



WINTER/SPRING 2015-2016

THE UPCOMING LEGISLATIVE SESSION: DOES THIS SPELL FEAR FOR OUR MARKET, OR SPUR LONG TERM CONFIDENCE? The upcoming legislative session, which starts in the third week of January has our clients asking us: “What is your crystal ball: Is there any reason to fear changes in the real estate market?” We respond by saying that while adjustments in some segments are going to happen, we here in Juneau have many things to be thankful for, over the downturn we experienced from 1985-1992.

What is different this time?? 1) Interest rates, hovering in the 4-5% range for both residential and commercial are less than half of what they were at the peak in 1989. I’m remembering my FHA loan in 1984 signed at 10.5% interest.... 2) Unemployment is still below 5% and recognized as the State’s lowest rate....3) There is very little inventory of commercial land, multi-family product, and inventory of walk-up retail spaces. In fact, there are very few spaces where small business can gain better visibility and traffic—with the malls being one venue where we’ve seen more growth. 4) Juneau has two operating gold mines now, each employing over 200 full time employees, with average salaries upwards of \$80,000 per year minimum; and 5) We’ve got a healthy tourism industry that has in large part recovered from the recent downturn years. Its anybody’s guess how this next session will direct the dialogue on the budget. But one thing is for sure—we are in a much stronger position to weather this market cycle than we were in 1985!

WORK CONTINUES ON THE 16 B PANAMAX DOCK PROJECT ON THE WATERFRONT.

Work 24/7 abounds dockside off South Franklin where the first of the two Panamax docks will be constructed. Dolphins, cranes and barges related to the construction can be seen on the waterfront, and nighttime lights aid in the construction now underway. The second of these docks will be positioned next year as the construction season ends for full completion of the facilities. Not only will the new docks provide for extra capacity for visitors during the operating season, but they will no doubt change the pattern of retail and pedestrian traffic in the tourism/historic district. Manson Construction Company is the prime contractor on the project.

A SECOND HISTORIC PROPERTY IN THE DOWNTOWN CORE GOES ON THE MARKET.

Recently First National Bank completed construction of their new Branch at the corner of Evergreen and F Streets near the Federal Building. The new building, dubbed the “Regional Branch” replaces 208 Front Street, which has housed the downtown branch for the building for literally decades. We are marketing this space assuming that the property will be re-developed eventually, including a significant structure which used to house the Palace Theater, which fronts on Franklin Street across from the Elks Building. In addition to the Triangle Building, which went on the market last year, the FNBA bank building is also in the Historic District, and continues to respect the long history that the Bank has had in the downtown core.

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