



MULTIFAMILY REPORT

Sacramento's Moderate Growth

December 2022



Rent Development Declines, Trails U.S.

Construction Starts Slow Down

YOY Occupancy Decreases

SACRAMENTO MULTIFAMILY



Occupancy Drop Softens Fundamentals

Sacramento's multifamily market posted a steady run in 2022, with robust investment activity and a construction pipeline above pre-pandemic levels. Yet at the start of the fourth quarter, rents declined 0.1% on a trailing three-month basis, while the national rate inched up 0.2%. Signs of a cooldown came from occupancy—the rate in stabilized properties dropped 110 basis points in the 12 months ending in September—but at 96%, Sacramento remains a tight rental market.

Unemployment declined to pre-pandemic values for most of 2022, clocking in at 3.3% in September, a 170-basis-point increase since the start of the year, according to preliminary data from the Bureau of Labor Statistics. California's capital outperformed the state (3.9%) and the U.S. (3.5%), but trailed San Francisco (2.5%) and San Jose (2.2%). The job market expansion softened to 4.1% growth, or 29,200 jobs, in the 12 months ending in August, 20 basis points above the national rate. All sectors expanded except financial services, which lost 100 jobs.

Developers delivered 1,588 units through October, 1.2% of existing stock and already above pre-pandemic levels, which never surpassed 1.0%. Another 7,498 units were underway, with a notable decline in the number of construction starts. Meanwhile, investment volume surpassed \$1.3 billion, for a price per unit that rose 27.6% year-over-year, to \$274,216.

Market Analysis | December 2022

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Recent Sacramento Transactions

The Falls at Willow Creek



City: Folsom, Calif.
Buyer: Prime Group
Purchase Price: \$149 MM
Price per Unit: \$348,826

The Eleven Hundred



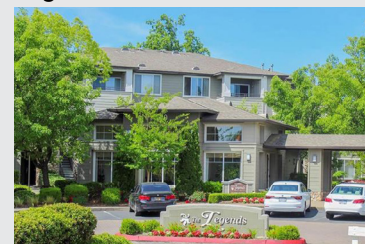
City: Sacramento, Calif.
Buyer: KF Properties
Purchase Price: \$119 MM
Price per Unit: \$210,619

Waterford Cove



City: Sacramento, Calif.
Buyer: Crown Capital
Purchase Price: \$62 MM
Price per Unit: \$329,255

Legends at Willow Creek



City: Folsom, Calif.
Buyer: Prime Group
Purchase Price: \$61 MM
Price per Unit: \$295,192