



The Economic Benefits of Alaska's Construction Industry and 2020 Construction Spending Forecast

Resource Development Council of Alaska



February 20, 2020





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





Our Assignment

1

**Economic Impact of Alaska's
Construction Industry**

2

**Forecast 2020 Construction
Spending**



Presentation Goals

- **Brief Overview of Methods**
- **Alaska's Construction Industry Jobs and Income Impacts**
- **Construction Funding Sources and Trends**
- **Construction Jobs and Income Trends**
- **2020 Construction Spending Forecast**
- **Q&A**

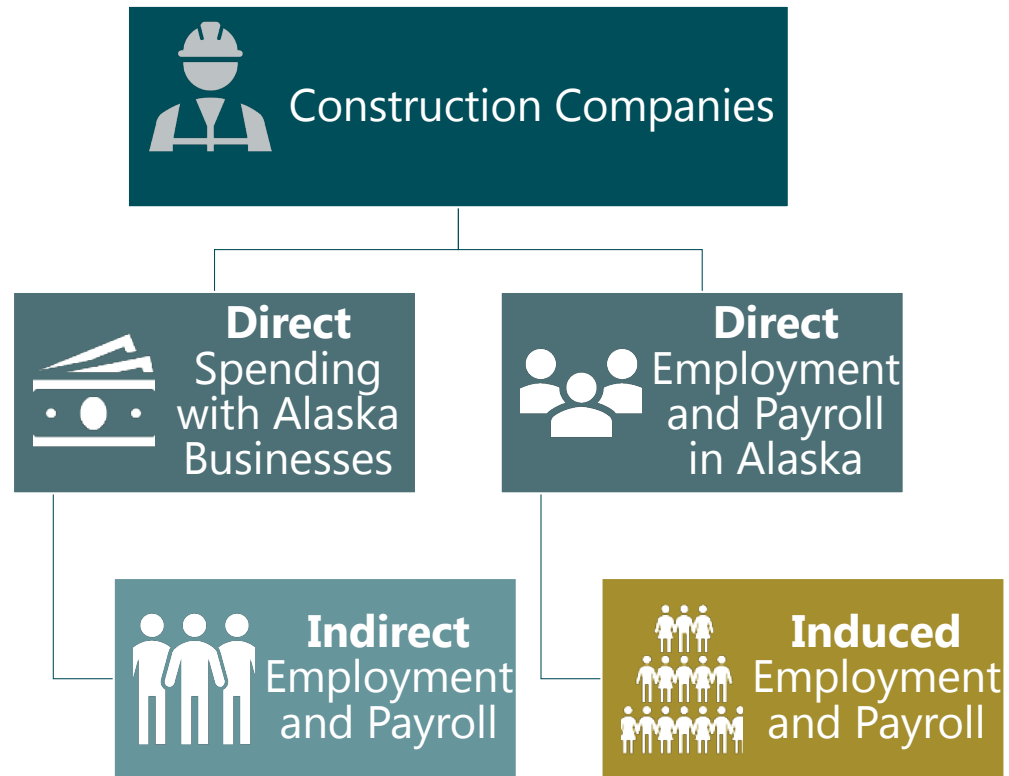
Methodology

- Compiled and analyzed secondary data from published and unpublished sources
- IMPLAN™ (Impact Analysis for PLANning) input-output modeling and refinements
- Interviews with an array of construction industry leaders (i.e., commercial and industrial structural, highway, residential, etc.) to gain better understanding of spending patterns and inform the modeling
- Connected with >125 businesses and organizations about 2019 and 2020 spending (ISER method)

Alaska's Construction Industry Job and Income Impacts



How Money Flows Through Our Economy



In 2018, Alaska's Construction Industry...

Employed Alaskans

- Employed **23,613 workers**, including wage and salary, and self-employed workers
- **82% Alaska Residents** making **86% of Alaska wages**
- **1 in 20 Alaska jobs** (5%) was in construction

Paid Alaskans

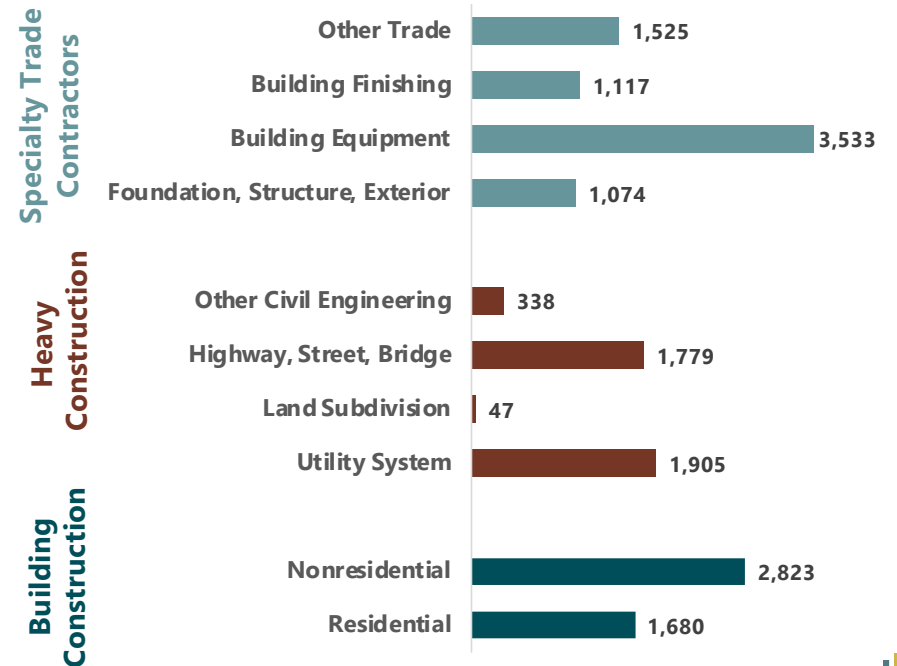
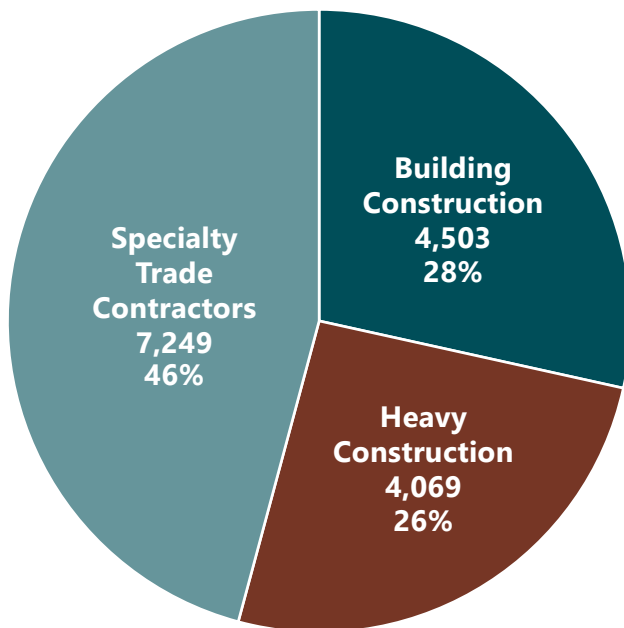
- Paid **\$2.2 billion in labor income**, or 7% of all earnings in Alaska

Generated Multiplier Effects

- Total impacts of **41,300 jobs** and **\$3.3 billion** in wages
 - 9% of total employment in Alaska
 - 10% of total labor income in Alaska

Construction Wage and Salary Jobs, by Type

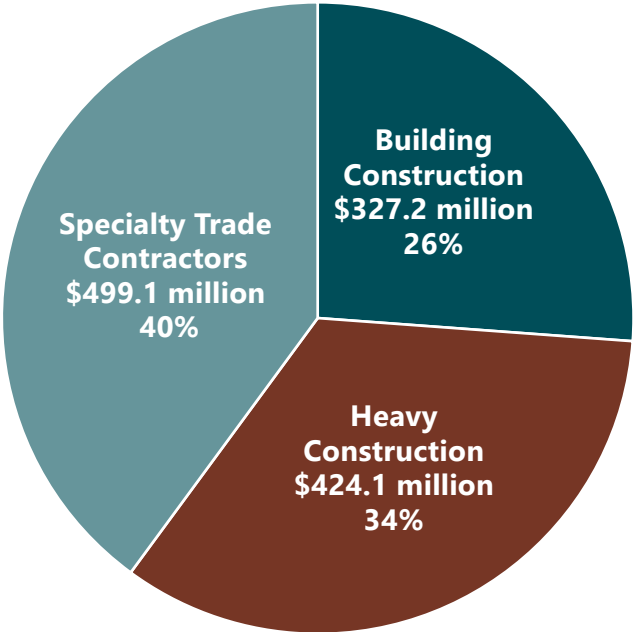
Total Wage and Salary Employment: 15,821



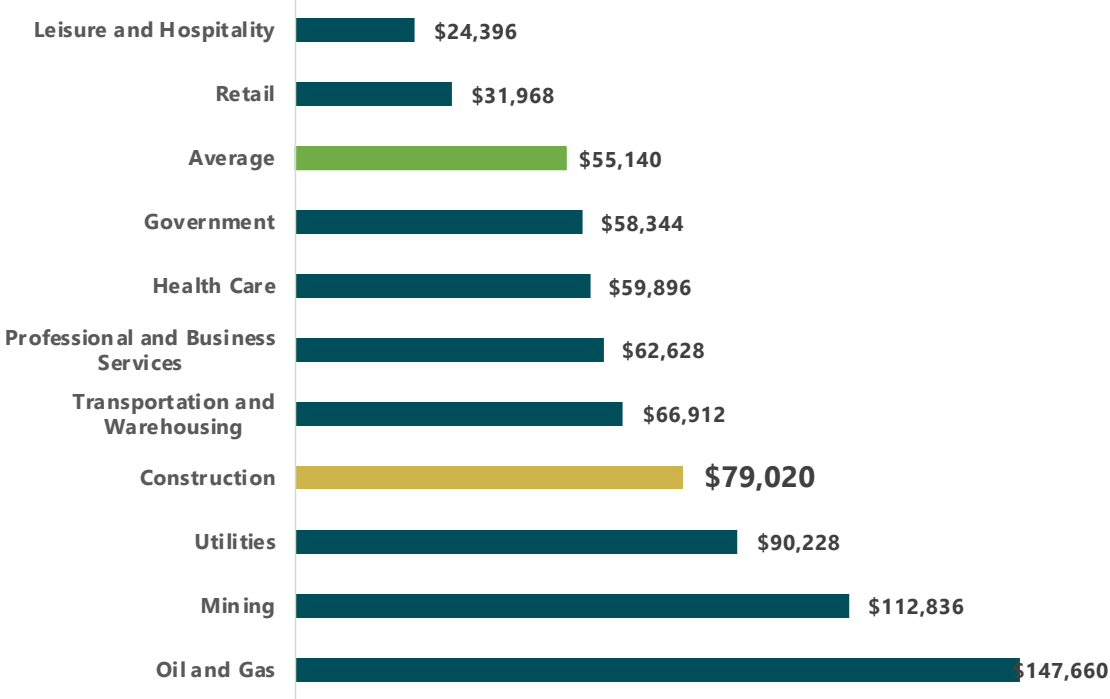
Source: Alaska Department of Labor and Workforce Development.

Construction Wages

Total Wages: \$1.25 Billion



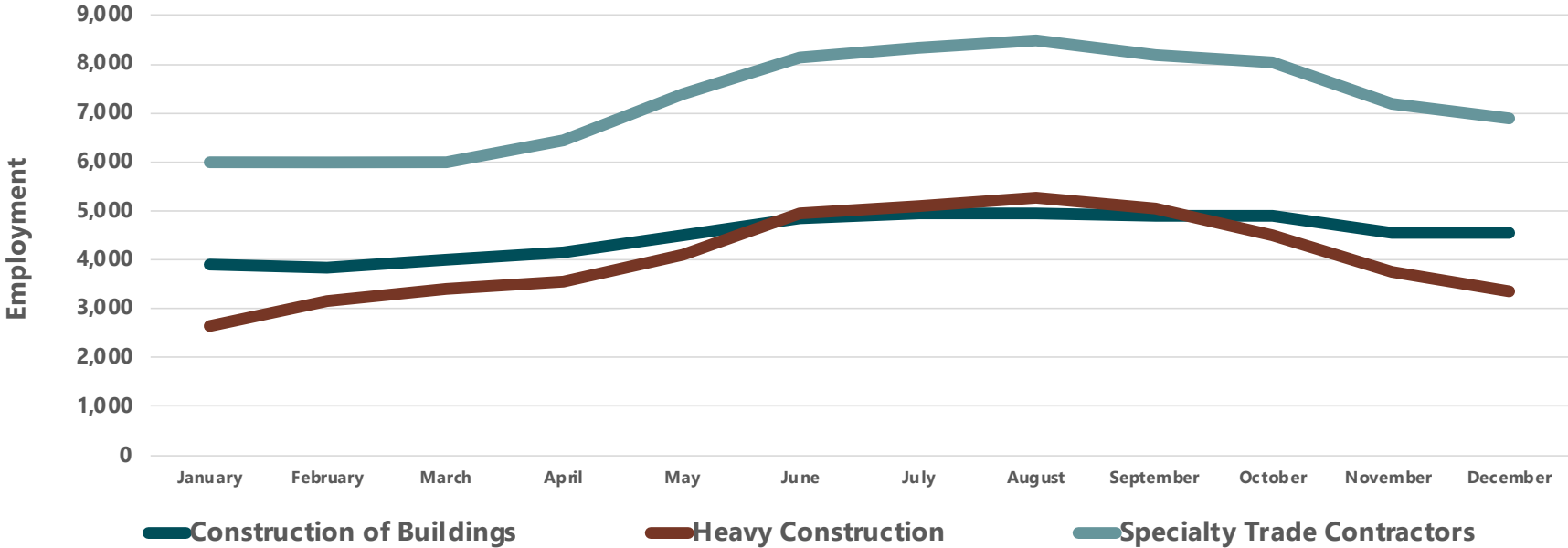
Annual Average Wage Comparisons



Source: Alaska Department of Labor and Workforce Development.

Seasonality

Monthly Construction Employment in Alaska, by Type, 2018



Source: Alaska Department of Labor and Workforce Development.

Construction Funding Sources and Trends



Sources

1

Federal Construction Spending

- U.S. Federal Contracts
- U.S. Federal Assistance

2

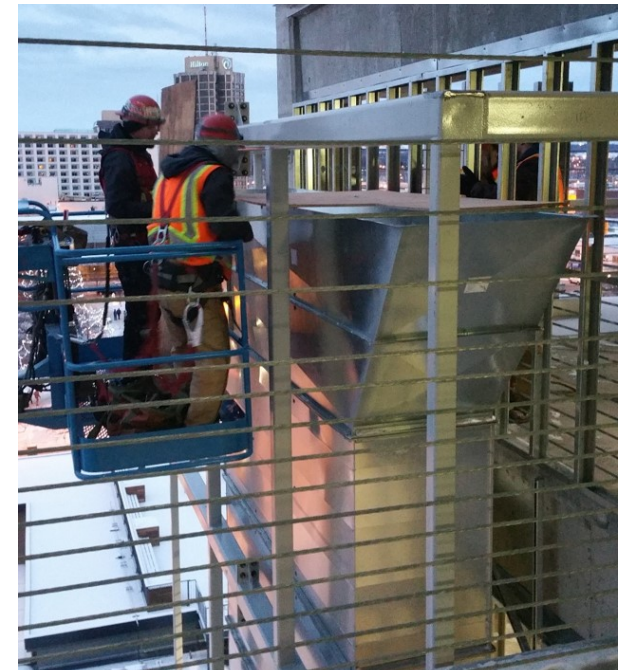
State Government Capital Budget Construction Spending

3

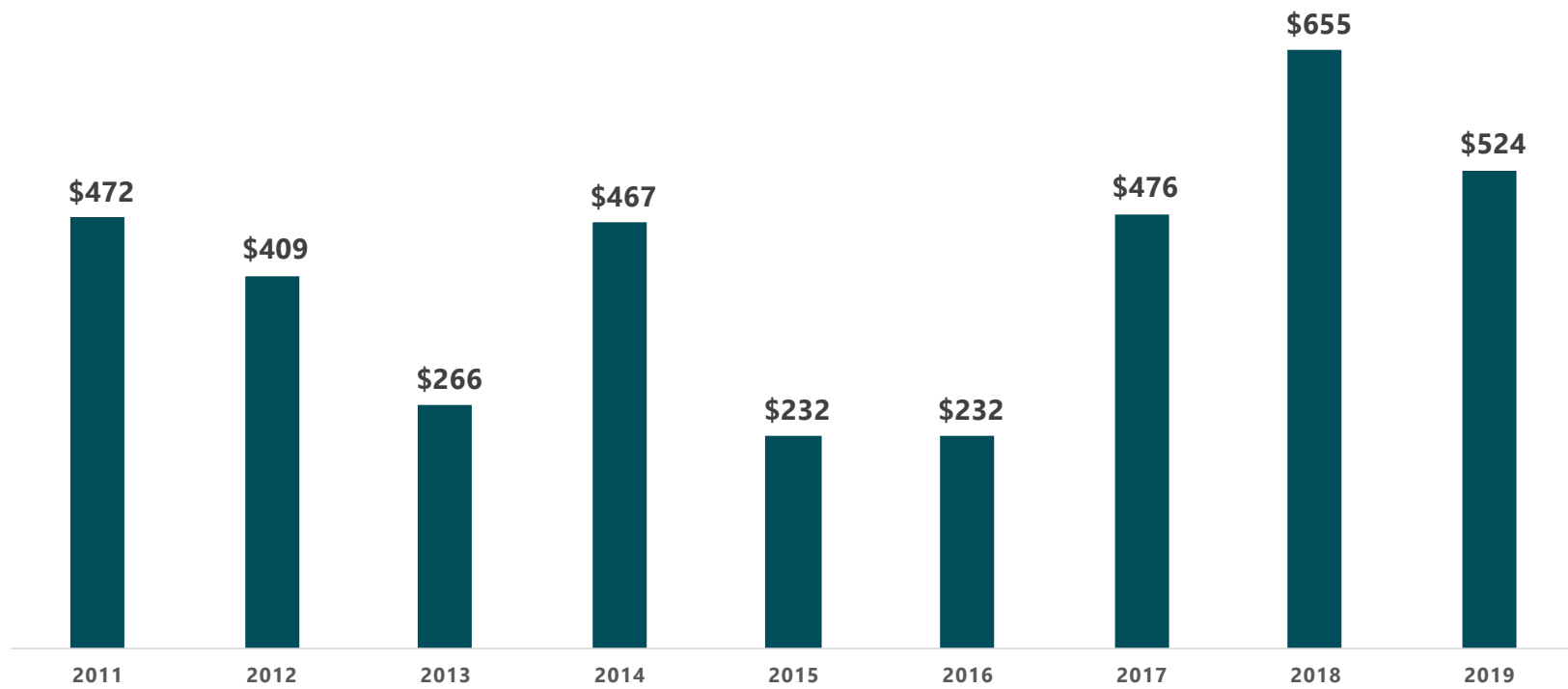
Residential Construction

4

Other Private Sector Construction



Federal Contract Spending, \$Millions FFY2011-2019



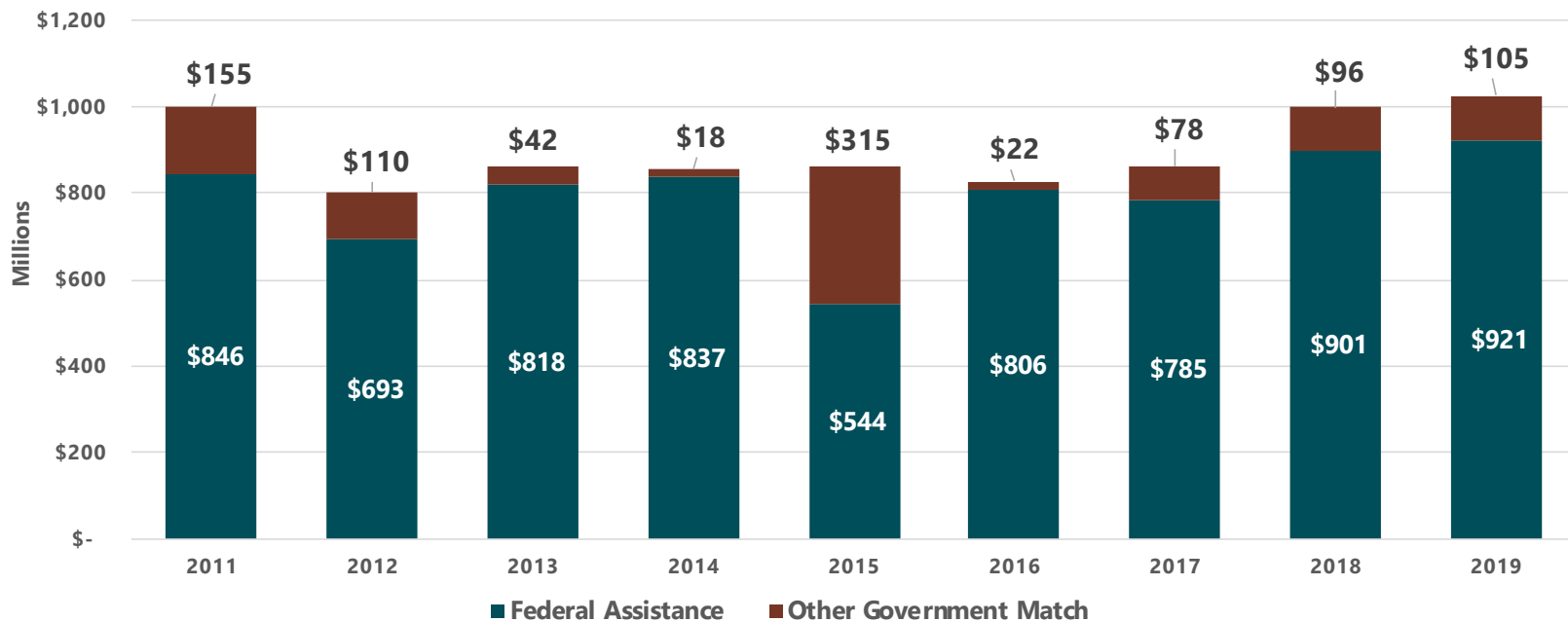
Source: U.S.A. Spending.gov. Compiled by McDowell Group.

U.S. Army Corps of Engineers Spending

\$Million, FFY2016-2019

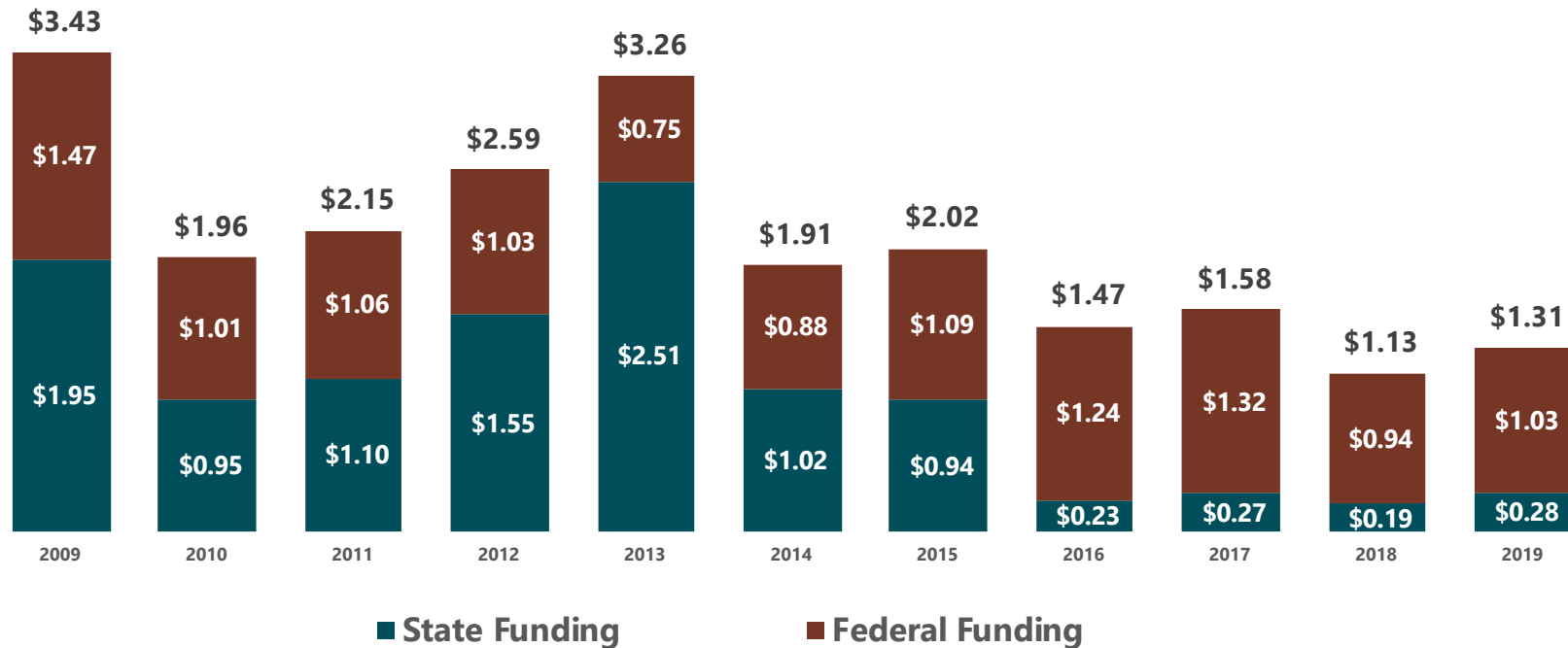
FFY	Military Construction	Missile Defense	Sustainment, Restoration, and Modernization	Civil Works	Environmental	Inter-agency	Total
2016	\$157	\$64	\$0	\$89	\$85	\$112	\$507
2017	\$175	\$125	\$50	\$40	\$75	\$100	\$565
2018	\$200	\$150	\$50	\$50	\$100	\$50	\$600
2019	\$210	\$180	\$80	\$40	\$110	\$20	\$640

U.S. Federal Assistance and Other Government Funding Match, \$Millions FFY2011-2019



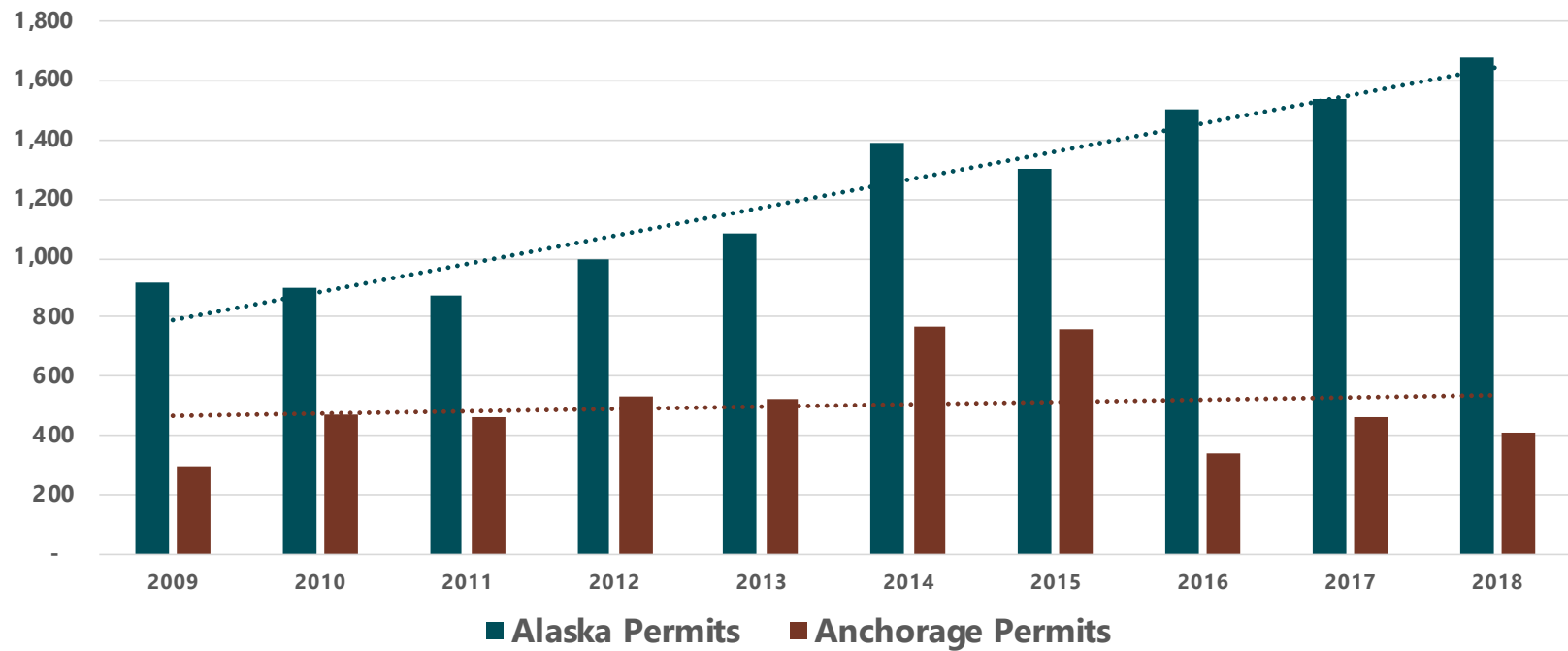
Source: U.S.A. Spending.gov. Compiled by McDowell Group.

State of Alaska Capital Spending on Construction, \$Billions, SFY2009-2019



Source: Office of Management and Budget, Office of the Governor, State of Alaska.

Residential Construction, New Housing Permits, 2009-2018

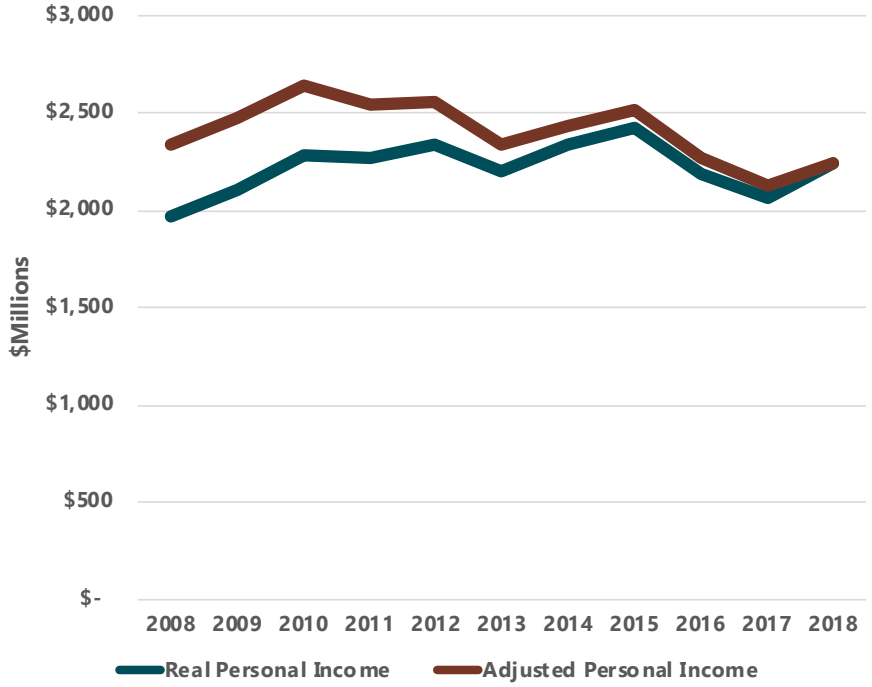
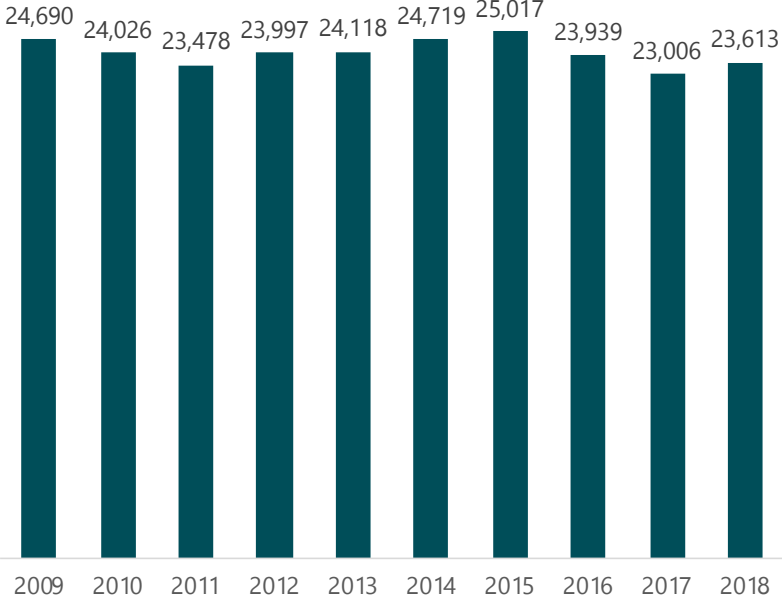


Source: U.S. Census Bureau and Municipality of Anchorage.

Construction Job and Income Trends



Construction Job and Wage Trends (including Self-Employed) 2009-2018



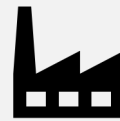
Source: U.S. Bureau of Economic Analysis.

2020 Construction Spending Forecast



Spending Forecast Big Picture

\$6.7 Billion
(↓8% from 2019)



Private Sector – \$4.4 Billion
(↔ from 2019)



Public Sector – \$2.3 Billion
(↓13% from 2019)

Private Sector Spending

Petroleum and Mining Sector

Petroleum

\$2.9
Billion

 +6%

ConocoPhillips, Oil Search, and
Others

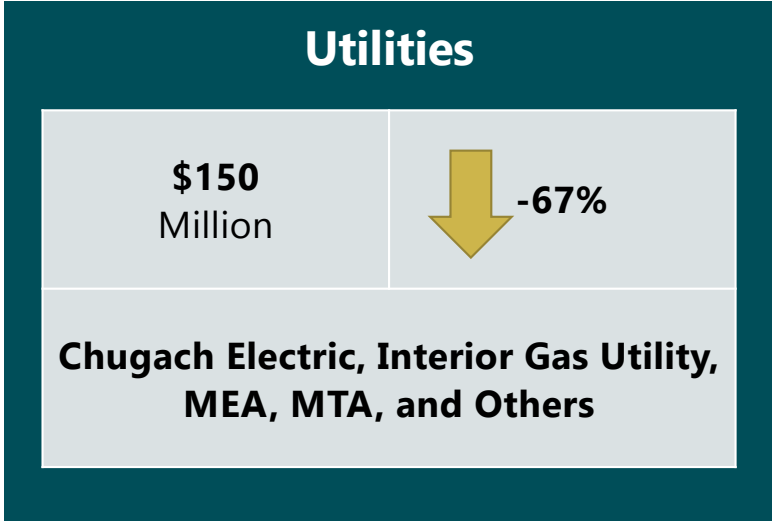
Mining

\$170
Million

 -36%

Greens Creek, Pogo, and Others

Other Basic Industry and Utilities



Health Care and Other Industrial/Commercial Development

Health Care


\$300
Million

 +6%

Maple Springs, Fairbanks Memorial,
TCC, WMC, YKHC and Others

Other Industrial/Commercial

\$300
Million

 +18%

AWAIC, SHI, and Others

Residential



Public Sector Spending

Highway/Roads and Airports/Ports/Harbors/Railroad

Highway and Roads

\$600
Million

 -12%

Seward Highway, Sterling Highway,
Dalton Highway, Parks Highway,
Richardson Highway and Others

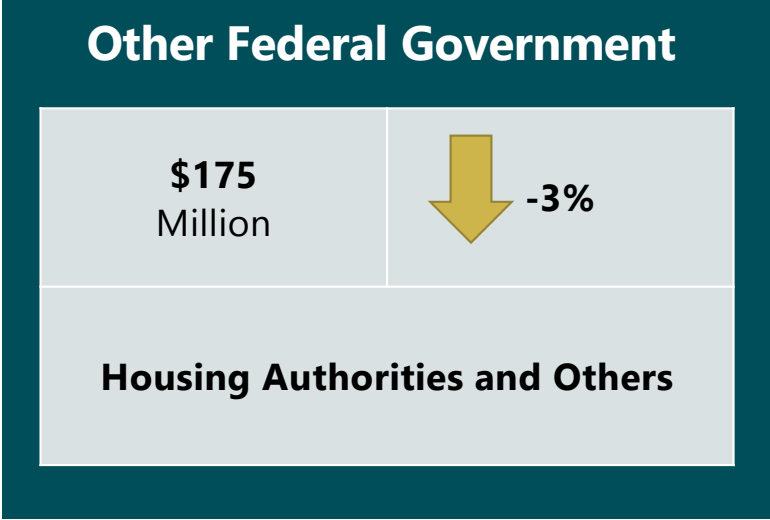
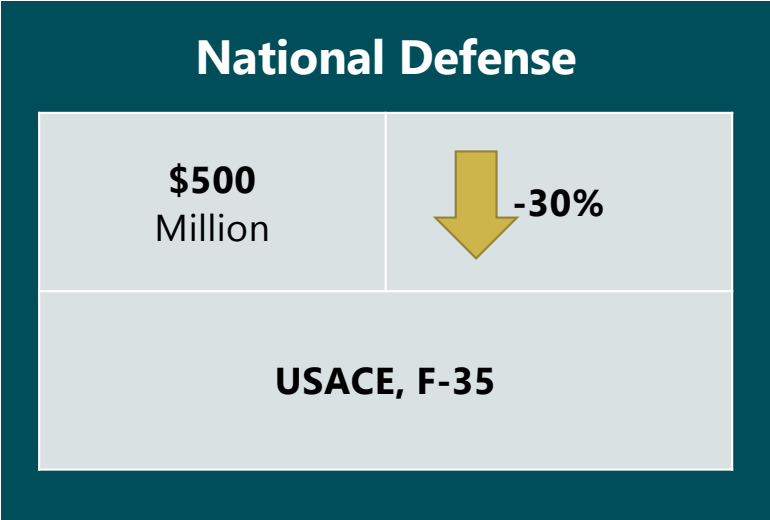
Airports/Ports/Harbors/Railroad

\$350
Million

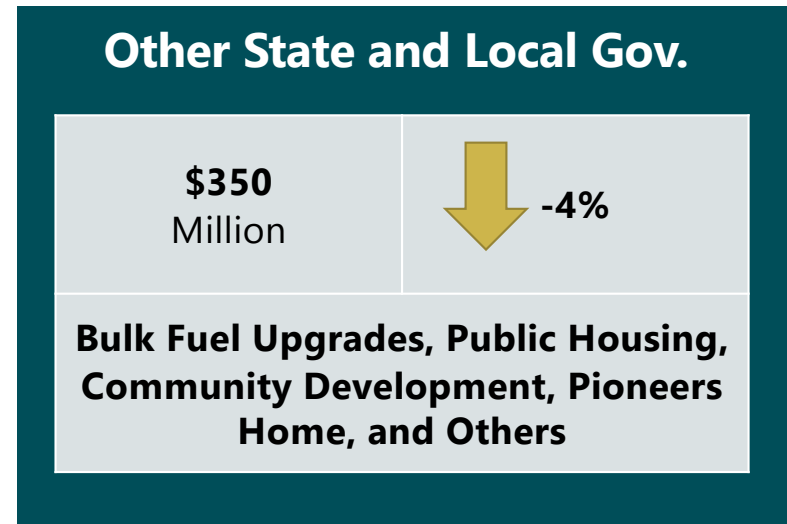
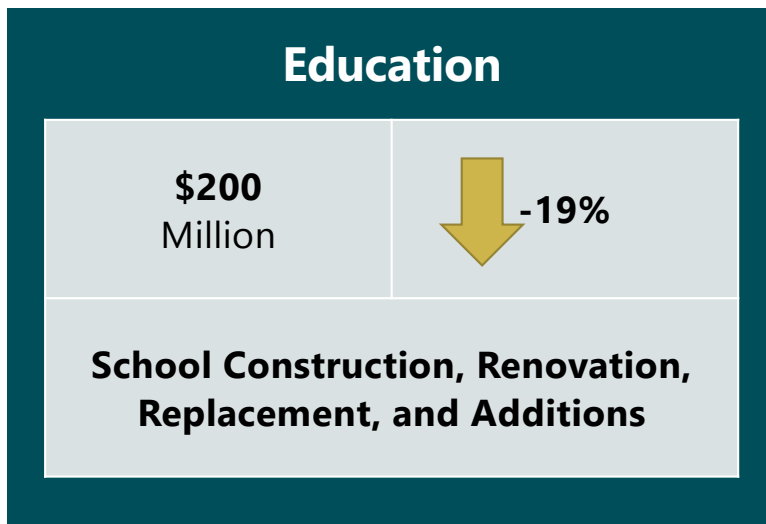
 -17%

Runway and terminal
improvements, resurfacing, harbor
maintenance and refurbishment,
track rehabilitation/improvements

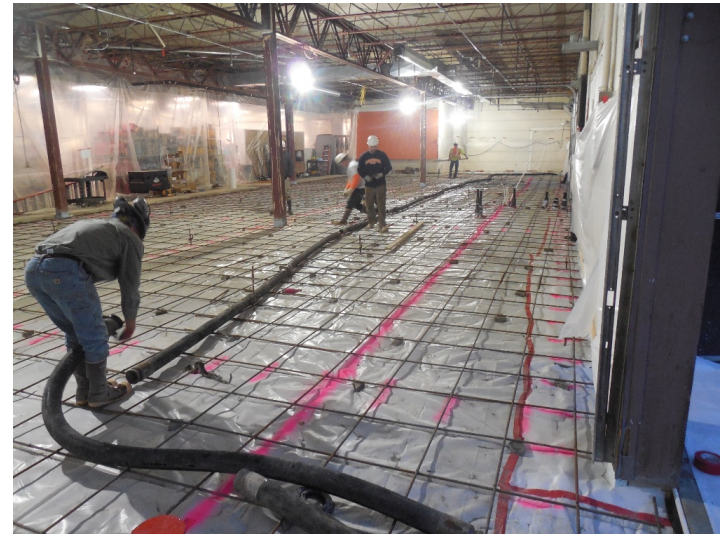
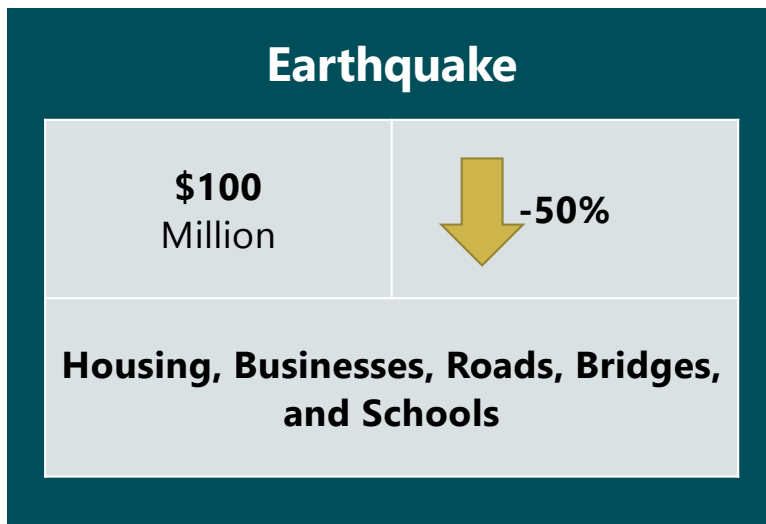
National Defense and Other Federal Government Spending



Education and Other State/Local Government



Earthquake



In Summary

The Big Takeaways

1

23,600 construction jobs, earning **\$2.2 billion** (82% Alaska Resident Hire and 86% Alaska Resident Wages Paid)

2

Total Economic Impact of Industry: **41,300** jobs (9% of Alaska's jobs) **\$3.3 billion** (10% of Alaska earnings)

3

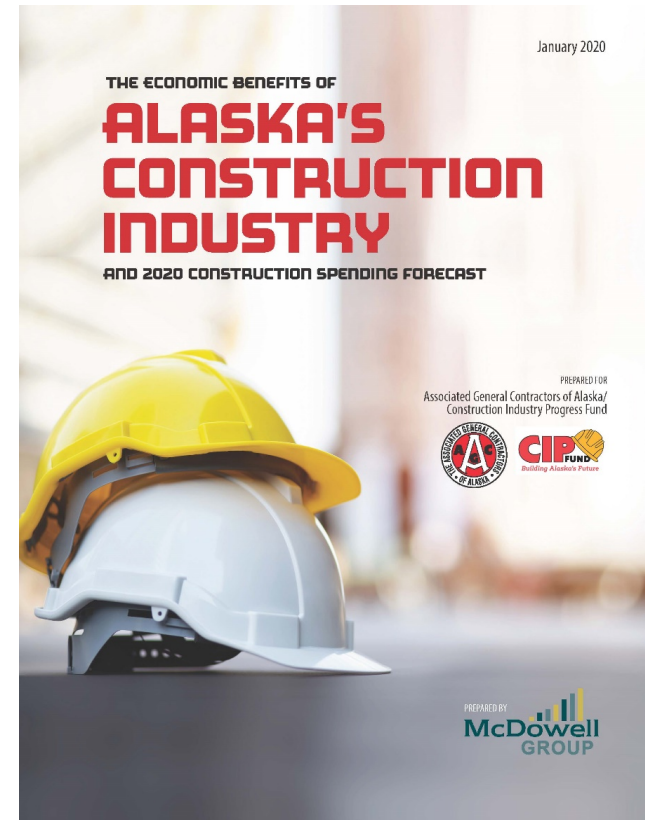
Construction industry is a **steady source** of jobs in Alaska's economy with signs of an **upswing**

4

\$6.7 Billion in construction spending in 2020. Bright spots include petroleum sector and visitor industry

**Want to know
more?**

Download our study at:
www.agcak.org



Questions and Thank you!



Jim Fergusson
(907) 561-5354
jafergusson@msn.com



Alicia Siira
(907) 561-5354
Alicia@agcak.org



Donna Logan
(907) 274-3222
donna@mcdowellgroup.net

2018 BY THE NUMBERS

23,600	Number of Alaska construction workers, including wage and salary and self-employed workers	2,441	Number of construction industry employers
1 in 20	Number of jobs in Alaska's economy that were in the construction sector	41,300	Number of statewide construction-related jobs, including multiplier effects
BILLION	Total labor income of construction workers, including self-employed workers	9%	Percentage of all Alaska jobs attributed to construction-related activity
\$79,020	Average annual construction worker wage	\$3.3 BILLION	Total statewide labor income impact, including multiplier effects
43%	Percentage of construction worker wage above the average wage for all Alaska workers	10%	Percentage of all Alaska income affected by construction-related activity
		2.5%	Predicted growth in construction trades by 2020

THE ECONOMIC BENEFITS OF ALASKA'S CONSTRUCTION INDUSTRY AND 2020 CONSTRUCTION SPENDING FORECAST



JANUARY 2020

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

