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Dave Windsor's 'Alaska Real Estate'

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Activity Slowing As Rates Reach Record High

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Interest rates for a 30 year fixed rate mortgage actually touched 8% recently and these highs have definitely impacted real estate sales in 2023 after consumers had become quite addicted to interest rates around 3% a year ago.

Single family home sales for Anchorage in the third quarter were 679 units compared to 878 units in the same period last year. Condominium sales were 295 units compared to 354 units a year ago.

Rates accelerated alongside Bond yields and this is the alarming national statistic. The 10 year U.S. Treasury Note touched 5% just last week.

The fact is that the National Debt (or U.S. credit card balance) now exceeds \$33 trillion (\$33,000,000,000,000) and interest needed to just keep that balance level is \$476 billion per year (\$476,000,000,000) which is over 2% of GDP (Gross Domestic Product). Interest accrued is anticipated to be

3% of GDP next year.

A stack of dollar bills as high as just \$1 trillion would reach 68,000 miles into space. Sovereign nations like China (and others) are dumping U.S. treasuries for lower prices which increases that yield. They do not trust the financial future of the United States.

You also should be concerned, and electing Federal representatives that will own up to this disgrace that your Mom and Dad would have chastised you for – spending outrageously for what you could not afford.

Remarkably, the average sale price of a single family home in Anchorage rose again, from \$488,544 in the second quarter to \$492,238 in the third quarter of 2023. The reason for this was a continuing shrinkage of inventory. Condominium prices rose similarly, and for the same reason, from \$269,135 to \$277,052.

Homebuyers would be wise to think about when is a

strategic buying time. Rates will come down under 7% soon but not likely below 6% for many months. I do not see inventory accelerating anytime soon so prices will remain elevated.

Homebuyers need candid counsel at this time because it remains a balancing act as to when is the best time to buy and, if there are competing offers, how to win the contest.

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