

# BAKERSFIELD / KERN COUNTY INDUSTRIAL

## The Rail Spur

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### Industrial Outlook Year End 2017

The Bakersfield/Kern County industrial market is approximately 38,972,231 SF inclusive of only buildings 1000 SF and larger. Our market consists of the city of Bakersfield and the Kern County Metropolitan Statistical area near Bakersfield which includes Lamont, Arvin, Lebec, Taft, Wasco and Shafter.

Vacancy in the market at year end 2017 was 4.95% slightly higher than the 4.29% reported last year at this time. Year-end absorption is at 485,587 SF, compared to 2016 year-end absorption of 672,983 SF.

Looking at just the City of Bakersfield, the total amount of inventory over 10,000 SF is approximately 20,298,015 and the current vacancy rate is 4.6%

The Bakersfield/Kern County economy has historically been rooted in the oil and agricultural industries. However, we are seeing more diversification in the industrial market. Recent tenants toward that trend include: Ross Dress for Less (1,700,000 SF), Essendant (approximately 403,200 SF build-to-suit currently under construction with an expected first quarter 2018 completion date) and the FedEx Ground facility (400,000 SF). 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 Roof Materials.

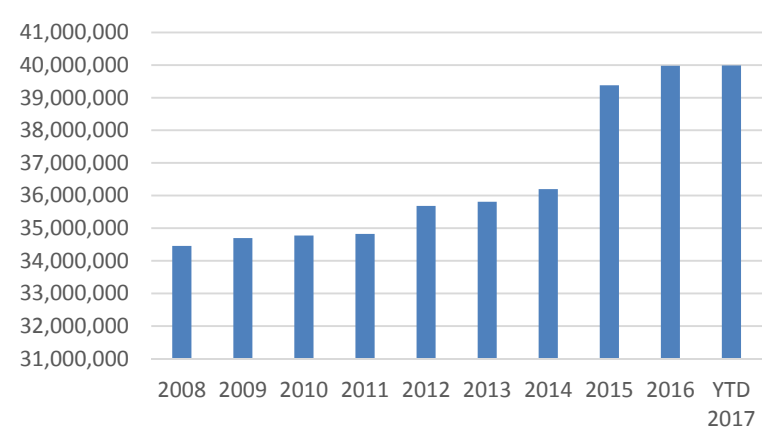
### Market Indicators

Relative to prior period	Market Q4-2016	Market Q4-2017*
VACANCY	↓	↑
NET ABSORPTION	↑	↓
CONSTRUCTION	↓	↑
RENTAL RATE	↑	↑

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

Market Size: 38,972,231 SF – this includes buildings over 10,000 SF in Bakersfield and surrounding areas. The city of Bakersfield has an inventory of approximately 20,738,788 SF

### Bakersfield / Kern County Inventory 2008 to 2017



New construction delivered at the end of 2017 increased to 777,469 square feet from the 301,328 square feet delivered in 2016. That rise in construction continues, with approximately 1,469,376 square feet currently under construction and scheduled to be completed during this year. This includes one million square feet of spec construction and a 403,200 square foot build-to-suit for Essendant in the Wonderful Industrial Park in Shafter, two new spec buildings totaling 50,176 square feet on McMurtrey in North Bakersfield, and a 16,000 square foot build-to-suit building in the Gosford Industrial Park in southwest Bakersfield.

Because of our proximity to the major north/south routes (Highway 99 and Interstate 5) and the east/west route of Highway 58, which connects to Interstate 40 in Barstow, Bakersfield/Kern County continues to be a very attractive location for distribution centers. Another draw to our area is the abundant amount of readily available labor.

The drought has eased in Kern County, but you would never believe that there was one based on latest farming statistics produced for 2016-17. The farming industry remained strong, outperforming itself by becoming the “Top Crop Value” county in the nation for the first time ever.

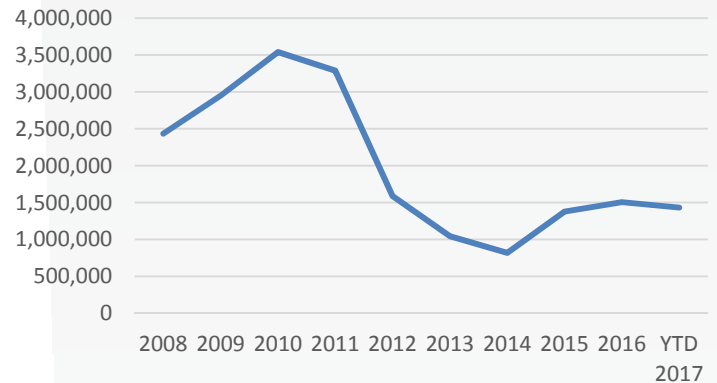
Because of the oil price drop, service and development industries that provide services to the large oil companies were forced to lay off workers and the oil companies themselves consolidated operations to maximize the use of personnel. However, with the price of oil now rising and holding steady at about the \$60.00 per barrel price for the past several months, we can expect activity from this segment.

In summary, the Bakersfield/Kern County Industrial Market is healthy and active, and we expect that to continue through 2018. We look for both sales prices and lease rates to increase by approximately 5% and for vacancies to decrease due to demand in the market.

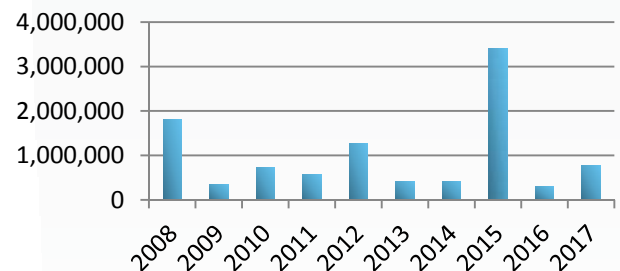
**Annual Absorption  
2008 to 2017**



**Annual Vacancy  
2008 to 2017**



**Annual Construction  
2008 through 2017**



### Inventory by Submarket

Submarket	Inventory	Vacancy	% Vacant
Bakersfield-Downtown	1,489,206	127,063	8.53%
Bakersfield-North	4,724,832	437,052	9.25%
Bakersfield-Northeast	932,919	77,373	8.29%
Bakersfield-Northwest	2,828,622	168,066	5.94%
Bakersfield-South	295,029	0	0.0%
Bakersfield-Southeast	5,868,676	60,436	1.03%
Bakersfield-Southwest	4,599,504	84,203	1.83%
Kern North Outlying	2,589,408	0	0.0%
Kern Northeast Outlying	517,855	0	0.0%
Kern Northwest Outlying	9,779,041	435,608	4.45%
Kern Southeast Outlying	1,291,730	60,275	4.67%
Kern Southwest Outlying	4,055,409	480,480	11.85%
Total Inventory +10,000 SF	38,972,231	1,930,566	4.95%

### Notable Building Sales

Address	Buyer	Seller	SF	Sale Price
4400 Rosedale Hwy.	B&B Property Partners, LLC	Pioneer Farm Equipment Co.	37,000	\$3,000,000
120 Washington St.	Big Washington, LLC	Calcot, LTD	590,000	\$3,000,000
5801 District Blvd.	ICI Property, LLC	NTP Bakersfield, LLC	223,160	\$7,200,000
6881/6901 District Blvd. & 1901, 2309, 2351, 2401, 2451 Brundage Ln.	Rexco Development, LLC	Danari Bakersfield Industrial, LP	526,551	\$24,047,584

### Notable Lease Transactions

Address	Tenant	SF	Lease Rate
6901 District Blvd. Suite F	Tailored Brands	24,000	\$0.35/NNN
6901 District Blvd. Suite D	GWC Valve, Inc.	24,000	\$0.38/NNN
7021 Schirra Ct. Suite C	Russel Siglar, Inc.	41,000	\$0.44/NNN
3101 Gilmore Ave.	Galaxy Cheer	22,000	\$0.90/NNN
4546 Stine Rd.	Emser Tile	13,330	\$0.65/NNN
2823 Gibson St.	Goodman Distribution	26,752	\$0.48/NNN
3101 Gilmore Ave.	Bakersfield Karting Experience	38,800	\$0.55/NNN
4301 Yeager Way	California Chemical	11,200	\$0.60/Ind. Gross
2309 East Brundage Ln. Suite A	Bimbo Bakeries	36,000	\$0.36/NNN
424-428 California Ave.	Weatherby's Furniture	108,000	\$0.21/Ind. Gross
3601 Fanucchi. (Shafter)	Essendant	403,200	\$0.37/NNN

### Notable Land Sales

Address	Buyer	Seller	Acres	Sale Price
Dirigible Ct. (North Meadows)	McMurtrey Properties, LLC	Timothy & Catherine McKenna	1.3	\$354,000
1800 White Ln.	Metal Partners Rebar, LLC	Terry & Sharon Mullin	7.59	\$1,650,000
5401 Rosedale Hwy	Tricor Energy, LLC	The Champlin Family Trust	1.85	\$400,000
3919 Rosedale Hwy.	Rosedale Development Ventures, LLC	Nabors Drilling Technologies	7.8	\$4,250,000
Gribben Ct.	Cal Prime, Inc.	Wesley & Sherry Hawks	4.64	\$440,000
Zachary Ave. & Express Way (Shafter)	Pacific Gas & Electric	MELA Investments, LLC	3.04	\$9,397,111

**FOR MORE INFORMATION**



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