

HUD PD&R Housing Market Profiles

Little Rock-North Little Rock-Conway, Arkansas

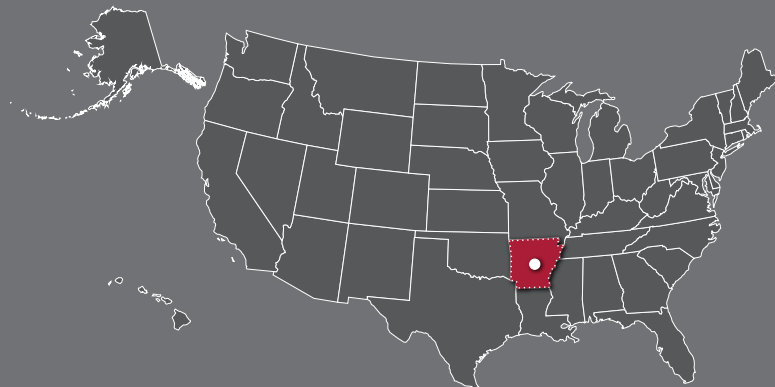


Quick Facts About Little Rock

Little Rock, Arkansas

By [Tim McDonald](#) | As of October 1, 2024

- Current sales market conditions: balanced
- Current apartment market conditions: slightly soft
- 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. Pulaski County is the largest county in the metropolitan area and accounts for more than 53 percent of its population. Major companies headquartered in the metropolitan area include Dillard's department stores, Windstream Communications, and Bank OZK. The Faymonville Group, a manufacturer of semitrailers, recently announced that their first production facility in the United States will be in the city of Little Rock. The facility is expected to create 500 new jobs. In addition, Welspun Tubular LLC, a pipe manufacturer, recently announced a local expansion, which is expected to add 175 jobs.

- As of October 1, 2024, the population of the metropolitan area is estimated at 775,000, reflecting an average increase of 6,000, or 0.8 percent, annually since 2020. Net in-migration accounted for 86 percent of all population growth during that time.

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- 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.
- The median age in the metropolitan area was 38.3 years, up from 35.9 years in 2010 (2023 American Community Survey

1-year data). The median age in the metropolitan area is lower than the national median of 39.2 because of a steady influx of young professionals.

Economic Conditions

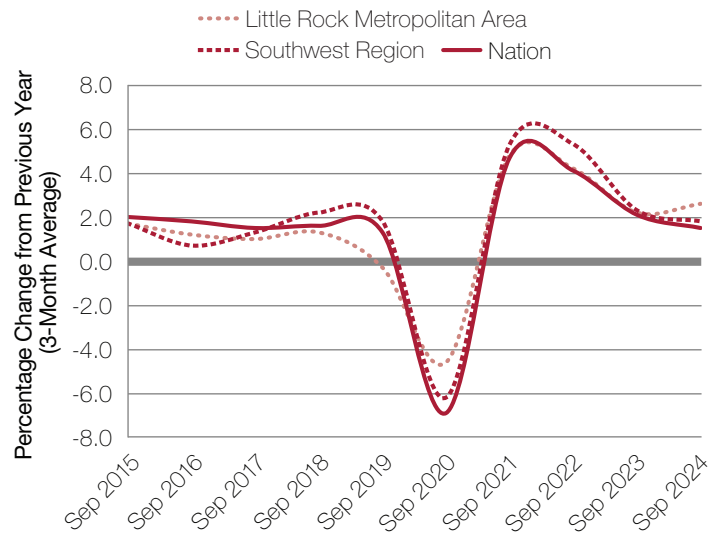
Economic conditions in the Little Rock metropolitan area remain strong, with robust job growth since 2020. Despite job losses during the COVID-19 pandemic recession, since 2020, nonfarm payroll growth has been the strongest in the past 25 years. From 2020 to the current date, nonfarm payroll growth has averaged 1.5 percent annually, well above the national average of 0.8 percent annually during the same period. During the 3 months ending September 2024, the unemployment rate in the metropolitan area averaged 3.2 percent, down from 3.3 percent 1 year earlier.

As of the 3 months ending September 2024—

- Nonfarm payrolls increased by 10,100 jobs, or 2.6 percent, from a year earlier to 398,300 jobs.
- The education and health services sector led job gains, growing by 3,000 jobs, or 4.7 percent, from a year earlier, partly because of Baptist Health continuing to open smaller health clinics.
- The mining, logging, and construction sector had the largest percentage gain, up by 5.1 percent, adding 1,100 jobs.

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During the past year, nonfarm payroll growth in the Little Rock metropolitan area surpassed regional and national levels.



Source: U.S. Bureau of Labor Statistics

Nonfarm payroll growth in the Little Rock metropolitan area occurred in 8 of the 11 sectors.

	3 Months Ending		Year-Over-Year Change	
	September 2023 (Thousands)	September 2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	388.2	398.3	10.1	2.6
Goods-Producing Sectors	41.4	43.2	1.8	4.3
Mining, Logging, & Construction	21.4	22.5	1.1	5.1
Manufacturing	20.1	20.7	0.6	3.0
Service-Providing Sectors	346.8	355.1	8.3	2.4
Wholesale & Retail Trade	56.3	56.2	-0.1	-0.2
Transportation & Utilities	21.2	21.7	0.5	2.4
Information	5.5	5.3	-0.2	-3.6
Financial Activities	27.8	28.0	0.2	0.7
Professional & Business Services	48.5	50.9	2.4	4.9
Education & Health Services	64.0	67.0	3.0	4.7
Leisure & Hospitality	35.3	36.1	0.8	2.3
Other Services	19.7	19.7	0.0	0.0
Government	68.6	69.9	1.3	1.9
Unemployment Rate	3.3%	3.2%		

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

Source: U.S. Bureau of Labor Statistics



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Major ongoing construction projects include a \$318 million expansion of Arkansas Children's Hospital.

Because the metropolitan area is home to the state capital, the government sector is the largest employment sector, with 69,900 jobs, or approximately 18 percent of all nonfarm payroll jobs. As of the third quarter of 2024, the government sector increased by 1,300 jobs, or 1.9 percent. The state government subsector accounts for 33,400 employees, or nearly 48 percent of all government jobs, and includes the largest employer in the metropolitan area—the University of Arkansas for Medical Sciences, which has 9,700 employees. The government sector also includes Little Rock Air Force Base (LRAFB), which has more than 7,400 employees, including 6,350 active-duty

military personnel. LRAFB contributed an annual economic impact of nearly \$1.4 billion in fiscal year 2023 (LRAFB, *Economic Impact Statement: Fiscal Year '23*).

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	7,400
Baptist Health	Education & Health Services	5,360

*Data include active-duty military personnel not included in the nonfarm data.
Note: Excludes local school districts.
Sources: Little Rock Regional Chamber; Little Rock Air Force Base, *Economic Impact Statement: Fiscal Year '23*

Sales Market Conditions

Sales housing market conditions are balanced in the Little Rock metropolitan area. The vacancy rate is currently 1.7 percent, down from 1.8 percent in 2020. During the 12 months ending September 2024, home sales totaled 12,900, a decline of 600 homes sold, or more than 4 percent, from 1 year earlier (Zonda). Home sales reached an all-time peak of 19,800 during the 12 months ending May 2022. From 2014 through 2019, home sales increased by an average of 710, or 5.6 percent, annually. During 2020 and 2021, as mortgage interest rates reached record-low levels, the pace of home sales increased rapidly, rising by an average of 2,175 homes, or 13.5 percent, annually. As of August 2024, 1.4 percent of home loans in the metropolitan area were seriously delinquent (90 or more days

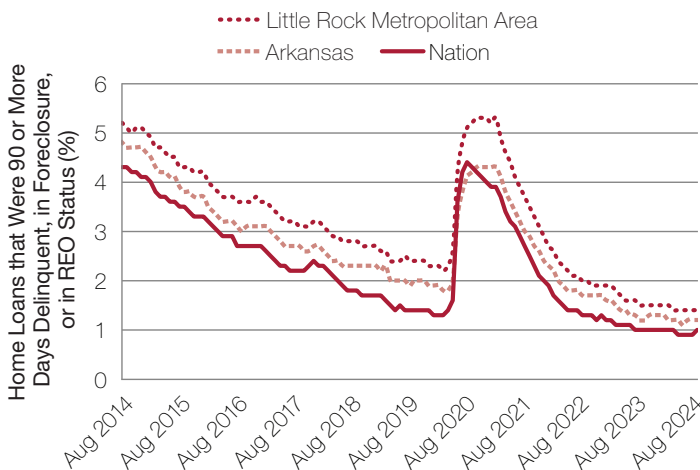
delinquent or in foreclosure) or in real estate owned status, down from 1.5 percent a year earlier (CoreLogic, Inc.).

During the 12 months ending September 2024—

- New home sales totaled 950, a decline of 380 homes sold, or more than 28 percent, from the previous 12 months.
- The average sales price of a new home was \$331,800, a decline of \$6,275, or nearly 2 percent, from the previous 12 months.
- Existing home sales totaled 11,950, a decline of 200 homes, or less than 2 percent, from the previous 12 months.
- The average price of an existing home was \$248,000, an increase of \$10,150, or more than 4 percent, from the previous 12 months.

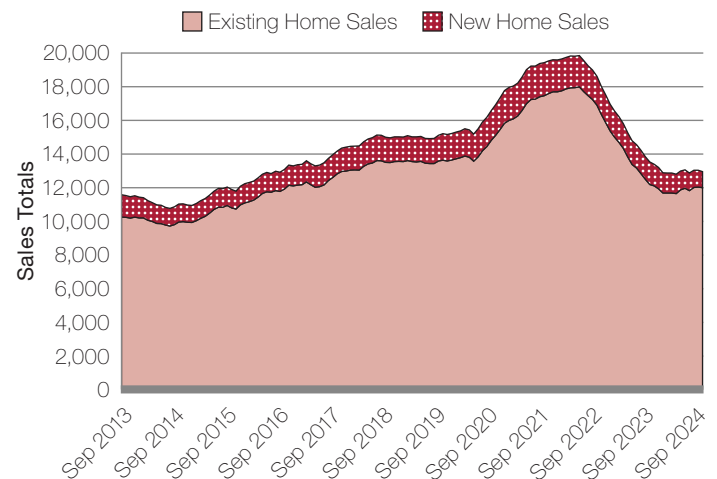
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The percentage of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status in the Little Rock metropolitan area has traditionally been higher than the national average.



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

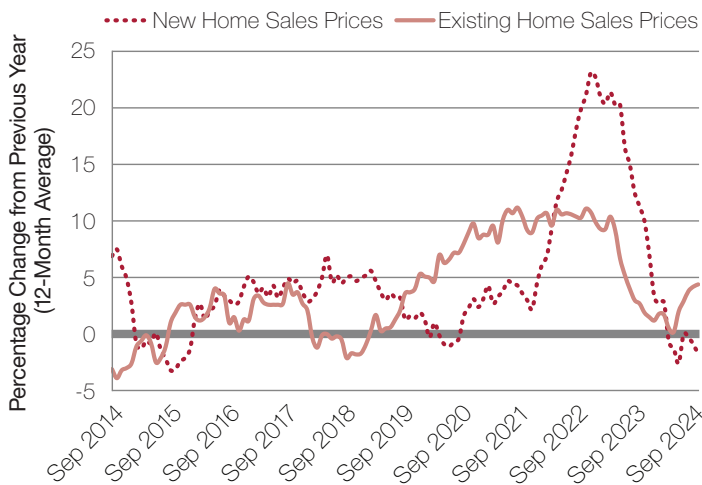
Home sales in the Little Rock metropolitan area stabilized during the 12 months ending September 2024 after declining sharply during the previous 12 months from the all-time peak in 2022.



Note: Sales are for single-family homes, townhomes, and condominiums.
Source: Zonda

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After record-setting sales price growth for new homes in the Little Rock metropolitan area during 2022, average price gains slowed, and the average price declined during the most recent 12 months.



Note: Sales prices are for single-family homes, townhomes, and condominiums.
Source: Zonda

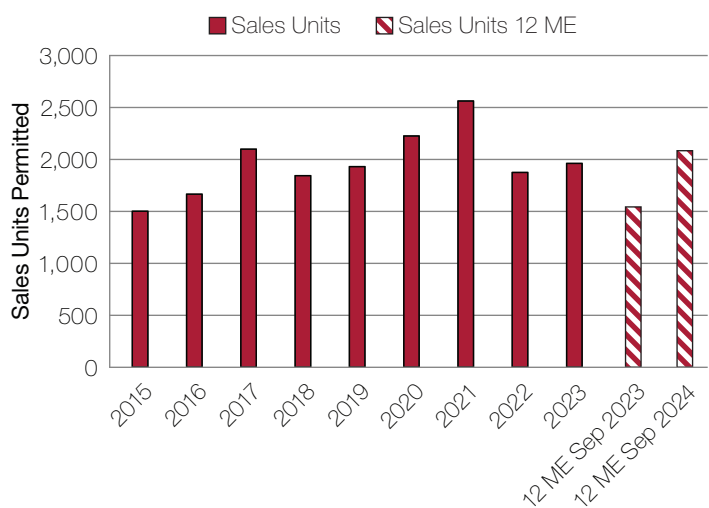
Homebuilding activity, as measured by the number of building permits issued, has slowed from its most recent peak because of rising prices and interest rates limiting the number of people able to purchase new homes. Although it remains below its most recent peak, homebuilding activity started to increase during the past 12 months, partly because average 30-year mortgage rates declined from 7.2 percent in September 2023 to 6.2 percent in September 2024 (St. Louis Federal Reserve Bank).

- During the 12 months ending September 2024, the number of single-family homes permitted totaled nearly 2,100, an

increase of 540, or nearly 35 percent, from the previous 12 months (preliminary data).

- Since 2020, the three largest counties in the metropolitan area—Faulkner, Pulaski, and Saline—have accounted for more than 92 percent of all sales units permitted.
- The Reserve at Country Club is a recent development with 50 homes. Prices start at \$306,000 for a three-bedroom home in this community.

The number of sales units permitted in the Little Rock metropolitan area during the past 12 months increased significantly but is still 19 percent below the all-time peak in 2021.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Apartment Market Conditions

Apartment market conditions are slightly soft in the Little Rock metropolitan area. The apartment vacancy rate has more than doubled since the third quarter of 2021 because of the negative absorption of apartment units from the third quarters of 2021 through 2023. Absorption of apartment units turned positive during the 12 months ending September 2024, with 410 units absorbed. However, the delivery of apartment units totaled 920, and the vacancy rate increased further.

- The rental market vacancy rate in the metropolitan area is currently 10.9 percent, up from 10.0 percent as of the third quarter of 2023 and a record low of 5.3 percent as of the third quarter of 2021.
- The average rent for an apartment is currently \$1,028, up \$17, or nearly 2 percent, from the third quarter of 2023.

From the third quarters of 2019 through 2023, rent growth averaged 5.3 percent annually.

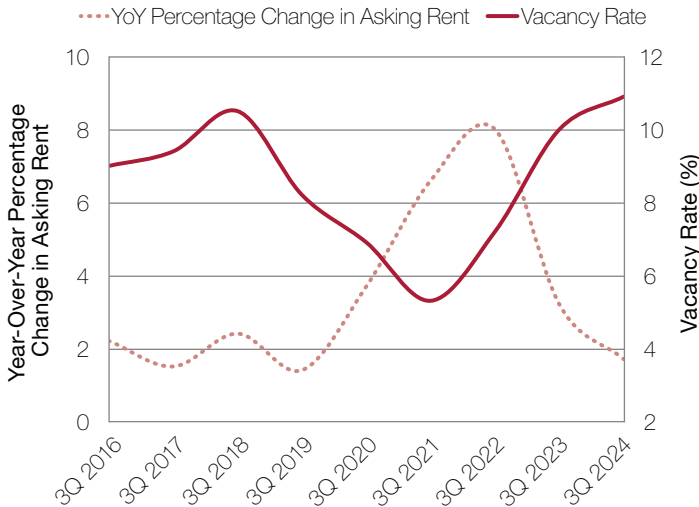
- Of the 13 CoStar-defined submarkets in the metropolitan area, the West Little Rock submarket has the highest average rent of \$1,139, up \$21, or slightly less than 2 percent, from the third quarter of 2023.

Rental unit permitting, as measured by the number of units permitted, in the metropolitan area increased during the past 12 months even as vacancy rates rose because of developers anticipating future demand. The number of apartment units under construction declined during the past 12 months as a surge of new units entered the market, some of which were permitted as far back as 2021, when supply chain issues following the COVID-19 recession disrupted construction timeframes.

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During the third quarter of 2024, rent growth in the Little Rock metropolitan area was less than 2 percent annually for the first time since the third quarter of 2019.

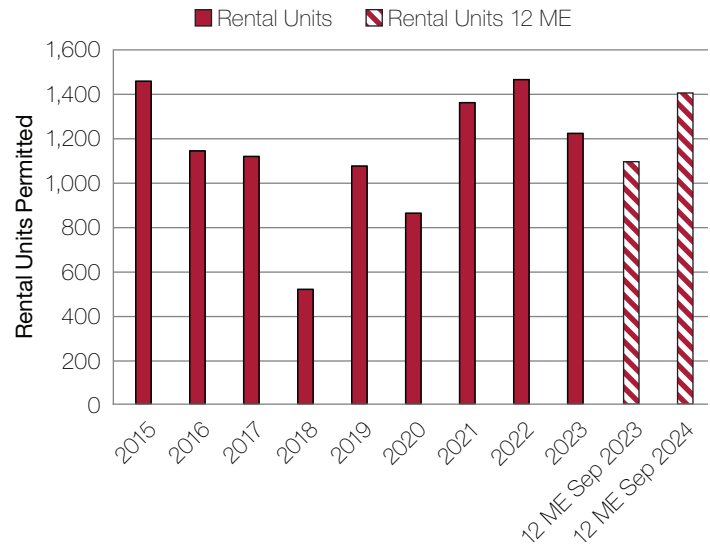


3Q = third quarter. YoY = year-over-year.
Source: CoStar Group

As of the third quarter of 2024, the number of units under construction represented 1.5 percent of the total inventory, down from 3.3 percent 1 year earlier (Costar Group).

- During the 12 months ending September 2024, the number of rental units permitted totaled 1,400, an increase of 310, or 28 percent, from the previous 12 months.
- Of the 13 CoStar-defined submarkets, the West Little Rock submarket has added the most units since 2014 at 2,225, slightly more than the North Little Rock submarket, which added 2,150 apartment units during the same period.
- Developers have recently transitioned to building smaller units. Since 2020, more than 68 percent of the units

Since 2015, only 2 years have had annual rental unit permitting declines below 1,000 units in the Little Rock metropolitan area.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

entering the market have been either efficiency or one-bedroom units. Before 2020, only about 40 percent of the apartment inventory consisted of efficiency or one-bedroom units (ALN Apartment Data).

- Some recent completions include The Vue on Riverfront in North Little Rock. This property has 244 one- and two-bedroom units, with monthly rents ranging from \$1,231 to \$2,076. The Fitzroy Riverdale was recently completed in the city of Little Rock and has 283 units consisting of efficiency and one- and two-bedroom units, with monthly rents ranging from \$1,079 to \$2,009.

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
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	Includes regular resales and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
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.
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