 percent during the first half of the year, it appears that the pace of construction will pick up as we move into the beginning of 2006. Strong sales through the first six months of this year have caused the inventory of new homes to fall to a seasonally adjusted 4.4 months supply, down from 5.9 months in January. As a result, permits should rise through the rest of the year as builders seek to replenish their inventories of spec homes.

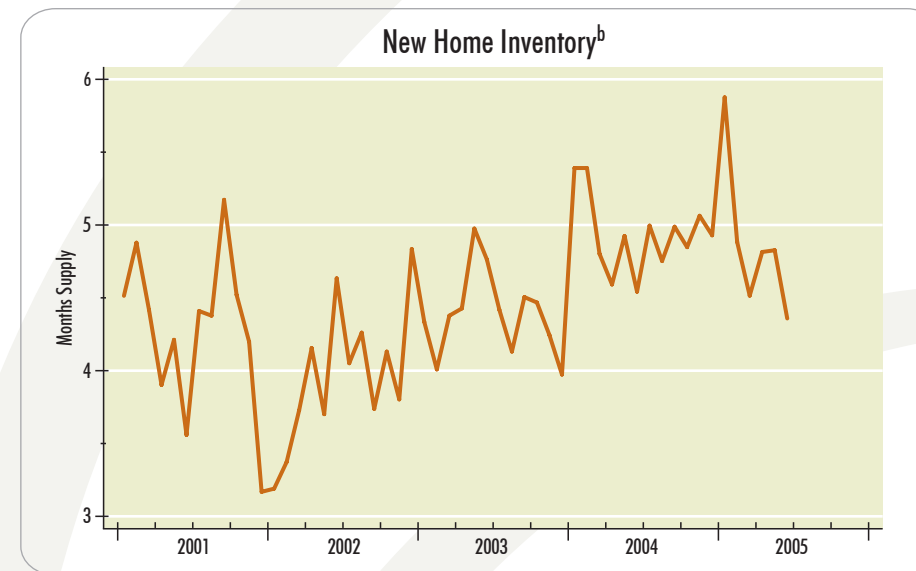
New home construction will end 2005 down 3.1 percent, at 2,618 units.



The pace of construction will continue to slow in 2006, to 2,598 units.

The rapid growth of new home sales seen since 2001 has begun to slow.

"The flowers of the apple are perhaps the most beautiful of any tree's, so copious and so delicious to both sight and scent."



Sales of new homes have continued at a record pace. Nearly 1,900 new homes were sold in the Wichita area in 2004, topping the highest figure on record of 1,869 in 1999. Sales continue to be up through the first half of this year as well. Nonetheless, the rate of growth has been slowing over the past few years, and we forecast that total new home sales in 2005 will be down by 1.3 percent. Sales should fall by another 1.6 percent to 1,843 units in 2006.



Listings for new homes have fallen short of sales through the first half of the year, leaving only a 4.4 months supply of new homes in June of this year.

Sources: □ Wichita Area Builders Association; South Central Kansas Multiple Listing Service; WSU Center for Real Estate
 Notes: □ a) Single-family residential building permits in the Wichita area as collected by the Wichita Area Builders Association
 □ b) Ratio of active new home listings to new home sales