

After 7-year hiatus, Valley industrial development shifts back into gear

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Written by George Lurie

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An aerial photo, shot by a drone, of the 26-acre Fresno County construction site. The Valley's industrial development sector, hit hard by the most recent economic downturn, is roaring back to life.

Evidence of the sector's comeback is on full display in Fresno County where Diversified Development Group (DDG) is currently building one of the area's largest spec projects ever.

DDG's development site, just south of the city limits on a 26-acre parcel off Minnewawa and Central avenues, will soon be home to three large, concrete tilt-up buildings ranging in size from 125,000 to 250,000 square feet.

Hindsight being 20/20, DDG President John Brelsford said he wishes he'd pulled the trigger on the project a year ago.

"We were a little late in recognizing the upturn," Brelsford said. "Ideally, you'd always like to have between a half million and a million square feet ready to lease to companies that are expanding or coming into the area."

Later this year, DDG will break ground on another similar spec project in Visalia that will add more than 400,000 square feet to the South Valley city's booming industrial park.

Graycor Construction, which is based in suburban Chicago, is the general contractor on DDG's ambitious Fresno County project, which will add 553,000 square feet to the area's industrial inventory.

Earlier this year at the Fresno County Economic Development Corporation's annual Real Estate Forecast, Ethan Smith of Newmark Grubb Pearson Commercial, noted that industrial land acquisitions had "picked up" in 2014 and predicted that the industrial market was starting what Smith predicted could be a "prosperous" cycle.

Nick Audino, a senior vice president in Newmark Grubb's Industrial Division, said that in recent months, he's seen a sharp increase in the number of inquiries from companies looking to lease industrial space in the Valley — or to expand their existing footprint here.

"It's becoming a very active market again," he said.

DDG's massive development site in Fresno County covers an area larger than 12 football fields and will require more than 2,400 truckloads of concrete — which is good news for Clovis-based Tom Corea Construction, the concrete subcontractors on the project.

Brelsford has been active in the Valley real estate development scene for more than four decades and sits on the EDC's board. His company, the leading industrial developer in the region, currently owns and manages a total of more than seven million square feet of industrial and retail space in Fresno and Tulare counties.

Even amid a historic drought, Brelsford's latest spec project, which is budgeted at \$32 million, is a concrete example — literally — of the improving regional economy.

"Rents are skyrocketing in the San Francisco and Los Angeles areas and many companies have become landlocked in Northern and Southern California," Brelsford said. "That's really driving a lot of new business our way" — and prompting the developer to "roll the dice" and shift his company's focus back into expansion mode.

That hasn't always been the case, especially during the lean years that followed the economic meltdown that began the Great Recession in 2008.

"Between 2007 and 2014, we didn't build anything," Brelsford said. Still, DDG managed to hold its occupancy rate to 93 percent over that time period, Brelsford added.

Today, the company's industrial properties around the Valley are 97-percent leased and many of Brelsford's tenants have been with him for 10 or 20 years.

"We get to know their operations pretty well and don't mind tearing up their leases and moving them into bigger or smaller spaces when there's a need," he said.

Brelsford said new companies are coming through the area every week looking for space for their warehouse, distribution and light manufacturing operations, wanting to capitalize on the Central Valley's mid-state location and easy access to major thoroughfares like Highway 99.

"These businesses want to take advantage of the fact that they can take orders up to 5 o'clock in the afternoon and have them delivered just about anywhere in California the next day," Brelsford said. "Businesses operating out of the Bay Area or down south — or even places as close as Modesto — have to use air freight" to promise many of their customers next-day delivery.

Marcus Pignotti, vice president at DDG and Brelsford's right-hand man, said building a 500,000-square-foot spec project is a little like marshaling an army.

"Staying on schedule is critical. And there's a lot of moving pieces to keep track of," Pignotti said.

His biggest worry: the weather or a natural disaster. "A storm can cause a lot of headaches," he said. "If the site gets too muddy and one group of subs can't get in to do their jobs, our entire schedule can be thrown off."

DDG is planning to host a concrete tilt-up ceremony in late September when its new spec project's walls are raised, and Pignotti said the buildings should be "water-tight" by November, "just in case the predictions are right about El Nino."

The project created nearly 100 temporary local construction jobs and when the buildings are leased, Brelsford said as many as 500 new permanent jobs could be created.

Similar manufacturing and distribution facilities previously developed in the area by DDG house companies that include video game publisher Activision, Europa Sports Products and Bimbo Bakeries.

Karena Riley, investor and public relations manager with the Fresno County EDC, said DDG has injected new life into the area's long-dormant industrial sector.

"We've gone so long without anything happening," Riley said. "So it's pretty exciting to see John's new project take shape."

In order to keep tabs on the progress of construction, Brelsford and Pignotti spend a lot of time shuttling between their north Fresno office and the development site. As various construction crews buzz around the site, Pignotti has been using a drone to take aerial photos and document their progress.

"Much of the concrete is actually poured between midnight and 6 a.m.," he said, allowing workers to take advantage of the relatively cooler temperatures and absence of traffic on the local roads.

"It should take the [cement truck] drivers exactly 62 minutes to pick up their load, drop it here, clean up and then return to the plant for another load," Pignotti explained.

On an average night, drivers will make the round trip six times, he added.

Brelsford said he chose Graycor as his general contractor because of the company's extensive experience in concrete tilt-up construction.

"Even through the recession and economic downturn, [Graycor] was continuously working," he said. "The company has a tremendous amount of experience with this type of project."

Graycor has been a company that has remained at "the leading edge" of new technological advances in the industry," Brelsford added. "After the downturn, Marcus and I had to figure out how to build these buildings again."

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