

## Carlsbad Meets Demand for Industrial, Office Construction

### **PROPERTY:** Many Projects in Pipeline; Amenities Abound in City

■ By RAY HUARD

Carlsbad is a big draw for companies looking for industrial and office space.

Coupled with Oceanside, it's one of the few places in San Diego County where new industrial buildings are going up for companies that need lots of room.

"On the industrial distribution side, I've never seen it this good in 30 years," said **Ted Cuthbert**, senior vice president with **Colliers International** who specializes in North County industrial property.

There's also been a rash of office construction.

The reasons for the boom in industrial construction are simple — Carlsbad has the land that central San Diego County lacks, but it's becoming scarcer, said **Claudia Huerta** of the city's Economic Development Division.

### **Tenant Demand Shifts to Carlsbad**

For example, Cuthbert said all but 20 acres of the 150.6 acre Carlsbad North Oaks industrial park has been leased for development.

"It's tenant demand that can't be built in the central market that's slipping over to us," Cuthbert said.

As an added bonus, the area has the lifestyle amenities companies like to help them attract workers — seven miles of beaches and a vibrant downtown with trendy restaurants regularly popping up.

That makes the city especially attractive for companies looking for office space.

"Carlsbad is really a lifestyle market for companies," said **Larry Cambra**, a vice president of **CBRE** who specializes in office leasing.

"From a locational perspective, you have access to the ocean and the outdoor amenities that can offer," Cambra said. "The projects that have been successful have been trying to create an environment that sells to those amenities."

So-called creative office spaces typically have outdoor-indoor work spaces, lots of natural lighting and large windows.

For industrial development, the only areas with land for large projects are in North County or Otay Mesa, with Carlsbad and Oceanside the hottest submarkets.



Created by **RAF Pacifica** is among new projects in Carlsbad. Rendering courtesy of **RAF Pacifica**

"There are not (many) options in Central County," said **Greg Lewis**, a CBRE vice president who specializes in industrial real estate.

### **North County or Otay Mesa**

"If you look at the migration patterns for the county for the last couple of years, there's been migration north and south," Lewis said. "If you're a user looking for 100,000-plus (square feet), really all of your options are in North County or down near the border near Otay."

Except for companies with business in Mexico, "It's more attractive to be in North County because you're equidistant between San Diego and Orange County," Lewis said.

### **'Last-Mile' Companies**

**Adam Molnar**, a first vice president with CBRE who also specializes in industrial property, said much of the new industrial property in Carlsbad and Oceanside is being developed to serve so-called last-mile companies that deliver products shipped to a warehouse for final delivery locally.

"That's why it's important to be equidistant between those markets," Molnar said, referring to San Diego and Orange counties.

Molnar said that in North County overall, about 2.5 million square feet of industrial projects are in the pipeline for development, with about 1.5 million square feet already under construction.

Among ongoing or recent projects in Carlsbad cited by Huerta are the 411,000 square-foot industrial complex **Ryan Cos. US Inc.** is building, a 140,000 square-foot building for **HM Electronics** as it moves from Poway to Carlsbad, and three projects by **RAF Pacifica** — a 169,087 square foot building, a 156,977 square-foot building, and a 144,000 square-foot building.

Much of the new industrial space is flexible, able to accommodate small, medium or large companies.

"You can come and locate here even if you're not a big business," Huerta said. Carlsbad also is attractive to high-tech companies that want to be next to businesses in the same field.

"We have some of the most innovative companies here in action, science, and high-tech. We're also known as one of San Diego County's high tech-hubs," Huerta said.