Southeast Alaska Economic Overview

Presented to:
Southeast Conference

Presented by:
McDowell Group, Inc.
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Presentation Contents

• Regional Industry Trends
• Community Economic Trends
• Community Population Trends
Tongass Timber Harvest
1990-2003 (mmbf)
Timber Industry

- Very strong markets in 2004
- Total regional employment at about 450 direct jobs in 2004
- Sustainable private (Sealaska) harvest at 100 mmbf
- Sustainable State harvest at 18 mmbf (more in near term)
- Tongass ASQ of 267 mmbf
Southeast Cruise Traffic
1982-2004

Number of Cruise Passengers

- 1982: 100,000
- 1984: 200,000
- 1986: 300,000
- 1988: 400,000
- 1990: 500,000
- 1992: 600,000
- 1994: 700,000
- 1996: 800,000
- 1998: 900,000
- 2000: 1,000,000
- 2002: 1,100,000
- 2004: 1,200,000

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Cruise Industry

- Cruise industry impacts in SE:
  - $330 million in spending by cruise visitors
  - $39 million in direct cruise line spending
  - Cruise industry-related employment at 7,000, $200 million in payroll
  - 14% of SE employment
Cruise Traffic by Port

<table>
<thead>
<tr>
<th>Port</th>
<th>2004 Passenger Traffic</th>
<th>Percent Change 03-04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ketchikan</td>
<td>826,000</td>
<td>+7%</td>
</tr>
<tr>
<td>Wrangell</td>
<td>50,000</td>
<td>+28%</td>
</tr>
<tr>
<td>Sitka</td>
<td>240,000</td>
<td>-7%</td>
</tr>
<tr>
<td>Juneau</td>
<td>846,000</td>
<td>+9%</td>
</tr>
<tr>
<td>Haines</td>
<td>32,000</td>
<td>+100%</td>
</tr>
<tr>
<td>Skagway</td>
<td>720,000</td>
<td>+15%</td>
</tr>
</tbody>
</table>
SE Salmon Harvest Value
1994-2004 (ex-vessel, million $)
Seafood Industry

- Halibut and blackcod prices and quota strong
- Purchase of Ward Cove facilities by E.C Phillips & Ocean Beauty Seafoods stabilize processing sector
Mining

• Juneau area
  – 260 jobs at Greens Creek
    *Single largest private sector employer in Juneau, $20 million in payroll*
  – Kensington poised for development
    *Additional 225 jobs projected*

• Ketchikan area
  – Union Bay
  – Woewodski Island
Oil Industry

- Oil revenues account for 80 percent of state unrestricted revenues
- Oil production down from 2 mmbd to 1 mmbd
- Current prices well above the state’s long term forecast of $22/b
- Oil production expected to be at about 900,000 bpd
Government

- 200 new gov’t jobs in ‘03 (but down in 2004)
- Gov’t payroll in SE at $730 million
- Federal gov’t funneled $1.3 billion into SE in 2002
Regional Employment and Income

- Total SE employment up by 1.3%, 2002 to 2003
- Total regional payroll up by 4%, to $1.2 billion
- Total personal income up to $2.5 billion
- Average wages up by 3%
## Local Employment Trends 2003

<table>
<thead>
<tr>
<th>Location</th>
<th># Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ketchikan</td>
<td>+80</td>
<td>1.3%</td>
</tr>
<tr>
<td>Wrangell</td>
<td>-100</td>
<td>-12%</td>
</tr>
<tr>
<td>Petersburg</td>
<td>+100</td>
<td>7%</td>
</tr>
<tr>
<td>Sitka</td>
<td>+55</td>
<td>1.3%</td>
</tr>
<tr>
<td>Juneau</td>
<td>+135</td>
<td>0.8%</td>
</tr>
<tr>
<td>Haines</td>
<td>+55</td>
<td>6%</td>
</tr>
<tr>
<td>POW/OK</td>
<td>+100</td>
<td>6%</td>
</tr>
<tr>
<td>Skag/Ang/Hoonah</td>
<td>+85</td>
<td>5%</td>
</tr>
<tr>
<td>Yakutat</td>
<td>-15</td>
<td>-5%</td>
</tr>
</tbody>
</table>
## Local Population Trends, 2002 to 2003

<table>
<thead>
<tr>
<th>City</th>
<th># Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ketchikan</td>
<td>-150</td>
<td>-1%</td>
</tr>
<tr>
<td>Craig</td>
<td>-65</td>
<td>-4%</td>
</tr>
<tr>
<td>Wrangell</td>
<td>-55</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Petersburg</td>
<td>-60</td>
<td>-2%</td>
</tr>
<tr>
<td>Sitka</td>
<td>+80</td>
<td>+1%</td>
</tr>
<tr>
<td>Juneau</td>
<td>+343</td>
<td>+1.1%</td>
</tr>
<tr>
<td>Haines</td>
<td>-35</td>
<td>-1.5%</td>
</tr>
</tbody>
</table>
## Local Population Trends, 2002 to 2003

<table>
<thead>
<tr>
<th></th>
<th># Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yakutat</td>
<td>-29</td>
<td>-4%</td>
</tr>
<tr>
<td>Skagway</td>
<td>+1</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Hoonah</td>
<td>-26</td>
<td>-3%</td>
</tr>
<tr>
<td>Pelican</td>
<td>-3</td>
<td>-3%</td>
</tr>
<tr>
<td>Angoon</td>
<td>-38</td>
<td>-7%</td>
</tr>
<tr>
<td>Kake</td>
<td>-18</td>
<td>-3%</td>
</tr>
<tr>
<td>Klawock</td>
<td>-3</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Metlakatla</td>
<td>-27</td>
<td>-2%</td>
</tr>
<tr>
<td>Thorne Bay</td>
<td>-20</td>
<td>-4%</td>
</tr>
</tbody>
</table>
Local Economic Trends

Business sales

- down in Haines, 1st half 2004,
- up 7% in Juneau, 1st half 2004
- up 5% in Sitka, 1st half 2004
- up 8% in Skagway through 2003 and 2004
- up 2% in Ketchikan, 1st half 2004
- up in Petersburg (FY 04)
- up 12% in Wrangell, 1st half 2004
- up 2% in Craig, following three years of decline
The big picture....

- Strong fishing season and increase in cruise traffic push local and regional growth
- Strong construction season
- Continuing shake-out in seafood processing
- Turning point for forest products
Things to watch....

- Interest rates
- Oil prices
- Federal highway funding
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