

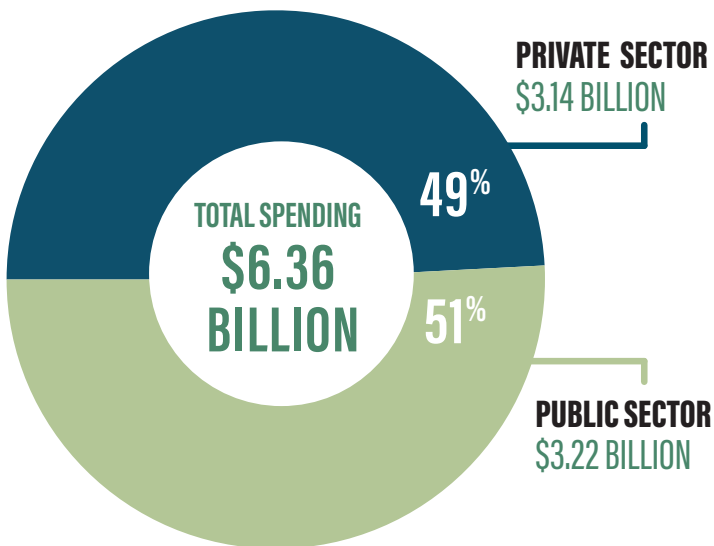


January 2024

Alaska's 2024 Construction Spending Forecast

Significant federal infrastructure funding and the acceleration of oil project development on Alaska's North Slope are expected to drive statewide construction spending over the next several years. Two years into the five-year federal Infrastructure Investment and Jobs Act (IIJA) funding authorization, significant transportation, water/wastewater, energy, and broadband funding have been allocated to Alaska's state and local governments, tribal entities, and others. Meanwhile, oil and gas production and exploration companies expect to spend \$14 billion on capital expenditures over the next five years. Amid these positive signals for the state's construction industry, high interest rates and a limited construction workforce pose risks to investment in many sectors.

Construction spending forecast



2024 Alaska Construction Spending Forecast Summary (\$ Million)

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%



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Special thanks to Swalling General Contractors, Alcan Electrical & Engineering, Laborers Training School for use of their photographs in this publication. Prepared by McK jjinley Research Group for the Associated General Contractors of Alaska/Construction Industry Progress Fund.

Private Sector Construction Outlook

↑ OIL AND GAS \$1.16 BILLION

The oil and gas industry expects to invest \$14 billion on Alaska's North Slope and in Cook Inlet over the next five years. These investments include the largest new developments in decades. Santos will continue construction work on Pikka, with two project phases that will extend through 2028. After securing federal approval and announcing a final investment decision in 2023, ConocoPhillips expects to begin work on the Willow Project in 2024.

↑ UTILITIES \$700 MILLION

Spending on utilities infrastructure will increase in 2024, driven by federal funding opportunities. Grant recipients will deploy funding for statewide broadband infrastructure, water and sanitation projects, and electric grid buildouts in 2024. GCI will continue work on the Aleutian Fiber Project, and plans to connect five Southwest communities by the end of 2024. Infrastructure work will continue at the Makushin Geothermal Power Project in Unalaska, and Chugach Electric Association will begin construction of a dispatch control center in Anchorage. Alaska Native Tribal Health Consortium (ANTHC) will continue construction of rural water and sanitization systems across Alaska.

↓ RESIDENTIAL \$405 MILLION

High mortgage interest rates and material costs continue to impact demand for new residential construction. Funding for rural home repairs was authorized following Typhoon Merbok, which hit Western Alaska in fall 2022. Work continues to repair damaged homes in the affected communities.

↓ HOSPITALS & HEALTH CARE \$260 MILLION

While hospital/health care spending will be lower than in 2023, work on several large projects will continue. Construction on SEARCH's Sitka Community Hospital and ANTHC's Anchorage Emergency Services department expansion will continue through 2024. In Anchorage, Providence continues work on the Eagle Street Providence Alaska House and the Crisis Stabilization Center/Behavioral Health Urgent Care, both opening in 2024.

↓ MINING \$165 MILLION

Alaska's producing mines expect to make capital investments in 2024 on projects such as on-site building repair or replacements, surface transportation improvements, and other infrastructure work. In 2023, Kinross completed construction of key infrastructure at the Manh Choh project in Tetlin and expects production to begin in 2024. An awaited federal decision on the Ambler Access Road project has been delayed until 2024.

↓ OTHER BASIC INDUSTRY \$90 MILLION

Alaska's visitor volume was strong in 2023. New cruise ship docks around the state are in various stages of development – the Whittier and Klawock cruise docks are expected to open for the 2024 season, and permitting was approved in 2023 for the Juneau Aak'w Landing project. In the Interior, Pike's Waterfront Lodge plans a multi-year hotel expansion project including a new boat launch. A downturn in seafood prices across several Alaska species may impact capital spending over the coming year. Routine maintenance is still expected across the state's 160 seafood processing plants, yet substantial projects such as Trident's Dutch Harbor plant construction have been put on hold.

↓ OTHER INDUSTRIAL/COMMERCIAL \$360 MILLION

High interest rates and material prices continue to dampen private investment across the state. Businesses in the industrial and commercial category will continue investing in upgrades, renovations, and new facilities, though at a slower pace than in 2023. Among the largest projects in this category will be the Northlink Aviation air cargo terminal at Anchorage International, which began in fall 2023 and will continue throughout 2024. Renovation work will occur in multiple retail outlets around the state, including Costco (Anchorage) and Fred Meyer (Juneau), and Three Bears will continue expansion in the Interior.

Public Sector Construction Outlook

↑ HIGHWAYS & ROADS \$805 MILLION

In 2024, an estimated \$805 million in construction-related spending is expected for highways and roads in Alaska. This increase in spending is driven by short-term federal highway funding increases authorized by IJA. Notable projects for 2024 include improvements to the Sterling, Alaska, Glenn, Seward, and Richardson Highways, as well as continuing work on the new road from Kotzebue to Cape Blossom.

↔ NATIONAL DEFENSE \$600 MILLION

The U.S. Army Corps of Engineers will continue to focus on restoration and modernization of existing infrastructure in 2024, as well as various civil works projects. Major projects in this category include continuation of the Moose Creek Dam Barrier project near North Pole, Kenai Bluffs bank stabilization, Lowell Creek flood diversion in Seward, coastal erosion mitigation in Utqiagvik, and the JBER Runway Extension. The Coast Guard will continue work at the Kodiak Coast Guard Base. Projects at the base include construction of a new fuel pier, demolition of abandoned infrastructure in Womens Bay, and other site amenities and improvements.

↑ AIRPORTS, PORTS, HARBORS & RAILROAD \$565 MILLION

Funding authorized by IJA will bring significant new investment in the airports, ports, harbors, and railroad category in 2024. Major airport construction projects include taxiway improvements at the Ted Stevens Anchorage International Airport, Juneau Airport runway and facilities improvements, and improvements to taxiways and airport infrastructure in Kodiak. Major multi-year port and harbor construction projects include continued modernization and stabilization work at the Port of Alaska (Anchorage), and development of a deep water port in Nome. Additional ports and harbor work will include the reconstruction of the multi-purpose dock in Skagway, the Lutak Dock rebuild in Haines, and a dock replacement in Cold Bay. The Alaska Railroad plans to break ground on numerous bridge, track, and tunnel rehabilitation projects in 2024, including terminal track rehabilitation projects in Seward and Fairbanks.

↑ EDUCATION \$335 MILLION

The State of Alaska shares with local governments the cost of new construction, rehabilitation, and maintenance of education facilities. Upcoming or continuing K-12 projects include Newtok School relocation to Mertarvik, school renovations in Rampart and Anvik, and roof replacement at Anchorage's Orion Elementary. Work continues to rebuild a permanent school in Kaktovik. At UAF, work on the Rasmuson Library Student Success Center is expected to conclude in the summer of 2024, and the Yup'ik Language Center Building at the Kuskokwim Campus will begin expansion to accommodate the Nursing and Allied Health Programs.

↑ OTHER STATE AND LOCAL GOVERNMENT \$535 MILLION

State and local government expenditures not captured in other public sector categories are anticipated to total \$535 million in 2024. Projects will include Palmer Library reconstruction, Fairbanks Polaris Hotel abatement, development of a certified Veterans Cemetery in the Fairbanks area, construction and improvements to various public use cabins, and many other community initiatives.

↑ OTHER FEDERAL GOVERNMENT \$380 MILLION

In addition to the many projects supported by federal funding in other sectors, an estimated \$380 million in federal funding is expected to be deployed through various governmental and nonprofit entities in Alaska. In 2024, major construction projects in this category include continued work on the Denali National Park road, and residential construction funded by Alaska's regional housing authorities in Anchorage, Point Lay, Atkasuk, and Teller.