



MULTIFAMILY REPORT

Sacramento's Slow Season

March 2025



Seasonal Rent Moderation

Employment Market Ahead of US

Construction Pipeline Robust in 2025

SACRAMENTO MULTIFAMILY



Rents Moderate, Job Growth Softens

Sacramento multifamily fundamentals were trading water at the start of 2025, in line with seasonal patterns. This came on the heels of a year when fundamentals outperformed national averages. Average advertised asking rents fell 0.3% on a trailing three-month basis through January, to \$1,941, marking the first drop in 12 months. Moreover, asking rents were up 1.0% year-over-year, slightly above the 0.8% U.S. rate. Meanwhile, occupancy in stabilized properties rose 30 basis points year-over-year, to 95.0% as of January.

Job growth decelerated in Sacramento, at 1.8% as of November 2024, but remained above the 1.3% U.S. rate. California's capital gained 9,000 net jobs over 12 months, sustained by education and health services, which added 13,400 jobs. Six sectors shed 9,900 jobs combined, with the largest losses recorded in mining, logging and construction (-4,700 jobs). Meanwhile, the job market ended the year at 4.6%, lagging the 4.1% U.S. rate, but outperforming the 5.5% state rate. Aggie Square, a mixed-use district developed by a public-private partnership, is bringing a new hub for life sciences, education, student housing and parking to the UC Davis campus.

Sacramento supply volume marked one of its best years in 2024, and started 2025 with an additional 8,993 units under-way. Transaction activity posted a minor rebound in 2024, to \$454 million, but still trailed historic figures.

Market Analysis | March 2025

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Recent Sacramento Transactions

The Lofts



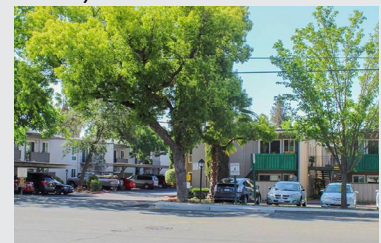
City: Sacramento, Calif.
Buyer: Jackson Square Properties
Purchase Price: \$53 MM
Price per Unit: \$279,255

The Fairmont



City: Woodland, Calif.
Buyer: Benedict Canyon Equities
Purchase Price: \$41 MM
Price per Unit: \$213,542

Courtyard



City: Carmichael, Calif.
Buyer: EKHO Capital
Purchase Price: \$21 MM
Price per Unit: \$150,725

Sterling Pointe

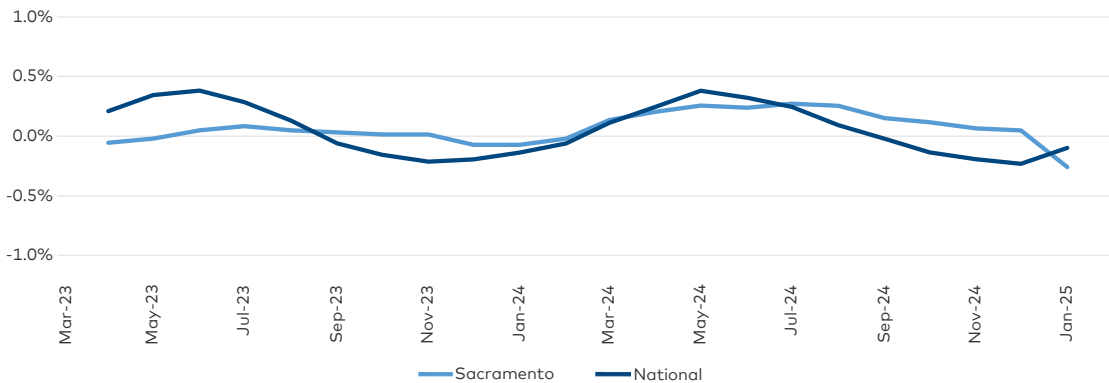


City: Davis, Calif.
Buyer: James Investment Partners
Purchase Price: \$13 MM
Price per Unit: \$234,211

RENT TRENDS

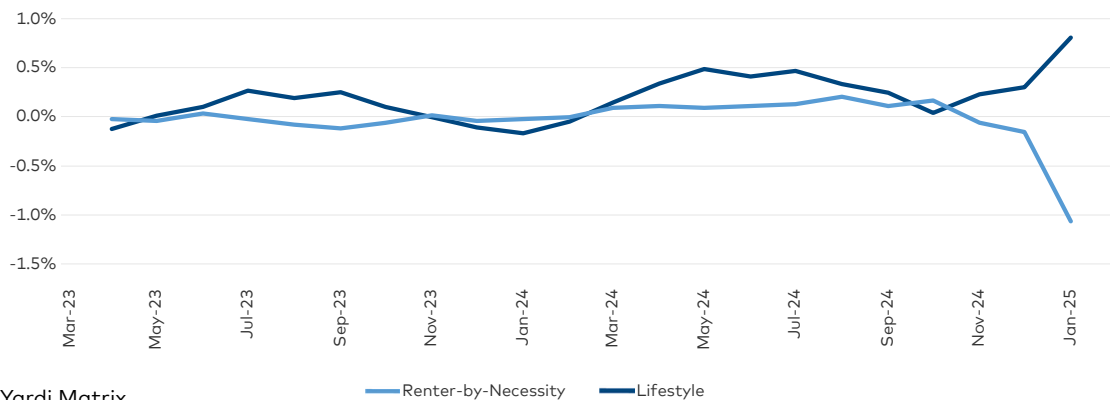
- Sacramento advertised asking rents fell 0.3% on a trailing three-month (T3) basis through January, to \$1,941. This marked the first slide since January 2024, and the third in 21 months. Meanwhile, the national rate inched down 0.1%, to \$1,746, posting the fourth consecutive month of declines. Year-over-year, Sacramento rent growth hit 1.0%, slightly surpassing the 0.8% U.S. rate.
- Bucking the national trend, Lifestyle advertised asking rents kept rent movement afloat in Sacramento, up 0.8%, on a T3 basis through January, to \$2,336. Rates in the segment have increased or were flat since January 2024. Meanwhile, working-class Renter-by-Necessity rents dropped 1.1%, to \$1,709, down for the third straight month.
- Sacramento's occupancy rate in stabilized properties rose 0.2% year-over-year, to 95.0% as of January. That was solely due to a 0.5% increase in the RBN sector, to 95.0%. Meanwhile, Lifestyle occupancy was flat over 12 months, at 95.1%. Nationally, occupancy fell 0.1% to 94.5%, the lowest level since 2014.
- Of the 48 submarkets tracked by Yardi Matrix, 22 posted increases year-over-year through January. The list included Sacramento's most expensive area, Greater Davis (0.2% to \$2,665). The second-highest by price was Central Davis, where rents decreased 0.7%, to \$2,446. Overall, 12 submarkets recorded average advertised asking rents above the \$2,000 mark.

Sacramento vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Sacramento Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- After a steady performance during the better part of 2024, with Sacramento employment growth above the 2.0% mark since February, the rate softened in November, settling at 1.8%. That figure still outperformed the 1.3% U.S. average. The market added 9,000 net positions, while performance was spotty across sectors, to say the least. Education and health services (13,400) and government (4,100) led gains, while six other sectors lost a combined 9,900 jobs.
- Sacramento unemployment stood at 4.6% in December, according to preliminary data from the Bureau of Labor Statistics. That was 60 basis points below the January 2024 rate. Despite improvement, the rate trailed the U.S. (4.1%) but outperformed the state (5.5%). Compared to other major California areas, the state capital led Los Angeles (5.2%) and the Inland Empire (4.9%), coming in behind San Diego (4.3%), San Francisco (4.0%) and San Jose (3.9%).
- One notable project underway in Sacramento is Aggie Square, a mixed-use innovation district developed by a public-private partnership between UC Davis, Wexford Science and Technology and the city of Sacramento. The development broke ground on its first phase in 2022 on the UC Davis campus and includes more than 728,000 square feet of life science space, as well as buildings designated for housing and university programs.

Sacramento Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	209.7	19.0%
90	Government	266.1	24.1%
60	Professional and Business Services	136	12.3%
40	Trade, Transportation and Utilities	173.6	15.7%
70	Leisure and Hospitality	111.3	10.1%
50	Information	8.7	0.8%
55	Financial Activities	48.6	4.4%
80	Other Services	37.3	3.4%
30	Manufacturing	39.3	3.6%
15	Mining, Logging and Construction	73.7	6.7%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- Sacramento's population expanded 10.1% during the 10 years ending in 2022, significantly higher than the 6.3% U.S. rate.
- Growth had been moderating, down from 1.7% in 2021 to 0.6% in 2022, while the national rate rose 1.0% and 0.4% respectively each year.

Sacramento vs. National Population

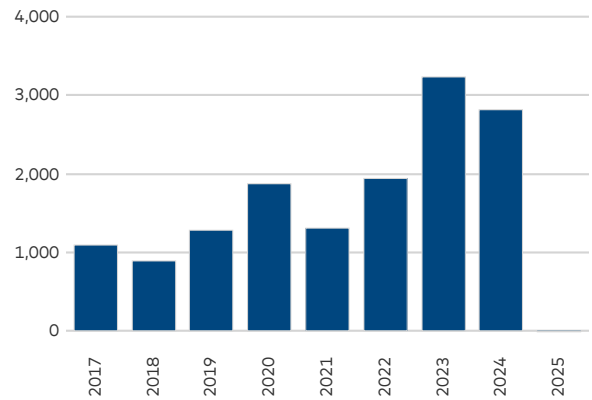
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Sacramento	2,315,980	2,338,866	2,379,368	2,394,673

Source: U.S. Census

SUPPLY

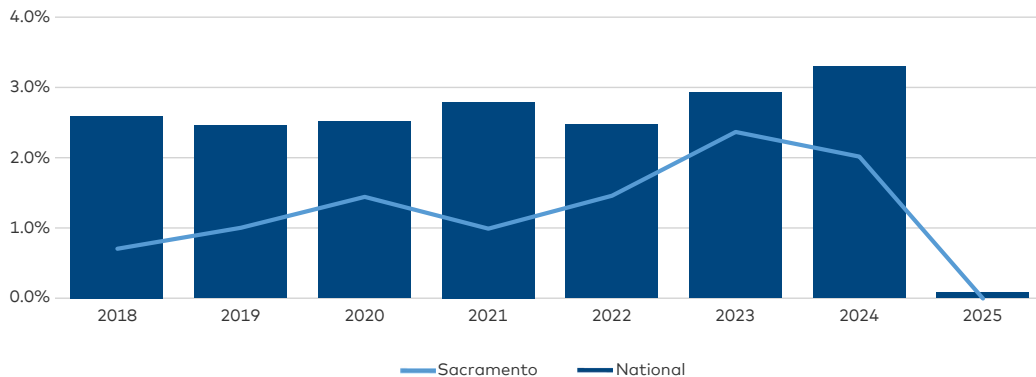
- In 2024, developers delivered 2,813 apartments across the market, equal to 2.0% of the metro's existing stock. That marked the second-largest share of the past decade, but was still well below the 3.3% U.S. rate. The bulk of Sacramento's 2024 completions were fully affordable properties, which accounted for 43.1%, followed by Lifestyle (36.8%) and RBN (20.1%).
- Developers had 8,993 units under construction as of January and an additional 40,500 apartments in the planning and permitting stages. The units underway were equally divided between fully affordable and Lifestyle assets (each at 46.2%), while the RBN share of the pipeline dropped to 7.6%.
- Mirroring the national trend, new construction moderated in 2024, with work starting on 2,620 units in 15 properties. That was down from the 4,137 units across 20 properties that developers kicked off in 2023.
- Development was spotty across the map, with projects in 17 of 48 submarkets tracked by Yardi Matrix. The top five accounted for two-thirds of units underway, led by the CBD (1,370 units), Greater Folsom/El Dorado Hills/Shingle Springs (1,338 units) and Laguna West (1,215 units).
- The largest project underway set to come online beyond this quarter is Four Seasons at The Ranch in Rancho Cordova, Calif. The 378-unit age-restricted project kicked off in 2024 and is slated to come online by the end of next year.
- Last year's largest completion was The Eames, which came online in the Bellview/Howe Edison submarket. The 331-unit community is owned by DeBartolo Development, Grupe Co. and SKK Developments and includes eight buildings.

Sacramento Completions (as of January 2025)



Source: Yardi Matrix

Sacramento vs. National Completions as a Percentage of Total Stock (as of January 2025)

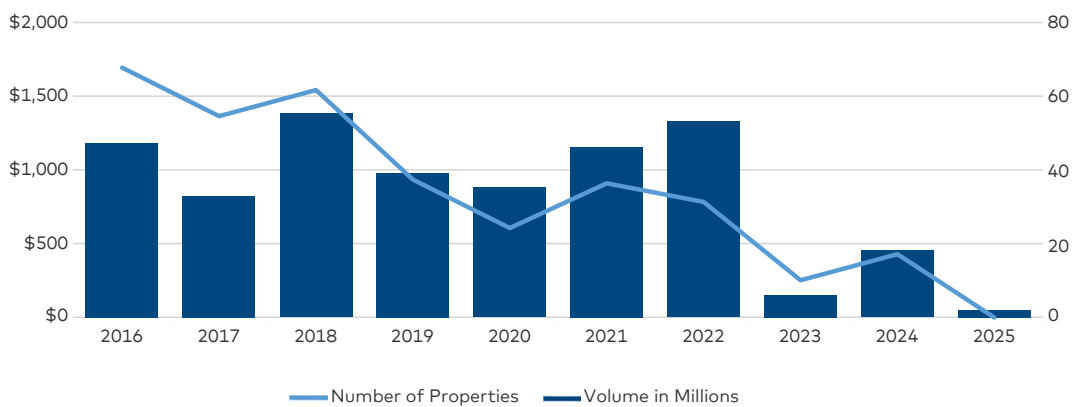


Source: Yardi Matrix

TRANSACTIONS

- ▶ Last year, Sacramento transaction volume totaled \$454 million, a slight rebound from the cycle low recorded in 2023 (\$152 million). By its own metrics, investment activity remained tepid, well below the \$1.1 billion annual average the market saw over the last decade.
- ▶ The average price per unit stood at \$181,831 last year, up 5.5% year-over-year, but still below the \$194,036 U.S. average. While both were up from 2023, they were still below 2022 records.
- ▶ The highest per-unit price recorded in Sacramento in 2024 was paid for a 118-unit property in the Central Business District that was purchased by ConAm. Built in 2016, Eviva Midtown traded for \$40.1 million, with Sequoia Equities cashing in \$340,042 per unit. This was the second time the asset traded, and at a discount no less. It last changed hands shortly after completion, in 2017, when developer Integral Group sold it for \$53 million.

Sacramento Sales Volume and Number of Properties Sold (as of January 2025)



Source: Yardi Matrix

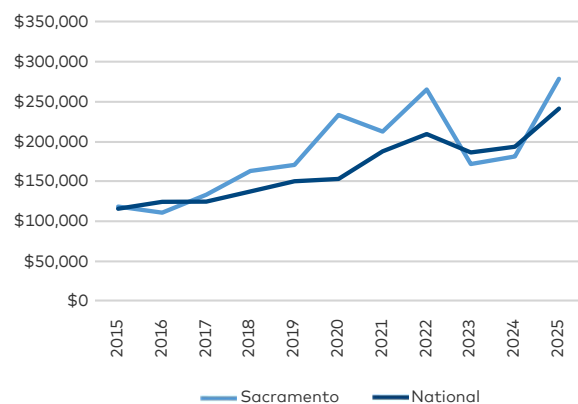
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
North Highlands	113
Elk Grove	77
Natomas	53
Bellview/Howe Edison	51
South Woodland	41
Central Business District	40
Arcade Village/Mission	21

Source: Yardi Matrix

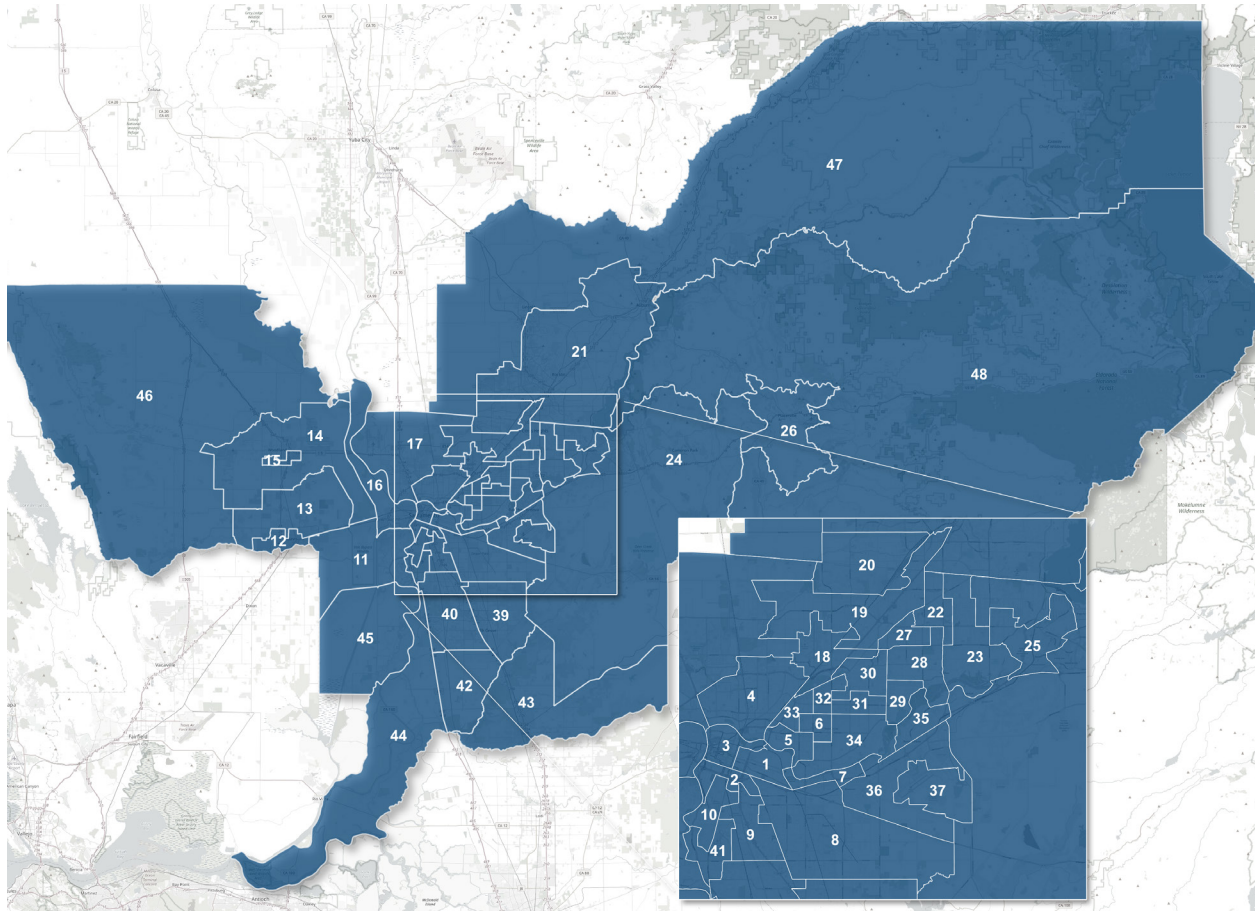
¹ From February 2024 to January 2025

Sacramento vs. National Sales Price per Unit



Source: Yardi Matrix

SACRAMENTO SUBMARKETS



Area No.	Submarket
1	Midtown
2	Broadway Corridor
3	Central Business District
4	North Sacramento
5	Encina/Ethan/Woodside
6	Arden Gardens/Arden Terrace
7	La Riviera
8	Florin/Southeast Sacramento
9	Parkway/South Sacramento
10	Land Park
11	Pocket/West Greenhaven
12	Central Davis
13	Greater Davis
14	North Woodland
15	South Woodland
16	North West Sacramento

Area No.	Submarket
17	Natomas
18	North Highlands
19	Foothills Farms/West Citrus Heights
20	Antelope
21	Rocklin/Roseville
22	Central Citrus Heights
23	Fair Oaks
24	Greater Folsom/El Dorado Hills
25	Central Folsom/South Orangevale
26	Placerville
27	Southwest Citrus Heights
28	Northeast Carmichael/West Fair Oaks
29	Southeast Carmichael
30	West Carmichael
31	Arcade Village/Mission
32	Mira Loma/Marconi

Area No.	Submarket
33	Bellview/Howe Edison
34	Arden Manor/Sierra Oaks Vista
35	North Rancho Cordova
36	South Rancho Cordova/Rosemont
37	Mather Airport
39	Elk Grove
40	Laguna Wes
41	East Greenhaven/South Land Park
42	Franklin/Laguna
43	Galt
44	Outlying Sacramento County
45	South Yolo County
46	Western Yolo County
47	Outlying Placer County
48	Outlying El Dorado County

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- ▶ *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- ▶ *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- ▶ *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- ▶ *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- ▶ *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- ▶ *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.



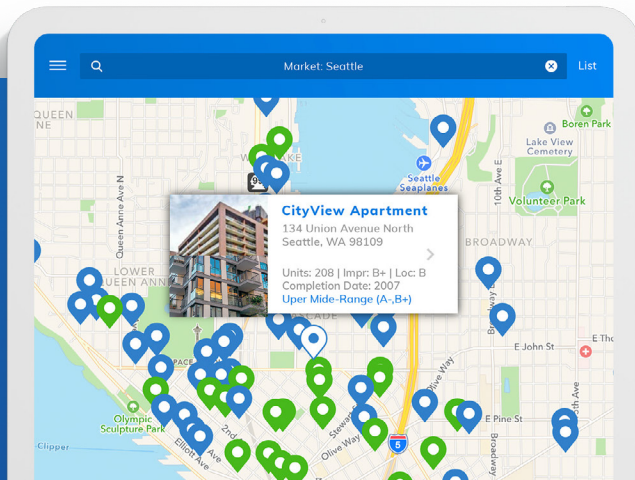
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- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily
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