

FIGURES | CENTRAL VALLEY INDUSTRIAL | Q4 2025

Market activity normalizes amid sustained market growth

▲ 9.5%
Vacancy Rate

▲ 1.1M
SF Net Absorption

▲ 5.6M
SF Under Construction

▶ \$0.74
NNN / Lease Rate
Existing Properties

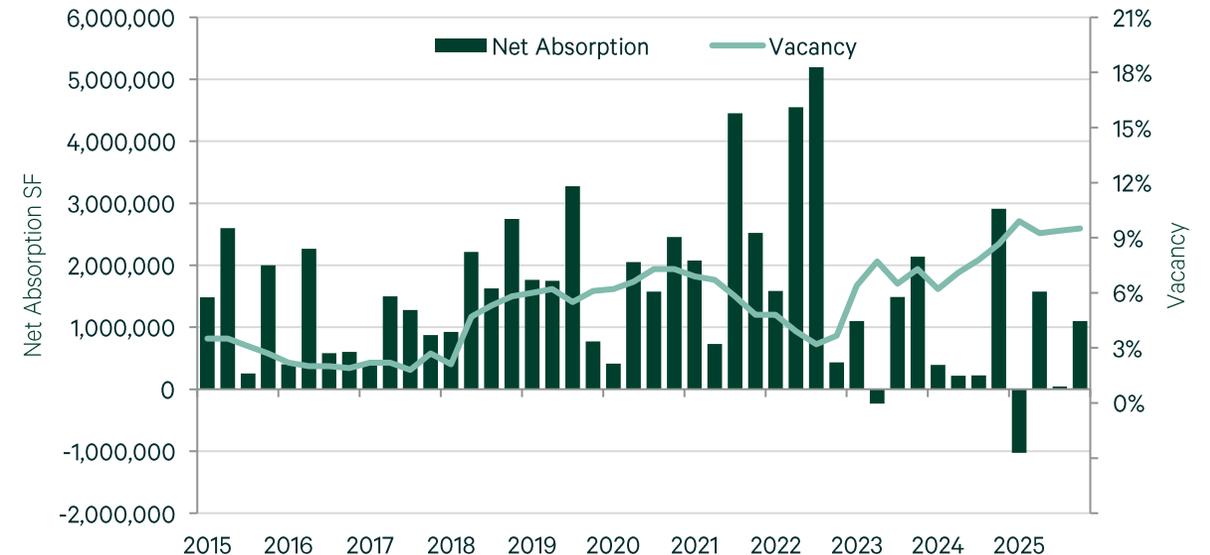
▼ 134K
Industrial Using Employment
San Joaquin & Stanislaus

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- The Central Valley region was home to 1.37 million residents with a labor force of 610,100 employees. During Q4 2025, the industrial sector provided 134,200 jobs, accounting for 21% of total employment in the region. The unemployment rate ended Q4 2025 at 7.4%, down 3 basis points (bps) from the previous quarter.
- Net absorption for the Central Valley industrial market totaled positive 1.1 million sq. ft. in Q4 2025, marking for three positive absorption quarters in a row.
- Construction starts totaled 3.4 million sq. ft., while 5.6 million sq. ft. of projects were under construction.
- The average direct asking rate in the Central Valley remained the same from Q3 2025 to Q4 2025 at \$0.74 per sq. ft. on a monthly, triple-net (NNN) basis.
- Tenant demand remained strong despite a modest increase in vacancy.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q4 2025

INDUSTRIAL OVERVIEW

The Central Valley industrial market concluded Q4 2025 with a total inventory of 142.3 million sq. ft. The average asking rent across the market has held steady at \$0.74 NNN. Asking rates continue to vary depending on building size and class.

Total leasing volume in Q4 2025 reached over 2.5 million sq. ft., bringing the annual total to 14.1 million sq. ft., a 11.6% year-over-year increase. As a result, the market recorded an increase in positive net absorption of 1.1 million sq. ft. compared to a positive 44,000 sq. ft. in Q3 2025.

Lease renewals represented 38% of all transactions in 2025, exceeding the national average of 33%, but down from 45% in 2024. The market continued to see high moving costs and steady rental rates as cause for tenants to remain in place.

Recent development has been primarily driven by build-to-suit projects. Of the 1.2 million sq. ft. delivered in Q4 2025, 900,00 sq. ft. is attributed to the build-to-suit project delivered for Walmart. There were two speculative projects delivered in this quarter at 9463 Arbor Ave., Tracy (98,640 sq. ft.) and 1800 Reliance St, Modesto (207,025 sq. ft.). Just under 5.6 million sq. ft. of build-to-suit development is currently underway across six buildings, all located in West Tracy. These projects range from 175,000 sq. ft. to 1.7 million sq. ft.

Although Q4 2025 saw no capital market transactions, 2025 ended with \$548 million of investment activity—an increase of 58% compared to 2024.

As transaction volumes have normalized and investment activity has regained momentum, the market is expected to reflect similar levels of activity, through 2026. Though net absorption is down year-over-year, the market is still seeing positive absorption, and vacancy rates are anticipated to trend downward due to limited speculative development and sustained demand.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Asking Rate NNN (\$)	Q4 Net Absorption	2025 Net Absorption
Ceres	5,854,095	16.2	16.2	0.74	207,025	81,025
Lathrop	20,292,533	8.0	11.3	0.71	0	(233,216)
Lodi	5,518,023	1.4	1.4	0.75	(75,200)	(75,200)
Manteca	6,485,959	0.8	6.4	0.72	132,214	37,033
Modesto	13,154,388	5.4	8.1	0.68	(186,050)	(501,550)
Oakdale	890,391	0.0	0.0	0.00	0	0
Patterson	5,828,183	13.0	13.0	0.70	0	63,935
Stockton	47,542,194	11.1	11.5	0.75	1,135,016	3,421,116
Tracy	33,858,845	12.2	12.7	0.79	(115,138)	(1,059,254)
Turlock	2,875,028	0.0	0.0	0.00	0	0
Market Totals	142,299,659	9.5	10.7	0.74	1,097,867	1,733,889

Note: NRA reflects Class A and B buildings 30,000 sq. ft. and larger with 24 ft. clear height and above.

Source: CBRE Research, Q4 2025

FIGURE 3: Notable Lease Transactions Q4 2025

Tenant	Address	sq. ft.	Type
Amazon	188 International Pkwy, Tracy	1,000,378	Renewal
BMW of North America	931 Runway Dr, Stockton	434,980	Renewal
Allen Distribution	6440 Aviation Dr, Stockton	419,608	New Lease

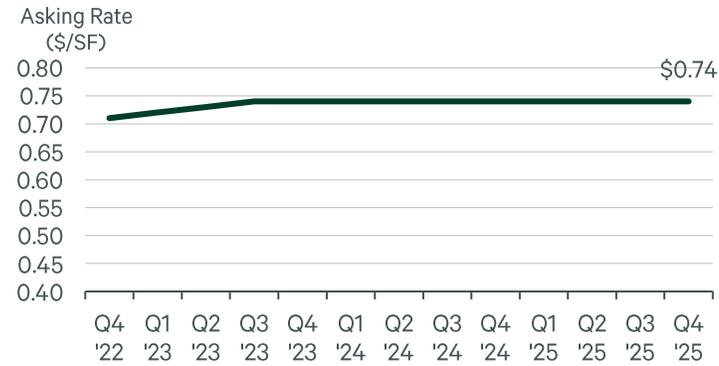
Source: CBRE Research, Q4 2025

FIGURE 4: Notable Sale Transactions Q4 2025

Buyer	Address	sq. ft.	Sale Price
DH Gerber Holdings	213 214 224 Kelly St & 97 S Cliff Ave, Lodi	120,255	\$13.6M

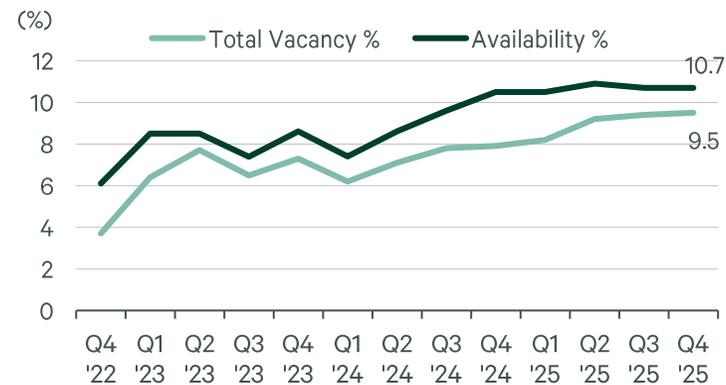
Source: CBRE Research, Q4 2025

FIGURE 5: Lease Rates



Source: CBRE Research, Q4 2025

FIGURE 6: Vacancy & Availability



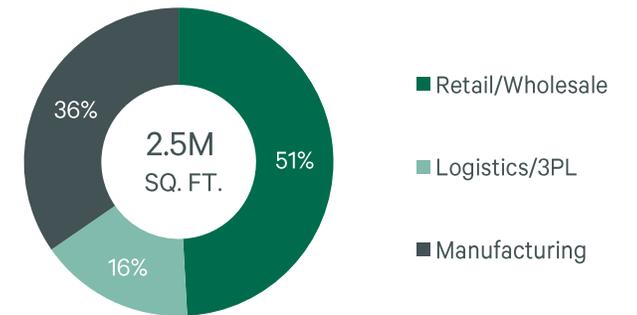
Source: CBRE Research, Q4 2025

FIGURE 7: Construction Completions



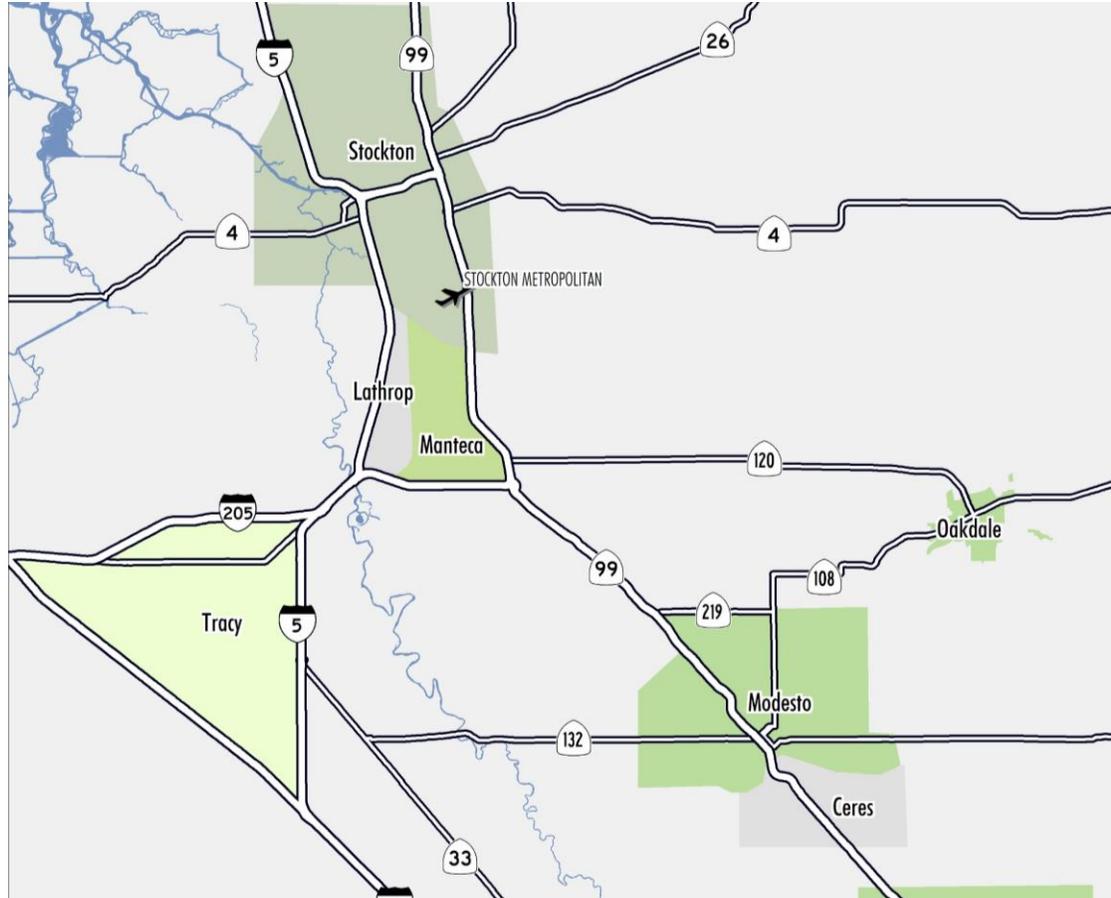
Source: CBRE Research, Q4 2025

FIGURE 8: Total Occupier Transactions by Industry Q4 2025



Source: CBRE Research, Q4 2025

Submarket Map



Source: CBRE Research, Location Intelligence

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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