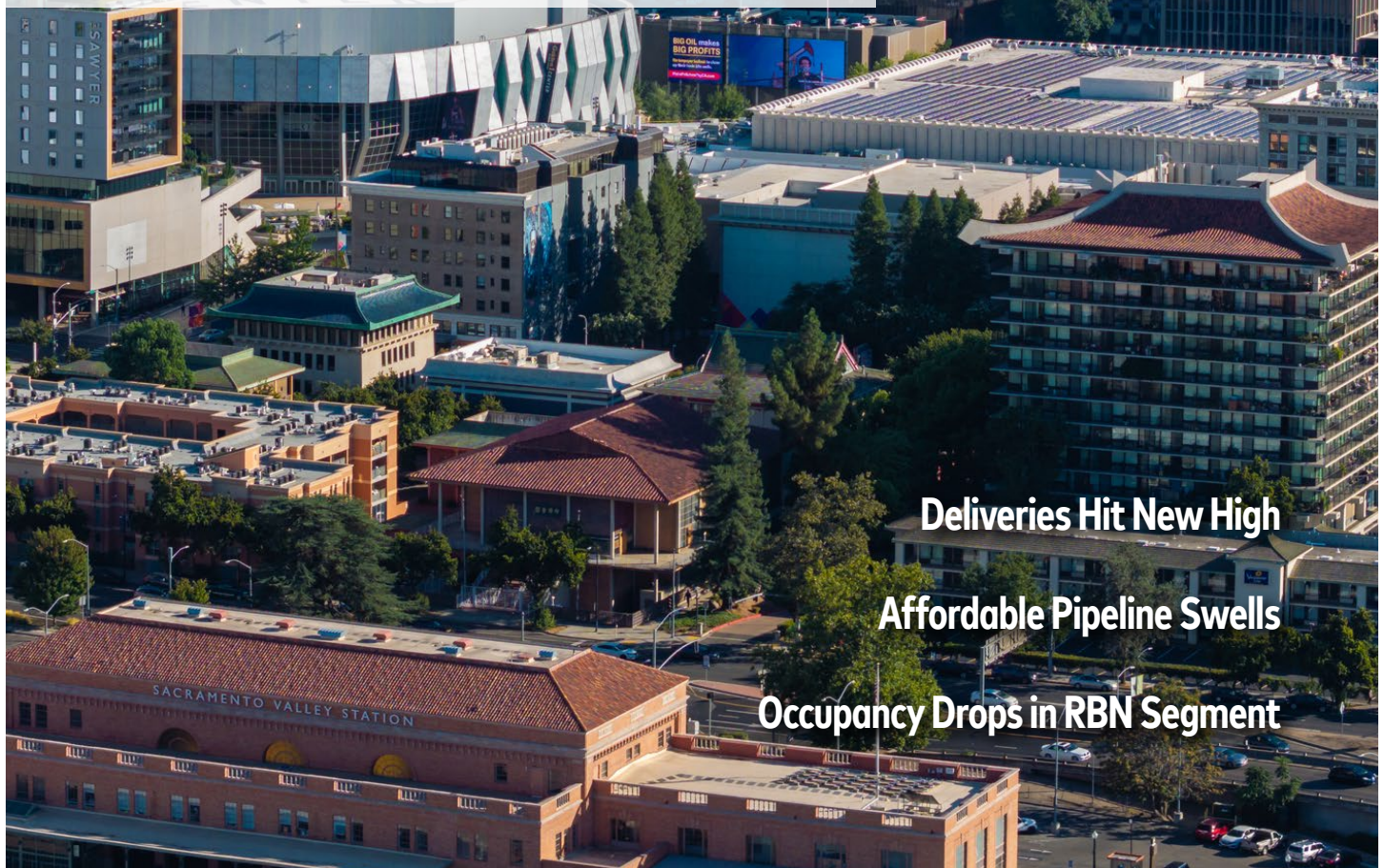




MULTIFAMILY REPORT

Sacramento's Mixed Bag

March 2024



Deliveries Hit New High

Affordable Pipeline Swells

Occupancy Drops in RBN Segment

SACRAMENTO MULTIFAMILY



Pipeline Up Again Following Record Supply

Despite fluctuating performance, Sacramento multifamily rental demand remained fairly robust. Following record supply expansion, rent growth decreased just 0.2% on a trailing three-month basis through January, to \$1,905. That was on par with the national rate, which clocked in at \$1,710. Occupancy in stabilized properties decreased just 40 basis points in the 12 months ending in January, to 94.5%.

Sacramento unemployment climbed to 4.7% in December, trailing the U.S. (3.7%) but surpassing the 5.1% California rate, according to data from the Bureau of Labor Statistics. In the 12 months ending in November, job expansion slowed to 2.3%, or 23,300 net positions, 10 basis points above the U.S. rate. During this time, three sectors lost 3,700 jobs combined—financial activities, professional and business services and information. Employment growth was led by education and health services, which accounted for nearly half of the net gains.

As of January, Sacramento had 9,119 units underway, with a surprising number of these in fully affordable projects. Additionally, 2023 marked a record for deliveries (2,956 units) in an otherwise low-supply market. And even as the national pipeline began shrinking, multifamily starts in Sacramento actually accelerated. Meanwhile, transactions nearly came to a halt, with just \$125 million in rental assets trading in 2023.

Market Analysis | March 2024

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Recent Sacramento Transactions

Hellenic Seniors



City: Sacramento, Calif.
Buyer: Dawson Holdings
Purchase Price: \$28 MM
Price per Unit: \$400,000

The Savannah at Southport



City: West Sacramento, Calif.
Buyer: Alliant Strategic Development
Purchase Price: \$20 MM
Price per Unit: \$89,029

Rosemont Terrace



City: Sacramento, Calif.
Buyer: Redwood Property Investors
Purchase Price: \$18 MM
Price per Unit: \$179,000

Woodland Oaks



City: Woodland, Calif.
Buyer: Montgomery Partners
Purchase Price: \$13 MM
Price per Unit: \$166,250