

## **APPENDIX E: Land Use and Market Trends**

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### **Section Summary**

The community of Girdwood has evolved from a small, quiet town to a resort community with a shortage of affordable housing and available land. Factors that will likely affect demand for housing include: an increasing population, improvements to the Seward Highway and increases in tourist attractions/tourist traffic.

**Sources for this Section:** U.S. Census Bureau; Girdwood Area Plan; Institute of Economic and Social Research, University of Alaska, Anchorage; Alaska Department of Transportation and Public Facilities; Alyeska Resort; Multiple Service Listings; For Sale By Owner listings; and the following realtors: Bob Baer -- Dynamic Properties, George McCoy -- Prudential Jack White Realty, Dave Bauer -- RE/Max of Alyeska, Scott Kirk -- Girdwood Realty, Sam Daniel -- Girdwood Property Management.

The 1995 Girdwood Area Plan identified the need for increased residential development in the community of Girdwood. In the nearly ten years that have elapsed since the Plan's creation, the prediction of a future need for housing has shown to be accurate. Girdwood has become an increasingly desirable place to live or own a vacation home. Like many resort communities, Girdwood is facing a shortage of affordable housing and available land.

The price of housing in Girdwood has dramatically increased over the past few years and is likely to remain strong. Factors that will encourage demand for housing in Girdwood include: the Alyeska Resort and its role as a popular recreation destination; the continuing development of other recreation opportunities in the area; improvements to the Seward Highway connecting Girdwood and Anchorage; Girdwood's strategic location on the tourist path between Anchorage and the Kenai Peninsula; and continued growth in population and economic activity in Southcentral Alaska.

\*U.S. Census data

\*\*Institute of Social and Economic Research, University of Alaska Anchorage

## **Factors Affecting Increasing Demand for Housing**

### **Population**

Over the past ten years, the population of Girdwood has increased from 1,350 residents in 1993 to 1,850 residents in 2003; an increase of more than 70%\*. As following sections show, there is a higher demand in this community for residential property than current availability can supply. Local realtors agree that Girdwood is currently experiencing a housing shortage. Says Dave Bauer of ReMax Real Estate, “There’s definitely a shortage... it’s been going on for years but it’s increased over the last year.” Residents who would like to purchase land are often unable to do so, due to high housing costs and the severely limited market.

Girdwood’s closest neighbor, Anchorage, has also seen a rise in population – from 257,780 in 1995 to 274,003 in 2003\*. In both communities, the amount of land available for development has tightened, while populations have increased. Girdwood and Anchorage are linked by their close proximity and each contains elements that the other draws from. Girdwood supplies Anchorage residents with access to first-class skiing, recreation opportunities and a small-community atmosphere. Anchorage supplies Girdwood with access to less expensive goods and supplies, a place to work and to a large employment pool.

As the number of jobs available in Anchorage has expanded, there has been a corresponding population swell in surrounding areas such as Eagle River, Chugiak, and the Matanuska Susitna Valley, with many of the local population commuting to Anchorage for employment. Population growth in the Municipality of Anchorage for the years 2000-2002 was at 1.7% annually, while the Mat-Su Borough population grew at 4.9% annually during the same period\*\*. Thus, the demand for residential development in the Girdwood area could be supplemented by individuals employed in Anchorage who commute between the two communities. The development of commercial and business opportunities in South Anchorage has also brought Anchorage employment and supplies closer to Girdwood than ever before.

### **Road Improvements**

The potential for the growth of the Girdwood community is additionally heightened by a series of improvements to the Seward Highway, which connects Anchorage and Girdwood. These include several overlay projects which have widened the highway from two lanes to four lanes and added turn pockets to allow for improved traffic flow. In areas where avalanches posed significant risk to motorists, the road has been rerouted to lessen its proximity to avalanche pathways. These improvements have reduced the amount of time it takes to travel between Anchorage and Girdwood by as much as 50% (from 45 to 30 minutes) and have also increased the general safety of traveling between them. The Alaska Department of Transportation has a number of long-range

improvements planned including a complete restructuring/widening project from mile 105 to 115, and the installation of a sheep viewing area at Windy Corner (mile 105-107). An environmental impact study has just been completed on improvements to mile 100-105, which would include a Bird Creek/Indian Valley bypass.

Road improvements also translate into easier access to Girdwood services for the large number of tourists that travel the Seward Highway each year. Improvements such as the completion of the multi-use trail between Bird Creek and Girdwood in 2005 and the parking improvements that were completed in summer 2005 to the Bird Creek fishing area, help direct traffic to Girdwood services, increasing the employment opportunities in the area, and funneling tourist dollars into the local economy.\*

\*Road improvement information courtesy of the Alaska Department of Transportation and Public Facilities

### **Girdwood Attractions – Past and Prospective**

Demand for housing in the Girdwood has increased as recreation opportunities in the area have increased. Past enhancements include improvements to the local trail system such as lighted pedestrian pathways, the Winner Creek Trail, the Iditarod Trail and the Crow Pass Trail. Other improvements that have made Girdwood more attractive include improvements to the Alyeska Resort, including better chair lifts, a 60 passenger aerial tramway, opening of new terrain and a mountaintop facility with a fine dining restaurant and skier's cafeteria.

Demand is additionally driven by speculation of future improvements, which could both add to recreation and employment opportunities in the valley and increase the value local of real estate. Although future improvements are tentative, they might include the creation of a golf course and the expansion of the amount ski-able terrain at Alyeska into the Winter Creek Valley. Additionally, improvements to the Iditarod Trail are currently in the design process.

### **Tourism**

Girdwood's identity is closely linked to its role as a winter and summer tourism destination. The Alyeska Resort, which has operated in this community since 1959, supplies the best known recreation opportunities in the area and draws large numbers of visitors to Girdwood each year. During the 2003-04 winter season, the resort employed approximately 565 staff members and approximately 89,000 visitors rode its lifts. During the 2003-04 summer season, approximately 69,000 visitors rode the Alyeska tram. Though these numbers do not take into account the larger, total number of visitors using Alyeska grounds and facilities, they indicate the significance of Alyeska to the Girdwood economy.\*

Girdwood’s association with recreation, in combination with its stunning physical location, has led to the development of a host of recreation opportunities that have contributed to growth in the Girdwood area. Alyeska currently holds vendor agreements with seventeen companies who offer access to a diversity of outdoor experiences. Activities offered to Girdwood visitors and locals now include: backpacking, hiking, surfing, mountain biking, camping, dog mushing, fishing, flight seeing, hunting, kayaking, mountain climbing, paragliding, river rafting, down hill skiing, cross country skiing, snowmobiling, snowshoeing, windsurfing and wildlife viewing.

Plans to expand the activities that Girdwood currently offers into a four-season resort area that would include a golf course and to add to the amount ski-able terrain at Alyeska, would increase the number of year-round visitors to Girdwood and consequently increase the demand for primary, secondary and employee housing in the area.

\*Employment and visitor statistics courtesy of the Alyeska Resort

### **Land Availability in Girdwood Area**

Private land in Girdwood is like an island in a sea of Federal, State and Municipal land. According to the 1995 Girdwood Area Plan, the total amount of developed land, which included Residential, Commercial, Commercial Recreation, Industrial, Transportation, Utilities, Public Lands and Institutions, and Parks totaled 2,237 acres. Undeveloped land, which included Municipal, State, and Private land totaled 11,860 acres. Of this number, 288 acres were determined to be undeveloped private land. The above-quoted numbers are based on a land-use inventory conducted in 1993-94 by the Municipality of Anchorage’s Planning Department. A full inventory has not been conducted since the 1993-94 study.

The following table shows average costs for vacant lots in Girdwood over the past 15 years.

<b>Year</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Average Price for vacant lot</b>	<b>\$102,546</b>	<b>\$103,907</b>	<b>\$107,167</b>	<b>\$132,263</b>

\*Statistics provided by Multiple Service Listing and Bob Baer, Dynamic Real Estate

## Housing Demand the in Girdwood Area

Demand for housing in the Girdwood Valley includes demand for own or rent a primary residence, demand for secondary residences, and demand for shorter term vacation rentals. A primary home is defined as an individual’s principal residence. Secondary homes are homes that are purchased in addition to an individual’s principal residence. In a resort community like Girdwood, there are a wide range of homes, condos, hotels, B&B’s and other rental spaces that provide access to recreation and leisure activities or to the small-town atmosphere of the community.

The demand for primary homes falls into several groups. On one end of the spectrum is demand for larger homes with higher price tags. Often, homes of this type run from 2-3,000 square feet and cost upwards of \$300,000. This type of home is generally attractive to the older, more established purchaser.

The middle part of the spectrum is occupied by a demand for less expensive, smaller homes. Frequently, the demand for this type of residence comes from younger individuals or families looking to purchase a “starter” or first home; or from individuals or families who do not have the means/desire to occupy or maintain larger, more expensive homes. Homes of this type usually run around 1,500 square feet and cost around \$200,000 and higher. A final group of primary home-buyers are looking to purchase smaller 1-2 bedroom condominiums or town homes. Residences in this category are usually between 750-1,500 square feet and cost between \$100,000-\$200,000.

Demand for secondary homes ranges from small, informal cabins, to high end, luxury estate style homes.

The demand for rental residences also ranges widely. Much of the demand for rental space generated locally is for housing such as apartments or condominiums. Depending on location, these are generally less expensive and offer tenants access to shared services. Prospects interested in this type of housing might include seasonal workers, less financially established recreation enthusiasts, and individuals who occupy the lower end of the economic spectrum. Apartments typically run between 750-1000 square feet and cost approximately from \$750-\$1200 per month. Also available, typically for a higher price, are detached rental homes. These include small one bedroom or two bedrooms, up to large well equipped rentals typically offered to vacationers.

Year	2001	2002	2003	2004
<b>Average Price for condos</b>	<b>\$102,546</b>	<b>\$103,907</b>	<b>\$107,167</b>	<b>\$152,214</b>
<b>Average Price for single family homes</b>	<b>\$221,981</b>	<b>\$255,186</b>	<b>\$294,871</b>	<b>\$270,467</b>

\*Statistics provided by Multiple Service Listing and Bob Baer, Dynamic Real Estate

## Property and Homes Available in Girdwood

A look at Girdwood's real estate market demonstrates limited housing options for those looking to rent or own property in the Girdwood Valley. A search in December of 2004, showed only 4 housing units and 2 vacant lots available for sale\*:

<b>Property Listed – Dec 2004</b>	<b>Price</b>
.71 Acre Vacant Lot	\$150,000
1.28 Acre Vacant Lot	\$197,000
Single Family Home 5 bedroom/2 bathroom	\$450,000
Single Family Home 5 bedroom/2.75 bathroom	\$655,000
Duplex 3 bedroom/2 bathroom	\$296,000
Condominium 2 bedroom/1.5 bathroom	\$175,000

\*This information was provided by: Alaska Multiple Listing Service, For Sale By Owner Listings, and the three local realtors who provide services in Girdwood: RE/Max of Alyeska, Girdwood Realty and Prudential Jack White – Girdwood, in December of 2004

Two realtors in Girdwood who provide access to rental properties, Girdwood Property Management and Girdwood Realty, show the following availabilities\*:

<b>Rental Property Listed – Dec 2004</b>	<b>Price</b>
Efficiency Apartment 1 bathroom - Furnished	\$925.00/month + utilities
Apartment 2 bedroom/1 bathroom - Furnished	\$1450.00/month + utilities
Apartment 1 bedroom/1 bathroom	\$975.00/month + utilities
Condominium 1 bedroom/1 bathroom - Furnished	\$800.00/month + utilities
Efficiency Condominium 1 bathroom - Furnished	\$750.00/month + utilities
Condominium 2 bedroom/1 bathroom - Furnished	\$1200.00/month + utilities
Condominium 2 bedroom/1 bathroom - Furnished	\$1300.00/month

\* Information provided by: Girdwood Property Management and Girdwood Realty in December of 2004

## Character/Intensity of Demand for Housing Types in Girdwood

Using a profile of housing types in other successful resort communities, it is expected that development in Girdwood will increasingly fall into the following pattern:

- Primary residences – lower range wage earners
  - attached housing, condos, units in 2-plexes, 4-plexes, etc.
- Primary residences - mid-range wage earners
  - attached housing, condos, units in 2-plexes, 4-plexes, etc.
  - smaller, single family homes
- Primary residences – high-range wage earners
  - smaller, single family homes
  - large luxury homes
- Second homes
  - attached housing, condos, units in 2 plexes, 4 plexes, etc.
  - smaller, single family homes
  - luxury homes
- Vacant lots

Based on assumptions regarding potential for growth in the Girdwood area, the following trends are projected:

Type of Housing	Market	Trend
Lower cost, rental housing – mostly attached, or older, smaller rental homes	service employees, lower range wage earners	<b>Increasing demand</b> - numbers of individuals in this category grow as resort facilities increase; demand will grow as price for established housing also grows.
Well designed, attractive attached housing	service employees, starter home prospects, second home prospects	<b>Increasing demand</b> – numbers of individuals in this category grows as population grows, as improvements in recreation amenities are made; starter home market shifting into attached housing as square footage gets more costly.
Smaller, single family homes	starter home prospects, mid-range wage earners, some second home prospects	<b>Increasing demand</b> – more interest in small homes as prices of larger homes continues to escalate.
Luxury homes	High-range wage earners; some second home prospects	<b>Increasing demand</b> – more interest as population grows and as improvements in recreation amenities are made.

## Density of Development in Girdwood

Housing in the Girdwood area is of relatively medium density. As the table below demonstrates, the large majority of the private land in Girdwood is divided into medium sized lots, typically 1/2 to 1/4 acres in size, with just over 6% of lots larger than 1 acre. The median lot size in Girdwood is only slightly larger than the median lot size in the Anchorage Bowl area. Thus, it is apparent that the significant difference between settlement patterns that have occurred in Anchorage and settlement patterns that have occurred in Girdwood is not due to lot size. Instead, the difference would seem to be in the way that lots are developed, the retention of the forested landscape, and in the distinctive style of owner built housing (for more on community character, please see following Appendix F).

A handful of larger lots are owned privately in the Girdwood community, with only 11 privately owned lots measuring at an area greater than 2 acres. Not shown on this table is the collection of large parcels of land owned by organizations/agencies such as the Municipality of Anchorage, Alaska Water and Waste Water Utility, Chugach Electric, Alaska Mental Health Trust Authority, Seibu Corporation, Girdwood Chapel, and the United States Department of Agriculture. These parcels were removed from the table as they do not reflect residential development patterns or private lot ownership.

### Girdwood Parcels by Size

ACRES	NUMBER	PERCENT	# Improved	% improved
>2	11	<1%	3	27%
2 to >1	59	5%	35	59%
1 to >1/2	108	9%	66	61%
1/2 to >1/4	740	60%	572	77%
1/4 to >0	316	26%	192	61%
1234			868	

Statistics provided by the Municipality of Anchorage, Municipal Assessor's Office