

THE REAL BIG BUILDING BOOM: DISTRIBUTION

Nearly 10 million square feet moving forward in Tracy, Lathrop & Manteca



The 1.2 million square-foot Wayfair distribution center is being joined by an additional 3 million square feet of distribution centers.

DENNIS WYATT

The Bulletin

Published: Jul 10, 2021, 12:29 AM

The housing boom is now adding almost 1,800 homes annually in Manteca, Lathrop, and Tracy is small potatoes when it comes to what is currently underway in the booming distribution sector.

There are no less than 15 large distribution centers either under construction or gearing up to break ground in the coming months. They represent almost 10 million square feet of distribution center space. That compares to the 5.04 million square feet housing construction added in 2020 in Manteca, Lathrop, and Tracy.

The South County essentially has two growth booms — one for residential serving basically as the affordable housing alternative for the Bay Area and the other for distribution serving the Bay Area as well as the Sacramento region.

First-year base rents for distribution in hot spots across the nation such as the Southern California Inland Empire (San Bernardino-Riverside counties and the Northern San Joaquin Valley have soared by more than 20 percent in year-to-year comparisons reported by commercial real estate groups.

Rent for distribution centers in excess of 500,000 square feet has shot up in fast growing areas such as in the Inland Empire by as much as 13.2 percent, according to CBRE Real Estate.

The most visible distribution center activity in the Northern San Joaquin Valley is along the short segment of the heavily traveled 120 Bypass corridor that runs through Lathrop, a city with almost 3 million square feet of distribution already well under construction.

The two business parks nestled against both sides of the Bypass near the Yosemite Avenue interchange will add 10 million square feet when they are completed. Wayfair — the only tenant that is now up and running in the area — uses a 1.2 million square-foot warehouse that is the largest in the area.

Lathrop has more distribution center space being built just south of Louise Avenue near the Crossroads Business Park.

Tracy's boom area is along Grantline Road east of MacArthur Drive where numerous distribution centers are now being built, including the region's first multi-story warehouse.

Leading the charge for increased distribution center space in the South San Joaquin County is Amazon.

Seven Amazon fulfillment

centers in San Joaquin County

With the opening in 2020 of the 746,790 square foot fulfillment center at 3565 North Airport Way in Manteca that's sandwiched between 5.11 Tactical and Penske Logistics that serves as Lowe's Northern California distribution center, there are now seven Amazon Fulfillment Centers in San Joaquin County. There are three apiece in Tracy and Stockton.

Those are in addition to the Amazon Prime delivery location on Louise Avenue in Manteca as well as the Amazon cargo operation at Stockton Metro Airport.

Amazon is by far the largest private sector employer in San Joaquin County with well in excess of 6,000 jobs.

According to FBA Help San Bernardino County is home to eight fulfillment centers. Tied with seven apiece are San Joaquin County and Dallas County in Texas. Riverside County in Southern California has five fulfillment centers.

It was not by happenstance that San Joaquin County now has seven Amazon Fulfillment Centers.

The company Jeff Bezos founded is well known for its shrewd logistics chain that allows rapid delivery of customer orders.

Much like the Inland Empire is the prime logistics hub to serve the greater Los Angeles-San Diego area, San Joaquin County is the same for the NorCal Motorplex with 18 million consumers in and around its anchor cities of San Jose, San Francisco, Oakland, and Sacramento. The San Joaquin Partnership — a private-public organization dedicated to securing employers to locate within the county — for years has touted South San Joaquin County as the emerging Inland Empire for Northern California.

If you toss in the Patterson distribution center just over the Stanislaus County line along Interstate 5, they are eight Amazon Fulfillment Centers in the region that consist altogether of more than 7 million square or the equivalent of 50 Manteca Costco stores at 140,000 square feet apiece.

There are a number of reasons why Amazon and other retailers and suppliers with distribution networks are attracted to South San Joaquin County.

Manteca, Lathrop, Tracy, and Stockton are roughly equal distance to San Jose, San Francisco, and Sacramento.

Interstate 5 — the only freeway that runs from Canada to Mexico — as well as Highway 99 run through here. Interstate 205 provides access to the Bay Area.

There are two major intermodal operations where truck trailers are loaded and unloaded on rail cars. One is the Union Pacific Railroad facility sandwiched between Lathrop and Manteca directly behind the Manteca Amazon Fulfillment Center on North Airport Way. The other belongs to Santa Fe Railroad and is located 10 miles northeast of Manteca on Austin Road.

The majority of freight is now moved long distance in such a manner with trucks doing the deliveries on both ends.

Also 10 miles north of Manteca is the Stockton Metro Airport that Amazon Prime jets are using on a daily basis, Unlike San Jose, Oakland, San Francisco, and Sacramento airports there is minimal commercial traffic. The airport also has unparalleled access to freeways.

Stockton Seaport doesn't figure heavily into the distribution scheme but if the marine highway strategy is ever revived to take pressure off of truck movements out of the Port of Oakland by moving cargo containers by barge to Stockton, it could be enough of a magnet to draw distribution centers to the area.

Firms moving forward with

510,000 more square feet

Work has already started on, permits are being processed, or plans are being prepared for submission for another 510,000 square feet of distribution in Manteca.

That includes:

*a 114,360-square-foot warehouse last-mile e-commerce distribution center on 25.16 acres on the west side of Airport Way just north of the Del Webb at Woodbridge neighborhood

*a 304,120-square-foot distribution center in Spreckels Park between American Modular and J&M Farm Equipment

*two buildings — one with 52,029 square feet and the other with 47,485 square feet — in the CenterPoint Business Pak west of Airport Way between Roth and Lathrop roads.

Manteca is also home to an Amazon Prime distribution center.

Not only is Manteca 20 minutes away from both Stockton and Modesto but is also 20 minutes away from Tracy that is closing in on 100,000 residents. That puts Manteca at the center of more than 1.2 million potential Amazon Prime consumers.