

May 2023

Elite AGENT
duPont REGISTRY



Alaska REAL ESTATE

BY DAVE WINDSOR

RE/MAX Dynamic Properties • 907.727.3300 • windsor@alaska.net • www.davewindsor.com

SPRING MARKET REPORT

The purpose of this newsletter is to fully inform you of what has been an unusual start to the year, plus current status and future projection so that you can make your personal real estate decisions accordingly.

Home Sales:

In the first quarter new single family listings in Anchorage totaled 503 units only, 34% down on the previous years 757 units. Condo inventory for sale performed similarly.

As a result, only 354 homes and 162 condos sold in the first quarter. Compare 570 homes and 278 condos last year for the same period.

Nationally, home sales fell 2.4% in March or, year on year, 22% for the same reason - shortage of inventory.

Home Prices:

Due to historically low and attractive rates keeping new buyers active, we continued to see multiple offers on new listings and this explains the 10% to 15%

rise in prices and values over the last year. Properties are only on the market for an average of 30 to 40 days in Anchorage. The supply and demand ratio definitely shows it is a Seller's market.

Interest Rates:

The FED has almost come to the end of its rate push and that Inter-Bank lending rate of 5.25%, together with bond rates rising but stabilizing as we speak, means home loans are still available under 6.5% for a 30 year fixed rate.

Anchorage Economy:

Alaska Personal incomes were solid last year and actually increased by 4.8% to an average of \$68919 per capita.

Population Statewide held steady with a slight decrease over the year to the current total of 736,556 people as of 12/31/22.

Anchorage population, however, is now at 283,154 which means about 5000 people have left town since 2021. Birth rates are also declining.

Oil prices ranged between \$70 and \$120 a barrel. Alaska jobs

increased by 2.5% over the last year to a total in February 2023 of 313,200.

Inflation:

Not much need to convince you that prices have accelerated a lot. National CPI (Consumer Price Index) rose 4.98% in the last 12 months and you felt it if (a) you wanted to buy a vehicle or (b) you needed groceries (and who didn't?) and, of course (c) the cost of housing.

Mind you, last year inflation at one stage was running at 8.54%! Inflation means more than just paying higher prices. It should be thought of more as the dollars you have being worth less - including money saved in retirement or elsewhere.

Where to now?

All these statistics can be scary but most people I know are still managing regular vacations and dining out often. We are managing, in Alaska, better than elsewhere.

These are my predictions for the rest of this year, provided no national or international catastrophes occur:-

1) A balanced real estate market will return.

Homebuyers should stand by for price moderation and more inventory. Rates will not climb above 7% for a 30 year fixed rate (I paid 13% when I bought my first home in Australia so don't complain too much.)

2) Inventory will improve.

Mortgage rates are stabilizing around 6% (plus or minus). Buyers will not be frantically trying to take advantage of the 3's, 4's and 5's percentage-wise of last year. Normalcy will return.

3) The Nation.

The economy will slow and all

the Covid related cash pumped into the economy will no longer be pouring spending fuel on to the inflation fire.

BOTTOM LINE:

Since the Pandemic upheaval when we couldn't even find a mask to wear and friends and family were getting very sick, or worse, life is swinging back to the middle of the pendulum.

I suggest you start thinking 'normal' because Alaska is an awesome place to live. Jealous tourists are expected in record numbers to come see us this summer. The Captain Cook and other hotels are fully booked June through September.

Enjoy the summer. Transact real estate if you need and please avail yourself of a personal consultation with me to discuss your forward plans.

Dave

Windsor



Dave Windsor Articles



I am still publishing most weeks in the Friday/Saturday edition of the Anchorage Daily News. Usually on Page 2 as Editorial material and not in Classifieds.

10 Years worth of these Articles together with my Newsletters may be found at www.davewindsor.com.

If you have a real estate related question, you may email me or, more than likely, your topic will have been covered in these archives.