

# ALASKA ECONOMIC **TRENDS**

JUNE 2007



## The Matanuska-Susitna Borough An Economic Standout

### WHAT'S INSIDE

#### Employment Scene

April brings warmer weather,  
longer days and more jobs



ALASKA DEPARTMENT OF LABOR  
& WORKFORCE DEVELOPMENT

Sarah Palin, Governor  
Commissioner Click Bishop

# ALASKA ECONOMIC TRENDS



ALASKA DEPARTMENT OF LABOR  
& WORKFORCE DEVELOPMENT

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*Alaska Economic Trends* is a monthly publication dealing with a wide variety of economic-related issues in the state. Its purpose is to inform the public about those issues.

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Cover: The license plate belongs to Lisa Marie Heitman-Bruce. She grew up in Kodiak and lived there as an adult, moved out of state for 10 years, then lived with her sister in Mat-Su for a few months before moving to Anchorage a year ago. She works in Anchorage too, for the Girl Scouts, but heads to Mat-Su just about every weekend. "I love the Valley. I just think it's beautiful," she said, adding that she thinks that's where growth is headed. "I think it's the best of both worlds. It's far enough out in the country – it's very peaceful – and yet the city is minutes away. It's nice and spread out." Asked if she gets a lot of comments about her license plate, Heitman-Bruce said, "No, but I get a lot of honks. They're not angry – they're smiling. I think it's because of the plate." Photo by Lisa Marie Heitman-Bruce

## Sarah Palin, Governor of Alaska Commissioner Click Bishop

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## **Mat-Su Borough – 77,000 People Living an Alaska Lifestyle**

**By Governor Sarah Palin**

This month's *Alaska Economic Trends* covers an area of Alaska I have called home for most of my life – the Matanuska-Susitna Borough.

The Mat-Su is blessed with land that is available for development. Available land, along with close proximity to Anchorage, has resulted in a residential boom. Between 2000 and 2006, the borough's population grew by more than 30 percent, compared to just 9 percent for Anchorage and 7 percent for the state as a whole.

As mayor of Wasilla, I witnessed the pressures rapid population growth have on public services – public safety, schools, roads, clean water, and other government services – and how to pay for them. We addressed these through prudent and thoughtful investment in public services in a partnership among the federal, state, borough and local governments.

Partnerships like these are critical to ensuring the public is served by its public servants. This year, the Alaska Legislature set aside partisanship to work together and with my administration to reach consensus on many important public policy choices. The Alaska Gasline Inducement Act passed the Legislature with only one dissenting vote. This landmark legislation will enable my administration to move forward on a future cornerstone of Alaska's economy. I also compliment the Legislature for adopting comprehensive executive and legislative ethics reform legislation. It is so gratifying that the legislative and executive branches were able to work together to take these steps to reassure Alaskans that their public servants put Alaskans' interests first.

The Legislature also reached consensus on significant funding issues, including financial aid to local communities and school districts, and addressing the long-term financial stability of the Public Employees' and Teachers' Retirement Systems. These actions will help ensure the continued vitality of Alaska's communities, from Nome to Tok, and from Barrow to Ketchikan.

While I have resided in the Mat-Su most of my life, Alaska is my home and Alaska's people are to me one large family. We have a bounty of natural and human resources. Through partnerships and consensus, we can continue to achieve great things.

## An Economic Standout

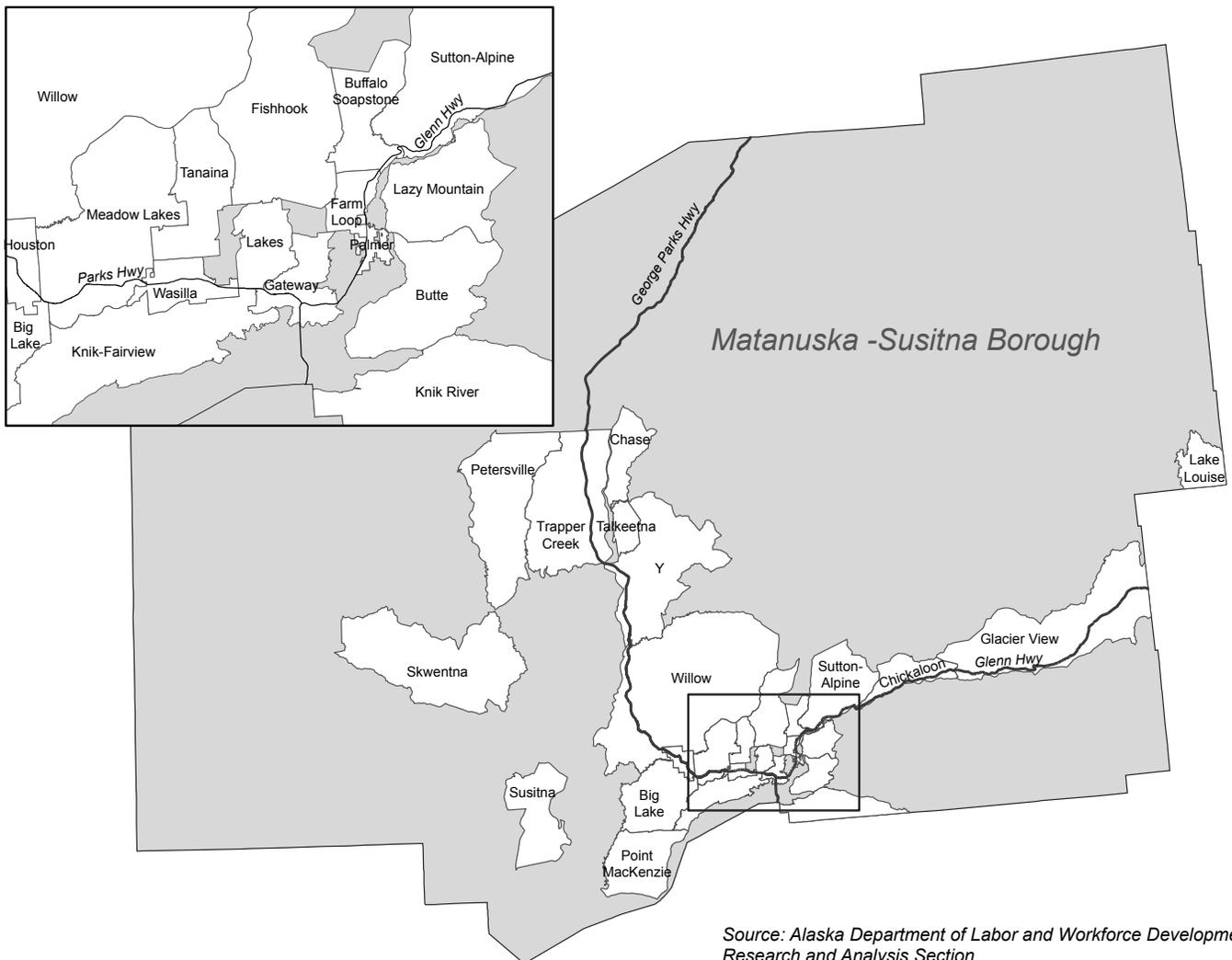
**B**y most economic measures, the Matanuska-Susitna Borough has been a clear standout in Alaska over the last two decades. The source of the borough's growth is no mystery: it's within commuting distance to Anchorage, the state's largest city, and it has more affordable housing

and more room to grow than Anchorage. Such a pattern of development – faster growth in the area surrounding a major city than in the city itself – is unique in Alaska, but not unlike many other parts of the country.

### It's a big place

In both square miles and population, Mat-Su is the third largest borough in the state. Nearly the size of West Virginia, the borough's population of

## 1 The Matanuska-Susitna Borough Communities within the borough



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

77,000 is surpassed only by Anchorage and the Fairbanks North Star Borough. It's home to three residents per square mile, compared to 166 in Anchorage. Unlike Anchorage, where most of the large swaths of developable land are gone, Mat-Su still has significant room to grow, which is why it has become home to the lion's share of the area's new residents in recent years.

Although the borough is land rich, most of its residents still live along the road system between Willow and Sutton. (See Exhibit 1.) Its three incorporated communities – Palmer, Wasilla and Houston – are home to 18 percent of the population and the balance lives scattered among 25 other identified communities. A few of these communities are off the road system, but are relatively accessible by snow machine, boat or other off-road vehicle. Others, such as Lake Louise, are on the road system but are farther from the more densely populated stretch between Palmer and Houston.

### Population growth hasn't slowed

Between 2000 and 2006 the borough's population grew by 30 percent, compared to just 9 percent for Anchorage and 7 percent for the state as a whole. (See Exhibits 2 and 3.) Growth from migration was more than four times as high for Mat-Su than for Anchorage during those six years (see Exhibit 4), and Mat-Su's share of the region's population has steadily climbed. (See Exhibit 5.)

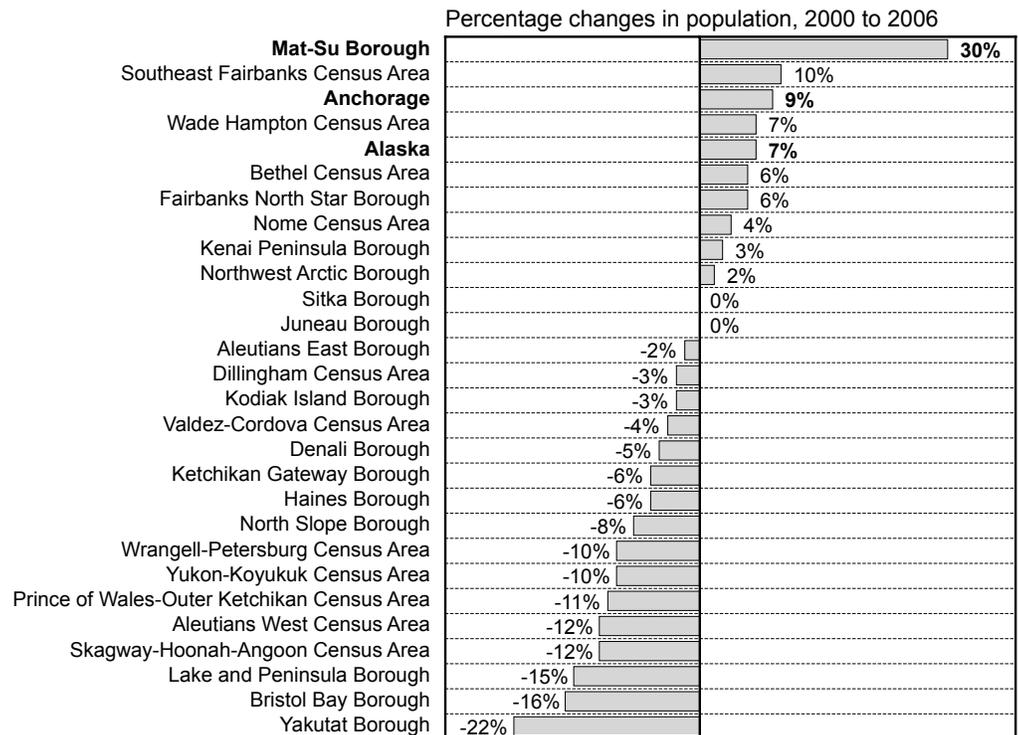
Mat-Su has also bucked the statewide trend that has seen more people move out of the state than move in since 2000. Although plenty of other boroughs and census areas have grown since 2000, Mat-Su is the only area in the state where growth has come primarily from migration, rather than natural increase (more births than deaths).

In fact, since 2000 over three-quarters of the borough's population growth has come from

## The Mat-Su Borough is a Standout

### Population changes, 2000 to 2006

# 2



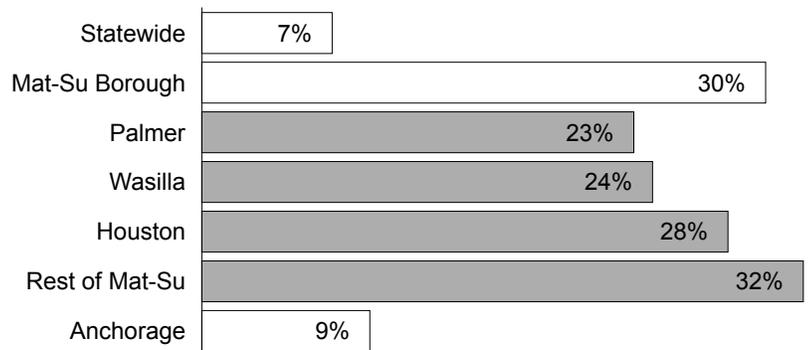
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## The Broadest Economic Indicator

### Mat-Su's population

# 3

Population growth: Percentage changes from 2000 to 2006

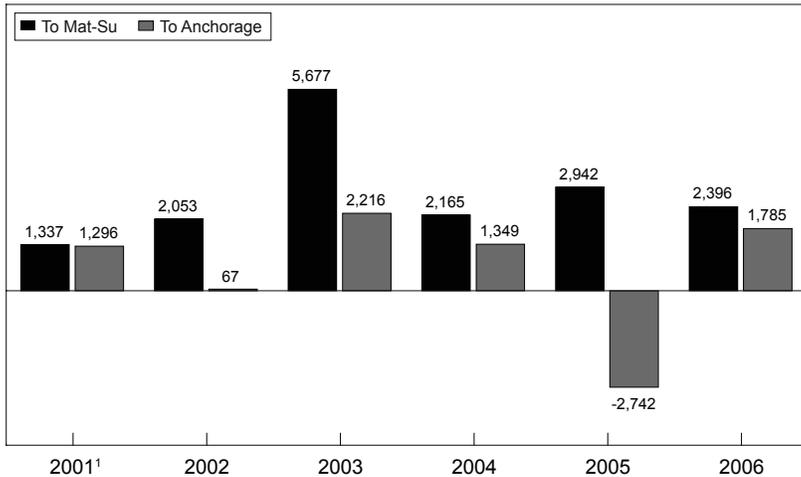


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

migration, the remaining having come from natural increase. Over that same time period, only Mat-Su, Anchorage and the Fairbanks North Star Borough have seen a net increase in migration. The remaining 24 boroughs and census areas in the state all saw more people migrate out than migrate in from 2000 to 2006.

## 4 More Are Moving to Mat-Su Net migration, 2001 to 2006

Net Migration

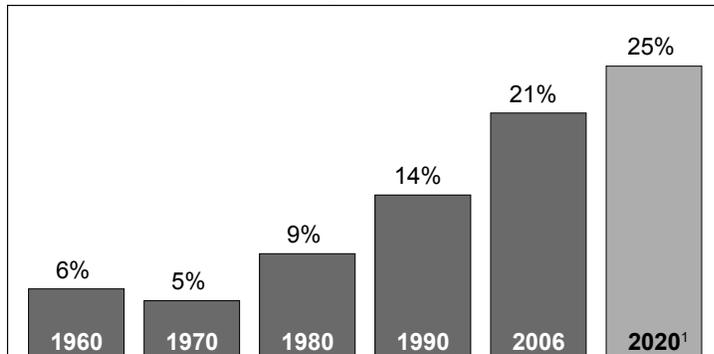


<sup>1</sup> The numbers for 2001, for instance, represent the over-the year net migration for the 2000-2001 period.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S. Census Bureau

## 5 A Growing Share for Mat-Su 1960 to 2020

Mat-Su's population as a percentage of the Anchorage/Mat-Su region's



<sup>1</sup> Projected

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S. Census Bureau

Mat-Su's population grew by 4.2 percent in 2006, compared to 1.7 percent for Anchorage. Steady growth in that range – a little more than 4 percent per year for Mat-Su since 1990, compared to 1.3 percent for Anchorage and a hair over 1 percent for the state as a whole – has resulted in the borough capturing a growing share of the combined Anchorage/Mat-Su region's total population. In 1990, Mat-Su's population represented 14 percent of the region's total; by 2006 its share had grown to 21 percent.

## Most of the borough has shared in the growth

A vast majority of the 28 identified places or communities in the Mat-Su Borough have been above-average performers since 2000. (See Exhibit 6.) Most are situated in a core area that runs along the Parks Highway from Palmer through Wasilla, Meadow Lakes and Knik-Fairview, among other communities, and then ends in Houston.

Knik-Fairview, the largest place in the borough, grew the fastest in absolute numbers and grew second-fastest on a percentage basis. In fact, though unincorporated, Knik-Fairview is the fifth largest place in the state. What's more, two additional unincorporated communities, Lakes and Tanaina, are also bigger than the borough's three incorporated communities.

Six places in the borough grew by more than 1,000 people from 2000 to 2006. (See Exhibit 7.) Not all the growth has come from the Parks Highway corridor between Palmer and Houston, either. Some of the more far-flung communities such as Y, Talkeetna and Willow also experienced healthy growth. Among the few exceptions to Mat-Su's juggernaut of population growth are the more remote communities of Chase, Skwentna and Glacier View, where the population has actually declined in recent years.

## School enrollment numbers also stand out

The Mat-Su Borough's school enrollment numbers coincide with the borough's surge in population. (See Exhibit 8.) Unlike statewide school enrollment that peaked in 1999, the borough's enrollment has continued to grow. Preliminary numbers indicate that the enrollment in Mat-Su schools was up 2 percent in the 2006-2007 academic year. That's a slowdown from recent years, but any growth at all is a contrast with the flat or declining enrollment in other parts of the state.

# The Mat-Su Borough's Population Estimates for cities and Census Designated Places<sup>1</sup> **6**

	2006 Vintage Population Estimates <sup>2</sup>							Percentage	
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Census	Change	Change
	2006	2005	2004	2003	2002	2001	2000	2000 to 2006	2000 to 2006
All are Census Designated Places unless marked:									
Big Lake	3,082	2,980	2,926	2,889	2,705	2,614	2,635	447	17.0%
Buffalo Soapstone	755	759	743	739	730	724	699	56	8.0%
Butte	3,166	3,110	2,973	2,920	2,784	2,737	2,561	605	23.6%
Chase	30	30	30	34	35	33	41	-11	-26.8%
Chickaloon	282	293	299	281	266	265	213	69	32.4%
Farm Loop	1,255	1,203	1,143	1,161	1,165	1,083	1,067	188	17.6%
Fishhook	2,917	2,794	2,642	2,349	2,243	2,191	2,030	887	43.7%
Gateway	3,830	3,682	3,560	3,299	3,215	3,120	2,952	878	29.7%
Glacier View	236	264	267	250	250	238	249	-13	-5.2%
Houston (city)	1,537	1,439	1,373	1,352	1,264	1,161	1,202	335	27.9%
Knik-Fairview	11,238	10,264	9,251	8,559	8,000	7,639	7,049	4,189	59.4%
Knik River	652	645	605	675	636	623	582	70	12.0%
Lake Louise	89	91	99	111	91	101	88	1	1.1%
Lakes	7,901	7,753	7,474	7,042	6,926	6,415	6,706	1,195	17.8%
Lazy Mountain	1,347	1,268	1,260	1,229	1,192	1,206	1,158	189	16.3%
Meadow Lakes	6,492	6,376	5,945	5,576	5,308	5,041	4,819	1,673	34.7%
Palmer (city) <sup>3</sup>	5,574	5,300	5,217	5,260	4,837	4,581	4,533	1,041	23.0%
Petersville	20	16	15	14	19	25	27	-7	-25.9%
Point MacKenzie	232	239	216	201	200	210	111	121	109.0%
Skwentna	71	75	82	95	88	95	111	-40	-36.0%
Susitna	24	23	31	38	36	40	37	-13	-35.1%
Sutton-Alpine	1,278	1,256	1,163	1,162	1,142	1,111	1,080	198	18.3%
Talkeetna	840	857	845	854	867	796	772	68	8.8%
Tanaina	6,987	6,622	6,292	5,860	5,600	5,263	4,993	1,994	39.9%
Trapper Creek	415	439	439	425	404	405	423	-8	-1.9%
Wasilla (city) <sup>4</sup>	6,775	6,361	6,140	6,380	5,948	5,517	5,469	1,306	23.9%
Willow	1,973	1,895	1,861	1,814	1,719	1,667	1,658	315	19.0%
Y	1,085	1,124	1,076	1,038	993	997	956	129	13.5%
Remainder of Mat-Su Borough	7,091	6,853	6,434	5,925	5,688	5,467	5,101	1,990	39.0%
<b>Total</b>	<b>77,174</b>	<b>74,011</b>	<b>70,401</b>	<b>67,532</b>	<b>64,351</b>	<b>61,765</b>	<b>59,322</b>	<b>17,852</b>	<b>30.1%</b>
Alaska Native statistical areas that overlap multiple CDPs and cover most of the populated areas of the Mat-Su Borough:									
Chickaloon <sup>5</sup>	22,009	21,107	20,078	19,259	18,352	17,615	16,918	5,091	30.1%
Knik <sup>5</sup>	41,590	39,885	37,940	36,393	34,679	33,286	31,969	9,621	30.1%
Kanatak <sup>6</sup>	13,337	12,791	12,167	11,671	11,121	10,674	10,252	3,085	30.1%
<b>Total</b>	<b>76,936</b>	<b>73,783</b>	<b>70,185</b>	<b>67,323</b>	<b>64,152</b>	<b>61,575</b>	<b>59,139</b>	<b>17,797</b>	<b>30.1%</b>
Anchorage	282,813	277,980	277,627	273,024	267,824	264,903	260,283	22,530	8.7%
Statewide	670,053	663,253	656,834	647,747	640,544	632,241	626,931	43,122	6.9%

<sup>1</sup> A Census Designated Place is a closely settled unincorporated population center.

<sup>2</sup> Estimates for the 2000 to 2005 period were revised during the production of the 2006 vintage estimates.

<sup>3</sup> Palmer had a series of small annexations in September 2003.

<sup>4</sup> Wasilla had a small annexation in May 2002.

<sup>5</sup> Chickaloon and Knik are Alaska Native Village Statistical Areas. Officials of Alaska Native regional and village corporations and the U.S. Census Bureau delineated ANVSAs for the sole purpose of presenting census data.

<sup>6</sup> Kanatak is a Tribal Designated Statistical Area, which is a statistical entity delineated for the Census Bureau by a federally recognized American Indian tribe that does not have a land base (a federally recognized reservation of off-reservation trust land).

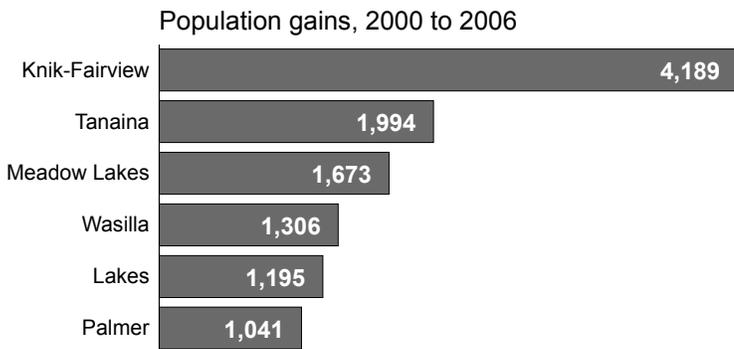
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S. Census Bureau

## Demographic differences between Anchorage and Mat-Su

Despite its proximity to Anchorage, the borough's demographic makeup is quite different. (See Exhibit 9.) In some ways, the two com-

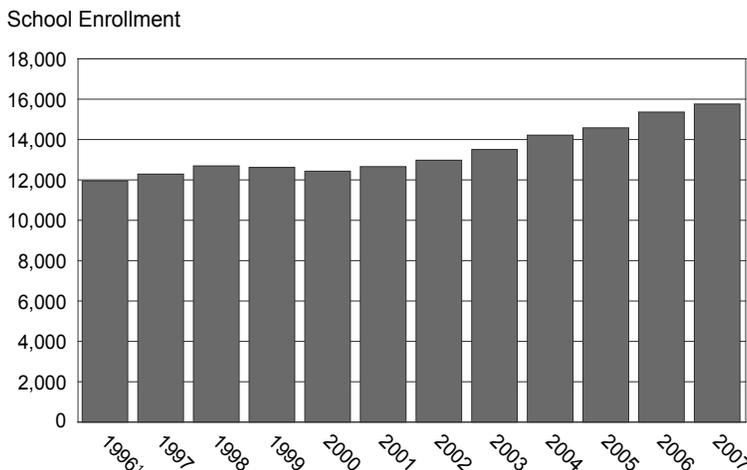
munities mirror the relationship often found between urban and suburban areas throughout the nation. One of the biggest demographic differences between the two is in racial makeup. The borough is home to one of the least racially diverse populations in the state, and is signifi-

## 7 Mat-Su High Growth Areas Growth of 1,000 or more, 2000 to 2006



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

## 8 Mat-Su School Enrollment Climbs Yet the growth is slower now



<sup>1</sup> This represents July 1, 2005, to June 30, 2006.

Source: Matanuska-Susitna Borough School District

cantly more white than Anchorage – 88 percent compared to 70 percent.

The Mat-Su Borough's population is also a bit older than Anchorage's and a bit more male. A much larger percentage of Mat-Su residents live in family households, which translates into a household size that's significantly larger than Anchorage's. Far more Mat-Su residents live in their own homes – 79 percent versus 61 percent – and Mat-Su residents are less likely to hold a bachelor's degree or higher.

### Forty-four percent work outside the borough

In the not so distant past, the Mat-Su Borough and Anchorage weren't as closely tied at the

hip. During earlier mining and agriculture days, communities in the borough were more self-sufficient. Mat-Su is still the breadbasket of the state, producing 61 percent of the state's total agricultural production, but newer economic forces now drive its economy.

During the past four decades, the principal source of the borough's growth has been its proximity to the state's largest city. As already noted, this type of economic relationship is not unusual in other parts of the country, but it's one of a kind in Alaska. What allows this relationship to exist is the fact that most of the Mat-Su Borough's population lives within 40 to 50 miles of Anchorage by a major highway.

Simply put, jobs in Anchorage account for much of the borough's growth. Average wages for jobs in Mat-Su are more than a quarter lower than they are in Anchorage. (See Exhibit 10.) The biggest reason for the wage difference is not that similar jobs pay more in Anchorage, but that Anchorage is home to a much larger number – and percentage – of high wage jobs.

In 2005, 33 percent of employed Mat-Su residents worked in Anchorage. (See Exhibit 11.) That's a conservative number because it excludes commuters who work for the federal government or the uniformed military. It also excludes the self-employed. What's clear is that the commuter traffic between the Mat-Su Borough and Anchorage has been consistently growing. (See Exhibit 12.)

There are other Mat-Su commuters who have to travel significantly longer distances than the drive to Anchorage. Eleven percent of the borough's working population are truly long-distance commuters, working on the North Slope or in other areas of the state. After Anchorage, Mat-Su has the second-largest group of resident Alaska North Slope workers. Other borough residents commute to oil platforms in Cook Inlet, fisheries in Bristol Bay, mines in Delta Junction or construction jobs throughout the state.

Wage data clearly reveal the reason so many Mat-Su residents commute. The commuter

work force, which makes up 44 percent of the borough's working population, earns 58 percent of the total wages earned by Mat-Su residents. The workers who earn those wages return home to spend them on housing and consumer goods and services, which spurs additional economic activity in the borough.

The degree to which this occurs in Mat-Su is unique in Alaska: the U.S. Bureau of Economic Analysis estimates that more than a third of Mat-Su's \$819 million in personal income comes from sources outside the borough. Every other borough and census area in the state has an income flow in the opposite direction – out rather than in.

### Housing is the borough's strongest suit

A big part of the Mat-Su Borough's appeal is its affordable housing market. In 2006, the average sales price of a single-family home in Mat-Su was \$228,782 compared to \$307,607 in Anchorage.<sup>1</sup> (See Exhibit 13.) This price differential is obviously very enticing to job holders in either Anchorage or Mat-Su, as well as for those who may be working outside the region but want to live near Anchorage.

### Affordability – another way to look at housing and wages

Relatively cheap housing in an area doesn't necessarily mean that housing in the area is more affordable, since affordability combines both housing prices and the wages of the buyers. Very low home prices may not make housing any more affordable in an area, for example, if wages in the area are also very low. One way to look at affordability, then, is to assess how many wage earners are required to support the average mortgage payment in the area.

While housing affordability has decreased around the country and in both the Mat-Su Borough and Anchorage (see Exhibit 14), the most recent numbers show little difference in affordability between living and working in

<sup>1</sup> Average sales price figures don't compare houses with similar features or square footage; they simply average the prices of the houses that happen to have sold over a specific time period.

## A Snapshot of the Mat-Su Borough American Community Survey, 2005



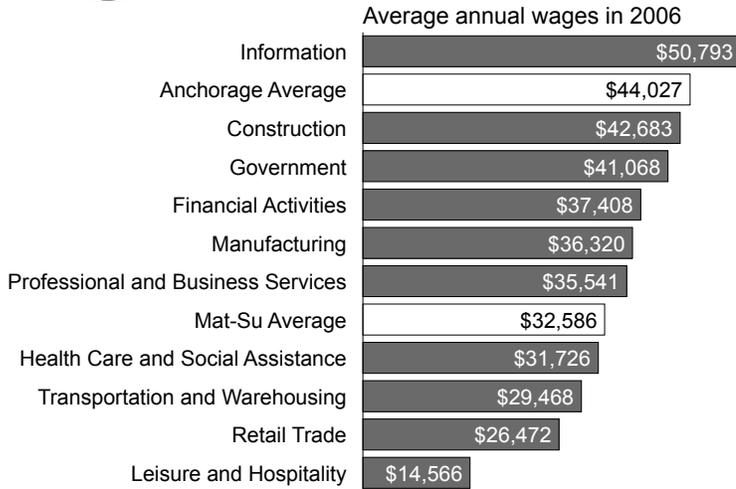
	Mat-Su Borough	Anchorage	Alaska
<b>Age</b>			
Median age	35.0	33.8	33.9
Under 5 years	6.1%	8.0%	7.7%
18 years and over	72.2%	71.0%	70.8%
65 years and over	7.0%	6.3%	6.6%
<b>Race</b>			
White	87.6%	69.8%	69.2%
Native American	3.1%	6.0%	14.2%
Black	0.8%	6.2%	3.4%
Asian	0.8%	7.0%	4.5%
Native Hawaiian and other Pacific Islander	0.1%	0.9%	0.5%
Other	0.8%	2.0%	1.3%
Two or more races	6.9%	8.2%	6.9%
Hispanic	3.0%	7.0%	4.8%
<b>Sex</b>			
Female	48.6%	50.0%	49.2%
<b>In the labor force</b>			
Percentage of population in the labor force	67.9%	71.8%	70.9%
<b>Born in Alaska</b>			
Percentage of population that was born in Alaska	35.3%	33.6%	40.1%
<b>Veteran status</b>			
Percentage of population that are veterans	17.4%	17.9%	16.7%
<b>Type of households</b>			
Average family size	3.7	3.2	3.3
Average household size	3.3	2.6	2.8
Family household	75.1%	66.3%	67.4%
Living in owner-occupied housing units	78.8%	61.3%	63.0%
Living in renter-occupied housing units	21.2%	38.7%	37.0%
<b>Income</b>			
Per capita income	\$23,999	\$29,581	\$26,310
Median family income	\$61,965	\$72,931	\$67,084
Individuals in poverty status	11.7%	9.5%	11.2%
<b>Education (for people 25 years and older)</b>			
Less than the ninth grade	1.9%	2.9%	3.4%
Ninth grade to 12th grade, without a diploma	4.9%	5.4%	5.5%
High school graduate	34.4%	23.8%	28.9%
Some college, without a degree	27.8%	28.0%	27.2%
Associate degree	9.1%	7.6%	7.7%
Bachelor's degree	14.6%	19.7%	17.2%
Graduate or professional degree	7.3%	12.6%	10.1%
<b>Travel time</b>			
Mean travel time to work, in minutes	35.1	17.9	18.3

Source: The U.S. Census Bureau's American Community Survey 2005

*The Mat-Su Borough's population is a bit older than Anchorage's population or Alaskans statewide. There are fewer young children in Mat-Su, the population is less racially diverse and fewer people are part of the labor force. People in Mat-Su have lower incomes than people in Anchorage or Alaskans in general and more people live in owner-occupied housing units.*

# 10 How Mat-Su Wages Stack Up

## Average annual wages, 2006

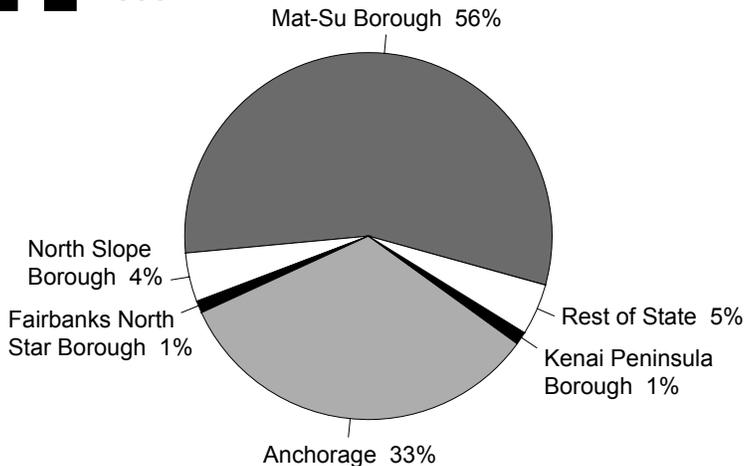


the Mat-Su Borough and living and working in Anchorage. (See Exhibit 15.) This is because the average wage in Mat-Su is lower than the average wage in Anchorage, which negates the effect of lower housing prices.

A more affordable combination of housing and wages is to buy a house in the Mat-Su Borough and earn wages in Anchorage. This combination requires an average of only 1.4 wage earners to buy a home, noticeably fewer than the 1.8 or 1.9 required if a person were to both live and work in either Anchorage or Mat-Su, respectively. The affordability equation would become even more favorable for the Mat-Su homebuyer who earned North Slope wages – the highest in the state, on average.

# 11 Where Mat-Su Residents Work

## 2005



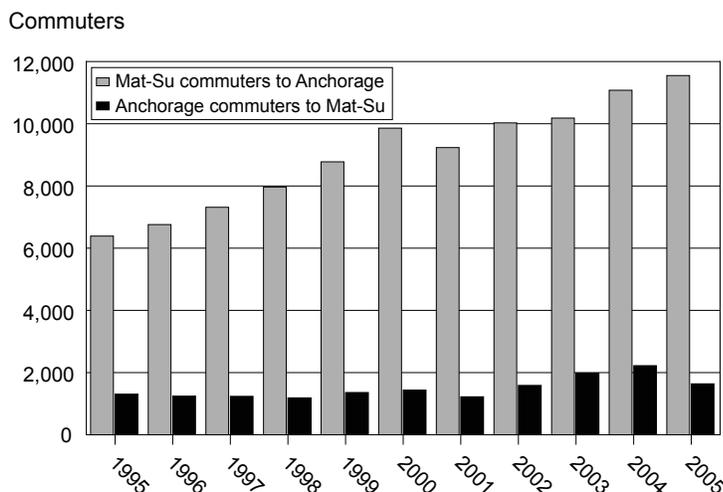
### More rural lifestyle appeals to many

It would be an oversimplification, however, to say that inexpensive housing is the only thing that has attracted so many people to the Mat-Su Borough. The lifestyle options available there are another contributor. The ability to live on a larger piece of land than would be available in Anchorage, for example, is certainly appealing to many.

Another attraction is the alternate types of housing that exist in the borough but are rarely available in Anchorage. In 2006, roughly 256 structures – or 18 percent of the new residential building activity recorded in the borough – were categorized as “cabin-like structures” or buildings not required to meet the more stringent zoning and permitting requirements that are typical in incorporated urbanized areas such as Anchorage. (See Exhibit 16.) Many of these buildings are recreational properties but many others are primary residences for people who want a different lifestyle than would be possible in Anchorage.

# 12 Mat-Su Commuter Traffic Grows

## 1995 to 2005



Note for Exhibit 11: Workers were assigned to the area where they earned the most money during the year. This exhibit represents unduplicated counts of workers; it excludes the self-employed and federal workers, including the uniformed military.

Note for Exhibit 12: This exhibit excludes the self-employed and federal workers, including the uniformed military.

Sources for Exhibits 10, 11 and 12: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## Housing market has slowed

After many years of extraordinary housing sales, the residential real estate market in the Mat-Su Borough showed signs of slowing in late 2006 and early 2007. According to the Matanuska Electric Association, the number of new residential hookups for the first quarter of 2007 was down by over 50 percent when compared to the same period in 2006 and the borough's Division of Assessment is forecasting a slower year for residential construction. The reason for this softening market is not completely clear.

One theory is that inventory got ahead of demand and another is that prices rose to a level out of reach for a growing number of potential homebuyers. Other possible contributing factors are press coverage of the declining national housing market and the deployment of 3,500 soldiers from Fort Richardson to Iraq.

There has been some correlation between population growth and housing sales in the borough (see Exhibit 17), so the future of the housing market is probably tied to future population trends. Assuming that the region's and state's economies continue to grow – and that's a big assumption – Mat-Su will continue to capture a disproportionate share of the region's housing growth. If economic growth in the region or state slows considerably or ends, however, the borough's housing market would be a casualty.

## Job growth slowed in 2006

Employment has also grown faster in the Mat-Su Borough than anywhere else in the state. From 916 jobs at statehood in 1959, Mat-Su employment has grown to 17,896 in 2006.

Footnote for Exhibit 15:

<sup>1</sup> All other bars represent the number of wage earners it would require to buy a house if a worker lived and worked in that community.

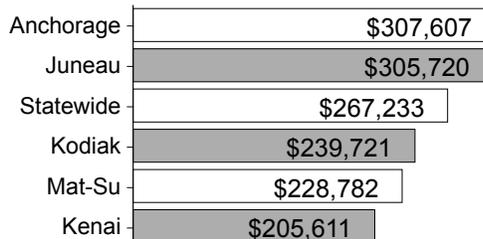
Sources for Exhibits 13 and 14: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Sources for Exhibit 15: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the Alaska Housing Finance Corporation

## Housing Still a Big Attraction **13**

Single-family home prices, 2006

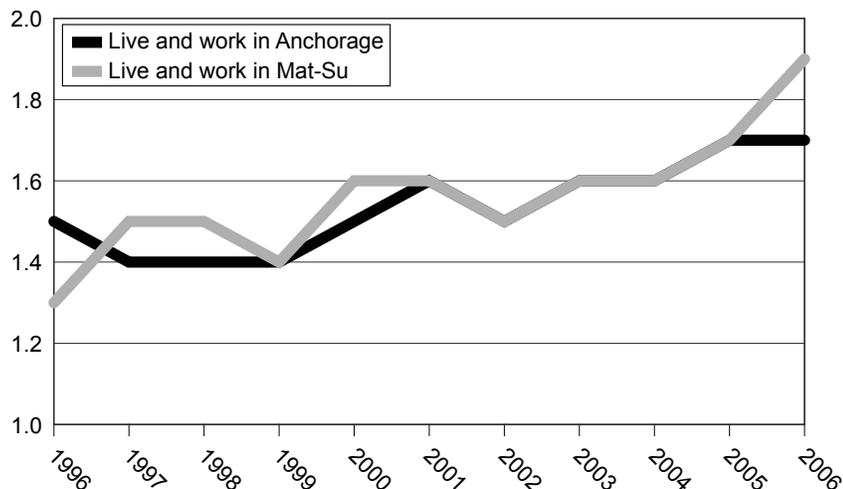
Average sales price of a single-family home in 2006



## Housing Prices Outpace Wages **14**

Housing affordability, 1996 to 2006

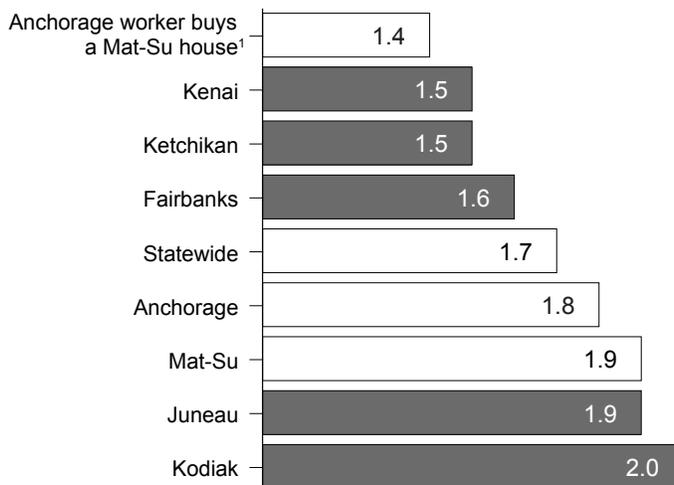
The number of wage and salary workers it takes to afford the average single-family home



## Buying a Single-Family Home **15**

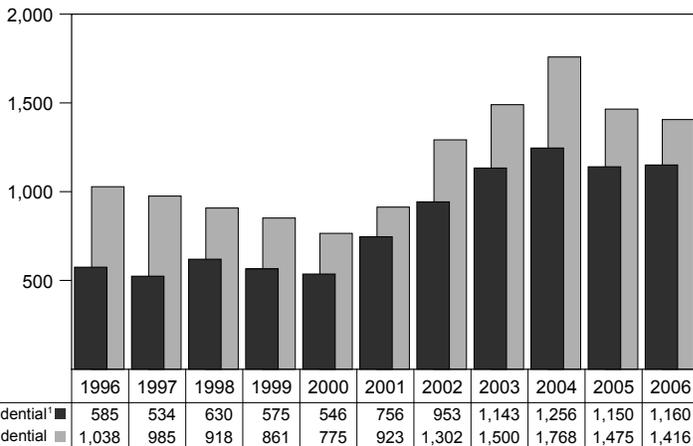
Number of wage earners needed

Second half of 2006



# 16 Strong Residential Construction Mat-Su, 1996 to 2006

New residential structures



(See Exhibit 18.) Since 2000, the borough has added 5,535 jobs, a 45 percent increase. Over that same 2000 to 2006 period, the statewide job count grew just 11 percent. Anchorage employment has also grown over that period, but at a slower rate. (See Exhibit 19.)

Unlike other areas of the state, the growth has come more because of population growth than vice versa. After four years in a row of adding at least 1,000 jobs, growth slowed to about half that number in 2006. (See Exhibit 20.) These weaker numbers stem from a slowdown in construction activity and anemic retail growth. (See Exhibit 21.)

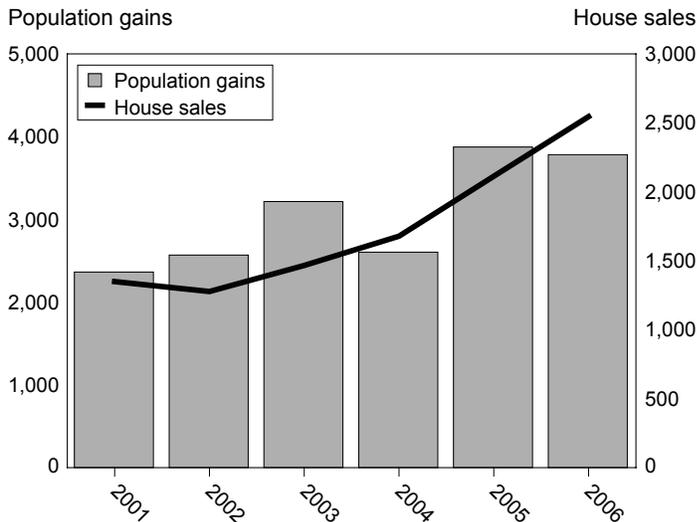
The retail numbers could rebound when Wal-Mart's new store opens in late 2007. Other reasons for optimism on the retail front include Target's recent announcement that it will be breaking ground for a new store in Wasilla and the announcement of a coming Sportsman's Warehouse.

## Largest share of new jobs coming from health care, retail, leisure and hospitality

Since 2000, more than three quarters of all wage and salary job growth in the Mat-Su Borough has come from the services sector, which isn't particularly surprising since those jobs dominate the borough's labor market. (See Exhibit 21.)

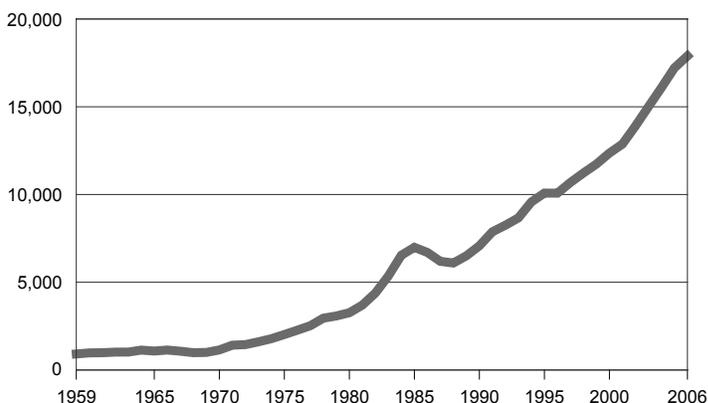
Health care and social assistance, along with retail, has been the largest contributor to this growth. Combined, they represent nearly a third of all jobs in Mat-Su. (See Exhibit 22.) Leisure and hospitality services (mostly restaurants and hotels) is not far behind in growth. Because of the broadening that has taken place in these

# 17 Population Gains and Home Sales Mat-Su, 2001 to 2006



# 18 Strong Growth Over a Long Period Mat-Su, 1959 to 2006

Mat-Su wage and salary jobs



Footnote for Exhibit 16:

<sup>1</sup> UBC stands for Uniform Building Code. There are no residential building code requirements outside Palmer and Wasilla, so "UBC residential" — a subset of "all residential" — generally represents the homes built in Palmer, Wasilla and the areas outside those cities when the homes were built using bank financing. Banks require new homes to meet the Uniform Building Code.

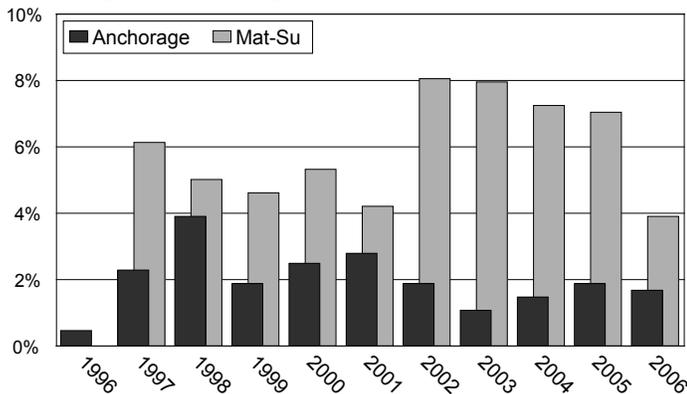
Source for Exhibit 16: *The Matanuska-Susitna Borough*

Source for Exhibit 17: *Valley Board of Realtors, Multiple Listing Service Data; and the Alaska Department of Labor and Workforce Development, Research and Analysis Section*

Source for Exhibit 18: *Alaska Department of Labor and Workforce Development, Research and Analysis Section*

# 19 Employment Growth Mat-Su's stronger than Anchorage's

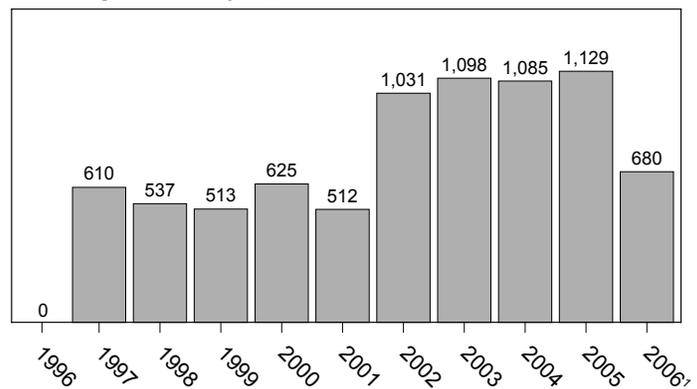
Percentage employment growth



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

# Growth Slows in 2006 Net change in Mat-Su jobs

Net change in Mat-Su jobs, 1996 to 2006



<sup>1</sup> Preliminary

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

# 21 Average Monthly Employment Mat-Su Borough, by industry sector

	2000	2001	2002	2003	2004	2005	2006	Employment Change 2000 to 2006	Percentage Change 2000 to 2006
Natural Resources and Mining	69	83	105	120	117	132	118	49	71%
Construction	1,163	1,298	1,439	1,546	1,736	1,850	1,788	625	54%
Manufacturing	118	140	167	221	214	218	221	103	87%
Trade	2,467	2,510	2,609	2,755	3,036	3,386	3,432	965	39%
Retail Trade	2,394	2,435	2,547	2,670	2,928	3,268	3,313	919	38%
Transportation and Warehousing	259	280	397	453	543	559	539	280	108%
Utilities	152	147	137	147	148	145	143	-9	-6%
Information	405	407	401	498	520	534	557	152	38%
Financial Activities	368	362	404	494	551	589	702	334	91%
Professional and Business Services	703	731	805	836	894	912	943	240	34%
Educational <sup>1</sup> and Health Services	1,771	1,807	1,970	2,293	2,424	2,608	2,827	1,056	60%
Healthcare and Social Assistance	1,561	1,603	1,736	1,979	2,161	2,339	2,503	942	60%
Leisure and Hospitality	1,323	1,446	1,579	1,760	1,917	2,053	2,234	911	69%
Accommodations	255	200	228	396	447	538	647	392	154%
Food Services and Drinking Places	894	1,018	1,136	1,127	1,198	1,238	1,323	429	48%
Other Services	477	423	548	518	550	572	588	111	23%
Government	3,042	3,140	3,344	3,357	3,426	3,649	3,741	699	23%
Federal Government <sup>2</sup>	206	163	171	182	192	203	223	17	8%
State Government <sup>3</sup>	876	896	904	952	963	990	1,011	135	15%
Local Government <sup>4</sup>	1,960	2,081	2,269	2,223	2,272	2,457	2,507	547	28%
Total Wage and Salary Employment	12,361	12,873	13,904	15,002	16,087	17,216	17,896	5,535	45%

<sup>1</sup> Private education only

<sup>2</sup> Excludes uniformed military

<sup>3</sup> Includes the University of Alaska

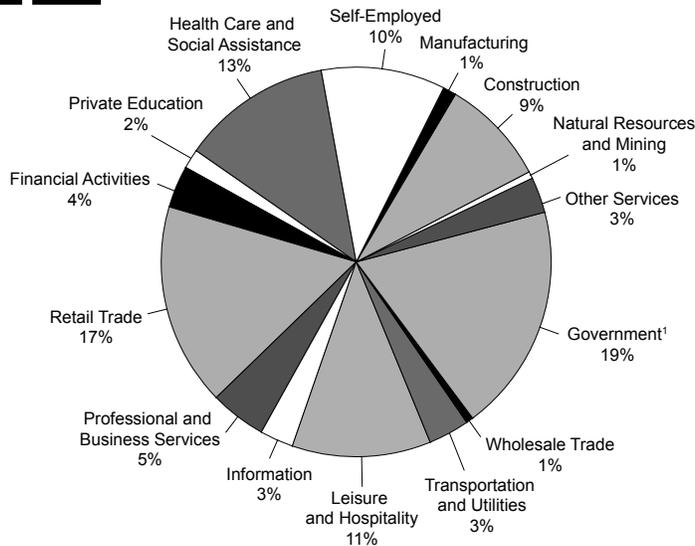
<sup>4</sup> Includes public school systems

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

industries, more of the dollars spent by borough residents on everything from medical care to restaurant food and consumer goods are remaining in the area instead of leaking to Anchorage or elsewhere.

Sales taxes collected by the cities of Wasilla and Palmer illustrate this effect quite well. Collections have grown faster than either population or employment and may even explain the sub-par retail growth in Anchorage in recent years. Borough residents are spending fewer dollars in

## 22 Where Mat-Su's Jobs Are 2006

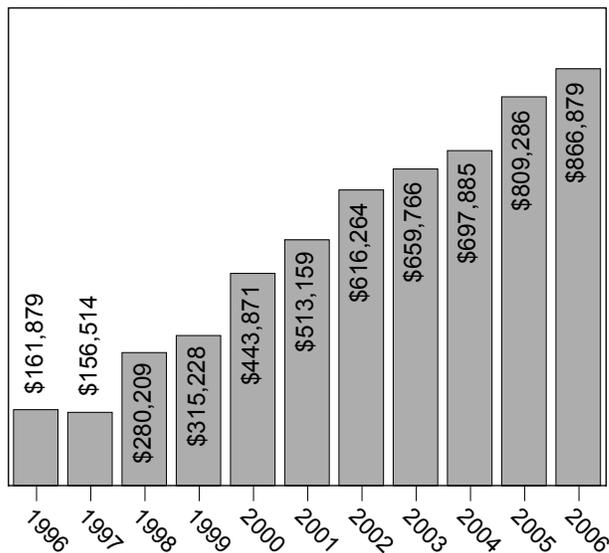


<sup>1</sup> Includes public school systems

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

## 23 Hotel Activity Soars Mat-Su, 1996 to 2006

Bed tax revenues



Source: Mat-Su Convention and Visitors Bureau

the "big city" and are spending more closer to home.

### Visitor industry continues to grow

One of the few Mat-Su industries that's largely independent of the effects of a burgeoning population is the area's visitor industry. The clientele for the industry in Mat-Su is different from

many of the other areas of the state. It relies on a heavy dose of Anchorage residents and other Alaskans who have recreational property in the borough.

Thousands of visitors from around the state spend their vacations, holidays and weekends there. A significant percentage of the housing units built in Mat-Su are for recreational and seasonal use and hundreds of new cabins are added each year. The owners of these recreational properties spend money in the local economy and pay property taxes.

A newer development is the rapidly growing number of destination tourists who are making their way to the borough's Upper Susitna Valley. Since 2000, accommodation employment has more than doubled. Bed tax revenue has grown from about \$162,000 in 1996 to roughly \$867,000 in 2006. (See Exhibit 23.)

Mat-Su's biggest asset in attracting destination tourists is its proximity to the state's largest city on one side, and the state's most popular mountain and park – Denali and Denali National Park – on the other. The borough serves as the gateway to Denali tours and climbs, is home to Denali State Park, and is a major fishing and hunting destination in its own right.

### Will high gas prices affect people's willingness to commute?

In addition to the growing amount of traffic and longer travel times for Mat-Su residents working in Anchorage, commuters are also facing high gas prices. How this will affect the desire to commute isn't well understood. Nationwide, the time spent commuting to work has been increasing over the past 40 years and there's no sign of this trend abating. How long prices stay high and at what level they stabilize will be important factors in any large-scale changes of behavior.

It appears, however, that unless gas prices rise considerably more, the Mat-Su Borough will continue to capture a disproportionately large slice of the region's population gains.

# Top 50 Employers The Mat-Su Borough, 2006 **24**

With the scarcity of developable land in Anchorage, it's hard to imagine a different scenario. The borough's availability of land and room to grow give it a competitive advantage that will not only produce residential development but will likely also help it capture a bigger share of other economic development that occurs in the region.

## A new prison, bridge, rail spur in its future?

A number of known projects will be important to both the near- and long-term economic future of the borough. The largest of these is the construction of a prison at Point MacKenzie. The proposed prison would house about 1,200 inmates and employ 250 people in jobs that would pay above-average wages. The prison would make the Alaska Department of Corrections one of the top five employers in the borough.

A more speculative endeavor that could have major long-term economic consequences is the construction of the Knik Arm Bridge – a bridge that would directly connect Anchorage and the Mat-Su Borough. The borough and the Alaska Railroad are also looking at the possibility of building a spur line to move coal and other commodities by rail.

## The future

Assuming that the Anchorage and statewide economies continue to expand, the Mat-Su Borough is unlikely to relinquish its role as an economic standout. According to Alaska Department of Labor and Workforce Development population projections, the Mat-Su Borough could become the second-most populous area in the state by 2018. The University of Alaska Anchorage projects that the borough's population could reach 176,000 in 2030 and become home to more than a third of the region's population.

It's important, however, to keep an eye on some of the economic fundamentals when contemplating the Mat-Su Borough's economic future. Most important of all is the economic health of Anchorage and the state as a whole.

Average  
Monthly  
Employment  
in 2006

1	Matanuska-Susitna Borough School District	1,884
2	Mat-Su Regional Medical Center	620
3	Wal-Mart	375
4	Fred Meyer	368
5	Matanuska-Susitna Borough	334
6	Matanuska Telephone Association	290
7	Safeway	283
8	Alaska Department of Health and Social Services	229
9	First Student	214
10	Spenard Builders Supply	203
11	Alaska Department of Corrections	178
12	Mat-Su Services for Children & Adults Inc.	169
13	Advanced Concepts (Job Corps)	160
14	Lowe's	145
15	Alaska Hotel Properties (Princess Hotels)	138
16	McDonald's	137
17	University of Alaska	135
18	City of Wasilla	134
19	Alaska Home Care	123
20	The Home Depot	122
21	Nye Frontier Ford	118
22	Matauska Electric Association	115
23	Alaska Department of Natural Resources	109
24	Immediate Care	108
25	Matanuska Valley Federal Credit Union	94
26	GCI Communications	89
27	L&J Enterprises Inc.	88
28	Tesoro	87
29	Talkeetna Alaskan Lodge	84
30	The Valley Hotel	78
31	City of Palmer	77
32	Alaska Department of Public Safety	77
33	Sears	75
34	Lithia Motors	73
35	U.S. Postal Service	69
36	Alaska Family Services	66
37	The Alaska Club	66
38	Wells Fargo	65
39	MTA Communications	62
40	Behavioral Health Services of Mat-Su	59
41	Denali Foods	56
42	Mecca Employment Connection	56
43	K&G Enterprises	56
44	Subway	56
45	Alaska Department of Transportation & Public Facilities	55
46	Wolverine Supply Inc.	54
47	New Horizons Telecom Inc.	54
48	Best Western Lake Lucille Inn	53
49	Hope Community Resources Inc.	52
50	Palmer Senior Citizens Center	52

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

## More seafood industry information is now online

The Alaska Department of Labor and Workforce Development's Research and Analysis Web site provides a broad range of labor market data. We've recently expanded our seafood industry research, generating many new data sets covering Alaska's commercial fishing and seafood processing industries.

In our new seafood industry section, you'll find the following:

- Commercial fishing work force estimates by region, species and gear type
- Average age data for harvesting and processing workers
- Employment, wholesale value, wages and gross earnings analysis by residency
- Graphs comparing the seafood industry to the total private work force
- Occupational analysis of processing workers
- Informative maps and more

To access the data, go to Research and Analysis' Web site at [almis.labor.state.ak.us](http://almis.labor.state.ak.us). Click on "Industry Information" on the blue vertical bar on the left, and below that, click on

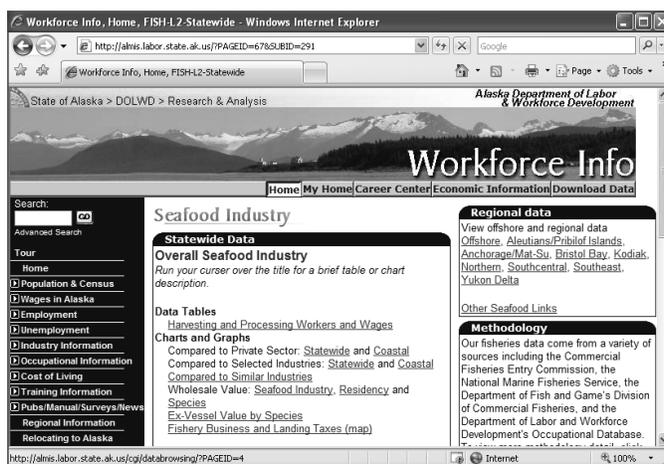
"Seafood Industry." Then select "Statewide" or a particular region for a list of the various data sets available.

(You can also get to Research and Analysis' Web site by going to the Department of Labor's Web site at [labor.alaska.gov](http://labor.alaska.gov) and clicking on "Researchers" on the gold ribbon across the top.)

In past *Trends* issues, we've released monthly employment estimates for fish harvesting. Those figures estimate the number of jobs available in commercial fishing on a month-to-month basis, but recent data assembled from landing tickets on our Web site estimate the number of yearly workers in a given region, fishery or gear-type. We've culled data from other sources as well.

Our new seafood page also features easy access to past seafood-related articles, as well as in-depth explanations of our methodologies.

Please check back often as we update current data sets and post new analysis. If you have questions regarding seafood industry data, please call Andy Wink at (907) 465-6032 or email him at [Andrew\\_Wink@labor.state.ak.us](mailto:Andrew_Wink@labor.state.ak.us).



## April brings warmer weather, longer days and more jobs

**N**onfarm payroll employment rose by 4,300 in April (see Exhibit 2); most of that increase was due to seasonal hires in construction, retail trade and tourism-related industries. Seafood processing employment fell by 1,500, a typical drop during the lull between winter fishing activity and the peak summer months in the salmon fisheries.

### Oil and gas industry leads the way

Over-the-year comparisons show moderate growth of about 4,000 jobs. So far, 2007 has been a continuation of Alaska's long-running trend of steady but modest employment gains. Not since 1987 has the state's average monthly job count fallen from the previous year.

The strongest growth continues to come from the oil and gas industry, which was up 1,300 jobs from April 2006. The estimated 11,100 oil and gas jobs in April were the most since 1991. BP has been working on a major project to upgrade pipelines and facilities, and high oil prices have stimulated exploration and development activity throughout the industry.

Construction employment was down 400 compared to April 2006 and seafood processing was down 500. The state's other major employment categories generally showed slow to moderate growth.

### Strongest growth in the Northern and Anchorage/Mat-Su regions

The oil and gas numbers have created particularly strong growth in the Northern region where employment was up 7.8 percent

over the year. (See Exhibit 4.) The job count in the Anchorage/Mat-Su region was up 1.3 percent over the same time period. The two regions accounted for most of the state's job growth.

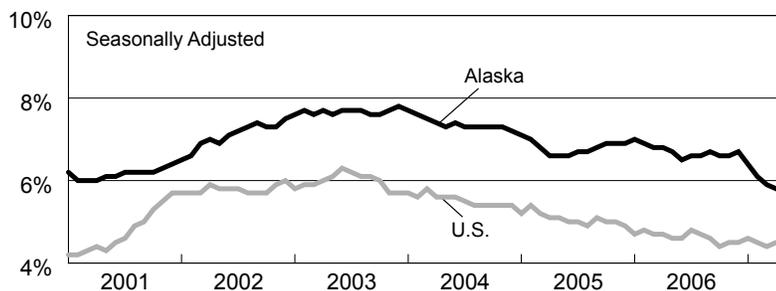
With the exception of the Southwest region, where lower seafood processing numbers have created overall job losses, the state's other regions recorded over-the-year growth of less than 1 percent from April 2006 to April 2007.

### Unemployment rate at 5.8 percent

Alaska's seasonally adjusted unemployment rate was essentially unchanged in April at 5.8 percent. The rate was a full percentage point lower than April 2006's 6.8 percent rate.

The number of unemployed people fell from 24,516 in April 2006 to 21,290 in April 2007. Employment grew over that period, but not as strongly as unemployment fell, indicating that the lower rates are being caused by something more than job growth. One of several possible explanations is a small reduction in the number of people migrating to Alaska.

## Unemployment Rates, Alaska and U.S. January 2001 to April 2007



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S. Department of Labor, Bureau of Labor Statistics

## 2 Nonfarm Wage and Salary Employment

	Preliminary	Revised	Revised	Changes from:	
	4/07	3/07	4/06	3/07	4/06
<b>Alaska</b>					
<b>Total Nonfarm Wage and Salary<sup>1</sup></b>	310,800	306,500	306,800	4,300	4,000
Goods-Producing <sup>2</sup>	40,200	40,300	39,900	-100	300
Service-Providing <sup>3</sup>	270,600	266,200	266,900	4,400	3,700
<b>Natural Resources and Mining</b>	13,400	13,300	12,100	100	1,300
Logging	300	300	400	0	-100
Mining	13,100	13,000	11,600	100	1,500
Oil and Gas	11,100	11,000	9,800	100	1,300
<b>Construction</b>	16,100	14,800	16,500	1,300	-400
<b>Manufacturing</b>	10,700	12,200	11,300	-1,500	-600
Wood Product Manufacturing	300	300	300	0	0
Seafood Processing	7,000	8,500	7,500	-1,500	-500
<b>Trade, Transportation, Utilities</b>	62,200	60,700	61,400	1,500	800
Wholesale Trade	6,400	6,500	6,300	-100	100
Retail Trade	35,000	34,100	34,800	900	200
Food and Beverage Stores	6,300	6,200	6,200	100	100
General Merchandise Stores	8,900	8,900	8,700	0	200
Transportation, Warehousing, Utilities	20,800	20,100	20,300	700	500
Air Transportation	6,100	6,000	6,100	100	0
Truck Transportation	3,000	3,000	3,000	0	0
<b>Information</b>	7,000	7,000	6,900	0	100
Telecommunications	4,100	4,000	4,000	100	100
<b>Financial Activities</b>	14,700	14,600	14,700	100	0
<b>Professional and Business Services</b>	24,200	23,700	23,700	500	500
<b>Educational<sup>4</sup> and Health Services</b>	38,100	37,800	37,100	300	1,000
Health Care	26,800	26,700	26,400	100	400
<b>Leisure and Hospitality</b>	29,200	28,200	28,300	1,000	900
Accommodations	6,600	6,300	6,300	300	300
Food Services and Drinking Places	18,600	17,900	18,000	700	600
<b>Other Services</b>	11,400	11,300	11,300	100	100
<b>Government</b>	83,800	82,900	83,500	900	300
Federal Government <sup>5</sup>	16,300	16,200	16,400	100	-100
State Government	25,700	25,400	25,300	300	400
State Government Education <sup>6</sup>	8,000	8,000	8,100	0	-100
Local Government	41,800	41,300	41,800	500	0
Local Government Education <sup>7</sup>	23,900	24,000	24,300	-100	-400
Tribal Government	3,200	3,200	3,200	0	0

Notes for all exhibits on this page:

<sup>1</sup> Excludes the self-employed, fishermen and other agricultural workers, and private household workers; for estimates of fish harvesting employment, and other fisheries data, go to [labor.alaska.gov/research/seafood/seafood.htm](http://labor.alaska.gov/research/seafood/seafood.htm)

<sup>2</sup> Goods-producing sectors include natural resources and mining, construction and manufacturing.

<sup>3</sup> Service-providing sectors include all others not listed as goods-producing sectors.

<sup>4</sup> Private education only

<sup>5</sup> Excludes uniformed military

<sup>6</sup> Includes the University of Alaska

<sup>7</sup> Includes public school systems

<sup>8</sup> Fairbanks North Star Borough

Sources for all exhibits on this page: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S. Bureau of Labor Statistics

## 4 Nonfarm Wage and Salary Employment By Region

	Preliminary	Revised	Revised	Changes from:		Percent Change:	
	4/07	3/07	4/06	3/07	4/06	3/07	4/06
Anch/Mat-Su	166,800	164,800	164,600	2,000	2,200	1.2%	1.3%
Anchorage	149,200	147,300	147,400	1,900	1,800	1.3%	1.2%
Gulf Coast	27,400	26,850	27,250	550	150	2.0%	0.6%
Interior	44,300	42,800	44,200	1,500	100	3.5%	0.2%
Fairbanks <sup>8</sup>	37,500	36,800	37,300	700	200	1.9%	0.5%
Northern	18,050	18,050	16,750	0	1,300	0.0%	7.8%
Southeast	35,450	33,750	35,300	1,700	150	5.0%	0.4%
Southwest	18,300	19,950	18,750	-1,650	-450	-8.3%	-2.4%

## 3 Unemployment Rates By borough and census area

	Prelim.	Revised	Revised
	4/07	3/07	4/06
<b>SEASONALLY ADJUSTED</b>			
<b>United States</b>	4.5	4.4	4.7
<b>Alaska Statewide</b>	5.8	5.9	6.8
<b>NOT SEASONALLY ADJUSTED</b>			
<b>United States</b>	4.3	4.5	4.5
<b>Alaska Statewide</b>	6.3	6.6	7.2
<b>Anchorage/Mat-Su</b>	5.4	5.7	6.1
Municipality of Anchorage	4.8	5.0	5.6
Mat-Su Borough	7.6	8.4	8.2
<b>Gulf Coast Region</b>	8.0	8.8	8.9
Kenai Peninsula Borough	8.3	9.1	9.3
Kodiak Island Borough	5.8	6.0	6.6
Valdez-Cordova Census Area	9.6	10.9	9.9
<b>Interior Region</b>	6.1	6.7	7.0
Denali Borough	8.7	12.4	7.6
Fairbanks North Star Borough	5.3	5.7	6.2
Southeast Fairbanks Census Area	9.8	11.4	11.7
Yukon-Koyukuk Census Area	13.9	16.0	13.6
<b>Northern Region</b>	8.3	8.1	10.5
Nome Census Area	10.6	9.8	13.3
North Slope Borough	4.8	5.0	6.8
Northwest Arctic Borough	10.9	10.3	11.9
<b>Southeast Region</b>	6.2	7.2	7.2
Haines Borough	9.5	12.0	12.1
Juneau Borough	4.3	4.6	5.0
Ketchikan Gateway Borough	6.1	6.9	6.9
Prince of Wales-Outer Ketchikan CA	14.4	16.5	15.9
Sitka Borough	4.3	4.9	5.7
Skagway-Hoonah-Angoon CA	14.6	19.3	17.1
Wrangell-Petersburg Census Area	10.6	12.5	10.2
Yakutat Borough	5.6	10.1	12.1
<b>Southwest Region</b>	11.3	10.1	13.2
Aleutians East Borough	5.2	5.5	7.3
Aleutians West Census Area	6.1	3.2	7.3
Bethel Census Area	12.3	12.1	14.5
Bristol Bay Borough	10.4	13.9	11.8
Dillingham Census Area	9.3	9.0	10.6
Lake and Peninsula Borough	8.2	8.4	9.1
Wade Hampton Census Area	20.8	19.9	23.1

For more current state and regional employment and unemployment data, visit our Web site.

[almis.labor.state.ak.us](http://almis.labor.state.ak.us)

# Employer Resources

## On-the-Job Training Programs

Often the best candidate for a job isn't necessarily the most experienced one. Sometimes the best candidate has a positive attitude and great work habits, but lacks specific occupational skills needed for the job. The Alaska Job Center's on-the-job training program gives employers the chance to hire a worker and get a portion of that employee's wages reimbursed by the Alaska Department of Labor and Workforce Development or other participating agency. That way they can train the employee to meet their needs.

For more information, go to [jobs.alaska.gov/employer.htm](http://jobs.alaska.gov/employer.htm) and click on "On-the-Job Training" under Quick Links on the right, or contact your nearest Alaska Job Center.

### Trends Authors



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## A Safety Minute

*"A Safety Minute," a new feature about workplace safety and health issues, will appear each month in Trends.*

### Workplace Safety and Health

Did you know that an employer can get cost-free assistance with workplace safety and health programs?

An Alaska Department of Labor and Workforce Development safety consultant will visit your worksite and help you identify hazards and develop programs to eliminate the hazards.

If you're looking for a way to help reduce the chances of a workplace accident and to reduce Workers' Compensation insurance costs, this may be for you. For more information, call (800) 656-4972, or from Anchorage, call (907) 269-4955.