



MULTIFAMILY REPORT

Sacramento: Going Steady

March 2022



Deliveries Record Solid Year

YoY Rent Growth on Par With US Figure

Investor Appetite Tilts Toward Value-Add Plays

SACRAMENTO MULTIFAMILY



Healthy Fundamentals Start Off 2022

The Sacramento market posted steadily improving fundamentals last year and entered 2022 on the right foot, despite an expected seasonal slowdown. Rent growth hovered around the 1.0% mark on a trailing three-month (T3) basis for nine months and only fell below the threshold in the fourth quarter. The seasonal softening continued into early 2022, but figures remained in positive territory, up 0.1% on a T3 basis through January, to \$1,874. Year-over-year, however, Sacramento rents were up a healthy 14.0%. Meanwhile, occupancy was flat over 12 months, at 97.2%.

Sacramento unemployment dropped to 4.4% in December, a 320-basis-point improvement from January 2021, according to preliminary Bureau of Labor Statistics data. Yet job growth was slow, with the metro adding just 32,700 jobs in the 12 months ending in November, up 3.8% and lagging the 4.6% U.S. rate. Construction led gains (7,300 jobs), with leisure and hospitality (4,900) and government (4,800) next in line. Total employment stood at a little over 1 million as of December, with some 12,000 jobs below pre-pandemic levels.

Developers delivered 1,442 units in 2021, marking the second-best year in a decade. Another 8,394 units were under construction at the start of 2022. Meanwhile, the transaction volume totaled \$1.1 billion in 2021, and due to the sales composition tilting toward RBN assets, the per-unit price slid to \$225,148.

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Recent Sacramento Transactions

Westlake



City: Sacramento, Calif.
Buyer: Tesseract Capital Group
Purchase Price: \$53 MM
Price per Unit: \$360,011

The Retro



City: Sacramento, Calif.
Buyer: Clear Capital
Purchase Price: \$48 MM
Price per Unit: \$235,294

Manzanita Woods



City: Carmichael, Calif.
Buyer: M & L Financial Properties
Purchase Price: \$14 MM
Price per Unit: \$162,651

Auburn Palms



City: Auburn, Calif.
Buyer: Primrose Real Estate
Purchase Price: \$7 MM
Price per Unit: \$130,000