LOS ANGELES, CA
MULTIFAMILY REPORT

2024 | MID-YEAR

Jobs Added / Lost*

LAST 12 MONTHS

44,400

1.0%

Unemployment*

JUNE 2024

5.2%

40 BPS YOY

*Seasonally Adjusted

LOS ANGELES, CA

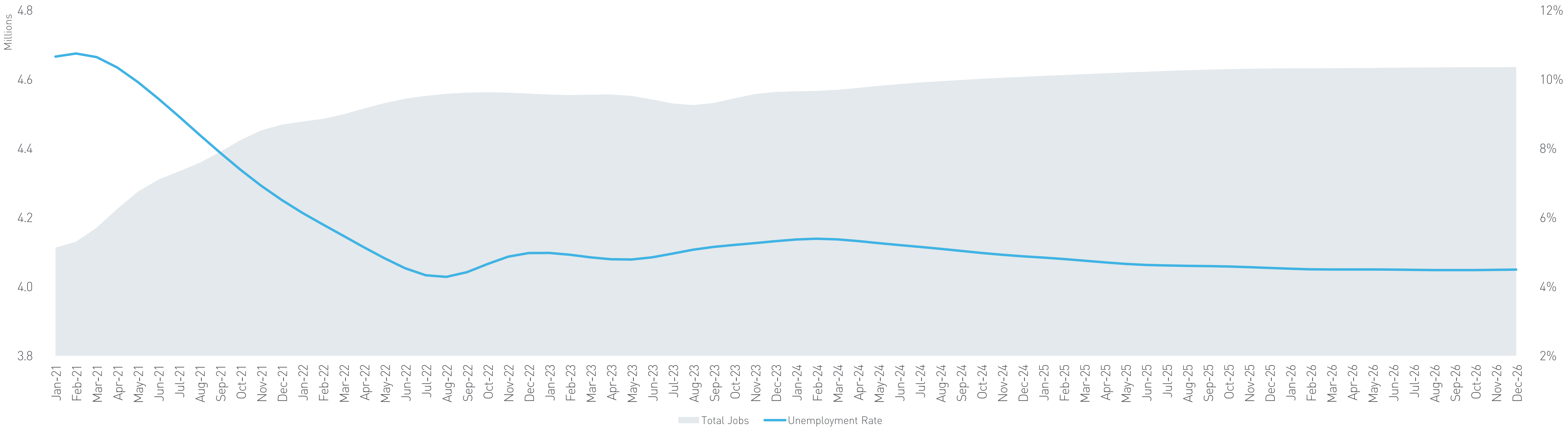
EMPLOYMENT

Businesses and institutions in Los Angeles County employed nearly 4.6 million people in June 2024, up 1.0% from one year earlier. Payroll gains were concentrated among the private education and healthcare and the leisure and hospitality sectors. Healthcare institutions stood by their long-term commitment to enhancing their services to residents and visitors by expanding payrolls in the last 12 months. Employers in the healthcare and social assistance subsector hired a net 37,500 workers from mid-2023 through mid-2024, a 4.9% increase. Aggregate employment among all levels of private schools—from elementary through post-secondary—increased 5.3% in the last 12 months with the net addition of 5,100 new jobs. A portion of the increase was spurred by the diminishing enrollment at public elementary, middle, and high schools and the influx of about 12% of those departing students to private schools. The leisure and hospitality industry was another significant contributor to job growth, with the net increase of 13,700 jobs in the last 12 months, a 2.6% gain. The area's vibrant tourism industry had much to do with this expansion. In 2023, the city of Los Angeles welcomed a record 55 million visitors. In Los Angeles County, visitor spending plus expenditures for air and ground transportation and convention/trade show services totaled nearly $34.1 billion in 2023, up 4.3% from the previous record in 2019.

In the News

- Ford to hire 450 workers at EV R&D center in Long Beach
- Intuit Dome in Inglewood to open in fall 2024 and employ 1,500 workers
- UCLA to open transformative research center in West Los Angeles

Employment Trends



Source: Moody's Analytics

2024 YEAR TO DATE

DELIVERIES
2,887 UNITS

ABSORPTION
107 UNITS

2024 TOTAL*

DELIVERIES
11,393 UNITS

ABSORPTION
15,491 UNITS

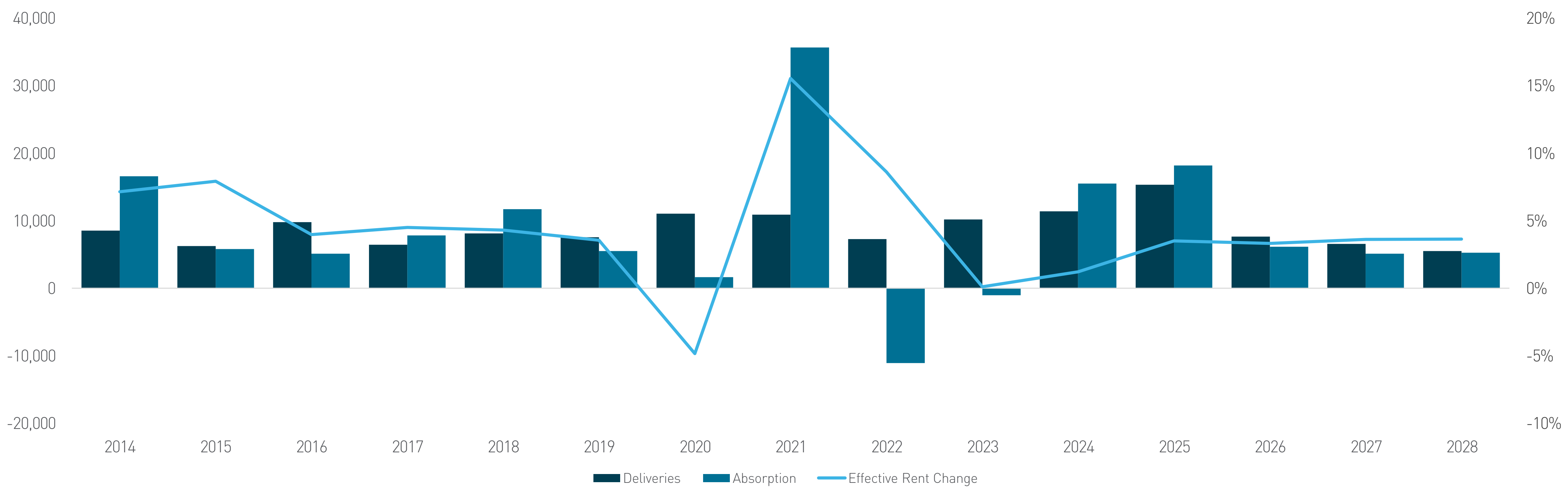
**Projected*

LOS ANGELES, CA

DELIVERIES & ABSORPTION

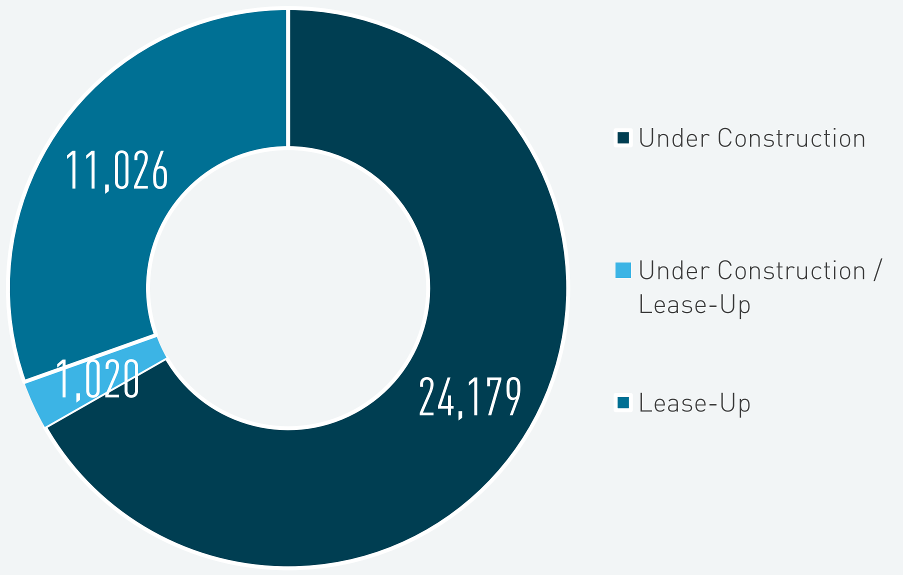
Builders delivered 2,887 apartment units in Los Angeles County in the first half of 2024, part of 8,514 units completed since mid-2023. Deliveries in the first half of this year marked a temporary slowdown but are projected to resume at an accelerated pace. From mid-2024 through the end of 2025, an estimated 19,100 apartment units are scheduled for completion. Net apartment absorption during this period is anticipated to outpace the heightened deliveries. And even if this influx of inventory created a supply imbalance, it would be temporary because of the persistent housing shortage in the county. According to the Los Angeles Business Council Institute, in the city of Los Angeles alone, over 456,000 housing units will need to be added through 2029 to meet the projected population growth. This level of development would be five times greater than residential development in the city from 2010 through 2019. Over the last 10 years, countywide net apartment absorption in the first half of each year averaged about 2,300 units, while net absorption during the last half of each year averaged over 5,400 units. In the first half of 2024, renters occupied a net 107 apartment units in the county, due in part to diminished demand that is common in the first quarter. Net apartment absorption is projected to ramp up sharply through 2025, coinciding with elevated apartment deliveries.

Deliveries, Absorption, & Effective Rent Change

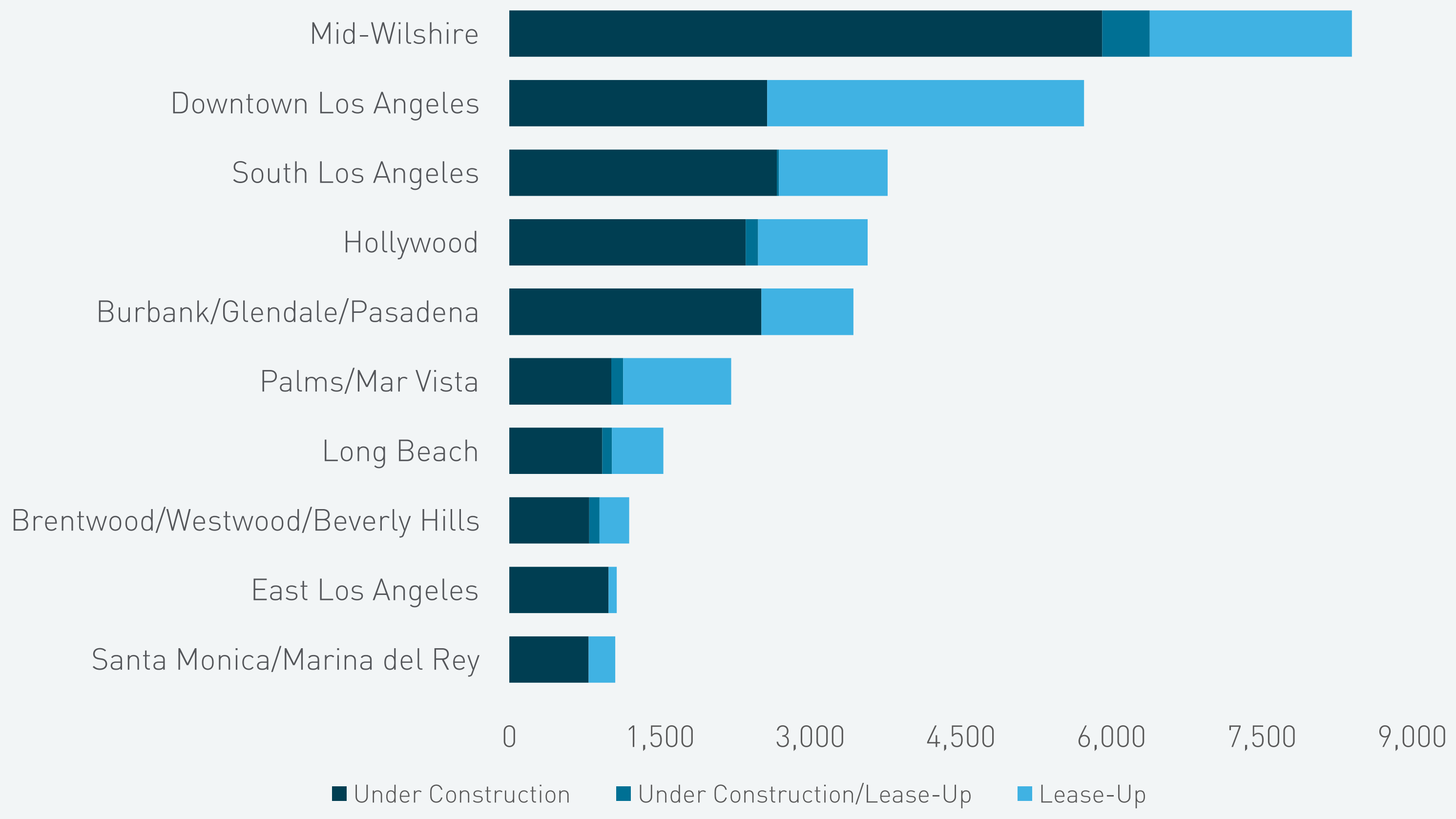


Source: RealPage

Market Pipeline



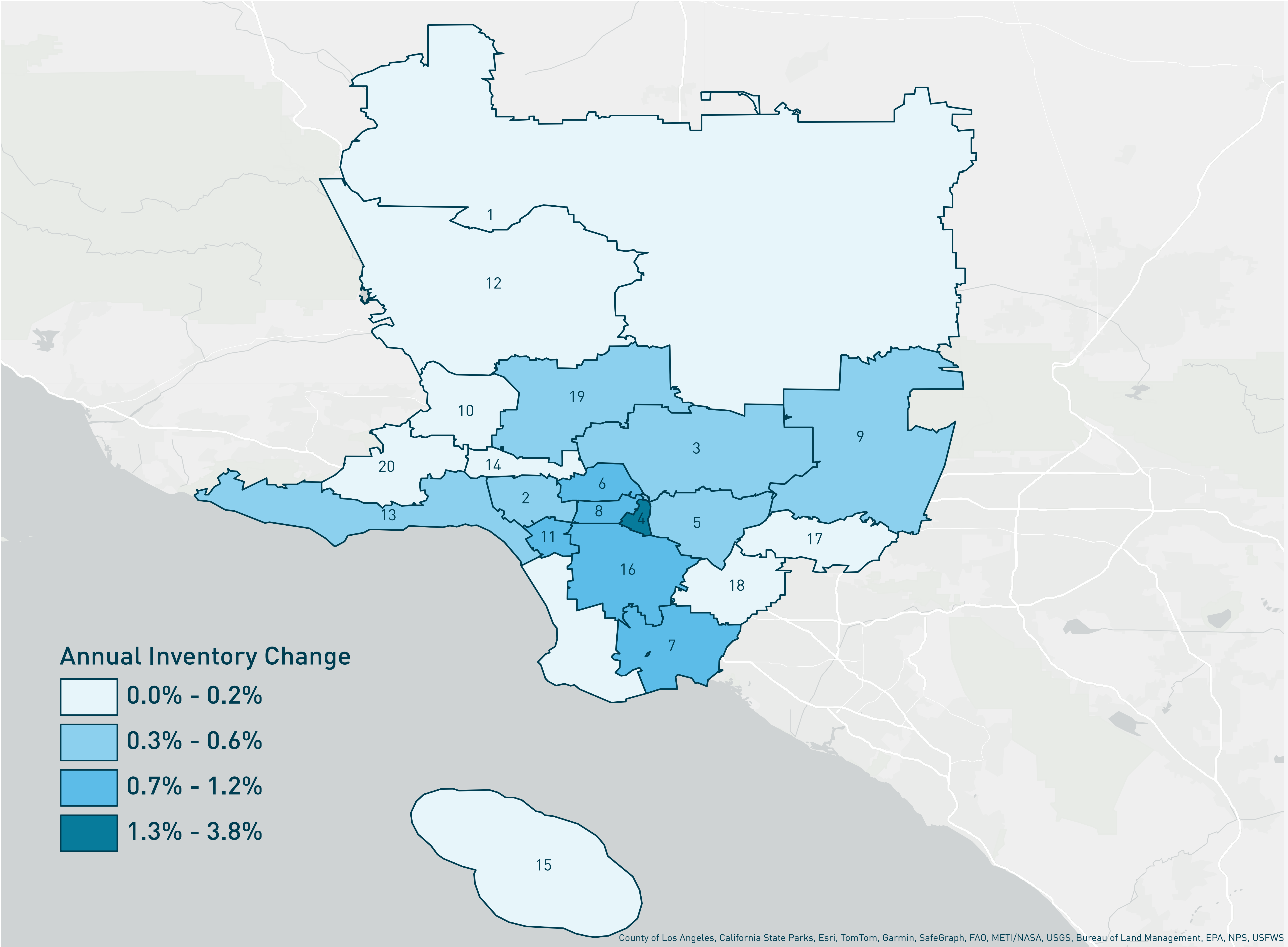
Top Submarket Pipelines



LOS ANGELES, CA

SUBMARKET MID-YEAR 2024 ANNUAL INVENTORY CHANGE

Multifamily developers favored the Downtown Los Angeles and Mid-Wilshire submarkets, where over 40% of countywide deliveries emerged in the last four quarters. These submarkets are popular with developers since residents are more amenable to high-density projects than in other areas of the county. The higher rents in these submarkets also make it easier for new developments to meet investment goals. While apartment inventory will continue to grow in these submarkets in the near term, new apartment stock will also come online in the Burbank/Glendale/Pasadena submarket—an area highly attractive to renters—which is expected to have 640 new apartments completed in the last half of this year. In the South Los Angeles submarket, which is increasingly recognized for its more affordable rents and convenience to the Silicon Beach and the South Bay, 584 new apartments are scheduled for delivery during the same period.



SUBMARKET BOUNDARIES

1. Antelope Valley
2. Brentwood / Westwood / Beverly Hills
3. Burbank / Glendale / Pasadena
4. Downtown Los Angeles
5. East Los Angeles
6. Hollywood
7. Long Beach
8. Mid-Wilshire
9. North San Gabriel Valley
10. Northridge / Northwest San Fernando Valley
11. Palms / Mar Vista
12. Santa Clarita Valley
13. Santa Monica / Marina del Rey
14. Sherman Oaks / North Hollywood / Encino
15. South Bay
16. South Los Angeles
17. South San Gabriel Valley
18. Southeast Los Angeles
19. Van Nuys / Northeast San Fernando Valley
20. Woodland Hills

Effective Rent

Q2 2024

$2,792

0.4% YOY

Occupancy

Q2 2024

94.9%

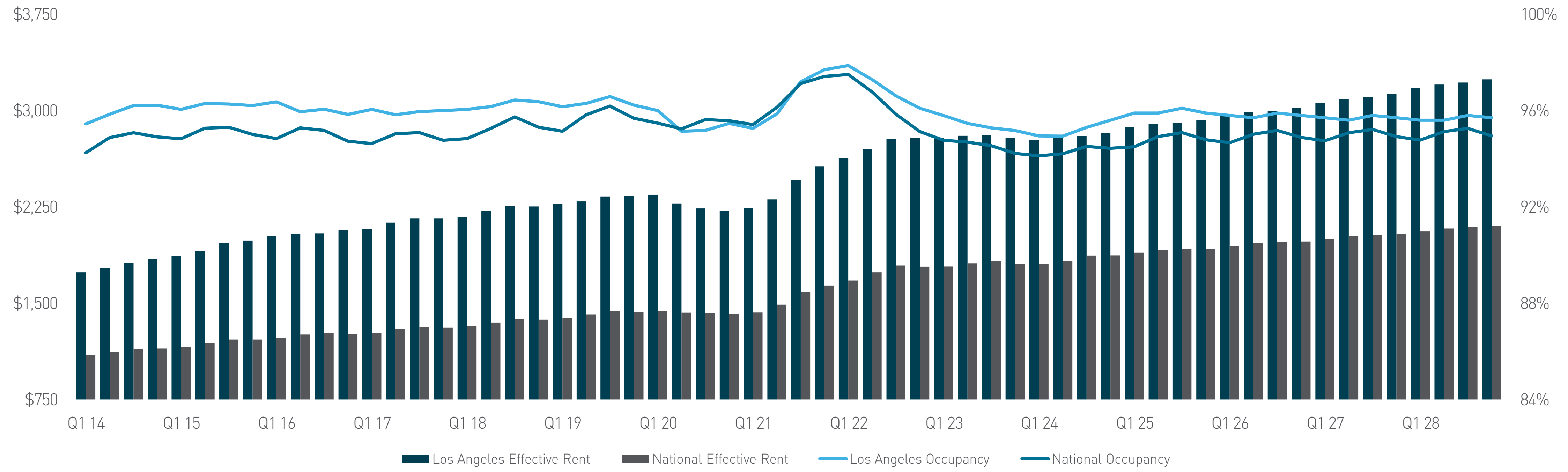
60 BPS YOY

LOS ANGELES, CA

RENT & OCCUPANCY

Effective rent in Los Angeles County averaged $2,792 per month in the second quarter of 2024, down 0.4% from one year earlier. Similarly, apartment occupancy in the county averaged 94.9%, a 60-basis-point reduction from mid-2023. Despite this decrease, the county's occupancy rate was 70 basis points higher than the national rate in mid-2024. Mass layoffs in the electronic gaming industry in the last 18 months had an outsized negative impact on employment in the Santa Monica/Marina del Rey apartment submarket. Consequently, apartment demand fell, spurring decreases in occupancy and rent in the submarket. Elsewhere in the county, the direction of effective rent in the last 12 months had a strong correlation with the change in apartment inventory. The submarkets with the steepest annual decline in effective rent—Downtown Los Angeles, Mid-Wilshire, and Hollywood—had annual inventory growth ranging from 1.2% to 3.8%. Effective rent decreased an average of 2.7% annually in these submarkets. In the remaining submarkets, overall apartment inventory grew just 0.4%, and these submarkets had a weighted 2.8% year-over-year increase in effective rent. Apartment fundamentals in Los Angeles County are expected to normalize in the near term. Quarterly occupancy rates from mid-2024 to the end of 2025 are forecast to gravitate from the mid-95% range to about 96%. Average quarter-over-quarter rent growth is expected to exceed 0.5% through 2025.

Los Angeles vs. National Effective Rent & Occupancy



Source: RealPage

Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

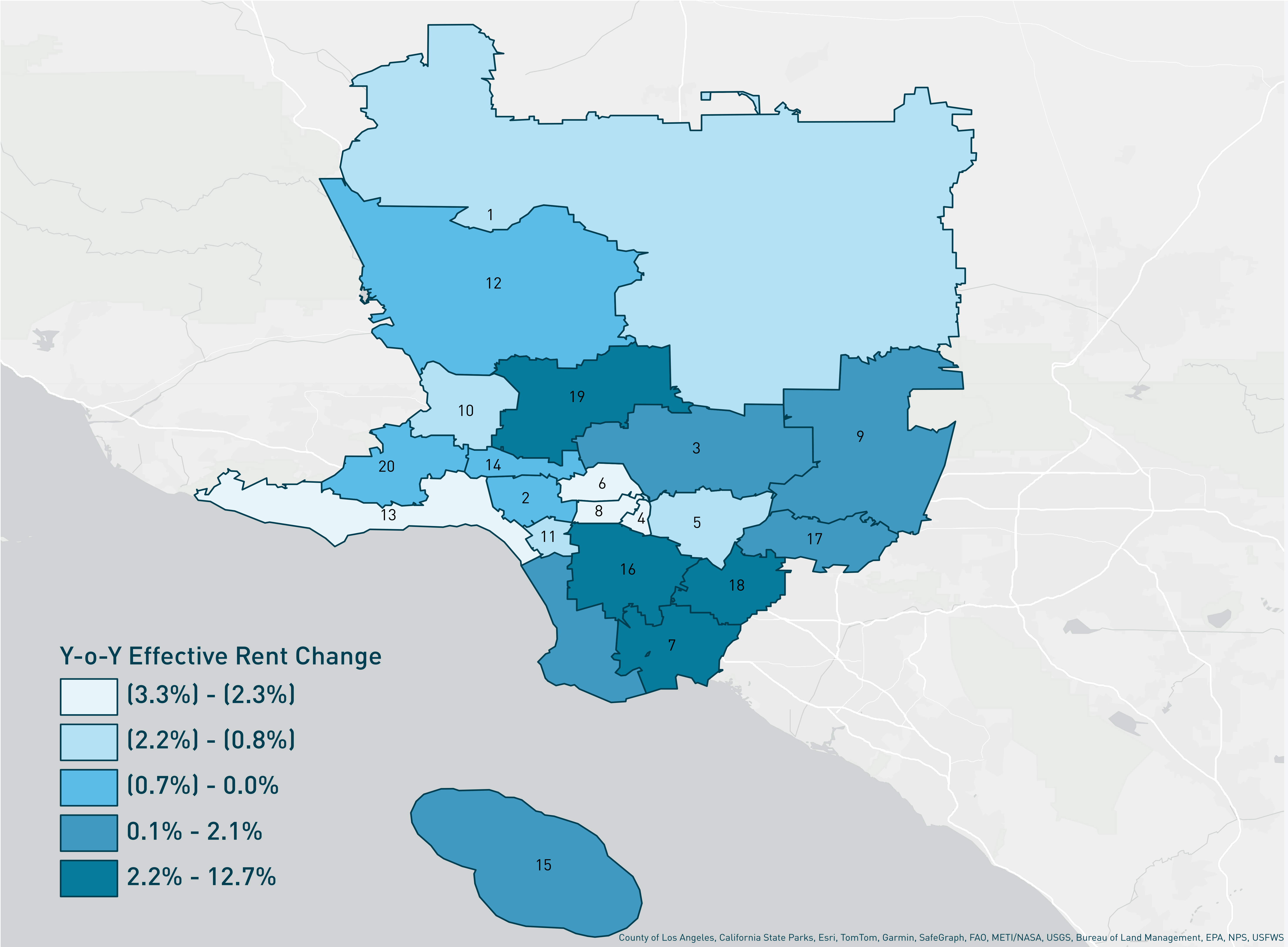
Submarket Performance

SUBMARKET NAME	Q2 2024 OCCUPANCY	YOY (BPS)	Q2 2024 EFFECTIVE RENT	YOY
Antelope Valley	95.8%	70	$1,883	-0.8%
Brentwood/Westwood/Beverly Hills	95.2%	90	$3,637	-0.7%
Burbank/Glendale/Pasadena	94.9%	-90	$2,989	1.9%
Downtown Los Angeles	93.1%	-30	$2,861	-3.3%
East Los Angeles	96.4%	-20	$2,063	-1.2%
Hollywood	94.1%	-100	$2,881	-2.3%
Long Beach	94.3%	-90	$2,699	4.0%
Mid-Wilshire	95.2%	-30	$2,807	-2.7%
North San Gabriel Valley	96.1%	-20	$2,307	2.1%
Northridge/Northwest San Fernando Valley	94.4%	-90	$2,371	-0.8%
Palms/Mar Vista	94.9%	-70	$3,206	-1.0%
Santa Clarita Valley	95.0%	-70	$2,734	-0.6%
Santa Monica/Marina del Rey	94.2%	-150	$3,799	-2.8%
Sherman Oaks/North Hollywood/Encino	95.4%	-80	$2,746	-0.2%
South Bay	95.8%	10	$3,155	0.6%
South Los Angeles	94.6%	-180	$2,635	12.7%
South San Gabriel Valley	96.1%	40	$2,342	1.3%
Southeast Los Angeles	96.2%	20	$2,439	4.1%
Van Nuys/Northeast San Fernando Valley	96.0%	-130	$2,280	4.7%
Woodland Hills	95.8%	0	$2,760	-0.6%

Apartment owners in the Burbank/Glendale/Pasadena submarket enjoyed rising rents in the last year. Though the submarket's effective rent was higher than the countywide average in mid-2023, the desirability of the primary cities in the submarket enabled 1.9% rent growth by mid-2024. Niche.com recently ranked Burbank and Pasadena among the top 50 Best Cities to Live in America. Rent growth also occurred in the South Los Angeles submarket. The submarket was the sixth-lowest rent submarket in the county in the second quarter of 2023, so operators had sufficient headroom for rent growth. Second-quarter 2024 average effective rent in the submarket was 12.7% higher than one year prior. This area's location is drawing greater appeal because of its convenient access to the Los Angeles International Airport, employment hubs in the South Bay, SoFi Stadium in Inglewood, and jobs and entertainment in central Los Angeles.

LOS ANGELES, CA

SUBMARKET MID-YEAR 2024 ANNUAL RENT CHANGE



SUBMARKET BOUNDARIES

1. Antelope Valley
2. Brentwood / Westwood / Beverly Hills
3. Burbank / Glendale / Pasadena
4. Downtown Los Angeles
5. East Los Angeles
6. Hollywood
7. Long Beach
8. Mid-Wilshire
9. North San Gabriel Valley
10. Northridge / Northwest San Fernando Valley
11. Palms / Mar Vista
12. Santa Clarita Valley
13. Santa Monica / Marina del Rey
14. Sherman Oaks / North Hollywood / Encino
15. South Bay
16. South Los Angeles
17. South San Gabriel Valley
18. Southeast Los Angeles
19. Van Nuys / Northeast San Fernando Valley
20. Woodland Hills

LOS ANGELES, CA

SALES

2024 Year to Date*

VOLUME $510.4M	**PRICE PER UNIT (AVG)** $426,322
TRANSACTIONS 5	**CAP RATE (AVG)** 5.3%

What's Trading?*

UNITS (AVG) 253	**YEAR BUILT (AVG)** 2000's
BUILDINGS (AVG) 1	**ACRES (AVG)** 1.41

Top Buyers*

BUYER	LOCATION
FPA Multifamily	San Francisco
DivcoWest	San Francisco
Abacus Capital Group	New York
Helio Group	West Hollywood, CA
Prime Group	San Francisco

Top Sellers*

SELLER	LOCATION
CIM Group	Los Angeles
Clarion Partners	New York
Alliance Residential	Phoenix
Greystar	Charleston, SC
AvalonBay	Arlington, VA

Source: MSCI Real Capital Analytics
*$50m+