



Fairbanks 2023 Jobs Forecast and Statewide Economic Update

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and Workforce Development

ALASKA ECONOMIC TRENDS

JANUARY 2023

Alaska's employment outlook for 2023

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Anchorage, and Southeast

Fairbanks jobs forecast for 2023

Military growth continues to provide an economic buffer

By SARA TEEL

Fairbanks wasn't hit quite as hard by pandemic job losses as Anchorage and Southeast. The Fairbanks North Star Borough's employment fell 6.6 percent in 2020 while Anchorage lost 7.9 percent of its jobs and Southeast 13.5 percent.

As a regional hub with a university campus and two military bases, Fairbanks doesn't rely on tourism as much as some other regions. Many businesses remained open, as they were deemed essential. Fairbanks had another buffer, too: a military influx. The borough gained population in recent years while most of the state continued to lose people to migration.

Later in the pandemic, Fairbanks grappled with the same supply chain bottlenecks and staffing shortages as the rest of the nation, which continued into 2022 accompanied by high energy costs, rising inflation, and increasing housing prices.

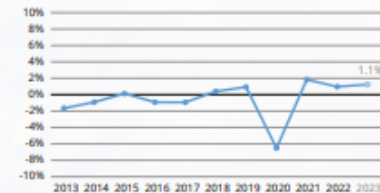
The borough's job count grew by 1.7 percent in 2021 — about 600 — and while recovery continued in 2022, growth was marginal at 0.8 percent. The private sector added 500 jobs last year, mainly in leisure and hospitality, but Fairbanks lost 200 government jobs.

We forecast a little more job growth than last year, at 1.1 percent (about 400 jobs). This looks like a challenging year for Fairbanks, with uncertainty about oil prices, inflation, the war in Ukraine and what it could mean for troops and prices, continued supply and worker shortages, and a possible national recession. The federal Infrastructure Investment and Jobs Act will stimulate some growth this year, but substantial funding disbursement isn't likely in 2023.

Infrastructure projects coming, but timeline is not yet clear

While the funding disbursement timeline for the infrastructure bill remains unclear, Fairbanks is

A third year of minor job recovery on the horizon for Fairbanks area



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

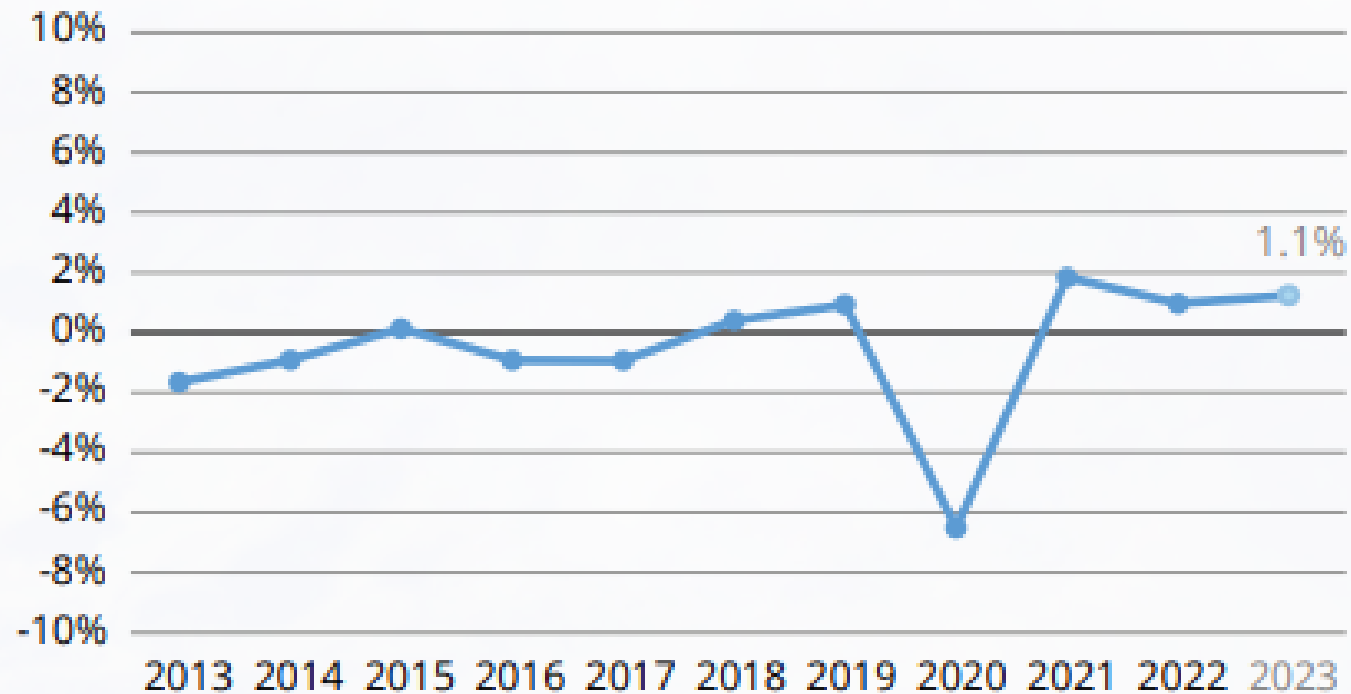
in line to benefit. The area's allotment will include \$1 million for a watershed restoration project, \$1 million for Yukon-Tanana uplands restoration, \$2.4 million for upgrades of the bus system, \$3.8 million for the Fairbanks International Airport, and \$146.4 million for hydropower and marine energy research at the University of Alaska Fairbanks.

Military buildup reversed population decline trend

Fairbanks' population had declined an average of 1 percent a year since 2012, but in 2019, the first wave of new military personnel and families arrived with the installation of the F-35 fighter jets at Eielson Air Force Base. While the pandemic altered the planned arrival timeline, by late spring of 2022, the number of active duty personnel and their families at Eielson had more than doubled. Eielson had almost 3,600 people in 2019 and more than 7,600 in the first half of 2022.

A larger population usually demands more goods and services, but pandemic-linked job losses overshadowed the gains spurred by population growth. The borough's job recovery would have been slower without this cushion, though.

A third year of minor job recovery on the horizon for Fairbanks area



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

COVID-Related Notes about Fairbanks

- Fairbanks' job losses were less severe during COVID than other parts of the state.

Southeast lost 13.5 percent of its jobs, Anchorage 7.9 percent and FNSB 6.6 percent.

COVID-Related Notes about Fairbanks

- Why were Fairbanks losses smaller?

FNSB is less dependent on tourism and benefits from the relative stability of military bases and UAF. Fewer business closures for COVID was another possible factor.

FNSB's Economic Strengths in 2023

- Infrastructure Act Spending
- Strong tourism season expected (tourism-related revenue jumped in 2022)
- Recent population growth and new home construction (due mostly to military)

FNSB's Economic Weaknesses in 2023

- Ongoing budget-related challenges at UAF and for state government overall
- K-12 school enrollment down (-7.3 percent from pre-pandemic level) and political arguments about funding levels
- Housing (low vacancy rates, rising rents, demand exceeding supply)?

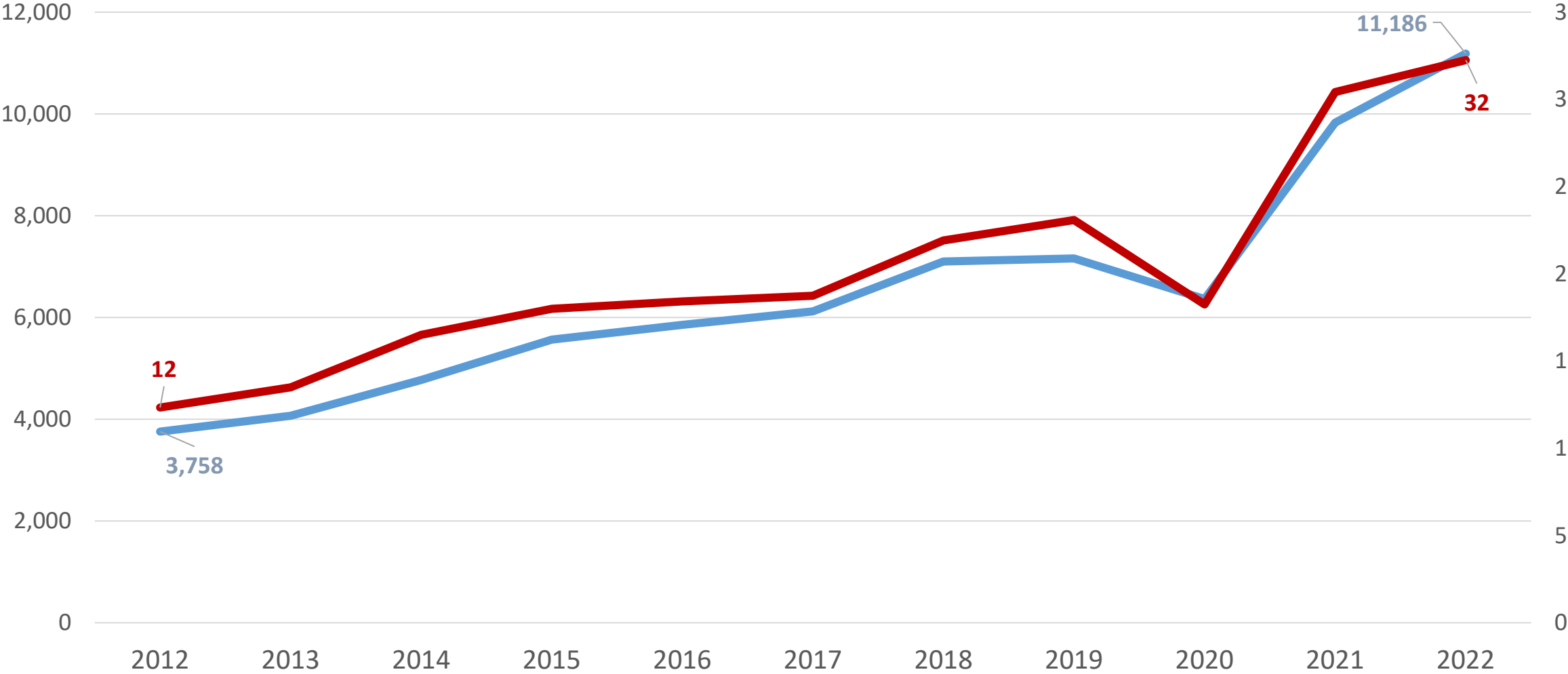
Shifting to Statewide Issues

1. Where are the workers?

Average Monthly Job Openings, 2012-2022

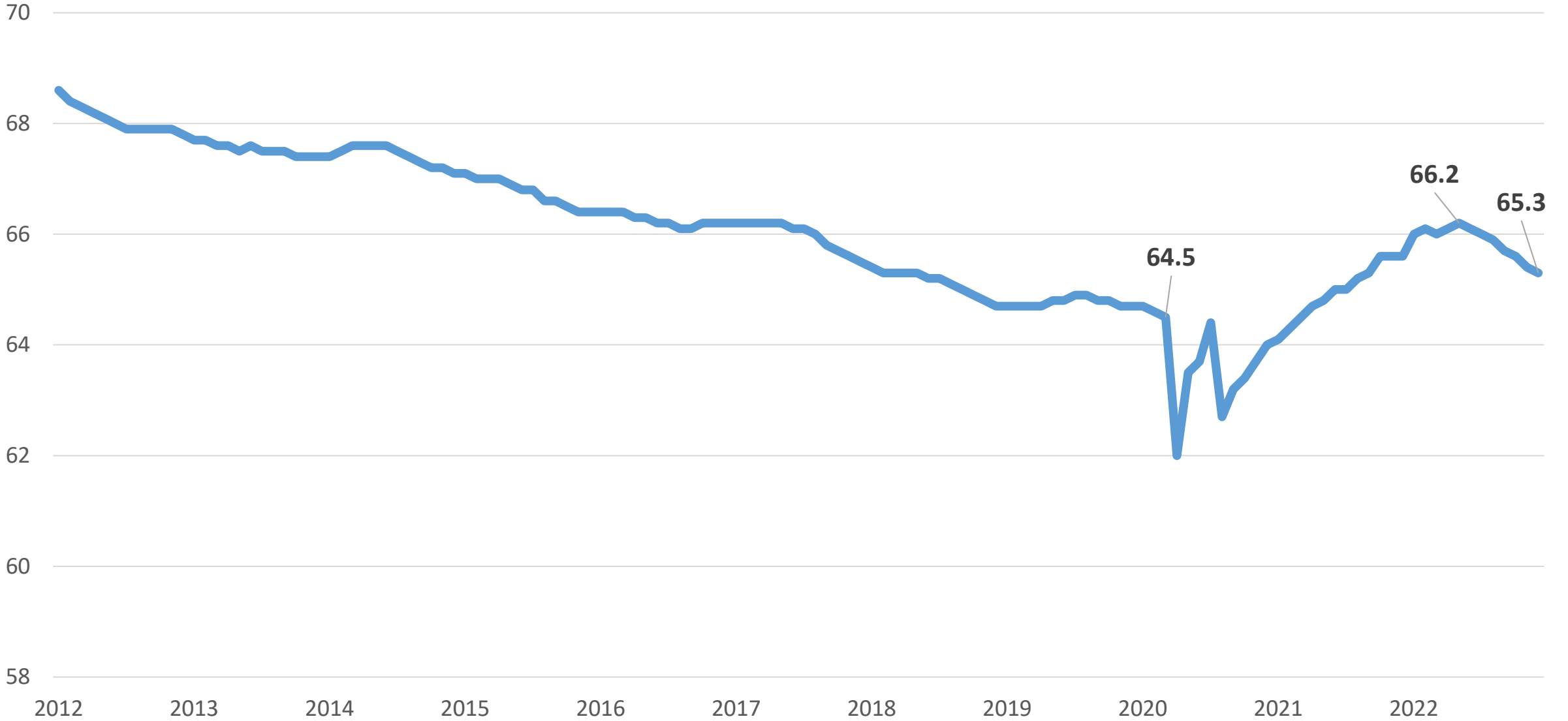
(U.S. Thousands)

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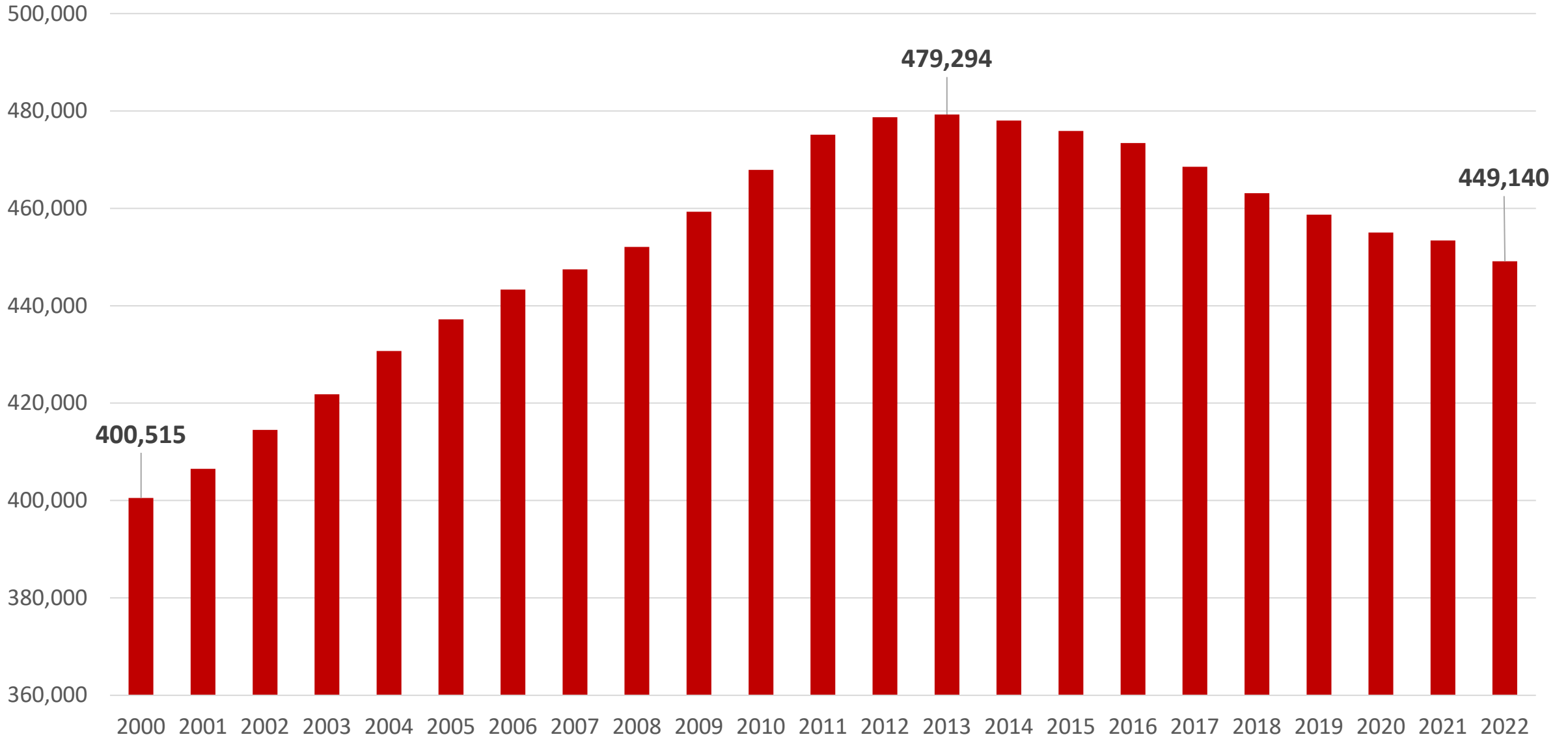


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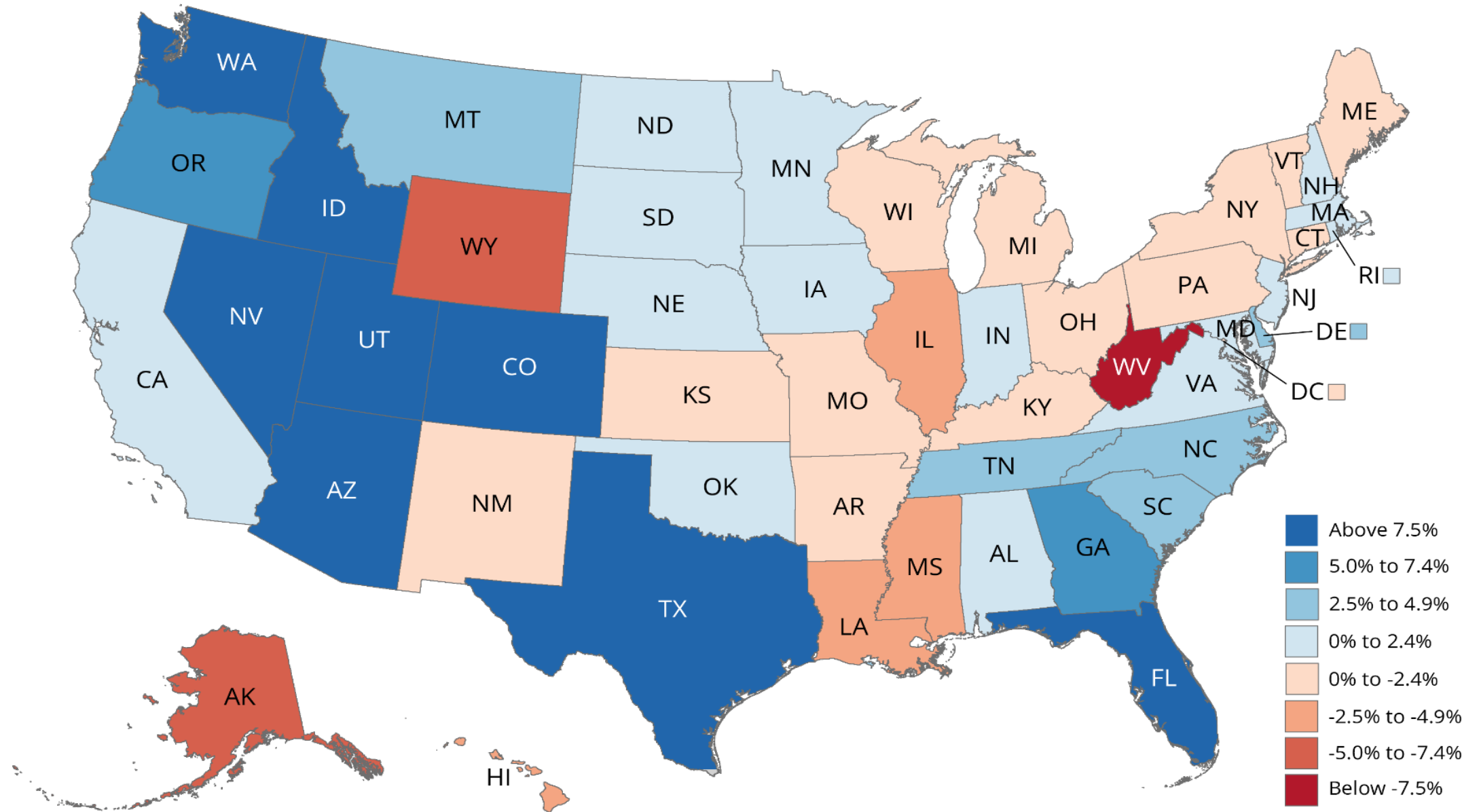
Alaska Labor Force Participation Rate



Alaska Working Age (18-64) Population



Percentage Change in Working Age (18-64) population 2013-2021



Shifting Back to Fairbanks

- Loss of 1,399 people from due to migration from 2015 to 2020 (biggest numerical losses were in 15-19-year-olds (120) and 60-64-year-olds (142))

Shifting Back to Fairbanks

- Migration losses from 2010-2015 also, but smaller ones and small net gains for 20-24-year-olds

Shifting Back to Fairbanks

- Migration *gains* from 2005-2010, with biggest increases coming from 20-29-year-olds (small losses for 15-19-year-olds)
- Similar story from 2000-2005.

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Sources: Alaska Department of Labor and Workforce
Development, U.S. Bureau of Labor Statistics, U.S.
Census Bureau