

Los Angeles Multifamily

MARKET REPORT

Q3 2023



Market Overview

The Federal Reserve's rate hikes have reduced the number of buyers due to the increased cost of capital, presenting a more challenging economic landscape for investors and sellers. In the Los Angeles market, elevated interest rates lead to a quarter with sales volume well-below the historical average.

Upcoming quarters will continue to see slow activity or a decrease in sales volume as the Federal Reserve has stated they will not lower rates for the foreseeable future. With limited signs of distress, a record amount of dry powder is sitting on the sidelines as investors are waiting for the right opportunities to pounce.

Los Angeles apartment rents have increased in the face of inflation and slowed consumer spending, up 0.5% over the year. Occupancy rates, at 95.5%, are on par with the 10-year average as many individuals have opted to rent rather than purchase a home. Capitalization rates have crept up to 4.8% as prices have fallen due to the high cost of capital and slowed investor demand.

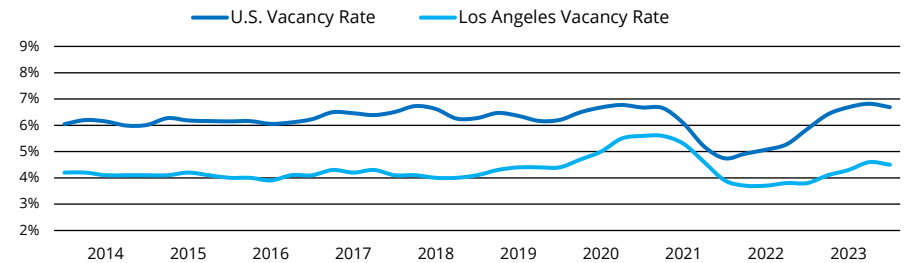
As apartment prices have fallen, the average price per unit decreased to \$282,094 from \$345,308 year-over-year, an 18.3% decrease. However, Los Angeles multifamily investors should remain optimistic—over the last five years, the average price per unit has increased 11.2% and effective rents have increased 12.2%.

Trendlines

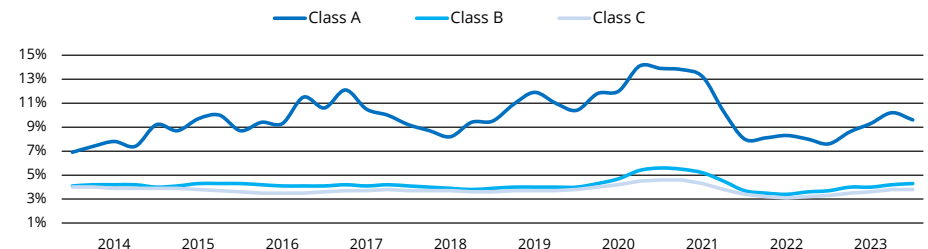
	Q3 2023	Q3 2022	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	5.5%	4.8%	↑	7.1%	↑
NET ABSORPTION UNITS	2,927	1,723	↑	2,692	↑
OVERALL VACANCY RATE	4.5%	3.8%	↑	4.5%	↔
OVERALL VACANT UNITS	52,713	44,040	↑	50,611	↔
UNDER CONSTRUCTION UNITS	29,876	34,433	↓	31,346	↓
EFFECTIVE RENT (Unit)	\$2,124	\$2,113	↑	\$1,996	↑
SALES VOLUME (Millions)	\$977.1	\$2,798	↓	\$2,666	↔

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

Overall Vacancy Rate

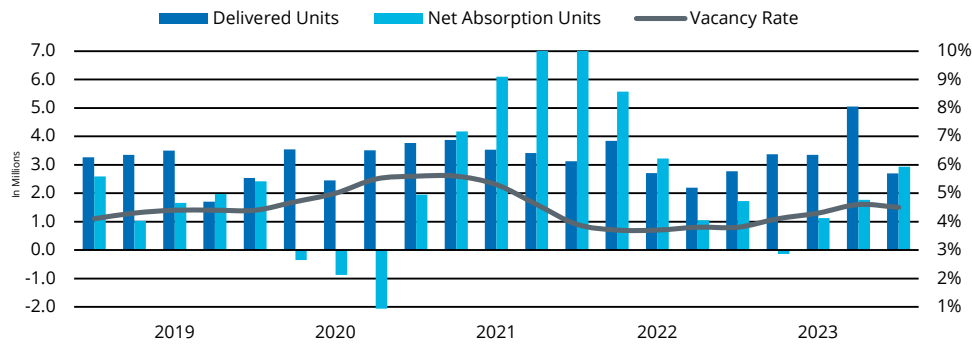


Overall Vacancy Rate by Class

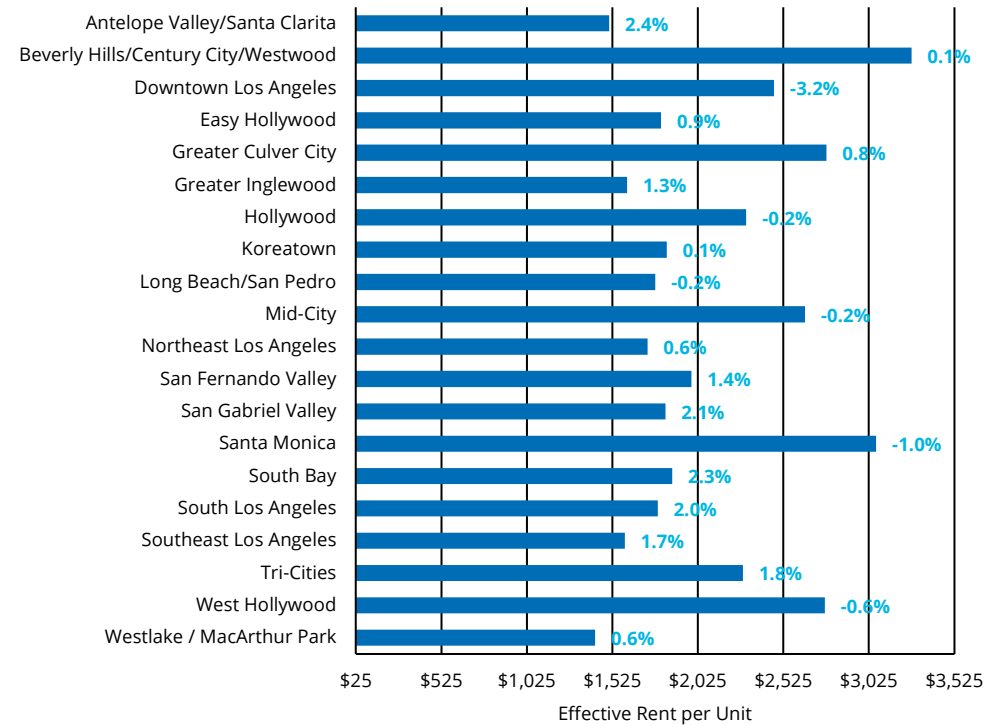




Delivery Impact on Key Indicators



Effective Rents by Submarket and Y-O-Y Growth



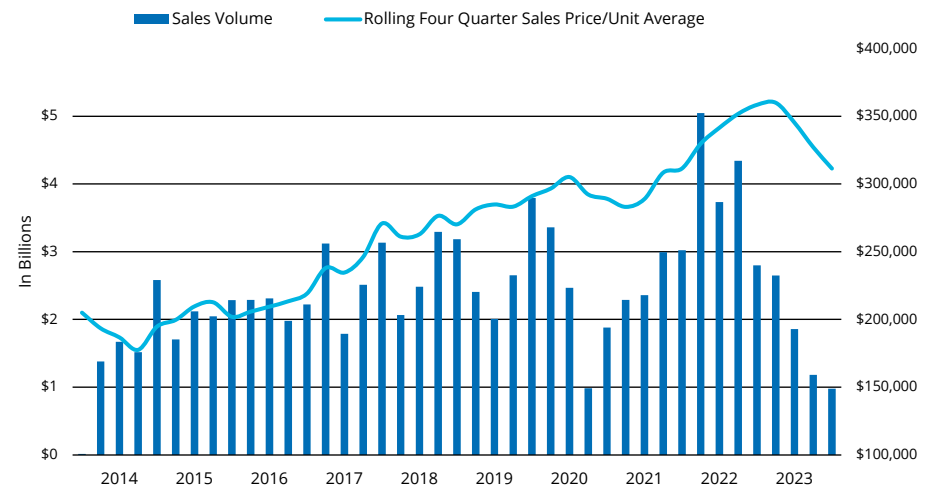
MARKET INDICATORS

Third Quarter 2023

SUBMARKET	NO. OF SALES	TOTAL SALES VOLUME	AVG. PRICE/UNIT	AVG. CAP RATE	AVG. GRM
ANTELOPE VALLEY/SANTA CLARITA	3	\$4,949,545	\$170,674	5.9%	-
BEACH COMMUNITIES	10	\$37,409,500	\$445,351	3.7%	17.0
BEVERLY HILLS/CENTURY CITY/WESTWOOD	8	\$24,516,000	\$490,320	5.5%	14.9
DOWNTOWN LOS ANGELES	2	\$1,725,000	\$59,483	6.8%	6.4
EAST HOLLYWOOD	6	\$17,380,000	\$299,655	4.4%	23.1
GREATER CULVER CITY	22	\$86,875,000	\$365,021	4.2%	14.8
GREATER INGLEWOOD	18	\$43,825,000	\$224,744	5.8%	11.4
HOLLYWOOD	8	\$48,173,500	\$257,612	5.2%	12.9
KOREATOWN	10	\$47,785,000	\$183,084	4.0%	13.1
LONG BEACH/SAN PEDRO	23	\$126,783,888	\$306,983	5.2%	12.9
MID-WILSHIRE	7	\$16,037,602	\$320,752	4.6%	13.9
NORTHEAST LOS ANGELES	7	\$16,934,000	\$302,393	4.6%	16.2
SAN FERNANDO VALLEY	26	\$64,900,000	\$246,768	4.7%	13.2
SAN GABRIEL VALLEY	20	\$69,335,000	\$359,249	3.9%	17.5
SANTA MONICA	11	\$29,541,000	\$410,292	3.7%	19.0
SOUTH BAY	20	\$70,437,000	\$269,874	4.8%	12.9
SOUTH LOS ANGELES	12	\$66,958,500	\$223,941	4.0%	15.2
SOUTHEAST LOS ANGELES	29	\$122,812,500	\$267,626	4.3%	14.5
TRI-CITIES	17	\$62,155,000	\$291,808	4.0%	15.9
WEST HOLLYWOOD	3	\$9,725,000	\$286,029	5.0%	-
WESTLAKE / MACARTHUR PARK	4	\$8,835,000	\$142,306	5.3%	10.5
TOTAL	266	977,093,035	\$282,094	4.8%	14.5

Source: CoStar, Transwestern

Sales Volume





NOTABLE PROJECTS UNDER CONSTRUCTION

ADDRESS	SUBMARKET	NUMBER OF UNITS	PROJECTED DELIVERY	OWNER
LATERRA SELECT BURBANK - 777 N FRONT ST	Tri-Cities	573	2024	Northridge Properties LLC
200 N VERMONT AVE	Mid-Wilshire	490	2024	Hankey Investment Company
ALLOY - 520 MATEO ST	Downtown Los Angeles	475	2023	Carmel Partners
FIGUEROA EIGHT - 744 S FIGUEROA ST	Downtown Los Angeles	438	2023	Mitsui Fudosan
ALEXAN MONROVIA - 1625 S MAGNOLIA AVE	San Gabriel Valley	436	2024	Crow Holdings
THE Q DE SOTO - 6109 N DE SOTO AVE	Woodland Hills	376	2024	Balaciano Group

Source: CoStar, Real Capital Analytics, Transwestern

NOTABLE SALES

ADDRESS	SUBMARKET	SALES PRICE	BUILDING SF	PRICE/UNIT	BUYER	SELLER
PROVIDENCE GARDENS APARTMENTS	South Bay	\$75,000,000	151,856	\$375,000	Redwood Housing	Las Palmas Foundation
1030 N SOTO ST	Southeast Los Angeles	\$35,135,000	42,500	\$418,274	Housing Authority of the City of LA	Amar D Patel
8121 BROADWAY AVE	Southeast Los Angeles	\$31,250,000	114,679	\$226,449	Integrity Housng	John Minar
THE OLIVER - 11955 W WASHINGTON BLVD	West Los Angeles	\$29,250,000	43,385	\$975,000	Stanley & Nancy Ning	Mass Equities, Inc.
WILLIAM ON SUNSET - 5837 W SUNSET BLVD	Hollywood	\$27,300,000	70,812	\$345,570	Winstar Properties LLC	Cypress Real Estate Advisors Inc.
PARAMOUNT SQUARE - 13940 PARAMOUNT BLVD	South Los Angeles	\$22,450,000	82,576	\$222,277	Strattford Capital LLC	Furman Properties LLC

Source: CoStar, Real Capital Analytics, Transwestern

RESEARCH METHODOLOGY

The information in this report is the result of a compilation of information on multifamily properties five units and greater located in the Los Angeles metropolitan area. This report analyzes all leasing and representative investment sales activity.

ABOUT TRANSWESTERN

The privately held Transwestern companies have been delivering a higher level of personalized service and innovative real estate solutions since 1978. Through an integrated, customized approach that begins with fresh ideas, the firm drives value for clients across commercial real estate services, development, and investment management. Operating from 33 U.S. office, Transwestern extends its platform capabilities globally through strategic alliance partners whose unique geographic, cultural, and business expertise fuels creative solutions. Learn more at transwestern.com.



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