Local Roots + Global Reach

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SACRAMENTO INDUSTRIAL REPORT

1ST QUARTER 2020

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VACANCY & RENTS

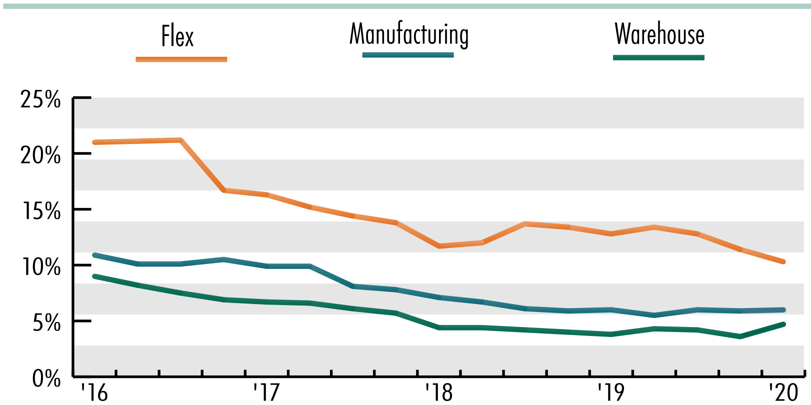
Sacramento Outlook

An overview of the Sacramento Industrial market reveals optimism moving forward in 2020. Sacramento's abundance of industrial product along the I-5 & I-80 corridor is critical to shipping logistics between other hubs located in East Bay, Reno and Stockton. Especially considering larger retailers Amazon picking up a second location, and Walmart breaking ground on a substantial distribution center in Metro Airpark. An increase in new supply of construction in the pipeline is adding to industrial demand in space options after descending to a record low at the end of 2019.

From the beginning of 2020 leasing has seen limited demand with the exception of West Sacramento and Woodland which accounts for some of the more prominent lease signings in the first quarter. NorCal Beverage leased an additional 132,000 square feet in West Sacramento and the Companion Group signed a lease for 101,000 square feet in Woodland. Rent growth has dropped over the last quarter, however, the overall industrial market is better positioned to handle an economic slowdown especially with e-commerce remaining healthy.

In contrast, sales performed at a similar pace as last year in the first quarter with local owner/user individuals representing the majority of buyers. Only about 5% of sales coming from institutional, private equality or REIT's, with one of the largest sales of the HP campus in Roseivlle, a 151,000 square foor warehouse, two office buildings were purchased for $101.3 million ($168/SF).

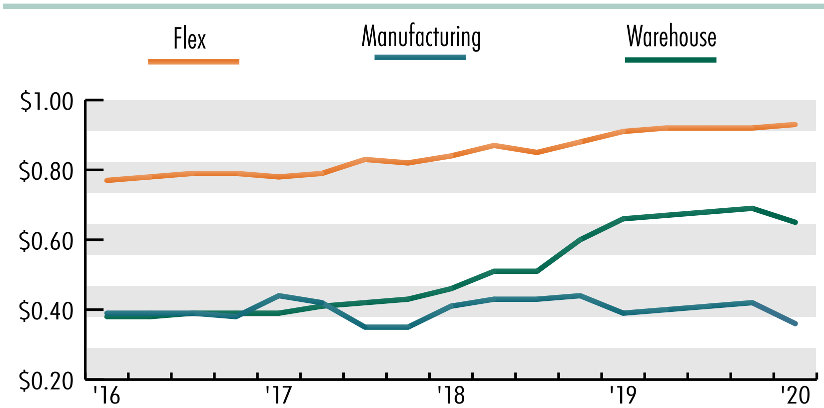
VACANCY RATES BY PRODUCT | PHYSICALLY VACANT SPACE



Change in Vacancy (Year Over Year)

+0.64%

AVERAGE RENTAL RATES | TRIPLE NET



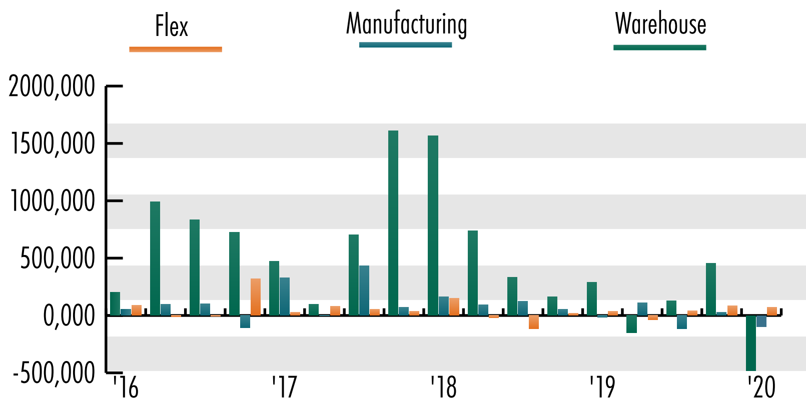
Change in Rents (Year Over Year)

+6.27%

THESE STATISTICS ENCOMPASS THE ENTIRE SURVEY, WHICH INCLUDES ALL INDUSTRIAL CLASS TYPES 10,000 SQUARE FEET AND LARGER.

NOTEWORTHY TRANSACTIONS

NET ABSORPTION | BY TYPE



Transaction Activity (Quarter to Quarter)

+7.46%

LEASE TRANSACTIONS | NOTABLE INDUSTRIAL TRANSACTIONS

Property Address	Submarket	Date Signed	Square Feet Leased	Est. Lease Rate	Tenant
2400 McClellan Park Dr	McClellan	Mar 24, 2020	417,214	-	Amazon
3115 Ramco St	West Sacramento	Feb 25, 2020	71,552	-	Metropolitan Van and Storage
3575 Ramos Dr	West Sacramento	Mar 26, 2020	63,110	$0.55/NNN	Living Spaces
280 N Pioneer Ave	Davis/Woodland	Feb 19, 2020	55,087	$0.38/NNN	-
3640 Ramos Dr	West Sacramento	Mar 26, 2020	40,964	$0.55/NNN	Tire Hub

SALE TRANSACTIONS | NOTABLE INDUSTRIAL TRANSACTIONS

4841 Urbani Ave McClellan, CA 95652	8615 23rd Ave Sacramento, CA 95826	140 Enterprise Ct Galt, CA 95632	8860 Fruitridge Rd Sacramento, CA 95826	6280 88th St Sacramento, CA 95828
McClellan Ind Submarket	Power Inn Ind Submarket	Elk Grove/Laguna Ind Submarket	Power Inn Submarket	Power Inn Submarket
Sold Feb 7, 2020	Sold Mar 19, 2020	Sold Jan 15, 2020	Sold Jan 27, 2020	Sold Jan 9, 2020
±175,563 Total Sq. Ft.	±39,700 Total Sq. Ft.	±50,400 Total Sq. Ft.	±31,400 Total Sq. Ft.	±9,690 Total Sq. Ft.
$18,350,000.00	$4,050,000.00	$3,700,000.00	$3,300,000.00	$3,000,000.00
$104.52/Sq.Ft.	$102.02/Sq.Ft.	$73.41/Sq.Ft.	$103.50/Sq.Ft.	$309.60/Sq.Ft.

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STATISTICS BY SUBMARKET

* Average Asking Rate Based on NNN

Manufacturing/Warehouse
Avg. Sales Price Per SF (Year to Date)

$110.99/SF

Flex Industrial
Avg. Sales Price/SF (Year to Date)

$117.18/SF

	Total Buildings	Net Rentable SF	Vacant SF	Vacancy Rate QTR	Net Absorption QTR	Gross Absoption	Under Construction SF	Average Asking Rate* (All Types)
Auburn/ Newcastle	91	2,469,034	52,086	2.11%	(13,460)	27,454	0	$0.75
Davis/Woodland	208	16,759,675	700,899	4.2%	(29,049)	66,053	20,000	$0.34
Downtown	81	2,524,260	77,454	3.1%	9,837	0	0	$1.02
East Sacramento	21	542,263	22,000	4.1%	0	0	0	
Elk Grove/Laguna	125	5,907,376	215,547	3.6%	19,346	16,482	0	$0.52
Folsom/El Dorado	142	4,432,861	201,903	4.6%	14,150	60,608	26,801	$0.82
Mather	142	4,194,424	193,047	4.6%	(23,990)	11,691	0	$0.80
McClellan	304	14,530,331	1,006,093	6.9%	(21,414)	137,481	0	$0.73
Natomas/Northgate	232	13,180,193	548,871	4.2%	89,854	357,697	1,869,700	$0.62
NE Sacramento	197	5,088,832	252,804	5.0%	(79,381)	16,510	0	$0.74
Power Inn	575	24,300,723	698,661	2.9%	5,990	194,804	12,000	$0.93
Richards	84	3,928,307	765	0.4%	(10)	4,800	0	$0.48
Roseville/Rocklin	296	17,235,397	597,019	3.5%	(18,932)	36,421	72,734	$0.66
South Sacramento	124	4,049,355	974,285	24.1%	24,092	37,642	0	$0.78
Sunrise	342	10,295,232	526,811	5.1%	(216,924)	105,173	0	$0.70
West Sacramento	338	19,535,579	1,797,560	9.2%	(302,671)	68,013	116,926	$0.73
Manufacturing	342	23,356,086	1,399,995	5.99%	(98,970)	104,983	32,000	$0.36
Warehouse	2,899	124,848,350	5,863,390	4.70%	(482,250)	993,515	2,036,048	$0.65
Flex	211	7,186,619	740,451	10.30%	72,527	192,331	50,113	$0.93
Market Totals	**3,452**	**155,391,055**	**8,003,836**	**5.4%**	**(508,693)**	**1,290,829**	**2,118,161**	**$0.68**

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