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Alaska REAL ESTATE BY DAVE WINDSOR

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WINTER BUYING BENEFITS

So the days are getting longer and, as long as you bundle up, Alaska is never short of outdoor activities. If, by chance, you have talked at home about purchasing a new place in 2025, I want to suggest that there are several benefits of winter shopping for real estate.

By far the biggest benefit is the money you will save by shopping in January or February. Anyone who has a property for sale at this time of year has likely had it on the market since before Christmas. Most people know that the market does not accelerate until March or April when lots of homesellers finally get around to listing their property for sale.

You can definitely negotiate aggressively in January and February. This can produce a savings (or immediate equity) of \$20,000 to \$50,000 over shopping for the same home in Spring. If the property is vacant you have even more leverage because an empty home is costing the seller money for utilities and for the existing mortgage.

The early bird catches the worm. In fact, the only bird that doesn't catch a worm is the bird that does not bother to look for one. Winter is an excellent time to obtain a great bargain. I would say that you should be able to save 5% on the price of your home and, quite possibly, even more.

The second benefit is that Alaskan houses are under the greatest stress at this time of year and will reveal their weaknesses which may not be discoverable in the summer. Alaska's harsh 7 month winters place demands of roofs, attics, crawl spaces, walls, insulation and heating systems.

When shopping this winter the first thing you may observe on a home is icicles or ice damming around the roof. Icicles typically, though not always, indicate an escape of heat from the house at the roof edges or a lack of adequate ventilation in the attic. This is invisible in the summer and may be a very serious maintenance issue. If heat tape is in use anywhere on the roof, this also is a red flag for your home inspector. Ice damming in a roof

valley or near the edge of the roof-line is an alarm bell also. Ice can only form where water is produced and meets freezing air. The only ice sculptures you want to see are those on display downtown as art.

The second critical life support system in an Alaskan home is the heating unit. This is generally a gas-fired furnace or gas-fired boiler (in the case of a hot water baseboard setup). A small number of homes have in-floor radiant heat. Even fewer still have electric heat (I would never allow my clients to purchase an electrically heated home). Since the 1990's, builders favored forced-air furnace systems because they were cheaper to install, even though they can irritate folk who are allergy prone. Boiler systems are actually simpler and easier to maintain.

The other issue associated with homes built after 1990 is that most of them have only one thermostat, usually on the second level. When viewing

your prospective new home in January, be sure to note the variation in temperature upstairs versus downstairs. A lot of these homes will leave the downstairs bedrooms cold unless auxiliary heating units are added. If, when you are viewing, the upstairs is excessively hot, this may be because the seller has turned up the heat so you don't notice how cold it is downstairs.

When you are doing your winter shopping, always perform a careful review of the Seller's Property Disclosure. Statutes now prosecute deliberate untruths with Triple Damages, so known functional problems must be disclosed. Any frozen pipes or any roof, foundation or heating deficiencies should be listed in the Seller's Property Disclosure.

Cardiologists like to give you a stress test on the treadmill to put your heart through its paces, and the best time to look at the quality of a home is in winter. Winter is the stress test. In my view, the winter buying benefits of shopping for your new home far exceed the hazards. So bundle up and get on with it!

Dave
Wilson



New Administration - New Policies - Uncertain Economy

The change of Administration will bring volatility to the markets in the first half of the new year. What we do not know is the impact of declared Trump policies. Tariffs on foreign imports are generally considered inflationary, while deportation of illegal immigrants will hurt many businesses dependent on their labor.

In addition, there is uncertainty about the extent of Federal Government efficiency cuts, including employees, plus a number of other policies that voters have endorsed as part of the Trump package.

I have no judgement on the change of Administration, but it is radical and leads to the following real estate thoughts:-

If inflation re-ignites (currently PCE core is 2.3% year over year versus the FED's goal of 2%) interest rates will rise. On the other hand, the economy, which is steaming along healthily, could go into a retracement, which would require interest rates to be lowered.

The third issue affecting your homebuying interest rate is the Federal deficit which has been out of control for many years and now sits in excess of \$35 trillion of total debt. This is more than an entire year of the of the nation's Gross Domestic Product.

To conclude, hang on tight to the reins of your personal life. Conservative decisions are recommended until the dust settles. Your real estate values, your cost of buying, and your personal wealth and lifestyle are all uncertain in 2025. Opinion is split on the outcomes. I will have a more informed view to share by Spring.