

FIGURES | SACRAMENTO INDUSTRIAL | Q1 2025

Despite strong leasing activity, more vacant space returns to the market

▲ 4.8%

Vacancy Rate

▼ (258K)

SF Net Absorption

▼ 540K

SF Under Construction

▲ \$0.84

NNN / Lease Rate
Existing Properties

▲ 191K

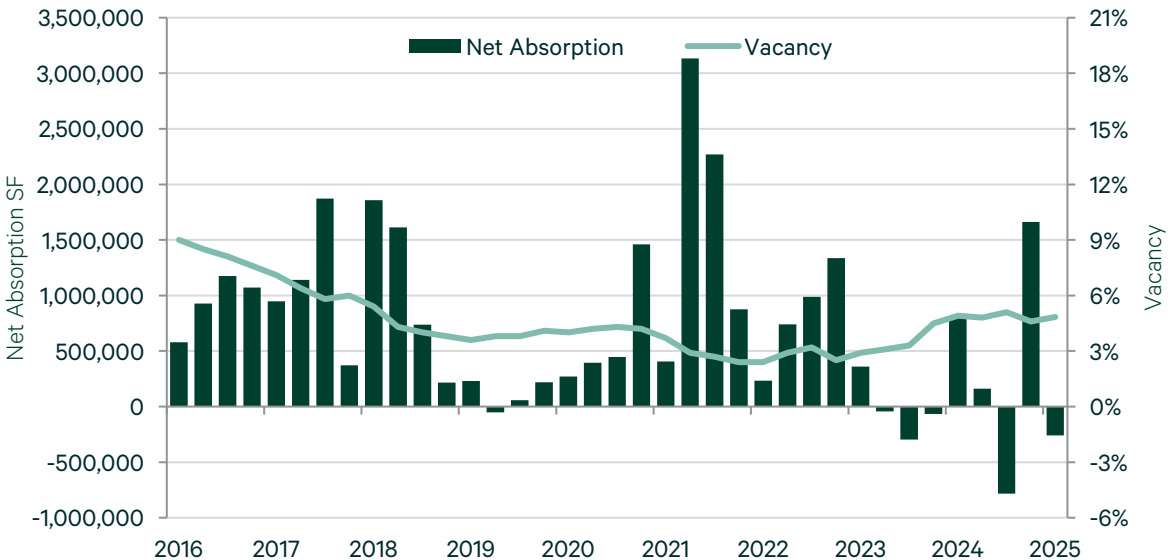
Industrial Using Employment
Greater Sacramento Region

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- The Greater Sacramento region was home to 2.4 million residents with a labor force of 1.15 million at the close of Q1 2025. The unemployment rate ended Q1 2025 at 5.2%, up 11 basis points (bps) from the previous quarter. At the close of Q1 2025, the industrial sector accounted for 191,000 jobs, or 17% of the total employment in the region.
- The overall net absorption of the Sacramento industrial market was negative 258,000 sq. ft. in Q1 2025.
- The market boasted high gross leasing activity at 1.9 million sq. ft. during the quarter.
- One new building was completed in Q1 2025 totaling 176,000 sq. ft. Projects under construction have greatly receded, but the pipeline of planned entitled projects remains robust.
- The average direct asking rate increased \$0.01 quarter-over-quarter to \$0.84 per sq. ft. on a monthly NNN basis (NNN).

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q1 2025

INDUSTRIAL OVERVIEW

The Sacramento industrial market was comprised of approximately 195 million sq. ft. of inventory at the close of Q1 2025. During the quarter, 176,000 sq. ft. of new product was delivered to the market. Additionally, there was 540,000 sq. ft. under construction while over 3.3 million sq. ft. remained in the planning stages of development. Both vacancy and availability rates slightly increased quarter-over-quarter to 4.8% and 7.3%, respectively.

The overall direct average asking rate across the Sacramento region finished Q4 2024 at \$0.84 NNN, a \$0.01 increase from last quarter. South Sacramento, with its greater concentration of light industrial product, had the highest overall average asking rate at \$1.24 NNN followed closely by Elk Grove/Laguna/Galt at \$1.22 NNN.

The Sacramento market posted negative net absorption of 258,000 sq. ft. On the positive side, the Northgate/Natomas submarket recorded positive net absorption of 136,000 sq. ft. The large negative absorption sq. ft. contributors were the Power Inn and McClellan Park submarkets with negative 114,000 and 156,000, respectively.

The demand for spaces in the market 100,000 sq. ft. and below remained elevated, even as rental rates for such spaces continued to rise. Additionally, multiple leases over 100,000 sq. ft. were signed in Q1 2025, signaling an uptick in demand for larger spaces as we move into the balance of the year. Concurrently, owner-user building and land sales remained high, despite the upward pressure on pricing.

Looking ahead, overall demand is expected to increase. Investment sales are anticipated to rise as interest rates are projected to moderate or decline slightly over the next 12-24 months. All projects currently under construction are slated for delivery in 2025 and construction starts will face continued challenges due to elevated interest rates and construction costs.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Q1 Net Absorption	YTD Net Absorption	Average Asking Rate NNN (\$)
Northgate/Natomas	24,797,811	8.7	11.0	135,838	135,838	0.85
Richards	4,735,386	3.3	4.7	78,936	78,936	0.99
Downtown/Midtown/East Sacramento	4,956,388	1.3	1.4	1,024	1,024	0.87
West Sacramento	25,410,592	5.8	8.0	23,206	23,206	0.83
South Sacramento	5,548,880	4.4	5.3	2,530	2,530	1.24
Elk Grove/Laguna/Galt	7,815,516	1.6	1.6	(2,652)	(2,652)	1.22
Power Inn Area	28,728,052	3.4	5.3	(114,134)	(114,134)	0.79
Northeast Sacramento	6,945,745	3.9	5.0	(55,970)	(55,970)	0.87
Rancho Cordova	20,172,263	7.2	8.5	(62,625)	(62,625)	0.86
Roseville/Rocklin	16,770,070	1.8	6.9	8,159	8,159	1.01
I-80/Roseville Rd	11,049,261	2.0	2.9	(7,349)	(7,349)	1.03
Lincoln	3,756,011	9.1	10.7	(111,600)	(111,600)	0.75
Woodland/Davis	18,039,435	4.7	10.9	15,496	15,496	0.70
Folsom/El Dorado Hills	5,008,830	5.0	5.1	4,265	4,265	1.19
McClellan Park	7,985,624	5.3	8.1	(156,465)	(156,465)	0.58
Auburn/Newcastle	3,051,504	3.0	7.9	(22,833)	(22,833)	1.07
Market Total	194,771,368	4.8	7.3	(258,174)	(258,174)	0.84

Source: CBRE Research, Q1 2025

FIGURE 3: Notable Lease Transactions Q1 2025

Tenant	Address	SF Leased	Type
Circular Polymers	3390 Venture Dr, Lincoln	150,510	Renewal
Wheel Mart	7235 Lone Tree, Sacramento	148,658	New Lease
Sims Recycling Solutions	8855 Washington Blvd, Roseville	100,800	Renewal
Core Mark	2959 Thomas Pl, West Sacramento	78,542	Renewal

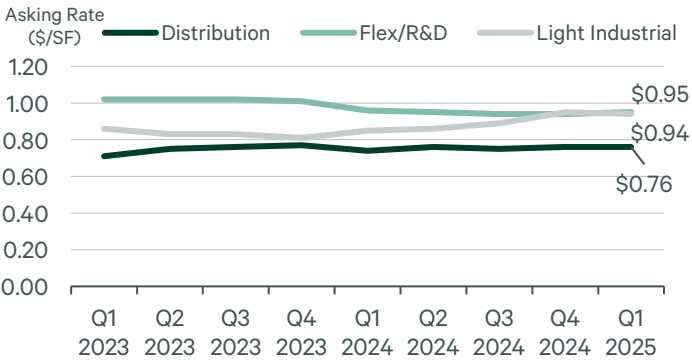
Source: CBRE Research, Q1 2025

FIGURE 4: Notable Sale Transactions Q1 2025

Buyer	Address	Square Feet	Sale Price
LDK Ventures	7070 Badiie Dr, Sacramento	109,322	\$14.5M
Bannon Street	221-261 Richards Blvd, Sacramento	57,586	\$6.6M
Capital Flow	4100 Florin Perkins Rd, Sacramento	18,800	\$3.4M

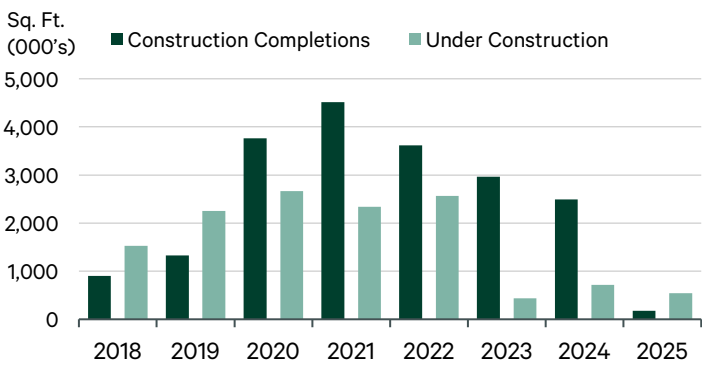
Source: CBRE Research, Q1 2025

FIGURE 5: Average Asking Rates NNN



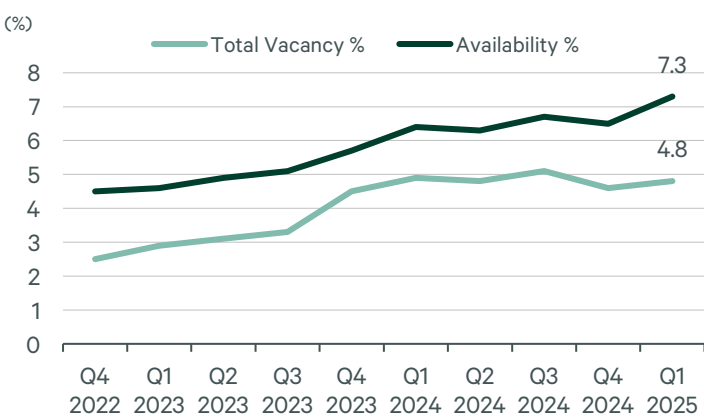
Source: CBRE Research, Q1 2025

FIGURE 7: Construction Completions



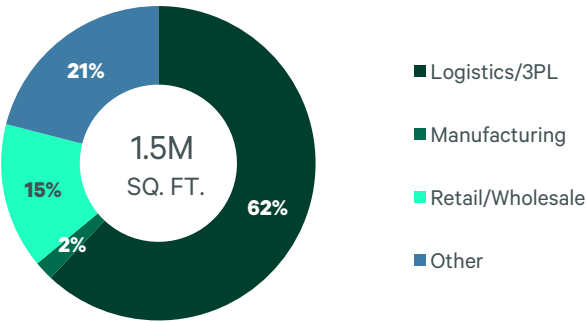
Source: CBRE Research, Q1 2025

FIGURE 6: Vacancy & Availability



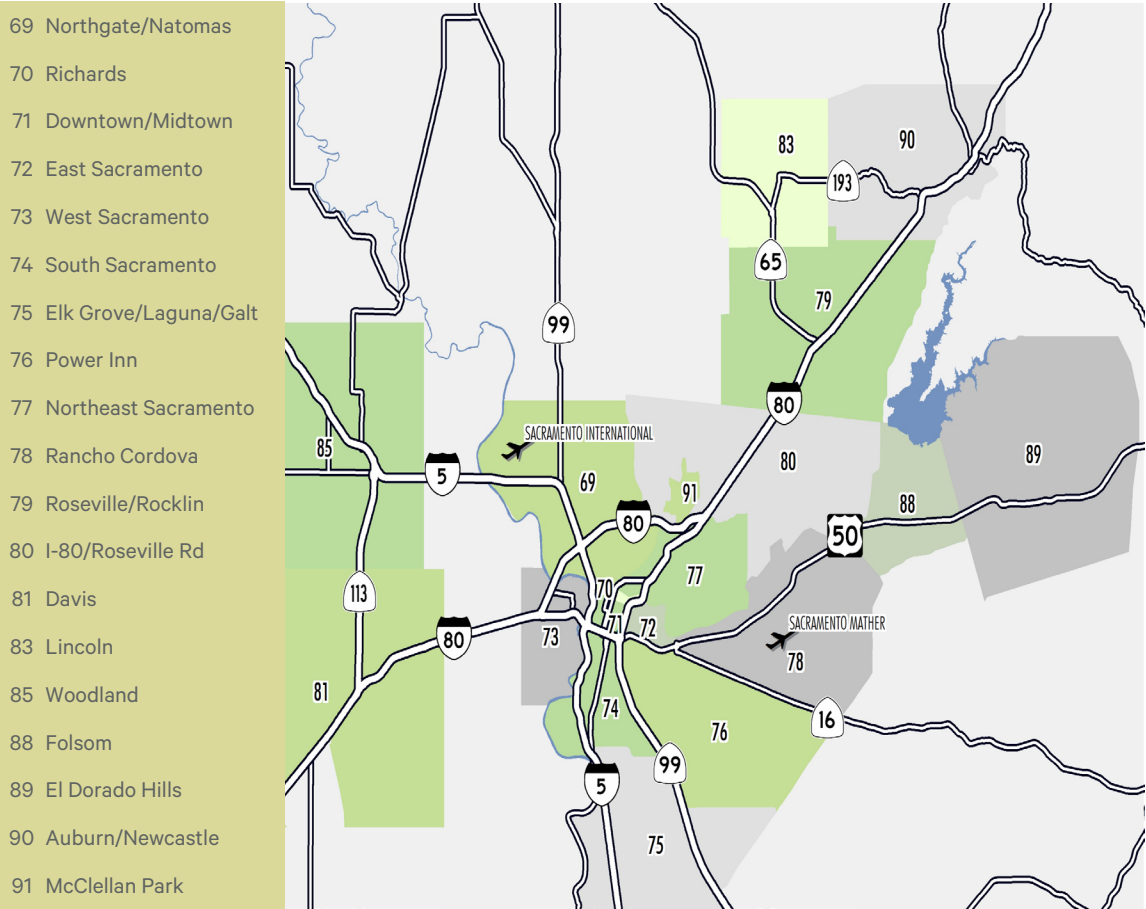
Source: CBRE Research, Q1 2025

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research, Q1 2025

Submarket Map



Source: CBRE Research, Location Intelligence

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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