
Alaska Construction Spending Forecast

Resource Development Council

February 2025

PREPARED FOR:



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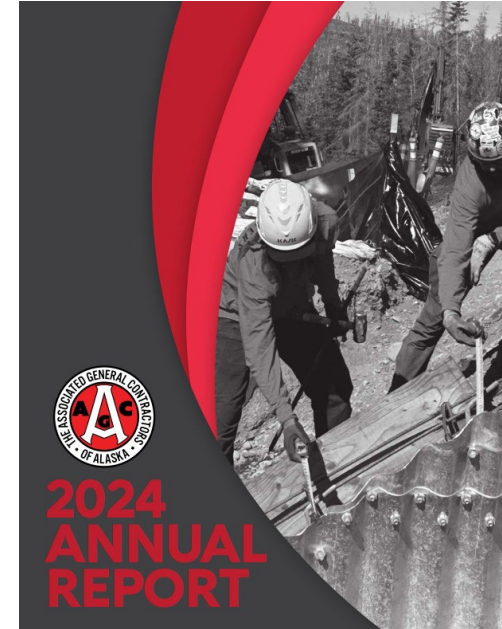
Advocate



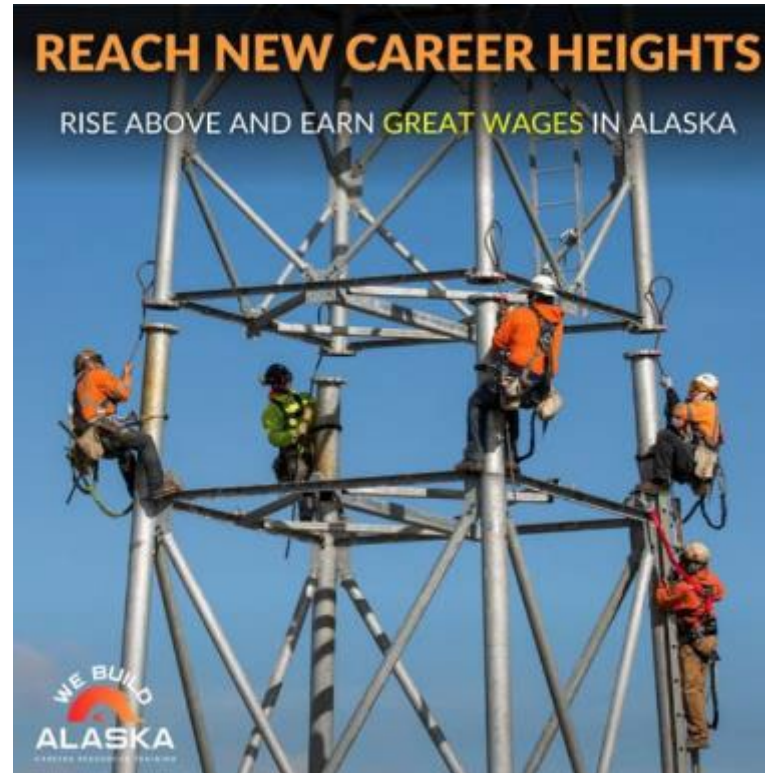
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McKinley Research Group

- 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
- 6th year of construction analysis and forecast



Roadmap

1

**Policy and
Infrastructure
Funding**

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**2025
Construction
Spending
Forecast**

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Jobs Update

1

Government Policy and Infrastructure Funding



Unleashing Alaska's Resource Potential Executive Order

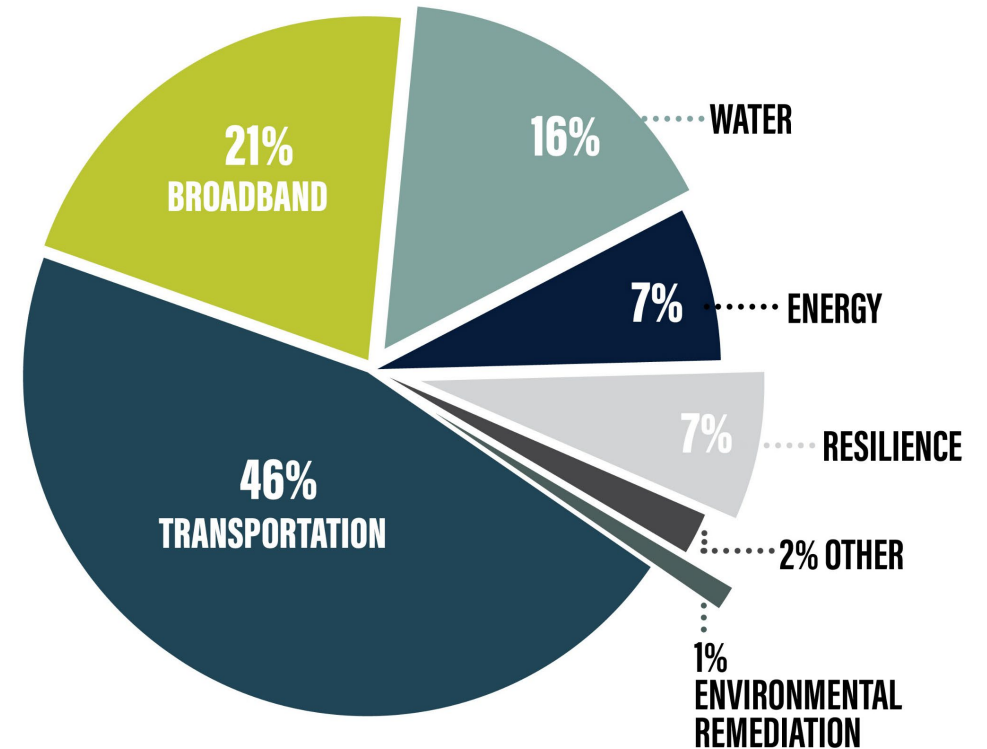
- Ambler Access Road Project
- King Cove Road
- Prioritize Alaska LNG Project
- Oil leasing implications (ANWR, Coastal Plain)
- [Link to full order](#)



Federal Energy Executive Order

- *Pause on some* Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA) funding
 - Understood to impact **energy** programs such as electric vehicle charging station funding
- *Could be* ~\$1.0 billion in funds already awarded to Alaska recipients

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



Source: Invest.gov

Note: Award data as of November 15, 2024

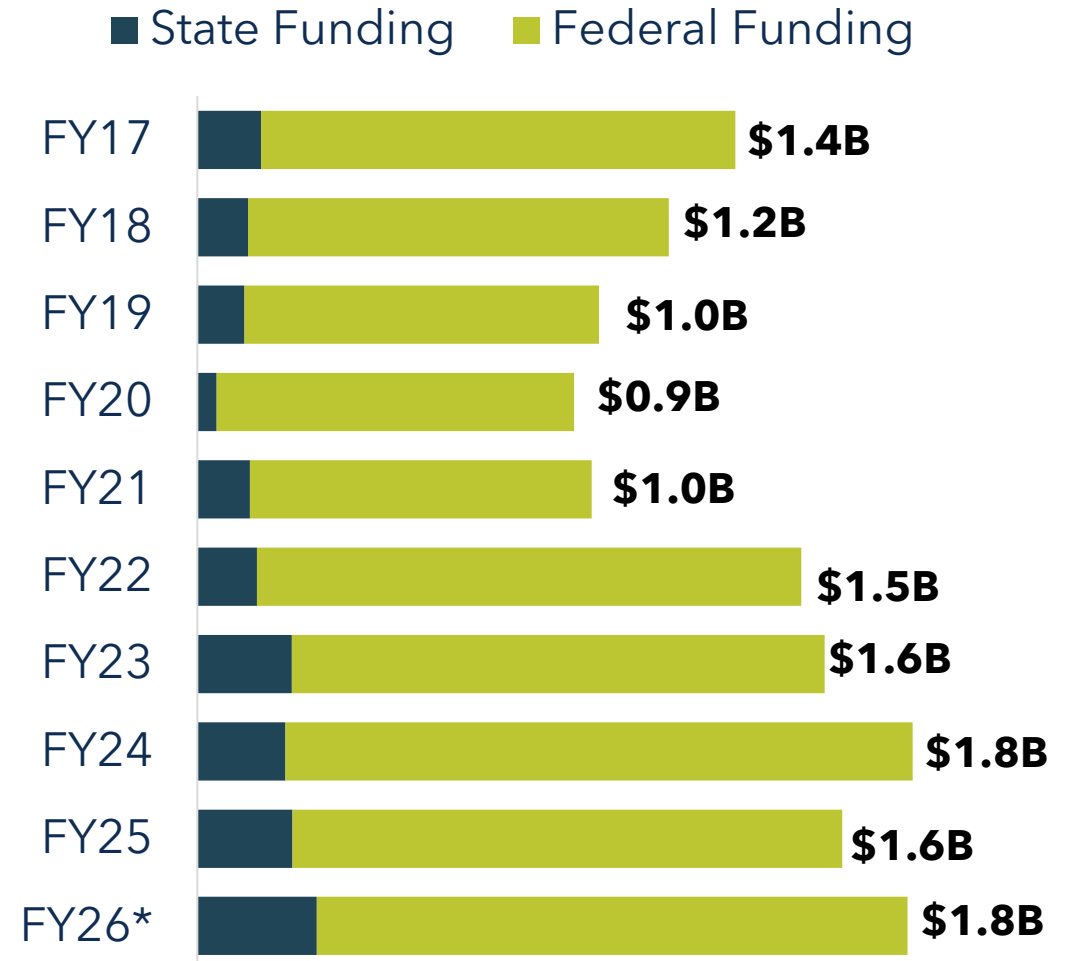
Evolving Tariff Policy

- Tariffs implemented as of February 1, 2025
 - 10% tariff on imports from China (*Effective Feb 4*)
 - 25% tariff on imports from Mexico, Canada
- Trade partner response
 - Chinese tariff response: 15% on coal, LNG and 10% on oil, farm equipment, autos
 - Mexico, Canada: 30-day pause to negotiate
- *Potential* construction industry impacts
 - Supply chain changes or disruptions
 - Cost increases or increased volatility
 - Watch for impacts to lumber, steel, cement, copper, aluminum

State of Alaska Transportation Funding

- Statewide Transportation Improvement Program (STIP) FY24-FY27
 - Rejected by FHA Feb 2024
 - Partial federal approval March 2024
 - Amendments and public comment
 - Amended STIP approved
- Federal DOT&PF capital appropriations decreased between FY24 and FY25 by ~\$200 million
- Inflationary pressure impacting projects

Alaska DOT&PF Capital Appropriations, FY17-FY25 Enacted, FY26 Proposed



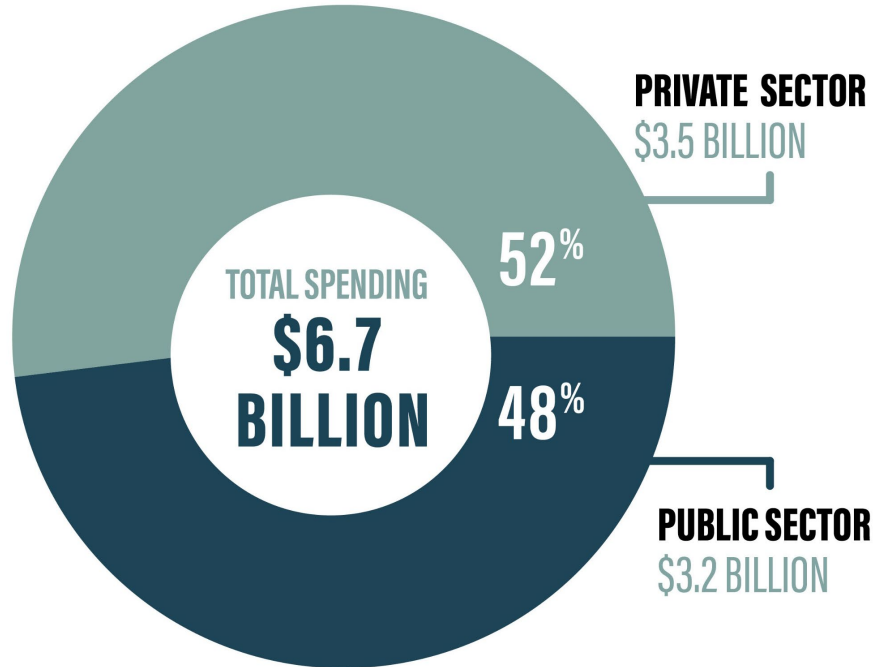
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2025 Construction Spending Forecast



Construction Spending Forecast Summary

Construction Spending Forecast



Category	Total Spending	% of Total Spending
Private Construction Spending	\$3,505	52%
Oil and Gas	\$1,490	22%
Utilities	\$710	10%
Residential	\$415	6%
Hospitals/Health Care	\$260	4%
Mining	\$135	2%
Other Basic Industry	\$120	2%
Other Commercial	\$375	6%
Public Construction Spending	\$3,205	48%
National Defense	\$940	14%
Highways and Roads	\$600	9%
Airports, Ports/Harbors, Railroad	\$470	7%
Education	\$240	4%
Other State and Local Government	\$515	8%
Other Federal Government	\$440	6%
TOTAL	\$6,710	100%

Private Sector Outlook





Oil and Gas

\$1.49 Billion

22% of Total Spending

- Investments on Alaska's North Slope include the largest new oil developments in decades
 - Santos expects first oil at Pikka in early 2026
 - ConocoPhillips' Willow Project
 - Qilak LNG terminal - expecting a final investment decision in 2025



Utilities

\$710 Million

10% of Total Spending

- Federally funded projects have reached construction stage, driving up spending
 - Statewide broadband
 - Water and sanitation projects
 - Facility upgrades
 - Transmission line rebuild projects
- Major multi-year projects include
 - Rural Alaska fiber build-out
 - ANTHC rural water & sanitation projects
 - Railbelt and rural electric grid upgrades & expansion



Mining

\$135 Million
2% of Total Spending

- Greens Creek Tailing Expansion could extend mine operations 18 years
- Teck gets approval to build roads at Red Dog Mine to reach two new zinc prospects
- Recent federal Executive Order may impact Ambler Access Road project after it was halted by Federal “No Action alternative” decision



Hospitals & Health Care

\$260 Million
4% of Total Spending

- Continued emergency department expansion and skilled nursing facility at ANMC in Anchorage
- Southcentral Foundation to build a new behavioral health facility
- Fairbanks Memorial will begin work on an inpatient behavioral health facility



Other Basic Industry

\$120 Million
2% of Total Spending

- Continued tourism infrastructure investment
- Continued construction on new cruise docks around the state
- Mat-Su Visitor Center construction to start in 2025
- Anchorage's Aviator Hotel, Hilton, and C-Street hotels are at various stages of development
- 2024 was *not* a year of recovery for Alaska's seafood industry
 - Lower volume and mixed prices
- Significant consolidations among processing capacity
- Routine maintenance expected across seafood processing plants.



Residential

\$415 Million
6% of Total Spending

- Affordability continues to impact new construction and home renovations
- Alaska Housing Finance Corporation invests in the low-income and professional housing projects statewide



Other Industrial/Commercial

\$375 Million
6% of Total Spending

- Businesses in the sector will continue investing in upgrades, renovations, and new facilities
- Air cargo projects at Ted Stevens will continue and be among the largest in this category



Public Sector Outlook



Highways & Roads

\$600 Million

9% of Total Spending

- Near-term federal highway funding decreases
- High project costs
- Notable projects for 2025 include
 - Improvements to the Richardson, Haines, Sterling, and Alaska Highways
 - Stage II of the Kotzebue to Cape Blossom road



Airports, Ports, Harbors, & Railroad

\$470 Million

7% of Total Spending

- Major improvements to taxiways, runways, and facilities at airports across the state
- Alaska Railroad plans several bridge and track replacement projects
- Nome Port project is on a cost-related delay
- Multi-year port and harbor construction projects
 - Port of Alaska Modernization Project
 - Lutak Dock replacement in Haines
 - Port of Adak Pier 5 Improvements
 - Seward Northeast Harbor Upgrades



National Defense

\$940 Million

14% of Total Spending

- USACE focuses on military construction
 - Barracks/dormitory upgrades statewide
 - JBER Runway Extension & flight training facility
 - Shemya Island pier repair
- USACE civil work continues
 - Moose Creek Dam Barrier project near North Pole
 - Kenai Bluffs bank stabilization
 - Coastal erosion mitigation in Utqiagvik
 - Unalaska Channel dredge work
- Coast Guard focuses on existing facility upgrades in Kodiak and Ketchikan



Education

\$240 Million

4% of Total Spending

- New facilities and building upgrades statewide
 - ASD's Inlet View Elementary gets a new building
 - Work continues on a permanent school in Kaktovik
 - Fairbanks' Anne Wien Elementary to get major energy retrofit
- University system has work planned
 - UAF to add planetarium and 4 foundation replacements
 - UAA to expand
 - Consortium Library for Alaska Leaders Archive
 - College of Health clinical training facility



Other State & Local Government

\$515 Million

8% of Total Spending

- Decreased spending on projects and expenditures not captured in other public sector categories
- Major projects in this category include
 - YK Fitness Center expansion in Bethel
 - Playground updates in Fairbanks
 - Solid waste facility upgrades in the Mat Su



Other Federal Government

\$440 Million

6% of Total Spending

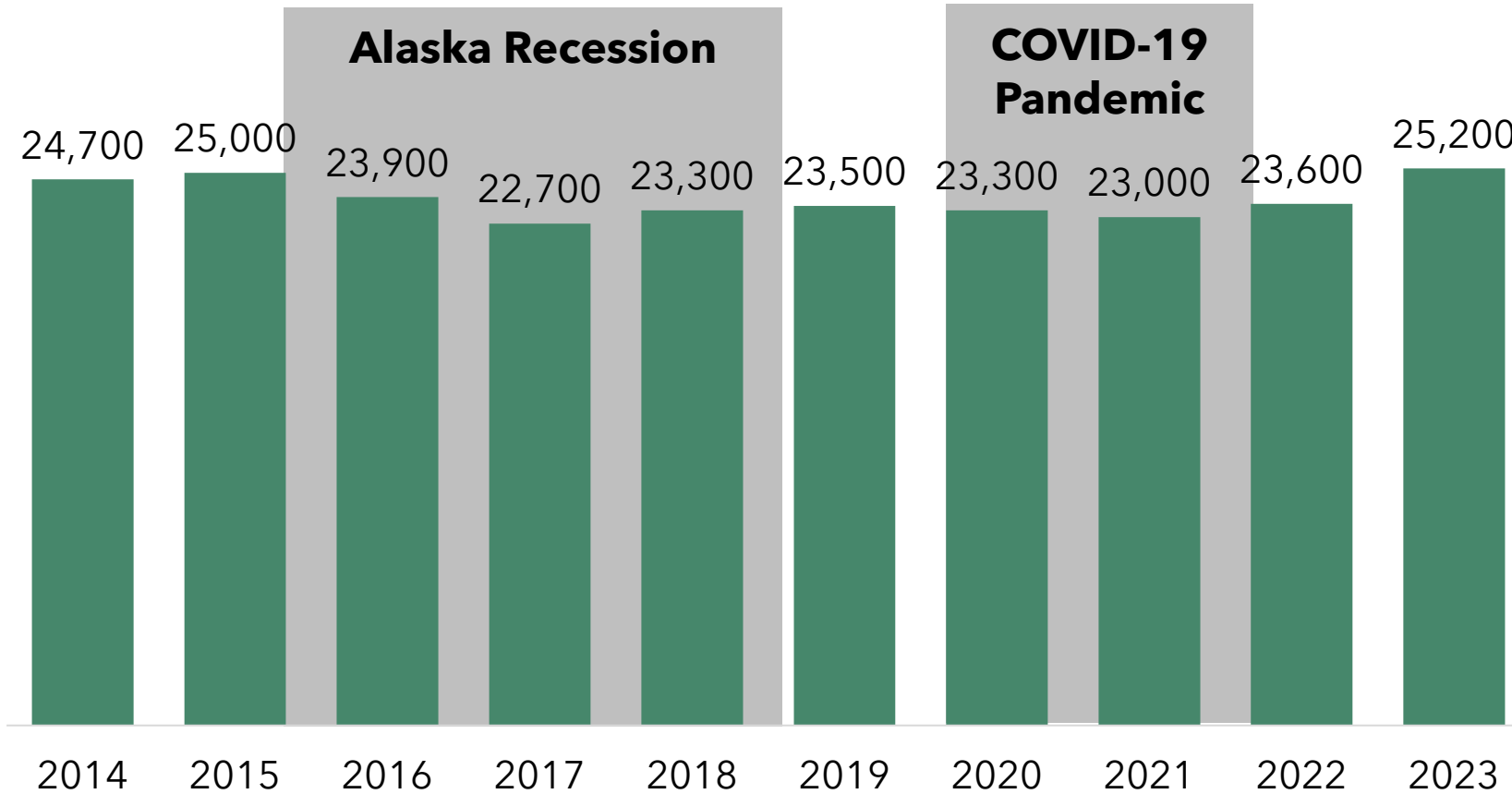
- Additional federal funding will be deployed through various governmental and nonprofit entities in Alaska
- Alcan Border Crossing design work to begin in 2025/2026
- Alaska Cabins Project bringing new public use cabins in the Chugach and Tongass National Forests
- Funding awarded to Alaska's Regional 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



2023 Employment

- ~ 200 jobs *above* 2015
- 7% increase over 2019 **and** 2022 (+1,600-1,700 jobs)

2024 Employment

- Up 10% based on early data (+2,500 jobs)

2025 Employment

- Expected to be up 8% (+2,200 jobs)

In Summary



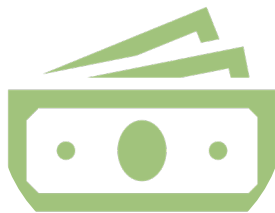
Key Takeaways



25,200 construction workers employed in 2023, earning **\$2.5 Billion** in wages



Considerable **Federal policy changes**, with potential construction implications



\$6.7 Billion in estimated 2025 spending, up from 2024 projection

Want to know more?

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



January 2025

Alaska's 2025 Construction Spending Forecast

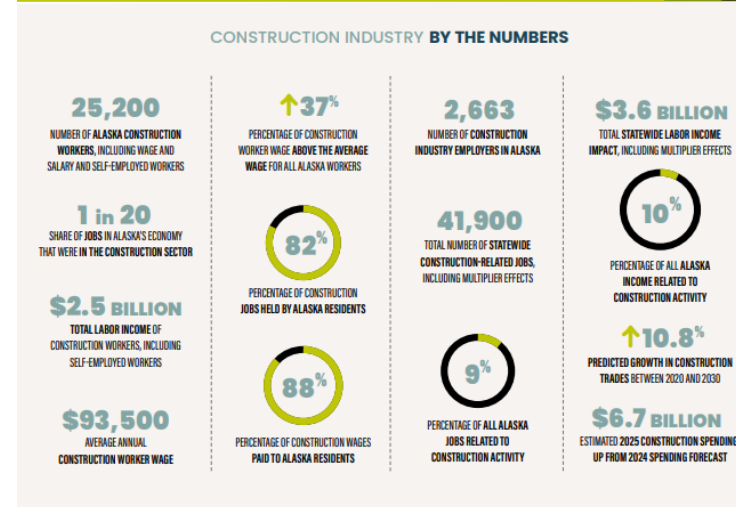
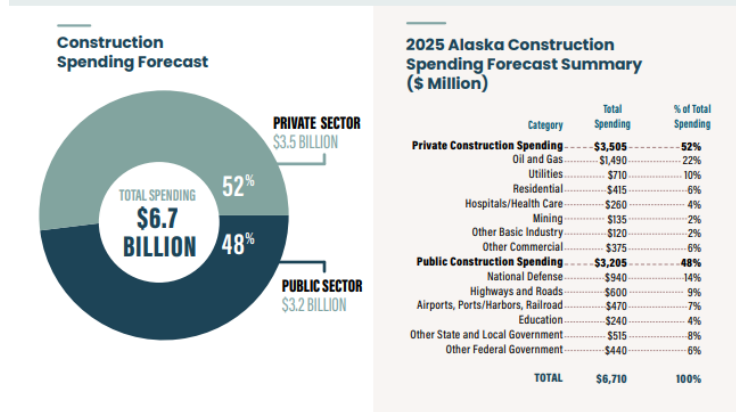
Federal infrastructure funding and work on significant oil development projects will continue to drive statewide construction spending higher in 2025. Work has continued on Alaska's North Slope as expected, while Alaska's tourism appeal continues to drive interest in cruise-related dock projects and the state's operating mines invest to extend operating life. Projects funded through the federal Infrastructure Investment and Jobs Act (IIJA) are increasingly reaching the construction stage in Alaska. Three years into the IIJA funding authorization, defense, water/wastewater, energy, broadband, and recreation funding will translate into increased construction spending. The federal government still has funding to deploy, and grant recipients will continue to offer new project opportunities. Construction costs remain high, putting upward pressure on total spending and potentially posing risks to project development.



The Economic Benefits of Alaska's Construction Industry

January 2025

The construction industry is a critical component of Alaska's economy. It is integral to all industrial, commercial, residential, and infrastructure development in Alaska. Its economic reach spans the entire state, from the smallest village to the largest city.



THANK YOU!



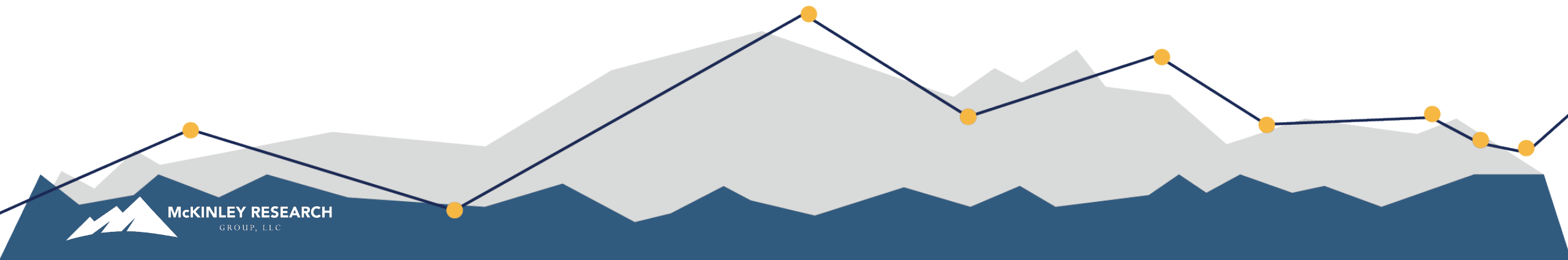
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McKinley Research Group, LLC is a team of respected professionals with 50 years experience providing research, consulting, and advisory services to clients seeking answers to questions and solutions to organizational complexities.

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