

# The Matanuska-Susitna Boom

## Borough's growth continues to eclipse rest of state

**T**he Matanuska-Susitna Borough has been a continual economic standout in Alaska. Even in 2009 when employment stalled in Anchorage and the rest of the state, Mat-Su continued to add jobs. (See Exhibits 1 and 2.)

The borough's population has expanded as well, growing by about 4 percent each year compared to just over 1 percent a year in Anchorage. Although Mat-Su is home to 13 percent of the state's population, it absorbed three-quarters of the state's net in-migration over the past decade. And since 2004, more new housing units were built in Mat-Su each year than anywhere else in the state. (See Exhibit 3.)

### A special relationship

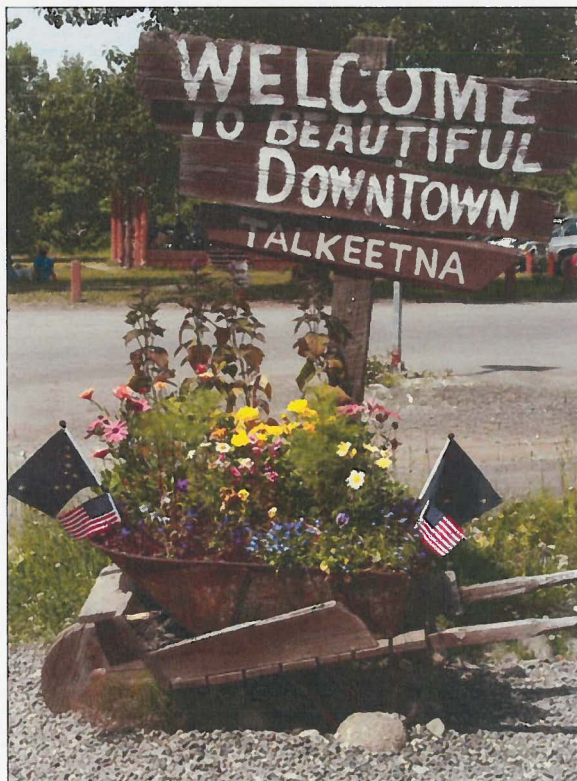
The primary explanation for the area's extraordinary growth is the economic interplay and symbiosis between Mat-Su and Anchorage, the state's largest city. This daily economic interaction between two political jurisdictions is not unusual in many parts of the country, but it is one of a kind in Alaska.

In the combined region, most new homes are built in Mat-Su, and most new residents that move to the area settle there even though many work in Anchorage. Average earnings for jobs in Anchorage are 37 percent higher than earnings in the Mat-Su Borough, and the average single family home in Mat-Su costs a third less than it would in Anchorage.

### Nearly a third work in Anchorage

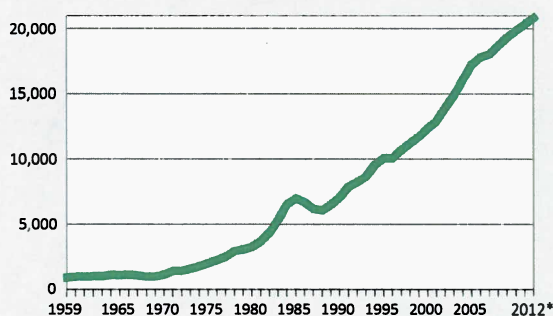
In 2010, approximately 31 percent of employed Mat-Su residents worked in Anchorage, but they took in nearly half the earnings. These commuters' earnings added up to \$576 million, slightly less than the \$596 million that Mat-Su residents earned at home. These numbers exclude commuters who work for the federal government, the uniformed military, and the self-employed, so they are conservative estimates.

It is also important to note that a significant group of



A welcome sign in Talkeetna, one of the communities in the Matanuska-Susitna Borough. Photo by Frank K.

### 1 History of Strong Growth Mat-Su employment, 1959–2012



\*Estimate

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

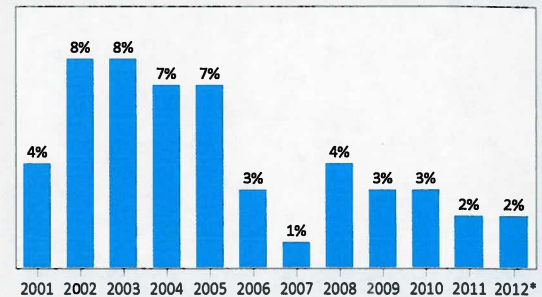
borough residents travel even farther to find work. (See Exhibit 4.) In 2010, 8 percent worked on the North Slope and earned \$236 million, or 16 percent of all Mat-Su resident earnings.

## Home affordability in Mat-Su

As used here, “housing affordability” is a combination of a community’s average earnings and the cost of local housing. In other words, it measures how many wage earners it takes to pay the average mortgage.

If one were to look strictly at the number of Mat-Su wage earners it takes to afford the average borough home, the result doesn’t look much different from the affordability of the Anchorage housing market. In the first half of 2012, it took 1.39 wage earners to afford an average single-family home in

## 2 Job Growth Didn’t Falter Mat-Su Borough, 2001 to 2012

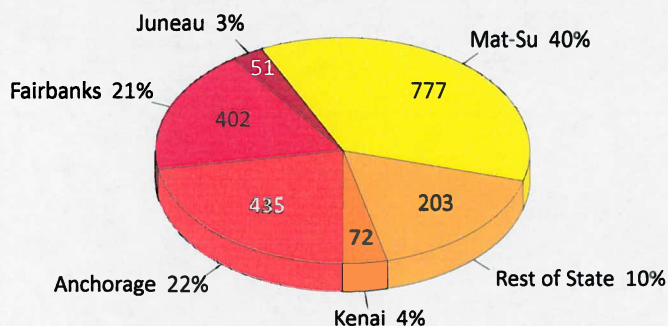


\*Preliminary

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

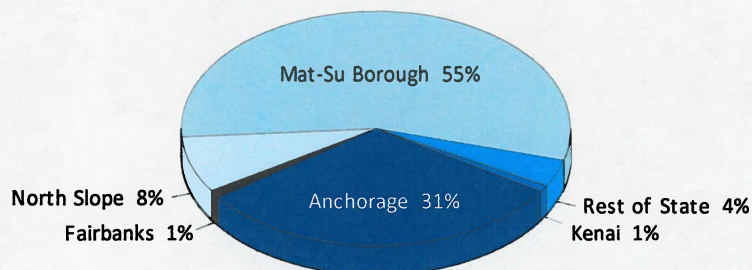
Mat-Su and 1.32 to quality for a home in Anchorage. This is because average earnings were lower in Mat-Su than in Anchorage. However, because so many Mat-Su residents work in Anchorage and other places where earnings are higher, the affordability equation changes considerably — an Anchorage worker needed a little less than one wage earner, or 0.98, to afford a home in Mat-Su.

## 3 Many New Housing Units Mat-Su vs. other areas, 2011



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

## 4 About Half Work Outside the Borough Mat-Su residents, 2010



Note: Excludes uniformed military, the self-employed, and federal workers.  
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## The high cost of commuting

Other factors may make Mat-Su’s relatively affordable housing even more attractive to buyers, such as a more rural life style, the availability of alternative types of housing, and the ability to live on a larger piece of land.

The dramatic rise in gasoline prices is a potential drawback for commuters, though. The average Mat-Su commuter spent an average of \$143 monthly in gasoline in 2000 but spent \$351 in 2011, with prices not adjusted for inflation.

These higher transportation costs change the affordability picture and the desire to commute, but the data don’t show any clear reaction to these higher prices. Regardless, this long-term commuting trend is not likely to change any time soon because the availability of developable land continues to tighten in Anchorage.

The Mat-Su Borough’s competitive advantage is not limited to residential development, either. Mat-Su is likely to capture a significant share of Southcentral Alaska’s other future economic development. The recent opening of the Goose Bay Cor-



rectional Center in Wasilla might be an example of this trend.

## Migration fuels growth

Between 2000 and 2012, the Matanuska-Susitna Borough's population grew by 58 percent, while Anchorage grew by 15 percent and the state as a whole grew 17 percent. (See Exhibit 5.)

The primary source of Mat-Su's growth was people moving in, making it one of the few places in the state that grew mostly because of migration. Since 2000, three-quarters of the borough's population growth was due to moves, and the balance came from natural increase, or births minus deaths. Over the same time period, Anchorage's population gain due to net migration was near zero.

Because the population in the borough has grown so much faster than in Anchorage, it now represents nearly a quarter of the Anchorage/Mat-Su region's total population, compared to 14 percent in 1990.

Within the borough, a vast majority of its 29 identified places or communities are above-average performers. Most are situated in a core area that begins with Palmer and runs along the Parks Highway through Wasilla, Meadow Lakes, and Knik-Fairview and ends in Houston.

The Knik-Fairview area is the largest census-designated place in Mat-Su, growing the fastest numerically in recent years and the second-fastest on a percentage basis. Growth was above-average even in the more distant communities of Willow and Talkeetna.

The borough's school enrollment numbers also corroborate its population surge. (See Exhibit 6.) Enrollment has continued to grow in Mat-Su, unlike statewide where enrollment peaked in 1999. During the past five years, the number of additional students in Mat-Su was larger than the Sitka school district's entire enrollment.

## All industries gained jobs

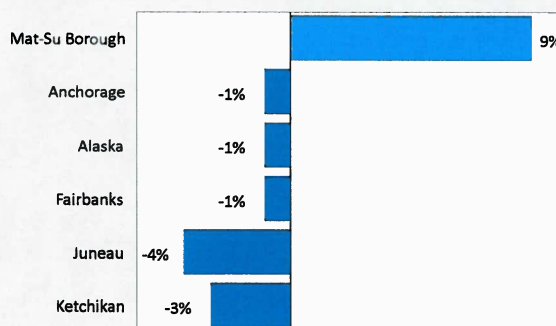
Employment has also grown faster in Mat-Su than anywhere else in the state. During the past decade,

## 5 Population by Community Matanuska-Susitna Borough, 2000 to 2012

Area	Population Estimate April 2000	Population Estimate July 2012	Population Change 2000-2012	% Change 2000-2012
<b>Alaska</b>	<b>626,932</b>	<b>732,298</b>	<b>105,366</b>	<b>16.8%</b>
<b>Anchorage Municipality</b>	<b>260,283</b>	<b>298,842</b>	<b>38,559</b>	<b>14.8%</b>
<b>Matanuska-Susitna Borough</b>	<b>59,322</b>	<b>93,801</b>	<b>34,479</b>	<b>58.1%</b>
Big Lake	2,435	3,502	1,067	43.8%
Buffalo Soapstone	761	872	111	14.6%
Butte	2,561	3,414	853	33.3%
Chase	43	35	-8	-18.6%
Chickaloon	213	243	30	14.1%
Eureka Roadhouse	28	24	-4	-14.3%
Farm Loop	975	1,036	61	6.3%
Fishhook	2,565	5,033	2,468	96.2%
Gateway	3,802	5,910	2,108	55.4%
Glacier View	238	235	-3	-1.3%
Houston city	1,202	2,012	810	67.4%
Knik-Fairview	6,985	16,126	9,141	130.9%
Knik River	582	744	162	27.8%
Lake Louise	88	50	-38	-43.2%
Lakes	6,604	8,729	2,125	32.2%
Lazy Mountain	1,160	1,558	398	34.3%
Meadow Lakes	4,720	8,188	3,468	73.5%
Palmer city	4,705	6,117	1,412	30.0%
Petersville	16	5	-11	-68.8%
Point MacKenzie	226	565	339	150.0%
Skwentna	111	35	-76	-68.5%
Susitna	37	16	-21	-56.8%
Susitna North	985	1,376	391	39.7%
Sutton-Alpine	1,080	1,427	347	32.1%
Talkeetna	731	894	163	22.3%
Tanaina	5,056	8,623	3,567	70.5%
Trapper Creek	423	475	52	12.3%
Wasilla city	5,504	8,207	2,703	49.1%
Willow	1,657	2,155	498	30.1%
Balance	3,829	6,195	2,366	61.8%

Source: Alaska Department of Labor, Research and Analysis Section

## 6 Jump in Enrollment Mat-Su vs. other areas, 2007 to 2012



Source: Alaska Department of Education and Early Development

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