



# SAN FRANCISCO'S LIFE SCIENCES HUBS CONTINUE THEIR DOMINATION

The Bay Area's numerous life sciences hubs are still attracting companies, developers and dollars, despite tight market conditions.

By Nellie Day



Phase 3 Real Estate Partners' 570,000-square-foot life sciences Genesis Marina is already 57 percent pre-leased. Early cancer detection company Freenome recently nabbed 350,000 square feet at the campus.

**L**ife sciences is having more than just its moment in the sun. The pandemic and its emphasis on health and wellness has caused an already rapidly growing sector to hit overdrive.

Demand for new life sciences lab space is outpacing speculative construction in the top 12 U.S. life sciences hubs as the industry rapidly expands amid a global race for new drug development, notes CBRE's U.S. Life Sciences Trends report. The U.S. vacancy rate for existing lab and R&D space is currently at a record low of 4.9 percent. Meanwhile, average asking rents within the top 12 life sciences markets jumped 7.5 percent this September compared to March 2021.

Then there's San Francisco. The average life sciences rent increased 17 percent over the past 12 months, per the report.

## Leasing Leads The Way

Companies within the life sciences sector sought out nearly 23.8 million square feet of new lab space throughout the top 12 markets in the third quarter alone. This demand exceeds the amount of lab space under spec construction by nearly 2.8 million square feet.

The Bay Area has about 3 million square feet of ground-up projects currently under construction. The majority of this activity is in the North and South Peninsula submarkets where vacancy sits at 0.5 percent and 4.2 percent, respectively.

Pre-leasing also remains strong, with Phase 3 Real Estate Partners' Genesis Marina, a 570,000-square-foot life sciences campus in the South Peninsula submarket of Brisbane, Calif., already 57 percent pre-leased. Early cancer detection company Freenome signed a lease for 350,000 square feet at the campus in late September.

see *LIFE SCIENCES*, page 28



## SOUTHERN NEVADA: WHERE INDUSTRIAL MATTERS

Matter Real Estate Group has a number of developments underway in Las Vegas, including Matter Logistics @ North 15 (pictured at left). Matter's Vice President Tom van Betten discusses where he sees the industry heading and how Matter is able to find developable land in tight markets.

see *LAS VEGAS*, page 18

## INSIDE THIS ISSUE



Inland Empire Market Highlight

page 21



The Evolving Los Angeles Life Sciences Landscape

page 30

## MIXED-USE INDUSTRIAL SECTOR SOARS IN THE INLAND EMPIRE

Mixed-use industrial has become a significant economic driver in the Inland Empire. Cities are benefiting from business synergies, additional tax revenue, high-quality design and civic engagement that builds community. The recent mixed-use trend can be attributed to one key change: the significant growth in size and scale of industrial master plans over the past few decades, combined with a new approach to industrial as a partial result of the pandemic.

After the 2008 financial crisis, the U.S. economy has managed to make a comeback in ways that are unique and new to the commercial real estate industry, specifically in the mixed-use industrial sector. The Inland Empire — historically regarded as a key industrial market — saw record-level demand for industrial space as online sales surged during the pandemic.

Some 19.1 million square feet of industrial space was leased in the fourth quarter of 2020. This was down slightly from 19.8 million square feet in the third quarter, according to JLL's fourth-quarter market report. Despite 19.7 million square feet of new product being delivered in 2020, supply still lags demand. Data from the second quarter of 2020 shows there are no signs of slowing in this sector, particularly in the industrial space, which is expected to surge by more than 60 percent.

### Projects Paving the Way

A few notable projects that highlight this mixed-use industrial trend include:

**The Goodman Commerce Center in Eastvale** is a mixed-use de-



The Station is the 60-acre retail component of Goodman Commerce Center. It will include a 650,000-square-foot power center. (Credit Goodman Birtcher)

velopment that accommodates 2.4 million square feet of industrial use in three buildings. It also contains a 180,300-square-foot business park and a 650,000 square-foot community shopping center with dining and hospitality, all spanning across 205 acres. This master-planned site by AO is a great example of how an originally intended purely industrial project was reimagined into a mixed-use property with retail components. This project can now cater to new users with a high-performance motorsports track, office, schools, and food and beverage outlets. This brings a tremendous advantage to the city based off new job creation and tax benefits, with additional traffic drawing in users to the site.

**The \$3 billion World Logistics Center in Moreno Valley** is a state-of-the-art, next-generation logistics center that will be the largest master-planned logistics park in the nation with 40 million square feet of facili-

ties. Plans are for conformance with California's Cal-Green building regulations, the most stringent, environmentally friendly building code in the United States. The property will generate substantial tax earnings for the city and nearby residents due to its sheer size alone.

AO is also designing the Ranch at Eastvale, a 115-acre site that will include fast food pads, in-line retail buildings, a gas station, restaurants and 100,000 square feet of multi-tenant industrial product. Four additional industrial mixed-use master plans are in progress (planning entitlements) in Jurupa Valley, Chino and the County of Riverside.

### Designing for Synergy

Mixing industrial product with retail, office, restaurants and other uses creates a synergy that benefits businesses, workers, communities and cities. The thousands of industrial employees become patrons to nearby



**Dan MacDavid**  
Principal,  
AO

shopping, dining and services, especially when a walkable pedestrian network is created.

Setting forth a vision to satisfy all stakeholders when working on industrial mixed-use properties requires a higher design articulation than industrial-only sites. Designers need to consider the human element in new ways, balancing logistical practicality with aesthetic appeal. The transitional spaces between the industry, retail and public areas can be addressed with thoughtful arterial design, including landscaping and landscaping setbacks, sidewalks or sitting areas. A cohesive architectural narrative can be achieved by using highly appealing materials, such as glass on the industrial buildings that face retail. Private driveways with tree-lined paths create a more intimate feeling for users, similar to that of a promenade. These elements create a cohesive community feel and achieve an elevated design beyond the typical industrial park.

Carefully planned circulation patterns can promote interaction, as well as distinguish the industrial and public spaces. While beautifying the interfacing spaces enables a smooth, conflict-free transition between housing, industrial and retail uses, industrial functionality can be maintained by thoughtful building and traffic design. Segregating trucking against the edge of the property allows for full industrial site capabilities while remaining clear of public zones. When feasible, placing retail along the freeway creates added visibility for visitors beyond the industrial ecosystem, which further promotes the benefits the city has to offer.

The trend of industrial mixed-use development will continue to expand, establishing itself as a major economic driver, particularly in the Inland Empire. Because of the sheer scale of these master plans, it is imperative that cities and developers rely on the expertise of architects and consultants that fully understand industrial and mixed-use design, and how they should best integrate. There is tremendous opportunity and long-term potential for mixed-use industrial to strengthen our cities and communities for generations to come.



Goodman Commerce Center Eastvale is one of the largest mixed-use developments in Southern California. Spanning 200 acres, the center provides Class A logistics, retail and business park facilities. (Credit Goodman Birtcher)