



SPRING/SUMMER 2016

THE CURRENT LEGISLATIVE SESSION: WHAT SHOULD/ COULD BE THE OUTCOMES?

As of this writing, both House and Senate Finance Committees are focused on Governor Bill Walker's plan to tap the permanent fund income and cap the dividend in the range of \$1,000. Hardly a slam dunk, the plan does present one solid piece of a number of fixes that lawmakers will have to approve if the fiscal gap is to be addressed significantly. It is a commonly held belief that if this can be accomplished this session, next session will be devoted to passing not only industry taxes but a personal income tax as well. We applaud the effort, and we believe that two years will be necessary to get the work done and assure that a fiscal plan for the State will be the result.

TOURISM INDUSTRY LEADERS PREDICT A STRONG SEASON IN 2016. Most industry leaders predict that the 2016 season will be strong, attracting about 1,000,000 visitors to Juneau. This is the confidence that the industry has needed since the downturn and the "reinvention" of tourism retail the last time the market declined. For Juneau, things to watch will be how the new 16B Panamax docks may re-route pedestrian traffic along South Franklin. Another tourism project to watch, is the planned OCEANS CENTER, proposed to be located adjacent to Mental Health Trust land on the Juneau waterfront near the Coast Guard facility at Whittier Street.

SPECULATION ABOUT THE CLOSING OF THE WAL MART STORE IN JUNEAU CONTINUES. Numerous rumors abound about the reasons and the impact of this store closure. But one thing is for sure, Alaska continues to experience the largest retail "boom" in its history, focused mostly on mid-box stores still locating to Anchorage and Fairbanks. Juneau locations are often considered last by corporate retailers, mostly because of its remote location and smaller size, but we are still seeing credits like Petco and Office Max locate here, but to position themselves as "walk-up" retail stores. This involves converting existing mall space by adding exterior entries so that the stores can control all of their space 24/7. We predict that mid-box stores will be located at the Wal Mart building within the next 18 months versus seeing one large retailer moving to Juneau and occupying that entire facility of 120,000sf.

DEMAND FOR INDUSTRIAL LAND CONTINUES. Despite the outlook for the state budget, high demand for industrial land remains the case in Juneau. Following years of "converting" industrial land to many retail uses in Lemon Creek, and a shortage elsewhere, inventory zoned industrial is practically non-existent. With this being the case, we predict new inventory to come on the market soon --and it will sell to users at a rapid pace.

MULTI FAMILY CONSTRUCTION CONTINUES. More Tax-Credit multi family projects are planned for Juneau which will continue to have an impact on the rental market. While vacancy rates hover around 3%, there is now downward pressure on rents, and older units are now seeing rent prices soften. Seasonal tourism housing demand remains strong, and there are workforce housing projects being discussed. Single family inventory for sale remains low.

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