



MULTIFAMILY REPORT

Sacramento Faces Challenges

July 2024

T3 Rates At Standstill

Investment Volume Remains Low

Employment Gains Lead US

SACRAMENTO MULTIFAMILY



Rent Growth Flat, Deliveries Low

The Sacramento multifamily market's performance has been mixed, likely due to economic volatility that continues to impact the metro. Advertised asking rents remained flat on a T3 basis, to \$1,916, 30 basis points lower than the national rate. The average overall occupancy rate in stabilized properties was down 10 basis points year-over-year, to 94.7%, although the Lifestyle segment recorded a 30-basis-point appreciation.

Employment in Sacramento expanded 2.5% in the 12 months ending in March, adding 32,600 net jobs. The metro's growth rate was 90 basis points above the national average. Education and health services led gains with 17,900 added positions. The area's unemployment rate stood at 4.5% as of April, 60 basis points above the U.S. figure. UC Davis Medical Center will boost Sacramento's economy with its 900,000-square-foot California Tower. The \$3.7 billion project will feature a 14-story hospital with 332 inpatient beds. The development is slated for completion in 2030.

The 645 units delivered through May, which account for 0.5% of stock, put the metro below the national rate of completions by 40 basis points. Construction starts also declined from the beginning of the year. Transaction activity remains low, with \$36 million in assets changing hands, a far cry from the \$1 billion-plus that traded in Sacramento in 2021 and 2022.

Recent Sacramento Transactions

Greenbriar



City: Sacramento, Calif.
Buyer: Forward Housing
Purchase Price: \$29 MM
Price per Unit: \$210,144

Market Analysis | July 2024

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