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Build-To-Suit Distribution Properties And The Carlsbad Market

Resurgence and growth among startups in the biotech, manufacturing and tech fields in North County have led to a sharp rise in demand for build-to-suit projects, RAF Pacifica's Adam Robinson tells GlobeSt.com.



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SAN DIEGO—Resurgence and growth among startups in the **biotech, manufacturing** and **tech** fields in North County have led to a sharp rise in demand for **build-to-suit** projects, **RAF Pacifica Group Inc.**'s founder **Adam Robinson** tells GlobeSt.com. The Encinitas, CA-based firm will be developing a brand-new 83,000-square-foot build-to-suit **distribution** facility in Carlsbad, CA, for **San Diego Hat Co.** at **Lot 7, Whiptail Loop E.**

The class-A industrial facility will be situated on a roughly 7.57-acre parcel that the manufacturer recently acquired from **Hughes Whiptail LLC** for \$5.9 million. RAF Pacifica assigned the land-ownership rights over to San Diego Hat Co. during its own initial escrow process and has designed the new building.

Aric Starck of **Cushman & Wakefield**'s Carlsbad office represents RAF Pacifica in all real estate negotiations affiliated with this site. San Diego Hat Co. is represented by brokers **Rich Porreco** and **Glenn Friedrich** of **Cresa**.

RAF Pacifica has been very bullish on the Carlsbad submarket. In this city alone, the company is currently in **development** on several new projects totaling more than 750,000 square feet of class-A **creative-industrial** space also slated for completion during or prior to 2018. These projects include **cre•ate**, a 146,108-square-foot project, and **vec•tor**, a 171,098-square-foot project, both located in the **Carlsbad Oaks North** business park; **dis•trib•ute**, a 277,410-square-foot project also actively being marketed by Starck; and **el•e•vate**, a 156,977-square-foot project nearing completion and nearly 80% pre-leased.

We spoke with Robinson about build-to-suit distribution projects in the Carlsbad market and the types of companies seeking out these projects in this particular submarket.

GlobeSt.com: How common are build-to-suit distribution projects in the Carlsbad market? Are they becoming more common?

Robinson: North County is undergoing a renaissance and is quickly emerging as a hub of innovation for biotech, manufacturing and tech companies. As a result of this resurgence and growth among the startup community, we are starting to see a sharp rise in demand for build-to-suit projects.

Dubbed the “digital capital of California,” Carlsbad is an epicenter for technological innovation, but the submarket lacks flexible workspaces that allow companies to consolidate their corporate headquarters and operations under one roof. Today’s companies are seeking creative campus environments that allow for this consolidation, which maximizes efficiency while simultaneously delivering workspaces that cultivate creativity and innovation.

There is virtually no product in the Carlsbad market that currently delivers this environment with the exception of the projects our firm has in development. As tenants continue to seek workspaces that accommodate their needs, build-to-suit projects are likely to become more and more common in Carlsbad, and in the San Diego market as a whole.

GlobeSt.com: What types of companies seek out these projects in this submarket?

Robinson: North County and Carlsbad continue to attract companies in the tech, biotech and manufacturing industries. In fact, Carlsbad has the largest cluster of tech firms in all of North County, including more than 261 companies in this sector. The **life-science** and **biotech** sectors are quickly catching up—these firms are now the second-largest concentration of companies in Carlsbad.

Carlsbad provides a strong value alternative for companies, since the submarket offers lower costs compared to other areas throughout San Diego. The region also continues to attract top talent. Residents are attracted to Carlsbad for its high quality of life, weather, coastal beaches, and unique retail and entertainment options. As a result, companies are quickly relocating to the area in order to attract and retain this high quality, growing workforce.

GlobeSt.com: Aside from the scarcity of available industrial space throughout San Diego, why else would users choose to go this route?

Robinson: Build-to-suits allow users to customize their space to meet their specific needs. No matter how highly innovative or high-quality an asset may be, there are certain cases where companies or industries will have specialized needs. Build-to-suit projects allow these companies to position their space strategically to fit these needs and strategically allow for future growth.

Further, tenants who partner with firms that are experienced in developing and **redeveloping** in the San Diego market will find that these projects deliver deep value for the long term. By creating a space to fit their needs, tenants will experience cost savings and operational efficiencies that exceed the initial investment required for the build-to-suit project.

GlobeSt.com: What else should our readers know about the San Diego Hat Co. project?

Robinson: All of our firm’s industrial projects combine the latest in creative office design and amenities along with highly functional and state-of-the-art industrial features. We call it Creative Industrial™. This project is no exception.

We plan to incorporate 10,000 square feet of unique **office** and mezzanine space, with glass and windows to highlight the building’s panoramic views of the city to the south and west. In addition, we’ll develop dock loading doors, 28-foot clear heights and outdoor amenities that further deliver the creative-campus vibe tenants are demanding.

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