

FIGURES | SACRAMENTO INDUSTRIAL | Q4 2024

Sacramento records the highest net absorption in three years

▼ 4.6%

Vacancy Rate

▲ 1.7M

SF Net Absorption

▼ 716K

SF Under Construction

▲ \$0.83

NNN / Lease Rate
Existing Properties

▲ 190K

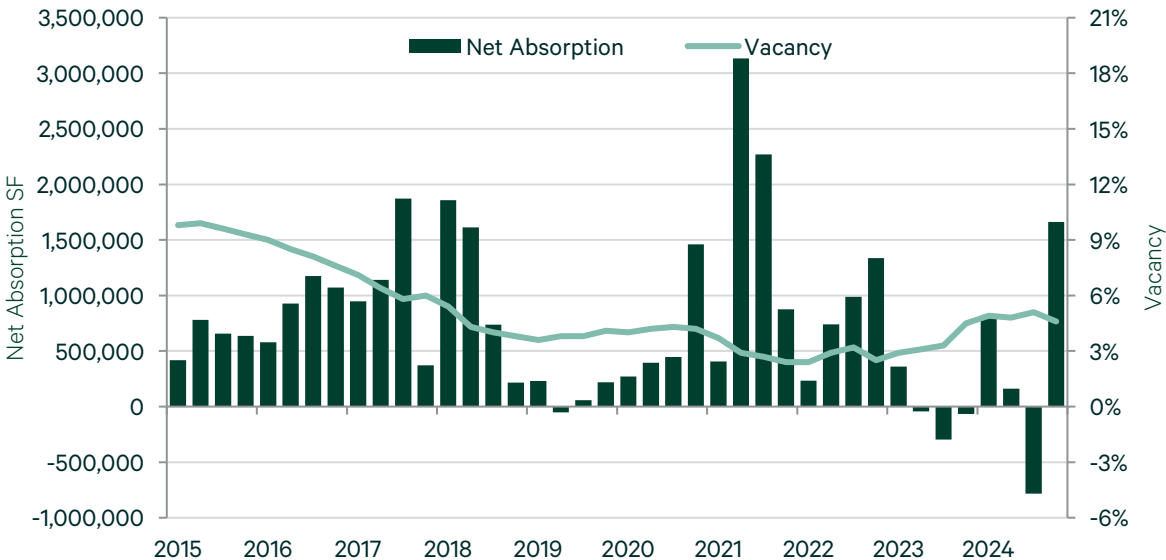
Industrial Using Employment
Greater Sacramento Region

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- The Greater Sacramento region was home to 2.4 million residents with a labor force of 1.15 million at the close of Q4 2024. The unemployment rate ended Q4 2024 at 5.1%, up 10 basis points (bps) from the previous quarter. At the close of Q4 2024, the industrial sector provided 190,000 jobs, accounting for 17% of the total employment in the region.
- The overall net absorption of the Sacramento industrial market for Q4 2024 was positive 1.7 million sq. ft., the largest amount since Q3 2021. This was driven by several build-to-suit completions and one large lease transaction.
- Two new build-to-suit developments delivered to the market in Q4 2024, totaling 813,000 sq. ft.
- The average direct asking rate increased \$0.02 quarter-over-quarter to \$0.83 per sq. ft. on a monthly NNN basis.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q4 2024

INDUSTRIAL OVERVIEW

The Sacramento industrial market was comprised of approximately 195 million sq. ft. at the close of Q4 2024. During the quarter, 813,000 sq. ft. of new product was delivered to the market, all of which were build-to-suits. Additionally, there was 717,000 sq. ft. under construction while over 3.3 million sq. ft. remained in the planning stages of development. Both vacancy and availability rates slightly decreased quarter-over-quarter to 4.6% and 6.5%, respectively.

The overall direct average asking rate across the Sacramento region finished Q4 2024 at \$0.83 NNN, a \$0.02 increase from last quarter.

The Sacramento market posted a positive net absorption of 1.7 million sq. ft., bringing the yearly total to 1.8 million sq. ft. The Rancho Cordova submarket led the charge with a 441,000-sq.-ft. owner-user sale and a 650,000-sq.-ft. build-to-suit. Additionally, the Northgate/Natomas submarket continued to attract larger tenants. Notably, Metro Air Park, located within this submarket, secured the largest lease of the quarter, as highlighted in our top leases table.

The demand for spaces in the market 100,000 sq. ft. and below remained elevated, even as rental rates for such spaces continued to rise. Nonetheless, multiple leases over 100,000 sq. ft. were signed in Q4 2024, signaling an uptick in demand for larger spaces as we move into the new year. Concurrently, owner-user building and land sales remained consistent, despite the upward pressure on pricing.

Looking ahead, overall demand is expected to increase. Investment sales are anticipated to rise as interest rates are projected to moderate or decline slightly. All projects currently under construction are slated for delivery in 2025 and construction starts will face challenges due to elevated interest rates and construction costs.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Q4 Net Absorption	2024 Net Absorption	Average Asking Rate NNN (\$)
Northgate/Natomas	24,797,811	9.3	10.4	386,395	1,217,770	0.84
Richards	4,735,386	4.9	8.4	(13,216)	(60,892)	0.66
Downtown/Midtown/East Sacramento	4,956,388	1.2	1.8	0	8,108	0.91
West Sacramento	25,410,592	5.9	6.5	108,863	125,567	0.83
South Sacramento	5,548,880	4.5	4.8	1,470	11,310	1.24
Elk Grove/Laguna/Galt	7,815,516	1.6	2.0	(9,782)	(5,927)	1.14
Power Inn Area	28,728,052	3.0	4.8	(130,651)	(310,658)	0.78
Northeast Sacramento	6,945,745	3.1	4.7	10,660	69,760	0.86
Rancho Cordova	20,172,263	6.8	8.3	1,067,498	1,078,038	0.84
Roseville/Rocklin	16,770,070	1.9	4.2	(7,603)	(41,955)	0.97
I-80/Roseville Rd	11,049,261	1.9	2.2	57,132	136,451	0.99
Lincoln	3,756,011	1.9	5.7	0	68,438	0.75
Woodland/Davis	18,039,435	5.0	9.4	(7,579)	(723,193)	0.68
Folsom/El Dorado Hills	5,008,830	4.7	5.5	8,062	62,939	1.15
McClellan Park	7,985,624	3.3	10.0	193,364	181,477	0.60
Auburn/Newcastle	3,051,504	2.3	7.1	(2,910)	24,995	0.95
Market Total	194,771,368	4.6	6.5	1,661,703	1,842,228	0.83

Source: CBRE Research, Q4 2024

FIGURE 3: Notable Lease Transactions Q4 2024

Tenant	Address	SF Leased	Type
Rivian	7320 Power Line Rd, Sacramento	479,978	New Lease
La Mesa RV	1060 Riverside Pkwy, Sacramento	141,480	Renewal
Pure Nature Foods	700 702 Santa Anita Dr, Woodland	66,306	Renewal
Le Five USA Inc.	3940 Seaport Blvd, West Sacramento	65,813	Renewal

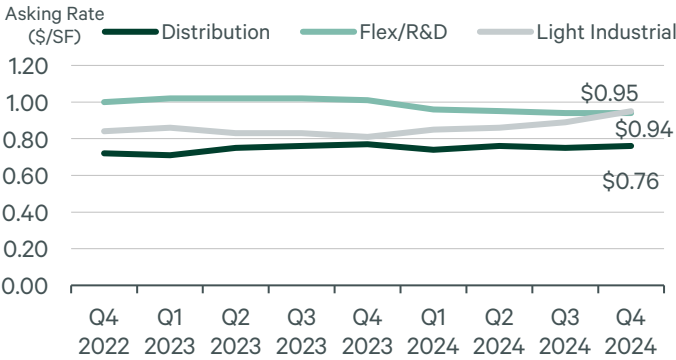
Source: CBRE Research, Q4 2024

FIGURE 4: Notable Sale Transactions Q4 2024

Buyer	Address	Square Feet	Sale Price
Confidential Grocery	12100 Atlanta Cir, Rancho Cordova	441,515	\$85.0M
American Capital QOB LLC	2320 2338 Auburn Blvd, Sacramento	98,628	\$6.3M
Sequoia Pacific Properties LLC	600 610 Sequoia Pacific Blvd, Woodland	58,160	\$5.8M
ZS Propco of Sacramento LLC	8661 Younger Creek Dr, Sacramento	50,400	\$7.9M

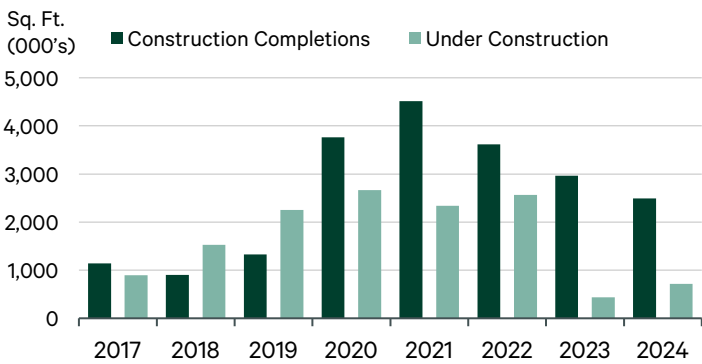
Source: CBRE Research, Q4 2024

FIGURE 5: Average Asking Rates NNN



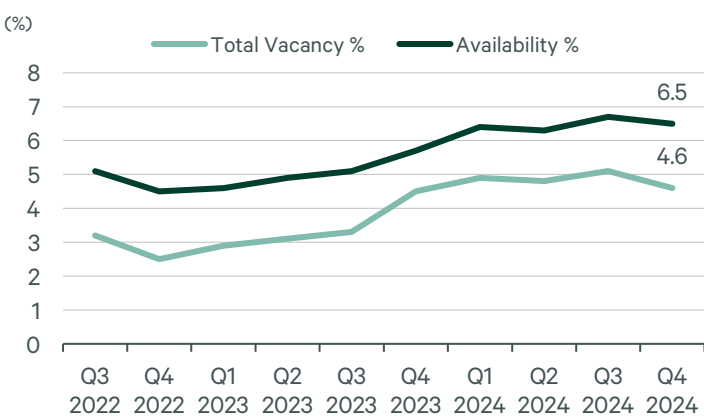
Source: CBRE Research, Q4 2024

FIGURE 7: Construction Completions



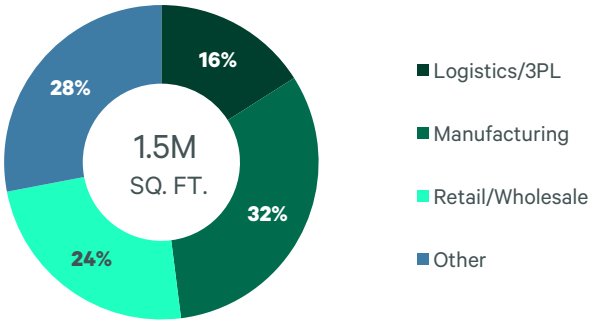
Source: CBRE Research, Q4 2024

FIGURE 6: Vacancy & Availability



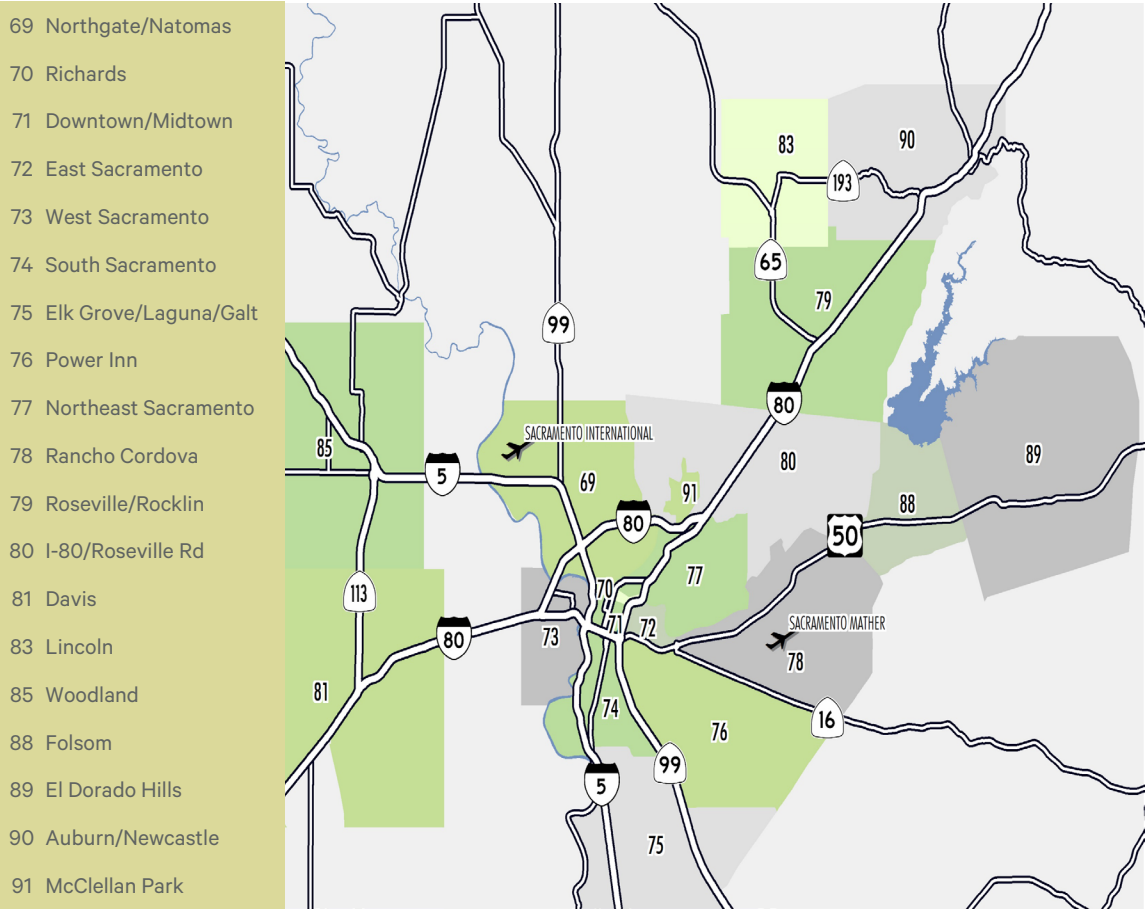
Source: CBRE Research, Q4 2024

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research, Q4 2024

Submarket Map



Source: CBRE Research, Location Intelligence

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Definitions

Average Asking Rate Direct Monthly Lease Rates, Triple Net (NNN). Availability All existing space being marketed for lease. Total Vacancy Rate Direct Vacancy + Sublease Vacancy.

CBRE’s market report analyzes existing single- and multi-tenant industrial buildings that total 5,000+ sq. ft. within defined submarkets, including owner-occupied buildings. CBRE assembles all information through telephone canvassing, third-party vendors, and listings received from owners, tenants and members of the commercial real estate brokerage community.

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