



MULTIFAMILY REPORT

LA Stages A Comeback

Summer 2021

Sales Rebound, PPU Marks New High

Construction Remains Elevated in 2021

Infrastructure Projects Support Economy

LOS ANGELES MULTIFAMILY



Strong Stock Expansion Dents Occupancy

April marked the start of recovery for Los Angeles' multifamily market, with rents rising by 0.1% on a trailing three-month basis, to \$2,166. Still, last year's robust deliveries, coupled with out-migration to neighboring metros, have pushed down the occupancy rate by 100 basis points, to 94.6%.

L.A.'s unemployment stood at 11.0% in April, trailing the 6.1% U.S. average, while the employment market posted an 11.5% decline in the 12 months ending in February, faring worse than the -7.5% national rate. Still, even though all sectors lost jobs during the period, some signs point to a faster recovery: Amazon's \$8.5 billion acquisition of MGM will likely bolster the entertainment industry, while SoFo Stadium has started filling positions. Moreover, significant infrastructure projects are nearly complete and the office sector has 8.7 million square feet of space under construction, with almost half slated to come online in 2021.

Developers marked a record year in deliveries in 2020, and the trend continued this year: Through April, 3,675 units came online and another 28,596 were underway. Meanwhile, transaction activity amounted to \$1.1 billion, and the per-unit price rose 30% to \$428,607. We expect the positive momentum to persist and rents to appreciate by 1.6% by year-end.

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Recent Los Angeles Transactions

Altana



City: Glendale, Calif.
Buyer: Waterford Property Co.
Purchase Price: \$300 MM
Price per Unit: \$591,716

NEXT on Lex



City: Glendale, Calif.
Buyer: California Community
Housing Agency
Purchase Price: \$290 MM
Price per Unit: \$587,045

OLIVE DTLA



City: Los Angeles
Buyer: Waterton
Purchase Price: \$121 MM
Price per Unit: \$412,969

Hidden Valley



City: Simi Valley, Calif.
Buyer: Tom Redfern & Associates
Purchase Price: \$105 MM
Price per Unit: \$324,147