Best Real Estate Projects: Riverside Commerce Center

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We’re introducing you to our Best Real Estate Projects of the Year. This is the winner in the industrial category.

In 1998, Harsch Investment Properties took a gamble and purchased one of its first parcels in a West Sacramento industrial park off Riverside Boulevard. At the time, there were only four or five businesses at the location and the rest of the site was still vacant land, said John Shorey, senior vice president and regional manager at Portland, Oregon-based Harsch.

An aerial view of the Riverside Commerce Center.

PHOTO COURTESY OF HARSCH INVESTMENT PROPERTIES
The exterior of the commerce center. The entire park has 1.2 million square feet of space.

The developer had a “Field of Dreams” mentality when first eyeing the site, that “if you build it, the tenants will come,” said Shorey.
“We took a chance. And we made such a large investment based on the location, because we saw the long-
term growth potential there,” he said, adding that the surrounding area had yet to be developed. “There was
no Ikea there, or any retail at all at the time, so it took some real vision.”

Harsch constructed its first building at the site dubbed Riverside Commerce Center I, and ultimately
developed roughly 1.2 million square feet from the ground up over the last 15 years. Its latest building,
Riverside Commerce Center V, was completed in March. He describes the buildings’ design as “a product with
a timeless look, one that looks modern and sexy and would be attractive in Sacramento.”

Part of the bet that Harsch was waging was that the project could attract a market for biotech, medical flex or
laboratory industries “because there wasn’t a lot of it around,” he said. “With the recession, the market hadn’t
really been there at that point.”

Harsch constructed the Riverside Commerce Center buildings with what Shorey called a “flex tenant” in mind
— a company that has an industrial component to its business, along with the need for warehouse space and a
large office component. Most structures offer amenities like ample parking, a door dock, 7- to 8-inch concrete
slabs, a heavy-duty sprinkler system and 1,500 to 2,000 amps of power per building.

“We thought that nobody would use that much power, but these features alone will get you over the hump. So,
a heavy user with heavy machinery, or someone manufacturing lasers, for example, will have the power and
the appropriate floor thickness,” he said. “What we really wanted to have was a Swiss Army knife of a building,
to be anything to anybody and see any type of deal that was economically viable,” Shorey said.

While having such a high level of power available for its tenants may be unique, it’s becoming more of a
typical requirement for many companies that are searching for space in West Sacramento, said
Dan Kowaleski,
project manager with Brown Construction Inc. Kowaleski’s firm has built roughly 25 buildings for Harsch over
the last two decades, most for agricultural and manufacturing businesses, he said.

“So some of these companies are running machines that need a huge amount of power, and since each one of
these buildings has upgraded power available, if a tenant comes in and needs that, it’s already there.” More
importantly, Kowaleski said, the cost to retrofit a building with upgraded power can be “pretty severe,” so
having it already in place is a benefit. “We put a lot of things into our projects that are very expensive to
upfront that others don’t normally do,” Shorey said.

The new space is already attracting tenants. Nuseed, an Australia-based seed company, said it would be
opening a new research and development lab in Building V this past July. Once it debuts, the center will
employ roughly 20 employees, and over the next five years, it plans to expand to 60 to 75 workers with an
economic impact during its first year that’s estimated to be $9 million, according to the Greater Sacramento
economic Council. Some of Nuseed’s new neighbors at Riverside Commerce Center include Bayer
CropScience, Bogle Vineyards, Tomra and Dbi Beverage, among others.

So far, the West Sacramento location Harsch chose has been paying off, and the development’s proximity to
the University of California Davis and other research-based universities will continue to help attract future
tenants, Shorey said. “There’s all of this really nice, high-end housing within two miles of the park, and we have
access to I-5, 80 and 50.” He added that the educated workforce employed at area high-tech companies
wants to be close to the local universities and live in a vibrant Bay Area-type environment. “But those workers
can’t necessarily afford to buy housing in the Bay, so it pushes up-and-coming companies into Sacramento
where they have more affordability.”

As a privately held company, Shorey said Harsch maintains ownership of the buildings indefinitely, which is
why it has installed the thicker concrete slabs, ample parking space and amped-up power. “Since we are
going to own them forever,” he said, “we don’t want to have any problems down the road.” The developer has also updated the colors and textures on the exterior spaces and maintains professional landscaping. “Executives ... are proud to call the buildings their corporate headquarters. It’s been a great project. Everything that we’ve hoped for has filled in.”

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**Size:** Building V: 104,800 square feet; entire park: 1,200,000 square feet

**Completed:** March 2019

**Total cost:** Building V: $15 million; entire park: $150 million

**Developer:** Harsch Investment Properties

**General contractor:** Brown Construction Inc.

**Architect:** VLMK Engineering + Design