STATE OF THE REGION

2023

nwa

Northwest Arkansas Council

UNIVERSITY OF ARKANSAS

Sam M. Walton College of Business
The State of the Northwest Arkansas Region Report is an annual publication, commissioned by the Northwest Arkansas Council, that serves as a tool for measuring economic performance. In July 2018, the Northwest Arkansas Council created a new blueprint for development in which Northwest Arkansas is benchmarked with other high-performing regions, namely Austin, Des Moines, Madison, Durham-Chapel Hill, Raleigh and Provo-Orem. The 2023 report compares Northwest Arkansas with these geographies in gross domestic product, employment, unemployment, establishment growth, median household income, average annual wages, poverty, educational attainment, research and development spending, homeownership costs, commuting time and average domestic airfares. The following table provides a summary of the performance of the Northwest Arkansas region (Benton, Madison, and Washington counties) on these measures. Important indicators such as population growth, household income and wages showed strong increases from 2020, while improvements in metrics such as higher education attainment were more limited. The data in this report covers a time period that includes the COVID-19 pandemic, and metrics such as the gross domestic product, unemployment rate and airfares reflect the impacts of the pandemic.
### Fayetteville-Springdale-Rogers MSA
- Population Growth, 2020-2022: 4.9%
- Real GDP Growth, 2019-2021: 12.3%
- Average Annual Unemployment Rate, 2020-2022: 2.4%
- Nonfarm Employment Growth, 2020-2022: 11.2%
- Median Household Income, 2022: $73,364
- Average Annual Wages, 2022: $53,810
- Business Establishment Growth, 2022: 15.0%
- % of Adults w/ Bachelor’s Degree or Higher, 2022: 36.3%
- Poverty Rate, 2022: 10.9%
- R&D Expenditures (thousands), 2021: $164,443
- Average Domestic Airfare, 2022: $499

### Austin-Round Rock-Georgetown MSA
- Population Growth, 2020-2022: 5.3%
- Real GDP Growth, 2019-2021: 13%
- Average Annual Unemployment Rate, 2020-2022: 2.9%
- Nonfarm Employment Growth, 2020-2022: 16.7%
- Median Household Income, 2022: $94,604
- Average Annual Wages, 2022: $63,890
- Business Establishment Growth, 2022: 6.6%
- % of Adults w/ Bachelor’s Degree or Higher, 2022: 52.1%
- Poverty Rate, 2022: 9.4%
- R&D Expenditures (thousands), 2021: $779,348
- Average Domestic Airfare, 2022: $365

### Des Moines-West Des Moines MSA
- Population Growth, 2020-2022: 2.6%
- Real GDP Growth, 2019-2021: 2.6%
- Average Annual Unemployment Rate, 2020-2022: 2.6%
- Nonfarm Employment Growth, 2020-2022: 9.6%
- Median Household Income, 2022: $80,061
- Average Annual Wages, 2022: $59,950
- Business Establishment Growth, 2022: 14.8%
- % of Adults w/ Bachelor’s Degree or Higher, 2022: 41.1%
- Poverty Rate, 2022: 8.9%
- R&D Expenditures (thousands), 2021: $360,275
- Average Domestic Airfare, 2022: $403

### Madison MSA
- Population Growth, 2020-2022: 0.8%
- Real GDP Growth, 2019-2021: 3.8%
- Average Annual Unemployment Rate, 2020-2022: 2.2%
- Nonfarm Employment Growth, 2020-2022: 9.3%
- Median Household Income, 2022: $83,214
- Average Annual Wages, 2022: $62,200
- Business Establishment Growth, 2022: 5.3%
- % of Adults w/ Bachelor’s Degree or Higher, 2022: 50.5%
- Poverty Rate, 2022: 9.8%
- R&D Expenditures (thousands), 2021: $1,380,075
- Average Domestic Airfare, 2022: $538

### Durham-Chapel Hill MSA
- Population Growth, 2020-2022: 2.0%
- Real GDP Growth, 2019-2021: 8.8%
- Average Annual Unemployment Rate, 2020-2022: 3.2%
- Nonfarm Employment Growth, 2020-2022: 15.7%
- Median Household Income, 2022: $79,154
- Average Annual Wages, 2022: $62,000
- Business Establishment Growth, 2022: 16.7%
- % of Adults w/ Bachelor’s Degree or Higher, 2022: 50.6%
- Poverty Rate, 2022: 11.2%
- R&D Expenditures (thousands), 2021: $1,205,883
- Average Domestic Airfare, 2022: $372

### Raleigh-Cary MSA
- Population Growth, 2020-2022: 4.5%
- Real GDP Growth, 2019-2021: 10.9%
- Average Annual Unemployment Rate, 2020-2022: 3.1%
- Nonfarm Employment Growth, 2020-2022: 18.7%
- Median Household Income, 2022: $92,739
- Average Annual Wages, 2022: $62,500
- Business Establishment Growth, 2022: 18.6%
- % of Adults w/ Bachelor’s Degree or Higher, 2022: 50.8%
- Poverty Rate, 2022: 7.9%
- R&D Expenditures (thousands), 2021: $1,237,686
- Average Domestic Airfare, 2022: $449

### Provo-Orem MSA
- Population Growth, 2020-2022: 5.9%
- Real GDP Growth, 2019-2021: 13.2%
- Average Annual Unemployment Rate, 2020-2022: 2.1%
- Nonfarm Employment Growth, 2020-2022: 8.6%
- Median Household Income, 2022: $95,687
- Average Annual Wages, 2022: $56,440
- Business Establishment Growth, 2022: 13.8%
- % of Adults w/ Bachelor’s Degree or Higher, 2022: 43.7%
- Poverty Rate, 2022: 7.8%
- R&D Expenditures (thousands), 2021: $624,737
- Average Domestic Airfare, 2022: $372
Real metropolitan gross domestic product (GDP) in the Northwest Arkansas region increased by 12.3% between 2019 and 2021, bringing the GDP to $28 billion. The region’s five-year average annual growth rate from 2016 to 2021 was 4.7%, 0.5% higher than the average annual growth rate for peer regions, 2.6 percent higher than that of the nation, and 2.9% higher than the average growth rate in the state of Arkansas.

The NWA GDP has grown $5.742 billion since 2016.

From 2017 to 2022, Northwest Arkansas' employment grew at an average annual rate of 3.1%, a pace that was more than twice as fast as that of Arkansas (1.3%) and more than 3 times as that of the United States (0.9%) but was in the top half of the pack (3rd) when compared to peer regions. Employment in Northwest Arkansas increased 11.2% from 272,600 in 2020 to 303,000 in 2022. NWA created 30,400 net new jobs between 2020 and 2022.

The unemployment rate for Northwest Arkansas in 2022 was 2.4%, a decrease of 2.2% from 2020 as employment was rejuvenated after the setback in 2020 because of the COVID-19 pandemic. The 2022 unemployment rate in Northwest Arkansas was lower than all but two peer regions and was also lower than the state and national unemployment rate. The unemployment rate decreased 0.4% from 2017. 1 in 42 (2.4%) adults in NWA’s labor force were unemployed in 2022.

The average annual wage in Northwest Arkansas was the lowest among peer regions at $53,810 in 2022. Annual wages increased at an average annual pace of 3.3% since 2020, although the region’s growth was 1.6 percentage points less than the peer region’s average. From 2017 to 2022, wage growth averaged 3.3% per year in Northwest Arkansas, which was the lowest rate among peer regions. Annual wage growth was strongest in the Provo-Orem region between 2017 and 2022 at 4.4%.
In 2022, the poverty rate for Northwest Arkansas was 10.9%, a 1.2% decrease from 2020. Only the Durham-Chapel Hill region had a higher poverty rate and both regions have a higher proportion of college students. Since 2017, the poverty rate in Northwest Arkansas has decreased 1.2 percentage points, which was the fourth fastest decline in poverty rates among the peer regions. The 2022 poverty rate in Northwest Arkansas was lower than the 16.8% poverty rate for the state of Arkansas.

The median price of single-family homes grew by 55.3% since 2019, faster than all our peer regions.

In Northwest Arkansas, the median home price of existing single-family homes grew by 55.3% between 2019 and 2023, to $328,400, updated as of 2023 Q1. The rate of increase was the highest compared to our peer regions. When considering the cost of housing and transportation, the typical Northwest Arkansas resident spent 49% of their income on housing and transportation. The typical resident in every peer region except for Durham-Chapel Hill had lower expenditures on housing and transportation.

Research and development expenditure at UA was $164.4M in 2021 and ranked 140 in the nation.

Flights from Northwest Arkansas National Airport had an average annual domestic fare (round-trip) of $499 in 2022, significantly higher (33.5%) than the fare in 2020 as travel and tourism is returning to pre-COVID-19 pandemic levels. The airport had the second highest average fare among the peer regions.

Nearly 3 out of 4 NWA workers commute less than 30 minutes, the third highest percentage.

In 2022, 74.5% of Northwest Arkansas workers spent fewer than 30 minutes commuting to work. The percent of workers in Northwest Arkansas who used alternative modes of transportation to get to work, including biking, walking and public transit, increased from 2.2% in 2020 to 2.6% in 2022 as more people resumed in-person work or adopted a hybrid work schedule. Most other peer regions had more workers who used alternative modes of transport, and Northwest Arkansas ranked fifth in this metric.

The University of Arkansas had over $164.4 million in R&D expenditures in 2021, down 8.8% from 2019. The decline in funds decreased the University of Arkansas’ ranking from #126 in 2018 to #140 in 2021 among all universities in the U.S.. The University of Arkansas in 2021, received 65 invention disclosures (down from 67 in 2019), filed 120 new patent applications (up from 37 in 2019), and saw 28 patents issued (up from 22 in 2019).

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The percentage of adults 25 years or older with a bachelor’s degree or higher in Northwest Arkansas increased by 3.2% to 36.3% between 2020 and 2022. On average, 48.1% of adults 25 years or older had a bachelor’s degree or higher in peer regions. Since 2017, higher education attainment grew 4.5 percentage points in Northwest Arkansas, same as the average change among peer regions.

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Information for this report was gathered from the following sources: Center for Neighborhood Technology, National Association of Realtors, National Science Foundation, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, U.S. Census Bureau and U.S. Bureau of Transportation Statistics.

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