



SACRAMENTO MSA | MULTIFAMILY | Q2 2021 REPORT

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5+ UNIT PROPERTIES

Q2 2021 INCREASE/DECREASE Q2 2020

Total Sales Volume \$228M +30.0% \$176M

AVERAGE Price/Unit \$150,861 -28.3% \$210,321

Price/SF \$182.35 -27.1% \$250.18

Year Built 1969 -2 Yrs 1971

Average Rent \$1,667 +13.1% \$1,474

Occupancy Rate 96.5% +1.2% 95.3%

Units Delivered (YTD) 1,003 -- --

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California to pay off unpaid rent accrued during COVID-19 pandemic



Sacramento area among tops in country for construction job gains

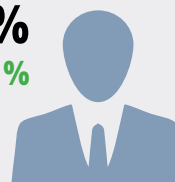


Amazon hiring 3,000 additional Sacramento employees by year's end

2,367,300

POPULATION
COSTAR

6.7%
+0.1%



UNEMPLOYMENT
Q-Q AS OF JUNE 2021 - BLS

3.5%



EMPLOYMENT GROWTH
Y-Q AS OF JUNE 2021 - BLS

\$88,032



MEDIAN HH INCOME
COSTAR

\$35,563



PER CAPITA INCOME
2019 ACS 5-YEAR ESTIMATE

4,986
Units (5+)





UNDER CONSTRUCTION
COSTAR

183,719
Units (5+)



TOTAL INVENTORY
AS OF JULY 2021 - COSTAR

SACRAMENTO MSA - PER COUNTY ANALYSIS

 	SACRAMENTO MSA QUICK STATS	UNEMPLOYMENT RATE	MEDIAN HH INCOME	PER CAPITA INCOME	TOTAL INVENTORY	5+ UNDER CONSTRUCTION
	Sacramento MSA	6.7%	\$88,032	\$35,563	183,719	4,986
	Sacramento	7.3%	\$88,100	\$34,603	134,098	3,914
	Placer	5.3%	\$109,000	\$43,759	21,035	263
	Yolo	5.9%	\$93,900	\$34,515	20,772	559
	El Dorado	7.1%	\$95,600	\$42,749	7,814	250

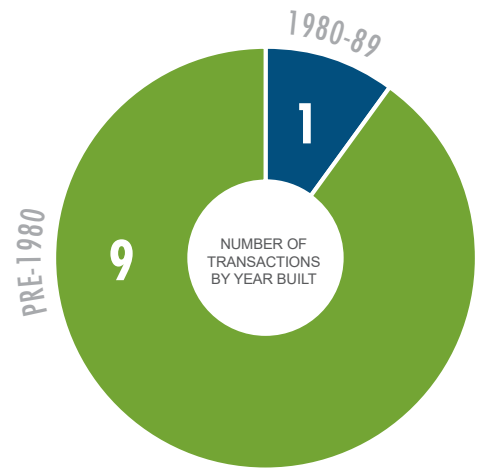
* Total inventory numbers may vary due to zip/city overlap

SACRAMENTO MSA - PER COUNTY ANALYSIS

		Sacramento	Placer	Yolo	El Dorado
RENT & OCCUPANCY STATS	Average Rent (Q2 2021)	\$1,496	\$1,927	\$1,584	\$1,488
	% Change (y-o-y)	+11.1%	+17.2%	+5.2%	+8.1%
	Occupancy Rate (Q2 2021)	97.3%	97.2%	93.3%	97.7%
	% Change (y-o-y)	+1.5%	+1.1%	-3.3%	+1.0%
	Units Delivered (Q2 2021, 5+)	352	179	472	0
SALES DATA (50+)	Total Sales Volume (Q2 2021, 50+)	\$106,062,000	\$62,500,000	\$0	\$0
	Total Sales Volume (Q2 2020, 50+)	\$138,100,000	\$0	\$15,730,000	\$0
	% Change (y-o-y)	-23.2%	--	--	--
	Avg P/U (Q2 2021, 50+)	\$126,717	\$189,394	--	--
	Avg P/U (Q2 2020, 50+)	\$214,109	--	\$206,974	--
	% Change (y-o-y)	-40.8%	--	--	--
SALES DATA (5-49)	Total Sales Volume (Q2 2021, 5-49)	\$45,226,013	\$2,500,000	\$950,000	\$11,015,000
	Total Sales Volume (Q2 2020, 5-49)	\$14,018,333	\$1,300,000	\$5,170,000	\$1,300,000
	% Change (y-o-y)	+222.6%	+92.3%	-81.6%	+747.3%
	Avg P/U (Q2 2021, 5-49)	\$170,023	\$277,778	\$190,000	\$166,894
	Avg P/U (Q2 2020, 5-49)	\$226,102	\$118,182	\$156,667	\$162,500
	% Change (y-o-y)	-24.8%	+135.0%	+21.3%	+2.7%

50+ UNIT MULTIFAMILY PROPERTY ANALYSIS

	Q2 2021	INCREASE/DECREASE	Q2 2020
Total Sales Volume	\$169M	+9.6%	\$154M
AVERAGE Price/Unit	\$144,440	-32.3%	\$213,356
AVERAGE Price/SF	\$168.20	-31.6%	\$245.89
AVERAGE Year Built	1972	-8 Yrs	1980



TOP 3 TRANSACTIONS BY PRICE/UNIT (50+)



Vantage

Rancho Cordova, 114 Units | \$25,000,000
\$219,298/unit | \$232.22/SF | Built 1970



Woodmore Manor

Citrus Heights, 110 Units | \$22,725,000
\$206,591/unit | \$297.64/SF | Built 1985



The Everett

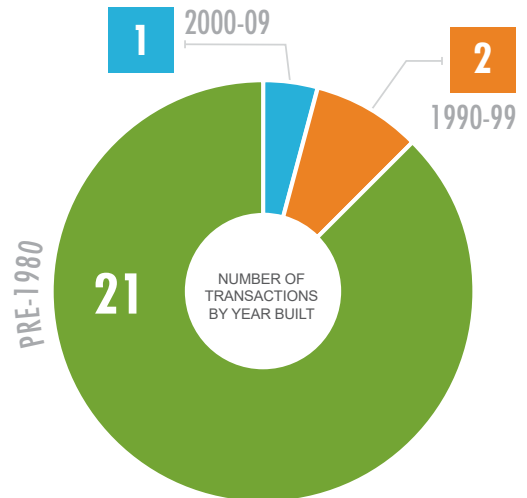
Rocklin, 80 Units | \$15,850,000
\$198,125/unit | \$114.35/SF | Built 1977

Q2 2021 Transactions by Year Built

	# of Transactions	Avg Price/Unit	Avg Price/SF
2010+	--	--	--
2000-09	--	--	--
1990-99	--	--	--
1980-89	1	\$190K	\$212
Pre-1980	9	\$139K	\$162

5 - 49 UNIT MULTIFAMILY PROPERTY ANALYSIS

	Q2 2021	INCREASE/DECREASE	Q2 2020
Total Sales Volume	\$60M	+174.0%	\$22M
AVERAGE Price/Unit	\$172,517	-9.7%	\$191,126
AVERAGE Price/SF	\$239.20	-16.2%	\$285.29
AVERAGE Year Built	1967	NO CHANGE	1967



TOP 3 TRANSACTIONS BY PRICE/UNIT (5-49)



North Fork

Auburn, 9 Units | \$2,500,000
\$277,778/unit | \$271.92/SF | Built 2008



1614 K Street

Sacramento, 8 Units | \$2,150,000
\$268,750/unit | \$262.45/SF | Built 1997



296 California Street

Auburn, 6 Units | \$1,550,000
\$258,333/unit | \$226.58/SF | Built 1915, 2018

Q2 2021 Transactions by Year Built

	# of Transactions	Avg Price/Unit	Avg Price/SF
2010+	--	--	--
2000-09	1	\$278K	\$272
1990-99	2	\$226K	\$188
1980-89	--	--	--
Pre-1980	21	\$165K	\$250

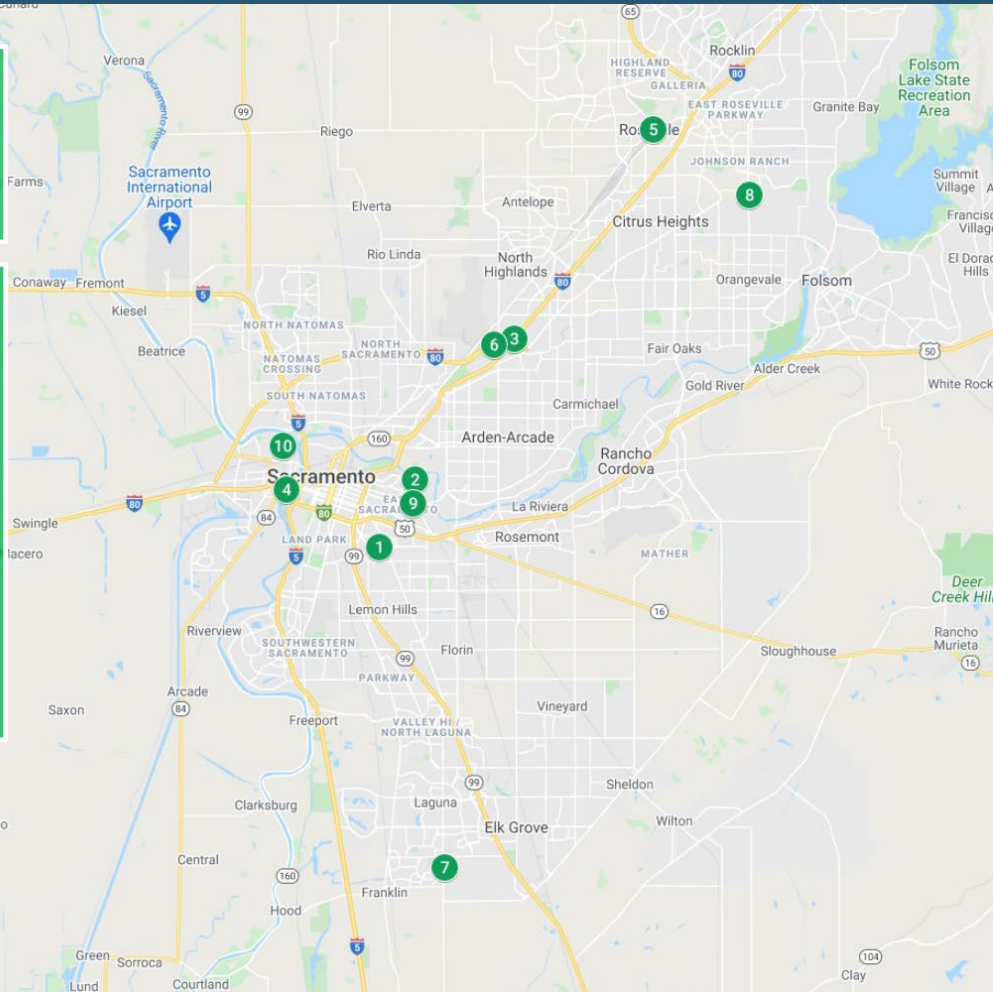
COMPLETED CONSTRUCTION

Recently Completed (2021 YTD)

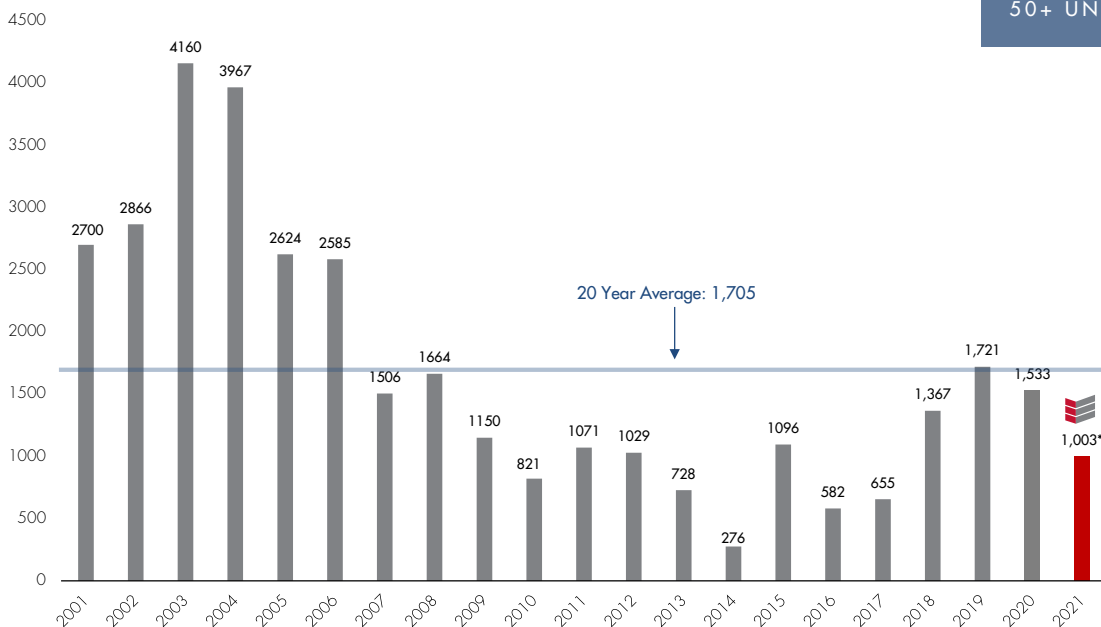
Total # of Units: 1,003

Total # of Properties: 10

1. 4146 Broadway | 9 Units
2. Sutter Triangle | 11 Units
3. Orange Grove Ave (Bldg A & B) | 12 Units
4. Edge | 64 Units
5. Main Street Plaza | 65 Units
6. 3425 Orange Grove Ave | 80 Units
7. The Gardens at Quail Run | 95 Units
8. Wellquest Senior at Granite Bay Living | 114 Units
9. Oakmont of East Sacramento | 145 Units
10. The Stand Apartments | 408 Units



SACRAMENTO MULTIFAMILY CONSTRUCTION PIPELINE Q2 2021



* Project Units Delivered. Project units delivered is based on when the total project is completed, not as individual buildings/units are delivered

TOTAL UNIT INVENTORY

5+ UNIT PROPERTIES: **183,719**

50+ UNIT PROPERTIES: **148,256**

12 MONTH ABSORPTION

2,631 Units

Under Construction

Total # of Units: 4,986

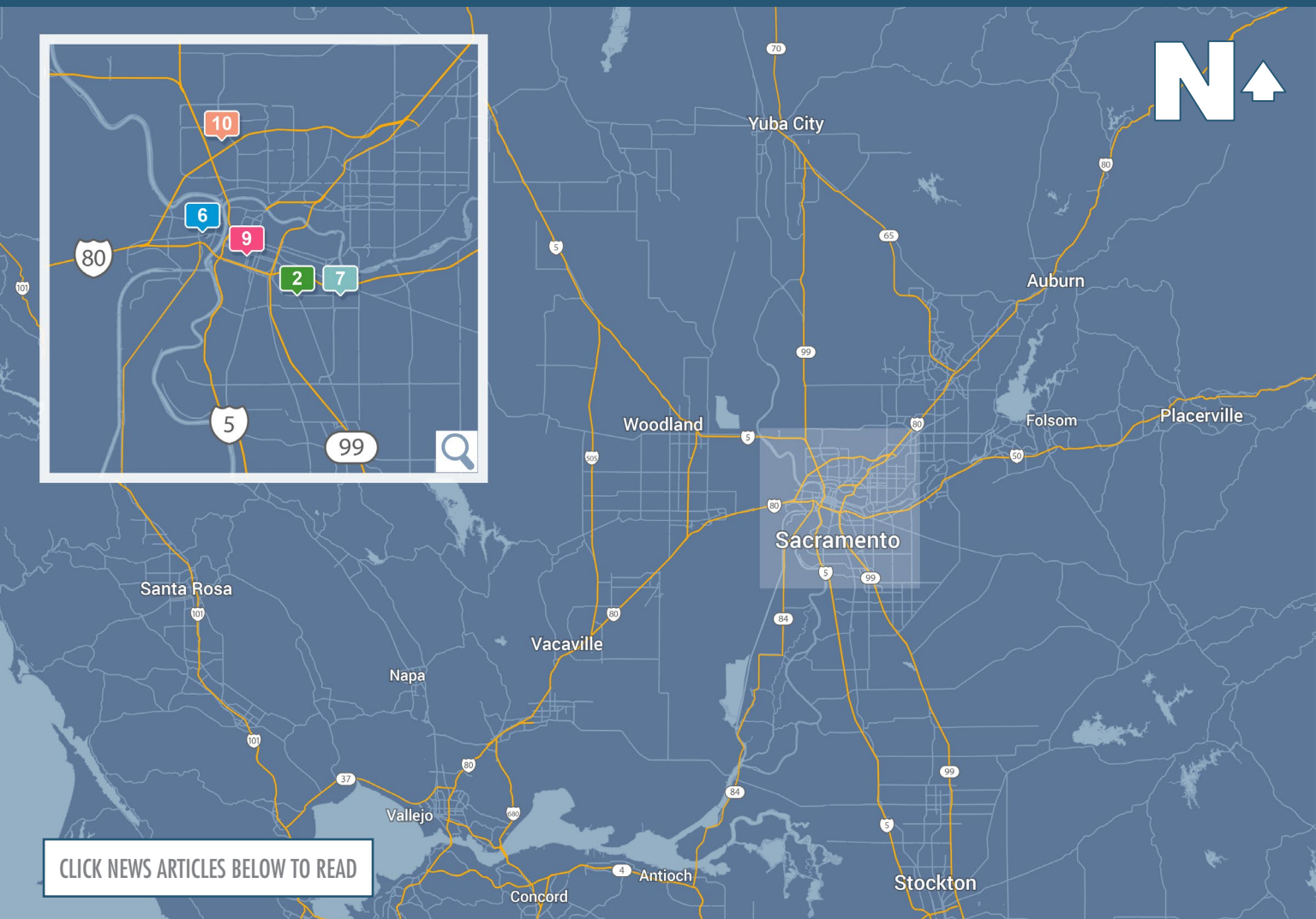
Total # of Properties: 27

Planned

Total # of Units: 7,653

Total # of Properties: 50

ABI GEONEWS: SACRAMENTO MSA - SELECT NEWS



Regional

City of Sacramento

Sacramento area among tops in country for construction job gains

7

Amazon

Amazon hiring 3,000 additional Sacramento employees by year's end

2

University of California Davis & Wexford Science and Technology LLC

Aggie Square details new community benefits agreement, \$50 million for affordable housing

Regional

Multiple

New Apartments Planned in Sacramento's Robla Neighborhood

Regional

California State University Sacramento

Innovation 'hub' for Sac State nears start

9

Oakmont Properties

Press at Midtown Quarter is Largest Single-Asset Market-Rate Multifamily Trade

Regional

City of Sacramento

Sacramento tops the nation for rent increases

10

Oakmont Properties

Recent \$92M Multifamily Sale Shows Strength of Sac Market

Regional

State of California

California to pay off unpaid rent accrued during COVID-19 pandemic

Regional

Multiple Development Companies

Local developers embrace strategy of building single-family homes to rent

6

Ezralow Co.

Development Company Plans Full Conversion of River District Hotel to Apartments

Regional

City of Sacramento

Sacramento Reports Lowest Apartment Vacancy Rate in the State



BY: DREW RICCIARDI, ABI RESEARCH MANAGER

Multifamily on Track to Be a Record Year

Multifamily Excelling Overall

Despite the challenges of the pandemic, the multifamily industry continues to prove itself as one of the healthiest commercial real estate sectors, reporting record numbers throughout 2021.

Sun Belt markets including Phoenix, Dallas, Austin, and Atlanta, lead the pack, however the national multifamily market as a whole is also performing well.

As apartment demand remains robust, limited inventory to meet the strong demand, rents continue to rise, with apartment sales, multifamily development, and apartment appreciation reaping the benefits.

Multiple factors are correlated to driving the intense renter and investor demand multifamily markets are experiencing.

Two significant reasons for renter demand are skyrocketing home prices and low housing supply. The U.S. median home price rose to a new high in June, increasing 23.4% year-over-year.

This development has forced potential first-time homebuyers

to continue to rent, despite record low interest rates, as they wait it out hoping the single-family housing market will temper.

Investors are hungrier than ever as they witness extremely high occupancy rates, significant rent growth, low supply, and a record number of job openings.

2021's current national sales volume is outpacing what was a record year for sales volume in 2019, as apartment appreciation accelerates at a staggering pace.

Ultimately, this surge in demand has fueled developers to strive to overcome the supply-demand imbalance in both market-rate and affordable properties. According to Yardi Matrix, apartment completions from the second half of 2020 to the first half of 2021 set a 20-year record for units delivered over four quarters.

Now, with lumber prices finally coming back down, multifamily development will continue to flourish with an added focus on developing more affordable units. Supply of affordable housing units are alarmingly low at the moment.

Expect the multifamily market to remain vigorous and active

to close out the year.

Eviction Ban Potential Fallout

The federal eviction moratorium has undoubtedly been a thorn in the side of landlords. Some media reports suggest we are in the wake of an eviction tidal wave once the moratorium expires.

The federal eviction moratorium was set to expire on July 31st but was extended through October 3rd. Following the extension, the Supreme Court overturned the federal ban on evictions stating, “the CDC has exceeded its authority,” and for the extension to continue, “congress must specifically authorize it.” This is a developing situation as this is written.

This is significant because government rental assistance funds have barely been spent and a postponement can provide more time to process aid to renters that prove they’ve been affected financially by the pandemic.

In an attempt to play devil’s advocate, some data may indicate the eviction tidal wave will not be as dramatic as previously forecasted.

According to the Census Household Pulse Survey, an estimated 11 million renters are subject to the risk of eviction once the moratorium is lifted, but is it as dire as the data suggests?

According to RealPage Analytics, The Census survey was administered to 70,000 respondents per surveyed period. The survey did not consist solely of renters but all households. RealPage’s analysis assumed that 35% of the sample were renters based on the national rentership rate, ultimately equating that the study only surveyed 0.05% of the nation’s 47.2 million tracked rental units.

A more comprehensive study on rent payments would be the National Multifamily Housing Council Payment Tracker, which tracks all large, professionally managed rental properties. NMHC’s study found that 95.6% of renters paid in full in June 2021. Comparing that data to before the pandemic in June 2019, rent payments were at 96%, just a 0.4% decrease. This minimal decrease has been consistent throughout the majority of months during the pandemic.

A caveat to the study would be it does not include smaller mom-and-pop rental communities that may have been hit

harder by missed payments compared to large professionally managed properties.

A couple of trends observed that may be a factor in rent collection are job openings and income levels on the rise. Job openings are at an all-time high as the world progressively opens its doors. As a result of the labor shortage, companies in desperate need of employees are starting to scale up pay to attract workers.

Another trend is that personal savings have increased. According to the Federal Reserve, the personal savings rate hit 12.4% in May, outperforming the historical average of 9.0% significantly.

In addition, personal debt is declining. According to the Federal Reserve, credit card delinquency rates fell to a record low of 1.89% during the first quarter of the year -- largely due to the government injecting stimulus checks into the economy.

Regardless, there will most likely be an abnormal number of evictions once the ban lifts, which is never a good thing for the real estate market.

All in all, it is a challenging proposition to accurately forecast the fallout from the eventual expiration of the eviction moratorium when factoring in that the eviction process takes time and local eviction bans may persist past the federal ban.

Sacramento Multifamily Expanding

Sacramento stayed on track this quarter as one of California’s best cities to rebound from the pandemic as more in-state citizens target the metro to migrate too. Total sales volume, average rent, and average occupancy rate all showed stellar increases. Unemployment rates are going down, and employment growth rates are trending upwards.

Some landlords and renters are dealing with missed rent payments. Fortunately, the state of California has agreed to pay off unpaid rent accrued during the pandemic using the \$5.2 billion from various federal aid packages.

A recent rise of new jobs has softened the possibility of future missed rent payments. Amazon announced plans to expand its presence in Sacramento by hiring 3,000 additional employees

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by the years' end. Additionally, Sacramento had 24 fast-growing companies on the Inc. 5000 list posting significant job gains and reported the second-most construction job gains of all U.S. metro areas.

On the development side, a concentrated effort has been established to instill more affordable housing in the Sacramento metro area, as a lack of affordable inventory remains a problem. A collective group of local banks is pledging \$100 million to finance affordable housing.

Furthermore, Governor Newsom recently signed a bill that will permit denser housing by allowing up to four units per single-family lot. This new law is a game-changer for California multifamily housing to combat a low housing supply.

It is likely Sacramento continues its rebound following the COVID-19 Recession.

Sacramento Market Metrics: By the Numbers

For 5-49 unit properties, Q2 saw a transaction volume of approximately \$60 Million, which represented a massive 174.0% Year-over-Year increase from Q2 2020. In the 50+ unit category, the quarter brought in about \$169 Million, up 9.6% YoY.

Average Price-Per-Unit amounts were down in the 5-49 segment, falling 9.7% YoY to \$172,517, and a significant decrease of 32.3% to \$144,440 for 50+. This translated to an Average Price/SF of \$239.20 in 5-49 (down 16.2%) and \$168.20 (down 31.6%) in 50+.

Inventory age saw large decreases in both unit segments Year-over-Year. Average Year Built for 5-49 remained static reporting the year 1967. The Average Year Built in 50+ reported the year 1972, versus 1980.

The market's occupancy rate and average rent had some of the nation's best increases. Q2 2021 occupancy averaged 96.5%,

up from 95.3% in Q2 2020. Average rent reported \$1,667, up \$193 (13.1%) from last year.

Sacramento MSA demographics reported improved employment numbers following abysmal 2020 data due to the COVID-19 Recession. The unemployment rate finished the quarter at 6.7%, according to Bureau of Labor Statistics numbers. The employment growth rate finished the quarter at 3.5%, according to Bureau of Labor Statistics numbers. The CoStar estimate of total population was 2,367,300.

Median Household Income was \$88,032, and Per Capita Income came in at \$35,563.

In the realm of new construction for 5+ unit properties, 1,003 units were delivered across 10 projects for the first half of the year

Currently, a pipeline of 7,653 units is estimated to be in the Planning stages across 50 properties. A total of 4,986 units are listed as Under Construction across 27 properties.

Pre-lease absorption per market (12 month), according to CoStar, reported 2,631 units.

Total Unit Inventory for 5+ properties ended the year at 183,719 units, and 50+ came in at 148,256 units.

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ABI COMPARATIVE MARKET REVIEW: Q2 2021



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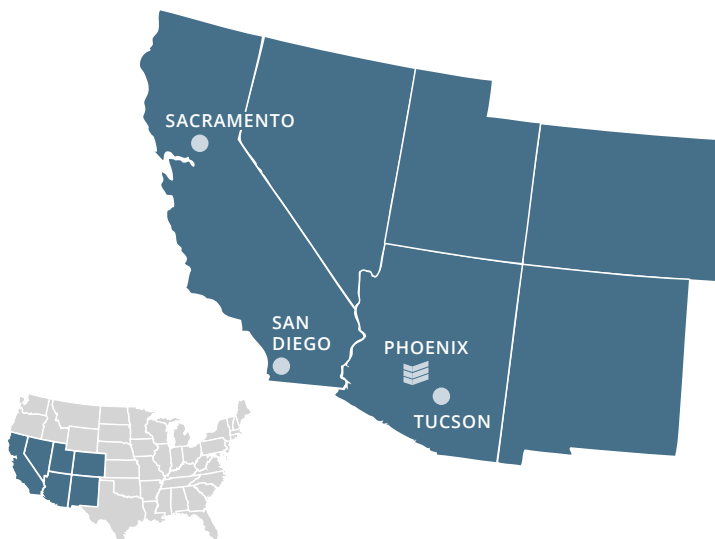
TUCSON

DEMOGRAPHICS	Total Population	2,367,300	3,335,230	4,948,203	1,047,279
	Unemployment Rate (as of June 2021)	6.7%	6.9%	6.6%	7.4%
	Employment Growth (y-o-y)	3.5%	4.5%	7.6%	4.9%
	Median HH Income	\$88,032	\$94,627	\$63,883	\$53,379
	Per Capita Income	\$35,563	\$34,103	\$32,522	\$29,707
RENT/OCC/CONST (50+)	Rent (Q2 2021)	\$1,667	\$2,049	\$1,413	\$1,057
	% Increase/Decrease	+13.1%	+9.7%	+15.0%	+13.0%
	Occupancy (Q2 2021)	96.5%	96.8%	96.4%	96.6%
	% Increase/Decrease	+1.2%	+1.8%	+1.1%	+1.3%
	Total Inventory (50+)	148,256	236,591	324,649	68,020
	Total Under Construction (50+)	4,904	9,254	33,554	1,765
	Units Delivered (50+, Q2 2021)	971	3,406	4,664	0
SALES (50+)	Total Sales Volume (Q2 2021)	\$169M	\$467M	\$3.43B	\$208M
	y-o-y % Increase/Decrease	+9.6%	+225.7%	+454.6%	+368.5%
	Average P/U (Q2 2021)	\$144,440	\$341,469	\$216,538	\$147,240
	y-o-y % Increase/Decrease	-32.3%	+82.4%	+25.3%	+172.2%



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