

Downtown Sacramento Market Report

Q3 2023



downtown
SACRAMENTO
PARTNERSHIP

DowntownSac.org/DoBusiness

916-442-8575

DSP@downtownsac.org

Thriving Downtown

Q3 2023

Ideally situated along the Sacramento River and mere steps from California's State Capitol, major commuting corridors and transit connections, downtown Sacramento is Northern California's hub for culture, entertainment, employment and innovation. The epicenter of Sacramento's growing list of accolades, there's no better place to turn dreams into reality than downtown Sacramento.

Downtown Demographics

Sacramento is renowned for having a great quality of life, low cost of living, and diversity.

	1 Mile	2 mi
Population	20,634	61,174
Average Age	39	39
Households	11,862	30,880

■ One-Person Household
■ Two-Person Household
■ Three-Person Household
■ Four-Person+ Household

65%
of Households are
One-Person Households



Downtown Rising

Bringing together the dynamism of the business world with the excitement of a growing urban neighborhood, downtown Sacramento is quickly becoming the city's most desirable place to visit and live.



72%

hotel occupancy

Source: City of Sacramento

16¢

generated per
visitor

79%

of 2019 pedestrian
numbers recovered

Source: Placer.AI

Living Downtown

The Downtown Housing Initiative aims to increase downtown housing by 10,000 units.



Working Downtown

Downtown Sacramento is home to an urban campus where energy and work collide.



Downtown Office Market

Home to more than one-third of the region's Class A office space, downtown is the region's premier urban corporate campus.

	Total Office Space	Capitol Mall	Civic Center	The Kay
Office Inventory (sq. ft.)	6,915,524	2,366,104	866,973	2,331,444
Vacancy Rate	24.9%	14.6%	22.2%	33.5%
Rental Rate per (sq. ft.)	\$3.18	\$3.42	\$2.95	\$3.15

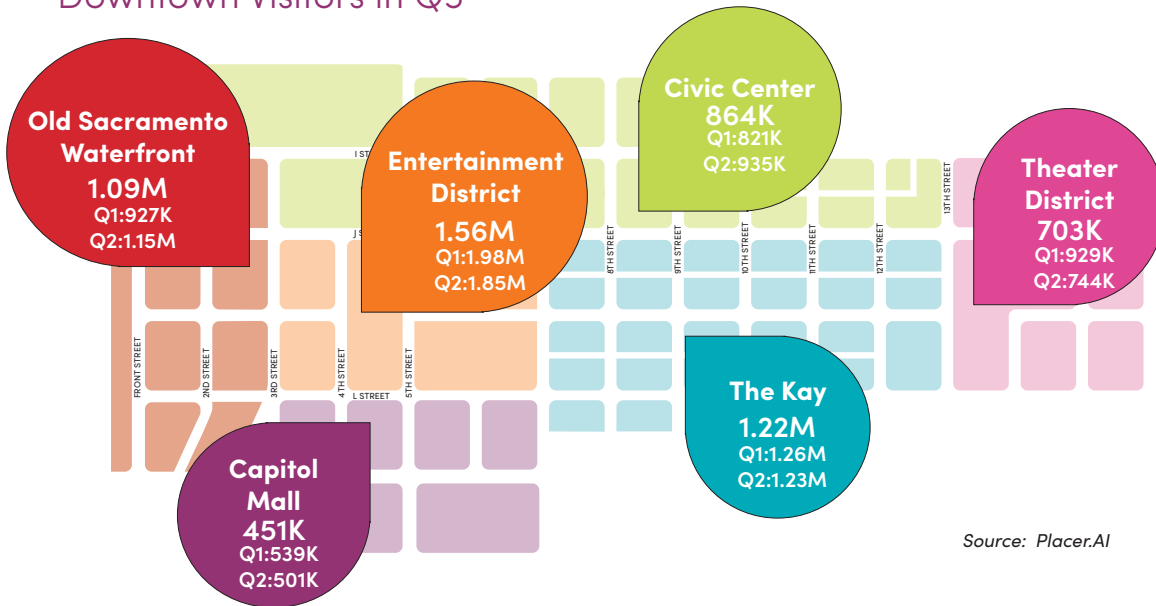
Source: CoStar Properties

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Updated October 2023

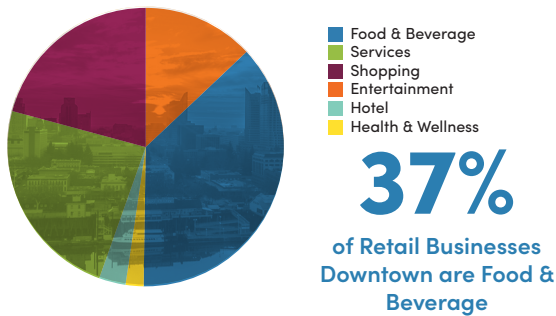
Downtown Visitors in Q3



Retail Market

With unparalleled access to employees, residents, and visitors, downtown Sacramento is the ideal location for retail.

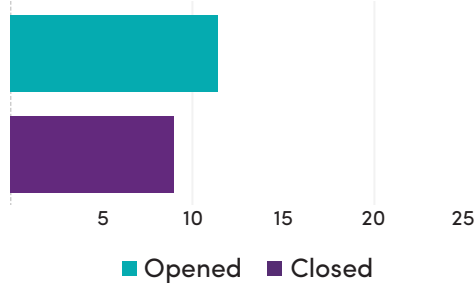
For a complete listing, visit GoDowntownSac.com/explore



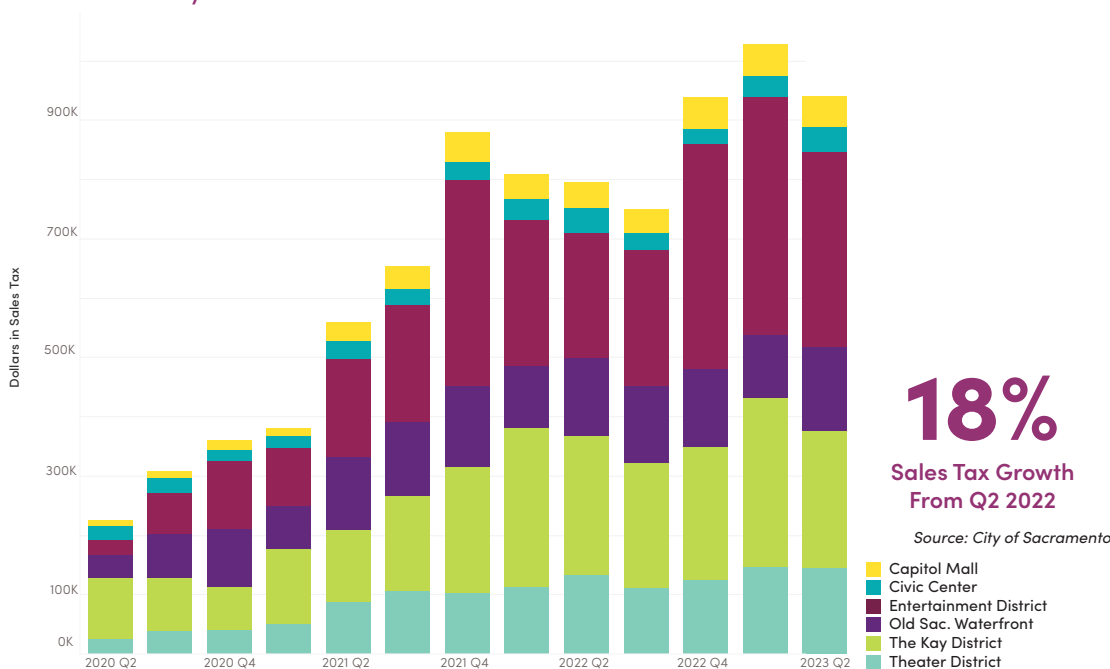
New Businesses Created

Every year, new businesses are laying down roots in downtown Sacramento.

Opened and Closed Businesses in 2023

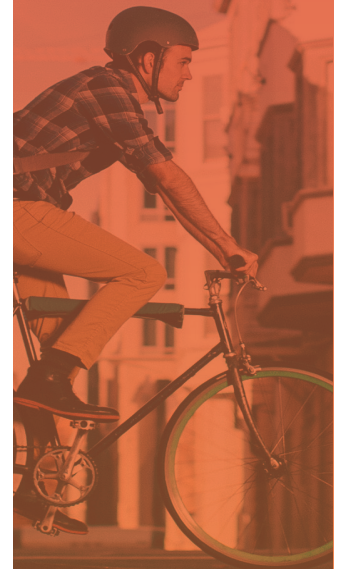


Sales Tax by District



We're here for you.

- Our team has the know-how to get things done. We monitor the pulse of downtown to help you understand the market.
- We're on-call to help you make it easier to open your doors downtown.
- Our marketing and promotional partnerships help your business thrive.



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Q3 Occupancy

Office Market

	2023 Q3	2022 Q3	2021 Q3	2020 Q3
Vacancy Rate	24.90%	20.80%	17.20%	13.70%
Office Base Rent	\$3.18	\$3.20	\$3.14	\$3.08
Leasing Activity SF Total	69,483	53,467	67,506	14,597
Net Absorption SF Total	-26,711	-27,959	17,219	-49,963

Retail Market

	2023 Q3	2022 Q3	2021 Q3	2020 Q3
Occupancy Rate	68.80%	73.40%	79.00%	80.40%
Retail Base Rent	\$3.14	\$3.19	\$3.20	\$3.13
Occupied SF	1,962,907	2,094,148	2,253,920	2,293,863

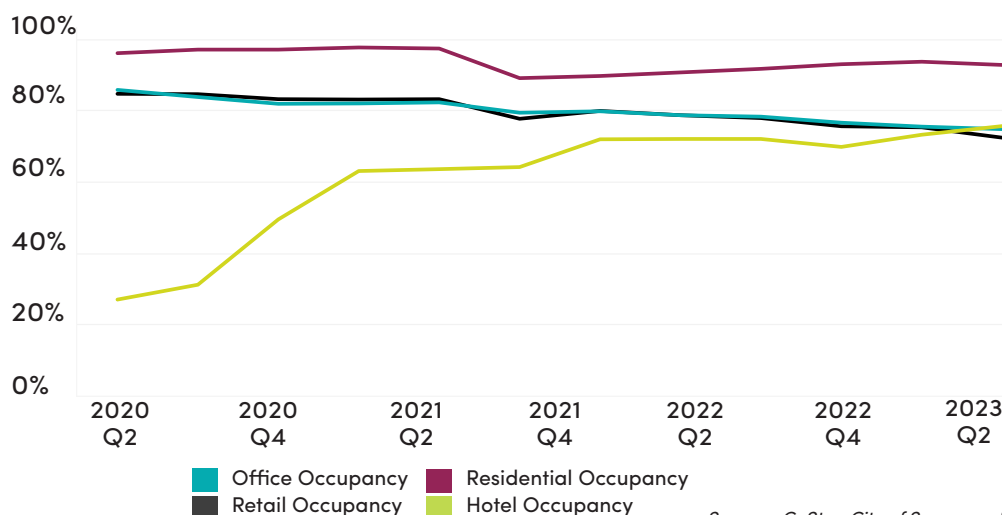
Residential Market

	2023 Q3	2022 Q3	2021 Q3	2020 Q3
Occupancy Rate	87.00%	92.30%	97.60%	96.40%
Average Rent PSF	\$2.58	\$2.70	\$2.74	\$2.69
Average Rent PU	\$1,700.00	\$1,775.00	\$1,798.00	\$1,766.00
Inventory Units	1,656.00	1,503.00	1,341.00	1,341.00

Hotel Market

	2023 Q3	2022 Q3	2021 Q3	2020 Q3
Occupancy Rate	71.85%	72.17%	64.43%	32.50%
RevPAR	\$128.73	\$129.17	\$104.31	\$42.91

Sacramento Markets Compared



Source: CoStar, City of Sacramento

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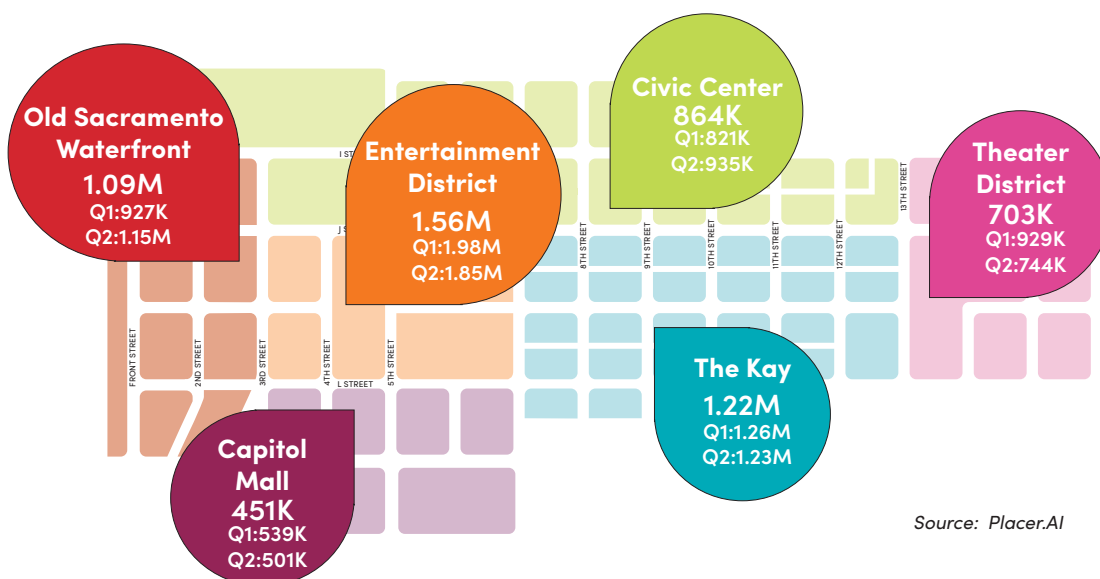
Q3 Visitors

Pedestrian Visits

	2023 Q3	2022 Q3	2021 Q3	2020 Q3
Downtown Sacramento	4,265,072	3,937,129	3,639,668	1,593,029
Capitol Mall	321,504	335,275	307,327	122,168
Civic Center	663,428	637,169	539,891	320,961
Entertainment District	1,463,557	1,180,586	970,235	268,967
Old Sac. Waterfront	1,012,657	981,809	1,035,113	545,621
The Kay District	1,040,796	929,866	876,032	352,616
Theater District	591,406	581,761	534,441	164,900

Employee Visits

	2023 Q3	2022 Q3	2021 Q3	2020 Q3
Downtown Sacramento	884,419	809,891	555,367	542,628
Capitol Mall	129,810	137,529	112,169	116,341
Civic Center	200,649	205,194	144,693	166,705
Entertainment District	94,764	85,029	64,073	36,504
Old Sac. Waterfront	78,889	78,801	38,138	40,593
The Kay District	190,717	164,443	96,067	76,231
Theater District	112,150	72,399	49,047	61,998



Source: Placer.AI

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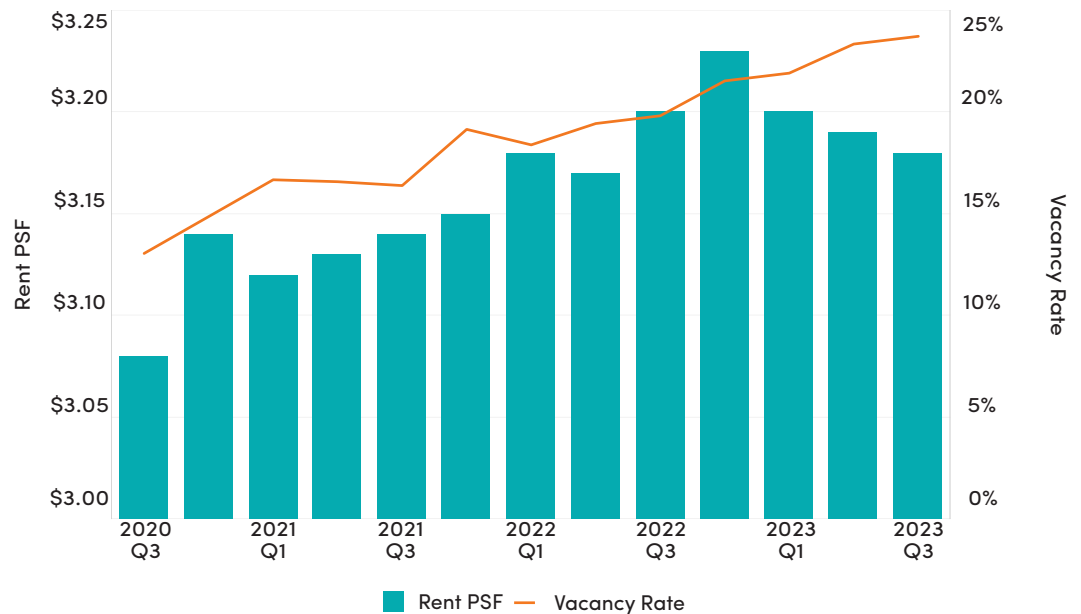
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Office & Retail

Office Market

Office vacancy rates continue to rise slightly as companies consolidate long-term leases into newly-constructed spaces. The post-pandemic office market illustrates a needed balance between hybrid work models and tenants' preference of quality, commute-worthy properties.

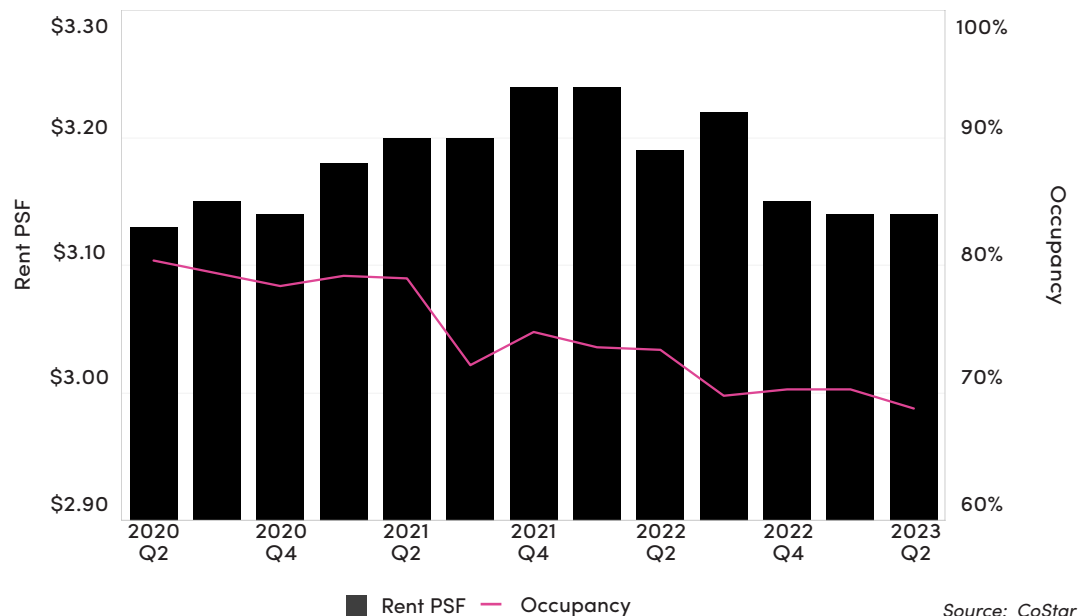
	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Rent PSF	\$3.08	\$3.14	\$3.12	\$3.13	\$3.14	\$3.15	\$3.18	\$3.17	\$3.20	\$3.23	\$3.20	\$3.19	\$3.18
Vacancy Rate	13.7%	15.6%	17.5%	17.4%	17.2%	20.1%	19.3%	20.4%	20.8%	22.6%	23.3%	24.5%	24.9%



Retail Market

Asking rents for brick-and-mortar spaces are approaching equilibrium as retail occupancy rates decline. A surging social sector is stabilizing the market as retailers shift to experience-driven concepts and evening-focused spaces.

	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Rent PSF	\$3.13	\$3.15	\$3.14	\$3.18	\$3.20	\$3.20	\$3.24	\$3.24	\$3.19	\$3.22	\$3.15	\$3.14	\$3.14
Occupancy Rate	80.4%	79.4%	78.4%	79.2%	79.0%	72.2%	74.8%	73.6%	73.4%	69.8%	70.3%	70.3%	68.8%



Source: CoStar

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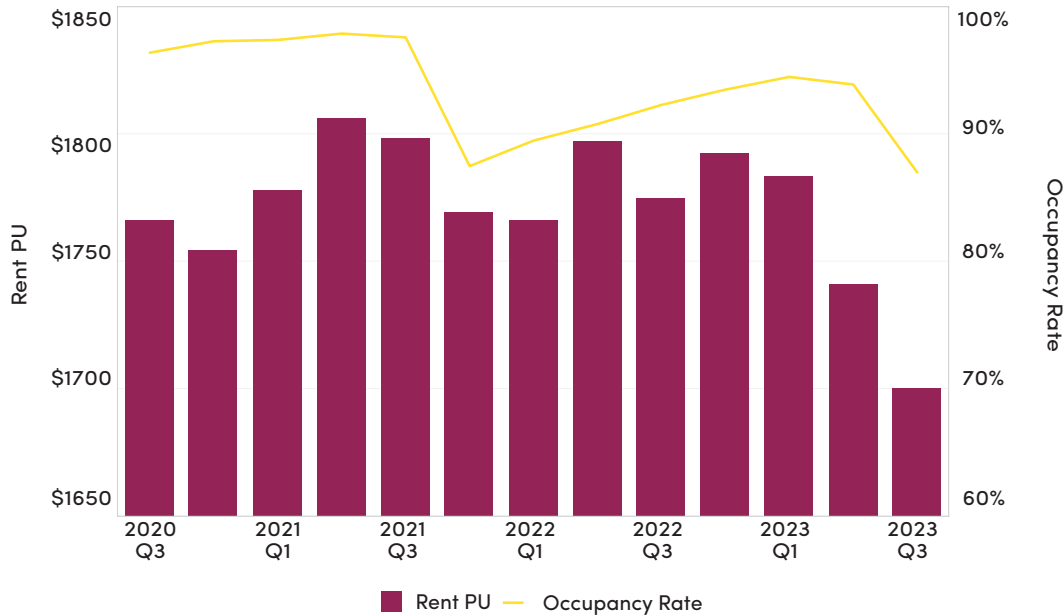
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Residential & Hotel

Residential Market

New inventory has put modest downward pressure on asking rents while increasing move-in concessions for new tenants. We will likely see a return to form in our residential market in the new year as the new inventory is filled out by continued domestic growth.

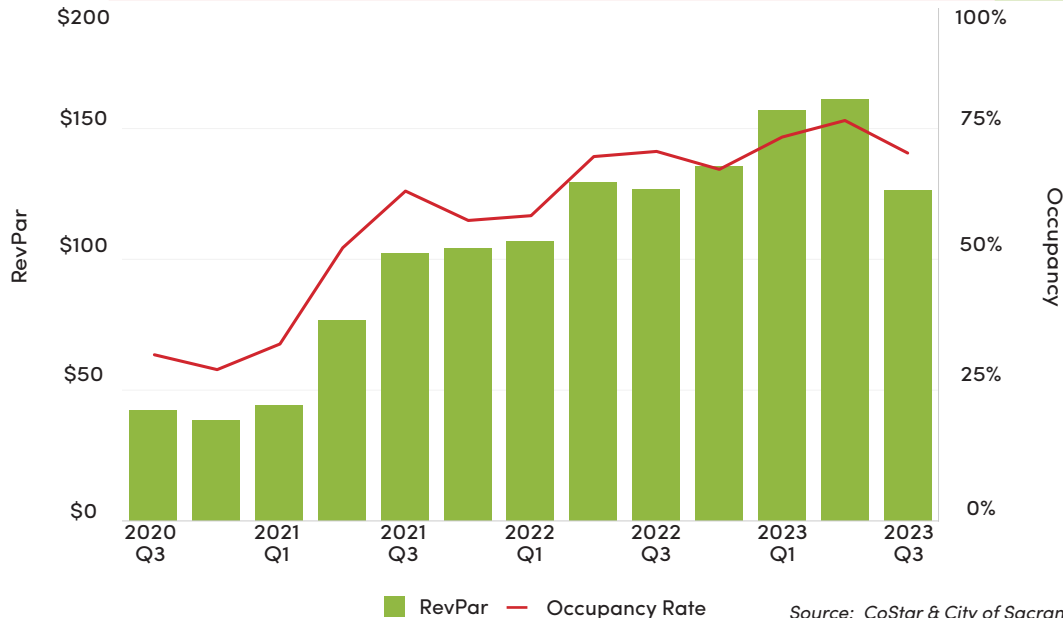
	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Rent PU	\$1,766	\$1,754	\$1,768	\$1,806	\$1,798	\$1,769	\$1,766	\$1,797	\$1,775	\$1,792	\$1,783	\$1,741	\$1,700
Occupancy Rate	96.4%	96.4%	97.3%	97.4%	97.6%	87.5%	89.5%	90.8%	92.3%	93.5%	94.5%	93.9%	87.0%



Hotel Market

The downtown Sacramento hotel market continues to hold strong. This quarter followed the NBA play-offs, presenting a small dip in the market as it reaches equilibrium. However, the hospitality sector will continue to grow as the current season gets underway.

	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
RevPar	\$43	\$39	\$45	\$78	\$104	\$106	\$109	\$132	\$129	\$138	\$160	\$165	\$129
Occupancy Rate	32.5%	29.6%	34.6%	53.4%	64.4%	58.7%	59.6%	71.1%	72.0%	69.0%	75.0%	78.2%	71.9%



Source: CoStar & City of Sacramento

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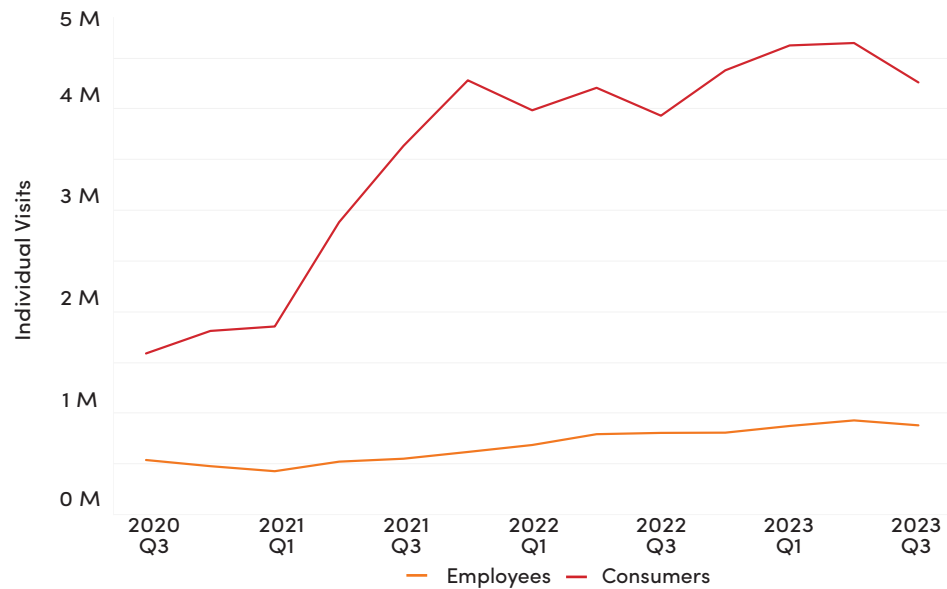
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Pedestrian Trends

Employees & Consumers

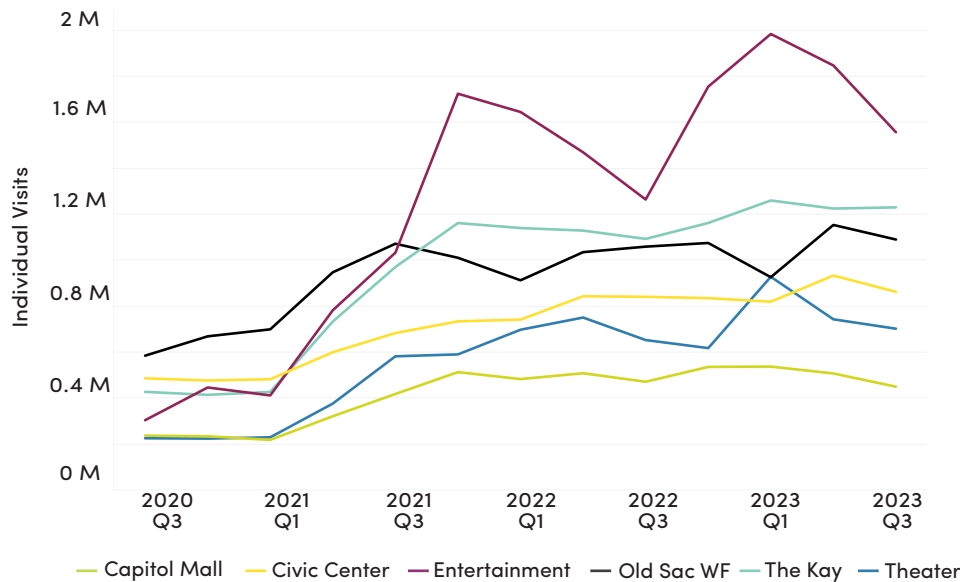
Downtown Sacramento visitation continues to surpass pre-pandemic levels. However, we have seen a dip in visits to the inner city following the end of the NBA season, which brought recurring high levels of traffic during Q2.

	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Employees	0.54 M	0.48 M	0.43 M	0.53 M	0.56 M	0.62 M	0.69 M	0.80 M	0.81 M	0.81 M	0.88 M	0.93 M	0.88 M
Consumers	1.59 M	1.82 M	1.86 M	2.89 M	3.64 M	4.29 M	3.99 M	4.21 M	3.94 M	4.38 M	4.62 M	4.65 M	4.26 M



Pedestrians by District

	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Cap Mall	0.24 M	0.24 M	0.22 M	0.32 M	0.42 M	0.51 M	0.48 M	0.51 M	0.47 M	0.54 M	0.54 M	0.51 M	0.45 M
Civic Center	0.49 M	0.48 M	0.48 M	0.60 M	0.68 M	0.73 M	0.74 M	0.84 M	0.84 M	0.84 M	0.82 M	0.93 M	0.86 M
Entertainment	0.30 M	0.45 M	0.41 M	0.78 M	1.03 M	1.73 M	1.65 M	1.47 M	1.27 M	1.76 M	1.98 M	1.85 M	1.56 M
Old Sac WF	0.59 M	0.67 M	0.70 M	0.95 M	1.07 M	1.01 M	0.91 M	1.04 M	1.06 M	1.08 M	0.93 M	1.15 M	1.09 M
The Kay	0.43 M	0.42 M	0.43 M	0.73 M	0.97 M	1.16 M	1.14 M	1.13 M	1.09 M	1.16 M	1.26 M	1.23 M	1.23 M
Theater	0.27 M	0.23 M	0.23 M	0.38 M	0.58 M	0.59 M	0.70 M	0.75 M	0.65 M	0.62 M	0.93 M	0.74 M	0.70 M



Source: Placer.AI

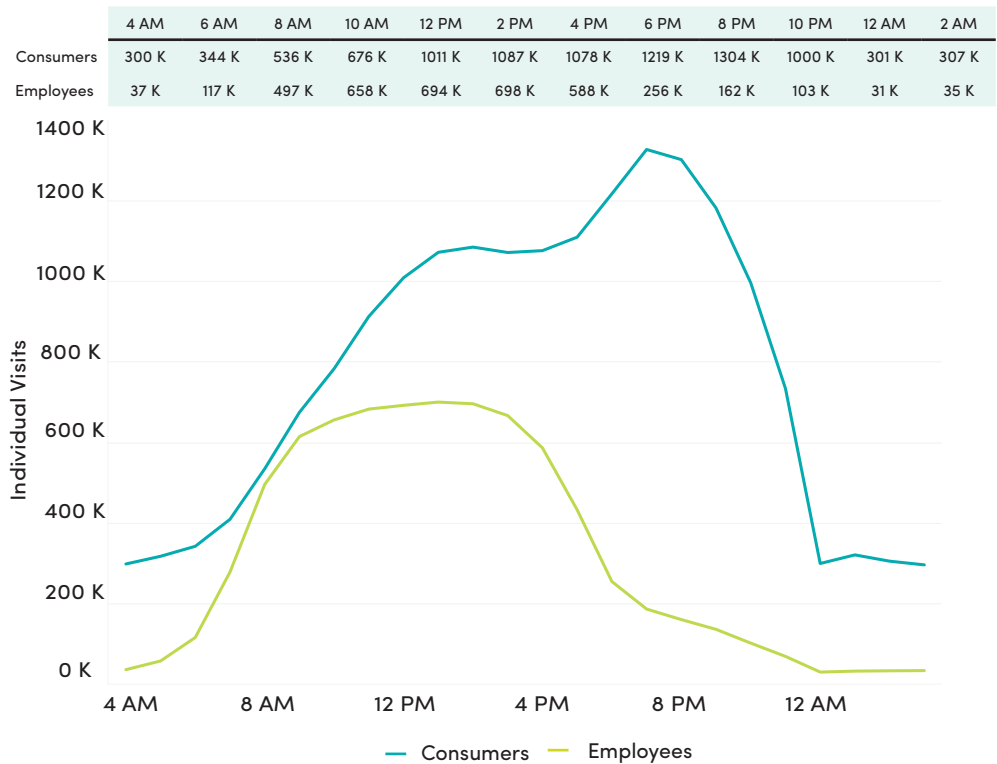
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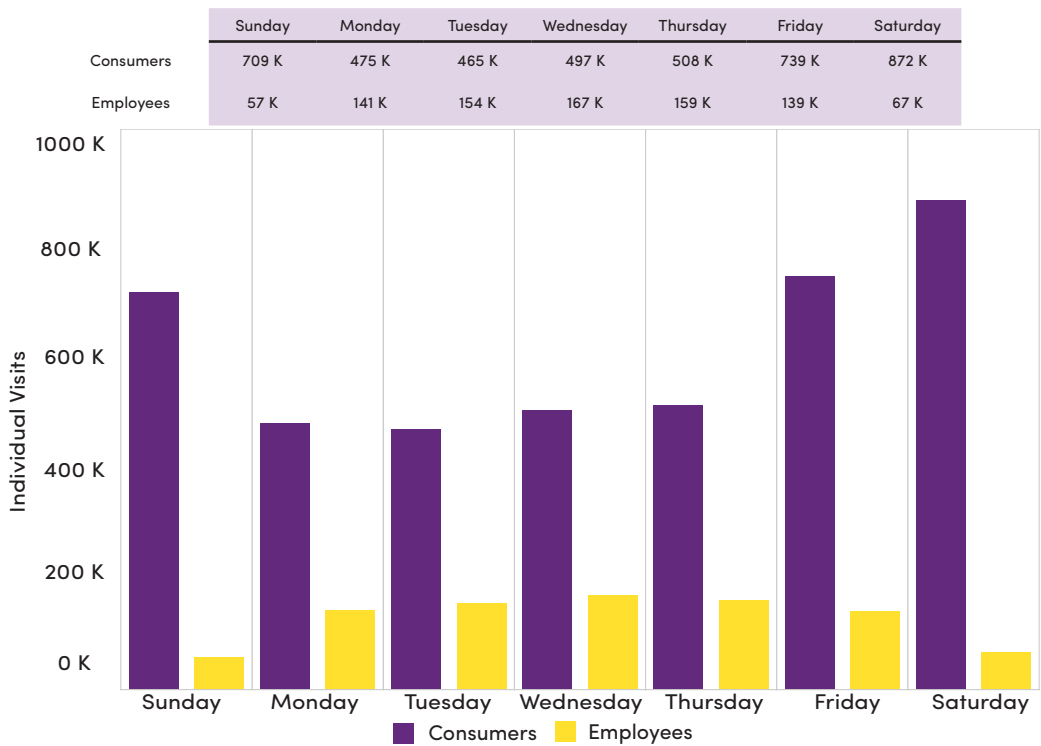
Consumer Trends

Q3 Visits by Hour

Weekend and evening visitation continues to serve as strong drivers of overall pedestrian traffic in Downtown Sacramento.



Q3 Visits by Day of the Week



Source: Placer.AI

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Managing Downtown

The Field & Maintenance Services team works seven days a week to make the region's downtown neighborhoods some of the cleanest and safest in the area.

Downtown Q3 2023



483
UNHOUSED PEOPLE
CONTACTED



2,037
HOURS WORKED



14,275
PUBLIC SAFETY
ASSISTS



11,589
BLOCKS POWERWASHED



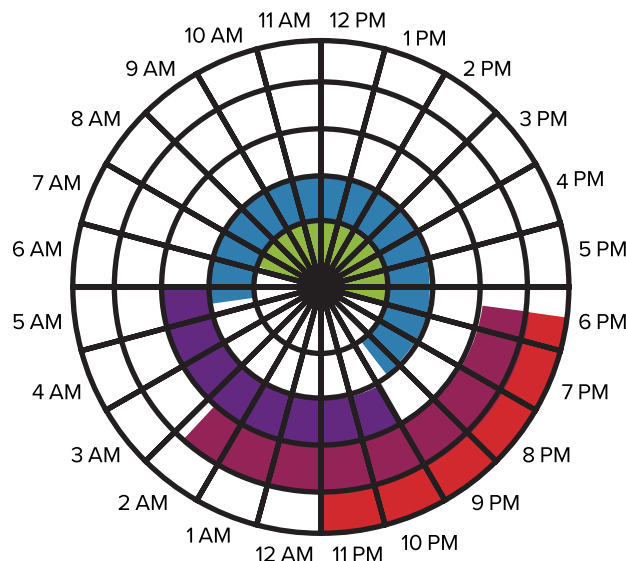
1,917
PIECES OF GRAFFITI
REMOVED



19,492
CALLS FOR SERVICE



727,408 PIECES OF GARBAGE REMOVED



24 Hour Service

- GUIDES
- MAINTENANCE
- OSW SECURITY
- OSW OVERNIGHT SECURITY
- JKL SECURITY

Who to Call?

DSP FIELD SERVICES:
916-442-2200

NON-EMERGENCY POLICE:
916-808-5471

EMERGENCY:
911

CITY ISSUES:
311

Information based on calls for service or activity for Q3 2023

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GUIDES
916-442-2200

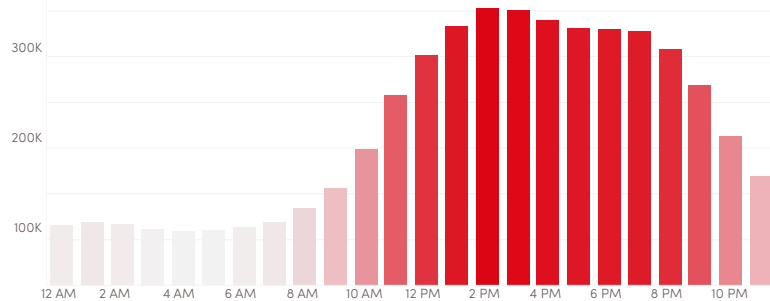

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Life on the Water

Q3 2023

Old Sacramento Waterfront, the Historic Landmark District to California's state capital, is a bustling neighborhood filled with shopping, dining, and exploring options for everyone. Whether you're looking for a night out, shopping for the perfect gift, visiting a museum, exploring the underground city, or attending one of the many monthly events hosted at the waterfront, there is always a wide variety for you to choose from.

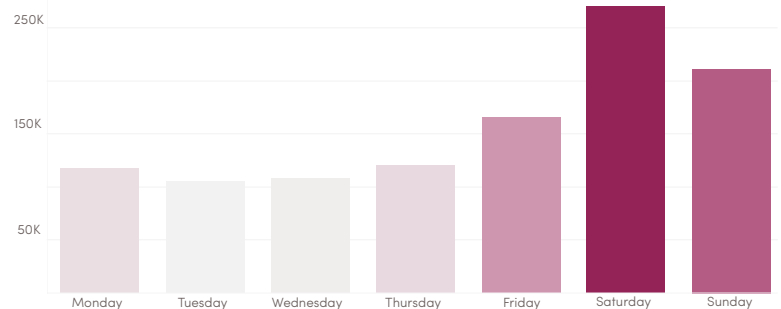


Hourly Pedestrians

Weekends & Afternoons
Prime Time

DOTW Pedestrians

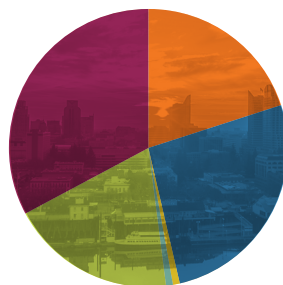
1.1 M
Pedestrians
in Q3



Source: PlacerAi

Retail Market

With unparalleled access to employees, residents, and visitors, Old Sacramento Waterfront is the ideal location for retail.



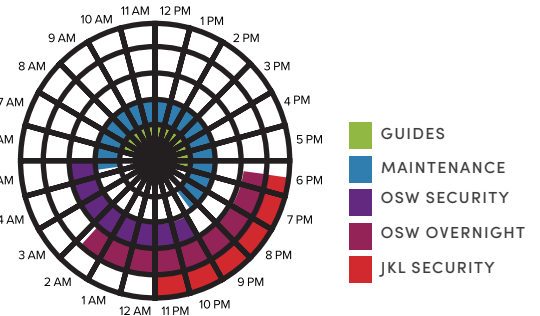
Food & Beverage
Services
Shopping
Entertainment
Hotel
Health & Wellness

33%

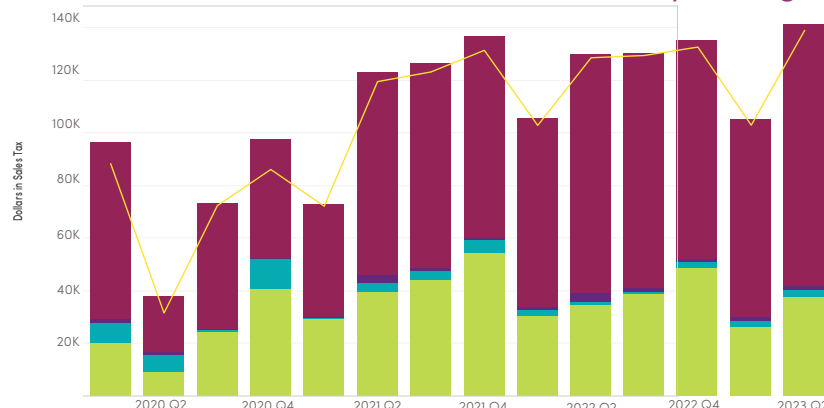
of Retail Businesses in OSW are for Shopping

24 Hour Clean & Safe

DSP FIELD SERVICES: 916-442-2200



Old Sacramento Waterfront Sales Tax by Category



108%

Sales Tax Growth from Q2 2022

Consumer Spending
Non-Consumer Spending
Accommodations and Food
Arts, Entertainment, and Culture
Retail Trade

Source: City of Sacramento

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Updated November 2023