

OUTLOOK





Current vacancy in the Sacramento industrial market sits at 4.8%, with more than 3.9 million square feet less space available than 24 months ago. However overall rents have continued to rise by nearly 20% over the same period. With 473,016 square feet of industrial product delivered in 2Q 2019, there is just 763,871 square feet remaining in the pipeline. Slated construction should provide some relief to market constraints with 7 of the 8 new distribution buildings set to deliver in the third quarter. These projects contain over 900,000 square feet and should provide a little breathing room to a tightly constrained market. The overall market saw more than 2.4 million square feet of gross absorption so far this year and industrial fundamentals remain strong for the remainder of 2019.

Warehouse leasing dipped into negative territory in 2Q 2019 after 15 consecutive quarters of positive absorption which is primarily due to new inventory increases. Warehouse rents saw the highest increase of all the product types in the last 24 months, edging up almost 40%.

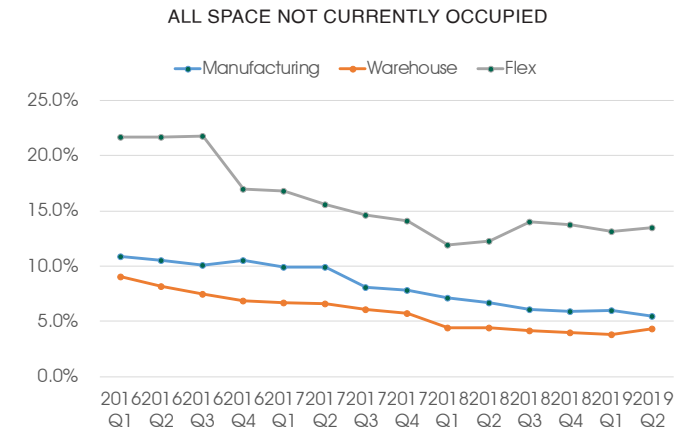
Manufacturing lease space on the other hand rebounded into positive territory with 109,318 net absorption after witnessing a slowing in activity last quarter. Gross absorption was over 128,000 square feet. The vacancy rate fell by 50 basis points from last quarter to 5.5% in 2Q 2019.

SACRAMENTO INDUSTRIAL TRENDS | SECOND QUARTER 2019

ARROWS REPRESENT CHANGES FROM THE PREVIOUS QUARTER

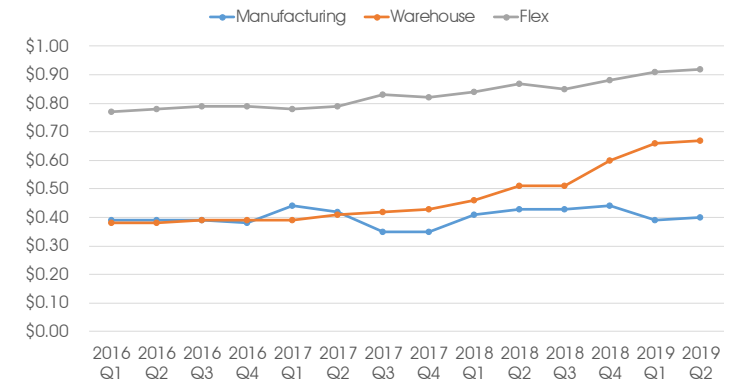
	Vacancy	Lease Rates (NNN)	Net Absorption	Transaction Activity
MARKET INDICATORS				
Q ² ₂₀₁₉	4.87%	\$0.68	(66,153)	1,290,519
Q ¹ ₂₀₁₉	4.54%	\$0.67	310,820	1,135,824

VACANCY RATES BY CLASS



AVERAGE ASKING RATES

WEIGHTED AVERAGE RENT BASED ON TOTAL SQUARE FOOTAGE



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

OUTLOOK CONTINUED.

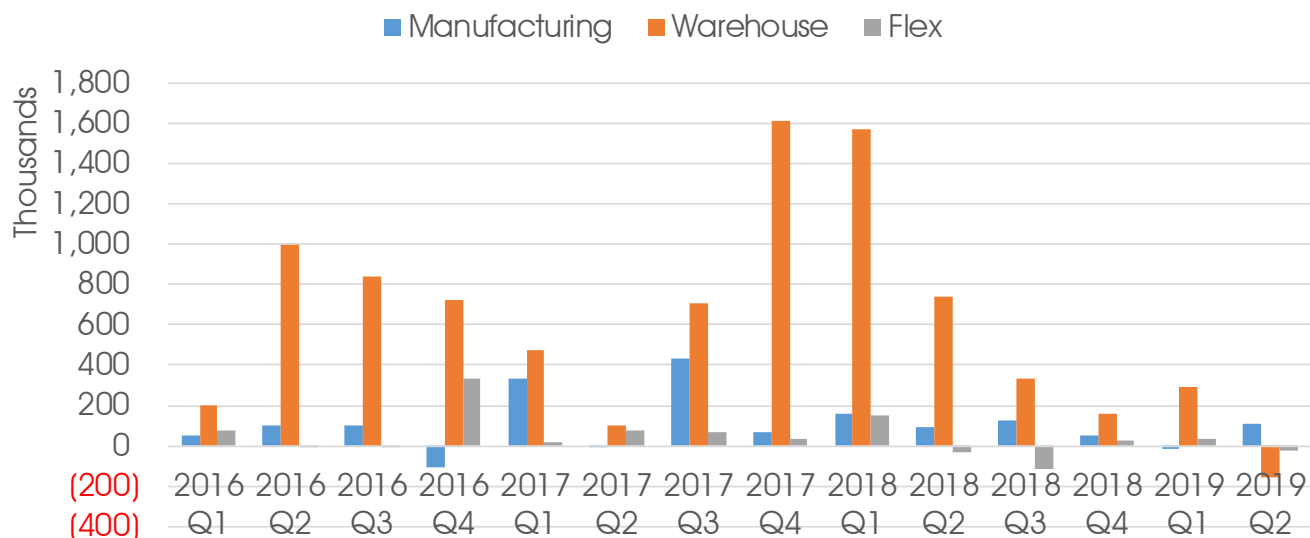
Flex product has continued to seesaw with McClellan, Downtown Sacramento, East Sacramento, Marysville/Yuba City, and Sunrise submarkets all now under 2% vacancy.

Only a dozen oversized leases have been signed since 2018 with the average lease transactions ranging between 10,000 SF and 50,000 SF in our market. The most recent large transactions occurred in West Sacramento and Woodland. NorCal Beverage picked up 132,000 SF of distribution space at Parkway Industrial Corssing in West Sacramento and The Companion Group signed for 100,800 SF at 1685 Tide Court in Woodland..

Sacramento's overall metro economy is on solid ground and industrial landlords remain optimistic that vacancies will not dramatically rise in the near term.

NET & GROSS ABSORPTION

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



MARKET SNAPSHOT

	Q2 2019	Q2 2018	% Chg
Vacancy Rate	4.87%	5.10%	-4.46%
Availability Rate	3.65%	6.50%	-43.85%
Avg. Asking Lease Rate	\$0.68	\$0.60	13.33%
Gross Absorption	1,290,519	2,201,951	-41.39%
Net Absorption	(66,153)	802,774	(N/A)

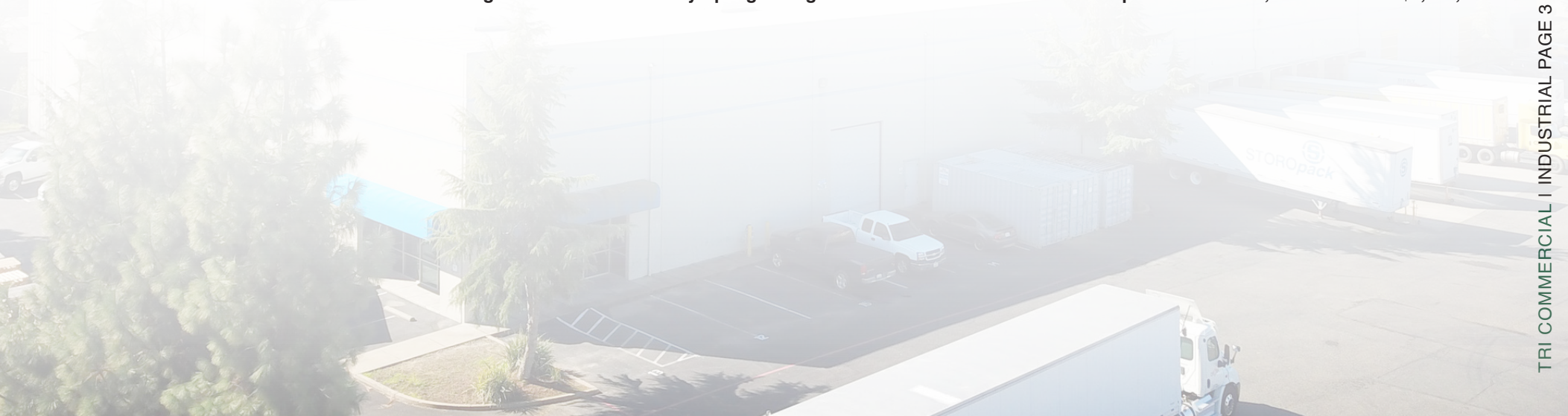
NOTEWORTHY TRANSACTIONS

LEASE TRANSACTIONS | NOTABLE INDUSTRIAL LEASES SIGNED Q2 2019

Property Address	Submarket	Tenant	Owner	Date Lease Signed	Transaction Size
3689 Industrial Blvd	West Sacramento	NorCal Beverage	The Bendetti Company	May 1, 2019	132,098
1685 Tide Court	Woodland/Davis	The Companion Group	Amir Development Company	May 3, 2019	100,800
7701 Foothills Blvd (7651)	Roseville/Rocklin	-	Panattoni	-	66,367
1630 Terminal Street	West Sacramento	Superior Importers	Amir Development Company	-	42,400

SALE TRANSACTIONS | NOTABLE INDUSTRIAL SALES FOR Q2 2019

Property Address	Submarket	Buyer	Seller	Transaction Size	Sale Price
1221 Tara Ct	Rocklin	David Catechi	Davies-Torrance Trust	63,500	\$7,336,000
3725 Cincinnati Ave	Rocklin	Cincinnati LLC	Qualified Joan Y F Trust	86,697	\$7,241,000
4250 Town Center Blvd	Folsom/El Dorado	Monika Thompson	Tim Shannahan	89,000	\$6,350,000
900 National Drive	Natomas/Northgate	Danny Spangenberg	The Blackstone Group	60,394	\$4,872,171



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	92	2,566,898	7,316	0.29%	2,559,582	99.71%	65,252	67,302	0	\$0.48
Davis/Woodland	206	16,672,643	762,469	4.57%	15,910,174	95.43%	15,601	15,601	0	\$0.42
Downtown	83	2,817,023	80,054	2.84%	2,736,969	97.16%	(15,400)	0	0	\$0.72
East Sacramento	21	542,263	0	0.00%	542,263	100.00%	0	0	0	\$0.00
Elk Grove/Laguna	125	5,926,614	294,534	4.97%	5,632,080	95.03%	14,314	14,322	0	\$0.50
Folsom/El Dorado	139	4,360,552	206,903	4.74%	4,153,649	95.26%	73,391	111,083	0	\$0.76
Marysville/Yuba City	151	6,551,427	178,123	2.72%	6,373,304	97.28%	(137,200)	12,800	0	\$0.41
Mather	140	4,162,718	184,281	4.43%	3,978,437	95.57%	24,821	40,610	34,350	\$0.64
McClellan	298	14,043,951	543,668	3.87%	13,500,283	96.13%	(64,502)	7,185	462,737	\$0.67
Natomas/Northgate	229	12,856,254	672,495	5.23%	12,183,759	94.77%	(95,566)	211,293	0	\$0.64
NE Sacramento	196	5,049,117	221,656	4.39%	4,827,461	95.61%	(42,889)	26,972	0	\$0.77
Power Inn	576	24,405,110	1,071,336	4.39%	23,333,774	95.61%	(179,514)	241,579	250,000	\$0.99
Richards	84	3,944,198	26,718	0.68%	3,917,480	99.32%	55,630	56,703	0	\$0.47
Roseville/Rocklin	297	17,320,073	432,756	2.50%	16,887,317	97.50%	77,111	102,936	0	\$0.57
South Sacramento	124	4,053,007	972,301	23.99%	3,080,706	76.01%	(10,876)	23,800	0	\$0.82
Sunrise	347	10,344,548	311,867	3.01%	10,032,681	96.99%	10,917	51,052	22,184	\$0.63
West Sacramento	336	19,248,069	1,579,580	8.21%	17,668,489	91.79%	142,757	307,281	0	\$0.66
Total Industrial Market	3,444	154,864,465	7,546,057	4.87%	147,318,408	95.13%	(66,153)	1,290,519	769,271	\$0.68

*Average asking rates represented are triple net.

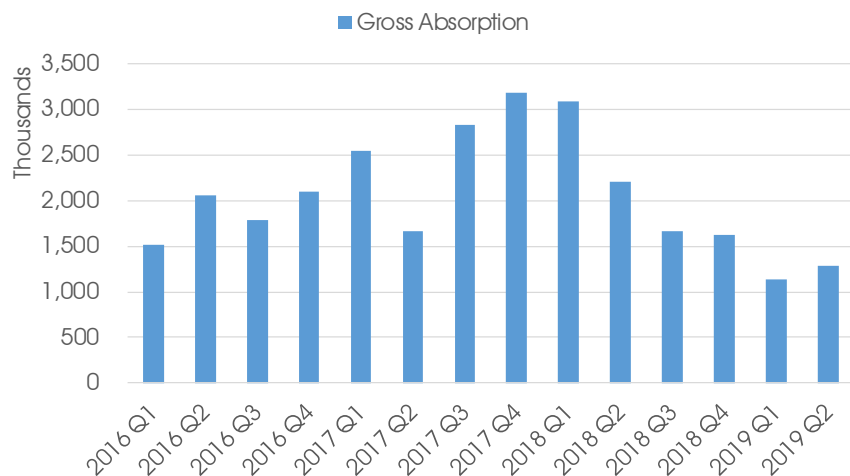
STATISTICS BY SUBMARKET

SACRAMENTO

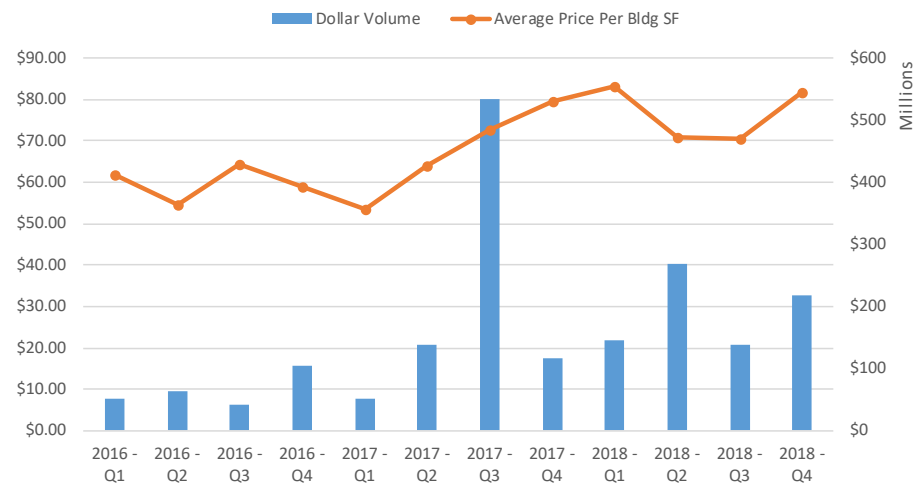
Industrial Type	Total Buildings	Net Rentable Square Feet	Vacant Square Feet	Vacancy Rate	Occupied Square Feet	Occupancy Rate	Qtr Net Absorption	Qtr Gross Absorption	Under Construction	Average Asking Rent
Manufacturing	341	23,380,755	1,289,334	5.51%	22,091,421	94.49%	109,318	128,398	250,000	\$0.40
Warehouse	2,901	124,595,104	5,328,747	4.28%	119,266,357	95.72%	(152,372)	1,094,157	513,871	\$0.67
Flex	202	6,888,606	927,976	13.47%	5,960,630	86.53%	(23,099)	67,964	0	\$0.92
Total Industrial Market	3,444	154,864,465	7,546,057	4.87%	147,318,408	95.13%	(66,153)	1,290,519	769,271	\$0.68

*Average asking rates represented are triple net.

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



ABOUT TRI COMMERCIAL

Since 1977, we have consistently proven that we come to the table with real-time knowledge of the opportunities and challenges our clients face. Our value is providing the expertise to help you seize the opportunities, overcome the challenges and complete your transaction. Our agents truly value the relationship more than the transaction. As a full-service brokerage firm, TRI Commercial has an industry specialist to match your specific needs. We provide complete tenant/landlord representation in leasing, as well as property acquisition and disposition services. We have a strong presence in San Francisco, Oakland, Walnut Creek, Sacramento, Rocklin and Roseville with direct access to every major office market in Northern California. Through our affiliation with CORFAC International, we also provide clients with national and international coverage. No matter what your requirements, you'll find a TRI agent who possesses the knowledge, expertise and commitment to fulfill all of your commercial real estate needs.

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