

Yardi® Matrix

MULTIFAMILY REPORT

Slow, Steady Los Angeles

Winter 2020



Rent Growth Decelerates

Per-Unit Prices Remain Elevated

Education, Health Care Lead Job Gains

LOS ANGELES MULTIFAMILY

Yardi® Matrix

Demand Continues To Outpace Supply

Rental demand has remained strong across metro Los Angeles this year, bolstered by household creation and employment gains in the context of a high barrier to homeownership. Despite a steady pipeline over the past four years, occupancy in stabilized properties remained above 96.0%—one of the highest rates in the U.S.—underpinning steady rent growth.

The metro gained 81,900 jobs in the 12 months ending in November 2019, representing a 1.4% increase. Growth was led by education and health services (35,700 jobs)—a trend that is set to continue, boosted by the region's growing number of senior citizens. Professional and business services added 14,700 jobs—thanks to a booming tech scene and an ever-growing entertainment industry—followed by leisure and hospitality (14,000 jobs).

Nearly \$4.8 billion in multifamily assets traded in Los Angeles in 2019, at an average per-unit price of \$343,941, almost on par with the 2018 cycle high. With the state's AB 1482 rent-control law in effect since January, acquisition yields for older stock is expected to shift, as the new legislation limits rent increases for properties older than 15 years. Meanwhile, construction activity is strong across the metro, as more than 29,300 units were under-way as of January, with a strong focus on the urban core.

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Recent Los Angeles Transactions

The CitiZen South Bay on Anza



City: Torrance, Calif.
Buyer: Clarion Partners
Purchase Price: \$126 MM
Price per Unit: \$470,896

The Griffith



City: Glendale, Calif.
Buyer: Greystar
Purchase Price: \$119 MM
Price per Unit: \$538,636

The Enclave



City: Paramount, Calif.
Buyer: MWest Holdings
Purchase Price: \$99 MM
Price per Unit: \$324,592

Monterra Ridge



City: Canyon Country, Calif.
Buyer: ABRA Management
Purchase Price: \$63 MM
Price per Unit: \$269,397