

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.

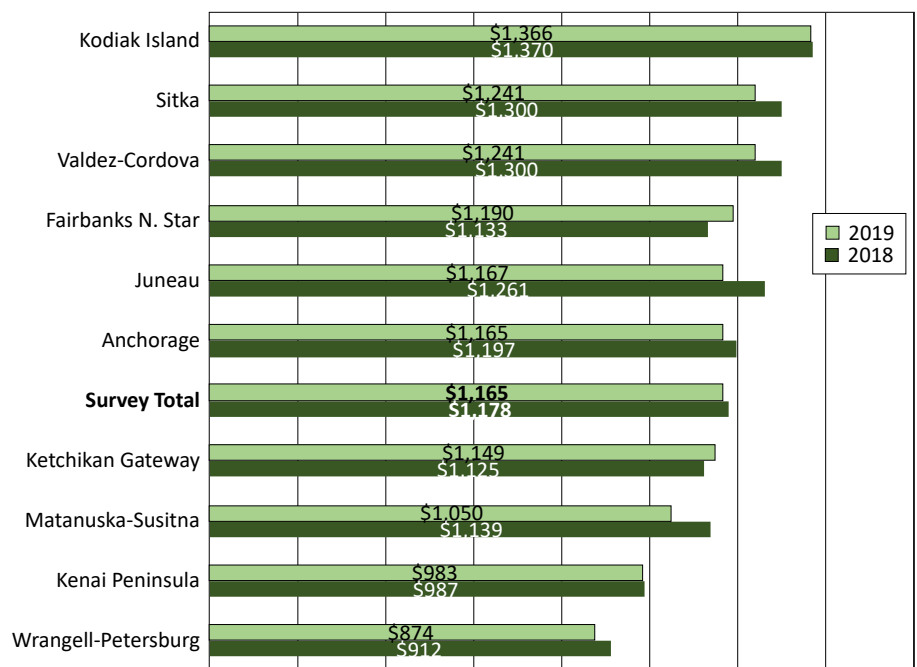
Despite modest job growth in recent months, the continued rise in vacancy and Alaska's ongoing net migration losses suggest workers have continued to leave the state for opportunities elsewhere. (For an in-depth look at how the strength or weakness of the American economy can affect Alaska's migration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

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

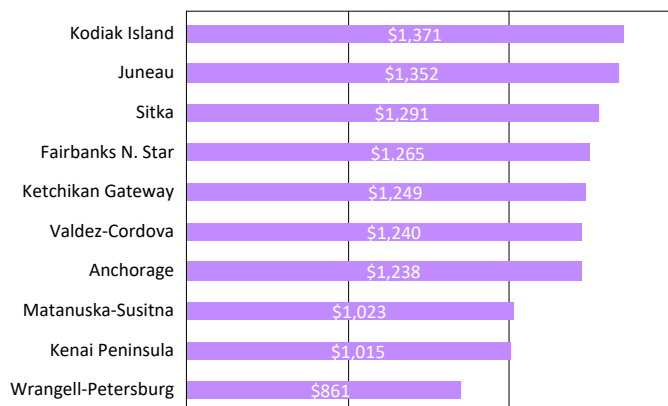
For more than 25 years, the Alaska Department of Labor and Workforce Development's Research and Analysis Section has partnered with the Alaska Housing Finance Corporation to conduct a survey every March of rental housing costs and vacancies in selected parts of Alaska.

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.

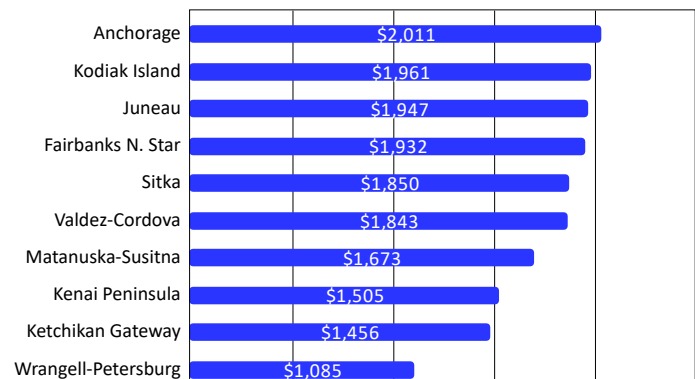
2 Kodiak Apartments Cost the Most

MEDIAN ADJUSTED RENTS, 2-BEDROOM, MAR 2019



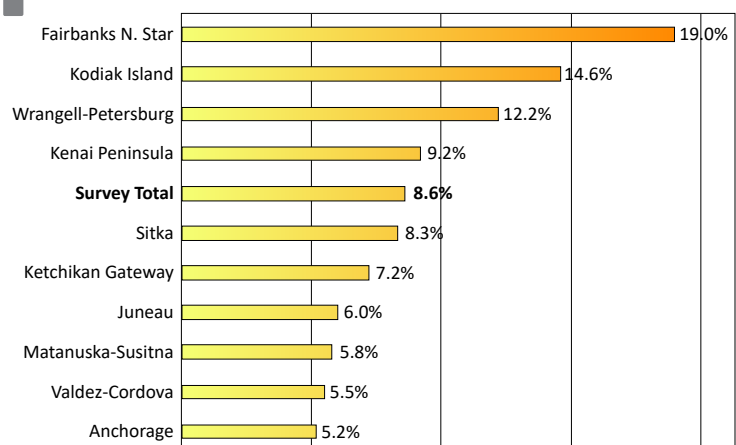
3 House Rent Highest in Anchorage

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

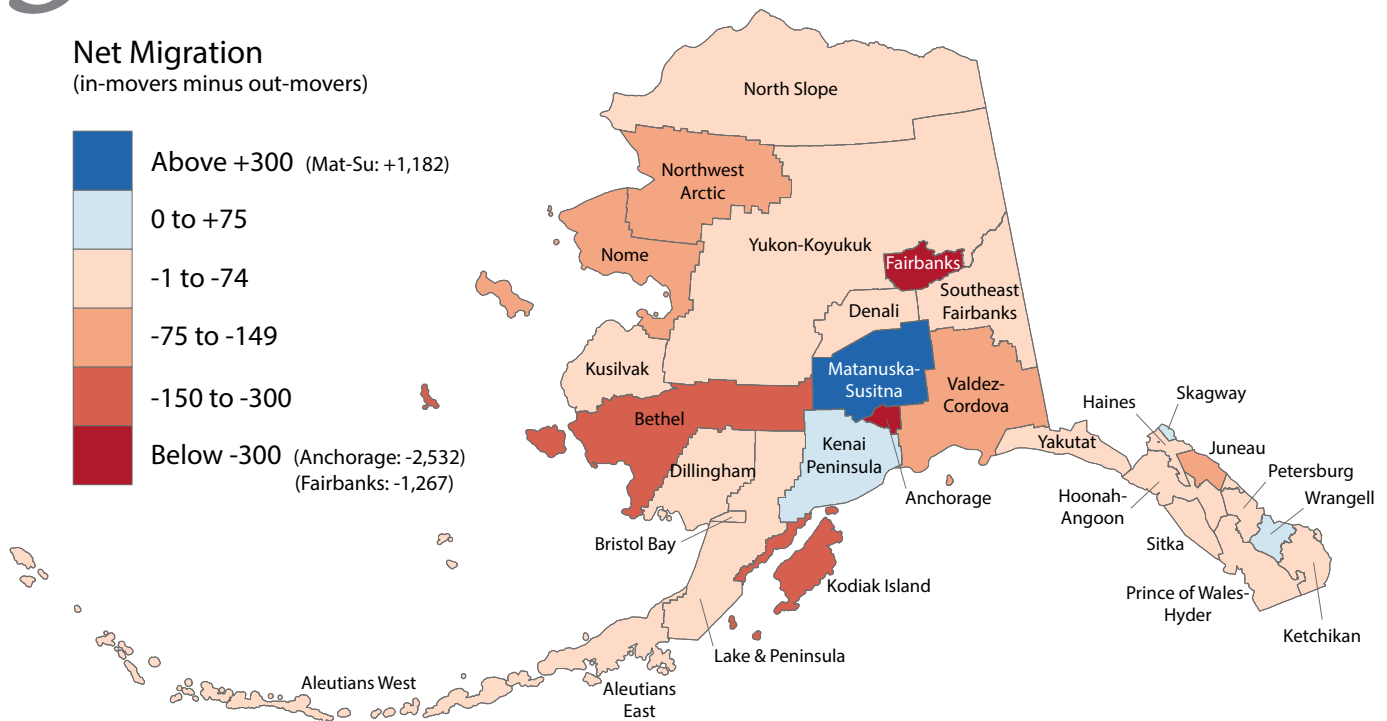
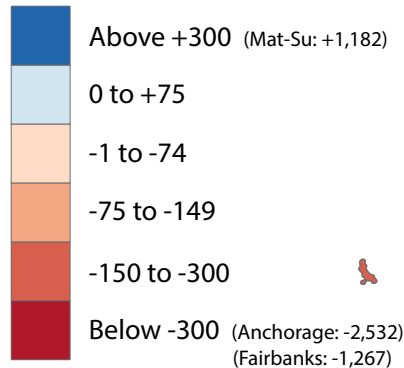
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More People Have Left Alaska Than Moved Here in Recent Years

NET MIGRATION BY AREA, YEARLY AVERAGE FROM 2010 TO 2018

Net Migration

(in-movers minus out-movers)

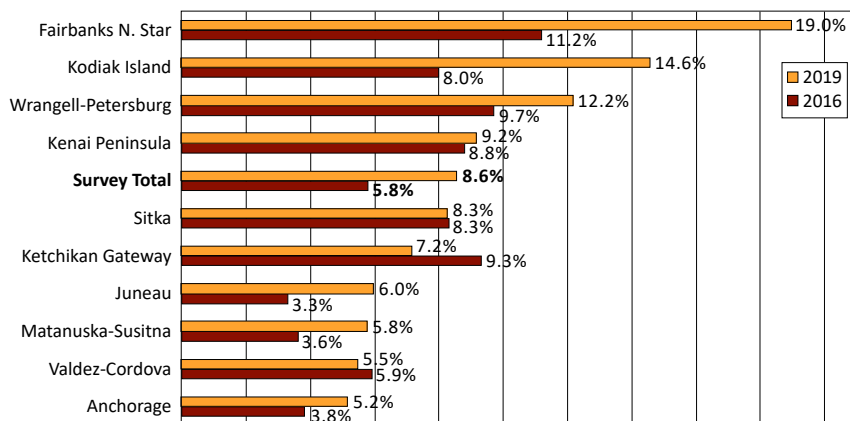


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

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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

| Surveyed Area | Number of Bedrooms | Avg Contract Rent | Average Adj Rent | Median Contract Rent | Median Adj Rent | Vacancy Rate | Percent of Units That Include Utility | | | | | |
|------------------------------|--------------------|-------------------|------------------|----------------------|-----------------|--------------|---------------------------------------|--------|---------|--------|---------|--------|
| | | | | | | | 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



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

BY NUMBER OF BEDROOMS, MARCH 2019

| Surveyed Area | Number of Bedrooms | Avg Contract Rent | Average Adj Rent | Median Contract Rent | Median Adj Rent | Vacancy Rate | Percent of Units That Include Utility | | | | | |
|------------------------------|--------------------|-------------------|------------------|----------------------|-----------------|--------------|---------------------------------------|-------|---------|--------|---------|-------|
| | | | | | | | 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.

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