



FALL/WINTER 2017

KETCHIKAN CELEBRATES ITS ONE MILLIONTH CRUISE SHIP PASSENGER. This week, municipal officials in Ketchikan will greet their one millionth cruise ship passenger who will be given several recognition gifts as the tour industry celebrates the official “recovery” of the industry following several years of steady growth from the downturn prior to 2010. This signals a more upbeat attitude among retailers who see continued improvement in the SE market which includes Juneau and Skagway

JUNEAU SALES OF RETAIL BUILDINGS CONTINUE STRONG. In the final summer months of 2017 at least two retail buildings on South Franklin Street in Juneau will change hands, which is an indication that retailers remain bullish about Juneau’s tourism sector. The largest sale was the sale of the Triangle building which had been on the market for at least three years. It is rumored that the new owner, a jewelry firm will re-open in the old Jewel Box location. This sales activity is also characterized by cash sales. This includes continued interest on the part of operators who own property in several locations.

2014 CBJ HOUSING SURVEY PROJECTED NEED FOR NEW UNITS IN VIEW OF LOW VACANCY. A 2014 CBJ Survey projected the need for at least 400 new housing units to be built. At that time, Borough officials reported that the low vacancy at 1-2% was “stuck,” and the Assembly called the situation a “housing crisis” from 2010 to 2014.

Since that year, over 800 units have been built. But not all of the construction was single family units. It includes single family units, condominiums, multi-family rental units and tax credit projects like the 78 unit project above the Crest in Douglas which was built by Volunteers of America. Other examples of new multi-family units are the Trillium project in Vintage Park, and the “market rate” apartment buildings above Cedar Park in west Juneau that were developed by Coogan Construction. Juneau housing Vacancies now have climbed into the 5% range. This fact, coupled with the serious budget issues facing the state of Alaska suggest that the increased rental inventory in Juneau may soon translate to a downward trend in rental rates within the next 12 months.

INVENTORIES OF BOTH COMMERCIAL AND INDUSTRIAL LAND REACHES CRITICAL LOW POINT. Considering the fact that the last commercial subdivision developed in Juneau was on Concrete way over 14 years ago, inventory of this type of land has now become non-existent. This has left few options for businesses to expand or relocate. The two impacts of this situation are 1) businesses often consider locating to space in the two malls; and 2) Proprietors of small businesses such as contractors and service businesses continue to focus on purchasing “boat condos.”

BASELINE RENTS FOR OFFICE SPACE REMAIN STABLE. While rents for office in Anchorage are definitely softening with landlord incentives like free rent and lower base rents for renewals, Juneau rents by and large remain stable just above \$2.00 psf for rentable space. Rents at this level translate to the following features/ amenities: 1) onsite parking or access to parking facilities; 2) good visibility in a preferred location; 3) serviceable spaces with onsite management; and 4) gross lease agreements with all services included except janitorial. Spaces in Juneau that lease for lower rates offer less.

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