

**Yardi® Matrix**

# Orange County Apartments Blossom

Multifamily Report Winter 2018



**Net Absorption  
Stays Strong**

**Construction Leads  
Job Gains**

**Developers Target  
Anaheim**

# ORANGE COUNTY MULTIFAMILY

Yardi® Matrix

## Market Analysis

Winter 2018

### Contacts

#### Paul Fiorilla

Associate Director of Research  
Paul.Fiorilla@Yardi.com  
(800) 866-1124 x5764

#### Jack Kern

Director of Research and Publications  
Jack.Kern@Yardi.com  
(800) 866-1124 x2444

### Author

#### Adriana Pop

Senior Associate Editor

## Landlords Hold Pricing Power

Demand for apartments continues to be strong in Orange County, where high construction costs and surging land values maintain the housing market as one of the most expensive in the country. Following this year's surge in construction, occupancy has remained tight, indicating rapid absorption of new deliveries, while rent growth dropped to 2.6% as of October.

The multifamily market received a boost from high-paying jobs in sectors that attract the region's educated workforce, such as technology, biotech, finance, health care, aerospace and higher education. Despite a slowdown, the labor market continues to expand, fed by a boom in construction. A notable mixed-use project, LT Global Investments' \$450 million LT Platinum Center in the fast-growing Platinum Triangle, is slated to encompass office, retail, hotel space, apartments, condominiums and a movie theater. Large office developments include the 1.1 million-square-foot Five Point Gateway and the 38-acre Flight at Tustin Legacy.

Escalating market pressures point to an affordable housing shortage. For investors seeking value-add opportunities, apartments have become hot commodities, but, as rents rise following renovations, low-income residents are being displaced by a higher-earning cohort. Moreover, while legislation keeps property taxes low for existing owners, it does not keep rates from reaching current market levels once a property changes hands, further contributing to rent hikes.

## Recent Orange County Transactions

Merrick



City: Placentia, Calif.  
Buyer: Fairfield Residential  
Purchase Price: \$104 MM  
Price per Unit: \$250,962

The Villas at Tustin



City: Santa Ana, Calif.  
Buyer: Bascom Group  
Purchase Price: \$94 MM  
Price per Unit: \$231,527

Madrid



City: Mission Viejo, Calif.  
Buyer: Acacia Capital  
Purchase Price: \$83 MM  
Price per Unit: \$360,870

Malden Station



City: Fullerton, Calif.  
Buyer: Invesco Real Estate  
Purchase Price: \$78 MM  
Price per Unit: \$388,158

### To Subscribe

#### Hollie Zepke

Audience Development Specialist  
Hollie.Zepke@Yardi.com  
(800) 866-1124 x5389