

Sacramento Valley



Market Facts

8.7%

Class A Vacancy

9.6%

Class B Vacancy

\$2.31 FS

**Class A
Average Asking Rate**

\$1.85 FS

**Class B
Average Asking Rate**

Market Overview

The Sacramento Valley office market kicked off the year with a strong start. The office market measured an occupancy gain during the first quarter of 2018 totaling more than 55,000 square feet, ending the first quarter of the year with positive net absorption on the books. Overall vacancy in the market stood at 9.7 percent, although vacancy was relatively flat quarter over quarter, total vacant space in the Sacramento Valley office market has declined 6.9 percent year over year. Average asking rates measured an uptick after remaining relatively flat throughout 2017. At the close of the first quarter average asking rates for office space stood at \$1.97 per square foot, full service. This is a 2.9% increase from the previous quarter, and 5.9% from one year earlier.

Total vacant supply in the Downtown Sacramento market measures 1.3 million square feet. This amount of space translates to a vacancy rate of 7.6%, an increase of less than one percentage point from one year earlier. Asking rates in the submarket have measured steady increases quarter over quarter as tenants continue to seek out space within the Downtown market. At the close of the first quarter, average asking rates stood at \$2.72 per square foot,

full service, up from an average of \$2.64 per square foot, full service during the fourth quarter of 2017.

The Highway 50 Corridor recorded the highest level of new leasing activity of all the submarkets within the region during the first quarter, totaling over 155,000 square feet of new tenant demand. During the quarter, Referral Exchange signed a new lease in the Highway 50 Corridor for more than 33,000 square feet of office space at 10911 White Rock Road. Average asking rates in the submarket offer tenants more than a ten percent discount compared to the region, which is a likely contributor to the recent surge in market activity within the submarket. At the close of the first quarter, average asking rates totaled \$1.86 per square foot, full service.

Going forward, it is likely that the Sacramento Valley office market will continue to measure occupancy growth as tenant demand remains high and no new construction is slated for completion in the near future. As lack of available supply continues, this will cause rates to rise throughout the Sacramento Valley market, and as a result will push tenant demand into submarkets that offer space at an attractive discount.

Market By The Numbers

SUBMARKET	Total RBA (SF)	Direct Avail Space (SF)	Sublet Avail Space (SF)	Vacancy Rate A	Vacancy Rate B	Avail Rate A	Avail Rate B	Net Absorp (SF)	Average Asking Rent (FS)		
									Total	Class A	Class B
Auburn/Lincoln	863,712	31,560	0	N/A	3.4%	N/A	8.4%	3,903	\$1.94	N/A	\$2.15
Roseville/Rocklin	8,086,109	555,511	30,821	7.4%	5.9%	13.5%	13.2%	53,395	\$1.93	\$2.16	\$1.91
Natomas/Northgate	6,131,099	664,657	15,643	10.6%	9.0%	16.4%	14.3%	54,768	\$1.83	\$2.10	\$1.62
Rio Linda/North Highlands	819,294	203,724	0	N/A	38.5%	N/A	38.5%	0	\$1.53	N/A	\$1.20
Citrus Heights/Orangevale	1,022,867	104,309	0	N/A	14.6%	N/A	14.9%	-9,507	\$1.58	N/A	\$1.86
Folsom	4,104,465	252,172	1,114	5.1%	6.4%	6.9%	9.9%	27,891	\$1.96	\$2.25	\$1.76
Watt Ave	2,151,435	210,376	7,168	N/A	12.2%	N/A	14.3%	-5,450	\$1.53	N/A	\$1.68
El Dorado Hills	1,086,173	308,857	0	48.2%	31.4%	58.5%	32.1%	-11,773	\$1.91	\$1.94	\$1.97
Sacramento- Midtown	2,562,599	187,006	13,063	11.7%	3.3%	8.2%	4.7%	-17,682	\$2.34	\$2.85	\$2.48
Sacramento-Downtown	18,188,792	1,360,953	18,930	6.9%	10.6%	7.5%	12.1%	-60,158	\$2.72	\$2.99	\$2.33
Point West	2,447,183	334,614	15,362	13.8%	15.6%	21.1%	16.7%	-12,945	\$1.86	\$2.02	\$1.77
West Sacramento	1,837,717	116,807	0	0.3%	14.6%	3.1%	11.6%	-28,848	\$1.84	\$1.70	\$1.88
East Sacramento	2,266,388	108,553	0	N/A	2.1%	N/A	2.6%	-9,000	\$2.56	N/A	\$2.58
Highway 50 Corridor	16,237,725	1,720,780	105,726	11.3%	9.4%	15.3%	16.8%	-7,046	\$1.65	\$1.93	\$1.59
Howe Ave	1,788,015	290,404	5,244	N/A	12.9%	N/A	23.0%	79,582	\$1.69	\$1.85	\$1.57
Campus Commons	1,022,681	168,473	4,500	N/A	17.1%	N/A	25.7%	-8,559	\$2.14	\$2.75	\$2.14
South Sacramento	2,269,103	294,140	1,761	N/A	12.8%	N/A	17.0%	4,065	\$1.60	N/A	\$1.76
Davis/Woodland	1,399,405	53,927	0	N/A	5.5%	N/A	6.5%	2,887	\$2.06	\$2.65	\$1.35
TOTAL	74,284,762	6,966,823	219,332	8.7%	9.6%	12.9%	13.8%	55,523	\$1.97	\$2.31	\$1.85

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