

2008 Economic Forecast Update & Three -Year Outlook

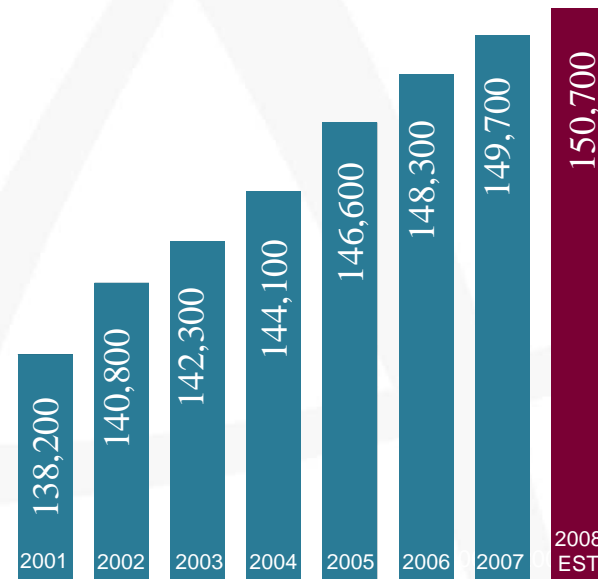


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Mid-Year 2008 Forecast Update

ANCHORAGE EMPLOYMENT 2001-2007, 2008 Estimate

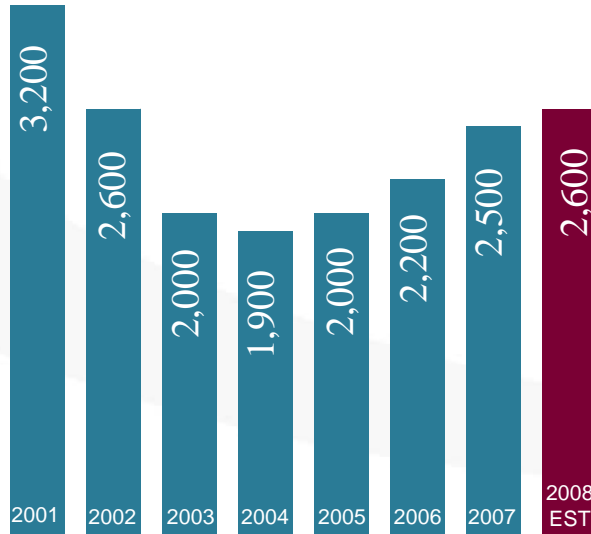
- Forecast 1,000 new jobs in 2008, up 0.7% since 2007
- Larger than predicted employment increases in government and oil & gas sectors
- Lower growth in air transportation sector



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Stronger than Predicted Oil and Gas Sector Growth

ANCHORAGE OIL
INDUSTRY EMPLOYMENT
2001-2007, 2008 Estimate



- Forecast 100 new jobs in 2008
- 280 new jobs so far, up 12% since 2007



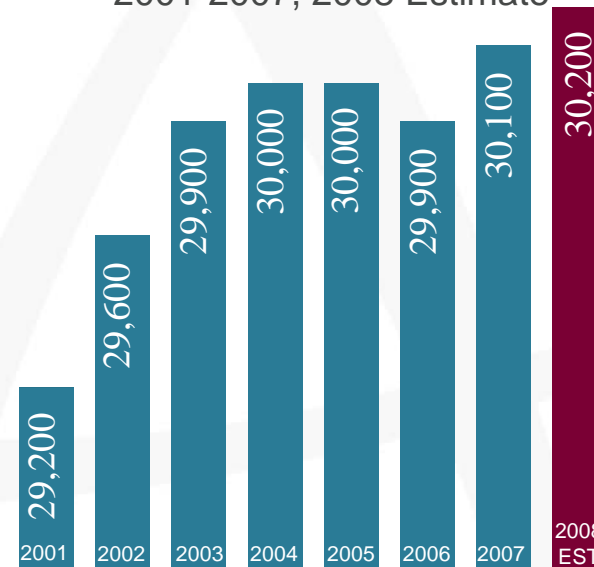
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Stronger than Predicted Government Sector Growth

- 200 new jobs so far (above projected 100 new jobs for 2008)

ANCHORAGE GOVERNMENT EMPLOYMENT

Excluding Uniform Military Personnel
2001-2007, 2008 Estimate



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Weaker Growth in Trade & Air Transportation Sectors

- 140 new jobs in wholesale and retail trade, lower than predicted 250 new jobs for 2008
- Down 20 jobs in air transportation so far (below projected 150 new jobs for 2008)
- Forecast for all other sectors on track



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Looking Forward Three Years

Take a look at the “Big Picture” and consider the forces shaping the Anchorage economy: Where are these forces taking us?



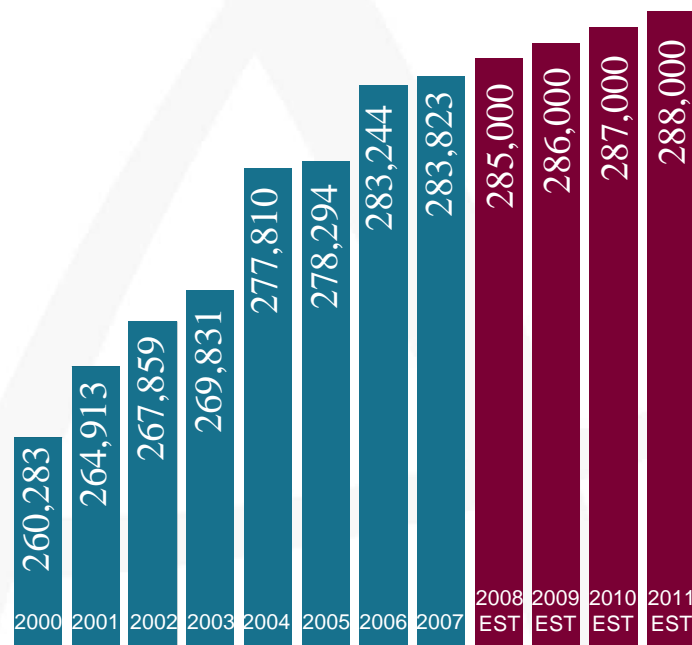
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Population Growth

- Population grew average of 1.1% annually over the past decade
- Population growth slowed to 0.2% for 2006-2007
- Population projected to grow 0.5% annually over the next three years

ANCHORAGE POPULATION

2000-2007, 2008-2011 Projections

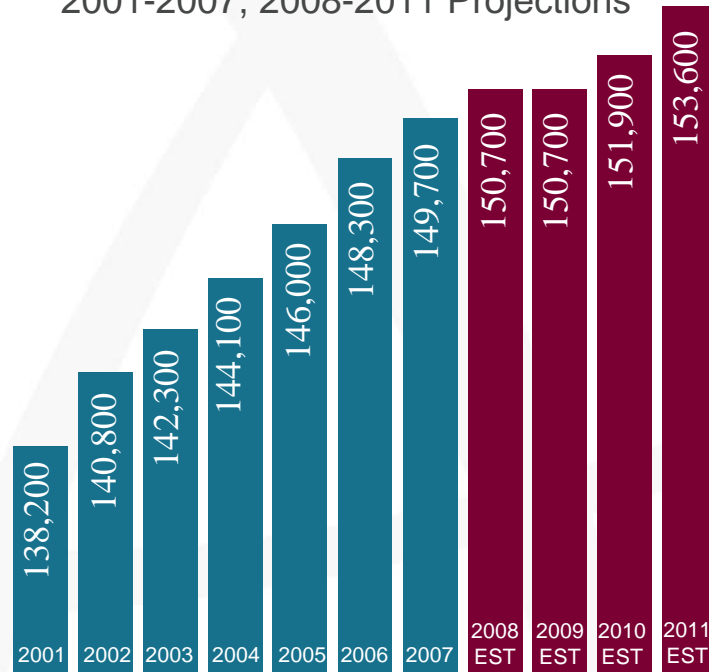


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Employment

- Annual average employment growth was 2% in last 10 years
- In 2007 growth slipped below 1% for the first time since 1996
- Employment expected to be static in 2009 with growth returning in 2010 and 2011

ANCHORAGE EMPLOYMENT
2001-2007, 2008-2011 Projections



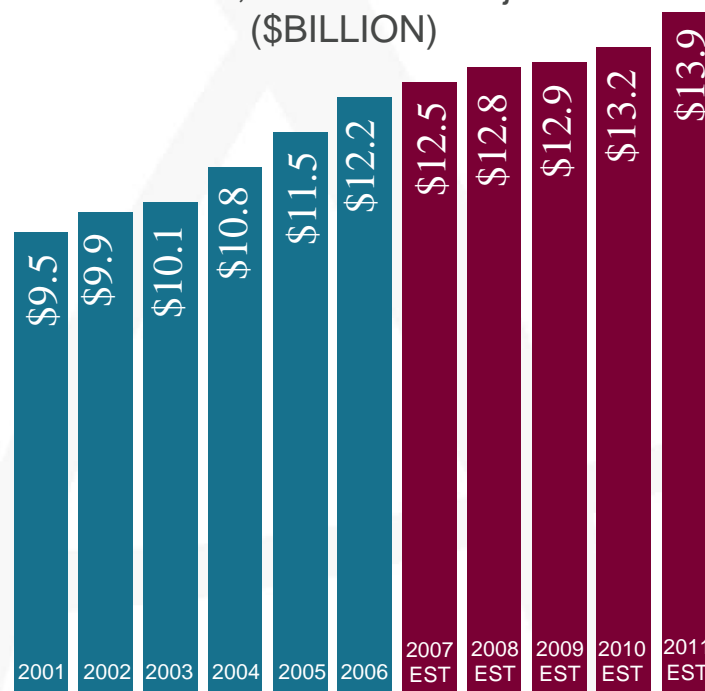
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Personal Income

- Anchorage residents earned \$12.2 billion in personal income in 2006, up 5% since 2005
- Growth is forecast to slow in the next three years
 - Lower employment growth
 - Decreasing returns from stock market investments
 - Lower business profits

ANCHORAGE PERSONAL INCOME

2001-2006, 2007-2011 Projections
(\$BILLION)

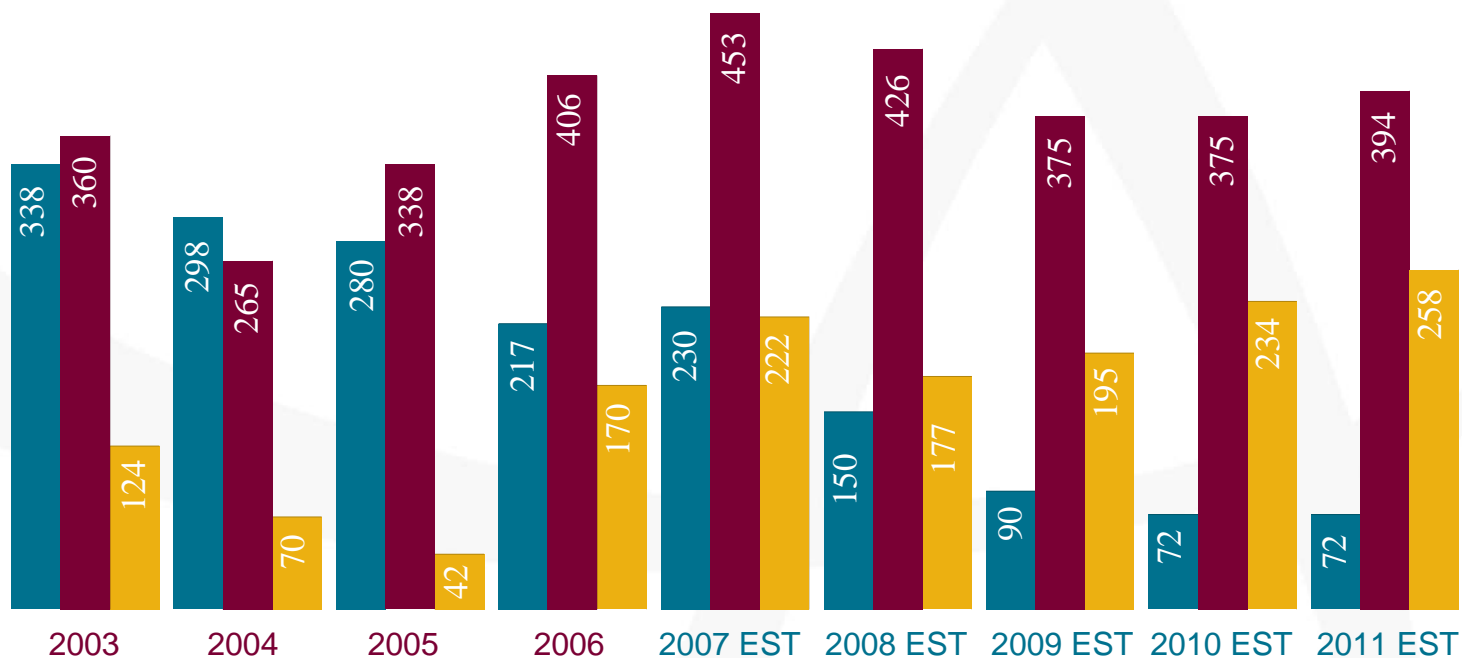


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Building Permit Values

ANCHORAGE BUILDING PERMIT VALUES

2003-2007, 2008-2011 Projections
(\$ MILLION)



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Air Passenger and Freight

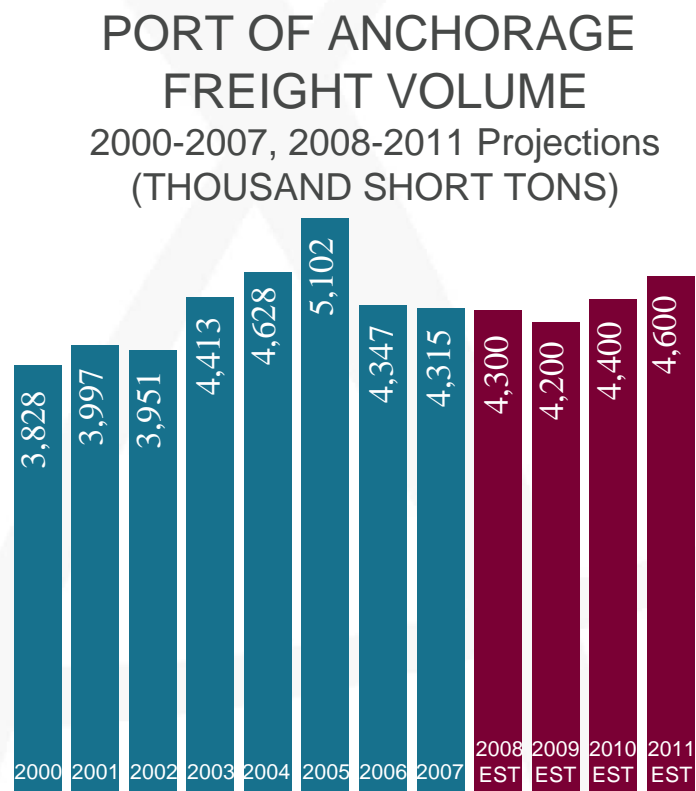
- Domestic air travel will weaken in 2009 and start to recover in 2010 and 2011 at annual rate of 1%
- Similar trend expected for air cargo moving through TSAIA in 2009, with recovery at 1% annual growth in 2010 and 2011



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Port of Anchorage Freight Volume

- Volume down from high in 2005
- Volume expected to decline slightly in 2009
- Moderate increases in freight expected in 2010 and 2011 due to increases in construction activity



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Visitor Industry Sector

- Early indicators for 2008 season are mixed:
 - Anchorage air traffic up slightly
 - Projected cruise visitation is flat
 - Alaska Highway border crossings are down
 - Low U.S. dollar causing growth in international visitors
- New Dena'ina Convention Center will stimulate in-state and out-of-state convention traffic
- Modest growth expected in non-resident visitation, 1% to 2% for each of the next three years



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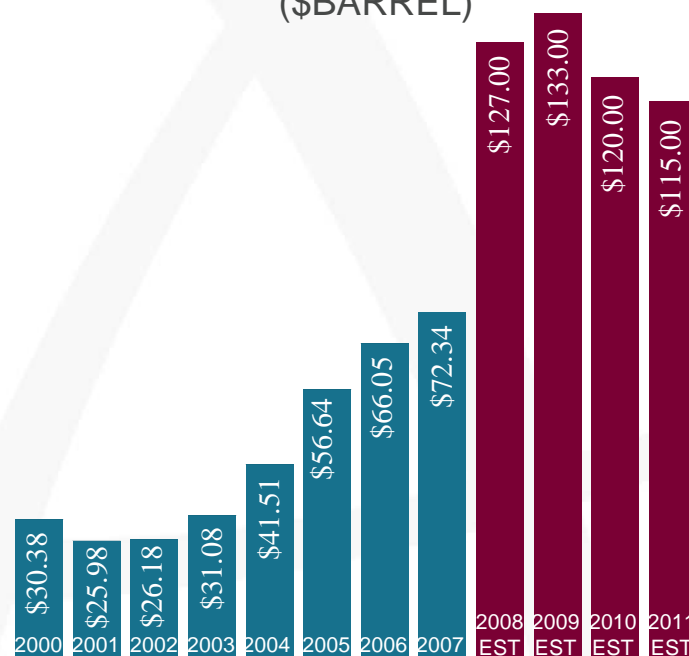
Oil Prices

- Markets expected to remain tight for 2009
- Oil prices less likely to continue upward trend longer-term
 - Supply expected to increase
 - Demand expected to slow

ANNUAL AVERAGE CRUDE OIL PRICES

2000-2007, 2008-2011 Estimates

(\$BARREL)



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In Closing

- Overall, growth is still expected in 2008, but signs indicate slowing growth
- Expect static or slight declines in several indicators in 2009
- Economic recovery is expected in 2010, gaining momentum in 2011



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