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IRVINE COMPANY

Carlsbad Meets Demand for Industrial, Office Construction

PROPERTY: Many Projects in Pipeline; Amenities Abound in City

By Ray Huard (/staff/ray-huard/)

Sunday, February 25, 2018

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

San Diego — 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.

“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.





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