

THE FRESNO BEE  
 Sunday, April 29, 2007  
 Sanford Nax

**Fresno and Visalia look for ways to create more land for industrial use.**

Industrial property is getting harder to find in Fresno and Visalia.

Both cities face a shortage of land that businesses can develop quickly, especially if those companies want to buy their own site. The shortage is so acute that communities are looking for ways to create more industrial property.

But development costs are high and timelines are lengthy.

"There seems to be no silver bullet for the shortage of developable land for future industrial use in Fresno or Visalia," officials at Grubb & Ellis/Pearson Realty said in a recent study.

"However, there are many efforts under way along the Highway 99 corridor. The time and cost to provide services is another obvious challenge,"

With its vast expanses of vacant land, the central San Joaquin Valley at first glance has plenty of available land. But in reality, much of the real estate does not have sewer or water, is not zoned correctly, or is otherwise not suitable for quick development.

"They all have issues that need to be resolved. There is no end to the issues," said Keith Bergthold, assistant planning director in Fresno, which has a task force searching for potential sites.

Diversified Development Group

of Fresno and Buzz Oates Cos. of Sacramento have built large warehouses hundreds of square feet in size that are available for lease, but smaller parcels that can be sold and developed quickly are scarce.

"Demand is steady and balanced," said Stewart Randall of Colliers Tingey International, a commercial realty firm. "The vacancy factor is probably the lowest it has been in five years because not many new buildings are becoming available or are on the drawing boards."

In Visalia, planning director Fred Brusuelas said city officials are working on a proposal to annex 480 acres in the northwest for industrial development. A debate has arisen over how big to subdivide the lots.

The Visalia City Council's April 16 vote calls for an agreement to reserve at least 75% of the land for lots of no less than 40 acres, with the remaining 25% available for lots of 10 to 40 acres.

That's in keeping with two years of discussions about a shortage of large industrial parcels, such as those now occupied by VF Corp. and Jo-Ann Fabrics & Crafts for their distribution centers in Visalia.

But it runs counter to the proposal by the property owner to subdivide the land into lots of 10 acres or larger.

Brusuelas said the demand for 10-acre lots is greater than for the larger ones.



**A new smaller industrial office building at Nicholas Plaza in Visalia is an example of Pickett & Sons' work. The company is having success with these smaller structures as the vacancy rate drops in Fresno and Visalia.**

The story is the same in Fresno, where more businesses want to buy smaller parcels for buildings of up to 40,000 square feet.

"Demand is for the smaller stuff," said Lou Ginise, vice president of Pearson Commercial.

Pearson says the vacancy rate in Fresno is 5.6%, which is down 3.4% percent from first quarter 2006. Smaller industrial buildings constructed by Don Pickett have been some of the most popular offerings.

Contractors, electricians and others snap up the 5,000-square-foot to 20,000-square-foot structures that Pickett constructs in Fresno. His newest project consists of 40 lots near Chestnut and Winery avenues. That industrial park will have 5,000- and 10,000-square-foot buildings that will be sold to business owners.

Pickett's nephew, Joe, is having similar success with 50 lots on 25 acres on Plaza Drive in Visalia.

But a wider variety of buildings and property is needed, said Ethan Smith,

a Pearson agent who is helping market North Pointe Business Park, a 230-acre project in south Fresno that leases property.

Efforts are under way to prepare 1,500 acres bounded by Jensen, Minnewawa, North and Temperance avenues for industry. And Scott Johnson, Fresno's economic development director, is a member of a committee that is scouring the city for property that can be developed into industrial parks that are equipped with sewer, water, curbs and gutters. The goal is to offer them to businesses who want to move quickly.

"The term is 'shovel ready,' " said Johnson.

He said North Pointe and Roeding Business Park in southwest Fresno are not enough. And Roeding, because the land is controlled by multiple property owners, is hard to assemble for development, agents say.

Fresno County officials have gotten into the act. They are looking for land that could accommodate a 1,000-acre industrial park.

But price has become an issue since the robust real estate market between 2002 and 2006 drove up land prices, adding to the problems, said Tim Mitchell, a development partner to Buzz Oates.

Oates is building two 72,000-square-foot industrial properties near the airport in Madera and bought 80 acres in Chowchilla for development purposes. Madera and Chowchilla are two areas that could attract industrial businesses in the upcoming years, said Bobby Kahn, executive director of the Madera County Economic Development Commission.

Developers are preparing properties totaling 135 acres in Madera, in addition to the Oates' properties. Chowchilla also has started the process of annexing 500 acres of proposed industrial property.

"The city has it in their sphere of influence and sewer and water is only a half-mile away and they plan to bring in rail service," Kahn said.

"They are positioning themselves to be a major player in the industrial market in the next several years."