

May 2009



METROTRENDS

## 2009 Demographic Review & Outlook

- Housing Boom-Bust Cycle
- Population Estimates
- Recent Housing Trends

# METROPLAN

SMART PLANNING MAKES SMART PLACES

## About Metroplan

**M**etroplan is a voluntary association of local governments that has operated by interlocal agreement since 1955. Originally formed as the Metropolitan Planning Commission of Pulaski County, Metroplan now has members in the six-county metro area (see below). Metroplan is the designated metropolitan planning organization (MPO) under Title 23 of the United States Code.

Metroplan serves as the regional voice on issues affecting central Arkansas, develops transportation plans required by federal law, convenes stakeholders to deal with common environmental issues, and provides information and staff resources to our member local governments, the business community and the public. As part of that mission Metroplan publishes *Metrotrends* twice yearly. The spring edition is the *Demographic Review and Outlook*; the fall edition is the *Economic Review and Outlook*.

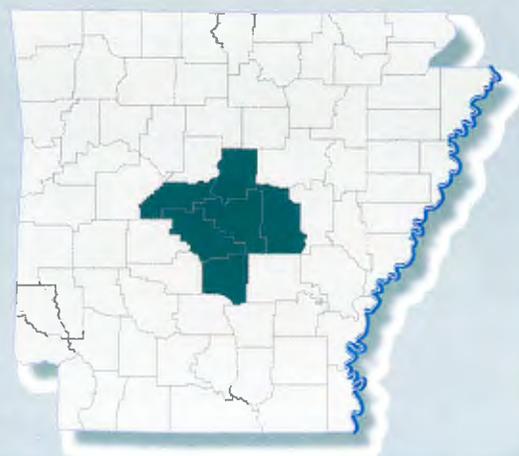
## Table of Contents

From Boom to Bust to the Future.....	1
Population Estimates for 2009 .....	2
Late Decade Population Estimates.....	3
Counting People and Counting on the Next Census.....	4
Poverty if Not Just a Core Issue.....	5
A Rising Tide of Elders.....	8
Recent Housing Trends .....	10
Demographic Outlook 2009 .....	12

Metroplan's *Demographic Review and Outlook* is an annual chronicle providing demographic and housing data and insight for the Little Rock-North Little Rock-Conway MSA.

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This report was funded in part through grant(s) from the Federal Highway Administration and Federal Transit Administration, U.S. Department of Transportation. The views and opinions of the authors (or agency) expressed herein do not necessarily state or reflect those of the U.S. Department of Transportation.



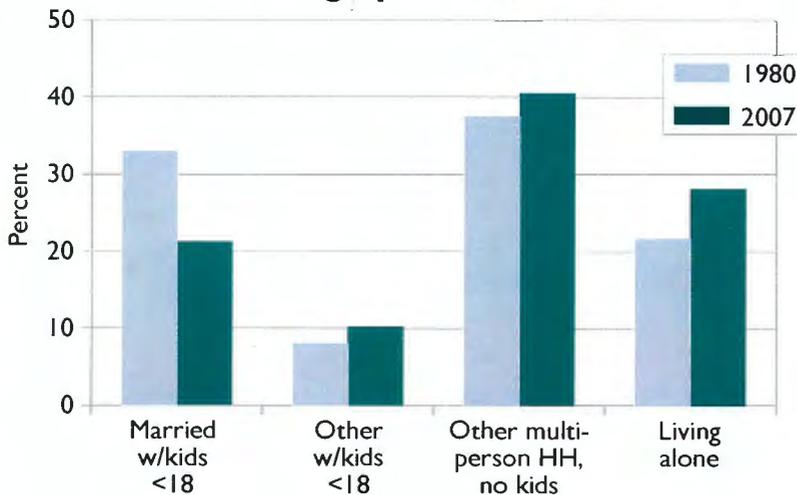
# Housing Boom-Bust Perspectives

## From Boom to Bust to the Future In Central Arkansas Housing

**B**y early 2009 we have probably reached the trough of the local and national housing bust. Although timing remains hazy, housing markets will begin coming back over the next several years. As housing rebounds, the underlying demographics that helped drive the recent crash will also shape the emerging recovery.

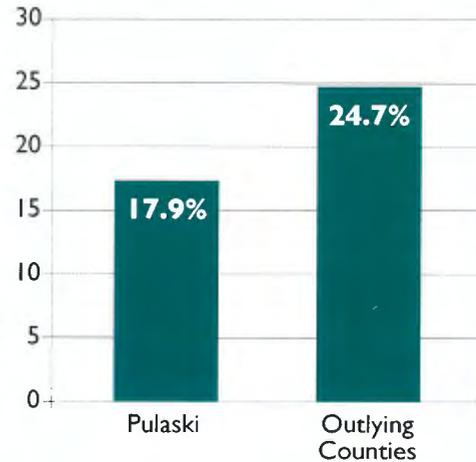
The outward form of local and U.S. housing changed little over recent decades. The bulk of new construction consisted of single-family homes, usually built on the outward fringes of older core cities like Little Rock, or in satellite communities like Cabot, Bryant, or Sherwood. New multi-family housing was also largely suburban in style, built around parking facilities, with little emphasis on walkability or community character.

**Central Arkansas Household Demographics 1980-2007**



If there was little outward change in housing trends, there were major internal changes in household demographics. There is a popular image that the typical American household consists of a married couple with children. This image is wrong. The chart above compares central Arkansas household demographics across a time of great change, from 1980 to 2007. Only 21 percent of central Arkansas households fit the description “married with kids” by 2007, compared with 33

**Married-Couple Families with Kids as Share of Total Households 2007**



percent in 1980. The share of households occupied by a single person living alone has climbed, from 22 percent in 1980 to 28 percent in 2007. Such changes are not unique to central Arkansas. National household demographics have followed a nearly identical pattern.

Traditional-family households are somewhat more common in the suburbs. The chart above compares the share of child-rearing married-couple households in Pulaski County with suburban counties in central Arkansas.<sup>1</sup>

Although suburbs fit the traditional mold more closely, they are changing too. In past decades, much of suburban population growth represented middle-income families migrating to homes in the region’s periphery, often while holding jobs in the central area. Yet suburban population growth has begun following a different pattern. Poverty rates have risen more rapidly in the suburbs than central-city areas in recent years. The share of foreign-born population has also been rising at a faster rate in suburban areas than the core. The days in which suburbs served as near-exclusive enclaves of the white middle and upper-middle classes appear numbered.

(continued, see Boom-Bust, page 5)

<sup>1</sup>Household demographic data in charts from 1980 Decennial Census and 2005-2007 American Community Survey.

# Population Estimates for 2009

## Little Rock - North Little Rock - Conway MSA

	2000	2009	Change 2000-2009	Percent Change 2000-2009
<b>Faulkner County Total</b>	<b>86,014</b>	<b>110,949</b>	<b>24,935</b>	<b>29.0</b>
Conway	43,167	58,927	15,760	36.5
Greenbrier	3,042	4,359	1,317	43.3
Mayflower	1,631	2,186	555	34.0
Vilonia	2,106	3,427	1,321	62.7
Wooster	516	781	265	51.4
Small communities	1,535	2,131	596	38.8
Unincorporated	34,017	39,138	5,121	15.1
<b>Grant County Total</b>	<b>16,464</b>	<b>17,764</b>	<b>1,300</b>	<b>7.9</b>
Sheridan	3,872	4,753	881	22.8
<b>Lonoke County Total</b>	<b>52,828</b>	<b>66,959</b>	<b>14,131</b>	<b>26.7</b>
Cabot	15,261	23,472	8,211	53.8
Austin	605	1,609	1,004	166.0
Ward	2,580	3,838	1,258	48.8
Lonoke	4,287	4,452	165	3.8
England	2,972	2,948	-24	-0.8
Carlisle	2,304	2,368	64	2.8
Small communities	758	765	7	0.9
Unincorporated	24,061	27,507	3,446	14.3
<b>Perry County Total</b>	<b>10,209</b>	<b>10,324</b>	<b>115</b>	<b>1.1</b>
Perryville	1,458	1,450	-8	-0.5
<b>Pulaski County Total</b>	<b>361,474</b>	<b>388,407</b>	<b>26,933</b>	<b>7.5</b>
North Little Rock	60,433	61,788	1,355	2.2
Jacksonville	29,916	31,488	1,572	5.3
Sherwood	21,511	29,975	8,464	39.3
Maumelle	10,557	16,521	5,964	56.5
Unincorporated (N)	29,706	27,718	-1,988	-6.7
Total North of the River	152,123	167,490	15,367	10.1
Little Rock	183,133	193,482	10,349	5.7
Cammack Village	831	820	-11	-1.3
Alexander*	174	174	0	0.0
Wrightsville	1,368	1,642	274	20.0
Unincorporated (S)	23,845	24,799	954	4.0
Total South of the River	209,351	220,917	11,566	5.5
Total Unincorporated	53,551	52,517	-1,034	-1.9
<b>Saline County Total</b>	<b>83,529</b>	<b>102,343</b>	<b>18,814</b>	<b>22.5</b>
Benton	21,906	29,349	7,443	34.0
Bryant	9,764	17,174	7,410	75.9
Shannon Hills	2,005	2,724	719	35.9
Haskell	2,645	3,225	580	21.9
Alexander*	440	2,505	2,065	469.3
Traskwood	548	600	52	9.5
Bauxite	432	449	17	3.9
Unincorporated	45,789	46,317	528	1.2
<b>Hot Springs Village Total</b>	<b>10,375</b>	<b>13,729</b>	<b>3,354</b>	<b>32.3</b>
In Saline County (unincorporated)	3,719	6,052	2,333	62.7
In Garland County (unincorporated)	6,656	7,677	1,021	15.3
<b>MSA Totals</b>				
4-County Total	583,845	668,658	84,813	14.5
6-County Total (official MSA)	610,518	696,746	86,228	12.4

Note: 4-County MSA includes Faulkner, Lonoke, Pulaski and Saline Counties, 6-County adds Grant and Perry Counties.

\*The City of Alexander has portions incorporated in both Pulaski and Saline Counties.

# Late Decade Population Estimates

## Population Estimates 2009

**M**etroplan's 2009 population estimates depict a six-county region just shy of 700,000 people. The region has grown at a 1.5 percent annualized pace since the 2000 census, compared with the national average of 0.9 percent. Here are the highlights of this year's estimates:

- **Sherwood:** Following its annexation of the Gravel Ridge area during 2008, Sherwood gained a large amount of population. Metroplan estimates that, by January 1 of 2009, Sherwood had 29,975 people – just a notch away from 30,000.
- **Benton:** With less of a housing construction slowdown than elsewhere in the region, Benton added enough new residents to put its population at 29,349, also close to 30,000.
- **Little Rock:** Although it barely grew during the 1990's, it appears that Little Rock has gained population more quickly during the 2000's, and has passed the 190,000 mark. In tough economic times, the capital city – with about half of the region's

jobs within its boundaries – may be an increasingly attractive destination for employment-hungry workers migrating in from less economically vibrant places in Arkansas and elsewhere.

■ **Pulaski County migration:** This year's components of change table (below) shows positive in-migration for Pulaski County since 2000. Metroplan's Pulaski County estimate was boosted by accelerated growth in Little Rock, as well as substantial continued population growth in Maumelle and Sherwood. In addition, sample aerial photographs show 10 to 12 percent housing unit growth in unincorporated areas of western Pulaski County.

■ **Faulkner, Lonoke & Saline Counties:** All three of these counties have seen continued growth over the decade, led by Faulkner at 29 percent. Lonoke County ranked second at nearly 27 percent, while Saline County grew by nearly 23 percent. The metro area now has three counties – Pulaski, Faulkner and Saline – with more than 100,000 people each. **M**

**Components of Population Change  
Little Rock-North Little Rock-Conway MSA 2009**

	January 1 2009	April 1 2000	Change	Births	Deaths	Natural Increase	Net Migration
Faulkner	110,949	86,014	24,935	12,073	6,149	5,924	<b>19,011</b>
Grant	17,666	16,464	1,202	1,709	1,487	222	<b>980</b>
Lonoke	66,959	52,828	14,131	7,251	4,401	2,850	<b>11,281</b>
Perry	10,429	10,209	220	1,070	1,040	30	<b>190</b>
Pulaski	388,407	361,474	26,933	46,924	29,838	17,086	<b>9,847</b>
Saline	102,343	83,529	18,814	9,227	6,947	2,280	<b>16,534</b>
4-Co. MSA	668,658	583,845	84,813	75,475	47,335	28,140	<b>56,673</b>
6-Co. MSA	696,753	610,518	86,235	78,254	49,862	28,392	<b>57,843</b>

Sources: Birth and death data from Arkansas Department of Health.  
 Birth data for 2006-2008 and death data for 2007-2008 are provisional.  
 Year 2000 death data represent period from April 1 - December 31, estimated as 75 percent of the total.

# Counting on the Next Census



*The decennial census is still the best way to count people (photo courtesy of U.S. Census Bureau, Public Information Office).*

## Counting People and Counting on the Next Census

**A**s the most recent census fades farther back in time, estimating each community's population size becomes trickier. Tumultuous housing markets have made this especially true during the past decade. Metroplan's population estimates (pp. 2-3) are based primarily on housing counts, developed from city building permit records. We have a pretty good idea how many housing units there are in each community.

That leaves some big questions, though. We do not know how many housing units are actually occupied. Nor do we know how many people are living in each home. Recent data from the Census Bureau's new American Community Survey (ACS) has shown dropping housing occupancy in the local area, a response to the housing crisis. In a number of our communities, recent ACS data suggest that household size – the number of persons in each home – has risen, a striking reversal after decades of steady decline. This makes a certain amount of economic sense. People facing financial trouble are doubling up with relatives, and kids living with parents are delaying their first apartment, as people cut costs. It makes sense that more people are living in each occupied housing unit.

In making our most recent estimates, Metroplan has struggled to determine the number of housing units, occupancy and household size in each community. In a few cases, our 2009 estimate is lower than last year's figure. This does not necessarily mean a community has lost population in the past year, but rather that we have adjusted the assumptions behind our estimates. In early 2011, we will begin getting hard numbers from the upcoming 2010 census, and our population counts will again rest on a firmer basis. **M**



*Counting housing units is easy. Counting the people inside them is much harder.*

# Housing Boom-Bust Cycle

## **Boom-Bust** (continued from page 1)

Similar shifts have occurred all across the United States. During the housing boom years, there was a popular perception that housing growth was being driven by migration of traditional families to suburbs. As the suburbs changed, the economically sustainable demand for large, single-family housing units was weaker than commonly realized. For a while, though, perception drove reality. Investors – individual homebuyers as well as speculators - felt safe buying newly-built homes in increasingly far-flung suburbs, convinced that property values would continue rising. Homes appreciated rapidly in a continuing boom, spurred by careless banking policies and unrealistically low interest rates. In the end, underlying demographics could not support this growth, and markets crashed.

In some places, like the Las Vegas metro area, the construction, real estate and finance industries became dominant in the local economic structure. Fortunately, the “bubble mentality” made fewer inroads in central Arkansas. Housing values appreciated more slowly in central Arkansas than the national average. While construction, real estate and finance industries did well, so did other sectors, like local aerospace, telecommunications, information, and health industries. Always known for economic diversity, central Arkansas continued producing tangible value. Today, while many metro area economies are adjusting to drastic housing deflation, central Arkansas is feeling less of a shock.

The recovery that follows the recent crash will be built more on actual demographics, and less on misguided perceptions. Households will be more varied in character than in the past, with fewer traditional families and more single households. A huge change is about to hit – the retirement of the Baby Boom generation, symbolically beginning when the first Boomer hits age 65 in 2011. Retired “Boomer” households will include lots of singles – a byproduct of unprecedented divorce rates.

(continued on page 7)



*Many housing subdivision, like this one in eastern Conway, are stalled and only partly built out.*

**A**s the suburbs changed, the economically sustainable demand for large, single-family housing units was weaker than commonly realized.



*The Greens at Nutter Chapel: the first of over 700 multi-family units planned in southwestern Conway*

# Housing Boom-Bust

## Poverty is Not Just a Core Issue

U.S. income disparities have widened in recent years. Well-educated and highly-skilled workers have prospered, while real incomes have declined for their less skilled counterparts. More and more households are finding themselves in poverty. Surprisingly, much of the increase in poverty has been afflicting America's suburbs, long seen as bastions of easy prosperity.<sup>1</sup>

### Share of Population in Poverty

	2000	2007	Change
Faulkner Co.	12.5	14.7	17.6%
Lonoke Co.	10.5	12.2	16.2%
Pulaski Co.	13.3	14.3	7.5%
Saline Co.	7.2	12.0	66.7%

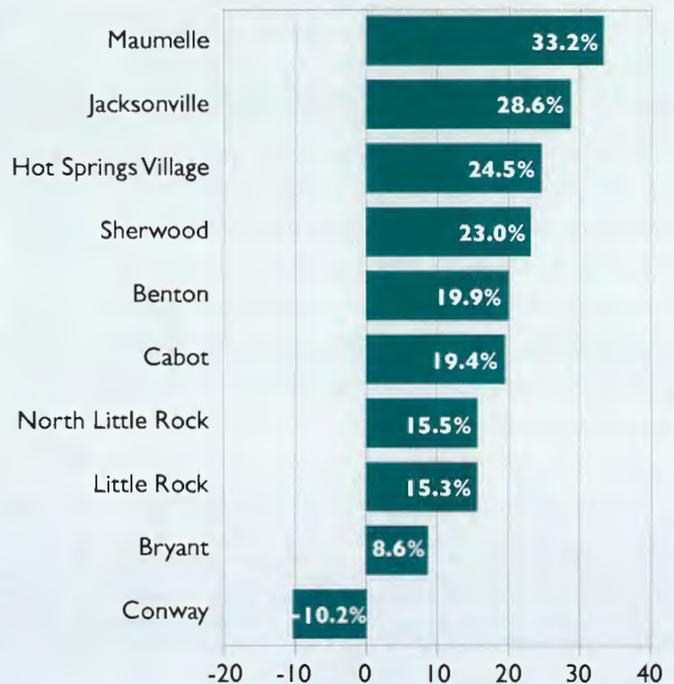
The table above shows that, while poverty in Pulaski County remains slightly higher than in most suburban counties, the fastest growth in poverty has been in outlying areas.<sup>2</sup> Why?

Jobs grew faster in the suburbs than the core, both locally and nationally. Many of the new suburban jobs are, however, comparatively low-paying retail and service jobs oriented toward growing residential populations. Since workers often select their homes based on proximity to a job, it should be no surprise that lower-income workers are moving into the suburbs.

The chart at right uses Earned Income Tax Credit (EITC) data to compare the growth in working-poor populations among the ten

largest communities in the central Arkansas region.<sup>3</sup> Three of the top four communities for poverty growth, Maumelle, Hot Springs Village, and Sherwood are among the region's highest-income communities. Three of the four cities with the least growth among working-poor populations include the region's three largest cities, Little Rock, North Little Rock, and Conway. Poverty levels remain lower in most suburbs than in core cities, but are growing faster. The suburbs are changing.

### Change in Working Poor as Share of Tax Filers 2000-2006



<sup>1</sup>William Frey, "Getting Current: Recent Demographic Trends in Metropolitan America," Brookings Institution, March 2009. Online at <http://www.brookings.edu>.

<sup>2</sup>Data from Census 2000 and American Community Survey (ACS) for 2005-2007.

<sup>3</sup>EITC data courtesy of Brookings Institution.

# Housing Boom-Bust

## Boom-Bust (continued from page 5)

As the number of over-65 households multiplies in coming years, the demand for detached single-family homes in the suburbs may remain weak. An accumulating body of evidence shows that urban living is gaining popularity, and not just with elders. There is a growing demand for convenience and walkability in people's living tastes, driven by changing cultural norms and frustration with lengthy, time-devouring commutes.<sup>2</sup>

Denser multi-family housing has become a larger share of today's construction than lower-density single-family housing. The location of this multi-family housing construction also tells a story. Much of it is occurring not on the region's fringes, but in centrally-located parts of Little Rock, North Little Rock, Conway, and Maumelle. While the majority of new units are traditional rental properties, a sizeable share are owner-occupied condos.

The new housing's context is often based on convenience, sited in or near quality built environments, as in Conway's Hendrix Village, and downtown Little Rock and North Little Rock. The new condos that account for a growing share of Maumelle's housing construction are located in moderately dense environments, within easy walking distance – and very short driving distance - of restaurants and stores.

To some extent, today's multi-family surge is a response to economic crisis conditions. Single-family housing construction will no doubt begin to rebound soon. Changes in local and U.S. household demographics suggest, however, that today's condo chic may reveal hints about the longer-term future. **M**



A sizeable share of new construction today is in condo units, like these units in downtown North Little Rock (top photo), and central Maumelle (bottom photo).

### Speaking of the Future: Census 2010 is Approaching

- The census is a count of everyone living in the United States every 10 years.
- The census is mandated by the U.S. Constitution.
- The next census is in 2010.
- Your participation in the census is required by law.
- It takes less than 10 minutes to complete.
- Federal law protects the personal information you share during the census.
- Census data are used to distribute Congressional seats to states, to make decisions about what community services to provide, and to distribute \$300 billion in federal funds to local, state and tribal governments each year.
- For further information visit [www.census.gov](http://www.census.gov).

United States  
**Census  
2010**

<sup>2</sup>For further insight, see "Trading Places: The Demographic Inversion of the American City" by Alan Ehrenhalt in *The New Republic*, August 13, 2008.

# Housing Boom-Bust

## A Rising Tide of Elders

**F**rom 2005 to 2015, elderly and near-elderly populations in central Arkansas will grow by over one-third as the Baby Boom generation moves into older age brackets. As the chart below shows, no other age group will grow by more than eight percent.<sup>1</sup>

Nobody knows how the elderly surge will affect society. Will Boomers delay retirement, and if so, by how much? Will they age in place, or move to retirement homes in the countryside? Will they move to inner city areas? Since the propensity to relocate diminishes with age, many new elders may age in place in neighborhoods where they spent their middle years. Wealthier elders might opt for centrally-located, pedestrian-friendly environments with shorter driving distances, a factor that may already be driving the rising New Urbanist trend.

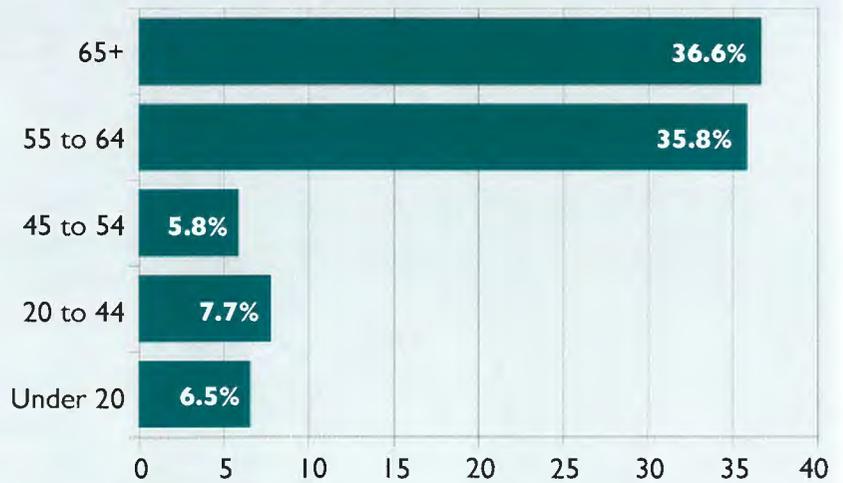
Mobility impairment will become a larger issue for society as a whole. While barely over 6 percent of central Arkansas people under age 64 have mobility impairments, that ratio jumps to about 15 percent for ages 65 to 74, and 33 percent for those over 75 years of age.<sup>2</sup> Whereas middle-aged householders often desire large lawns, good schools, and appreciating home values, the swelling ranks of elders and near-elders will have other priorities.

<sup>1</sup>Data from Metroplan's *Metro 2030* projections, completed during 2004.

<sup>2</sup>Census 2000 for Little Rock-North Little Rock MSA. Local Mobility impairment levels among elderly populations run slightly higher than the national average.



**LR-NLR MSA Projected Population Growth by Age 2005-2015**

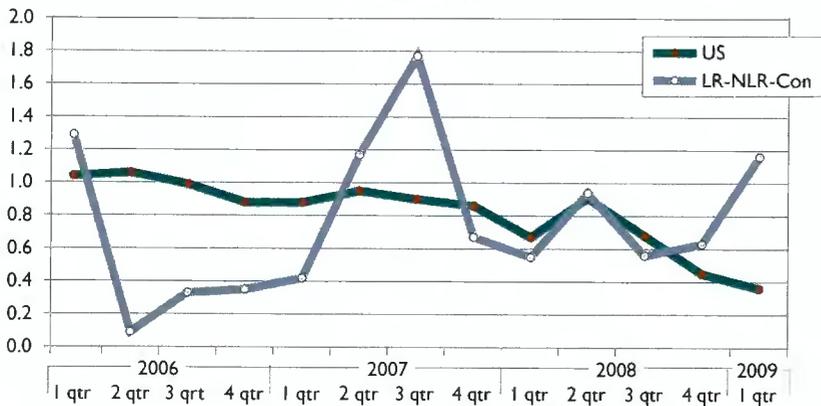


# Housing Boom-Bust

## Multi-Family Housing and Crisis Times

**W**hile multi-family housing has declined at the national level, it is still doing better than single-family housing. The chart below shows Metroplan's new multi-family housing quarterly construction index from 2006 through the first quarter of 2009.<sup>1</sup>

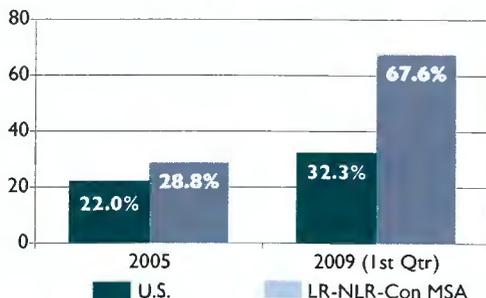
**Multi-Family Housing Construction Index 2006-2009**



The multi-family trend in central Arkansas has generally outperformed the U.S. average since early 2007. During the first quarter of 2009, central Arkansas multi-family housing construction actually rose while national housing markets were slumping.

The chart below shows how multi-family construction has grown as a share of total construction, nationally and locally. By the first quarter of 2009, two-thirds of all new

**Multi-Family Construction as Share of Total Units**



housing construction in central Arkansas consisted of multi-family units. At least for the moment, condos and apartments are where the action is. **M**

<sup>1</sup>For both the U.S. and Little Rock-North Little-Conway MSA, the value 1.0 represents the average quarterly amount of multi-family construction during the boom years 2004-2005.

## The Central Arkansas Core Score

**D**uring 2008, a provocative study by CEOs for Cities pointed out that urban areas with greater core vitality were experiencing fewer housing foreclosures and less devaluation than those with weaker cores.<sup>1</sup> The study looked only at the 50 largest U.S. metro areas by population size, thus excluding the 74th-ranked Little Rock-NLR-Conway MSA.

Metroplan decided to size up our own region's core vitality by the same standard. The index measures core vitality by comparing the share of college graduates among residents within five miles of the urban center with the regional average for college graduates. A higher share of college graduates near the center correlated with stronger cores.

Census tract analysis revealed 27.4 percent college graduates among a regional core population of about 46,000, versus 24.2 percent college graduates in the six-county region. This measure of 113% ranked central Arkansas above average in core vitality - slightly ahead of the Denver, Dallas-Ft. Worth, Atlanta and Chattanooga metro areas, but below notably core-centered urban areas like Chicago, Seattle, Portland, and New York. A moderately strong core area may be one factor explaining the resilience of central Arkansas housing markets in hard times.

<sup>1</sup> See "Driven to the Brink: How the Gas Price Spike Popped the Housing Bubble and Devalued the Suburbs," Joe Cortright, CEOs for Cities, May 2008. Online at [www.ceosforcities.org](http://www.ceosforcities.org).

# Recent Housing Trends

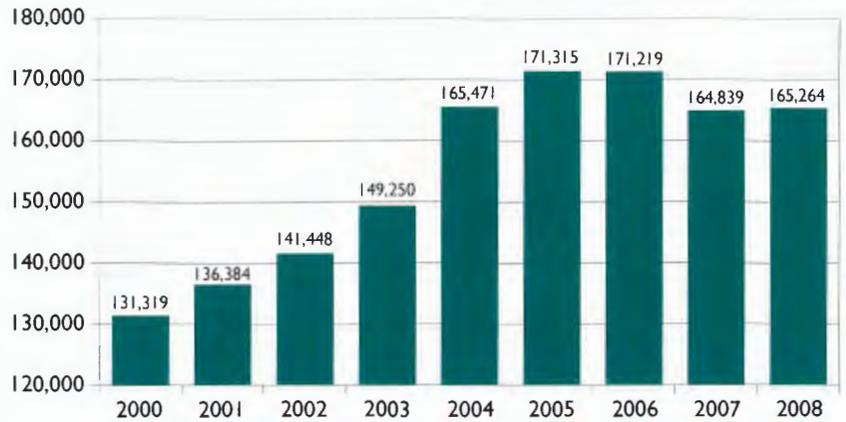
## Housing Doldrums

The construction of single-family units dropped yet again in central Arkansas, to 1,409 units during 2008. This is the lowest level in a quarter century (that is, since 1983). The local fall-off in single-family construction from 2007 to 2008, at 39 percent, was nearly as severe as the 42 percent decline in overall U.S. single-family construction, as the chart at right shows. The only bright spot is the median price of new construction in central Arkansas, which actually edged up slightly in 2008 after an unprecedented two-year decline 2006-2007.<sup>1</sup> The single-family housing market in central Arkansas is not strong, but it may have neared its lowest ebb and continues slightly outperforming the U.S. market. As the quarterly single-family construction index at right shows, local housing followed its normal cycle and edged up a bit in the first quarter of 2009, while U.S. single-family housing edged down toward its customary midwinter trough.

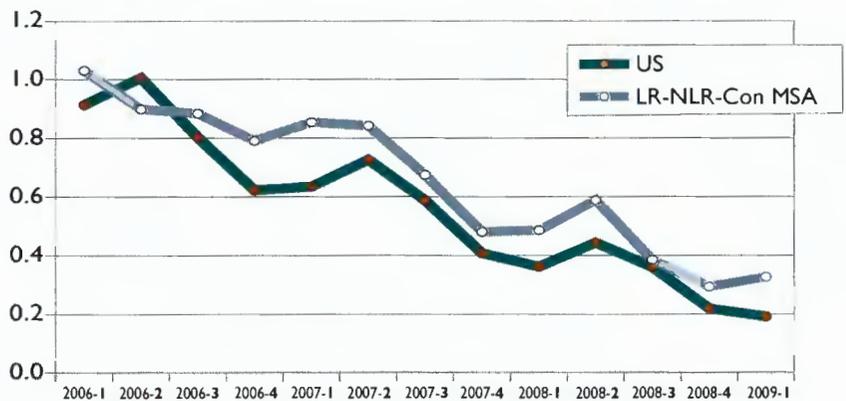
Multi-family housing was down slightly more than the U.S. average from 2007 to 2008. Multi-family markets are volatile by nature, though, and the local percentage drop owes in part to fall-off from a surprisingly strong performance in 2007. Moreover, local multi-family construction took a sharp upturn during the first quarter of 2009, as Metroplan's new multi-family index on page 9 shows.

Overall housing construction was down by slightly more than the U.S. average from 2007 to 2008, but again some of this may be attributed to fall-off from a better-than-average performance in 2007. Capital markets remain shaky, and confidence is lacking. Nonetheless, the local economy has proven significantly more

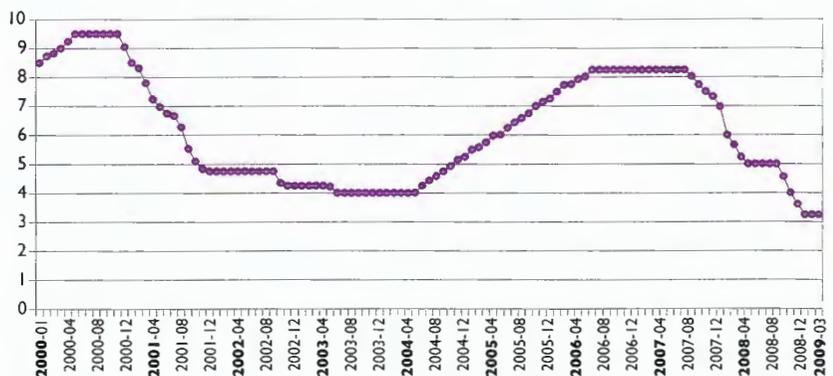
**LR-NLR-Con Median New Home Permit Value 2000-2008**



**Single-Family Construction Index 2006-2009**

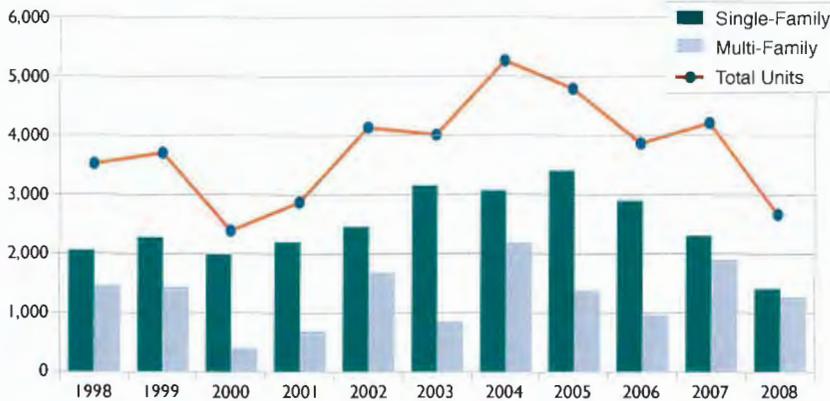


**US Prime Bank Loan Rate 2000-2009**



# Recent Housing Trends

## Regional Housing Unit Permit Totals 1998-2008



resilient than average. Regional population growth, mostly owing to in-migration, is running faster than the national average, which could signify a build-up in latent housing demand. Interest rates, shown below left, are now at their lowest levels in several decades. Any prediction in such tumultuous economic times is risky, but the odds of at least a modest local housing recovery are looking favorable. **M**

<sup>1</sup>Metroplan normally provides median value data with its annual *Metrotrends Economic Review and Outlook*, published in the fall or early winter. This year we moved our median calculations ahead in response to the housing crisis.

## Housing Unit Permits 2005 - 2008 for Cities Over 5,000 LR - NLR - Con MSA

### Single-Family Housing Unit Permits

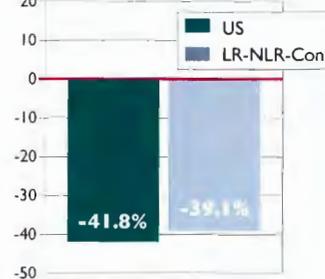
	2005	2006	2007	2008
Benton	557	496	372	260
Bryant	116	110	158	115
Cabot	387	416	183	113
Conway	489	409	303	192
Hot Springs Vil.	253	299	213	80
Jacksonville	186	126	125	54
Little Rock	967	810	707	360
Maumelle	338	221	144	108
N. Little Rock	113	93	104	84
Sherwood	259	218	219	123
<b>Total SF</b>	<b>3,412</b>	<b>2,899</b>	<b>2,315</b>	<b>1,409</b>

### Multi-Family Housing Unit Permits

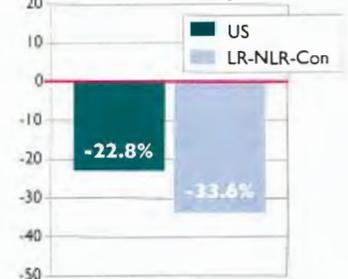
Benton	0	0	10	0
Bryant	10	2	412	8
Cabot	0	152	0	0
Conway	1,052	222	152	741
Hot Springs Vil.	na	0	0	0
Jacksonville	4	34	22	25
Little Rock	309	15	564	280
Maumelle	0	0	0	72
N. Little Rock	0	540	740	136
Sherwood	0	4	0	0
<b>Total MF</b>	<b>1,375</b>	<b>969</b>	<b>1,900</b>	<b>1,262</b>
<b>Total Units</b>	<b>4,787</b>	<b>3,868</b>	<b>4,215</b>	<b>2,671</b>
<b>Percent SF</b>	<b>71.3</b>	<b>74.9</b>	<b>54.9</b>	<b>52.8</b>
<b>Percent MF</b>	<b>28.7</b>	<b>25.1</b>	<b>45.1</b>	<b>47.2</b>

## Change in New Housing Unit Construction 2007-2008

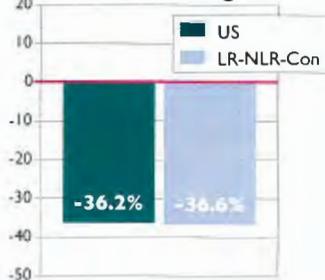
### Single-Family



### Multi-Family



### Total Housing



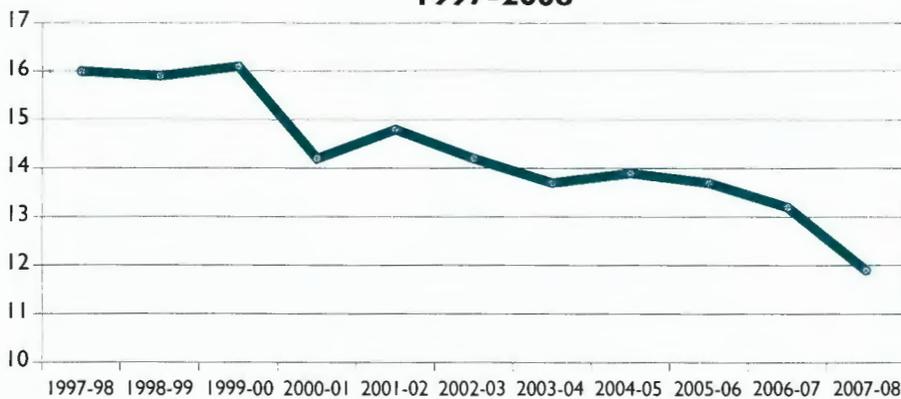
# Demographic Outlook 2009

## Demographic Outlook 2009

**T**he deepening economic crisis dominates the 2009 demographic outlook. The crisis is beginning to impact central Arkansas, but economic data shows the region remains less hard-hit than most parts of the country. A comparison of local and national migration trends gives additional evidence of persistent vitality in central Arkansas.

The evidence demonstrates that central Arkansas in-migration has defied national trends, at least through 2007. Housing recovery will happen when population growth generates housing demand strong enough to overcome lost economic confidence. If above-average in-migration to central Arkansas continues, local housing markets may revive sooner rather than later. Local strength in multi-family markets may be a critical early indicator.

**Percent of U.S. Households Moving 1997-2008**



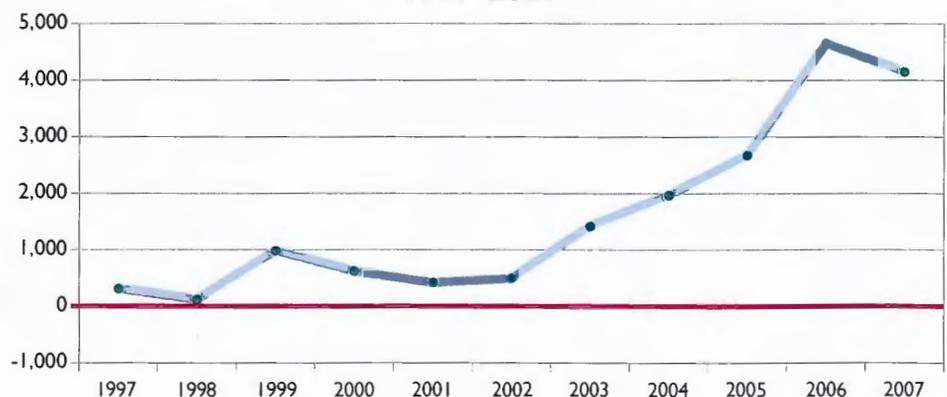
During the 2007-2008 period, U.S. domestic migration diminished to the lowest levels since the Census Bureau began recording migration statistics in 1947. As the chart below shows, just 11.9 percent of households moved their residence from 2007 to 2008, compared with 16.1 percent as recently as 1999-2000.<sup>1</sup> Many homeowners may be afraid to sell their homes at a loss during the current economic crisis, yielding diminished overall population mobility.

Local in-migration has defied this national trend by turning upward in recent years. The chart below shows IRS migration data for the four urbanizing counties in central Arkansas.<sup>2</sup> As you can see, net regional in-migration accelerated from 2005 to 2006, and remained strong in 2007.

Housing markets will soon begin a slow recovery from a speculation-driven boom-bust cycle. Market indicators, changing demographics, and changing housing tastes indicate that, like most dramatic economic cycles, this one is all about change. National studies suggest that communities with interweaved housing, work, retail and recreation opportunities have endured the recent bust better than those serving exclusively as bedroom communities.

As recovery emerges, it appears that the community context of housing will matter more, while square footage and grandiosity may count for less. **M**

**LR-NLR-Conway Net Migration Trend 1997-2007**



<sup>1</sup>U.S. Bureau of the Census, Current Population Survey, March 2008.

<sup>2</sup>Statistics of Income Division, Internal Revenue Service, Washington D.C.

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