

FIGURES | CENTRAL VALLEY, CA INDUSTRIAL | Q2 2026

# Large leases drove significant occupancy growth and vacancy reduction

▼ 7.4%  
Vacancy Rate

▲ 2.0M  
SF Net Absorption

▼ 0  
SF Construction Delivered

▲ 6.0M  
SF Under Construction

▶ \$0.72  
NNN/MTH Direct Lease Rate

Note: Arrows indicate change from previous quarter.

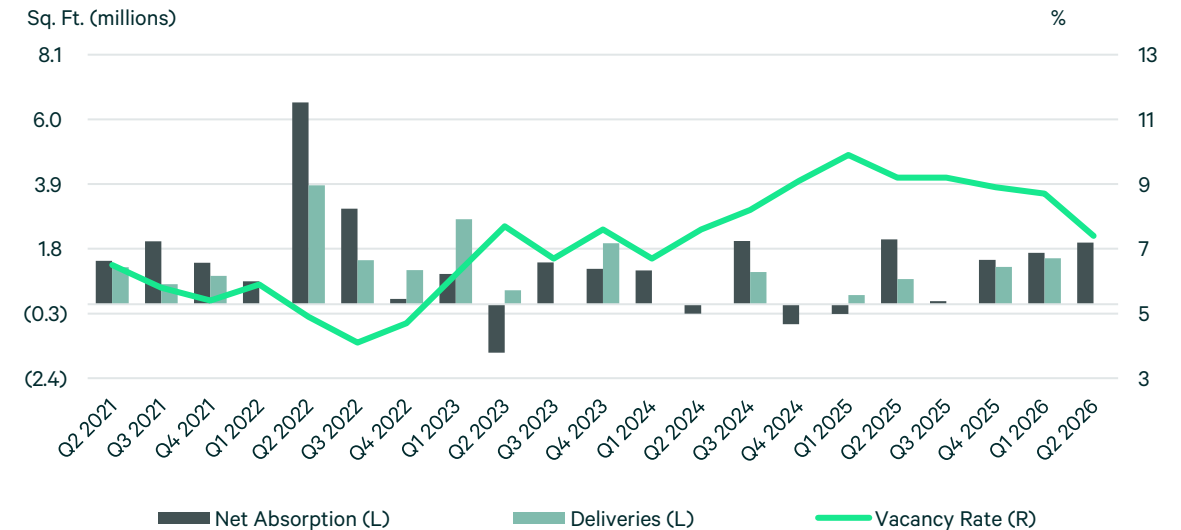
## Market Overview

The market in Q2 2026 recorded net absorption of 2.0 million sq. ft., up 20.4% quarter-over-quarter from 1.7 million sq. ft., but 4.7% below the 2.1 million sq. ft. posted year-over-year. Vacancy registered 7.4%, a negative 130 basis point change quarter-over-quarter from 8.7% marking further improvement from the high of 9.9% in Q1 2025. Availability followed a similar path, decreasing quarter-over-quarter from 10.4% to 9.5% and year-over-year from 10.6%.

Construction activity remains elevated. Under construction area expanded to 6.0 million sq. ft. in Q2 2026, up 12.7% quarter-over-quarter from 5.3 million sq. ft. and 54.2% year-over-year from 3.9 million sq. ft., across 8 properties. No new deliveries occurred in Q2 2026, following 1.5 million sq. ft. delivered in Q1 2026. The average asking rate held flat quarter-over-quarter at \$0.72 and declined from \$0.74 year-over-year, indicating stable pricing despite improving occupancy metrics.

New leasing activity in the Stockton submarket this quarter is anchored by three large commitments totaling 2.4 million sq. ft. Amazon Logistics signed the largest deal at 1.2 million sq. ft., followed by two Medline leases at 925,000 sq. ft. and 710,000 sq. ft. These top new leases highlight logistics occupiers taking down sizeable space, setting a benchmark for scale and competition in Stockton.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

## Vacancy Rate

Overall vacancy in Q2 2026 was 7.4%, down 130 basis points quarter-over-quarter from 8.7% in Q1 2026. Year-over-year, vacancy declined 180 basis points from 9.2% in Q2 2025 and now sits slightly below the 7.7% level seen in Q2 2023, a three-year improvement of 30 basis points. Direct vacancy followed a similar pattern, easing to 5.8%, 70 basis points lower than the prior quarter, 220 basis points below a year ago, and 160 basis points below Q2 2023. Sublease vacancy stood at 1.6%, a 60-basis-point decrease quarter-over-quarter, but remains 40 basis points higher than last year and 130 basis points above the Q2 2023 level.

At the submarket level, Manteca posts the lowest positive overall vacancy at 0.9%, with all availability in sublease space. Lodi is the second lowest overall vacancy submarket at 2.8%, supported by 152,960 sq. ft. of direct vacancy and no sublease availability. Patterson records the highest overall vacancy at 13.6%, followed by Ceres at 12.3% and Stockton at 8.2%, with Stockton carrying 3.0 million sq. ft. of direct vacant space.

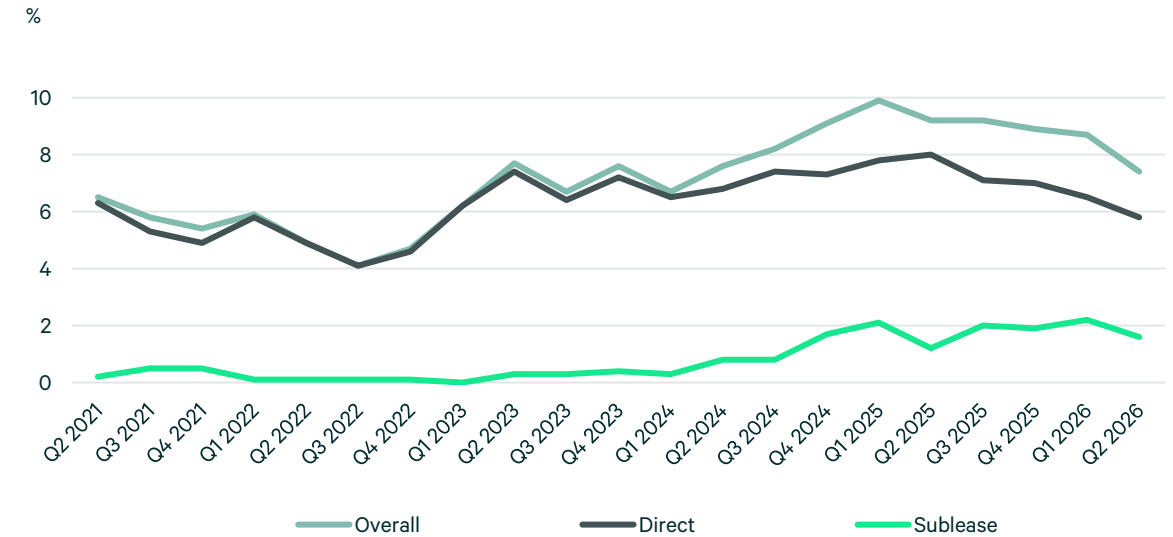
Sublease vacancy for the market was 1.6% in Q2 2026, down 60 basis points quarter-over-quarter from 2.2% in Q1 2026. This equates to approximately 2.2 million sq. ft. of vacant sublease space, heavily concentrated in Tracy, Stockton, Lathrop, and Modesto.

## Asking Rent

Average asking rent in Q2 2026 is \$0.72 per sq. ft., unchanged quarter-over-quarter and reflecting a negative 2.7% year-over-year change. In 2026 year-to-date, the average has held at \$0.72 per sq. ft., following a decline from \$0.74 per sq. ft. at the end of 2025, when Q1 2026 recorded a negative 2.7% quarter-over-quarter and negative 4.0% year-over-year movement. Over the full series from Q2 2021 to Q2 2026, the market moved from \$0.54 to \$0.72 per sq. ft., with most of the increase occurring by late 2022 and average asking rents then staying near \$0.74 per sq. ft. through 2023–2025 before the reductions reported in 2026.

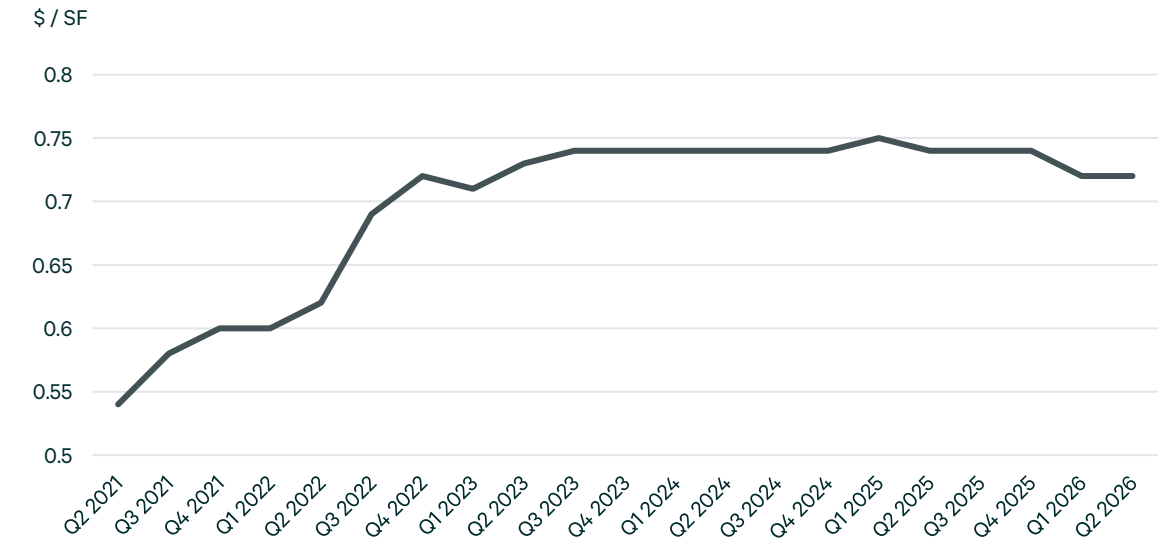
At the submarket level in Q2 2026, Stockton and Tracy record the highest average asking lease rates at \$0.75 per sq. ft., while Modesto is the lowest at \$0.61 per sq. ft., a \$0.14 per sq. ft. difference between the highest and lowest markets. The other reported submarkets fall between these levels, with Lathrop at \$0.74 per sq. ft., Lodi at \$0.70 per sq. ft., Ceres and Manteca at \$0.68 per sq. ft., and Patterson at \$0.65 per sq. ft.

Figure 2: Vacancy Rate



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q2 2026

## Net Absorption

Net absorption totaled 2.0 million sq. ft. in Q2 2026. This level exceeded the prior quarter by 20.4% but was 4.7% below the same period one year earlier. The rolling four-quarter average stood at 1.3 million sq. ft., slipping 1.9% quarter-over-quarter while remaining 63.4% higher year-over-year, underscoring how recent quarters have generally been stronger than a year ago despite near-term fluctuations.

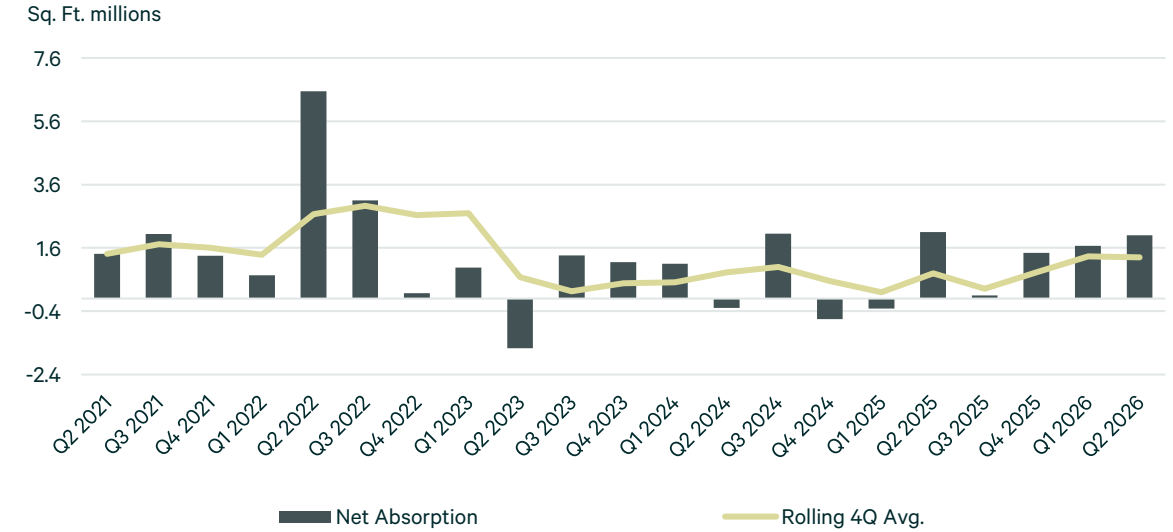
At the submarket level, Tracy posted the highest positive net absorption at 1.1 million sq. ft., followed by Stockton with 927,000 sq. ft. of space absorbed. No other submarkets recorded positive net absorption above 10,000 sq. ft. during the quarter. Patterson was the only submarket with negative net absorption, registering negative 38,000 sq. ft. and marking the weakest demand in the market this period.

## Construction Activity

Under construction space in the market reached 6.0 million sq. ft. in Q2 2026, with no new product delivered during the quarter. This reflects a 12.7% quarter-over-quarter and 54.2% year-over-year increase in the development pipeline, versus 5.3 million sq. ft. in Q1 2026 and 3.9 million sq. ft. in Q2 2025, while deliveries saw a negative 100.0% quarter-over-quarter and year-over-year decline from 1.5 million sq. ft. in Q1 2026 and 820,000 sq. ft. a year earlier. Five large distribution/logistics projects account for 5.3 million sq. ft. of current construction, with all but one fully pre-leased.

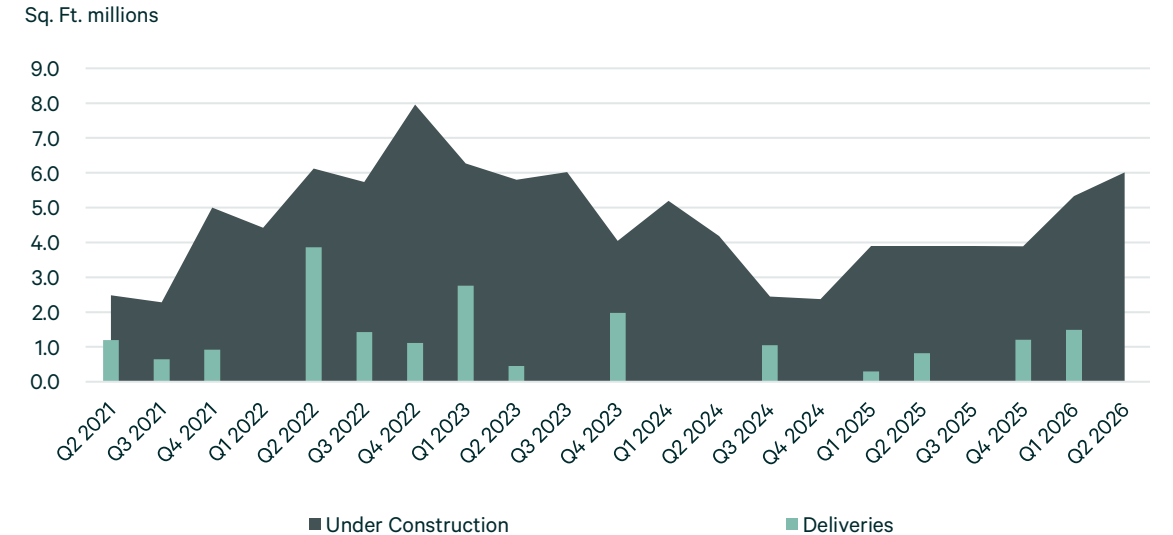
By submarket, Tracy has the highest under construction activity at 3.4 million sq. ft., followed by Lathrop at 1.2 million sq. ft. Other active submarkets include Stockton with 655,000 sq. ft. under construction.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Figure 5: Construction Activity



Source: CBRE Research, Q2 2026

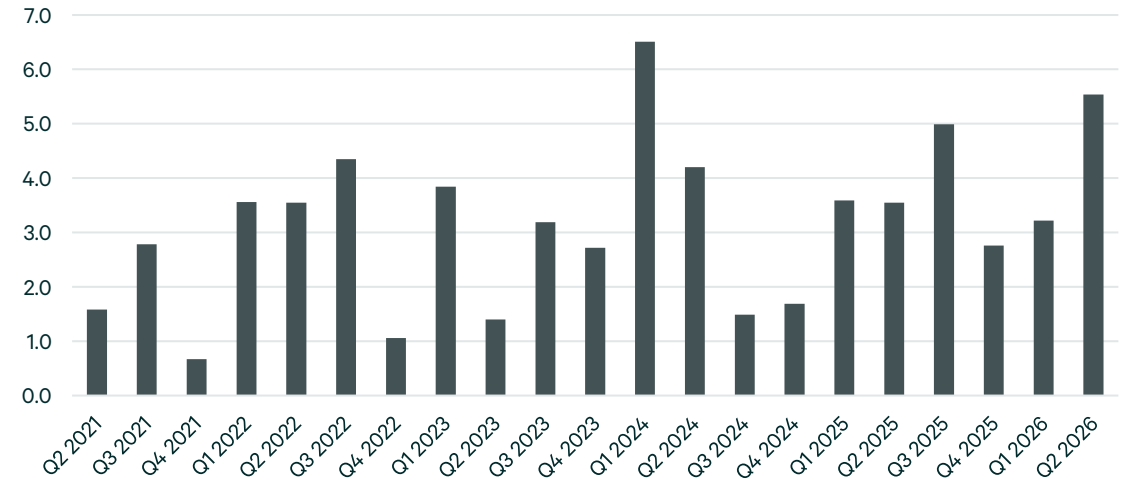
## Leasing Activity

Leasing activity in Q2 2026 totaled 5.5 million sq. ft., while the most recent full year, 2025, recorded 14.9 million sq. ft. leased. Q2 2026 leasing increased 72.2% quarter-over-quarter and 56.4% year-over-year.

By submarket, Stockton recorded the highest positive leasing volume at 4.1 million sq. ft., followed by Tracy with 1.1 million sq. ft. Patterson also registered positive leasing activity, with 356,000 sq. ft. of space leased.

Figure 6: Leasing Activity Trend

Sq. Ft. millions



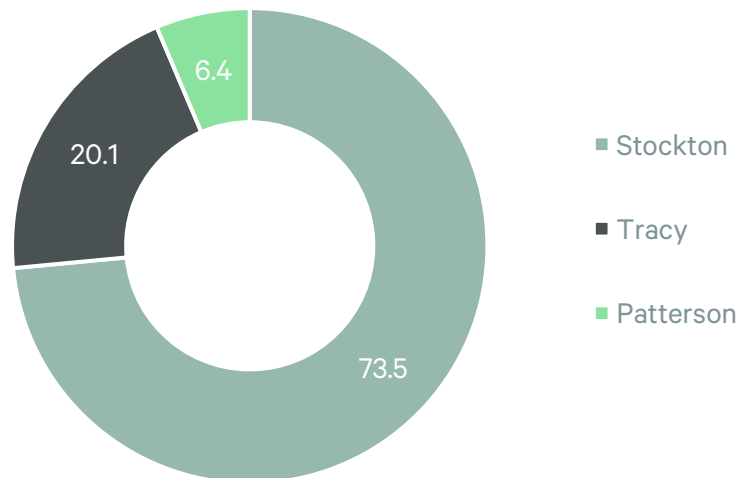
Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Amazon Logistics	1,202,000	New Lease	5298 Mariposa Rd	Stockton
Medline	925,000	New Lease	9375 W Sugar Rd	Tracy
Medline	710,000	New Lease	4580 Logistics Dr	Stockton
Maersk Logistics & Services USA	452,000	New Lease	2120 Boeing Way	Stockton
Kehe Distributors	410,000	Renewal	4650 Newcastle Rd	Stockton
Bunzl	388,000	New Lease	4601 Newcastle Rd	Stockton
Article	356,000	New Lease	400 Park Center Dr	Patterson
Silicon Valley Mechanical	352,000	New Lease	4512 Frontier Way	Stockton

Source: CBRE Research, Q2 2026

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

## Market Statistics by Submarket

Figure 9

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Ceres	5.82M	12.3	12.3	12.3	-	0.68	-	(221,000)	-	-
Lathrop	20.26M	6.6	11.3	8.2	3.1	0.74	-	-	-	1.24M
Lodi	5.52M	2.8	4.9	4.9	-	0.70	-	(78,000)	-	-
Manteca	5.38M	0.9	7.7	5.1	2.6	0.68	-	-	-	-
Modesto	12.33M	6.6	8.8	6.6	2.3	0.61	-	(228,000)	-	-
Oakdale	0.89M	-	-	-	-	-	-	-	-	-
Patterson	5.83M	13.6	13.6	13.6	-	0.65	(38,000)	(38,000)	-	-
Stockton	45.80M	8.2	8.6	6.8	1.9	0.75	927,000	1.18M	-	655,000
Tracy	33.89M	7.7	10.9	8.5	2.5	0.75	1.12M	3.06M	-	4.12M
Turlock	2.88M	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>138.60M</b>	<b>7.4</b>	<b>9.5</b>	<b>7.6</b>	<b>2.0</b>	<b>0.72</b>	<b>2.00M</b>	<b>3.67M</b>	<b>-</b>	<b>6.01M</b>

Source: CBRE Research, Q2 2026

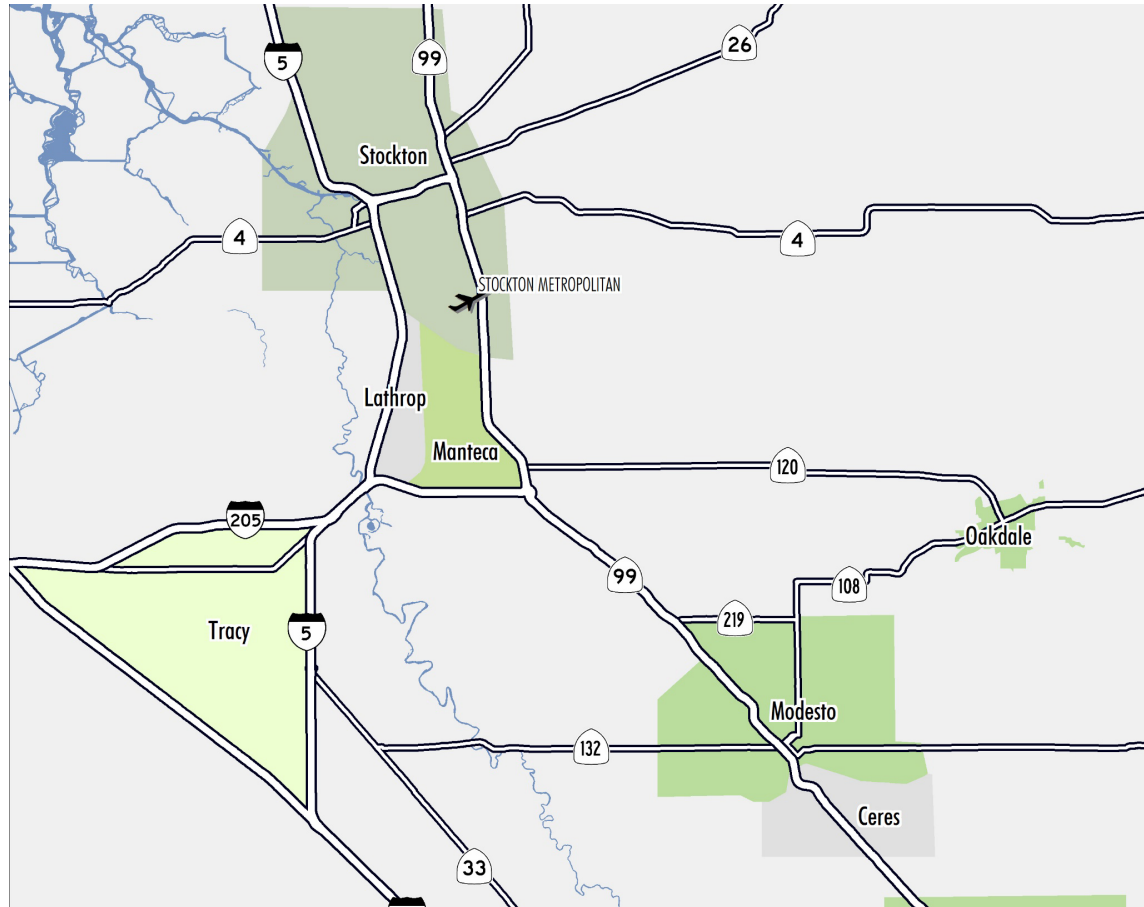
## Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	36,000	-	-	-	-	-	-	-	-	-
50K-99,999 SF	7.20M	8.1	8.1	8.1	-	0.77	190,000	101,000	-	-
100K-249,999 SF	22.61M	10.8	14.8	12.3	2.5	0.77	-	311,000	-	397,000
250K-499,999 SF	38.75M	8.4	10.7	8.7	2.0	0.71	740,000	445,000	-	282,000
500K-749,999 SF	28.44M	9.5	11.1	6.3	4.9	0.72	(149,000)	357,000	-	1.20M
750,000 SF +	41.57M	3.0	4.8	4.8	-	0.68	1.22M	2.46M	-	4.13M
<b>Total</b>	<b>138.60M</b>	<b>7.4</b>	<b>9.5</b>	<b>7.6</b>	<b>2.0</b>	<b>0.72</b>	<b>2.00M</b>	<b>3.67M</b>	<b>-</b>	<b>6.01M</b>

Source: CBRE Research, Q2 2026

**Market Area Overview**



**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. Average lease-up time is calculated based on the total number of transactions.

CBRE's market report analyzes existing single- and multi-tenant industrial buildings that total 50,000+ 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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