



MULTIFAMILY REPORT

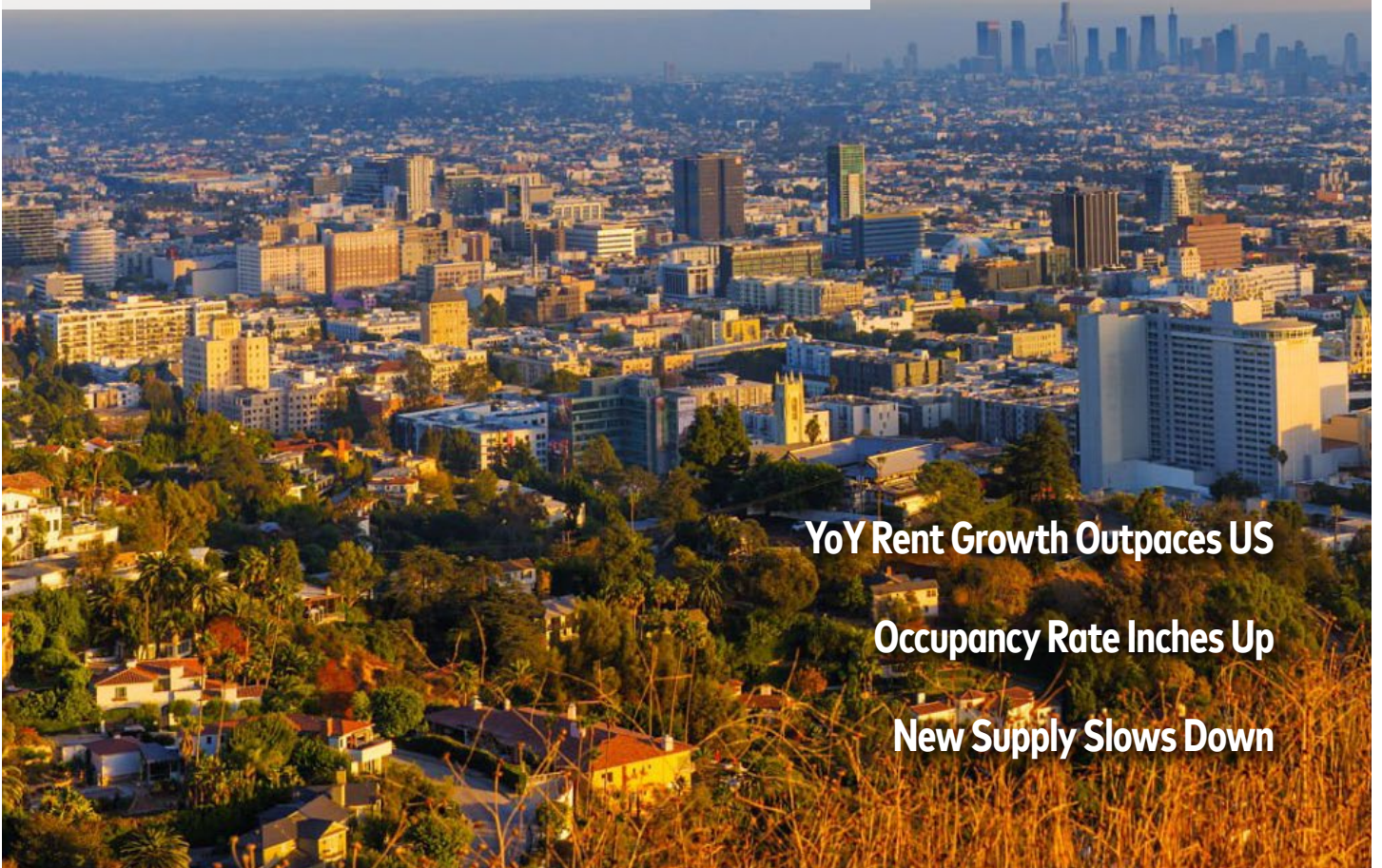
LA's Balancing Act

June 2025

YoY Rent Growth Outpaces US

Occupancy Rate Inches Up

New Supply Slows Down



LOS ANGELES MULTIFAMILY



Rent Growth Stable, Occupancy Up

Los Angeles fundamentals faced a balancing act at the start of the second quarter, as the economic impact of tariffs remained uncertain. Average advertised asking rents grew 0.2%, on a trailing three-month basis through April, on par with the nation, to \$2,652, marking two consecutive months of recovery. Even after four years of strong supply growth, occupancy in stabilized assets remained elevated, at 96% as of March, ahead of the 94.4% U.S. figure.

Employment gains slowed to 0.4% through February, less than half the 0.9% U.S. figure. Area unemployment mirrored the slowdown, clocking in at 4.8% as of March, 60 basis points above the U.S. rate. Nearly all sectors shed jobs over the 12 months ending in February, for a combined loss of 3,200 net positions. The only two sectors that gained jobs were education and health services (48,000) and government (9,100). To aid California's economic recovery, the governor launched a new initiative, which will invest at least \$245 million in key sectors and projects.

Developers had 29,520 units under construction across the metro as of April. However, completions during the first four months of the year signal a potential slowdown, with 2,924 units, or 0.6% of existing stock, coming online. Yardi Matrix expects some 11,000 units to come online this year, in line with the average recorded since 2017.

Market Analysis | June 2025

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Recent Los Angeles Transactions

Highridge



City: Rancho Palos Verdes, Calif.
Buyer: Bascom Group
Purchase Price: \$127 MM
Price per Unit: \$498,267

Chaparral



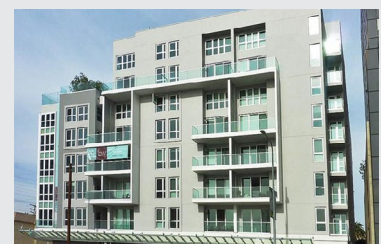
City: West Palmdale, Calif.
Buyer: Post Investment Group
Purchase Price: \$71 MM
Price per Unit: \$239,865

Pasadena Gateway Villas



City: Pasadena, Calif.
Buyer: Hines Interests
Purchase Price: \$60 MM
Price per Unit: \$428,571

The BW

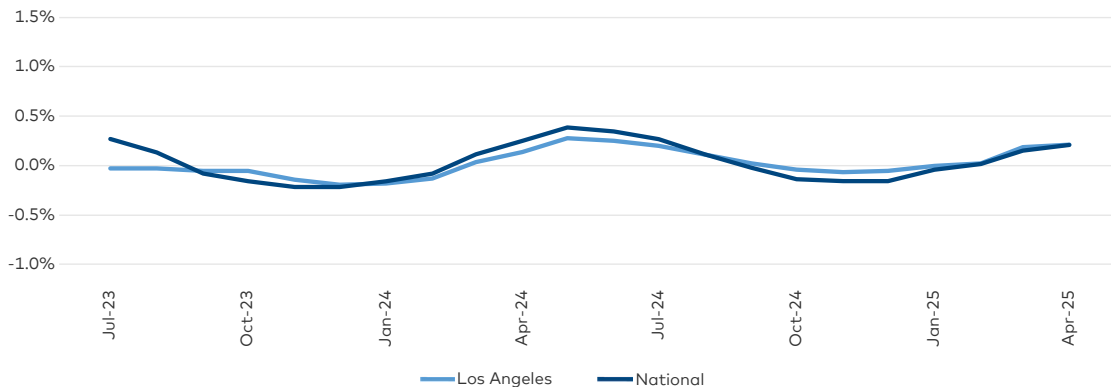


City: Los Angeles
Buyer: Canfield Development
Purchase Price: \$58 MM
Price per Unit: \$744,872

RENT TRENDS

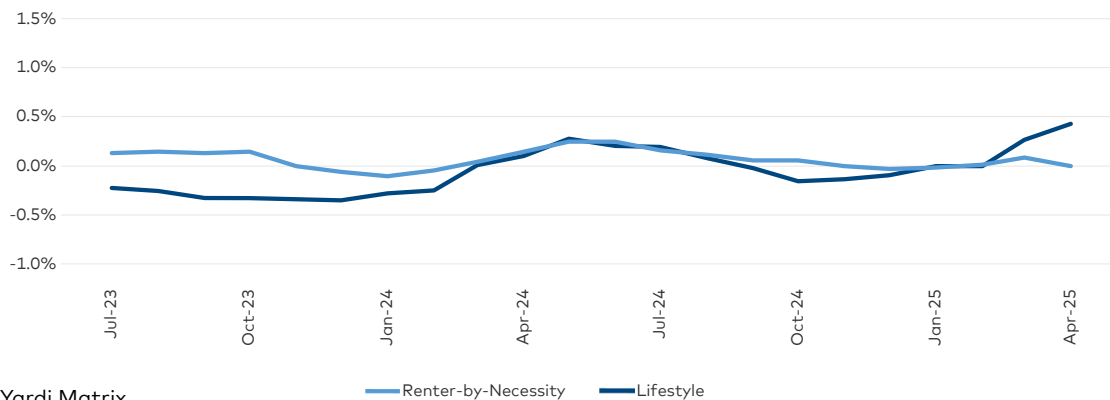
- ▶ Los Angeles average advertised asking rents remained on a positive trend, up 0.2% on a trailing three-month (T3) basis through April—on par with the nation—to \$2,652. This was the second month of positive development, albeit at a slower pace than other major metros, following mild contractions at the end of last year. Year-over-year, rents were up 1.1%, slightly ahead of the 0.9% national rate.
- ▶ Looking at quality segments, advertised asking rents for working-class Renter-by-Necessity assets stayed flat, on a T3 basis through April, at an average of \$2,284. Meanwhile, rates for the upscale Lifestyle segment grew 0.4%, to \$3,270. Unlike RBN rates, however, Lifestyle rents recorded a three-month period of contractions last year.
- ▶ The metro's average occupancy rate in stabilized assets inched up 10 basis points year-over-year, to 96.0% as of March, while the national figure dipped 20 basis points, to 94.4%. Both quality segments recorded modest gains in L.A., which partly highlights strong demand, even as the last four years registered some of the strongest pipelines in recent memory. Lifestyle occupancy ticked up 20 basis points, to 95.4%, while RBN was up 10 basis points, to 96.4%.
- ▶ A few core and suburban submarkets led year-over-year advertised asking rent growth across the metro, including Inglewood (up 14.8% to \$2,359), Silverlake (11.8% to \$2,588), Thousand Oaks (5.1% to \$2,944), Gardena (4.6% to \$1,863) and Glendale (4.4% to \$3,009).

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 in the metro stood at 0.4% as of February, lagging the U.S. figure by 50 basis points. After a modest recovery last year, the rate returned to where it was in February 2024, as growing uncertainty started to leave its mark on the job market. Los Angeles trailed the nation throughout 2024, even during its stronger first half of the year, when the metro's figure was up to as high as 0.9%.
- In a similar fashion, Los Angeles' unemployment rate settled at 4.8% in March, up 20 basis points year-over-year after some fluctuation, preliminary BLS data shows. This was behind both California's 5.3% rate, as well as the nation's 4.2%.
- Los Angeles lost 3,200 net jobs in the 12 months ending in February. Education and health services gained 48,000 positions, while the government sector added 9,100. The other sectors lost a combined 60,300 jobs, with manufacturing (-14,000) and leisure and hospitality (-9,300) taking the largest hits.
- California Gov. Gavin Newsom released a new statewide plan to boost recovery, with more than \$245 million in targeted investments. Following the devastating wildfires at the beginning of the year, Southern California Edison submitted a \$6.2 billion mitigation plan that aims to address immediate and long-term infrastructure resilience.

Los Angeles Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	1,009.5	22.0%
90	Government	598.2	13.1%
40	Trade, Transportation and Utilities	810.3	17.7%
80	Other Services	154	3.4%
50	Information	191.2	4.2%
15	Mining, Logging and Construction	144.9	3.2%
55	Financial Activities	203	4.4%
60	Professional and Business Services	650.6	14.2%
70	Leisure and Hospitality	521.3	11.4%
30	Manufacturing	299.9	6.5%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- In 2022, Los Angeles' population declined by 90,641 residents, representing a 0.7% decrease and contrasting the nation's 0.4% uptick. Since then, the market has seen a rebound, with more than 40,000 residents added in 2023 and 2024.

Los Angeles vs. National Population

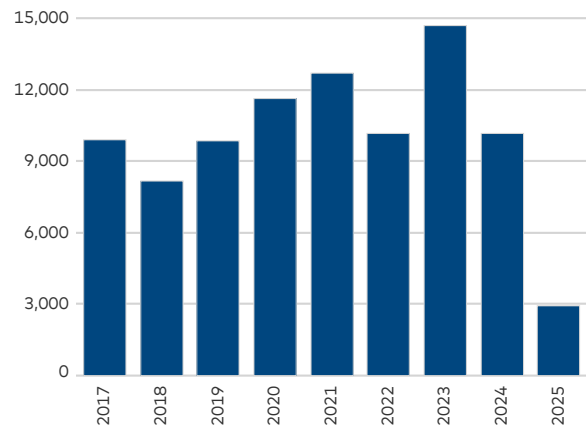
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Los Angeles	13,249,614	13,211,027	13,202,558	13,111,917

Source: U.S. Census

SUPPLY

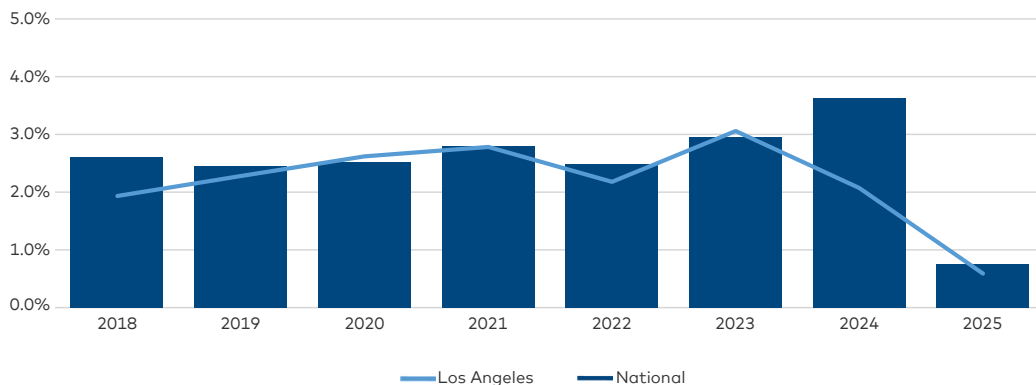
- ▶ Los Angeles had 29,520 units under construction in April, along with an additional 180,000 in the planning and permitting stages. The metro had one of the largest shares of fully affordable developments, with nearly 30% of the pipeline comprising units in such projects. The remainder was almost entirely comprised of units in Lifestyle assets, while RBN projects accounted for just 4%.
- ▶ Developers completed 2,924 units in the first four months of the year, which was 0.6% of existing stock and 20 basis points below the national figure. Completions declined 23.7% compared to the first four months of 2024, in line with nationwide trends of deceleration. Still, Yardi Matrix expects roughly 11,000 units to come online throughout 2025, which would be on par with the 10,909-unit annual average recorded in the metro since 2017. Construction costs are expected to rise 1% to 2% nationwide, according to NMHC, which would result in a slower pace of new development.
- ▶ The more immediate L.A. area comprised most of the under-construction pipeline, with 15,672 units underway as of April, followed by San Fernando Valley–Ventura County (8,131 units) and Eastern Los Angeles County (5,717 units).
- ▶ Completions year-to-date through April followed a similar trend, with 1,269 units coming online in the L.A. area, 758 in Eastern L.A. County and 714 in San Fernando Valley–Ventura County. The largest project completed during the period was a fully affordable community in the Camarillo submarket. AMCAL Housing developed Somis Ranch, which comprises 360 units intended for local farm workers earning up to 30%, 40%, 50% and 60% of the area median income.

Los Angeles Completions (as of April 2025)



Source: Yardi Matrix

Los Angeles vs. National Completions as a Percentage of Total Stock (as of April 2025)

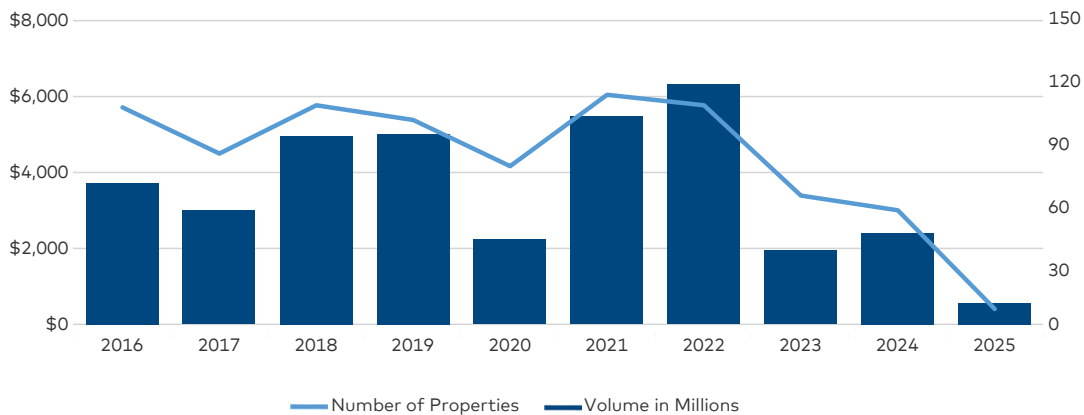


Source: Yardi Matrix

TRANSACTIONS

- ▶ Los Angeles investors traded \$569 million in multifamily assets year-to-date through April, 30.8% less compared to the same period last year. Activity across the metro remained slow, following two years of similar performance—2024 and 2023 both had volumes below the \$3.9 billion annual average recorded since 2015. Investors are likely to remain bearish this year, partly due to uncertainties on how tariffs will impact the economy in the long term.
- ▶ The 12 transactions that closed in the first four months of this year had a per-unit average price of \$355,006, which was considerably higher than the \$317,305 figure recorded last year due to the small sample size. Four Lifestyle assets traded for an average of \$469,825 per unit, along with eight RBN properties, at \$301,738 per unit.
- ▶ A large deal in the Rolling Hills–Palos Verdes submarket accounted for most of its volume. In February, Bascom Group paid \$127 million to Essex Property Trust for the 255-unit Highridge.

Los Angeles Sales Volume and Number of Properties Sold (as of April 2025)



Source: Yardi Matrix

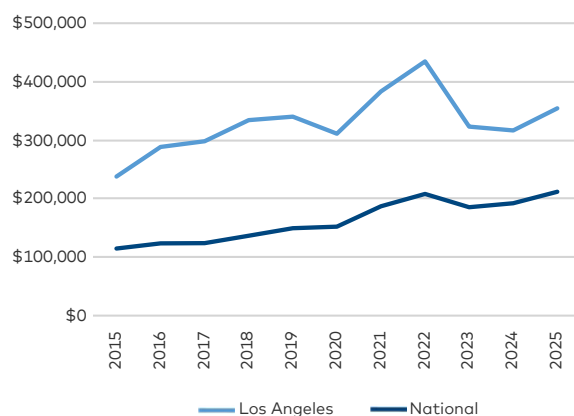
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
North Hollywood	210
Rolling Hills–Palos Verdes	208
Woodland Hills	142
Santa Monica–Brentwood	120
Downtown Los Angeles	117
Pomona	115
Pasadena–Arcadia	114

Source: Yardi Matrix

¹ From May 2024 to April 2025

Los Angeles vs. National Sales Price per Unit



Source: Yardi Matrix



What's the Solution to LA's Dire Housing Crisis? A Local Expert Weighs In

By Adina Rogoz

In the wake of the devastating wildfires and subsequent mudslides, Southern California's already dire housing crisis reached a critical level. *Multi-Housing News* caught up with Endeavor Group Real Estate Managing Partner Richard Rubin, a real estate expert and Los Angeles resident, about the wildfires' impact on rental availability, pricing and the broader housing market.

How much has demand for rental properties increased since the fires and the mudslides?

Rubin: Just to give an indication: It is estimated that some 10,000 homes were destroyed in Pacific Palisades and Malibu. So, this leaves a vacuum of probably, on average, some 25,000-40,000 people needing a place to live. Then there is the matter of if people would choose to move back to these areas even as they are being brought back to life. This is not taking into account the Altadena community where thousands of homes and businesses were destroyed.

With competition for housing so fierce, how much have rental rates increased in the affected areas?

Rubin: It is a perfect storm really, 300,000 unhoused in California, a statistic that is significantly underreported based on a host of factors, juxtaposed with the public sector's inefficiencies, the insane amounts of bureaucracy, exclusionary zoning, prohibitive build costs, cost of capital today, with debt and equity and now



these fires. There was an article that I read recently which said that for every \$1,000 of monthly rental, that figure is now north of \$2,000, which is just ridiculous. So, a \$2,000 studio is now \$4,000. Some of the more affluent folks who had homes destroyed and are not dependent on insurance payouts and relief from mortgage payments from lenders, are apparently purchasing other luxury homes in neighboring communities for cash.

As both a local and a real estate specialist, what's the magnitude of the reconstruction efforts needed in the area? What's your assessment?

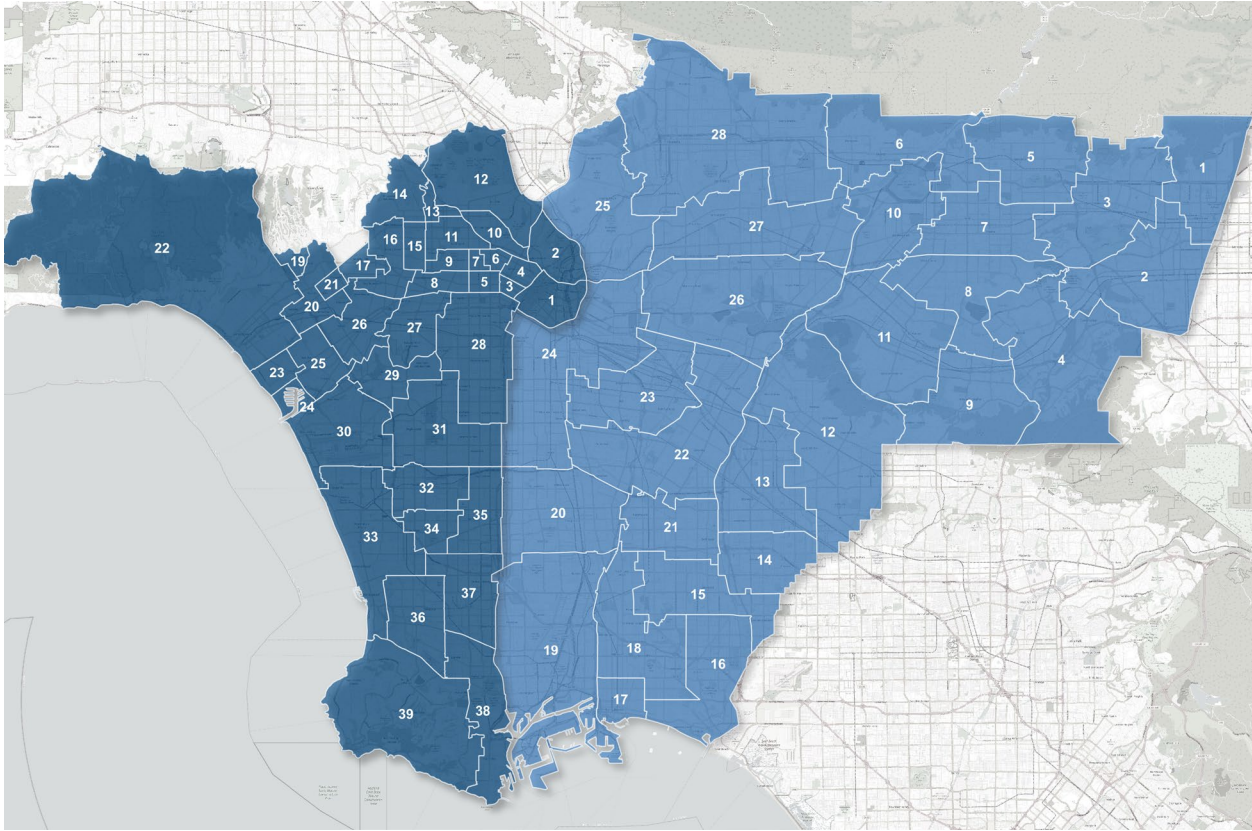
Rubin: I would say nothing in our lifetime has come close to this. It would be akin to rebuilding The City of Rome at the height of its powers, just on a larger scale, and The Olympics and Soccer World Cup loom. So, there is not only the infrastructure, which is needed to be rebuilt, reservoirs and fire department updates required, businesses rebuilt, there are tens of thousands of homes to be rebuilt.

What immediate steps should be taken to house displaced individuals, and how does adaptive reuse fit into the short-term response?

Rubin: There needs to be rapid fire housing solutions from federal, state and city levels. There is no silver bullet. The private sector needs to be allowed to act expediently without the usual nonsense in order to get plans looked at and approved.

(Read the complete interview on multihousingnews.com.)

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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- Gain complete new supply pipeline information from concept to completion
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