ALASKA ECONOMIC TRENDS
FEBRUARY 2015

JUNEAU NEIGHBORHOODS

ALSO IN THIS ISSUE
Anchorage’s housing market

ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
JUNEAU NEIGHBORHOODS
Alaska’s capital is home to discrete areas with their own identities
By EDDIE HUNSINGER and ERIC SANDBERG

ANCHORAGE HOUSING
Housing stock and characteristics of the market in the state’s largest city
By KARINNE WIEBOLD

ALASKA’S MEDIAN WAGE HIGHEST IN THE U.S.
Alaska has historically been in the top tier, though not always first
By NEAL FRIED

To request a free electronic or print subscription, e-mail trends@alaska.gov or call (907) 465-4500. Trends is on the Web at labor.alaska.gov/trends.

ON THE COVER:
The “flats” neighborhood in downtown Juneau, as seen from the roof of the federal building. Photo by Sam Dapcevich

Correction
Exhibits 2 and 3 for Anchorage in the January 2015 forecast have been corrected online. The forecasted numbers for federal and local government are 8,300 and 9,900, respectively.

Alaska Economic Trends is a monthly publication dealing with a wide variety of economic issues in the state. Its purpose is to inform the public about those issues. Trends is funded by the Employment Security Division of the Alaska Department of Labor and Workforce Development. It’s published by the Research and Analysis Section. Trends is printed and distributed by Assets, Inc., a vocational training and employment program, at a cost of $1.37 per copy. Material in this publication is public information, and with appropriate credit may be reproduced without permission.
Jobs for Alaskans a priority as we adapt to smaller budget

By Heidi Drygas
Commissioner

This month’s Trends highlights the unique neighborhoods that make up Alaska’s capital city, the City and Borough of Juneau. Juneau’s evolution into the city we know today began in the 1880s when it was a small gold mining community. Today, Juneau is the center of government in Alaska. Also in this issue, we take a comprehensive look at Anchorage’s housing market and its unique characteristics.

As you are likely aware, the 2015 legislative session began in Juneau on Jan. 20. The Alaska Legislature, the administration, and each department will have to work together to address the significant financial challenges facing our state. Gov. Walker’s endorsed FY2016 amended budget released this month takes a first step by reducing the size of state government without crippling important programs. Every agency was tasked with reducing our budgets, including the Department of Labor and Workforce Development.

Even with reduced funding, we will continue the critical mission of this department to promote safe and legal working conditions and advance opportunities for employment for all Alaskans.

As commissioner, I will work hard to streamline programs and revamp the workforce development system to ensure maximum effectiveness and efficiency within a sustainable budget, increase Alaska resident hire in priority industries and occupations to ensure Alaskans are getting Alaska’s jobs, and continue to ensure economic stability for injured, unemployed, and disabled Alaskans and safe working conditions for Alaska’s workers.

The department is forging partnerships with education and training providers across Alaska, including the Department of Education and Early Development, the University of Alaska, local school districts, and regional training centers throughout the state. Together, we will streamline the delivery of services and increase accountability in performance. Despite the fiscal challenges facing state government, we will not lose sight of our goals to improve the quality of career and technical education and the workforce investment system. Career and technical education is a top priority for the current administration, and on Jan. 29, the governor proclaimed February 2015 as Career and Technical Education Month.

On Jan. 31, the department published the 2013 Nonresidents Working in Alaska report, which we and policy makers use to identify occupations with the highest number of nonresidents in an effort to target priority occupations for training Alaskans. The percentage of nonresident workers in Alaska in 2013 was 20.6 percent, which potentially resulted in nearly $2.4 billion in wages leaving the state. Alaska has one of the highest percentages of nonresident workers in the United States, and I am committed to making sure Alaska’s jobs are held by Alaskans whenever possible. We will accomplish this by training Alaskans in high wage, high growth occupations that currently have a high percentage of nonresident workers.

On that note, this month’s Trends reveals that Alaska has the highest median wage in the nation. Together with key partners in this state, we’ll work to ensure Alaskans are earning those high wages, which will benefit our economy, our communities, and our families.

Heidi Drygas was appointed Commissioner of the Alaska Department of Labor and Workforce Development by Gov. Bill Walker in December 2014. Prior to being named commissioner, Drygas spent nearly a decade as General Counsel to the Alaska District Council of Laborers. She received a bachelor’s degree in history from the University of Alaska Fairbanks and a law degree from Willamette University. Born and raised in Fairbanks, Drygas grew up hiking, fishing, camping, and skiing. She is an avid cook and active member of Alaska’s food writers’ community with a food blog titled Chena Girl Cooks.
The City and Borough of Juneau covers 3,255 square miles, making it the largest state capital and the second-largest city in the nation by area, after Sitka. Most of that area is uninhabited, however, and Juneau’s entire population of about 33,000 is distributed along a narrow sliver of coastal land between its namesake ice field and the waters of the Inside Passage.

But Alaska’s capital city has expanded laterally along the coastline over time, developing and expanding into distinct neighborhoods.

Downtown Juneau, having grown around the original 1880 town site, contains many of the buildings associated with Juneau as a whole, such as the state capitol and the governor’s house.

Across the narrow Gastineau Channel, Douglas Island’s coastline stretches along 15 miles of road. The island has been connected to mainland Juneau by bridge since the mid-1930s, allowing new neighborhoods to form around the original town of Douglas such as West Juneau (near the bridge) and North Douglas.

If you’re traveling north from downtown along the highway, Egan Drive, the next neighborhood to appear is the Salmon Creek valley, followed by Lemon Creek. These two valleys have steadily filled in with homes as improved roads have made access to downtown easier.

Next is the large Mendenhall Valley, or “the valley,” the flat expanse left by the retreat of its namesake glacier where the majority of Juneau’s population lives be-

### Most Juneau Residents Live in the Mendenhall Valley

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Auke Bay/Lynn Canal</td>
<td>3,409</td>
<td>4,468</td>
<td>4,933</td>
<td>5,041</td>
<td>5,188</td>
<td>5,201</td>
<td>5,339</td>
</tr>
<tr>
<td>Mendenhall Valley</td>
<td>11,387</td>
<td>12,580</td>
<td>12,566</td>
<td>12,997</td>
<td>13,109</td>
<td>13,109</td>
<td>13,080</td>
</tr>
<tr>
<td>Lemon Creek/Salmon Creek</td>
<td>4,198</td>
<td>4,722</td>
<td>4,804</td>
<td>4,977</td>
<td>5,209</td>
<td>5,349</td>
<td>5,287</td>
</tr>
<tr>
<td>Douglas Island</td>
<td>4,392</td>
<td>5,297</td>
<td>5,474</td>
<td>5,636</td>
<td>5,631</td>
<td>5,739</td>
<td>5,770</td>
</tr>
<tr>
<td>Juneau</td>
<td>26,751</td>
<td>30,711</td>
<td>31,275</td>
<td>32,379</td>
<td>32,806</td>
<td>33,030</td>
<td>33,026</td>
</tr>
<tr>
<td>Alaska</td>
<td>550,043</td>
<td>626,932</td>
<td>710,231</td>
<td>722,818</td>
<td>731,191</td>
<td>735,662</td>
<td>735,601</td>
</tr>
</tbody>
</table>

Sources: U.S. Census Bureau; and Alaska Department of Labor and Workforce Development, Research and Analysis Section
cause of the availability of precious level ground.

Finally, the “out the road” area of Auke Bay and Lynn Canal stretches out past the Mendenhall River. Home to both the original Auk Tlingit settlement and the University of Alaska Southeast, the area was Juneau’s fastest-growing from 1990 to 2014.

**Most live in the valley or beyond**

After miners arrived in the 1880s, the two town sites of Juneau and Douglas contained nearly all the area’s housing, with only sporadic settlement elsewhere. At statehood in 1959, 80 percent of Juneau’s population lived downtown or in the old city of Douglas.

As the area merged into the unified City and Borough of Juneau in the 1960s, the population began to move out of the downtown core. By 1970, the percentage living downtown or in Douglas had fallen to 54 percent. Ten years later, the Mendenhall Valley had become the most populated area, and population distribution hasn’t changed much since.

In 1990, 29 percent of Juneau’s population lived downtown or on Douglas Island, 16 percent were in Lemon Creek/Salmon Creek, and 55 percent lived in the valley or Auke Bay and beyond. In 2014, those shares were unchanged at 29, 16, and 55 percent respectively. (See Exhibit 1.)

Since 1990, Juneau has gained 6,275 people, an increase of 23 percent. The Auke Bay/Lynn Canal area grew most numerically and by percentage, increasing by 1,930, or around 57 percent, through 2014. The much larger Mendenhall Valley added 1,585 people over the same period, followed by Douglas Island’s 1,378, Lemon Creek/Salmon Creek’s 1,089, and downtown’s 293.

Since 2010, though, Lemon Creek and Salmon Creek have grown the most, gaining 483 people. The valley and Auke Bay areas each grew by 406. The downtown area gained just 160, and Douglas Island added 296.

**Valley younger, downtown older**

With nearly a third of its population younger than 20 as of 2010, the Mendenhall Valley’s residents are Juneau’s youngest. In contrast, just 15 percent of downtown-
ers are under 20. (See Exhibit 2.) One factor is housing type. Single-family units, which are more conducive to families with children, are more common in the valley than downtown, and valley houses are less costly than those in Auke Bay.

Overall, Juneau is a bit older than the state, with a median age of around 38 versus the statewide median of 34.

The percentages of people in the typical working-age range, 20 to 59, is about the same downtown as it is in the valley. But downtown stands out for having the largest share over age 60, at 22 percent. This is also likely related to housing types as well as the history of settlement and downtown's mix of services and amenities within easy walking distance.

Lemon Creek most diverse

Like the state as a whole, Juneau has steadily become more racially diverse over recent decades. (See Exhibit 2.)
Auke Bay is the Wealthiest Area

JUNEAU NEIGHBORHOODS, 2009 TO 2013

<table>
<thead>
<tr>
<th></th>
<th>Households with Income $50,000+</th>
<th>Households with Income $75,000+</th>
<th>Households with Income $100,000+</th>
<th>Population Below Poverty Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auke Bay/Lynn Canal</td>
<td>86% (±12)</td>
<td>69% (±11)</td>
<td>47% (±9)</td>
<td>3% (±2)</td>
</tr>
<tr>
<td>Mendenhall Valley</td>
<td>76% (±9)</td>
<td>56% (±8)</td>
<td>34% (±6)</td>
<td>6% (±2)</td>
</tr>
<tr>
<td>Lemon Creek/Salmon Creek</td>
<td>68% (±12)</td>
<td>45% (±10)</td>
<td>29% (±7)</td>
<td>7% (±4)</td>
</tr>
<tr>
<td>Downtown Juneau</td>
<td>67% (±11)</td>
<td>51% (±10)</td>
<td>35% (±9)</td>
<td>7% (±3)</td>
</tr>
<tr>
<td>Douglas Island</td>
<td>69% (±5)</td>
<td>51% (±4)</td>
<td>36% (±3)</td>
<td>8% (±2)</td>
</tr>
<tr>
<td>Juneau</td>
<td>74% (±5)</td>
<td>55% (±4)</td>
<td>36% (±3)</td>
<td>6% (±1)</td>
</tr>
<tr>
<td>Alaska</td>
<td>66% (±1)</td>
<td>47% (±1)</td>
<td>32% (±1)</td>
<td>10% (±0)</td>
</tr>
</tbody>
</table>

Notes: Incomes are in 2013 dollars. Poverty thresholds are set by the U.S. Census Bureau and vary by family size and composition. Margins of error are given in parentheses.

Sources: U.S. Census Bureau, 2009-2013 American Community Survey; and Alaska Department of Labor and Workforce Development, Research and Analysis Section

Ownership and Occupancy in Juneau

BY NEIGHBORHOOD, 2009 TO 2013

<table>
<thead>
<tr>
<th></th>
<th>Total Housing Units</th>
<th>Occupied Housing Units</th>
<th>Owner-Occupied Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auke Bay/Lynn Canal</td>
<td>2,044 (±77)</td>
<td>89% (±5)</td>
<td>84% (±6)</td>
</tr>
<tr>
<td>Mendenhall Valley</td>
<td>4,690 (±144)</td>
<td>97% (±2)</td>
<td>69% (±4)</td>
</tr>
<tr>
<td>Lemon Creek/Salmon Creek</td>
<td>1,662 (±85)</td>
<td>93% (±5)</td>
<td>61% (±8)</td>
</tr>
<tr>
<td>Downtown Juneau</td>
<td>1,982 (±78)</td>
<td>87% (±6)</td>
<td>50% (±6)</td>
</tr>
<tr>
<td>Douglas Island</td>
<td>2,666 (±107)</td>
<td>93% (±2)</td>
<td>54% (±3)</td>
</tr>
<tr>
<td>Juneau</td>
<td>13,044 (±99)</td>
<td>93% (±2)</td>
<td>65% (±3)</td>
</tr>
<tr>
<td>Alaska</td>
<td>306,662 (±185)</td>
<td>82% (±0)</td>
<td>64% (±1)</td>
</tr>
</tbody>
</table>

Note: These occupancy rates are lower than in other surveys due to short-term and seasonal populations the data do not include.

Sources: U.S. Census Bureau, 2009-2013 American Community Survey; and Alaska Department of Labor and Workforce Development, Research and Analysis Section

2.) In 1990, about 20 percent of the borough’s population was nonwhite, but by 2000 that figure reached 25 percent and then 30 percent by 2010. For comparison, 33 percent of the state and 34 percent of Anchorage were a race other than white in 2010.

Alaska Natives are the fastest growing racial group in Juneau, and 90 percent are Tlingit or Haida. In 2010, 12 percent of Juneau residents were Alaska Native alone. Adding multi-race Alaska Natives bumps up the share to 19 percent.

After white and Alaska Native, Asian is the third-largest single race group, representing 6 percent of the borough in 2010 after edging up from 5 percent in 2000 and 4 percent in 1990. The largest single ancestry for Asians is Filipino, at 74 percent of local Asians.

Across the borough, the Lemon Creek/Salmon Creek area is by far the most diverse at nearly 50 percent nonwhite. The area is 21 percent Alaska Native, 13 percent Asian, and 11 percent multi-race, with 7 percent identifying as Hispanic. Auke Bay/Lynn Canal and Douglas Island were both more than 75 percent white alone as of 2010.

Higher incomes in Auke Bay

As of the 2009 to 2013 American Community Survey, Juneau’s median household income was approximately $81,490 in 2013 dollars. That means half of Juneau households brought in more than $81,490, and half made less. (See Exhibit 3.)

The Auke Bay/Lynn Canal area had the highest household incomes, with over 40 percent bringing in more than $100,000 per year, compared to 36 percent bor-
When Juneau Homes Were Built
2009 to 2013

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Census Bureau, American Community Survey 2009-2013

Brief journeys to work

According to the American Community Survey, the average commute for Juneau workers was a relatively brief 15 minutes. For comparison, the average was 19 minutes for Anchorage and 18 minutes for the Fairbanks area. In the Matanuska-Susitna Borough, where many people commute to Anchorage for work, the average was 33 minutes.

Commute times varied considerably across Juneau’s neighborhoods, ranging from roughly 12 minutes for downtowners — many of whom walk to work — to 17 minutes for Auke Bay and out the road. As a result, Auke Bay workers tend to leave for work earlier. The largest number leave between 7 and 7:30 a.m. compared to 7:30 to 8 a.m. for downtown residents.

With no traffic or obstructions, a drive from as far out the road as Amalga Harbor to the downtown capitol can take more than 35 minutes, but most peoples’ commutes aren’t that far.

Many downtown workers walk

In Juneau overall, 8 percent walk or bike to work, but downtown stands out at a whopping 43 percent.

Statewide it was 9 percent, and in Anchorage it was 4 percent. Nationwide, just 3 percent walk or bike to work. Five percent of Juneau workers use public transit, which is the same as the nation as a whole.

High occupancy borough-wide

About 93 percent of Juneau’s housing units are occup-
Anchorage Housing

Housing stock and characteristics of the market in the state’s largest city

By KARINNE WIEBOLD

Anchorage is home to a little more than 300,000 people, making it easily the state’s largest city. It has more than three times the population of the second-largest area, the Fairbanks North Star Borough, and more people than the next four largest boroughs combined. Four out of every 10 Alaskans live in the Municipality of Anchorage.

According to the most recent data from the U.S. Census Bureau’s American Community Survey, the city has 104,980 occupied housing units, shown by area in the map on the opposite page. Of those, 59 percent are owner-occupied and 41 percent are rented. Six out of 10 are single-family homes. Apartments and condos make up 28 percent, and duplexes and mobile homes make up the other 10 percent. (See Exhibit 1.)

A building frenzy in the 1970s

The 1964 earthquake damaged or destroyed many buildings in Anchorage, including residences, but construction flourished during pipeline construction from 1974 to 1977 and the oilfield development that followed in the early 1980s.

The boom years for Anchorage construction were the 1970s, and to a lesser extent the ’80s, when more than half the housing stock was built. About a quarter of Anchorage homes were built before that period and about a quarter after. (See Exhibit 2.)

After the building boom of the early ’80s, the Anchorage housing market suffered a dramatic increase in foreclosures when the price of oil dropped and the state’s economy fell into a deep recession.

Housing characteristics

Despite Anchorage being much larger, the nearby Matanuska-Susitna Borough has led the state in single-family construction over the last decade. From 2003 to 2013, 4,797 new single-family homes were permitted in Anchorage versus 10,588 in Mat-Su, where land is more plentiful and affordable. During that period, Anchorage was the site of 21 percent of the new single-family construction, compared to 47 percent in Mat-Su. (See Exhibit 3.)

Most are Houses

ANCHORAGE, 2011 TO 2013

Source: U.S. Census Bureau, American Community Survey
In Anchorage, the most common home size is three bedrooms — there are nearly as many three-bedroom homes as there are all smaller homes combined. (See Exhibit 4.)

When it comes to homes with no bedrooms, such as studio apartments and one-room cabins, Anchorage looks a lot like the nation as a whole, at 2.0 percent of its housing stock, compared to a national average of 2.2 percent. It looks very different from Alaska as a whole, though, where 6.1 percent of homes have no bedrooms. The gap is similar for plumbing and kitchens. Just 1.1 percent of Anchorage homes lack complete plumbing and kitchens in contrast to the state’s 7.7 percent.

Eight out of 10 homes in Anchorage heat with utility gas. Electric heat is a distant second at 14.1 percent. (See Exhibit 5.) Heating with oil or wood is relatively uncommon in Anchorage compared to the rest of the state. Only 2.5 percent of homes in Anchorage heat with oil, and statewide it’s nearly a third. Statewide, 6.3 percent of homes are heated with wood but in Anchorage that drops to less than 1 percent.
Mat-Su Leads in New Single-Family Homes
VERSUS ANCHORAGE AND THE REST OF THE STATE, 2003 TO 2013

Unlike most of the state, Anchorage has access to natural gas and it’s relatively inexpensive, even compared to the nation overall. According to the U.S. Energy Information Administration, the cost of natural gas delivered to residential consumers has been lower in Alaska than the national average since 1975.

Electricity in Anchorage runs about 19 to 26 percent higher, depending on provider, at between 15.0 and 15.9 cents per kilowatt hour, compared to the national average of 12.6 cents/kWh. Anchorage pays 28 percent to 30 percent less for electricity than Fairbanks, where the rate is 20.7 cents/kWh.

Three-quarters of Anchorage residents moved into their current home after 2000, with a third in 2010 or later. (See Exhibit 6.) Anchorage has a slightly higher percentage who moved to their current residence after 2010 than Alaska overall, and nationally only 27 percent of households moved in so recently.

Renters and owners

Anchorage has a legacy of renting. According to the 1970 Census, renters made up 62 percent of Anchorage households. That fell to 47 percent by 1990, when Anchorage renting was 3 percentage points higher than the state and 11 percentage points more than the country. In the last two decades, the percentage of renters in Anchorage has held steady at four out of ten households while it’s fallen statewide. (See Exhibit 7.)

The renter-owner split becomes even more prominent when you compare Anchorage to neighboring Mat-Su. While 60 percent of Anchorage residents were homeowners in 2010, a whopping 76 percent in Mat-Su owned homes.

Regardless of income, renters spend a higher percentage of it on housing. (See Exhibit 8.) According to the census, 39 percent of Anchorage homeowners with a mortgage spent less than one-fifth of their income on housing, compared to just 28 percent of renters. On the flip side, a third of renters spent 35 percent or more of their income on housing, while only 20 percent of owners were similarly cost-burdened. The census estimates that from 2011 to 2013, homeowners carrying a mortgage owed a median of $1,968 each month, while the median for renters was $1,150.

Renters tend to have smaller households than owners. (See Exhibit 9.) According to the most recent census estimates for Anchorage, renter households aver-
aged 2.61 people and owner households averaged 2.87. A little more than one in three renter households are a single person, but it’s just one in five for owner households.

The most typical household size for renters is single-person (35 percent), for owners it’s two-person (37 percent), and regardless of renting or owning, the majority of households comprise no more than two people (57 percent of owner households and 63 percent of renters). Household size distributions in Anchorage generally mirror state and national figures.

Finally, renters tend to be younger, with householders under 35 making up 44 percent of renters but only 15 percent of owners. Anchorage renters are considerably younger than national renters, where only 36 percent are younger than 35. Householders over 65 make up 14 percent of all U.S. renters but only 6 percent in Anchorage. The most common age range for Anchorage renters is 25 to 34, and the most common age range for homeowners is 45 to 54. (See Exhibit 10.)

**Rent averages $1,250 a month**

Average rent in Anchorage, including utilities, has increased 48 percent since 2004, rising from $844 to $1,250 per month.

Average single-family house rent has increased 58 percent since 2004, from $1,291 to $2,043. Apartment rent has risen from $833 to $1,221, up 47 percent.
Over the last 10 years, rent in Anchorage has hovered near the top of the spread, with Kodiak and Valdez-Cordova being more expensive, Juneau and Sitka being fairly close, and Mat-Su, Ketchikan, Kenai, and Wrangell-Petersburg being less expensive.

**Low vacancy rate**

Anchorage vacancies are some of the lowest in the state, ranging from a 10-year high of 8.0 percent in 2007 to a low of 1.8 in 2010. The average vacancy rate from 2004 to 2014 was 4.5 percent, while the survey-wide rate was 6.3 percent. Juneau and Kodiak, two other high-priced rental markets, have similarly low vacancies, at 4.5 percent and 4.4 percent respectively.

Low vacancies are typical of high-cost areas. As renters compete for a finite number of rentals, prices often rise in response to high demand.

**Home sales prices have leveled out**

To better understand sales prices over the last two decades, it’s useful to inflation-adjust them to control for the changing value of money. Adjusted sales prices peaked across the board in 2006 and have tapered off since.

While prices in Alaska overall and Anchorage both fell, they didn’t fall as fast nor as far as in the nation as a whole. (See Exhibit 12.) In 2007, U.S. home prices began to fall rather quickly while Alaska’s leveled out. Adjusted national single-family home prices fell 24 percent from 2006 to 2013, while Alaska’s dipped 5 percent and Anchorage’s declined by 6 percent.

Single-family home prices have gone up more in Anchorage, and
Rent for Apartments and Houses

**ANCHORAGE, 2004 TO 2014**

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

Sales Price of the Average House

**SINGLE-FAMILY, ADJUSTED FOR INFLATION, 1993 TO 2013**

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and National Association of Realtors

Affordability of Renting vs. Buying

**ANCHORAGE, 1998 TO 2013**

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

statewide, over the last two decades than in the U.S., where 2013 housing prices were only 12 percent higher than they were in 1993, when adjusted for inflation. The adjusted increase was 48 percent in Anchorage and 37 in Alaska.

**Affordability**

The housing affordability indexes look at the number of average incomes required to afford the average rent or mortgage payment, and take average wages into account as well as housing costs. (See the sidebar that follows for more detail.)

For homebuyers, housing cost incorporates the average sales price and interest rate to approximate a monthly mortgage payment, and for renters it’s simply the average rent.

Rental affordability has been more constant than purchasing affordability over the last decade and a half. The largest difference between renting and buying was in 2007, when it required more than three-quarters of an additional income to buy rather than rent. In 2012, the affordability difference in Anchorage was at its lowest level in more than 15 years. (See Exhibit 13.)

In Alaska overall, the rental affordability index has averaged 1.02 over the last 10 years, meaning a person with the average income in Alaska can afford the average rent. In Anchorage, the 10-year average was 1.0, and the index has been on a gentle rise.

The homeowner affordability index has ranged from a high of 1.72 (2007) to a low of 1.32 (2012) in the last 10 years, averaging 1.52. Values were
highest between 2006 and 2008 as interest rates rose temporarily, increasing the cost of purchasing. Generally, interest rates have been on a steady decline, reaching historic lows and pushing the affordability index down. The last two years’ level of affordability is unlikely to last, though, as it’s been driven by record low interest rates.

Anchorage is a less affordable place to purchase a home compared to the state as a whole, with the Anchorage index generally running 10 points higher.

Karinne Wiebold is an economist in Juneau. Reach her at (907) 465-6039 or karinne.wiebold@alaska.gov.

How affordability is determined

The Alaska Department of Labor and Workforce Development creates indexes to monitor housing affordability across Alaska. The indexes measure a number of economic factors and how they interact, producing a single value.

The Alaska Affordability Index considers sales prices, loan amounts, income, and interest rates to estimate how many wage earners it would take to afford a 30-year conventional mortgage for an average-priced home with 15 percent down, given the average interest rate and average income. Put another way, it tells you how many people must bring in a paycheck to afford a typical home.

The Rental Housing Index functions like the homeowner index but uses average contract rent rather than estimating monthly mortgage payments. Contract rent is the amount the landlord charges the tenant, not including utilities that aren’t already included in rent.

An index value of 1.0 means exactly one person’s income is required to afford a typical home or average rent. An increasing number means additional income is necessary, making housing less affordable. A value of less than 1.0 is more affordable.

The index is intended to monitor housing affordability based only on factors the Department of Labor and Workforce Development measures on a regular basis. However, many other factors affect affordability, and some are unique to households and would be difficult to measure consistently. These factors include:

- Hazard insurance and mortgage insurance
- Property taxes, which vary by area and property size
- Utilities, which can be substantial and vary depending on energy type
- Adjustable rate mortgages, where monthly payments can change dramatically based on interest rate shifts

JUNEAU NEIGHBORHOODS

Continued from page 8

pied. That’s the same as Anchorage and Seattle, but considerably higher than the 82 percent rate statewide.

Owner-occupancy varied significantly across the borough, from more than 80 percent in Auke Bay/Lynn Canal to 50 percent downtown. (See Exhibit 4 on page 7.)

Downtown’s overall occupancy rate was the lowest at 87 percent, but it’s probably higher than the data show because of short-term and seasonal populations.

Housing cheaper downtown and in Lemon Creek

Median monthly housing costs varied by about $800 across Juneau areas in recent years, with the highest at more than $1,900 in the Auke Bay/Lynn Canal area and the lowest downtown at around $1,100.

The major factors here are housing value and size. Home values are highest in Auke Bay, with a median of $432,200 for owner-occupied units and more than 30 percent worth $500,000 or more. Values were lowest in the Lemon Creek area at $231,600. In the middle were downtown at $328,800, Douglas Island at $331,200, and the valley at $281,669. Some areas, such as downtown and Lemon Creek, also have smaller homes on average and more multi-unit buildings and mobile homes than areas like Auke Bay.

Older housing is downtown

Most of Juneau’s oldest houses, many from before statehood, are downtown. Housing construction in the Mendenhall Valley took off during the 1970s and 1980s with the expansion of Alaska’s economy, and it became Juneau’s largest area. Since 1990, most of the new construction has been in the Auke Bay area. (See Exhibit 5 on page 8.)

Eddie Hunsinger is the state demographer. Reach him in Anchorage at (907) 269-4960 or eddie.hunsinger@alaska.gov. Eric Sandberg is a research analyst in Juneau. Reach him at (907) 465-2437 or eric.sandberg@alaska.gov.
Alaska’s Median Wage Highest in the U.S.

By NEAL FRIED

Nearly 94 percent of workers in Alaska earn wages at a job, making up half the total income we bring in each year. Other sources include investment income and government transfer payments.

Wages in Alaska have historically been high, and at times they’ve been the state’s No. 1 draw for job seekers. Fat paychecks during the military boom of the early 1950s, construction of the Trans-Alaska Oil Pipeline in the 1970s, and the oil boom of the early ’80s created the largest periods of migration to Alaska to date.

Though these premium wages moderated considerably during the economic bust of the mid-to-late 1980s, Alaska’s median hourly wage has remained among the highest in the nation, and was No. 1 among states in 2013. (See Exhibit 1.)

Median hourly wage was $21.32

In 2013, Alaska’s median hourly wage was $21.32, barely edging out Massachusetts. The national median was $16.87, or 79 percent of Alaska’s. The median, which is less affected by outliers than the average, means simply that half the occupations surveyed paid less than $21.32 and half paid more. Of the nearly 500 surveyed occupations, the median wage ranged from a high of $88.70 per hour for general pediatricians to a low of $8.97 for hosts and hostesses.

Wages are higher in Alaska for a number of reasons, including the cost of living, geography, the harsher climate, tough working conditions, and the seasonality of the state’s workforce. Higher compensation is often necessary to entice qualified workers to make their living during a shortened year.

There may be other factors we don’t understand as well.

Median Wage Highest

Alaska vs. Other States, 2013

1. Alaska $21.32
2. Massachusetts $21.07
3. Connecticut $20.33
5. Maryland $19.57
6. New York $19.45
7. New Jersey $19.35
8. California $18.71
9. Colorado $18.04
10. Rhode Island $18.03
U.S. Average $16.87

41. Montana $14.79
42. Oklahoma $14.77
43. Florida $14.74
44. Idaho $14.68
45. Alabama $14.61
46. South Carolina $14.56
47. South Dakota $14.14
48. West Virginia $13.96
49. Arkansas $13.90
50. Mississippi $13.57

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics
For example, our remoteness and higher cost of living are certainly factors, but Hawaii, the other far-flung state which also has a high cost of living, ranked 15th for median wage. Overall, though, most states with high median wages tend to have above-average costs of living.

Alaska’s wages gained on nation’s

The gap between Alaska’s median wage and the nation’s widened in recent years, largely due to the blow the national recession dealt to most states but which Alaska mostly dodged. (See Exhibit 2.) In 2013, Alaska’s hourly wage was 126 percent of the nation’s, the largest difference in more than a decade. This wage gap is unlikely to grow further in the near future, though, as the national labor market has continued to improve.

Wages change little over decade

In 2003, Alaska’s median hourly wage was $16.69 compared to the $21.32 a decade later. (See Exhibit 3.) Those wage gains were about the same as inflation over the same period, though, so in terms of actual buying power, wages have been essentially flat. The same is true for national wages.

Neal Fried is an economist in Anchorage. Reach him at (907) 269-4861 or neal.fried@alaska.gov.
Employment Scene

1 Unemployment Rates
JANUARY 2003 TO DECEMBER 2014

Primarily due to the completion of the Trans-Alaska Pipeline, the construction industry continues to experience severe reductions in employment. December should be the last month of massive layoffs along the Trans-Alaska Pipeline. The workforce along the pipeline has now been effectively reduced to approximately 6,000 men who will continue to work through the winter months to complete the pipeline.

Due to the extremely mild winter this year, non-pipeline related construction employment has only experienced moderate declines. The mild weather has allowed many projects, which would have normally shut down, to continue without interruption.

The Department of Labor and Workforce Development has published Alaska Economic Trends as far back as 1961 and other labor market summaries since the late 1940s. Historical Trends articles are available at labor.alaska.gov/trends as far back as 1978, and complete issues are available from 1994.

2 Unemployment Rates
BOROUGHS AND CENSUS AREAS

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis; and U.S. Bureau of Labor Statistics

This month in Trends history

FEBRUARY 1977

Primarily due to the completion of the Trans-Alaska Pipeline, the construction industry continues to experience severe reductions in employment. December should be the last month of massive layoffs along the Trans-Alaska Pipeline. The workforce along the pipeline has now been effectively reduced to approximately 6,000 men who will continue to work through the winter months to complete the pipeline.

Due to the extremely mild winter this year, non-pipeline related construction employment has only experienced moderate declines. The mild weather has allowed many projects, which would have normally shut down, to continue without interruption.

The Department of Labor and Workforce Development has published Alaska Economic Trends as far back as 1961 and other labor market summaries since the late 1940s. Historical Trends articles are available at labor.alaska.gov/trends as far back as 1978, and complete issues are available from 1994.
Safety Minute

Ergonomics critical in the health care workplace

Health care workers have high rates of musculoskeletal disorders — including injured backs, necks, and shoulders — often due to a lack of good lifting practices. These problems result when there’s a mismatch between a job’s physical requirements and a worker’s physical capacity. Ergonomics is the science of fitting the job to the worker.

Ergonomics provides a way to adjust the work environment and practices to prevent these types of injuries. Alaska Occupational Safety and Health, or AKOSH, has identified health care facilities, especially long-term care and nursing homes, as environments with ergonomic stressors. Ergonomics in these long-term facilities is a focus for AKOSH in 2015.

A wealth of information is available on implementing and understanding ergonomic solutions for health care workers:

- OSHA’s comprehensive approach to ergonomics includes job hazard analysis and control, training, musculoskeletal disorder management, and ergonomics program evaluation. www.osha.gov/SLTC/ergonomics/
- The National Safety Council is a government agency that funds research and produces literature on ergonomic issues. www.nsc.org/learn/Safety-Training/Pages/Courses/ergonomics-managing-results.aspx
- The American National Standards Institute, a national coordinator of voluntary standards for industry, issues voluntary guidelines for workplace design as well as for managing work-related musculoskeletal disorders of the upper extremities and neck. www.webstore.ansi.org/ergonomics/Default.aspx

The Department of Labor and Workforce Development’s AKOSH Section can help employers from all industries implement ergonomics into their safety and health programs. The service is free and available upon an employer’s written request.

Contact AKOSH at (800) 656-4972 or labor.state.ak.us/iss/oshhome.htm to learn about ergonomics in health care or to find out more about providing a safe and healthful workplace for Alaskans.

Safety Minute is written by the Labor Standards and Safety Division, Alaska Occupational Health and Safety Consultation and Training Program of the Alaska Department of Labor and Workforce Development.