



MULTIFAMILY REPORT

Orange County Seeks A Respite

Summer 2020

Transactions Nearly Halt

Population Growth Trend Fluctuates

Rent Movement in Negative Territory

ORANGE COUNTY MULTIFAMILY



Challenging Times Lie Ahead

Orange County was one of the first regions to impose stringent lockdown measures to contain the spread of the coronavirus, and this was reflected in the multifamily market's evolution. The metro's average rent contracted 0.5% on a trailing three-month basis through May, 30 basis points lower than the U.S. rate. Still, the county's \$2,121 average is well above the \$1,460 national figure.

Despite its robust economy, nearly 5.2 million unemployment claims were filed in California during the first three months of the pandemic. Still, while only three sectors registered job gains in the 12 months ending in March, the unemployment rate rose to 13.8% in April, below the 14.7% national rate. The leisure and hospitality sector was also badly hit; a California State University, Fullerton study calculated that Disneyland's closure is costing Southern California some \$23 million per day. In mid-June, California's economy began reopening, but by late June Gov. Gavin Newsom had paused the reopening of additional sectors in 15 counties, including Orange County.

Transaction activity, already dampened by the recent rent control bill, has nearly halted, with only \$62 million in multifamily assets trading in the metro in the first five months of 2020. The county had 4,635 units underway as of May and 849 apartments delivered during that period. Yardi Matrix expects rents to remain at a 0.5% decline through year-end.

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Recent Orange County Transactions

Vine Fullerton



City: Fullerton, Calif.
Buyer: Winstar Properties
Purchase Price: \$22 MM
Price per Unit: \$221,173

Crystal View



City: Garden Grove, Calif.
Buyer: Bridge Investment Group
Purchase Price: \$119 MM
Price per Unit: \$295,796