



MULTIFAMILY REPORT

OC Rents Pick Up

October 2023

Rate Growth Outperforms US

Transactions, Deliveries Tepid

Occupancy Above 96.0%

ORANGE COUNTY MULTIFAMILY



Tight Rental Market Boosts Rents

During the third quarter, Orange County's multifamily market displayed healthy fundamentals, with rent growth picking up and supply expanding steadily without significantly impacting the metro's occupancy. The average rent rose 0.7% on a trailing three-month basis, to \$2,759, while the U.S. rate increased 0.2%, to \$1,728. The occupancy rate stood at 96.6% as of July, following a 60-basis-point year-over-year decrease, earning it a spot among the five tightest major multifamily markets in the U.S.

Orange County unemployment stood at 3.6% in July, slightly behind the 3.5% U.S. figure and well ahead of the state (4.6%) and all other major California metros, except San Jose, which also clocked in at 3.6%. The market expanded 2.7% year-over-year as of June, having added 40,200 positions. Of all sectors, only financial activities lost jobs (500 positions). Education and health services (11,600 jobs) and leisure and hospitality (9,200 jobs) led gains. The former is poised for sustained expansion via massive projects underway, which will trigger regional growth, from housing to local schools.

Developers delivered 801 units in 2023 through August and had 10,287 units under construction. By the end of the year, Yardi Matrix expects another 2,264 units to come online. Meanwhile, investment activity remained tepid, with just \$216 million in multifamily assets trading in 2023 through August. The price per unit dropped to \$224,371, leading the \$186,926 U.S. rate.

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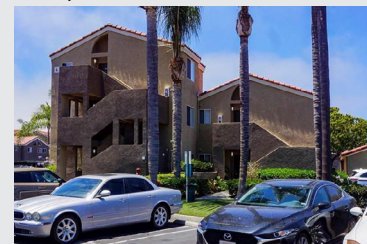
Recent Orange County Transactions

St. Moritz



City: Aliso Viejo, Calif.
Buyer: Prado Group
Purchase Price: \$111 MM
Price per Unit: \$163,951

Newport Palms



City: Costa Mesa, Calif.
Buyer: MIG Real Estate
Purchase Price: \$61 MM
Price per Unit: \$442,754