

MARKET TRENDS

SACRAMENTO INDUSTRIAL

MARKET DRIVERS

Market-wide vacancy edged down to 6.1% in the third quarter, extending the market's gradual improvement. Although space remains available across several major corridors, positive occupancy gains suggest that tenant demand is beginning to offset lingering supply.

Total availability remained unchanged QOQ to 10.1%, offering occupiers considerable choice even as conditions tightened slightly. With approximately 1.6M SF under construction, the development pipeline remains limited relative to the market's existing inventory, helping restrain future supply growth.

Average asking rents increased slightly QOQ to \$0.80/SF NNN, reversing the prior quarter's decline. Pricing remains competitive as landlords balance occupancy goals with tenant expectations, and modest rent movement continues to reflect uneven demand across Sacramento's industrial submarkets.

Third-quarter leasing activity totaled approximately 1.8M SF, below the previous quarter's 2.7M SF. Despite slower deal volume, direct net absorption improved to nearly 348,000 SF, with gains in Power Inn, South Sacramento, and Natomas/Northgate helping offset softness elsewhere.

Investment sales gained momentum, with approximately 3.9M SF trading during the quarter compared with 1.2M SF in 2Q. Dollar volume also climbed to roughly \$416M, indicating renewed transaction activity despite ongoing pricing and financing considerations.

ECONOMIC REVIEW

The unemployment rate in the Sacramento-Roseville-Folsom MSA increased to 5.2% in August 2026, up from 4.2% in May 2026, but remained slightly below the year-ago rate of 5.4%. This compares to 5.1% for the state of California and 4.1% nationally during the same period.

Sacramento's economy continues to benefit from investment across emerging industries, including advanced manufacturing, clean technology, and life sciences. Ongoing efforts to expand the region's business base and strengthen workforce development are helping diversify the local economy while creating additional opportunities for industrial growth.

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Market Summary

	3Q26	2Q26	3Q25	YOY Change
Direct Vacancy Rate	6.1%	6.3%	5.8%	33 bps
Total Availability Rate	10.1%	10.1%	8.9%	122 bps
Asking Lease Rate/SF/Mo NNN	\$0.80	\$0.79	\$0.81	-1.2%
	3Q26	2026 YTD	2025 YTD	YOY Change
Leasing Activity (SF)	1,844,791	5,990,522	5,276,835	13.6%
Sales Volume (SF)	3,926,309	5,864,514	2,781,558	110.8%
Net Absorption (SF)	347,711	570,313	287,980	98.0%

↑ **1.8M SF**
LEASING ACTIVITY

↑ **348K SF**
NET ABSORPTION

↑ **6.1%**
DIRECT
VACANCY RATE

↓ **\$0.80**
ASKING RENT (AVG)

↓ **55K SF**
NEW DELIVERIES

Year-Over-Year Trend

Market Highlights

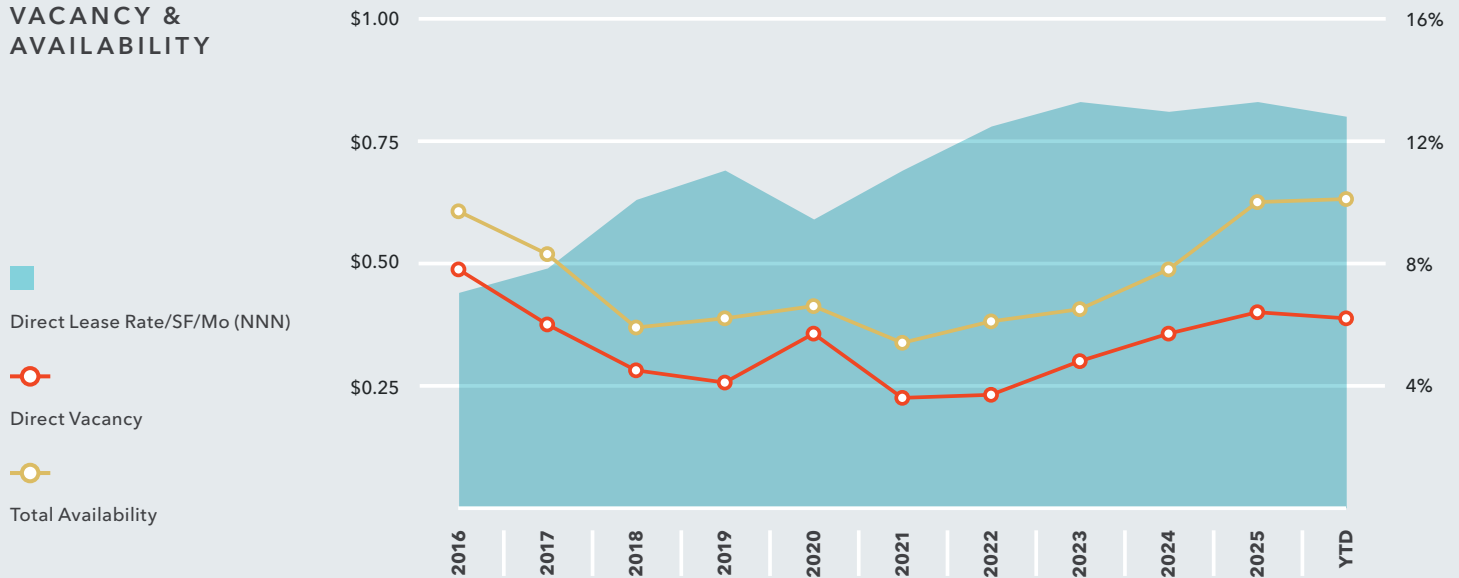
AVERAGE ASKING LEASE RATES
decreased YOY to
\$0.80 NNN

DIRECT VACANCY RATES
decreased QOQ to 6.1%

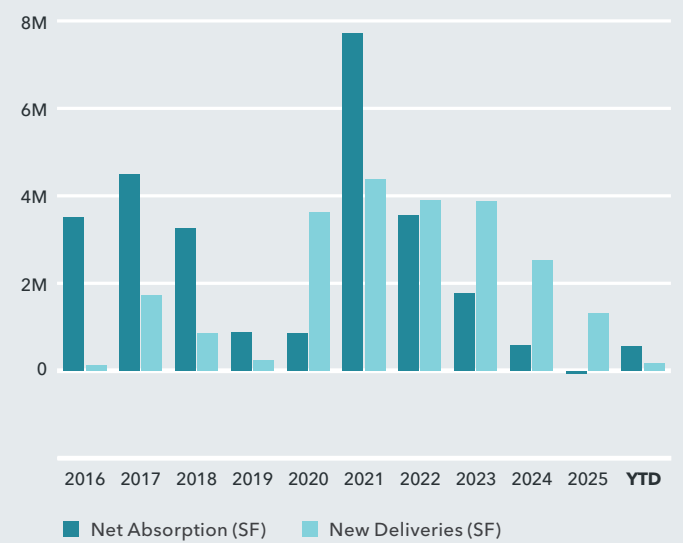
SALES VOLUME
increased QOQ to 3.9M SF

DIRECT NET ABSORPTION
reached positive 348K SF

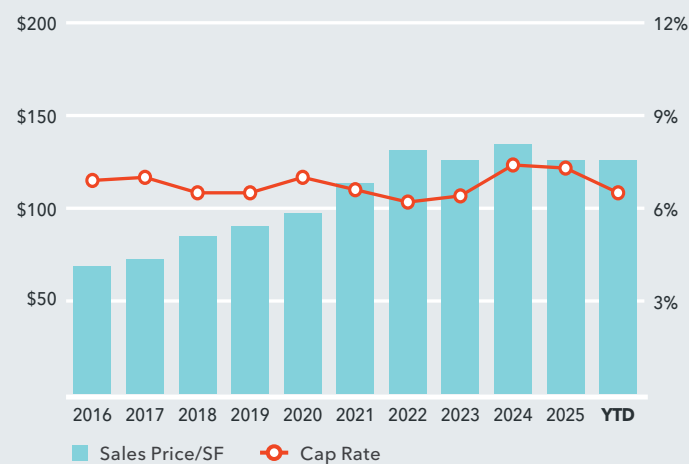
LEASE RATE, VACANCY & AVAILABILITY



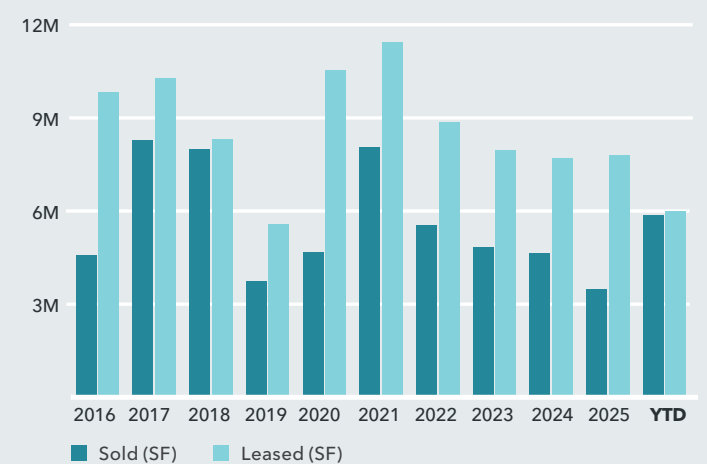
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Available Rate	3Q26 Direct Net Absorption	YTD Direct Net Absorption	3Q26 Leasing Activity	YTD Leasing Activity	Average Rental Rate (NNN)
Auburn/Newcastle	2,794,667	5.9%	6.1%	8.0%	13,200	26,680	17,655	50,880	\$0.59
Davis/Woodland	17,193,379	3.7%	4.9%	11.4%	104,026	373,725	163,850	421,245	\$0.62
Downtown	2,255,328	5.3%	5.3%	6.0%	3,460	-24,546	0	0	\$0.85
East Sacramento	517,688	0.0%	0.0%	0.0%	0	1,550	0	0	\$1.20
Elk Grove/Laguna	7,143,933	5.6%	5.6%	12.7%	-28,411	-66,713	1,200	27,523	\$1.02
Folsom/El Dorado	5,197,449	4.8%	5.0%	8.2%	33,916	87,202	14,604	187,856	\$1.22
Marysville/Yuba City	7,306,615	3.1%	4.0%	8.0%	50,293	77,708	31,600	69,588	\$0.69
Mather	5,319,938	8.7%	8.8%	12.6%	-18,323	-89,534	18,138	74,945	\$0.82
McClellan	17,493,244	3.7%	4.5%	5.6%	-4,365	15,501	53,506	648,220	\$0.71
Natomas/Northgate	23,854,804	8.5%	10.4%	13.9%	100,712	402,492	300,485	961,781	\$0.83
NE Sacramento	6,222,860	4.5%	4.5%	5.0%	53,577	101,374	92,450	135,189	\$0.87
Power Inn	27,173,980	4.5%	4.6%	7.8%	134,244	79,537	593,979	1,226,351	\$0.84
Richards	3,997,560	5.5%	6.1%	5.8%	-8,663	-6,414	14,573	40,837	\$0.80
Roseville/Rocklin	20,316,723	5.2%	8.0%	10.2%	-164,764	-218,978	136,071	272,558	\$1.06
South Sacramento	3,318,207	10.4%	11.7%	11.6%	143,069	109,242	12,883	31,075	\$0.99
Sunrise	13,494,464	5.8%	5.9%	7.7%	81,054	148,658	121,049	616,138	\$0.95
West Sacramento	24,099,983	11.2%	11.9%	15.1%	-145,314	-447,171	272,748	1,226,336	\$0.78
Sacramento Total	187,700,822	6.1%	7.1%	10.1%	347,711	570,313	1,844,791	5,990,522	\$0.80
General Industrial	28,849,785	4.7%	6.4%	10.4%	206,718	217,821	226,944	949,826	\$0.78
Warehouse & Distribution	138,858,265	6.3%	7.1%	9.7%	149,365	395,844	1,483,764	4,512,721	\$0.74
Flex	19,000,138	7.8%	8.4%	10.7%	-8,372	-43,352	134,083	527,975	\$1.11

NEAR-TERM OUTLOOK

Sacramento's industrial fundamentals appear to be improving gradually as direct vacancy declines and occupied space increases. Elevated availability will likely sustain competition for tenants and limit near-term rent acceleration, while a measured construction pipeline should help the market absorb existing space through year-end. Demand across core distribution submarkets remains an important source of stability.

Investment activity could remain uneven as buyers evaluate borrowing costs and asset pricing. Nevertheless, stronger third-quarter transaction volume, the region's distribution advantages, and comparatively accessible entry pricing may help sustain interest from private and institutional capital.

SIGNIFICANT SALE TRANSACTIONS 3Q 2026

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
North Market Business Ctr	Natomas/Northgate	1,893,681	\$242,500,000	\$128.06	Blue Rise Ventures/DRA Advisors	Link Logistics R.E.
3600 & 3685 Massie Ct	West Sacramento	896,851	\$41,821,500	\$46.63	Preferred Capital Advisors	Nor-Cal Beverage Co.
5440 Stationers Way	McClellan	250,577	\$23,750,000	\$94.78	Scannell Properties	STAG Industrial, Inc.
3600 Industrial Blvd	West Sacramento	62,739	\$11,750,000	\$187.28	The Ram Group	Dalfen Industrial
9068 Elkmont	Elk Grove/Laguna	47,392	\$8,500,000	\$179.36	Dimitrios Saroukos/Chris & Brandon Deralas	Dutch Bros

SIGNIFICANT LEASE TRANSACTIONS 3Q 2026

Property	Submarket	SF	Transaction Date	Landlord	Tenant
4400 Florin Perkins Rd	Power Inn	412,808	September 2026	Read Investments	Grocery Outlet (Renewal)
7180 Badiee Dr	Natomas/Northgate	183,088	July 2026	BGO	Peak Energy
1400 Churchill Downs Ave	Davis/Woodland	159,850	September 2026	Amir Development Company	Advanced Logistics & Dist. Systems
2935 Ramco St	West Sacramento	123,564	August 2026	Mapletree Real Estate Advisors	Living Spaces
1251 Tinker Rd	Roseville/Rocklin	90,000	September 2026	Golden Eagle Express	One Day Door

SIGNIFICANT UNDER CONSTRUCTION

Property	Submarket	SF	Owner	Delivery
Metro Air Pkwy - Costco Warehouse	Natomas/Northgate	663,390	Buzz Oates	4Q 2026
7225 Lone Tree Rd - Titan Logistics Center	Natomas/Northgate	558,134	Buzz Oates	2Q 2027
10050 Waterman Rd	Elk Grove/Laguna	180,956	Buzz Oates	4Q 2026

Data Source: Costar, Kidder Mathews, Bureau of Labor Statistics



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

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COMMERCIAL
BROKERAGE

\$9B

AVERAGE ANNUAL
TRANSACTION VOLUME

32.4M

ANNUAL
SALES SF

32.5M

ANNUAL
LEASING SFASSET
SERVICES

55M+ SF

MANAGEMENT
PORTFOLIO SIZE

800+

ASSETS UNDER
MANAGEMENT

250+

CLIENTS
SERVEDVALUATION
ADVISORY

2,700+

AVERAGE ANNUAL
ASSIGNMENTS

42

TOTAL
APPRAISERS

23

WITH MAI
DESIGNATIONS