

FIGURES | SACRAMENTO OFFICE | Q2 2026

Positive net absorption extends long awaited recovery trend

▼ 18.3%

Vacancy Rate

▼ 37,397

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 36,271

SF Under Construction

▲ \$2.15

FSG/MTH Direct Lease Rate

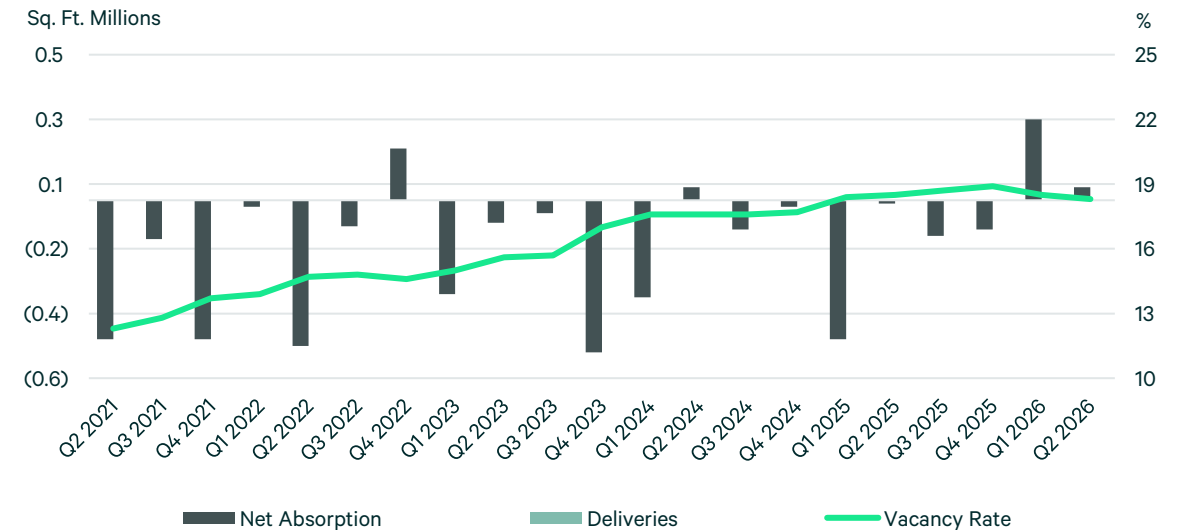
Note: Arrows indicate change from previous quarter.

Market Overview

By Q2 2026, the market continued to post modest gains, supported by positive absorption and tightening vacancy. Quarterly net absorption measured 37,000 sq. ft., down from 253,000 sq. ft. in Q1 2026 but improved from negative 15,000 sq. ft. in Q2 2025. Vacancy decreased 20 basis points (bps) quarter-over-quarter to 18.3%, while availability declined 60 bps from Q1 2026 to 22.9%. Average asking rents increased 0.9% quarter-over-quarter but remained 4.9% below Q2 2025 levels.

In Q2 2026, market conditions remained stable as positive net absorption extended into a second consecutive quarter. The market recorded 37,000 sq. ft. of occupancy gains, a slower pace than the strong first quarter but an improvement from the negative absorption posted one year earlier. Vacancy declined to 18.3%, its lowest level in several quarters, while availability tightened to 22.9%, reflecting gradual improvement in new tenant demand. Leasing activity was concentrated along the Highway 50 corridor, highlighted by a new 52,000 sq. ft. government lease at 10730 International Drive in Rancho Cordova. Additional leases included a 13,000 sq. ft. commitment by JB&A Distribution in Folsom and several smaller transactions in Downtown Sacramento. While leasing momentum continued to support occupancy gains, overall market recovery remained gradual as tenants continued to evaluate long-term space needs. Looking ahead, the state's July 1 return-to-office mandate may support increased office utilization, particularly in Downtown Sacramento and government-oriented submarkets.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

Vacancy

In Q2 2026, total vacancy in Class A buildings increased 50 bps quarter-over-quarter driven in part to a 28,000 sq. ft. vacancy added at 2020 W. El Camino Avenue, to 20.6%, while Class B vacancy fell 50 bps QoQ to 16.5%. Class C vacancy decreased to 17.6%, down 60 bps on the quarter, leaving Class B as the tightest segment despite continued improvement in Class C space.

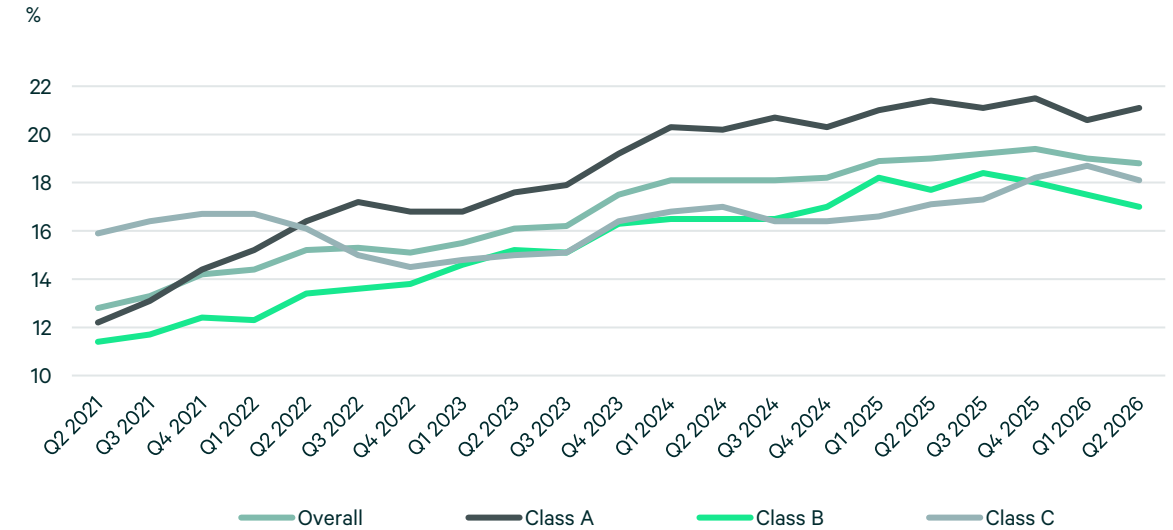
Major submarkets, including the Hwy 50 Corridor and Point West / Tribute Rd, continued to carry elevated vacancy burdens. Along the Hwy 50 Corridor, overall vacancy reached 26.7%, while Point West / Tribute Rd posted 23.2% and South Natomas recorded the market's highest vacancy rate at 28.5%. By contrast, West Sacramento remained the tightest submarket at 1.4% overall vacancy with just 18,000 sq. ft. of direct vacant space, while Elk Grove / Galt and East Sacramento followed at 5.3% and 5.5%, respectively. Sublease space remained limited throughout the market, totaling 358,000 sq. ft. metro-wide. Class B accounted for the largest share of available sublease space, with sublease vacancy measuring 1.0%, compared with 0.7% in Class A and 0.2% in Class C.

Asking Rent

The overall average direct asking lease rate in Q2 2026 was \$2.15 FSG, up 0.9% quarter-over-quarter from \$2.13 FSG but down 4.9% year-over-year from \$2.26 FSG. Class A office asking rents were essentially unchanged over the quarter, slipping from \$2.47 FSG to \$2.46 FSG, and were 2.8% below Q2 2025 levels. By contrast, overall asking rates were supported by gains in lower-priced product, with Class B and Class C space continuing to provide cost-conscious alternatives to premium Class A offerings.

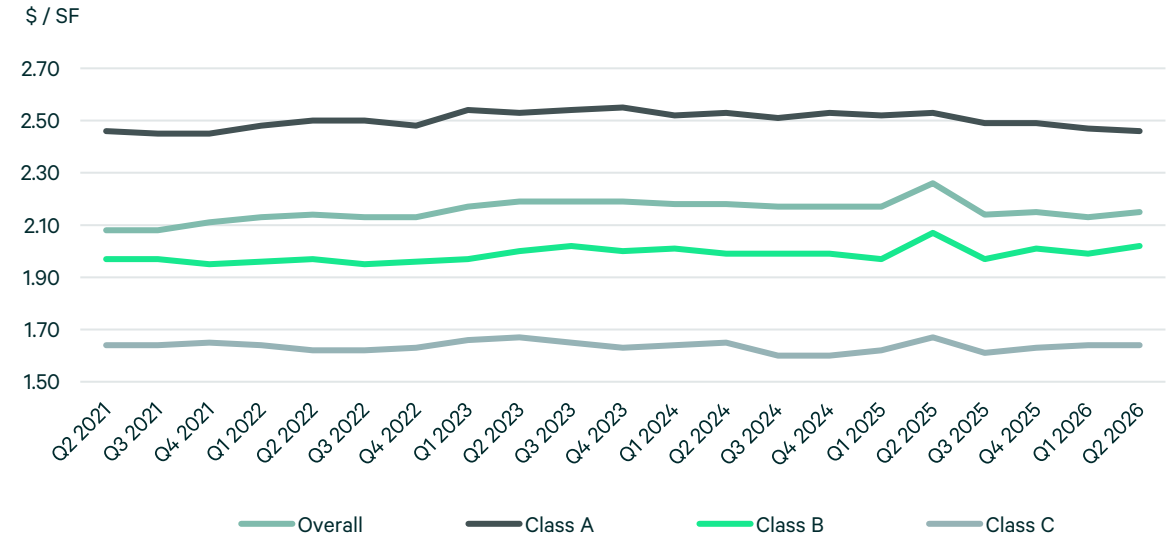
The Midtown submarket had the highest average direct asking rate for Class A space at \$3.60 FSG, followed by Campus Commons at \$3.25 FSG and Downtown at \$3.18 FSG. Elk Grove / Galt also commanded above-market Class A rents at \$2.85 FSG. On the lower-cost side, Class B space in Citrus Heights / Orangevale averaged \$1.59 FSG, while Carmichael / Fair Oaks and Watt Ave / Auburn Blvd offered average Class B asking rates of \$1.60 FSG and \$1.62 FSG, respectively. Additional value-oriented options were available in the Hwy 50 Corridor at \$1.79 FSG and West Sacramento, where average asking rates measured \$1.78 FSG for Class B space and \$1.75 FSG for Class C space, well below pricing in the urban core.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q2 2026

Net Absorption

Total net absorption in Q2 2026 was 37,000 sq. ft., below the 253,000 sq. ft. recorded in Q1 2026 but an improvement from the negative 14,000 sq. ft. posted in Q2 2025. Class A recorded negative 129,000 sq. ft. of net absorption after contributing 203,000 sq. ft. in the prior quarter, while Class B and Class C posted positive net absorption of 97,000 sq. ft. and 70,000 sq. ft., respectively, offsetting losses in the Class A segment and extending the market's positive absorption trend.

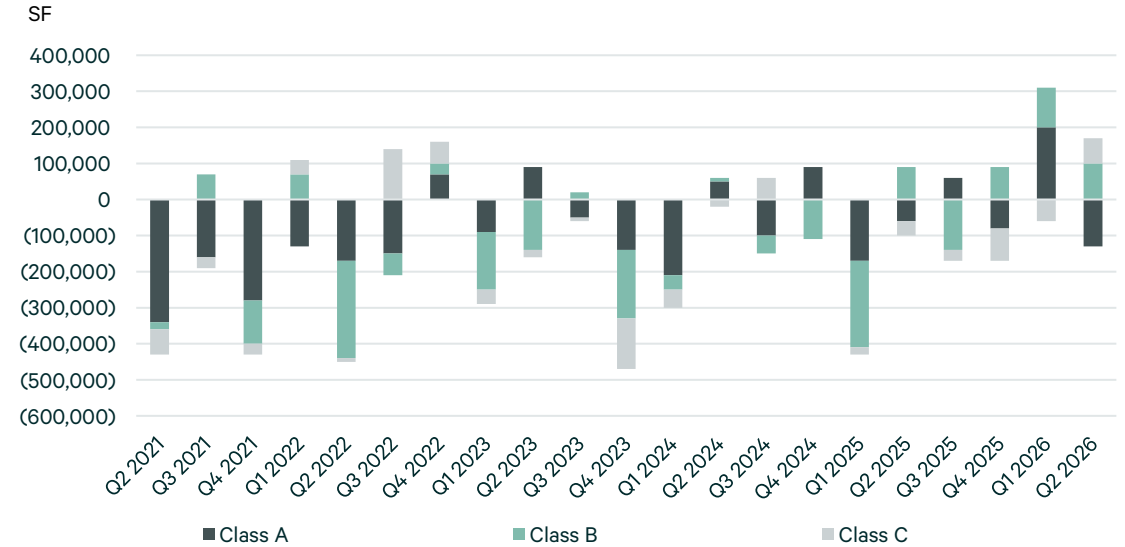
Positive net absorption in Q2 2026 was concentrated primarily in the Hwy 50 Corridor, where two separately tracked submarket segments posted gains of 87,000 sq. ft. and 47,000 sq. ft., respectively. Negative net absorption was led by Downtown at negative 127,000 sq. ft. and South Natomas at negative 88,000 sq. ft., with remaining submarkets generally posting comparatively limited movements, both positive and negative.

Leasing Activity

Leasing activity totaled 449,000 sq. ft. in Q2 2026, compared with 515,000 sq. ft. in Q1 2026 and 738,000 sq. ft. in Q2 2025. This translated to a decline of 66,000 sq. ft., or 12.8%, quarter-over-quarter and 289,000 sq. ft., or 39.2%, year-over-year. Class A leasing accounted for 187,000 sq. ft. of activity, while Class B totaled 262,000 sq. ft., representing 58.4% of quarterly volume.

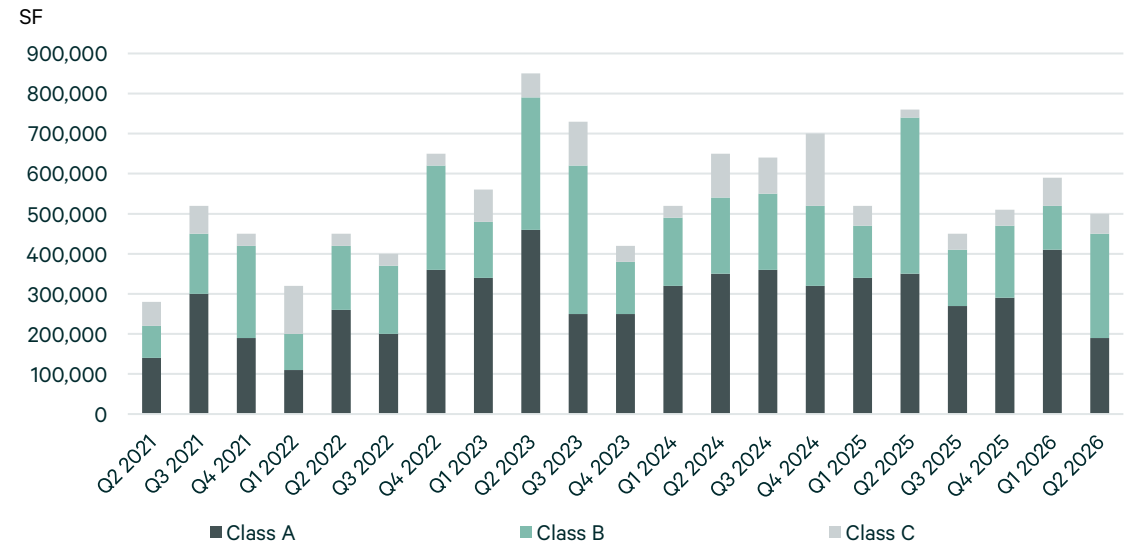
The Hwy 50 Corridor was the most active submarket in Q2 2026 with 119,000 sq. ft. of leasing activity, followed by Roseville / Rocklin at 91,000 sq. ft. Downtown Sacramento and Folsom also recorded notable leasing activity during the quarter. Notable transactions included Agilent's 66,000 sq. ft. renewal at 91 Blue Ravine Road in Folsom, one of the largest leases completed during the quarter.

Figure 4: Net Absorption Trend



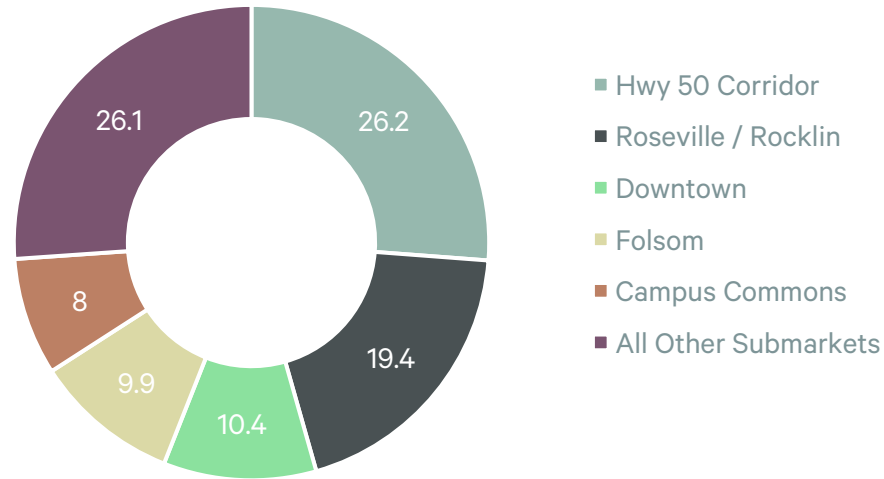
Source: CBRE Research, Q2 2026

Figure 5: Leasing Activity Trend



Source: CBRE Research, Q2 2026

Figure 6: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 7: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Agilent Technologies	66,000	Renewal	91 Blue Ravine	Folsom
U.S. GSA - NOAA	52,000	New Lease	10730 International Dr	Hwy 50 Corridor
Shingle Springs Band of Miwok Indians	26,000	Renewal	2031 Howe Ave	Howe Avenue/Fulton Avenue
Dignity Health Medical Foundation	22,000	Renewal	9394 Big Horn Blvd	Elk Grove / Galt
JB&A Distribution	13,000	New Lease	180 Blue Ravine Rd	Folsom
Confidential Tenant	13,000	Renewal	10860 Gold Center Dr	Hwy 50 Corridor
ExamWorks, LLC a Delaware	12,000	Renewal	11010 White Rock Rd	Hwy 50 Corridor
Mark Thomas	12,000	Renewal	701 University Ave	Campus Commons
LaFollette Johnson	10,000	Renewal	655 University Ave	Campus Commons

Source: CBRE Research, Q2 2026

Market Statistics by Submarket

Figure 8

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate	Class A Asking Rent (\$/SF FSG/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Campus Commons	1.30	10.7	12.3	11.2	1.1	2.31	3.25	(1,000)	13,000	-	-
Carmichael / Fair Oaks	0.40	8.2	12.6	12.6	-	1.72	1.75	(14,000)	(16,000)	-	-
Citrus Heights / Orangevale	1.02	16.4	17.1	17.1	-	1.37	-	22,000	31,000	-	-
Downtown	9.69	18.5	23.0	22.6	0.4	2.90	3.18	(117,000)	72,000	-	-
East Sacramento	0.93	5.5	7.4	7.4	-	2.31	-	11,000	11,000	-	-
Elk Grove / Galt	1.11	5.3	8.1	6.5	1.6	2.58	2.85	-	-	-	-
Folsom	2.73	15.3	21.5	20.8	0.7	2.29	2.43	17,000	(21,000)	-	-
Howe Avenue/Fulton Avenue	2.08	16.6	21.0	20.8	0.2	1.75	1.87	8,000	9,000	-	-
Hwy 50 Corridor	11.39	26.7	29.7	28.7	0.9	1.76	2.01	134,000	128,000	-	-
Midtown	1.33	16.3	20.8	18.2	2.6	2.45	3.60	28,000	17,000	-	-
Northgate/Natomas	2.77	14.0	32.8	18.2	14.5	1.80	2.28	8,000	51,000	-	-
Point West / Tribute Rd	2.09	23.2	27.9	27.9	-	2.10	2.14	-	2,000	-	-
Roseville / Rocklin	7.57	13.5	17.1	14.7	2.3	2.14	2.22	27,000	42,000	-	-
South Natomas	3.32	28.5	35.0	34.2	0.7	2.29	2.35	(88,000)	(115,000)	-	-
South Sacramento	1.84	11.1	14.7	14.4	0.3	1.62	2.00	8,000	8,000	-	-
Watt Ave / Auburn Blvd	1.34	18.3	21.5	21.4	0.1	1.56	-	(2,000)	13,000	-	-
West Sacramento	1.31	1.4	2.1	2.1	-	1.76	-	(5,000)	45,000	-	36,000
Total	52.21	18.3	22.9	21.3	1.6	2.15	2.46	37,000	290,000	-	36,000

Source: CBRE Research, Q2 2026

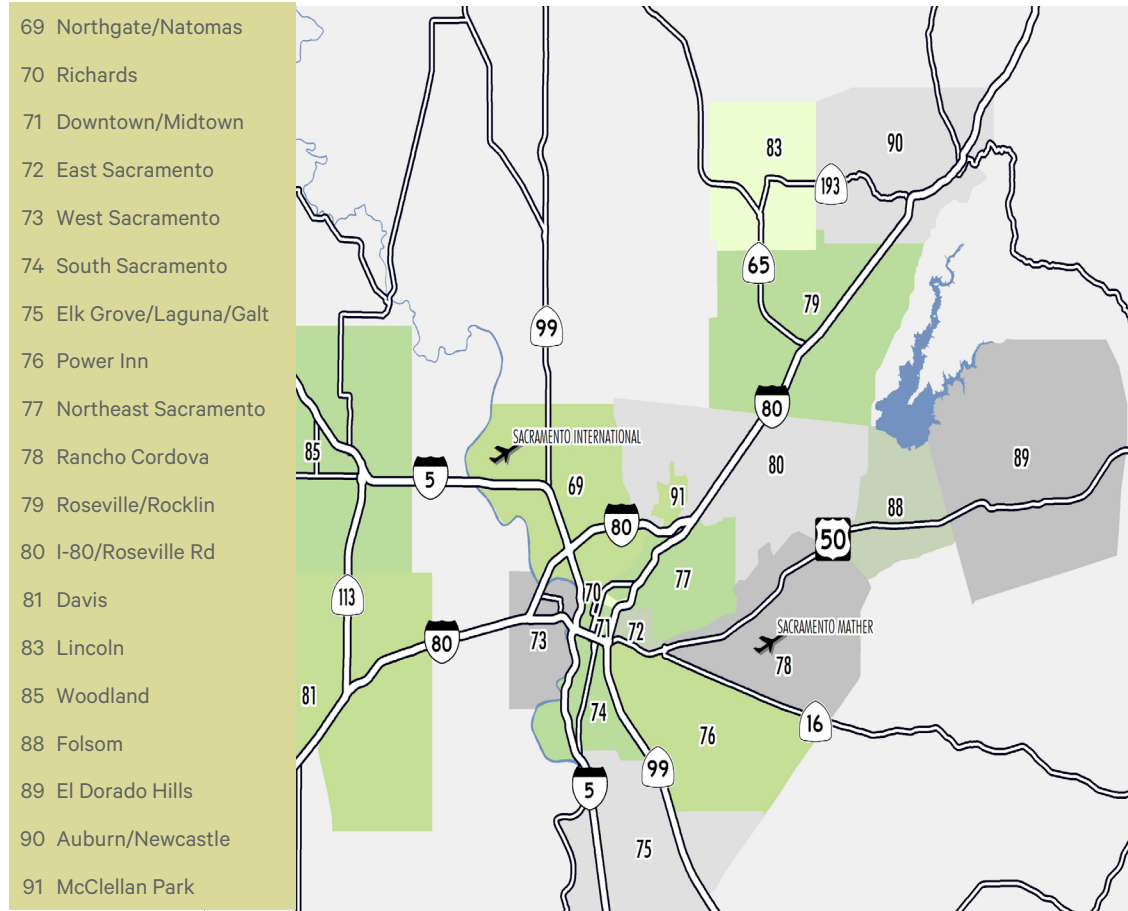
Market Statistics by Class

Figure 9: Metro Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	20.60	20.6	27.2	24.6	2.6	2.46	(129,000)	74,000	-	36,000
Class B	19.91	16.5	20.0	18.7	1.3	2.02	97,000	206,000	-	-
Class C	11.71	17.6	20.3	20.1	0.3	1.64	70,000	10,000	-	-
Total	52.21	18.3	22.9	21.3	1.6	2.15	37,000	290,000	-	36,000

Source: CBRE Research, Q2 2026

Market Area Overview



Source: CBRE Research, Location Intelligence

Definitions

Average Asking Rate Direct Monthly Lease Rates., Triple Net (NNN). Availability All existing space being marketed for lease. Total Vacancy Rate Direct Vacancy + Sublease Vacancy.

CBRE's market report analyzes existing single- and multi-tenant industrial buildings that total 5,000+ sq. ft. within defined submarkets, including owner-occupied buildings. CBRE assembles all information through telephone canvassing, third-party vendors, and listings received from owners, tenants and members of the commercial real estate brokerage community.

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