

# Cost of Living

## Comparing Living Costs

Several studies are conducted periodically to try to determine the living costs in Alaska and Juneau compared with other communities. Generally, Juneau is 30 to 39 percent more expensive to live in than the "average" US city, and 8 to 11 percent more expensive than Anchorage. Because housing is such a large component of household spending, it is the high cost of local housing that significantly inflates Juneau's overall cost of living.

## ACCRA Index (Compares Higher Income Households)

The ACCRA Cost of Living Index provides a useful measure of living costs among different cities. The index reflects cost differentials for professional and executive households in the top income quintile. According to the index, it costs 39 percent more to live in Juneau than a standard US city. Professional and executive housing is 66 percent more expensive in Juneau than an average US city.

### ACCRA Cost of Living Index – 1<sup>st</sup> Quarter, 2011

Category	Juneau	Anchorage	Fairbanks
Housing	166%	141%	144%
Grocery	128	142	134
Utilities	159	100	207
Transportation	111	114	114
Health Care	151	139	142
Other Goods & Services	120	131	121
<b>Composite</b>	<b>139%</b>	<b>131%</b>	<b>138%</b>

**Source:** ACCRA Cost of Living Index.

**Note:** The ACCRA Cost of Living Index measures relative price levels for consumer goods and services in participating areas. The average for all participating places, both metropolitan and nonmetropolitan, equals 100, and each participant's index is read as a percentage of the average for all places.

## US Military Cost of Living Allowance

The Department of Defense compares the cost of living in various locations around the world to average lower-48 costs in its Cost of Living Allowance (COLA) index. It compares the price of approximately 120 goods and services in each community. According to the COLA indices, it cost 32 percent more to live in Juneau in 2011 than in an average US city.

## US Military Cost of Living Index For Selected Alaska Communities, 2011

Community	Percent
Anchorage	128%
Fairbanks	130%
Juneau	132%
Ketchikan	142%
Sitka	140%

Source: DOD

[http://www.defensetravel.dod.mil/site/pdcFiles.cfm?dir=/Allowances/Appendix\\_J\\_Overseas\\_COLA\\_Tables/](http://www.defensetravel.dod.mil/site/pdcFiles.cfm?dir=/Allowances/Appendix_J_Overseas_COLA_Tables/)

The DoD also has a housing allowance for military personnel. In Juneau that housing allowance ranges from \$1,230 for a lower range without dependents to \$2,826 for a higher range employee with dependents. For comparison, Juneau's housing allowance is 68% higher than a community such as Spokane, Washington.

### Food Costs



Photo Credit: Michael Penn/Juneau Empire

The University of Alaska Fairbanks' Cooperative Extension Service surveys communities in Alaska to determine the cost of low-expense food items that meet the minimum recommended levels of nutritional needs. The survey uses an identical market basket for each community. According to the findings, in 2011 it

cost 7 percent more to feed a family of four in Juneau than in Anchorage. In Haines, it costs 43 percent more.

## Food Costs, 2011

Community	Family Weekly Food Cost*	% of Anchorage Food Cost
Juneau	\$141	107
Anchorage	\$132	100
Fairbanks	\$133	101
Haines	\$188	143
Ketchikan	\$160	121
Sitka	\$178	135

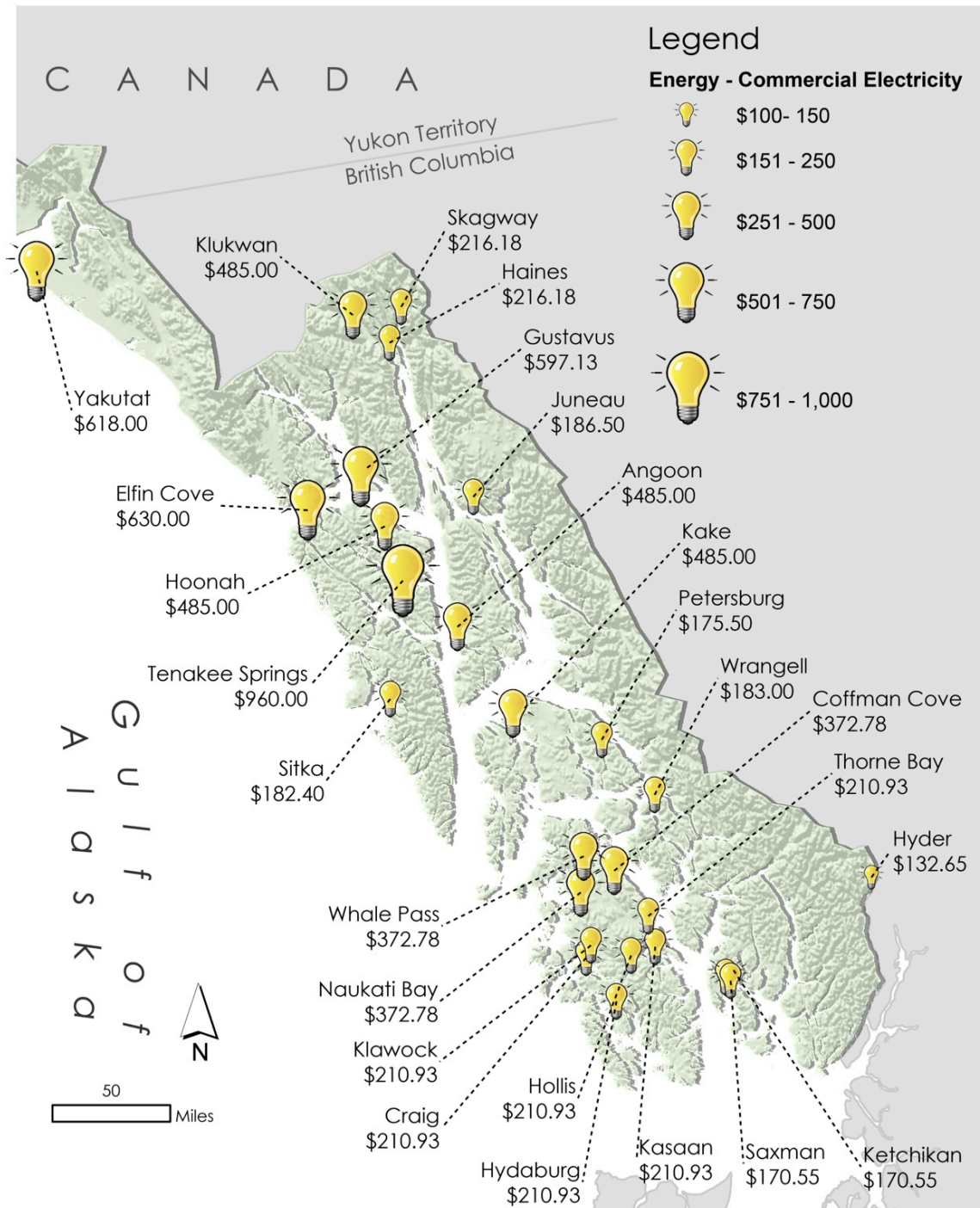
**Source:** University of Alaska Fairbanks, Cooperative Extension Service. [www.uaf.edu/ces/fcs/](http://www.uaf.edu/ces/fcs/).  
 \*Family of 4 including 2 school age children, 6-11 years old.

## Energy Costs

The five major population centers in Southeast Alaska—Juneau, Ketchikan, Wrangell, Petersburg, and Sitka—have been well served for decades with relatively low cost renewable hydroelectric power. Thirteen other communities in Southeast Alaska (such as Gustavus) are served with more expensive hydroelectricity. The remainder of Southeast Alaska's communities do not have access to renewable energy, and rely on high cost diesel generation to meet their energy needs. While some residential electricity costs are partially offset by the Power Cost Equalization program, commercial and industrial users face very high rates.

In December of 2010, JEDC and Sheinberg Associates conducted a small **commercial** electricity survey based on a monthly use of 1,500 kWh across Southeast Alaska. The commercial rate for 1,500 kWh per month was lowest in Hyder (\$132.65) and highest in Tenakee Springs (\$960). The results full are presented on the map on the following page:

## Small Commercial Rate for 1,500 kWh/month by Southeast Alaska Community, December 2010



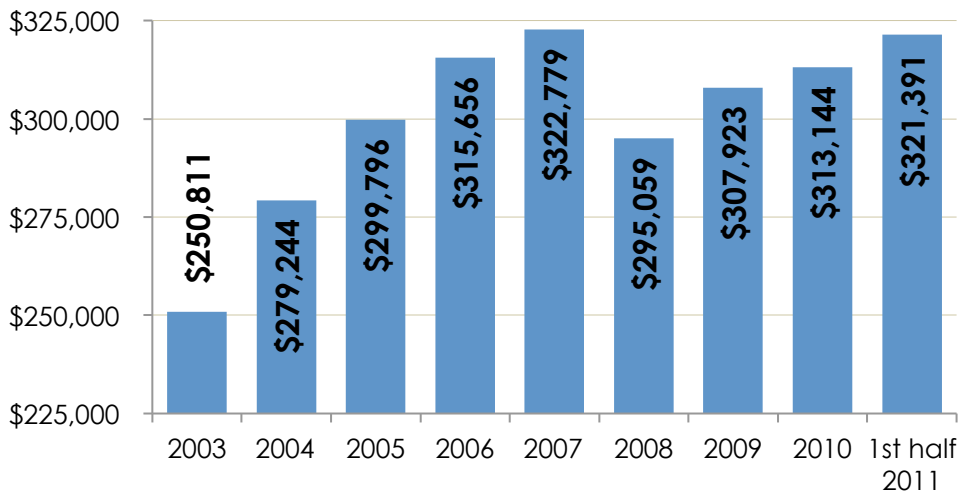
**Source:** Alaska Map Company; Sheinberg Associates; Inside Passage Electric Cooperative; Alaska Power Company; Personal Communication: Jane Button, Elfin Cove; Gustavus Electrical Company, Inc.; City of Ketchikan, Municipal Code, Chapter 11, Section 8, Electrical Rates; BC Hydro; Petersburg Municipal Power & Light Company; Alaska Electrical Light & Power Company; DCCED; City of Ketchikan; City and Borough of Yakutat; City and Borough of Wrangell.

# Housing

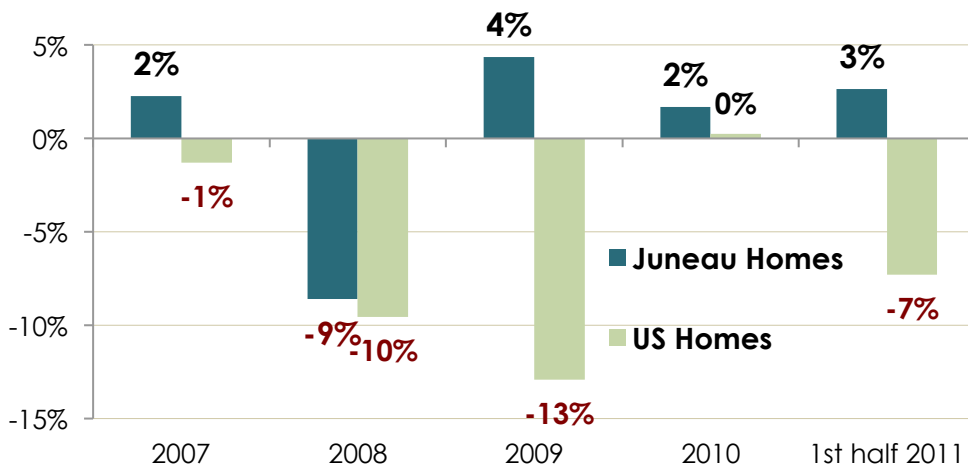
## Juneau Housing Sales and Prices

In the first half of 2011, home prices were up, and the average number of days on the market was down. The average price of a single-family residence was \$321,391—a three percent increase over the first half of 2009 and similar to 2007 (peak) prices. During the same period, the price of single-family homes nationally fell by 7 percent. Nationally homes are at their 2003 prices.

Single-Family Home Prices in Juneau, 2003-2011



Change in Price: Single Family Homes 2007-2011, Juneau and US



## Annual Single-Family Residential Sales in Juneau

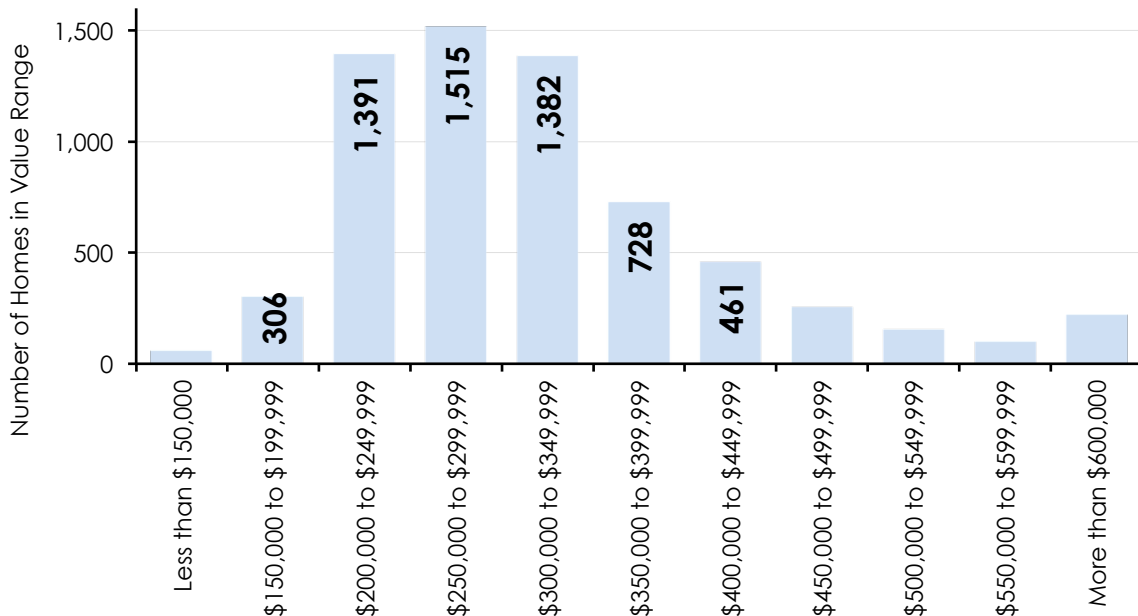
Year	Single-Family Homes			Average Days on Market
	Sales Closed	Average Price	Change from Prior Year	
1st half 2011	62	\$321,391	3%	80
2010	257	\$313,144	2%	91
2009	230	\$307,923	4%	94
2008	227	\$295,059	-9%	94
2007	241	\$322,779	2%	73
2006	290	\$315,656	5%	95
2005	254	\$299,796	7%	89

Source: Southeast Alaska MLS, ADOL \*2011 data is only for Jan-June (6 months)

### Assessed Housing Value

According to the Juneau Assessor's Database, the average assessed value of the 6,319 single-family homes in Juneau was \$325,711. Only six percent of Juneau's single-family homes are valued at \$200,000 or less according to the CBJ assessor's database. Half (50%) of Juneau's single-family homes are assessed at a value of more than \$300,000. Juneau single-family homes include single-family homes, single-family homes with apartments, and zero-lot lines. Condos, duplexes, and mobile homes are excluded.

### Value of Single-Family Homes in Juneau, 2010

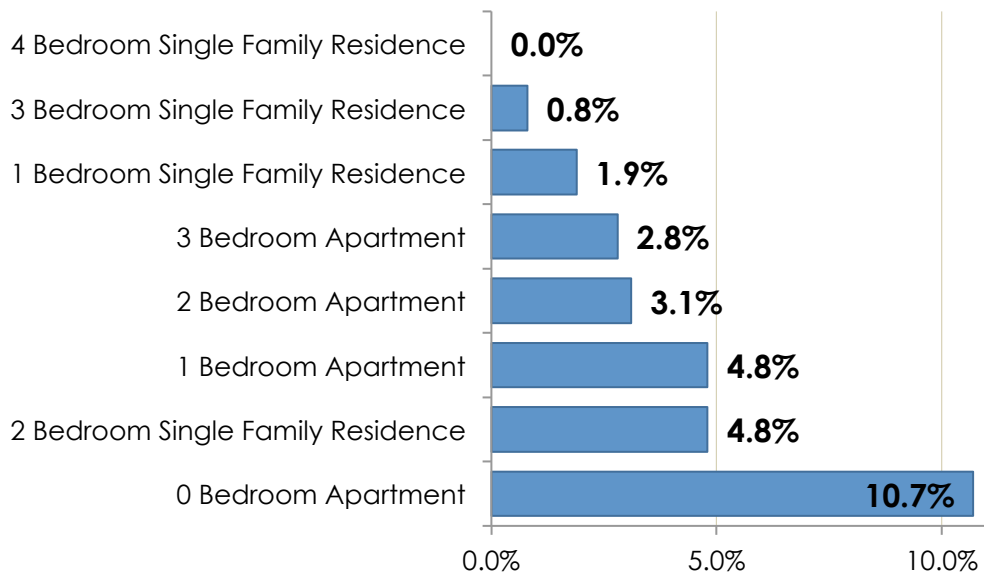


Source: CBJ with analysis by JEDC, 2010

## Vacancy Rates

A five percent vacancy rate is considered to reflect a balanced and healthy rental market. Juneau has long been plagued by low rental vacancy rates, making it difficult for renters to find suitable housing, and difficult for home-buyers to purchase ideal homes. Juneau's rental vacancy rates are lower than the region, state and nation. The 2011 average **rental vacancy rate was 3.2 percent** in Juneau (compared to 9.2 percent nationally) and was significantly lower for some types of rental units. Vacancy rates for one, three & four bedroom single-family homes range from zero to 1.9 percent; and one, two, and three-bedroom apartments have vacancy rates that range between 2.8 percent and 4.8 percent. Juneau's **homeowner vacancy rate was 1.4 percent** in 2010, again, significantly lower than the recommended rate of five percent.

### Vacancy Rate by Rental Unit Type and Number of Bedrooms, Juneau 2010-2011 Average



**Note:** chart averages ADOL Alaska Housing and Finance Corporation Rental Market Survey data from the past two years of rental housing vacancy type.

## Healthy Housing Market

There are 12,187 homes in Juneau. In order to reach a healthy housing market vacancy rate of five percent, Juneau needs 360 more housing units: including 275 homeowner units and 85 new rental units.

### Juneau 2011 Units Needed for Five Percent Vacancy Rate

Homeowner Units	Rental Units	Total Units Needed
275	85	360

**Notes:** Calculations assumes that 2010 homeowner vacancy rate is 1.4% (2010 US Census) and the overall 2011 rental vacancy rate is 3.2% (ADOL).

Part of the difficulty is that there are very few buildable land parcels in the city and borough that are readily suitable for development. Most undeveloped land in the CBJ is dominated by wetlands, forests, steep slopes and variable terrain, and/or is inaccessible by road. Even if such terrain were developable, the costs to engineer development and mitigate environmental impacts would be prohibitive to all but the highest-priced, lowest-density residences.

## Monthly Rental Costs (Market Rates)

Juneau (tied with Anchorage) had the highest average rent in the state in 2011. In 2011, Alaska Department of Labor (ADOL) surveyed 1,141 market rate rental units in Juneau for this survey.<sup>3</sup> According to ADOL, in 2011 the average monthly cost for a rental unit in Juneau was \$1,149 including utilities, a one percent increase over 2010.

### Average Juneau Rental Prices 2000-2011

Year	Average Adjusted Rent Juneau
2011	\$1,158
2010	\$1,149
2000	\$922
Change 2009-2010	1%
Change 2000-2010	26%

**Source:** DOL. Above rents are the average rents for all units. Adjusted rents are calculated rents determined by adding estimated utility costs that are not included in the contract rent.

<sup>3</sup> There are 667 rental units in Juneau that are designated as low-income units, and do not charge market rent.

ADOL also calculates average rental rates by unit type. Average Juneau rental prices ranged from \$819 per month (including utilities) for a zero-bedroom efficiency apartment to \$2,208 for a four-bedroom house.

### Average Adjusted Rent by Rental Unit Type and Number of Bedrooms, Juneau 2011

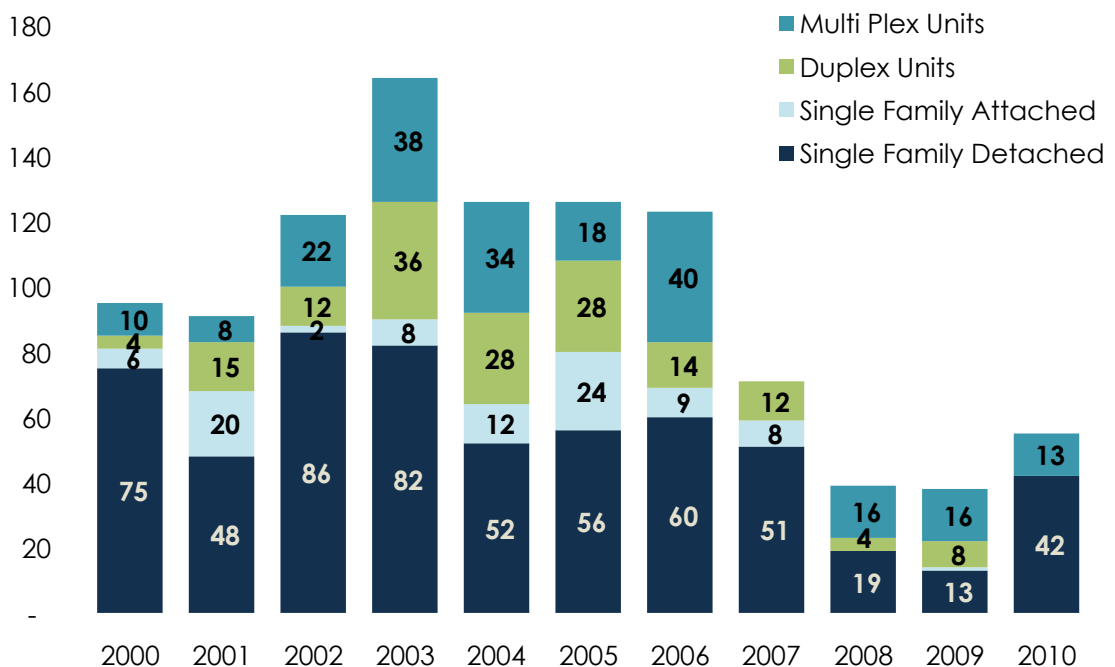
Number of Bedrooms	Apartment Average Adjusted Rent	Single Family Residence Average Adjusted Rent
0 Bedroom	\$819	NA
1 Bedroom	\$953	\$981
2 Bedroom	\$1,196	\$1,437
3 Bedroom	\$1,565	\$1,934
4 Bedroom	NA	\$2,208

**Source:** DOL. Above rents are the average rents for all units. Adjusted rents are calculated rents determined by adding estimated utility costs that are not included in the contract rent.

### New Home Construction

In 2010, 55 new housing units were permitted for construction in Juneau, including 42 single-family homes and 13 duplex or multiplex units. This represents an increase of 17 units over 2009, but is down significantly from earlier years. In 1996, 307 housing units were permitted. From 1996 to 2008, on average, 129 housing units were permitted in Juneau annually.

### Number of New Housing Units Permitted in Juneau 2000-2010

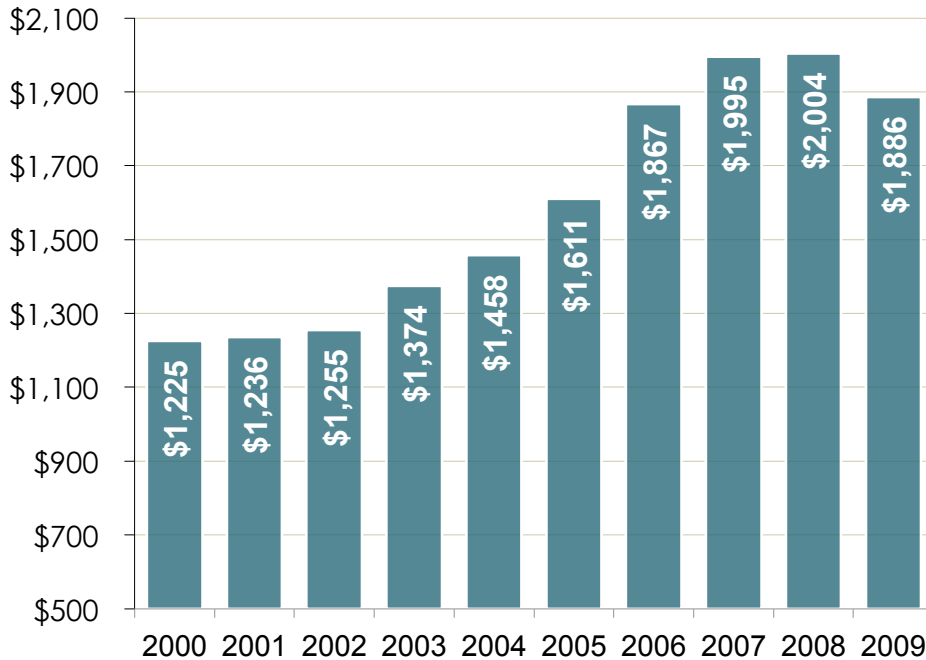


**Source:** CBJ.

# City Sales and Taxes

In 2009, gross business sales in Juneau were \$1.886 billion, a decrease of 6 percent over the previous year. Every category of business sales registered declines in 2009, except for real estate. Generally, economic indicators were down in 2009.

Gross Business Sales in Juneau, 2000 to 2009  
in Millions of Dollars (Calendar Years)



Source: DOL and CBJ

Category	2009	2008	Change 2008-2009
Real estate	78,132	61,486	27%
Contractors	257,902	285,409	-10%
Liquor and restaurant	105,138	106,427	-1%
Retail sales - general	202,648	217,030	-7%
Foods	159,724	168,246	-5%
Transportation and freight	157,385	159,228	-1%
Professional services	235,090	234,783	0%
Retail sales - specialized	143,081	151,687	-6%
Automotive	73,467	86,602	-15%
Other	473,238	533,202	-11%
<b>Total gross business sales</b>	<b>1,885,805</b>	<b>2,004,100</b>	<b>-6%</b>

Through June 2010, revenues from two CBJ taxes were down: the CBJ bed tax brought in three percent less revenue than in FY2009 and sales tax was down by four percent.

Various City and Borough of Juneau Taxes  
FY2000-2010 (Fiscal Years)

	Property Taxes	Sales Taxes	Hotel Taxes	Alcohol Taxes
<b>Tax Rate FY10</b>	<b>10.60</b>	<b>5%</b>	<b>7%</b>	<b>3%</b>
FY2010	41,055,219	40,008,329	1,029,604	826,570
FY2009	40,431,889	41,474,829	1,066,795	726,034
FY2008	39,472,684	42,042,614	1,283,970	722,028
FY2007	36,747,337	39,583,371	1,184,151	743,837
<b>Change FY09-10</b>	<b>2%</b>	<b>-4%</b>	<b>-3%</b>	<b>3%</b>

Source: DOL

