



Industrial Real Estate Overview

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January 25, 2021



commercial • industrial • office • sales • leasing • land brokerage

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In December of 2015, Adelanto stepped into history as “one of the few cities in the State of California that would allow medical marijuana growing on an industrial scale” (Halperin, 2017 pg.). In the City of Adelanto the initial ordinances adopted at the end of 2015 specified that medical marijuana cultivation and limited manufacturing would be allowed in the city’s industrial parks 2, 3 and 4. However, over the years the City has adopted ordinances that have significantly expanded cannabis related business by allowing for both medical and recreational marijuana permits in Cultivation, Manufacturing, Transportation, Distribution, a limited number of Retail Store Fronts, and have expanded the areas and changed the zoning types that support commercial cannabis businesses, which are now allowed to be operated on all Manufacturing/Industrial (MI), all Light Manufacturing (LM) and all Airport Development District (ADD) zoned properties. The only limitation remains on Retail Sales which has been limited to areas designated as Dispensary Zones with a limited total number of permits available.

In reviewing the comparable industrial sales data for the City of Adelanto, utilizing; CoStar, the High Desert Association of Realtors’ Multiple-Listing-Service and a title company and using search criteria focused on industrial building and vacant land sales in the City of Adelanto, both before and after the adoption of commercial cannabis related ordinances and having detailed local market knowledge we have compiled the following comparative sales information:

2014 Industrial Property Sales

In the City of Adelanto during the 2014 calendar year, we observed (6) six industrial building sales ranging from a low of \$19.13 PSF, for a ±34,500 SF building on Rancho Road, to a high of \$53.33 PSF for a ±3,000 SF building on Cassia Road. **AVG PPSF \$35.76**

2015 Industrial Property Sales

In the City of Adelanto during the 2015 calendar year, we observed (5) five industrial building sales ranging from a low of \$40.32 PSF, for a ±12,400 SF building on Koala Road, to a high of \$141.66 PSF for a ±6,000 SF building on Yucca Road. **AVG PPSF \$66.21**

2016 Industrial Property Sales

In the City of Adelanto during the 2016 calendar year, we observed (21) twenty-one industrial building sales ranging from a low of \$36.93 PSF, for a ±17,600 SF building on Koala Road, to a high of \$474.03 PSF for a ±3,850 SF building on Beaver Road. **AVG PPSF \$152.01**

2017 Industrial Property Sales

In the City of Adelanto during the 2017 calendar year, we observed (10) ten industrial building sales ranging from a low of \$96.52 PSF, for a ±6,061 SF building on Cassia Road, to a high of \$280.42 PSF for a ±9,450 SF building on Koala Road. **AVG PPSF \$165.83**

2018 Industrial Property Sales

In the City of Adelanto during the 2018 calendar year, we observed (4) four industrial building sales ranging from a low of \$142.02 PSF, for a ±29,925 SF building on Muskrat Ave, to a high of \$163.25 PSF for a ±40,000 SF building on Commerce Way. **AVG PPSF \$149.62**

2019 Industrial Property Sales

In the City of Adelanto during the 2019 calendar year, we observed (4) four industrial building sales ranging from a low of \$167.08 PSF, for a ±30,000 SF for a newly constructed industrial condo unit on Muskrat Ave, to a high of \$254.36 PSF for a ±27,250 SF building on Rancho Road. **AVG PPSF \$193.58**

2020 Industrial Property Sales

In the City of Adelanto during the 2020 calendar year, we observed (7) seven industrial building sales ranging from \$36.15 PSF for a $\pm 45,000$ SF building on Primrose Road to a high of \$550.00 PSF for a $\pm 6,000$ SF building on Muskrat Ave.; this comp is an anomaly. **The Adjusted AVG PPSF \$138.91** (\$217.48 if it included the highest comp).

As you can see from the above annual summaries, the highest volume of property turn-overs occurred during 2016 with twenty-one sales that year. The average price per square foot first peaked in 2017, before dropping in 2018 and then rebounding back up to an all-time high in 2019. However, it is important to realize that there were significantly less sales in 2018 and 2019 at only four per year and of the four sales in 2019 two were of newly constructed industrial condo units. During the current 2020 calendar year, there appears to have been a significant slow down in property turnovers with only one sale during the first six-months. This initial slow-down was likely attributable to the effect of the Covid-19 pandemic on the economy; surprisingly, the second half of 2020 rebounded with a total of six sales including two industrial condo units.

2014 Vacant Land Sales (Zoned MI, LM or ADD)

In the City of Adelanto during the 2014 calendar year, we observed (15) fifteen vacant land sales ranging from a low of \$0.07 PSF, for a ± 5.00 Acre Lot on Cactus Road, to a high of \$1.33 PSF for a ± 1.73 Acre Lot on Adelanto Road. **AVG PPSF \$0.36**

2015 Vacant Land Sales (Zoned MI, LM or ADD)

In the City of Adelanto during the 2015 calendar year, we observed (16) sixteen vacant land sales ranging from a low of \$0.06 PSF, for a ± 4.11 Acres on Holly Road, to a high of \$14.01 PSF for a ± 0.43 Acres on Raccoon Avenue. **AVG PPSF \$4.82** Note: Of the (16) sixteen sales there were only (6) six vacant land sales in zoning related to commercial cannabis uses, they ranged from a low of \$10.30 PSF for ± 0.78 Acres on Raccoon to \$14.01 PSF for ± 0.43 Acres on Raccoon. **The AVG PPSF for these (6) six sales was \$12.32.**

2016 Vacant Land Sales (Zoned MI, LM or ADD)

In the City of Adelanto during the 2016 calendar year, we observed (21) twenty-one vacant land sales ranging from a low of \$0.26 PSF, for a ± 2.42 Acres on Aster Road, to a high of \$12.94 PSF for a ± 0.78 Acres on Yucca Road. **AVG PPSF \$2.05**

2017 Vacant Land Sales (Zoned MI, LM or ADD)

In the City of Adelanto during the 2017 calendar year, we observed (42) forty-two vacant land sales ranging from a low of \$0.02 PSF, for a ± 49.62 Acres on Vinton Road, to a high of \$29.15 PSF for ± 2.49 Acres on Beaver Road. **AVG PPSF \$2.73**

2018 Vacant Land Sales (Zoned MI, LM or ADD)

In the City of Adelanto during the 2018 calendar year, we observed (23) twenty-three vacant land sales ranging from a low of \$0.26 PSF, for ± 17.83 Acres on Caughlin Road, to a high of \$13.20 PSF for ± 0.72 Acres on Raccoon Avenue. **AVG PPSF \$1.33**

2019 Vacant Land Sales (Zoned MI, LM or ADD)

In the City of Adelanto during the 2019 calendar year, we observed (22) twenty-two vacant land sales ranging from a low of \$0.13 PSF, for ± 9.14 Acres on Calleja Road, to a high of \$3.44 PSF for ± 40.00 Acres on Aster Road. **AVG PPSF \$0.84**

2020 Vacant Land Sales (Zoned MI, LM, ADD)

In the City of Adelanto during the 2020 calendar year, we observed (16) sixteen vacant land sales ranging from a low of \$0.13 PSF, for ±14.74 Acres on Powerline Rd., to a high of \$32.31 PSF for ±1.19 Acres on Beaver Road; this comp is an anomaly and not indicative of the typical vacant land sales transaction. **The Adjusted AVG PPSF \$1.62** (*\$3.64 if it included the highest comp*).

In review of the above annual summaries, the highest volume of property turn-overs occurred in 2017 with a massive forty-two sales during that year. The average price per square foot peaked early on in 2015 when several cannabis zoned properties were sold off of Racoon, each was smaller than an acre; these were the highest land sales on record at that time. There were significantly less land sales in 2018 and 2019 in comparison to 2017, but still a substantial amount of land has traded hands. The average price per acre has somewhat normalized since 2015, Likely due to the City having significantly expanded the available land for commercial cannabis use over the past (5) five years.

As of January 25, 2021, and according to data pulled from the High Desert Association of Realtors (HDAOR) Multiple Listings Service (MLS) and CoStar there were (16) sixteen industrial building listings in the City of Adelanto zoned for commercial cannabis business uses, that are listed for sale; of which, (1) one out of the (16) sixteen is located in the cannabis dispensary zone, (10) ten are condo units in the HDO Industrial Park (8) are listed as pending in escrow, (1) one is under construction and (1) one is actively listed for sale at \$183.79 PSF, of the remaining (6) six the listing prices range from a low of \$120.18 PSF for a ±108,160 Sq. Ft. building to a high of \$208.00 PSF for a ±31,250 Sq. Ft. building.

As of January 25, 2021, and according to data pulled from the High Desert Association of Realtors (HDAOR) Multiple Listings Service (MLS) and CoStar there are currently (23) twenty-three active vacant land listings available for sale in the City of Adelanto that are zoned to allow for commercial cannabis business uses and range in asking price from a low of ±\$13,500.00 for a ±0.38 Acre parcel located on Greening Road to a high of \$4,950,000.00 for a ±35.00 Acre parcel located off Mesa Linda Road & Rancho Road.

In review of the data, it appears that the availability for commercial cannabis properties has decreased while the demand has moderately increased in the City of Adelanto with less turn-over and longer days on market. The greatest demand for commercial cannabis properties occurred early on during 2016 and 2017 during what would be considered the peak of the Adelanto Industrial Commercial Real Estate Market.

Presently, there appears to be an over-supply of cannabis-zoned vacant land on the market in the City of Adelanto; which continues to create a downward pressure on vacant land property values. With the large volume of land parcels available on the market, combined with the lack of access to utilities, and infrastructure continues to be the primary contributing factors leading to falling property values in the local market. Seeing a significant number of days on market for both land and buildings, it appears that many are overpriced and very slow to adjust to current market values and conditions.

We believe that the Adelanto Industrial Vacant Land and Building Market has been in an ongoing cycle of correction that began in late Q3 of 2017. The Adelanto industrial real estate market has continued to correct for the abundance of available cannabis zoned land as well as a maturing of cannabis entrepreneurs that are starting to look for second generation space from failed cannabis businesses and partnerships during the first major buying cycle. This in conjunction with competing commercial properties that have appeared in alternative markets that are positioned closer to the high population centers across the state; we believe we will continue to see sales and leasing prices normalize to levels that are higher than, but still closer to pre-cannabis market levels.



We also believe that these jurisdictions that are closer to the larger cities and population centers in California (areas of the highest concentration of cannabis users); like, Los Angeles, San Diego, San Jose, San Francisco, Fresno, Long Beach, Sacramento and Oakland will continue to remain more attractive to cannabis entrepreneurs due to their high population density. To remain competitive, Adelanto has made an effort to keep cannabis related business taxes at a minimum, however, it is highly likely that the City will find itself having to re-evaluate the factors and incentives that will allow them to continue to remain competitive in attracting commercial cannabis entrepreneurs while balancing the City's fiscal needs.

Joseph W. Brady, Inc. dba The Bradco Companies is the longest standing, full-service commercial, industrial, office, retail multi-family and vacant land brokerage firm in the High Desert region. We also publish the Bradco High Desert Report; the most comprehensive economic overview of the High Desert region. If you wish to receive this report, please go to our website www.TheBradcoCompanies.com/register and register. You will receive this and other communications relative to our local economy or issues that we are involved in free of charge.

If you have questions regarding our local commercial markets of Adelanto, Apple Valley, Hesperia, Victorville and Barstow and have an interest in buying, selling or leasing commercial or investment properties and would like assistance, please don't hesitate to call:

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