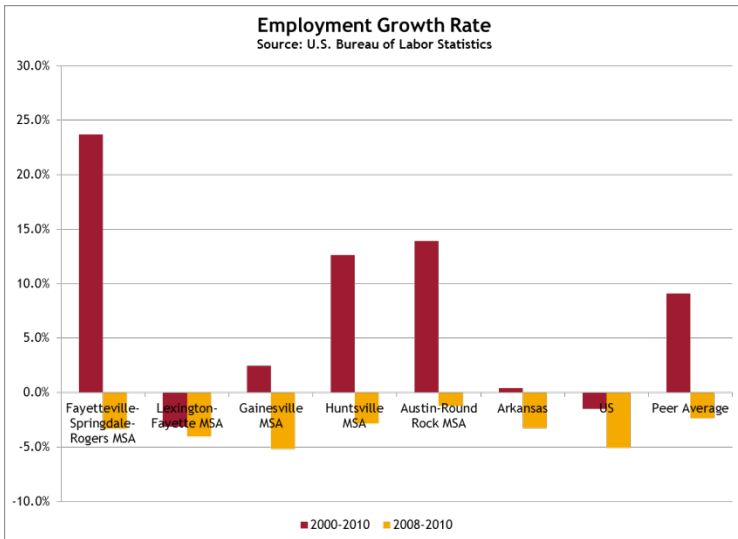
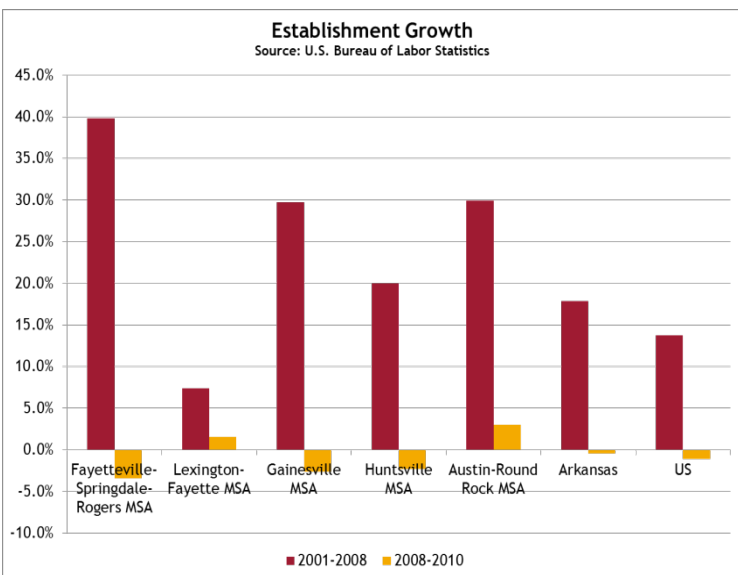
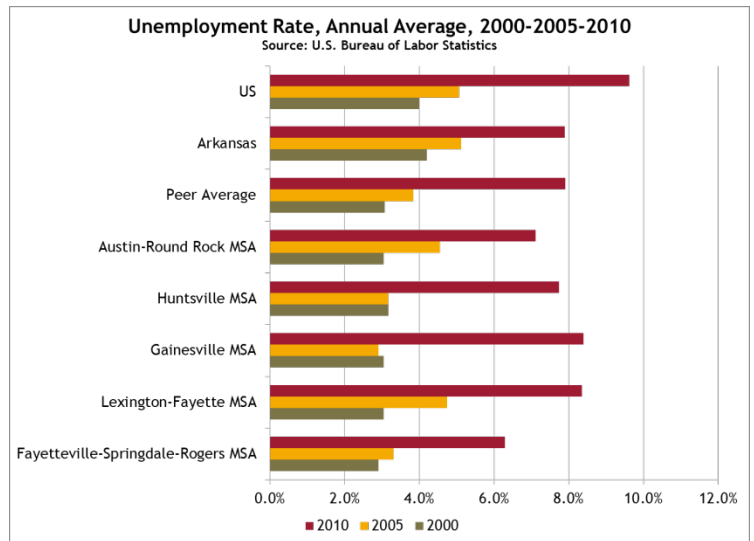


2011 State of the Northwest Arkansas Region Report

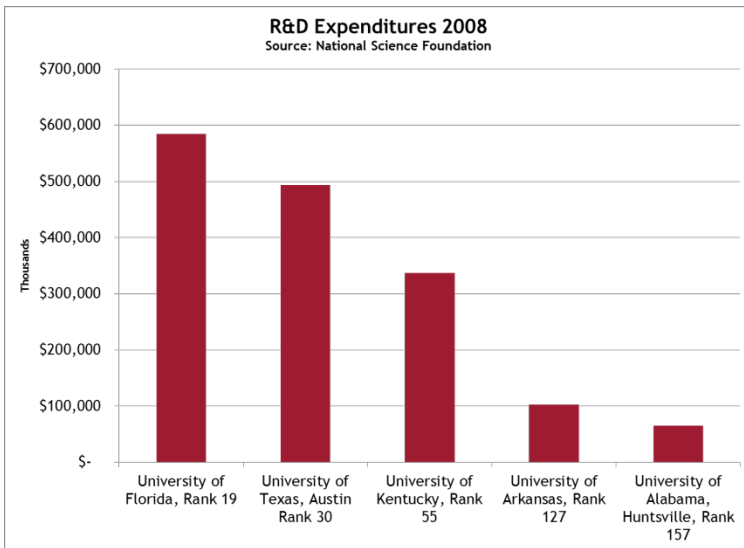


During the decade from 2000 to 2010, employment in Northwest Arkansas grew at 23.7 percent, a rate that outstripped the peer regions, the state of Arkansas and the nation as a whole. Northwest Arkansas employment peaked at 210,700 in November 2007. At the trough of employment in January 2010, the region had lost 15,300 jobs, representing 7.2 percent of employment. This loss was in the middle of the pack of the peer regions considered in this report.

When compared to its peer regions, Northwest Arkansas experienced the smallest jump in the unemployment rate over the last decade and during the recession from 2008 to 2010. The unemployment rate in the Northwest Arkansas region averaged 4.0 percent during the past decade; however, it peaked at 7.0 percent in 2010 as a result of the recession. While the increase in the unemployment rate is significant, the Northwest Arkansas region fared better than the nation, where the unemployment rate increased 66.5 percent to 9.6 percent from 2008 to 2010. Meanwhile, the unemployment rate in Arkansas increased 49.1 percent from 5.3 percent to 7.9 percent from 2008 to 2010.

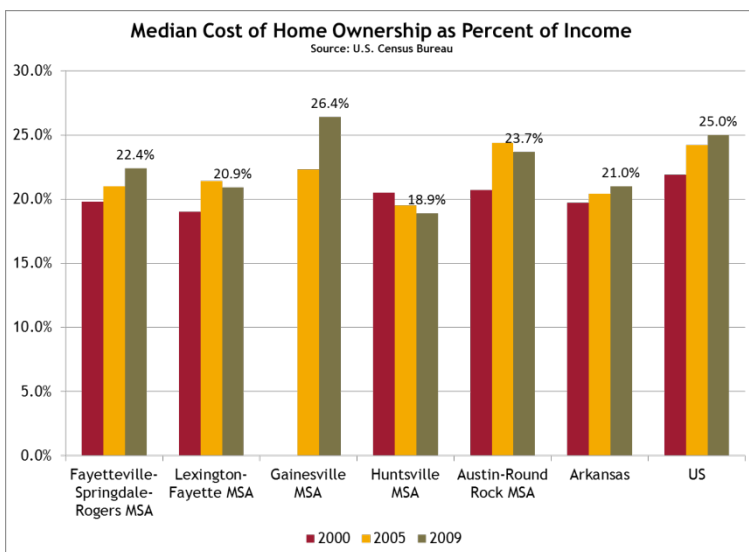
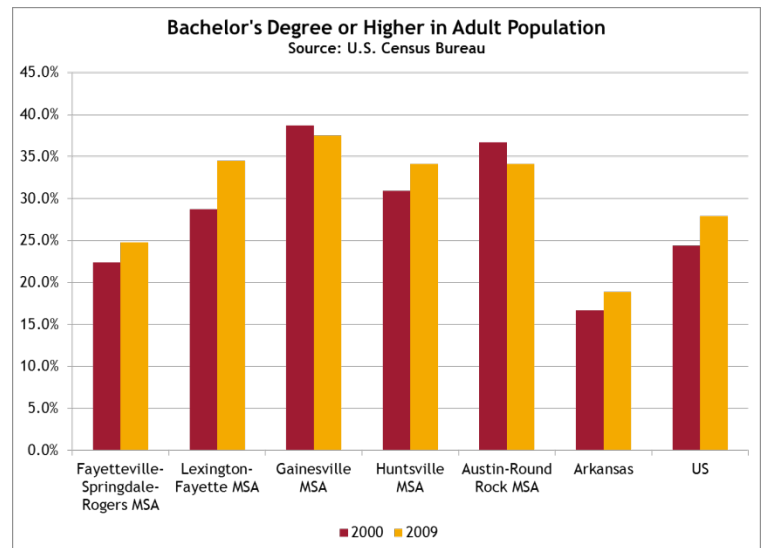


From 2001 to 2008, the growth rate in business establishments averaged 5.5 percent, but from 2008 to 2010, there was an average annual decline of 0.7 percent in the number of businesses in the region. Both the growth during the pre-recession years and the decline during the recession and post-recession years outpaced the peer regions. The number of businesses in Northwest Arkansas increased from 8,606 in 2001 to 11,618 in 2010. However, Northwest Arkansas has a lower number of employees per establishment than any of its peer regions. In 2010, the average number of employees per establishment in Northwest Arkansas was 16.3; this number declined from 19.2 employees per establishment in 2001. Similar declines in average employees per establishment were seen in the peer regions.



Research expenditures increased by 31.3 percent from 2001 to 2008, making the growth rate the slowest among the major research institutions in the peer regions of Northwest Arkansas. Nearly \$103 million of research and development expenditures were made by the University of Arkansas in 2008, placing the university at 127th rank among research universities in that year. Higher federal funding represents recognition of the value of university-performed activities at the federal level and shows the actual capacity of the state's academic institutions to perform research at a competitive level.

Fewer than 25 percent of adults in Northwest Arkansas have attained a bachelor's degree or higher, ranking the region last among peer regions, but better than the Arkansas average. Indeed, all of Northwest Arkansas peer regions have populations with more than one-third of adults with at least bachelor's degrees.



Home ownership costs in Northwest Arkansas are in the middle of the pack when compared to costs in peer regions. The measure of homeownership costs as a percentage of monthly household income provides an excellent tool for comparing housing affordability. In 2009, home ownership costs accounted for 22.4 percent of household income in Northwest Arkansas and rose steadily through the past decade. Meanwhile, with the exception of the Gainesville MSA, other regions saw the cost of home ownership decline in 2009 when compared to 2005 data.