

ALASKA'S ECONOMY

It's everyone's business.

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



Dear reader,

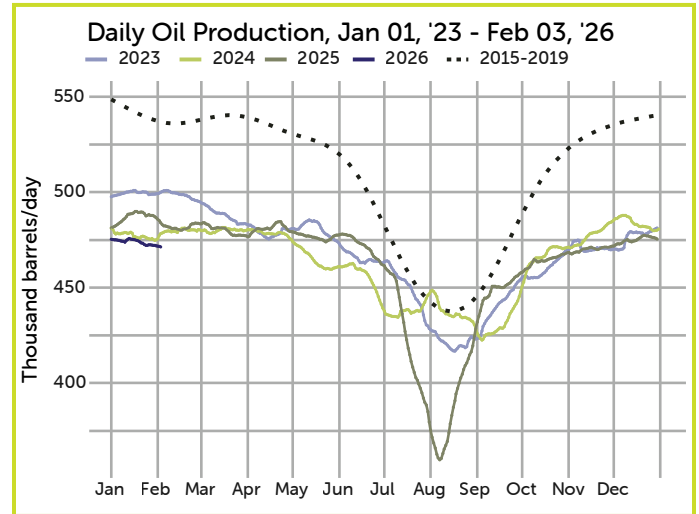
Alaska's economy in 2026 is in a mixed but generally stable state. Oil prices have stayed close to the state budget's expectations, even as production is slowly declining, but will likely be impacted by the ongoing closure of the Strait of Hormuz.

The job market is growing year after year, despite some typical winter job losses and recent cuts in federal employment. Meanwhile, the housing market remains tight. The number of available homes has been slowly improving since the mortgage "lock-in" period, but local markets remain more competitive than the national market, which is now neutral.



Alaska oil production is down slightly from 2025

Daily oil production in Alaska was 470,000 barrels on Feb. 3. In January, daily production averaged 471,932 barrels, compared to 487,000 in January 2025 and 475,000 in January 2024. Year-to-date, Alaska oil production has totaled 15.57 million barrels, which is 0.47 million barrels fewer than at this time in 2025. ►

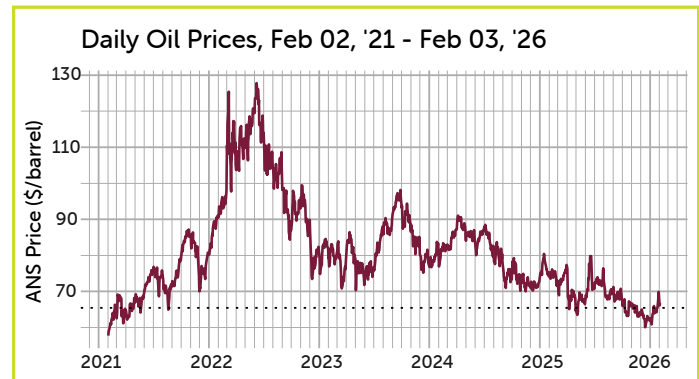


Data from the Alaska Department of Revenue



Oil prices yo-yo in the mid to high \$60s

The horizontal line of \$65.48 per barrel represents the fall price forecast for Alaska's fiscal year 2026 budget. Alaska's benchmark oil price, ANS West Coast, was \$66.77 per barrel on Feb. 3, down from the recent high of \$69.87 on Jan. 29. In January, daily prices averaged \$64.81 per barrel, compared to \$76.42 in January 2025 and \$79.65 in January 2024. Prices since the start of Alaska's fiscal year have averaged \$67.06 per barrel. Higher prices in the first quarter of 2026 relative to the last few months of 2025 are mostly due to the war in the Middle East. ►



Data from the Alaska Department of Revenue

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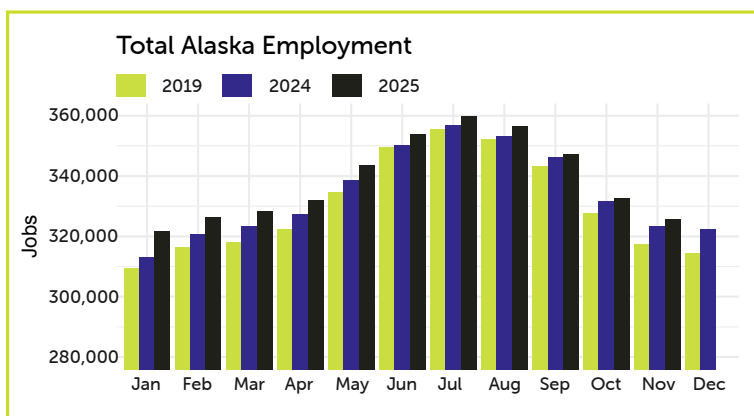
Federal employment losses drag down Alaska job growth

According to the latest employment data, Alaska lost 7,200 jobs between October and November 2025 as the state entered its winter off-season. Overall, employment is still 2,200 jobs above November 2024 levels.

Job losses were divided equally between goods-producing and service-providing industries, each losing about 3,600 jobs. The biggest drop was in manufacturing (-2,100 jobs), followed by leisure and hospitality (-2,000 jobs) and construction (-1,500 jobs). Seasonal declines were also noted in transportation and warehousing (-1,300 jobs) and retail trade (-600 jobs).

Employment in leisure and hospitality remains 200 jobs below November 2024 levels, while manufacturing employment has increased by 300 jobs. The strongest job gains year over year are in health care (+1,200 jobs), transportation, warehousing and utilities (+1,000 jobs), construction (+800 jobs), and mining and logging (+900 jobs, with 600 of those jobs in oil and gas).

There are also signs that job cuts from the federal government – initiatives like the Department of Government Efficiency, layoffs and deferred resignations – are affecting employment figures. Overall, government jobs are down by 1,400 compared to November 2024, with most losses coming from the federal government (-900 jobs) and state government (-400 jobs). Local government jobs have remained stable, decreasing by only 100 jobs. ▼



Data from the Alaska Department of Labor and Workforce Development

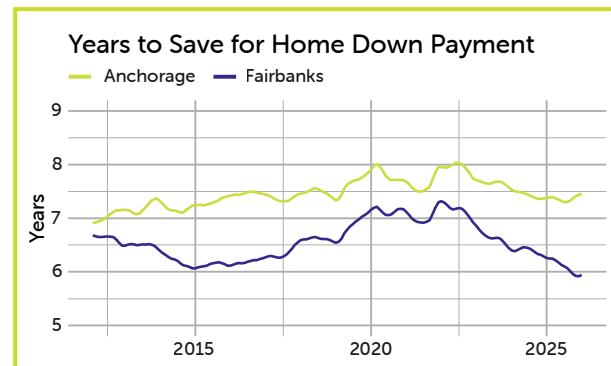


Housing affordability eases in Anchorage and Fairbanks

One way to measure housing affordability is by how long it takes for a typical family to save enough money for a 20% down payment on a home in their community. This calculation assumes families can set aside 10% of their income into a simple savings account that earns no interest.

The time it takes for Anchorage families to save for a home is about 7.5 years, while Fairbanks residents take about 6 years. For comparison, families in Santa Cruz, California, need about 19 years to save for a 20% down payment, while those in Springfield, Illinois need only 4 years.

Recent trends show that housing in Anchorage and Fairbanks has become somewhat more affordable since its peak in the summer of 2022. In Fairbanks, home prices have decreased by about 3% during this time, while they rose by 11% in Anchorage. Despite rising housing prices in Anchorage, growth in family incomes has helped make homes more affordable overall. ▼

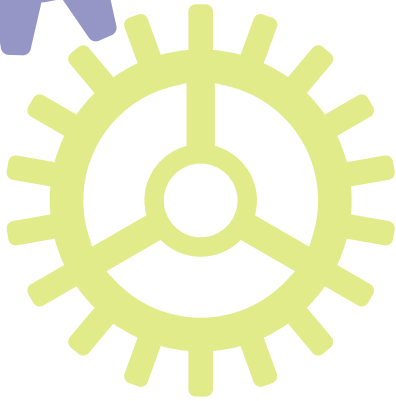


Data from Zillow



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Alaska's housing market tilts toward sellers

Zillow's Market Heat Index measures the balance between available homes for sale and buyer interest. It looks at three main factors:

- 1) how many buyers are interested in listings,
- 2) how often sellers reduce their prices, and
- 3) how quickly homes are sold.

A higher index score means there's strong competition among buyers, making it a favorable market for sellers. In contrast, a lower score indicates weaker demand, giving buyers more negotiating power and resulting in slower sales.

Currently, the national index is around 51, suggesting a balanced market that has remained stable since summer 2025. In Alaska, the market varies by city. Anchorage is leaning toward sellers; Fairbanks is slightly favoring sellers, while Juneau and Ketchikan are more balanced. Across the U.S., notable regional differences exist. Many markets in the Southeast are currently more favorable for buyers, while areas on the West Coast, Great Lakes, and Northeast tend to favor sellers. These variations are influenced by how quickly new homes are being built and the level of buyer interest in each region. ▶

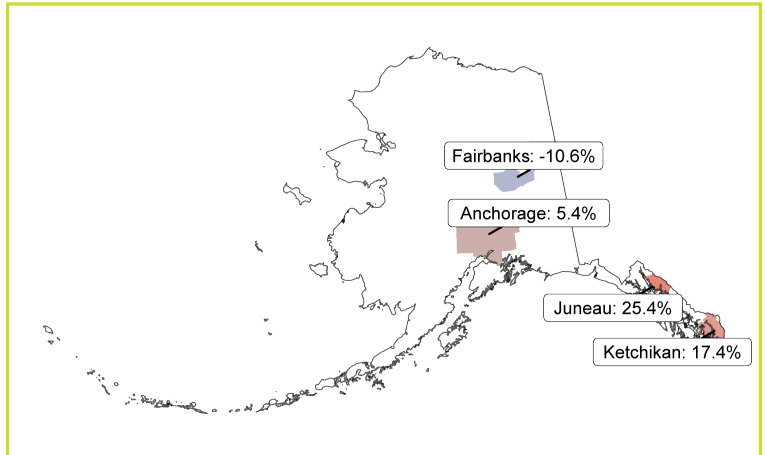


National and Alaska housing market inventory increases

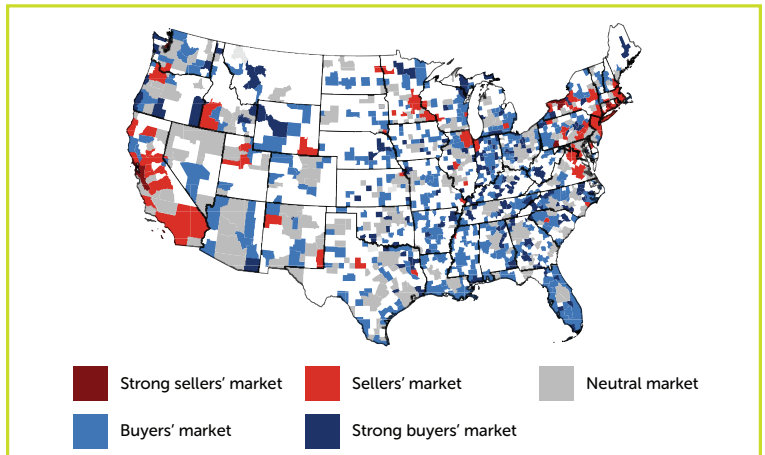
The number of homes for sale in a market shows how tight the housing supply is. Recently, in the U.S. housing market, many homeowners experienced a "lock-in" effect. This means they have low mortgage rates and are hesitant to sell their homes since buying a new one would mean facing higher rates. As a result, fewer homes are available for sale.

Analysts are watching for signs that the market will "unlock" by tracking changes in listings. From December 2024 to December 2025, the number of listings across the country has increased by about 11%.

In Alaska, home listings have risen in Anchorage (+5%), Juneau (+25%), and Ketchikan (+17%), but have dropped in Fairbanks (-11%). The strongest growth in home inventory is happening in states such as Georgia, North and South Carolina, and Virginia, while cities such as Chicago, New York and Pennsylvania are seeing slower growth. ▼



Data from Zillow



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Did you know...

Anchorage and Fairbanks residents typically take between 6 and 7.5 years to save for a 20% down payment on a new home?



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