

The COVID-19 outbreak, lower oil prices and a shutdown of this summer's tourism have created lots of uncertainty for the Anchorage / Alaska economy. That being said, this is not a "poor me" memo, moaning about all the bad things happening. But rather, this is a note that centers in on the positive news that we can gather from the events we are currently experiencing. Barron's recently posted an article that highlights two important facts that are extremely positive for Alaska and Anchorage. Both are big deals and will greatly assist in our recovery. First, Barron's article points out the significance of cheaper gas as if we couldn't see that benefit for ourselves. Secondly, Barron's article points out the significance of lower mortgage interest rates and in general, the lower cost of money. The concept of cheaper gas being noted as a positive is not hard to understand. But lower mortgage rates and the over-all lower cost of money needs a little more of our attention in order to understand why this is a big deal.

Barron's article points out that real estate is a major beneficiary of lower interest rates. Homeowners spend five times more annually on housing than on gasoline and related car expenses. It notes the windfall for real estate in the United States could be worth \$600 billion to American consumers. Closer to home, how will our real estate market in the Greater Anchorage area weather this world wide crisis? Two consistent, verifiable facts stand out! First, the supply of homes being offered for sale in our local market, in all price ranges with the exception of home costing over \$1,000,000, is at an historic low. Secondly, interest rates are at historic lows. In identifying the status of our current local real estate market, we need to answer the question - how many days / months would it take to sell off our existing inventory? In a balanced market, we would see a four to six months housing inventory. In a sellers' market, we would see an inventory of less than 4 four months. In a buyers' market, we would see an inventory of more than 6 months.

Here are the facts concerning our local real estate market. According to our MLS system, here is a break-down of information, by price ranges, giving us an idea of what's going on in our market place.

How many days / months would it take to sell off our current housing inventory?

- \$100,000 to \$350,000 has about 1.56 months' supply;
- \$\$350,000 to \$546,999 has about 2.34 months' supply;
- \$550,000 to \$700,000 has about 3.36 months' supply;
- \$700,000 to \$800,000 has about 4.90 months' supply;
- \$800,000 to \$900, 000 has about 2.49 months' supply;
- \$900,000 to \$1,000,000 has about 5.88 months' supply;

With only about 20 homes available priced above \$1,000,000, we have about 2 years inventory.

Currently, fixed 30-year conventional rates come in around 2.875% and VA & FHA rates come in at 3.00%. To gain an idea of the significance of these rates, consider the following. A movement (up or down) of 1% translates to a gain or loss of 10% buying power for the buyer. In the last several months, we have seen about a 1.75% decrease in mortgage interest rates. This downward movement in interest rates, greatly affects the buying power of a home buyer by almost +20%. What exactly does this means for

the buyer - more home can be obtained for a less monthly mortgage. But keep in mind – what the banker giveth, he can easily taketh. Anyone hiding behind the statement – “I’m not in any big hurry” is for the most part, only exhibiting the fact they are not serious about investing in a home. If several hundred dollars per month less in a mortgage payment is not reason enough, I don’t know what is! A lot is at stake. Taking advantage of the current rates will assist greatly in meeting your needs, your goals and your dreams! As a potential buyer, it’s time to take advantage of this once in a life time opportunity, and jump into a market that is shouting for your attention.

If you need additional information or would like to begin a general conversation about the possibility of investing in a home, I’m available to help you consider all your options. You might consider clicking on the following link <[Your South-Central Real Estate](#)> and explore some of the vast information I have posted for your consideration.

Note: If this article generates additional questions or a need for additional information, the following button will allow you to ask your question(s), request additional information or make comments. It is not my intent to bug you with unwanted phone calls, emails, or text messages! It is my intent to allow you to benefit from my 35+ years real estate activity and to give you a buying experience beyond your expectations!

[Questions / Comments](#)