

2011 Alaska Rental Survey

Costs around the state for various types of homes

Talk about housing in Alaska often focuses on the price of buying a home, but the effect of renting on the economy is substantial — maybe even more so in Alaska than in the rest of the United States. According to the 2010 Census, 36.9 percent of all homes in Alaska are rentals, and most adults have rented a house or apartment at some time in their lives. The most recent U.S. housing data show 31.6 percent of housing units as renter-occupied.¹

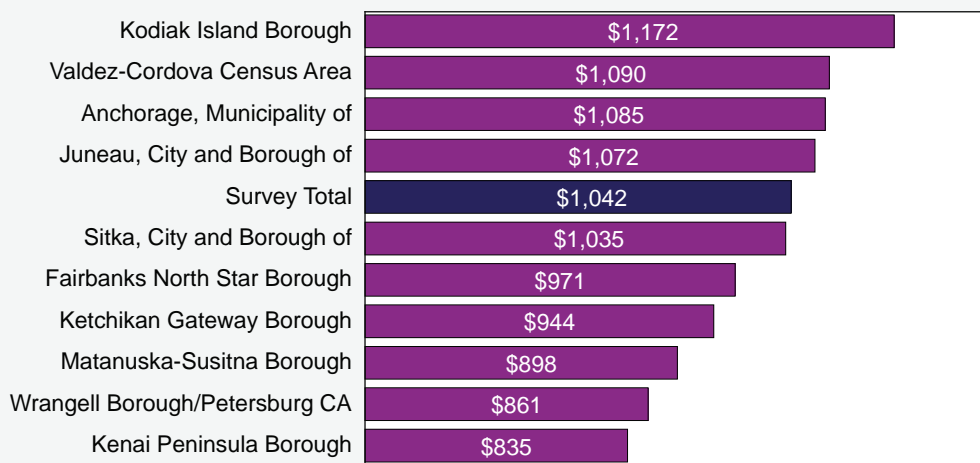
The high percentage of rentals in Alaska is likely due to a relatively young population, high population turnover, a large number of military personnel, and the high costs of home ownership.

Every March, the Alaska Department of Labor and Workforce Development surveys Alaska’s landlords for residential rental unit information for the Alaska Housing Finance Corporation. This year’s survey showed the median adjusted rent for all surveyed areas and building types combined rose 1 percent from 2010, to \$1,042 per month.

While Alaska’s prices are high overall, it costs much more to live in some regions than others. As in the past, Kodiak is the most expensive place in the state to rent, at \$1,172 a month for all types of homes — 11 percent higher than the survey total.

Kodiak was followed by Valdez-Cordova Census Area at \$1,090 a month. The Kenai Peninsula Borough had the lowest monthly rent in the state, affordable in comparison at \$835 — about 40

All Building Types and Unit Sizes
Median adjusted monthly rent, Alaska, 2011



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and Alaska Housing Finance Corporation, 2011 Rental Market Survey

percent less than Kodiak. (See Exhibit 1.)

How rental costs are determined

For each rental unit surveyed, property owners and managers reported the monthly contract rent, building type, number of bedrooms, energy sources, and the utilities included in the rent. The respondents also reported whether the unit was vacant during the week that included March 11 of this year. “Contract rent” is the amount the tenant pays to the landlord each month, and it may or may not include some utilities.

Median adjusted rent: The middle value of the rent paid to a landlord, plus the estimated additional utilities.

This survey measured rental costs in terms of “median adjusted rent.” The median is the middle value of all reported prices, where half the results

are higher and half are lower. Using the median instead of the average tends to smooth out a data series, as an average can be skewed by extremely high or low values.

The “adjusted” component of the median adjusted rent refers to the rent as if all utilities were included. Because the types and costs of utilities included in contract rent may vary, using contract rent makes it difficult to compare the numbers. Adding the estimated costs of all utilities to the adjusted

rent values makes the units more comparable.

Apartments are pricey in Kodiak

Kodiak had the highest median adjusted rent for two-bedroom apartments, the most common size apartment in the survey. Kodiak’s rent weighed in at \$1,231 per month, with Anchorage and Juneau following at \$1,202 and \$1,182, respectively. The City and Borough of Sitka and the Ketchikan Gateway Borough also reported rents above \$1,000 per month.

The rates in Anchorage were about 40 percent higher than its nearest neighbor, the Matanuska-Susitna Borough, where similar units cost just \$871.

As with the results of all building sizes combined, Kenai Peninsula Borough was the cheapest place to rent a two-bedroom apartment, at \$847 a month.

Single-family rent rose in most areas

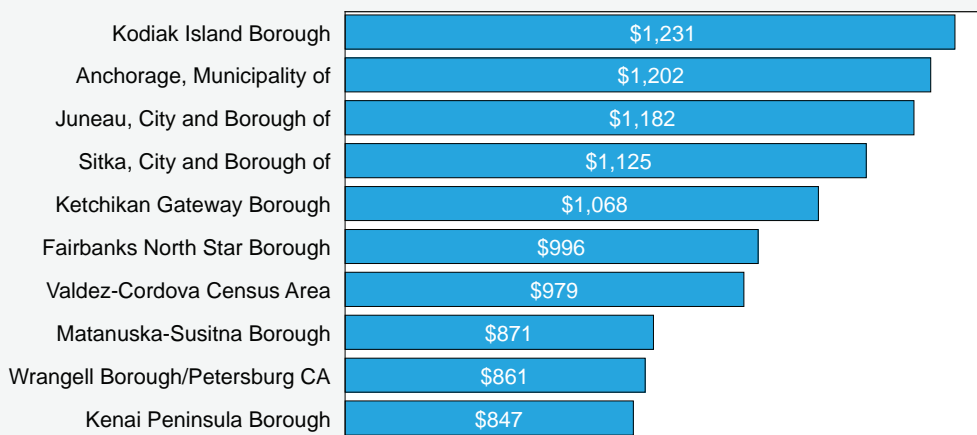
Among three-bedroom single-family rental homes, rent rose in seven of 10 areas in the state in 2011. The largest increase was in the Fairbanks North Star Borough, where the rent increased by \$164 over the year and was the highest in the state at \$1,938. The most affordable three-bedrooms were found in the Wrangell-Petersburg area, at \$959 per month. (See Exhibit 3.)

Rental rates for three-bedroom homes fell in Wrangell-Petersburg, Anchorage, and Sitka in 2011.

Low vacancy means high prices

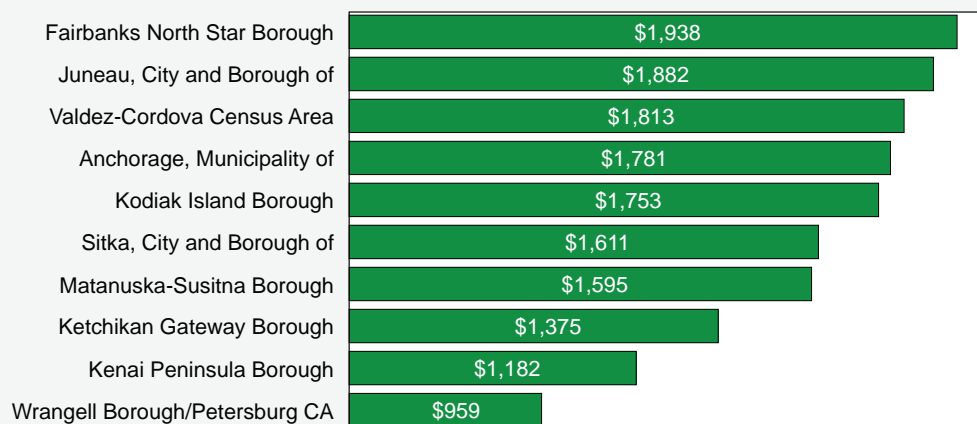
Among all surveyed areas and

2 Two-Bedroom Apartments Median adjusted rent, Alaska, 2011



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and Alaska Housing Finance Corporation, 2011 Rental Market Survey

3 Single-Family Homes Median adjusted rent, Alaska, 2011



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and Alaska Housing Finance Corporation, 2011 Rental Market Survey

building types, 4.4 percent were vacant in 2011, up from 3.9 percent in 2010. However, the 2011 figures remain well below the 10-year average of 6.7 percent.

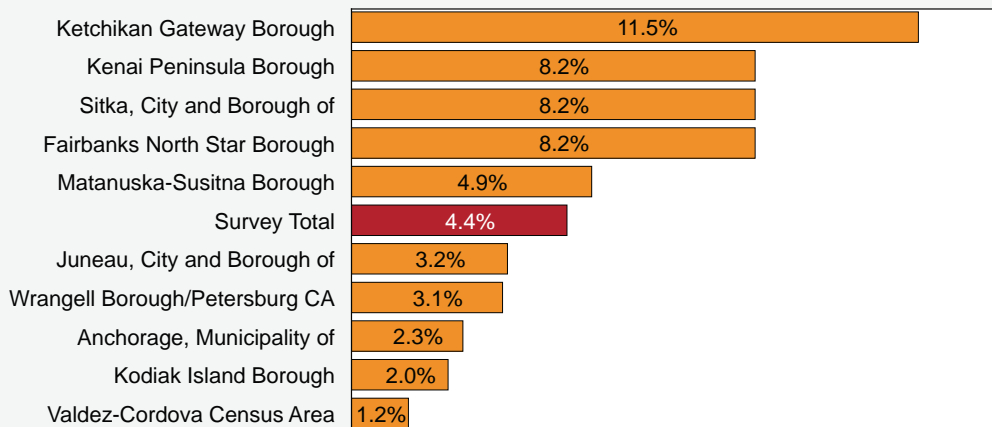
Areas with high rental rates tend to have low vacancy, as greater numbers of tenants competing for available homes may drive up costs. Conversely, areas with low monthly rent often have higher vacancy rates as landlords maintain competitive prices to attract tenants. Vacancy also fluctuates from year to year because of changes in housing stock inventory, seasonal factors, and other local economic conditions.

It's hard to find units in Valdez-Cordova

Only 1.2 percent of units were reported vacant in the Valdez-Cordova Census Area in 2011, followed by the Kodiak Island Borough at 2.0 percent. As expected, Kodiak and Valdez-Cordova also reported the two highest rent amounts for all building types in 2011. (See Exhibit 4.)

Vacancy Rates 4

All building types and unit sizes, Alaska, 2011



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and Alaska Housing Finance Corporation, 2011 Rental Market Survey

Anchorage, Wrangell-Petersburg, and Juneau had vacancy rates below 4 percent at 2.3 percent, 3.1 percent, and 3.2 percent respectively. Rent was third-highest in Anchorage and fourth-highest in Juneau, while Wrangell-Petersburg was the second-least expensive.

Vacancy was highest by far in Ketchikan Gateway Borough for the second year in a row, at 11.5 percent in 2011. In 2010, Ketchikan had a 12.0

Types of Energy Use 5

Select Alaska boroughs and census areas, 2011

	Heat				Hot Water				Cooking			
	Natural gas	Oil	Electric	Other	Natural gas	Oil	Electric	Other	Natural gas	Oil	Electric	Other
Anchorage, Municipality of	96.6%	0.1%	3.2%	—	94.8%	0%	5.2%	—	4.9%	—	95.1%	0%
Fairbanks North Star Borough	10.9%	88.5%	0.5%	0.1%	10.2%	66.5%	22.8%	0.5%	0.9%	—	97.3%	1.8%
Juneau, City and Borough of	—	70.2%	29.3%	0.5%	—	50.0%	48.8%	1.2%	—	—	97.2%	2.8%
Kenai Peninsula Borough	71.9%	18.0%	6.7%	3.4%	67.7%	7.3%	23.1%	1.9%	34.1%	—	59.7%	6.2%
Ketchikan Gateway Borough	—	84.6%	13.2%	2.2%	—	48.5%	49.3%	2.2%	—	—	98.0%	2.0%
Kodiak Island Borough	—	100.0%	—	—	—	84.0%	15.2%	0.9%	—	—	96.5%	3.5%
Matanuska-Susitna Borough	89.6%	4.6%	5.1%	0.7%	82.9%	0.9%	15.7%	0.5%	35.8%	—	60.5%	3.7%
Sitka, City and Borough of	—	74.3%	25.3%	0.3%	—	43.1%	55.9%	1.0%	—	—	98.0%	2.0%
Valdez-Cordova Census Area	4.3%	92.0%	1.8%	1.8%	5.5%	76.1%	16.6%	1.8%	—	—	94.5%	5.5%
Wrangell Borough/ Petersburg Census Area	—	46.9%	53.1%	—	—	24.1%	75.9%	—	—	—	93.2%	6.8%

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and Alaska Housing Finance Corporation, 2011 Rental Market Survey

percent vacancy rate. Aside from Ketchikan, no other surveyed area had a vacancy rate above 8.2 percent.

The second highest vacancy rate was a three-way tie at 8.2 percent, shared by Fairbanks North Star Borough, Kenai Peninsula Borough, and the City and Borough of Sitka. The largest increase in vacancy was in the Fairbanks North Star Borough, where the rate climbed from 5.0 percent to 8.2 percent over the year, likely due to the spring deployment of the 1st Stryker Brigade Combat Team from Fort Wainwright.

Vacancy rates for apartments were generally lower than those for single-family rentals, suggesting apartments are in greater demand.

Natural gas popular when available

Across the state, natural gas was the preferred energy source for heat, hot water, and cooking when available, especially in Anchorage, Mat-Su, and Kenai. (See Exhibit 5.)

Where natural gas wasn't available, oil was the second most popular source of heat. Oil heat was most common in Kodiak, where all surveyed units use it. Oil also predominated in Fairbanks North Star Borough (89 percent), Valdez-Cordova Census Area (92 percent), and Ketchikan Gateway Borough (85 percent).

In areas that lack natural gas but have inexpensive hydro-powered electricity, electric heat was used more frequently than in other areas. In Wrangell-Petersburg, 53 percent of surveyed units used electric heat, followed by Juneau (29 percent), and Sitka (25 percent).

The most common utilities included with contract rent in 2011 were sewer and garbage collection, provided in 89 and 86 percent of the surveyed units, respectively. Electricity was the least likely utility to be included in the rental price, at only 23 percent of surveyed homes.

Complete results are online

Complete results of the 2011 Rental Market Survey as well as other published data on Alaska's housing market are available at the Alaska Housing Finance Corporation's Web site at: <http://www.ahfc.state.ak.us/reference/reference.cfm>.

Notes

¹According to the U.S. Census Bureau's 2009 American Housing Survey. These are the most recent national housing data figures available, as 2010 Census renter information is not yet available. Therefore, this figure may not be directly comparable to Alaska's 2010 renter percentage.