

Anchorage jobs forecast for 2025

Construction, air cargo to boost city employment this year

By SAM TAPPEN

Anchorage employment has grown about 2 percent each year since the 8 percent drop in 2020, and preliminary numbers show the city came within 200 jobs of its pre-pandemic level by the end of 2024.

With pandemic recovery in the rearview mirror, Alaska's most populous city will continue to add jobs in 2025, driven by booming growth in a handful of industries. We expect growth will slow to 1.5 percent this year, however (about 2,300 new jobs), as several negative long-term trends will continue to weigh on the economy.

What will drive growth this year

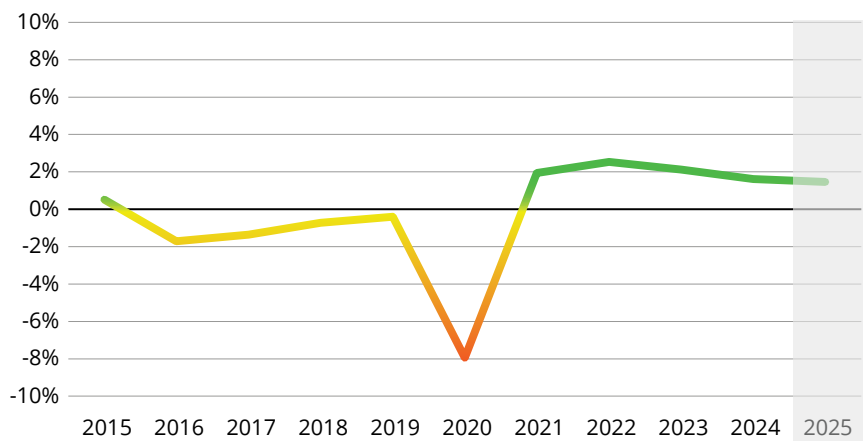
Anchorage remains a statewide hub for specialized services, especially finance, health care, transportation, and professional and business services. As a result, Anchorage is benefitting from most major projects in Alaska that are well beyond its city limits, including the North Slope Willow and Pikka oil developments.

The federal Infrastructure Investment and Jobs Act directed more than \$5 billion to Alaska to improve broadband internet access, infrastructure for all modes of transportation, energy efficiency and conservation, climate resiliency, environmental remediation, and more.

Many of those dollars are also entering Anchorage's economy through the agencies, tribes, and other grant-receiving organizations headquartered here, the contractors performing project design and construction, and the manufacturers, wholesalers, and retailers providing materials.

Local projects are also propelling the economy,

Moderate job growth continues for Anchorage



Note: 2024 number is preliminary

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

particularly in a few industries that outperformed expectations in 2024. Construction grew the most at an estimated 9.2 percent.

Much of the new construction across the municipality will boost employment in other industries as many of those projects are completed this year. Examples include transportation, warehousing, and utilities with several projects under way at the Ted Stevens Anchorage International Airport and the Don Young Port of Alaska, health care and social services with hospital and clinic expansions on the Alaska Native Medical Center campus, and leisure and hospitality with major expansions at Alyeska Resort and significant redevelopment of several downtown properties.

Factors holding the city back

Despite the optimism surrounding new investment and commerce, several long-term trends will continue to hamper growth. Anchorage workers' income premium has fallen from a high of 90 percent in the 1970s — meaning they earned 90 percent more than the average U.S. worker — to less than 10 percent now.

The outlook for jobs in Anchorage, by industry

	Monthly avg, 2023 ¹	Monthly avg, 2024 ¹	Change, 2023-24	Percent change	JOBS FORECAST		
					Monthly avg, 2025	Change, 2024-25	Percent change
Total Nonfarm Employment²	148,600	151,000	2,400	1.6%	153,300	2,300	1.5%
Total Private	121,300	123,400	2,100	1.7%	125,400	2,000	1.6%
Mining and Logging	1,800	1,800	0	0%	1,800	0	0%
Oil and Gas	1,600	1,700	100	6.3%	1,700	0	0%
Construction	7,600	8,300	700	9.2%	8,900	600	7.2%
Manufacturing	1,900	2,000	100	5.3%	2,000	0	0%
Trade, Transportation, and Utilities	33,500	33,800	300	0.9%	34,100	300	0.9%
Wholesale Trade	4,800	4,900	100	2.1%	5,000	100	2.0%
Retail Trade	15,600	15,300	-300	-1.9%	15,000	-300	-2.0%
Transportation, Warehousing, and Utilities	13,100	13,600	500	3.8%	14,100	500	3.7%
Information	2,800	2,700	-100	-3.6%	2,600	-100	-3.7%
Financial Activities	6,600	6,300	-300	-4.5%	6,100	-200	-3.2%
Professional and Business Services	18,100	18,400	300	1.7%	18,700	300	1.6%
Educational (private) and Health Services	26,700	27,600	900	3.4%	28,400	800	2.9%
Health Care	21,100	21,900	800	3.8%	22,700	800	3.7%
Leisure and Hospitality	16,700	16,800	100	0.6%	17,000	200	1.2%
Other Services	5,600	5,700	100	1.8%	5,800	100	1.8%
Total Government	27,300	27,600	300	1.1%	27,900	300	1.1%
Federal, except military	8,600	8,700	100	1.2%	8,700	0	0%
State, incl. University of Alaska	9,700	10,000	300	3.1%	10,300	300	3.0%
Local and tribal, incl. public schools	9,000	8,900	-100	-1.1%	8,900	0	0%

¹Preliminary and adjusted estimates. ²Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

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

Anchorage Forecast

At the same time, the cost of living in Anchorage is 24 percent above the average U.S. city, per the Council for Community and Economic Research.

Aside from household financial considerations, Anchorage residents are also grappling with a protracted period of unstable state and local funding that has affected a range of public services including K-12 and higher education, public safety, road maintenance, and homelessness initiatives.

Like the rest of the state, Anchorage has always had a relatively transient population, with workers flowing between the city and the Lower 48 depending on which economy was stronger at a given time. Anchorage has been on the losing end of that relationship for more than a decade.

Anchorage has also lost more movers than it has gained for an unprecedented 10 straight years. Coupled with an aging population, these forces have reduced Anchorage's working-age population by 19,000 since its peak in 2013. Such a decline in available labor has a chilling effect on future employment growth.

Industries to watch in 2025

Growth in construction and support services

As expected, the development of Willow, Pikka, and other resource projects and a massive influx of federal infrastructure funding have boosted construction, professional and business services, transportation and warehousing, wholesale, and related services.

Some commercial and residential projects on hold during the pandemic and its aftermath also appear to be moving forward. In 2024, job numbers showed a clear shift as many projects transitioned from permitting and design into construction.

The surge in demand for construction projects across the state has prompted fierce competition for contracts and workers. While many large mining, transportation, and health care projects have managed to secure contractors, the developers of smaller, complex, riskier, or less profitable projects report they've had to delay their projects because the industry is at capacity. Even the Don Young Port of Alaska recently announced delays in their multi-year \$2 billion modernization after they failed to receive a single bid to build the first cargo terminal.

Anchorage Forecast

Contractors have done their best to recruit in an already tight labor market to meet that demand. Statewide, the construction sector paid out 17 percent more in total wages from 2022 to 2023 — a bigger jump than any other industry. Some Anchorage construction firms report that they have doubled, tripled, or even quadrupled in size in the last two to three years.

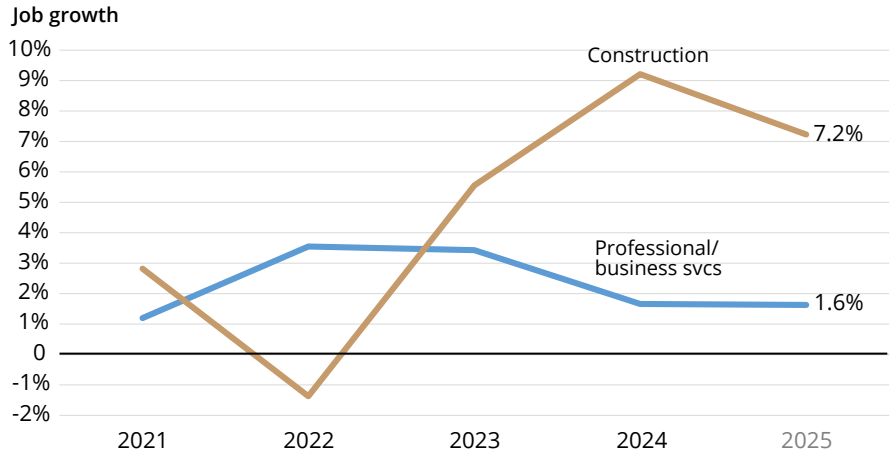
Given the demand and constrained capacity, we forecast Anchorage will add another 600 construction jobs in 2025 (7.2 percent).

Airport projects further boost global presence, transportation

Anchorage's transportation, warehousing, and utilities sector will also benefit from the upswing in statewide industrial activity this year. Employment growth surged by over 10 percent annually in 2021 and 2022 as pandemic lockdowns and supply chain disruptions pushed air commerce to new heights, then settled into a steady 3 to 4 percent in recent years. We forecast similar growth in 2025, with 500 new jobs.

The airport, the port, and Joint Base Elmendorf-Richardson are continuing multi-year construction projects with investments in the billions. The airport's

Shift as projects go from design to construction



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ongoing expansion into a strategic hub for trans-Pacific freight will further raise its profile — Ted Stevens International Airport has ranked among the top five busiest airports in the world by cargo volume for years, largely because its strategic refueling location allows carriers to allocate more weight on their planes toward profitable cargo.

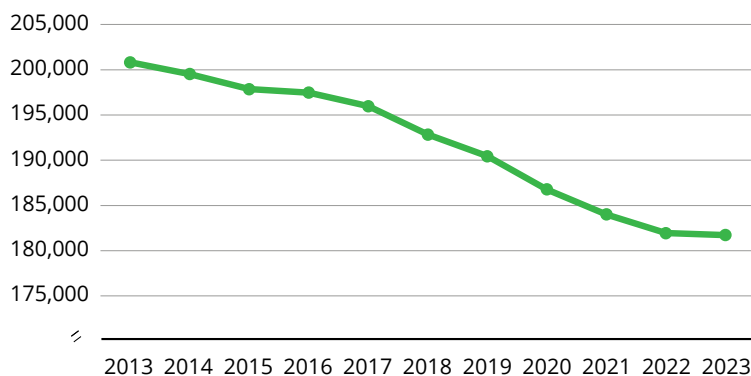
In recent years, several private companies including FedEx, UPS, NorthLink Aviation, and Alaska Cargo and Cold Storage have invested in new cargo sorting facilities at the airport. The latest player is Atlas Air, which in August announced a new 55-year lease to develop a major operations base at the airport, including a maintenance hangar, crew lodging, storage warehouses, administrative office space, and a large cargo sorting facility.

Cargo sorting in Anchorage allows cargo planes to fly directly from Alaska to their final destinations rather than a Lower 48 sorting facility. It also generates more local employment and revenue for Anchorage and the state. To support these expansions, the airport has undertaken multiple infrastructure act-funded upgrades and is preparing for a new air traffic control tower. When the tower is completed in 2029, it will be the tallest building in Alaska.

Three industries are in decline

Three industries have failed to regain their historical employment levels because technological advances have

Anchorage working-age population falls



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

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Southeast Forecast

situation, a state can either spend the windfall or replenish its savings accounts to fill holes and cushion volatility in the years when revenue falls.

Windfall years have been scarce for the last decade, though, and are unlikely for the foreseeable future given Alaska's oil production forecasts and prices.

One of the consequences has been a shrinking

state government. Southeast had 5,500 state government jobs in 2014 and 4,300 in 2023, a 22 percent decline with a corresponding loss of services.

State government employment rose slightly in Southeast in 2024, and the forecast is flat at 4,400 total jobs. The budget problems are far from solved, however, and will broadly impede growth.

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changed the way their services are delivered: information, financial activities, and retail.

Employment in the information industry peaked in 2001 at 4,800 and was half that by 2024. The industry, which includes jobs in radio and television, newspapers, and telecommunications, has seen drastic reforms to its products and revenue models as news and entertainment have moved online. We project a 3.7 percent decline in 2025.

Finance employment peaked in 2007 at 9,200 and is now 32 percent lower. Today, personal banking is largely self-service through the internet and ATMs. Many wealth management and insurance services are performed remotely by staff in corporate headquarters outside of Alaska who can video call clients. We forecast a further 3.2 percent reduction in this

sector's employment in 2025.

Anchorage's retail employment peaked in 2015 at 18,100 and is now 16 percent lower. The industry has faced growing e-commerce pressure and years of new technology, such as self-checkouts. After losing 9 percent of its jobs during the pandemic restrictions of 2020, retail recovered slightly for a few years before shifting back to annual cuts.

It may not be a coincidence that 2024's 1.9 percent retail job loss coincided with the first full year of operation for the Anchorage Amazon distribution center, which recently celebrated more than 3 million packages delivered. We expect similar retail job losses in 2025 (-2 percent).

Barring unexpectedly large population increases in the future, there is little reason to believe these industries will ever return to their peak job levels.

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Statewide Forecast

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Health care

Health care continues to grow, with 1,200 additional jobs forecasted in 2025. Alaska's services are still expanding. According to the Centers for Disease Control, Alaska had 10 physicians per 10,000 people in 1985, which grew to 28.3 by 2019. The rising needs of an aging population also contribute to growth.

Major projects like the Alaska Native Tribal Health Consortium's multi-year Anchorage emergency room expansion began as construction jobs this year and will boost health care when the facility opens.

As the health care industry develops, the ownership landscape also changes. For example, in recent years, the nonprofit tribal Southeast Regional Health

Consortium, expanded its services and took over both private and public practices and facilities.

Industries in decline

Manufacturing will lose jobs this year because of the instability in seafood processing, but other industries will continue their long-term losses stemming from changes in how they do business.

The internet and self-service have become the norm in banking, investing, and insurance. The information sector includes cellphone companies and print, radio, and television. Changing technology and business practices have also reduced their need for workers.

Retail has also faltered in recent years because of online sales, self checkout, and population stagnation.

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