

Third Quarter 2025 Quarterly Narrative

An independent report of economic indicators from four Arkansas metro areas

- Central Arkansas
- Fort Smith metro
- Jonesboro metro
- Northwest Arkansas

Regional Summaries

Central Arkansas

Central Arkansas earned a B+ grade for the third quarter of 2025. The region experienced solid economic growth in Q3 2025, led by notable gains in non-farm employment and increased consumer activity.

Central Arkansas added approximately 5,300 jobs year-over-year, with total employment rising from 397,800 in September 2024 to 403,100 in September 2025. Manufacturing contributed approximately 500 new jobs, while the hospitality sector also expanded, adding 1,200 jobs over the same period. Consumer spending increased, with gross sales and use tax collections rising from \$13.662 million to \$14.480 million. Despite these gains, construction employment declined by approximately 400 jobs, weighing on overall sector performance.

Collectively, the region posted strong economic indicators across most sectors, with construction employment as the primary area of weakness.

Northwest Arkansas

Northwest Arkansas earned an A- grade for the third quarter of 2025. The region continued to demonstrate economic resilience in Q3 2025, supported by steady non-farm employment growth and strong activity across the hospitality, construction, and manufacturing sectors.

Northwest Arkansas added approximately 5,600 jobs year-over-year, with total employment increasing from 315,500 in September 2024 to 321,100 in September 2025. Consumer spending also trended upward, with gross sales and use tax collections rising from \$15.645 million to \$16.045 million. The hospitality sector experienced notable growth during this period, adding approximately 1,200 jobs year over year.



The Compass Report Arkansas metro grades Third Quarter - 2025

Central Arkansas: B+

Fort Smith metro: B-

Jonesboro metro: B+

Northwest Arkansas: A-

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Taken together, the region maintained positive economic momentum, driven by broad-based employment growth and increased consumer activity.

Fort Smith Metro

The Fort Smith Metro economy earned an overall B- grade in the third quarter of 2025. Economic conditions showed slight improvement during the quarter, marked by modest employment growth and generally flat performance.

From September 2024 to September 2025, the region added approximately 800 non-farm jobs, bringing total employment to 104,600. Job gains were led by the hospitality sector, which added approximately 200 positions, while construction employment remained largely unchanged and manufacturing employment remained relatively flat. Consumer spending increased modestly during this period, with gross sales and use tax collections rising year over year.

On balance, the Fort Smith metro economy remained stable, with limited growth concentrated in select sectors.

Jonesboro Metro

The Jonesboro Metro earned a B+ grade for the third quarter of 2025. The region experienced modest economic growth in Q3 2025, with non-farm employment increasing by approximately 1,000 jobs year-over-year, rising from 65,100 in September 2024 to 66,100 in September 2025.

Consumer spending also improved slightly, with gross sales and use tax collections increasing from \$3.051 million to \$3.252 million. In summary, the Jonesboro metro demonstrated steady employment growth with gradual gains in consumer activity.

Regional "Takeaways"

FORT SMITH REGION (July - October 2025 conditions)

The Fort Smith Metro experienced modest economic growth in the third quarter of 2025, supported by steady gains in non-farm employment. From September 2024 to September 2025, the region added approximately 800 jobs, bringing total employment to 104,600.

Job growth was led by modest increases in the hospitality sector, while construction employment remained unchanged and manufacturing employment remained relatively flat, declining by approximately 100 jobs year over year.

Consumer spending showed modest improvement during this period, with gross sales and use tax collections increasing from \$5.194 million in September 2024 to \$5.376 million in September 2025.

The hospitality sector recorded the largest job gains in September 2025, adding a net 200 jobs, reflecting increased activity in travel and leisure industries.

Taken as a whole, the regional economy remained stable, with job growth concentrated in select sectors.



NORTHWEST ARKANSAS (July - October 2025 conditions)

Northwest Arkansas demonstrated continued economic strength in the third quarter of 2025, marked by steady employment growth and increased activity across the manufacturing, hospitality, and construction sectors.

The region added approximately 5,600 non-farm jobs over the year, with total employment rising from 315,500 in September 2024 to 321,100 in September 2025.

Gross sales and use tax collections reflected growth in consumer spending, increasing from \$15.645 million in September 2024 to \$16.045 million in September 2025.

Employment gains were broad-based, with construction adding approximately 600 jobs, manufacturing 500 jobs, and hospitality 1,200 jobs.

In aggregate, Northwest Arkansas recorded solid job growth, driven by strength across key industry sectors.

CENTRAL ARKANSAS (July - October 2025 conditions)

Central Arkansas recorded strong economic performance in the third quarter of 2025, driven by notable growth in non-farm employment. The region added approximately 5,300 jobs over the year, with total employment increasing from 397,800 in September 2024 to 403,100 in September 2025.

Job creation remained consistent across key sectors, with the hospitality industry adding approximately 1,200 jobs and the manufacturing sector contributing to overall employment growth.

Gross sales and use tax collections reflected increased consumer spending, rising from \$13.662 million in September 2024 to \$14.480 million in September 2025. At the same time, construction employment declined by approximately 400 jobs.

On balance, the metro experienced broad-based employment growth and rising consumer activity, alongside a decline in construction employment.

THE JONESBORO METRO (July - October 2025 conditions)

The Jonesboro Metro economy experienced slight growth during the third quarter of 2025, marked by modest gains in employment and increased sales and use tax collections.

Non-farm employment rose by approximately 1,000 jobs over the year, increasing from 65,100 in September 2024 to 66,100 in September 2025.

Consumer spending improved slightly, with gross sales and use tax collections rising from \$3.051 million in September 2024 to \$3.252 million in September 2025.

Taken together, the Jonesboro metro recorded modest employment growth alongside gradual gains in consumer spending.



Understanding The Compass Report Grades

The "grading" approach used to measure the current and leading economic indicators is critical to understanding the report. The strategy is to place the most recent data in a historical context. Average values for the percent change over the referenced period were calculated, as were standard deviations for each measure. The more similar current values are to historical averages, the more likely the indicator grade will be a "C." The farther away the observed value, as measured by the standard deviation of the data, the more divergent the grade from "C." In other words, "C" reflects no change in economic activity. The grades "B" or "A" indicate improvement above the historical average, and "D" and "F" indicate a decline in economic activity compared to the historical average.

