



# Alaska REAL ESTATE BY DAVE WINDSOR

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## SITUATION REPORT

According to MLS, the number of single family homes sold in Anchorage in 2022 was 2852, significantly down by 21% from 3620 homes sold in 2021. Condominium activity was also down to 1302 units from 1651 the previous year.

However, prices were higher – single family homes up 8% from an average of \$424,148 in 2021 to \$456,541 in 2022. Condominium average sale price went up 6% from an average \$230,660 to \$243,613 in 2022.

Did your home, therefore, appreciate 6% to 8% last year? Not really – it was just the case that extreme prices prevailed because of a buyer (demand) excess over seller supply. Some homeowners even experienced a tax relief on assessments from MOA this year with a reduction in assessed value.

Low interest rates around 3% for a 30 year fixed rate mortgage certainly fueled the fire but, even as rates rose late in the year, buyer activity remained. Multiply offers on real estate for sale were common in 2022, thus bidding up

those prices to what I would call unrealistic, but it happened.

The new year sees a 30 year fixed rate hovering around 6% and you may expect 5% to 7% for most of the coming year. While the FED is still pushing rates higher to slow inflation, this cycle will slow to a standstill in the next few months, and may even reverse due to a soft economic recession.

We should also keep in mind that the Anchorage economy is sound and Anchorage Economic Development Council (AEDC) projects a job increase of 1550 jobs in 2023 despite businesses having difficulty finding employees willing to take jobs (See Page 2 for AEDC report extract).

### So how does this all affect you?

**HOME BUYERS:** Inventory will continue to be tight. Make sure you can find your Realtor fast once you see a target property online. Your interest rate remains attractive and affordable around the 6% mark and you can expect prices to continue to rise, though not at last year's pace.

**HOME SELLERS:** Your appreciation in value last year is still on the table so if you are thinking of a move, in or out of State, early is always best. I counsel home sellers to go on market late winter as opposed to early spring for one simple reason. Lower inventory equals a better sales price.

The law of all markets, be it real estate to stocks, is supply and demand. General Dynamics Tank production demand in 2023 and your home's value depends on how many people want to buy it.

Talk to your Realtor, or call me, for further specifics on your individual and unique real estate asset.

Dave

Windsor



## 2023 AEDC Employment Forecast

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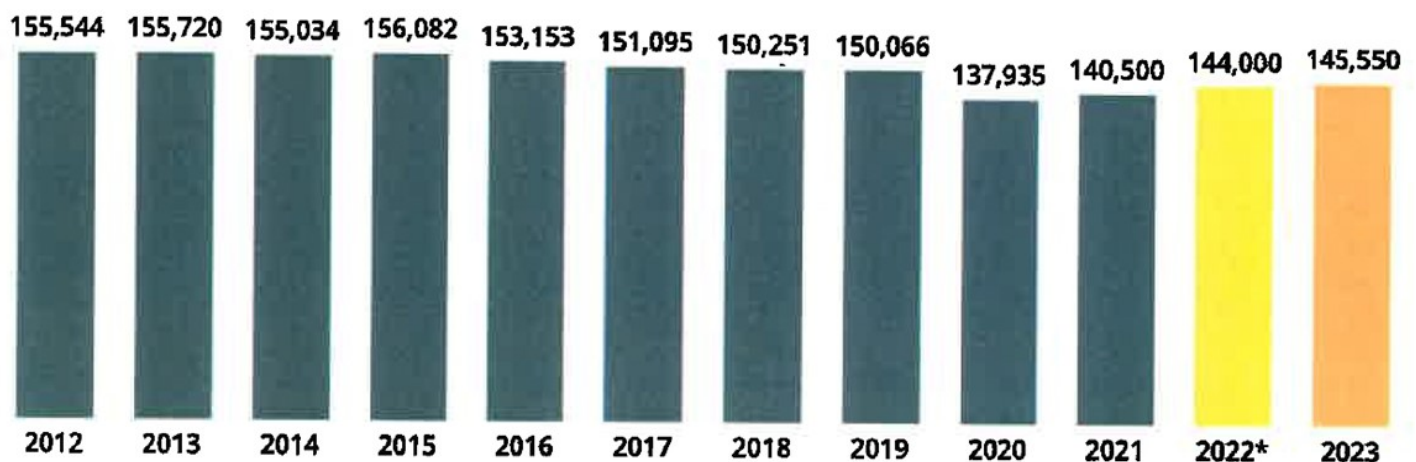
In January of 2022, Anchorage and the world were still wrestling with significant uncertainty in the wake of the COVID-19 pandemic. As the year progressed, the national economy faced several challenges: escalating inflation, rapid interest rate increases, and labor shortages across several sectors. Anchorage was not immune to these forces.

Despite these challenges, the continued recovery of Anchorage employment outpaced AEDC's midyear employment projections. Anchorage employment averaged 144,000 in 2022. While this represents a 3,500 job (+3%) increase from 2021, Anchorage employment remained 12,000 jobs (-8%) below peak employment in 2015 and prior to the statewide recession which preceded the COVID-19 pandemic.

As detailed in this forecast, AEDC expects Anchorage to regain a further 1,550 jobs in 2023. Employment is expected to remain below pre-pandemic levels, and the pace of recovery is likely to slow compared to 2021 and 2022. Further recovery will likely hinge on the availability of workers to fill open positions. To a lesser extent, the condition of the national economy may also impact Anchorage businesses. Full employment recovery back to the 2015 peak is expected to take several more years.

This employment forecast begins with an overview of a few key indicators, including population, unemployment rate, and the rate of inflation. The remaining sections describe the 2023 employment outlook for Anchorage's key sectors. The forecast concludes with a few big-picture thoughts about the trajectory of Anchorage's economy.

Figure 1. Total Anchorage Employment, 2012-2022\* and 2023 Forecast



### Change By Sector

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#### 2023 Forecasted Employment Change by Sector

- Oil & Gas: +100
- Healthcare: No Change
- Transportation: +200
- Government: No Change
- Professional & Business Services: +100
- Construction: +100
- Leisure & Hospitality: +800
- Retail Trade: +150
- Financial Activities: No Change
- Other Sectors: +100

**Total Change: +1,550**