



Alaska REAL ESTATE BY DAVE WINDSOR

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TEN REAL ESTATE TRENDS IN 2025

- 1. Political Uncertainty:** According to renowned professor Allison Dellapelle “This coming year, elections in more than 70 countries could shake up an already volatile geopolitical landscape and the U.S. elections, in particular, will have a significant impact on regulation, trade, corporate taxes, immigration policy and sustainability.
- 2. Chaotic Governance** in the Executive Branch of the U.S. Government will create volatility in financial markets and that includes interest rates. In my best assessment and projection, rates will not fall below 6% and, while currently around 7%, could actually increase later this year for the FED to control re-igniting inflation.
- 3. Climate Migration** will become a more common phrase. When you can’t get Fire Insurance in California and Flood Insurance in Florida, and when the snowbirds in Arizona become disillusioned with too many days above 100° Fahrenheit, the Northwestern States and Alaska will see population acceleration, and real estate values will climb.
- 4. Seniors** in the real estate market, buyers and sellers, are already touching 25 percent of the market. Seniors often have savings not available to younger families and the real estate industry is shifting to accommodate their needs for single level homes.
- 5. Higher Density:** The Anchorage Assembly made radical changes to Zoning rules in 2024 to enable more people to live (and park their vehicles) in less space. Housing availability to the population is at a chronic stage. Anchorage will become more crowded and cities nationwide, especially in desirable states, will have higher population density.
- 6. Insurance Costs** are surging due to extreme weather, inflation and increased property values. Homeowners may consider alternative risk management mechanisms and, if they own their home outright with no lender obligations, will, in some cases, not buy insurance at all.
- 7. Office Conversions:** With the evolutionary shift to remote, home-based employment, office vacancy rates are increasing. The obvious result will be to convert office space to residential accommodation. Inlet Towers is an example of this. Expect more.
- 8. Housing Affordability:** The ongoing shortage of inventory drives prices higher. Absorption rate of single family homes in Anchorage is currently 0.88! 6 months inventory is considered healthy. A rate below 6.0 is a “Seller’s market.” Below 2.0 is an extreme seller’s market. The biggest inventory gap is in the price range \$300,000 to \$700,000. Buyers face the ‘multiple offer’ competition for these homes.

Rent acceleration has slowed, but rents have still climbed 45% nationally over the past 15 years. Anchorage rents have climbed even faster and renters may well be described as “cost-burdened.” Affordability of homeownership and rentals will intensify in 2025 and 2026.

9. **Artificial Intelligence:** Electronic real estate is the new game in town and, for longtime operators like myself, the adjustment is painful. Not only are personnel in the industry operating remotely, even overseas, the actual people are becoming remote in personality, some downright cold and impersonal. In my own practice, “personal” is what it’s all about.

However, the A.I. revolution has arrived and even Siri is becoming outdated. We all need to adjust.

10. **Price Gap Expectations:** While buyers and sellers have not been seeing eye-to-eye the last few years, indications are that the difference is moderating. Buyers have become used to higher interest rates and sellers are not going for the whopping sales prices generated in the last 4 years.

Conclusion: Everything changes and nothing changes. Hard work still pays, a little struggle creates stronger character, and personal relationships are still the most valuable part of life. In my practice I will try to offer wise, informed and personal counsel to clients in their acquisition and disposition of those precious small pieces of the planet we call real estate.

Dave
Windsor



Risk and Rationality

I agree with Ayn Rand that “Reason is the Highest Virtue”. Whether it be science, philosophy, religion or politics, rational and critical thinking should be engaged. Many people take risks, and risks are a reasonable course in achieving our goals, but where should risk meet rationality?

Living in Alaska, as a choice, certainly has its risks, be it earthquake or hypothermia. If your home is on Hillside, some of you saw substantial glaciation this winter and, even in a normal season, just navigating down to the freeway can be nail-biting. Skiing has risk, but extreme skiing crosses the rationality line in my opinion, as does flying without filing a flight plan. I have been watching a couple of episodes of “I shouldn’t be alive” on Prime Video but, in some circumstances, such as the two guys loading up a 12 foot catamaran for a fun trip around the Sea of Cortez in Mexico, the show should be re-named “ I don’t deserve to be alive”. Some risks taken are pure stupidity.

In dealing with real estate clients I am acutely aware that their decisions, also, are ‘risk’ decisions. It is so much easier to stay where you are, in your comfort zone, than uproot your family to re-locate. This is especially so for seniors when their current home is familiar but becoming hard to handle. Nobody can tell you where the line between risk and rationality is, but this message is designed to provoke you in how you make any decisions, and that includes real estate decisions. If you are wondering what to do, I am more than happy to talk ‘options’ and the costs involved.

You must decide, with your partner if you are a couple, the cost / benefit ratio but I will add one more thought. Once you have decided, do not look back. Hesitancy or doubt is your enemy when risk must be taken.