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Stage set for Aerojet project

GenCorp has teamed up with Panattoni on 20-acre office deal.

By Clint Swett -- Bee Staff Writer - (Published March 27, 2003)

In the first step of what experts say could be a major master-planned community in Rancho Cordova, GenCorp Inc. has partnered with Panattoni Development to build 300,000 square feet of office space on Aerojet land.

The offices will occupy only about 20 acres of some 2,600 acres earmarked for development by GenCorp along Highway 50 near Aerojet Road. But they will kick off initial development of some of the last prime undeveloped property along the Highway 50 corridor between Sacramento and Folsom.

"That Aerojet property is strategically located and presents a unique opportunity for the region," said Al Gianini, senior managing director at CB Richard Ellis in Sacramento.

Gianini and others say that because the 2,600-acre parcel has one single owner, it makes it possible to fashion a master-planned community of both residential and commercial properties.

"They could create an entirely new town. I don't think they will have much problem attracting tenants," added John Frisch, senior vice president at Cornish & Carey Commercial.

Such a big build-out would be a decade or more away, and it's uncertain when the announced office project would begin, said Bill Purdy, president of real estate for GenCorp.

The office market along the Highway 50 corridor is particularly weak right now with more than 1 million square feet of vacant space. Once the area shows signs of a recovery, Panattoni and GenCorp will be prepared to build, Purdy said.

"The office market is soft, but what we're trying to do is be proactive," Purdy said. "We want to be in a position of when the market turns around, we'll be able to start the project early in the (recovery) cycle."

As for further development of the property, Purdy said Aerojet was in discussions with various players, primarily commercial developers.

Panattoni has considerable experience developing office space along Highway 50. One of its biggest successes is Gold Pointe Corporate Center near Hazel Avenue, a site it acquired from the former Foundation Health Systems.

"If they are looking to replicate (on the Aerojet site) what they did (at Gold Pointe), it will be a home run," said Clyde Rawlings, senior vice president of Grubb & Ellis in Sacramento.

Rawlings said Panattoni's Aerojet project may not be that far off because office leasing is starting to perk up along Highway 50, eating into the 15 percent vacancy rate.

"We're bullish on the area," he said.

In a separate announcement Wednesday, GenCorp said its earnings for the first quarter were \$3 million, unchanged from a year ago. Revenue climbed 9 percent to \$271 million.

About the Writer

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