



JEDC.org
612 W. Willoughby Avenue, Suite A
Juneau, AK 99801
Phone: (907) 523-2300
Fax: (907) 463-3929

JEDC Research Note: Juneau Housing Stock and Short-Term Rentals August 2022

Research Question

Despite increases in Juneau's housing stock relative to our population, why do we continue to experience worsening affordability and availability?

There have been 1492 new units added to Juneau's housing stock, while Juneau's population has remained relatively stable in the last 12 years. *Where have those units gone? What is the impact, if any, of the short-term rental market on Juneau's housing stock?*

Summary of Findings

There are fewer dwelling units per adult in Juneau than there were 12 years ago. Through an analysis of varying factors in the housing market, short-term rental (STR) market, census data, and national trends, we see that the demand for housing units is rising faster than new units are being added. Multiple factors have contributed to this. Some housing units are being converted into short-term rentals, and the production of new housing units has not kept up with the housing demands of Juneau's population demographic changes. The population of Juneau has increased by 980 people, or 3.13%, from 2010 to 2020, according to census data. Juneau's population has also gotten older, with a larger share of the older population living alone. Census data shows the portion of the population 20 years of age and older increased by 1435 people, or 6.21%, while the youth population has decreased. This has led to an increased demand for housing units, and the housing supply has not kept up with the demand. While both have influenced the housing market, the demographic changes in Juneau's population are a more significant factor in Juneau's housing shortage than conversions to short-term rentals (STRs).

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General Housing Market Data

The housing market in Juneau has experienced several changes over the last decade, becoming a more competitive environment. The number of home sales per year has increased, prices have risen, and the homes are spending fewer days listed on the market. Meanwhile, the number of new housing permits issued per year has been inconsistent.

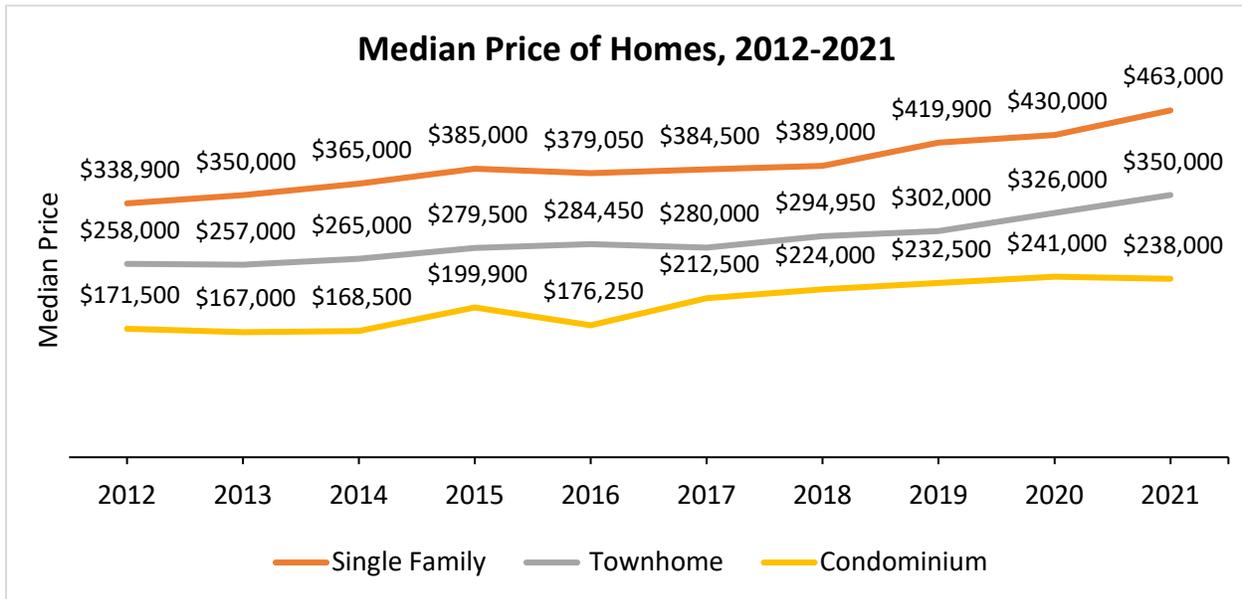


Figure 1: Median price of homes, 2012-2021

Between 2012 and 2021, the median prices of single-family households, townhomes, and condominiums have risen at similar rates. Prices for each type of home increased between 35% and 39% overall, or 3.9% to 4.3% annually.

The US Census defines a townhouse as "side by side housing units that do not meet the definition of single-family houses," particularly homes that share one or more walls with other units.

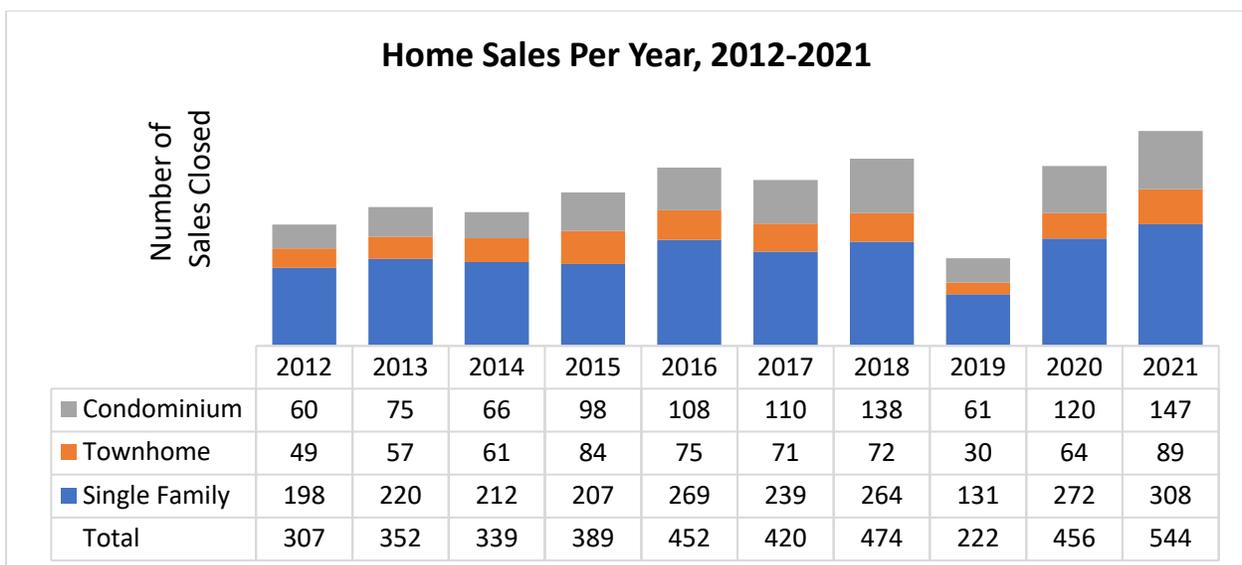


Figure 2: Home Sales Per Year, 2012-2021

The number of home sales closed each year grew consistently between 2012 and 2021, except for a significant dip in 2019.

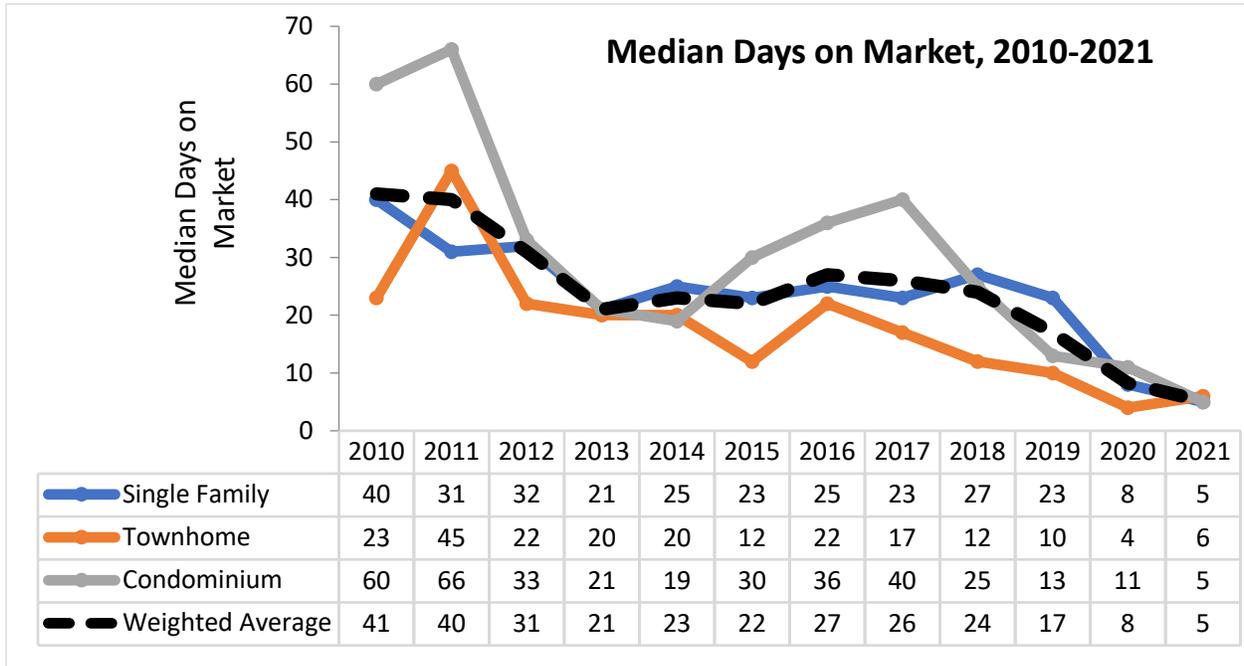


Figure 3: Median Days Listed on Market, 2010-2021

Homes are also selling faster than they were a decade ago. In 2011, homes spent an average of 40 days on the market before selling. By 2013 the average homes were selling in half that time, just 21 days. While sales slowed slightly over the next five years, the average days listed fell between 2018 and 2021. In 2021, homes were spending less than a week on the market before selling.

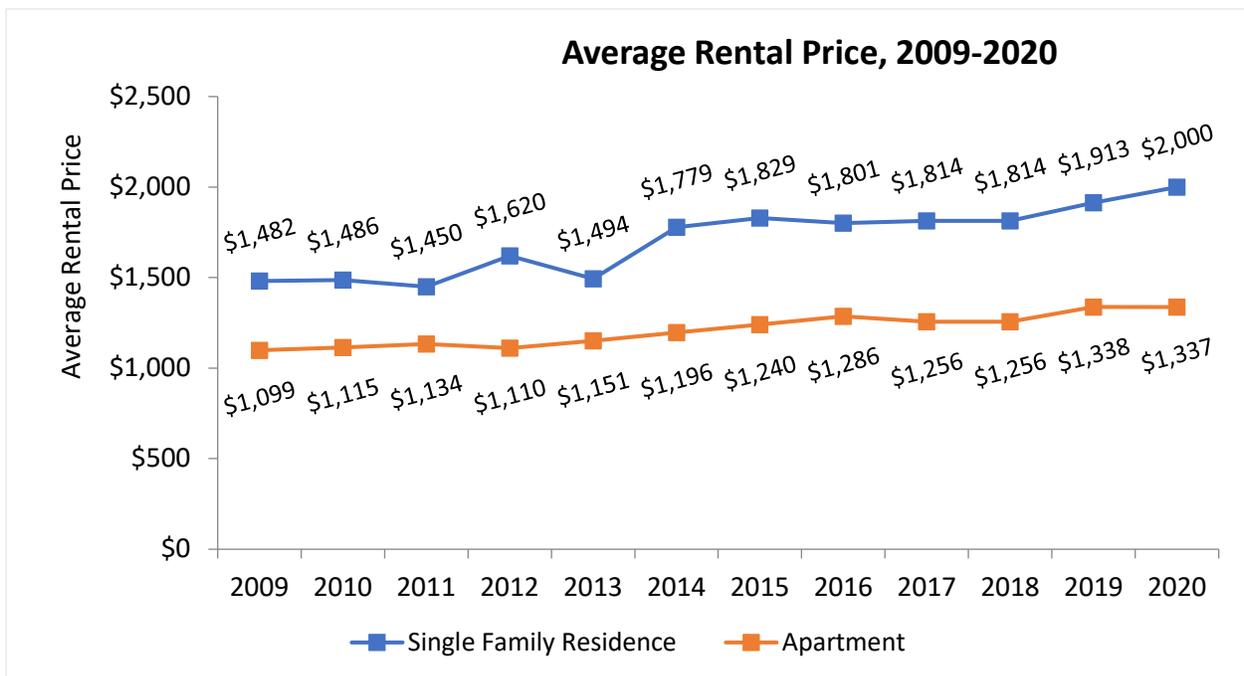


Figure 4: Average Rental Price, 2009-2020

Average single-family home rental prices increased by 35% between 2010 and 2020, comparable to the median price increase of single-family homes over a similar period (Figure 1). Apartment rental prices increased 20% from 2010 to 2020.

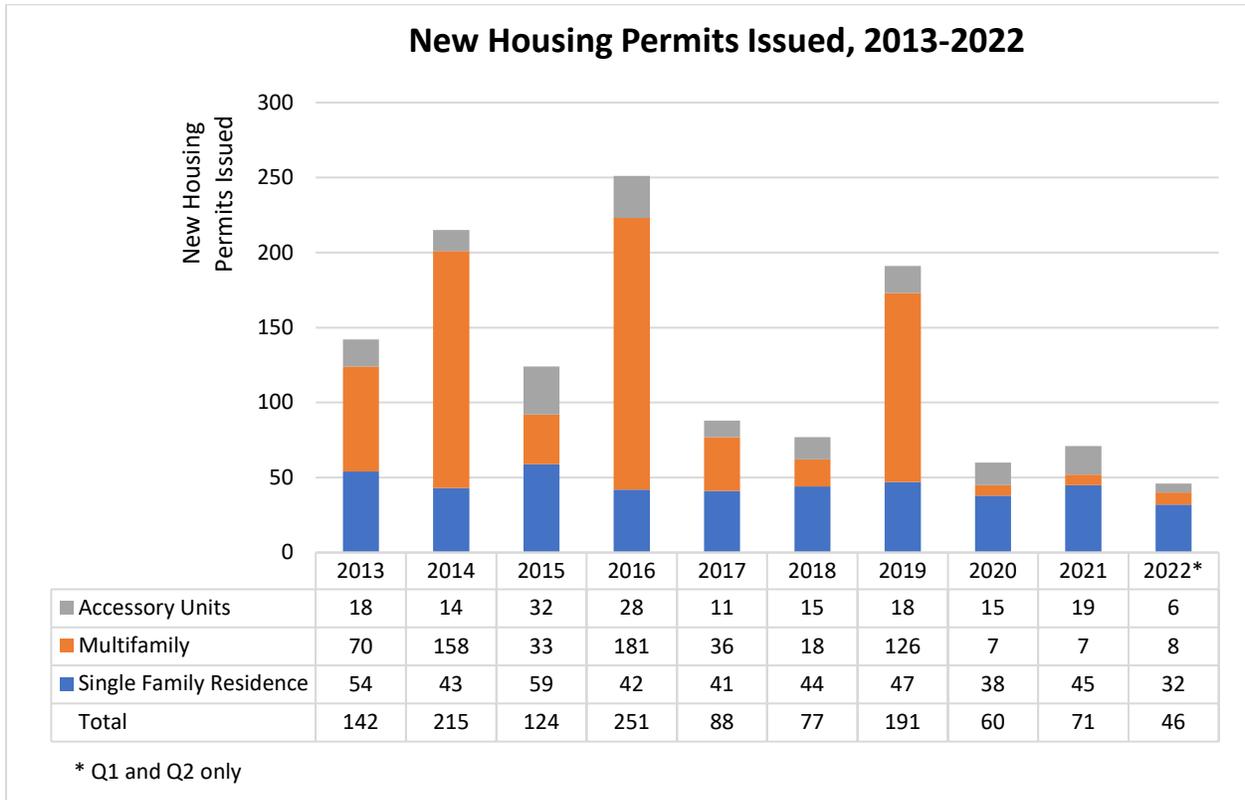


Figure 5: New Housing Permits Issued, 2013-2022 Q2

Data from the City and Borough of Juneau (CBJ) of recent permits issued show a slowdown in the number of multi-family units permitted during the COVID-19 pandemic. Permits issued are a direct indicator of the number of new units that will be built in the next few years. With relatively fewer total units being built, there is no immediate fix to the housing shortage.

Local Housing Stock Data

Added and Lost Housing Units

While new homes continue to be constructed in Juneau, housing units are also taken out of the local housing stock each year. The construction of new single-family homes remains relatively consistent over the last decade, while new multi-family units rise and fall unevenly year to year. Demolition of housing units and conversion to short-term rentals are two factors that have removed housing units from the residential stock.

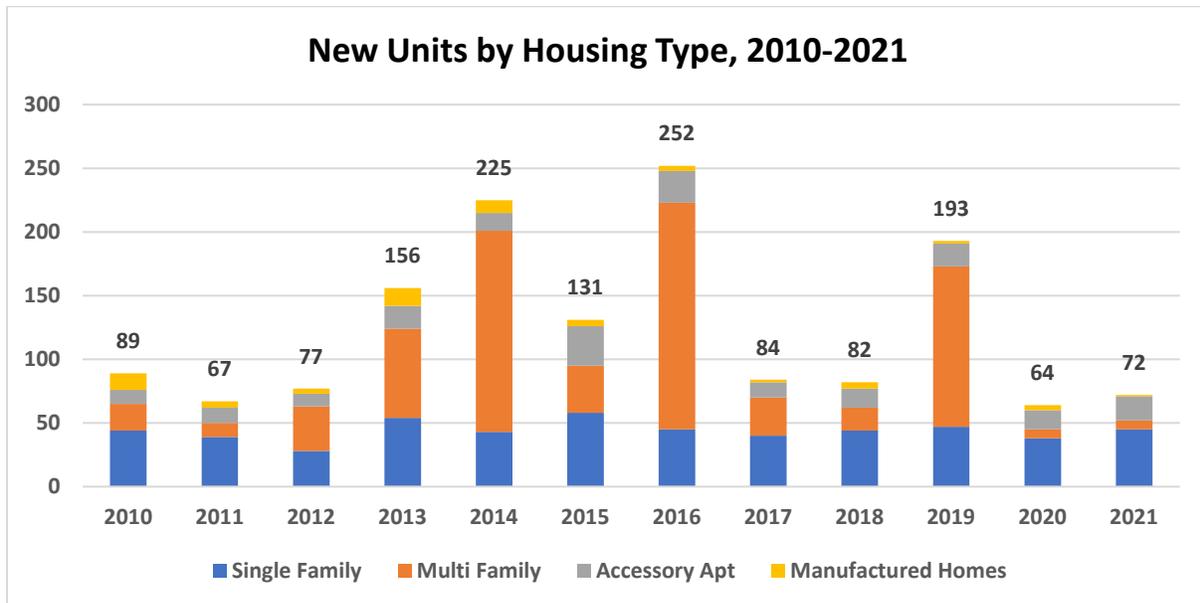


Figure 6: New Units by Housing Type, 2010-2021 (See Appendix 1, Table 1)

1,492 units of housing were built in Juneau from 2010 to 2021.

698 (47%) of the new units were part of multi-family residences, including those in condominium and apartment buildings. The number of new multi-family units fluctuates significantly between years, with seven added in 2011 and 178 added in 2016. This pattern is not unexpected, as a single multi-family complex may include dozens of units that are completed at the same time.

525 (35%) of the new units were single-family residences. New construction has been consistent since 2013, with 38 to 58 new units added each year.

Accessory apartments and manufactured homes make up a small portion of the new housing stock, with 200 (13%) units and 69 (4.6%) built since 2010, respectively. The construction of manufactured homes has nearly disappeared since 2015, with five or fewer units added per year. Meanwhile, accessory units have become increasingly common since 2015, averaging 19 new units per year, compared to 13 units per year prior to 2015.

New accessory apartments and manufactured homes both remain low, despite intentional actions adopted by CBJ to promote them, such as an accessory apartment incentive grant and a mobile home loan program.

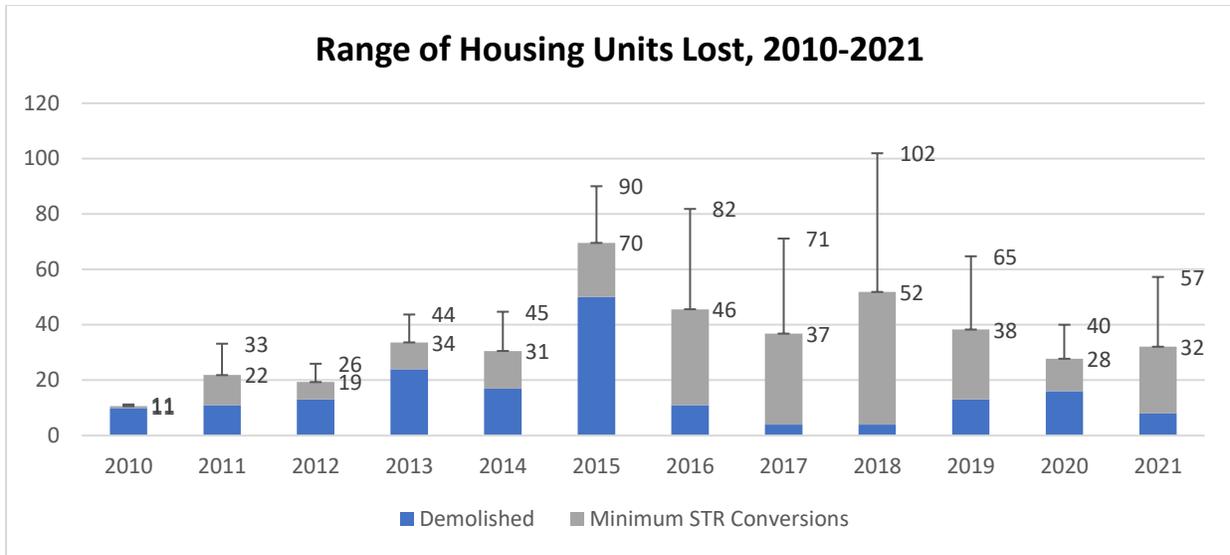


Figure 7: Housing Units Demolished and New STRs Registered, 2010-2021 (See Appendix 1, Table 2)

181 units of housing were demolished between 2010 and 2021, an average of 15 units per year. This is comparable to 12% of the new units built over the same period.

The number of STRs in Juneau has grown in the last decade, according to data collected by the STR monitoring firm, Harmari.

Since 2010, 616 units of housing in Juneau have been used as a STR at some point. 484 rentals were entire homes, and 132 were within shared-home. At least 301 of these units were actively being used as STRs in 2021.

The number of converted STRs listed above is estimated based on the total number of STRs and the percentage of new STR listings created each year from data provided by Harmari. They reported Juneau having a total of 616 STRs, as well as a breakout by percentage for new STR listings created each year. As it is unknown if all 616 STRs are still active, 616 is used as the maximum number of converted units, and the 301 STR units known to be active are used as the minimum number, creating a range of 301 to 616.

While the net housing stock has increased in total, it has not always kept pace with the conversion to STRs. In 2018 there were more housing units converted to STRs than new units built.

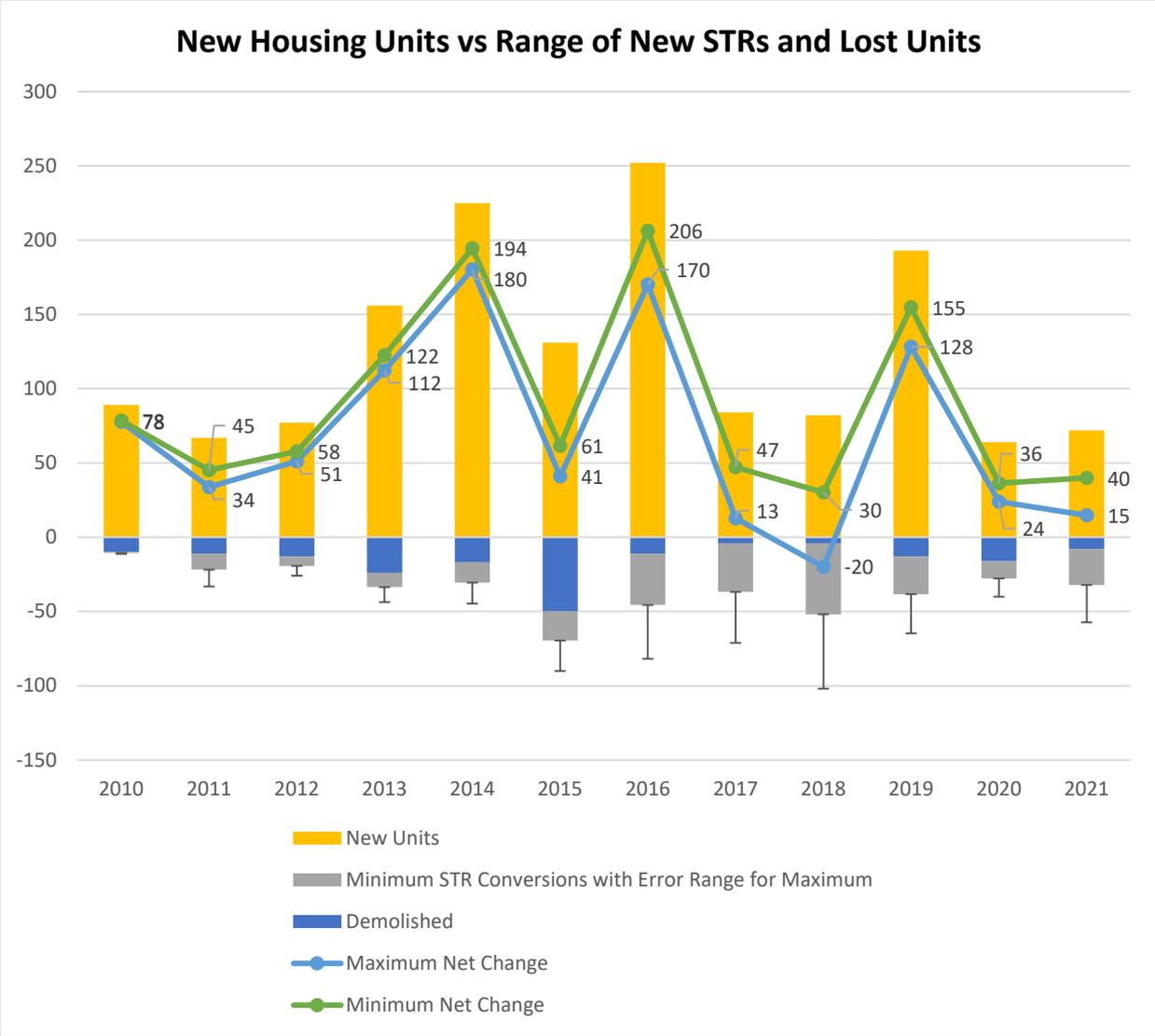


Figure 8: Net Change in Housing Units, 2010-2021

Local Demographics and Living Arrangements

The demand for housing in Juneau has changed over the last decade. Juneau's population has increased slightly since 2010, and the portion of residents 20 years of age or older has increased. The number of Juneau residents living alone has also increased, especially among residents 65 years and older.

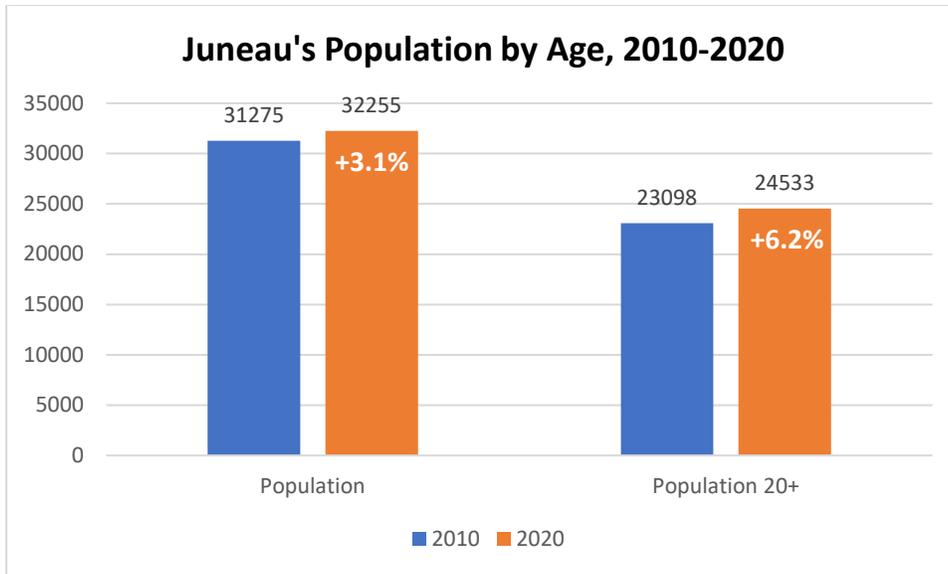


Figure 9: Juneau's Population by Age, 2010-2020

Juneau's aging population may be another factor leading to an increased demand for housing. While the population increased by 980 people (3.13%) from 2010 to 2020 (US Census), the average resident age also increased. The number of residents 20 years of age and older increased by 1,435 people (6.21%) while the youth population decreased by 455 (-5.6%).

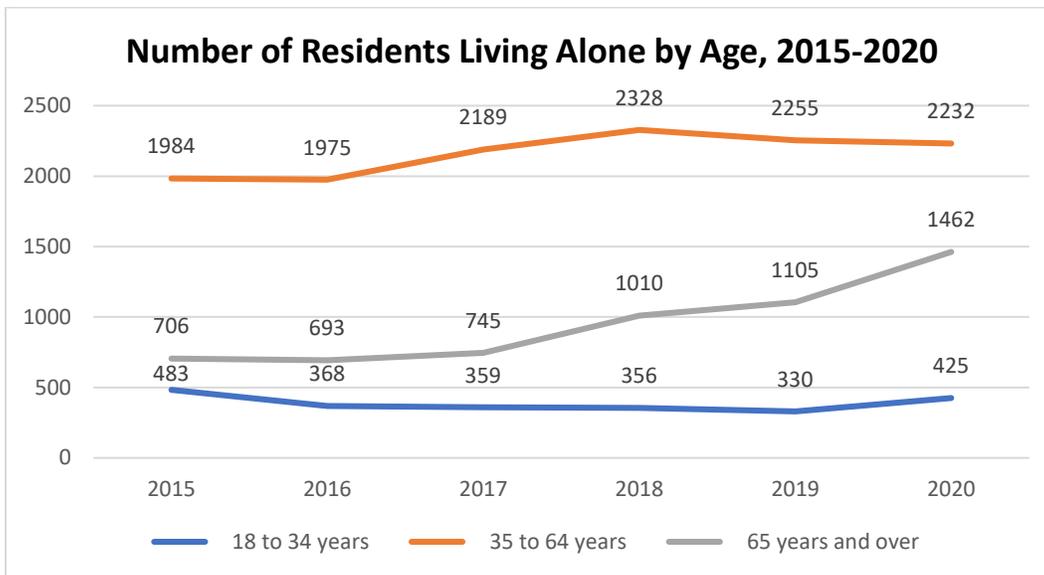


Figure 10: Number of people living alone by age group

From 2015 to 2020, an increased number of Juneau residents reported living alone (ACS, 2015-2020). A recent national trend has pointed to young adults delaying moving out of their family homes during the COVID-19 pandemic, which caused a downturn and then a surge in demand for apartment rentals (see the National Trends section below). However, Juneau has experienced a different trend. The number of

individuals ages 18 to 64 living alone shifted somewhat over this period, but the number of individuals aged 65 and older living alone more than doubled from 2015 to 2020.

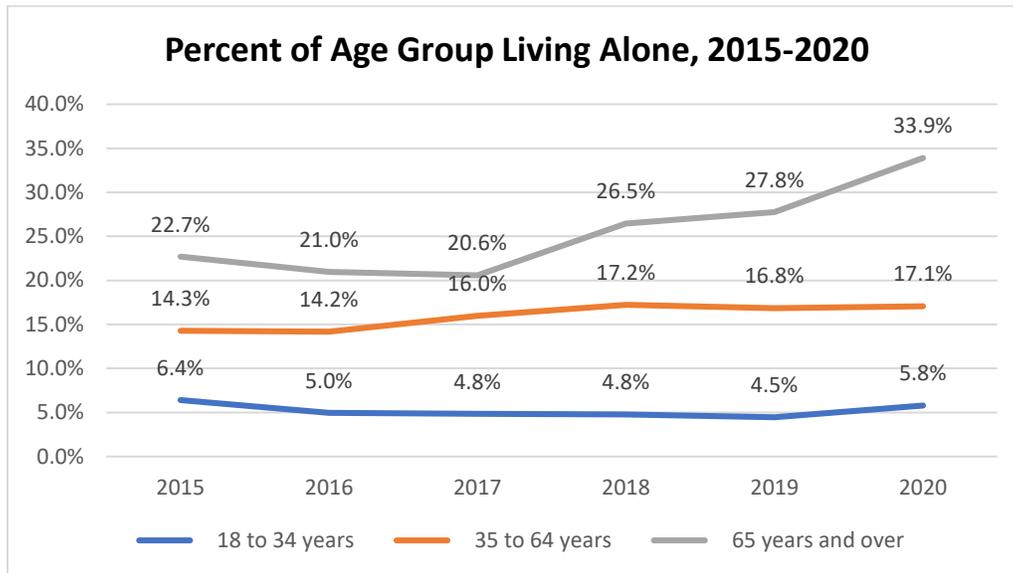


Figure 11: Percentage of each age group living alone

Not only are more older residents living alone, but they are also making up a greater portion of Juneau's population. This is the direct reverse of national trends reported for 2020 and 2021, which attribute the growth to the younger generation. In 2020, the total population in Juneau of 18 to 34-year-olds was 7,347, the population for 35 to 64-year-olds was 13,084, and the population for age 65 and older was 4,312.

Units of Housing per Adult Population (Age 20+)

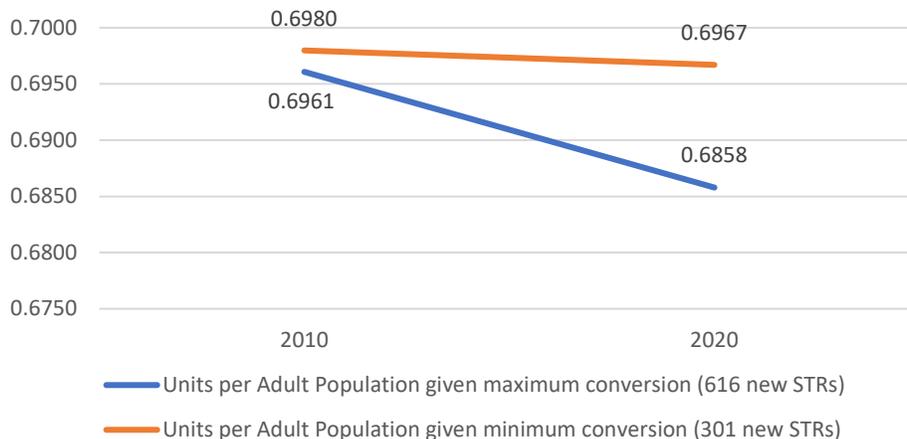


Figure 12: Units of Housing per Adult, 2010-2020

Data on the number of households varies by several hundred per year, so total population data is more precise when calculating the effects of STRs or demographic changes of people living independently. Between 2010 and 2020, the population over 19 years old increased from 23,098 to 24,533. The number of units, accounting for demolished units, increased from 16,165 to 17,348. However, the number of STRs is difficult to measure. There were 616 total known STRs in Juneau, but only 301 were shown to be active in the past year. Using these two numbers as the range of total STRs, the number of STRs between 2010 and 2020 increased from 43 to 256 or 87 to 524. Using the two different estimates of units converted to STRs and taking them out of the total number of units gives us a high and low estimate for the decrease in the available units to population ratio. The high estimate is a decrease from 69.6 to 68.6, meaning Juneau lost 1.5% of its available housing due to both STRs and an aging population. Using the low estimate is a decrease from 69.8 to 69.7 or a decrease of only 0.19% of the available housing.

Sales to Non-Residents

A portion of Juneau's residential property is owned by individuals and businesses outside of the community. Using the mailing address of property owners registered in the City and Borough of Juneau's assessor's database, we estimated the number of residential units owned by local and non-local individuals.

Note that this is an estimate of local and non-local ownership. Property owners who primarily reside outside of Juneau and businesses with locations outside of Juneau may be registered with their Juneau address. This did not differentiate between the owner being an individual or business.

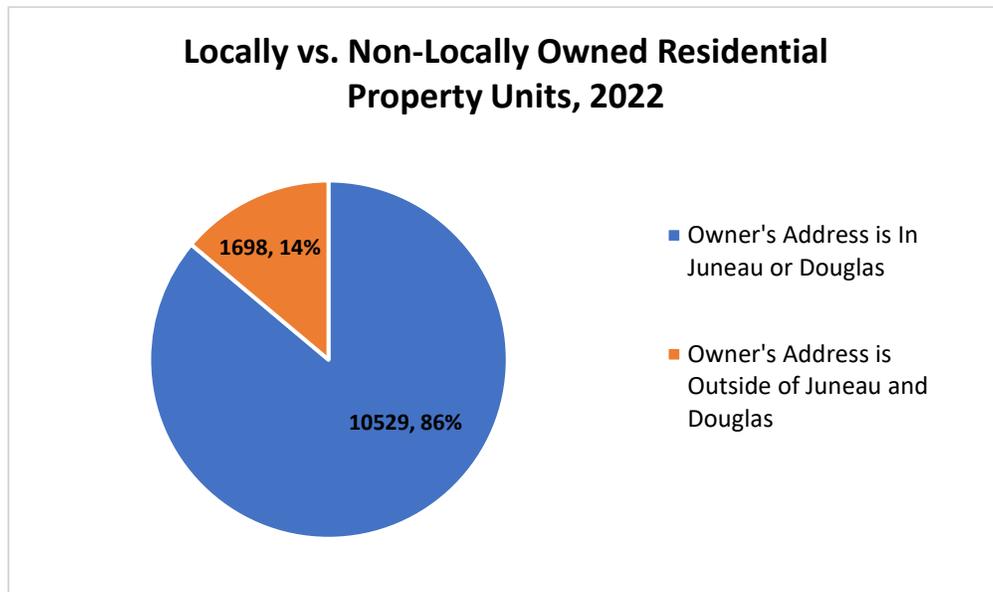


Figure 13: Residential Units Owned by Juneau Residents and Non-Juneau Residents, 2022
(See also: Appendix 1, table 4)

1,698 residential units are registered under a mailing address outside of Juneau, 14% of the total units. Apartment units were the second most likely to be owned by an entity outside of Juneau, as 35% of the 1,764 units were registered under an out-of-town address. Only cabins had a higher out-of-town ownership rate, at 36%.

Owners of Multiple Units

Most Juneau homeowners own a single unit of housing. Beyond that, only a handful of organizations own a significant number of units. Four owners are listed as having over 100 units, with the rest below 70 units. These are Alaska Housing Development Corp at 112, Alaska Housing Finance Corp at 119, Mendenhall-Juneau Apartments LLC at 125, and Tlingit Haida Regional Housing Authority at 127. The rest are private individuals.

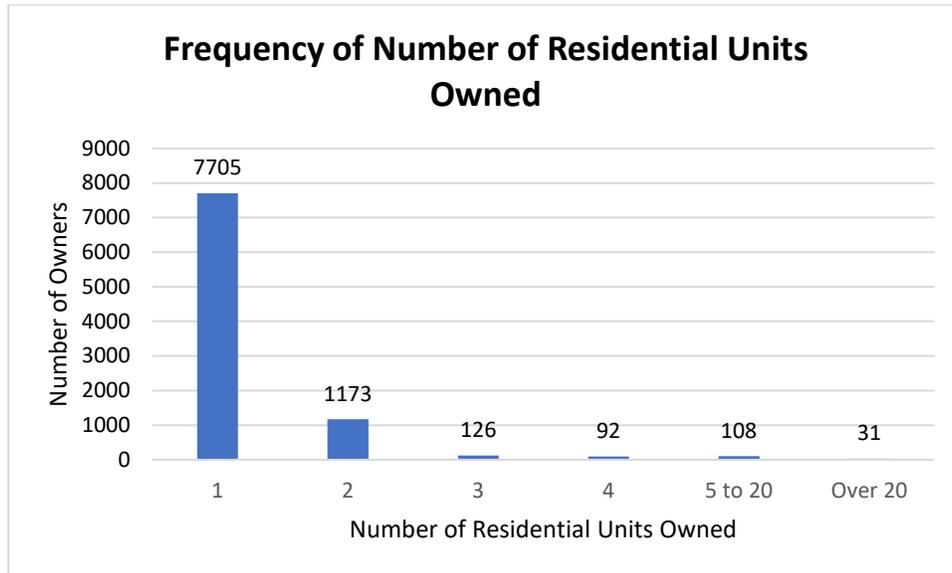


Figure 14: Frequency of Number of Residential Units Owned

Very few non-local individuals and businesses owned more than one unit, with only one company not affiliated with the State of Alaska owning more than ten units.

City Bed Tax Rates and Compliance

As of April 2022, 170 STR businesses were registered with CBJ, well below the number of STRs currently advertised. This is the number of businesses registered, not the number of units they may have.

Comparing this to the estimate of units owned by each operator shown in figure 23, as well as the high and low estimates for total STRs operating between 301 and 616, the city has an estimated compliance rate of STR operators between 35% and 72%.

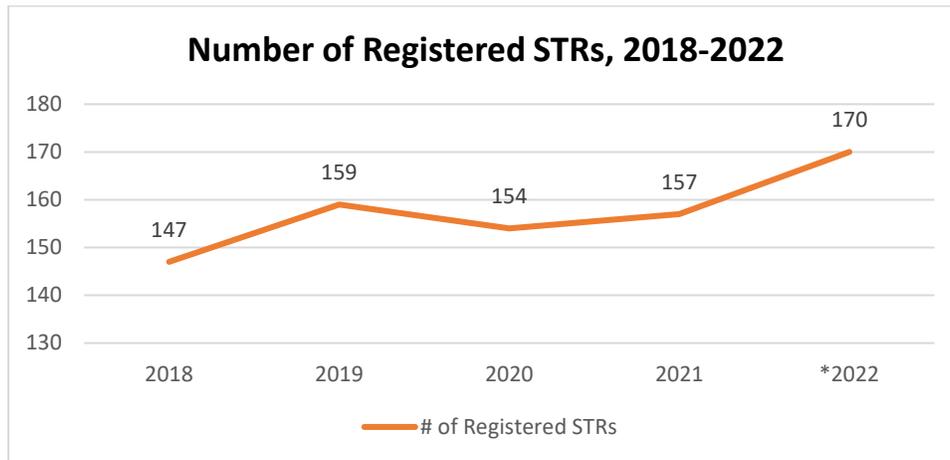


Figure 15: Number of STR businesses registered with the city
*STR data for 2022 was collected in April

The total city tax rate for STRs is 14%. That is the total of the 5% sales tax and an additional 9% bed tax. The bed tax was increased in 2020 from 7%. Four years of bed and sales tax were provided by CBJ which shows a dip in revenue in both during the pandemic. However, the revenue from hotels is currently much higher, averaging \$2,517,505 per year between 2018 and 2021, while STR revenue averaged \$343,386. If the STR registration compliance rate is at only 35%, the city could see an additional average annual revenue of \$637,716 if STR tax compliance was strictly enforced, totaling \$981,102 in taxes annually. Given the maximum estimated number of STRs and average revenue from the past four years, the city could see nearly \$1,000,000 in tax revenue if the total number of STRs comes into compliance.

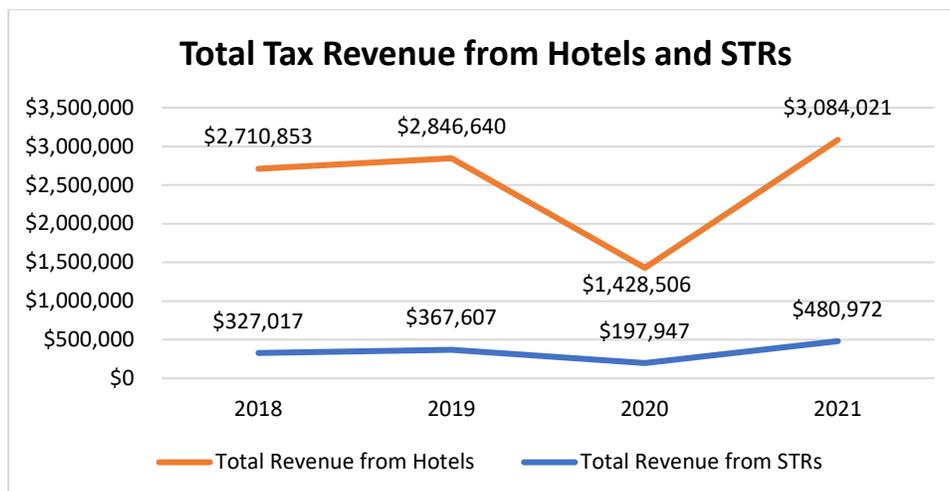


Figure 16: Hotel and STR tax revenue

National Trends

STRs and housing issues are a concern nationally. According to the Harvard Joint Center for Housing Studies, rental prices for apartments and single-family homes have risen drastically since 2020, with significant jumps in the past year. Apartment rent prices are up 11.6%, while single-family home prices are up 12.4% between the first quarters of 2021 and 2022.

Data from Apartment List online rental marketplace shows the 2021 change in median rent to be an increase of 17.6%. For comparison, they report an increase of 3.4% in 2018, an increase of 2.3% in 2019, and a decrease of -1.5% in 2020. So far, their tracking shows an increase of 6.7% in rental rates through July 2022. While this is below the increase during the same months in 2021, it has already exceeded the annual increase of the previous three years.

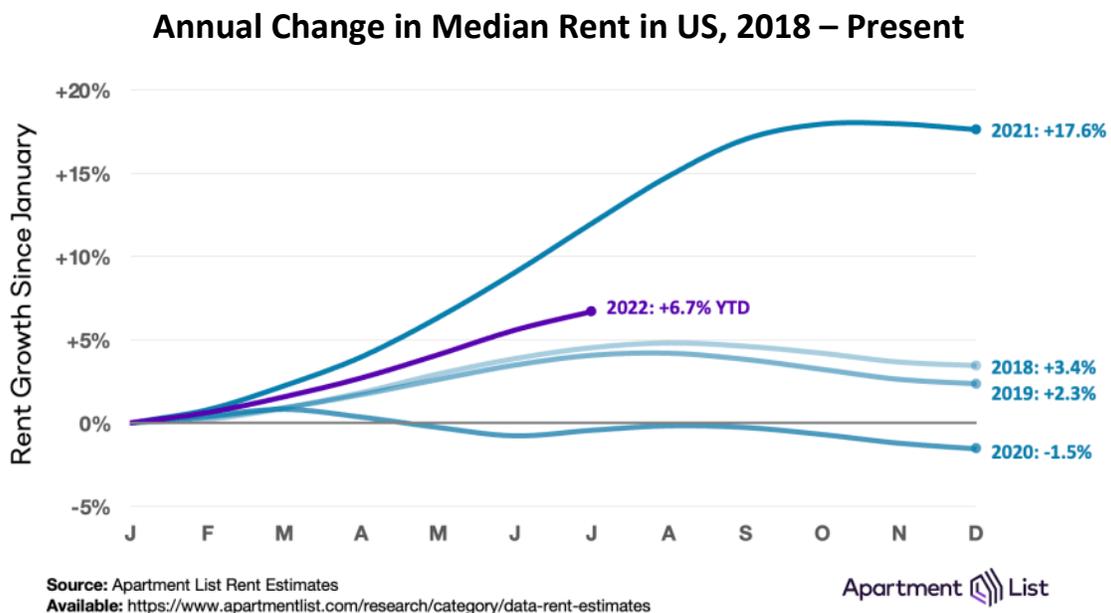
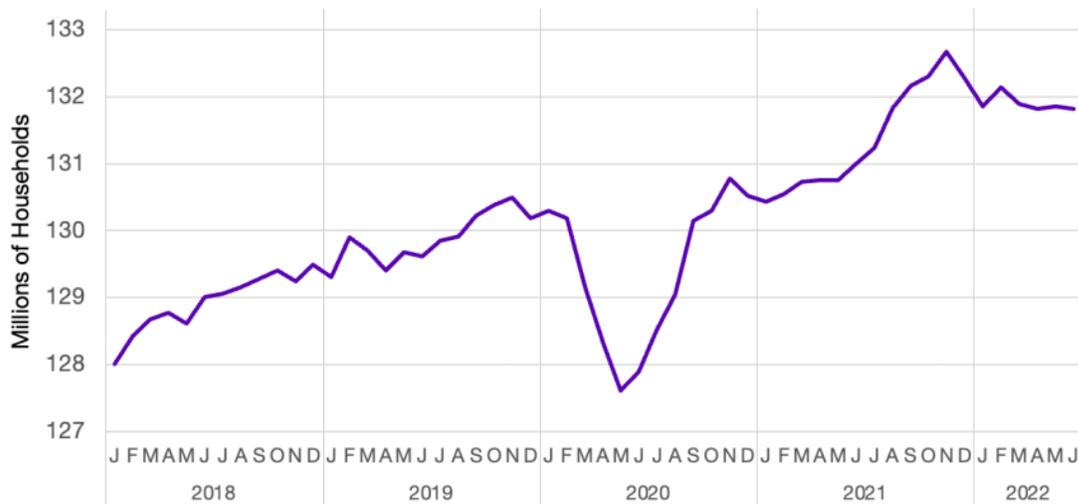


Figure 17: National trends for apartment rental rates from Apartment List (from <https://www.apartmentlist.com/research/national-rent-data>)

Apartment List stated several factors contributing to the increase in rental costs. Increased construction costs, such as materials and labor, have increased the prices of new properties. Many Americans changed their living arrangements since 2020, possibly in response to the COVID-19 pandemic. In 2020, the count of total households dropped by 2.5 million during the middle of the year. However, by the end of 2020, the count of households returned to pre-COVID levels and then continued to grow by another 2 million in 2021. Apartment List attributes this to young adults moving back into their family homes in response to the COVID-19 pandemic.

Total Number of Households in the US, 2018-2022



Source: US Census Bureau, Current Population Survey. Accessed via IPUMS-CPS.

Apartment List

Figure 18: National trends for apartment rental rates from Apartment List (from <https://www.apartmentlist.com/research/more-than-two-million-households-dissolved-during-pandemic>)

The number of single-person households grew significantly after 2020. Apartment List cites census data showing single-person households making up 61% of the 2.5 million households lost in 2020 and 82% of the 4.5 million households gained since this dip.

Many young adults followed this move-in, move-out pattern. Apartment List shows 400,000 from Gen Z, people born between 1997 and 2012, moving from single person living arrangements into family households between March and May 2020. Nearly 1 million individuals in this age group then moved from family households to living alone by 2021. The number of non-family households, such as groups of roommates, dropped during the COVID-19 pandemic, and this number has not significantly recovered.

Tying Together National and Local Trends

Census data for Juneau shows that 2015 through 2020 saw an increase in the number of older adults living alone. If this trend continues into 2022, and Juneau experiences the national trend of younger adults needing housing at an increasing rate since 2020, these groups will be in direct competition for single person living spaces.

An insufficient housing supply has led to a competitive housing market in Juneau, contributing to increased costs for individuals renting and buying homes. Recent trends indicate that these issues will continue to impact Juneau in years to come. While it is easy or convenient to point to a single source causing the tightening of the housing market as the pandemic winds down, the STR market is only one factor among many causing these issues. The construction of new housing has not kept up with the increase in the adult population. Behavioral changes around independent living for young adults and the growing 65 and older population are other factors straining the housing market. Each of these factors may require different actions to ensure that Juneau is an accessible and affordable place to live for everyone in our community.

Appendix 1: Selected Data Tables

	New Units	Single-Family	Multi-Family	Accessory Apt	Manufactured Homes
2010	89	44	21	11	13
2011	67	39	11	12	5
2012	77	28	35	10	4
2013	156	54	70	18	14
2014	225	43	158	14	10
2015	131	58	37	31	5
2016	252	45	178	25	4
2017	84	40	30	12	2
2018	82	44	18	15	5
2019	193	47	126	18	2
2020	64	38	7	15	4
2021	72	45	7	19	1
Total	1492	525	698	200	69

	Demolished	Estimated Minimum Units Converted to STRs	Estimated Maximum Units Converted to STRs
2010	10	1	1
2011	11	11	22
2012	13	6	13
2013	24	10	20
2014	17	14	28
2015	50	20	40
2016	11	35	71
2017	4	33	67
2018	4	48	98
2019	13	25	52
2020	16	12	24
2021	8	24	49
Total	181	239	485

Table 3: Residential Properties by Owner's Mailing Address					
PPTY Type	Use Code	Total Properties	Owner's Address is In Juneau or Douglas	Owner's Address is Outside of Juneau and Douglas	Percentage Estimate of Locally Owned Properties
1	Residential	5017	4582	435	91%
2	Duplex	302	257	45	85%
3	Triplex	44	37	7	84%
4	Fourplex	111	90	21	81%
5	Residence w/Apartment	791	721	70	91%
6	0 Lot Line	865	827	38	96%
7	Townhouse	192	182	10	95%
8	Condo	1284	1065	219	83%
9	Cabin	187	135	52	72%
10	MH & Land	229	206	23	90%
12	MH In Park	196	170	26	87%
18	Apartment	101	81	20	80%
Total		9319	8353	966	90%

Table 4: Residential Units by Owner's Mailing Address					
PPTY Type	Use Code	Total Units	Owner's Address is In Juneau or Douglas	Owner's Address is Outside of Juneau and Douglas	Percentage Estimate of Locally Owned Units
1	Residential	4975	4546	429	91%
2	Duplex	594	503	91	85%
3	Triplex	129	108	21	84%
4	Fourplex	422	340	82	81%
5	Residence w/Apartment	1453	1322	131	91%
6	0 Lot Line	872	834	38	96%
7	Townhouse	193	183	10	95%
8	Condo	1172	979	193	84%
9	Cabin	55	35	20	64%
10	MH & Land	221	201	20	91%
12	MH In Park	377	329	48	87%
18	Apartment	1764	1149	615	65%
Total		12227	10529	1698	86%

Appendix 2: Other STR Data

Additional data points were presented by Harmari showing an estimate of the STR market in Juneau. The following charts in this section are made from the data they provided.

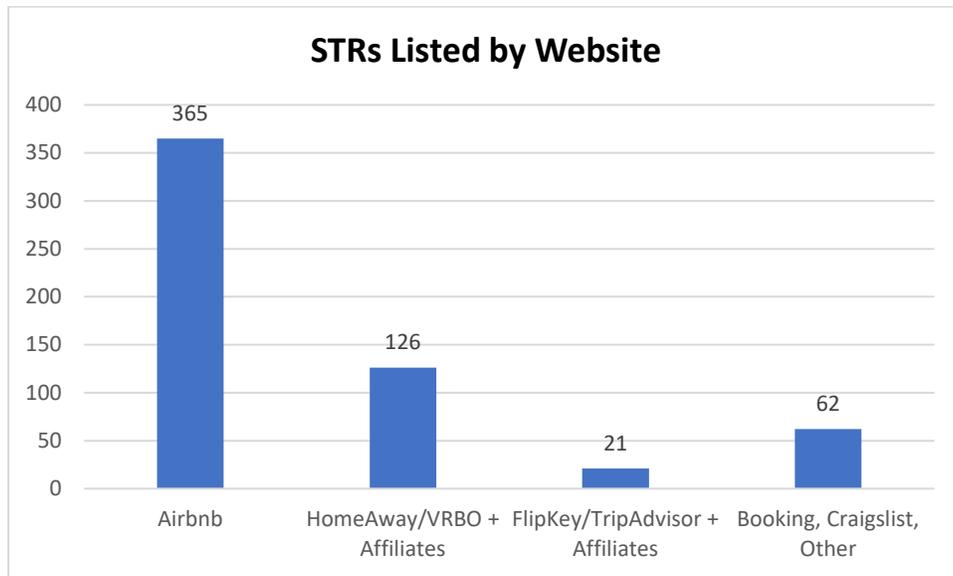


Figure 19: STRs listed per website

Harmari reported a total of 365 Airbnbs and 126 VRBOs. Initial data from GovOS reports Airbnb has 350 listings, and VRBO has 131. This is close to what Harmari reports, but not an exact match. This may be due to different time periods sampled with Harmari doing a farther look back. It is also unknown exactly how many are listed on both or other services.

The rest of the data is presented as a percentage of the total number of STRs reported, which is 616.

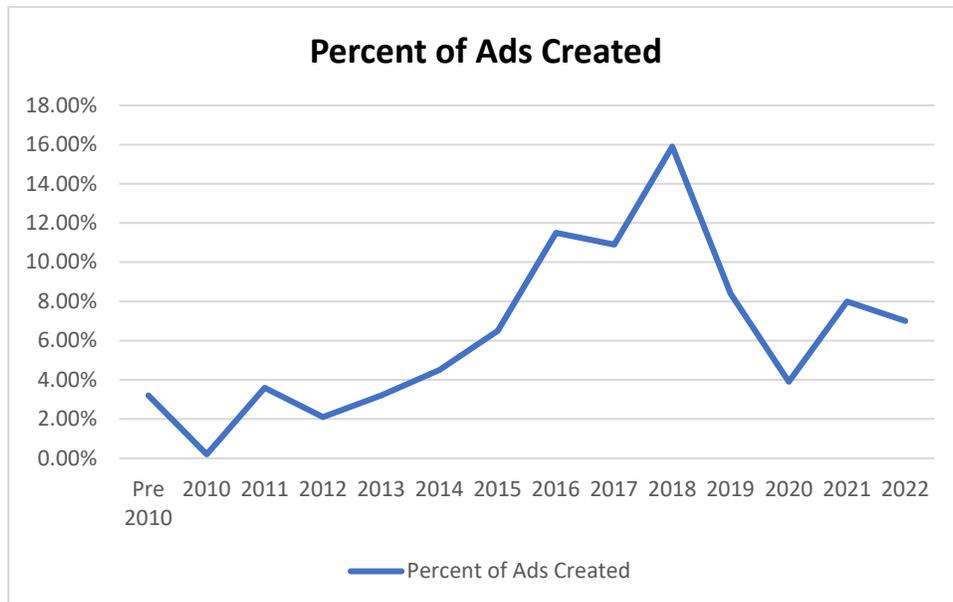


Figure 20: Percent of new ads created

The number of ads created shows a spike before the pandemic and then a dip that has since recovered. This data was used to calculate the number of STRs created each year in Figure 7.

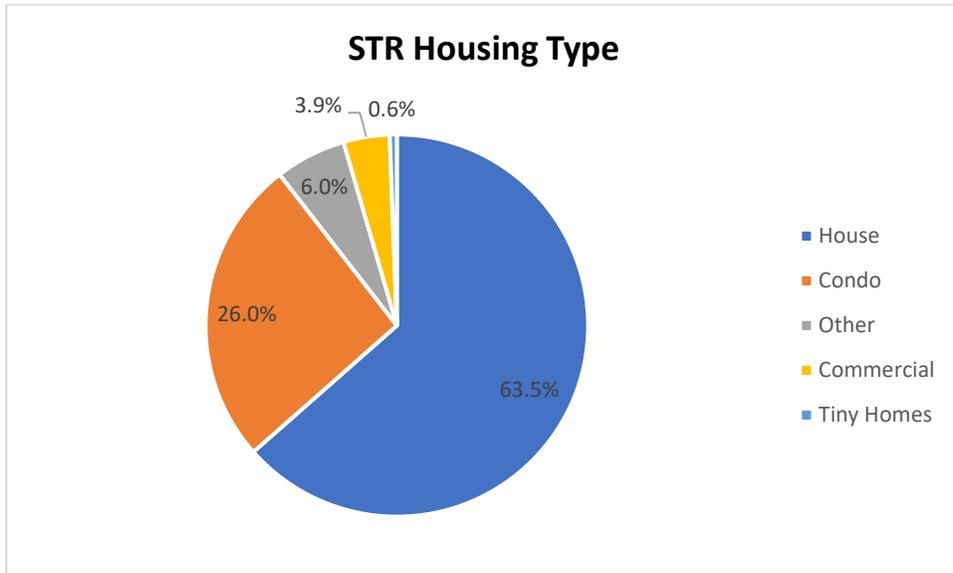


Figure 21: STR by type

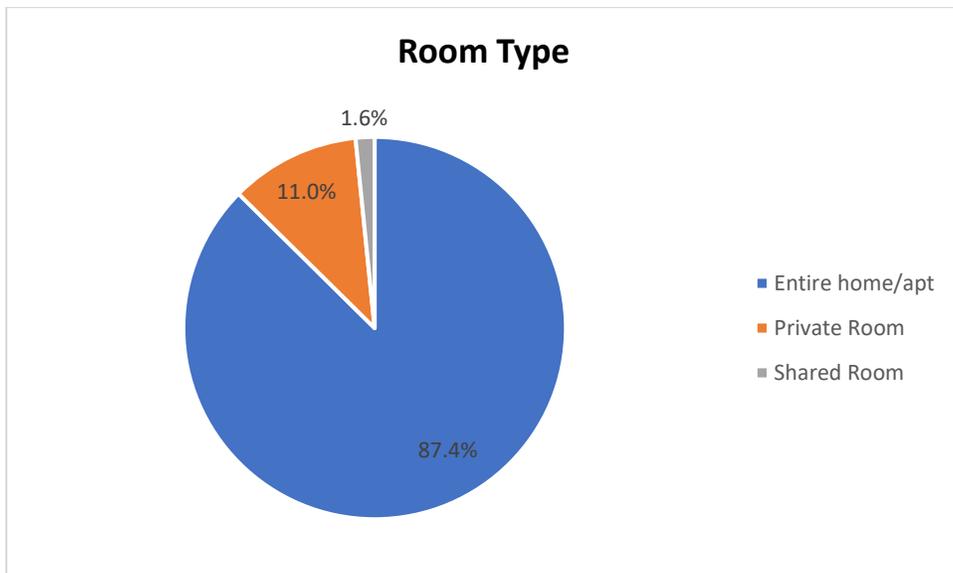


Figure 22: Room types

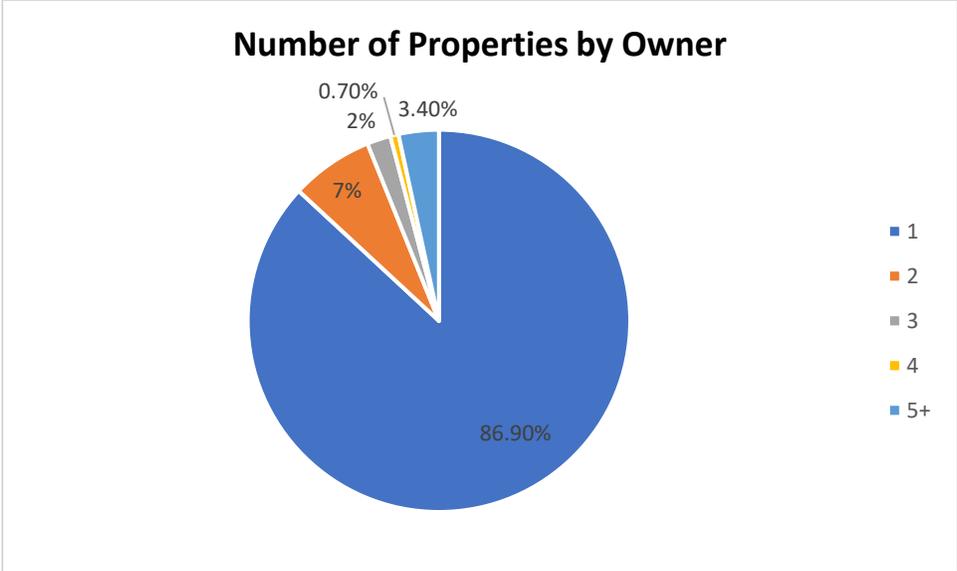


Figure 23: Properties by owner

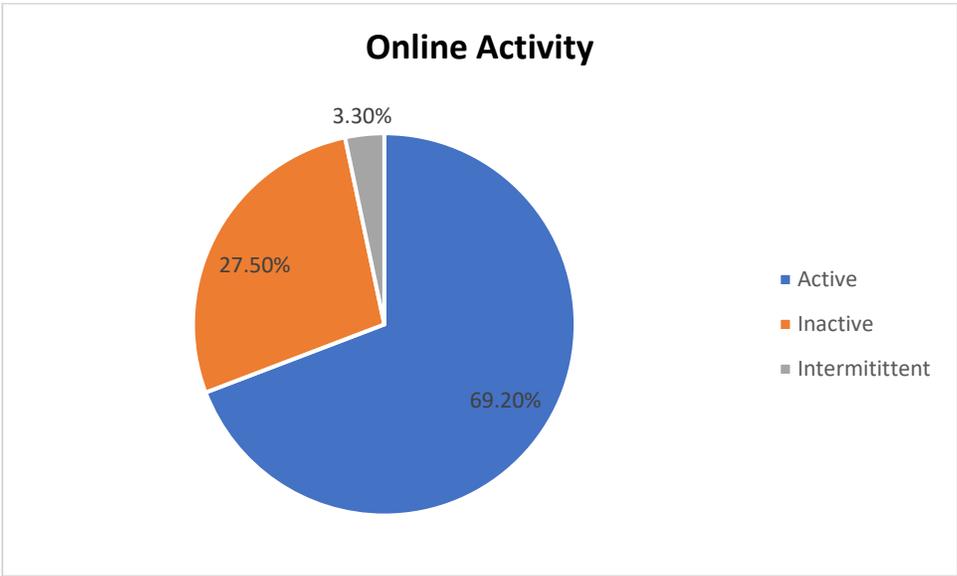


Figure 24: Active Advertisements

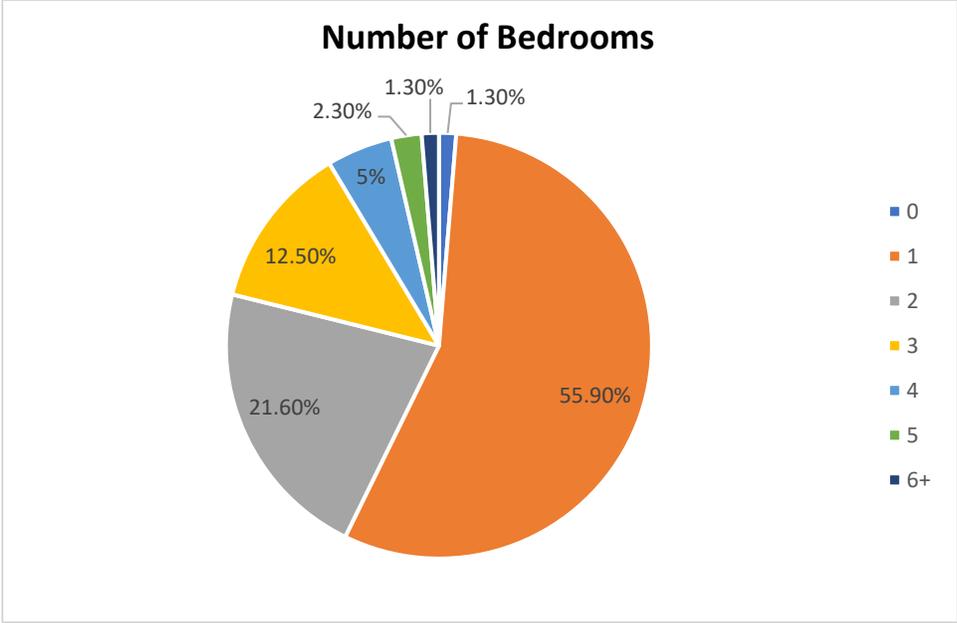


Figure 25: Number of Bedrooms

Sources

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