

2023 FORECAST



Neal Fried

Economist

STATE OF ALASKA, DEPARTMENT OF LABOR

ECONOMIC FORECAST

Anchorage's Economy—Never A Dull Moment

Interest rates

Labor market

Supply chain

Inflation

No-he is not a relative.
At least I don't think so



ANCHORAGE DAILY NEWS

TUESDAY, DECEMBER 6, 2022

ALASKA'S NEWSPAPER | WINNER OF THE PULITZER PRIZE FOR PUBLIC SERVICE – 1976, 1989, 2020

\$2.00

ECONOMY

Alaska wages lose ground compared to other states

Even though average pay still ranks high, it no longer holds the top spot.

Alex DeMarban
Anchorage Daily News

The “legendary” wages that once coaxed people to Alaska have continued to shrink compared to the rest of the U.S., due partly to a statewide recession before the pandemic and a slow

recovery after it, according to a new report from the Alaska Department of Labor and Workforce Development.

Alaska’s average wages still outperform the rest of the country, said economist Neal Fried, writing in the agency’s latest publication of Alaska Economic Trends.

They placed eighth nationally last year at \$30.52 an hour, behind Maryland, about \$2.50 above the

national average.

But Alaska wages no longer hold the top spot they’ve held at times in the past, he wrote.

“Since the economic bust of the mid-to-late 1980s, Alaska’s wage advantage has narrowed,” he wrote. “While Alaska wages still rank high among states, they aren’t the lure they once were, something that’s evident by the past decade’s downturn in migration.”

Since 2010, average wage growth in Alaska rose by \$1.09 an hour, adjusted for inflation. But during that time, U.S. inflation-adjusted wage growth outpaced Alaska by almost 40 cents. Alaska’s average wage in 2015 was 15% higher than the national average. Last year, it was 9% higher.

“The narrowing isn’t surprising given the economic contrasts over that period,” Fried wrote.

“Between 2016 and 2019, the nation’s economy prospered as Alaska weathered a statewide recession and a brief, weak recovery before COVID-19. The pandemic-led recession that followed hit everyone, but Alaska’s recovery has lagged behind the nation’s.”

Alaska’s wages have stayed perched in the top 10 for decades,

See **WAGES**, A15

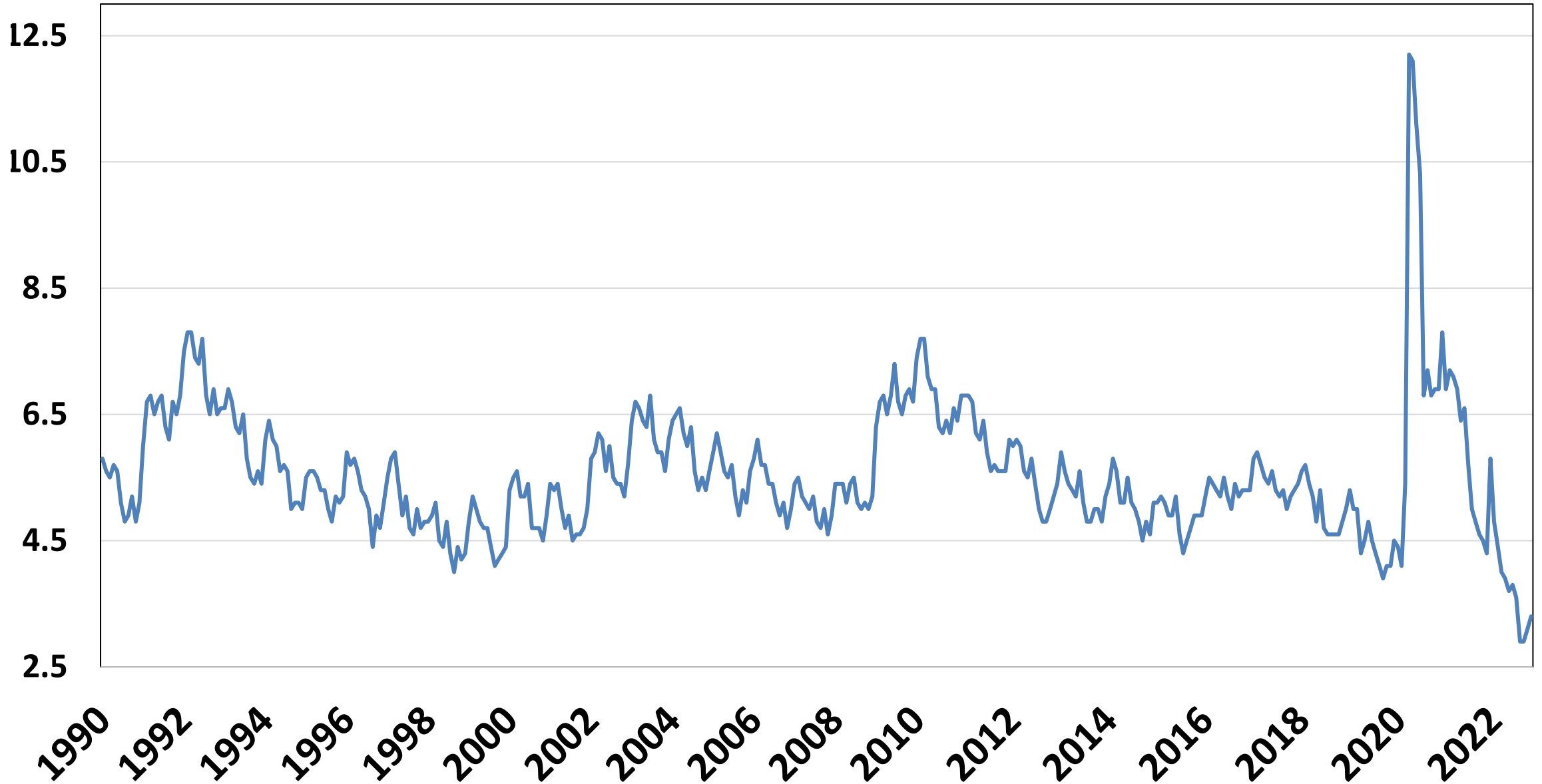
DOUBLE DESCENT OVER THE ANCHORAGE SKYLINE



ANCHORAGE

Bronson seeks more beds for homeless

Anchorage; Possibly--From The Highest Unemployment Rate in 2020 Ever To Lowest Ever In 2022--Pretty Remarkable



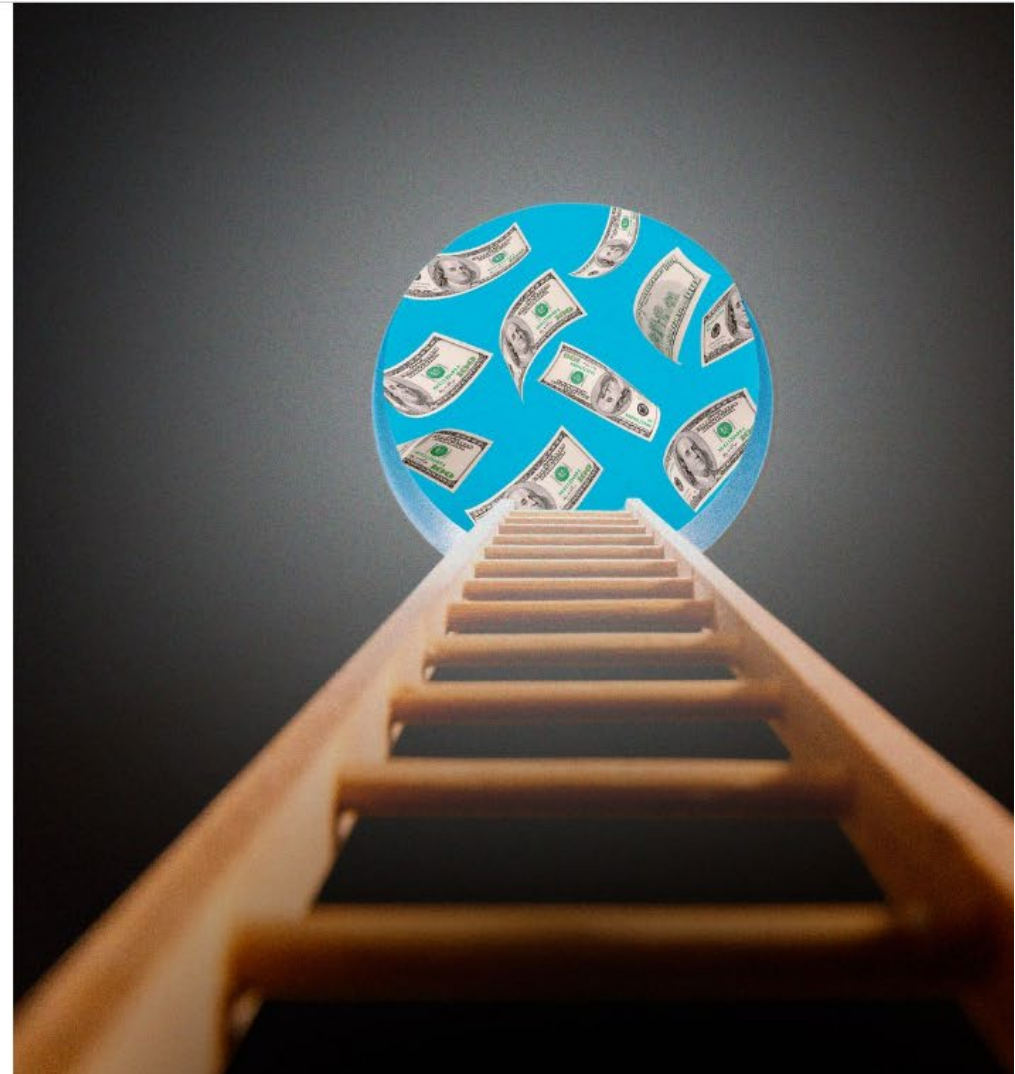
By [Ray A. Smith](#) [Follow](#)

Sept. 5, 2022 7:00 am ET

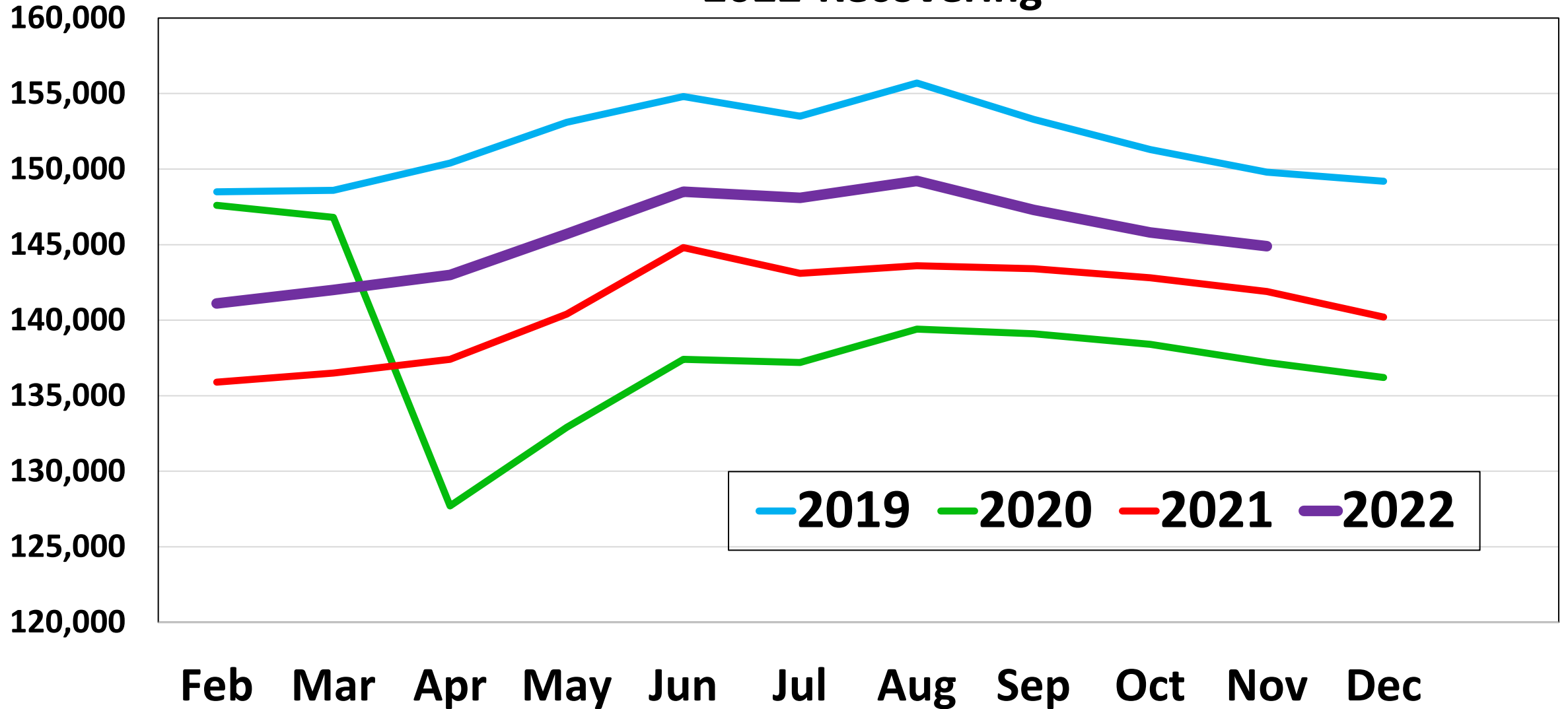
THE WALL STREET JOURNAL

Now Is the Most Rewarding Time to Switch Jobs in Years

Pay raises for job hoppers are the biggest they've been in more than two decades, a sign of workers' power despite hints of a cooling job market



Total Monthly Anchorage Employment, 2019 Through Part Of 2022-Recovering



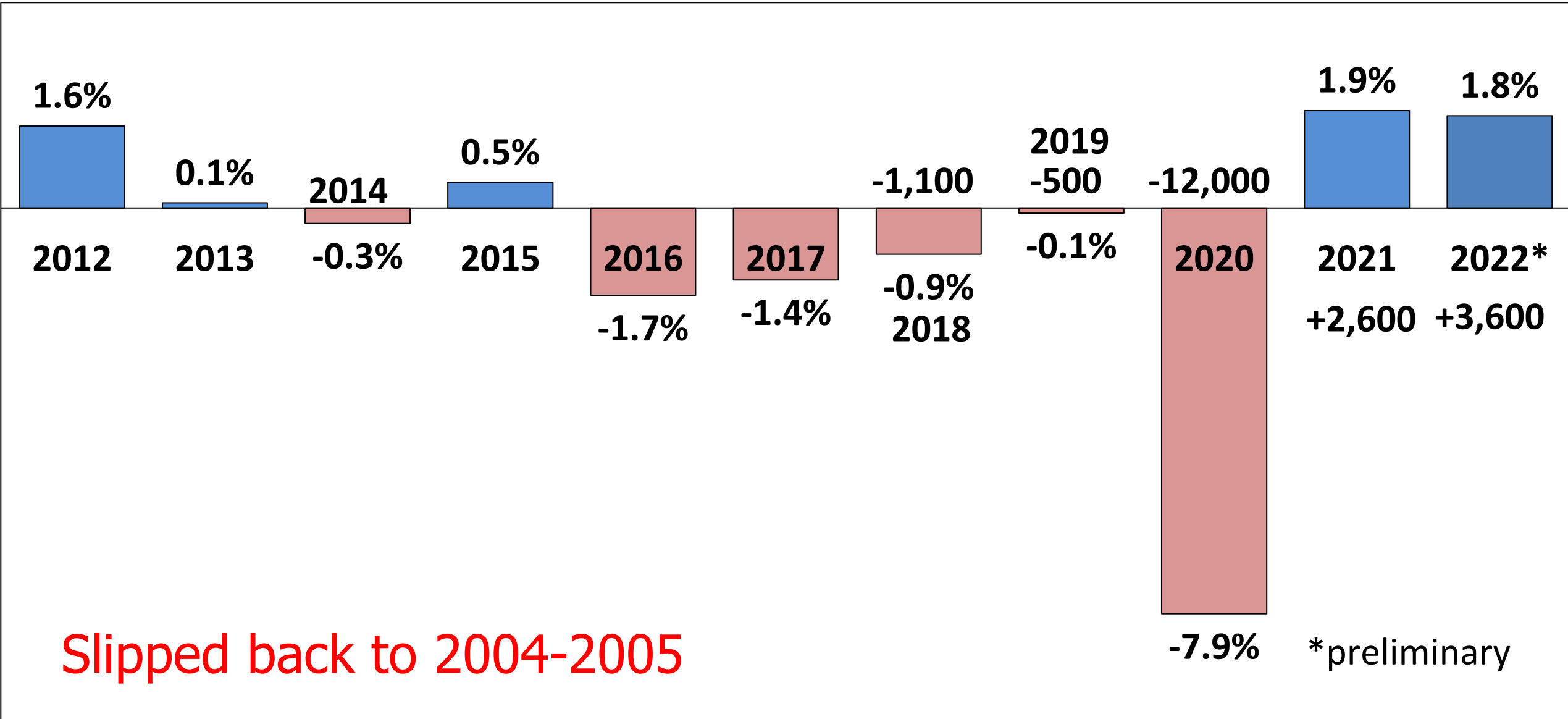
Pandemic job recovery by state

	2019*	2022*	Change	Pct chg
Idaho	750,900	811,067	60,167	8.0%
Utah	1,543,467	1,652,767	109,300	7.1%
Montana	479,083	501,433	22,350	4.7%
Texas	12,716,383	13,240,667	524,283	4.1%
Arizona	2,916,383	3,030,300	113,917	3.9%
Florida	8,922,083	9,269,983	347,900	3.9%
North Carolina	4,554,583	4,708,817	154,233	3.4%
Georgia	4,590,450	4,743,117	152,667	3.3%
Tennessee	3,100,033	3,195,183	95,150	3.1%
Colorado	2,763,017	2,831,983	68,967	2.5%
Arkansas	1,278,417	1,306,950	28,533	2.2%
Nevada	1,407,967	1,436,683	28,717	2.0%
South Dakota	436,533	443,050	6,517	1.5%
Washington	3,437,150	3,464,183	27,033	0.8%
South Carolina	2,177,250	2,193,817	16,567	0.8%
Indiana	3,147,600	3,158,683	11,083	0.4%
California	17,316,633	17,357,833	41,200	0.2%
Nebraska	1,021,433	1,022,300	867	0.1%
Kentucky	1,932,750	1,931,650	-1,100	-0.1%
Alabama	2,067,817	2,066,617	-1,200	-0.1%
Mississippi	1,155,783	1,154,917	-867	-0.1%
Missouri	2,901,283	2,894,767	-6,517	-0.2%
New Jersey	4,167,433	4,153,650	-13,783	-0.3%
Maine	627,883	625,533	-2,350	-0.4%
Oregon	1,942,617	1,934,300	-8,317	-0.4%
Virginia	4,034,667	4,017,117	-17,550	-0.4%
New Hampshire	679,883	676,050	-3,833	-0.6%
New Mexico	848,800	842,600	-6,200	-0.7%
Massachusetts	3,666,367	3,617,867	-48,500	-1.3%
Iowa	1,580,433	1,558,483	-21,950	-1.4%
Oklahoma	1,699,367	1,671,767	-27,600	-1.6%
Wyoming	287,117	281,650	-5,467	-1.9%
Delaware	463,117	454,150	-8,967	-1.9%
Kansas	1,418,550	1,390,767	-27,783	-2.0%
Illinois	6,084,550	5,961,433	-123,117	-2.0%
Wisconsin	2,970,950	2,905,850	-65,100	-2.2%
Rhode Island	499,767	488,467	-11,300	-2.3%
Maryland	2,755,183	2,692,017	-63,167	-2.3%
Ohio	5,560,083	5,427,200	-132,883	-2.4%
Pennsylvania	6,030,050	5,884,583	-145,467	-2.4%
Minnesota	2,961,150	2,880,350	-80,800	-2.7%
Michigan	4,422,767	4,300,483	-122,283	-2.8%
West Virginia	719,083	698,867	-20,217	-2.8%
Connecticut	1,688,000	1,637,200	-50,800	-3.0%
North Dakota	438,183	423,283	-14,900	-3.4%
New York	9,724,950	9,342,100	-382,850	-3.9%
Alaska	325,033	311,367	-13,667	-4.2%
Louisiana	1,993,667	1,903,967	-89,700	-4.5%
Vermont	315,650	297,333	-18,317	-5.8%
Hawaii	657,717	602,917	-54,800	-8.3%

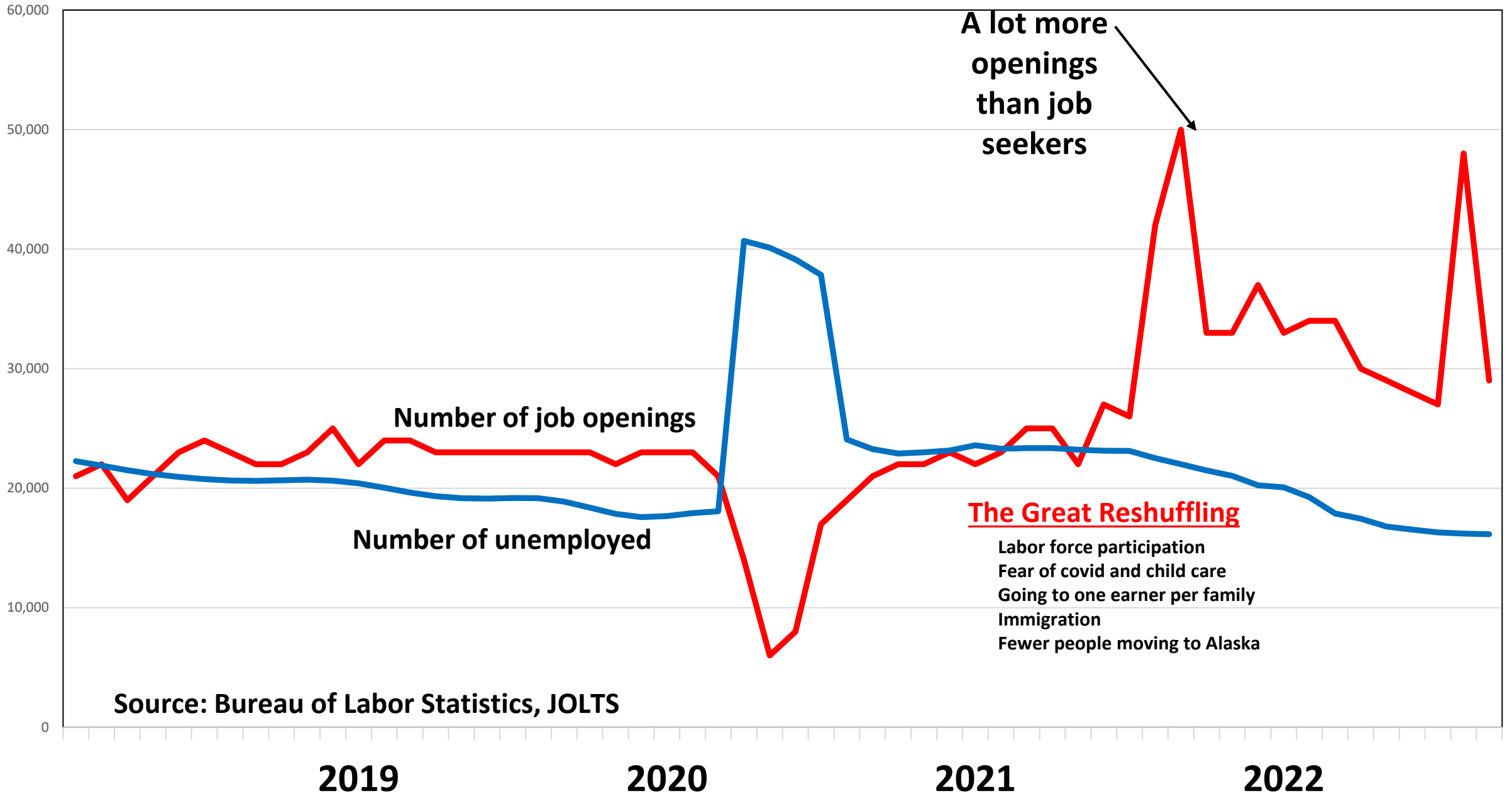
Note: Compares first six months of 2019 to first six months of 2022; data subject to revision

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics

Employment Growth Over The Past Decade Has Been A Struggle For Anchorage



The Strange Dynamics of Alaska's Crazy Labor Market



A lot more openings than job seekers

Number of job openings

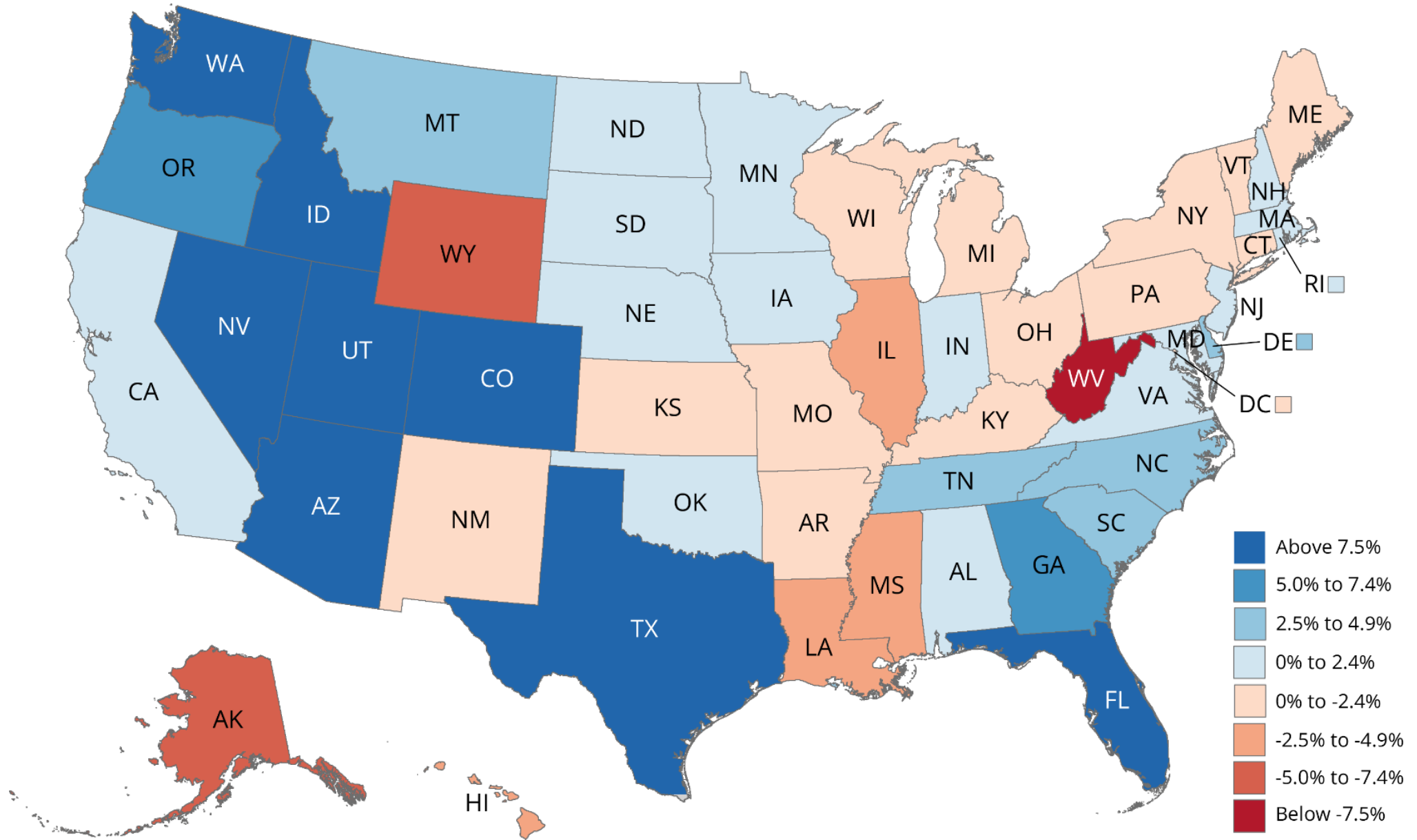
Number of unemployed

The Great Reshuffling

- Labor force participation
- Fear of covid and child care
- Going to one earner per family
- Immigration
- Fewer people moving to Alaska

Source: Bureau of Labor Statistics, JOLTS

Percentage Change in Working Age (18-64) population 2013-2021

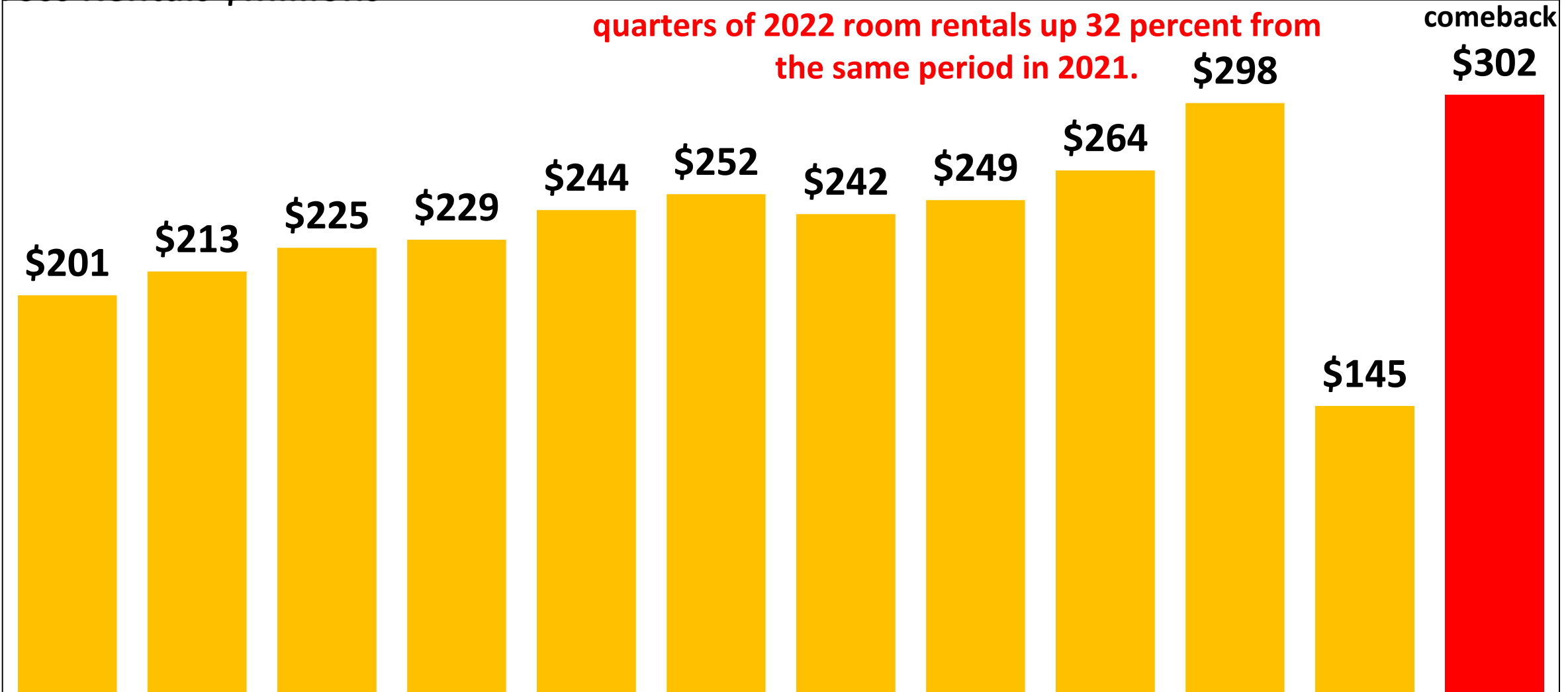


Anchorage Hotel Room Sales Recovered Last Year

Gross Rentals \$millions

And 2022 got off to a record start. For first three quarters of 2022 room rentals up 32 percent from the same period in 2021.

Room revenue comeback



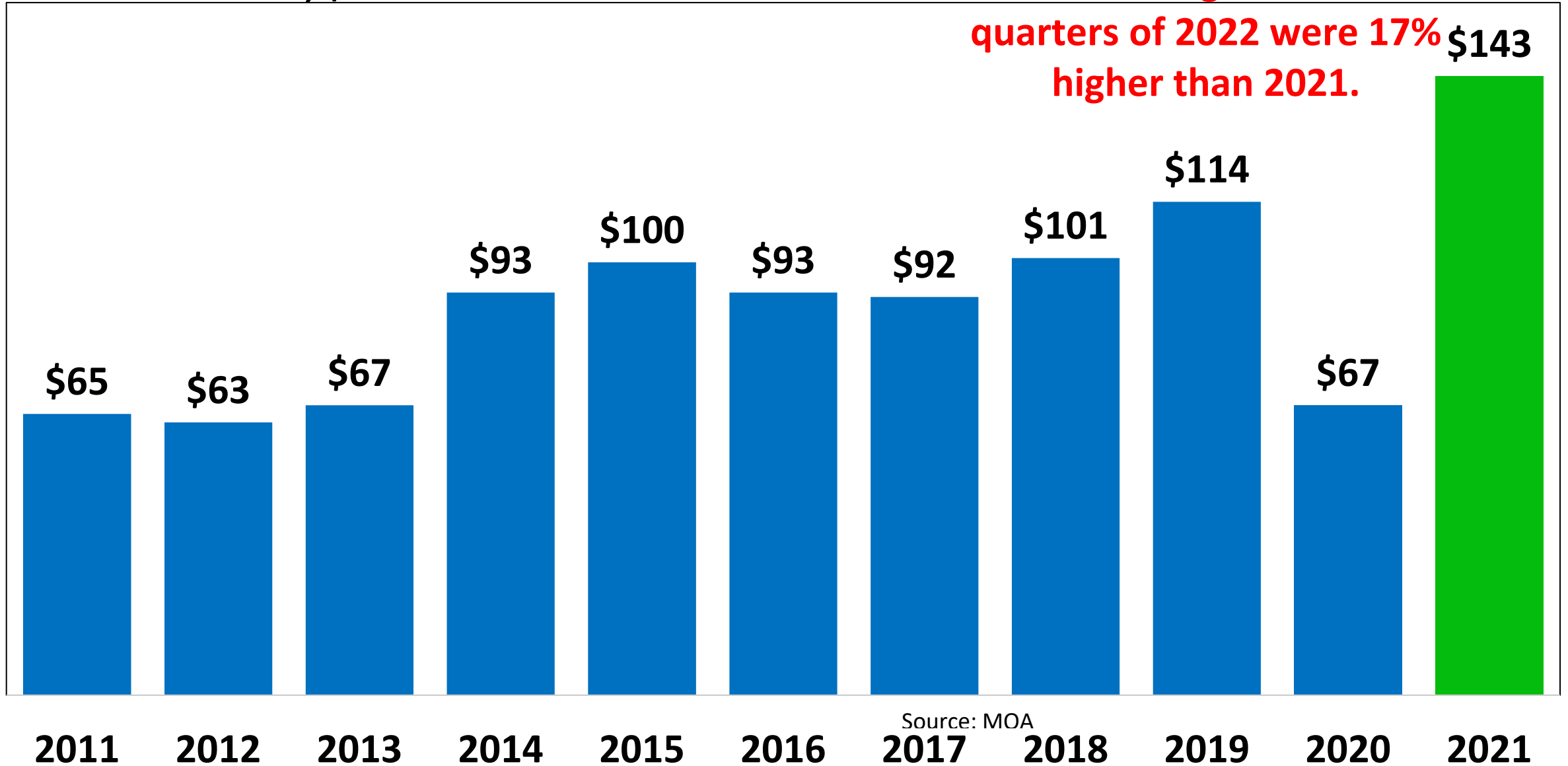
Source: MOA

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021

Car Rentals In Anchorage Reached New Levels

Car Rental Sales, \$millions

Sales during first three quarters of 2022 were 17% higher than 2021.

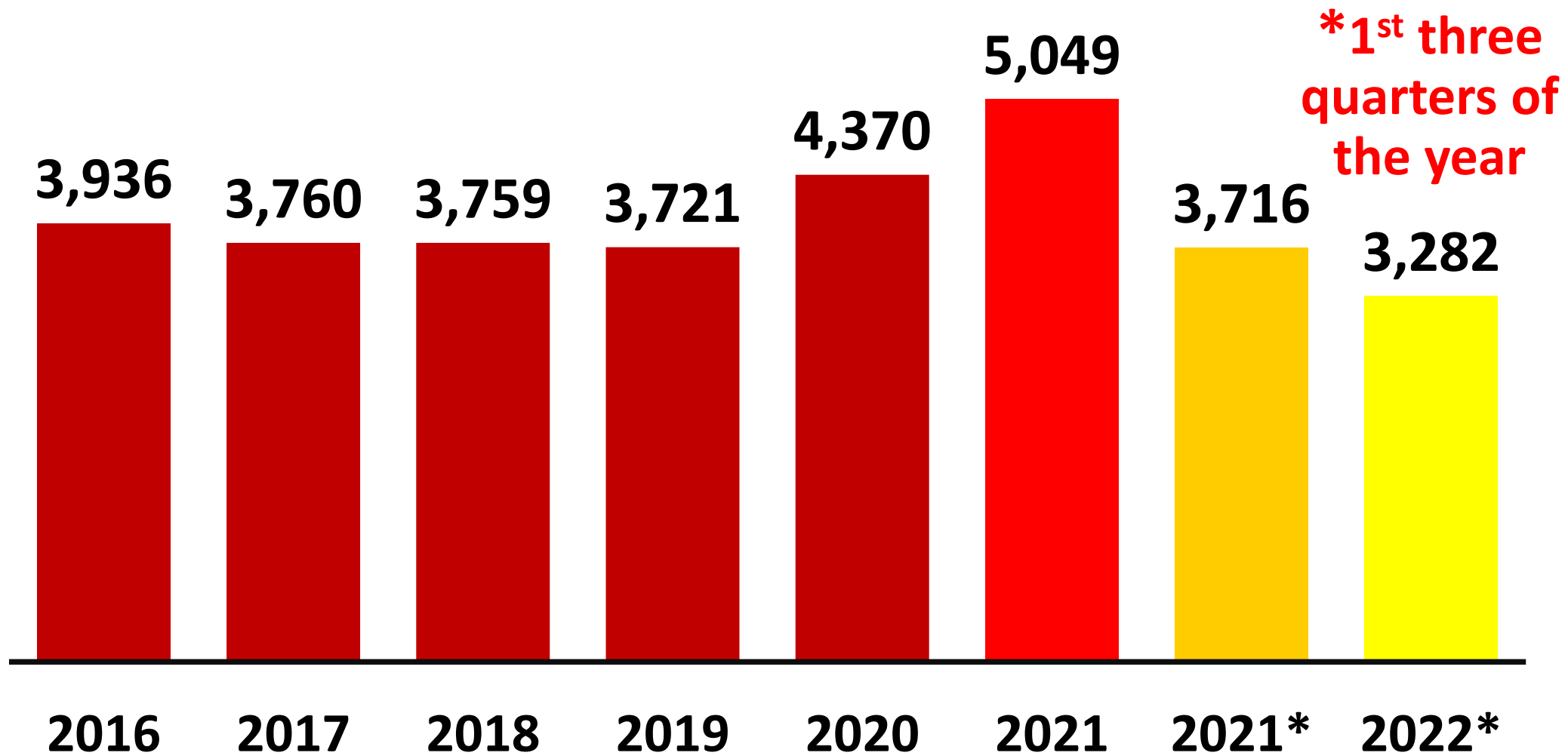


Source: MOA

Number Of Home Sales In Anchorage Slowing Down Some?

(But still higher than 2018-2020, at least thru 3rd quarter)

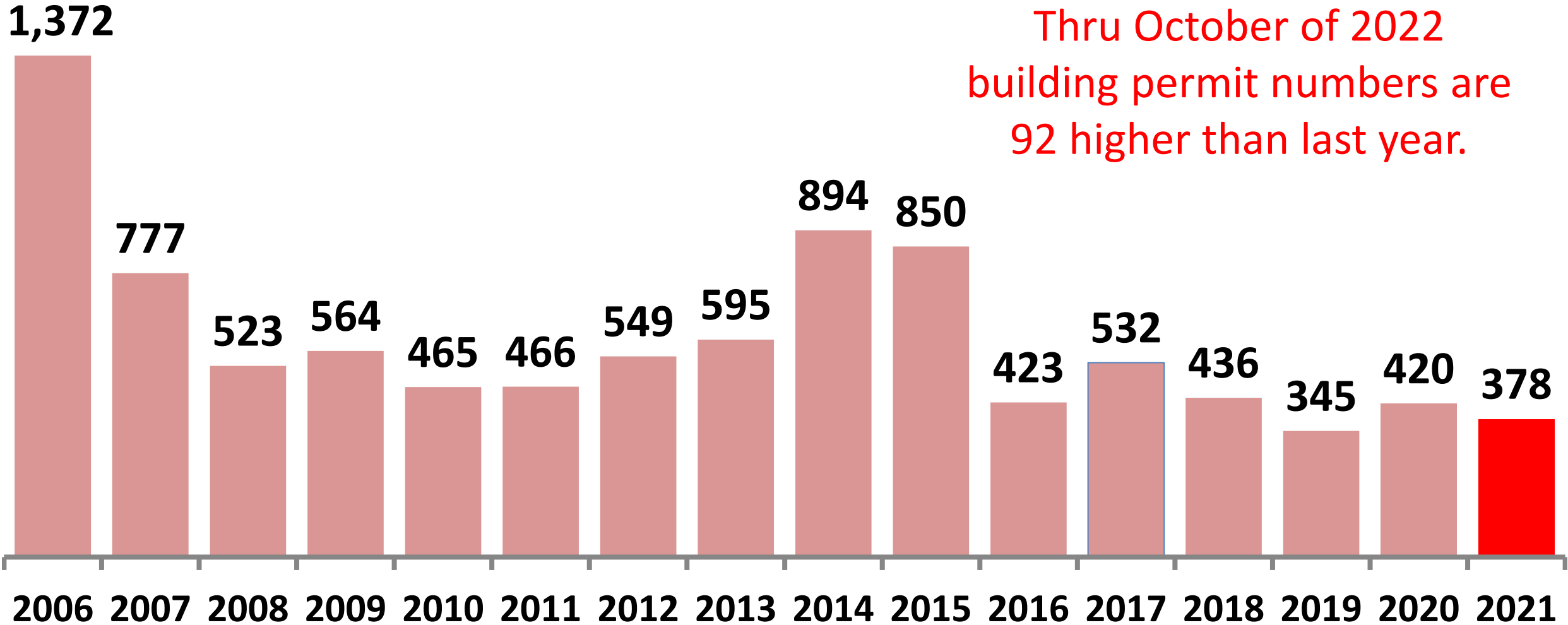
Anchorage home sales, MLS



Source: MLS

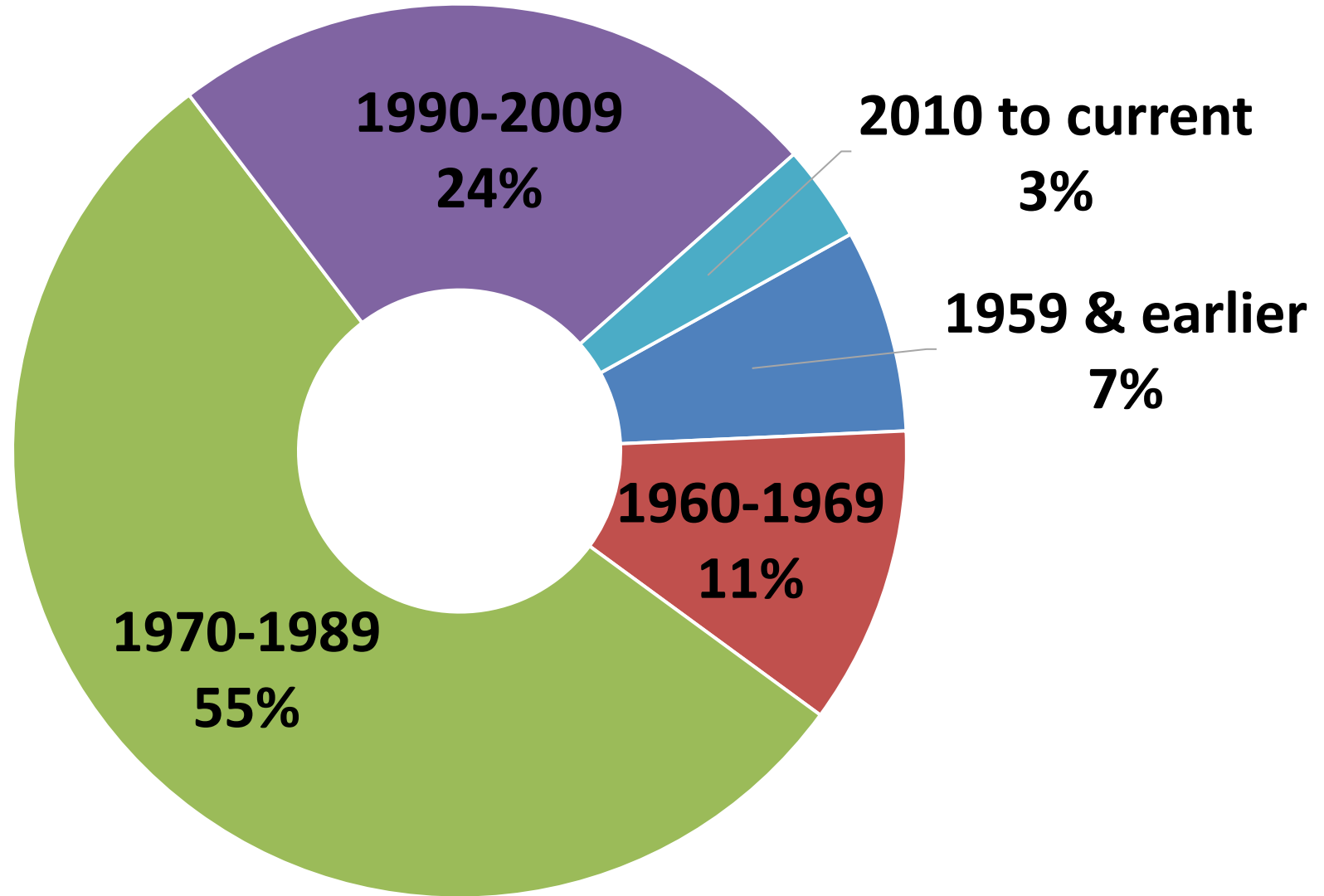
Home Building Activity-Fewest Since 1989 in 2021

Number of residential building permits issued in Anchorage



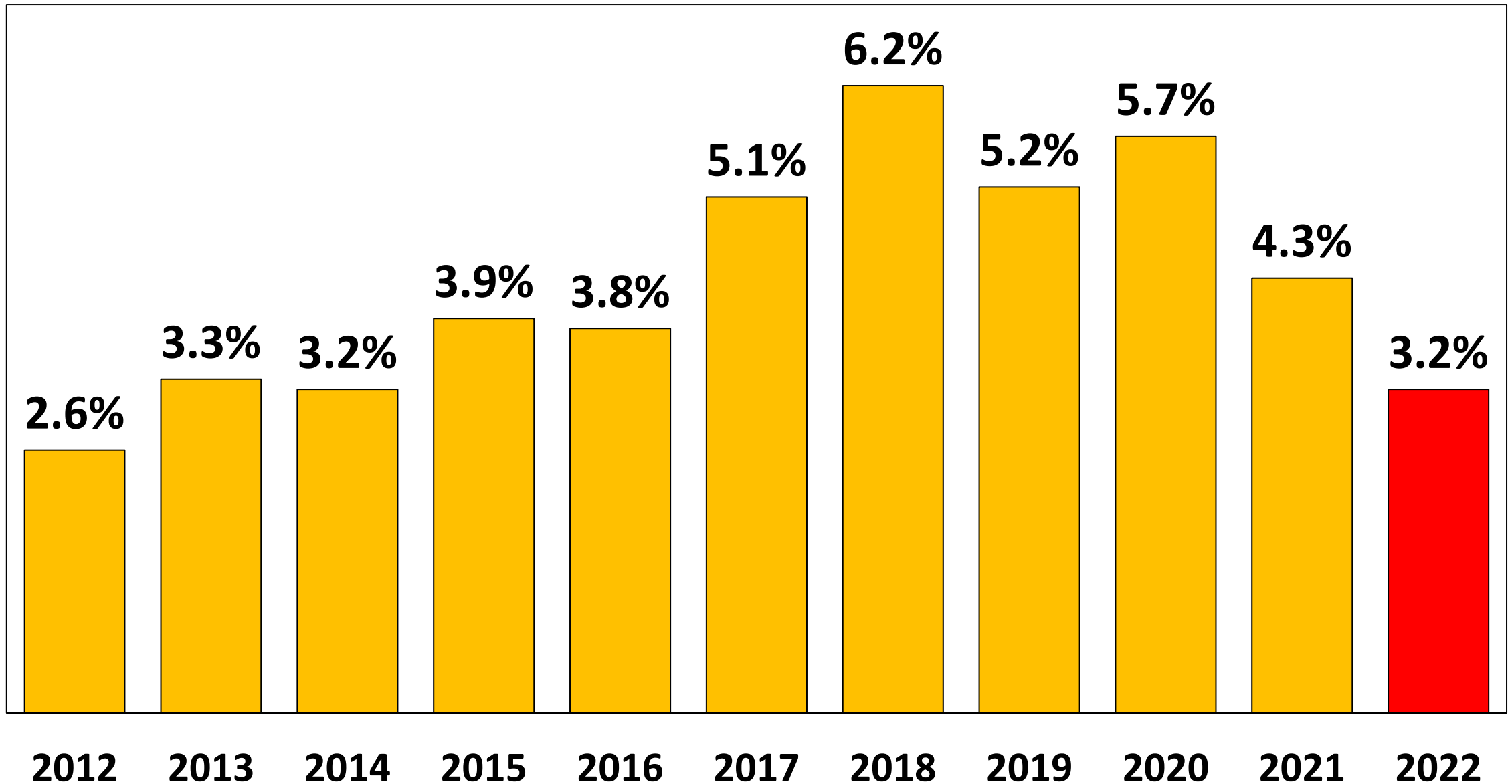
Source: Municipality of Anchorage

When Anchorage's Homes Were Built



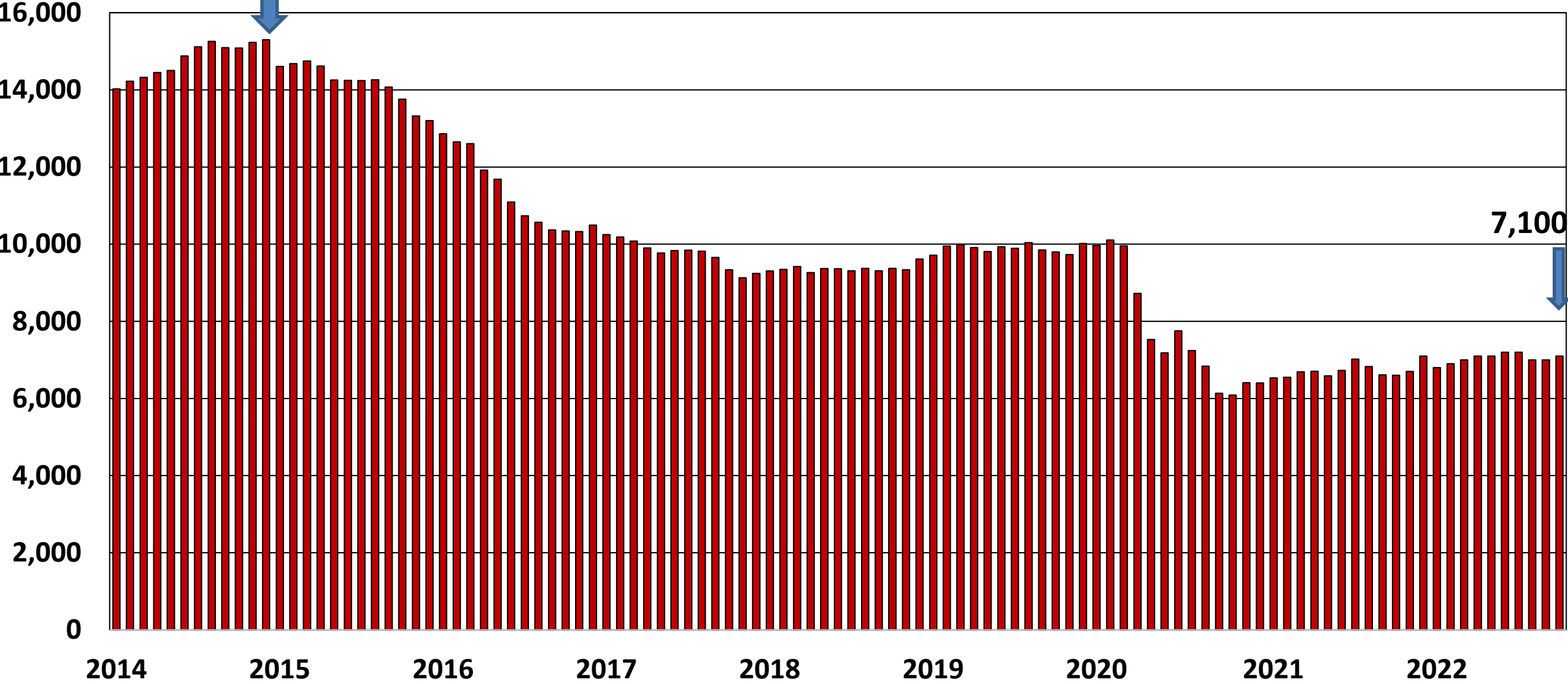
Source: U.S. Census Bureau

Vacancy Rates For Anchorage

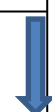


Alaska Oil Industry Employment Continues To Struggle

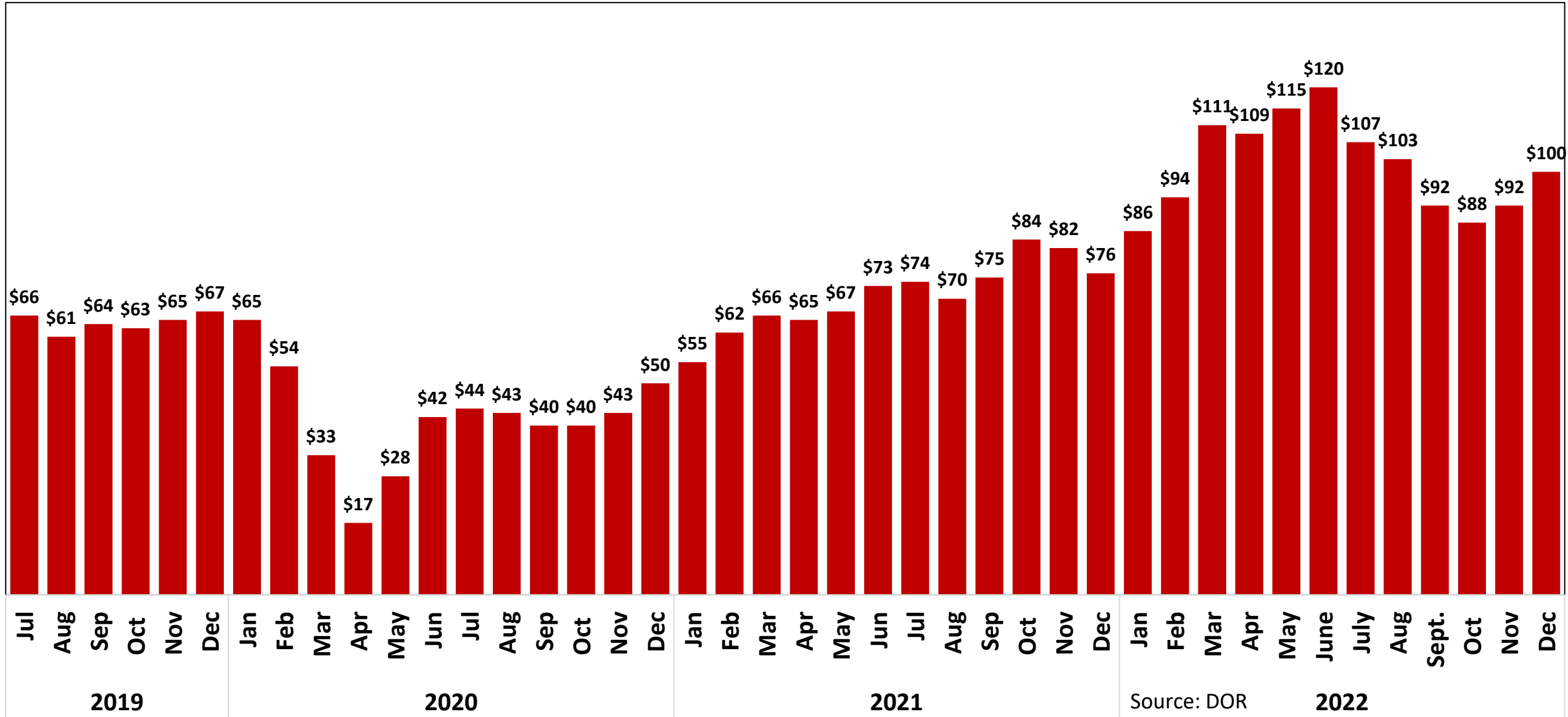
15,300



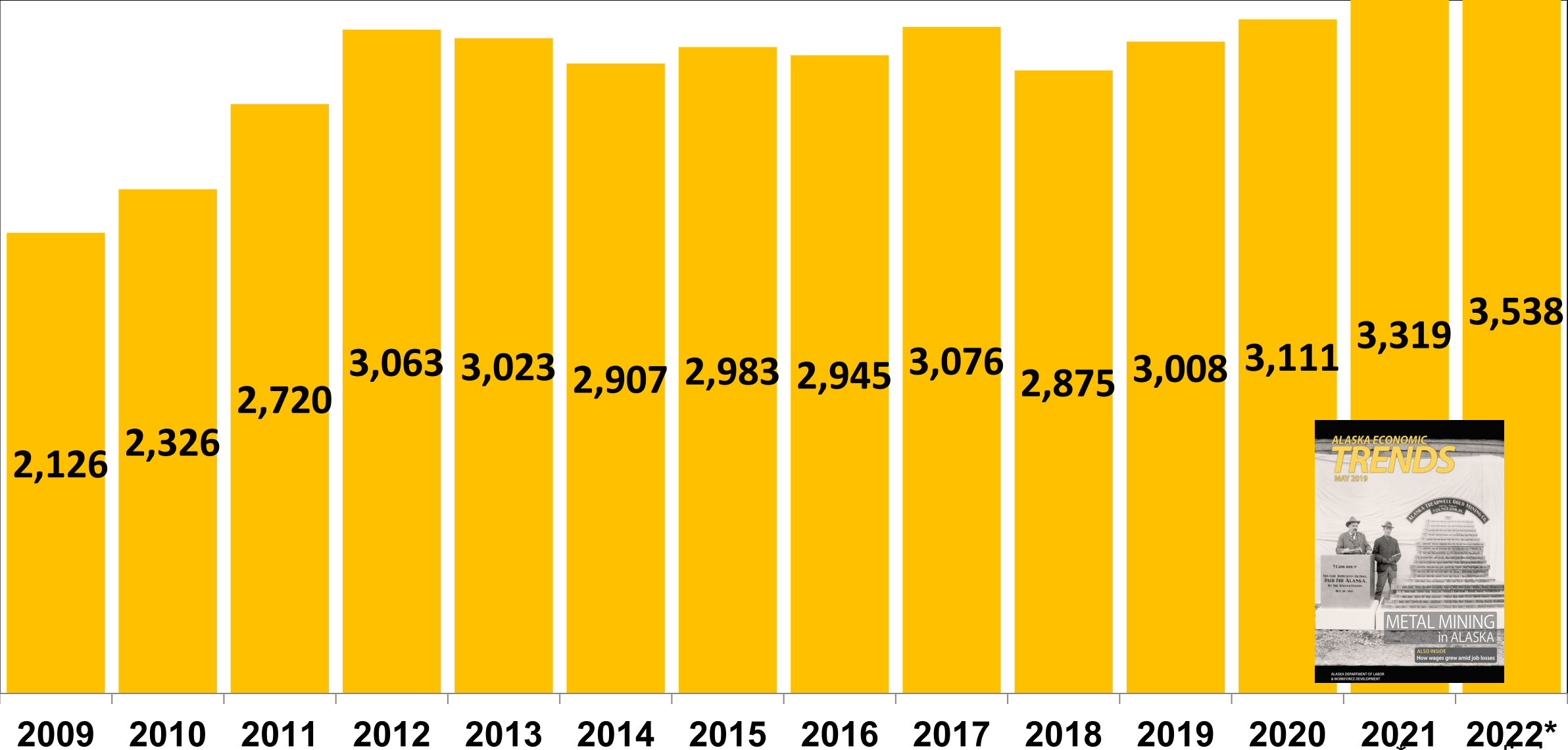
7,100



Nice Recovery In Oil Prices

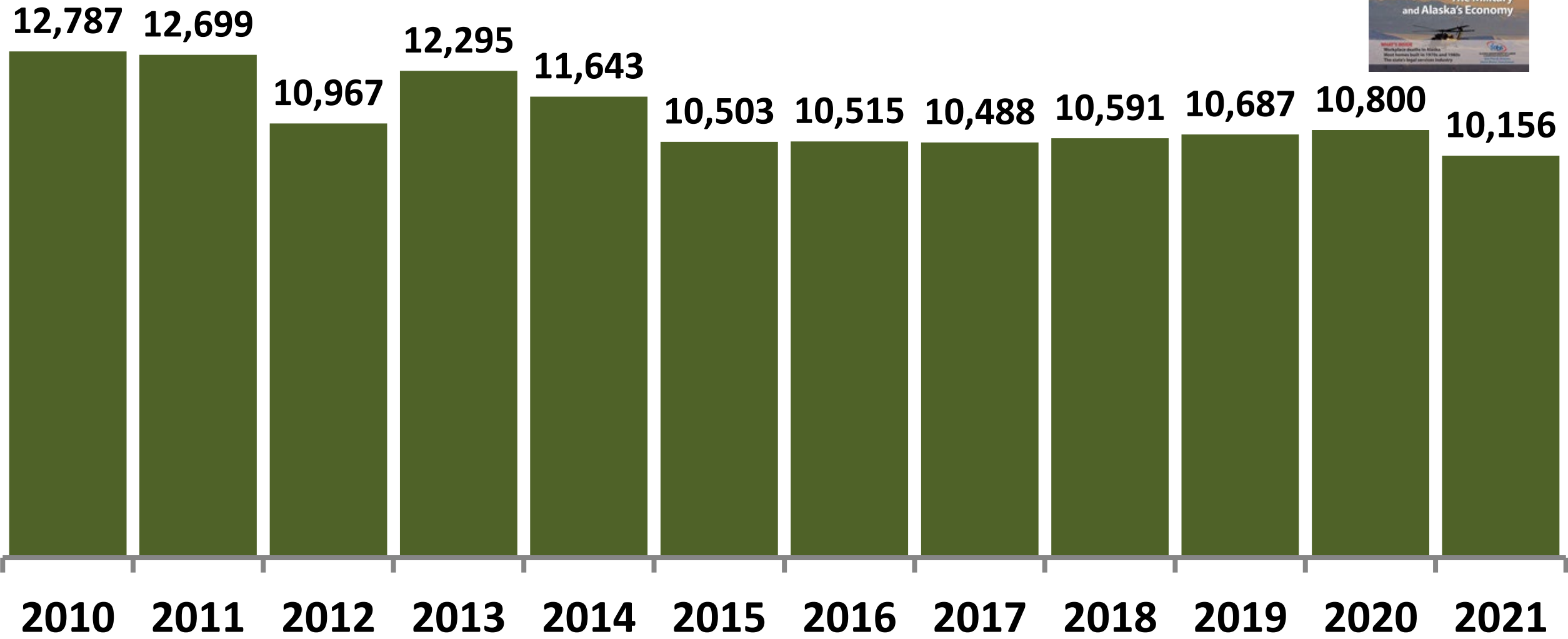


Mining Employment Keeps Inching Up



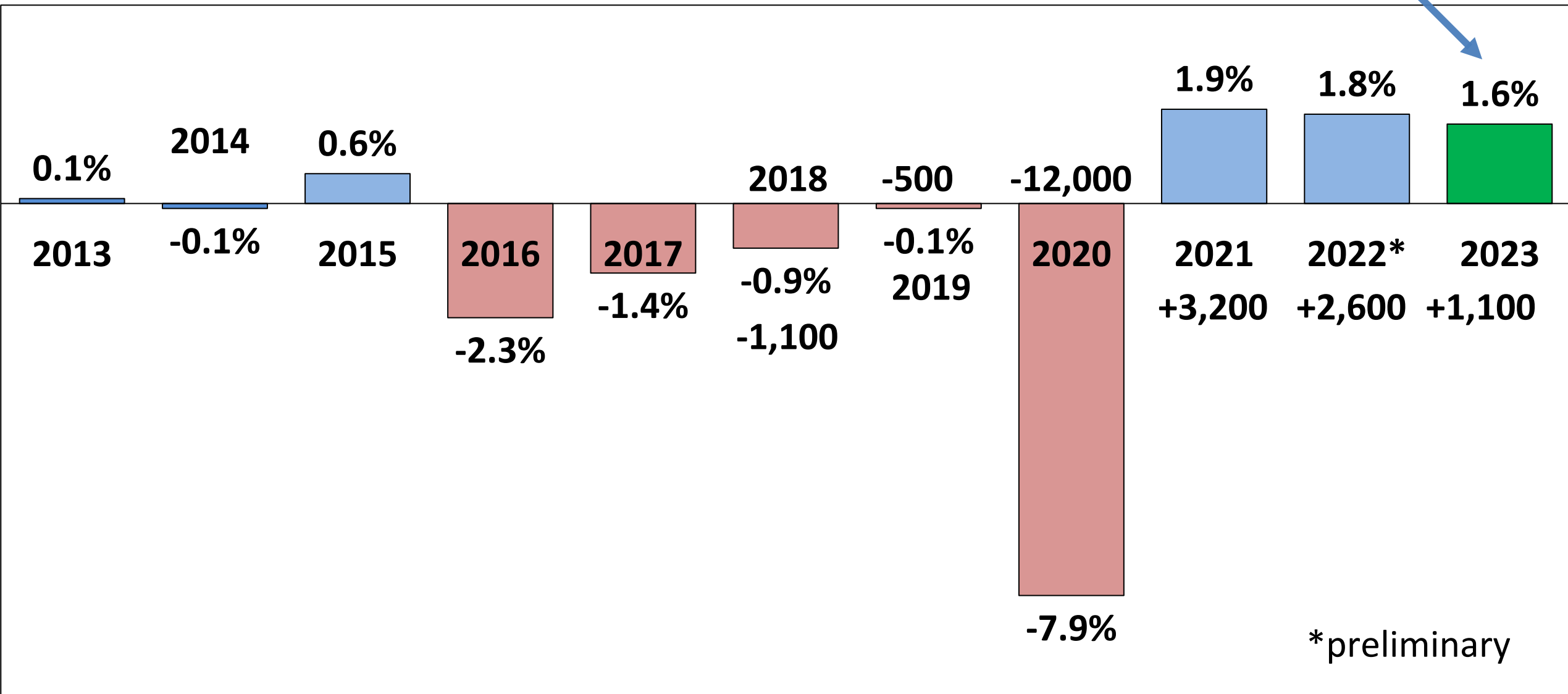
*very preliminary

Anchorage Uniformed Military Numbers Remain Relatively Stable

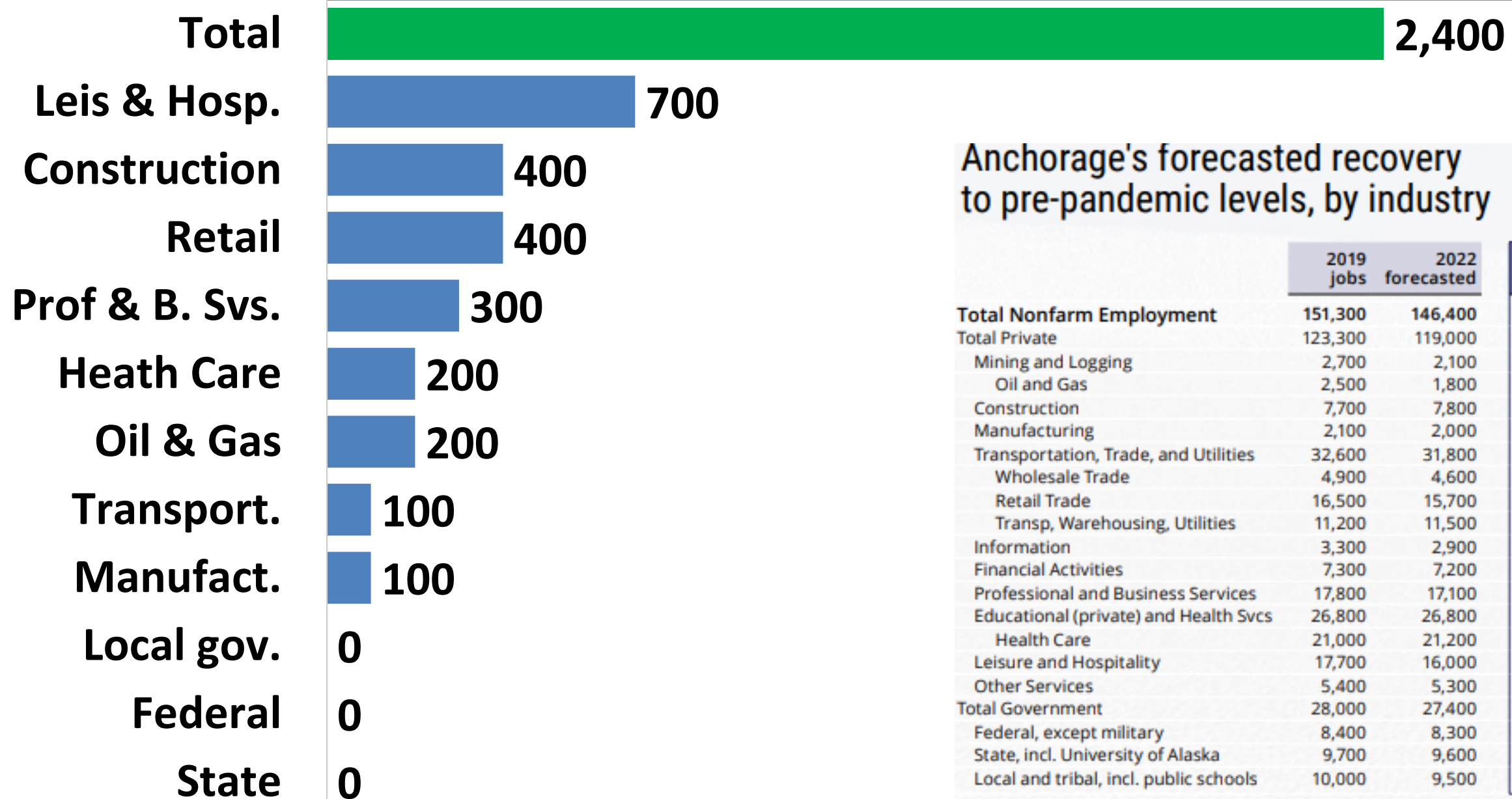


Economy Should Continue To Recover In 2023—Slowly

Forecast



The Detailed Employment Forecast For 2023

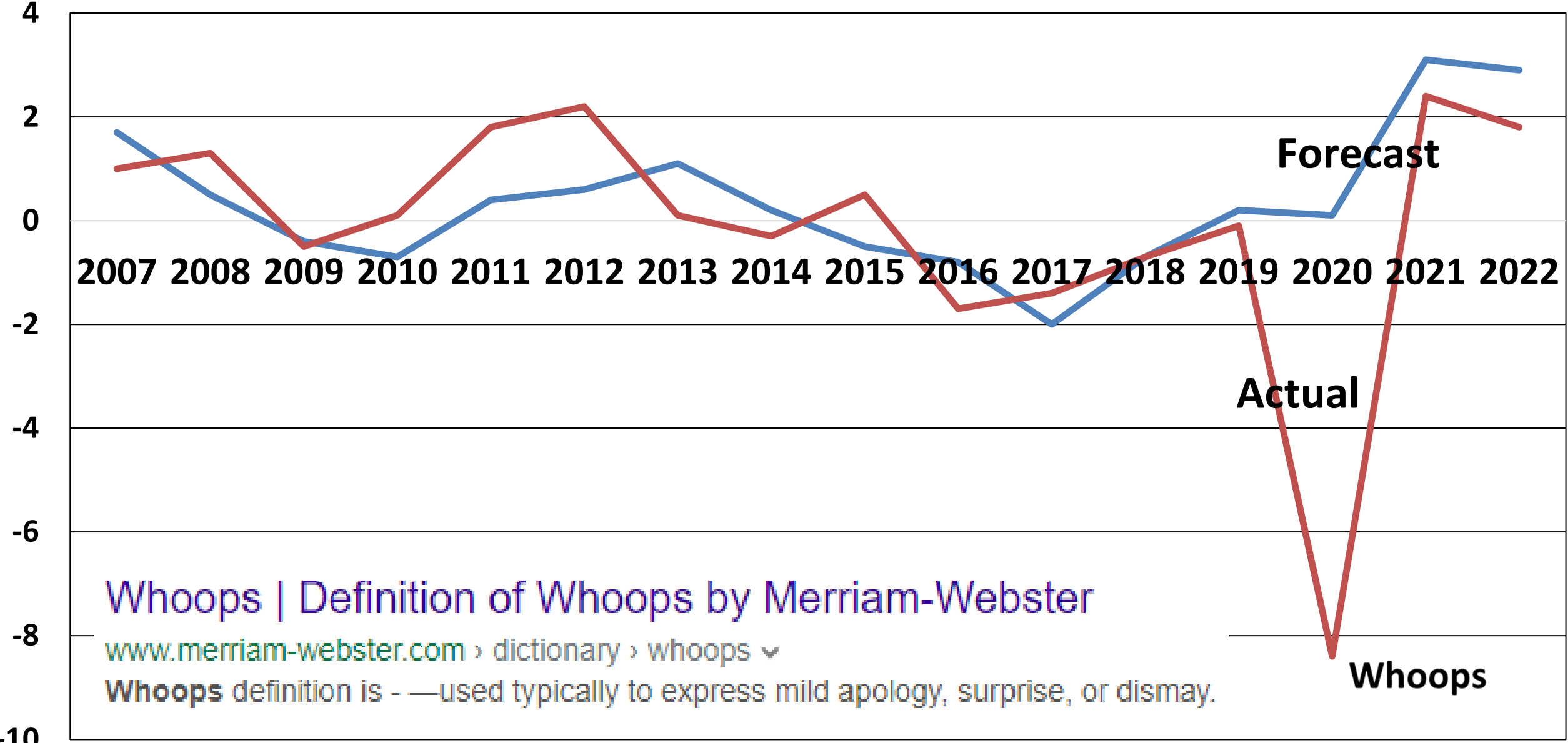


Anchorage's forecasted recovery to pre-pandemic levels, by industry

	2019 jobs	2022 forecasted	Forecasted recovery
Total Nonfarm Employment	151,300	146,400	97%
Total Private	123,300	119,000	97%
Mining and Logging	2,700	2,100	78%
Oil and Gas	2,500	1,800	72%
Construction	7,700	7,800	101%
Manufacturing	2,100	2,000	95%
Transportation, Trade, and Utilities	32,600	31,800	98%
Wholesale Trade	4,900	4,600	94%
Retail Trade	16,500	15,700	95%
Transp, Warehousing, Utilities	11,200	11,500	103%
Information	3,300	2,900	88%
Financial Activities	7,300	7,200	99%
Professional and Business Services	17,800	17,100	96%
Educational (private) and Health Svcs	26,800	26,800	100%
Health Care	21,000	21,200	101%
Leisure and Hospitality	17,700	16,000	90%
Other Services	5,400	5,300	98%
Total Government	28,000	27,400	98%
Federal, except military	8,400	8,300	99%
State, incl. University of Alaska	9,700	9,600	99%
Local and tribal, incl. public schools	10,000	9,500	95%

My Past Forecast Record For Anchorage

Percent



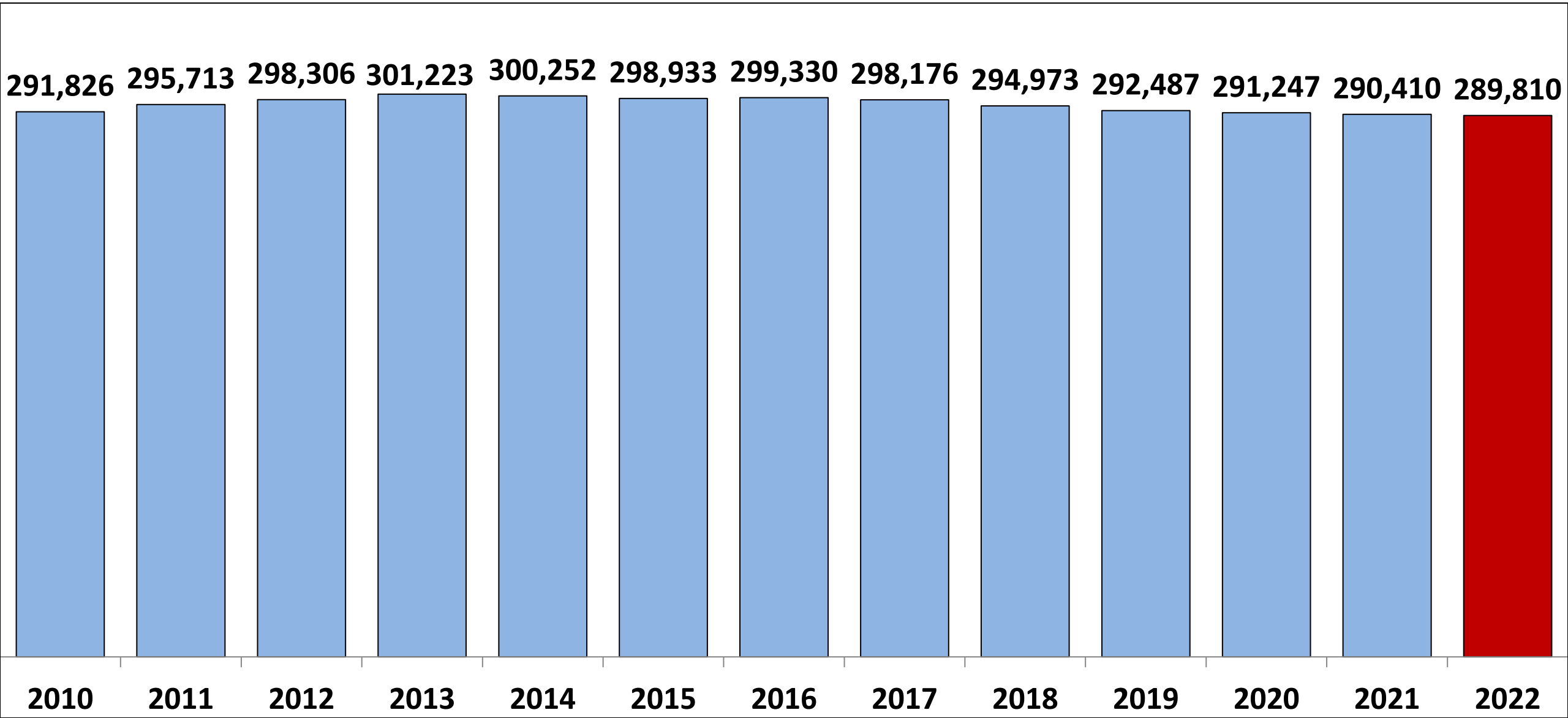
[Whoops | Definition of Whoops by Merriam-Webster](#)

www.merriam-webster.com › dictionary › whoops

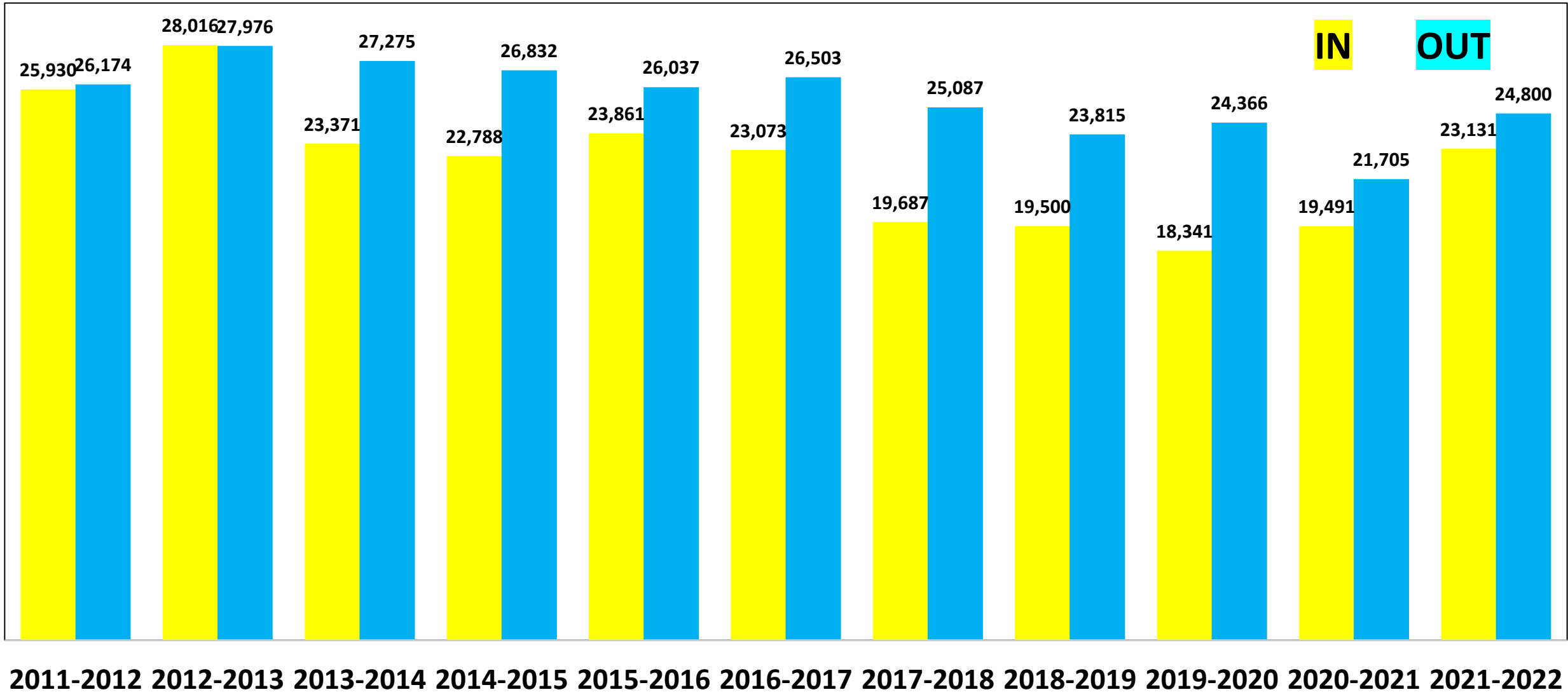
Whoops definition is - —used typically to express mild apology, surprise, or dismay.

Whoops

Anchorage's Population Fell Again In 2022-600 Fewer Souls Than Last Year



Lots of People Move Into and Out of Anchorage Each Year



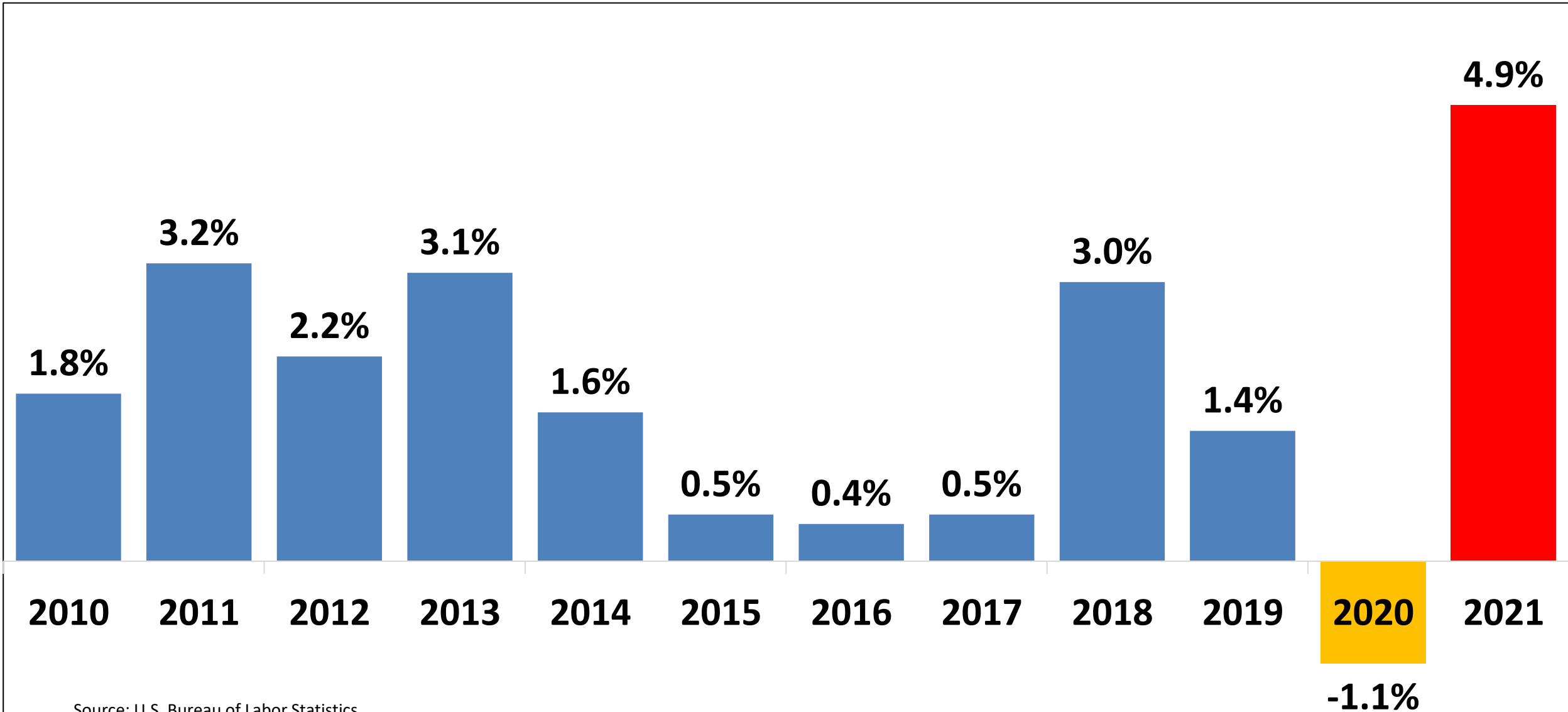
U.S. Unemployment and Alaska Migration

Year	Alaska Net Migration	U.S. Rate Unemployment	
1990	4,637	5.6	
1991	6,310	6.8	High National Unemployment
1992	8,138	7.5	
1993	1,314	6.9	
1994	-4,840	6.1	Low National Unemployment
1995	-6,980	5.6	
1996	-3,741	5.4	
1997	-3,001	4.9	
1998	145	4.5	
1999	-2,337	4.2	
2000	-927	4	
2001	-2,676	4.7	
2002	2,196	5.8	
2003	819	6.0	
2004	2,948	5.5	
2005	292	5.1	
2006	-56	4.6	
2007	-2,023	4.6	
2008	-1,111	5.8	
2009	3,009	9.3	High National Unemployment
2010	8,569	9.6	
2011	1,075	8.9	
2012	1,643	8.1	
2013	-1,423	7.4	
2014	-6,606	6.2	Low National Unemployment
2015	-5,938	5.3	
2016	-3,604	4.9	
2017	-7,691	4.4	
2018	-9,157	3.9	
2019	-7,540	3.7	
2020	-7,110	8.1	
2021	-1,851	5.3	
2022	-2,489	3.7	

“Since 1975, 23 out of 27 years Alaska lost more people to migration than we gained, the national unemployment rate was below the long-term historical rate of 6.3 percent.”

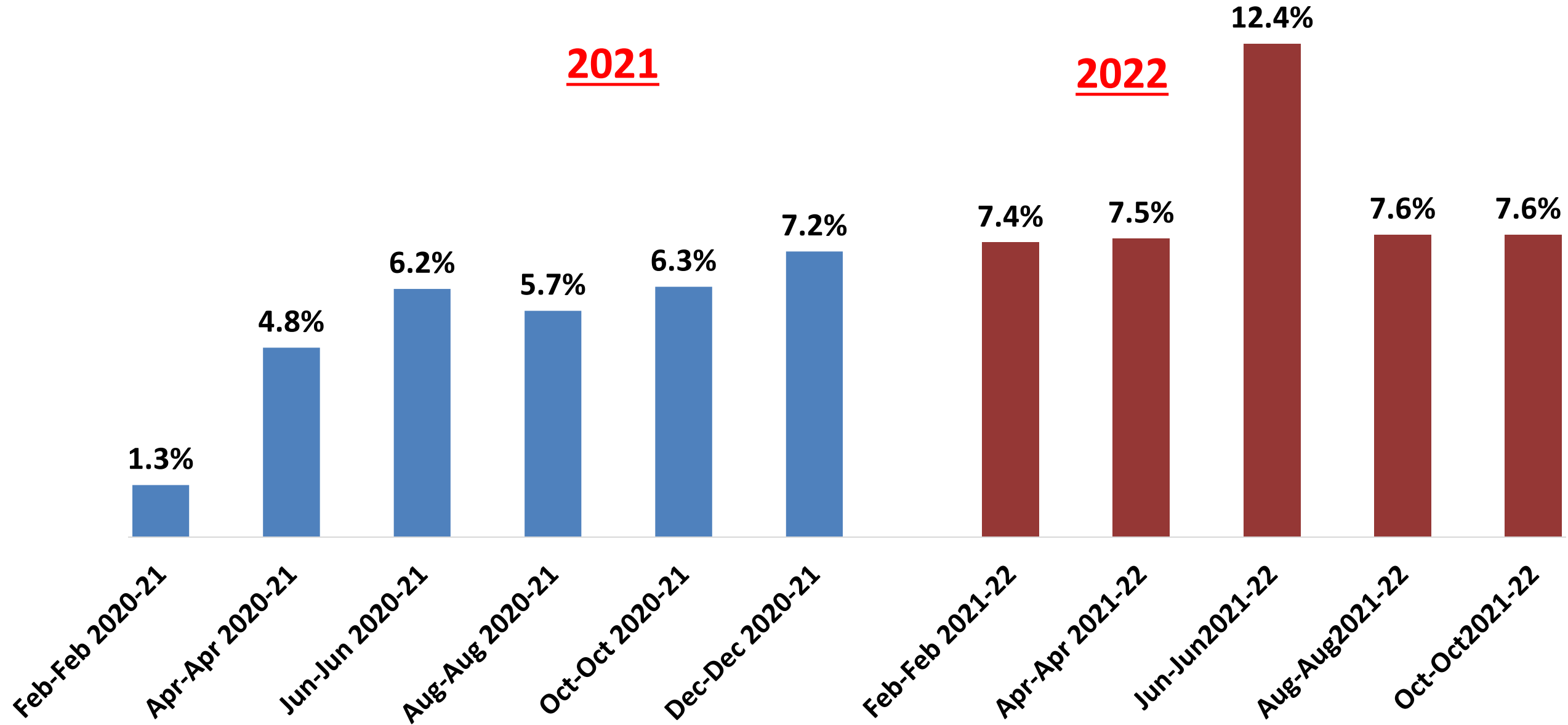
Deflation In 2020-Inflation In 2021—Wow

Urban Alaska CPI-U



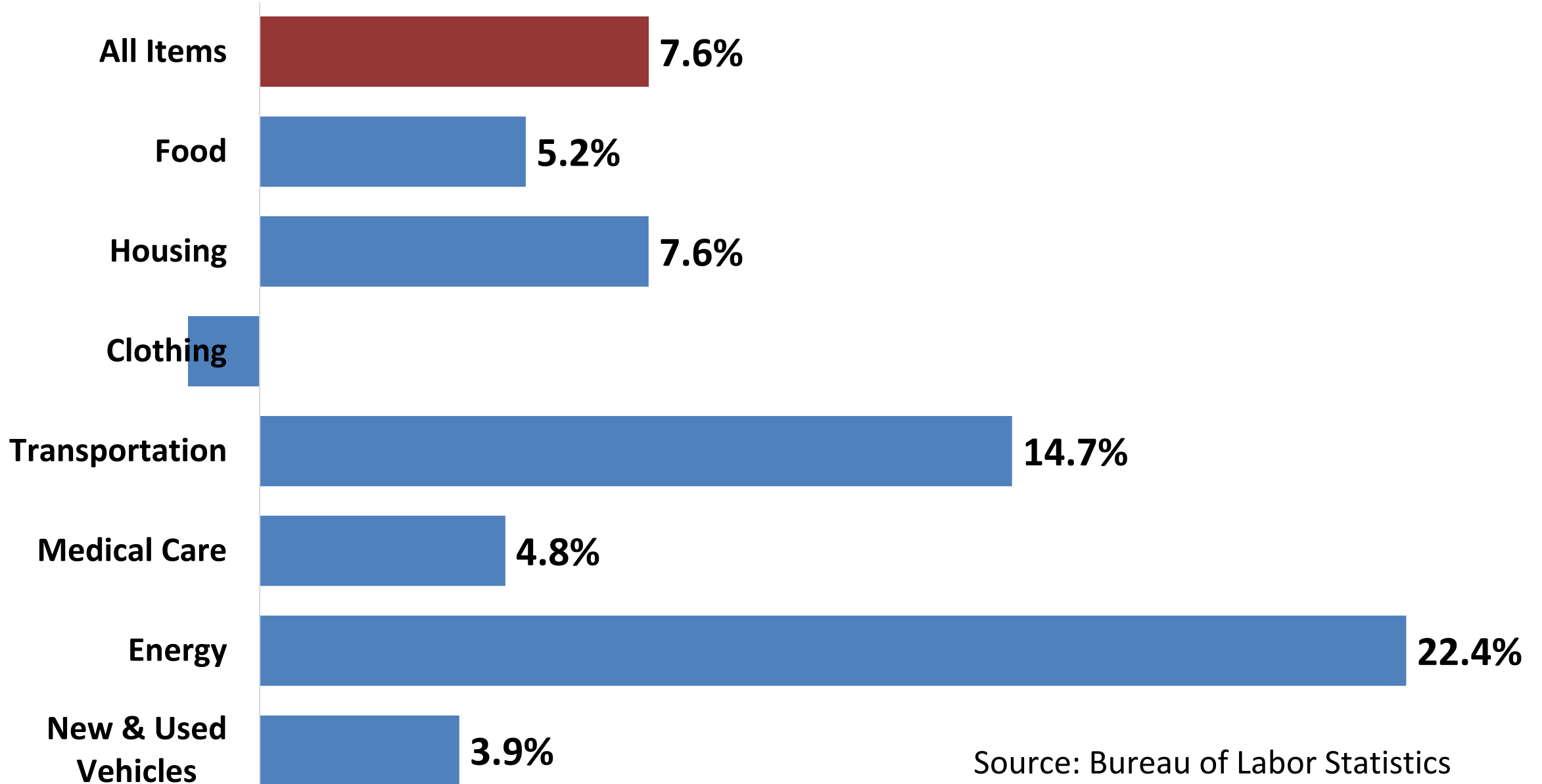
Source: U.S. Bureau of Labor Statistics

In Urban Alaska Inflation Began Accelerating in 2021 And Has Continued Into 2022



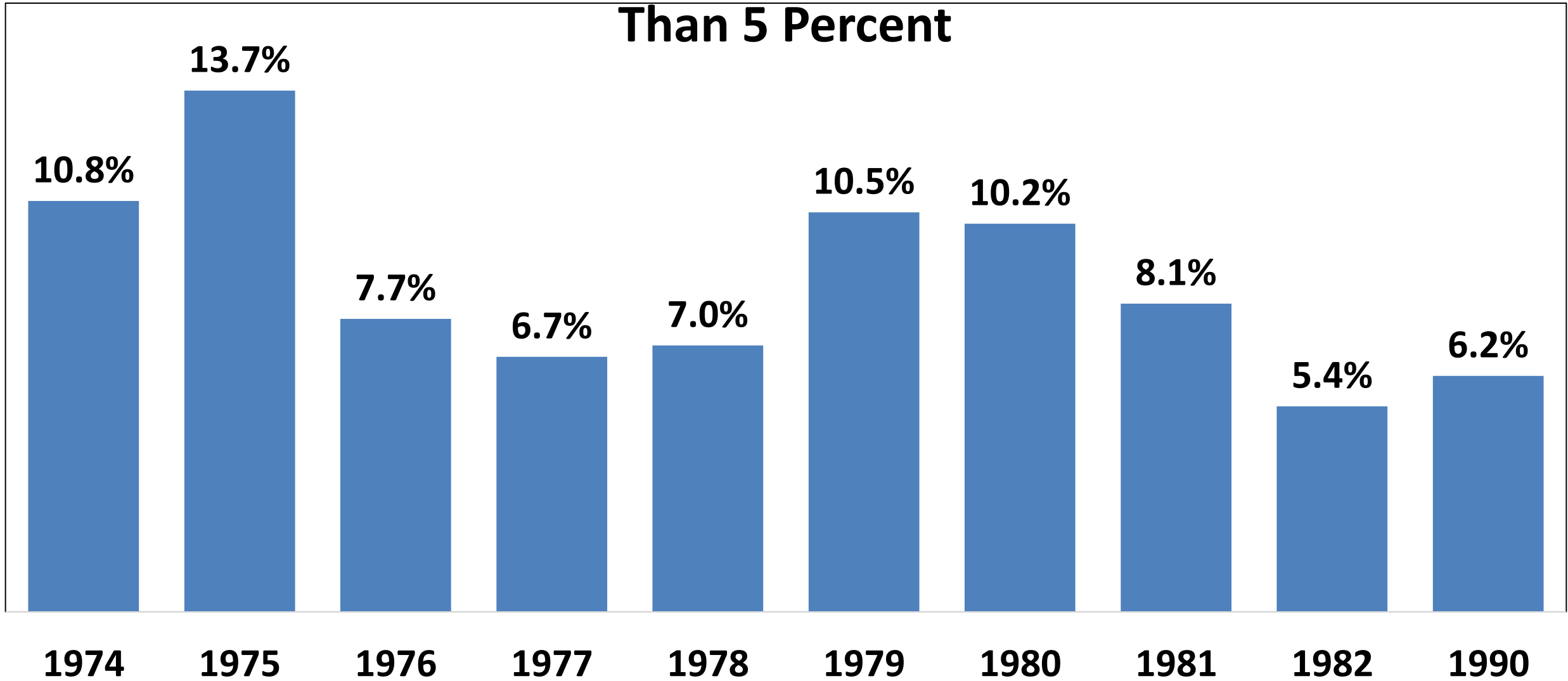
Inflation For Urban Alaska In Detail

Urban Alaska CPI-U, Annual Change October 2021-2022



Source: Bureau of Labor Statistics

Years In Alaska When Inflation Was Higher Than 5 Percent



Source: U.S. Bureau of Labor Statistics

Anchorage Pickup Index— Following Employment?

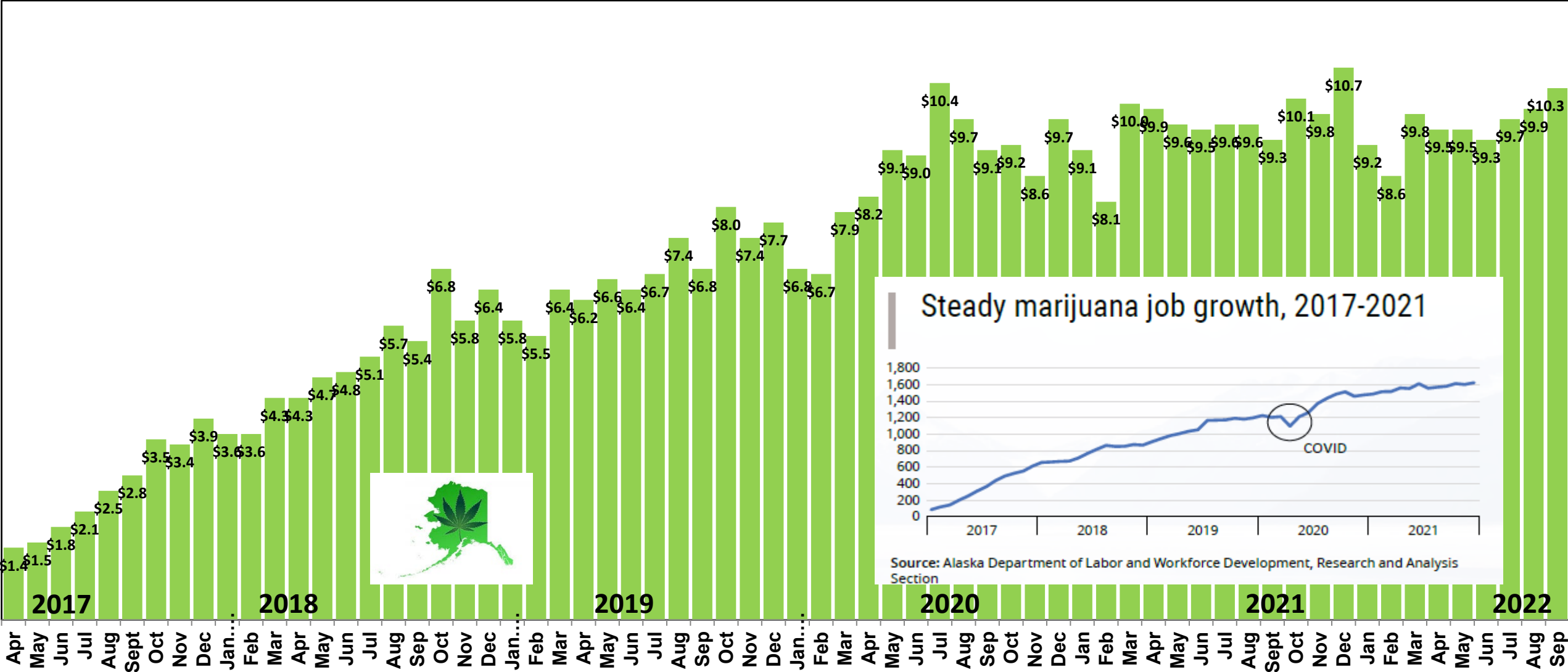
Number of pick-up registrations in Anchorage



10,840 snow machines in 2021--peaked in 2007 at 16,878

Sales Look Like They Are Flattening

Monthly cannabis sales in Anchorage, \$millions



Source: Muni of Anchorage