

THE CENTRAL ARKANSAS REGIONAL ECONOMY IN 2024



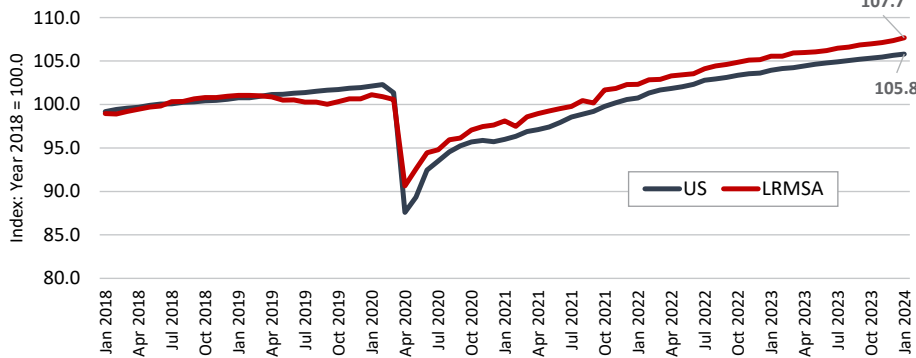
The Little Rock regional area continues a pattern of slow but steady growth. By January of 2024, the region had 390,600 jobs, up 1.6 percent from 384,100 jobs a year previously. This was just a shade under U.S. job growth of 1.8 percent during the same interval.

April 11, 2024

Unemployment in the region hit record lows during 2023, at just 2.3 percent in April. In January, seasonally adjusted local unemployment was up a bit to 2.9 percent. This was still a shade lower than the U.S. rate of 3.7 percent. Although interest rates hit recent record highs during early 2023, economists have been surprised at the resilience the U.S. economy has shown in face of higher interest rates. Labor remains in short supply locally and nationally.

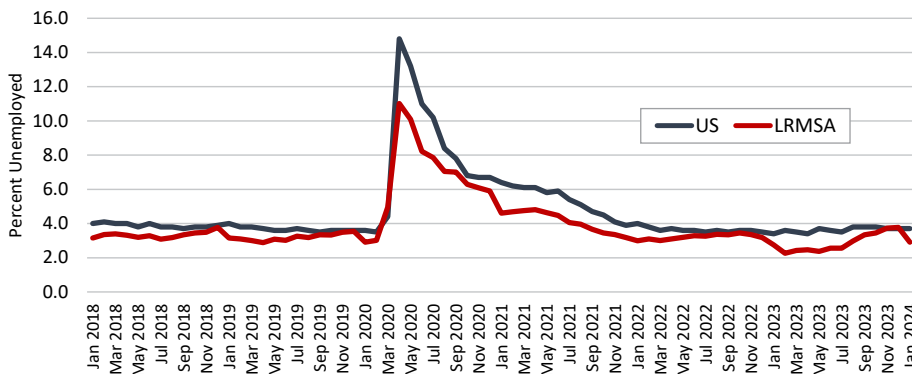


Job Trend January 2018–January 2024



Source: U.S. Bureau of Labor Statistics, adjusted for seasonality. Index by Metroplan.

**U.S. and Little Rock MSA Unemployment 2018–2024
(seasonally adjusted)**



Source: U.S. Bureau of Labor Statistics.

Jobs in Little Rock MSA January 2024	
Seasonally adjusted	394,300
Not seasonally adjusted	390,600

Unemployment Rate Comparison January 2024		
	U.S.	Little Rock MSA
Seasonally adjusted	3.7	2.9
Not seasonally adjusted	4.1	3.6

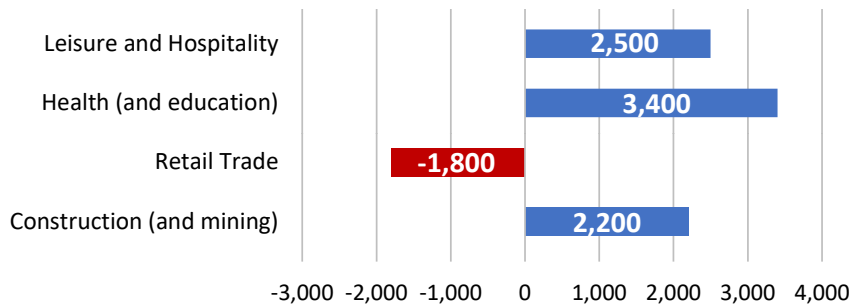
Source: U.S. Bureau of Labor Statistics. Local seasonal adjustment to unemployment by Metroplan.



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While the overall regional economy has grown steadily, its component sectors are more complex. The chart below shows job growth or decline in the four sectors which saw the most change in the past year.¹ As you can see, the biggest gainer was the health and education sector (mostly health, in data terms). The gain of 3,400 jobs suggests growth in the region’s health industry, boosted by a resumption of routine medical screenings post-pandemic. Return to normal post-Covid-19 probably helps explain growth in leisure and hospitality. The growth in construction and mining jobs (mostly construction) probably reflects highway construction along the I-30 corridor, as well as commercial construction activity. The loss of 1,800 jobs in retail trade may reflect post-pandemic adjustments, with a reduction in the federal stimulus money that boosted retail demand in the 2020-2022 interval. Regional retail sales have been relatively steady however, so the loss of jobs may reflect labor shortage—employers simply cannot find enough workers to fill retail jobs.

Little Rock MSA largest Job Changes by Economic Sector 2022–2023



Source: U.S. Bureau of Labor Statistics.

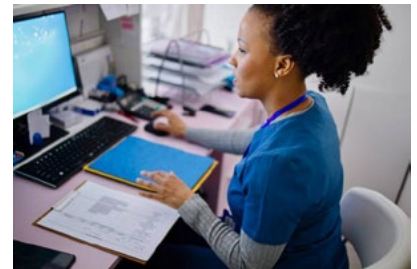


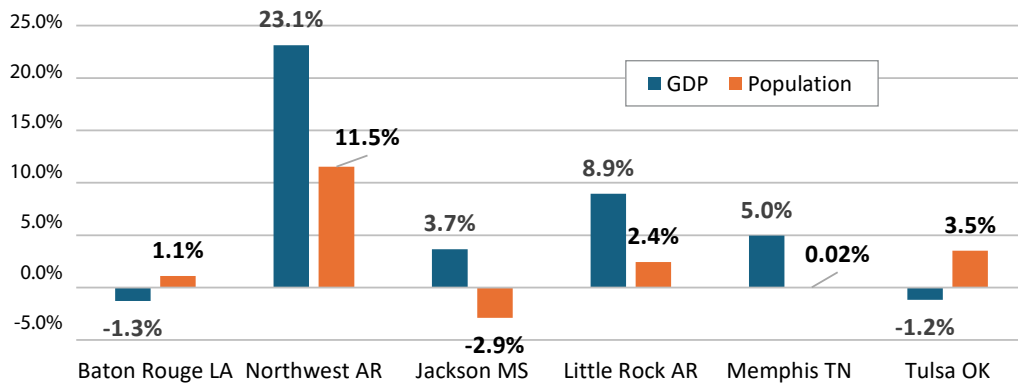
Photo: iStockphoto.com



Job gains have been greatest in health and education.

The chart below describes growth in GDP and population from 2017 through 2022, not just for the Little Rock MSA, but also for several nearby metro areas of similar size. With the blue bars depicting GDP gains it is hard to miss the tremendous economic growth which has occurred in the Northwest Arkansas region.² But note that the Little Rock region registers second among the six south-central metro areas measured. The red bars give an estimate for population change, in which the Little Rock region came in third. Its ratio of economic-to-population growth demonstrates better-than-average economic gains in the past five years within the larger south-central region.

Change in GDP and Population 2017–2022



Source: U.S. Bureau of Economic Analysis. GDP figures are chained dollars (inflation-adjusted).

¹ November 2022 to November 2023.

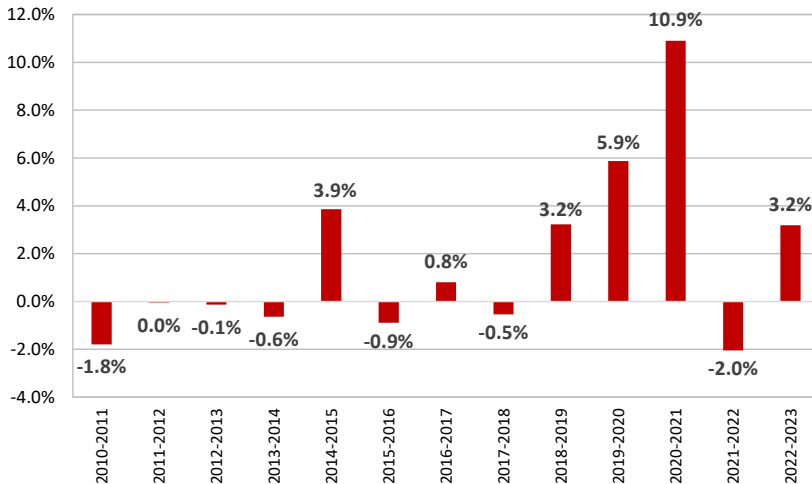
² Technically this is the Fayetteville-Springdale-Rogers MSA.

Retail sales were up 3.2 percent in 2023, compared with the previous year. Total sales were \$19.2 billion, slightly higher than \$18.6 billion in 2022.³ The long-term trend suggests that, from 2019 to 2023, retail sales gains averaged about 4.4 percent per year in real (inflation-adjusted) figures. Sales growth was faster in the three outlying counties, at 6.8 percent annually, versus 3.1 percent for central Pulaski County. This suggests faster population and economic growth in outlying counties continues affecting retail sales. Retail sales got a big upward bump from stimulus spending in the years 2020 and 2021 from the covid pandemic. They only dipped modestly afterward, a trend that may reflect a discernable rise in local per capita incomes.⁴



Retail sales were up again in 2023 after a small dip in 2022. Photo: iStockphoto.com

Central Arkansas Annual Change in Retail Sales 2010–2023



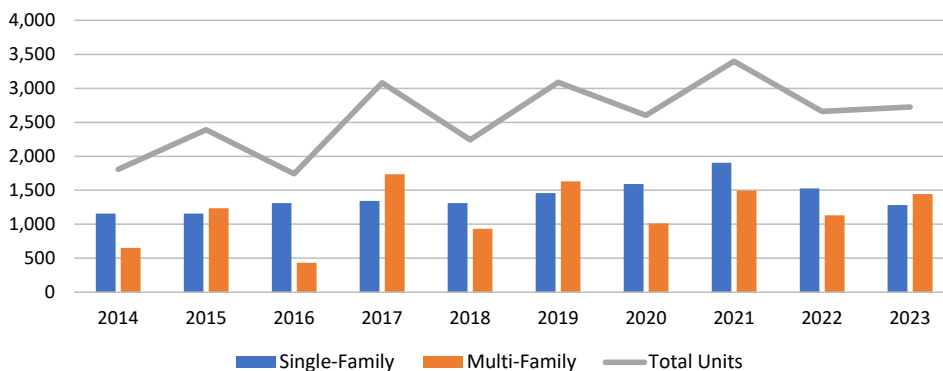
Note: Figures are adjusted for inflation.



Higher interest rates have put a damper on housing construction, but multi-family construction has been down less.

Housing construction was up slightly in 2023, but the number of new single-family units declined 16 percent, probably due to pressure put on by the highest interest rates since the 1980s. Multi-family construction climbed about 27 percent. High interest rates may favor multi-family markets going forward.

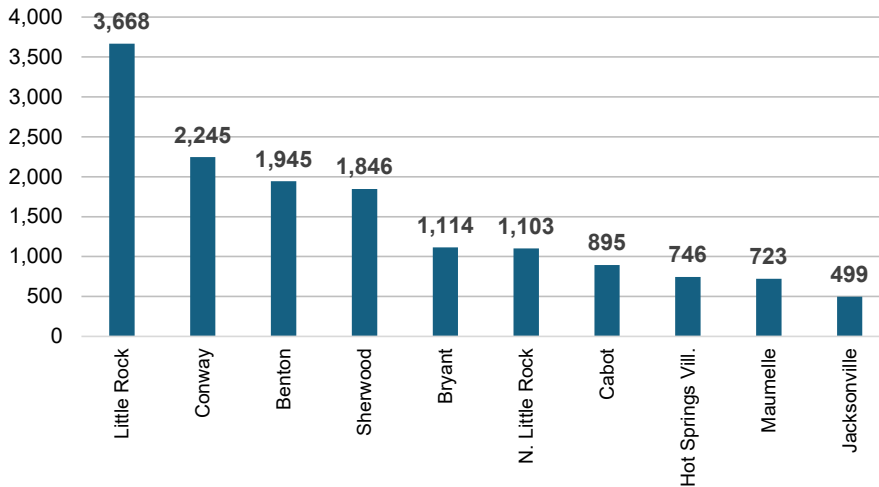
Little Rock MSA New Housing Unit Permits 2014–2023



³ All retail sales figures and charts include inflation adjustment.

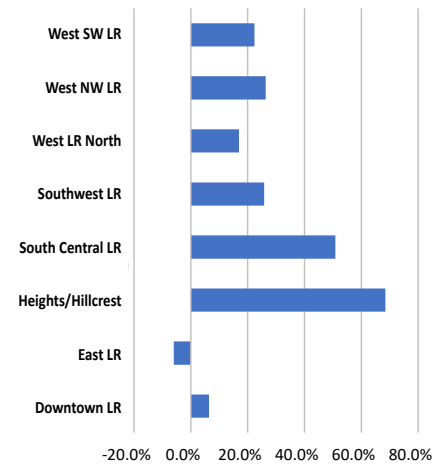
⁴ For more information see Metrotrends Economic Review and Outlook 2023, p. 3 at metroplan.org.

New Single-Family Housing Units by City 2014–2023



Just three cities, Little Rock, Conway and Benton, accounted for more than half the region’s new single-family units from 2014 to 2023.

Percent Change in Property Value 2020–2024



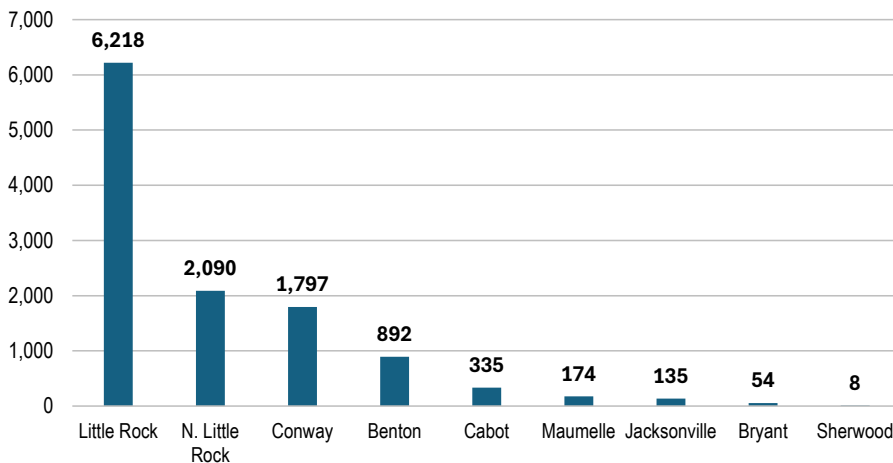
Property Values in Little Rock

The chart above shows change in property value for areas within Little Rock from 2020 to 2024. Note that the figures are in nominal dollars, without inflation adjustment. It is possible that these value trends are affected by the downward shift in office properties caused by telecommuting growth during and after the Covid-19 pandemic. Source: Analysis of PAGIS property data.

The chart above shows where the region’s new housing has been going in over the past ten years. As you can see, in single-family housing Little Rock led the pack, but was followed closely by Conway, Benton, and Sherwood. Just over half of all new single-family units were in Pulaski County, although the rate of growth remains faster in the outlying counties. Note that these are the largest ten cities in the region, although smaller towns like Ward, Vilonia, Greenbrier, Austin and Shannon Hills also have significant housing growth.

In multi-family housing, Little Rock has a long lead with more than half of all new units built over the past ten years. North Little Rock and Conway have also seen a lot of multi-family growth. Between them, the region’s “big three” cities hosted 86 percent of all new multi-family units over the past ten years.

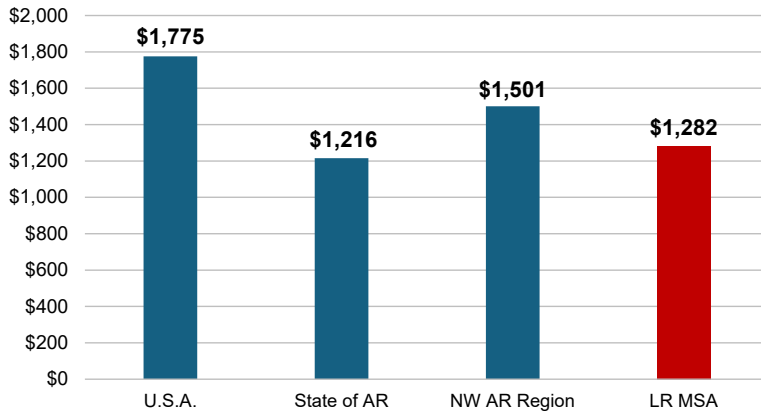
New Multi-Family Housing Units by City 2014–2023



¹ Source is parcel data from PAGIS, based on Pulaski County Assessments. Neighborhood definition by Metroplan. Figures are not adjusted for inflation.

Central Arkansas housing remains substantially more affordable than the U.S. average. The chart below compares monthly mortgage costs for homeowners. As you can see, Central Arkansas residents with a mortgage paid about \$1,282 in housing costs in 2022, or 28 percent less than the U.S. average of \$1,775. While local incomes are lower than the U.S. urban average, the cost/income differential still favors local residents. In a time of high interest rates, Little Rock region homes are more affordable.

Median Monthly Owner Housing Cost 2022*



*For owners with a mortgage. Source: ACS 2022 one-year.



You get more housing for your money in the Little Rock MSA than in almost any other mid-sized U.S. metro area.

Summing Up

Many experts had forecast a recession during 2023 due to interest rate hikes, because past rate hikes on a similar scale had generally caused recession. Looking into 2024, rates remain high while inflation is down but not gone. After peaking near 9 percent in mid-2022, inflation has generally run a little over 3 percent since the middle of 2023. The Federal Reserve has aired the possibility of two or three rate reductions later in 2024, citing a recent drop in “core” inflation, and anticipating further reduction toward the goal of 2.0 percent. While interest rates are likely to decline by late 2024, they will probably not return to the really low levels seen during the 2010 decade.

There is always a risk of recession, but stock market gains in early 2024 suggest the U.S. economy holds unexpected dynamism. It is possible that innovations in AI technology are boosting productivity, and hence aiding economic growth despite deflationary policy. On the downside property markets, particularly in office space, are retrenching in response to the rise in remote work post-covid.

The Central Arkansas region seems to be prospering as mid-decade approaches, contrasting with slow performance during the 2010–2020 decade. As the GDP figures cited earlier in this report show, Central Arkansas outperformed most other similar-sized metro areas in the U.S. south central region during the 2017–2022 period. Growth in the region’s logistics capacity is probably the primary driving force, although its finance sector is an important engine, and the region has seen gains in corporate management. The local information sector, which spent the 2010 decade in the doldrums, has showed signs of growth lately. In any case, the region has a track record of avoiding major recessionary dips due to its economic structure, with a strong basis in recession-resistant industries like health care, education, and government.



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