

Building in a recession – Centerpoint Business Park

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December 3, 2008

HESPERIA • Building a large, 35-acre business park during an economic downturn may seem like a bad idea, but it depends on how you look at it.

J.W. Faherty Inc., builder of the new Centerpoint Business Park on Bear Valley Road between Second and Third avenues, looks at it with “recession pricing” in mind.

David Neilson, in the developer’s marketing office, said the company can offer leases a lot lower at their new business park than what some tenants are paying right now in existing buildings.

The business park will have more than 300,000 square feet of space with three 28,000-square-foot, two-story center buildings surrounded on three sides by one-story office buildings and a restaurant row with space for eight restaurants. Neilson said the interior is a free-span, I-beam steel structure so that buyers can do anything they want with the interior.

“Tenants have leases that are always coming due, and if they can lower their cost basis it’s good for them,” Neilson said

He said that business leases cost about \$250 a square foot just three to five years ago. But he said the business park can offer custom-built interior space for sale at about \$190 a square foot that includes a \$35-per-square-foot tenant improvement cost, making the adjusted price \$155 a square foot.

Neilson said prevailing interest rates are an attractive feature for business owners who want to buy. He said a lot of people choose to buy more space than they need and then lease out a portion to offset their own payment.

“You lock in at the lowest possible time. In other words, you take advantage of recession pricing in the same way a homeowner would buy a foreclosure house,” Neilson said.

The area is nothing more than a flat piece of dirt right now but Neilson said the first tenants can move in within about nine months. He said there are some sales in the final stages, with buyers standing by.

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