

Market Activity & Research Report

FRESNO/CLOVIS AREA | INDUSTRIAL

Mid-Year Industrial Report 2017



Accelerating success.

2017: Mid-Year Industrial Market Report

Market Overview

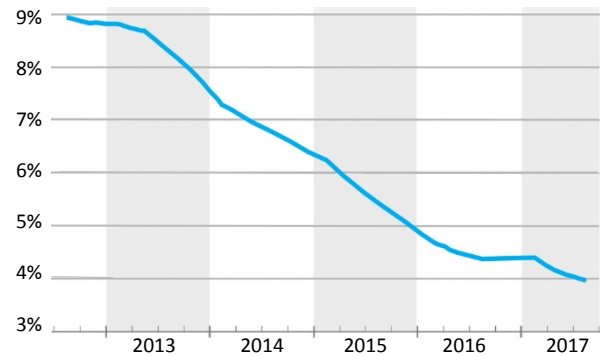
We write to you at the midway point of 2017 to communicate many of the same themes we reported at the conclusion of 2016:

Ecommerce continues to expand at a rapid rate but has a lot of room to grow - it currently represents only an estimated 10% of total retail sales. Amazon and Ulta both completed their deals in the Fresno market and are under construction in the “industrial triangle” between highways 99 and 41. We believe Amazon’s 855,000 square foot and Ulta’s 670,000 square foot fulfillment centers further confirm Fresno’s viability as a major California distribution hub and look for more companies to take advantage of our unique central location in the future.

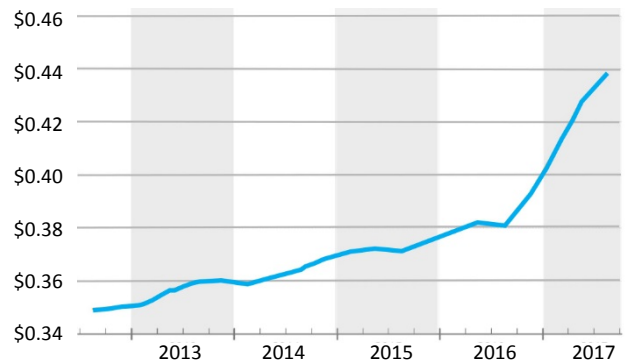
Inventory continues to be at historic lows both nationally and locally. Rents are rising, which seems to be a result of a lack of product and rising costs (especially construction related). Fear over wars - trade or real - have yet to affect real estate (although it appears things can change overnight in today’s global political climate). Well located industrial land, such as the Dry Creek Industrial Park at Herndon and 168, is quickly being snatched up at premium prices. It continues to be a great time to be a seller or a landlord.

Construction starts are up all over the country, and Fresno has begun to follow suit. Several local developers (DDG, SPAN, Pickett, the Parnagian Family, Cossette) have been busy building throughout the first half of the year, with much of the new space to be delivered in the next 6-9 months. The market is still full of tenants and buyers looking for five to ten thousand square feet, although it appears that we’re nearing (or have already reached) the end of the High Speed Rail relocations. As this new product hits the market, we expect supply will begin to catch up to demand, creating some equilibrium and therefore a more dynamic market.

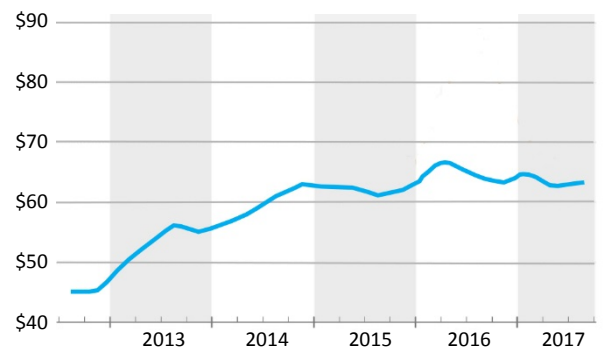
VACANCY RATE



AVERAGE ASKING RENT PER SF

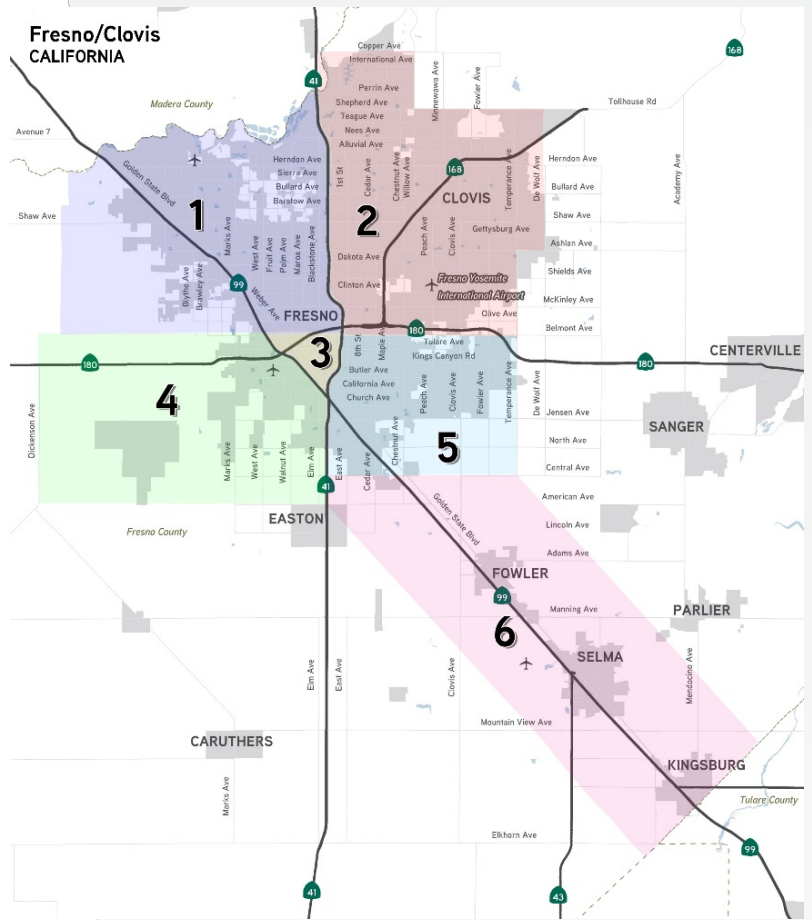


AVERAGE ASKING PRICE PER SF



**From Colliers International's US Research Report;
National Industrial Market Outlook Q2 2017:**

“Investor demand for industrial properties is growing, making industrial the only major real estate sector to post year-over-year sales growth in Q2 2017. More than \$30.1 billion in industrial assets were purchased in the first half of 2017, 10% higher than in the first half of 2016. Demand remains the most robust in secondary and tertiary markets, which both posted year-over-year sales growth of more than 15% for the first half of the year. While not at the record leasing levels set in 2016, the U.S. industrial market posted its 29th consecutive quarter of positive absorption in Q2 2017. Robust demand from e-commerce and third-party logistics (3PL) users led to 51.6 million square feet of net absorption in Q2, bringing the year-to-date total to 113.7 million square feet and keeping the overall vacancy rate at an all-time record low of 5.4% for the second consecutive quarter. While net absorption in the second quarter was the lowest since Q2 2014, it was still higher than the quarterly average since 2010 (46.7 million square feet).”



FRESNO/CLOVIS METRO AREA – Fresno/Clovis metro area is divided into six submarkets.

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

MARKET COMPARISONS

SUBMARKETS	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 (>2,500 SF)
Northwest	1	10,937,419 / 725	359,666 / 3.288%	16 / \$0.64	58 / 23
Northeast	2	13,932,334 / 824	330,838 / 2.375%	9 / \$0.56	39 / 14
Downtown	3	3,711,348 / 166	126,125 / 3.398%	4 / \$0.31	5 / 4
Southwest	4	4,898,173 / 150	169,824 / 3.467%	3 / \$0.44	5 / 4
Southeast	5	26,318,985 / 704	764,424 / 2.904%	4 / \$0.34	35 / 15
South Hwy 99 Corridor	6	6,931,003 / 219	501,183 / 7.231%	4 / \$0.41	17 / 9
Totals:		66,729,262 / 2,788	2,252,060 / 3.777%	40 / \$0.45	159 / 69

Colliers International | Sample Sale & Lease Transactions - 2017



SALE

7622 N. MAROJA AVENUE

Total SF	±13,361
Total Acreage	±.69
Sale Price	\$1,375,000
PSF	\$102.91



SALE

SELMA INDUSTRIAL PARK LOTS 11-13

Total SF	N/A
Total Acreage	±1.48
Sale Price	\$270,769
PSF	\$4.20



SALE

4782 E. JENSEN AVENUE

Total SF	±79,128
Total Acreage	±4.86
Sale Price	\$2,350,000
PSF	\$29.70



SALE

188 S. WEST AVENUE

Total SF	±25,860
Total Acreage	±1.53
Sale Price	\$2,150,000
PSF	\$83.14



LEASE

2030 S. GOLDEN STATE BLVD., FOWLER

SF Leased	±10,000
Lease Rate	\$.55 PSF



LEASE

5450 E. HOME AVENUE

SF Leased	±95,310
Lease Rate	\$.22 PSF



LEASE

4199 E. JEFFERSON AVENUE

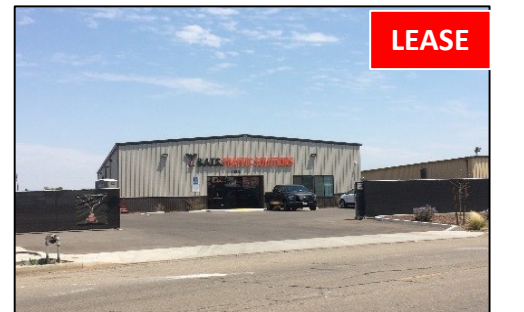
SF Leased:	±5,000
Lease Rate:	\$.96 PSF



LEASE

177 N. SUNNYSIDE AVENUE, CLOVIS

SF Leased:	±7,425
Lease Rate:	\$.55 PSF



LEASE

3686 S. BAGLEY AVENUE

SF Leased:	±7,500
Lease Rate:	\$.59 PSF

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ADDRESS	ASKING SALE/LEASE PRICE	SQUARE FEET	COMMENTS
2481 N. Sunnyside Ave., Fresno	\$875,000 \$0.55 PSF, Gross	10,000 Total; 400 Office 2 Buildings	Built as cold storage, can remove for general warehouse use.
7622 N. Maroa Ave., Fresno	\$2,150,000 \$0.87 PSF, NNN	13,361 Total; 11,652 SF for Lease	Fully climate controlled warehouse; significant investments made by new owner
205 & 300 W. Pontiac Way, Clovis	\$11,834,775 - IN ESCROW	157,797 Total	Class A office and warehouse on Pelco campus
1920 – 1924 W. Belmont Ave., Fresno	\$869,000 - IN ESCROW	14,392 Total	Multiple buildings on ±2 acres; 100% leased
183 W. Ventura St., Kingsburg	\$695,000 \$4,800/mo., NNN	6,000 Total; 4,900 SF Office; 1,100 SF Lab	Office with lab (former Caltrans Office) fully fenced and paved, visible from HWY 99
S. Temperance & E. Parlier Ave., Fowler	\$3,220,000	18.5 Acres	1,700 linear feet of HWY 99 grade level frontage
2771 E. Malaga Ave., Fresno	\$0.42 PSF, NNN	29,000 Total	Hard-to-find in the industrial market with heavy electrical, large roll-up doors, potential for cranes, 8" concrete floor and 3 acres of fenced yard area.
3410 W. Ashlan Ave., Fresno	\$.50 PSF, NNN for the first year; \$0.75 PSF, NNN thereafter	12,540 Total 10,032 SF Office	Showroom/reception area, open and private offices, conference rooms, a kitchen area, and ±2,000 SF of heated and cooled warehouse space
2452 & 2450 A N Clovis Ave., Fresno	\$.65 PSF, NNN	14,080 Total 2,000 Showroom	Clovis Avenue exposure; showroom with warehouse space and large yard
1931 G St., Fresno	\$13,222/Month, Gross	80,750 Total; 7,416 Office	In place pallet racking, interior staging area, fenced parking
909 W. Nielsen Ave., Fresno	\$4,300,000 \$0.39 PSF, NNN	82,205 Total 16,050 SF Office	Versatile office/storage yard/warehouse facility close to HWYS 180 & 99
295 N. Fruit Ave., Fresno	\$2,305,195 Call for Lease Rate	17.64 Acres	5 parcels with HWYS 99 & 180 exposure

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