
Alaska Construction Spending Forecast

Fairbanks Forecast Breakfast

February 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.

mckinleyresearch.com

CIPF Background



Construction
Industry
Progress Fund



Jointly administered
by labor and
management in 2000



Goal is to improve the
image of the
construction industry

CIPF Supports Alaskans and the Construction Industry



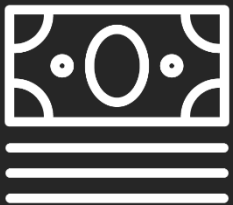
Economic Benefits & Forecast



Researching and Improving
Perceptions



Educating the Public
Advertisements



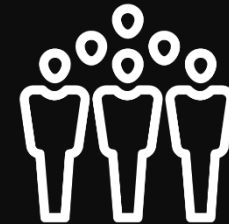
Local Bond Issues



Distributing Information and
Communications
*Social media, AGC pod casts,
media equipment*



UA Student Chapters



Other Community Efforts

Investing in Impactful Construction Issues



Over \$262,000 invested in ballot measures, professional development opportunities, and advocacy organizations since 2006



Contributed to 80+ organizations, initiatives, and coalitions since 2006

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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
- 5th year of construction analysis and forecast



Roadmap

1

**Federal
Infrastructure
Funding**

2

**2024
Construction
Spending
Forecast**

3

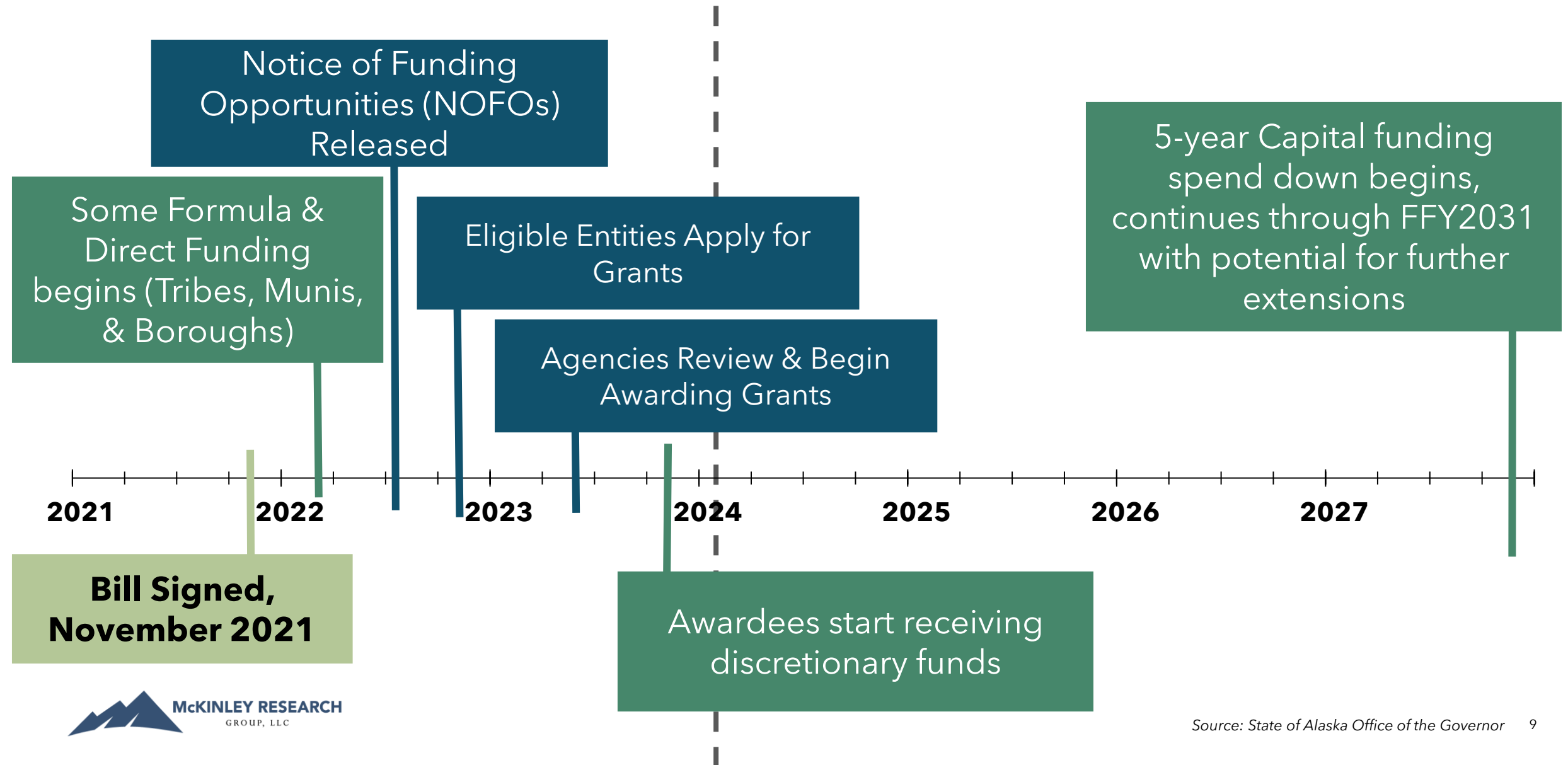
**Jobs and
Workforce
Update**



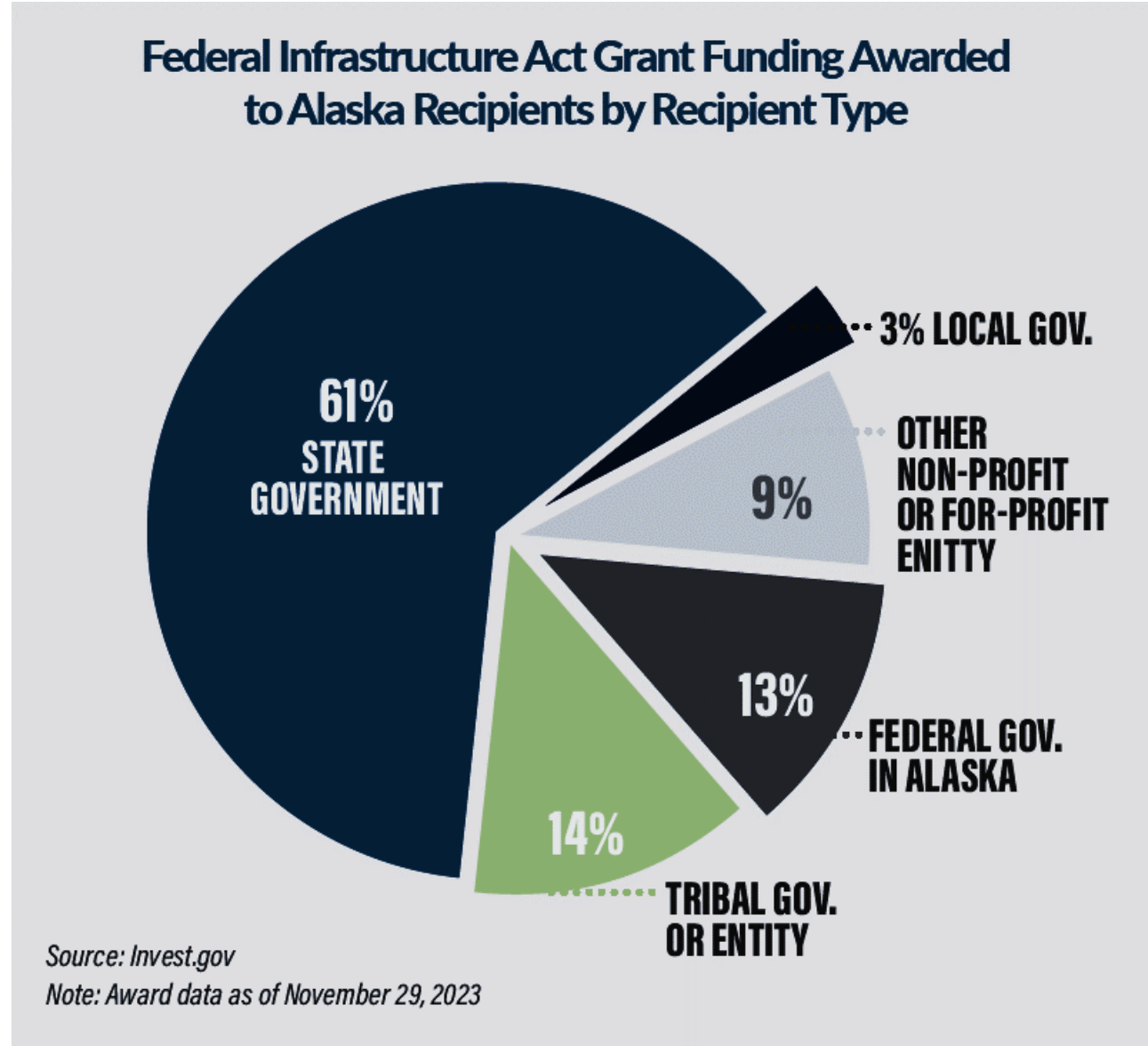
Federal Infrastructure Funding



Implementation Timeline

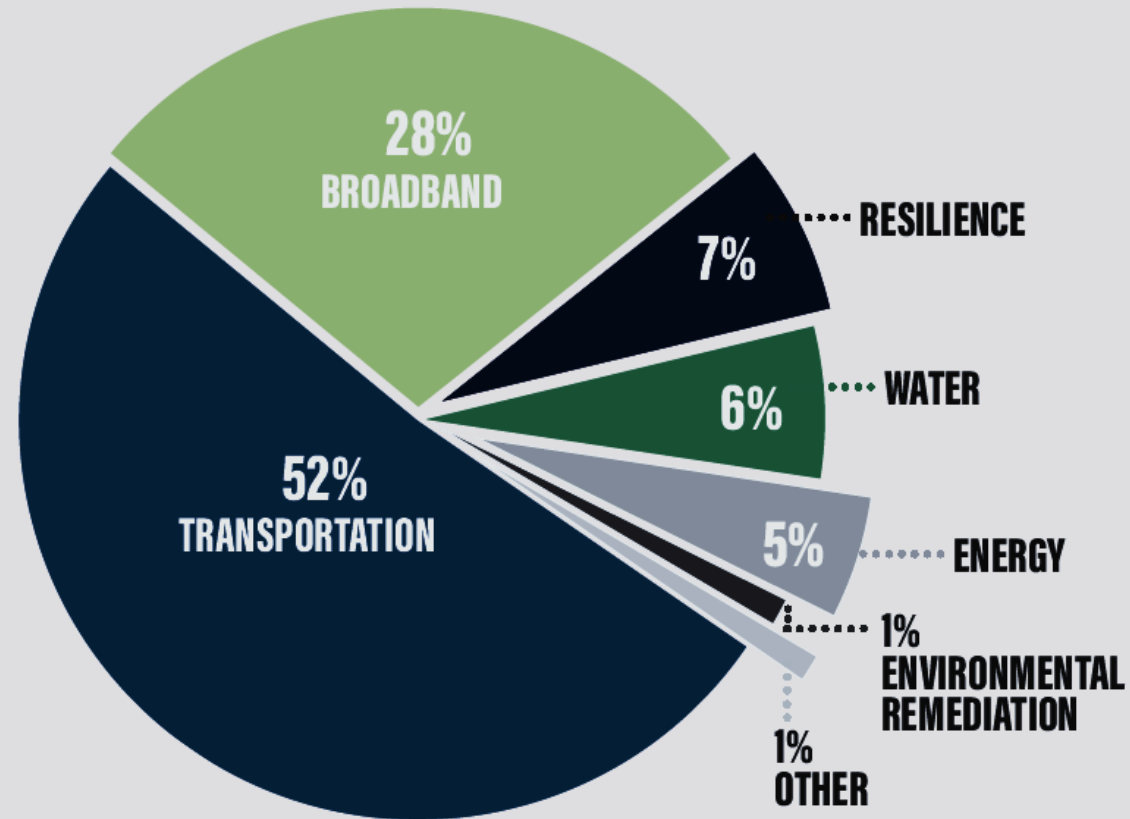


Federal Infrastructure Funding by Recipient Type



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

Funding Mechanism Examples

Transportation

- **\$370 Million** awarded in FY2022 and FY2023 via the FTA Ferry Service for Rural Communities Program to the Alaska DOTPF.
 - Projects are selected annually by the FTA through a national competitive funding process.
 - Awarded projects include MV Tustumena Replacement, AMHS operations support, dock upgrades for rural communities

Broadband

- **\$1.0 Billion** awarded through Broadband Equity, Access, and Deployment (BEAD) program
 - The Alaska Broadband Office will distribute BEAD funding through a subgrant program.
 - Estimated completion of universal service by 2029, four years after final BEAD funding is awarded

Resilience

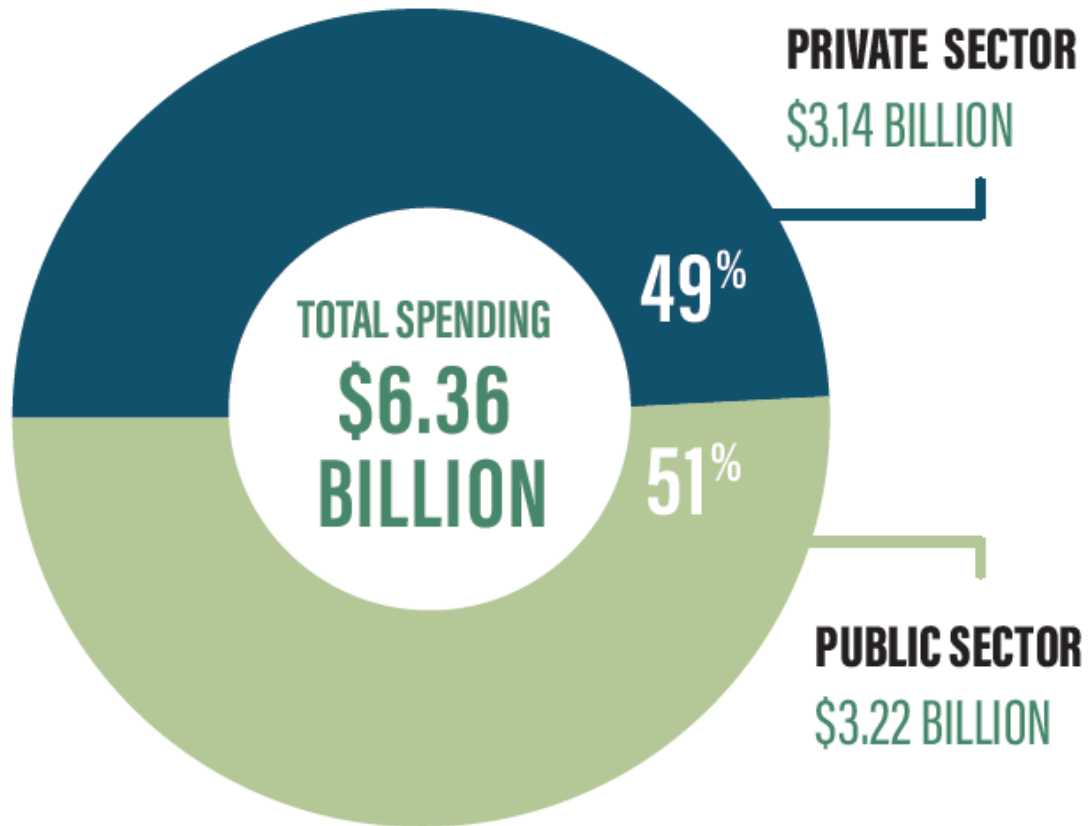
- **\$671 Million** awarded for US Army Corps of Engineers Civil Works projects.
 - Alaska Coastal Erosion Mitigation (Utqiagvik), Lowell Creek Flood Diversion (Seward), Moose Creek Dam Flood Damage Reduction (Chena River/Interior)

2

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

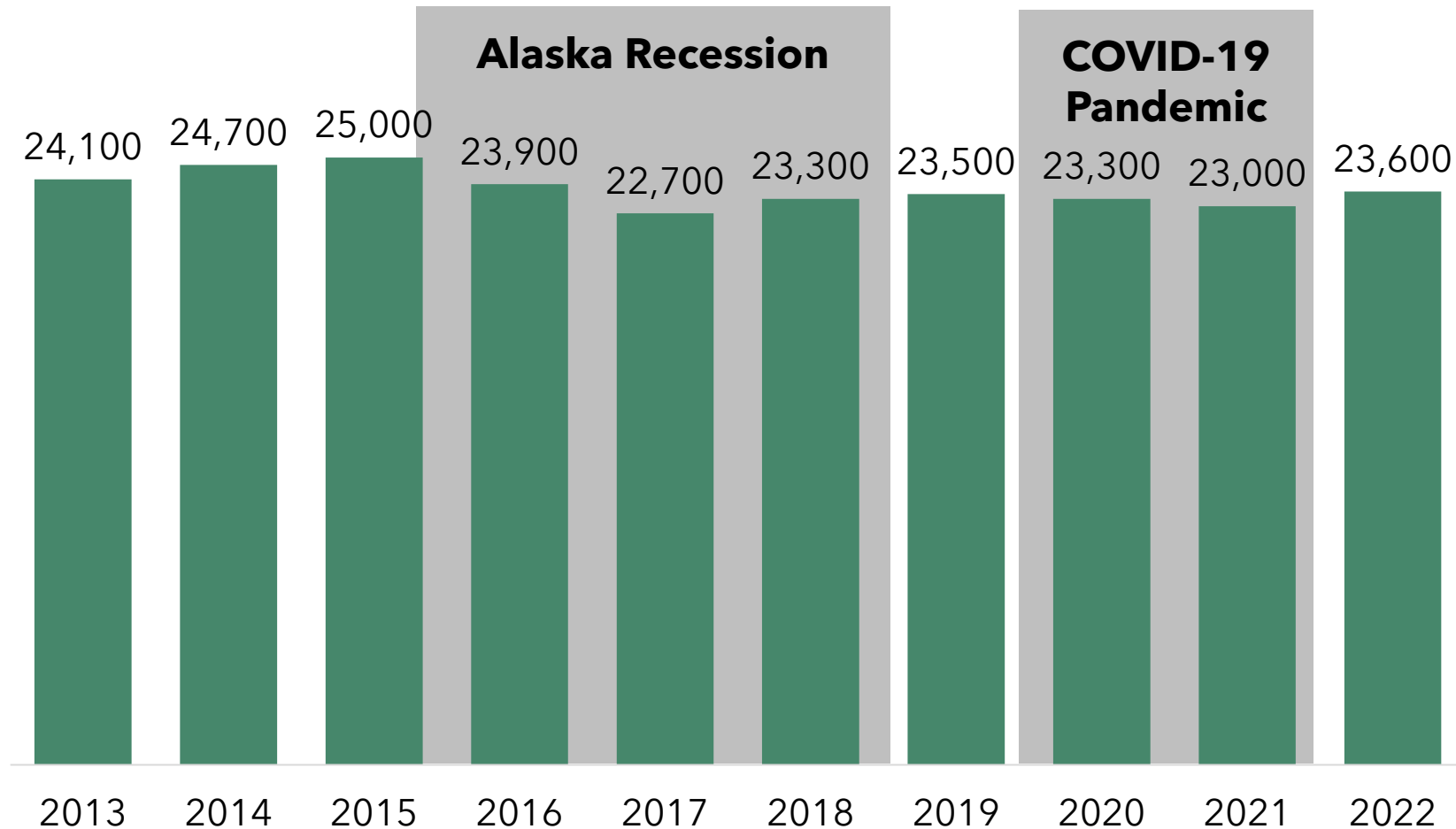
- Additional federal funding will be deployed through various governmental and nonprofit entities in Alaska
- Funding awarded to Alaska's Regional Housing Authorities for residential projects
- Denali National Park Pretty Rocks Landslide road repairs and replacement

3

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

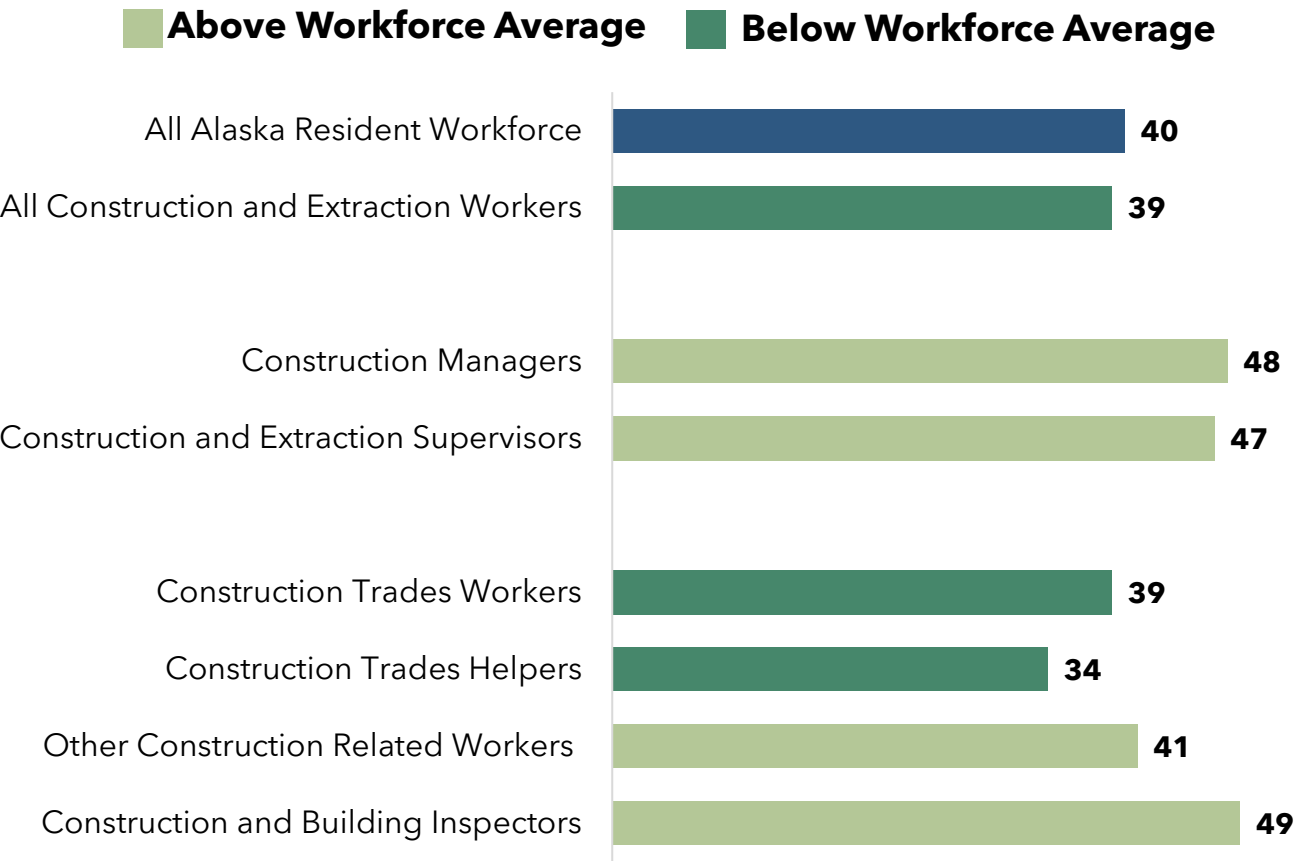
- Expected to be up 7% (+1,100 jobs)

Annual Occupational Growth, 2020-2030

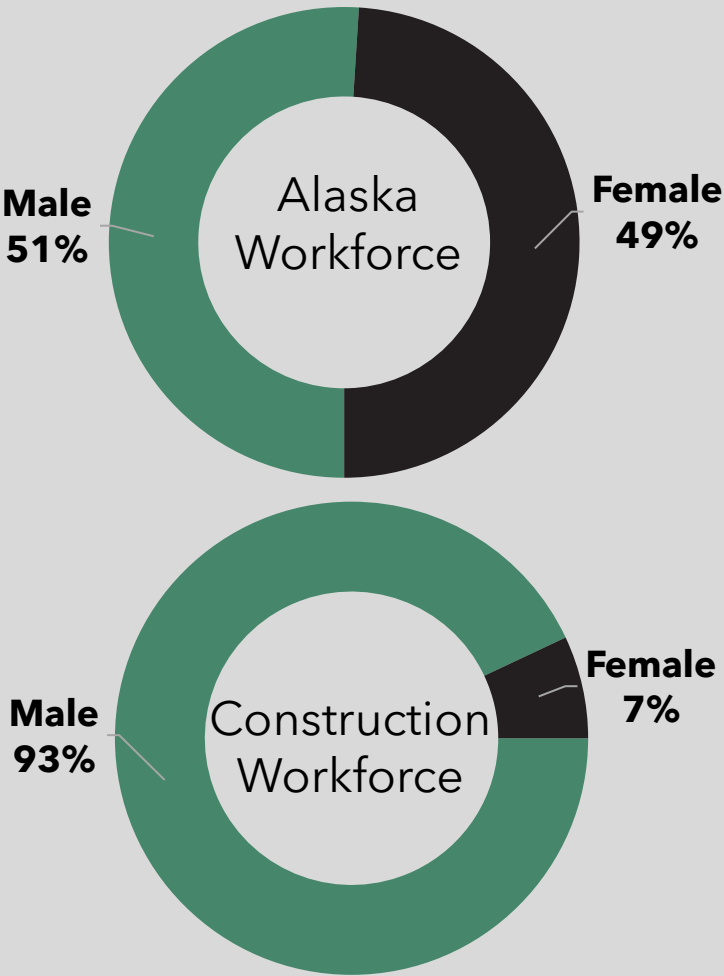


Construction Workforce Demographics

Average Age of Selected Occupations



Gender Ratio



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



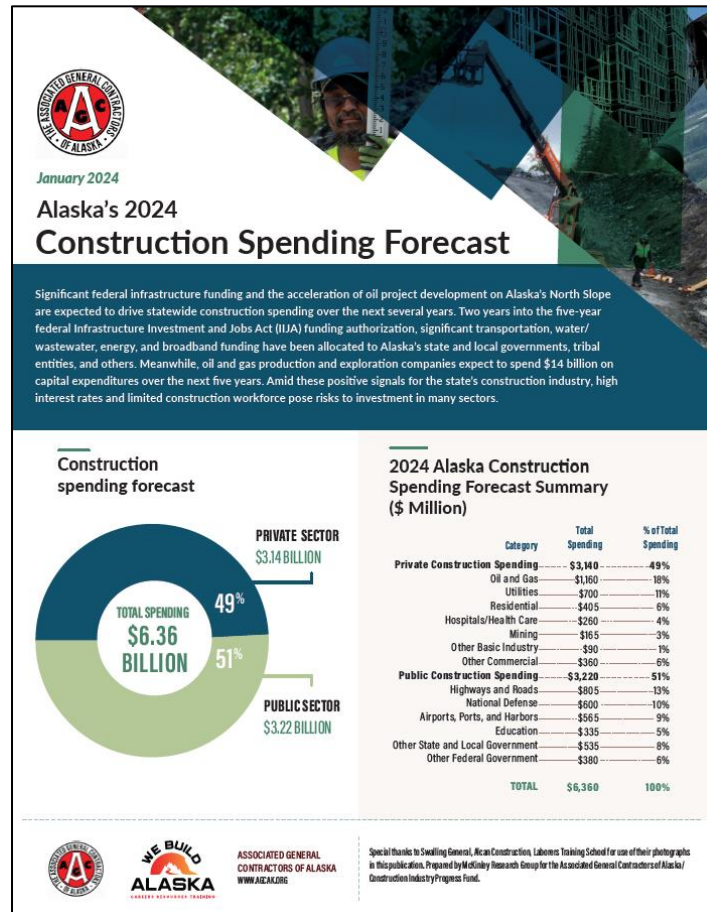
Federal infrastructure funding has **begun deployment**, spending will continue through FFY2031 and beyond



\$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!



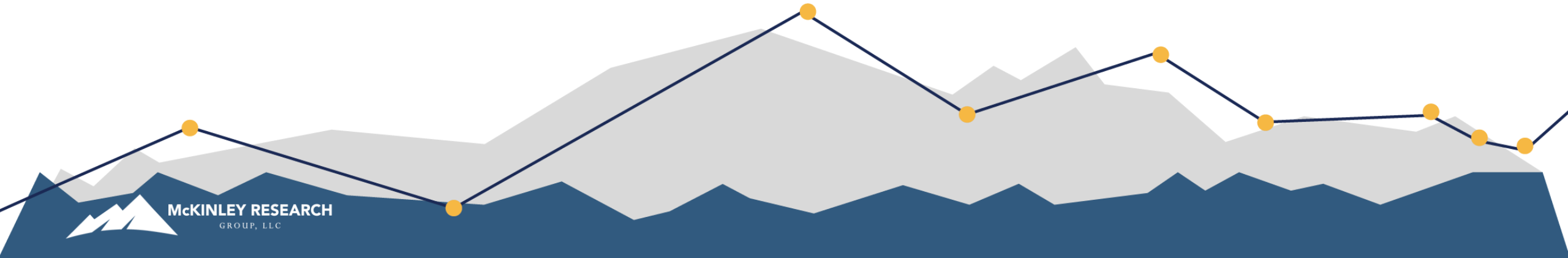
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McKinley Research Group, LLC is a team of respected professionals with 50 years experience providing research, consulting, and advisory services to clients seeking answers to questions and solutions to organizational complexities.

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