

FIGURES | SACRAMENTO INDUSTRIAL | Q3 2024

# Mid to large occupiers continued to drive the market

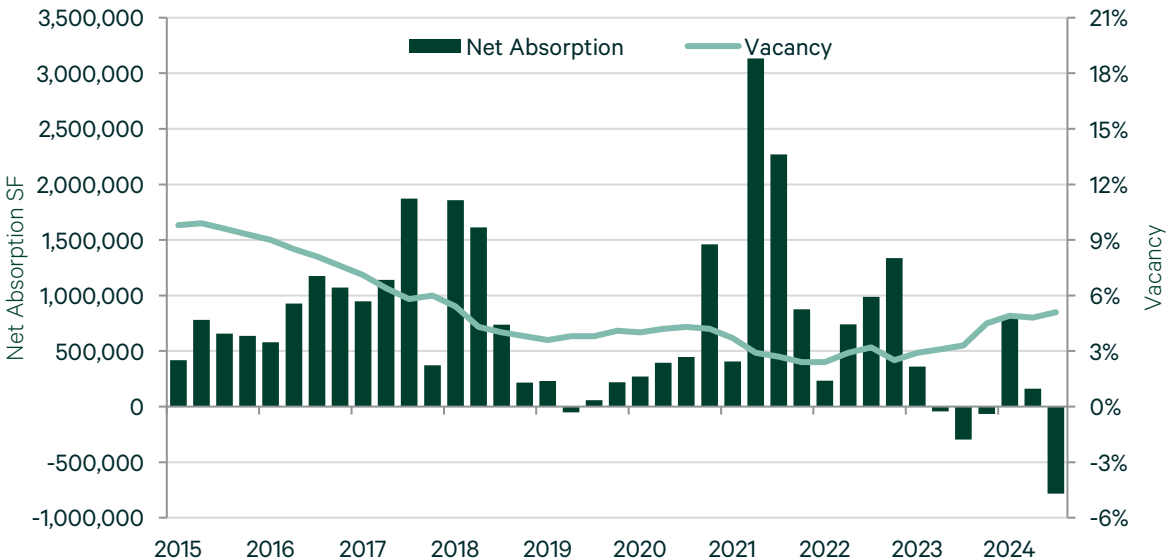


Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- The Greater Sacramento region was home to 2.4 million residents with a labor force of 1.14 million at the close of Q3 2024. The unemployment rate ended Q3 2024 at 5.0%, down 20 basis-points (bps) from the previous quarter. At the close of Q3 2024, the industrial sector provided 189,000 jobs, accounting for 17% of total employment in the region.
- The overall net absorption of the Sacramento industrial market closed Q3 2024 at negative 782,000 sq. ft.
- The average direct asking rate slightly decreased quarter-over-quarter at \$0.81 per sq. ft. on a monthly NNN basis.
- Multiple developments over 50,000 sq. ft. broke ground, totaling 1.4 million sq. ft., in Q3 2024

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q3 2024

INDUSTRIAL OVERVIEW

The Sacramento industrial market was comprised of approximately 194 million sq. ft. at the close of Q3 2024. During the quarter, 178,000 sq. ft. of new product was delivered to the market. Additionally, there was 1.3 million sq. ft. under construction and over 2.2 million sq. ft. in the planning stages of development. Both vacancy and availability rates slightly increased quarter-over-quarter to 5.1% and 6.7%, respectively.

The overall direct average asking rate across the Sacramento region finished Q3 2024 at \$0.81 NNN, a \$0.02 decrease from last quarter.

The Sacramento market posted negative 782,000 sq. ft. of net absorption, bringing the year-to-date total to positive 180,000 sq. ft. The Northgate/Natomas submarket continued to attract larger tenants. Specifically, Metro Air Park within this submarket saw an uptick in activity, with multiple leases signed, as noted in our top leases table. The Woodland/Davis submarket experienced the largest exodus, with 517,000 sq. ft. at 1755 E Beamer St being vacated during the quarter.

The demand for spaces 100,000 sq. ft. and below in the market remained robust, even as rental rates for such spaces continued to rise. Nonetheless, multiple leases over 100,000 sq. ft. signed as highlighted in the top lease transaction table. Concurrently, owner user sales remained consistent, despite the upward trajectory on pricing.

Looking ahead, demand from smaller to medium sized users will persist. Investment sales are expected to increase as interest rates are expected to moderate or decline slightly. All projects currently under-construction are slated for delivery in 2025.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Q3 Net Absorption	YTD Net Absorption	Average Asking Rate NNN (\$)
Northgate/Natomas	24,797,331	10.8	11.3	(235,009)	831,375	0.81
Richards	4,734,986	4.6	8.1	(19,373)	(47,676)	0.64
Downtown/Midtown/East Sacramento	4,955,716	1.2	2.1	76	8,108	0.88
West Sacramento	25,410,592	6.3	7.0	(5,602)	16,704	0.83
South Sacramento	5,535,880	4.5	4.8	(31,046)	9,840	1.23
Elk Grove/Laguna/Galt	7,815,516	1.4	2.3	31,426	3,855	1.11
Power Inn Area	28,727,452	2.5	4.7	59,193	(180,007)	0.75
Northeast Sacramento	6,924,834	3.2	4.8	1,398	59,100	0.85
Rancho Cordova	19,522,263	9.2	10.5	24,233	10,540	0.79
Roseville/Rocklin	16,859,070	1.8	4.3	(12,864)	(34,352)	0.94
I-80/Roseville Rd	11,048,961	2.5	2.8	136	79,319	0.93
Lincoln	3,756,011	1.9	2.7	42,874	68,438	0.75
Woodland/Davis	18,030,675	5.0	9.4	(593,345)	(715,614)	0.67
Folsom/El Dorado Hills	5,008,830	4.9	6.0	41,466	54,877	1.15
McClellan Park	7,822,479	3.7	8.0	(83,316)	(11,887)	0.60
Auburn/Newcastle	3,051,504	2.2	2.3	(2,135)	27,905	0.97
Market Total	194,002,100	5.1	6.7	(781,888)	180,525	0.81

Source: CBRE Research, Q3 2024

FIGURE 3: Notable Lease Transactions Q3 2024

Tenant	Address	SF Leased	Type
Dematic	7531 Metro Air Pkwy, Sacramento	158,875	New Lease
Grimco	7531 Metro Air Pkwy, Sacramento	115,497	New Lease
Granite Financial Solutions	5201-5321 Luce Ave, McClellan	105,400	Renewal
Cardinal Health	Metro Air Pkwy Bldg 6, Sacramento	74,422	New Lease

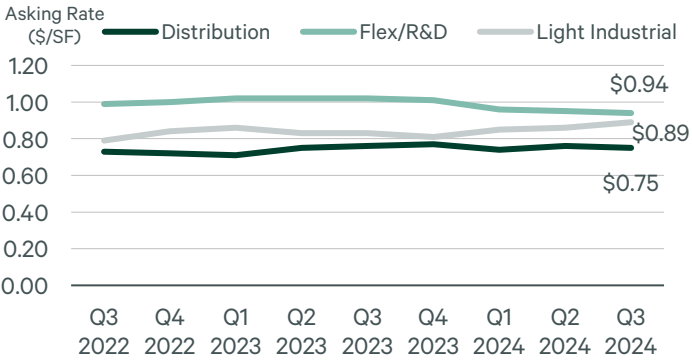
Source: CBRE Research, Q3 2024

FIGURE 4: Notable Sale Transactions Q3 2024

Buyer	Address	Square Feet	Sale Price
EQT Exeter	3750 Zinfandel Dr, Rancho Cordova	164,179	\$24.3M
Celebrations! Party Rentals	1721 Aviation, Lincoln	149,760	\$23.5M
Palatine Capital Partners	8440 & 8460 Belvedere Ave, Sacramento	81,150	\$9.2M
Teichert	3961 Channel Dr, West Sacramento	51,000	\$18.0M

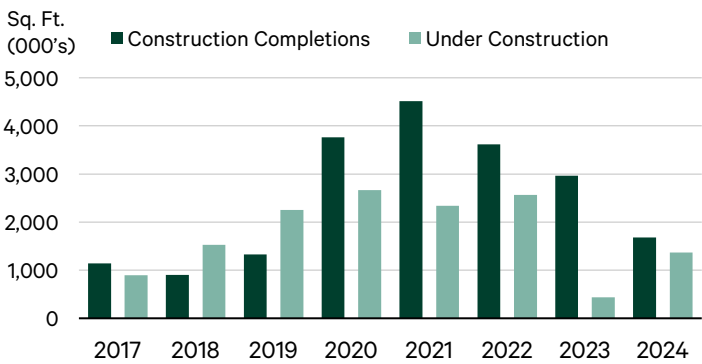
Source: CBRE Research, Q3 2024

FIGURE 5: Average Asking Rates NNN



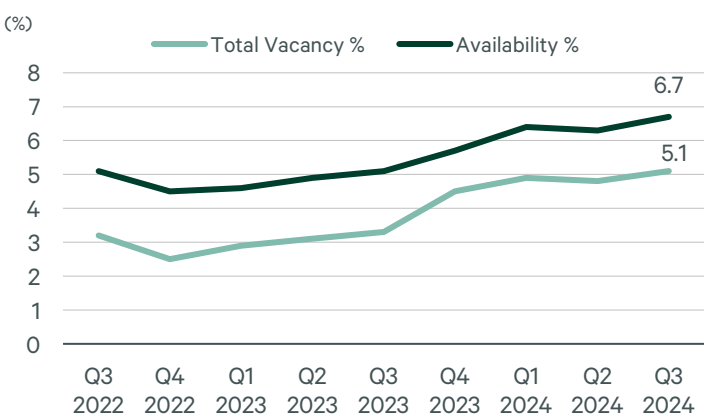
Source: CBRE Research, Q3 2024

FIGURE 7: Construction Completions



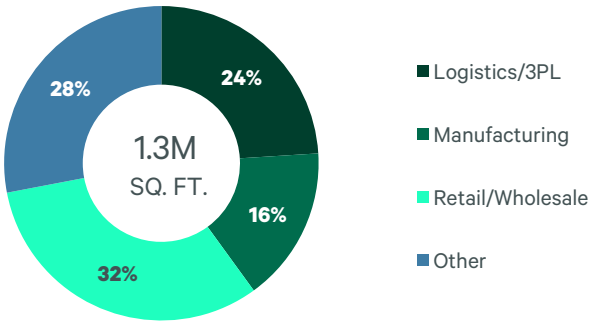
Source: CBRE Research, Q3 2024

FIGURE 6: Vacancy & Availability



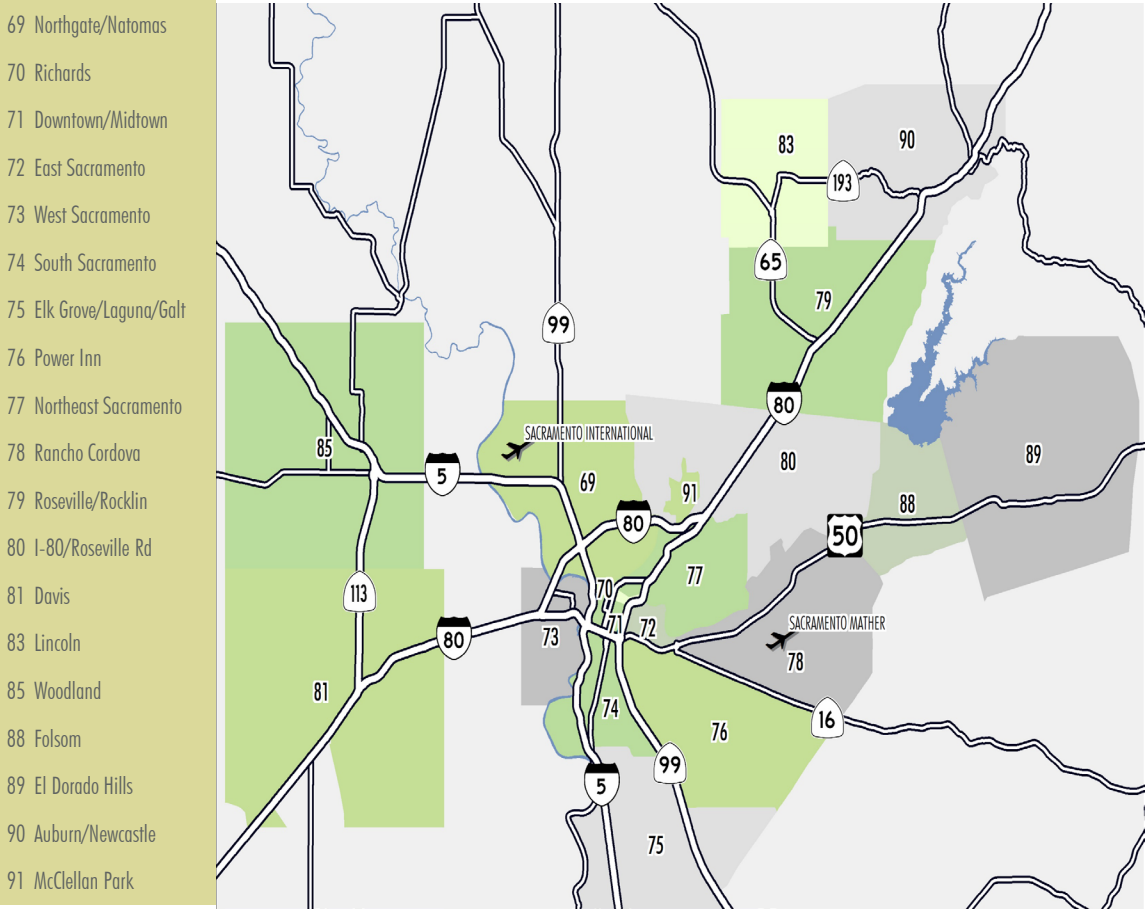
Source: CBRE Research, Q3 2024

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research, Q3 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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