

# **FEBRUARY REAL ESTATE & CONSTRUCTION UPDATE**



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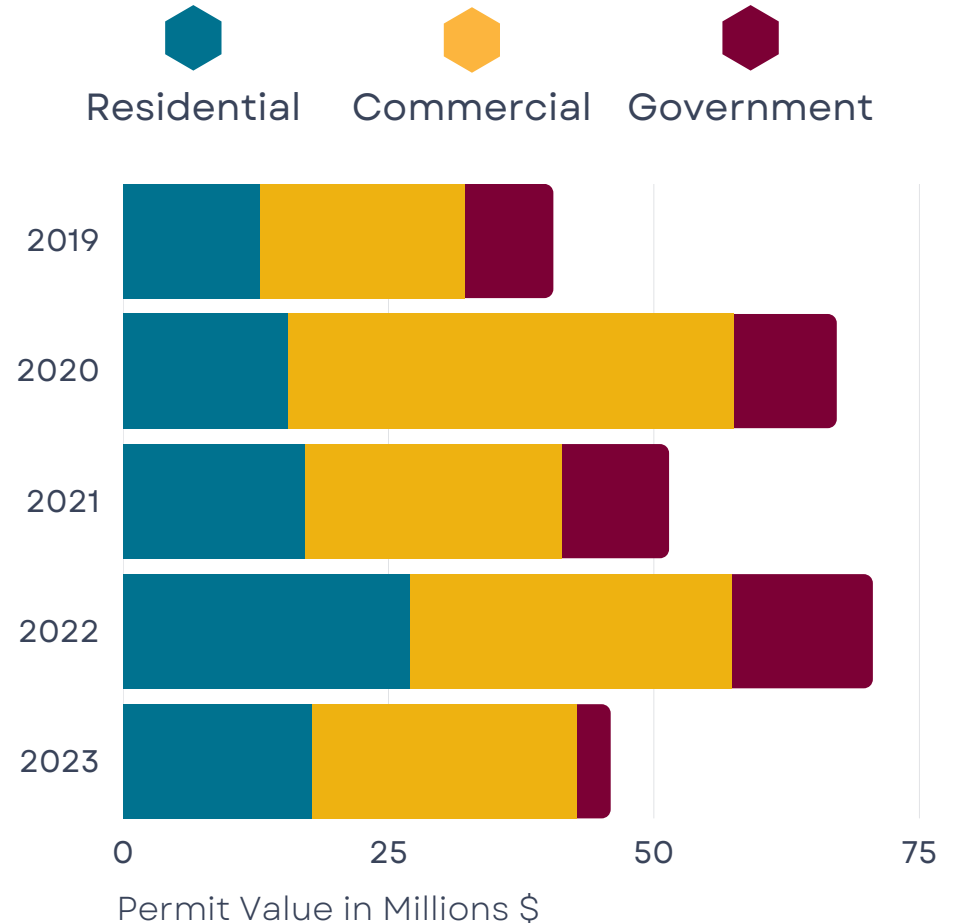
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# CONSTRUCTION PERMIT VALUE JANUARY - FEBRUARY 2023

In January and February of this year, Anchorage approved projects worth roughly \$46 million.

Residential permits thru February trail only 2022 among recent years in estimated **permit value**. Even still, the number of new residential **units** currently approved is the lowest in at least five years, with only **two** duplexes and **no** multifamily permits.

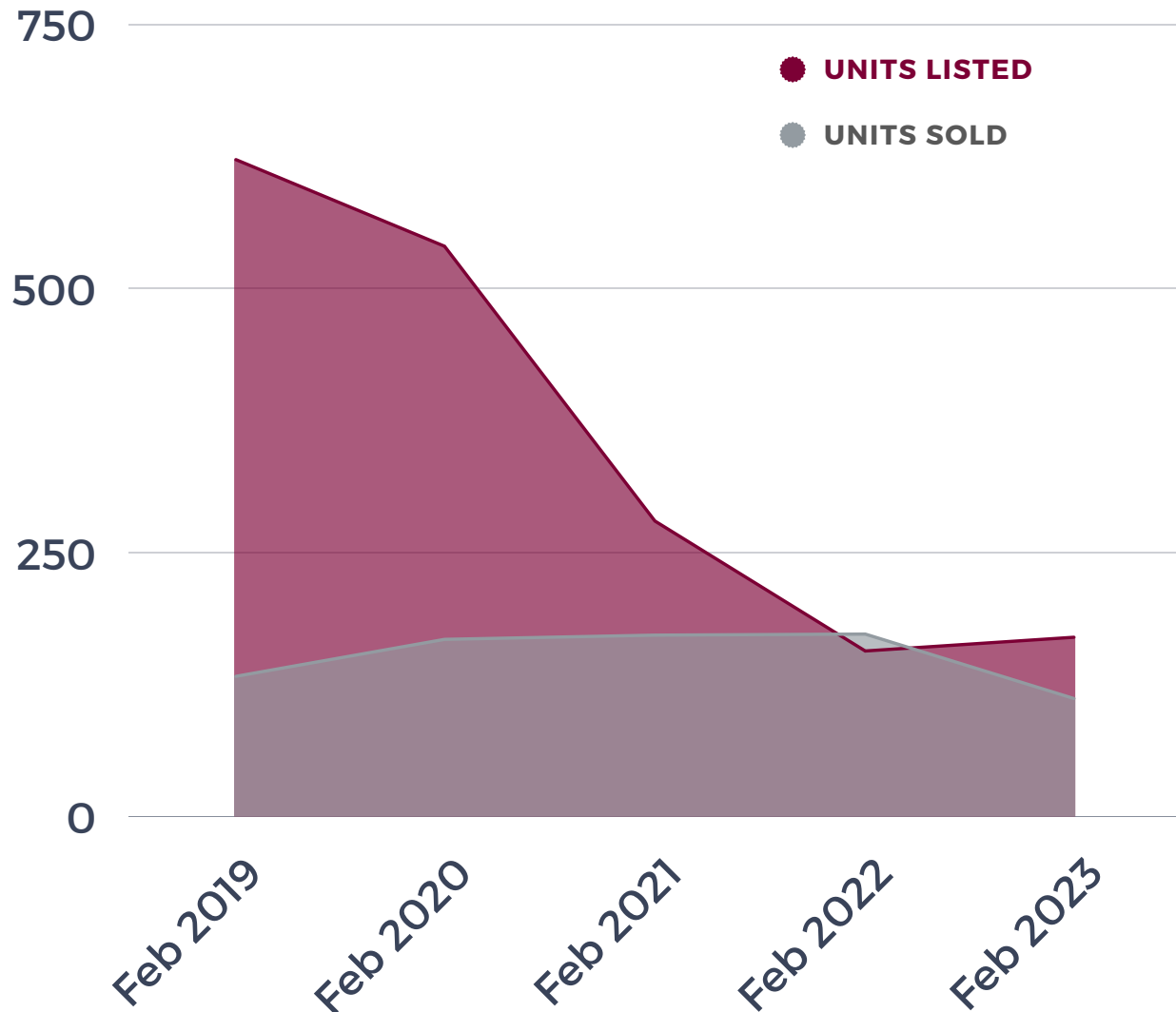
Government permit values are off to their slowest start in years, while commercial permit value is slightly below its 2019-2022 average for this point in the year.



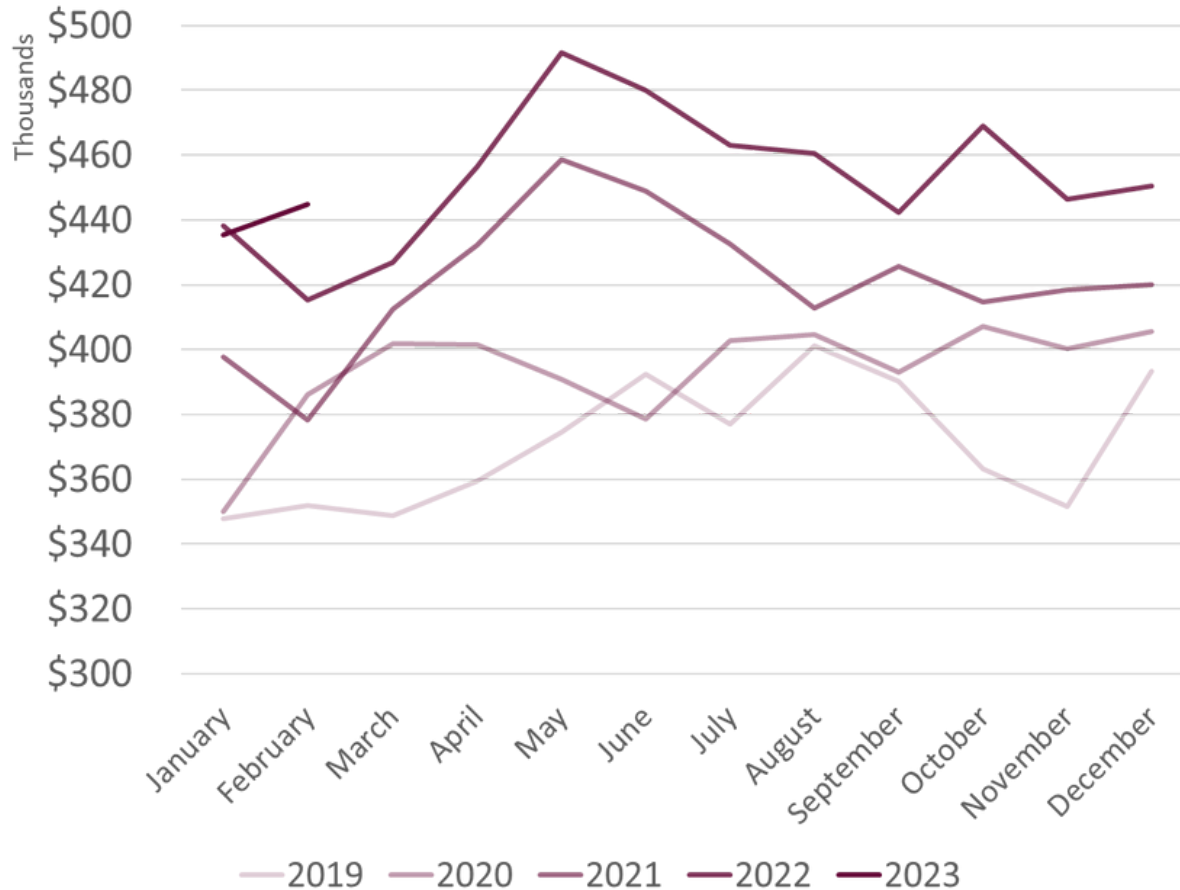
# FEBRUARY HOME SALES

The housing market in Anchorage tightened in 2021 and was severely squeezed in 2022, when more homes sold than were posted for sale.

Although February 2023 was not as hot as February 2022, the market in Anchorage remains tighter than it had been for decades before the pandemic.



# ANCHORAGE AVERAGE HOME PRICE BY MONTH 2019-2023



February 2023 saw the **lowest sales volume** and the **highest average sales price** in the past 4 years.

Keep in mind also that borrowing today costs consumers more than it did two years ago because mortgage interest rates have more than doubled from under 2.7% (30 yr fixed) in January 2021 (6.65% as of March 2, 2023).

*Data sources: Alaska MLS Inc (sales price & volume) Federal Reserve Bank of St. Louis (mortgage rates)*

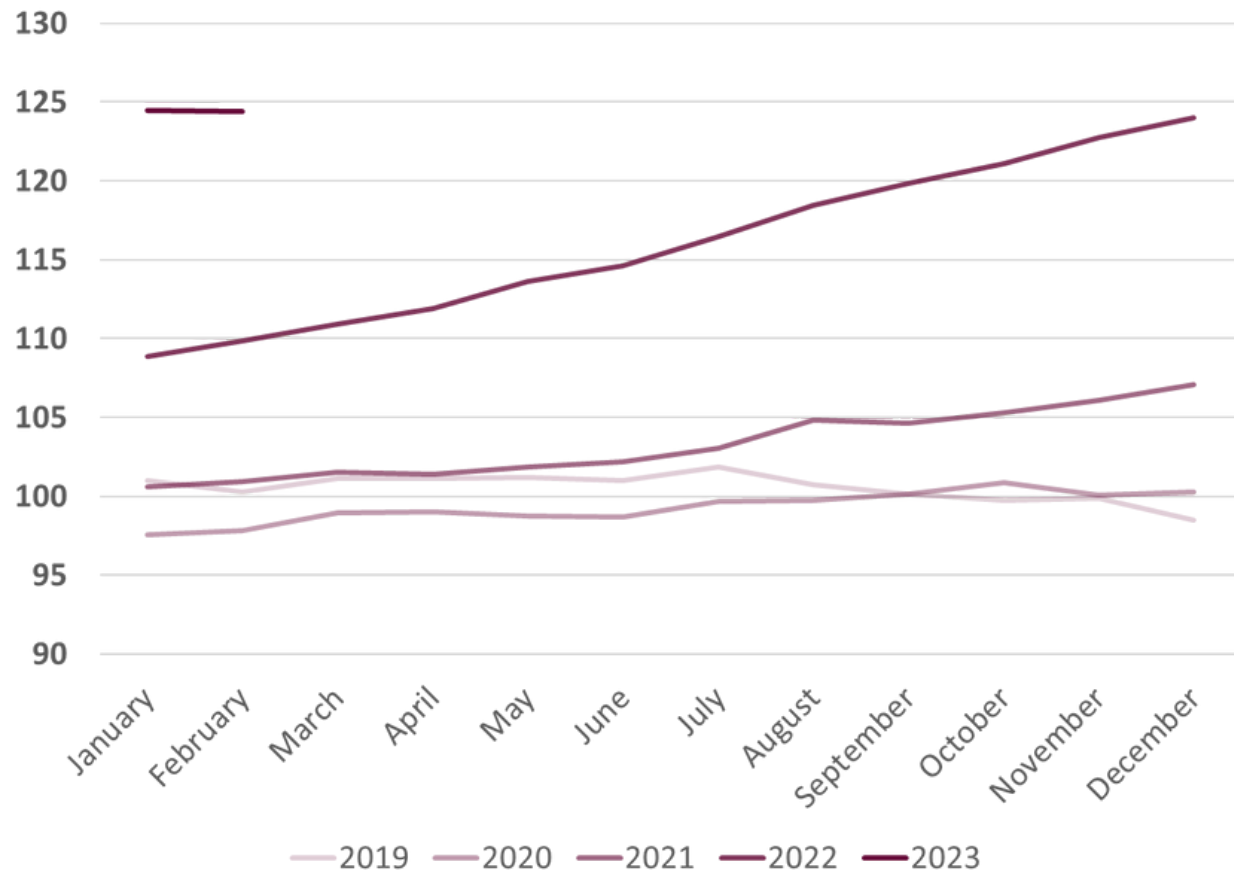
# ANCHORAGE AND MAT-SU AVERAGE RENTS: 2019-2023

Anchorage/Mat-Su rents stayed essentially flat from 2015 through the first year of the pandemic in 2020.

2021 saw a slow but steady increase that accelerated substantially in 2022.

January 2023 picked up where 2022 left off, but February 2023 saw the first decrease (though small) in average rents since mid-2021.

Even if sales prices flatten, rents may continue to rise as natural churn reduces the relative portion of tenants whose monthly rent was last adjusted before the market increases of 2021-2022.



Data source & notes: *Urban Alaska CPI, St. Louis Fed "Urban Alaska" refers to Anchorage and the Mat-Su Borough*

*The Y-axis represents the percent increase over the average rents in the same area from 1982-1984*



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