

RENT OVER A DECADE

An overview of trends in four major Alaska rental markets

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Every March, the Alaska Department of Labor and Workforce Development surveys about 15,000 Alaska landlords to gather residential rental unit information in cooperation with the Alaska Housing Finance Corporation. The following sections give an overview of rental trends over the past decade for four of Alaska's largest markets, including the latest survey results.

The rental amounts shown here are adjusted rent, which is the amount the tenant pays to the landlord each month plus any additional utility costs. This allows for more accurate comparisons between places. We also include the affordability index value, which tells you how many paychecks it would take to afford the area's average rent, based on the area's average wages.

The complete survey methods and results, which include more areas and detail on vacancies and affordability, are available at laborstats.alaska.gov/housing/housing.htm and www.ahfc.us/efficiency/research-information-center/alaska-housing-market-indicators/.

Fairbanks

Rent in Fairbanks has been on the rise, increasing by 50 percent from 2005 to 2015, although it declined slightly in 2012 and 2015. Apartment rent has increased 39 percent over the period while single-family house rent has risen a significant 73 percent, from \$1,094 to \$1,892. The high cost of utilities in the Interior is a significant factor in this jump.

Vacancies in Fairbanks have traditionally been higher than the survey-wide average, at an average of 10.5 percent since 2005. The vacancy rate has gone up significantly in the last couple of years, to 15.6 percent in 2014 and 16.0 percent in 2015. Slight population declines in 2013 and 2014,

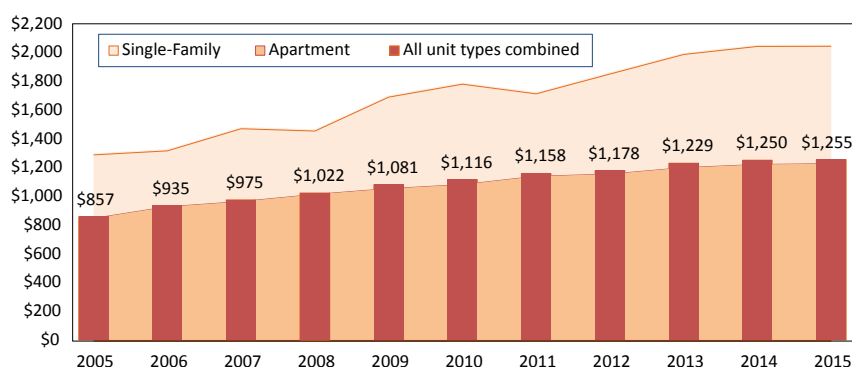
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Anchorage

Average adjusted rent in Anchorage has been on a gradual rise over the last decade, increasing 46 percent from 2005 to 2015. Apartment rent increased 45 percent, up from \$846 to \$1,227, while single-family rent increased at a much faster rate of 59 percent, or from \$1,288 to \$2,044.

Single-family rental homes are scarce relative to apartments in Anchorage, and while houses are generally in high demand, they're also more susceptible to price and vacancy changes when local demand shifts.

The survey-wide average vacancy rate from 2005 to 2015 was 6.3 percent. Anchorage's vacancy rate over this period averaged just 4.4 percent, and it has been below that since 2010.



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

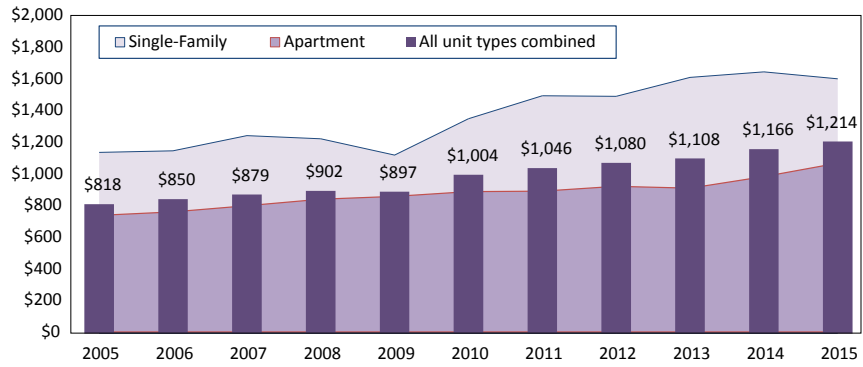
Anchorage's rental affordability index value has fluctuated around 1.0 over the last decade. Before 2011, rent required a single average paycheck or slightly less, which increased to an average of 1.03 after that as increases in rent outpaced increases in wages. While rents in Anchorage are fairly high, so are wages.

Matanuska-Susitna

Rent in the Matanuska-Susitna Borough has gone up 48 percent since 2005. Unlike other areas, the increase was greater for apartments (45 percent) than single-family homes (41 percent).¹ Single-family rents have had their ups and downs in Mat-Su, with small drops in 2008, 2009, 2012, and 2015.

Mat-Su's average 10-year vacancy rate was 5.8 percent, below the survey wide average of 6.3 percent. In 2015, Mat-Su's vacancy rate of 3.3 percent was half the survey-wide 6.7 percent that year and on par with Juneau and Anchorage, two historically tight markets.

¹The number of single-family units went up considerably over this period, so the change in the mix is the reason the overall increase is higher than the percent increase for each type of unit.



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Mat-Su's population and economy have grown rapidly in the last decade, putting more pressure on the rental market, as seen in the low vacancy rate.

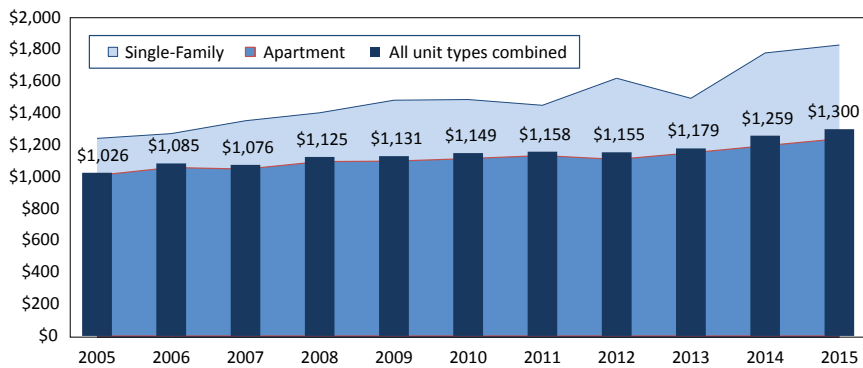
Renting is less affordable for Mat-Su residents than for those renting in Anchorage, Fairbanks, or Juneau. Although Mat-Su rents are a bit lower, so are wages. Mat-Su was at peak affordability in 2009 (1.08 paychecks required), but has become increasingly less affordable since, climbing to an additional third of an income required to afford rent in 2015 (1.31).

Juneau

Juneau is one of the most expensive areas surveyed, but overall, its average rent has increased by just 27 percent since 2005. That's much less than the other areas highlighted in this article as well as the survey-wide increase, which was 43 percent. Juneau's rent was higher in 2005 than Anchorage, Mat-Su, or Fairbanks, and while it remains slightly higher, the gap has narrowed.

Juneau apartment rent has increased 23 percent since 2005, rising from \$1,009 to \$1,240. Single-family house rent, on the other hand, has increased at more than twice that rate, from \$1,242 in 2005 to \$1,829 in 2015.

Vacancies in Juneau averaged a low 4.4 percent over the decade, the same rate as Anchorage. Juneau's vacancy rate has been below average the last six years, hitting 3.4 percent in 2015.



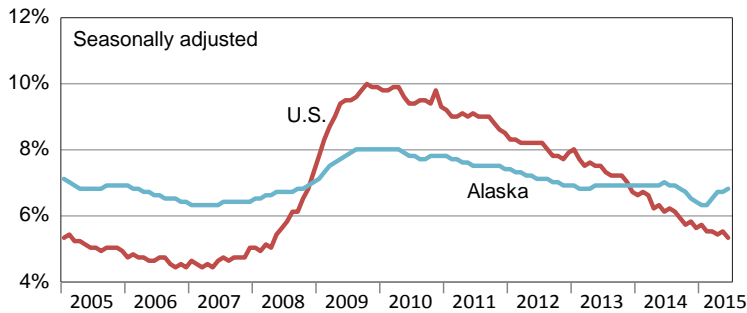
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Juneau's high average wage, coupled with more moderate growth in average rent, means Juneau's rental housing has been more affordable in the past five years than the five before that, though index values appear to be creeping up. The current value is 1.16, or just over one monthly paycheck required to afford rent.

Renting in Juneau was most affordable from 2012 to 2014, when wages grew more than rents.

Employment Scene

1 Unemployment Rates JANUARY 2005 TO JUNE 2015



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis; and U.S. Bureau of Labor Statistics

2 Unemployment Rates BOROUGHES AND CENSUS AREAS

	Prelim. 6/15	Revised 5/15	Revised 6/14
SEASONALLY ADJUSTED			
United States	5.3	5.5	6.1
Alaska Statewide	6.8	6.7	7.0
NOT SEASONALLY ADJUSTED			
United States	5.5	5.3	6.3
Alaska Statewide	6.9	6.6	7.0
Anchorage/Mat-Su Region	6.1	5.7	6.2
Municipality of Anchorage	5.5	5.1	5.6
Matanuska-Susitna Borough	8.3	7.9	8.3
Gulf Coast Region	7.3	7.3	7.2
Kenai Peninsula Borough	7.6	7.6	7.3
Kodiak Island Borough	5.8	5.5	6.4
Valdez-Cordova Census Area	7.3	8.2	7.4
Interior Region	6.8	6.2	7.1
Denali Borough	4.3	5.0	4.9
Fairbanks North Star Borough	6.0	5.3	6.1
Southeast Fairbanks Census Area	11.0	11.4	12.5
Yukon-Koyukuk Census Area	17.3	17.3	17.8
Northern Region	12.3	11.6	12.3
Nome Census Area	13.9	13.1	13.5
North Slope Borough	6.9	6.2	6.8
Northwest Arctic Borough	17.6	17.1	18.1
Southeast Region	6.3	6.1	6.5
Haines Borough	8.0	8.5	8.9
Hoonah-Angoon Census Area	12.1	13.4	10.9
Juneau, City and Borough	5.0	4.5	5.1
Ketchikan Gateway Borough	6.4	6.2	6.9
Petersburg Borough*	9.1	9.2	9.4
Prince of Wales-Hyder CA	12.0	12.5	12.5
Sitka, City and Borough	4.8	4.5	5.0
Skagway, Municipality	5.2	6.0	4.6
Wrangell, City and Borough	8.0	7.4	7.8
Yakutat, City and Borough	6.9	7.6	9.2
Southwest Region	12.5	13.9	13.0
Aleutians East Borough	5.0	5.8	5.4
Aleutians West Census Area	4.5	6.5	5.8
Bethel Census Area	16.0	16.3	16.7
Bristol Bay Borough	3.7	6.6	3.8
Dillingham Census Area	9.5	9.7	9.3
Lake and Peninsula Borough	12.2	12.7	14.0
Kusilvak Census Area*	25.7	25.6	25.1

*Wade Hampton Census Area was renamed Kusilvak Census Area, and Petersburg Census Area became a borough.

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis; and U.S. Bureau of Labor Statistics

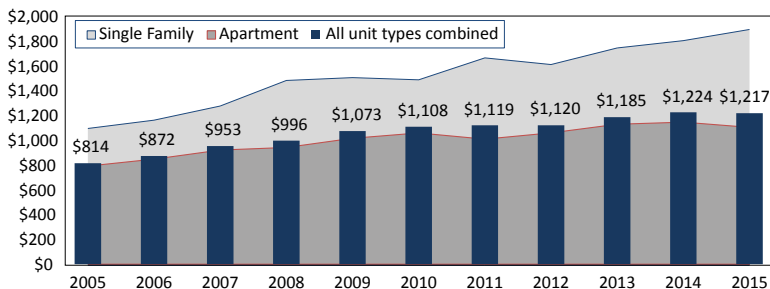
FAIRBANKS

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military movements, and an increase in rental housing stock with the construction of new military housing are likely factors. It's also possible that low interest rates in recent years have prompted some renters to purchase.

Like Anchorage, rentals in 2005 and 2006 were more affordable in Fairbanks, requiring just under one full paycheck, before rent increases outpaced wage increases.

Fairbanks' affordability has been fairly consistent in the last seven years, remaining between 1.06 and 1.08 required monthly paychecks.



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section