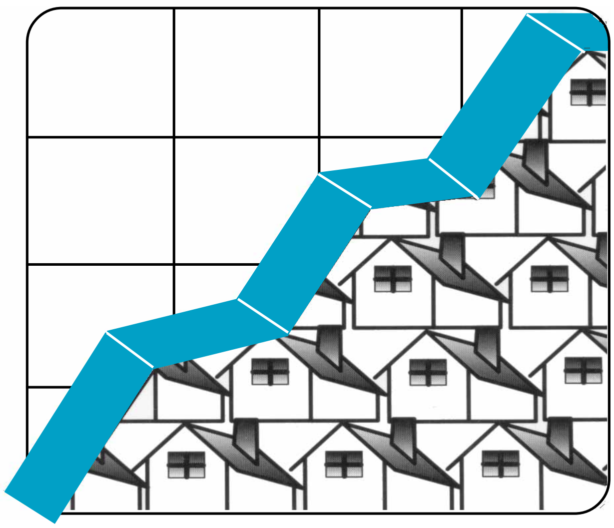
1996 SPRING

Alaska Housing Market Indicators



1996

SPRING

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Alaska Housing Market Indicators

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January-June 1996

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Alaska Housing
FINANCE CORPORATION

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Editor's Note

In this issue of Alaska Housing Market Indicators, we are featuring our 1996 Annual Rental Market Survey and the 1996 Annual Construction Cost Survey. We also continue visiting other regions of the state through our Rural Perspectives article series. Altogether, the surveys, the feature article series, the Alaska Lenders Survey, and MLS data, make this issue of *Indicators* a valuable one. So, be sure to keep your copy in a safe place, as it promises to be a really useful tool.

The AHFC 1996 Annual Rental Survey was conducted during the first quarter of 1996. Landlords in 10 areas of the state were surveyed by mail. The survey included over 15,000 rental units.

The AHFC 1996 Single-Family Construction Cost Survey sheds some light about the differences in the cost of materials in different regions of the state. The survey was usually conducted in the late spring. The survey was moved up shortly after new year, and will be presented in the spring issues.

Indicators' executive summaries and an index of feature articles published from 1993-1996 are available on the Web through the Alaska Housing Finance Corporation's Home Page (http://www.revenue.state.ak.us/ahfc/ahfc.htm). Information about other AHFC programs and divisions is also available through the AHFC Home Page.

Finally, we have made some important changes beginning this issue. The narrative analysis was further reduced and will focus on year to year comparisons. The housing market activity has stabilized to a seasonal pattern that made irrelevant quarter to quarter analysis.

We hope these changes make *Indicators* a more useful resource. We would also like to hear from our readers about changes they would like to see in the next issue. Drop us a note and tell us how you are using *Alaska Housing Market Indicators.* Your comments and suggestions are welcome. Please contact us at:

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Acknowledgment

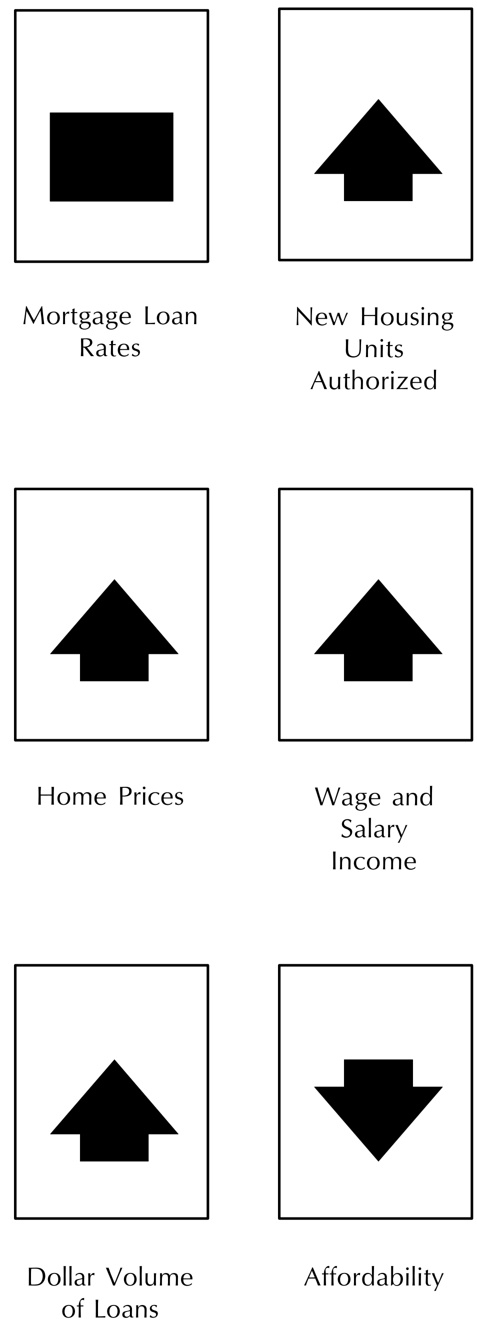
We wish to thank the primary and secondary mortgage lenders listed below for responding to our quarterly survey of mortgage loan activity and for their willingness to continue to participate in future surveys. The list includes the major government and private providers of mortgage funds in Alaska. Some of the participants are primary mortgage lenders. That means they originate loans to keep in their own portfolios or to sell them to participants in the secondary mortgage market. Institutions such as Alaska Housing Finance Corporation and Federal National Mortgage Association (Fannie Mae) operate in the secondary mortgage market, purchasing mortgages originated by primary lenders. Secondary mortgage activity is an important source of liquidity for mortgage lending. Although primary lenders and secondary purchasers differ, both provide financing for Alaskans to buy homes. For the purposes of this report, maintaining the distinction is not particularly important. Therefore, occasionally, there will be a reference to "lenders" or to "other lenders," some of which are primary lenders and some secondary purchasers. Unless the difference is critical to the discussion, no distinctions are made.

Alaska Federal Savings and Loan
Alaska Housing Finance Corporation
Bank of America Alaska N.A.
City Mortgage
Denali State Bank
Federal National Mortgage Association
First Bank of Ketchikan
First National Bank of Anchorage
Key Bank of Alaska
Mt. McKinley Mutual Savings Bank
National Bank of Alaska
Northrim Bank
Rural Housing Service (formerly USDA Farmers Home Administration)
Seattle Mortgage

Executive Summary

Despite the increases in mortgage loan rates and home prices, housing activity during the first half of 1996 exceeded activity recorded during the same period in 1995. Considering that last year's housing activity was bolstered by AHFC's 5% Loan Program, the housing market indicators during the first semester of this year reflected a strong and stable market.

Housing Market Indicators
January-June 1996
Compared with January-June of 1995

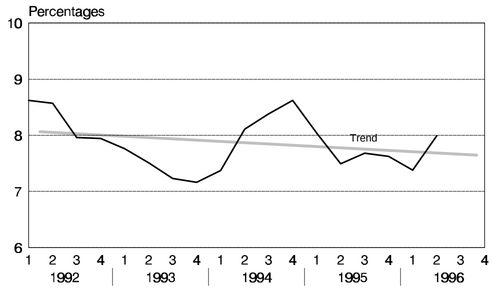


Statewide loan activity increased during the first semester of 1996. Homebuyers were apparently not completely discouraged by increases in both interest rates and home prices. Total loan volume was up 23.3% during this first half of the year, compared with the same period of 1995. Although single-family loan volume increased 24.6%, condominium volume fell 6.5% during the first semester of 1996. Total market value (the sum of all sales prices) rose in tandem with loan volume and was higher from the prior-year levels by 11.2%.

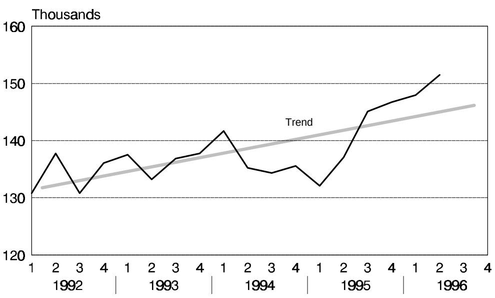
Responding to increased sales volume, prices edged up as well. As job growth and a stable economy have fueled home sales, it also has pressured prices. Overall residential sales prices rose for both single-family homes (9.0%) and condominiums (3.1%). Sales price increases reflect in part the effects of the lower price limits that the 5% Loan Program had during the first half of 1995. While increasing prices directly affect affordability for new homebuyers, they also increase equity for existing homeowners. With price appreciation of homes now twice the rate of inflation, people are reconsidering housing as a good investment. The trend for home prices steadily continues its way upward.

The average loan amounts were above the prior year level. Improved economic conditions allowed homebuyers to keep buying homes regardless of higher prices and increasing interest rates. Interest rates increased compared with the

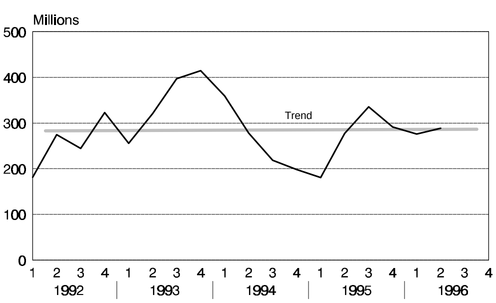
Interest Rate



Average Sales Price



Dollar Volume of Loans



Source: Alaska Department of Labor, Research and Analysis Section.

first quarter, but were actually at the same levels they were during the second quarter of 1995 (7.99%).

Average monthly wages rose to $2,687 during the second quarter, which was 1.3% higher than compared with the prior-year quarter. The slight gain in wages could not offset the increase in sales prices and interest rates, and affordability was greatly affected during the first semester of 1996. The affordability index rose to 1.50 in the second quarter, reaching its highest level in four years. This meant that at the current average wage, households would need one and a half wage earners to qualify for a 30-year, single-family home mortgage with 15% down and an interest rate of 7.99%. Regarding new housing units, comparisons with the first six months of 1996 and the prior year, show 15.3% increase in building permits and forecast a rebounding housing market for second half of the year.

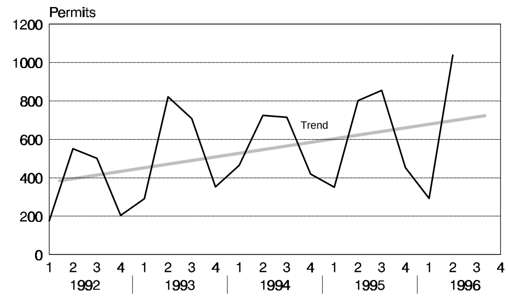
After four quarters, some of the positive effects of the 5% Loan Program have been clearly identified. Lower interest rates, greater number of loans made, increased loan volume, and stable home buying affordability are among the readily measurable effects of the program. Overall, the program had a positive impact in the housing market throughout 1995. Last year could have been a difficult year if not for the vigor that the 5% Loan Program injected into the housing market.

The results of the Annual Rental Survey are published in this issue. The results show an overall relaxing of the state's rental market, with a statewide average vacancy rate of 7.0%, up from last year's 3.8%. Juneau remained the tightest rental market in the state, with a vacancy rate of 3.0%. Rents did not fall in view of the higher vacancy rates. Landlords usually do not adjust their rents immediately. Rents are not lowered until they realize their units remain vacant for a considerable time.

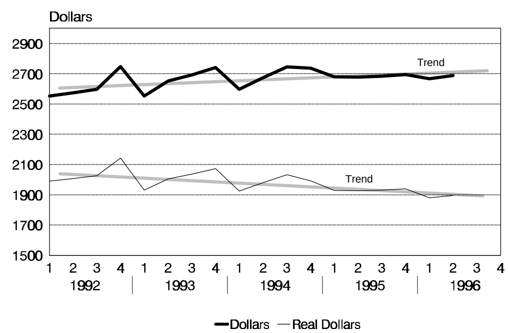
Also accompanying this issue is the 1996 Annual Construction Cost Survey. The survey reports on the cost of 18 items or “market basket” necessary to construct the same model single-family home in selected urban and rural Alaskan sites. Comparing the 1995 and 1996 market baskets, costs were lower than the prior year for all but one of the urban communities, but higher for all the rural communities. The gap between the cheapest (Juneau) and the most expensive (Barrow) communities keeps widening reaching a difference of more than 200%. All rural sites had higher market basket costs due primarily to increased shipping and handling costs, while urban sites benefited from lower prices due likely to increasing competition among suppliers.

The outlook for the rest of 1996 is that the housing market will remain strong and fairly stable. Election results and a forecasted period of economic stability have helped recently to lower interest rates. Increased new permitting activity during the second quarter, lower interest rates, and prospects of average wage increases will hopefully reestablish some of the affordability lost during the first semester of 1996.

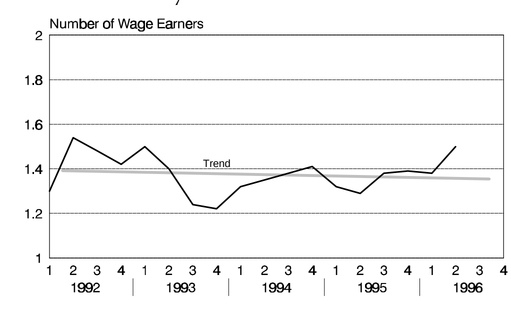
New Housing Units



Wages



Affordability Index



*Note: The **Affordability Index** is the number of earners needed to qualify for an 85% mortgage. Contrary to other common indexes, this one decreases when affordability improves, and increases when affordability declines. Therefore, **a smaller affordability index or a decrease is always more favorable to buyers.** Source: Alaska Department of Labor, Research and Analysis Section.*

Feature Article

Rural Perspectives:

AHFC Small Building Material Loan Program

by Grant Shimanek

Prompted by persistent housing shortages and high construction costs evident throughout rural Alaska, AHFC has developed an affordable building materials loan program, designed to assist rural residents in improving their housing conditions. The program, known as the Small Building Materials Loan (or SBML) program, provides loans of up to $15,000, with certain limitations, for owner-built new construction and for housing rehabilitation.

***Grant Shimanek** is the Loan Examiner in AHFC's Dillingham Field Office, where his responsibilities include educating and counseling rural Alaskans on home buying and home building. Raised on the Kenai Peninsula, he has lived in rural Alaska for over 27 years, and in southwest Alaska for 24 years. His background includes higher education, journalism and community service.*

In rural communities, housing is often constructed from locally-available timber that is either used "in the round" or milled as cut lumber. Homes constructed from these materials frequently fall short of meeting the specifications for conventional mortgage lending. The SBML program provides a source of mortgage finance that enables an owner-builder to obtain materials needed to build or complete a principal residence.

Many rural families live in older so-called "stick-built" homes that provide basic shelter but are frequently too small to accommodate growing families. Further, these older homes frequently fail to perform to today's energy-efficiency standards. Conventional financing is generally not available to help meet the $5000-$10,000 cost of purchasing and shipping roofing, windows, doors, floor coverings, heating systems, and connection to water and sanitary sewer systems.

All Small Building Materials Loans are limited to a 90% "loan-to-value" ratio, and must have collateral to secure the loan. Loans limits are $15,000, with a maximum term of 15 years. The loan must be for the construction or rehabilitation of the borrower's primary residence, located within those communities defined by the Alaska Department of Community and Regional Affairs as "small communities." The loan amount must be sufficient to bring the project to completion. In addition, the borrower must hold title, or have a long-term lease on the subject property. The SBML can assume either a subordinate (second) or first mortgage position.

What makes the SBML program different from conventional lending products is that alternative forms of collateral can be taken, such as other real estate, if necessary to keep the loan within limits. Most typical loan requirements for appraisals and title insurance are waived to reduce borrower's closing costs; and alternative methods of determining value and establishing ownership are used.

"I get a great deal of satisfaction in seeing this program work for people. Moreover, when a homeowner is responsible for completing the project, it creates pride of ownership and develops incentives for paying the loan off."

-Linda Stanton, AHFC Loan Examiner -

Total construction of new log or "stick-built" homes is difficult to finance solely with a SBML program loan, due to the requirement to meet the Alaska State Building Code and Building Energy Efficiency Standard (BEES). The program is most attractive to Alaskans desiring to upgrade, expand or renovate existing homes constructed prior to 1992.

Linda Stanton, AHFC Loan Examiner serving the Yukon/Kuskokwim Delta, has processed 22 SBML program loans in her region. She views the program as an economical, quick, and relatively easy means of helping people to improve their living conditions. Stanton remarks that, "Loans in general are foreign to many rural residents. Add the complexities of developing the construction design and obtaining pricing from vendors, and people have their hands full in working out their project details, let alone obtaining financing."

Stanton has taken the SBML program to small communities in the Y/K Delta region and received a positive reception. A recent educational workshop on the program helped 24 participants learn how to apply for the loan and develop their own construction projects. Stanton assists applicants in evaluating project designs, pricing materials, establishing a budget, and seeing the application through to underwriting.

According to Stanton, often, families with limited incomes and small cash supplies are able to meet their housing needs through low monthly payments, usually less than $150. Since 1993, four of the SBML program loans Stanton has closed have already been paid off by their borrowers. Most of Stanton's applicants have used the loan to make additions to their homes, generally bedrooms. She says, "Although these are 'at risk' loans, there are great benefits to people who never thought they could get a loan."

SBML program loans have been made to rural Alaskans throughout the state, including Hyder, Whale Pass, Yakutat, Cordova, Slana, Tok, Stevens Village, Barrow, Kotzebue, Nome, Saint Paul, Chevak, Bethel, Ouzinkie, Iliamna, and Nulato, to name only a few. Overall, 69 SBML program loans have been closed statewide, with no foreclosures and only two loans (2.9%) in delinquency.

Stanton summed up her experience with the SBML program by commenting, "I get a great deal of satisfaction in seeing this program work for people. Moreover, when a homeowner is responsible for completing the project, it creates pride of ownership and develops incentives for paying the loan off."

Section 1

Results of the Quarterly Survey of Alaska Lenders

Loan Activity Increase in 1996

Table 1-1 to 1-3

Statewide loan activity reversed course in the second quarter after declining the prior two quarters. Homebuyers were apparently not completely discouraged by increases in both interest rates and home prices. Interest rates rose from 7.38% to 7.99% during the second quarter, while the statewide average sales price rose 2.4% from $147,968 to $151,459. Homebuyers benefited slightly from an increase in the average wage from $2,666 to $2,687. Compared to the year-ago quarter, total loan volume increased $11.3 million, or 4.1%. Although single-family loans were above the prior year by 2.5%, the number of condominium loans fell by 22.4%. Similar to 1995, single-family loans accounted for 19 out of every 20 loans during the first and second quarters of 1996.

New Loan Activity Alaska

Single-Family Homes and Condominiums, Including AHFC

1st Qtr 1992 - 2nd Qtr 1996

Table 1-1

Note: Based on survey in Alaska of 13 mortgage lenders in 1992 and 14 beginning 1st quarter of 1993.

Source: Alaska Department of Labor, Research and Analysis Section.

Qtr/Yr	Number of Loans	Average Loan	Total Loans	Average Sales Price	Total Sales Price	Loan-To-Value Ratio (%)
Total Single-Family and Condominium Residences						
2Q1996	2,339	$123,455	$288,760,396	$151,459	$354,263,210	81.5
1Q1996	2,239	123,206	275,858,893	147,968	331,299,809	83.3
4Q1995	2,369	123,036	291,472,986	146,698	347,528,422	83.9
3Q1995	2,742	122,374	335,549,257	145,122	397,923,790	84.3
2Q1995	2,324	119,410	277,509,205	137,069	318,548,674	87.1
1Q1995	1,563	115,434	180,423,456	132,096	206,466,243	87.4
4Q1994	1,688	117,151	197,751,617	135,568	228,839,041	86.4
3Q1994	1,906	114,631	218,486,140	134,354	256,079,594	85.3
2Q1994	2,432	114,230	277,806,431	135,227	328,871,864	84.5
1Q1994	3,100	115,887	359,248,623	141,694	439,251,706	81.8
4Q1993	3,613	114,722	414,489,558	137,774	497,777,277	83.3
3Q1993	3,463	114,668	397,096,973	136,831	473,844,873	83.8
2Q1993	2,877	111,510	320,814,796	133,227	383,293,262	83.7
1Q1993	2,251	113,573	255,652,022	137,551	309,627,701	82.6
4Q1992	3,026	111,689	337,972,182	136,046	411,676,220	82.1
3Q1992	2,377	112,227	266,764,425	130,830	310,982,636	85.8
2Q1992	2,633	112,731	296,820,230	137,779	362,773,390	81.8
1Q1992	1,927	106,916	206,026,301	130,794	252,040,533	81.7
Single-Family Residences						
2Q1996	2,207	$126,446	$279,066,812	$155,600	$343,408,911	81.3
1Q1996	2,122	125,837	267,026,464	151,340	321,142,952	83.1
4Q1995	2,252	125,414	282,432,405	149,890	337,552,519	83.7
3Q1995	2,611	124,845	325,971,541	148,287	387,177,279	84.2
2Q1995	2,154	123,141	265,246,099	141,593	304,990,710	87.0
1Q1995	1,458	118,573	172,879,863	135,836	198,048,388	87.3
4Q1994	1,617	119,379	193,035,107	138,154	223,394,663	86.4
3Q1994	1,811	117,093	212,056,151	137,242	248,546,084	85.3
2Q1994	2,328	115,511	268,910,367	137,002	318,939,733	84.3
1Q1994	3,015	117,027	352,836,845	143,231	431,840,807	81.7
4Q1993	3,517	115,984	407,917,184	139,289	489,877,956	83.3
3Q1993	3,386	115,601	391,425,529	138,010	467,301,091	83.8
2Q1993	2,764	113,442	313,552,306	135,661	374,967,087	83.6
1Q1993	2,167	115,178	249,589,964	139,631	302,581,206	82.5
4Q1992	2,918	112,897	329,434,137	137,848	402,239,104	81.9
3Q1992	2,265	113,184	256,360,862	132,342	299,754,526	85.5
2Q1992	2,538	113,686	288,535,638	139,267	353,458,812	81.6
1Q1992	1,876	107,925	202,466,751	131,705	247,079,277	81.9
Condominium Residences						
2Q1996	132	$73,436	$9,693,584	$82,230	$10,854,299	89.3
1Q1996	117	75,491	8,832,429	86,811	10,156,857	87.0
4Q1995	117	77,270	9,040,581	85,264	9,975,923	90.6
3Q1995	131	73,112	9,577,716	82,034	10,746,511	89.1
2Q1995	170	72,136	12,263,106	79,753	13,557,964	90.4
1Q1995	105	71,844	7,543,593	80,170	8,417,855	89.6
4Q1994	71	66,430	4,716,510	76,681	5,444,378	86.6
3Q1994	95	67,684	6,429,989	79,300	7,533,510	85.4
2Q1994	104	85,539	8,896,064	95,501	9,932,131	89.6
1Q1994	85	75,433	6,411,778	87,187	7,410,899	86.5
4Q1993	96	68,462	6,572,374	82,285	7,899,321	83.2
3Q1993	77	73,655	5,671,444	84,984	6,543,782	86.7
2Q1993	113	64,270	7,262,490	73,683	8,326,175	87.2
1Q1993	84	72,167	6,062,058	83,887	7,046,495	86.0
4Q1992	108	79,056	8,538,045	87,381	9,437,116	90.5
3Q1992	112	92,889	10,403,563	100,251	11,228,110	92.7
2Q1992	95	87,206	8,284,592	98,048	9,314,578	88.9
1Q1992	51	69,795	3,559,550	97,280	4,961,256	71.7

Alaska Single-Family Loan Activity

Including AHFC

Table 1-2

2nd Qtr 1996

Note: Based on survey of 14 private and public mortgage lenders.

Source: Alaska Department of Labor, Research and Analysis Section.

Location	Number of Loans	Average Loan	Total Loans	Percent Loan Volume	Average Sales Price	Total Sales Price	Percent Total Market Value
Anchorage	1,200	$132,563	$159,075,516	57.0	$160,881	$193,057,158	56.2
Mat-Su	202	104,843	21,178,340	7.6	128,257	25,907,823	7.5
Fairbanks	238	104,051	24,764,052	8.9	128,000	30,464,034	8.9
Kenai	119	99,194	11,804,091	4.2	125,862	14,977,572	4.4
Juneau	189	142,874	27,003,095	9.7	185,657	35,089,140	10.2
Ketchikan	61	149,454	9,116,686	3.3	183,961	11,221,633	3.3
Rest of State	198	131,945	26,125,032	9.4	165,109	32,691,551	9.5
Statewide Total	**2,207**	**$126,446**	**$279,066,812**	**100.0**	**$155,600**	**$343,408,911**	**100.0**

Alaska Condominium Loan Activity

Including AHFC

Table 1-3

2nd Qtr 1996

Note: Based on survey of 14 private and public mortgage lenders.

Source: Alaska Department of Labor, Research and Analysis Section.

Location	Number of Loans	Average Loan	Total Loans	Percent Loan Volume	Average Sales Price	Total Sales Price	Percent Total Market Value
Anchorage	106	$72,540	$7,689,250	79.3	$80,289	$8,510,679	78.4
Mat-Su	1	98,006	98,006	1.0	107,000	107,000	1.0
Fairbanks	4	66,125	264,498	2.7	70,625	282,500	2.6
Kenai	2	75,318	150,635	1.6	76,500	153,000	1.4
Juneau	13	80,830	1,050,785	10.8	97,471	1,267,120	11.7
Ketchikan	3	71,900	215,700	2.2	83,000	249,000	2.3
Rest of State	3	74,903	224,710	2.3	95,000	285,000	2.6
Statewide Total	**132**	**$73,436**	**$9,693,584**	**100.0**	**$82,230**	**$10,854,299**	**100.0**

The average loan amount of $123,455 was above the prior-year level by 3.4%. Single-family loans averaged $126,446 in the second quarter, which was higher by 2.7% than the prior year. The average condominium loan amount increased to $73,436, which was 1.8% ahead of the year-ago level.

Compared to the prior year, the overall average price during the second quarter was 10.5% higher, having risen from $137,069 to $151,459. Single-family sale prices averaged $155,600, which was up by 9.9%. Condominium sales price averaged $82,230, up 3.1% from prior-year level.

The overall LTV has dropped from 87.1% to 81.5%, as did single-family (87.0% to 81.3%) and condominiums (90.4% to 89.3%) compared with last year. The higher ratios of the prior year can be attributed to the 5% Loan Program with its low down payments requirements.

Overall loan activity was stronger than the prior year. This was noteworthy given an increase in interest rates and higher home sales prices. Considering that the strength in the prior year was bolstered by AHFC's 5% Loan Program, which generated $53.4 million in loans, the housing activity of the second quarter of 1996 exhibited a surprisingly very firm tone.

Total Loan Volume Rose in 1996

Total loan volume was 23.3% higher than last year's first half, having risen from $457.9 million to $564.6 million, while the total number of loans rose by 17.8% from 3,887 to 4,578. Total market value increased by 30.6% from $525.0 million to $685.6 million, partly due to average sales prices jumping from $135,069 to $149,752. Activity in single-family loans was also greater in 1996, with loan volume up 24.6% and the number of loans rising 19.9%. Condominiums did not fair as well, with declines in loan volume (6.5%), total loans (9.5%), and market value (4.4%); however, the average sales price increased 5.6% from $79,912 to $84,382.

Regionally, all areas gained in total loan volume except Anchorage, which declined 9.0% due the year-ago quarter being bolstered by AHFC's 5% Loan Program. The largest gains from last year occurred in Rest of State (65.6%), Juneau (53.7%), Fairbanks (23.1%), and Kenai (13.7%).

Statewide Average Single-Family Sales Price Rose

Figure 1-1

Sales prices were also higher for both single-family homes (9.0%) and condominiums (3.1%) due to a much higher incidence of lower-priced homes financed through the 5% Loan Program in the year-ago quarter. All regions had higher single-family sales prices, as the average statewide sales price increased from $141,593 to $155,600. Condominiums rose from $79,753 to $82,230 from prior year quarter.

Regionally, Kenai repeated with the lowest average priced homes at $125,862 during the second quarter, closely followed by Fairbanks ($128,000) and Mat-Su ($128,257). Although Mat-Su has historically held the distinction as the area with the lowest priced homes, Kenai has replaced Mat-Su over the past few quarters as the most affordable area for single-family homes. Juneau continued as the most expensive region at $185,657, with a gain of 17.4%, holding off Ketchikan which posted an 8.0% increase of $13,773 to $183,961. The average single-family home sold in Anchorage for $160,881 during the second quarter, which represented an increase of 7.2% from the prior year.

Mat-Su posted the highest prices for condominiums during the second quarter. The next most expensive average prices were in Juneau ($97,471) and Rest of State ($95,000). Fairbanks had the lowest prices at $70,625, which was one-third greater than the previous year quarter. Fairbanks was followed by Kenai ($76,500) and Anchorage ($80,289). Anchorage accounted for approximately four out of every five condominiums sold in the state during the second quarter.

Nationally, preliminary home prices appreciated 3.6% in the second quarter from $114,800 to $118,900. The average home price was highest in the West ($157,200) and Northeast ($146,100) and lowest in the Midwest ($105,000) and South ($106,200) during June 1996. According to the National Association of Realtors, home prices jumped 7.0% during the second quarter from a year ago. Job growth and a stable economy have fueled home sales, which has pressured prices. In recent years, home prices had lagged inflation, but with price appreciation now twice the rate of inflation people are reconsidering housing as a good investment.

Average Sales Price

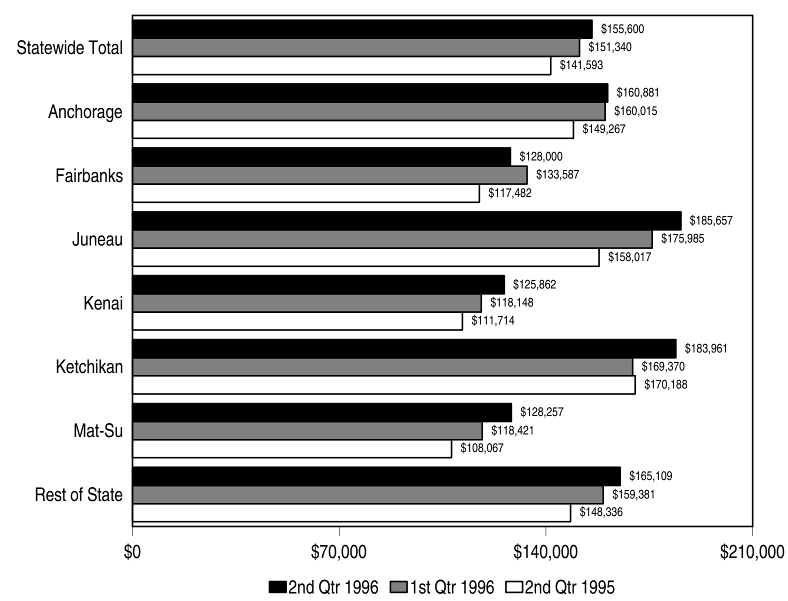
Single-Family Homes

Figure 1-1

2nd Qtr 1996 vs Previous Quarter and Year Ago

Note: Based on survey of 13 mortgage lenders in 1992 and 14 beginning the 1st quarter of 1993.

Source: Alaska Department of Labor, Research and Analysis Section.



Loan-to-Value Ratios and Third-Party Guarantees

Figure 1-2

The loan-to-value (LTV) ratio continued its decline of the past five quarters. The trend in the LTV has coincided with the decline in 5% Loan Program volume during the past year with its average LTV of 95.0%. The interest rate increase during the quarter, coupled with the increase in single-family home prices, worked against potential homebuyers. Lenders were apparently less willing to lend, as loan amounts only increased slightly, resulting in a lower LTV.

Of the total dollar value of loans made in Alaska in the second quarter, 42.7% were insured or guaranteed by the Federal Housing Administration (FHA), Veterans Administration (VA), U.S. Department of Housing and Urban Development (HUD), or by private mortgage insurance (PMI). This was significantly down from the 62.7% in the second quarter of 1995. The higher percentage a year ago was due primarily to AHFC's 5% Program requiring mortgagees to purchase FHA or VA insurance.

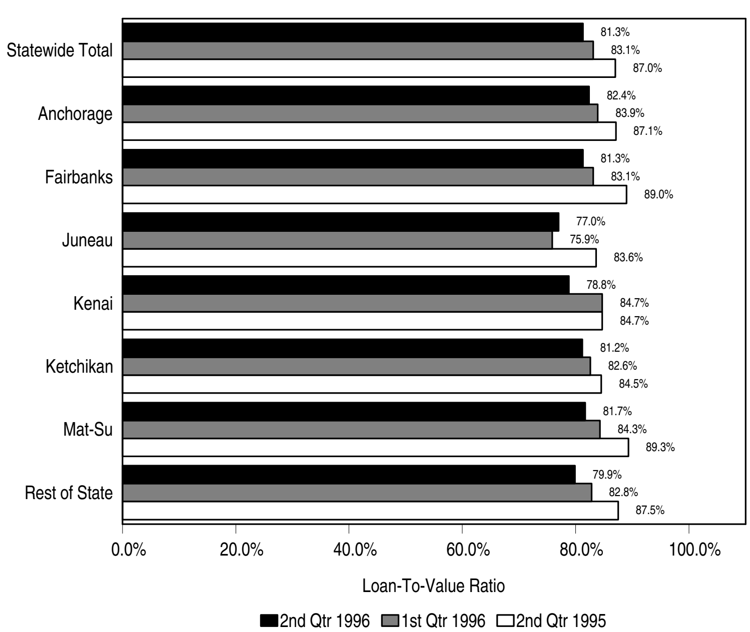
Guarantees fell for single-family loans (47.2% to 41.3%) but rose for condominium loans (74.5% to 83.3%) compared to the previous quarter.

Average Loan-to-Value Ratios

Single-Family Residences

2nd Qtr 1996 vs Previous Quarter and Year Ago

Figure 1-2



Source: Alaska Department of Labor, Research and Analysis Section.

Interest Rates Jump Back to 1995 Levels

Compared to the prior year, interest rates are at the same level (7.98%) they were four quarters ago. Statewide, the average annual interest rate, weighted by dollar loan volume, jumped from 7.38% in the previous quarter to 7.99% during the second quarter. All lenders reported a jump in interest rates from the previous quarter, except AHFC which posted a decline of nine basis points from 7.04% to 6.95%. Non-AHFC interest rates averaged 8.07% during the second quarter, up from 7.41% in the previous quarter. One of the reasons for AHFC's overall average rate being lower was the variety of special programs AHFC offers to potential homebuyers, such as First-time Homebuyer, veteran programs, and energy interest-rate reductions.

Nationwide, both the Midwest and West had the highest rate at 7.97%, while the Northeast (7.81%) continued to report the lowest rates, according to the Federal Housing Finance Board. National and statewide rates continued to increase towards quarter's end. Statewide rates rose to 8.12%, while national rates had increased from 7.71% to 7.97%.

Wage Income Edged Higher

Figure 1-3

The preliminary statewide average monthly wage rose from $2,677 in the previous year to $2,687, an increase of $10 or 0.4% during the second quarter. There were eleven areas with lower wages than a year ago, with the greatest drops in Prince of Wales-Outer Ketchikan (7.7%), Yukon-Koyukuk (7.0%), and Southeast Fairbanks (6.4%). Wage gains were largest in Haines (13.2%), Denali (11.4%), and Bristol Bay (8.8%). In terms of YTD comparisons, average monthly wages increased 1.3% over the prior year's first half.

Nationally, the median family income rose from $3,316 in the previous quarter to $3,344, a gain of 0.8% during the second quarter. Compared with the last year's quarter, the second quarter of 1996 was 2.6 % higher.

Alaska Affordability Decreases

Figure 1-4

Homebuyers had a more difficult time affording a house during the second quarter, as the slight gain in wages could not offset the increases in sales prices and interest rates. The affordability index reached the highest level in four years. The preliminary statewide affordability index for single-family homes leaped to 1.50 in the second quarter and was above the prior year level of 1.31. The slight 0.4% increase in average wages was not able to counter the increase in interest rates and average sales prices. The statewide affordability index for condominiums (0.79) during the second quarter was higher than the level of the prior year (0.70).

The second-quarter index means that to qualify for a 30-year, single-family home mortgage with 15% down and an interest rate of 7.99%, households would need one and a half wage earners receiving the average wage. As the index increases, home mortgages become less affordable for potential homebuyers.

Kenai again remained the most affordable region during the second quarter, even though its affordability index climbed from 1.13 to 1.31 compared with the prior year quarter. The primary reason for the increase were decreases in average wages, the 12.6% gain in average sales price, and higher interest rates. The next most affordable regions were Fairbanks (1.34) and Mat-Su (1.42). Juneau and Ketchikan continued as the least affordable areas, with affordability indices of 1.81 and 1.80, respectively.

Average Monthly Wage

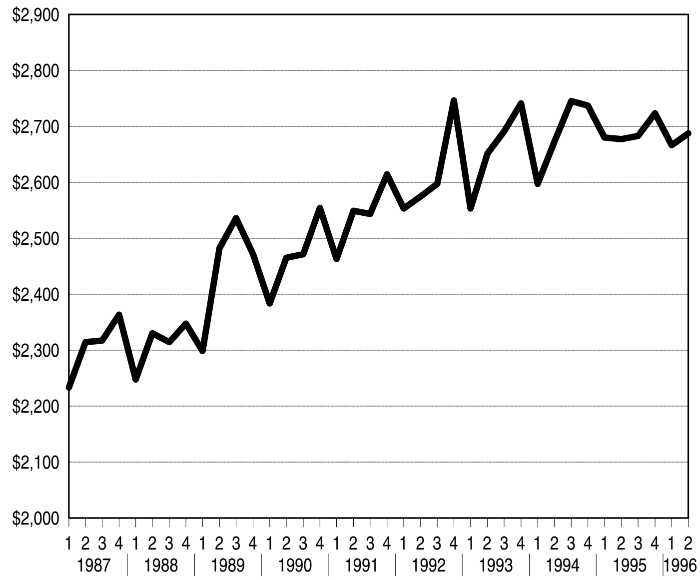
Statewide

Figure 1-3

1st Qtr 1987 - 2nd Qtr 1996

Note: Data for the 2nd Quarter 1996 is preliminary.

Source: Alaska Department of Labor, Research and Analysis Section.



Alaska Affordability Index*

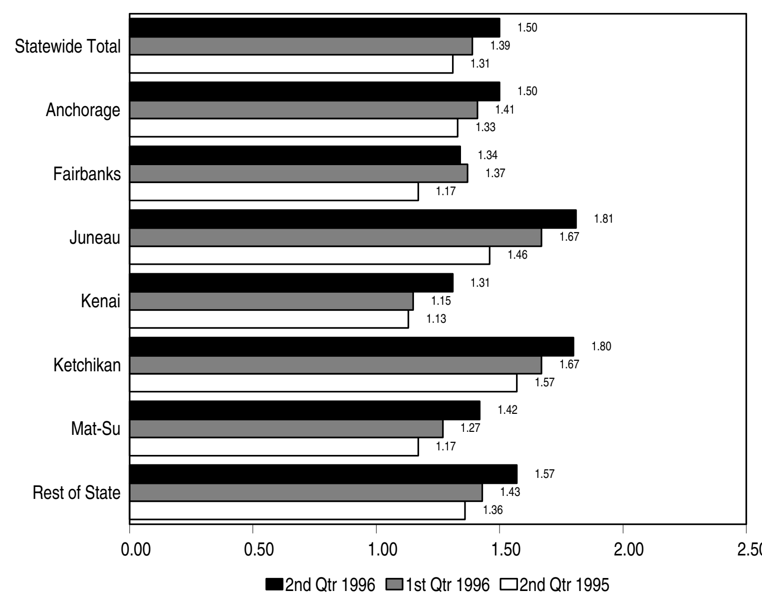
Single-Family Residences, Private and Public Agency Lenders

Figure 1-4

2nd Qtr 1996 vs Previous Quarter and Year Ago

** Note: The Affordability Index is the number of earners needed to qualify for an 85% mortgage. Contrary to other common indexes, this one decreases when affordability improves and increases when affordability declines. Therefore,* ***a smaller affordability index or a decrease is always more favorable to buyers.*** *Data for the 2nd Quarter 1996 is preliminary.*

Source: Alaska Department of Labor, Research and Analysis Section.



Section 2

AHFC Second Quarter Residential Loan Portfolio

AHFC's Loan Activity Return to 1993 Levels

Figures 2-1 and 2-2

Even with a considerable interest rate advantage, AHFC's loan activity continued to trend lower as quarterly performance declined for the fourth consecutive quarter. The slowdown over the past four quarters was primarily due to the end of the 5% Loan Program, which peaked in the second quarter of 1995. The Program had comprised a 66.3% share in the prior year quarter, with $53.4 million. During the second quarter of 1996, it only accounted for $0.2 million or 1.1% of AHFC's total loan volume.

Compared with the prior year quarter, total loan volume was down 73.0%, with both single-family homes and condominiums falling by 74.4% and 54.5%, respectively. Total loan dollar volume decreased from $146.2 million to $50.1 million, or 65.7%. Dollar volume fell for both single-family homes (66.8%) and condominiums (54.2%) as well. In contrast, Non-AHFC dollar loan volume expanded 35.5% from the prior year's quarter of $197.0 to $267.0 million.

Average interest rates weighted by dollar loan volume dropped from 7.04% in the previous quarter to 6.95%. Both AHFC single-family and condominium loans had an average rate of 6.95% during the second quarter. AHFC maintained a significant rate advantage over non-AHFC lenders' interest rates which averaged 8.07%. AHFC's rates are lower due to a higher number of loans made under special mortgage programs. AHFC had much higher rates than the prior year level of 5.86%, which was low due to the abundance of 5% loans.

Compared to the prior year, sales volume declined 71.3% from $85.5, million and the number of loans dropped 73.7% from 769. Non-AHFC sales volume and number of loans increased from prior year levels by 41.5% and 37.4% respectively. After a large blip during the first half of 1995, AHFC's market share moves back toward the level of 1993. AHFC's share only accounted for 10.3% in the previous quarter and 7.5% in the second quarter of 1996.

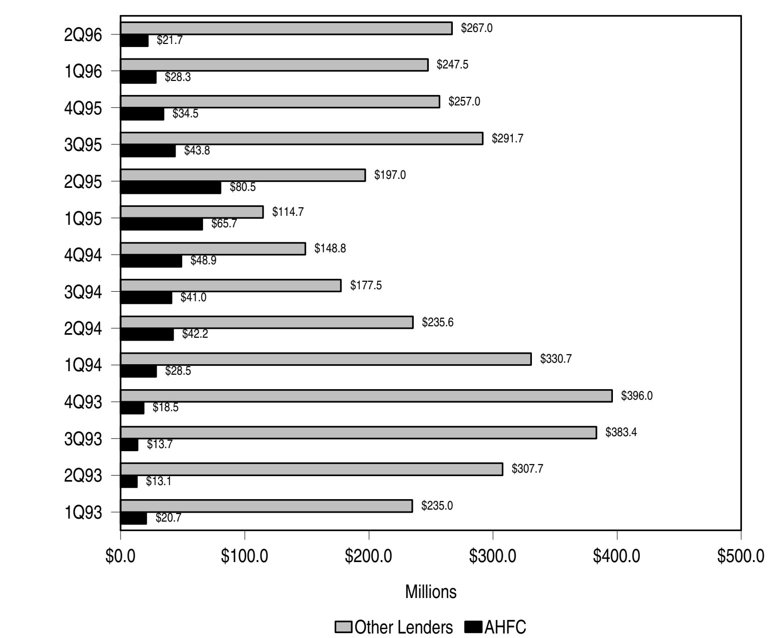
Regionally, all areas of the state had lower AHFC loan activity from the previous quarter, except Juneau and Ketchikan. Compared to the prior year, only the Rest of State category managed to gain in volume as all other areas declined during the second quarter. Anchorage saw volume drop from the previous quarter's $12.1 million to $10.6 million, or 12.4%.

Dollar Volume of Loans by Lender

Single-Family and Condominiums

1st Qtr 1993 through 2nd Qtr 1996

Figure 2-1



Note: Based on survey of 13 mortgage lenders in 1992 and 14 beginning the 1st quarter of 1993.

Source: Alaska Department of Labor, Research and Analysis Section.

AHFC Market Share of Single-Family Residences

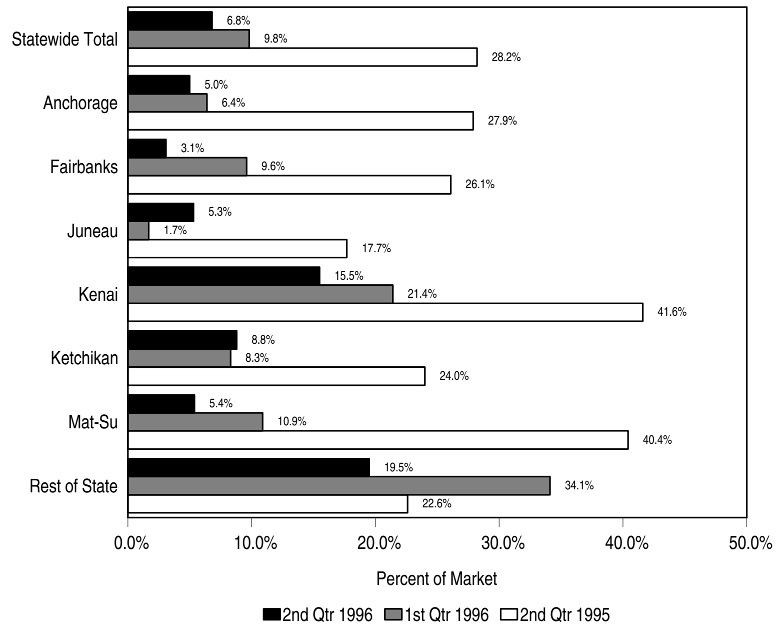
Based on Dollar Loan Volume

Figure 2-2

2nd Qtr 1996 vs Previous Quarter and Year Ago

Note: Based on survey of 13 mortgage lenders in 1992 and 14 beginning the 1st quarter of 1993.

Source: Alaska Department of Labor, Research and Analysis Section.



Urban Volume Decreases

Figures 2-3 and 2-4

AHFC's urban portfolio accounted for almost three-quarters (72.8%) of the total loan volume during the second quarter and was the fourth consecutive quarter of lower volume. Urban portfolio loan volume had peaked at $77.3 million during the second quarter of 1995, bolstered by the 5% Program.

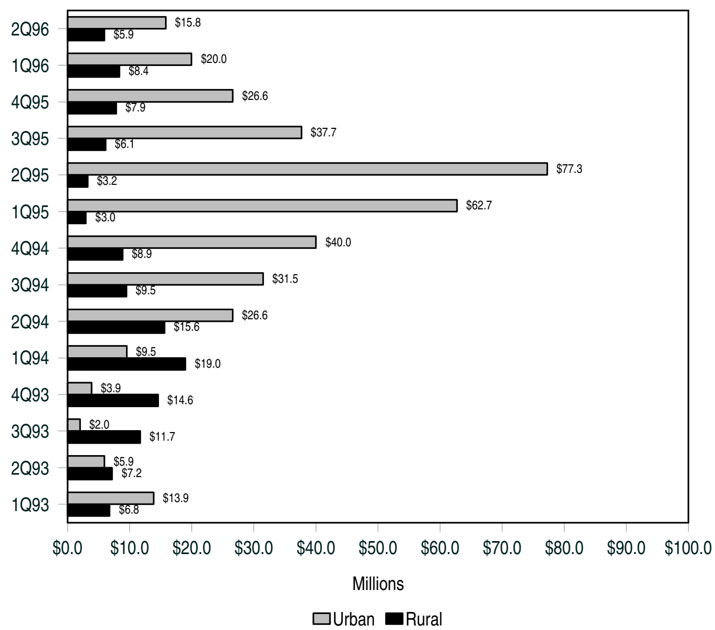
After rising for four consecutive quarters, AHFC's rural loan volume declined 29.3% from $8.4 million to $5.9 million during the second quarter. The number of rural loans also declined from 68 single-family homes in the previous quarter to 47. Compared to the prior year, both loan volume and the number of loans gained 82.7% and 74.1%, respectively. The rural portfolio accounted for a 27.2% share of total AHFC loan volume in the second quarter. Single-family sales prices continued to be higher for rural loans ($153,033) than for urban loans ($123,533) by 23.9% during the second quarter. This due to higher cost of construction from materials and transportation costs.

AHFC Dollar Volume of Urban and Rural Loans

Statewide

1st Qtr 1993 through 2nd Qtr 1996

Figure 2-3



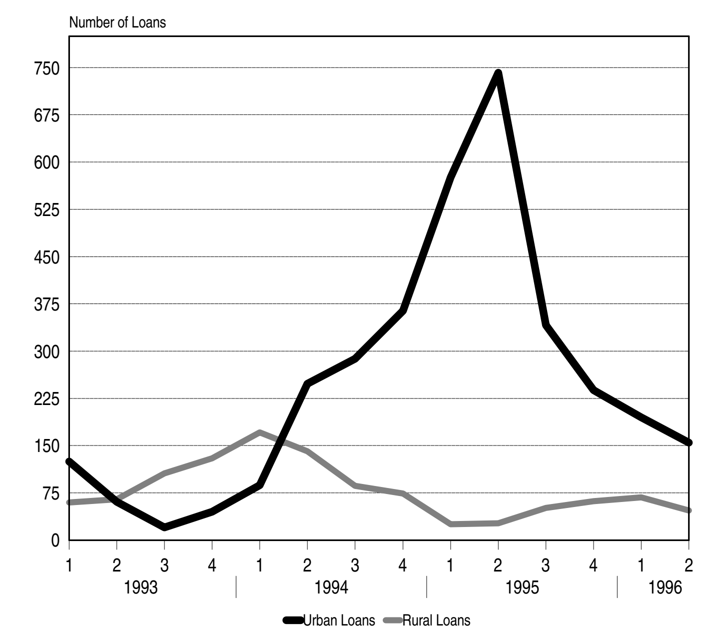
Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

AHFC Loans Purchased

Urban vs Rural

1st Qtr 1993 - 2nd Qtr 1996

Figure 2-4



Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

Average Sales Prices and Loan Amounts

Figure 2-5

Compared with the prior year levels, AHFC's average sales prices have risen 14.6% for single-family homes but fell 2.2% for condominiums. AHFC's second quarter sales prices were both below the non-AHFC sales price for single-family homes ($157,512 vs. $131,936) and condominiums ($84,798 vs. $75,635). Regionally, the Rest of State region had the highest AHFC single-family average sales price at $163,142. Mat-Su continued to have the lowest average price at $103,468. During the second quarter, Ketchikan was the highest ($187,802) for non-AHFC lenders, with Kenai remaining the lowest at $127,083.

The average AHFC loan was $107,650 which was 2.8% above the prior year's $104,676. Single-family loans averaged $115,741 while condominiums averaged $71,571. Compared to the prior year, single-family loans were up 6.6% but condominiums were down 0.4%. Overall non-AHFC lenders' loans averaged $124,949 which was 16.1% higher than AHFC loans.

AHFC and Non-AHFC Average Loan Amount

Single-Family Residences

Figure 2-5

2nd Qtr 1996

Note: Based on survey of 13 mortgage lenders in 1992 and 14 beginning the 1st quarter of 1993.

Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

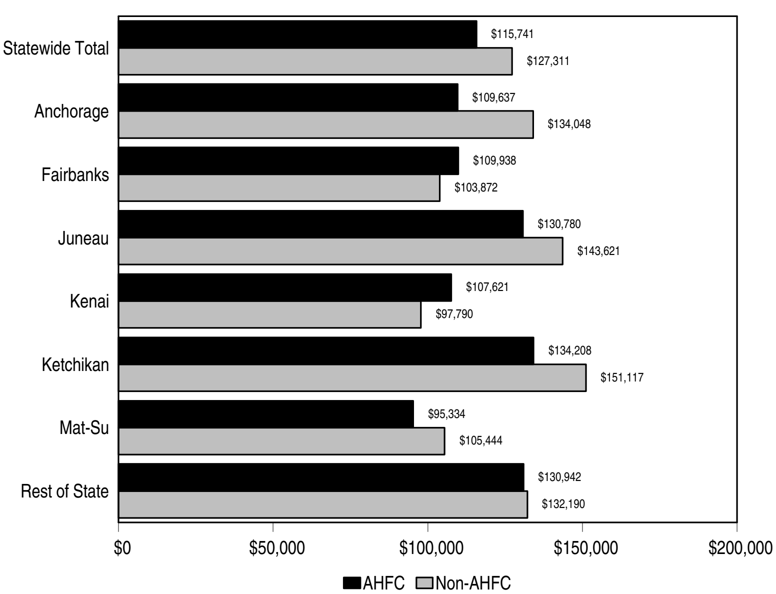


Figure 2-6 to 2-8

The median sales price rose for both single-family homes with and without a garage during the second quarter. Compared to the prior year, the sales price rose $14,100 or 15.9%, due to a 15.9% increase in structural costs, while land costs remained unchanged. A portion of this increase could be attributable to a larger portion of smaller homes financed through the 5% loans a year ago. In terms of YTD comparisons, sales prices averaged 7.4% greater in 1996 than the 1995 period, with the structural costs increasing by 13.8% but land costs declining by 11.3%.

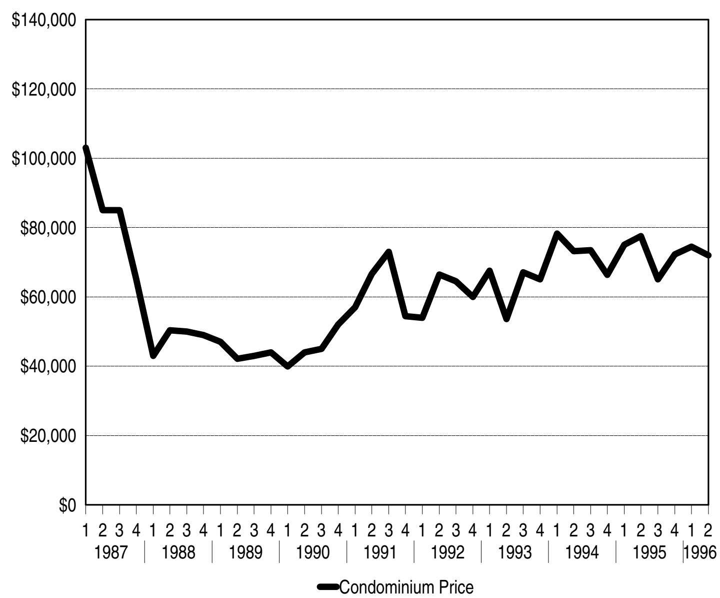
Single-family homes without a garage also reported a higher median sales price for the second quarter. Although land prices have remained the same the past three quarters, the cost of building rose from $66,700 to $77,100, or 15.6%, during the second quarter. As expected, the average size of homes without a garage rose from 1,127 sq. ft. in the previous quarter to 1,174, an increase of 4.2%. Sales prices responded by rising 14.7%, from $89,000 to $102,100 from the year-ago level, and rose 10.2% between YTD comparisons of 1996 and 1995. In contrast, condominium median sales prices decreased. Average sales prices were also lower by 7.1% compared to the prior year ($77,500 to $72,000) and by 3.9% in YTD comparisons ($76,250 to $73,250).

Median Purchase Price of Condominiums

AHFC Condominiums, Statewide

1st Qtr 1987 - 2nd Qtr 1996

Figure 2-6



Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

Median Purchase Price of Home, Structure and Land

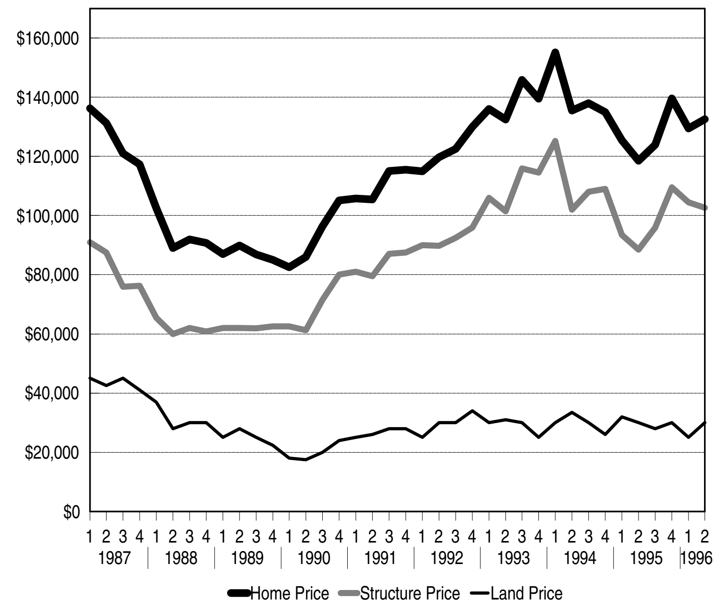
AHFC Single-Family Residences with Garage, Statewide

Figure 2-7

1st Qtr 1987 - 2nd Qtr 1996

Note: Reflects total AHFC urban and rural loans beginning 3rd Qtr 1992. Prior to 3rd Qtr 1992 only urban loans shown.

Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.



Median Purchase Price of Home, Structure and Land

AHFC Single-Family Residences without Garage, Statewide

Figure 2-8

1st Qtr 1987 - 2nd Qtr 1996

Note: Reflects total AHFC urban and rural loans beginning 3rd Qtr 1992. Prior to 3rd Qtr 1992 only urban loans shown.

Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

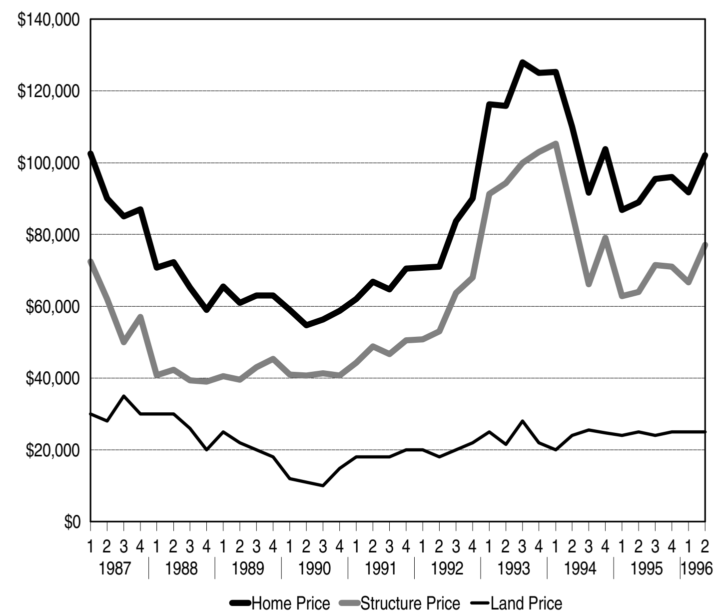


Figure 2-9

Both AHFC foreclosures and disposals increased slightly compared to the prior year, with foreclosures up from 20 to 23 and disposals increasing from 19 to 22. AHFC's real estate owned (REO) inventory of all property types fell to 50 from the year-ago level of 61.

AHFC's average delinquency rate* went down to 3.78% from 4.15% during the first semester of 1996 and compared with the same period of 1995. Nationally, homeowner delinquencies have recently begun to increase, according to the Mortgage Bankers Association. The percentage of homeowners 30 or more days late on mortgage payments rose to 4.46% during the first quarter, which was higher than the year-ago rate of 3.94%.

Note: Average delinquency rates of first mortgages exclusive of mobiles homes.

Source: Alaska Housing Finance Corp.; Corporate Communications Department.

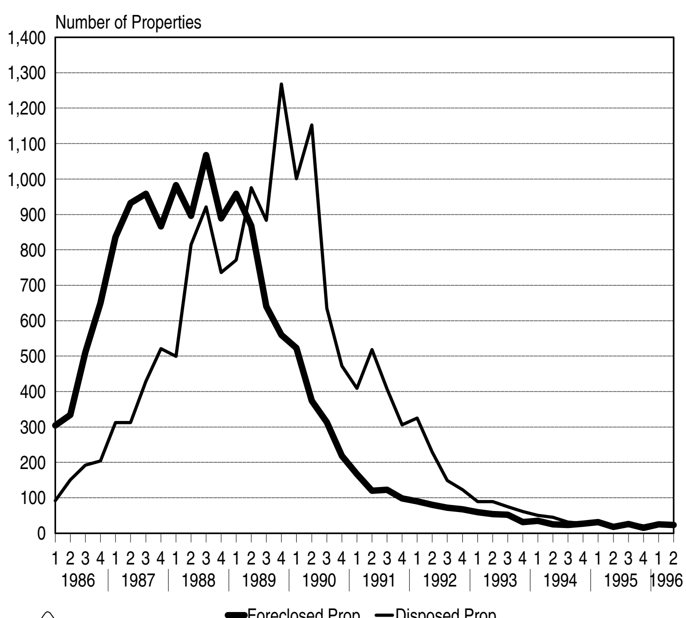
In addition, mortgage lenders lowered their credit standards in 1994 and 1995 as interest rates rose, resulting in much higher default rates on those loans. With lenders offering lower down payments, loans have also become more risky. In 1991, there were just nine percent of the loans with less than 10% down, while in 1995 a quarter of all conventional loans had such small down payments. If the economy should falter, those lower-middle income homeowners who took advantage of the low down payments and available credit could be squeezed in a recession, producing significantly more delinquencies.

AHFC Foreclosures and Disposals

Statewide

1st Qtr 1986 through 2nd Qtr 1996

Figure 2-9



Source: Alaska Housing Finance Corporation.

Section 3

Alaska Multiple Listing Service Information

Listings and Sales Show Seasonal Strength

Tables 3-1 to 3-6

Overall activity during the first half of 1996 for both single-family homes and condominiums increased in all surveyed areas compared with the same period of 1995. Similar to the lender's survey, the MLS survey showed a seasonal upturn in the housing market. The quarterly increase in listings and closed sales, coupled with a decrease in days on the market, indicated that housing activity was healthy in the second quarter.

According to data supplied by the Multiple Listing Service (MLS) in Anchorage, Fairbanks, Mat-Su, and Kenai, total single-family sales volume rose 7.2% from \$265.0 million to \$284.3 million, while condominiums gained 9.7% from \$26.0 million to \$28.6 million. Compared to the prior year quarter, both single-family and condominiums also reported gains of 25.0% and 49.0%, respectively.

All areas increased in sales volume except single-family homes in Fairbanks, which reported a decline of 11.4%. For single-family homes, Mat-Su had the greatest growth, with sales volume increasing 17.1%. Anchorage followed as the next highest with a 9.6% gain.

Listings were stable (up 1.5%) and days on the market grew by 7.7% compared with the same period of 1995. Single-family listings increased for all areas, while condominium listings were weaker from last year. Anchorage continued to dominate the survey results, accounting for the majority of the single-family and condominium listings (49.7% and 95.2% respectively). Listings of single-family homes for Anchorage and Fairbanks had higher days on the market, while Kenai and Mat-Su recorded decreases. Days on the market for condominiums was down in Anchorage, but increased in Fairbanks.

Overall MLS single-family home prices rose during the second quarter compared to the previous year quarter. The average price for a home in the second quarter was $141,237, which was 3.6% above the prior year level. All areas mirrored the statewide trend, with prices increasing over the prior year period. Average prices were highest in Anchorage ($158,392) and lowest in Kenai ($104,252) during the second quarter. Condominium prices followed a similar path, with prices increasing from the prior year quarter, but price direction differed between Anchorage and Fairbanks. Anchorage saw prices higher over the same period (8.2%), while Fairbanks had declining prices (3.8%).

Municipality of Anchorage

Single-Family Residential Listings and Sales

Table 3-1

1st Qtr 1991 through 2nd Qtr 1996

Source: Anchorage Multiple Listing Service.

	Active Listings		Sales Closed			
Qtr/Yr	Number	Avg. Days on Market	Number	Volume ($)	Avg. Price ($)	Sale/List Price (%)
2Q1996	1,198	91	837	$132,573,864	$158,392	97.71
1Q1996	948	105	521	80,345,780	154,215	98.38
4Q1995	1,055	86	683	102,957,448	150,743	98.12
3Q1995	1,231	74	824	124,030,339	150,522	97.97
2Q1995	1,069	71	663	102,995,479	155,348	100.60
1Q1995	858	83	674	91,268,540	135,413	98.34
4Q1994	1,130	128	712	102,721,276	144,271	98.32
3Q1994	1,417	99	753	118,103,522	156,844	102.06
2Q1994	1,154	66	648	109,685,511	169,268	111.31
1Q1994	820	93	601	86,154,566	143,352	98.61
4Q1993	900	91	794	113,498,110	142,945	98.90
3Q1993	1,238	82	894	128,679,270	143,937	98.28
2Q1993	1,347	80	699	96,245,978	137,691	97.77
1Q1993	1,167	121	496	67,176,864	135,437	98.00
4Q1992	1,447	118	683	91,180,682	133,500	98.20
3Q1992	1,882	99	649	88,386,414	136,189	97.64
2Q1992	1,590	102	650	86,490,801	133,063	98.63
1Q1992	1,200	119	444	60,127,233	135,422	97.98
4Q1991	1,444	113	651	84,275,779	129,456	98.39
3Q1991	1,681	94	664	86,153,629	129,749	98.18
2Q1991	1,353	91	661	79,224,449	119,855	98.62
1Q1991	892	131	421	53,586,862	127,285	98.34

Municipality of Anchorage

Condominium Listings and Sales

Table 3-2

1st Qtr 1991 through 2nd Qtr 1996

Source: Anchorage Multiple Listing Service.

	Active Listings		Sales Closed			
Qtr/Yr	Number	Avg. Days on Market	Number	Volume ($)	Avg. Price ($)	Sale/List Price (%)
2Q1996	318	94	202	$16,783,791	$83,088	96.43
1Q1996	253	105	123	9,878,848	80,316	97.02
4Q1995	298	161	130	11,245,110	86,501	97.70
3Q1995	362	131	150	12,507,000	83,380	97.55
2Q1995	366	144	144	11,053,698	76,762	97.62
1Q1995	341	147	151	13,135,459	86,990	98.39
4Q1994	399	126	173	13,156,701	76,050	98.44
3Q1994	388	91	133	9,772,033	73,474	98.54
2Q1994	343	112	141	11,532,233	81,789	97.30
1Q1994	243	136	114	9,061,221	79,484	97.95
4Q1993	236	132	174	13,991,850	80,413	96.73
3Q1993	350	133	169	12,909,546	76,388	97.81
2Q1993	381	120	163	11,627,154	71,332	96.90
1Q1993	363	141	76	5,148,310	67,741	96.78
4Q1992	359	151	111	9,219,052	83,055	101.72
3Q1992	458	127	111	8,151,100	73,433	96.54
2Q1992	479	111	137	11,275,610	82,304	96.82
1Q1992	321	128	81	4,899,443	60,487	96.63
4Q1991	321	117	151	9,755,924	64,609	97.25
3Q1991	328	103	134	8,159,796	60,894	97.14
2Q1991	277	116	160	10,706,226	66,914	95.52
1Q1991	176	152	128	6,785,219	53,010	99.72

Kenai Peninsula Borough

Single-Family Residential Listings and Sales

1st Qtr 1991 through 2nd Qtr 1996

Table 3-3

Qtr/Yr	Active Listings Number	Sales Closed Number	Volume ($)	Avg. Price ($)	Sale/List Price (%)	Avg. Days on Market
2Q1996	331	85	$8,861,408	$104,252	97.11	169
1Q1996	269	56	5,581,755	99,674	93.43	177
4Q1995	280	98	9,784,317	99,840	96.12	173
3Q1995	298	99	8,547,032	86,334	96.29	149
2Q1995	276	89	9,022,900	101,381	97.29	182
1Q1995	236	47	4,777,700	101,653	95.29	198
4Q1994	255	78	6,999,688	89,740	96.08	173
3Q1994	313	98	9,570,665	97,660	96.48	144
2Q1994	305	97	9,487,241	97,807	97.10	142
1Q1994	233	91	8,398,078	92,287	96.25	177
4Q1993	230	94	8,303,894	88,339	96.77	178
3Q1993	320	121	12,141,290	100,341	97.93	153
2Q1993	317	100	8,647,725	86,477	88.40	153
1Q1993	269	77	6,460,025	83,896	96.41	179
4Q1992	240	58	4,900,345	84,489	96.95	161
3Q1992	341	93	7,754,755	83,384	96.66	134
2Q1992	324	57	4,263,800	74,804	95.15	131
1Q1992	223	54	4,271,420	79,100	95.52	161
4Q1991	236	81	6,817,227	84,163	96.97	153
3Q1991	289	98	7,989,346	81,524	97.13	128
2Q1991	252	87	6,769,896	77,815	93.66	137
1Q1991	229	53	4,279,228	80,740	100.09	148

Note: Average days on market are for sales closed and not for listings.

Source: Kenai Peninsula Board of Realtors.

Matanuska-Susitna Borough

Single-Family Residential Listings and Sales

1st Qtr 1991 through 2nd Qtr 1996

Table 3-4

Qtr/Yr	Active Listings Number	Active Listings Avg. Days on Market	Sales Closed Number	Volume ($)	Avg. Price ($)	Sale/List Price (%)
2Q1996	621	105	167	$18,170,905	$108,808	98.05
1Q1996	431	116	78	8,260,356	105,902	96.53
4Q1995	390	125	155	15,831,229	102,137	97.70
3Q1995	466	112	179	17,161,288	95,873	97.16
2Q1995	481	111	119	11,407,645	95,863	97.66
1Q1995	397	114	114	11,145,209	97,765	97.08
4Q1994	363	117	148	14,082,250	95,150	97.20
3Q1994	497	98	170	16,492,382	97,014	96.71
2Q1994	486	90	151	15,465,607	102,421	96.63
1Q1994	293	119	110	10,310,145	93,729	97.38
4Q1993	271	131	156	14,155,575	90,741	95.89
3Q1993	400	125	181	16,753,698	92,562	97.18
2Q1993	477	117	150	12,972,683	86,485	96.92
1Q1993	415	127	84	7,141,869	85,022	95.99
4Q1992	408	133	128	11,078,468	86,551	96.51
3Q1992	573	126	90	7,343,620	81,596	97.45
2Q1992	619	111	104	8,055,392	77,456	97.12
1Q1992	460	132	87	6,670,318	76,670	96.20
4Q1991	425	134	114	8,344,855	73,200	97.80
3Q1991	565	110	144	10,204,110	70,862	97.25
2Q1991	533	113	172	11,604,714	67,469	98.51
1Q1991	413	149	95	6,226,972	65,547	97.69

Note: Matanuska-Susitna includes condominiums in quarterly residential sales data. These sales account for a very small proportion of overall activity. In 1990, there were 14 condominium sales; and in 1991, there was one condominium sale. Such small numbers do not have significant impact on dollar volume and average prices in this table.

Source: Valley Board of Realtors Multiple Listing Service.

Fairbanks North Star Borough

Single-Family Residential Listings and Sales

Table 3-5

1st Qtr 1991 through 2nd Qtr 1996

Note: Data are for the 90 days ending on a reporting date close to the end of the quarter. In contrast to other tables of MLS data, the tables for Fairbanks show the number of days on the market for closed sales rather than listings. Sales and Listing activity reported in previous issues may be revised to include data received after the previous issue publication.

Source: Greater Fairbanks Board of Realtors Multiple Listing Service.

	Active Listings	Sales Closed				
Qtr/Yr	**Number**	**Number**	**Volume ($)**	**Avg. Price ($)**	**Sale/List Price (%)**	**Avg. Days on Market**
2Q1996	257	173	$18,635,537	$107,719	93.87	80
1Q1996	164	113	11,872,963	105,070	91.66	96
4Q1995	183	153	15,733,821	102,835	93.27	89
3Q1995	253	201	21,760,251	108,259	96.99	64
2Q1995	208	175	19,147,942	107,572	95.51	63
1Q1995	143	138	15,263,504	110,605	97.29	85
4Q1994	318	186	18,285,120	98,307	95.56	79
3Q1994	275	221	22,694,773	102,691	96.66	61
2Q1994	222	166	17,589,109	105,958	98.12	61
1Q1994	101	139	14,087,103	101,346	97.95	84
4Q1993	160	231	24,708,625	106,963	97.21	72
3Q1993	234	233	24,169,070	103,729	97.80	67
2Q1993	247	149	14,424,312	96,807	97.73	99
1Q1993	175	92	8,617,602	93,669	96.14	128
4Q1992	208	241	22,701,437	94,196	97.56	85
3Q1992	298	247	23,010,541	93,160	97.69	96
2Q1992	255	168	12,972,210	77,215	97.20	132
1Q1992	182	160	11,730,685	73,316	97.12	135
4Q1991	293	185	14,701,722	79,469	97.66	95
3Q1991	382	218	18,032,493	82,718	95.28	70
2Q1991	319	201	15,994,526	79,575	97.04	82
1Q1991	197	132	11,105,524	84,133	97.13	90

Fairbanks North Star Borough

Condominiums and Townhouse Listings and Sales

Table 3-6

1st Qtr 1991 through 2nd Qtr 1996

Note: Data are for the 90 days ending on a reporting date close to the end of the quarter. In contrast to other tables of MLS data, the tables for Fairbanks show the number of days on the market for closed sales rather than listings. Sales and Listing activity reported in previous issues may be revised to include data received after the previous issue publication.

Source: Greater Fairbanks Board of Realtors Multiple Listing Service.

	Active Listings	Sales Closed				
Qtr/Yr	**Number**	**Number**	**Volume ($)**	**Avg. Price ($)**	**Sale/List Price (%)**	**Avg. Days on Market**
2Q1996	16	23	$1,496,616	$65,070	97.40	49
1Q1996	9	7	463,700	66,242	95.39	238
4Q1995	7	14	930,500	66,464	97.02	158
3Q1995	19	14	1,092,100	78,007	97.99	137
2Q1995	22	18	1,217,700	67,650	96.41	63
1Q1995	20	9	683,250	75,916	95.86	84
4Q1994	22	11	742,700	67,518	99.45	45
3Q1994	16	15	1,034,500	68,966	96.72	61
2Q1994	16	16	959,000	59,937	98.08	91
1Q1994	8	16	909,900	56,868	97.30	68
4Q1993	12	13	713,000	54,846	96.19	118
3Q1993	19	13	998,350	76,796	97.48	68
2Q1993	21	13	837,490	64,422	97.27	113
1Q1993	11	7	407,500	58,214	97.48	69
4Q1992	13	17	1,104,875	64,992	91.96	78
3Q1992	18	22	1,138,250	51,738	96.81	155
2Q1992	20	12	520,400	43,366	94.61	179
1Q1992	16	18	978,900	54,383	133.16	183
4Q1991	23	11	604,756	54,978	97.50	107
3Q1991	27	19	1,042,000	54,842	97.65	51
2Q1991	22	10	578,100	57,810	97.48	103
1Q1991	9	14	754,000	53,857	97.54	137

Section 4

New Alaska Housing Units

1996 Building Activity Exceeds 1995

Table 4-1, Figures 4-1 to 4-3

Comparisons with the first six months of 1996 and the prior year showed 15.3% more issuances in 1996 than 1995. This was entirely due to a tripling of multi-family permits which offset the declines in both single-family (5.9%) and mobile homes (53.6%). As a result, multi-family permitting increased its statewide share of permit types from 11.4% in 1995 YTD to 30.2% in 1996 YTD, with actual permits increasing from 132 to 402, respectively. Strength was most notable in Kodiak, Anchorage, Juneau, and Fairbanks. Due to this increase in multi-family share, statewide permitting share declined for both single-family (82.6% in 1995 to 67.4% in 1996) and mobile home (6.0% in 1995 to 2.4% in 1996). Out of the 25 regions, there were 10 which had lower permits than the prior year.

Regionally during the second quarter, most areas reported increases and a steady residential market. Anchorage permitting was slightly ahead of the prior-year pace, with 13.1% more issuances YTD; however, the total was bolstered considerably from multi-family permits, which increased 400% from 1995.

(continue on page 32)

New Housing Units by Type of Structure

For Places Reporting Data, Comparison with 1995 Permit Data

2nd Qtr 1996 vs 2nd Qtr 1995 and Year-to-Date

Table 4-1

Place	Total New Units				Single Family				Multi-Family				Mobile Home			
	2Qtr 96	2Qtr 95	YTD 96	YTD 95	2Qtr 96	2Qtr 95	YTD 96	YTD 95	2Qtr 96	2Qtr 95	YTD 96	YTD 95	2Qtr 96	2Qtr 95	YTD 96	YTD 95
Aleutians East Borough																
Akutan	0	0	0	7	0	0	0	7	0	0	0	0	0	0	0	0
Cold Bay	0	2	1	2	0	2	1	2	0	0	0	0	0	0	0	0
King Cove	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sand Point	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aleutians West Census Area																
Atka	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. George	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. Paul	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unalaska	4	3	5	3	2	3	3	3	2	0	2	0	0	0	0	0
Anchorage, Municipality of																
Anchorage	400	305	551	487	292	253	415	423	101	20	125	24	7	32	11	40
Bethel Census Area																
Akiachak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aniak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bethel	29	18	37	28	27	16	33	21	2	2	4	7	0	0	0	0
Chuathbaluk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Eek	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Goodnews Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kwethluk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lower Kalskag	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Napaskiak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nunapitchuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Platinum	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Quinhagak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bristol Bay Borough																
Bristol Bay	1	0	1	3	1	0	1	1	0	0	0	2	0	0	0	0
Dillingham Census Area																
Clark's Point	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dillingham	4	4	5	4	4	4	5	4	0	0	0	0	0	0	0	0
Ekwok	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manokotak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Togiak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fairbanks North Star Borough																
North Pole	2	2	2	2	0	2	0	2	0	0	0	0	2	0	2	0
Balance of Borough	142	116	150	124	66	74	74	80	76	42	76	44	0	0	0	0
Haines Borough																
Balance of Borough	4	12	4	12	4	12	4	12	0	0	0	0	0	0	0	0
Haines City	21	3	22	3	7	3	8	3	14	0	14	0	0	0	0	0
Juneau Borough																
Juneau	179	94	196	120	91	72	102	86	84	10	89	19	4	12	5	15
Kenai Peninsula Borough																
Homer	14	15	18	20	12	15	14	20	0	0	2	0	2	0	2	0
Kenai	21	21	23	22	17	17	19	18	4	4	4	4	0	0	0	0
Seward	3	1	3	1	3	1	3	1	0	0	0	0	0	0	0	0
Seldovia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Soldotna	19	23	21	33	19	21	21	31	0	2	0	2	0	0	0	0
Ketchikan Gateway Borough																
Ketchikan City	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance of Borough	24	39	43	51	18	33	31	43	6	6	12	8	0	0	0	0
Kodiak Island Borough																
Akhiok	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kodiak City	45	5	54	8	14	3	19	6	31	2	35	2	0	0	0	0
Old Harbor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Port Lions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lake & Peninsula Borough																
Newhalen	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nondalton	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Port Heiden	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Matanuska-Susitna Borough																
Balance of Borough	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Palmer	6	8	10	9	6	8	10	9	0	0	0	0	0	0	0	0
Wasilla	8	35	14	35	6	35	6	35	2	0	8	0	0	0	0	0
Nome Census Area																
Diomede	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Koyuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nome	1	6	1	8	1	4	1	6	0	2	0	2	0	0	0	0
Savoonga	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shaktoolik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shismaref	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unalakleet	4	0	4	0	4	0	4	0	0	0	0	0	0	0	0	0

Note: Mat-Su reported 709 housing units authorized in 1995, 433 housing units authorized in 1994, 221 housing units authorized during 1993, 254 housing units authorized during 1992 and 176 housing units in 1991. Since Mat-Su only reported data annually, quarterly tabulation of the permit is not provided.

Source: Alaska Department of Labor, Research and Analysis Building Permit Survey; Fairbanks Community Research Center; Municipality of Anchorage.

New Housing Units by Type of Structure - *cont.*

For Places Reporting Data, Comparison with 1995 Permit Data

Table 4-1 cont.2nd Qtr 1996 vs 2nd Qtr 1995 and Year-to-Date

	Total New Units				Single Family				Multi-Family				Mobile Home			
Place	**2Qtr 96**	**2Qtr 95**	**YTD 96**	**YTD 95**	**2Qtr 96**	**2Qtr 95**	**YTD 96**	**YTD 95**	**2Qtr 96**	**2Qtr 95**	**YTD 96**	**YTD 95**	**2Qtr 96**	**2Qtr 95**	**YTD 96**	**YTD 95**
North Slope Borough																
Atqasuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Barrow	44	24	58	52	40	22	52	49	4	2	6	3	0	0	0	0
Kaktovik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nuiqsut	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Point Hope	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wainwright	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Northwest Arctic Borough																
Ambler	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buckland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kivalina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kobuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kotzebue	0	2	0	2	0	2	0	2	0	0	0	0	0	0	0	0
Noorvik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Selawik	0	1	20	1	0	1	20	1	0	0	0	0	0	0	0	0
Shungnak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prince of Wales-Outer Ketchikan																
Craig	4	6	8	10	2	0	2	0	0	0	4	4	2	6	2	6
Hydaburg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kasaan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Klawock	0	4	0	4	0	4	0	4	0	0	0	0	0	0	0	0
Thorne Bay	9	0	10	0	9	0	10	0	0	0	0	0	0	0	0	0
Sitka Borough																
City & Borough of Sitka	11	19	29	36	8	14	16	27	0	5	8	9	3	0	5	0
Skagway-Yakutat-Angoon Census Area																
Angoon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hoonah	1	8	1	8	1	5	1	5	0	0	0	0	0	3	0	3
Pelican	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Skagway	3	4	3	7	2	4	2	5	0	0	0	2	1	0	1	0
Yakutat	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0
Southeast Fairbanks C.A.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Valdez-Cordova Census Area																
Cordova	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0
Valdez	19	8	19	11	7	8	7	9	8	0	8	0	4	0	4	2
Whittier	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wade Hampton Census Area																
Alakanuk	0	0	0	21	0	0	0	21	0	0	0	0	0	0	0	0
Emmonak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hooper Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kotlik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pilot Station	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Russian Mission	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sheldon Point	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. Mary's	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wrangell-Petersburg Census Area																
Kake	0	2	0	2	0	0	0	0	0	0	0	0	0	2	0	2
Kupreanof	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Petersburg	12	5	13	10	8	4	9	9	4	0	4	0	0	1	0	1
Port Alexander	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wrangell	1	6	2	6	1	6	1	6	0	0	1	0	0	0	0	0
Yukon-Koyukuk Census Area																
Allakaket	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anderson	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anvik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bettles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fort Yukon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Galena	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hughes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Huslia	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0
Koyukuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
McGrath	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0
Nenana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nikolai	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nulato	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ruby	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shageluk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tanana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Reported	**1,038**	**803**	**1,331**	**1,154**	**675**	**650**	**897**	**953**	**338**	**97**	**402**	**132**	**25**	**56**	**32**	**69**

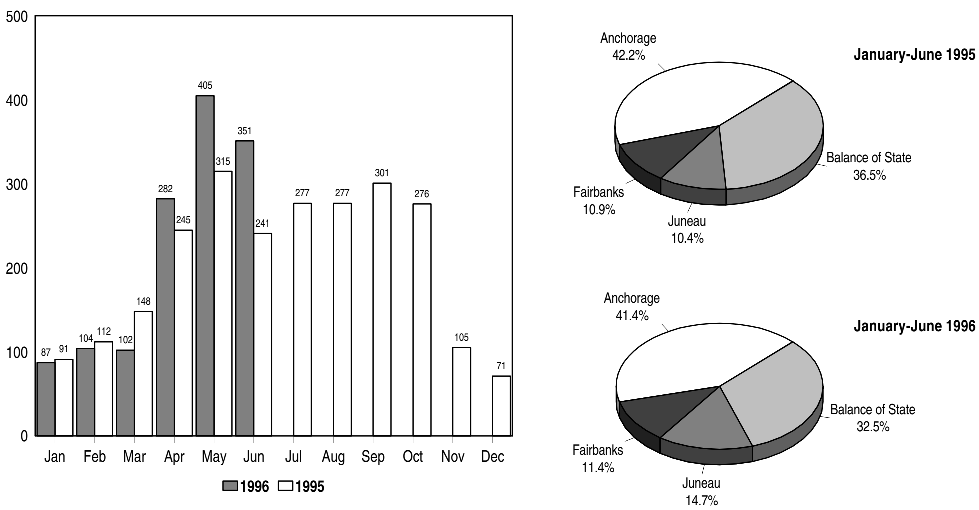
Total permits exceeded the prior-year level in Juneau by 63.3%, with single-family up 18.6% and multi-family rising by 368.4%. Fairbanks also posted a comparatively higher share than the year-ago period, with 11.4% vs. 10.9% due to strong residential construction during the second quarter. Mat-Su will experience a rebuilding boom and an increase in permit issuances during this construction season and next season, due to the recent wildfire near Big Lake with an estimated loss of 344 structures, including approximately 210 homes. However, the impact of the increased permits will not be known until year-end, since there are no quarterly tabulations by the Mat-Su Borough.

New Housing Units by Location

Alaska

January-June 1995 & January-June 1996

Figure 4-1



Note: Includes mobile homes.

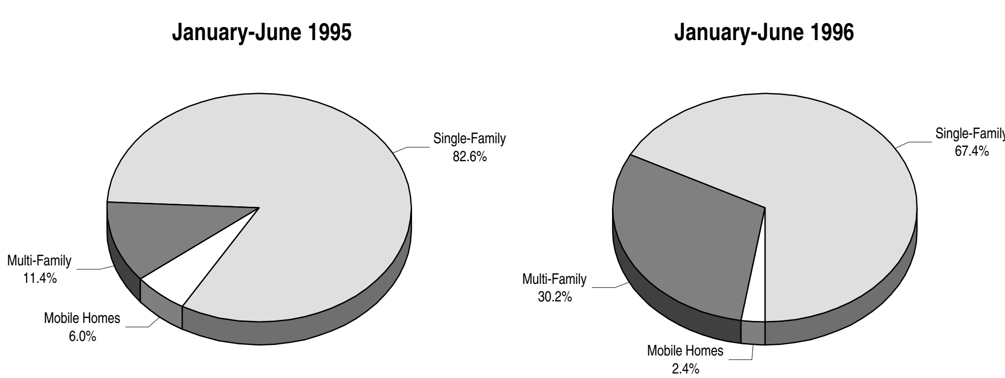
Source: Alaska Department of Labor, Research and Analysis Section.

Permits for New Housing Units

Alaska

January-June 1995 & January-June 1996

Figure 4-2



Note: Includes some units in areas which do not require permits.

Source: Alaska Department of Labor, Research and Analysis Section.

New Housing Units Authorized

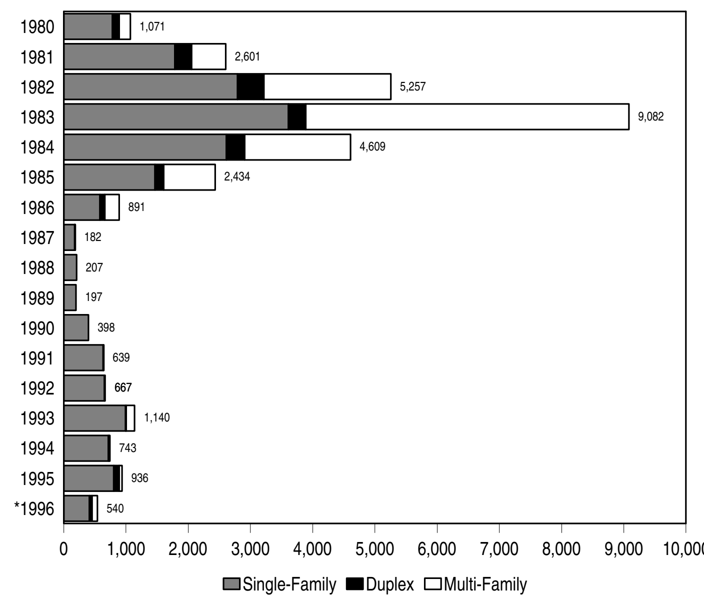
Anchorage

Figure 4-3

January 1980 to June 1996*

Note: Excludes mobile homes.

Source: Alaska Department of Labor, Research and Analysis Section; Municipality of Anchorage Public Works.



New Housing Units Authorized

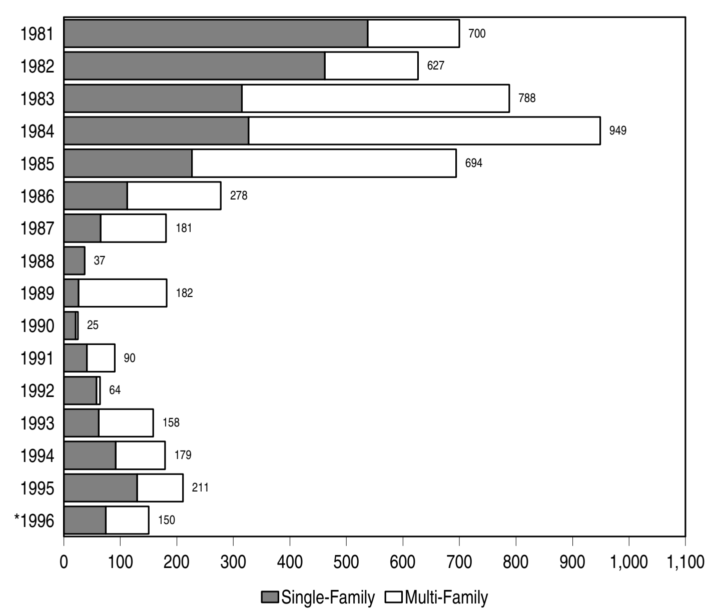
Fairbanks North Star Borough

Figure 4-4

January 1981 to June 1996*

Note: Excludes mobile homes

Source: Alaska Department of Labor, Research and Analysis Section; Fairbanks Community Research Center.



Section 5

1996 Annual Rental Market Survey

Methodology

The 1996 Annual Rental Market Survey was conducted during the first quarter by the Alaska Department of Labor for the Alaska Housing Finance Corporation (AHFC). Landlords in ten areas of the state were surveyed by mail with telephone and fax followups and asked to provide rental cost, utility type, and vacancy status for their rental properties. The database of landlords is updated throughout the year, using various sources to obtain additional landlords to survey (newspaper ads, property managers, municipal tax roles, etc.). The survey was able to include over 15,000 rental units categorized as either "single-family residence" or "apartment" (including condominiums) by bedroom types.

Vacancy Rate Eases in 1996

Table 5-1, Figure 5-1

Survey results show that statewide rental market loosened its belt a notch increasing from 3.8% to 7.0%. A slowing economy and new building permits pressured vacancy rates, however both contractual and adjusted rents remained mostly unchanged. Overall, the statewide economy slowed as job growth expanded by only 1.1% during 1995 after averaging over 2.0% for the prior seven years.

All surveyed areas of the state had vacancy rates higher or equal to the previous year, except Sitka. Individually, Anchorage saw rates increase from 3.3% in 1995 to 7.8%, Fairbanks rose from 5.4% to 10.4%*, and Juneau was up from 1.4% to 3.0%. Even with increased permitting during the past few years and an almost doubling in the vacancy rate during the past year, Juneau remained the tightest rental market within the state. Mat-Su followed Juneau with the second lowest rate at 3.2%, and may fall further as displaced homeowners from the Big Lake fire which destroyed about 210 homes sought rental units.

**Note: Due to a substantial reduction in sample size compared to 1995, readers should be careful in relying on the Fairbanks results.*

Wrangell-Petersburg's second highest (7.9%) rate behind Fairbanks could be due to repercussions of the Wrangell mill closure. It should be noted that Valdez-Cordova data was deemed unreliable due to a diminished survey return and was not included in this year's results.

Vacancy Rates and Average Contract Rents

All Units, Selected Boroughs and Census Areas

1996

Table 5-1

Borough	Average Rent Contract	Average Rent Adjusted	Median Rent Contract	Median Rent Adjusted	Units Surveyed	Vacant Units	Vacancy Rate	Heat	Lights	Hot Water	Water	Sewer	Garbage
								Percent Units with Utilities Included in Contract Rent					
Anchorage Borough	$670	$698	$650	$672	8,113	631	7.8%	80.1%	30.7%	83.2%	95.2%	95.1%	94.1%
Fairbanks North Star Borough	$634	$667	$650	$672	1,858	194	10.4%	92.9%	20.2%	84.2%	93.9%	92.9%	85.3%
Juneau Borough	$805	$868	$800	$858	1,177	35	3.0%	65.2%	19.8%	61.9%	94.6%	98.2%	88.9%
Kenai Peninsula Borough	$585	$646	$575	$618	1,046	58	5.5%	71.4%	17.7%	68.9%	88.8%	89.6%	78.0%
Ketchikan Gateway Borough	$679	$769	$650	$736	763	38	5.0%	64.9%	17.2%	48.2%	53.3%	45.0%	47.8%
Kodiak Island Borough	$831	$905	$825	$946	257	15	5.8%	69.3%	8.9%	71.6%	90.3%	89.9%	89.9%
Matanuska-Susitna Borough	$615	$682	$600	$645	1,119	36	3.2%	60.1%	13.8%	54.8%	77.5%	83.1%	67.3%
Sitka Borough	$690	$836	$650	$776	356	18	5.1%	41.9%	9.6%	33.7%	21.9%	19.9%	18.8%
Wrangell-Petersburg C.A.	$597	$678	$575	$670	266	21	7.9%	68.0%	33.8%	57.9%	55.6%	47.0%	44.0%
Total	**$669**	**$713**	**$650**	**$685**	**15,014**	**1,046**	**7.0%**	**76.4%**	**24.7%**	**75.0%**	**88.6%**	**88.6%**	**84.4%**

Note: Includes mobile homes.
Source: Alaska Department of Labor, Research and Analysis Section.
1996 Alaska Rental Survey

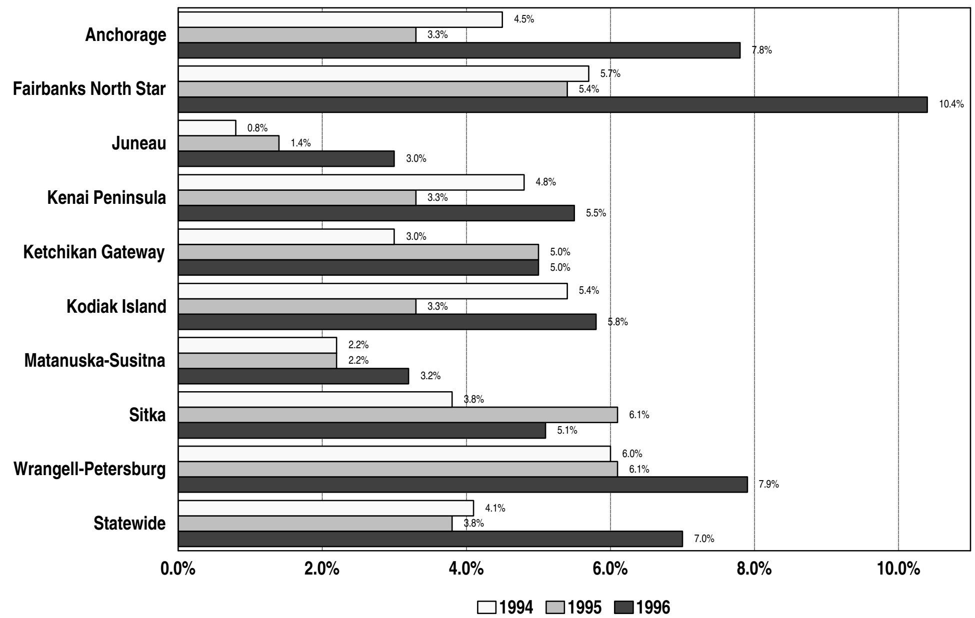
Vacancy Rates

All Units, Selected Boroughs and Census Areas

Figure 5-1

1994, 1995, & 1996

Source: Alaska Department of Labor, Research and Analysis Section, 1996 Alaska Rental Survey.



Surprisingly, rents remained flat regardless of the rise in the vacancy rate. This could be attributed to a lag time when landlords begin to show an increased propensity to lower rates after "sitting on" units for several months. Already, landlords have responded by including more utilities in the rent to remain more competitive in a firmer market. Landlords may be forced to make further concessions, as overall job growth was projected to be only 0.7% for both 1996 and 1997, and building permits for the first half of 1996 were 15.3% ahead of the prior year.

Contract Rents Rose in Most Areas

Figure 5-2

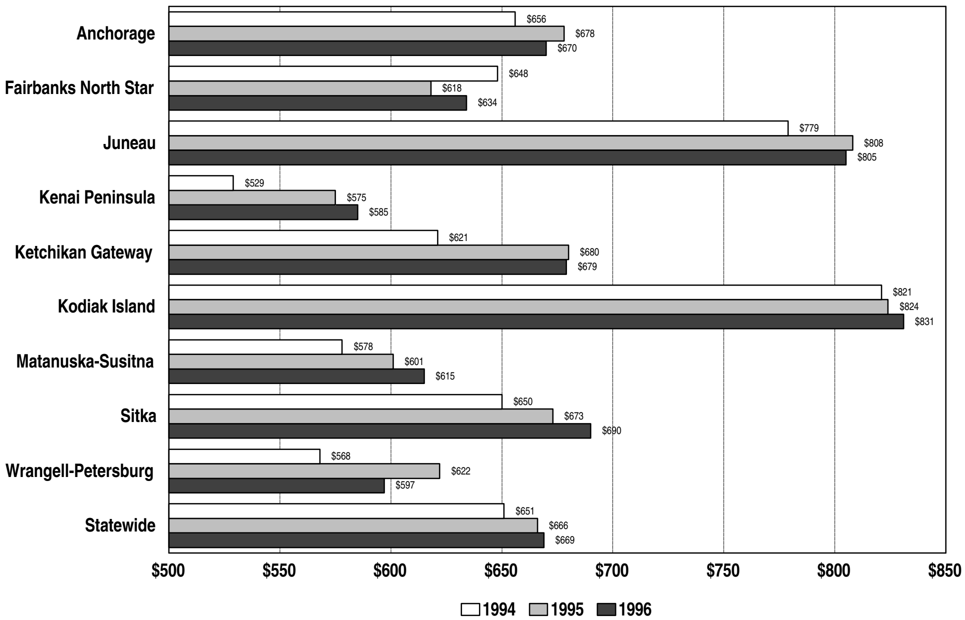
The statewide average contract rent basically remained the same as the prior year, with the average (mean) rent increasing from $666 to $669, while the median rent stayed unchanged at $650. The contract rent, representing the actual rent paid by the tenant, may include some utilities within the price. Similar to 1995, Kodiak and Juneau reported the highest contract rents ($831 and $805, respectively). The lowest average rent was reported in Kenai ($585) and Wrangell-Petersburg ($597). Wrangell-Petersburg also had the greatest change by falling 4.0% from the prior year, possibly due to continuing mill closure impacts.

Average Contract Rents

All Units, Selected Boroughs and Census Areas

1994, 1995, & 1996

Figure 5-2



Source: Alaska Department of Labor, Research and Analysis Section, 1996 Alaska Rental Survey.

Rents Adjusted by Utility Schedule

Table 5-2

There were significant differences in costs among rental units due to which types of utilities were included in the rental price. Using a utility schedule for Alaska provided by HUD, all contract rents were adjusted to subsequently reflect what the rent would have been if all utilities were included in the contract price. As a result, the adjusted rent provides the theoretical value for comparative purposes.

Statewide, the average adjusted rent fell 0.4%, or $3, from $716 in the previous year to $713, while the median adjusted rent rose 1.3% from $676 to $685. After adjusting the contract rent by the utility schedule, Kodiak again had the highest average adjusted rent at $946 (compared to $881 in 1995), followed by Juneau at $858 and Sitka at $776. The lowest adjusted rents were in Kenai ($618) and Mat-Su ($645), and were identical with the previous year's ranking. Interestingly, the median values for both Anchorage and Fairbanks were the same for contractual rent ($650) and adjusted rent ($672).

Similar to previous years, urban areas were more likely than rural areas to include utilities in the rent. Also, utilities are more often included in apartment rents, since it is sometimes more difficult to break out individual utility costs for each unit of an apartment block than it would be for a single-family house.

Averaging all of the utility inclusion percentages resulted in the areas of Anchorage, Fairbanks, and Juneau being the most generous in offering utilities, whereas Sitka, Ketchikan, Wrangell-Petersburg, and Mat-Su were the least generous. Most units tended to include water, sewer, and garbage in the rent, while lights were most often excluded. Overall, there were more utilities included in the contract rent for 1996 for both apartments and single-family residences than the prior year, with Wrangell-Petersburg showing the most additional utility inclusions. With the rising vacancy rate somewhat tied to the Wrangell mill closure, landlords were perhaps forced to provide incentives to attract potential tenants.

Premiums on Bedroom Number

Table 5-2 and 5-3

Single-family homes had a median adjusted rent of $843, which was 0.9% lower than the previous year's $851, while apartments remained unchanged at $672. The differences (by bedrooms in the 10 selected survey areas) between apartments and single-family rentals showed that the median adjusted rent was $171, or 25.4% more for single-family residences than apartment units. In addition, there was a rent premium for both single-family homes and apartments based on the number of bedrooms.

Comparing the median adjusted rent for single-family homes, two bedrooms were $151 more than one-bedroom units, three-bedroom units had a $213 premium over two bedrooms, and four-bedroom units were higher than three bedrooms by $214. In terms of apartments, a one bedroom was $117 more expensive than an efficiency, a two-bedroom unit was $130 more than a one bedroom, three bedrooms exceeded two bedrooms by $144, and four bedrooms were greater than a three bedroom by $114. It should be noted that in the Tables, the bedroom subcategories for each of the survey areas were limited to a minimum sample size of nine units, thus accounting for some "missing" bedroom categories.

Single-Family Rental Cost and Vacancy Rates

Selected Boroughs and Census Areas

1996 Table 5-2

Bedroom Number	Average Rent Contract	Average Rent Adjusted	Median Rent Contract	Median Rent Adjusted	Units Surveyed	Vacant Units	Vacancy Rate	Percent Units with Utilities Included in Contract Rent: Heat	Light	Hot Water	Water	Sewer	Garbage
Anchorage Borough													
1	$597	$638	$650	$695	52	1	1.9%	25.0%	25.0%	30.8%	92.3%	94.2%	94.2%
2	$682	$751	$700	$756	139	9	6.5%	10.8%	6.5%	11.5%	76.3%	76.3%	70.5%
3	$1,015	$1,117	$1,000	$1,132	153	15	9.8%	18.3%	9.8%	20.9%	43.8%	43.8%	35.9%
4	$1,191	$1,328	$1,140	$1,290	44	1	2.3%	4.5%	4.5%	6.8%	25.0%	27.3%	22.7%
Fairbanks North Star Borough													
1	$481	$565	$500	$542	27	1	3.7%	48.1%	18.5%	37.0%	48.1%	48.1%	48.1%
2	$705	$809	$695	$822	59	4	6.8%	54.2%	5.1%	25.4%	49.2%	45.8%	30.5%
3	$901	$1,029	$950	$1,027	79	2	2.5%	36.7%	2.5%	27.8%	55.7%	55.7%	41.8%
4	$1,073	$1,268	$1,075	$1,286	14	0	0.0%	14.3%	7.1%	14.3%	35.7%	42.9%	28.6%
Juneau Borough													
1	$732	$790	$750	$869	26	0	0.0%	65.4%	53.8%	57.7%	92.3%	92.3%	73.1%
2	$847	$975	$850	$984	45	1	2.2%	13.3%	8.9%	11.1%	95.6%	95.6%	17.8%
3	$1,070	$1,211	$1,125	$1,219	54	0	0.0%	9.3%	7.4%	9.3%	98.1%	100.0%	44.4%
Kenai Peninsula Borough													
0	$404	$418	$400	$400	23	1	4.3%	91.3%	82.6%	82.6%	91.3%	91.3%	78.3%
1	$448	$535	$437	$560	42	5	11.9%	54.8%	42.9%	42.9%	66.7%	64.3%	47.6%
2	$580	$713	$575	$727	68	4	5.9%	23.5%	10.3%	20.6%	54.4%	58.8%	17.6%
3	$739	$861	$700	$854	49	0	0.0%	20.4%	14.3%	28.6%	63.3%	67.3%	20.4%
4	$771	$929	$775	$944	10	1	10.0%	0.0%	10.0%	10.0%	50.0%	60.0%	10.0%
Ketchikan-Gateway Borough													
1	$533	$635	$555	$650	36	1	2.8%	27.8%	19.4%	22.2%	52.8%	55.6%	36.1%
2	$596	$730	$600	$776	28	1	3.6%	7.1%	7.1%	21.4%	50.0%	50.0%	25.0%
3	$937	$1,071	$926	$1,103	25	1	4.0%	32.0%	20.0%	20.0%	36.0%	40.0%	24.0%
Kodiak Island Borough													
1	$538	$618	$550	$626	9	1	11.1%	44.4%	33.3%	55.6%	88.9%	77.8%	77.8%
2	$638	$782	$650	$802	20	1	5.0%	0.0%	0.0%	10.0%	100.0%	100.0%	100.0%
3	$725	$898	$650	$840	16	1	6.3%	0.0%	0.0%	25.0%	100.0%	100.0%	100.0%
Matanuska-Susitna Borough													
1	$474	$565	$475	$573	33	2	6.1%	27.3%	24.2%	21.2%	69.7%	63.6%	30.3%
2	$623	$723	$601	$722	75	3	4.0%	13.3%	9.3%	16.0%	60.0%	66.7%	32.0%
3	$819	$952	$850	$977	122	3	2.5%	3.3%	2.5%	2.5%	45.1%	48.4%	2.5%
4	$1,025	$1,160	$1,012	$1,183	22	0	0.0%	4.5%	4.5%	13.6%	59.1%	54.5%	9.1%
Sitka Borough													
1	$540	$679	$500	$669	23	0	0.0%	26.1%	17.4%	17.4%	17.4%	17.4%	17.4%
2	$674	$849	$662	$810	30	1	3.3%	13.3%	3.3%	10.0%	10.0%	6.7%	6.7%
3	$751	$964	$700	$921	29	1	3.4%	0.0%	3.4%	6.9%	0.0%	3.4%	0.0%
Wrangell-Petersburg Census Area													
1	$491	$570	$475	$565	26	3	11.5%	57.7%	30.8%	42.3%	57.7%	57.7%	38.5%
2	$571	$716	$575	$720	31	3	9.7%	25.8%	3.2%	12.9%	25.8%	16.1%	16.1%
3	$602	$760	$600	$796	19	0	0.0%	21.1%	0.0%	0.0%	10.5%	5.3%	10.5%
Statewide	**$755**	**$870**	**$725**	**$843**	**1497**	**70**	**4.7%**	**22.3%**	**12.3%**	**20.1%**	**56.7%**	**57.6%**	**36.3%**

Source: Alaska Department of Labor, Research and Analysis Section, 1995 Alaska Rental Survey.

Apartment Rental Cost and Vacancy Rates

Selected Boroughs and Census Areas

Table 5-3 1996

Bedroom Number	Average Rent Contract	Average Rent Adjusted	Median Rent Contract	Median Rent Adjusted	Units Surveyed	Vacant Units	Vacancy Rate	Percent Units with Utilities Included in Contract Rent: Heat	Light	Hot Water	Water	Sewer	Garbage
Anchorage Borough													
0	$465	$477	$450	$462	650	49	7.5%	95.7%	46.9%	95.5%	96.9%	96.0%	96.0%
1	$562	$580	$550	$575	2,635	245	9.3%	89.4%	32.0%	94.8%	98.3%	97.9%	97.7%
2	$709	$736	$700	$725	3,346	244	7.3%	81.4%	27.9%	84.2%	96.3%	96.7%	95.8%
3	$847	$890	$838	$866	986	59	6.0%	65.5%	29.1%	66.4%	96.6%	96.5%	93.2%
4	$1,018	$1,032	$980	$980	98	8	8.2%	93.9%	80.6%	94.9%	94.9%	95.9%	95.9%
Fairbanks North Star Borough													
0	$365	$369	$350	$350	163	19	11.7%	100.0%	71.8%	100.0%	100.0%	100.0%	98.8%
1	$523	$537	$535	$550	503	60	11.9%	99.2%	28.6%	96.6%	99.4%	98.4%	96.0%
2	$670	$697	$655	$683	730	74	10.1%	98.1%	10.7%	89.0%	98.5%	97.3%	87.0%
3	$784	$825	$750	$777	256	34	13.3%	97.3%	7.4%	76.6%	97.7%	96.1%	86.7%
4	$1,009	$1,051	$975	$997	19	0	0.0%	100.0%	26.3%	89.5%	89.5%	89.5%	52.6%
Juneau Borough													
0	$577	$602	$565	$578	125	18	14.4%	80.8%	23.2%	84.0%	72.8%	100.0%	100.0%
1	$703	$745	$690	$760	336	8	2.4%	72.3%	32.1%	73.5%	96.4%	97.6%	96.4%
2	$853	$922	$850	$900	500	5	1.0%	65.4%	12.6%	61.2%	98.8%	99.2%	96.0%
3	$1,080	$1,153	$1,000	$1,129	77	2	2.6%	80.5%	10.4%	50.6%	93.5%	96.1%	77.9%
Kenai Peninsula Borough													
0	$380	$419	$350	$365	11	1	9.1%	81.8%	18.2%	72.7%	81.8%	81.8%	81.8%
1	$494	$532	$450	$472	224	10	4.5%	83.0%	21.0%	79.9%	97.3%	98.2%	92.0%
2	$595	$651	$600	$625	499	32	6.4%	77.4%	13.8%	76.0%	95.0%	95.0%	88.8%
3	$721	$762	$710	$750	106	4	3.8%	84.0%	11.3%	79.2%	91.5%	91.5%	85.8%
4	$833	$952	$825	$997	10	0	0.0%	60.0%	20.0%	40.0%	80.0%	80.0%	60.0%
Ketchikan-Gateway Borough													
0	$467	$498	$480	$500	92	1	1.1%	88.0%	27.2%	88.0%	79.3%	79.3%	79.3%
1	$578	$650	$570	$650	263	23	8.7%	75.7%	20.9%	59.7%	55.5%	46.0%	56.3%
2	$760	$858	$775	$875	225	8	3.6%	68.9%	12.0%	39.6%	52.9%	35.1%	42.2%
3	$963	$1,109	$938	$1,068	72	1	1.4%	47.2%	11.1%	23.6%	26.4%	23.6%	22.2%
Kodiak Island Borough													
1	$790	$824	$918	$949	97	3	3.1%	96.9%	6.2%	96.9%	96.9%	96.9%	96.9%
2	$828	$912	$800	$946	74	8	10.8%	63.5%	13.5%	60.8%	75.7%	75.7%	75.7%
3	$1,090	$1,152	$1,100	$1,148	32	1	3.1%	87.5%	9.4%	87.5%	93.8%	93.8%	93.8%
Matanuska-Susitna Borough													
0	$392	$409	$400	$400	37	1	2.7%	100.0%	24.3%	94.6%	67.6%	100.0%	100.0%
1	$525	$563	$454	$538	183	4	2.2%	83.1%	34.4%	71.6%	98.9%	100.0%	96.7%
2	$584	$641	$595	$634	554	17	3.1%	72.4%	10.3%	66.6%	83.6%	89.0%	80.7%
3	$728	$791	$725	$787	86	6	7.0%	64.0%	5.8%	60.5%	68.6%	83.7%	58.1%
Sitka Borough													
0	$501	$623	$550	$662	11	1	9.1%	63.6%	0.0%	9.1%	0.0%	0.0%	0.0%
1	$586	$682	$572	$692	105	3	2.9%	65.7%	12.4%	61.9%	41.0%	39.0%	37.1%
2	$674	$834	$700	$843	104	5	4.8%	45.2%	2.9%	27.9%	13.5%	8.7%	10.6%
3	$985	$1,151	$1,000	$1,207	42	7	16.7%	33.3%	23.8%	33.3%	26.2%	28.6%	21.4%
Wrangell-Petersburg Census Area													
1	$565	$594	$496	$500	85	6	7.1%	96.5%	60.0%	87.1%	82.4%	72.9%	70.6%
2	$645	$737	$689	$689	80	7	8.8%	70.0%	25.0%	62.5%	51.3%	37.5%	36.3%
3	$786	$850	$831	$831	16	1	6.3%	75.0%	50.0%	75.0%	56.3%	56.3%	56.3%
Statewide	**$660**	**$696**	**$650**	**$672**	**13,517**	**976**	**7.2%**	**82.4%**	**26.1%**	**81.1%**	**92.1%**	**92.0%**	**89.7%**

Source: Alaska Department of Labor, Research and Analysis Section, 1996 Alaska Rental Survey.

Section 6

1996 Annual Construction Cost Survey

Introduction

Table 6-1

In the spring of 1996, the fourth annual AHFC "market basket" construction cost survey of building suppliers was conducted. Building supply cost data was collected from building supply companies in Alaska, Washington, and Oregon for materials delivered to the urban communities of Anchorage, Fairbanks, Juneau, Kenai, and Wasilla, plus the three rural communities of Barrow, Bethel, and Nome. The survey included building material suppliers from Alaska as well as Washington and Oregon, since many contractors acquire their materials directly from outside of Alaska.

The complete list of materials within the market basket and the quantities of those items used to calculate the cost are shown in the Table 6-1. This market basket includes approximately 30% of the total dollar value of the list of materials used in the model single-family residence study published in the Fourth Quarter 1992 Alaska Housing Market Indicators report. Construction season demands, material inventory, transportation costs, and other variables invariably cause the basket averages to fluctuate.

Average Price for Construction Materials

Alaskan Suppliers

1996

Table 6-1

Market Basket Items	Quantity		Size	Length	Anchorage	Juneau	Fairbanks	Kenai
Concrete	30	yds			$ 2,691	$ 3,450	$ 2,730	$ 2,970
# 4 Rebar	93	pcs	1/2"	20'	576	346	511	420
BCI 60 Series	768	ft	14"		1,728	1,778	2,364	2,477
2-4-1 T&G FF Underlay 4X8	62	pcs	1 1/8		2,433	2,150	2,765	2,411
CDX 4X8 44#	74	pcs	1/2"		1,032	927	1,311	1,077
CDX 4X8 53#	106	pcs	5/8"		1,956	1,559	2,311	1,934
Studs #2 & btr Kiln-dried	164	pcs	2X4	92 5/8"	439	427	520	490
Studs # 2 & btr 14# Kiln-dried	263	pcs	2X6	92 5/8"	1,094	919	1,263	1,091
Cedar Bevel Siding	3548	ft	1X10		2,894	2,767	2,992	3,463
4X12 Plain Sheetrock 84#	95	pcs	1/2		809	912	952	1,003
4X12 Type X Sheetrock 109#	68	pcs	34827		737	781	959	861
3 Tab Shingles Brown	102	pkgs			1,443	1,267	1,399	1,536
Fiberglass Bat Insulation (2,560 sq ft)	27	bags	R-38X24	96 sq ft	1,652	1,242	2,100	1,516
Fiberglass Bat Insulation (2,034 sq ft)	35	bags	R-21X15	58 sq ft	1,060	999	1,132	1,285
NMB Electric Wire	3	boxes	35035	250'	104	188	144	119
Single Breaker	15	pcs	15 Amp		118	108	156	119
Copper Pipe Type 'M'	150	ft	3/4"		153	116	147	151
ABS Pipe	100	ft	3"		192	130	149	153
Total (excluding Rebar and Concrete)					**$ 17,845**	**$ 16,271**	**$ 20,664**	**$ 19,683**
Total (including Rebar and Concrete)					**$ 21,112**	**$ 20,067**	**$ 23,906**	**$ 23,072**

Market Basket Items	Quantity		Size	Length	Wasilla	Barrow	Bethel	Nome
Concrete	30	yds			$ 2,605	*	*	*
# 4 Rebar	93	pcs	1/2"	20'	530	*	*	*
BCI 60 Series	768	ft	14"		2,700	$ 2,460	$ 2,481	$ 2,379
2-4-1 T&G FF Underlay 4X8	62	pcs	1 1/8		2,652	3,945	3,894	3,926
CDX 4X8 44#	74	pcs	1/2"		1,134	1,793	1,927	1,941
CDX 4X8 53#	106	pcs	5/8"		1,925	3,337	3,441	3,504
Studs #2 & btr Kiln-dried	164	pcs	2X4	92 5/8"	507	882	783	789
Studs # 2 & btr 14# Kiln-dried	263	pcs	2X6	92 5/8"	1,180	1,981	1,829	1,846
Cedar Bevel Siding	3548	ft	1X10		3,574	5,703	3,052	3,988
4X12 Plain Sheetrock 84#	95	pcs	1/2		872	2,954	2,441	2,438
4X12 Type X Sheetrock 109#	68	pcs	34827		816	2,578	2,235	2,237
3 Tab Shingles Brown	102	pkgs			1,484	4,471	4,177	3,816
Fiberglass Bat Insulation (2,560 sq ft)	27	bags	R-38X24	96 sq ft	1,626	2,224	2,974	2,905
Fiberglass Bat Insulation (2,034 sq ft)	35	bags	R-21X15	58 sq ft	1,335	1,570	1,372	1,750
NMB Electric Wire	3	boxes	35035	250'	120	177	140	130
Single Breaker	15	pcs	15 Amp		157	116	127	112
Copper Pipe Type 'M'	150	ft	3/4"		199	202	185	189
ABS Pipe	100	ft	3"		182	241	149	152
Total (excluding Rebar and Concrete)					**$ 20,461**	**$ 34,635**	**$ 31,208**	**$ 32,102**
Total (including Rebar and Concrete)					**$ 23,596**	*	*	*

Source: Alaska Department of Labor, Research and Analysis Section, "AHFC Market Basket Construction Cost Survey" 1996.

Figures 6-1

Market basket costs by Alaska suppliers were lower than the prior year for all but one of the urban communities, but higher for all the rural communities. Concrete and rebar values were excluded in the comparison, since these foundation materials were not considered representative of rural, arctic construction. As in past years, Juneau showed the lowest relative construction costs ($16,271), while Barrow was again the most expensive ($34,635). Juneau exhibited the greatest decrease (4.6%), followed closely by Anchorage (4.5%), while Bethel increased the most (26.0%). For urban areas, only Wasilla showed an increase (8.0%), probably related to the Mat-Su Borough's steady population and economic growth stemming from suburban migration from Anchorage. All of the rural sites had higher market basket costs, due primarily to increased shipping and handling costs.

In comparing only urban sites, shown with concrete and rebar, Juneau remained the lowest ($20,067) for Alaska suppliers, followed by Anchorage ($21,112). Kenai ($23,072) was less costly this year than Wasilla ($23,597), probably due to Kenai's building activities tapering off while Wasilla continued to grow, albeit at a decreased rate. Fairbanks, while still maintaining the highest urban value at $23,906, decreased the least (0.5%).

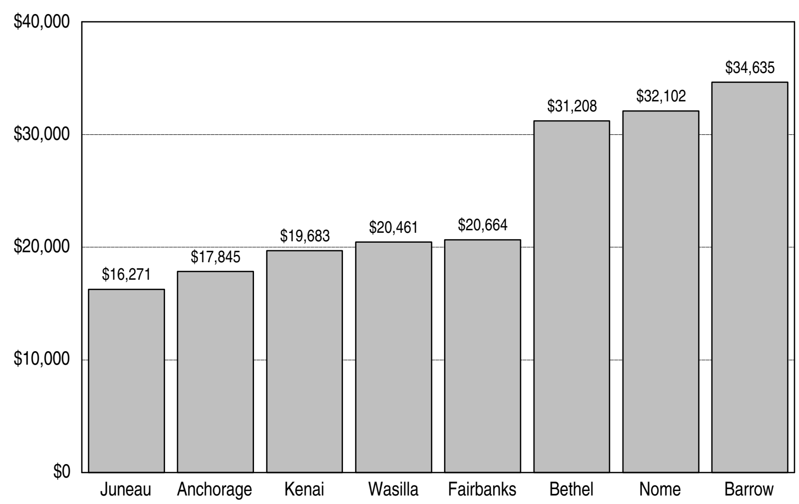
Average Cost of Market Basket

Alaska Suppliers (Without Concrete and Rebar)

Figure 6-1

1996

Source: Alaska Department of Labor, Research and Analysis Section, "AHFC Market Basket Construction Cost Survey" 1996.



Comparing Alaska with Pacific Northwest Suppliers

Figure 6-2, 6-3

Suppliers in Alaska, Oregon, and Washington were also compared to each other without concrete, rebar, and transportation costs. Alaska, as a whole, increased by only 1.0% from the prior year, whereas both Oregon and Washington showed distinct gains of 8.9% and 14.8%, respectively. Massive investment in the Pacific Northwest by national and international high-tech corporations, coupled with the end of layoffs at Boeing, produced strong economic growth characterized by increased employment rate (5% job growth) and a strong demand for new housing. Material costs were further pressured by a lumber market which had difficulty handling the national demand, as the first-quarter 1996 growth rate for housing starts reached 12% (seasonally adjusted from a year ago).

Comparing Alaska's local suppliers and those from Washington and Oregon, one notices that changes in market basket costs differed among specific regions. Market baskets rose most in rural areas regardless of the supplier, while Alaska suppliers had lower prices in a number of urban areas. For rural areas, Bethel saw prices average approximately one-quarter higher than the previous year for all suppliers. Nome was second, with an 18.8% average increase for all suppliers, followed by Barrow (17.2%). The urban areas of Anchorage and Fairbanks had the least change in market basket costs, while Juneau and Kenai experienced major discrepancies between Alaska and Pacific Northwest suppliers. Interestingly, Barrow, Bethel, and Nome, were the most consistent between suppliers while posting the largest increases.

Except for Anchorage and Fairbanks, transportation rates increased across the board, especially for the rural areas served by barge lines. Using Washington suppliers, Bethel (47.1%) increased the most over last year, with Juneau (39.1%) and Nome (35.2%) closely following. In terms of Oregon suppliers, the same three communities had the greatest change: Bethel (40.5%), Nome (30.9%), and Juneau (22.0%). Anchorage and Fairbanks both reported decreases for both Washington (12.7% and 17.1%) and Oregon (13.8% and 17.2%), respectively. The largest difference between Oregon and Washington sources involved Juneau, which posted a difference of 17.1%, whereas Fairbanks was the closest, changing only 0.1%.

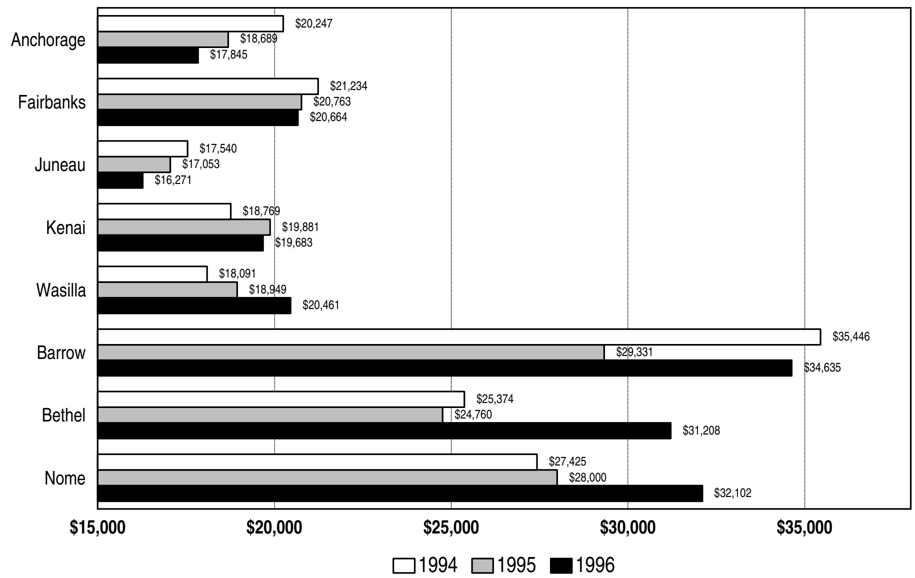
Average Cost of Market Basket

Alaska Suppliers (Without Concrete and Rebar)

Figure 6-2

1994, 1995, & 1996

Source: Alaska Department of Labor, Research and Analysis Section, "AHFC Market Basket Construction Cost Survey" 1996.



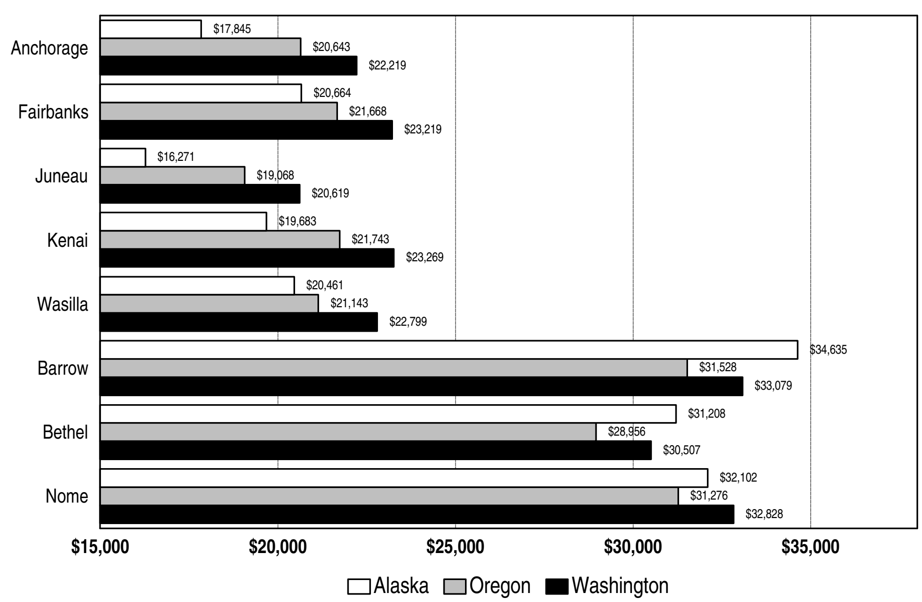
Average Cost of Market Basket

Regional Suppliers (Without Concrete and Rebar)

Figure 6-3

1996

Source: Alaska Department of Labor, Research and Analysis Section, "AHFC Market Basket Construction Cost Survey" 1996.



Future Surveys

The transportation factor will be further researched and approached in a manner reducing variation in future surveys. Even among identical carriers, differences in shipping and handling quotes from 1995 and 1996 may belie variable pricing schedules. A private carrier consultant noted that the pricing structures should not normally change significantly from year to year, although the barging pricing to rural areas proved differently. Also, different grades of material and their pricing must be brought to common denominators by specifying material even more precisely. Additional data on windows, doors and heating systems is also available from the corporation and will be included in future issues.

Lastly, the relevance of the market basket could be further expanded by reanalyzing the assumptions which make the basket composition applicable to actual single-family construction in various areas of Alaska. Different types and ratios of materials are used in rural and urban areas. Contributions from various construction and carrier business representatives might add further depth to future surveys.