

Southeast Alaska Economic Overview

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**Presented by:
McDowell Group, Inc.
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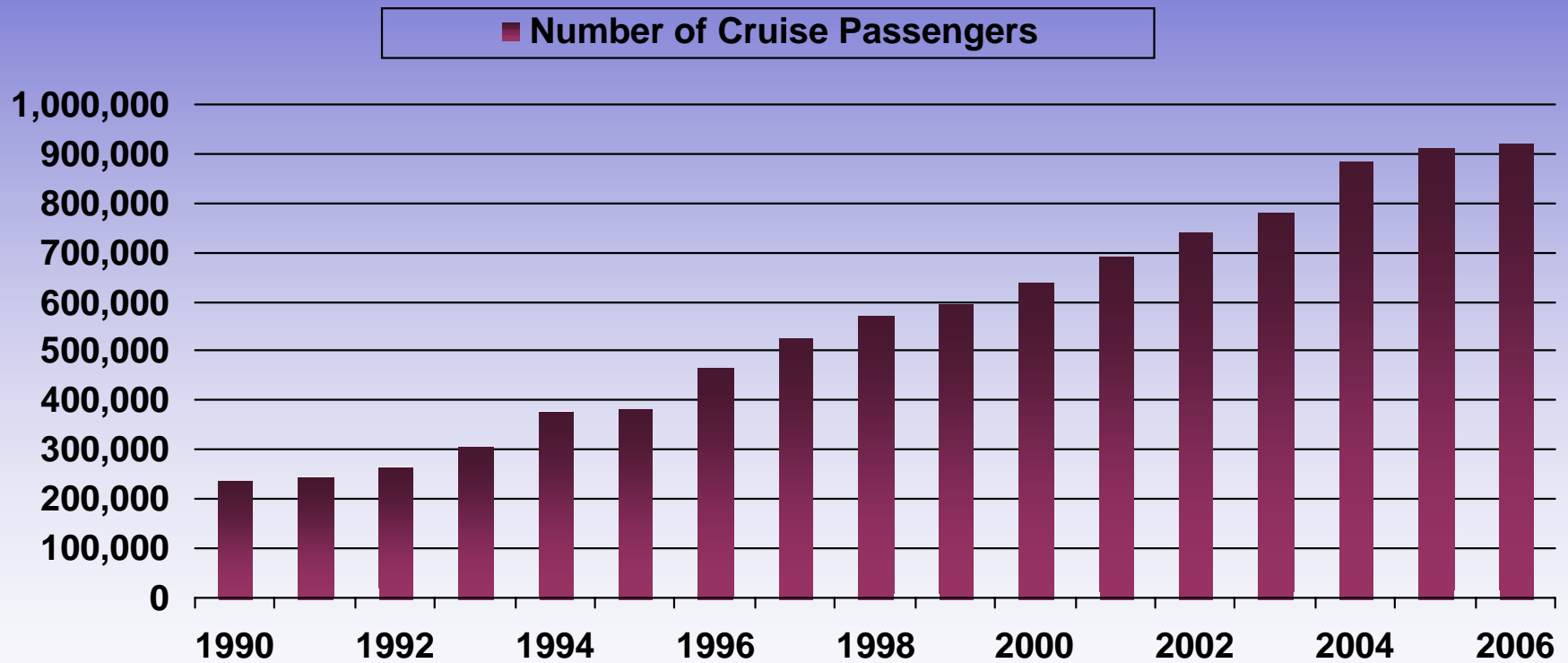
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Visitor Industry



Southeast Cruise Traffic

1990-2006 est



Cruise Traffic by Port

	2005 Passenger Traffic	Percent Change 04-05
Ketchikan	877,000	+1.2%
Wrangell	44,000	-8%
Sitka	216,000	-7.5%
Juneau	915,000	+3.5%
Hoonah	75,000	+11%
Haines	31,000	+4.6%
Skagway	759,000	+4.9%
Prince Rupert	94,000	+46%

Cruise news...

- **2006 traffic up slightly overall**
- **Fleet changes...**
 - 1 additional HAL ship in Alaska in 2006 (7 to 8)
 - NCL dropping a ship (4 to 3)
 - Crystal leaving
- **Ketchikan traffic down 10% in 2006**
- **Hoonah up to 120,000 (from 75,000)**
- **Wrangell down sharply in 2006**

Alaska Travelers Survey

- **5,500 intercept surveys, 3,000 in Southeast**
- **All major modes of transportation**
- **Current market research data including**
 - Visitor demographics
 - Trip planning and booking information
 - Satisfaction ratings
 - Expenditures
- **Clients include KVB, JCVB, SCVB, ACVB, DCCED, CBJ**

Seafood Industry



Commercial Fishing

- **Salmon prices mostly up...**
 - King, chum, pink and sockeye up
- **Salmon harvest volume mixed...**
 - Pink harvest up to 58 million fish
 - Chum harvest down to 6 million fish
 - Sockeye down to 1.6 million fish

Commercial Fishing

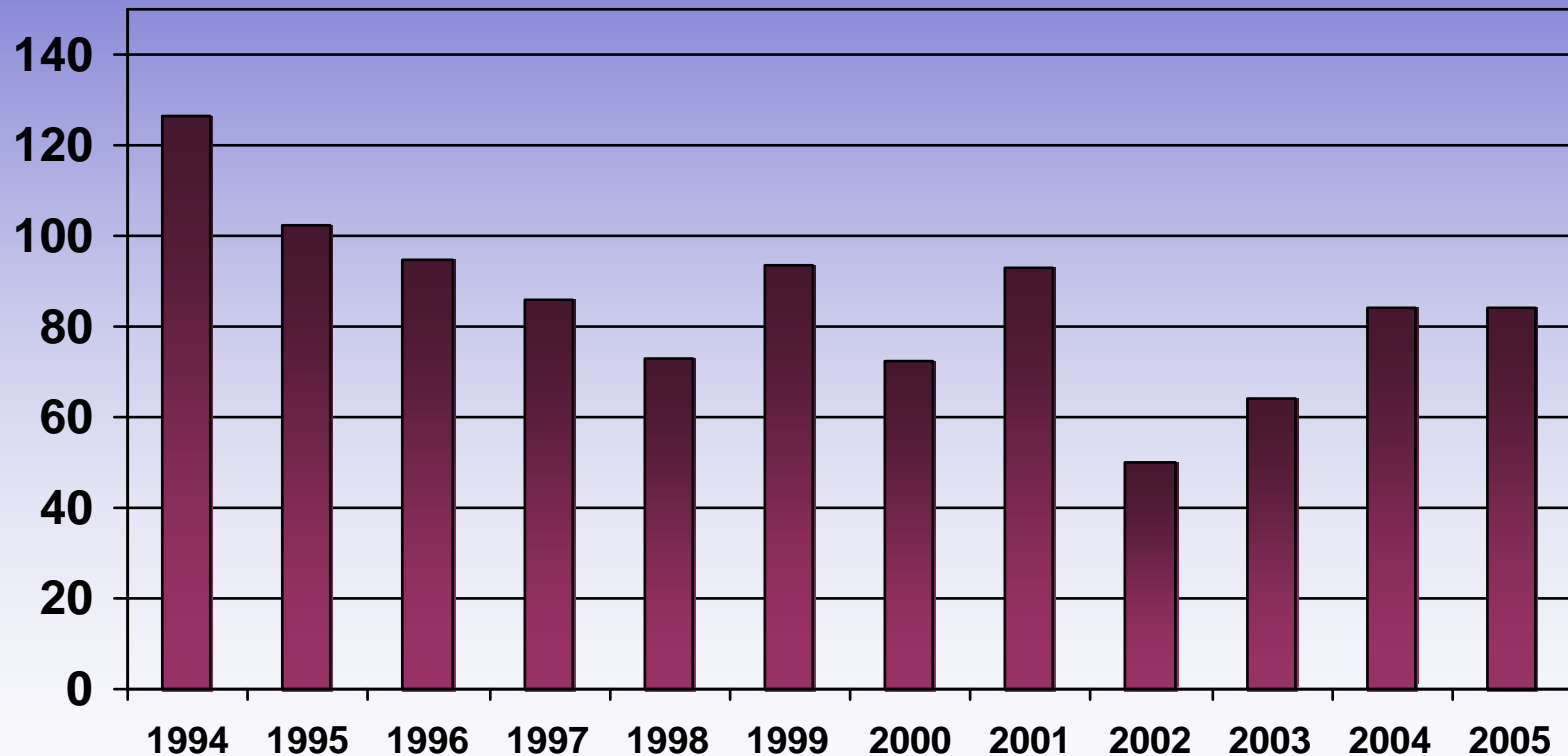
- **Salmon permit values climb...**
 - SE Seine \$45K, up from \$30K last year
 - SE Gillnet \$30K, up from \$22K
 - Power Troll \$29K, up from \$15K
- **Halibut & Blackcod prices, harvest remain strong**

SE Commercial Fishermen

- 3,100 permit holders
- 2,000 permit holders actually fished
- 6,200 permits issued
- 3,400 permits fished
- \$93 million earned in '04

SE Salmon Harvest Value

1996-2005 (ex-vessel, million \$)



Seafood Processing



- 50 employers with total ann. ave. employment of 1,500
- Peak employment of 3,800
- Low season employment of 400
- \$32 million in payroll

The Mining Industry



- **Juneau area**
 - Kensington development underway
 - *225 perm jobs projected*
 - *Construction underway*
 - *Early 2007 start-up*
 - *10+ years mine life*
 - 260 jobs at Greens Creek
 - 9+ years reserves
- **Other activity**
 - Union Bay, Woewodski Island, Niblack

The Oil Industry



- Ann. production of 920,000 b/d
- Current price of \$63/b
- FY 06 forecast price \$39/b
- \$1.5 billion in additional revenue
- 2,500 oil industry jobs in Alaska, average annual salary of \$128,000

Government



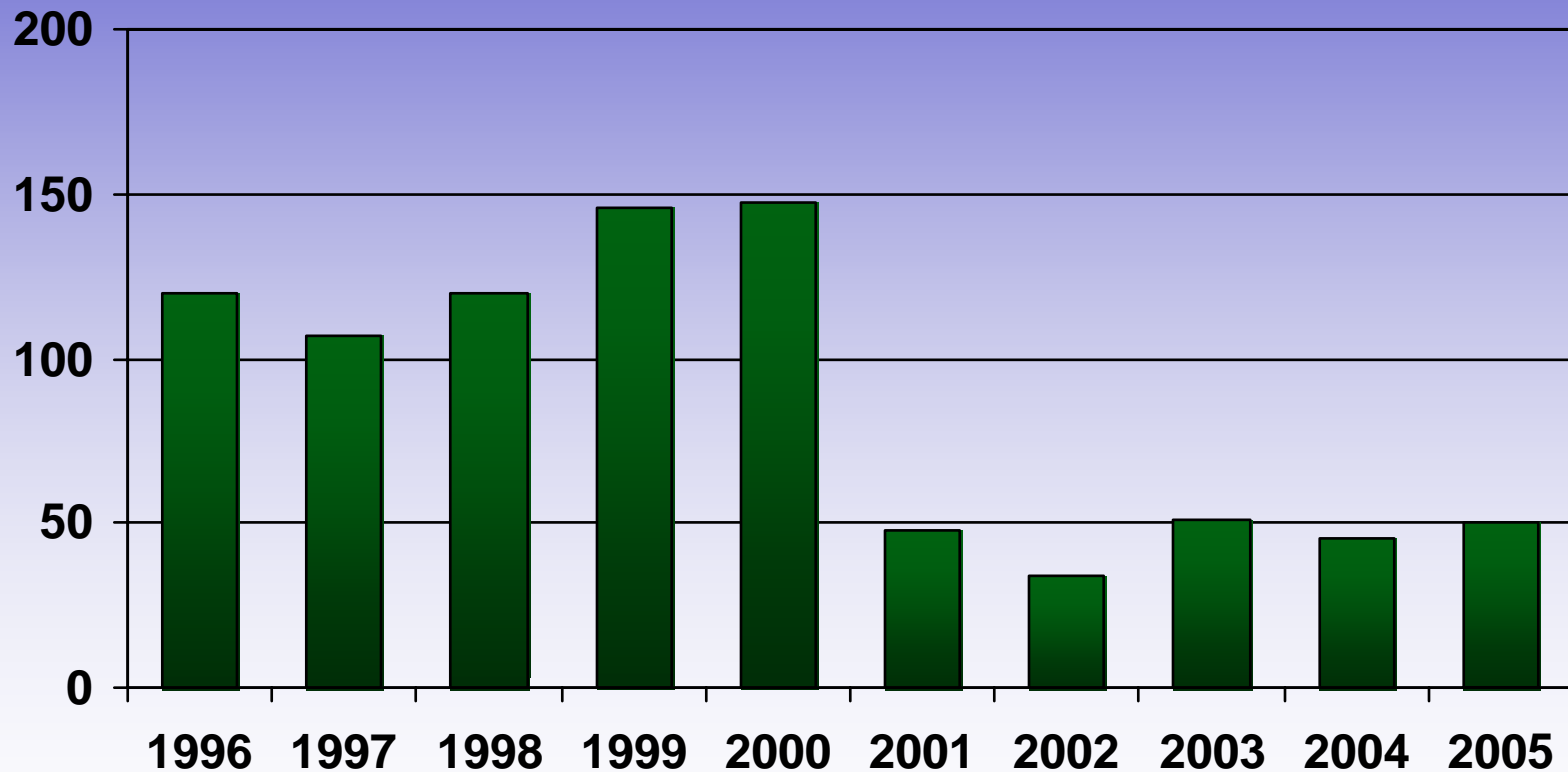
- **2,050 Federal gov't jobs in SE, up 300 since 2001**
- **5,450 State gov't jobs, down 200**
- **6,050 Local gov't jobs down 100**

Timber Industry

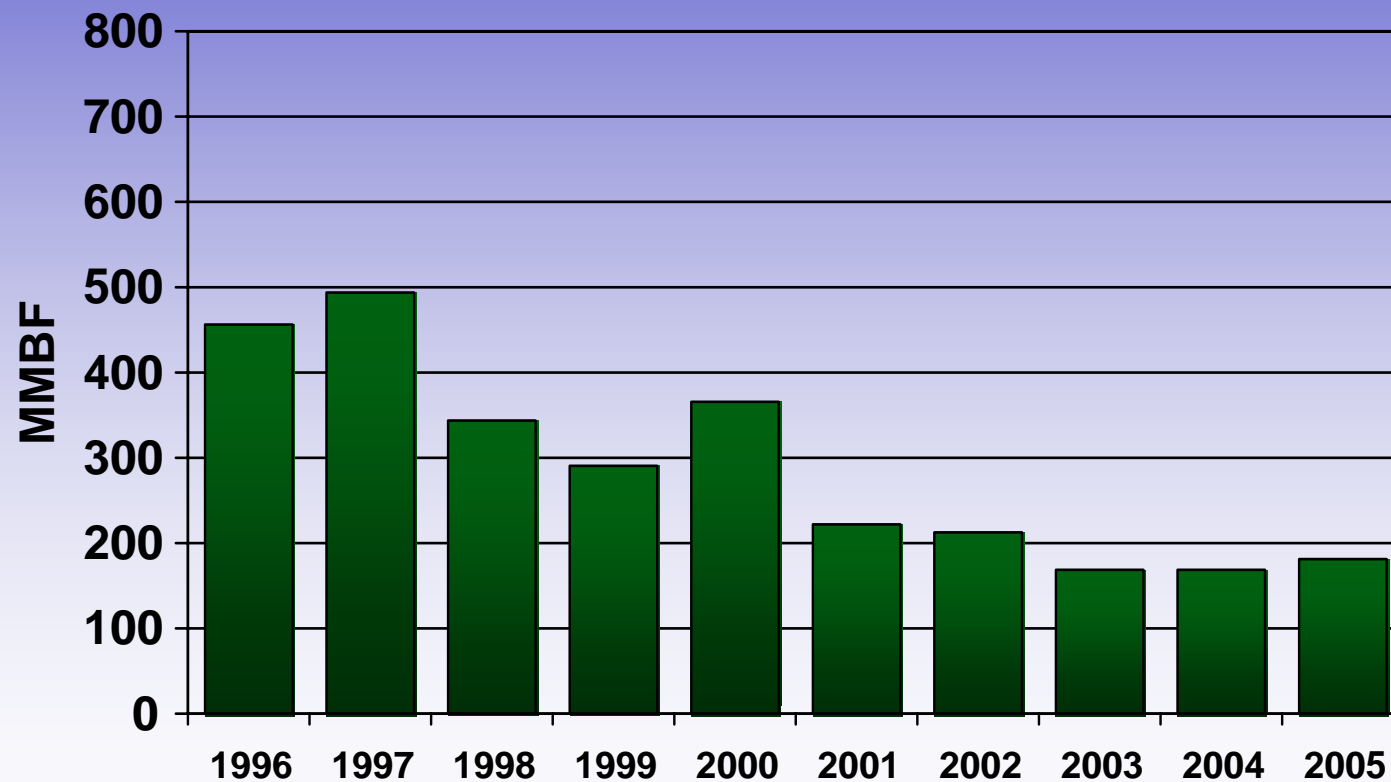


- **Employment of about 450 in SE**
 - 300 in the woods
 - 150 in mills
- **Including indirect impacts, timber still generates income for over 1,500 workers in SE**

Tongass Timber Harvest 1996-2005 (mmbf)



Total Southeast Timber Harvest, 1996-2005 (mmbf)



Health and Social Services

- **3,300 jobs in SE in 2004**
 - \$79 million in total payroll
- **1,200 in social services programs**
 - \$25 million in total payroll
- **1 in 10 SE jobs is in health & social services**

Alaska Regional Employment Trends, 2003 to 2004

- Fairbanks up 2.5% (900 new jobs)
- Gulf Coast up 1.8% (500 new)
- Anchorage up 1.5% (2,100 new)
- SW up 1.3% (250 new)
- SE down 1.1% (down 400 jobs)
- Northern down 1.9% (down 300)

Local Employment Trends

2003 to 2004

	# Change	% Change
Ketchikan	+86	+1.3%
POW/OK	+73	+3.8%
Haines	+55	+5.8%
Yakutat	+6	+1.9%
Wran/Pet.	-85	-3.3%
Sitka	-93	-2.1%
S/A/H	-129	-7.9%
Juneau	-209	-1.2%

Most recent regional employment trends...

- **July '05 employment in SE even with last year (41,200 jobs)**
- **Unemployment is down in all areas except Yakutat, as of July '05**

Regional Population Trends

- **70,600 as of July 2004**
 - Down from 71,800 in 2003
 - Total decline of 2,460 over 4 years (3.4%)
- **Anchorage up 1.9%, Mat-Su 3.8%, Fairbanks 3.4%, 2003 to 2004**
- **SW, Northern, and Gulf Coast all down**

Recent Local Population Trends, 2003 to 2004

	# Change	% Change
Ketchikan	-500	-3.7%
Wrangell	-100	-4.7%
Petersburg	+45	+1.4%
Sitka	-90	-1%
Juneau	-280	-0.9%
Haines	-75	-3%

Things to watch....

- Interest rates
- The dollar
- Oil prices
- Transportation funding

Southeast Alaska Economic Overview

McDowell Group, Inc.

Anchorage • Juneau

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Alaska businesses and organizations
since 1972**

*Economics, Market Research, Business Feasibility,
Survey Research*