

Yardi® Matrix

California's Affordable Refuge

Multifamily Report Summer 2019

Rent Growth Stays Lofty

Inventory Gains Remain Tepid

Interest in Value-Add Assets Cuts Per-Unit Price

SACRAMENTO MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2019

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Rent Growth Derives From Thin Inventory

Sacramento is now largely a landlord's market due to limited inventory growth and the Bay Area's exodus. Pressured by a limited multifamily supply, the average rent in the metro rose 5.4% year-over-year through July to \$1,524, posting the third-largest increase among major metros and outpacing the national rate by 200 basis points.

Employment growth in the metro moderated in the past 12 months but is still bettering the 1.7% national average by 80 basis points. Traditionally anchored by state government jobs, the Sacramento economy is slowly diversifying, with education and health services growing by 6,000 positions in the 12 months ending in June, followed by the mining, logging and construction sector, which added 3,000 jobs. Both are slated for sustained improvement in the foreseeable future, considering the various developments underway in the metro, including Centene's 68-acre campus in Natomas, the \$520 million Natural Resources Building and the redevelopment of the Powerhouse Science Center.

Deliveries were scarce, totaling just 312 units by July. Transaction activity picked up pace in the second quarter, bringing the total investment value to \$456 million, or an average per-unit price of \$155,703. With less than 1,000 units projected for delivery in 2019, we expect rents to rise 3.8% by year-end.

Recent Sacramento Transactions

Copper Creek



City: Sacramento, Calif.
Buyer: Bridge Partners
Purchase Price: \$48 MM
Price per Unit: \$179,104

Artisan Square



City: Sacramento, Calif.
Buyer: AHDC
Purchase Price: \$37 MM
Price per Unit: \$182,598

Shaliko



City: Rocklin, Calif.
Buyer: Sequoia Equities
Purchase Price: \$37 MM
Price per Unit: \$240,132

The Luxe



City: Sacramento, Calif.
Buyer: ColRich Multifamily
Purchase Price: \$36 MM
Price per Unit: \$164,773