

Yardi® Matrix

Sacramento's Lasting Hot Streak

Multifamily Report Winter 2018

Rent Growth Leads Nation

Inventory Expands—But Remains Controlled

Transactions Slow; Property Values Rise

SACRAMENTO MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2018

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Rent Growth Continues in California's Capital

Sacramento's reign as the top market for multifamily rent growth continued in 2017, and it is poised to do the same in 2018, at a time when most markets will look to find their footing. With completions set to hit a new cycle peak nationally, a slight uptick is in the cards for Sacramento, although demand is likely to keep outpacing supply.

Ongoing economic improvement is being fueled by development projects in the market's core. Leisure and hospitality expanded rapidly in 2017, with construction of a number of facilities throughout the market, driving the need for labor. With Bay Area residents increasingly flocking to lower-cost Sacramento, developers have set up extensive projects throughout the metro, including 4 million square feet of office assets in the planning and permitting stages. The continued need for space has generated a large pipeline of projects at the Railyards and Downtown Commons, as Sacramento finds its stride.

Sacramento's multifamily pipeline has filled out, with 2,680 units under construction as of January, while another 14,100 units are in the planning and permitting stages. With a projected 1,100 units coming to the market in 2018, which would mark a cycle high, rent growth is bound to shift down to around 7.2% by year-end.

Recent Sacramento Transactions

The Element



City: Sacramento, Calif.
Buyer: Nelson Brothers
Purchase Price: \$82 MM
Price per Unit: \$284,323

The Foundation



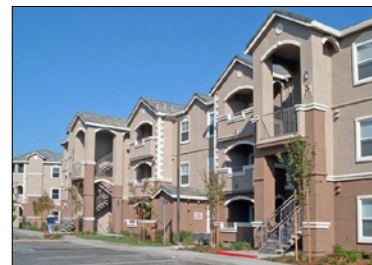
City: Sacramento, Calif.
Buyer: Scion Group
Purchase Price: \$71 MM
Price per Unit: \$333,333

The Eleven Hundred



City: Sacramento, Calif.
Buyer: OpenPath Investments
Purchase Price: \$69 MM
Price per Unit: \$122,124

Sycamore Terrace



City: Sacramento, Calif.
Buyer: Security Properties
Purchase Price: \$57 MM
Price per Unit: \$235,246