

# Los Angeles County

## Multifamily Market Outlook Q1 2022

### MARKET OVERVIEW

In Los Angeles County the vacancy rate for multifamily housing fell to 3.3 percent in the first quarter of 2022, down 20 basis points quarter over quarter and 100 basis points year over year. LA County continued to emerge from the pandemic with strong demand for rental housing due to employment growth, as well as the lack of affordability of single-family homes for sale. The median price for existing single-family homes in Southern California hit a record \$802,500 in March of 2022, more than 11.9 percent higher than last year, according to the California Association of Realtors. In LA County, the median sales price in March was \$781,050, up 13.3 percent from last year. The statewide eviction moratorium, which was put in place March of 2020 to September 30, 2021, and extended through January 31, 2022, along with rent regulations, has affected some landlords. However, the average rent continued to rise to new heights, up 7.7 percent year over year to \$2,083 per unit per month. Sales volume year to date increased 56.5 percent from the first quarter of 2021 and construction increased 8.8 percent compared to this time last year, as demand from investors and developers remained strong.

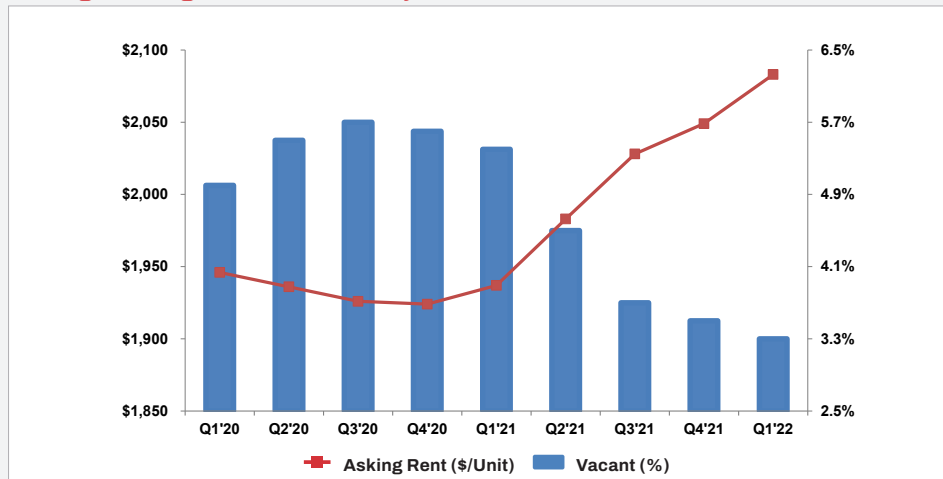
Strong economic conditions have pushed multifamily market fundamentals to record-breaking levels. Inflation has caused concern that the economy is becoming overheated. In March, the national rate of inflation hit a 40-year high of 8.5 percent, housing, which is included in the measure, saw a 5.0 percent increase from a year ago.

### TRENDS TO WATCH

Rental rate growth, well above inflation, has kept multifamily investment going strong. Markets will respond accordingly to the growth in demand. In the South Bay, home of the LA Rams, vacant units declined 41.9 percent from the first quarter of 2021 – the fastest drop in the LA County. Rent increased 5.9 percent from a year ago to an average of \$1,784 per unit. The median sales price registered \$292,857 per unit, up 13.4 percent year over year. LA West, home to Silicon Beach, experienced an 8.1 percent rise in the average rent, one of the largest increases in the region. Vacant units there dropped 39.9 percent year over year as construction climbed 17.2 percent over the same time frame. While LA West saw a relatively low 2.7 percent bump up in the median sales price per unit at \$409,375, sales volume soared 59.5 percent year over year. In Central LA, which is home to Crypto.com Arena, vacant units dropped 32.4 percent and rent grew 7.1 percent over the same time frame, stimulating a 10.7 percent rise in units under construction year over year. In LA North, home to Walt Disney Studios and Hollywood North, vacant units dropped 37.7 percent, rent grew 8.1 percent, and sales volume skyrocketed 163.6 percent year over year with close to \$775 million trading hands.

Demand for multifamily housing, in markets with strong economic drivers, will continue to be robust.

#### Average Asking Rent and Vacancy Rate



### MARKET OUTLOOK

#### Asking Rental Rates



#### Vacancy Rates



#### New Construction



#### Sales Volume



#### Sales Prices



#### Cap Rates



#### J.C. Casillas

Managing Director, Research  
jcasillas@naicapital.com  
Direct: 818.933.2433

NAI Capital Commercial Research  
[www.naicapital.com](http://www.naicapital.com)

# Los Angeles County

## Multifamily Market Outlook Q1 2022

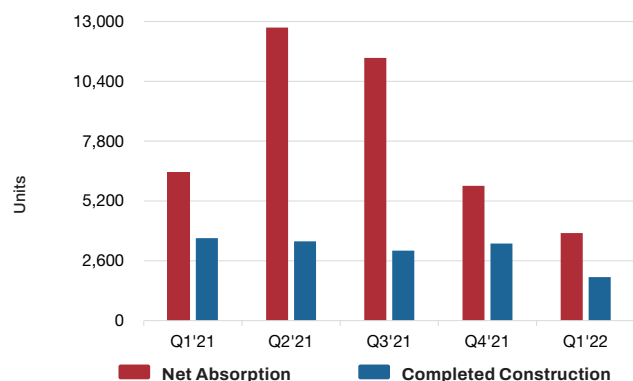
### Market Statistics

SUBMARKET	INVENTORY (UNITS)	UNDER CONSTRUCTION (UNITS)	TOTAL VACANCY (%)	AVERAGE ASKING RENT (\$/UNIT)	YTD UNITS SOLD	YTD SALES VOLUME (\$)	AVERAGE SALE PRICE (\$/UNIT)	AVERAGE CAP RATE (%)
Central	206,717	9,238	4.4%	\$2,001	1,440	\$351,277,500	\$245,134	4.5%
East	184,117	3,691	2.0%	\$1,856	1,486	\$580,654,688	\$397,709	4.0%
West	296,319	13,277	4.9%	\$2,539	2,327	\$1,050,644,000	\$452,279	3.8%
North	262,009	7,091	2.8%	\$2,010	2,175	\$774,044,271	\$359,686	3.9%
South Bay	203,048	4,811	2.5%	\$1,784	2,670	\$996,646,989	\$378,378	4.2%
<b>Los Angeles County</b>	<b>1,152,210</b>	<b>38,108</b>	<b>3.3%</b>	<b>\$2,083</b>	<b>10,098</b>	<b>\$3,753,267,448</b>	<b>\$375,252</b>	<b>4.1%</b>

### Supply and Demand Trends

Multifamily net absorption depicted the momentum change that happened since first quarter of 2021. Quarter over quarter completed construction, supply added to the market, is outperformed by absorption. From the first quarter of 2021, to the first quarter of 2022, completed construction totaled 15,307 units and positive net absorption totaled 40,290 units.

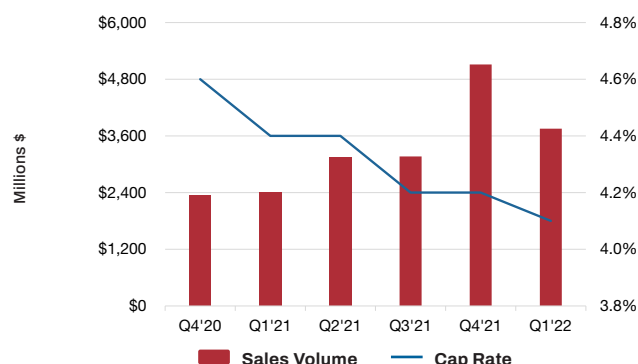
Net Absorption vs. Completed Construction



### Sales Trends

The average cap rate dipped 10 basis points from the previous quarter, down 30 basis points year over year to 4.1 percent. Sales volume eased in the first quarter of 2022 from a record-breaking fourth quarter in 2021. First quarter 2022 sales volume totaled more than \$1.7 billion, up 56.5 percent from Q1 2021.

Sales Volume vs. Cap Rate



### Select Sales Transactions

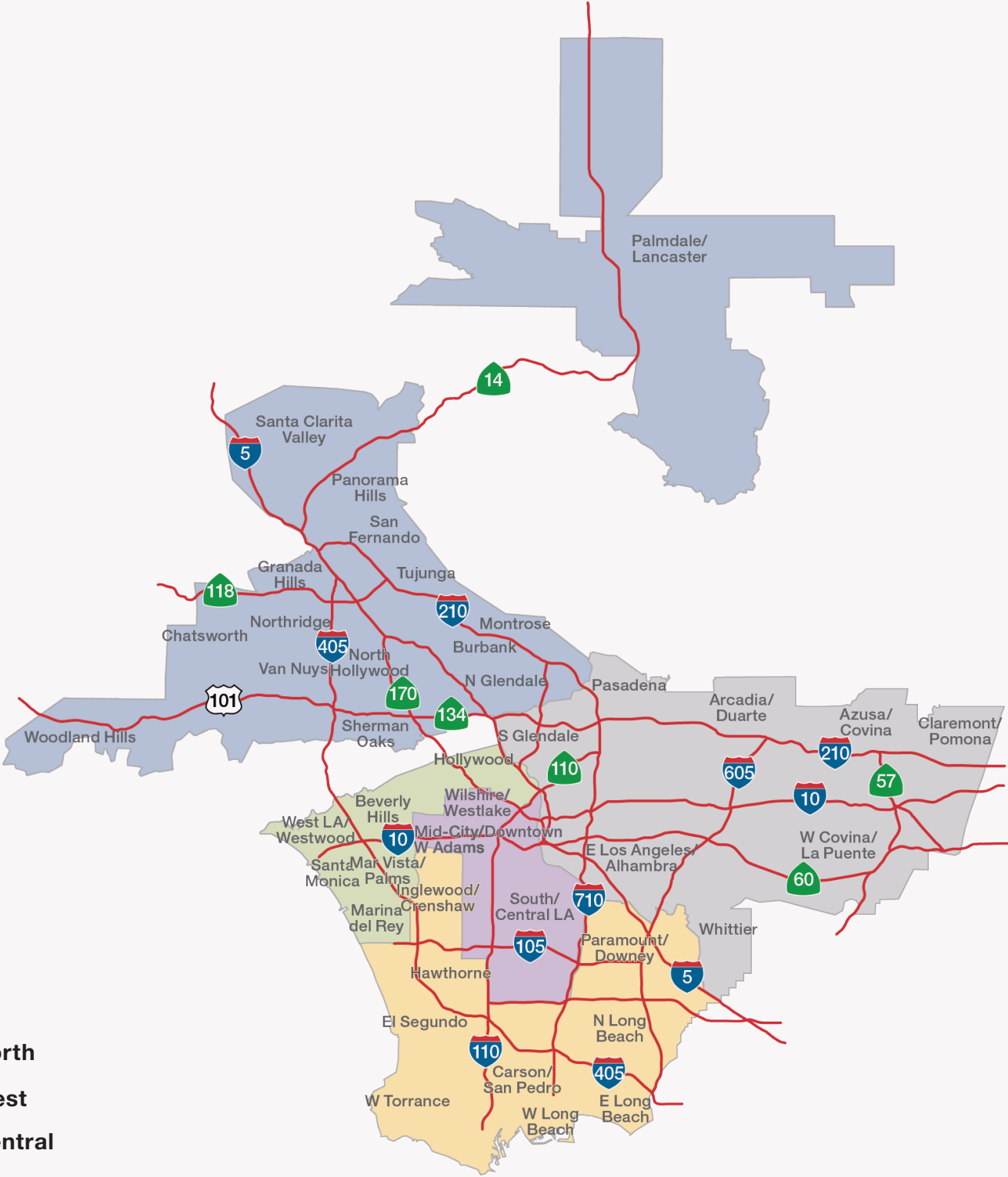
Building Name/Address	City	Submarket	Units	Sale Price
231 South De Lacey Ave: Westgate Apartments	Pasadena	East	480	\$280M
21221 Oxnard St: Vela on OX	Woodland Hills	North	379	\$183M
13801-13829 Paramount Blvd: The Enclave	Paramount	South Bay	306	\$128.5M
635 Pine Ave: Volta on Pine	Long Beach	South Bay	271	\$156M
1274 N Crescent Heights Blvd: The Crescent at West Hollywood	West Hollywood	West	130	\$100M
22640 Garzota Dr: Arrive Santa Clarita	Santa Clarita	North	130	\$48.75M
1717 N Verdugo Rd: Towne at Glendale	Glendale	North	126	\$79.74M
11217 Barnwall: Villa Del Sol Apartments	Norwalk	South Bay	120	\$45.6M
15001 Crenshaw Blvd: Premier Apartments	Gardena	South Bay	109	\$20.5M
25935 Rolling Hills Rd: Rolling Hills Apartments	Torrance	South Bay	107	\$49.53M
616 Esplanade: Elements 616	Redondo Beach	South Bay	105	\$74.5M
821 N Wilcox Ave: NorthView Terrace	Montebello	East	103	\$30.9M

# Los Angeles County

## Multifamily Market Outlook Q1 2022



COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE



- North
- West
- Central
- East
- South Bay

# Los Angeles County

## Multifamily Market Outlook Q1 2022



### NAI Capital Commercial Southern California Office Locations

#### Headquarters

15821 Ventura Blvd., Ste. 320  
Los Angeles, CA 91436  
818.905.2400

#### Los Angeles County

##### Downtown LA

707 Wilshire Blvd., Ste. 5125  
Los Angeles, CA 90017  
213.632.7700

##### West Los Angeles

11835 Olympic Blvd., Ste. 700E  
Los Angeles, CA 90064  
310.440.8500

##### Torrance

970 W. 190th St., Ste. 100  
Torrance, CA 90502  
310.532.9080

##### Pasadena

225 S. Lake Ave., Ste. 1170  
Pasadena, CA 91101  
626.564.4800

##### Valencia

25060 Avenue Stanford., Ste. 165  
Valencia, CA 91355  
661.705.3550

##### Diamond Bar

21660 E. Copley Dr., Ste. 320  
Diamond Bar, CA 91765  
909.348.0600

#### Ventura County

##### Oxnard

300 Esplanade Dr., Ste. 470  
Oxnard, CA 93036  
805.278.1400

##### Westlake Village

2555 Townsgate Rd., Ste. 320  
Westlake Village, CA 91361  
805.446.2400

#### Inland Empire

##### Ontario

800 N. Haven Dr., Ste. 400  
Ontario, CA 91764  
909.945.2339

##### Victorville

13911 Park Ave., Ste. 206  
Victorville, CA 92392  
760.780.4200

#### Orange County

##### Irvine

1920 Main St., Ste. 100  
Irvine, CA 92614  
949.854.6600

#### Coachella Valley

##### Palm Desert

75-410 Gerald Ford Dr., Ste. 200  
Palm Desert, CA 92211  
760.346.1566