

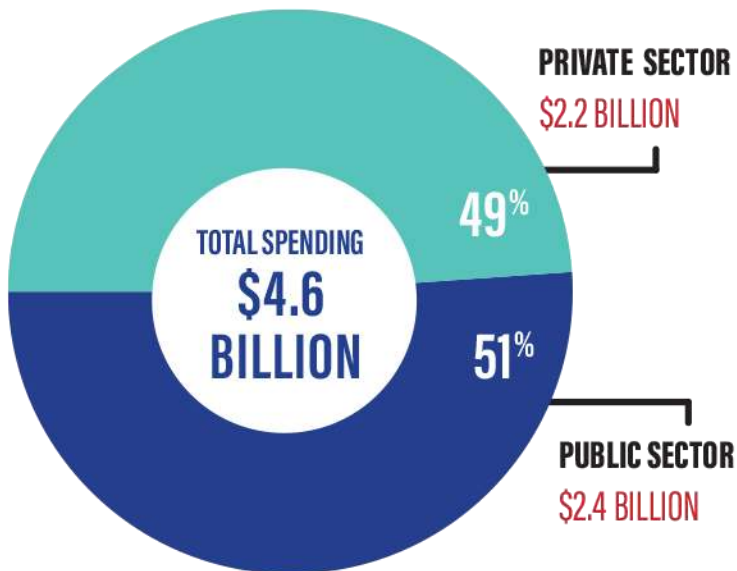


JANUARY 2022

ALASKA'S 2022 CONSTRUCTION SPENDING FORECAST

Alaska's economy has started to recover from the impacts of the COVID-19 pandemic. Yet uncertainty and risk continue to impact construction here and across the nation as investors and construction firms grapple with high, volatile material prices and supply-chain bottlenecks. Continued federal spending will help support current construction activity as private investment continues a slow recovery. On the horizon is a massive federal infrastructure package which promises to bring billions in additional construction spending in Alaska over the next decade, beginning mainly in 2023.

CONSTRUCTION SPENDING FORECAST



2022 ALASKA CONSTRUCTION SPENDING FORECAST SUMMARY (\$ MILLION)

Category	Total Spending	% of Total Spending
Private Construction Spending	\$2,240	49%
Oil and Gas	\$675	15%
Mining	\$185	4%
Other Basic Industry	\$80	2%
Utilities	\$400	9%
Hospitals/Health Care	\$300	7%
Other Commercial	\$200	4%
Residential	\$400	9%
Public Construction Spending	\$2,350	51%
National Defense	\$675	15%
Highways and Roads	\$475	10%
Airports, Ports, and Harbors	\$480	10%
Education	\$230	5%
Other Federal Government	\$225	5%
Other State and Local Government	\$265	6%
TOTAL	\$4,590	100%



ASSOCIATED GENERAL CONTRACTORS OF ALASKA
WWW.AGCAK.ORG

ANCHORAGE 8005 Schoon St. Anchorage, AK 99518
Phone: (907) 561-5354

FAIRBANKS 3750 Bonita St. Fairbanks, AK 99701
Phone: (907) 452-1809
Fax: (907) 562-6118

Prepared by McKinley Research Group for the Associated General Contractors of Alaska/Construction Industry Progress Fund. Special thanks to Davis Constructors & Engineers, Inc. QAP, Mass Excavation, Inc. and Swalling General Contractors, LLC for the use of their photographs in this publication.

2022 PRIVATE SECTOR CONSTRUCTION OUTLOOK



PETROLEUM \$675 MILLION

Three factors drive most petroleum-related construction spending: oil prices, exploration, and oilfield development. The oil industry is still recovering from 2020's historic low oil prices and volatility through 2021. In 2022, Hilcorp and ConocoPhillips will continue to maintain and update infrastructure on the North Slope and in Cook Inlet. ConocoPhillips' Willow project is delayed; no construction spending is anticipated for 2022. Longer-term prospects also include Santos' Pikka project.



MINING \$185 MILLION

Alaska's six large mines all plan 2022 expenditures for projects such as tailings expansions, water management, and camp improvements. Construction work for Kinross' Manh Choh project in Tetlin is slated for late 2022. The Ambler Access Road project continues to move forward, with right-of-way for federal lands granted in 2021. The Donlin Gold project is progressing though no major construction spending is expected in 2022.



OTHER BASIC INDUSTRY \$80 MILLION

While the 2021 season was a welcome improvement over 2020, Alaska's visitor industry continued to see fewer-than-normal cruise passengers. Visitor volume in 2022 looks strong, but the pace of new investment may be slow. Investments by Norwegian Cruise Lines in Juneau, Whittier, and Hoonah are among the largest visitor-related projects anticipated in the near-term. Other planned visitor-related spending includes new development in Sitka and Healy, and completion of an Anchorage hotel. Routine maintenance investment is expected at many of Alaska's 160 seafood processing plants.



UTILITIES \$400 MILLION

Power producers, telecom carriers, and other utilities plan a variety of investment across Alaska in 2022. A GCI project will lay subsea cable along the Aleutians, bringing fiber optics to Dutch Harbor. Electric utilities, such as Chugach Electric, Golden Valley Electric Association, and Matanuska Electric Association, are expected to upgrade generation plants, improve substations, enhance transmission, and other upgrades. Alaska Native tribes are expected to continue broadband deployment throughout rural Alaska.



HOSPITALS & HEALTH CARE \$300 MILLION

Factors driving health care-related construction include an aging population, federal and state funding, insurance programs, technology advances, and the continued repercussions of the pandemic. 2022 construction includes clinics in Seward and Girdwood, an Anchorage medical office building, and a Fairbanks assisted living community. Work will continue on SEARHC's replacement of Mt. Edgecumbe Hospital (Sitka), Bartlett Hospital's new behavioral health facility (Juneau), and expansion of the Chief Andrew Isaac Health Center (Fairbanks), among other projects.



OTHER INDUSTRIAL/COMMERCIAL \$200M

Businesses in all sectors throughout Alaska will continue to invest in new facilities, upgrades, and expansions, even against the backdrop of supply-chain disruptions and high material prices. Work includes projects such as the KeyBank Building (Anchorage), Nuvison Credit Union (Wasilla), and renovations to vacant commercial space in downtown Kodiak. Air cargo and logistics projects valued at \$1 billion are expected to get underway at Ted Stevens International (Anchorage) in 2022.



RESIDENTIAL \$400 MILLION

High material prices have driven the cost of home construction higher, dampening the effect of low interest rates. New units constructed have remained flat through the 3rd quarter of 2021 while price-per-unit rose. Mat-Su continued to add housing at a higher rate than other regions. Housing demand in the Fairbanks area will continue to reflect the Eielson Air Force Base F-35 fighter installment through 2022.

2022 PUBLIC SECTOR CONSTRUCTION OUTLOOK



NATIONAL DEFENSE \$675 MILLION

Major U.S. Army Corps of Engineers spending will continue to focus on maintaining, modernizing, and upgrading Alaska's existing military infrastructure. Major Federal Fiscal Year 2022 construction includes runway expansion at Joint Base Elmendorf-Richardson, barracks and a new child-development center at Fort Wainwright, and cleanup of former defense sites in Unalaska and elsewhere. Construction of new housing at Coast Guard Base Kodiak is expected to begin in 2022, as well as spending at the Coast Guard station in Sitka and Base Ketchikan. Additional federal funding authorized through the infrastructure package will support further construction at Coast Guard facilities throughout coastal Alaska.



HIGHWAYS & ROADS \$475 MILLION

Highway and road spending in 2022 will include both ongoing and new projects, such as bridge work, paving/resurfacing, and drainage improvements, much of it on the Seward, Sterling, Dalton, Glenn, Parks, Denali, or Richardson highways. Beyond 2022, the state is expected to see a surge in highway/road construction spending; more than \$3.5 billion is expected over a five-year period. Federal funding has been set aside for the Tribal Transportation Program, reconstruction of highways from Alaska into Canada, and other projects in rural areas.



AIRPORTS, PORTS, HARBORS & RAILROAD \$480 MILLION

Airport improvements are anticipated throughout Alaska in 2022, including parking garage work at Ted Stevens International (Anchorage) and taxiways or terminals in Anchorage, Fairbanks, Juneau, and rural sites. Dock and harbor construction includes work to relocate a boat launch ramp and develop uplands in Haines, restore and upgrade Cordova's South Harbor, and continued work on the NOAA port facility in Ketchikan and the Port of Alaska (Anchorage). The recent Infrastructure Investment and Jobs Act includes billions in additional funding for rural airport projects, billions for port and harbor infrastructure, and millions for ferry system and facilities improvements. Most of this new spending is expected in 2023 and beyond.



EDUCATION \$230 MILLION

The State of Alaska shares with local governments the cost of new school construction, rehabilitation, and maintenance. Spending of previously authorized state funds is expected in 2022 for work on the Eek School and Barette Magnate School (Fairbanks), school replacement in Napakiak, Hollis, and Houston, and other projects.



OTHER FEDERAL GOVERNMENT \$225 MILLION

Beyond national defense and transportation spending, other expected 2022 federal funding includes a proposed \$55 million bridge project in Denali National Park, various water/sewer systems, and for home construction and rehabilitation by Alaska's housing authorities. A spending surge from the Infrastructure Investment and Jobs Act, is expected to include millions of dollars for water/wastewater and renewable energy projects, among others.



OTHER STATE AND LOCAL GOVERNMENT \$265 MILLION

Other state and local government expenditures are anticipated in 2022 for projects such as solid waste transfer stations, bulk fuel storages upgrades, water and wastewater treatment facility upgrades, community development initiatives, and renovations and repair to buildings.