

# HUD PD&R Housing Market Profiles

## Little Rock-North Little Rock-Conway, Arkansas

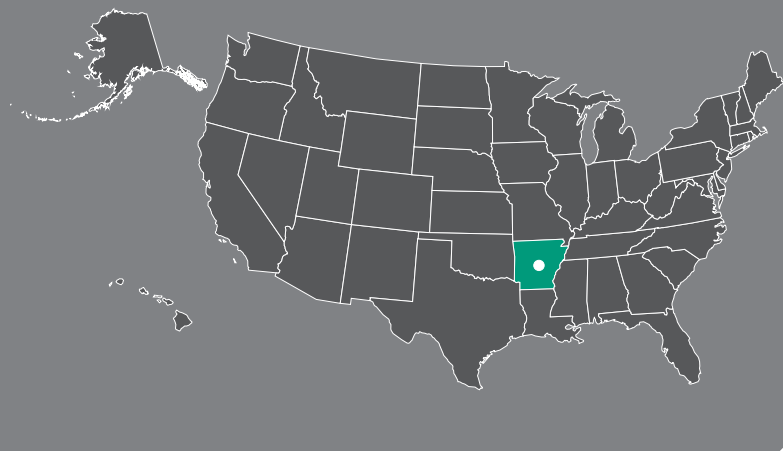


### Quick Facts About Little Rock

Little Rock, Arkansas

By Tim McDonald | As of April 1, 2023

- Current sales market conditions: slightly tight
- Current apartment market conditions: balanced
- The Clinton Presidential Center is in the city of Little Rock on the bank of the Arkansas River. The center includes the William J. Clinton Presidential Library and Museum, which contains more than 80,000 artifacts from the Clinton presidency.



### Overview

The Little Rock-North Little Rock-Conway AR (hereafter, Little Rock) metropolitan area consists of Faulkner, Grant, Lonoke, Perry, Pulaski, and Saline Counties in central Arkansas. The city of Little Rock is the state capital of Arkansas and the largest city in the state. The Little Rock metropolitan area is the headquarters location of Dillard's, Inc., a Fortune 500 company with 2,000 employees locally. Other major firms headquartered in the metropolitan area include Acxiom LLC and Windstream, each with 1,400 employees locally. On March 31, 2023, an EF-3 tornado with 165 mph winds hit the metropolitan area and traveled 32 miles from the west side of the city of Little Rock to the city of Cabot. According to the Federal Emergency Management Agency (FEMA), initial damage assessments indicated that 217 homes were destroyed and 326 homes sustained major damage. The tornado also caused damage to numerous businesses, likely resulting in a short-term loss of jobs while the area recovers.

- As of April 1, 2023, the estimated population of the Little Rock metropolitan area is 762,000 people, an average increase of 4,650, or 0.6 percent, annually since 2020. Net in-migration averaged 4,125 people a year because

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improving economic conditions attracted people to the area (U.S. Census Bureau and estimates by the analyst).

- From 2014 through 2020, population growth averaged 3,300 people, or 0.4 percent, annually, with net in-migration of only 760 people a year.
- According to the 2021 American Community Survey (ACS) 1-year data, the median age in the Little Rock metropolitan

area was 37.4, up from 35.9 in 2010. The current median age in the metropolitan area is lower than the national median of 38.8. A steady influx of young professionals moving to the metropolitan area slightly limited the median age increase of 1.5 years between 2010 and 2021, which was less than the national increase of 1.6 years.

## Economic Conditions

The economy has stabilized and is expanding in the Little Rock metropolitan area. From the end of the fourth quarter in 2019 through the first quarter of 2023—a period that included the rapid loss and subsequent recovery of jobs related to the COVID-19 pandemic—nonfarm payrolls increased by an average of 3,225 jobs, or 0.9 percent, annually. By comparison, from the fourth quarter of 2016 through the fourth quarter of 2019, nonfarm payroll growth averaged 3,000 jobs, or 0.8 percent, annually. Steady job growth in the metropolitan area since 2016 kept the unemployment rate less than 4 percent each year before peaking at 9.7 percent during the second quarter of 2020. During the first quarter of 2023, the unemployment rate reached an all-time low of 2.9 percent, down from 3.5 percent during the first quarter of 2022.

During the 3 months ending March 2023—

- Nonfarm payrolls increased by 7,300, or 2.0 percent, from the previous year to reach a new peak of 378,800 jobs.
- Job growth was led by the education and health services sector, which increased by 2,600, or 4.3 percent, from a year ago to 62,700 jobs, spurred in part by a new hospital opening in the city of Jacksonville, northeast of Little Rock.
- The mining, logging, and construction sector added 600 jobs, up 3.2 percent from the same period a year ago. The \$1.1 billion 30 Crossing project, which replaces a section of Interstate 30 through downtown Little Rock, contributed to job growth in this sector.

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During the first quarter of 2023, job gains occurred in 9 of the 11 employment sectors.

|                                  | 3 Months Ending           |                           | Year-Over-Year Change   |         |
|----------------------------------|---------------------------|---------------------------|-------------------------|---------|
|                                  | March 2022<br>(Thousands) | March 2023<br>(Thousands) | Absolute<br>(Thousands) | Percent |
| <b>Total Nonfarm Payrolls</b>    | 371.5                     | 378.8                     | 7.3                     | 2.0     |
| Goods-Producing Sectors          | 38.0                      | 39.0                      | 1.0                     | 2.6     |
| Mining, Logging, & Construction  | 18.5                      | 19.1                      | 0.6                     | 3.2     |
| Manufacturing                    | 19.5                      | 19.9                      | 0.4                     | 2.1     |
| Service-Providing Sectors        | 333.5                     | 339.7                     | 6.2                     | 1.9     |
| Wholesale & Retail Trade         | 54.8                      | 56.7                      | 1.9                     | 3.5     |
| Transportation & Utilities       | 22.2                      | 21.6                      | -0.6                    | -2.7    |
| Information                      | 5.6                       | 5.8                       | 0.2                     | 3.6     |
| Financial Activities             | 24.4                      | 24.3                      | -0.1                    | -0.4    |
| Professional & Business Services | 46.8                      | 47.4                      | 0.6                     | 1.3     |
| Education & Health Services      | 60.1                      | 62.7                      | 2.6                     | 4.3     |
| Leisure & Hospitality            | 32.1                      | 33.0                      | 0.9                     | 2.8     |
| Other Services                   | 18.4                      | 19.1                      | 0.7                     | 3.8     |
| Government                       | 69.1                      | 69.2                      | 0.1                     | 0.1     |
| <b>Unemployment Rate</b>         | 3.5%                      | 2.9%                      |                         |         |

Note: Numbers may not add to totals due to rounding.

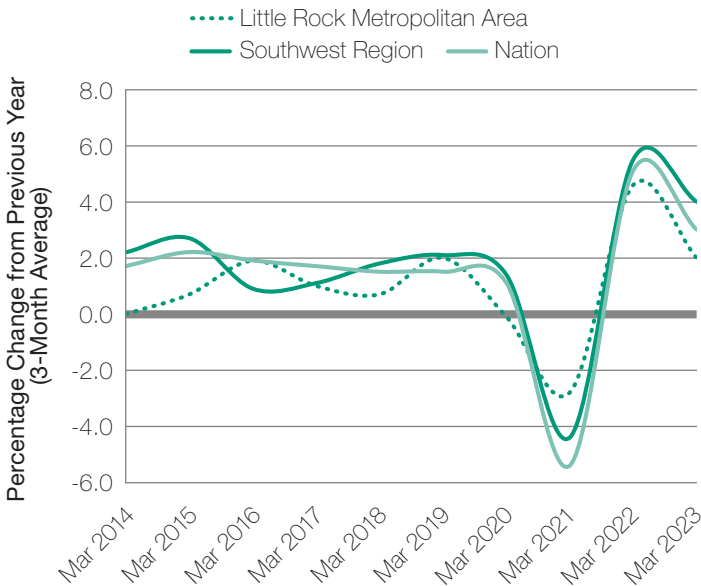
Source: U.S. Bureau of Labor Statistics



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- The manufacturing sector increased 2.1 percent, adding 400 jobs, partly buoyed by recent expansions at Delta Plastics and W&W | AFco Steel.

**Job losses during the COVID-19 downturn were less severe in the Little Rock metropolitan area than in the Southwest region and the nation.**



Source: U.S. Bureau of Labor Statistics

With the metropolitan area being home to the state capital, government is the largest employment sector, with 69,200 jobs, or approximately 18 percent of all nonfarm payroll jobs. During the first quarter of 2023, the government sector increased by 100 jobs, or 0.1 percent. The state government accounts for 34,000 employees, or 49 percent of all government jobs, and includes the largest employer in the metropolitan area, the University of Arkansas for Medical Sciences (UAMS), which has 9,700 employees. During the first quarter of 2023, payrolls in the state government subsector declined by 400, or 1.2 percent, due to workforce attrition; an increase of 500 jobs in the local government subsector offset the decline. The government sector also includes Little Rock Air Force Base (LRAFB), with more than 7,800 employees—including 6,475 active-duty military personnel—contributing an annual economic impact of nearly \$1.8 billion in fiscal year 2022 (LRAFB Fiscal Year 2022 Economic Impact Statement).

## Largest Employers in the Little Rock Metropolitan Area

| Name of Employer                            | Nonfarm Payroll Sector      | Number of Employees |
|---------------------------------------------|-----------------------------|---------------------|
| University of Arkansas for Medical Sciences | Government                  | 9,700               |
| Little Rock Air Force Base                  | Government                  | 7,800               |
| Baptist Health                              | Education & Health Services | 7,340               |

Notes: Excludes local school districts. Data include military personnel, who are not included in nonfarm payroll survey data.

Source: Little Rock Regional Chamber

## Sales Market Conditions

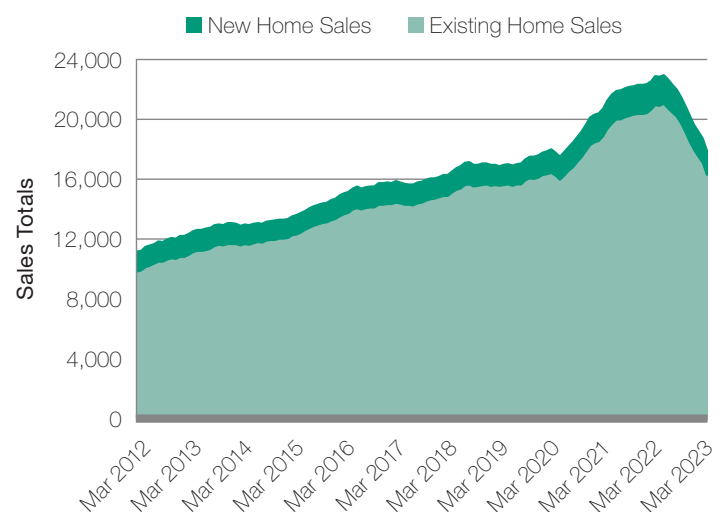
Sales housing market conditions are slightly tight in the Little Rock metropolitan area. The vacancy rate is down to 1.4 percent from 2.1 percent in 2010. During the 12 months ending March 2023, home sales totaled 17,900, a decline of 5,000, or nearly 22 percent, from 1 year earlier, when the Federal Reserve started to raise its target interest rate (CoreLogic, Inc.). Home sales reached an all-time peak of 22,950 during the 12 months ending June 2022. From 2014 through 2019, home sales increased by an average of 750, or 5.1 percent, annually, but in 2020 and 2021, the pace of home sales increased rapidly, rising by an average of 2,350, or 12.6 percent, annually. As of March 2023, 1.7 percent of home loans in the Little Rock metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or in real estate owned (REO) status, down from 2.4 percent a year earlier (CoreLogic, Inc.).

During the 12 months ending March 2023—

- New home sales totaled 1,600, down by 360 sales, or 18 percent, from the previous 12 months, in part due to weaker demand.

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**Total home sales reached an all-time peak during the second quarter of 2022, but rising interest rates have contributed to slowing sales since that period.**



Note: Includes single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst



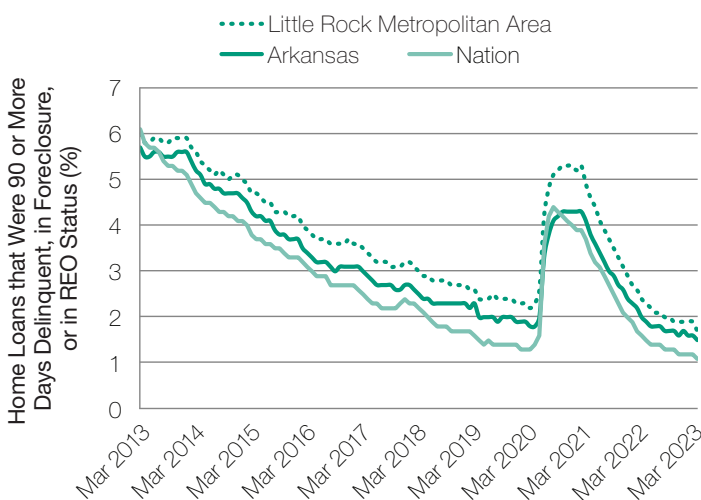
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- Existing home sales totaled 16,300, a decline of 4,650, or 22 percent, from the previous 12 months because rising interest rates impacted demand.
- The average sales price of a new home was \$338,700, an increase of \$52,300, or more than 18 percent, compared with 1 year earlier, when new home prices increased by 10 percent, as rising material costs contributed to rising prices. From 2000 through 2021, new home prices never had a double-digit percentage increase.
- The average sales price of an existing home was \$213,000, an increase of \$20,400, or nearly 11 percent, from 1 year earlier.

Similar to the trend in home sales, homebuilding activity has slowed from its most recent peak due to rising prices and interest rates limiting the number of people able to purchase new homes. During the 12 months ending March 2023, homebuilding activity, as measured by the number of single-family homes permitted, totaled 1,625, down by 1,075, or nearly 40 percent, from the 12 months ending March 2022, when the number of single-family homes permitted increased by 525, or 27 percent, from a year earlier. Even with the surge in 2020 and 2021, new home construction was well below the peak years of 2002 through 2007, when an average of 3,450 homes were permitted annually during a period of much stronger population growth.

- Single-family home construction from 2014 through 2016 averaged 1,550 homes permitted annually before increasing

The percentage of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status in the Little Rock metropolitan area has been greater than the state and national averages since the second quarter of 2013.



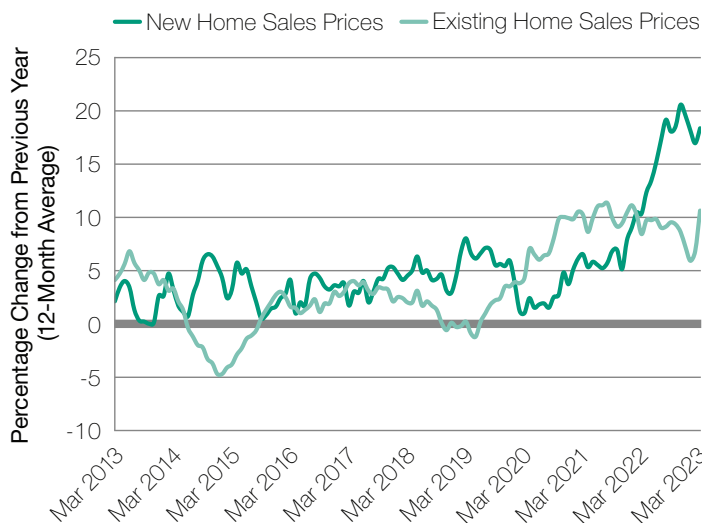
REO = real estate owned.  
Source: CoreLogic, Inc.

by 400, or nearly 26 percent, to an average of 1,950 single-family homes permitted annually from 2017 through 2019.

- Pulaski County, the most populous county in the metropolitan area, has accounted for nearly 45 percent of all new single-family homes permitted since 2013; Faulkner and Saline Counties, which each contain 16.5 percent of

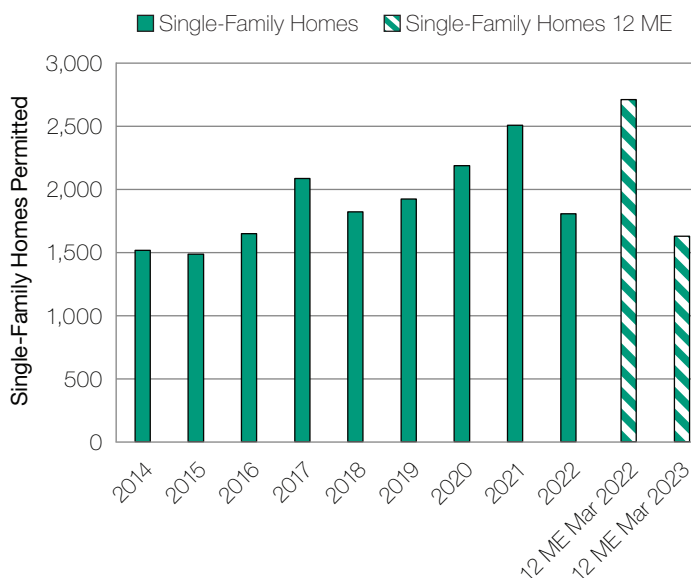
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New home prices increased much faster than existing home prices during the past 12 months.



Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

Single-family home permitting surpassed 2,500 homes in 2021 for the first time since 2007.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

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the metropolitan area's population, have accounted for approximately 18 and 20 percent, respectively, of all single-family homes permitted during the same period.

- One of the newest developments is the Gardens at Rockwater, part of the larger master-planned Rockwater

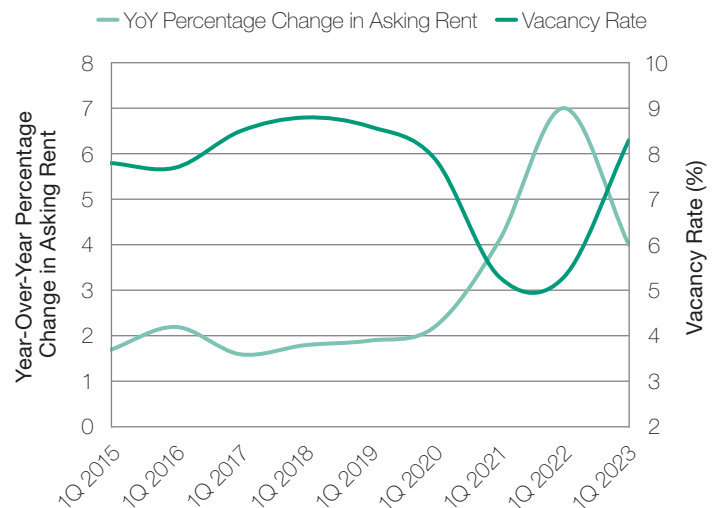
Village in the city of North Little Rock on the Arkansas River. The Gardens at Rockwater, which is 70 percent complete, consists of 30 single-family homes, with home prices starting at \$490,000 for a three-bedroom home.

## Apartment Market Conditions

Apartment market conditions are balanced, with an 8.3-percent vacancy rate during the first quarter of 2023, up from 5.3 percent during the first quarter of 2022 (Costar Group). During the 12 months ending March 2023, absorption of apartment units was negative; it totaled nearly 1,725, due in part to people who previously moved into apartments moving out or doubling up with other renter households because of rising rents. By comparison, during the two preceding 12-month periods, absorption of apartment units was positive, with the number of occupied apartment units increasing during these years by 1,225 and 2,625 units, respectively. The historically unprecedented apartment market tightening during 2021 and 2022 in the Little Rock metropolitan area was due in part to increasing household formation, especially among one-person households, contributing to the vacancy rate dropping to 5.3 percent from 7.9 percent during the first quarter of 2020. From 2000 through 2020, the lowest apartment vacancy rate was 7.7 percent during the first quarter of 2016, and the highest was 9.7 percent in the first quarter of 2009, during the Great Recession.

- During the first quarter of 2023, the average rent for an apartment was \$934, an increase of \$36, or 4.0 percent, compared with 1 year earlier, when the average rent increased more than 7.0 percent—the largest average rent increase since at least 2000. Since the first quarter of 2020, the average rent has increased annually by an average of more than \$43, or 5.0 percent.
- From the first quarter of 2016 through the first quarter of 2020, the average rent increased by \$15, or slightly less than 2.0 percent, annually, compared with an average increase of \$10, or slightly more than 1.0 percent, annually from the first quarter of 2010 through the first quarter of 2016.
- During the first quarter of 2023, studio apartments had the smallest average rent increase, up by \$2 to \$702; studio apartments also had the largest increase in vacancy rates, from 5.9 percent during the first quarter of 2022 to 10.0 percent during the first quarter of 2023, due to some single-person households doubling-up to offset rising rents.
- During the first quarter of 2023, two-bedroom apartments had the largest percentage rent increase, up more than

**The apartment vacancy rate in the Little Rock metropolitan area declined rapidly from the first quarter of 2020 through the first quarter of 2022 but has since returned to the long-term historical rate.**



1Q = first quarter. YoY = year-over-year.  
Source: CoStar Group

4.0 percent, or \$43, to \$966; these apartments also had the smallest increase in vacancy for any bedroom size, with a 7.6-percent vacancy rate, up from 5.4 percent during the first quarter of 2022.

Due to minimal over- or under-building, multifamily building activity, as measured by the number of multifamily units permitted, has kept pace with household growth despite year-to-year fluctuations. Multifamily production has averaged 990 units annually since 2014, with a low of 530 units in 2018 and a high of 1,475 units in 2022. Until the recent surge of household formation in 2021, this production level kept apartment market conditions essentially balanced, with vacancy rates remaining within a very narrow range—a 7.7-percent low to an 8.8-percent high—from 2015 through 2020.

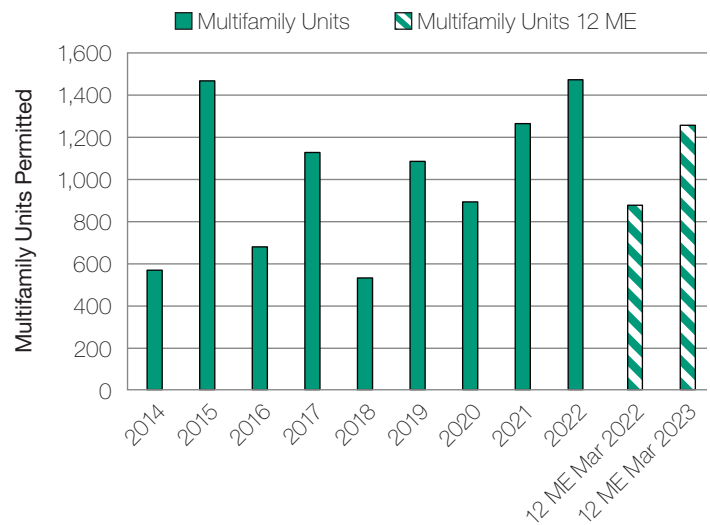
- During the 12 months ending March 2023, multifamily building activity, as measured by the number of units permitted, totaled 1,250, an increase of 380 units, or 43 percent, from the previous 12 months.

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- Nearly 78 percent of all multifamily units permitted in the metropolitan area since 2020 were in the cities of Little Rock or Conway. The city of Little Rock is the business hub of the metropolitan area, and the city of Conway has several universities and a large supply of multifamily units to accommodate students.
- Studio and one-bedroom apartments built to accommodate the increasing number of single-person households have accounted for 58 percent of all apartment units since 2015. Before 2015, studio and one-bedroom apartment units accounted for only 39 percent of all apartment units built (ALN Apartment Data, Inc.).
- One of the more recent apartment developments is The Residences at Harbor Town along the Arkansas River, east of the Clinton Presidential Center. This 172-unit property opened in 2021 and consists of one- and two-bedroom units with rents of \$1,348 and \$1,548, respectively.

**Multifamily units permitted increased in both 2021 and 2022, marking the first consecutive annual increase since 2010 and 2011.**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

## Terminology Definitions and Notes

### A. Definitions

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Apartment Vacancy Rate/Apartment Rent | Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including only those that are stabilized. An apartment property is stabilized once an occupancy rate of 90 percent or greater is reached, or at least 18 months have passed since the property was completed.                                                                                                                                                                                                       |
| Building Permits                      | Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits. |
| Existing Home Sales                   | Include resales, short sales, and REO sales.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Home Sales/Home Sales Prices          | Includes single-family, townhome, and condominium sales.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Seriously Delinquent Mortgages        | Mortgages 90 or more days delinquent or in foreclosure.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

### B. Notes on Geography

1. The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.