

SPECIAL REPORT REAL ESTATE QUARTERLY

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Blackburn said.

For now, the city is focusing on 600 acres it owns at Sierra Highway and East Avenue M. A piece of the property is slated for a proposed 570-megawatt natural gas power plant to be built by **Summit Power Group** of Seattle, but the remainder is unclaimed. The site is a natural for manufacturers, particularly any associated with aerospace as Plant 42 is adjacent.

"It is flat, buildable and zoned for industry," Blackburn said.

Upgrading space

Rob Martin of Martin Properties Inc., in Westlake Village, is someone adding more space for office and commercial tenants. Among his development projects are Centerpoint Business Park in Lancaster, and

Challenger and Woodland business parks in Palmdale. Last year, Martin completed a 100-room TownPlace Suites by Marriott hotel at the Lancaster Spectrum retail center.

But Martin is seeing most of the leasing activity at his properties coming from businesses just moving around inside the Antelope Valley. "The majority of the tenants are upgrading their space," Martin said.

Challenger Business Park, within walking distance of Palmdale Regional Medical Center, offers medical offices and is 100 percent leased. Martin Properties also owns 30 pieces



Hoey



Martin

of vacant land with commercial zoning ranging from 1 acre to 20 acres. Some of those parcels are near Antelope Valley Hospital in Lancaster where he can build medical office space which tenants could either lease or buy.

Martin, however, does not have a timeline of when work will start in Lancaster. "Things will still need to improve to justify (buying) a medical office," he said.

Toneman Development Corp., in Lancaster, is also in the medical office market, constructing three buildings totaling 24,000 square feet on 2.1 acres above the Palmdale

Regional Medical Center. The spec development, called Project 029, is selling at \$195 a square foot, or \$1.48 million to \$1.77 million for one building and the surrounding parking.

Blackburn said that there is a market for build-to-suit construction in Palmdale. "If you have the owner and a developer willing to build on your specs, the availability of build-to-suit land is not a problem," she said.

Real estate professionals in the valley describe the market for industrial and commercial properties as improving as prices stabilize and business owners are more willing to sign multi-year leases. Like Martin, brokers such as **Harvey Holloway** are seeing more activity from established business owners moving internally within the Antelope Valley than clients coming from outside.

"The economy is strengthening and there is more confidence in what is going on," said Holloway, with **Coldwell Banker Commercial Valley Realty** in Lancaster.

Holloway said leases are being signed for industrial flex space in the range of 60 to 65 cents a square foot, from about 50 cents a few years ago. Sales prices can range from \$50 a square foot to \$100 a square foot for a concrete tilt-up with office space attached to it.

"There is such a wide range up here, it is hard to say what an average number is," said Holloway, who also serves as the board chairman of the Greater Antelope Valley Economic Alliance.

Helping out

For all the opportunities for development, **Chuck Hoey**, who has been selling and developing real estate in the Antelope Valley for 25 years, sees an industrial inventory that is beginning to run short.

He is involved with two new projects – a 24,000-square-foot building in the Lancaster Business Park, and a 16,000-square-foot building in Palmdale. The Lancaster building is attracting attention from a tenant willing to take all the space even with a starting lease price of 80 cents a square foot.

But it's a chicken-and-egg problem: it's hard to start building tons of new space without even more buyers and tenants – and you're not going to interest companies without more available product.

"We need more space, we need more development," is how Hoey puts it.

The cities are doing what they can to help out. They work with brokers such as Hoey on available properties that may suit their clients. "We are making sure that it is on the radar of those folks working with clients on relocation and expansion," said Blackburn of Palmdale.

Her city also regularly attends conferences and trade shows, such as the International Council of Shopping Centers, to meet executives interested in moving or expanding. And the city advertises available property it owns and in private hands with brochures.

Lancaster also had advertised in newspapers such as the Los Angeles Times and through billboards placed throughout the region before the marketing budget was cut during the recession, Lawson said.

Both Lancaster and Palmdale also work with the Governor's Office of Business and Economic Development, or GO-Biz. Last year, Lawson said, Lancaster received about 50 inquiries that came through the Los Angeles County Economic Development Corp., which is based in downtown Los Angeles.

Meanwhile, the economic alliance launched a new website – socalleadingedge.com – late last year to aid in its attraction efforts, and its Leads campaign targets companies that are under pressure to leave California. The alliance works with a consulting firm to identify which companies to contact, Maever said.

"I do know that some Leads efforts resulted in second and third looks, and the economic development contacts (at the cities) are working with those executives to ink the deal," she noted, optimistically.



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