

GROWTH CONTINUES IN THE MOJAVE RIVER VALLEY

A population boom has brought houses, companies and retailers to the High Desert area known as the Mojave River Valley.

By Nellie Day

The “High Desert” used to be a term that referred to one area: the northern region of San Bernardino County that is beyond the Cajon Pass. However, this region — like many others throughout the country — has experienced tremendous

growth over the past decade, particularly during the pandemic. As such, many other “high deserts” popped up, including the nearby Joshua Tree area, in addition to namesakes in Arizona, Nevada and Oregon.

That led this particular area to be

rebranded as the Mojave River Valley, notes Joseph Brady, president of The Bradco Companies in Victorville, Calif. As a long-time, 35-year resident of the Mojave River Valley and the longest serving commercial broker in the region, Brady has seen this area grow

from a pass-through on the route to Vegas to a flourishing destination for those in search of reasonably priced housing, a business-friendly climate and close proximity to many of the West’s major markets.



Brady

Brady recently sat down with *WREB* to discuss the commercial activity occurring in the Mojave River Valley, and where he sees future opportunities for commercial investors.

What is the current state of commercial real estate in the Mojave River Valley?

Retail is rather steady, with each of the cities — Apple Valley, Adelanto, Barstow, Hesperia and Victorville — all seizing new opportunities for commercial. Sprouts Grocery stores are coming into Victorville and the Town of Apple Valley, while Dutch Bros. continues to expand from Apple Valley, Hesperia, Victorville into Barstow. We also have many smaller national tenants that continue to expand in the retail marketplace. Retail vacancy levels continue to drop, and rents are increasing.

The major push in the last two years has been industrial. Most of the major large parcels of land within the five incorporated cities that have utilities are spoken for. Most were purchased by developers for between \$2 and \$6 a square foot — and nearly doubled in price since they were purchased. The Valley has a base industrial market of about 26 million square feet, with nearly 3 million square feet recently completed at Southern California Logistics Airport. This includes Amazon, Iron Mountain and Mar’s pet division. Master developer Covington Capital has developed three parcels in Hesperia totaling nearly 221 acres that will be completed by the end of this year. Modway has already completed its building within this master plan, which is over a million square feet, while Exeter recently signed a 10-year lease with Fellowship Warehousing. That building is 1.1 million square feet and will be completed by the end of the summer.

How has the pandemic impacted the Mojave River Valley?

Office space is rather stable and has

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not seen any new developments in the last 15 years. I suspect that will change dramatically within the next two to three years. We expect a large surge in growth due to the prospect that Brightline's "Speed Train" will be funded. Brightline has received all its approvals and permits and is just waiting on government funding now, which will hopefully be received by July. That \$8 billion project, which will take four years, will connect Rancho Cucamonga to Hesperia, then Apple Valley and then the Las Vegas Strip.

Quite candidly, we saw an increase in the amount of people driving through the Cajon Pass, one of the most heavily traveled corridors in California. Nearly 65 percent of all goods that are imported into the Los Angeles and Long Beach ports are trucked through or railed through this area. Prior to COVID, we had nearly 90,000 commuters a day through the Cajon Pass. We saw that dramatically decrease for probably 18 to 20 months, though it's back to "normal" now.

Where do opportunities lie for commercial investors and developers?

There is a huge need for multifamily and workforce housing as the Brightline project moves forward and the Burlington Northern Santa Fe (BNSF) railway works on its 4,500-acre inland port in Barstow that is expected to create about 22,000 jobs. We have a huge lack of multifamily housing to satisfy the desires of many of these workers. I think there is a great opportunity there.

What are the benefits of investing and developing in the Mojave River Valley?

The benefits of developing in the High Desert/Mojave River Valley is that you have five very pro-growth cities that want good, well-planned and well-thought-out development. While the cities must work under federal and state guidelines, they are more pro-growth than many of the cities down below. We also have our own Air District, the Mojave Desert Air Quality Management District, which is far less restrictive than the South Coast Air Quality Management District. That district has been very restrictive to industry and to the amount of development that has been built over many years.

What challenges does this area face?

I believe the cities need to work more cooperatively with the development community on infrastructure projects. The cities ultimately need to come together, for example, to work on a major road that encircles the region.

When then-Governor Jerry Brown took more than \$5 billion in redevelopment funds away from the cities nearly 12 years ago, it led to huge impacts in areas like the High Desert/Mojave River Valley that now need that money for expansion. I believe the development community will help figure it out, and I think the cities and San Bernardino County will have to collectively come together and do something that benefits the entire region.

Where do you see this High Desert heading in the next few years?

I moved from Santa Barbara to the High Desert/Mojave River Valley 35 years ago. When I came here, there were about 125,000 people within what we now call the five incorporated cities (Hesperia and Apple Valley were not incorporated until 1989). We have more than 500,000 people in the region now, including Barstow. I absolutely believe, without a doubt, that the Valley will double in size in the next 25 years thanks to efforts like the Brightline project, the Burlington Northern project and the Silverwood master-planned community in Hesperia (mentioned below). ■

THE CITIES OF THE MOJAVE RIVER VALLEY

Brady outlines the commercial activity driving each of the five cities that comprise this High Desert region.

Adelanto:

Adelanto had a large amount of industrial production until Southern California Logistics Airport was created. Marijuana cultivation businesses have also done well here. There are nearly 4 million square feet of cultivation buildings within the region, and the market is still relatively steady. Leasing rates are not increasing at the pace they did between 2015 and 2019. There is a very low vacancy factor.

The city is also working on a new Holiday Inn Express, a potential Hispanic grocery store and many other major retail uses that the residents of Adelanto not only need, but deserve.

Apple Valley:

Apple Valley will soon welcome a new Sprouts and Raising Cane's. There are now nearly 10 major development projects in the entitlement process in Apple Valley's "Industrial Specific Plan" area in the northern portion of town. This is also where Big Lots opened a 150,000-square-foot-plus facility two years ago, and just south of the 1.2-million-square-foot Walmart Distribution Center.

We believe all these projects will bring nearly 10 million square feet of additional distribution logistics to the northern portion of Apple Valley. The town is coordinating those areas that don't have infrastructure, an effort we applaud. The town is exploring other funding options, such as assessment district(s) and grant funding to invest in infrastructure extension projects. Apple Valley has funded more than \$500,000 in small business assistant grants to help more than a dozen local businesses get back on their feet after the COVID downturn. The town strongly supports shopping locally and encourages its residents to frequent local businesses.

Apple Valley experienced serious growth in 2022 with the opening of Crumbl Cookies, Tomahawk Axe Throwing, the Mint Facial Bar, Freedom Fitness Gym, the Gym, Barstow Country Butchering, Mr. Kabob's, Town's End Stillhouse and Grill, The Village and AV Bicycles' relocation expansion. Nearly 45,000 square feet of medical office space was also constructed near Providence St. Mary's Medical Center. The Building and Safety Department processed more than 4,900 permit applications last year. It issued 2,016 permits and completed 1,094 plan reviews, coupled with 585 new business licenses and 2,325 renewed business licenses.

Barstow:

Raising Cane's opened in Barstow within the past year and is already doing nearly \$175,000 a week. Dutch Bros., KFC and Taco Bell have all opened brand-new pads off Main Street. Chicken Guys will be debuting within the next year.

Construction on BNSF's inland port should begin in the first quarter of 2025, and the facility should be operational in 2027. Burlington Northern has already acquired nearly 3,500 of the 4,500 acres and has spent well over \$40 million on land.

The Bradco Companies is nearing completion on its easement with Caltrans for "The Shops at Spanish Trail," under Barstow Spanish Trail,

located off I-15 and adjacent to Home Depot. The project has a partial entitlement of about 801,000 square feet of mixed-use space.

Hesperia:

Not only is Hesperia greeting industrial logistics distribution in a very aggressive way — with nearly 3 million square feet to be completed by Covington Capital by the end of 2023 — but there is now more than 10 million square feet of planned industrial, logistical and manufacturing coming to the south/western portion of the city.

Ranchero Road is undergoing a major \$52 million widening to help welcome "Silverwood", a master-planned community developed by DMB in conjunction with Terra Verde Partners. This project has been envisioned for more than 40 years. About 15,633 dwelling units will be built over the next 25 years. Grading started last February, with more than 10 million cubic yards being moved. The developer is prepping for about 1,987 initial lots that will be partially completed, graded, and prepared for the six national homebuilders that will debut their model complexes by spring 2024. This will not only be a "smart community", but an upscale community that will draw homeowners from Southern California and throughout the Mojave River Valley.

Victorville:

Victorville continues to thrive. It continues to be a top choice for large and small businesses alike, with the city welcoming nearly 200 new commercial businesses, including 69 new retail businesses like Six Beans Coffee, Nothing Bundt Cakes, Dutch Bros. and Vegan Vato just last year. Construction for the new CarMax Auto Dealership is underway. The overall site is 4.2 acres that will include a 7,600-square-foot showroom, sales and service building.

There are five hotels planned in Victorville, including Holiday Inn Express, Comfort Suites, Fairfield Suites, Hampton Inn, Avid Hotels (currently under construction) and Wyndham Garden Inn.

The city was awarded a \$20 million Homekey Grant from the California Department of Housing and Community Development in December 2022 for construction and operational support of its Wellness Center Campus. It is expected to provide a low-barrier emergency shelter, recuperative care facility, medical clinic, interim housing and wraparound support services. Victorville's Wellness Center Campus will be the first of its kind in San Bernardino County. The center will support the homeless and those at risk of becoming homeless. It has a maximum capacity of 170 beds.

Victorville is also nearing completion on its "Green Tree Extension" project, which has been envisioned for more than 60 years. The project will link Green Tree Boulevard to Yucca Loma in Apple Valley. This will fully extend Green Tree Boulevard the 1.5 miles from Hesperia Road to Ridgecrest and Yates roads, as well as continue another two miles east to Apple Valley.

— Nellie Day