

METROTRENDS

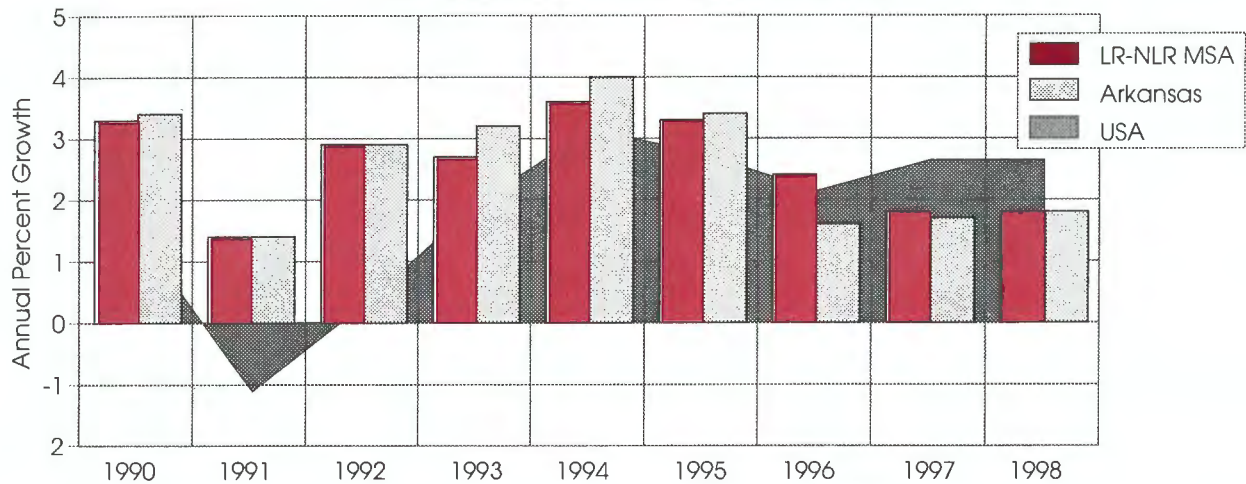
A DEVELOPMENT INFORMATION SERVICE OF METROPLAN

1999 Economic Review and Outlook

Employment grew slowly through the year 1998 for the Little Rock-North Little Rock Metropolitan Statistical Area (MSA). Total nonfarm payroll jobs rose by about 1.8 percent over 1997, to a total of 308,700. This growth rate was about equal to regional job growth from 1996 to 1997. As Chart A shows, US employment grew at about 2.6 percent during 1998.

Chart A

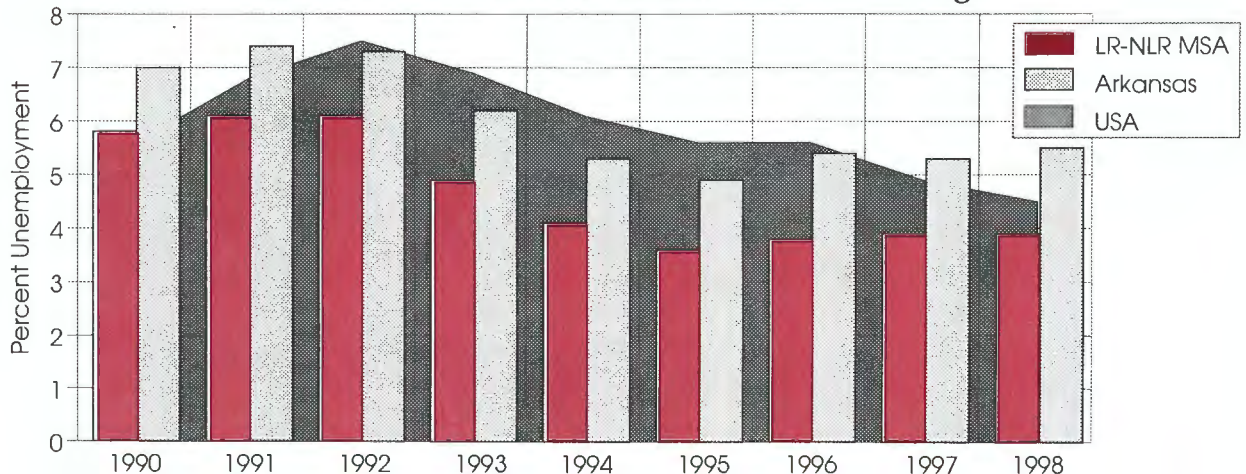
1990-1998 Job Growth
LR-NLR MSA Versus State and US



Why has regional employment growth dropped below the national average? The primary constraint appears to be labor shortage - population growth has not been fast enough to keep up with the economy's demand for workers. Two trends illustrate the tendency toward labor shortage - low unemployment and rising per capita income levels. Chart B, below, shows comparative unemployment rates for the Little Rock-North Little Rock MSA, the state of Arkansas and the USA. As the figures show, unemployment in the central Arkansas region has been below the national and state averages throughout the 1990's.

Chart B

1990-1998 Unemployment
LR-NLR MSA Versus State and National Averages



Source: Bureau of Labor Statistics and Arkansas Employment Security Department

Table 1
Local Socio-Economic Statistics
Little Rock - North Little Rock MSA

1998	LR-NLR MSA	Faulkner County	Lonoke County	Pulaski County	Saline County
Average Resident Employment	284,325	38,875	23,900	182,825	38,725
% Unemployment	3.9	4.8	3.5	4.0	3.2
Manufacturing	33,900	N/A	N/A	N/A	N/A
New Industries	5	2	0	3	0
Expanding Industries	18	2	3	13	0
Assessed Valuations (\$)	5,002,585,602	552,385,016	340,127,754	3,470,850,134	639,222,698
Real Estate (\$)	3,523,707,532	374,304,079	236,690,990	2,438,789,096	473,923,367
Personal Property (\$)	1,227,491,392	154,936,835	79,549,075	850,360,815	142,644,667
Corporate (\$)	251,386,678	23,144,102	23,887,689	181,700,223	22,654,664
Bank Deposits (\$)	6,035,976,000	463,732,000	288,699,000	4,867,035,000	416,510,000
Bank Assets (4)	6,615,768,000	518,518,000	341,570,000	5,300,495,000	455,185,000

Sources: Arkansas Employment Security Department, Arkansas Department of Economic Development, Arkansas Assessment Coordination Division, and Greater Little Rock Chamber of Commerce.

Note: Owing to confidentiality concerns, the Arkansas Department of Economic Development is no longer releasing data on new jobs or expanding industries.

Table 2
Comparative Resident Employment Data
for Little Rock-North Little Rock MSA 1990-1999

Year	LR-NLR MSA		Arkansas		United States	
	Total Employment	Unemployment Percent	Total Employment	Unemployment Percent	Total Employment	Unemployment Percent
1990	255,525	5.8	1,126,100	7.0	118,793,000	5.6
1991	252,275	6.1	1,116,000	7.4	117,718,000	6.8
1992	261,675	6.1	1,153,900	7.3	118,492,000	7.5
1993	265,900	4.9	1,165,500	6.2	120,259,000	6.9
1994	277,600	4.1	1,207,500	5.3	123,060,000	6.1
1995	282,800	3.6	1,160,400	4.9	124,900,000	5.6
1996	285,800	3.8	1,164,100	5.4	126,708,000	5.6
1997	283,625	3.9	1,149,800	5.3	129,558,000	4.9
1998	284,325	3.9	1,148,400	5.5	131,463,000	4.5
June 1999	300,375	3.3	1,217,700	4.7	134,394,000	4.5

Source: Arkansas Employment Security Department, US data from US Bureau of Labor Statistics

Table 3
New and Expanding Industries 1998

Company	City	N or E*	Category
Smith Farms	Austin	E	Nondurable Manufacturing
Quality Foods	Little Rock	E	
Best Foods	Little Rock	E	
Diamond Millwork	Conway	N	
Conestoga Wood Specialities	Jacksonville	E	
Blansett Pharmaceutical	North Little Rock	E	
Ammonia Hold	Lonoke	E	
Kimberly Clark	Maumelle	E	
Vinyl Building Products	Little Rock	E	Durable Manufacturing
George Fischer Sloane	Little Rock	E	
Multiplas Containers	Little Rock	N	
Structural Precast Products	Conway	E	
Nabco Mechanical and Electrical	Conway	N	
Remington Arms	Lonoke	E	
Aeromotor Pumps	Conway	E	
Dassault Falcon Jet	Little Rock	E	
Windmere Durable Holdings	Little Rock	N	Wholesale Trade
Image Checks	Little Rock	E	
ESI Group	Little Rock	E	Business Services
Acxiom	Little Rock	N	
EDS	Little Rock	E	
NuVell Financial Services	Little Rock	E	Services
Alltel	Little Rock	E	

*New or Expanding

Source: Arkansas Department of Economic Development.

Note: Owing to confidentiality concerns, the Arkansas Department of Economic Development is no longer releasing data on new jobs for new or expanding industries.

Table 4
Public School Enrollment
Little Rock - North Little Rock MSA

County	1990 - 1991 School Year	1998-1999 School Year	Percent Change
Faulkner	10,551	14,034	33.0
Lonoke	8,581	10,531	22.7
Pulaski	55,579	53,561	-3.6
Saline	10,769	12,051	11.9
MSA Total	85,480	90,177	5.5

Source: Arkansas Department of Education.

Income Trends

The following remarks are made in regard to per capita income expressed as a percent of the US average shown in Table 5. Pulaski County is the only county in Arkansas whose per capita income is higher than the national average, a goal achieved in 1992. For 1997, Pulaski County per capita income stood at \$25,889 versus \$25,288 for the US. Income growths in the other three metro counties reflect different trends. As a percent of the US average, per capita incomes in Saline and Faulkner Counties have experienced role reversals. Saline County's income was 83.9% of the US average in 1980, versus 77.5% for Faulkner County. By 1997, Saline County's income had dropped to 76.8% of the US average contrasted with an increase for Faulkner County to 82.3%. The drop for Saline County is likely attributable to the loss during the 1980s of high wages associated with the aluminum industry. During the same period, income as a percent of the US average in Lonoke County experienced a slight decline as well.

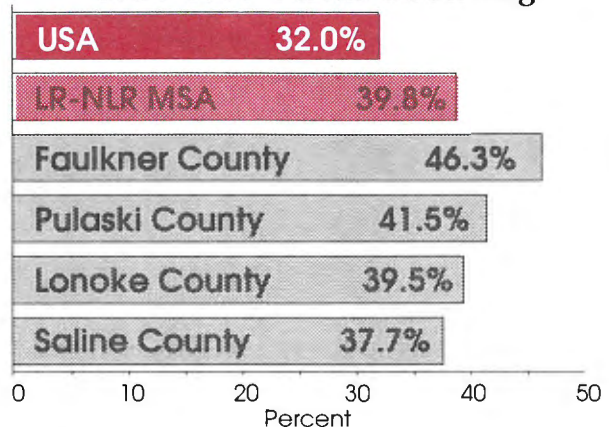
Table 5
**Little Rock-North Little Rock MSA
 Per Capita Income Trends 1980-1997**

	MSA Average	Faulkner County	Lonoke County	Pulaski County	Saline County	USA	Arkansas
1980	\$9,211	\$7,795	\$7,905	\$9,656	\$8,444	\$10,062	\$7,476
<i>% of US</i>	91.5	77.5	78.6	96.0	83.9	100.0	74.3
1985	\$13,173	\$11,465	\$11,261	\$13,944	\$11,219	\$14,410	\$10,919
<i>% of US</i>	91.4	79.6	78.1	96.8	77.9	100.0	75.8
1990	\$16,956	\$14,218	\$13,864	\$18,302	\$14,107	\$19,156	\$14,025
<i>% of US</i>	88.5	74.2	72.4	95.5	73.6	100.0	73.2
1995	\$21,629	\$18,192	\$17,970	\$23,703	\$17,348	\$23,059	\$17,934
<i>% of US</i>	93.8	78.9	77.9	102.8	75.2	100.0	77.8
1997	\$23,707	\$20,803	\$19,336	\$25,889	\$19,429	\$25,288	\$19,595
<i>% of US</i>	93.7	82.3	76.5	102.4	76.8	100.0	77.5

Source: Regional Economic Information System (REIS) 1969-1997, US Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis. Percentage calculations by Metroplan.

Since 1990, MSA incomes have grown at a faster rate than the national average. Chart C (at right), shows per capita income growth in the Little Rock-North Little Rock MSA in comparison with the US average during the period of 1990-1997. While US per capita incomes grew by a healthy 32 percent during this prosperous time, per capita income in the LR-NLR MSA grew at an even faster rate of nearly 42 percent. All of the region's four counties have benefited from this trend, particularly Faulkner and Pulaski Counties.

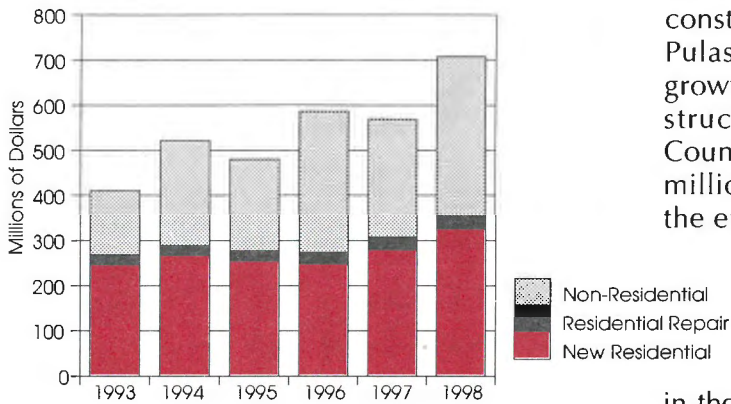
Chart C
**Local Per Capita Income Growth
 1990-1997 Versus US Average**



Record Heights for Construction in 1998

Construction dollar value hit a record high of \$707.8 million in 1998, surpassing the old 1996 record by a whopping 20.6 percent. New residential construction hit a new record high of \$323.9 million, reflecting a large number of both single-family and multi-family units. This strength in residential housing was probably driven by a combination of low interest rates and local personal income growth, as well as a sizable investment in a number of large apartment complexes. Nonresidential construction also hit a record high at \$352.7 million, representing a diverse combination of publicly and privately-funded projects including office towers, churches, museums, retail stores and restaurants, to name a few.

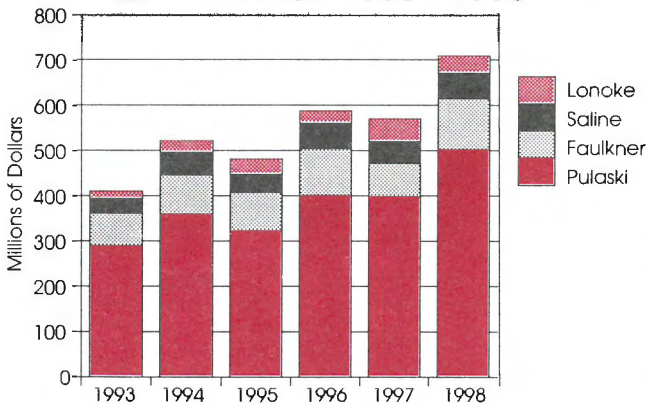
Chart D
Building Permit Value Trends
LR-NLR MSA 1993 - 1998



The fastest overall growth rate was in Faulkner County, following a moderate dip in new construction during 1997. Faulkner County saw total construction value climb by 53.0 percent in 1998. Pulaski County had the second fastest increase in growth, registering a 25.9 percent gain in construction value from 1997 to 1998. Pulaski County's 1998 construction value exceeded \$500 million, higher than total construction values for the entire MSA as recently as 1995.

Saline County construction value climbed by 8.5 percent in 1998. Access improvement underway along the I-30 corridor may further boost Saline County's commercial growth in the near future. Lonoke County saw construction value decline by 24.7 percent over the previous year. The northwestern Lonoke County area is successfully resolving water and other infrastructure issues, making a resurgence of growth there likely in coming years.

Chart E
Total Building Permit Values by County
LR - NLR MSA 1993 - 1998



The chart below depicts the average cost of new single-family housing units by city within the LR-NLR MSA, based on building permits. The mean value of new single-family housing permits was the highest ever recorded in the MSA at \$132,812. New homes in North Little Rock saw the biggest jump, from an average cost of \$108,219 in 1997 to \$162,120 in 1998, an increase of nearly 50 percent. Home values also increased significantly for Bryant (8.8 percent) and Benton (6.6 percent) compared with 1998.

Chart F
1998 Average Single-Family Building Permit Value by City

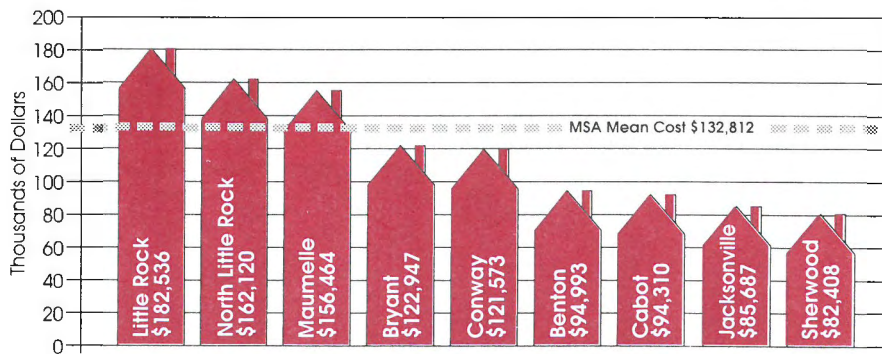


Table 6
1998 Building Permit Values
(\$ Millions of Dollars)

1998	All Permits	New Residential	Residential Repair and Additions	Non-Residential New and Repairs
Faulkner County	111.9	68.2	2.4	41.2
Conway	111.9	68.2	2.4	41.2
Lonoke County	37.7	26.2	1.0	10.5
Cabot	37.7	26.2	1.0	10.5
Pulaski County	502.0	196.2	25.2	280.5
Little Rock	291.1	117.2	20.5	153.4
North Little Rock	110.3	13.8	1.8	94.7
Jacksonville	11.0	7.4	0.6	3.0
Sherwood	26.0	16.7	1.7	7.6
Maumelle	63.5	41.2	0.6	21.8
Saline County	56.3	33.2	2.6	20.5
Benton	26.5	14.3	1.2	11.0
Bryant	28.8	18.9	1.4	8.4
MSA Total	707.8	323.9	31.2	352.7

Table 7
1993-1997 Building Permit Values
County and MSA Totals (\$ Millions of Dollars)

	All Permits	New Residential	Residential Repair and Additions	Non-Residential New and Repairs
Faulkner County				
1993	71.7	50.5	1.1	20.1
1994	86.1	61.0	1.6	23.5
1995	84.1	47.9	1.9	34.3
1996	102.3	49.4	1.8	51.1
1997	73.1	48.9	1.4	22.7
Lonoke County				
1993	16.4	12.7	0.2	3.4
1994	25.1	18.3	0.4	6.4
1995	33.6	23.2	0.9	9.5
1996	26.8	21.0	1.0	4.7
1997	50.1	24.6	0.7	24.8
Pulaski County				
1993	289.5	157.5	21.4	110.7
1994	359.4	156.5	20.2	182.6
1995	322.7	154.8	20.5	147.4
1996	400.9	133.8	23.2	243.9
1997	399.3	173.8	27.4	198.2
Saline County				
1993	32.3	23.8	1.3	7.3
1994	50.6	30.0	1.1	19.5
1995	40.6	26.7	1.7	12.2
1996	56.9	42.2	1.2	13.5
1997	47.8	30.2	1.3	16.4
MSA Total				
1993	409.9	244.5	24.0	141.5
1994	521.2	265.8	23.3	232.1
1995	481.0	252.6	25.1	203.3
1996	586.9	246.4	27.2	313.2
1997	570.4	277.5	30.9	262.1

Housing Construction Remains Strong in Early 1999

Overall, housing construction slowed during the first half of 1999 in comparison with the first half of 1998. The total number of single-family units permitted rose slightly to 1,137 units. This figure was higher than the 1,063 units permitted in the first half of 1998 and second only to the 1994 total of 1,241 units. The biggest gains were in Little Rock and Conway, while all other cities except Benton posted some increase over the first half of 1998.

Multi-family housing construction slowed substantially, suggesting that the multi-family construction boom is tapering off. Almost 4,800 multi-family units were added to the apartment market of central Arkansas between January 1995 and June 1999.

Table 8
Single-Family Housing Unit Permits
First Half of Year 1990-1999

Single-Family	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Little Rock	226	226	288	382	368	261	263	230	265	287
North Little Rock	30	28	46	59	59	47	50	37	33	43
Jacksonville	20	11	27	37	45	27	43	39	38	37
Sherwood	61	40	26	43	40	49	46	46	67	71
Maumelle	35	26	31	36	79	68	112	147	145	157
Cabot	62	71	92	99	166	183	155	93	139	140
Benton	34	62	69	77	107	73	73	57	84	76
Bryant	61	57	40	36	58	71	84	63	74	86
Conway	131	181	199	249	319	225	218	167	218	240
MSA Total (SF)	660	702	818	1,018	1,241	1,004	1,044	879	1,063	1,137

Table 9
Multi-Family Housing Unit Permits
First Half of Year 1990-1999

Multi-Family	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Little Rock	25	10	0	3	14	249	7	230	634	242
North Little Rock	0	0	0	0	0	0	0	2	0	0
Jacksonville	0	6	0	2	10	1	0	7	1	58
Sherwood	20	0	0	11	6	274	19	0	226	0
Maumelle	0	0	0	14						
Cabot	N/A	0	N/A	0	0	19	9	0	0	20
Benton	0	0	16	24	10	0	276	0	0	5
Bryant	40	0	0	0	4	10	0	2	0	4
Conway	39	149	40	46	148	51	194	184	236	67
MSA Total (MF)	124	165	56	100	198	598	501	425	1,097	396
MSA Total	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
(All Housing Units)	784	867	874	1,118	1,439	1,602	1,545	1,304	2,160	1,533
Percent SF	84.2	81.0	93.6	91.1	86.2	62.7	67.6	67.4	49.2	74.2
Percent MF	15.8	19.0	6.4	8.9	13.8	37.3	32.4	32.6	50.8	25.8

Note: Cabot figures for 1990, 1991 and 1992 extrapolated from annual totals.

Economic Outlook

Economic growth will slow moderately in the Little Rock-North Little Rock MSA following a major surge during 1998. Single-family housing construction, which ran fast in early 1999, will slow owing to recent federal interest hikes. The multi-family housing boom of 1995-1998 will taper. New multi-family construction will move from western Little Rock to targets of opportunity across the region. These may include southwest Little Rock west of I-430, downtown Little Rock and North Little Rock and areas in North Little Rock, Sherwood and Jacksonville. Apartment construction in the region's outlying counties may also continue in Conway and possibly Benton.

Commercial construction will slow as several major publicly-funded projects reach completion. Downtown commercial growth may spread north of the river after the Alltel Arena opens in North Little Rock during October 1999. Other firms may follow Acxiom's lead in office construction near the River Market. Further commercial growth is also likely along and near Chenal Parkway in western Little Rock.

The Conway area seems primed for a new growth spurt following a moderate slowdown. Commercial growth is likely to follow the developing State Highway 60 corridor in southern Conway. Improvements along this route may enable it to handle larger traffic flows than many corridors elsewhere in the Little Rock-North Little Rock MSA.

A shortage of skilled workers trained for information-sector and high technology jobs will be the primary constraint to growth across the region. UALR's new College of Systems Engineering and Information Science will be turning out its first graduates in a few years, while improving educational programs at Pulaski Tech and other regional schools may also help fill the gap. For the present, however, the shortage of skilled workers will act as a brake on the region's otherwise promising growth potential. Residential quality-of-life issues will become increasingly important as cities strive to attract and retain the highly educated, highly skilled workers needed for economic growth.

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