

Rents, vacancies both up slightly

Rent plus utilities up 2 percent, to \$1,178

1 Kodiak Rent Down But Still Highest

ADJUSTED* MEDIAN RENT, 2017 AND 2018



*Includes utilities (see sidebar below)

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2018 Rental Market Survey

Adjusted and contract rent

All rents quoted here are “adjusted rent,” meaning rent if all utilities were included. Because the types and costs of utilities included in contract rent — the amount paid to the landlord each month — can vary considerably by area, using adjusted rent makes units comparable.

By **ROB KREIGER**

For more than 25 years, we have surveyed landlords in cooperation with the Alaska Housing Finance Corporation to assess rental costs and vacancy rates in selected areas.

The 2018 survey showed small rent increases in nearly all areas, and the most and least expensive areas remained in line with historical trends. The overall vacancy rate, while still in the range of historical norms, rose for the second year in a row and reached its highest level in more than a decade.

While it’s too early to know what’s driving higher vacancy rates, the state’s ongoing recession and several years of more people leaving Alaska than moving in are likely factors.

Rents and vacancies both rose in 2017

Overall, rents in Alaska were up in 2018. For all surveyed areas combined, median adjusted rent — rent plus all utilities — rose 2 percent, from \$1,157 to \$1,178. (See Exhibit 1 and the sidebar at left for more on adjusted versus contract rent.)

The overall vacancy rate reached 7.9

percent, up six-tenths of a percentage point from 2017. But while the overall rate is up, vacancy varied considerably by area. (See Exhibit 2.)

Finding a rental unit in Juneau remains tough. Juneau had the lowest vacancy rate at 4.1 percent, down from the previous year in what was already a tight market.

Fairbanks, which has had high vacancy rates in recent years, saw its rate rise from 12.7 percent to 13 percent – the highest of all surveyed areas.

Anchorage and Kodiak were the only two areas where vacancies rose while rents dropped. These two areas have been among the hardest-hit by net migration losses, so prices and vacancies have likely reacted as people have left. (See Exhibit 3.)

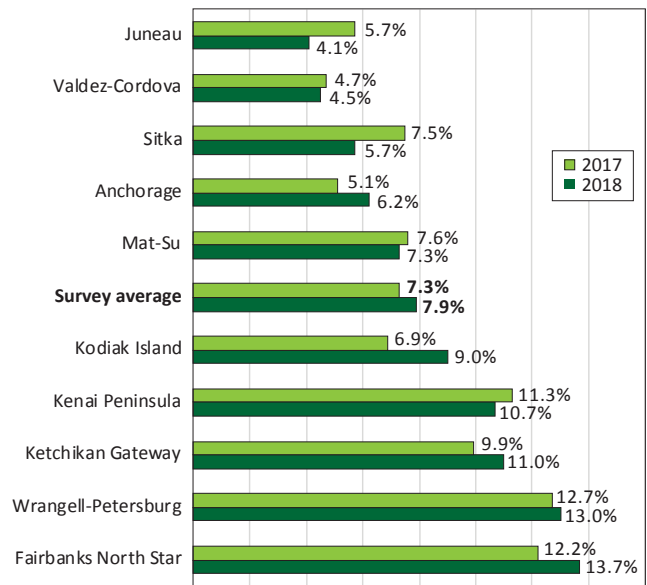
Apartment rent highest in Juneau

Regardless of the area, two-bedroom apartments and three-bedroom single-family houses are the most common rentals.

Juneau, whose rentals are scarce, had the highest apartment rent among surveyed areas at \$1,377, followed closely by Kodiak at \$1,370. (See Exhibit 4.)

2 Juneau’s Rental Market Becomes the Tightest

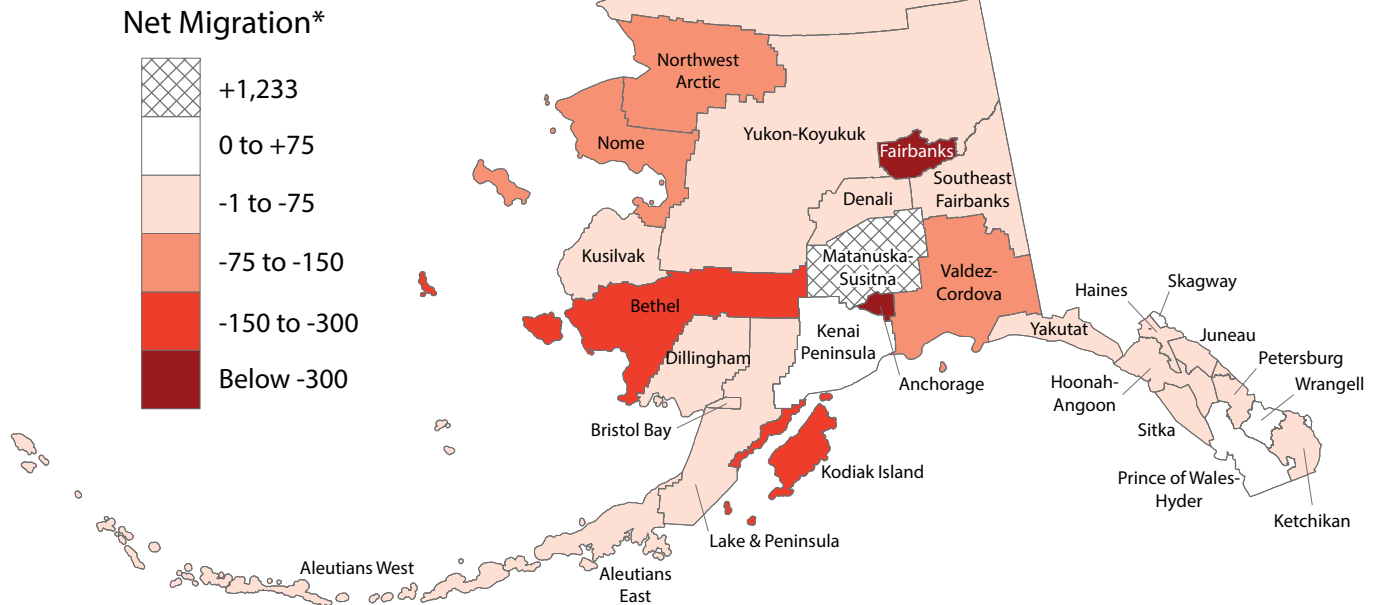
VACANCY RATES BY AREA, 2017 AND 2018



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2018 Rental Market Survey

3 Yearly Net Migration Mostly Negative Except Mat-Su

ALASKA, 2010 TO 2017



*Net migration is the number of people who moved to Alaska in a year minus the number who left the state.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Despite their proximity, Anchorage and the Matanuska-Susitna Borough differed considerably. An apartment in Anchorage rented for nearly \$200 more per month than in Mat-Su. Many people commute to Anchorage from Mat-Su, and lower rents and housing costs are one of the reasons.

Fairbanks house rents highest

Even with the highest vacancy rate, Fairbanks had the most expensive three-bedroom single-family rentals this year. The primary reason was the high cost of utilities, particularly heat in the winter. (See Exhibit 5.)

Farther south, house rents were much less. Wrangell, Petersburg, and Ketchikan were the only places where houses rented for less than \$1,500 a month. Lower average wages and higher vacancy rates tend to keep rents down in these places.

Energy types vary by area

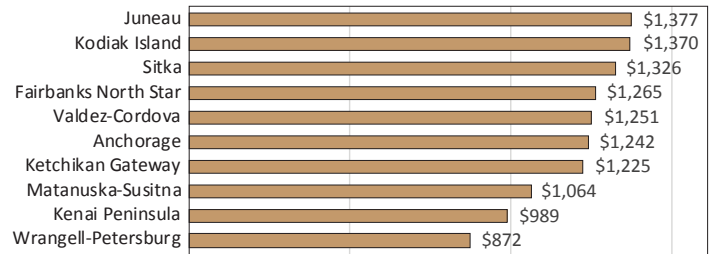
The types of energy people use for heat, hot water, and cooking vary widely across Alaska, as not all sources are available in many places. (See Exhibit 6.)

Where accessible, natural gas is the clear choice, especially for heat. In Anchorage and Mat-Su, over 90 percent of rental units used natural gas in 2018. Where natural gas wasn't an option, oil was the most common heat source.

4

Apartment Rent Highest in Juneau

TWO-BEDROOM, 2018

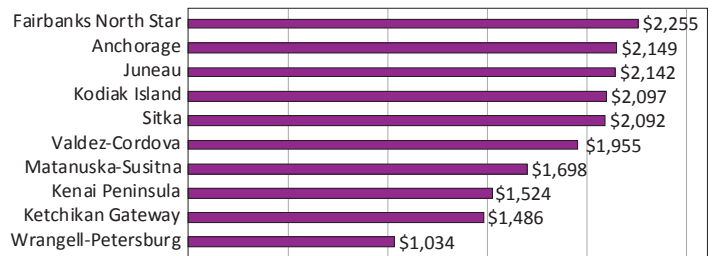


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2018 Rental Market Survey

5

House Rent Highest in Fairbanks

THREE-BEDROOM SINGLE-FAMILY, 2018



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2018 Rental Market Survey

Electricity is among the least-used sources for heat because it's the most expensive in many areas, but it was the primary energy source for cooking in all areas.

Rob Kreiger is an economist in Juneau. Reach him at (907) 465-6031 or rob.kreiger@alaska.gov.

6

Common Energy Types by Alaska Area

2018

Area	HEAT				HOT WATER				COOKING			
	Nat Gas	Oil	Electric	Other	Nat Gas	Oil	Electric	Other	Nat Gas	Oil	Electric	Other
Anchorage	97.0%	0%	3.0%	0%	96.5%	0%	3.5%	0%	6.3%	0%	93.7%	0%
Fairbanks North Star	4.7%	88.6%	0.3%	6.4%	4.5%	66.6%	22.2%	6.7%	0.7%	0%	98.0%	1.3%
Juneau	0%	59.7%	39.6%	0.7%	0%	42.7%	56.1%	1.2%	0%	0%	98.5%	1.5%
Kenai Peninsula	78.9%	14.6%	2.0%	4.6%	69.4%	6.0%	23.5%	1.2%	33.2%	0%	63.0%	3.8%
Ketchikan Gateway	0%	78.3%	19.8%	1.8%	0%	49.9%	48.3%	1.8%	0%	0%	98.4%	1.6%
Kodiak Island	0%	97.6%	2.2%	0.2%	0%	85.9%	13.3%	0.8%	0%	0%	95.2%	4.8%
Matanuska-Susitna	90.2%	2.4%	7.1%	0.3%	86.2%	1.3%	12.0%	0.5%	35.8%	0%	63.6%	0.6%
Sitka	0%	56.0%	42.0%	2.0%	0%	27.6%	71.8%	0.6%	0%	0%	96.8%	3.2%
Valdez-Cordova	0%	96.7%	0%	3.3%	0%	77.3%	17.7%	5.0%	0%	0%	94.5%	5.5%
Wrangell-Petersburg	0%	24.7%	74.7%	0.6%	0%	7.8%	91.6%	0.6%	0%	0%	96.1%	3.9%

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2018 Rental Market Survey