



CASH COW COUNTY MARKET REPORT™

Overall Real Estate Investment Quality and Market Score

Sacramento County, California

MARKET TYPE	PRIMARY FOCUS	REPORTING AREA	REPORT DATE
County Analysis	Rental Investment	Sacramento County	September 17, 2026

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Executive Summary

Sacramento County overall real estate investment conditions

CASH COW MARKET SCORE	MARKET GRADE	COUNTY POPULATION	MEDIAN HOUSEHOLD INCOME
68 / 100	B	~1.62M	\$92,175

Sacramento County offers a solid long-term environment for rental-property ownership. The market combines a large government-anchored employment base with healthcare, education, logistics, construction, and professional services. Population and household growth support housing demand, while the apartment construction pipeline has contracted sharply.

Second-quarter 2026 apartment indicators improved from the beginning of the year. Kidder Mathews reported 6.7% vacancy, average asking rent of \$1,806 per unit, 1,113 units of quarterly net absorption, and 2,751 units under construction - down 53.1% from one year earlier. Colliers also reported positive demand and a return to slightly positive effective-rent growth.

Five-Year Outlook: Base case: moderate population and job growth, improving supply-demand balance, and cumulative apartment rent growth of approximately 8% to 13%. This forecast is an analytical scenario, not a guarantee.

Top Market Strengths

- Stable economic foundation supported by state government, healthcare, education, and regional services.
- Positive recent population growth and continued relocation demand from higher-cost California markets.
- Apartment construction declined materially, reducing future oversupply risk.
- High homeownership costs keep a substantial share of households in the rental market.

Primary Market Risks

- Near-term rent growth remains modest and varies significantly by submarket.
- California regulation, insurance, utilities, maintenance, and taxes can pressure net operating income.
- State budget pressure could restrain government hiring and regional growth.

County Investment Overview

COUNTY	METRO AREA	POPULATION	HOUSING UNITS
Sacramento	Sacramento- Roseville- Folsom	~1.62M	~615,600

Regional Role

Sacramento County is the governmental and employment center of California's capital region. The county contains the City of Sacramento and serves as the region's principal hub for public administration, healthcare, education, professional services, logistics, retail, and transportation.

Investment Character

The county is best characterized as a stable, income-oriented market rather than a rapid-growth speculative market. Its investment appeal comes from broad rental demand, a diverse employer base, limited homeownership affordability, and a growing need for housing. Results vary substantially across the City of Sacramento, suburban communities, and unincorporated areas.

Primary Rental Property Opportunities

PROPERTY SEGMENT	COUNTY-LEVEL INVESTMENT VIEW
Duplexes and Fourplexes	Smaller-balance entry point with value-add potential and neighborhood-specific pricing.
Small Apartment Buildings	Operational upside may exist through rent normalization and expense control.
Larger Multifamily	Stable regional demand, but financing and insurance costs remain important.
Single-Family Rentals	Broad tenant demand, although acquisition price-to-rent ratios can constrain cash flow.

Investor Interpretation: Sacramento County can support long-term rental ownership, but property selection and acquisition basis remain decisive. A strong county score does not make every submarket or property a good investment.

Population Households and Migration

2020 POPULATION BASE	2025 POPULATION	RECENT ANNUAL GAIN	BASE-CASE 5-YEAR GROWTH
~1.585M	~1.618M	~8,800	3.5% to 4.5%

Population Trend

Sacramento County has added approximately 33,000 residents relative to its 2020 base. California Department of Finance estimates indicate that the county gained roughly 8,800 residents, or about 0.55%, in the most recently reported annual period. That was one of the larger numerical gains among California counties.

Household Formation

Household formation matters more directly to rental demand than population alone because each new household requires a housing unit. A reasonable planning scenario is roughly 28,000 additional county households from 2026 through 2031, although actual growth will depend on migration, employment, housing production, and household size.

Migration

Sacramento continues to attract households seeking lower housing costs than many coastal California markets. Recent relocation indicators have been favorable, but statewide domestic outmigration and reduced international migration create uncertainty. Sacramento remains comparatively attractive within California, although it is not insulated from statewide demographic pressure.

Rental Demand Impact: Moderate population growth, positive household formation, and relative affordability should expand rental demand gradually. Growth is supportive but does not justify aggressive occupancy or rent assumptions in every neighborhood.

Household Income and Housing Affordability

MEDIAN HOUSEHOLD INCOME	PER-CAPITA INCOME	MEDIAN HOME VALUE	HOMEOWNERSHIP RATE
\$92,175	\$43,324	~\$534,200	~59%

Income Trend

The U.S. Census Bureau reports Sacramento County median household income of \$92,175 in 2024 inflation-adjusted dollars and per-capita income of \$43,324. Income grew from the prior reported period, but investors should distinguish nominal wage gains from inflation-adjusted purchasing power.

Homeownership Affordability

The county median owner-occupied home value is approximately 5.8 times median household income. Mortgage rates, insurance, property taxes, down-payment requirements, and maintenance costs create an additional barrier. These conditions support renter retention, particularly among moderate-income households.

Rent Affordability

Regional apartment asking rents averaged approximately \$1,806 per unit in the second quarter of 2026. Kidder Mathews reported an average of \$1,895 for two-bedroom units. Countywide averages conceal large differences in household income, unit quality, age, location, utilities, and concessions.

Investor Interpretation: Income growth and homeownership barriers support rental demand, but rent increases must remain aligned with tenant incomes. Properties serving working households may face stronger affordability limits even when countywide median income appears healthy.

Employment and Economic Base

METRO PAYROLL JOBS	EMPLOYED RESIDENTS	REFERENCE UNEMPLOYMENT	BASE-CASE 5-YEAR JOB GROWTH
~1.11M	~1.14M	~4.2%	3.5% to 5.1%

Major Economic Drivers

- California state government and local government
- Healthcare and social assistance
- Education and research
- Professional and business services
- Trade, transportation, logistics, and utilities
- Construction, finance, leisure, and hospitality

Economic Stability

Government and healthcare employment generally reduce volatility relative to markets dominated by one cyclical private industry. Public-sector employment supports a large base of steady-income renters. The tradeoff is that Sacramento may grow more slowly than high-growth Sun Belt markets.

Five-Year Employment Outlook

A base-case forecast of roughly 0.7% to 1.0% annual payroll growth implies steady rather than rapid expansion. Healthcare, professional services, logistics, education, and government are expected to remain important, while state budget pressure and national economic weakness are the principal risks.

Apartment Investment Impact: Employment fundamentals support occupancy and gradual income growth, but investors should stress-test exposure to state budget cycles, tenant affordability, and submarket-specific employer concentration.

Housing Supply and Multifamily Construction

COUNTY HOUSING UNITS	2025 BUILDING PERMITS	UNITS UNDER CONSTRUCTION	PIPELINE CHANGE
~615,600	~6,560	2,751	-53.1% YoY

Recent Supply Cycle

Sacramento absorbed a meaningful wave of new multifamily deliveries from 2023 through 2025. New supply increased tenant choice and limited pricing power in development-heavy submarkets. Occupancy nevertheless remained generally healthy, indicating that renter demand continued to absorb much of the added inventory.

Pipeline Contraction

Kidder Mathews reported 2,751 apartments under construction in the second quarter of 2026, a 53.1% year-over-year decline. Colliers reported fewer than 400 deliveries in the first half of 2026 and a sharp reduction in projects moving through the pipeline. This is one of the strongest forward-looking factors in Sacramento County.

Demand Versus Supply

Projected household formation materially exceeds the current apartment pipeline, although new single-family housing, accessory dwelling units, and existing vacancies will meet part of that demand. Supply conditions should become more supportive as recent projects lease up and fewer new developments start.

Investor Interpretation: Existing owners may gain pricing power as construction slows, but improvement will be uneven. Central Sacramento and newer development corridors can face different vacancy and concession conditions than mature suburban submarkets.

Rental Market and Five-Year Rent Outlook

AVERAGE ASKING RENT	MARKET VACANCY	Q2 NET ABSORPTION	BASE-CASE 5-YEAR RENT GROWTH
\$1,806	6.7%	1,113 units	8% to 13%

Current Conditions

Kidder Mathews reported second-quarter 2026 multifamily vacancy of 6.7%, average asking rent of \$1,806 per unit, and year-to-date net absorption of 1,822 units. Average asking rent increased approximately 0.4% year over year. Colliers reported that same-store effective asking rents returned to positive growth after three consecutive quarterly declines.

Submarket Variation

Colliers reported occupancy generally in the 95% to 96% range across most submarkets. Central Sacramento vacancy remained higher because it received a large share of recent development, while Carmichael reported lower vacancy and lower average rent. Investors should therefore avoid applying a single metro average to every property.

Five-Year Forecast

The base case assumes approximately 0.5% to 1.5% rent growth over the next year, followed by roughly 1.5% to 3.0% annually as the construction pipeline contracts. That produces estimated cumulative growth of about 8% to 13% over five years. A recession or affordability shock would produce a weaker result.

Key Operating Risks

- Concessions and slower leasing in supply-heavy submarkets.
- Insurance, repairs, utilities, property taxes, and compliance costs rising faster than rent.
- California rent regulation and local operating requirements limiting flexibility.
- Older housing stock creating deferred-maintenance and capital-expenditure risk.

Cash Cow Market Score and Investment Outlook

Factor	Weight	Score	Weighted Points
Population Growth	10%	6.5 / 10	6.5
Employment Growth	10%	6.5 / 10	6.5
Income Growth	10%	7.0 / 10	7.0
Migration and Household Formation	10%	7.0 / 10	7.0
Rental Market Strength	15%	7.5 / 10	11.25
Rent Growth Outlook	10%	6.0 / 10	6.0
Housing Supply Balance	10%	7.5 / 10	7.5
Affordability-Driven Rental Demand	10%	7.5 / 10	7.5
Appreciation Potential	5%	6.5 / 10	3.25
Economic Stability	5%	8.0 / 10	4.0
Investor and Regulatory Climate	5%	3.0 / 10	1.5

OVERALL CASH COW MARKET SCORE™: 68 / 100 | MARKET GRADE: B

Cash Cow Bottom Line™

Sacramento County is a solid long-term rental-property market with strong economic stability, improving renter demand, and a favorable reduction in future apartment supply. Its main weaknesses are modest near-term rent growth, high acquisition costs, and California's challenging regulatory and operating-cost environment.

Best Fit for Investors Seeking

- Stable long-term rental demand rather than speculative rapid growth.
- Moderate appreciation supported by housing constraints.
- Value-add opportunities through renovation, expense control, or below-market rents.
- A large California market with diverse rental-property segments.

County-Level Due-Diligence Priorities

- Compare immediate-submarket rents, vacancy, concessions, and tenant incomes.
- Confirm applicable state and local rent, eviction, inspection, and licensing requirements.
- Verify insurance availability, utility responsibility, property taxes, and deferred maintenance.
- Underwrite rent growth conservatively and stress-test vacancy, expenses, and financing.

Sources Methodology and Disclaimer

Primary Sources

U.S. Census Bureau QuickFacts - Sacramento County, California

Population, income, housing, rent, homeownership, and economic data.

<https://www.census.gov/quickfacts/fact/table/sacramentocountycalifornia/PST045224>

California Department of Finance - Population Estimates

County population estimates and recent growth.

<https://dof.ca.gov/forecasting/demographics/estimates/>

U.S. Bureau of Labor Statistics - Sacramento-Roseville-Folsom

Metropolitan employment and unemployment data.

https://www.bls.gov/regions/west/ca_sacramento_msa.htm

Kidder Mathews - Sacramento Multifamily Market Report, Q2 2026

Asking rent, vacancy, absorption, and construction pipeline.

<https://kidder.com/market-reports/sacramento-multifamily-market-report/>

Colliers - Sacramento Multifamily Market Report, Q2 2026

Occupancy, effective-rent trends, absorption, and supply commentary.

<https://www.colliers.com/en/research/sacramento/sacramento-multifamily-market-report-2026-q2>

Forecast Methodology

Where a current authoritative five-year county forecast was unavailable, this report uses a base-case analytical estimate derived from recent population and household changes, employment conditions, apartment construction, vacancy, absorption, rent trends, and affordability. Forecast ranges are intended for scenario planning and are not guarantees of future results.

Disclaimer

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