

Yardi® Matrix

LA's Housing Boom Endures

Multifamily Report Spring 2018

Rent Gains Outpace Income Growth

Builders Target Luxury Segment

Rising Asset Values Dampen Sales

LOS ANGELES MULTIFAMILY

Yardi® Matrix

Market Analysis

Spring 2018

Contacts

Paul Fiorilla

Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Jack Kern

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

Author

Adriana Pop

Senior Associate Editor

Fundamentals Flourish in City of Angels

Amid a supply surge that began in 2016 and continued through 2017, rent growth has been decelerating in Los Angeles, in line with the national trend. Demand continues to be strong across the metro, sustained by robust hiring and population gains.

Job growth in 2017 was highest in education and health services, information, and professional and business services. The tech industry, which has been one of the main drivers of the metro's economic growth in recent years, has contributed to job creation in other sectors, most notably office-using industries. Employment in these segments generated a boom in office developments, with completions reaching a post-recession high of 2.3 million square feet in 2017. Multifamily construction is also up, pushing job gains further while nudging occupancy down to 96.7% as of January 2018.

Increased investor interest in area communities is driving property values to new highs, while keeping acquisition yields at nationwide lows. This year, more than 12,000 units are scheduled to come online in and around the city core. And since most of these units cater to Lifestyle renters while single-family homes remain out of reach for many residents, demand for workforce apartments should stay high, contributing to an overall rent hike of 4.7% in 2018.

Recent Los Angeles Transactions

The Current



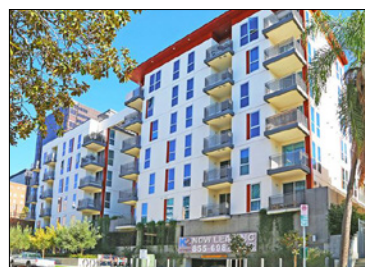
City: Long Beach, Calif.
Buyer: Alan Singer
Purchase Price: \$133 MM
Price per Unit: \$595,740

Bell South Bay



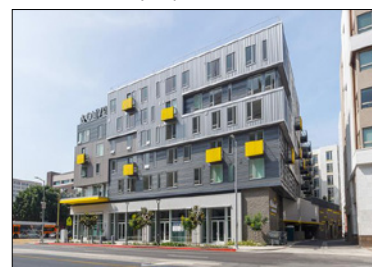
City: Inglewood, Calif.
Buyer: Bell Partners
Purchase Price: \$123 MM
Price per Unit: \$465,909

Radius Koreatown



City: Los Angeles
Buyer: Equity Residential
Purchase Price: \$117 MM
Price per Unit: \$388,704

Oakwood Olympic & Olive



City: Los Angeles
Buyer: Oakwood Worldwide
Purchase Price: \$110 MM
Price per Unit: \$547,264