

FIGURES | SOUTH CENTRAL VALLEY INDUSTRIAL | Q1 2025

Moderate leasing activity as vacancy grows

▲ 9.18%

Vacancy Rate

▼ (336K)

SF Net Absorption

► 1.3M

SF Under Construction

► \$0.71

NNN / Lease Rate
Existing Properties

▲ 220K

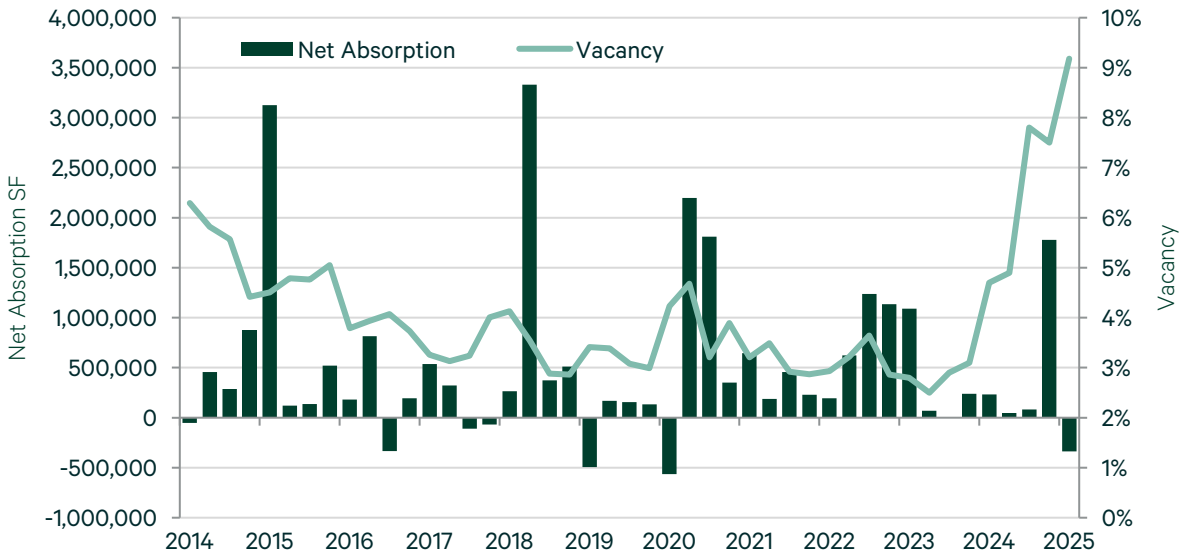
Industrial Using Employment

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- At the close of Q1 2025, the South Central Valley region was home to 3.0 million residents with a labor force of 1.3 million. The industrial sector accounted for 220,000 jobs or 22% of the total employment in the region. The unemployment rate ended Q1 2025 at 9.0%.
- The South Central Valley industrial market closed Q1 2025 with negative 336,000 sq. ft. of net absorption. This was the first time in roughly five years net absorption produced a negative figure.
- Occupiers maintained their emphasis on the South Central Valley, leveraging it as a crucial logistics hub to efficiently serve the West Coast population with same-day, next-day, and two-day delivery options.
- Investment sales transactions and offerings were limited during Q1 2025. Sale activity is expected to remain moderate in the coming quarters.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q4 2024

INDUSTRIAL OVERVIEW

The South Central Valley industrial market closed Q1 2025 with a market base inventory of 110 million sq. ft. The construction pipeline remained abundant, with 1.3 million sq. ft. under construction. The developments currently underway were a mixture of both speculative and build-to-suit projects ranging in size from 300,000 sq. ft. to as large as 700,000 sq. ft. During Q1 2025, there were no construction deliveries.

The overall average asking lease rate remained steady quarter-over-quarter (QoQ) at \$0.71 per sq. ft. on a monthly, NNN basis. Additionally, the vacancy rate increased quarter-over-quarter from 7.5% to 9.2%, while the availability rate increased from 9.2% to 11.2% over the same period.

Industrial tenant demand remained limited. The Visalia market received the most activity with 200,000 sq. ft. of positive absorption. This trend is expected to continue as new build-to-suit construction delivers mid to late 2025. At the close of Q1 2025, CBRE tracked 45 active requirements over 100,000 sq. ft. in the South Central Valley. This amounted to 6.5 million square feet of total activity from preliminary evaluation to actively touring and negotiating on space options.

There were no notable investment sales in the South Central Valley in Q1 2025. The scarcity of investment opportunities and high interest rates have caused both buyers and sellers to remain inactive.

Looking ahead, the South Central Valley industrial market is expected to continue drawing significant occupier demand, resulting in heightened development and investment activity from both local and national entities. The entire 1.3 million sq. ft. of new product under construction is set to deliver in 2025.

FIGURE 2: Submarket Statistics

Market	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Q1 Net Absorption	2025 Net Absorption	Average Lease Rate NNN
Merced	3,983,633	7.31%	7.31%	0	0	\$0.57
Madera	3,304,850	0.24%	0.47%	0	0	\$0.63
Fresno	38,955,073	4.90%	7.05%	0	0	\$0.72
Visalia	24,033,874	13.78%	16.62%	200,000	200,000	\$0.74
Hanford	3,843,114	0.89%	2.72%	0	0	\$0.60
Bakersfield	35,839,320	12.66%	14.36%	(536,073)	(536,073)	\$0.74
Market Totals	109,959,864	9.18%	11.19%	(336,073)	(336,073)	\$0.71

Source: CBRE Research, Q1 2025

FIGURE 3: Notable Absorption Contributors

Tenant	Size SF	Address
Smuckers	527,238	3800 Fannucchi Way, Shafter
Multi Steps	200,000	7825 W Riggin Ave, Visalia

Source: CBRE Research, Q1 2025

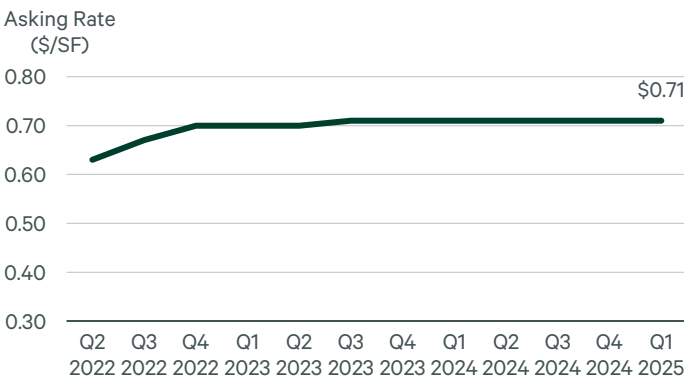
FIGURE 4: Notable Sale Transactions

Address	Size SF	Developer/ Owner	Delivery Date
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N/A

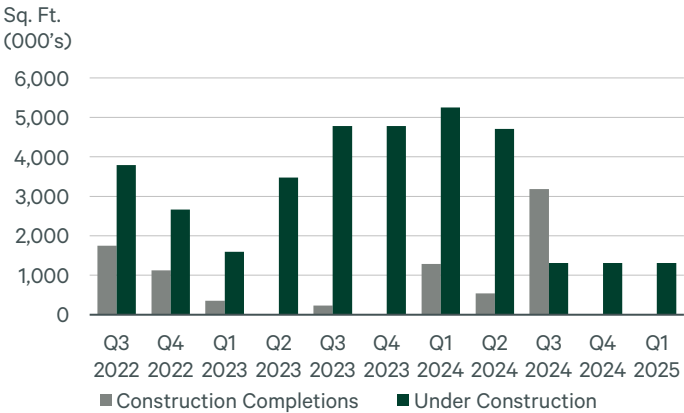
Source: CBRE Research, Q1 2025

FIGURE 5: Lease Rates



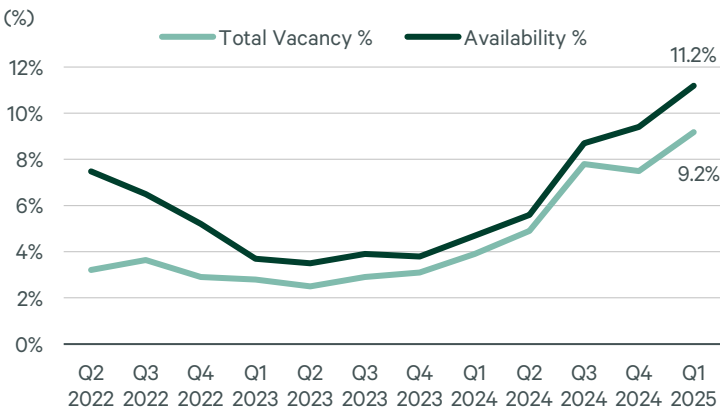
Source: CBRE Research, Q1 2025

FIGURE 7: Construction Activity



Source: CBRE Research, Q1 2025

FIGURE 6: Vacancy & Availability



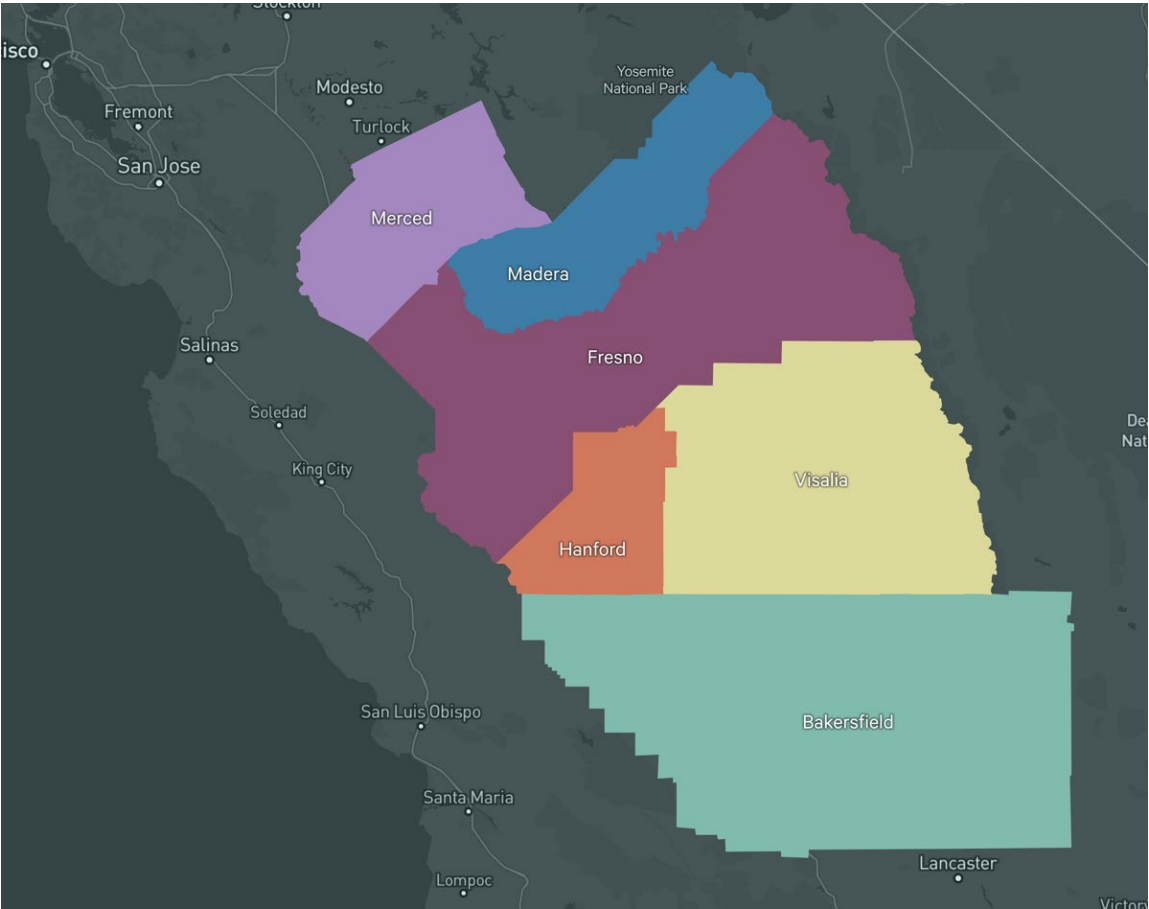
Source: CBRE Research, Q1 2025

FIGURE 8: Projects Under Construction

Address	Size SF	Developer	Delivery Date
30512 Road 84, Visalia	310,030	G3 Dev	Q4 2025
Wheeler Ridge Rd, Wheeler Ridge, CA (BTS)	700,000	Tejon Ranch Co	Q2 2025
2152 Coffee Rd, Bakersfield	300,000	Rexco	Q4 2025

Source: CBRE Research, Q1 2025

Submarket Map



Source: CBRE Research, Location Intelligence

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Definitions

Average Asking Rate Direct Monthly Lease Rates, Triple Net (NNN). Availability All existing space being marketed for lease. Total Vacancy Rate Direct Vacancy + Sublease Vacancy.

CBRE’s market report analyzes existing single- and multi-tenant industrial buildings that total 25,000+ sq. ft. within defined submarkets, including owner-occupied buildings. CBRE assembles all information through telephone canvassing, third-party vendors, and listings received from owners, tenants and members of the commercial real estate brokerage community.

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