

**Yardi® Matrix**

# **L.A. Pushes Forward**

**Multifamily Report Winter 2018**

**Working-Class Units Fuel Growth**

**Deliveries Continue at Steady Pace**

**Investment Sales Begin Slackening**



# LOS ANGELES MULTIFAMILY

Yardi® Matrix

## Market Analysis

Winter 2018

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## Interest Stays High in L.A.

Following a strong showing in 2016, rents in Los Angeles continued to grow this year, albeit at a more moderate pace. At the end of October, the 3.6% year-over-year improvement rate was still well above the 2.3% national average. The bulk of growth results from demand for workforce and affordable units, but limited deliveries in that area have pushed up rent gains in the Renter-by-Necessity segment—at 5.0% year-over-year through October. Low acquisition yields and some investor reticence have slowed down transaction activity to cycle averages.

Employment growth is heavily driven by health care and education, where 36,000 jobs were added in the 12 months ending in September. Construction jobs continued to be an important part of the city's labor landscape. A robust development pipeline in multifamily and commercial properties continues to push growth, even as labor shortages hamper progress across most U.S. metros. Having been named host of the 2028 Summer Olympics, Los Angeles intends to leverage its extensive stock of athletic facilities, which should help the metro turn a profit, as it did in both 1932 and 1984. Municipal officials also hope that preparations will result in the addition of a modern transit system, which the city direly needs.

Although roughly 25,000 units were underway at the end of October, indicating strong demand, rent growth continues to derive from a disconnect between growing supply in the Lifestyle segment and demand for workforce properties.

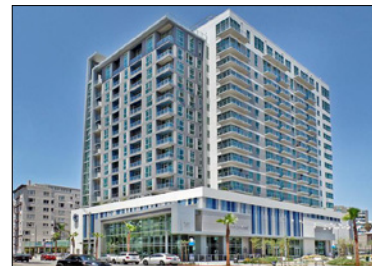
## Recent Los Angeles Transactions

Trio



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

The Current



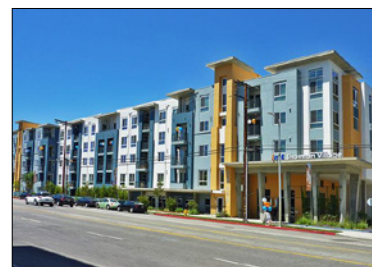
City: Long Beach, Calif.  
Buyer: Alan Singer  
Purchase Price: \$133 MM  
Price per Unit: \$595,740

1724 Highland



City: Los Angeles  
Buyer: Redwood Partners  
Purchase Price: \$133 MM  
Price per Unit: \$490,741

Ashton Sherman Village



City: Los Angeles  
Buyer: Essex Property Trust  
Purchase Price: \$118 MM  
Price per Unit: \$446,970

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