

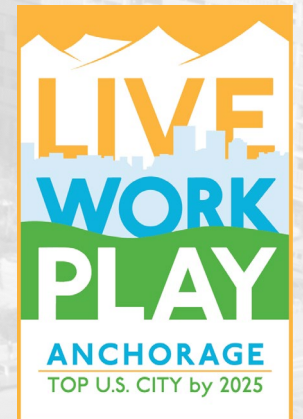
# 2019

## AEDC Economic Forecast Luncheon

*Bill Popp, President & CEO*  
*January 30, 2019*



**AEDC**  
Anchorage Economic  
Development Corporation





# Today's Presentation:

- An imperfect look at the basics of Anchorage's economy including the preliminary 2018 jobs data
- A quick dive into the Anchorage housing market and the AEDC Housing Survey
- The latest Anchorage Consumer Optimism Index (ANCI) survey results
- We'll learn some of what is on the minds of local business leaders by reviewing the results of the AEDC annual Business Confidence Index (BCI)
- The main event- The AEDC 2019 Economic Forecast!



**Anchorage**

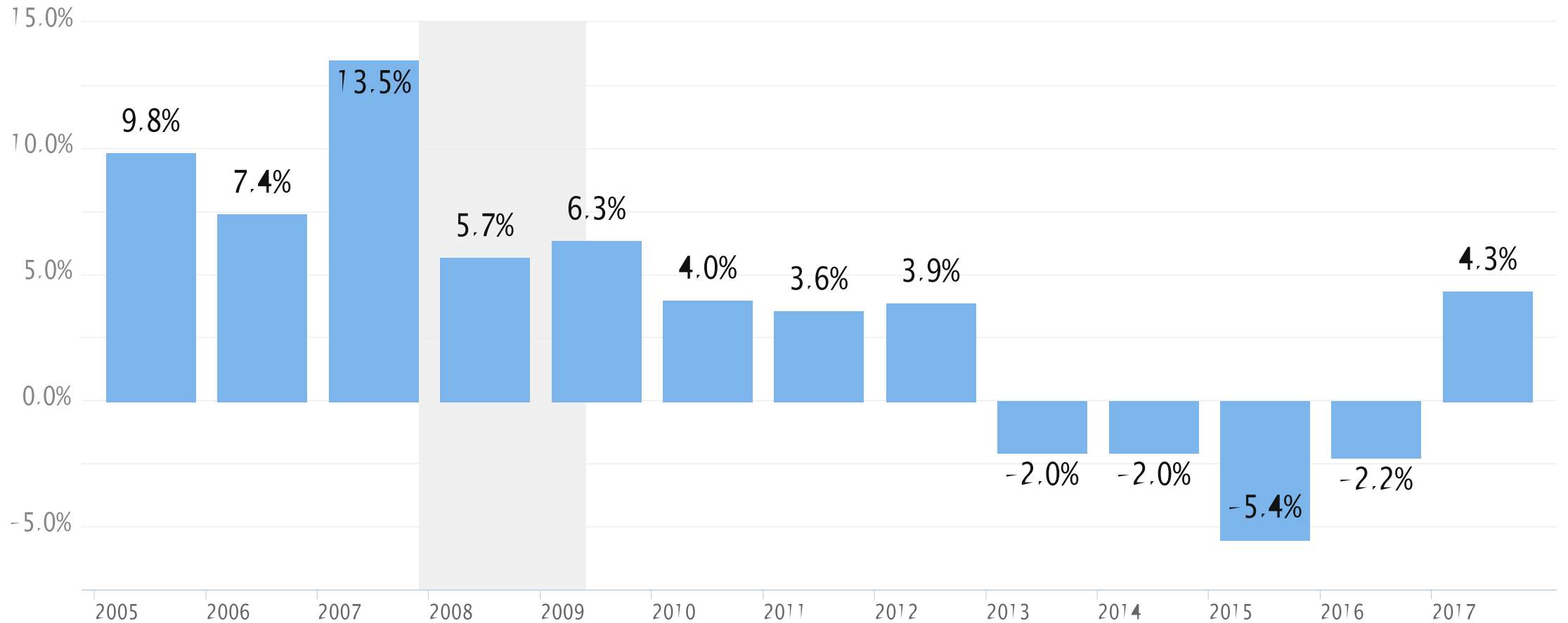
**Economic Basics**



# Anchorage Gross Domestic Product

\$24.9 Billion In Goods And Services Produced in 2017

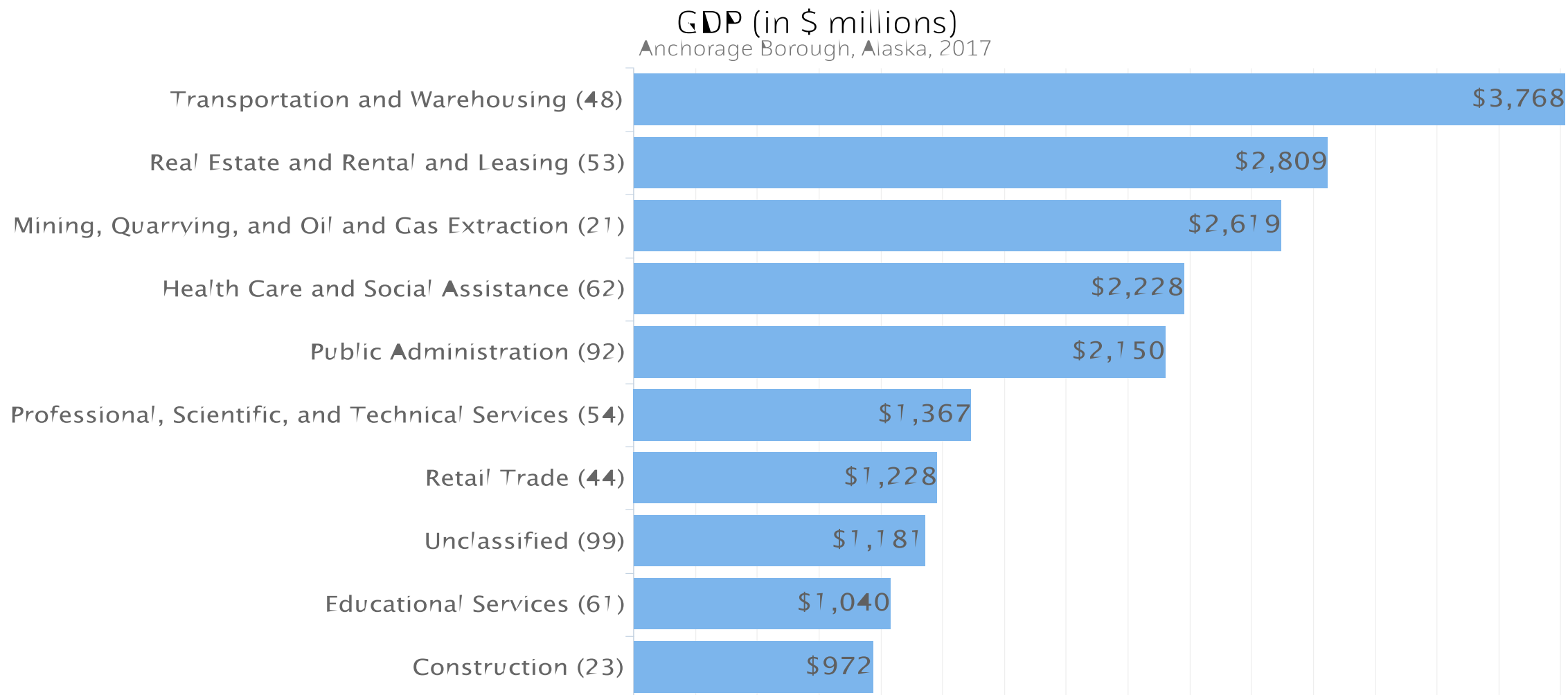
1 year % Change in GDP





# Anchorage GDP By Economic Sector

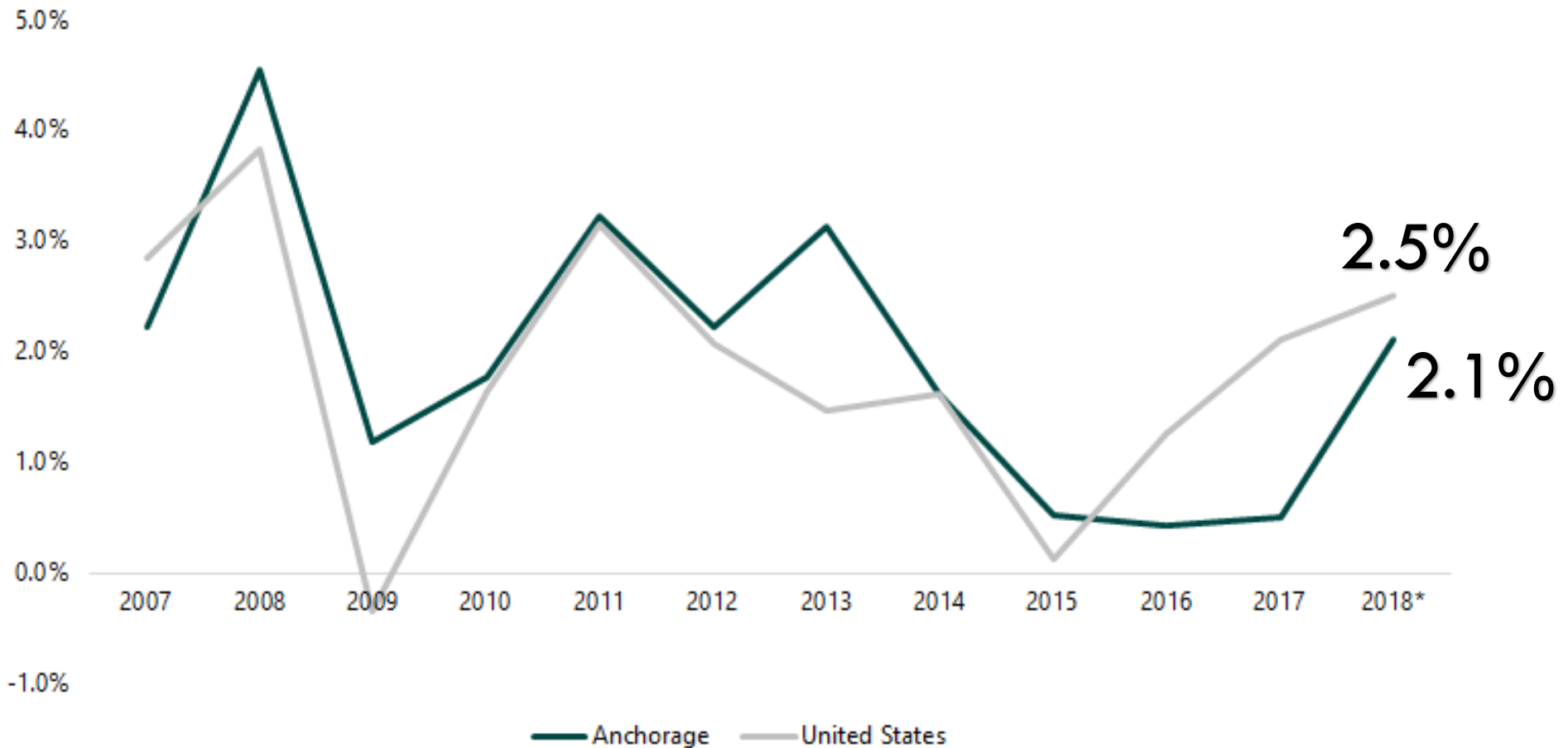
## \$3.8 Billion Transportation Sector Is #1 In 2017





# Anchorage and U.S. Consumer Price Index

## Annual Average Change (%) 2007-2018



Forecast Report  
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\*2018 figure based on preliminary data through first half of year. Source: U.S. Bureau of Labor Statistics (2007-2018).



# Comparing Anchorage's Wages By Industry

Source: Quarterly Census of Employment Wages As of December 31, 2017

Industry Sector	Avg. Salary	# Workers	Industry Sector	Avg. Salary	# Workers
Anchorage	\$55,920	151,064	Transportation	\$73,752	10,367
Federal Gov.	\$83,040	8,445	Telecom	\$79,704	2,710
State Gov.	\$56,340	9,899	Financial	\$61,536	7,845
Local Gov.	\$60,396	9,557	Prof. & Bus. Ser.	\$62,352	17,533
Oil, Gas, Mining	\$177,336	2,694	Health Care	\$52,152	20,715
Construction	\$77,568	7,157	Social Assist.	\$28,848	3,864
Manufacturing	\$47,352	1,946	Accommodations	\$28,992	3,332
Retail	\$32,856	17,482	Food Services	\$22,272	11,492



# Comparing Anchorage's Cost Of Living Index

## Ranked As 19<sup>th</sup> Most Expensive City in Survey

Source: Cost of Living Index ([www.c2er.org](http://www.c2er.org))

As of 3 <sup>rd</sup> Quarter, 2018 268 Cities U.S. Cities Participating	Annual Average Salary	Cost of Living Index (Base US)	US Purchasing Power
USA	\$55,994	100.0	\$55,994
Seattle, WA	\$69,442	153.6	\$32,221
Anchorage, AK	\$56,917	131.4	\$43,319
Colorado Springs, CO	\$47,563	99.1	\$47,991
Boise, ID	\$53,482	97.9	\$54,605
Houston, TX	\$59,508	95.0	\$62,483
Oklahoma City, OK	\$48,010	84.8	\$55,308

COLI Report  
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Northrim Bank





2018

# HOUSING UPDATE

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**ALASKA**

MEMBER FDIC

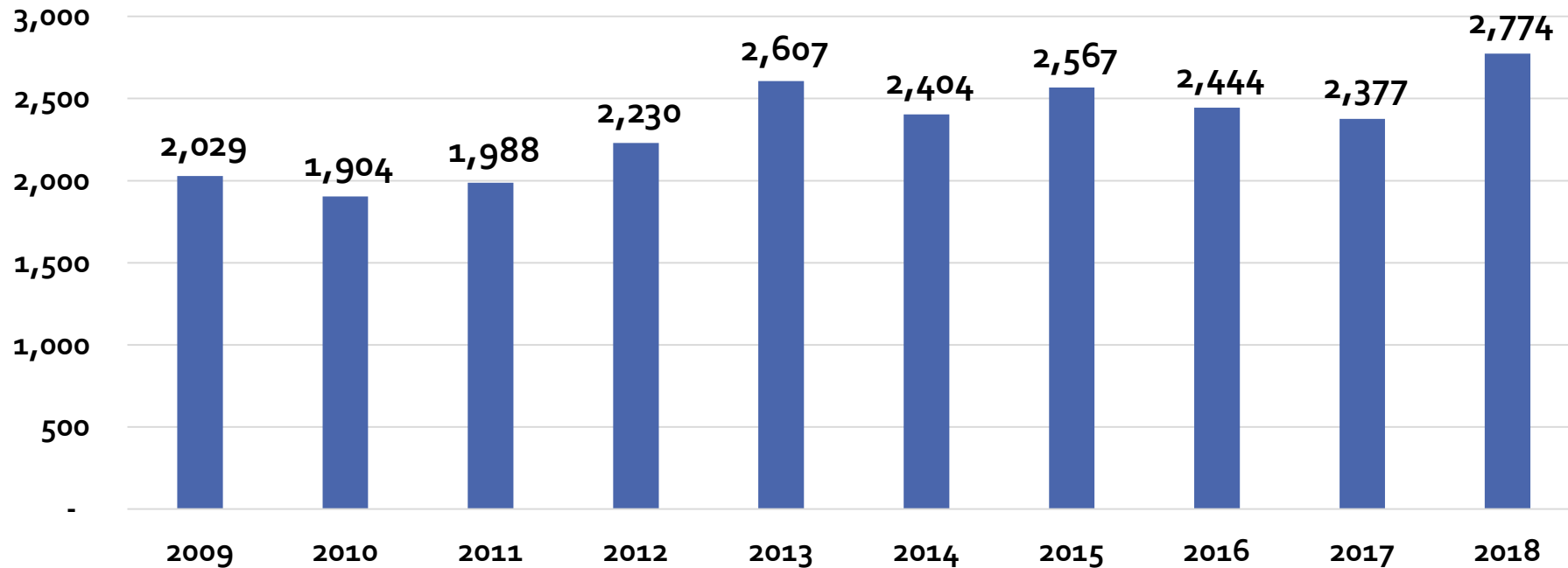




# Anchorage Single Family Home Total Unit Sales

10-year comparison

Anchorage Single Family Homes Total Unit Sales  
YTD 10-Year Comparison as of 12/31/2018



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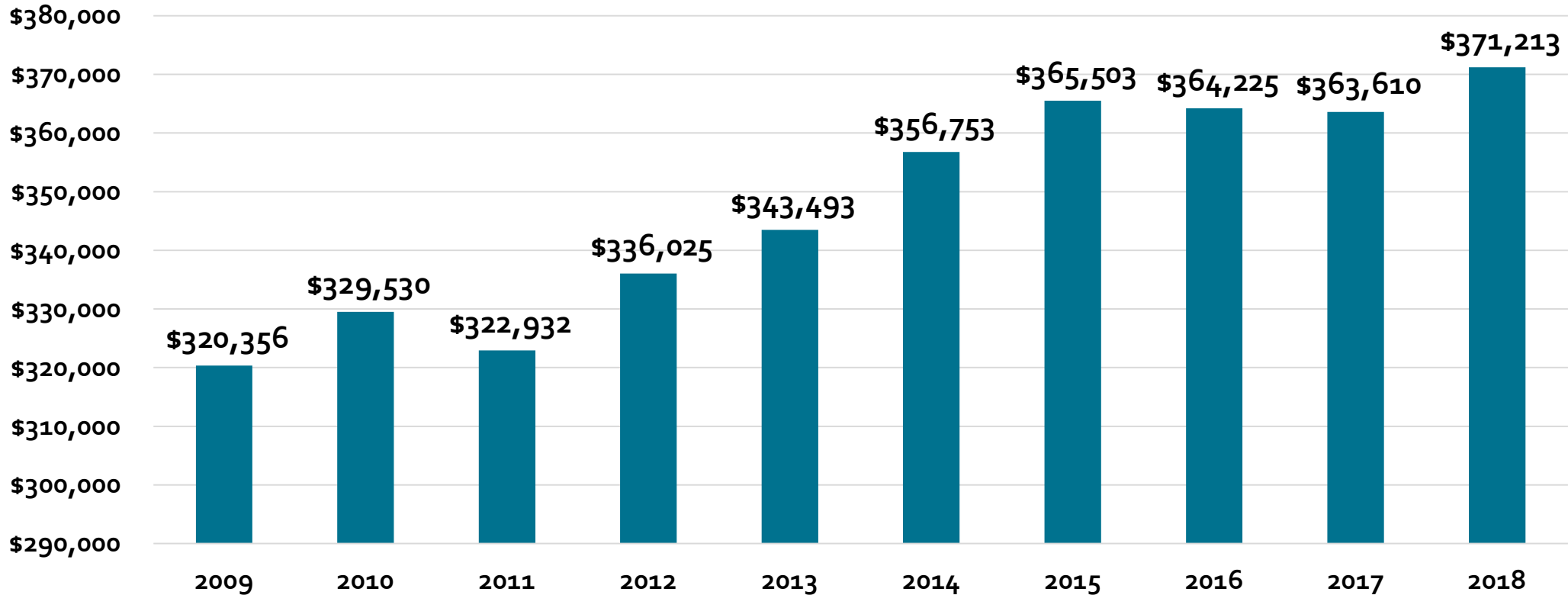
Source: Alaska Multiple Listing Service (2009-2018)



# Anchorage Single Family Home Avg. Sale Price

10-year comparison

Anchorage Single Family Home Average Sale Price  
YTD 10-Year Comparison as of 12/31/2018



Sponsored by:



Source: Alaska Multiple Listing Service (2009-2018)

2018 AEDC

Live. Work. Play.

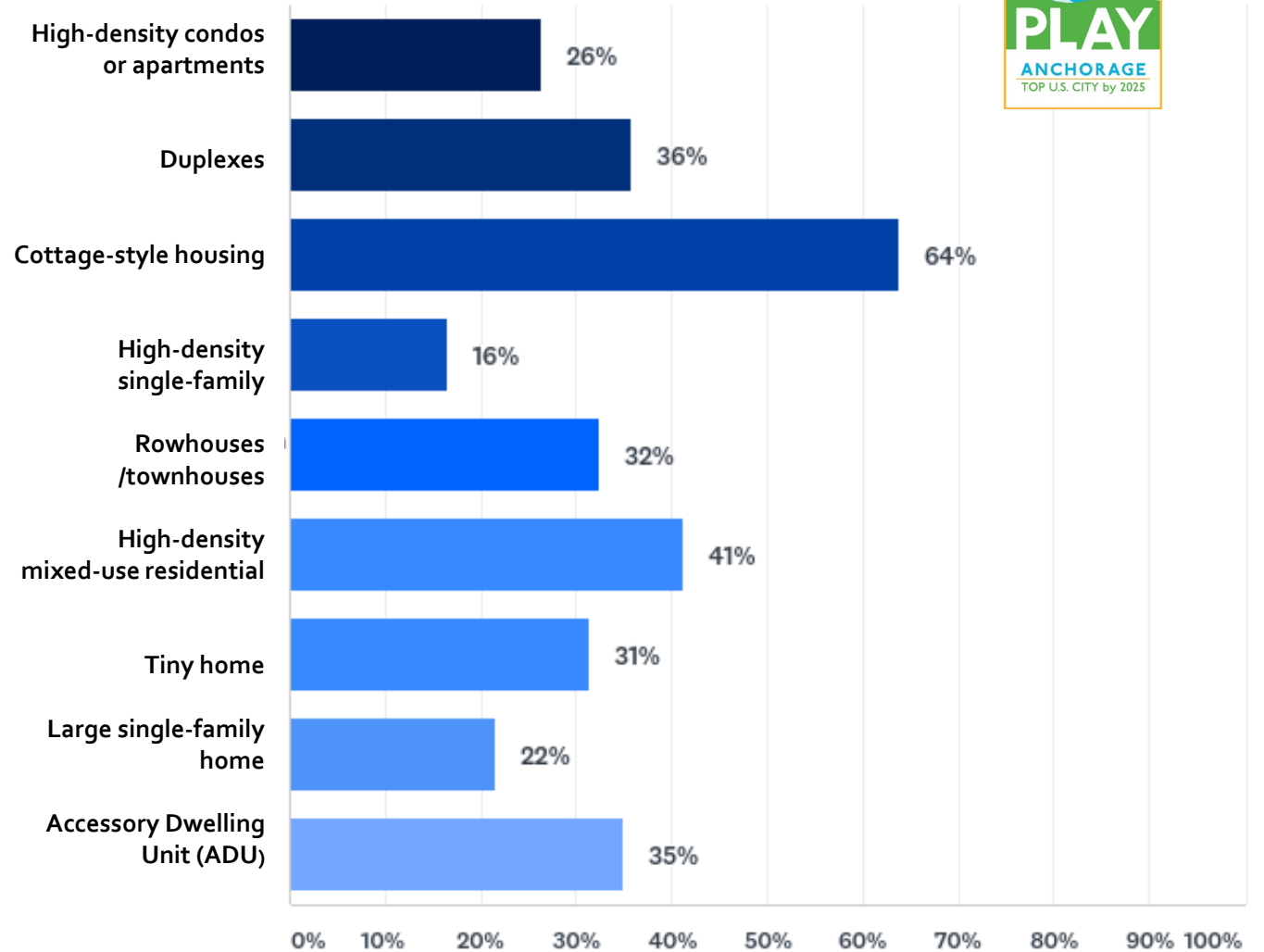
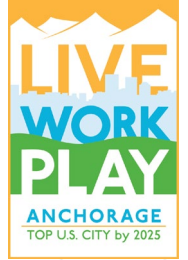
Housing  
Survey



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# QUESTION: *What kind of housing do you want to see more of in Anchorage?*



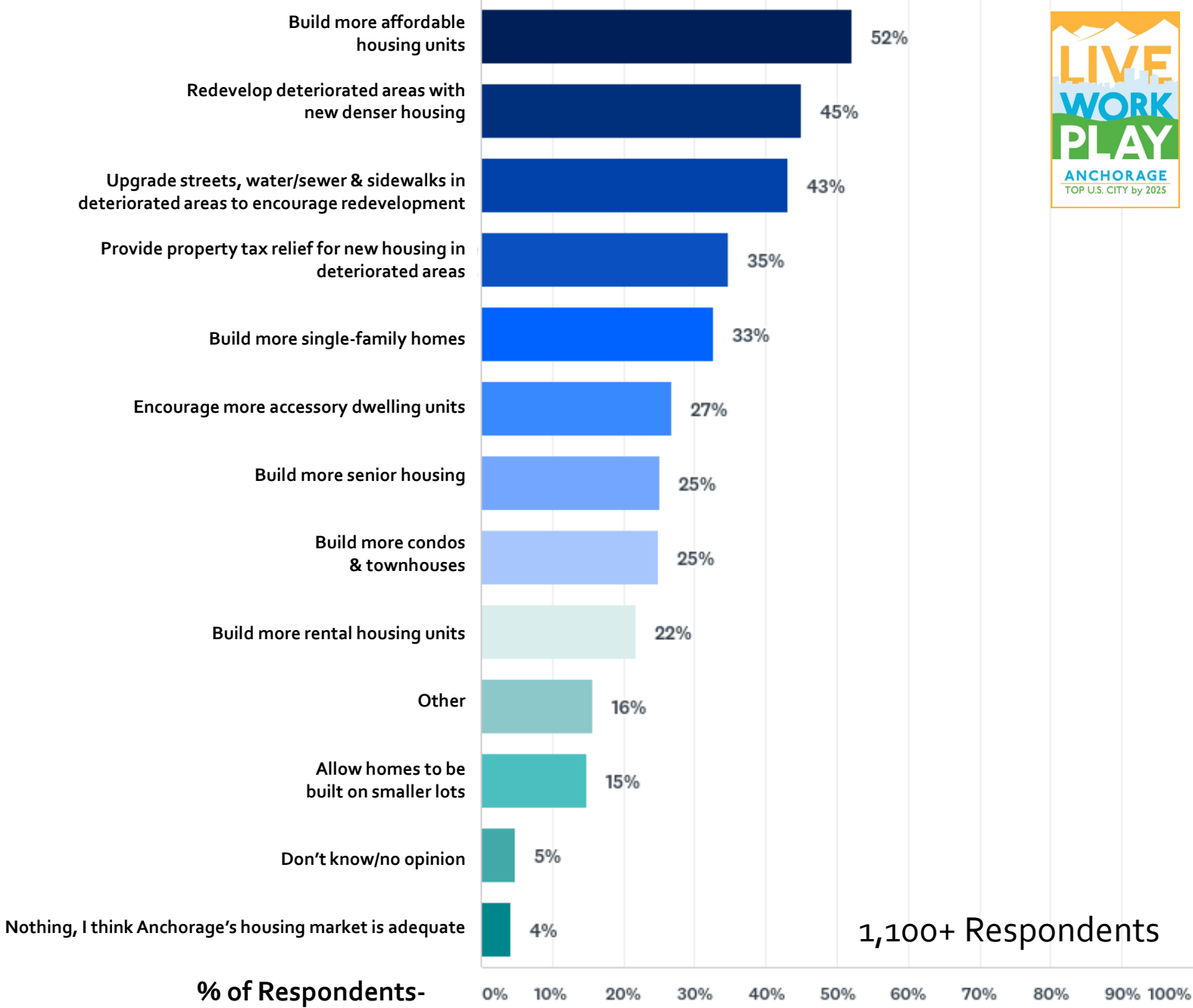
1,100+ Respondents

Sponsored By:



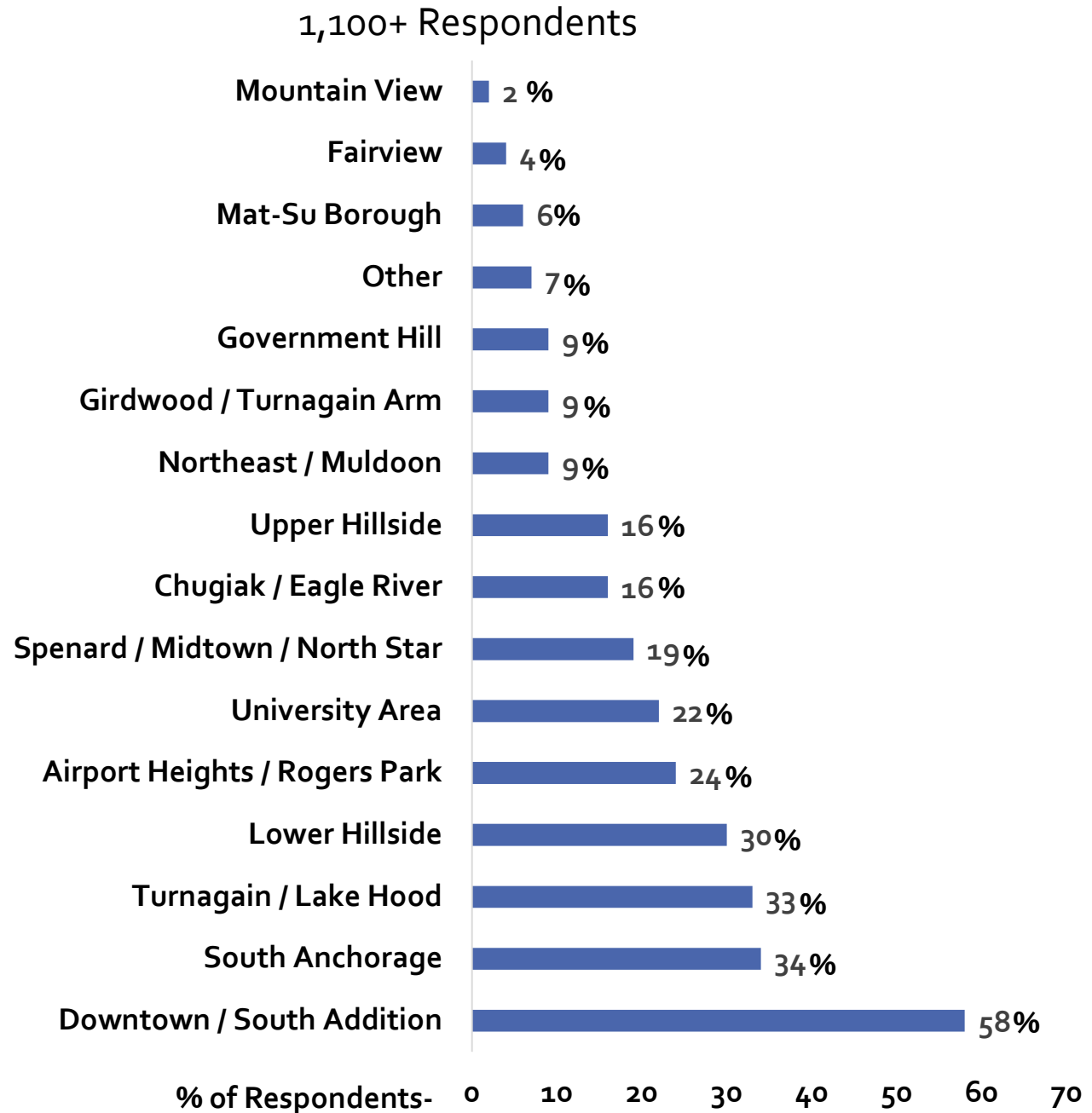
# QUESTION: *What steps should be taken to improve Anchorage's housing market?*

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# QUESTION: *In which neighborhood would you most like to live?*

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**2019**

# **JOBS UPDATE**





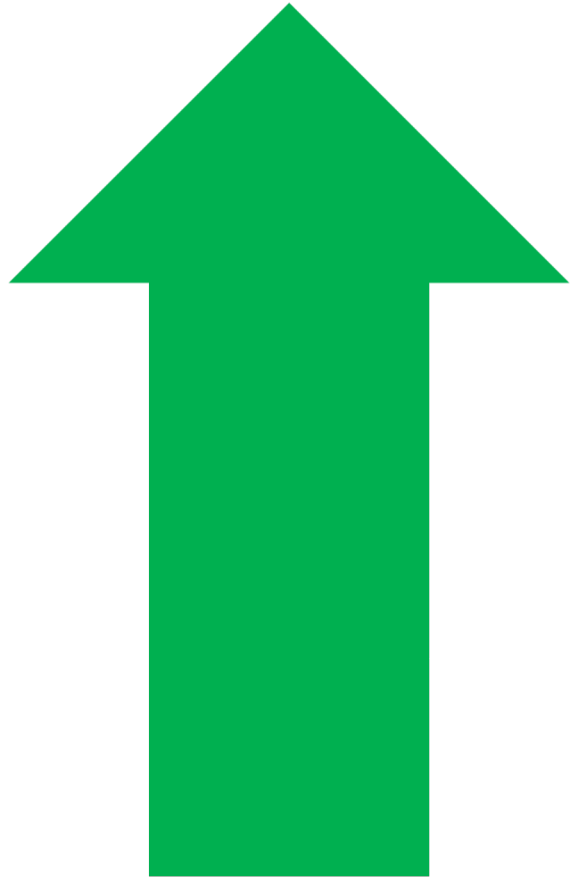
# 2018 JOBS

**-1,200 JOBS -0.8%**

**5.6% AVG. UNEMPLOYMENT**



# 2018 Employment Numbers



- +600 Health Care**
- +300 Construction**
- +200 Transportation**
- +100 Accommodations**
- +100 Wholesale Trade**



# 2018 Employment Numbers

**FLAT**



**Manufacturing**

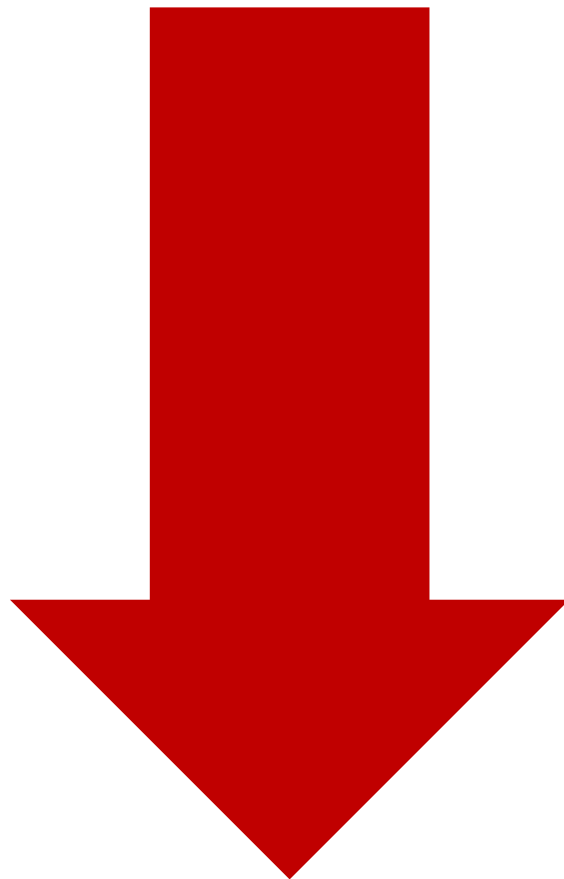
**Food Services**

**Financial**

**State Education**



# 2018 Employment Numbers



- 600 Retail**
- 500 Prof. & Business Services**
- 400 Information**
- 200 Local Government**
- 100 Oil & Gas**
- 100 Federal Government**
- 100 State Government**

2018 Q4

# ANCI

Anchorage Consumer Optimism Index

Sponsored by:

**KeyBank** 

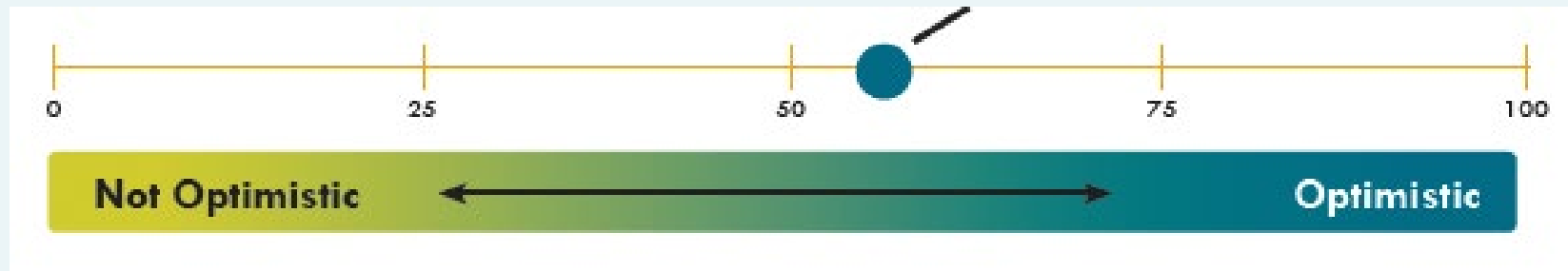
Compiled by:

  
Northern  
Economics

# Anchorage Consumer Optimism Index

## 2018 Q4

Q4 56.9



Sponsored by:

KeyBank 

# Anchorage Consumer Optimism Index

**Local Economy Confidence: 54.1**

**Personal Financial Confidence: 66.2**

**Future Expectations: 53.7**

Sponsored by:  
**KeyBank** 

# 2019

# BCi

## Business Confidence Index

Sponsored by:



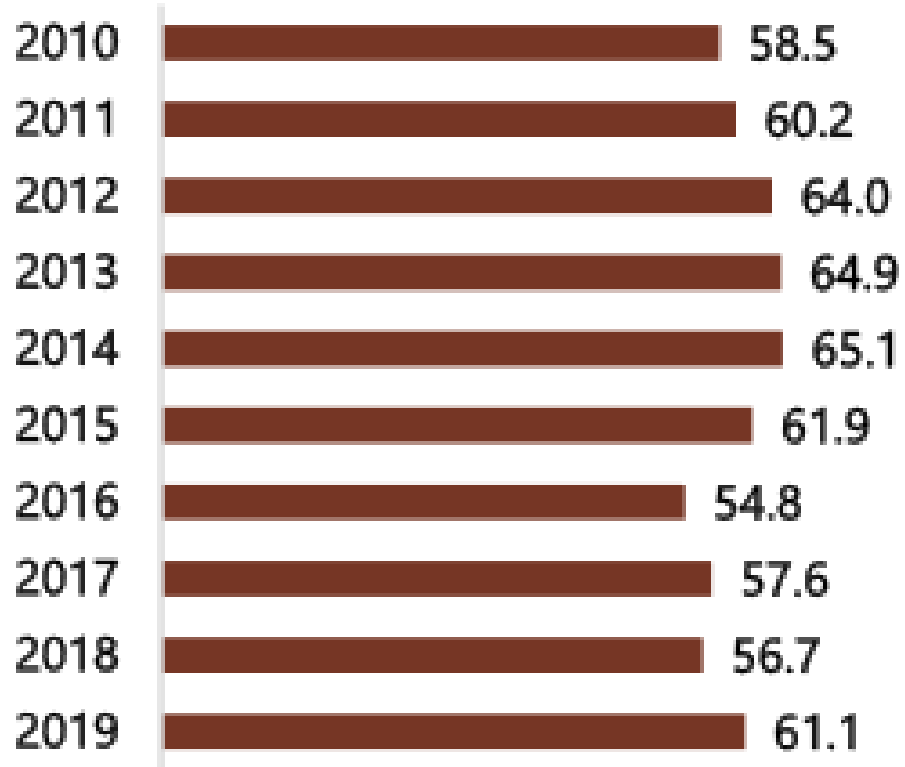
Compiled by:



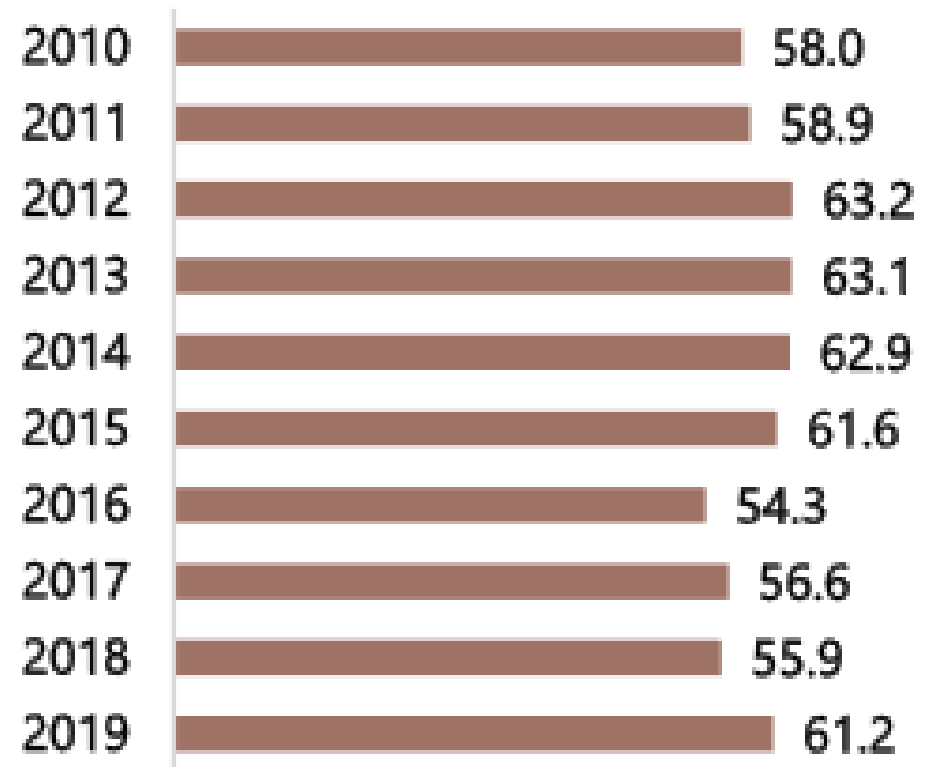


# 2019 BCI

## Gross Sales



## Net Profits

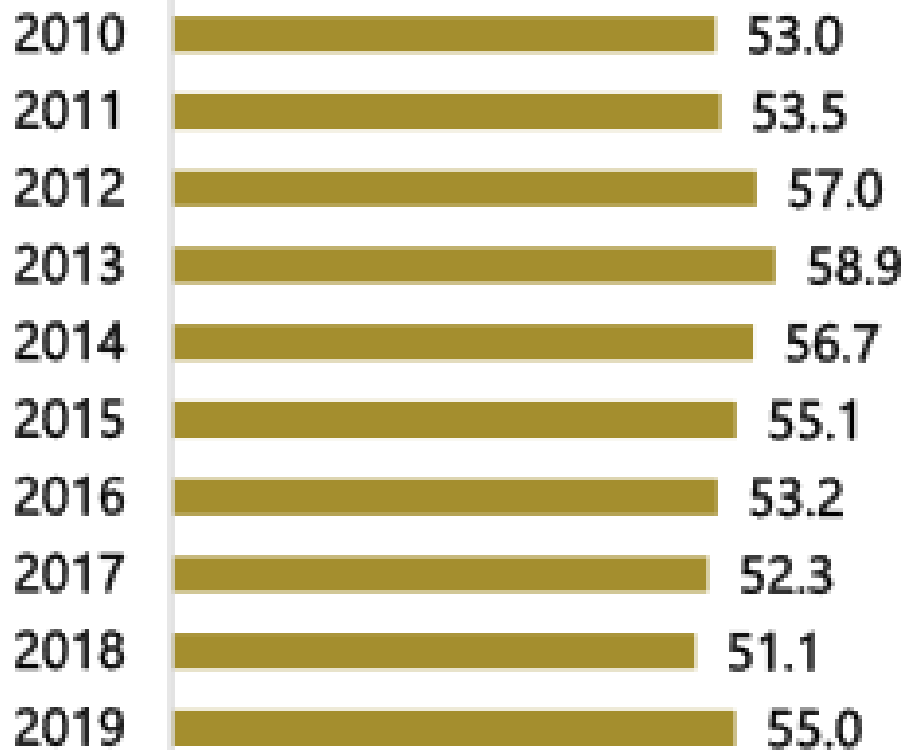


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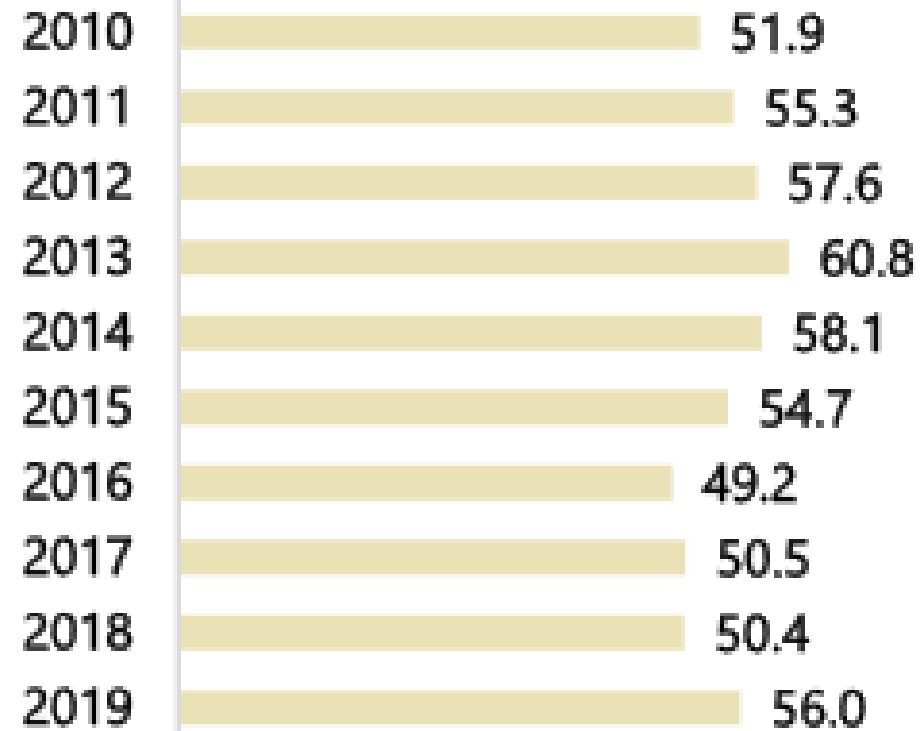


# 2019 BCI

## Employment



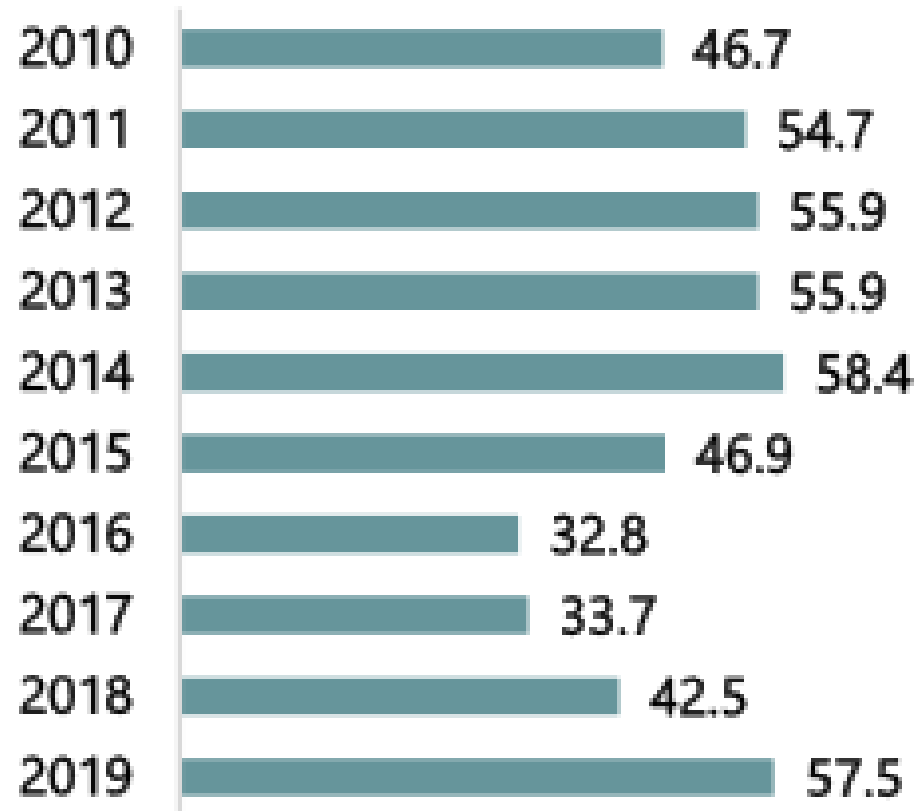
## Capital Expenditures



Sponsored by:



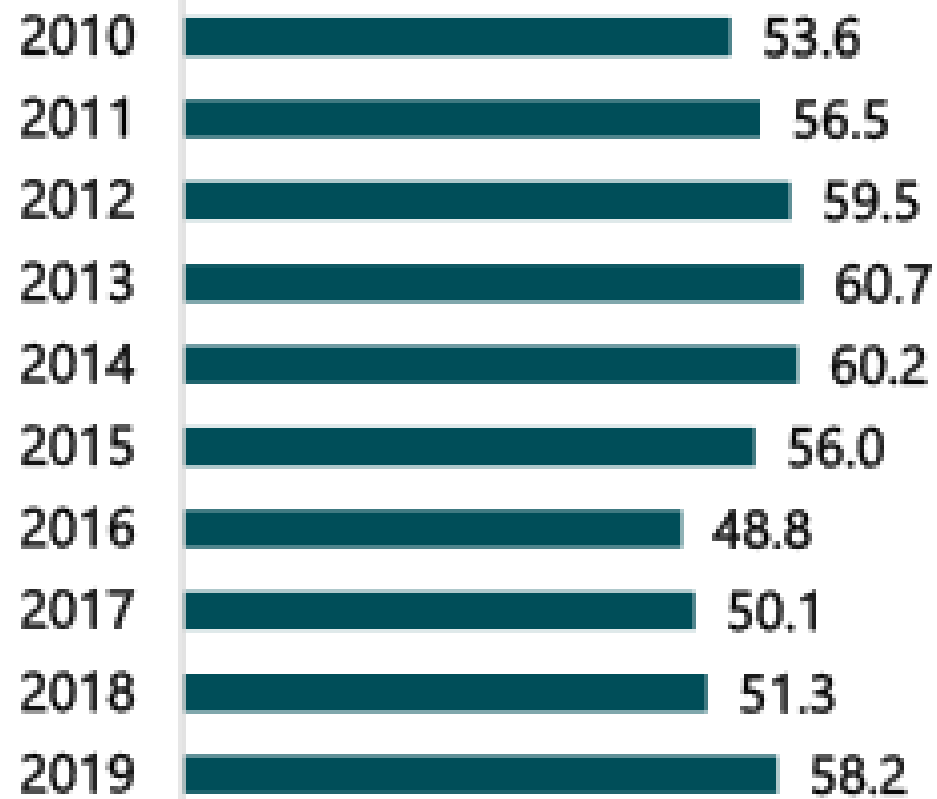
## Anchorage Economy



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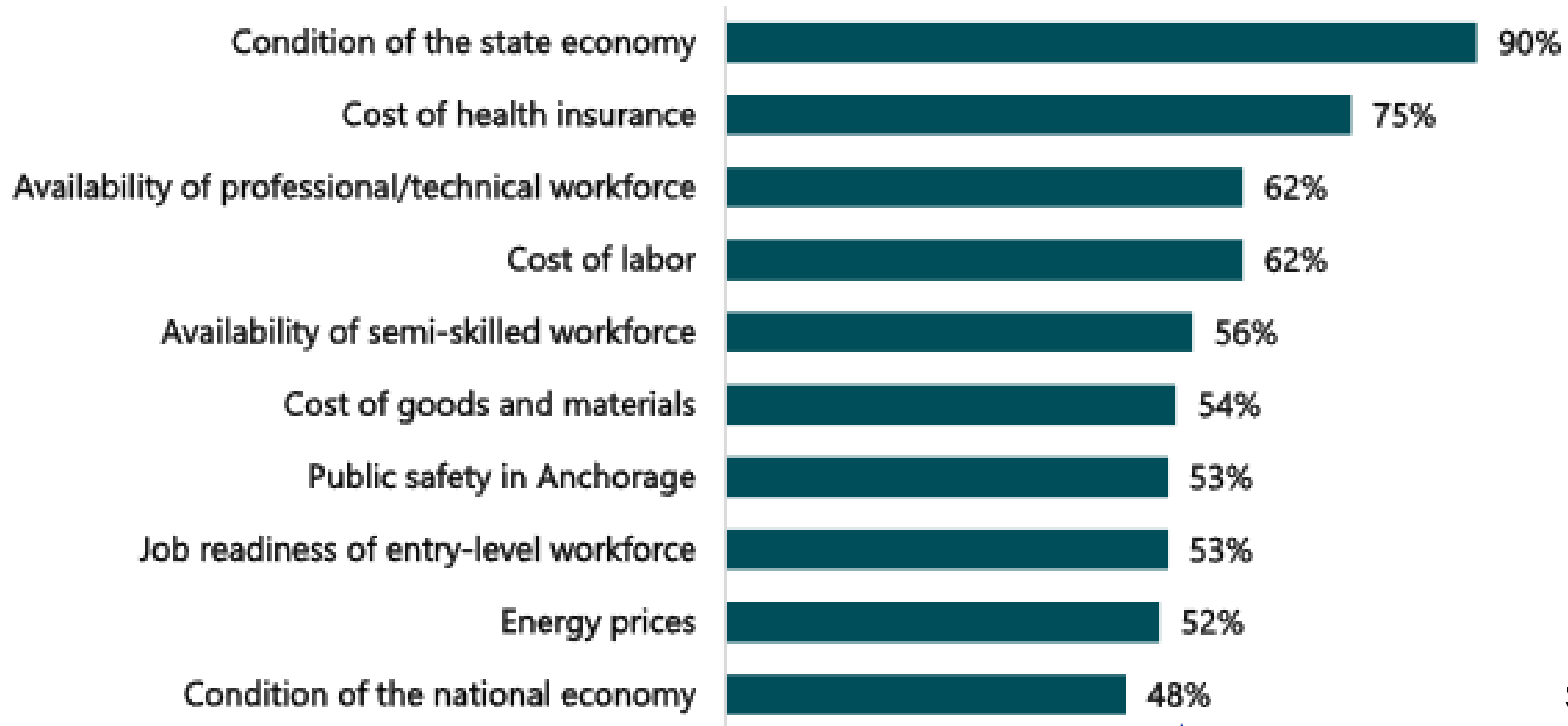
## Composite Index



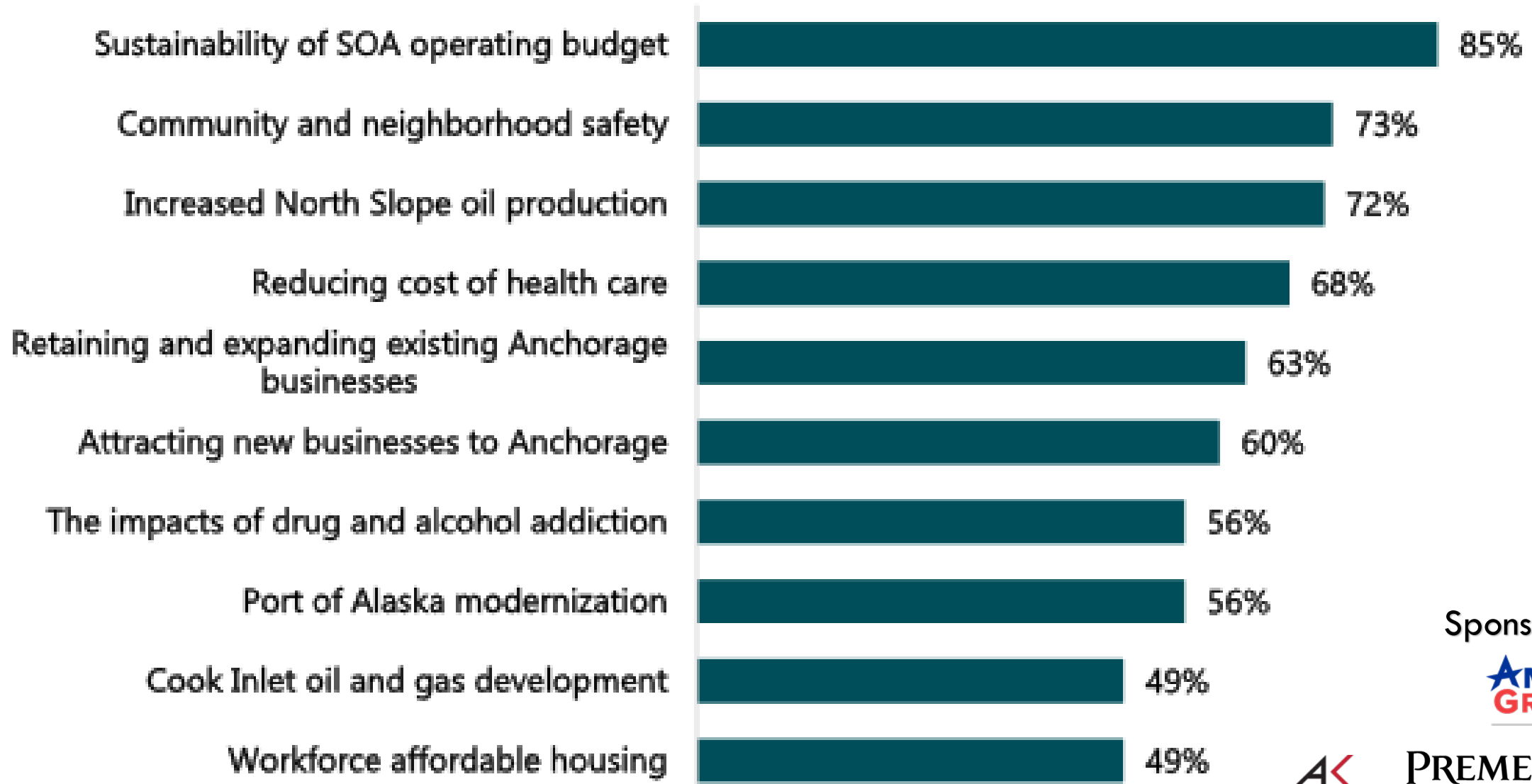
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# 2019 BCI – Top 10 Barriers to Business Growth



# 2019 BCI – Top 10 “Most Important” Issues for Anchorage Economy



Sponsored by:



# 2019



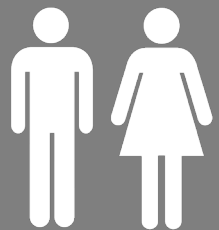
# Economic Forecast

Compiled by:



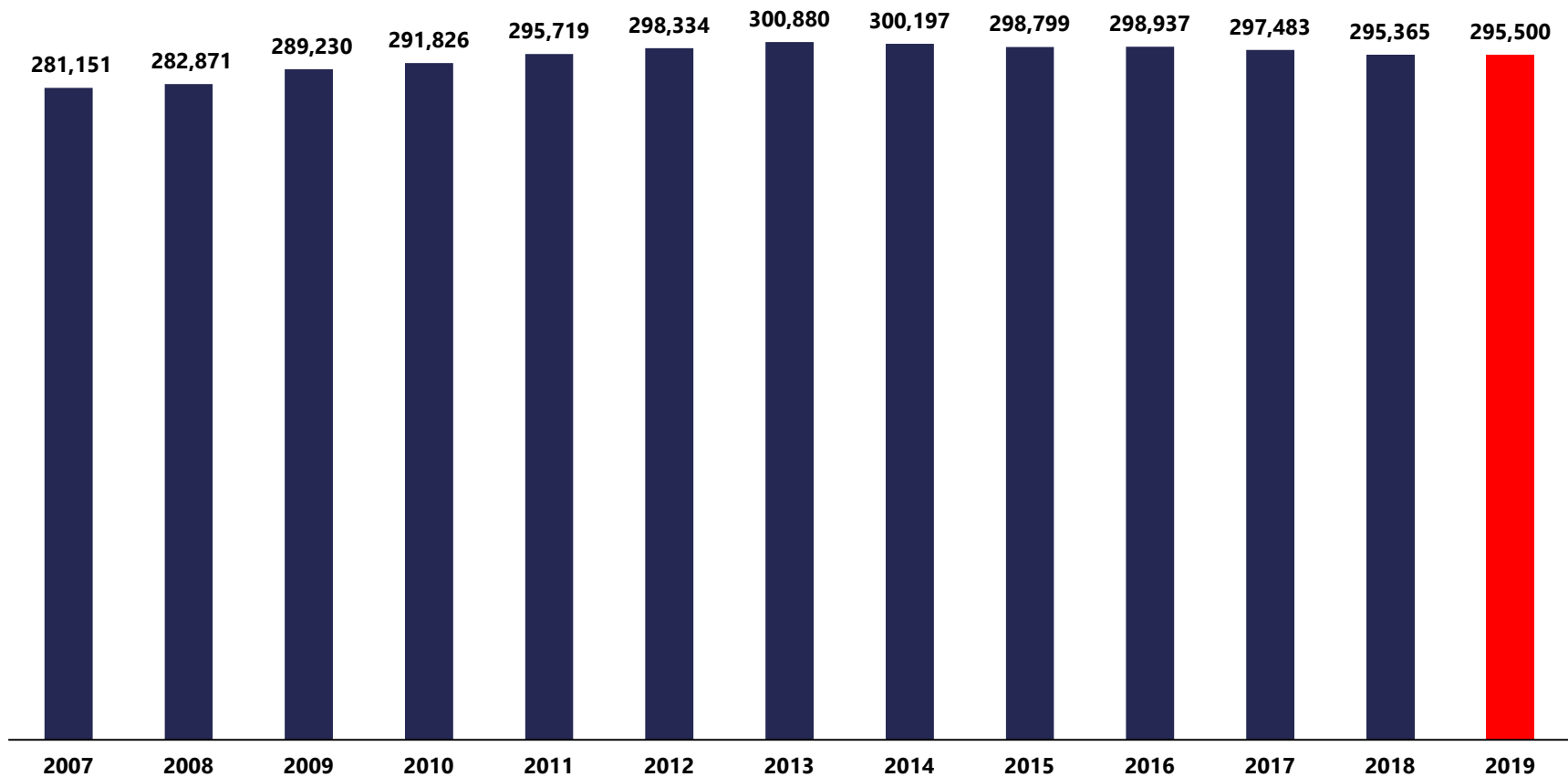
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# Anchorage Population Forecast

2007-2018, 2019 forecast



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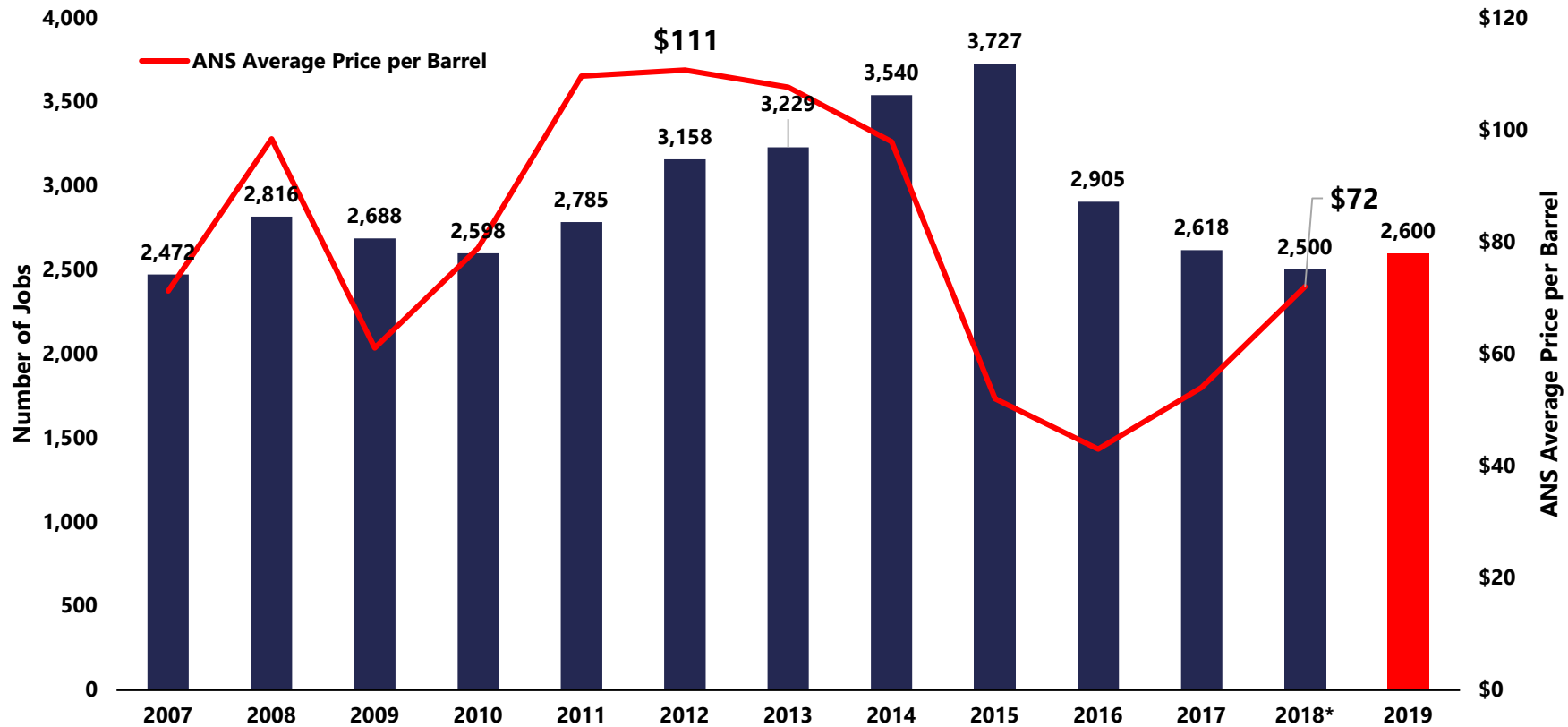


Source: Alaska Department of Labor and Workforce Development, 2007-2018. McDowell Group, 2019 Estimate.





# ANC Oil & Gas Employment & Alaska North Slope price per barrel 2007-2018 and 2019 forecast



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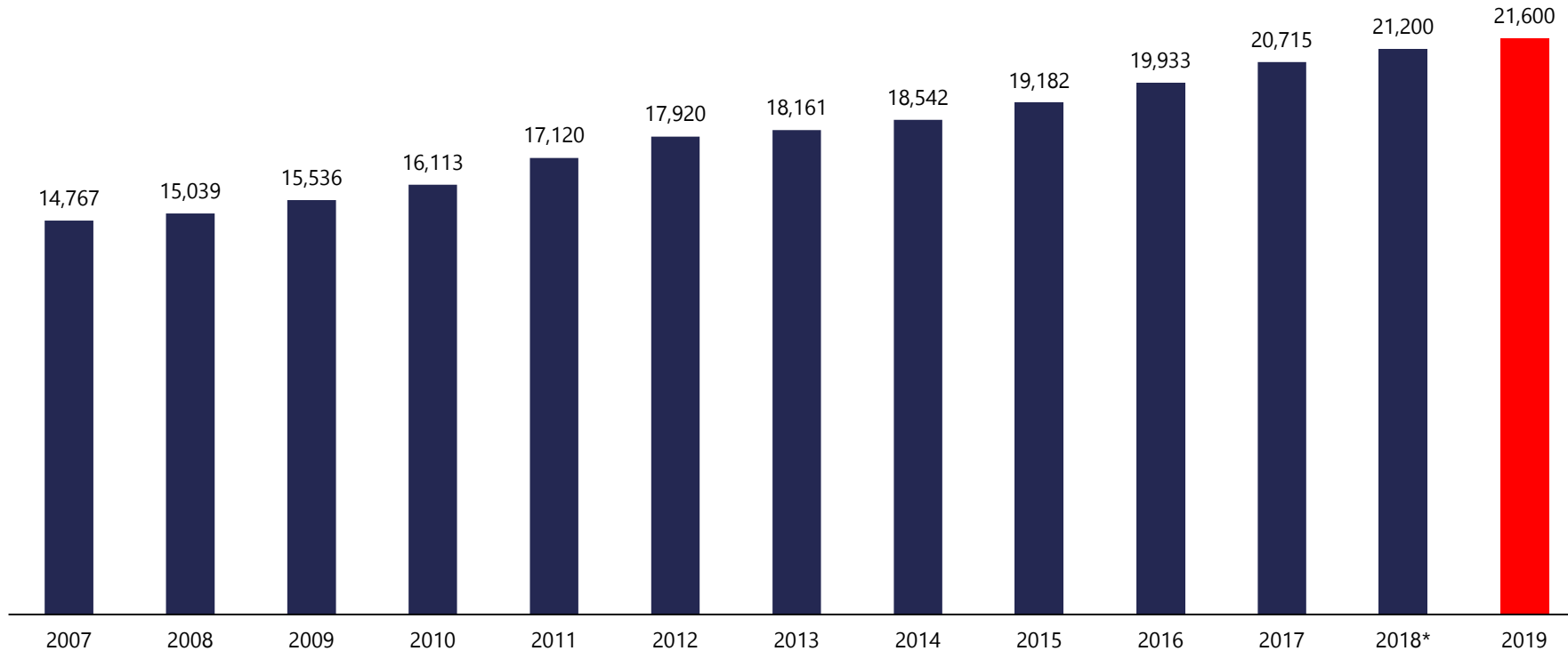


Source: Alaska Department of Labor and Workforce Development (2006-2016 employment), McDowell Group (2018 and 2019 employment), Alaska Department of Revenue (2007-2018 oil price).



# Anchorage Healthcare Employment

## 2006-2018 and 2019 forecast

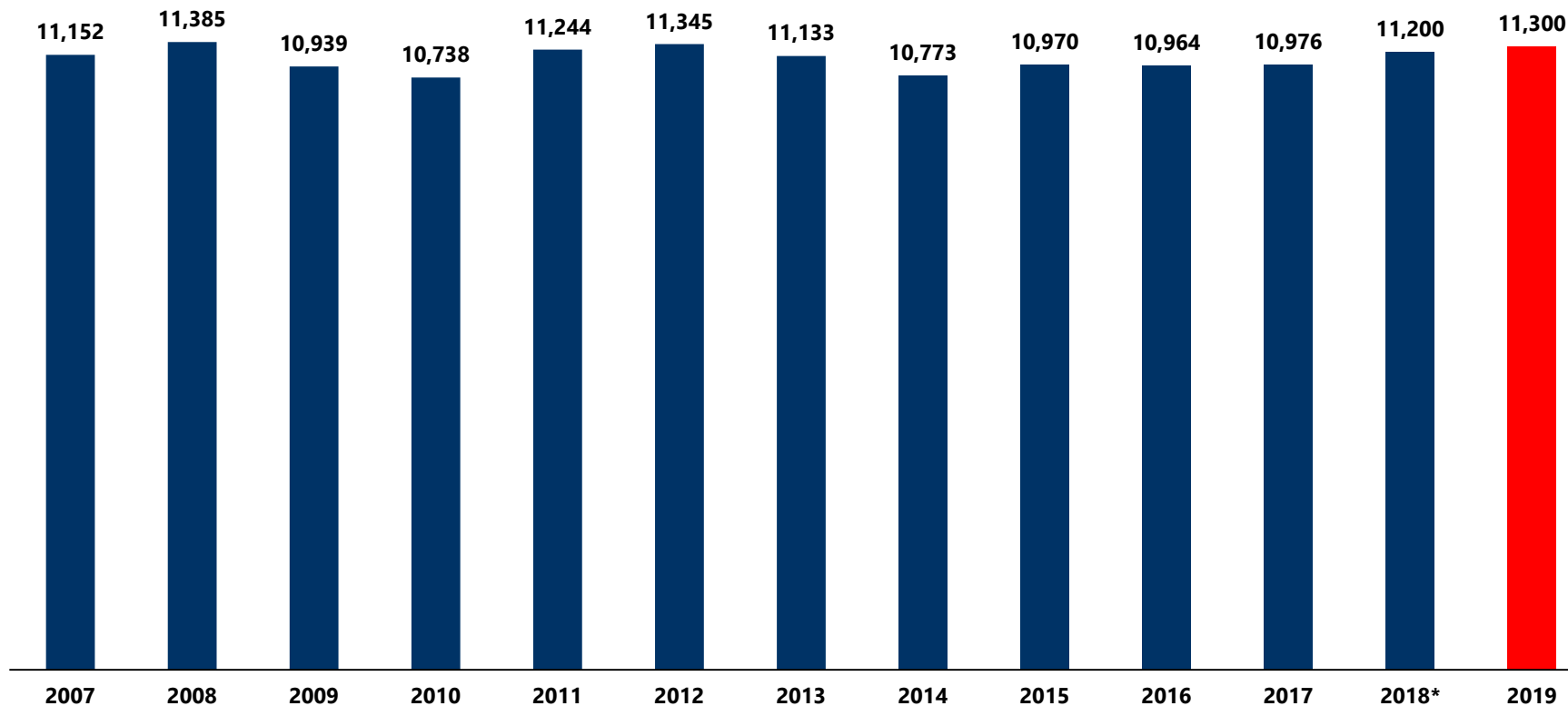


\*Employment estimate is preliminary. All figures for calendar year based on monthly averages.  
Sources: Alaska Department of Labor and Workforce Development (2007-2017), McDowell Group (2018 and 2019).

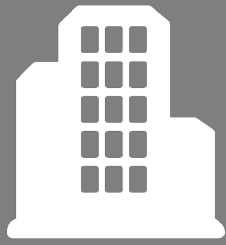


# Anchorage Transportation Employment

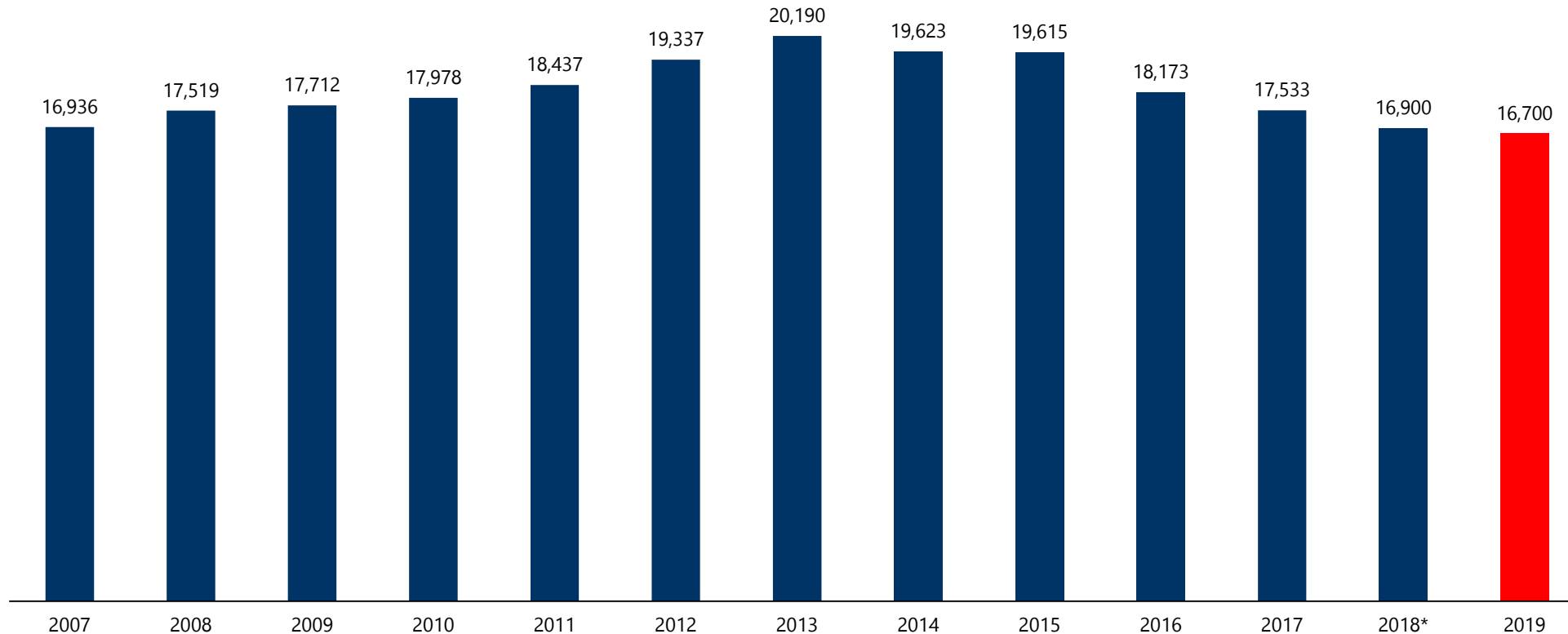
## 2007-2018 and 2019 forecast



\*Employment estimate is preliminary. All figures for calendar year based on monthly averages.  
Sources: Alaska Department of Labor and Workforce Development (2007-2018), McDowell Group (2017 and 2018).



# Anchorage Professional & Business Services 2007-2018, and 2019 forecast

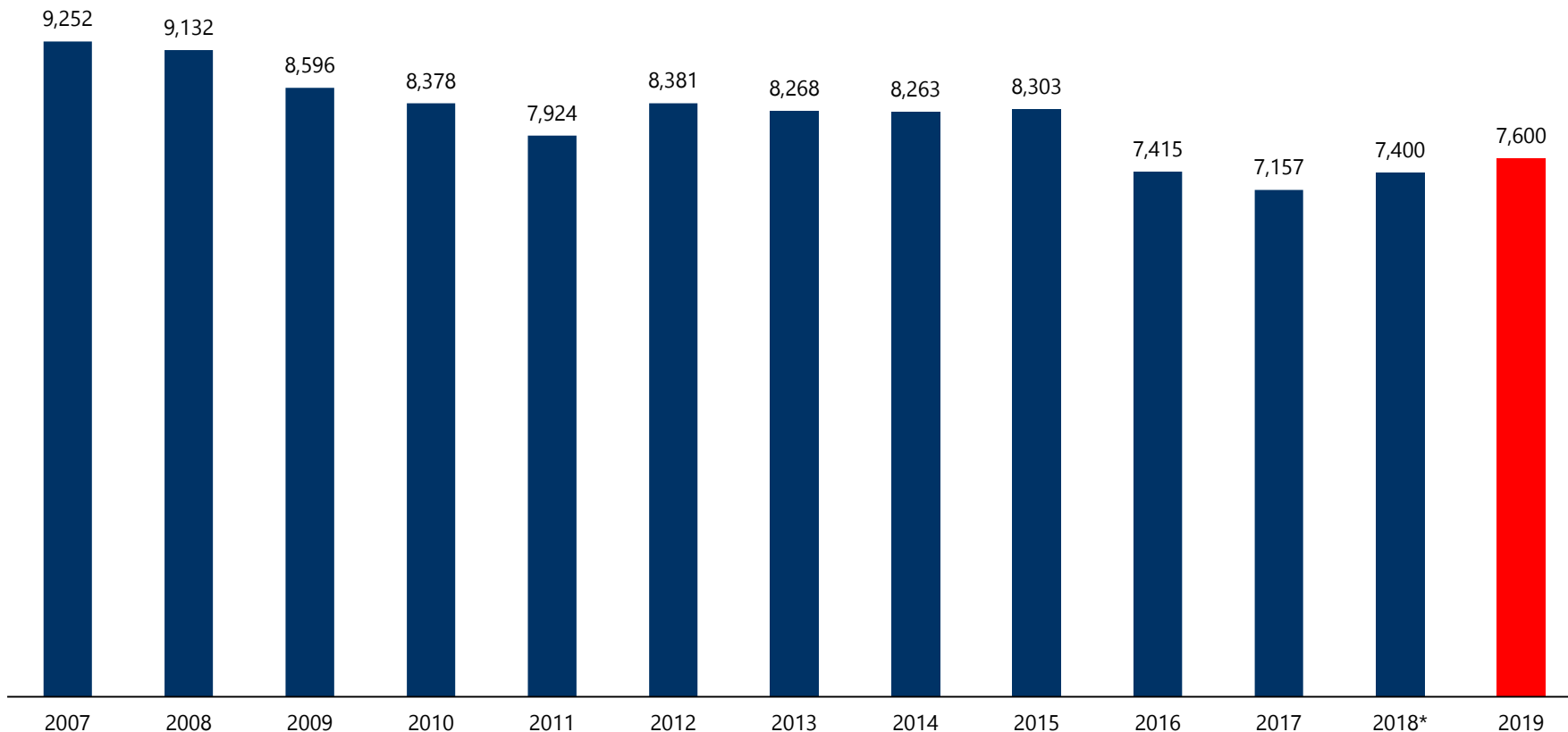


\*Employment estimate is preliminary. All figures for calendar year based on monthly averages.  
Sources: Alaska Department of Labor and Workforce Development (2007-2016), McDowell Group (2018 and 2019).



# Anchorage Construction Employment

## 2007-2018 and 2019 forecast



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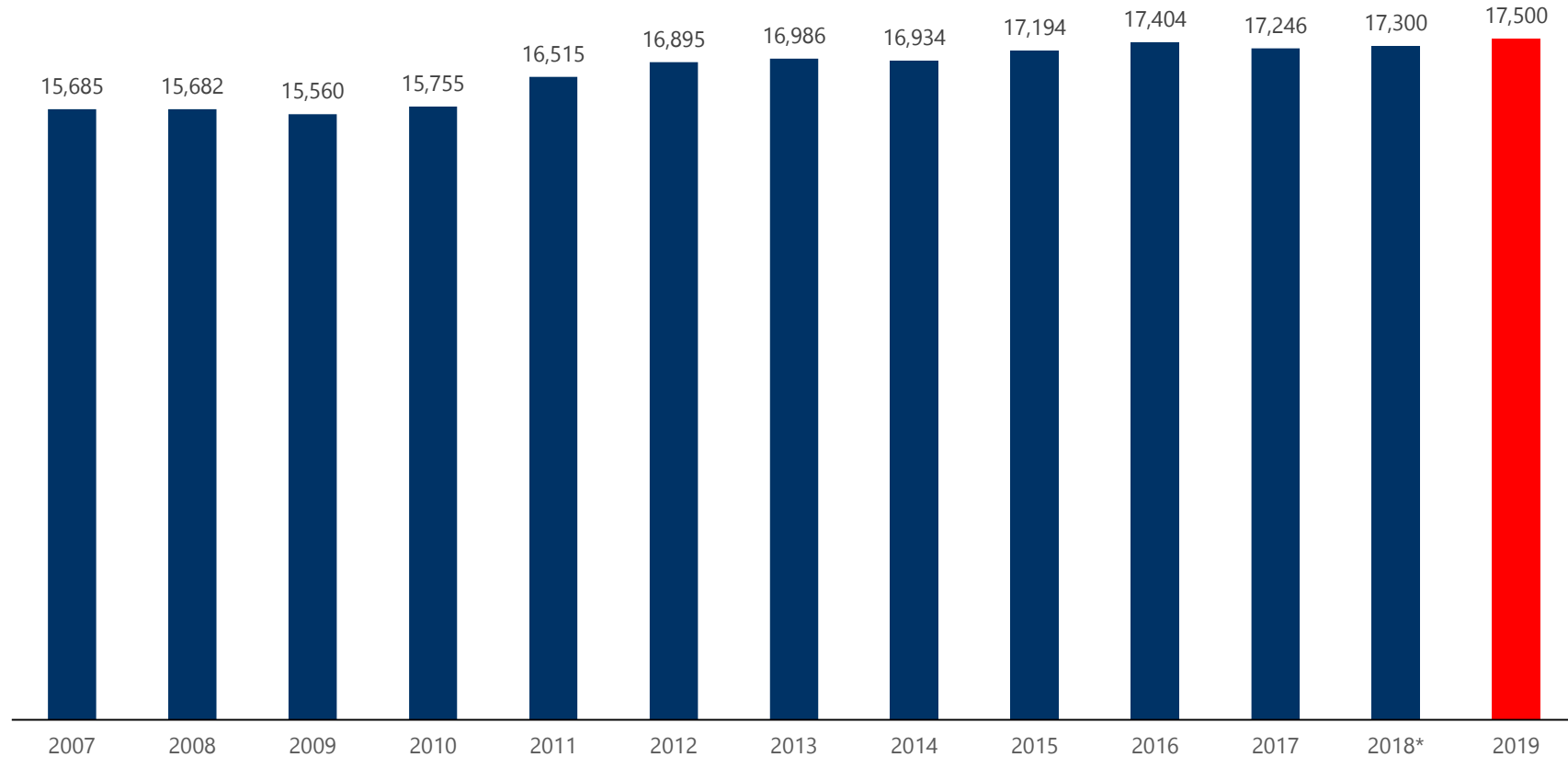


\*Employment estimate is preliminary. All figures for calendar year based on monthly averages.  
Sources: Alaska Department of Labor and Workforce Development (2007-2017), McDowell Group (2018 and 2019).



# Anchorage Leisure & Hospitality Employment

## 2007-2018 and 2019 forecast



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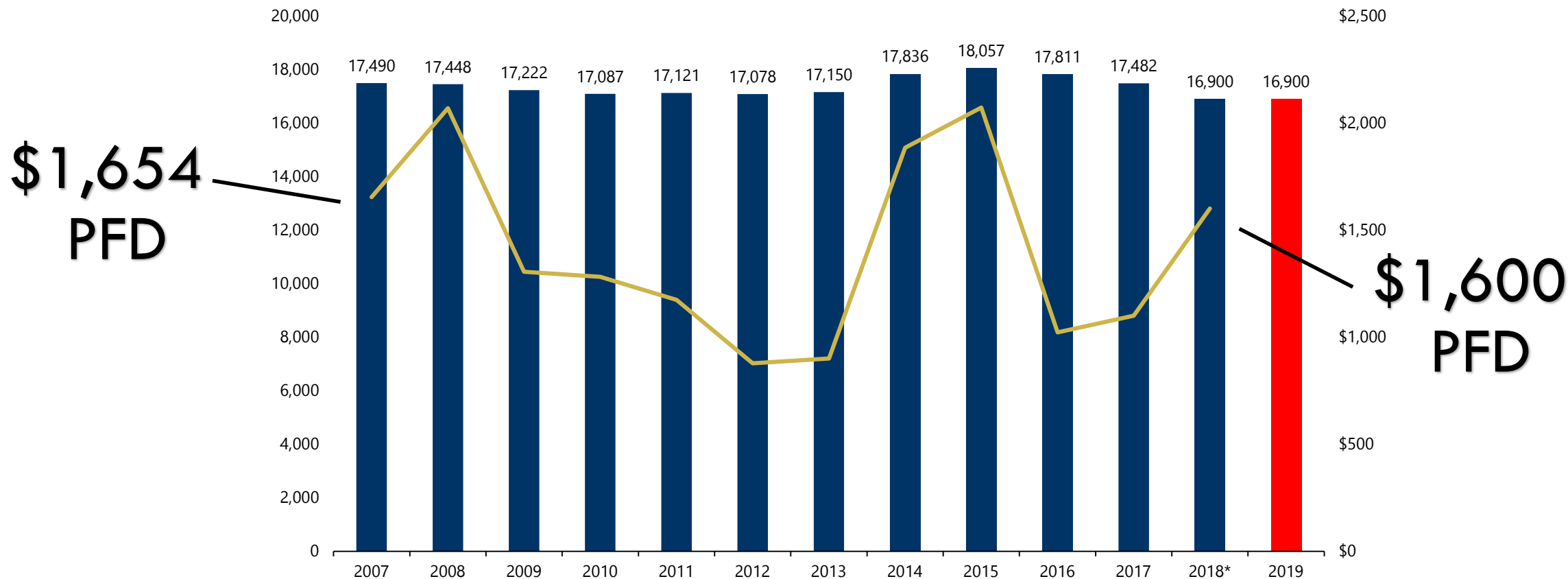


\*Employment estimate is preliminary. All figures for calendar year based on monthly averages.  
Sources: Alaska Department of Labor and Workforce Development (2007-2017), McDowell Group (2018 and 2019).



# Anchorage Retail Trade Employment

## 2007-2018 and 2019 forecast



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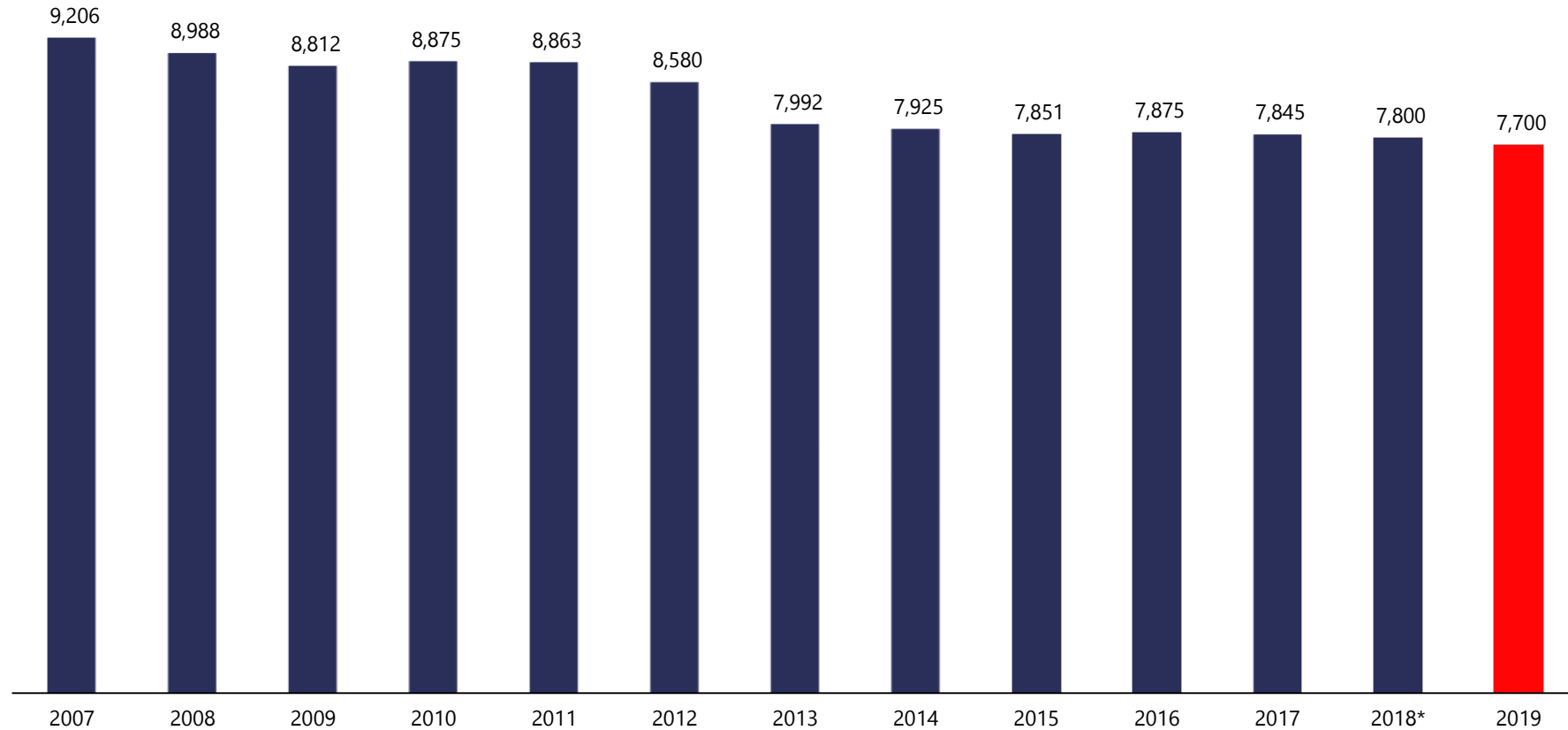


\*Employment estimate is preliminary. All figures for calendar year based on monthly averages. Sources: Alaska Department of Labor and Workforce Development (2006-2016), McDowell Group (2017 and 2018).



# Anchorage Financial Activities Employment

## 2007-2018 and 2019 forecast



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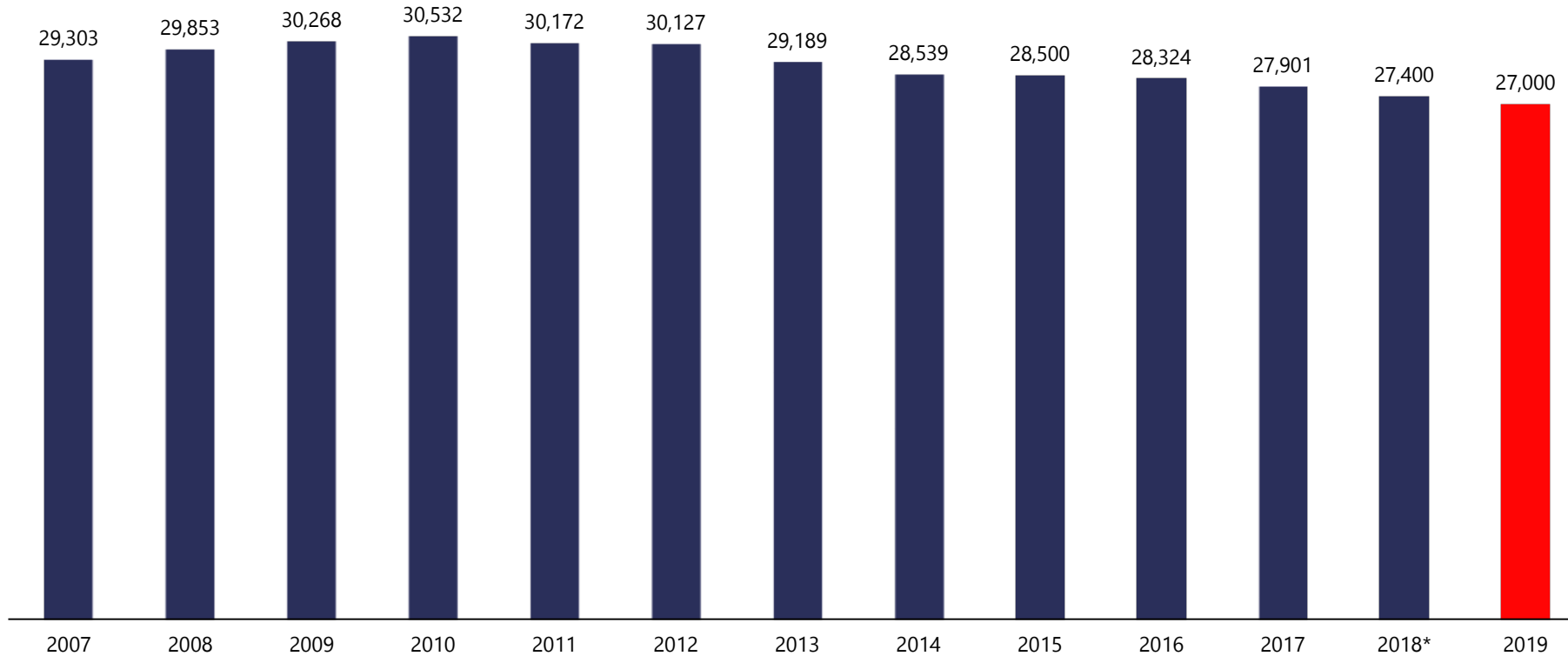
\*Employment estimate is preliminary. All figures for calendar year based on monthly averages.  
Sources: Alaska Department of Labor and Workforce Development (2007-2017), McDowell Group (2018 and 2019).





# Anchorage Government Employment

## 2007-2018 and 2019 forecast



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\*Employment estimate is preliminary. All figures for calendar year based on monthly averages.  
Sources: Alaska Department of Labor and Workforce Development (2007-2017), McDowell Group (2018 and 2019).



# In summary:

- 2019 will likely mark the end of a four-year recession in Anchorage with a modest net 300 new jobs added by year-end.
- Continued growth in healthcare, transportation and the visitor industry, combined with recent upticks in construction and the improving outlook for professional services and retail are causes for optimism
- While economic conditions are improving, the end of the recession is not a recovery
- Lack of a firm state fiscal plan remains a significant risk to growth and investment

# Thank You!

All reports available at [www.AEDCweb.com](http://www.AEDCweb.com)



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