State of Northwest Arkansas Region, Business Analysis 2020

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*Northwest Arkansas Council*

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State of the Northwest Arkansas Region & Quarterly Business Analysis

Mervin Jebaraj, Director
Center for Business and Economic Research
October 8, 2020

Twitter: #StateofNWA
@uawaltoncollege @MervinJebaraj
<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>MOST RECENT ANNUAL DATA</th>
<th>PREVIOUS YEAR</th>
<th>% CHANGE FROM PREVIOUS YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>POPULATION ESTIMATE, JULY 2019</td>
<td>534,904</td>
<td>525,239</td>
<td>1.8%</td>
</tr>
<tr>
<td>REAL GDP (MILLIONS OF CHAINED 2012 DOLLARS), 2018</td>
<td>$23,482</td>
<td>$22,927</td>
<td>2.4%</td>
</tr>
<tr>
<td>AVERAGE ANNUAL UNEMPLOYMENT RATE, 2019</td>
<td>2.6%</td>
<td>2.8%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>TOTAL NONFARM EMPLOYMENT, 2019</td>
<td>263,500</td>
<td>258,300</td>
<td>2.0%</td>
</tr>
<tr>
<td>MEDIAN HOUSEHOLD INCOME, 2019</td>
<td>$61,674</td>
<td>$57,911</td>
<td>6.5%</td>
</tr>
<tr>
<td>AVERAGE ANNUAL WAGES, 2019</td>
<td>$47,600</td>
<td>$46,470</td>
<td>2.4%</td>
</tr>
<tr>
<td>BUSINESS ESTABLISHMENTS, 2019</td>
<td>13,736</td>
<td>13,412</td>
<td>2.4%</td>
</tr>
<tr>
<td>% OF ADULT POPULATION AGE 25 AND OLDER WITH A BACHELOR’S DEGREE OR HIGHER, 2019</td>
<td>33.0%</td>
<td>31.6%</td>
<td>1.4%</td>
</tr>
<tr>
<td>POVERTY RATE, 2019</td>
<td>12.6%</td>
<td>12.5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>R&amp;D EXPENDITURES (IN THOUSANDS), 2018</td>
<td>$175,498</td>
<td>$157,791</td>
<td>11.2%</td>
</tr>
<tr>
<td>AVERAGE DOMESTIC AIRFARE, 2019</td>
<td>$485</td>
<td>$536</td>
<td>-9.6%</td>
</tr>
</tbody>
</table>
Change in Real GDP
Source: U.S. Bureau of Economic Analysis

- Fayetteville-Springdale-Rogers MSA: 2.4% (2017-2018), 3.7% (2013-2018)
- Austin-Round Rock MSA: 2.4% (2017-2018), 5.6% (2013-2018)
- Des Moines-West Des Moines MSA: 1.8% (2017-2018), 4.5% (2013-2018)
- Madison MSA: 2.3% (2017-2018), 3.3% (2013-2018)
- Durham-Chapel Hill MSA: 1.0% (2017-2018), 3.4% (2013-2018)
- Raleigh MSA: 3.4% (2017-2018), 4.9% (2013-2018)
- Provo-Orem MSA: 1.0% (2017-2018), 6.4% (2013-2018)
- Peer Average: 1.7% (2017-2018), 4.6% (2013-2018)
- Arkansas: 0.0% (2017-2018), 1.7% (2013-2018)
- US: 2.5% (2017-2018), 2.9% (2013-2018)

Source: U.S. Bureau of Economic Analysis
Real U.S. Gross Domestic Product Growth Rate

Source: U.S. Commerce Department, Bureau of Economic Analysis
Quarterly Change in Business Investment
Non-annualized, seasonally and inflation adjusted. Shaded areas denote recessions.

Source: Bureau of Economic Analysis
Quarterly Change in Nondurable Goods

Non-annualized, seasonally and inflation adjusted. Shaded areas denote recessions.

Source: Bureau of Economic Analysis
Quarterly Change in Durable Goods
Non-annualized, seasonally and inflation adjusted. Shaded areas denote recessions.

Source: Bureau of Economic Analysis
Quarterly Change in Services
Non-annualized, seasonally and inflation adjusted. Shaded areas denote recessions.
Percent Change in All Consumer Spending

Chetty, Friedman, Hendren, Stepner, and the OI Team (2020)
Percent Change in All Consumer Spending

Chetty, Friedman, Hendren, Stepner, and the OI Team (2020)
**Finding One:** While aggregate spending of the employed was down by 10 percent during the initial months of the pandemic, the spending of unemployment benefit recipients increased 10 percent, a pattern which is likely explained by the $600 federal weekly benefit supplement.
Percent Change in All Consumer Spending

Chetty, Friedman, Hendren, Stepner, and the OI Team (2020)
Percent Change in All Consumer Spending

-18% Restaurants & Hotels
-36.5% Entertainment & Rec.
-54.7% Transportation

Jan 15
Apr 1
Jun 1
Aug 1
Oct 7

Jan 20
First U.S. COVID-19 Case
Mar 17
AR Public Schools Close
May 04
Select Bus. Reopen (AR)
Apr 15
Stimulus Payments Start

Chetty, Friedman, Hendren, Stepner, and the OI Team (2020)
How comfortable would you feel attending the following types of indoor cultural facilities today, assuming they were open and following social distancing guidelines and other health safety procedures?

(Protocol v1 did not explicitly specify that these were indoor facilities. Outdoor Festival or Concert was dropped for protocol v2 however several organizations from different cohorts used protocol v1 for Aug. 5 deployment.) ***Please pay attention to N values (sample sizes).

A large theatre or concert hall
A comedy club or live music venue
A community art space or studio
Using hands-on exhibits at an interactive museum
Walking around a museum or gallery

<table>
<thead>
<tr>
<th>Facility Type</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>National PAC Aggregate (May 26)</td>
<td>36116</td>
</tr>
<tr>
<td>National PAC Aggregate (June 17)</td>
<td>39876</td>
</tr>
<tr>
<td>National PAC Aggregate (July 1)</td>
<td>35342</td>
</tr>
<tr>
<td>National PAC Aggregate (July 15)</td>
<td>35237</td>
</tr>
<tr>
<td>National PAC Aggregate (Aug 5)</td>
<td>30066</td>
</tr>
<tr>
<td>National PAC Aggregate (Aug 19)</td>
<td>33495</td>
</tr>
<tr>
<td>Walton Arts Center (May 20)</td>
<td>960</td>
</tr>
<tr>
<td>Walton Arts Center (June 17)</td>
<td>879</td>
</tr>
<tr>
<td>Walton Arts Center (July 15)</td>
<td>1108</td>
</tr>
<tr>
<td>Walton Arts Center (Aug 19)</td>
<td>926</td>
</tr>
</tbody>
</table>
Percent Change in Number of Small Businesses Open

Chetty, Friedman, Hendren, Stepner, and the OI Team (2020)
Percent Change in Number of Small Businesses Open

Chetty, Friedman, Hendren, Stepner, and the OI Team (2020)
Percent Change in Number of Small Businesses Open

Chetty, Friedman, Hendren, Stepner, and the OI Team (2020)
Percent Change in Number of Small Businesses Revenue

Chetty, Friedman, Hendren, Stepner, and the OI Team (2020)
Percent Change in Number of Small Businesses Revenue

-7.4% Low Income
-13.2% Middle Income
-27.6% High Income

Chetty, Friedman, Hendren, Stepner, and the OI Team (2020)
R&D Expenditures 2017-2018
Source: National Science Foundation

Thousands

<table>
<thead>
<tr>
<th>Institution</th>
<th>Rank</th>
<th>R&amp;D Expenditures 2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Arkansas, Rank 126</td>
<td>126</td>
<td>$157,791</td>
</tr>
<tr>
<td>University of Texas, Rank 36</td>
<td>36</td>
<td>$652,187</td>
</tr>
<tr>
<td>Iowa State University, Rank 70</td>
<td>70</td>
<td>$679,781</td>
</tr>
<tr>
<td>University of Wisconsin, Rank 8</td>
<td>8</td>
<td>$1,193,413</td>
</tr>
<tr>
<td>University of North Carolina, Rank 12</td>
<td>12</td>
<td>$1,205,518</td>
</tr>
<tr>
<td>Duke University, Rank 10</td>
<td>10</td>
<td>$1,136,158</td>
</tr>
<tr>
<td>University of Utah, Rank 45</td>
<td>45</td>
<td>$1,167,611</td>
</tr>
</tbody>
</table>

Duke University, Rank 10

University of Utah, Rank 45

Thousands

$157,791
$175,498
$679,781
$323,584
$361,206
$1,193,413
$1,205,518
$1,136,158
$1,167,611
$380,295
$552,306

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

- Des Moines-West Des Moines MSA: 1.7% (2014-2019), 0.8% (2018-2019)
- Peer Average: 2.9% (2014-2019), 2.6% (2018-2019)
- Arkansas: 1.3% (2014-2019), 0.8% (2018-2019)
Change in Northwest Arkansas MSA Employment by Sector, August 2019 - August 2020

-15.0% -1.6%
-5.0% 5.0% 15.0%

- Non-Farm: -1.6%
- Trade, Transportation and Utilities
- Professional and Business Services
- Government
- Mining, Logging and Construction
- Non-Farm
- Other Services
- Financial Activities
- Manufacturing
- Leisure and Hospitality
- Education and Health Services
- Information

Source: Bureau of Labor Statistics, CBER Calculations
Percent Change in Employment by Income Quartile

Chetty, Friedman, Hendren, Stepner, and the OI Team (2020)
Unemployment Rate, Annual Average
Source: U.S. Bureau of Labor Statistics

- Fayetteville-Springdale-Rogers MSA: 2.8% (2015), 2.6% (2017), 3.7% (2019)
- Austin-Round Rock MSA: 3.4% (2015), 3.1% (2017), 2.9% (2019)
- Des Moines-West Des Moines, MSA: 2.7% (2015), 2.7% (2017), 3.6% (2019)
- Madison MSA: 2.5% (2015), 2.5% (2017), 3.4% (2019)
- Durham-Chapel Hill MSA: 5.0% (2015), 4.0% (2017), 3.4% (2019)
- Raleigh MSA: 4.8% (2015), 3.9% (2017), 3.4% (2019)
- Provo-Orem MSA: 3.3% (2015), 2.9% (2017), 3.9% (2019)
- Peer Average: 3.9% (2015), 3.2% (2017), 3.9% (2019)
- Arkansas: 5.0% (2015), 3.7% (2017), 5.0% (2019)
- US: 5.3% (2015), 3.7% (2017), 4.4% (2019)
Unemployment Rates, Not Seasonally Adjusted

Source: Bureau of Labor Statistics
Labor Force, Year Over Year Percent Change

Source: Bureau of Labor Statistics
Median Cost of Homeownership as Percent of Income

Source: U.S. Census Bureau

<table>
<thead>
<tr>
<th>Area</th>
<th>2015</th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fayetteville-Springdale-Rogers MSA</td>
<td>15.6%</td>
<td>15.2%</td>
<td>15.2%</td>
</tr>
<tr>
<td>Austin-Round Rock MSA</td>
<td>19.3%</td>
<td>18.7%</td>
<td>18.3%</td>
</tr>
<tr>
<td>Des Moines-West Des Moines MSA</td>
<td>17.4%</td>
<td>17.3%</td>
<td>17.3%</td>
</tr>
<tr>
<td>Madison MSA</td>
<td>19.0%</td>
<td>18.4%</td>
<td>17.9%</td>
</tr>
<tr>
<td>Durham-Chapel Hill MSA</td>
<td>17.5%</td>
<td>16.0%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Raleigh MSA</td>
<td>18.1%</td>
<td>16.8%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Provo-Orem MSA</td>
<td>19.1%</td>
<td>18.4%</td>
<td>17.6%</td>
</tr>
<tr>
<td>Peer Average</td>
<td>18.4%</td>
<td>17.6%</td>
<td>17.4%</td>
</tr>
<tr>
<td>Arkansas</td>
<td>15.8%</td>
<td>14.7%</td>
<td>14.5%</td>
</tr>
<tr>
<td>US</td>
<td>18.6%</td>
<td>18.3%</td>
<td>17.9%</td>
</tr>
</tbody>
</table>
Benton and Washington County Average Price of Houses Sold

Benton County

Washington County
Selected Cities in Benton County
Average Price of Houses Sold

- Bella Vista
- Bentonville
- Centerton
- Rogers
- Siloam Springs

Price range: $0 - $350,000
Average Price of New Houses Sold

- Bentonville
- Rogers
- Fayetteville
- Springdale

Price ranges: $150,000 to $400,000

Average Square Feet of New Houses Sold

Bentonville, Fayetteville, Rogers, Springdale

1H 2009 - 2H 2020

Bentonville, Fayetteville, Rogers, Springdale
Selected Cities Multifamily Average Vacancy Rates by City
# Peer Region Overview

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Fayetteville/Springdale/Rogers MSA</th>
<th>Austin/Round Rock/Georgetown-Town MSA</th>
<th>Des Moines/West Des Moines MSA</th>
<th>Durham/Chapel Hill MSA</th>
<th>Madison MSA</th>
<th>Provo/Orem MSA</th>
<th>Raleigh/Cary MSA**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population Growth, 2015-2016</td>
<td>1.8%</td>
<td>2.8%</td>
<td>1.2%</td>
<td>1.1%</td>
<td>0.7%</td>
<td>2.4%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Real GDP Growth, 2017-2018</td>
<td>2.4%</td>
<td>5.0%</td>
<td>1.8%</td>
<td>3.4%</td>
<td>2.3%</td>
<td>7.1%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Annual Unemployment Rate, 2019</td>
<td>2.0%</td>
<td>2.7%</td>
<td>2.7%</td>
<td>3.4%</td>
<td>2.5%</td>
<td>2.9%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Nonfarm Employment Growth, 2019</td>
<td>2.0%</td>
<td>3.7%</td>
<td>0.8%</td>
<td>1.9%</td>
<td>1.2%</td>
<td>3.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Median Household Income, 2019</td>
<td>$61,674</td>
<td>$80,954</td>
<td>$71,054</td>
<td>$65,035</td>
<td>$75,545</td>
<td>$79,152</td>
<td>$80,096</td>
</tr>
<tr>
<td>Average Annual Wages, 2019</td>
<td>$47,990</td>
<td>$55,190</td>
<td>$52,850</td>
<td>$61,220</td>
<td>$54,500</td>
<td>$48,970</td>
<td>$54,850</td>
</tr>
<tr>
<td>Business Establishment Growth, 2019</td>
<td>2.4%</td>
<td>4.5%</td>
<td>2.8%</td>
<td>1.7%</td>
<td>2.8%</td>
<td>5.8%</td>
<td>3.1%</td>
</tr>
<tr>
<td>% of Adults with a Bachelor’s Degree or Higher, 2019</td>
<td>33.0%</td>
<td>46.2%</td>
<td>38.6%</td>
<td>46.3%</td>
<td>48.5%</td>
<td>40.6%</td>
<td>48.0%</td>
</tr>
<tr>
<td>Poverty Rate, 2019</td>
<td>12.8%</td>
<td>10.9%</td>
<td>8.7%</td>
<td>14.0%</td>
<td>8.9%</td>
<td>10.0%</td>
<td>8.9%</td>
</tr>
<tr>
<td>R&amp;D Expenditures (Millions), 2018</td>
<td>$756.5</td>
<td>$679.8</td>
<td>$361.2</td>
<td>$1,136.2</td>
<td>$1,205.5</td>
<td>$552.3</td>
<td>$1,167.6</td>
</tr>
<tr>
<td>Monthly Homeownership Costs as a % of Household Income, 2019</td>
<td>15.2%</td>
<td>18.5%</td>
<td>17.5%</td>
<td>16.4%</td>
<td>17.9%</td>
<td>17.8%</td>
<td>19.0%</td>
</tr>
<tr>
<td>% of Workers Traveling Fewer Than 30 Minutes, 2016</td>
<td>74.0%</td>
<td>57.8%</td>
<td>71.5%</td>
<td>65.1%</td>
<td>72.1%</td>
<td>72.0%</td>
<td>58.8%</td>
</tr>
<tr>
<td>Average Domestic Airfare, 2019</td>
<td>$485</td>
<td>$340</td>
<td>$382</td>
<td>$330</td>
<td>$442</td>
<td>$376</td>
<td>$330</td>
</tr>
</tbody>
</table>
Questions and Comments?

The 2019 State of the Northwest Arkansas Region Report is available at [http://cber.uark.edu](http://cber.uark.edu).

Business Forecast 2020 is January 29, 2021

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