

Yardi® Matrix

Sacramento: Still The Top Dog

Multifamily Report Fall 2017

Rent Growth Leads Nation

Deliveries Stay Very Limited

Multifamily Investment Slows

SACRAMENTO MULTIFAMILY

Yardi® Matrix

Market Analysis

Fall 2017

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Market Maintains Robust Rent Growth

Amid a strong stint of unrelenting growth, Sacramento's average rent as of August was \$12 higher than the U.S. average. While investment activity has slightly tempered in 2017, property values have skyrocketed, leading average per-unit prices to \$160,000. Meanwhile, deliveries remain extremely limited, helping to maintain occupancy at one of the highest levels among major metros and putting more pressure on rents.

The metro's economy continues to be driven by improvements in leisure and hospitality and education and health services, while the information and manufacturing sectors are being affected by the contraction of the *Sacramento Bee* newspaper and the relocation of most of the 1,400 employees of defense contractor Aerojet Rocketdyne. The continued development of the mixed-use project at the Sacramento Railyards will continue to spur commercial construction activity in the metro.

New supply remains limited, as only 900 units will be added to the market in 2017. However, with 2,000 units underway and another 11,000 in the planning and permitting stages, construction activity may pick up in coming years, something that is needed to meet the strong demand. For the time being, though, rents are expected to lead the nation in growth for the second straight year. Our forecast calls for an increase of 8.2% in 2017.

Recent Sacramento Transactions

Capitol Towers and Villas



City: Sacramento, Calif.
Buyer: Weidner Investment Services
Purchase Price: \$92 MM
Price per Unit: \$224,938

The Foundation



City: Sacramento, Calif.
Buyer: Scion Group
Purchase Price: \$71 MM
Price per Unit: \$333,333

The Eleven Hundred



City: Sacramento, Calif.
Buyer: OpenPath Investments
Purchase Price: \$69 MM
Price per Unit: \$122,123

The Artisan Apartment Homes



City: Sacramento, Calif.
Buyer: Sequoia Equities
Purchase Price: \$53 MM
Price per Unit: \$201,808

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