

Yardi® Matrix

# Investors Seek To Surf L.A.

Multifamily Report Summer 2018

Investment Intensifies

Demand Keeps Up With New Supply

Home Prices, Rents Outpace Income Growth

# LOS ANGELES MULTIFAMILY

Yardi® Matrix

## Market Analysis

Summer 2018

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## Investors Boost Deal Flow

Investors are drawn to the Los Angeles multifamily market's stability, high occupancy and rising rents, as job and population gains underpin rental demand in the context of a high barrier to homeownership.

Employment growth was led by leisure and hospitality (26,800 jobs), a trend which will likely continue as 37 hotels with 5,631 guestrooms were underway as of June, according to Atlas Hospitality Group's midyear report. Professional and business services, which gained 17,000 jobs, and education and health services (16,200 jobs) also display high growth potential in the foreseeable future, supporting demand for high-end apartments.

The strong fundamentals of the Los Angeles multifamily market attracted a large number of investors in the first seven months of 2018, when transactions rose to \$2.9 billion, surpassing the annual sales volume recorded in 2017. Despite a surge in construction in 2016 and 2017, occupancy has stayed high, indicating a rapid absorption of new inventory. By the end of 2018, developers are expected to add more than 10,000 apartments to the metro's stock, most set to cater to Lifestyle renters. Nevertheless, multifamily demand is expected to exceed supply, and although affordability is tempering growth, we anticipate the metro's average rent to rise 4.3% for the whole of 2018.

## Recent Los Angeles Transactions

Eighth & Grand



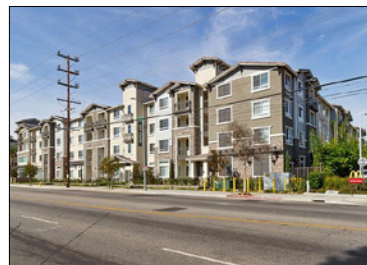
City: Los Angeles  
Buyer: Brookfield Properties  
Purchase Price: \$393 MM  
Price per Unit: \$561,714

Altana



City: Glendale, Calif.  
Buyer: Brookfield Properties  
Purchase Price: \$239 MM  
Price per Unit: \$471,598

Alder



City: Northridge, Calif.  
Buyer: Brookfield Properties  
Purchase Price: \$159 MM  
Price per Unit: \$471,598

Bell South Bay



City: Inglewood, Calif.  
Buyer: Bell Partners  
Purchase Price: \$123 MM  
Price per Unit: \$465,909