



MARKET AT A GLANCE



OCCUPANCY RATE **96.5%**
Up **10 bps** since 3Q16



ASKING RENT **\$1,466**
Up **7.0%** since 3Q16

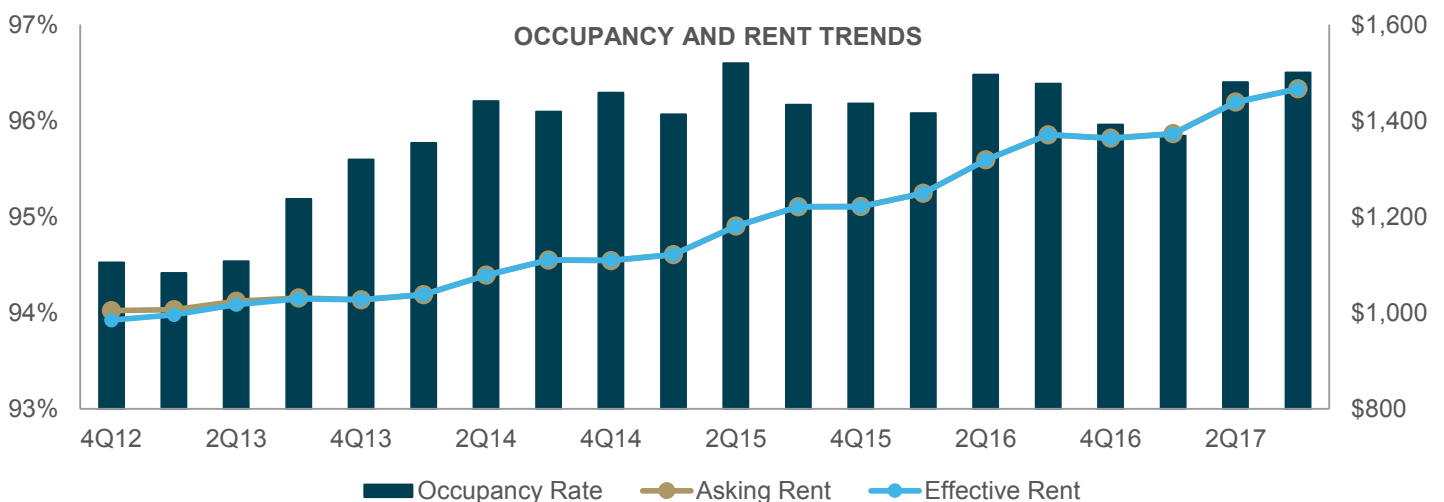


CONCESSIONS **0.0%**
Down **10 bps** since 3Q16

OCCUPANCY AND RENT TRENDS

STURDY RENTAL DEMAND SUPPORTS 7.0% RISE IN ANNUAL RENT GROWTH

Operators kept upward pressure on rents, profiting from heightened leasing activity amid limited deliveries. During the last 12 months, asking rent advanced 7.0% to \$1,466 per month, following a 12.3% increase one year prior. Concessions were nonexistent as effective rent advanced to \$1,466. Renters occupied 382 additional apartments in the third quarter, part of the 1,624 units absorbed over the past four quarters. In the prior year, positive absorption of 1,063 apartments was recorded. Meanwhile, market rate deliveries have been limited throughout the metro. New apartment inventory totaled 679 units annually. Developers added 350 units to the South/Elk Grove submarket as the 270-unit The Landing at College Square project recently completed. Multifamily developers, anticipating sustained apartment demand, augmented the planning pipeline. Permits were issued for 1,516 apartments year to date through August, more than double the issuance for the same period in 2016. Apartment absorption significantly outpaced completions in the most recent 12-month period, resulting in a 10-basis-point increase in occupancy, causing the rate to rise to 96.5%.



SACRAMENTO

MULTIFAMILY REPORT

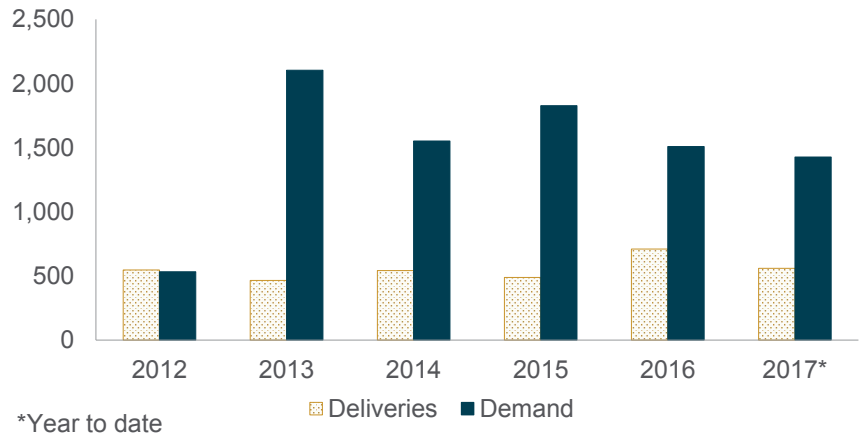
DELIVERIES AND DEMAND



DELIVERIES 559
Units YTD



NET ABSORPTION 1,427
Units YTD



ECONOMIC TRENDS

2016 5.2% **UNEMPLOYMENT*** 2017 4.9%
-30 BPS CHANGE

2016 956.4k **EMPLOYMENT*** 2017 970.8k
1.5% CHANGE

2016 33.4k **EXISTING SFH SALES**** 2017 30.9k
-7.5% CHANGE

2016 \$323.6k **MEDIAN SFH PRICE**** 2017 \$339.8k
5.0% CHANGE

2016 1.63% **10-YEAR TREASURY**** 2017 2.20%
60 BPS CHANGE

Sacramento-area employers added jobs at a rate of 10 basis points above the national average, increasing payrolls by 1.5% annually, corresponding to 14,400 new hires through August. Sector growth across the metro was concentrated in the education and health services sector, where employers in Sacramento's health care industry, including Kaiser Permanente Inc., Sutter Health, and Dignity Health, lifted headcounts 4.4% as 6,400 jobs were added. Amazon.com Inc. was a major job creator last year, recruiting 1,500 full-time associates to staff the company's facility at Metro Air Park. Substantial hiring occurred in the leisure and hospitality industry where 4,900 workers were added. The sector was boosted by tourists who spent \$3.6 billion in Sacramento County last year, an increase of 5.3%. At the same time, the construction industry shed 1,500 positions, amid completion of the Golden 1 Center last fall. The construction industry will be supported by newly created jobs as additional developments at The Railyards, Downtown Commons, and Natomas Fountains get underway.

*August; **September



SACRAMENTO

MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q17	ANNUAL	3Q17	ANNUAL
Arden Way	94.6%	94.4%	18.5%	7.4%	\$1,302	\$1,399	28	-9	0	0
Carmichael	97.3%	97.6%	7.5%	7.7%	\$1,079	\$1,162	-35	10	0	0
Citrus Heights	97.2%	97.2%	10.1%	10.2%	\$1,155	\$1,273	-11	0	0	0
Davis	96.1%	99.5%	12.5%	4.6%	\$1,578	\$1,651	39	297	0	0
Downtown Sacramento	92.9%	94.3%	2.7%	6.7%	\$1,784	\$1,903	-10	223	42	42
East Marconi Ave	-	98.8%	-	-	-	\$1,164	-14	9	0	0
El Dorado County	96.8%	98.7%	19.7%	14.4%	\$1,692	\$1,935	80	112	0	0
Fair Oaks	95.4%	95.9%	14.3%	6.8%	\$1,342	\$1,434	-2	15	0	0
Florin Road West	96.4%	97.2%	9.0%	6.4%	\$1,353	\$1,440	32	67	0	0
North Highlands	96.7%	96.8%	9.4%	7.3%	\$1,224	\$1,313	43	10	0	0
North Sacramento	96.4%	96.3%	15.0%	7.0%	\$1,264	\$1,353	12	-9	0	0
Orangevale/Folsom	95.6%	95.7%	8.9%	4.4%	\$1,561	\$1,629	4	6	0	0
Placer County / Other	96.1%	96.2%	17.5%	7.1%	\$1,929	\$2,066	52	6	0	0
Rancho Cordova	96.9%	96.7%	24.2%	5.9%	\$1,224	\$1,297	14	-16	0	0
Roseville	95.4%	96.0%	13.3%	5.3%	\$1,579	\$1,663	50	347	78	287
Sacramento County/Other	95.4%	96.2%	8.0%	7.0%	\$1,516	\$1,622	19	49	0	0
South/Elk Grove	94.7%	95.1%	16.5%	5.5%	\$1,401	\$1,478	30	390	82	350
West Marconi Ave/Del Paso	97.7%	97.6%	11.1%	7.0%	\$984	\$1,053	24	-6	0	0
West Sacramento	96.1%	98.2%	-	47.9%	\$1,022	\$1,511	-1	76	0	0
West University	97.0%	97.1%	8.5%	9.0%	\$1,177	\$1,283	31	7	0	0
Woodland	98.8%	99.7%	-	3.3%	\$1,136	\$1,173	0	39	0	0
TOTALS	96.4%	96.5%	12.3%	7.0%	\$1,371	\$1,466	382	1,624	202	679



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