

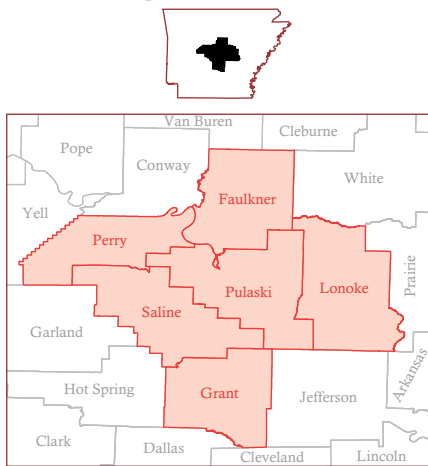
Little Rock-North Little Rock-Conway, Arkansas



U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of September 1, 2017



Housing Market Area



The Little Rock-North Little Rock-Conway Housing Market Area (hereafter, Little Rock HMA), coterminous with the Little Rock-North Little Rock-Conway, AR Metropolitan Statistical Area, consists of Faulkner, Grant, Lonoke, Perry, Pulaski, and Saline Counties in Central Arkansas. The HMA is home to the state capital, the city of Little Rock; Little Rock Air Force Base (AFB); and the University of Arkansas for Medical Sciences.

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Summary

Economy

Nonfarm payrolls in the Little Rock HMA have increased at a moderate rate since 2011 after declines in 2009 and 2010, following the most recent national recession. During the 12 months ending August 2017, nonfarm payrolls totaled 355,000 jobs, increasing by 1,500 jobs, or 0.4 percent, from the previous 12 months. The education and health services and the transportation and utilities sectors led job growth, increasing by 2,500 and 500 jobs, or 4.7 and 3.2 percent, respectively. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 0.8 percent annually. Table DP-1 at the end of this report provides employment data for the HMA.

Sales Market

The sales housing market in the HMA is slightly soft, with an estimated 2.1-percent vacancy rate, unchanged from April 2010. During the 12 months ending August 2017, new and existing home sales remained unchanged, at 14,800 homes sold (CoreLogic, Inc., with adjustments by the analyst). Demand is expected for 4,325 new homes during the forecast period (Table 1). The 500 homes currently under construction and a portion of the 14,600 other vacant units in the

HMA that may reenter the housing market will satisfy some of the forecast demand.

Rental Market

The rental housing market is soft, but conditions are improving in the HMA. The rental vacancy rate is currently estimated at 9.0 percent, down from 10.1 percent in April 2010. The apartment market was slightly soft, with a vacancy rate of 6.2 percent, during August 2017, down slightly from 6.5 percent a year earlier (Reis, Inc.). During the forecast period, demand is expected for 2,500 new market-rate rental units. The 800 units currently under construction will satisfy a portion of the demand (Table 1).

Table 1. Housing Demand in the Little Rock HMA* During the Forecast Period

| | Little Rock HMA* | |
|--------------------|------------------|--------------|
| | Sales Units | Rental Units |
| Total demand | 4,325 | 2,500 |
| Under construction | 500 | 800 |

* Little Rock-North Little Rock-Conway HMA. Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of September 1, 2017. A portion of the estimated 14,600 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is September 1, 2017, to September 1, 2020.

Source: Estimates by analyst

The economy of the Little Rock HMA has been partially insulated from the expansions and contractions of the national economy, because the local economy benefits heavily from the stability of the education and health services and the government sectors. Combined, these sectors account for more than 35 percent of nonfarm jobs in the HMA. As a result of the national economic recession of 2001, the HMA economy contracted, as measured by nonfarm payrolls, by an average of 400 jobs, or 0.1 percent, from 2002 through 2003, when the national economy contracted an average annual 0.7 percent. From 2004 through 2007, when the national economy expanded an average of 1.4 percent annually, the HMA added an average 5,700 jobs, an increase of 1.7 percent, annually. The education and health services and the leisure and hospitality sectors, which increased by 1,400 and 1,000 jobs annually, or 3.4 and 3.6 percent, respectively, led this expansion. The most recent national economic recession, which began in December 2007 and ended in June 2009, had a less severe impact on the

HMA than the nation as a whole, resulting in an average loss of 2,800 jobs, or 0.8 percent, annually from 2008 through 2010 compared with an average decline of 1.9 percent annually for the nation. The manufacturing and the transportation and utilities sectors lost the most jobs in the HMA during this period, declining by 1,600 and 1,500 jobs, or 6.7 and 9.8 percent, annually, respectively.

The HMA has added jobs each year since 2011. Job growth in the HMA was slower than the rate for the nation during much of the period, however. From 2011 through 2016, nonfarm payrolls in the HMA increased an average of 2,700 jobs, or 0.8 percent, annually. During the same period, nonfarm payrolls increased 1.7 percent in the nation. During the 12 months ending August 2017, nonfarm payrolls increased by 1,500 jobs, or 0.4 percent, to 355,000 jobs compared with an increase of 5,200 jobs, or 1.5 percent, during the previous 12 months (Table 2). The education and health services and the transportation and utilities sectors led job growth, increasing by 2,500 and 500 jobs, or 4.7 and 3.2 percent, respectively. Offsetting job gains in 6 of 11 sectors during the 12 months ending August 2017, the government, the mining, logging, and construction, and the leisure and hospitality sectors declined by 900, 500, and 200 jobs, or 1.3, 2.9, and 0.6 percent, respectively. The unemployment rate in the HMA decreased to 3.3 percent during the 12 months ending August 2017 from 3.7 percent during the previous 12 months, the lowest level recorded since 1998. The unemployment rate averaged 6.9 percent from 2009 through 2013 and 4.6 percent from 2000 through 2008. Figure 1 presents trends in the

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Little Rock HMA,* by Sector

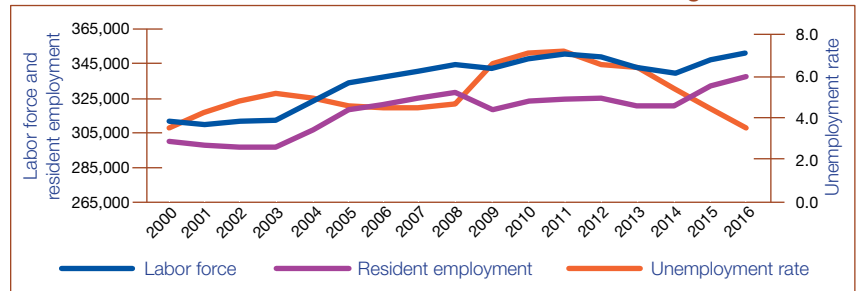
| | 12 Months Ending | | Absolute Change | Percent Change |
|----------------------------------|------------------|-------------|-----------------|----------------|
| | August 2016 | August 2017 | | |
| Total nonfarm payroll jobs | 353,500 | 355,000 | 1,500 | 0.4 |
| Goods-producing sectors | 37,600 | 36,900 | - 700 | - 1.9 |
| Mining, logging, & construction | 17,300 | 16,800 | - 500 | - 2.9 |
| Manufacturing | 20,300 | 20,100 | - 200 | - 1.0 |
| Service-providing sectors | 315,900 | 318,100 | 2,200 | 0.7 |
| Wholesale & retail trade | 54,500 | 54,700 | 200 | 0.4 |
| Transportation & utilities | 15,500 | 16,000 | 500 | 3.2 |
| Information | 6,400 | 6,200 | - 200 | - 3.1 |
| Financial activities | 20,400 | 20,500 | 100 | 0.5 |
| Professional & business services | 47,000 | 47,100 | 100 | 0.2 |
| Education & health services | 53,300 | 55,800 | 2,500 | 4.7 |
| Leisure & hospitality | 33,500 | 33,300 | - 200 | - 0.6 |
| Other services | 14,500 | 14,700 | 200 | 1.4 |
| Government | 70,700 | 69,800 | - 900 | - 1.3 |

* Little Rock-North Little Rock-Conway HMA.

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through August 2016 and August 2017.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Little Rock HMA,* 2000 Through 2016



* Little Rock-North Little Rock-Conway HMA.
Source: U.S. Bureau of Labor Statistics

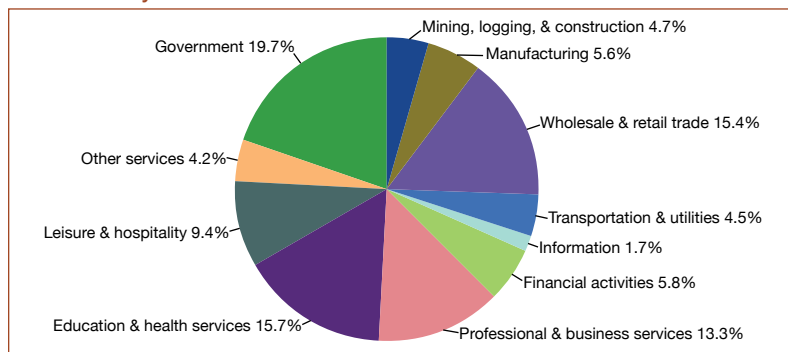
labor force, resident employment, and the unemployment rate from 2000 through 2016.

The government sector—anchored by the presence of the state capital, Little Rock AFB, and two state universities—is the largest payroll sector in the HMA. About 50 percent of the jobs in the sector are in the state government subsector, which includes the State of Arkansas, the largest employer in the HMA. The government sector accounted for 19.7 percent of nonfarm payrolls during the 12 months ending August 2017 (Figure 2). That figure has declined since 2010 due, in part, to a decreased number of local government jobs, however. From 2001 through 2010, the sector increased by an average of

1,000 jobs, or 1.5 percent, annually to reach an average of 71,200 jobs during 2010. The sector lost an average of 300 jobs, or 0.4 percent, annually during 2011 and 2012, a result of cuts to local government. During 2013, the sector added 300 jobs before contracting from 2014 through 2016 by an average of 200 jobs annually. During the 12 months ending August 2017, the government sector decreased by 900 jobs, or 1.3 percent, to 69,800 jobs, which is the lowest level recorded since 2008. A decline of 1,200 jobs in the local government subsector, which has recorded losses every year since 2011, offset gains in the federal and state government subsectors during the past 12 months.

Little Rock AFB, which employs 6,375 military personnel and 1,450 civilians, is the third largest employer in the HMA and the seventh largest employer in the state of Arkansas. Little Rock AFB has a \$469 million impact on the local economy annually (*The Little Rock Air Force Base Economic Impact Statement Fiscal Year 2016*). The base is home to the Air Mobility Command, Air Education and Training Command, and the Air National Guard, which all support the largest fleet of C-130 airplanes in the world.

Figure 2. Current Nonfarm Payroll Jobs in the Little Rock HMA,* by Sector



* Little Rock-North Little Rock-Conway HMA.
Note: Based on 12-month averages through August 2017.
Source: U.S. Bureau of Labor Statistics

The education and health services sector has grown by more than any other sector since 2000. Of the 10 largest employers in the HMA, 3 are in the healthcare industry. Baptist Health, Arkansas Children's Hospital, and St. Vincent Health System account for 6,590, 4,000, and 2,600 jobs, respectively (Table 3). Figure 3 illustrates sector growth in the HMA since 2000. Arkansas Children's Hospital opening of a new 11,050-square-foot

clinic in June 2017 in southwest Little Rock contributed to the growth in this sector during the past 12 months.

The leisure and hospitality sector accounts for 9.4 percent of nonfarm payroll jobs in the HMA, a figure that increased from 8.8 percent in 2010, due in part to increased visitor spending. During 2016, travel spending in Pulaski County, the central county in the HMA, alone was \$1.9 billion, up from \$1.5 billion in 2010. During the same period, visitor volume increased 12 percent to 6.4 million as the national economy continued to improve (Arkansas Department of Parks & Tourism). From 2011 through 2015, leisure and hospitality sector jobs led nonfarm payroll growth, increasing by an average of 700 jobs, or 2.1 percent, annually as travel spending was increasing in the HMA. The sector currently has 39 percent more jobs than in 2000, the second largest increase in the HMA. The opening of the Little Rock Central High School National Historic Site in 2007 and the Heifer International headquarters in

Table 3. Major Employers in the Little Rock HMA*

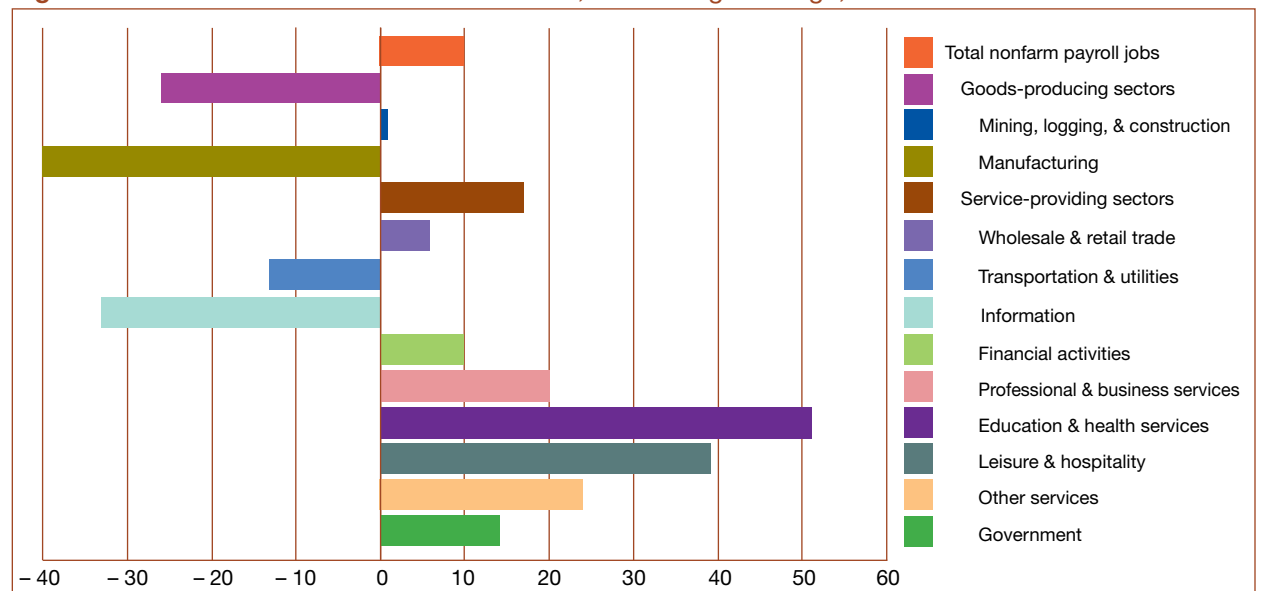
| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|---|-----------------------------|---------------------|
| State of Arkansas | Government | 23,300 |
| University of Arkansas for Medical Sciences | Government | 9,100 |
| Little Rock Air Force Base (AFB) | Government | 7,825 |
| Baptist Health | Education & health services | 6,590 |
| Arkansas Children's Hospital | Education & health services | 4,000 |
| Central Arkansas Veterans Healthcare System | Government | 2,800 |
| Entergy Arkansas, Inc. | Transportation & utilities | 2,740 |
| AT&T Inc. | Transportation & utilities | 2,600 |
| St. Vincent Health System | Education & health services | 2,600 |
| Arkansas BlueCross BlueShield | Financial activities | 2,590 |

* Little Rock-North Little Rock-Conway HMA.

Notes: Excludes local school districts. State of Arkansas employment excludes employees of institutions of higher education. Data for Little Rock AFB include 1,450 civilian and 6,375 active duty uniformed military personnel; however, active duty military personnel are not included in nonfarm payroll survey data.

Sources: Little Rock Regional Chamber of Commerce; Little Rock AFB

Figure 3. Sector Growth in the Little Rock HMA,* Percentage Change, 2000 to Current



* Little Rock-North Little Rock-Conway HMA.

Note: Current is based on 12-month averages through August 2017.

Source: U.S. Bureau of Labor Statistics

2009 contributed significantly to the increase. Additionally, the William J. Clinton Presidential Library & Museum has attracted more than 4 million visitors since it opened in November 2004.

During the 3-year forecast period, the HMA economy is expected to continue adding jobs. Nonfarm payrolls are expected to increase an average of 2,875 jobs, or 0.8 percent, annually. Job growth is expected to be greatest in the education and health services

and the professional and business services sectors, a result of the opening of the Little Rock Technology Park in April 2017. The 38,000-square-foot Technology Park, currently houses more than 30 businesses with the mission of creating an environment of collaboration and knowledge sharing between the education, government, and private sectors to attract and develop technology-based ventures, provide quality job opportunities, and increase economic development in Central Arkansas.

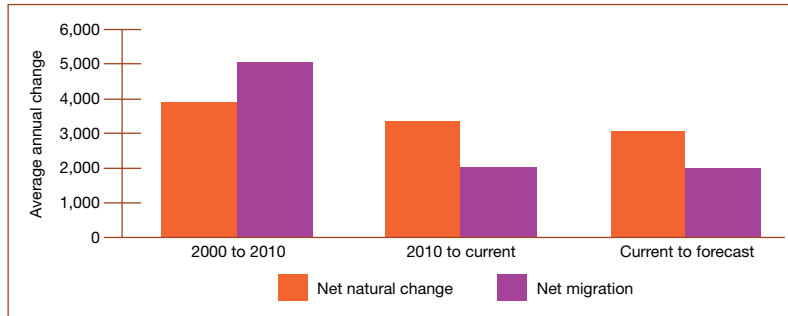
Population and Households

The current population of the Little Rock HMA is estimated to be 739,100, an average increase of 5,300, or 0.7 percent, annually since 2010. Despite improving economic conditions since 2011, net in-migration has been relatively low with most new jobs being absorbed by current residents. From 2010 to 2014, average net in-migration of 3,050 people annually accounted for 46 percent of the population growth. Since 2014, out-migration, primarily from workers moving to higher-income metropolitan areas, has been a factor that led net in-migration to slow to an average of 200 people annually. Out-migration from the Little Rock HMA has been strong to the Austin-Round Rock, Texas, Dallas-Fort Worth-Arlington, Texas, and Nashville-Davidson-Murfreesboro-Franklin, Tennessee metropolitan areas, where nonfarm payroll growth averaged 3.0, 3.3, and 3.5 percent during the past 12 months, and median incomes are 17, 12, and 5 percent, respectively, above the median income

of the Little Rock HMA. Although total population increased 0.6 percent from 2015 to 2016, the primary working population, those between the ages of 20 and 60 years, declined 1.9 percent during the same period. During the 2000s, population growth was greatest in the HMA from 2004 to 2008, when the population increased by an average of 10,600, or 1.6 percent, annually (Census Bureau population estimates, as of July 1). Net in-migration of 6,500 people annually accounted for 61 percent of the population increase during the same period. This period of high population growth coincided with the largest increase in nonfarm payroll jobs during the 2000s. Weakened economic conditions in the HMA resulted in a slightly slower population increase, an average of 10,250, or 1.5 percent, annually from 2008 to 2010. During this period, net in-migration of 6,200 people annually comprised 60 percent of the population growth. Figure 4 shows the components of population

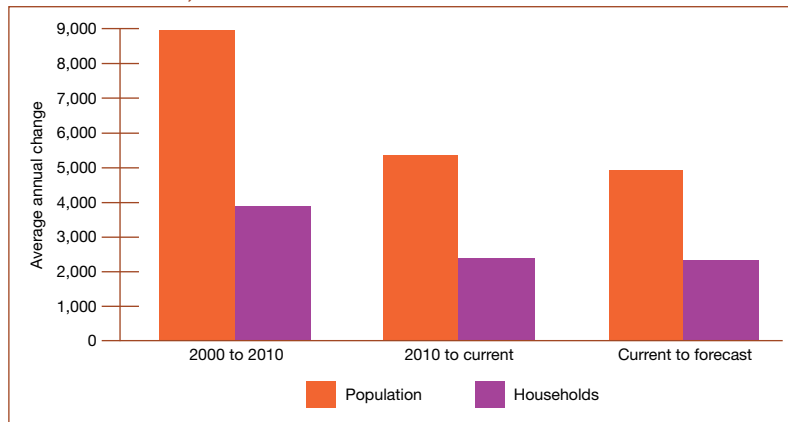
Population and Households *Continued*

Figure 4. Components of Population Change in the Little Rock HMA,* 2000 to Forecast



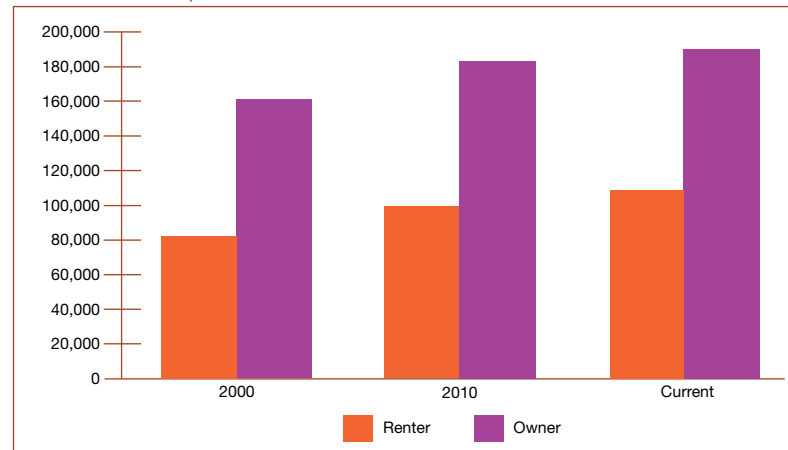
* Little Rock-North Little Rock-Conway HMA.
 Notes: The current date is September 1, 2017. The forecast date is September 1, 2020.
 Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Population and Household Growth in the Little Rock HMA,* 2000 to Forecast



* Little Rock-North Little Rock-Conway HMA.
 Notes: The current date is September 1, 2017. The forecast date is September 1, 2020.
 Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Little Rock HMA,* 2000 to Current



* Little Rock-North Little Rock-Conway HMA.
 Note: The current date is September 1, 2017.
 Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

change in the HMA from 2000 to the forecast date. During the 3-year forecast period, the population of the HMA is expected to increase by an average of 4,925, or 0.7 percent, annually (Figure 5). Job growth is expected to attract people to the HMA, resulting in net in-migration estimated at an average of 1,925 people annually, or about 39 percent of expected population growth, during the forecast period.

The number of households in the HMA is currently estimated at 296,800, representing an average increase of 2,375 households, or 0.8 percent, annually since 2010. During the 2000s, when population growth was faster, the number of households increased at a rate of 1.5 percent, or 3,825 households, annually. Currently, owner households comprise 63.5 percent of households compared with 65.1 percent in April 2010. Tighter mortgage lending standards and an increased propensity to rent contributed to the decreased portion of owner households during the period. Figure 6 shows the number of households in the HMA by tenure since 2000. During the forecast period, the number of households in the HMA is expected to increase by an average of 2,300 households, or 0.8 percent, annually.

Housing Market Trends

Sales Market

Sales housing market conditions in the Little Rock HMA are slightly soft, with an estimated vacancy rate of 2.1 percent, unchanged from April 2010. Low levels of net in-migration contributed to relatively slow absorption of excess inventory following the housing crisis in the late 2000s. During the 12 months ending August 2017, new and existing home sales in the HMA (including single-family homes, townhomes, and condominiums) remained unchanged at 14,800 compared with the previous 12 months (CoreLogic, Inc., with adjustments by the analyst). The average sales price increased nearly 3 percent to \$163,700, however. New home sales totaled 1,325 during the 12 months ending August 2017, down by 50 homes, or 3 percent, from a year earlier. The average new home sales price was \$221,200, up 3 percent from \$214,100 during the 12 months ending August 2016. The number of existing home sales increased by 50, or 1 percent, to 13,475 homes sold during the 12 months ending August 2017 compared with 13,425 sales a year earlier, and the average sales price for an existing home increased 3 percent to \$158,000.

Since 2000, new and existing home sales in the HMA were greatest from 2004 through 2006, averaging 20,200 homes sold annually. From 2007 through 2011, the number of home sales declined by an average of 2,000, or 12 percent, annually, reflecting tighter mortgage lending standards, the national recession, and the economic downturn in the HMA. New and existing home sales in the HMA increased during 2012 and 2013, averaging an annual increase of 1,050 homes sold, or 9 percent, to average 12,850 homes sold during 2013 when

nonfarm payroll growth was at its strongest since 2010. Slower nonfarm payroll growth and in-migration during 2014 and 2015 resulted in slower new and existing home sales growth averaging an increase of 670 homes sold, or 4 percent, annually.

New and existing home sales prices increased moderately from 2003 through 2008, leading up to the national housing crisis, averaging an increase of 3 percent annually. During 2009, when nonfarm payrolls declined 3 percent, the average price of new and existing homes sold decreased less than 1 percent. From 2010 through 2013, when nonfarm payrolls increased an average 1.6 percent annually, the average price of new and existing homes increased an average 3 percent annually, and then during 2014, declined 3 percent to average \$151,000, when in-migration was the slowest since 2000 and the inventory of lower priced distressed properties increased. During 2014, the portion of existing home sales listed as real estate owned (REO) peaked at 12.0 percent compared with 7.1 and 4.3 percent of existing home sales during 2013 and 2012, respectively. Although, REO sales declined during the past year, they currently account for nearly 9.5 percent of existing sales.

The adverse effects of the national housing crisis were less severe in the HMA compared with in the nation as a whole but lasted longer partially as a result of a relatively slow foreclosure process in the state. During January 2010, when the rate of home loans that were seriously delinquent (90 or more days delinquent or in foreclosure) or transitioned into REO status peaked in the nation at 8.6 percent,

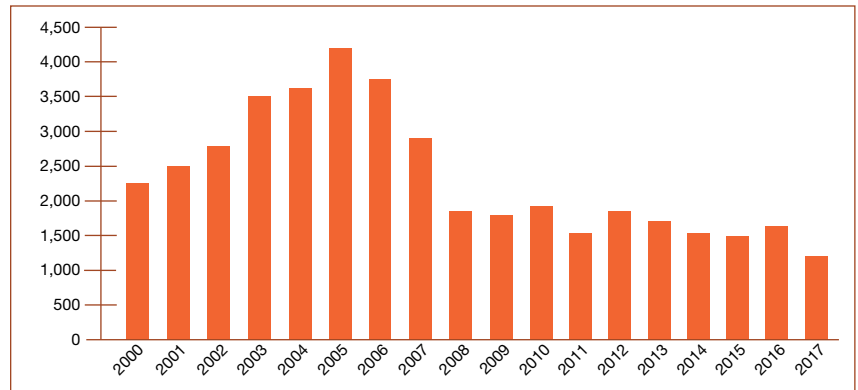
the rate in the HMA reached 5.1 percent (CoreLogic, Inc.). Although the national rate declined 2.2 percentage points to 6.4 percent in January 2013, the rate in the HMA increased by 1.3 percentage points to a peak of 6.2 percent. Since 2013, the rate of loans that were seriously delinquent or transitioned into REO status has declined in the HMA but at a slower rate than the national rate. In August 2017, 3.2 percent of mortgage loans in the HMA were seriously delinquent or had transitioned into REO status, down from 3.6 percent a year earlier as compared with 2.7 percent of mortgage loans in the state, down from 3.1 percent a year earlier. By comparison, the national percentage of seriously delinquent loans and REO properties in August 2017 was 2.2 percent, down from 2.7 percent a year earlier. Distressed sales (REO sales and short sales) comprised an estimated 11 percent of total home sales in the HMA during the 12 months ending August 2017, down from 15 percent during the 12 months ending August 2015 but still above the 9 percent during the 12 months ending August 2013, a result of processing the backlog of foreclosures. Distressed sales averaged 2 percent of total sales from 2003 through 2007 before increasing to 6 percent during 2008 and then averaged 9 percent from 2009 through 2013. Absentee-owner sales, which include primarily investment or second home purchases, comprised 21 percent of total sales in the HMA during the 12 months ending August 2017, unchanged from a year earlier but up from an average of 17 percent from 2007 through 2010 (Metrostudy, A Hanley Wood Company).

Single-family homebuilding activity, as measured by the number of

single-family homes permitted, increased by 125 homes, or 8 percent, to an estimated 1,675 homes during the 12 months ending August 2017 compared with the number permitted a year earlier (preliminary data). Since 2000, single-family homebuilding activity peaked from 2003 through 2006, when an average of 3,775 homes were permitted annually. Relaxed mortgage lending standards and relatively affordable home prices, combined with job and population growth, were the primary reasons for increased homebuilding during this period. Single-family home construction declined from 2007 through 2009 by 660 homes, or 22 percent, annually to 1,775 homes, primarily a result of the national housing crisis, and from 2010 through 2013, averaged 1,725 homes annually as tighter lending standards restricted home sales. Single-family home construction activity averaged only 1,550 homes a year from 2014 through 2016, as the increased percentage of distressed sales units entering the market offered an alternative to new homes. Building activity in the HMA is characterized by infill and custom home construction. Pulaski County, which includes the city of Little Rock, accounted for 51 percent of all single-family homes permitted in the metropolitan area during the 12 months ending August 2017, which is up from 42 percent during 2006 and 2007. Figure 7 shows the number of single-family homes permitted in the HMA since 2000.

Demand is expected for 4,325 new homes in the HMA during the next 3 years (Table 1). New home sales demand is expected to increase, albeit slightly, during the second and third years of the 3-year forecast period, when population growth is expected

Figure 7. Single-Family Homes Permitted in the Little Rock HMA,* 2000 to Current



* Little Rock-North Little Rock-Conway HMA.

Notes: Includes townhomes. Current includes data through August 2017.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

to be stronger. The 500 homes currently under construction will meet part of the demand during the first year. A portion of the estimated 14,600 other vacant units in the HMA may reenter the sales market and satisfy some of the forecast demand.

New market-rate sales housing demand is expected to be greatest for homes ranging from \$110,000 to \$199,999, with a median price near \$175,000. Table 4 shows estimated demand for new market-rate sales housing in the HMA by price range.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Little Rock HMA* During the Forecast Period

| Price Range (\$) | | Units of Demand | Percent of Total |
|------------------|------------|-----------------|------------------|
| From | To | | |
| 110,000 | 149,999 | 1,025 | 24.0 |
| 150,000 | 199,999 | 1,300 | 30.0 |
| 200,000 | 249,999 | 950 | 22.0 |
| 250,000 | 299,999 | 430 | 10.0 |
| 300,000 | 349,999 | 350 | 8.0 |
| 350,000 | and higher | 260 | 6.0 |

* Little Rock-North Little Rock-Conway HMA.

Notes: The 500 homes currently under construction and a portion of the estimated 14,600 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is September 1, 2017, to September 1, 2020.

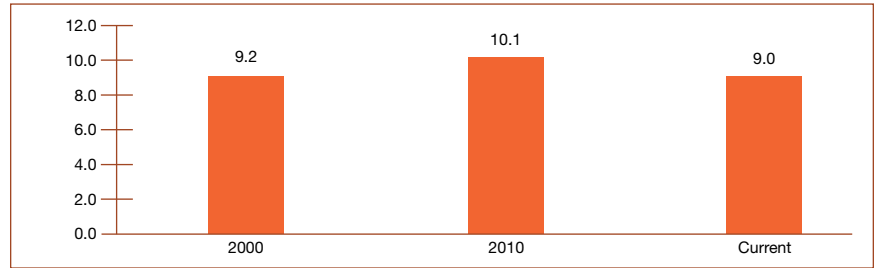
Source: Estimates by analyst

Rental Market

The rental housing market in the Little Rock HMA is soft but improving, with an overall rental vacancy rate estimated at 9.0 percent. Rental market conditions have improved since April 2010, when the rental vacancy rate was 10.1 percent. The apartment vacancy rate is notably lower, however (Figure 8). Single-family homes

currently comprise an estimated 37 percent of the occupied rental units in the HMA. The apartment market is slightly soft and has improved since 2010, primarily the result of an improved economy and an increased demand for rental units. During August 2017, the average apartment vacancy rate in the HMA was 6.2 percent,

Figure 8. Rental Vacancy Rates in the Little Rock HMA,* 2000 to Current



* Little Rock-North Little Rock-Conway HMA.

Note: The current date is September 1, 2017.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

down slightly from 6.5 percent a year earlier and down from the peak of 8.7 percent in 2009 (Reis, Inc.). The average apartment rent was \$744 during August 2017, virtually unchanged compared with the average rent a year earlier. Moderately improved rental market conditions during the past 2 years were partly the result of the stable but moderately growing local economy. Tight mortgage lending standards that impeded potential homebuyers from purchasing homes contributed to rapidly increasing demand for apartments in the HMA in the early 2010s. The apartment vacancy rate declined from 7.7 percent during 2010 to average between 6.1 and 6.3 percent in each year from 2011 through 2015. Builders responded with increased multifamily construction. During 2010, 510 apartment units were added to the rental market in the HMA, but from 2011 through 2013, an average of 1,250 units were added annually. Renter households currently account for 36.5 percent of all households in the HMA, up from 33.4 and 34.9 percent in 2000 and 2010, respectively.

Little Rock AFB, the University of Arkansas for Medical Sciences, and the University of Arkansas at Little Rock all have an influence on the rental market. Little Rock AFB, in Pulaski County, provides housing

for unmarried military personnel in dormitory-style living quarters, which contain approximately 420 beds, and for married military personnel and their families via approximately 820 privatized housing units. The remaining personnel and family members, approximately 5,050 households, reside off base in the surrounding private-housing market. North Little Rock, the second largest Reis-defined market area, with 26 percent of apartments in the HMA, includes neighborhoods surrounding the Little Rock AFB. Apartment market conditions in the market area are slightly soft, with an average apartment vacancy rate estimated at 7.0 percent during August 2017, down from 7.9 percent a year ago. The average rents in the North Little Rock market area were \$744 monthly during August 2017, virtually the same as the HMA as a whole.

Student households currently account for approximately 13 percent of overall renter households in the HMA. The two largest universities in the HMA provide on-campus housing for approximately 1,975 students, or about 13 percent of the approximately 15,800 students enrolled as of the fall 2017 semester. The remaining students, including approximately 2,900 students at the University of Arkansas for Medical Sciences and 11,900 students at the University of Arkansas at Little

Rock, reside in the local housing market. In the Central market area, which includes the neighborhoods surrounding the University of Arkansas for Medical Sciences and the University of Arkansas at Little Rock, apartment market conditions are slightly soft, with an average apartment vacancy of 7.4 percent during August 2017, down from 7.8 percent a year ago. The rental vacancy rate in the Central market area declined during each of the past 5 years but remains relatively high. As a result, builders have not completed any new apartment units in the market area since 2013, when the apartment vacancy rate averaged 13.4 percent. Higher vacancy rates in the Central market area are attributed to a higher percentage of older apartment units compared with the other Reis-defined market areas in the HMA. The average rents in the Central market area were \$714 monthly during August 2017, about 4 percent below the average for the HMA as a whole.

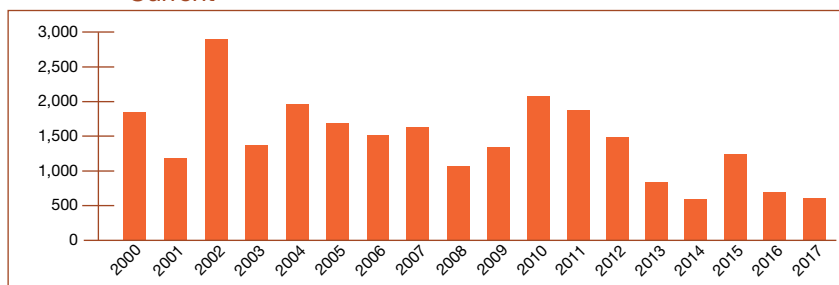
Multifamily construction activity, as measured by the number of multifamily units permitted, decreased in the HMA by 325 units, or 30 percent, to 750 units during the 12 months ending August 2017 compared with the number permitted a year earlier (preliminary data). By comparison, construction averaged 1,825 units

annually from 2000 through 2005 and decreased to 1,375 units annually from 2006 through 2009, when population growth and in-migration were at their slowest during the 2000s. From 2010 through 2012, an average of 1,800 units were permitted annually. Slowing in-migration to the HMA contributed to decreased multifamily construction activity from 2013 through 2015, with an average 860 units were permitted annually (Figure 9). Approximately 800 units are currently under construction in the HMA, all of which are expected to be complete during the 3-year forecast period.

The Clayton on Scott, a development in downtown Little Rock, completed 48 apartment units in August 2017. Rents are from \$825 for one-bedroom units and from \$1,245 for two-bedroom units. Fountaine Bleu West, a 240-unit development in Pulaski County, began leasing in late 2016. Monthly asking rents start at \$1,025 for one-bedroom units, \$1,299 for two-bedroom units, and \$1,539 for three-bedroom units.

During the forecast period, demand is estimated for 2,500 new market-rate rental housing units (Table 1). During the first year, the 800 units already under construction will meet most of the demand. Demand will be higher in the second and third years of the forecast period because of increasing population and household growth. The impact of both Little Rock AFB and the student population is expected to remain relatively unchanged. Rental housing demand is expected to be greatest for two-bedroom units at rents ranging from \$800 to \$999 (Table 5).

Figure 9. Multifamily Units Permitted in the Little Rock HMA,* 2000 to Current



* Little Rock-North Little Rock-Conway HMA.

Notes: Excludes townhomes. Current includes data through August 2017.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Little Rock HMA* During the Forecast Period

| One Bedroom | | Two Bedrooms | | Three or More Bedrooms | |
|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|
| Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand | Monthly Gross Rent (\$) | Units of Demand |
| 650 to 849 | 600 | 800 to 999 | 680 | 1,050 to 1,249 | 230 |
| 850 to 1,049 | 250 | 1,000 to 1,199 | 280 | 1,250 to 1,449 | 95 |
| 1,050 or more | 150 | 1,200 or more | 170 | 1,450 or more | 55 |
| Total | 1,000 | Total | 1,125 | Total | 380 |

* Little Rock-North Little Rock-Conway HMA.

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 800 units currently under construction will likely satisfy some of the estimated demand. The forecast period is September 1, 2017, to September 1, 2020.

Source: Estimates by analyst

Data Profile

Table DP-1. Little Rock HMA* Data Profile, 2000 to Current

| | 2000 | 2010 | Current | Average Annual Change (%) | |
|---------------------------|----------|----------|----------|---------------------------|-----------------|
| | | | | 2000 to 2010 | 2010 to Current |
| Total resident employment | 300,031 | 322,952 | 340,400 | 0.7 | 0.8 |
| Unemployment rate | 3.7% | 7.2% | 3.3% | | |
| Nonfarm payroll jobs | 321,600 | 337,600 | 355,000 | 0.5 | 0.8 |
| Total population | 610,518 | 699,757 | 739,100 | 1.4 | 0.7 |
| Total households | 241,094 | 279,225 | 296,800 | 1.5 | 0.8 |
| Owner households | 160,466 | 181,770 | 188,600 | 1.3 | 0.5 |
| Percent owner | 66.6% | 65.1% | 63.5% | | |
| Renter households | 80,628 | 97,455 | 108,200 | 1.9 | 1.4 |
| Percent renter | 33.4% | 34.9% | 36.5% | | |
| Total housing units | 261,917 | 306,882 | 326,200 | 1.6 | 0.8 |
| Owner vacancy rate | 1.9% | 2.1% | 2.1% | | |
| Rental vacancy rate | 9.2% | 10.1% | 9.0% | | |
| Median Family Income | \$45,900 | \$60,700 | \$62,800 | 2.8 | 0.5 |

* Little Rock-North Little Rock-Conway HMA.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through August 2017. Median Family Incomes are for 1999, 2009, and 2016. The current date is September 1, 2017.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 9/1/2017—Estimates by the analyst
 Forecast period: 9/1/2017–9/1/2020—Estimates
 by the analyst

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. 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.

For additional data pertaining to the housing market for this HMA, go to http://huduser.gov/publications/pdf/CMARtables_LittleRock_NorthLittleRock_ConwayAR_17.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.