

ANOTHER WONDERFUL SUMMER

Sitka was once again bustling with cruise ship passengers, fishermen, independent travelers and visiting family members. All of these visitors spent money in our stores, at our restaurants and on entertainment. Talking with store owners, many felt that 2017 was a good summer for sales, which is good news for the downtown merchants, as well as the City of Sitka in terms of sales tax, fiscal year 2017 was up over \$600,000 from 2016.



If you have the pleasure of talking with any of the thousands of visitors that come to Sitka, you will hear many say ‘I could live here!’, but what if you do live here and what if you rent? In this issue of Trends we are going to explore the cost of living in Sitka as a renter (1,512 rental units in Sitka as of 2015 American Community Survey), how much is it costing them to stay in Sitka?

WHAT IS THE COST OF LIVING IN SITKA?

Rental Costs and Vacancy Rates by Area

ALL UNIT TYPES, MARCH 2017

Survey Area	Average Rent		Number of Units		Percentage of Units with Utilities Included in Contract Rent							
	Contract*	Adjusted*	Total	Vacant	Vac Rate	Heat	Light	Water	Hot Water	Trash	Sewer	Snow
Anchorage, Municipality	\$1,143	\$1,269	8,306	422	5.1%	75%	22%	79%	49%	95%	49%	88%
Fairbanks North Star Borough	\$1,066	\$1,208	3,001	367	12.2%	89%	15%	77%	91%	84%	91%	77%
Juneau, City and Borough	\$1,174	\$1,305	1,003	57	5.7%	55%	22%	52%	99%	93%	97%	81%
Kenai Peninsula Borough	\$891	\$1,054	1,107	125	11.3%	66%	28%	63%	86%	73%	85%	75%
Ketchikan Gateway Borough	\$1,006	\$1,110	473	47	9.9%	80%	29%	74%	47%	43%	48%	73%
Kodiak Island Borough	\$1,302	\$1,433	375	26	6.9%	76%	10%	69%	97%	94%	97%	66%
Matanuska-Susitna Borough	\$1,109	\$1,253	1,212	92	7.6%	51%	17%	50%	90%	65%	86%	70%
Sitka, City and Borough	\$1,039	\$1,319	345	26	7.5%	36%	9%	36%	13%	20%	22%	55%
Valdez-Cordova Census Area	\$1,179	\$1,337	258	12	4.7%	70%	34%	61%	78%	77%	78%	80%
Wrangell Borough/Petersburg CA	\$744	\$944	158	20	12.7%	44%	9%	31%	41%	46%	41%	53%
Survey wide	\$1,111	\$1,245	16,654	1,222	7.3%	73%	20%	72%	66%	85%	66%	81%

*Contract rent is the amount paid to the landlord each month, which may or may not include some utilities. Adjusted rent is rent plus all utilities.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2017 Rental Market Survey

This year, rent went up in half of the 10 surveyed areas, with the largest rent increases in Sitka (7 percent) and Wrangell-Petersburg (6 percent). The Matanuska-Susitna Borough's average rent went up 2 percent, and Anchorage and Fairbanks saw small rent increases of less than 1 percent.

HOW MANY PAYCHECKS DOES IT TAKE TO AFFORD RENT IN SITKA?

Number of Paychecks Needed to Afford Rent

AFFORDABILITY INDEX, INCLUDES UTILITIES

	2000	2010	2017
Anchorage, Municipality	0.82	0.88	0.90
Fairbanks North Star Borough	0.83	0.98	0.95
Juneau, City and Borough	1.12	1.04	1.01
Kenai Peninsula Borough	0.83	0.88	0.89
Ketchikan Gateway Borough	1.01	0.99	0.98
Kodiak Island Borough	1.26	1.32	1.33
Matanuska-Susitna Borough	1.10	1.08	1.18
Live in Mat-Su, work in Anchorage	0.83	0.79	0.89
Sitka, City and Borough	1.19	1.20	1.22
Valdez-Cordova Census Area	0.95	1.00	1.00
Wrangell Borough-Petersburg CA	0.98	0.97	0.98
Survey wide	0.87	0.92	0.92

Note: Index factors in an area's average wages and average rent plus utilities.

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

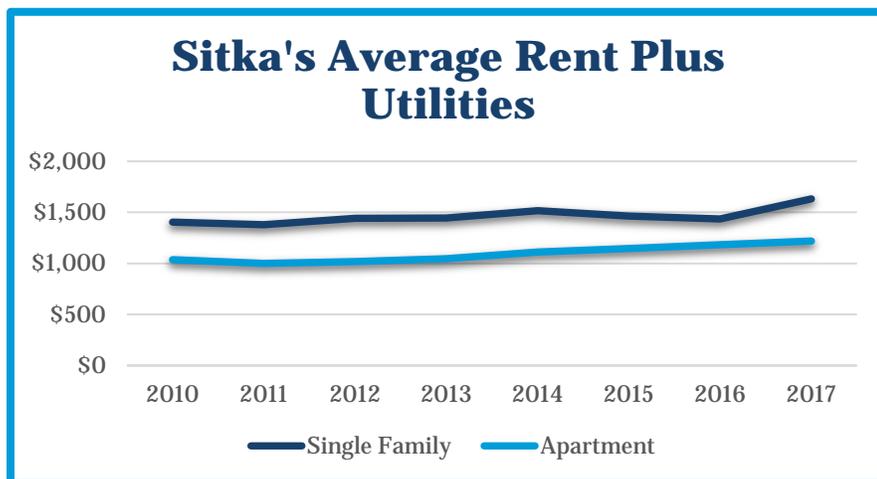


In order to afford the average \$1,319 monthly rent (utilities included) in Sitka, a single wage earner needs to make at least **\$25.37 per hour, or \$52,760 per year**. This calculation assumes you will spend no more than 30% of your income on rent (the generally accepted standard of affordability). If you earn the minimum wage in Alaska (\$9.80), then you will have to work 104 hours per week to have an income high enough to afford this rent.

“In 2017, Sitka’s rent went up 7.2%, more than any other surveyed area.”

About the yearly rental survey: Each March, in cooperation with the Alaska Housing Finance Corporation, the Alaska Department of Labor and Workforce Development surveys thousands of landlords across the state to gather residential rental unit information. Data on approximately 15,000 units annually provide insight into statewide and local market conditions.

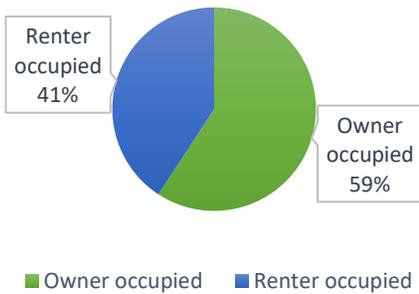
Unlike most areas, Sitka’s rental market appears to be tightening, Sitka’s vacancy rate declined by nearly a percentage point in 2017 and rents went up 7.2 percent, more than any other surveyed area. Sitka’s vacancy rate of 7.5 percent is below its 10-year average of 8.5 percent and down from 8.3 percent in 2016. (Source: 2017 Rental Market Survey)



Rent in Sitka has bounced around in the past decade, from below \$1,200 for several years to as high as \$1,310 in 2006 (not including utilities). Rents have been on an upward trend since 2014. This year’s increase of nearly \$90 is a large jump, but rent fell by a nearly equal amount from 2010 to 2011. Small areas like Sitka can be particularly sensitive to annual swings. (Source: Alaska Economic Trends, August 2017)

HOUSING CHARACTERISTICS IN SITKA

Housing Occupants



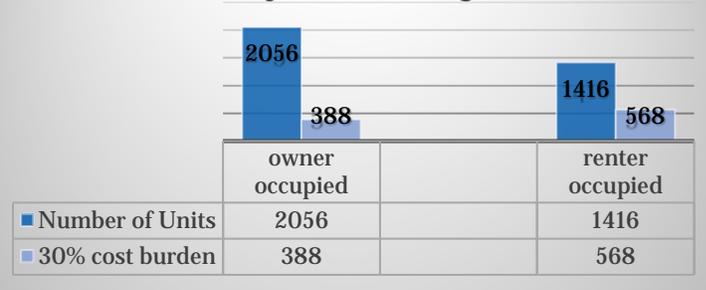
There were 3,472 occupied housing units in Sitka as of the 2015 American Community Survey (ACS), of those 41% (1416 units) were renter occupied, which is 4% higher than the national average of 37%. Renting is more common in Alaska than in other parts of the nation, Sitka's slightly higher proportion of rentals is likely due to our young, mobile population and the high cost of purchasing a home.

Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. In the United States, an estimated 12 million renter and homeowner households now pay more than 50 percent of

their annual incomes for housing. A family with one full-time worker earning the minimum wage cannot afford the local fair-market rent for a two-bedroom apartment **anywhere** in the United States. (Source: U.S. Department of Housing and Urban Development)

In Sitka, 40% (568) of the renters are paying at least 30% of their income on housing, compared to 18.8% of the home owners. This makes for a difficult housing market to break into if you are if you are a cost burdened renter. (Source: AK Dept. of Labor, ACS 2015) Another difficulty is the lack of single family homes that are currently available. According to ReMAX/Baranof Reality, as of the 3rd quarter of 2017, there are 6 single family homes currently on the market between 300-500K.

Affordability of Housing in Sitka



OTHER NEWS

Big News for Salmon Fishermen!

U.S. SENATE VOTES SEPTEMBER 2017
"ALASKA WILD SALMON MONTH"



The U.S. Senate unanimously passed Resolution 261 recognizing the month of September 2017 as "Alaska Wild Salmon Month" sponsored by Alaska Senator Lisa Murkowski. By recognizing Alaska's salmon economy is supported by wild salmon returning to Alaskan streams and rearing in Alaskan waters, the U.S. Senate understands salmon habitat is the basis for one of Alaska's most important industries.

Seasons End Celebration

Hundreds of Sitkans came out on a rainy Saturday, September 23rd to celebrate the seasons end. 240 pounds of local salmon provided by Seafood Producers Co-op, Silver Bay Seafoods, and Sitka Sound Seafoods was grilled up as well as hotdogs & hamburgers provided by the Sitka Chamber of Commerce. This year, the money donated was given to Sitka's Big Brothers, Big Sisters to help them nurture Sitka's children and strengthen our community. Downtown businesses offered sidewalk sales & the Sitka Local Food Network sponsored the annual Running of the Boots. The rain did not stop Sitkans from celebrating the end of another successful summer season.

The data below are the most recent available from the various sources.

EMPLOYMENT (not seasonally adjusted) – Annual Average	July, 2017	July, 2016	July, 2015
Total Labor Force – Sitka (Source: Alaska Dept. of Labor)	5,073	5,891	6,000
Number Filing for Unemployment – Sitka (Source: Alaska DOL)	203	181	193
Unemployment Rate – Sitka (Source: Alaska Dept. of Labor)	4.0%	3.10%	3.20%
Unemployment Rate – Alaska (Source: Alaska Dept. of Labor)	6.6%	6.70%	5.50%
Unemployment Rate – National (Source: US Bureau of Labor Statistics)	4.6%	4.90%	5.20%
Job Openings	Sept. 7, 2017	Sept. 2, 2016	Sept. 14, 2015
Job orders at Sitka Job Center (includes SEARHC)	105	80	76
SEARHC job openings in Sitka	40	38	5
Quarterly Census Employment & Wages (Source: AK Dept. of Labor QCEW)	2016 Annual	2015 Annual	2014 Annual
Average Monthly Employment – Annual	4,228	4,566	4,535
Average Government Employment – Annual	1,133	1,176	1,178
Average Private Ownership Employment – Annual	3,095	3,390	3,356
Average Monthly Wage (Source: AK Dept. of Labor- QCEW)	2016	2015	2014
All Sectors	\$3,616	\$3,572	\$3,656
Government Total	\$4,565	\$4,433	\$4,382
Federal Government	\$6,228	\$6,262	\$6,158
State Government	\$4,067	\$3,948	\$3,920
Local Government	\$4,496	\$4,342	\$4,298
Private Sector	\$3,268	\$3,273	\$3,402
City Revenues – Fiscal Year (July 1 st - June 30 th)	FY2017	FY2016	FY2015
Sales Tax Collected – Total Remitters	\$10,815,993	\$10,187,353	\$9,449,766
Bed Tax Collected – Total Remitters	\$503,302	\$454,368	\$422,570
Property Tax Collected – Total Remitters	\$6,661,741	\$6,484,038	\$6,468,122
Raw Fish Tax – Received into Harbor Fund	\$1,000,000*	\$879,793	\$1,009,032
*Budgetary numbers-final in Dec.			
Per Capita Personal Income (Source: US Bureau Econ. Analysis) Includes all forms of income: rent, retirement, employment, etc.	2015	2014	2013
Sitka	\$64,122	\$62,202	\$62,487
Juneau	\$62,694	\$61,600	\$58,869
Ketchikan	\$63,235	\$60,957	\$58,086
Alaska	\$56,147	\$54,582	\$51,416
Average Wages & Salaries (Source: US BEA)	2015	2014	2013
Sitka	\$47,705	\$48,770	\$47,511

Ketchikan	\$48,830	\$47,828	\$46,739
Juneau	\$54,951	\$53,892	\$52,863
Alaska	\$57,740	\$56,348	\$54,545
<u>COST OF LIVING INDICATORS</u>			
Transportation – Regular Gasoline per gallon	Sept. 7, 2017	Sept. 2, 2016	% Change
Sitka (Source: average pump price 3 vendors)	\$3.67	\$3.21	+12.53%
Juneau (Source: AAA)	\$3.42	\$2.85	+16.66%
Anchorage (Source: AAA)	\$2.77	\$2.38	+14.08%
Alaska Average (Source: AAA)	\$2.93	\$2.55	+12.96%
National Average (Source: AAA)	\$2.67	\$2.22	+16.85%
Housing - HUD Fair Market Rent – Sitka (Source: U.S. HUD)	2017	2016	% Change
Efficiency	\$895	\$823	+8.74%
One-Bedroom	\$989	\$899	+10.01%
Two-Bedroom	\$1,278	\$1,203	+6.23%
Three-Bedroom	\$1,774	\$1,656	+7.12%
Housing - HUD Fair Market Rent – Ketchikan (Source: HUD)	2017	2016	% Change
One-Bedroom	\$1,006	\$949	+6.0%
Two-Bedroom	\$1,317	\$1,193	+10.39%
Three-Bedroom	\$1,722	\$1,657	+3.92%
Home Sales - Most Recent Quarter/Month	3 rd Quarter 2017	August 2016	August 2015*
Homes Sold - single family (Source: Baranof Realty LLC)	7	7	4
Average Sale Price - single family homes (Source: Baranof Realty LLC)	\$468,333	\$386,500	\$405,250
Sales Volume - single family homes (Source: Baranof Realty LLC)	\$2,810,000	\$2,705,500	\$1,621,000
Homes Listed - single family homes, <i>2017 data does not inc island homes</i> (Source: Baranof Realty LLC)	8	38	51
Average List Price - single family homes (Source: Baranof Realty LLC)	\$381,000	\$564,605	\$494,559
Median List Price - single family homes (Source: Baranof Realty LLC)	\$369,000	\$477,000	\$419,000
Volume Listed (Source: Baranof Realty LLC)	\$3,048,000	\$21,455,000	\$25,222,500
*Past years housing data provided by Davis Realty			
POPULATION	July, 2016	July, 2015	*2010 Census
City & Borough of Sitka (Source: *US Census Bureau, AK Dept. of Labor)	8,920	8,863	8,881
Southeast Alaska (Source: *US Census Bureau, AK Dept. of Labor)	73,812	74,395	71,664
State of Alaska (Source: *US Census Bureau, AK Dept. of Labor)	739,828	735,601	710,231
PUBLIC SCHOOL ENROLLMENT – Sitka School District	Sept. 1, 2017	Oct. 1, 2015	Oct. 1, 2014

Total student enrollment KG-12 (Source: AK Dept. of Education)	1,271	1,365	1,375
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SEDA'S MISSION IS TO:

Foster a business climate that is receptive and conducive to existing and new business; promote the creation of family wage jobs; and enhance the quality of life for Sitkans.

Sitka Economic Development Association

329 Harbor Drive, Suite 212, Sitka, Alaska 99835 *** Phone: 907/747-2660 *** www.sitka.net

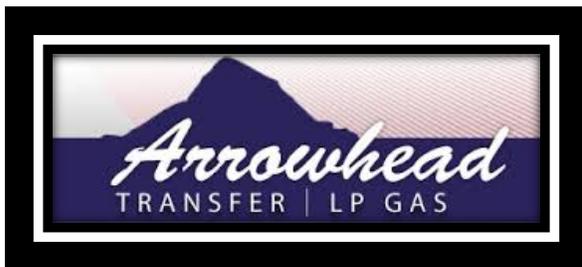
Thank You!

2017 SEDA Sponsors

Diamond Level



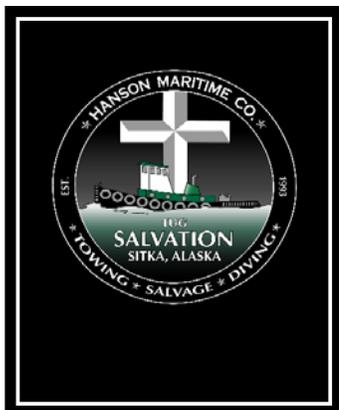
Platinum Level



Gold Level



Silver Level



Bronze Level

