

MARKET TRENDS | SACRAMENTO

INDUSTRIAL

MARKET DRIVERS

DIRECT VACANCY rates decreased 40% year-over-year (YOY) from 5.9% in 1Q 2021 to 3.5% in 1Q 2022. The total availability rate had a similar drop of 20% YOY over the same timeframe to 5.7%.

ASKING LEASE rates for all industrial property types gained 14.3% YOY to \$0.72/SF NNN for 2022. Asking lease rates for warehouses and flex properties were at \$0.68/SF NNN and \$0.73/SF NNN respectively.

DIRECT NET absorption was at 1.3 million SF for 1Q 2022.

LEASING ACTIVITY dropped 63.5% YOY from 2.1 million SF in 1Q 2021 to 780k SF in 1Q 2022.

SALES VOLUME decreased 21.5% YOY from 1.2 million SF in 1Q 2021 to 973,242 SF in 1Q 2022.

ECONOMIC OVERVIEW

UNEMPLOYMENT rate for the Sacramento - Roseville - Arden Arcade MSA dropped 39% YOY from 7.1% in February 2021 to 4.3% in February 2022. Unemployment in California stood at 5.4% during February 2022.

TRANSPORTATION, TRADE, AND UTILITY jobs in the Sacramento - Roseville - Arden Arcade MSA gained 5,800 jobs YOY to 168,100 jobs for February 2022.

NEAR-TERM OUTLOOK

ENGINEERING AND LOGISTIC companies are growing and looking to expand; however, demand outstrips the limited industrial space and land availabilities. There are currently 4 million SF of industrial properties under construction to help satisfy manufacturing and warehouse requirements.

Market Summary

	1Q22	4Q21	1Q21	Annual % Change
Direct Vacancy Rate	3.54%	3.80%	5.90%	-40.03%
Total Availability Rate	5.68%	5.70%	7.10%	-20.03%
Asking Lease Rate (NNN Overall)	\$0.72	\$0.69	\$0.63	14.29%
Total Lease Transactions (SF)	780,069	2,169,287	2,138,507	-63.52%
Sale Transactions (SF)	973,242	2,250,545	1,240,444	-21.54%
Direct Net Absorption	1,308,480	947,959	1,251,989	N/A

▲ 1.3M

DIRECT NET ABSORPTION (SF)

▲ \$0.72/SF

RENTAL RATE (NNN)

▼ 3.54%

VACANCY RATE

▼ 901,087

SF CONSTRUCTION DELIVERIES

YEAR OVER YEAR TREND

Market Highlights

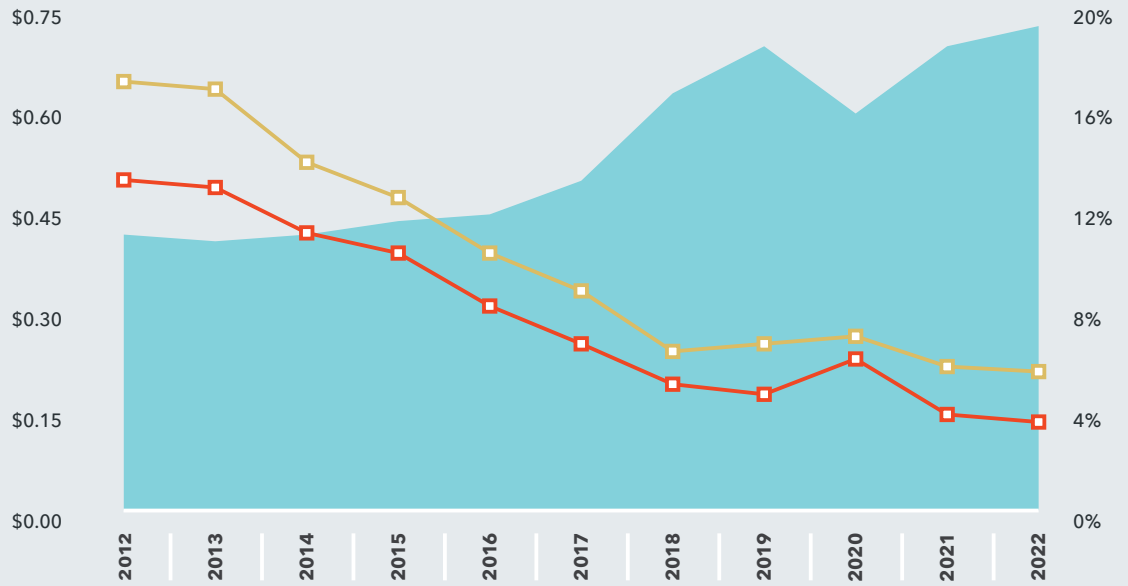
ASKING LEASE rates for all industrial properties were \$0.72/SF NNN in 1Q 2022.

DIRECT VACANCY rates decreased to 3.5% in 1Q 2022.

DIRECT NET ABSORPTION for 1Q 2022 was 1.3 million SF.

Lease Rate, Vacancy & Availability

■ DIRECT LEASE RATE (NNN)
○ DIRECT VACANCY
○ TOTAL AVAILABILITY

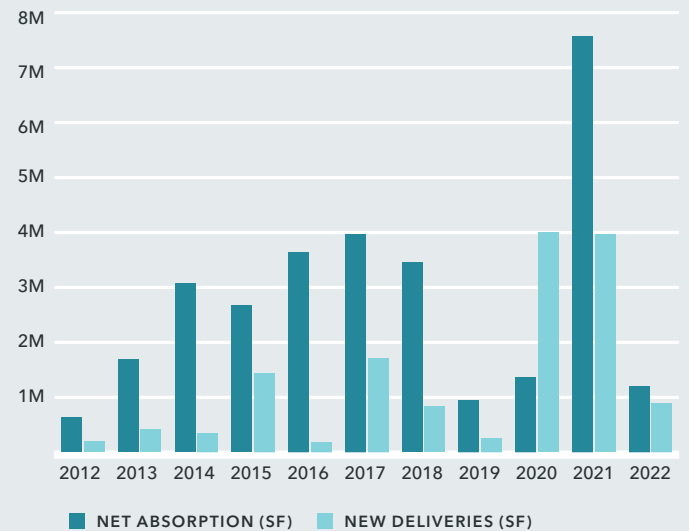


BIGGEST SALE OF THE YEAR

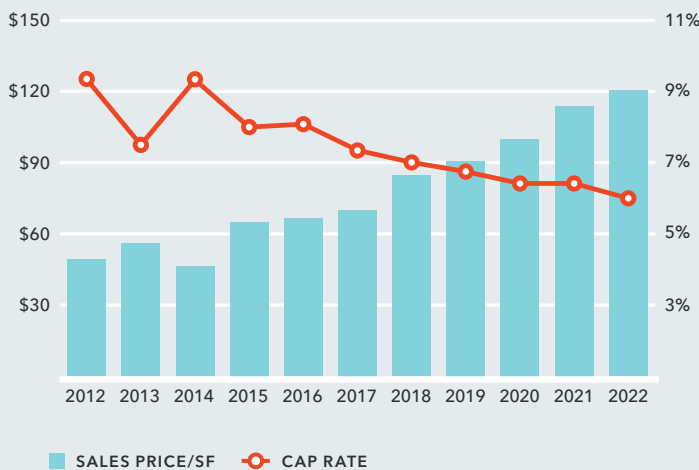
Alpine Business Park



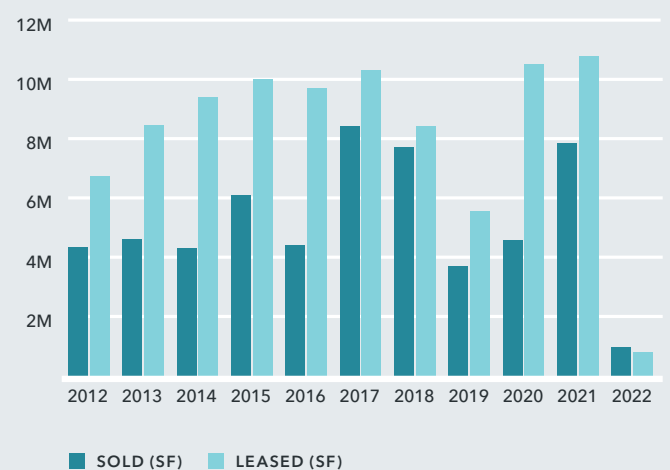
Net Absorption & New Deliveries



Average Sales Price/SF & Cap Rate



Sale Volume & Leasing Activity



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Available Rate	1Q22 Direct Net Absorption	2021 Direct Net Absorption	1Q22 Leasing Activity	2021 Leasing Activity	Rental Rate (NNN Overall)
Auburn/Newcastle	2,665,845	2.8%	2.9%	4.4%	8,110	-42,384	0	35,672	\$0.62
Davis/Woodland	16,764,254	1.0%	2.0%	2.6%	171,012	1,009,636	53,220	830,149	\$0.54
Downtown	2,473,587	7.7%	7.7%	9.7%	8,572	-105,619	0	0	\$0.79
East Sacramento	615,046	5.3%	5.3%	1.7%	0	0	0	0	\$2.00
Elk Grove/Laguna	6,429,130	3.6%	3.6%	6.3%	124,789	-22,868	8,100	221,815	\$0.54
Folsom/El Dorado	5,116,175	3.0%	3.0%	5.1%	-23,439	70,597	9,610	155,022	\$0.91
Marysville/Yuba City	7,120,142	2.7%	2.7%	3.9%	109,499	-100,775	16,100	156,653	\$0.55
Mather	5,250,191	6.0%	6.0%	6.8%	-31,531	-95,904	41,489	234,697	\$0.72
McClellan	16,434,793	4.5%	5.1%	7.8%	-38,350	650,838	7,442	845,261	\$0.71
Natomas/ Northgate	18,795,848	3.9%	3.9%	10.4%	136,661	2,575,623	95,323	2,254,581	\$0.61
NE Sacramento	6,142,211	3.1%	3.1%	7.7%	2,170	299,506	15,905	113,249	\$1.00
Power Inn	26,643,003	1.9%	2.0%	2.9%	812,062	1,244,664	134,183	1,561,558	\$0.86
Richards	3,986,585	4.8%	4.8%	5.3%	55,919	45,764	1,604	249,448	\$0.60
Roseville/Rocklin	19,142,287	2.3%	2.6%	4.9%	-54,754	369,620	48,835	722,799	\$0.79
South Sacramento	4,339,876	20.6%	20.6%	2.3%	59,912	811,563	1,259	13,215	\$0.90
Sunrise	11,986,249	4.2%	4.2%	4.2%	-105,429	320,486	99,141	542,903	\$0.81
West Sacramento	22,589,308	3.2%	3.2%	7.4%	73,277	972,194	247,858	1,537,265	\$0.67
Sacramento Total	176,494,530	3.54%	3.75%	5.68%	1,308,480	8,002,941	780,069	9,474,287	\$0.72
General Industrial	26,613,414	5.0%	5.2%	3.2%	60,620	1,917,513	82,339	1,137,843	\$0.56
Warehouse & Distribution	130,398,851	2.9%	3.1%	5.4%	1,235,955	5,798,520	516,445	7,542,824	\$0.68
Flex	19,266,290	25.6%	27.2%	45.2%	1,247,860	383,927	689,810	778,000	\$0.73

TOP SALE TRANSACTIONS FOR 1Q22

Property	Submarket	Square Feet	Sale Price	\$/SF	Buyer	Seller
Alpine Business Park	Power Inn	147,684	\$21,895,000	\$148.26	Rising Realty Partners	Jackson Properties, Inc.
8372 Tiogawoods Dr, Sacramento	Power Inn	144,000	\$16,000,000	\$111.11	LBA Realty	Ethan Conrad Properties
Laguna West Business Ctr	Elk Grove	50,429	\$11,900,000	\$235.98	Kingsbarn Realty Capital	Laguna West Investment LLC
121 Main Ave	Natomas/Northgate	56,537	\$7,632,500	\$135.00	Pell Street Properties, LP	Family Singley Trust
11415 Folsom Blvd	Sunrise	72,000	\$7,250,000	\$100.69	Bfm Ventures LLC, FDM Ventures LLC, & WCM Ventures LLC	11415 Folsom LLC

TOP LEASE TRANSACTIONS FOR 1Q22

Property	Submarket	Square Feet	Transaction Date	Landlord	Tenant
Industrial Dr, Ranch Cordova	Sunrise	629,186	Mar-22	Panattoni Development Company	Amazon
3689 Industrial Blvd, West Sacramento	West Sacramento	132,000	Feb-22	Investcorp	RL Liquidators
1400 Churchill Down Ave, Woodland	Davis/Woodland	53,220	Feb-22	Amir Development Company	Undisclosed
4917 Bailey Loop, McClellan	Rio Linda/N Highlands	40,000	Feb-22	McClellan Park, LLC	Reach
8432 Rovana Cir, Sacramento	Power Inn	22,500	Jan-22	Diego James F & S W 2005 Trust	iCool USA, Inc.

TOP UNDER CONSTRUCTION

Address	Submarket	Square Feet	Owner	Delivery Date
8035 Metro Air Pky, Sacramento	Natomas/Northgate	602,516	Buzz Oates	May-22
Dean St, McClellan	McClellan	355,000	US Foods, Inc.	Jun-22
7810 Metro Air Pky, Sacramento	Natomas/Northgate	339,337	Buzz Oates	Sep-22
7860 Metro Air Pky	Natomas/Northgate	239,124	Buzz Oates	Sep-22
Power Line Rd	Natomas/Northgate	239,000	NorthPoint Development	Jan-23

DATA SOURCE: COSTAR, EDD.CA.GOV, SACBUSINESSREVIEW.COM, SACBEE.COM

Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with 900 real estate professionals and staff in 21 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, property management, consulting, project and construction management, and debt equity finance services for all property types.

The information in this report was composed by the Kidder Mathews Research Group.

GARY BARAGONA

Director of Research
415.229.8925

gary.baragona@kidder.com

ERIC LUHRS

Regional President, Brokerage
Northern California & Nevada
916.970.9700

eric.luhrs@kidder.com

Designated Broker

Eric Paulsen | LIC N° 01001040

**Commercial
Brokerage**

\$10.9B
TRANSACTION
VOLUME (ANNUAL)

49.7M
SALES SF
(ANNUAL)

43.7M
LEASING SF
(ANNUAL)

**Valuation
Advisory**

2,600+
ASSIGNMENTS
ANNUALLY

51/24
TOTAL NO.
APPRAISERS/MAI'S

**Asset
Services**

62M
MANAGEMENT
PORTFOLIO SF

\$11B
IN ASSETS UNDER
MANAGEMENT

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