Availability Rises as Negative Absorption Extends Into Second Quarter

▲ 7.0%
Availability Rate

▲ -299K
SF Net Absorption

▲ 123K
SF Completions

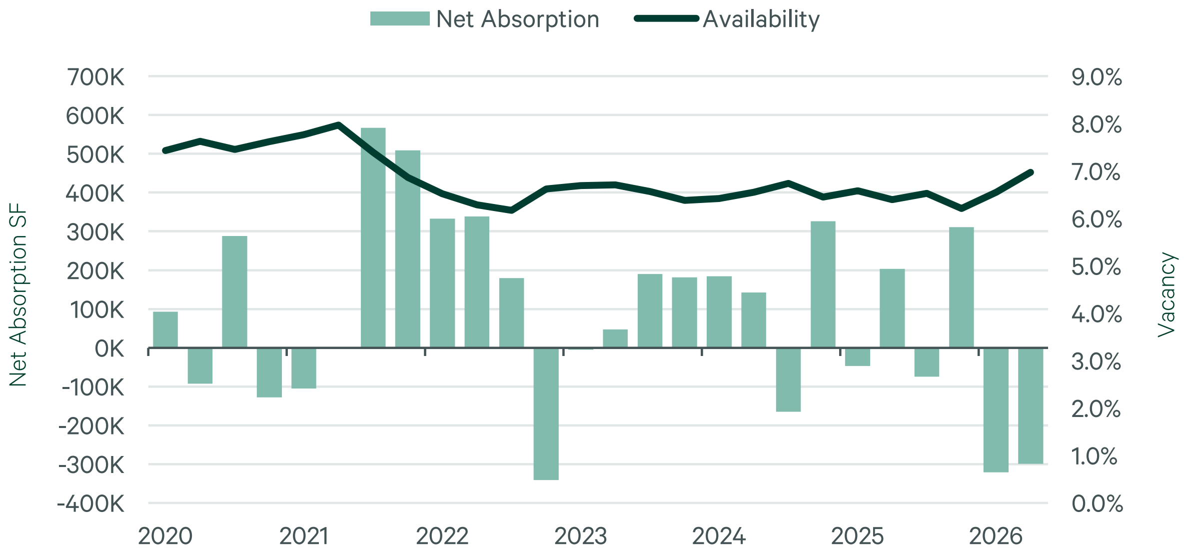
▼ $1.50
NNN / Lease Rate
Existing Properties

▼ 96.1K
Retail Using Employment
Greater Sacramento Region

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- Sacramento's retail inventory reached 93.5 million sq. ft. in Q2 2026, with 123,000 sq. ft. of new space delivering during the quarter, concentrated in the Laguna/Elk Grove submarket.
- Market availability rose to 7.0%, driven by 299,000 sq. ft. of negative net absorption in Q2 2026, bringing the year-to-date total to -620,000 sq. ft.
- The overall average asking rate edged down $0.01 from the prior quarter to $1.50 per sq. ft. on a monthly NNN basis, remaining above the year-ago level of $1.47.
- Investment sales activity continued in Q2 2026, highlighted by Curbline Properties' acquisitions in Roseville and Citrus Heights.
- Submarket performance diverged markedly, with Folsom/El Dorado Hills and Laguna/Elk Grove posting availability below 3.5%, while Orangevale remained elevated at 25.7%.



Source: CBRE Research, Q4 2025

RETAIL OVERVIEW

The Sacramento retail market totaled 93.5 million sq. ft. of inventory at the close of Q2 2026, reflecting a notable increase from the prior quarter as 123,000 sq. ft. of new retail space delivered during the quarter. Overall market availability measured 7.0% in Q2 2026, rising from 6.6% in the prior quarter and extending the trend of softening occupancy that began earlier in the year. Availability conditions varied sharply by submarket. The tightest markets were Folsom/El Dorado Hills (3.0%), Laguna/Elk Grove (3.2%), and Citrus Heights (4.9%), where grocery-anchored and necessity-based centers continued to drive stable occupancy.

Average net asking rents across Sacramento softened modestly to $1.50 NNN in Q2 2026, edging down $0.01 from the first quarter. Despite the slight quarter-over-quarter decline, rents remained above the year-ago level of $1.47 NNN in Q2 2025. Stronger pricing was sustained in well-located suburban submarkets, including Midtown ($2.87), Laguna/Elk Grove ($2.25), and Folsom/El Dorado Hills ($2.16), while more economical corridors continued to weigh on the market-wide average.

Net absorption totaled -299,000 sq. ft. in Q2 2026, extending the negative trend from the first quarter and bringing the year-to-date total to -620,000 sq. ft. The contraction was driven primarily by occupancy losses in Orangevale (-330,000 sq. ft.), which significantly impacted market-wide results. Partially offsetting these losses, Laguna/Elk Grove (+108,000 sq. ft.), South Sacramento (+59,000 sq. ft.), and Hwy 50/Rancho Cordova (+48,000 sq. ft.) posted positive net absorption, reflecting continued leasing activity in well-positioned necessity-based centers.

Looking ahead, the Sacramento retail market faces near-term headwinds from elevated availability and sustained negative absorption in select submarkets. However, supply remains constrained, with limited new construction in the pipeline, and tenant interest in well-located suburban centers continues to provide a stabilizing influence. Performance divergence between high-demand, grocery-anchored submarkets and older, higher-vacancy corridors is expected to persist, reinforcing the importance of asset positioning and trade area fundamentals in driving leasing outcomes through the balance of 2026.

FIGURE 2: Submarket Statistics

Submarket/Market	NRA	Completions	Net Absorption	Availability	Avg. Asking NNN	Completions YTD	Net Abs. YTD
Arden / Watt / Howe	9.4M	0.0K	-69.0K	9.5%	$1.79	3.0K	-165.0K
Auburn	4.3M	0.0K	-2.0K	5.1%	$1.56	0.0K	-10.0K
Carmichael	3.3M	0.0K	11.0K	9.9%	$1.41	0.0K	79.0K
Citrus Heights	5.6M	0.0K	-17.0K	4.9%	$1.58	0.0K	-50.0K
Downtown	3.2M	0.0K	-15.0K	6.9%	$2.00	0.0K	0.0K
Folsom / El Dorado Hills	6.8M	0.0K	12.0K	3.0%	$2.16	5.0K	28.0K
Greenhaven / Pocket	0.6M	0.0K	1.0K	6.4%	$2.00	0.0K	6.0K
Hwy 50 / Rancho Cordova	5.7M	0.0K	48.0K	11.5%	$1.42	0.0K	-39.0K
Laguna / Elk Grove	9.0M	123.0K	108.0K	3.2%	$2.25	123.0K	101.0K
Midtown	1.1M	0.0K	-2.0K	5.0%	$2.87	0.0K	-10.0K
North Highlands	3.8M	0.0K	-1.0K	5.4%	$1.52	0.0K	44.0K
Northgate / Natomas	5.0M	0.0K	-16.0K	5.9%	$1.38	0.0K	-50.0K
Orangevale	3.9M	0.0K	-330.0K	25.7%	$1.12	0.0K	-352.0K
Rocklin	4.1M	0.0K	-57.0K	4.1%	$1.93	0.0K	-77.0K
Roseville	12.1M	0.0K	-9.0K	4.7%	$1.87	0.0K	-77.0K
South Sacramento	11.0M	0.0K	59.0K	7.3%	$1.40	4.0K	-15.0K
West Sacramento / Davis	4.6M	0.0K	-20.0K	6.5%	$1.46	4.0K	-33.0K
Sacramento	**93.5M**	**123.0K**	**-299.0K**	**7.0%**	**$1.50**	**139.0K**	**-620.0K**

Center Type	NRA	Completions	Net Absorption	Availability	Avg. Asking NNN	Completions YTD	Net Abs. YTD
Lifestyle & Mall	6.7M	3.0K	-345.0K	13.8%	$1.16	6.0K	-349.0K
Neighborhood, Community & Strip	44.6M	120.0K	185.0K	8.3%	$1.56	124.0K	72.0K
Power	10.5M	0.0K	-116.0K	6.3%	$1.32	0.0K	-269.0K
Free Standing/Other	31.8M	0.0K	-23.0K	3.9%	$1.67	9.0K	-74.0K

Source: CBRE Research, Q2 2026

FIGURE 3: Notable Lease Transactions

Tenant	Address	SF Leased	Type
EAS Entertainment	5229 Hazel Ave Fair Oaks	21,829	New Lease
Citi Trends	5211 Fruitridge Rd Sacramento	11,893	Renewal
All Dogs Unleashed	435 Blue Ravine Rd	5,600	New Lease

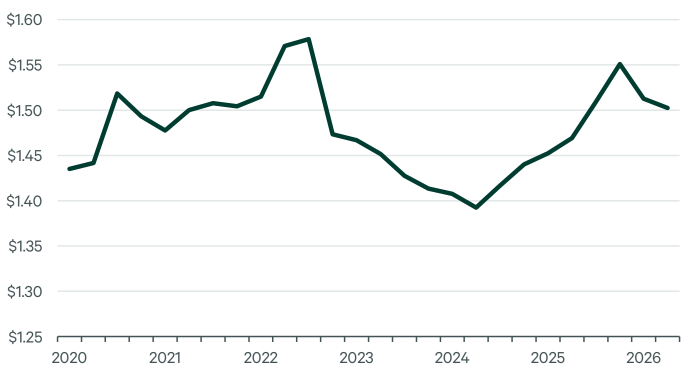
Source: CBRE Research, Q2 2026

FIGURE 4: Notable Sale Transactions

Buyer	Address	SF Sold	Sale Price
Brentwood Developments	2590 Bell R Auburn	46,466	$10.4M
Curbline Properties	9213 Sierra College Blvd Roseville	20,213	$9.5M
Curbline Properties	5500 Sunrise Blvd Citrus Heights	15,349	$8.7M

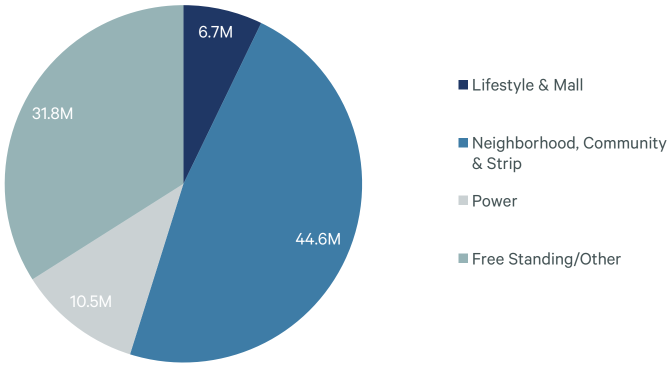
Source: CBRE Research, Q2 2026

FIGURE 5: Lease Rates (per sq. ft., monthly, NNN)



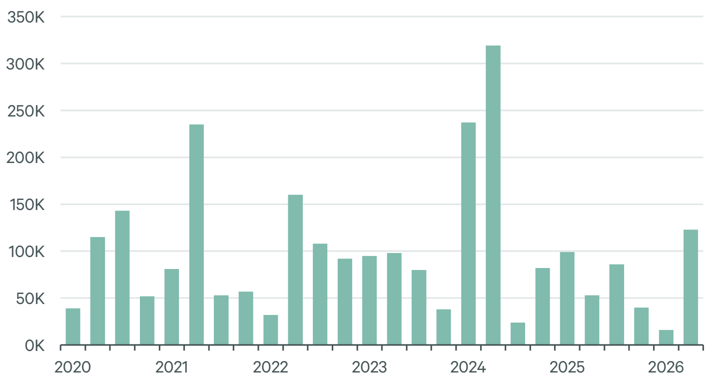
Source: CBRE Research, Econometric Advisors, Q2 2026

FIGURE 6: Retail Stock by Center Type



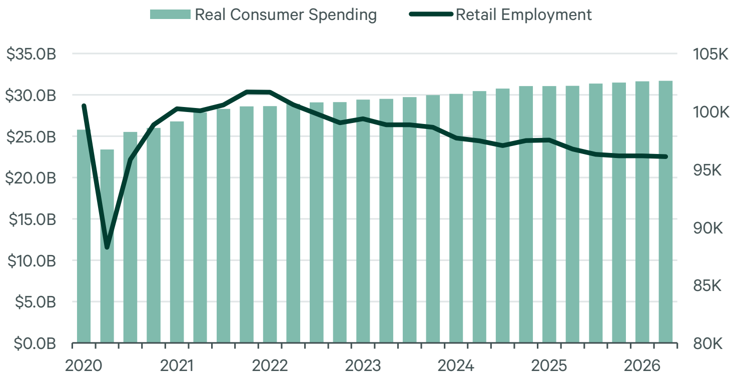
Source: CBRE Research, Econometric Advisors, Q2 2026

FIGURE 7: Construction Completions



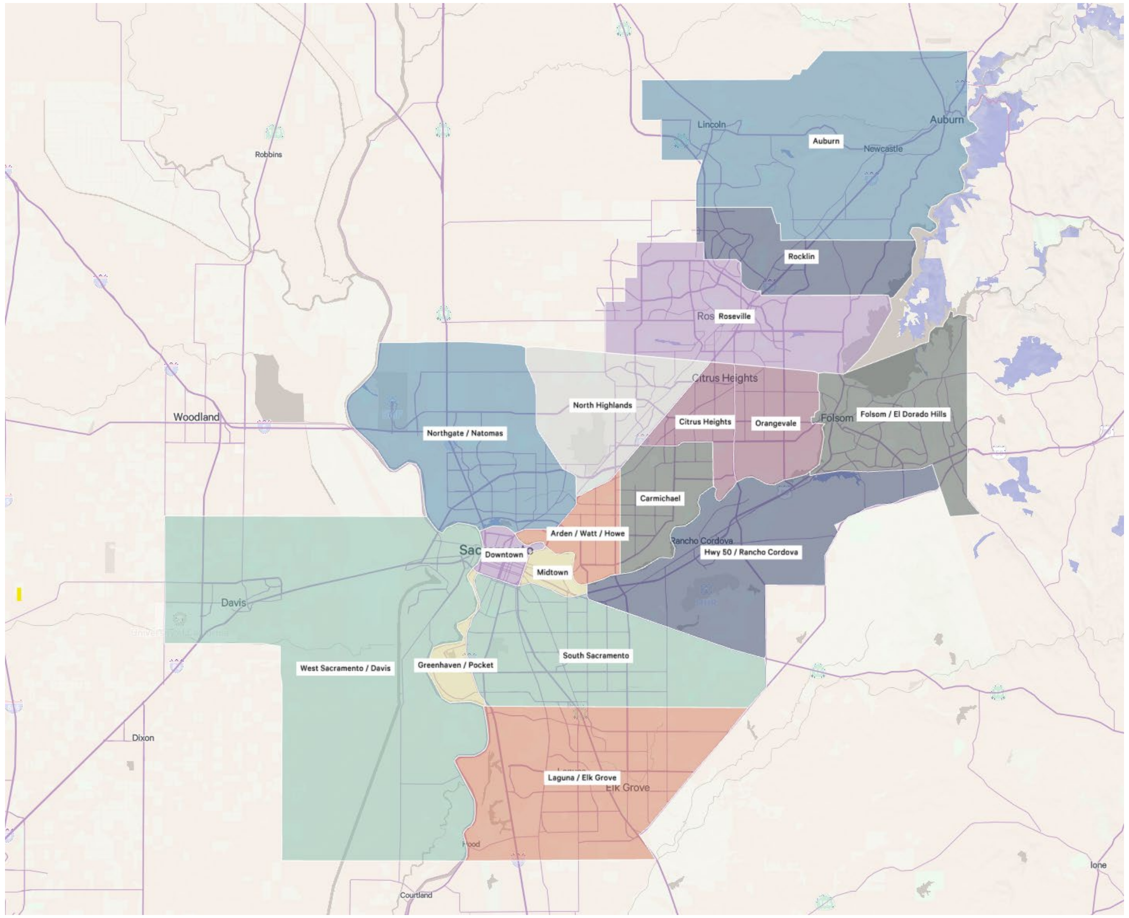
Source: CBRE Research, Econometric Advisors, Q2 2026

FIGURE 8: Consumer Spending & Retail Employment Sacramento MSA



Source: CBRE Research, Oxford Economics, Q2 2026

Submarket Map



Source: CBRE Research, Econometric Advisors, Location Intelligence

Definitions

Average Asking Rate Direct Monthly Lease Rates, 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 retail buildings that total 20,000+ sq. ft., excluding malls. 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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