

HUD PD&R Housing Market Profiles

Little Rock-North Little Rock-Conway, Arkansas



Quick Facts About Little Rock-North Little Rock-Conway

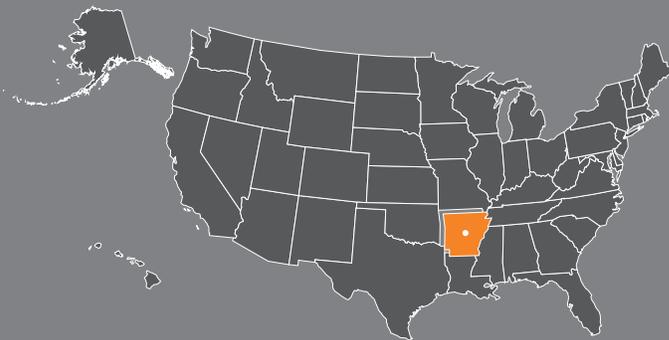
- **Current sales market conditions: balanced.**
- **Current rental market conditions: soft.**
- **Federal, state, and local government employment constitutes approximately 21 percent of total nonfarm payrolls.**

By Felipe Chacón | As of May 1, 2013

Overview

The Little Rock-North Little Rock-Conway metropolitan area (hereafter, the Little Rock metropolitan area) comprises Faulkner, Grant, Lonoke, Perry, Pulaski, and Saline Counties in central Arkansas. The principal city, Little Rock, is the state capital and is in Pulaski County.

- As of May 1, 2013, the estimated population of the metropolitan area was 724,400, reflecting an average annual increase of approximately 7,875, or 1.1 percent, since April 2010.
- By comparison, from 2005 through 2009, the population increased at an average of 10,800, or 1.6 percent, annually.
- The decreased population growth rate since 2010 resulted from a decline in net in-migration in response to less favorable economic conditions. Net in-migration fell from an average of 6,600 people annually from 2005 through 2009 to an average of 3,750 people annually since 2010.



Nonfarm payrolls by sector in the Little Rock area show a mixed recovery.

	3 Months Ending		Year-Over-Year Change	
	April 2012 (thousands)	April 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	341.5	343.8	2.2	0.7
Goods-producing sectors	37.1	35.8	- 1.3	- 3.6
Mining, logging, and construction	16.9	15.8	- 1.1	- 6.5
Manufacturing	20.2	19.9	- 0.2	- 1.2
Service-providing sectors	304.4	308.0	3.6	1.2
Wholesale and retail trade	51.9	56.1	4.2	8.2
Transportation and utilities	13.6	14.2	0.6	4.4
Information	7.2	7.1	- 0.1	- 1.4
Financial activities	19.9	19.7	- 0.2	- 1.2
Professional and business services	43.2	42.2	- 1.0	- 2.3
Education and health services	51.7	52.6	0.8	1.6
Leisure and hospitality	30.0	29.9	- 0.1	- 0.4
Other services	15.5	15.4	- 0.1	- 0.4
Government	71.4	70.8	- 0.6	- 0.8
Unemployment rate	6.7%	6.6%		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

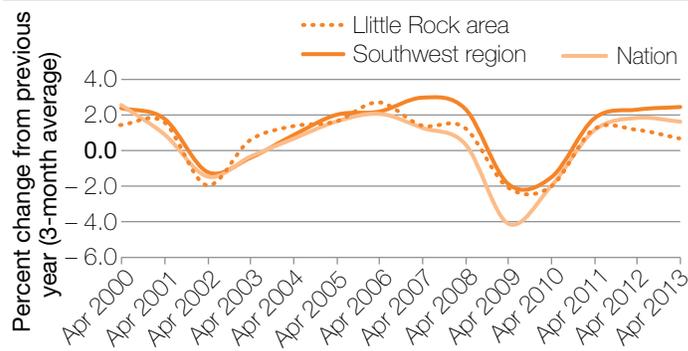
Economic Conditions

The economy of the Little Rock metropolitan area continued to grow, although at a slower rate, during the 3 months ending April 2013 following a trend that began in mid-2010.

During the 3 months ending April 2013—

- Nonfarm payrolls increased by 2,200 jobs, or 0.7 percent, to 343,800 jobs compared with the number of nonfarm payrolls recorded during the same 3-month period in 2012. The rate was down from 1.1 percent for the same 3-month periods during 2011 and 2012.
- Nonfarm payrolls were still 4,300 jobs less than the peak of 348,100 jobs recorded during the 3 months ending April 2008, despite job gains during the past 2 years.
- The retail trade subsector and the education and health services sector led growth, with increases of 4,300 and 800 jobs, or 11.9 and 1.6 percent, respectively. Retail trade subsector employment benefited from increased occupancy of two shopping malls that opened during the beginning of the recession (The Promenade at Chenal and Shackleford Crossing Shopping Center) and general growth across the metropolitan area. Offsetting these gains were losses in the mining, logging, and construction, the professional and business services, and the government sectors of 1,100, 1,000, and 600 jobs, or 6.5, 2.3, and 0.8 percent, respectively. The decline in the mining, logging, and construction sector was partially because of the reduced levels of new home construction.

Job growth in the Little Rock area has been slower than the national rate since 2011.



Note: Data are for nonfarm payrolls.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Little Rock area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Arkansas for Medical Sciences	Government	8,500
Baptist Health	Education and health services	7,000
Little Rock Air Force Base	Government	4,500

Note: Excludes local school districts.
Source: Little Rock Regional Chamber of Commerce

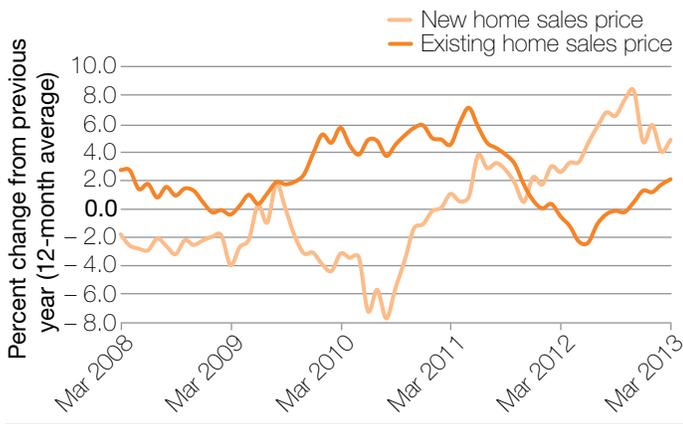
- The unemployment rate in the metropolitan area averaged 6.6 percent, down slightly from 6.7 percent during the same 3 months the previous year. From 2005 through 2008, the unemployment rate averaged 4.6 percent.



Sales Market Conditions

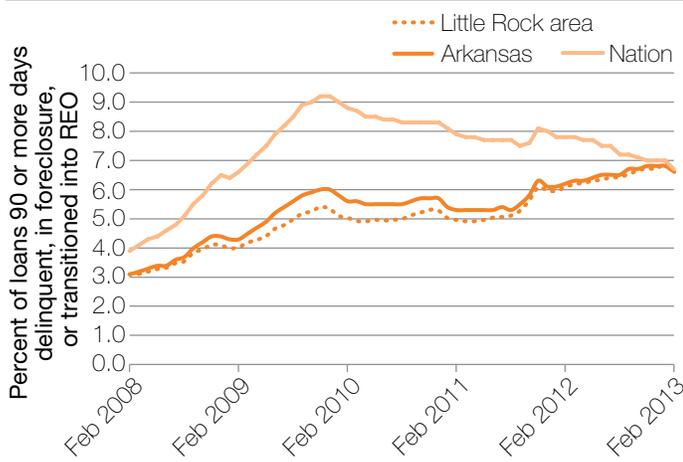
Sales housing market conditions in the Little Rock metropolitan area are currently balanced, with an estimated sales vacancy rate of 1.8 percent, down from 2.1 percent in April 2010. During the 12 months ending March 2013 (the most recent data available), new and existing home sales (including single-family homes, townhomes, and condominiums) in the metropolitan area increased less than 5 percent, to approximately 10,050 homes, compared with 9,600 homes sold during the same period a year earlier (Hanley Wood, LLC). All these net gains are from existing home sales, because new home sales continue to decline.

Average new home sales prices in the Little Rock area started to increase in early 2011, but existing home sales prices were in decline during part of 2012.



Note: Includes single-family homes, townhomes, and condominiums. Source: Hanley Wood, LLC

Distressed loan rates in the Little Rock area have been significantly below the national average until recently.

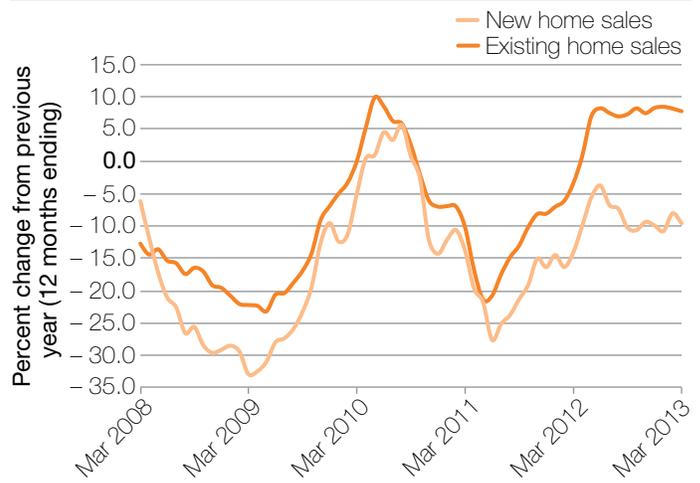


REO = Real Estate Owned. Source: LPS Applied Analytics

- During the 12 months ending March 2013, the number of homes sold remained at 35 percent less than the average of 15,550 homes sold annually from 2005 through 2008.
- The average sales price of new and existing homes increased 5 percent, to \$153,700, during the 12 months ending March 2013 compared with the average price during the previous year.
- As of April 2013, 6.7 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), up from 6.2 percent a year ago, continuing a trend that started in 2008 (LPS Applied Analytics).

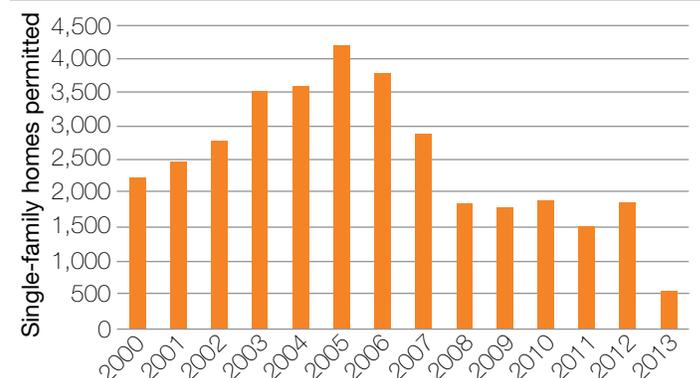
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New home sales continue to decline, but existing home sales have been increasing since early 2012 in the Little Rock area.



Note: Includes single-family homes, townhomes, and condominiums. Source: Hanley Wood, LLC

Single-family building activity has remained at fewer than 2,000 homes since 2008 in the Little Rock area.



Note: Includes preliminary data from January 2013 through April 2013. Source: U.S. Census Bureau, Building Permits Survey



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- The percentage of total home sales that were REO home sales increased from an average of 6.2 percent from 2005 through 2008 to 14.0 percent during the 12 months ending March 2012 but decreased to 8.0 percent during the 12 months ending March 2013.

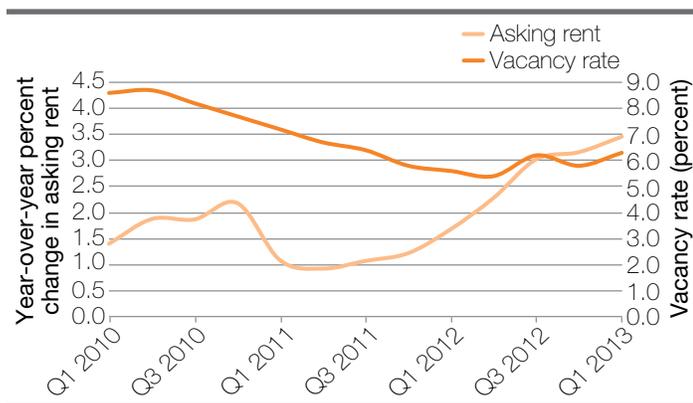
Single-family home construction, as measured by the number of homes permitted, increased slightly in the metropolitan area during the 3 months ending April 2013 from the same period the previous year, but activity remains at levels much lower than those recorded earlier in the decade.

Rental Market Conditions

The rental housing market in the Little Rock metropolitan area is currently soft. As of May 1, 2013, the estimated overall rental vacancy rate was 9.7 percent compared with the 10.1-percent rate recorded in April 2010.

- Renter households currently comprise an estimated 35.5 percent of all households in the metropolitan area, up from 34.9 percent in 2010 and 30.4 percent in 2000.
- One- to four-unit structures and mobile homes comprise an estimated 63 percent of the total rental units in the metropolitan area.
- In the first quarter of 2013, the apartment vacancy rate in the metropolitan area was 6.2 percent compared with the 5.6-percent rate recorded in the first quarter of 2012 (Reis, Inc.).
- The average apartment asking rent increased by \$25, or 3.5 percent, to \$688 compared with the average rent recorded a year earlier.

Apartment vacancy rates have fallen until recently, and the asking rent has increased since 2011 in the Little Rock area.



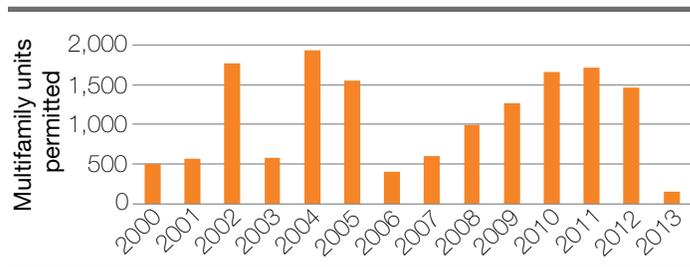
Source: Reis, Inc.

- During the 3 months ending April 2013, permits were issued for 440 single-family homes (preliminary data), a 5-percent increase compared with the 420 homes permitted during the same 3 months the previous year.
- From 2005 through 2007, by comparison, an average of 900 homes was permitted quarterly.
- Woodlands Edge, a single-family development on the western edge of the city of Little Rock that broke ground in 2002, has 510 homes built on 604 lots. Home sales prices in Woodlands Edge currently start at \$350,000 for three-bedroom, four-bathroom floor plans.

Multifamily construction activity has remained strong since 2008.

- During the 3 months ending April 2013, approximately 150 multifamily units were permitted (preliminary data), down from 200 units permitted during the same 3 months in 2012.
- Multifamily construction activity averaged 250 units permitted quarterly from 2003 through 2007, and then it increased to 320 units permitted quarterly from 2008 through 2010.
- Condominiums account for less than 5 percent of existing multifamily units in the metropolitan area and have accounted for the same proportion of new multifamily construction since 2000.
- Recent apartment projects include The Greens at the Rock in Pulaski County, with 432 units, completed in early 2013, and Meadow West Apartments in Lonoke County, with 16 units, expected to be complete in September 2013.
- The Greens at the Rock offers one- and two-bedroom units with rents starting at \$600 a month. Meadow West Apartments is expected to offer one- and two-bedroom units with rents starting at \$650.

The number of multifamily units permitted in the Little Rock area increased steadily from 2006 through 2011 but has decreased since.



Note: Includes preliminary data from January 2013 through April 2013.
Source: U.S. Census Bureau, Building Permits Survey

