



MULTIFAMILY REPORT

OC: Market Recalibrating

April 2023

Transaction Activity, Deliveries Slow

Rent Movement Trails US

Job Recovery Ongoing

ORANGE COUNTY MULTIFAMILY



Market Tight Despite Softening

Despite some dampening, Orange County fundamentals remained healthy at the start of 2023. Rents contracted 0.4% on a trailing three-month basis through February to \$2,687, lagging the U.S. figure, which was down 10 basis points to \$1,702. The occupancy rate in stabilized properties dropped 100 basis points in the 12 months ending in January, but at 96.7%, the metro remained one of the tightest major rental markets in the country. Interestingly, the drop in occupancy was steeper in workforce communities.

The unemployment rate in Orange County dropped to 2.5% in December, according to preliminary data from the Bureau of Labor Statistics, leading the state (4.1%) and the U.S. (3.5%), while trailing San Francisco and San Jose. Although unemployment surpassed pre-pandemic values, not all jobs lost due to the pandemic were recovered. The job market expanded by 4.4%, or 70,300 positions, in 2022, outperforming the 3.7% U.S. rate. Financial activities, government and other services lost 5,300 jobs combined. Leisure and hospitality led gains, adding 22,400 positions. The sector is poised for more growth, including a planned \$4 billion sports and entertainment district.

No sales or deliveries were confirmed in the metro this year as of February, reflecting the impact of macroeconomic challenges, including high inflation and rising interest rates. Still, 8,754 units were under construction, and 2022's multifamily sales totaled nearly \$1.7 billion.

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Recent Orange County Transactions

Rize



City: Irvine, Calif.
Buyer: Kort & Scott Financial Group
Purchase Price: \$190 MM
Price per Unit: \$523,416

Anavia



City: Anaheim, Calif.
Buyer: Chapman University
Purchase Price: \$160 MM
Price per Unit: \$640,000

Grove House



City: Orange, Calif.
Buyer: Advanced Real Estate Services
Purchase Price: \$42 MM
Price per Unit: \$461,111

Bolsa West



City: Garden Grove, Calif.
Buyer: TN Investments Group
Purchase Price: \$20 MM
Price per Unit: \$333,333