

Anchorage's Recovery Behind Statewide Trend

Why Alaska job growth resumed in late 2018, but the city lags

By NEAL FRIED

While Alaska's job growth resumed in late 2018 after three years of loss, Anchorage is taking longer to shake the effects of the state recession. (See exhibits 1 through 3.)

Alaska began to add jobs in the last quarter of 2018, then registered growth of 0.3 percent in the first quarter of 2019. Our employment estimates through July suggest these gains, though modest, have continued.

Anchorage, which is home to nearly half the state's jobs, sustained slightly larger employment losses during the recession and its decline has continued into 2019.

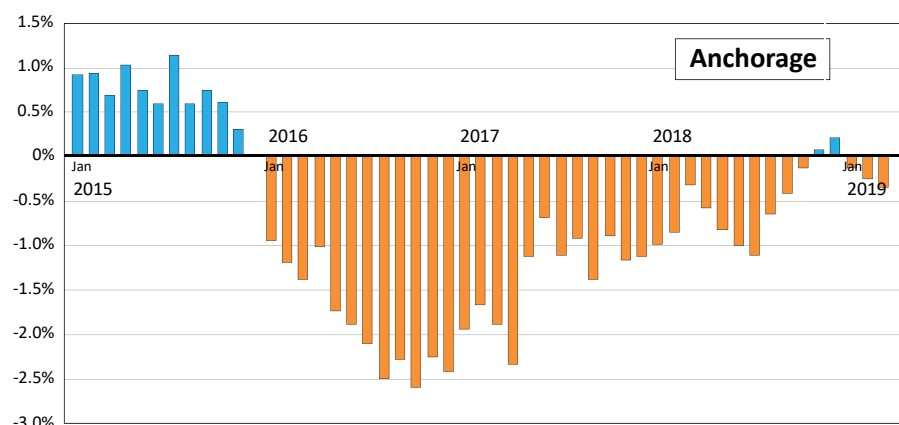
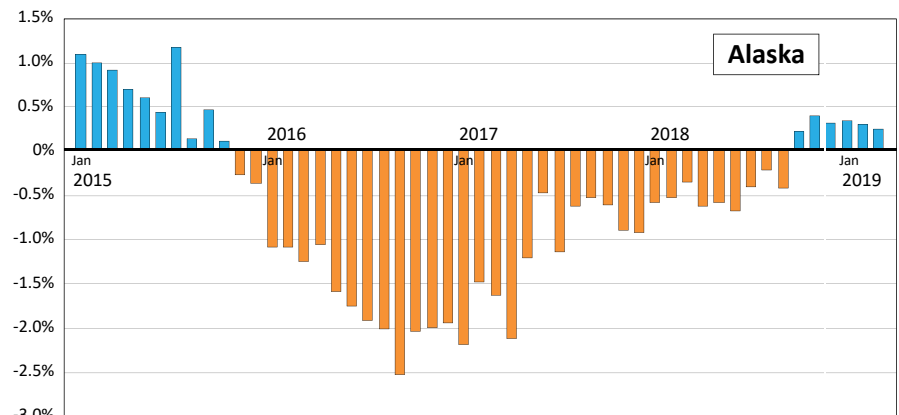
The city's employment was essentially flat in the last quarter of 2018 compared to the prior year, then down -0.3 percent in first quarter 2019. Estimates through July show employment has leveled or continued to decline slightly.

Why the difference?

Oil industry growth was mostly on the Slope

One factor that has pushed Alaska

1 Anchorage Slower to Resume Job Growth COMPARED TO STATEWIDE, QUARTERLY AVERAGE, 2015 TO 2019



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

2

Job Growth or Loss by Industry

ALASKA AND ANCHORAGE, 4TH QUARTER 2018 AND 1ST QUARTER 2019

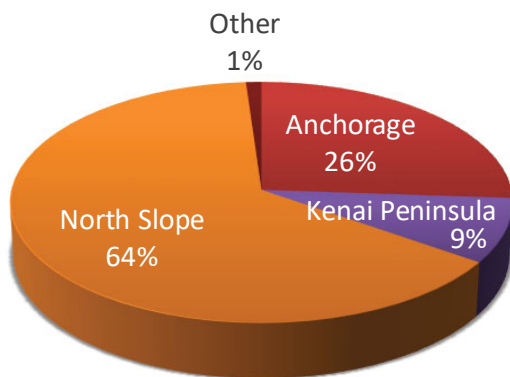
Industry	Change in jobs from 4th quarter 2017 to 4th quarter 2018		Change in jobs from 1st quarter 2018 to 1st quarter 2019	
	Anchorage	Alaska	Anchorage	Alaska
Total Wage and Salary Employment	60	1,058	-376	1,001
Natural Resources	-36	348	16	530
Oil and Gas	-77	199	2	456
Construction	595	1,324	441	801
Manufacturing	94	-447	97	-4
Wholesale Trade	43	9	43	54
Retail Trade	-623	-262	-498	-128
Transportation and Warehousing	162	407	-97	78
Utilities	55	62	-14	2
Information	-288	-370	-167	-263
Financial Activities	-189	-304	-90	-186
Professional and Business Services	160	-208	28	-121
Educational and Health Care Services	354	746	185	158
Health Care	125	598	-17	156
Leisure and Hospitality	223	443	217	475
Accommodation	49	59	70	185
Eating and Drinking	206	407	188	327
Other Services	-132	-21	-260	-133
Government	-374	-708	-319	-336
Federal Government	-150	-138	-98	-142
State Government	60	64	14	40
Local Government	-283	-633	-236	-234

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

3

Where the Oil Jobs Are

ALASKA, 2018



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

back into job growth is improvement in the oil industry. After losing 6,000 jobs from 2014 to the summer of 2018, the industry began to recover by the end of 2018. During that last quarter, employment was up by nearly 200 from late 2017, and in the first quarter of 2019, jobs were up by more than 400. Nearly all of that job growth was on the North Slope.

In March 2019, the North Slope had 9,899 oil and gas jobs, and Anchorage had 2,531. (See Exhibit 3.) Anchorage is the state’s headquarters for the oil industry, and headquarters employment is far less volatile than Slope employment, during expansion as well as contraction.

That’s not to say Anchorage hasn’t benefited from that growth in ways these job numbers don’t reflect. Anchorage residents are one of the largest groups of Slope workers, and while their jobs are counted on the Slope, they spend much of their income at home.

Much of the recent job growth has been on the North Slope, and Anchorage suffered unusually large retail losses over the past few years due to the closures of multiple big box stores.

Anchorage had much bigger losses in retail trade

Retail took a much bigger hit in Anchorage during the recession than it did statewide, as the city saw an unusually large number of store closures. Some of the larger closures included two Sam's Clubs, Toys R Us, and Bed Bath and Beyond.

During the first quarter of 2019, Anchorage's retail employment was down about 500 from the year before, while statewide retail was down just 128 jobs. In other words, removing Anchorage from the numbers puts retail trade jobs throughout the rest of the state up by nearly 400 in the first quarter of 2019.

Adding the Mat-Su Borough would change the story

Many economists and residents see Anchorage and the Matanuska-Susitna Borough as a single economy, because there's so much interaction between the areas' businesses and workforces. If we include Mat-Su in this analysis, it changes the picture considerably.

The larger Anchorage/Mat-Su Region's pattern has followed the statewide pattern, with regional job growth resuming in the last quarter of 2018. That's because Mat-Su weathered the three-year recession with only one year of job loss (2017), and that loss was just 100 jobs, or -0.3 percent.

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