

FIGURES | SOUTH CENTRAL VALLEY INDUSTRIAL | Q1 2024

# Consistent demand continues to drive the South Central Valley region

▲ 3.9%  
Vacancy Rate

▼ 233K  
SF Net Absorption

▲ 5.3M  
SF Under Construction

► \$0.71  
NNN / Lease Rate  
Existing Properties

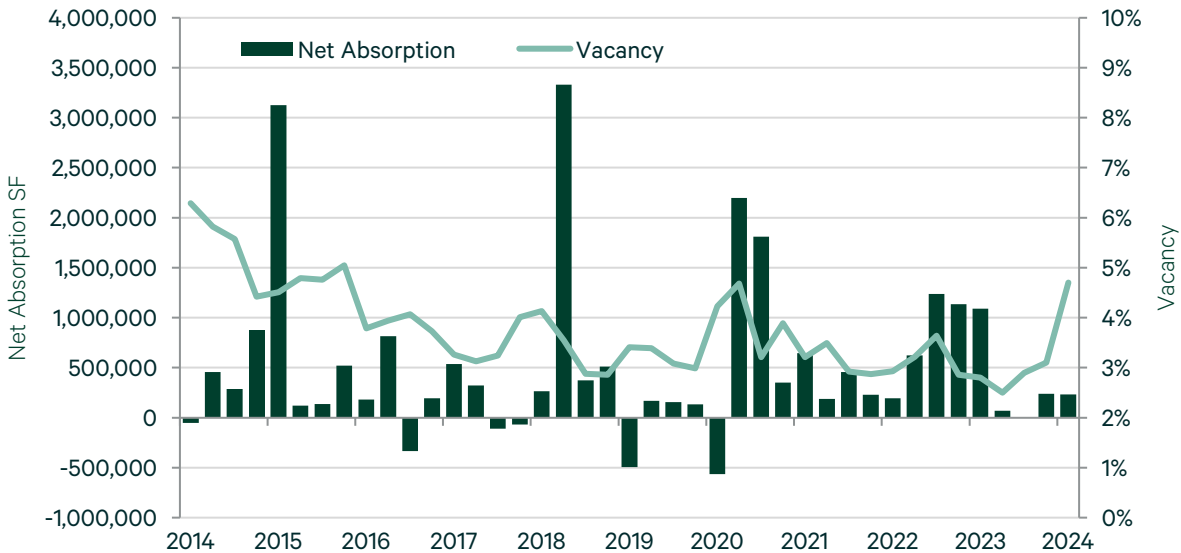
► 213K  
Industrial Using Employment

Note: Arrows indicate change from previous quarter.

## MARKET HIGHLIGHTS

- At the close of Q1 2024 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 213,000 jobs or 22% of the total employment in the region. The unemployment rate ended Q1 2024 at 9.2%, up 20 basis points (bps) from the previous quarter.
- The South Central Valley industrial market closed Q1 2024 with 233,000 sq. ft. of net absorption.
- The overall vacancy rose in Q1 2024 to 3.9%, driven by new construction deliveries.
- Occupiers continued to focus on the South Central Valley as a key logistics hub to reach the West Coast population efficiently with same day, next day, and 2-day delivery times.
- Investment sales were scarce during Q1 2024 as sellers have not adjusted pricing expectations to meet elevated cost to finance building purchases.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q1 2024

INDUSTRIAL OVERVIEW

The South Central Valley industrial market closed out Q1 2024 with a market base inventory of 102 million sq. ft. The construction pipeline remained abundant, with another 5.3 million sq. ft. under construction and 945,000 sq. ft. planned entitled. The developments underway were a mixture of both speculative and build-to-suit projects ranging in size from 73,000 sq. ft. to as large as 1.3 million sq. ft. During Q1 2024, the market welcomed two new speculative developments in the Bakersfield, one totaling 233,217 sq. ft. and the other totaling 1.1 million sq. ft.

The overall average asking lease rate remained steady quarter-over-quarter (QoQ) at \$0.71 per sq. ft. on a monthly, NNN basis. Additionally, both vacancy and availability rates increased marginally QoQ to 3.9% and 4.7%, respectively, driven by the aforementioned deliveries.

In terms of industrial tenant demand, the market was stable in Q1 2024. The South Central Valley market witnessed over 1.0 million sq. ft. of leasing activity in Q1 2024. There were no notable investment sales during the quarter as both buyers and sellers grapple with elevated interest rates and a gap between pricing expectations based on perceived cap rates. There was, however, a notable user sale in Tejon with Golden Touch Imports buying a 233,217-sq.-ft. building from Dedeaux Properties.

Looking forward, the South Central Valley industrial market will continue to attract sizeable occupier requirements, which will lead to increased development and investment activity from both local and national groups. In Q2 2024, 63% of total construction projects are scheduled for delivery.

FIGURE 2: Submarket Statistics

Market	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Q1 Net Absorption	YTD Net Absorption	Average Lease Rate NNN
Merced	3,972,341	5.2	9.2	0	0	\$0.57
Madera	3,304,850	1.3	1.3	0	0	\$0.63
Fresno	38,880,482	2.7	2.9	0	0	\$0.72
Visalia	20,897,004	7.0	7.9	0	0	\$0.74
Hanford	3,843,114	0.0	1.8	0	0	\$0.60
Bakersfield	33,604,663	3.8	4.8	233,217	233,217	\$0.74
Market Totals	104,502,454	3.9	4.7	233,217	233,217	\$0.71

Source: CBRE Research, Q1 2024

FIGURE 3: Notable Lease Transactions Q1 2024

Tenant	Size SF	Address	Type
Confidential	1,058,373	5408 Express Ave Shafter, CA	New Lease
Tirehub	25,992	2825 S Elm Ave Fresno, CA	Renewal

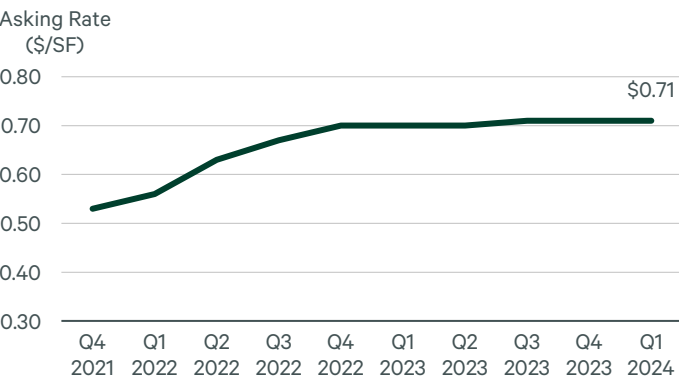
Source: CBRE Research, Q1 2024

FIGURE 4: Projects Under Construction

Address	Size SF	Developer	Completion Date
4001 N Plaza Dr Visalia, CA (Spec)	1,270,750	CapRock	Q2 2024
5104 Express Ave Shafter, CA (Spec)	1,087,000	Wonderful	Q2 2024
CA Ventures E. 99 Tulare, CA (Spec)	544,077	CA Ventures	Q2 2024
30512 Road 84 Visalia, CA (Spec)	310,030	G3 Development	Q2 2024

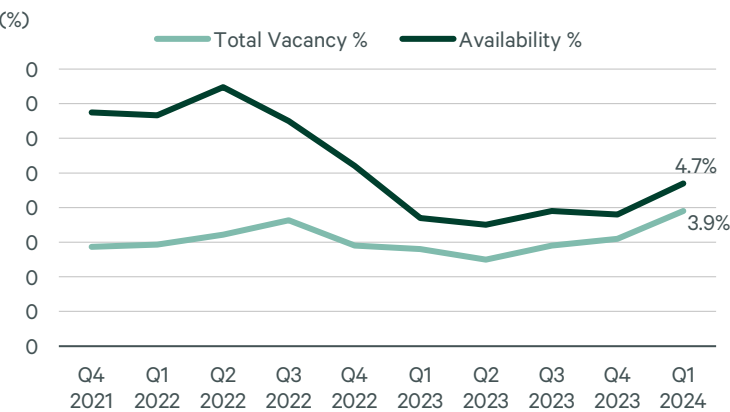
Source: CBRE Research, Q1 2024

FIGURE 5: Lease Rates



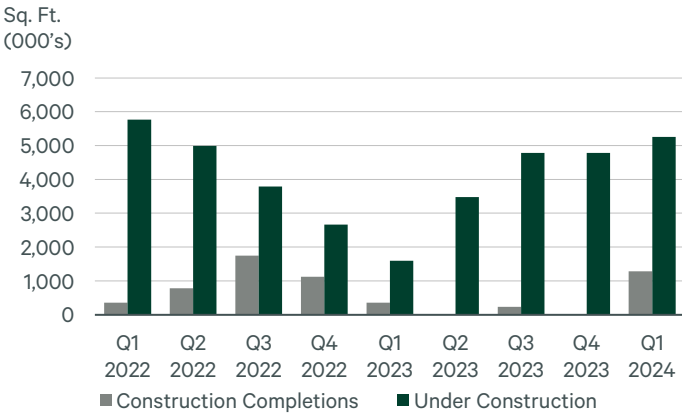
Source: CBRE Research, Q1 2024

FIGURE 6: Vacancy & Availability



Source: CBRE Research, Q1 2024

FIGURE 7: Construction Activity



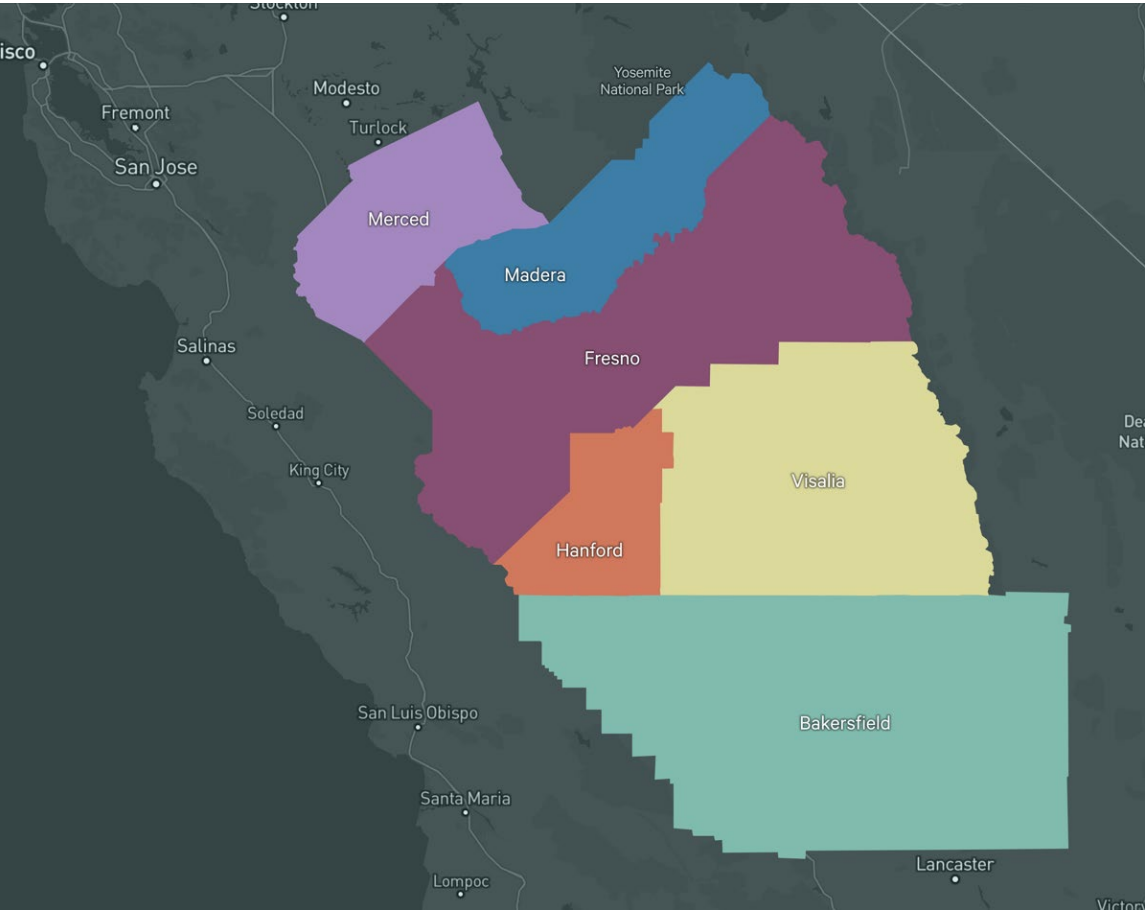
Source: CBRE Research, Q1 2024

FIGURE 4: Notable Sale Transactions Q1 2024

Buyer	Size SF	Address	Sale Price (\$)
Golden Touch Imports, Inc.	233,217	5665 Dennis McCarthy Dr, Lebec	\$37.1M

Source: CBRE Research, Q1 2024

Submarket Map



Source: CBRE Research, Location Intelligence

© Copyright 2024 All rights reserved. Information contained herein, including projections, has been obtained from sources believed to be reliable, but has not been verified for accuracy or completeness. CBRE, Inc. makes no guarantee, warranty or representation about it. Any reliance on such information is solely at your own risk. This information is exclusively for use by CBRE clients and professionals and may not be reproduced without the prior written permission of CBRE’s Global Chief Economist.

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.

Contacts

**Angel Orozco**  
Research Analyst  
+1 916 446 8787  
angel.orozco@cbre.com

**Brandon Wilkinson**  
Research Analyst  
+1 916 446 8281  
brandon.wilkinson@cbre.com

**Nick Cunningham**  
Research Analyst  
+1 916 446 8786  
nick.cunningham@cbre.com

**Konrad Knutsen**  
Field Research Manager,  
+1 916 446 8292  
Konrad.knutsen@cbre.com

**Central Valley Office**  
3247 W. March Lane #100  
Stockton, CA 95219