



Alaska REAL ESTATE BY DAVE WINDSOR

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Good Things To Know About 2016

I am going to stick my neck out this year independently and ahead of Neal Fried, Bill Popp, Connie Yoshimura and other recognized Economic or Real Estate Prophets.

In summary, not such a bad year ahead, with Real Estate reasonably stable and active.

1. Anchorage Economy: While there will be layoffs in the Oil Industry, other sectors of the economy will grow and partially offset job losses.

Health Care, Tourism and Retail sectors will add jobs. However, the net job movement will be around 1000 jobs lost, or 0.5%.

Such a shrinkage, even though the first in over 20 years, is certainly not Armageddon.

2. State Finances: Governor Walker has correctly indicated that a new model for the State, where the Permanent Fund ceases to be the cookie jar for residents, is necessary.

I have been arguing with Neal Fried (Economist) and Bill Popp (AEDC) that the State simply needs to accept that Oil will NEVER exceed \$70 Barrel again in the life of Planet Earth.

The age of Fossil fuels is over. Period. End of story. The only exception to this would be if international conflict escalates dramatically, shutting down Oil sources in various parts of the world.

Oil at \$30 to \$50 Barrel is not a serious problem for Alaska. It was less than \$25 Barrel in some parts of

the 1980's and in the early 1990's. Alaskans simply cannot luxuriate in Oil Spas anymore. It's time to get realistic, even as we remain the State with the 2nd highest median income per capita in the entire Nation, and with some of the lowest taxes!

3. Gas Prices: Lower Gas prices actually stimulate the economy. 70% of the U.S. economy is Consumer Spending. Lower fuel cost not only makes it cheaper for you to drive, or fly, but decreases transportation costs for goods.

In other words, lower gas prices mean higher disposable income to spend.

4. Interest Rates: Inflation will remain very low for the next few years - and so will Interest Rates.

Real Estate borrowing costs at 4% or less will fuel the continued investment in housing.

5. New Construction: This will continue to struggle in 2016 due to shortage of land, more rigorous codes including the new Title 21, and lack of demand.

6. Existing Home Sales: These will prosper, particularly homes under \$600,000. If you need to sell a home above \$600,000, you need the magic touch of experience and quality marketing which only a handful of local Realtors possess. Please do let me explain that in person if this means you.

Upper priced homes may or may not sell in 2016 depending on your competitive edge. Alternatively, Sellers above \$600,000 will need to take up to a 10% hit on their price.

7. Commercial Construction and Infrastructure:

This sector is still building - literally! Investors see the value in Anchorage and are constructing office space, retail and more hotel accommodation. Professional investors are seeing long-term, and Anchorage is still in its infancy as a City in which people will want to live in the next decade. Several infrastructure projects, already funded, are also scheduled.

8. Destination Alaska: At the risk of being repetitive, Alaska remains a very attractive place to live. More seniors will stay, more tourists will visit, and Anchorage will continue to thrive as a strategic Military and International Freight Hub.

9. Stock Market: For those interested, 2016 will be sluggish for Stocks, exacerbated by this being a Presidential Election Year and the uncertainty attached to that.

China is weighing on world economic confidence at the present but will settle down. GDP growth in china of 7% is still growth.

Gold, metals and commodities (except oil) will all do well relative to where they are now after the dramatic correction in the first half of January (which I was advising my friends before Christmas).

The best equity investments for 2016 are Gold and Gold Miners, Silver, Platinum and Paladium, Copper Producers, Petroleum Refiners, some Tech Companies, Health Care (XLV if you are not experienced) - PLUS all the consumer items people buy even in bad times (Budweiser, Phillip Morris, McDonalds, Coke, Walmart and Costco).

Alaska Airlines is still one of my favorites too, with jet fuel cheap and their superior airline rating in general.

Conclusion: Fear is a self-fulfilling prophecy. There is no place for it in my mind.

Please filter your media input (Delete sad stories from your head) and join the positive pole. Together we can create a future full of prosperity and joy.

TOP 15 LOW-TAX CITIES

RANK	CITY	TOTAL STATE & LOCAL TAXES	PERCENT OF PRE-TAX INCOME
1	Anchorage, AK	\$3,675	8.2%
2	Tampa, FL	\$4,470	9.9%
3	Jacksonville, FL	\$4,534	10.1%
4	Henderson, NV	\$4,589	10.2%
5	Honolulu, HI	\$4,642	10.3%
6	Seattle, WA	\$4,824	10.7%
7	Colorado Springs, CO	\$4,900	10.9%
8	Las Vegas, NV	\$4,924	10.9%
9	Mesa, AZ	\$5,066	11.3%
10	Miami, FL	\$5,098	11.3%
11	Washington, DC	\$5,121	11.4%
12	Denver, CO	\$5,248	11.7%
13	San Diego, CA	\$5,326	11.8%
14	Santa Ana, CA	\$5,432	12.1%
15	New Orleans, LA	\$5,551	12.3%

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