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State of the Northwest Arkansas Region Report

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State of the Northwest Arkansas Region 2014 Report

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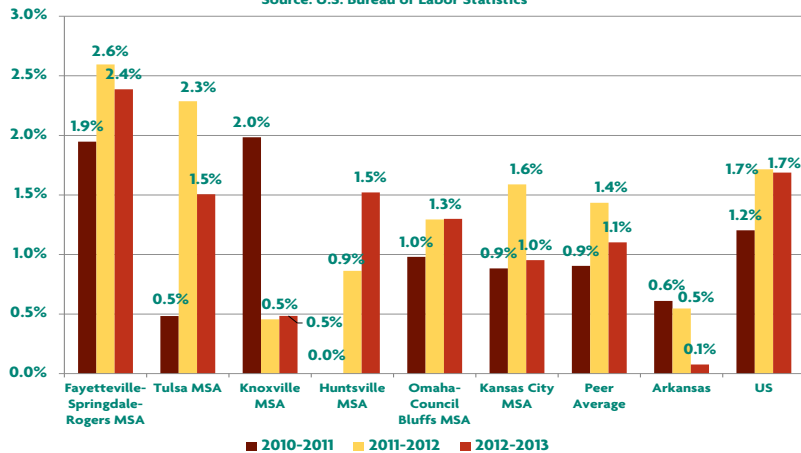
2014 State of the Northwest Arkansas Region Report



The State of the Northwest Arkansas Region Report is an annual publication that serves as a tool for evaluating the economic performance of the region in comparison with those peers that are most likely to compete with Northwest Arkansas by virtue of a similar industry mix or geographic proximity. As a player in the global economy, Northwest Arkansas has more to offer than superior performance in traditional economic development categories such as employment, establishment growth, and income. This region showcases strengths in diverse categories like knowledge-based sectors and quality of life indicators. This report highlights and presents the indicators mentioned above and compares them to peer regions.

Northwest Arkansas Economic Indicators				
Indicator	Latest Annual Data	Previous Year	Percent change from Previous Year	
Population, July 2013	491,966	482,727	1.9%	▲
Real GDP (millions of chained 2009 dollars), 2013	\$22,593	\$21,398	5.6%	▲
Labor Force, 2013	234,412	232,208	0.9%	▲
Unemployment Rate, 2013	5.7%	5.7%	0.0%	◀▶
Total Nonfarm Employment, 2013	214,500	209,500	2.4%	▲
Per Capita Personal Income, 2012	\$35,977	\$34,569	4.1%	▲
Average Annual Wages, 2013	\$46,133	\$43,953	5.0%	▲
Establishments, 2013	12,021	11,683	2.9%	▲
Percent of Adult Population with a Bachelor's Degree or Higher, 2013	28.2%	28.1%	0.1%	▲
Poverty Rate, 2013	16.8%	17.6%	-0.8%	▼
R&D Expenditures (in thousands), 2012	\$123,199	\$120,007	2.7%	▲

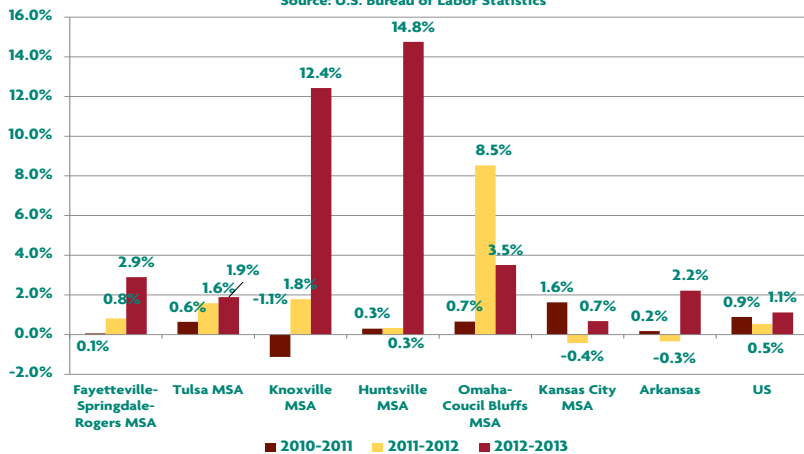
Employment Growth Rate
Source: U.S. Bureau of Labor Statistics



Employment

During the period from 2012 to 2013, employment in Northwest Arkansas grew 2.4 percent, a rate that outstripped competitor regions, the state of Arkansas and the nation as a whole. Meanwhile, unemployment in the region was 5.8 percent in 2013, the same as the peer region average. Northwest Arkansas added 5,000 jobs between 2012 and 2013. Employment in the region reached a new annual peak level of 214,500 in 2013.

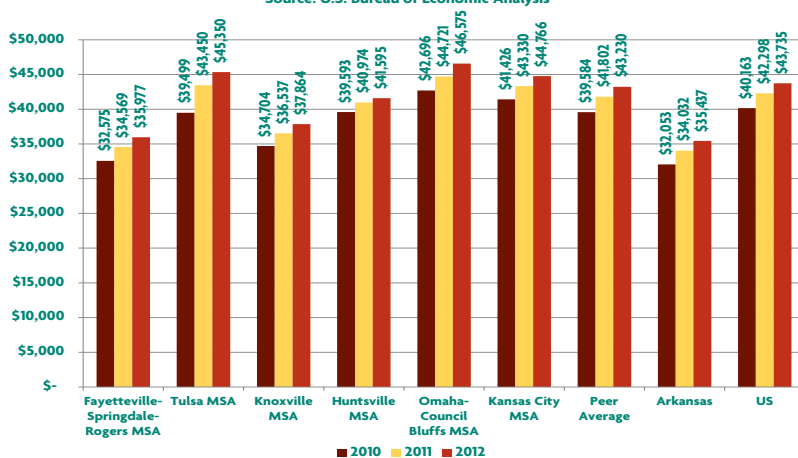
Establishment Growth
Source: U.S. Bureau of Labor Statistics



Establishment Growth

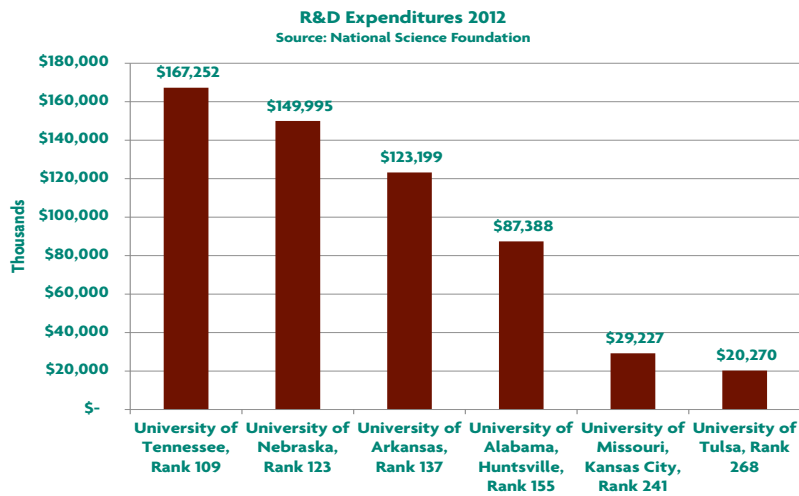
From 2012 to 2013, the number of business establishments increased 2.9 percent to a total of 12,021 in Northwest Arkansas. This increase placed the region in the middle of the pack when compared with the growth rates for peer regions, but ahead of the state and national rates. The number of establishments in Northwest Arkansas increased 0.8 percent in 2012 after increasing 0.1 percent in 2011, making the recent growth rate the highest in several years.

Per Capita Personal Income
Source: U.S. Bureau of Economic Analysis



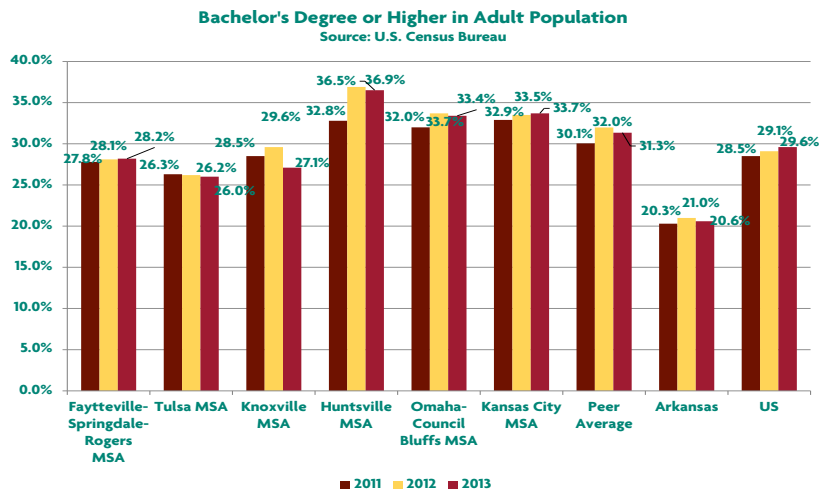
Income and Wages

Between 2011 and 2012, the Northwest Arkansas region's per capita personal income grew 4.1 percent, a rate that was faster than the peer average and the nation. This followed a 6.1 percent growth in per capita personal income between 2010 and 2011. In 2012, the per capita personal income stood at \$35,977. Meanwhile, median household income for the region stood at \$47,905 in 2013, a 5.0 percent increase over the median household income in 2012. Average wages in Northwest Arkansas increased 5.0 percent between 2012 and 2013, to \$46,133. This increase was faster than any of the peer regions and the level of average wages was higher than all but two peer regions, but still lower than the national average.



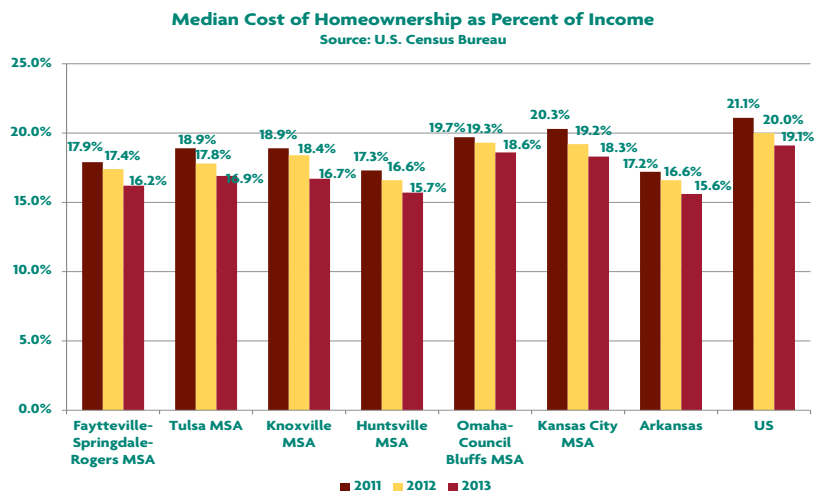
Academic Research and Development

More than \$123 million of research and development expenditures were made by the University of Arkansas in 2012, up 2.7 percent from the previous year. The university's research expenditures ranked 137th among research universities in that year. In 2013, the University received 42 disclosures of inventions or copyrightable works, up 35.5 percent from the 31 disclosures in the previous fiscal year. The University also filed 52 patent applications and received 13 patent issues.



Adult Education Attainment

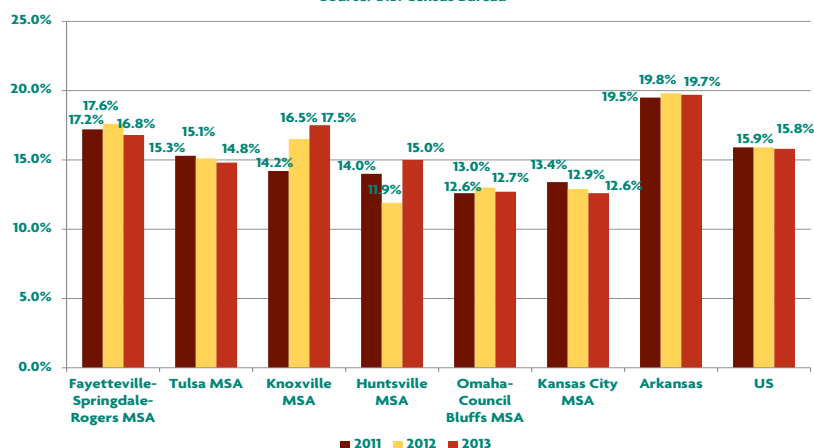
28.2 percent of adults over the age of 25 in Northwest Arkansas had attained a bachelor's degree or higher in 2013, ranking the region second to last among competitor regions, but better than the Arkansas average. On average, 31.3 percent of the adult population of the peer regions had at least a bachelor's degree. Between 2011 and 2012, the percent of adults age 25 or over in Northwest Arkansas with a bachelor's degree or higher climbed from 27.8 percent to 28.1 percent.



Cost of Home Ownership and Cost of Living

The measure of homeownership costs as a percentage of monthly household income provides an excellent tool for comparing housing affordability. Homeownership costs accounted for 17.9 percent of household income in Northwest Arkansas in 2011, decreasing to 17.4 percent in 2012 before dropping again to 16.2 percent in 2013. Home ownership costs in Northwest Arkansas were second lowest when compared to costs in peer regions. The 2014 Sperling Cost of Living Index, which accounts for a comprehensive set of living costs, was 86 for Northwest Arkansas. This placed Northwest Arkansas as one of the lowest cost of living regions among its peers.

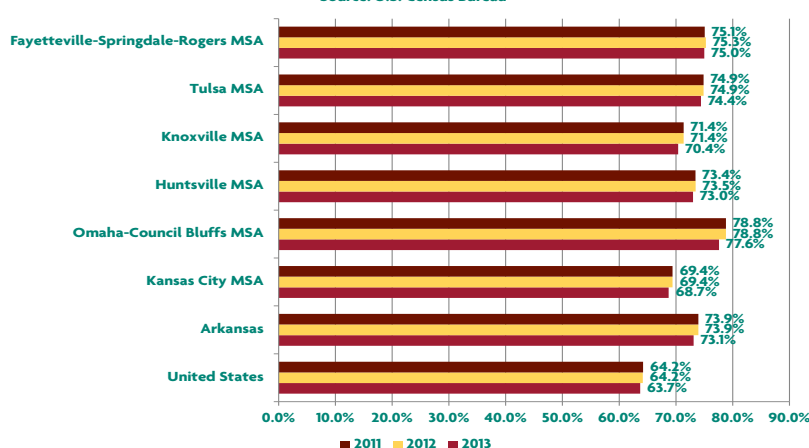
Poverty Rates: All Ages
Source: U.S. Census Bureau



Poverty Indicators

The poverty rate in Northwest Arkansas was 16.8 percent in 2013. This rate decreased 0.8 percent from 2012 and was 0.4 percent lower than the rate in 2011. The Northwest Arkansas poverty rate in 2013 was the second highest among peer regions. Between 2012 and 2013, the Northwest Arkansas poverty rate declined faster than the rate in all the peer regions, the state and the nation. The 2013 poverty rate in Northwest Arkansas was lower than the rate in all the peer regions, the state and the nation. The 2013 poverty rate in Northwest Arkansas was lower than the rate for the state of Arkansas, but higher than the national rate of 15.8 percent.

Commuting: Percent of Workers Traveling Fewer than 30 Minutes
Source: U.S. Census Bureau



Commuting Statistics

In 2013, 75.0 percent of Northwest Arkansas workers spent fewer than 30 minutes commuting to work. This was the second highest percent of commuters who spent fewer than 30 minutes after the Omaha region. Meanwhile, 3.4 percent of the region's workers used alternative modes of transportation to get to work, including biking, walking, and mass transit. This was up from 2.4 percent of the region's workers in 2012, but lower than the 3.5 percent of the workers in 2011.

Information for this report was gathered from the following sources: National Science Foundation, Sperling's Best Places, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and U.S. Census Bureau. The Center for Business and Economic Research would like to credit Thrive, an economic development enterprise in the Madison, Wisconsin region for providing an excellent model for this State of the Northwest Arkansas Region Report.



The Center for Business and Economic Research at the Sam M. Walton College of Business provides excellence in applied economic and business research to federal, state, and local government, as well as to businesses currently operating or those that desire to operate in the state of Arkansas. The Center further works to improve the economic opportunities of all Arkansans by conducting policy research in the public interest.

The Northwest Arkansas Council is a nonprofit organization that has worked since 1990 to solve regional issues. It focuses on economic development, infrastructure, education, and community vitality. Visit www.nwacouncil.org for more information.

