

**AN ECONOMIC ANALYSIS OF  
BENTON COUNTY IN  
NORTHWEST ARKANSAS**



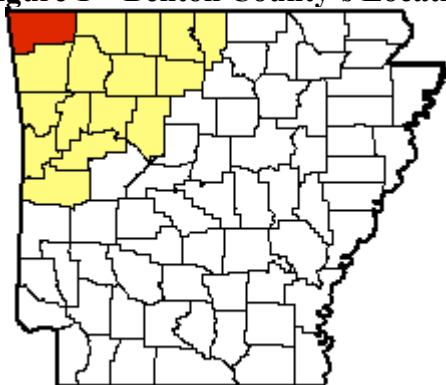
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# An Economic Analysis of Benton County in Northwest Arkansas

## I. Geographic Description

Benton County is comprised of 846 square miles and borders Missouri, Kansas, and Oklahoma in the northwest corner of the state in the Springfield Plateau physiographic region. Figure 1 highlights the counties that comprise the Northwest Arkansas region, as defined by the Arkansas Department of Economic Development. Benton County is shown in red; all other counties in the region are shown in yellow.

**Figure 1 – Benton County's Location**



The extreme southeastern region of the county is comprised of the Ozark National Forest. The county is also home to Beaver Lake, located in the eastern portion of the county, and Pea Ridge National Military Park, located in the northeast portion of the county.

Sources:

United States Census Bureau. State and County QuickFacts.

<http://quickfacts.census.gov/qfd/states/05/05005.html>

Chart 2-5: Physiographic Regions. Arkansas Statistical Abstract – 2000. April 2000.

Census State Data Center, University of Arkansas at Little Rock. Page 72.

The Rand McNally Road Atlas, 2002 Edition.

## II. Demographic Characteristics

### Population

In 1980, the population of Benton County was 78,155 persons. The county ranked 5<sup>th</sup> in terms of population among Arkansas' 75 counties and 3<sup>rd</sup> behind Washington and Sebastian County among the 16 counties in Northwest Arkansas. By 1990, the population of the county had increased 24.8 percent to 97,499 to rank 4<sup>th</sup> among Arkansas' counties and 3<sup>rd</sup> behind Washington and Sebastian County among the counties in Northwest Arkansas. From 1980 to 1990, the population of the state of Arkansas increased 2.8 percent from 2,286,435 to 2,350,725; from 1990 to 2000, the state's population increased 13.7 percent to 2,673,400 persons. In 2000, the population of

Benton County stood at 153,406, an increase of 57.3 percent from 1990. The county was the third most populous county in Arkansas behind Pulaski and Washington County and the second most populous county in Northwest Arkansas behind Washington County in 2000. The five most populous cities in Benton County and their populations in the year 2000 were Rogers (38,829), Bentonville (19,730), Bella Vista (16,582), Siloam Springs (10,843), and Lowell (5,013). Bentonville is the county seat for Benton County.

DRI-WEFA, an economic analysis consulting firm, projects the population of Benton County will increase by 26.0 percent to 193,310 people in the year 2010. If the projections are realized, Benton County will be the third most populous county in Arkansas behind Pulaski and Washington County and will be the second most populous county in Northwest Arkansas behind Washington County.

The gender makeup of Benton County is similar to that of the state on the whole. In the year 2000, the proportions of males and females in the county were 49.3 percent and 50.7 percent, respectively, compared to 48.8 percent and 51.2 percent, respectively, for the state.

In the year 2000, Benton County had the 21<sup>st</sup> youngest median age, the 16<sup>th</sup> highest proportion of residents under age 18, and the 28<sup>th</sup> lowest proportion of residents age 65 and older among all Arkansas counties. In the year 2000, the median age of residents in Benton County was 35.3 years, compared to 36.0 years for the state. From 1990 to 2000, the proportion of the county's population that was under 18 years of age increased from 24.8 percent to 26.6 percent; for the same period, the proportion of Arkansans under 18 years of age decreased from 26.4 percent to 25.4 percent. From 1990 to 2000, the proportion of the county's population that was 65 years of age or older decreased from 17.9 percent to 14.3 percent; for the same period, the proportion of Arkansans age 65 or older decreased from 14.9 percent in 1990 to 14.0 percent in 2000.

The racial composition of Benton County is decidedly more Caucasian than the population for the State of Arkansas. In 2000, the proportions of Benton County's population comprised of Caucasians, African Americans, American Indians and Native Alaskans, and Asians were 90.9 percent, 0.4 percent, 1.6 percent, and 1.1 percent, respectively. For the state, in 2000, the proportions of Caucasians, African Americans, American Indians and Native Alaskans, and Asians were 80.0 percent, 15.7 percent, 0.7 percent, and 0.8 percent, respectively. In 2000, the proportion of residents in Benton County who were Hispanic was 8.8 percent, compared to the state's proportion of 3.2 percent; 15.5 percent of the state's Hispanic population resided in Benton County in the year 2000.

Sources:

United States Census Bureau, Population of Counties by Decennial Census: 1900 to 1990. <http://www.census.gov/population/cencounts/ar190090.txt>

United States Census Bureau, Census 2000, Redistricting Data (Public Law 94-171) Summary File.

[http://factfinder.census.gov/servlet/BasicFactsTable?\\_lang=en&\\_vt\\_name=DEC\\_2000\\_PL\\_U\\_GCTPL\\_ST7&\\_geo\\_id=04000US05](http://factfinder.census.gov/servlet/BasicFactsTable?_lang=en&_vt_name=DEC_2000_PL_U_GCTPL_ST7&_geo_id=04000US05)

The Rand McNally Road Atlas, 2002 Edition. Page 10.

DRI-WEFA, U.S. Regional Analysis. Data supplied by the Institute for Economic Advancement, University of Arkansas-Little Rock.

United States Census Bureau, Census 2000, Table DP-1. Profile of General Demographic Characteristics: 2000. <http://censtats.census.gov/data/AR/04005.pdf>

United States Census Bureau, 1990 Census, Table DP-1. Profile of General Demographic Characteristics: 1990.

[http://factfinder.census.gov/servlet/BasicFactsTable?\\_lang=en&\\_vt\\_name=DEC\\_1990\\_STF1\\_DP1&\\_geo\\_id=04000US05](http://factfinder.census.gov/servlet/BasicFactsTable?_lang=en&_vt_name=DEC_1990_STF1_DP1&_geo_id=04000US05)

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United States Census Bureau, 1990 Census, Table DP-1. General Population and Housing Characteristics: 1990.

[http://factfinder.census.gov/servlet/BasicFactsTable?\\_lang=en&\\_vt\\_name=DEC\\_1990\\_STF1\\_DP1&\\_geo\\_id=05000US05007](http://factfinder.census.gov/servlet/BasicFactsTable?_lang=en&_vt_name=DEC_1990_STF1_DP1&_geo_id=05000US05007)

## **Income**

Table 1 presents median household income and median family income for the year 1999 and per capita personal income for the year 2000 for Benton County. The table also ranks Benton County in terms of these income statistics among the 75 counties in Arkansas and the 16 counties in Northwest Arkansas.

**Table 1 – Benton County Income Statistics**

Income Statistic	Benton County	Percent of State	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
1999 Median Household Income	\$40,281	125.2%	3	\$20,510	\$42,569	1	\$21,397	\$40,281
1999 Median Family Income	\$45,235	117.0%	5	\$25,846	\$48,717	1	\$27,580	\$45,235
2000 Per Capita Personal Income	\$25,316	115.1%	4	\$14,303	\$30,447	2	\$14,303	\$25,358

Table 2 presents poverty statistics for different resident groups in Benton County and for the State of Arkansas in 1999. The table ranks the county ranks among the 75 counties in Arkansas and among the 16 counties in Northwest Arkansas in terms of the three poverty rates presented. For example, the county ranked 74<sup>th</sup> among the counties in Arkansas and last among the counties in Northwest Arkansas in terms of the poverty rate for individuals in 1999.<sup>1</sup>

<sup>1</sup> Note: Rankings are from highest poverty rate to lowest. Hence, a ranking of one indicates relatively high levels of poverty, and a ranking of 75 indicates relatively low levels of poverty.

**Table 2 – Benton County Poverty Rates, 1999**

Poverty Statistic	County Rate	Arkansas Rate	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
Individuals	10.1%	15.8%	74	7.2%	32.7%	16	10.1%	23.8%
Families with Related Children	11.2%	18.1%	73	7.8%	40.8%	16	11.2%	26.4%
Individuals 65 and Older	8.6%	13.8%	73	7.3%	27.6%	16	8.6%	26.6%

Table 3 presents average weekly earnings for covered employment in Benton County in the year 2001. The table also displays average weekly earnings as a proportion of the state’s figure and ranks Benton County in terms of average weekly earnings relative to the counties in Arkansas and Northwest Arkansas for which data were available. For example, in terms of average weekly earnings in the manufacturing sector, Benton County ranked 21<sup>st</sup> among the 71 counties in Arkansas for which data were available and 2<sup>nd</sup> among the 15 counties in Northwest Arkansas for which data were available.

**Table 3 – Benton County Average Weekly Earnings, by Sector, Calendar Year 2001**

Sector	Average Weekly Earnings	Percent of State	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
Manufacturing	\$569.49	99.1%	21 / 71	\$260.75	\$894.22	2 / 15	\$312.98	\$587.60
Wholesale Trade	\$899.38	125.4%	3 / 68	\$214.77	\$995.14	2 / 14	\$214.77	\$995.14
Retail Trade	\$358.05	105.4%	3 / 73	\$215.61	\$439.32	1 / 15	\$244.32	\$358.05
Information	\$617.79	91.6%	10 / 56	\$306.77	\$869.54	4 / 12	\$348.10	\$832.62
Financial Activities	\$587.26	92.8%	6 / 73	\$282.76	\$829.55	4 / 14	\$282.76	\$622.20
Professional and Business Services	\$955.05	152.7%	1 / 68	\$218.14	\$955.05	1 / 15	\$256.91	\$955.05
Education and Health Services	\$536.47	99.0%	9 / 74	\$231.49	\$668.35	4 / 16	\$231.49	\$649.85
All Sectors	\$631.34	121.8%	2 / 75	\$316.63	\$681.93	1 / 16	\$316.63	\$631.34

Table 4 presents the share of personal income in Benton County in 2000 attributable to different sectors of the economy. The table displays how this share compares to the proportion for the state in aggregate and ranks Benton County in terms of the share of personal income attributed to the sectors relative to the counties in Arkansas and Northwest Arkansas for which data were available. For example, in terms of the share of personal income attributed to the manufacturing sector, Benton County ranked 32<sup>nd</sup> among the 73 counties in Arkansas for which data were available and 7<sup>th</sup> among the 15 counties in Northwest Arkansas for which data were available.

**Table 4 – Disposition of Personal Income in Benton County, by Sector, Year 2000**

Sector	Share of Personal Income	Greater or Less than State	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
Farm Earnings	2.3%	-0.3%	54 / 75	0.1%	15.9%	13 / 16	0.4%	15.9%
Manufacturing	14.3%	0.0%	32 / 73	1.3%	77.9%	7 / 15	3.4%	27.1%
Transportation and Utilities	5.0%	-0.7%	20 / 71	1.3%	14.5%	7 / 15	1.8%	14.5%
Wholesale Trade	2.9%	-0.6%	21 / 67	0.2%	11.4%	5 / 15	0.4%	5.9%
Retail Trade	24.4%	16.6%	1 / 75	1.4%	24.4%	1 / 16	2.4%	24.4%
Finance, Insurance, and Real Estate	2.9%	-0.5%	7 / 71	0.8%	8.0%	4 / 15	1.1%	3.5%
Services	10.8%	-4.1%	20 / 75	3.3%	29.0%	6 / 16	4.8%	29.0%
Business Services	1.9%	-0.7%	11 / 65	0.1%	10.5%	5 / 14	0.2%	5.5%
Health Services	3.7%	-2.5%	33 / 72	0.5%	14.4%	7 / 16	0.5%	14.4%
Hotel and Lodging	0.2%	-0.1%	26 / 55	0.04%	1.9%	8 / 14	0.05%	1.9%
Amusement and Recreation Services	0.3%	0.0%	8 / 48	0.03%	1.0%	4 / 10	0.03%	1.0%

The sale of livestock accounted for 98.8 percent of Benton County’s cash receipts from farm marketings in the year 2000. Livestock cash receipts and total cash receipts for Benton County in the year 2000 were \$357.4 million and \$361.8 million, respectively; the county ranked second in terms of both livestock cash receipts and total cash receipts among Arkansas’ counties. Cash receipts for crops and government payments for Benton County in the year 2000 totaled \$4.4 million and \$1.7 million, respectively; the county ranked 34<sup>th</sup> in terms of the former and 35<sup>th</sup> in terms of the latter among Arkansas’ counties. The county ranked second among Arkansas’ counties in terms of total production expenses in the year 2000, \$289.3 million. As of January 1, 2002, Benton County had a total of 112,000 cattle and calves and 57,000 beef cows; the county ranked 1<sup>st</sup> in terms of the former and 2<sup>nd</sup> in terms of the latter among the counties in Arkansas.

Sources:

- United States Census Bureau, Census 2000, Table DP-3. Profile of Selected Economic Characteristics: 2000. <http://censtats.census.gov/data/AR/04005.pdf>
- United States Census Bureau, Census 2000, Table DP-3. Profile of Selected Economic Characteristics: 2000. <http://censtats.census.gov/data/AR/05005007.pdf>
- U.S. Commerce Department, Bureau of Economic Analysis, Regional Accounts Data, Local Area Personal Income, Table CA1-3: Personal Income Summary Estimates. <http://www.bea.gov/bea/regional/reis/>
- Arkansas Employment Security Department, Covered Employment and Earnings, Annual 2001. Table 6: County Summary Employment and Earnings, by Industry, Calendar Year 2001. <http://www.accessarkansas.org/esd/01antb6.htm>
- Arkansas Employment Security Department, Covered Employment and Earnings, Annual 2001. Table 1: Average Covered Employment and Average Weekly Earnings, by Industry, 2001. <http://www.accessarkansas.org/esd/01antb1.htm>

U.S. Commerce Department, Bureau of Economic Analysis. Regional Accounts Data, Local Area Personal Income. Table CA05 – Personal Income by Major Source and Earnings by Industry. <http://www.bea.gov/bea/regional/reis/>

Arkansas Agricultural Statistics Service, National Agricultural Statistics Service, United States Department of Agriculture, 2001 County Profiles. <http://www.nass.usda.gov/ar/benton.PDF>

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## **Education**

Benton County contains the following seven school districts, with October 1, 2000 enrollment found in parentheses: Bentonville (6,906), Decatur (531), Gentry (1,261), Gravette (1,445), Pea Ridge (1,120), Rogers (10,976), and Siloam Springs (2,871). Table 5 displays the average ACT composite score for high school seniors (which ranges from 1 to 36, with 36 being the best), the attendance rate, the dropout rate (percentage of students dropping out of school in Grades 7-12 from October of one school year to October of the next school year), the graduation rate (percentage of students enrolled in Grade 9 and completing Grade 12), and the college remediation rate (percentage of freshmen entering an *Arkansas* college or university who are required to take at least one remedial class) for the above school districts and for the state in aggregate.

**Table 5 – Educational Statistics for Benton County Schools, 2000-2001 School Year**

School District	ACT Composite Score	Attendance Rate	Dropout Rate	Graduation Rate	College Remediation Rate
Bentonville	19.9	92.9%	0.0%	86.0%	43.0%
Decatur	16.7	92.9%	2.8%	78.3%	40.0%
Gentry	19.0	92.2%	3.7%	81.2%	45.0%
Gravette	20.5	92.4%	1.8%	90.0%	26.0%
Pea Ridge	20.8	91.8%	3.5%	88.5%	38.0%
Rogers	21.5	93.0%	1.1%	89.6%	35.0%
Siloam Springs	20.6	92.9%	0.9%	87.8%	54.0%
<b>State Average</b>	<b>20.1</b>	<b>93.2%</b>	<b>3.0%</b>	<b>84.3%</b>	<b>41.0%</b>

Among the 301 school districts in Arkansas for which data were available, the ACT composite scores for the school districts in Benton County ranked as follows: Bentonville (tied for 126<sup>th</sup>), Decatur (tied for 281<sup>st</sup>), Gentry (tied 194<sup>th</sup>), Gravette (tied for 86<sup>th</sup>), Pea Ridge (tied for 67<sup>th</sup>), Rogers (tied for 27<sup>th</sup>), and Siloam Springs (tied for 79<sup>th</sup>); because of ties, the rankings ranged from 1 through 299. Among the 72 school districts in Northwest Arkansas, the ACT composite scores for the school districts in Benton County ranked as follows: Bentonville (48<sup>th</sup>), Decatur (71<sup>st</sup>), Gentry (60<sup>th</sup>), Gravette (tied for 34<sup>th</sup>), Pea Ridge (tied for 26<sup>th</sup>), Rogers (tied for 14<sup>th</sup>), and Siloam Springs (tied for 30<sup>th</sup>). District-wide average ACT composite scores for the 301 school districts in Arkansas for

which data were available ranged from 24.0 to 14.0; for the school districts in Northwest Arkansas, the district-wide average ACT composite scores ranged from 24.0 to 15.8.

Among the 307 school districts in Arkansas for which data were available, the dropout rates for the school districts in Benton County ranked as follows: Bentonville (tied for 285<sup>th</sup>), Decatur (tied for 98<sup>th</sup>), Gentry (66<sup>th</sup>), Gravette (tied for 171<sup>st</sup>), Pea Ridge (tied for 71<sup>st</sup>), Rogers (tied for 223<sup>rd</sup>), and Siloam Springs (tied for 240<sup>th</sup>); because of 27 districts' being tied for last place with a 0.0 percent dropout rate, the rankings ranged from 1 through 285.<sup>2</sup> Among the 72 school districts in Northwest Arkansas, the dropout rates for the school districts in Benton County ranked as follows: Bentonville (tied for 69<sup>th</sup>), Decatur (19<sup>th</sup>), Gentry (13<sup>th</sup>), Gravette (tied for 34<sup>th</sup>), Pea Ridge (14<sup>th</sup>), Rogers (tied for 55<sup>th</sup>), and Siloam Springs (61<sup>st</sup>); because of four districts' being tied for last place with a 0.0 percent dropout rate, the rankings ranged from 1 through 69. For the state, dropout rates ranged from 15.4 percent to 0.0 percent; for the districts in Northwest Arkansas, dropout rates ranged from 12.5 percent to 0.0 percent.

Among the 307 school districts in Arkansas for which data were available, the graduation rates for the school districts in Benton County ranked as follows: Bentonville (160<sup>th</sup>), Decatur (250<sup>th</sup>), Gentry (tied for 225<sup>th</sup>), Gravette (102<sup>nd</sup>), Pea Ridge (124<sup>th</sup>), Rogers (tied for 107<sup>th</sup>), and Siloam Springs (tied for 140<sup>th</sup>). Among the 72 school districts in Northwest Arkansas, the graduation rates for the school districts in Benton County ranked as follows: Bentonville (44<sup>th</sup>), Decatur (63<sup>rd</sup>), Gentry (57<sup>th</sup>), Gravette (26<sup>th</sup>), Pea Ridge (39<sup>th</sup>), Rogers (tied for 29<sup>th</sup>), and Siloam Springs (42<sup>nd</sup>). For the state, graduation rates ranged from 100.0 percent to 23.6 percent; for the districts in Northwest Arkansas, graduation rates ranged from 100.0 percent to 63.2 percent.

Among the 307 school districts in Arkansas for which there were data available, the college remediation rates for the school districts in Benton County ranked as follows: Bentonville (tied for 179<sup>th</sup>), Decatur (tied for 195<sup>th</sup>), Gentry (tied for 162<sup>nd</sup>), Gravette (tied for 262<sup>nd</sup>), Pea Ridge (tied for 207<sup>th</sup>), Rogers (tied for 223<sup>rd</sup>), and Siloam Springs (tied for 109<sup>th</sup>); because of 31 districts' being tied for last place with a 0.0 percent college remediation rate, the rankings ranged from 1 through 281.<sup>3</sup> Among the 72 school districts in Northwest Arkansas, the college remediation rate for the school districts in Benton County ranked as follows: Bentonville (tied for 38<sup>th</sup>), Decatur (46<sup>th</sup>), Gentry (tied for 31<sup>st</sup>), Gravette (tied for 64<sup>th</sup>), Pea Ridge (tied for 48<sup>th</sup>), Rogers (tied for 52<sup>nd</sup>), and Siloam Springs (15<sup>th</sup>); because of three districts' being tied for last place with a 0.0 percent college remediation rate, the rankings ranged from 1 through 70. For the state, college remediation rates ranged from 100.0 percent to 0.0 percent; for the districts in Northwest Arkansas, college remediation rates ranged from 80.0 percent to 0.0 percent.

In the Bentonville School District, all ten of the district's schools are accredited by the North Central Association of Secondary Schools and Colleges (NCASSC). In the

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<sup>2</sup> Note: Rankings are from highest dropout rate to lowest. Hence, a ranking of one indicates a relatively high dropout rate, and a ranking of 285 indicates a relatively low dropout rate.

<sup>3</sup> Note: Rankings are from highest remediation rate to lowest. Hence, a ranking of one indicates a relatively high dropout rate, and a ranking of 281 indicates a relatively low remediation rate.



Decatur School District, both Decatur Elementary School and Decatur High School are accredited by the NCASSC. In the Gentry School District, all four schools are accredited by the NCASSC. In the Gravette School District, all three schools are accredited by the NCASSC. In the Pea Ridge School District, all three schools are accredited by the NCASSC. In the Rogers School District, all 18 schools are accredited by the NCASSC. In the Siloam Springs School District, all five schools are accredited by the NCASSC.

Table 6 displays the proportion of persons 25 years of age or older in Benton County with various levels of education in the year 2000. The table also presents the proportions for the state in aggregate and ranks the county among the 75 counties in Arkansas and among the 16 counties in Northwest Arkansas in terms of the 4 levels of education presented. For example, Benton County ranked 4<sup>th</sup> among Arkansas' counties and 2<sup>nd</sup> among the counties in Northwest Arkansas in terms of the proportion of the persons 25 years of age or older with a bachelor's degree in 2000.

**Table 6 – Educational Attainment in Benton County, 2000**

Level of Education	County	Arkansas	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
Bachelor's Degree	14.5%	11.0%	4	4.2%	18.0%	2	5.4%	14.8%
Graduate or Professional Degree	5.8%	5.7%	8	1.8%	10.1%	3	2.8%	9.8%
Bachelor's Degree or Higher	20.3%	16.7%	5	6.3%	28.1%	2	8.4%	24.5%
High School Diploma or Higher	80.4%	75.3%	4	56.2%	84.4%	1	65.4%	80.4%

There are five Arkansas colleges and universities within 100 miles of Bentonville, Arkansas. The institutions, the number and type of degree programs offered at the institutions, and their enrollment statistics are presented below.

The University of Arkansas (UA), located in Fayetteville, Arkansas in Washington County, is the flagship institution of the University of Arkansas system. The AHECB has approved the dissemination of the following academic degrees and certificate programs at the UA: associate degrees in 2 program areas, baccalaureate degrees in 123 program areas, post-baccalaureate certificates in 2 program areas, master's degrees in 101 program areas, specialist degrees in 8 program areas, doctoral degrees in 42 program areas, and a professional degree in law. Opening fall enrollment for the UA was 15,752 in 2001, 2.6 percent greater than fall 2000. Opening fall enrollment for the four-year public universities in Arkansas stood at 65,704 in 2001, 2.4 percent greater than fall 2000. The school ranked first among the ten four-year public institutions in Arkansas in terms of fall enrollment in 2001. Since 1997, fall enrollment at the UA has increased 7.5 percent, compared to a 4.8 percent increase for four-year public universities in Arkansas.

John Brown University (JBU), located in Siloam Springs, Arkansas in Benton County, is a private, four-year Christian college (interdenominational) that offers associate degrees in 6 program areas, baccalaureate degrees in 50 program areas, and master's degrees in 6

program areas. Opening fall enrollment for JBU was 1,684 persons in 2001, 9.0 percent greater than fall 2000. Since 1997, fall enrollment has increased 27.1 percent.

Northwest Arkansas Community College (NWACC), located in Bentonville, Arkansas in Benton County, is a two-year public college. The AHECB has approved the dissemination of the following academic degrees and certificate programs at the NWACC: certificates of proficiency in 4 program areas, technical certificates in 3 program areas, associate degrees in 26 program areas, and an advanced certificate in medical dosimetry. Opening fall enrollment for NWACC was 4,292 persons in 2001, 5.8 percent greater than fall 2000. The school ranked third among the 23 two-year public institutions in Arkansas in terms of fall enrollment in 2001. Since 1997, fall enrollment at NWACC has increased 32.5 percent.

North Arkansas College (NAC), located in Harrison, Arkansas in Boone County, is a two-year public college. The Arkansas Higher Education Coordinating Board (AHECB) of the Arkansas Department of Higher Education has approved the dissemination of the following academic degrees and certificate programs at the NAC: certificates of proficiency in 5 program areas, technical certificates in 25 program areas, an advanced certificate in electronics, and associate degrees in 26 program areas. Opening fall enrollment for NAC was 1,889 persons in 2001, 4.0 percent greater than fall 2000. Opening fall enrollment for the two-year public institutions in Arkansas stood at 43,387 in 2001, 6.3 percent greater than fall 2000. The school ranked eighth among the 23 two-year public institutions in Arkansas in terms of fall enrollment in 2001. Since 1997, fall enrollment at NAC has decreased 14.6 percent, compared to a 16.6 percent increase for two-year public institutions in Arkansas.

In January 2002, Westark College, located in Fort Smith, Arkansas in Sebastian County, joined the University of Arkansas system, changed its name to the University of Arkansas at Fort Smith (UAFS), and became a four-year institution. The AHECB has approved the dissemination of the following academic degrees and certificate programs at UAFS: certificates of proficiency in 28 program areas, technical certificates in 17 program areas, associate degrees in 34 program areas, an advanced certificate in industrial automation, and baccalaureate degrees in 8 program areas. Opening fall enrollment at UAFS was 5,673 in 2001, 8.3 percent greater than fall 2000. Since 1997, fall enrollment at UAFS has increased 0.7 percent.

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<http://www.arkansashighered.com/Research/Enrollment/Actual%20Enroll%20Fall%202001.xls>

John Brown University, "Catalog for 2001-2003."

<http://www.jbu.edu/academics/catalog/03catalog.pdf>

### **III. Infrastructure**

#### **Ports**

There are no navigable waterways in Benton County.

Source:

Arkansas Waterways Commission. <http://www.waterways.dina.org/waterways.html>

#### **Highways**

Figure 2 displays the major cities, highways, lakes, and rivers found in Benton County. Widening of 3.34 miles of Arkansas State Highway 94 in Rogers is scheduled for 2003. 2.5 miles of U.S. Highway 71 at U.S. Interstate 540 are scheduled to be widened in 2003. Widening of 1.47 miles of Arkansas State Highway 112 in Bentonville is scheduled for 2004. Four miles of Arkansas State Highway 12 are scheduled to be widened in 2004. Widening of 3 miles of Arkansas State Highway 59 at U.S. Highway 412 is scheduled for 2005. 2.5 miles of Arkansas State Highway 43 in Siloam Springs are scheduled to be widened in 2005.

**Figure 2 – Benton County Cities, Highways, Lakes, and Rivers**



Sources:

Arkansas State Highway and Transportation Department. Statewide Transportation Improvement Program 2003-2005 Preliminary.

<http://www.ahtd.state.ar.us/contract/progcon/stip/stip%20by%20ffy%202003%2D2005%20prelim.xls>

MapQuest.com, Inc. <http://www.mapquest.com>

### **Utilities**

Table 7 displays the surplus water capacity, the surplus wastewater capacity, the electricity provider, and the natural gas provider for the five most populous cities in Benton County.<sup>4</sup>

<sup>4</sup> GPD = Gallons Per Day

**Table 7 – Utilities for the Five Most Populous Cities in Benton County**

City	Water Surplus Capacity	Waste Water Surplus Capacity	Electricity Provider	Natural Gas Provider
Rogers	2 million GPD	N/A	Southwestern Electric Power Company (SWEPCO) / Carroll County Electric Cooperative	Arkansas Western Gas
Bentonville	3 million GPD	N/A	N/A	N/A
Bella Vista	N/A	N/A	N/A	N/A
Siloam Springs	2 million GPD	1.6 million GPD	City of Siloam Springs	Arkansas Western Gas
Lowell	N/A	N/A	SWEPCO / Carroll County Electric Cooperative	Arkansas Western Gas

The cities of Rogers, Bentonville, Bella Vista, and Lowell receive their water from the Beaver Lake Water District. The City of Siloam Springs has entered into a contract to increase the city’s water storage capacity from 2.5 million gallons to 4.5 million gallons. Construction is scheduled to be completed by December 2002.

Sources:

Alan Fortenberry, Beaver Water District.

David Cameron, Water/Wastewater Director, City of Siloam Springs.

Rogers, Arkansas – Lowell, Arkansas Chamber of Commerce

<http://www.rogerslowell.com/relocation/utilities.asp>

### **Railroads**

The Arkansas & Missouri Railroad has its headquarters in Springdale; passes through Rogers, Bentonville, and Lowell; and junctions with the Kansas City Southern Railroad in Fort Smith, with the Union Pacific Railroad in Van Buren, Arkansas, and with the Burlington Northern Santa Fe Railroad in Monette, Missouri.

Source:

Arkansas & Missouri Railroad. <http://www.arkansasmissouri-rr.com/map.html>

### **Airports**

There are six airports serving Benton County: Northwest Arkansas Regional Airpoty, Bentonville Muncipal/Louise M. Thaden Field Airport, Crystal Lake Airport, Lost Bridge Village Airport, Rogers Municipal/Carter Field Airport, and Smith Field Airport.

The Northwest Arkansas Regional Airport, located outside Highfill in Bentonville, has two grooved concrete runways, each 8,800 feet in length, that can accommodate a 75,000-pound single-wheel aircraft, a 150,000-pound double-wheel aircraft, and a 350,000-pound double tandem-wheel aircraft. There is a control tower at this airport.

Services offered at the Northwest Arkansas Regional Airport include: aviation fuel, aircraft parking (hangars and tiedowns), air freight, and charter flights. Commercial airline service is provided by American Airlines, American Eagle, Delta ASA Airlines, Northwest/Mesaba, and U.S. Airways Express. Rental car services are provided by Avis, Budget, Hertz, National, and Thrifty.

The Bentonville Municipal/Louise M. Thaden Field Airport, located two miles south of Bentonville, has two asphalt runways, each 4,082 feet in length, that can accommodate a 12,500-pound single-wheel aircraft or a 21,500-pound double-wheel aircraft. There is no control tower at this airport. Services offered at the Bentonville Municipal Airport include: aviation fuel, aircraft parking (hangars and tie-downs), air freight, air cargo, charter flights, flight instruction, aircraft rental, and aircraft sales.

The Crystal Lake Airport, located two miles northeast of Decatur, has two asphalt runways, each 3,865 feet in length, that can accommodate a 10,000-pound single-wheel aircraft. There is no control tower at this airport. Services offered at the Crystal Lake Airport include aviation fuel and aircraft parking (tie-downs).

The Lost Bridge Village Airport, located seven miles northwest of Garfield, has two asphalt runways, each 3,150 feet in length, with loose gravel and potholes. There is no control tower at this airport.

The Rogers Municipal/Carter Field Airport, located two miles north of Rogers, has two asphalt runways, each 6,011 feet in length, that can accommodate a 42,000-pound single-wheel aircraft and a 73,000-pound double-wheel aircraft. There is no control tower at this airport. Services offered at Rogers Municipal Airport include: aviation fuel, aircraft parking (hangars and tiedowns), air freight, air ambulance, charter flights, flight instruction, aircraft rental, aircraft sales, and aerial surveying.

The Smith Field Airport, located three miles northeast of Siloam Springs, has two asphalt runways, each 4,999 feet in length, that can accommodate a 24,000-pound single-wheel aircraft. There is no control tower at this airport. Services offered at Smith Field Airport include: aviation fuel, aircraft parking (hangars and tiedowns), air freight, charter flights, flight instruction, aircraft rental, and aircraft sales.

The four major airports closest to Benton County, not including Northwest Arkansas Regional Airport, are Springfield-Branson Regional Airport in Springfield, Missouri (roughly 120 miles northeast of Bentonville), Tulsa International Airport in Tulsa, Oklahoma (roughly 120 miles west of Bentonville), Adams Field Airport in Little Rock, Arkansas (roughly 210 miles southeast of Bentonville), and Kansas City International Airport in Kansas City, Missouri (roughly 220 miles north of Bentonville).

Sources:

AirNav, LLC. Bentonville Municipal/Louise M. Thaden Field Airport: Bentonville, Arkansas. <http://www.airnav.com/airport/KVBT>

- AirNav, LLC. Crystal Lake Airport: Decatur, Arkansas.  
<http://www.airnav.com/airport/5M5>
- AirNav, LLC. Lost Bridge Village Airport: Garfield, Arkansas.  
<http://www.airnav.com/airport/4A8>
- AirNav, LLC. Northwest Arkansas Regional Airport: Bentonville, Arkansas.  
<http://www.airnav.com/airport/KXNA>
- Northwest Arkansas Regional Airport, Airport Facts.  
<http://www.nwara.com/airportfacts.htm>
- AirNav, LLC. Rogers Municipal/Carter Field Airport: Rogers Arkansas.  
<http://www.airnav.com/airport/KROG>
- AirNav, LLC. Smith Field Airport: Siloam Springs, Arkansas.  
<http://www.airnav.com/airport/KSLG>

#### IV. Labor Force

A breakdown of covered employment for Benton County in 2001 is provided in Table 8 below.

**Table 8 – Covered Employment for Benton County, 2001 Annual Averages**

North American Industry Classification System Industry Group	Average Employing Units	Average Covered Employment
Natural Resources & Mining	39	760
Construction	462	3,143
Manufacturing	229	15,523
Trade, Transportation & Utilities	928	16,186
Wholesale Trade	301	2,091
Retail Trade	485	6,374
Transportation, Warehousing & Utilities	142	7,720
Information	55	842
Financial Activities	342	3,078
Professional & Business Services	511	17,210
Education & Health Services	304	5,004
Leisure & Hospitality	286	4,899
Other Services	241	1,411
Local Government	68	5,233
State Government	19	627
<b>Benton County - Total</b>	<b>3,484</b>	<b>73,915</b>

The manufacturing sector accounted for 21.0 percent of total covered employment in Benton County in 2001, compared to the state's figure of 20.5 percent. In terms of the proportion of covered employment attributed to the manufacturing sector, the county

ranked 41<sup>st</sup> among the 71 counties in Arkansas for which data were available and 10<sup>th</sup> among the 15 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 62.4 percent (Calhoun County) to 5.1 percent (Perry County); for Northwest Arkansas, the proportions ranged from Marion County's 48.2 percent to Newton County's 8.3 percent.

The wholesale trade sector accounted for 2.8 percent of total covered employment in Benton County in 2001, compared to the state's figure of 4.1 percent. In terms of the proportion of covered employment attributed to the wholesale trade sector, the county ranked 38<sup>th</sup> among the 68 counties in Arkansas for which data were available and 6<sup>th</sup> among the 14 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 23.0 percent (Woodruff County) to 0.3 percent (Marion County); for Northwest Arkansas, the proportions ranged from Boone County's 7.5 percent to Marion County's 0.3 percent.

The retail trade sector accounted for 8.6 percent of total covered employment in Benton County in 2001, compared to the state's figures of 11.9 percent. In terms of the proportion of covered employment attributed to the retail trade sector, the county ranked 67<sup>th</sup> among the 74 counties in Arkansas for which data were available and last among the 15 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 18.9 percent (Saline County) to 2.7 percent (Calhoun County); for Northwest Arkansas, the proportions ranged from Baxter County's 14.5 percent to Benton County's 8.6 percent.

The transportation, warehousing, and utilities sectors accounted for 10.4 percent of total covered employment in Benton County in 2001, compared to the state's figure of 5.5 percent. In terms of the proportion of covered employment attributed to the transportation, warehousing, and utilities sectors, the county ranked 6<sup>th</sup> among the 69 counties in Arkansas for which data were available and 3<sup>rd</sup> behind Crawford County and Pope County among the 14 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 18.4 percent (Little River County) to 0.8 percent (Marion County); for Northwest Arkansas, the proportions ranged from Crawford County's 17.7 percent to Marion County's 0.8 percent.

The information sector accounted for 1.1 percent of total covered employment in Benton County in 2001, compared to the state's figure of 1.9 percent. In terms of the proportion of covered employment attributed to the information sector, the county ranked 19<sup>th</sup> among the 56 counties in Arkansas for which data were available and 8<sup>th</sup> among the 12 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 3.6 percent (Pulaski County) to 0.3 percent (Little River County); for Northwest Arkansas, the proportions ranged from Boone County's 3.2 percent to Johnson County's 0.4 percent.

The financial activities sector accounted for 4.2 percent of total covered employment in Benton County in 2001, compared to the state's figure of 4.3 percent. In terms of the proportion of covered employment attributed to the financial activities sector, the county



ranked 23<sup>rd</sup> among the 73 counties in Arkansas for which data were available and 5<sup>th</sup> among the 14 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 7.5 percent (Pike County) to 1.9 percent (Nevada County); for Northwest Arkansas, the proportions ranged from Marion County's 5.0 percent to Scott County's 2.3 percent.

The professional and business services sector accounted for 23.3 percent of total covered employment in Benton County in 2001, compared to the state's figure of 9.2 percent. In terms of the proportion of covered employment attributed to the professional and business services sector, the county ranked 1<sup>st</sup> among the 68 counties in Arkansas for which data were available. For the state, the proportions ranged from 23.3 percent (Benton County) to 0.5 percent (Woodruff County); for Northwest Arkansas, the proportions ranged from Benton County's 23.3 percent to Scott County's 0.6 percent.

The education and health services sector accounted for 6.8 percent of total covered employment in Benton County in 2001, compared to the state's figure of 11.3 percent. In terms of the proportion of covered employment attributed to the education and health services sector, the county ranked 65<sup>th</sup> among the 74 counties in Arkansas for which data were available and 15<sup>th</sup> ahead of Crawford County among the 16 counties in Northwest Arkansas. For the state, the proportions ranged from 19.9 percent (Baxter County) to 2.2 percent (Little River County); for Northwest Arkansas, the proportions ranged from Baxter County's 19.9 percent to Crawford County's 6.6 percent.

The leisure and hospitality sector accounted for 6.6 percent of total covered employment in Benton County in 2001, compared to the state's figure of 7.8 percent. In terms of the proportion of covered employment attributed to the leisure and hospitality sector, the county ranked 39<sup>th</sup> among the 73 counties in Arkansas for which data were available and 11<sup>th</sup> among the 16 counties in Northwest Arkansas. For the state, the proportions ranged from 16.7 percent (Carroll County) to 1.9 percent (Woodruff County); for Northwest Arkansas, the proportions ranged from Carroll County's 16.7 percent to Madison County's 4.3 percent.

A summary of Benton County's largest employers is presented in Table 9 below.

**Table 9 – Benton County's Largest Employers**

<b>Company Name</b>	<b>City</b>	<b>Product</b>	<b>Employees</b>
Wal-Mart	Bentonville	Retail/Headquarters/Distribution	I
J.B. Hunt Transport Services	Lowell	Transportation	G
Tyson Foods	Rogers	Poultry	F
Peterson Farms/Rogers	Decatur	Poultry	E
Arvest Bank Group	Lowell	Banking	E
Simmons Foods	Siloam Springs	Poultry	E
McKee Foods Corporation	Gentry	Snack Cakes	E
Superior Industries	Rogers	Automotive Parts	D
Ozark Aircraft Systems	Bentonville	Custom Aircraft	D
St. Mary's Hospital	Rogers	Hospital	D
Quality Health Care of Springdale	Springdale/Bentonville	Hospital	D
Franklin Electric Company	Siloam Springs	Electric Motors	D
First Brands Corporation	Rogers	Plastic Bags	D
Gates Rubber Company	Siloam Springs	Rubber and Plastic Products	D
Day Spring Cards	Siloam Springs	Greeting Cards	D
Rogers Tool Works	Rogers	Machine Tools	D
Rockline Industries	Springdale	Baby Wipes	D
La-Z-Boy	Siloam Springs	Furniture	C

Employee Codes – C: 251-500; D: 501-1,000; E: 1,001-1,500; F: 1,501-2,500; G: 2,501-5,000; I: More than 10,000

Figure 3 displays the annual unemployment rates for Benton County, the State of Arkansas, and the United States for the period 1995 through 2001. For the period, Benton County experienced unemployment rates well below the state and national averages; the annual unemployment rate in Benton County was at least 2.3 percent below the annual unemployment rate for the state and at least 1.5 percent below the annual unemployment rate for the U.S. for the period. In 2001, the unemployment rate in Benton County was 2.2 percent, compared to the state and national figures of 5.1 percent and 4.8 percent, respectively. Benton County had the lowest unemployment rate among Arkansas' 75 counties in 2001. Unemployment rates in Arkansas ranged from 2.2 percent in Benton County to 13.9 percent in Mississippi County; unemployment rates in Northwest Arkansas ranged from Benton County's 2.2 percent to Newton County's 6.7 percent.

**Figure 3 – Historical Unemployment Rate Comparisons: 1995-2001**

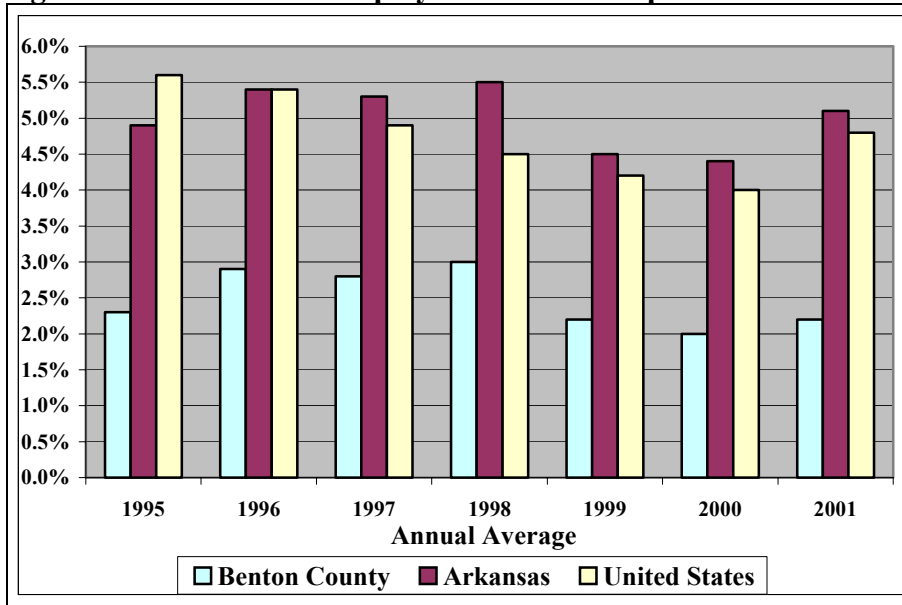
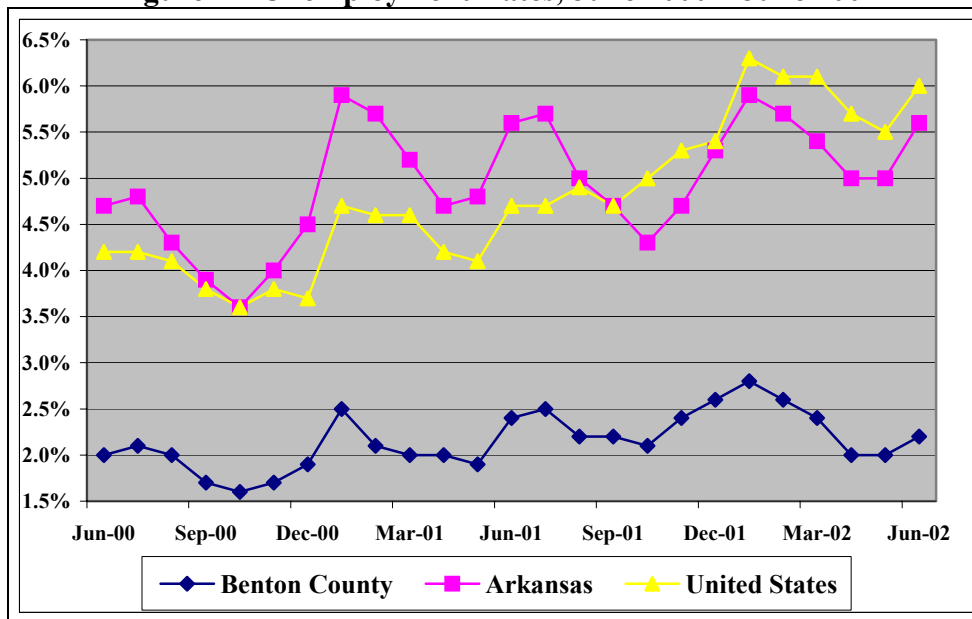


Figure 4 displays the monthly unemployment rates for Benton County, Arkansas, and the United States from June 2000 to June 2002.<sup>5</sup>

**Figure 4 – Unemployment Rates, June 2000 – June 2002**



Sources:

Arkansas Employment Security Department, Covered Employment and Earnings, Annual 2001. Table 6: County Summary Employment and Earnings, by Industry, Calendar Year 2001. <http://www.accessarkansas.org/esd/01antb6.htm>

<sup>5</sup> Note: Data are not seasonally adjusted.

Arkansas Employment Security Department, Covered Employment and Earnings, Annual 2001. Table 1: Average Covered Employment and Weekly Earnings, by Industry, 2001. <http://www.accessarkansas.org/esd/01antb1.htm>

Largest Employers by County data from Arkansas Department of Economic Development.

Arkansas Economic Security Department, Arkansas Revised Labor Force Statistics, Annual Average, 2001. <http://www.accessarkansas.org/esd/lmiaa01.htm>

Arkansas Employment Security Department, Arkansas Labor Force Statistics. <http://www.accessarkansas.org/esd/lmilaborforcestats.htm>

## **V. Available Industrial Sites and Buildings**

There are currently six available industrial sites in Benton County. The first property is located outside the city limits of Siloam Springs and is privately owned. There are 160 acres of available land within the property priced between \$12,000 and \$15,000 per acre. The site is cleared and has a slope of one percent. There are no major structures in the area. Arkansas Highway 204 directly services the property to the north, and US Highway 412 is two miles south of the site. The Kansas City Southern Railroad has a line 2.5 miles west of the site. The Port of Fort Smith is 90 miles south of the site. Water services are provided by the City of Siloam Springs through a 12-inch main with a normal line pressure of 55 pounds per square inch (psi). The City of Siloam Springs also serves the site with a forced sewer main. A gravity sewer main is currently being engineered. Natural gas service is provided by the Arkansas Western Gas Company (AWG) through a six-inch main with a normal line pressure of 415 psi. The City of Siloam Springs provides electricity to the site with a voltage of 12.4 kilovolts.

The second property is located within the city limits of Rogers and is owned by the Rogers Industrial Development Corporation. There are 128 acres of available land within the property priced at \$43,560 per acre. The site is cleared with a slope of less than two percent. The site is naturally drained to the east, and ten percent of the site is in the 100-year flood plain. Three firms have a presence on the site: Bekaert Corporation, Stribling Packaging, and RoArk Printing. Arkansas Highway 102 and US Highway 62 directly service the property, and Interstate 540 is adjacent the site. The Arkansas-Missouri railroad has a line on the northern boundary of the site. Passenger air service is provided by five airlines with daily flights from Northwest Arkansas Regional Airport, 12 miles west of the site. There are also port facilities with barge-rail terminal available at the Port of Van Buren, 75 miles to the south of the site. Water service is provided by the City of Rogers through a 24-inch main with a normal line pressure of 65 psi. The City of Rogers also provides a ten-inch sewer main to the site. Natural gas service is provided by AWG through an eight-inch main with a normal line pressure of 100 psi. Carroll Electric Cooperative provides electricity to the site with a voltage of 13.2 kilovolts.

The third property is located within the city limits of Bentonville and is owned by the City of Bentonville and the Bentonville Industrial Development Corporation. There are 95 acres of available land within the property priced at \$30,000 per acre (negotiable). The site contains pasture with a slope of two to eight percent. The site is naturally

drained to the east and has 13.7 acres on the east side in the 100-year flood plain. IBM is the only firm with a presence on the site. Arkansas Highway 112 directly services the site, and Interstate 44 is 60 miles north of the site. The Arkansas-Missouri railroad has a line 1.5 miles north of the site. Passenger air service is provided by five airlines with daily flights from the Northwest Arkansas regional Airport, five miles to the south of the site. There are also port facilities with barge-rail terminal available at the Port of Van Buren, 85 miles south of the site. The City of Bentonville provides water service through a 12-inch main and a 24-inch main with normal line pressure of 80 psi. The City of Bentonville also provides an eight-inch sewer main to the site. AWG provides natural gas service to the site through a six-inch main with a normal line pressure of 250 psi. The City of Bentonville provides electricity to the site with a voltage of 12.4 kilovolts.

The fourth property is located within the city limits of Siloam Springs and is privately owned. There are 35 acres of available land within the property priced at \$16,000 per acre. The site is cleared and has a slope of one percent. Three firms have a presence on the site: La-Z-Boy, Gates Rubber, and Webb Wheel. US Highway 412 is three miles south of the site. The Kansas City Southern Railroad has a line one mile east of the site. Passenger air service is provided by five airlines with daily flights from Fayetteville, 35 miles east of the site. There are also port facilities at the Port of Fort Smith 90 miles south of the site. The City of Siloam Springs provides water service to the site through a 12-inch main with a normal line pressure of 55 psi. The City of Siloam Springs also provides an 18-inch sewer main to the site. AWG provides natural gas service through an eight-inch main with a normal line pressure of 400 psi. The City of Siloam Springs provides electricity to the site with a voltage of 12.4 kilovolts.

The fifth property is located within the city limits of Bentonville and is owned by the City of Bentonville and the Bentonville Industrial Foundation. There are 17 acres of available land within the property priced at \$21,000 per acre. The site is cleared with a slope of one to three percent. Two firms have a presence on the site: Alumax and Northwest Arkansas Community College. US Highway 71 directly services the site, and Interstates 40 and 44 are 68 miles south of the site and 60 miles north of the site, respectively. The Arkansas-Missouri Railroad has a line on the south boundary of the site. Passenger air service is provided by five airlines with daily flights from Fayetteville, 27 miles to the south of the site. There are also port facilities with barge-rail terminal available at the Port of Van Buren, 85 miles south of the site. The City of Bentonville provides water service to the site through a 24-inch main with a normal line pressure of 80 psi. The City of Bentonville also provides a six-inch sewer main 600 feet to the west of the site; an extension will be required. The AWG provides natural gas service to the site through a six-inch main with normal line pressure of 250 psi. The City of Bentonville provides electricity to the site with a voltage of 12.4 kilovolts.

The final property is located within the city limits of Decatur and is owned by the City of Decatur. There are 14 acres of available land within the property priced at \$1,500 per acre. The site is cleared with a slope of one percent. There are no major structures in the area. Arkansas Highway 102 directly services the site, and Interstate 40 is 90 miles south of the site. The Kansas City Southern railway has a line one mile to the east of the site.

and passenger air service is provided by five airlines with daily flights from Fayetteville, 40 miles to the southeast of the site. There are also port facilities located in Tulsa, Oklahoma, 100 miles to the west of the site. Decatur Water Utilities provides water service to the site through a six-inch main with a normal line pressure of 50 psi. The Decatur Water Utilities also provides an eight-inch sewer main to the site. The AWG provides natural gas service to the site through a three-inch main with a normal line pressure of 30 psi. The Carroll Electric Cooperative provides electricity to the site with a voltage of 13.8 kilovolts.

There are six available industrial buildings in Benton County. The first building, constructed in 1957, is located in Rogers at 2111 South 8<sup>th</sup> and was previously occupied by Daisy BB Guns. The metal facility has 287,662 square-feet of space (261,400 square-feet of manufacturing space and 16,200 square-feet of office space) on eight-inch concrete floors and is accompanied by 34.8 acres of land. Clearance under the beams ranges from 14 feet, 7 inches to 24 feet, 11 inches; the span between the beams ranges from 17 feet, 0 inches to 24 feet, 11 inches. The facility is directly serviced by the Arkansas-Missouri railroad and has 6 floor-level doors, 6 dock-high doors, 300 paved parking spaces, and 50 gravel parking spaces. The rail spur has been removed, but the building is set up for six rail doors. The City of Rogers provides the facility with water service through a seven-inch main with normal line pressure of 80 psi. The City of Rogers also provides sewer services through a ten-inch sewer main. The Arkla Gas Company provides natural gas service to the site through a four-inch main; Southwestern Electric Power Company provides the facility with electricity. The facility is for sale, price negotiable. A small portion of the facility may need to be leased back to the current operation.

The second building, constructed in 1965, is located in Rogers at 1315 N. 13<sup>th</sup> Street and was previously occupied by Emerson Electric. The metal facility has 217,000 square-feet of space (20,500 square-feet of office space) on six-inch concrete floors and is accompanied by 22.12 acres of land. Clearance under the beams is 18 feet, zero inches; the span between the beams is 18 feet, ten inches. The facility has two floor-level doors, nine dock-high doors, and 500 paved parking spaces. The rail loading area has a clearance height of 31 feet to 35 feet. The City of Rogers provides the facility with water services through a 24-inch main with normal line pressure of 60 psi. The City of Rogers also provides sewer services through a 15-inch sewer main. Northwest Arkansas Gas Company provides natural gas service to the site through a four-inch main with normal line pressure of 35 psi; Southwestern Electric Power Company provides the facility with electricity. The facility is for sale with a price of \$4,500,000.

The third building is located in Rogers at 1211 South 8<sup>th</sup> Street and was previously occupied by Daisy BB Guns. The exterior walls are constructed with bricks and blocks, and the roof is metal with skylights. The facility has 200,000 square-feet of space and is for sale with 16 additional acres, price negotiable.

The fourth building, constructed in 1991, is located in Maysville at 26188 Timlake Road and was previously occupied by CDR Environmental, maker of N-Vitro Soil. The steel

facility has 130,304 square-feet of space (128,800 square-feet of manufacturing space and 225 square feet of office space) on 24-inch clay floors and is accompanied by 38.5 acres of land. Clearance under the beams ranges from 21 feet, 6 inches to 26 feet, 5 inches; the span between the beams ranges from 21 feet, 6 inches to 26 feet, 5 inches. The facility has 4 floor-level doors, 1 dock-high door, 4 truck wells, and 50 gravel parking spaces. The Union Pacific Railroad has a line 12 miles from the facility. A well supplies the facility with water service, and a septic system provides the facility with sewer services. Carroll Electric Cooperative provides the facility with electricity. The facility is for sale with a price of \$950,000.

The fifth building, constructed in 1960, is located in Siloam Springs at 1111 Lake Francis Drive and was previously occupied by Webb Wheel, manufacturer of truck wheels. The metal facility has 55,866 square-feet of space (71,877 square-feet of manufacturing space and 15,720 square-feet of office space) on ten-inch concrete floors and is accompanied by 5.15 acres of land. Clearance under the beams ranges from 12 feet, 2 inches to 22 feet, 3 inches; the span between the beams ranges from 14 feet, 0 inches to 23 feet, 3 inches. The facility has 3 floor-level doors, 1 dock-high door, 5 truck wells, 1 rail door, 4 rail cars, and 65 paved parking spaces. The Kansas City Southern Railroad directly services the facility. The City of Siloam Springs supplies the facility with water services through a six-inch main, with a normal line pressure of 65 psi. The City of Siloam Springs also provides the facility with a ten-inch sewer main. The AWG provides the facility with natural gas through a two-inch main with a normal line pressure of 35 psi. The City of Siloam Springs provides the facility with electricity. The facility is for lease with a price of \$8,845 per month or \$1.9 per square-foot per year.

The final building, constructed in 2000, is located in Bentonville at 28 7<sup>th</sup> Street and was previously a spec building. The exterior of the 40,000 square-foot facility is concrete, the roof is metal, and the floors are six-inch concrete. The facility is accompanied by seven acres of land, with an additional two acres available for purchase. Clearance under the beams ranges from 27 feet, 0 inches to 28 feet, 6 inches; the span between the beams ranges from 28 feet, 0 inches to 32 feet, 0 inches. The facility has 15 dock-high doors and 69 paved parking spaces. The Arkansas-Missouri Railroad has a line three miles from the facility. The City of Bentonville supplies the facility with water services through a 12-inch main, with a normal line pressure of 88 psi. The City of Bentonville also provides the facility with an eight-inch sewer main. The AWG provides the facility with natural gas through a 4-inch main with a normal line pressure of 35 psi. The City of Bentonville provides the facility with electricity. The facility is for lease with a price of \$24,750 per month or \$3.5 per square-foot per year.

Sources:

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

[http://www.1800arkansas.com/Buildings\\_Sites/Site.asp?SiteNumber=SIL002](http://www.1800arkansas.com/Buildings_Sites/Site.asp?SiteNumber=SIL002)

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

[http://www.1800arkansas.com/Buildings\\_Sites/Site.asp?SiteNumber=ROG001](http://www.1800arkansas.com/Buildings_Sites/Site.asp?SiteNumber=ROG001)

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

[http://www.1800arkansas.com/Buildings\\_Sites/Site.asp?SiteNumber=BENV002](http://www.1800arkansas.com/Buildings_Sites/Site.asp?SiteNumber=BENV002)

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

[http://www.1800arkansas.com/Buildings\\_Sites/Site.asp?SiteNumber=SILO001](http://www.1800arkansas.com/Buildings_Sites/Site.asp?SiteNumber=SILO001)

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

[http://www.1800arkansas.com/Buildings\\_Sites/Site.asp?SiteNumber=BENV001](http://www.1800arkansas.com/Buildings_Sites/Site.asp?SiteNumber=BENV001)

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

[http://www.1800arkansas.com/Buildings\\_Sites/Site.asp?SiteNumber=DEC001](http://www.1800arkansas.com/Buildings_Sites/Site.asp?SiteNumber=DEC001)

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

[http://www.1800arkansas.com/Buildings\\_Sites/Building.asp?BldNumber=690](http://www.1800arkansas.com/Buildings_Sites/Building.asp?BldNumber=690)

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

[http://www.1800arkansas.com/Buildings\\_Sites/Building.asp?BldNumber=826](http://www.1800arkansas.com/Buildings_Sites/Building.asp?BldNumber=826)

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

[http://www.1800arkansas.com/Buildings\\_Sites/Building.asp?BldNumber=100526](http://www.1800arkansas.com/Buildings_Sites/Building.asp?BldNumber=100526)

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

[http://www.1800arkansas.com/Buildings\\_Sites/Building.asp?BldNumber=746](http://www.1800arkansas.com/Buildings_Sites/Building.asp?BldNumber=746)

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

[http://www.1800arkansas.com/Buildings\\_Sites/Building.asp?BldNumber=753](http://www.1800arkansas.com/Buildings_Sites/Building.asp?BldNumber=753)

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

[http://www.1800arkansas.com/Buildings\\_Sites/Building.asp?BldNumber=796](http://www.1800arkansas.com/Buildings_Sites/Building.asp?BldNumber=796)

## **VI. Economic Goals**

Benton County has had phenomenal economic development success in recent years. This success has led to high per capita personal income, high average weekly wages in all sectors, and an enviable mix of high quality companies located in the county. The driver of most of this economic activity is the Wal-Mart corporate headquarters, located in Bentonville. A large number of Wal-Mart vendors have located offices in Benton County in order to be closer to their huge client. These management level jobs require relatively high education and compensate at high levels. Benton County also is home to the corporate headquarters for J.B. Hunt and Arvest. Further, the proximity of Benton County to the University of Arkansas ensures the availability of workers with a university education.

To ensure continued success, Benton County must invest in infrastructure so that growth can be coupled with high quality of life. While much of the basic framework is in place



for continued growth, foresight is necessary to avoid issues of congestion and urban sprawl that often accompany high growth rates. Partnership among the leadership of the communities of Benton and Washington Counties allows a consistent, strategic plan to be put into place that will address many of the issues that might arise to inhibit economic success.

## **VII. Opportunities for Future Business Development**

### **Retail**

Retailing is a mature business, and growth opportunities are limited, given the large number of retail outlets spread across the country. Demographic trends primarily affect retail sales. As demographic trends influence consumers' preferences and shopping patterns, they are important to retailers' understanding of target markets. For example, the Baby Boom Generation, comprising individuals born between 1946 and 1964, constitutes some 78 million Americans - about 30 percent of the U.S. population. As the Baby Boomers entered adulthood and formed households, they fueled much of the boom in retail sales in the 1970s and 1980s. Today, having swollen the ranks of Americans in their 40s and 50s, their priorities have shifted from youthful spending to tuition payments for children and to saving for retirement.

Shopping trends also affect all aspects of retailing, from store layout to merchandise assortment. Current shopping trends in the U.S retail market can be summarized as Price + Quality = Value, "cross shopping," "precision shopping," and "going casual."

Although the American retail landscape is saturated with stores, sales can be increased by developing new markets overseas. Discount stores, like Wal-Mart, are expanding overseas more rapidly than other types of retailers, such as department stores. This is because discount stores offer low prices to attract customers; merchandising and cultural differences have made it unattractive for department stores, whose mainstay is apparel, to allocate the capital for overseas expansion.

### **Transportation**

The evolution of electronic commerce has changed the way companies sell and ship their goods. The e-commerce segment that is radically altering the transportation industry is business-to-consumer. Traditionally, goods travel in a chain, from raw materials producer to manufacturer, distributor, retailer, and finally to consumer. But the Internet has shortened this process, essentially eliminating the middleman. This changing pattern will hurt full truckload carriers as shipments between manufacturers, distributors, and retailers are eliminated and as smaller lots prevail. On the other hand, package delivery, airfreight express, and less-than-truckload carriers will become beneficiaries of e-commerce. Currently, the first choice of Internet carriers is United Parcel Service (UPS) with a 55 percent share of all e-commerce transactions, according to Zona Research, a consulting firm based in Redwood City, California.

A shortage of qualified drivers has plagued the trucking industry's long-haul truckload segment since the early 1990s. As recently as 2001, an estimated 80,000 driver slots remained unfilled. Among many factors contributing to the shortage include low pay, long absences of truck drivers from their families, and disrespectful treatment by shippers and carriers. The high turnover rates and driver shortages in the truckload industry can push up carriers' costs. With industry turnover rates of about 100 percent, recruitment and training expenditures can cost some \$3 billion annually. Further, the hiring of inexperienced drivers leads to an increase in accident rates, insurance costs, and claims paid out for damaged cargo, as the less experienced drivers tend to have more accidents than drivers with more tenure.

Trucking companies are coping with the driver shortage by avoiding long-haul freight or by routing such freight through intermodal rail service. Additionally, by harnessing sophisticated computer software, carriers can match drivers with loads moving in the direction of their domiciles. Many companies have installed on-board computers that link drivers to dispatchers and their families via satellite. Such devices steer drivers around congested roads, help them obtain faster road service, and let them communicate with their families and dispatchers without leaving the highway. These devices may become mandatory equipment for all vehicles if the Department of Transportation implements its proposed hours of service regulations.

Intermodal traffic is the movement of general freight, such as consumer goods and light industrial products, in trailers or containers by means of two or more transport modes. Though intermodal rail service fell out of favor with shippers in 2000 and likely in 2001, Standard and Poor's believes this is temporary and that it will eventually become the preferred transport mode in certain markets. Some 35 percent of the intermodal market goes to truckload carriers, such as J.B. Hunt Transport and Schneider National (which together claim about 10 percent of the market), and to intermodal marketing companies, which are third-party intermediaries.

The future of the intermodal segment — the railroad industry's fastest-growing business — is tied directly to the level of world economic activity, not to heavy industry or mining. Between 1980 and 1999, intermodal railroad traffic soared 196 percent — a compound annual rate of 5.9 percent. In April 2000, the Association of American Railroads, a Washington, D.C.-based trade organization, projected that 3.08 million trailers and 7.80 million containers would be moved by intermodal rail in 2004. This total of 10.88 million units would be up 33.8 percent from the 8.13 million units moved in 1994 (4.38 million containers and 3.75 million trailers). In the longer term, intermodal's prospects are bright, as import/export business between the United States and the rest of the world grows and fuel prices and driver shortages push up truckload rates and force business onto the rails. Standard and Poor's projects that once intermodal's operations are smoothed out, with frequent departures and high on-time reliability, a large portion of e-commerce will be sent via intermodal transportation, since surveys demonstrate online purchasers' willingness to sacrifice time for low costs.

## **Poultry**

The domestic market for the U.S. agribusiness industry is relatively mature, with consistent but modest growth likely in the future. Demand for protein-rich foods is growing more rapidly in developing countries than in the United States, because of their higher population growth, rapid industrialization, and rising disposable income. Furthermore, agricultural output in such countries is growing less rapidly than consumption. Consequently, the U.S. agribusiness industry is strongly positioned to take advantage of future increases in worldwide food demand.

With the world's gross domestic product expected to rise to nearly \$10.1 trillion in 2009 (a 34 percent increase over the preceding 10 years), there is ample reason to expect ever-growing demands on the world's agriculture. Whenever incomes begin to rise, one of the first things people do is to upgrade their diets. With increasing prosperity, people consume more food grains, meat, sweeteners, and vegetable oils. Since 1990, worldwide consumption of beef, pork, and poultry has surged approximately 29 percent.

Another trend in the U.S. agribusiness industry is the number of market participants, ranging from farmers to processors, has steadily declined, as agriculture has moved toward vertical integration and consolidation. According to the Center for Rural Affairs, a private nonprofit group focused on rural development and agricultural policy, as of 2000, an estimated 80 percent of the U.S. beef market was controlled by 4 firms: Tyson Foods, ConAgra, Excel Corp., and Farmland National Beef Inc. These same firms, plus Smithfield Foods, controlled approximately 58 percent of the U.S. pork market. In 1999-2000, 24 percent of pork producers went out of business. Today, 35 producers account for 95 percent of the pork slaughter capacity, although they operate only about 5 percent of the estimated 800 pork slaughterhouses in the United States. According to the National Chicken Council, during 2000, the top 8 chicken producers raised 64 percent of the broilers sold in the United States. Further consolidation in the poultry industry is expected to cut the number of broiler suppliers almost in half by 2010.

For the past three decades, much of the consolidation among meat processors occurred at the slaughter capacity level. Today, however, more and more companies are focusing on acquisitions that will expand their final offerings to include higher-margin processed and prepackaged meat that is ready for the consumer to heat and eat. These can include freshly cooked and frozen meats that have been marinated or seasoned. Advocates of consolidation believe that the process will lead agricultural producers toward more efficiency, less dependence on government assistance, and greater global competitiveness. Furthermore, as larger and more specialized producers realize lower production costs through economies of scale, these savings can be passed through to consumers in the form of lower commodity and processed food prices.

In the mean time, agribusiness is being transformed by modern technology. Technological developments have changed the way things are done on the farm, in assembly, in processing, and in distribution. An increasing number of farmers and ranchers are doing business over the Internet. According to the U.S. Department of

Agriculture, 55 percent of all farms were using computers in 2001, up from 38 percent in 1997. In 2000, 24 percent of farms used the Internet as a management tool in their farming operations, including \$665 million in online buying and selling. Use of this technology allows farmers to receive and manage timely information in rural locations. In addition, nearly all farms that used the Internet in 2000 to purchase inputs indicated that they are likely to maintain or increase purchases in the future. Thus, with decreasing costs of computers and Internet access, growth in Internet use is likely to continue.

In April 2000, the world's leading meat and poultry processors took the next step toward realizing "seamless" trade — the transacting of wholesale business without intermediaries, and the streamlining of the purchase and sales process to facilitate higher volumes. Tyson Foods Inc., Cargill, Smithfield Foods, Gold Kist Inc., and Farmland Industries Inc. launched an online marketplace, or portal, for meat and poultry products called Provision X; the venture is headquartered in Chicago. Provision X agreed to be acquired by iTradeNetwork (ITN) in February 2002. ITN provides online e-business solutions for 38 percent of the U.S. retail grocery and food service industries, including seven of the top fifteen food retailers in the nation.

## **Banking**

Consolidation remains one of the banking industry's most noteworthy trends. Standard and Poor's believes that the banking world will consolidate further to improve efficiency, boost sustainable profits, and withstand heated competition from other financial services providers, both domestic and international. Over the next few years, Standard and Poor's expects that many more medium-size regional banks (those with assets of \$1 billion to \$15 billion) will be absorbed by the super-regionals (assets of \$25 billion or more). Companies and customers alike will benefit from the scale advantages that have resulted from this concentration, as long as substantial market share does not wind up in the hands of only one or two players, which would overly limit competition.

In the long term, it will be the lowest-cost banking providers that not only survive, but that thrive. To satisfy both fiscal and quality requirements, technological improvements have helped banks control expenses while providing better service. Electronic banking through telephones, automated teller machines, and personal computers improve customer service by offering 24-hour banking capabilities at convenient locations. Meanwhile, the costs of completing such transactions remain well below the more labor-intensive operations at bank branches.

Although the passage of the Gramm-Leach-Bliley Act in November 1999 is viewed as a legislation landmark in the banking industry, reform has not led to a rash of mergers between the three major businesses concerned: commercial banks, insurance companies, and investment banks. Standard and Poor's believes that this is because banks had already gained the right to engage in limited securities underwriting as restrictions were eased over the last two decades, and because banks do not regard the insurance business as particularly enticing. Banks may be tempted to purchase an insurance operation to become more vertically integrated, or to add an insurance company's sizable investment

portfolio to its own. However, many insurance lines, such as property-casualty, are actually quite volatile and potentially high in risk, and their investment returns can be lower than those of traditional banking businesses. The underwriting of annuities or life insurance products, where banks can get a better assessment of risk than in property/casualty lines, would seem to fit banks' appetite for risk and return better. Banks do have something to offer insurance companies — notably, large distribution networks and broad customer lists, where cross-selling could create opportunities.

## **Food Production**

Demographic changes in the U.S. are reshaping the American food industry. To achieve success in the highly competitive U.S. food industry, companies need a keen understanding of these trends.

The Baby Boom generation- now between the ages of 37 and 55 and accounts for 30 percent of the current U.S. population- creates significant new consumer needs. This generation is at a stage of life in which people usually focus more on nutrition and weight maintenance. Yet in many instances, Baby Boomers' increased work and family responsibilities reduce their time available for exercise. New products seeking to satisfy these needs are “better-for-you” foods that are low-fat, low-sodium, and convenient to prepare. Studies show that average caloric needs for people aged 50 and older decline by about 10 percent every 10 years. At the same time, older adults tend to have a reduced ability to digest food and absorb nutrients. This factor has led to an expanded market for nutrient-enriched drinks in recent years.

In the over-65 group, nutrition and digestibility remain key dietary concerns. Packaging is also important for this group. Studies show that older consumers prefer packaged food products that are easy to open and have legible labels. Older consumers' demands for nutritionally enriched items may create a new era in processed food industry. Today's food makers say their next step may be to compete with the pharmaceutical industry by offering “nutraceuticals” — processed food products that would replace vitamin supplements and other dietary aids, and eventually release products that will help prevent or even reverse some diseases. Currently under investigation is the role that soy proteins play in inhibiting cancer and heart disease. Also of interest is the potential link between antioxidant compounds — vitamin C, vitamin E, and beta-carotene — and the prevention of cancer, cardiovascular disease, and cataracts.

The population of American children aged five to 17 is projected to total approximately 52.4 million by 2005, according to Census Bureau estimates. This group has significant clout in influencing their parents' purchases. Food manufacturers view these youngsters as important, and they hope to gain lifelong brand-loyal customers.

The increasing diversity of the minority segments of the U.S. population has and will continue to allow U.S. food companies to introduce ethnic cuisines more aggressively. Companies are now trying to make these products “more ethnic” by stressing traditional or “old country” recipes. Beside the established “big three” ethnic cuisines including

Mexican, Italian, and Chinese, increasingly popular ethnic food groups will include Indian cuisine and various East Asian cuisines, such as Japanese, Thai, and Vietnamese.

Consumer lifestyles also impact the food industry. Modern consumers face considerable time constraints, raising the demand for foods that are easy to prepare and serve. Food marketers estimate that the average American is willing to spend no more than 15 minutes preparing an ordinary meal. In addition, today's shoppers increasingly want to purchase whole meals. Traditional categories such as frozen dinners have been expanded to include frozen breakfasts and lunches. Products specifically designed for microwave cooking have also proliferated.

As consumers' expenditures on eating out have increased year to year (45.2 percent of total consumer spending on food products in 2001, compared with 44.9 percent in 2000, 42.2 percent in 1990 and 36.5 percent in 1980), food companies have taken advantage of this trend by establishing food service divisions that cater to what were once nontraditional markets — restaurants, schools, airports, corporate cafeterias, and so on. As food companies more frequently distribute their packaged food products through the service outlets, the business lines between food companies and food service outlets are becoming less distinct.

### **Automotive Parts Manufacturing**

The aging of the U.S. automobile population, along with its growing size, should benefit firms producing replacement auto parts. The median age of U.S. passenger cars increased to 8.1 years as of June 30, 2001, up from 6.5 years as of June, 30, 1990, according to R.L. Polk & Co., a research firm based in Southfield, Michigan. All vehicles need maintenance. As they get older and out of warranty, they need general repairs. Typically, during the first three to five years of a vehicle's life, brake pads and batteries need to be replaced. At around seven years, spending rises as belts, hoses, alternators, and starters begin to need replacement. The value of repair spending peaks at around 11 years of age, as parts wear out, but even at that age a fixed-up vehicle could last long enough to make repairs financially worthwhile, versus buying a new vehicle. Given such favorable automobile demographics, demand for repairs and replacement parts is expected to continue to trend upward, which will benefit manufactures of auto accessories and components.

### **Aircraft**

The long-term prospects of the maintenance, repair, and overhaul (MRO) industry are driven primarily by the expansion of the global commercial aircraft fleet. Standard & Poor's calculates that the global commercial aircraft fleet will expand at a 4.1 percent compound average growth rate (CAGR) over the next 20 years.

However, growth in the MRO industry is also driven by the age of the global fleet; the older the planes, the more repair and overhaul work they need. Following the September 11<sup>th</sup> terrorist attacks, Avitas now forecasts that an average of 295 jets will be retired

annually between 2001 to 2005, a total that will rise to 315 jets annually between 2017 and 2021. As such, the average age of the global airline fleet should trend downward. Standard & Poor's projects that the MRO market should grow to \$50.1 billion in 2012, a very modest 10-year CAGR of 2.3 percent.

Despite the less-than-stellar forecasts, aviation companies are clamoring to boost their presence in the MRO business. The industry has a reputation for generating strong profit margins and return on equity (ROE), as well as steady earnings streams from long-term contract arrangements. For example, General Electric's Aircraft Engine MRO business generates operating profit margins in excess of 20 percent from its long-term service contracts with major airlines. Several of the small pure-play MRO outfits, such as Triumph Group and HEICO Corp., post ROE in the 15 to 20 percent range. However, Standard & Poor's believes that as more aviation companies, such as Boeing, expand their presence in the MRO business, industry profit margins and ROE could decline to 10 percent.

## **Hospitals**

One of the persistent trends in the hospital industry is the steady decline in the number of hospitals in the United States. According to data published by the American Hospital Association (AHA), the number of U.S. hospitals declined 1.4 percent to 5,810, and the number of licensed beds declined 1.0 percent to 984,000 in 2000. Although the number of hospitals fell, admissions are rising. According to the same AHA survey, admissions rose 2.1 percent to 34.9 million in 2000. These statistics indicate that as the total number of hospitals has declined, capacity utilization — the percentage of occupied beds to total beds — has risen.

While inpatient admissions moderated, the number of patients treated in outpatient settings, whether hospital-based or freestanding outpatient clinics, surgery centers, or physicians' offices, has grown dramatically due to the cost advantages of outpatient treatment. According to the most recent data available from the AHA, industry-wide outpatient visits reached 593 million in 2000, up more than 3.0 percent from 1999.

The growing role of information technology has become part of the marketing strategy utilized by hospitals. In general, hospitals are viewed as being in the early stages of general Internet use, with most of the sites currently providing basic information about a hospital and its services. It is less common for hospitals to utilize the Internet to provide information about disease management or doctor referrals, communicate with patients, or publish an online newsletter. Hospitals have also been increasing their use of information technology for administration and the storage of patient records, including images, such as those from x-rays, ultrasound, computed tomography (CAT), and positron emission tomography (PET). An area of increasing importance is the use of computer systems to make hospitals safer, particularly regarding medication errors.

With the restrictive pricing environment imposed by the realities of managed care organizations, hospitals' cost-cutting measures are expected to focus on reducing staffing

levels and re-engineering to improve worker efficiency. The equipment categories that are likely to suffer the most include automated laboratory testing, cardiac catheterization, computed tomography, critical care, magnetic resonance imaging, nuclear medicine, radiation therapy, ultrasound, and x-rays. There are, however, some areas in which hospitals are expected to invest growing amounts in coming years. These include data processing equipment, telecommunications, energy-saving equipment (such as ventilation systems), and construction of new medical office buildings.

## **Capital Goods**

The capital goods industry has a number of trends and themes: consolidation; customers' ever-growing demands for improved value and service; e-commerce initiatives; and the cyclical nature of the overall capital goods industry.

Consolidation remains a long-term trend in many capital goods sectors. Service companies, such as those in engineering and construction, can expand their geographic range or acquire specialty firms that extend their capabilities. Acquisitions are considered by these companies as a mean to add to a business' portfolio. Through acquisition, the operating subsidiaries may optimize the use of the parent company's capital and to provide the most favorable returns to investors.

To meet customers' demand, capital goods makers have applied sophisticated electronics to mechanical systems in order to enhance productivity, increase precision, facilitate maintenance, and provide operators with more complete information on the equipment's operating status. Reducing the complexity of the capital equipment is another tactic used by manufactures to improve the equipment's quality and reliability, while cutting the cost to buy and operate it.

The Internet is revolutionizing the way many capital goods manufacturers conduct business. The Internet will affect capital goods manufacturers positively or negatively, and to different degrees, based largely on whether a manufacturer produces price-sensitive, commodity-like products, or proprietary, hard-to-duplicate products. Makers of commodity products, such as nuts and bolts for the auto- and aircraft-manufacturing industries, are probably most vulnerable to the profit-squeezing potential of the Internet. While companies that make sophisticated, hard-to-duplicate industrial goods probably will not be affected much by the Internet.

The cyclical pattern for industrial machinery and equipment demand generally follows the strength of the economy. Growth in industrial equipment sales cooled dramatically over the past few years. Based on U.S. Census statistics, non-military, nonaircraft industrial equipment sales grew at only a 0.25 percent annual rate from 1999 through 2001. The slowing global economy, as well as global industrial overcapacity, forced many manufacturing businesses to reduce production rates dramatically.



## **Household Nondurable Goods Manufacturing**

In the currently tough economic environment, household and personal care product companies are facing persistent pressure on revenues and earnings. In seeking to rejuvenate growth, one way to boost overall sales and profits is for a company to acquire faster growing businesses. At the other extreme, value might be better provided to shareholders by selling certain operations - or the entire company. At the same time, companies continue to be attracted to higher-growth opportunities in product lines that are new to them.

The slow growth trend of the U.S. population is likely to cause stagnation in consumer demand in coming years. Along with slow population growth, a long-term trend affecting the U.S. market is the aging of the population. The Baby Boom generation is nearing retirement. This is a time when consumption patterns are likely to shift radically, from a focus on material goods to an emphasis on healthcare, financial, and leisure services. Another consequence is a slowdown in the rate of household formations. This means reduced demand for items needed to set up and maintain a household, such as household cleaning and disposable products.

On the other hand, the aging U.S. population has been a driving force behind manufacturers' creation of new products. For example, many new products are clearly targeted at Baby Boomers. According to marketers, these individuals are keenly sensitive about their looks. Thus, women's eye creams and hair coloring are two categories that have shown strong sales increases over the past several years. Meanwhile, companies are also beginning to cater to the younger population. According to government statistics, the female teen market (aged 12 to 19) in the U.S. is expected to number 15.2 million by 2001, a 6.3 percent increase from 14.3 million in 1995. As dual-income and single-parent families have become more common, household nondurables companies have developed products to address consumers' lack of free time. These include "multipurpose" cleaning products that can be used for a variety of cleaning jobs, from cutting grease to cleaning glass, and detergents that contain bleach (or bleach substitutes) as well as softeners.

As product lines mature, companies often reinvent an older product by enhancing it. The result is generally an improved product for which the company can charge a higher price, thereby increasing margins. While this practice is not new, it appears that companies are using it more frequently as a way of driving profitability in markets where it is difficult to develop new product categories. A healthy domestic economy with low unemployment levels, coupled with Baby Boomers who want to take good care of themselves, has helped to create a market for higher-end household and personal care products.

Over the past several years, private-label goods - products sold under specific retailers' brand names - have constituted a growing threat to U.S. makers of brand-name household and personal products. Consumers have become more accepting of these items as their quality and packaging have improved. Price has provided an even more compelling motivation; private-label goods typically cost consumers 30 percent to 40 percent less than their branded counterparts. Although shoppers are less willing to entrust certain

personal care products, such as skin care and feminine hygiene needs, to store brands, they are more willing to experiment with paper products and cleaning supplies. Markets in which private-label products enjoy a share greater than 10 percent include disposable diapers, fabric softener sheets, garden and trash bags, liquid bleach, moist towelettes, mouthwash, plastic wrap, food storage bags, sanitary pads, and toilet tissue.

Faced with uninspiring growth prospects and ever-increasing competition domestically, the major U.S. household and personal care companies have aggressively built operations in faster-growing markets overseas. Developing nations in Latin America and Southeast Asia have become primary avenue of growth for household nondurables companies. Youthful populations, growing labor forces, rising purchasing power, and rapid urbanization are among factors that will contribute to an explosion in demand for consumer nondurables in these countries. There are both negative and positive sides to expansions to the developing nations. On the negative side, the distribution can be substantially more difficult, as roads are often in disrepair or even nonexistent. On the plus side, advertising and promotional costs are likely to be lower than in industrialized nations because there is less competition. In addition, manufacturing costs can be kept under control by using local labor, which is typically less expensive.

## **Furniture**

Two reasons for optimism in the appliances and furniture industries are the current U.S. demographics and housing trends. The main population group targeted by the industry is 35-to-64 year-olds, which is the fastest-growing segment in the United States. This group comprises individuals who have reached their peak spending years and who are likely to trade up in the housing market and to replace earlier purchases of major durables, such as furniture and appliances. As consumers enter their prime income-earning years (between 35 and 55 years of age), they are more likely to replace old, inexpensive furniture with new, higher-quality brands and to renovate their kitchens with state-of-the-art appliances. The most popular remodeling projects are those with the biggest payoffs in terms of home values. Topping the list are minor kitchen improvements, followed by major kitchen improvements (both of which foster demand for new appliances) and the addition of a master suite (which spurs demand for bedding and other furnishings).

In the meantime, houses in U.S. are getting larger. More total floor space and a greater number of rooms per house translate into more furniture and appliance sales. In 2000, new homes averaged 2,273 square feet, versus 1,645 square feet in 1975, according to the Census Bureau. Home ownership is also growing. According to the U.S. Census Bureau, the percentage of householders owning houses rose to 68 percent during the fourth quarter of 2001, up from 67.4 percent for all of 2000 and 63.8 percent in 1988. This bodes well for furniture manufacturers, as homeowners generally buy more furniture and spend more dollars per item than do renters.

Demographics also suggest that the housing market for consumers who can afford new homes is fairly saturated. Standard & Poor's forecasts that housing starts will rise only about one percent from 1.61 million (revised) in 2000 to 1.63 million units in 2005. This

suggests that during the next five years, furniture and appliance manufacturers will depend more on replacement demand, including remodeling purchases, than in the prior decade. In that environment, companies will need innovative, stylish, and attractively priced products to stimulate sales.

On the distribution side, strategies and channels for both furniture and appliance sales are changing. The number of single-vendor furniture stores - retail outlets that sell just one brand of furniture - has been rising in recent years. The single-vendor retail stores benefit both manufacturers and retailers. For manufacturers, the benefits include attracting a dedicated customer and enjoying more floor space and a higher brand profile than in a multivendor format. By building a network of retail locations, manufacturers create a customer base for their products and enhance their brands. For retailers, the benefits include exclusive distribution territories, the efficiency of working closely with just one vendor, and brand-name recognition. While single-vendor stores may be smaller than multivendor units, their sites are usually highly trafficked by consumers. The single-vendor stores are usually highly trafficked by consumers, typically resulting in higher sales and profits per square foot than in traditional stores.

A continuing challenge for U.S. manufacturers is to compete for domestic market share with the ever-growing number of foreign producers. Although it is beneficial to U.S. consumers in the form of lower furniture prices, the outsourcing trend means a continued reduction in domestic manufacturing and manufacturing jobs.

Source: Standard and Poor's NetAdvantage.

<http://0-www.netadvantage.standardpoor.com.library.uark.edu/>