Los Angeles Multifamily

MARKET OVERVIEW

Q2 2023

ECONOMIC SNAPSHOT FOR LOS ANGELES

AVERAGE WAGE GROWTH	4.7%
UNEMPLOYMENT RATE	4.8%
INFLATION RATE	4.3%

MULTIFAMILY SNAPSHOT

CURRENT AVAILABLE UNITS	39,261
UNITS UNDER CONSTRUCTION	29,188
UNITS PROPOSED	85,256
MARKET CAP RATE	4.6%
AVERAGE ASKING RENT	$2,162
AVERAGE SALE PRICE/UNIT	$253,995
MARKET VACANCY	4.9%

Rent Growth Slowing

Rental rates are stabilizing after the previous years' record pace, as inflation continues to erode renters' purchasing power. Occupancy rates remain above the 5-year average, at 95.1%. These rates are projected to remain stable, as a considerable number of individuals are opting to abstain from purchasing homes amidst the current economic climate.

Average rental rate growth, showing clear deceleration:

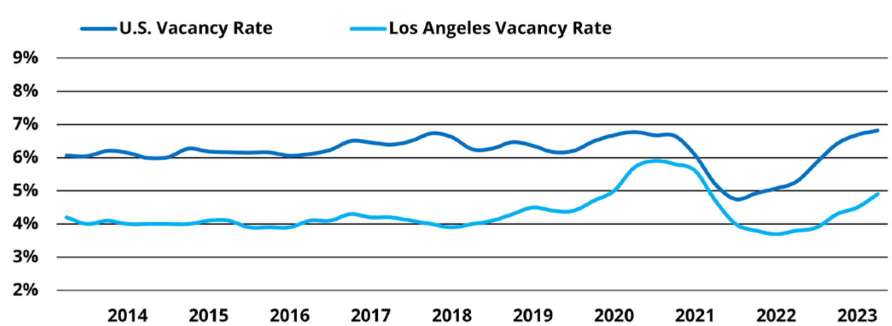
Q1 2023	2.2%	**Q2 2022**	6.8%
Q4 2022	3.4%	**Q1 2022**	7.6%
Q3 2022	4.8%	**Q4 2021**	6.1%

Multifamily Market Trendline

	Q2 2023	Q2 2022	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	4.8	4.8	↔	7.1	↑
NET ABSORPTION UNITS	1,157	1,371	↓	2,501	↑
OVERALL VACANCY RATE	4.9%	3.8%	↑	4.6%	↔
OVERALL VACANT UNITS	39,261	29,618	↑	34,883	↑
UNDER CONSTRUCTION UNITS	29,188	32,413	↓	29,937	↓
EFFECTIVE RENT (Unit)	$2,162	$2,141	↑	$2,017	↔
SALES VOLUME (Millions)	$531.0	$2,982	↓	$1,960	↓

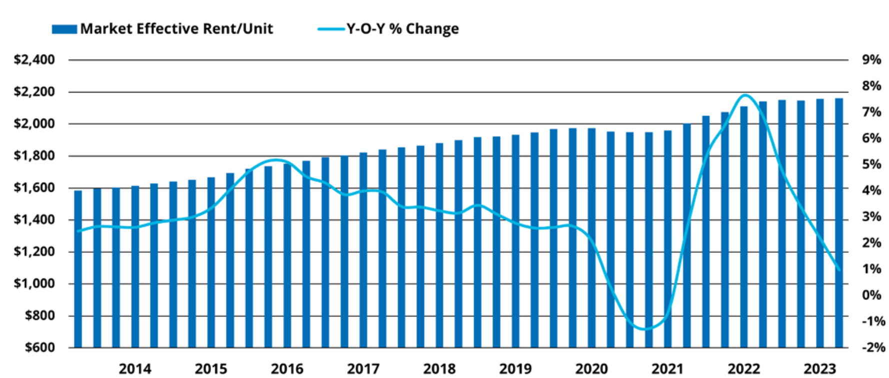
Source: Bureau of Labor Statistics, CoStar, Real Capital Analytics, Transwestern

Overall Vacancy Rate



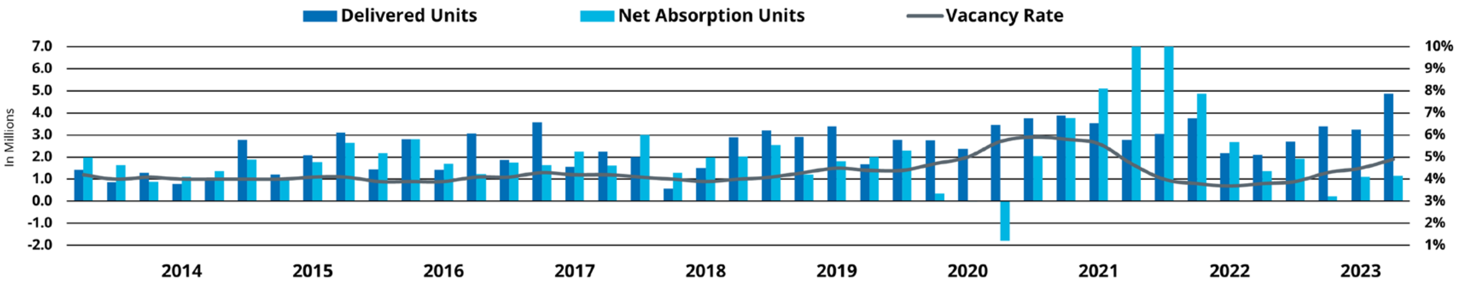
Source: CoStar, Transwestern

Effective Rent



Source: CoStar, Transwestern

Delivery Impact on Key Indicators



Source: CoStar, Transwestern

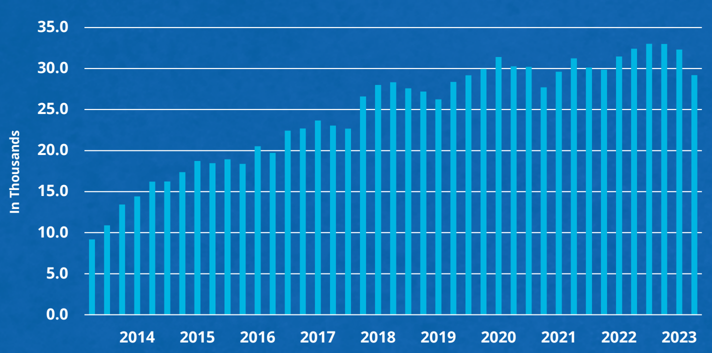
Market Indicators

All Classes of Space | Q2 2023

SUBMARKET	INVENTORY UNITS	VACANT UNITS	VACANCY RATE	UNDER CONSTRUCTION UNITS	NET ABSORPTION UNITS	Y-O-Y NET ABSORPTION UNITS	EFFECTIVE RENT PER UNIT	EFFECTIVE RENT PSF
TRI-CITIES	70,455	2,677	3.8%	2,371	11	110	$2,269	$1.73
WEST LOS ANGELES	125,785	8,378	6.7%	5,091	1	925	$3,004	$1.98
SOUTH BAY	93,601	3,758	4.0%	2,462	(30)	26	$2,077	$1.91
SAN FERNANDO VALLEY	170,732	6,665	3.9%	4,188	(121)	(143)	$2,055	$1.97
SAN GABRIEL VALLEY	64,978	2,420	3.7%	2,023	137	312	$1,879	$1.75
MID-CITIES/EASTERN LOS ANGELES	71,911	2,020	2.8%	1,319	34	(133)	$1,724	$1.76
HOLLYWOOD/WILSHIRE CORRIDOR	184,468	9,838	5.4%	8,818	696	2,805	$2,179	$1.72
DOWTOWN LOS ANGELES	42,691	4,202	10.1%	3,285	(35)	(86)	$2,602	$2.18
CALABASAS/THOUSAND OAKS	9,413	328	3.5%	0	54	30	$2,698	$1.64
TOTAL/AVERAGE	834,034	40,286	4.9%	29,557	83	427	$2,276	$1.85

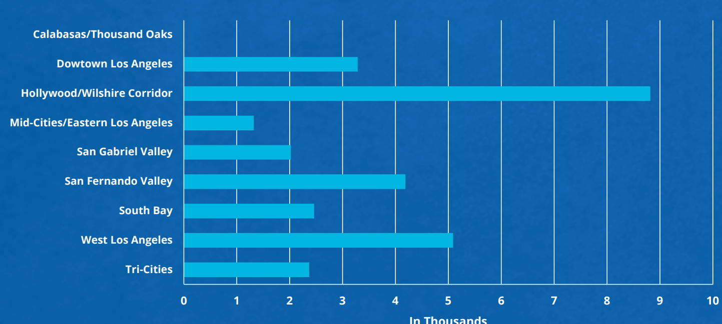
Source: CoStar, Transwestern

Under Construction



Source: CoStar, Transwestern

Under Construction by Submarket

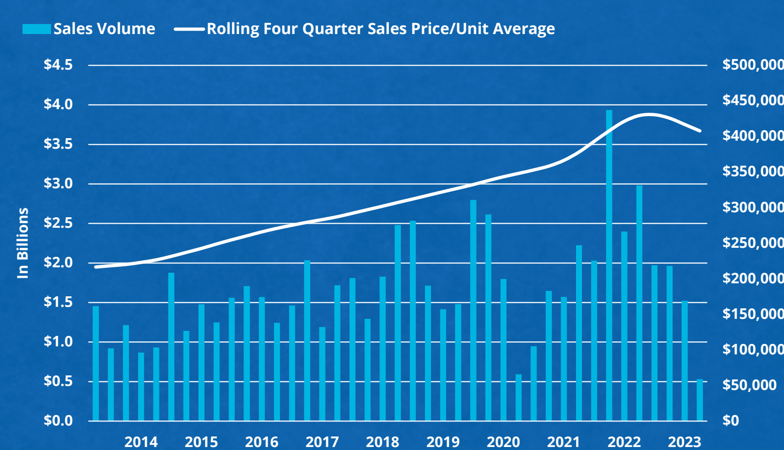


Source: CoStar, Transwestern

Tenant Demand

Moderate tenant demand is anticipated for the remainder of the year, coupled with 29,188 units currently under construction, accounting for 3.7% of the existing inventory, it is expected that metro-wide vacancy rates will continue to rise. Hollywood/Wilshire Corridor and West Los Angeles have the most units under construction, with 8,818 and 5,091 units respectively.

Sales Volume



Source: CoStar, Transwestern

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