

1984 ANCHORAGE EMPLOYMENT FORECAST

By Greg Huff

The employment forecasts listed on page 6 are based on the Box-Jenkins ARIMA modeling method. ARIMA models are a quantitative method which can be used to produce short-term forecasts of a time series from its own prior values. The forecasts presented are based on actual counts of employment through December 1982 and estimated employment through October of 1983. The ARIMA forecasts were adjusted to reflect more recent information.

Total Employment

Generally, the forecasts indicate a healthy but slowing economy. Total employment is forecast to increase 3.4%, compared to 10.4%, 10.5%, and 8.1%, respectively, for 1981 through 1983. Declining construction activities and a slowdown of government employment growth are the primary contributors to the slackening growth in total employment. The retail trade; finance, insurance, and real estate; and services sectors are forecast to continue their vigorous growth trend. Anchorage employment growth is forecast to outpace statewide growth of 1.7%. Anchorage, in 1984, will not feel the full repercussions of some factors dragging on the statewide economy. A depressed pulp and lumber industry, a sagging seafood processing sector, and decreasing construction activity on the North Slope will have little impact on Anchorage.

Mining

Mining employment is forecast to increase moderately in 1984. Continued weak oil and precious metal prices will moderate expansion in the mining sector. Anchorage oil industry employment will increase because of the supporting role Anchorage based staffs play in the ongoing development and recovery enhancement projects in the oil fields on the North Slope and the exploration for new fields. Despite the disappointing news about the Mukluk exploratory well, exploration for new oil will continue, though at a cautious pace.

Construction

Construction employment is forecast to decline about 8.1% in 1984. The decline will come primarily from lower activity in the residential housing market. Indications of a weakening residential housing market began appearing in late 1983. The condominium market was saturated. Financiers began tightening construction loan policies on speculative projects in response to the supply situation. The number of housing permits issued in that last quarter of 1983 began to slip from the record highs seen earlier in

**Anchorage Employment Forecast
1983-1984***

	1983	1984	% Change	# of Jobs
Total Nonag.	103950	107450	3.4	350
Mining	3250	3350	3.1	100
Construction	9250	8500	-8.1	-750
Manufacturing	2600	2700	3.8	100
Food & Kindred	500	500	—	—
Other Manufacturing	2100	2200	4.8	100
Trans. Comm. & Utilities	9000	9250	2.8	250
Trucking & Warehousing	1300	1300	—	—
Water	350	350	—	—
Air Transportation	3550	3650	2.8	100
Other	3800	3950	3.9	150
Trade	24900	26450	6.2	1550
Wholesale	5950	6200	4.2	250
Retail	18950	20250	6.9	1300
General Merchandise	1750	1750	—	—
Food Stores	2500	2650	6.0	150
Eating & Drinking Places	7250	7750	6.9	500
Other	7500	8100	8.0	600
Fin. Ins. & Real Estate	6950	7450	7.2	500
Services	23050	24400	5.9	1350
Government	25000	25350	1.4	350
Federal	10000	10100	1.0	100
State	6400	6500	1.6	100
Local	8600	8750	1.7	150

* Numbers may not sum because of rounding.

the year. For the whole of 1983, 9,259 building permits were authorized compared to 6,767 in 1982. However, the last quarter results revealed a 48% decline from 1982 levels. The declines were based in all types of structures from single family dwellings to condominiums. Condo's with 5 or more individual units declined by the greatest amount. Although activity in the residential sector will slacken in 1984, Alaska Housing Finance Corporation mortgages and the in-migration of population will maintain a sizable amount of home construction activity for the 1984 season.

Private commercial construction activity in 1984 will remain flat, but will experience shifts in the activity mix. Some commercial markets, such as office space, are saturated and suffering from high vacancy rates. These markets will encounter declines in activity. Other markets have room for additional capacity and will see such increases. An example of this is the hotel and retail trade markets.

Public construction will also hold steady in 1984. Road construction will again top the \$100 million mark with projects such as the A/C couplet, the extension of Minnesota bypass and phase one of Dimond Blvd. Also major facilities such as project 80's library which were funded during the run up of state revenues will reach peak construction in 1984.

Government

Growth in government employment is forecast to slow to 1.4% in 1984 compared to 4.6% in 1983. Federal government will continue its sluggish growth with the civilian military providing the impetus for a small gain. The Municipality of Anchorage, living with its new austerity budget, will keep manpower increases to a minimum but additional services will push employment levels up. The local education sector is likely to experience a large share of local government growth. The location of the increasing number of state offices in Anchorage means that Anchorage's state government employment will experience another growth year.

Other Industries

The surge in population and personal income experienced since late 1980 will continue to generate growth in the secondary industries such as transportation, utilities and communication; trade; finance, insurance and real estate; and services. Areas of retail trade will be one of the fastest growing sectors. Increased tourism in 1984 will also add impetus to firms providing goods and services to tourists, such as accommodations, gift shops and air and bus transportation.
