



Vacancy rate reaches 43 percent for Redlands office space

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There are two sides to the number 43 for Rick Lazar.

The president of Redlands-based Coldwell Banker Commercial Lazar & Associates found in a study that there is a 43percent vacancy rate in Redlands office buildings.

"No one wants to see that much vacancy," said Lazar, who finished the study a few weeks ago for a client.

That rate equates to a four-year supply of space, Lazar said. Last year, the rate was around 25percent; the year before it was around 15percent.

On the other hand, he said, now is an ideal time for businesses and professional organizations seeking space.

"If you're a tenant or a buyer, oh my gosh," said Lazar, who has worked in development for more than 30 years. "It's the best time I've ever seen."

That was not always the case.

"I think people are seeing the opportunity in Redlands where historically prices in Redlands were higher than the surrounding areas," said Matt Millett, an associate at Coldwell Banker Commercial Lazar & Associates.

Vice President Spencer Hull said there was a lot of land and little vacancy five or six years ago, so developers overbuilt.

"One of the things that happened is a lot of office space got built, including a lot in Redlands," said Redlands-based regional economist John Husing, who studies the Inland Empire.

"It started when the vacancy rate was at 7percent," Husing said. "It expanded out for a while. Companies were desperate for places to relocate. The development industry got excited and built a lot just in time for the downturn."

The vacancy rate for the entire Inland Empire market is about 23 percent, Husing said.

"You've got a lot of space sitting out there empty, including space in Redlands," he said. "It's called bad timing."

Husing said developers, "like herd animals," all built a lot of space just in time for the downturn in the residential market, which took a chunk out of the commercial market.

Some office buildings, like the Redlands Spectrum on Redlands Boulevard, and business parks at West Redlands Boulevard and Park

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Avenue are almost empty. A 27,000-square-foot office building on Orange Tree Lane has only 5,000 square feet occupied, Lazar said.

Lazar said there is no telling when things will improve.

"If you have a 43 percent vacancy rate in office, we can't be out of it yet," he said. "But, I can tell you today, if you're a solid business and need space, you need to consider (buying or leasing)."

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