



Alaska REAL ESTATE

BY DAVE WINDSOR

EliteAGENT
duPont REGISTRY



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

HOW IS REAL ESTATE TODAY?

“How are you today?” This common question, sometimes even asked sincerely, can have a number of answers depending on how it is calculated.

You may be “very well” even if just diagnosed for a serious illness. You may be “terrible” even right after your family inherited half a million dollars. You might even lie and say “Great thanks, how are you?”

How real estate “is” depends on your perspective. Are you thinking of selling or buying? What is good for one side is normally not so good for the other.

However, since this is the most common question I am asked in the locker room at the athletic club, or at a social event, or even when I meet one on one with a client, I will seek to draw a picture or, like Albert Einstein, see if I can create a formula like $E=mc^2$.

Covid 19: Sorry to start here but the worldwide virus story is the backdrop to everything happening in your neighborhood and the real estate scene.

The pandemic has affected the way we work in the business. Nine out of ten persons I interact with, including licensees themselves, have become “virtual”.

What they look like, or sound like, is often of no relevance and a complete mystery. We are dealing with the “Invisibles.”

In some ways this has made the job easier. All is possible so long as the Internet is online!

The pandemic has also affected homebuyer and homeseller styles and attitudes. I guess one could say that the clientele are a little unsteady due to the community collective unconscious.

On the other hand, buyers with

good jobs are advancing their home acquisitions relentlessly, with interest rates below 3% for a 30 year fixed rate.

The pandemic has slowed homesellers down due to uncertainty, so more folks are just staying put and waiting to come out into light from the Covid tunnel at this time.

This mini-equation $RE=SB_2$ means the market favors sellers.

Federal government impacts:

Fortunately, as a real estate scientist, I can refer to this with information that is devoid of political bias.

It doesn't matter for whom you voted at this moment. It is what it is and this government has decided, along with the Federal Reserve, to “print” extra money so that we all think we have more than enough to keep shopping (even if we are unemployed).

To explain the various components of this fact, be it Acts of Congress, Buy-back of Treasury Notes and Bonds, control of Interest Rates through inter-bank lending controls, is like trying to explain how a nuclear power plant sends electricity to your home - so we won't bother trying unless you ask me personally.

What we can say is that the U.S. economy is 70% consumer spending on things we eat, enjoy doing, or simply acquire to fill up our next garage sale. Printing money and giving it to you keeps this machine from rusting out.

The rear end of this runaway train carries a ticking time bomb which your children will have to deal with because it is funded using the National Credit Card which will have to be repaid to China and others.

More money in circulation does not mean more wealth. It means the dollars you have in your checking and savings, in your IRA or 401(k) or in other investments is worth less (notice how close "worth less" is to "worthless").

Irrespective of doomsday financial theories it does mean that real estate rocks on for now.

Furthermore, I say to you categorically that acquiring land and buildings that are Deeded to you at a closing is a must-do

affair. Pieces of earth are the most valuable assets to own. Several pieces are even better.

Even though, under the U.S. Patent, the Federal Government may one day assume your land for the National interest, it is highly unlikely in the next few years so buy real estate, buy real estate, buy real estate - it is currently a sacred right and the only thing that can't generally be taken away from you, provided you meet your monthly payments and property taxes.

National Trends: The 2021 home buying spree is cooling. Although June and July saw acceleration (14% sales increase in June, 12% in July - Median price of homes \$360,000), pending home sales which will close in September as "sales" were down 1.9% in June and down 1.8% in July.

The market, across the nation and in Alaska, is cooling and will continue to cool along with Jackie Purcell's predictions of temperatures through the Fall into Winter.

This will stabilize inventory levels and prices will moderate. Phew - that was a wild summer!

New construction is weak and getting weaker with the huge price increases of obtaining new materials that are hard to find.

Alaska Economy: AEDC says "Anchorage economy is healing, but jobs will be slow to return".

However, there is plenty of room for optimism. I will repeat that Anchorage has a bright future and real estate will reflect that future.

Developed and developable land in Anchorage is maxed out and any population surges will make Anchorage prices soar. The Kenai is already seeing strong migration from Texas, California and Washington. Soldotna and environs will boom (Take pity on the salmon!).

The State has significant mining opportunities (despite an imminent Oil recession). Military, Tourism and International Freight will continue to expand.

Above all, resilient and determined Alaskans will forge a future here of innovation (including food production) and, mark my words, the picture in 5 years time will show Anchorage, and Alaska, one of the most attractive places to live, breathe and drink.

Windsor Equation:-

$$R.E=C+Fg+Nt+AkE$$

which equals good news for buyers and sellers.

Dave

Windsor

