

Thinking Outside the Box

Joseph N. Rentfro, executive vice president of real estate at Tejon Ranch Co. in Tejon Ranch, Calif., has other ideas for expediting development and drawing the masses to your project. They start with looking outside the traditional big box markets.



Rentfro

“We need to make users aware that they don’t have to be constrained by the scarcity of supply in what they traditionally consider to be their market area,” he says. “There are many users who have found a great lower-cost opportunity by looking just outside the Los Angeles area. Rents can be a fraction of the cost, labor pools still contain highly qualified, highly motivated workers and, in some instances like Kern County, you can take advantage of Foreign Trade Zone status and aggressive economic incentive policies.”

That’s just what Rentfro’s company did when it built Tejon Ranch Commerce Center, a 20-million-square-foot commercial and industrial develop-

ment in a Bakersfield submarket that’s about 40 minutes north of the Santa Clarita/Valencia market. Notable tenants at the center include Ikea, Famous Footwear, Caterpillar and Dollar General. Rentfro attributes Kern County’s many incentives – including employee training and placement assistance; industrial development bond financing; and revenue-sharing subsidies for property, sales, use, transient occupancy and business license taxes, among others – as some of the primary reasons why Tejon Ranch took its project north of LA proper.

“Scarcity of space in Greater Los Angeles is making it very difficult for growing users to find space in their current market areas,” Rentfro continues. “Vacancy rates of 1 percent or less are the norm in the Northern Los Angeles markets, which is similar to other Los Angeles markets where vacancy is scant and demand is high. These supply pressures have also resulted in huge price increases, with rents up 20 percent to 35 percent

in the past five years. Users are now looking at alternatives outside their existing area.”



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