



Local Roots + Global Reach

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# SACRAMENTO INDUSTRIAL REPORT

## **2ND QUARTER 2020**

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The Information in this document was obtained from sources we deem reliable; however, no warranty or representation, expressed or implied, is made as to the accuracy of the information contained herein. The market statistics represent properties that are 10,000 square feet or larger. This quarterly market report is a research document of TRI Commercial and may be found on our website at [www.tricommercial.com](http://www.tricommercial.com). CoStar was the main source of information used in this report.

# VACANCY & RENTS



## Sacramento Outlook

While the overall market saw the initial shock from the corona virus mandated shutdown in the second quarter, the Sacramento industrial market remained strong and showed its resilience as an industry. PPP loans helped offset income losses, as well as bolstered a good amount of essential small industrial users. Sacramento's industrial market is showing its durability at a time of uncertainty in this unprecedented mandated economic slowdown.

With new product coming online vacancy increases slightly by 1.89% from 5.3% in Q1 to 5.4% in Q2, just off of a record low in Q4 2019. However, Amazon's leasing of 418,000 Sq.Ft. at 2400 McClellan Park Dr and the completion of Walmart's 1.1 million Sq.Ft. distribution facility in Metro Air Park, both in Q1, will keep downward pressure on vacancy rates for the second half of the year.

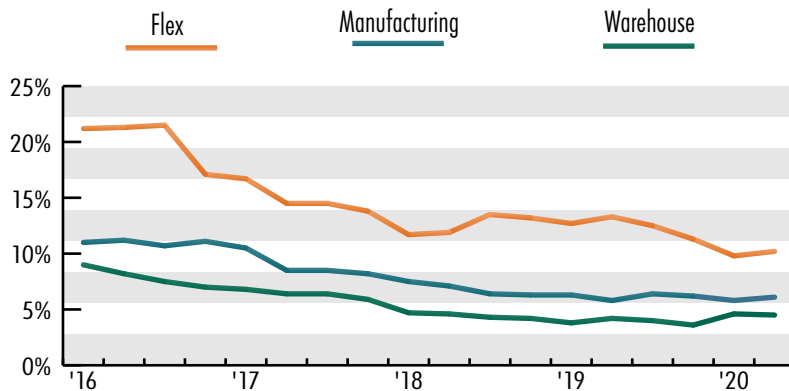
Although rents dipped by 3.08% from \$0.65/Sq.Ft. in Q1 to \$0.63/Sq.Ft. in Q2, tight vacancies have fueled

many years of rent growth. Rents in the Sacramento Industrial market continue to trend near the top in the U.S. New supply was limited this cycle, however Sacramento's construction pipeline has dramatically increased and includes a number of large spec projects still in the works. One example comes from the emerging cannabis market where Natura Life+Science's 265,000 Sq.Ft. campus in Power Inn, located at 8280 Elder Creek Road, wrapped up construction in April.

With the mandated shutdown, transaction activity is lower than expected and is likely to remain tempered in these uncertain economic times, lease renewals have become more common. Notably the lease renewal of Penske Logistics of 57,000-SF at a starting rent of \$0.55/SF NNN, for a term running five years.

In the future, be on the lookout for increased leasing and sales of distribution product for grocers, delivery services, and the trucking industry who are thriving in 2020.

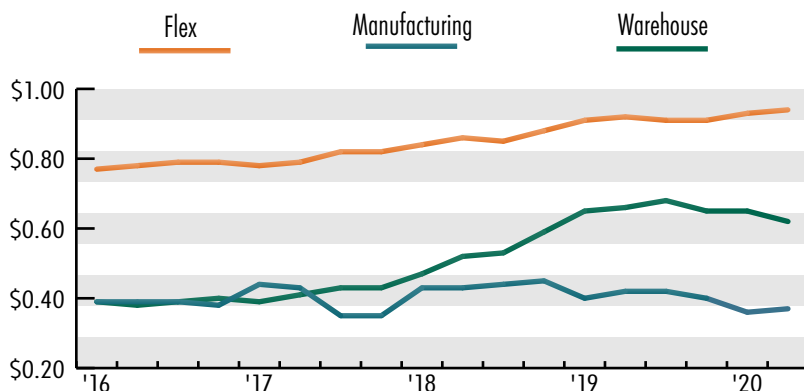
### VACANCY RATES BY PRODUCT | PHYSICALLY VACANT SPACE



Change in Vacancy (Qtr to Qtr)

**+1.89%**

### AVERAGE RENTAL RATES | TRIPLE NET

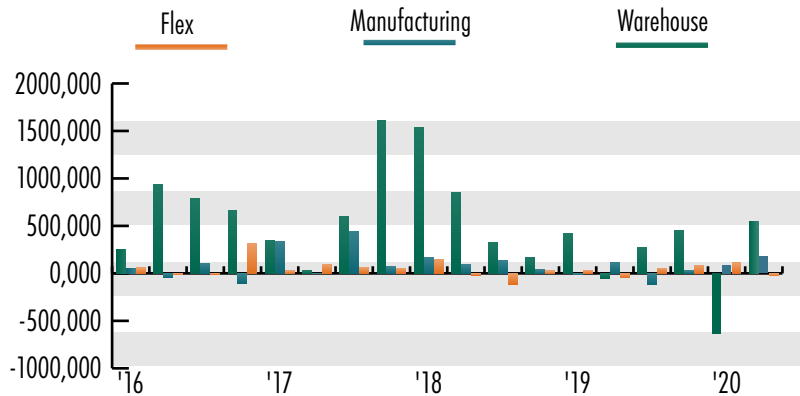


Change in Rents (Qtr to Qtr)

**-3.08%**

# NOTEWORTHY TRANSACTIONS

## NET ABSORPTION | BY TYPE



## LEASE TRANSACTIONS | NOTABLE INDUSTRIAL TRANSACTIONS

Property Address	Submarket	Date Signed	Square Feet Leased	Est. Lease Rate	Tenant
3085 Mary Pl	West Sacramento	Jun 30, 2020	73,017	\$0.55/N	CEVA Logistics
4040 Vista Park Ct	Natomas/Northgate	Jun 12, 2020	57,222	\$0.55/NNN	Penske Logistics
11255 Pyrites Way	Sunrise	May 10, 2020	48,125	\$0.52/NNN	-
3575 Ramos Dr	West Sacramento	Jun 2, 2020	44,378	\$0.55/NNN	American Red Cross
4350 Pell Dr	Natomas/Northgate	Jun 18, 2020	40,924	\$0.60/NNN	-

## SALE TRANSACTIONS | NOTABLE INDUSTRIAL TRANSACTIONS

660 N Pioneer Ave Woodland, CA 95776	9980 Horn Rd Sacramento, CA 95827	10182 Croydon Way Sacramento, CA 95827	3437 Fitzgerald Rd Rancho Cordova, CA 95742	4640 Pell Dr Sacramento, CA 95838
Davis/Woodland Ind Submarket	Mather Ind Submarket	Mather Ind Submarket	Sunrise Ind Submarket	Natomas/Northgate Ind Submarket
Sold Jun 19, 2020	Sold Apr 14, 2020	Sold May 19, 2020	Sold Jun 19, 2020	Sold May 19, 2020
±323,475 Total Sq. Ft.	±24,000 Total Sq. Ft.	±36,000 Total Sq. Ft.	±21,080 Total Sq. Ft.	±28,800 Total Sq. Ft.
\$19,625,875	\$3,075,000	\$2,300,000	\$2,220,000	\$2,160,000
\$60.67/Sq.Ft.	\$128.13/Sq.Ft.	\$63.89/Sq.Ft.	\$105.31/Sq.Ft.	\$75.00/Sq.Ft.



## STATISTICS BY SUBMARKET

\* Average Asking Rate Based on NNN

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



**\$89.68/SF**

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



**\$121.36/SF**

	Total Buildings	Net Rentable SF	Vacant SF	Vacancy Rate QTR	Net Absorption QTR	Gross Absorption	Under Construction SF	Average Asking Rate* (All Types)
Auburn/Newcastle	90	2,443,334	30,136	1.23%	21,950	12,318	0	\$0.73
Davis/Woodland	209	16,821,696	374,822	2.23%	332,877	590,561	20,000	\$0.38
Downtown	81	2,524,260	77,454	3.07%	-	30,445	0	\$0.79
East Sacramento	21	542,263	22,000	4.06%	-	3,400	0	-
Elk Grove/Laguna	125	5,907,376	230,030	3.89%	5,492	107,554	111,489	\$0.54
Folsom/El Dorado	142	4,432,861	179,873	4.06%	(15,933)	52,970	0	\$1.06
Mather	142	4,194,424	205,669	4.90%	(16,134)	120,909	0	\$0.75
McClellan	305	14,563,722	1,043,855	7.17%	(38,822)	374,741	0	\$0.69
Natomas/Northgate	196	5,078,675	237,061	4.67%	17,497	102,538	0	\$0.70
NE Sacramento	233	13,194,893	391,789	2.97%	128,871	571,893	1,869,770	\$0.63
Power Inn	579	24,668,265	1,027,914	4.17%	15,267	1,765,045	12,000	\$0.66
Richards	84	3,928,307	71,168	1.81%	(70,403)	82,343	0	\$0.50
Roseville/Rocklin	297	17,286,370	666,838	3.86%	48,355	409,534	23,312	\$0.63
South Sacramento	123	4,039,155	969,575	24.00%	(5,590)	51,500	0	\$0.28
Sunrise	342	10,298,303	482,908	4.69%	(11,077)	197,601	185,251	\$0.68
West Sacramento	339	19,582,447	1,506,971	7.70%	283,003	682,068	116,926	\$0.67
Manufacturing	332	22,439,409	1,378,659	6.14%	177,519	347,565	32,000	\$0.37
Warehouse	2,766	119,903,167	5,411,987	4.51%	543,070	4,554,834	2,283,436	\$0.62
Flex	210	7,163,775	727,417	10.15%	(25,236)	253,021	23,312	\$0.94
<b>Market Totals</b>	<b>3,308</b>	<b>149,506,351</b>	<b>7,518,063</b>	<b>5.03%</b>	<b>695,353</b>	<b>5,155,420</b>	<b>2,338,748</b>	<b>\$0.63</b>

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