Yardi® Matrix

Orange County's Building Boom

Multifamily Report Spring 2018

Rent Growth Mirrors Nationwide Trends

Deliveries Target Irvine, Anaheim

Property Values Spike to New Highs

ORANGE COUNTY MULTIFAMILY

Yardi® Matrix

Market Analysis

Spring 2018

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Demand Eclipses Rising Supply

Apartment demand remains strong in Orange County, spurred by robust hiring in high-earning sectors and a high barrier to homeownership, which steers residents toward renting while giving landlords leverage to lift rents.

Despite a slowdown beginning in 2016, the metro's labor pool continues to expand, with the highest employment growth occurring in leisure and hospitality (9,800 jobs), followed by professional and business services (7,800). Construction hiring is also strong, due to office and housing development booms. Notable projects underway include JPI's Jefferson Stadium Park, which is set to bring more than 1,000 luxury apartments, a public park and retail to the Platinum Triangle.

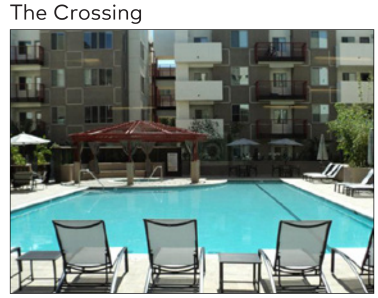
High costs are not discouraging multifamily developers, however. Rents continue to rise, maintaining attractive yields. In 2017, the apartment construction surge brought more than 5,100 units to the market, marking a post-recession high and nudging occupancy down to 96.0% as of January—a decline of 90 basis points over 12 months. The pipeline is also significant, with more than 8,200 units under construction as of February, most of them located in West Irvine, Anaheim, South Orange County and Santa Ana. Yardi Matrix expects demand to remain strong, pushing rents up 3.1% in 2018.

Recent Orange County Transactions

Surf at 39

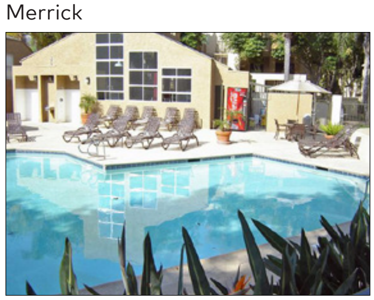
City: Huntington Beach, Calif.
Buyer: Interstate Equities Corp.
Purchase Price: $134 MM
Price per Unit: $335,000

The Crossing



City: Anaheim, Calif.
Buyer: RedHill Realty Investments
Purchase Price: $106 MM
Price per Unit: $339,744

Merrick



City: Placentia, Calif.
Buyer: Fairfield Residential
Purchase Price: $104 MM
Price per Unit: $250,962

The Villas at Tustin

City: Santa Ana, Calif.
Buyer: Bascom Group
Purchase Price: $94 MM
Price per Unit: $231,527

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