**JANUARY 2022**

**THE ECONOMIC BENEFITS OF ALASKA’S CONSTRUCTION INDUSTRY**

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.

**2020 BY THE NUMBERS**

<table>
<thead>
<tr>
<th><strong>23,000</strong></th>
<th><strong>$2.3 BILLION</strong></th>
<th><strong>$3.4 BILLION</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Alaska construction workers, including wage and salary and self-employed workers</td>
<td>Total labor income of construction workers, including self-employed workers</td>
<td>Total statewide labor income impact, including multiplier effects</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>1 in 20</strong></th>
<th><strong>2,540</strong></th>
<th><strong>$4.6 BILLION</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of jobs in Alaska’s economy that were in the construction sector</td>
<td>Number of construction industry employers in Alaska</td>
<td>Estimated 2022 construction spending</td>
</tr>
</tbody>
</table>

**$3.4 BILLION**

Total statewide labor income impact, including multiplier effects

11% Percentage of all Alaska income related to construction-related activity

**8.6%** Predicted growth in construction trades between 2018 and 2028

**$4.6 BILLION** Estimated 2022 construction spending

**23,000**

Number of Alaska construction workers, including wage and salary and self-employed workers

**$2.3 BILLION**

Total labor income of construction workers, including self-employed workers

**$82,330**

Average annual construction worker wage

**2,540**

Number of construction industry employers in Alaska

**40,000**

Number of statewide construction-related jobs, including multiplier effects

**$82,330**

Average annual construction worker wage

**86%**

Percentage of construction wages paid to Alaska residents

**9%**

Percentage of all Alaska jobs supported by construction-related activity

**↑ 35%**

Percentage of construction worker wage above the average wage for all Alaska workers

**82%**

Percentage of construction jobs held by Alaska residents

**11%**

Percentage of all Alaska income related to construction-related activity

**8.6%**

Predicted growth in construction trades between 2018 and 2028

**$4.6 BILLION**

Estimated 2022 construction spending
ALASKA'S CONSTRUCTION INDUSTRY JOBS (2020)

Alaska's construction industry is an important source of jobs and wages. The industry employed 22,930 workers, including 15,87 wage and salary employees.

JOBS THROUGHOUT ALASKA

Every census area and borough in Alaska has construction industry employers. Of the $1.3 billion in wages paid by Alaska's 22,930 construction industry employers, almost half are paid in Anchorage ($593 million), followed by Mat-Su Borough ($207 million). These wages do not include self-employment income. Over one-third of Alaska's construction companies and nearly half of construction jobs are based in Anchorage; however, Anchorage-based workers often provide construction services throughout the state.

ALASKA CONSTRUCTION INDUSTRY EMPLOYERS, JOBS, WAGES, 2020 (BY TOP 10 BOROUGHS)

<table>
<thead>
<tr>
<th>Borough/Area</th>
<th>Total Number of Employers</th>
<th>Total Jobs (Monthly Average)</th>
<th>Total Wages (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anchorage Municipality</td>
<td>895</td>
<td>7241</td>
<td>$593</td>
</tr>
<tr>
<td>Fairbanks North Star Borough</td>
<td>333</td>
<td>2,256</td>
<td>$333</td>
</tr>
<tr>
<td>Matanuska Susitna Borough</td>
<td>183</td>
<td>1,276</td>
<td>$207</td>
</tr>
<tr>
<td>Kenai Peninsula Borough</td>
<td>252</td>
<td>930</td>
<td>$58</td>
</tr>
<tr>
<td>Juneau City and Borough</td>
<td>131</td>
<td>682</td>
<td>$50</td>
</tr>
<tr>
<td>Hoonah - Juneau Borough</td>
<td>64</td>
<td>203</td>
<td>$39</td>
</tr>
<tr>
<td>Kodiak Island Borough</td>
<td>44</td>
<td>167</td>
<td>$10</td>
</tr>
<tr>
<td>Sitka City and Borough</td>
<td>35</td>
<td>137</td>
<td>$91</td>
</tr>
<tr>
<td>Cordova Census Area</td>
<td>26</td>
<td>87</td>
<td>$7</td>
</tr>
<tr>
<td>Southeast Fairbanks Census A.</td>
<td>16</td>
<td>78</td>
<td>$7</td>
</tr>
<tr>
<td>All other Boroughs and Census</td>
<td>257</td>
<td>1,053</td>
<td>$303</td>
</tr>
<tr>
<td>TOTALS</td>
<td>2,540</td>
<td>15,877</td>
<td>$1,302</td>
</tr>
</tbody>
</table>

Source: Alaska Department of Labor and Workforce Development.

ABOVE AVERAGE WAGE RATE

Only a few Alaska industry sectors have higher average annual wages than construction (e.g., oil, gas, and mining). The average wage for a construction worker was $82,553, 39% higher than the overall statewide average wage ($61,289).

SEASONALITY

The industry is an important source of jobs year-round, never falling below 13,300 jobs at any point in the year. However, construction employment in Alaska tends to be seasonal with summer employment about 22% higher than the winter low point.

EXPECTED EMPLOYMENT GROWTH

According to the impact of COVID-19, the Alaska Department of Labor and Workforce Development anticipated a 4.6% growth in construction trades occupations between 2019 and 2028, with average annual openings of 1,370 jobs. Occupations with the highest expected average annual openings between 2018 and 2028 include construction laborers (656 annual openings), operating engineers and other construction equipment operators (341), carpenters (270), and electricians (225). This forecast did not account for the potential employment impact of the November 2021 Federal Infrastructure Investment and Jobs Act which may increase demand for construction workers in Alaska.

GOVERNMENT SPENDING TRENDS

Federal, state, and local government spending on a wide range of construction projects plays an important role in Alaska’s construction sector.

FEDERAL GOVERNMENT CONSTRUCTION SPENDING

In Federal Fiscal Year (FFY) 2021, the federal government contracted for and assisted $5.6 billion in construction in Alaska.

- $407 million in federal contracts supporting infrastructure initiatives requiring no matching funds, such as national defense spending or infrastructure and facilities supporting federal government services.

- $1.2 billion in federal assistance for construction projects requiring some level of matching support from state or local government, such as federal housing funds.

STATE GOVERNMENT CONSTRUCTION SPENDING

State capital budget appropriations for construction (including federal funds) have been at historically low levels prior to State Fiscal Year (SFY) 2022, and well below peak years of over $3.0 billion. SFY 2022 saw a higher capital budget for construction compared to recent years at $3.7 billion, including $2.70 million in state funding support due in large part to higher federal transportation infrastructure funding.

CONSTRUCTION INDUSTRY-RELATED JOBS AND LABOR INCOME IMPACTS IN ALASKA, 2020

Source: Department of Commerce, Community and Economic Development and Alaska Department of Labor and Workforce Development.

A DIVERSE CONSTRUCTION INDUSTRY

Sponsor-trade contractors make up 49% of total construction jobs and 38% of total wages, followed by building construction jobs (33%) and wages (39%), and heavy construction jobs (24%) and wages (33%).
RECENT FORCES AFFECTING CONSTRUCTION ACTIVITY
MATERIAL COSTS AND SUPPLY CHAIN DISRUPTIONS

Construction firms contended with considerable financial risk in 2021 due to rising and volatile material costs. Manufacturing slowdowns contributed to rapidly changing prices and significantly longer lead times across a range of construction supplies. As of October 2021, overall construction material costs had risen 24% compared to the same period in 2019. Materials like steel mill products more than doubled in cost and lumber costs persisted at 40% above pre-pandemic levels even after decreasing from extreme highs in mid-2021. Global transportation bottlenecks added an additional layer of pricing and construction management uncertainty. Material availability, price, and transportation challenges are expected to continue into 2022.

OIL PRICE IMPACTS

Construction activity in Alaska is impacted by oil prices, which affect oil and gas sector investment and state revenue.

Oil price volatility continued in 2021 following significantly depressed prices in 2020. While higher oil prices can positively affect the financial feasibility of new oilfield developments, higher fuel prices also impact construction costs in Alaska. As of October 2021, diesel fuel prices had risen by 70% over the same period in 2019.

State of Alaska revenue is highly related to oil prices. Higher oil prices increase the taxable value of production, which has the potential to generate more funding for capital projects. Over the past decade, state capital spending has declined significantly due to low oil prices and slowly declining production.

RECOVERY FROM PANDEMIC-RELATED JOB LOSSES

By June 2021, total construction employment in Alaska had recovered about 700 jobs compared to the same month in 2020 yet remained below 2019 levels. The number of unemployment insurance claimants also declined substantially in the latter half of 2021 but remained above pre-pandemic levels (1,231 in October 2021 compared to 799 in October 2019).

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