



**1st Quarter 2018**

## **Stoddard Wells Industrial Park**

Published and Distributed by Lee & Associates -Inland Empire North. Donald P. Brown - Founding Principal 2001

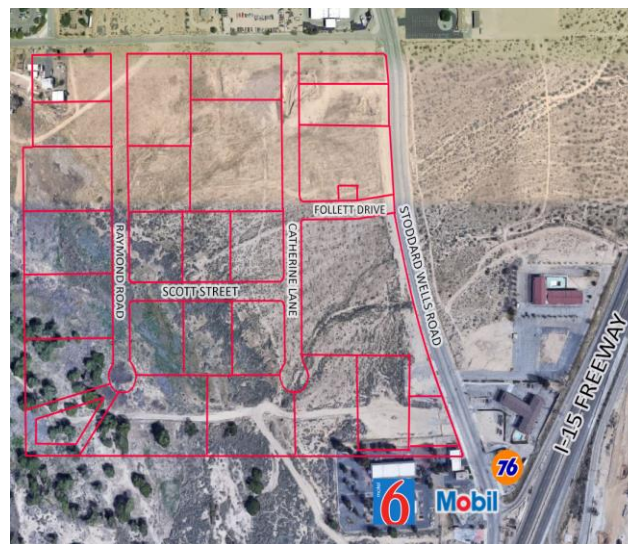
Not since the completion of Foxborough Industrial Park in the 1980's has the Victor Valley seen another undertaking of its kind. 2018 brings with it an exciting development with Lee & Associates Victorville, Donald P. Brown and Lee & Associates Newport Beach, Jim deRegt joining forces to develop over 40 acres on Stoddard Wells road in the City of Victorville into a master planned industrial park. Located within the Desert Gateway Specific Plan, which is envisioned as a transit-oriented development area, the project will encompass multiple parcels catering to the needs of industrial users of all types.

Located near Interstate 15, the project will benefit from the ongoing work by CalTrans to enhance the traffic flow in the area via the \$70 million Stoddard Wells and D Street ramp upgrades and creation of additional freeway frontage. These aspects all combine to form a compelling narrative as industrial users seek opportunities to manufacture closer to their customers, desire for ease of access to transportation corridors, and need a large labor pool and favorable economic and governmental conditions to make their operations profitable. All of these and more are hallmarks of the High Desert region and its "can do attitude".

"We are witnessing a synergy develop in where industrial users are looking to relocate, and given this projects proximity to Interstate 15, the attractiveness is there. You have warehouse developers, logistic providers and manufactures looking for locations that grant them the easiest access to their customers." Said Don Brown, President/Broker of Lee & Associates Inland Empire North. "The High Desert is the last frontier of affordability in Southern California for commercial real estate opportunities."

There are exciting times ahead as we witness a new industrial park begin to take shape and the opportunities it creates for the entire region as new development spurs the creation of jobs, products and new services to reach a growing population. As the Victor Valley and the Antelope Valley ultimately grow closer as time goes on, an even more powerful synergy is yet to come.

Stay tuned for more information on the Stoddard Wells Industrial Park by following us on Facebook and sign up for our email alerts by contacting our Marketing Coordinator, Kelly Brady at: [kbrady@lee-associates.com](mailto:kbrady@lee-associates.com)



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**Corporate ID 01328146**

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## INDICATORS AT A GLANCE

### GDP Growth

3.0% pace in '18, up from 2.3% in '17

### Interest Rates

10-year T-notes at 3.3%  
By end '18

### Inflation

2.6% in '18 up from 2.1% in '17

### Unemployment

Currently at 4.1%

### Manufacturing Growth

Increasing 3% in '17  
2.8% in '18



## Landlord Alerts

### AB 2173

In short, AB 2173 would increase the threshold needed to trigger an official disposition process for abandoned property in a commercial building. **The bill does not change the auction nor notification requirements and the law will still mandate that any proceeds above and beyond storage and auction costs go to the County so no monetary benefit accrues to the property owner.**

### SB 407

Passed into law 9 years ago, SB 407 requires “non-compliant” plumbing fixtures to be replaced with water conserving plumbing fixtures when a property is undergoing additions, alterations or improvements. **Applicants seeking to obtain permits for any of these types of work will be required to replace non-compliant fixtures prior to final permit approval or issuance of a certificate of occupancy by the local building department.**

This law applies only to properties built on or before January 1, 1994, and by January 1, 2019, ALL those pre-1994 buildings must comply with these requirements, regardless of whether or not you are planning to renovate the space.

### Split Property Tax Roll

California Calls and League of Women Voters filed the split roll tax initiative in December 2017. The proposal will require all business properties to be reassessed to 2020 values and additionally reassessed every three years thereafter. Long time commercial property owners will be impacted due to costs and uncertainty of value on their property whether they purchased recently or decades ago. In addition, businesses will see their lease rates increase as landlords pass the increases in property tax on to their tenant.

## Office & Industrial Market at a Glance

**Office:** total RBA is **8,422,319 SF** and **812,514 available SF**. There are a total of **1,044** buildings. The vacancy rate is 8.9% with a Q1 net absorption of **29,796 SF** and the average lease rate is **\$1.50/psf MG**.

**Industrial:** total RBA is **25,496,712 SF** with **1,962,020 available SF**. There are a total of **1,102** buildings. The vacancy rate is 5.4% with a Q1 net absorption of **44,727 SF** and an average lease rate of **\$1.23/psf NNN**.

**Retail:** total RBA is **30,871,725 SF** with **2,794,694 available SF**. There are a total of **2,554** buildings. The vacancy rate is 7.5% with a Q1 net absorption of **11,453 SF** and an average lease rate of **\$1.21/psf NNN**.

The condition of the High Desert commercial real estate market has continued to improve, with steady absorption for the foreseeable future. We are seeing momentum improve quarterly. The Inland Empire has been a top five market for developers since 4<sup>th</sup> Quarter of 2011.

**Information Provided by CoStar.**



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## Completed Lease Transactions

<u>Tenant</u>	<u>Size</u>	<u>Address</u>	<u>Leasing Rates</u>
Vetran Filters	9,800 SF	17474 Catalpa St. Hesperia	\$0.80 MG
Refrigeration Supplies Distributor	8,226 SF	15360 Bonanza Rd. Victorville	\$0.85 NNN
Votek	7,398 SF	12421 Hesperia Rd. Victorville	\$0.70 NNN
Azteca Off Road Solutions	6,000 SF	9405 Mariposa Rd. Hesperia	\$0.55 MG
World Faith Vision Church	4,000 SF	13600 Pawnee Rd. Apple Valley	\$0.45 MG
Police Activities League	3,288 SF	1892 E. Main St. Barstow	\$1.00 MG
Mack Marine	3,000 SF	16701 Walnut St. Hesperia	\$0.60 G
Suspended Fabrication	2,500 SF	17525 Alder St. Hesperia	\$0.60 MG

## Sold Properties



18114 Delicious St. Adelanto



17806 Jonathan St. Adelanto



25597 Main St. Barstow

## ECONOMIC INDICATORS, BUSINESS NOTES, AND PREDICTIONS:

- The Inland Empire's unemployment rate is now in line with the state (4.4%) and Los Angeles County (4.5%).
- Due to rising oil prices, Fuel and Service Stations experienced the largest year-over-year increase in taxable sales receipts, growing by 10.3%.
- Migration to the Inland Empire continues to grow due to the high housing costs seen within other parts of California. The Inland Empire's low housing costs and skilled workforce will continue to attract businesses to the region.
- Oil is currently trading at \$66 per barrel. By June we can expect to see barrels trading at \$60 to \$65 per barrel.
- The Inland Empire's economy is seeing a steady increase in commercial real estate. Across all sectors in the industry, permit values are up, vacancy rates are declining and rents are rising. Total non-residential permit values increased by 43.8% in 2017 led by Office space at 164% and Industrial properties at 122%.
- From 2011 to 2017 E-Commerce added 59,533 new jobs to the Inland Empire which amounts to 20.3% of the overall 292,767 added during this period.
- 30-year mortgage rates have gone from 3.44% to 4.22% which will directly impact the cost of borrowing to buy new homes, financing infrastructure projects and new construction projects.
- Business spending has increased as we saw change in corporate tax decline from 35% to 21%. The decrease has encouraged businesses to increase their investments as well as their pay rates.



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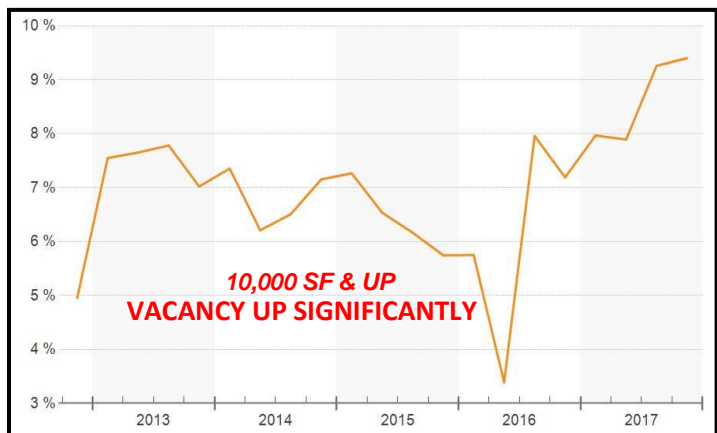
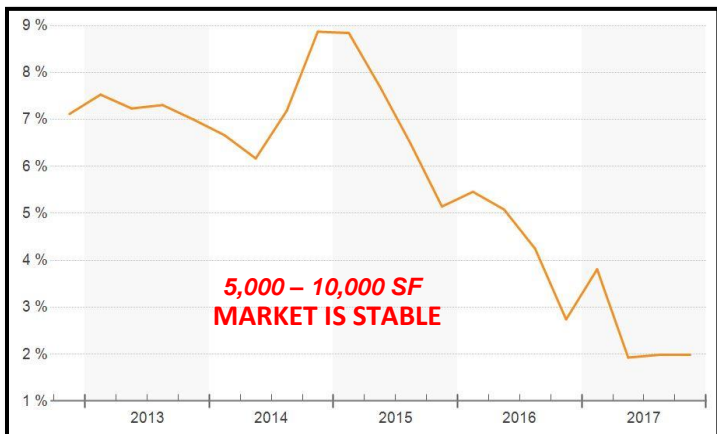
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**Industrial Building  
Vacancy Rate**



**Present & Past Clients of Don Brown:**

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- \*Western Realty Property
- \*Weddington Heritage
- \*Equitable Companies LLC
- \*City of Victorville
- \*City of Barstow
- \*County of San Bernardino
- \*City of Adelanto
- \*Enterprise Funding Corp.
- \*Pacific Western Bank
- \*Alaska Federal Credit Union
- \*Town of Apple Valley
- \*Choice Medical Group
- \*Citizens Business Bank
- \*Hudson Realty Advisors
- \*Lewis Retail Centers
- \*Chino Commercial Bank
- \*Space Center Incorporated
- \*Nutro Products
- \*Farmers Insurance
- \*General Atomics
- \*World Premier Investments



For a Property Evaluation or Further Information contact:  
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