

Yardi® Matrix

MULTIFAMILY REPORT

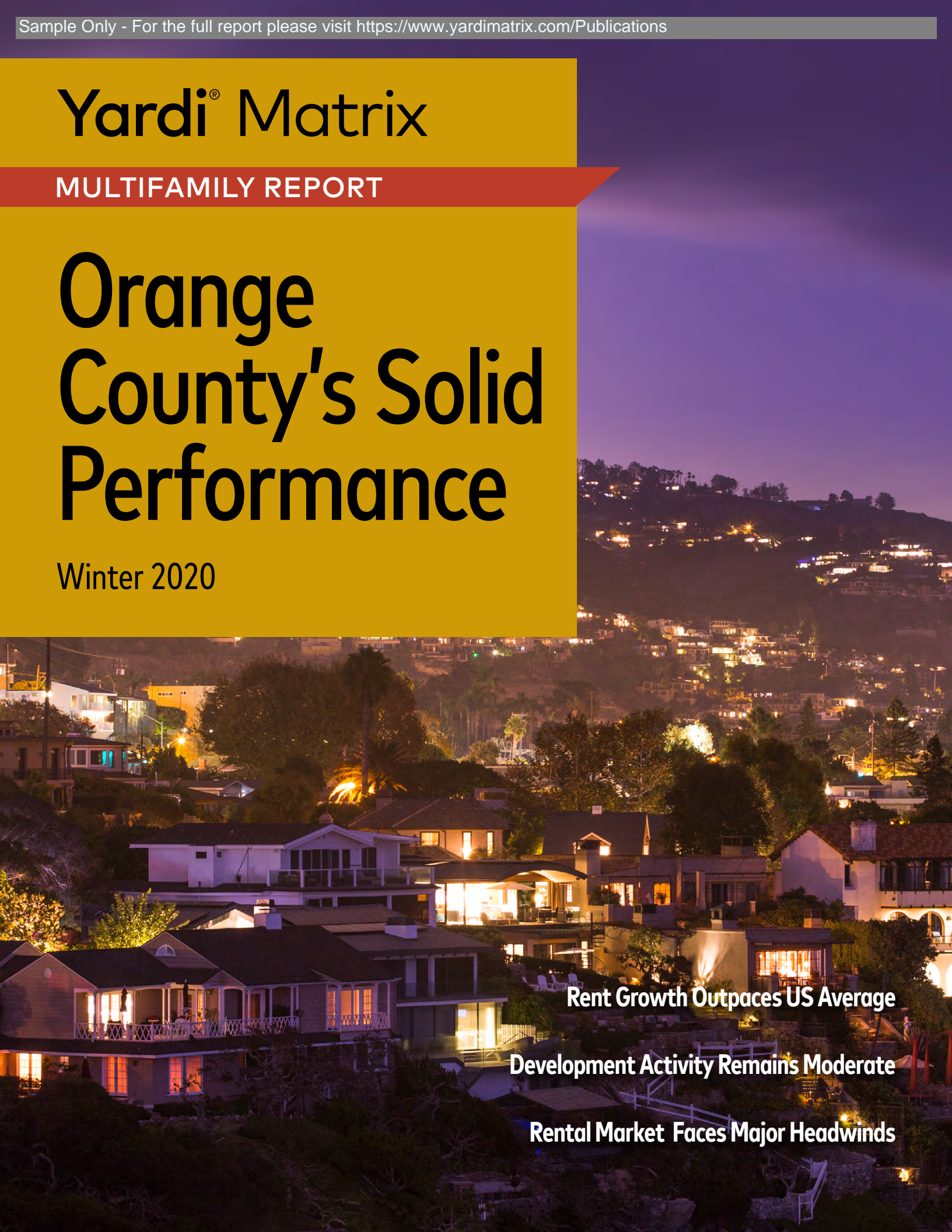
Orange County's Solid Performance

Winter 2020

Rent Growth Outpaces US Average

Development Activity Remains Moderate

Rental Market Faces Major Headwinds



ORANGE COUNTY MULTIFAMILY

Yardi® Matrix

Strong Demand Outpaces Supply

Orange County's multifamily market continues to see solid performance—due to strong demand and moderate supply growth—while single-family housing is among the most expensive in the nation. Despite policies that clash with the state's ties to global business opportunities, Orange County remains an economic powerhouse in Southern California.

Employment growth in the 12 months ending in September was led by professional and business services, which gained 7,500 jobs. Leisure and hospitality added 6,100 jobs, thanks to strong tourism activity, a dynamic driver of the region's economy. The metro's high-tech business sector was also solid, especially in Irvine, which is home to more than 900 tech companies.

In anticipation of rent-control legislation changes, only five multifamily assets traded in Orange County in 2019 through November, for a combined \$279 million. When the state's AB 1482 law takes effect in January 2020, rent growth will likely be impacted. Consequently, investors could become less attracted to value-add deals in Orange County, for which acquisition yields have been as high as 8.0%. In 2019 through November, 2,181 units came online and another 5,000 units were underway. Absorption is expected to keep up, sustained by an uptick in high-paying jobs.

Market Analysis | Winter 2020

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Recent Orange County Transactions

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

FountainGlen Goldenwest



City: Westminster, Calif.
Buyer: JP Morgan Asset
Management
Purchase Price: \$71 MM
Price per Unit: \$232,787

Cypress Village



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