
Alaska Construction Spending Forecast

Resource Development Council

March 7, 2024

PREPARED FOR:



McKinley Research Group, LLC is a team of respected professionals with 50 years experience providing research, consulting, and advisory services to clients seeking answers to questions and solutions to organizational complexities.

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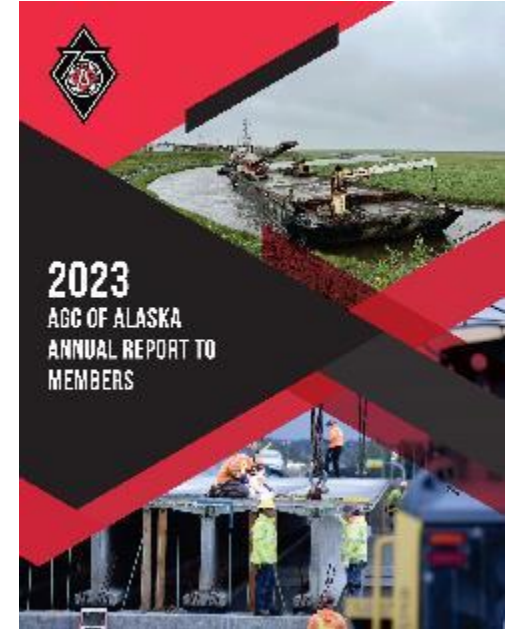
Advocate



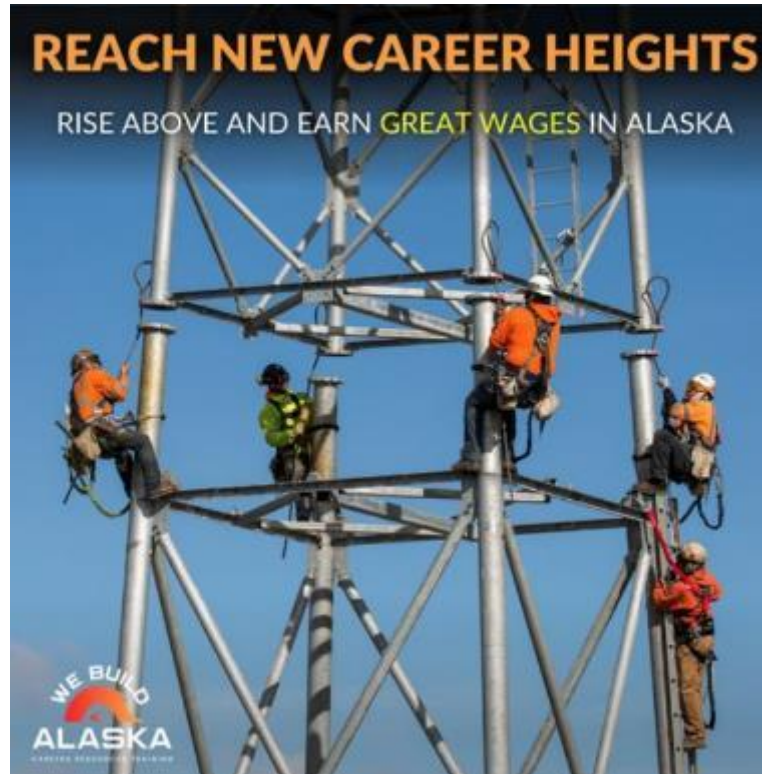
Educate



Promote

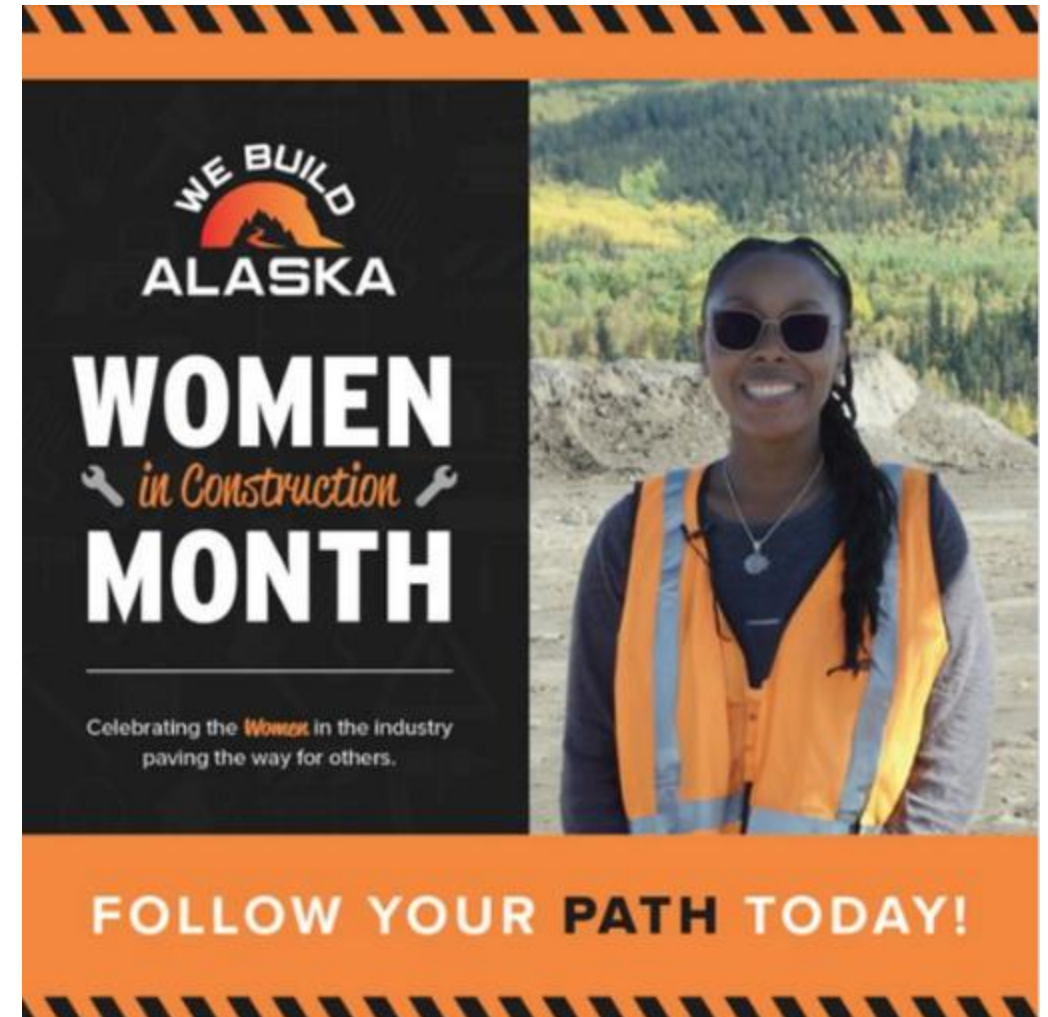


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Women in Construction Week

- March 3 - 9, 2024
- 2024 theme: "Keys to the Future"
- Many events still happening this week
- Visit www.nawic-ak.org for more information



McKinley Research Group

- Research and consulting since 1972
- Offices in Juneau and Anchorage
- Economic Analysis, Community Economic Planning, Business Development, Survey Research and more
- Conducted 100+ economic impact studies including Alaska's:
 - Oil and Gas Industry (AOGA)
 - Mining Industry (AMA/CAP)
 - Seafood Industry (ASMI)
 - Visitor Industry (DCCED/ATIA)
 - And many more
- 5th year of construction analysis and forecast



Roadmap

1

Federal
Infrastructure
Funding

2

2024
Construction
Spending
Forecast

3

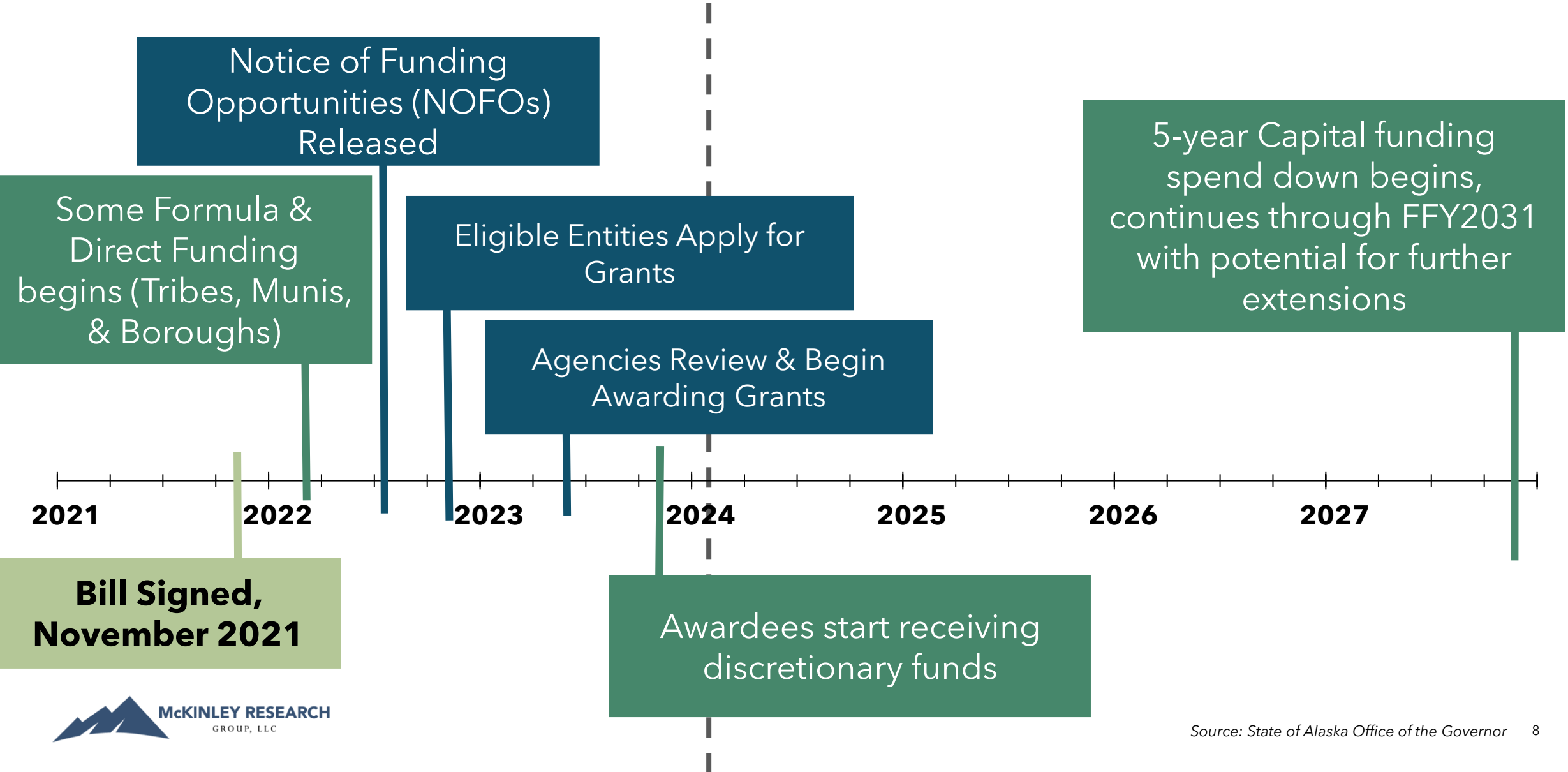
Jobs and
Workforce
Update

1

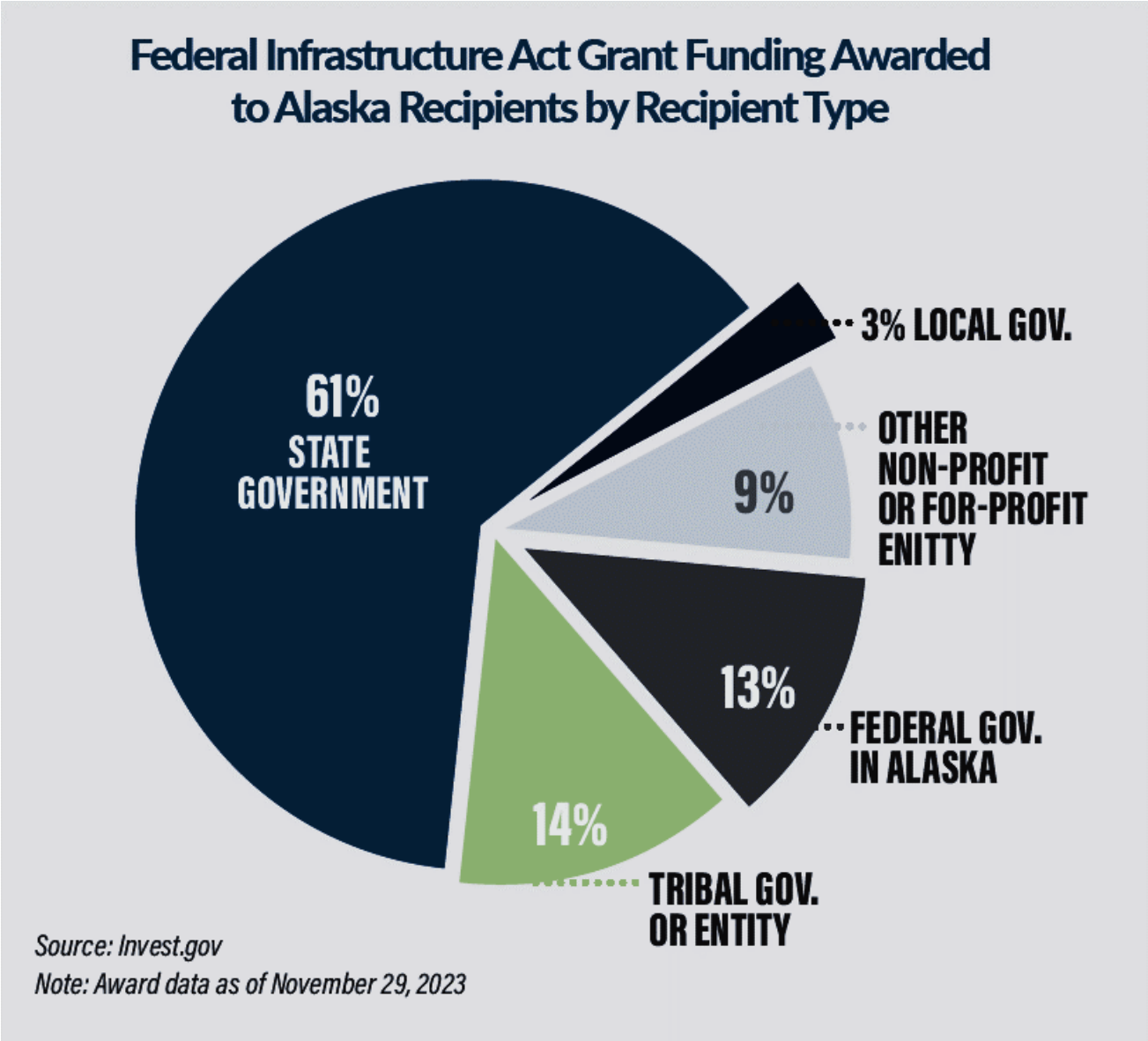
Federal Infrastructure Funding



Implementation Timeline

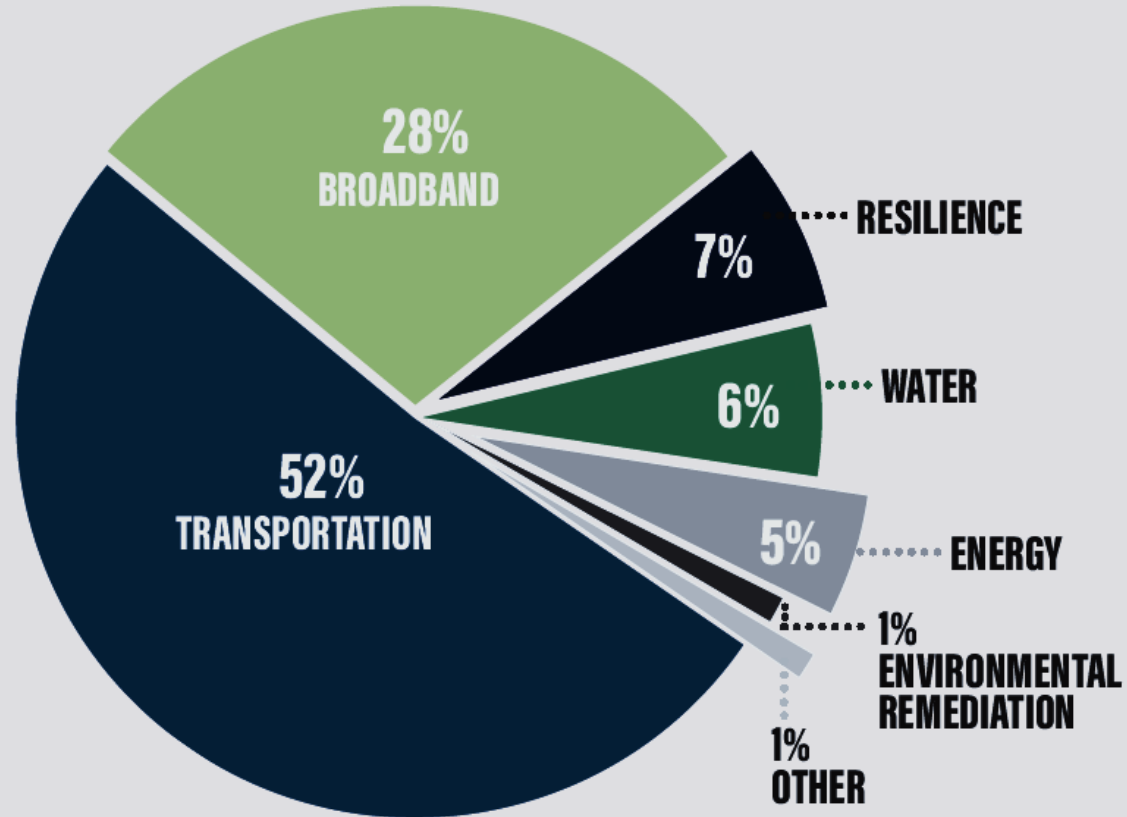


Federal Infrastructure Funding by Recipient Type



Funding by Infrastructure Type

Federal Infrastructure Act Grant Funding
Awarded to Alaska Recipients by Infrastructure Type



Source: Invest.gov

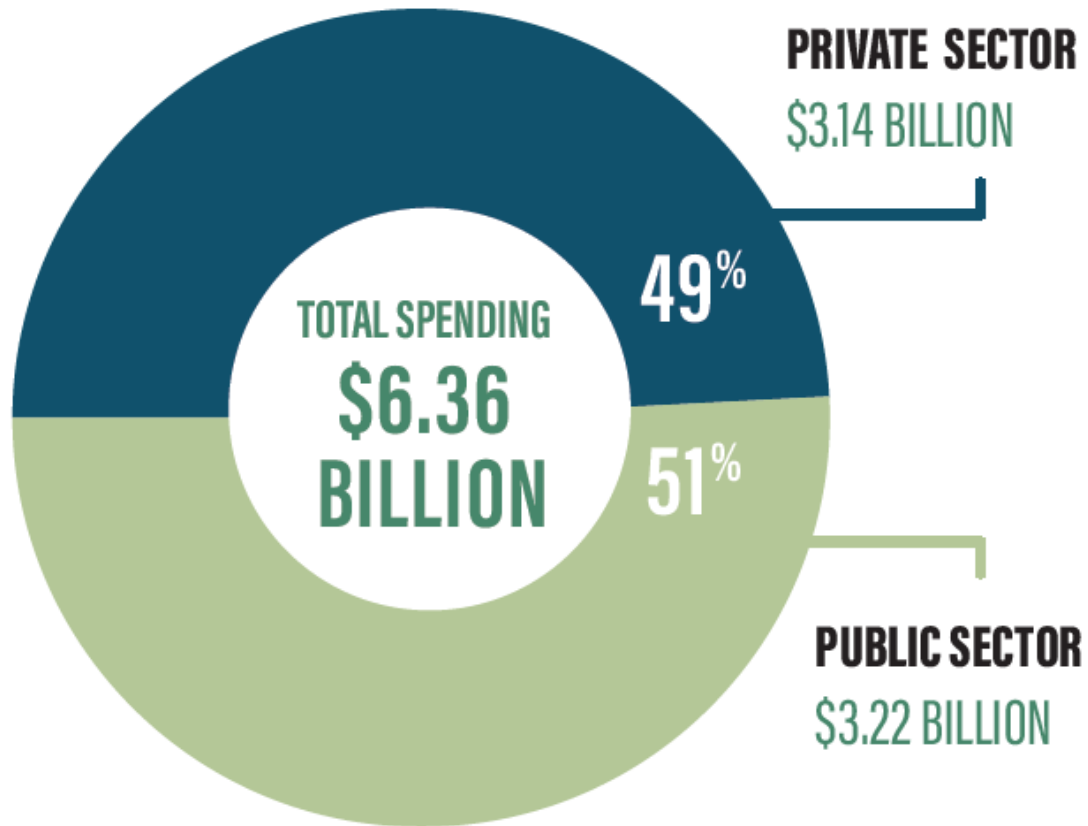
Note: Award data as of November 29, 2023

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2024 Construction Spending Forecast



Construction Spending Forecast Summary



Category	Total Spending	% of Total Spending
Private Construction Spending	\$3,140	49%
Oil and Gas	\$1,160	18%
Utilities	\$700	11%
Residential	\$405	6%
Hospitals/Health Care	\$260	4%
Mining	\$165	3%
Other Basic Industry	\$90	1%
Other Commercial	\$360	6%
Public Construction Spending	\$3,220	51%
Highways and Roads	\$805	13%
National Defense	\$600	10%
Airports, Ports, and Harbors	\$565	9%
Education	\$335	5%
Other State and Local Government	\$535	8%
Other Federal Government	\$380	6%
TOTAL	\$6,360	100%

Private Sector Outlook





Oil and Gas

\$1.16 Billion

18% of Total Spending

- Investments on Alaska's North Slope include the largest new oil developments in decades
 - Santos' Pikka Phase One
 - ConocoPhillips' Willow Project



Utilities

\$700 Million

11% of Total Spending

- Increased spending driven by federal funding opportunities
 - Statewide broadband
 - Water and sanitation projects
 - Electric grid buildouts
- Major multi-year projects include
 - Makushin Geothermal Power Project (Unalaska)
 - GCI's Aleutian Fiber Project
 - DEC/ANTHC rural water & sanitation projects, statewide

Hospitals & Healthcare



\$260 Million

4% of Total Spending

- Work continues on multi-year projects
 - SEARHC's Sitka Community Hospital
 - ANTHC Anchorage Emergency Services department expansion
- Providence will complete the construction of two large projects in Anchorage
 - Eagle Street Providence Alaska House
 - Crisis Stabilization / Behavioral Health Urgent Care Center

Mining



\$165 Million

3% of Total Spending

- Alaska's six large producing mines will continue to make capital investments.
- Kinross completed key infrastructure construction at Manh Choh in 2023, production expected in 2024
- Federal decision on the Ambler Access Road project delayed



Other Basic Industry

\$90 Million
1% of Total Spending

- Alaska's strong visitor volume expected to continue
- Downturn in seafood prices impacts capital spending

- New cruise docks around the state in various stages of development
 - Whittier and Klawock cruise docks expected to open for the 2024 visitor season
 - Permitting for the Juneau Àak'w Landing project approved in 2023
- Pike's Waterfront Lodge multi-year hotel & boat launch expansion project

- Routine maintenance expected across seafood processing plants.
- Substantial new projects, such as Trident's Dutch Harbor processing plant construction, put on hold

Residential



\$405 Million

6% of Total Spending

- High mortgage rates and material costs continue to impact demand
- Repairs for homes damaged by Typhoon Merbok continue in Western Alaska

Other Industrial & Commercial



\$360 Million

6% of Total Spending

- Businesses in the sector will continue investing in upgrades, renovations, and new facilities
- Construction of the Northlink Aviation air cargo terminal at Anchorage International will continue
- Retail renovations will occur statewide
 - Three Bears will continue expansion in the Interior



Public Sector Outlook



Highways & Roads

\$805 Million

13% of Total Spending

- Near-term federal highway funding increases
- High project costs
- Notable projects for 2024 include
 - Improvements to the Sterling, Alaska, Glenn, Seward, and Richardson Highways
 - Continuing work on the road from Kotzebue to Cape Blossom



National Defense

\$600 Million

10% of Total Spending

- USACE continues focus on restoration and modernization of existing infrastructure
 - Examples include Kodiak Coast Guard Base work
- Civil works projects
 - Moose Creek Dam Barrier project near North Pole
 - Kenai Bluffs bank stabilization
 - Lowell Creek flood diversion in Seward
 - Coastal erosion mitigation in Utqiagvik
 - JBER Runway Extension



Airports, Ports, Harbors, & Railroad

\$565 Million

9% of Total Spending

- Improvements to taxiways, runways, and facilities at airports across the state
- Alaska Railroad will break ground on bridge, track, and tunnel rehabilitation projects
- Multi-year port and harbor construction projects
 - Port of Alaska Modernization Project
 - Deep water port development in Nome
 - Multi-purpose dock reconstruction in Skagway
 - Lutak Dock rebuild in Haines
 - Cold Bay dock replacement



Education

\$335 Million

5% of Total Spending

- Capital costs for K-12 education facilities are shared between the State of Alaska and local governments
- UAF's Rasmuson Library Student Success Center opening summer 2024
- Yup'ik Language Center Building at UAF's Kuskokwim Campus expansion for Nursing and Allied Health Program



Other State & Local Government

\$535 Million

8% of Total Spending

- Increased spending on projects and expenditures not captured in other public sector categories
- Major projects in this category include
 - Palmer Library reconstruction
 - Fairbanks Polaris Hotel abatement
 - Development of a certified Veterans Cemetery in the Fairbanks Area
 - Construction and renovations to State of Alaska public use cabins construction & renovations



Other Federal Government

\$380 Million

6% of Total Spending

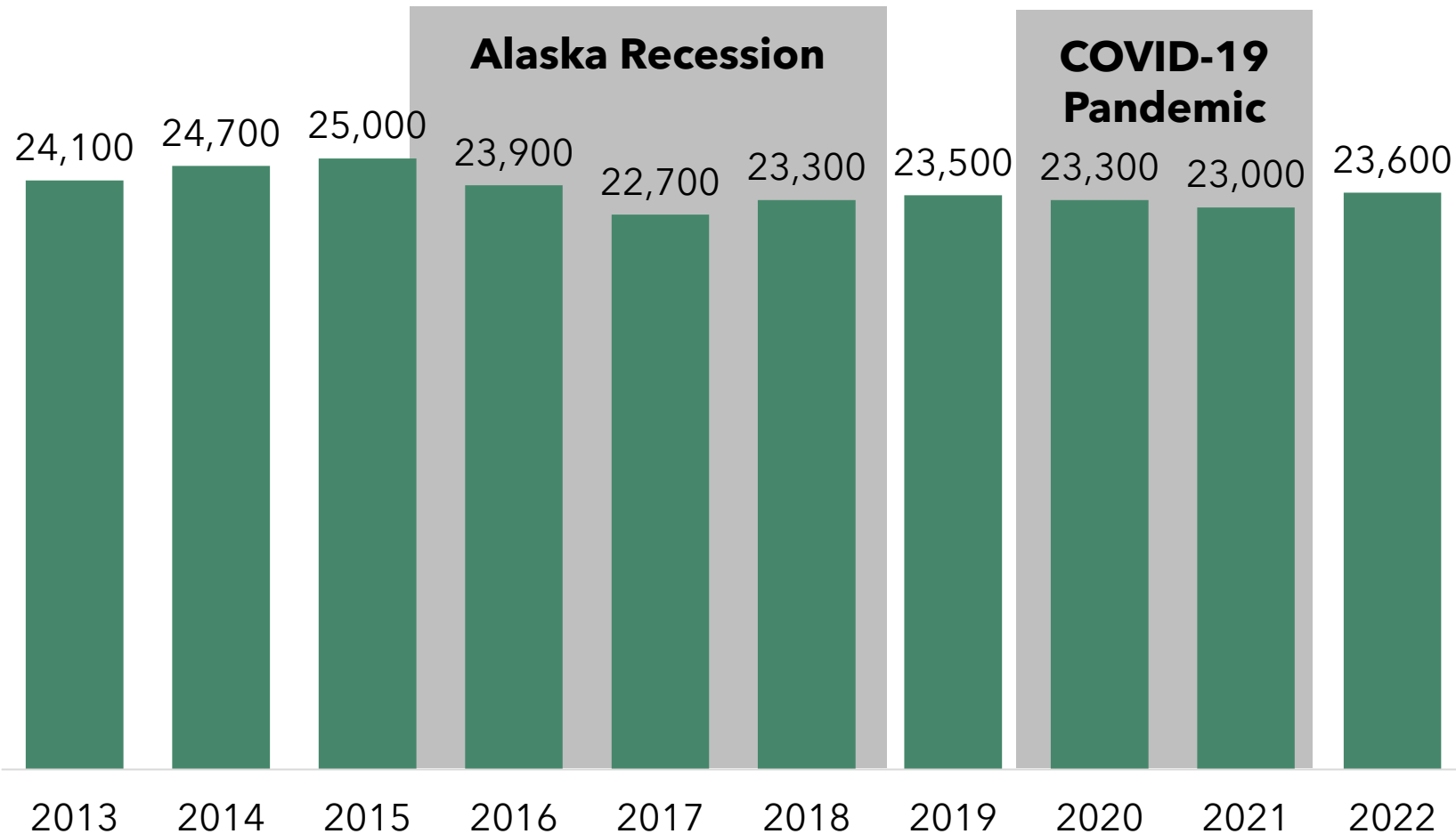
- Additional federal funding will be deployed through various governmental and nonprofit entities in Alaska
- Funding awarded to Alaska's Regional Housing Authorities for residential projects
- Denali National Park Pretty Rocks Landslide road repairs and replacement

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Alaska's Construction Industry Workforce



Alaska Construction Employment



2022 Employment

- 1,400-1,500 jobs *below* 2015
- ~ *flat* with pre-pandemic

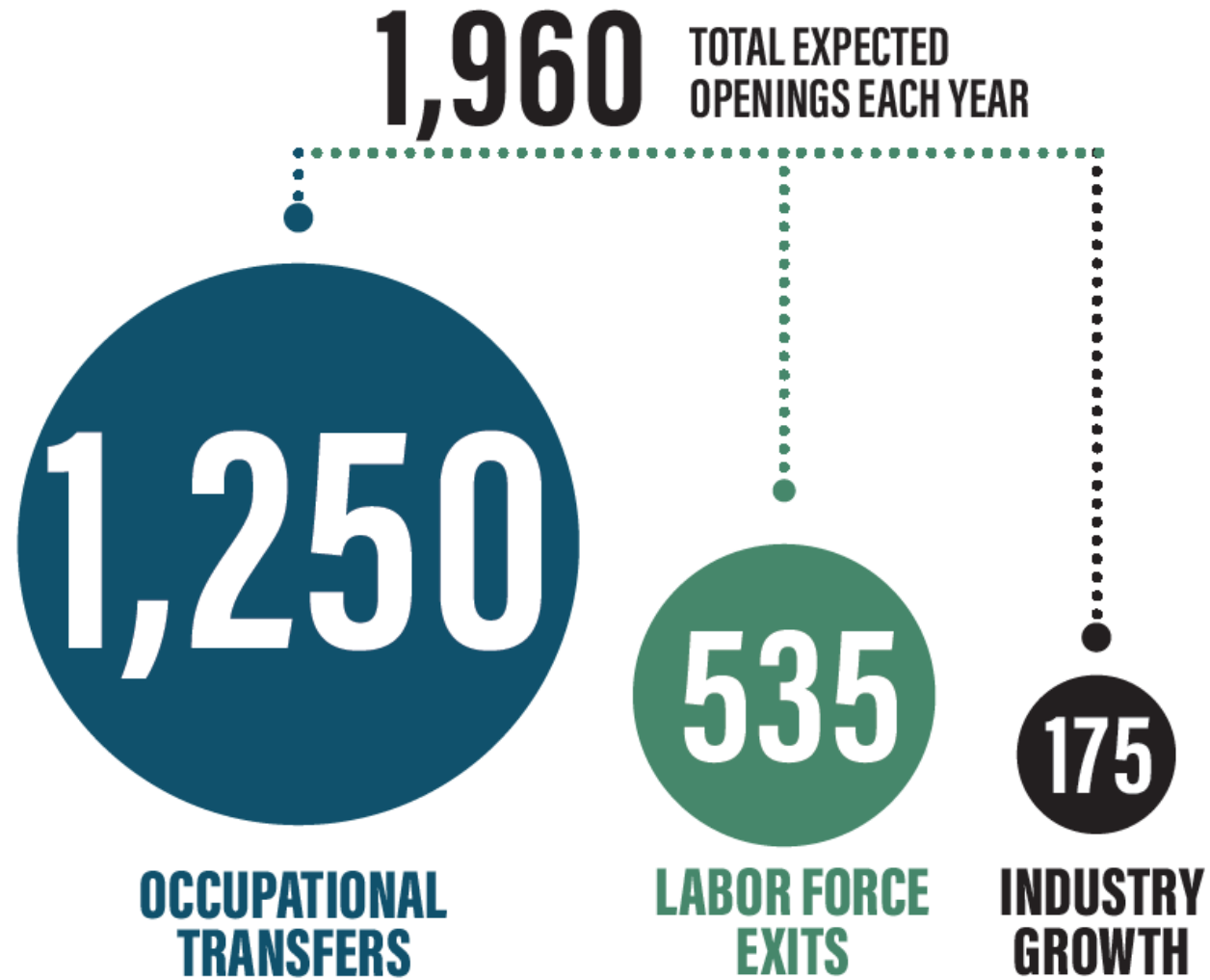
2023 Employment

- Up 3-4% based on early data (+600 jobs)

2024 Employment

- Expected to be up 7% (+1,100 jobs)

Annual Occupational Growth, 2020-2030



In Summary



Key Takeaways



23,600 construction workers employed in 2022, earning **\$2.3 Billion** in wages



Nearly **2,000 expected job openings** annually, equating to 9.8% growth in construction jobs between 2020 and 2030



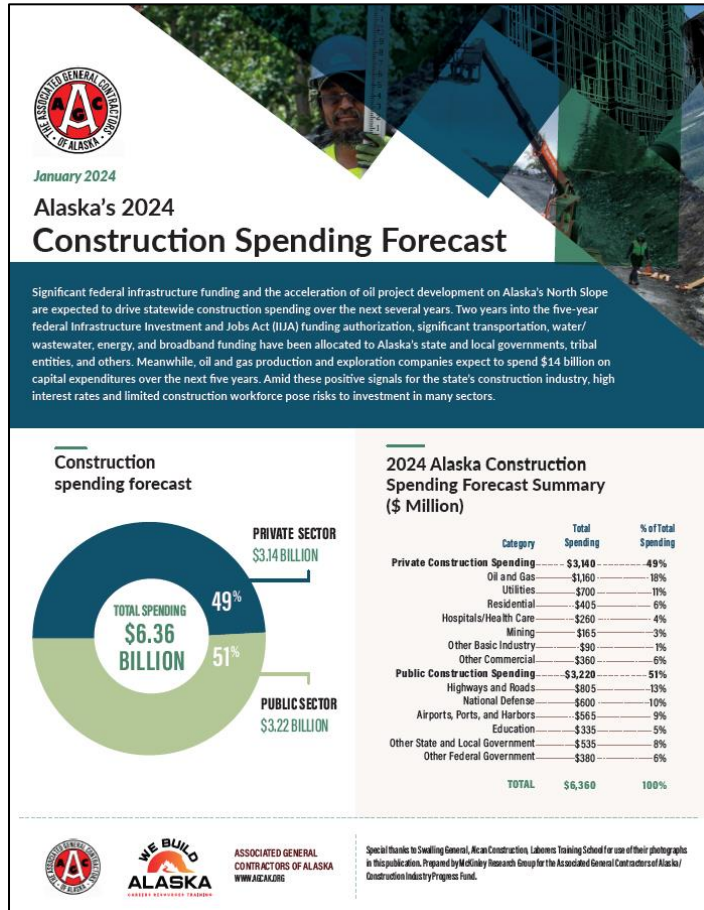
Federal infrastructure funding has **begun deployment**, spending will continue through FFY2031 and beyond



\$6.4 Billion in estimated 2024 spending, up from 2023 projection

Want to know more?

Download the Economic Benefits and Construction Spending Forecast Reports:
www.agcak.org



THANK YOU!



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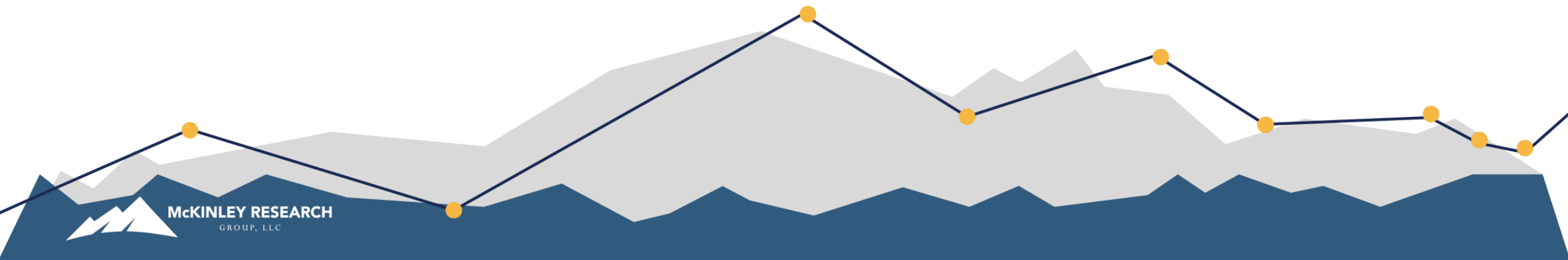
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McKinley Research Group, LLC is a team of respected professionals with 50 years experience providing research, consulting, and advisory services to clients seeking answers to questions and solutions to organizational complexities.

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