

Carneros Business Park sees increase in occupancy

Helena Rowland | Special to the Sun

Despite the media blitz of negativity surrounding global estate markets, commercial activity is alive, well and accelerating in Sonoma Valley.

Four of the 17 lots at the 53-acre Carneros Business Park, located off Eighth Street East near Highway 121, are in various phases of development. And project developer William A. Saks, of Saint Helena's William A. Saks and Company, is optimistic that additional deals will close in the near future.

The business park, a high-end facility designed for large and small commercial and industrial users, features campus-like ambience, including open space, picnic areas, lakes and trees. The parcels range from 1.6 to 6.3 acres – able to accommodate buildings from 20,000 to 300,000 square feet.

The flagship building, the 43,000-square-foot Carneros Business Condominiums, was recently completed on two of the lots, which were purchased and developed by Saks in conjunction with Petaluma-based McDevitt & McDevitt Construction.

The condominium complex comprises 41 modules, each between 771 and 1,562 square feet, which can be combined to accommodate businesses of up to 20,000 square feet or more. The condos offer warehouse and/or industrial applications combining storefront with roll-up doors towards the rear. Units are available either in cold-shell condition ready for clients' design ideas or in "turn key" form, fully ready for move in. Two local businesses are planning to move into facilities being designed for lots they purchased. Ganau America is in the process of design review with the County of Sonoma for a 38,000-square-foot facility. Ground may be broken as early as spring of this year. In addition, a deal was recently closed with a yet-to-be-disclosed food processing company, which is proposing a 60,000-square-foot building on another plot. Businesses as diverse as wine and lighting companies have expressed interest in the remaining parcels. Saks said, "We found we are in a pretty resilient market area," with an emphasis on food, wine, and auto racing, which are relatively recession resistant. "We didn't build the project with the notion of catering to those users exclusively, but it works out that way," he added, noting that the park's central location is nicely staged for distribution of local products.

Carneros Business Park targets businesses that are thriving and expanding, rather than new entities being launched. According to Saks, the number-one reason a building relocates is for proximity to the CEO's residence. So, a typical buyer at Carneros Business Park may be a business owner who initially spends weekends in Sonoma, then eventually relocates to the Valley full time and desires the benefits of commercial property ownership.

Saks states it is "tough to build yourself a commercial facility," because land is extremely restricted in the foreseeable future. He cites multiple barriers to entry such as the environmental/regulatory approvals and traffic mitigation considerations that delayed the Carneros Business Park for several years.

"Smart money," said Saks, "moves in a counter-cyclical way to what you hear on the news," noting that his "competition" – existing buildings – are available for lease only. He maintains that purchase of either a condo or raw land is "a wise economic move – out of the rental cycle and into ownership."

Both the parcels and the condo units are "substantially priced below nearby competition," Saks asserted, "when compared 'apples to apples' and adjusted for amenities." Qualified applicants reportedly can obtain competitive financing for building and improvements with 10 percent down under the Small Business Administration's 504 program.

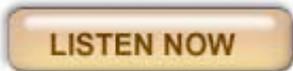
Santa Rosa architect Del Sterrett, who designed the condominium and the Ganau building, agrees that the project offers multiple advantages including a green design preserving open space, the flexibility to purchase what matches the clients' needs, and the opportunity to build equity over time, with concomitant

tax benefits. He emphasizes the project’s relatively small risk to a buyer, predicated upon the teams’ having already surmounted obstacles to project approval, as well as neighborhood stability on both sides – vineyards and Sonoma Skypark airfield.

Sean Cutting, president, chief administrative officer and chief loan officer of the Sonoma Valley Bank and a director of the Sonoma Valley Chamber of Commerce, shares Saks’ and Sterrett’s enthusiasm for the project. Cutting suggests Carneros Business Park’s prospective clients appreciate the central location and value-added “cachet” associated with being in Sonoma Valley.

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