

# ALASKA'S ECONOMY

## It's everyone's business.

BRETT WATSON, RESEARCH PROFESSIONAL AT THE INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH AT THE UNIVERSITY OF ALASKA ANCHORAGE, SHARES HIS VIEWS ON THE ALASKA ECONOMY.

Dear reader,

In September, Alaska's daily oil prices averaged \$95 per barrel for the first time in a year. However, prices fell in October during the renewed conflict in the Middle East.

Many states in the nation have seen moderate economic growth over the last few months, while Alaska's economic activity has been comparatively flat. Most regions across Alaska have reported positive job growth in the leisure and hospitality, and construction industries.

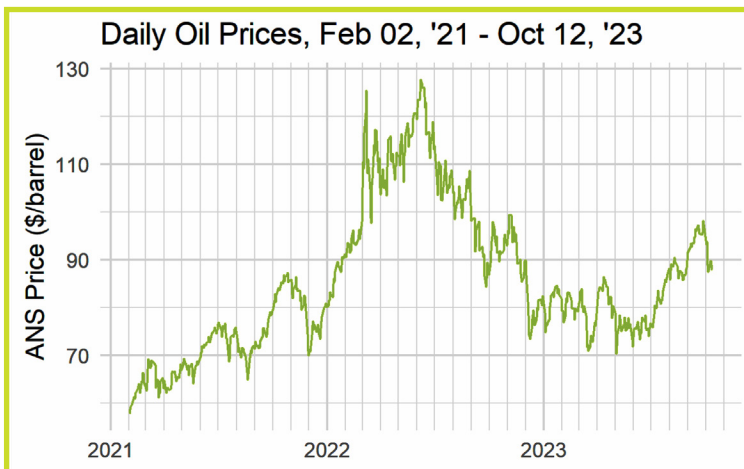
Housing affordability remains a concern. Data from the National Association of Home Builders shows a typical median-income household in Alaska can afford roughly 60% of all homes sold in the second quarter of 2023, a significantly higher fraction than other Northwestern and Mountain West states.



### Alaska oil prices

Alaska's benchmark oil price, ANS West Coast, was \$87.96 on Oct. 12. In September, daily prices averaged \$95.03 per barrel, compared to \$92.43 in September 2022 and \$74.85 in September 2021. ▼

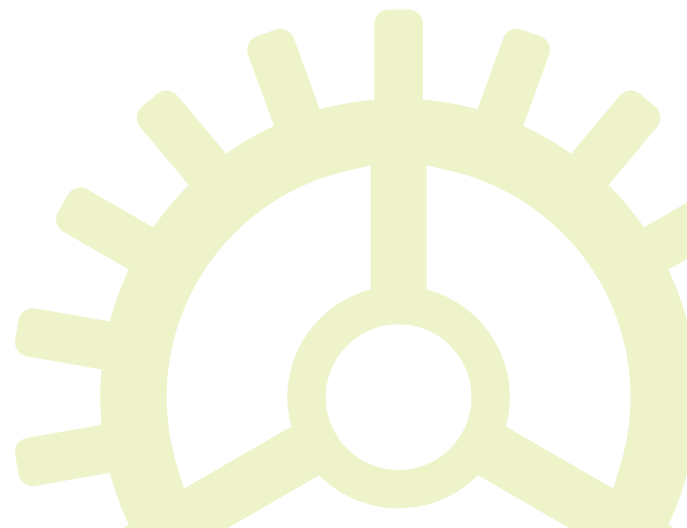
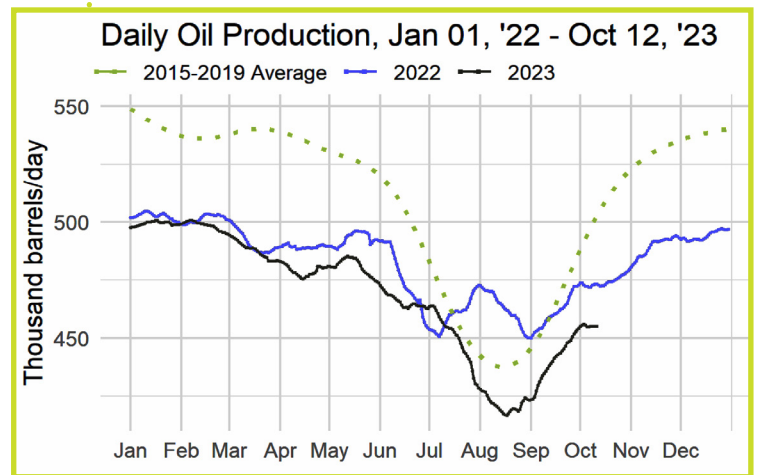
Data from the Alaska Department of Revenue



### Alaska daily oil production

Daily oil production in Alaska was 458,000 barrels on Oct. 12. In September, daily production averaged 453,588 barrels, compared to 473,000 in September 2022 and 471,000 in September 2021. ▼

Data from the Alaska Department of Revenue



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## Alaska leisure and hospitality jobs

From August 2022 to August 2023, Anchorage added 1,300 jobs, the Gulf Coast region gained 400, and the Southeast region reported 500 new jobs. The leisure and hospitality industry was a boost to these three economic regions as they recovered from the pandemic.

The construction industry showed a positive trend, adding 900 jobs statewide, primarily in Anchorage. Most other industries across Alaska reported a mix of positive and negative growth. The education and health services industry expanded by 900 jobs in Anchorage, the majority in healthcare, and 200 in the Gulf Coast region. This industry contracted 100 jobs in the Interior and Southeast Alaska. The professional and business services industry, such as law and accounting practices, had negative growth in each region. The Northern region job change was zero, while the Southwest region added 300 jobs and the Interior region added 100 jobs. Data from the Northern and Southwest regions are more limited and excluded from the figure. ▼

Data from the Alaska Department of Labor and Workforce Development

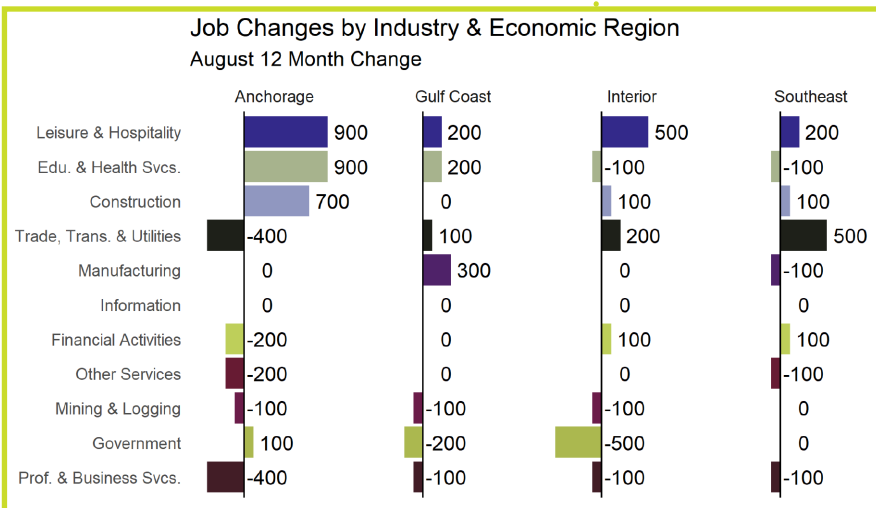
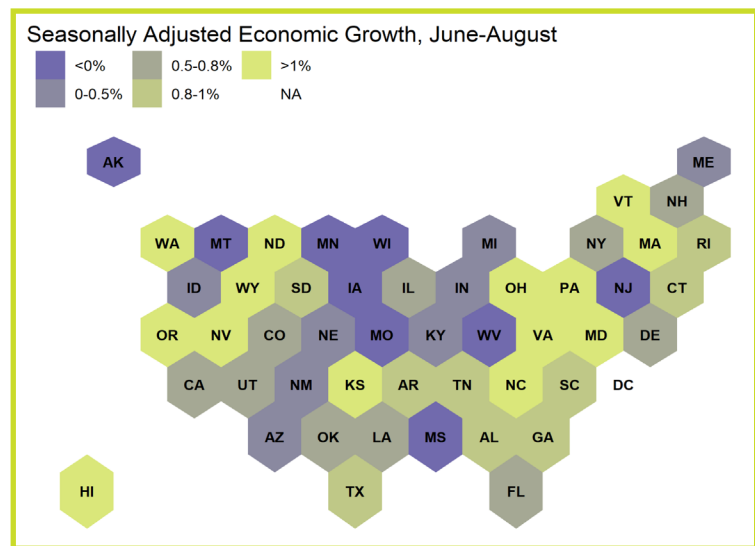


## National economic activity

The Philadelphia Federal Reserve's Coincident Economic Activity Index measures and aggregates four key economic indicators: nonfarm payroll employment, unemployment rate, average hours worked in manufacturing, and wages and salaries. It is designed to identify turning points in state-level economic activity and regional business cycles.

The map shows each state's economic activity from June to August. Throughout the period, economic conditions improved in 40 states, held in two, and decreased in eight, including Alaska. The Northeast had the best outcomes during that time. Maryland leads the country at a 3.6% annualized rate increase, while Pennsylvania and Massachusetts had a 2% gain. Growth was most negative in West Virginia (-1.7%) and Montana (-0.7%). Alaska's contraction was a more modest -0.08%. ▼

Data from the Philadelphia Federal Reserve Bank Coincident Indexes



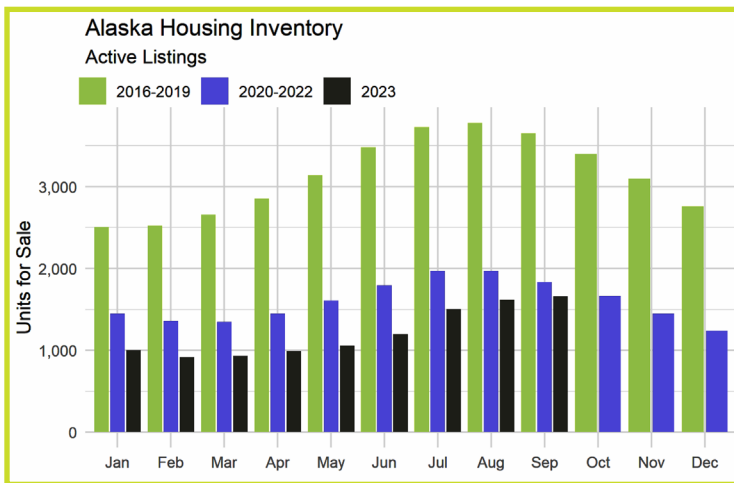


## Alaska housing inventory

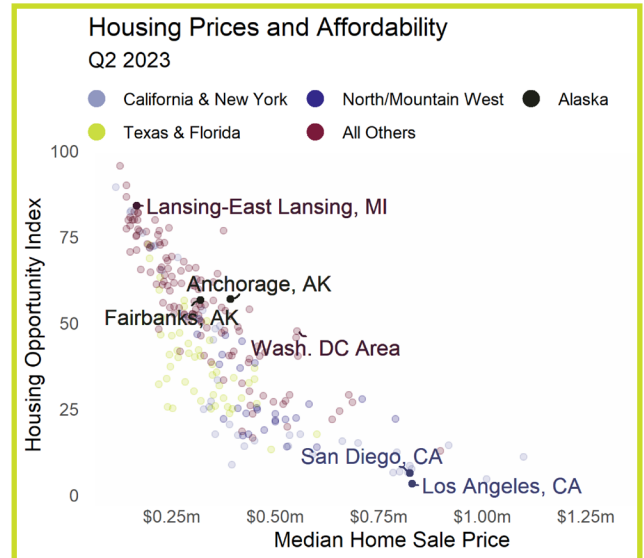
The number of homes listed for sale in Alaska rose from 1,620 units in August to 1,656 in September. While this change is modest in absolute terms, the typical pattern is for listings to fall after August. To date, housing inventory for sale has been depressed in 2023, far less than half the pre-pandemic monthly average.

High interest rates and unmotivated sellers influence the low inventory and likely put upward pressure on the housing market. Homeowners who purchased or refinanced a home in the last decade have secured historically low-interest loans. A new home buyer in today's market faces the prospect of rates two to three times higher. ▼

Data from Realtor.com Housing Inventory Core Metrics



Data from the National Association of Home Builders/Wells Fargo Housing Opportunity Index



## National housing prices and affordability

The Housing Opportunity Index (HOI) estimates the share of homes in a metro area that would be affordable to median-income households. Affordability is defined as spending less than 28% of gross income on housing, a standard lending industry assumption.

In the second quarter of 2023, California had the slightest housing opportunity and the highest housing prices in the country. On the other hand, the Great Lakes region had low housing costs and high housing opportunities. Nationally, median-income households can afford roughly 46% of houses sold in half of metro areas in the country.

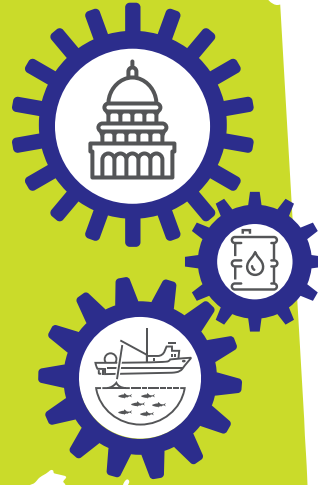
Alaska's metro areas are above this number, with median-income households able to afford around 57% of the housing market in Fairbanks and Anchorage. Texas and Florida have many metros with lower housing prices than Alaska and are less affordable because of the comparatively lower incomes in these states. Alaska also compares fairly to other North and Mountain West states with higher housing prices. ▲

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## Did you know...

Anchorage added 1,300 jobs since August 2022?

Learn more in this issue of *Alaska's Economy*.



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