

May 31, 2024



Dave Windsor's 'Alaska Real Estate'

as published in the Anchorage Daily News

Housing Market Stabilizing

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Recent comments by Lawrence Yun, Chief Economist at the National Association of Realtors, provide an interesting backdrop, and contrast, to Alaska's real estate situation.

Nationally, home sales fell 1.9% last month to a seasonally adjusted annual rate of 4.14 million units, down from March's rate of 4.22 million, the National Association of Realtors said last week. Existing home sales were down 1.9% compared to April 2023.

Despite the drop in home sales, Lawrence Yun said that there were signs the market is stabilizing. "Home sales changed little overall, but the upper-end market is experiencing a sizable gain due to more supply coming onto the market," Yun said in the report.

Rising home prices are one factor keeping potential home buyers out of the marketplace, the report said, but not in Alaska. Demand continues to seriously exceed

supply and multiple offers are still commonplace. Further to Yun's comments, I would say that it is entry-level homes that are the most scarce. In Anchorage, that means homes under \$400,000.

The report said the median existing-home sales price grew nationally 5.7% from April 2023 to \$407,600, the tenth consecutive month of year-over-year price gains and the highest price ever for the month of April.

Yun said that prices could be close to peaking. "Home prices reaching a record high for the month of April is very good news for homeowners," Yun added. "However, the pace of price increases should taper off since more housing inventory is becoming available."

Looking at the supply of homes for sale, the report said that the total housing inventory registered at the end of April was 1.21 million units, up 9% from March and

16.3% from one year ago. Unsold inventory sits at a 3.5-month supply at the current sales pace, up from 3.2 months in March and 3.0 months in April 2023, the report added.

In Anchorage, the unsold inventory of single family homes sits at a 1.5 month supply (only 210 homes for sale as we write today) but I expect the market to stabilize in the second half of the year and prices to peak during the summer. Homebuyers should have more choices, but do not expect valuations to decrease into 2025. On the contrary, home values will stabilize, but at the higher levels achieved over the last 12 months. Interest rates should also fall slowly, which will provide some assistance with affordability of the high price of local housing.

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