

# Sacramento, California

Tenant's Guide ■ North American Markets ■ Second Quarter 2010

## Overview

The Sacramento office market ended the 2nd quarter 2010 with a vacancy rate of 16.5%, which was slightly up from the previous quarter. Net absorption for the overall Sacramento office market was negative 155,642 SF. Vacant sublease space decreased in the 2nd quarter ending at 320,832 SF. Rental rates ended the 2nd quarter at \$20.20, a decrease from the previous quarter.

## Market Trends

- The unemployment rate for the Sacramento Region is 13.7%. Over 155,000 residents are unemployed out of a 1.3 million person regional labor force.
- Tenant activity continues to be light, and landlords are aggressively competing for deals.
- The CBD vacancy rate is six percent and below while Suburban vacancy rates are over 40%.

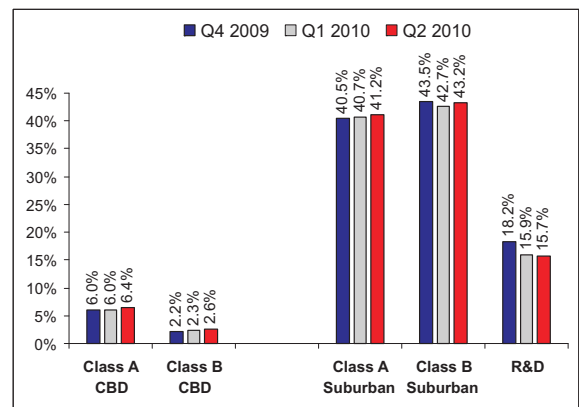
## Tenant's Perspective

Tenants continue to benefit from deterioration in the office market. Concessions given now include free rent and tenant improvements. However, going forward, high tenant improvement allowances will be offered on a case by case basis because of the lack of lender financing.

## Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
CA State Child Support Services	100,000	Office	Lease
CA Housing Finance Agency	69,022	Office	Lease
WECA Apprenticeship & Training	47,000	Office	Lease
York Insurance	44,700	Office	Lease
State of California	20,777	Office	Lease
O1 Communications	18,680	Office	Lease
Jackson Rancheria of Miwok Indians	17,594	Office	Lease
Midwest Internet Consulting Grp	16,582	Office	Lease
Neighbor's Financial	9,800	Office	Lease
Pearson Education	9,167	Office	Lease

## Vacancy Rate



## Average Rental Rates

CBD	Q4 2009	Q1 2010	Q2 2010
Class A Office	\$31.68	\$32.04	\$30.12
Class B Office	\$22.80	\$22.08	\$22.08

Suburban	Q4 2009	Q1 2010	Q2 2010
Class A Office	\$24.36	\$24.12	\$24.00
Class B Office	\$21.84	\$21.48	\$21.36
R&D	\$23.76	\$23.04	\$22.80

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