

# BAKERSFIELD / KERN COUNTY INDUSTRIAL

## The Rail Spur

Debra Kidd, Director of Marketing & Research | Central California  
 Stephen J. Haupt, SIOR – Senior Vice President & Principal | Central California  
 Wesley McDonald – Senior Vice President & Principal | Central California  
 Oscar Baltazar – Senior Vice President | Central California

### Industrial Outlook End of Year 2016

The Bakersfield/Kern County industrial market consists of approximately 38,194,762 SF (buildings 9,000 SF and larger) in the Kern County Metropolitan Statistical area of Bakersfield, Lamont, Arvin, Lebec, Taft, Wasco and Shafter. End of Year construction was 301,327 SF compared to 3,095,600 SF constructed in 2015 at this time. Vacancy rates have declined to 4.29% compared to 4.76% at the same time in 2015.

Looking at just the City of Bakersfield, the total amount of inventory is approximately 26,699,806 Sf. The vacancy rate rose slightly from 3.62% in June of 2016 to 4.29% as of the end of the year.

Construction completions at the end of 2016 total 310,173 SF. Of that, 129,914 SF was speculative and 171,413 SF was build to suit. Currently under construction are 587,206 SF (207,606 speculative and 379,600 build to suit).

The most notable leases during 2016 have been: IKEA - 407,767 SF at 4049 Industrial Parkway; DWSI Staffing – 3501 Zachary; Pactiv Corp. – 114,200 SF at 1900 Sunnyside Court; McJunkin Red Man Corp. – 86,000 SF at 4700-4900 Fanucchi (Shafter); and Pace Supply – 38,219 SF at 3105 Gateway. The most notable sales during the same period were: 149,796 SF at 7800 District Boulevard – Buyer: Cathy Lim; 105,000 SF at 2901-2929 Unicorn Road – Buyer: Erwin & Essie Appel Trust of 1975, and 61,875 SF at 3925 & 3947 E. Brundage Lane – Buyer: Oh Se and Oh Doek Lee.

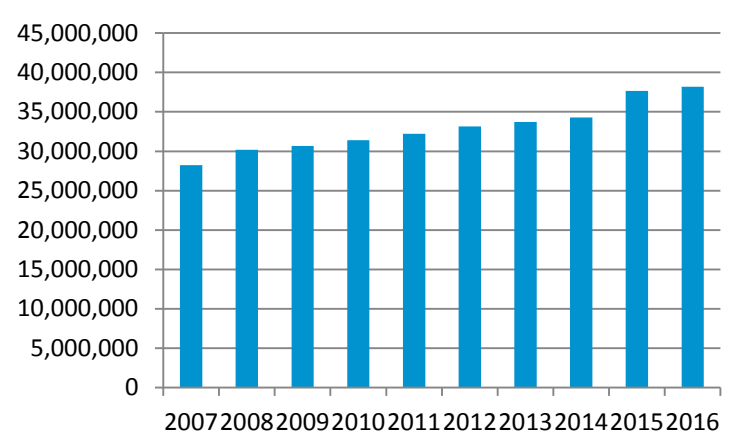
### Market Indicators

Relative to prior period	Market Q4 2015	Market Q4 2016*
VACANCY	↓	↓
NET ABSORPTION	+	↓
CONSTRUCTION	↑	↓
RENTAL RATE	↑	↔

Note: Construction is the change in Under Construction. \*Projected  
 \*\*Rental rates for current quarter are for CBD..

Market Size: 38,194,762 SF – this includes buildings over 9,000 SF in Bakersfield and surrounding areas. The city of Bakersfield has an inventory of approximately 26,699,806 SF

### Bakersfield / Kern County Inventory 2007 to 2016



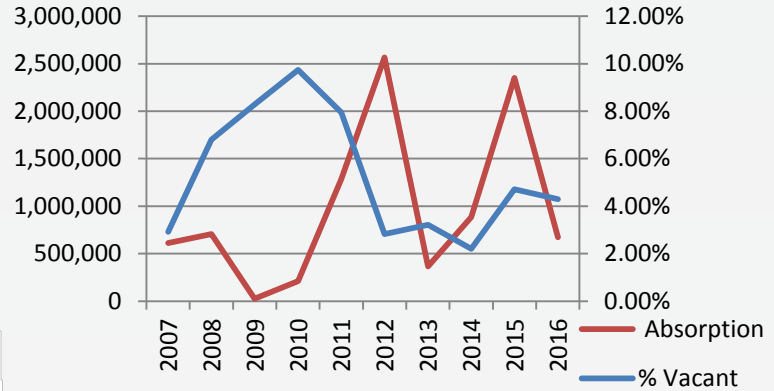
Even though our economy has historically been rooted in the oil and agricultural industries, we are seeing more diversification in the industrial market in Bakersfield and Kern County. New tenants include: Ross Dress for Less, American Tire Distribution, and the FedEx Ground facility. Other major industries have chosen our community, including IKEA (1,800,000 SF), Target Distribution Center (1,700,000 SF), Sears (1,300,000 SF), Caterpillar (400,000 SF) Famous Footwear (300,000 SF), American Tire Distributors (1,300,000 SF), Formica, The Hillman Group, and Performance Food Group. Other major manufacturing facilities include Grimmway Farms, Wm. Bolthouse (Campbell Soup), Nestle, Frito Lay and GAF Roofing Materials.

Bakersfield continues to be a prime location within California for distribution centers due to its proximity to major north - south routes (I-5 and I-99) and east – west routes (SR 58 which intersects with I-15 and I-40 to the east).

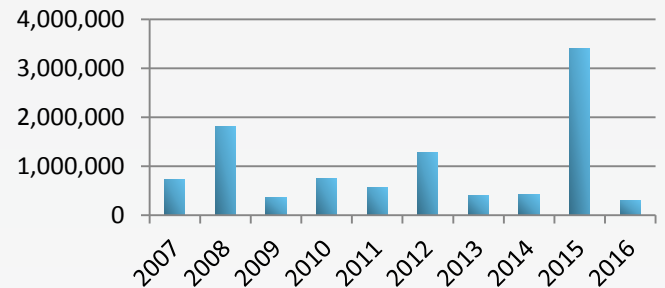
In addition to location, Bakersfield has a large employee pool and is one of the most affordable communities in the state of California.

The drought in California has not had the effect on the Bakersfield industrial market as one would expect. However, lower oil prices have affected the service industries that provide services to the large oil companies, and we have seen layoffs in the oil and services sectors. As a whole though, the Bakersfield/Kern County Industrial Market is healthy and active, and we expect that to continue through the remainder of this year.

**Annual Absorption & Vacancy  
2007 to 2016**



**Annual Construction  
2007 through 2016**



**Inventory by Submarket**

Submarket	Inventory	Sublease Vacancy	Total Vacancy	% Vacant
Bakersfield-Downtown	2,882,469	0	0	0
Bakersfield-North	4,609,959	18,500	443,268	9.62%
Bakersfield-Northeast	2,554,418	0	118,200	4.63%
Bakersfield-Northwest	5,215,163	67,200	345,198	6.62%
Bakersfield-Southeast	5,258,469	0	88,300	1.68%
Bakersfield-Southwest	6,179,329	8,164	237,198	3.84%
Kern-Arvin/Lamont	639,537	0	0	0%
Kern-Lebec	3,409,632	0	0	0%
Kern-Shafter	7,382,860	0	406,510	5.51%
Kern-Taft/Wasco	36,493	0	0	0%
<b>TOTAL</b>	<b>38,194,762</b>	<b>93,864</b>	<b>1,638,374</b>	<b>4.29%</b>

### Notable Lease Transactions

Address	Tenant	SF	Lease Rate
4049 Industrial Parkway	IKEA	407,768	\$0.38 psf/Ind. Gross
3501 Zachary	DWSI Staffing	350,000	\$0.35 psf/NNN
1900 Sunnyside Court	Pactiv Corporation	114,200	\$0.22 psf/NNN
4700-4500 Fanucchi Way – Shafter	McJunkin Red Man Corp	86,000	\$0.91 psf/NNN
3105 Gateway Avenue	Pace Supply Corporation	38,219	\$0.60 psf/NNN
2358 Cepheus Court	Motion Industries	22,081	\$0.50 psf/Ind. Gross
6881 District Boulevard	Flooring Liquidators	19,200	\$0.68 psf/Ind. Gross
4475 Buck Owens Boulevard	Iron Gate Resources	15,000	\$0.29 psf/Ind. Gross
8502 Crippen Street	GWC Valve	14,133	\$0.70 psf/Ind. Gross
6600 McDivitt Drive	Red Bull Distribution Company	10,803	\$0.60 psf/Ind. Gross
Carrier Parkway	Hunting Titan	10,000	\$0.90 psf/Ind. Gross

### Notable Building Sales

Address	Buyer	SF	Sale Price
7800 District Boulevard	Cathy E. Lim	149,796	\$8,450,000
2901-2929 Unicorn Road	Erwin & Essie Appel Trust of 1975	105,000	\$15,000,000
3925 & 3947 E. Brundage Lane	Oh S. & Oh Deok Lee	61,875	\$1,700,000
2801 Gateway Drive	Crimsonco, LLC	11,710	\$3,000,000

### Notable Land Sales

Address	Buyer	Acres	Sale Price
31139 7 <sup>th</sup> Standard Road	LKMP Properties, LLC	19.56	\$2,000,000
2910 Patton Way	Legacy Land Management, LLC	7.35	\$1,178,211
New Horizon Blvd.	Bram Investments, LLC	4.20	\$80,498
3515 & 3629 E. Brundage Lane	Triple A Meat Sales	2.63	\$260,000

**FOR MORE INFORMATION**



**Stephen Haupt, SIOR**  
Senior Vice President & Principal  
Central California  
+1 661 631 3812  
[stephen.haupt@colliers.com](mailto:stephen.haupt@colliers.com)  
BRE License #00833505

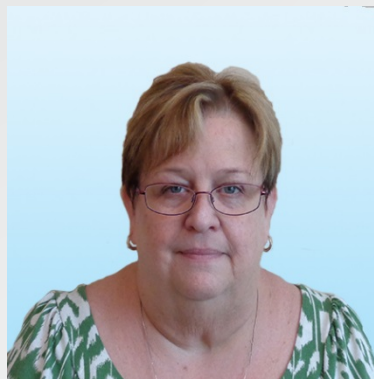


**Wesley McDonald**  
Senior Vice President & Principal  
Central California  
+1 661 631 3828  
[wesley.mcdonald@colliers.com](mailto:wesley.mcdonald@colliers.com)  
BRE License #01511739



**Oscar Baltazar**  
Senior Vice President  
Central California  
+1 661 631 3819  
[oscar.baltazar@colliers.com](mailto:oscar.baltazar@colliers.com)  
BRE License #01263421

**Research Contact**



**Debra Kidd**  
Director of Marketing &  
Research | Central California  
+1 661 631 3810  
[debra.kidd@colliers.com](mailto:debra.kidd@colliers.com)  
BRE License #01499176

Copyright © 2016 Colliers International.  
The information contained herein has been obtained from sources deemed reliable.  
While every reasonable effort has been made to ensure its accuracy, we cannot  
guarantee it. No responsibility is assumed for any inaccuracies. Readers are  
encouraged to consult their professional advisors prior to acting on any of the  
material contained in this report.

Colliers International | Bakersfield  
10000 Stockdale Highway  
Suite 102  
Bakersfield, CA 93311  
Phone 661 631 3800  
Fax (661) 631 3829



Accelerating success.