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Region can't meet demand for industrial land

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The number of industrial companies eyeing Sacramento for new warehouses and plants has more than tripled since the start of the year. But many companies have already gone elsewhere because the region is short on industrial land.

The companies that have bypassed the area include Wal-Mart Stores, Kohl's and Lowe's. The supply of land will improve when the 1,800-acre [Metro Air Park](#) hits the market next year, but there won't be much else available for quite a while.

Industrial operations currently looking for warehouse land need 9.1 million square feet of building space, while manufacturers need 5 million square feet, said Robert Burris, deputy director of the [Sacramento Area Commerce and Trade Organization](#).

That works out to 14.1 million square feet. In January, such companies sought just 4.5 million square feet.

The interest speaks well for Sacramento's economy, with one hitch: About half of the lookers want to build, so they need land. Of those companies, Burris said, several need more than 100 acres and most need 50 to 100.

Parcels of 80 acres and larger are not readily available, he said, and the companies generally won't wait until one is.

Others say it's hard to find properly zoned parcels as small as 20 acres.

Unlike many communities, Sacramento lacks large industrial parks for huge buildings, said Robert Fountain, an economist with California State University Sacramento.

Real estate brokers agree. "If you try to find even 20 acres, you can count the parcels on less than one hand," said Dave Leatherby, an industrial broker with the Central Valley Industrial Group at [Colliers International](#). "You can go to Williams and find 300 or 400 acres. But it doesn't have utilities, homes, services."

The Sacramento trade organization has farmed out leads to brokers, he said, but the brokers can't find the parcels the prospects want.

Land for manufacturing -- the kind of industrial use that brings the most jobs, he noted -- is in shortest supply.

There are a few big parcels here and there, said Keven Jasper, a broker with [Cornish & Carey Commercial](#)/Oncor International. But typically they are too far away from the major freeways to suit industrial users.

"It's a problem that's not going to go away," he said.

Why it's scarce

Industrial land is scarce partly because some of it has been rezoned for housing, a more valuable use. The biggest pending example is the effort by [Summit Commercial Properties](#) to rezone 255 acres in Southport Industrial Park in West Sacramento.

"For the past six months or a year, there have been no larger spots for potential build-to-suits," Jasper said.

Moreover, gaining approval to rezone land to industrial can take years. Buzz Oates and other landowners spent 20 years getting development approved at Metro Air Park near Sacramento International Airport. Securing approvals for Southport Industrial Park took 15 years, Leatherby said.

"Who wants to wait that long?" he asked.

Three who passed on the area

Leatherby said the distribution companies that have bypassed Sacramento during the last 24 months, partly because they could not find land, include:

- Wal-Mart Stores. It looked for land to build an approximately 1 million-square-foot refrigeration facility and two distribution centers of 450,000 square feet each.
- Kohl's Department Stores. It looked for land for a 600,000-square-foot to 800,000-square-foot distribution center.
- Lowe's Cos. Inc. It scouted this area for two distribution centers totaling about 2 million square feet.

In the wings

Brokers see some hope for 1,886-acre Metro Air Park. It's zoned for up to 21 million square feet of warehousing, light manufacturing, office, hotel and retail.

The basic infrastructure is going in now, and the park should be ready for the first buildings next year.

Fountain and the brokers, however, cautioned that its land might be too pricey for many industrial users.

Another property that might come on line before long is the 3,828-acre Rio Del Oro mixed-use community, east of Sunrise Boulevard in Rancho Cordova. The tract, being developed by Elliott Homes, is proposed for more than 300 acres of industrial and offices.

In Woodland, developer Gerry Kamilos has a joint venture with the city to develop 824 acres as an industrial and office park.

Also in the future is the 7,500-acre mixed-use tract in southern Sutter County proposed by Lennar Communities and others for 17,500 homes and 3,600 acres of commercial development, much of it industrial.

Likewise, the huge Sunset Industrial area in Placer County, although approved in concept for development is not improved and deliverable, said Mike Lyons, an industrial broker with CB Richard Ellis.

The processing, however, is just getting started. If processing moves at typical speed, approval is years away.