

Yardi® Matrix

Sacramento Sets the Standard

Multifamily Report Spring 2017

Rents Grow at Highest Rate in U.S.

Demand Far Outpaces Supply

Property Values Skyrocket

SACRAMENTO MULTIFAMILY

Yardi® Matrix

Market Analysis

Spring 2017

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Still Leading the Way in Rent Gains

Although multifamily rents across the country have been decelerating in recent months, Sacramento continues to outperform. While no longer in the double digits, its rent growth continues to lead major metros, and was up 9.0% year-over-year as of April. Investors have taken notice, with transactions ballooning during the second half of the cycle, leading to consecutive annual sales volumes topping the \$1 billion mark.

While employment growth continued at above-trend levels, there is still concern that high-paying manufacturing and information jobs are lagging in Sacramento. Education and health services, and leisure and hospitality, drove gains in 2016, while a decline in construction jobs following the completion of Golden 1 Center hurt overall employment. However, after Kaiser Permanente acquired an 18-acre site in the city's Railyards with the intent to build a new medical center, the conversation moved toward the potential for additional development in the area.

The impressive rent gains come from the combination of a strong demand and a dearth of deliveries, resulting in high occupancy rates. With 1,500 units underway, short-term supply growth is unlikely, but 10,000 units in the planning stages demonstrate a significant increase in developer interest. With affordability not yet a concern despite rapid growth, we expect rent hikes to continue at roughly 9.5% in 2017.

Recent Sacramento Transactions

Capitol Towers and Villas



City: Sacramento
Buyer: Weidner Investment Services
Purchase Price: \$92 MM
Price per Unit: \$224,939

The Woodlands



City: Sacramento
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

Bella Vista



City: Elk Grove, Calif.
Buyer: Fairfield Residential
Purchase Price: \$45 MM
Price per Unit: \$186,722

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