

2020 STATE OF THE

# NORTHWEST ARKANSAS REGION

REPORT



## 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 that outlines the peer regions and a strategic action agenda for 2018-2021. In this plan, the performance of Northwest Arkansas is benchmarked with other contemporary, high-performing regions, namely Austin, Des Moines, Madison, Durham-Chapel Hill, Raleigh and Provo-Orem. The 2020 State of the Region Report compares Northwest Arkansas (Fayetteville-Springdale-Rogers MSA) 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 cost, commuting time, and domestic airfare. The table below provides a summary of the performance of the Northwest Arkansas region. Important indicators such as gross domestic product, 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 educational attainment were limited.



## NORTHWEST ARKANSAS ECONOMIC INDICATORS

INDICATOR	MOST RECENT ANNUAL DATA	PREVIOUS YEAR	% CHANGE FROM PREVIOUS YEAR
POPULATION ESTIMATE, JULY 2019	534,904	525,239	↑ 1.8%
REAL GDP (MILLIONS OF CHAINED 2012 DOLLARS), 2018	\$23,482	\$22,927	↑ 2.4%
AVERAGE ANNUAL UNEMPLOYMENT RATE, 2019	2.6%	2.8%	-0.2% ↓
TOTAL NONFARM EMPLOYMENT, 2019	263,500	258,300	↑ 2.0%
MEDIAN HOUSEHOLD INCOME, 2019	\$61,674	\$57,911	↑ 6.5%
AVERAGE ANNUAL WAGES, 2019	\$47,600	\$46,470	↑ 2.4%
BUSINESS ESTABLISHMENTS, 2019	13,736	13,412	↑ 2.4%
% OF ADULT POPULATION AGE 25 AND OLDER WITH A BACHELOR'S DEGREE OR HIGHER, 2019	33.0%	31.6%	↑ 1.4%
POVERTY RATE, 2019	12.6%	12.5%	↑ 0.1%
R&D EXPENDITURES (IN THOUSANDS), 2018	\$175,498	\$157,791	↑ 11.2%
AVERAGE DOMESTIC AIRFARE, 2019	\$485	\$536	-9.6% ↓

## PEER REGION OVERVIEW

INDICATOR	FAYETTEVILLE/ SPRINGDALE/ ROGERS MSA*	AUSTIN/ROUND ROCK/ GEORGE- TOWN MSA**	DES MOINES/ WEST DES MOINES MSA	DURHAM/ CHAPEL HILL MSA	MADISON MSA	PROVO/ OREM MSA	RALEIGH/ CARY MSA***
POPULATION GROWTH, 2018-2019	1.8%	2.8%	1.2%	1.1%	0.7%	2.4%	2.1%
REAL GDP GROWTH, 2017-2018	2.4%	5.6%	1.8%	3.4%	2.3%	7.1%	5.9%
ANNUAL UNEMPLOYMENT RATE, 2019	2.6%	2.7%	2.7%	3.4%	2.5%	2.9%	3.4%
NONFARM EMPLOYMENT GROWTH, 2019	2.0%	3.7%	0.8%	1.9%	1.2%	3.5%	2.5%
MEDIAN HOUSEHOLD INCOME, 2019	\$61,674	\$80,954	\$71,164	\$65,303	\$75,545	\$79,152	\$80,096
AVERAGE ANNUAL WAGES, 2019	\$47,600	\$55,190	\$52,890	\$61,220	\$54,300	\$48,970	\$54,850
BUSINESS ESTABLISHMENT GROWTH, 2019	2.4%	4.5%	2.8%	1.7%	2.8%	5.8%	3.1%
% OF ADULTS WITH A BACHELOR'S DEGREE OR HIGHER, 2019	33.0%	46.2%	38.0%	46.3%	48.6%	40.6%	48.0%
POVERTY RATE, 2019	12.6%	10.9%	8.7%	14.0%	8.9%	10.0%	8.9%
R&D EXPENDITURES (MILLIONS), 2018	\$175.5	\$679.8	\$361.2	\$1,136.2	\$1,205.5	\$552.3	\$1,167.6
MONTHLY HOMEOWNERSHIP COSTS AS A % OF HOUSEHOLD INCOME, 2019	15.2%	18.3%	17.3%	16.4%	17.9%	17.6%	16.6%
% OF WORKERS TRAVELING FEWER THAN 30 MINUTES, 2019	74.6%	57.8%	77.5%	65.1%	72.1%	72.6%	58.8%
AVERAGE DOMESTIC AIRFARE, 2019	\$485	\$340	\$382	\$330	\$442	\$376	\$330

\* The Fayetteville-Springdale-Rogers MSA, as of 2019, no longer includes McDonald County in Missouri.

\*\* The Austin-Round Rock-Georgetown MSA was the Austin-Round Rock MSA prior to 2019.

\*\*\* The Raleigh-Cary MSA was the Raleigh MSA prior to 2019.

RANKING  
SCALE1<sup>st</sup> 4<sup>th</sup>2<sup>nd</sup> 5<sup>th</sup>3<sup>rd</sup> 6<sup>th</sup>7<sup>th</sup>

# \$3.8B



THE NORTHWEST ARKANSAS GDP  
GREW **\$555 MILLION** IN  
2018 AND HAS GROWN  
**\$3.866 BILLION** SINCE 2013.

## METROPOLITAN GDP

Real metropolitan gross domestic product (GDP) in the Northwest Arkansas region increased by 2.4% between 2017 and 2018, bringing the GDP to \$23.5 billion. The region's five-year average annual growth rate from 2013 to 2018 was 3.7%, lower than the average annual growth rate for peer regions but about 1.5 times higher than that of the nation, and nearly four times higher than the average growth rate in the state of Arkansas.

## EMPLOYMENT

From 2014 to 2019, Northwest Arkansas' employment grew at an average annual rate of 3.3%. Employment in Northwest Arkansas increased 2.0% from 258,300 in 2018 to 263,500 in 2019, a pace that was faster than that of Arkansas and of the United States. However, the 2019 growth rate was the slowest experienced by Northwest Arkansas since 2010.

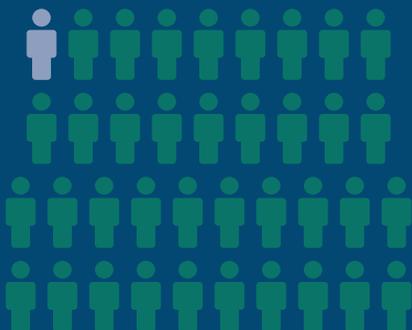


NORTHWEST ARKANSAS CREATED

# 5,200

NET NEW JOBS IN 2019.

**ONE IN 38 (2.6%)** ADULTS IN  
NORTHWEST ARKANSAS' LABOR FORCE  
WERE UNEMPLOYED IN 2019.



## UNEMPLOYMENT

The unemployment rate for Northwest Arkansas in 2019 was 2.6%, a decrease from 2018. The 2019 unemployment rate in Northwest Arkansas was lower than both the state and national unemployment rates. Since 2015, the unemployment rate declined 1.1 percentage points in Northwest Arkansas, which was the third largest decline in the unemployment rate among peer regions. There were bigger declines in Arkansas and nationwide.

## BUSINESS ESTABLISHMENT GROWTH

Northwest Arkansas business establishment growth from 2018 to 2019 was 2.4%, higher than both the state and the national growth rates, but slower than the average growth rate in peer regions. The five-year change in the number of establishments from 11,989 in 2014 to 13,736 in 2019 represents an annual increase of 2.8%, higher than the growth rate in Arkansas and the nation.



# 1,747

NORTHWEST ARKANSAS BUSINESS ESTABLISHMENTS GREW BY **324** IN 2018 AND HAS GROWN BY **1,747** SINCE 2014.



MEDIAN NORTHWEST ARKANSAS HOUSEHOLD INCOME INCREASED

# \$3,763

IN 2019.

## MEDIAN HOUSEHOLD INCOME

The median household income for Northwest Arkansas grew 6.5% to \$61,674 from 2018 to 2019. The median household incomes in Austin-Round Rock-Georgetown MSA and Raleigh-Cary MSA were the highest among the peer regions, and were 31.3% and 29.9% higher than Northwest Arkansas, respectively. From 2015 to 2019, Northwest Arkansas' average annual rate of change was 5.0%, which was above the average growth rate in the peer regions of 3.9%.

## ANNUAL WAGES

The average annual wage in Northwest Arkansas was the lowest among peer regions at \$47,600 in 2019. Annual wages increased 2.4% in 2019, although the region's growth was 0.2 percentage points less than the peer region's average. From 2015 to 2019, wage growth averaged 2.2% per year in Northwest Arkansas, which was the second lowest rate among peer regions. Annual wage growth was strongest in the Provo-Orem region between 2015 and 2019 at 3.6%.



THE AVERAGE WORKER IN NORTHWEST ARKANSAS SAW A **\$1,130 GAIN** IN ANNUAL WAGES IN 2019.

## POVERTY

In 2019, the poverty rate for Northwest Arkansas was 12.6%, a 0.1% increase from 2018. Only the Durham-Chapel Hill region had a higher poverty rate at 14.0%. The large proportion of college students in these regions drives the higher poverty rates. Since 2015, the poverty rate in Northwest Arkansas has decreased 1.8 percentage points. The 2019 poverty rate in Northwest Arkansas was lower than the 16.2% poverty rate for the state of Arkansas.

POVERTY IN NORTHWEST  
ARKANSAS INCREASED TO

**12.6%**

(ABOUT 1 IN 8 INDIVIDUALS) IN 2019.



**33.0%** OF ADULTS (25 YEARS+)  
IN NORTHWEST ARKANSAS HAD A  
BACHELOR'S DEGREE OR HIGHER IN  
2019, JUST SHY OF THE  
NATIONAL AVERAGE (**33.1%**).

## EDUCATIONAL ATTAINMENT

The percent of adults 25 years or older with a bachelor's degree or higher in Northwest Arkansas increased by 1.4% to 33.0% between 2018 and 2019. On average, 44.6% of adults 25 years or older had a bachelor's degree or higher in peer regions. Since 2015, higher education attainment grew 2.2 percentage points in Northwest Arkansas, less rapidly than the 3.2% average change among peer regions.

## ACADEMIC RESEARCH AND DEVELOPMENT

The University of Arkansas had over \$175 million in research and development expenditures in 2018, up 11.2% from 2017. The additional funds improved the University of Arkansas' ranking from No. 128 in 2017 to No. 126 in 2018 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. In addition, the University of Arkansas, in 2019, received 67 invention disclosures (up from 43 in 2018), filed 37 new patent applications (up from 27 in 2018), and saw 22 patents issued (up from 18 in 2018).



RESEARCH AND DEVELOPMENT  
EXPENDITURE AT THE UNIVERSITY  
OF ARKANSAS INCREASED BY

**\$49.7M**

FROM 2014 TO 2018.



NORTHWEST ARKANSAS HAD THE **LOWEST COST** OF HOMEOWNERSHIP, IN RELATION TO INCOME, AMONG PEER REGIONS IN 2019.

## COST OF HOMEOWNERSHIP

The cost of homeownership as a percentage of monthly household income for Northwest Arkansas averaged 15.2% of household income in 2019, up 0.5 percentage points from the previous year. Since 2015, median home ownership cost as a percent of household income in Northwest Arkansas has dropped 0.4% as a result of improvement in the region's household incomes.

## COMMUTING

In 2019, 74.6% 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 0.2% from 2018 to 2.1% in 2019. Most peer regions had significantly more workers who used alternative modes of transport.



IN 2019, NORTHWEST ARKANSAS HAD THE **SECOND HIGHEST** PERCENTAGE OF WORKERS WHO COMMUTED LESS THAN 30 MINUTES.



NORTHWEST ARKANSAS SAW A **\$51 DECREASE** IN THE AVERAGE COST OF A DOMESTIC ROUNDTRIP FLIGHT.

## AVERAGE ANNUAL DOMESTIC AIRFARE

Flights from Northwest Arkansas National Airport had an average annual domestic fare of \$485 in 2019, significantly lower than \$536 in the previous year. The airport continued to have the highest average fare among peer regions. From 2015 to 2019, average fares in Northwest Arkansas decreased by 4.7%.



"KINETIC SPINNER FOREST" FROM NICK CAVE "UNTIL" AT THE MOMENTARY

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 U.S. Bureau of Transportation Statistics.

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