

Yardi® Matrix

Moderation Is Key In Sacramento

Multifamily Report Winter 2019

Rent Growth Decelerates

Inventory Gains Remain Modest

Value-Add Opportunities Draw Investors

SACRAMENTO MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2019

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Rent Growth Still Strong, Not Dazzling

Sacramento has experienced decelerating but steady rent growth, due to a continued influx of new residents from pricier Bay Area markets and a limited multifamily supply. The metro's average rent rose to \$1,454 as of October, slightly above the national rate. Despite becoming less affordable, Sacramento remains an accessible living option among the region's metro areas. The market's strong appeal to investors has maintained a high transaction volume, which is expected to surpass the 2017 level.

Employment gains were led by the state capital's public sector, which added 5,300 jobs year-over-year. The University of California, Davis, is undergoing a large expansion project, which will generate further growth for the education and health services sector, where 4,200 jobs were added in the 12 months ending in September. Trade, transportation and utilities also gained a large number of jobs during the interval, with a total of 4,900.

As the spillover effect from the nearby Bay Area continues, the metro's suburban markets have seen occupancy rates rise dramatically, along with rents. Transactions have stayed strong, with 90% of deals being completed for assets that present a value-add opportunity. As new development remains limited, rent growth is likely to continue at a good pace, although a return to past highs is unlikely.

Recent Sacramento Transactions

Villagio Luxury Apartments



City: Sacramento, Calif.
Buyer: Oakmont Properties
Purchase Price: \$70 MM
Price per Unit: \$257,352

River Blu



City: Sacramento, Calif.
Buyer: 29th Street Capital
Purchase Price: \$61 MM
Price per Unit: \$146,634

Portofino on the Lake



City: Sacramento, Calif.
Buyer: Benedict Canyon Equities
Purchase Price: \$40 MM
Price per Unit: \$200,000

Waterford Cove



City: Sacramento, Calif.
Buyer: Bridge Partners
Purchase Price: \$34 MM
Price per Unit: \$179,787