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Alaska

REAL ESTATE

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2019 OFF TO A SHAKY START

By the time you receive this newsletter we will have less than a week before the State Legislature adjourns for its summer recess.

Let's hope there is a reconciliation by then between the 3 budget proposals of the Governor, the House and the Senate.

This is the main reason for a bumpy start to Real Estate in 2019. One might add the Earthquake factor from 30th November 2018 which shook up Eagle River, Sand Lake and other Anchorage pockets. Interestingly, older construction seemed to fare better than newer homes. Everyone was still a little shaky through January and February.

Nationally, existing Home Sales were down 4.9% in March and Alaska suffered worse at 13% down over the same period last year. Existing home sales represent 90% of the total real estate activity. The remaining 10% is land and new construction.

In Alaska, even though home sales are slow, the amount of Inventory at the end of March 2019 represents only 4.29 months of supply for annualized demand. 6 months supply usually indicates a serious problem for sellers. The supply number basically tells you the absorption rate of real estate - i.e. At current

buying speed how long it would take to absorb all current listings.

So what this tells us in Alaska is that, while there is not an over-supply of homes for sale, there is a lack of conviction amongst potential homebuyers.

On the "good news" front, the Northrim Bank's "Alaskanomics Report" on April 17, 2019 (the work of economist Mark Edwards) indicated that, while Alaska has suffered a 6.3% unemployment rate in 2018 (compared to the U.S. rate of 3.9%), we saw positive job creation in both January and February 2019 - the first positive after 39 months of consecutive job losses.

I am firmly of the opinion that the State has turned the corner. The economic retracement is over. Businesses and Individuals just need to know from Juneau what the financial rules are going forward. Real Estate will immediately respond in a positive way.

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