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# Alaska REAL ESTATE BY DAVE WINDSOR

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

## THE REAL ESTATE ECONOMY

A writer's view of history is always slightly biased depending on how the writer looks at the facts, and from what perspective.

When, many years ago, I studied the Spanish Inquisition, I found it remarkable what different impressions were presented by a Catholic historian versus a Protestant point of view. Both reported history but the story was quite different depending on the pre-disposition of the author.

One might say it is like comparing Fox News to MSNBC. Real Estate journalists, like myself, will tend to have a bias but, hopefully, the following real estate outlook is soundly based and will help you in making your plans.

In line with my January newsletter, the Anchorage Economic Development Council (AEDC) is now confirming that the economic retracement is at a key reversal point - i.e. the good times are about to return, albeit quietly.

### AEDC mid-year Update:-

AEDC states that "2018 is mark-

ing the point at which we see measurable signs of an economic turnaround".

There is not only progress towards fiscal sustainability at a State Government level, but Oil Industry confidence is returning with prices now re-established around \$70 barrel.

Whilst Anchorage population has dropped by 2000 over the last 2 years, it is stable at around 297,000 or, to put it another way, the last 6 years has seen very little change, and the next 2 years won't either, except I expect a steady acceleration in the next 5 to 10 years.

Tourism continues to boom with around 2 million tourists per year (quite impressive) and Anchorage Airport now boasts over 5.5 million passengers per year. On a cargo basis, Anchorage ranks 5th busiest airport on the planet!

In summary, there are many reasons for a positive outlook, starting with Oil (and possible Gas Line), plus Tourism and Air Freight. AEDC also reports several military construction projects bringing Federal funds to the State.

### The Real Estate Economy

So how does real estate fit into this equation?

"Resilience" is the word that comes to mind. The last 2 years were definitely a downturn in the economy but real estate held up fairly well, except in the upper price ranges above \$700,000 and in New Construction.

The average sales price of an Anchorage single family residence (SFR) in 2018 is \$373,000 (\$366,000 last year). Around 3000 homes sell per year and this has not changed in the last 5 years.

Builders are still struggling with new construction volume in 2016, 2017 and 2018 being about half the numbers of homes built in the years 2014 and 2015. In the Mat-Su, however, new construction has been on a 'tear' now for the last 4 years.

All this is really about affordability. If you have a home under

\$500,000 there is no reason not to expect it to sell in 90 days, in Anchorage, Eagle River or in the Valley.

Higher priced homes require aggressive and targeted marketing and a pre-planned price reduction strategy to stay one step ahead of the competition.

### Looking forward - - -

If you are not buying or selling, but just wondering about the

value of your Anchorage real estate asset going forward, I have two things to say:-

1) Vacant Land for expansion of housing in Anchorage is essentially exhausted. Anchorage will always be the population hub of Alaska and, therefore, your asset is guaranteed not to de-value looking forward.

2) With the economic retracement over, and Alaska having a bright future, your home must appreciate

in the next 5 years. How much? Between 3% and 5% per annum.

The writer's view of history - - - past, present and future - - - but written with sincere confidence.

Dave

Wilson



## THE JOY OF WORK

Several years ago, when I worked at Fortune Properties, I had an appointment at 11 AM with a couple who wanted to make an offer on a property. Unfortunately, this appointment coincided with a Fire Drill scheduled in the CIRI building on C Street, where the Fortune offices were located. Just as we sat down together to write up the offer, the alarms pierced the silence. We were all hustled into the parking lot. I grabbed the paperwork and found a vacant cement pillar supporting the light pole amongst the cars, and continued writing. My friends thought this was funny but that offer, prepared in a parking lot during a fire drill, was accepted and the family still live happily in that very home.

I am not sure whether I was born with a prescient reticence to be lazy or whether my father, who whistled cheerfully at his long hours of manual labor, instilled the joy of work in a young boy's heart. However, I confess I do enjoy working and enjoying the rewards of my labor. I am not sure that I understand the word 'Retirement'.

Some people think I am a workaholic and, in fairness, I used to be. Whilst work is a pleasurable experience, sometimes we overindulge in labor to hide imbalance in our personal lives. For example,

sometimes a man (or woman) will work late, simply because they don't want to go home where there may be disharmony. Other people work long because they are trying to prove their worth, or pay off ill-incurred debts. However, over the years, one can achieve a happy balance between work, relaxation and a social life.

In the Real Estate business the hours are not 9 AM to 5 PM. In my view, it is a more suitable profession for those not trying to raise children at the same time. The hours can be long, or short, but always interesting, as it is a people business. For myself, I enjoy being a part of peoples' lives and sharing their excitement at the closing table over a new home.

I say celebrate work. Find your place, and enjoy it. I have always respected a friend of mine who is a guitarist. He doesn't make "big bucks" playing and teaching guitar, but he has fine children, his own home, and absolutely loves what he does.

Work fulfills a fundamental human need to accomplish and feel satisfied with one's endeavor, whether it is cleaning house or presiding over the nation. Let's look forward to work, its rewards, its satisfaction, and a good night's sleep.