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Spec distribution site in Fontana indicates turnaround in demand

By: Jack Katzanek

A developer has purchased an 18-acre site south of Interstate 10 in Fontana and plans to build a 454,000-square-foot distribution center, the third speculative warehouse project announced in Inland Southern California since March.

The other projects are in Redlands and Moreno Valley. The three projects add up to more than 1.8 million square feet of new warehouse space under development in San Bernardino and Riverside counties.

That validates predictions that this would be the year that spec development for large distribution properties returned to the Inland area.

The Fontana property was purchased by Overton Moore Properties, a Gardena-based developer, and construction is expected to start in the fourth quarter, according to a statement. The project, located between Elm and Poplar avenues, should be completed by June or July 2012.

Hansen Roof Tile Co., a North Carolina-based manufacturing company, sold the property to Overton Moore for an undisclosed amount. Chicago-based LaSalle Investment Management is a partner in the development, and HPA Architects, an Irvine-based firm, is designing the building.

Representatives of Colliers International's Ontario office represented both sides. Josh Hayes, a Colliers vice president, said Hansen has been manufacturing building materials at the site for years, which will be rebuilt as a distribution facility.

Earlier this year, Hewlett Packard leased 1.3 million square feet of distribution space in San Bernardino. Not only did this deal bring back memories of the days when major corporations were hungry for Inland properties, it essentially marked the lease of the last available big-box distribution space in the area.

Construction on the first phase of the Watson Commerce Center in Redlands is expected to be completed by October 1, a company spokesman said.

In late July, Moreno Valley city officials approved the final parcel map for the San Michele Logistics Center.

Both warehouses are about 700,000 square feet.

The 1.8 million square feet now in the pipeline is close to what professionals in the commercial real estate industry were expecting, said Ryan Mele, associate vice president for Colliers International. There are users who will be looking for spaces this size, and not small distribution spaces, he said.

"There are tenants out there, absolutely," Mele said. "There hasn't been much development lately, and the Inland Empire is still a hub. There are large companies out there looking for space."

Watson Land Co. is looking for tenants for the Redlands project. There are also two building sites there totaling 925,000 square feet that will be constructed when the market demand presents itself, said Lance Ryan, Watson Land's vice president for marketing and leasing in an email.

"We are currently marketing it for lease and have received strong interest from the market," Ryan said.