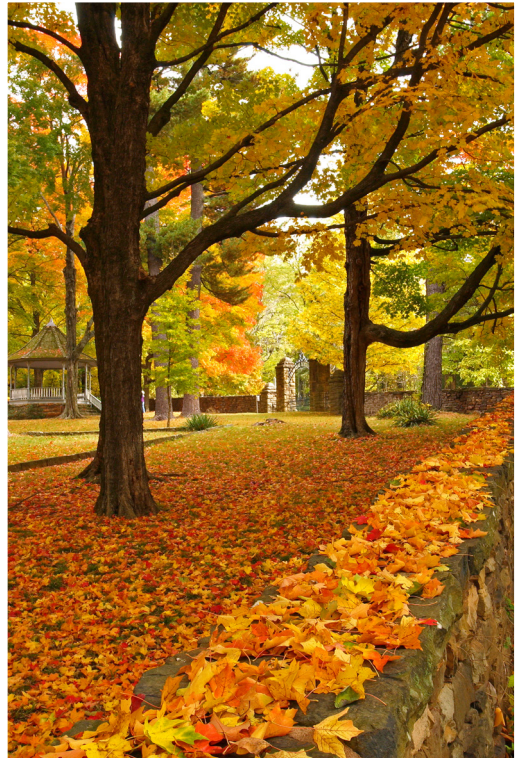




NORTHWEST
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2017 State of the Northwest Arkansas Region Report



NORTHWEST ARKANSAS
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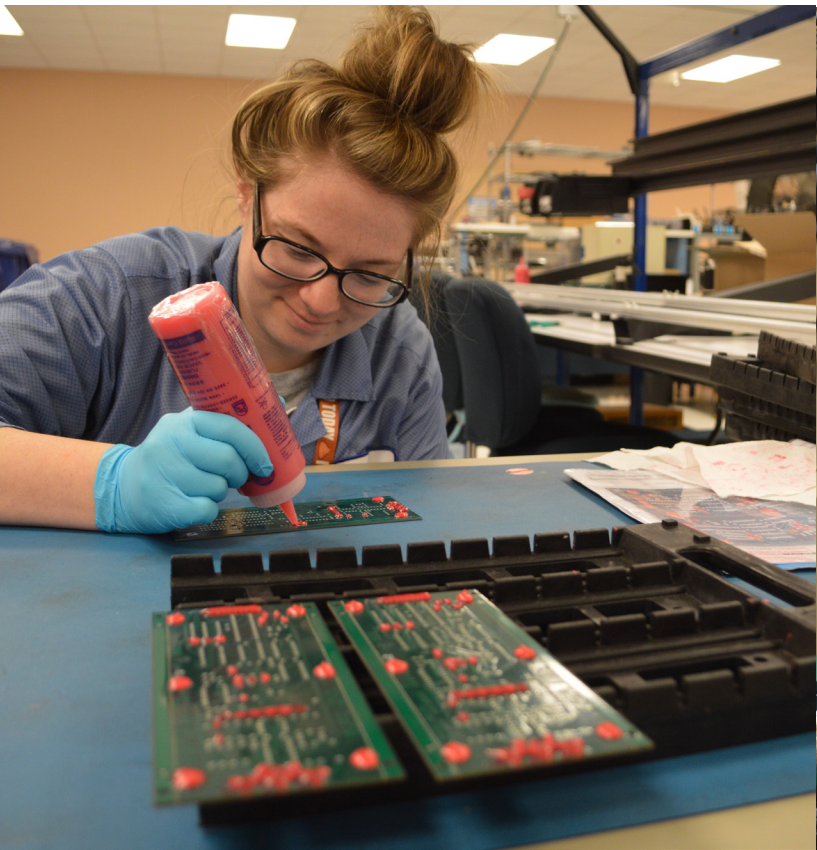
UNIVERSITY OF
ARKANSAS

Sam M. Walton College of Business
Center for Business & Economic Research

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 the economic performance of the region. In January 2015, the Northwest Arkansas Council created a new blueprint for development that outlines the peer regions and a strategic action agenda for 2015-2017. In the three-year plan, the performance of Northwest Arkansas is benchmarked with other contemporary, high-performing regions, namely Austin, Des Moines, Madison, Durham-Chapel Hill and Raleigh. The 2017 State of the Region Report compares Northwest Arkansas with these geographies in the areas of 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 table below provides a summary of the performance of the Northwest Arkansas region on these measures. Important indicators such as gross domestic product, employment, business establishment growth, average annual wages, and university R&D expenditures showed strong increases from the previous year, while improvements in metrics such as poverty rate and higher education attainment were more limited.

Indicator	Most Recent Annual Data	Previous Year	Percent Change from Previous Year	
Population Estimate, July 2016	525,032	513,559	2.3%	▲
Real GDP (millions of chained 2009 dollars), 2016	\$23,956	\$23,051	3.9%	▲
Average Annual Unemployment Rate, 2016	2.9%	3.7%	-0.8%	▼
Total Nonfarm Employment, 2016	245,400	235,900	4.0%	▲
Median Household Income, 2016	\$51,848	\$50,788	2.1%	▲
Average Annual Wages, 2016	\$44,980	\$43,570	2.7%	▲
Business Establishments, 2016	12,653	12,325	2.7%	▲
Percent of Adult Population with a Bachelor's Degree or Higher, 2016	30.9%	30.8%	0.1%	▲
Poverty Rate, 2016	13.2%	14.3%	-1.1%	▼
R&D Expenditures (in thousands), 2015	\$133,660	\$125,824	6.2%	▲
Average Annual Domestic Airfare, 2016	\$509	\$509	0%	◀▶



Peer Region Overview

Des Moines-West Des Moines MSA

Iowa

2016 Population: 634,725

2015 Population: 622,280

Growth 2015-2016: 2.0%

MSA Growth Rank: 41/381

Madison MSA

Wisconsin

2016 Population: 648,929

2015 Population: 640,614

Growth 2015-2016: 1.3%

MSA Growth Rank: 87/381

Durham-Chapel Hill MSA

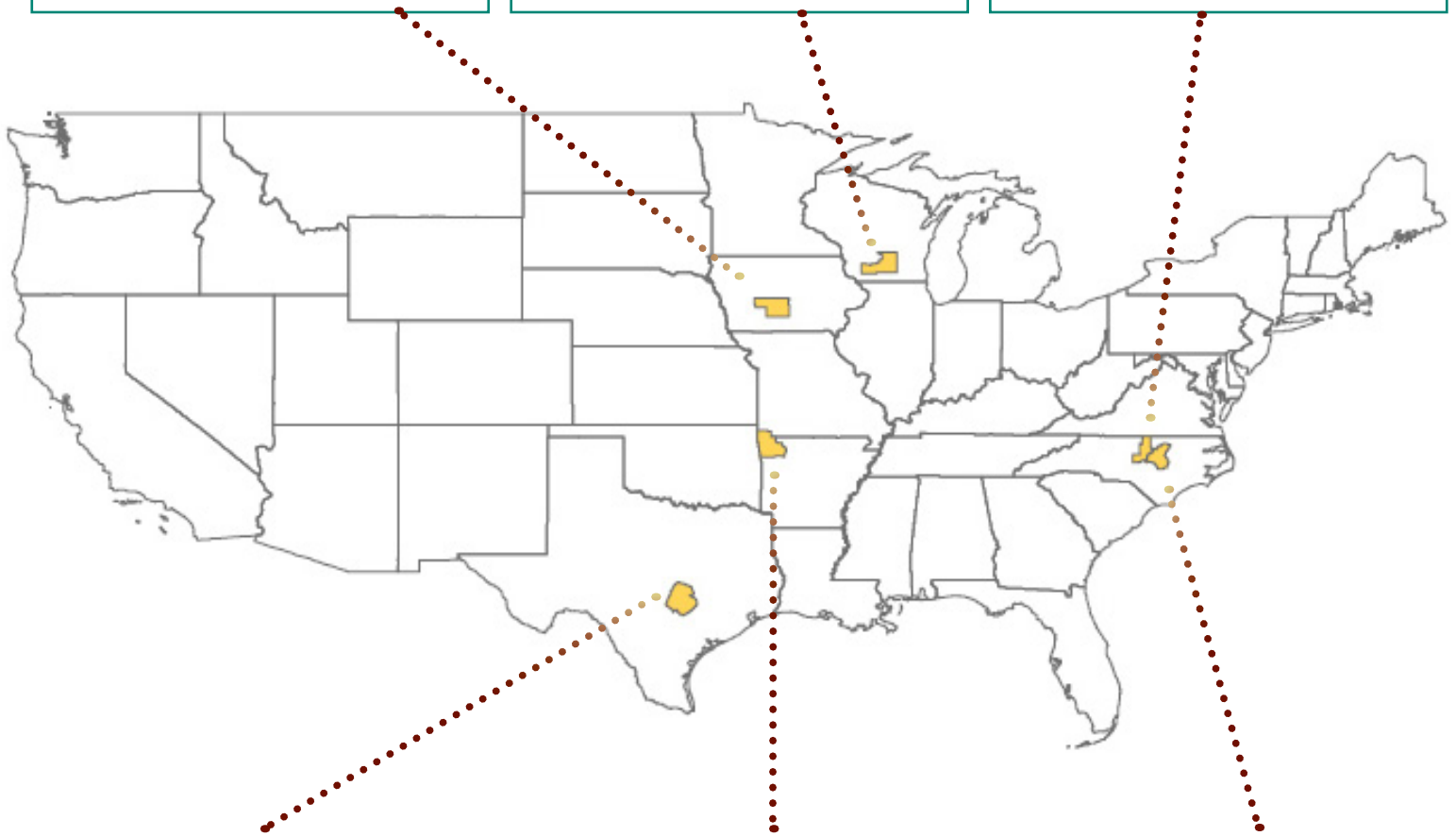
North Carolina

2016 Population: 559,535

2015 Population: 551,237

Growth 2015-2016: 1.5%

MSA Growth Rank: 69/381



Austin-Round Rock MSA

Texas

2016 Population: 2,056,405

2015 Population: 1,998,104

Growth 2015-2016: 2.9%

MSA Growth Rank: 9/381

Fayetteville-Springdale-Rogers MSA

Arkansas-Missouri

2016 Population: 525,032

2015 Population: 513,449

Growth 2015-2016: 2.3%

MSA Growth Rank: 22/381

Raleigh MSA

North Carolina

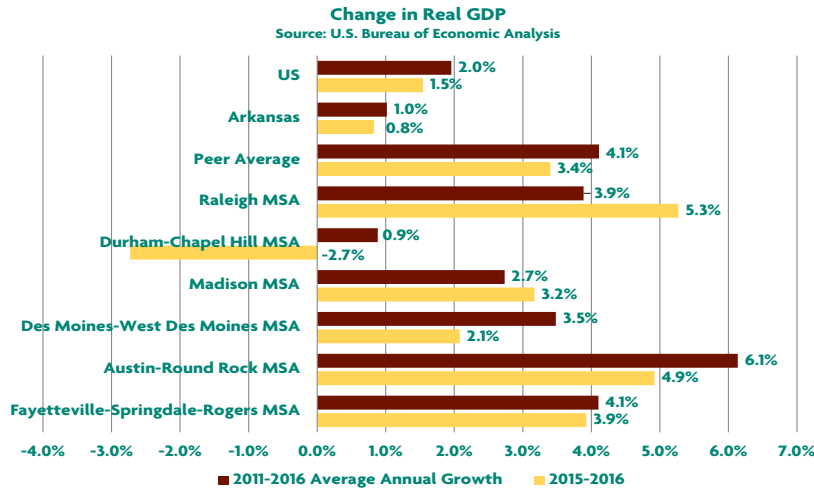
2016 Population: 1,302,946

2015 Population: 1,271,381

Growth 2015-2016: 2.5%

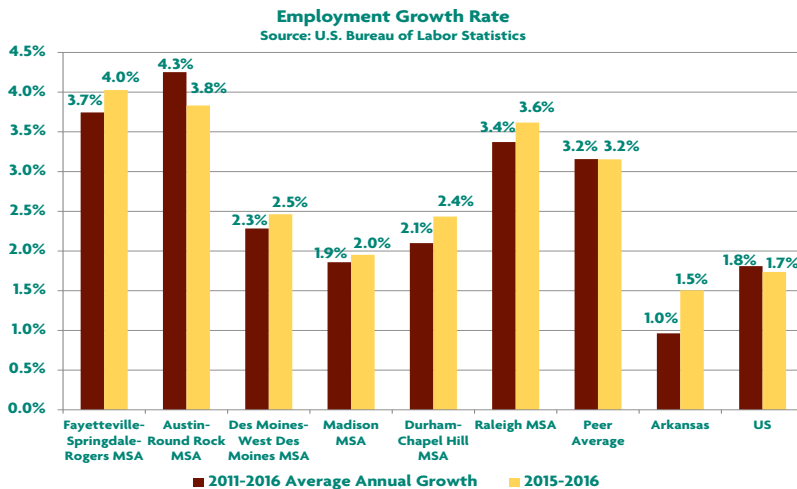
MSA Growth Rank: 14/381

Peer Region Comparisons



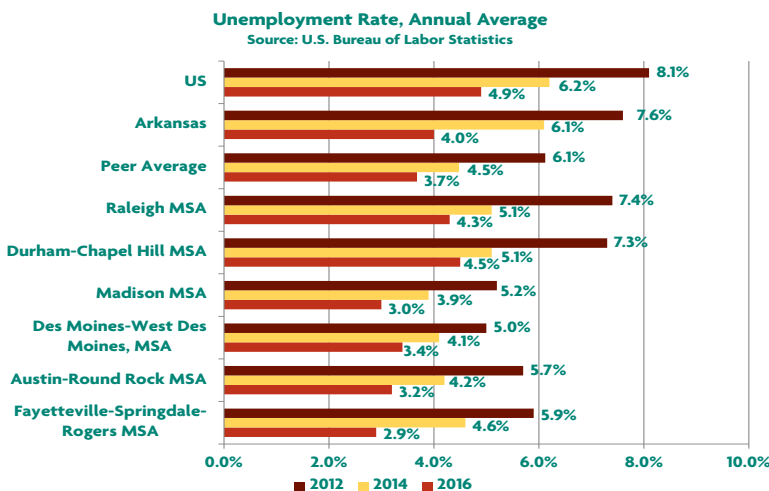
Metropolitan GDP

Real metropolitan gross domestic product (GDP) in the Northwest Arkansas region increased by 3.9 percent between 2015 and 2016, bringing the GDP to just under \$24 billion. The region's five-year average annual growth rate from 2011 to 2016 was 4.1 percent, the same as the average annual growth rate for peer regions but was more than double that of the nation, and four times higher than the average growth rate in the state of Arkansas.



Employment

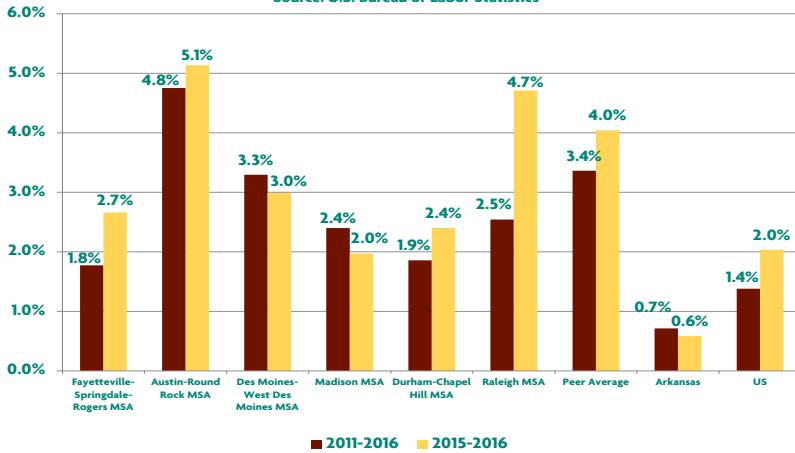
From 2011 to 2016, the Northwest Arkansas region's employment grew at an average annual rate of 3.7 percent. Though the Austin-Round Rock peer region grew at a slightly quicker rate, Northwest Arkansas' annual rate of change during this time period was greater than all the other peer regions, the state, and the nation. Employment in Northwest Arkansas increased 4.0 percent from 235,900 in 2015 to 245,400 in 2016, a pace that was faster than all peer regions, Arkansas, and the United States.



Unemployment

The average annual unemployment rate for Northwest Arkansas in 2016 was 2.9 percent, down from 3.7 percent in 2015. The 2016 unemployment rate in Northwest Arkansas was the lowest in all the peer regions, the state, and the nation. The Madison and Austin-Round Rock regions followed closely at 3.0 percent and 3.2 percent, respectively. Since 2012, the unemployment rate declined 3.0 percent in Northwest Arkansas, which was the second largest decline in the unemployment rate among peer regions, but was smaller than the declines in the state of Arkansas and the nation.

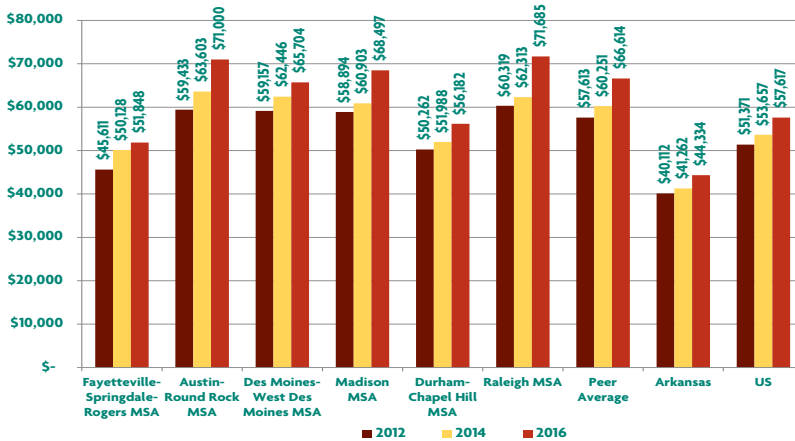
Business Establishment Growth
Source: U.S. Bureau of Labor Statistics



Business Establishment Growth

Northwest Arkansas business establishment growth from 2015 to 2016 was 2.7 percent, higher than both the state and the nation, but significantly slower than the average growth rate in peer regions. The five-year change in the number of establishment from 11,589 in 2011 to 12,653 in 2016 represents an increase of 1.8 percent, which was the lowest growth rate among the peer regions. However, it was still higher than the growth rate in Arkansas and the nation.

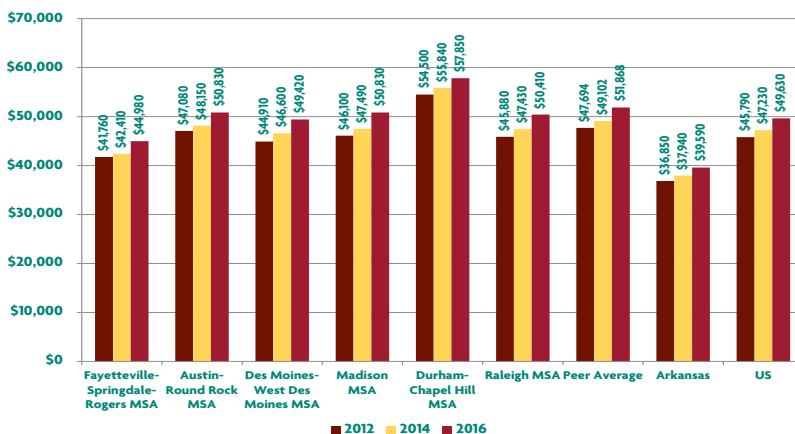
Median Household Income
Source: U.S. Census Bureau



Median Household Income

The median household income for Northwest Arkansas grew 2.1 percent to \$51,848 from 2015 to 2016. The region's median household income was 77.8 percent of the peer region average median income and 90.0 percent of the national median household income. The median household incomes in Austin-Round Rock and Raleigh were the highest among the peer regions, and were 37.0 percent higher than Northwest Arkansas. Between 2012 and 2016 Northwest Arkansas' average annual rate of change was 3.3 percent, slightly below the peer region average growth rate at 3.7 percent.

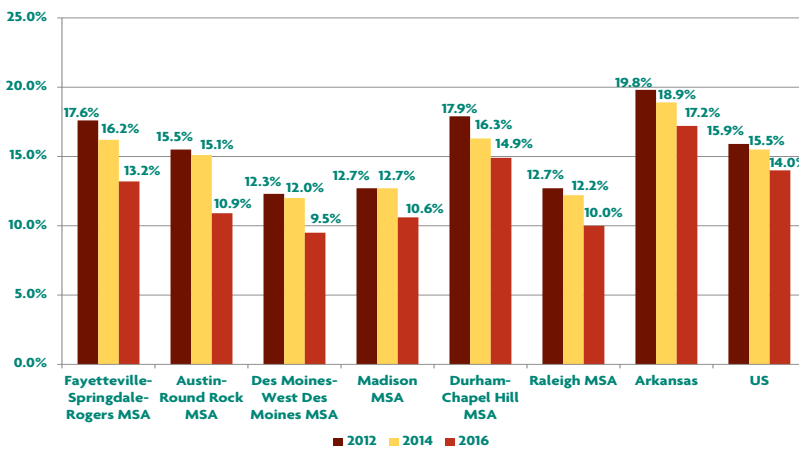
Average Annual Wages
Source: U.S. Bureau of Labor Statistics



Annual Wages

In spite of having the lowest unemployment rates, average annual wages in Northwest Arkansas continue to be the lowest among the peer regions at \$44,980 in 2016. This was up 3.2 percent from the previous year, matching the average annual change for all the peer regions. From 2012 to 2016, average wages grew 1.9 percent in Northwest Arkansas, placing the region in the middle of the pack when compared to the peer regions. Annual wage growth was strongest in the Madison region between 2012 and 2016 at 2.5 percent.

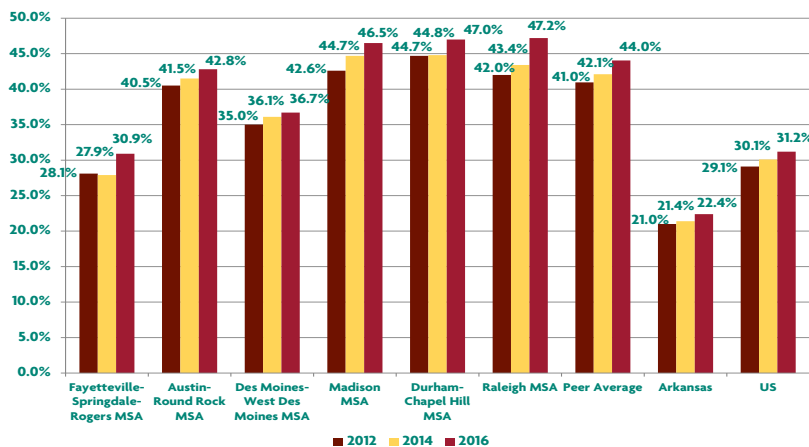
Poverty Rates: All Ages
Source: U.S. Census Bureau



Poverty

In 2016, the poverty rate for Northwest Arkansas was 13.2 percent, a 1.1 percent improvement from 2015. The Durham-Chapel Hill region was the only peer region to have a higher poverty rate at 14.9 percent in 2016. Since 2012, the poverty rate in Northwest Arkansas fell 4.4 percent which was the second largest decline among peer regions. The 2016 poverty rate in Northwest Arkansas was significantly lower than the 17.2 percent poverty rate for the state of Arkansas.

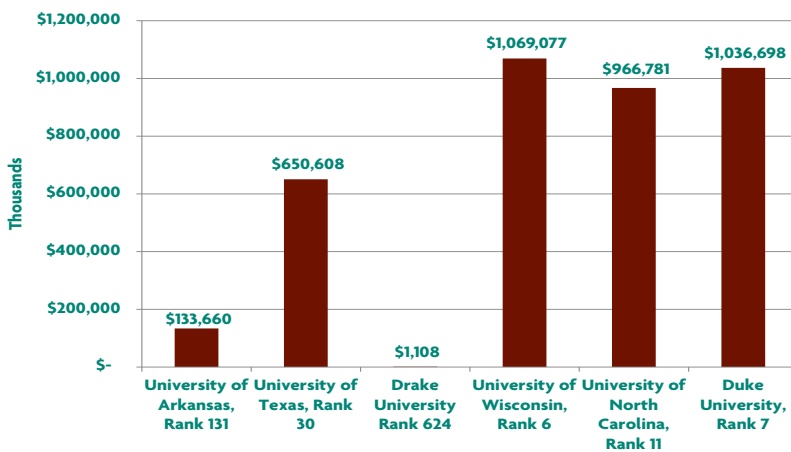
Bachelor's Degree or Higher in Adult Population
Source: U.S. Census Bureau



Educational Attainment

The percent of adults 25 years or older with a bachelor's degree or higher in Northwest Arkansas increased by a tenth of a percent to 30.9 percent in 2016. On average, 44.0 percent of adults 25 years or older had a bachelor's degree or higher in the peer regions. Over the years, Northwest Arkansas has been gradually catching up to the national higher education attainment at 31.2 percent in 2016. Since 2012, higher education attainment grew 2.8 percent in Northwest Arkansas, slower than the 3.1 percent average change among peer regions.

R&D Expenditures 2015
Source: National Science Foundation

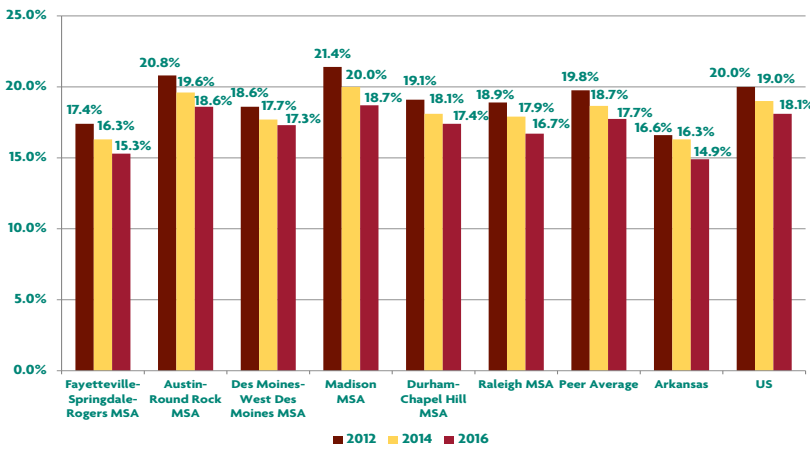


Academic Research and Development

The University of Arkansas had more than \$133.6 million in research and development expenditures in 2015, up 6.2 percent from 2014. Although all but one of the peer regions ranked in the top 30 for research and development spending for 2015, the University of Arkansas improved its ranking from 136 in 2014 to 131 among all the universities in the United States. Additionally, in 2016, the University of Arkansas received 50 invention disclosures (up from 35 in 2015), filed 26 new patent applications (down from 47 in 2015), and saw 37 patents issued (up from 16 in 2015).

Median Cost of Homeownership as Percent of Income

Source: U.S. Census Bureau

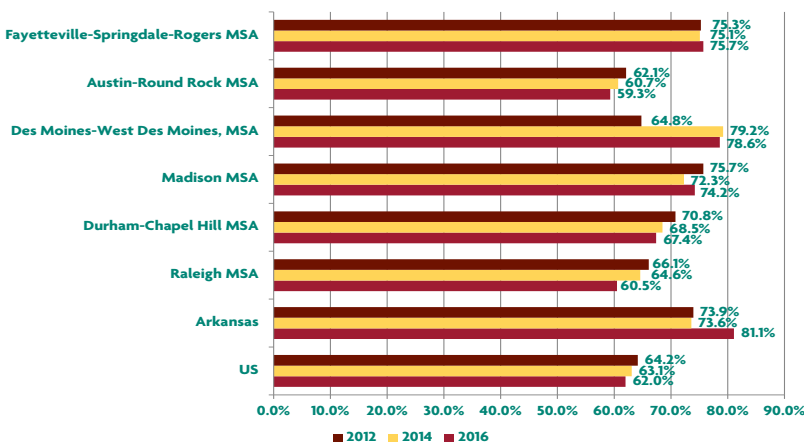


Cost of Homeownership

The cost of homeownership as a percentage of monthly household income for Northwest Arkansas continued to be lower than all the peer regions and the nation. Homeownership costs were 15.3 percent of median income in 2016, down three-tenths of a percent from the previous year. Since 2012, homeownership costs as a percent of median income in Northwest Arkansas have dropped 2.1 percent as a result of improvement in the region's median income.

Commuting: Percent of Workers Traveling Fewer than 30 Minutes

Source: U.S. Census Bureau

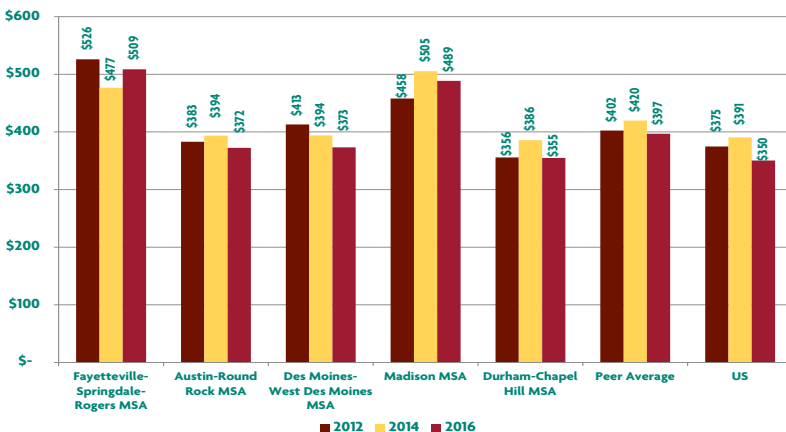


Commuting

In 2016, 75.7 percent of Northwest Arkansas workers spent fewer than 30 minutes commuting to work, up from 74.4 percent in 2015. Only the Des Moines-West Des Moines region had a higher percent of workers who spent less than 30 minutes commuting to work in 2016. The percent of workers in Northwest Arkansas who used alternative modes of transportation to get to work, including biking, walking, and public transit, increased two-tenths of a percent from 2015 to 2.5 percent in 2016. Most peer regions had significantly more workers who used alternative modes of transport.

Average Annual Domestic Airfare

Source: U.S. Bureau of Transportation Statistics



Average Annual Domestic Airfare

Flights from the Northwest Arkansas Regional Airport had an average annual domestic fare of \$509 in 2016, unchanged from the previous year. The regional airport had the highest average fare among peer regions. Average fares in Northwest Arkansas were 28.1 percent higher than the peer region average and 45.2 percent higher than the national average. Between 2012 and 2016, average fares in Northwest Arkansas dropped 3.3 percent.



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

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