Improving demand places downward pressure on vacancy

▼ 10.6%
Vacancy Rate

▲ 1.3M
SF Net Absorption

▲ 1M
SF Under Construction

▶ $0.68
NNN / Lease Rate Existing Properties

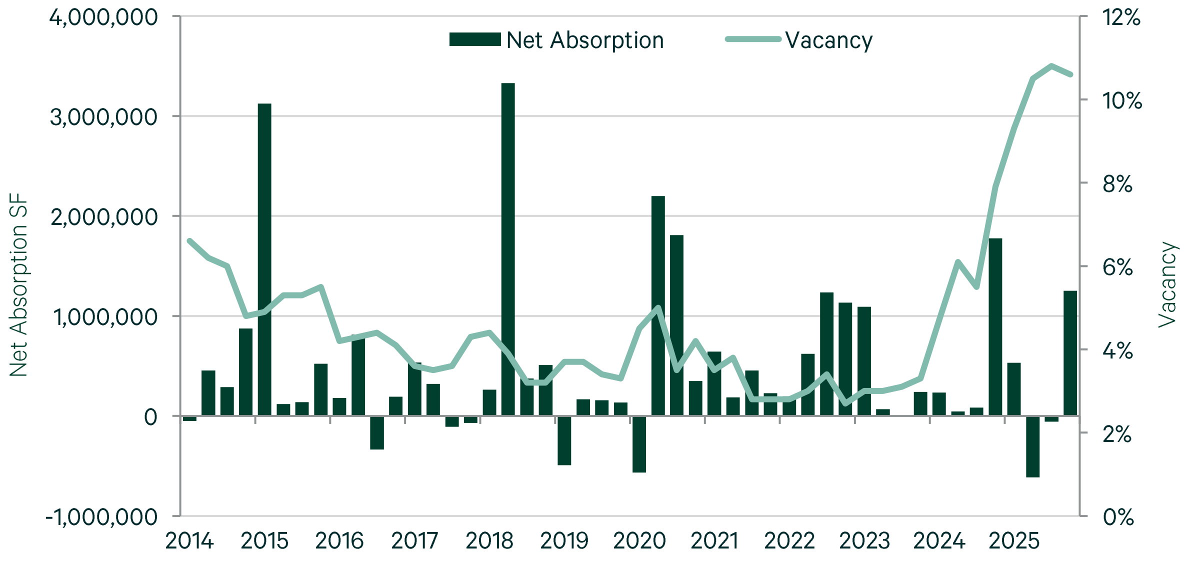
▼ 195K
Industrial Using Employment

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- At the close of Q4 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 195,300 jobs or 15% of the total employment in the region. The unemployment rate ended Q4 2025 at 8.9%.
- The South Central Valley industrial market closed Q4 2025 with positive net absorption of 1.3 million sq. ft., breaking the streak of negative absorption recorded over the prior two quarters.
- Average asking rates remained the same quarter-over-quarter at $0.68 NNN.
- Capital markets activity remained muted, with no new transactions recorded compared to Q3 2025.
- Positive net absorption across all submarkets reflect improved tenant demand.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q4 2025

INDUSTRIAL OVERVIEW

The South Central Valley industrial market closed Q4 2025 with a market base inventory of 111.0 million sq. ft. There were three buildings under construction totaling 1.0 million sq. ft., including two buildings for a combined 300,000 sq. ft. at 2152 Coffee Rd in Bakersfield and an additional 700,000 sq. ft. in Wheeler Ridge, Tejon. There were, no construction completions were delivered during Q4 2025.

The overall average asking lease rate remained the same since Q3 2025 at $0.68 per sq. ft. on a monthly, NNN basis. Additionally, the vacancy rate decreased quarter-over-quarter from 10.8% to 10.6%, while the availability rate increased from 11.7% to 12.4% over the same period.

Industrial tenant demand gained momentum across the South Central Valley in Q4 2025, with all submarkets recording positive net absorption. After consecutive negative quarters, the market boasted its best quarter of the year and saw an increase in lease rates accordingly.

There was only one notable sale in the South Central Valley during Q4 2025—a 3,310,560-sq.-ft. property at 498 N Mariposa Ave, Visalia, that sold for $3.1 million. While leasing conditions improved in Q4, the market did not see this translate to capital market activity.

Leasing activity strengthened alongside an increase in construction development, reflecting renewed interest across the market. Activity continued to be highly variable based on size, quality, and location, but recent trends indicate a modest improvement in demand as the market moves into 2026.

FIGURE 2: Submarket Statistics

Market	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Q4 Net Absorption	2025 Net Absorption	Average Lease Rate NNN
Merced	4,233,144	3.7%	3.7%	249,511	164,560	$0.51
Madera	3,459,276	3.9%	3.9%	28,352	18,251	$0.85
Fresno	39,242,783	5.7%	5.7%	19,521	684,275	$0.65
Visalia	24,374,600	19.6%	19.6%	204,584	(176,161)	$0.81
Hanford	3,765,119	1.0%	4.5%	6,451	3,512	$0.40
Bakersfield	35,934,994	11.6%	12.8%	744,379	421,739	$0.62
Market Totals	**111,009,916**	**10.6%**	**12.4%**	**1,252,798**	**1,116,176**	**$0.68**

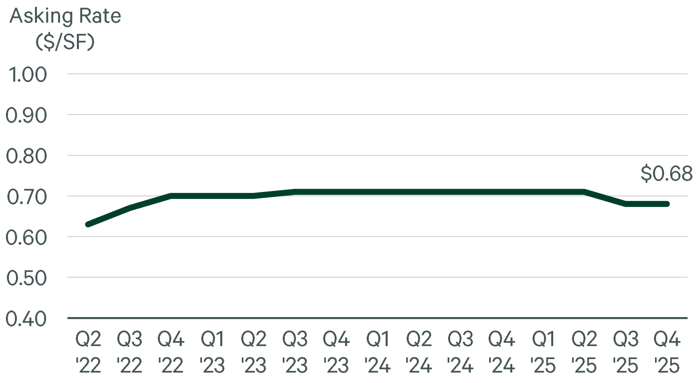
Source: CBRE Research, Q4 2025

FIGURE 3: Notable Lease Transactions

Tenant	Size SF	Address
American Tire	147,840	3064 Chestnut Ave, Fresno
Pactiv	132,573	5730 E Home Ave, Fresno
DHV Industries, Inc.	37,500	6001 Snow Rd, Bakersfield

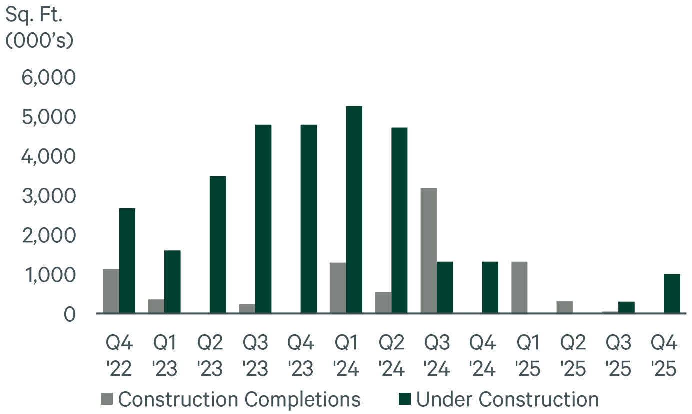
Source: CBRE Research, Q4 2025

FIGURE 5: Lease Rates



Source: CBRE Research, Q4 2025

FIGURE 7: Construction Activity



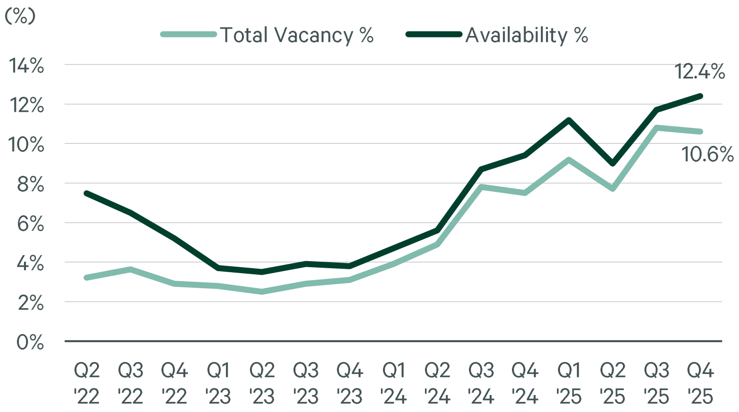
Source: CBRE Research, Q4 2025

FIGURE 4: Notable Sale Transactions

Buyer	Size SF	Address
Blue Owl Real Estate Capital	3,310,560	498 N Mariposa Ave, Visalia
STAG Industrial	410,925	3701 S Minnewawa Ave, Fresno

Source: CBRE Research, Q4 2025

FIGURE 6: Vacancy & Availability



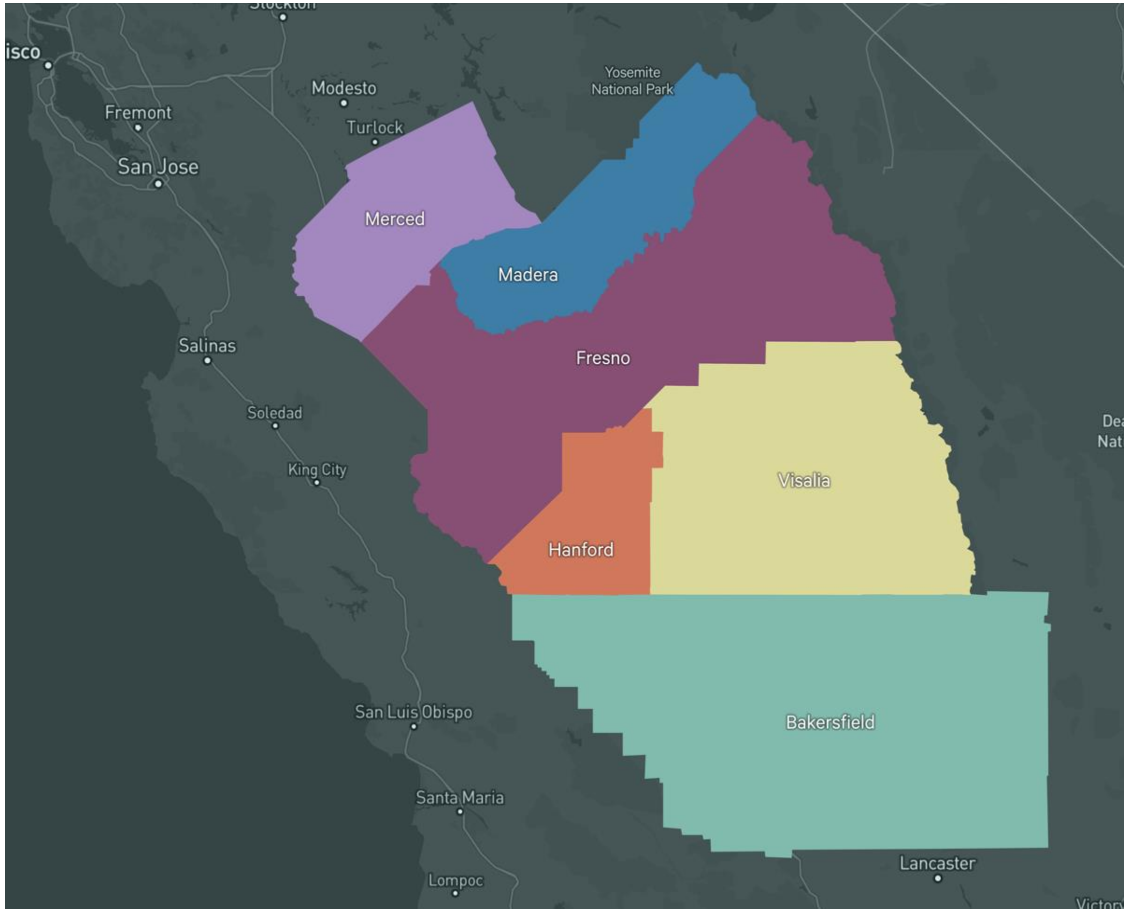
Source: CBRE Research, Q4 2025

FIGURE 8: Projects Under Construction

Address	Size SF	Developer	Delivery Date
2152 Coffee Rd, Bakersfield – Bldg 1	91,000	Rexco	Q1 2026
2152 Coffee Rd, Bakersfield – Bldg 2	209,000	Rexco	Q1 2026
Wheeler Ridge, Tejon	700,000	Tejon Ranch Co.	Q2 2026

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.

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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