

FIGURES | SACRAMENTO OFFICE | Q3 2026

Third consecutive quarter of positive absorption supports market stabilization



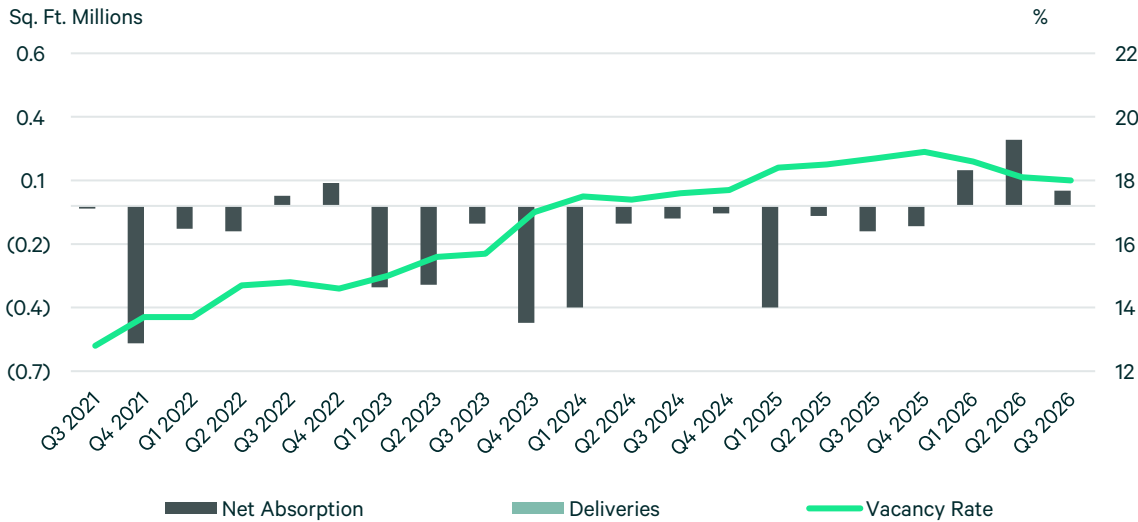
Note: Arrows indicate change from previous quarter.

Market Overview

In Q3 2026, market conditions remained stable as the Sacramento office market recorded a third consecutive quarter of positive net absorption. The market posted 65,000 sq. ft. of occupancy gains, extending the recovery trend established earlier in the year, while vacancy declined 10 basis points (bps) quarter-over-quarter to 18.0%. Availability increased slightly to 23.0%, reflecting continued tenant caution despite steady leasing activity. Leasing volume totaled 630,000 sq. ft., supported by several larger transactions in Roseville/Rocklin, Folsom, and Downtown Sacramento.

While tenant demand remained active, occupancy growth slowed from the stronger gains recorded in the first half of the year. Asking rents softened modestly to \$2.11 FSG, down from \$2.14 FSG in Q2 2026, as landlords continued to compete for tenants in a high-vacancy environment. Construction activity remained limited, with a single 36,000-sq.-ft. office project underway in West Sacramento and no new deliveries during the quarter. Looking ahead, continued return-to-office initiatives and a lack of speculative development may support further gradual improvement in market fundamentals.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research

Vacancy

In Q3 2026, vacancy levels improved modestly across Sacramento's office market. Class A vacancy declined 20 bps quarter-over-quarter to 19.9%, while Class B vacancy remained unchanged at 16.4%. Class C vacancy decreased 10 bps to 17.4%, leaving Class B as the market's tightest property segment.

The Hwy 50 Corridor continued to record the market's highest vacancy rate at 26.6%, followed by South Natomas at 26.2%, reflecting the concentration of available space in larger suburban office clusters. Conversely, West Sacramento remained the tightest submarket at 1.6% overall vacancy, while Elk Grove/Galt followed at 5.3%. Sublease space remained limited throughout the region, totaling approximately 340,000 sq. ft. metro-wide.

Asking Rent

The overall average direct asking lease rate in Q3 2026 was \$2.11 FSG, down 1.4% quarter-over-quarter from \$2.14 FSG and slightly below the \$2.14 FSG recorded one year earlier. Class A asking rents averaged \$2.42 FSG during the quarter, continuing to command a significant premium over lower-tier office product despite modest softening in the broader market. Overall asking rents remained relatively stable as landlords balanced occupancy goals with competitive market conditions.

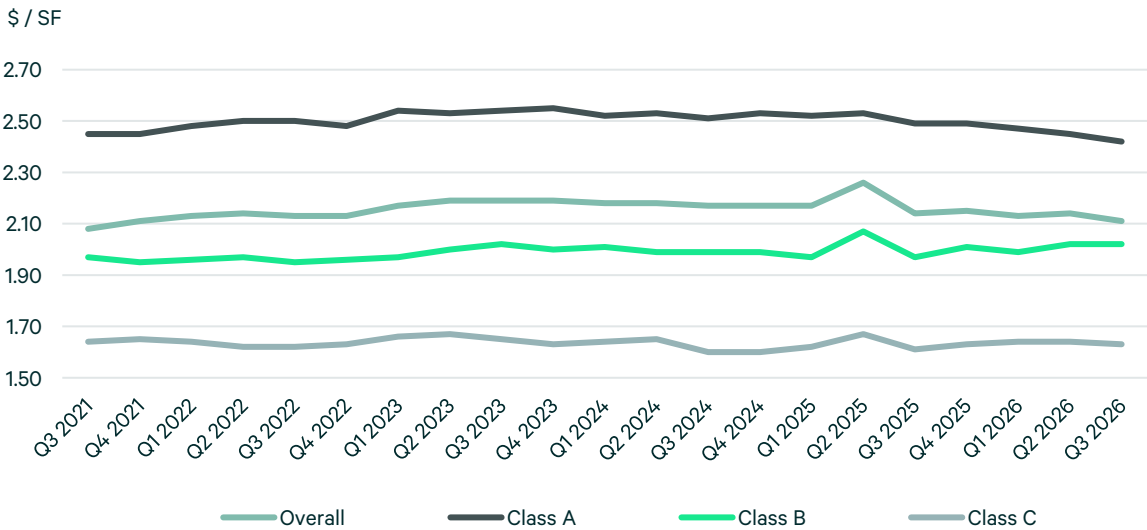
The Midtown submarket posted the highest overall asking rate at \$2.84 FSG, followed by Campus Commons at \$2.63 FSG, Elk Grove/Galt at \$2.62 FSG, and Downtown Sacramento at \$2.61 FSG. More economical alternatives remained available throughout the suburban market, including Citrus Heights/Orangevale at \$1.47 FSG, South Sacramento at \$1.61 FSG, Carmichael/Fair Oaks at \$1.68 FSG, and Howe Avenue/Fulton Avenue at \$1.72 FSG. Additional value-oriented options were available in the Hwy 50 Corridor and West Sacramento, where average asking rents remained below \$1.80 FSG.

Figure 2: Vacancy Rates by Class



CBRE Research

Figure 3: Average Direct Asking Rate by Class



CBRE Research

Net Absorption

Total net absorption in Q3 2026 was 65,000 sq. ft., extending the market's streak of positive occupancy growth to three consecutive quarters. Although below the 260,000 sq. ft. absorbed in Q2 2026, quarterly demand remained substantially improved from the negative 99,000 sq. ft. recorded in Q3 2025. Class A led absorption gains with 50,000 sq. ft., while Class B and Class C contributed 2,000 sq. ft. and 13,000 sq. ft., respectively.

Point West/Tribute Road recorded the strongest absorption performance in Q3 2026 with 42,000 sq. ft. of occupancy gains, followed by Watt Avenue/Auburn Boulevard at 24,000 sq. ft. Additional positive absorption was recorded in the Hwy 50 Corridor at 19,000 sq. ft. and Northgate/Natomas at 15,000 sq. ft. Negative absorption was led by Howe Avenue/Fulton Avenue at negative 28,000 sq. ft. and Campus Commons at negative 8,000 sq. ft., while most remaining submarkets posted relatively limited movement.

Construction Activity

Construction activity remained limited during Q3 2026. The market recorded approximately 36,000 sq. ft. under construction and no new deliveries during the quarter, leaving Sacramento's development pipeline among the smallest in recent history. Under-construction totals were unchanged from Q2 2026, reflecting the absence of speculative office development amid elevated vacancy levels.

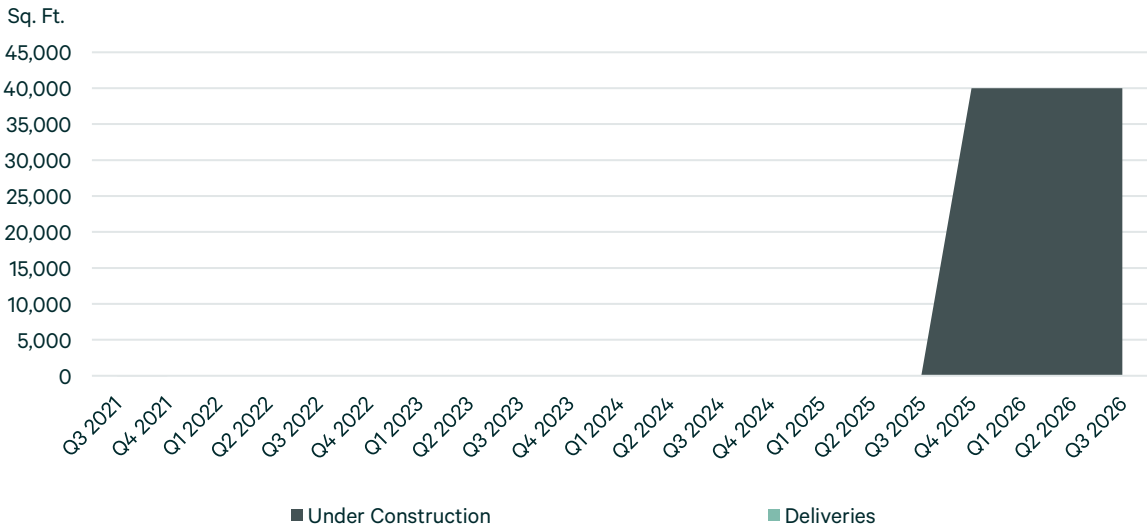
West Sacramento accounted for all active construction during the quarter, with approximately 36,000 sq. ft. underway at Riverpoint North Corporate Center. The project is fully pre-leased, and no other submarkets reported active office construction. Limited future supply should help reduce competitive pressure from new development and support occupancy gains as existing vacant space is absorbed.

Figure 4: Net Absorption Trend



CBRE Research

Figure 5: Construction Activity



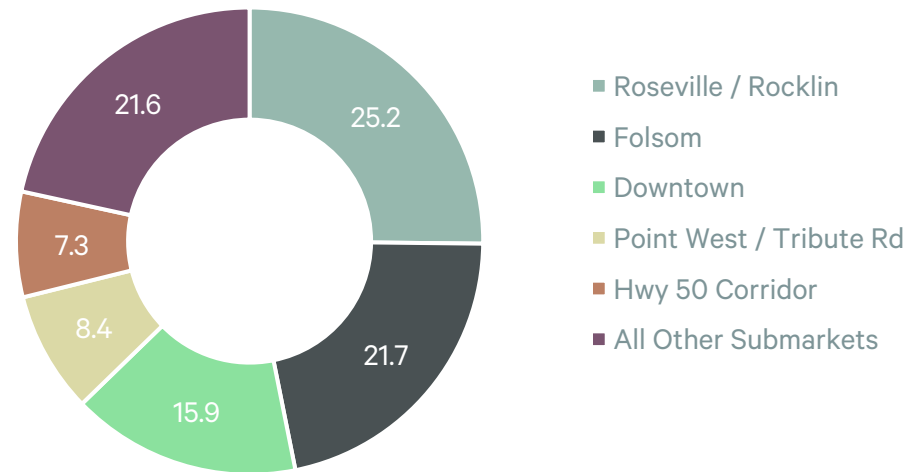
CBRE Research

Leasing Activity

Leasing activity totaled approximately 583,000 sq. ft. in Q3 2026, compared with 478,000 sq. ft. in Q2 2026 and 413,000 sq. ft. in Q3 2025. This represented an increase of 105,000 sq. ft., or 21.9%, quarter-over-quarter and 170,000 sq. ft., or 41.1%, year-over-year. Class A and Class B properties collectively accounted for all reported leasing volume, highlighting continued tenant preference for higher-quality office product.

Roseville/Rocklin was the most active submarket in Q3 2026 with 157,000 sq. ft. of leasing activity, followed by Folsom at 137,000 sq. ft. Downtown Sacramento also recorded significant activity with 100,000 sq. ft. leased during the quarter. Additional leasing volume was distributed across Point West/Tribute Road, the Hwy 50 Corridor, South Natomas, East Sacramento, Northgate/Natomas, Howe Avenue/Fulton Avenue, West Sacramento, Elk Grove/Galt, Campus Commons, and Citrus Heights/Orangevale, reflecting broad-based tenant activity across the region.

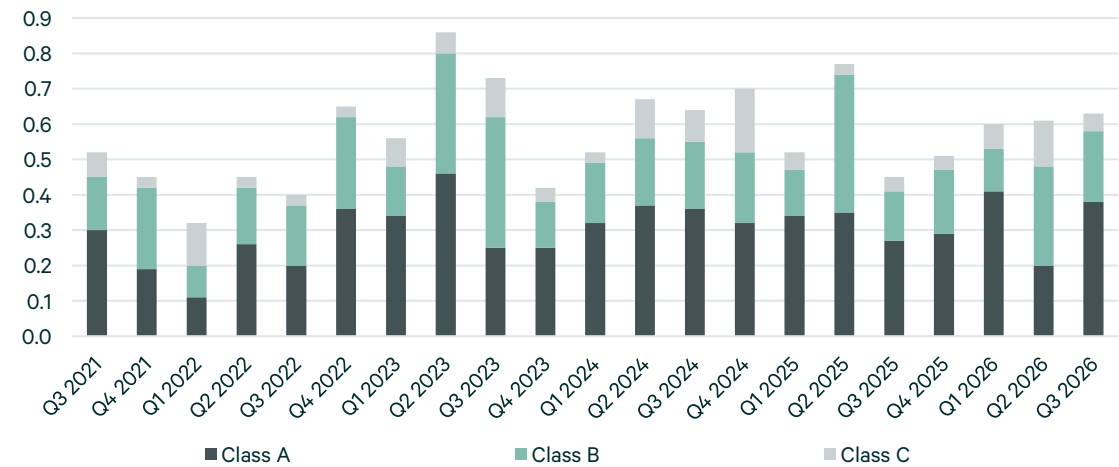
Figure 7: Leasing by Submarket (% of Total Activity)



CBRE Research

Figure 6: Leasing Activity Trend

Sq. Ft. (millions)



CBRE Research

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Micron Technology, Inc. a Delaware	96,000	Renewal	2235 Iron Point Rd	Folsom
Kimley-Horn and Associates	20,000	New Lease	500 Capitol Mall	Downtown
Cardiac Surgeons	16,000	New Lease	1601-1675 Alhambra Blvd	East Sacramento
Morgan & Morgan California LLP a California	16,000	New Lease	621 Capitol Mall	Downtown
Graybar Electric Company, Inc. a New York	15,000	Renewal	2251 Harvard St	Point West / Tribute Rd
Management Trust	14,000	New Lease	255 Parkshore Dr	Folsom
McCarthy Building Companies	11,000	Renewal	1548 Eureka Rd	Roseville / Rocklin

Source: CBRE Research, Q3 2026

Investment Sale Activity

Office investment sales volume in Sacramento totaled \$40.18 million in Q3 2026. This represented quarter-over-quarter growth of 49.5% from \$26.87 million in Q2 2026 and a year-over-year decline of 30.9% from \$58.16 million in Q3 2025. Year-to-date 2026 volume reached \$108.92 million, based on \$41.87 million in Q1 2026, \$26.87 million in Q2 2026 and \$40.18 million in Q3 2026.

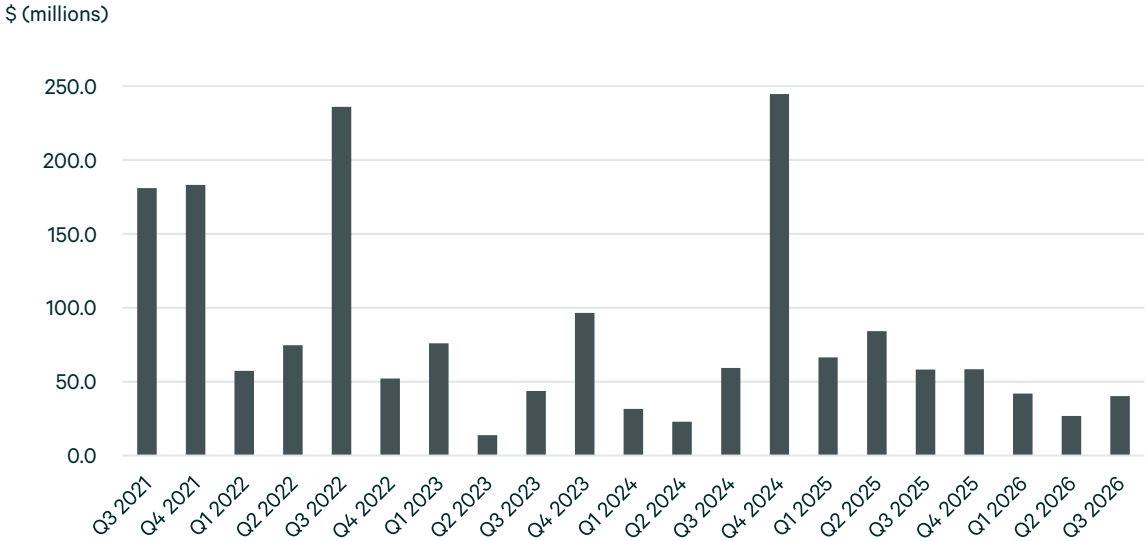
Buyer composition this quarter showed private buyers with the highest share of activity, followed by user/other and public buyers. Private buyers accounted for 49.8% of volume, user/other buyers represented 34.7% and public buyers held a 15.4% share, while institutional and cross-border buyers each recorded a 0.0% share. The largest transaction was 750 Riverpoint Drive in West Sacramento, acquired by the City of West Sacramento for \$11.00 million across 100,000 sq. ft., or \$110.00 per sq. ft. The second-largest sale was the Micron Technology Office in Folsom, purchased by Office Props Income Trust for \$9.70 million for 96,022 sq. ft., or \$101.18 per sq. ft.

Figure 10: Key Sales

Property	Submarket	Buyer	Sales Price	Size (SF)	Price Per SF
750 Riverpoint Drive	West Sacramento	City of West Sacramento	\$11.0M	100,000	\$110.00
Micron Technology Office	Folsom	Office Props Income Trust	\$9.7M	96,022	\$101.18
2101 K Street	Midtown	Capital Rivers Commercial	\$7.8M	25,600	\$304.69
3137 Dwight Road	Elk Grove / Galt	Robert S Duer	\$5.1M	34,560	\$147.57
1919 19th Street	Midtown	California Interscholastic Federation	\$3.2M	16,324	\$196.03
GHD	Roseville / Rocklin	Rcmg Roseville LLC	\$3.1M	10,699	\$289.75

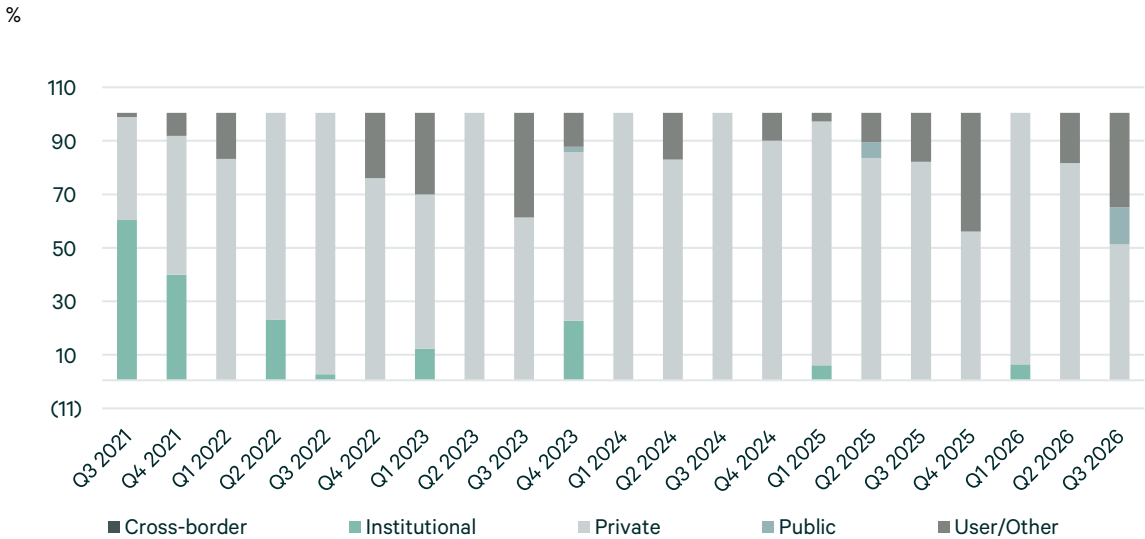
MSCI Real Capital Analytics

Figure 9: Quarterly Sales Volume



MSCI Real Capital Analytics

Figure 11: Buyer Composition



MSCI Real Capital Analytics

Market Statistics by Submarket

Figure 15

Submarket	Net Rentable Area (SF)	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	1.30M	11.1	12.8	11.7	1.2	2.30	3.25	(8,000)	8,000	-	-
Carmichael / Fair Oaks	396,000	9.8	13.1	13.1	-	1.70	1.75	(7,000)	(23,000)	-	-
Citrus Heights / Orangevale	1.02M	16.6	17.9	17.9	-	1.38	-	(3,000)	28,000	-	-
Downtown	9.72M	18.4	22.4	22.0	0.4	2.79	3.08	6,000	68,000	-	-
East Sacramento	930,000	5.7	7.5	7.3	0.2	2.29	-	(2,000)	9,000	-	-
Elk Grove / Galt	1.11M	5.3	8.7	6.2	2.5	2.61	2.88	(3,000)	-	-	-
Folsom	2.73M	14.7	21.1	20.5	0.6	2.30	2.44	3,000	(3,000)	-	-
Howe Avenue/Fulton Avenue	2.08M	17.9	21.1	21.1	-	1.71	1.86	(28,000)	(17,000)	-	-
Hwy 50 Corridor	11.39M	26.6	30.1	29.2	0.9	1.76	2.01	19,000	147,000	-	-
Midtown	1.31M	14.2	22.8	22.4	0.4	2.50	3.60	2,000	48,000	-	-
Northgate/Natomas	2.77M	14.1	34.2	19.8	14.3	1.80	2.29	15,000	46,000	-	-
Point West / Tribute Rd	2.09M	21.2	28.4	28.4	0.0	2.07	2.14	42,000	44,000	-	-
Roseville / Rocklin	7.57M	13.6	17.5	15.0	2.5	2.14	2.21	(5,000)	49,000	-	-
South Natomas	3.32M	26.2	32.6	31.6	1.0	2.29	2.35	8,000	(41,000)	-	-
South Sacramento	1.84M	10.6	14.4	14.3	0.2	1.61	-	3,000	17,000	-	-
Watt Ave / Auburn Blvd	1.34M	16.4	19.9	19.9	0.0	1.59	-	24,000	38,000	-	-
West Sacramento	1.31M	1.6	2.1	2.1	-	1.79	-	(3,000)	42,000	-	36,000
Total	52.21M	18.0	23.0	21.4	1.6	2.11	2.42	65,000	460,000	-	36,000

Source: CBRE Research, Q3 2026

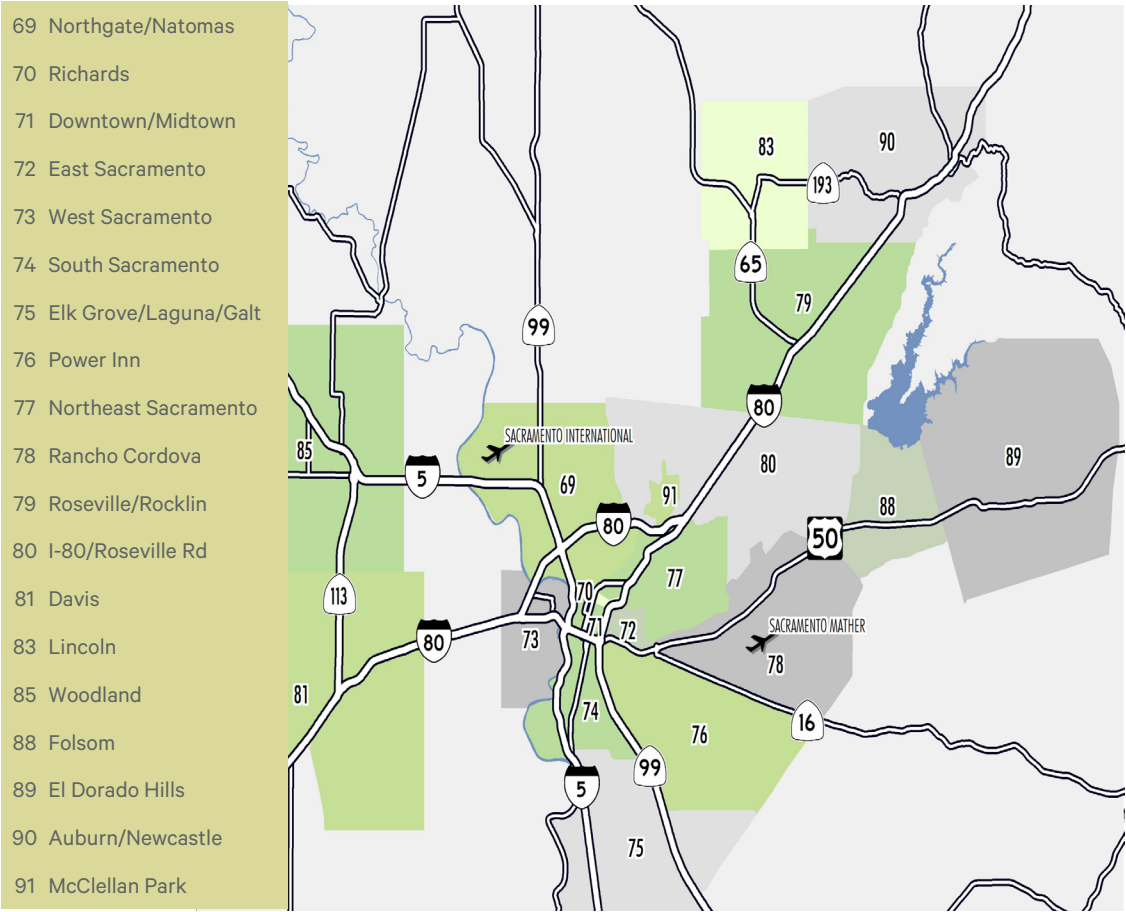
Market Statistics by Class

Figure 14: Metro Market Statistics by Class

Property Class	Net Rentable Area (SF)	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	20.60M	19.9	26.4	23.6	2.8	2.42	50,000	216,000	-	36,000
Class B	19.91M	16.4	20.8	19.6	1.2	2.02	2,000	217,000	-	-
Class C	11.71M	17.4	20.6	20.4	0.3	1.63	13,000	26,000	-	-
Total	52.21M	18.0	23.0	21.4	1.6	2.11	65,000	460,000	-	36,000

Source: CBRE Research, Q3 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.

Contacts

Brandon Wilkinson
Senior Research Analyst
brandon.wilkinson@cbre.com

Kyle Lodovico
Field Research Analyst
kyle.lodovico@cbre.com

Stephen Delgado
Field Research Analyst
stephen.delgado@cbre.com

Konrad Knutsen
Research Director
Northern California
konrad.knutsen@cbre.com

Sacramento Office
500 Capitol Mall, 24th Floor
Sacramento, CA 95814