

**YARDI**<sup>®</sup> Matrix

# Investment Flies High in L.A.

Multifamily Winter Report 2017

**Well-Paying Jobs Fuel Rent Growth**

**Development Hits Cycle Peak**

**Transactions Reach \$2.4B**

# LOS ANGELES MULTIFAMILY

# YARDI® Matrix

## Market Analysis

Winter 2017

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## Lack of Affordability Looms Large

Fueled by strong housing demand and continued gains across employment sectors, the Los Angeles economy is well positioned to grow. Investors have taken a liking to the metro's apartments, pushing sales volumes and per-unit prices to cyclical highs. However, widespread rent growth is pricing residents out of the urban core, leading to significant growth in the eastern regions of Los Angeles County and the Inland Empire.

The influx of startup firms and the upcoming Snap initial public offering have driven the metro's tech sector to new heights. Widely known for its entertainment industry, the metro took a major step in the sports arena as the National Football League's Rams returned in 2016, and the Chargers are set to move to Inglewood's new City of Champions stadium in 2017. The development will reshape Inglewood, as multiple apartment complexes along with retail and outdoor recreation facilities are currently under construction.

Underpinned by rising demand, development activity is at its highest point this cycle. The pipeline consists of more than 70,000 units, which will produce continued inventory expansion for years. Despite the significant new development, the rate of expansion is in line with the national average, meaning that rent pressure will continue in 2017. As a result, we expect rents to increase 5.5% this year.

## Recent Los Angeles Transactions

Runway at Playa Vista



City: Playa Vista, Calif.  
Buyer: Invesco Real Estate  
Purchase Price: \$472 MM  
Price per Unit: \$1,124,011

Trio



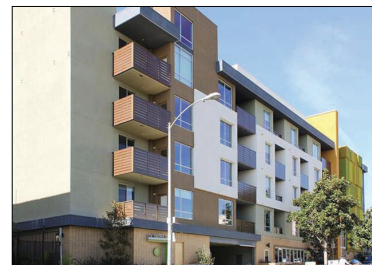
City: Pasadena, Calif.  
Buyer: Panda Restaurant Group  
Purchase Price: \$154 MM  
Price per Unit: \$506,579

The Jefferson at Hollywood



City: Hollywood, Calif.  
Buyer: Redwood Partners  
Purchase Price: \$133 MM  
Price per Unit: \$490,741

Rubix Hollywood



City: Hollywood, Calif.  
Buyer: New York Life Real Estate Investors  
Purchase Price: \$109 MM  
Price per Unit: \$500,000

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