



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
6.4% Vacancy Rate	▲	▲
-485K YTD Net Absorption, SF	▼	▲
\$0.80 Asking Rent, PSF (Overall, Net Asking Rent)	▬	▬

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
1.1M Sacramento MSA Employment	▲	▲
4.8% Sacramento MSA Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate	▼	▲

Source: BLS
Q3 2026

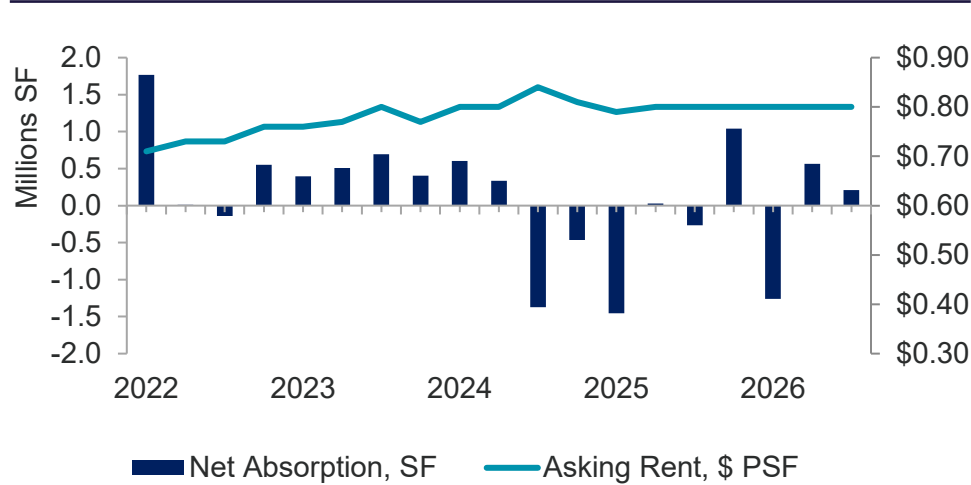
ECONOMY

Sacramento’s labor market strengthened further in Q3 2026, supported by the region’s diverse economic base and strategic position within Northern California’s distribution network. The Sacramento metropolitan area supports approximately 1.1 million jobs, and the unemployment rate declined to 4.8%, down from 4.9% in the previous quarter and 5.1% one year ago.

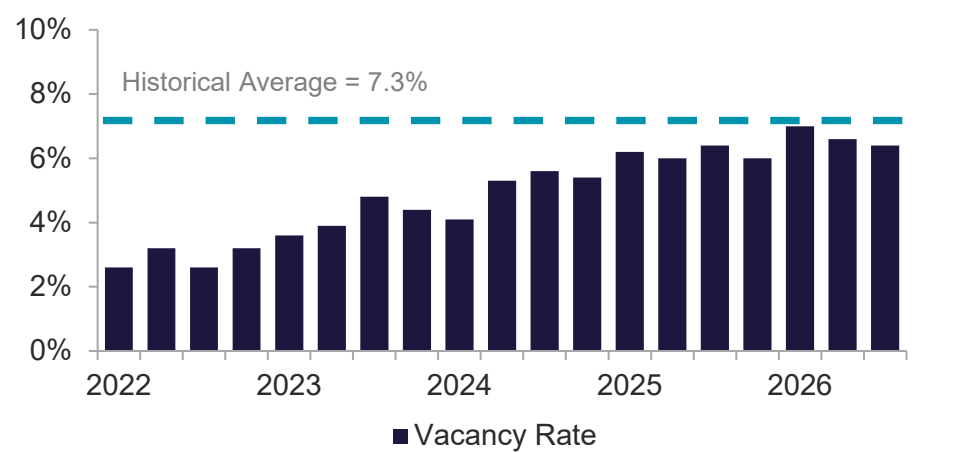
DEMAND

Industrial market fundamentals continued to improve in Q3 2026, with Sacramento recording 208,318 square feet (sf) of positive net absorption. This marked the second consecutive quarter of occupancy gains and brought year-to-date net absorption to negative 485,233 sf, as the market recovers some of the losses from the first quarter. Gains were broad-based, with eight of the market’s 13 submarkets recording positive absorption. Davis/Woodland led the region with 379,972 sf of net absorption, as Pacific Coast Producers occupied 399,535 sf at 2030 Hanson Way, nearly halving the submarket’s vacancy rate from 4.9% to 2.5%. West Sacramento (91,368 sf) and Power Inn (73,764 sf) also posted occupancy gains. These were partially offset by losses in Placer County (117,134 sf), Elk Grove (96,606 sf) and Metro Air Park (150,000 sf), where large blocks of newer space continue to face leasing challenges. Leasing in Q3 was led by large deals, with all six key transactions exceeding 100,000 sf, matching Q2. Renewals and new leases split evenly at three each, though renewals accounted for 62.4% of the combined square footage. The largest deal of the quarter was Grocery Outlet’s 412,808-sf renewal, followed by the California Emergency Medical Services Authority’s 255,046-sf renewal, both in Power Inn. Peak Energy’s 183,088-sf lease at 7180 Badiiee Drive in Metro Air Park, where vacancy closed Q3 at 20.1%, was the largest new lease. Another notable deal was Southland Industries’ 105,839-sf renewal in McClellan. The prospect of future demand is supported by a sizable pipeline of active tenant requirements. There were 14 active requirements of 60,000 sf or larger totaling approximately 2.7 million square feet (msf) at the close of Q3. Warehouse/distribution users made up 64.0% of requirements by square footage with remaining demand spanning industries from building supply and automotive to food and agriculture. Manufacturers account for 29.3%. This indicates larger occupiers still evaluate Sacramento despite a selective leasing environment.

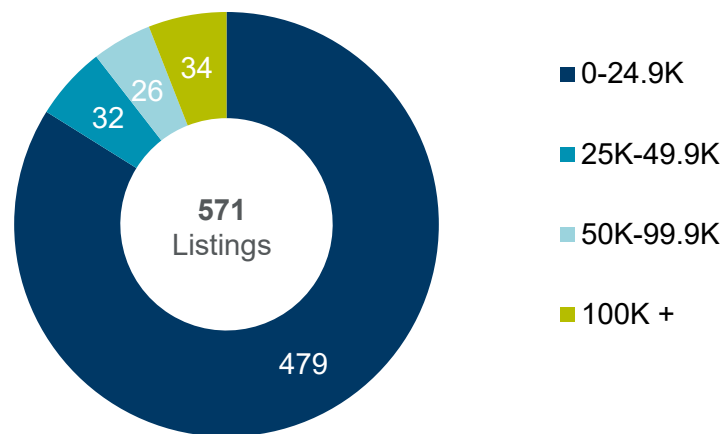
OVERALL NET ABSORPTION / OVERALL ASKING RENT



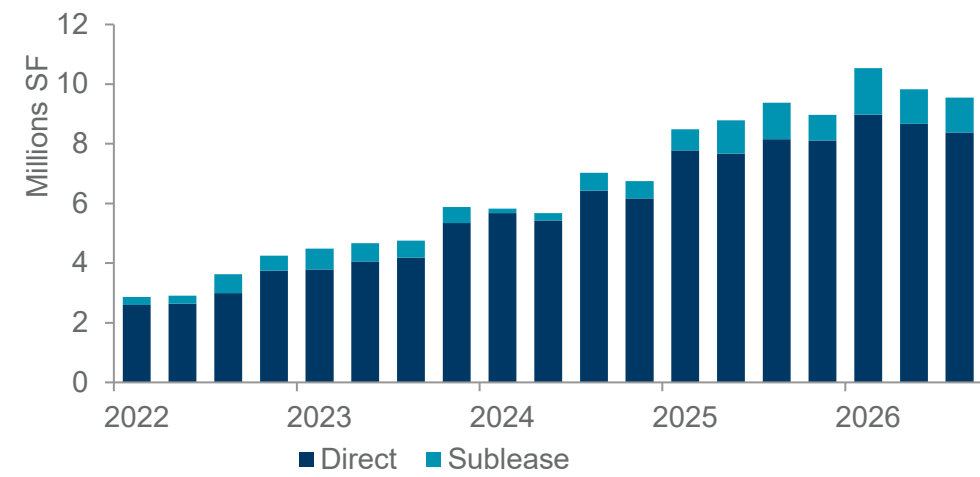
OVERALL VACANCY



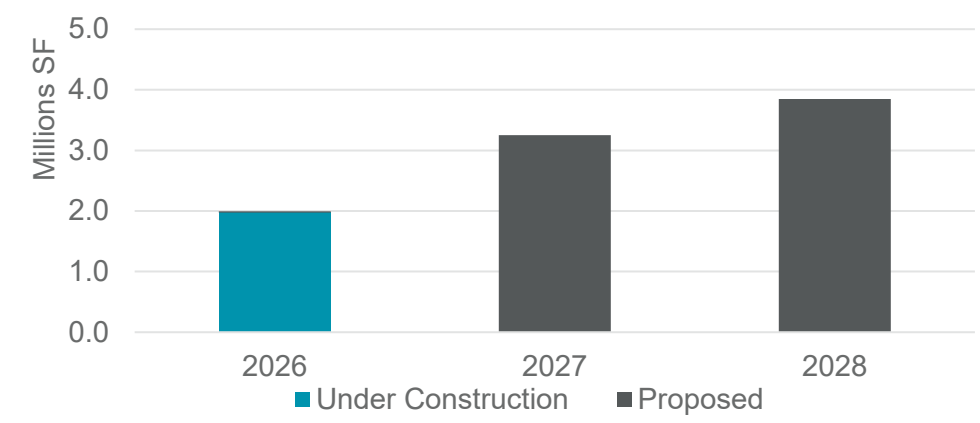
AVAILABILITIES BY SIZE SEGMENT



DIRECT VS. SUBLEASE VACANT SPACE COMPARISON



PROPOSED & UNDER CONSTRUCTION PROJECTS



SUPPLY

The vacancy rate declined for the second consecutive quarter to 6.4%, down 20 basis points from 6.6% in Q2, with total vacant space falling below 9.6 msf from a Q1 peak above 10.0 msf. The improvement came from direct space, which fell to 8.4 msf from 8.7 msf, while sublease availability held steady at 1.2 msf. Vacancy remains uneven across submarkets, with Metro Air Park the outlier at 20.1% and holding the second-largest pool of vacant space at 1.9 msf. Elk Grove, Davis/Woodland and Northeast Sacramento are the tightest submarkets, sitting below 3.0%. Space under construction totaled 2.0 msf with no completions during the quarter. Metro Air Park accounts for 61.9% of that total, making its lease-up a key swing factor for overall vacancy. Proposed projects are weighted toward 2027 (3.3 msf) and 2028 (3.9 msf).

PRICING

Average asking rents in Sacramento remained stable across all submarkets and asset classes. Asking rents for Class A warehouse space held steady at \$0.80 per square foot (psf) per month across the region, while Class B warehouse space remained at \$0.65 psf per month. Although these rents remained level, some landlords are beginning to feel pressure to fill space and are offering concessions such as free rent, tenant improvement allowances and, in some cases, moving allowances to lease vacancies that have been on the market for over a year. These concessions are proving effective for some tenants, who were previously reluctant to relocate and inclined to renew but are now being incentivized to sign new leases and move their businesses.

CAPITAL MARKETS

Industrial investment activity in Q3 2026 was shaped by the sale of a 28-property Natomas portfolio, which accounted for 60.8% of the approximately \$398.8 million in sales volume and made headline totals difficult to compare with recent quarters. Blue Rise Ventures purchased the North Market Business Park from Link Logistics, totaling roughly 1.9 msf for \$242.5 million (\$128 psf). Link Logistics had also sold a 319,800-sf property at 550 North Pioneer Avenue in Woodland in Q2 for \$28.5 million (\$89 psf). Sales averaged \$110 psf, below the \$125 psf in Q2 2026 and \$127 psf in Q3 2025, while smaller infill buildings such as the 62,739-sf 3600 Industrial Boulevard sold for as much as \$187 psf. With one sale dominating volume, psf pricing offers a more consistent point of comparison. Bulk and portfolio trades suggest investor appetite remains healthy despite leasing uncertainty.

OUTLOOK

- Sacramento’s industrial market is expected to remain fundamentally healthy, though larger blocks, particularly in Metro Air Park, may take longer to lease
- The near-term trajectory of vacancy will largely depend on absorption of existing availabilities and new construction, as economic conditions influence occupier decisions
- Sacramento’s strategic location, infrastructure, cost advantages and access to labor are expected to sustain tenant and investor interest over the long term, albeit at a more moderate pace

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT*
Davis / Woodland	15,639,218	391,737	2.5%	379,972	981,370	0	0	\$0.62
Downtown Sacramento	4,452,643	121,700	2.7%	18,845	17,769	0	0	\$0.60
Folsom / El Dorado Hills	3,746,061	135,678	3.6%	28,083	98,591	78,000	0	\$1.25
McClellan	16,600,361	587,397	3.5%	9,652	-143,998	0	0	\$0.70
Metro Air Park	9,537,708	1,919,233	20.1%	-150,000	-1,262	1,221,524	0	\$0.85
Natomas	11,279,157	613,674	5.4%	19,716	104,999	0	0	\$0.80
NE Sacramento	4,661,661	135,549	2.9%	5,341	66,244	0	0	\$0.90
Placer County	14,610,639	1,253,553	8.6%	-117,134	-251,628	0	0	\$0.82
Power Inn	22,644,859	1,233,171	5.4%	73,764	-134,532	0	0	\$0.79
South Sacramento	3,497,241	346,426	9.9%	0	-137,067	0	0	\$0.70
Elk Grove	6,716,747	118,424	1.8%	-96,606	-84,505	180,956	0	\$1.00
Sunrise / Rancho Cordova	15,398,012	650,262	4.2%	-54,683	182,818	491,435	0	\$0.93
West Sacramento	21,122,308	2,043,756	9.7%	91,368	-1,184,032	0	0	\$0.80
MARKET TOTALS	149,906,615	9,550,560	6.4%	208,318	-485,233	1,971,915	0	\$0.80

*Rental rates reflect weighted net asking \$psf/month

KEY LEASE TRANSACTIONS Q3 2026

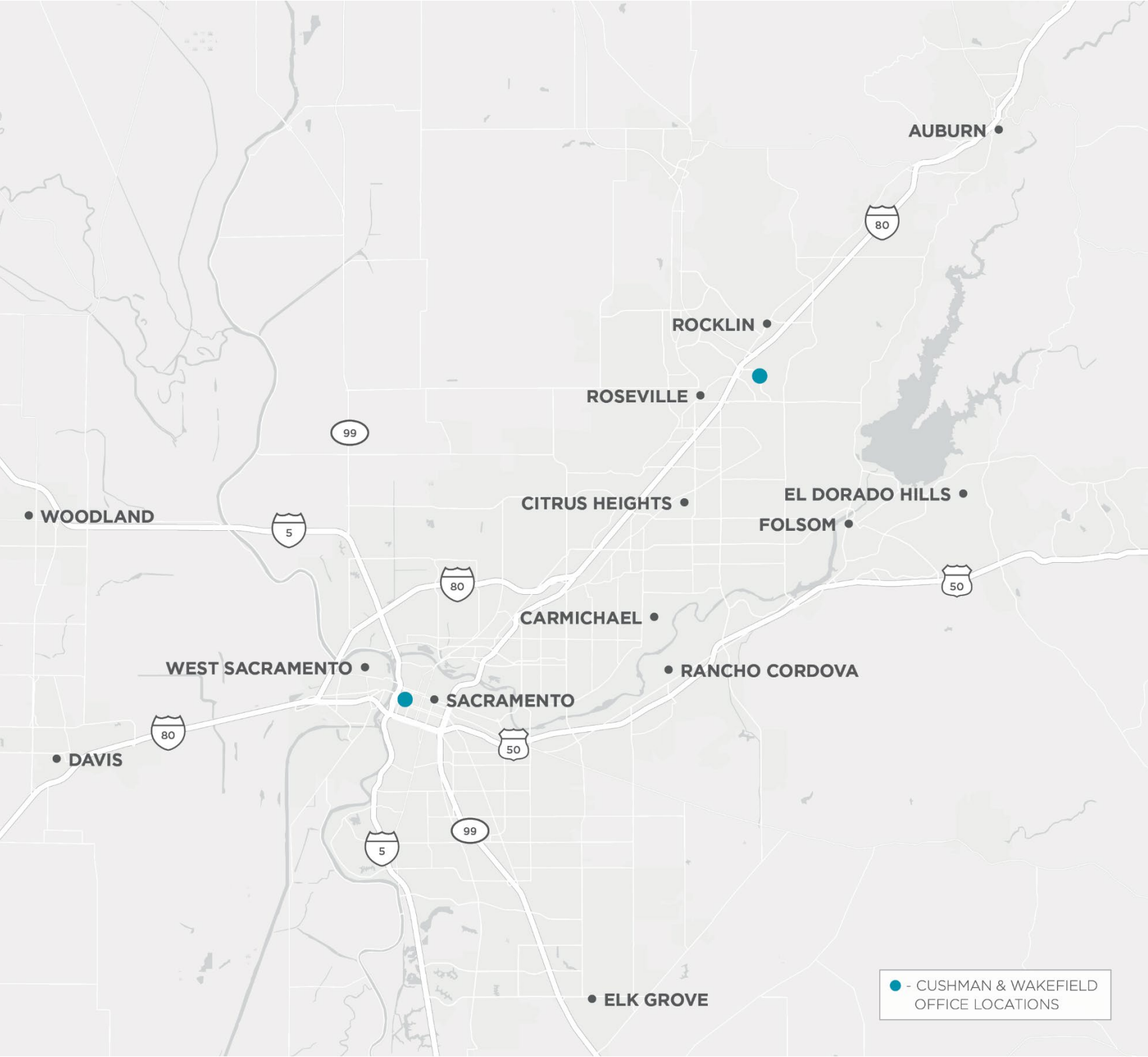
PROPERTY	SUBMARKET	TENANT	SF	TYPE
4400 Florin Perkins Road	Power Inn	Grocery Outlet	412,808	Renewal
8670 Younger Creek Drive	Power Inn	California Emergency Medical Services Authority	255,046	Renewal
7180 Badiiee Drive	Metro Air Park	Peak Energy	183,088	New Deal
1400 Churchill Downs	Davis / Woodland	Advanced Logistics & Distribution	159,850	New Deal
2935 Ramco Street	West Sacramento	Living Spaces	123,564	New Deal
5001 Bailey Loop	McClellan	Southland Industries	105,839	Renewal**

KEY SALE TRANSACTIONS Q3 2026

*Renewals not included in national leasing statistics **C&W transaction

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
North Market Business Park (28 Properties)	Natomas	Link Logistics / Blue Rise Ventures	1,893,681	\$242.5M / \$128
5440 Stationers Way	McClellan	STAG Industrial / Scannell Properties	250,577	\$23.8M / \$95
3600 Industrial Boulevard	West Sacramento	Dalfen Industrial / The Ram Group	62,739	\$11.8M / \$187
6301 Florin Perkins Road	Power Inn	Buzz Oates / Warda Perkins LLC	53,750	\$8.2M / \$153
4320 Roseville Road	McClellan	Sierra Select Distributors / Hireko Trading Company	49,416	\$5.0M / \$101

SACRAMENTO INDUSTRIAL MARKET



JAMES MASUDA
Senior Analyst
Tel: +1 916 403 1820
James.Masuda@cushwake.com

RON THOMAS
Executive Managing Director
Tel: +1 916 288 4800
Ron.Thomas@cushwake.com

CUSHMAN & WAKEFIELD
400 Capitol Mall
Suite 1800
Sacramento, CA 95814

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION
Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of \$10.3 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

©2026 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK’s securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.