

2025 ANCHORAGE

ECONOMIC FORECAST REPORT



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THE BIG PICTURE

In recent years, Anchorage has seen a notable improvement by many measures of the economy. This includes increased cargo traffic at Ted Stevens International and the Port of Alaska, a higher dollar value of construction permits, robust visitor volume, increased employment, and even an increase in real personal income (adjusted for inflation). Several of these measures reflect the strength of the national economy, federal policies and spending, or other macroeconomic factors extending beyond Anchorage. Closer to home, new projects and developments on the North Slope are advancing, with the new Santos building in downtown Anchorage a visible symbol of increased oil and gas activity in Alaska.

Despite these positive economic signs, many households faced rising prices and affordability challenges in the economy of 2023 and 2024, leading to relatively weak consumer confidence in Anchorage and nationwide¹. While federal interest rate policy has been effective in slowing the rate of inflation, prices remain high. Specifically, housing prices have continued to climb, with the average single-family sales price reaching nearly \$514,000 in 2024, a 40% increase over 2019. The relatively slow pace of new housing construction is one contributing factor. New single-family, duplex, triplex, and fourplex construction remained anemic with an estimated 237 units permitted in 2024, well below the 500 units permitted annually between 2012 and 2015. Employers have cited these factors as key challenges in attracting new workers to Anchorage.

Several forces in Anchorage's economy will feature prominently in 2025. New energy from development work on the North Slope will increasingly be felt in Anchorage as the Pikka project moves toward production in late 2025/early 2026 and Willow project development continues toward oil production at decade's end. An influx of federal construction funding statewide has brought a wave of new work to Anchorage's architects, engineers, and construction companies. Through late 2024, Alaska entities have been awarded \$8.5 billion in funding through the federal Infrastructure Investments and Jobs Act; these awards will likely increase construction activity through about 2031. Additionally, the demand for goods and travel in the U.S. domestic market is expected to buoy the various measures of economic activity described in this report.

Yet potential changes in federal policy, such as the imposition of new tariffs, any renewed upticks in inflation, and a dearth of residential construction could all impact the strength of Anchorage's economy and resident perceptions of it.

¹ Anchorage Consumer Optimism Index Quarter 3 2024 prepared by Alaska Survey Research; University of Michigan Consumer Sentiment Index

DEMOGRAPHICS AND EMPLOYMENT

POPULATION

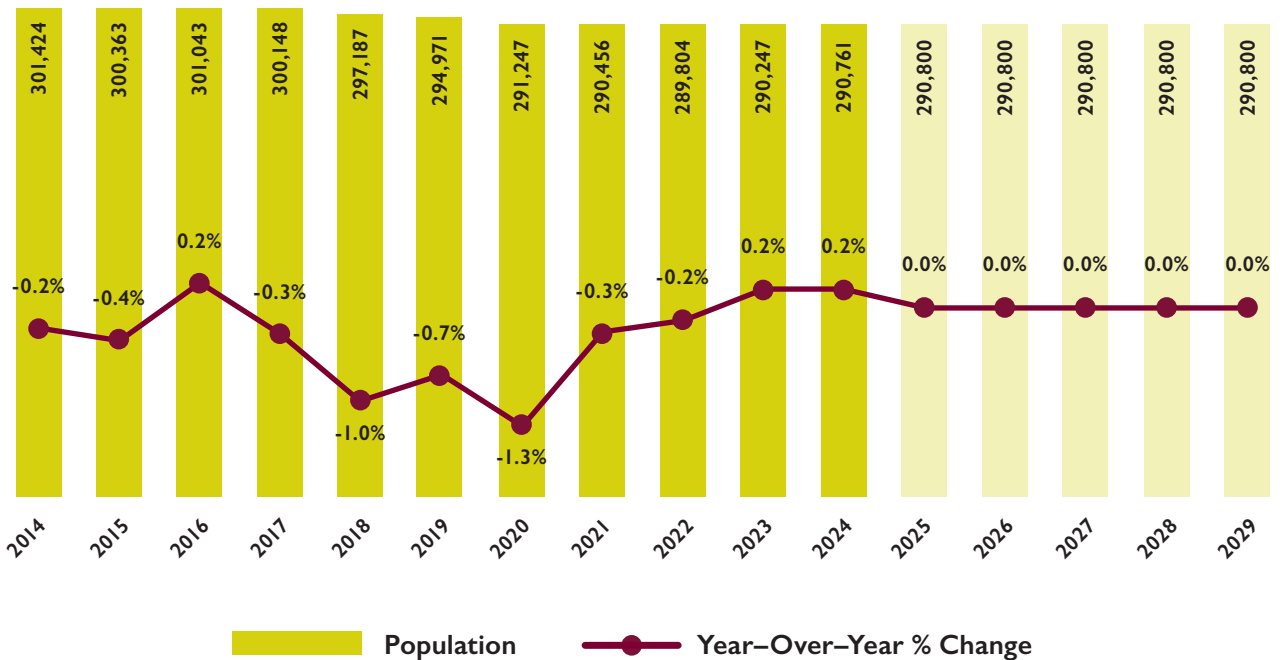
Anchorage’s population is expected to remain stable over the next five years following a modest increase in 2024.

FACTORS CONTRIBUTING TO THE FORECAST

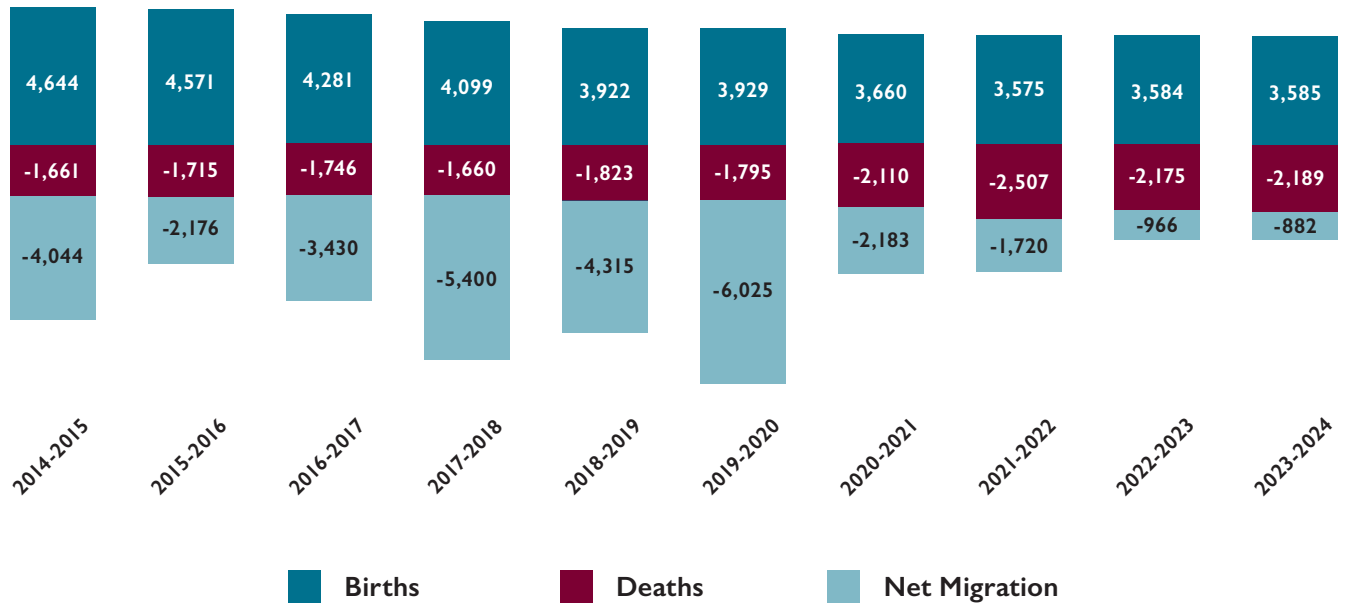
- The number of births in Anchorage continues to decline with a lower working age population. This trend is expected to continue, while annual deaths increase as the population continues to age.
- Net outmigration from Anchorage has slowed considerably compared to the pace of population loss during the Alaska statewide recession (2015-2018).
- Developments on Alaska’s North Slope and significant construction investments have drawn workers to Anchorage, and Alaska. However, demographic shifts are likely to counter these population draws in the long term.

Anchorage Population and Annual Growth Rate, 2014–2029

Anchorage’s population increased in 2024, marking a change from several years of decline.



Components of Anchorage Population Change, 2014-2024



CURRENT TRENDS		
	2023-2024 CHANGE	2023-2024 % CHANGE
TOTAL POPULATION	+514	+0.2%
NET MIGRATION	-882	-9%
NATURAL INCREASE	+1,396	-1%
BIRTHS	+3,585	0%
DEATHS	-2,189	+1%

Source: Alaska Department of Labor and Workforce Development (2014-2024); McKinley Research Group estimates (2025-2029)

WORKING AGE POPULATION

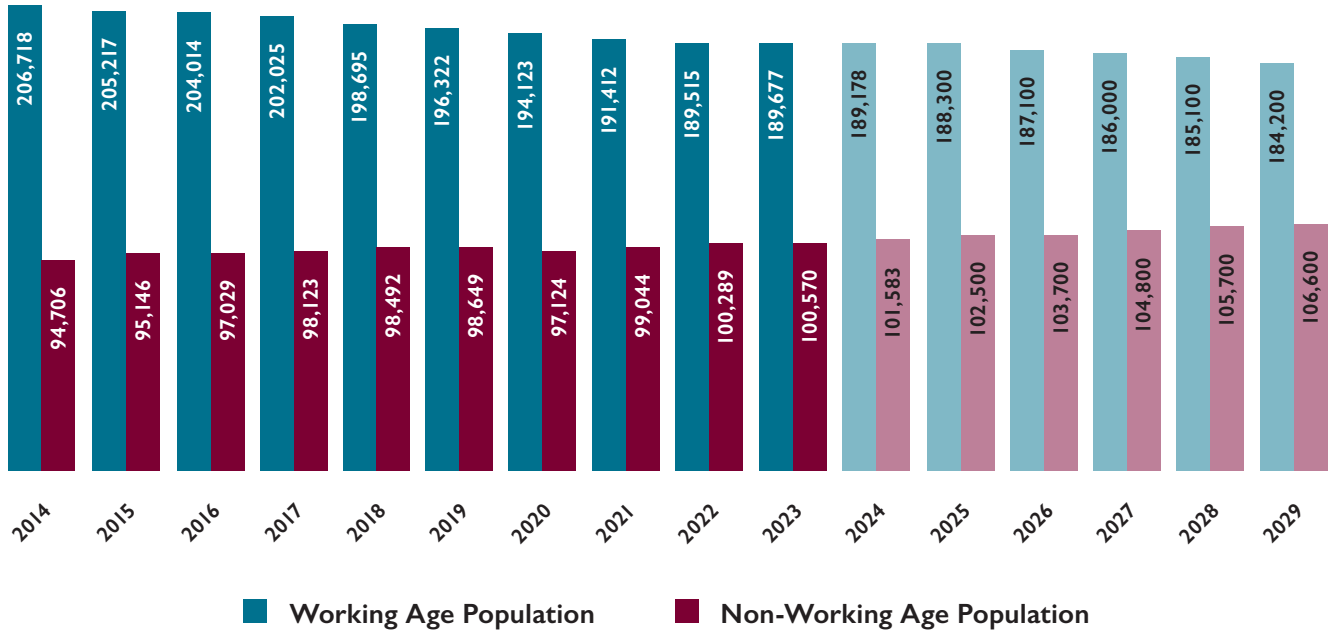
The proportion of Anchorage’s population that is working age (between 16 and 64 years old) is expected to decline further as the population ages.

FACTORS CONTRIBUTING TO THE FORECAST

- By 2029, all members of the baby boomer generation will have aged out of the working-age population. While many continue to be active in Anchorage’s labor force this will nevertheless reflect a change in the number of residents within the traditional “working age”.
- Typically a source of new working-age residents, in-migration to Anchorage has slowed over the last decade.
- New residents moving to Anchorage for jobs in the oil or construction industries are not expected to outpace the rate of baby boomers aging out of the working-age population.
- Working-age residents made up 69% of the Anchorage population in 2014 and have steadily declined to make up only 65% in 2024.

Anchorage Population by Age Category, 2014-2029

Anchorage's working age population declined for the 11TH consecutive year in 2024.



CURRENT TRENDS		
	2023-2024 CHANGE	2023-2024 % CHANGE
TOTAL WORKING-AGE POPULATION	-499	-0.3%
2015-2020		
AVERAGE ANNUAL WORKING AGE NET MIGRATION		-2,908
AVERAGE ANNUAL WORKING AGE IN-MIGRATION		+14,999
AVERAGE ANNUAL WORKING AGE OUT-MIGRATION		-17,908

Source: Alaska Department of Labor and Workforce Development (2013-2024); McKinley Research Group estimates (2025-2029)

EMPLOYMENT

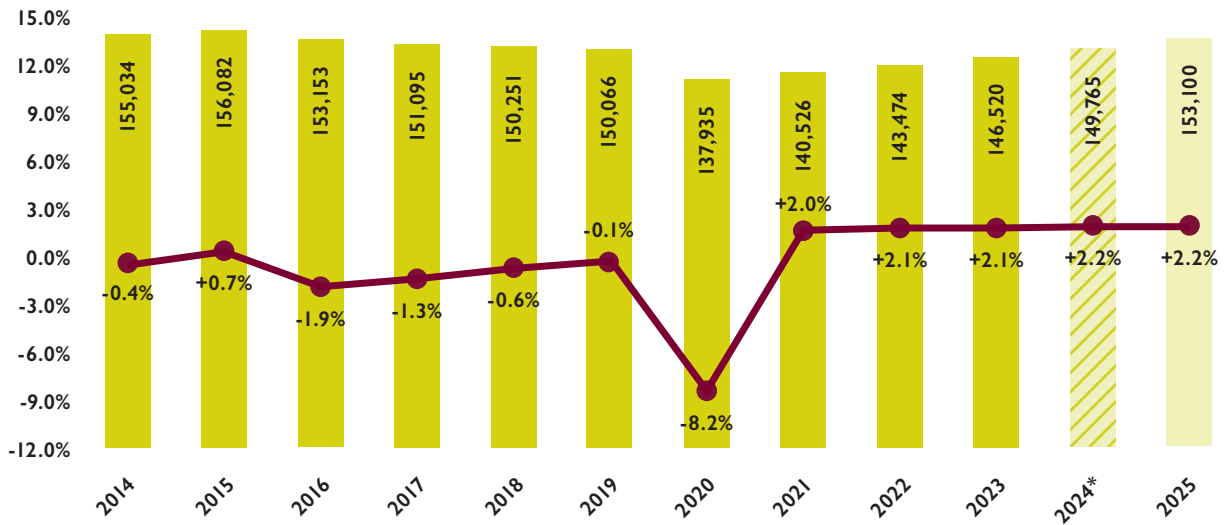
Employment in Anchorage is expected to make a full recovery to pre-pandemic levels in 2025.

FACTORS CONTRIBUTING TO THE FORECAST

- Slow population growth and lower working-age population continue to constrain employment growth. However, the level of job openings statewide has begun to ease from highs in 2022 and 2023, years in which there were about two job openings for every unemployed Alaska resident looking for work.
- Construction employment is expected to further expand as infrastructure funding moves through the grant pipeline, and North Slope development work continues.
- Anchorage's oil and gas industry employment will grow modestly as North Slope developments move toward the production phase.
- The strength of the national economy will continue to support transportation services through, and visitor travel to, Anchorage.

Anchorage Average Employment, 2014-2025

Anchorage employment recovery has been steady over the past four years.



Note: Sole proprietor employment is not included in average annual employment figures.

* Employment estimate is preliminary

CURRENT TRENDS

TOP 3 SECTORS (JAN-JUN 2023-2024)

CONSTRUCTION (+912 JOBS, +13%)
 HEALTHCARE (+912 JOBS, +4%)
 GOVERNMENT (+431 JOBS, +2%)

BOTTOM 3 SECTORS (JAN-JUN 2023-2024)

RETAIL (-501 JOBS, -3%)
 FINANCIAL SERVICES (-316 JOBS, -4%)
 INFORMATION (-129 JOBS, -5%)

2022 WORKFORCE RESIDENCY

ALASKA RESIDENTS

NON-ALASKA RESIDENTS

	LIVE WHERE THEY WORK	DON'T LIVE WHERE THEY WORK	WORK HERE, LIVE ELSEWHERE
WHERE ANCHORAGE WORKERS LIVE	75%	12%	14%
WHERE ALASKA WORKERS LIVE	66%	13%	21%

Source: Alaska Department of Labor and Workforce Development (2013-2023) and McKinley Research Group estimates (2024-2025)

Note: Rows may not add to 100% due to rounding.

PURCHASING POWER

PERSONAL INCOME

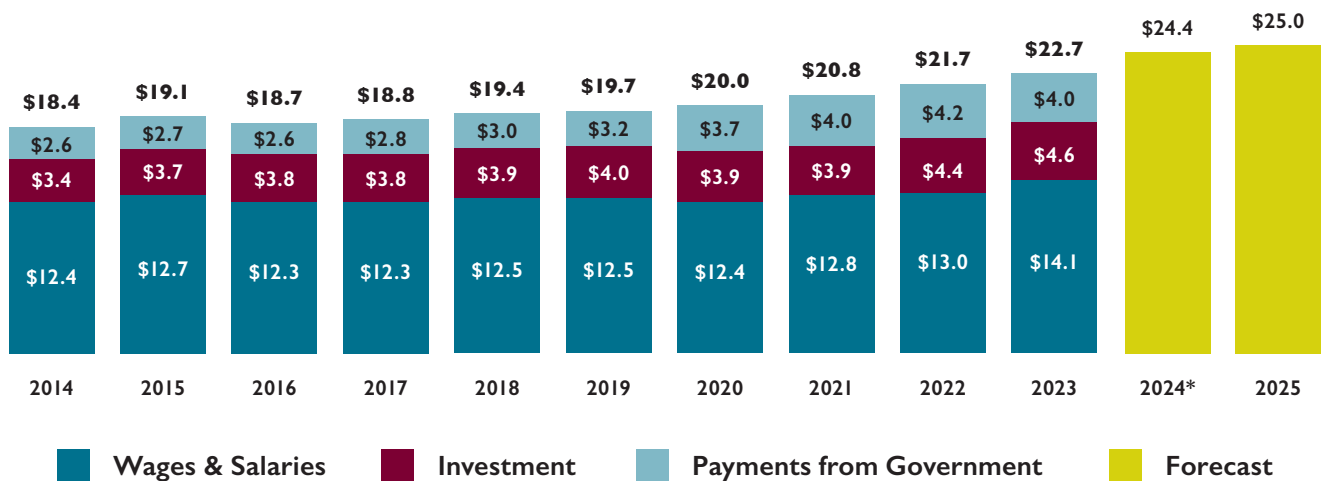
While expected to moderate, wage growth will continue to increase personal income in 2025.

FACTORS CONTRIBUTING TO THE FORECAST

- While still the largest contributor to personal income, work-related income has represented a lower share of total income in Anchorage over the last decade. Work-related income is expected to increase along with steady increases in Anchorage employment in 2025.
- Personal income from investments and government payments include retirement earnings, income from pension plans, and social security payments. As Anchorage’s retiree population increases, these retirement – and senior-related sources of personal income are anticipated to expand.

Anchorage Personal Income (\$Billions), 2014–2025

COVID-19 related payments to individuals drove up personal income but wage growth has sustained the increase.



CURRENT TRENDS			
	2023 (\$BILLION)	% OF 2023 TOTAL	2022-2023 % CHANGE
INCOME FROM WORK	\$14.1	62%	+5.9%
INVESTMENT FROM INCOME	\$4.6	20%	+10.4%
PAYMENTS FROM THE GOVERNMENT (I.E., COVID RELIEF, SOCIAL SECURITY, PFD)	\$3.9	17%	-10.0%

Source: U.S. Bureau of Economic Analysis (2013-2023), McKinley Research Group Estimates (2024 – 2025)

INFLATION

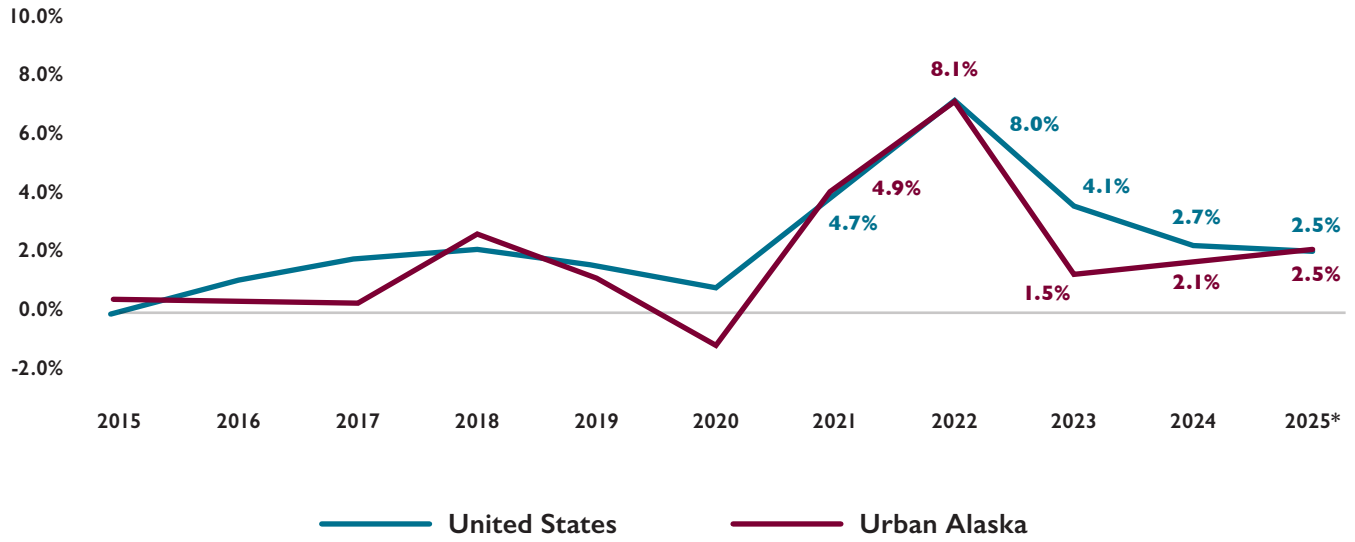
While inflation is expected to continue declining nationally in 2025, an expected gap in Southcentral natural gas supply could impact the overall rate of inflation in Anchorage.

FACTORS CONTRIBUTING TO THE FORECAST

- Annual inflation, the rate at which consumer prices change, dropped significantly in 2024 after several years of rapid increase.
- The Federal Reserve is expected to make two quarter-point interest rate cuts in 2025 as the pace of inflation slows.
- Cook Inlet natural gas plays an important role in providing heat and electricity in Southcentral Alaska. Regional utilities have been seeking alternate sources of natural gas amid notification by Hilcorp in mid-2022 that they would be unable to commit to new contracts as current contracts expire over the next decade. Options include importing natural gas. Replacing Cook Inlet gas supply is likely to increase energy prices in Anchorage in the next several years.
- The tariff charged on all items brought through the Port of Alaska is set to increase in 2025 in an effort to fund the Port Modernization project. The tariff increase is not expected to significantly impact consumer prices in Anchorage.

Consumer Price Index, 2015-2025

Inflation declined significantly in 2023 and 2024.



CURRENT URBAN ALASKA TRENDS			
TOP 3 PRICE INCREASES (2023-2024)		TOP 3 PRICE DECREASES (2023-2024)	
MEDICAL CARE	+10.6%	MOTOR FUEL	-18.7%
HOUSEHOLD ENERGY	+9.8%	USED VEHICLES	-5.4%
RENT	+4.5%	FRUITS & VEGETABLES	-0.5%

Source: U.S. Bureau of Economic Analysis (2013-2024), U.S. Federal Reserve and McKinley Research Group Estimates (2024 – 2025)

TRANSPORTATION INDUSTRY

ANCHORAGE AIR CARGO

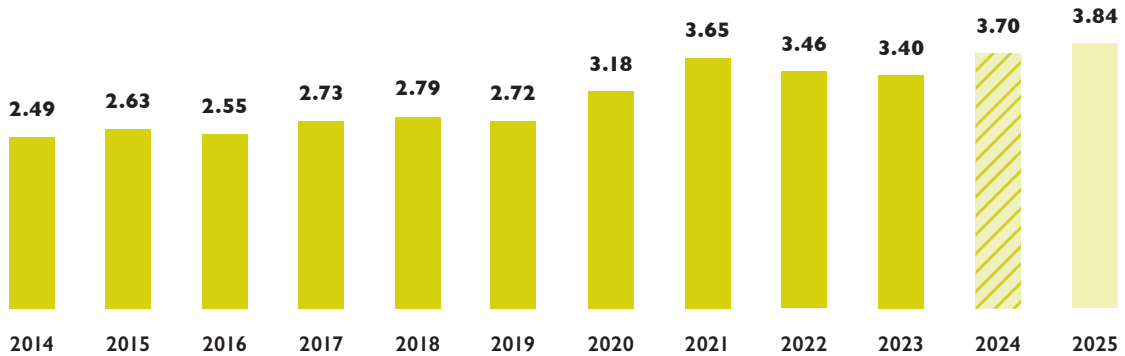
Increased cargo landings, and new carriers, will increase cargo volume at the Anchorage International Airport in 2025.

FACTORS CONTRIBUTING TO THE FORECAST

- Cargo carriers already using Anchorage International are expected to add 2,000 additional cargo landings in 2025.
- Five new cargo carriers have announced plans to land in ANC in 2025, moving cargo along the Asia to North America route.
- International political events have contributed to some re-routing of cargo aircraft to Anchorage International.
- Completion of two new cargo facilities – FedEx and NorthLink - at Anchorage International, including additional hardstands, will increase capacity for cargo landings by the end of 2025.
- Any new federal tariffs on imported goods transiting the Asia to North America route have the potential to negatively impact cargo volume brought through Anchorage International.

Anchorage International Airport Air Cargo (Million Metric Tons) 2014-2025

Air cargo volume has increased significantly since 2020.



CURRENT TRENDS			
	2024 (JAN-NOV)	2023-2024 CHANGE	2023-2024 % CHANGE
METRIC TONS OF AIR CARGO	3.36M	+257,207	+8%
CARGO LANDINGS	49,624	+2,839	+6.5%
2024 RANK			
GLOBAL AIRPORT RANK BY CARGO VOLUME	3 RD		

Source: State of Alaska Department of Transportation and Public Facilities (2013 – 2023), McKinley Research Group Estimates (2024 – 2025)

PORT OF ALASKA MARINE CARGO

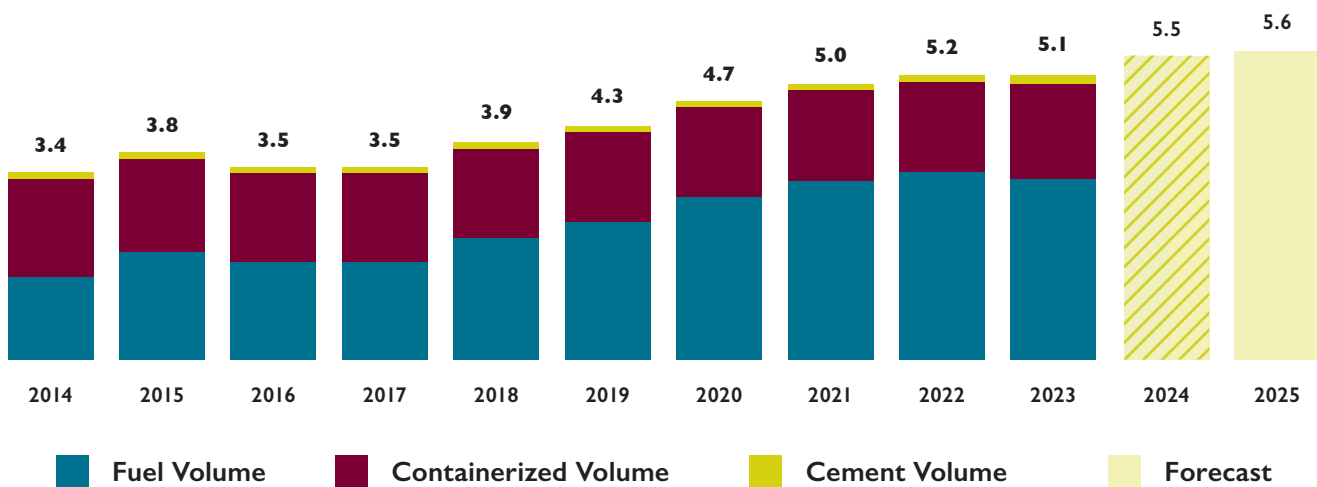
Shipping through the Port of Alaska will continue at historically high volumes through 2025.

FACTORS CONTRIBUTING TO THE FORECAST

- A Port of Alaska tariff increase will go into effect in January 2025. Despite this increase, cargo volume is not expected to be diverted to other modes of transportation (air, highway) or Southcentral ports.
- The volume of petroleum products, including aviation fuel, moving through the Port of Alaska has risen substantially over the last decade. Demand for petroleum products is expected to remain strong in 2025 due to increased cargo traffic at Anchorage International Airport, among other factors.
- Despite a decline in cement volume in 2024, construction activity in Alaska is expected to remain strong in 2025 and cement shipments are anticipated to resume growth.
- Construction projects at the Port in 2025 may increase capacity in future years, but shipping volume will likely remain stable throughout the next year.

Port of Alaska Volume (Million Tons), 2014-2025

Petroleum product shipping has driven increased volume at the Port of Alaska over the last several years.



CURRENT TRENDS			
	2024 TONS (JAN-NOV)	% OF 2024 TOTAL	2023-2024 % CHANGE IN VOLUME
FUEL VOLUME	3.4M	67%	+13%
CONTAINERIZED VOLUME	1.6M	31%	+2%
CEMENT VOLUME	0.1M	2%	-30%

Source: Municipality of Anchorage, Port of Alaska (2013 – 2023), McKinley Research Group Estimates (2024 – 2025)

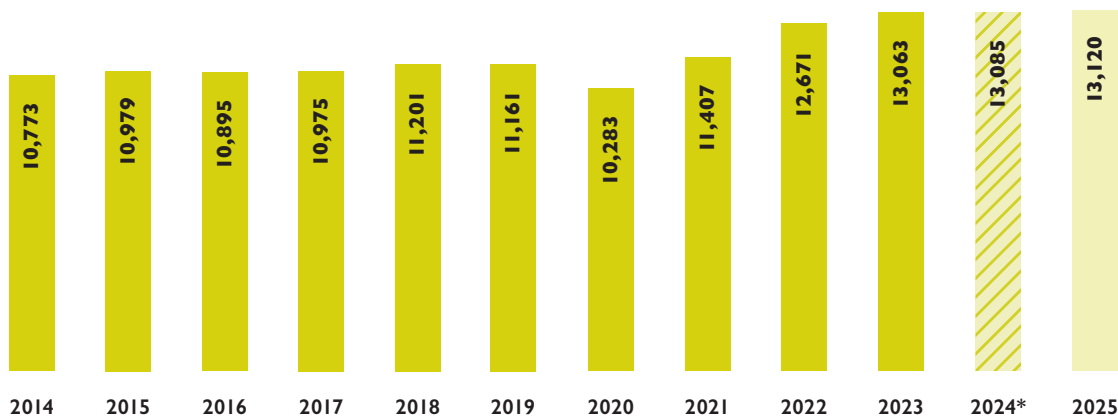
TRANSPORTATION EMPLOYMENT

Transportation employment will expand only slightly in 2025.

FACTORS CONTRIBUTING TO THE FORECAST

- New sorting facilities under construction by FedEx and NorthLink are expected to open later in 2025, increasing demand for employees in the Transportation sector.
- The Alaska Airlines/Hawaiian Airlines merger is not likely to have a significant impact on employment in Anchorage, as no routes are planned to substantially change.

Anchorage Transportation Employment, 2014-2025



Source: Alaska Department of Labor and Workforce Development (2014 – 2023), McKinley Research Group Estimates (2024 – 2025)

*Employment estimate is preliminary

CONSTRUCTION INDUSTRY

BUILDING PERMIT VALUES

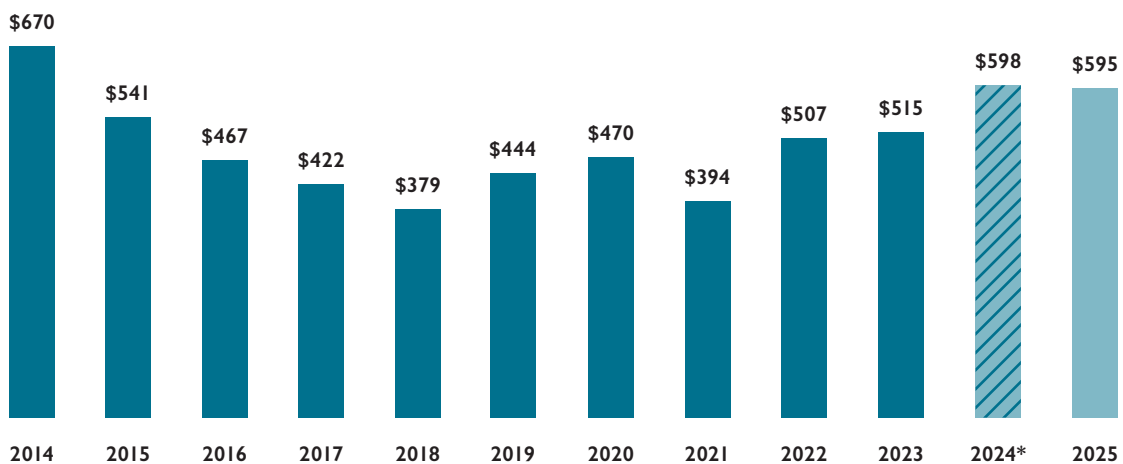
Anchorage construction permits in 2025 are expected to remain elevated compared to the decade average.

FACTORS CONTRIBUTING TO THE FORECAST

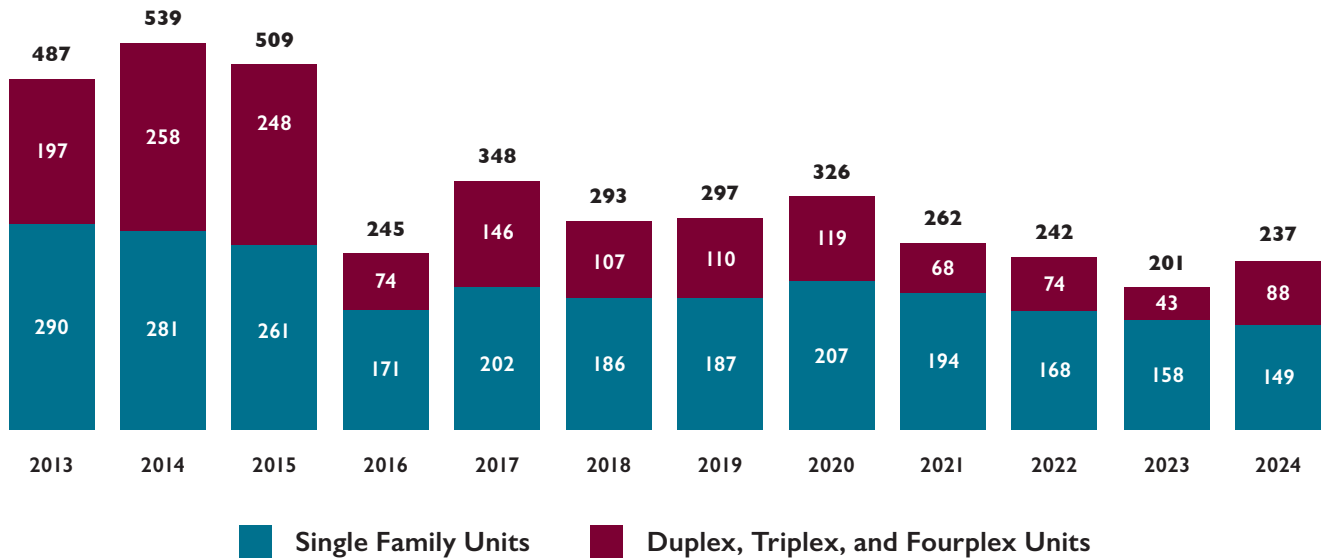
- The Federal Reserve is expected to continue with interest rates cuts. However, rates remain above pre-pandemic levels, exerting downward pressure on residential and private, commercial construction activity. Residential remodeling activity in particular contracted in 2024 amid high project costs.
- Permitting of two large projects – a new skilled nursing facility and a detox center – valued at a combined \$100 million, drove up building permit values in 2024. Notable commercial projects which could be permitted in 2025 include the Municipality of Anchorage Emergency Operations Center project and Atlas Air facilities at Anchorage International Airport, among others. However, total permit values in 2025 are expected to be slightly below 2024 due to the two large projects permitted that year.
- While Alaska organizations have received significant federal grant funding through the 2021 Infrastructure Investment and Jobs Act (IIJA), many projects are not in Anchorage, or otherwise do not fall within the Municipality of Anchorage’s permitting requirements.

Anchorage Building Permit Values (\$Millions), 2014-2025

Two large projects permitted in 2024 drove up total construction permit values.



New Residential Units Permitted in Anchorage by Type, 2013-2024



CURRENT TRENDS

	2024 PERMIT VALUES	2023-2024 % CHANGE
TOTAL ACTIVITY	\$598.8 MILLION	+16%
	2024	2023-2024 % CHANGE
AVERAGE HOMES SALES PRICE	\$513,916	+7%
	2019, YTD THROUGH OCTOBER	2024, YTD THROUGH OCTOBER
ANCHORAGE - MAT-SU AVERAGE HOME SALES PRICE DIFFERENCE	\$95,661	\$102,269

Source: U.S. Bureau of Economic Analysis (2013-2023), McKinley Research Group Estimates (2024 – 2025)

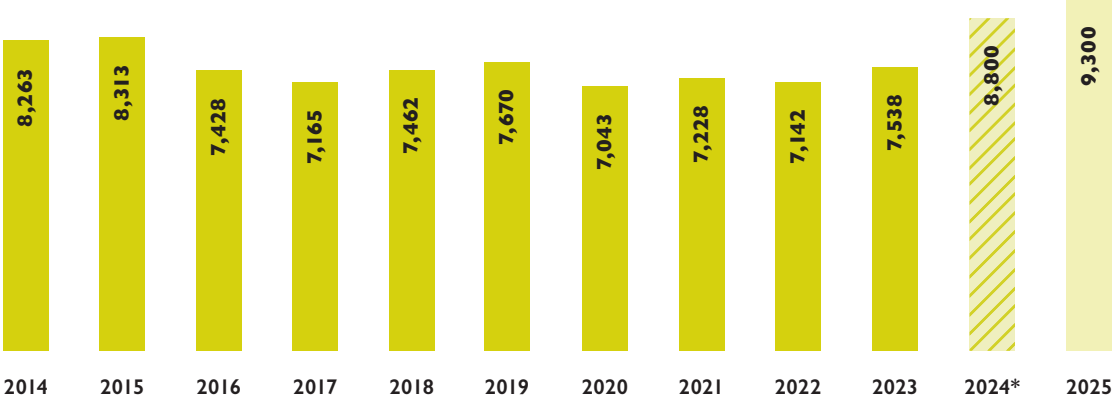
CONSTRUCTION EMPLOYMENT

Heightened construction activity across Alaska continues to drive increased Anchorage construction employment in 2025.

FACTORS CONTRIBUTING TO THE FORECAST

- Over \$8 billion in infrastructure funding authorized by the federal Infrastructure Investment and Jobs Act has been awarded to Alaska organizations, supporting demand for construction services statewide.
- Large oil field development projects on Alaska’s North Slope are also supporting demand for construction services.
- Anchorage is a hub of the statewide construction industry, and local employers will see increased demand for their services statewide based on these significant sources of demand.

Anchorage Construction Employment, 2014-2025



Source: Alaska Department of Labor and Workforce Development (2014 – 2023), McKinley Research Group Estimates (2024 – 2025)

*Employment estimate is preliminary

VISITOR INDUSTRY

ANCHORAGE AIR PASSENGERS

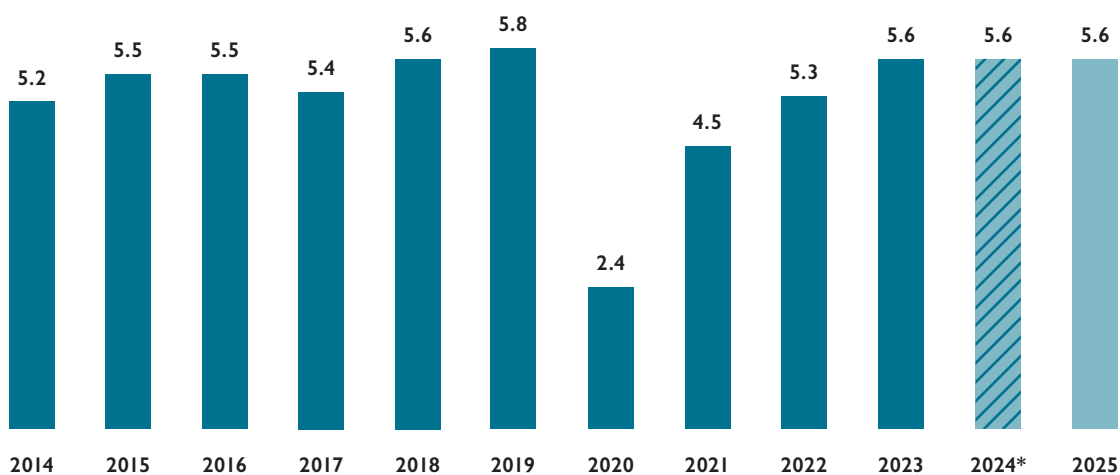
Air passenger volume through Anchorage International Airport is expected to remain consistent at 5.6 million passengers as post-pandemic travel stabilizes.

FACTORS CONTRIBUTING TO THE FORECAST

- Cross-gulf cruise ship passenger volume expanded in 2024 and is expected to remain above pre-pandemic levels in 2025.
- Non-cruise related visitor volumes have shown signs of stabilization to pre-pandemic levels. This trend is likely to continue in 2025.
- Nationally, domestic leisure travel is expected to expand into 2025 despite increasing travel costs over the last several years.
- In 2025, Alberta based WestJet plans to add a twice weekly service between Calgary and Anchorage, while Alaska Airlines adds new nonstop service to Detroit and Sacramento.

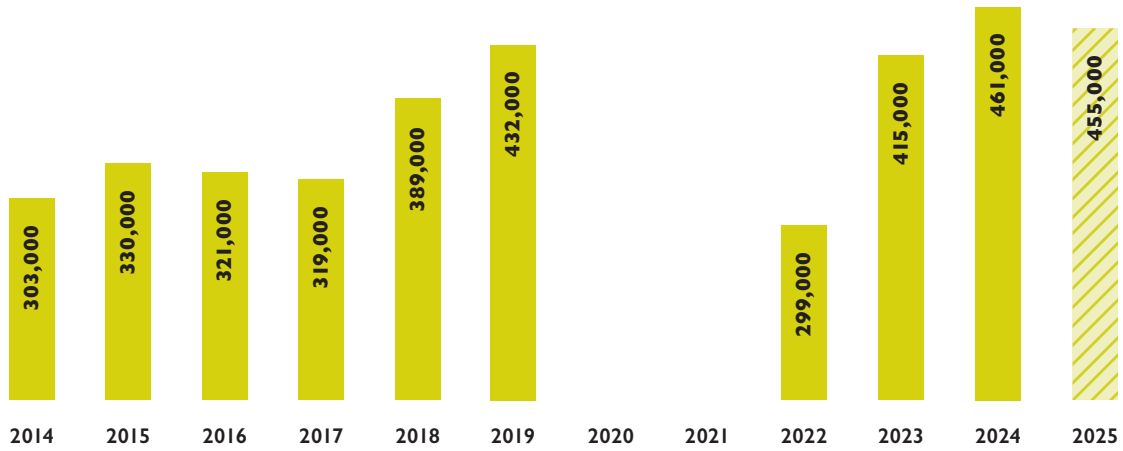
Anchorage International Airport Air Passenger Volume (Million Passengers), 2014-2025

Air passenger volumes were steady between 2023 and 2024.



Cross-Gulf Cruise Ship Passengers 2014-2024, 2025 Capacity

Cross gulf capacity will remain stable in 2025.



CURRENT TRENDS

MUNICIPAL TAX RECEIPTS	YTD (JAN-SEPT) 2024	YTD (JAN-SEPT) 2023-2024 % CHANGE
ROOM TAX	\$40.5M	+6%
RENTAL VEHICLE TAX	\$9.2M	-6%
ANCHORAGE AIR PASSENGERS	YTD (JAN-SEPT) 2024	YTD (JAN-SEPT) 2023-2024 % CHANGE
PASSENGER VOLUME	4.8M	<1%
CROSS-GULF CRUISE VOLUME (WHITTIER, SEWARD)	2024	2023-2024 % CHANGE
PASSENGER VOLUME	461,000	+11%

Source: Municipality of Anchorage; Cruise Line Agencies of Alaska; McKinley Research Group Estimates

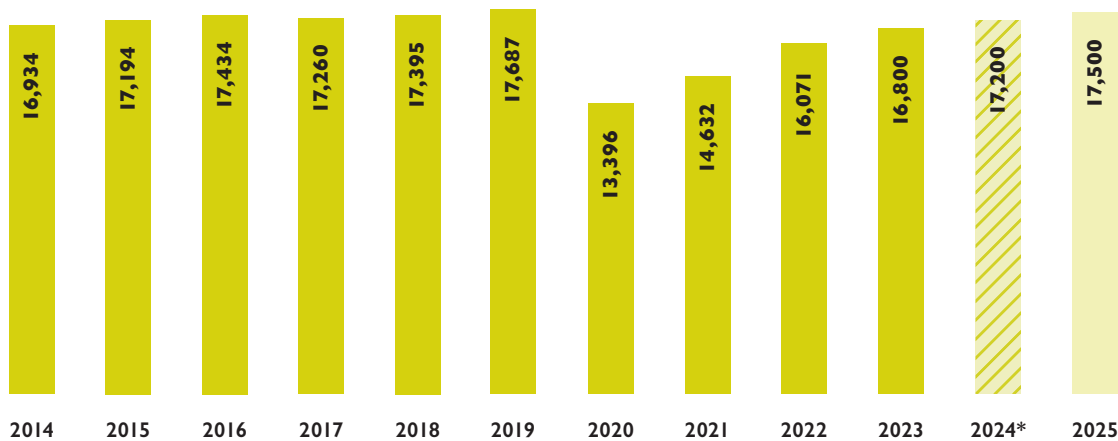
LEISURE AND HOSPITALITY EMPLOYMENT

Leisure and hospitality employment will continue to grow modestly in 2025.

FACTORS CONTRIBUTING TO THE FORECAST

- Across the U.S., the increase in the cost of dining out has outpaced the rise in grocery prices over the last several years, putting downward pressure on restaurant demand.
- In 2024, leisure and hospitality employment growth was largely driven by workers at recreation businesses which benefit from resident and visitor spending.
- Participation in the foreign summer visa program (J-I exchange worker program) expanded beyond pre-pandemic levels in summer 2023 in Anchorage and statewide.

Leisure and Hospitality Employment, 2014-2025



Source: Alaska Department of Labor and Workforce Development (2014 – 2023), McKinley Research Group Estimates (2024 – 2025)

*Employment estimate is preliminary

OIL AND GAS INDUSTRY

ALASKA NORTH SLOPE OIL PRICE AND PRODUCTION

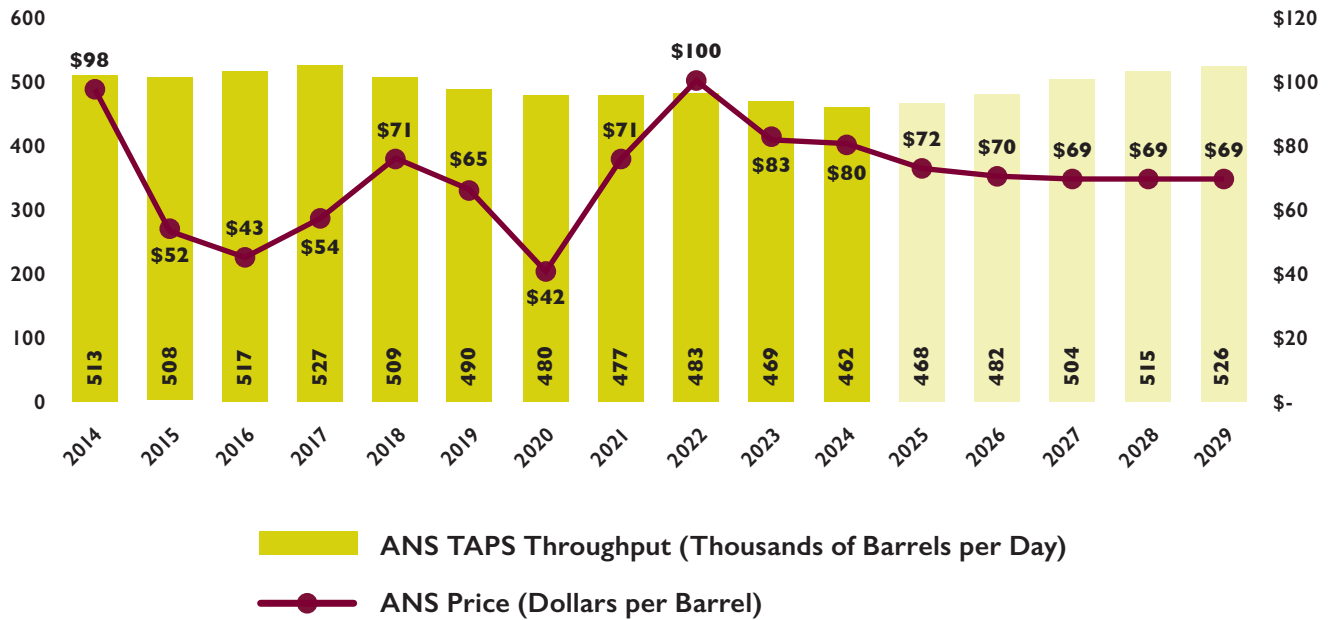
Alaska North Slope (ANS) prices are expected to trend downward, while production is expected to steadily increase as new production comes online in 2026 and beyond.

FACTORS CONTRIBUTING TO THE FORECAST

- Construction is underway on two large new developments on Alaska's North Slope – Santos' Pikka project and ConocoPhillips' Willow project. New production may begin in late 2025/early 2026, with the pace of work accelerated on Santos' Pikka project.
- ConocoPhillips' Nuna project moved into production in late 2024. The development is expected to add 20,000 barrels per day at peak production.
- Global oil supply growth is likely to outpace demand growth in the near term, exerting downward pressure on oil prices.
- Continued geopolitical pressures from conflict in the Middle East and Russia/Ukraine are a significant source of uncertainty in production and price expectations.
- Alaska North Slope oil prices averaged about \$80.47 per barrel in 2024, a decrease of 3% compared to 2023.

Alaska North Slope Crude Oil Production and Prices, CY 2014-2029

Production has remained steady through volatile price swings.



CURRENT TRENDS

	CY 2024 AVERAGE	CY 2023 – CY 2024 % CHANGE
ANS OIL PRICE/BARREL	\$82.47	-3%

Sources: Alaska Department of Revenue, Energy Information Administration, CME Group, McKinley Research Group calculations

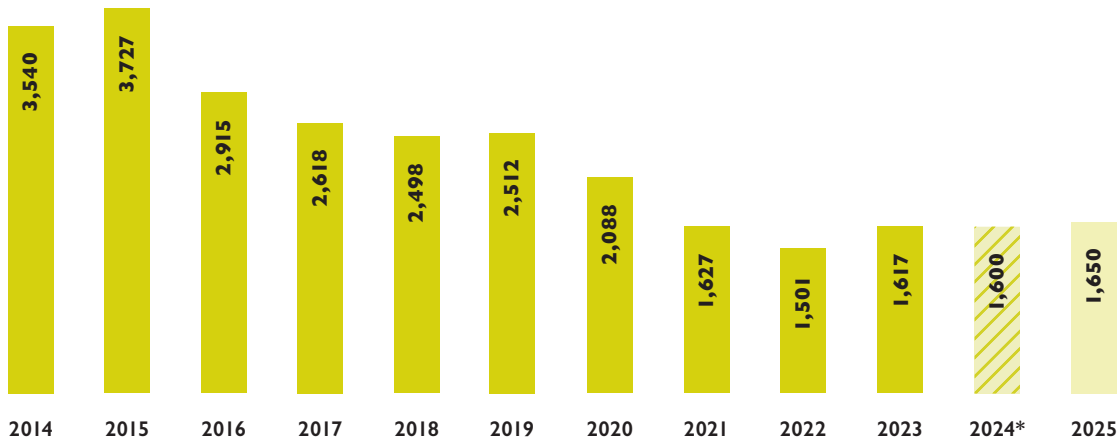
OIL AND GAS EMPLOYMENT

Projects under development on Alaska’s North Slope will drive modest Oil & Gas employment growth in Anchorage.

FACTORS CONTRIBUTING TO THE FORECAST

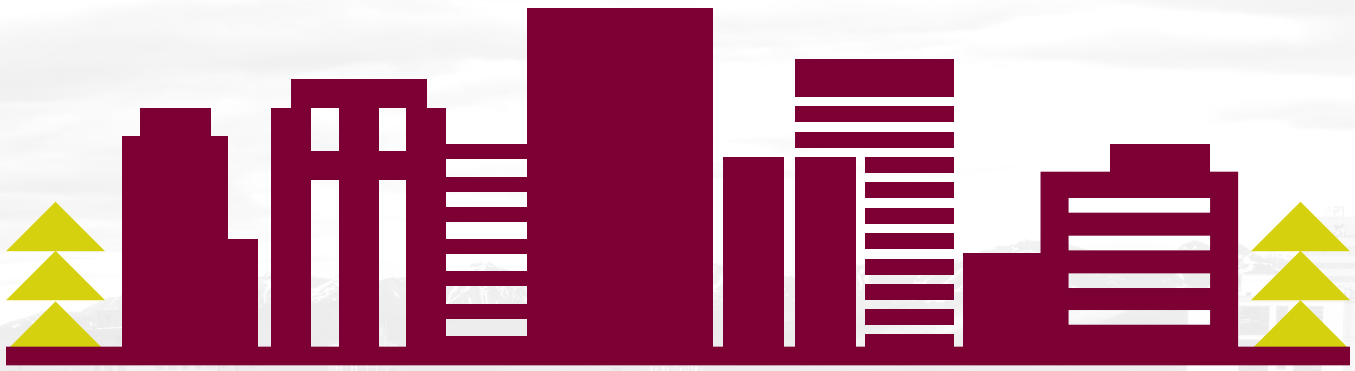
- Santos intends to increase Anchorage employment in 2025 as they work towards first production at Pikka at year end.
- High oil price environments and increased activity on Alaska’s North Slope will generate modest additional oil and gas and support services employment in Anchorage in 2025.
- Oil industry employment growth was slow, yet positive through the first half of 2024.

Anchorage Oil & Gas Employment, 2014-2025



Source: Alaska Department of Labor and Workforce Development (2014 – 2023), McKinley Research Group Estimates (2024 – 2025)

*Employment estimate is preliminary



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