2022 AEDC
THREE-YEAR OUTLOOK REPORT

PRESENTED BY

AEDC
Anchorage Economic Development Corporation

PREPARED BY

McKINLEY RESEARCH GROUP, LLC
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BIG PICTURE

Mid-way through the year, 2022 has already revealed reasons for optimism for the Anchorage economy. Employment continues to build back to pre-pandemic levels, and AEDC is revising the 2022 employment projection upward to match the pace of recovery. Key industries like transportation and logistics and the visitor industry are seeing strong demand, and construction employment gains already reflect new federal infrastructure funding.

While there are positive signs in the economy, other forces that pre-date the pandemic remain stubbornly intractable: Anchorage saw a fifth consecutive year of population loss in 2021, including a loss of working-age people as fewer move in and outmigration continues. The city's population loss has significantly impacted the number of residents available to work, and labor force availability has been the primary constraint on growth in Anchorage so far this year. Housing costs and other costs of living continue to rise sharply, perhaps limiting opportunities to entice new residents.

Accompanying these mixed signals is baggage our economy brought into the pandemic: a statewide recession spurred by oil price declines which shaved 6,000 jobs from Anchorage between 2015 and 2019. As we continue the return to a new normal, much remains uncertain for the Anchorage economy.

What is clear: Anchorage is experiencing a whirlwind of forces – some internal but others global – that will shape our economy in the near term. Labor force shortages will continue to impact the pace of recovery, and additional working-age outmigration would further weaken Anchorage's capacity to meet its own workforce needs. While many economic forces our outside our control, we can retain population and attract new residents by taking steps to enhance our quality of life. Targeted investments in housing, public safety, and redevelopment generally across Anchorage can help stem the tide of outmigration.

The goal of this three-year forecast is to provide some measure of clarity against a backdrop of considerable uncertainty for several key economic indicators. Despite a mixed bag of macroeconomic trends, AEDC is confident Anchorage has the assets to weather these challenges and, given the right investments, to capitalize on emerging opportunities.

ABOUT THIS FORECAST

Each year AEDC develops a three-year outlook for a set of key economic indicators, revising the forecast annually as events unfold and new data becomes available. The purpose of the AEDC Three-Year Outlook is to identify key economic forces at work in Anchorage and provide a sense of trajectory for the economy, based on the best available information. Our commitment is to offer an objective and informed perspective on the local economy, recognizing the uncertainty inherent in this and any other forecast.

POPULATION

Anchorage's population declined by 1,550 (0.5%) between 2020 and 2021, marking the fifth consecutive year of decline. Net outmigration remains the key driver of population loss in Anchorage. Migration to and from Anchorage slowed between 2020 and 2021, likely related to uncertainty surrounding the COVID-19 pandemic. Historically, Anchorage's economy has run counter-cyclical to the Lower 48 economy. Whether this pattern holds as the country emerges from the COVID-19 pandemic, experiences 40-year high rates of inflation, and gears up for five years of significant infrastructure investments remains to be seen. The strength of Anchorage's economy relative to the rest of the nation will dictate the community's ability to retain and attract residents in the near term.

AEDC anticipates moderate population decline again in 2022. The Anchorage population is expected to stabilize at around 288,500 residents over this three-year forecast period based on recent declines in the rate of outmigration, and lower death rates as COVID-19 impacts subside.

Several factors continue to shape Anchorage's population:

- Between 2015 and 2020, an annual average of 25,100 people left Anchorage while 21,300 moved in: net outmigration averaged about 3,800 residents. In 2021, outmigration (21,700) and in-migration (19,800) slowed.

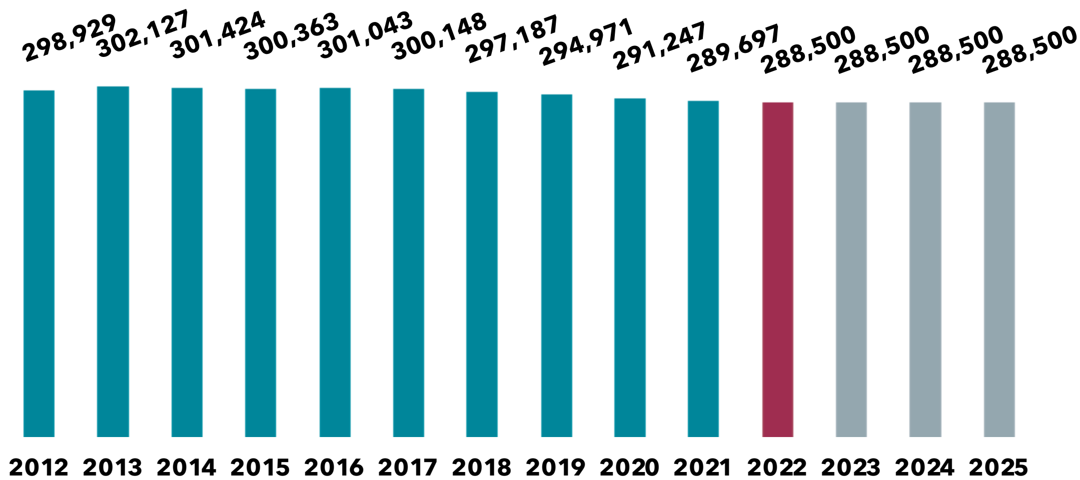
- Movement to and from the Lower 48 represents the highest share of Anchorage's migration. The top destinations for Alaskans moving outside are Washington (11%), Texas (10%), California (7%), Florida (5%), and Arizona (5%). As Alaska's largest population center, this data likely represents the top destinations for those leaving Anchorage.

- Anchorage's working-age population fell by 15,000 since the beginning of the statewide recession in 2015. Lower in-migration of working-age people has contributed most to this decline; annually, about 17,000 working-age people moved to Anchorage between 2010 and 2015, compared to 14,000 between 2015 and 2020. Loss of the working-age population constrains Anchorage's available labor force, and reductions in this population are also reflected in fewer births in Anchorage over the 2015-2021 period.

- The number of deaths in Anchorage rose to 2,084 in 2021, about 340 additional deaths compared to the pre-pandemic annual average of 1,750. The impacts of COVID-19 partially explain the higher number of deaths, along with an increase in the senior population.

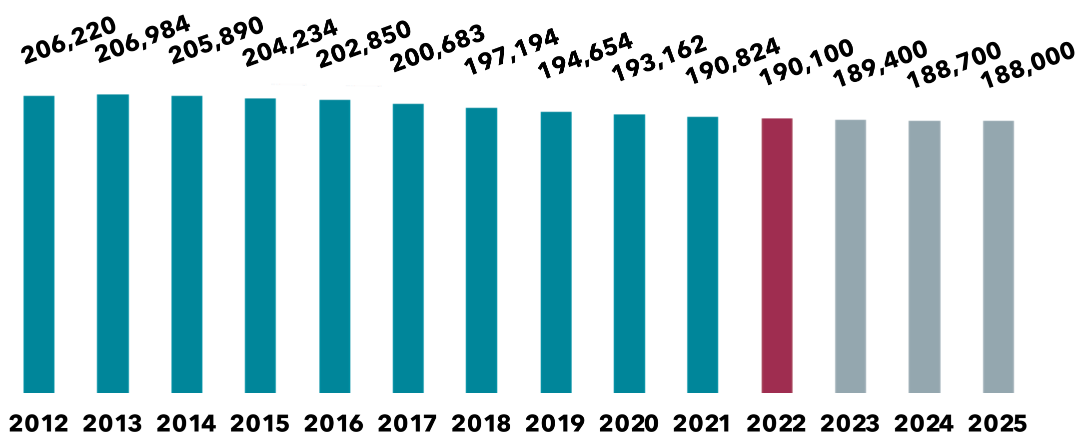
- Between 2020 and 2021, 2,932 people moved from Anchorage to the Mat-Su Valley, while 1,517 moved from the Mat-Su to Anchorage, resulting in a net loss of 1,415 residents.

Figure 1. Anchorage Population, 2012-2025



Source: Alaska Department of Labor and Workforce Development (2012-2021); McKinley Research Group estimates (2022-2025).

Figure 2. Anchorage Working Age Population, 2012-2025



Source: Alaska Department of Labor and Workforce Development (2012-2021); McKinley Research Group estimates (2022-2025).
Note: Working age includes residents between ages 16 and 64.

LABOR FORCE

The labor force is a measure of the number of residents currently employed or unemployed but actively seeking work. A business's ability to fill positions is directly related to the strength of the labor force, and a declining labor force can constrain employment and economic growth.

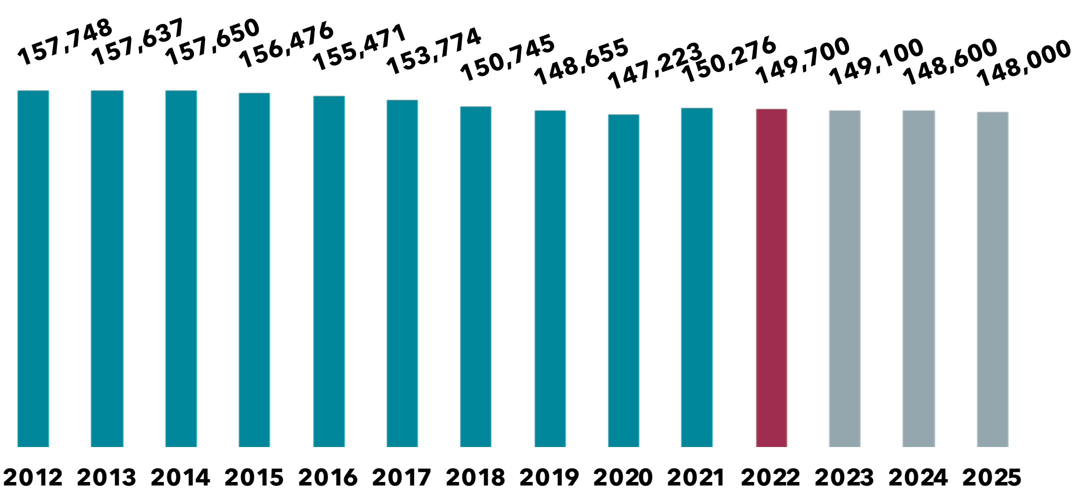
Prior to the COVID-19 pandemic, Anchorage saw five consecutive years of labor force decline coinciding with the statewide recession. Between 2014 and 2019, Anchorage's labor force declined by nearly 9,000 (6%). Historically, Alaska and Anchorage have generally experienced population decline during economic downturns as the unemployed leave, seeking economic opportunity in the Lower 48. The 2014 to 2019 labor force reduction saw a 7,600 person drop in employment and a 1,400 decline in unemployment, for a net labor force decline of 9,000.

Beginning in 2020, the pandemic brought a new decline of about 1,430 in the labor force. Unlike prior downturns, employment declined by about 6,300 while unemployment *increased* by 4,850. Anchorage's resident labor force rebounded to 150,276 in 2021, including 141,539 employed (94%) and 8,737 unemployed (6%). Yet pre-pandemic population dynamics will continue to impact Anchorage's labor force. Continued outmigration of the working-age population will likely reduce labor force availability.

In 2021, Anchorage's estimated labor force size represented about 79% of the municipality's working-age population, up from an average of 77% between 2015 and 2019. It is uncertain how workforce participation will evolve as the effects of the COVID-19 pandemic subside. Likewise, the rate at which residents 65 and above will remain in the labor force is unclear. If the 2021 participation rate holds over the next several years, continued decreases in Anchorage's working-age population will result in the continued contraction of the city's labor force between 2022 and 2025.

People employed in Anchorage but living elsewhere are not included in published measures of the city's labor force. However, non-residents, notably commuters from the Mat-Su Valley, are an important source of labor for Anchorage employers. As of 2019, Anchorage residents (included in these labor force estimates) filled 77% of jobs in Anchorage, Alaskans living outside the city filled 11%, and non-Alaska residents filled the remaining 12% of jobs.

Figure 3. Anchorage Labor Force Size, 2012-2025



Source: Alaska Department of Labor and Workforce Development (2012-2021); McKinley Research Group estimates (2022-2025).

EMPLOYMENT

Anchorage employment averaged 140,526 in 2021, a 2,750-job recovery compared to 2020, which had particularly sharp employment losses due to COVID-19. This employment level represents only partial recovery from the pandemic: 2021 employment remained about 9,550 jobs (6%) short of the 2019 average.

At the beginning of this year, AEDC anticipated that Anchorage employment in 2022 would continue to recover, averaging about 142,900 jobs. However, preliminary data through May indicate employment will likely outpace that expectation, and AEDC has revised its 2022 employment forecast to 143,900, 1,000 jobs more than we indicated in our January jobs forecast.

AEDC expects the Anchorage economy to add 1,700 jobs in 2023, another 1,700 jobs in 2024, and 1,100 jobs in 2025. The 2025 forecast of 148,400 jobs leaves total employment about 1,700 jobs below the 2019 pre-pandemic count.

Anchorage employment changes by sector include:

- The strongest growth is still expected in the transportation sector, which was the only industry in Anchorage to end 2021 with more jobs than in 2019. Preliminary Department of Labor data as of May 2022 suggest this sector has increased by 600 jobs compared to 2021.

- Anchorage's leisure and hospitality sector will continue to benefit from the return of visitors. Preliminary data through May 2022 indicate the sector has added back about 2,000 jobs compared to May 2021 but remained substantially lower (about 1,550 jobs) compared to pre-pandemic average through the same period.

- Construction sector employment is set to benefit from a significant influx of spending related to the federal Infrastructure Investment and Jobs Act. Preliminary data suggests the sector has added about 320 jobs in 2022 compared to 2021.

- The professional and business services sector will also benefit from engineering, architecture, and other services required to facilitate new federal infrastructure funding. Many businesses in this sector maintain a presence in Anchorage while serving clients statewide. As of May 2022, the sector is up 500 jobs compared to the same period in 2021.

- Retail employment average 15,313 in 2021, still about 1,200 jobs below 2019. Pre-pandemic, retail employment was impacted by the closure of several national chains in Anchorage, and 2019 employment was at a decade low. Through May 2022, retail employment was down by 100 jobs compared to 2021, with retailers' ability to hire impacted by labor force shortages.

- State, federal, and local governments account for 19% of all Anchorage employment. Government employment saw the sixth consecutive year of decline in 2021. Preliminary data suggests additional reductions due to the loss of short-term positions related to managing and mitigating the impacts of COVID-19.

- The oil & gas sector lost an additional 461 jobs in Anchorage in 2021, leaving the industry down by 2,100 jobs compared to its pre-Alaska recession peak in 2015. High oil prices are favorable for the industry, yet Anchorage employment has increased only modestly through May 2022 (about 100 jobs up).

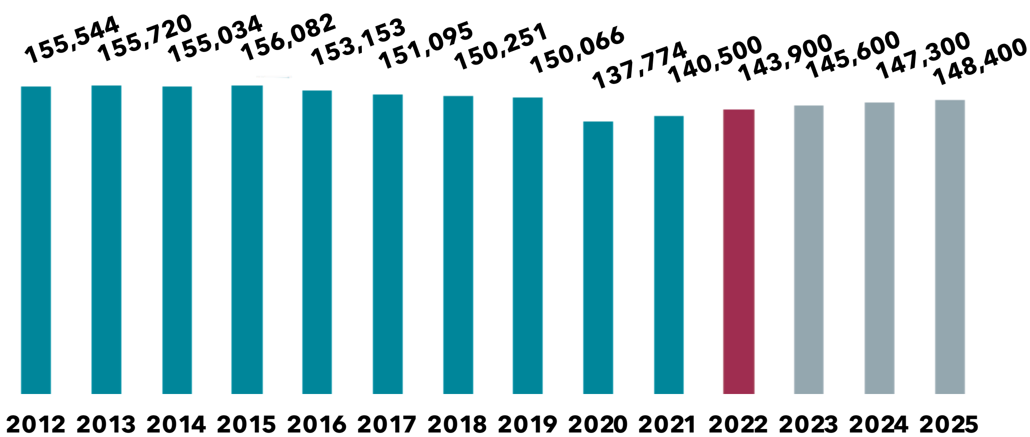
- Health care employment in 2021 ended with about 500 jobs below pre-pandemic levels. Recovery in this sector has been slow, particularly for outpatient services and nursing and residential care, most likely related to labor shortages.

Impacting this forecast are two factors that the Anchorage economy brought into the pandemic:

- As discussed in the previous section, Anchorage's labor force has contracted along with net outmigration of the working-age population. Continued labor shortages may weigh on employers' ability to fill vacant positions.

- Coming into 2020, Anchorage had experienced four consecutive years of employment losses related to the statewide economic recession spurred by low oil prices. Employment in 2019 was down about 6,000 jobs (4%) from a peak in 2015, and recovery to pre-pandemic levels will take Anchorage only part way to historical highs. Anchorage would need to add back 15,600 jobs to make up for losses between historic high employment in 2015 and our position at year end 2021.

Figure 4. Anchorage Average Annual Employment, 2012-2025



Source: Alaska Department of Labor and Workforce Development (2012-2021); McKinley Research Group Estimates (2022-2025).

PERSONAL INCOME

Personal income is one measure of how much money Anchorage residents receive from wages and salaries: investment income from dividends, interest, rent, government transfers like the Permanent Fund Dividend (PFD), and unemployment insurance. Total personal income provides an indication of changes in spending potential among Anchorage residents.

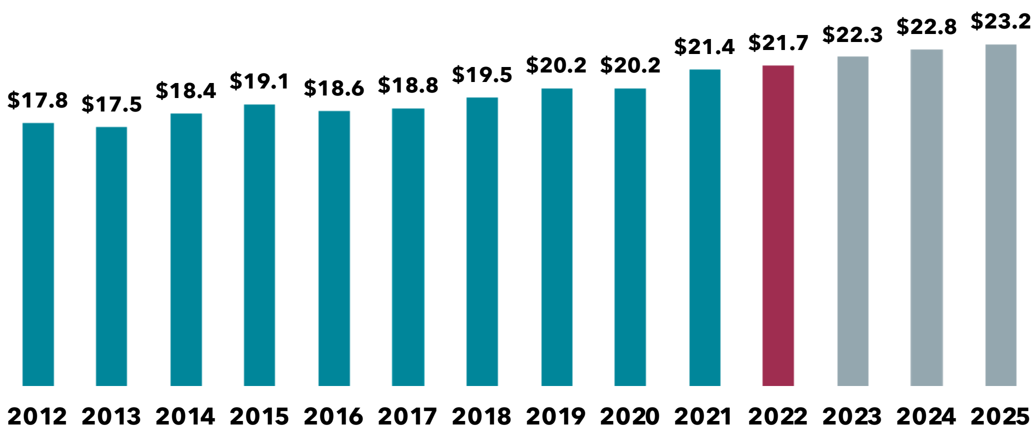
In 2020 (the most recent data available), Anchorage had $20.2 billion in total personal income, including:

- Salaries, wages, and proprietors' income (including benefits): $12.5 billion
- Investment income: $4.0 billion
- Government transfer payments (including the PFD): $3.7 billion

Statewide, personal income increased in 2020 and again in 2021, driven by significant COVID-related federal stimulus sent directly to individuals and, in 2021, a rebound in wages. Over $1.2 billion in economic impact stimulus payments and about $235 million in advanced childcare tax credits to Alaskans in 2021 contributed to a 40% increase in government transfers compared to pre-pandemic totals.

AEDC anticipates personal income in Anchorage will increase to $21.7 billion in 2022. Continued recovery in employment, inflationary pressure on wages, and a tight labor market will likely increase work-related income. Government transfers are expected to return to pre-pandemic levels, moderating increases in personal income from inflation. Slow growth in investment income will likely reflect the significant headwinds facing the national stock market thus far in 2022.

Figure 5. **Anchorage Personal Income, 2012-2025 ($Billion)**



Source: Bureau of Economic Analysis (2012-2020); McKinley Research Group Estimates (2021-2025).

ANCHORAGE INTERNATIONAL AIRPORT

Ted Stevens Anchorage International Airport (ANC) is a significant source of economic activity in Anchorage. By 2021, ANC was the 4th busiest airport in the world by cargo volume and is by far the state's leader in facilitating air passenger travel. ANC's strategic location, 9.5 hours by air from most of 90% of the industrialized world, has spurred significant interest in air cargo and logistics investments and new passenger services.

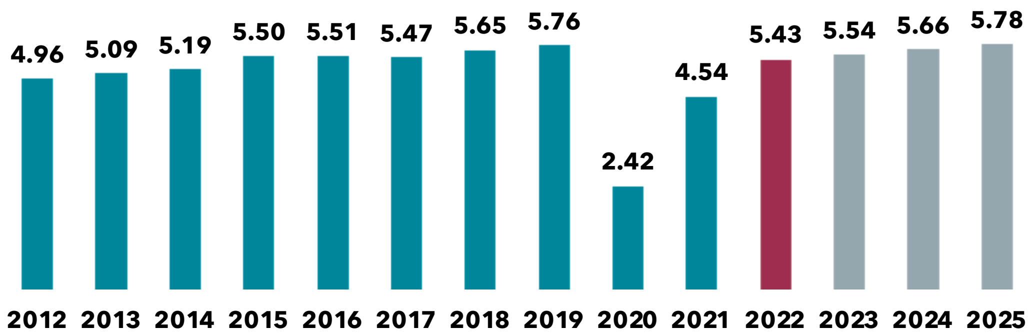
Long-term, AEDC expects ANC to remain a growth sector in the Anchorage economy. In the short-term, however, traffic volumes may be impacted by the ongoing pilot shortage.

Air Passengers

Passenger traffic through ANC totaled 4.5 million in 2021, 21% below the pre-pandemic 2019 level. The first half of 2022 brought further recovery to ANC and AEDC expects passenger volume to increase to pre-pandemic levels by the end of the year. The return of cross-gulf cruises, renewed resident travel demand, and new routes bringing more independent travelers are expected to further increase passenger activity through 2025.

- ANC serviced about 1.8 million passengers between January and May of 2022, a 46% increase from the same period in 2021 but 6% below 2019 levels.
- Northern Pacific Airways plans to launch new routes from East Asia through Anchorage and on to major cities in the Lower 48. The company expects to move about 1,000 passengers per day after completing its $6 million renovation of ANC's North Terminal in 2022.
- Direct international flights to ANC have resumed, including those offered by new carriers Eurowings Discovery (Frankfurt to ANC) and Flair Airlines (Vancouver to ANC).

Figure 6. ANC Air Passenger Volume (Million Passengers), 2012-2025



Source: State of Alaska Department of Transportation & Public Facilities (2012-2021); McKinley Research Group Estimates (2022-2025).

Air Cargo

Thanks to ANC's strategic location, the airport benefited from the impacts of the COVID-19 pandemic related global supply chain disruptions. Total cargo volume through ANC ended at a record 4.0 million tons in 2021, making ANC the nation's leading airport in terms of cargo volume for the year. Cargo volume lagged in the first six months of 2022 compared to the preceding year, primarily due to COVID-related mitigation measures in China and Hong Kong, which resulted in reduce manufacturing and lower air freight demand and capacity on Asia-North America routes. Volume is expected to increase along this route as airlines add back capacity in the second half of this year, and AEDC expects airport cargo volume in 2022 to match 2021 levels. Further increases are expected between 2023 and 2025 as carriers continue to add warehousing and logistics infrastructure and strong demand continues.

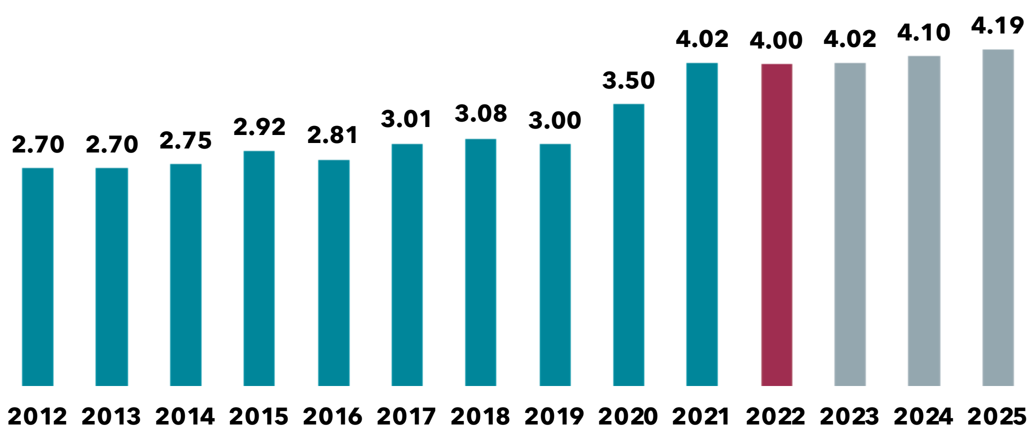
- Through May 2022, cargo volume was 1.6 million tons, a 4% decrease from the same period in 2021. This volume level remains 32% higher than the same pre-pandemic period in 2019.

- In March 2022, FedEx announced its intent to build a new, $200 million sorting facility at ANC. This project is one of several major warehousing and logistics expansion or development projects at ANC at various planning stages. Representing a combined $1 billion in investment, these projects are expected to create several hundred operations jobs and support increased cargo volume at ANC.

- Cargo tenants at ANC expect to add up to 25 additional cargo hardstands (parking spots) over the next several years amid continued strong demand for air cargo services and as current carriers are displaced from the North Terminal by passenger operations.

- The closure of Russian airspace following its invasion of Ukraine has forced carriers to divert cargo and passenger traffic. Though data is not yet available, Anchorage is likely seeing a modest increases in traffic resulting from these reroutes.

Figure 7. **ANC Air Cargo Volume (Million Tons), 2012-2025**



Source: State of Alaska Department of Transportation & Public Facilities (2012-2021); McKinley Research Group Estimates (2022-2025).

PORT OF ALASKA

The Port of Alaska (POA) is a vital entry point for Alaska's inbound marine freight. Refined petroleum products, consumer goods, cement, and other construction materials handled at the port are distributed widely across the state. Activity at Anchorage International Airport (ANC) and population trends along Alaska's Railbelt have long been key drivers of volume at POA.

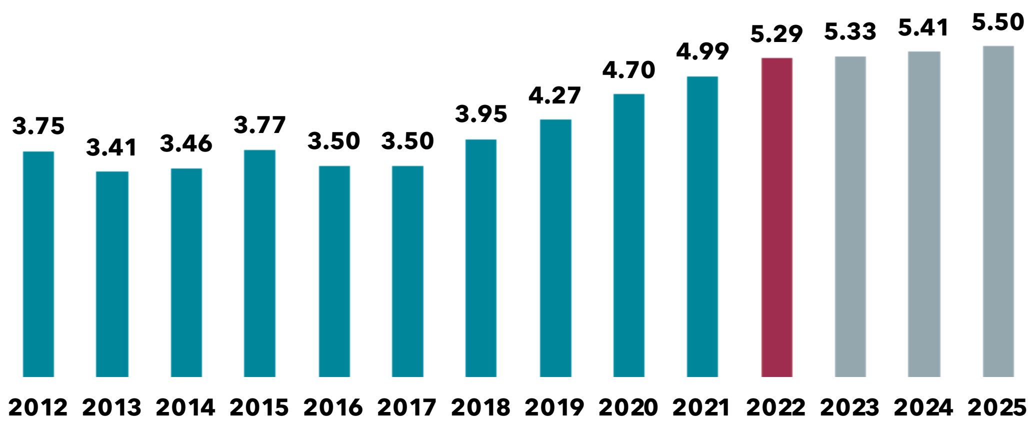
- AEDC anticipates a 6% increase in cargo volume for 2022, with moderate increases expected through 2025. Strong passenger and freight operations at ANC are expected to drive further increases in petroleum volumes over this forecast period. Demand for construction materials may spur additional volume as federal infrastructure funding kicks off new projects across the state. To the extent Anchorage's population stabilizes, demand for consumer goods is likely to hold steady.

- POA volume in 2021 totaled nearly five million tons, a 6% increase from 2020. Petroleum product volume totaled 3.3 million tons; a 10% increase relative to 2020. Vans, flats, and containers accounted for 1.6 million tons, a 0.3% reduction from 2020. The dry bulk volume also declined by 14% compared to 2020.

- Through May 2022, cargo volume totaled nearly 2.0 million tons, a 6% increase from the same period in 2021. Volume increased in each key freight category: petroleum volume up 7%, containerized volume up 6%, and dry bulk goods up 14%.

Construction efforts at the port will continue through this forecast period. POA will break ground on a new office building this summer and expects to begin north shore stabilization work in summer 2023.

Figure 8. **Port of Alaska Volume (Million Tons), 2012-2025**



Source: Municipality of Anchorage, Port of Alaska (2012-2021); McKinley Research Group Estimates (2022-2025).

BUILDING PERMIT VALUES

In 2022, AEDC expects building permit values to total $488 million, a 21% increase over 2021. This increase reflects a higher level of permit activity as developers pursue projects put on hold in 2020 and 2021. High total permit values also reflect significant increases in construction material costs that persisted through the year's first half. In the near term, continued high material prices will likely drive total building permit value up in Anchorage, while at the same time dampening commercial and residential construction activity. Construction efforts will face added costs from continued labor shortages and further increases in interest rates.

This forecast period coincides with the period of new federal spending authorized by the November 2021 Infrastructure Investment and Jobs Act (IIJA). Anchorage will likely benefit from increased federal road and highway funding, airport funding, and public transportation funding. While the Act will likely bring new projects to Anchorage, new federal dollars may not be reflected in the city's building permit values as these generally do not include road work or other civil construction.

Looking back to 2021, permit values totaled $407 million, a 13% decrease from 2020.

- Down $41 million from 2020, government-related permitting accounted for a large portion of the decline in total permit values.

- Residential permitting (including new construction and remodels) was also down, ending the year at $154 million compared with $165 million in 2020. Contributing to this decline was a 30% drop in the number of remodeling permits in 2021.

- Commercial permit value continued to decline in 2021, ending the year at a total $206 million or 13% behind 2020.

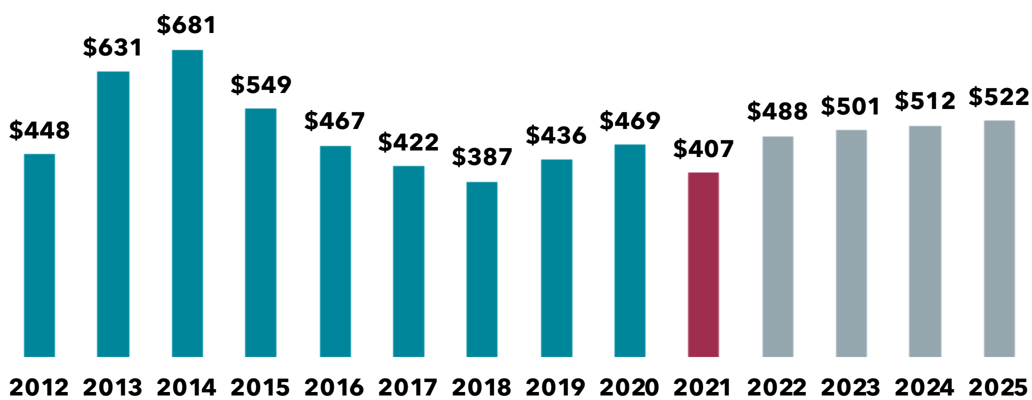
Through May 2022, total permit values were 22% above the same period in 2021:

- Through May of 2022, residential permit values rose by 28% compared to the same period in 2021. This same period saw a 7% reduction in the number of residential permits compared to the prior three-year average for the same period. High material prices and logistics challenges drove average permit values up by 30%, which contributed to overall higher permit values.

- Commercial permit values rose by 36% through May 2022 compared to the same period in 2021. Planned cargo and logistics projects at Anchorage International Airport, downtown redevelopment, and potential pent-up demand from projects stalled amid the pandemic will drive commercial construction over the next several years.

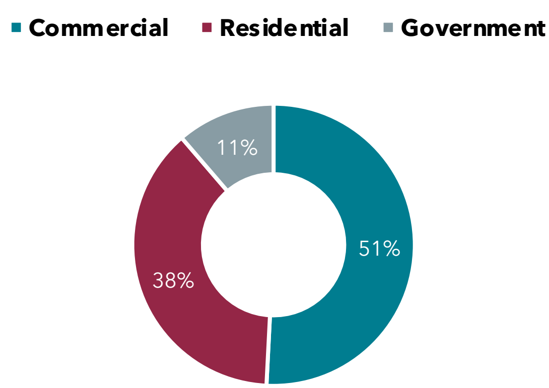
- Through May 2022, government-related permit values declined 42% compared to the same period in 2021 after several large municipal projects including the solid waste transfer station were permitted in 2020 and 2021.

Figure 9. Anchorage Building Permit Values ($Million), 2012-2025



Source: Municipality of Anchorage (2012-2021); McKinley Research Group Estimates (2022-2025).

Figure 10. Anchorage Building Permit Values by Type, 2021

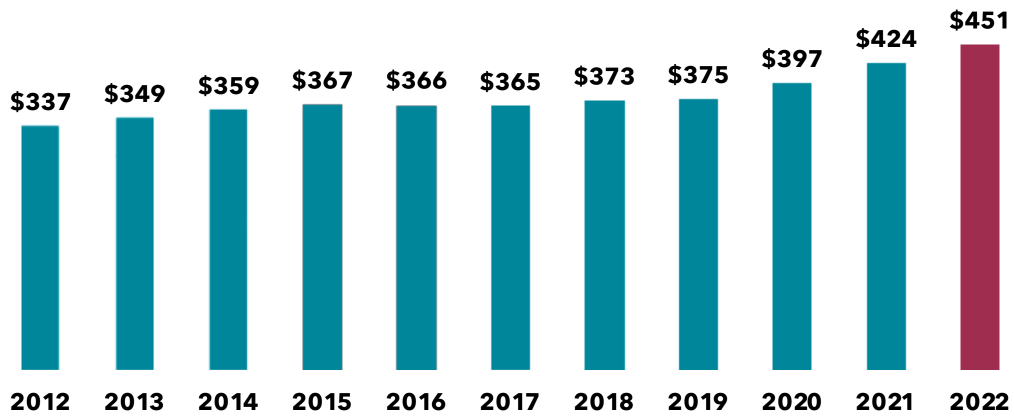


Source: Municipality of Anchorage.

NEW HOUSING UNITS

Multiple Listing Service data shows that demand for housing in Anchorage remained strong over the last year. Anchorage single-family home sales prices average $424,252 in 2021, a 7% increase over 2020 and a record high for the city. High prices have persisted through 2022, with average prices of $455,975 through June. AEDC is projecting an average sales price of $451,000 in 2022.

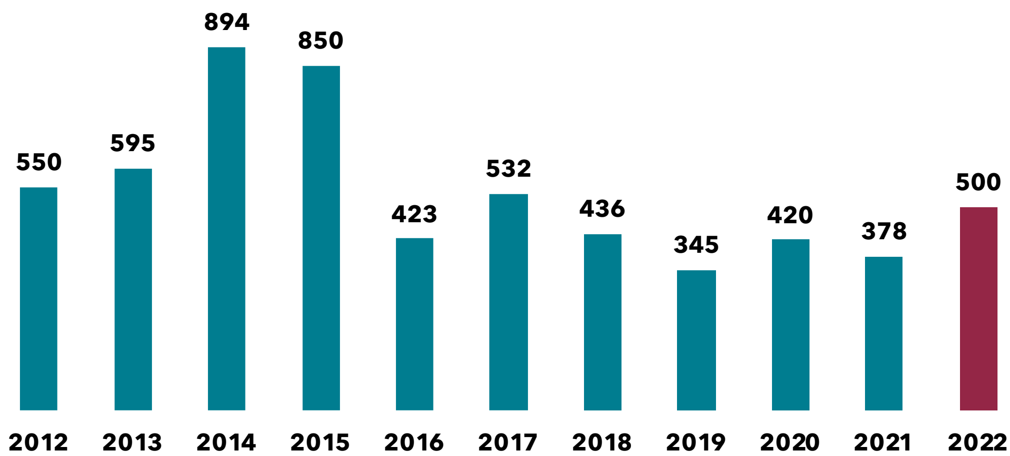
Figure 11. Anchorage Average Single-Family Home Sales Price ($1000s), 2012-2022



Source: Alaska Multiple Listing Service, Inc. (2012-2021); McKinley Research Group estimates (2022).
Note: This representation is based in whole or in part on data supplied by, and to the Subscribers of Alaska Multiple Listing Service, Inc. (AK MLS). Information contained herein is deemed reliable but not guaranteed. Data maintained by AK MLS is for its own use and may not reflect all real estate activity in the market.

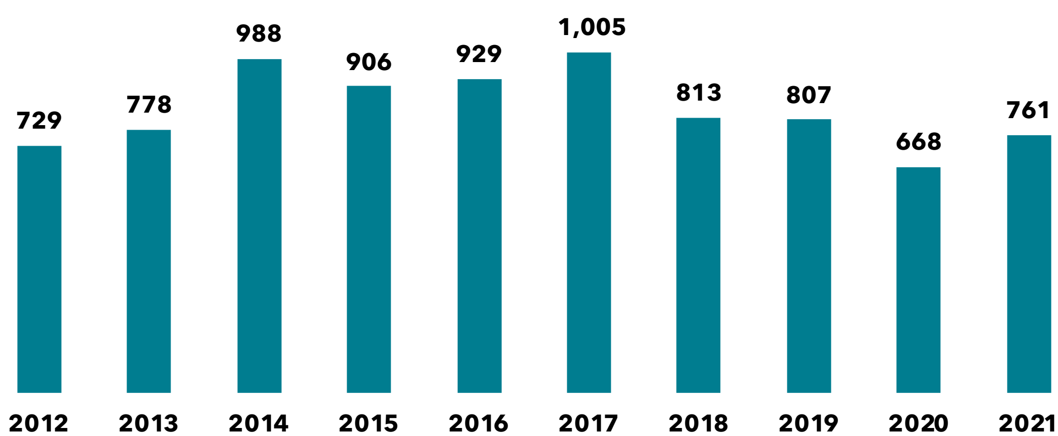
Despite high prices, the rate of new home construction remains low. Anchorage added 378 new housing units in 2021, 58% lower than decade highs of 894 before the Alaska recession and well below the rate of construction in the Mat-Su Valley. High material costs and higher interest rates will further impact home construction over the coming years, and AEDC expects Anchorage will add 500 new units in 2022.

Figure 12. Anchorage New Housing Units, 2012-2022



Source: Alaska Department of Labor and Workforce Development (2012-2021); McKinley Research Group estimate (2022).

Figure 13. Mat-Su New Housing Units, 2012-2021



Source: Alaska Department of Labor and Workforce Development (2012-2021).

VISITOR INDUSTRY

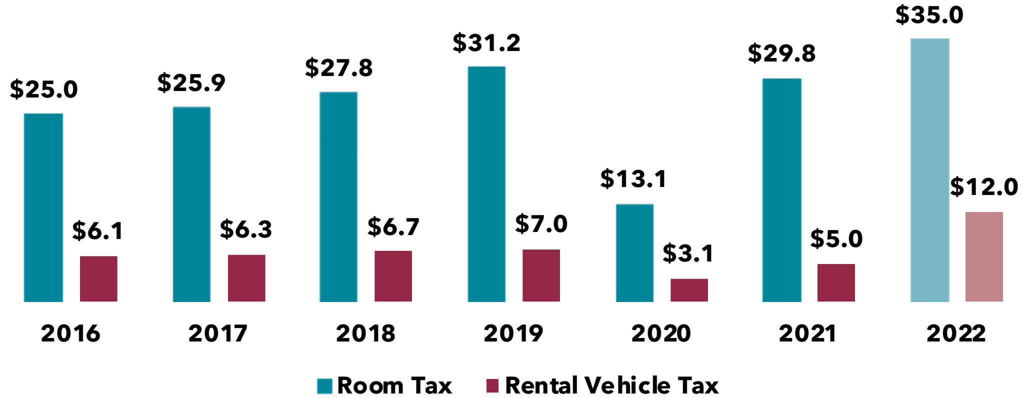
The return of cross-gulf cruise ships and continued growth in independent travel has been a welcome sight for Anchorage's visitor-related businesses, which were disproportionately impacted by COVID-19. Early indicators for 2022 show signs of significant recovery from the devastation of the pandemic: air passenger traffic, hotel occupancy, and car rental tax revenue have all increased.

Although visitor industry recovery is underway, several risk factors may put a damper on industry growth. The industry has struggled with seasonal labor force shortages this year, and early indications suggest cruise ships are operating well below capacity due to COVID safety protocols and demand. The rising cost of airline tickets, rental cars, fuel, and goods and services, in general, may constrain the independent visitor market. To the extent, the national economy remains strong, and the number and severity of COVID-19 cases decline, travel demand suggests the visitor industry could overcome these challenges to resume its role as Alaska's fastest growing sector.

The following are selected indicators related to Anchorage's visitor industry:

- Anchorage airport traffic totaled 1.8 million passengers through May 2022, still 6% below traffic in the same period in 2019.
- Southcentral cruise ship ports expect 270 port calls in the 2022 season, compared to 240 in 2019. While 2022 ship capacity is 460,000 passengers, Southcentral will likely see fewer cross-gulf cruisers as cruise lines continue to manage COVID-19 risk.
- Convention bookings have improved significantly in 2022, with 191 events booked compared to 121 in 2021. Visit Anchorage reported 2021 attendee spending at $24.3 million and estimates for 2022 total at $75 - $80 million.
- Visit Anchorage reports that hotel occupancy is up 13% in 2022 compared to 2021. Average daily rates (ADR) are up 27%, pushing Anchorage room tax collections up 36% through March 2022 compared to the same period in 2019.
- Anchorage rental vehicle tax collections increased to $1.4 million in the first quarter of 2022, up 129% over the same period in 2019. Much of this increase comes from high rental car rates in 2022; agencies continue to rebuild their fleets amid high demand for rentals. This increase also accounts for new tax revenue from peer-to-peer rental platforms such as Turo.

Figure 14. Anchorage Room Tax and Rental Vehicle Tax ($Million), 2012-2022



Source: Municipality of Anchorage (2016-2021); McKinley Research Group estimates (2022).

OIL & GAS

Oil Prices

After hovering around $71 per barrel in 2021, Alaska North Slope (ANS) prices are approaching record highs due to tight market conditions. Prices for all oil blends spiked in 2022 due to supply crunches following embargoes of Russian oil. While other producers are trying to quickly increase their production, global oil prices will largely depend on how sanctions impact Russia's oil production and the rate at which other producers can increase drilling to fill the gap. Recognizing the highly volatile nature of oil prices, AEDC expects ANS oil prices will average $108 per barrel in 2022, and gradually decrease to $81 per barrel by the end of the forecast period in 2025.

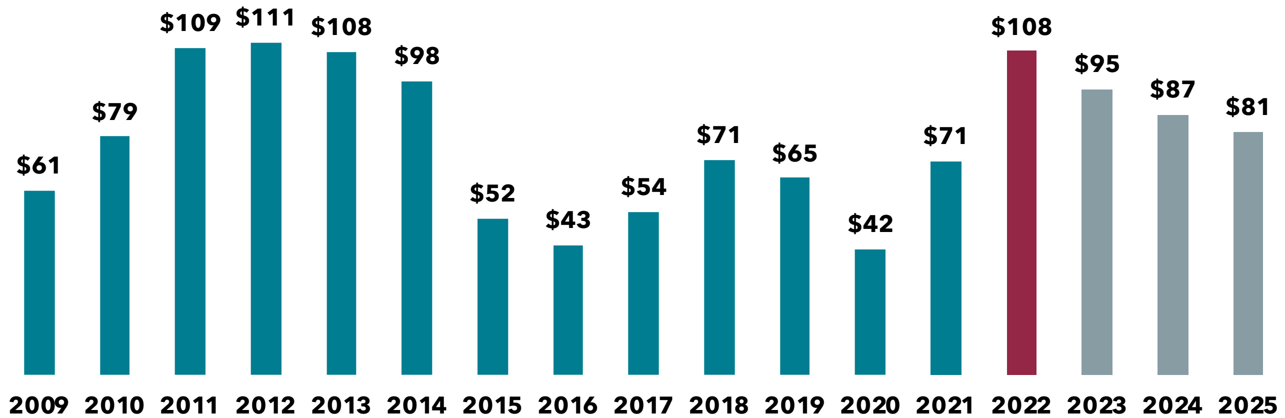
- In 2021, Russian oil accounted for 11% of global production. Russia's invasion of Ukraine has prompted sanctions cutting off this supply to many markets.

- OPEC has ramped up production to meet demand, but prices have remained high. Saudi Arabia and the United Arab Emirates are the only OPEC countries with spare capacity to increase production. Both countries have taken a stance ahead of upcoming OPEC meetings that further production increases are unnecessary.

- Average national gasoline prices topped $5 per gallon in June of 2022 but were dropping below $5 by July in some parts of Alaska. In response to this price spike, President Biden has called for a three-month suspension of the federal fuel tax, levied at 18 cents per gallon of gasoline and 24 cents per gallon of diesel.

- Longer-term changes in oil demand resulting from increased renewable energy production could eventually exert downward pressure on prices.

Figure 15. Alaska North Slope Crude Oil Price (Average Actual and Projected Price per Barrel), 2009–2025



Source: Alaska Department of Revenue, US Energy Information Administration, Nimex Petroleum Group, and McKinley Research Group estimates.

Production

ANS production averaged 494,513 barrels per day from January through May of 2022, 4,000 barrels higher than the same period in 2021. Drill rig counts are indicative of exploration drilling activity on the North Slope. In 2022, 6-8 rigs have been operating within the state, signifying a modest recovery of North Slope drilling after historic lows in 2020 and 2021.

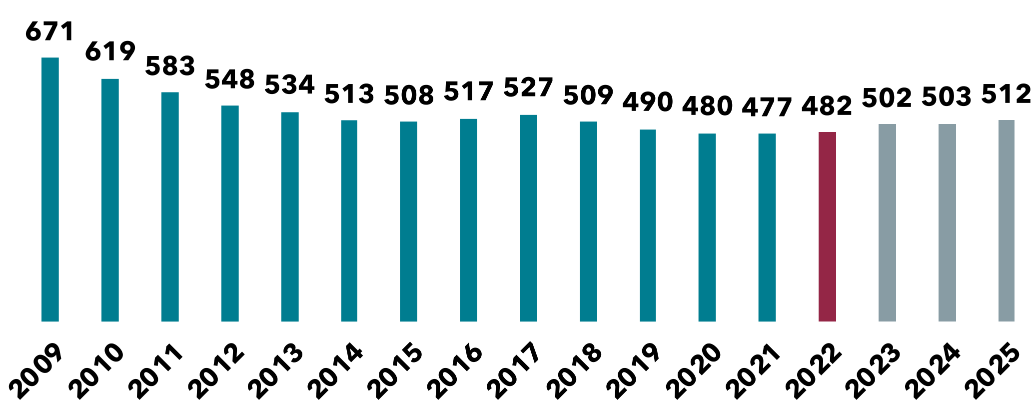
- The Alaska Department of Revenue (DOR) releases a biannual official production forecast, based on projects that are currently producing, under development, and under evaluation. DOR forecasts that production will average 481,800 barrels per day in 2022 and increase to 511,600 barrels per day by 2025. As an example, ConocoPhillips has recently begun production in Fiord West and Narwhal, which are expected to produce 20,000 and 5,000 barrels per day at peak production, respectively. Several significant projects are potentially on the horizon.

- Santos (formerly Oil Search) continues investment in Pikka, one of Alaska's largest new oil projects on the horizon. Peak production is forecasted at 120,000 barrels per day, nearly a quarter of current statewide production. The project is on pause amid a court dispute over access road permitting to Pikka that traverses ConocoPhillips' Kuparuk unit.

- Another significant project, ConocoPhillips' Willow project, has been put on hold by the federal government, pending additional review. If developed, Willow could produce up to 130,000 barrels daily at its peak.

- Regenerate Alaska (88 Energy), Hilcorp, and Chevron have exited their leases in the Arctic National Wildlife Refuge (ANWR). Though the state-owned Alaska Industrial Development and Export Authority (AIDEA) still holds leases in ANWR, the exits by private companies make it far less likely that drilling will occur.

Figure 16. Alaska North Slope Crude Oil Production (Thousands of Barrels per Day), 2009–2025



Source: Alaska Department of Revenue (2009-2025).

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