



MULTIFAMILY REPORT

LA's Mixed Start to 2025

February 2025

Construction Starts Down YoY

Job Growth Still in Recovery Mode

T3 Rent Contractions on Par With US



LOS ANGELES MULTIFAMILY



Rent Growth Softens, Occupancy Stays Solid

Los Angeles' fundamentals were a mixed bag at the end of 2024, and the January wildfires will likely put more pressure on the rental market, as well as the local economy. Average advertised asking rents were down 0.2% on a three-month basis through December, to \$2,619, on par with the U.S. figure. Occupancy in stabilized assets was up 10 basis points year-over-year as of November, to 96.0%.

Los Angeles job growth was 1.4% year-over-year through November, just 10 basis points ahead of the U.S. figure. Over the 12-month period ending in November, Los Angeles added 46,200 jobs. Education and health services (42,600 positions) and trade, transportation and utilities (10,100) led gains, while four other sectors lost a combined 13,700 jobs. Meanwhile, the unemployment rate clocked in at 5.4% in November, according to preliminary data from the Bureau of Labor Statistics, on par with California and trailing the U.S. (4.2%). Construction started on the Pier B On-Dock Rail Support Facility, a \$1.6 billion project that will increase the volume of on-dock rail cargo the port can handle. The multi-phase development is scheduled for a 2032 completion.

Developers completed 8,346 units in 2024, down by more than 40% year-over-year, in line with nationwide trends. Another 31,363 units were underway as of December. Investment volume neared \$2.1 billion in 2024, for an average price per unit that rose 6.1% year-over-year, to \$343,521.

Market Analysis | February 2025

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Recent Los Angeles Transactions

The Gabriel



City: Pomona, Calif.
Buyer: Prime Residential
Purchase Price: \$115 MM
Price per Unit: \$368,590

Sofi Ventura



City: Ventura, Calif.
Buyer: Thomas Redfern & Associates
Purchase Price: \$88 MM
Price per Unit: \$346,457

Candela



City: Los Angeles
Buyer: Cityview
Purchase Price: \$35 MM
Price per Unit: \$316,875

Harbor Terrace

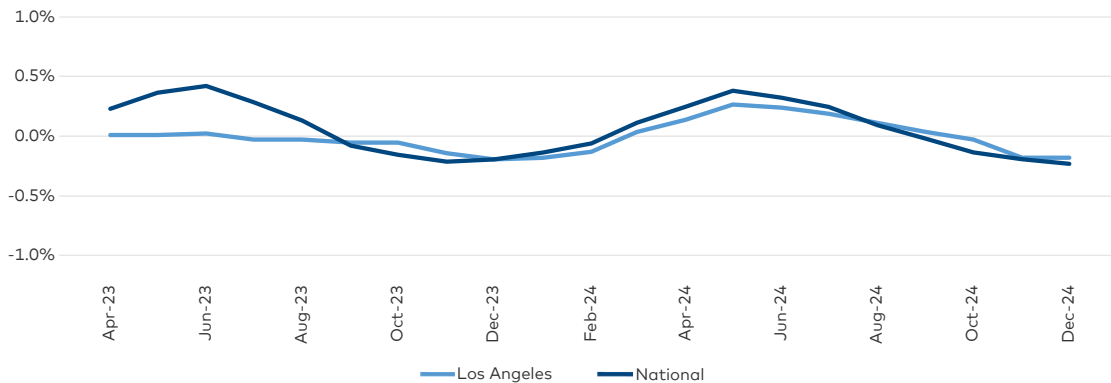


City: San Pedro, Calif.
Buyer: Post Investment Group
Purchase Price: \$24 MM
Price per Unit: \$260,753

RENT TRENDS

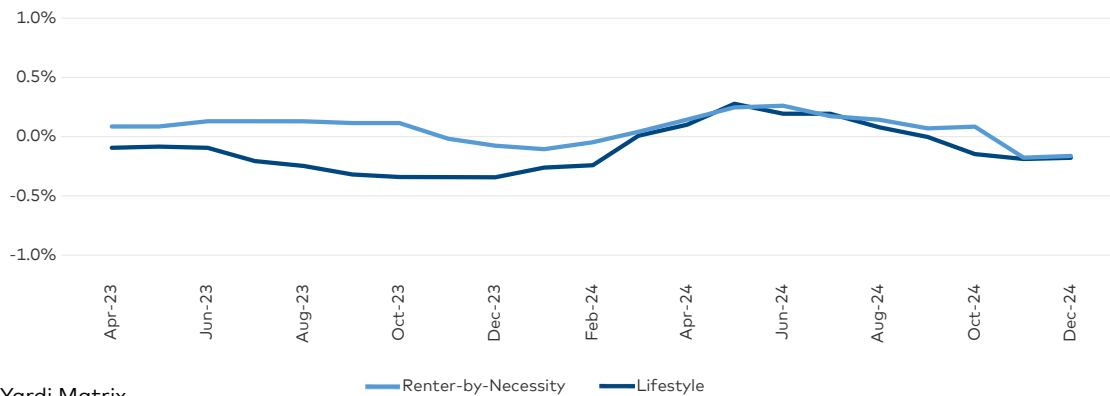
- ▶ The average advertised asking rent in Los Angeles fell for the second consecutive month by 0.2% on a trailing three-month (T3) basis through December, to \$2,619. The T3 rate was on par with the U.S., which closed the year at \$1,742. The metro's rents ticked up 0.4% last year, lagging the U.S. figure by 20 basis points.
- ▶ The decline in advertised asking rents was even across property segments, down 0.2% on a T3 basis through December for both—to \$3,210 for upscale Lifestyle assets and \$2,276 for working-class Renter-by-Necessity properties.
- ▶ The occupancy rate in stabilized properties inched up 10 basis points year-over-year through November, to 96.0%. This was due to a 30-basis-point uptick in Lifestyle occupancy, to 95.4%, while RBN occupancy remained unchanged at 96.4%. Meanwhile, the national average stood at 94.7%.
- ▶ Advertised asking rent growth was positive in some of the metro's most expensive submarkets, including Santa Monica–Brentwood (up 3.3% year-over-year to \$3,849), Westwood (1.6% to \$3,719) and Marina Del Rey (up 0.4% year-over-year to \$4,029). Only 13 submarkets had average rents just below \$2,000, while the bulk posted rates in the \$2,000 to \$2,980 range.
- ▶ In January, 15 multifamily firms and real estate industry groups launched the LA Wildfires CRE Pledge for Action, aimed at supporting those affected by the fires, with a focus on fighting price gouging by apartment owners.

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

- Employment growth remained in recovery mode since bottoming out in December 2023, posting an increase of 1.4% year-over-year through November 2024. The U.S. rate was just 10 basis points behind.
- The unemployment rate in Los Angeles stood at 5.4% in November, according to preliminary data from the Bureau of Labor Statistics. Throughout the year it moved in the 4.3% to 6.2% band. Meanwhile, the U.S. rate was 4.2% and California at 5.4%.
- Los Angeles added 46,200 new jobs over the 12-month period ending in November. Gains were led by the metro's largest sectors— education and health services (42,600 jobs) and trade, transportation and utilities (10,100 jobs). Meanwhile, four sectors lost a combined 13,700 positions, including manufacturing (-10,400) and construction (-2,400).
- Among the significant projects under construction in Los Angeles is the Pier B On-Dock Rail Support Facility, which broke ground in July. The \$1.6 billion development will increase the size of the existing rail yard and the volume of on-dock rail cargo the port can handle annually, from 1.5 million twenty-foot equivalent units to 4.7 million TEUs. The multiphase development is scheduled for completion in 2032.

Los Angeles Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	981.2	21.1%
40	Trade, Transportation and Utilities	854.6	18.4%
90	Government	595.1	12.8%
80	Other Services	162.8	3.5%
50	Information	185.5	4.0%
55	Financial Activities	213.1	4.6%
60	Professional and Business Services	650.4	14.0%
70	Leisure and Hospitality	540.8	11.6%
15	Mining, Logging and Construction	152.3	3.3%
30	Manufacturing	308.6	6.6%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- Los Angeles' population shrunk by 90,641 residents in 2022, for a 0.7% decline year-over-year, while the U.S. rate rose 0.4%.
- The metro's population had been trending downward even before the pandemic, marking a 0.3% decline between 2019 and 2020.

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

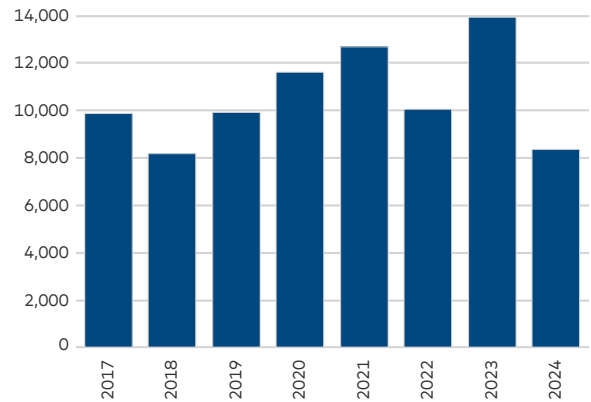
Source: U.S. Census

SUPPLY

- Stock expansion was limited in Los Angeles in 2024, with just 8,346 units coming online through December. This was 1.7% of existing stock, the lowest recorded over the last decade and 130 basis points behind the U.S. figure. Metro Los Angeles led deliveries with 4,276 units across 32 properties, followed by San Fernando Valley (2,143 units across 17 properties) and Eastern Los Angeles County (1,927 units across 19 properties). Nearly two-thirds of last year's completions were Lifestyle units, while fully affordable units accounted for 28.4% and RBN for 8.4%.
- The construction pipeline had 31,353 units underway as of December and another 180,000 in the planning and permitting phases. In line with nationwide trends, developers still targeted the upscale segment, as nearly 65.0% of all units underway were in Lifestyle projects, while a little over a third of them were in fully affordable assets.
- Construction starts plummeted across Los Angeles last year, with only 7,060 units breaking ground. This was down to less than half of the 14,210 units that started construction in 2023.

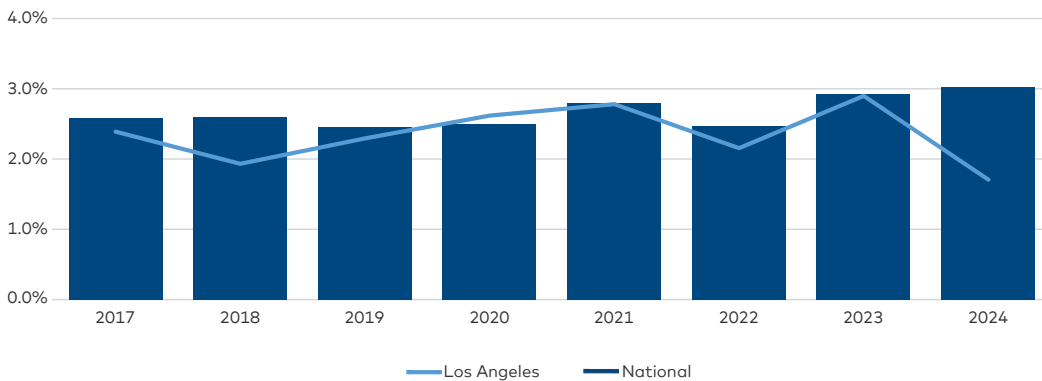
- Metro Los Angeles remained the most active submarket, with 17,012 units under construction, followed by San Fernando Valley (8,240) and Eastern Los Angeles County (6,100).
- One of the largest properties to come online in the latter part of the year was the 436-unit Alexan Marmont. Trammell Crow Residential developed it with aid from a \$129 million construction loan from Wells Fargo Bank.

Los Angeles Completions (as of December 2024)



Source: Yardi Matrix

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



Source: Yardi Matrix

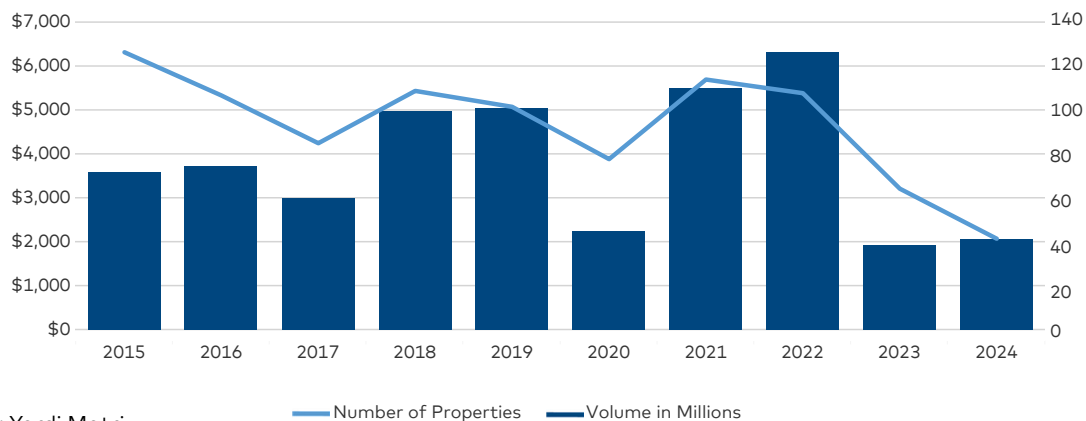
TRANSACTIONS

- Los Angeles investors traded nearly \$2.1 billion in multifamily sales in 2024, making it the second slowest year for activity over the past decade, well below the \$4 billion annual average recorded since 2015. Last year, metro Los Angeles led with \$900 million, followed by San Fernando Valley with \$804 million and Eastern Los Angeles County with \$355 million.
- Only 44 single-asset transactions closed last year, the lowest over the past 10 years. The overall average price per unit rose 6.1% year-

over-year, to \$343,521. Investors were focused on value-add deals, with 29 RBN sales closing, for an average of \$290,743 per unit. Meanwhile, Lifestyle assets traded for \$405,523 per unit.

- Notable recent transactions include Prime Residential's \$115 million acquisition of a 312-unit asset in Eastern County from Greystar. The new owner paid \$368,590 per unit, with aid from a \$75 million GSE loan issued by CBRE Capital Markets.

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



Source: Yardi Matrix

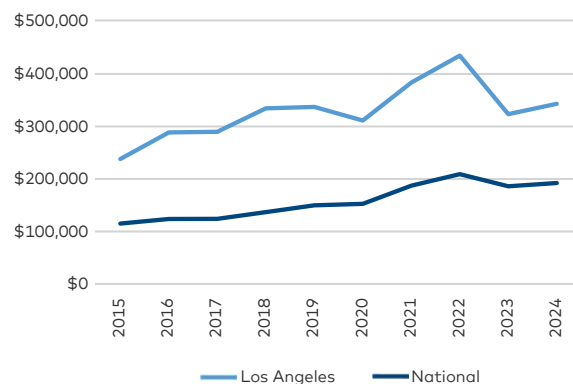
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Downtown Los Angeles	272
North Hollywood	210
Mid Wilshire East	154
Thousand Oaks	153
Moorpark	133
Pomona	129
El Segundo–Playa de Rey	122

Source: Yardi Matrix

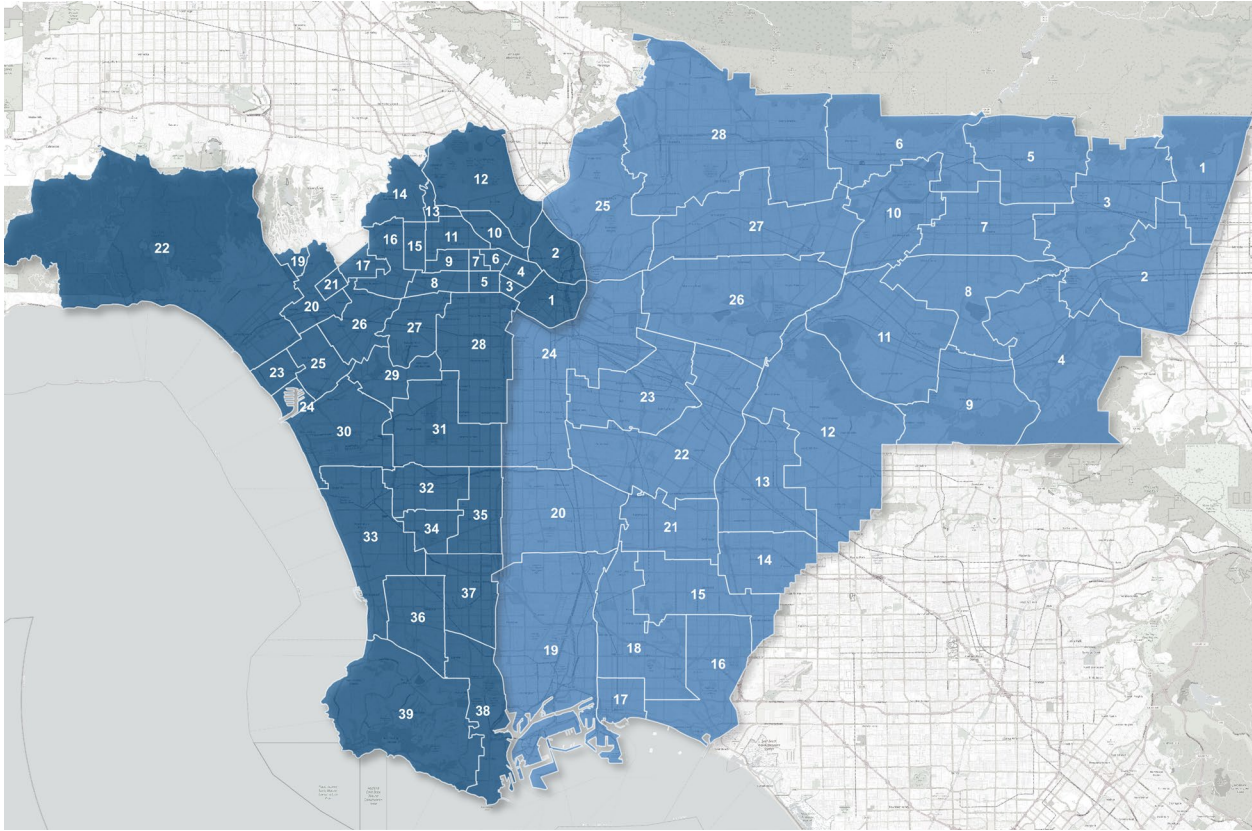
¹ From January 2024 to December 2024

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/LaVerne
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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- Access aggregated and anonymized residential revenue and expense comps



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