

The Fresno Bee

Real estate log: Warehouse distribution is cheap in Fresno

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By BoNhia Lee — The Fresno Bee

Fresno ranks high among the top 29 lowest-cost places in the western United States and Canada to operate a distribution warehouse, according to a new report released by a New Jersey-based consulting company.

In California, Fresno is the cheapest, the report said.

That distinction isn't new. Fresno is known for its low operation costs, its access to the rail system and being able to conduct one-day deliveries statewide, said John Hans, industrial broker at Fortune Associates in Fresno.

But add a few more factors to the equation this year such as the area's proximity to a port expansion project in Oakland, an educated workforce at Fresno State and the school's dedication to helping businesses with green energy and it creates an opportunity for Fresno like never before, said John Boyd, principal at The Boyd Company, which wrote the report.

Boyd was in Fresno and Visalia on Tuesday to present the report to corporate planners.

The annual operating cost of a warehouse distribution company in the western U.S. ranges from a high of \$20.7 million in Los Angeles to \$14 million in Quincy, Wash., an emerging city for warehouse tenants, the report said.

Fresno falls in the middle where the operating cost is about \$18 million.

Boyd recognizes, however, that cost isn't always the deal maker. The tough state business climate deters some companies from entering California. Then there's the strict carbon emissions regulations and new competition from other cities.

Despite the challenges, the Fresno industrial market is picking up, brokers say.

"There's more demand for industrial buildings than we've seen in the past, but there's fewer buildings for sale," Hans said.