

INVESTMENT FORECAST

Industrial
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2026

Metro Becomes West Coast's Least Vacant Market, Heightening Private Investor Competition

Sacramento well positioned ahead of lull in new supply. An average of 3 million square feet was added across the metro during each of the last five years, an influx that lifted vacancy to a decade high. The metro's low-7 percent rate as of March, however, is still more than 200 basis points below its long-term mean, placing Sacramento in a favorable position at midyear. Rising vacancy has also catalyzed a pullback in development, with less than 300,000 square feet slated for addition this year. The lack of supply-side pressure should help vacant newer built properties find tenants in the near term. While ongoing construction is minimal, the Airport South Industrial Project in North Natomas completed its regulatory process in March, potentially clearing the way for a sizable light industrial park in the future. This space may be warranted as Sacramento International Airport registered a nearly 14 percent year-over-year rise in cargo handling volume last year, with the January-February 2026 total up 30 percent annually.

Local pricing and fundamentals stand out regionally. Among major West Coast markets, Sacramento registered the least amount of vacancy movement over the past two years. The performance of smaller warehouses under 50,000 square feet is largely to credit, as vacancy within this subsector sat in the mid-3 percent range as of April. As such, private investors are likely to pursue these listings, with local hubs Power Inn, West Sacramento, Rancho Cordova, and Woodland attractive for investment. While pricing across these submarkets reached a record last year, many assets traded for less than \$200 per square foot, which represents a significant discount to the Bay Area.

2026 MARKET FORECAST

+1.0%



Employment: The count of transportation-warehousing roles rose by 2,200 last year, contributing to overall growth. This dynamic may continue, with the market adding 11,500 positions in 2026.

290,000
sq. ft.



Construction: Delivery volume falls below the 1-million-square-foot mark for the first time since 2019, growing stock by just 0.2 percent. Yolo County lacks additions for a second straight year.

+10 bps



Vacancy: Minimal completions and encouraging leasing at 2020s built properties translates to modest vacancy movement in 2026, placing the year-end rate at 6.9 percent.

+0.7%



Rent: Supply and demand aligning drives a slight increase in local asking rents. At \$9.90 per square foot, Sacramento's average is up 80 percent over the past 10 years.

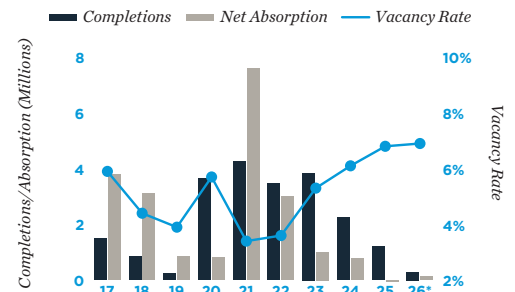
INVESTMENT:

After leading submarkets in net absorption over the 12-month period ending in March, Yolo County entered April with vacancy well below its long-term mean, demand that should garner investor attention.

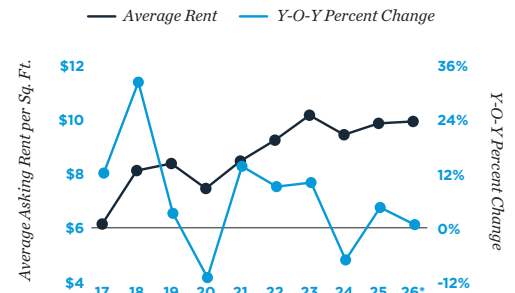
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Industrial

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and office data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.