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# Sacramento: Capital Appreciation

Multifamily Winter Report 2017

**Rent Growth Tops Nation**

**Occupancy Tightens Amid Slow Deliveries**

**Transaction Volume Reaches \$1B**

# SACRAMENTO MULTIFAMILY

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## Market Analysis

Winter 2017

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## Metro's Rent Growth Leads Nation

As the only remaining metro with year-over-year rent appreciation in double figures, Sacramento seems unfazed by the national downward trend. Completions have been added at a slow pace throughout the cycle, and with only 1,600 units under construction, the supply-constrained market is expected to see occupancy continue to dwindle.

As the capital of California, Sacramento relies on the public sector, with roughly a quarter of the active population employed by the state and local governments. Job growth has been consistent over the past few years. The city's core is spawning new development projects with entertainment options, while companies are in need of updated office and retail space. Although little progress has been made on the Downtown Riverfront Streetcar project, the \$3 billion transit project would galvanize the city's downtown, especially as new major mixed-use developments are coming to the Capitol Mall, near the newly completed Golden 1 Center sports arena.

Going forward, Sacramento's multifamily market is expected to remain steady. Despite the recent growth, the metro's rents are affordable relative to nearby San Francisco and are incentivizing the creation of new households. Investors have also taken note of the improvement, with more than \$2 billion in multifamily assets trading since 2015.

## Recent Sacramento Transactions

The Woodlands



City: Sacramento  
Buyer: Jackson Square Properties  
Purchase Price: \$85 MM  
Price per Unit: \$106,156

Montage



City: Citrus Heights, Calif.  
Buyer: JRK Property Holdings  
Purchase Price: \$74 MM  
Price per Unit: \$116,352

The Palms



City: Sacramento  
Buyer: Robert C. Kopple  
Purchase Price: \$67 MM  
Price per Unit: \$134,000

Waterford Place



City: Folsom  
Buyer: Bridge Partners  
Purchase Price: \$53 MM  
Price per Unit: \$184,441

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