

Sitka Economic Trends, 2022

April 21, 2022

PREPARED FOR:

Sitka Economic Development Association



About McKinley Research Group

- Formerly McDowell Group
- Research and consulting since 1972
- Offices in Juneau and Anchorage
- Services
 - Economic Analysis
 - Community Economic Planning
 - Business Development
 - Survey Research
 - And many others

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**Population &
Demographic
Factors**

2

**Labor Force &
Employment
Recovery**

3

**Key Basic
Industries**

- Seafood
- Tourism
- Others

4

**Other
Socioeconomic
Indicators**

- Inflation
- Housing

Population



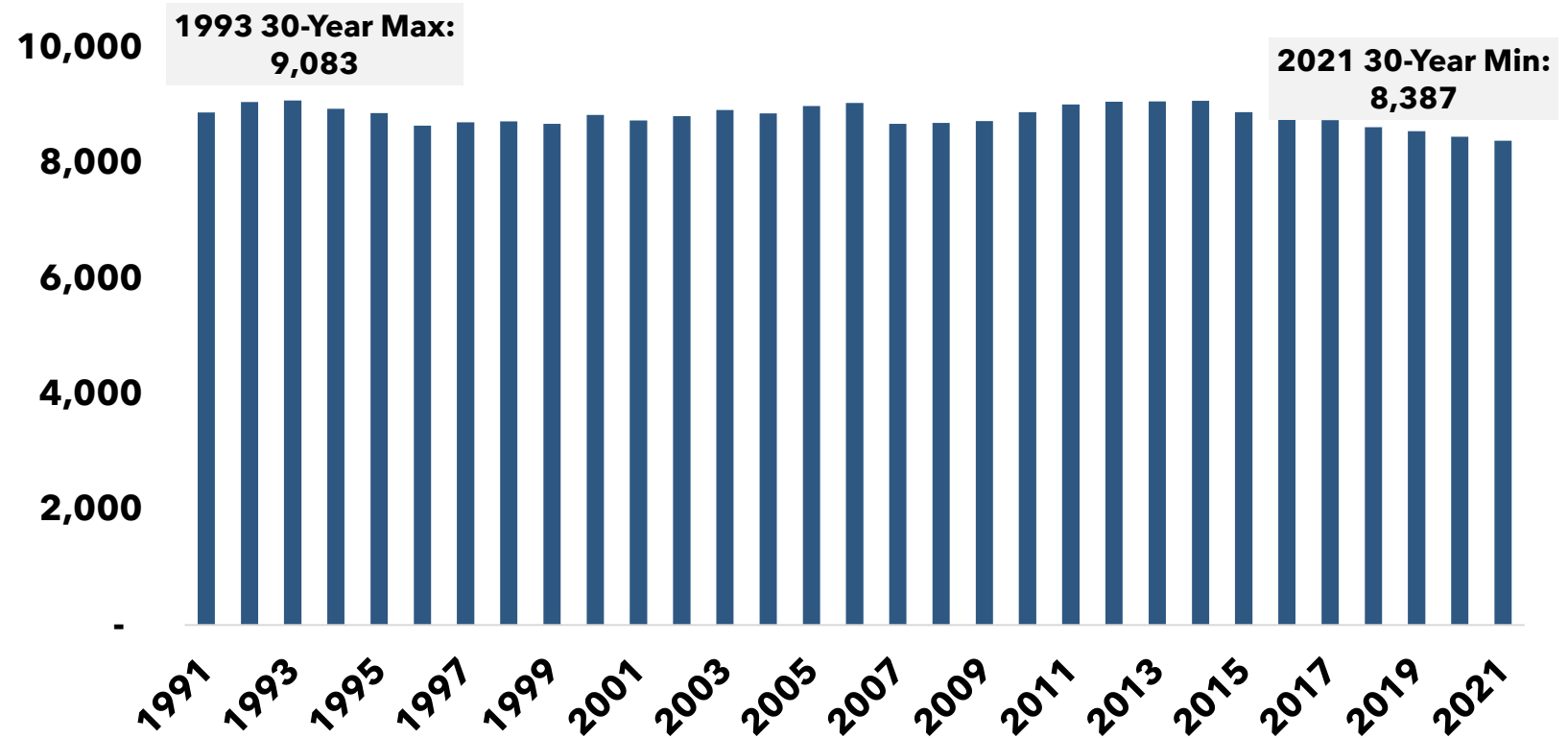
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Population

Population declines for a fifth consecutive year

- Population down by 71 (-0.8%) between 2020 and 2021
- Slightly higher rate of decline compared to Juneau, Ketchikan

Sitka Resident Population, 1991-2021

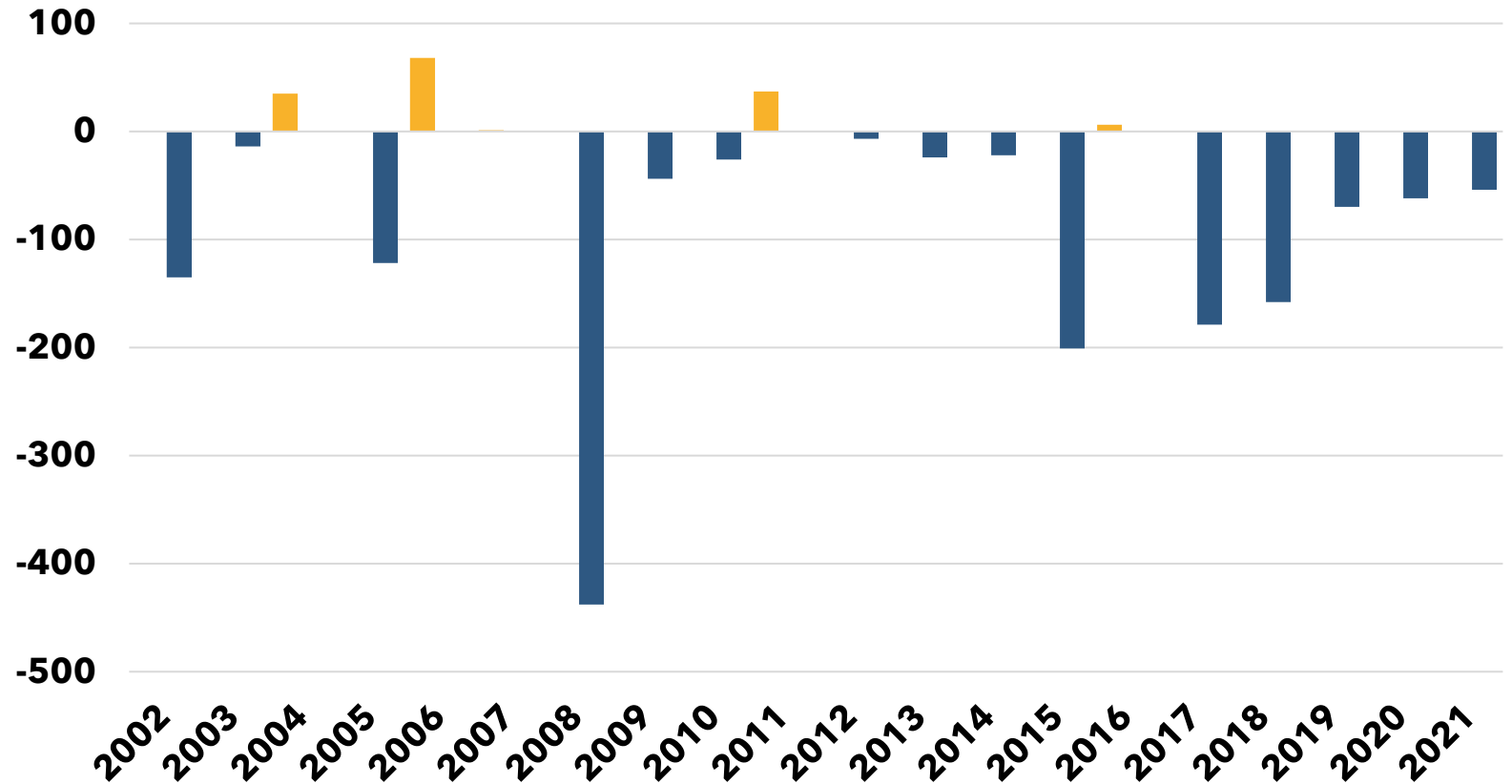


Population: Net Migration

Net outmigration contributes most to declining population

- Net outmigration of 54 people between 2020 and 2021
- In-migration has slowed over the last decade
- Out-migration has also slowed over the past five years

Sitka Net Migration, 2002-2021

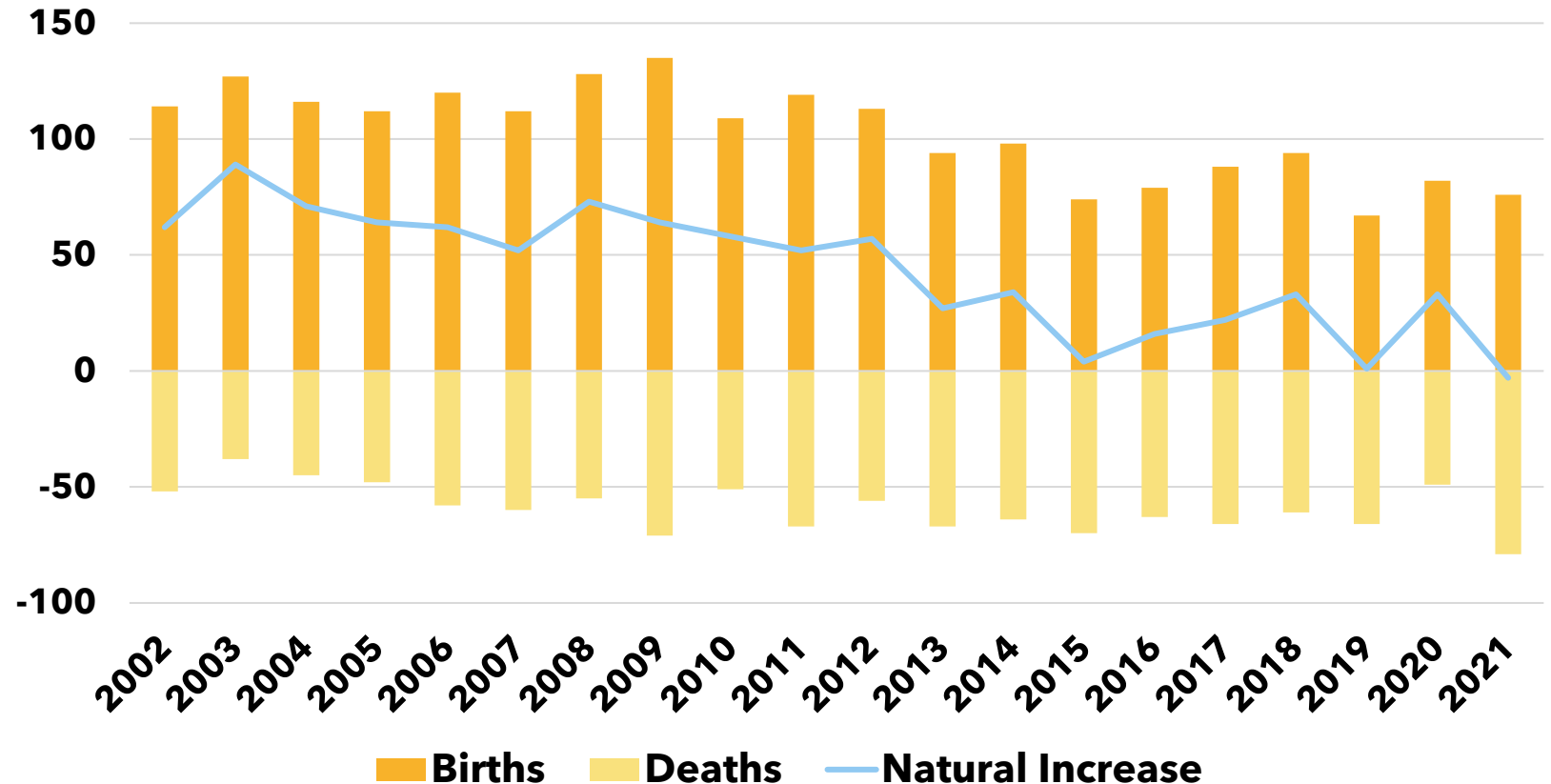


Population: Natural Increase

Sitka saw natural decrease for first time

- Deaths (79) outnumbered births (76)
- Sitka (9.06), Juneau (8.65), Ketchikan (10.0) are among Alaska's lowest birth rates

Sitka Births, Deaths, and Natural Population Change, 2002-2021

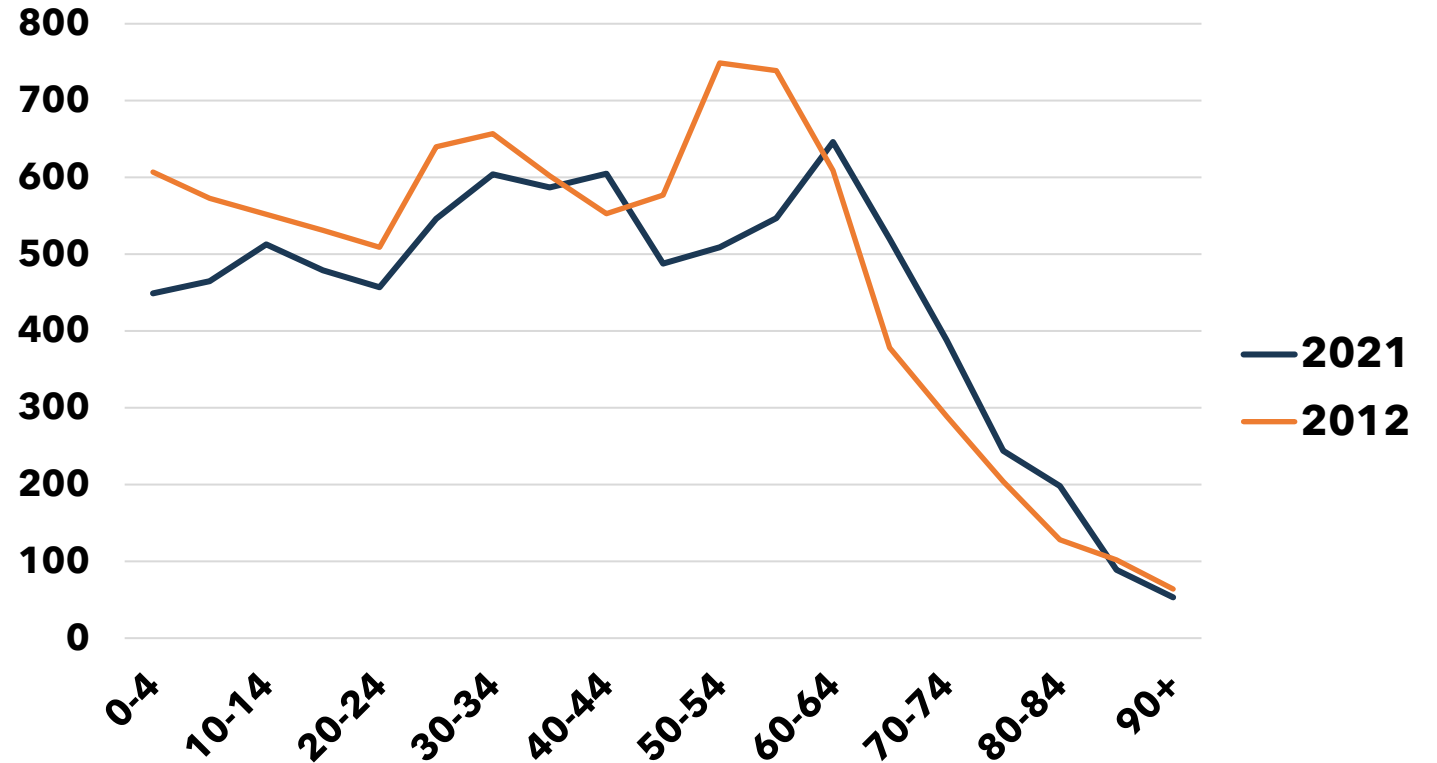


Population: Aging

Sitka has an aging population

- Number of residents 65+ increased by 327 (+28%) over last decade
- Working age population (20-64) fell by 646 (-11%)
- Children declined by 357 (-16%)

Sitka Number of Residents by Age Cohort, 2012 and 2021



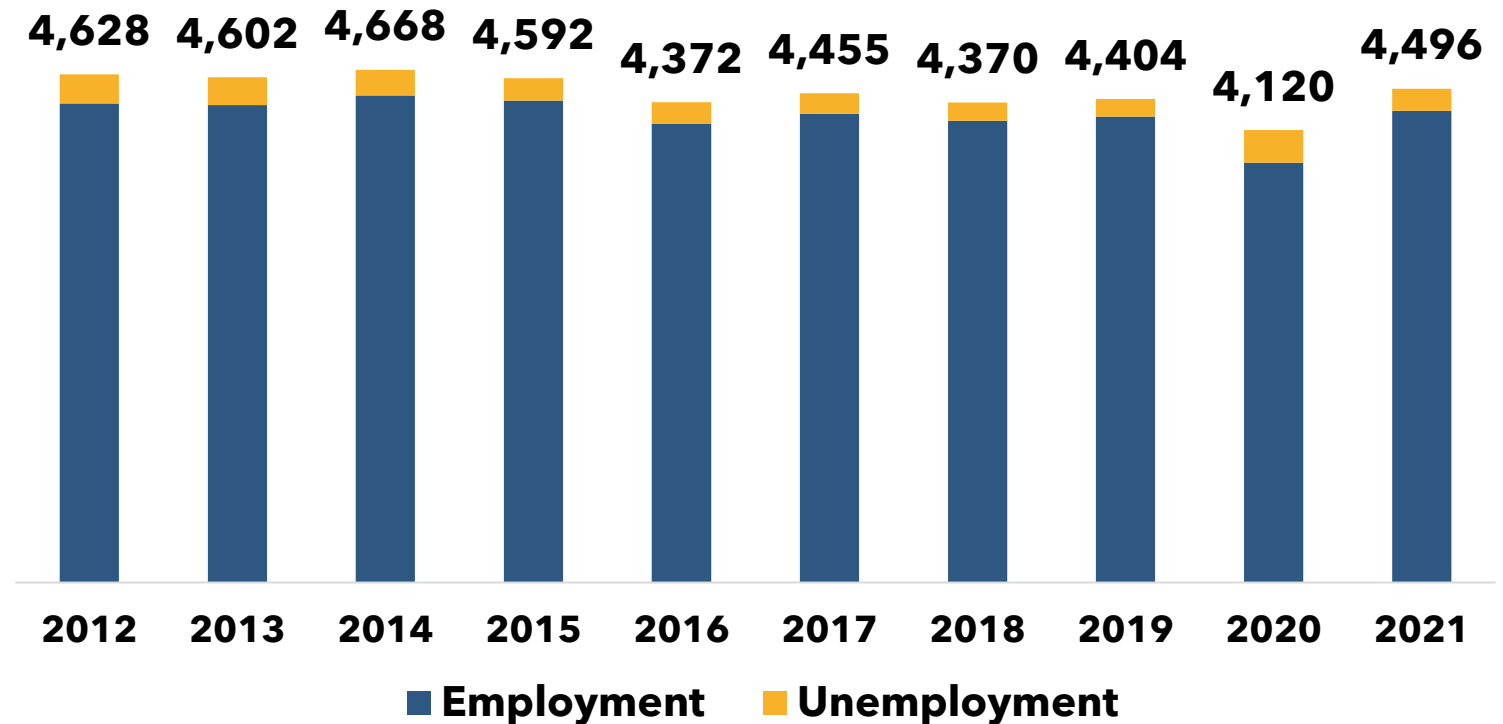
Labor Force and Employment

Labor Force

Sitka's resident labor force rebounded above 2019 level in 2021

- More residents employed (+53, 1%) and looking for work (+29, 24%)
- Remains below pre-Alaska recession levels

Sitka Resident Labor Force, 2012-2021

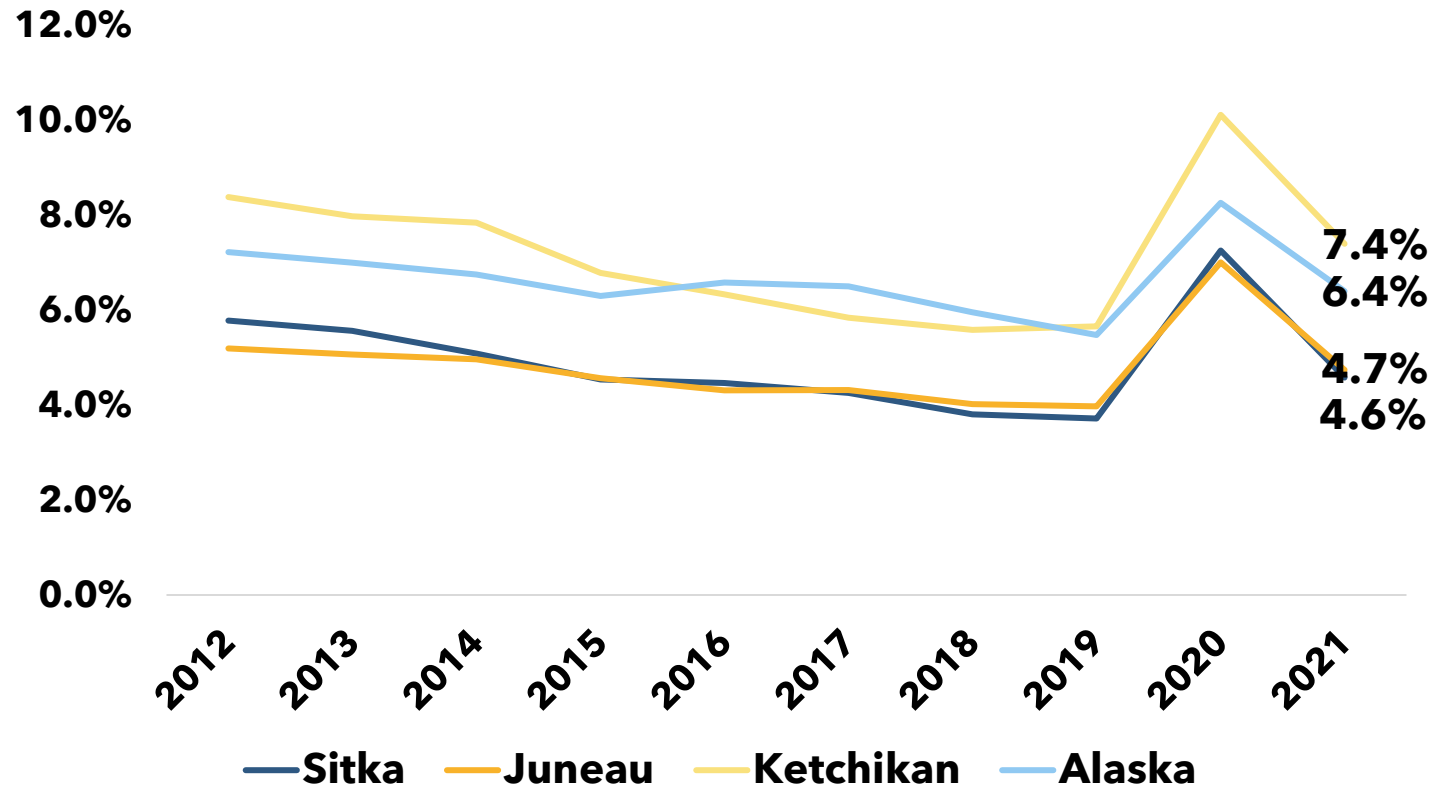


Labor Force: Unemployment Rate

Sitka unemployment rate decreases from high of 7.3% (annual average) in 2020

- Unemployment rate remains above pre-Alaska recession levels (4.5% in 2015)

Unemployment Rate by Community, 2012-2021

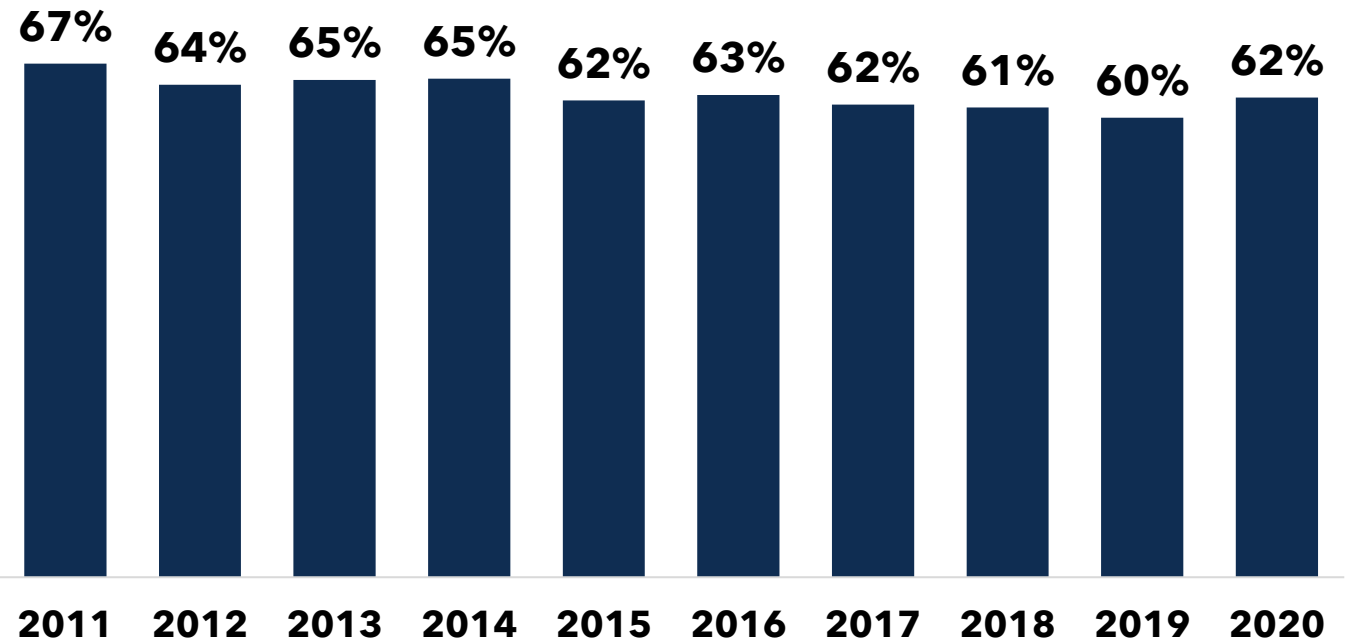


Labor Force: Nonresident workers

*62% of Sitka workers are
Sitka residents*

- Alaska - 69%
- Juneau - 78%
- Ketchikan - 72%

Local Residents as a Percentage of Sitka Workforce, 2011-2020

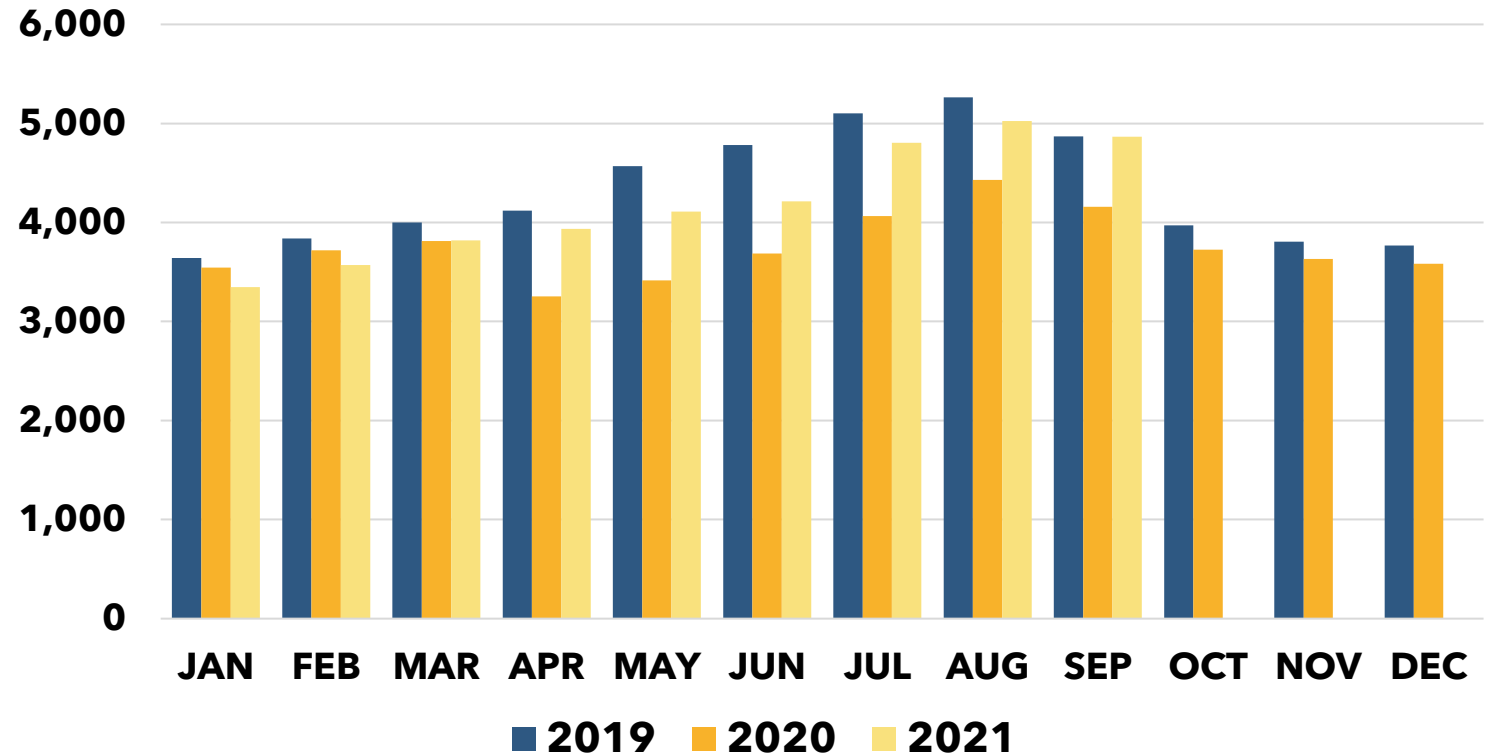


Wage & Salary Employment

Total change in jobs
(9-month avg):

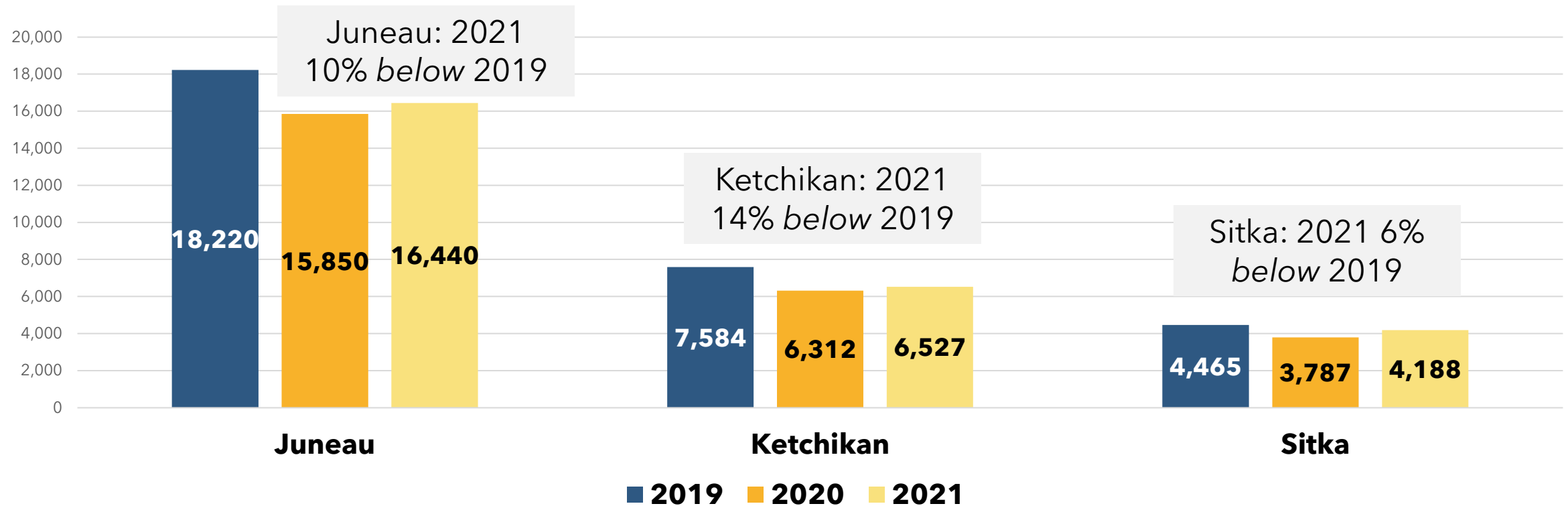
- 2019-2020: -678 (-15%)
- 2020-2021: +401 (+11%)

Sitka Wage & Salary Employment by Month, 2019-2021



Wage & Salary Employment Recovery

Total change in jobs (9-month average)



Wage & Salary Employment by Sector

Total change in jobs (9-month average)

	2019 Jobs	2019-2020 Loss	2020-2021 Gain	Gap (2019-2021 Change)
Scenic & Sightseeing Trans.	153	-93 (-61%)	+60 (+99%)	-34 (-22%)
Accommodations	159	-55 (-35%)	+18 (+18%)	-37 (-23%)
Eating & Drinking Places	342	-73 (-21%)	+45 (+17%)	-29 (-8%)
Seafood Processing	543	-98 (-18%)	+197 (+44%)	+98 (+18%)
Construction	157	-24 (-15%)	+31 (+23%)	+7 (+4%)
State Gov't	315	-35 (-11%)	+5 (+2%)	-30 (-10%)
Retail	454	-44 (-10%)	+18 (+4%)	-26 (-6%)

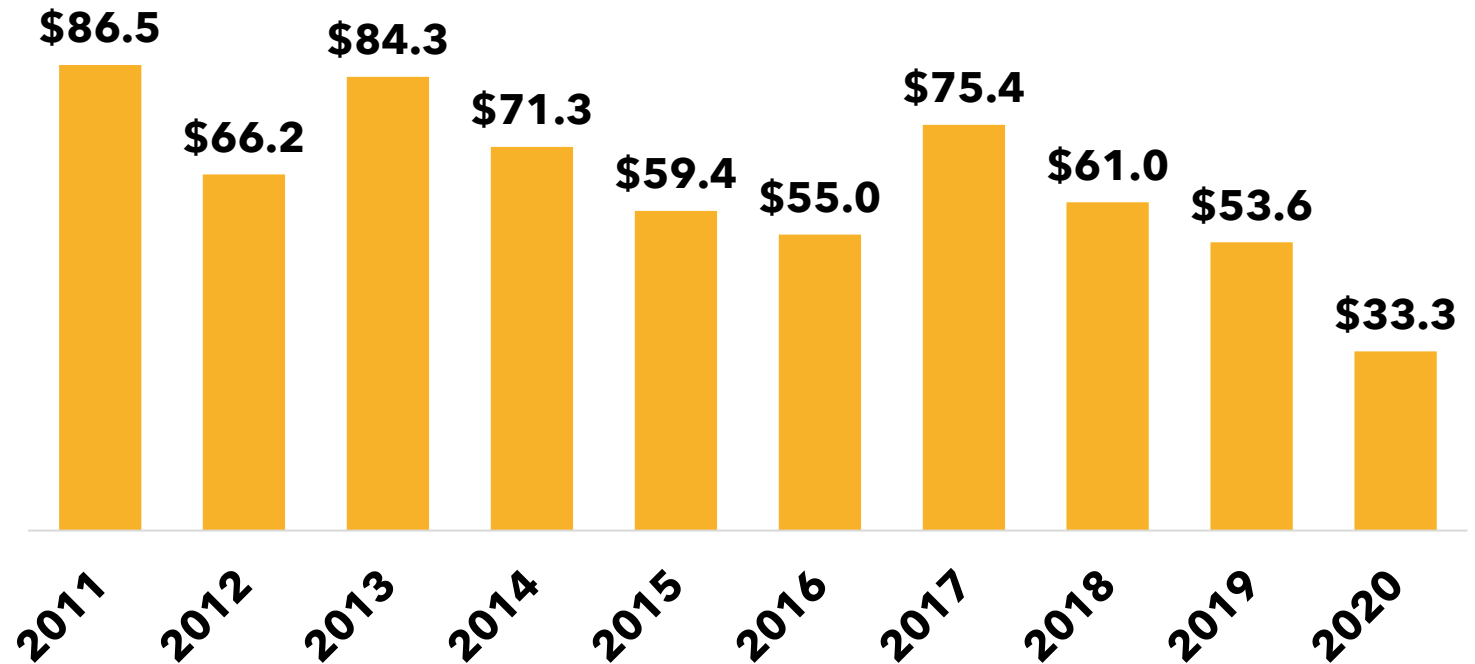
Key Sectors

Seafood Industry

2020 saw declines in demand & prices for high-value species

- Landings value in Sitka down 38% compared to 2019
- Number of *active* Sitka permit holders declined by 8% in 2020 compared to 2019

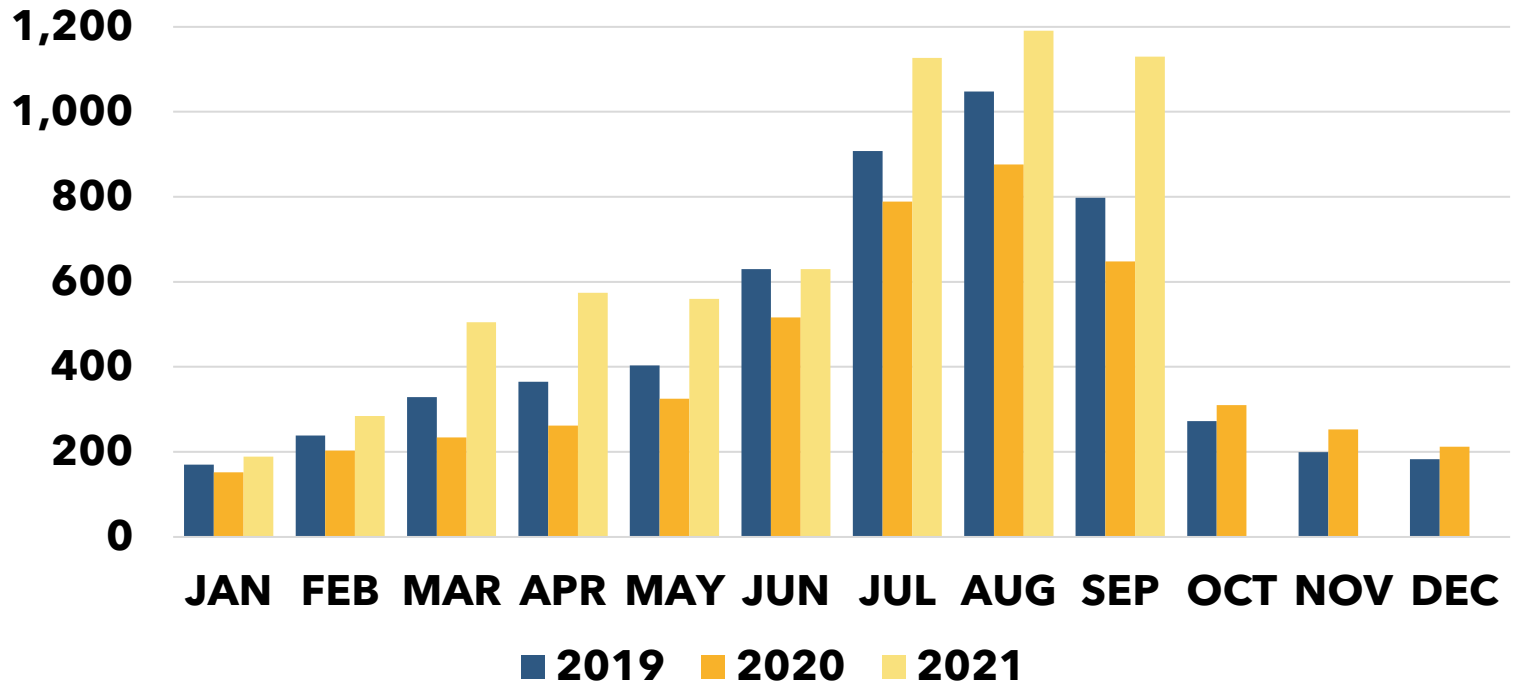
Sitka Estimated Seafood Landings Value, 2011-2020 (\$million)



Seafood Industry: Processing Employment

*Seafood processing
employment up 18% in
2021 compared to 2019
(9-month average)*

Seafood Processing Employment in Sitka, 2019-2021

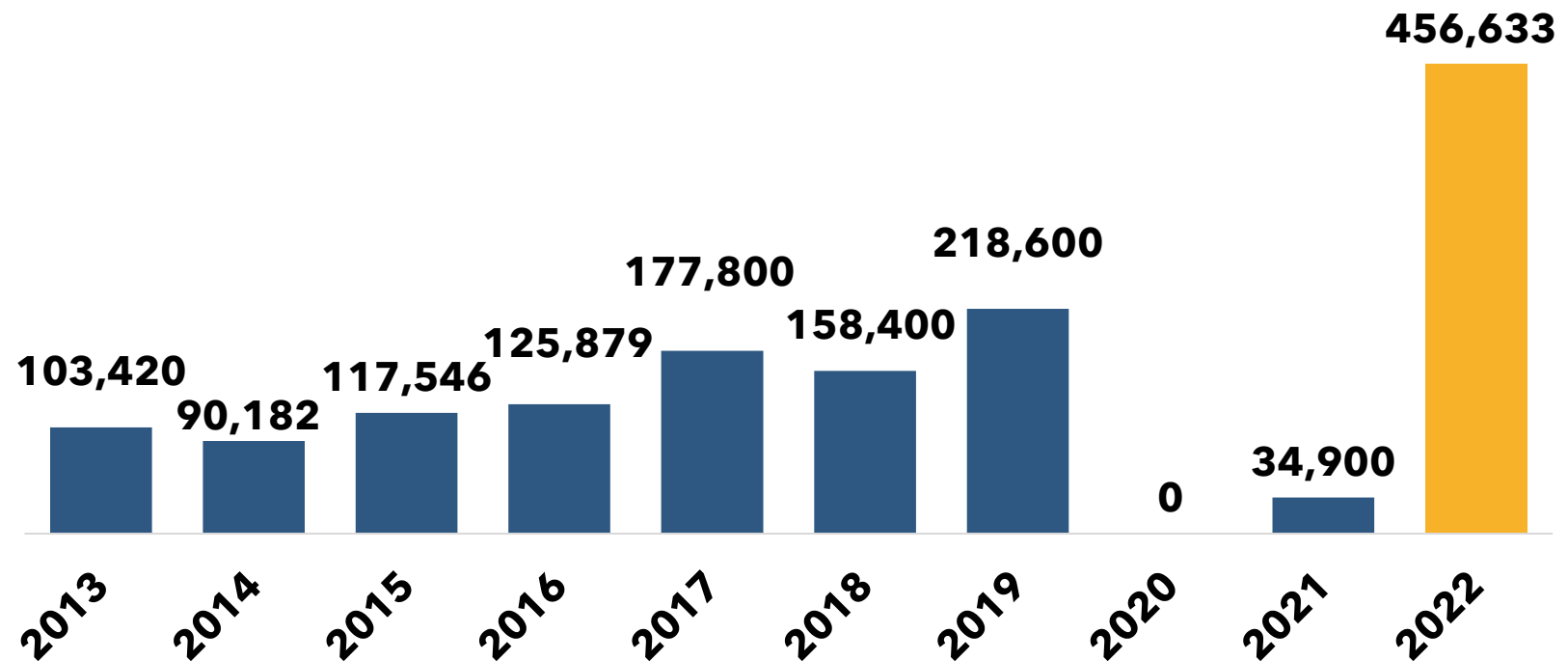


Visitor Industry

Cruise passenger capacity expected to more than double compared to 2019

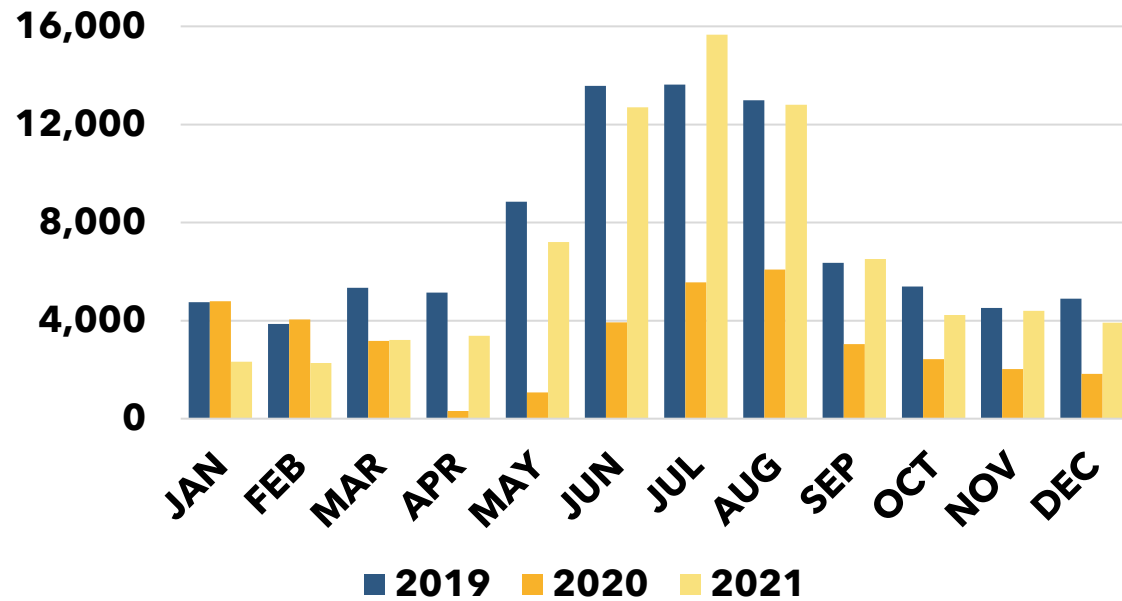
- 295 port calls expected
- Sitka set to capture 29% of cruise market in 2022 (above 2019)
- Actual volume likely to fall short of capacity

**Sitka Cruise Passenger Visitation, 2013-2021
Actuals and 2022 Forecast**



Transportation

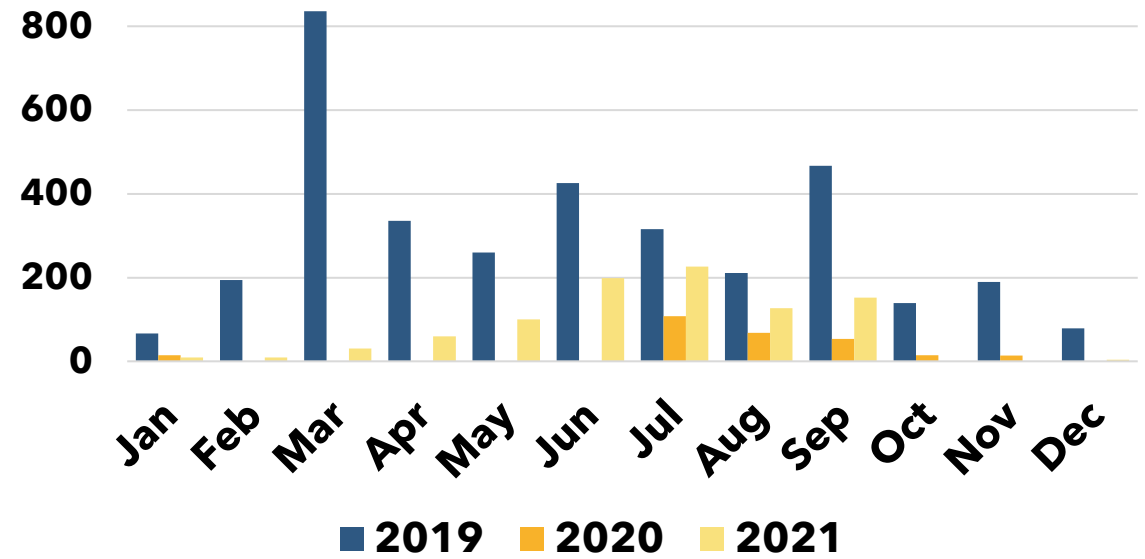
Sitka Air Passenger Traffic by Month, 2019-2021



Air passenger traffic remained 12% below 2019

- 10,700 fewer passengers in 2021
- July 2021 traffic surpasses July 2019

Alaska Marine Highway System Embarkations by Month, 2019-2021



AMHS embarkations in Sitka well below 2019

- 2,600 fewer embarkations in 2021

Other Key Industries

Healthcare

- 2021 9-month average of 754 jobs
- Sitka Community Hospital transfer to SEARHC
- Mt. Edgecumbe replacement project

Coast Guard

- US BEA reported 246 uniformed military employment in Sitka in 2020
- No change from previous year

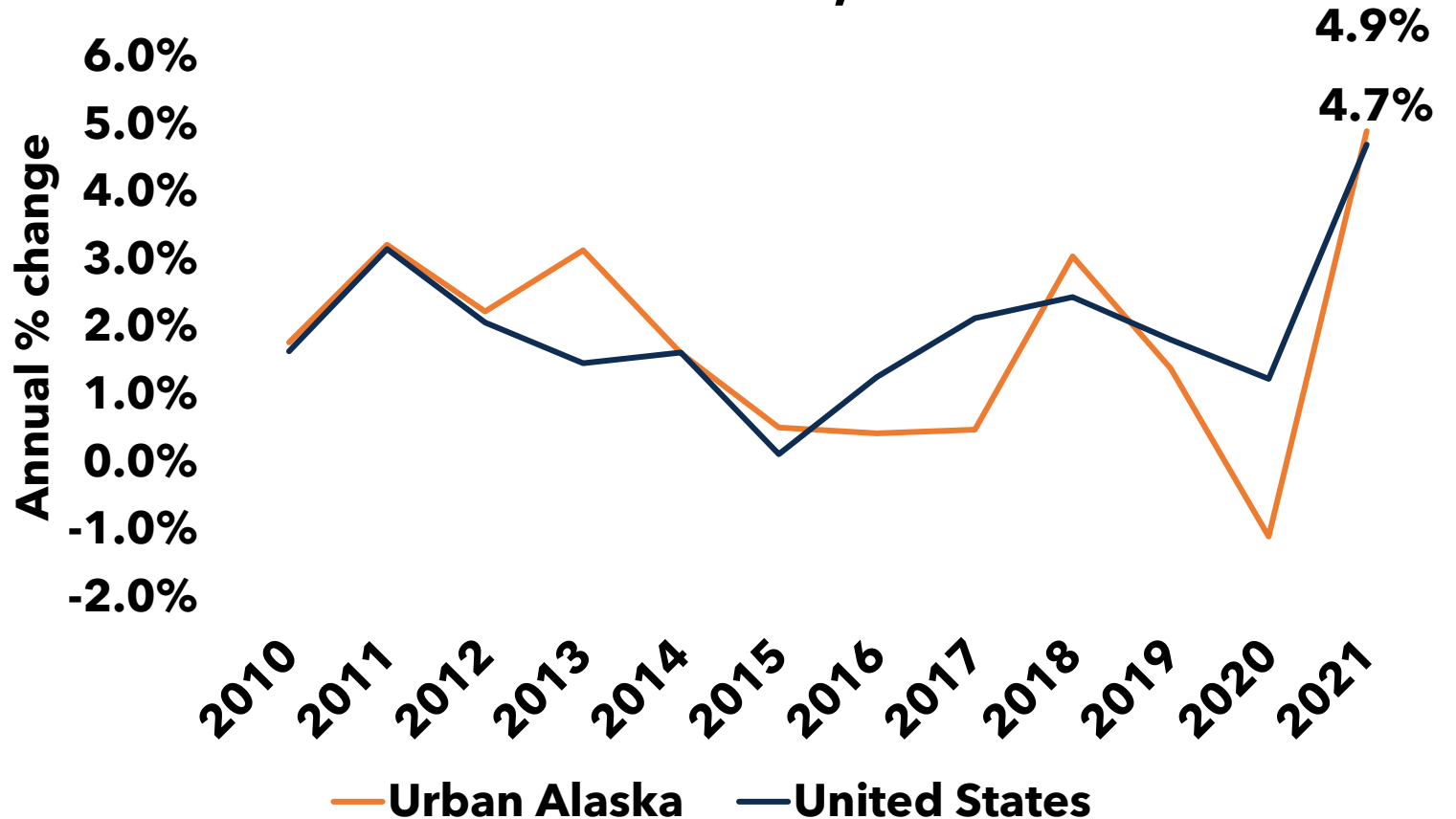
Other Socioeconomic Indicators

Inflation

Highest inflation since 1980s

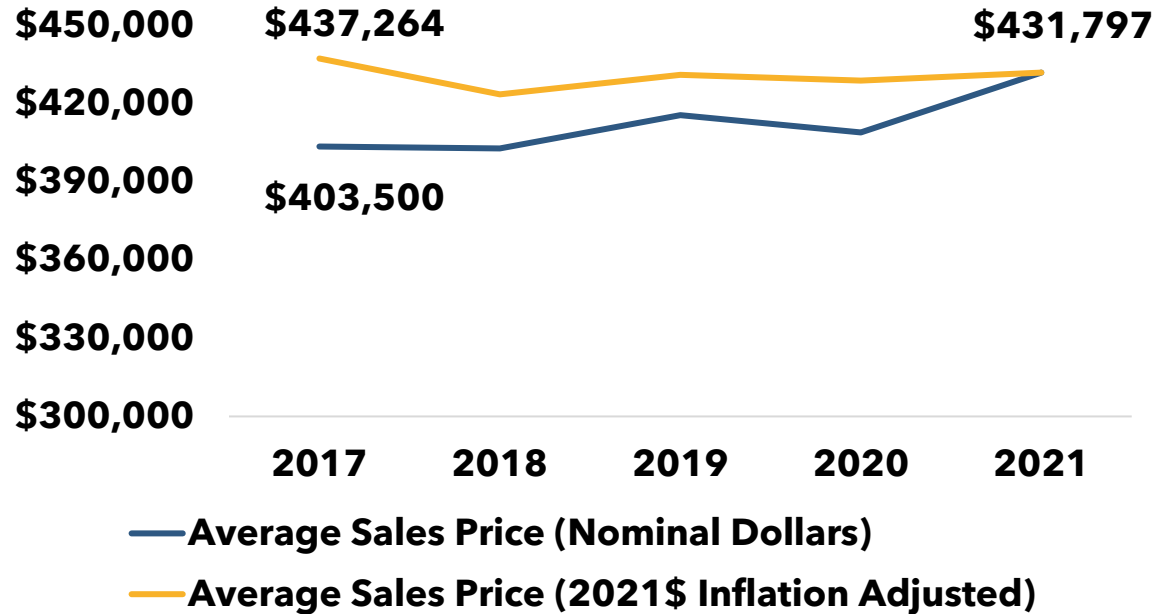
- In 2020, Alaska CPI saw first year of deflation in decades
- Inflation on the rise again in 2021
- Feb. 2022 inflation
 - National - 7.9%
 - Urban Alaska - 7.4%

Consumer Price Index, 2010-2021



Housing: Residential Home Sales

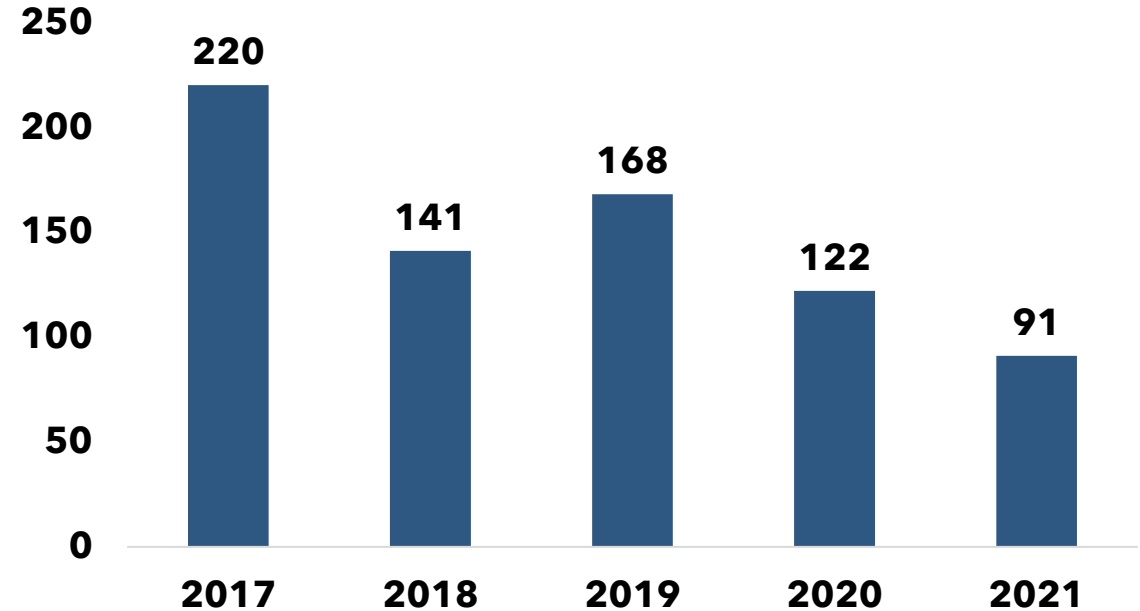
Average Residential Home Sales Price in Sitka, 2017-2021



Average sales prices increased along with inflation

- Nominal terms +7%
- Inflation-adjusted -1%

Average Residential Home Days on the Market in Sitka, 2017-2021

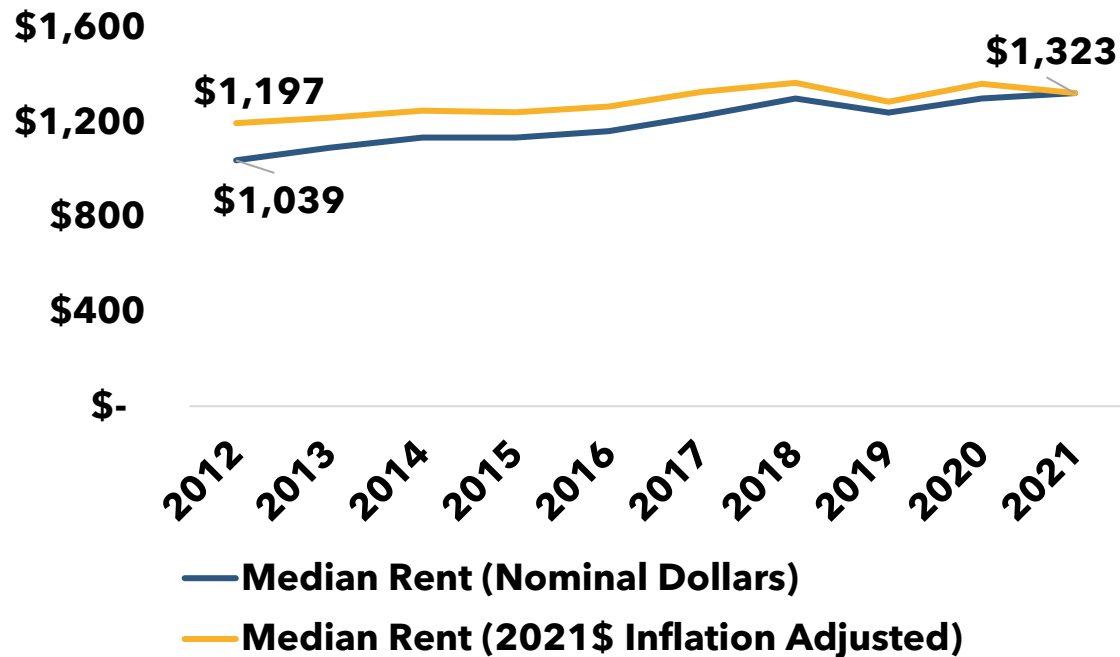


Number of days on the market has declined

Number of sales declined from ~40 in 2017-2020 to 32 in 2021

Housing: Rental Rates and Vacancies

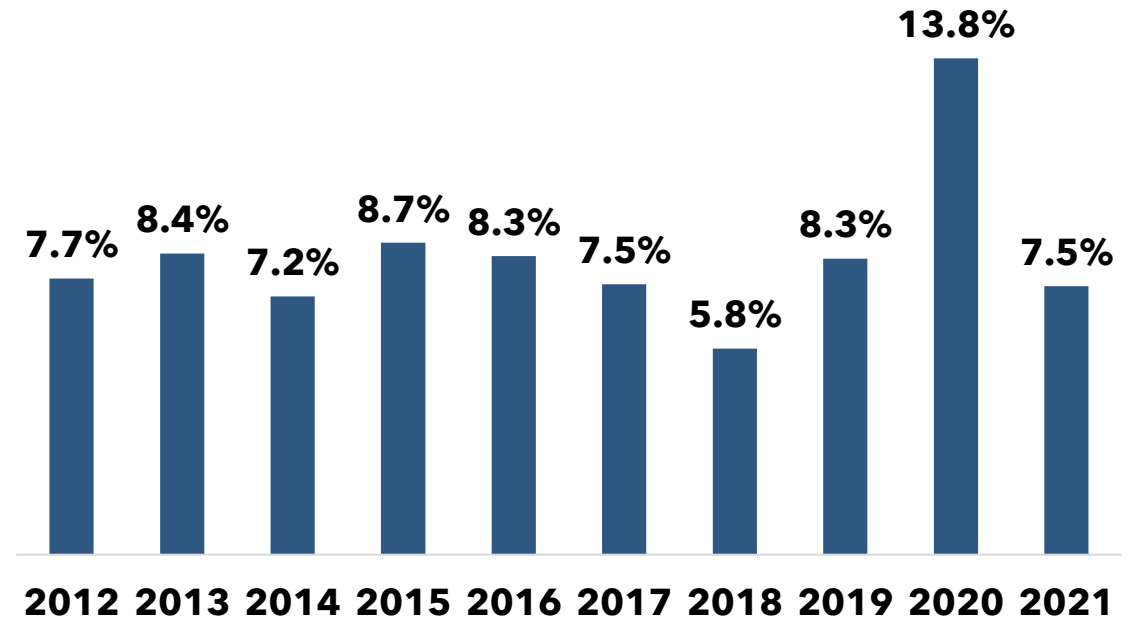
Median Rent in Sitka, 2012-2021



Median rental rates increased over the last decade

- Nominal terms +27%
- Inflation-adjusted +11%

Rental Vacancy Rate in Sitka, 2012-2021



Vacancy rates spiked in 2020

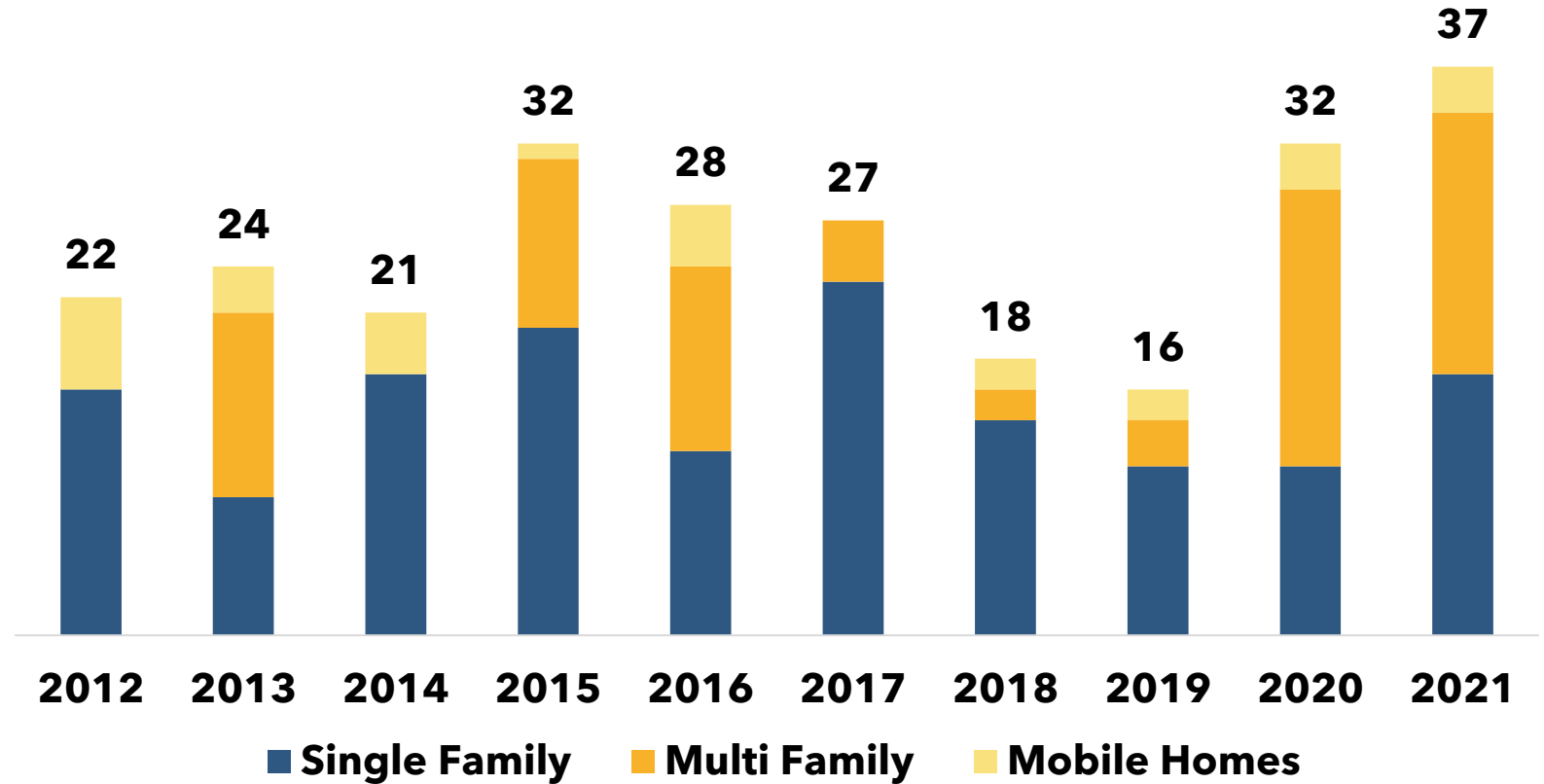
- Reduced to 7.5% in 2021

Housing: New Units

Sitka added higher number of units in 2020, 2021

- *Sealing Cove 10-plex in 2021*

New Housing Units in Sitka, 2012-2021



Key Takeaways

1

Population decline, aging population trend continue

2

Wage and salary employment remains 6% below 2019

3

Seafood industry highly impacted by low prices & demand during COVID

Cruise passenger arrivals expected to double from 2019 season

4

High inflation will impact construction costs, among many others

WANT TO KNOW MORE?

Download the Sitka
Economic Trends
Report (*coming
soon for 2022*):
www.sitka.net



THANK YOU!



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