

Yardi® Matrix

Capital Composure

Multifamily Report Spring 2019

Limited Supply Sustains Rent Growth

Healthy Demographics Elevate Demand

Transaction Volume Hits Cycle Peak

SACRAMENTO MULTIFAMILY

Yardi® Matrix

Market Analysis

Spring 2019

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Weak Supply Benefits Rent Growth

Sacramento's multifamily market continued to benefit from the Bay Area's exodus, while maintaining a limited apartment supply. The average rent in the metro rose 4.6% year-over-year through March to \$1,474, outpacing the national rate by 140 basis points.

Employment growth in California's capital was robust: The expansion rate was 3.0% year-over-year as of February, well above the 1.7% national average. The metro added 27,800 jobs, with education and health services (7,500 jobs) leading growth. The accelerated activity in the sector will likely continue, supported by Centene's new 43-acre campus in suburban Natomas, which is expected to hire about 5,000 employees. Leisure and hospitality added 6,200 jobs and is poised to expand further, considering the robust development underway that includes the six-story Fort Sutter Hotel, the overhaul of the former Marshall Hotel into a boutique Hyatt with 11 stories, as well as the \$300 million expansion of the convention center.

Deliveries totaled 1,046 units in 2018, followed by the completion of two properties in the first quarter of 2019. Transaction activity marked a new cycle high, with more than \$1.4 billion in assets trading in the metro in 2018, at an average per-unit price of \$173,489. With only 1,000 units projected for delivery in 2019, we expect rents to rise 6.5% by year-end.

Recent Sacramento Transactions

Somerfield at Lakeside



City: Elk Grove, Calif.
Buyer: MG Properties Group
Purchase Price: \$64 MM
Price per Unit: \$238,806

BDX at Capital Village



City: Rancho Cordova, Calif.
Buyer: Oakmont Properties
Purchase Price: \$58 MM
Price per Unit: \$288,945

Madison Hills



City: Orangevale, Calif.
Buyer: Benedict Canyon Equities
Purchase Price: \$45 MM
Price per Unit: \$178,150

The Crossing at Wyndham



City: Sacramento, Calif.
Buyer: OpenPath Investments
Purchase Price: \$43 MM
Price per Unit: \$144,295