



## MULTIFAMILY REPORT

# LA's Balancing Act

Winter 2021

**Infrastructure Projects Help Unemployment**

**Development Continues to Power Through**

**Investment Sales Down, Values Hold**



# LOS ANGELES MULTIFAMILY



## Flight to Cheaper Areas Depletes Demand

Gateway markets struggled to hold on to residents and rent values in 2020 and Los Angeles was no different, as rates were down 0.1% on a trailing three-month basis as of December. Overall, figures in the metro fell by 3.0% in 2020, to an average of \$2,157. A flight from expensive markets to nearby cheaper options such as the Inland Empire has pushed rent expansion in those areas while rates and occupancies in major urban centers continues to slide.

Despite a significant drop in employment—down 9.1% year-over-year as of November 2020—some sectors have made progress in curbing the drop. Trade, transportation and utilities and construction have benefited from major ongoing infrastructure projects related to urban mobility. Two notable projects are the light rail extension connecting the Expo and Green Lines and the land access improvement project at the Los Angeles International Airport.

Even with lockdown measures, development powered through in LA last year, with 9,458 rental units delivered. Another 27,000 units were under construction as of December, pointing to continued inventory expansion in the short and medium term. Meanwhile, transactions took a significant dip, as economic volatility dampened deal flow—\$1.5 billion in multifamily sales were recorded last year, less than a third of 2019's volume. We expect LA rent movement to be positive in 2021, at a moderate 0.3% rate.

## Market Analysis | Winter 2021

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### Recent Los Angeles Transactions

#### Las Positas



City: Camarillo, Calif.  
Buyer: MG Properties Group  
Purchase Price: \$96 MM  
Price per Unit: \$449,531

#### Venice on Rose



City: Venice, Calif.  
Buyer: TA Realty  
Purchase Price: \$65 MM  
Price per Unit: \$928,571

#### 416 on Broadway



City: Glendale, Calif.  
Buyer: Fairmont Management  
Purchase Price: \$60 MM  
Price per Unit: \$521,739

#### The Perigee



City: Canoga Park, Calif.  
Buyer: Raintree Partners  
Purchase Price: \$53 MM  
Price per Unit: \$262,500