

# Greater Sacramento economic forecast and COVID-19

Nov. 4, 2020

## Employment

In the past five months, the Greater Sacramento regional unemployment rate has trended downward. In September the rate was 8.7% compared to 9.2% in August and 11.7% in July. The region's September unemployment rate falls in-between California's rate of 10.8% and the national average of 7.7%. Combined employment in the region increased by 7,600 to 1,043,800 jobs.

Six industries declined from August to September. Farming showed the biggest drop-off between August and September, losing 1,700 jobs. Government employment *increased* between August and September for the second time during the pandemic, adding 3,600 jobs.

## Unemployment rates across the six-county region

El Dorado County	7.5%
Placer County	7.1%
Sacramento County	9.8%
Sutter County	10.3%
Yolo County	7.1%
Yuba County	10.6%

## Q3 real estate

### Industrial snapshot

The Greater Sacramento region continues to display strong momentum in the industrial sector. Accompanied by low vacancy rates and tremendous construction activity in the market, the third quarter provided optimism for investors, developers and existing tenants.

The Northgate/Natomas leasing market continues to shine with continued construction of new spec and build-to-suit projects in Metro Air Park. Amazon can be attributed to this momentum – the company leased a 1 million square foot build-to-suit distribution facility with Northpoint Development.

User sales also drove market activity during Q3, particularly in West Sacramento. Nor-Cal Beverage Co. purchased a 475,000 square foot distribution facility at 3600 Massie Court.

	Vacancy	Net Absorption (SF)	Avg. Asking Rents (\$/sf/mo)	Under Construction (SF)
Update arrows	↔	^	^	^

## Office snapshot

The Greater Sacramento region continues to see an increase in vacancy and decrease in net absorption, with more available sublease space coming to market. That being said, rents have remained stable. Construction of existing projects continues to push forward, including the Centene campus and projects in The Railyards. The longer-term outlook remains uncertain.

	Vacancy	Net Absorption (SF)	Avg. Asking Rents (\$/sf/mo)	Under Construction (SF)
Update arrows	↑	↓	↔	↔