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State of the Northwest Arkansas Region Report

Center for Business & Economic Research

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## **Northwest Arkansas State of the Region 2022**

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# STATE OF THE REGION

## 2022







# TOC

2	OVERVIEW
3	NORTHWEST ARKANSAS ECONOMIC INDICATORS
4	PEER REGIONS OVERVIEW
5	METROPOLITAN GDP / EMPLOYMENT / UNEMPLOYMENT
6	BUSINESS ESTABLISHMENT GROWTH / MEDIAN HOUSEHOLD INCOME
7	ANNUAL WAGES / POVERTY
8	EDUCATIONAL ATTAINMENT / ACADEMIC RESEARCH & DEVELOPMENT
9	COST OF HOMEOWNERSHIP
10	COMMUTING / AVERAGE ANNUAL DOMESTIC AIRFARE



# Northwest Arkansas Overview



The State of the Northwest Arkansas Region Report is an annual publication, commissioned by the Northwest Arkansas Council, that serves as a tool for evaluating economic performance. In July 2018, the Northwest Arkansas Council created a new blueprint for development in which Northwest Arkansas is benchmarked with other contemporary, high-performing regions, namely Austin, Des Moines, Madison, Durham-Chapel Hill, Raleigh and Provo-Orem.

The 2022 report compares Northwest Arkansas with these geographies in gross domestic product, employment, unemployment, establishment growth, median household income, average annual wages, poverty, educational attainment, research and development, homeownership costs, commuting time, and average domestic airfares. The following table provides a summary of the performance of the Northwest Arkansas region (Benton, Madison and Washington counties) on these measures. Important indicators such as population growth, household income and wages showed strong increases from 2019, while improvements in metrics such as higher educational attainment were more limited. The data in this report covers a time period that includes the COVID-19 pandemic, and metrics such as gross domestic product, unemployment rate and airfares reflect the impacts of the pandemic.



# NORTHWEST ARKANSAS ECONOMIC INDICATORS

INDICATOR	MOST RECENT ANNUAL DATA	VALUE FROM 2 YEARS PRIOR	2 YEAR % CHANGE
Population Estimate, July 2021	560,709	534,904	4.8% ^
Real GDP (millions of chained 2012 dollars), 2020	\$25,224	\$24,300	3.8% ^
Average Annual Unemployment Rate, 2021	2.9%	2.5%	0.4% ^
Total Nonfarm Employment, 2021	272,100	264,600	2.8% ^
Median Household Income, 2021	\$71,767	\$61,674	16.4% ^
Average Annual Wages, 2021	\$47,600	\$47,600	8.4% ^
Business Establishments, 2021	14,570	13,741	6.0% ^
Percent of Adult Population with a Bachelor's Degree or Higher, 2021	33.1%	33.0%	0.1% ^
Poverty Rate, 2021	9.8%	12.6%	2.8% v
R&D Expenditures (in thousands), 2020	\$165,887	\$175,498	-5.5% v
Average Domestic Airfare, 2021	\$392	\$485	19.1% v



# PEER REGIONS OVERVIEW

	Fayetteville-Springdale-Rogers MSA	Austin-Round Rock-Georgetown MSA	Des Moines-West Des Moines MSA	Madison MSA	Durham-Chapel Hill MSA	Raleigh-Cary MSA	Provo-Orem MSA
Population Growth, 2019-2021	4.8%	5.6%	2.8%	2.8%	1.5%	4.1%	7.5%
Real GDP Growth, 2018-2020	3.8%	6.2%	3.2%	0.2%	4.9%	-0.1%	10.3%
Annual Unemployment Rate, 2021	2.9%	4.1%	4.2%	2.9%	3.9%	4.0%	2.3%
Nonfarm Employment Growth, 2019-2021	2.8%	4.3%	-1.2%	-2.9%	1.8%	2.5%	7.7%
Median Household Income, 2021	\$71,767	\$86,530	\$74,208	\$76,731	\$71,601	\$85,303	\$86,629
Average Annual Wages, 2021	\$51,590	\$60,260	\$57,210	\$59,510	\$68,710	\$58,550	\$52,100
Business Establishment Growth, 2021	6.0%	14.1%	5.5%	2.6%	12.1%	14.0%	12.2%
% of Adults w/Bachelor's Degree or Higher, 2021	33.1%	50.0%	38.2%	48.8%	50.8%	50.7%	45.5%
Poverty Rate, 2021	9.8%	10.3%	8.8%	10.9%	14.0%	10.1%	7.9%
R&D Expenditures (thousands), 2020	\$165,887	\$797,199	\$363,107	\$1,363,931	\$1,159,725	\$1,196,638	\$607,061
% of Workers Traveling Fewer than 30 Min., 2021	75.1%	60.6%	78.4%	75.8%	69.1%	59.9%	73.7%
Average Domestic Airfare, 2021	\$392	\$298	\$323	\$395	\$299	\$299	\$333
RANKING SCALE	1st	2nd	3rd	4th	5th	6th	7th





THE NORTHWEST ARKANSAS  
GDP HAS GROWN

**\$3.365 BILLION**

SINCE 2015

## Metropolitan GDP

Real metropolitan gross domestic product (GDP) in the Northwest Arkansas region increased by 3.8% between 2018 and 2020, bringing the GDP to \$25.2 billion. The region's five-year average annual growth rate from 2013 to 2018 was 2.9%, lower than the average annual growth rate for peer regions but about 1.8% higher than that of the nation and 2.4% higher than the average growth rate in the state of Arkansas.

## Employment

From 2016 to 2021, Northwest Arkansas' employment grew at an average annual rate of 2.1%, a pace that was faster than that of Arkansas and of the United States but was in the middle of the pack when compared to peer regions. Employment in Northwest Arkansas increased 2.8% from 264,600 in 2019 to 272,100 in 2021.



NORTHWEST ARKANSAS  
CREATED

**7,500 NEW JOBS**

BETWEEN 2019 AND 2021

## Unemployment

The unemployment rate for Northwest Arkansas in 2021 was 2.9%, an increase of 0.4% from 2019 because of the COVID-19 pandemic. The 2021 unemployment rate in Northwest Arkansas was lower than all but one of the peer regions, and the state and national unemployment rates. The unemployment rate was unchanged from 2016.



**1 IN 34**

ADULTS IN NORTHWEST ARKANSAS'  
LABOR FORCE WERE UNEMPLOYED  
IN 2021





NORTHWEST ARKANSAS BUSINESS  
ESTABLISHMENTS GREW BY

**829**

SINCE 2019 AND HAS GROWN BY

**1,917**

SINCE 2016



## Business Establishment Growth

Northwest Arkansas business establishment growth from 2019 to 2021 was 6.0%, higher than the national growth rates but slower than the average growth rate in peer regions and the state. The five-year change in the number of establishments from 12,653 in 2016 to 14,750 in 2021 represents an annual increase of 2.9%, higher than the growth rate in Arkansas and the nation but once again slower than the peer region average.

## Median Household Income

The median household income for Northwest Arkansas grew 16.4% to \$71,167 from 2019 to 2021, and it was the fastest pace of increase among the peer regions. The median household incomes in Austin-Round Rock-Georgetown MSA, Raleigh-Cary MSA and Provo-Orem MSA were the highest among the peer regions, and were 20.6%, 18.9% and 20.7% higher than Northwest Arkansas, respectively. From 2016 to 2021, Northwest Arkansas' average annual rate of change was 6.7%, which was above the average growth rate in the peer regions of 3.6%.

MEDIAN NORTHWEST ARKANSAS  
HOUSEHOLD INCOME INCREASED

**16.4%**

SINCE 2019







## Annual Wages

The average annual wage in Northwest Arkansas was the lowest among peer regions at \$51,590 in 2021. Annual wages increased at an average annual pace of 4.1% since 2019, although the regions’ growth was 0.2 percentage points less than the peer regions’ average. From 2016 to 2021, wage growth averaged 2.8% per year in Northwest Arkansas, which was the lowest rate among peer regions. Annual wage growth was strongest in the Austin-Round Rock- Georgetown and Durham-Chapel Hill regions between 2016 and 2021 at 3.5%.

## Poverty

In 2021, the poverty rate for Northwest Arkansas was 9.8%, a 2.8% decrease from 2019. Only the Des Moines-West Des Moines and Provo-Orem regions had a lower poverty rate. Since 2016, the poverty rate in Northwest Arkansas has decreased 3.1 percentage points and was the second fastest decline in poverty rates among the peer regions. The 2021 poverty rate in Northwest Arkansas was lower than the 16.3% poverty rate for the state of Arkansas.



THE AVERAGE WORKER IN  
NORTHWEST ARKANSAS SAW A  
**\$3,990 GAIN**  
IN ANNUAL WAGES SINCE 2019

POVERTY IN NORTHWEST ARKANSAS  
DROPPED TO  
**9.8%**  
IN 2021



## Educational Attainment

The percent of adults 25 years or older with a bachelor's degree or higher in Northwest Arkansas increased by just 0.1% to 33.1% between 2019 and 2021. On average, 47.3% of adults 25 years or older had a bachelor's degree or higher in peer regions. Since 2016, higher education attainment grew 2.2 percentage points in Northwest Arkansas, less rapidly than the 3.5% average change among peer regions.

## Academic Research & Development

The University of Arkansas had over \$165.8 million in research and development expenditures in 2020, down 5.5% from 2018. The decline in funds decreased the University of Arkansas' ranking from No. 126 in 2018 to No. 133 in 2020 among all universities in the United States. Northwest Arkansas' peer regions include some of the nation's top universities for academic research and development spending, as is evidenced by their high rankings. The University of Arkansas, in 2021, received 65 invention disclosures (down from 67 in 2019), filed 120 new patent applications (up from 37 in 2019), and saw 28 patents issued (up from 22 in 2019).

**33.1% OF ADULTS**

(25 YEARS+) IN NORTHWEST ARKANSAS  
HAD A BACHELOR'S DEGREE OR HIGHER  
IN 2021, LOWER THAN THE NATIONAL  
AVERAGE (35.0%)

IN 2021, RESEARCH AND DEVELOPMENT  
EXPENDITURES AT THE UNIVERSITY  
OF ARKANSAS WERE

**\$165.8 MILLION**

THE UNIVERSITY RANKED 133  
IN THE NATION







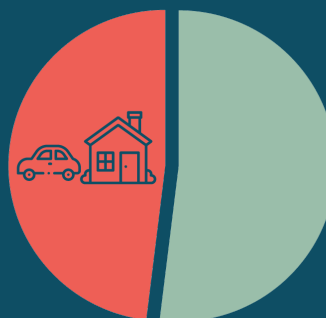
## Cost of Homeownership

In Northwest Arkansas, the median home price of existing single-family homes grew by 33.6% between 2019 and 2021, to \$271,200. The rate of increase was in the middle of the pack compared to peer regions. When considering the cost of housing and transportation, the typical Northwest Arkansas resident spent 52% of their income on housing and transportation. The typical resident in every peer region except for Durham-Chapel Hill had lower expenditures on housing and transportation.

THE TYPICAL  
NORTHWEST ARKANSAS  
RESIDENT SPENT

**52%**

OF THEIR INCOME  
ON HOUSING &  
TRANSPORTATION





# Commuting

In 2021, 75.1% of Northwest Arkansas workers spent fewer than 30 minutes commuting to work. The percent of workers in Northwest Arkansas who used alternative modes of transportation to get to work, including biking, walking and public transit, decreased by 0.5% from 2019 to 1.6% in 2021 as more people worked from home. Most peer regions had significantly more workers who used alternative modes of transport.



IN 2021, NORTHWEST ARKANSAS  
HAD THE SECOND HIGHEST  
PERCENTAGE WITH

**75% OF WORKERS**

COMMUTING LESS THAN 30 MINUTES



# Average Annual Domestic Airfare

Flights from Northwest Arkansas National Airport had an average annual domestic fare of \$392 in 2021, significantly lower than the fare in 2019 as a result of the COVID-19 pandemic. The airport had the second highest average fare among peer regions.



THE PANDEMIC LOWERED THE  
AVERAGE COST OF A DOMESTIC  
ROUNDTRIP FLIGHT TO

**\$392**

IN NORTHWEST ARKANSAS  
IN 2021





# STATE OF THE REGION

## 2022

Information for this report was gathered from the following sources: Center for Neighborhood Technology, National Association of Realtors, National Science Foundation, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, U.S. Census Bureau, and U.S. Bureau of Transportation Statistics.

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