



Arkansas Economy Should Enjoy 'Steady Growth,' Kathy Deck Tells Forecast Luncheon

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By [Chris Bahn](#), 2/8/2013 4:07:00 PM

Arkansas will enjoy steady economic growth in 2013, but is not likely to hit pre-recession levels.

That's the outlook from University of Arkansas economist Kathy Deck, director of the Center for Business and Economic Research at the Sam M. Walton College of Business. Deck spoke Friday at the 19th annual Business Forecast Luncheon held at the John Q. Hammons Convention Center in Rogers and sponsored by the UA.

Deck's analysis projects significant employment gains in 2013 for Northwest Arkansas, "very much unlike the national economy." New highway and home construction, leisure and hospitality, retail entrepreneurship and professional services are potential areas of growth the region, which saw employment grow by 4.3 percent in 2012.

Employment in Northwest Arkansas has reached pre-recessions highs and 4,000-plus jobs were created in 2012.

"We expect to see those gains continue," Deck said. "I expect we'll gain a couple thousand jobs this year and a couple thousand jobs next year."

No employment sectors in northwest Arkansas saw a decline, unlike the state economy, which saw drops in four areas (professional/business services, information, financial activities and construction).

Despite the losses in some sectors, Arkansas has seen overall improvement in its unemployment rate. Unemployment statewide is down to 7.1 percent after getting as high as 9.0 at the highest point post-recession.

Central Arkansas, like the rest of the state, is expected to see modest improvement. Deck said for the state to see substantial growth, Little Rock and the surrounding areas will need to become stronger economically, especially when it comes to job creation.

"Central Arkansas looks very similar to the overall state economy," Deck said. "That shouldn't be surprising. It has, for all intents and purposes, been moving very sideways. We need our biggest economy in the state to see more substantial gains."

Fort Smith has been the weakest area in the state when it comes to job growth and unemployment. Manufacturing losses there leave the city and surrounding region as the one "most clearly in need of a big boost," Deck said.

However, Deck noted, "the bleeding has stopped enormously" for Fort Smith.

Jonesboro has enjoyed "a nice uptick of several hundred jobs" and seems to have been impacted the least during the recession.

Plans for a recently announced steel mill in Osceola will help the state, Deck said following her presentation. Officials at the announcement of the mill said more than 500 jobs will be created at an average starting salary of \$75,000.

That, Deck said, should be just the start for the state. Arkansas needs more projects like Big River Steel to see long-term gains in areas like personal per capita income. Currently Arkansans earn about 81 percent of the national average in per capita income.

"The steel mill is great news, but even as extraordinary and exciting as it is... it's the kind of thing that has to happen on a normal basis for us to replace the industries that are going away and for us to be successful," Deck said.

"Recruiting companies never stops. Work to retain the companies never stops. Training the labor force — I've hit it again and again and again — means we'll have those opportunities."

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Friday's forecast focused on more than just the outlook for the state. Deck was joined at the forecast luncheon by Adolfo Laurent, deputy chief economist and managing director of Mesirow Financial, and Christopher Waller, research director and senior vice president at the Federal Reserve Bank in St. Louis. Laurenti offered thoughts on the international economy and Waller focused on the domestic forecast.

Waller said projections from the Federal Reserve are that by the beginning of 2014 the national unemployment average should get to 6.5 percent. He noted the most optimistic projections for unemployment see the dip to 6.5 percent as early as the middle of 2013.

As for a possible significant spike in inflation Waller said, "This just does not seem to be a fear."

Housing prices are on the rise and should go up another 6-7 percent in 2013. Growth in commercial real estate has not been as strong, but "we're seeing signs of life," Waller said. "It's a long way to go from the hole they're coming out of."

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