



# 2018 BOMA COMMERCIAL REAL ESTATE PRESENTATION

RETAIL, INDUSTRIAL & OFFICE

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# RETAIL MARKET

ANCHORAGE 2017



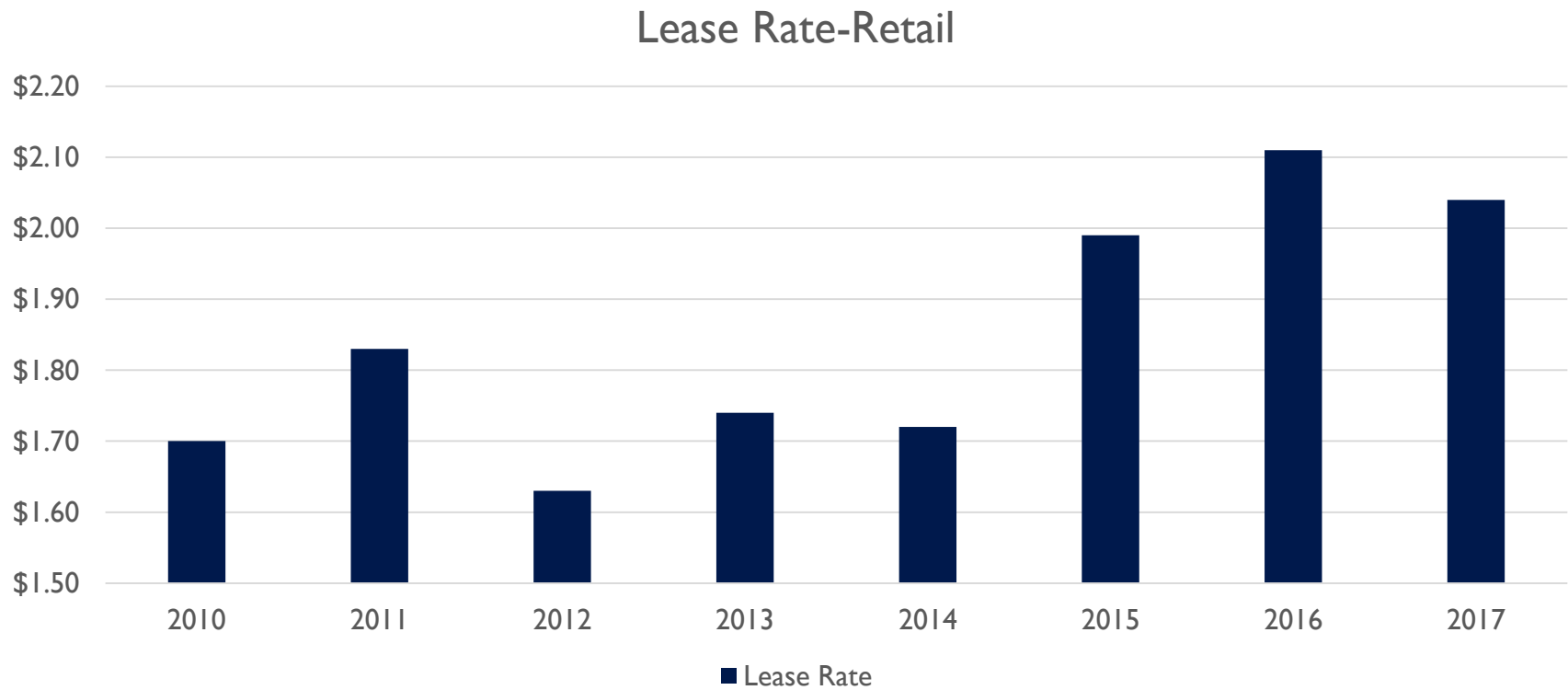
# 2017 RETAIL LEASE RATES

- New Retail Power Centers \$3.25-\$3.75 per Square Foot-NNN
- Class “A” Strip Retail \$2.90-\$3.15 per Square Foot-NNN
- 2<sup>nd</sup> Generation Strip Center \$1.50-\$2.00 per Square Foot-NNN
- Junior Box Center \$1.50-\$1.85 per Square Foot-NNN

# RETAIL VACANCY RATES

	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>OVERALL RETAIL VACANCY</b>	<b>4.40%</b>	<b>6.67%</b>	<b>4.59%</b>
STRIP MALLS	6.00%	8.27%	4.76%
BOX STORE	1.50%	4.84%	3.06%
MALL VACANCY	6.80%	6.37%	7.16%
POWER CENTER VACANCY	1.00%	2.51%	2.30%

# AVERAGE MLS MONTHLY LEASE RATES-RETAIL



# THE AMAZON EFFECT ON LOCAL AND NATIONAL RETAILERS

- National retailers closing stores in 2018???
- Walgreens
- Payless Shoes
- Teavana
- Gap, Inc.
- Toys R Us
- Sears
- Lingering recession

The logo for Sears, featuring the word "SEARS" in a bold, blue, serif font with a slight shadow effect.

TARGET



# NEW/ GROWING RETAILERS

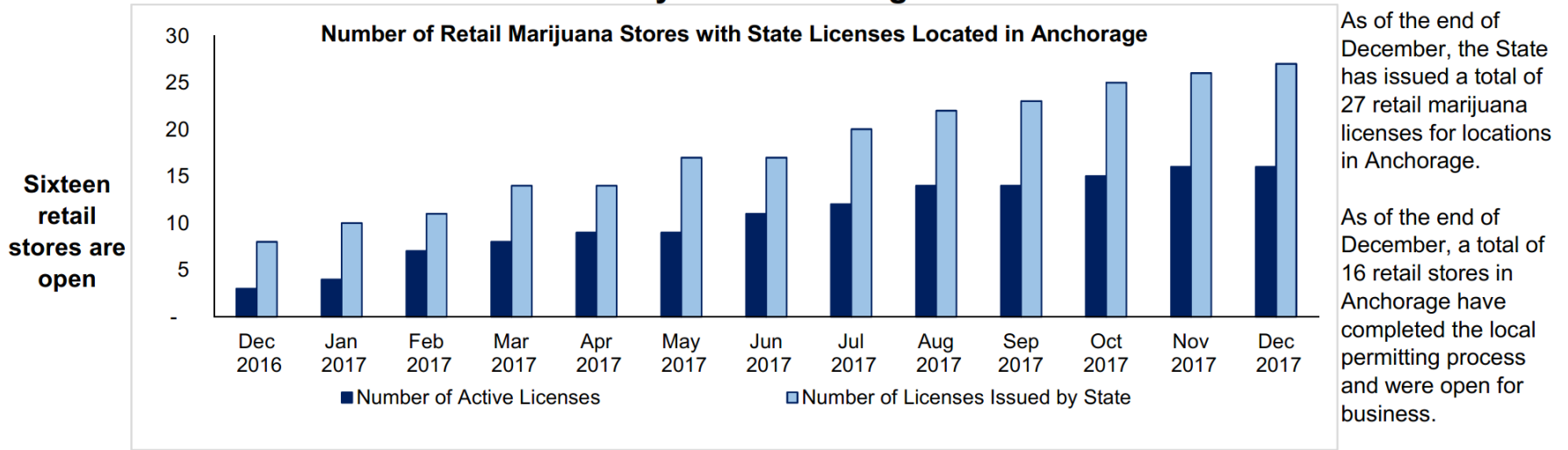
- National Retailers Opening in 2018
  - Dave & Busters
  - Duluth Trading Co.
  - More to be announced in the coming months!!!!
- Local Businesses Growing
  - Craft Breweries
  - Tour Companies
  - Small specialty shops



*Alaska  
Dinner Factory*



## Marijuana Sales Tax Monthly Indicators Page 1 of 2



# MARIJUANA EFFECT

The Attorney General rescission of the “Cole Memo”, that stated that the federal government would not obstruct states that legalized marijuana.





# OFFICE MARKET


ANCHORAGE 2017





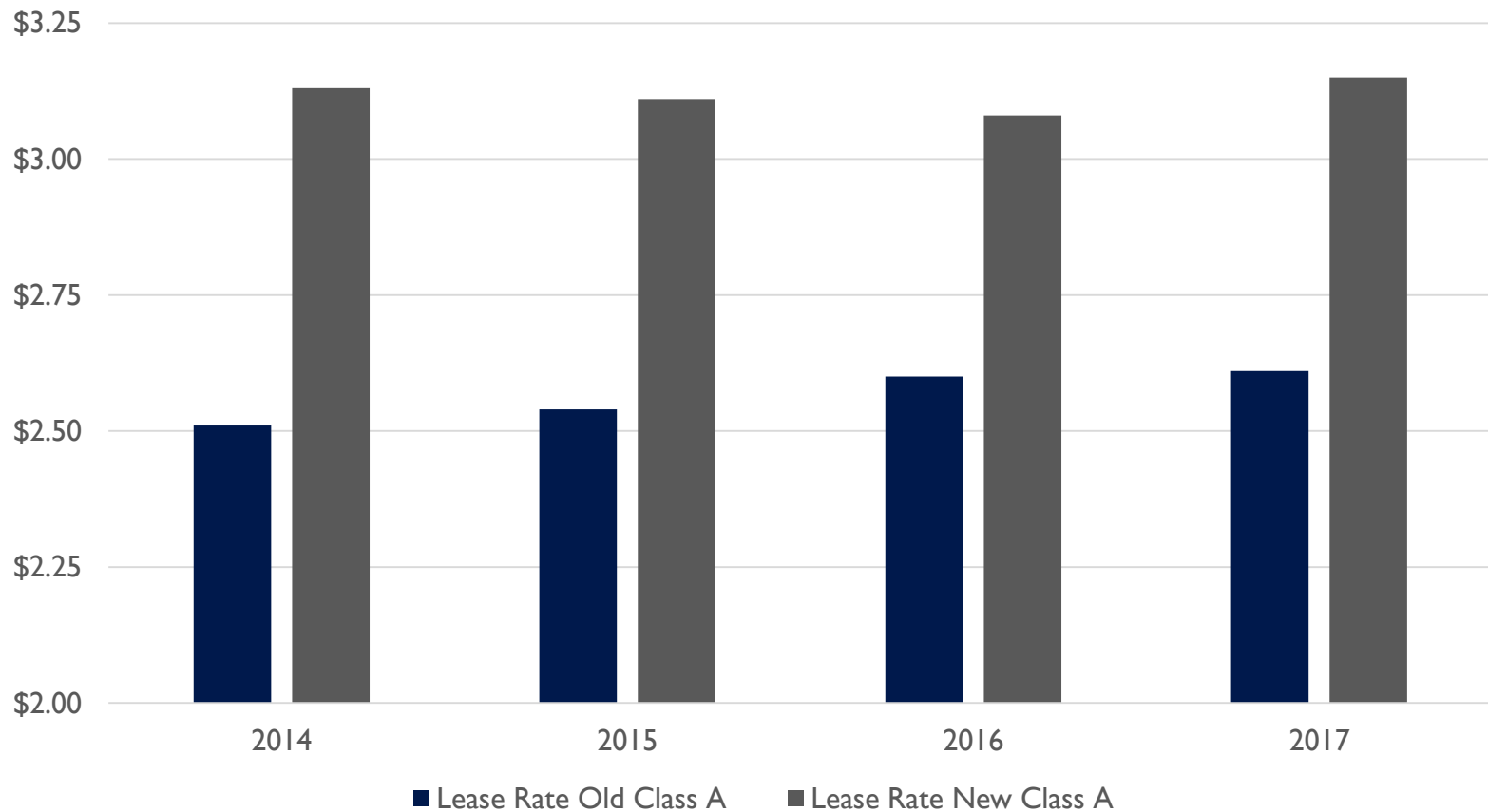
# OFFICE VACANCY RATES

	<u>2015</u>	<u>2016</u>	<u>2017</u>
CLASS A	5.85%	7.90%	14.60%
CLASS B/C	5.90%	7.70%	11.30%



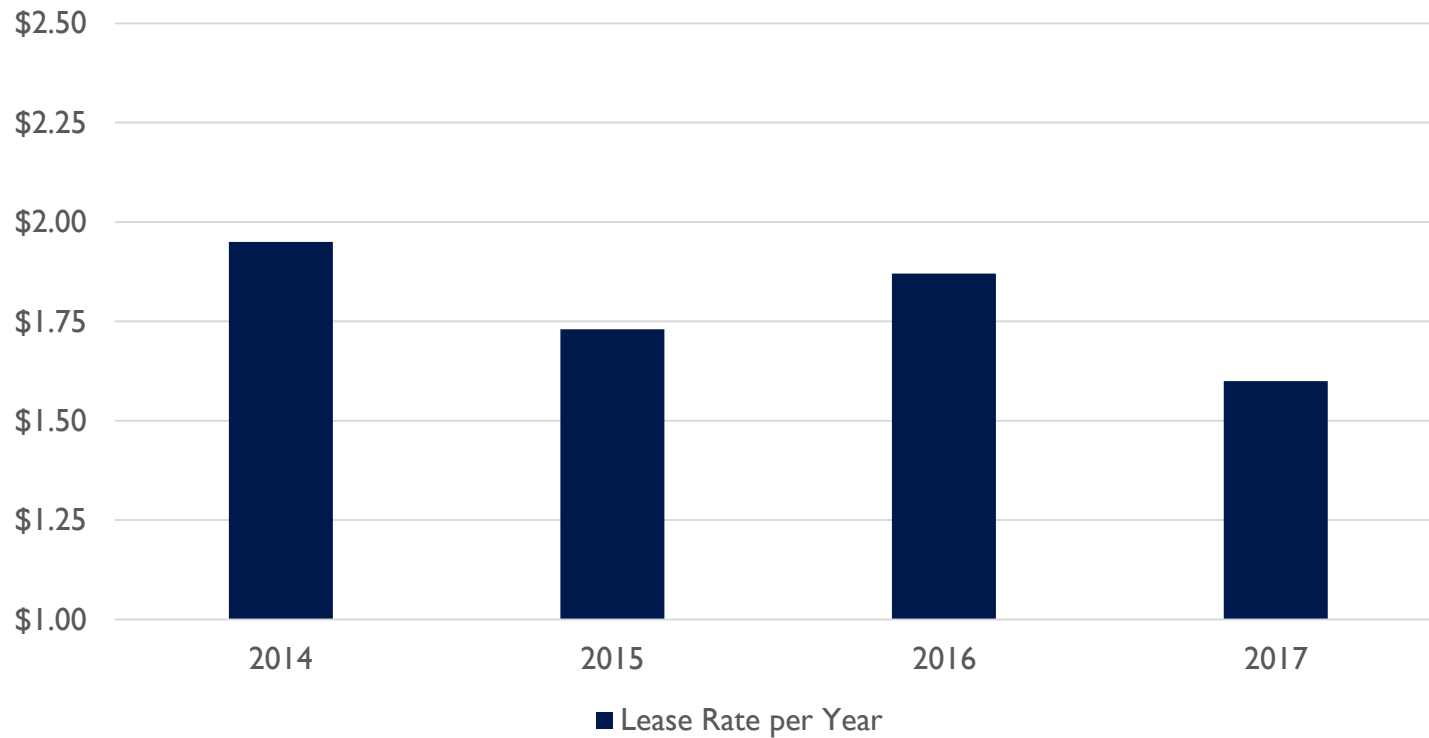
# AVERAGE MONTHLY LEASE RATES-OFFICE

## Lease Rate-Class A



# AVERAGE MLS MONTHLY LEASE RATES-OFFICE

Lease Rate-Class B/C



# LEASE TERMS

- Landlords are trying to keep Lease rates stable.
- Landlords are providing more concessions.
  - More months of free rent
  - Large tenant improvement allowances
  - Disconnect between owners and tenants making deals more difficult



# INDUSTRIAL MARKET

ANCHORAGE 2017



# AVERAGE MONTHLY LEASE RATES-INDUSTRIAL





# INDUSTRIAL VACANCY RATES

	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>OVERALL INDUSTRIAL VACANCY</b>	<b>2.22%</b>	<b>2.52%</b>	<b>2.40%</b>

2018 VACANCY IS PROJECTED TO RISE SLIGHTLY  
DUE TO NEW CONSTRUCTION.





# INDUSTRIAL CONSTRUCTION COSTS

**2008**

■ Metal Construction

■ *\$120-\$140* per square foot

■ Land Cost

■ *\$12-18* per square foot

■ Lease Rate

■ \$0.90 - \$1.25

**2017**

■ Metal Construction

■ *\$175-200* per square foot

■ Land Cost

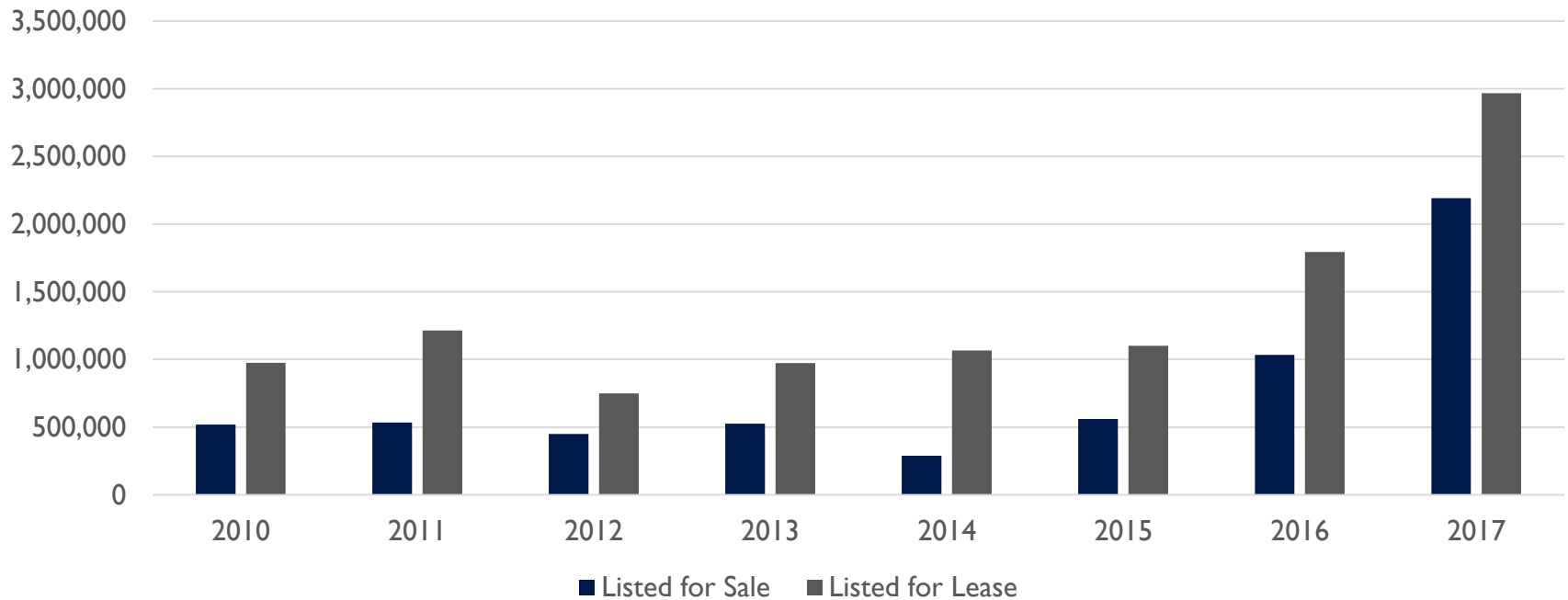
■ *\$12-20* per square foot

■ Lease Rate

■ \$0.95 - \$1.25

# TOTAL SQUARE FEET FOR SALE & LEASE ON MLS

## Commercial Sale vs. Lease Square Feet




## THE POSITIVE

- Low foreclosures and distressed sales
- Positive news in the Oil and Gas sector
- Conoco largest exploration season in 15 years
- ENI offshore drilling
- Federal government proposes new offshore lease plan
- ANWR
- New retailers still coming to Alaska
- Lower 48 economy is growing
- Stock Market

## OUT OF OUR CONTROL

- Price of oil
- Interest Rates
- Federal government marijuana enforcement



Yes, the economy has provided some unique challenges. However, from that, there's a lot of opportunities. And those aren't just raising your top-line sales. Those are things like finding ways to reinvest in the community when everybody else is pulling back.

*Daniel Greenhalgh, owner Skinny Raven*

*ADN article*

