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Dave Windsor's 'Alaska Real Estate'

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Buy Real Estate As Inflation Hedge

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I am sure you have heard of 'Hedge Funds' and 'Hedging' but what is 'hedging?' Hedging means placing an offsetting investment against the trend of the stock-market or other investments. A 'hedge' is a balancing mechanism (like a see-saw) that keeps you level if the other side tips down! That is why everyone should have gold in any investment portfolio. Stock-market down - Gold up!

Buying real estate is an inflation hedge. In the current market environment anyone who can possibly afford to buy a home must do so.

Interest rates are at an all-time low while inflation remains hot and likely to rise even further. While inflation hurts you in your retail spending (groceries, furniture, appliances etc.), real estate is an excellent hedge against that inflation.

Why? Because, firstly, the value of your home will rise

alongside inflation. Secondly, your 30 year mortgage payment cannot change but your wage or salary will go up with inflation.

That means that you will have a fixed housing payment out of increasing income. Slam dunk! You will find the cost of living going up - but not your housing cost.

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Rents, however, in the uncertain economic future, are less predictable. Hurting landlords will reduce rents while an expanding economy would bring population to Anchorage and rents would then increase.

In any event, rent payments are dead money going from you to make someone else rich while a home mortgage payment makes you richer with increasing equity in a

long-term asset that is all yours.

