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Dave Windsor's 'Alaska Real Estate'

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Frenetic Activity Continues

RE/MAX Dynamic Properties * 907-727-3300 * windsor@alaska.net * www.davewindsor.com

You could be forgiven for thinking that the Alaska economy was booming and that there was no such thing as a pandemic - if you were judging by the activity in real estate.

1977 homes have sold in Anchorage this year (to the end of September) compared to 1742 in 2020. This 13.5% increase in volume is put in its place by condos which increased by 34.3% over last year. Eagle River home sales were up from 673 in 2020 to 775 this year, an increase of 15.2%.

What is equally impressive is the escalation in prices. Average sales price of a home in the third quarter last year was \$400,548 but this year it is \$423,346. In other words, prices have increased by 6%. Condos have risen in average sales price by 12%.

You may recall that last week I promoted a new condo listing at \$218,500 alongside my column. By the time we went to press, the

unit was already sold at full price!

The driver of this frenetic real estate boom (except for new construction, in the doldrums due to inflationary and supply chain issues) is one thing only - interest rates.

Still below 3% for a 30 year fixed rate, many chart-based financial analysts are now predicting rates to remain low for years to come! The Federal Government has gotten itself in a pickle, basically printing money so you feel rich and spend it, plus increasing the nation's debt by using its credit card and continually raising the debt ceiling when it is maxed out. You, individually, share that national liability.

Expect continuing higher prices in the grocery store on the one hand, but incredibly accommodating interest rates for real estate purchases on the other hand. It was only a few years ago that 7% was considered a good rate but, in the next decade, you can be confident that rates will

remain in the 3% to 5% range for a 30 year home loan and, likely, barely breach 4%.

Take advantage of this benefit as Alaska recovers from an economic retracement and starts to attract investment and population to the unique assets the State brings to the national table.

Dave

Windsor

