MARKETBEAT

SACRAMENTO

Multifamily Q1 2022

CUSHMAN & WAKEFIELD

	YoY Chg	12-Mo. Forecast
3.9% Vacancy Rate	▲	▬
188 YTD Net Absorption, units	▼	▲
$1.99 Asking Rent, PSF	▲	▲

Source: CoStar
(Overall, All Property Classes, Properties with 25+ Units)

ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
1,034.6K Sacramento Employment	▲	▲
4.9% Sacramento Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

Source: BLS, Moody's Analytics

ECONOMY OR ECONOMIC OVERVIEW: Jobs Numbers Continuing to Rise

As COVID-19 protocols and guidelines are loosened, specifically the recently lifted mask mandate, Sacramento's economic recovery has picked up the pace at the start 2022. More of the local workforce is back in the office, at least part time, and spending on services is growing. The unemployment rate for metropolitan Sacramento has eased to 4.9%, down from 7.2% year-over-year (YOY). Nonfarm employment is up by over 48,000 jobs, a 4.9% increase from a year ago.

SUPPLY AND DEMAND: Vacancy Limited Despite New Product

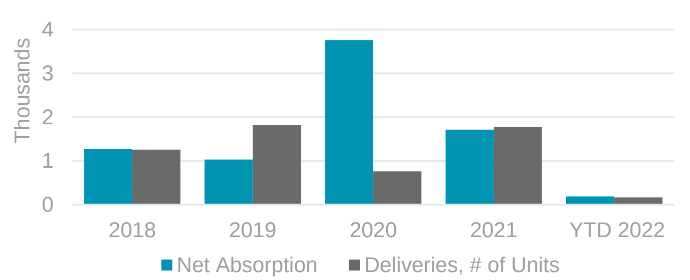
The Sacramento multifamily market vacancy remains constricted. Even with a YOY increase of 70 basis points, Q1 2022 closed at 3.9%. Multifamily units remain a challenge to find for Sacramento area residents despite the addition of over 2,100 new units to the market over the past four quarters. Currently there are over 5,800 units under construction and more than 11,000 units proposed in the entire Metro with the bulk of these new units in the Downtown and Natomas submarkets. Regarding properties, there are 1,478 existing multifamily properties in the Metro, with 28 currently under construction,1.9% of the inventory. While many new Sacramento residents have purchased single family homes, the multifamily market vacancy has remained below 5%, the mark that typically indicates full occupancy.

PRICING: Asking Rates Continue Steady Growth

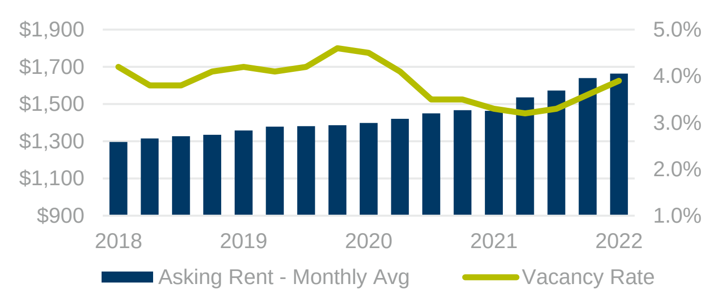
Asking rents continue to grow, increasing by 10.6% YOY. With demand remaining consistently strong and supply constrained, asking rates will continue to rise in the near-term. Population growth in Sacramento is the major market theme since the pandemic. There has been an uptick in relocations from the Bay Area thanks to remote work remaining in vogue combined with the lower cost of living that Sacramento offers, which can range between 30% and 50%.

Over the course of Q1 2022, 12 properties have sold. Though the number of properties sold is down from a year ago, property values have grown, meaning total volume surpassed Q1 2021. Similarly, the average price per unit of $256,000 in the first quarter of 2022 is up nearly 40% from 12 months ago. With both rental rates and property values increasing, the Sacramento multifamily market offers an attractive growth market for both current and potential investors.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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Multifamily Q1 2022

MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	UNDER CONSTR (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	AVG ASKING RENT/UNIT	AVG ASKING RENT PSF
Downtown / Midtown / East Sac	8,472	0	2,456	168	9.3%	$1,829	$2.62
Arden Arcade	15,906	0	0	-52	2.9%	$1,387	$1.81
Carmichael / Fair Oaks	9,562	0	0	-10	2.6%	$1,493	$1.84
Citrus Heights / Orangevale	11,054	0	0	-17	2.9%	$1,672	$2.11
Davis	8,226	0	225	33	3.8%	$1,970	$2.15
Elk Grove / Laguna	5,583	0	0	-20	5.0%	$1,648	$1.76
Folsom / El Dorado Hills / Cameron Park	8,118	166	183	83	5.1%	$2,082	$2.25
Natomas	13,203	0	1,567	-31	3.6%	$1,850	$2.09
North Highlands / Antelope	4,682	0	0	-9	3.4%	$1,611	$1.79
Rancho Cordova / Rosemont	13,010	0	162	-16	3.1%	$1,664	$2.02
Rio Linda / Del Paso	1,603	0	0	-6	2.1%	$1,226	$1.49
Roseville / Rocklin	15,812	0	263	-22	5.0%	$2,083	$2.25
South Land Park / Pocket	6,978	0	266	-24	3.3%	$1,638	$1.93
South Sacramento	12,998	0	32	15	2.0%	$1,262	$1.58
West Sacramento / Woodland	9,933	0	474	96	3.2%	$1,414	$1.84
Market	**145,140**	**166**	**5,628**	**188**	**3.9%**	**$1,664**	**$1.99**

SIGNIFICANT SALE TRANSACTIONS YTD 2022

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / $ UNIT	Date Sold
The Core Natomas	Natomas	AEW Capital Management / The Schidler Group	300	$147.3M / $490,833	March 2022
The Archer Apartments	Arden Arcade	29th Street Capital / Bridge Investment Group	240	$59.8M / $248,958	March 2022
1430 Q	Downtown / Midtown / East Sac	D & S Development, Inc / Soma Capital Partners	75	$57.1M / $761,333	March 2022
The Aspire	Arden Arcade	Ridge Capital Investors / Clear Capital	204	$48M / $235,294	Jan. 2022
Hawthorne	Carmichael / Fair Oaks	29th Street Capital / IDS Real Estate Group	76	$16.5M / $217,105	Jan. 2022

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