



MULTIFAMILY REPORT

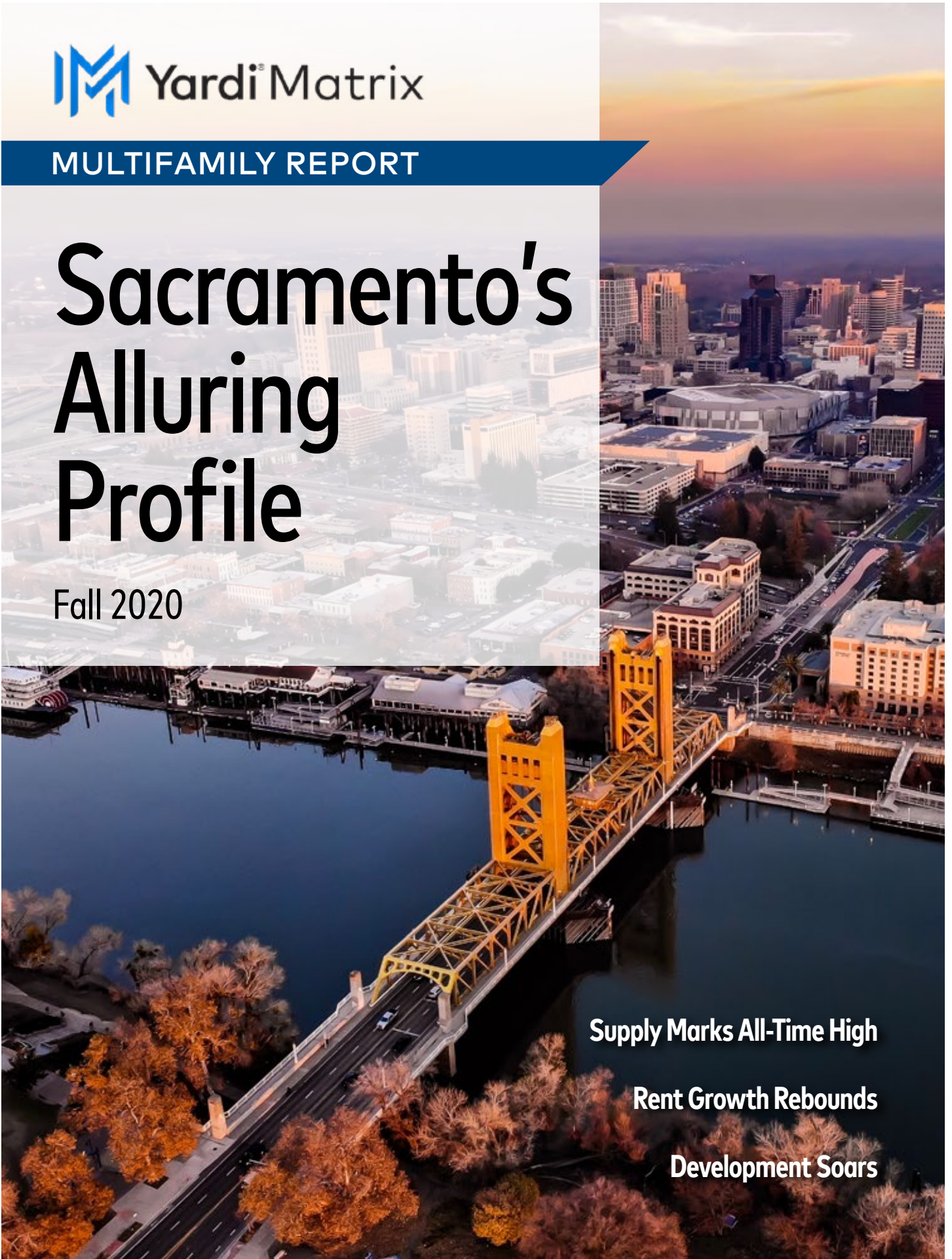
Sacramento's Alluring Profile

Fall 2020

Supply Marks All-Time High

Rent Growth Rebounds

Development Soars



SACRAMENTO MULTIFAMILY



Strengthening Demand Boosts Rent Expansion

Sacramento's multifamily fundamentals held up well through the year's first three quarters, outperforming major markets and the nation. The average rent rose 0.6% on a trailing three-month basis through September to \$1,575, while the U.S. rate inched up 0.1% to \$1,463. The occupancy rate in stabilized properties pointed to solid demand, with the rate rising 10 basis points to 96.2%, in the year ending in August.

But the metro is not out of the woods yet, even though the unemployment rate rose from an all-time high of 14.0% in April to 11.6% in July. Moreover, due to a high number of unemployment claims, on Sept. 20, officials suspended the processing of new applications for two weeks. The job market marked the fourth-consecutive month of contractions, down 6.8% in July and 20 basis points above the U.S. rate. All sectors lost jobs, except financial activities. Government jobs and professional and business services—which account for a respective 24.0% and 14.3% of the workforce—have fared well, shrinking by 4.7% and 2.4%, respectively.

The pandemic has stalled sales activity. Just \$341 million in multifamily assets traded through September, with the price per unit rising 11.2% to \$200,606. Meanwhile, developers marked an all-time high in supply, with 1,460 units delivered and 4,678 underway. Accounting for these factors, we expect rents to rise 1.9% in 2020.

Market Analysis | Fall 2020

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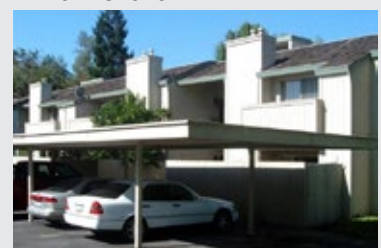
Recent Sacramento Transactions

Fountains at Point West



City: Sacramento, Calif.
Buyer: Bridge Investment Group
Purchase Price: \$85 MM
Price per Unit: \$251,180

Willow Grove



City: Sacramento, Calif.
Buyer: Western Management
Purchase Price: \$53 MM
Price per Unit: \$173,203

Westlake



City: Sacramento, Calif.
Buyer: Graceada Partners
Purchase Price: \$24 MM
Price per Unit: \$158,784

Heritage Oaks



City: Woodland, Calif.
Buyer: Affordable Housing Access
Purchase Price: \$15 MM
Price per Unit: \$122,500