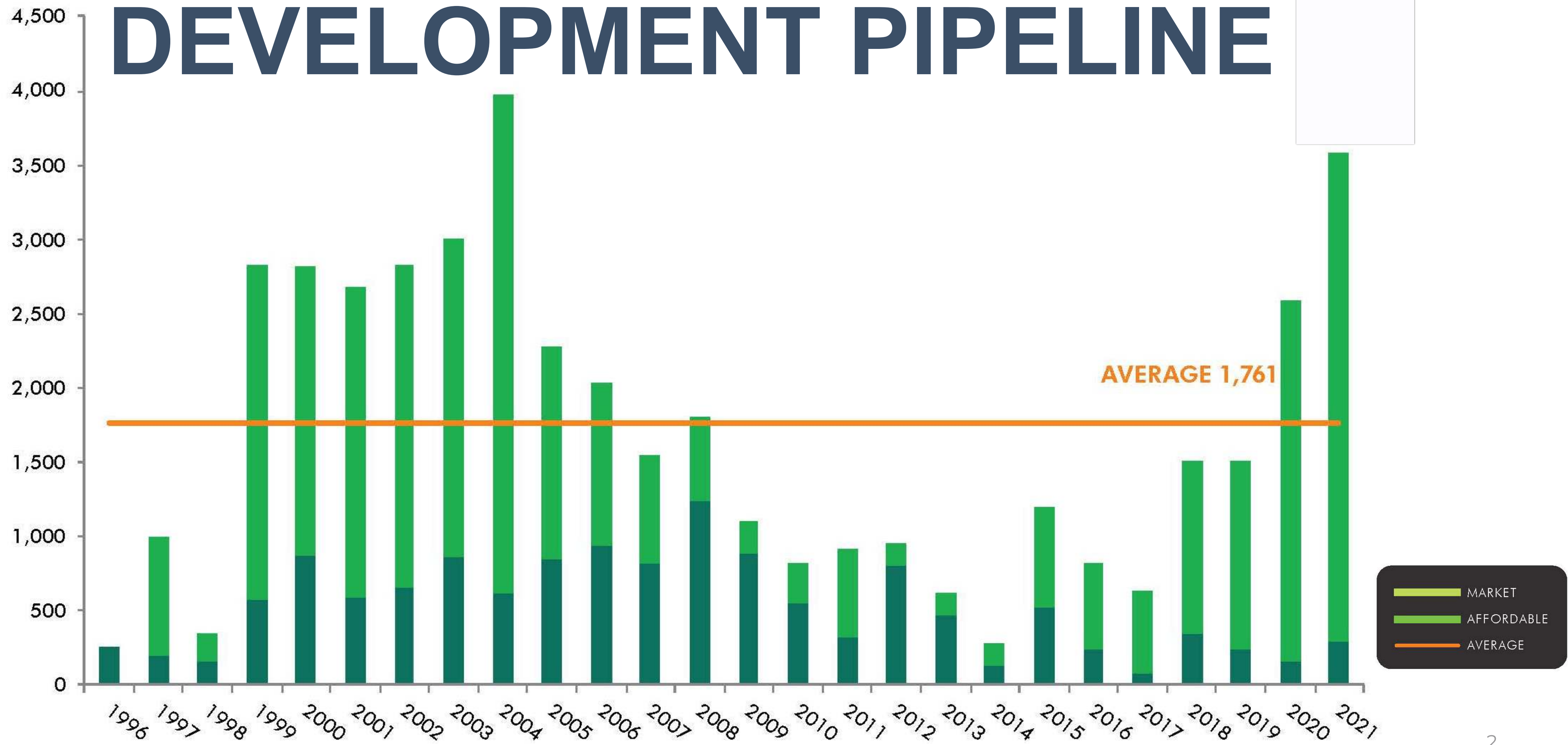




DENTON KELLEY
MANAGING PRINCIPAL

LDK
VENTURES

SACRAMENTO MULTI-FAMILY DEVELOPMENT PIPELINE



SACRAMENTO MULTI-FAMILY DEVELOPMENT PIPELINE

Development pipeline as percent of multi-family – 2.62% (Oct 2021)

- *One of the lowest percentages in the nation.*

Approximately 2,000 market rate units are under construction in Sacramento's urban core

- *How will all of these be absorbed?*

CONSTRUCTION & DEVELOPMENT CHALLENGES

Construction Prices

- *Steel prices up 50% in last 9 months*
- *Copper inventory is at all time low*
- *Energy supply shortages are creating further strains on production capacity and costs*
- *PVC piping remains extremely volatile*

Labor

- *Massive shortage in truck drivers*
- *Construction industry continues to not create enough new labor to replace the labor exiting the workforce*
- *Labor has upper hand in leverage*

Lead times for delivery – as big or bigger of an issue than pricing

RENTERS: RENTING FOR LONGER

Defined Expectations

1/3 homeowners under 42 would prefer to rent than settle for something that does not meet their exact needs.

Young Families

Households with young children are more open to renting than previous generations.

Institutional Demand

Low rates and low rates of return are generating tremendous amounts of demand from institutions for build-for-rent product.





POST PANDEMIC TRENDS

Urban core vs Suburban

*Rent growth in suburbs is outpacing urban core
(suburbs double digit rent growth – urban core single digit rent growth)*

*What urban markets are doing the best?
Boise - Austin - Nashville*

*What will it take to bring residential demand growth back to Sacramento's
urban core?*

THE RAILYARDS

How will The Railyards drive demand to the urban core?

Entertainment

3,500 seat concert venue

Lifestyle

Central Shops redevelopment

Employment Center

Kaiser 3,000 jobs



THE RAILYARDS: Housing

Entitled for 10,000 residential units

THE A.J. (under construction)

345 units + 5,000 sf ground floor retail
Studio, 1 bedroom and 2 bedroom
Q1 2023 Completion

THE TELEGRAPHER (in design)

427 units + retail + outdoor amenities, micro units,
studio, 1 bedroom, 2 bedroom and townhomes
November 2022 Groundbreaking



THE RAILYARDS

The A.J.



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THE RAILYARDS

The Telegrapher



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SUPPLY / DEMAND SACRAMENTO

Labor Shortage

Is it even possible to be over-built given the lack of available skilled labor?

Are we too far behind the supply curve - forever catching up?



THANK YOU

LDK Ventures, LLC

CALIFORNIA

3140 Peacekeeper Way

McClellan, CA 95652

IDAHO

3597 E. Monarch Sky Lane, Suite 240

Meridian, ID 83646

