



MULTIFAMILY REPORT

Steady Growth In Los Angeles

November 2024

Rent Growth Softens, Occupancy Up

Employment Growth on an Upswing

Investment Volume Nears \$1.7B

LOS ANGELES MULTIFAMILY



Occupancy Holds Fast Above 96% Mark

Los Angeles posted steady multifamily fundamentals at the end of the third quarter. Average advertised asking rents rose 0.1% on a trailing three-month basis through September, to \$2,634, moderating in line with the seasonal trend, while the U.S. rate remained flat, at \$1,750. Rent in the metro was also up 0.5% year-over-year, while the national figure was 0.9%. Demand remained robust, as evidenced by the occupancy rate in stabilized properties, which rose 10 basis points, year-over-year through September, to a solid 96.1%.

In the 12 months ending in July, the employment market in Los Angeles expanded 0.8%, 50 basis points behind the national rate. Only two sectors lost jobs—professional and business services (-5,500 jobs) and manufacturing (-2,900 jobs). Gains were led by education and health services (45,600 jobs) and will continue to grow, with projects such as the \$1.7 billion Harbor-UCLA Medical Center Replacement Program and UCLA Research Park expected to provide a boost. Meanwhile, unemployment rose to 6.7% in August, the highest level since 2021 and well behind the 4.2% national rate.

Deliveries totaled 5,956 units through September, and new construction remained well below the volume recorded last year. Still, nearly 31,000 units were underway. Investors traded \$1.7 billion in multifamily assets during the first three quarters, for an average price per unit that increased 11.6% year-to-date, to \$367,043.

Market Analysis | November 2024

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Recent Los Angeles Transactions

The Landing at Arroyo



City: Simi Valley, Calif.
Buyer: Afton Properties
Purchase Price: \$95 MM
Price per Unit: \$448,113

Lofts at NoHo Commons



City: North Hollywood, Calif.
Buyer: GPI Cos.
Purchase Price: \$93 MM
Price per Unit: \$316,781

The Paragon at Old Town



City: Monrovia, Calif.
Buyer: SCS Development Co.
Purchase Price: \$87 MM
Price per Unit: \$535,276

Arrive Wakaba

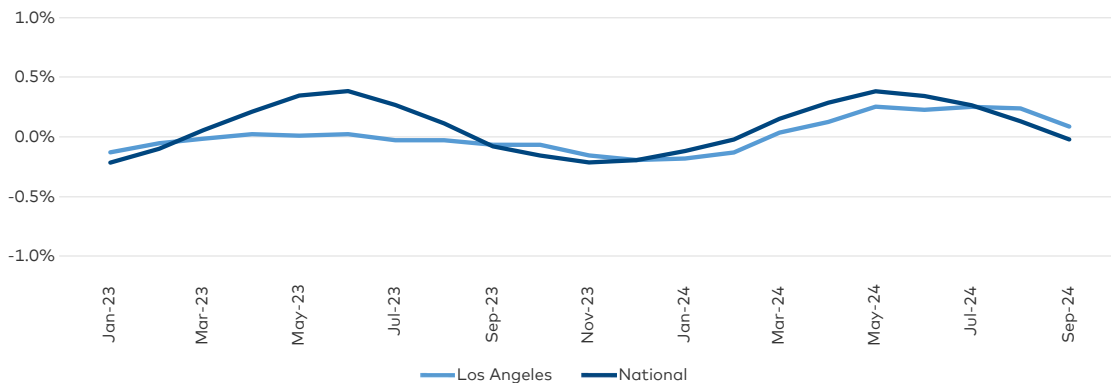


City: Los Angeles
Buyer: FPA Multifamily
Purchase Price: \$86 MM
Price per Unit: \$358,750

RENT TRENDS

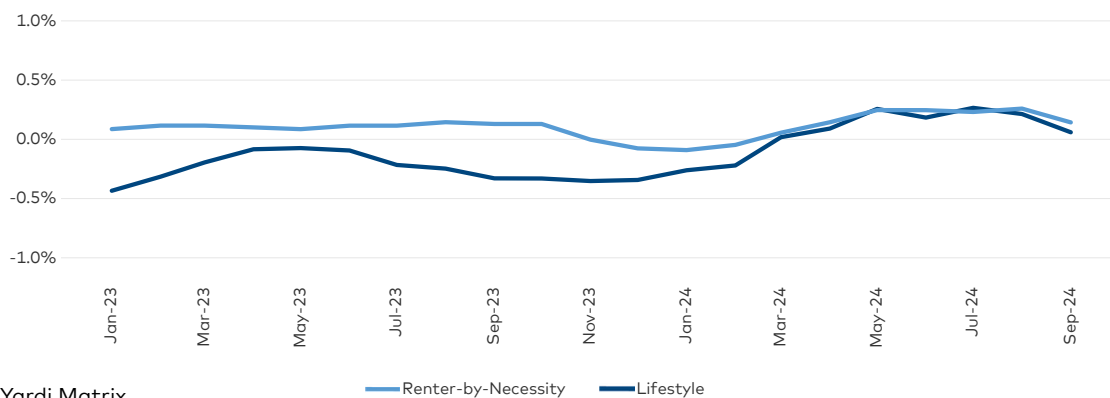
- ▶ The average Los Angeles advertised asking rent rose 0.1%, on a trailing three-month (T3) basis through September, to \$2,634, maintaining a 10-basis-point advantage over the flat national rate. Rents in the metro also rose 0.5% year-over-year, trailing the 0.9% U.S. rate.
- ▶ Advertised asking rent growth was even across property segments, up 0.1% in both, to \$3,231 for upscale Lifestyle apartments and to \$2,292 for working-class Renter-by-Necessity units.
- ▶ The occupancy rate for stabilized properties increased 10 basis points year-over-year through September, to 96.1%, highlighting robust demand despite a substantial stock expansion last year. The increase was due to a 40-basis-point uptick, to 95.5%, in the Lifestyle segment, while RBN occupancy decreased 20 basis points, to 96.4%. Meanwhile, the national occupancy rate in September was 94.8% for the fourth consecutive month, unchanged year-over-year.
- ▶ Advertised asking rents were down year-over-year in 25 of Los Angeles' 130 submarkets, but continued to climb in the most expensive ones—Marina Del Rey (2.5% to \$4,060) and Westwood (2.2% to \$3,735). Overall, 10 submarkets had the average advertised asking rent in the \$3,000 to \$4,000 band, while another 73 had the average rate between \$2,000 and \$2,989.
- ▶ Advertised asking rents for the SFR sector rose 2.6% year-over-year, to \$3,505, in September, while occupancy increased 0.9% to 97.5% during the period.

Los Angeles vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Los Angeles Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ Los Angeles' unemployment rate rose to 6.7% in August, according to data from the Bureau of Labor Statistics, the highest it's been since late 2021 and 80 basis points up from the start of the year. Meanwhile, the U.S. rate stood at 4.2% and California at 5.3%. Among the other major California metros, Los Angeles posted the highest jobless rate, above Sacramento (5.2%), San Francisco (4.1%), San Diego (5.1%) and San Jose (4.6%).
- ▶ Employment growth was up 0.8% in the 12 months ending in July, with the metro gaining 73,900 jobs. While steadily rebounding, job growth trailed the 1.3% U.S. rate. Two sectors lost positions—professional and business services (-5,500 jobs) and manufacturing (-2,900 jobs).
- ▶ Education and health services—the metro's largest economic sector—gained 45,600 jobs during the period, and points to sustained performance. Leisure and hospitality was next in line, adding 14,900 jobs.
- ▶ Los Angeles County made progress on a major health care initiative, breaking ground on a \$1.7 billion expansion and replacement project at Harbor-UCLA Medical Center. The expansion will include six new buildings and feature a nine-story hospital. The project is slated for completion in 2027. UCLA also acquired the former Westside Pavilion shopping mall, which it will transform into UCLA Research Park.

Los Angeles Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	947.8	20.8%
70	Leisure and Hospitality	553.8	12.2%
90	Government	565.6	12.4%
50	Information	181.7	4.0%
80	Other Services	163.5	3.6%
40	Trade, Transportation and Utilities	823.8	18.1%
15	Mining, Logging and Construction	155.2	3.4%
55	Financial Activities	211.7	4.6%
30	Manufacturing	315.1	6.9%
60	Professional and Business Services	639.8	14.0%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Los Angeles lost 90,641 residents in 2022, down 0.7% year-over-year, while the U.S. rate stood at 0.4%.
- ▶ The metro's population has been on a downward trend since the 2018 peak, marking a 1.1% decline between 2018 and 2022.

Los Angeles vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Los Angeles	13,249,614	13,211,027	13,202,558	13,111,917

Source: U.S. Census

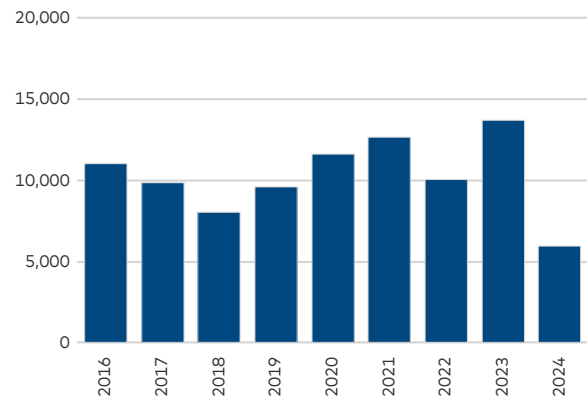
SUPPLY

- ▶ Developers delivered 5,956 units in 2024 through September, accounting for 1.2% of existing stock, 90 basis points below the national rate. Nearly one-third of completions were units in fully affordable communities, while the bulk consisted of Lifestyle apartments (60%). Metro Los Angeles led in deliveries, with 3,726 units, followed by Eastern Los Angeles County (1,145 units) and San Fernando Valley–Ventura County (1,085 units).
- ▶ The construction pipeline included 30,794 units under construction and another 174,000 in the planning and permitting phases. Units in fully affordable communities accounted for one-third of the total, while the Lifestyle share reached nearly two-thirds. Units in RBN assets represented less than 2.0% of the pipeline.
- ▶ Construction starts during the first three quarters of the year totaled 4,505 units across 32 properties, down to almost half of the 9,700 units across 69 projects that broke ground during the same period last year.
- ▶ Across the metro, eight submarkets had at least 1,000 units under construction as of September, with the top three located in metro Los Angeles—Downtown Los Angeles (2,878 units),

Silverlake (1,707 units) and Westlake North (1,428 units).

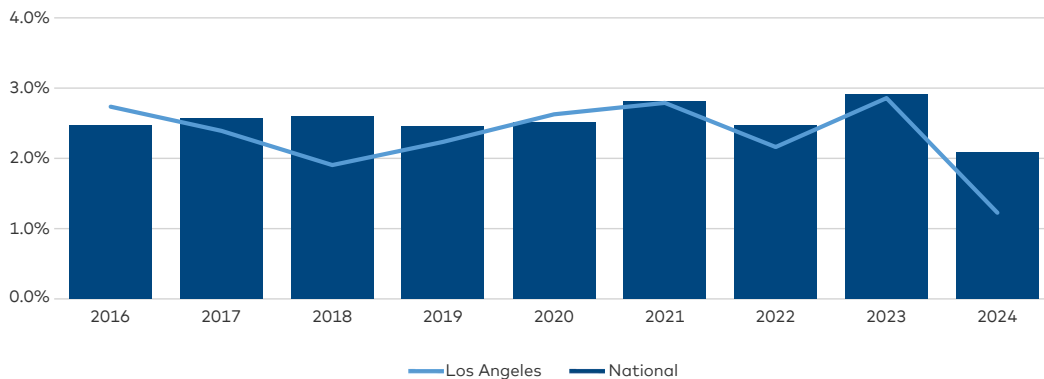
- ▶ The largest project delivered through September was the 490-unit sageLA in an Opportunity Zone in Mid Wilshire East. The asset is owned by a joint venture of Hankey Investment Co. and Jamison Properties and includes 49 affordable units and 35,000 square feet of retail.

Los Angeles Completions (as of September 2024)



Source: Yardi Matrix

Los Angeles vs. National Completions as a Percentage of Total Stock (as of September 2024)

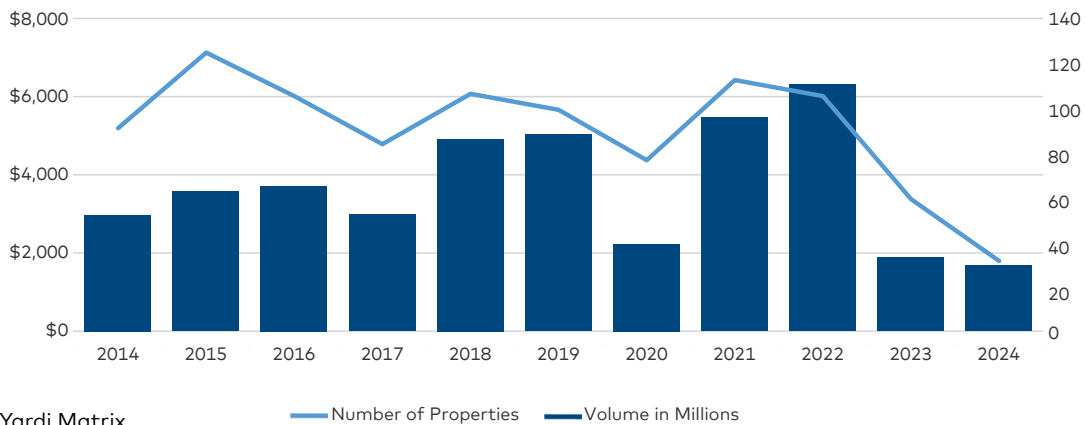


Source: Yardi Matrix

TRANSACTIONS

- ▶ Investors traded \$1.7 billion in multifamily assets during the first three quarters of 2024, a 29.5% increase compared to the same period last year. Still, activity in the metro remains far below the \$3.9 billion yearly average of the past decade.
- ▶ Investment appeal was stronger for value-add plays, as 20 of the 35 sales recorded during the period involved RBN assets. The limited sample size impacted the average price, which was up 11.6% year-to-date, to \$367,043 per unit, while the U.S. figure rose 0.9%, to \$188,379.
- ▶ The highest sale price recorded in Los Angeles in 2024 through September was paid by Cityview and Wafra Investment Advisory Group for Silva, a 221-unit partially affordable property in Mid Wilshire East. LaTerra Development sold the asset for \$110 million, or \$498,869 per unit, prior to completion.

Los Angeles Sales Volume and Number of Properties Sold (as of September 2024)



Source: Yardi Matrix

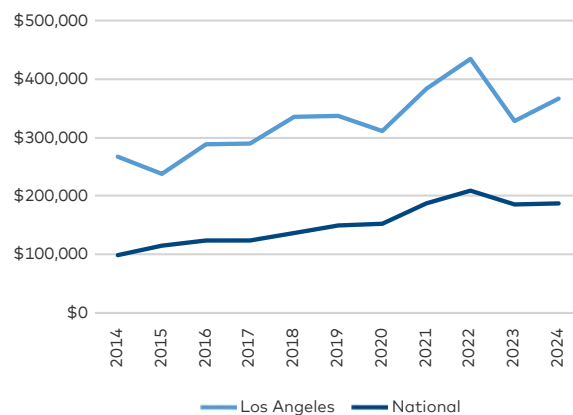
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Thousand Oaks	325
Downtown Los Angeles	272
El Segundo–Playa del Rey	178
North Hollywood	166
Mid Wilshire East	154
Moorpark	133
Chatsworth	106

Source: Yardi Matrix

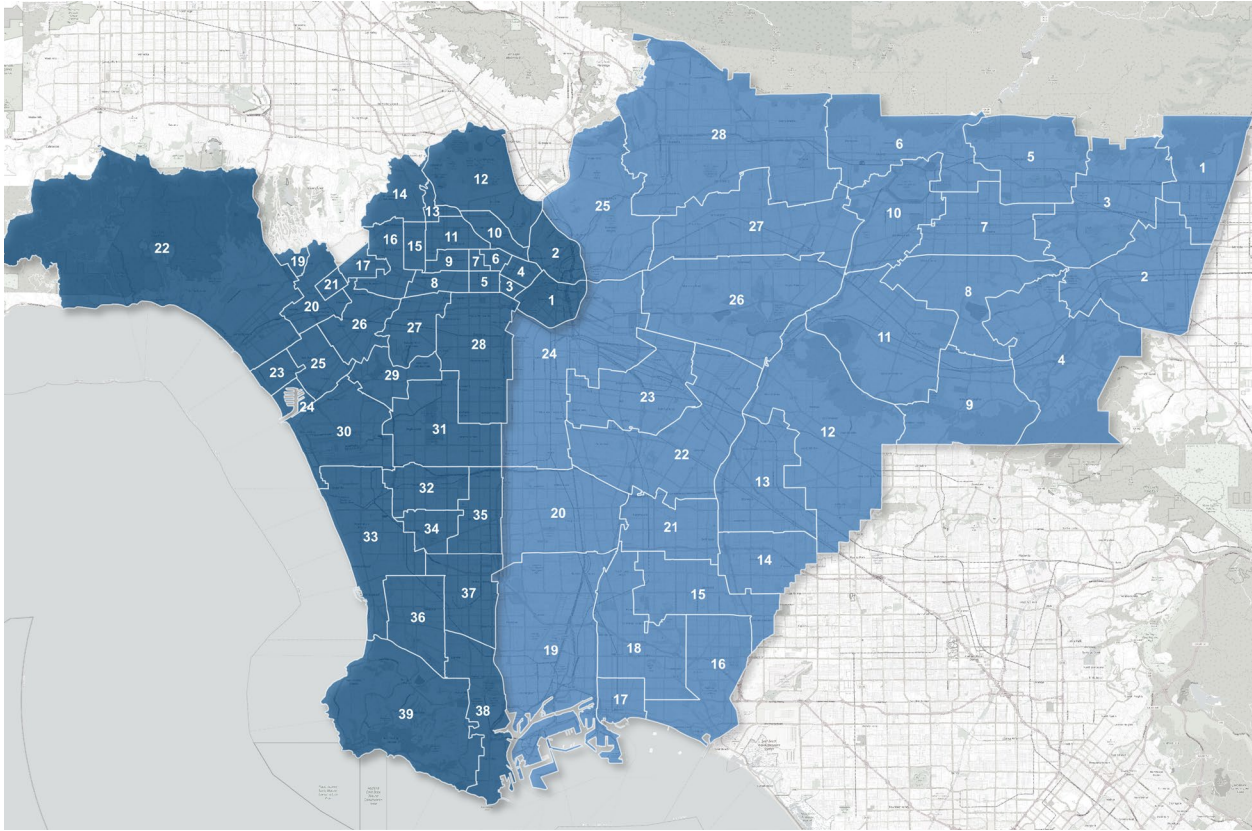
¹ From October 2023 to September 2024

Los Angeles vs. National Sales Price per Unit



Source: Yardi Matrix

LOS ANGELES SUBMARKETS



Area No.	Submarket
1	Downtown Los Angeles
2	Chinatown
3	Westlake South
4	Westlake North
5	Koreatown
6	Mid Wilshire East
7	Mid Wilshire West
8	Park La Brea South
9	Park La Brea North
10	Silverlake
11	East Hollywood
12	Los Feliz–Griffith Park
13	Hollywood Hills East
14	Hollywood Hills West
15	Central Hollywood
16	West Hollywood
17	Beverly Hills South
19	Bel Air
20	Westwood
21	Century City
22	Santa Monica–Brentwood

Area No.	Submarket
23	Venice
24	Marina Del Ray
25	Mar Vista
26	Culver City
27	Hyde Park
28	Adams–Normandie–Hoover
29	Ladera Heights
30	El Segundo–Playa del Rey
31	Inglewood
32	Hawthorne
33	Beach Cities
34	Lawndale
35	Gardena
36	West Torrance
37	East Torrance
38	San Pedro
39	Rolling Hills–Palos Verdes
40	Catalina Island

Area No.	Submarket
1	Claremont
2	Pomona
3	San Dimas/La Verne
4	Walnut/Diamond Bar
5	Glendora
6	Azusa/Monrovia
7	Covina
8	West Covina
9	Rowland Heights
10	Baldwin Park
11	City of Industry/Hacienda Heights
12	Whittier/La Mirada
13	Sante Fe Springs/Norwalk
14	Artesia
15	Lakewood/Hawaiian Gardens
16	East Long Beach
17	SW Long Beach
18	NW Long Beach
19	West Long Beach
20	Compton
21	Bellflower/Paramount
22	Downey/Southgate
23	Maywood/Bell/Montebello
24	East Los Angeles South
25	East Los Angeles North
26	S El Monte/Rosemead
27	Alhambra/San Gabriel/El Monte
28	Pasadena/Arcadia

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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