





OUTLOOK

- At the start of Q1 2019, the Sacramento industrial market sits at a record low vacancy rate of 4.13%. There is over 900,000 square feet less than a year prior, and over 4.3 million square feet less than 24 months ago. This is due to leasing activity remaining high, as net absorption remains positive for the 15th consecutive quarter.
- To help relieve pent up demand, over 800,000 square feet of new industrial product was delivered in 2018 and another 1.17 million square feet remain in the construction pipeline. The industrial base has only increased by less than 2% in the last five years.
- The Sacramento warehouse market continues to remain in the spotlight as leasing demand keeps pace reporting positive net absorption at 331,400 square feet. In the last five years, the warehouse market has seen an average of approximately 600,000 square feet of positive absorption each quarter.
- The McClellan, Downtown Sacramento, East Sacramento, Marysville/Yuba City, and Sunrise industrial markets are now all under 2% vacancy. The impending construction should provide some relief to market constraints with 7 of the 8 buildings expected to deliver in the second quarter. If all of the projects deliver as expected, it will add over 900,000 square feet of inventory to the market.
- Manufacturing space has also seen a significant drop in vacancy by approximately 1.1 million square feet in the last two years. Consequently, rents have increased by 10% and now sit at \$0.65 NNN.
- One of the most significant leases this quarter was in the Power Inn submarket as Interline Brands renewed for 96,658 square feet of distribution space. CHP Telecommunications expanded into over 52,800 square feet of space in the West Sacramento submarket and Sacramento Valley Produce executed a ten-year deal (30,300 square feet) in the Richards submarket.

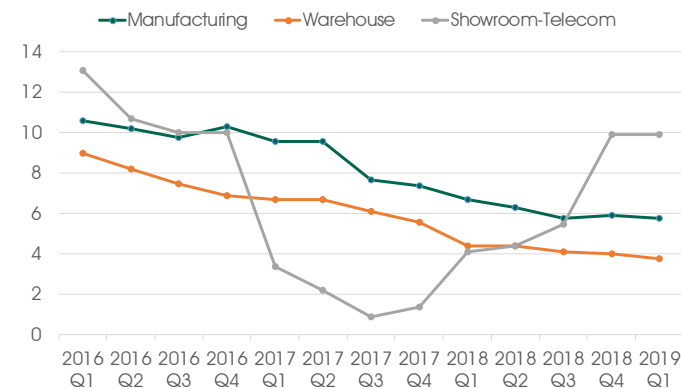
SACRAMENTO INDUSTRIAL TRENDS | FIRST QUARTER 2019

ARROWS REPRESENT CHANGES FROM THE PREVIOUS QUARTER

	Vacancy	Lease Rates (NNN)	Net Absorption	Transaction Activity
MARKET INDICATORS				
Q ¹ 2019	4.13%	\$0.65	313,875	1,068,832
Q ⁴ 2018	4.32%	\$0.59	100,543	1,559,268

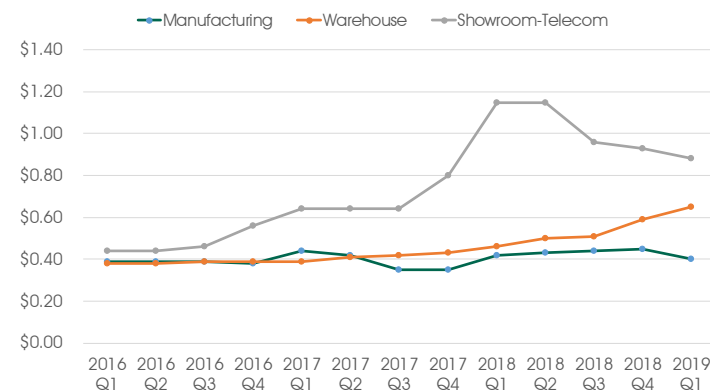
VACANCY RATES BY CLASS

ALL SPACE NOT CURRENTLY OCCUPIED



AVERAGE ASKING RATES

WEIGHTED AVERAGE RENT BASED ON TOTAL SQUARE FOOTAGE

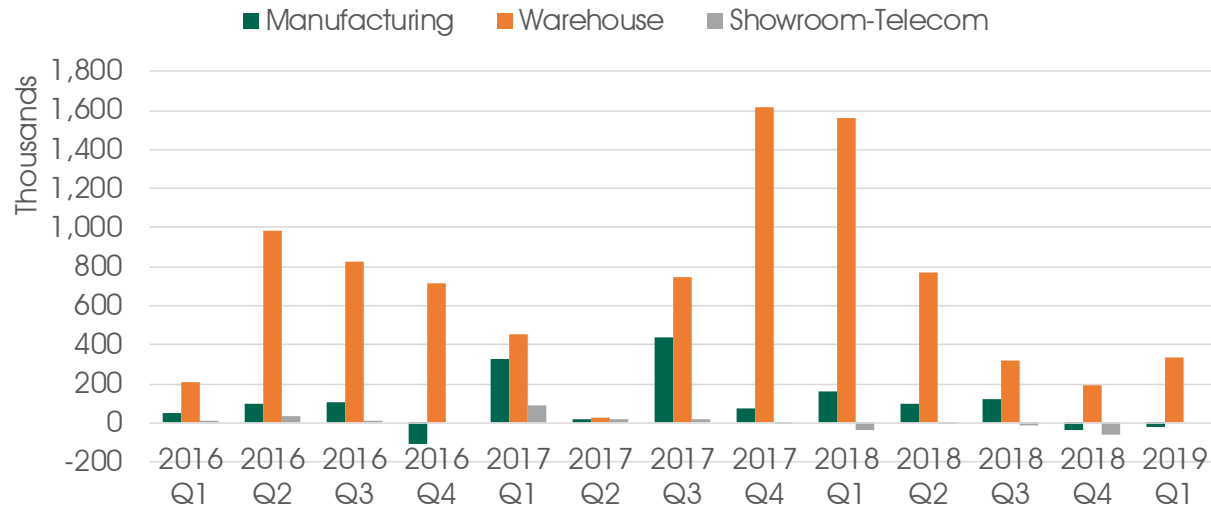


THESE STATISTICS ENCOMPASS ALL MANUFACTURING, WAREHOUSE, SHOWROOM AND TELECOM PROPERTIES OVER 10,000 SQUARE FEET BUILDING SIZE.

OUTLOOK

NET & GROSS ABSORPTION

NET - TOTAL SQ. FT. LEASED LESS THE SQ. FT. VACATED & GROSS - TOTAL SQ. FT. LEASED



MARKET SNAPSHOT

	Q1 2019	Q1 2018	% Chg
Vacancy Rate	4.13%	4.80%	-14.00%
Availability Rate	6.20%	6.40%	-40.62%
Avg. Asking Lease Rate	\$0.65	\$0.45	44.44%
Gross Absorption	1,068,832	2,847,829	-62.47%
Net Absorption	313,875	1,693,503	(N/A)

NOTEWORTHY TRANSACTIONS

LEASE TRANSACTIONS | NOTABLE INDUSTRIAL LEASES SIGNED Q1 2019

Property Address	Submarket	Tenant	Owner	Date Lease Signed	Transaction Size
5961 Outfall Circle	Power Inn	Interline Brands, Inc	Haleakala Ranch Company	March 26, 2019	96,658
3250-3270 Reed Ave	West Sacramento	CHP Telecommunications	Tulloch Construction, Inc.	March 5, 2019	52,800
1122 Joellis Way	NE Sacramento	TNT Drives	CV-CA Properties I, LLC	February 26, 2019	35,199
1000 Vine St	Richards	Sacramento Valley Produce	Kassis Frank G & Muriel E Trust & Lewis	March 1, 2019	30,300
1259 Commerce Ave	David/Woodland	Hygieia	Antony C & Carol R Evans	March 13, 2019	23,040

SALE TRANSACTIONS | NOTABLE INDUSTRIAL SALES FOR Q1 2019

Property Address	Submarket	Buyer	Seller	Transaction Size	Sale Price
3771 Channel Dr	West Sacramento	LBA Realty	Sacramento Foodco Investors	624,356	\$39,300,000
3032 Thunder Valley Ct	Roseville/Rocklin	Lincoln Super Storage Llc	Pasquetti Ents Inc	91,430	\$9,940,000
1 Light Sky Ct	Power Inn	Innovative Industrial Properties, Inc	Sacre Holdings I LLC	43,200	\$6,664,000
4500 Pell Dr	Natomas/Northgate	Miekos Properties	Western Feed and Pet Supply	63,822	\$5,997,000
1445-1545 Overland Ct	West Sacramento	Arnaudo Brothers Inc.	James Nylen	30,000	\$5,150,000

STATISTICS BY SUBMARKET

SACRAMENTO

Submarket	Total Buildings	Net Rentable Square Feet	Vacant Square Feet	Vacancy Rate	Occupied Square Feet	Occupancy Rate	Qtr Net Absorption	Qtr Gross Absorption	Under Construction	Average Asking Rent
Auburn/Newcastle	83	2,210,241	68,018	3.08%	2,142,223	96.92%	(536)	0	0	\$0.48
Davis/Woodland	187	16,194,554	730,797	4.51%	15,463,757	95.49%	35,740	107,413	0	\$0.36
Downtown	85	2,526,312	28,845	1.14%	2,497,467	98.86%	0	0	0	\$0.55
East Sacramento	22	550,941	0	0.00%	550,941	100.00%	0	0	0	
Elk Grove/Laguna	118	5,827,026	308,848	5.30%	5,518,178	94.70%	4,999	22,537	0	\$0.49
Folsom/El Dorado	105	3,199,360	147,654	4.62%	3,051,706	95.38%	15,123	33,810	0	\$0.70
Marysville/Yuba City	149	6,502,792	40,923	0.63%	6,461,869	99.37%	(4,371)	7,400	0	\$0.42
Mather	124	3,758,098	121,245	3.23%	3,636,853	96.77%	25,897	79,001	28,950	\$0.64
McClellan	289	13,492,746	205,982	1.53%	13,286,764	98.47%	13,605	63,464	462,737	\$0.67
Natomas/Northgate	203	12,489,783	451,926	3.62%	12,037,857	96.38%	(3,333)	111,119	0	\$0.52
NE Sacramento	190	4,991,466	172,389	3.45%	4,819,077	96.55%	49,267	68,784	0	\$0.76
Power Inn	568	24,299,035	968,522	3.99%	23,330,513	96.01%	(50,182)	159,597	250,000	\$0.94
Richards	83	3,927,658	82,348	2.10%	3,845,310	97.90%	44,300	44,300	0	\$0.47
Roseville/Rocklin	283	16,478,464	479,980	2.91%	15,998,484	97.09%	(2,580)	16,818	0	\$0.49
South Sacramento	123	4,025,595	915,607	22.74%	3,109,988	77.26%	21,720	21,720	0	\$0.94
Sunrise	332	9,683,158	155,384	1.60%	9,527,774	98.40%	2,551	36,515	22,184	\$0.71
West Sacramento	324	18,576,522	1,261,056	6.79%	17,315,466	93.21%	161,675	296,354	407,716	\$0.60
Total Industrial Market	3,268	148,733,751	6,139,524	4.13%	142,594,227	95.87%	313,875	1,068,832	1,171,587	\$0.65

*Average asking rates represented are triple net.

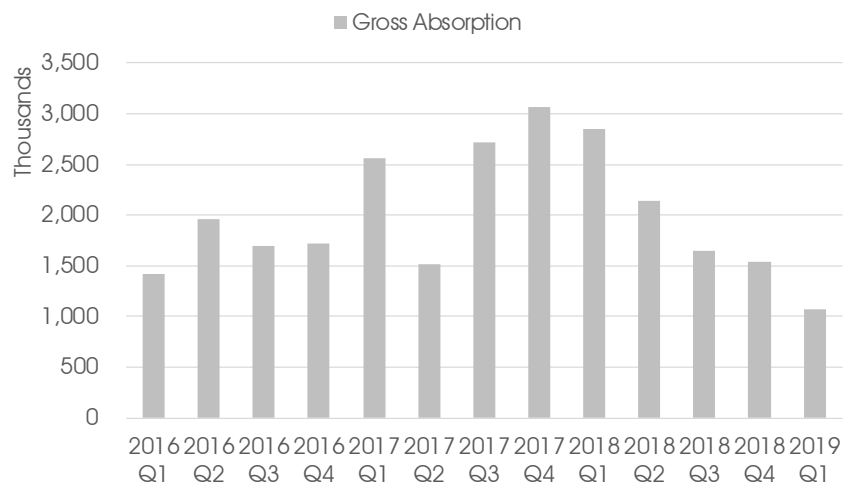
STATISTICS BY SUBMARKET

SACRAMENTO

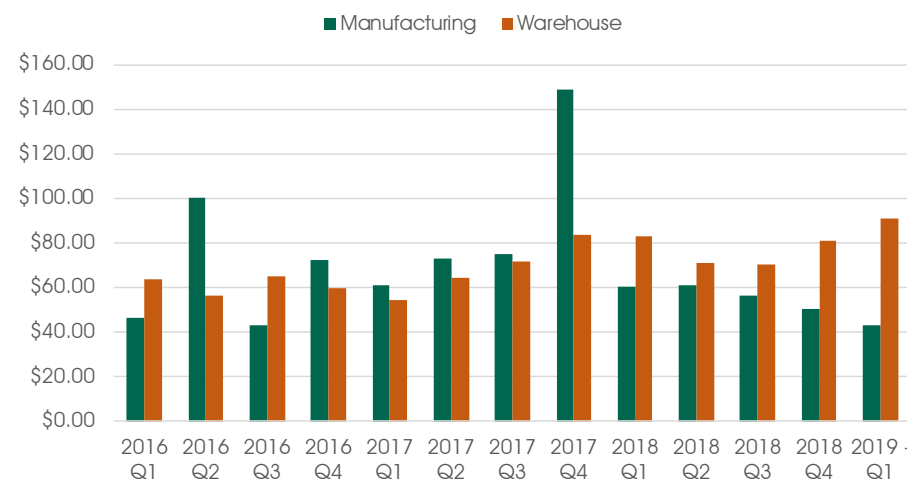
Submarket	Total Buildings	Net Rentable Square Feet	Vacant Square Feet	Vacancy Rate	Occupied Square Feet	Occupancy Rate	Qtr Net Absorption	Qtr Gross Absorption	Under Construction	Average Asking Rent
Manufacturing	342	23,447,826	1,352,834	5.77%	22,094,992	94.23%	(17,525)	21,508	250,000	\$0.40
Warehouse	2,896	123,901,885	4,649,369	3.75%	119,252,516	96.25%	331,400	1,047,324	921,587	\$0.65
Showroom/Telecom	30	1,384,040	137,321	9.92%	1,246,719	90.08%	0	0	0	\$0.88
Total Industrial Market	3,268	148,733,751	6,139,524	4.13%	142,594,227	95.87%	313,875	1,068,832	1,171,587	\$0.65

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LEASE TRANSACTIONS | AMOUNT OF SQUARE FEET LEASED PER QUARTER



SALES PRICE \$ PER SQ. FT. | AVERAGE PRICE PER PRODUCT TYPE



Report Prepared By:

Dina Simoni-Gouveia
 Managing Director | Marketing & Research
dina.gouveia@tricommercial.com

Tyler Bazlen
 Marketing and Research Manager
tyler.bazlen@tricommercial.com

NORTHERN CALIFORNIA MAP | TRI OFFICE LOCATIONS



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TRI CONTACT INFORMATION

San Francisco

100 Pine Street, Suite 1000

San Francisco, CA 94111

Tel: (415) 268-2200 | Fax: (415) 268-2299

Oakland

1404 Franklin Street, Penthouse

Oakland, CA 94607

Tel: (510) 622-8466 | Fax: (510) 622-8499

Walnut Creek

1777 Oakland Boulevard, Suite 100

Walnut Creek, CA 94596

Tel: (925) 296-3300 | Fax: (925) 296-3399

Sacramento

1515 River Park Drive, Suite 200

Sacramento, CA 95815

Tel: (916) 669-4500 | Fax: (916) 669-4598

Roseville

532 Gibson Drive, Suite 200

Roseville, CA 95678

Tel: (916) 677-8000 | Fax: (916) 677-8199

Rocklin

2209 Plaza Drive, Suite 100

Rocklin, CA 95765

Tel: (916) 960-5700 | Fax: (916) 960-5799