

FIGURES | SACRAMENTO INDUSTRIAL | Q2 2025

Demand holds steady as construction activity winds down

▲ 5.4%

Vacancy Rate

▼ (542K)

SF Net Absorption

▼ 123K

SF Under Construction

▲ \$0.86

NNN / Lease Rate
Existing Properties

► 173K

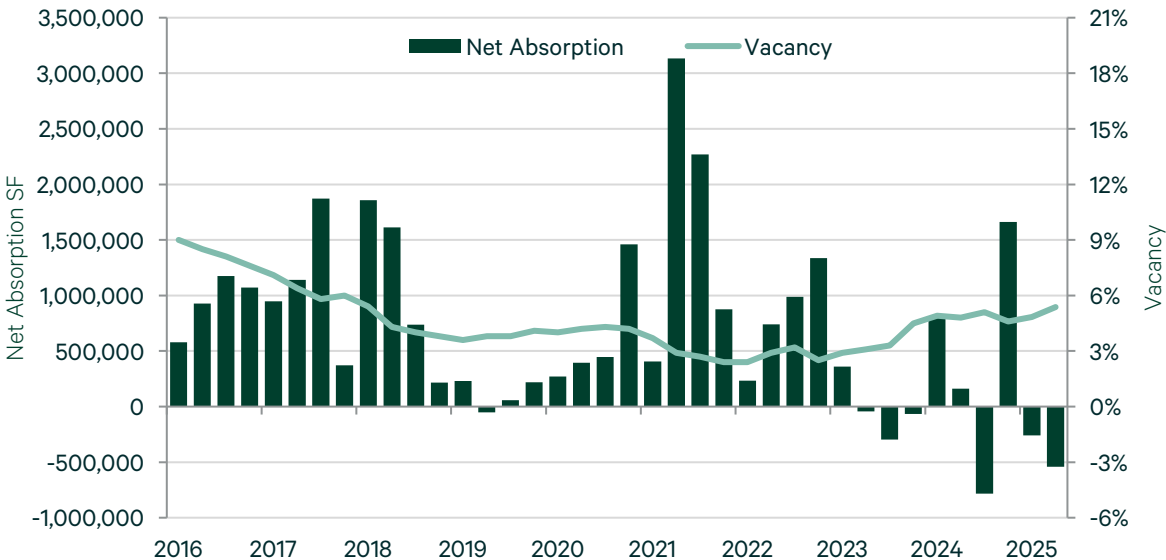
Industrial Using Employment
Greater Sacramento Region

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 1.11 million at the close of Q2 2025. The unemployment rate ended Q2 2025 at 5.4%, up 7 basis points (bps) from the previous quarter. At the close of Q2 2025, the industrial sector accounted for 173,000 jobs, or 17% of the total employment in the region.
- The overall net absorption of the Sacramento industrial market was negative 542,000 sq. ft. in Q2 2025.
- The market boasted high leasing activity at 2.2 million sq. ft. during the quarter.
- In Q2 2025, 540,084 sq. ft. of industrial space was delivered, including three Skyking Road buildings (14, 15, and 16) and two Freedom Way buildings (2151 and 2251).
- The average direct asking rate increased \$0.02 quarter-over-quarter to \$0.86 per sq. ft. on a monthly NNN basis (NNN).

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q2 2025

INDUSTRIAL OVERVIEW

The Sacramento industrial market was comprised of approximately 202 million sq. ft. of inventory at the close of Q2 2025. During the quarter, 540,084 sq. ft. of new product was delivered to the market. Additionally, there was 123,300 sq. ft. under construction while 2.9 million sq. ft. remained in the planning stages of development. Both vacancy and availability rates increased quarter-over-quarter to 5.4% and 7.9%, respectively.

The overall direct average asking rate across the Sacramento region finished Q2 2024 at \$0.86 NNN, a \$0.03 increase year-over-year. Folsom/El Dorado, with its greater concentration of R&D/Flex product, had the highest overall average asking rate at \$1.25 NNN. McClellan Park had the most economical overall average asking rate at \$0.58 NNN.

The Sacramento market posted negative net absorption of 542,376 sq. ft. during the quarter. A bright spot was the Lincoln submarket, which recorded positive net absorption of 81,600 sq. ft. The largest contributors to the overall negative absorption were the Roseville/Rocklin and Davis/Woodland submarkets, with -330,289 sq. ft. and -121,532 sq. ft., respectively. The sharp decline in Roseville was primarily due to Save Mart vacating 422,576 sq. ft. at 9999 Niblick Dr. Meanwhile, the Woodland submarket was impacted by a 3PL tenant exiting 396,000 sq. ft. at 2030 Hanson Way.

Leasing activity in the market 100,000 sq. ft. and below remained elevated, even as rental rates for such spaces continued to rise. While Q2 2025 saw several large leases over 100,000 sq. ft., signaling growing demand, users seeking 200,000+ sq. ft. continued to tour without transacting during the quarter.

Looking ahead, buyer demand is expected to gradually strengthen, supported by a more favorable interest rate outlook over the next 12 to 24 months. While investment activity remains steady, owner-user momentum has slowed. With most construction projects now completed, over 2.9 million sq. ft. remains in planning, signaling potential future development once market conditions improve.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Q2 Net Absorption	YTD Net Absorption	Average Asking Rate NNN (\$)
Auburn/Newcastle	3,051,504	2.8	10.0	6,118	(16,715)	0.64
Davis/Woodland	18,039,535	5.6	9.6	(121,532)	(106,036)	0.67
Downtown/Midtown/East Sac	5,169,388	1.1	1.9	0	7,024	0.88
Folsom/El Dorado	5,008,830	5.0	5.0	(19,082)	(14,817)	1.25
Elk Grove/Laguna/Galt	8,310,919	1.2	1.8	27,553	24,901	1.20
I-80/Roseville Rd	11,049,261	2.5	3.2	(54,697)	(62,046)	1.00
Lincoln	3,932,024	7.0	8.6	81,600	(30,000)	0.81
McClellan Park	8,004,222	5.4	12.1	(9,501)	(165,966)	0.58
Northeast Sacramento	7,042,745	4.2	5.3	(22,351)	(78,321)	0.90
Northgate/Natomas	27,855,377	10.3	13.6	(20,396)	115,442	0.88
Power Inn	29,297,010	3.7	5.6	(77,827)	(191,961)	0.79
Rancho Cordova/Hwy 50	21,194,779	7.4	8.7	(50,580)	(113,205)	0.84
Richards	4,863,386	2.0	4.4	57,422	136,358	0.97
Roseville/Rocklin	17,794,383	4.9	8.5	(330,289)	(322,130)	1.02
South Sacramento	5,567,160	5.0	5.5	(32,385)	(29,855)	1.22
West Sacramento	25,410,637	5.6	8.5	23,571	70,487	0.83
Market Total	201,591,160	5.4	7.9	(542,376)	(776,840)	0.86

Source: CBRE Research, Q2 2025

FIGURE 3: Notable Lease Transactions Q2 2025

Tenant	Address	SF Leased	Type
Pacific Coast Producers Inc.	1755 E Beamer St, Woodland	516,760	New Lease
American Building Supply	6300 S Watt Ave, Sacramento	217,500	New Lease
American Building Supply	8360 Elder Creek Rd, Sacramento	196,267	New Lease

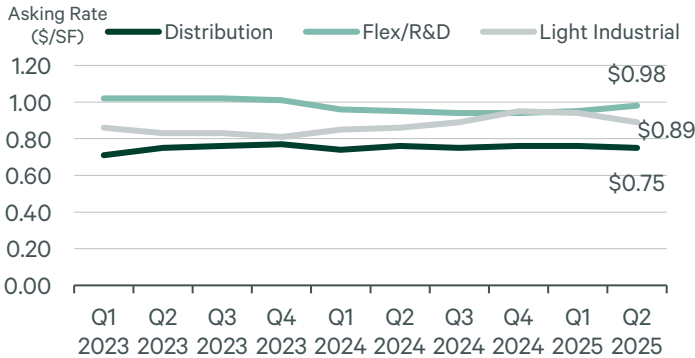
Source: CBRE Research, Q2 2025

FIGURE 4: Notable Sale Transactions Q2 2025

Buyer	Address	Square Feet	Sale Price
Enterprise Mobility	8451 Rovana Cir, Sacramento	109,000	\$12.0M
BDG Innovations	6001 Outfall Cir, Sacramento	101,108	\$11.9M
Folsom Sportsplex	11327 Folsom Blvd, Rancho Cordova	90,000	\$9.5M

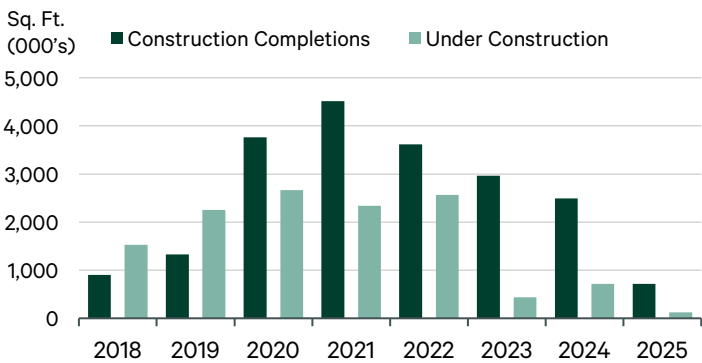
Source: CBRE Research, Q2 2025

FIGURE 5: Average Asking Rates NNN



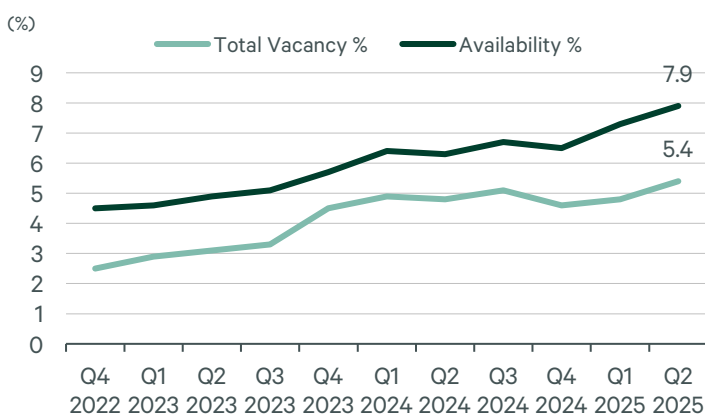
Source: CBRE Research, Q2 2025

FIGURE 7: Construction Completions



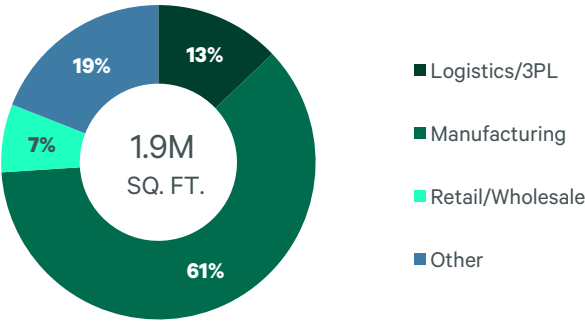
Source: CBRE Research, Q2 2025

FIGURE 6: Vacancy & Availability



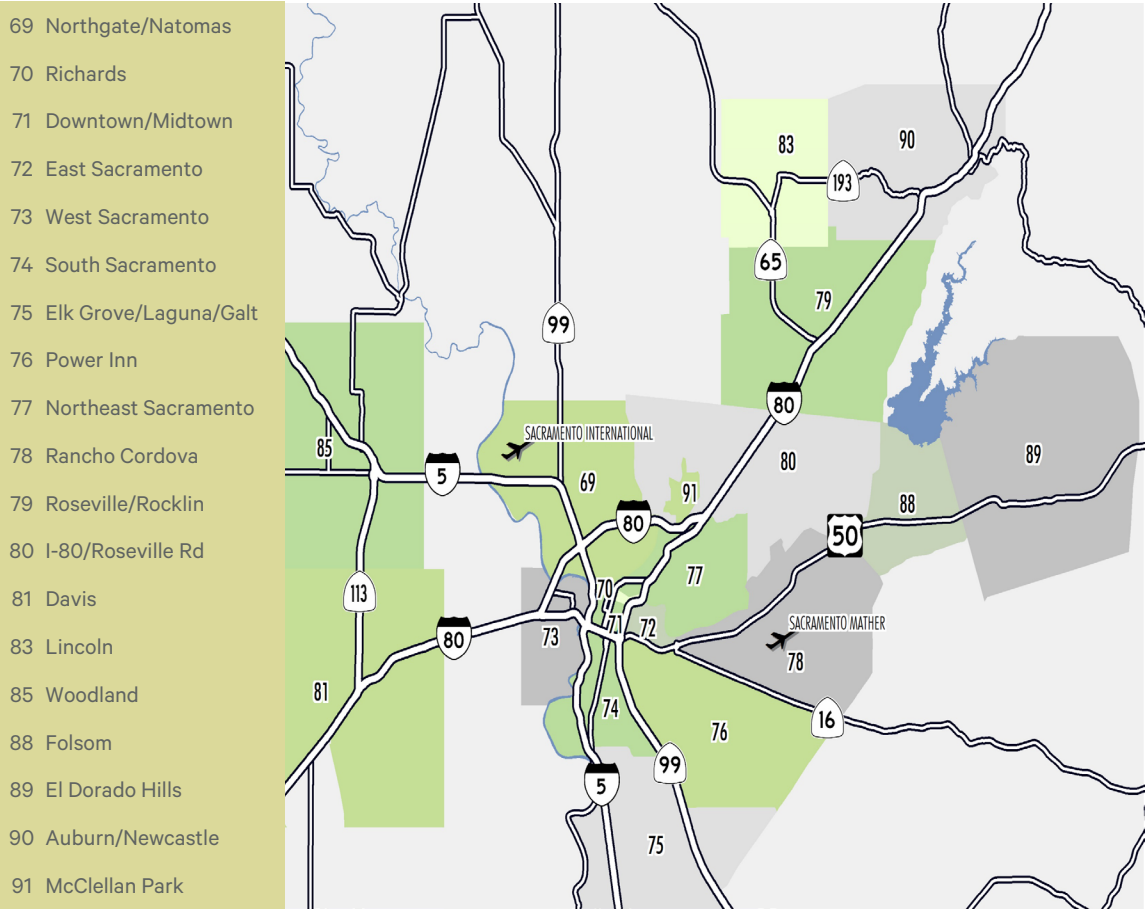
Source: CBRE Research, Q2 2025

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research, Q2 2025

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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