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DPR lands Pixar expansion for its pipeline

by Katherine Conrad

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DPR Construction Inc. is in the enviable position among contractors of having enough work to keep its Pleasanton crew busy through 2005.

At a time when construction work is hard to come by, DPR has been chosen to handle the expansion of Pixar Animation Studios in Emeryville. DPR's Pleasanton office is preparing the site for the second building on the 14-acre campus of the huge studio, also built by DPR.

The second structure, a 125,000-square-foot building, is scheduled to break ground next spring. Pixar also is seeking approvals of further expansions that, if approved by the City of Emeryville, will result in doubling the current approved size to a total of 800,000 square feet.

That's not all there is in DPR's construction pipeline. Taking note of the multifamily housing boom as well as the construction craze going on in health care, DPR will be tackling jobs this summer involving both industries.

"In the Pleasanton office, we have a couple of large jobs in the pipeline that will start in the second half of 2003 and 2004, that will make us very successful in the second half. We'll be backlogged until 2005," said Ken Mitchell, general manager of DPR's Pleasanton office. The Redwood City-based company has 15 offices and 2,200 employees around the country.

"Backlog" is not a word heard around the construction industry much these days. This summer, DPR's Pleasanton office plans to begin construction on two projects in Walnut Creek – one a 500,000-square-foot mixed-use residential and commercial project on California Boulevard and the other a remodel for Kaiser Permanente in Walnut Creek.

Kaiser has been spending money on projects around the Bay Area and throughout the state since the sale of \$500 million in revenue bonds last spring.

As the office market remains mired in an oversupply of space that is projected to last until 2005, DPR was lucky to have been chosen by Pixar in the first place to build its 221,000-square-foot studio in 1999.

Pat O'Keeffe, director of economic development and housing for Emeryville, said Pixar is scheduled to ask the city for entitlements in March, and it should take about four months to get approvals of the new master plan. Traffic impacts probably will dominate the discussions, he said.

"We're pleased they're doing well as a company and pleased that they're looking at expanding the square footage. We felt that from the start, the amount of square-footage versus the size of the site – 14 acres – is capable. And they recently bought another 3 acres," O'Keeffe said.

One of the sites that Pixar is buying was slated for 100 townhouses and now may become a parking structure. While some city officials were disappointed at the loss of housing units, O'Keeffe said another proposal from Pulte Homes on the north side of the 1.2-mile-square town for a townhouse project is a nice substitute and roughly the same size.

"Overall, we have either under construction or in the approval pipeline 1,500 units, which is a 40 percent increase in housing stock. We have a lot of housing coming online, when you look at the big picture," O'Keeffe said.

For a construction industry that has been hit hard by the downturn, the Pixar job couldn't have come at a better time. Industry reports documenting the dismal commercial office market cheer the fact that the construction pipeline will be empty beginning in the second and third quarters of this year.

But that isn't good news for those whose livelihood depends on construction work. Some companies are turning to the housing market to stay busy. And DPR, which built the Safeway headquarters in Pleasanton and Bay Street in Emeryville, is one of them. In the meantime, the company is marketing its services for smaller jobs, including construction jobs for tenants, just to stay busy during this downturn.

"We're going after a lot of lab work and small manufacturing work, even corporate infrastructure work," Mitchell said.