

Population boom seen for Mat-Su**STUDY: Economist predicts Valley to triple Anchorage's 1% pace.**By DON HUNTER
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Growth in the Matanuska-Susitna Borough should continue to outstrip that of Anchorage and the rest of Alaska over the next 25 years, even if a Knik Arm bridge is never built, a new study predicts.

If it is built, a Knik crossing could add tens of thousands more residents to the borough, already the state's fastest growing area, at the expense of future growth in Anchorage. Or not, depending on what else happens in Alaska and the nation between now and 2030, according to the analysis by economist Scott Goldsmith at UAA's Institute of Social and Economic Research.

Goldsmith's study, "Economic Projections for Alaska and the Southern Railbelt 2004-2030," was released at the beginning of November and is available on ISER's Web site. It anticipates years of slow but steady growth in Anchorage, with population in the Mat-Su surging three times as fast as the two population centers gradually evolve into a "Greater Anchorage."

Still, Alaska's history is rife with booms and busts, and Goldsmith says similar, if less dramatic, economic tremors could skewer the outlook again. "What we project looks smooth, but we expect there will be bumps along the way," he said.

ISER did the analysis for Chugach Electric Association and three other Southcentral power utilities. The utilities will use the projections to help decide where and when to expand power generation facilities, Chugach spokeswoman Patti Bogan said.

Goldsmith's "base case" scenario assumes, among other things, that oil revenues continue to decline, that the state elects to fund government through some combination of taxes and Permanent Fund earnings, and that the Arctic National Wildlife Refuge is opened to oil exploration and development. In that event, population of Anchorage would grow, over a 30-year average, about 1 percent a year.

By 2030, Goldsmith anticipates Anchorage would be a city of about 373,000.

The rate of growth in the Mat-Su could triple that. By 2030, the borough's population would grow from the 59,300 counted in the 2000 census to about 156,000, in Goldsmith's outlook.

If Knik Arm is bridged, the population in the Mat-Su could jump to as much as 196,000 by 2030, according to the analysis. With a bridge and quick access to land in the borough, Anchorage's population growth would be slower.

Under that circumstance, the Anchorage of 2030 might be a city of about 344,000.

In the short term, bridge construction would boost jobs and growth in both communities. In the longer run, quicker access to the Mat-Su would likely make it an even a more attractive bedroom

community for commuters who work in Anchorage. More people would mean more jobs.

"If the population is greater there, more of the jobs involved with providing goods and services are going to be right where the households are," Goldsmith said. Instead of driving to Anchorage to shop big discount chains, Mat-Su residents will find more big stores in their own neighborhoods.

Anchorage Mayor Mark Begich says the kind of gentle long-term annual growth Goldsmith projects would be good for the city.

"Something in the 1 to 2 percent range is manageable growth," Begich said. "We can predict service needs, what kind of economy we're going to have. In the old days of boom and bust, it was totally unpredictable. We had dramatic shifts, not healthy growth."

Mat-Su Borough Mayor Tim Anderson is looking through the other end of the telescope. His borough is booming, and the government is hustling to catch up.

"In 1990, people were moving out here to get away from things," he said. "Now, we're seeing the city move out here. We've got more and more demands for planning, for figuring out where all these people are going to be, where the jobs are going to be.

"We've been playing catch-up for years."

Begich says the Mat-Su is facing many of the same issues Anchorage has wrestled with for decades: growth pains, zoning, building-code enforcement. "A lot of site condo developers are moving out to the Valley," he said. "That's a concern to them. How do they manage that growth?"

Anchorage is likely to see another kind of residential growth, Begich says: Up, not out.

He expects to see downtown Anchorage evolve into a residential center, as developers put condos and living space atop buildings that are either commercial or government owned.

"We've become a much more mature city, and not everyone wants to live on a one-acre parcel on septic," Begich said. "We'll continue to have the growth with or without the bridge."

The Knik crossing is just one of 11 "sensitivity cases" that could affect Goldsmith's base case projections, for better or for worse, and he cautioned against placing too much emphasis on any one of them. Others include construction of an Alaska Highway natural gas pipeline, faster than expected growth in mining or tourism, or a downturn in U.S. productivity that carries over to Alaska.

"People tend to concentrate on the gas line and the Knik bridge ... but all the sensitivity cases are of almost equal importance," Goldsmith said. "We tried to identify a list of assumptions that might have a big impact on the outcome of the projection. It's quite possible mining will grow faster (than expected), or tourism. Those are important industries as well. It's useful to think about all of them."

The growth bubble could be deflated if the state takes a hard economic hit -- say, from military base closures.

It could be expanded *by an increase in another trend of recent years: "Over the last decade between 1990 and 2000, the rate of growth of the over-65 population (in Alaska) was greater than in all the other states except for Nevada," Goldsmith said. "So that's a booming population."*

His base case projection shows the senior segment of the population growing from 6.5 percent today to about 14 percent in 2030, as more of Alaska's baby boomers retire.

In the old days, many people retired Outside, where costs were lower. That too is changing. The difference between the cost of living in Anchorage and in the Lower 48 has plummeted since statehood and should continue to shrink, according to the analysis.

In 1961, prices here were 46 percent above the national average. By 1970, that had dropped to 34 percent, and to 29 percent in 1980. Today, prices in Anchorage are about 12 percent higher than the national average, and Goldsmith says that could drop to 6 percent by 2030. The trend is driven by better transportation, more people, bigger markets for goods and higher demand.

And Anchorage has grown from the rowdy pipeline construction boomtown of three decades ago into "a modern city," Goldsmith's report says.

"Trade, services and finance support industries have grown enormously as Anchorage has gradually replaced Seattle as the supply center for much of Alaska," the study says.

A booming retiree population would be an economic boost for Anchorage and the Valley, he said. Retirees bring money "through the mailbox" with retirement checks and benefits, he said.

Begich sees senior citizens as a key to the future. Anchorage has high-quality medical facilities; a downtown core with hotels, theaters and a performing arts center; and low crime rates: "All the things that drive people to live in an urbanized city."

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