METRO TRENDS

Demographic Review and Outlook

June 2012

Population Trends in Central Arkansas

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METROPLAN

SMART PLANNING MAKES SMART PLACES.

About Metroplan

Metroplan is a voluntary association of local governments that has operated by interlocal agreement since 1955. Originally formed as the Metropolitan Area 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 its 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.

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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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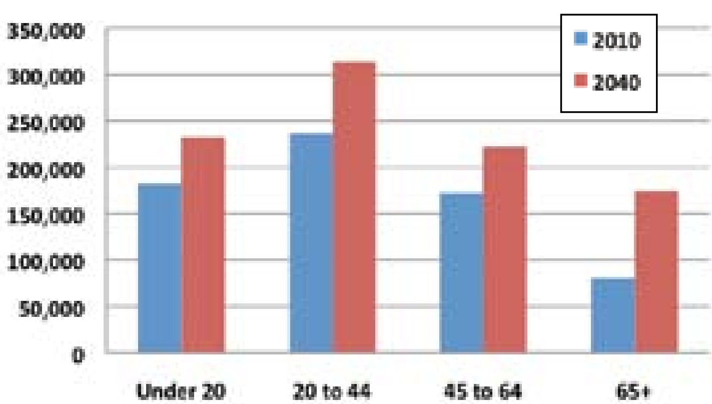
Central Arkansas in 2040

By the year 2040, the Central Arkansas region will be approaching a population of 1 million. The region in 2040 will be much more ethnically diverse. Population will be older than today, yet its rate of aging will be slowing down. The oldest Baby Boomers will be 94, and the youngest 77. The Baby Boomers will be a diminishing share of total population, while the smaller "Generation X" will be passing into retirement. The next—and somewhat larger—group, sometimes called Generation Y, will be reaching its maximum income-earning years, possibly reversing decades of slowed income growth.

The remarks above are best called "informed possibilities," not certainties. Metroplan is required to project population 30 years ahead, to plan for the long-term future. The advantage of such demographic analysis is that a good share of the future's population is already alive today. In fact, Metroplan estimates that about 62 percent of its 2040 population has already been born. People alive today will bring the future about, and vital trends like child-bearing are affected by age and ethnicity.

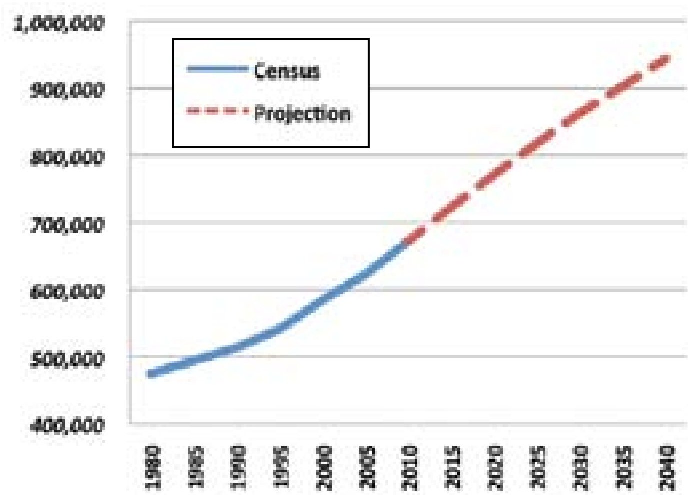
Central Arkansas Population by Age Group 2010–2040



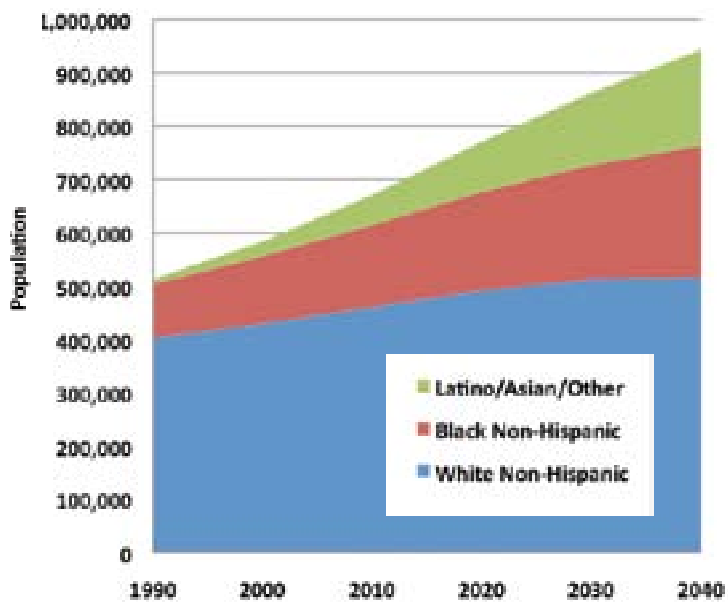
Population change is a product of just three factors: births, deaths and migration. The first two can be predicted reasonably well, based on known factors related to sex, age and ethnicity. The third factor—migration—is more difficult to predict. In the recent past, migration has influenced the Central Arkansas region's rate of growth. During the 1980s, net migration was barely positive, and population growth ran slowly. In the 1990s, migration picked up, and it sped up from 2000 to 2010. Metroplan predicts that migration will run at about the rate it did between 1990 and 2010 overall, not quite as fast as in the past decade, but faster than in the slow 1980s.

(Continued on page 6)

Central Arkansas Population 1980-2040



Central Arkansas Population by Ethnicity 1990–2040



Population Change 2010–2012

Metroplan's 2012 population estimates give the first picture of local population change since the 2010 Census. They are just estimates, based primarily on housing construction trends, and should be viewed with caution. Nonetheless, the new figures show some shifting of trends compared with the previous decade.

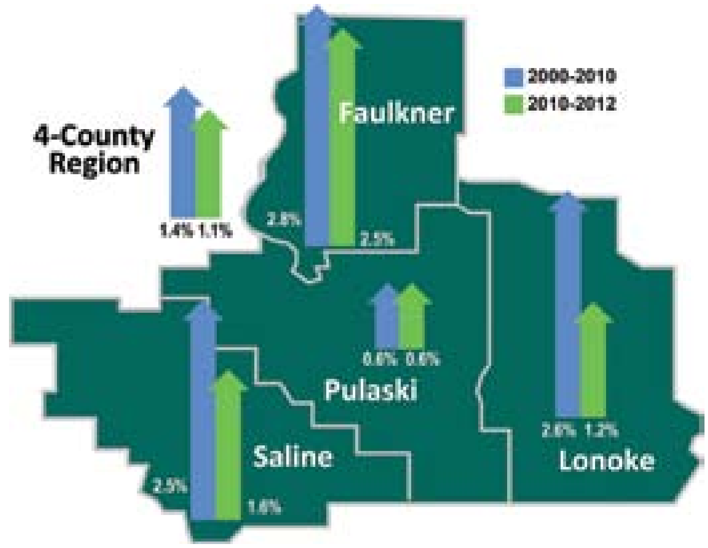
While population growth in outlying counties continues to run faster than in Pulaski County, growth has slowed in both Lonoke and Saline counties, compared with the same period during the early 2000s. Pulaski County growth has held steady. Faulkner County, however, has continued a fast pace of population growth. Conway, with half the county's population, has led the trend. In fact, population growth in this city accounted for more than one-fourth of all population growth within the six-county region. Conway's growth—boosted by major apartment construction on the city's southern fringe—has been nearly matched by continuing population growth in Greenbrier, Mayflower and Vilonia. In the case of these three cities, however, single-family housing growth has led the trend.

The region's fastest-growing city was Bryant, which grew by 8.5 percent, also accompanied by large-scale apartment construction. Growth in Benton has, however, slowed compared with the past decade. Hot Springs Village, which grew rapidly during the 1990s and 2000s, has slowed. Overall, Saline County growth has also slowed from the previous decade. Similar trends are visible in Lonoke County.

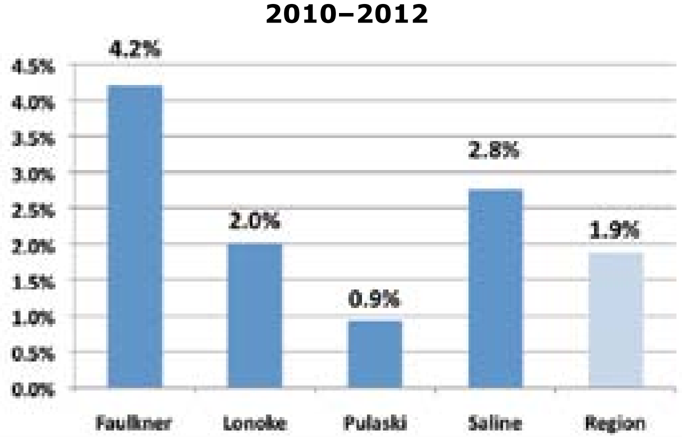
Within Pulaski County, Maumelle remains the fastest-growing community, followed by Sherwood. Large-scale apartment construction has been a factor in North Little Rock growth, primarily, but not exclusively, in the city's western portion, west of I-430. Little Rock continues growing slowly, also boosted by sizeable multi-family construction. Little Rock's comparatively slow rate of growth owes something to its population size, since it is still three times larger than any other city in the region. In absolute terms, Little Rock population growth ranked third among the region's cities.

Census Bureau estimates show that U.S. population grew by 1.3 percent from Census 2010 to January 1, 2012. Metroplan estimates suggest the local region grew at a marginally faster 1.9 percent.

Annualized Growth Rates
Four-County Region 2000–2010 and 2010–2012



Estimated Population Change 2010–2012



Permits for new housing units, like this one in Bryant, are integrated with demographic factors to become the basis for Metroplan's population estimates.

Little Rock-North Little Rock-Conway MSA Population Change 2010–2012

Faulkner County	2010	2012	Change
Conway	58,908	61,684	4.7%
Greenbrier	4,706	4,862	3.3%
Mayflower	2,234	2,330	4.3%
Vilonia	3,815	3,979	4.3%
Wooster	860	915	6.4%
Small communities	2,245	2,368	5.5%
Unincorporated	40,469	44,095	9.0%
County Total	113,237	118,000	4.2%

Grant County	2010	2012	Change
Sheridan	4,603	4,720	2.5%
County Total	17,853	18,042	1.1%

Lonoke County	2010	2012	Change
Cabot	23,776	24,359	2.5%
Austin	2,038	2,153	5.6%
Ward	4,067	4,263	4.8%
Lonoke	4,245	4,012	-5.5%
England	2,825	2,801	-0.8%
Carlisle	2,214	2,200	-0.6%
Small communities	751	750	-0.1%
Unincorporated	28,440	28,976	1.9%
County Total	68,356	69,735	2.0%

Perry County	2010	2012	Change
Perryville	1,460	1,460	0.0%
County Total	10,445	10,389	-0.5%

Pulaski County	2010	2012	Change
Little Rock	193,524	194,439	0.5%
North Little Rock	62,304	62,979	1.1%
Jacksonville	28,364	28,334	-0.1%
Sherwood	29,523	29,910	1.3%
Maumelle	17,163	17,492	1.9%
Wrightsville	2,114	2,144	1.4%
Cammack Village	768	758	-1.3%
Alexander*	236	246	4.2%
Total North of River	162,764	164,774	1.2%
Unincorporated (N)	25,410	26,059	2.6%
Total South of River	219,984	221,526	0.7%
Unincorporated (S)	23,342	23,939	2.6%
Total Unincorporated	48,752	49,998	2.6%
County Total	382,748	386,300	0.9%

Saline County	2010	2012	Change
Benton	30,681	31,336	2.1%
Bryant	16,688	18,109	8.5%
Shannon Hills	3,143	3,235	2.9%
Haskell	3,990	4,205	5.4%
Alexander*	2,665	2,674	0.3%
Traskwood	518	513	-1.0%
Bauxite	487	496	1.8%
Unincorporated	48,946	49,361	0.8%
County Total	107,118	110,068	2.8%

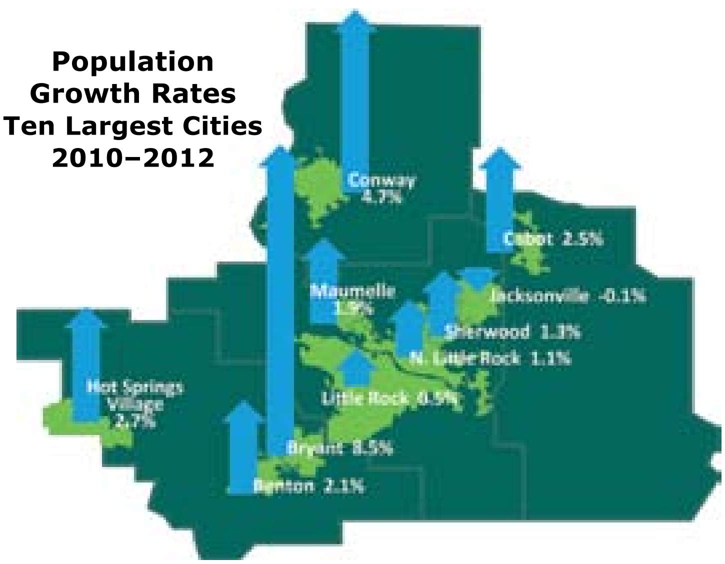
Hot Springs Village CDP (Unincorporated area)	2010	2012	Change
In Saline County	6,046	6,234	3.1%
In Garland County	6,761	6,925	2.4%
County Total	12,807	13,159	2.7%

City of Alexander Total (County splits shown above)	2010	2012	Change
Alexander	2,901	2,920	0.7%

4-County MSA	671,459	684,103	1.9%
6-County MSA**	699,757	712,534	1.8%

*Represents portion of Alexander by county.
**Official MSA since May 2003

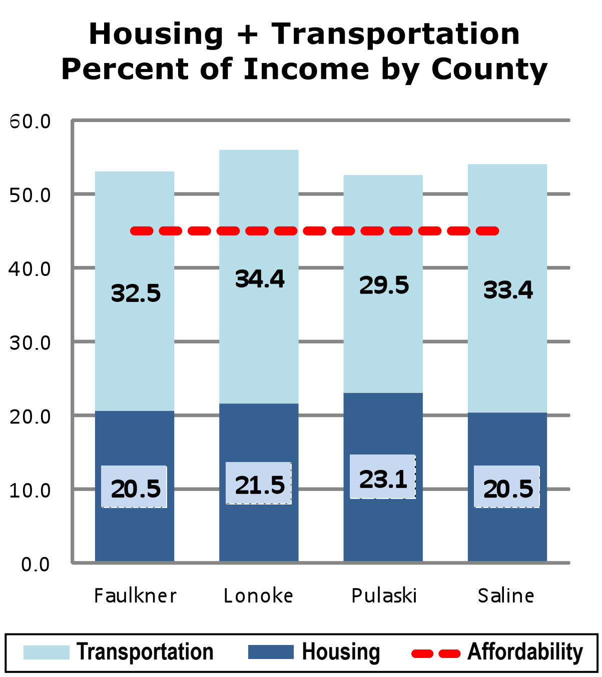
Population Growth Rates Ten Largest Cities 2010–2012



Housing *Plus* Transportation = Affordability

The map (below right, page 5) takes a new look at the cost of living in Central Arkansas. It gives the Housing + Transportation (H+T) Index, developed by the Center for Neighborhood Technologies (CNT), and showing the combined cost of housing and transportation, in comparison with median household income.[1] As you can see, only small portions are shown in yellow, spending under 40 percent of household income. These are places where homes and jobs are in close proximity, and pedestrian access is above average. This helps explain small affordable pockets in Conway and Benton. The Little Rock-North Little Rock urban core benefits from similar economies, plus public transit availability. Yet there are areas in all four counties where transport/housing costs exceed 60 percent of household income.

The old saying "drive till you qualify" meant trading longer work commutes for more affordable home mortgages. Today, with soft housing markets and high fuel costs, the H+T Index sheds light on changing trends. Residents of Central Arkansas benefit from comparatively affordable housing, but do less well with transportation costs factored in. The chart below gives the H+T Index value for each county in Central Arkansas.



All four counties have housing costs below 25 percent of income. Yet transportation costs run more than 30 percent in all counties, and they all exceed the 45 percent affordability threshold recommended by CNT.

When Central Arkansas is ranked among U.S. metro areas, it becomes clear that local residents drive more than average, and use transit less. At the same time, regional housing costs run below average. It appears that the region's longer-than-average commutes open up a larger housing market—bestowing more choices, more competition, and hence, lower housing costs.[2] In times of cheap gas, this arrangement worked. With higher fuel prices, locals may face a painful economic adjustment.

U.S. travel trends are changing, and local trends are following suit. The chart on page 5 compares U.S. and local daily driving habits, measured in vehicle-miles traveled per capita (VMT). In the past, Americans drove slightly more miles every year. Vehicle-miles traveled (VMT) per person rose relentlessly, with only brief lapses, since the Federal Highway Administration (FHWA) began keeping records after World War II. Car ownership increased, commutes became longer, and wealth increased. But in 2004, VMT per capita peaked at 27.7 miles, and began declining, back to 1998 levels (26.1) by 2011. Central Arkansas temporarily defied this trend, possibly reflecting a later-than-average entry into recession. But travel growth slowed after 2007, and from 2010 to 2011, regional VMT per capita declined.

Why and how is this once-inevitable trend running in reverse? Fuel costs are one factor. Changing lifestyles and different housing choices are another. There is also evidence the changes are greatest among young adults under age 35, also known as Millenials, or Generation Y. The growing use of portable devices—often mystifying to older adults—is shifting perceptions of value, time, and public space. Mobile electronic devices are replacing cars as status symbols. Driving takes time away from gadget use. A study by DePaul University showed that when given the choice, many Millenials prefer slower public transport

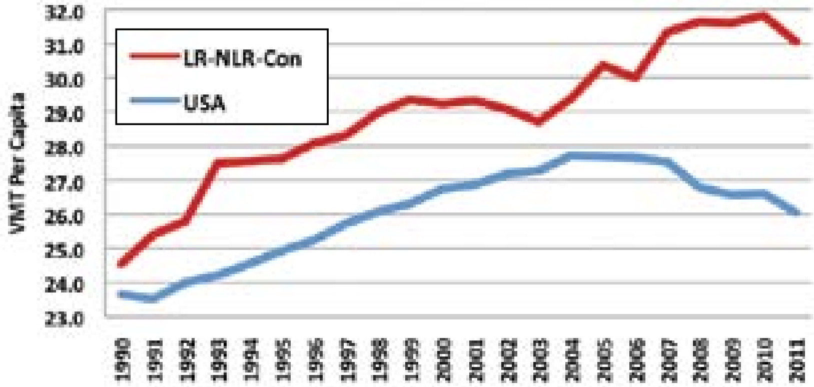
[1] For further background, or a close-up of your neighborhood, visit the H+T Index website at http://www.htaindex.org/.
[2] The text box at the bottom of page 6 gives more detail on rankings Metroplan performed on commuting and housing characteristics among mid-sized U.S. metro areas.

modes, which allow them to use travel time for digital pursuits instead of driving.[3]

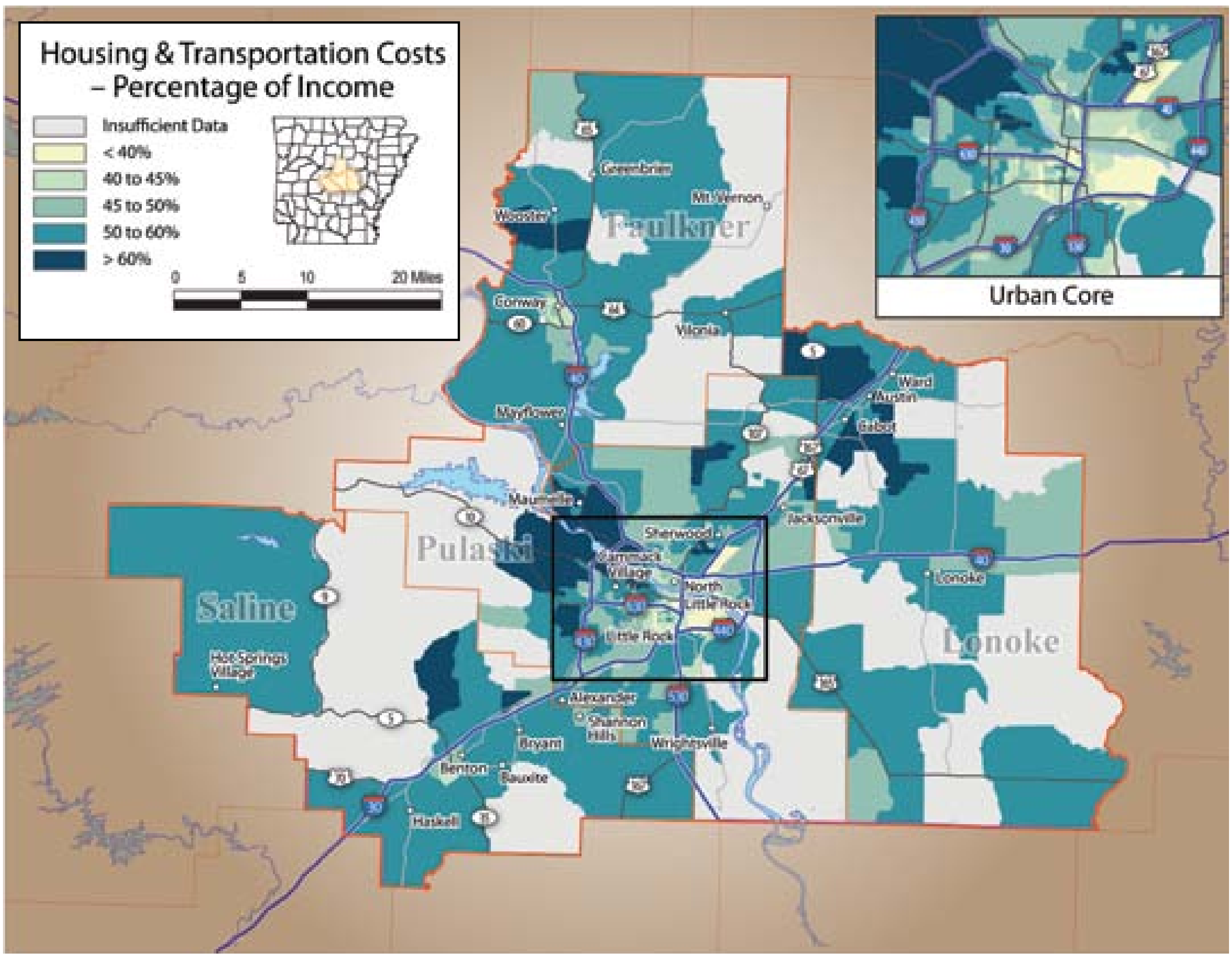
One way or another, Millenials are spending less time driving, and it shows up in Federal data. U.S. drivers under age 30 accounted for 13.7 percent of total U.S. miles driven in 2009, compared with 20.8 percent in 1995. As Baby Boomers begin retiring, Millenials will comprise a growing share of the working-age population. As their travel habits predominate, transportation, housing and neighborhood development trends may have to change, too.

[3] Joseph Schwieterman, "The Travel Habits of Gen Y," *Planning*, May/June 2011. This statistic is especially striking given the larger size of Gen Y, compared with the smaller Gen X that was under 30 in 1995.

Daily VMT 1990-2011



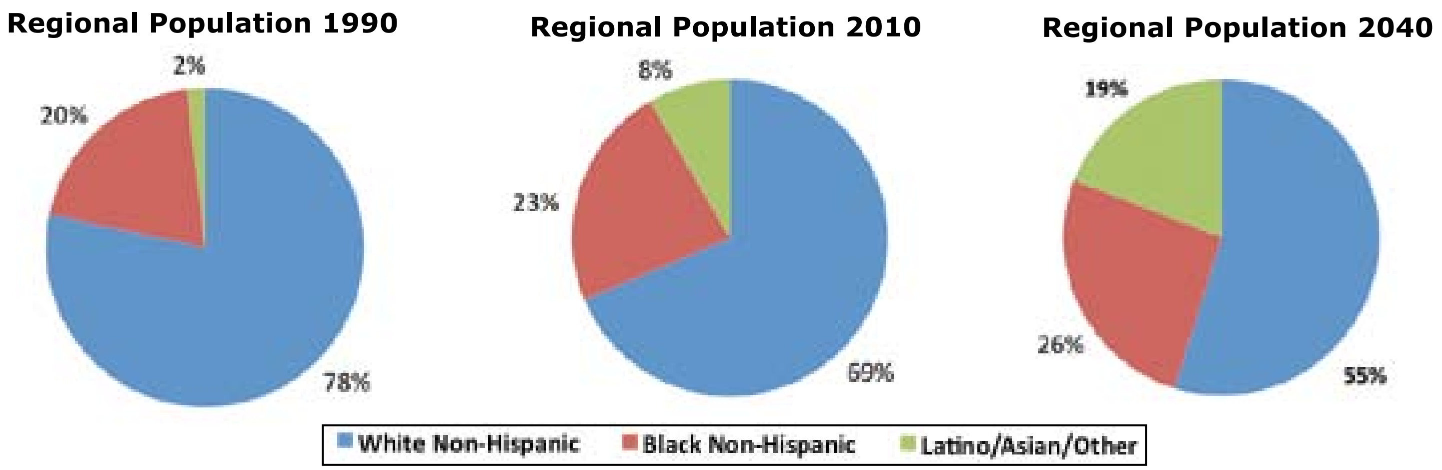
Sources: Federal Highway Administration, Arkansas State Highway and Transportation Department.



Source: Center for Neighborhood Technologies, http://www.cnt.org

Central Arkansas in 2040 (Continued from page 1)

In 1990, regional population fit the traditional Southern pattern of a white majority and a sizeable black/African-American minority. Since that time, the in-migration of two other groups, Latinos and Asians, has changed the region's ethnic mix. By 2010, "Latino-Asian-Other" population accounted for eight percent of the total, compared with less than two percent in 1990. Metroplan predicts Latino-Asian-Other population will continue to grow fast, based on its higher-than-average birth rates and in-migration. By 2040, this group may account for nearly 20 percent of regional population. Non-Hispanic whites will barely comprise a majority, with about 55 percent of population, while black/African-American population will account for 26 percent.



Metro Commuting and Housing Rankings

The table below compares commuting characteristics of the Little Rock-North Little Rock-Conway MSA among the 51 mid-sized U.S. metro areas (population between 500,000 and 1 million). As you can see, Central Arkansas ranked high for its share of workers who drove alone to work, and low for workers using alternative modes, like public transit and walking. The region's median travel time to work was 21.9 minutes, or below average (23.2 minutes). This suggests that local residents take advantage of comparatively low congestion levels, traveling longer-than-average distances between home and work.

Central Arkansas has exceptionally affordable housing for owners. Only the Baton Rouge metro area had a higher share of mortgage-paying homeowners with costs under 20 percent of their income. Central Arkansas also had the lowest share of homeowners paying 35 percent on mortgage payments. For renters the region also has below-average costs, but is less exceptional. These rankings confirm that Central Arkansas residents pay less for housing than the U.S. average, and drive more miles to work, too.

Central Arkansas Ranked Among Mid-Sized Metro Areas: Transportation

Characteristic	Data	Rank
Share of workers drove alone to work	82.9%	11th Highest
Share of workers using public transportation (to work)	0.6%	10th Lowest
Share of workers who walked to work	1.6%	21st Lowest
Share of workers using other means to work (incl. biking)	0.9%	14th Lowest
Median travel time to work	21.9 minutes	36th Lowest

Central Arkansas Ranked Among Mid-Sized Metro Areas: Housing Cost

Characteristic	Data	Rank
Owner costs under 20%	47%	2nd Highest (for low costs)
Owner costs over 35%	18%	51st Lowest (fewest with owner costs that high)
Renter costs under 15%	14%	6th Highest (for low costs)
Renter costs over 35%	42%	35th Lowest (lower third of metros for costs this high)

Source: American Community Survey 2010, ranking analysis by Metroplan.

The Coming Decade

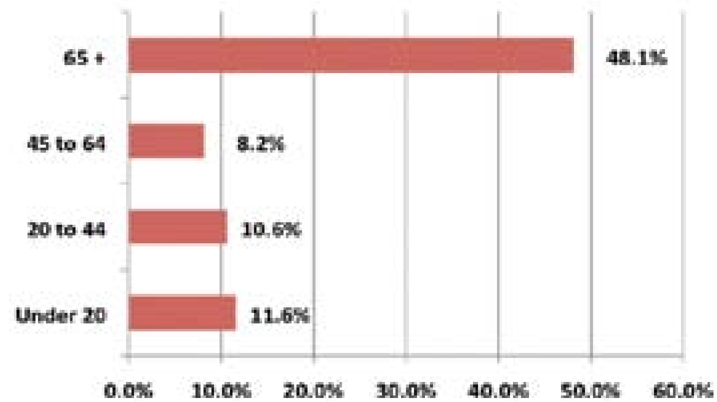
During the decade 2010 through 2020, Metroplan predicts new households will form at a 1.5 percent annual rate in Central Arkansas. This amounts to average demand for about 4,300 housing units annually, somewhat more than 3,700 yearly from 2000 to 2010. Faster housing growth will be an indirect result of pent-up housing demand after the recession. This is not a hard-and-fast prediction. It depends on continuing in-migration and enough economic growth to generate incomes to pay the rents, mortgage bills and down payments that drive housing construction.

The average number of persons per household has been slowly falling for decades. During the recession, household size stopped falling, and in many cases reversed, as people adjusted their housing situations to fit economic circumstances. In practical terms, this meant growing families lingered in small housing units rather than trading up, young adults stayed longer with parents, and homelessness rose.

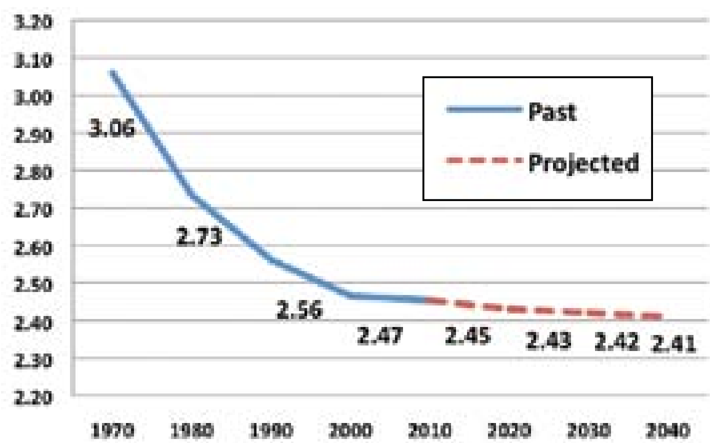
As economic prospects improve, households will grow smaller, and new households will form. Contracting household size yields growing housing demand. When coupled with continuing population growth, a small reduction in average household size can drive a sizeable rise in housing demand.

Population age structure will change, too, affecting the workforce. Population over age 65 will rise almost 50 percent from 2010 to 2020. No other group will grow more than 12 percent. Since labor force participation diminishes after age 55, retirements will shrink the sizeable Baby Boom workforce cadre. Growth will be slowest in workers 45 to 64. Since these older workers are the highest earners, overall income growth may remain slow. Rising retirements toward decade's end may help employment prospects for others. By 2020, workers in their 20s and 30s—many of whom bore the brunt of the recession's impact on jobs—will find their talents in greater demand, as the Great Recession fades into memory.

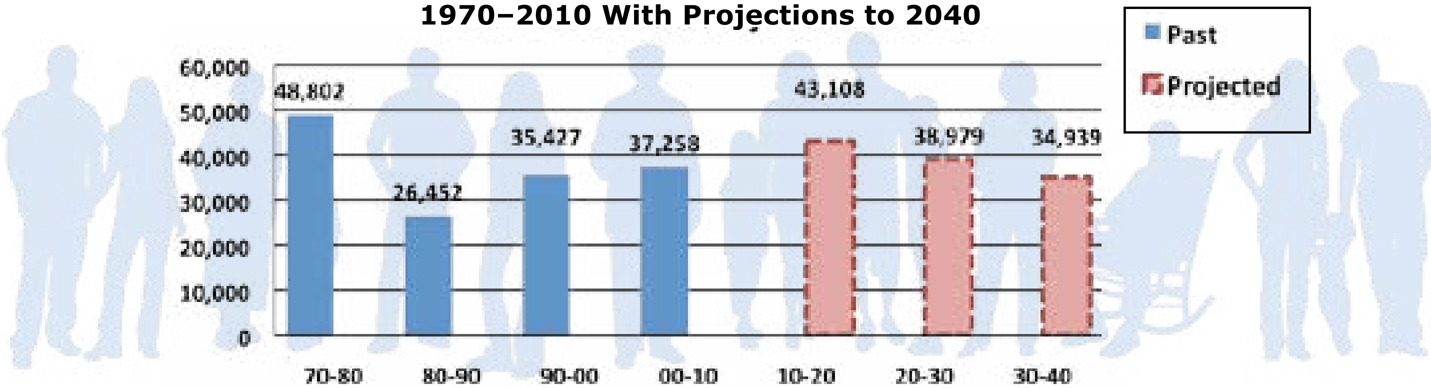
Central Arkansas Projected Growth by Age Group 2010–2020



LR-NLR Region HH Size 1970–2040



Central Arkansas Households Added by Decade 1970–2010 With Projections to 2040



Source for all charts: Decennial Census and Metroplan projections.

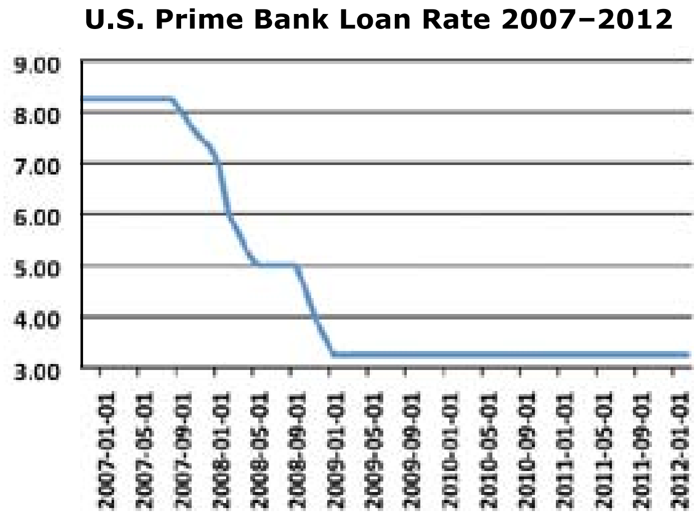
Housing Remains Slow Overall

The year 2011 saw the fewest new housing units built in Central Arkansas since 2008, which was itself the slowest year in a quarter-century. Yet 2011 saw a mixture of feast and famine, with strong multi-family construction in the central area and stability in some single-family markets.

The single-family construction index, shown at right, demonstrates a continued flat trend, with the local value of 0.37, which is somewhat higher than the U.S. index of 0.25. The biggest drop-off in single-family construction 2010–2011 occurred in Jacksonville (-44%), Benton (-34%), Conway (-31%), and Sherwood (-24%). While no city saw a rise in single-family units over the past year, the decline was least in Cabot and Maumelle (-2%). Little Rock, North Little Rock and Bryant also saw little decline in single-family construction 2010–2011. Looking back over a longer term, Bryant and North Little Rock have shown the most stable trend.

Multi-family construction was down overall compared with 2010, but remains fairly strong. The multi-family index at right shows U.S. multi-family construction slowly rising since the 2008–2009 housing bust. The U.S. index value reached 0.5 by the first quarter of 2012. Local activity remains volatile, but above the U.S. average at 0.75 in the last quarter of 2011. The two central cities, Little Rock and North Little Rock, saw a surge in multi-family construction, permitting 1,400 new units during 2011. Conway saw a notable fall-off, possibly reflecting market saturation after adding 700–800 new units annually 2008–2010.

The Lakes of Hurricane Creek: several hundred new multi-family units added to Bryant housing.



New Housing Unit Permits by City 2008–2011

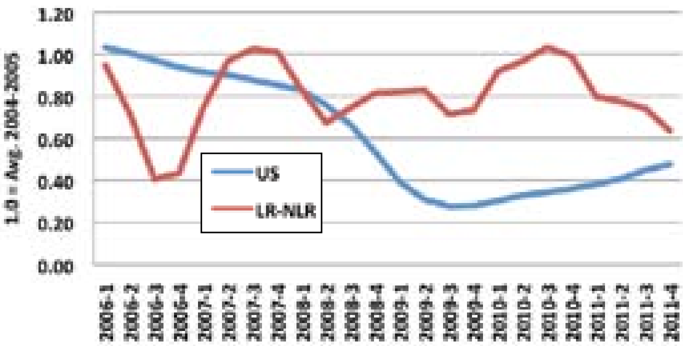
Single-Family

	2008	2009	2010	2011
Benton	260	198	223	147
Bryant	115	138	157	144
Cabot	113	111	95	93
Conway	192	259	223	153
Hot Springs Vill.	80	62	68	53
Jacksonville	54	51	55	31
Little Rock	360	317	337	328
Maumelle	108	85	85	83
N. Little Rock	84	96	162	155
Sherwood	123	97	104	79

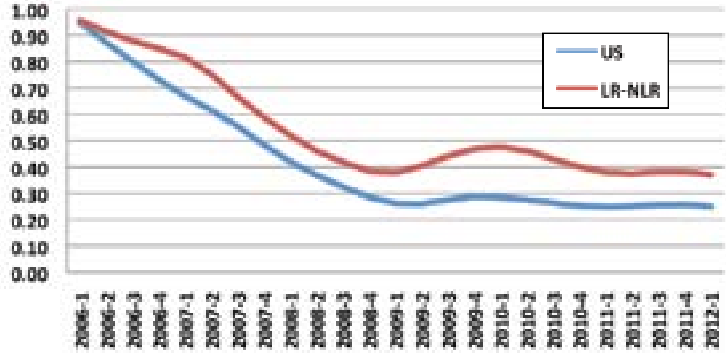
Multi-Family

	2008	2009	2010	2011
Benton	0	0	6	0
Bryant	8	8	568	22
Cabot	0	72	55	24
Conway	741	874	736	14
Hot Springs Vill.	0	0	0	0
Jacksonville	25	12	6	0
Little Rock	280	330	214	1022
Maumelle	72	22	0	0
N. Little Rock	136	226	210	461
Sherwood	0	2	0	0

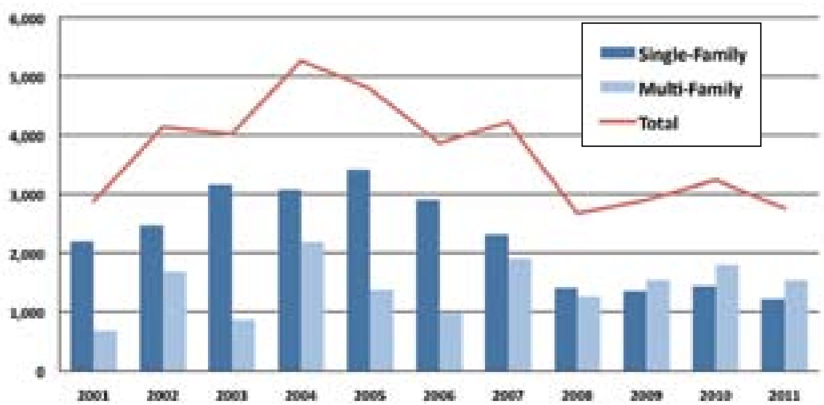
Multi-Family Construction Index 2006–2011 (Seasonally Adjusted)



Single-Family Construction Index 2006–2011 (Seasonally Adjusted)

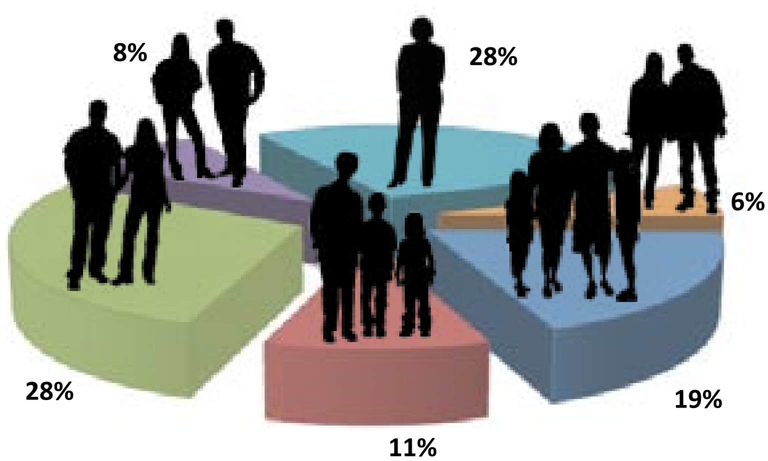


Regional Housing Unit Permit Totals 2001–2011



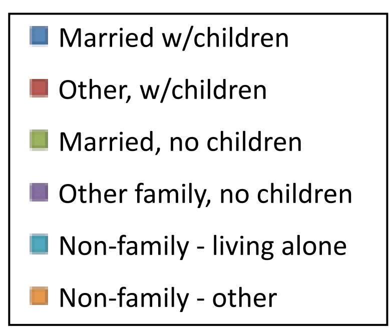
The region's single-family housing construction has stabilized around 37 percent of its level 2004–2005.

Central Arkansas Households by Family Type 2010



Source: American Community Survey, 2010.

Traditional married-with-children households account for under 20 percent of the totals while people living alone account for 28 percent.



The Little Rock and Conway Urbanized Areas

During late March of 2012, the Census Bureau released its long-awaited figures for U.S. Urbanized Areas (UAs), based on Census 2010. The Little Rock Urbanized Area ranked 88th in the nation, with a population of 431,388. This was a small step up from 89th in the year 2000, with a population of 360,331. The Little Rock Urbanized Area took in Maumelle for the first time. As the map below shows, it also includes the bulk of communities like Cabot, Wrightsville, Jacksonville and Benton.

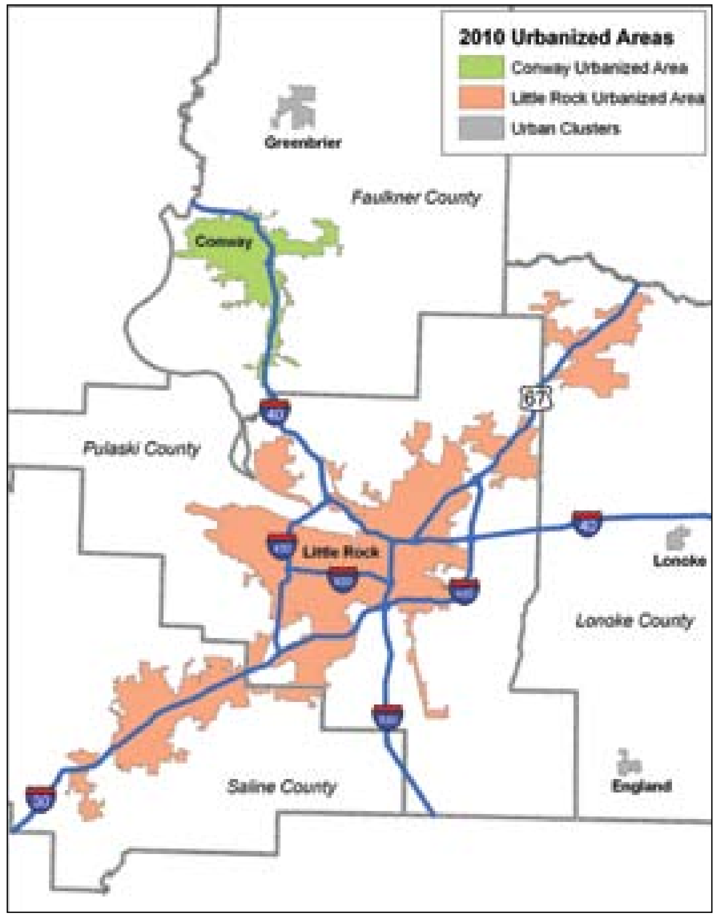
Conway was designated an Urbanized Area for the first time, with a population of 65,277. It had previously been classified an “Urban Cluster” (UC). The Conway UA, which includes Mayflower, ranks 422nd out of 499 Urbanized Areas in the U.S.

Unlike Metropolitan Statistical Areas (MSAs), UAs do not conform to county boundaries. While the definition of a UA is complex, it generally refers to areas with a population more than 1,000 persons per square mile.

Arkansas Urbanized Area Population Comparison Census 2000 and 2010

Name	2000	2010
Little Rock	360,331	431,388
Fayetteville-Springdale	172,585	295,083
Fort Smith	106,470	122,947
Pine Bluff	58,584	53,495
Hot Springs	51,763	55,121
Jonesboro	51,804	65,419
Conway	43,901	65,277

Although the definition is purely a geographic designation by the Census Bureau, it is used for Federal and state funding and grant programs.



The Little Rock Urbanized Area stretches from Haskell in the southwest to Ward in the northeast. Greenbrier, Lonoke and England are separate Urban Centers (UCs).

Components of Population Change
Little Rock-North Little Rock-Conway MSA 2012

	January 1 2012	April 1 2010	Change	Births	Deaths	Natural Increase	Net Migration
Faulkner	118,000	113,237	4,763	2,748	1,297	1,451	3,312
Grant	18,042	17,853	189	327	266	61	128
Lonoke	69,735	68,356	1,379	992	989	3	1,376
Perry	10,389	10,445	(56)	109	219	(110)	54
Pulaski	386,300	382,748	3,552	5,742	5,751	(9)	3,561
Saline	110,068	107,118	2,950	1,291	1,517	(226)	3,176
MSA	712,534	699,757	12,777	11,209	10,039	1,170	11,607

Sources: Birth and death data from Arkansas Department of Health; 2010 and 2011 birth/death figures are provisional.

The Global Perspective

The future of Central Arkansas population depends, to no small degree, on global demographics. The region's share of foreign-born population has risen in recent decades. Metroplan's projections show that Latinos and Asians will have a major future impact on regional migration and birth rates. The in-migration of both of these groups accelerated over the past 20 years. No doubt there will be plenty more Latino and Asian in-migration in coming years. But will it continue accelerating?

Maybe not. First, U.S. in-migration has slowed in recent years. Second, and more important, the sources of migration are seeing important demographic changes. During recent decades, population was growing fast in Latin America and most Asian countries, where birth rates were often substantially higher than the U.S. average. Many of those birth rates have come down, and in some cases, way down. Did you know that Puerto Rico now has a lower birth rate than the U.S. average? Or that Mexico's birth rate has fallen dramatically in recent years, and its overall population growth rate is roughly equal to the United States, at 1.0 percent annually?

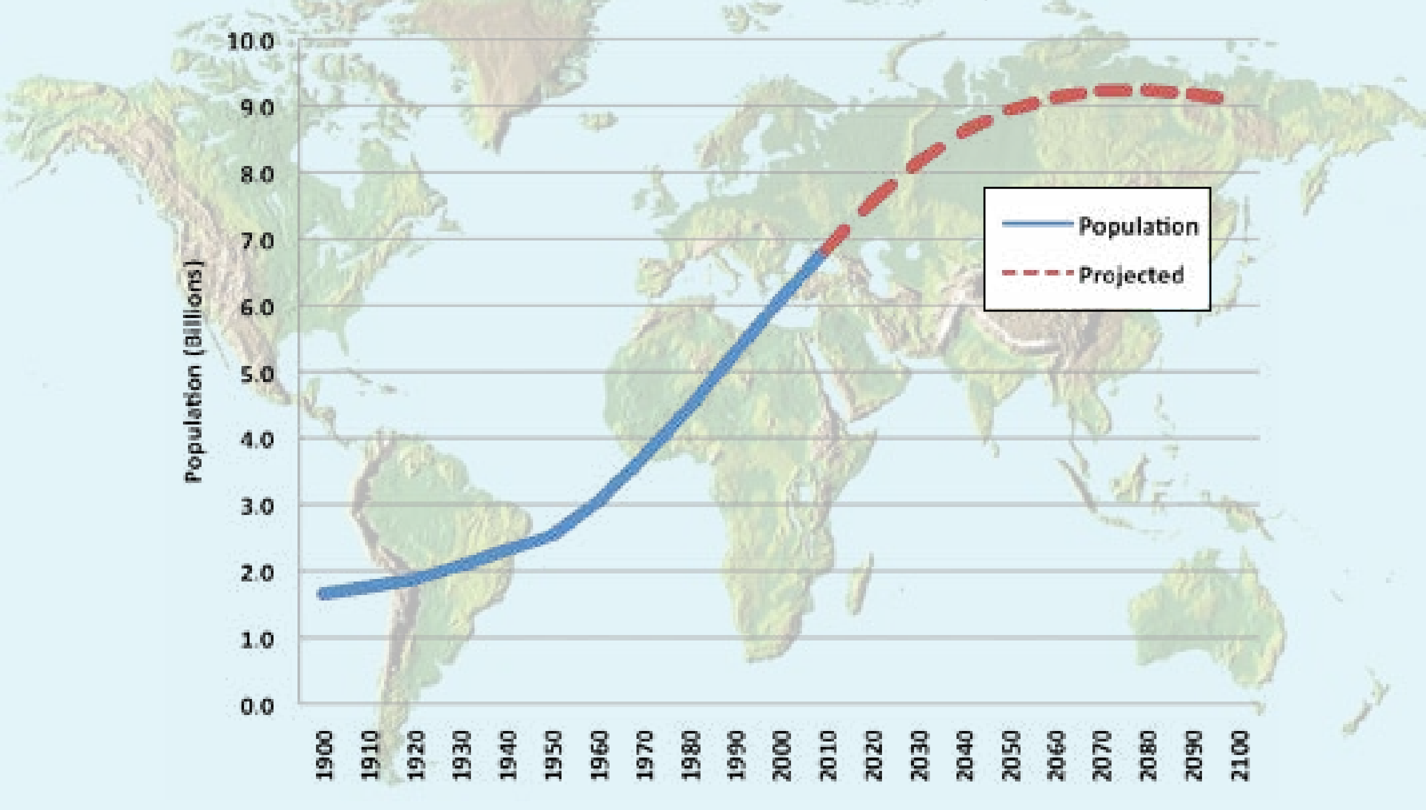
There are, of course, many unknowns concerning international migration and there are still some countries with high birth rates and fast population growth. During the 20th century, global population grew by a greater amount than in all of human history. It is slowing down as the new century unfolds.

Population Growth Trends: Selected Countries

Country	Annual Growth 2010-2020	Crude Birth Rate 2010
China	0.4%	12.2
India	1.2%	21.3
Guatemala	1.8%	27.4
Kenya	1.9%	35.1
Mexico	1.0%	19.4
Puerto Rico	0.2%	11.5
United States	**1.0%**	**13.8**

Source: U.S. Bureau of the Census, International Data Base. Annual growth figures are Census Bureau projections.

Global Population Trends 1900–2010 With Projections to 2100



Source for chart: United Nations Middle Series Projections, 2004.

Demographic Outlook 2012

Regional population growth has run above the U.S. average since the 2010 Census, probably pushed by in-migration to a job market that remained stronger than most amidst the worst economic climate in nearly 80 years. Yet the region has been slow to shake off recession, as shown by recent local jobs data. In-migration must slow if the regional economy continues to show less job growth than United States and state averages.

Housing growth continues favoring multi-family markets. Recent additions to the local multi-family market may have pushed supply slightly above market absorption, but underlying demographics and the market's past absorption trends suggest any forthcoming lag in multi-family construction should be brief. The Conway area market, in particular, is showing strengthening occupancy after absorbing hundreds of new apartment units since about 2009.

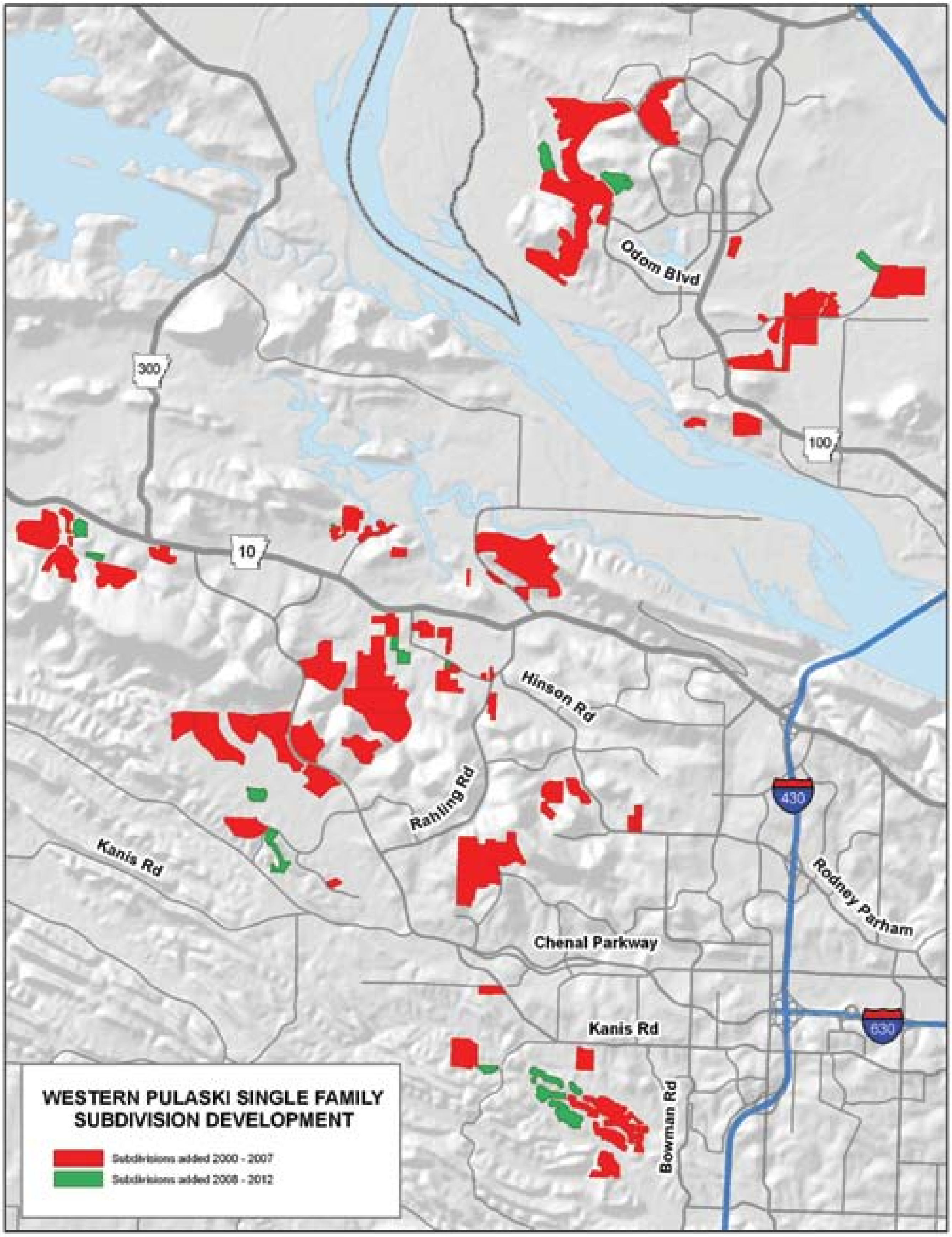

The I-430/I-630 intersection rebuild will yield a moderate reduction in travel times.

Local developers are showing creativity selecting new sites for multi-family construction, in a market where convenience of location trumps the lure of greenfield development at the urban periphery. New projects in the Baring Cross area of North Little Rock, and west of US 67-167 in North Little Rock, offer new choices for renters in close proximity to jobs, retail and entertainment. Downtown Little Rock may soon see a new eastward vector in multi-family development.

As recent editions of this newsletter have pointed out, regional development is occurring at higher densities than in the past. Development involves a careful calculation involving the proximity of transportation infrastructure, retail and entertainment amenities. Some of this owes to the paucity of new infrastructure funding in the face of governmental fiscal limits, and some to higher fuel costs. Public tastes are changing, too, and there is also growing awareness of health problems too often associated with dependence on driving and lack of pedestrian convenience.

Where there is public infrastructure investment, private investment usually follows. For these reasons, the widening of I-40 around eastern Conway and the scheduled completion of the I-430/I-630 Interchange in about 2014 may leverage new development nearby. While Little Rock development west of I-430 will see a short-term boost from interchange improvements, the modest overall reduction of travel times will be insufficient to renew the 30-year development boom that followed completion of I-430 in the 1970s. The Maumelle/western North Little Rock area has location advantages and enough developable land to allow continued growth, but infrastructure constraints are approaching here, too.

Fuel costs and uncertainty about future prices will play a subtle but discernible role in development trends. Economic laws suggest that innovation will overcome high costs in the long run. But since the answer could take the form of more fuel-efficient transportation, mixed-use development at higher densities, a combination—or something else—the long-term development future remains hazy.



The image above shows single-family housing subdivisions in western Pulaski County (Little Rock and Maumelle), during the boom 2000–2007, and the subsequent slowdown from 2008 to the present.

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