

KENAI PENINSULA ECONOMIC UPDATE

January 2025



Kenai Peninsula Economic Development District

CHANGES IN KPB POPULATION

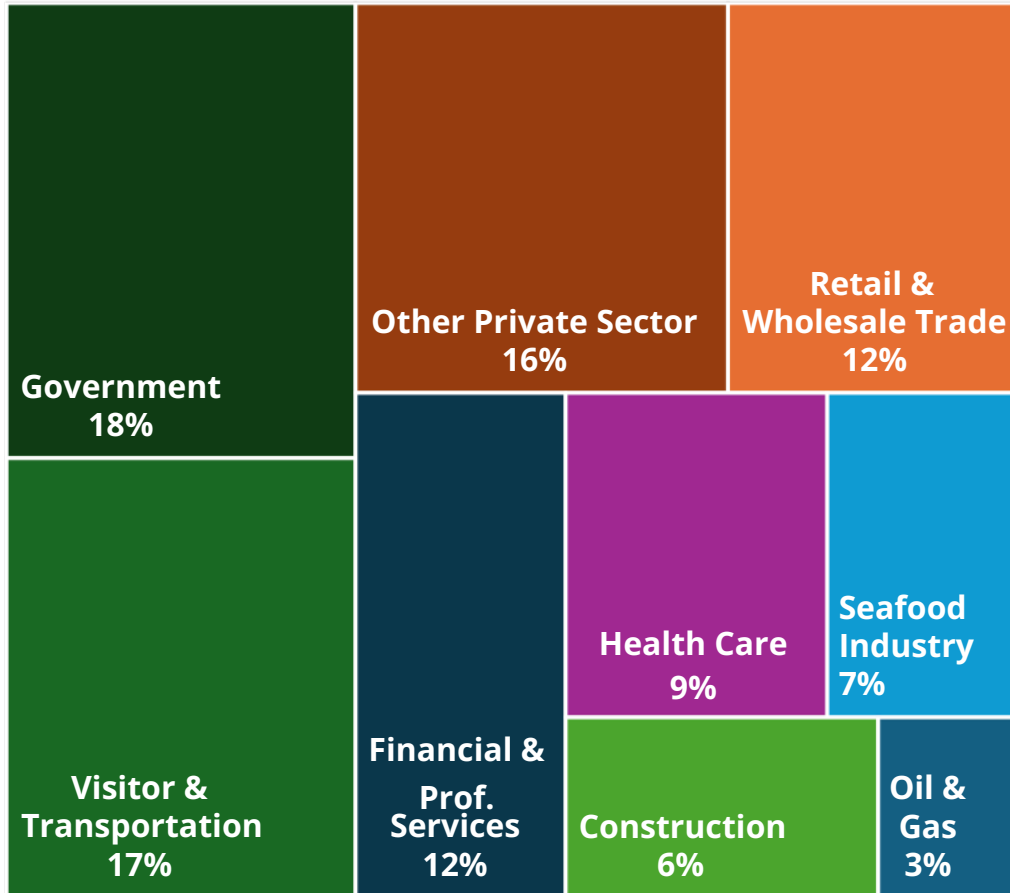
KPB Place	Population Change since 2020	KPB Place	Population Change since 2020	Population Changes (2023 vs. 2024)
Kachemak city	17.5%	Soldotna city	4.8%	Alaska Total
Fritz Creek CDP	12.7%	Kenai Peninsula Borough	4.3%	+0.3%
Anchor Point CDP	12.1%	Diamond Ridge CDP	4.2%	KPB
Ninilchik CDP	11.1%	<i>Borough Balance</i>	4.0%	+0.6%
Happy Valley CDP	8.7%	Nikiski CDP	3.6%	Anchorage
Kalifornsky CDP	7.4%	Homer city	2.3%	+0.2%
Funny River CDP	7.3%	Kenai city	1.8%	Mat-Su Borough
Sterling CDP	6.9%	Salamatof CDP	1.7%	+1.8%
Kasilof CDP	6.5%	Ridgeway CDP	1.4%	Fairbanks Borough
Fox River CDP	5.4%	Bear Creek CDP	-6.1%	+0.7%
Cohoe CDP	5.3%	Seward city	-8.6%	Juneau
				-0.6%
				"Rural" Alaska
				-0.8%
				"More Populated" Alaska
				+0.6%

Note: Only communities with populations over 500 are shown.
 Source: AKDOLWD Population Estimates (July 1, 2024 vintage).

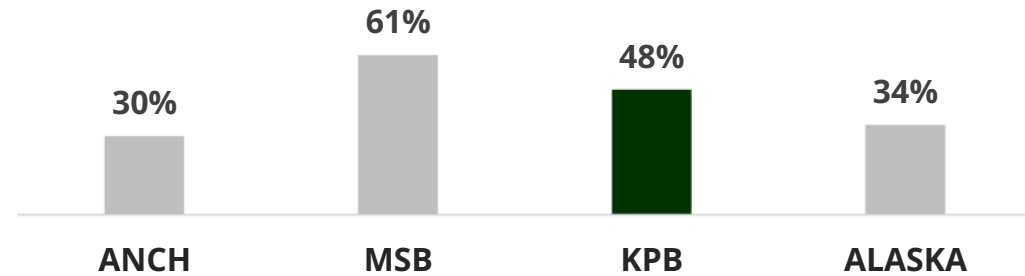


THE KPB ECONOMY

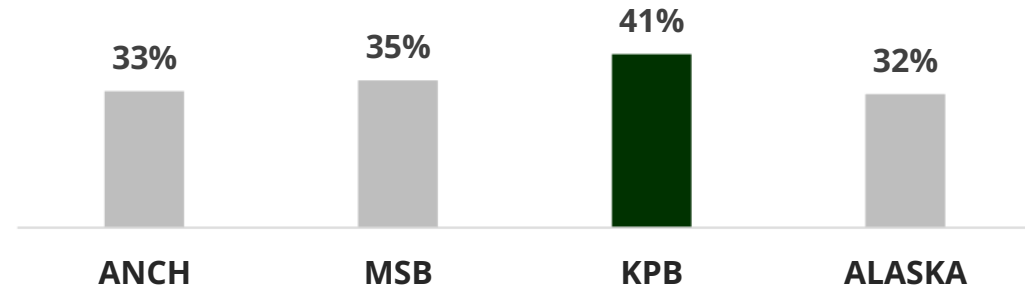
Average Monthly Employment by Sector



AGI Growth: 2011 vs. 2021



AGI per Capita Growth: 2011 vs. 2021

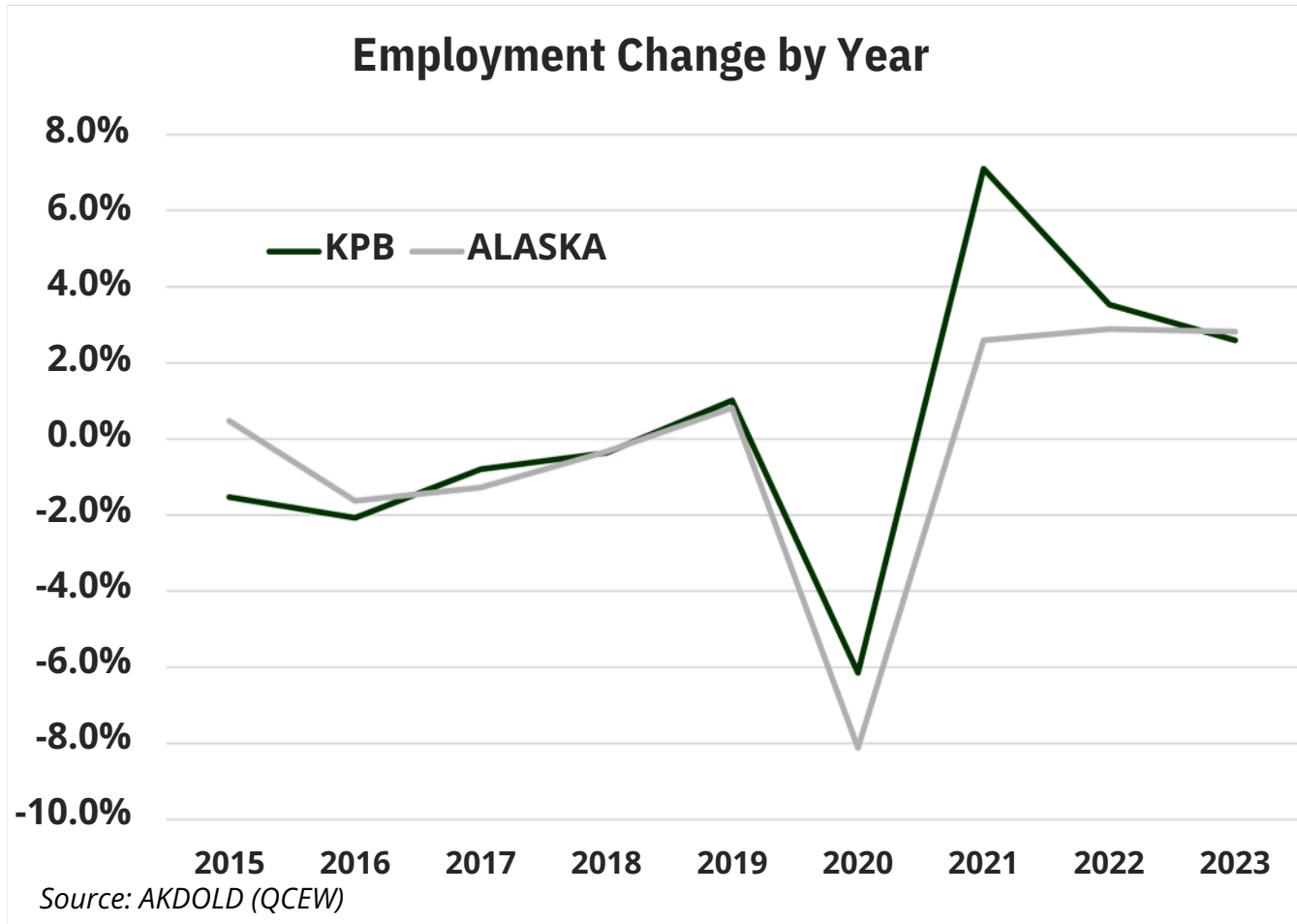


Notes: Visitor & transportation industry includes restaurants/bars, accommodations, entertainment, recreation, and transportation sectors. Visitor industry is probably missing some employment due to self-employed workers being counted where they live. AGI = Adjusted Gross Income.

Sources: AKDOLD (QCEW, 2023), U.S. Census Bureau, and IRS Tax Stats.



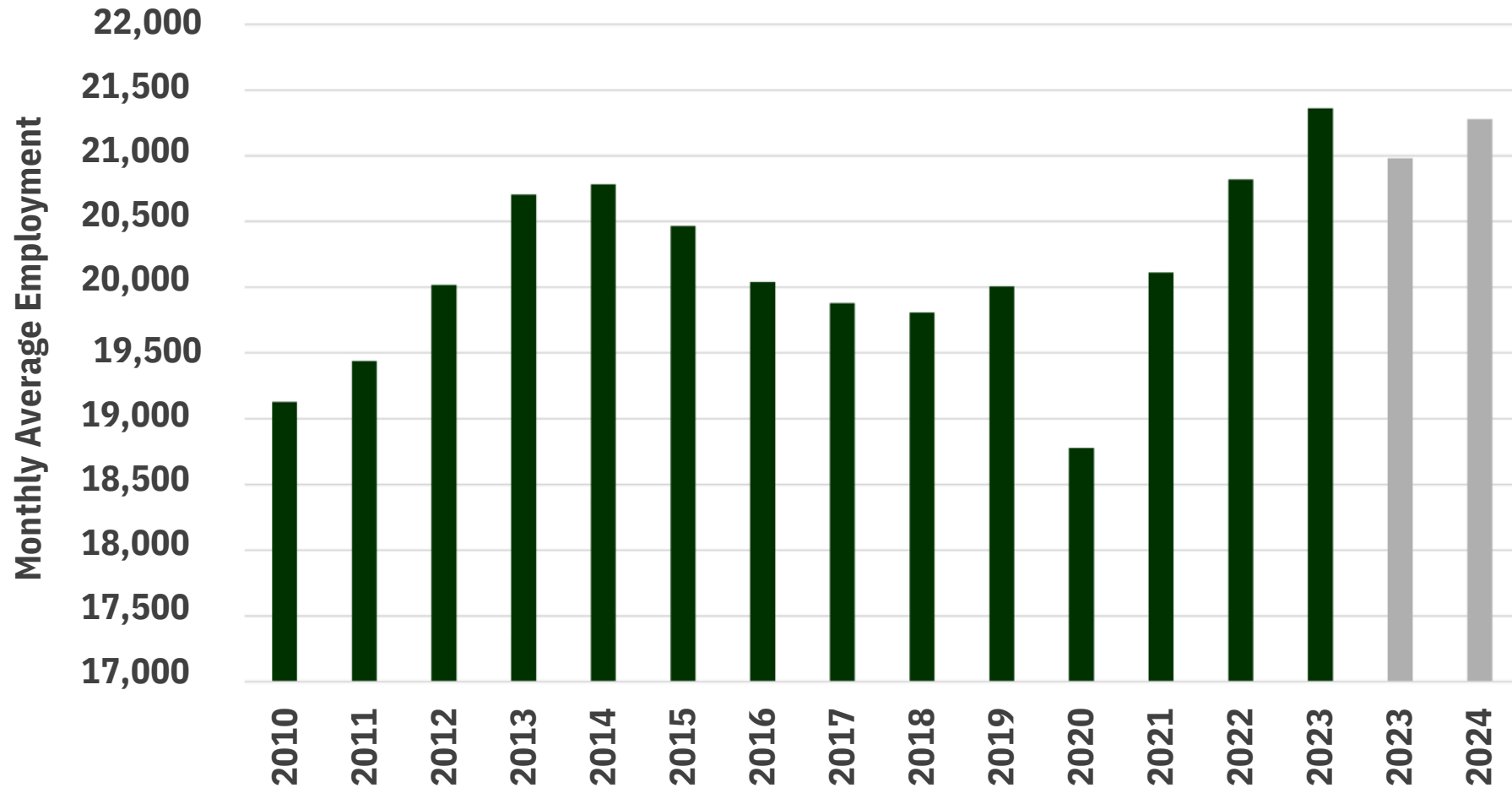
EMPLOYMENT TRENDS



- The KPB has seen more job growth than Alaska and the Anchorage & Mat-Su area since the pandemic.
- KPB's employment growth has lagged behind Alaska slightly in 2024, but rebounded much more since the pandemic.
- The KPB has seen a faster growth in businesses (employing other workers) since the pandemic compared to the Anchorage & Mat-Su area, as well as Alaska overall.
- The KPB tends to have more slightly more jobs in tourism, seafood, construction, and the petroleum industry than Alaska's overall economy. Less



Total Wage & Salary Employment in KPB



Source: AKDOLWD (QCEW).

JAN. - JUN.



TOURISM OUTLOOK

CY2025 OUTLOOK: POSITIVE

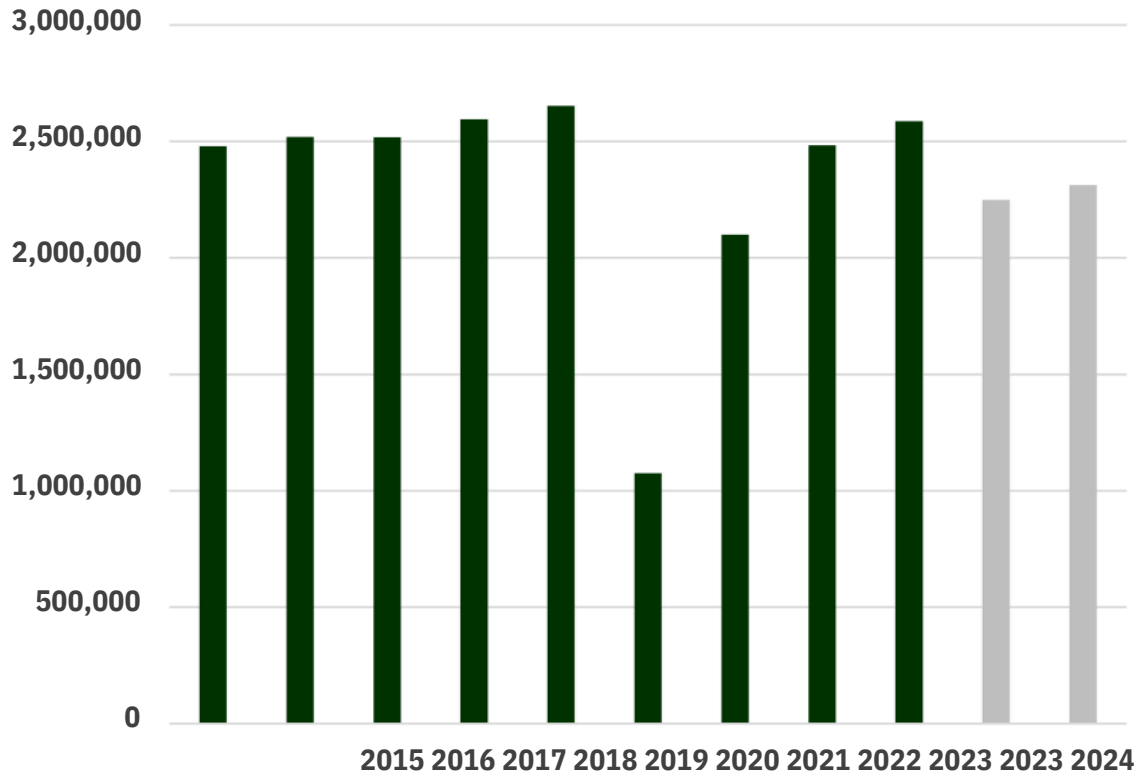


- Alaska tourism is expected to be strong in 2025
- Traffic loads on roads into the Kenai Peninsula are trending up, suggesting more in-state visitors
- 2024 saw a full recovery in out-of-state visitors (to pre-pandemic levels), based on info from Datafy
 - Origin states showing growth: Texas, North Carolina, Colorado, and Minnesota
- Earnings in tourism-related sectors has grown significantly since 2020, well above 2019 levels
- Sportfishing data lags quite a bit, but activity has rebounded substantially since 2020



Kenai Peninsula Economic Development District

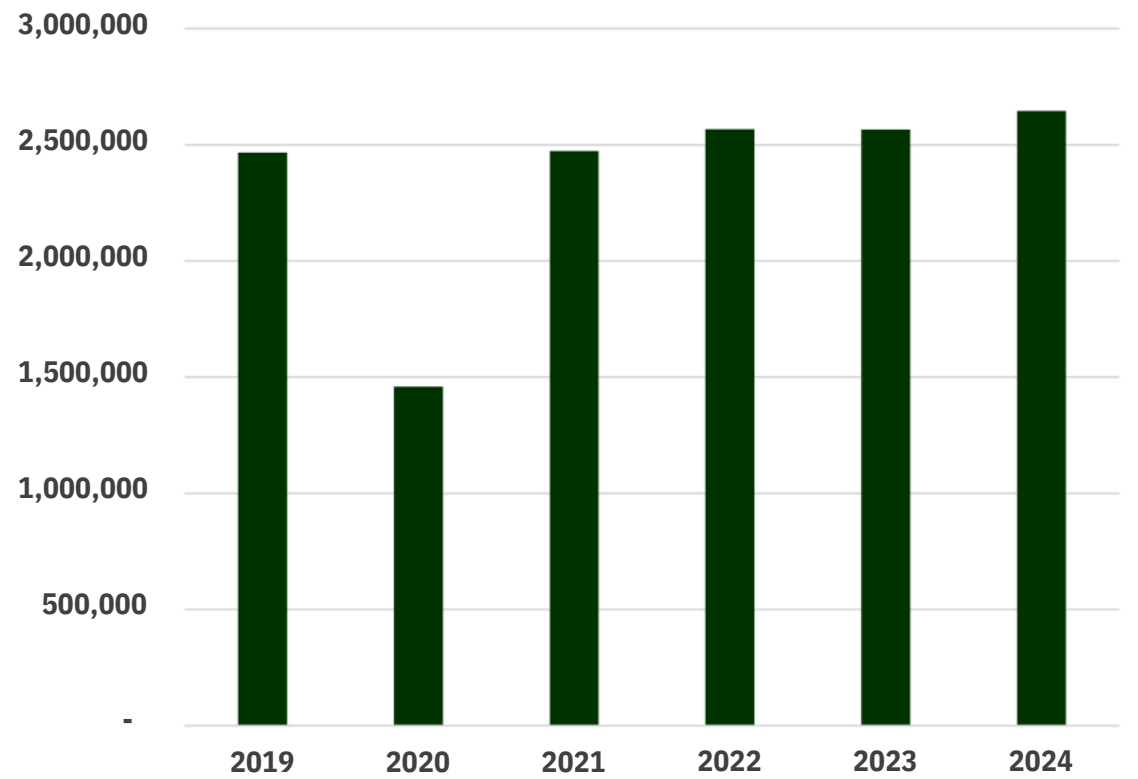
Passengers Arriving to Ted Stevens Airport



Source: Bureau of Transportation Statistics

JAN.-OCT.

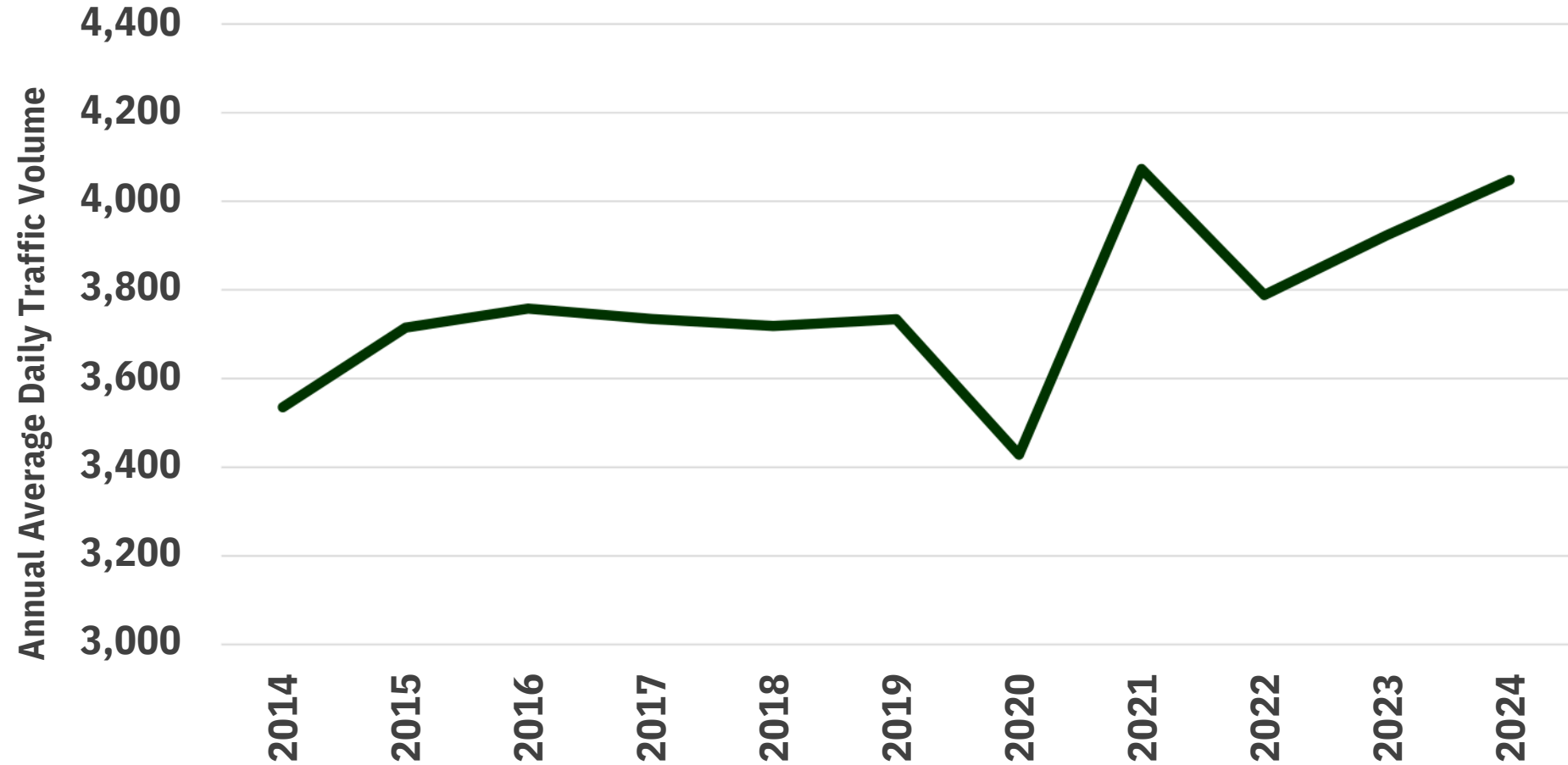
RV Campers at U.S. National Parks



Source: National Parks Service.



Seward Highway Traffic Volume (MP45 – Summit Lake)



*Note: 2014-2019 data has been estimated based on another station at Placer River.
Sources: AK-DOT and Wink Research estimates.*



Tourism-related economic sectors* accounted for **75%** of KPB's sales tax revenue in FY2023, and the seasonal increase in sales tax collections for these sectors during the primary tourist months (April through September) amounted to **\$13.8 million**, or **32%** of all KPB sales tax revenue.

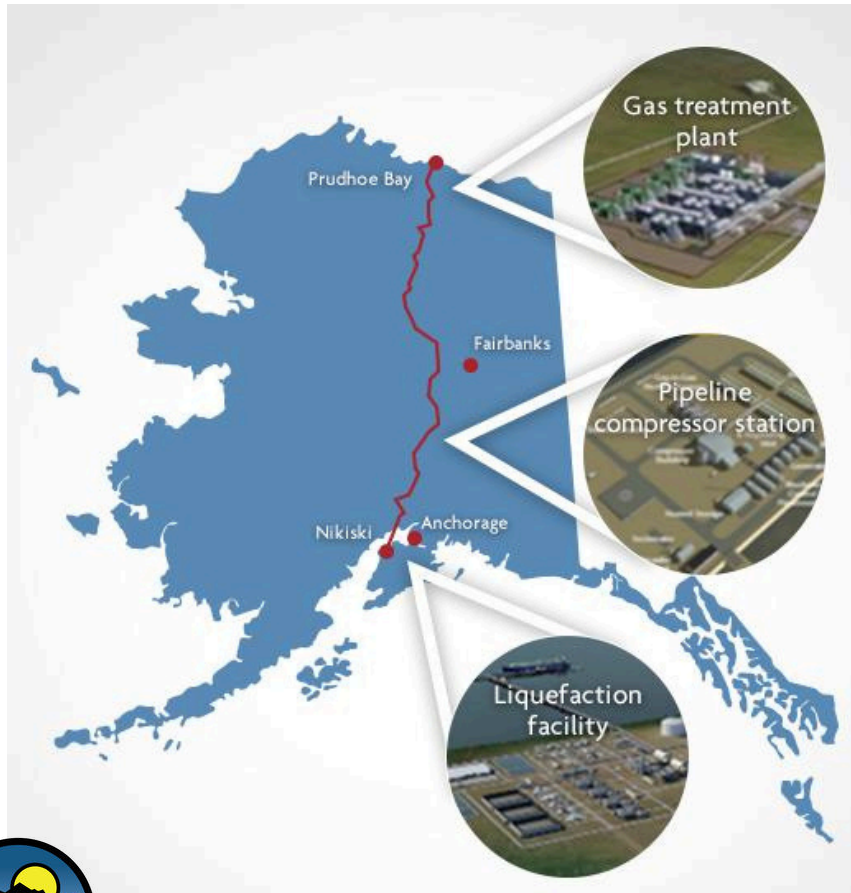
For a family of four, this seasonal increase in sales tax revenue lowers the borough tax burden by roughly \$920 per year. Since most KPB communities also levy an additional sales tax of 2-5%, the total benefit of these tax savings is likely **closer to \$1,800 per family.**

**Tourism-related sectors: retail trade, transportation and warehousing, guiding, accommodations, restaurants/bars, and rentals of non-residential property.*



CONSTRUCTION OUTLOOK

CY2025 OUTLOOK: POSITIVE



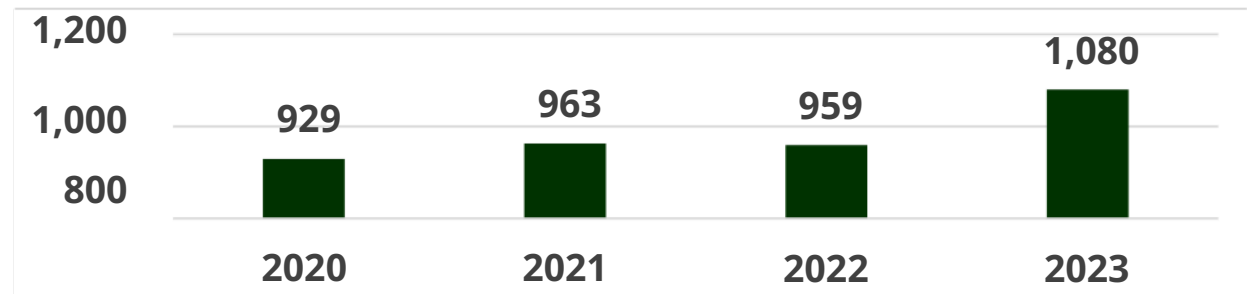
- **ALASKA LNG PROJECT**

- Glenfarne Group is working with State to develop 20/MT/yr project from North Slope to Nikiski (maybe)

- **OTHER PROJECTS**

- Dixon Diversion Hydro Project?
- Cook Inlet Submarine Power Line
- Kenai Spur Highway Rehabilitation
- Kenai Bluff Stabilization
- Kenai River Flats Pedestrian Improvements
- Numerous other road projects (Sterling Hwy, etc).
- Homer Airport Runway Rehabilitation
- Seward Cruise Ship Dock & Terminal Building
- Railbelt Power Line Expansion

KPB CONSTRUCTION EMPLOYMENT



Kenai Peninsula Economic Development District

Total Construction Employment

	KPB	ANC	MSB	AK
2019-2023	18%	28%	28%	4%
YTD 2023-2024	-10%	13%	9%	11%

Specialty Trade Construction Employment

	KPB	ANC	MSB	AK
2019-2023	20%	2%	8%	2
YTD 2023-2024	-16%	6%	3%	%
				3
				%

Building Construction Employment

	KPB	ANC	MSB	AK
2019-2023	11%	-11%	68%	10%
YTD 2023-2024	-19%	7%	13%	9%

Infrastructure Construction Employment

	KPB	ANC	MSB	AK
2019-2023	25%	7%	19%	2%
YTD 2023-2024	7%	34%	14%	29%

Source: AK-DOLWD (QCEW).



SEAFOOD OUTLOOK

CY2025 OUTLOOK: NEGATIVE



- Alaska seafood is in a “value-crisis”, cost inflation across the supply chain and tighter consumers has resulted in lower ex-vessel prices
- Positive outlook for 2025 Bristol Bay runs, price unknown, statewide forecast not out until March/April
- Total value of commercial permits owned by KPB residents declined 16% to \$82M in 2024 (loss of \$15M)
- 2025 may not be as bad as 2024, for a couple reasons
- Efforts underway to improve industry conditions:
 - Marketing & New Product Development
 - Round-freezing (efficiency)
 - Alaska Seafood Task Force



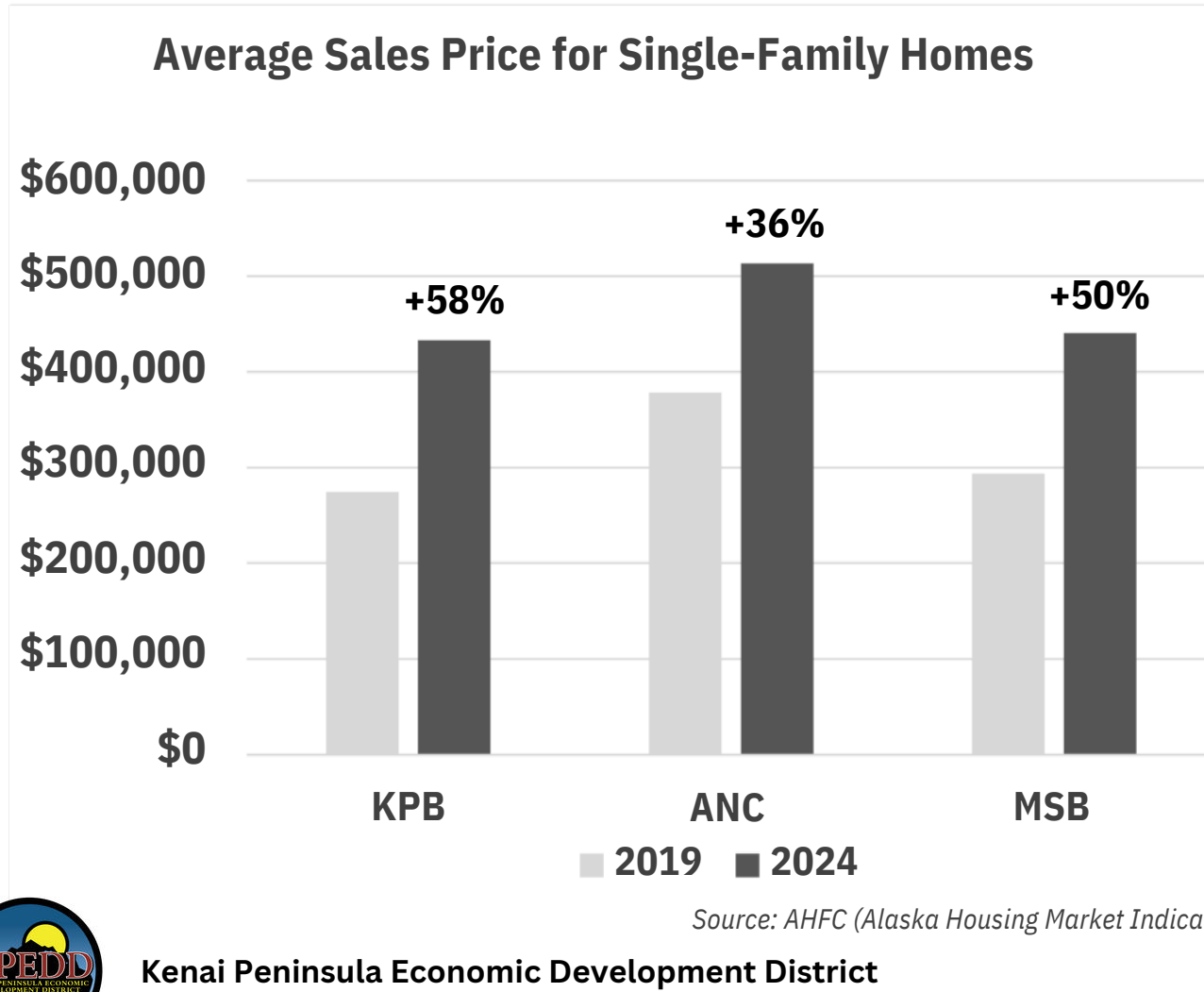
KPB's "HIDDEN" EMPLOYMENT



- About 16% of KPB workers are employed in jobs outside the Borough (3,957 workers in 2022)
- However, some people may have 2 homes, and claim residence in KPB while mostly living/working in the Anchorage & Mat-Su area, or they may have moved
- In 2022, 5% of all KPB workers (not including self-employed) worked on the North Slope or NWAB
- Speaking of “hidden” workers, the KPB also has approximately 7,700 self-employed, resident workers
- Self-employment is up since 2019, showing slightly more growth than the statewide trend
- KPB has a higher percentage of self-employed workers than Alaska’s other more populous areas



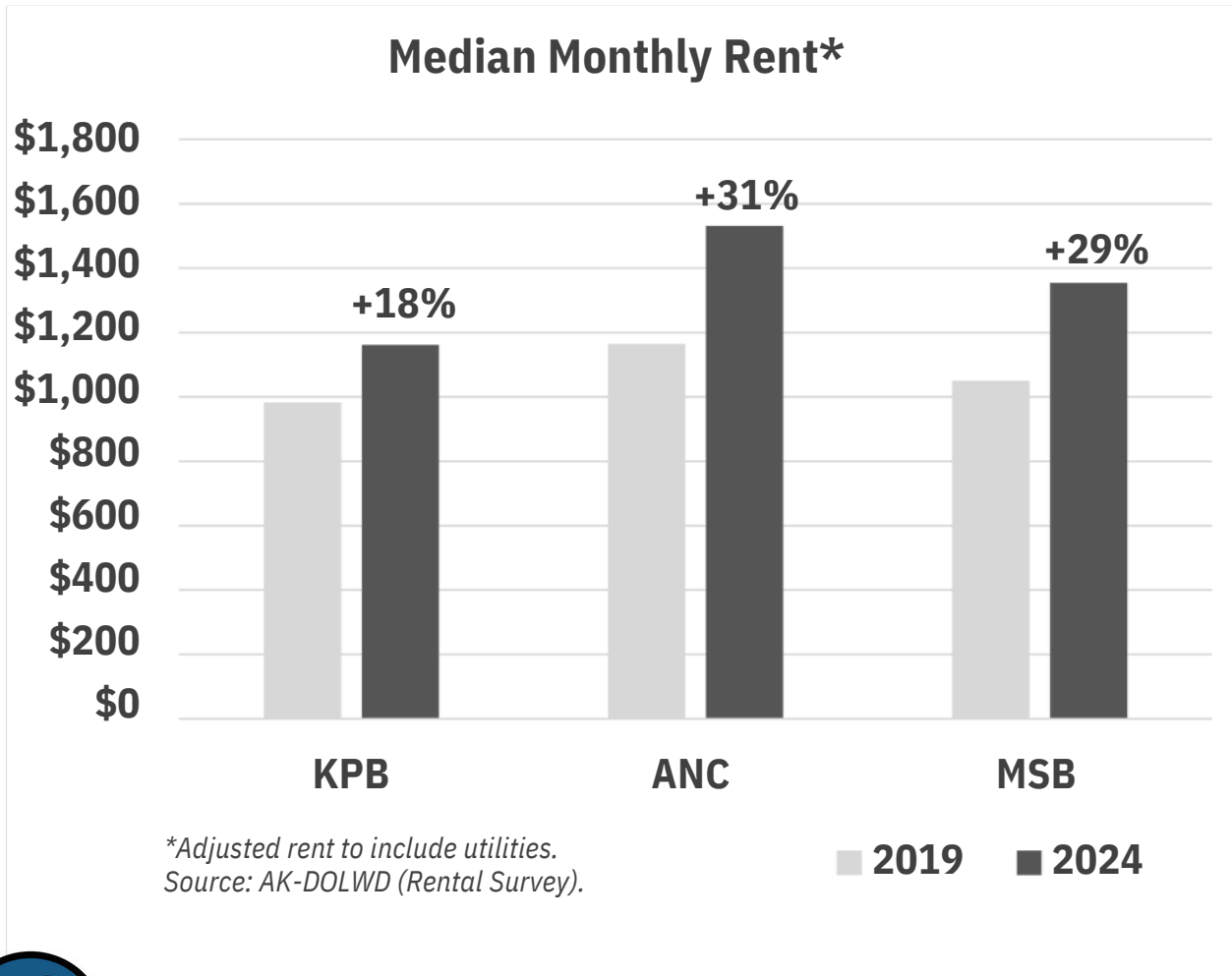
HOUSING PRICES



- Key challenge: availability of affordable housing
- Home prices have gone up faster in KPB, compared to Anchorage and Mat-Su
- Price gap between Anchorage and Mat-Su has narrowed since 2019
- Not uncommon for areas with growing economies and populations to see home prices go up faster
- Mat-Su population has grown about 2x as fast since 2020, but home prices haven't gone up as much



RENTAL HOUSING



- Key challenge: availability of rental housing
- Rents not up as much as Anchorage and Mat-Su, according to State survey – possibly a higher percentage of subsidized rentals
- Vacancy rate has fallen faster than Anchorage or Mat-Su = tighter
- Very high percentage of short-term rentals:

Short-term Rentals as Pct. of Housing Units

KPB	6.9% (2,149 ST units)
Sitka	3.6%
Juneau	2.7%
Mat-Su	2.1%
Anchorage	2.0%

