



MULTIFAMILY REPORT

Los Angeles Winds Down

November 2023

Rent Development Stagnates

Employment Growth Moderates

Construction Starts Return to Average

LOS ANGELES MULTIFAMILY



Key Fundamentals Record Declines

Los Angeles is feeling the full brunt of the economic slowdown more than other metros. Through the first three quarters, rent development stood flat on a trailing three-month basis. This continued through September, while U.S. growth was down 0.1%. On a year-over-year basis, rents were up only 0.2%, 60 basis points below the national figure. After two years of above-average supply expansion, occupancy in the metro dropped 40 basis points year-over-year through August, to 96.2%, 120 basis points above the U.S. rate.

Job growth did not outpace the nation throughout the year, with the expansion rate at 2.3% as of July. The previous 12 months saw 104,300 jobs added. Meanwhile, the jobless rate stood at 5.8% as of August, according to preliminary data from the Bureau of Labor Statistics. This was 200 basis points above the U.S. figure and surpassed California by 120 basis points. Education and health services led gains, with 59,500 positions added. Tech continued to shed jobs, as the information sector lost 14,700 positions. Large infrastructure initiatives are continuing throughout the region, including a new, \$600 million light rail line in the San Fernando Valley.

Development stood at a healthy rate, with 32,951 units underway across the market as of September. Through the first three quarters, developers added 6,277 units across Los Angeles. Meanwhile, investment activity declined by 77.0% year-over-year, to \$1.2 billion in traded assets.

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Recent Los Angeles Transactions

Cathay Manor



City: Los Angeles
Buyer: Capital Realty Group
Purchase Price: \$97 MM
Price per Unit: \$359,259

Citrus Court



City: Whittier, Calif.
Buyer: Integrity Housing
Purchase Price: \$31 MM
Price per Unit: \$224,637

Oxford Park



City: Los Angeles
Buyer: Standard Communities
Purchase Price: \$25 MM
Price per Unit: \$228,715