



MULTIFAMILY REPORT

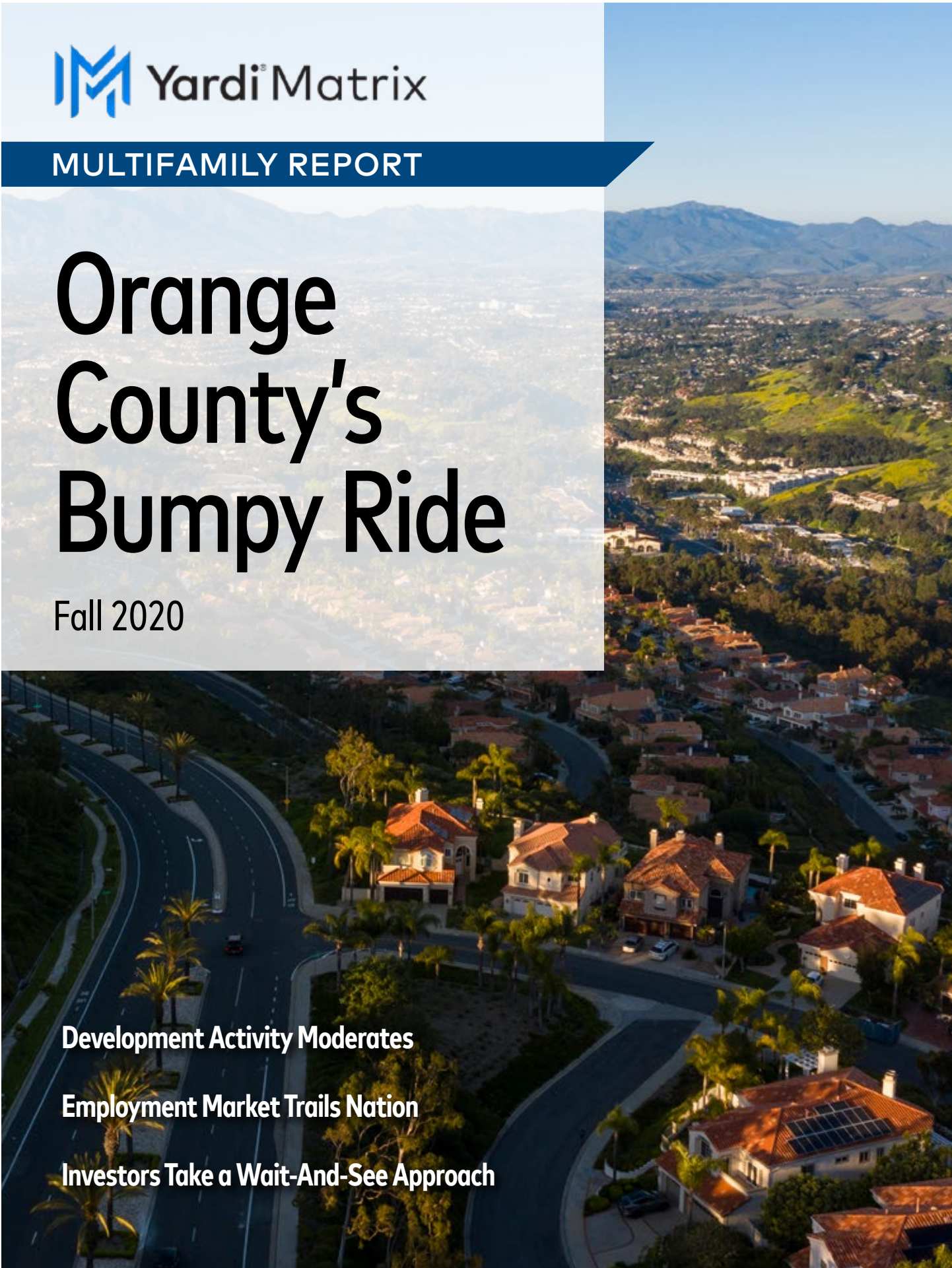
Orange County's Bumpy Ride

Fall 2020

Development Activity Moderates

Employment Market Trails Nation

Investors Take a Wait-And-See Approach



ORANGE COUNTY MULTIFAMILY



Spotty Performance Across Metrics

Orange County's multifamily fundamentals were a mixed bag at the close of the third quarter. Rent performance recovered after six consecutive months of declines, as the average rent rose 0.3% to \$2,121, on a trailing three-month basis as of September. New-supply additions remained weak and transaction activity stalled, counterbalancing the encouraging rent performance. The occupancy rate in stabilized properties marked a 160-basis point decline to 94.2% year-over-year as of August.

More than 8.8 million unemployment claims were filed across California between mid-March and early October, and in the 12 months ending in July, all sectors registered reductions. Employment growth decreased 9.3% year-over-year as of July, faring worse than the 6.6% U.S. contraction rate. Unemployment posted a slow but steady comeback, from 14.7% in April to 12.4% in July, with preliminary data for August pointing to 9.9%. Employment is likely to take another hit following Disney's announcement of some 28,000 layoffs across the U.S.

Development was tepid, with 907 units delivered through September and 5,872 underway. Meanwhile, transaction volume halted at \$63 million in sales recorded in the first quarter, for an average per-unit price that slid 0.9% to \$292,874. Accounting for these factors, we expect rents to drop 1.7% in 2020.

Market Analysis | Fall 2020

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Recent Orange County Transactions

Vine Fullerton



City: Fullerton, Calif.
Buyer: Winstar Properties
Purchase Price: \$22 MM
Price per Unit: \$221,173

Crystal View



City: Garden Grove, Calif.
Buyer: Bridge Investment Group
Purchase Price: \$119 MM
Price per Unit: \$295,796