



## Jonesboro Outperforming Arkansas and Nation in Some Key Categories

By Charles S. Gascon and Michael Pakko

Across Arkansas, there are eight metropolitan statistical areas (MSAs). One of the strongest in recent years has been that of Jonesboro, located in the northeastern region. With its diverse industry mix, hospitals, state university and national retail chains, Jonesboro serves as an economic hub for this corner of the state.

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Harvesting rice is not an unusual sight in the Jonesboro area—or anywhere in Arkansas, the top rice-producing state. Agriculture, in general, is an important driver in the area's economy and, thus, has drawn major food processors to the Jonesboro MSA.

Economic growth and population growth have gone hand in hand in the Jonesboro region. After growing relatively slowly during the 1970s and 1980s, Jonesboro's population has expanded faster than has the rest of Arkansas' over the past couple of decades. Population growth has been supported by robust job growth and economic development, with new retail making Jonesboro a retail anchor for northeastern Arkansas. With new malls, shopping centers and restaurants opening at a dizzying pace, some areas of Jonesboro are nearly unrecognizable from what they looked like just a few years ago. Although many parts of the nation have struggled in the aftermath of the Great Recession, this region has generally thrived.

*"Jonesboro is the trade center of this region and attracts business from a wide radius."*  
**—Jonesboro-area insurance agent**

The resilience of the Jonesboro economy is illustrated clearly in the chart comparing payroll employment for Jonesboro, Arkansas and the U.S. From the onset of the

*Anecdotal information in this report was obtained from surveys and interviews with local business contacts in Jonesboro conducted by the authors. The anecdotes should be interpreted with caution because the sample may not accurately reflect the industrial composition of the local economy. Some quotes were lightly edited to improve readability.*

recession in December 2007 through the national employment trough of February 2010, the cumulative decline in payroll employment in Jonesboro was only 2.0 percent, compared with 4.8 percent for the state of Arkansas and 6.3 percent for the nation.

Evidence of stability can be seen in the regional housing market. The nation experienced a housing price boom from 2000 through 2006, with the average house price essentially doubling. In Jonesboro, however, housing prices increased a modest 22 percent. During the subsequent housing collapse, national prices lost about half of the 2000-2006 gains, while prices in Jonesboro remained stable.

Although manufacturing has recently shown relatively weak growth both nationwide and statewide, even that sector has shown resilience in Jonesboro. In part, this is due to the area's historic importance of agriculture, which, in turn, has drawn food processors to the area. The region has long benefited from the presence of Riceland Foods. Frito-Lay has a major manufacturing facility here, too. Consumer-products manufacturer Unilever joined the mix not too

*"Food processing and agriculture seem to weather almost every downturn in the economy. We are blessed with an abundance of both."*

**—Jonesboro-area broadcaster**

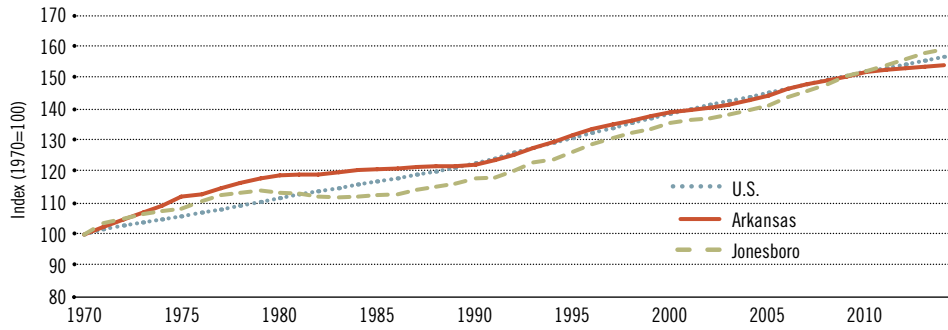
long ago. From 2009 to 2013, manufacturing output increased 14.9 percent in Jonesboro, compared with 11.3 percent statewide.

### Diverse Employers

Because Jonesboro is the home of a major state university, employment in the area is partly buffered from cyclical downturns

FIGURE 1

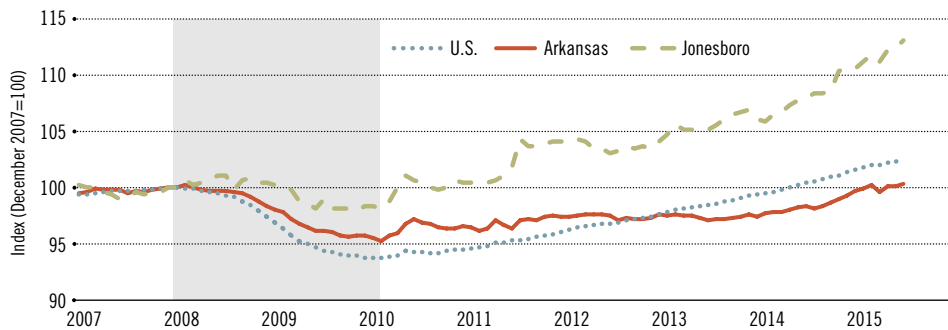
Population



SOURCE: U.S. Census Bureau.

FIGURE 2

Payroll Employment

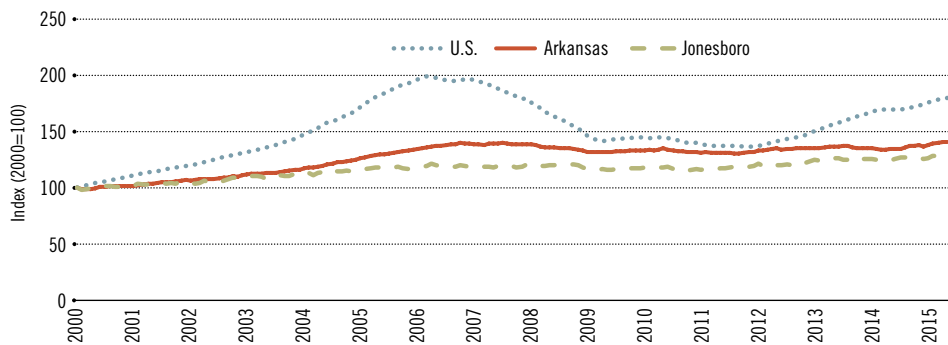


SOURCE: U.S. Bureau of Labor Statistics.

NOTE: The shaded area represents the unofficial employment recession, December 2007 to February 2010.

FIGURE 3

House Prices



SOURCE: Core Logic

(since college enrollments tend to rise during recessions). With more than 2,000 employees, Arkansas State University is the region's second-largest employer. The university is a much-needed source by business for skilled workers. Its presence also brings cultural and entertainment opportunities that are uncommon for metropolitan areas

of Jonesboro's size (about 126,000 people).

Jonesboro also has a high concentration of workers in health care, a sector that does not generally follow the business cycle. St. Bernards Healthcare and NEA Baptist Health System are two of the region's largest employers, with about 4,000 employees combined. Other health care-related companies employ



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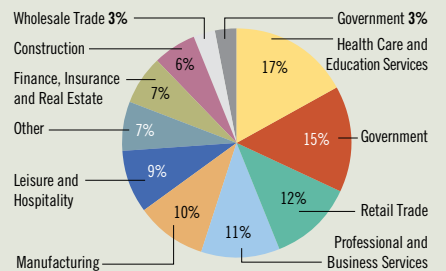
With nearly 2,500 employees, Arkansas State University is the second-largest employer in the area.

MSA Snapshot

Jonesboro, Ark.

Population (2014)	126,764
Population Growth (2014)	0.7%
Employment Growth (2014)	2.4%
Population (Age 25+)	
with Bachelor's Degree or Higher	21.1%
Population in Poverty	20.9%
Per Capita Income	\$35,014
Unemployment Rate	5.0%
Real GDP (2013)	\$4.5 billion
Annual Growth (2013)	0.6%

2014 Employment by Major Sector



SOURCE: U.S. Bureau of Economic Analysis.

Largest Employers

1. St. Bernards Healthcare	2,969
2. Arkansas State University	2,435
3. NEA Baptist Health System	1,030
4. Wal-Mart Super Centers	775
5. Hytrol Conveyor Co.	750

SOURCE: Jonesboro Regional Chamber of Commerce, 2014 Major Employers Guide.



© ST. BERNARDS HEALTHCARE WWW.STBERNARDS.INFO

As in many other areas, the health care sector is a major employer in Jonesboro. St. Bernards Healthcare (above) employs nearly 3,000 people by itself, making it the largest employer in the MSA. Another major health system and many other health-related companies employ about 8,000 additional people.



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ABOVE: Highways are being widened and otherwise improved to ease access to Jonesboro, which historically has been somewhat off the beaten path. Better access to Memphis (to the southeast) and Little Rock (to the southwest) is expected to result in additional development in the Jonesboro area.

RIGHT: New retail is opening at a dizzying pace, making some areas of Jonesboro nearly unrecognizable from just a few years ago.



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about 7,000 additional people. All totaled, nearly one in four private-sector workers are employed in health care or social assistance (day care, personal aides, social workers and the like). With the “baby boom” generation at retirement age, health service has been a growth industry for several years—a trend that is expected to continue.

### Strong Recovery

Even more impressive than the region’s stability during the recession has been its growth during the recovery. Relative to pre-recession levels, employment in Jonesboro is up

*“Jonesboro may not be recession-proof, but it is recession-resistant.”*

–Mark Young, president and CEO of the Jonesboro Chamber of Commerce

13 percent, compared with only 0.3 percent for Arkansas and 2.5 percent for the nation. Jonesboro has outperformed the state by other measures, as well. From 2009 through 2013, growth in real gross domestic product (GDP) in Jonesboro averaged 2.3 percent, compared with 2.1 percent for Arkansas. Over the same period, real personal income growth in Jonesboro averaged 2.8 percent, compared with 2.2 percent for Arkansas.

Despite the steady gains in income, average income per capita in Jonesboro is about \$35,000, which is well below the national average of \$46,000 and slightly below the Arkansas average of \$37,000. Although income remains lower in Jonesboro, so is the cost of living: 18 percent below the national average. (The state’s average cost of living is 12.5 percent below the nation’s.) Adjusting for cost of living implies a “real” income of about \$42,000 in both Jonesboro and statewide.

### Outlook

Looking forward, prospects for further economic growth and development are positive. Of the more than 90 businesses that responded to our survey, half noted that their sales since Jan. 1 were higher than one year earlier. Only five contacts reported lower sales, and just three respondents expected local economic conditions to worsen during the remainder of this year.

## ECONOMY AT A GLANCE

One important factor is the recent enhancement of transportation infrastructure. Jonesboro has historically been somewhat off the beaten path when it comes to highway access. The recent expansion of U.S. 63—which will soon have the designation of Interstate 55—has provided better access to Memphis to the southeast. And the widening of a state highway will soon provide four-lane access to the southwest, to Little Rock and beyond. These developments have been spurred by economic growth in the area and will serve as catalysts for additional growth in the future.

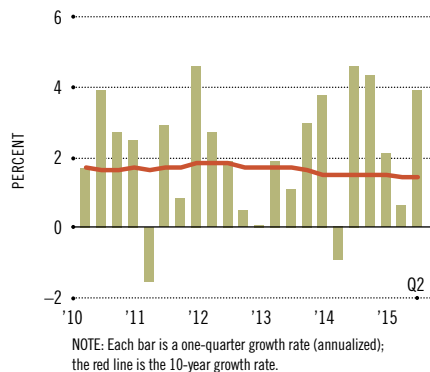
Ongoing economic growth is not without challenges. Many businesses said they had problems finding qualified workers. Despite the presence of the state university, only about 21 percent of the population 25 and older has a college degree, which is below the national average of 28.8 percent. Educational attainment is notably below that in the Fayetteville MSA in Northwest Arkansas, where almost 45 percent of the population has a college degree.

In a rapidly growing economy, keeping up with infrastructure development can be problematic. An increasing population requires additional housing, schools, roads and other public services. These are challenges that a region in economic decline would probably welcome, but they are challenges, nonetheless, even for a thriving region. **Ω**

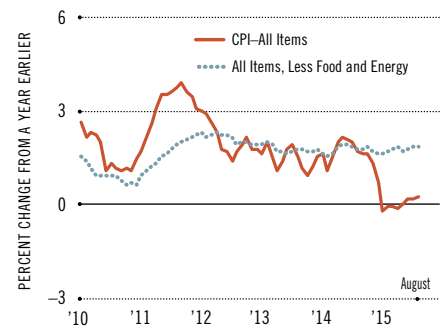
*Charles S. Gascon is a regional economist at the Federal Reserve Bank of St. Louis. For more on his work, see <https://research.stlouisfed.org/econ/gascon>. Michael Pakko is an economist at the University of Arkansas at Little Rock.*

Eleven more charts are available on the web version of this issue. Among the areas they cover are agriculture, commercial banking, housing permits, income and jobs. Much of the data are specific to the Eighth District. To see these charts, go to [www.stlouisfed.org/economyataglance](http://www.stlouisfed.org/economyataglance).

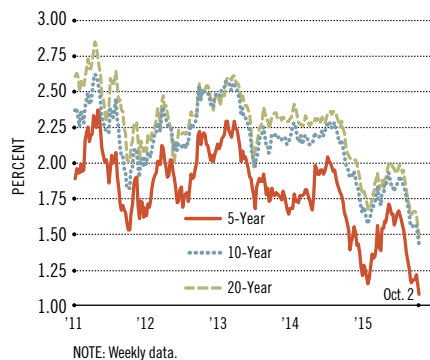
### REAL GDP GROWTH



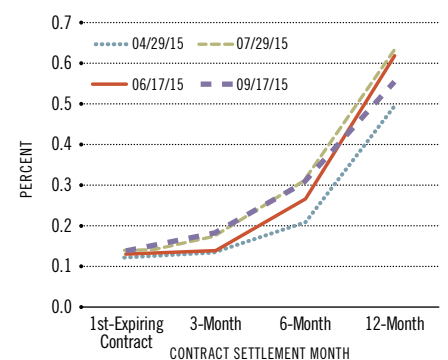
### CONSUMER PRICE INDEX (CPI)



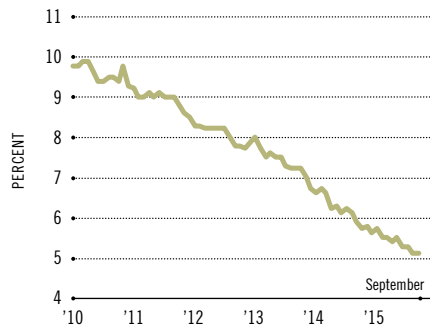
### INFLATION-INDEXED TREASURY YIELD SPREADS



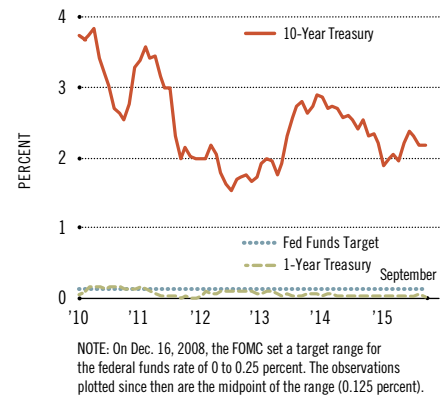
### RATES ON FEDERAL FUNDS FUTURES ON SELECTED DATES



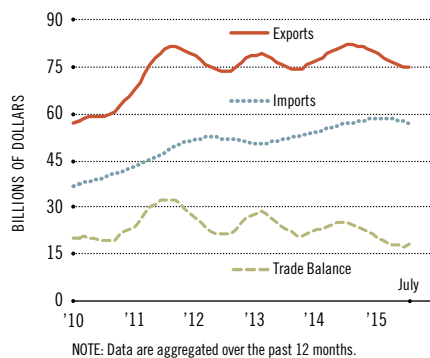
### CIVILIAN UNEMPLOYMENT RATE



### INTEREST RATES



### U.S. AGRICULTURAL TRADE



### AVERAGE LAND VALUES ACROSS THE EIGHTH DISTRICT

