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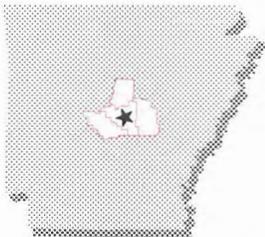
## 2001 Economic Review and Outlook

The year 2000 saw a further slowdown in employment growth in the Little Rock - North Little Rock region, with less than one percent growth across the year. The region's job creation rate in 2000 stood below state and US averages. And things appear to have worsened during 2001.

Unemployment has climbed as well, reaching a 3.4 percent average for 2000 and hitting 3.7 per-

### Inside . . .

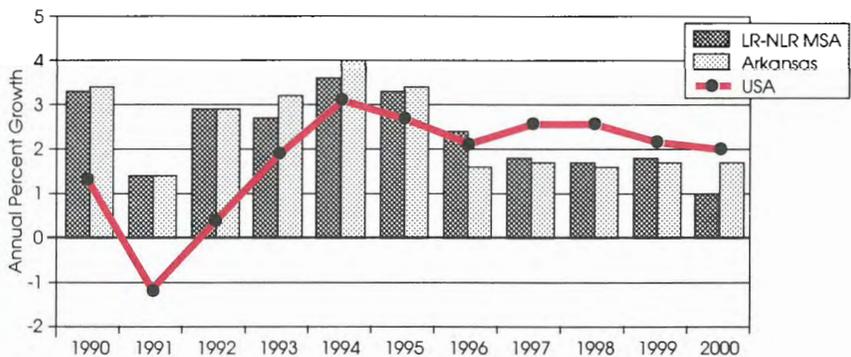
- Critical Economic Sectors (pages 4-5)
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- . . . and more!



**Little Rock - North Little Rock MSA**  
(Metropolitan Statistical Area)

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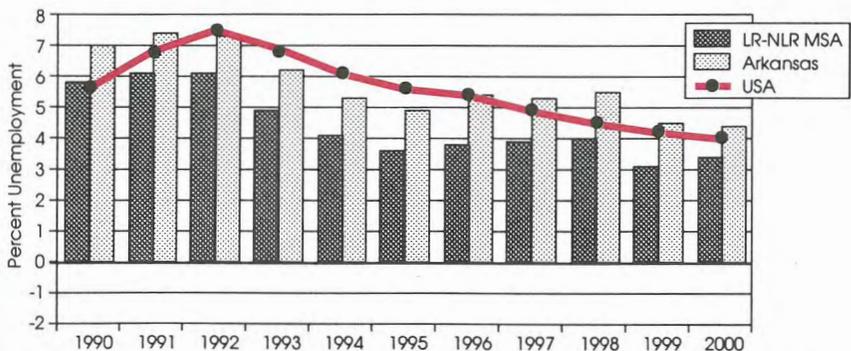
**1990-2000 Job Growth**  
LR-NLR MSA Versus State and US



cent by September, 2001. Although it is climbing slowly, local unemployment remains below state and US averages.

The central Arkansas region exceeded state and US averages for job growth through about 1996, then began under-performing first US and later state figures. What has happened?

**1990-2000 Unemployment**  
LR-NLR MSA Versus State and National Averages



Source: (for charts) US Bureau of Labor Statistics and Arkansas Employment Security Department.

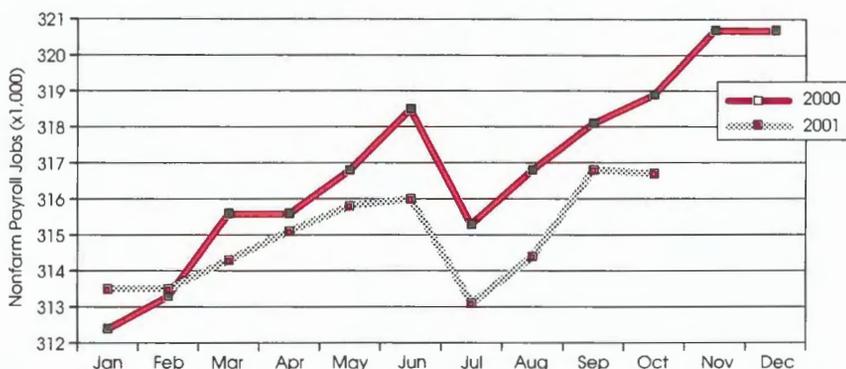
# Employment Trends

## First the Bad News

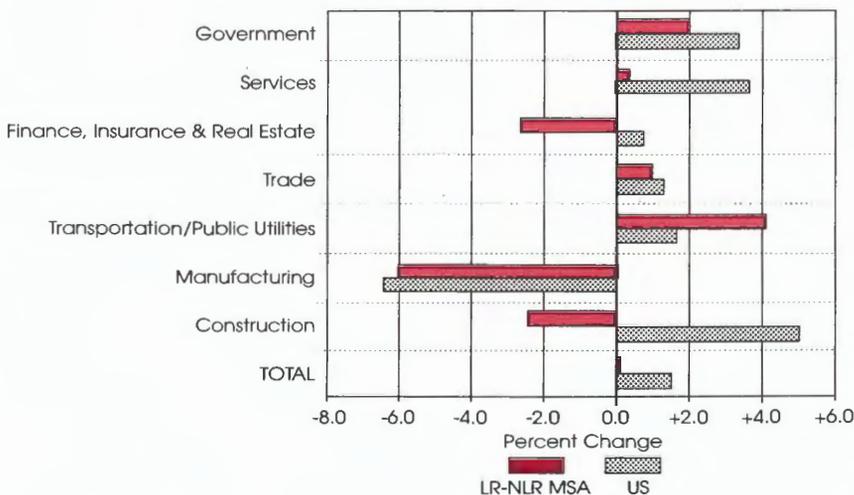
The chart at right below shows the monthly employment trend in central Arkansas for 1999 through 2001. As you can see, figures for 2001 have been running below last year's levels since March, suggesting that the region is almost certain to finish out the year with net employment loss for the first time since 1982.

The chart directly below compares employment change by major economic sector from October 1999 through October 2001. Local job losses in manufacturing have been comparable to the national average, but the region has done worse than the US average in construction and financial services. One of the few sectors showing any increase has been government, an area which cannot fuel general economic growth. In coming years, cutbacks in local government may become increasingly likely as the lack of growth in other sectors takes a bite into the tax revenues of local school boards and city and county governments.

**LR-NLR MSA  
Employment 2000-2001**



**LR-NLR MSA and US Employment Change by Industry  
October 1999 - October 2001**



The service sector, once the primary generator of jobs, has barely shown any gains over the past two years. Cutbacks and layoffs by leading regional information technology firms like Alltel, Acxiom, and others have probably played a key role in bringing service-sector growth to a near halt.

## Underlying Strength

Not all signs are bad: regional unemployment remains below state and national averages, and local demographic factors are likely to keep it down. The region has an unusually diverse economy for its size, giving

it two crucial advantages. First, diversity helps cushion downturns, since the region's many economic sectors are unlikely to all be in a down mode at the same time. Second, diversity means that central Arkansas often parallels national trends more than it does state trends. This may be fortunate, since economic forecasts suggest that the national economy will recover more strongly from the current recession than the State of Arkansas.<sup>1</sup>

Another encouraging possibility is that economic forecasts suggest the information technology sector of the US economy, which beat the rest of the economy going into the current slump, may be one of the first sectors to recover.<sup>2</sup> After painful workforce cutbacks, local information technology firms may be

Source: (for charts) US Bureau of Labor Statistics and Arkansas Employment Security Department.

<sup>1</sup> UALR Economic Forecast Conference, November 13, 2001

## Employment Trends

better poised to compete in the future. Central Arkansas commercial construction reached its highest level ever during 2000, representing a major investment in the region's future (see pages 11 and 12). Finally, local efforts at education reform have created a more technology-friendly educational environment that is better positioned to help coordinate growth in the future.

### Diagnosis is the First Step

Nonetheless, the recent figures make it clear that central Arkansas's easy prosperity during the middle and late 1990's has come to an end. It is still too early to evaluate the current slowdown, which could be a temporary blip or a signal of lingering economic troubles ahead.

It is clear, however, that regional employment growth has under-performed the national average for nearly five years. Complacency is not advisable; the current slump could put the region's long-term prosperity at risk. Bad economic news could give a positive result if it encourages local leaders to seek new avenues for regional growth.

*When written in Chinese the word crisis is composed of two characters. One represents danger and the other represents opportunity.*

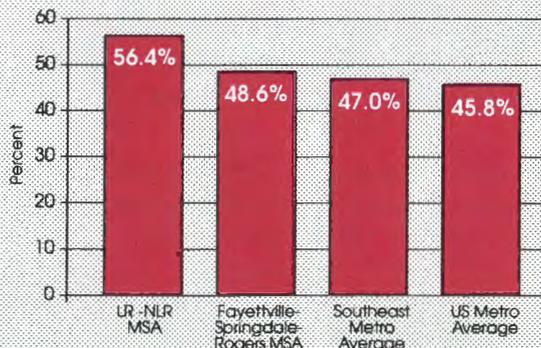
Speech by John F. Kennedy, April 12 1959.

<sup>2</sup> UALR Economic Forecast Conference, November 13, 2001

### Solid Income Growth in Central Arkansas

From 1990 to 1999, the Little Rock-North Little Rock region recorded faster than average growth in personal per capita income. Major growth by local telecommunications and information technology firms may have played a key role, boosted by a comparatively well-educated labor force, particularly in Pulaski County (see bottom of p. 9). As the chart below shows, the region out-performed even the fast-growing Fayetteville-Springdale-Rogers MSA. The Little Rock region also outpaced the average growth for metropolitan areas in the Southeast Census Region (of which Arkansas is part) as well as the US metropolitan average.

**Growth in Personal Per Capita Income  
1990-1999**



Region	1990	1999
Little Rock-North Little Rock MSA	\$17,628	\$27,571
Fayetteville-Springdale-Rogers MSA	\$16,293	\$24,213
Southeast Metro Average	\$19,003	\$27,933
US Metro Average	\$20,800	\$30,317

Despite its impressive average performance across the decade, the region's growth began sputtering in 1998 and 1999, when it under-performed the Fayetteville area and US metro averages. Central Arkansas per capita incomes nonetheless grew slightly faster than the Southeast metro average in 1998 and 1999, suggesting that the recent loss of growth is a widespread problem.

Source: US Bureau of Economic Analysis REIS CD-ROM, figures in nominal dollars.

## Critical Economic Sectors

### Little Rock - North Little Rock MSA Critical Economic Sectors Analysis

SIC	Industry	2000 Local Employment	Employment Growth 1994-2000	Location Quotient	Share Change	Technology Status
161	Highway / Street Construction	2,478	33.9%	3.79	Gain	
265	Paperboard Boxes	1,316	3.3%	2.59	Gain	
284	Soap / Detergent	1,168	4.5%	3.18	Gain	HT
372	Aircraft and Parts	2,350	111.1%	2.20	Gain	HTI
451	Air Transport, Scheduled	3,037	215.7%	1.19	Gain	
481	Telephone Communications	4,945	66.9%	1.92	Gain	
531	Department Stores	9,980	15.0%	1.78	Gain	
632	Accident / Health Insurance	2,014	19.0%	2.34	Loss	
737	Computers and Data Processing	6,677	85.9%	1.48	Loss	HTI
801	Doctor's Offices	5,738	35.6%	1.28	Gain	
806	Hospitals	23,256	0.2%	2.49	Loss	

Source: Arkansas Employment Security Department and US Bureau of Labor Statistics.

#### Understanding the Table

**SIC** refers to Standard Industrial Classification, a code for industries done by the federal government.

**Location Quotient** refers to each sector's employment size relative to the national average. A score below 1.0 (one) implies a lower percentage than average, while a score above 1.0 suggests a higher proportion than average. Thus, the score of 1.48 for computers and data processing suggests that local employment is about 1.48 times as great as the national average.

**Share Change** refers to each economic sector's local gain or loss in employment relative to the national average after adjusting for general economic growth and growth or loss within the sector at the national level. Gains in a sector suggest local competitive advantages.

**Technology Status** refers to a classification done by the US Bureau of Labor Statistics.<sup>1</sup> HT refers to industries that are classified as "High-tech," which means industry-wide employment in research and development was at least twice the average for all industries. HTI indicate industries classified as "High-tech Intensive," meaning employment in research and development was at least five times the average for all industries.

#### Thresholds for Analysis

The industries listed above were selected based on size, location quotient, and positive share change in employment from 1994 to 2000. To make the list, an industry sector had to meet one of the following qualifications:

1. Location quotient of 1.25 or over, with over 5,000 employees in 2000.
2. Location quotient of 2.0 or over, with over 1,000 employees in 2000.
3. Local factor in share change 1994-2000 exceeded 1,000 employees, and industry had over 1,000 employees in 2000.

<sup>1</sup> Daniel Hecker, "High Technology Employment," *Monthly Labor Review*, US Bureau of Labor Statistics, June 1999.

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## Critical Economic Sectors

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The table on the facing page identifies critical industries in the central Arkansas economy. These economic sectors were selected for their critical role in the regional economy as well as for their growth prospects. All of the industries shown here are ones in which regional focus, or *Location Quotient*, is greater than the national average. Such economic sectors tend to be exporting industries that sell their products and services to other regions, and hence can serve as prime engines for regional economic growth.

A similar analysis was published three years ago in the *1998 Economic Review and Outlook*. Since that time, a few changes have appeared. Probably the most serious change has been the loss of growth in the Computer and Data Processing sector (SIC 737). While this sector still accounts for a larger share of the local economy than the national average, local employment in this industry has grown more slowly than the national average in SIC 737 for the past several years.

This industry includes prominent local information technology (IT) companies like Acxiom, Arksys, Alltel Information Services, and several others. IT firms contain a high proportion of high-income research and development (R & D) employment. Analysts believe that IT industries develop software and computer services which fuel productivity growth in all other economic sectors. The shake-out which recently affected this industry nationally may soon be reversed with renewed fast growth.<sup>1</sup>

A more positive change has occurred in SIC 372, Aircraft and Aircraft Parts. In this technology-intensive sector, the central Arkansas region has consistently out-performed the national average. Location Quotient grew from a modest 1.22 in 1997 to a much more significant 2.20 in 2000. Several local firms, including Dassault-Falcon Jet, Raytheon, and Midcoast Little Rock, do aircraft finishing and modification work on corporate jets. While aerospace manufacturing has lost jobs at the national level, the local industry has grown at a rapid pace. Despite recent job losses related to recession conditions, future prospects remain promising for corporate jets in central Arkansas.

The region's telecommunications sector grew rapidly during the second half of the 1990's, but has recently slowed as a result of a national slump in this area of activity. Local telecom growth has nonetheless outpaced the US average since 1994. The rest of the sectors depict a mix of construction, manufacturing specialties and retail and service industries that play important roles in the local economy. As you can see, the list of these critical industries covers a fairly broad range of activities, which hints at the underlying diversity of the central Arkansas economy.

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<sup>1</sup> Dr. Andrew Hodge, UALR Economic Forecast Conference, November 13, 2001.

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# Central Arkansas Retail Trends

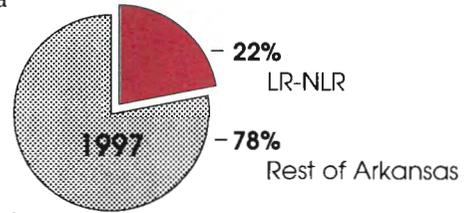
## Central Arkansas Retail Trends

Retailing is a major pillar of the central Arkansas economy, accounting for 55,400 jobs, one in six of all jobs in the metro area (17.5 percent). The proportion was almost identical in 1990 (17.6 percent), suggesting that retail sales have mirrored general economic growth trends.

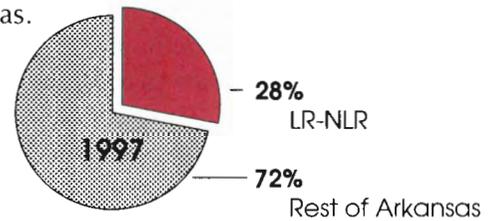
As the charts at right show, the Little Rock-North Little Rock MSA accounted for 28 percent of all Arkansas retail sales in 1997, the last year for which reliable figures are available.<sup>1</sup> The central Arkansas region accounted for just over one-fifth of the population of Arkansas, but well over one-fourth of retail sales. The region's high proportion of retail sales probably owes both to comparatively high local incomes and shopping by visitors from other parts of Arkansas.

While the central Arkansas region played its traditional role of the state's leading retail center during the 1990's, retail growth was spreading beyond the traditional shopping bastions of Little Rock and North Little Rock. While Pulaski County retail sales grew by 74.3 percent from 1987 to 1997, sales in the three outlying counties grew at faster rates. Saline County retail sales grew 303.8 percent, giving the county second-place ranking in the region with 12.8 percent of the retail market.

Central Arkansas Population as Proportion of State

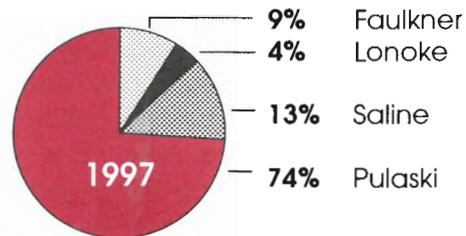
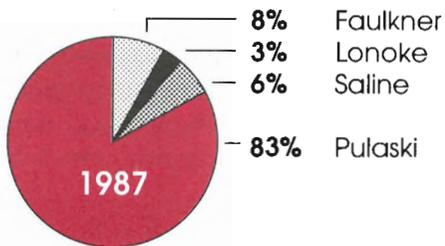


Central Arkansas Retail Sales as Proportion of State

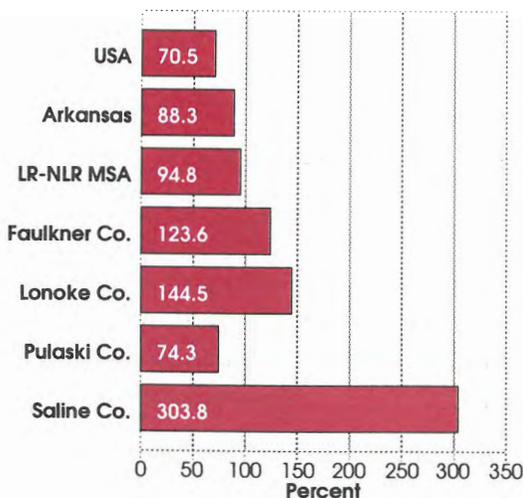


<sup>1</sup> 1997 Census of Retail Trade. US Department of Commerce, Bureau of the Census.

## Central Arkansas Retail Sales by County



## Percent Retail Sales Growth 1987 - 1997



Retail Sales Data 1987 - 1997

	1997 Sales (\$1,000)	1987 Sales (\$1,000)	Percent Growth 1987-1997
USA	2,545,881,473	1,493,308,759	70.5
Arkansas	21,903,527	11,631,735	88.3
LR-NLR MSA	6,218,039	3,192,823	94.8
Faulkner Co.	571,198	255,465	123.6
Lonoke Co.	269,105	110,079	144.5
Pulaski Co.	4,584,374	2,630,799	74.3
Saline Co.	793,362	196,480	303.8

Source: US Census of Retail Trade 1987-1997

## Central Arkansas Retail Trends

### Retailing and E-tailing

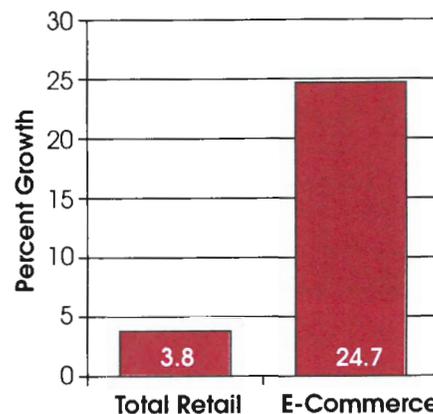
Internet sales still account for only a small portion of total US retail sales. While the US Commerce Department has only tracked Internet sales since the fourth quarter of 1999, the figures (shown below) give some idea of important emerging trends in the retail industry.

Despite the recent "dot-com" shakeout, Internet sales have been rising as a proportion of retail sales and will almost certainly continue to do so. As the data below show, Internet sales grew from just under 0.7 percent of total retail sales to over 1 percent of sales over one year from late 1999 to late 2000. Even with the nationwide slump in e-commerce, Internet sales in the second quarter of 2001 still accounted for more dollars and a larger share of the retail market than they had in the same quarter just one year earlier.

The impact of the Internet on retailing remains unclear. Some traditional retailers are hoping that Internet and local store sales can be integrated, so that local stores might serve as showrooms and pick-up centers for a national chain's web site.<sup>1</sup> Most evidence at present suggests, however, that Internet sales are rarely linked with store activities.<sup>2</sup>

Most shopping will still be done in stores for the foreseeable future. But the Internet's fast growth presents a type of uncertainty that store retailers have never faced before.

**Sales Growth Comparison  
2<sup>nd</sup> Quarter 2000 to  
2<sup>nd</sup> Quarter 2001**



<sup>1</sup> Timothy Henderson, "After Overcoming their Apprehensions, Mall Owners Embrace E-Commerce," *Stores*, July 2000.

<sup>2</sup> ULI 2000 Real Estate Forecast, Urban Land Institute, May 2001, p. 36.

### Internet Retail Sales and Total Retail Sales Compared

Quarter	Total Retail Sales (x \$1 million)	E-Commerce (x \$1 million)	E-Commerce Percent
4th Qtr 1999	785,869	5,266	0.67
1st Qtr 2000	714,425	5,526	0.77
2nd Qtr 2000	777,819	5,982	0.77
3rd Qtr 2000	772,796	6,898	0.89
4th Qtr 2000	817,715	8,881	1.09
1st Qtr 2001	728,662	7,592	1.04
2nd Qtr 2001	807,467	7,458	0.92

Source for sales data: Commerce News, Economics and Statistics Administration, US Bureau of the Census, August 2001.

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## Central Arkansas Retail Trends

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### A Changing Retail Landscape?

Retail construction is in a mild slump at present across the country, owing to weaker demand and saturation of most regional markets during the late 1990's. Evidence of this can be seen in the Little Rock area, where several major big-box facilities, some only a few years old, are standing empty.<sup>1</sup> At the same time, the US retail market is reshaping. When market recovery begins, odds are good that the type of retail facilities built will differ from those of the recent past.

New malls and power centers (multiple big-box centers) face the weakest market conditions in retailing. The best retail construction prospects are New Urbanist mixed-use properties that combine offices, retailing, and housing, including mixed-use town centers.<sup>2</sup>

Trends are changing because Internet shopping is draining away some of the growth in conventional retailing. At the same time, consumers are showing a renewed preference for shopping that provides greater diversity and a more pleasant experience than conventional retailers offer. Zoning reforms in cities across America are allowing offices, housing and retailing to be mixed within the same structure. The trend has not been limited to older downtown areas in cities. Pedestrian-friendly new downtowns have emerged in suburbs like Reston, Virginia; Riverside, Georgia; and Mizner Park in Boca Raton, Florida.<sup>3</sup>

What does all this mean for the central Arkansas region? If national trends hold here, new conventional strip centers and big-box facilities will continue going up near the region's periphery, but growth will be slower than in the recent past. By comparison, areas hosting mixed-use development will see continued growth as the retail landscape changes underfoot. Pedestrian-friendly new urbanist mixed-use projects may also begin appearing in suburban areas as local developers gain familiarity with a trend that is already well underway elsewhere in the U.S.A.

### The Next Development Frontier?

Downtown Conway may host the region's next New Urbanist mixed-use district. Civic leaders created a Downtown Partnership a couple of years ago to encourage redevelopment. A few loft apartments have already been built, and more growth may be coming. The retail sales data on p. 6 suggest that the Conway area market may be under-served in proportion to its size and growth potential. Conway's downtown already functions as a viable retail and business center. There are abundant passers-by to feed development: Highway Department statistics show that about 48,000 vehicles per day pass near or through downtown Conway on US routes 64 and 65-B. For these reasons and more, downtown Conway could become a growth pole for the new development paradigm.



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<sup>1</sup> Jack Whitsett, "Empty Big Boxes Blight Retail Space Market," *Arkansas Business*, November 6-12, 2000.

<sup>2</sup> *ULI 2000 Real Estate Forecast*, Urban Land Institute, May 2001, pp. 14 and 35.

<sup>3</sup> Thomas Lee, "Place Making in Suburbia," *Urban Land*, October 2000, and Duany, Plater-Zyberk and Speck, *Suburban Nation*, North Point Press, 2000.

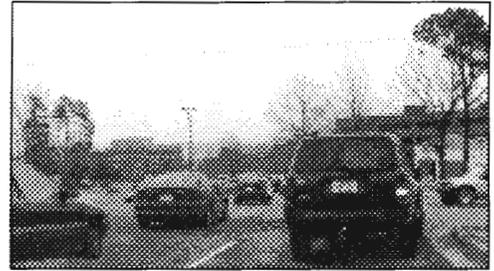
## Preliminary Commuting & Education Data for 2000

The figures below are from the 2000 Census Supplementary Survey (C2SS). They are estimates based on a survey conducted by the Census Bureau as part of the American Community Survey, an effort to provide annual census updates. C2SS should not be confused with the 2000 Decennial Census.

C2SS data can be used for regional comparisons, but should not be compared with the 1990 Census because of methodological differences. From August to December of 2002, the Census Bureau will release Summary File 3(SF-3), with more authoritative sample data based on the long forms from Census 2000. SF-3 will include official 2000 data on journey to work, education levels, income, poverty, and other socioeconomic profiles. Nonetheless, the figures below give some insight for comparing central Arkansas with state and national averages.

### A Longer Drive to Work?

According to C2SS, the average morning commute in the Little Rock-North Little Rock MSA was around 22 minutes, compared with about 24.3 minutes nationally. While comparisons with 1990 figures should be used with caution, it appears that the region's commuting time increased more rapidly than the national average during the 1990's.<sup>1</sup>



#### 2000 Journey to Work Travel Time in Minutes

LR-NLR MSA	Pulaski County	Arkansas	U.S.A.
22.0	19.7	19.7	24.3

Source: Census 2000 Supplementary Survey

### Academic Honors for Pulaski County

As the figures below show, the Little Rock-North Little Rock MSA had educational attainment levels roughly equal to the national average in 2000. The proportion of high school graduates was slightly higher than the US average, the proportion of BA degrees about equal, and the proportion of graduate and professional degrees marginally lower. Pulaski County exceeded the national average in educational attainment in every category, particularly in graduate and professional degrees. Separate data for Faulkner, Lonoke and Saline Counties were not released with C2SS for reasons of sampling size.

#### 2000 Highest Educational Attainment by Percent for Population Aged 25 Years and Over

	LR-NLR MSA	Pulaski County	Arkansas	U.S.A.
High School Graduate or Equivalent	82.2	82.8	77.5	81.6
Bachelor's Degree or Higher	25.1	28.8	16.6	25.1
Graduate / Professional Degree or Higher	8.5	10.5	5.4	9.0

Source: Census 2000 Supplementary Survey

<sup>1</sup> In the 1990 Census, regional commuting time was 19.1 minutes (85.3 percent of the national average of 22.4 minutes). C2SS figures give a central Arkansas commuting time that is 90.5 percent of the national average. However, we must await SF-3 figures for a full and accurate comparison of change in commuting time.

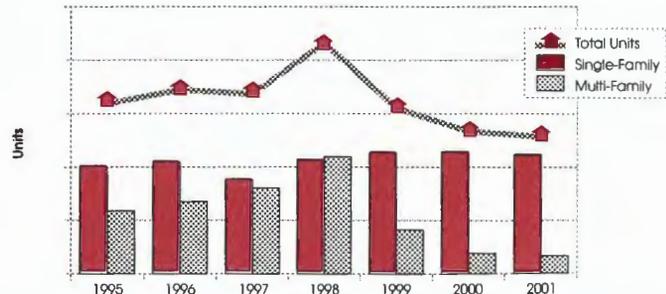
# Housing Unit Permits

## Housing Construction Stable in Early 2001

Housing construction continued at a stable pace from January through June of 2001. The total number of single-family units permitted (1,119) was marginally lower than during the same period in 2000 (1,142). While declining interest rates helped nudge US single-family permits up slightly (+0.4 percent over the first half of 2000), regional single-family permits declined by about 2.0 percent. These figures suggest that local economic factors are slowing the demand for new single-family homes. Recent cutbacks in the region's high-income telecommunications and information technology industries may have played a role in dampening the demand for new homes.

Multi-family construction remained low at 166 units. With interest rates running low, there are indications of renewed strength in regional multi-family construction over the next year. Market conditions suggest that opportunities are probably stronger in in-fill locations of the region's larger cities than in western Little Rock, where the multi-family market is still resolving an over-building trend from the late 1990's. Areas north of the Arkansas River, particularly Jacksonville, Maumelle, and Sherwood have shown strong demand indicators that may induce further new construction.

**Total Housing Unit Permits LR-NLR MSA  
First Half 1995 through First Half 2001**



**Housing Unit Permits  
First Half of Year 1995-2001**

Single-Family	1995	1996	1997	1998	1999	2000	2001
Little Rock	261	263	230	265	287	283	239
North Little Rock	47	50	37	33	43	30	38
Jacksonville	27	43	39	38	37	41	67
Sherwood	49	46	46	67	71	54	64
Maumelle	68	112	147	145	157	139	130
Cabot	183	155	93	139	140	157	160
Benton	73	73	57	84	76	127	103
Bryant	71	84	63	74	86	90	110
Conway	225	218	167	218	240	211	208
<b>Single-Family Total</b>	<b>1,004</b>	<b>1,044</b>	<b>879</b>	<b>1,063</b>	<b>1,137</b>	<b>1,142</b>	<b>1,119</b>
Multi-Family	1995	1996	1997	1998	1999	2000	2001
Little Rock	240	183	609	634	261	42	64
North Little Rock	0	0	2	0	0	0	0
Jacksonville	1	0	7	1	58	80	0
Sherwood	274	19	0	226	0	8	61
Maumelle	0	0	0	0	0	0	0
Cabot	13	5	0	0	20	0	0
Benton	0	276	0	0	5	8	24
Bryant	10	0	2	0	4	4	0
Conway	51	194	184	236	67	50	17
<b>Multi-Family Total</b>	<b>589</b>	<b>677</b>	<b>804</b>	<b>1,097</b>	<b>415</b>	<b>192</b>	<b>166</b>
Total Housing Units	1995	1996	1997	1998	1999	2000	2001
Total Housing Units	1,593	1,721	1,683	2,160	1,552	1,334	1,285
Percent Single-Family	63.0	60.7	52.2	49.2	73.3	85.6	87.1
Percent Multi-Family	37.0	39.3	47.8	50.8	26.7	14.4	12.9

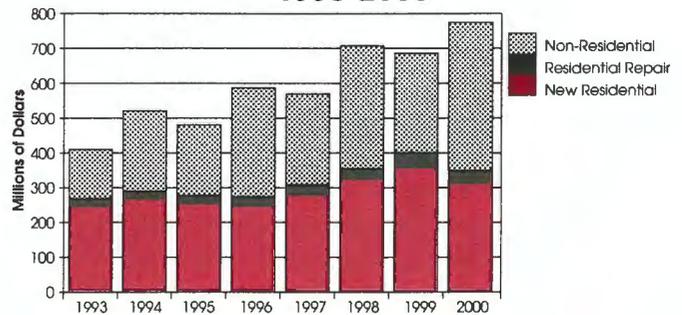
## Construction Value in 2000 Tops All Previous Records

Total construction value in central Arkansas hit \$766.3 million in 2000 - over three-quarters of a billion dollars. The trend across the period 1993-2000 shows a see-saw pattern. Construction value rose steadily overall, with a repetitive succession of two-year peaks and troughs. Construction value climbed 87 percent from 1993 to 2000, or 57 percent when adjusted for inflation. Annual growth in construction value averaged 9.3 percent, or an inflation-adjusted 6.6 percent.

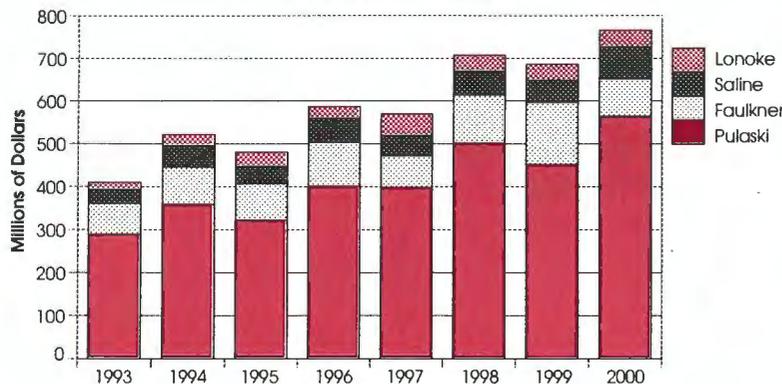
As the chart at right shows, regional non-residential construction also hit a new record at \$420.7 million. Residential construction value fell off a bit from 1999's record pace with fewer new housing units being permitted as a whole.

Pulaski County was heavily dominant in 2000, with about 74 percent of the total dollar value of building permits in the region. Saline County hit its highest value ever at \$76.7 million, or ten percent of total permit values. Lonoke County showed renewed strength at \$38.1 million, its second highest level ever recorded. Faulkner County fell off somewhat from its record high level of 1999.

**Building Permit Value Trends  
1993-2000**



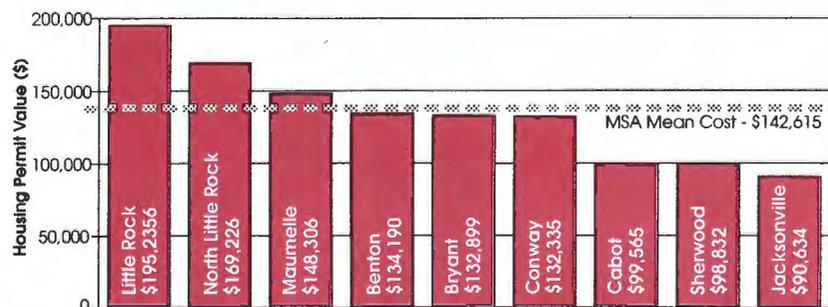
**Total Building Permit Values by County  
LR-NLR MSA 1993-2000**



The remarkable growth in Pulaski County owes primarily to several large office construction projects in Little Rock, primarily in the city's downtown area. Significant construction also occurred in western and southwestern Little Rock. Total non-residential construction in Little Rock was a remarkable \$287 million, or 37 percent of all construction dollar value for the region in 2000. Non-residential construction was also strong in North Little Rock at \$35 million, an increase of 24 percent over 1999 levels.

The mean value of new single-family housing units rose again in 2000, to \$142,615 for the region as a whole. New housing unit permits in Little Rock edged up to \$195,235, not far shy of the \$200,000 mark, with North Little Rock and Maumelle close behind. Only three cities - Cabot, Sherwood and Jacksonville - retained an average value for new single-family permits below \$100,000.

**2000 Average Single-Family Housing Permit Values by City**

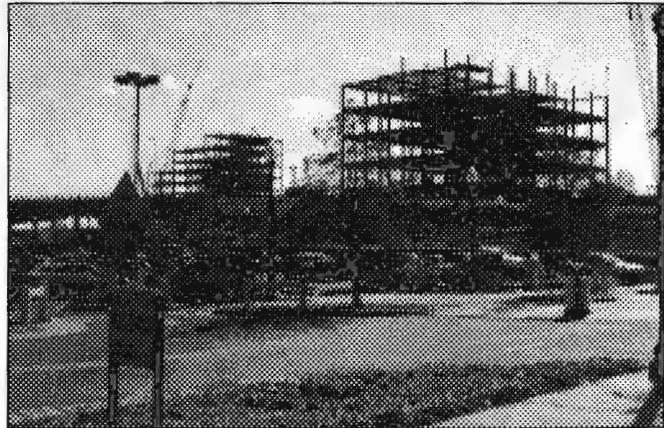


## Office Buildings Dominate Commercial Construction in 2000

The following charts and data represent commercial construction permits that were valued at \$1 million or more in the four-county region during 2000. There were about 50 of these large projects, together accounting for 51 percent of commercial building permit values during the year.<sup>1</sup>

Office construction was heavily dominant in 2000, accounting for about 46 percent of the dollar value of large commercial permits. Parking lots and structures, churches, and warehouses followed, but were of far smaller importance. Retail construction accounted for only 4 percent of the dollar value of large commercial permits.

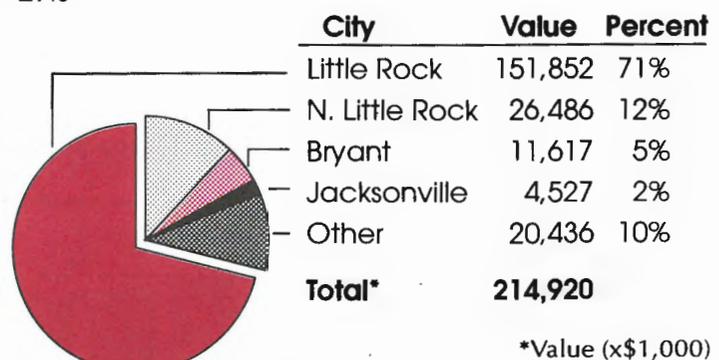
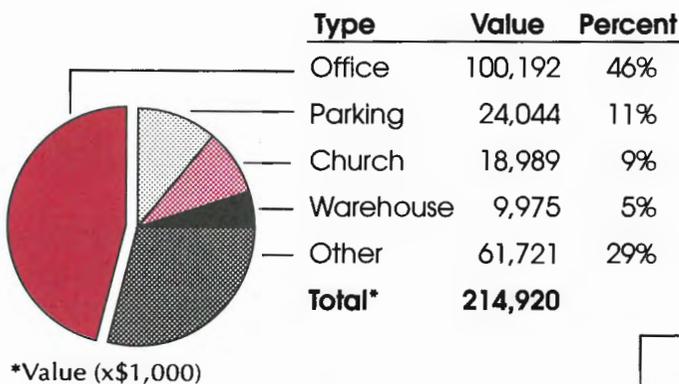
Regionally, the City of Little Rock was the main site of this commercial construction, with 71 percent of the dollar value of large permits. Slightly over half of this construction value was built within about two miles of downtown Little Rock (52 percent of Little Rock construction and 37 percent of the regional total). Most of the rest of Little Rock's large projects were in western Little Rock. This represents a sharp reversal of recent years, when construction in western Little Rock and suburban cities far outpaced the downtown area.



Raising the profile of downtown Little Rock's eastern skyline: Axiom Tower (left) and Arkansas Capitol Commerce Center (right).

North Little Rock accounted for over 12 percent of the region's total large commercial construction projects, while Bryant and Jacksonville came in third and fourth highest respectively.

### Large Commercial Project Values by Type and City 2000



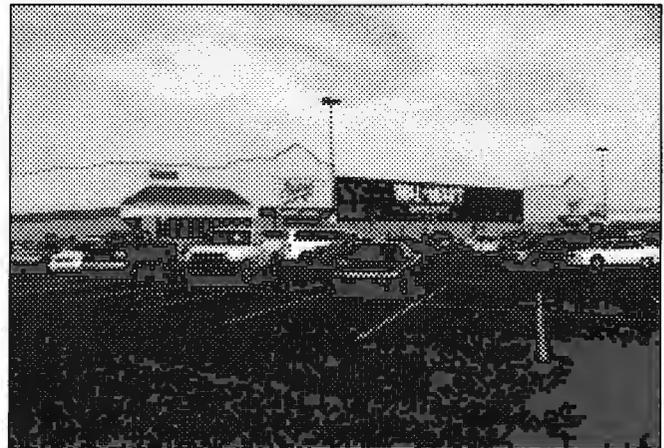
<sup>1</sup> Please note that the construction values described here and on the previous page do not include federal and state construction activity, which is done without city building permits. This complicated matter may be addressed in future editions of the *Economic Review and Outlook*.

## Office Buildings Dominate Commercial Construction in 2000



*The new Victory Building near the State Capitol, an investment by the Arkansas Teacher's Retirement System.*

*Familiar sight, new building: Bryant's new Wal-Mart Super Center.*



### Top Ten Construction Projects in Central Arkansas 2000

Name	Permit Value (x \$1,000)	City	Type
1. Arkansas Teachers Retirement	24,300	Little Rock	Office
2. Acxiom	24,000	Little Rock	Office
3. Airport parking deck	14,000	Little Rock	Parking
4. Donaghey Foundation	12,850	Little Rock	Office
5. Southwestern Bell	10,000	Little Rock	Office
6. AR Teachers Retirement - Pkg. Deck	9,044	Little Rock	Parking
7. First Pentecostal Church	8,989	N. Little Rock	Church
8. Alliance Food Distribution	8,975	N. Little Rock	Warehouse
9. Dillard's Office	8,000	Little Rock	Office
10. Wal-Mart Supercenter	6,037	Bryant	Retail

## Building Permit Values

### 2000 Building Permit Values - (\$) Millions of Dollars

	All Permits	New Residential	Residential Repairs & Additions	Non-Residential New & Repairs
<b>Faulkner County</b>	86.7	51.6	3.0	32.0
Conway	86.7	51.6	3.0	32.0
<b>Lonoke County</b>	38.1	26.7	0.7	10.7
Cabot	38.1	26.7	0.7	10.7
<b>Pulaski County</b>	564.8	178.9	32.5	353.4
Little Rock	415.9	104.8	24.1	287.0
North Little Rock	50.8	10.5	5.3	35.0
Jacksonville	21.0	13.2	1.1	6.8
Sherwood	29.1	14.0	1.9	13.2
Maumelle	48.0	36.3	0.1	11.5
<b>Saline County</b>	76.7	50.1	2.0	24.5
Benton	41.9	30.8	1.4	9.6
Bryant	34.8	19.3	0.6	14.9
<b>MSA Total</b>	<b>766.2</b>	<b>307.3</b>	<b>38.2</b>	<b>420.7</b>

### 1995-1999 Building Permit Values - County and MSA Totals

	All Permits	New Residential	Residential Repairs & Additions	Non-Residential New & Repairs
<b>Faulkner County</b>				
1995	84.1	47.9	1.9	34.3
1996	102.3	49.4	1.8	51.1
1997	73.1	48.9	1.4	22.7
1998	111.9	68.2	2.4	41.2
1999	144.6	75.5	3.2	65.9
<b>Lonoke County</b>				
1995	33.6	23.2	0.9	9.5
1996	26.8	21.0	1.0	4.7
1997	50.1	24.6	0.7	24.8
1998	37.7	26.2	1.0	10.5
1999	37.6	26.8	1.1	9.7
<b>Pulaski County</b>				
1995	322.7	154.8	20.5	147.4
1996	400.9	133.8	23.2	243.9
1997	399.3	173.8	27.4	198.2
1998	502.0	196.2	25.2	280.5
1999	451.8	213.6	38.1	200.2
<b>Saline County</b>				
1995	40.6	26.7	1.7	12.2
1996	56.9	42.2	1.2	13.5
1997	47.9	30.2	1.3	16.4
1998	56.3	33.2	2.6	20.5
1999	53.0	40.6	2.0	10.4
<b>MSA Total</b>				
1995	481.0	252.6	25.1	203.3
1996	587.0	246.5	27.2	313.2
1997	570.4	277.5	30.9	262.1
1998	707.8	323.9	31.2	352.7
1999	687.0	356.4	44.4	286.2

## LR-NLR Socio-Economic Statistics 1999

	LR-NLR MSA	Faulkner	Lonoke	Pulaski	Saline
Average Resident Employment	291,375	41,125	25,275	184,500	40,475
% Unemployment	3.4	3.6	2.9	3.6	2.9
Manufacturing	32,900	N/A	N/A	N/A	N/A
New Industries	6	1	0	5	0
Expanding Industries	18	5	0	13	0
Assessed Valuations (\$)	5,649,963,102	698,019,157	390,216,956	3,808,321,232	753,405,757
Real Estate (\$)	3,932,769,771	477,112,180	268,447,743	2,627,989,548	559,220,300
Personal Property (\$)	1,446,202,808	197,147,400	95,214,405	985,018,644	168,822,359
Corporate (\$)	270,990,523	23,759,577	26,554,808	195,313,040	25,363,098
Bank Deposits (\$)*	2,700,043,000	365,129,000	427,265,000	1,770,071,000	137,578,000
Bank Assets (\$)*	3,038,291,000	421,268,000	525,046,000	1,942,652,000	149,325,000

Sources: Arkansas Employment Security Department, Arkansas Department of Economic Development, Arkansas Assessment Coordination Division, and Little Rock Regional Chamber of Commerce.

\*Bank data exclude assets and deposits held by banks serving the area but based outside the four-county Little Rock-North Little Rock MSA.

## 2000 New and Expanding Industries

Category/Company	City	New or Expanded	SIC	Product
<b>Non-Durable Manufacturing</b>				
Claudia's Canine Cuisine	Sherwood	E	2047	Dog food
Brent & Sam's, Inc.	Little Rock	E	2052	Gourmet cookies
Deamond Beer Brewing Company	Little Rock	N	2082	Craft beers
Ink Enterprises Inc.	Maumelle	E	2396	Automotive trimmings / apparel
International Paper	Conway	E	2653	Corrugated packing materials
Log Cabin Democrat	Conway	E	2711	Daily newspaper
Kimberly-Clark Corporation	Maumelle	E	2844	Baby wipes
ONYX Corporation	North Little Rock	E	2844	Perfumes, cosmetics, toiletries
Kimberly-Clark Corporation	Conway	E	2844	Baby wipes
<b>Durable Manufacturing</b>				
Virco Manufacturing	Conway	E	2531	School and public seating
Lexicon, Inc.	Little Rock	E	3440	Steel fabrication
Molex, Inc.	Maumelle	E	3678	Electronic adapters
ContourMed, Inc.	Little Rock	E	3842	Prosthetic devices
<b>Transportation, Warehousing and Communications</b>				
Continental Express, Inc.	Little Rock	E	4231	Motor freight carriers
Connect Communications Corp.	Little Rock	E	4813	Telecommunications
<b>Wholesale Trade</b>				
Alliant Food Services	North Little Rock	N	5141	Food distribution
Ben E. Keith Foods	North Little Rock	E	5141	Wholesale groceries
Delta Beverage Group, Inc.	Conway	N	5149	Soft drink distribution
<b>Services</b>				
Belz Excelsior Partners	Little Rock	E	7011	Hotel
<b>Business Services</b>				
Acxiom Corporation	Little Rock	E	7375	Computer information services
ecountyinfo.com	Little Rock	N	7379	Internet services
International Computer Systems	Little Rock	E	7322	Collection agency
Southwestern Bell Wireless	Little Rock	N	7389	Call center

Source: Arkansas Department of Economic Development and Little Rock Regional Chamber of Commerce.

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## 2002 Economic Outlook

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Set against a backdrop of national economic recession and war, the central Arkansas region faces more uncertainties than usual for the near-term future. The year 2001 will come out as a slow one for the regional economy. In addition to declining employment, the year 2001 has seen a drop-off in construction activity across central Arkansas. Housing permits in both single- and multi-family sectors will probably finish the year slightly below 2000 levels, despite a major drop in interest rates. Commercial construction will show a drop-off from record-breaking performance in 2000, as indicated by employment figures showing a net loss of construction jobs in the region (see page 2).

The downtown area of Little Rock and possibly North Little Rock continues to look like a good bet for continued growth in real estate values and construction activity, owing to the tremendous scale of investments in the recent past, with more coming soon. The planned Clinton Presidential Library and Heifer Project International sites at the eastern edge of downtown Little Rock will provide unique entertainment, cultural and educational additions to the region.

Over the long run downtown Little Rock-North Little Rock is reaching a level of sophistication and quality that could make it an incubator for innovation and business start-ups. Downtown vacancy may rise with the addition of substantially more office space. Positive absorption trends of the recent past might suggest a promising outlook for office space, but a longer-than-expected recession could cause vacancies to persist.

When the national economy moves into recovery, the central Arkansas region will probably see improvements in employment growth, housing construction and other measures. The region's future position will be bolstered by its comparative economic diversity. Nonetheless, for a prolonged resurgence of growth the region must depend on several flagship firms, particularly those in information technologies, aerospace, and telecommunications, as well as new start-up enterprises that may emerge.



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