

YARDI® Matrix

Sacramento's Hot Market

Multifamily Summer Report 2016

Rent Growth Leads U.S.

Demand Far Outpaces Supply

Sales Volume Hits Cycle Peak

SACRAMENTO MULTIFAMILY

YARDI® Matrix

Market Analysis

Summer 2016

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Sacramento's Rent Growth Leads the U.S.

Spurred by an improving job market and extremely low levels of new supply, Sacramento rents are growing at the fastest rate in the nation. Low vacancy and a weak completion rate will keep pushing rents higher. However, the job market is less robust than in other major California metros, signaling that renters may have difficulty keeping up with the cost of living.

The capital of California continues to rely heavily on its government job sector, which is rebounding, while growth is also strong in construction, health care and education. The Golden 1 Center multi-purpose arena is slated to open this fall, and city officials hope that it will help to drive growth in the city's core, along with the Downtown Commons mixed-use development. Opportunities also await just north of Sacramento's central business district. The Railyards master-planned project is one of the largest undeveloped urban sites in the U.S.

Going forward, supply growth is expected to pick up, with roughly 9,000 units in the planning and permitting stages. Until inventory expansion catches up to demand, investors will remain active. Nearly \$1.6 billion worth of multifamily assets have traded during the last 18 months and prices have rebounded to pre-recession levels. With occupancies high, we expect robust rent growth to continue, but affordability issues will moderate gains to 8.8% for the full year.

Recent Sacramento Transactions

The Woodlands



City: Sacramento, Calif.
Buyer: Jackson Square Properties
Purchase Price: \$85 MM
Price per Unit: \$106,156

Montage



City: Citrus Heights, Calif.
Buyer: JRK Property Holdings
Purchase Price: \$74 MM
Price per Unit: \$116,352

The Palms



City: Sacramento, Calif.
Buyer: Robert C. Kopple
Purchase Price: \$67 MM
Price per Unit: \$133,800

The Element



City: Sacramento, Calif.
Buyer: Vermilion Development
Purchase Price: \$59 MM
Price per Unit: \$204,861