

Yardi® Matrix

LA's Record Investment

Multifamily Report Winter 2019

Rent Growth Stays Strong

Developers Target Downtown LA

Sales, Property Values Reach Cycle Peak

LOS ANGELES MULTIFAMILY

Market Analysis

Winter 2019

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Landlord's Market Draws Investors

Steady employment growth fueled by a large and diversified economy underpins a robust multifamily demand in Los Angeles, which is experiencing a housing shortage as single-family home prices have risen to their highest value over the last decade. Despite a surge in rental construction, the average occupancy rate has remained high, at 96.6% as of October.

Job growth was led by leisure and hospitality, which gained 28,000 jobs. The metro's thriving tourism supports infrastructure investments, such as the \$4.9 billion electric tramway that will connect the city's airport terminals to parking, car rentals and transit by 2023. The metro is experiencing record-setting visitor numbers, a trend that is set to continue with the addition of new attractions, including the \$1.5 billion Lucas Museum of Narrative Art and the 2028 Olympic Games. Professional and business services added 14,100 jobs, boosted by the expansion of entertainment, tech and media-related companies, while education and health services gained 13,000 jobs.

Drawn by the multifamily market's stability, investors pushed up sales to a cycle high of \$4.5 billion year-over-year as of November. Downtown is seeing intense construction, with 5,110 of the more than 30,350 units underway across the metro. The tight market is well positioned to absorb new supply, while giving property owners leverage to lift rents.

Recent Los Angeles Transactions

IMT Stevenson Ranch



City: Stevenson Ranch, Calif.
Buyer: IMT Capital
Purchase Price: \$167 MM
Price per Unit: \$327,059

Triana



City: Woodland Hills, Calif.
Buyer: LaSalle Investment Management
Purchase Price: \$157 MM
Price per Unit: \$433,702

Gallery421



City: Long Beach, Calif.
Buyer: IMT Capital
Purchase Price: \$124 MM
Price per Unit: \$427,148

Crescent Park at Playa Vista



City: Playa Vista, Calif.
Buyer: Clarion Partners
Purchase Price: \$118 MM
Price per Unit: \$549,065