YARDI® Matrix

Orange County's Bright Outlook

Multifamily Winter Report 2017

Rent Growth Tops Nation

Unemployment Drops to 9-Year Low

Sales Volume, Prices Hit Cycle Peak

Market Analysis

Winter 2017

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Values Continue to Soar

Renter demand remains elevated in Orange County, fueled by a rapidly expanding economy and population gains. Large companies, as well as startups, are drawn to the market's highly educated labor pool. The tech sector is becoming particularly strong, generating an increase in high-paying professional jobs. Hospitality employment is also rising, sustained by record tourism activity. Meanwhile, more and more construction cranes are cropping up throughout the county, especially for office and housing projects, leading to an almost complete recovery of the construction jobs that were lost during the recession.

The high barrier to homeownership combined with a limited supply of new apartments has pushed multifamily occupancy to one of the highest levels in the country. Consequently, rents have risen to unsustainable levels for many residents. Nevertheless, Orange County is still more affordable than some of its West Coast peers, including the Bay Area, West Los Angeles and Silicon Valley.

The market's stability and revenue growth opportunities are drawing both local and foreign investors. Transaction volume in 2016 climbed to approximately $1.2 billion, its highest level in the current cycle. The above-trend job growth coupled with the tepid supply of new units will bolster demand for apartments, leading to a rent increase of 6.5% in 2017.

Recent Orange County Transactions

Axiom Tustin

City: Tustin, Calif.
Buyer: Raintree Partners
Purchase Price: $164 MM
Price per Unit: $260,430

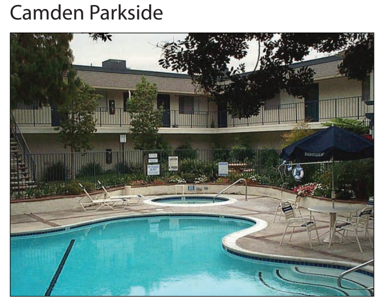
Elan Huntington Beach

City: Huntington Beach, Calif.
Buyer: LaSalle Investment Management
Purchase Price: $131 MM
Price per Unit: $478,102

Amerige Pointe

City: Fullerton, Calif.
Buyer: TA Realty
Purchase Price: $115 MM
Price per Unit: $393,836

Camden Parkside



City: Fullerton, Calif.
Buyer: Advanced Real Estate Services
Purchase Price: $99 MM
Price per Unit: $235,154

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