Economic Outlook

Economic growth in the state of Arkansas has slowed more than expected during the first half of 1996, with unexpected job losses in manufacturing. If the state's slowdown continues too long or worsens, the Little Rock-North Little Rock MSA could slow down as well owing to economic linkages. In line with state trends, the MSA has lost manufacturing employment at a fairly steep rate since the middle of 1995.

The MSA has nonetheless shown steady growth so far in 1996, with growth in most sectors of the region's diverse economy compensating for manufacturing losses. The MSA's unemployment rate will remain low in the near future (probably under 4 percent) for economic and demographic reasons. Employment growth averaged 2.9 percent in the MSA from 1990 through 1995, and should roughly match this pace in 1996. For these reasons there should be steady economic growth (probably at 2 to 3 percent annual rate) for the Little Rock-North Little Rock MSA during the remainder of 1996 and into 1997.

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1996 Economic Review and Outlook

The four-county Little Rock-North Little Rock Metropolitan Statistical Area (MSA) has grown robustly since the early 1990's, exceeding the average national growth rate by a considerable margin. This expansive growth breaks with the trend of the 1980's, when regional employment growth lagged behind the national average during most of the decade. During the 1990's growth has occurred in virtually all sectors of the region's economy. In manufacturing and construction the Little Rock-North Little Rock MSA has defied national trends by growing while both sectors lost jobs at the national level.

As shown below, unemployment had dropped by 1995 to its lowest point since before 1980 in the Little Rock-North Little Rock MSA. Heavy demand for workers in the region's diverse economy and a decline in the number of young people entering the labor market are two main reasons for this trend. Demographic factors will probably cause today's labor shortage to continue into the foreseeable future.

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Source: Arkansas Employment Security Department

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Strength in Numbers: The Economic Diversity of Central Arkansas

Recent growth in the Little Rock-North Little Rock MSA cannot be explained by a surge in just one or two industries. Instead, the region has experienced growth in all major sectors. The biggest gains were in construction, transportation and services. During 1995 Arkansas job growth ranked eighth in the nation, while state economic growth has averaged 3 percent annually for the last 30 years.¹

Looking to the future, a major advantage is offered by the Little Rock-North Little Rock MSA’s economic diversity. This means the region traces its economic health to a wide variety of businesses. An economic downturn in one sector would not seriously hurt the economy because growth and stability in other sectors would cushion the blow. The charts below and on the facing page compare employment by sector in the region with the nation and several other MSAs.

As the charts show, the Little Rock-North Little Rock MSA’s employment distribution is strikingly similar to the U.S., with slightly less manufacturing and slightly more governmental employment than the nation. In all other sectors, the difference is about one percent or less. In contrast, the Fayetteville region shows fewer service jobs and much more manufacturing employment than the national average, and other differences. The same is true of Pine Bluff, which shows higher-than-average employment in manufacturing and government.

1995 Employment by Sector

**United States**
- 17% Government
- 4% Construction
- 16% Manufacturing
- 5% Utilities/Transportation
- 24% Trade
- 6% F.I.R.E.
- 28% Services

**Little Rock-North Little Rock MSA**
- 19% Government
- 4% Construction
- 12% Manufacturing
- 6% Utilities/Transportation
- 24% Trade
- 6% F.I.R.E.
- 29% Services

**Fayetteville - Springdale MSA**
- 14% Government
- 4% Construction
- 26% Manufacturing
- 7% Utilities/Transportation
- 22% Trade
- 3% F.I.R.E.
- 19% Services

**Pine Bluff MSA**
- 23% Government
- 2% Construction
- 22% Manufacturing
- 5% Utilities/Transportation
- 21% Trade
- 4% F.I.R.E.
- 23% Services

Source: Employment and Earnings, U.S. Bureau of Labor

¹ UALR Institute for Economic Advancement, Arkansas Economic Outlook Conference, January 24, 1996.

Farther afield, the Austin area shows a higher-than-average share of government employment. Memphis has more employment in utilities, transport and communications than the nation, while Tulsa has much less government employment than the national average. Only Knoxville shows an employment balance that roughly matches the U.S. average and the Little Rock - North Little Rock MSA.

**1995 Employment by Sector**

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- 19% Government
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- 10% Utilities/Transportation
- 27% Trade
- 4% F.I.R.E.
- 23% Services

**Memphis MSA**
- 15% Government
- 4% Construction
- 19% Manufacturing
- 3% Utilities/Transportation
- 22% Trade
- 6% F.I.R.E.
- 26% Services

**Austin MSA**
- 25% Government
- 5% Construction
- 13% Manufacturing
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- 22% Trade
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- 26% Services

Source: Employment and Earnings, U.S. Bureau of Labor

**Employment Analysis 1980 - 1995**

<table>
<thead>
<tr>
<th>MSA (Total Employment</th>
<th>Unemployment)</th>
<th>MSA (Total Employment</th>
<th>Unemployment)</th>
<th>MSA (Total Employment</th>
<th>Unemployment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LR-NLR MSA</td>
<td></td>
<td>Arkansas</td>
<td></td>
<td>United States</td>
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<tr>
<td>1980</td>
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<td>5.7</td>
<td>924,000</td>
<td>5.7</td>
<td>99,300,000</td>
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<tr>
<td>1991</td>
<td>218,700</td>
<td>7.6</td>
<td>939,000</td>
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<tr>
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<td>924,000</td>
<td>10.1</td>
<td>100,834,000</td>
</tr>
<tr>
<td>1994</td>
<td>225,825</td>
<td>6.9</td>
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<td>1995</td>
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<td>1996</td>
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<tr>
<td>1997</td>
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<td>112,440,000</td>
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<tr>
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<tr>
<td>2000</td>
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<td>1,047,000</td>
<td>7.0</td>
<td>118,793,000</td>
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<tr>
<td>2001</td>
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<td>1,033,400</td>
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<tr>
<td>2002</td>
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<td>1,069,500</td>
<td>7.3</td>
<td>118,492,000</td>
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<td>2003</td>
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<td>4.9</td>
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<td>2005</td>
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<td>3.5</td>
<td>1,163,500</td>
<td>4.9</td>
<td>124,900,000</td>
</tr>
</tbody>
</table>

Source: Employment and Earnings, U.S. Bureau of Labor

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<tr>
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<td>925,000</td>
<td>99,526,000</td>
</tr>
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<td>216,605</td>
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<tr>
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<td>948,000</td>
<td>105,005,000</td>
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<tr>
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<td>961,000</td>
<td>107,150,000</td>
</tr>
<tr>
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<td>979,000</td>
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<tr>
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<td>112,440,000</td>
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<td>1,163,500</td>
<td>124,900,000</td>
</tr>
</tbody>
</table>

Source: Employment and Earnings, U.S. Bureau of Labor

Note: F.I.R.E (Finance, Insurance and Real Estate).
### Major Expanding Industries: 1993

<table>
<thead>
<tr>
<th>Company</th>
<th>City</th>
<th>Product or Service</th>
<th>Capital Investment</th>
<th>New Jobs</th>
<th>New or Expanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amtran</td>
<td>Conway</td>
<td>Commercial, school bus bodies</td>
<td>$2,100,000</td>
<td>300</td>
<td>E</td>
</tr>
<tr>
<td>De WatelBakkers</td>
<td>North Little Rock</td>
<td>European waffles</td>
<td>$4,000,000</td>
<td>150</td>
<td>N</td>
</tr>
<tr>
<td>Virco Mfg.</td>
<td>Conway</td>
<td>Storage cabinets, tables</td>
<td>$3,000,000</td>
<td>150</td>
<td>E</td>
</tr>
<tr>
<td>Maverick Transport</td>
<td>North Little Rock</td>
<td>Interstate trucking</td>
<td>$4,100,000</td>
<td>145</td>
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<tr>
<td>Medix Inc.</td>
<td>Maumelle</td>
<td>Wire connectors</td>
<td>$5,000,000</td>
<td>100</td>
<td>E</td>
</tr>
<tr>
<td>Wheatland Tube</td>
<td>Little Rock</td>
<td>Galvanized fence pipe</td>
<td>$2,000,000</td>
<td>50</td>
<td>E</td>
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<tr>
<td>Spirit Homes Inc.</td>
<td>Conway</td>
<td>Mobile homes</td>
<td>N/A</td>
<td>50</td>
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<tr>
<td>Polyverd Inc.</td>
<td>Conway</td>
<td>Vending machines, license plates</td>
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<tr>
<td>Tokusen USA Inc.</td>
<td>Conway</td>
<td>Steel tire cord for radial tires</td>
<td>$33,610,000</td>
<td>40</td>
<td>E</td>
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<tr>
<td>Plastic Ingenuity, Inc.</td>
<td>Maumelle</td>
<td>Plastic tubs</td>
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<tr>
<td>Other expansions</td>
<td>MSA</td>
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<td>$29,850,500</td>
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<tr>
<td>Other new firms</td>
<td>MSA</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>MSA</strong></td>
<td></td>
<td><strong>$110,860,500</strong></td>
<td><strong>1,328</strong></td>
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</table>

### Major Expanding Industries: 1994

<table>
<thead>
<tr>
<th>Company</th>
<th>City</th>
<th>Product or Service</th>
<th>Capital Investment</th>
<th>New Jobs</th>
<th>New or Expanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southwest Airlines</td>
<td>Little Rock</td>
<td>Airline Reservations</td>
<td>$10,000,000</td>
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<td>Systematics</td>
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<td>Software design, data processing</td>
<td>$19,129,000</td>
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<tr>
<td>Alltel</td>
<td>Little Rock</td>
<td>Telecommunications</td>
<td>$20,000,000</td>
<td>300</td>
<td>E</td>
</tr>
<tr>
<td>RAM Industries</td>
<td>North Little Rock</td>
<td>Message Boards</td>
<td>$4,000,000</td>
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<tr>
<td>Rank Video</td>
<td>North Little Rock</td>
<td>Video tapes</td>
<td>$27,000,000</td>
<td>250</td>
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<tr>
<td>AT&amp;T</td>
<td>Little Rock</td>
<td>Computers</td>
<td>$16,900,000</td>
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<tr>
<td>Odom Sausage</td>
<td>Little Rock</td>
<td>Pork products</td>
<td>$7,725,500</td>
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<tr>
<td>Leisure Arts Inc.</td>
<td>Little Rock</td>
<td>Craft book publishing</td>
<td>$1,196,000</td>
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<tr>
<td>Arkansas Systems</td>
<td>Little Rock</td>
<td>Data processing</td>
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<td>E</td>
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<td>Timepix Corp.</td>
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<td>Watches, watch cases</td>
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Source for Expanding Industry data: Arkansas Industrial Development Commission.

### Major Expanding Industries: 1995

<table>
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<tr>
<th>Company</th>
<th>City</th>
<th>Product or Service</th>
<th>Capital Investment</th>
<th>New Jobs</th>
<th>New or Expanding</th>
</tr>
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<tbody>
<tr>
<td>Rank Video</td>
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<td>Video cassettes</td>
<td>$63,000,000</td>
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<td>Nucor</td>
<td>Conway</td>
<td>Steel fasteners</td>
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<tr>
<td>Arkansas Systems</td>
<td>Little Rock</td>
<td>Information systems</td>
<td>$15,000,000</td>
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<tr>
<td>Alltel</td>
<td>Little Rock</td>
<td>Telecommunications</td>
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<td>Gunnebo Fastening</td>
<td>Lonoke</td>
<td>Construction anchors or fasteners</td>
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<td>Dassault Falcon Jet</td>
<td>Benton</td>
<td>Aircraft modification or maintenance</td>
<td>N/A</td>
<td>100</td>
<td>E</td>
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<tr>
<td>Rinoco Chemical</td>
<td>Benton</td>
<td>Toxic waste disposal</td>
<td>N/A</td>
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<td>ACI Coors</td>
<td>Benton</td>
<td>Distribution</td>
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<td>Kimberly-Clark</td>
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<td>Baby wipes</td>
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<td>Tokusen USA Inc.</td>
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<td>Steel tire cord</td>
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<td>Other expansions</td>
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<td></td>
<td><strong>$203,571,421</strong></td>
<td><strong>2,213</strong></td>
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</tr>
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</table>

### A Major Upswing

The years 1993, 1994 and 1995 saw substantial gains for the local economy. Many locally-based companies, such as Axciom, Alltel, Arkansas Systems, and others, have grown rapidly in both revenues and employment, while there have been major move-ins by growing and successful firms from outside the region, including Rank Video, Nucor, and Southwest Airlines. Traditionally, the economy of the Little Rock-North Little Rock MSA has been based primarily on services and government, but recent years have seen significant growth in manufacturing as well.

### Manufacturing, Up, and Down

Manufacturing employment grew from 33,500 in January, 1990 to a peak of 36,800 in August, 1995, a 9.9% increase. Much of this growth can be attributed to the move-in of several new firms, rather than by gains in established firms. Since that time, manufacturing employment has dropped to 34,400 in May, 1996, the most recent date for which figures are available. This drop of 6.5% in nine months is due primarily to several plant closings and layoffs. If the trend continues, the manufacturing gains of recent years may soon be reversed, and the region will fall back in line with national industrial trends.

### About This Data

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Major Expanding Industries: 1993

<table>
<thead>
<tr>
<th>Company</th>
<th>City</th>
<th>Product or Service</th>
<th>Capital Investment</th>
<th>New Jobs</th>
<th>New or Expanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amtran</td>
<td>Conway</td>
<td>Commercial, school bus bodies</td>
<td>$2,100,000</td>
<td>300</td>
<td>E</td>
</tr>
<tr>
<td>De WatelBakkers</td>
<td>North Little Rock</td>
<td>European waffles</td>
<td>$4,000,000</td>
<td>150</td>
<td>N</td>
</tr>
<tr>
<td>Virco Mfg.</td>
<td>Conway</td>
<td>Storage cabinets, tables</td>
<td>$3,000,000</td>
<td>150</td>
<td>E</td>
</tr>
<tr>
<td>Maverick Transport</td>
<td>North Little Rock</td>
<td>Interstate trucking</td>
<td>$4,100,000</td>
<td>145</td>
<td>E</td>
</tr>
<tr>
<td>Molix Inc.</td>
<td>Maumelle</td>
<td>Wire connectors</td>
<td>$5,000,000</td>
<td>100</td>
<td>E</td>
</tr>
<tr>
<td>Whelan Williams</td>
<td>Little Rock</td>
<td>Galvanized fence pipe</td>
<td>$2,000,000</td>
<td>50</td>
<td>E</td>
</tr>
<tr>
<td>Spirit Homes Inc.</td>
<td>Conway</td>
<td>Mobile homes</td>
<td>N/A</td>
<td>50</td>
<td>E</td>
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<tr>
<td>Polyved Inc.</td>
<td>Conway</td>
<td>Vending machines, license plates</td>
<td>N/A</td>
<td>45</td>
<td>E</td>
</tr>
<tr>
<td>Tokusen USA Inc.</td>
<td>Conway</td>
<td>Steel tire cord for radial tires</td>
<td>$33,610,000</td>
<td>40</td>
<td>E</td>
</tr>
<tr>
<td>Plastic Ingenuity, Inc.</td>
<td>Maumelle</td>
<td>Plastic tubs</td>
<td>$5,000,000</td>
<td>40</td>
<td>N</td>
</tr>
<tr>
<td>Other expansions</td>
<td>MSA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other new firms</td>
<td>MSA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL MSA</strong></td>
<td></td>
<td></td>
<td><strong>$110,860,500</strong></td>
<td><strong>1,328</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source for Expanding Industry data: Arkansas Industrial Development Commission.

A Major Upswing

The years 1993, 1994 and 1995 saw substantial gains for the local economy. Many locally-based companies, such as Axciom, Alltel, Arkansas Systems, and others, have grown rapidly in both revenues and employment, while there have been major move-ins by growing and successful firms from outside the region, including Timex, Alltel, and Southwest Airlines. Traditionally, the economy of the Little Rock-North Little Rock MSA has been based primarily on services and government, but recent years have seen significant growth in manufacturing as well.

Manufacturing: Up, Up, and Down

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### Local Socio-Economic Statistics 1993 - 1995

#### 1993

<table>
<thead>
<tr>
<th>Metric</th>
<th>LR-NLR MSA</th>
<th>Faulkner County</th>
<th>Lonoke County</th>
<th>Pulaski County</th>
<th>Saline County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Employment</td>
<td>265,275</td>
<td>31,975</td>
<td>19,425</td>
<td>180,400</td>
<td>33,475</td>
</tr>
<tr>
<td>% Unemployment</td>
<td>4.7</td>
<td>5.6</td>
<td>4.7</td>
<td>4.6</td>
<td>4.4</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>33,300</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>New Industries</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Expanding Industries</td>
<td>277</td>
<td>0</td>
<td>0</td>
<td>237</td>
<td>40</td>
</tr>
<tr>
<td>New Jobs</td>
<td>36</td>
<td>5</td>
<td>0</td>
<td>31</td>
<td>0</td>
</tr>
<tr>
<td>New Jobs</td>
<td>1,051</td>
<td>585</td>
<td>0</td>
<td>466</td>
<td>0</td>
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<tr>
<td>Assessed Valuations ($)</td>
<td>3,675,341,187</td>
<td>366,458,602</td>
<td>230,380,946</td>
<td>2,704,841,450</td>
<td>373,660,189</td>
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<tr>
<td>Real Estate ($)</td>
<td>2,635,779,314</td>
<td>259,556,142</td>
<td>162,268,011</td>
<td>1,934,06,064</td>
<td>279,891,557</td>
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<tr>
<td>Personal Property ($)</td>
<td>653,180,053</td>
<td>68,905,282</td>
<td>48,786,126</td>
<td>638,079,242</td>
<td>77,409,403</td>
</tr>
<tr>
<td>Corporate ($)</td>
<td>186,166,490</td>
<td>17,930,728</td>
<td>19,326,809</td>
<td>142,829,742</td>
<td>16,339,229</td>
</tr>
<tr>
<td>Bank Deposits ($)</td>
<td>5,203,644,000</td>
<td>405,899,000</td>
<td>227,239,000</td>
<td>4,306,276,000</td>
<td>264,230,000</td>
</tr>
<tr>
<td>Bank Assets ($)</td>
<td>5,711,231,000</td>
<td>447,861,000</td>
<td>267,947,000</td>
<td>4,700,413,000</td>
<td>295,010,000</td>
</tr>
</tbody>
</table>

#### 1994

<table>
<thead>
<tr>
<th>Metric</th>
<th>LR-NLR MSA</th>
<th>Faulkner County</th>
<th>Lonoke County</th>
<th>Pulaski County</th>
<th>Saline County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Employment</td>
<td>277,375</td>
<td>33,425</td>
<td>20,300</td>
<td>188,625</td>
<td>35,025</td>
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<tr>
<td>% Unemployment</td>
<td>4.1</td>
<td>5.2</td>
<td>3.9</td>
<td>4.0</td>
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<tr>
<td>Manufacturing</td>
<td>35,000</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>New Industries</td>
<td>6</td>
<td>1</td>
<td>0</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Expanding Industries</td>
<td>37</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>New Jobs</td>
<td>1,515</td>
<td>15</td>
<td>1</td>
<td>1,460</td>
<td>40</td>
</tr>
<tr>
<td>Expanding Industries</td>
<td>1,756</td>
<td>17</td>
<td>17</td>
<td>1,647</td>
<td>40</td>
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<tr>
<td>Assessed Valuations ($)</td>
<td>3,818,199,332</td>
<td>379,459,032</td>
<td>244,297,408</td>
<td>2,774,877,974</td>
<td>419,056,118</td>
</tr>
<tr>
<td>Real Estate ($)</td>
<td>2,719,904,217</td>
<td>274,333,218</td>
<td>169,043,485</td>
<td>1,963,073,221</td>
<td>313,254,371</td>
</tr>
<tr>
<td>Personal Property ($)</td>
<td>920,892,454</td>
<td>104,575,084</td>
<td>55,388,480</td>
<td>672,397,661</td>
<td>853,311,297</td>
</tr>
<tr>
<td>Corporate ($)</td>
<td>195,394,217</td>
<td>18,180,448</td>
<td>20,297,448</td>
<td>139,356,012</td>
<td>17,270,518</td>
</tr>
<tr>
<td>Bank Deposits ($)</td>
<td>5,255,663,000</td>
<td>442,850,000</td>
<td>242,327,000</td>
<td>4,306,276,000</td>
<td>264,230,000</td>
</tr>
<tr>
<td>Bank Assets ($)</td>
<td>5,760,042,000</td>
<td>483,754,000</td>
<td>280,865,000</td>
<td>4,700,413,000</td>
<td>295,010,000</td>
</tr>
</tbody>
</table>

#### 1995

<table>
<thead>
<tr>
<th>Metric</th>
<th>LR-NLR MSA</th>
<th>Faulkner County</th>
<th>Lonoke County</th>
<th>Pulaski County</th>
<th>Saline County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Employment</td>
<td>284,375</td>
<td>36,125</td>
<td>21,950</td>
<td>189,050</td>
<td>37,250</td>
</tr>
<tr>
<td>% Unemployment</td>
<td>3.5</td>
<td>4.4</td>
<td>3.5</td>
<td>3.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>36,000</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>New Industries</td>
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<td>1</td>
<td>1</td>
<td>6</td>
<td>1</td>
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<tr>
<td>Expanding Industries</td>
<td>663</td>
<td>462</td>
<td>110</td>
<td>85</td>
<td>6</td>
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<tr>
<td>New Jobs</td>
<td>24</td>
<td>4</td>
<td>2</td>
<td>11</td>
<td>7</td>
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<tr>
<td>New Jobs</td>
<td>1,550</td>
<td>68</td>
<td>64</td>
<td>1,231</td>
<td>187</td>
</tr>
<tr>
<td>Assessed Valuations ($)</td>
<td>4,104,247,660</td>
<td>426,203,455</td>
<td>265,656,402</td>
<td>2,901,234,001</td>
<td>511,153,802</td>
</tr>
<tr>
<td>Real Estate ($)</td>
<td>2,080,374,949</td>
<td>289,869,971</td>
<td>181,846,223</td>
<td>2,027,722,205</td>
<td>381,216,550</td>
</tr>
<tr>
<td>Personal Property ($)</td>
<td>1,023,627,391</td>
<td>117,838,062</td>
<td>92,873,570</td>
<td>133,671,928</td>
<td>113,836,911</td>
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<tr>
<td>Corporate ($)</td>
<td>200,178,026</td>
<td>18,775,402</td>
<td>20,910,719</td>
<td>142,391,564</td>
<td>18,100,341</td>
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<tr>
<td>Bank Deposits ($)</td>
<td>5,116,857,000</td>
<td>452,751,000</td>
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<td>4,136,582,000</td>
<td>269,573,000</td>
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<tr>
<td>Bank Assets ($)</td>
<td>6,146,817,000</td>
<td>515,046,000</td>
<td>299,300,000</td>
<td>5,023,063,000</td>
<td>309,402,000</td>
</tr>
</tbody>
</table>

### Ahead of the Curve in the 1990's: The Information Sector Emerges

The Little Rock-North Little Rock MSA has seen major growth in business services in recent years. This sector includes data processing, software design, computer integrated systems design, and related fields. Employment in business services has grown from 15,000 in January 1990 to 21,100 in January 1996, a 40 percent increase in six years. The chart above shows the growth by annual averages. Note that the steepest increase occurred in 1993 and 1994. By comparison, average U.S. growth in business services was about 14 percent over the same period.

Several local companies specializing in these fields have led the local trend: Acxiom, Alltel’s Information Services division (formerly Systematics), and Arkansas Systems. These firms are major players in national and international markets. Central Arkansas is therefore growing well in excess of the national average in an important and growing sector of the U.S. economy.

Two other successes in related fields round out the story of non-manufacturing technology-oriented growth. The first is Alltel’s telephone and cellular mobile communications business. The second is the Southwest Airlines Reservations Center, which moved into the area during 1995.

All of these businesses serve far more than the local market. The firms described here export their services to other regions and, in some cases, other countries. These companies have brought in millions of dollars and provided thousands of jobs. The growth of these industries helps to explain much of the recent economic and population growth in central Arkansas.

### Explaining the Trend

Economic trends are by definition hard to define and explain. With limited hard data, we can only speculate about what is going on. Here are some likely factors:

- **The state of Arkansas has no sales tax on incoming telephone calls, and no law restricting employers from doing quality-assurance monitoring of employees’ telephone conversations.**
- **Local advantage - fiber optics lines tend to follow interstate highways. Central Arkansas is astride I-30 and I-40, not far from the geographic center of the United States. I-40 is one of four interstate highways that stretch from coast to coast.**
- **Quality of life - non-manufacturing businesses are increasingly concerned with the quality of living of their employees. Central Arkansas offers an attractive and reasonably sophisticated urban setting without the high stress factors often associated with larger urban areas.**

![Graph showing business service employment growth from 1990 to 1995](image_url)
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Housing Construction Trends 1990-1995

The Central Arkansas region has seen tremendous growth in single-family housing since the early 1990’s, particularly during 1993 and 1994. The City of Little Rock permitted 740 units in 1993, its greatest annual growth in single-family housing during the last fifteen years. The vast majority of this new housing was built in rapidly expanding western Little Rock west of I-430.

Much of the region’s housing growth has occurred outside Pulaski County. Conway, for example, in Faulkner County, had a record 515 single-family homes permitted in 1994. Cabot, in Lonoke County, permitted 400 single-family residences in 1995. Other outlying cities posted major gains, including Maumelle, Bryant, and Benton.

### Single-Family Housing Unit Permits

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Little Rock</td>
<td>431</td>
<td>450</td>
<td>603</td>
<td>740</td>
<td>641</td>
<td>477</td>
</tr>
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<td>N Little Rock</td>
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<td>58</td>
<td>113</td>
<td>107</td>
<td>97</td>
<td>98</td>
</tr>
<tr>
<td>Jacksonville</td>
<td>26</td>
<td>25</td>
<td>53</td>
<td>75</td>
<td>82</td>
<td>54</td>
</tr>
<tr>
<td>Sherwood</td>
<td>94</td>
<td>76</td>
<td>44</td>
<td>91</td>
<td>70</td>
<td>85</td>
</tr>
<tr>
<td>Maumelle</td>
<td>62</td>
<td>47</td>
<td>65</td>
<td>93</td>
<td>124</td>
<td>176</td>
</tr>
<tr>
<td>Cabot</td>
<td>123</td>
<td>141</td>
<td>184</td>
<td>224</td>
<td>297</td>
<td>400</td>
</tr>
<tr>
<td>Benton</td>
<td>85</td>
<td>122</td>
<td>138</td>
<td>183</td>
<td>194</td>
<td>138</td>
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<td>Bryant</td>
<td>119</td>
<td>124</td>
<td>79</td>
<td>63</td>
<td>117</td>
<td>141</td>
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<tr>
<td>Conway</td>
<td>271</td>
<td>368</td>
<td>369</td>
<td>445</td>
<td>515</td>
<td>438</td>
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<tr>
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<td>1,411</td>
<td>1,648</td>
<td>2,021</td>
<td>2,137</td>
<td>2,007</td>
</tr>
</tbody>
</table>

After years of slow growth, multi-family housing construction took a jump during 1995 in Pulaski County with the beginning of three new major apartment complexes. Major complexes were also constructed recently in Conway and Benton.

### Multi-Family Housing Unit Permits

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Little Rock</td>
<td>25</td>
<td>19</td>
<td>0</td>
<td>11</td>
<td>18</td>
<td>430</td>
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<td>N Little Rock</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Jacksonville</td>
<td>0</td>
<td>6</td>
<td>0</td>
<td>6</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>Sherwood</td>
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<td>4</td>
<td>0</td>
<td>30</td>
<td>16</td>
<td>457</td>
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<tr>
<td>Maumelle</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Cabot</td>
<td>N/A</td>
<td>3</td>
<td>N/A</td>
<td>0</td>
<td>48</td>
<td>29</td>
</tr>
<tr>
<td>Benton</td>
<td>2</td>
<td>66</td>
<td>34</td>
<td>223</td>
<td>31</td>
<td>0</td>
</tr>
<tr>
<td>Bryant</td>
<td>40</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
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### Regional Housing Totals

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<td>Percent Single Family</td>
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<tr>
<td>Percent Multi-Family</td>
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<td>17.1</td>
<td>16.5</td>
<td>34.8</td>
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</tbody>
</table>

Source: City building permit departments.

Use Building Permits With Care

Building permit data gives up-to-date information about construction activity and costs. While very useful, this information should be used with caution. There is no guarantee that permitted structures are ever built. Cost is an even more difficult issue, for two reasons: (1) the values quoted are only for construction costs, and do not include land cost; and (2) the cost is estimated at the time the permit is recorded; actual construction costs could go above or below the value quoted. Building activity outside incorporated areas of the MSA’s four counties is not covered with these data.

The Cost Factor

The table and chart below depict the average stated value of single-family housing permits by city within the Little Rock-North Little Rock MSA. As the chart shows, there is a striking difference between cities. The average new single-family home in Little Rock costs more than 2.5 times as much as the average new home in Cabot. Housing costs are generally higher in Pulaski County, with the partial exception of Sherwood and Jacksonville. There also appears to be some correlation between each city’s rate of single-family housing growth and average cost. Cabot, however, is a sharp exception to this trend, with rapid growth and low costs simultaneously.

1995 — Average Single-Family Home Permit Values by City

1995 — Number of Single-Family Housing Permits by City

Use Building Permits With Care

Building permit data gives up-to-date information about construction activity and costs. While very useful, this information should be used with caution. There is no guarantee that permitted structures are ever built. Cost is an even more difficult issue, for two reasons: (1) the values quoted are only for construction costs, and do not include land cost; and (2) the cost is estimated at the time the permit is recorded; actual construction costs could go above or below the value quoted. Building activity outside incorporated areas of the MSA’s four counties is not covered with these data.
Housing Construction Trends 1990-1995

The Central Arkansas region has seen tremendous growth in single-family housing since the early 1990's, particularly during 1993 and 1994. The City of Little Rock permitted 740 units in 1993, its greatest annual growth in single-family housing during the last fifteen years. The vast majority of this new housing was built in rapidly expanding western Little Rock west of I-430.

Much of the region's housing growth has occurred outside Pulaski County. Conway, for example, in Faulkner County, had a record 515 single-family homes permitted in 1994. Cabot, in Lonoke County, permitted 400 single-family residences in 1995. Other outlying cities posted major gains, including Maumelle, Bryant, and Benton.

<table>
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<tr>
<th>Single-Family Housing Unit Permits</th>
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<tr>
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</tr>
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<tr>
<td>Jacksonville</td>
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<tr>
<td>Sherwood</td>
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<tr>
<td>Maumelle</td>
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<tr>
<td>Cabot</td>
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<td>Benton</td>
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<td>Bryant</td>
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<tr>
<td>MSA Total</td>
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</table>

After years of slow growth, multi-family housing construction took a jump during 1995 in Pulaski County with the beginning of three new major apartment complexes. Major complexes were also constructed recently in Conway and Benton.

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<tr>
<th>Multi-Family Housing Unit Permits</th>
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<td>Bryant</td>
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<td>Conway</td>
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<tr>
<td>MSA Total</td>
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<table>
<thead>
<tr>
<th>Regional Housing Totals</th>
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<tbody>
<tr>
<td>MSA Total (All housing units)</td>
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<tr>
<td>Percent Single Family</td>
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<tr>
<td>Percent Multi-Family</td>
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</table>

Source: City building permit departments.

The Cost Factor

The table and chart below depict the average stated value of single-family housing permits by city within the Little Rock-North Little Rock MSA. As the chart shows, there is a striking difference between cities. The average new single-family home in Little Rock costs more than 2.5 times as much as the average new home in Cabot. Housing costs are generally higher in Pulaski County, with the partial exception of Sherwood and Jacksonville. There also appears to be some correlation between each city's rate of single-family housing growth and average cost. Cabot, however, is a sharp exception to this trend, with rapid growth and low costs simultaneously.

1995 — Average Single-Family Home Permit Values by City

1995 — Number of Single-Family Housing Permits by City

Use Building Permits With Care

Building permit data gives up-to-date information about construction activity and costs. While very useful, this information should be used with caution. There is no guarantee that permitted structures are ever built. Cost is an even more difficult issue, for two reasons: (1) the values quoted are only for construction costs, and do not include land cost; and (2) the cost is estimated at the time the permit is recorded; actual construction costs could go above or below the value quoted. Building activity outside incorporated areas of the MSAs' four counties is not covered with these data.
### 1993-1995 Building Permit Values

#### ($ Millions of Dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>All Permits</th>
<th>New Residential</th>
<th>Residential Repair and Additions</th>
<th>Non-Residential New and Repairs</th>
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</table>

**Notes:**
1. Figures are rounded.
2. This data does not include construction activity in unincorporated areas or cities of under 5,000 population.

### 1993-1995 Building Permit Values: County and MSA Totals

#### ($ Millions of Dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>All Permits</th>
<th>New Residential</th>
<th>Residential Repair and Additions</th>
<th>Non-Residential New and Repairs</th>
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**Half a Billion Dollars a Year**

Construction in the Little Rock-North Little Rock MSA averaged nearly one-half billion dollars annually from 1993 to 1995, and actually exceeded the half-billion mark in 1994. In most cities of the MSA, this period of healthy growth began with a surge in new residential housing construction, followed by a wave of non-residential construction. In Conway, for example, residential construction was over twice as great in dollar value as non-residential construction in 1993, but by 1995 residential construction was just one-third greater. Cabot saw a dramatic surge in non-residential construction, with annual growth nearly tripling in dollar value from 1993 to 1995.

In North Little Rock, non-residential construction was greater in dollar value than residential in all three years. Much of this growth represented rapid retail development, especially along and near McCain Blvd. and US 67/167. Little Rock also saw non-residential construction surpass the dollar value of new housing construction by 1995. Much of Little Rock’s growth represented retail and office development west of I-430 along Chenal Parkway, Bowman Rd. and West Markham St. The City of Benton also saw a major surge in non-residential construction from 1993 to 1995, much of it representing retail growth along I-30 and Military Road.

**Notes:**
1. Figures are rounded.
2. This data does not include construction activity in unincorporated areas or cities of under 5,000 population.
## 1993-1995 Building Permit Values

### County and MSA Totals ($ Millions of Dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>All Permits</th>
<th>New Residential</th>
<th>Residential Repair and Additions</th>
<th>Non-Residential New and Repairs</th>
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<td>1.1</td>
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</tr>
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<td>Bryant</td>
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<td>15.7</td>
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Notes: 1. Figures are rounded.
2. This data does not include construction activity in unincorporated areas or cities of under 5,000 population.

### Half a Billion Dollars a Year

Construction in the Little Rock-North Little Rock MSA averaged nearly one-half billion dollars annually from 1993 to 1995, and actually exceeded the half-billion mark in 1994. In most cities of the MSA, this period of healthy growth began with a surge in new residential housing construction, followed by a wave of non-residential construction. In Conway, for example, residential construction was over twice as great in dollar value as non-residential construction in 1993, but by 1995 residential construction was just one-third greater. Cabot saw a dramatic surge in non-residential construction, with annual growth nearly tripling in dollar value from 1993 to 1995.

In North Little Rock, non-residential construction was greater in dollar value than residential in all three years. Much of this growth represented rapid retail development, especially along and near McCain Blvd. and US 67/167. Little Rock also saw non-residential construction surpass the dollar value of new housing construction by 1995. Much of Little Rock's growth represented retail and office development west of I-430 along Chenal Parkway, Bowman Rd. and West Markham St. The City of Benton also saw a major surge in non-residential construction from 1993 to 1995, much of it representing retail growth along I-30 and Military Road.
Economic Outlook

Economic growth in the state of Arkansas has slowed more than expected during the first half of 1996, with unexpected job losses in manufacturing. If the state's slowdown continues too long or worsens, the Little Rock-North Little Rock MSA could slow down as well owing to economic linkages. In line with state trends, the MSA has lost manufacturing employment at a fairly steep rate since the middle of 1995.

The MSA has nonetheless shown steady growth so far in 1996, with growth in most sectors of the region's diverse economy compensating for manufacturing losses. The MSA's unemployment rate will remain low in the near future (probably under 4 percent) for economic and demographic reasons. Employment growth averaged 2.9 percent in the MSA from 1990 through 1995, and should roughly match this pace in 1996. For these reasons there should be steady economic growth (probably at 2 to 3 percent annual rate) for the Little Rock-North Little Rock MSA during the remainder of 1996 and into 1997.

1 Arkansas Institute for Economic Advancement, UALR Forecast Conference, July 24, 1996.

1996 Economic Review and Outlook

The four-county Little Rock-North Little Rock Metropolitan Statistical Area (MSA) has grown robustly since the early 1990s, exceeding the average national growth rate by a considerable margin. This expansive growth breaks with the trend of the 1980s, when regional employment growth lagged behind the national average during most of the decade. During the 1990s growth has occurred in virtually all sectors of the region's economy. In manufacturing and construction the Little Rock-North Little Rock MSA has defied national trends by growing while both sectors lost jobs at the national level.

Annual Employment Growth or Decline, 1981-1995

As shown below, unemployment had dropped by 1995 to its lowest point since before 1980 in the Little Rock-North Little Rock MSA. Heavy demand for workers in the region's diverse economy and a decline in the number of young people entering the labor market are two main reasons for this trend. Demographic factors will probably cause today's labor shortage to continue into the foreseeable future.