

Harsch plans additional Sacramento business park

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Harsch Investment Properties has purchased land in Roseville, Calif., for a major business park.

The Portland-based company's strategy in Sacramento has been to gain a foothold in semi-industrial submarkets, build affordable industrial and office space, lease it, and hold on to the property. The company has done it successfully in west Sacramento and the Northgate area, and has a large foothold in the prime south Placer County, Calif., market.

Harsch Investment Properties controls about 2 million square feet in the Sacramento area.

Harsch paid \$15.3 million for a 47-acre site on Blue Oaks Boulevard near Highway 65 that Roseville's KMS Development LLC was in the middle of buying from The McClatchy Co., owner of *The Sacramento Bee* newspaper.

Harsch plans about 660,000 square feet of space that would include offices, retail and multitenant industrial space, called "flex space" because it can be used for offices, storage, showrooms or contractor space, said Jordan Schnitzer, the company's president.

"Roseville is one of the pre-eminent communities in the country, and we're glad to have made this purchase," he said.

Roseville sees the site as one of its best development locations because of its proximity to Highway 65, said Julia Burrows, deputy city manager for economic development.

"It think it's the ideal site for office and flex space," she said. "We've been anxiously anticipating the site being developed."

Harsch will probably start the park's infrastructure this spring and start the first phase of 300,000 square feet by fall, said John Shorey, Harsch's manager in Sacramento.

The plan is to build 300,000 square feet of office space, the same amount of flex space and 60,000 square feet of retail. The higher-visibility area along Blue Oaks Boulevard would be the office section, holding a mix of two- and three-story buildings. Behind the offices would be up to eight flex buildings. Although, the largest office buildings would be 75,000 square feet, they and other buildings in the park would target smaller tenants, one of the strongest areas of demand in south Placer County, Shorey said.

The structures would be built on speculation, without pre-signed tenants. It's a difficult time to build, because costs have risen so much lately, so the question these days is whether the rents can justify development, said Bruce Hohenhaus, an office broker with Colliers International.

"But Schnitzer knows his stuff, and has probably done the numbers back, forward and sideways," he said. "He's done a terrific job before. It's hard to visualize him not being successful there."

CB Richard Ellis brokers Todd Sanfilippo and Kevin Sheehan are leading the team that is marketing the property for Harsch. KMS, headed by Tom Manz and Steve Pease, is a successful developer in its own right. The partners had planned to develop the site, but basically got a good offer from Harsch, whose presence in the market is a plus for Roseville, Pease said.

Harsch is building 150,000 square feet — four flex buildings — in Natomas Corporate Center in the Northgate area. The company has just completed 75,000 square feet of research-and-development industrial space in West Sacramento, and has land for another 1 million square feet of space, Shorey said.

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Jordan Schnitzer's Harsch Investment Properties already controls 2 million square feet in Sacramento.