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Kodiak rentals still state's most expensive

by James Brooks / editor@kodiakdailymirror.com

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It's an honor Kodiak could do without. For another year, the Kodiak Island Borough has been named the most costly place in Alaska to rent a home or apartment.

According to the annual Alaska Rental Market Survey, the median price to rent in the borough is \$1,365. That figure, which includes utilities, is more than \$200 higher than the state's No. 2 most-costly location, the Municipality of Anchorage.

Kodiak has a long history of costly rentals. High construction prices and a mobile population mean competition is always high for homes and apartments.

As far back as 1940, the Kodiak Daily Mirror published editorials calling for the construction of additional housing. In the 1960s and the 1970s, the rental housing problem grew so acute that tent camps sprang up on Near Island, at Gibson Cove and on the slopes of Pillar Mountain.

Karinne Wiebold of the Alaska Department of Labor conducted this year's state rental survey and said statewide, median rent has climbed 5 percent over last year.

While Kodiak rents increased only 1 percent in the past year, Kodiak has led the state in rising rents over the long term. Since 2011, the median Kodiak rent has risen 14.2 percent.

That increase comes even as more rental units lie vacant. Today, an estimated 4.5 percent of Kodiak's rental properties are vacant, compared with 2 percent in 2011.

The median price of a Kodiak rental is now 58 percent more expensive than Wrangell-Petersburg, the state's cheapest area, and 22 percent more than the average of the rest of the state combined.

The median price of a two-bedroom apartment has risen from \$1,231 to \$1,369 in that period. For a three-bedroom house, the median rent has gone from \$1,753 to \$2,020.

"That is a fairly substantial increase," Wiebold said.

She added that the state has not analyzed what is causing the increase, but a report from the Alaska Housing Finance Corporation offers some suggestions.

The report states that the Kodiak Island Borough and the Sitka Borough had the largest differences between contract rent — the amount paid to a landlord — and adjusted rent — the amount it actually costs to live in a location when utilities are included.

Submitted by Member Sue Jeffrey

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“In Kodiak, in addition to a higher than average likelihood that tenants must pay some or all of their own utilities, the higher price of utilities also factors into the difference between contract and adjusted rents,” the report states.

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The study found Kodiak has the highest percentage of oil-heated homes in the state, contributing to the gap. Anchorage, the Mat-Su borough and the Kenai Peninsula Borough all heat mostly with natural gas. Sitka Borough, Wrangell-Petersburg area and Juneau all have substantial amounts of electric heat.

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Despite the completion of Kodiak Electric Association's new renewable energy products, the percentage of rentals heated by electricity has risen from none to just 0.3 percent since 2011.

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Data about Kodiak's rental housing market comes from a voluntary mailed survey conducted each March since 1993 by the state and the Alaska Housing Finance Corporation. About 4,000 surveys were distributed this year, Wiebold said, and 1,900 were returned, covering 15,000 rental units across the state.

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