

Real Estate Market Report

City of Sacramento, California

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Sources

Bureau of Labor Statistics

Realtor.com

Census.gov

Rentometer.com

City-data.com

Weatherspark.com

Google.com/maps/

Wikipedia.com

Greatschools.org

Summary

Sacramento is the 6th largest city in CA, and also the Capital. Its weather is moderate with average January temperature at 58 degrees and Summers in the 90s. It also has 2 rivers that flow through the city.

The 2020 census has the population at 524,943 a 12% increase since 2010.

Workforce in the Sacramento MSA has 1,098,769 employable people with 24% employed by the government sector. The unemployment rate is 6.4% in August 2021.

79% of properties in the city of Sacramento is SFR (single family residence) and 18% of them were built since 2000. The median price sold in October 2021 was \$450,000 - 6.5 times the median family income and 19 times the average annual rent.

317 Cities	Overall Median	Sacramento	
Growth		Number	Percentile
Population Chg.	8%	18%	16%
Income Chg.	35%	46%	11%
Built after 2000	15%	18%	44%
Livability			
Crime	279	338	64%
Poverty	16%	18%	61%
College (4 Yrs.+)	32%	33%	46%
Affordable			
Median Price	\$359,901	\$450,000	
Income : Price	5.6	6.5	65%
Rents : Income	35.7%	34.3%	42%
Returns			
GRM	15.7	19.0	75%
Rents	\$1,938	\$1,979	48%

Comparison of Sacramento to 317 U.S. cities with population greater than 100,000. Population change % is 2010-2020. Income change % is 2000-2020. Data sources are propertyradar.com, rentometer.com, census.com and realtor.com.

History

The City of Sacramento is the capital of the State of California, the county seat for the Sacramento County, and the central city of the four-county Metropolitan Area (Sacramento, Yolo, Placer & El Dorado Counties). It is located at the confluence of the Sacramento and American Rivers and is affectionately known as the "River City".

Sacramento's history goes back to 1839 when Swiss businessman John Sutter arrived on the shore near the confluence of the American and Sacramento Rivers. A fort named after John Sutter, Sutter's Fort, was established to be a trading colony and stockade. It was constructed with the help of local Native American tribes and in 1847 Sutter received 2,000 fruit trees, which kick started the agriculture industry in the Sacramento Valley.

Another pivotal event in the history of Sacramento was the discovery of gold by James Marshall at Sutter's Mill in Coloma (located some 50 miles northeast of the fort). This brought large numbers of gold-seekers to the area and substantially increased the population.

Sacramento is California's oldest incorporated city, founded on February 27, 1850.

Some adjacent cities are Citrus Heights, Elk Grove, Folsom, Roseville, and West Sacramento. Some of the unincorporated county suburbs include Carmichael, Fair Oaks, Orangevale, the Arden Area, and North Highlands.

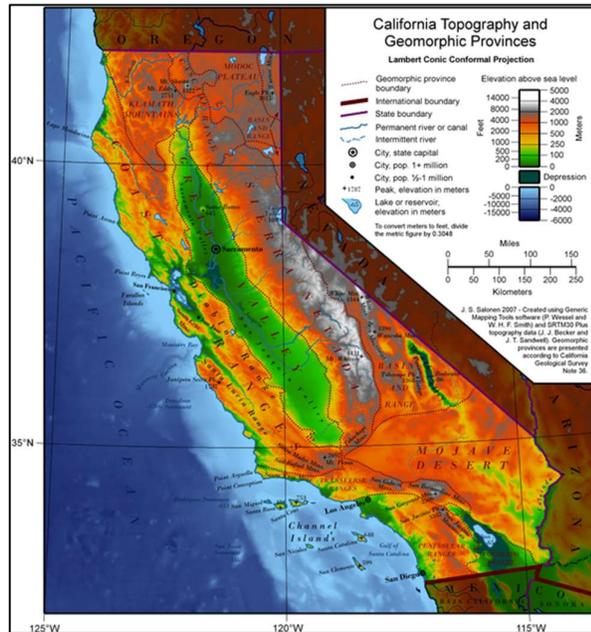
Geography

Data from the U.S. Census Bureau states that the City of Sacramento has a total area of 99.2 mi^2 : 98% of it is land and 2% is water.

The city is located at the junction of the Sacramento and American rivers, and has a port connected to the San Francisco Bay across a channel through Suisun Bay and the Sacramento River Delta. The land to the west of the city is permanently designated as a massive flood control basin, known as the Yolo Bypass.

➤ Cities in the Sacramento Metropolitan area:

1. Citrus Heights
2. Elk Grove
3. Rancho Cordova
4. Roseville
5. Rocklin
6. West Sacramento



Demographics

Sacramento's 2020 population of 524,943 makes it the sixth-largest city in California and the ninth-largest capital in the United States. The population in 2010 was 466,488 so it has experienced a 12.5% growth over the last 10 years. The population of Sacramento County experienced a 11.5% growth over the same timeframe with the 2020 population at 1,585,055.

Median family income per year is \$69,134, almost the same as the United States average of \$69,560.

Additional Stats:

Bachelor's Degree +	33%
Poverty Rate	18%
Crime Rate	338
School Score (Average)	4.26

Employment & Unemployment

According to the Bureau of Labor Statistics there are 1,098,769 employable people in the Sacramento Metropolitan Statistical Area (which includes Sacramento, Placer and El Dorado Counties). In August 2021 some 1,027,968 are employed, giving the area a 93.6% Employment Rate.

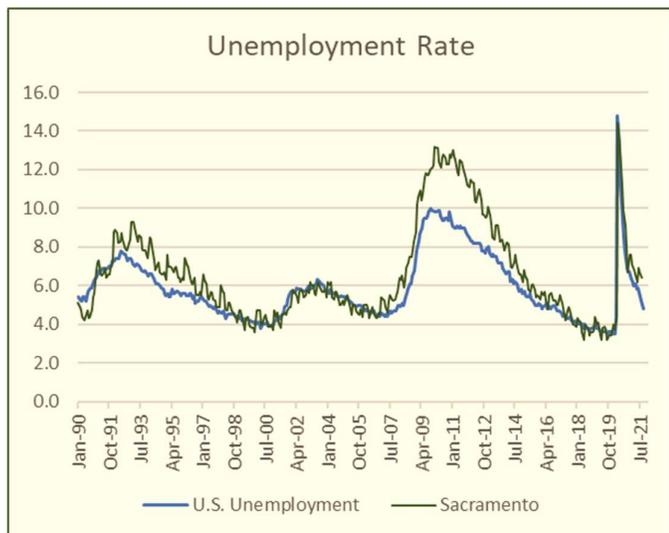
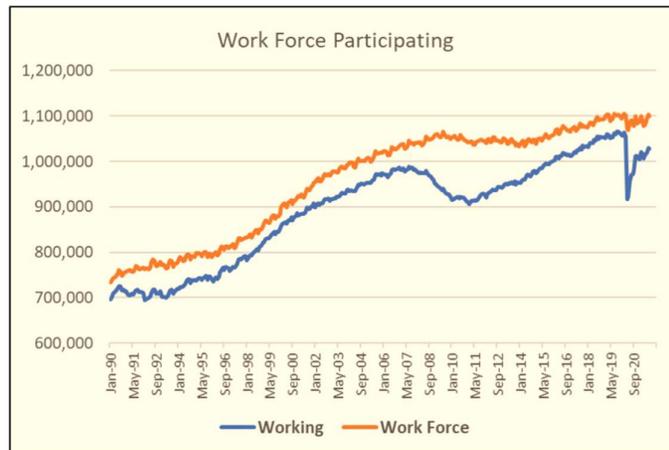
Before the Great Recession (November, 2008) the work force consisted of was 962,683 workers. From that high point it declined until January, 2011 when it reached 906,851.

Afterwards the working population rose until March, 2020 to 1,054,741 workers when it recorded a whopping 138,213 one month drop to April, 2020 at 916,528 due to the Covid19 pandemic counter measures.

August, 2021 the area built back to 1,027,968 workers with 6.4% of the workforce unemployed.

U.S. unemployment in September 2021 is 4.8%, and in CA it is 7.5%. S, and in Sacramento the average is 6.4%. Sacramento while trending higher than the national average is lower than the average across the state.

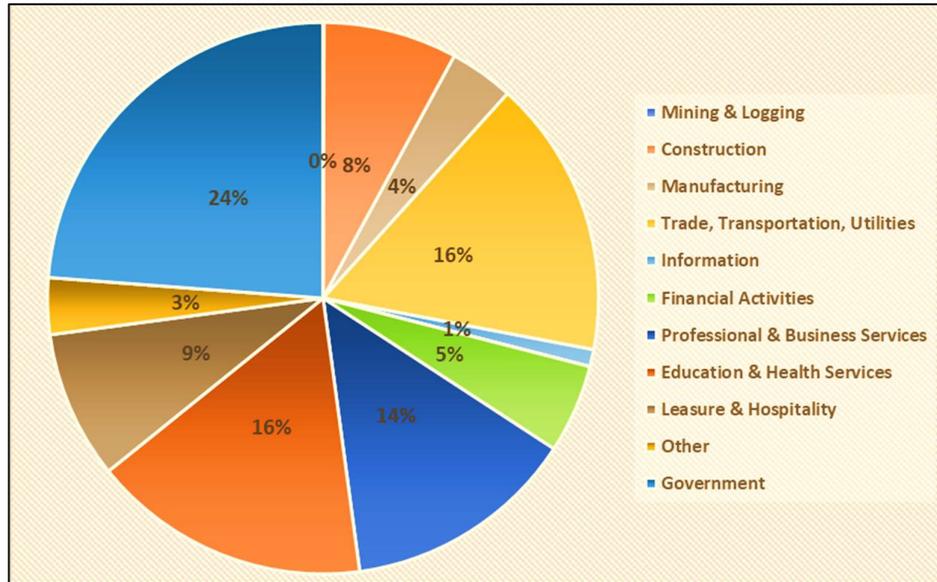
In Sacramento the unemployment rate since 1990 has averaged 6.6%, making the number in Aug. 2021 just below that 30+ year average.



Employment Type

The largest sector of the economy is the government sector, accounting for 24% of jobs.

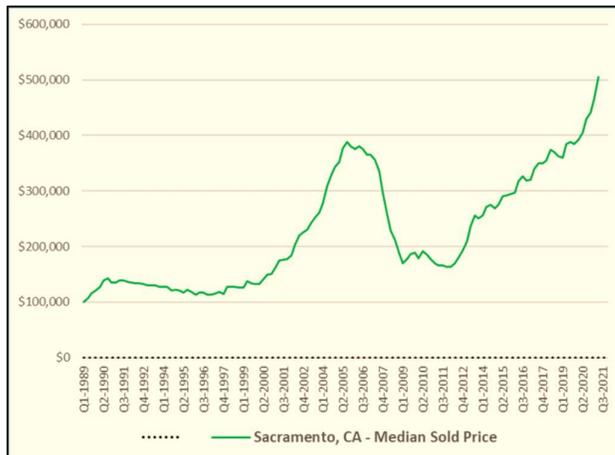
This is followed by Education & Health Services and Trade and Transportation, both at 16% and Professional and Business Services at 14%.



Weather

For the majority of the year, the climate in the city is relatively warm. The average temperature in July is 93 degrees during the day; in January it is 58 degrees. There is an average of 19.9 inches of rainfall through the year, and 0 inches of snow fall.

Housing



The Median sold price in the city of Sacramento during the 3rd quarter of 2021 is \$450,000.

Average Rents are at \$1,979 per month.

Single family homes represent 79% of all properties; and condos & 2-4 unit properties represent 8%.

SFR (Single Family Residence) Stats

Owner occupied. 79%

Built after 2000 18%

3 bedroom, 2 bath, 1400 square feet or larger 49%

Sacramento County average age of homes is 1979 a bit newer than the national average of 1974.

Affordability

The Median Sold Price is 6.5 times the median family income in Sacramento. In the largest cities across the U.S. it is 5.6%. Average unit rents are 34% of income, almost the same as the largest cities (35.7%).

Conclusion

The City of Sacramento may be a good place to live, but not a good time to invest in residential real estate.

Despite rapid growth in income and population (both in the top 20 percentile of the 317 largest cities – see graph in *Summary* section page 3) it is somewhat expensive at \$450,000, which is 6.5 times median family income.

The median sold price is almost 20 times annual rents, and rent is 1/3rd of median family income at 34.3%.

The market cycle is also quite volatile in Sacramento and it appears to be towards the top of the price cycle (page 6).

These factors make it unlikely that many residential properties will provide a profit for several years into the future.

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To learn how we work with real estate investors to buy long-term quality investments, contact Mike Gobbi. We'll share free information and resources, as well as details about our consulting services.

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