

YARDI® Matrix

L.A.'s Live!

Multifamily Winter Report 2016

**Job Growth Low,
But Rents Top Nation**

**Hospitality Thrives,
Driving New Supply**

**REITs, Foreign Buyers
Chase Apartment Deals**

LOS ANGELES MULTIFAMILY

YARDI® Matrix

Market Analysis

Winter 2016

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Affordability Dampens Robust Growth

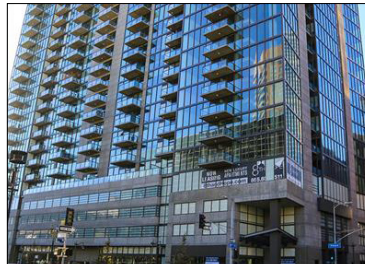
Despite only moderate growth in some of its major industries and a declining middle class, Los Angeles experienced among the best rent growth in the country last year. The metro benefited from strong performance along the entire West Coast and broad gains in employment, although low-income renters have faced a growing affordability problem. In order to create affordability, city officials are considering steps such as taxes on development to finance low-income housing.

On the back of its best tourism year ever, Los Angeles County is flush with hospitality projects to satisfy the growing visitor appetite. The city's high-profile bid to host the 2024 Olympic Games took shape in 2015, and its success could translate to a bevy of ambitious projects as well as the chance to provide affordable housing in areas of the city where it is direly needed. The city's Metro Rail transportation system is in the midst of an expansion, with the Gold Line and Expo Line set to debut new corridors in 2016.

Supply has been added at a consistent rate throughout the current cycle, but high demand will call for further development. Although more than 63,000 units are in various stages of construction in Los Angeles, no significant impact will be noticeable in the short term, as high rents rise even further, although we expect growth will be less robust this year at 4.2%.

Recent Los Angeles Transactions

8th+Hope



City: Los Angeles
Buyer: Essex Property Trust
Purchase Price: \$200 MM
Price per Unit: \$689,655

AVANT I



City: Los Angeles
Buyer: Essex Property Trust
Purchase Price: \$99 MM
Price per Unit: \$400,810

Towne Center



City: Lakewood, Calif.
Buyer: TruAmerica Multifamily
Purchase Price: \$93 MM
Price per Unit: \$220,476

VIDA Hollywood



City: Los Angeles
Buyer: Waterton Residential
Purchase Price: \$89 MM
Price per Unit: \$256,522