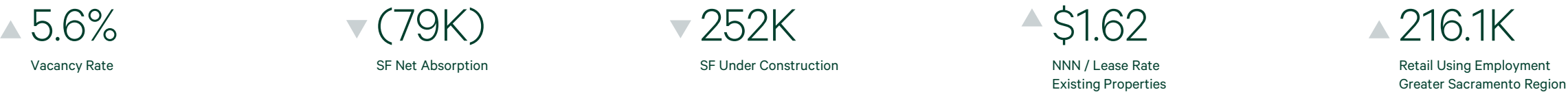


FIGURES | SACRAMENTO RETAIL | Q1 2025

# Premium space remains in high demand, while mid-size economy spaces become available

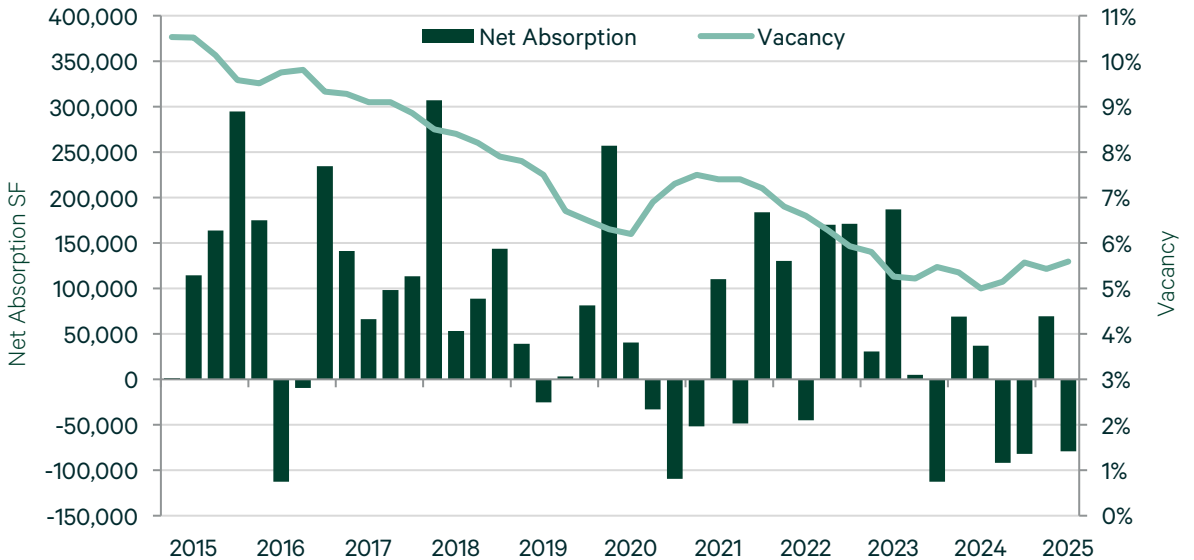


Note: Arrows indicate change from previous quarter.

## MARKET HIGHLIGHTS

- The Greater Sacramento Region's labor force stood at 1.1 million employed at the close of Q1 2025. The unemployment rate closed the quarter at 5.2%, a 52-basis-point (bps) increase year-over-year (YoY). Retail using employment ended at 216,100 in Q1 2025.
- The overall net absorption in the Sacramento retail market ended Q1 2025 at negative 79,000 sq. ft. compared to positive 69,000 sq. ft. in Q4 2024.
- The overall average direct asking lease rate in Sacramento slightly increased to \$1.62 per sq. ft. on a monthly NNN basis (NNN).
- At the close of Q1 2025 there was 252,000 sq. ft. under construction down from 279,000 sq. ft. under construction in Q4 2024.
- The smaller user segment was the most active segment in Q1 2025. The negative net absorption was attributed to a number of locations, particularly in the drug store segment closing.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q1 2025

RETAIL OVERVIEW

At the close of Q1 2025, the Sacramento retail market was comprised of approximately 49.3 million sq. ft. West Roseville Marketplace finished construction on its shops within their center totaling an additional 18,000 sq. ft. The market vacancy rate increased from last quarter by 20 bps to 5.6% in Q1 2025. Availability increased, gaining 51 bps to 7.3% in Q1 2025.

The average asking lease rate increased from \$1.61 NNN in Q4 2024 to \$1.62 NNN in Q1 2025. The South Sacramento submarket saw the most substantial decrease in average asking lease rate, decreasing \$0.20 from \$1.43 NNN in Q4 2024 to \$1.23 NNN in Q1 2025 driven by premium space being leased coupled with smaller economy spaces becoming available. The Citrus Heights / Fair Oaks submarket saw the most substantial increase in average asking rate, increasing \$0.16 from \$1.35 NNN to \$1.51 NNN. This can be attributed to premium space being leased as noted by the 28,000 sq. ft. positive absorption in the submarket.

The retail market witnessed healthy gross leasing activity in Q1 2025 totaling 207,000 sq. ft. Net absorption in Q1 2025 was negative 79,000 sq. ft., influenced by many smaller leases executed and larger spaces being vacated.

Moving forward, the Sacramento retail market is likely to see continued demand for space in suburban growth areas like Elk Grove, Natomas, Folsom, and Roseville, where there is a growing number of residential developments triggering demand for retail. These growth markets remain competitive with low vacancy rates triggering some select planned development. The under-construction total was 252,000 sq. ft. There continues to be activity on well positioned vacancies due to this limited construction. Demand for retail space throughout the market is steady as the vacancy and availability rates have remained rather stagnant over the last four quarters.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Direct Asking Rate (\$)	Q4 Net Absorption	2024 Net Absorption
Arden / Watt / Howe	3,643,210	8.1	12.3	1.54	(5,484)	(5,484)
Auburn / Loomis	1,158,690	5.6	7.8	1.72	12,858	12,858
Carmichael	1,071,163	13.4	17.9	1.30	(1,808)	(1,808)
Citrus Heights/ Fair Oaks	4,868,920	6.7	7.9	1.51	28,607	28,607
Folsom / El Dorado Hills	5,341,789	5.1	5.9	2.28	(8,611)	(8,611)
Greenhaven / Pocket	429,018	5.0	5.7	1.91	8,111	8,111
Hwy 50 / Rancho Cordova	2,901,512	7.0	8.5	1.47	7,220	7,220
Laguna / Elk Grove	5,991,317	4.2	5.6	2.10	(10,537)	(10,537)
Lincoln	1,168,982	1.5	1.6	2.47	0	0
Natomas	3,204,685	4.0	4.5	2.03	(740)	(740)
North Highlands	2,583,559	3.6	8.6	1.27	14,067	14,067
Rocklin	2,579,959	3.2	4.8	1.61	802	802
Roseville	6,416,935	4.0	5.4	2.07	(31,996)	(31,996)
South Natomas	656,257	5.0	10.5	1.42	8,718	8,718
South Sacramento	4,617,124	8.8	9.6	1.23	(100,233)	(100,233)
West Sacramento / Davis	2,640,922	6.3	6.7	2.02	(244)	(244)
Sacramento	49,274,042	5.6	7.3	1.62	(79,270)	(79,270)

Source: CBRE Research, Q1 2025

FIGURE 3: Notable Lease Transactions Q1 2025

Tenant	Address	SF Leased	Type
Ace Pickleball Club	9522 Greenback Ln, Folsom	42,000	New Lease
Golden Connection	6661 Blue Oaks Blvd, Rocklin	6,435	New Lease
Incredible Pets	13392 Lincoln Way, Auburn	5,188	New Lease

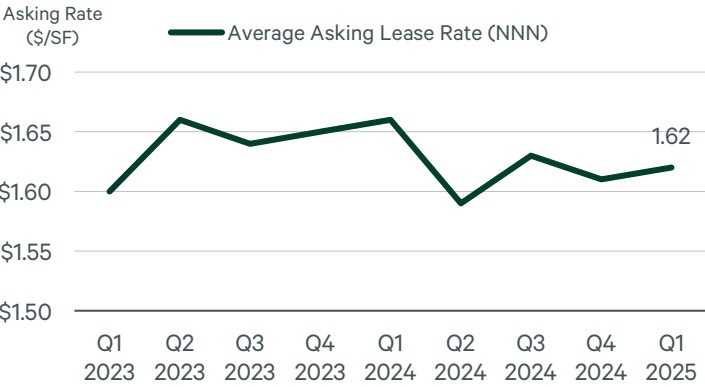
Source: CBRE Research, Q1 2025

FIGURE 4: Notable Sale Transactions Q1 2025

Buyer	Address	SF Sold	Sale Price
Dick’s Sporting Goods	1601 Arden Way – Arden Fair Mall, Sacramento	157,000	\$10.5M
Ethan Conrad Properties	5601 Florin Rd – Burlington Coat Factory, Sacramento	156,000	\$5.9M
Stage Nine Design	1115 Front St, Sacramento	27,000	\$2.2M

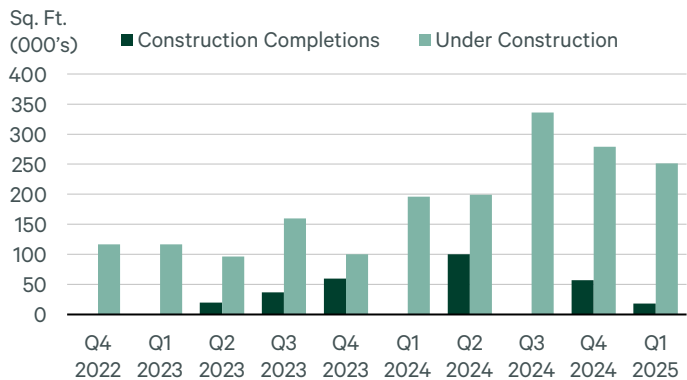
Source: CBRE Research, Q1 2025

FIGURE 5: Lease Rates



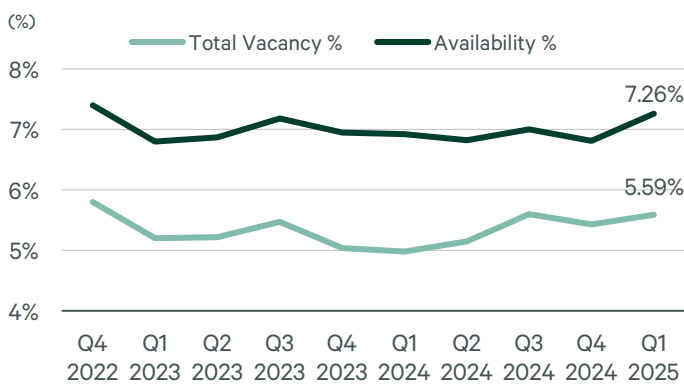
Source: CBRE Research, Q1 2025

FIGURE 7: Construction Completions



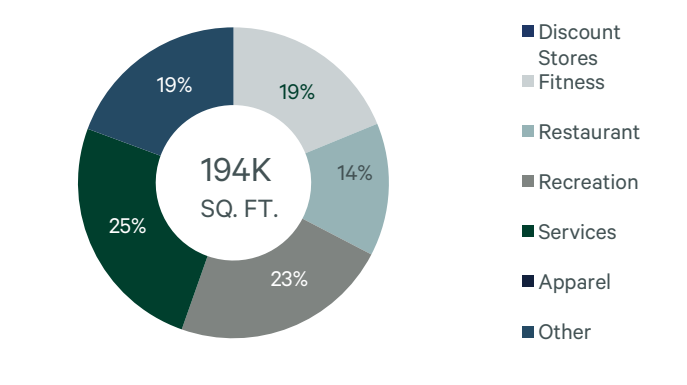
Source: CBRE Research, Q1 2025

FIGURE 6: Vacancy & Availability



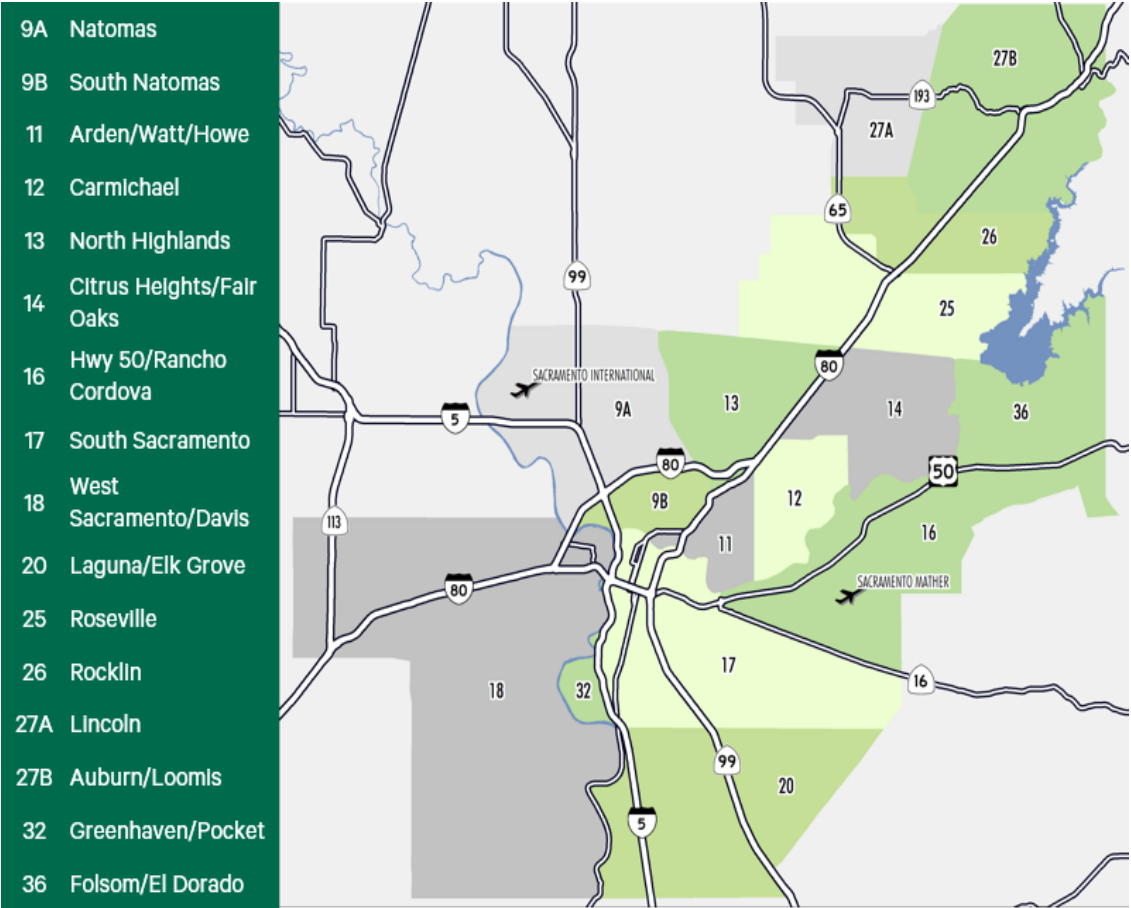
Source: CBRE Research, Q1 2025

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research, Q1 2025

Submarket Map



Source: CBRE Research, Location Intelligence

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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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