

APRIL 2023

**REAL ESTATE &
CONSTRUCTION
UPDATE**



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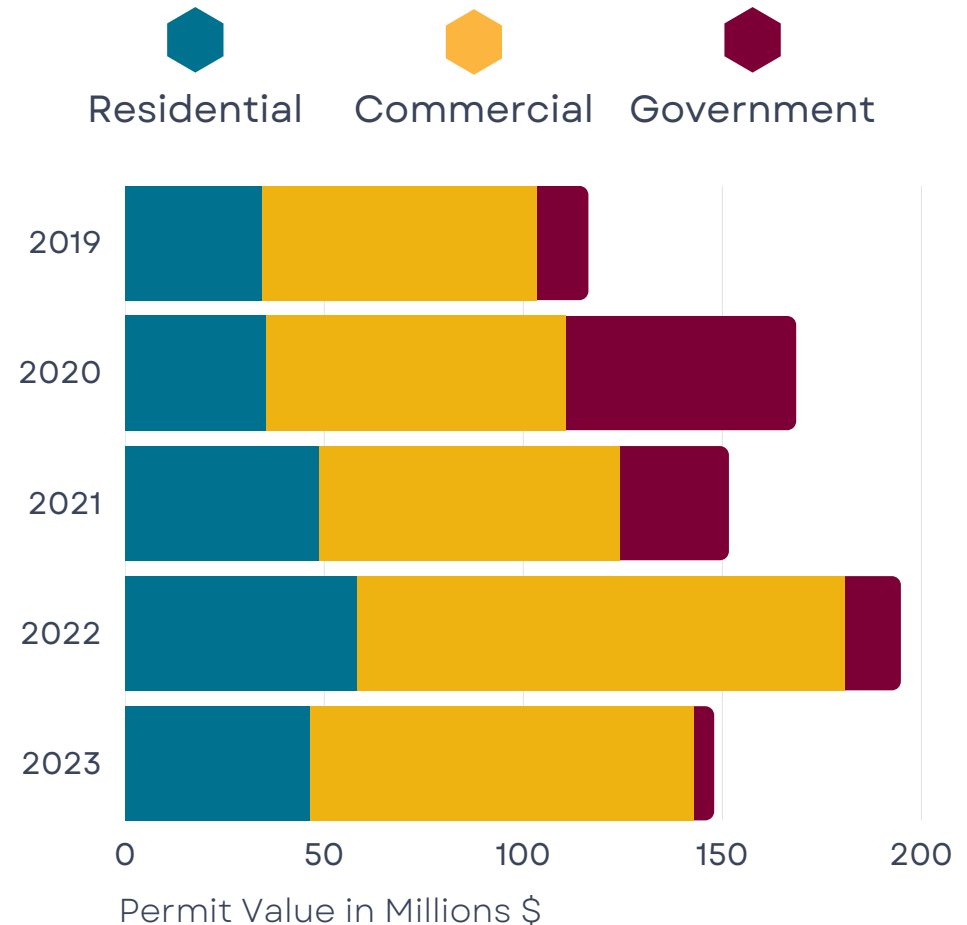
CONSTRUCTION PERMIT VALUE JANUARY - APRIL

In the first four months of 2023, Anchorage approved projects worth roughly **\$148 million**.

Despite permitting relatively few new units, **Residential permit value** still exceeds the permitted value from 2019 and 2020.

Commercial permit value was off to a slow start in January and February this year. Thanks to \$54 million in March alone, however, Commercial permit value so far in 2023 (\$96 million) is now about halfway between the \$122 million permitted January-April 2022 and the \$70-75 million permitted over the same period in 2019-2021.

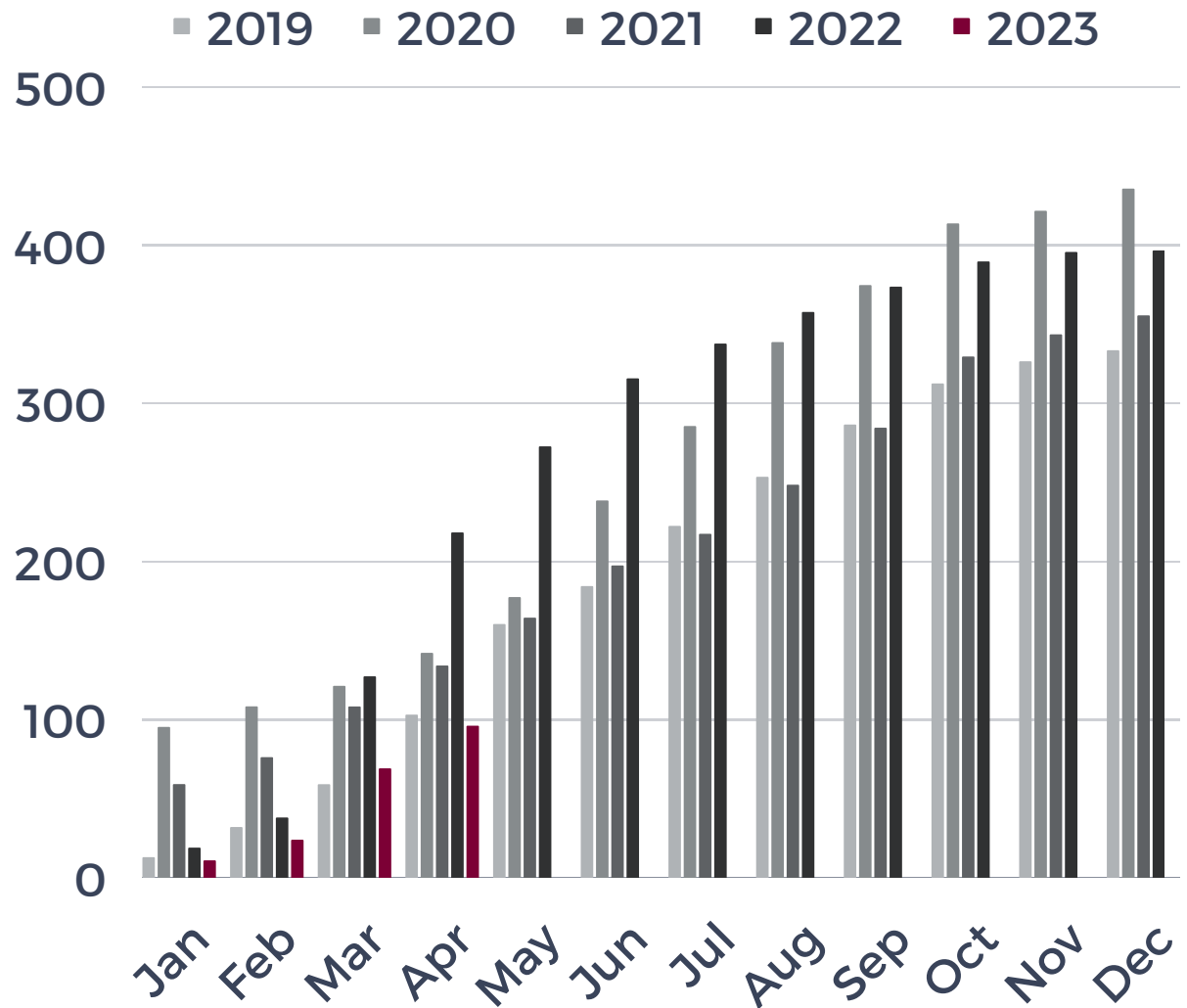
Finally, **Government permit value** in 2023 continues to have a brutal year, with total permitted value of just \$5.2 million. Looking at other recent years, 2019 is the next lowest at \$13.1 million, and 2020 is the highest at \$58 million (more than 10x the value) thru April.



CUMULATIVE ANNUAL RESIDENTIAL UNITS PERMITTED

Anchorage Housing Market Studies and Land Use Plans have (for a decade) suggested Anchorage needs to be adding at least 800-900 *net* additional units per year to accommodate desired growth as well as our shifting demographic patterns (e.g. fewer children reducing the average number of persons per household)

Anchorage has consistently missed all housing development targets by 40-50%, and unfortunately, 2023 is so far our weakest of the past 5 years in terms of permitted new residential units through April.

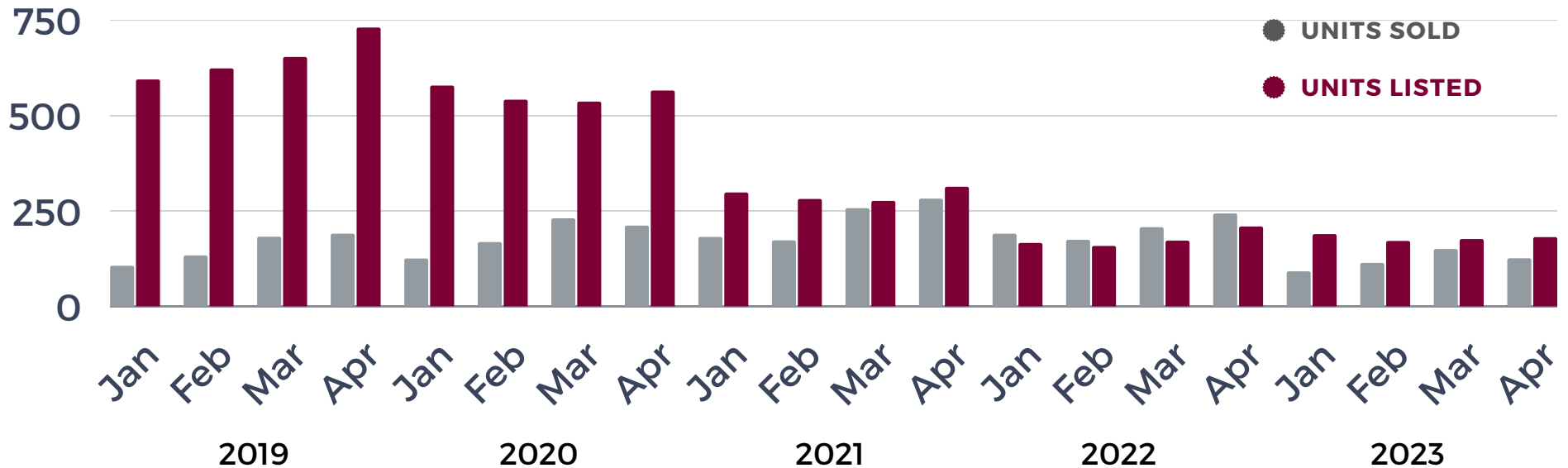


LISTINGS VS HOME SALES

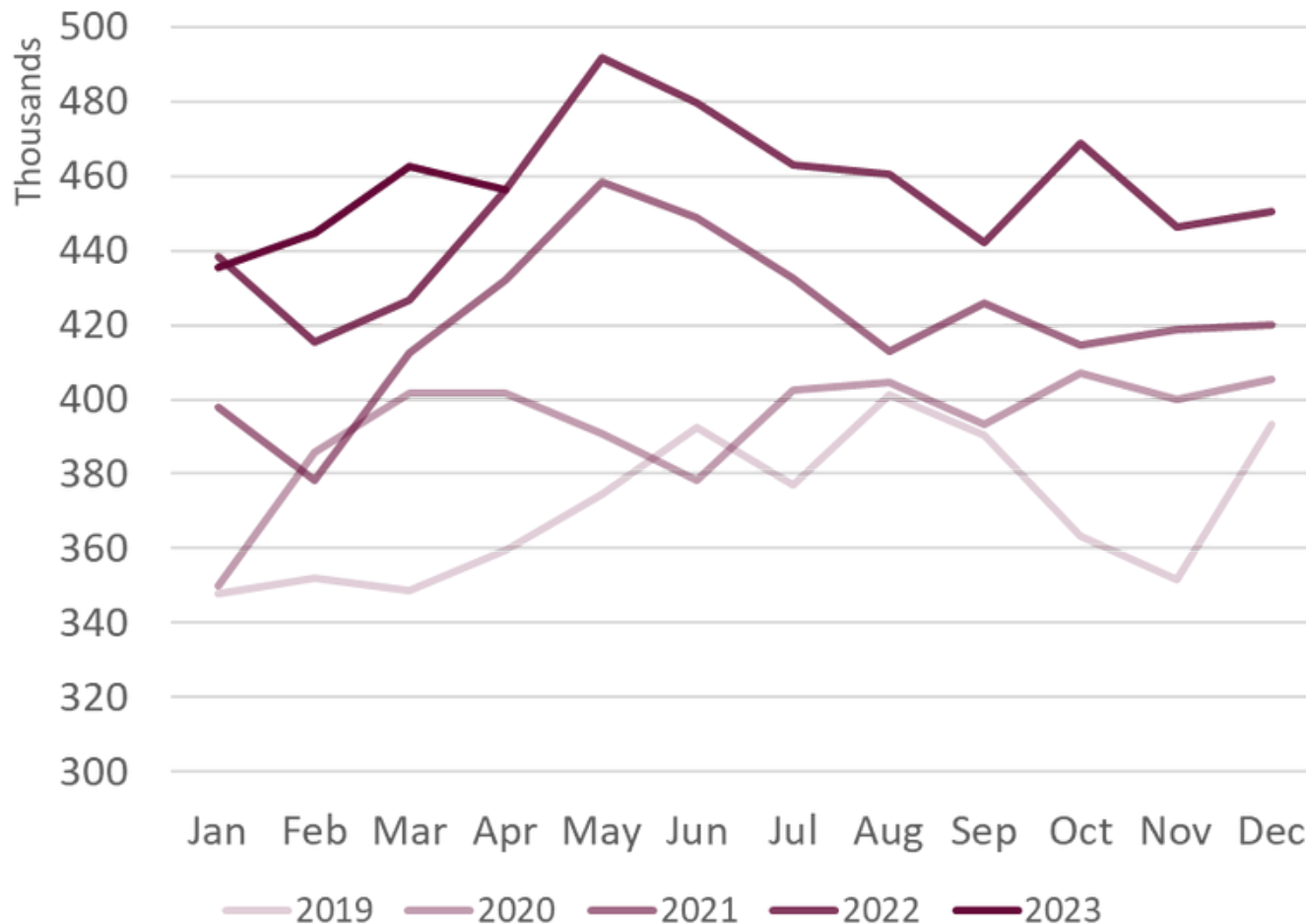
The housing market in Anchorage tightened in 2021 and was severely squeezed in 2022, when more homes sold each month January-April than were posted for sale.

Although 2023 has not been as tight as 2022, the supply of homes for sale remains only about 1/3 the volume available prior to the pandemic.

April also continued the pattern of very high sales relative to the number of listings (69%) after falling below 50% for the first time since June 2020 in January 2023. For comparison, in 2019 average monthly sales were just 29% of average monthly listings.



ANCHORAGE AVERAGE HOME PRICE BY MONTH 2019-2023



Average home sales prices dipped slightly in April, matching the April 2022 average price of \$456 thousand. This is a major swing since March, as March 2023 saw average sales prices more than 8% (or \$35,000) above March 2022.

The market remains far from historic norms, however, with no indication that supply will catch up with demand in the near future.

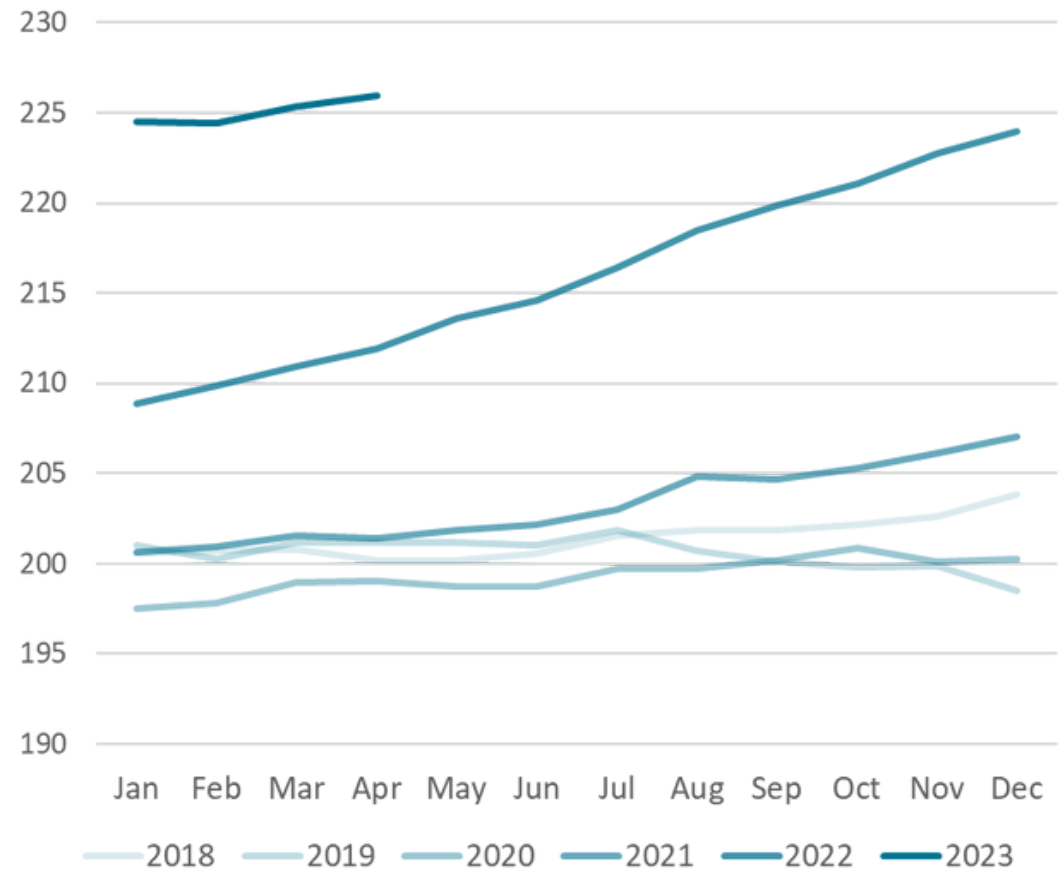
ANCHORAGE AND MAT-SU AVERAGE RENTS: 2019-2023

In 2015, the average rent of a primary residence in the Anchorage area was double (201%) of the average rent from 1982-1984.

Over the first six months of 2021, that figure was exactly the same, 201%.

After five and a half years of stable rent prices, since July 2021, average rents have climbed 13% (to 226% of the 1982-1984 average).

Even once sales prices stop climbing, average rents may continue to rise as natural churn reduces the relative portion of tenants whose monthly rent was last adjusted before the price of homes went up in 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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