



MULTIFAMILY REPORT

Orange County: Slow & Steady

Spring 2021

Rent Gains Outperform Nation

Inventory Expansion Remains Limited

Transaction Activity Resumes, PPU Marks New High

ORANGE COUNTY MULTIFAMILY



Limited Supply Powers Rent Growth

Orange County displayed signs of stabilization in the second part of 2020 and this trend has continued in 2021. Limited new supply is again one step behind healthy demand, with rents rising by 0.3% on a trailing three-month basis through February, outperforming the 0.1% U.S. rate. The county's \$2,164 average as of February was well above the \$1,399 U.S. figure. Occupancy in stabilized properties also mirrored overall healthy dynamics and was up 30 basis points in the 12 months ending in January, to 96.2%.

Following the abrupt drop in job gains, the employment market posted a slow but steady comeback in the last quarter of 2020, recording a 9.5% reduction in the 12 months ending in December and trailing the -6.8% national figure. The unemployment rate stood at 6.4% in November, with preliminary Bureau of Labor Statistics data pointing to a new increase, at 7.4% as of January. Construction was the only sector to gain positions last year, up 1.8%. The metro's hardest-hit sector—leisure and hospitality—could see a rebound, as Disney, the county's largest employer, announced a gradual reopening starting at the end of April.

Developers had 6,547 units underway as of February, on the heels of 1,795 apartments coming online last year. Meanwhile, investors resumed activity and sales totaled \$189 million for the first two months of 2021, accounting for nearly half of last year's total volume.

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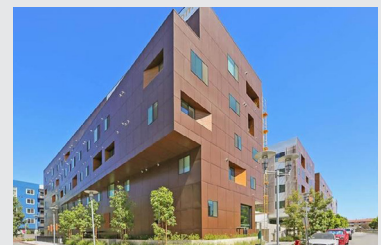
Recent Orange County Transactions

Jefferson Platinum Triangle



City: Anaheim, Calif.
Buyer: California Statewide Communities Development Authority
Purchase Price: \$160 MM
Price per Unit: \$400,000

Prisma



City: Santa Ana, Calif.
Buyer: Western National Investments
Purchase Price: \$80 MM
Price per Unit: \$436,813

Portico Villas



City: Fullerton, Calif.
Buyer: Fairmont Management
Purchase Price: \$50 MM
Price per Unit: \$389,258

The Edward



City: Westminster, Calif.
Buyer: Advanced Real Estate Services
Purchase Price: \$41 MM
Price per Unit: \$318,375