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Income levels rise across the state

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In the past two years the median family income rose across the Natural State, but the percentage increase was mixed with Northwest Arkansas and Hot Springs metro areas leading the pack, up 7.4% and 7.98%, respectively.

Meanwhile, the Fort Smith metro area rose 4.75% in the two year-period which sent income levels in that market to the bottom of the metro heap — replacing Pine Bluff as the lowest growth metro area.

The reason for moves in both directions are related to the all-important job markets, according to local economists.

A recent report from the Office of Comptroller of the Currency and U.S. Census data indicates families are earning more money in 2012 than they did in 2010, but there is still a fairly wide range between the median family incomes in metro areas and those in non-metro areas.

There is a \$14,300 difference in income earned between families that live in Arkansas' non-metro markets and Northwest Arkansas. That same wage gap narrowed to \$4,500 between families in the Fort Smith metro and non-metro areas.

Economists say job losses in Fort Smith have meant some higher earning professionals have left the area to find work elsewhere, which likely pressured overall income levels in that market.

Arkansas' non-metro population has a median family of income of \$43,900, up 3.76% in the past two years. Only Mississippi had lower incomes levels among of all the states bordering Arkansas.

In Northwest Arkansas, the median family income is \$58,200, second to Little Rock's \$62,300, an area where income rose 5.75% over the past two years. Economist Jeff Collins says Northwest Arkansas benefits as other areas across the state and nation offer job uncertainty.

“People like to bet on winners, and businesses will tend to locate and grow where the least risk is perceived. Not only are wages growing faster in Northwest Arkansas but home prices are also

recovering more quickly – up 20 to 25% this year. All of this is good news for consumers. The region is also positioned to have more transfers in from other states as home values continue to recover nationwide,” Collins said.

The employment market in Northwest Arkansas has recovered the jobs it lost during the recession of 2007 and continues to grow at a slow pace, according to Kathy Deck, director for the Center for Business and Economic Research at the University of Arkansas.

Deck said Hot Springs is also benefiting from population migrations and a growing number of service sector jobs in that metro area. She said the Fort Smith area median family income of \$48,400 falling slightly below Pine Bluff at \$48,500 is no doubt linked to the shrinking labor force over two or more consecutive years.

“Between March 2011 and March 2012 the labor force in the Fort Smith metro area shrunk 5.7%, and the most recent job numbers in July were at 1990 levels. This means people have moved out of the area to find jobs elsewhere or they have simply given up looking,” Deck said.

Collins said while Fort Smith incomes slipped to the bottom in the recent report, the region still has a strong infrastructure and well-educated population that should help it recover more quickly than others.

“It’s going to take time for the Fort Smith job market to recoup the manufacturing losses it’s suffered in the past several years. It’s a pretty conservative market and it will bounce back,” he said.

Deck said consumers across the nation and the state appear to be feeling a little more confident with the latest [report](#) [2] released Tuesday (Sept. 26).

Lynn Franco, director of economic indicators at The Conference Board, said the September Consumer Confidence Index rebounded back to levels seen earlier this year (71.6 in February 2012).

“Consumers were more positive in their assessment of current conditions, in particular the job market, and considerably more optimistic about the short-term outlook for business conditions, employment and their financial situation. Despite continuing economic uncertainty, consumers are slightly more optimistic than they have been in several months,” Franco added.



Deck said inflation is low, those with jobs are reasonably sure they will keep them and the

wealth stored in homes and retirement accounts is rising again which gives consumers less cause to worry for now.

Median Family Income (Metro Statistical Area)

Fayetteville

2012: \$58,200

2010: \$54,186

7.40%

Fort Smith

2012: \$48,400

2010: \$46,201

4.75%

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Little Rock

2012: 62,300

2010: 58,911

5,75%

Hot Springs

2012: \$49,400

2010: \$45,745

7.98%

Jonesboro

2012: \$52,000

2010: \$49,796

4.42%

Pine Bluff

2012: \$48,500

2011: \$45,357

6.92%

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