2019 Annual Short-term Rental Report
City and Borough of Sitka
Planning and Community Development Department
March 18, 2020

Prepared for Chair Spivey and Members of the Planning Commission
Copy provided to: Mayor Paxton and Assembly Members
John Leach, Municipal Administrator

Report Sections

Please note the following:

This report only covers short-term rentals or bed and breakfast establishments that operate through the conditional use permit process. This report does not have information about short-term rentals that are operated as a right within the Central Business District, Commercial 1 District, Commercial 2 District, Waterfront District, General Island District, and/or Recreational District.

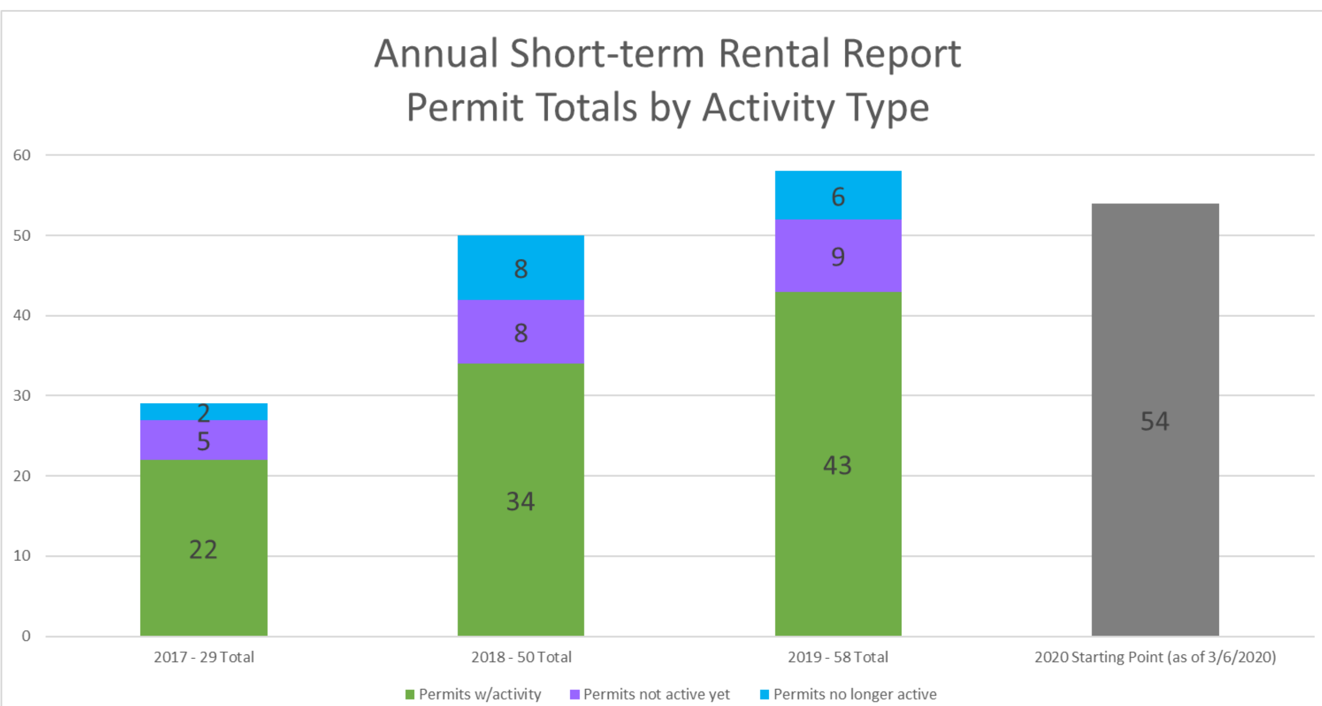
The term “short-term rental” or STR, will also be used to describe bed and breakfast establishments permitted through the conditional use permit (CUP) process.

I. Permit Holder Data

A. <u>Financial Data</u>

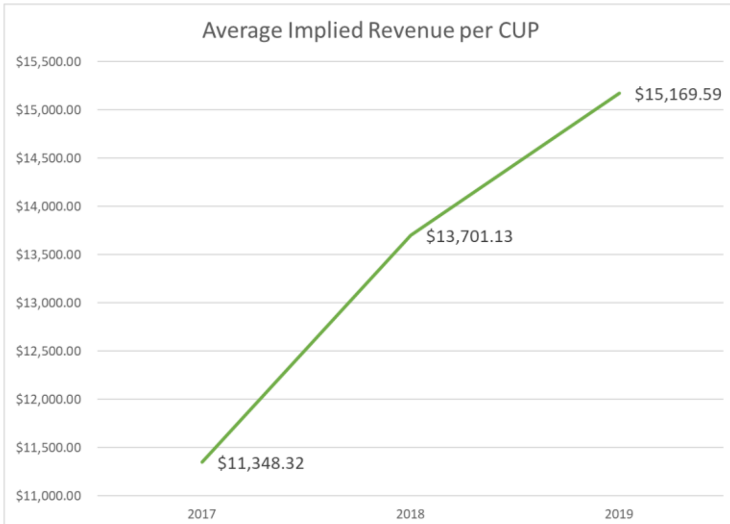
Permit Data	2017	2018	2019
Total Permits	29	50	58
Active permits in use	22	34	43
Active permits not yet used	5	8	9
No longer active permits	2	8	6
Rental Data			
Total nights rented	1155	2928	3190
Average nights rented per CUP	53	86	74
Minimum nights rented	2	2	2
Maximum nights rented	146	446	259
Financial Data			
Total bed tax remitted	$ 14,979.78	$ 27,950.30	$ 39,137.55
Total implied revenue	$ 249,663.00	$ 465,838.33	$ 652,292.50
Average bed tax remitted per CUP	$ 680.90	$ 822.07	$ 910.18
Average implied revenue per CUP	$ 11,348.32	$ 13,701.13	$ 15,169.59
Minimum bed tax remitted	$ 12.50	$ -	$ 14.40
Maximum bed tax remitted	$ 2,434.29	$ 3,107.72	$ 3,776.19

Summary: The Commission approved 14 new CUPs for STRs in 2019, while 6 became inactive in that time. This means that new approvals outpaced "natural decline" of permit holders at an approximate 2:1 ratio. Of the permits approved in 2019, 7 became active within the calendar year. The remaining have not yet begun operation, but are still within the activation period wherein the permit can be utilized.



These permits, as well as the 4 permits approved in 2020 to date were included in the "2020 Starting Point as of 3/6/2020" in the graph above.

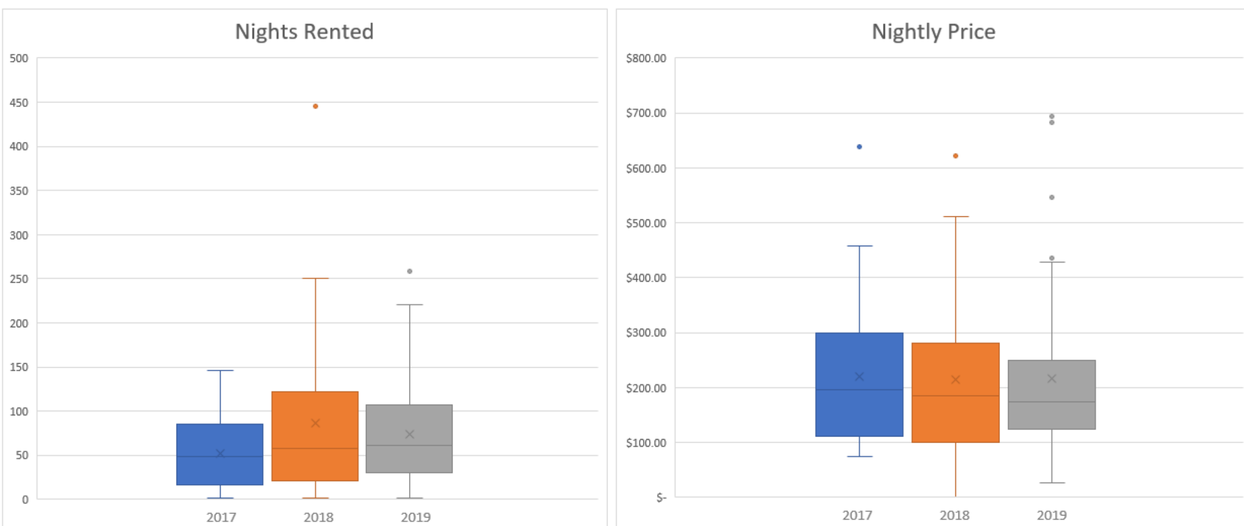
As Sitka's bed tax on short-term rentals is 6%, and the average bed tax remitted was $910.18; this means that the average revenue for permit holders was approximately $15,169.59. For the 43 active users that reported in 2019, this is a significant revenue source that could substantially offset housing expenses. If the total bed tax remitted from these permits was $39,137.55, this means that the total revenue from short-term rentals was approximately $652,292.50; a sizable revenue stream that was not otherwise captured at hotels, lodges, or short-term rentals/bed and breakfast establishments in other zoning districts.



The average implied revenue per CUP has increased year-on-year since the data was aggregated in 2017.

In the case of short-term rentals, revenue is a fairly simple equation – the nightly price of a rental multiplied by the nights rented. Therefore, understanding the trend of why average revenue is rising should be a function of understanding trends in rental price and nights rented.

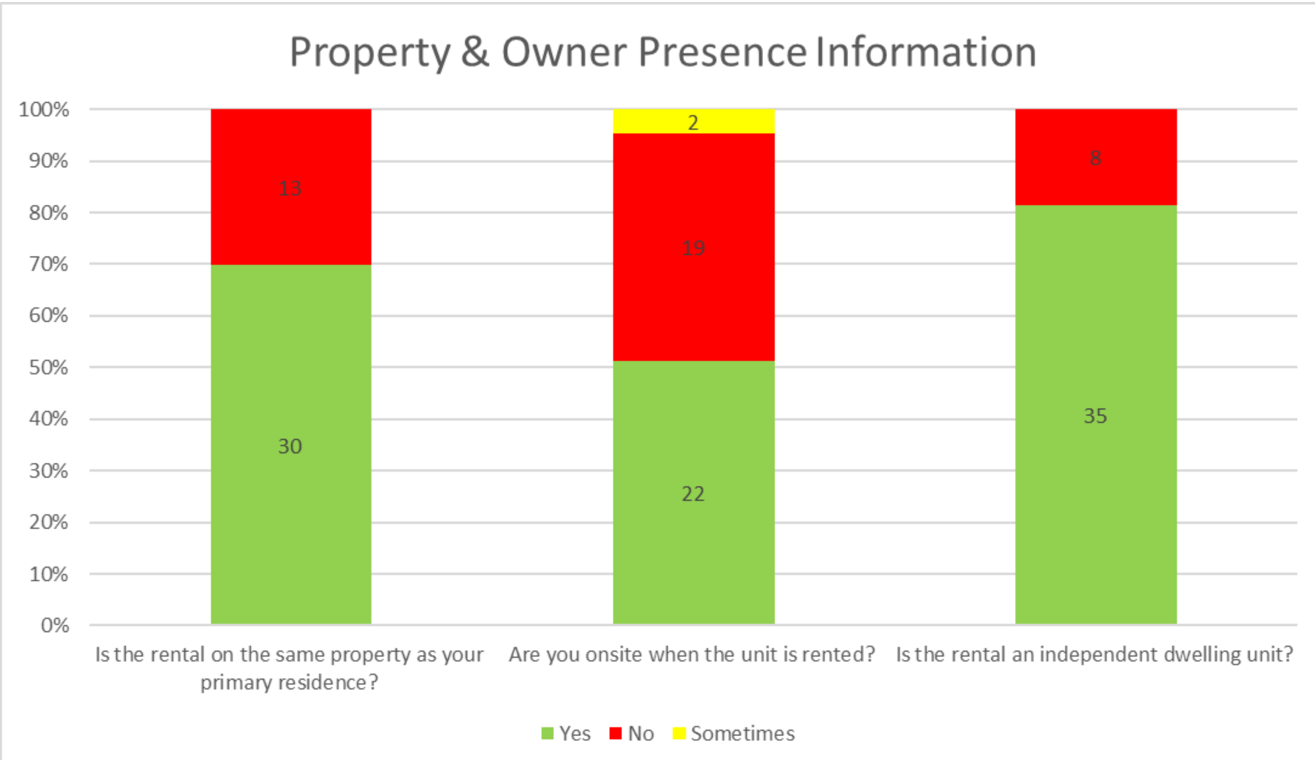
Nightly price was derived from the bed tax remitted. The below box and whisker plots depict the distributions of bed tax remitted and rental nights. The shaded boxes indicate the middle two quartiles of each data set, with the average indicated with an "x". The "whiskers" denote the range in the bottom and upper quartiles. Dots outside the box and whiskers show statistical outliers, which skew the average.



The presence of four outliers in the nightly price for 2019 are indicative that outliers are more likely the cause of the substantial increase in revenue per CUP in 2019; the middle quartiles are actually in a narrower band of distribution than previous years, which would imply a tightening of prices in the middle ranges. It appears that more high-price or "luxury" type short-term rentals are present in the 2019 responses, resulting in an increase in average revenue per CUP. The maximum reported bed tax amount for 2019 was $3,776.19 which would imply total revenue of $62,936.50. While there is a broad range of revenues being made per CUP, it is still evident that permit issuance has the potential to be very valuable to current and potential permit holders.

B. Property Data

In an attempt to answer the question, "to what extent are short-term rentals decreasing the available pool of long-term rentals?" staff included some questions about the property and owner presence during rental periods in this year's report.



70% of active permit holders responded that the rental was on the same property as their primary residence, and there was about a 50/50 split between permit holders being onsite during rental periods. 80% of the rental units were reported as independent dwelling units.

Of the 13 respondents who stated that the rental was not on the same property as their primary residence, 12 of those rentals were described as independent dwelling units. It would stand to reason that if the property is not a primary residence and is an independent dwelling unit, it would have limited use outside of long-term rental were it not for the short-term rental option.

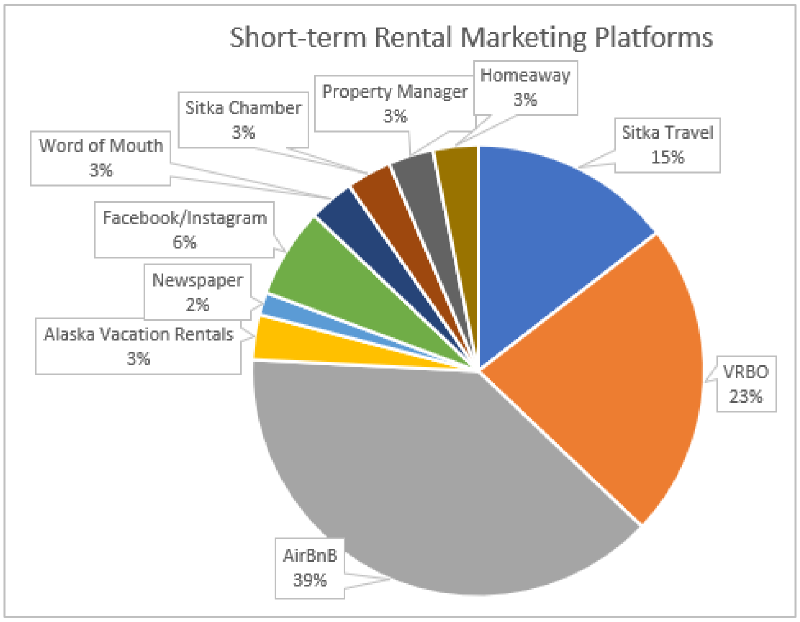
It is more challenging to make this determination within the pool of those who claim the rental is part of their primary residence; among this group, 23 are reported as independent dwelling units. The choices to utilize a dwelling unit within one's primary resident include guest space, hobby space, or just additional living area; we cannot definitively say these short-term rentals detract from the long-term rental pool.

C. Marketing Platforms

Another new addition to the 2019 report was a question to permit holders the marketing platforms used. Staff felt this was helpful information to assist in monitoring short-term rental activity as well as understanding how many short-term rentals are professionally managed.

Most respondents listed multiple marketing platforms, such as using multiple websites, or a manager as well as a private listing site (such as Airbnb, VRBO, or HomeAway).

Airbnb was far and away the most popular marketing platform, followed by VRBO.



30% of those with active permits stated that they were using professional services such as Sitka Travel and Alaska Vacation Rentals, or unnamed property managers.

II. Known Feedback, Comments, and Concerns

A. Permit Holder Feedback and Comments

Permit holders reported some of the feedback that is to be expected in running a lodging business; difficulty in communicating to renters, managing reservations, cleaning, etc. Three permits that were active or eligible for activity in 2019 have indicated that they plan to discontinue use in 2020. Some requested more modernized methods of communication and payment such as a desire to make bed tax payments online. Two permit holders expressed gratitude for the ability to run short-term rentals, as they felt it made a significant contribution to their income.

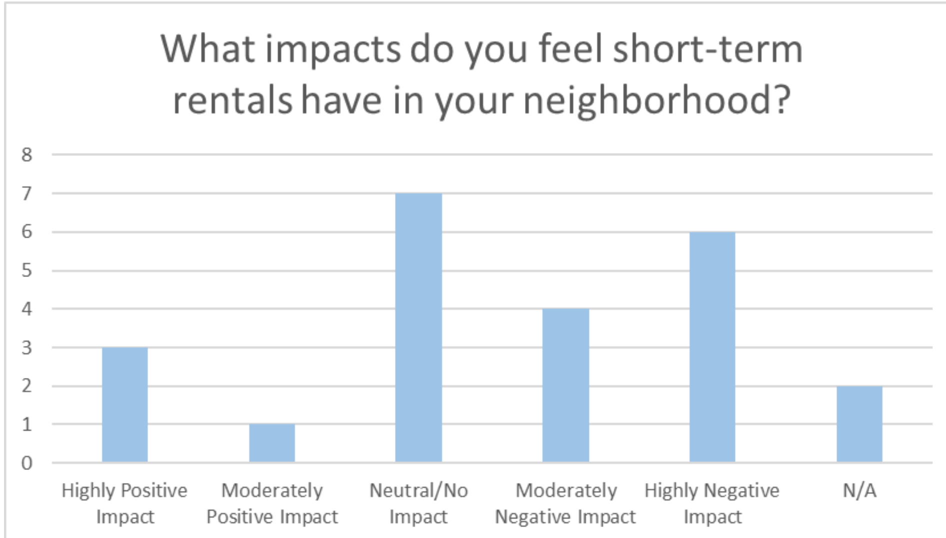
B. Community Survey Results

This year, staff also wanted to survey the larger community to gauge attitudes towards short-term rentals. 23 individuals responded to the survey. Of those, approximately 74% were aware of short-term rental activity in their neighborhood, and approximately 70% felt there should be limitations on short-term rentals.

Common themes in the open comment/feedback/suggestion section:

- Short-term rentals take the place of long-term housing
- Short-term rentals increase housing costs
- Short-term rentals should be better managed to minimize impact to the neighborhoods they are in
- Spacing/distribution of short-term rentals matters
- CBS/Planning Commission should study short-term rentals and limit their growth
- Short-term rentals provide less expensive lodging alternatives and revenue to the city
- Short-term rentals provide income to property owners to offset cost of living
- The market should be able to regulate itself

For those who felt there should be limitations on short-term rentals, 30% were in favor of limitations based on housing type, 40% were in favor of limitations based on location, 60% were in favor of limitations based on neighborhood concentration or density, and 60% were in favor of limitations based on a total, city-wide cap. It's notable that 15% of respondents answered that no limitations were needed.



III. Direction of Staff

Given the reported information, Staff would like to hear feedback from the Commissioners about their thoughts and feedback on the status of short-term rentals operating through the conditional use permit process.

A report done by 2nd Address notes highlights short-term rental laws in major cities, this report is attached for your reference. A popular provision being utilized is that the host must be the primary residence of the rental unit. This is the case in New York City, LA, Washington D.C., Boston, and Denver. Many have instituted city permitting, registration, and bed tax regulations that are already in effect for Sitka.

Staff would like direction from the Commission on two questions:

1. Is the Commission interested in pursuing code changes to further regulate and/or limit the issuance of new conditional use permits for short-term rentals?
2. If yes, what particular changes is the Commission interested in pursuing:
    a. Owner vs. non-owner occupied units
    b. Densities within neighborhoods
    c. Overall city-wide cap
    d. Transferability of the permit
    e. Other

IV. Attachments

2nd Address Report

Short-Term Rental Distribution Maps

Rental Statistics from the Department of Labor

COMPARED:

Short-Term Rental Laws Across the Country

Categories

Apartments For Rent / Company Announcements / Data & Trends / Host Guides / Industry Insights

City	Summary	Take Effect	Fine	STR License Fee	Additional Cost
New York	1. Can't rent out entire apartment (hosts must be present) 2. Can't advertise an apartment 3. Up to 2 paying guests	May 2011	$1,000 - $7,500 (illegal advertising of apartments)	N/A	1. Sales and use tax 2. Hotel room occupancy tax
San Francisco	1. Must register as a business and as a short-term rental 2. Hosts must be permanent residents 3. Up to 90 nights a year without hosts 4. No income-restricted affordable housing	Feb. 2015	≥ $484 (per day)	$250	1. Transient occupancy tax 2. Business personal property tax
Los Angeles	1. Must obtain licenses 2. Must be primary residence 3. Up to 120 days a year	July 2019	≥ $500 (per day)	$89	Transient occupancy tax
Washington DC	1. Must obtain license, additional "vacation rental" endorsement for renting out an entire unit 2. Must be primary residence 3. Up to 90 nights a year without hosts	Oct 2019	$500 - $6,000 (per violation)	TBD	Transient lodging tax
Chicago	1. Short-term rental platforms must obtain license 2. Hosts with 1 home-share unit register through the rental platform 3. Hosts with ≥ 1 home-share unit must obtain license from city of Chicago 4. Vacation rental must obtain license	March 2017 (host registration)	$1,500 - $3,000 (per day)	$0 - $250	Hotel accommodation tax
Boston	1. Must obtain license 2. Must be primary residence or an secondary unit at their primary residence 3. No income-restricted units	Jan. 2019	$100 - $300 (per day)	$25 - $200	Same tax as hotel
Seattle	1. Short-term rental platforms must obtain license 2. Hosts must register as a business and as a short-term rental 3. Up to 2 units 4. If operate 2 units, one must be primary residence	Sep. 2019	$500 - $1,000 (per violation)	$75	1. Retail sales tax 2. Lodging tax 3. Business and occupation tax

Data source: Municipal Codes

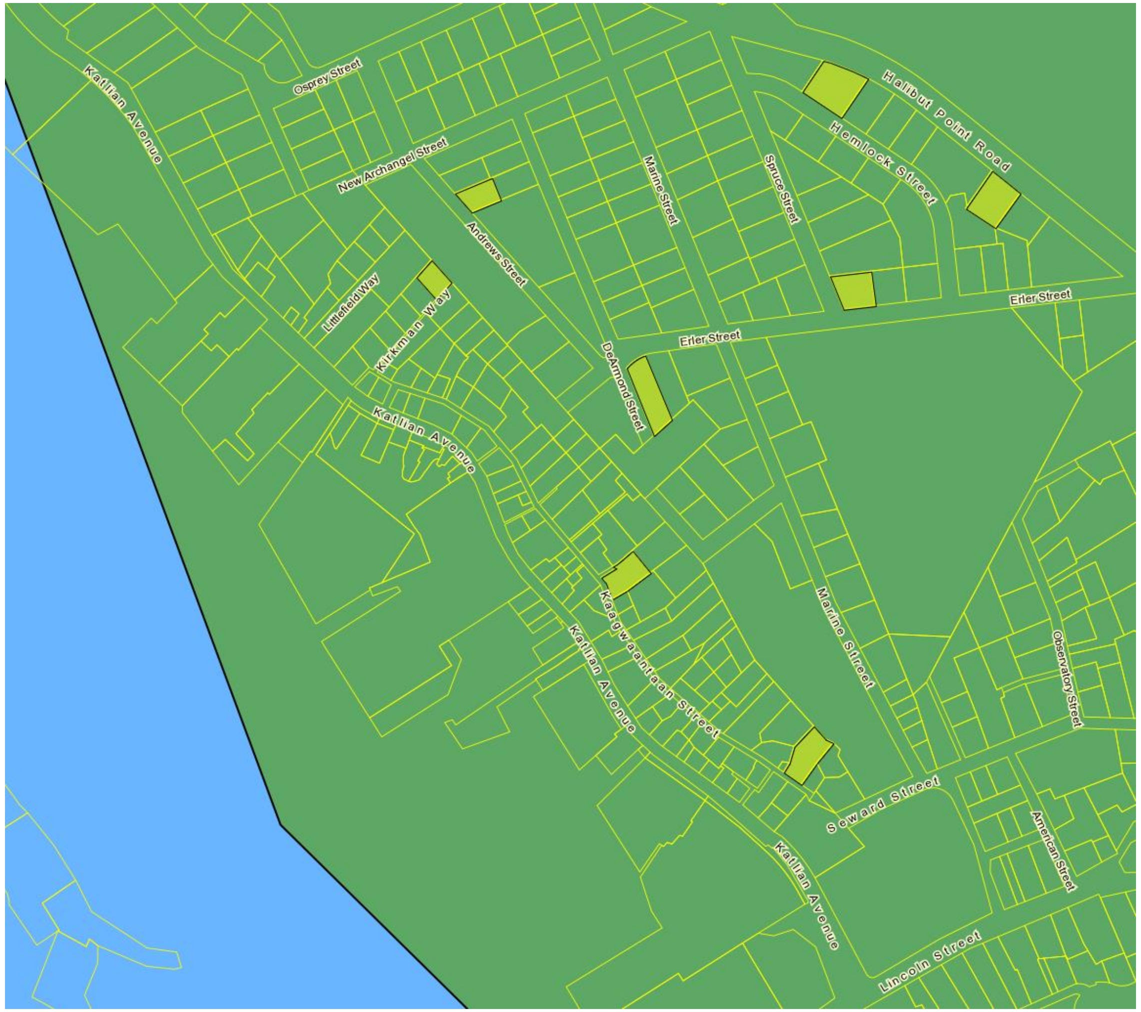
2nd Address

Quick links to short-term rental laws in each city:

Citywide view of short-term rental distribution

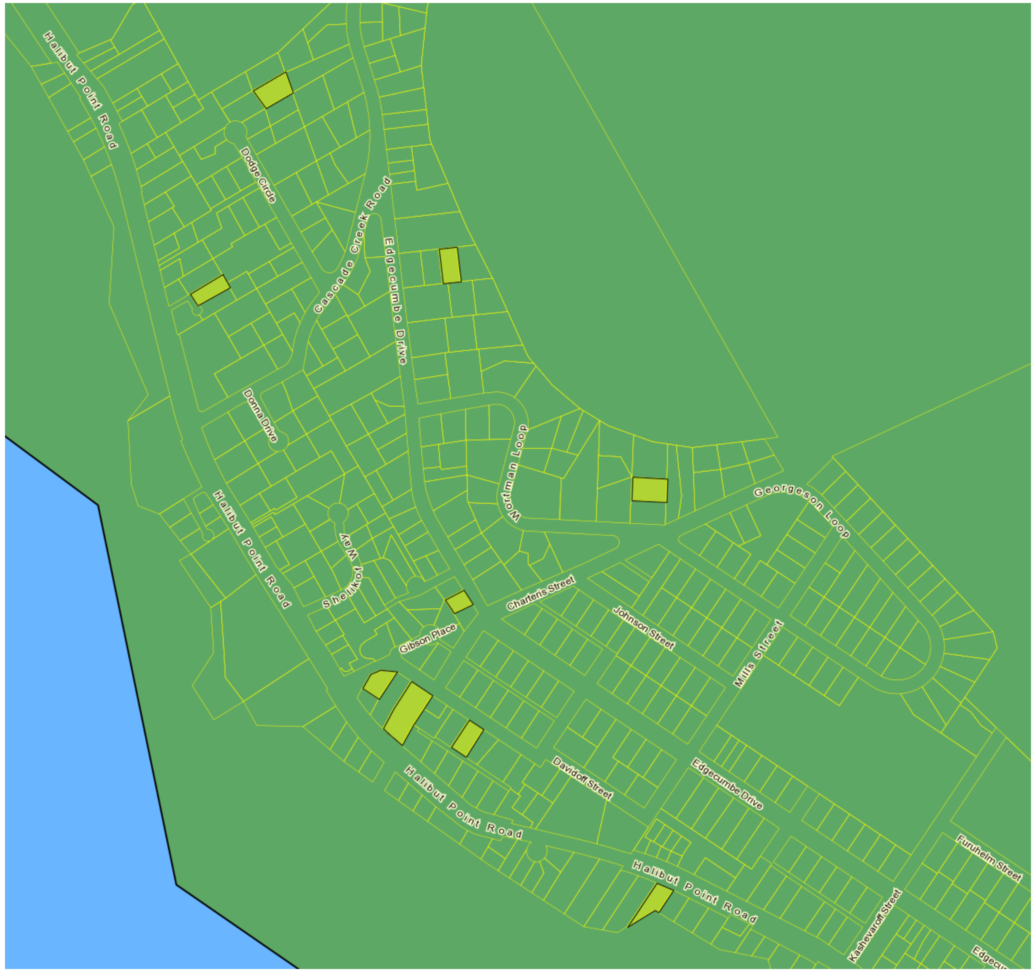
Includes “active” and “not yet active” permits included in 2019 Annual Short-term Rental Report

Downtown: West of Swan Lake & Katlian/Kaagwaantaan

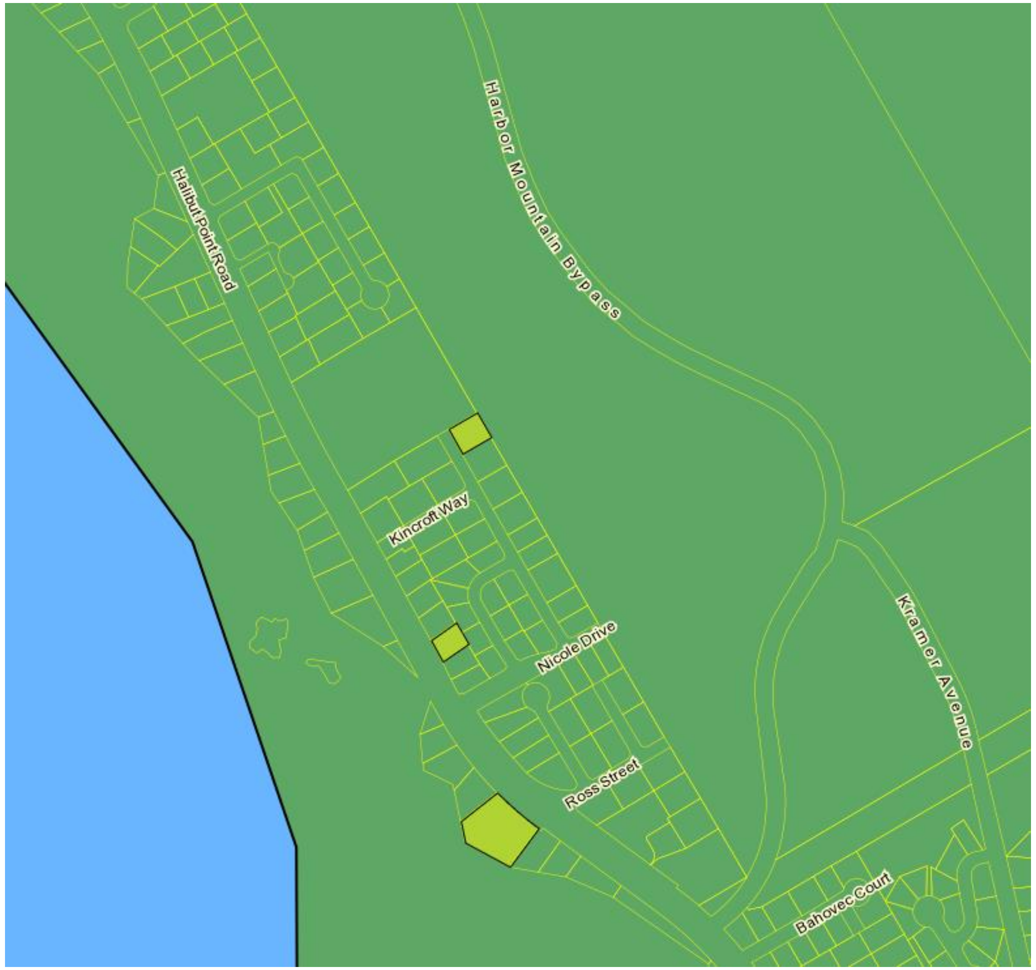


Downtown: Sawmill Creek to Lincoln Street

Edgecumbe Drive & Connectors: Charteris, Davidoff, Dodge Circle



Nicole/Kincroft Neighborhood



Alaska's Rental Market

2019 survey finds increased vacancy, some slightly lower rents

By **ROB KREIGER**

Rents fell slightly in 2019 and vacancies rose, according to our annual survey of Alaska landlords. The increase in vacancies continues a three-year trend that has pushed the overall vacancy rate to a 10-year high of 8.6 percent.

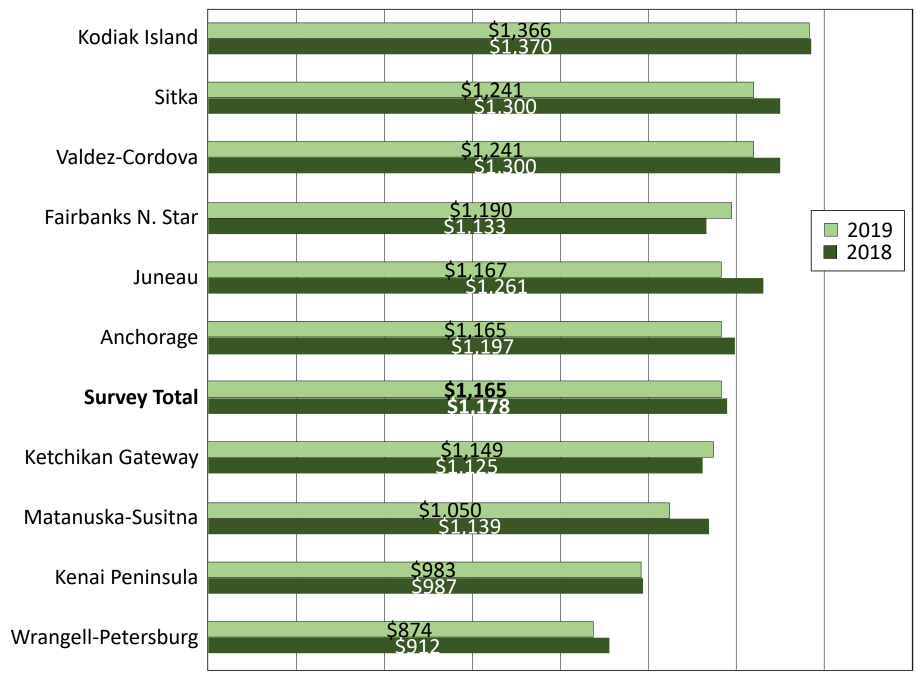
Rental costs and the broader housing market remained mostly stable throughout Alaska's recession (see the August 2018 issue of *Trends*), but the continued rise in vacancy suggests the state's weak economy is hurting the rental market.

Recession still leaving its mark

The state's recent recession began in late 2015, but the steady increase in vacancy rates didn't begin until after 2016, when Alaska's job losses accelerated. Over the next couple of years, vacancies rose in most areas, and in some cases sharply.

1 Most Rents Down, Kodiak's Still Highest

MEDIAN ADJUSTED RENT,* ALL UNIT TYPES, 2018 AND 2019



*Adjusted rent includes the cost of all utilities. See the sidebar on the next page for more details.

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

Despite modest job growth in recent months, the continued rise in vacancy and Alaska's ongoing net migration losses suggest workers have continued to leave the state for opportunities elsewhere. (For an in-depth look at how the strength or weakness of the American economy can affect Alaska's migration patterns, see the article on page 10.)

Rents up and down by area, but remain close to 2018 overall

Overall, median adjusted rent fell $13 from 2018, or 1.1 percent, with a variety of ups and downs by area. Adjusted rent is the rent paid to the landlord plus the cost of all typical utilities. (See Exhibit 1 and the sidebar on the next page.)

Kodiak's rents were highest in 2019, as they were in 2018, while Wrangell and Petersburg rents remained lowest. Only Wrangell, Petersburg, and Kenai rents were below $1,000 a month.

Rent dropped the most in the Matanuska-Susitna Borough and Juneau, by 7.8 percent and 7.5 percent, respectively. Rent rose by 5 percent in Fairbanks and 2.1 percent in Ketchikan.

Fairbanks' survey results were unusual this year in that rents went up, making the area more expensive than Juneau and Anchorage, but its vacancy rate increased significantly at the same time. Higher rents are typically driven by low vacancy rates.

It isn't clear what's driving Fairbanks' rise in rent, especially given the higher vacancy rate, but new or different types of housing entering the market at higher rents as well as higher utility costs are likely factors.

Kodiak's two-bedroom apartment rent is highest

Two-bedroom apartments are the most common rental units in all areas. Kodiak's adjusted two-bedroom apartment rent remained highest in 2019 at $1,371 per month, followed by Juneau at $1,352. Wrangell and Petersburg were lowest at $861, followed by Kenai at $1,015. (See Exhibit 2.)

Renting a house costs the most in Anchorage

Three-bedroom homes are the most common size for house rentals, and they were the most expensive in Anchorage at $2,011 per month. Kodiak was second at $1,961. (See Exhibit 3.)

About the data

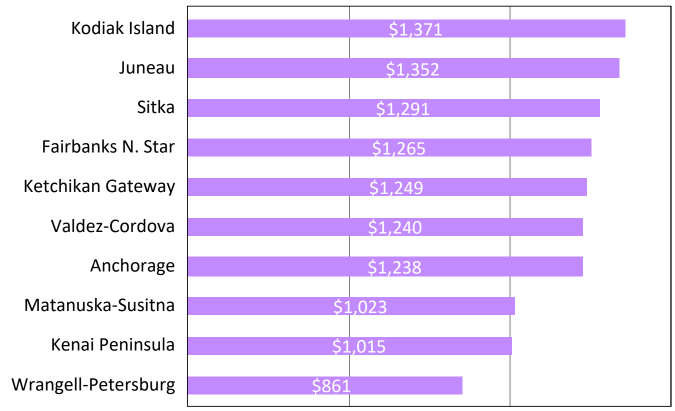
For more than 25 years, the Alaska Department of Labor and Workforce Development's Research and Analysis Section has partnered with the Alaska Housing Finance Corporation to conduct a survey every March of rental housing costs and vacancies in selected parts of Alaska.

Unless otherwise specified, 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.

This survey doesn't include income-restricted units or other rentals not available to the public.

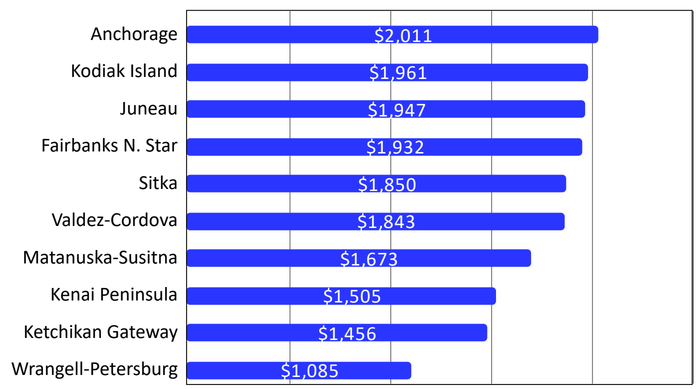
2 Kodiak Apartments Cost the Most

MEDIAN ADJUSTED RENTS, 2-BEDROOM, MAR 2019



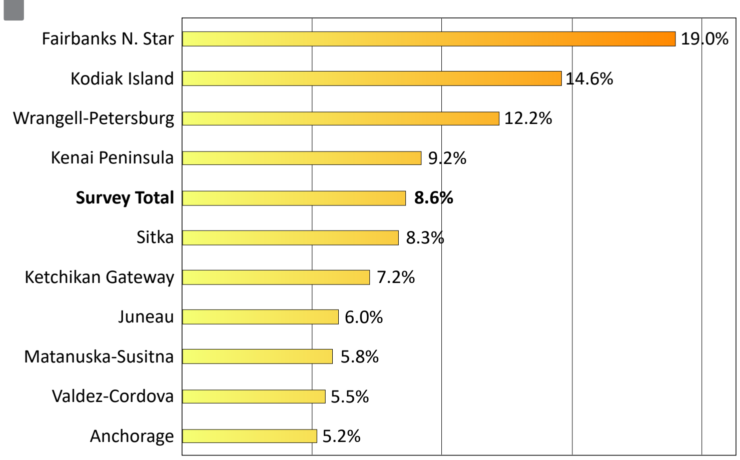
3 House Rent Highest in Anchorage

MEDIAN ADJUSTED RENTS, 3-BEDROOM, MAR 2019



4 High Vacancy in Fairbanks, Kodiak

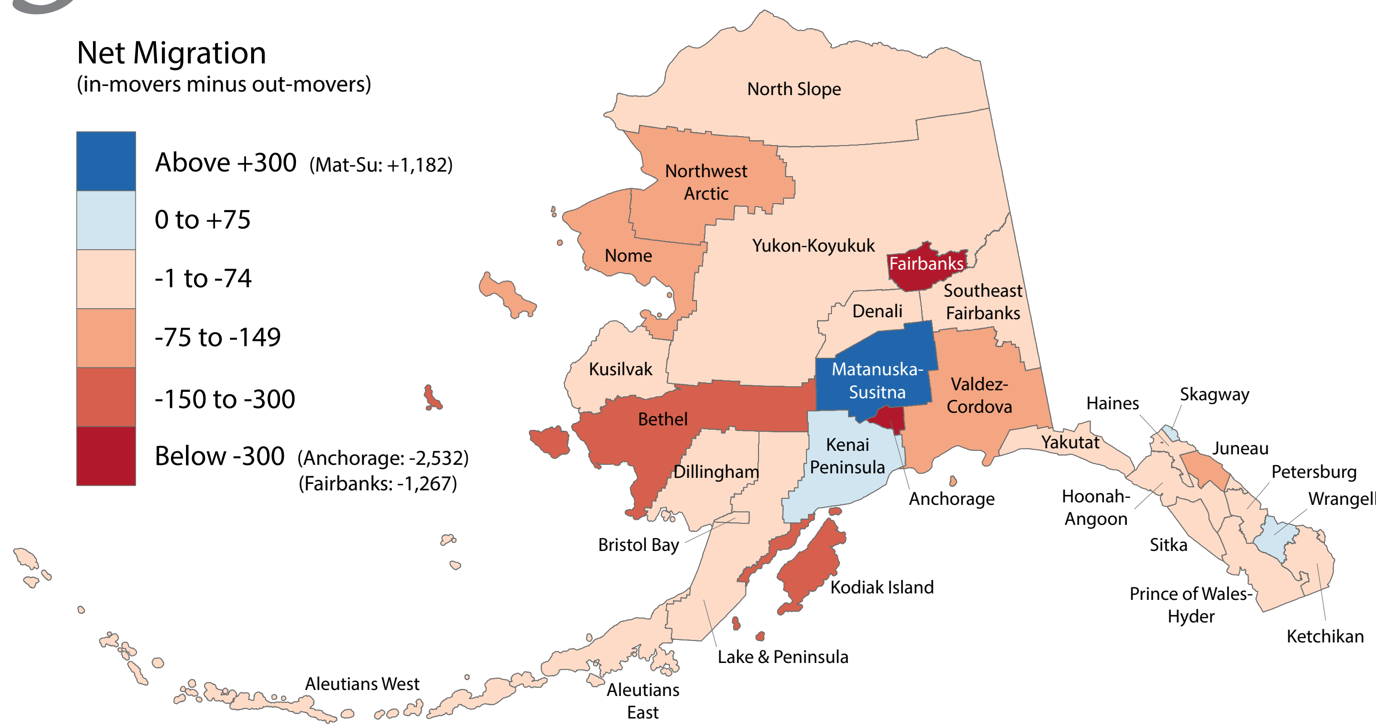
VACANCY RATES BY AREA, ALL UNIT TYPES, MAR 2019



Source for exhibits 2-4: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation

5 More People Have Left Alaska Than Moved Here in Recent Years

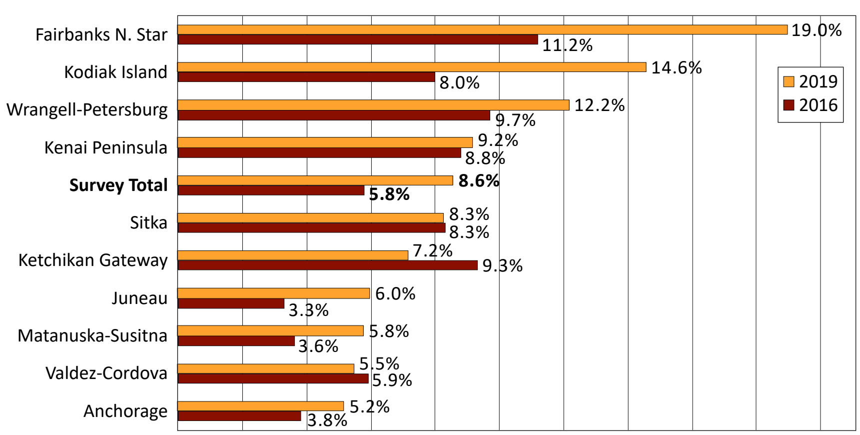
NET MIGRATION BY AREA, YEARLY AVERAGE FROM 2010 TO 2018



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

6 How Vacancy Changed In Three Years

VACANCY RATES BY AREA, 2016 AND 2019



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

Wrangell and Petersburg were lowest in this category as well, at $1,085, followed by Ketchikan at $1,456.

A few areas remain tight, but vacancy up in most

While vacancy rates rose overall in 2019, results varied considerably by area. Sitka, Ketchikan, and the Valdez-Cordova Census Area were the only areas whose vacancy rates dropped.

Anchorage's rental market remained relatively tight at 5.2 percent vacancy, followed by Valdez-Cordova at 5.5 percent. (See Exhibit 4.) It's important to note, though, that 5.2 percent vacancy is high for Anchorage, which is typically down in the 3 to 4 percent range.

Juneau followed a similar pattern. While Juneau's vacancy rate was still

Article continues on page 9

7 Apartment Rents, Utilities, and Vacancies By Area

By number of bedrooms, March 2019

							Percent of Units That Include Utility					
Surveyed Area	**Number of Bedrooms**	**Avg Contract Rent**	**Average Adj Rent**	**Median Contract Rent**	**Median Adj Rent**	**Vacancy Rate**	**Heat**	**Light**	**Hot Wtr**	**Water**	**Garbage**	**Sewer**
Anchorage, Municipality	0	$787	$873	$755	$842	5.3%	87.4%	47.1%	89.0%	45.7%	99.5%	45.7%
	1	$978	$1,087	$905	$1,024	4.6%	86.0%	36.2%	87.8%	39.6%	99.7%	39.5%
	2	$1,175	$1,313	$1,100	$1,238	4.9%	72.7%	7.7%	75.6%	51.9%	98.3%	51.8%
	3	$1,427	$1,566	$1,393	$1,523	8.0%	59.3%	8.1%	62.2%	75.9%	88.3%	73.9%
Fairbanks North Star Borough	0	$645	$672	$618	$669	17.7%	98.8%	68.3%	97.6%	97.6%	95.1%	97.6%
	1	$889	$972	$900	$993	19.6%	98.3%	22.2%	93.1%	98.4%	92.8%	97.0%
	2	$1,111	$1,247	$1,140	$1,265	23.9%	97.8%	6.5%	83.0%	96.5%	92.3%	95.2%
	3	$1,313	$1,554	$1,265	$1,543	11.0%	89.9%	5.1%	46.8%	89.0%	75.1%	93.2%
Juneau, City and Borough	0	$910	$945	$955	$988	3.1%	78.7%	14.2%	82.7%	100.0%	100.0%	100.0%
	1	$1,006	$1,043	$1,000	$1,037	5.9%	72.9%	38.3%	72.1%	99.5%	98.9%	99.5%
	2	$1,253	$1,338	$1,250	$1,352	6.1%	42.5%	13.5%	36.4%	99.3%	93.9%	99.3%
	3	$1,670	$1,795	$1,700	$1,840	5.8%	51.0%	8.7%	30.8%	97.1%	71.2%	99.0%
Kenai Peninsula Borough	0	$626	$652	$650	$665	7.1%	92.9%	71.4%	90.0%	100.0%	98.6%	100.0%
	1	$755	$861	$765	$831	6.9%	79.3%	26.7%	79.3%	94.4%	92.2%	94.4%
	2	$905	$1,043	$880	$1,015	12.5%	80.7%	17.2%	76.9%	94.6%	92.2%	94.1%
	3	$1,152	$1,320	$1,100	$1,237	2.5%	63.3%	16.5%	63.3%	88.6%	82.3%	91.1%
Ketchikan Gateway Borough	0	$889	$903	$800	$800	17.0%	95.7%	91.5%	95.7%	93.6%	91.5%	93.6%
	1	$908	$1,001	$875	$1,000	6.3%	83.3%	39.7%	71.4%	57.9%	57.1%	58.7%
	2	$1,130	$1,254	$1,065	$1,249	3.2%	90.3%	35.1%	59.7%	48.1%	47.4%	48.1%
	3	$1,370	$1,538	$1,300	$1,460	7.9%	85.7%	22.2%	61.9%	28.6%	25.4%	28.6%
Kodiak Island Borough	0	$811	$867	$750	$830	16.3%	98.0%	8.2%	55.1%	100.0%	100.0%	100.0%
	1	$1,019	$1,060	$975	$1,031	8.4%	95.8%	33.7%	93.7%	98.9%	98.9%	98.9%
	2	$1,277	$1,359	$1,300	$1,371	17.1%	88.0%	11.4%	85.1%	94.3%	93.1%	94.3%
	3	$1,447	$1,567	$1,500	$1,584	15.7%	75.9%	4.8%	75.9%	92.8%	92.8%	92.8%
Matanuska-Susitna Borough	0	$688	$694	$628	$638	3.6%	100.0%	89.3%	100.0%	100.0%	100.0%	100.0%
	1	$806	$883	$800	$883	7.0%	80.2%	16.0%	79.0%	96.9%	95.7%	95.7%
	2	$939	$1,044	$900	$1,023	6.8%	71.5%	12.6%	69.6%	95.1%	93.7%	87.9%
	3	$1,282	$1,454	$1,250	$1,438	7.1%	35.3%	7.1%	35.3%	91.2%	89.4%	62.9%
Sitka, City and Borough	0	$726	$895	$750	$920	0%	68.4%	5.3%	78.9%	10.5%	68.4%	68.4%
	1	$852	$1,050	$875	$1,073	6.5%	58.1%	11.8%	65.6%	19.4%	33.3%	39.8%
	2	$1,011	$1,298	$1,000	$1,291	7.7%	25.3%	4.4%	26.4%	11.0%	6.6%	11.0%
	3	$1,299	$1,568	$1,200	$1,373	12.2%	14.6%	2.4%	9.8%	4.9%	4.9%	4.9%
Valdez-Cordova Census Area	0	$907	$907	$900	$900	28.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	1	$998	$1,028	$900	$900	3.8%	88.5%	71.2%	84.6%	90.4%	90.4%	90.4%
	2	$1,200	$1,289	$1,100	$1,240	4.9%	80.5%	30.9%	62.6%	96.7%	95.1%	96.7%
	3	$1,349	$1,460	$1,275	$1,378	3.1%	84.4%	28.1%	78.1%	87.5%	90.6%	90.6%
Wrangell/Petersburg	0	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
	1	$655	$761	$608	$780	26.9%	53.8%	30.8%	34.6%	38.5%	50.0%	42.3%
	2	$783	$918	$700	$861	9.0%	62.7%	6.0%	44.8%	64.2%	70.1%	61.2%
	3	$805	$960	$800	$907	0%	52.9%	5.9%	52.9%	58.8%	64.7%	64.7%

Notes: Contract rent is the amount paid to the landlord each month, which may or may not include some utilities. Adjusted rent is the contract rent plus all utilities, which allows for comparisons among areas.
ND = Not disclosable for confidentiality reasons

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2019 Rental Survey

8 Single-Family House Rents, Utilities, and Vacancies by Area

By number of bedrooms, March 2019

							Percent of Units That Include Utility					
Surveyed Area	Number of Bedrooms	Avg Contract Rent	Average Adj Rent	Median Contract Rent	Median Adj Rent	Vacancy Rate	Heat	Light	Hot Wtr	Water	Garbage	Sewer
Anchorage, Municipality	1	$891	$1,050	$863	$1,066	8.3%	25.0%	25.0%	25.0%	58.3%	58.3%	58.3%
	2	$1,290	$1,498	$1,325	$1,529	16.7%	11.1%	8.3%	11.1%	47.2%	38.9%	47.2%
	3	$1,771	$2,025	$1,750	$2,011	8.8%	8.0%	6.6%	5.8%	23.4%	18.2%	23.4%
	4	$2,088	$2,397	$2,038	$2,374	8.7%	0%	0%	0%	15.2%	13.0%	15.2%
Fairbanks North Star Borough	1	$890	$1,074	$900	$1,077	12.9%	64.5%	17.7%	48.4%	69.4%	27.4%	69.4%
	2	$1,170	$1,459	$1,213	$1,492	11.8%	51.3%	7.9%	25.0%	60.5%	30.3%	55.3%
	3	$1,733	$1,947	$1,770	$1,932	11.3%	84.0%	1.3%	80.2%	85.2%	82.2%	85.0%
	4	$1,936	$2,248	$1,970	$2,164	25.5%	73.6%	0.9%	67.9%	76.4%	70.8%	77.4%
Juneau, City and Borough	1	$1,022	$1,100	$1,000	$1,040	11.1%	33.3%	16.7%	38.9%	100.0%	83.3%	94.4%
	2	$1,604	$1,716	$1,650	$1,759	8.3%	33.3%	16.7%	33.3%	91.7%	66.7%	91.7%
	3	$1,758	$1,913	$1,800	$1,947	7.7%	23.1%	11.5%	15.4%	92.3%	53.8%	88.5%
	4	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Kenai Peninsula Borough	1	$700	$942	$700	$884	10.2%	24.5%	24.5%	30.6%	59.2%	38.8%	63.3%
	2	$931	$1,213	$900	$1,206	12.7%	15.5%	12.7%	18.3%	53.5%	21.1%	45.1%
	3	$1,147	$1,449	$1,179	$1,505	5.8%	20.9%	20.9%	22.1%	61.6%	24.4%	47.7%
	4	$1,343	$1,689	$1,313	$1,676	0.0%	11.1%	11.1%	11.1%	66.7%	22.2%	66.7%
Ketchikan Gateway Borough	1	$869	$960	$900	$1,008	37.5%	37.5%	37.5%	37.5%	75.0%	62.5%	75.0%
	2	$810	$992	$750	$932	11.1%	33.3%	11.1%	11.1%	44.4%	22.2%	55.6%
	3	$1,255	$1,466	$1,300	$1,456	9.1%	9.1%	0.0%	9.1%	45.5%	36.4%	54.5%
	4	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Kodiak Island Borough	1	$1,083	$1,211	$1,150	$1,228	21.4%	21.4%	28.6%	35.7%	71.4%	64.3%	71.4%
	2	$1,370	$1,492	$1,325	$1,461	0.0%	20.8%	8.3%	25.0%	95.8%	91.7%	95.8%
	3	$1,749	$1,987	$1,750	$1,961	20.0%	2.5%	5.0%	5.0%	75.0%	57.5%	75.0%
	4	$1,932	$2,208	$2,100	$2,304	27.3%	0%	0%	18.2%	63.6%	63.6%	72.7%
Matanuska-Susitna Borough	1	$789	$976	$788	$962	11.1%	38.9%	33.3%	38.9%	88.9%	72.2%	55.6%
	2	$1,004	$1,170	$963	$1,168	0.0%	38.1%	9.5%	40.5%	83.3%	66.7%	66.7%
	3	$1,432	$1,698	$1,400	$1,673	1.4%	2.2%	2.2%	3.6%	75.4%	47.8%	39.9%
	4	$1,697	$2,007	$1,700	$2,057	2.6%	5.3%	5.3%	5.3%	60.5%	55.3%	21.1%
Sitka, City and Borough	1	$828	$1,020	$800	$1,057	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
	2	$1,070	$1,352	$1,000	$1,341	12.9%	6.5%	3.2%	3.2%	3.2%	3.2%	3.2%
	3	$1,567	$1,841	$1,500	$1,850	0.0%	12.0%	8.0%	8.0%	8.0%	4.0%	8.0%
	4	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Valdez-Cordova Census Area	1	$1,039	$1,176	$1,050	$1,235	0.0%	33.3%	22.2%	22.2%	55.6%	55.6%	55.6%
	2	$960	$1,132	$825	$1,003	10.0%	20.0%	30.0%	30.0%	60.0%	50.0%	60.0%
	3	$1,723	$1,894	$1,650	$1,843	3.2%	9.7%	12.9%	12.9%	35.5%	32.3%	35.5%
	4	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Wrangell/ Petersburg	1	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
	2	$753	$986	$670	$916	0%	0%	0%	0%	8.3%	25.0%	8.3%
	3	$739	$1,024	$800	$1,085	14.3%	0%	0%	0%	0%	0%	0%
	4	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND

Notes: Contract rent is the amount paid to the landlord each month, which may or may not include some utilities. Adjusted rent is the contract rent plus all utilities, which allows for comparisons among areas.
ND = Not disclosable for confidentiality reasons

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2019 Rental Survey among the lowest in the state in 2019 at 6.0 percent, it too is usually closer to 3 percent and has nearly doubled in three years.

Atypical patterns in Kodiak and Fairbanks this year

As mentioned earlier, Fairbanks and Kodiak had the highest vacancy rates early this year at 19.0 percent and 14.6 percent, respectively, and both had risen considerably since 2016. (See Exhibit 6.)

While Kodiak's rent has remained close to what it was last year, Kodiak had the highest rents in the state in 2019 as well as one of the highest vacancy rates, which is unusual because it tends to have high rent with low vacancy.

High vacancy rates in Kodiak and Fairbanks are partly explained by population loss through net migration, or more people moving out than moving in. Both areas have had significant net migration losses since 2010. (See Exhibit 5.)

Kodiak's vacancy rate is also tied to the Coast Guard, and the recent trend of more personnel living on base has opened up rentals in the area. Finally, Kodiak has a number of new multiplex apartments, which likely increased vacancy over the last few years.

Fairbanks' high vacancy rate is also due to a number of other factors, including military movements, a slower economy, new units on the market, and a transient population (mostly due to its large military population and the University of Alaska Fairbanks).

In March, the U.S. Army announced it would deploy half of its largest unit stationed in Fairbanks to Iraq later this year (the 1st Stryker Brigade Combat Team, 25th Infantry Division, which has 4,500 soldiers). Although the announcement came while this survey was in progress, families were likely already making preparatory moves.

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