

Wave of Spec Development To Hit North County

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The Aston Point office project, currently under construction in Carlsbad, is among several speculative commercial developments underway or in planning in North County. Rendering courtesy of Burke Development

San Diego — Several optimistic North County developers have speculative industrial and office construction projects underway, though in most cases nobody yet knows who the upcoming tenants might be.

Among the latest to move forward is Burke Development of Costa Mesa, which recently announced it is well under construction on a 48,954-square-foot Carlsbad office project, known as Aston Point at 1800 Aston Ave. Burke's brokers at CBRE Group Inc., Roger Carlson and Larry Cambra, noted in a statement that this will be the first speculative office building in Carlsbad in more than 10 years.

"North County has seen much of its office demand focused on modern and creative office spaces," said Mike Coady, Burke's vice president of development. "We believe this trend is here to stay, and there is a lack of quality options of this product type in North County."

The two-story project is slated for completion in November, and is designed by William Skinner & Associates, with elements including collaborative space and a 5,000-square-foot outdoor patio area.

Burke itself has built prior industrial projects in Carlsbad, and several other developers in the past two years have launched their own industrial-focused developments. That's partly in response to improving economics, which are raising demand for distribution and other logistics space that's becoming harder to find in built-out markets of Central San Diego.

For instance, Encinitas-based RAF Pacifica Group in recent months has broken ground on three Carlsbad industrial projects, totaling more than \$75 million. Except for one location, where RAF is

developing an 83,000-square-foot build-to-suit for San Diego Hat Co., tenants for the projects have not been announced.

RAF and other industrial developers, including La Jolla-based Badiie Development and Laguna Beach-based McDonald Property Group, have all reported brisk inquiry activity related to spec projects underway or in the pipeline in cities including Carlsbad, Oceanside, Vista and Escondido. But so far, no official tenant announcements — at least as of press time.

Since much of the Central San Diego stock is of older vintage, developers are looking to snag office and industrial tenants who might be seeking brand-new spaces in a place like North County, where there is generally more space available to build new projects.

CBRE's data as of mid-2017 showed that North County's industrial vacancy rate was 5.1 percent, slightly above the countywide rate of 4.7 percent. Various brokerage firms put the vacancy rate in high-demand Central San Diego markets, such as Miramar and Kearny Mesa, around 3 percent.

On the office side, CBRE's mid-year data put the North County vacancy rate at 12.4 percent, above the countywide rate of 10.2 percent.