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Alaska

REAL ESTATE

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ECONOMIC RETRACEMENT ALMOST OVER

I recently had a conversation with Neal Fried, respected State of Alaska economist (Dept. of Labor), and asked him about the definition of a 'Recession'. Neal said that, whenever there are 3 consecutive quarters of net job losses in a community, economists call that a recession.

I personally prefer the term 'Retracement', based on the famed mathematician, Fibonacci, who demonstrated that there were fluctuations in both nature and markets that sequenced themselves, up and down, to resistance levels where a bounce in the opposite direction took place.

Yes, Anchorage has now had 6 consecutive quarters of net job losses - - - but let's not forget that, prior to that, our City had around 80 consecutive quarters of increased employment.

Even AEDC (Anchorage Economic Development Council) is now stating in its 3 Year Outlook Report that "there is evidence that the worst may be over". The report goes on to say "Now the economy is moving toward a new normal where oil money doesn't flow as freely and economic growth is driven by a more balanced set of engines."

Whilst the idea of a "Recession" frightens people, a "Retracement", or natural pause in growth as the economic planet re-aligns, is a much more acceptable paradigm.

The Anchorage economic retracement is almost over and AEDC projects that employment in Anchorage will basically stabilize at around 150,000 jobs for the next 4 years. In fact, this was the level of jobs back in 2008. The only difference back then - a population of 283,000 compared to 296,000 today. Thus the unemployment as a percentage is slightly higher in 2017.

One of the substantiating statistics to the 'not so bad after all' retracement (versus the 'scary' recession) is Real Estate activity.

Building Permits, for example, are steady around \$500 million dollars worth per annum - as respectable as years 2008 through 2012, though off from the \$600 million plus peaks of years 2013 and 2014.

The average price of Anchorage home sales remains at \$366,000 for the third year in a row and, I might add, there are not enough of these homes on the market to satisfy demand.

The fact is that, provided our State Legislators calm down and compromise on budget adjustments for the post oil era, the future for Alaska, and Anchorage in particular, remains bright.

Fibonacci would not be phased by the slight inconveniences of our economic retracement, and neither should you!

