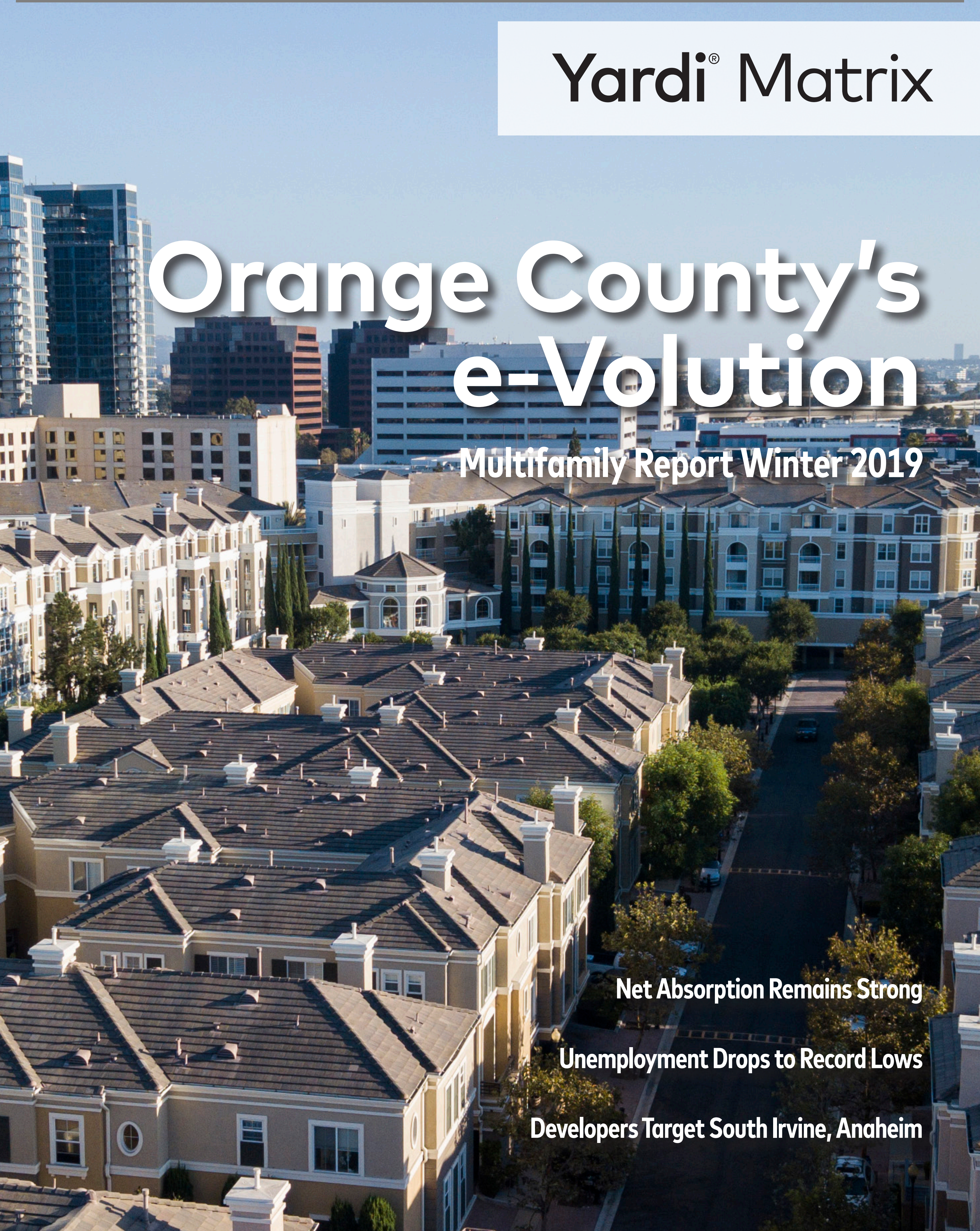
Yardi® Matrix

Orange County's e-Volution

Multifamily Report Winter 2019



Net Absorption Remains Strong

Unemployment Drops to Record Lows

Developers Target South Irvine, Anaheim

Market Analysis

Winter 2019

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Working-Class Demand Outpaces Supply

Multifamily investment remains a smart play in Orange County, where demand for apartments is solid, sustained by steady employment and population gains. A high barrier to homeownership and a chronic shortage of workforce housing are driving rent growth, while keeping occupancy in stabilized properties above the national average.

Thanks to its highly educated workforce, Orange County has long been an economic powerhouse for Southern California, accounting for 24 percent of the region's GDP in 2017. Employment growth during the 12 months ending in November was led by education and health services, which gained 8,000 jobs, a trend that is set to continue as the region's senior population expands. Leisure and hospitality added 6,500 positions, boosted by the ongoing increase in tourism-related spending. On the other side of the spectrum, many low-wage jobs were lost to technology and automation.

Multifamily investors traded $1 billion in assets in the first 10 months of 2018. Following the rejection of Proposition 10, which would have allowed local governments to expand rent control, investments could accelerate in the foreseeable future. Developers have also been active, as more than 4,800 units were under construction as of November. Absorption is set to stay solid, giving property owners leverage to further hike up rents.

Recent Orange County Transactions

Seacrest

City: San Clemente, Calif.
Buyer: TA Realty
Purchase Price: $138 MM
Price per Unit: $374,266

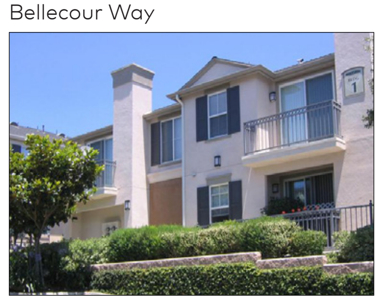
Aspect

City: Fullerton, Calif.
Buyer: JP Morgan Asset Management
Purchase Price: $131 MM
Price per Unit: $405,574

Corte Bella

City: Fountain Valley, Calif.
Buyer: TruAmerica Multifamily
Purchase Price: $86 MM
Price per Unit: $341,633

Bellecour Way



City: Lake Forest, Calif.
Buyer: Western National Investments
Purchase Price: $56 MM
Price per Unit: $429,389

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