

FOLSOM QUARTERLY ECONOMIC REPORT

The Folsom Submarket, a perennial jewel in Sacramento's suburban office market crown, is at a pivotal moment. Located 25 miles east of downtown Sacramento, Folsom's dual appeal as a residential and business hub continues to make it a hotbed for top-tier talent. While acknowledging the transitional phase, it's important to spotlight the enduring strengths that position Folsom for future success. Read on to review a summary of Folsom market activity in Q2 2023.

POSITIVE ASPECTS

TALENT MAGNET

Folsom's reputation as one of Sacramento's most desirable residential locations continues to be a strategic advantage. Companies have an easier time recruiting top talent in industries like healthcare and technology, which is a long-term asset for the submarket.

COMMERCIAL DEVELOPMENT

The market is growing at a measured pace, with 53,000 SF of new space across two projects, representing a modest 0.9% market growth. This expansion mitigates supply-side risks, particularly beneficial in a period of rising vacancy rates.

ROBUST SALE ACTIVITY

The past year has seen a total of \$44.7 million in property sales across 8 properties, outperforming recent historical norms. The strong 22Q3 and the focus on 4 & 5 Star property sales (\$24.7 million) indicate a sustained interest in high-end inventory.

PREMIER LOCATION

Despite flat rent growth, the statistics indicate Folsom remains a premium location and also underscores the submarket's enduring appeal for future growth

OPPORTUNITY

Folsom has experienced a slight vacancy increase which can be viewed as a recalibration of the market. The City's fundamentals remain strong, and the current transitional phase offers an opportunity for strategic efforts to reinvigorate the market.



CONCLUSION

Folsom's submarket is at a promising juncture. Its historical appeal, pace of development, and robust sale activity are positive indicators that can not be overshadowed by a slight increase in the vacancy rate. Economic developers, policymakers, and stakeholders have a golden opportunity to leverage Folsom's inherent strengths to ensure its continued vibrancy and competitiveness.

These statistics compare Folsom (Submarket) to the Sacramento region (Market) and the Availability, Sales, Demand, and Inventory for 5.9M square feet to 109M square feet of commercial space, respectively.

The arrows indicate an increase or decrease in stats over the same time last year. This information is from CoStar (August 2023).

Availability	Submarket	Market
Market Rent/SF	\$27.99 ↑	\$27.08 ↑
Vacancy Rate	7.6% ↑	11.1% ↑
Vacant SF	451K ↑	12.2M ↑
Availability Rate	17.8% ↑	14.5% ↑
Available SF Direct	994K ↑	14.7M ↑
Available SF Sublet	80.2K ↑	1.6M ↑
Available SF Total	1.1M ↑	16.2M ↑
Months on Market	12.4	14.6

Demand	Submarket	Market
12 Mo Net Absorption	17.7K ↑	(693K) ↓
12 Mo Leased SF	223K ↑	3.3M ↓
6 Mo Leasing Probability	32.9%	28.9%

Sales	Submarket	Market
12 Mo Transactions	7 ↓	266 ↓
Market Sale Price/SF	\$224 ↓	\$203 ↓
Average Market Sale Price	\$5.1M ↓	\$4.3M ↓
12Mo Sales Volume	\$30.5M ↓	\$477M ↓
Market Rate	8.2% ↑	8.4% ↑

Inventory	Submarket	Market
Existing Buildings	262 ↑	5,260 ↑
Inventory SF	5.9M ↑	109M ↑
Average Building SF	22.7K ↓	20.8K ↑
Under Construction SF	53K ↕	2.3M ↑
12 Mo Delivered SF	20K ↑	373K ↓