



Local Roots + Global Reach

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# SACRAMENTO INDUSTRIAL REPORT

## 3RD QUARTER 2020

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The Information in this document was obtained from sources we deem reliable; however, no warranty or representation, expressed or implied, is made as to the accuracy of the information contained herein. The market statistics represent properties that are 10,000 square feet or larger. This quarterly market report is a research document of TRI Commercial and may be found on our website at [www.tricommercial.com](http://www.tricommercial.com). CoStar was the main source of information used in this report.

# VACANCY & RENTS



## Sacramento Outlook

Industrial leasing activity in metropolitan Sacramento has picked up as of late, but thanks to a small handful of large move-outs and supply-driven pressure, vacancies have increased since descending to a record low in 19Q4. And further vacancy expansion may be on the horizon. The construction pipeline has nearly matched its highest level on record and includes a number of sizable spec projects. Moreover, the nation is in a recession thanks to the coronavirus pandemic.

Sacramento is home to an abundance of logistics product and proximity to major distribution hubs like East Bay, Reno, and Stockton. Numerous submarkets concentrated in the western half of the metro, including West Sacramento and Davis/Woodland, benefit from a variety of demand drivers. The area is home to the Port of West Sacramento, a deep-water inland port, while the Union Pacific Railroad operates adjacent to the port and runs through Roseville Yard, the largest rail facility on the West Coast. Interstate 80 and Interstate 5 also provide freeway access to other ma or metros surrounding Sacramento. Natomas/Northgate

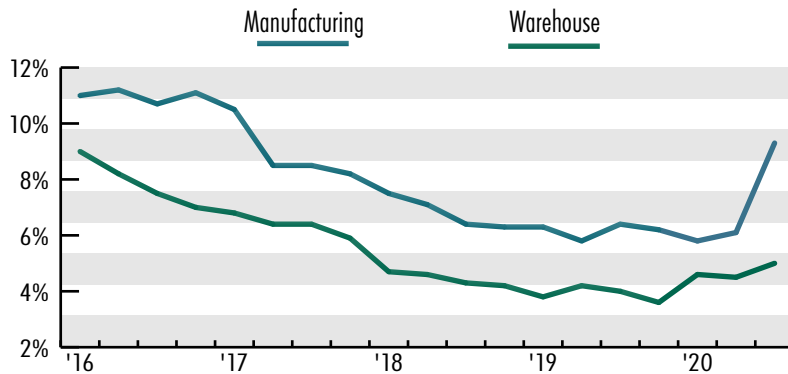
likewise offers freeway access to Interstate 5, but that submarket may be best known for the Metro Air Park, which lies adjacent to Sacramento International Airport.

Area landlords typically depend on local and regional tenants to buttress demand, but at the end of 2019, Walmart broke ground on a distribution center, and Amazon recently leased three metro locations. Outsized rent growth has been the norm for many years, and while no longer increasing at a double digit percentage, rent gains continue to rank near the top of the U.S.

The performance of the local sales market has been mixed in 2020. Sales volume has surpassed the metro's annual historical average and is similar to most recent years, while pricing remains near 2019's cyclical peak. But continuing a trend that began last year, deal flow has tumbled, and because of the pandemic-induced economic uncertainty, transaction volume is not likely to pick up in the near-term.

- Sacramento Outlook Provided by CoStar Group™

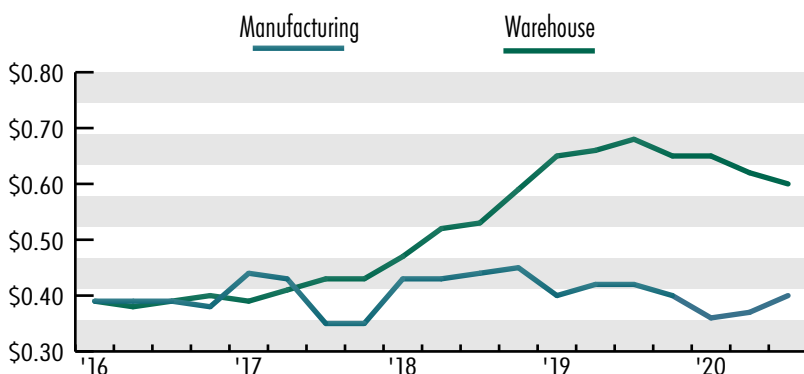
### VACANCY RATES BY PRODUCT | PHYSICALLY VACANT SPACE



Change in Vacancy (Qtr to Qtr)

**+18.75%**

### AVERAGE RENTAL RATES | TRIPLE NET

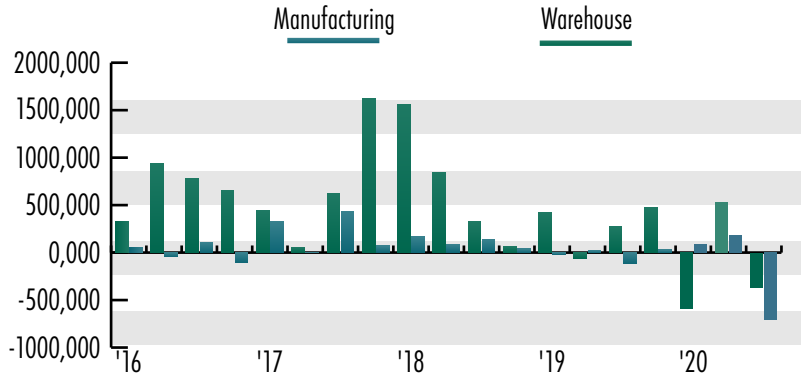


Change in Rents (Qtr to Qtr)

**-1.79%**

# NOTEWORTHY TRANSACTIONS

## NET ABSORPTION | BY TYPE



Transaction Activity (Quarter to Quarter)

 **+60.75%**

## LEASE TRANSACTIONS | NOTABLE INDUSTRIAL TRANSACTIONS

Property Address	Submarket	Date Signed	Square Feet Leased	Est. Lease Rate	Tenant
3771 Channel Dr	West Sacramento	Jul 1, 2020	199,156	\$1.00/SF	Dollar General
7701 Foothills Blvd	Roseville/Rocklin	Aug 12, 2020	149,900	-	McKesson
8670 Younger Creek Dr	Power Inn	Sep 1, 2020	107,217	\$0.53/SF, NNN	-
1105-1107 Terminal St	West Sacramento	Jul 1, 2020	61,560	-	Custombilt Metals
8110 Power Ridge Rd	Power Inn	Sep 1, 2020	57,100	\$0.40/SF, NNN	-

## SALE TRANSACTIONS | NOTABLE INDUSTRIAL TRANSACTIONS



3600 Massie Ct West Sacramento, CA 95691	5150 Florin Perkins Rd Sacramento, CA 95826	4461 Business Dr Shingle Springs, CA 95682	1501 Aviation Blvd Lincoln, CA 95648	1948 Hays Ln Woodland, CA 95776
West Sacramento Ind Submarket	Power Inn Ind Submarket	Folsom/El Dorado Ind Submarket	Roseville/Rocklin Ind Submarket	Davis/Woodland Ind Submarket
Sold Aug 6, 2020	Sold Sep 23, 2020	Sold Jul 16, 2020	Sold Aug 20, 2020	Sold Jul 20, 2020
±474,792 Total Sq. Ft.	±30,301 Total Sq. Ft.	±51,175 Total Sq. Ft.	±79,200 Total Sq. Ft.	±62,733 Total Sq. Ft.
\$25,600,000	\$6,800,000	\$6,599,000	\$6,492,000	\$5,332,500
\$53.92/Sq.Ft.	\$224.42/Sq.Ft.	\$128.95/Sq.Ft.	\$81.97/Sq.Ft.	\$85.00/Sq.Ft.



# STATISTICS BY SUBMARKET

\* Average Asking Rate Based on NNN

**Manufacturing/Warehouse**  
Avg. Sales Price Per SF (Year to Date)



**\$94.01/SF**

**Flex Industrial**  
Avg. Sales Price/SF (Year to Date)



**\$123.93/SF**

	Total Buildings	Net Rentable SF	Vacant SF	Vacancy Rate QTR	Net Absorption QTR	Gross Absorption	Under Construction SF	Average Asking Rate* (All Types)
Auburn/Newcastle	79	2,065,177	10,636	0.52%	19,500	19,500	0	\$0.68
Davis/Woodland	189	16,211,468	1,373,187	8.47%	(1,025,299)	110,312	78,520	\$0.38
Downtown	81	2,213,702	72,548	3.28%	(37,950)	0	0	\$0.79
East Sacramento	22	550,941	22,000	3.99%	-	-	0	-
Elk Grove/Laguna	119	5,821,239	143,292	2.46%	87,238	103,914	111,489	\$0.52
Folsom/El Dorado	104	3,099,326	79,737	2.57%	(748)	4,724	0	\$0.75
Mather	125	3,768,681	116,538	3.09%	53,813	66,813	0	\$0.75
McClellan	299	13,995,425	559,648	4.00%	260,278	451,668	339,635	\$0.63
Natomas/Northgate	192	5,049,967	267,453	5.30%	(59,231)	2,000	0	\$0.75
NE Sacramento	204	12,678,356	571,603	4.51%	(218,583)	104,270	2,235,286	\$0.61
Power Inn	575	24,733,044	1,461,765	5.91%	(365,745)	211,462	55,611	\$0.61
Richards	82	3,672,644	200,815	5.47%	(129,647)	47,353	0	\$0.53
Roseville/Rocklin	279	16,454,231	605,770	3.68%	24	77,085	149,900	\$0.56
South Sacramento	122	4,011,743	962,885	24.00%	6,690	11,240	0	\$0.27
Sunrise	401	11,688,372	550,749	4.71%	45,444	160,331	185,251	\$0.75
West Sacramento	332	19,545,159	1,342,965	6.87%	263,281	391,309	854,161	\$0.64
Manufacturing	334	22,517,531	2,091,011	9.29%	(712,352)	74,543	622,516	\$0.40
Warehouse	2,800	121,187,207	6,038,057	4.98%	(367,847)	1,658,626	3,387,337	\$0.60
<b>Market Totals</b>	<b>3,134</b>	<b>143,704,738</b>	<b>8,129,068</b>	<b>5.66%</b>	<b>(1,080,199)</b>	<b>1,733,169</b>	<b>4,009,853</b>	<b>\$0.61</b>

THESE STATISTICS ENCOMPASS THE ENTIRE SURVEY, WHICH INCLUDES ALL INDUSTRIAL CLASS TYPES 10,000 SQUARE FEET AND LARGER.