

ALASKA ECONOMIC **TRENDS**

SEPTEMBER 2018

RENTS, VACANCIES BOTH UP SLIGHTLY

ALSO INSIDE

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Total wages up, but jobs down

FROM THE COMMISSIONER

Trade with China is a major opportunity for Alaska

About nine months ago, shortly after I became commissioner for the Department of Commerce, Community, and Economic Development, Governor Walker raised the idea of a trade mission to China to expand the focus of recent developments in the Alaska LNG Project. The Chinese market is a huge growth opportunity for Alaska businesses for both trade and investment capital. China is already Alaska's largest international trading partner — we ship \$1.32 billion in goods to China every year — but we can grow that number considerably. Increased export to China also enables Alaska to reduce the trade deficit between the United States and China.

Seafood products, minerals, ores, and oil and gas are our main exports to China. Alaska fish products already have a great reputation for quality, and Alaska fish processors have a well-established trading relationship with China. In 2017, China bought more than \$796 million worth of Alaska seafood, and there is still opportunity for growth. Current Chinese consumption of Alaska seafood is low in comparison to the country's imports — China processes much of the Alaska seafood it imports and sells it to Japan and Europe — but the demand for fresh food, and particularly live seafood, is growing rapidly in China.

China has a large population with rising income standards, which means Chinese consumers have more disposable income and could increase their consumption of Alaska's offerings. Alaska's location gives us advantages both in the transportation of goods, such as fresh seafood, and in passenger air travel. According to the most recent study published in the Alaska Visitor Statistics Program, an estimated 5,000 visitors traveled to Alaska from China in 2016. With an average of nearly \$1,500 spent per visitor, their contribution is already more than \$7 million to the Alaska economy. If Alaska and China established a regular direct commercial

GUEST EDITORIAL



MIKE NAVARRE
DCCED Commissioner

route schedule, the economic effect would be even greater.

As tourism from China increases, Alaska merchants familiar with Chinese online payment platforms can tap into new markets at home and abroad. Trade mission participants visited one of Alibaba's campuses and learned how they use technology to re-define consumer experiences to gain access to the largest global markets. (Alibaba Group is a Chinese multinational retail, e-commerce, and technology conglomerate.) Further, the digital sphere is producing additional products (including books, music, games, and business services), and the worldwide digital economy was worth an estimated \$11.5 trillion in 2016.

Throughout 2017 and 2018, Alaska made significant inroads with Chinese companies and government officials, even while trade issues loomed on the national level. Building these relationships is vital to successful trade. We need cooperation to shape strong legal and institutional arrangements, deter financial uncertainty, and establish the framework for stable economic growth. The representatives from the 26 Alaska companies that traveled with Governor Walker and me to China this spring chose to participate in the trade mission because they recognize that meeting in person — with key policy makers, industry officials, and customers — is an important part of relationship-building.

Under Governor Walker's guidance, the Department of Commerce, Community, and Economic Development has been fostering relationships and working to boost Alaska's worldwide reputation. Alaska has geographic advantages and abundant natural resources, and it's home to resilient people — but taking advantage of the vast available opportunities requires initiative and hard work. If we want to grow our export economy and attract investment into Alaska, we must understand the markets, actively seek out opportunity, and close deals.

Mike Navarre is commissioner for the Department of Commerce, Community, and Economic Development. For comments or questions on this guest editorial, contact him at (907) 465-2500 or mike.navarre@alaska.gov.



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ALASKA
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Trends is a nonpartisan, data-driven monthly magazine that covers a range of economic topics in Alaska.

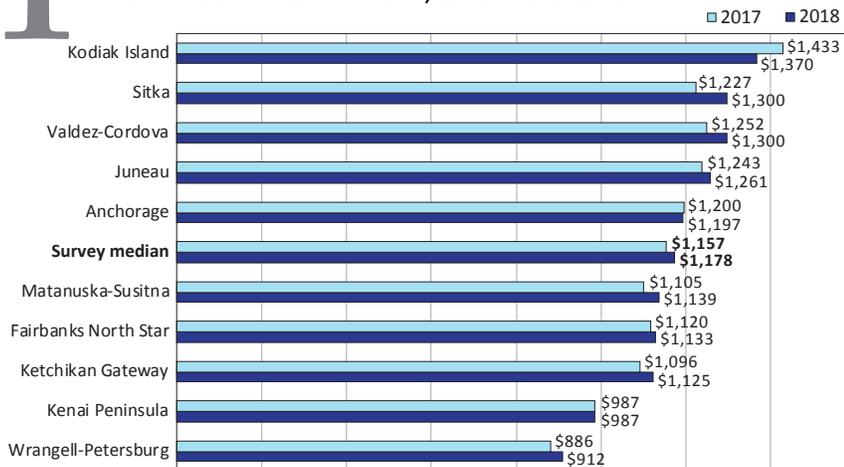
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Rents, vacancies both up slightly

Rent plus utilities up 2 percent, to \$1,178

1 Kodiak Rent Down But Still Highest

ADJUSTED* MEDIAN RENT, 2017 AND 2018



*Includes utilities (see sidebar below)

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2018 Rental Market Survey

Adjusted and contract rent

All rents quoted here are “adjusted rent,” meaning rent if all utilities were included. Because the types and costs of utilities included in contract rent — the amount paid to the landlord each month — can vary considerably by area, using adjusted rent makes units comparable.

By **ROB KREIGER**

For more than 25 years, we have surveyed landlords in cooperation with the Alaska Housing Finance Corporation to assess rental costs and vacancy rates in selected areas.

The 2018 survey showed small rent increases in nearly all areas, and the most and least expensive areas remained in line with historical trends. The overall vacancy rate, while still in the range of historical norms, rose for the second year in a row and reached its highest level in more than a decade.

While it’s too early to know what’s driving higher vacancy rates, the state’s ongoing recession and several years of more people leaving Alaska than moving in are likely factors.

Rents and vacancies both rose in 2017

Overall, rents in Alaska were up in 2018. For all surveyed areas combined, median adjusted rent — rent plus all utilities — rose 2 percent, from \$1,157 to \$1,178. (See Exhibit 1 and the sidebar at left for more on adjusted versus contract rent.)

The overall vacancy rate reached 7.9

percent, up six-tenths of a percentage point from 2017. But while the overall rate is up, vacancy varied considerably by area. (See Exhibit 2.)

Finding a rental unit in Juneau remains tough. Juneau had the lowest vacancy rate at 4.1 percent, down from the previous year in what was already a tight market.

Fairbanks, which has had high vacancy rates in recent years, saw its rate rise from 12.7 percent to 13 percent – the highest of all surveyed areas.

Anchorage and Kodiak were the only two areas where vacancies rose while rents dropped. These two areas have been among the hardest-hit by net migration losses, so prices and vacancies have likely reacted as people have left. (See Exhibit 3.)

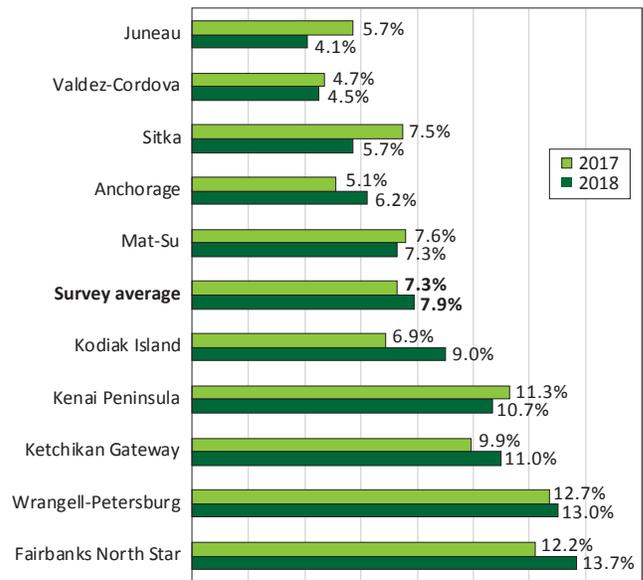
Apartment rent highest in Juneau

Regardless of the area, two-bedroom apartments and three-bedroom single-family houses are the most common rentals.

Juneau, whose rentals are scarce, had the highest apartment rent among surveyed areas at \$1,377, followed closely by Kodiak at \$1,370. (See Exhibit 4.)

2 Juneau’s Rental Market Becomes the Tightest

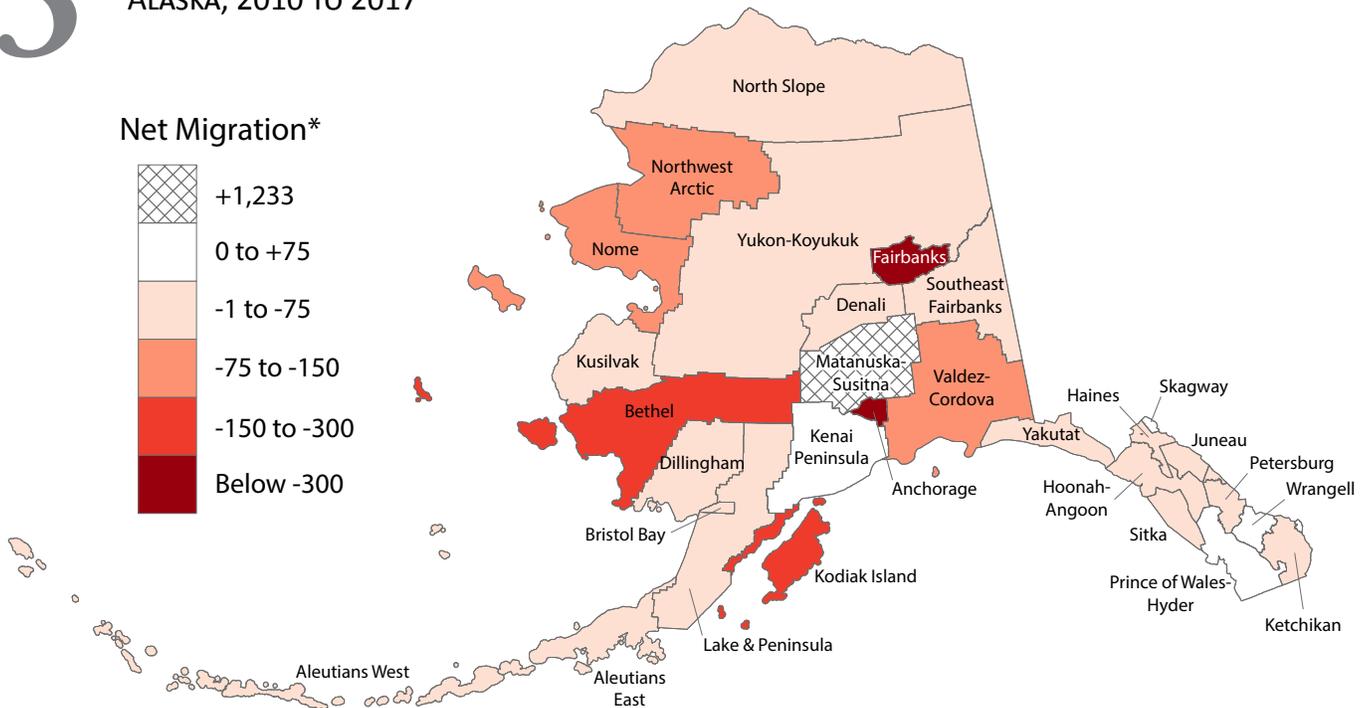
VACANCY RATES BY AREA, 2017 AND 2018



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2018 Rental Market Survey

3 Yearly Net Migration Mostly Negative Except Mat-Su

ALASKA, 2010 TO 2017



*Net migration is the number of people who moved to Alaska in a year minus the number who left the state.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Despite their proximity, Anchorage and the Matanuska-Susitna Borough differed considerably. An apartment in Anchorage rented for nearly \$200 more per month than in Mat-Su. Many people commute to Anchorage from Mat-Su, and lower rents and housing costs are one of the reasons.

Fairbanks house rents highest

Even with the highest vacancy rate, Fairbanks had the most expensive three-bedroom single-family rentals this year. The primary reason was the high cost of utilities, particularly heat in the winter. (See Exhibit 5.)

Farther south, house rents were much less. Wrangell, Petersburg, and Ketchikan were the only places where houses rented for less than \$1,500 a month. Lower average wages and higher vacancy rates tend to keep rents down in these places.

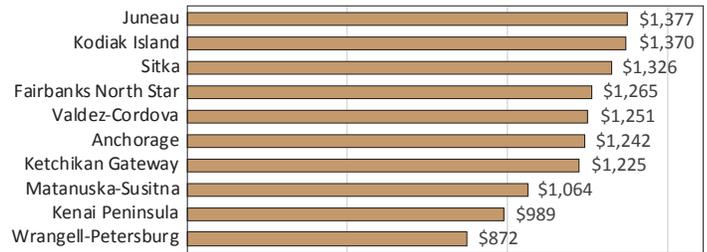
Energy types vary by area

The types of energy people use for heat, hot water, and cooking vary widely across Alaska, as not all sources are available in many places. (See Exhibit 6.)

Where accessible, natural gas is the clear choice, especially for heat. In Anchorage and Mat-Su, over 90 percent of rental units used natural gas in 2018. Where natural gas wasn't an option, oil was the most common heat source.

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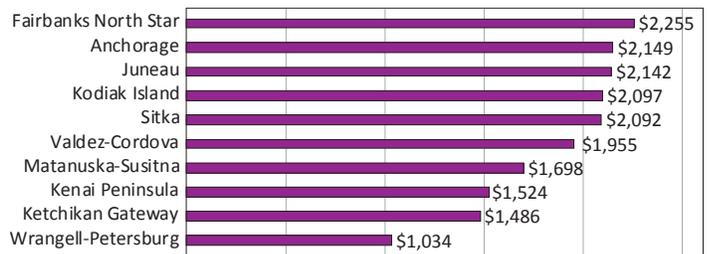
Apartment Rent Highest in Juneau TWO-BEDROOM, 2018



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2018 Rental Market Survey

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House Rent Highest in Fairbanks THREE-BEDROOM SINGLE-FAMILY, 2018



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2018 Rental Market Survey

Electricity is among the least-used sources for heat because it's the most expensive in many areas, but it was the primary energy source for cooking in all areas.

Rob Kreiger is an economist in Juneau. Reach him at (907) 465-6031 or rob.kreiger@alaska.gov.

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Common Energy Types by Alaska Area

2018

Area	HEAT				HOT WATER				COOKING			
	Nat Gas	Oil	Electric	Other	Nat Gas	Oil	Electric	Other	Nat Gas	Oil	Electric	Other
Anchorage	97.0%	0%	3.0%	0%	96.5%	0%	3.5%	0%	6.3%	0%	93.7%	0%
Fairbanks North Star	4.7%	88.6%	0.3%	6.4%	4.5%	66.6%	22.2%	6.7%	0.7%	0%	98.0%	1.3%
Juneau	0%	59.7%	39.6%	0.7%	0%	42.7%	56.1%	1.2%	0%	0%	98.5%	1.5%
Kenai Peninsula	78.9%	14.6%	2.0%	4.6%	69.4%	6.0%	23.5%	1.2%	33.2%	0%	63.0%	3.8%
Ketchikan Gateway	0%	78.3%	19.8%	1.8%	0%	49.9%	48.3%	1.8%	0%	0%	98.4%	1.6%
Kodiak Island	0%	97.6%	2.2%	0.2%	0%	85.9%	13.3%	0.8%	0%	0%	95.2%	4.8%
Matanuska-Susitna	90.2%	2.4%	7.1%	0.3%	86.2%	1.3%	12.0%	0.5%	35.8%	0%	63.6%	0.6%
Sitka	0%	56.0%	42.0%	2.0%	0%	27.6%	71.8%	0.6%	0%	0%	96.8%	3.2%
Valdez-Cordova	0%	96.7%	0%	3.3%	0%	77.3%	17.7%	5.0%	0%	0%	94.5%	5.5%
Wrangell-Petersburg	0%	24.7%	74.7%	0.6%	0%	7.8%	91.6%	0.6%	0%	0%	96.1%	3.9%

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2018 Rental Market Survey

The auto industry

An industry that's been less vulnerable during this recession

By NEAL FRIED

A vehicle is often a person's largest asset, and most Alaskans own more than one. Twenty-two percent of households have three or more. The state had 261,000 households in 2017 and more than 2.5 times as many registered passenger cars and trucks.

Alaska's auto industry employed about 8,000 people last year, and that's a conservative estimate.

The industry includes jobs in auto dealerships, gas stations, auto repair shops, tow truck operators, and auto supply stores. (See Exhibit 1.) It doesn't include contractors or those who maintain the state's road system or sell auto insurance.

The average U.S. vehicle sells for \$36,270, and the average cost to own one is \$8,500 a year.

Dealerships have the most jobs, revenue

Auto dealerships were the largest employers, representing 28 percent of the auto industry total. (See exhibits 1 and 2.) Dealerships also had the highest revenue, at \$1.3 billion of the industry's \$3.1 billion total in 2012, the most recent year available. (See Exhibit 3.) Dealers not only sell and lease new and used vehicles, they also service them and sell parts, and some rent out vehicles.

The other three industry categories with more than 1,000 jobs are auto repair shops, gasoline stations, and auto parts stores. Gas stations have the highest

1 Auto Industry Jobs and Wages

ALASKA, 2015 AND 2017

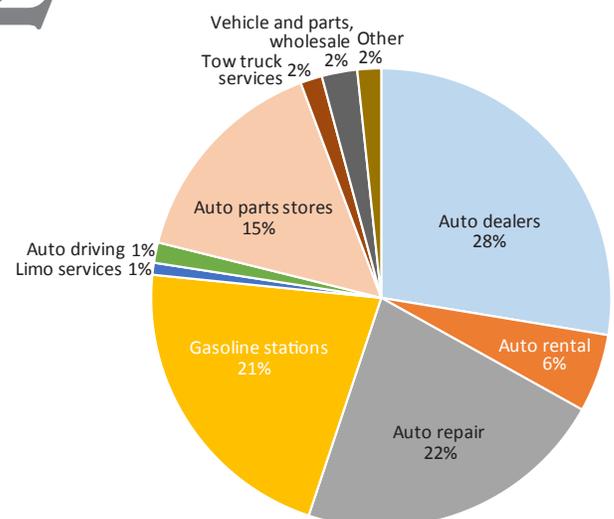
	2015 jobs	2017 jobs	2017 payroll	2017 average
Auto dealers	2,357	2,328	\$123,436,587	\$53,023
Auto repair	1,763	1,856	\$80,138,087	\$43,178
Gasoline stations	1,815	1,813	\$46,864,576	\$25,849
Auto parts stores	1,405	1,301	\$48,878,341	\$37,570
Auto rentals	449	464	\$15,313,185	\$33,003
Motor vehicle and parts, wholesale	164	210	\$10,368,327	\$49,373
Tow truck services	106	129	\$4,617,605	\$35,795
Limousine services	66	71	\$1,956,150	\$27,551
Auto driving schools	23	27	\$712,207	\$26,378
Parking garages and lots	—	—	—	—
Race tracks	—	—	—	—
Total	8,287	8,340	335,930,323	\$40,279

Note: A dash means not disclosable for confidentiality reasons.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

2 Auto Industry Jobs by Type

ALASKA, 2017



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

revenues of the three, but auto repair is the largest employer and easily has the highest payroll at \$80 million. Auto repair is labor-intensive and employs a large number of highly skilled workers.

For average annual earnings, the top three are auto dealers, wholesalers of vehicle parts, and auto repair. Most of the other categories have lower earnings and are in retail, where part-time work and lower hourly wages are both common.

Holding steady in the recession

Although the state has lost more than 10,000 jobs so far in the recession that began in late 2015, auto industry employment continued to grow moderately through 2017.

Current revenue data aren't available, but they would likely show a decline because of consumer reluctance to buy big-ticket items in a downturn.

Dealership employment was down slightly, but the repair end appears to be faring well. People tend to restrict their purchases to necessities during a recession so are less likely to buy a new car. But having a working vehicle often is a necessity, so that often means spending more on vehicle repair.

Alaskans like trucks, 'old beaters'

The strength of the industry's repair side is probably partly due to the vehicles we drive. Alaskans stand out not just for the number of vehicles we own but also for their age. According to Auto Alliance, the average age of Alaska vehicles is 13.6 years, with only Montanans and Idahoans driving older vehicles. (See Exhibit 4.)

The same source shows Alaskans love their trucks, and that Alaska's best-selling vehicle is the Ford F-150. Only North Dakota, Montana, and Wyoming have more pickups than Alaska as a percent of all registered vehicles. Still, Alaska has more than twice as many cars as it has trucks.

In 2017, for the first time in a long time, the number of registered pickups in Alaska fell slightly. (See Exhibit 5.) The number of passenger cars declined too, though, which suggests the state's modest population loss is taking a toll on our vehicle count.

Neal Fried is an economist in Anchorage. Reach him at (907) 269-4861 or neal.fried@alaska.gov.

3 Revenues and Businesses

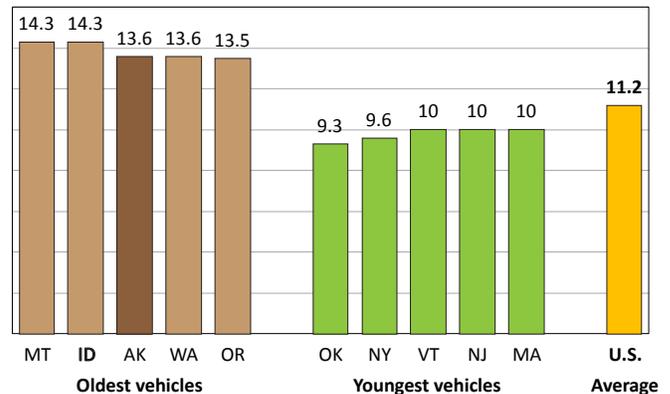
ALASKA AUTO INDUSTRY, 2012

	Revenues	Businesses
Auto dealers	\$1,254,562,000	61
Gasoline stations	\$1,028,843,000	221
Auto parts stores	\$281,223,000	139
Auto repair	\$249,329,000	323
Motor vehicle and parts, wholesale	\$174,033,000	35
Auto rentals	\$90,372,000	47
Tow truck services	\$9,738,000	19
Auto driving schools	\$960,000	3
Limousine services	\$883,000	3
Parking garages and lots	–	7
Race tracks	–	1
Total	\$3,089,943,000	859

Notes: 2012 is the most recent year available.
A dash means not disclosable for confidentiality reasons.
Source: U.S. Census Bureau, Economic Census

4 Alaskans Drive Old Vehicles

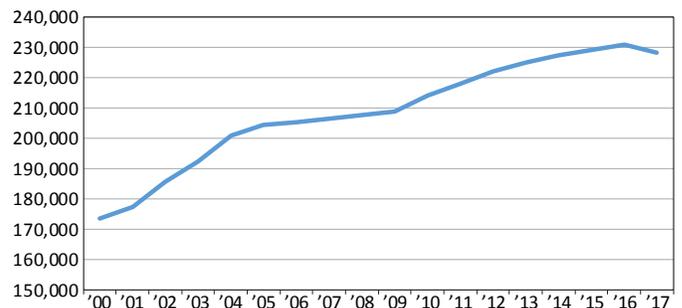
AVERAGE AGE BY STATE, 2016



Source: Auto Alliance

5 Yearly Pickup Registrations

ALASKA, 2000 TO 2017



Source: Alaska Department of Administration, Division of Motor Vehicles

Why the census matters

Official count used in a range of funding decisions, research

By **EDDIE HUNSINGER**
and **LIZ BROOKS**



The primary purpose of the decennial U.S. Census is to determine how many seats each state will have in the U.S. House of Representatives, but this official population count is also the base for a range of important decisions. It's used for states' redistricting, research and policy-making, and the distribution of hundreds of billions of dollars across the country each year.

Alaska needs complete and accurate counts across the state in 2020 to ensure reliable data for representation, research, and funding through the 2020s.

Required for statewide legislative redistricting

While Alaska has just one seat in the U.S. House of Representatives, and that's unlikely to change, the Alaska Constitution requires the state to redraw legislative district boundaries every 10 years based on new census data.

To do this fairly, the state relies on census counts of residents in thousands of geographic units, including incorporated as well as unincorporated areas across Alaska.

Research and planning starts with the census

Because the census is the only direct and comprehensive count of people across the country, it's a key element for nearly all other reports on population.

Population estimates and projections for areas big and small in the United States typically start with the

last census count, and they become survey weights and denominators for countless statistics and reports throughout the decade including workforce and employment data, health statistics, education statistics, crime data, transportation plans, housing data, and comprehensive plans.

Policy and funding allocations use census data

The census data, population estimates, and many statistics and reports derived from them determine how federal and state funds are distributed each year.

Looking just at federal dollars, a study by the George Washington Institute of Public Policy found that in fiscal year 2015, Alaska received almost \$3,000 per capita through the 16 largest programs that distribute money based on decennial census-derived statistics. These programs included Medicaid (\$1 billion to Alaska), Highway Planning and Construction (\$500 million), Supplemental Nutrition Assistance (\$168 million), and the National School Lunch Program (\$35 million).

Dozens of Alaska statutes involve census or population estimates data. Several examples are community assistance and matching funds, business licensing, health facility allocations, Power Cost Equalization, rural designations, and transportation plans. Alaska's

*Visit our 2020 Census page:
[http://live.laborstats.alaska.gov/
cen/Alaska2020Census.cfm](http://live.laborstats.alaska.gov/cen/Alaska2020Census.cfm)*

Community Assistance Program provides millions of dollars in state funding each year to communities across the state, based in part on population estimates built on the decennial count.

Genealogy and historical research

After 72 years, the Census Bureau releases individual responses to the public. People conducting family and other historical research often use these records. Starting in 2092, future generations will be able to look back at individual responses to the 2020 Census to inform their own research.

Work has started for 2020 and will ramp up in coming months

Preparations for the 2020 Census are under way, and much work remains. In the coming months, through partnership programs with the Census Bureau, cities and boroughs across the state will be updating maps of housing units, reviewing geographic boundaries, analyzing and commenting on operational plans, and convening complete count committees.

To receive email updates about the 2020 Census from the Alaska Department of Labor and Workforce Development, please visit [http://laborstats.alaska.gov/
email/emailnotify.htm](http://laborstats.alaska.gov/email/emailnotify.htm).

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Total wages up, but jobs down

While they typically move together, there are exceptions

By **KARINNE WIEBOLD**

Alaska's total wages grew by \$69 million, or 1.6 percent, in the first quarter of 2018 when compared to the first quarter of 2017. This was the second consecutive quarter of growth, with fourth quarter 2017's wages up \$17 million over the year.

While two quarters of overall wage growth is an encouraging sign, it doesn't necessarily signal economic recovery because the state continued to lose jobs

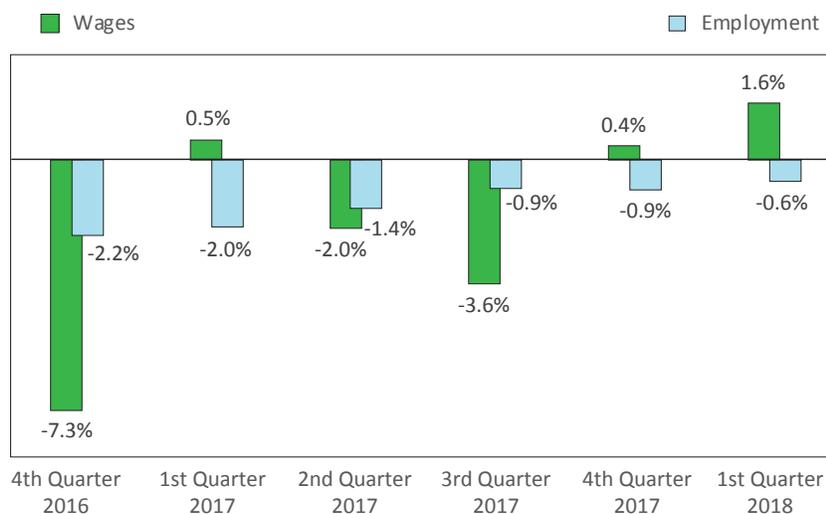
over that same period.

Wages and employment typically move in the same direction — both rising or falling — but not always. For example, natural resources and mining, a category that includes oil and gas jobs, saw wages increase by \$27 million despite job loss of 3.1 percent.

The recent increase in total wages coupled with overall job loss is due to a combination of factors, but primarily the industry mix of the losses and gains. Job growth in high wage industries, or in the higher-pay-

1 Jobs, Total Wages Typically Track Together

ALASKA, 2006 TO 2018, FOUR-QUARTER MOVING AVERAGE



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

2

Quarterly Wages by Industry and Area

AND CHANGE IN EMPLOYMENT, FIRST QUARTERS 2018 AND 2017

Industry	Total 2018 Q1 wages	Total 2017 Q1 wages	Change in wages	% Change	Employment
Total, All Industries	\$4,332,456,641	\$4,262,956,739	\$69,499,902	1.6%	-0.6%
Total Private	\$3,224,622,887	\$3,161,885,643	\$62,737,244	2.0%	-0.5%
Natural Resources and Mining	\$525,323,173	\$498,666,761	\$26,656,412	5.3%	-3.1%
Oil and Gas Industry	\$428,410,507	\$409,367,922	\$19,042,585	4.7%	-8.1%
Construction	\$228,655,960	\$221,181,665	\$7,474,295	3.4%	2.3%
Manufacturing	\$148,178,996	\$149,522,324	-\$1,343,328	-0.9%	-6.6%
Seafood Product Manufacturing	\$96,675,453	\$99,296,358	-\$2,620,905	-2.6%	-9.5%
Trade, Transportation, and Utilities	\$724,604,016	\$716,685,265	\$7,918,751	1.1%	-0.6%
Wholesale Trade	\$90,957,384	\$88,822,936	\$2,134,448	2.4%	0.4%
Retail Trade	\$273,404,321	\$273,860,102	-\$455,781	-0.2%	-2.1%
Transportation and Warehousing	\$311,217,427	\$308,305,948	\$2,911,479	0.9%	1.5%
Utilities	\$49,024,884	\$45,696,278	\$3,328,606	7.3%	2.8%
Information	\$96,678,506	\$96,075,516	-\$5,397,010	-5.6%	-7.1%
Financial Activities	\$190,011,363	\$188,263,487	\$1,747,876	0.9%	-1.2%
Professional and Business Services	\$415,603,074	\$423,510,324	-\$7,907,250	-1.9%	-2.2%
Education and Health Services	\$628,780,570	\$601,562,715	\$27,217,855	4.5%	2.0%
Health Care	\$540,518,823	\$514,724,816	\$25,794,007	5.0%	2.7%
Leisure and Hospitality	\$170,287,408	\$167,529,761	\$2,757,647	1.6%	0.2%
Accommodation	\$45,764,277	\$44,604,973	\$1,159,304	2.6%	2.2%
Food Services/Drinking Places	\$104,635,187	\$102,948,645	\$1,686,542	1.6%	-0.1%
Other Services	\$97,889,861	\$96,827,448	\$1,062,413	1.1%	0.1%
Total Government	\$1,107,833,755	\$1,101,071,097	\$6,762,658	0.6%	-1.0%
Federal Government	\$294,865,720	\$298,087,890	-\$3,222,170	-1.1%	-1.4%
State Government	\$331,550,521	\$335,442,578	-\$3,892,057	-1.2%	-1.6%
Local Government	\$481,417,514	\$467,540,629	\$13,876,885	3.0%	-0.5%

Area	Total 2018 Q1 wages	Total 2017 Q1 wages	Change in wages	% Change	Employment
Statewide	\$4,332,456,641	\$4,262,956,739	\$69,499,902	1.6%	-0.6%
Aleutians East Borough	\$36,747,489	\$37,355,312	-\$607,823	-1.6%	-10.4%
Aleutians West Census Area	\$60,389,167	\$62,142,838	-\$1,753,671	-2.8%	-4.3%
Anchorage Municipality	\$2,138,437,445	\$2,101,853,145	\$36,584,300	1.7%	-0.7%
Bethel Census Area	\$73,924,429	\$71,292,062	\$2,632,367	3.7%	0.6%
Bristol Bay Borough	\$6,690,694	\$6,294,193	\$396,501	6.3%	4.0%
Denali Borough	\$15,929,839	\$15,068,383	\$861,456	5.7%	4.5%
Dillingham Census Area	\$25,748,595	\$25,449,824	\$298,771	1.2%	-1.5%
Fairbanks North Star Borough	\$453,226,690	\$446,597,012	\$6,629,678	1.5%	0.7%
Haines Borough	\$7,900,431	\$7,284,053	\$616,378	8.5%	-1.5%
Hoonah-Angoon Census Area	\$4,888,481	\$4,805,276	\$83,205	1.7%	3.2%
Juneau, City and Borough	\$219,408,494	\$216,761,205	\$2,647,289	1.2%	-0.2%
Kenai Peninsula Borough	\$225,465,065	\$219,712,335	\$5,752,730	2.6%	-0.1%
Ketchikan Gateway Borough	\$76,318,529	\$74,585,799	\$1,732,730	2.3%	-1.1%
Kodiak Island Borough	\$65,805,433	\$65,338,060	\$467,373	0.7%	-2.9%
Kusilvak Census Area	\$15,276,435	\$14,863,554	\$412,881	2.8%	0%
Lake and Peninsula Borough	\$6,482,336	\$5,644,885	\$837,451	14.8%	8.1%
Matanuska-Susitna Borough	\$228,038,089	\$220,029,783	\$8,008,306	3.6%	1.0%
Nome Census Area	\$44,944,607	\$43,808,114	\$1,136,493	2.6%	0.4%
North Slope Borough	\$341,588,732	\$350,296,995	-\$8,708,263	-2.5%	-7.0%
Northwest Arctic Borough	\$51,377,202	\$48,260,889	\$3,116,313	6.5%	1.1%
Petersburg Borough	\$11,246,151	\$10,962,862	\$283,289	2.6%	0.3%
Prince of Wales-Hyder Census Area	\$19,354,235	\$17,997,924	\$1,356,311	7.5%	4.1%
Sitka, City and Borough	\$41,962,512	\$39,935,308	\$2,027,204	5.1%	-0.1%
Skagway Municipality	\$5,240,266	\$5,159,196	\$81,070	1.6%	4.4%
Southeast Fairbanks Census Area	\$39,522,488	\$38,621,142	\$901,346	2.3%	-0.3%
Valdez-Cordova Census Area	\$59,582,098	\$59,307,286	\$274,812	0.5%	2.1%
Wrangell, City and Borough	\$7,438,986	\$6,881,881	\$557,105	8.1%	2.5%
Yakutat, City and Borough	\$2,189,674	\$2,227,369	-\$37,695	-1.7%	3.7%
Yukon-Koyukuk Census Area	\$19,064,119	\$17,432,424	\$1,631,695	9.4%	4.5%

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, QCEW

ing occupations within an industry, can create wage growth that more than compensates for lost wages in lower-paying industries and occupations.

Retail jobs, for example, pay only about \$8,000 per quarter, so the loss of 700 jobs has a relatively small effect on total wages. The wage gains from an additional 1,000 health care jobs, which pay nearly twice as much as retail at \$14,000, more than made up for the retail wage losses.

Several other factors can contribute to total wage growth during a period of job loss, although these aren't as easily quantified. The first and fourth quarters typically include bonuses and incentive pay, and larger-than-usual bonuses can bump up total wages. Employees working longer hours can also lead to higher overall wages without job growth, and so can raises for existing employees, with or without an increase in hours.

Total wages increased in nearly every area of the state. (See Exhibit 2.) Anchorage's wages increased by \$37 million, or 1.7 percent; Fairbanks' wages grew by \$7 million (1.5 percent); and Kenai Peninsula Borough wages rose \$6 million (2.6 percent). Anchorage employment declined over the year, while Fairbanks added jobs and Kenai employment was essentially flat.

Wages fell in the Aleutians East Borough (-1.6 percent), Aleutians West Census Area (-2.8 percent), North Slope Borough (-2.5 percent), and City and Borough of Yakutat (-1.7 percent).

Detailed employment and wage data for the state and for boroughs and census areas are available at: <http://live.laborstats.alaska.gov/qcew/>.

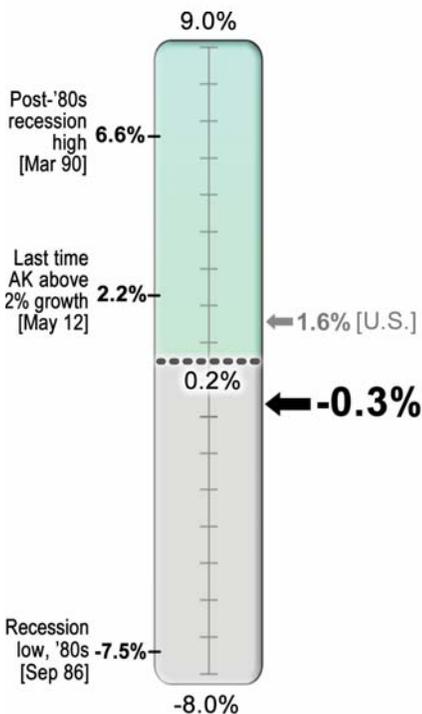
Karinne Wiebold is an economist in Juneau. Reach her at (907) 465-6039 or karinne.wiebold@alaska.gov.

Gauging Alaska's Economy



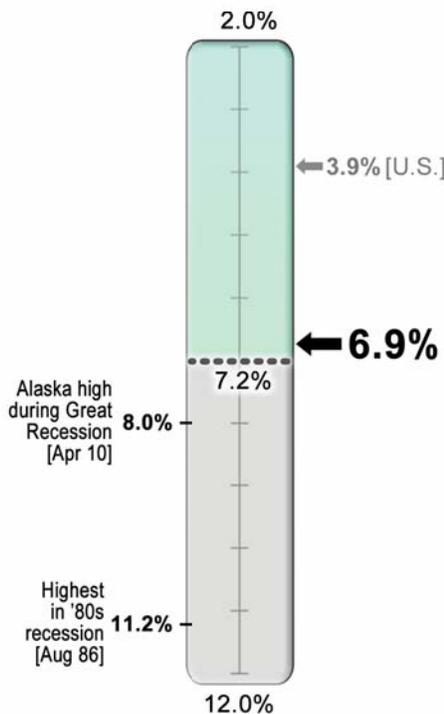
Job Growth

July 2018
Over-the-year percent change



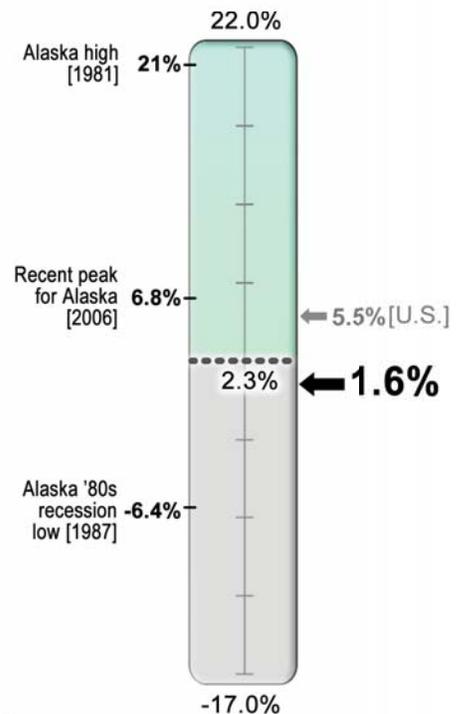
Unemployment Rate

July 2018
Seasonally adjusted



Wage Growth

1st Quarter 2018
Over-the-year percent change



- July was the 34th consecutive month Alaska has recorded job losses.
- Alaska had 25 consecutive months of job losses during the state's 1980s recession, although the magnitude of the losses in the '80s was much larger as a percentage of total jobs.
- Job losses during the current recession were at their worst from September 2015 to September 2016 (-2.5 percent).

- Alaska's rate remains the highest in the nation but is three-tenths of a percentage point below its 10-year average.
- Unemployment rates are more complicated as an economic indicator than job growth, although most of the time high rates signal economic weakness.
- In the short term, unemployment rates can rise because a state is especially attractive to job seekers (a positive) or fall because people have given up on looking for work (a negative).

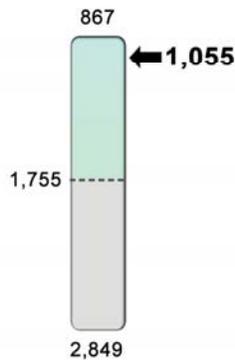
- Wages have been up for two consecutive quarters after being down for the prior seven.
- Sustained wage growth, which may have resumed, will be one of the best early indicators that the current Alaska recession is ending.

Gauging Alaska's Economy

----- ALASKA'S 10-YR AVERAGE
 ← CURRENT ALASKA

Initial Claims

Unemployment, week ending Aug. 18, 2018†

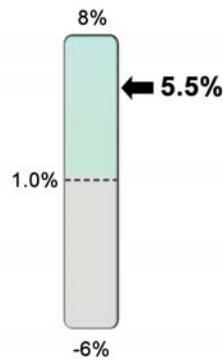


➤ For a variety of reasons, initial claims are well below the 10-year average despite job losses.

† Four-week moving average ending with the specified week

GDP Growth

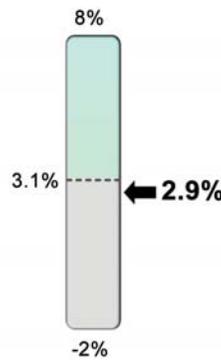
1st Quarter 2018 Over-the-year percent change



➤ Gross domestic product is the market value of all goods and services.

Personal Income Growth

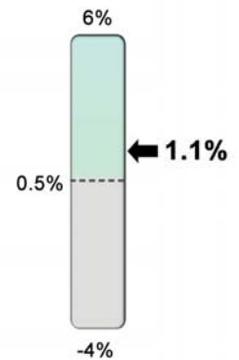
1st Quarter 2018 Over-the-year percent change



➤ Personal income includes wages as well as government transfer payments (such as Social Security, Medicaid, and the PFD) and investment income.

Change in Home Prices

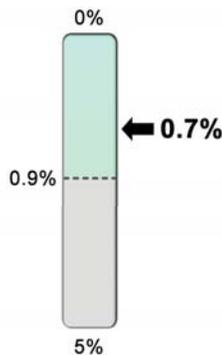
1st Quarter 2018 4-quarter moving average



➤ Home prices include only those for which a commercial loan is used. This indicator tends to be volatile from quarter to quarter.

Foreclosure Rate

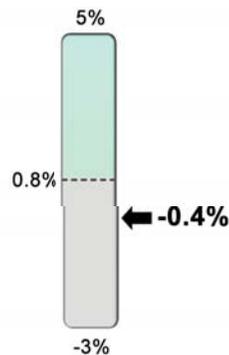
1st Quarter 2018



➤ Foreclosure rates remain very low, highlighting how different the current recession is from the '80s recession when foreclosure rates exceeded 10 percent.

Population Growth

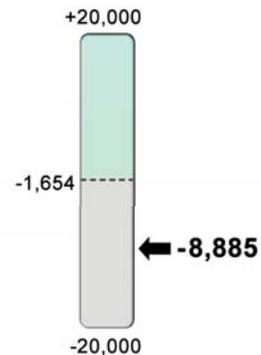
2016 to 2017



➤ The state's population has remained remarkably stable during the state's recession, although 2017 was the first year of population decline since 1988.

Net Migration

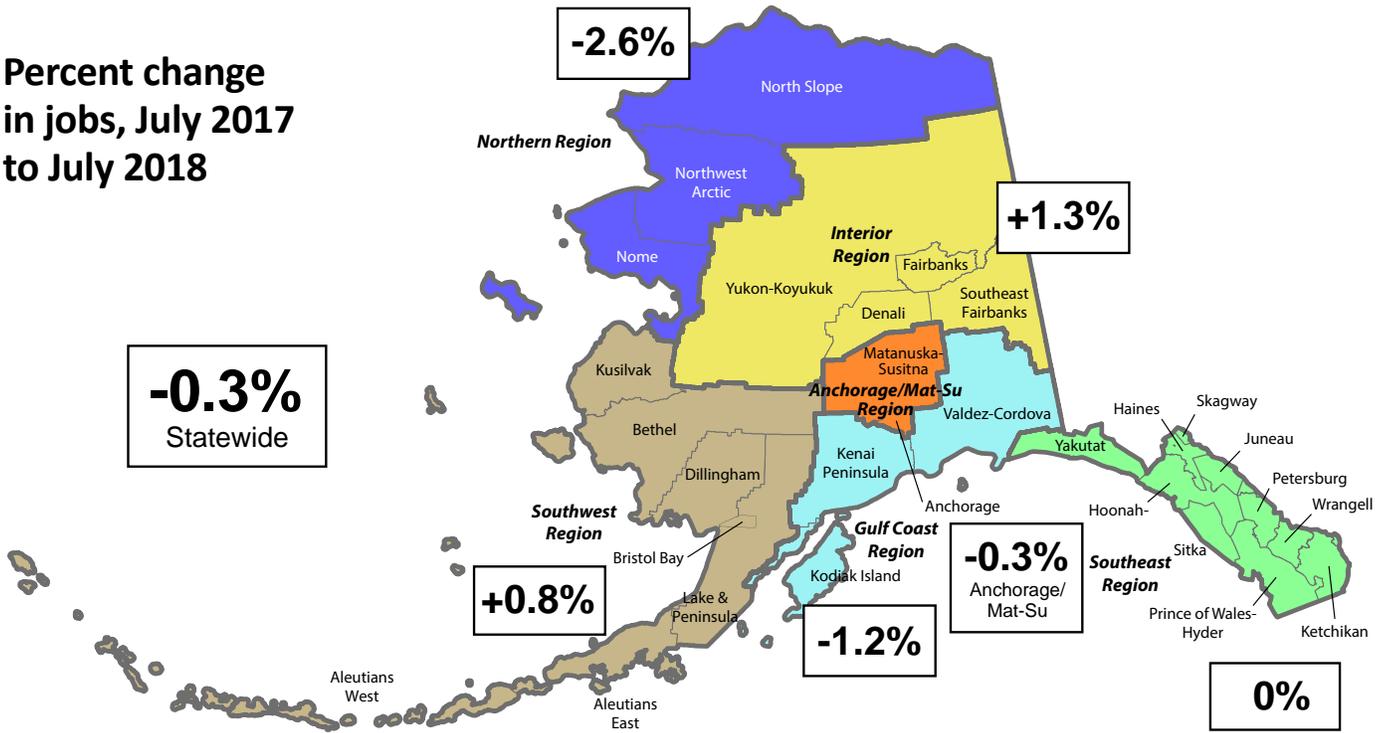
2016 to 2017



➤ The state had net migration losses for the fifth consecutive year in 2017, although natural increase (births minus deaths) offset those losses each year until 2017.

Employment by Region

Percent change in jobs, July 2017 to July 2018



Unemployment Rates

Seasonally adjusted

	Prelim.		Revised
	7/18	6/18	7/17
United States	3.9	4.0	4.3
Alaska	6.9	7.1	7.2

Not seasonally adjusted

	Prelim.		
	7/18	6/18	7/17
United States	4.1	4.2	4.6
Alaska	5.8	6.7	6.6

Regional, not seasonally adjusted

	Prelim.			Revised		
	7/18	6/18	7/17	7/18	6/18	7/17
Interior Region	5.7	6.7	6.5			
Denali Borough	3.0	3.7	4.0			
Fairbanks N Star Borough	5.1	6.0	5.9			
Southeast Fairbanks Census Area	8.6	9.5	9.2			
Yukon-Koyukuk Census Area	15.4	16.6	18.3			
Northern Region	11.6	12.9	13.2			
Nome Census Area	12.6	13.7	14.0			
North Slope Borough	7.1	8.0	8.2			
Northwest Arctic Borough	15.7	17.5	18.0			
Anchorage/Mat-Su Region	5.4	6.2	6.3			
Anchorage, Municipality	5.0	5.7	5.8			
Mat-Su Borough	6.9	8.0	8.1			
Southwest Region	8.8	11.3	9.7			
Aleutians East Borough	1.7	3.3	1.7			
Aleutians West Census Area	2.6	4.0	2.9			
Bethel Census Area	13.4	14.8	14.8			
Bristol Bay Borough	1.7	3.4	1.6			
Dillingham Census Area	6.0	7.8	7.1			
Kusilvak Census Area	22.2	22.9	23.9			
Lake and Peninsula Borough	8.1	11.5	8.6			
Gulf Coast Region	5.8	6.6	6.5			
Kenai Peninsula Borough	6.2	7.1	7.3			
Kodiak Island Borough	5.5	5.6	4.9			
Valdez-Cordova Census Area	4.2	5.7	5.0			
Southeast Region	4.4	5.5	5.1			
Haines Borough	5.5	7.2	5.5			
Hoonah-Angoon Census Area	7.4	9.6	7.5			
Juneau, City and Borough	3.7	4.4	4.5			
Ketchikan Gateway Borough	4.2	5.2	4.8			
Petersburg Borough	6.2	8.2	7.7			
Prince of Wales-Hyder Census Area	8.9	9.7	9.2			
Sitka, City and Borough	3.3	4.3	4.0			
Skagway, Municipality	3.0	3.7	3.0			
Wrangell, City and Borough	4.8	7.1	5.8			
Yakutat, City and Borough	7.5	9.2	8.5			

How Alaska Ranks

Unemployment Rate¹



Job Growth²



Job Growth, Private²



Retail Trade Job Growth²



Average Hourly Earnings, Prof/Business Svcs³



¹July seasonally adjusted unemployment rates

²July employment, over-the-year percent change

³July hours and earnings

Sources are U.S. Bureau of Labor Statistics and Alaska Department of Labor and Workforce Development, Research and Analysis Section, unless otherwise noted.

Other Economic Indicators

	Current		Year ago	Change
Urban Alaska Consumer Price Index (CPI-U, base yr 1982=100)	223.099	1st half 2018	218.660	+0.9%
Commodity prices				
Crude oil, Alaska North Slope,* per barrel	\$76.19	June 2018	\$49.18	+54.91%
Natural gas, residential, per thousand cubic feet	\$11.85	May 2018	\$11.00	+7.73%
Gold, per oz. COMEX	\$1,210.10	8/29/2018	\$1,314.10	-7.91%
Silver, per oz. COMEX	\$14.81	8/29/2018	\$17.52	-15.47%
Copper, per lb. COMEX	\$273.25	8/29/2018	\$308.70	-11.48%
Zinc, per MT	\$2,540.00	8/28/2018	\$3,110.00	-18.33%
Lead, per lb.	\$0.94	8/28/2018	\$1.05	-10.48%
Bankruptcies				
	105	Q1 2018	97	+8.2%
Business	6	Q1 2018	7	-14.0%
Personal	99	Q1 2018	90	+10.0%
Unemployment insurance claims				
Initial filings	3,702	July 2018	4,101	-9.73%
Continued filings	29,411	July 2018	33,209	-11.44%
Claimant count	6,454	July 2018	8,030	-19.63%

*Department of Revenue estimate

Sources for pages 14 through 17 include Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; U.S. Census Bureau; COMEX; Bloomberg; Infomine; Alaska Department of Revenue; and U.S. Courts, 9th Circuit

EMPLOYER RESOURCES



Veterans and Military Spouses

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