



Central California

Industrial

23Q1-Q2

# Semi-Annual Research & Forecast Report



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Industrial

23Q1-Q2

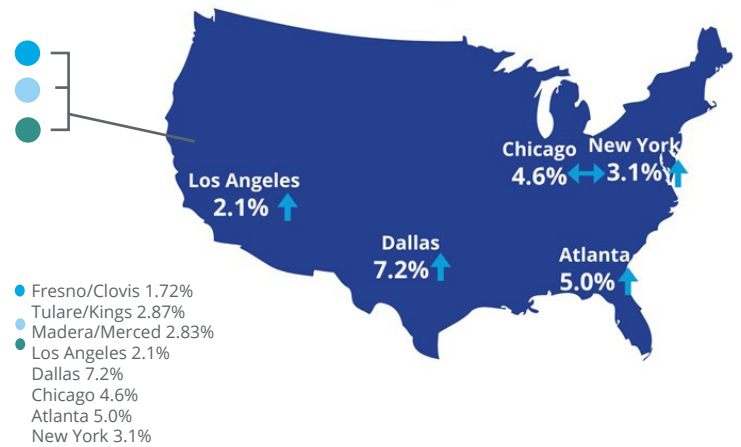
## Key Takeaways

- National average industrial vacancy rose to 4.5%
- 118.1 million square feet net absorption in Q1 & Q2 2023, approximately 50% less than the second half of 2022
- Greater Los Angeles posted negative absorption
- 593 million square feet under construction

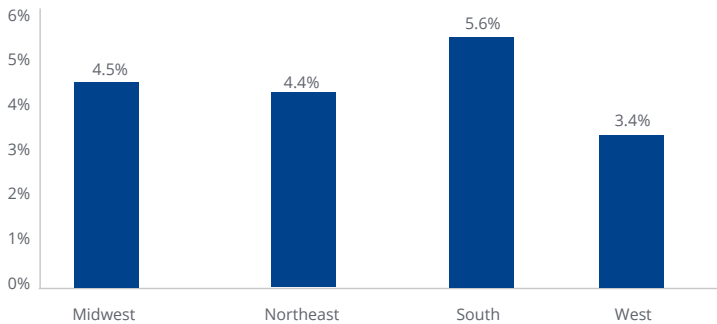
## National Industrial Market Overview

While distressed warehouse properties and vacancy remain low across the country and rents are as high as they've ever been (fueled by leases of new buildings), for the first time in several years industrial real estate has encountered speed bumps to its record run. The spigot of large capital market transactions was almost completely turned off for the first half of the year, to the point that most major real estate brokerage firms have reported losses on earning calls. While tenant requirements have not vanished, the feverish demand of the last few years has noticeably cooled as a consequence of a slowing economy, reduced factory output, and mostly normalizing supply chains. While markets with limited construction are still well positioned to enjoy continued success, landlords in those with millions and millions of new square footage, often purchased at record high land prices with expensive development costs, are likely experiencing heartburn as they wonder if their buildings will lease at rents that support their investments.

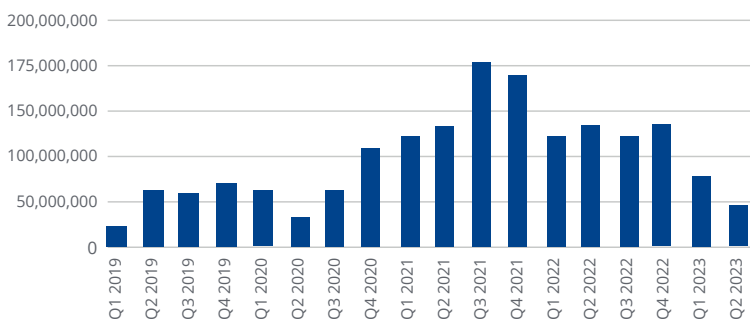
### Top 5 Largest U.S. Metro Industrial Markets Vacancy Rates relative to our Markets



## Vacancy by Region



## U.S. Industrial Market Historical Net Absorption (square feet)



## Lease Rates (per square foot, per month)



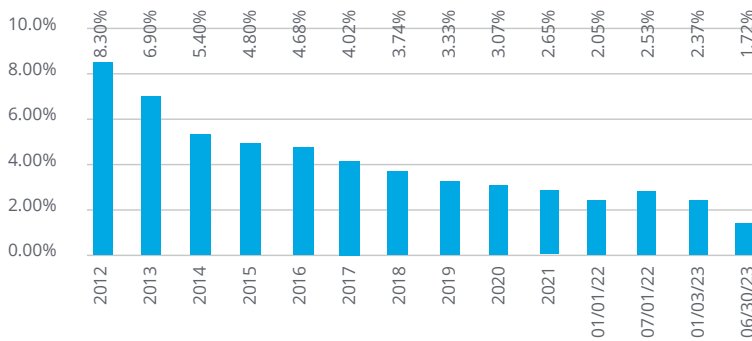
Data from Steig Seaward, Colliers Senior Director of National Research

## Fresno - Clovis, CA

Active industrial tenants and buyers were less plentiful in the first half of 2023 relative to the previous few years, but for the most part pricing has been unaffected due to a persistent lack of available properties. Market sale transactions were down in particular, with the exception of the several smaller buildings that sold in the Three Crowns Industrial Park on the south side of Fresno. While the pace has slowed, quality available space has continued to transact, and the market still generally favors landlords over tenants although the advantage feels slightly less pronounced. Anecdotally, we've heard of many tenants expressing the desire to renew leases versus move, and landlords content to have them stay (at or near market rents).

With very little empty new supply delivering, we do not expect substantial change in vacancy or pricing in the second half of 2023.

### Local Historic Vacancy Factor



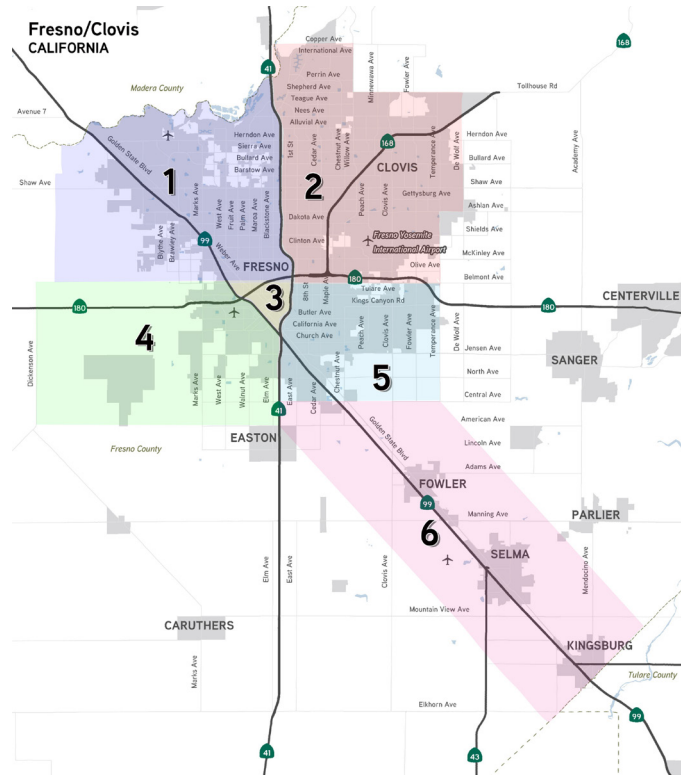
### Fresno/Clovis Metro Area - Fresno/Clovis metro area is divided into six submarkets

- 1. Northwest Fresno
- 3. Downtown Fresno
- 5. Southeast Fresno
- 2. Northeast Fresno
- 4. Southwest Fresno
- 6. South Fresno Hwy 99 Corridor

Submarket Comparisons as of June 30, 2023

Blue = 3,000 - 19,999 SF  
Grey = 20,000 SF+

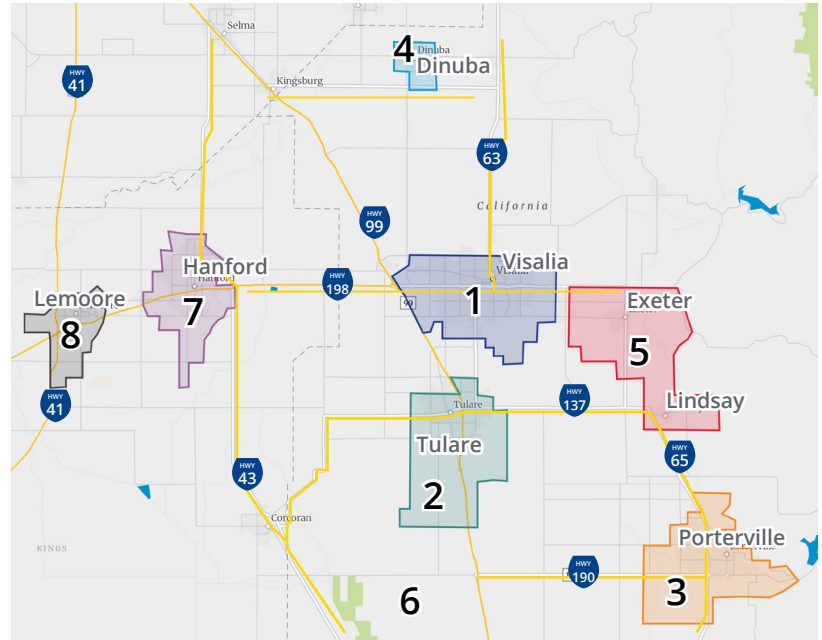
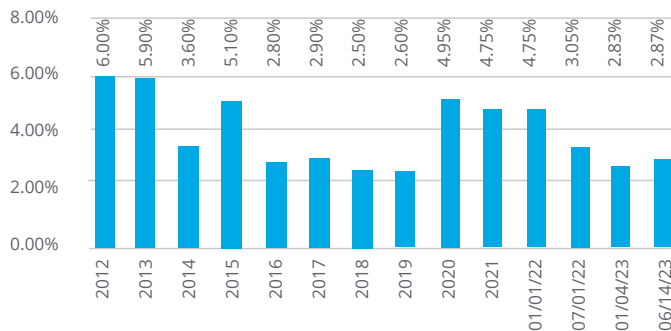
Submarket	Area	Total Inventory Sq. Ft. / # Buildings	Vacant & Available SF / Vacant & Available %	# Tracked Lease Transactions / Average Base Rent Per SF	# Properties for Lease / # Properties for Sale (>3,000 SF)	Under Construction Building SF / # Buildings	Proposed Construction Building SF / # Buildings
Northwest	1	5,141,655 / 590 5,939,743 / 129	82,017 / 1.595% 94,700 / 1.594%	12 / \$0.92 17 / \$0.90	9 / 5 3 / 2	0 / 0 0 / 0	34,450 / 3 101,790 / 5
Northeast	2	5,753,411 / 700 8,977,034 / 143	101,858 / 1.770% 0 / 0.000%	14 / \$0.87 4 / \$0.92	12 / 4 0 / 2	104,623 / 11 0 / 0	414,845 / 56 249,004 / 3
Downtown	3	1,122,459 / 111 2,024,761 / 43	26,200 / 2.334% 106,140 / 5.242%	0 / \$0.00 NA / NA	3 / 0 2 / 0	0 / 0 0 / 0	0 / 0 0 / 0
Southwest	4	781,861 / 90 4,161,279 / 53	0 / 0.000% 214,500 / 5.15%	0 / \$0.00 0 / NA	0 / 0 1 / 0	0 / 0 0 / 0	0 / 0 1,384,780 / 5
Southeast	5	3,814,219 / 408 26,721,013 / 296	42,238 / 1.107% 529,048 / 1.980%	3 / \$1.11 5 / \$0.58	5 / 8 13 / 5	0 / 0 256,550 / 3	0 / 0 1,554,090 / 7
South Hwy 99 Corridor	6	1,403,333 / 153 6,777,562 / 83	28,360 / 2.021% 24,175 / 0.357%	2 / \$1.35 2 / \$0.65	4 / 10 1 / 2	14,900 / 2 20,000 /	6,000 / 1 648,000 / 1
<b>Totals / Weighted Averages</b>		<b>18,016,938 / 2,052</b> 54,601,392 / 747	<b>280,673 / 1.56%</b> 968,563 / 1.77%	<b>31 / \$0.94</b> 28 / \$0.83	<b>33 / 27</b> 20 / 11	<b>119,523 / 13</b> 276,550 / 4	<b>455,295 / 60</b> 3,937,664 / 21
		<b>72,618,330 / 2,799</b>	<b>1.72%</b>	<b>\$0.89</b>			



## Tulare - Kings Counties

CA Ventures is well under construction with the first phase of its 99 Central Logistics Center in Tulare, which is a ±544,077 square foot concrete tilt up. Visalia has a few smaller buildings under construction as well as two approximately 100,000 square foot buildings between American Industrial Park and Hwy 99, along with a project in Woodlake, but construction remains muted otherwise. Several sites with large proposed buildings are continuing through the entitlement process however, at least a few have communicated that they plan to build speculatively, but that remains to be seen. Despite weakening demand, vacancy currently remains very low across Tulare and Kings counties.

### Local Historic Vacancy Factor



Submarket Comparisons as of June 14, 2023

Blue = 3,000 - 19,999 SF  
Grey = 20,000 SF+

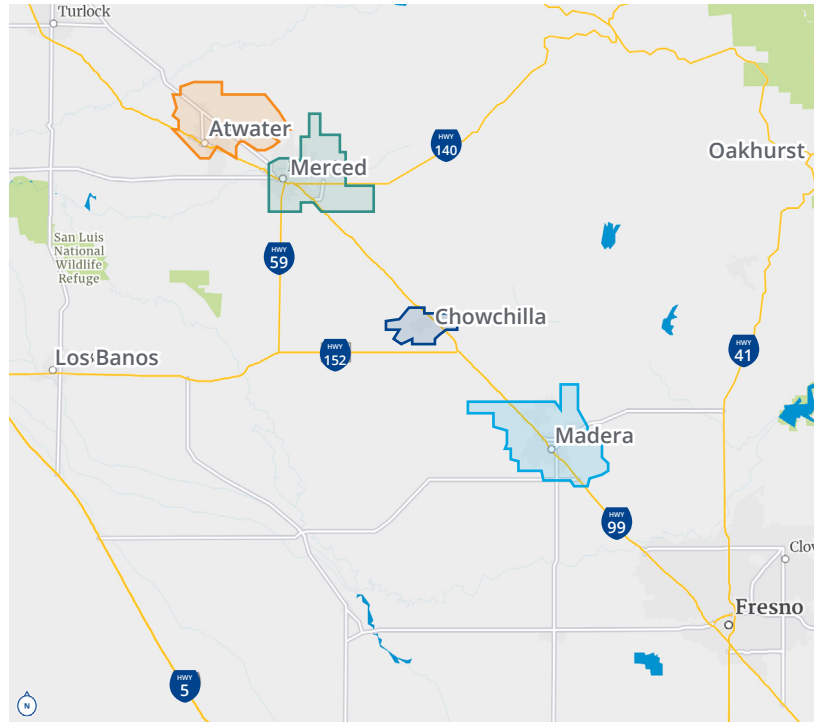
Submarket	Area	Total Inventory Sq. Ft. / # Buildings	(>3,000 SF) Vacant & Available SF / Vacant & Available %	# Tracked Lease Transactions / Average Base Rent Per SF	# Properties for Lease / # Properties for Sale (>3,000 SF)	Under Construction Building SF / # Buildings	Proposed Construction Building SF / # Buildings
Visalia	1	3,467,108 / 494 17,179,972 / 153	54,251 / 1.565% 518,090 / 3.016%	7 / \$0.84 4 / \$0.75	8 / 4 6 / 2	24,081 / 2 210,000 / 2	0 / 0 11,586,352 / 23
Tulare	2	1,366,732 / 182 4,248,054 / 41	31,290 / 2.289% 25,122 / 0.591%	1 / \$1.13 1 / \$0.85	3 / 0 1 / 1	0 / 0 594,077 / 2	0 / 0 1,797,503 / 3
Porterville	3	553,621 / 80 2,480,030 / 22	21,182 / 3.826% 50,400 / 2.032%	1 / \$0.51 0 / NA	2 / 2 1 / 0	0 / 0 0 / 0	0 / 0 0 / 0
Dinuba	4	184,306 / 18 2,361,863 / 18	0 / 0.00% 0 / 0.00%	0 / NA 0 / NA	0 / 0 0 / 1	0 / 0 0 / 0	0 / 0 0 / 0
Famersville/Exeter/ Lindsay	5	449,334 / 53 3,176,044 / 33	32,801 / 7.300% 355,000 / 11.177%	0 / NA 0 / NA	1 / 1 1 / 3	0 / 0 0 / 0	0 / 0 0 / 0
Outlying Tulare County	6	627,185 / 76 5,839,728 / 66	10,000 / 1.594% 214,000 / 3.665%	0 / NA 0 / NA	1 / 3 1 / 2	0 / 0 0 / 0	35,000 / 4 0 / 0
Hanford	7	849,446 / 93 5,377,495 / 22	5,500 / 0.647% 70,368 / 1.309%	3 / \$0.39 0 / NA	1 / 0 1 / 0	0 / 0 0 / 0	0 / 0 0 / 0
Lemoore	8	123,504 / 17 1,527,460 / 16	40,897 / 33.144% 0 / 0.000%	0 / NA 0 / NA	11 / 23 0 / 1	0 / 0 0 / 0	0 / 0 0 / 0
<b>Totals / Weighted Averages</b>		<b>7,621,236 / 1,013</b> 42,190,646 / 371	<b>195,921 / 2.57%</b> 1,232,980 / 2.92%	<b>12 / \$0.72</b> 5 / \$0.77	<b>27 / 33</b> 11 / 10	<b>24,081 / 2</b> 804,077 / 7	<b>35,000 / 4</b> 13,383,855 / 26
		<b>49,811,882 / 1,384</b>	<b>2.87%</b>	<b>\$0.74</b>			

## Merced - Madera Counties

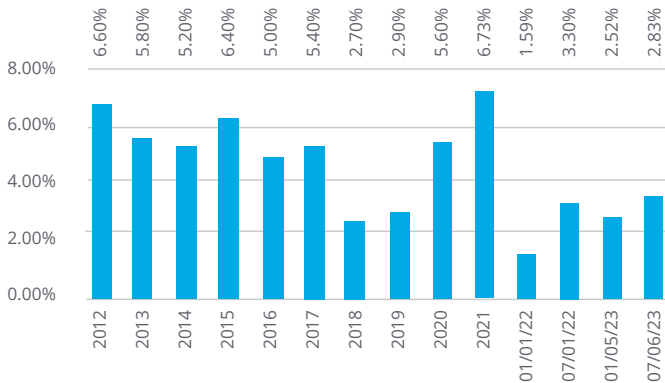
It was announced in July that Merced County has been awarded a \$49.6 million grant to build out Castle Commerce Center's inland port. The grant will be used to improve existing rail capacity by installing new rail lines, utilities, and asphalt in a 70 acre section of Castle to facilitate the construction of transload warehouses by private developers, among other items. Merced County is proud to be home to the only inland port in California selected to receive such a grant, and hopeful that the continued improvement of the site will promote the area's growth as an industrial hub in central California.

In a positive sign for both the industrial market and the city of Merced, the over 500,000 square foot former Quad Graphics facility received several offers when it was put up for sale and is currently in escrow.

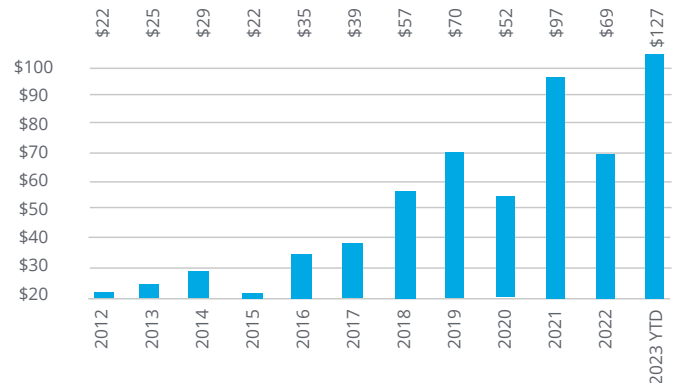
In Chowchilla, Auto Zone's approximately 500,000 square foot distribution center is well under construction, while Madera County's vacancy is almost exclusively limited to the new Madera Industrial WSHE multitenant buildings.



### Local Historic Vacancy Factor



### Local Historic Sale Price PSF



Submarket Comparisons as of July 6, 2023

Blue = 3,000 - 19,999 SF  
Grey = 20,000 SF+

Submarket	Total Inventory Sq. Ft. / # Buildings	Vacant Available SF / Vacant Available %	# Tracked Lease Transactions / Average Base Rent Per SF	# Properties for Lease / # Properties for Sale (>3,000 SF)	Under Construction Building SF / # Buildings	Proposed Construction Building SF / # Buildings
Atwater/Merced	1,842,918 / 222 5,669,879 / 88	56,701 / 3.077% 244,228 / 4.307%	5 / \$0.70 2 / \$0.49	8 / 2 6 / 3	0 / 0 0 / 0	0 / 0 20,200 / 1
Madera/Chowchilla/Oakhurst	1,379,014 / 156 8,403,032 / 109	99,090 / 7.186% 89,000 / 1.059%	2 / \$0.81 16 / \$0.60	43 / 0 0 / 2	0 / 0 750,000 / 2	0 / 0 3,700,000 / 4
Totals/Weighted Averages	3,221,932 / 378 14,072,911 / 197	155,791 / 4.84% 333,228 / 2.37%	7 / \$0.73 18 / \$0.53	51 / 2 7 / 5	0 / 0 750,000 / 2	0 / 0 3,720,200 / 5
	17,294,843 / 575	2.83%	\$0.59			

## Featured Listings



### 355 S. Vineland Road Bakersfield, CA

Size: ±317.29 acres

Notes:  
 Agricultural land well located for future development as Bakersfield continues to grow east, situated in a transitional area along Edison Highway and State Highway 58 in Bakersfield, California. Currently planted with approximately 116 acres of citrus trees. A portion of the parcel is designated for industrial use in the General Plan.

Asking Price:

**\$14,190,000**



### 2660 S. Golden State Blvd. Fresno, CA

Building Size: ±12,300 SF  
 Warehouse: ±8,670 SF  
 Office: ±1,830 SF  
 Shop: ±1,800 SF  
 Site Size: ±4.12 acres  
 (±1.33 unpaved)  
 Dock Doors: 21

Notes:  
 Very well-maintained cross dock available for lease. Paved portion of yard has recently been resealed and painted. Very good access to Highway 99. Located just south of Fresno in City of Fowler.

Lease Rate:

**\$25,000/mo., NNN**

## Sample Lease/Sale Activity

Notable Lease Transactions	Size	Tenant	Transaction Type
1. 5451 W. Mission Avenue, Fresno	±8,750 SF	\$0.65 PSF	New Lease
2. 2474 N. Miami Avenue, Fresno	±4,791 SF	\$0.65 PSF	New Lease
3. Selma Business Park, Selma	±31,634 SF	\$0.31 PSF	New Lease
4. 5730 S. Mandarin Avenue, Fresno	±9,900 SF	\$0.83 PSF	New Lease
5. 5186 N. Blythe Avenue, Fresno	±5,000 SF	\$0.85 PSF	New Lease

Notable Sale Transactions	Total Size	Total Acreage	Sale Price	PSF
6. 361 N. Minnewawa Avenue, Clovis	±7,410 SF	±0.38	\$1,145,000	\$154.52
7. 2505 N. Shirk Avenue, Visalia	±35,465 SF	±5.00	\$4,500,000	\$126.89
8. 1433 Menlo Avenue, Clovis	±16,178 SF	±1.20	\$1,550,000	\$95.81
9. 8246 W. Mineral King Avenue, Visalia	±39,200 SF	±2.14	\$4,400,000	\$112.24



# 370 offices in 63 countries on 6 continents

United States: 113  
Canada: 36  
Latin America: 17  
Asia Pacific: 35  
EMEA: 76  
ANZ: 25



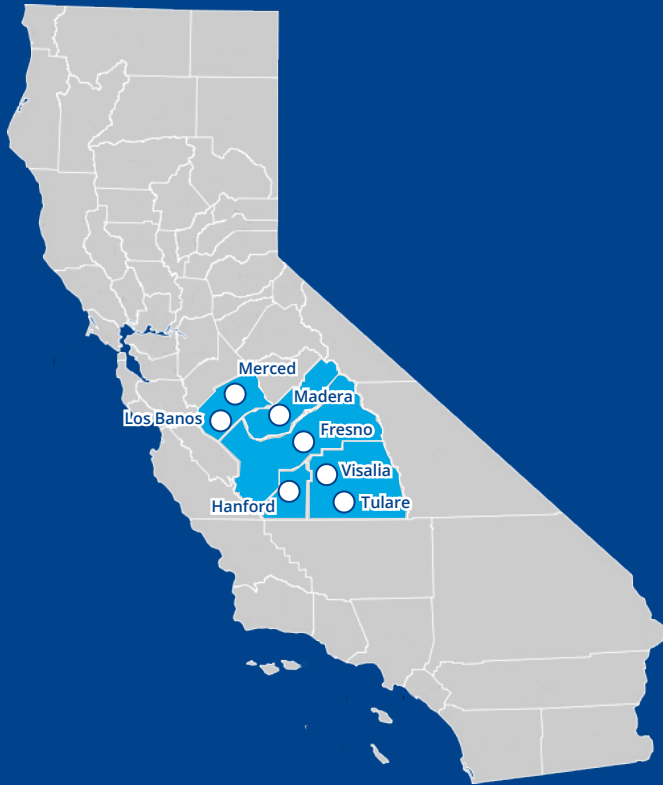
\$4.5B  
in revenue



2B  
square feet under management



17,000 +  
professionals and staff



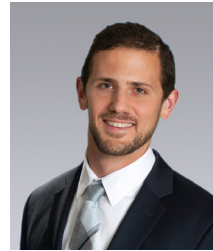
## About Colliers

Colliers (NASDAQ, TSX: CIG) is a leading diversified professional services and investment management company. With operations in 63 countries, our 17,000 enterprising professionals work collaboratively to provide expert real estate and investment advice to clients. For more than 27 years, our experienced leadership with significant inside ownership has delivered compound annual investment returns of 20% for shareholders. With annual revenues of \$4.5 billion and \$81 billion of assets under management, Colliers maximizes the potential of property and real assets to accelerate the success of our clients, our investors and our people.

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