



MULTIFAMILY REPORT

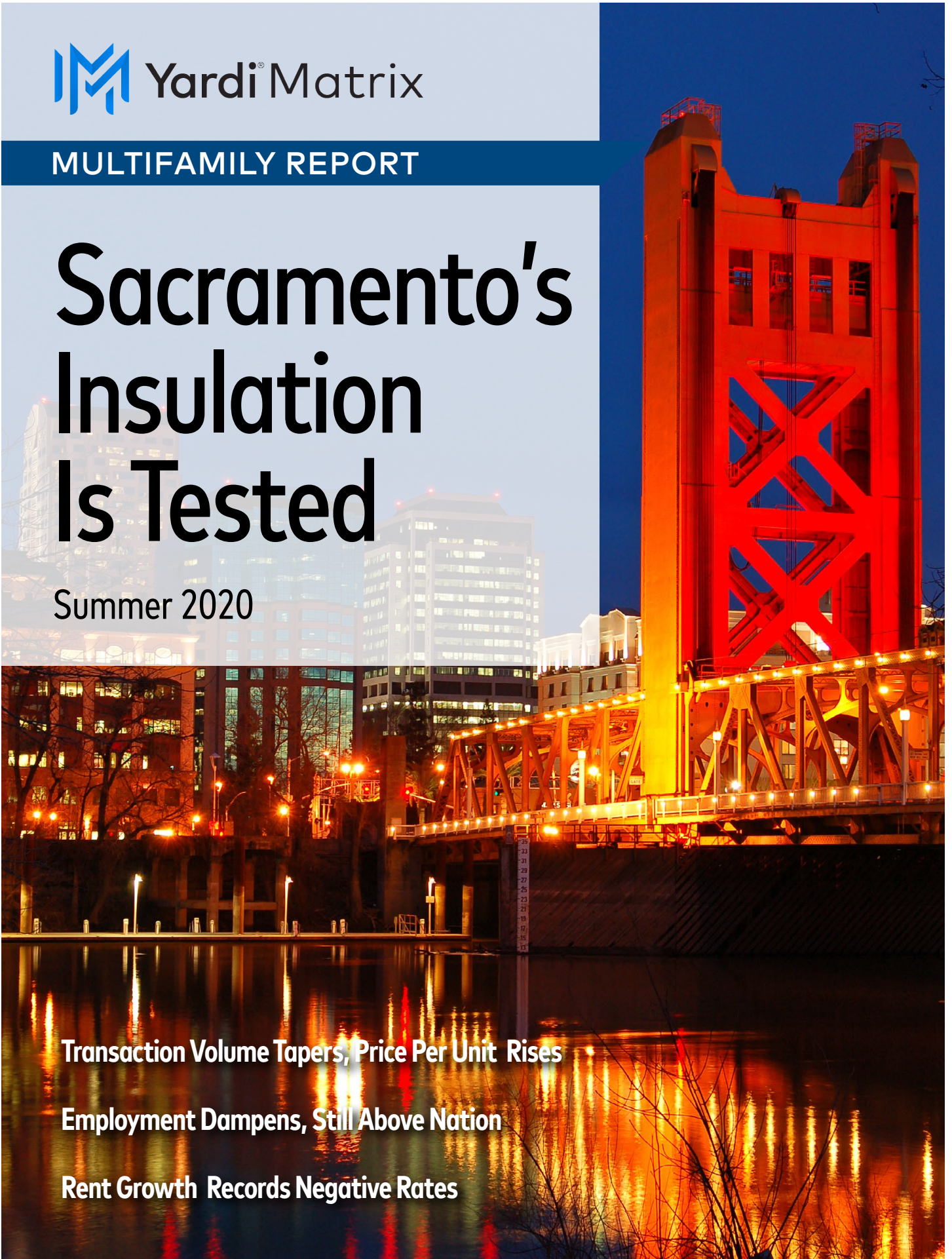
Sacramento's Insulation Is Tested

Summer 2020

Transaction Volume Tapers, Price Per Unit Rises

Employment Dampens, Still Above Nation

Rent Growth Records Negative Rates



SACRAMENTO MULTIFAMILY



Durable Jobs Offer A Hopeful Outlook

Despite an employment composition diverse enough to weather the brunt of the COVID-19 storm, Sacramento's multifamily market felt the early effects of the pandemic. From the highs of recent years, when its rent growth was among the leading ranks in the country, the market's average rent fell 0.3% on a trailing three-month basis through May—10 basis points lower than the U.S. rate, with the \$1,524 average slightly above the \$1,460 national amount.

Although the U.S. unemployment rate rose to 13.3% in May, and the number of unemployment claims filed throughout California totaled nearly 5.2 million in the first three months of the outbreak, the capital has one of the highest percentages of durable jobs thanks to its employment composition. Specifically, government jobs—the sector least affected by the pandemic—accounted for 24.2% of all positions, while professional and business services accounted for 13.4%. With the workforce for the latter more prone to working from home, jobs in this sector have done relatively well.

During the first five months of the year, multifamily deals in Sacramento totaled \$249 million, a 31% drop in volume relative to the same time last year. The per-unit price rose 17.8%, surpassing the \$200,000 mark for the first time. Meanwhile, developers delivered just 320 units and had more than 4,000 underway. Both metrics will likely remain low, at least in the short term.

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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

Landing at College Square



City: Sacramento, Calif.
Buyer: MG Properties Group
Purchase Price: \$65MM
Price per Unit: \$239,815

Cambridge House



City: Davis, Calif.
Buyer: Vaughn Management
Purchase Price: \$42 MM
Price per Unit: \$300,000

Rosemont Terrace



City: Sacramento, Calif.
Buyer: Positive Investments
Purchase Price: \$16 MM
Price per Unit: \$157,000