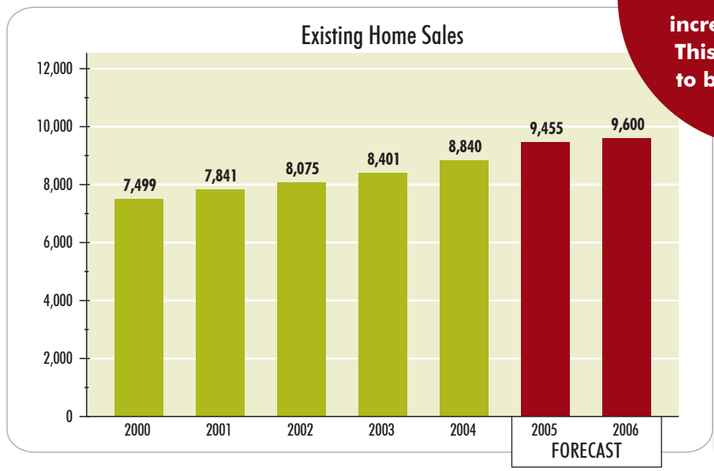
Existing Homes

A Bountiful Harvest

Wichita area existing home sales set a new record in 2004 and are on pace to do so once again in 2005. Mortgage rates have remained remarkably low, even as the Federal Reserve has raised short term interest rates. This, coupled with the best job outlook we've seen in years, should cause sales to rise by a robust 7.0 percent this year.

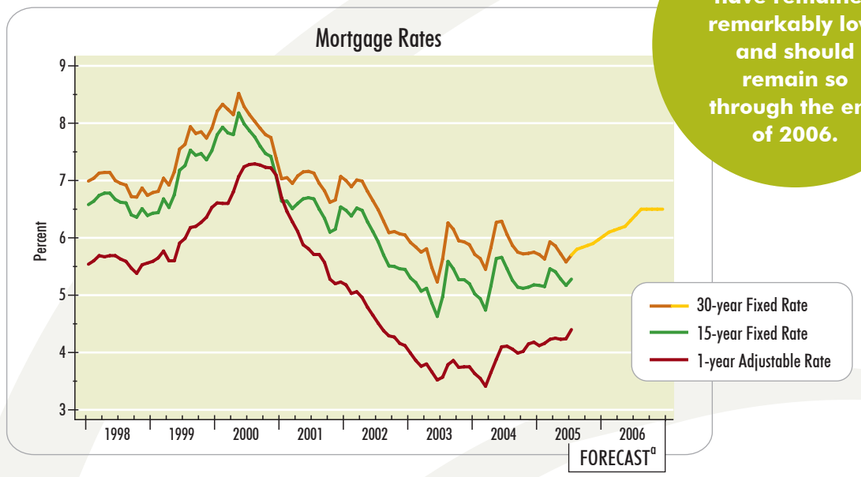
Existing home sales were up by 5.2 percent in 2004, the largest increase on record. This pace appears to be accelerating in 2005.

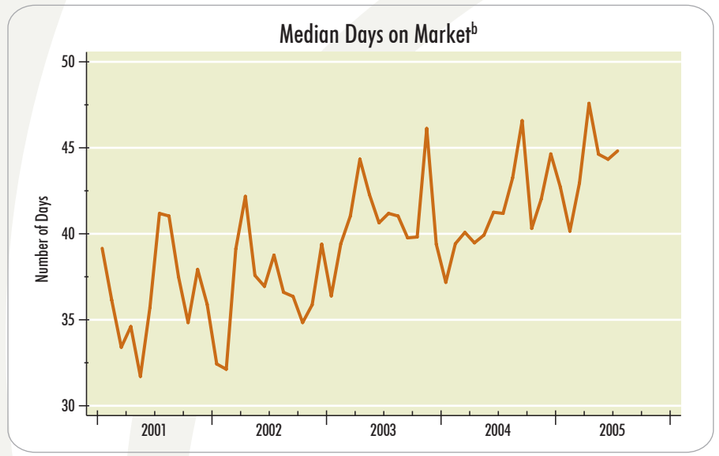


Although sales continue to be strong, there are signs it is becoming a "buyers market." As a result, sales growth should slow to 1.5 percent in 2006.

There are some signs that the market is beginning to soften, however. The amount of time it takes to sell a home has risen steadily over the past several years, and several of the participants in this year's Real Estate Roundtable indicated that buyers are being more selective and taking more time as they survey the homes on the market.

Interest rates have remained remarkably low, and should remain so through the end of 2006.





Nevertheless, existing home sales will continue to rise in 2006, reflecting the strong local economy and mortgage rates that are expected to remain below 6.5 percent through the end of the year.

"The more apples the tree beareth, the more she boweth to the folke."
Old English proverb

Sources: South Central Kansas Multiple Listing Service; WSU Center for Real Estate; Federal Home Loan Mortgage Corporation; Mortgage Bankers Association of America

Notes: a) Mortgage Bankers Association of America's August 2005 forecast of the 30-year conventional mortgage rate
b) Median number of days between listing and contract dates for existing homes, seasonally adjusted