



# Alaska REAL ESTATE

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## TRADING COMMODITIES AND REAL ESTATE

In a parallel universe and as a second career I have been trading commodities for several years.

I decided to do this because there is so much less risk to trade “physical stuff” instead of stocks in the stockmarket.

Commodities are much easier to forecast and move simply with supply and demand. There are more than 2300 stocks on the New York Stock Exchange but only 113 commodities.

They include Cotton, Grain, Livestock of different kinds, Orange Juice, Coffee and - my favorites - the metals like Gold, Silver, Copper, Platinum, Palladium and Uranium.

Commodities are completely free from political wind or news buzz and, without dividends, just so much more predictable than the

mood swings of people when news about artificial intelligence, air safety or other stories about individual companies and their directors emerge.

Commodities are consumed. Stocks are not. Chickens are needed even if the economy is down or up. Stocks go out of business. Coffee does not. Metals are essential elements in manufacturing. They are the parts of the earth that we extract to live on.

Gold is a component of Jewelry but also an ancestral store of value that you hold in reserve in case the U.S. dollar becomes worth less, such as during inflation when prices rise.

**Why am I telling you this?  
Because Real Estate is, in fact, a commodity also!**

Real Estate is a piece of the planet’s surface which you buy and build

on. This is ‘real stuff’. That is why it is called ‘Real’ Estate. It is as essential as meat and potatoes because you raise your family on it and keep them safe and warm in it.

Just like orange juice or pork bellies, its price is determined by supply and demand only. In Anchorage at this time the demand exceeds the supply and that’s why you are paying more to buy your home. There are not enough chickens in the coop to feed all the hungry mouths.

**One of Government’s important functions is to solve problems like this.** Your Federal Government can re-allocate funds in the country to help you.

The funds that the Government has come from two main sources - Taxes and Borrowed

Money (by issuing Treasury Notes to other Sovereign countries or Investors).

There will always be political arguments about (1) Who should pay those taxes, and how much, and (2) how that money should be spent.

Some would argue, for example, that the U.S. Government spends way to much on military ambitions (In 2023 the United States spent 916 billion dollars, which is 40% of all military expenditure by every country combined worldwide or, to put it in another equation, 20% of the taxes you pay). Could that money have been spent more wisely?

Others would argue that they should not be giving your taxes to help people who don't seem to want work except by holding a placard at the traffic lights.

Other debates about how much the government should interfere at all in market forces are valid.

These are complex decisions and you soon have the right to elect a President, and House and Senate members, whom you believe may get it right.

**However, your ability to purchase a real estate commodity depends on how affordable it is for you.**

Prices are determined by supply and demand, but your ability to acquire it is determined by your employment opportunities, the

income you can earn, and the interest rate you will have to pay on any borrowed money.

This political season is full of comments about the 'Economy', but very few people actually understand Economics and so they vote, not about the 'Economy' - but their own personal 'economy'.

How individuals 'feel' about their lives determines their mood about credit or blame of elected politicians. It is well-known that elections are not decided, for example, over the military budget, or international dramas, but who can persuade you that they will improve your individual economy and make you feel better at home.

As an overview of reality, I can safely say that the U.S. economic engine is running really well - better than almost every other country on Earth. GDP (Gross Domestic Product) - i.e. the dollar value of all goods and services produced, is currently 28.65 trillion dollars (a trillion is a thousand billion, and a billion is a thousand million). GDP rose 1.36% from the last quarter and 5.87% from one year ago - not so bad (even allowing for inflation)!

I can also tell you that most anyone that wants a job can find one. You may not feel that you have enough, but a visit to Somalia or Venezuela would soon change your mind.

Thirdly, I can tell you that the 30

year fixed rate mortgage will be in the range 5.5% to 6.25% for the remainder of this year and 4.5% to 5.75% in 2025.

Strive to acquire real estate and not be a victim paying rent to somebody else who never actually gives you a commodity but lets you borrow it for a fee.

The single most important project in you life, apart from finding a good partner, is to acquire a piece of Real Estate.

Call me if I can help - - - - -

Dave

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