



## JUNEAU ECONOMIC DEVELOPMENT COUNCIL

### Juneau Economic Overview - July 2006

The Juneau Economic Development Council (JEDC) is pleased to present its annual Juneau Economic Indicators report. This year, we are also reporting the results of the Juneau Household Economic Benchmark Survey and the Juneau Bellwether Business Survey.

Juneau is in a period of significant social and economic change. Several demographic and economic indicators reveal important trends in our community:

- Our community is aging (at a faster rate than Alaska and the nation) and the proportion of young people in our population is declining. Juneau residents 20 to 34 years of age now account for 18 percent of our population, compared to 25 percent in 1990 and 30 percent in 1980.
- One in five Juneau residents is over 55, compared to one in ten residents in 1990, and one in 12 in 1980.
- Public school enrollment in Juneau has declined to its lowest level since 1992.
- Juneau has – at least temporarily – stopped growing. Over the past six years, Juneau's population has fluctuated between 30,200 and 31,200 residents.
- In real (inflation adjusted) dollars, per capita income in Juneau has declined by 5 percent since 2001, a per capital loss of almost \$2,000 in purchasing power.
- Total real personal income in Juneau has declined by 3 percent since 2001, a collective loss of over \$40 million in purchasing power.
- Housing costs in Juneau are among the highest in the state. The average monthly rental rate in Juneau is \$1,026, higher than the statewide average of \$857.

It takes 1.7 wage earners per household to buy an average house in Juneau, compared to the statewide average of 1.4.

- In general, the cost of living in Juneau remains high. Juneau is 33 percent more expensive to live in than the average U.S. city and housing prices are 46 percent higher than the national average. Juneau's cost of living is higher than Anchorage and Fairbanks.

Survey results illustrate the effect these trends are having on our community. For example:

- Almost one-quarter (23 percent) of Juneau residents say they plan to leave Juneau within the next five years, and another 20 percent say they might move away. The main reason people leave or consider leaving is the cost of living in Juneau. Another important reason was the lack of career opportunities.
- Local businesses indicate the key barrier to operating and expanding business in Juneau is finding quality employees who can afford to live here. Lack of affordable housing was singled-out as the key reason new employees are difficult to attract or retain in Juneau.

The news isn't all bad, however. Juneau's unemployment rate was 5.3 percent in 2005, below the 2004 rate of 6.0 percent and among the lowest rates in the state. Further, based on preliminary data, Juneau's economy added 390 jobs in 2005, a 2 percent increase over 2004. Construction of the Kensington Mine is underway with strong community support, promising 225 new long-term jobs by 2007. New developments such as the NOAA facility, public infrastructure improvements and the Dorothy Lake Hydropower project all bode well for future opportunities.

Looking to the future, Juneau faces important challenges. As a community we will need to be more proactive and innovative in growing the economy. We need to keep and attract talent by providing professional opportunities, as well as enhancing our university system. We need to make Juneau a more attractive place for young people to live and raise families. Some of the initiatives of JEDC address these very issues, from the application of science and technology to Alaska industries, to value added manufacturing (fish and wood products). We are helping finance and counsel small businesses, and initiating innovative programs addressing the critical depletion of the 20-30 something demographic in Juneau.

For additional information and access to the full reports please visit the JEDC website ([www.jedc.org](http://www.jedc.org))

Sincerely,

**Lance Miller, Ph.D.**  
Executive Director, JEDC

**Chuck Collins**  
Chairman, JEDC

#### Sponsored by:

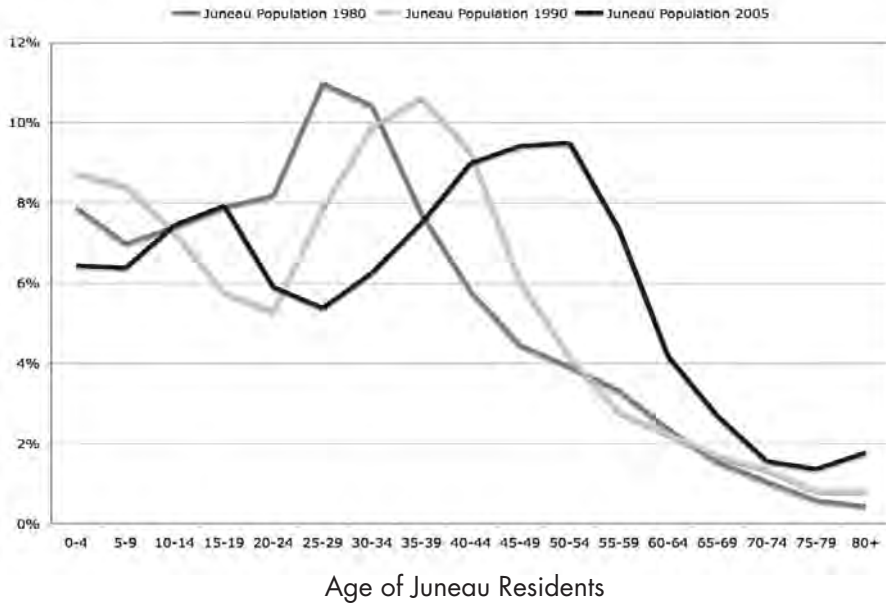


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## Population Trends

Juneau's population grew to 31,193 in 2005, up 227 residents from 2004. With a median age of 38 years, Juneau's population is generally older than the statewide and U.S. populations. Juneau has a high percentage of 40 to 54 year olds relative to Alaska and the U.S.

**Age Distribution: Comparing Juneau's Population 1980, 1990, and 2005**



**Population, 2000-2005**

2000	2001	2002	2003	2004	2005	Change 2004-2005	Change 2000-2005
30,711	30,371	30,899	31,246	30,966	31,193	0.7%	1.6%

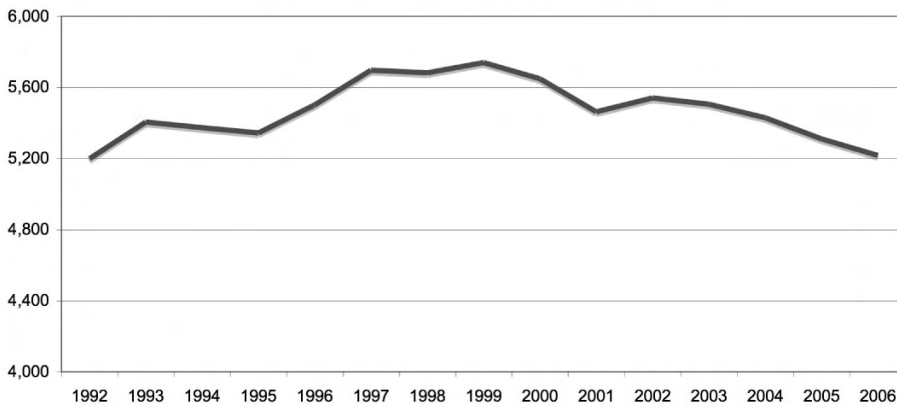
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and the U.S. Census Bureau.

Attracting and retaining residents 19-35 years of age will be critical to Juneau's economic well-being in the next decade. Twenty-eight percent of Juneau's population is 40 to 54 years old, compared to eight percent in 1980. Conversely, the 20 to 34-year-old age group currently accounts for only 18 percent of the Juneau population, compared to 30 percent in 1980. In 1990, 10 percent of Juneau's population was 55 years or older. In 2005, 19 percent of Juneau's population was older than 55 years.

## School Enrollment

Juneau public school enrollment declined to 5,218 students in 2006, or 1.7 percent below 2005 enrollment. Since peaking in 1999, Juneau public school enrollment has declined by more than 9 percent. Looking at Juneau's demographic age distribution this downward trend may continue.

**Juneau School District Enrollment, 1992 to 2006**



Enrollment at the University of Alaska Southeast (Juneau campus) decreased by 5.2 percent from 2005 to 2006; however, it should be noted that the Juneau campus hosted a one-year only program in 2005. Most of the decrease in 2006 is due to the natural end of this program.

**Juneau and Alaska School Enrollment, 1999-2006**

	1999	2000	2001	2002	2003	2004	2005	2006	Change 2005-2006	Change 1999-2006
<b>Public School Enrollment K-12<sup>1</sup></b>										
Juneau	5,740	5,648	5,463	5,540	5,506	5,429	5,310	5,218	-1.7%	-9.1%
Alaska	133,357	133,047	132,146	133,105	132,973	131,210	131,210	131,374	0.1%	-1.5%
<b>University of Alaska Enrollment - Includes full and part time<sup>2</sup></b>										
Juneau campus	2,604	2,515	2,754	2,758	3,089	2,818	2,910	2,757	-5.2%	5.9%
Statewide	31,106	30,249	30,480	30,625	33,516	33,900	32,711	32,491	-0.7%	4.5%

<sup>1</sup> Enrollment as of October 1 of the school fiscal year. (i.e. 2006 is enrollment on October 1, 2005)

<sup>2</sup> Fall semester enrollment for the fiscal year. (i.e. 2006 is Fall 2005) Enrollment includes full-time and part-time students.

Source: State of Alaska Department of Education and Early Development for public school enrollment and University of Alaska Statewide Office of Budget and Institutional Research for University enrollment. University of Alaska enrollment reporting level is the unduplicated headcount and includes part-time, full-time students, and students auditing credit courses.

## Employment

After dropping slightly in 2004, employment in Juneau rose to an annual average of 17,644 jobs in 2005, a 2.3 percent (389 worker) increase from 2004. Employment grew by 1.9 percent in Alaska overall, and by 1.8 percent nationally.

**Annual Average Wage and Salary Employment**

	2001	2002	2003	2004	2005	Change 2004- 2005	Change 2001- 2005
Juneau	17,288	17,332	17,464	17,255	17,644	2.3%	2.1%
Southeast	35,950	35,800	36,350	35,950	36,550	1.7	1.7
Alaska	287,941	292,286	296,877	304,200	309,900	1.9	7.6
United States (in 000's)	136,939	136,480	137,731	139,244	141,719	1.8	3.5

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and the U.S. Bureau of Labor Statistics.

In 2005, State, Federal, and local government combined accounted for 7,408 Juneau jobs, or 42 percent of all local employment. The private sector accounted for 10,236 jobs or 58 percent of all employment.

### Juneau's Top 10 Private Employers, 2005

Employer – Includes full and part-time	Average Number of Employees
Fred Meyer Stores Inc	275
Greens Creek Mining Co	262
Central Council Tlingit & Haida	219
REACH Inc	189
SE AK Regional Health Corp	173
AK Airlines Inc	137
Safeway Inc/Carrs	125
Athletic Clubs Inc	121
Catholic Community Svc Inc	119
Tlingit Haida Regional Housing Authority	101

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section. Note that no differentiation is made between full time and part time employees.

## Unemployment

In 2005 Juneau's unemployment rate was the lowest in the State at 5.3 percent, compared to the statewide average of 6.8 percent. Peak Juneau unemployment for 2005 occurred in February when the rate reached 6.7 percent. The unemployment low for the year was in September at 4.6 percent.

**Average Annual Unemployment Rates, 2002 to 2006**

	2002	2003	2004	2005	2006 Jan - Apr	Change 2004-2005
Juneau	5.4%	5.8%	6.0%	5.3%	5.9%	-0.1%
Alaska	7.1	7.7	7.5	6.8	7.8	-0.1
United States	5.8	6.0	5.5	5.1	4.7	-0.5

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and the U.S. Bureau of Labor Statistics.

## Per Capita Income

Juneau's per capita income increased two percent in 2004 to \$36,074. This was 6 percent higher than the statewide average and 9 percent higher than the nation as a whole, although the advantage Juneau holds in this area is decreasing. In the past 10 years Juneau's per capita income has risen just 19 percent, while per capita income has risen 36 percent statewide and 49 percent nationally. Juneau's per capita personal income grew by just \$600 from 2003 to 2004.

**Per Capita Personal Income, 2001 to 2004**

	2001	2002	2003	2004	Change 2003-2004	Change 2001-2004
Juneau	\$35,389	\$34,741	\$35,478	\$36,074	1.7%	1.9%
Alaska	\$31,711	\$32,343	\$33,023	\$34,000	3.0%	7.2%
United States	\$30,574	\$30,810	\$31,484	\$33,050	5.0%	8.1%

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

## Total Personal Income

Total personal income climbed to \$1.12 billion in 2004, up 1.9 percent from 2003. In the last 10 years, total personal income grew by less than a third (28 percent) in Juneau, while growing nearly 50 percent statewide and by two-thirds (66 percent) nationally. Juneau total personal income increased 2 percent from 2003 to 2004 while total personal income grew by 4 percent in Alaska and 6 percent nationally.

**Total Personal Income (Millions of dollars)**

	2001	2002	2003	2004	Change 2003-2004	Change 2001-2004
Juneau	\$1,082	\$1,069	\$1,101	\$1,122	1.9%	3.7%
Alaska	20,050	20,722	21,416	22,363	4.4%	11.5%
United States	8,716,992	8,872,871	9,157,257	9,705,504	6.0%	11.3%

Source: U.S. Bureau of Economic Analysis

Growth in per capita and total personal income in Juneau has been lagging behind Alaska and the rest of the country. When the effects of inflation are considered it is evident that income in Juneau is declining. In nominal dollars, total personal income in Juneau increased by 1.9 percent between 2003 and 2004. However, after adjusting for inflation, total "real" personal income actually declined by -0.6 percent. Similarly, nominal per capita income increased by 1.7 percent between 2003 and 2004. However, real per capita income decreased by -0.9 percent.

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## Wages

Juneau's 2005 average monthly wage of \$3,128 was 5.8 percent lower than the statewide average of \$3,309. Private sector wages were 23 percent lower in Juneau than statewide. In the professional business service sector, the Juneau average wage was 37 percent below the state average. All government jobs in Juneau paid 1 percent more than the statewide average, including federal jobs, which paid 10 percent more. In 2005 the average monthly wage for Juneau increased 4.6 percent from the 2004 average.

Employment by Industry, 2005

Employment Sector	JUNEAU			ALASKA		
	Employment	Empl. Change 2004-2005	Avg. Monthly Wage	Employment	Empl. Change 2004-2005	Avg. Monthly Wage
<b>Private Sector</b>	<b>10,236</b>	<b>4.8%</b>	<b>\$2,621</b>	<b>228,409</b>	<b>2.7%</b>	<b>\$3,212</b>
Natural Resource & Mining	348	4.8%	na	11,573	7.7%	\$7,507
Construction	858	13.6%	\$4,259	18,477	4.7%	\$4,647
Manufacturing	276	4.9%	na	12,603	2.6%	\$2,979
Trade, Transportation, and Utilities	3,153	4.2%	\$2,380	63,300	1.9%	\$2,951
Information	302	5.6%	\$3,253	6,903	0.5%	\$4,040
Financial Activities	577	4.3%	\$3,503	13,625	1.8%	\$3,446
Professional Business Services	923	6.8%	\$2,660	23,857	1.8%	\$3,638
Educational & Health Services	1,653	1.5%	\$2,496	35,702	2.9%	\$2,977
Leisure & Hospitality	1,545	3.5%	\$1,302	31,000	2.9%	\$1,448
Other Services	602	7.0%	\$2,025	11,652	3.3%	\$2,065
<b>Government</b>	<b>7,408</b>	<b>-1.1%</b>	<b>\$3,629</b>	<b>79,349</b>	<b>0.4%</b>	<b>\$3,588</b>
Federal Government	938	-2.2%	\$5,563	16,973	-1.2%	\$4,989
State Government	4,314	-0.8%	\$3,457	24,193	0.6%	\$3,524
Local Government	2,156	-1.3%	\$3,124	38,182	0.9%	\$3,006
<b>Total Employment</b>	<b>17,644</b>	<b>2.3%</b>	<b>\$3,128</b>	<b>307,757</b>	<b>2.1%</b>	<b>\$3,309</b>

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

## Cost of Living

ACCRA cost-of-living data is a price index that covers 298 metropolitan areas in the United States. The percentages for housing, grocery, transportation, etc. add up to 100% of the composite average. According to the ACCRA index, Juneau is nearly 33 percent more expensive to live in than the average US city.

ACCRA Cost of Living Index 1<sup>st</sup> Quarter 2006

2006	Juneau	Anchorage	Fairbanks
<b>100% Composite</b>	<b>132.6</b>	<b>117.4</b>	<b>124.1</b>
28% Housing	146.3	122.6	130.7
13% Grocery	140.0	125.2	123.9
10% Utilities	130.6	88.2	139.3
10% Transportation	116.7	102.0	106.7
4% Healthcare	151.2	135.1	135.8
35% Misc. Goods and Service	121.9	121.1	118.3

Source: ACCRA Cost of Living Index, Louisville, KY; ACCRA, Quarterly. This price index covers 298 metropolitan areas in the United States and is available at [www.accra.org](http://www.accra.org).

## Traffic

Cruise ship passenger traffic increased by almost 8 percent from 2004 to 2005, rising to a record 953,355. The number of deplaning air passengers increased by 3.3 percent from 2004 to 2005. The number of disembarking ferry passengers decreased by nearly six percent from 2004 to 2005, and by more than 12 percent since 2002.

Juneau Cruise, Air, and Ferry Traffic, 2002-2005

	2002	2003	2004	2005	Change 2004-2005	Change 2002-2005
Ferry	72,782	67,640	67,410	63,614	-5.6%	-12.6%
Air*	264,710	265,236	273,696	282,679	+3.3%	+6.8%
Cruise	740,000	777,000	884,022	953,355	+7.8%	+28.8%

Note: \* These numbers reflect Alaska Airlines only.

Source: Ferry traffic is disembarking passengers in Juneau from the Alaska Marine Highway System. Air passengers are deplanements obtained from Juneau International Airport manager's office, and include Alaska Airlines only. Cruise line data is traffic obtained from Cruise Line Agencies of Alaska. Percent change calculated by the McDowell Group, Inc.

## Housing Costs

Housing costs are key in measuring the affordability of a community. According to Alaska Economic Trends, "The Cost of Living in Alaska" 2005, Juneau housing costs are among the highest in the State with a required 1.7 wage earners per household to buy an average house, compared to the statewide average of 1.43 wage earners.

According to the Alaska Housing Finance Corporation, the average sale price for a single-family home in Juneau in the first quarter of 2006 was \$282,891 with a new single-family construction average sales price of \$308,205.

The ACCRA Cost of Living Index compares prices nationally for a "standard house" of 2,400 square feet with an 8,000 lot. According to the ACCRA data, Juneau's housing prices are approximately 46 percent higher than the national average and 24 percent higher than Anchorage. According to the 1st quarter 2006 ACCRA report, a standard house in Juneau cost \$431,090. The same house cost \$359,422 in Anchorage and \$301,514 nationally.

Average Juneau Rental and Home Purchase Prices

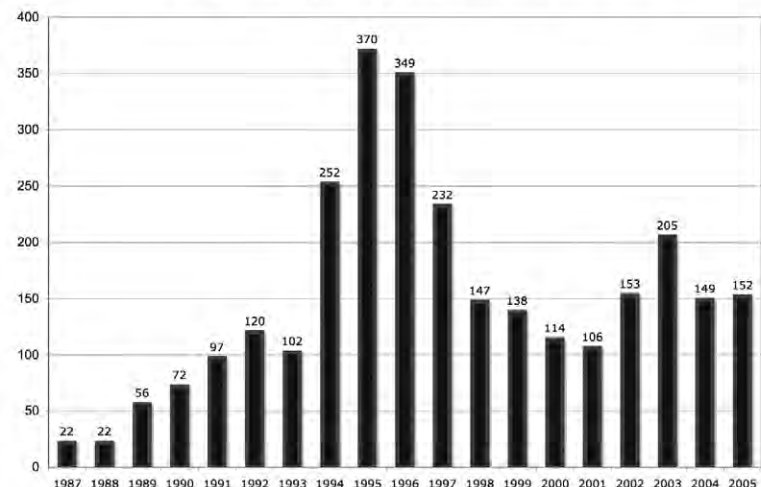
City	Average Rent 2005	Average Single Family Home Price, 2006
Juneau	\$1,026	\$282,891
Anchorage	\$857	\$297,599
Fairbanks	\$814	\$227,234
Ketchikan	\$862	\$192,752
Alaska average	\$857	\$255,789

Source: Alaska Housing Finance Corporation, Alaska Housing Market Indicators

## Residential Construction

The number of new residential dwelling units constructed in Juneau increased from 149 units in 2004 to 152 units in 2005. This level of construction activity is well below the 1995 peak when nearly 400 residential dwelling units were permitted for construction.

Number of New Dwelling Units Constructed in Juneau

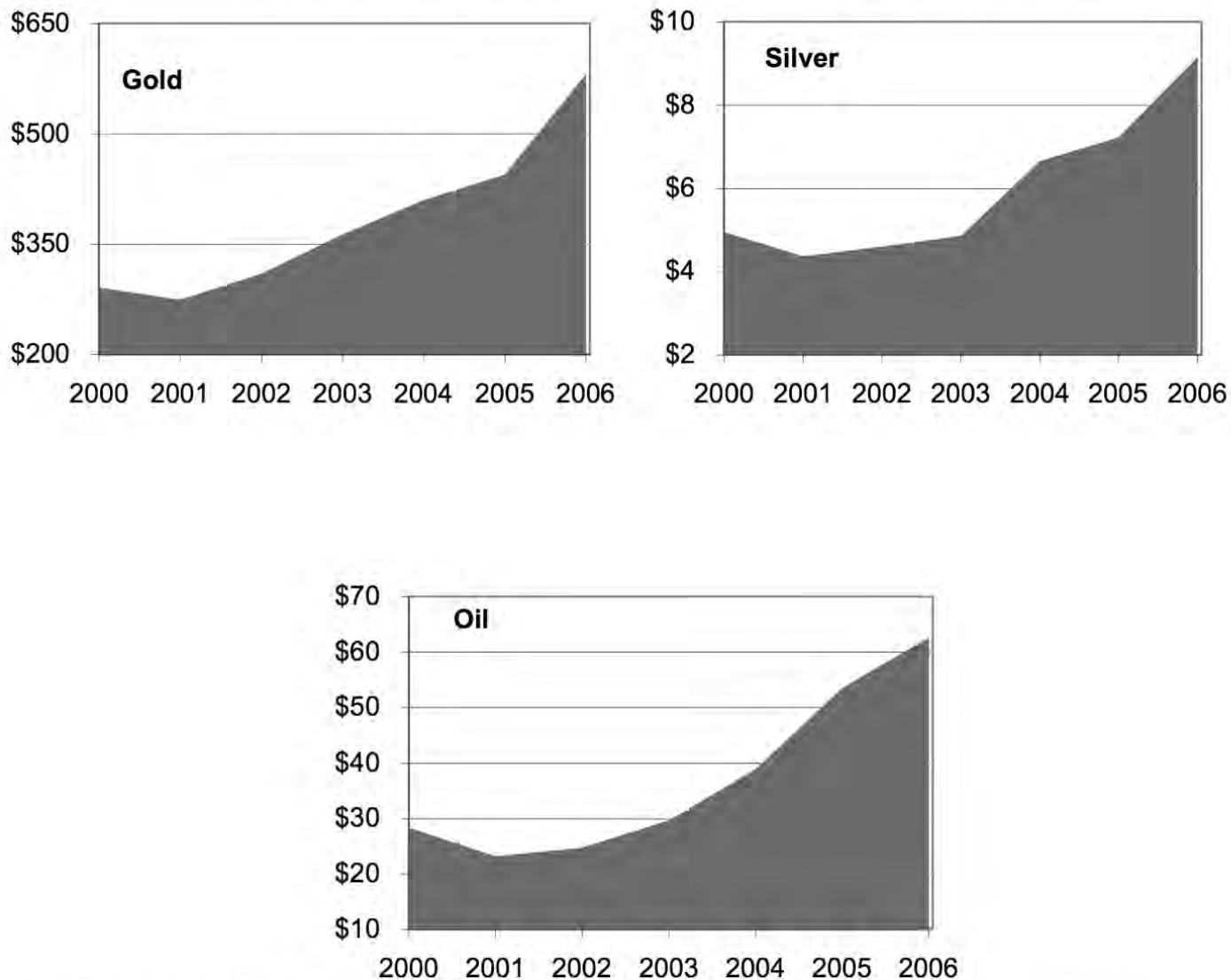


Source: City and Borough of Juneau - Juneau Permit Center.

## Gold, Silver and Oil Prices

The average price of gold for the first four months of 2006 was \$581, and the average price of silver was \$9.15. Gold and silver are major products of the Greens Creek Mine, and gold will be the primary product of the Kensington Mine. Gold and silver prices have nearly doubled since 2000.

**Average Annual Historical Gold, Silver, and Oil Prices, 2000 to 2006**  
(gold and silver are price per ounce and oil is price per barrel)



Sources: State of Alaska Department of Revenue Tax Division. Prices based on average ANS West Coast sales for calendar years; The Gold Institute. Kitco Inc.; The Silver Institute. 2006 prices are the average through May 2006 only.

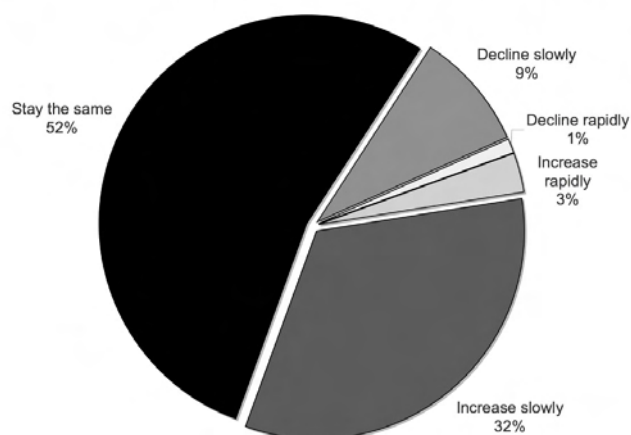
Oil revenues fuel much of Juneau's state government-dependent economy. North Slope oil production has been declining in recent years; however oil prices are at historically high levels. Alaska North Slope West Coast average crude oil price for 2006 as of May, was \$62.62.

# JUNEAU ECONOMIC DEVELOPMENT COUNCIL

## Benchmark Household Survey Results

The Juneau Economic Development Council contracted with the McDowell Group, Inc. to conduct a Juneau household survey, a Juneau business survey, and a regional business survey on current economic and social trends. The sample for the household survey included 307 randomly selected Juneau residents. The maximum margin of error at the 95 percent confidence level is 5.8 percent for the full sample.

**In the next year, do you expect Juneau's overall economy to decline slowly, decline rapidly, increase slowly, increase rapidly, or remain about the same?**



## Perceptions of the Juneau Economy

Slightly more than half of Juneau residents (52 percent) expect the local economy to remain the same in the coming year. A third of Juneau residents (35 percent) think the economy will increase.

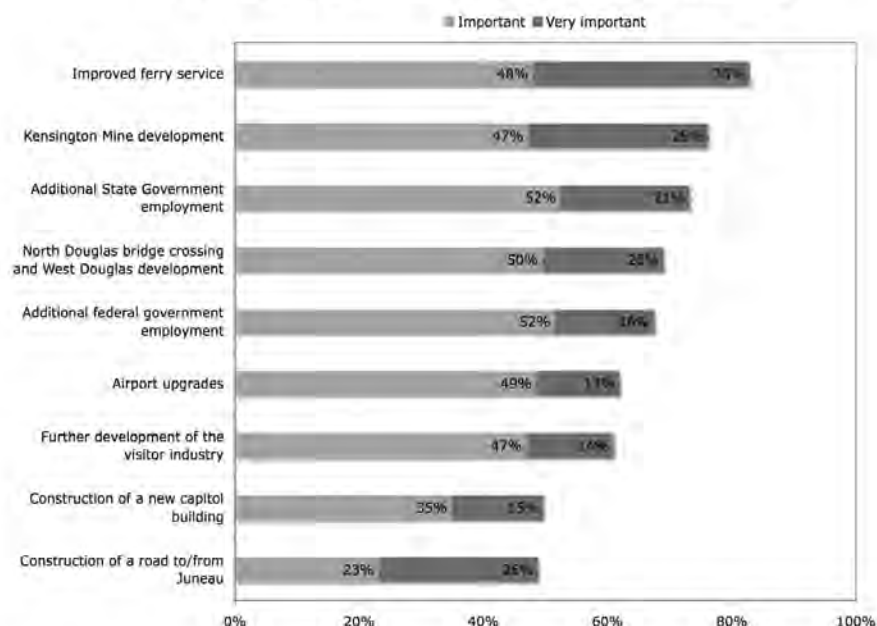
- Fifty-two percent of Juneau residents expect their household income levels to remain the same in the coming year, with 36 percent expecting household earnings to be higher.
- Fifty-nine percent of Juneau residents think that Juneau businesses are currently doing about the same as they were last year, with 20 percent of Juneau residents feeling that businesses are doing better or much better.

## Projects and Development

Juneau residents were asked to rate the importance of nine current development projects on Juneau's economy.

- Eighty-three percent of Juneau residents said improved ferry service is important or very important. Interest in improving ferry service is likely linked to recent decreases in ferry service to Juneau and the region. Juneau has experienced a 12 percent decrease in passenger traffic from 2002 to 2005.
- More than three-quarters (76 percent) of Juneau residents think the Kensington Mine is important or very important to Juneau's economy.
- Half of Juneau residents think that development of a new capitol building is important or very important.

**How important are each of the following projects to Juneau's economy? Is it very important, important, not important or not at all important?**  
(Note: Projects were rated individually and not in comparison to each other.)



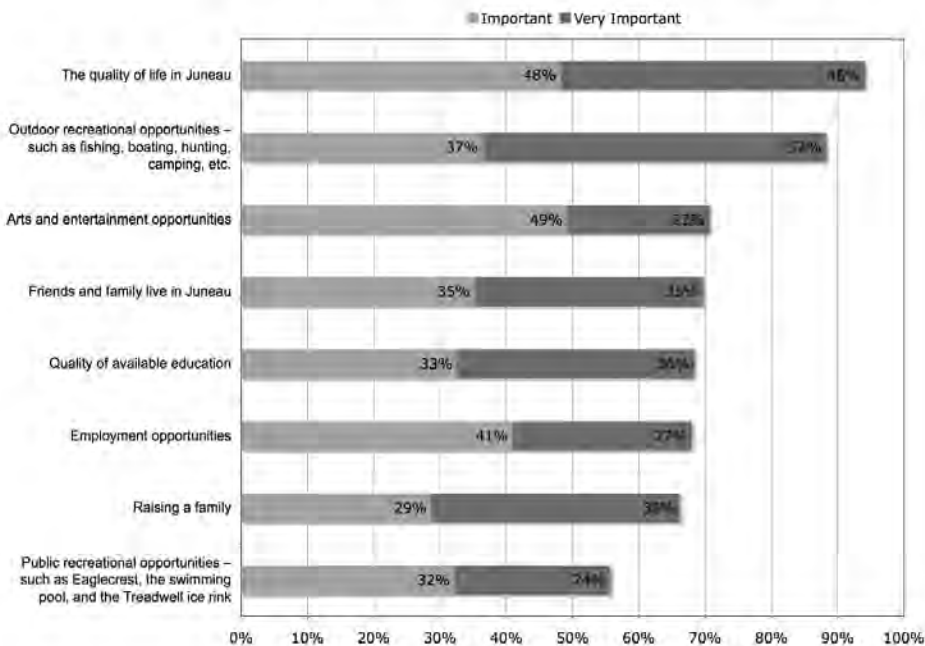
• In 1990, when a similar question was asked of Juneau residents, additional tourism was rated as the most important development to Juneau's economy with 49 percent of Juneau households rating it very important, compared to just 14 percent in 2006. This change in opinion regarding additional tourism may be explained by the increase of tourists to Juneau in that time period. Approximately 235,000 cruise ship passengers visited Juneau in 1990, while 953,355 cruise ship passengers visited in 2005, this represents a 300 percent increase.

- Juneau residents are evenly split on the road issue, with 49 percent calling a road out of Juneau important or very important and 49 percent calling the road not important or not at all important.

## Why People Live in Juneau

Juneau residents were asked why they choose to live in Juneau. Residents rated the high quality of life and outdoor recreational opportunities as most important.

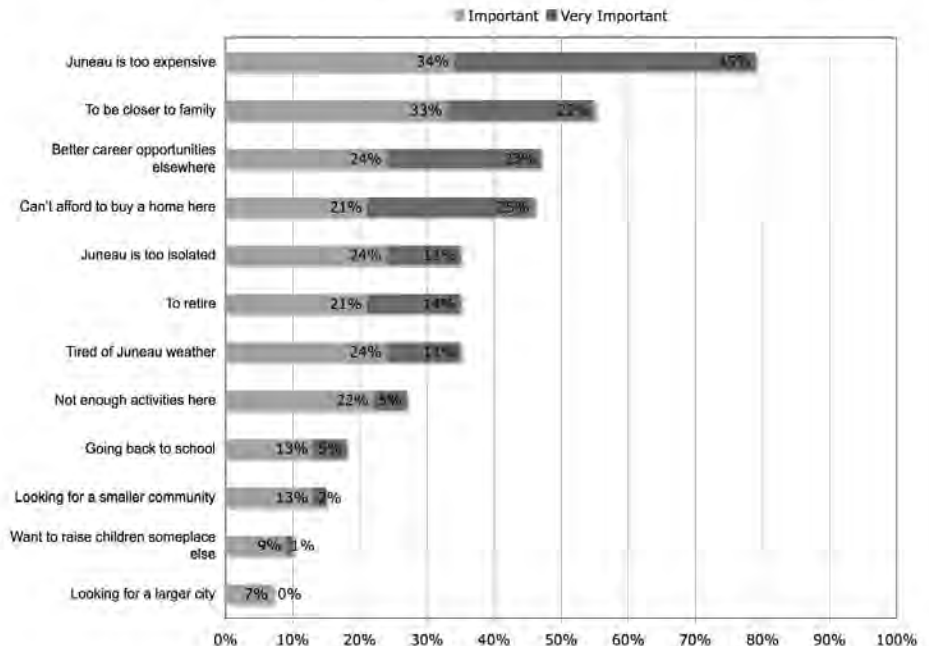
**How important are each of the following factors to living in Juneau? Is it very important, important, not important or not at all important?**  
(Note: Factors were rated individually and not in comparison to each other.)



## Why People Leave Juneau

Twenty-three percent of residents say they plan to leave Juneau in the next five years, with an additional 20 percent saying they might move away. The high cost of living in Juneau is cited as the number one reason for leaving.

**How Important are each of the following factors to leaving Juneau? Is it very important, important, not important or not at all important?**  
(Note: Factors were rated individually and not in comparison to each other.)



## Retirement

**Age 60 plus as percent of Juneau's population, 1980, 1990, and 2005**

	1980	1990	2005
Age 60 and older	6%	7%	12%

Juneau's retirement community is growing. Two out of five Juneau households (40 percent) have a person who is retired or is planning to retire in the next 5 years. In 1993, households were asked the same question and at that time only 20 percent expected to contain a retired person in the next five years. In 1993, eight percent of the Juneau population was 60 years or older, and in 2005 that percentage rose to 12 percent.

## Business Bellwether Survey Results

In addition to the household survey, 33 Juneau businesses and 10 regional businesses were surveyed by telephone. The study team selected businesses that are considered "bellwether" – that is, leader organizations whose performance and opinions can be used to gauge trends of the business community in general. Because these businesses were not selected randomly, their responses may or may not be representative of the business community overall.

### Economic Outlook

More than half of Juneau businesses and 90 percent of regional businesses say that business in 2006 is up from 2005. Seventy-two percent of Juneau businesses and eight out of ten regional businesses expect business to do even better next year. Two-thirds of Juneau businesses have capital improvements planned in the near future, with three local businesses surveyed planning improvements valued between 20 and 40 million dollars.

### Primary Reasons and Advantages for Locating a Business in Juneau

Forty-two percent of business owners and managers surveyed said that the key reason they located their business in Juneau was simply because they chose to live here. Asked about the advantages of being located here, 21 percent of businesses said that there is no economic advantage. The key advantage that business owners and managers did cite was support from their customer base and working within long established businesses.

### Key Barriers to Operating and Expanding a Juneau Business

Local businesses indicated that the key barrier to operating a business in Juneau is finding quality employees who can afford to live here. Almost half (42 percent) of the business bellwether survey group mentioned some aspect of attracting and retaining quality employees as a key barrier to doing business in Juneau. Lack of affordable housing was singled out as the number one reason new employees are difficult to draw into the area. Competition with State benefit packages also makes it difficult for the private sector to attract and retain quality employees. Juneau businesses find Juneau an expensive climate in which to do business.

### Projects and Development

Businesses were also asked to rate the importance of current economic development projects to the economy.

- All but one of the Juneau businesses surveyed, and all of the Southeast businesses surveyed said the Kensington Mine is important or very important.
- Eight out of ten Southeast businesses rated improved ferry service as very important or important. Juneau businesses were less enthusiastic about improved ferry service with 57 percent rating improved service as important or very important.
- Eighty-four percent of Juneau businesses say that a new capitol is important or very important.
- More than half (52 percent) of Juneau businesses called a road out of Juneau very important to the economy, with an additional 21 percent rating the road as important. Regional businesses felt even more strongly, with eight of ten calling the road important or very important to the regional economy.