

The cost of living in Alaska

Volatile inflation rates highest in 2022, now slowing

By DAN ROBINSON and GUNNAR SCHULTZ

After Alaska recorded annual deflation in 2020 for the first time, prices rose sharply over the next two years. Inflation hit a 41-year high of 8.1 percent in 2022.

Last year's inflation rate also tied for the fifth-highest in the 61-year history of Alaska's consumer price index. The four highest years were in the 1970s and early 1980s during a period known nationally as The Great Inflation. That era of persistent, rapid price growth included Alaska's historical peak of 13.7 percent in 1975 during the construction of the Trans-Alaska Pipeline.

While costs in many spending categories rose faster than usual in 2022, transportation prices rose the

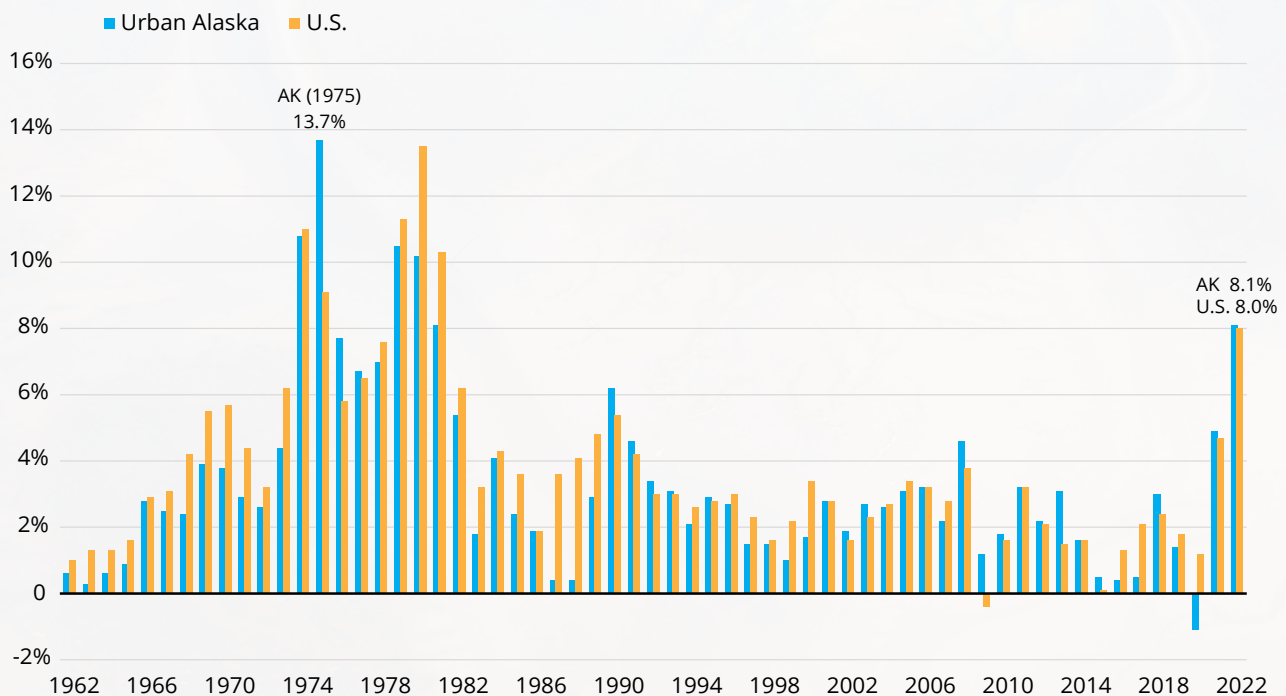
most. Costs of food and beverages and housing also rose rapidly. (One subcategory appears to have artificially inflated some of 2022's numbers and will ripple into 2023 rates: the cost of food away from home. See the sidebar on page 8.)

Alaska's inflation had begun to cool by December 2022 and continued to slow in early 2023. In April of this year, the rate was down to 3.1 percent, the lowest inflation since February 2021. (For more on the CPI for Urban Alaska, Alaska's only consumer price index, see the sidebar on page 7.)

What's driving inflation in 2023

The recent slowdown in inflation has come mainly from the same categories that shot up the most the

Alaska and U.S. annual inflation rates have largely tracked over time



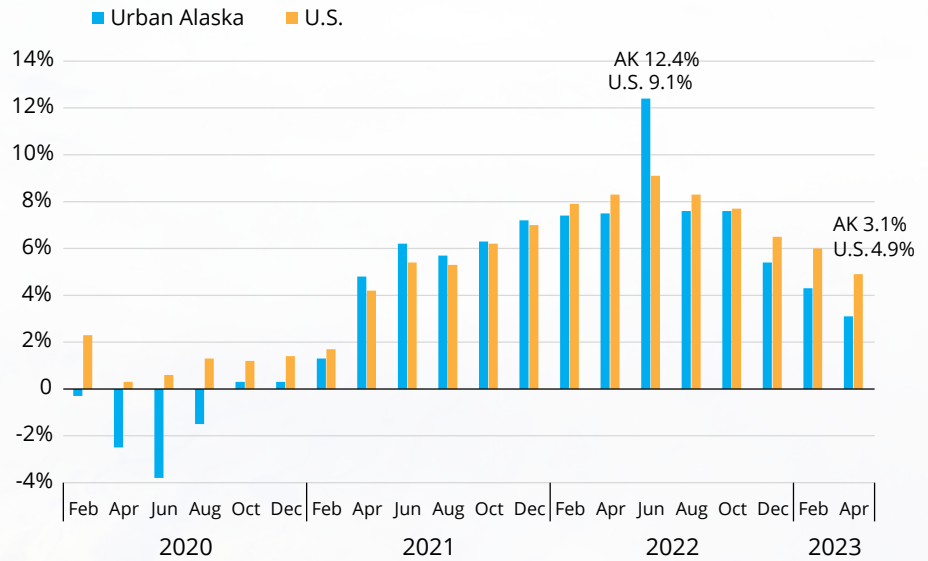
Source: U.S. Department of Labor, Bureau of Labor Statistics

year before: transportation and food and beverages. Housing is putting the most upward pressure on Alaska inflation in 2023, especially given that consumers spend more on housing than any other category, giving it more weight.

Housing is where the typical household spends nearly 40 percent of its consumption dollars. Food and transportation, the second and third largest expenditures, also heavily influence the overall inflation rate — especially because these categories tend to be more volatile.

Transportation inflation topped 20 percent in early 2022 and dropped to 0.4 percent in April 2023. Gas

Alaska inflation rates started slowing in late 2022



Note: Shows bimonthly inflation rates; percent increase is relative to same month the prior year

Source: U.S. Department of Labor, Bureau of Labor Statistics

Urban Alaska and national metro inflation by category, 2013 to 2022

ALL ITEMS			ALL ITEMS MINUS SHELTER			HOUSING			TRANSPORTATION		
Year	Urban AK % chg from previous yr	U.S. % chg from previous yr	Year	Urban AK % chg from previous yr	U.S. % chg from previous yr	Year	Urban AK % chg from previous yr	U.S. % chg from previous yr	Year	Urban AK % chg from previous yr	U.S. % chg from previous yr
2013	3.1%	1.5%	2013	3.0%	1.1%	2013	3.1%	2.1%	2013	7.0%	0%
2014	1.6%	1.6%	2014	1.0%	1.1%	2014	2.7%	2.6%	2014	-0.6%	-0.7%
2015	0.5%	0.1%	2015	-0.3%	-1.3%	2015	2.4%	2.1%	2015	-6.8%	-7.8%
2016	0.4%	1.3%	2016	0.3%	0.2%	2016	0.9%	2.5%	2016	-1.7%	-2.1%
2017	0.5%	2.1%	2017	1.1%	1.5%	2017	0.3%	3.0%	2017	2.4%	3.4%
2018	3.0%	2.4%	2018	3.7%	2.0%	2018	1.8%	2.9%	2018	7.0%	4.5%
2019	1.4%	1.8%	2019	1.9%	1.0%	2019	1.2%	2.9%	2019	0.2%	-0.3%
2020	-1.1%	1.2%	2020	-0.4%	0.6%	2020	-1.9%	2.2%	2020	-6.8%	-4.2%
2021	4.9%	4.7%	2021	5.9%	5.7%	2021	2.2%	3.3%	2021	16.9%	14.6%
2022	8.1%	8.0%	2022	8.1%	9.1%	2022	6.5%	7.2%	2022	16.7%	15.5%

FOOD AND BEVERAGES			MEDICAL CARE			RECREATION			ENERGY		
Year	Urban AK % chg from previous yr	U.S. % chg from previous yr	Year	Urban AK % chg from previous yr	U.S. % chg from previous yr	Year	Urban AK % chg from previous yr	U.S. % chg from previous yr	Year	Urban AK % chg from previous yr	U.S. % chg from previous yr
2013	0.4%	1.4%	2013	3.2%	2.5%	2013	0.3%	0.5%	2013	-2.7%	-0.7%
2014	1.3%	2.3%	2014	3.2%	2.4%	2014	-0.3%	0.2%	2014	2.4%	-0.3%
2015	1.7%	1.8%	2015	3.3%	2.6%	2015	0.1%	0.3%	2015	-10.3%	-16.7%
2016	-0.7%	0.3%	2016	4.5%	3.8%	2016	-1.0%	0.9%	2016	-5.8%	-6.6%
2017	0%	0.9%	2017	1.5%	2.5%	2017	1.1%	1.3%	2017	12.3%	7.9%
2018	0.5%	1.4%	2018	7.6%	2.0%	2018	4.1%	0.5%	2018	8.0%	7.5%
2019	2.7%	1.8%	2019	6.6%	2.8%	2019	3.6%	1.3%	2019	1.5%	-2.1%
2020	4.4%	3.3%	2020	5.2%	4.1%	2020	-1.5%	1.3%	2020	-10.6%	-8.5%
2021	4.8%	3.8%	2021	2.5%	1.2%	2021	2.7%	2.4%	2021	14.4%	21.0%
2022	11.4%	9.6%	2022	4.0%	4.1%	2022	3.7%	4.5%	2022	20.5%	25.2%

Source: U.S. Department of Labor, Bureau of Labor Statistics

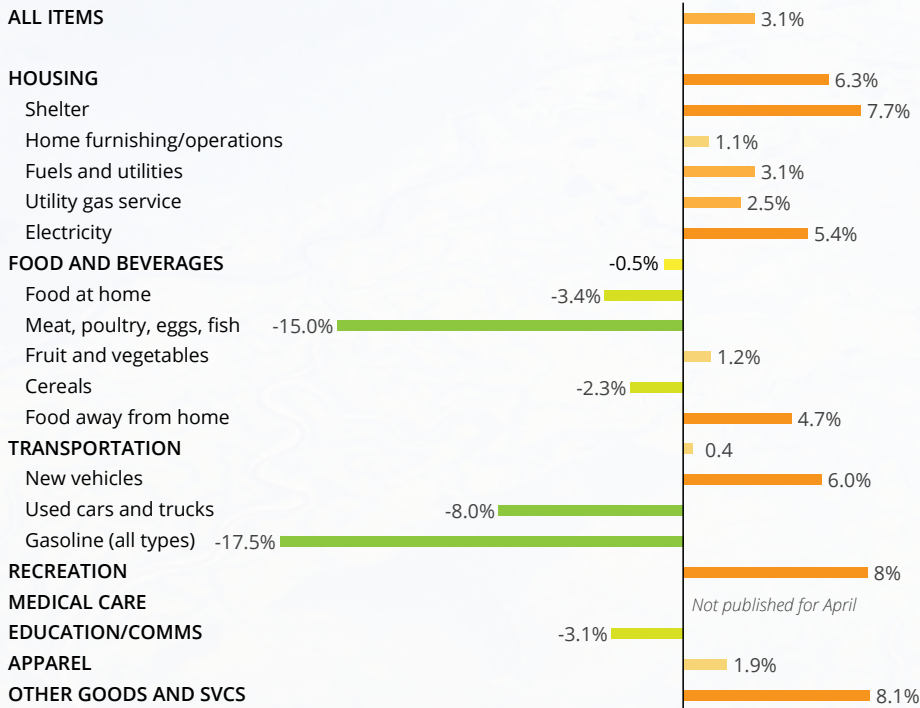
prices and the cost of used cars and trucks dropped sharply from the previous year while the price of new cars continued rising.

Food prices declined slightly, down -0.5 percent in April. Meat and egg prices dropped sharply after skyrocketing in 2020 and 2021 and peaking in 2022. The cost of food away from home continued to rise, however.

Housing inflation has slowed from its peak in 2022, but to a lesser extent than transportation, remaining even with or above the overall inflation rate since last August. Housing's cost increase was 6.3 percent in April, down from 8.2 percent in August.

Measuring housing costs is complicated because a portion of what owners spend is considered investment rather than consumption. The Bureau of Labor Statistics uses data from renters to calculate "rental equivalency" spending,

April 2023 inflation by category, Urban Alaska

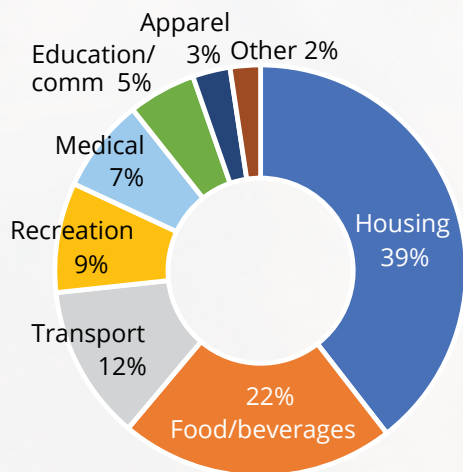


Source: U.S. Department of Labor, Bureau of Labor Statistics

categorized as shelter. Other housing costs include utilities and maintenance.

Shelter, which makes up about 75 percent of housing costs in the CPI and about a third of all costs, is the biggest reason overall inflation was still high through April. If we exclude shelter from the overall inflation calculation for April, the rate falls to 1.1 percent.

Where urban Alaskans spent their money, 2022



Source: U.S. Department of Labor, Bureau of Labor Statistics

Housing, food drive the gap between Alaska and U.S. rates

Higher inflation has also been a national phenomenon since 2021. Historically, Urban Alaska and U.S. inflation rates have moved together most of the time, mainly because national and global factors drive price changes for many items. Housing indexes can be an exception, and they have the weight to drive differences between areas' inflation rates.

U.S. inflation has trended downward since last June. While U.S. and Alaska rates have both slowed, Alaska's has fallen further. The U.S. inflation rate in April was 4.9 percent and Urban Alaska's was 3.1 percent.

The most glaring difference between inflation in

Alaska and at the national level was in food and beverages, followed by a modest gap in their housing index growth rates. U.S. food and beverage prices had jumped 7.5 percent over last April, and Alaska's had fallen slightly (-0.5 percent). The national housing index increased 7.5 percent over that period while Alaska's rose 6.3 percent.

The outlook in early 2023: Slowing inflation but no signs of stabilizing

Urban Alaska's falling inflation rate has yet to show clear signs of stabilizing. While it's uncertain how long it will continue slowing, the rate in April approached historical averages. Alaska's average annual inflation rate over the last 61 years was 3.4

percent, and yearly rates fell between 0 and 4 percent in 44 of those years. Many of the outliers came before 1985 and were bunched in that period of unusually high inflation.

While there's no "normal" inflation rate, inflation that is both low and stable is considered favorable, and several developed nations' central banks, like the U.S. Federal Reserve, set 2 percent as a long-term inflation target.

The two bimonthly 2023 releases available at press time put Alaska on track for lower annual inflation than the previous two years, but overall inflation for 2023 won't be available until early 2024.

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The two main ways to measure the cost of living

Cost-of-living indexes take one of two perspectives: how prices in one place are changing over time (inflation) or how prices differ across areas. Further, the indexes this article covers provide relative rather than absolute measures of the cost of living, as they are indexed to a base period or geography.

1. In one area over time (inflation)

The Consumer Price Index for All Urban Consumers, or CPI-U, is Alaska's only official measure of inflation — how prices change over time. Alaska's CPI tracks change in the price level of a "market basket" of goods and services for the average urban Alaska consumer through surveys of consumer expenditure patterns and prices collected from Anchorage and the Matanuska-Susitna Borough.

The CPI comprises eight categories: housing, food and beverages, transportation, recreation, medical care, education and communication, apparel, and "other goods and services." Alaska's weights, or the share of consumption dollars the average household spends in a category, resemble national patterns.

While the U.S. Bureau of Labor Statistics produces consumer price indexes for many cities, these can't compare costs across areas because each CPI is indexed to prices at a point in time in a given place. The index values only tell us how much costs have risen there since a base period, which is set at 100.

For example, in April 2023, the CPI-U value for Alaska was 258.866 and the U.S. value was 303.363. The only information these two values provide is that U.S. prices have risen faster than Alaska's since the base period, which is an average of 1984-1986.

In addition to inflation rate calculations, consumer price

indexes are used to adjust the value of a dollar over time, including converting nominal into inflation-adjusted dollars. CPI indexes are also used in the private and public sectors to adjust income eligibility levels for government assistance, federal tax brackets, federally mandated cost-of-living increases, poverty measures, salary and wage negotiations and collective bargaining agreements, and consumer and commercial rent escalations.

Social Security and Supplemental Security Income payment recipients receive annual cost-of-living increases based on the U.S. consumer price index for wage and clerical workers, or CPI-W. Alaska adjusts the state minimum wage using the CPI-U and the Alaska Permanent Fund Corporation uses the U.S. CPI-U to inflation-proof the fund.

2. Comparing areas at the same time

Another way to assess the cost of living is to compare costs between two or more places at a given time. These comparisons, which begin in the next article, play a role in relocation decisions and salary and stipend adjustments by area. When a cost-of-living measure is indexed to a base area rather than a time, the resulting index allows comparisons across areas, although not over time.

While measuring inflation has a single source in Alaska, a range of sources are available to compare costs across areas. Many of these measures only cover some parts of the state, and each comes with its own set of methods, so it is important to consider the strengths and weaknesses. Some rely on volunteers to collect and report prices for various goods and services in their areas while others use rigorous, broad-based, and transparent statistical methods. A good solution is to use multiple sources and look for patterns.

How a data outlier skewed rates in 2022 and will again in 2023

A consumer price index aggregates multiple smaller indexes with different weights based on what percentage of their consumption dollars a typical household spends in those categories. These smaller indexes are organized into eight major categories, and each category includes index values for more specific items. For example, the gasoline index is part of the larger transportation index under the umbrella of the CPI-U. (See page 7.)

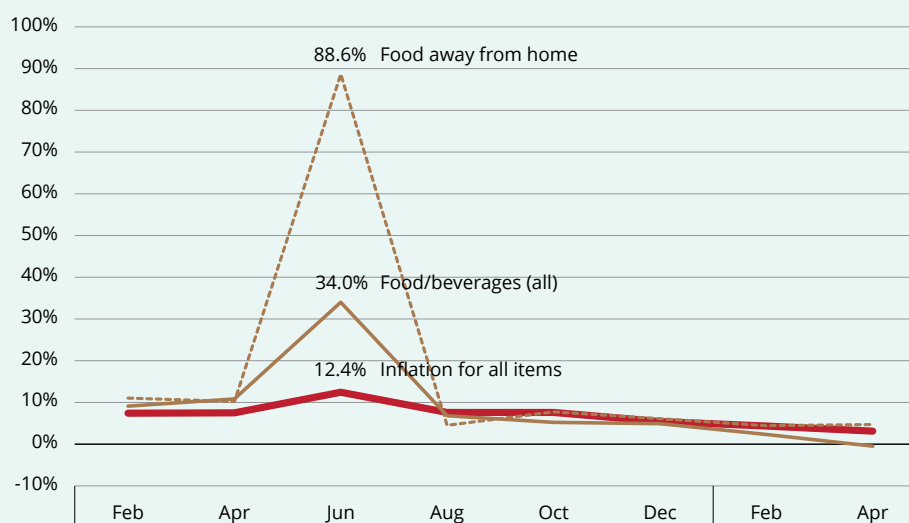
An index's value shows how much prices have risen since the CPI's base period, whose value is set at 100. (The base period here is the average from 1984-1986.) So if a year's index value is 205, for example, that means costs have a little more than doubled since the mid-1980s. Twelve-month inflation rates are the percent change in those values from one year to the next, or from a month one year to the same month the following year.

In June 2022, the cost of food away from home jumped 89 percent because of poor survey response rates and other technical reasons. The key point is the big increase did not reflect actual price changes.

Because the food-away-from-home index affects the larger food and beverages index and the CPI for all items, this number rippled into other measures last year to varying degrees — but given its weight in the overall index (7 percent), it had a meaningful impact on 2022's inflation rate. That means 2022's rate was overstated.

June 2023's rate, which hasn't yet been released, will probably be artificially *low* because it will be measured relative to last June's artificially high index value. This will also affect the annual rate.

June 2022 food-away-from-home index value was oddly high



Source: U.S. Bureau of Labor Statistics, CPI-U for Urban Alaska

How Alaska's costs stack up nationally

By DAN ROBINSON and GUNNAR SCHULTZ

While price changes can be volatile from one year to the next, cost comparisons between areas stay fairly consistent over time. Expensive cities and states tend to stay expensive, with change coming only over long periods.

Alaska cities have long fallen on the expensive side of the U.S. spectrum, but plenty of U.S. cities have higher costs of living, mainly because of their housing prices. Alaska consistently stands out for higher grocery and health care costs as well as housing and utility costs in some places.

Where Alaska cities fall nationally

The Council for Community and Economic Research, or C2ER, offers a consistent, comprehensive, and up-to-date cost-of-living index that allows for comparisons among hundreds of U.S. cities including Anchorage, Fairbanks, Juneau, and Kodiak.

This index tracks prices for 57 items in six categories: housing, groceries, utilities, transportation, health care, and miscellaneous goods and services, based on consumption patterns for a household in the top income quintile nationally. It holds category weights fixed for all areas (see the sidebar on page 7 for more on weights).

While C2ER doesn't account for differences in consumption patterns by area or differing income levels, setting a fixed standard of living allows comparisons based solely on area price differences.

The cost of living in Alaska's four participating cities always lands above the U.S. survey average. In 2022, their overall index values ranged from 123 in Fairbanks to 129 in Kodiak. A value of 123 means the cost of living in Fairbanks was 23 percent higher than the average of all cities surveyed, which is set at 100.

Surveyed areas ranged from 77 in Harlingen, Texas (often the lowest) to 228 in Manhattan (usually the highest).

Of the 265 participating cities, the four in Alaska ranked 18th, 19th, 20th, and 22nd for costs in 2022, roughly comparable to Portland, which was 21st.

The cities topping Alaska were Honolulu, multiple metro areas on the West Coast and along the Northeast Corridor, and Lake Havasu City, Ariz. Significantly higher housing costs are the primary reason these cities rank near the top. While housing costs in Juneau (142) and Anchorage (136) were well above average, Juneau's ranked just 28th nationally.

Housing prices vary so much around the country because, unlike the other categories, they're influenced more by local factors than national or global ones.

Housing is most households' largest expense and can significantly influence a city's ranking. For example, in Manhattan, housing costs were nearly quintuple the survey average, and the overall cost of living there was closer to double.

Alaska cities have slid downward in the cost rankings over the last couple of decades. While this is partly because more high-cost areas are participating, some cities leapfrogged Alaska in the rankings as their housing costs rose. Seattle is an example.

Costs are higher in all categories

Alaska cities exceeded the survey averages in all six categories. Kodiak ranked most expensive nationally in two of the six — groceries and health care — and Fairbanks ranked highest for utility costs.

For groceries, all four ranked above their overall spot in the index. Kodiak topped the survey for grocery costs at 153 while Juneau was third (136), Anchorage was eighth (125), and Fairbanks was 10th (122). Higher shipping costs are a major factor. For example, Honolulu had the second-highest grocery prices in the survey. Like Alaska, Hawaii's shipping costs are high because of its remoteness and the need to import most of what its residents consume.

Fairbanks had the highest utility costs in the survey by a wide margin, at more than twice the survey average, which is typical. San Juan, Puerto Rico, and Bakersfield, Calif., were a distant second and third at 159 and 157, respectively. Juneau was eighth (133), Kodiak was 16th (125), and Anchorage ranked 24th (118). (For more on differences in home heating costs within Alaska, see page 14.)

How Alaska cities compared to other U.S. cities in 2022

	Total	Housing	Groceries	Utilities	Transp	Health	Misc
Category's weight in total index	100%	28%	16%	9%	9%	5%	34%
Survey average of 265 cities	100.0	100.0	100.0	100.0	100.0	100.0	100.0
West							
Honolulu HI	184.0	313.5	150.1	141.4	125.7	118.1	127.5
San Francisco CA	178.6	306.6	131.4	131.8	138.4	131.5	123.6
Los Angeles-Long Beach CA	150.6	239.8	111.3	110.4	128.5	112.1	116.6
Seattle WA	149.9	210.8	125.3	105.4	123.6	130.4	132.0
San Diego CA	143.7	222.3	112.0	112.5	131.7	104.8	110.1
Kodiak AK	128.8	105.7	153.3	125.4	129.7	157.2	133.2
Juneau AK	127.9	142.3	136.3	133.0	115.3	153.7	110.2
Anchorage AK	126.7	136.3	124.7	117.5	114.5	151.2	121.6
Portland OR	124.3	161.4	108.1	91.3	122.3	106.5	112.9
Fairbanks AK	123.0	100.8	122.2	208.7	112.6	155.5	116.7
Bozeman MT	122.1	161.5	106.8	85.4	102.6	95.2	115.2
Sacramento CA	118.7	142.6	105.6	105.7	124.2	114.6	107.7
Denver CO	110.5	107.8	135.6	94.4	86.5	100.3	99.6
Salt Lake City UT	108.3	122.1	104.1	92.5	110.1	95.9	104.4
Boise ID	107.7	125.3	96.1	79.8	114.3	100.0	105.4
Phoenix AZ	104.3	123.8	99.7	102.2	106.7	93.7	91.8
Tucson AZ	103.7	105.3	104.0	97.4	106.9	101.7	103.4
Spokane WA	103.1	102.7	104.3	94.6	101.8	116.5	103.6
Las Vegas NV	101.0	110.1	102.9	101.8	113.5	93.1	90.2
Albuquerque NM	92.9	87.4	98.5	91.3	92.7	91.3	95.5
Great Falls MT	87.4	73.6	95.0	83.2	110.9	98.9	88.9
Northeast							
New York (Manhattan) NY	227.7	483.1	134.9	102.7	116.0	108.7	137.1
New York (Brooklyn) NY	168.6	292.4	122.4	106.1	114.1	105.9	126.6
Boston MA	149.7	223.8	114.0	124.8	128.1	119.8	121.1
New York (Queens) NY	142.2	210.6	118.2	103.9	105.4	106.7	121.2
Philadelphia PA	104.5	99.8	117.5	111.4	109.3	97.5	100.4
Erie PA	89.8	65.9	99.7	104.8	105.0	101.4	95.7
South							
Washington DC	152.2	251.5	109.3	112.6	108.5	99.1	118.8
Miami-Dade County FL	120.6	147.0	120.2	106.0	108.0	94.8	109.6
New Orleans LA	111.5	143.2	96.7	79.7	99.2	120.1	102.4
Orlando FL	104.8	110.7	103.1	92.6	100.9	92.0	106.8
Dallas TX	102.5	96.3	95.4	113.8	85.7	113.1	110.8
Atlanta GA	101.6	107.3	92.6	85.5	102.8	107.4	104.3
Tampa FL	99.8	96.5	108.2	97.0	100.4	92.6	100.4
Charlotte NC	97.9	88.7	97.5	91.2	93.6	113.1	106.5
Nashville-Murfreesboro TN	97.8	105.9	97.6	88.4	91.5	91.2	96.1
Jacksonville FL	94.2	94.1	97.9	104.5	83.3	82.9	94.2
San Antonio TX	92.1	79.8	88.7	88.4	96.2	102.0	102.5
Memphis TN	87.2	79.7	92.0	90.2	92.8	88.1	88.8
Harlingen TX	77.1	60.4	78.9	106.8	87.9	82.6	78.6
Midwest							
Chicago IL	120.3	151.4	105.5	96.7	124.9	113.9	107.4
Minneapolis MN	99.0	91.4	95.2	99.2	104.5	102.8	105.0
Cincinnati OH	96.4	80.9	101.0	92.2	111.1	101.7	103.9
Kansas City MO-KS	94.9	102.4	92.4	101.6	86.4	88.5	91.2
Indianapolis IN	92.5	82.6	96.7	107.2	92.8	88.4	95.4
Omaha NE	92.5	83.9	96.6	93.6	103.1	97.2	94.2
St. Louis MO-IL	86.3	74.1	97.4	93.0	90.3	88.9	88.2
Kalamazoo MI	77.5	50.9	81.1	96.6	93.5	97.6	85.9

Notes: Based on professional households with earnings in the top U.S. quintile. Misc goods and services includes entertainment, apparel, personal care, and fast food.

Source: The Council for Community and Economic Research

For health care, the smallest-weight category, Alaska communities held the four highest-cost spots, all with index values above 150. Medical costs in Alaska were head and shoulders above the rest, with the next-highest cities falling into the low 130s.

Medical services drove Alaska's survey-high health care costs, with the four cities ranking in the top seven for all three services the index includes: dentist, doctor, and optometrist visits.

How far a dollar goes in Anchorage

How far a dollar stretches varies widely across the country. Moving to a city with a higher cost of living requires more income to maintain the same standard of living.

Based on cost-of-living differentials from the survey, C2ER produces a tool for a given city and income level that calculates the level of income required to maintain the same standard of living in other cities.

An example is what someone in another city would need to earn there to have the same standard of living as an average earner in Anchorage. (See the table on the top right.) For this set of comparisons, \$70,000 is a rounded approximation of the average annual wage in Anchorage in 2022, and the example cities are in the four states that share the largest migration flows with Alaska.

Someone earning nearly \$100,000 in San Francisco could move to Anchorage and live equally on \$70,000 while someone making \$50,000 in Houston would need to make an extra \$20,000 a year in Anchorage to live equally.

Because the survey does not include taxes, they don't factor into this comparison — but Alaska is the only state with no state income or sales tax, which gives residents a rare cost-of-living advantage over other states.

State-level cost rankings based on the same survey

The Missouri Economic Research and Information Center produces quarterly and annual state-level cost-of-living measures, deriving an index for each state by averaging the indexes of participating cities and metropolitan areas from the C2ER survey. (See the second table on this page.)

What Anchorage purchasing power would be elsewhere

If you earn \$70k in Anchorage, here is what you'd need to earn in these cities to have the same standard of living.

California	San Francisco	\$98,784.53
	Los Angeles	\$83,259.67
	Sacramento	\$65,580.11
Texas	Dallas	\$56,629.83
	Austin	\$55,801.10
	Houston	\$50,883.98
Washington	Seattle	\$82,817.68
	Olympia	\$62,872.93
	Spokane	\$56,961.33
Florida	Miami	\$66,629.83
	Orlando	\$57,900.55
	Tallahassee	\$52,762.43

Notes: These are the top four states that exchange movers with Alaska. Yearly earnings are after taxes.

Sources: Internal Revenue Service Gross Migration to Alaska by State; and The Council for Community and Economic Research

The ten costliest states in 2022

State	2021 index
U.S. average	100.0
1 Hawaii	184.0
2 Massachusetts	149.7
3 California	137.6
4 New York	134.5
5 Alaska	126.6
6 Maryland	124.0
7 Oregon	121.2
8 Connecticut	116.8
9 New Hampshire	116.1
10 Vermont	115.0

Source: Missouri Economic Research and Information Center

This measure doesn't take population sizes into account and, in determining a state's ranking, only includes cities that participate in the survey. For example, in 2022, the values for Massachusetts and Hawaii in the MERIC index were identical to the indexes for Boston and Honolulu in the C2ER survey, because only one city participated in these states. For Alaska, the four participating cities account for about 59 percent of Alaska's total population.

Using this rough measure of statewide costs, Alaska ranked sixth behind Hawaii, Massachusetts, California, and New York.

Continued on page 15

Comparing costs among Alaska towns

By DAN ROBINSON and GUNNAR SCHULTZ

Within Alaska, the cost of living tends to be lowest in the largest cities and smaller communities on the road system. Costs rise as populations fall and barriers to access increase.

Between urban areas, costs differ more by the type of expense than overall. Anchorage and Fairbanks rank closely for overall costs, for example, but Anchorage home prices are higher while Fairbanks pays significantly more for utilities.

In other areas, expenses depend on how remote they are. Everything costs more in rural Alaska, and shipping plays a primary role in those higher costs.

Comprehensive cost-of-living measures are scarce for much of Alaska — the last statewide survey was completed in 2008.¹ This article looks at the two broad cost-of-living indexes available, albeit for a limited list of Alaska communities, then drills down to comparisons around the state for two major spending categories, housing and fuel, for which more sources are available.

Two broad in-state cost-of-living indexes cover only some towns

Anchorage, Fairbanks, Juneau, and Kodiak

The most complete cost-of-living measure for in-state comparisons is the Council for Community and Economic Research survey, which the Alaska-U.S. comparisons that begin on page 9 use extensively. (See that article for more about this survey.)

C2ER tracks prices in four Alaska cities: Anchorage, Fairbanks, Juneau, and Kodiak. All index values are relative to the survey average for the U.S., set at 100.

In 2022, the overall cost of living in the four Alaska cities ranged from a low of 123 in Fairbanks to a high of 129 in Kodiak. In other words, their costs were 23 percent and 29 percent higher than the average, respectively. (See the table on page 10.)

Alaska cities' overall scores were similar, but some

¹The McDowell Group (now McKinley Research), Alaska Geographic Differential Study 2008

How the military ranked Alaska towns' costs* in 2023

City	Index
U.S. average	100
Bethel	146
Cordova	146
Homer (including Anchor Point)	142
Kenai (Including Soldotna)	142
King Salmon (incl Bristol Bay Borough)	142
Valdez	142
Barrow	138
Juneau	138
Nome	138
Petersburg	138
Sitka-Mt. Edgecumbe	138
Wainwright	138
Other	138
Clear Air Force Station	136
Delta Junction (including Fort Greely)	136
Ketchikan	136
Kodiak	136
Seward	136
Tok	136
College	134
Fairbanks	134
Spruce Cape	134
Unalaska	134
Eielson Air Force Base	132
Anchorage (including Eagle River)	128
Wasilla	128

*Excludes housing

Source: U.S. Department of Defense, Overseas Cost of Living Adjustment tables

expenditures differed notably. Juneau and Anchorage have higher housing costs than Kodiak and Fairbanks. Utility costs also vary depending on winter severity and which energy source a city relies on for heat.

Fairbanks' utility costs are far higher than the other cities and were more than double the survey average (209) in 2022. Fairbanks winters are extreme, and households primarily use heating oil. Utilities were lower in Juneau and Kodiak, where heating oil is also the dominant heat source, according to the U.S. Census Bureau's American Community Survey, but winters are milder. Anchorage was the lowest because of its natural gas. (See the fuel section on page 14.)

Grocery prices were lowest in Anchorage and Fairbanks (the largest cities), higher in Juneau, and highest in Kodiak, the smallest.

Apartment rents and single-family home sales prices in select Alaska areas

Avg single-family house, 2022

Area	Price	Pct chg
Juneau, City and Borough	\$513,119	7.8%
Anchorage	\$468,843	7.4%
Bethel Census Area	\$462,762	7.9%
Ketchikan Gateway Borough	\$451,252	2.6%
Statewide Total	\$422,584	8.7%
Matanuska-Susitna Borough	\$422,490	14.4%
Kodiak Island Borough	\$391,597	4.3%
Kenai Peninsula Borough	\$385,049	14.2%
Rest of State	\$363,138	8.1%
Fairbanks N. Star Borough	\$337,329	7.5%

Median adj rent, 2-br apt, Mar 2023

Area	Rent	Pct chg
Bethel Census Area*	\$1,600	-
Anchorage, Municipality	\$1,532	5%
Fairbanks North Star Borough	\$1,486	9%
Ketchikan Gateway Borough	\$1,466	16%
Kodiak Island Borough	\$1,452	9%
Juneau, City and Borough	\$1,420	4%
Sitka, City and Borough	\$1,404	3%
Chugach Census Area	\$1,314	4%
Matanuska-Susitna Borough	\$1,189	9%
Kenai Peninsula Borough	\$1,095	7%
Wrangell-Petersburg	\$1,055	5%

Notes: Median adjusted rent includes utility costs. Utility adjustments use 2022 data. Percent change is from the same period the previous year.

*Bethel is new to the survey in 2023. Bethel's rent does not include the utility adjustment.

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

Military index covers a longer list

The military generates its own cost-of-living index to adjust compensation for members serving outside the Lower 48, and it covers a longer list of Alaska communities. This index does not factor in housing, which the military covers separately. It is also based on service members' spending patterns, which may differ from the rest of the population.

In May 2023, Alaska communities' costs of living ranged from 28 percent higher than the Lower 48 average in Anchorage and Wasilla to 46 percent more expensive in Bethel and Cordova. (See the table on the previous page.)

Examining housing and fuel costs around the state

Sales prices, rents up in all covered areas

Housing costs make up the largest share of most households' budgets, and many areas saw large increases over the past year.

Each year, in partnership with the Alaska Housing Finance Corporation, we conduct statewide quarterly housing market surveys of lenders and an annual rental survey in early March for several areas. (See the tables above.)

In 2022, the average single-family home cost \$422,484. Average prices ranged from a low of \$337,329 in Fairbanks to a high of \$513,119 in Juneau.

Historically, home prices have been higher than the statewide average in Anchorage and Juneau and lower in the Fairbanks North Star, Matanuska-Susitna, and Kenai Peninsula boroughs. Bethel, the only rural area broken out separately, also tends to

be high, but prices can be volatile in small areas because just a few transactions can swing the average.

Consistent with national trends, home prices in Alaska have risen considerably in recent years. In 2022, Alaska's average sales price rose 8.7 percent after increasing 8.9 percent in 2021. (For more on the current Alaska housing market, see the May 2023 issue of *Trends*.)

Higher home prices and rents tend to go hand in hand, but rents rank higher than sales prices in Fairbanks and Kodiak, which have large military populations with generous housing stipends. The University of Alaska Fairbanks is another steady source of rental demand.

In March, the median *adjusted* rent for a two-bedroom apartment in our survey ranged from a low of \$1,055 in Wrangell-Petersburg to a high of \$1,532 in Anchorage. Adjusted rent includes the cost of utilities,² whether they are included in the rent check or paid separately by the tenant.

Rent was highest in Bethel, which we added to the survey in 2023, and because Bethel's rent doesn't include the adjustment for utilities, it was probably even further above the other areas than the rent table shows.

Rents were higher than the previous March in all areas. In the five largest markets, rents rose 9 percent in Fairbanks and Mat-Su, 7 percent in the Kenai Peninsula Borough, 5 percent in Anchorage, and 4 percent in Juneau. Survey samples vary by year and depend on landlord participation, so these numbers can be more volatile in smaller areas.

Inflation, limited availability, and rising costs have pushed rents upward in recent years. The

²This article uses 2022 utility adjustments for 2023 rents, as they were the most recent available at the time of publication.

Gasoline and heating oil costs, winter 2023

Community	Heating oil, gal	Gasoline, gal reg	Community	Heating oil, gal	Gasoline, gal reg
Akiak	\$5.95	\$6.14	McGrath	\$8.90	\$8.61
Akutan	\$4.50	\$5.60	Minto	\$8.20	\$5.80
Alatna	\$8.00	\$11.50	Mountain Village	\$9.12	\$8.65
Anaktuvuk Pass*	\$1.54	\$9.31	Nelson Lagoon	\$6.73	\$6.54
Anderson	\$4.48	\$3.65	Nenana	\$4.76	\$3.80
Angoon	\$6.39	\$6.43	New Stuyahok	\$9.00	\$7.65
Anvik	\$7.00	\$7.50	Nondalton	\$8.92	\$8.30
Atka	\$7.50	\$6.25	Noorvik	\$7.73	\$9.01
Atmautluak	\$6.54	\$6.78	Nuiqsut*	\$1.50	\$6.38
Atqasuk*	\$1.50	\$6.78	Nulato	\$6.80	\$7.20
Bethel	\$6.78	\$6.68	Nunapitchuk	\$6.00	\$6.00
Brevig Mission	\$7.06	\$7.16	Old Harbor	\$6.51	\$5.05
Chenega	\$6.63	\$7.88	Ouzinkie	\$5.07	\$6.44
Chignik	\$5.75	\$6.98	Pelican	\$6.57	\$7.09
Chitina	\$4.42	\$5.87	Petersburg	\$5.81	\$5.28
Circle	\$5.24	\$6.50	Pilot Station	\$9.07	\$8.90
Clark's Point	\$4.57	\$5.00	Point Baker	\$5.35	\$5.45
Cordova	\$5.20	\$5.10	Point Hope*	\$1.74	\$7.60
Craig	\$5.75	\$5.07	Port Lions	\$5.90	\$6.10
Deering	\$3.30	\$3.61	Quinhagak	\$7.13	\$6.99
Delta Junction	\$4.53	\$3.65	Ruby	\$7.75	\$7.75
Dillingham	\$5.64	\$6.44	Russian Mission	\$7.50	\$7.50
Eagle	\$6.95	\$6.95	Saint George	\$7.86	\$8.11
Emmonak	\$6.83	\$6.98	Saint Michael	\$7.99	\$6.79
Fairbanks	\$4.59	\$3.49	Sand Point	\$6.67	\$5.36
Galena	\$8.83	\$10.08	Savoonga	\$5.75	\$5.75
Gambell	\$5.92	\$5.92	Scammon Bay	\$7.85	\$7.85
Glennallen	\$4.42	\$4.49	Seldovia	\$7.50	\$6.39
Golovin	\$5.86	\$6.21	Shishmaref	\$7.08	\$5.15
Goodnews Bay	\$6.79	\$6.99	Sleetmute	\$8.75	\$8.70
Grayling	\$9.00	\$9.00	Stebbins	\$7.99	\$5.62
Gustavus	\$6.16	\$5.79	Tanana	\$5.50	\$8.23
Healy	\$4.75	\$3.70	Teller	\$8.76	\$8.70
Holy Cross	\$8.48	\$9.00	Thorne Bay	\$5.81	\$5.59
Homer	\$4.54	\$3.90	Togiak	\$6.98	\$7.15
Hoonah	\$5.74	\$5.60	Toksook Bay	\$7.80	\$7.85
Hooper Bay	\$8.91	\$8.24	Tuntutuliak	\$7.64	\$7.64
Hughes	\$13.00	\$8.00	Unalakleet	\$6.97	\$6.97
Huslia	\$6.25	\$6.00	Unalaska	\$5.21	\$4.73
Juneau	\$5.50	\$4.53	Upper Kalskag	\$7.00	\$7.00
Kake	\$6.08	\$7.09	Utqiagvik*	–	\$7.30
Kaktovik*	\$2.50	\$7.50	Valdez	\$4.70	\$4.50
Kaltag	\$7.50	\$7.50	Wainwright*	\$1.75	\$7.87
Kiana	\$7.73	\$7.98	Wales	\$6.44	\$6.95
King Cove	\$5.62	\$5.78	White Mountain	\$5.91	\$6.31
Kodiak	\$5.19	\$5.68	Wrangell	\$5.86	\$5.45
Kokhanok	\$10.00	\$9.50			
Kotlik	\$7.48	\$7.96			
Kotzebue	\$7.97	\$8.00			
Koyuk	\$6.34	\$6.65			
Kwigillingok	\$7.00	\$6.85			
Larsen Bay	\$6.21	\$6.03			
Marshall	\$8.32	\$8.32			

*North Slope communities' residential heating oil costs are subsidized by the borough.

Source: Alaska Department of Commerce, Community, and Economic Development: *Alaska Fuel Price Report, Winter 2023*

September 2023 issue of *Trends* will detail this year's rental survey results.

Heating oil and gasoline costs vary widely by community

Fuel is a major expense for many Alaska households, especially where residential utility gas is unavailable.

The cost of natural gas is comparatively low and stable because it's set by regulated utilities. In 2022, residential natural gas prices for Alaska had risen just 1 percent from the previous year.

Where available, natural gas is typically the dominant heat source. Natural gas heats an estimated 50 percent of Alaska households, although it's concentrated in Anchorage and the Mat-Su and Kenai Peninsula boroughs. Oil is the most common heat source almost everywhere else and is primary for one in four households. Many rural communities also use diesel to generate electricity.

Twice a year, the Alaska Department of Commerce, Community, and Economic Development conducts a rural-focused fuel price survey of 100 communities. Price differences for heating oil and gasoline largely depend on shipping costs — both the delivery method and the distance the fuel must travel.

Prices are lower on the road system and in areas with year-round barge access (Southeast and Gulf Coast) and highest in places with small populations where fuel must be barged longer distances (often up long rivers) or flown in. North Slope Borough communities are an exception because the borough subsidizes residential heating oil costs.

In winter 2023, a gallon of heating oil ranged from a low of \$1.50 in Nuiqsut and Atqasuk, where it's subsidized, to a high of \$13 in Hughes, on the Koyukuk River. (See the table on the left.)

A gallon of gasoline ranged from a low of \$3.49 in Fairbanks, the largest city in the survey, to a high of \$11.50 in Alatna, a village on the Koyukuk River where fuel arrives by air.

Double-digit percent jumps in fuel prices

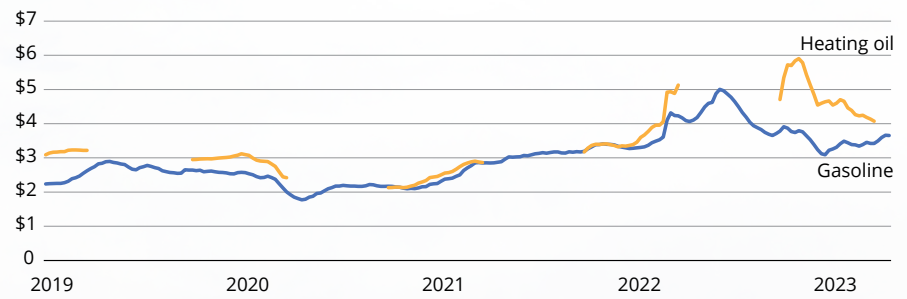
Fuel prices in the 2023 winter survey had risen significantly from last winter's survey, which was completed before the oil price spike in late February 2022. Heating oil's survey average, excluding the North Slope, rose 34 percent over the year, from \$5.03 to \$6.72 per gallon. Gasoline went from \$5.31 to \$6.70.

While the winter survey showed fuel prices rose significantly over the year in most places, they had fallen in some communities since the summer survey, especially in places where fuel is delivered throughout the year.

Fuel prices fluctuate constantly, but heating oil and gasoline prices remain stable longer in areas that only receive shipments a few times a year. In winter 2023, many communities were still paying the higher prices of the previous summer, when they received most of the year's fuel.

While the Alaska fuel price survey is semiannual, national price data collected more frequently show how volatile prices have been over the past few

The price patterns of U.S. gasoline and heating oil



Notes: Heating oil is only tracked in the winter, which creates gaps in the graph. Heating oil prices are weekly for No. 2 residential heating oil, per gallon. Gas prices are the weekly U.S. costs per gallon for regular retail gas.

Source: U.S. Energy Information Administration

years, and while prices have fallen from the 2022 highs, they remain elevated from most of the previous few years.

National gasoline prices dropped below \$2 a gallon in 2020 when the pandemic began, rebounded and continued to rise through 2021, then spiked to around \$5 in late February of 2022 after Russia invaded Ukraine. The most recent data show prices have come down to less than \$4.

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U.S. COMPARISONS

Continued from page 11

Public health insurance premiums

For a typical household, medical care is a small share of out-of-pocket spending — but medical costs can be high for some people and rise with age. Health care is also a major cost for employers, as those who offer it typically pay the lion's share of the premiums.

Only a small share of Alaskans are insured through the public health care marketplace, but those premiums provide a state-level measure for medical cost comparisons. In 2023, the average benchmark premium for Alaska was \$762 per month. (See the table on the right.) For comparison, the U.S. average was \$456. Alaska ranked fourth-highest in 2023 (similar to recent years) behind Vermont, West Virginia, and Wyoming and ahead of New York and Connecticut. Before 2018, Alaska's premium topped the list.

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Where public health care premiums cost the most

State	2023 premium
1 Vermont	\$841
2 West Virginia	\$824
3 Wyoming	\$802
4 Alaska	\$762
5 Connecticut	\$627
6 New York	\$627
7 South Dakota	\$626
8 Alabama	\$567
9 Louisiana	\$565
10 Nebraska	\$550
U.S. average	\$456

Note: Average benchmark premiums are based on the second-lowest-cost silver premium for a 40-year-old in each county and weighted by county plan selections, including premiums for nonessential health benefits.

Source: The Henry J. Kaiser Family Foundation