

# Q4 OFFICE MARKET REPORT

## MARKET OVERVIEW

The Sacramento office market finished 2021 with mixed responses. The market showed signs of recovery and some stationary metrics. The vacancy rate remained relatively level with the previous quarter at 13.9% having only increased by 0.03%. Demand has yet to recover, as annual negative net absorption totaled 254,822 SF in 2021 with approximately 98,000 SF additional negative absorption in Q4 2021. Still, market activity has improved as tenants have a much better idea of their future real estate needs. Unemployment rates for Sacramento County fell to 5.8%, a 3% decrease from the previous year. Placer County experienced a 2.2% decrease and El Dorado County a 3% decrease. We continue to see growth in the financial services, professional services, and information technology sectors. All these industries have shown year-over-year increases, of 2.3%, 5.3%, and 7.6%, respectively. Average lease rates continue to remain level across all submarkets at \$1.94/SF, full service; a growth of \$0.01/SF from Q3 2021. The highest lease rates reported remain in the Downtown submarket at \$2.93/SF, Midtown/East Sacramento submarket at \$2.32/SF and El Dorado Hills at \$1.94/SF. Regional sales volume was less than \$100 Million in Q1, but experienced a steady increase throughout the year, and ended strong with \$250 Million assets transferred in Q4.

*Source: US Bureau of Labor Statistics and CoStar*