

Yardi® Matrix

Capital City, Capital Growth

Multifamily Report Summer 2018

**Investors Stay Focused
On Value-Add Assets**

**Rent Growth Slows,
But Stays Healthy**

**Inventory Expansion
Remains Tepid**

SACRAMENTO MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2018

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Rent Growth Slows, Employment Doesn't

After a long stint as the poster child for the spillover effect driving up rates in smaller metros, Sacramento yielded its position as multifamily rent growth leader to Orlando earlier in the year. However, rents are still growing at an above-average rate: 4.0% year-over-year as of May, which is double the U.S. figure. With inventory expansion slated to stay limited in the near future and occupancy of stabilized properties well above the 94.9% national rate, Sacramento is poised to remain a strong and stable multifamily market going forward.

Sacramento employment growth continued to shine in 2018: The expansion rate was 2.5% year-over-year as of March, bettering the national average by 80 basis points. As the state capital of California, Sacramento has traditionally been anchored by its state government jobs, but surges in a number of other sectors have significantly diversified the metro's economy. Health services improved at a quick rate, with large-scale projects such as Kaiser Permanente's Railyards medical center paving the way for sustained improvement.

The city's multifamily market continued to gain investor interest, especially for its value-add opportunities. Development is likely to stay along the lines established during the cycle's recent years, further fostering rent growth.

Recent Sacramento Transactions

The Element



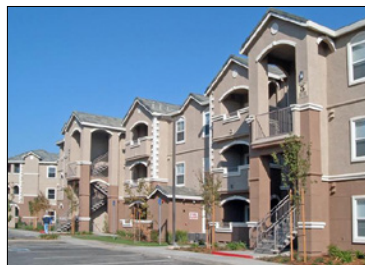
City: Sacramento, Calif.
Buyer: Nelson Brothers
Purchase Price: \$82 MM
Price per Unit: \$248,322

The Eleven Hundred



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

Sycamore Terrace



City: Sacramento, Calif.
Buyer: Security Properties
Purchase Price: \$57 MM
Price per Unit: \$235,245

The Artisan Apartment Homes



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