

# METRO TRENDS

July 2021

## Economic Review and Outlook

THE  
POST(?)-PANDEMIC  
ECONOMY

- Climbing Out at Last
- Interesting Times in Fintech
- Venture Center Goes Virtual—And Global
- Bond.AI Pairs Empathy with Fintech Promise
- While You Were Away
- Housing Construction Trends 2020
- Construction Value 2020
- Economic Outlook 2021–2022
- Statistical Supplement

Inside front cover: why Metroplan flipped its schedule, providing the economic newsletter first this year.



METROPLAN  
SMART PLANNING MAKES SMART PLACES.



### On the cover

This pocket park was a muddy space between buildings until the Downtown Little Rock Partnership transformed it into a gathering place, aided by a generous donation from Ben E. Keith Foods. The cover photo shows a “pop up concert” held on June 10<sup>th</sup>, 2021. There was live music and kettle corn, along with beer from local craft brewery Stone’s Throw.

Cover photo credit: Downtown Little Rock Partnership



### Census Switch

In the spring/summer Metroplan normally releases its *Demographic Review and Outlook*, which emphasizes demographic and housing trends. Then in the fall/winter it publishes the *Economic Review and Outlook*, emphasizing economic trends.

Metroplan has switched around its publishing schedule to adapt to the scheduled release of Census 2020, which will occur on or about August 15, 2021. We are publishing the economic edition—this newsletter—first, to be followed by a demographic edition in the fall/winter of 2021–2022 featuring and analyzing Census 2020 for the local region. Metroplan will also update its web site with new census data shortly after it becomes available at [metroplan.org](https://metroplan.org).

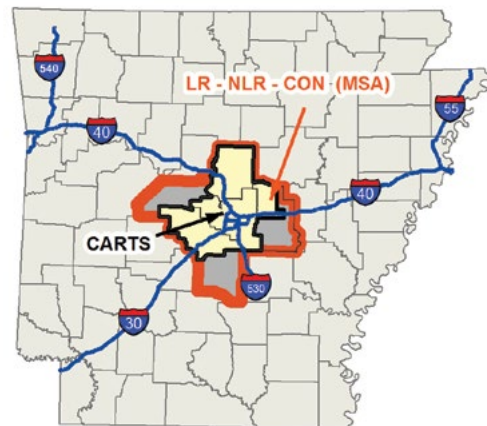
## About Metroplan

Metroplan is a voluntary association of local governments that has operated by interlocal agreement since 1955. Originally formed as the Metropolitan Area Planning Commission of Pulaski County, Metroplan now has members in five counties of the six-county metro area. Metroplan is the designated metropolitan planning organization (MPO) under Title 23 of the United States Code.

Metroplan serves as the regional voice on issues affecting Central Arkansas, develops transportation plans required by federal law, convenes stakeholders to deal with common issues, and provides information and staff resources to our member local governments, the business community and the public. As part of that mission, Metroplan publishes *Metrotrends* twice yearly. The spring/summer edition is the *Demographic Review and Outlook*; the fall/winter edition is the *Economic Review and Outlook*.

## About CARTS

The Central Arkansas Regional Transportation Study, or CARTS, is the cooperative effort by the participating communities, transportation providers and many other interested parties to develop a long-range transportation plan for the metropolitan area.



Metroplan's *Economic Review and Outlook* is an annual chronicle providing economic data and insight for the Little Rock-North Little Rock-Conway MSA.

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Lynn Bell, graphics, layout, editing, and illustrations

Photographs by Lynn Bell, Jonathan Lupton, and Bernadette Rhodes except where noted.

### Acknowledgments

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This notice is available upon request from the Title VI/ADA/504 Coordinator in large print, audiotape or braille.

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# CLIMBING OUT AT LAST

The country and the Little Rock region are struggling to emerge from the Covid-19 pandemic. Some aspects of economic life are returning to normal, while others have shifted permanently. It is too early to measure the lasting change, but there are hints.



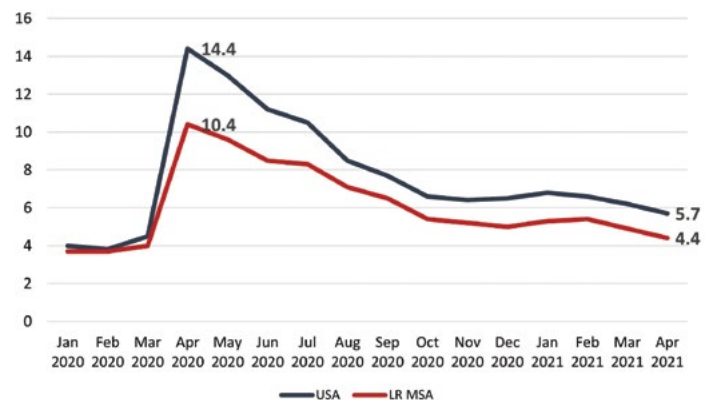
Some retail stores are prospering amid a continuing shakeout.

Unemployment, which briefly hit 10.4 percent locally in April 2020, is now down to 4.4 percent in April 2021. These rates run lower than the U.S. peak of 14.4 percent in April 2020 and 5.7 percent in April 2021. Despite the rapid improvement these figures do not tell the whole story.

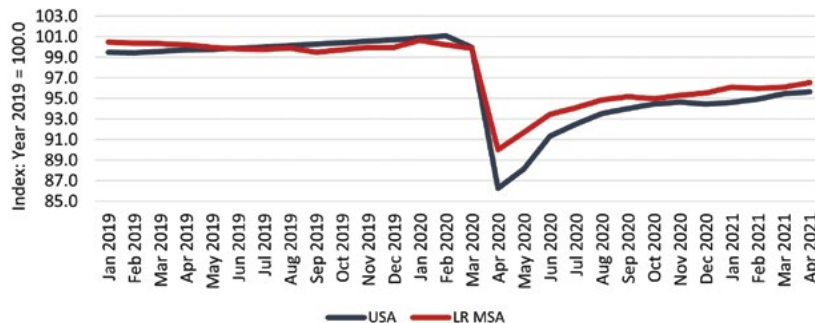
Jobs have climbed back from the lockdown period of April–May 2020.

Yet, as the figures show, things are not yet back to normal for the nation or region. There was a quick bounce-back during summer and fall of 2020, but growth since then has been slower. In February 2021, the region recorded 348,800 jobs, or about 17,200 fewer than in February 2020, just before Covid-19 began impacting the economy. Total jobs were thus about 4.9 percent lower than the previous year, despite several months of recovery. That said, the region appears to have regained jobs at a slightly faster pace than the U.S. average.

## Monthly Unemployment Rate January

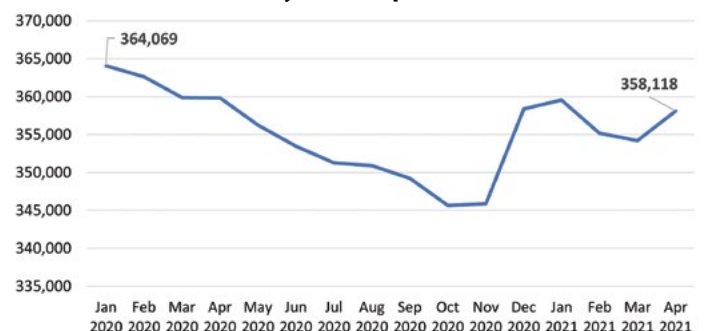


## U.S. and Little Rock MSA Job Trend 2019–2021



The labor force—the cadre of people working or wanting to work—declined during the pandemic and has yet to fully recover. From a bottom-out of 346,000 in late fall 2020, the local labor force had climbed to about 358,000 by April 2021. This remains about 6,000 lower than it was pre-pandemic, in January 2020.

## Little Rock MSA Labor Force Trend January 2020–April 2021

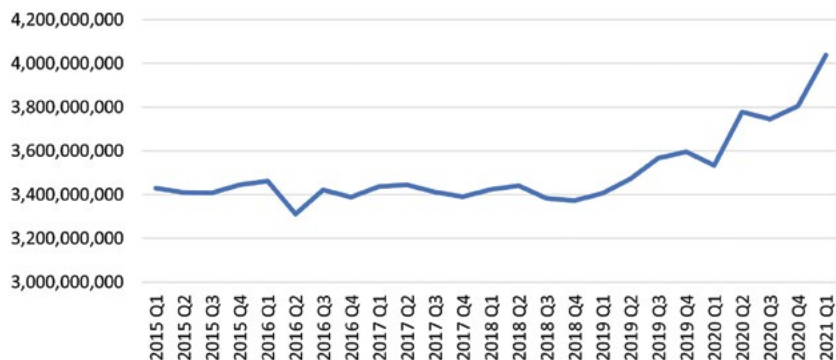


Like many restaurants, ZaZa's in Little Rock is busy again.

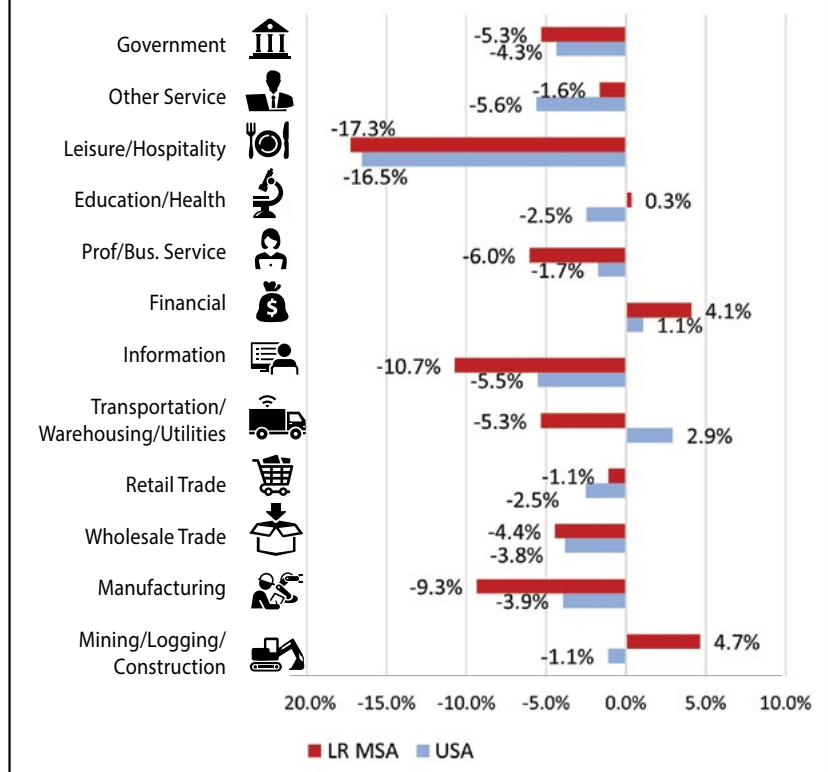
Some retail sectors—like restaurants—were hit hard by the pandemic, yet regional retail sales in early 2021 topped \$4 billion, well above the \$3.4 billion average during the 2015–2019 period. Local sales showed some evidence of ticking up before Covid-19 hit, possibly due to a change in state tax law that boosted revenues from online sales. Sales sagged in the second quarter of 2020 amid lockdown conditions but have surged since then, and local activity has surged well ahead of the U.S. average. Rapid sales growth was boosted by federal fiscal stimulus during 2020 and early 2021. As federal largesse winds down in coming months, retailing will probably down-shift at least a bit. It will be a local sector to watch.

The Covid-19 crisis hit local industries unevenly. The chart at right compares jobs by industry from March of 2019, a year before the pandemic hit, with March 2021. Notice that, while most sectors lost jobs, i.e. with bars to the left in the chart, the Central Arkansas region saw more job gains (shifts to the right) than the U.S. average. Among the industries that suffered losses, leisure/hospitality sector took the worst hit, losing 17 percent of its jobs. The region took above-average losses in manufacturing, professional/business services and information, as well as transportation and utilities. The nine percent loss in local manufacturing reflects this sector's volatility. Looking forward, strong demand and price growth in lumber and wood products may give a boost in a sector where

**Little Rock MSA Quarterly Retail Sales 2015–2021**  
(Inflation-adjusted)



**Percent Change in Jobs by Industry**  
March 2019–March 2021



Amazon's new \$105 million warehouse in North Little Rock is nearing completion.



the timber-rich Central Arkansas region holds a competitive advantage.

The region grew jobs in the mining/construction sectors. Construction is being boosted by the I-30 freeway widening project and fabrication of two large new Amazon facilities in Little Rock and North Little Rock. Robust construction activity signals investment in the region's future.

The most interesting trend shift may be in the financial activities sector. Financial jobs grew about 1.1 percent nationally during the pandemic, while the Little Rock region saw a 4.1 percent jump. This could be a blip, but Little Rock is a financial technology center and fintech is undergoing a

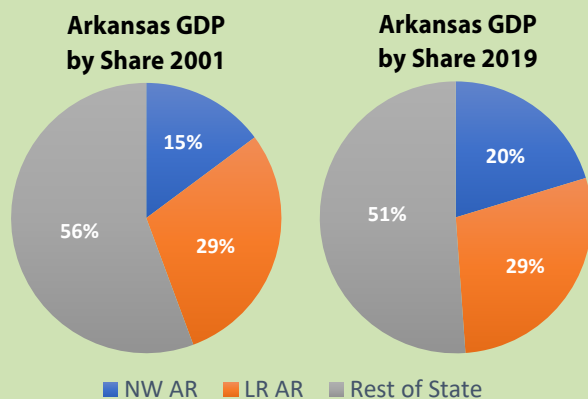


Little Rock's first Costco began construction in October 2020.

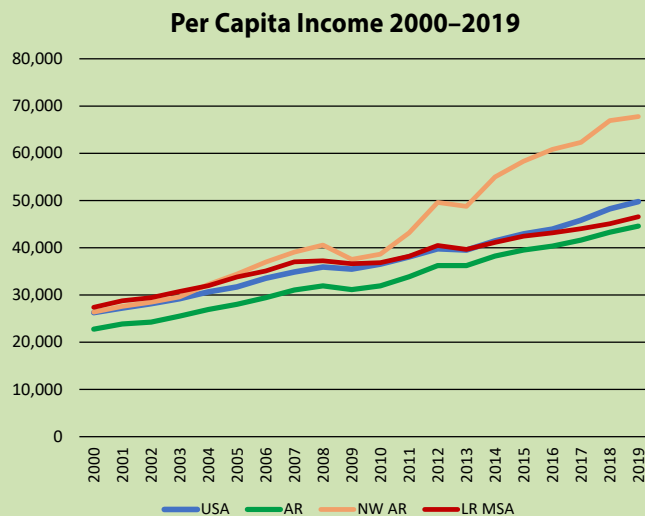
worldwide boom. This promising trend will be examined in following articles. **M**

## Shifting Trends in Income and GDP

As recently as 2013, the Little Rock MSA boasted a slightly higher per capita income than the U.S. average. As previous editions of this newsletter have pointed out, however, the Little Rock region saw slow growth during the recovery period following the Great Recession of 2008–2010, and this included a slowdown in income growth. The Northwest Arkansas region, meanwhile, began climbing above the U.S. average after about 2002.<sup>1</sup> By 2019, per capita income there had hit \$67,771. This was 36 percent higher than the U.S. average of \$49,763, and 45 percent higher than the Little Rock region at \$46,560.



The rise of Northwest Arkansas in recent years represents a major shift in the state's economy. From 15 percent of state GDP in 2000, the northwest region accounted for 20 percent—one fifth—by 2019. While it grew steadily, the Little Rock region declined marginally as a share of the state's economy, from about 29.5 percent in 2000 to 28.5 percent in 2019. Together the state's two largest metropolitan regions now account for just under 49 percent of total economic output in Arkansas.



Source: U.S. Bureau of Economic Analysis. Figures in current / nominal dollars.

<sup>1</sup>The Northwest Arkansas region is, officially, designated by the Federal government as the Fayetteville-Springdale-Rogers MSA.

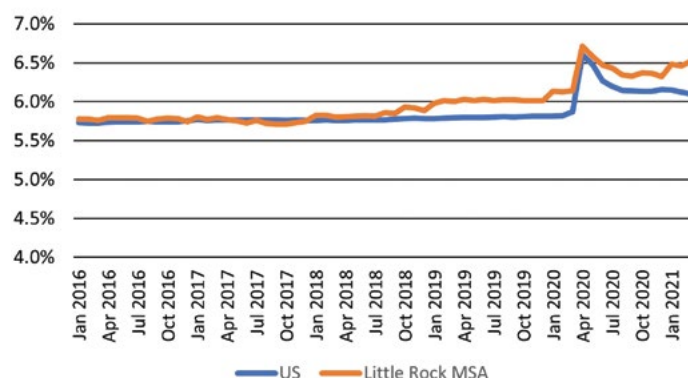
# INTERESTING TIMES IN FINTECH

In a world of relentless, even numbing technological change, banking has remained staid and predictable. While it has gone digital, the fundamentals remained largely the same. Enter the Covid-19 pandemic, when it became difficult, even impossible, to visit your bank. Paycheck distribution, already moving online, went more completely electronic. Major pandemic-related financial challenges were met by staff working remotely. Banks became heavily involved in PPP—the Federal Paycheck Protection Program—extending credit to businesses and employees.

Banking went from lobby to laptop in crisis times and remained viable when other economic sectors were plummeting. Banks shifted workers from the front lines to call centers and data processing, while total banking jobs went up. In case you did not yet know it, Little Rock plays a role in international banking, especially financial technology—fintech. This helps explain why, even as the job

market took a wrenching downward turn, jobs in the Central Arkansas banking sector grew by 4.4 percent from March of 2020 to March of 2021, substantially exceeding U.S. banking job growth. Anecdotal evidence is strong that investors see opportunities in Little Rock's fintech sector.

**Financial Activity Jobs as Share of Total Jobs 2005–2021**



Source: U.S. Bureau of Labor Statistics, data analysis by Metroplan.



Now based in Little Rock, Simmons Bank announced six acquisitions in May and June 2021.

Banking is changing, too. Artificial Intelligence (AI) is playing a bigger role, and digital currencies are challenging the primacy of traditional regulated, Treasury-backed “legal tender” money. Investment trends are shifting, with greater emphasis on behavioral financial traits and less on traditional collateral. With cyber-attacks making international headlines, the need to protect financial assets and processes has soared. It is for these reasons this newsletter looks inside the dynamic world of fintech in Central Arkansas. **M**

**Finance Sector Jobs 2019 Q4 to 2021 Q1**



Source: U.S. Bureau of Labor Statistics, index by Metroplan.



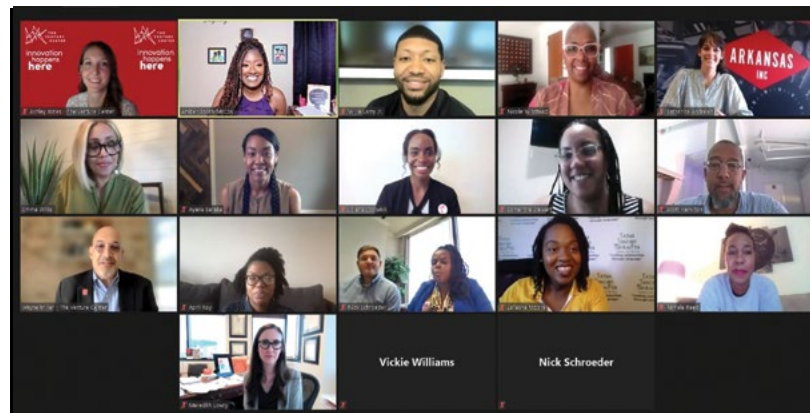
# THE VENTURE CENTER GOES VIRTUAL—AND GLOBAL

Little Rock-based The Venture Center was planning to host a critical fintech accelerator Demo Day with 350 people in downtown Little Rock on March 13, 2020, the fateful day when everything was shutting down as Covid-19 descended. The meeting was held on Zoom instead. The pandemic kept stretching out, for months, and then into the new year 2021. Working from home, and Zoom meetings, became the new normal. It was stressful at times, but The Venture Center team turned obstacles into opportunities.

The Venture Center had already used Zoom technology for meetings, but the pandemic forced operations online by default. Strangely, this pandemic widened the horizons. Instead of relocating to Little Rock for a twelve-week accelerator program, entrepreneurs attended from across the country and even international locations. With Zoom's greater flexibility, participants could bring in additional personnel from their institutions, like security staff, loan officers and other people with vital roles to play in each organization. This deepened the experience and helped nurture an internal culture of innovation.

The Venture Center plans to conduct future accelerators via a hybrid business model, modified in light of 2020 pandemic experience. Selected fintech companies will send visitors to Little Rock for short stints during the accelerator programs, but much of the process may be done remotely.

The Venture Center employees will be doing more work from home in the future, but exactly how much remains unsure.



The Venture Center's Pitch N' Pint in June 2021 was a virtual event to provide networking and support for aspiring entrepreneurs.

“The pandemic doubled everything we did,” Executive Director Wayne Miller explains, increasing the quantity of its accelerator work, as well its free educational programming for local entrepreneurs. The pandemic was also fatiguing, and Miller wants to emphasize the importance of critical human issues in entrepreneurship, like work-life balance and mental health. The Venture Center will, of course, retain its core focus of education, collaboration, and acceleration to support economic growth. As Miller likes to say, trusting and transparent interpersonal relationships are The Venture Center’s “secret sauce.” “Tell one lie and you’re a liar,” Miller likes to add. There are no shortcuts to building a healthy and open business environment. Thanks to remote-work technologies, the Venture Center’s capacity to expand and deepen critical relationships—locally and globally—has grown exponentially. **M**

## How The Venture Center Accelerates Promising Businesses

While it is housed in Little Rock’s downtown Tech Park, The Venture Center is a private non-profit organization with a stated mission to inspire social and economic change in Arkansas and around the world. The Venture Center focuses on education, collaboration, and acceleration within the startup ecosystem. To fuel innovation, The Venture Center partners with entrepreneurs, corporations,



The Venture Center bridges the gap between entrepreneurs and venture capitalists. Photo credit: The Venture Center.

universities, government agencies, non-profits, venture funds, program alumni, and other organizations in the community. It currently runs two business accelerator operations per year: an accelerator with the FIS company (six years running), and one with the ICBA (Independent Community Bankers of America) for three years so far. The fintech accelerators bring entrepreneurs and venture capital leaders together as they reinvent financial services technology.

# BOND.AI PAIRS EMPATHY WITH FINTECH PROMISE

Bond.AI is one of The Venture Center's most successful startups. Its founder, Uday Akkaraju, works in Artificial Intelligence (AI) to develop an empathy connection between banks, businesses, and their customers. Uday knows that, after decades of stodgy predictability, banking is changing. Bond.AI is exploring holistic solutions that assist customers with financial habits, using AI-based empathy technology to recognize their patterns and help them see how to make better financial decisions.



Bond.AI founder Uday Akkaraju.  
Photo credit: Bond.AI.

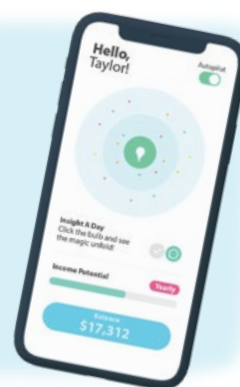
Helping customers understand the world of digital currencies is another area where Bond.AI can help, since digital currency reduces transaction cost, regulation, and delay. Banking is changing rapidly these days. The future directions of money and banking are full of possibilities at present. This creates an opening where Bond.AI's areas

Bond.AI's Empathy Engine® can also help businesses to better understand their customers' needs and aspirations. Bond.AI can help customers get access to credit by identifying a financial "wellness score" based on evidence of financial acumen and personal responsibility. This can free promising but low-income customers from the burden of posting collateral, knocking down barriers to entrepreneurship imposed by low starting incomes. Another important aim is to streamline banking, breaking down obstacles like transaction fees that leave a large share of the population "un-banked" and hence unable to participate fully in economic activity like savings and investment.

of focus—empathy and AI—offer tools for navigating that transformation. **M**

## An insight a day to keep you growing away.

This singular 'one insight a day' engine is built on years of behavioral, cognitive science & human-centered design research.



## Understanding Digital Currency and its Link with Fintech

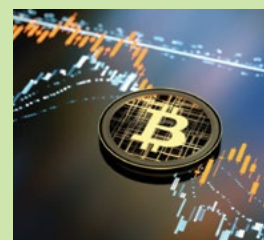
You may think that banking is already digital, but you would be wrong. When you transfer money in your account, or make an online payment, the action is assisted by an automated clearing house, and involves regulated processes. Transfers are done in batches, with small transaction fees attached. You may not pay the fees directly, but someone does and the overall effect makes banking regressive in nature, discouraging or excluding many low-income customers.

Digital currency (such as Bitcoin or Dogecoin) is an alternative that is less regulated, and offers return on your money in excess of interest rates that banks pay.

There are risks, of course.

Thus far, digital currency has gained ground but has not replaced traditional banking. Competitive pressures from digital currency suggest,

however, that banking in the future may need to be more nimble and less centralized. Whether the future lies with digital currency or a modernized form of banking, finance will keep changing. And this helps explain why fintech matters.





## WHILE YOU WERE AWAY

In March 2020 offices all over the country suddenly emptied out as employees shifted to working from home during the Covid-19 pandemic. The shutdown became prolonged, and today (July 2021) with vaccines widely available and most social-distancing restrictions gone, workers are free to return to their old offices. Yet many are still working at home, at least part of the time. Hard statistics are lacking, but it's clear the working world has changed.

Most office leases are long-term—five-year contracts are common—and firms have generally remained faithful to them. Yet the shift in office space could be huge. Covid-19 came as a sudden economic shock. Stimulus payments and long-term leases have delayed the reckoning, yet the pandemic will leave a drawn-out office space crisis in its wake.<sup>1</sup> Vacancy problems will probably stretch many years into the future



Vacancy today, economic transformation underway.

before the adjustment is complete. Residential retrofits will take up some of the slack, depending on location, investment trends, and local demographics.

The working world has made a mighty transition in the past year. The older Taylorist paradigm, defining productivity by worker-hours spent in-office, is fading. A new generation of tech-focused workers

is demanding—and getting—more flexible working hours and arrangements. High-end office space that is designed to support creativity, stimulation and comfort will rent at premium rates, while lower-end space will face a vacancy crisis. These trends are all being driven by a growing shortage in skilled labor from underlying demographic changes that were accelerated by the pandemic. **M**

<sup>1</sup> "House of Pain: Someone Has to Foot the Bill for Empty Offices," Economist, June 5, 2021.

### The Downtown View

In downtown Little Rock, major parking firms saw vehicle space demand drop by around 80 percent during the worst of the pandemic. Lunch lines vanished and restaurants closed, while others shifted to take-out. Storefronts and offices went vacant, but hard numbers for the change are still lacking.

At the same time, some downtown firms are busy and thriving, and workers are returning. One prominent Main Street restaurant cited May 2021 as its best month ever. Customers who lingered at home during the pandemic are eager to get out, and some restaurateurs are having a hard time coping with demand due to labor shortage.

Downtown vacancies present a challenge. Several structures have already gone from commercial to residential uses in recent years. From 2015 to 2020 the net number of housing units in the Downtown Little Rock Partnership's domain

increased after decades of decline.<sup>1</sup> Despite some challenges downtown offers a combination of walkability, recreation, entertainment and dining options with enduring appeal for workers and residents alike.



The pandemic has challenged downtown but also opened new horizons. Photo credit: Downtown Little Rock Partnership.

<sup>1</sup> The area in question is south of the river, north of Roosevelt Road, west to the Union Pacific railroad tracks, and east to the old Rock Island tracks (a few blocks east of I-30).

# HOUSING CONSTRUCTION TRENDS 2020

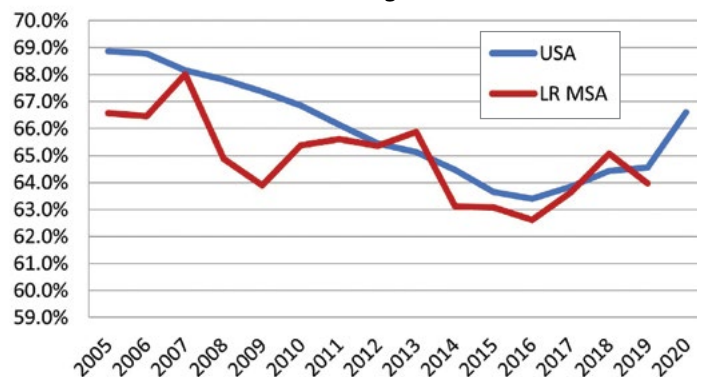
The year 2020 saw about 2,600 new housing starts in the Little Rock metro area. Single-family housing starts in 2020 were the highest in the region since 2007. Multi-family construction was about 1,000 units, down somewhat from 2019 but higher than recent totals in 2016 and 2018.

The quarterly single-family construction index shown below depicts a housing construction slowdown during early 2020, including the “lockdown” period April–May. As you can see, both local and U.S. single-family construction dipped just a little during this period, then rose well above the recent five-year average in the second half of 2020. In May 2021 the regional index was 155, compared with the 2018 average.

In single-family construction the most striking increase was in Conway, with 341 units recorded, a 27 percent increase over 268 units in 2019. A single Conway-area builder accounted for 57 of those permits during November 2020, taking advantage of exceptionally low interest rates. Sherwood also saw a lot of new units permitted, while Hot Springs Village and Maumelle also recorded gains over 2019.

Multi-family developers moved a bit more slowly and were active mainly in Little Rock and Conway. Almost all of the

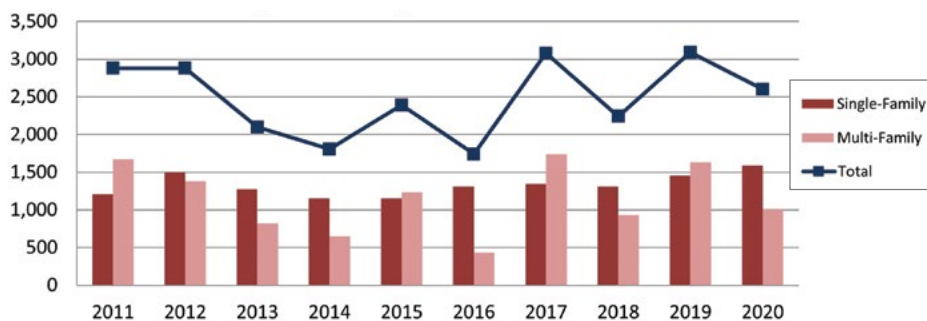
**Owner-Occupied Homes**  
(share of total housing 2005–2020)



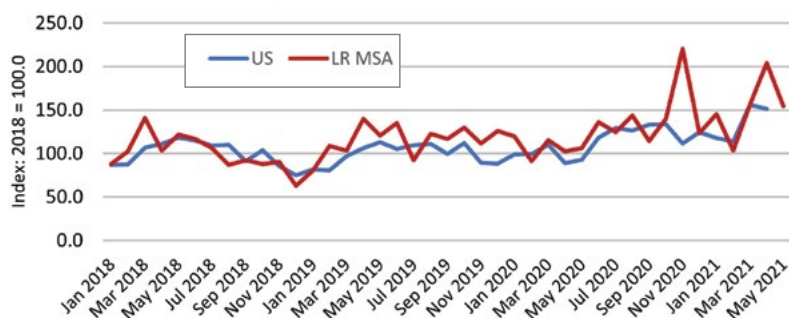
new Little Rock apartments were west of I-430, while two new complexes in Conway are both south of Dave Ward Drive.

After declining steadily since 2005, U.S. homeownership finally began turning back up around 2016. In 2020 it veered upward more markedly, although early 2021 figures suggest some moderation of this trend. Homeownership in Central Arkansas showed signs of bottoming out circa 2014–2016, with net gains through 2018. Local (ACS) figures for 2020 are not yet out. Early signs suggest the pandemic gave an upward nudge to owner-occupied housing. **M**

**Regional Housing Unit Permit Totals 2011–2020**



**Single-Family New Unit Permit Trend 2018–2021**



Lots of new houses going up in Little Rock.





Greenbrier continues adding new housing units.

## Pettaway neighborhood

You can buy a brand-new home less than a mile from downtown Little Rock for under \$200,000. Most are pricier than that, but still less expensive than homes going up in the city's western suburbs. Many are in walking distance of city parks, with restaurants and stores close by. The reinvestment trend is measurable. Since 2010, there have been 73 new single-family and 21 new multi-family units added in Census Tract 46 south of downtown Little Rock, which includes the Pettaway Neighborhood. More are coming. **M**



New single-family homes under construction within sight of the old VA hospital, which is being rebuilt with urban-style residences.

## Total Housing Unit Permits 2017–2020

### Single-Family

|                  | 2017 | 2018 | 2019 | 2020 |
|------------------|------|------|------|------|
| Benton           | 146  | 152  | 118  | 224  |
| Bryant           | 126  | 148  | 137  | 121  |
| Cabot            | 106  | 107  | 105  | 96   |
| Conway           | 144  | 187  | 268  | 341  |
| Hot Springs Vil. | 45   | 58   | 60   | 90   |
| Jacksonville     | 61   | 32   | 60   | 50   |
| Little Rock      | 362  | 309  | 393  | 347  |
| Maumelle         | 58   | 78   | 67   | 81   |
| N. Little Rock   | 90   | 85   | 111  | 87   |
| Sherwood         | 250  | 213  | 199  | 244  |

### Multi-Family

|                  | 2017  | 2018 | 2019 | 2020 |
|------------------|-------|------|------|------|
| Benton           | 52    | 4    | 2    | 0    |
| Bryant           | 4     | 2    | 0    | 0    |
| Cabot            | 76    | 8    | 15   | 0    |
| Conway           | 115   | 259  | 226  | 460  |
| Hot Springs Vil. | 0     | 0    | 0    | 0    |
| Jacksonville     | 4     | 8    | 70   | 0    |
| Little Rock      | 1,043 | 539  | 897  | 532  |
| Maumelle         | 0     | 64   | 0    | 0    |
| N. Little Rock   | 435   | 48   | 422  | 19   |
| Sherwood         | 8     | 0    | 0    | 0    |

### Regional Totals

|             | 2017  | 2018  | 2019  | 2020  |
|-------------|-------|-------|-------|-------|
| Total SF    | 1,343 | 1,311 | 1,458 | 1,591 |
| Total MF    | 1,737 | 932   | 1,632 | 1,011 |
| Grand Total | 3,080 | 2,243 | 3,090 | 2,602 |



Pettaway offers urban conveniences with suburban-style homes.

# CONSTRUCTION VALUE 2020

Total regional construction value came out at \$1.1 billion for 2020, down 5 percent from 2019. However, total “unofficial” construction value may have been as high as \$1.5 billion, the region’s second highest ever in inflation-adjusted terms. This anomaly results from Amazon’s inscrutable new facility in Little Rock and is discussed further on the next page.

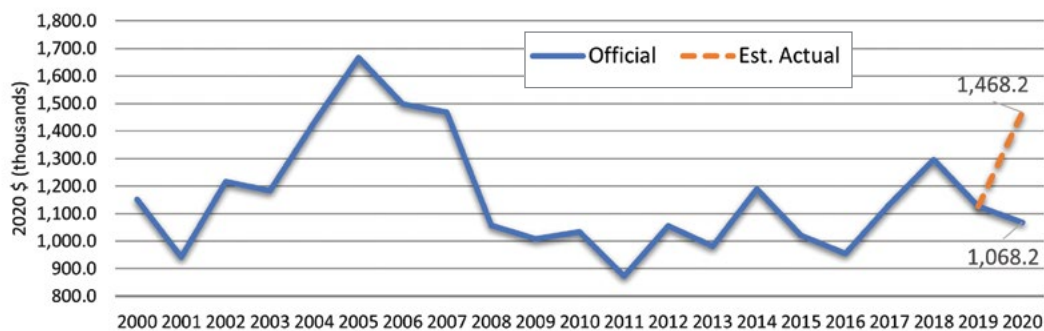
Housing construction value was strong during 2020. This fits with national trends, in which the Covid crisis caused only a slight downturn in new construction in its early months, followed by a surge of investment in more, larger, and higher-quality housing spaces later in the year. An increasingly home-bound population took a new interest in the quality of living environments, boosting housing demand. Median home value for new units came in at \$198,711 for 2020, its

highest ever. The chart at right shows new homes in Maumelle and Little Rock had median values of \$280,000 and \$270,000, respectively.

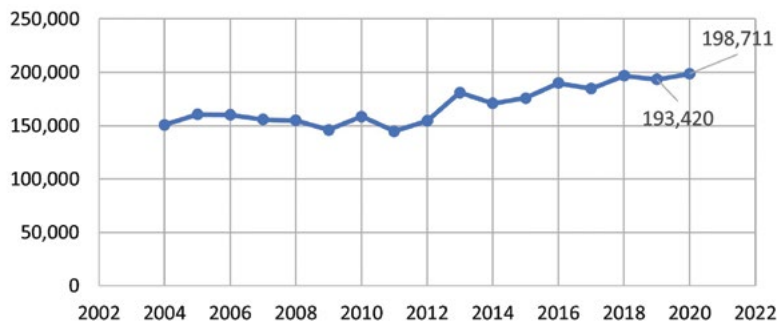
Commercial construction did not get the same kind of boost from the covid crisis. The official, verified value of non-residential building permits for 2020 came in rather low – about \$471 million, its lowest inflation-adjusted value since the slow-recovery year 2011.

However, 2020 was a strange year and despite very low official commercial construction value figures, the region may have set new records in actual commercial construction. In the fall of 2020 Amazon began building a very large fulfillment center at the Port of Little Rock, with no value announced.

**Little Rock MSA Construction Value  
2000–2020 (2020 dollars)**



**Little Rock MSA Median New House Construction Value  
(nominal \$)**



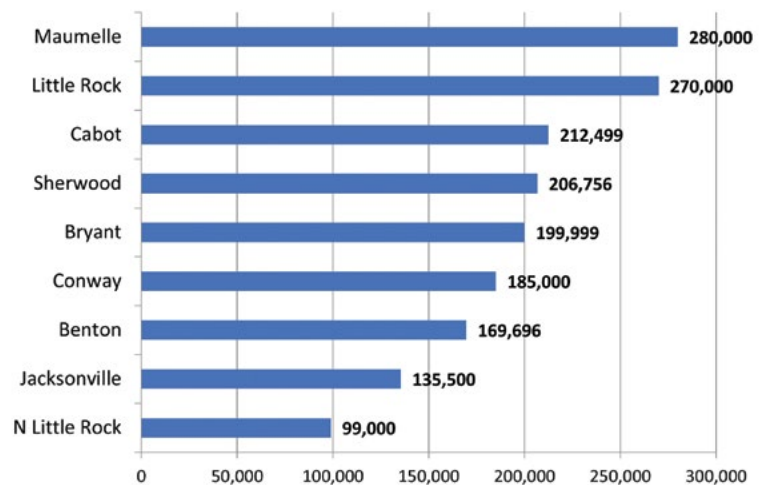
This old office building in Little Rock’s downtown core is going condo.



Not long afterward, Amazon pulled a permit for about \$105 million for another facility in North Little Rock. Even this was, by Central Arkansas standards, a very large construction project. Amazon's Little Rock facility may be in the ballpark of \$400 million. If so, it boosted commercial new-construction value to \$871 million, the region's highest recorded levels over the past thirty years, even after inflation adjustment.

Other major projects include a \$27 million Justice Center in North Little Rock, a \$21.4 million Costco store being built along Chenal Parkway in western Little Rock, and a Cypress Cold Storage project worth \$8.5 million in Maumelle. **M**

**New Single-Family Units**  
Permit Median \$ Value 2020



**Little Rock MSA Non-residential Construction Value 2000–2020**



## An Amazon Mystery

The Amazon project at the Little Rock Port is very large, one of the largest investments in the Central Arkansas region in a long time. GIS analysis of the aerial image suggests the fulfillment center has an area of about 700,000 square feet. A good guess at value might be about \$400 million, based on some sleuthing by *Arkansas Times* magazine.<sup>1</sup> The exact value, however, remains a mystery. In the previous *Metrotrends* newsletter, we reported a building permit value of \$500 million—half a billion dollars—for the new Amazon facility in Little Rock. This was incorrect.<sup>2</sup>



Photo source: <https://www.littlerockchamber.com/love-little-rock-blog/posts/2020/july/amazon-announces-first-fulfillment-center-and-second-delivery-station-in-little-rock/>

<sup>1</sup> Brantley, Max. "More details emerge on the Amazon investment in Little Rock," *Arkansas Times*. March 11, 2021. The initial appraised value was stated at \$405.6 million.

<sup>2</sup> We discovered our earlier (October 2020) information from Little Rock permit records had been an error in early 2021, after the *Metrotrends* edition had been released.

# ECONOMIC OUTLOOK 2021–2022



The new Fitzroy Promenade apartments in west Little Rock are leasing up quickly.

Jobs are growing and workers are returning to offices as the region rebounds from the Covid-19 recession. Unemployment is well below the national average. Job growth is matched by strong demand for new housing. The surge in owner-occupied single-family housing, described on pp. 8–9, seems correlated with the higher share of working hours being spent at home. With jobs less tied to location, buyers are more footloose in choosing where to live. The Little Rock region has some of the lowest owner costs in the country for a metro area of its size. High costs for lumber and other construction materials at present are a real but short-lived constraint.

Multi-family housing markets are also thriving. Newly constructed units have been absorbing rapidly. One complex in western Little Rock leased or rented 58 percent of units in about two months, a process that would normally take eight to nine months. Similar statistics are being recorded elsewhere as people get back to work post-covid. Local rents grew 2.5 percent year-over-year to the first quarter of 2021, compared with -0.9 percent at the national level.

Amazon's recent investments in Central Arkansas will help the company provide service from a hub location in a sizeable market area stretching around the state and beyond. The

company is benefiting from the Little Rock Port's suitability for large commercial sites, with close airport access and central placement within the state's radial freeway network.

Economic euphoria is usually short-lived; enjoy it, take a deep breath, then get ready for the future. Some thoughts to ponder:

- Productivity got a jump start from the pandemic, as companies learned to substitute robots, delivery systems, AI and other technologies in place of human workers. Higher productivity raises incomes, but also crowds out under-skilled workers.
- Worker scarcity in specialized occupations will be an even more serious issue looking forward. With labor force participation at record lows, employers may have to actively lure skilled people into jobs.
- Pandemic vulnerability remains an issue. The Central Arkansas region's 37 percent vaccination rate is above state averages but, more important, well below the national average, which has the potential to render a sizeable non-vaccinated population vulnerable to Covid-19 in future waves. As of our publication deadline, the state of Arkansas is making national and international headlines as Covid cases accelerate among non-vaccinated persons.
- Land use will show permanent changes in wake of Covid-19, but the specific nature of change remains to be seen. Office and retail space will see some resurgence but will occupy less real estate when all is said and done. Commuting has changed, too and it will be easier to work long-distance in the future.
- Finance is changing. If you remain unfamiliar with digital currency this will change soon. And remember, Little Rock Arkansas was the birthplace of cyber-banking and plays a fulcrum role in fintech.

Keep an eye on the Consumer Price Index (CPI); inflation is more than an inconvenience. Census 2020 results for the local area will be released about mid-August 2021. We will know more soon. **M**

# STATISTICAL SUPPLEMENT—JULY, 2021

## Vital Statistics

The table below shows deaths from Covid-19 for Arkansas metro areas as well as the state's rural areas. The figures for deaths for the Little Rock MSA are triple their level from 11/4/2020, as reported in the previous edition of this newsletter. Nonetheless, despite a hard Covid winter, the region's rate of deaths per 100,000 remains below state averages and below most other state metro areas.

**Arkansas Covid-19 Mortality  
by Metro Area\***

| Region             | Population       | Deaths       | Deaths /<br>100,000 |
|--------------------|------------------|--------------|---------------------|
| (AR) Ft Smith MSA  | 208,799          | 450          | 215.5               |
| Hot Springs MSA    | 99,386           | 268          | 269.7               |
| Jonesboro MSA      | 133,860          | 267          | 199.5               |
| Little Rock MSA    | 742,384          | 1,218        | 164.1               |
| (AR) Memphis MSA   | 47,955           | 97           | 202.3               |
| Northwest AR MSA   | 534,904          | 815          | 152.4               |
| Pine Bluff MSA     | 87,804           | 250          | 284.7               |
| (AR) Texarkana MSA | 43,257           | 37           | 85.5                |
| Rural Counties     | 1,119,455        | 2,605        | 232.7               |
| <b>State Total</b> | <b>3,017,804</b> | <b>6,007</b> | <b>199.1</b>        |

AR portion only for multi-state MSAs.

Source: Arkansas Department of Health; Census estimates for population as of July 1, 2019.

\* Deaths as of 7/20/2021.

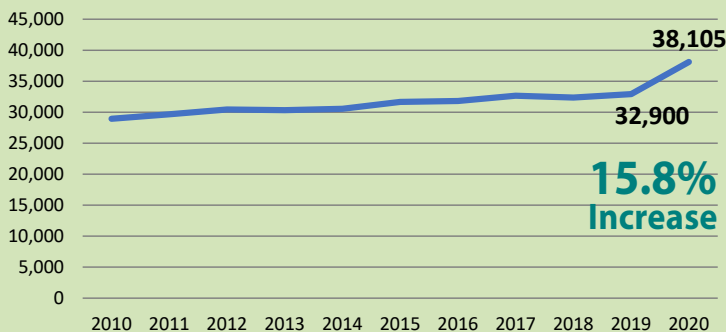
Although life is getting back to normal, Covid-19 is not over. The table below shows vaccination statistics as of July 20, 2021. As you can see, the Little Rock MSA led the state's metros with a vaccination rate of 37.0 percent. Pulaski County stood at 40.6 percent, both well above the state average of 29.1 percent. This was lower, however than the U.S. average of 49.2 percent by this date. Vaccinations continue but it will be a challenge to reach so-called "herd immunity" of around 70 percent.

**Arkansas Metro and Rural Covid-19 Vaccination Status  
(As of 7/20/2021)**

| Region             | Population         | Fully Vaccinated   | Rate         |
|--------------------|--------------------|--------------------|--------------|
| (AR) Ft Smith MSA  | 208,799            | 55,718             | 26.7%        |
| Hot Springs MSA    | 99,386             | 30,672             | 30.9%        |
| Jonesboro MSA      | 133,860            | 36,784             | 27.5%        |
| Little Rock MSA    | 742,384            | 274,806            | 37.0%        |
| (West) Memphis MSA | 47,955             | 12,722             | 26.5%        |
| Northwest AR MSA   | 534,904            | 189,352            | 35.4%        |
| Pine Bluff MSA     | 87,804             | 22,954             | 26.1%        |
| (AR) Texarkana MSA | 43,257             | 3,786              | 8.8%         |
| Rural counties     | 1,119,455          | 326,920            | 29.2%        |
| State              | 3,017,804          | 1,069,679          | 35.4%        |
| <b>USA</b>         | <b>328,239,523</b> | <b>161,631,676</b> | <b>49.2%</b> |

Source: U.S. Centers for Disease Control, compilations by Metroplan. AR portion only for multi-state MSAs. Population estimates from U.S. Bureau of the Census for July 1, 2019.

**Arkansas Annual Deaths 2010–2020**



Source: Arkansas Department of Health.

Statistics from 2013 onward contain provisional data.

## Covid-19 and Mortality in Arkansas

With an aging population and other demographic factors at work, the slow rise in total mortality from 2010 through 2019 was relatively normal. The sudden upward turn in 2020 reflects the first year of Covid-19 in Arkansas. Deaths in 2020 were 15.8 percent higher than in the previous year and will come in above trend through at least 2021, and possibly into future years. These statistics from the Arkansas Department of Health are provisional in nature and are subject to revision.



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