



MULTIFAMILY REPORT

Sacramento: In High Demand

Summer 2021

Rent Growth Remains Among Nation's Best

Developers Focused on Lifestyle Segment

Government Sector Aids Economy

SACRAMENTO MULTIFAMILY



Strong Demand Keeps Rent Growth Elevated

Sacramento multifamily performance improved further as in-migration accelerated, fueled in large part by the Bay Area's spillover effect, itself exacerbated by work-from-home policies produced by the pandemic. Increased rental demand placed the metro among the nation's top performers, with rents up 8.3% year-over-year through May, to \$1,676. Meanwhile, occupancy climbed 110 basis points over 12 months, to 97.1% as of April.

Unemployment dropped to 6.6% in April, behind the 6.1% U.S. rate, according to preliminary Bureau of Labor Statistics data. Meanwhile, Sacramento employment posted a 5.9% drop in the 12 months ending in March. Two sectors gained jobs during the period—trade, transportation and utilities (up 0.8%) and construction (4.6%). Meanwhile, the public sector shrunk by just 2.8%. The metro's economic diversification remains an ongoing challenge, with government jobs still representing nearly one-quarter of the workforce. While the public sector acted as a shield during the pandemic, the downturn took large chunks out of normally consistent revenue sources, and some public budgets could be in jeopardy.

Just 65 units came online in 2021 through May, but developers had an additional 6,462 units underway. We expect 1,457 apartments to come online this year, behind last year's 2,078-unit decade high, but still significant for the supply-constrained metro.

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Recent Sacramento Transactions

Apex on the River



City: Sacramento, Calif.
Buyer: Horizon Realty Advisors
Purchase Price: \$34 MM
Price per Unit: \$236,806

The Woods



City: Citrus Heights, Calif.
Buyer: Tilden Properties
Purchase Price: \$28 MM
Price per Unit: \$224,879

Shiloh Arms



City: Sacramento, Calif.
Buyer: Pacific Housing
Purchase Price: \$15 MM
Price per Unit: \$142,453

The Cascades



City: Sacramento, Calif.
Buyer: Integrity Housing
Purchase Price: \$13 MM
Price per Unit: \$118,750