

Yardi® Matrix

Orange County's Tight Market

Multifamily Report Summer 2019

Rent Growth Trails
National Average

Developers Target
Anaheim, South Irvine

Investment Activity
Stays Above \$1B

ORANGE COUNTY MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2019

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High-Paying Jobs Boost Demand

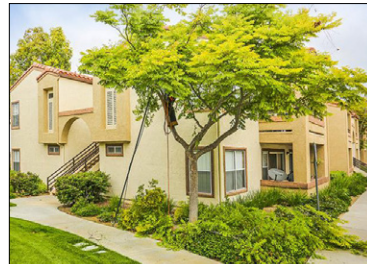
Steady employment and population growth in the context of a high barrier to homeownership underpin apartment demand in Orange County, which continues to attract multifamily developers and investors alike. As construction activity has yet to catch up with demand, the occupancy rate in stabilized properties remained high over the past 12 months, at 95.9% as of March, despite the delivery of 4,789 units in 2018.

The metro recorded an increase in higher-paying jobs in recent years, particularly in middle and highly skilled industries in professional and business services, which gained 8,300 positions in the 12 months ending in March, as well as in education and health services, which added 4,400 jobs. The leisure and hospitality sector gained 4,100 positions, boosted by the 50 million visitors spending more than \$13 billion last year, according to the Orange County Visitors Association.

Multifamily investors are drawn to the market's stability and lucrative assets, having pushed sales volumes above the \$1 billion mark every year since 2015. Last year, a limited inventory of large for-sale properties steered buyers toward older suburban Class C assets of less than 100 units, with acquisition yields possibly reaching 8.0%. We expect the average Orange County rent to advance 2.4% in 2019.

Recent Orange County Transactions

Seacrest



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

Fusion



City: Irvine, Calif.
Buyer: Olympus Property
Purchase Price: \$119 MM
Price per Unit: \$423,214

Idyllwillow



City: Mission Viejo, Calif.
Buyer: A & M Properties
Purchase Price: \$76 MM
Price per Unit: \$190,000

Cypress Village



City: Buena Park, Calif.
Buyer: Priya Living
Purchase Price: \$29 MM
Price per Unit: \$327,841