



AEDC Confirms Retracement Over

Whilst the Anchorage Economic Development Council (AEDC) is not the supreme authority on economics, its recent forecast for 2019 does confirm my own opinion that the economic retracement (not a recession) is over. This is good news for real estate.

AEDC reports that, although jobs lost in 2016 was net 2900, and jobs lost in 2017 was 2100, this last year showed a decrease in employment of only 1200 jobs. Furthermore, their research indicates that in the coming year Anchorage will actually add jobs of around 300 to total 150,000 employed people by the end of 2019.

Anchorage population hovers right around 300,000 people and the 150,000 of those not employed are children, some spouses, and a growing population of retired folks. Areas of economic expansion are mostly in Healthcare while Construction and Tourism are also returning to a positive trend.

The only qualification to AEDC's report is that the State must deal with the \$1.6 billion budget deficit and we all wish Mr. Dunleavy and State Legislators the best on that. Fingers crossed for across-the-aisle cooperation.

REAL ESTATE VALUES AND ACTIVITY ARE BOTH SEEING SIGNS OF THIS REBOUND

In the 12 months ending 2/13/19 the average sale price of a single family residence in Anchorage was \$374,000 compared to \$366,500 in the previous year. This means that homes sold averaged a sale price 2% higher than the previous year.

Part of the reason for values appreciating is a shortage of inventory for the amount of buyer interest. For the same 2 yearly periods, year ended 2/13/19 vs. year ended 2/13/18, the number of homes put on the market was 2109 units vs. 2760 in the previous year. That is, 24% less homes were listed and any Realtor will tell you that, even while the economy was just starting to rebound, there were not enough homes to show, particularly in the range under \$500,000.

Despite some worrying signs that a recession, nationally, is beginning to appear after a tremendous run of growth in the U.S. over several years, Alaska's economy tends to run independently and often counter intuitive to the nation. It is my belief that real estate in Alaska is at a healthy stage. Interest rates for a 30 year mortgage are now around 4.25% but this is still extremely attractive to buyers.

In addition, as Anchorage becomes an increasingly attractive place to live, with climate refugees from the lower 48 looking for 'cooler' and 'cleaner', real estate values could even soar in the next 10 years. Given that buildable land in Anchorage is exhausted, this will push the price of a home quite exponentially. Mat-Su will grow as the natural satellite alternative.

The only short term caveat to the above is precisely what the State does with the Governor's budget proposal. A redistribution of spending could certainly impact jobs, but don't count on Dunleavy having the final say.

Dave

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