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Alaska REAL ESTATE

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REAL ESTATE ONLY ONE PART OF YOUR PORTFOLIO

Acquiring your own home, and maybe an income property or vacant land, are excellent goals for all people. Even if you have been just getting by, renting a place to live, you should strive to acquire a piece of the planet to call your own.

With interest rates hovering around an incredible 3%, and many programs to help the disadvantaged, there has never been a better opportunity, in your lifetime or mine, to borrow money for your own home.

In fact, in the current global financial environment, even homeowners should consider leveraging with a second real estate loan to acquire a second (or third) real estate asset in this 'window of opportunity' that will start closing in a year or two.

Interest rates this low will start to increase in 2017, not by much at first, but accelerating as the U.S. economy continues to improve. Call any of the many fine Realtors in Anchorage, or myself, to obtain guidance on your own personal situation.

Uncertain Times: We live in a rather fragile environment these days. Media stories can be a bit disturbing. Climate change and Behavioral change on the planet mean that you must consider carefully the allocation and preservation of your financial resources.

Central Banks all over the world have been printing money in an absolutely unprecedented manner in order to boost economic activity in their own particular country. While you may be concerned about wars, and rumors of wars, around the globe, economic and currency wars are not as dazzling for CNN, so they go largely unnoticed until events like the 2008 financial crash happen.

Be an optimist! I am, but also take care that Real Estate is only one part of your asset portfolio.

You should have Cash, or cash equivalents, for possible emergencies such as a cyber - attack on the banking system or some other disaster.

You should also store something in precious metals - gold, silver or jewellery - even if you start with

one gold coin, readily available online for less than \$150.

Finally, you should have some investing going on, whether it be through your 401K or SEP IRA, or just a start-up trading account with a few hundred dollars, added to regularly. There are several financial advisors in Anchorage who can help you with this, but having no stocks or bonds at all is depriving you of an important cornerstone to your future wealth.

Uncertain times, like these, with a mild State economic downturn, a U.S. economy that may be likened to a healthy tortoise rather than a sickly hare, and world events that can produce a 7.0 on the Richter Scale as good as any Alaskan shaker make it imperative for you to plan wisely for your families.

Purchase your own home. Pay it off in a timely manner, but real estate should be just one pillar in your portfolio.

Alaska Real Estate Outlook:-

While the National Economy

may be described as a healthy tortoise (not a sickly hare) - that is, slow moving but at least moving in the right direction, Alaska's economy is a little more complicated.

Simplified, expect 2016 and 2017 to be a tired hare after 20 years of running at a considerable pace. AEDC forecasts a 1% loss of jobs in 2016 (1600 jobs) followed by a similar loss in 2017. By 2018, the economy should stabilize as a healthy tortoise overtakes the hare, with jobs increasing again by 2019.

This is **NOT AN ECONOMIC CRASH**. It is a "Correction" and "Reality Check" for Alaskans who have enjoyed one of the highest standards of living in the U.S. for the last 10 years.

Alaskans **MUST** adjust, and State Legislators **MUST** take action to pay for deficits by pulling the "Kool-Aid" from each one of us. The Champagne lifestyle we enjoy needs a modest belt-tightening. 'Dom Perignon' will need to be replaced with 'Moet' or 'Chandon' in our personal menus, but 'Freixenet' can stay on the shelves.

High end real estate will suffer losses of \$100,000 or so, but affordable, mid-range product will continue to move in a healthy market of buyers and sellers. Rates will remain below 5% for housing loans for at least 2 more years. Chin up! We all get hiccups now and again.

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