

Rents up slightly as vacancy drops

Survey shows how COVID, military affected 2021 market

By ROB KREIGER

Rental assistance programs and a moratorium on evictions during the pandemic have kept many renters in their homes and left some landlords without revenue for months.

Despite the extraordinary circumstances, our yearly Alaska rental survey showed a relatively stable rental market in March, one year after the pandemic began.

Rents went up in most surveyed areas and vacancy rates, which had been on the rise for several years, took a sharp downward turn. Tightening of the rental market was driven mainly by military growth in Fairbanks, but most areas' vacancy rates declined. Other factors included people staying put during the pandemic and the real estate market pricing out aspiring new buyers.

Most areas' rents inched up

Overall rents were 2 percent higher than last

Our 2021 rental survey showed a relatively stable market despite the extraordinary circumstances.

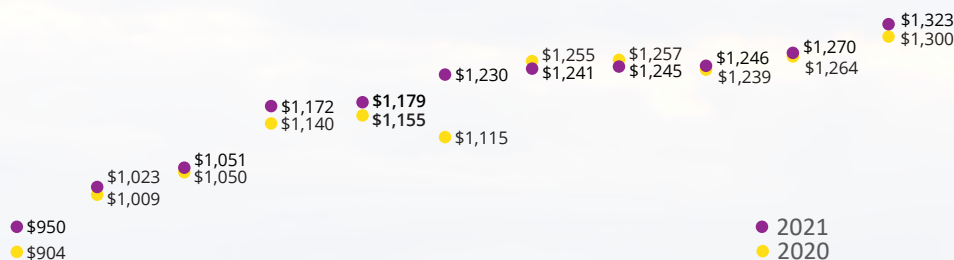
spring. The median adjusted rent for all unit types in all surveyed areas combined was \$1,179. Adjusted rent includes the costs of all utilities, whether they're included in the monthly rent payment or paid separately by tenants. Because utilities can vary so much by area, using adjusted rent makes places comparable. (See the sidebar on page 7.)

Sitka's rent was highest at \$1,323, followed by Kodiak at \$1,270. Wrangell/Petersburg and Kenai had the lowest rents at \$950 and \$1,023, respectively.

Juneau and the Chugach/Copper River area were the only two surveyed areas with lower rents than the year before. Each dropped 1 percent.

Ketchikan's and Wrangell's rents increased the most. Because electricity and water rate increases

Median rent rose in most places between 2020 and 2021



Wrangell-Petersburg Kenai Pen Mat-Su Borough Anchorage Survey total Ketchikan Gateway Chugach/Copper Rvr Juneau Fairbanks Kodiak Sitka

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2021 Rental Market Survey

had just been approved in Ketchikan at the time of the survey, the anticipated rise might have been a factor.

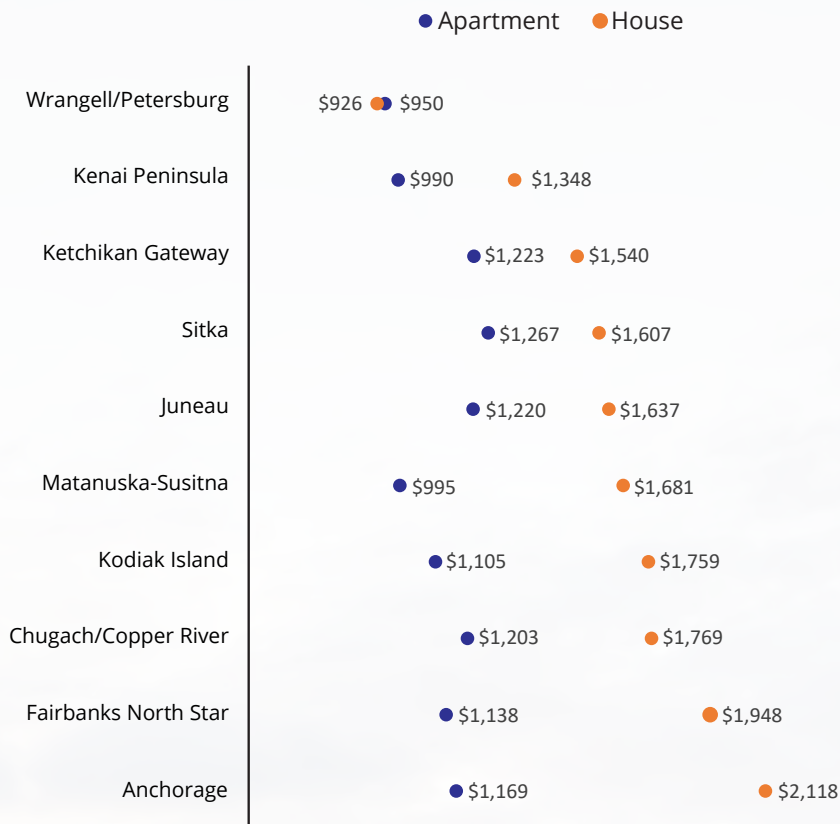
Single-family houses cost more to rent than apartments everywhere except Wrangell/Petersburg. The gap was largest in Anchorage, where renting a house required nearly \$950 more per month. Anchorage was also the most expensive place to rent a house, at \$2,118 per month. Fairbanks was a close second at \$1,948.

For apartments, Sitka had the highest rent at \$1,267, with Ketchikan and Juneau following at \$1,223 and \$1,220.

Wrangell/Petersburg and Kenai had the lowest rents for both apartments and houses.

For detailed survey results and comparisons by the number of bedrooms, see the tables on pages 8 and 9.

Rents for apartments and houses by area in 2021

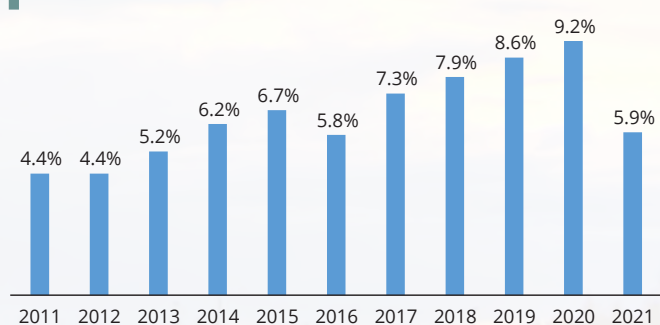


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2021 Rental Market Survey

Big drop in vacancy rates after 4-year rise

Vacancy rates had been on a slow but steady four-year climb until 2021, partly due to more people leaving Alaska than moving here for several years in

Vacancy dropped after four-year rise



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2021 Rental Market Survey

a row. This year, the overall vacancy rate dropped from 9.2 percent to 5.9 percent, although the migration pattern probably hasn't changed significantly.

By area, vacancy rates ranged from a high of 13.1 percent in Kodiak to a low of 2.5 percent in the Matanuska-Susitna Borough.

Besides Kodiak and Juneau, all surveyed areas reported fewer vacancies. Kodiak and Juneau both lost residents to net migration over the last few years. But while Juneau's vacancy rate went up this year — its rent also decreased slightly — the increase was modest and the capital city's rate remains relatively low at 5.6 percent. Kodiak's jump in vacancy came from new multi-unit housing plus more Coast Guard personnel living on base rather than renting in the community.

Renters were more likely to stay put, including those who had lost their jobs. Evictions, which normally create some availability, have been on hold throughout the pandemic.

Others continued to rent because it was more affordable than buying. Sales prices for single-family homes and condos rose considerably this year. With interest rates in the 2.8 percent range and single-family homes averaging near \$372,000, the principle and interest alone on an average 30-year fixed-rate mortgage would be close to \$1,220, plus a 20 percent down payment. Insurance and taxes would add hundreds more per month, ultimately costing far more than the typical rental at \$1,179, which includes the cost of all utilities.

While the pandemic tightened rental availability in several ways, the large influx to Eielson Air Force Base near Fairbanks was the biggest driver. The new F-35A Lightning II fighter jets brought a wave of active duty personnel and their families, contractors, and more civilian workers to Eielson.

Military data show Eielson had 6,164 personnel and family members in the first three months of this year, up from 4,467 at the same time last year and 3,551 in 2019.

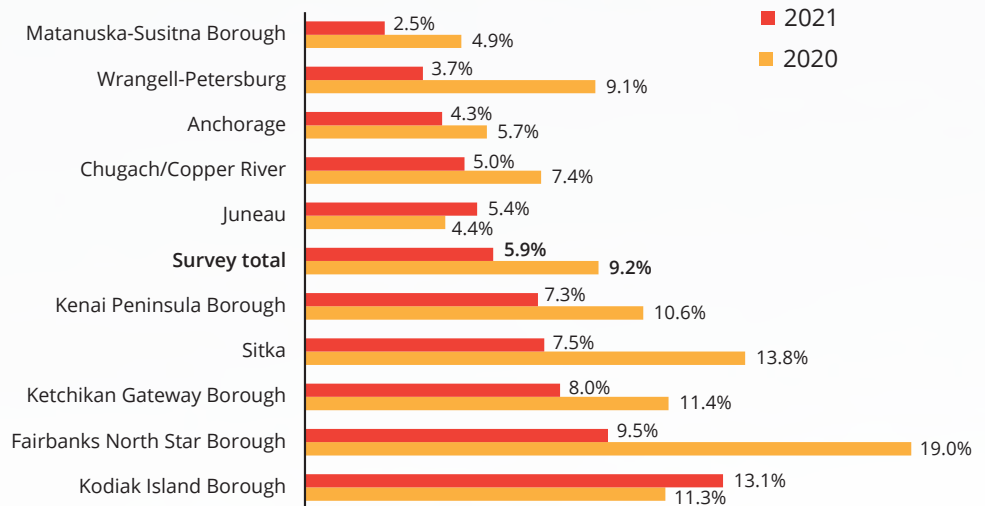
Vacancy rates in Fairbanks fluctuate from year to year because of its transient military and college populations. Fairbanks had the highest vacancy rates in the survey over the last few years, approaching 20 percent in 2020. Although availability tightened and rents ticked up this year, Fairbanks' vacancy rate remains near 10 percent.

What landlords saw this year

We talk to hundreds of landlords and property managers each year while gathering information on their units. Their comments about the state of the rental market, while anecdotal, give additional context to the survey results and shed light on what to watch in the coming year.

The most common theme in 2021 was that landlords had tenants who were behind on rent. Some said their tenants had missed one or two payments

Vacancy rates dropped almost everywhere in 2021



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2021 Rental Market Survey

Eielson's population jumped in 2020

Federal fiscal yr	Quarters	Active duty	Family members	Total	Chg from prior qtr
2018	Oct-Dec	NA	NA	-	-
	Jan-Mar	NA	NA	-	-
	Apr-Jun	1,790	1,204	2,994	-
2019	Jul-Sept	1,761	1,207	2,968	-0.9%
	Oct-Dec	1,830	1,386	3,216	8.4%
	Jan-Mar	1,862	1,689	3,551	10.4%
2020	Apr-Jun	1,968	1,645	3,613	1.7%
	Jul-Sept	1,968	1,645	3,613	0.0%
	Oct-Dec	2,127	1,391	3,518	-2.6%
2021	Jan-Mar	2,228	2,239	4,467	27.0%
	Apr-Jun	2,446	2,373	4,819	7.9%
	Jul-Sept	NA	NA	-	-
2021	Oct-Dec	NA	NA	-	-
	Jan-Mar	2,894	3,270	6,164	-

Notes: The federal fiscal year begins in October. These data do not include contract civilian positions or the Bureau of Land Management. NA means data were not available for those periods.

Source: Eielson Air Force Base, 354th Force Support Squadron

while others said they hadn't received rent in many months and were out thousands of dollars.

In some cases, tenants had applied for pandemic-related rental assistance and were waiting for the funds. In other cases, tenants hadn't applied for assistance or didn't qualify. Some landlords had tenants who had been facing eviction before the

Because the moratorium on evictions hasn't expired, what will happen when it does remains one of the biggest questions.

pandemic, but the moratorium didn't allow them to follow through.

A few landlords said that because of the rental assistance programs, no tenants had missed payments, which hadn't happened in many years. That response varied by area and the types of assistance available through government, nonprofit, or tribal sources.

Many landlords we've surveyed consistently for years had sold their units in 2021. Reasons included downsizing due to the pandemic and taking advantage of the recent strength in the real estate market.

Because the moratorium on evictions hasn't expired, what will happen when it does remains one of the biggest questions. Detailed data on evictions are scarce at the state level because they can be done through the courts or informally, so it's unclear what level would be considered normal.

The Household Pulse Survey, an experimental data project from the U.S. Census Bureau that measures the pandemic's effect on households, estimated that nearly 30 percent of renters who were behind on payments could face eviction within two months. This survey is new and has large margins of error, but it suggests about 4,000 people across Alaska could face eviction when the protections end. Because these data were first produced during the pandemic, we also don't have historical context to know whether that number is high. (For more on the Household Pulse Survey, see page 10.)

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About the rental survey data

We partner with the Alaska Housing Finance Corporation each spring to survey Alaska landlords in selected areas. Because we conducted the 2021 survey the week of March 11, almost exactly a year after the pandemic began, it allowed a comprehensive look at COVID-19's effects on the rental market.

All rents quoted in this article are median adjusted rent unless otherwise noted. Adjusted rent is the contract rent — the amount paid to the landlord — plus the cost of all utilities. Because utility types and costs vary by area, using adjusted rent makes units more comparable.

The survey combines the Wrangell and Petersburg boroughs because of their small size. The Chugach and Copper River census areas, which used to be the Valdez-Cordova Census Area, are also combined.

Apartment rents by area and bedroom size in early 2021

Area	Bedrooms	Median rent*		Vacancy rate	Percent included in contact rent*						
		Contract	Adjusted		Heat	Lights	Hot water	Water	Trash	Sewer	Snow
Anchorage, Municipality	0	\$800	\$889	5.0%	87.3	45.1	88.9	44.5	100.0	44.5	99.8
	1	\$925	\$1,069	4.0%	86.2	37.4	87.7	39.1	99.8	39.2	97.1
	2	\$1,100	\$1,251	4.3%	75.7	8.3	79.4	49.5	98.8	49.4	95.2
	3	\$1,380	\$1,580	5.5%	58.9	8.3	61.0	72.2	87.8	69.7	76.2
Fairbanks North Star Borough	0	\$615	\$663	14.1%	94.9	75.1	93.8	93.2	92.7	91.5	33.3
	1	\$950	\$1,053	9.1%	98.3	23.0	94.7	98.2	94.1	96.4	85.3
	2	\$1,155	\$1,326	12.3%	95.1	6.3	82.3	96.2	89.6	92.5	88.1
	3	\$1,265	\$1,562	6.1%	84.7	8.7	51.5	89.5	76.0	84.3	84.7
Juneau, City and Borough	0	\$1,025	\$1,058	3.2%	78.6	13.5	83.3	100.0	100.0	100.0	91.3
	1	\$1,000	\$1,046	5.5%	66.4	34.1	69.8	100.0	99.5	99.7	88.7
	2	\$1,250	\$1,320	4.6%	36.8	12.3	29.8	99.5	95.6	100.0	90.3
	3	\$1,750	\$1,889	9.6%	55.3	16.0	33.0	97.9	75.5	100.0	54.3
Kenai Peninsula Borough	0	\$685	\$685	10.9%	84.8	56.5	87.0	100.0	91.3	100.0	91.3
	1	\$775	\$850	8.4%	79.1	26.2	80.0	95.1	89.3	95.1	95.6
	2	\$900	\$1,023	7.7%	78.1	16.3	74.8	92.8	91.8	91.1	93.8
	3	\$1,050	\$1,175	8.4%	66.4	24.3	66.4	82.2	85.0	79.4	87.9
Ketchikan Gateway Borough	0	\$800	\$850	2.0%	96.0	88.0	96.0	90.0	88.0	90.0	86.0
	1	\$870	\$1,054	7.1%	83.0	50.9	67.9	58.0	56.3	58.9	63.4
	2	\$1,065	\$1,279	6.9%	75.5	27.7	47.8	39.6	36.5	40.9	57.2
	3	\$1,265	\$1,488	9.4%	78.1	10.9	46.9	14.1	12.5	18.8	54.7
Kodiak Island Borough	0	\$750	\$828	23.4%	97.9	6.4	53.2	100.0	100.0	100.0	87.2
	1	\$975	\$1,030	7.8%	93.3	37.8	93.3	98.9	97.8	98.9	67.8
	2	\$1,300	\$1,365	14.3%	83.0	16.3	78.9	92.5	91.2	92.5	66.0
	3	\$1,350	\$1,517	22.2%	76.4	5.6	76.4	93.1	90.3	93.1	68.1
Matanuska-Susitna Borough	0	\$625	\$650	4.3%	100.0	95.7	100.0	100.0	100.0	100.0	100.0
	1	\$865	\$937	3.4%	73.6	19.3	71.6	98.0	95.6	97.6	91.9
	2	\$900	\$1,039	3.1%	61.0	9.3	56.5	94.4	91.5	91.0	91.5
	3	\$1,200	\$1,424	1.2%	29.8	10.6	31.1	90.7	75.8	83.2	75.2
Sitka, City and Borough	0	\$750	\$927	5.9%	88.2	17.6	88.2	17.6	88.2	88.2	70.6
	1	\$890	\$1,080	11.2%	64.0	19.1	70.8	24.7	43.8	44.9	71.9
	2	\$1,050	\$1,357	9.1%	26.1	10.2	22.7	17.0	12.5	17.0	58.0
	3	\$1,250	\$1,639	4.1%	16.3	6.1	12.2	6.1	6.1	6.1	49.0
Chugach/Copper River Census Area	0	\$900	\$900	33.3%	100.0	77.8	100.0	100.0	100.0	100.0	100.0
	1	\$888	\$900	5.4%	91.1	62.5	87.5	92.9	92.9	92.9	94.6
	2	\$1,100	\$1,241	4.2%	81.4	22.0	62.7	95.8	95.8	95.8	98.3
	3	\$1,300	\$1,375	0%	84.8	24.2	78.8	93.9	93.9	93.9	90.9
Wrangell-Petersburg CA	0	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
	1	\$665	\$850	0%	50.0	20.8	25.0	41.7	45.8	45.8	45.8
	2	\$749	\$959	4.2%	62.5	6.9	43.1	72.2	72.2	69.4	69.4
	3	\$800	\$980	4.8%	38.1	0	38.1	85.7	71.4	90.5	71.4

*Contract rent is the amount paid to the landlord each month, and it may or may not include the costs of some utilities. To allow for more accurate comparisons, adjusted rent includes the cost of all utilities, including the ones the tenant pays separately.

Note: ND means the number is too small to disclose for confidentiality reasons.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2021 Rental Market Survey

Single-family house rents by area and bedroom size in early 2021

Area	Bedrooms	Median rent*		Vacancy rate	Percent included in contact rent*						
		Contract	Adjusted		Heat	Lights	Hot water	Water	Trash	Sewer	Snow
Anchorage, Municipality	1	\$938	\$1,082	7.1%	28.6	14.3	28.6	57.1	57.1	57.1	42.9
	2	\$1,350	\$1,489	6.7%	16.7	16.7	20	50	40	53.3	16.7
	3	\$1,800	\$2,106	1.5%	6.7	5.2	5.2	17.9	12.7	18.7	8.2
	4	\$2,200	\$2,453	5.9%	2	2	2	19.6	9.8	15.7	5.9
Fairbanks North Star Borough	1	\$925	\$1,108	7.8%	68.6	23.5	54.9	66.7	33.3	70.6	78.4
	2	\$1,300	\$1,568	4.3%	56.4	16	30.9	58.5	37.2	50	39.4
	3	\$1,770	\$1,943	7.0%	77.6	0.9	73.9	79.1	79.6	76.2	4.8
	4	\$1,970	\$2,202	0.9%	68.5	0.9	69.4	76.9	72.2	75	4.6
Juneau, City and Borough	1	\$1,000	\$1,050	6.7%	46.7	26.7	40	100	93.3	93.3	73.3
	2	\$1,450	\$1,520	13.3%	40	20	40	100	60	100	66.7
	3	\$1,800	\$1,967	5.3%	15.8	5.3	5.3	100	47.4	94.7	36.8
	4	\$2,600	\$2,804	11.1%	44.4	44.4	44.4	100	88.9	77.8	44.4
Kenai Peninsula Borough	1	\$700	\$957	2.9%	20.6	23.5	23.5	52.9	23.5	58.8	38.2
	2	\$900	\$1,228	9.5%	17.5	15.9	22.2	60.3	22.2	52.4	41.3
	3	\$1,242	\$1,522	1.1%	16.3	16.3	17.4	66.3	19.6	52.2	20.7
	4	\$1,400	\$1,669	0%	22.7	13.6	18.2	68.2	18.2	68.2	22.7
Ketchikan Gateway Borough	1	\$975	\$1,044	33.3%	55.6	55.6	66.7	77.8	66.7	77.8	22.2
	2	\$850	\$1,116	0%	28.6	0	0	14.3	0	28.6	0
	3	\$1,350	\$1,589	25%	12.5	0	12.5	50	25	62.5	12.5
	4	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Kodiak Island Borough	1	\$1,150	\$1,305	0%	25	0	0	75	75	75	37.5
	2	\$1,400	\$1,524	10.7%	28.6	7.1	17.9	89.3	92.9	92.9	25
	3	\$1,725	\$1,907	0%	9.5	2.4	4.8	71.4	61.9	66.7	9.5
	4	\$2,100	\$2,320	9.1%	0	0	9.1	81.8	90.9	63.6	18.2
Matanuska-Susitna Borough	1	\$825	\$1,003	0%	27.8	22.2	33.3	88.9	66.7	55.6	33.3
	2	\$1,100	\$1,270	0%	0	4.8	4.8	71.4	57.1	57.1	23.8
	3	\$1,395	\$1,681	1.8%	2.7	2.7	4.4	72.6	61.9	29.2	13.3
	4	\$1,700	\$2,067	0%	3	0	6.1	63.6	33.3	39.4	9.1
Sitka, City and Borough	1	\$800	\$1,123	7.7%	30.8	30.8	30.8	30.8	30.8	30.8	30.8
	2	\$1,100	\$1,457	6.5%	6.5	6.5	6.5	6.5	6.5	6.5	22.6
	3	\$1,740	\$2,082	3%	12.1	9.1	9.1	9.1	9.1	9.1	18.2
	4	\$1,990	\$2,293	0%	0	0	0	0	0	0	16.7
Chugach/Copper River Census Area	1	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
	2	\$1,050	\$1,201	16.7%	16.7	16.7	16.7	50	50	50	33.3
	3	\$1,768	\$1,963	0%	12.5	16.7	16.7	37.5	29.2	37.5	29.2
	4	\$1,550	\$1,963	16.7%	0	0	0	33.3	16.7	50	66.7
Wrangell-Petersburg CA	1	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
	2	\$720	\$917	0%	0	0	0	14.3	42.9	14.3	42.9
	3	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
	4	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND

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