



SPRING 2012

THERE IS TEMPERED OPTIMISM among Tourism retailers and tour operators that the 2012 season will be definitely outpace the visitor volume we saw in 2011. While Jewelry store operators continue to adjust their inventory and evaluate their lease extensions conservatively, most welcome the suggestion that the 2012 passenger volumes are a good sign. The \$50 million dollar 16B “Panamax dock project to be undertaken by the City and Borough of Juneau will definitely boost the long term capacity for Juneau visitors, but the project needs final approval in order to go forward.

LEASING CONTINUES SLOW, in light of the fact that now there is over 38,000 square feet of vacant office space including both downtown and Valley locations. While there is no central source for Commercial leasing data, our database shows that of this total, over 27,000 square feet is “B” rated or better. The balance is in older spaces, many of which have ADA compliance challenges. Accordingly, asking rates for the larger vacant spaces have come down in an attempt to attract tenants. But the local private sector economy and government have been slow to attract new demand for office space. At the same time, landlords have been under pressure with mounting fuel costs and maintenance. This condition has led several tenants to vacate higher priced space in favor of cheaper rents in locations where landlords are more motivated. Since there is no consensus that the economy is on the rebound, this could be an excellent time to negotiate a new lease agreement.

THE CITY AND BOROUGH is in the final stages of approving the Willoughby Plan, which, when implemented, will call for major zoning, traffic and mixed use development in this area directly south and west of the downtown core. The zoning changes will mean that higher density housing will be allowed, and more mixed use developments will be planned in the area. New streets are also planned, in addition to an expansion of a performing arts center between the JACC and Centennial Hall. The ultimate “look” of this area will be determined by consultation with the residents of this area—elders, the native community, the arts community and local businesses.

WITH THE OPENING OF OFFICE MAX AND PETCO, there is renewed interest in national tenants looking at Juneau. McDonalds remains interested in developing a new location, and at least two new fast food franchises are seeking stand - alone locations. We anticipate that at least one of these franchises will commit to Juneau this year, followed by at least two more in 2013.

JUNEAU CONTINUES TO GROW, with at least 1,000 new residents arriving in 2011. That level of growth is expected to be the pattern for the near term as mining employment continues to grow, and as more and more residents from surrounding communities move to the Capital City. The Housing crunch continues to be an impediment to this growth, but local organizations are coming closer and closer to building broader solutions to the problem. We expect that at some point soon, the City and Borough will become an active player in this issue.

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