For many Southern California companies, Arizona has become a serious option for expansion or relocation. Lower operating costs in some categories, available land, a growing labor pool and a day's drive to California customers all play a role. Before signing anything, though, business owners should understand how commercial real estate Arizona markets differ from what they are used to at home.

A move across state lines touches every part of a business, from workforce and taxes to logistics and customer relationships. Speaking with a team that knows both markets, such as the DAUM Phoenix office, can help you compare options with a realistic view of costs and timelines.

Why California Companies Look East

Arizona, and the Phoenix metropolitan area in particular, has grown rapidly over the past few decades. Population growth has brought a larger workforce, new infrastructure and a steady stream of industrial and office development. For companies weighing a move, common motivations include:

- Access to larger sites and newer buildings than may be available in dense California submarkets
- Potential differences in occupancy costs, taxes and regulatory requirements
- Room for future expansion on contiguous land
- Proximity to Southern California by highway for distribution and customer service
- A growing base of manufacturing, technology and logistics employers

None of these factors guarantees savings. The right answer depends on your industry, workforce and customer locations, which is why a careful comparison matters more than headlines.

Understanding Commercial Real Estate Arizona Submarkets

Metro Phoenix is large and spread out, and submarkets vary widely. The West Valley has seen extensive industrial development along major freeway corridors. The Southeast Valley, including areas around Chandler, Tempe and Mesa, hosts a mix of technology, manufacturing and office users. Central Phoenix and Scottsdale offer office options with different character and price points.

Before touring buildings, define what the business actually needs. Industrial users should consider clear height, power, loading and yard space. Office users should https://www.empowher.com/user/4958414 think about commute patterns for the workforce they hope to hire. Distribution companies need to map drive times to key customers both in Arizona and back in California.

Planning the Relocation Step by Step

A well-run relocation follows a deliberate sequence. A typical process looks like this:

1. **Define the business case.** Compare total occupancy and operating costs, not just rent.
2. **Assess the workforce.** Decide which employees will relocate and which roles must be hired locally.
3. **Shortlist submarkets.** Narrow the search based on labor, logistics and site requirements.
4. **Tour and compare properties.** Evaluate buildings against a consistent set of criteria.
5. **Negotiate terms.** Address rent, improvements, timing and any available incentives.
6. **Plan the transition.** Coordinate the California exit, equipment moves and operational continuity.

Managing the California Side of the Move

Relocating is not only about the destination. Companies also need a plan for their existing California space. That might involve negotiating an early lease termination, subleasing remaining space, selling an owned building, or keeping a smaller California presence for sales and service. Each option has different financial and legal implications.

Some businesses discover that a hybrid approach works best: moving production or distribution to Arizona while keeping a California office or showroom near key clients. Working with commercial real estate advisors who can evaluate both sides of that equation helps prevent surprises, such as paying for two facilities longer than expected.

Incentives, Timing and Due Diligence

State and local economic development organizations in Arizona may offer programs for companies that create jobs or invest in facilities. Eligibility and value vary, and incentives usually need to be discussed before a final site decision is made, so engage those conversations early.

Due diligence is just as important as it would be in California. Confirm zoning, utility capacity, water availability for certain uses, and any building code requirements tied to your operations. In a fast-growing market, also consider what nearby land might become in the future, since development patterns can change a location's character quickly.

Frequently Asked Questions

Is Arizona always cheaper than California for commercial space?

Not always. Some costs may be lower, but rents, construction pricing and labor costs vary by submarket and change over time. A full cost comparison is the only reliable way to know.

How far in advance should a relocation be planned?

Many companies begin planning a year or more in advance, especially if they need a build-to-suit, significant improvements, or a coordinated exit from existing California leases.

Can I keep part of my operation in California?

Yes. Many companies maintain a California office, showroom or service location while shifting other functions to Arizona. The best structure depends on customer locations and staffing.

Relocating to Arizona can open new room to grow, but it works best when it is treated as a strategic project rather than a quick real estate decision. With clear goals, honest cost comparisons and local market knowledge on both sides of the state line, a California business can make the move with confidence.