

ALASKA'S ECONOMY

It's everyone's business.

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Dear reader,

Oil prices have remained stable despite ongoing geopolitical tensions in the Middle East. Alaska's benchmark oil price shows modest increases, while production in the state has lagged behind 2023 levels.

The hospitality industry in Alaska, largely driven by tourism, has significant seasonal variation that presents challenges for large-scale investments and contributes to a more transient workforce. Alaska's annual job growth has decelerated, but the state has more jobs today than in 2023.

Targeted initiatives to promote winter tourism in Interior Alaska has yielded positive results. In Anchorage, an uptick in tourism is driving an increase of short-term rentals, such as Airbnb, as the city has not been adding hotels fast enough to meet demand.



Alaska oil prices

Alaska's benchmark oil price, ANS West Coast, was \$77.45 on Oct. 10. In September, daily prices averaged \$74.07 per barrel, compared to \$95.05 in September 2023 and \$92.43 in September 2022.

Despite ongoing conflicts in the Middle East, oil prices have only risen modestly. Since 2018, the U.S. has produced more crude oil than any nation. ▼

Daily Oil Prices, Feb 02, '21 - Oct 10, '24



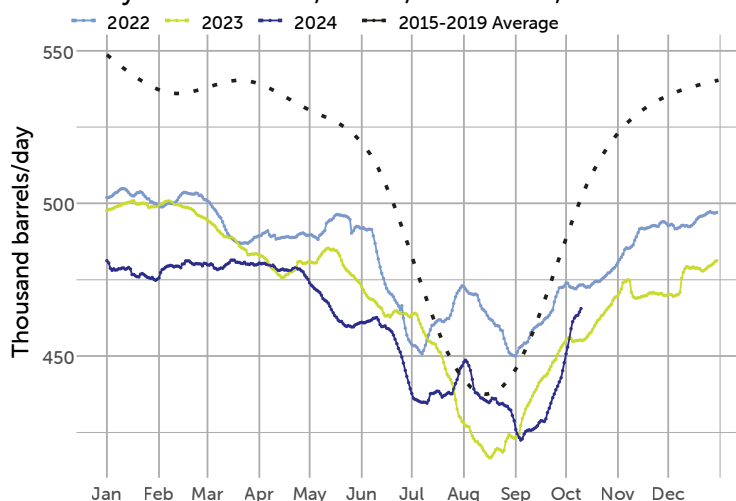
Data from the Alaska Department of Revenue



Alaska's year-to-date oil production 2 million barrels short of 2023

On Oct. 10, daily oil production in Alaska was 476,000 barrels. In September, daily production averaged 447,815 barrels, compared to 454,000 in September 2023 and 473,000 in September 2022. Alaska oil production has totaled 130.03 million barrels, 1.97 million fewer than year-to-date October 2023. ►

Daily Oil Production, Jan 01, '22 - Oct 10, '24



Data from the Alaska Department of Revenue

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Alaska's workforce

Alaska lost 2,400 jobs between July and August. The state's economy remains strong, with an overall increase of 6,400 jobs compared to August 2023. This figure is slightly lower than the growth of 6,900 jobs recorded from July 2023 to July 2024.

In September, the most significant job declines occurred in the seasonal manufacturing industry, particularly in fish processing, which lost 3,500 jobs from July to August.

There was an increase of about 1,800 manufacturing jobs compared to 2023. Government jobs rose by 3,300 in September as public school teachers returned to work, resulting in a year-over-year increase of 900 jobs since August 2023. ►

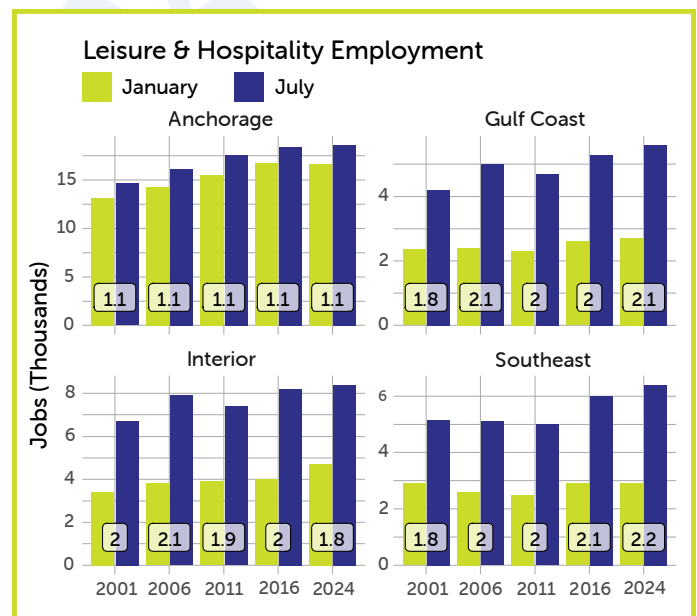
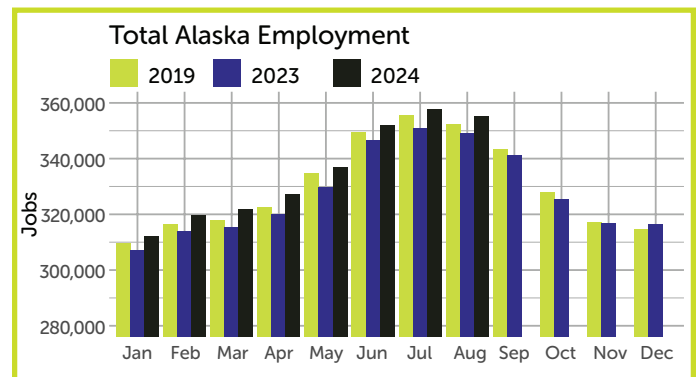
Data from the Alaska Department of Labor and Workforce Development



Shifts in seasonal hospitality employment

Alaska's employment in the leisure and hospitality industry fluctuates greatly throughout the year in four economic regions: Anchorage, Gulf Coast, Interior and Southeast. The number at the bottom of the graph bars is the "seasonality factor," the ratio of July to January employment. Anchorage has shown moderate seasonality ranging from 1.1 to 1.13 since 2001. The other regions have shown seasonality factors exceeding 2 for many years. The Interior region has also exhibited strong seasonality. In 2024, there was an increase in off-season employment as the Interior region made efforts to promote winter tourism. Southeast Alaska experienced an increase in seasonality, with the number of jobs in July versus January rising from 1.8 times in 2001 to 2.21 times in 2024. ►

Data from the Alaska Department of Labor and Workforce Development

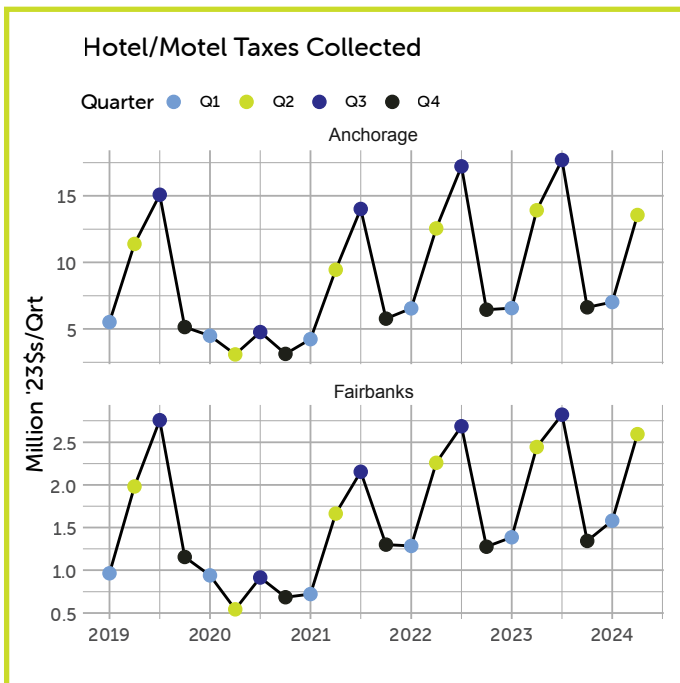




Anchorage and Fairbanks seasonal tax revenue

Hotel bed tax revenue trends between Anchorage and Fairbanks show seasonality and growth in the visitor economies. Anchorage, a larger city and a hub for both leisure and business tourism, consistently shows higher revenues, with strong peaks in the summer quarters reflecting the tourist season. Both cities have experienced year-over-year growth. Preliminary data from last year indicate that Anchorage's revenue decreased slightly from Q2 2023 to Q2 2024, possibly indicating a post-pandemic leveling off.

Fairbanks, while about five times smaller, follows a similar seasonal pattern but with more moderate gains. In Q2 2024, Fairbanks saw an increase to \$2.6 million from \$2.44 million in Q2 2023. Fairbanks also experienced robust growth in winter tourism this last season, with bed tax collections growing by 14% over Q1 2023. ▼

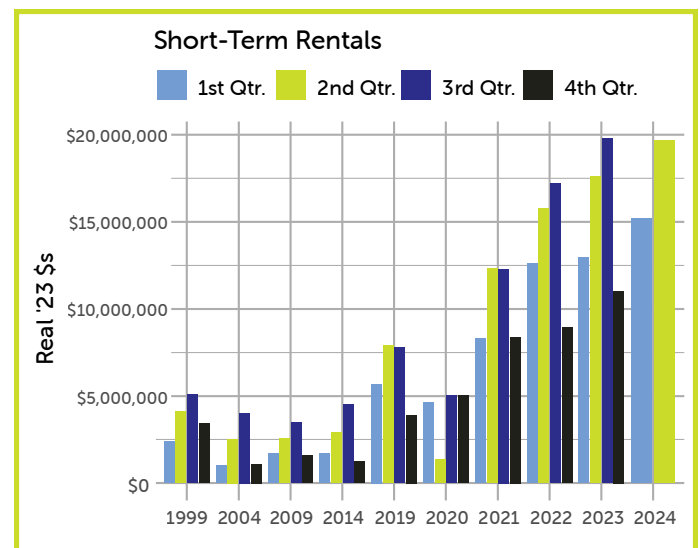


Data from the Municipality of Anchorage and Explore Fairbanks



Short-term rentals grow to meet demand

In 2019, 1,227 short-term rentals were listed in Anchorage. As of October 2024, the number had risen to 3,794. This growth is also seen in municipal bed tax collections. In 2024, gross rentals for the second quarter for traditional bed and breakfast accommodations and short-term rentals reached \$19.67 million, up from \$17.62 million in the same quarter of 2023 and \$15.74 million in 2022. This steady upward trend, particularly post-pandemic, marks a strong recovery and continued expansion in demand for short-term rentals. ▼



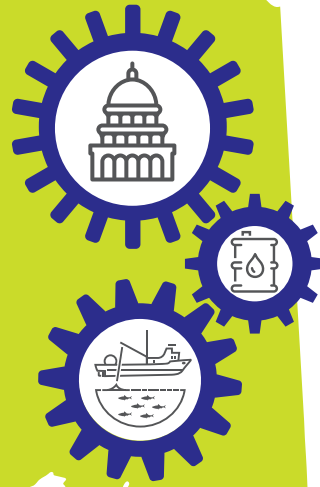
Data from the Municipality of Anchorage

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Did you know...

Short-term rentals have tripled since 2019?

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



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