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Achieving 10 Steps Better Than the Competitive Set

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Robinson: “We thought we’d be doing 15% creative office in these projects, and all three leases are 30% office.”

CARLSBAD, CA—[Creative industrial](#) is raising the bar of expectations among tenants who are looking for better-maintained product owned by those willing to spend on upkeep, **RAF Pacifica Group** founder and principal **Adam Robinson** tells GlobeSt.com. The firm has pre-leased approximately 50% of its first creative-industrial spec development, **el•e•vate**, located at **2870 and 2864 Whiptail Loop** here, months before **construction** is finished.

In fact, Robinson says that while **el•e•vate** was originally built to serve pure **distribution** tenants if they desired, this project has also attracted significant interest from industrial users in multiple industries. **UNITE Eurotherapy**, a global supplier of premium hair-care products, has pre-leased 54,018 square feet or roughly one-third of the project to serve as its new corporate headquarters. **B&D Nutritional Ingredients**, a leading distributor of dietary supplements, has pre-leased 10,994 square feet. **Hydrogenics**, a Canadian **developer** and

manufacturer of clean-energy technology specializing in hydrogen generation and fuel-cell products, has pre-leased 5,509 square feet.

In addition to its state-of-the-art-interior industry buildings and distribution configuration, including 56 dock-high and 21 grade-level doors and clearance heights between 27 feet and 32 feet, elevate will also feature **creative-office** elements, including modern amenities such as extensive glass for natural lighting, as well as outdoor gathering areas. RAF Pacifica Group is currently targeting additional tenants across a diverse range of industries, including but not limited to **technology, life sciences, action-sports manufacturing** and clean-energy technology, among others.

We spoke with Robinson about the pre-leasing issues that can arrive in this new product type of creative industrial and how they are resolved, as well as the advantages to leasing this product type.

GlobeSt.com: What are the pre-leasing issues that arise in creative industrial?

Robinson: One issue that has nothing to do with creative industrial, but construction, is the question of when the building is really going to be completed. Sometimes, it's out of our hands, but tenants have a timing issue. With regard to creative industrial, it was hard to explain to tenants what we were building. Normally, you can walk through an example of what it will be like, but since this is a new product type, we couldn't do this. Instead, you have to walk them through industrial and creative office and show them renderings. Now that we have a product to show people, **leasing** will pick up even more. Now that we actually have pavement down, we will get a lot more people going to view the project.

GlobeSt.com: How are these issues resolved?

Robinson: Virtual reality can be useful in retail, where you can virtually fly into a building. It's really cool, but it still doesn't give you a good perspective on the project. Nothing is better than having it one product ahead of other ones to walk through, so we decided not to do VR because it couldn't have helped our project at all. This is our first project, and every building is geared to a different end user. It was originally built as a class-A distribution project, but it's now 50% pre-leased and we haven't signed with one true distribution true tenant. Also, we thought we'd be doing 15% creative office in these projects, and all three leases are 30% office. They liked the fact that it has amazing clear heights and more docks than other buildings, but what brought these three tenants in was how much nicer the exterior and interior office space would look, and that really surprised me.

GlobeSt.com: What are the advantages to leasing this product type?

Robinson: I believe that there are advantages to leasing this type of project in this market just because if you get a decision-maker officing out of this product type, it doesn't work as well if that decision-maker is in Europe or on the East Coast. But Carlsbad is very entrepreneurial, so the decision-maker is often officing in the project, and once they see the quality of these projects, it's so different. When you're walking through the glass interior, you see that it's 10 steps better than the competitive set. They think, "I'm going to be happier here; I want to be here and lease this space." The out-of-town guy flying in doesn't care as much about the happiness of his employees; he just wants the cheapest lease rates, but in this part of town most executives are officing in their industrial space, which makes a big difference.

GlobeSt.com: What do owners need to keep in mind about these tenants and their needs?

Robinson: They're going to expect not only good product when they move in, but a quality owner to spend money to upkeep this product. I see a lot of owners with a maintenance staff on all the time fixing things, but I also see a lot of industrial parks where the landscaping and painting haven't been done in years, and these types of tenants are going to expect higher-quality upfront. They'll want the owner to maintain the building and not be cheap.

