



MULTIFAMILY REPORT

Los Angeles Under Hardship

Summer 2020

Lifestyle Rents Continue to Decline

Construction Moderates, Keeps Going

Mounting Unemployment Offsets Job Gains

LOS ANGELES MULTIFAMILY



Ongoing Health Crisis Delays Recovery

More than four months into the global health crisis and amid a series of methodical steps taken toward recovery, Los Angeles multifamily fundamentals are feeling the pinch of the ongoing economic disruption. As of July, metro Los Angeles rents were down 0.4% on a trailing three-month basis, 30 basis points below the U.S. rate, with the average \$2,159, however, well above the \$1,469 U.S. figure.

As of June, metro Los Angeles unemployment rate stood at 18.1%, the largest jobless rate among the country's 30 largest metros and well above the 10.2% national figure. Los Angeles unemployment rate surpassed even the hardest-hit, leisure-driven economies such as Las Vegas (18.0%) and Orlando (16.5%). The resurgence of coronavirus cases across California is hindering recovery efforts, keeping restrictions in place and furthering economic uncertainty. More than 9 million unemployment claims have been processed in California since March, with \$55 billion in benefits paid out already.

After peaking in 2016 at 11,108 units, deliveries in the metro moderated slightly. Developers added 3,138 units to inventory year-to-date through July, a number that's already almost on par with the decade's cycle low in 2012, when 3,274 units came online. The pandemic has also dampened transaction activity—some \$965 million in assets sold through July, a 56% drop compared to the same interval last year.

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Contacts

Jeff Adler
Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(800) 303-615-3676

Jack Kern
Director of Research
and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Ron Brock, Jr.
Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Author
Timea-Erika Papp
Senior Associate Editor

Recent Los Angeles Transactions

Wakaba LA



City: Los Angeles
Buyer: JPMorgan Asset
Management
Purchase Price: \$116 MM
Price per Unit: \$482,292

The Artisan at East Village



City: Oxnard, Calif.
Buyer: Reuven Gradon Acquisitions
Purchase Price: \$93 MM
Price per Unit: \$339,154

The Preston Miracle Mile



City: Los Angeles
Buyer: Sares-Regis Group
Purchase Price: \$87 MM
Price per Unit: \$513,467

Golden West Towers



City: Torrance, Calif.
Buyer: WNC & Associates
Purchase Price: \$74 MM
Price per Unit: \$412,000