

**YARDI**® Matrix

# High Demand In The OC

Multifamily Winter Report 2016

**Unit Deliveries Achieve  
Post-Bubble Best**

**Strong Sales Volume  
Belies Top-Drawer Prices**

**Can Affordability Impede  
Further Rise in Rents?**



# ORANGE COUNTY MULTIFAMILY

**YARDI®** Matrix

## Market Analysis

Winter 2016

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## Demand Performance

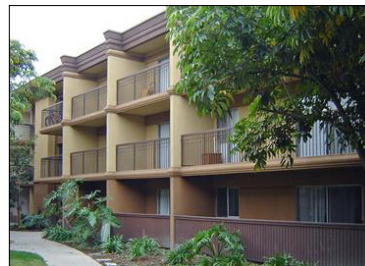
Orange County's expensive single-family housing coupled with the region's gains in employment will continue to boost demand for multifamily development and support rent growth.

The area's economy is benefiting from solid performance in its key industries. In fact, the metro's job growth topped 3% last year, higher than any other year since the beginning of the dot-com boom in 1998 and outpacing the state as a whole, which grew by 3%, and the U.S., which grew by 2.3%. Employment gains were led by the leisure and hospitality industry, which drew a record 47.3 million visitors to Orange County in 2015, up 3% from the previous high in 2014. Other expanding payroll segments included construction, professional services, education and health care, and manufacturing.

Sustained by a growing population of young working-class adults, multifamily deliveries totaled 5,200 units in 2015, the most since before the housing bubble popped. With 7,200 apartments under construction as of January, the metro should see another strong year of inventory growth in 2016. And since apartment vacancy rates are very low in Orange County, absorption will likely keep up with the pace of construction, with rents expected to rise more than 5% in 2016. However, the lack of affordable housing for young professionals and middle-income families could limit the area's growth potential in the near future.

## Recent Orange County Transactions

Madison Park



City: Anaheim, Calif.  
Buyer: MG Properties Group  
Purchase Price: \$122 MM  
Price per Unit: \$158,854

Yorba Linda Apartments



City: Yorba Linda, Calif.  
Buyer: Resource Real Estate Opp. REIT  
Purchase Price: \$118 MM  
Price per Unit: \$295,000

Crystal View



City: Garden Grove, Calif.  
Buyer: The Blackstone Group  
Purchase Price: \$84 MM  
Price per Unit: \$208,955

The Sofi Irvine



City: Irvine, Calif.  
Buyer: Pacific Urban Residential  
Purchase Price: \$61 MM  
Price per Unit: \$152,383