

FIGURES | SACRAMENTO OFFICE | Q4 2024

Office sales volume sees uptick amid stable leasing activity

► 17.6%

Vacancy Rate

▼ (34K)

SF Net Absorption

► N/A

Construction Completions

▲ \$2.18

Full-Service Gross / Lease Rate

► 199K

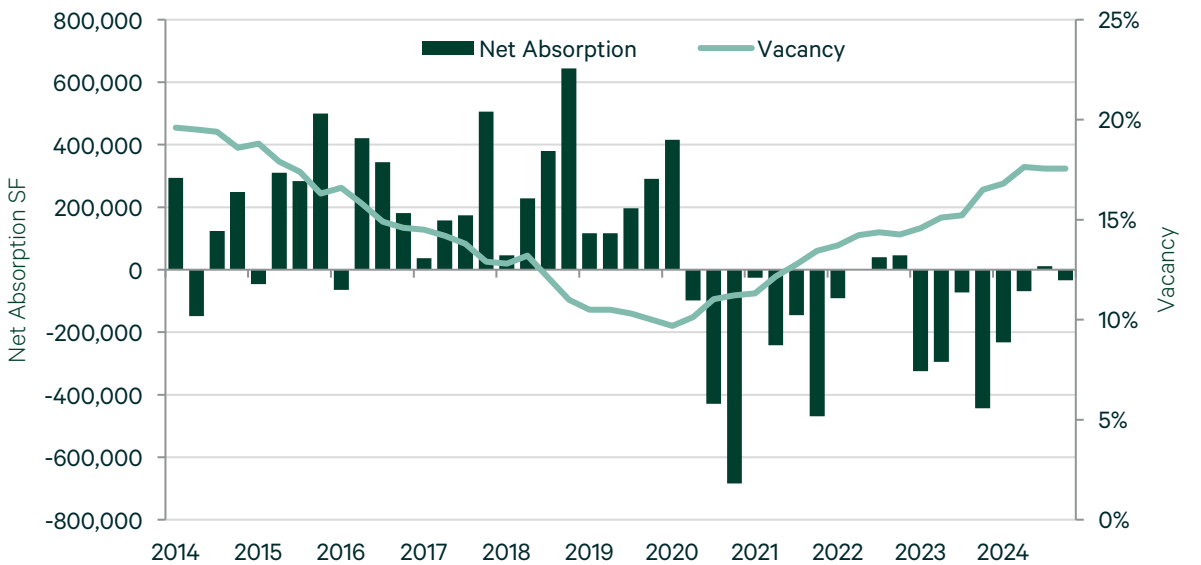
Office Using Employment
Greater Sacramento Region

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- Sacramento’s labor force stood at 1.15M with 1.11M employed at the close of Q4 2024. The unemployment rate closed the quarter at 5.1%, a 55-basis-point (bps) increase year-over-year (YoY) and 10 bps higher than the previous quarter.
- The overall net absorption for the Sacramento office market closed Q4 2024 at negative 34,358 sq. ft. compared to positive 11,088 sq. ft. in Q3 2024. Since the onset of the Covid-19 pandemic in Q1 2020, the market has lost roughly 4.2 million sq. ft. or 8% of the total market occupancy.
- Total tenants in the market saw a notable increase during Q4 2024 with a total of 2.4 million sq. ft. of tenant demand compared to 1.7 million sq. ft. Q3 2024.
- Leasing activity was favorable in Q4 2024 with notable leases along the Highway 50 Corridor.
- Office sales saw an uptick in activity during Q4 2024 with notable sales in the Downtown submarket.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q4 2024

OFFICE OVERVIEW

The Sacramento office market saw negative 34,358 sq. ft. net absorption at the close of Q4 2024. The overall vacancy rate remained the same since Q3 2024 at 17.6% for Q4 2024.

The overall average asking lease rate for office space in the Sacramento region increased quarter-over-quarter from \$2.17 in Q3 2024 to \$2.18 in Q4 2024 on a monthly, full-service, direct basis (FSG). Downtown continued to seek the highest average asking rent at \$3.07 FSG in Q4 2024. The overall Sacramento Class A average asking lease rate increased 0.8% since Q3 2024 to \$2.54 FSG in Q4 2024.

Government and Professional Services companies were the most active users during Q4 2024. Notably, The Department of Corrections & Rehabilitation, a California State agency, signed a renewal of 133,000 sq. ft. in the Highway 50 Corridor submarket contributing to a robust leasing volume.

Capital markets concluded Q4 2024 on a high note, with the Sacramento region achieving a total sales volume of \$258 million for the top five office transactions of the quarter. Leasing activity was stable in 2024, with Class A and suburban downtown markets seeing the most activity, and longer-term leases becoming more common.

Looking ahead, capital markets will experience lower volumes compared to historical levels, but investment activity will gradually return. A recent CBRE survey indicated that hybrid work will persist in 2025, with a gradual rise in office occupancy as companies and employees align their in-office expectations.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Q4 Net Absorption	YTD Net Absorption	Average Direct Asking Rate (FSG)
Campus Commons	1,298,573	9.8	11.2	17,933	21,041	\$2.23
Carmichael / Fair Oaks	396,335	2.7	5.4	3,537	432	\$1.67
Citrus Heights / Orangevale	1,021,586	17.7	20.6	600	22,322	\$1.34
East Sacramento	930,092	5.5	7.3	724	1,395	\$2.48
Elk Grove / Galt	1,107,419	3.8	6.3	(3,481)	5,727	\$2.50
Folsom	2,732,798	13.7	19.8	(1,189)	31,029	\$2.31
Howe Avenue/Fulton Avenue	2,154,031	15.2	17.2	(6,950)	(15,157)	\$1.75
Hwy 50 Corridor	11,241,949	26.4	29.0	6,418	(2,111)	\$1.75
Midtown	1,333,806	17.0	19.5	(18,806)	(84,643)	\$2.46
Northgate/Natomas	2,772,906	15.1	32.0	(13,544)	(9,311)	\$1.78
Point West / Tribute Rd	2,085,245	18.0	22.9	(716)	(32,455)	\$2.01
Roseville / Rocklin	7,846,088	15.4	20.0	88,563	(146,272)	\$2.06
South Natomas	3,302,178	19.4	34.6	(1,062)	(31,455)	\$2.24
South Sacramento	1,841,310	12.1	15.0	4,446	(39,174)	\$1.61
Watt Ave / Auburn Blvd	1,338,049	18.0	20.9	146	(12,439)	\$1.61
West Sacramento	1,362,851	11.1	11.9	566	3,054	\$3.05
Suburban	42,765,216	13.8	18.4	77,185	(288,017)	\$2.05
Downtown	10,126,963	17.1	23.5	(111,543)	(178,639)	\$3.07
Sacramento	52,892,179	17.6	22.91	(34,358)	(466,656)	\$2.18

Source: CBRE Research, Q4 2024

FIGURE 3: Notable Lease Transactions Q4 2024

Tenant	Address	SF Leased	Type
Department of Corrections & Rehabilitation	9838 Old Placerville Rd, Sacramento	133,108	Renewal
Gainwell Technologies	11971 Foundation Pl, Rancho Cordova	54,517	New Lease
Arizona College	2882 Prospect Park Dr, Rancho Cordova	22,078	New Lease

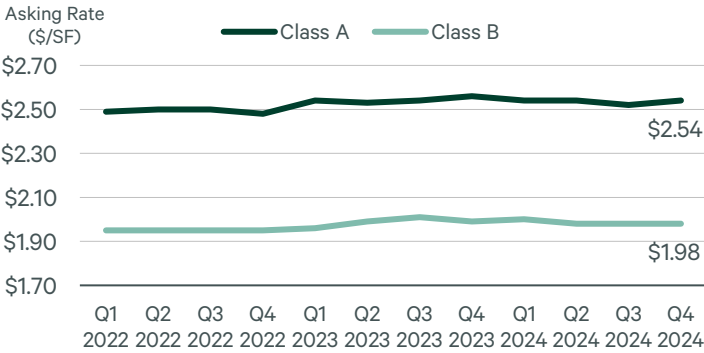
Source: CBRE Research, Q4 2024

FIGURE 4: Notable Sale Transactions Q4 2024

Buyer	Address	Sale Size (SF)	Sale Price
Buzz Oats, Rubicon Partners, Preferred Capital Advisors	400 Capitol Mall, Sacramento	501,308	\$117M
Hines	1625 Stockton Blvd, Sacramento	143,210	\$52M
The Rocklin Academy	Portfolio Sale 6550-6554 Lonetree Blvd, Rocklin	102,591	\$38M
Teichert Inc.	3600 American River Dr, Sacramento	98,814	\$30.1M
Ethan Conrad Properties	801 K St, Sacramento	338,410	\$21.3M

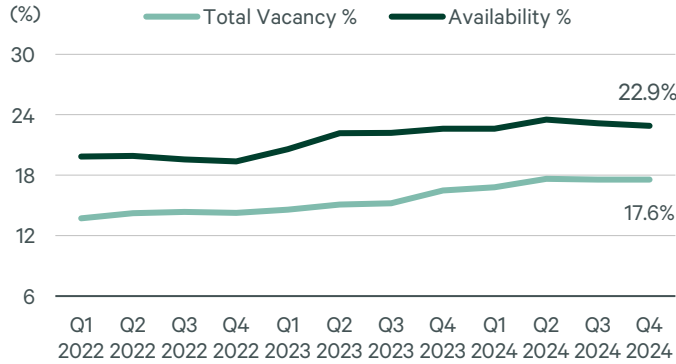
Source: CBRE Research, Q4 2024

FIGURE 5: Lease Rates



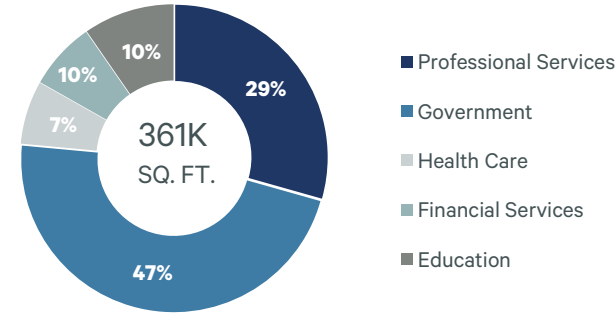
Source: CBRE Research, Q4 2024

FIGURE 6: Vacancy & Availability



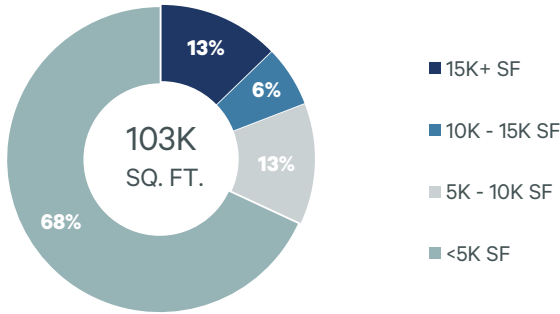
Source: CBRE Research, Q4 2024

FIGURE 7: Top 25 Leases of the Quarter by Industry



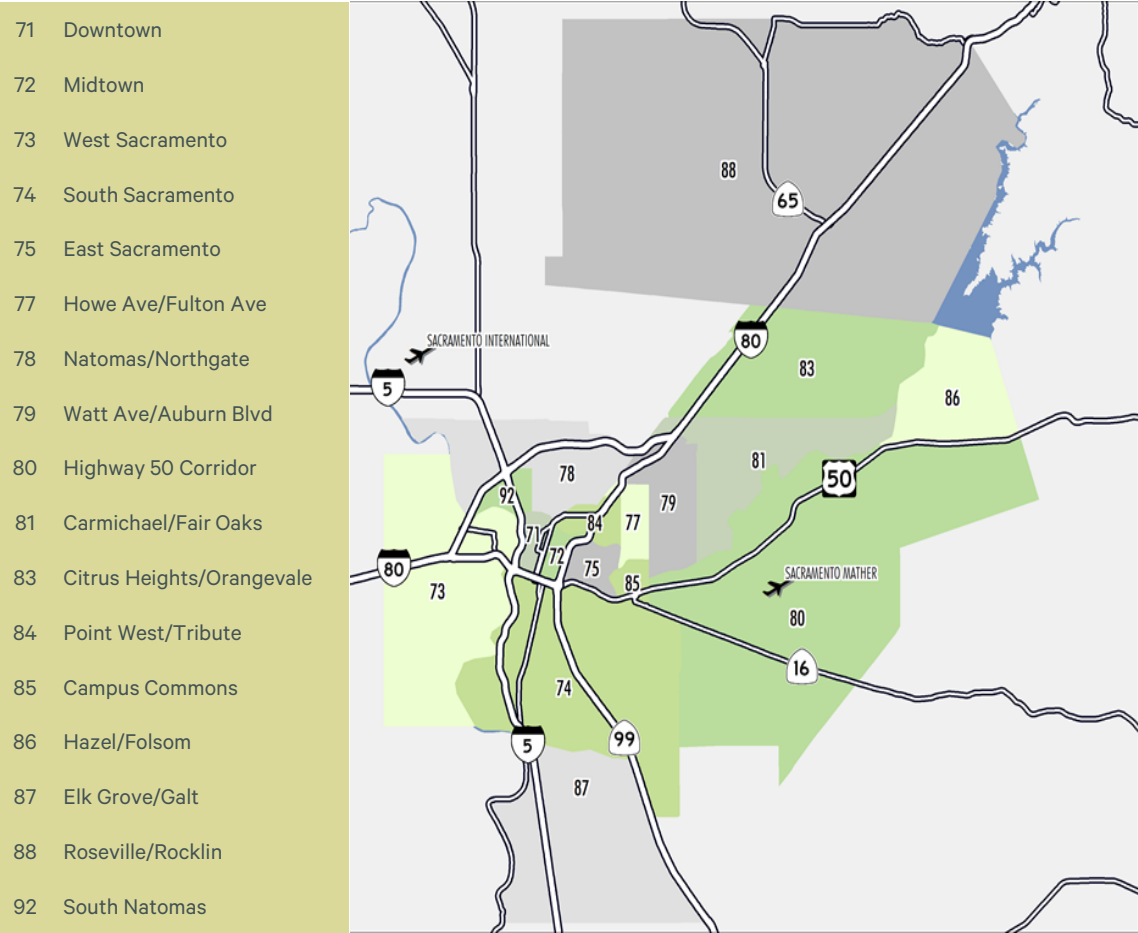
Source: CBRE Research, Q4 2024

FIGURE 8: Top 25 Leases by Size



Source: CBRE Research, Q4 2024

Submarket Map



Source: CBRE Research, Location Intelligence

Definitions

Average Asking Rate Direct Monthly Lease Rates, Full-Service Gross. Availability All existing space being marketed for lease. Total Vacancy Rate Direct Vacancy + Sublease Vacancy. CBD Central Business District; consists of the Downtown submarket.

CBRE’s market report analyzes existing single- and multi-tenant office buildings that total 10,000+ sq. ft. in the Greater Sacramento region., excluding 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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