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Manteca, Calif., to See Six-Story Office Building

Construction will be part of a 190,000-s.f. business park

Record, The (Stockton, CA) (KRT)
via NewsEdge Corporation

May 02--MANTECA - Fast-growing Oak Valley Community Bank is planning to put up a prominent advertising beacon - a six-story office building that will be part of a 190,000-square-foot business park under construction at highways 120 and 99 in Manteca.

"No question, there's obviously the benefit of having a six-story billboard at the corner of 120 and 99, and it's really the center of our universe for the future," said Rick McCarty, executive vice president and chief financial officer for the Oakdale-based bank.

"It's a building that will have some oomph to it," added Robert Carpenter, vice president of operations for Cranbrook Group, which is developing the 13.5-acre Manteca Commerce Park.

The bank is buying 4 acres within the business park and is in the design phase for the planned 60,000-square-foot high-rise.

About 20,000 square feet of that space will go for a bank branch and administrative operations, McCarty said, and the rest of the Class A office space will be leased to help pay for the bank's expansion.

"Many businesses are still moving to the Central Valley, and it's going to be a great location," he said. "We're very confident we can attract some quality tenants in the Manteca area."

The bank also hopes to attract some new business from the estimated 50 future residents of the business park, he said.

McCarty declined to say how much of an investment the project will be for Oak Valley Community Bank, which will remain headquartered in Oakdale, where the bank launched in 1991. The property sale hasn't closed yet, he said, and the building itself has yet to be designed.

"We're going to continue having a presence in Oakdale," McCarty said. "This is where it started."

But the administrative core of bank central operations will relocate to the Manteca site, he said.

That central, highly visible, Valley location makes the best sense as the bank continues to grow, he said.

Bank Chief Executive Officer Ron Martin has said branch expansion was a "strategic objective" last year and continues to be in 2006. The bank opened four branches within the past 12 months to take advantage of underserved markets, he said.

In April, the bank opened a branch in Escalon, its 12th branch and the third one in San Joaquin County. The bank has offices in Oakdale, Sonora, Turlock, Stockton, Patterson, Ripon, Escalon, two branches in Modesto, and three branches in its Eastern Sierra Division, which includes Bridgeport, Mammoth Lakes and Bishop.

Oak Valley Community Bank caters to individuals and small businesses.

McCarty said the bank expects to grow with more branches that range from north of Fresno to Elk Grove.

Grading work began in March on Manteca Commerce Park, being developed by Cranbrook Group, a Modesto-based owner and operator of more than 2.5 million square feet of office and industrial space in the Central Valley and the East Bay.

Not counting the bank's building, Cranbrook Group will put up seven structures totaling about 130,000 square feet of space that will be sold, leased or leased to own to a mix of office, light-industrial and retail businesses.

"It's a strong market for this kind of product," Carpenter said, adding that he expects that most of the space will be sold by real estate broker Lee & Associates by the time the buildings are finished at year's end.

Available space will range from 1,350 to 42,000 square feet per unit, he said, and most of the space will probably end up being sold to small- and medium-sized businesses that want to own commercial real estate for the first time.

The bank building will be the only multistory structure in the business park.

In its first-quarter report, Oak Valley Community Bank, traded as OVYB, announced the bank had exceeded \$400 million in total assets. Total assets increased by \$73 million, or 22 percent more than March 31, 2005, to \$402 million at the end of the first quarter.

For the first quarter of this year, the bank reported a net income of \$839,000, or \$0.12 per weighted average share, compared with \$837,000, or \$0.12 per share, for the same period in 2005.

Net interest income increased by \$683,000, or 20 percent, over the same period last year, as loans grew by \$75 million, or 28 percent, since March 31, 2005. Noninterest expense grew by \$703,000, or 31 percent, compared with the same period in 2005, as the bank's branch network grew by 50 percent to 12 branches.

Local commercial real estate brokers and agents have described a developing booming market in small-space sales for small- to medium-sized businesses that want to buy new space instead of lease.

That market has taken off in the past two years as developers of big-box projects began turning out space that could be sold as smaller business condominiums. Such projects have been common in the Bay Area and Los Angeles but have shown up in the Central Valley only in the past couple of years.

According to commercial real estate company Colliers International, not a single square foot of such space was developed in San Joaquin County in 2002, for example, but this year, more than 700,000 square feet of such space is either built, under construction or planned.

[Record, The (Stockton, CA) (KRT) -- 05/03/06]

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