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Dave Windsor's 'Alaska Real Estate'

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Housing Inventory Remains Inadequate

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

As of the last day of March 2023 there were only 143 houses for sale in the entire Anchorage bowl.

Since the beginning of the year an average of 113 houses sold and closed per month with many, many buyers missing out in competitive bidding for the very low inventory. These 2 statistics show that there remains a supply of inventory to meet a mere 1.27 months of demand.

A 6.00 month absorption rate is considered a balanced market. A 3 to 4 months absorption rate would clearly indicate a "Seller's Market" so what do you think 1.27 is saying?

"Inadequate" is an understatement. The problem is not 'too many buyers'. Buyer activity is normal. The problem is 'not enough sellers'. Condo activity is similar with a 1.0 month absorption rate. Only 46 condos for sale on 31st March 2023 in the Anchorage bowl. Over 50 selling each month!

Ever since the pandemic started to subside a year ago, homeowners have been less inclined to leave their existing homes. Many are working permanently at home. Others are still recovering their ambitious mojo to upgrade to a new home. Still others, that is the growing senior population, have no need or desire to pack up years of furniture, fixtures, knick-knacks and comfort add-ons in their exiting home to attempt a new life elsewhere - at least not yet.

The net result of these demographics and lifestyle adjustments is that prices have risen 10% to 15% over the last 12 months, mostly in the mid-price range \$300,000 to \$800,000.

I have been advising clients who will need to sell in the next 2 years to take immediate advantage of this state of the market because it will not last into 2024. The supply and demand pendulum will swing back to the middle and prices will moderate first, and drop second.

Interest rates are rising, a recession is in its infancy, and these will cool off demand (i.e. number of buyers). Indeed, this is the precise reason for the FED raising rates because the amount of pandemic related cash, printed and pumped into the economy by the Federal Government, has accelerated inflation into a dangerous curve.

My recommendation is for buyers to be patient if possible, and sellers to think seriously about the premium to be taken advantage of while it lasts.

Dave

Windsor

