

Tech in Downtown Santa Barbara

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A Brief History of Tech in Downtown Santa Barbara

by Greg Bartholomew

Technology companies have become an increasingly significant presence in downtown Santa Barbara over the past decade. Prior to that, most tech companies gravitated to the suburban office and R&D parks in Goleta. The two main factors driving this migration have been the allure of downtown for tech workers and the increased availability of larger floor plates and spaces near State Street during and since the last recession.

Of course, there were tech companies in downtown Santa Barbara prior to the recent wave, including Green Hills Software, FastClick, Conversant (formerly ValueClick), Softshare, and Multiprobe, to name a few. However, very few of these companies were located on or around State Street in the heart of downtown.



25 W Cota St is a recently rebuilt and expanded industrial building that was adapted for creative office tenants, while retaining elements of the original facade. Honey Science will occupy the building and the adjacent 530 Chapala St later in 2019.

Led by RightScale and Sonos, tech companies began leasing office space in the center of downtown during the recession about 10 years ago. They recognized that the State Street area of downtown provided a lifestyle benefit to tech employees, many of whom value the walkable, amenity-rich environment of State Street over office park features like ample parking and proximity to more affordable suburban housing.

The recession hit the State Street retail sector particularly hard, and the once renowned destination shopping corridor continues to struggle under double-digit vacancy. Recognizing that State Street has a long-term problem of oversupply, companies such as Sonos, LogicMonitor, and now Amazon have converted retail buildings fronting or near State Street to “creative” office space. The repurposing of retail space to office space has generally been well received by the community, especially in the context of recent proposals to adapt or even redevelop some of State Street’s retail property for other uses, including mixed-use residential and office space. Nearly all agree that having more tech employees working near State Street adds dynamism and economic vitality to the downtown area.

Prior to the recession, the downtown Santa Barbara office inventory was almost entirely occupied by professional office tenants, especially in the financial and legal sectors. As many tech companies have been converting retail—and in some cases industrial—space for their use, the impact on professional office users has not been significant, and rents for traditional office space have remained stable.

Tech companies are competing for talent now more than ever. I expect downtown Santa Barbara to continue to appeal to tech employees, and with Amazon moving a large research team to State Street in 2019, there is a lot of momentum for other firms to follow.

About the author:



Greg Bartholomew is a partner with Hayes Commercial Group and has completed hundreds of commercial sales and leases in downtown Santa Barbara during his 25-plus years as a broker. He exclusively represents Sonos in all of its real estate transactions in the area. He can be reached at greg@hayescommercial.com.

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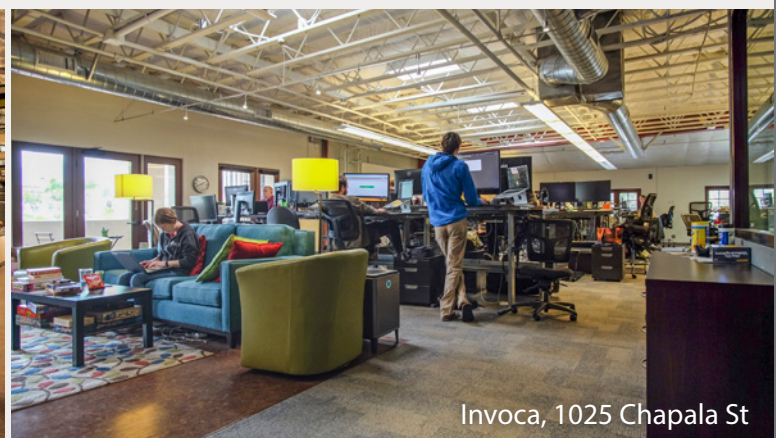
68 Tech companies with locations in downtown Santa Barbara

Company	Type	Company	Type
Active Life Scientific	Engineering	Local Market Launch	Internet
Advanced Scientific Concepts	Engineering	LogicMonitor	Software
AppScale	Software	MediaTrust	Internet
Ascendim	Software	Milo Sensors	Engineering
Audience Science	Internet	NovaCoast	Software
Benefit Software	Software	Opus Logica	Software
BiolQ	Engineering	Otojoy	Engineering
Cachematrix	Software	Path	Software
ClearPath GPS	Engineering	PayJunction	Internet
Conversant	Internet	Pelago Design	Software
Coull	Internet	ProductPlan	Software
Crowson Technology	Engineering	Reactful	Internet
D2 Technologies	Software	RightRental	Internet
Data Hardware Depot	Internet	RightScale	Internet
Ebix Inc	Software	Rincon Technology	IT
Estalea	Internet	Riptide 10	Software
Evidation	Software	Ryan Security Technology	IT
FastSpring	Software	Seeker	Software
Fluency	Engineering	Self Echo	Software
Followup CC.	Software	Service Objects	Software
FuelBox	Engineering	Shiphawk	Internet
Future Technology Company	Engineering	Simpler Systems	Software
Green Hills Software	Software	Social Intelligence	Internet
Groundswell Technologies	Software	Sonos	Consumer Electronics
HG Insights	Software	Strategic Healthcare Programs	Software
Honey Science	Software	Tapjoy	Internet
iFluidics	Engineering	Turbine Technology Partners	Engineering
Impact Radius	Internet	Umbra Lab	Engineering
Invenios	Engineering	Webnow	Internet
Invoca	Internet	Well Health, Inc	Software
iStoryTime	Software	World Viz	Software
Landmark Global	Software	Xform Computing Inc	Software
LifeScale	Engineering	Zoom Video Communications	Software
Linear Technology	Engineering	ZOS Communications	Software

Disclaimer: Tech companies move around a lot, and therefore we cannot guarantee that the above list is 100% current.



RightScale, 402 E Gutierrez St

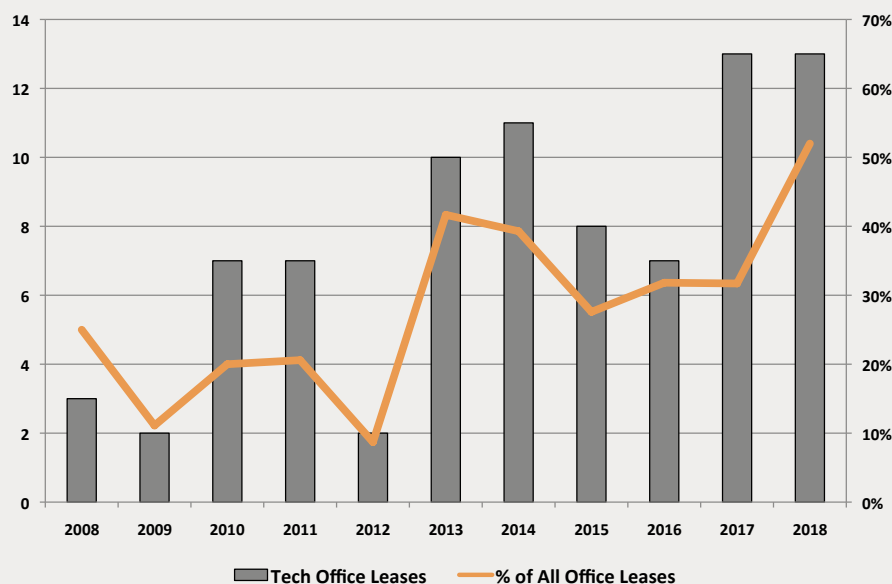


Invoca, 1025 Chapala St

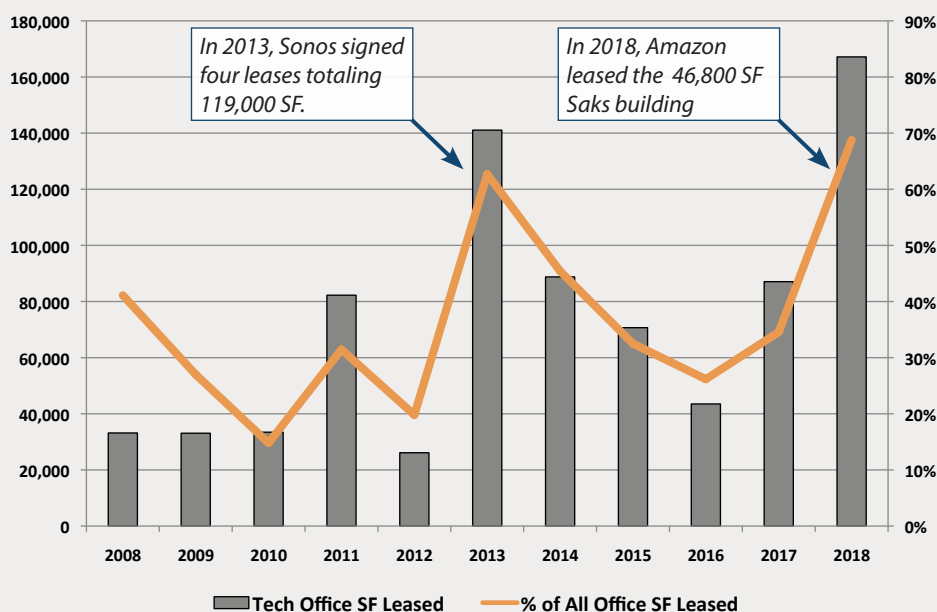
The Shape of the Wave

The two graphs below track leasing activity by tech companies downtown since 2008. The gray bars represent volume of leases, while the orange curve plots the percentage of all downtown office leases that the tech volume represents.

Tech Lease Transactions in Downtown Santa Barbara



Tech Lease Square Footage in Downtown Santa Barbara



Downtown is defined as the area from Mission Street to Cabrillo Boulevard and from Milpas Street to Castillo Street.

Getting Creative



Amazon leased the 46,800 sf Saks building at 1001 State St in 2018. A fraction of the ground floor will reportedly be retail space with the balance of the building being creative office.



Sonos converted the entire 27,700 sf building at 419 State St to creative office space in 2013, including the ground-floor retail storefront portion. Invoca leased the building in late 2018.



Sonos forged its headquarters in the 22,000 sf building at 614 Chapala St in 2013. The building had previously been a camera and electronics store.



LogicMonitor repurposed the vacated G by Guess retail storefront at 820 State St into creative office space in 2017.

Notable transactions by tech companies in downtown Santa Barbara (2004 to present)

2004

Green Hills Software

1421 State St
7,800 SF Lease

Rincon Technology

506 Chapala St
9,200 SF Sublease

Fastclick

200 N Calle Cesar Chavez
7,600 SF Lease

Conversant

530 E Montecito St
28,300 SF Lease

2005

Multiprobe

819 Reddick St
9,500 SF Lease

Sonos

223 E De La Guerra St
11,500 SF Lease

Computational Sensors

201 N Calle Cesar Chavez
4,500 SF Lease

Softshare

901 & 911 Olive St
14,400 SF Lease

2008

Control Point

360 Olive St
14,900 SF Sublease

**RightScale**

136 W Canon Perdido St
10,800 SF Sublease

2009

Cogi

1033 Anacapa St
4,700 SF Sublease

2010

Service Objects

27 E Cota St
5,300 SF Lease

Graphiq

15 W Figueroa St
3,700 SF Lease

2011

Invoca

8 E Figueroa St
3,700 SF Lease

Sonos

801 Garden St
20,000 SF Sublease

RightScale

402 E Gutierrez St
26,300 SF Lease

Tempest Telecom

136 W Canon Perdido St
18,000 SF Lease

2012

Multiprobe

425 N Milpas St/819 Reddick St
18,600 SF Purchase

Rincon Technology

810 E Montecito St
3,400 SF Purchase

2013

**Invoca**

1025 Chapala St
14,700 SF Lease

Sonos

25 E Mason St
46,800 SF Lease

Sonos

419 State St
27,700 SF Lease

**Sonos**

614 Chapala St
22,000 SF Lease

Sonos

820 State St, 5th Flr
8,500 SF Lease

Ryan Security

421 N Milpas St
2,800 SF Purchase

2014

Linear Technology

901 Olive St
7,200 SF Lease

Sonos

600 Chapala St
6,000 SF Lease

Local Market Launch

7 W Figueroa St
7,200 SF Lease

HG Insights

1 N Calle Cesar Chavez
8,200 SF Lease

2015

Local Market Launch

19 E Ortega St
5,400 SF Lease

Sonos

530 Chapala St
17,000 SF Lease

Zoom Video

200 E Carrillo St
4,800 SF Lease

2016

RightSignature

8 E Figueroa St
5,500 SF Lease

LogicMonitor

820 State St, 5th Flr
8,500 SF Sublease

2017

LogicMonitor

820 State St, 1st & 3rd Flr
12,200 SF Lease

2018

Green Hills Software

21 E Victoria St
6,000 SF Lease

**Amazon (Graphiq)**

1001 State St
46,800 SF Lease

Zoom Video

420 E Carrillo St
7,700 SF Lease

Invoca

419 State St
27,700 SF Sublease

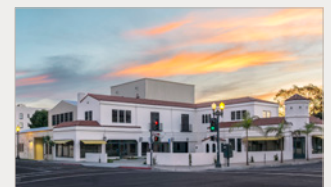
Well Health

1025 Chapala St
14,700 SF Lease

2019

Tapjoy

126 E Haley St
5,500 SF Lease

**Honey Science**

530 Chapala St
18,800 SF Sublease

◆ indicates transactions completed by Hayes Commercial brokers