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Will L'Oreal Be the Catalyst for an Industrial Boom in Kern County?

L'Oreal is the first major corporate tenant to migrate from Los Angeles to the Tejon Ranch Commerce Center in Kern County, but more are expected to follow.

By Kelsi Maree Borland | October 01, 2018



<https://images.globest.com/contrib/content/uploads/sites/311/2017/01/JohnDeGrinis.j>

John DeGrinis is a senior executive VP at Colliers International.

L’Oreal USA could be the catalyst for big growth in Kern County. The company recently signed a 240,000-square-foot lease at the Tejon Ranch Commerce Center, moving its current operations in Santa Clarita to Kern County. L’Oreal considered several other markets, including Reno, NV and the Central Valley market to the north, but settled on Kern County for its close proximity to L.A., access to labor and a local tax incentive program. **John DeGrinis** of **Colliers International** says that other companies are likely going to take note.

“We believe that as you see more transactions occur that way, there will be a pathway from users that were located in the north Los Angeles industrial market. A lot of those users thought that you could only go east to the Inland Empire,” DeGrinis, senior EVP at Colliers International and one of the brokers on the deal, tells GlobeSt.com. “The L’Oreal move indicate that there is an alternative available to the market. We are seeing more companies look into Kern County, and because Tejon is the first stop, we are getting a lot of that interest.”

Many Los Angeles tenants are eyeing other markets, and there are myriad reasons why. Pricing is increasing rapidly in the Greater Los Angeles area, and there is a limited supply of quality industrial space. “It is becoming very expensive to be located in Los Angeles and in the North L.A. market. There is high demand and there is no more land,” says DeGrinis. “I do believe that L’Oreal sees something that others haven’t. We think this punctuates what we have been experiencing. We think this is the beginning of a long-term trend of users realizing going north is an alternative, particularly for larger class-A buildings.”

Kern County—and particularly Tejon Ranch Commerce Center—is targeting these tenants. “The ideal candidate for Tejon is a large user located in the San Fernando Valley that needs to be in a functional class-A distribution facility, which the San

Fernando Valley offers none,” says DeGrinis. “If you are looking for class-A distribution facilities, options are the Inland Empire or north, and Tejon is the first stop north.”

Not only is Tejon Ranch Commerce Center seeking these tenants, the property is a good fit for industrial users migrating out of the Greater Los Angeles area. “Given the fact that Tejon Commerce Center sits just 40 miles north of their current location,” explains DeGrinis. “As they were exposed to the different reasons why Tejon made a lot of sense, I think that they saw the benefit of being north and getting a state-of-the-art distribution facility at almost half of what you would find in their current location in Valencia/Santa Clarita. That combines with the labor availability and the Kern County incentives really pushed them over the top.”