

FIGURES | SACRAMENTO | Q4 2022

Sacramento Retail Figures

▼ 5.8%
Vacancy Rate

▼ 31K
SF Net Absorption

▲ 146K
SF Under Construction

▼ \$1.58
NNN / Lease Rate
Existing Properties

▲ 214K
Retail Using Employment
Sacramento County

Note: Arrows indicate change from previous quarter.

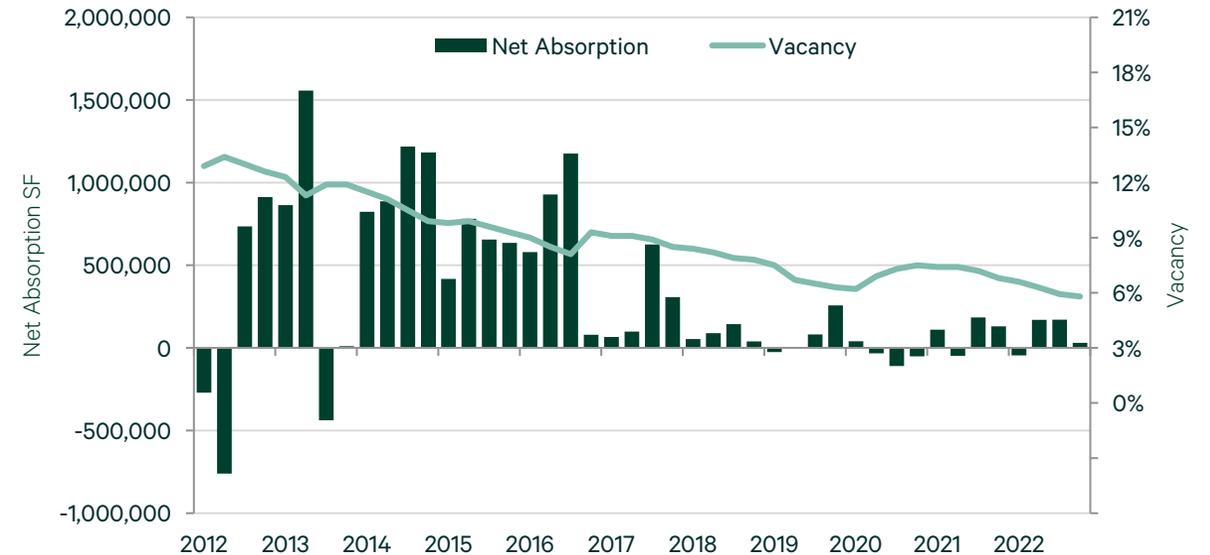
SACRAMENTO EMPLOYMENT

The Greater Sacramento region is home to approximately 2.4 million residents, with a labor force of about 1.1 million. At the close of Q4 2022, total resident employment increased slightly to 1.09 million after a gain of 7,800 jobs quarter-over-quarter. Unemployment remains unchanged from the previous quarter's 3.8%. The retail sector is represented by 213,840 jobs and consists of retail trade, accommodation & food services, and recreation & entertainment. The sector accounts for 18.9% of Sacramento's total employment. Overall retail employment increased by 3.6% quarter-over-quarter.

RETAIL OVERVIEW

In Q4 2022, the Sacramento retail market saw another steady quarter of leasing activity despite a lack of large anchor space signings. Vacancy and availability decreased to 5.8% and 7.4%, respectively – a difference of 10 basis points (bps) for both metrics at the close of the year. Net absorption posted a positive 30,656 sq. ft. in Q4 2022, down from positive 171,074 sq. ft. in Q3 2022. Lease rates also declined slightly from \$1.60 to \$1.58 per sq. ft. on a monthly NNN basis, largely due to the lack of availability in top tier spaces that command the highest rents.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research

RETAIL OVERVIEW (continued)

The largest lease of the quarter was signed in Elk Grove by LA Fitness (35,000 sq. ft.), who continue to be an active tenant in the market. Fitness was the most active category in Q4 2022 with the first (35,000 sq. ft.) and sixth (5,100 sq. ft.) largest leases belonging to LA Fitness and Manifest Strength in Elk Grove and Woodland, respectively. Restaurants were the second most active category and represented the greatest number of leases this quarter. Finally, recreation retailers remain active participants, marked by the third largest lease of the quarter by Roseville Soccer.

The most notable sale of Q4 2022 was Broadstone Plaza I at 2705-2775 E Bidwell St (207,993 sq. ft.) in the Folsom submarket. The shopping center sold for \$53.3 million to MetLife Investment Management. Broadstone Plaza I is anchored by Bob’s Discount Furniture and Marshall’s, with businesses such as Old Navy, Michaels, and PetSmart adding to the shopping center’s appeal. Additionally, 5681 Lonetree Blvd (64,000 sq. ft.) in Rocklin sold for \$15.7M to Bowlero Corporation.

There were no significant construction deliveries in Q4 2022. However, a handful of projects are currently under construction, many of which will deliver in 2023. Anatolia Marketplace remains under construction and is located at the southeast corner of Sunrise Blvd & Douglas Blvd. This project will eventually deliver 96,775 sq. ft. of anchor, pad, restaurant and shop space in various phases. In addition, a handful of proposed properties are looking to break ground in 2023.. Deer Crossing (a four-building, 23,000 sq. ft. project) has been approved by the city’s planning committee and will feature an Arco AM-PM. Brixmor Property Group has plans to redevelop the existing University Mall in Davis. The redevelopment would be called “The Davis Collection” and would feature at least 90,000 sq. ft. of outdoor retail space, along with 16,000 sq. ft. of new pad space. The NY-based REIT is hopeful that the city’s planning committee will review its new proposal in early 2023.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Direct Asking Rate (\$)	Q4 Net Absorption	YTD Net Absorption
Arden/Watt/Howe	3,643,210	7.8	11.2	1.43	2,742	76,231
Auburn/Loomis	1,152,690	5.8	6.5	2.09	(15,077)	(5,910)
Carmichael	1,071,163	15.9	17.2	1.20	7,200	17,784
Citrus Heights/Fair Oaks	4,868,920	7.5	8.8	1.22	(22,628)	30,648
Folsom/El Dorado Hills	5,341,789	5.3	6.3	2.07	37,750	75,855
Greenhaven/Pocket	429,018	6.7	7.2	1.88	0	(24,427)
Hwy 50/Rancho Cordova/Rosemont	2,901,512	12.1	14.1	1.49	3,392	38,080
Laguna/Elk Grove	5,870,818	2.2	2.6	2.17	691	10,752
Lincoln	1,168,982	1.0	1.0	2.43	2,150	3,197
North Highlands	2,583,559	3.7	5.4	1.43	7,000	18,591
North Natomas	3,379,685	3.6	4.8	2.05	1,833	(2,879)
Rocklin	2,579,959	4.9	6.4	1.59	(3,994)	30,351
Roseville	6,416,935	4.3	6.6	1.98	15,956	100,976
South Natomas	656,257	7.7	13.3	1.46	0	(6,157)
South Sacramento	4,465,124	5.8	8.0	1.37	(5,748)	25,872
West Sacramento/Davis	2,640,922	8.3	9.4	1.92	(611)	(27,966)
Sacramento Retail Market	49,170,543	5.8%	7.4%	\$1.58	30,656	360,998

Source: CBRE Research

FIGURE 3: Notable Lease Transactions Q4 2022

Tenant	Address	SF Leased	Type
LA Fitness	7410-7440 Elk Grove Blvd Elk Grove	35,000	New Lease
K-Pot & Grill	6117 Florin Rd Sacramento	8,000	New Lease
Roseville Soccer	1159 Roseville Sq Roseville	7,000	New Lease

Source: CBRE Research

FIGURE 4: Notable Sale Transactions Q4 2022

Buyer	Address	SF Sold	Sale Price
MetLife Investment Management	2705-2775 E Bidwell St Folsom	207,993	\$53.3M
Bowlero Coporation	5681 Lonetree Blvd Rocklin	64,000	\$15.7M
Wall Street Partners	905 E Bidwell St Folsom	31,131	\$11.3M

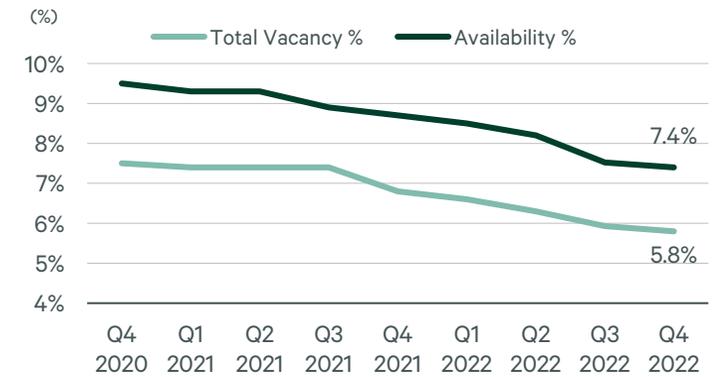
Source: CBRE Research

FIGURE 5: Lease Rates



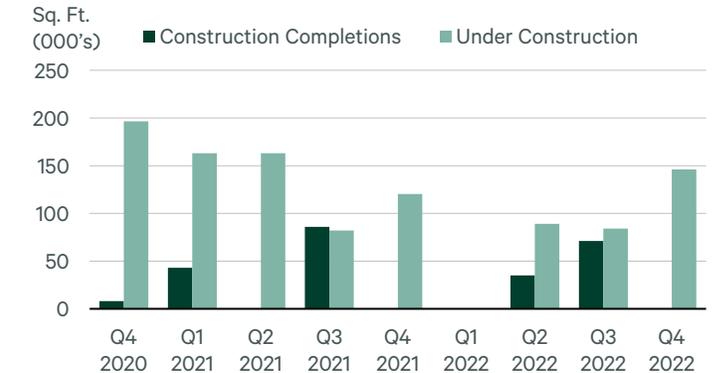
Source: CBRE Research

FIGURE 6: Vacancy & Availability



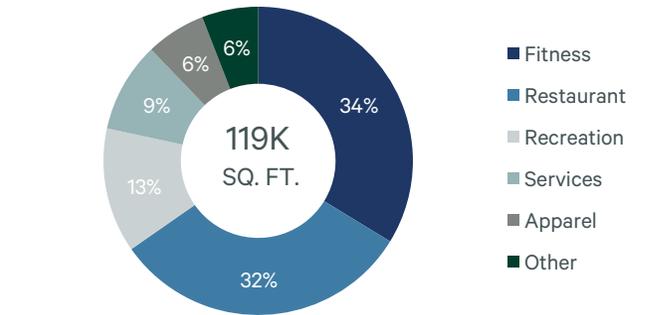
Source: CBRE Research

FIGURE 7: Construction Completions



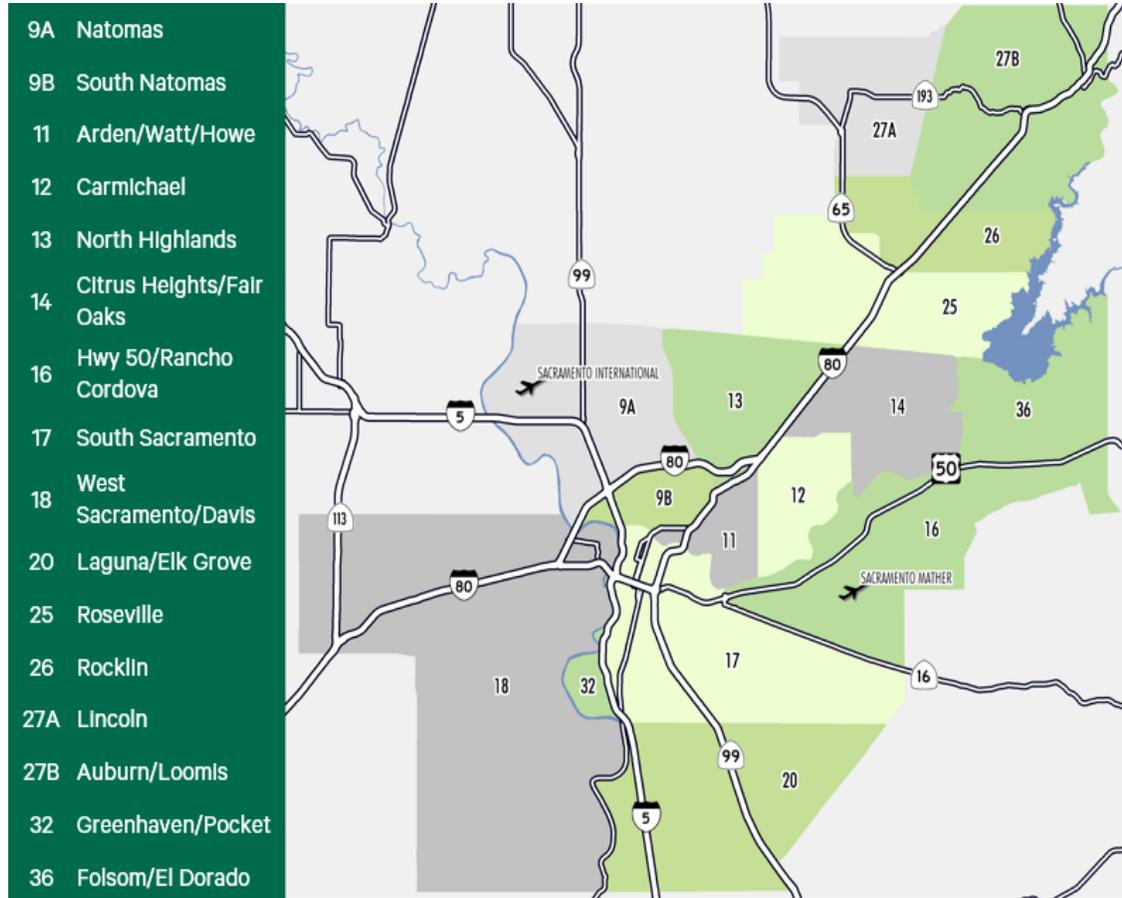
Source: CBRE Research

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research

Submarket Map



Source: CBRE Research, Location Intelligence

Definitions

Average Asking Rate Direct Annual 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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