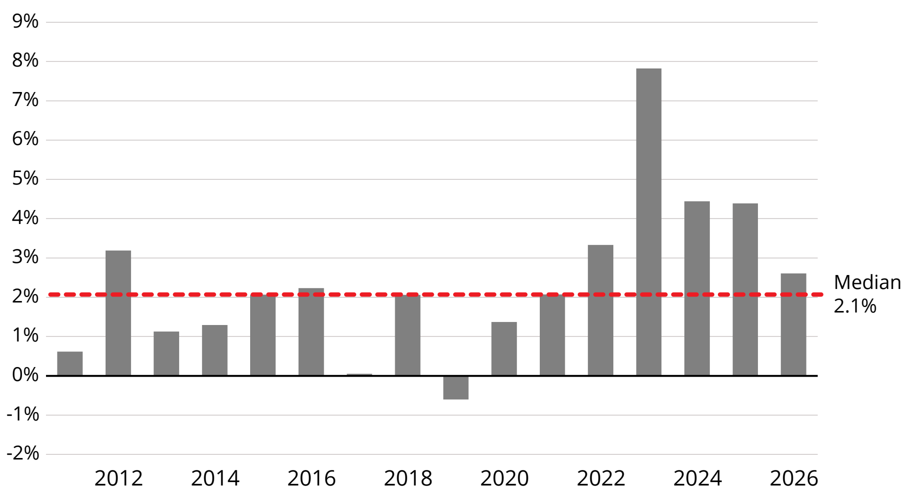
Rental costs up in our spring survey

Median increase lowest in 5 years; vacancy rate holds steady

Median changes in 2-bedroom apartment rents



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

By GUNNAR SCHULTZ

In March, median rents plus utilities for two-bedroom apartments ranged from less than $1,300 a month in Wrangell-Petersburg to more than $2,000 in Bethel.

Among surveyed areas, the median rent increase for this unit type was 2.6 percent. That was the smallest increase in the past five years.

Rent increases in most places were close to that median, but the Matanuska-Susitna and Kenai Peninsula boroughs were outliers at 13 percent and 11 percent, respectively. Rent in both places

About the rental survey

Every March, we survey thousands of landlords and property managers in selected areas of Alaska, in cooperation with the Alaska Housing Finance Corporation.

All rents and rent changes in this article are median adjusted rents for two-bedroom apartments. Two-bedroom apartments are the most common unit type in our survey results. Adjusted rent is the contract rent (the amount paid to the landlord) plus estimated monthly utility costs not included in the rent payment. This improves comparisons across areas and over time by accounting for differences in unit types and types of utilities included.

March vacancy rates are for all units surveyed in an area, and are the percentage of units that were vacant or anticipated to be vacant the week of March 11, including temporarily unavailable units.

In 2023, we added the Bethel Census Area to the original 10 covered areas, and 2025 was the first year utility adjustment data were available for Bethel. Historical comparisons of rent changes and March vacancy rates in the article exclude Bethel, for consistency over time.

The survey combines the Wrangell and Petersburg boroughs because of their small sample sizes. Changes can be volatile in small areas and for unit types with small sample sizes.

Rental survey results back to 2010 will be available on our website by mid-September and will include average and median contract and adjusted rents, March vacancy rates, and the percentages of units with utilities included in contract rent by area, building type, and number of bedrooms.

For areas our rental survey doesn't cover, five-year estimates are available from the U.S. Census Bureau's American Community Survey. The most recent release is for 2020-2024.

rose considerably last year, then posted record increases in 2026.

On the low end, rents ticked up about 1 percent in Kodiak, Sitka, and the Chugach Census Area; around 2 percent in Anchorage and Fairbanks; 3 percent in Juneau; and 4 percent in Ketchikan and Wrangell-Petersburg.

Increases in Anchorage, Fairbanks, and Juneau were all their lowest in recent years.

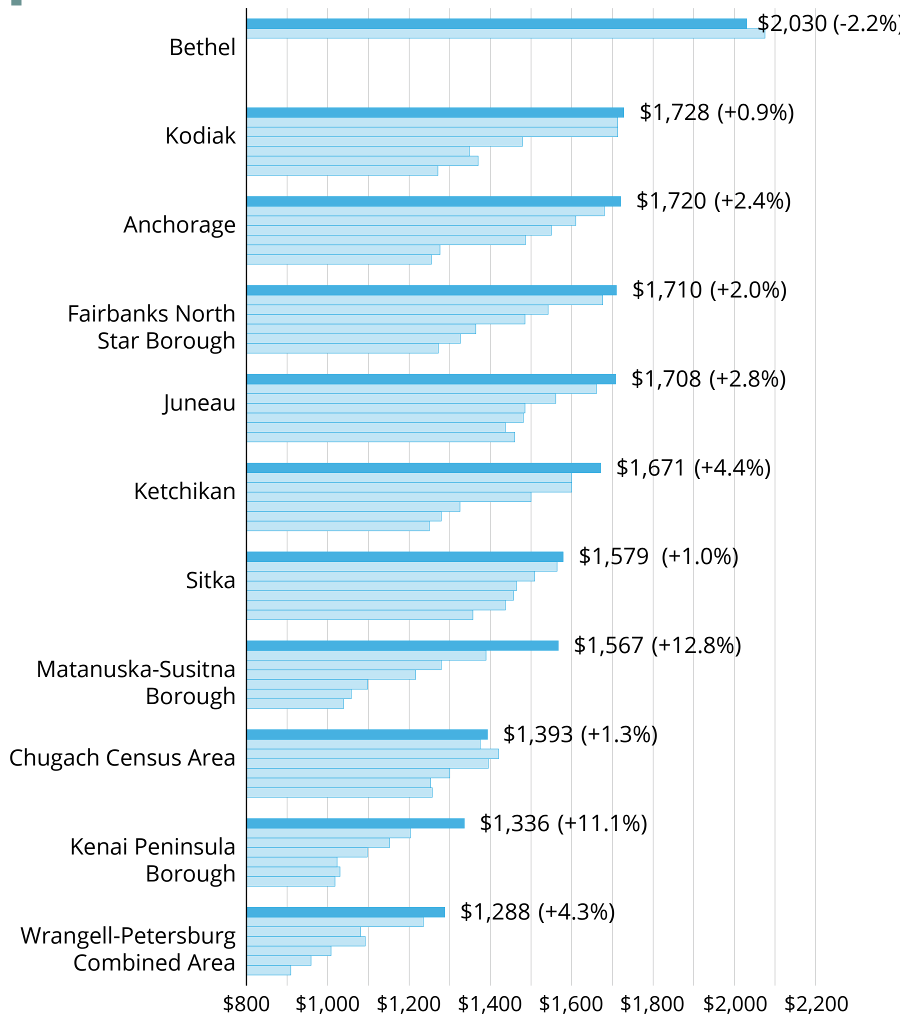
While Bethel's rent *fell* about 2 percent this year, that was driven by sample turnover rather than a decrease in rents for existing units.

March vacancy rates ranged from 1%-10%

Excluding Bethel, the median vacancy rate for all unit types in March was 5.4 percent — about the same as last year and the fourth straight year within a percentage point of 5 percent. The median since 2010 is 5.5 percent.

Fairbanks had the highest vacancy rate at 10.1 percent, and Wrangell-Petersburg was lowest at 1.1 percent.

Rent for 2-bed apartments by area, 2020-26



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

While vacancy varied by area, rates were not much higher or lower than usual in most areas this year aside from Sitka and Wrangell-Petersburg.

Vacancy trends in largest areas

Vacancy in Anchorage fell to 4.9 percent in March after three consecutive years of increases that brought it to 5.6 percent in 2025. However, the city's rate remained higher than its long-term median of about 4 percent (since 2010).

Mat-Su's vacancy was 3.5 percent for three of the last four years, hovering just below its long-term median of 4 percent.

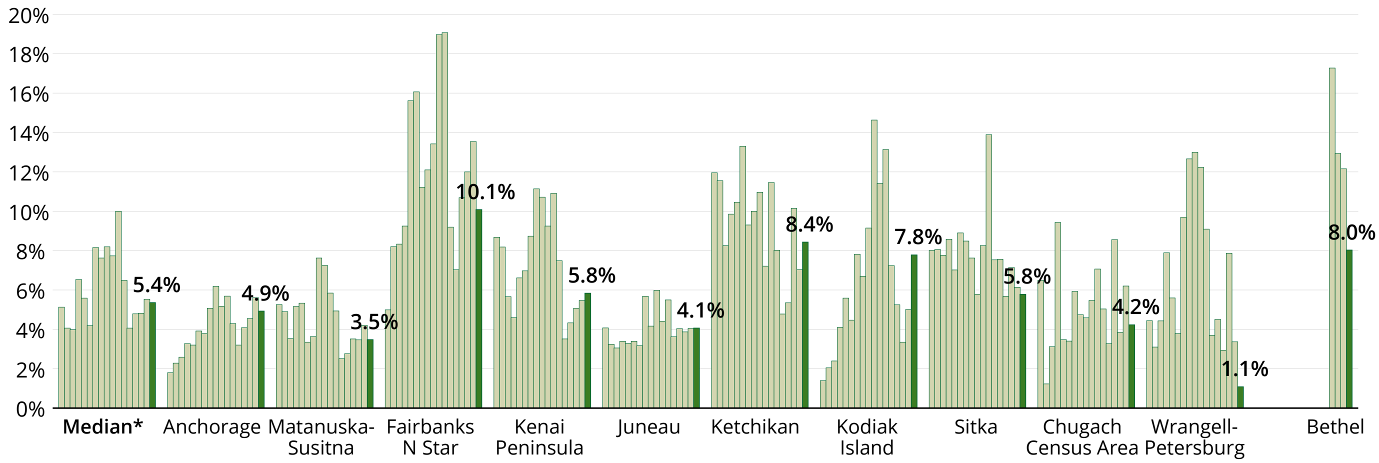
While rates in both places have moved similarly — rising in the late 2010s, falling early in the pandemic, gradually increasing after, then falling this year — Mat-Su's March rate has remained at least somewhat lower than Anchorage's since 2020.

Vacancy increased in Fairbanks for three straight years, hitting 13.5 percent in 2025 before dropping to 10 percent this spring (about 1 percent below its long-term median).

The Kenai Peninsula Borough's rate increased for four straight years, from 3.5 percent in 2022 to 5.8 percent in 2026. However, this year's increase was small, and the rate remains about 1 percent below the area's long-term median.

Juneau's vacancy rate has held steady for the past five years at around 4 percent, on par with its long-term median.

March vacancy rates by survey area, 2010 to 2026



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

Census Bureau estimates an annual statewide vacancy rate

While our survey doesn't produce a statewide or annual vacancy rate, the U.S. Census Bureau estimates a rental vacancy rate each year for Alaska from its Housing Vacancy Survey.

The 2025 estimate for the state was about 5 percent, but the margin of error suggests the actual rate was between 3.5 and 6.3 percent. This was similar to the previous four years but significantly tighter than 2014-2020.

Last year's estimate was also below the historical median (since 1986) of 6.8 percent.

What influences rents, vacancy

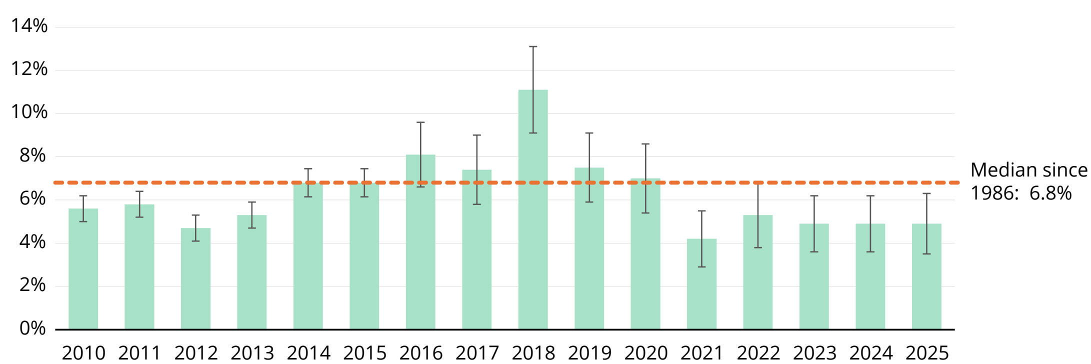
Rents and vacancies are influenced by many competing factors we have data for — employment and population trends, homebuying conditions, and new building — as well as factors we don't, such as how many units entered or exited the rental market in the areas we survey.

The remainder of the article focuses on the factors for which we do have data, to provide context to this year's survey results.

Wages rose notably as job growth slowed

Last year, Alaska's job count increased for the fifth year in a row since the pandemic downturn, but at

Annual statewide rental vacancy rates from U.S. Census Bureau



Source: U.S. Census Bureau Housing Vacancy Survey a much slower pace than in other recent years.

Employment grew about 1 percent, the slowest of the last five years, while total and average wages continued to increase faster than usual. Total wages rose about 6 percent, and the average wage increased by about 5 percent.

Growth in jobs and wages tends to increase rental demand, which can push rents up and tighten vacancy.

The table on the right shows employment and wage growth for 2025 among surveyed areas.

Growth in jobs, wages by area, 2024 to 2025

Area	Avg job growth	Total wage growth	Avg wage growth
Anchorage, Municipality	0.5%	5.1%	4.5%
Matanuska-Susitna Borough	1.4%	6.3%	4.9%
Fairbanks North Star Borough	0.0%	3.5%	3.5%
Juneau, City and Borough	0.1%	5.2%	5.0%
Kenai Peninsula Borough	1.4%	7.5%	6.1%
Ketchikan Gateway Borough	-0.3%	5.0%	5.3%
Kodiak Island Borough	2.8%	5.8%	2.9%
Sitka, City and Borough	0.8%	7.9%	7.0%
Chugach Census Area	0.2%	4.8%	4.6%
Petersburg Borough	3.1%	7.6%	4.4%
Wrangell, City and Borough	2.4%	8.4%	5.8%
Alaska	0.8%	5.7%	4.8%

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

Mat-Su and the Kenai Peninsula Borough were the two largest markets that stood out for above-average job growth. Employment rose much more slowly in Anchorage and barely moved in Fairbanks and Juneau.

Meanwhile, wage growth was robust across the rental survey areas.

A bigger adult population through more aged 65-plus, and net migration losses

Alaska's adult population increased for the fifth consecutive year in 2025, up by 0.5 percent, as a growing 65-plus population offset a slight decline in the working-age population.

Meanwhile, Alaska's negative net migration streak extended to 13 consecutive years, but the loss remained significantly smaller than in most of those years, especially 2020 and the late 2010s.

The table below shows changes in adult populations and net migration — in-migrants minus out-migrants — in 2025 among the areas we survey.

Increases in the adult population and net migration gains can also increase demand for rentals, which can push rents up and decrease availability, while the opposite is true for shrinking adult populations and net migration losses.

The adult population increased everywhere we surveyed in 2025 except the Chugach Census Area, although many areas' increases were modest or near zero.

Adult population and migration, 2025

Area	Pct chg, adult population	Net migration rate, 2024-25
Anchorage, Municipality	0.1%	-0.5%
Matanuska-Susitna Borough	2.0%	1.0%
Fairbanks North Star Borough	0.6%	-0.5%
Juneau, City and Borough	0%	-0.7%
Kenai Peninsula Borough	0.8%	0.3%
Ketchikan Gateway Borough	0%	0.2%
Kodiak Island Borough	0.1%	-1.0%
Sitka, City and Borough	0%	0.1%
Chugach Census Area	-1.9%	-2.3%
Wrangell, City and Borough	1.3%	1.0%
Petersburg Borough	1.0%	1.2%
Bethel Census Area	1.0%	-1.2%
Alaska	0.5%	-0.2%

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

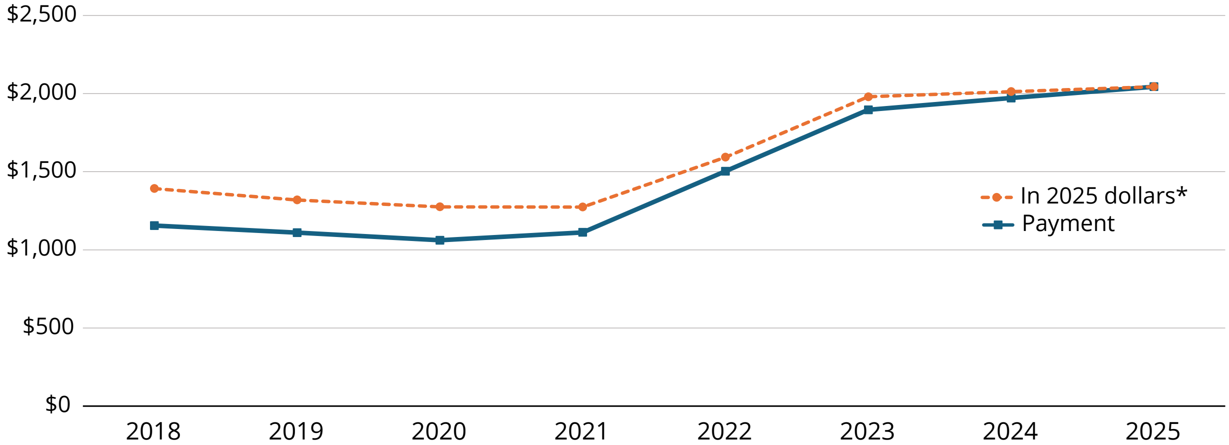
Mat-Su and the Kenai Peninsula Borough continued to buck the statewide net migration loss trend, although Kenai's net migration has moved closer to flat over the last two years.

Multi-year net migration loss streaks ended in Ketchikan, Sitka, and Wrangell. Net loss streaks *continued* in Anchorage, Fairbanks, Juneau, Kodiak, Chugach, and Bethel.

More renters living alone

According to the most recent estimates from the American Community Survey, which cover 2020-2024, living alone became more common. During that period, 39 percent of Alaska renters lived alone, compared to around 34 percent during the 2010s. Fewer people per rental unit can also increase demand.

The amount of a typical new mortgage payment in Alaska since 2018



*Urban Alaska Consumer Price Index
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation; U.S. Census Bureau, CPI-U for Urban Alaska

Higher homebuying costs and fewer new mortgages

Since 2023, the cost of a new mortgage for a typical home has remained drastically higher than before and early in the pandemic, and borrowing has remained below pre-pandemic levels. These are trends nationally as well as across Alaska.

More restrictive homebuying conditions can increase rental demand, as fewer renters can or choose to buy.

In 2025, the estimated monthly principal and interest payment was about $2,050 for a 30-year fixed-rate mortgage on a median-valued home in Alaska ($415,000), with the median interest rate for this mortgage type (6.25 percent) and a 20 percent down payment.

That mortgage payment was 84 percent higher than in 2019, before home values and rates jumped.

From 2019 to 2025, the median home value increased by about 41 percent, from just under $300,000 to $415,000, while the median interest

Mortgage lending and payments by area, 2019 to 2025

	Estimated monthly payment			New mortgages*		
Area	2019	2025	Change, 2019-25	2019	2025	Change, 2019-25
Anchorage, Municipality	$1,185.00	$2,093.44	77%	3,513	2,643	-25%
Matanuska-Susitna Borough	$1,034.52	$2,093.44	102%	1,820	1,537	-16%
Fairbanks North Star Borough	$996.90	$1,748.64	75%	1,168	950	-19%
Kenai Peninsula Borough	$959.28	$1,896.41	98%	624	515	-17%
Juneau, City and Borough	$1,373.09	$2,388.98	74%	398	294	-26%
Kodiak Island Borough	$1,335.47	$2,290.47	72%	98	76	-22%
Ketchikan Gateway Borough	$1,185.00	$2,093.44	77%	76	61	-20%
Chugach Census Area**	NA	$1,945.67	NA	NA	46	NA
Sitka, City and Borough	$1,523.57	$2,783.04	83%	40	30	-25%
Bethel Census Area	$1,297.85	$2,191.95	69%	32	19	-41%
Petersburg Borough	$996.90	$1,994.92	100%	14	9	-36%
Wrangell, City and Borough	$959.28	$1,847.15	93%	12	3	-75%
Alaska	$1,110	$2,044	84%	8,067	6,390	-21%

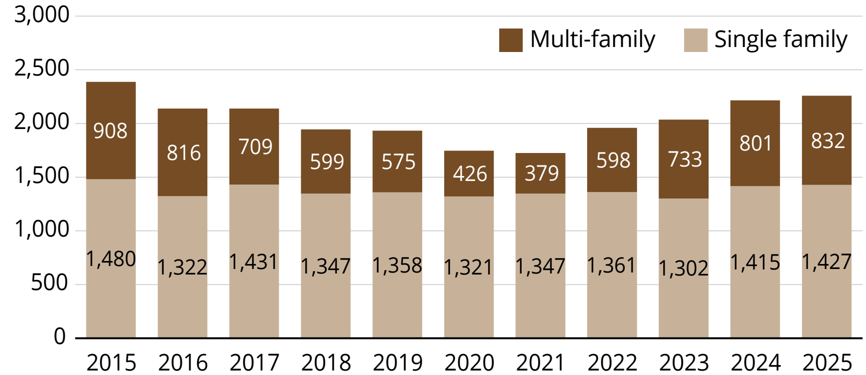
*Primary residence mortgage originations reported under the Home Mortgage Disclosure Act
**The Chugach Census Area was formed in recent years from part of the Valdez-Cordova Census Area.
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section: and Consumer Financial Protection Bureau

rate rose from under 4 percent to 6.25 percent.

Also during that period, median interest rates ranged from just under 3 percent in 2020 and 2021 to 6.5 percent in 2023.

These estimates don't include additional home ownership costs such as utilities, property taxes, insurance, maintenance, or the down payment. Further, most borrowers in Alaska put less than 20 percent down, which means a higher monthly mortgage payment and often requires mortgage insurance. These exclusions understate the difference in costs between buying and renting.

New housing units in Alaska, 2015 to 2025



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

Higher mortgage costs have also slowed borrowing in recent years. Mortgage originations for primary residences have remained well below pre-pandemic levels since 2023, the first full year the median interest rate topped 6 percent.

Mortgage interest rates aren't historically high right now — the five-decade median is 7 percent — but they haven't been this high since the late 2000s.

See the table on the previous page for area-specific estimated monthly mortgage payments and the numbers of new mortgages and how they have changed since 2019.

New units by type and area, 2025

Area	Total*	Single family	Multi-family
Anchorage, Municipality	404	170	234
Matanuska-Susitna Borough	949	729	220
Juneau, City and Borough	157	36	121
Fairbanks North Star Borough	259	179	80
Kenai Peninsula Borough	215	148	67
Chugach Census Area	40	11	29
Ketchikan Gateway Borough	74	52	21
Sitka, City and Borough	30	12	18
Wrangell, City and Borough	13	6	6
Kodiak Island Borough	9	9	-
Petersburg Borough	6	6	-
Bethel Census Area	6	6	-
Alaska	2,261	1,427	832

*Mobile homes account for the difference between total units and the sum of single-family and multi-family units.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

New home construction hits 10-year high

We survey communities around the state each year for the number of units permitted in areas that issue permits and the number built in non-permit-issuing areas.

In 2025, our survey recorded 2,261 new units in the state: 1,427 single-family homes and 832 multi-family units. These were the highest total and multi-family units since 2016, and the most single-family homes since 2018.

New homes, especially multi-family, can slow rent growth and increase vacancy by expanding the rental supply.

Mat-Su accounted for about 40 percent of total new units in 2025, followed by Anchorage (18 percent), Fairbanks (11 percent), the Kenai Peninsula Borough (10 percent), and Juneau (7 percent).

More multi-family units being built

About 96 percent of the 832 new multi-family units were in areas we survey. Anchorage and Mat-Su accounted for more than half, with more than 200 new multi-family units each. Juneau, Fairbanks, and the Kenai Peninsula Borough had the next-largest shares. (See the table on the left.)

Anchorage permitted 234 units, the most in eight years. Mat-Su permitted 220, including 42 in Wasilla and 178 outside of Wasilla and Palmer. Mat-Su's count was lower than in the previous two years but more than in any year from 2018-2022.

Fairbanks recorded 80 new multi-family units in 2025, which was on par with 2024. While it was significantly fewer than in 2022 and 2023, last year's count was higher than any year from 2012 to 2021.

Juneau permitted 121, the most since 2020 and the fourth-highest since at least 2005.

The Kenai Peninsula Borough permitted 67, more than any year since at least 2005, including 32 in Soldotna and 24 in Kenai.

The Chugach Census Area permitted 29, more than any year since at least 2005 by far, with 20 in Valdez and nine in Cordova.

Ketchikan permitted 21 after adding 33 in 2024, which was its highest in at least two decades.

Sitka permitted 18, which was on par with recent years.

Wrangell permitted six, the most in more than a decade.

Inflation remained low in 2025

Inflation in Alaska's consumer price index, which measures price changes in the Anchorage/Mat-Su area, remained close to 2 percent for the third year in a row after hitting a four-decade high in 2022.

As a result, inflation probably didn't push rents up last year as much as it did earlier in the decade. In fact, continued moderate inflation may have been a reason rent hikes slowed in some areas, as many landlords consider inflation when adjusting rents.

Inflation may become a bigger factor again in the near future if early-year trends continue. In the first half of 2026, prices were up almost 3 percent from the same period last year, the highest semiannual inflation reading since the first half of 2023.

Because of timing, higher oil prices probably didn't play a significant role either

Because the survey came shortly after the initial oil price spike this spring and most rents from the survey are for existing leases, higher heating oil prices likely had little effect on this year's results in areas where oil heat is common, such as Fairbanks, Kodiak, Chugach, Bethel, and parts of Southeast. However, higher heating oil prices will likely be a bigger factor next year, as prices have remained elevated.

In July, national heating oil prices were up more than 30 percent from July 2025 and January 2026, but down almost 10 percent from April and May 2026, when prices reached their highest levels since late 2022.

Gunnar Schultz is an economist in Juneau. Reach him at (907) 465-6038 or gunnar.schultz@alaska.gov.