

Life Science, Biotech Industries Head to San Pedro

In 2019, the office market in San Pedro will continue to tighten, with life science, biotech and ocean research companies migrating to the market.

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San Pedro has always been an active and tight industrial market, but now, life science, biotech and ocean research companies are leading the office growth in San Pedro. Thanks in large part to ongoing development and growth at the ports, the office market in San Pedro has been tightening. This year, more development along the San Pedro waterfront and leasing activity from these industries will position the office market in San Pedro for more growth.

"Companies that call San Pedro home are enjoying the benefits of an expanding number of economical residential choices as compared to other Southern California markets, a growing base of retail options, and are looking forward to more amenities and improvements to San Pedro's downtown and waterfront over the next year or so," **Sally Zesut**, VP at **Avison Young**, tells GlobeSt.com. "We expect to see additional life science, ocean research, biotech and other companies that benefit from the port, waterfront-adjacent real estate, and coastal Los Angeles location to give San Pedro serious consideration for their site selection needs."

The industrial market continues to be the leading asset class in San Pedro, but retail development and new office tenancy is reshaping the market. The development activity includes both large and small projects on the waterfront. Zesut layouts out the biggest projects: "A partnership of Jericho Development and the Ratkovich Company is developing the new, \$150 million San Pedro Market (formerly Ports 'O Call) into a vibrant shopping, dining, entertainment and recreational destination with a

tentative opening in early 2021. Holland Partner Group is developing a seven-story mixed-use, 375-unit development that includes a sky lounge for tenants, two ground-floor retailer spaces totaling 5,000 square feet, and

is rising on a half-block site near the waterfront with opening in early 2020. Additionally, Port Town Brewery is planned for a 10,000-sf brewery one-block from the Topaz building, which will be housed in Liberty Auditorium, a property that has been vacant for 20 years. The new microbrewery will include a taste room and offer craft brews for sale and is anticipated to open July 2019."

The new development projects are largely retail-focused, despite the rising demand for office space. That has caused office availability to tighten, pushing rental rates up. "We see demand for office space in San Pedro tightening this year. The average asking office rental rate for the South Bay market has increased by nearly eight percent over 2017, and rents are sure to continue to rise in the next few years," says Zesut. "Annual net absorption has been positive, with more than 1.6 million square feet absorbed over the last four years."

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Sally Zesut