



Sacramento Office Market

Sacramento Office Market Maintains A Steady Course

As 2021 comes to an end, the country is still navigating a pandemic. Although most states have fully reopened with restrictions, the new, highly contagious Omicron variant is a cause for concern and has caused some businesses to put plans on hold again.

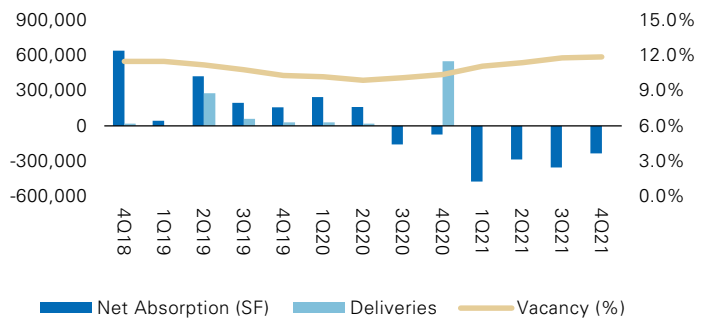
As expected, the Sacramento office market posted a slight increase in vacancy from 11.8% in the third quarter of 2021 to 11.9% in the fourth quarter of 2021. Over the past two years, the office vacancy rate has fluctuated between 10.1% to 11.9% but the quarterly vacancy changes have been minimal. The increase in vacancy was due in part to some State of California agencies moving out of private sector buildings to new state-owned buildings in Downtown that completed construction during the year.

The office market posted a negative net absorption of 236,321 square feet during the quarter, bringing the year-to-date net absorption total to negative 1.3 million square feet. The fourth quarter of 2021 recorded the smallest quarterly negative net absorption total during the year and marks the fifth consecutive quarter of negative net absorption. The North Natomas

Market Summary

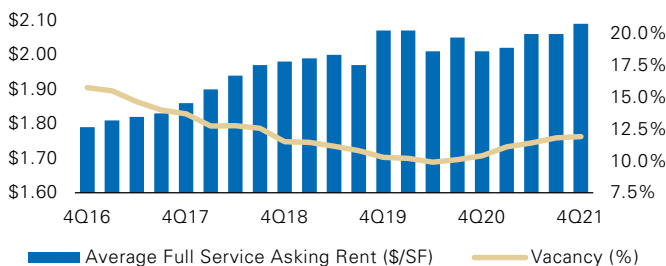
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	70.4M	70.5M	70.6M	↔
Vacancy Rate	11.9%	11.8%	10.4%	↑
Qtr Net Absorption (SF)	-236K	-356K	-74K	↓
Avg FS Asking Rent/SF	\$2.09	\$2.06	\$2.01	↑
Under Construction (SF)	281K	272K	0M	↔

Net Absorption, New Construction, Vacancy Rate

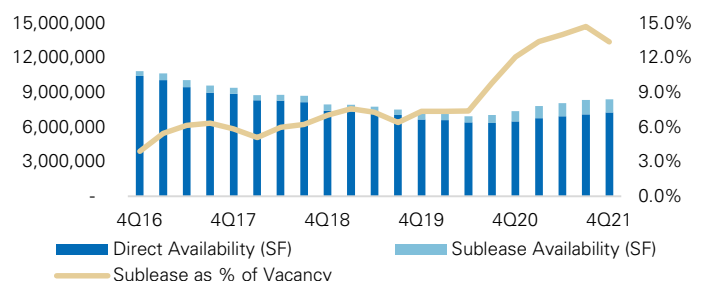


Market Analysis

ASKING RENT AND VACANCY RATE



SUBLEASE V. DIRECT AVAILABILITY (sf)



RESEARCH Q4 2021

submarket recorded the largest negative net absorption total for the quarter at 83,535 square feet, followed by the 50 Corridor submarket at negative 83,317 square feet. Downtown and 50 Corridor East lead the Sacramento submarkets with the most negative net absorption in 2021. The largest lease transaction occurred in the Downtown submarket, with the State of California taking 55,998 square feet at 1927 13th St. and 1900 14th St.

Only one building completed construction during the quarter, a 472,000-square-foot State of California build-to-suit at 1021 O St. During the last three quarters, three State of California build-to-suits have completed construction, for a total of 1.7 million square feet. The State of California has been gradually moving agencies from private sector buildings into these state-owned buildings. Three of the largest office buildings that are currently under construction are: the California State Teachers' Retirement System expansion in West Sacramento (272,000 square feet); the new Sacramento County Courthouse at 500 G St. (543,290 square feet); and the State of California's Richards Boulevard Office Complex at 4468 Richards Blvd. (1.25 million square feet).

Sacramento office sales remained active in the fourth quarter of 2021, and Sacramento continues to be an attractive market to investors. Kingsbarn Realty Capital added the largest sale transaction of the quarter to their Sacramento portfolio with the purchase of Parkshore Plaza, a four-building complex totaling 286,802 square feet, for \$72.2 million. Other notable sales were two medical buildings at 2801 K St. and 1020 29th St. (134,380 square feet) that sold for a combined \$50.0 million to Anchor Health Properties and 620 Roseville Parkway in Roseville, a 196,269-square-foot building that sold for \$33.2 million to Nuveen Real Estate.

The Sacramento office market ended the fourth quarter of 2021 as expected: the vacancy rate remained stable and net absorption finished the quarter and year on the negative side. The office market continues to be active as most companies are doing their best to navigate in a pandemic. Businesses are trying to adapt to an ever-changing environment. The Sacramento office market should remain stable as no major fluctuations are on the horizon.

Select Lease Transactions

Tenant	Building(S)	Submarket	Type	Square Feet
State of California	1927 13 th St 1900 14 th St	Downtown	Direct Lease	55,998
The Travelers Indemnity Company	11070 & 11090 White Road Rd	50 Corridor East	Lease Renewal	43,777
Intercare Holdings, Inc	6020 West Oaks Blvd	Rocklin	Lease Renewal	33,283
Talon Investments	1075 Creekside Ridge Dr	Roseville	Sublease	26,418
Jacobs Engineering	2485 Natomas Park Dr	South Natomas	Lease Renewal	25,000

Select Investment Sale Transactions

Building(s)	Market	Sale Price	\$/SF	Square Feet
600 & 620 Coolidge Dr 255 & 295 Parkshore Dr	Folsom	\$72,150,000	\$252	286,802
1020 29 th St 2801 K St	Midtown	\$50,000,000	\$372	134,380
620 Roseville Pkwy	Roseville	\$33,200,000	\$169	196,269
8909-8911 Folsom Blvd	50 Corridor West	\$11,366,000	\$489	23,227
8775 Folsom Blvd	50 Corridor West	\$6,050,000	\$168	36,002

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Overall Submarket Statistics										
	Total Bldgs	Total Inventory (SF)	Under Construction (SF)	Total Vacancy (SF)	Total Vacancy Rate	Total Available (SF)	Total Available Rate	Quarter Absorption (SF)	YTD Absorption (SF)	Total FS Asking Rent (Price/SF)
Sacramento	777	33,157,490		3,884,853	11.7%	5,478,014	16.5%	-167,359	-521,715	\$2.30
Downtown	180	12,553,799		1,408,843	11.2%	2,057,977	16.4%	-37,358	-259,886	\$2.87
Midtown	130	3,648,061		305,444	8.4%	466,205	12.8%	-16,141	-63,070	\$2.29
South Natomas	56	3,748,146		517,174	13.8%	777,132	20.7%	-11,500	-79,352	\$2.32
North Natomas	83	3,552,921		402,989	11.3%	428,387	12.1%	-83,535	-100,124	\$1.66
Point West	48	2,443,064		299,116	12.2%	487,816	20.0%	-17,405	16,832	\$2.03
Campus Commons	70	1,679,885		191,521	11.4%	235,458	14.0%	13,250	16,755	\$2.21
Howe Corridor	81	1,662,814		231,191	13.9%	255,265	15.4%	-4,785	-23,647	\$1.62
Watt Corridor	66	1,822,278		343,457	18.8%	436,357	23.9%	2,676	-36,633	\$1.50
South Sacramento	51	1,661,465		130,481	7.9%	193,427	11.6%	-9,710	3,278	\$1.29
Tribute Road Woodlake	12	385,057		54,637	14.2%	139,990	36.4%	-2,851	4,132	\$1.80
50 Corridor West	57	3,064,017		433,067	14.1%	549,252	17.9%	-9,857	6,457	\$1.64
50 Corridor East	245	11,672,880		1,941,484	16.6%	3,192,555	27.4%	-83,317	-538,486	\$1.80
Folsom	114	4,509,004		270,179	6.0%	441,220	9.8%	10,103	-19,720	\$2.09
El Dorado Hills	57	1,558,345		245,203	15.7%	272,159	17.5%	1,654	-87,515	\$2.10
Roseville	254	8,658,774		1,072,544	12.4%	1,614,629	18.6%	27,974	-193,919	\$1.95
Douglas Corridor	99	3,797,453		373,854	9.8%	518,123	13.6%	-8,103	-104,742	\$2.20
Roseville – Other	155	4,861,321	9,244	698,690	14.4%	1,096,506	22.6%	36,077	-89,177	\$1.74
Rocklin	67	1,665,318		192,994	11.6%	252,579	15.2%	324	-1,743	\$2.00
Carmichael Fair Oaks	54	571,073		42,579	7.5%	44,490	7.8%	-1,134	2,319	\$1.54
Orangevale Citrus Heights	64	1,412,015		190,397	13.5%	200,298	14.2%	-11,721	-36,753	\$1.31
Elk Grove Laguna	64	1,640,705		68,472	4.2%	86,442	5.3%	-2,988	32,161	\$2.24
West Sacramento	39	2,060,506	272,000	37,979	1.8%	367,358	17.8%	0	3,592	\$2.09
North Sacramento	9	410,147		9,870	2.4%	10,741	2.6%	0	-799	\$1.25
SACRAMENTO REGION	1,801	70,380,274	281,244	8,389,621	11.9%	12,509,737	17.8%	-236,321	-1,356,121	\$2.09

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Class A Submarket Statistics											
	Total Bldgs	Inventory (SF)	Vacancy (SF)	Direct Vacancy (SF)	Sublease Vacancy (SF)	Class A Vacancy Rate	Available (SF)	Class A Available Rate	Qtr Net Absorp (SF)	Ytd Net Absorp (SF)	Avg FS Ask Rent (Price/SF)
Sacramento	64	10,744,372	972,436	873,298	99,138	9.1%	1,662,754	15.5%	(16,567)	-228,981	\$2.86
Downtown	20	6,452,081	437,058	387,215	49,843	6.8%	851,348	13.2%	-27,969	-206,194	\$3.36
Midtown	5	334,796	11,988	11,988	0	3.6%	15,113	4.5%	4,022	-24,693	\$2.89
South Natomas	17	1,768,455	310,120	291,951	18,169	17.5%	397,426	22.5%	14,237	6,355	\$2.49
North Natomas	5	805,636	23,144	14,123	9,021	2.9%	32,508	4.0%	-2,141	-1,298	\$2.37
Point West	10	1,123,065	164,425	156,296	8,129	14.6%	328,499	29.3%	-12,304	1,475	\$2.14
Campus Commons	6	245,833	25,701	11,725	13,976	10.5%	37,860	15.4%	7,588	9,267	\$2.65
Howe Corridor	1	14,506	0	0	0	0.0%	0	0.0%	0	0	
Watt Corridor	0	0	0	0	0	0.0%	0	0.0%	0	-13,893	
South Sacramento	0	0	0	0	0	0.0%	0	0.0%	0	0	
Tribute Road Woodlake	0	0	0	0	0	0.0%	0	0.0%	0	0	
50 Corridor West	12	1,162,515	162,220	100,340	61,880	14.0%	179,670	15.5%	11,376	2,754	\$2.05
50 Corridor East	12	1,433,488	302,603	287,603	15,000	21.1%	498,616	34.8%	-84,955	-149,725	\$2.16
Folsom	19	2,185,662	88,449	33,665	54,784	4.0%	138,446	6.3%	20,474	2,740	\$2.44
El Dorado Hills	15	620,388	36,945	36,945	0	6.0%	56,181	9.1%	741	-14,929	\$2.66
Roseville	10	1,222,662	96,620	72,102	24,518	7.9%	167,263	13.7%	765	(40,391)	\$2.45
Douglas Corridor	8	991,980	54,602	30,084	24,518	5.5%	117,319	11.8%	765	-6,803	\$2.51
Roseville - Other	2	230,682	42,018	42,018	0	18.2%	49,944	21.7%	0	-33,588	\$2.35
Rocklin	5	514,509	106,219	106,219	0	20.6%	153,780	29.9%	1,243	-12,722	\$2.22
Carmichael Fair Oaks	0	0	0	0	0	0.0%	0	0.0%	0	0	
Orangevale Citrus Heights	0	0	0	0	0	0.0%	0	0.0%	0	0	
Elk Grove Laguna Galt	12	799,751	27,623	27,623	0	3.5%	38,804	4.9%	-2,588	10,433	\$2.57
West Sacramento	2	800,000	0	0	0	0.0%	227,813	28.5%	0	0	-
North Sacramento	0	0	0	0	0	0.0%	0	0.0%	0	0	
SACRAMENTO	151	19,483,347	1,793,115	1,537,795	255,320	9.2%	3,123,327	16.0%	(69,511)	(430,821)	\$2.64

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Class B Submarket Statistics											
	Total Bldgs	Inventory (SF)	Vacancy (SF)	Direct Vacancy (SF)	Sublease Vacancy (SF)	Class B Vacancy Rate	Available (SF)	Class B Available Rate	Qtr Net Absorp (SF)	Ytd Net Absorp (SF)	Avg FS Ask Rent (Price/SF)
Sacramento	354	13,953,843	1,650,211	1,585,627	64,584	11.8%	2,202,996	15.8%	-19,370	-90,235	\$2.20
Downtown	40	3,338,508	495,855	460,087	35,768	14.9%	616,649	18.5%	17,293	-4,850	\$2.84
Midtown	22	1,110,922	91,587	91,587	0	8.2%	143,097	12.9%	9,398	-57,301	\$2.35
South Natomas	38	1,973,691	207,054	197,630	9,424	10.5%	379,706	19.2%	-25,737	-48,982	\$2.12
North Natomas	52	1,602,289	202,993	194,967	8,026	12.7%	213,592	13.3%	-23,417	13,972	\$1.78
Point West	38	1,319,999	134,691	130,106	4,585	10.2%	159,317	12.1%	-5,101	13,309	\$1.82
Campus Commons	64	1,434,052	165,820	160,230	5,590	11.6%	197,598	13.8%	5,662	-18,668	\$2.15
Howe Corridor	51	1,131,499	177,992	176,801	1,191	15.7%	198,883	17.6%	928	-7,938	\$1.64
Watt Corridor	17	786,593	119,795	119,795	0	15.2%	150,059	19.1%	1,604	1,504	\$1.66
South Sacramento	30	998,446	7,633	7,633	0	0.8%	22,304	2.2%	0	11,736	\$1.59
Tribute Road Woodlake	2	257,844	46,791	46,791	0	18.1%	121,791	47.2%	0	6,983	\$1.85
50 Corridor West	17	1,148,185	90,080	79,007	11,073	7.8%	143,887	12.5%	-3,885	19,436	\$1.66
50 Corridor East	162	8,445,470	1,302,137	904,225	397,912	15.4%	2,290,437	27.1%	-13,029	-333,498	\$1.84
Folsom	89	2,250,140	180,530	174,813	5,717	8.0%	301,574	13.4%	-10,371	-22,460	\$1.97
El Dorado Hills	40	900,457	208,258	131,208	77,050	23.1%	215,978	24.0%	913	-72,586	\$1.93
Roseville	159	5,507,706	626,834	442,251	184,583	11.4%	1,037,640	18.8%	28,590	-126,704	\$1.98
Douglas Corridor	82	2,530,175	266,579	206,597	59,982	10.5%	334,511	13.2%	-5,846	-95,341	\$2.21
Roseville - Other	77	2,977,531	360,255	235,654	124,601	12.1%	703,129	23.6%	34,436	-31,363	\$1.75
Rocklin	53	1,051,255	77,928	67,317	10,611	7.4%	89,952	8.6%	-1,345	8,206	\$1.68
Carmichael Fair Oaks	1	38,360	0	0	0	0.0%	0	0.0%	0	0	
Orangevale Citrus Heights	8	208,040	32,671	23,641	9,030	15.7%	32,671	15.7%	-10175	-7,291	\$1.57
Elk Grove Laguna Galt	36	664,735	32,287	26,765	5,522	4.9%	39,076	5.9%	-400	1,376	\$2.08
West Sacramento	21	1,041,702	29,282	29,282	0	2.8%	130,848	12.6%	0	1,095	\$2.03
North Sacramento	0	0	0	0	0	0.0%	0	0.0%	0	0	
SACRAMENTO	940	35,209,893	4,230,218	3,464,136	766,082	12.0%	6,485,059	18.4%	-29,072	-622,661	\$2.03

RESEARCH Q4 2021

Class C Submarket Statistics											
	Total Bldgs	Inventory (SF)	Vacancy (SF)	Direct Vacancy (SF)	Sublease Vacancy (SF)	Class C Vacancy Rate	Available (SF)	Class C Available Rate	Qtr Net Absorp (SF)	Ytd Net Absorp (SF)	Avg FS Ask Rent (Price/SF)
Sacramento	359	8,459,275	1,262,206	1,216,434	45,772	14.9%	1,612,264	19.1%	-131,422	-202,499	\$1.83
Downtown	120	2,763,210	475,930	475,930	0	17.2%	589,980	21.4%	-26,682	-48,842	\$2.19
Midtown	103	2,202,343	201,869	195,549	6,320	9.2%	307,995	14.0%	-29,561	-50,022	\$2.21
South Natomas	1	6,000	0	0	0	0.0%	0	0.0%	0	0	-
North Natomas	26	1,144,996	176,852	150,468	26,384	15.4%	182,287	15.9%	-57,977	-78,214	\$1.29
Point West	0	0	0	0	0	0.0%	0	0.0%	0	0	
Campus Commons	0	0	0	0	0	0.0%	0	0.0%	0	0	
Howe Corridor	29	516,809	53,199	53,199	0	10.3%	56,382	10.9%	-5,713	-17,913	\$1.57
Watt Corridor	49	1,035,685	223,662	218,440	5,222	21.6%	286,298	27.6%	1072	3,801	\$1.44
South Sacramento	21	663,019	122,848	122,848	0	18.5%	171,123	25.8%	-9,710	-8,458	\$1.25
Tribute Road Woodlake	10	127,213	7,846	0	7846	6.2%	18,199	14.3%	-2851	-2851	\$1.20
50 Corridor West	28	753,317	180,767	180,767	0	24.0%	225,695	30.0%	-17,348	-15,733	\$1.39
50 Corridor East	71	1,793,922	336,744	336,744	0	18.8%	403,502	22.5%	14,667	-55,263	\$1.28
Folsom	6	73,202	1,200	1,200	0	1.6%	1,200	1.6%	0	0	\$1.50
El Dorado Hills	2	37,500	0	0	0	0.0%	0	0.0%	0	0	
Roseville	85	1,928,406	349,090	295,827	53,263	18.1%	409,726	21.2%	-1,381	-26,824	\$1.58
Douglas Corridor	9	275,298	52,673	41,449	11,224	19.1%	66,293	24.1%	-3022	-2598	\$1.66
Roseville - Other	76	1,653,108	296,417	254,378	42,039	17.9%	343,433	20.8%	1,641	-24,226	\$1.56
Rocklin	9	99,554	8,847	8,847	0	8.9%	8,847	8.9%	426	2,773	\$1.36
Carmichael Fair Oaks	53	532,713	42,579	42,579	0	8.0%	44,490	8.4%	-1,134	2,319	\$1.54
Orangevale Citrus Heights	56	1,203,975	157,726	157,726	0	13.1%	167,627	13.9%	-1,546	-29,462	\$1.27
Elk Grove Laguna Galt	16	176,219	8,562	8,562	0	4.9%	8,562	4.9%	0	20,352	\$1.33
West Sacramento	16	218,804	8,697	5,936	2,761	4.0%	8,697	4.0%	0	2,497	\$1.47
North Sacramento	9	410,147	9,870	9,870	0	2.4%	10,741	2.6%	0	-799	\$1.25
SACRAMENTO	710	15,687,034	2,366,288	2,264,492	101,796	15.1%	2,901,351	18.5%	-137,738	-302,639	\$1.64

For more information:

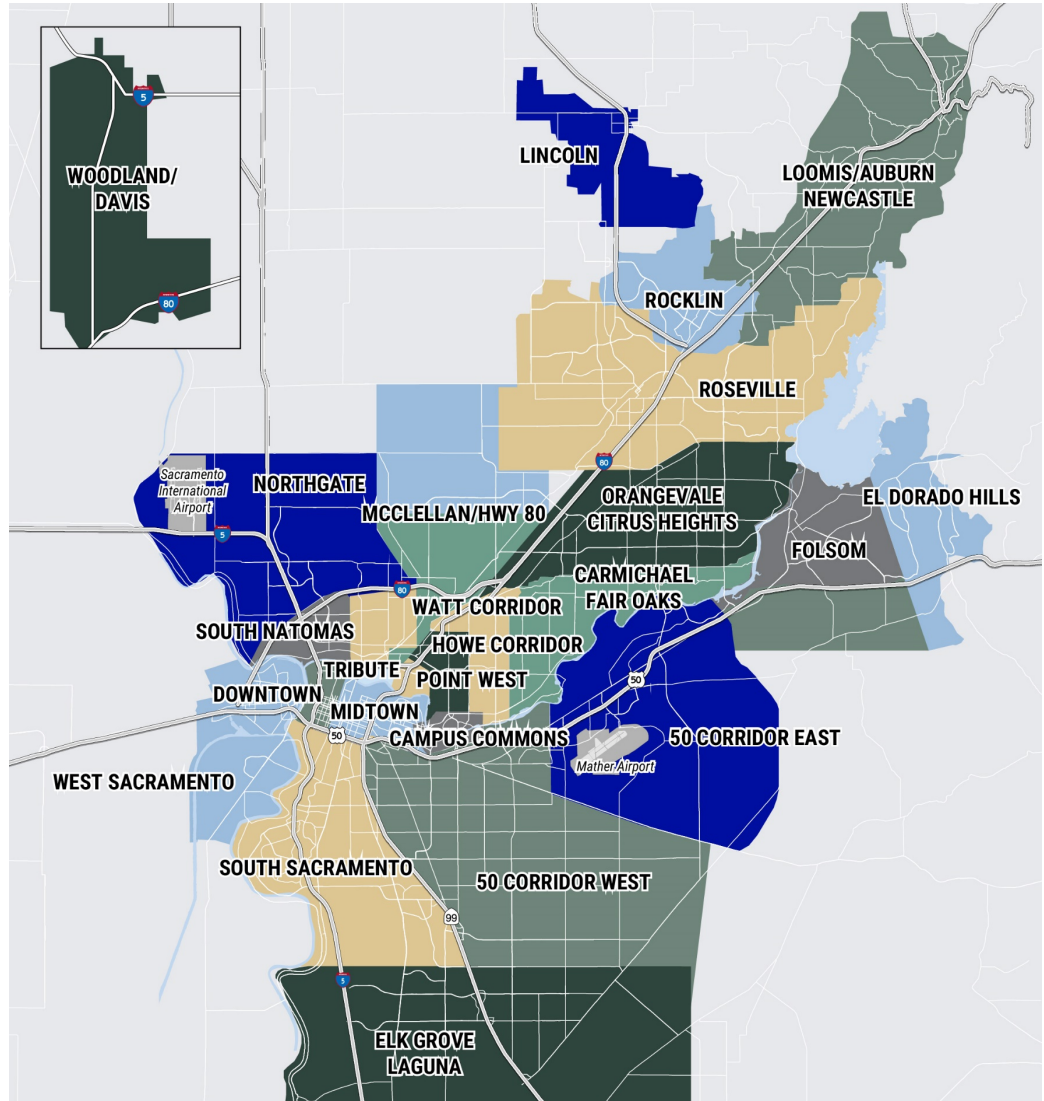
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