



Manufacturers Are Heading to North Los Angeles for Space

Tejon Ranch is seeing an increased demand from manufacturers and large corporations.

By **Kelsi Maree Borland** | November 12, 2020 at 04:00 AM

Manufacturers are heading to markets north of Los Angeles for industrial space. **Tejon Ranch** has become a landing pad for these industrial users, who are finding new development, build-to-suit opportunities and good company, with companies like IKEA, Caterpillar, Famous Footwear, L'Oreal and Dollar General as neighboring tenants.

"At Tejon Ranch we're seeing an increase of inquiries about available space from manufacturers and large corporations seeking solutions to their western U.S. supply chain distribution, as well as third-party logistics," **Joseph N. Rentfro**, EVP of real estate for Tejon Ranch Co., tells GlobeSt.com. "Moreover, we're speaking with a variety of Los Angeles-based businesses seeking higher-

quality buildings at lower rents who want to stay local, but who find current rents in LA unpalatable. In addition, due to the increased demand in this sector and extraordinarily low vacancy rates, we're also seeing more inquiries regarding build-to-suit opportunities."

The neighboring large corporations is an important element to attracting manufacturers. "Being near manufacturing hubs allows for quick shipping times as well as supply chain risk mitigation," says Rentfro. "As an example, the Tejon Ranch Commerce Center can provide regional supply chain distribution to just-in-time local delivery that allow companies to bring their distribution hubs closer to their customers. That's a huge advantage for manufacturers."

In addition, Northern Los Angeles is still a just-in-time location that allows manufacturers and even large corporations to access the urban core and large population centers easily. "It's about the location of industrial real estate and its associated warehouses," says Rentfro. "These strategic locations allow manufacturers to avoid major supply chain hold-ups, while large square footage of industrial space can help keep a supply chain stored and moving with just-in-time delivery. This has allowed American companies to not only manufacture goods proximate to their warehouses, but store them affordably and ship them when needed."

The pandemic has only accelerated this trend. As a result, industrial demand is expected to grow more than 1 billion square feet by 2025. "COVID has clearly accelerated the demand for industrial space for warehouse use for two primary reasons," says Rentfro. "One is the closure of brick and mortar retail space that is driving more consumer shopping online, which drives the need for warehouse space. The second reason is the disruption in foreign sourcing that has put inventories at risk due to COVID. This has prompted companies to look at re-shoring operations and increasing inventories held domestically,

thus driving the need for more industrial space square footage closer to home."