LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

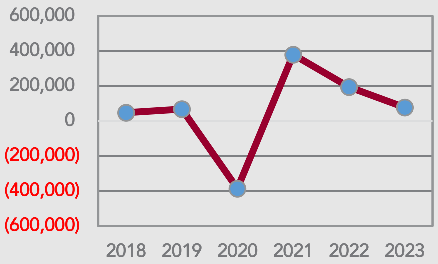
YEAR-END 2023

MULTI-FAMILY MARKET REPORT
LOS ANGELES COUNTY

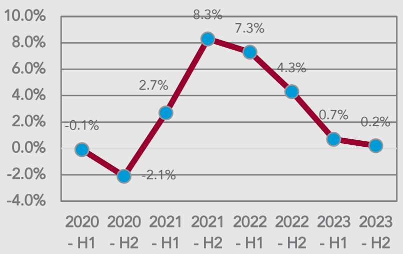
LOS ANGELES COUNTY TRENDS AT A GLANCE

- Employment
- Asking Rents
- Vacancy
- Construction

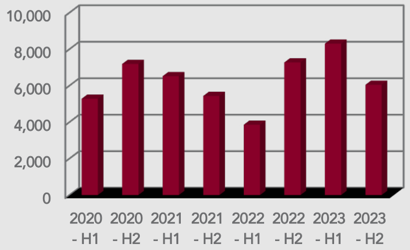
JOB CREATION



RENT TRENDS



UNITS DELIVERED



Los Angeles Multifamily Market Witnesses Downturn in Sales Prices Amidst Surge in Inventory by Year's End

In the second half of 2023, Los Angeles County welcomed 6,045 new apartment units, contributing to 14,993 new units delivered throughout the year. As we head into the new year, an additional 31,551 units remain in the construction pipeline.

Despite this influx of new inventory, the overall market maintains an unchanged vacancy rate of 4.7 percent. Notably, Downtown concludes the year with the highest vacancy rate at 8.4 percent, followed by Westside LA at 6.3 percent and Hollywood/Mid-Wilshire at 5.4 percent.

Rent rates exhibit stability, experiencing a marginal 0.2 percent increase since mid-year, reaching an average of $2,163 per month. Interestingly, negative rent growth was observed in the markets with the highest vacancy rates: Downtown (4 percent), West LA (1 percent), and Hollywood/Mid-Wilshire (0.9 percent). High vacancy rates could indicate an oversupply of available rental units in these areas, creating a more competitive market for landlords. In an attempt to attract tenants or retain existing ones, property owners may be adjusting rental rates downward, leading to negative rent growth.

The year wraps up with 77,700 job additions in L.A. County, a figure slightly lower than previous years but still notably higher when considered in the context of pre-pandemic years.

Despite the overall activity, the second half of the year saw a dip in apartment building transactions, with 242 sales compared to 265 in the previous six-month period. This period marks the lowest number of transactions recorded in the last decade, surpassing even the unprecedented first half of 2020 when only 320 buildings were transacted.

Median sales prices settle at $310 per square foot, reflecting a decrease from the preceding period's $343. Additionally, the per-unit median sales price experiences approximately a 7 percent drop from midyear, settling at $233,097.

Analyzing sales volumes, the San Fernando Valley leads the market with 43 sales, followed by Hollywood/Mid-Wilshire with 35 sales. Downtown Los Angeles concludes the year with only two recorded sales, consistent with the submarket's performance in the first half of the year. Notably, median prices in Downtown also saw a significant reduction, halving from the previous quarter to $158 per square foot.

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YEAR-END 2023

MULTI-FAMILY MARKET REPORT
LOS ANGELES COUNTY

RENTAL FUNDAMENTALS - YEAR-END 2023

			Construction		Avg. Rental Rate	
	Inventory (units)	Vacancy %	Underway (units)	Delivered FY 2023 (units)	Asking	Effective
LA County	983,336	4.7%	31,551	14,993	$2,178	$2,163
Van Nuys / Panorama City / North Hills	36,019	3.9%	671	243	$2,055	$2,037
North Hollywood / Valley Glen / Valley Village	38,216	3.3%	31	517	$1,690	$1,682
Northeast San Fernando Valley	30,089	2.8%	473	598	$1,646	$1,639
Northwest San Fernando Valley	42,417	3.8%	1,076	414	$1,999	$1,988
Central San Fernando Valley	16,832	3.3%	460	85	$1,748	$1,738
Southeast San Fernando Valley	45,733	4.5%	599	436	$2,399	$2,385
Southwest San Fernando Valley	21,494	4.8%	895	0	$2,522	$1,999
Total San Fernando Valley	230,800	2.5%	4,205	2,293	$2,089	$2,076
Tri-Cities	67,954	3.7%	2,058	754	$2,296	$2,281
Santa Clarita Valley	17,512	4.7%	228	0	$2,420	$2,407
Downtown LA	38,266	8.4%	3,561	1,659	$2,562	$2,532
South Los Angeles	25,525	4.2%	1,328	608	$1,504	$1,495
Mid-Wilshire / Westlake	89,833	5.6%	4,930	1,992	$1,825	$1,809
Hollywood	54,793	5.6%	3,012	1,315	$2,137	$2,117
Total Hollywood/ Mid-Wilshire	144,626	4.9%	7,942	3,307	$1,977	$1,961
West LA / Santa Monica	52,589	7.4%	1,875	1,139	$3,150	$3,123
Beverly Hills/ West Hollywood	34,373	5.9%	544	565	$3,110	$3,084
Total Westside Cities	86,962	3.0%	2,419	1,704	$2,832	$2,810

SALE FUNDAMENTALS

	# Buildings Sold	Price Per Unit	Price Per SF	Avg. Cap Rate	Avg. GRM
LA County	242	$233,097	$310	5.0	12.9
San Fernando Valley	43	$235,417	$283	4.8	12.7
Tri-Cities	20	$296,538	$380	4.8	14.5
Downtown LA*	2	$67,162	$158	6.8	6.4
South Los Angeles	35	$195,313	$283	5.1	12.2
Hollywood / Mid-Wilshire	10	$172,019	$261	5.3	12.4
Westside LA	10	$424,247	$459	4.9	0.0

**Insufficient data.*
Source: CoStar, downtownla.com, Lee & Associates data. Buildings of 10 units or more.

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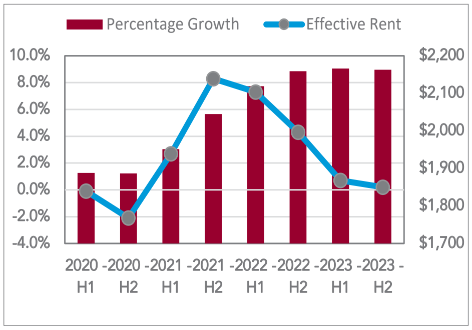
YEAR-END 2023

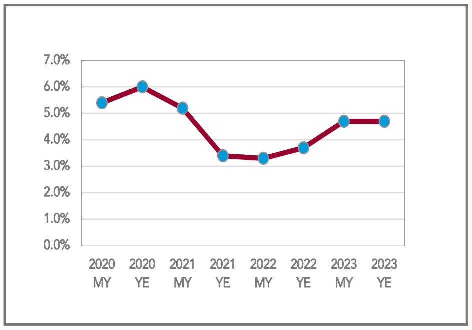
MULTI-FAMILY MARKET REPORT
LOS ANGELES COUNTY

LOS ANGELES COUNTY TRENDS

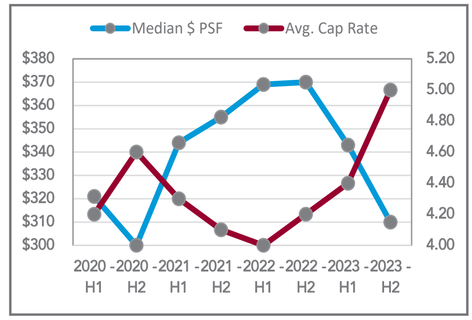
Rent Growth



Vacancy Trends

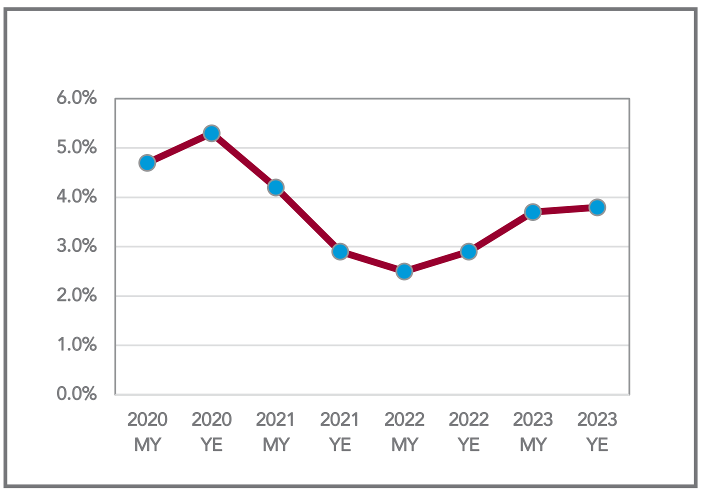


Sale Price PSF vs. Cap Rate

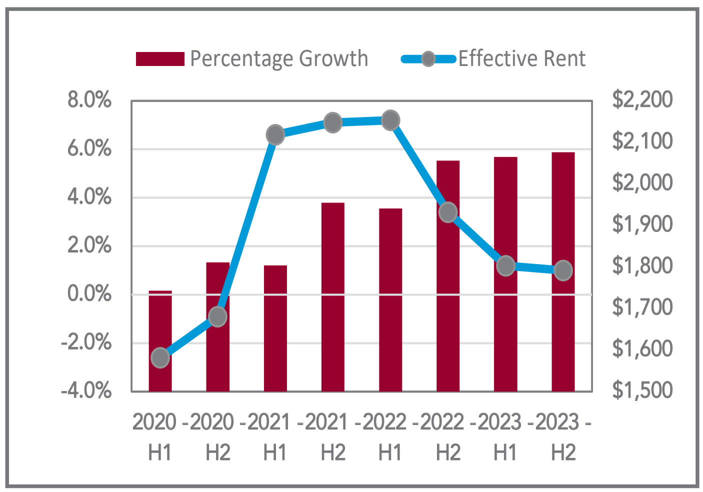


SAN FERNANDO VALLEY TRENDS

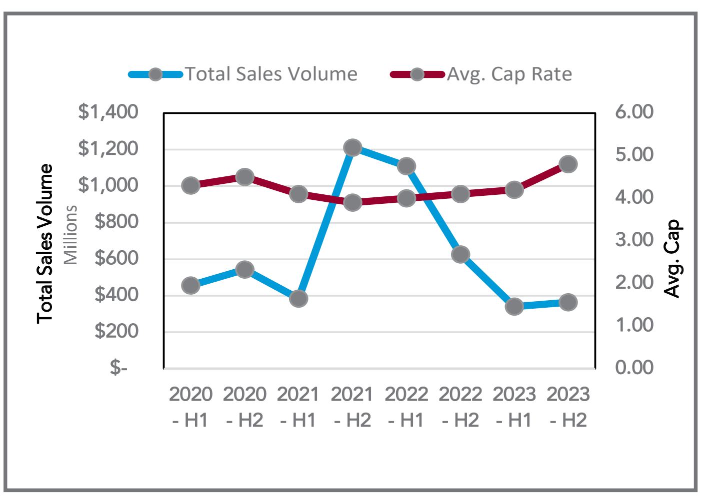
Vacancy Trends



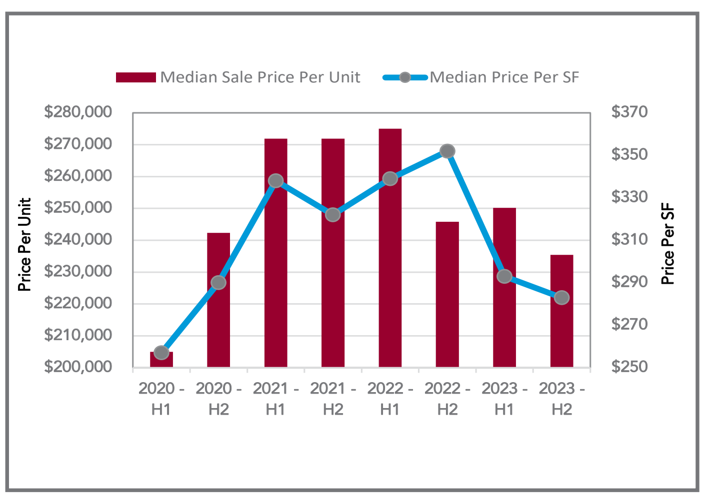
Rent Growth • Year-Over-Year



Sales Volume vs. Cap Rates



Price Per SF & Price Per Unit

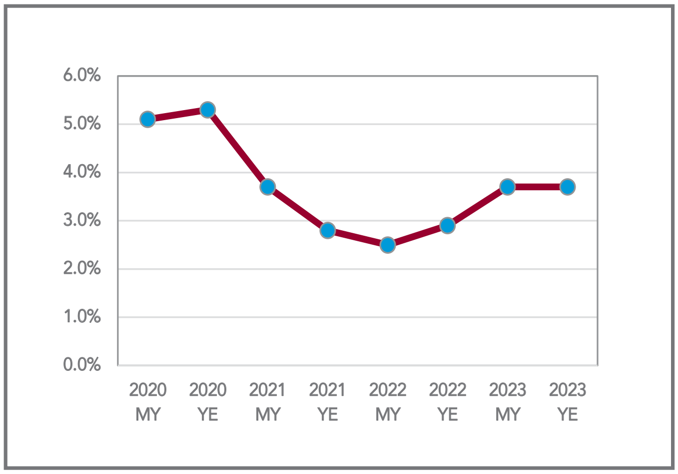


Source: CoStar, Lee & Associates data.

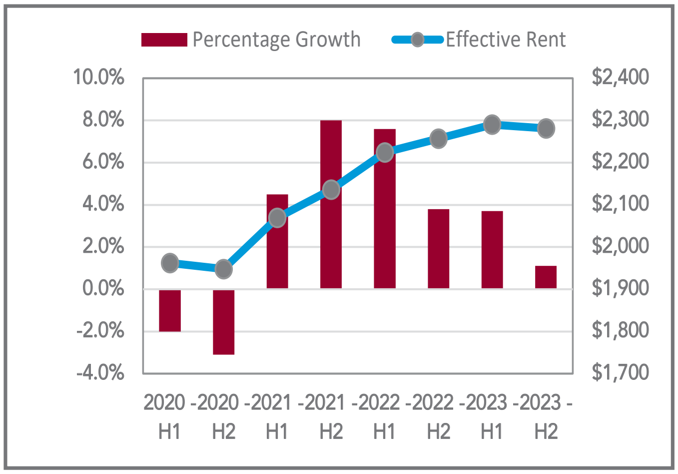
YEAR-END 2023
MULTI-FAMILY MARKET REPORT
LOS ANGELES COUNTY

TRI CITIES TRENDS

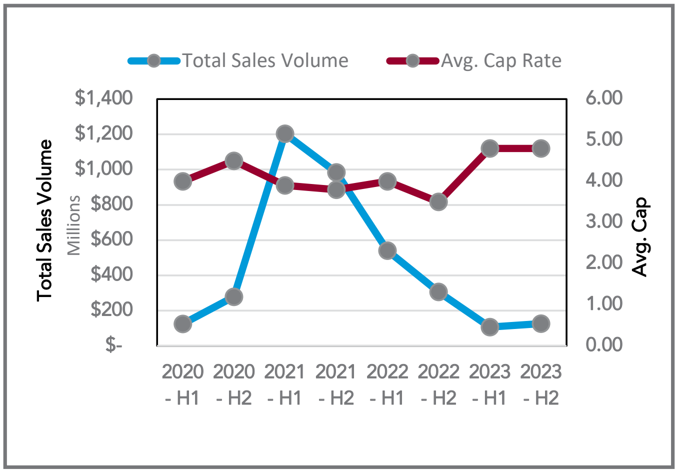
Vacancy Trends



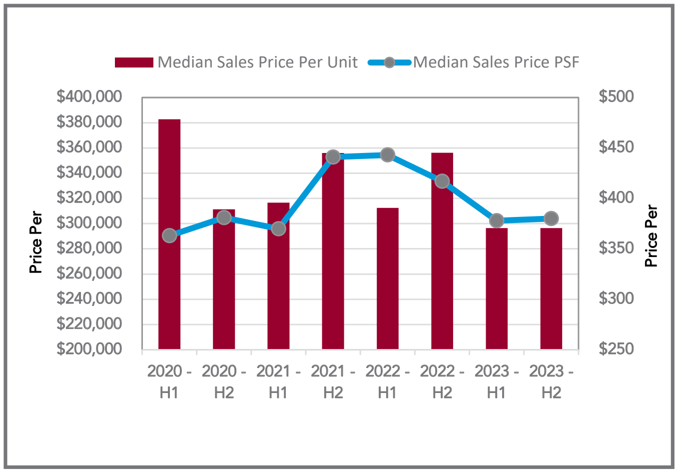
Rent Growth • Year-Over-Year



Sales Volume vs. Cap Rates



Price Per SF & Price Per Unit



Source: CoStar, Lee & Associates data.

Select Lee & Associates Multifamily Sale Transactions

398 W. Valley Boulevard
San Gabriel

133 Units
Sale Price: $125,000,000
Seller: Chateau Operating Company
Buyer: Unity Prosper Management

915 N. La Brea
West Hollywood

179 Units
Sale Price: $112,500,000
Seller: JP Morgan Chase
Buyer: Olympus Property

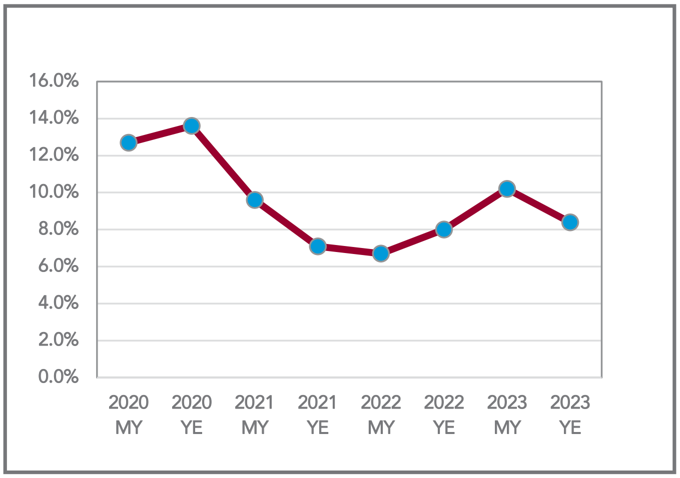
11450 N. Poema Place
Chatsworth

280 Units
Sale Price: $106,650,000
Seller: Equity Residential
Buyer: IMT Residential

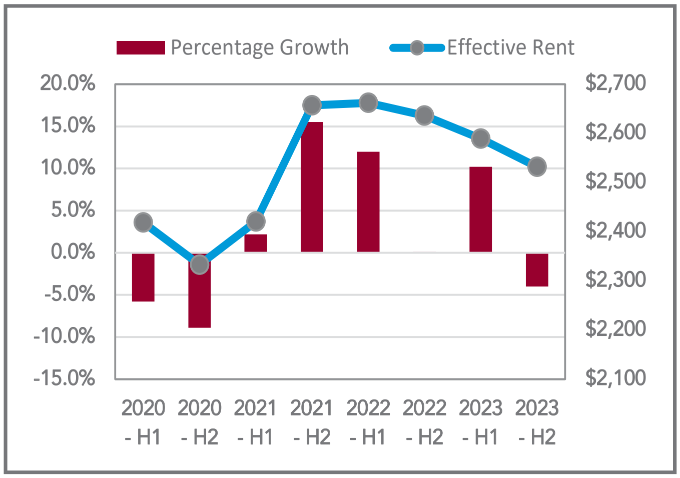
YEAR-END 2023
MULTI-FAMILY MARKET REPORT
LOS ANGELES COUNTY

DOWNTOWN TRENDS

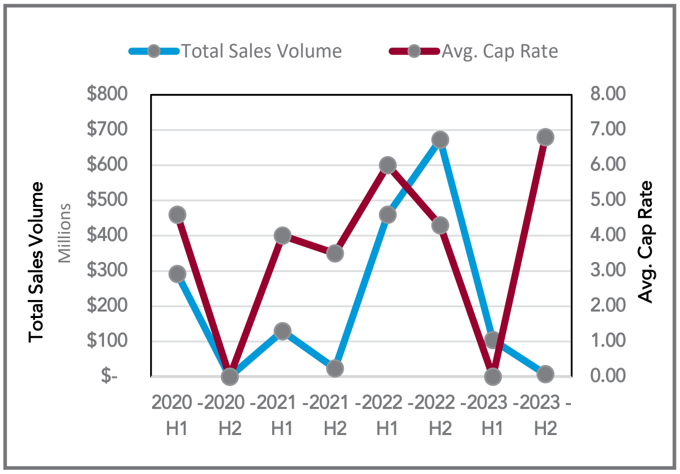
Vacancy Trends



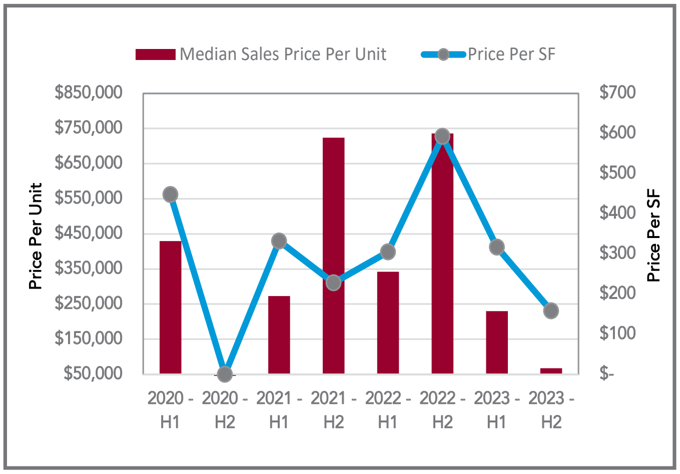
Rent Growth • Year-Over-Year



Sales Volume vs. Cap Rates



Price Per SF & Price Per Unit



NOTE: Insufficient data to generate accurate cap rates.

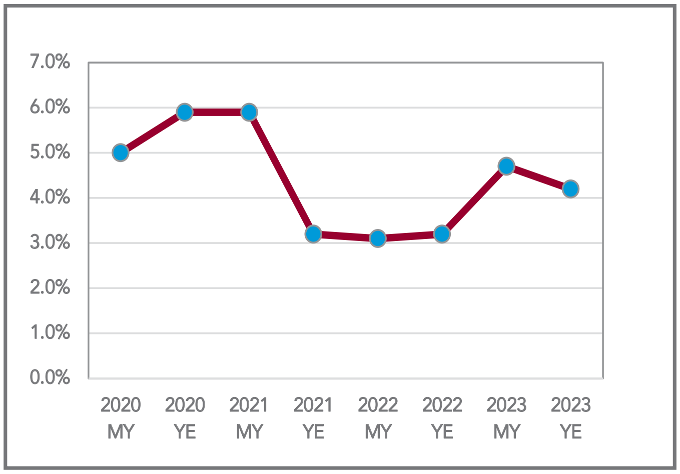
Source: CoStar, Lee & Associates data.

YEAR-END 2023

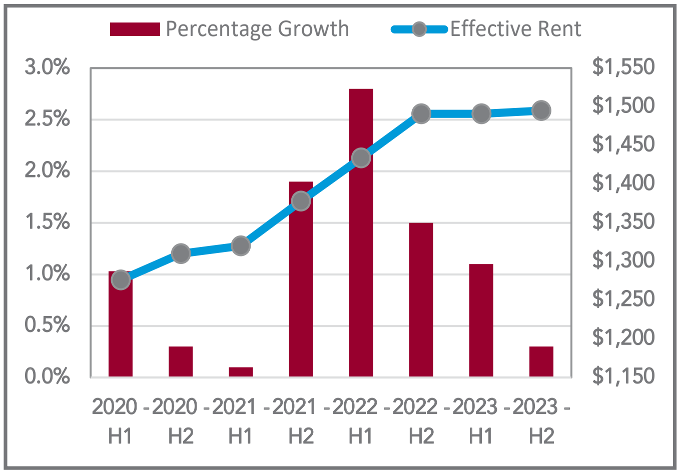
MULTI-FAMILY MARKET REPORT
LOS ANGELES COUNTY

SOUTH LOS ANGELES TRENDS

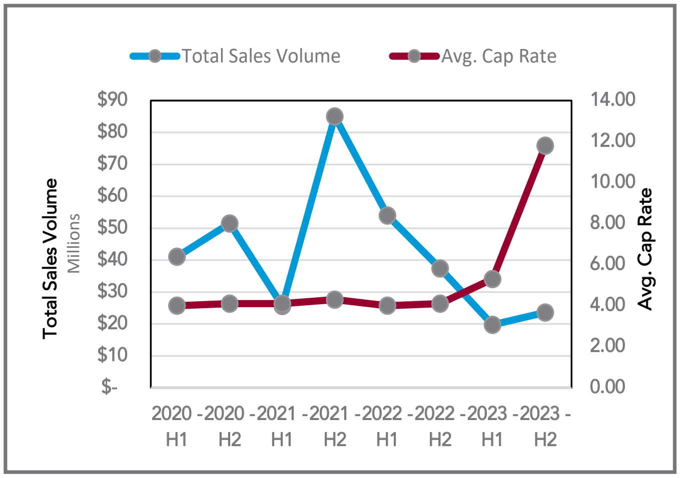
Vacancy Trends



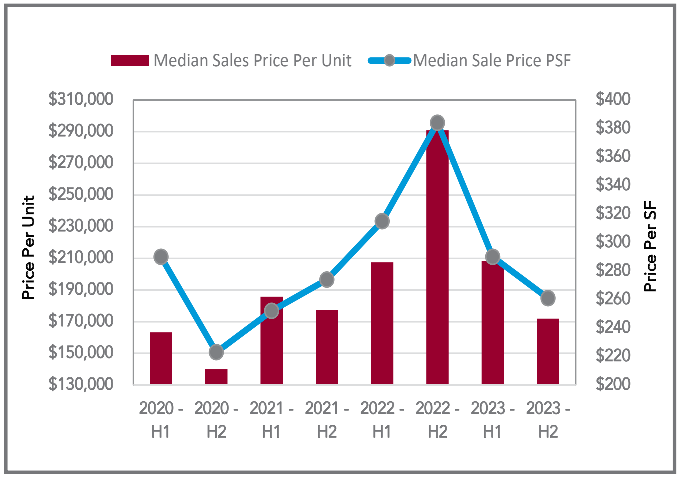
Rent Growth • Year-Over-Year



Sales Volume vs. Cap Rates



Price Per SF & Price Per Unit



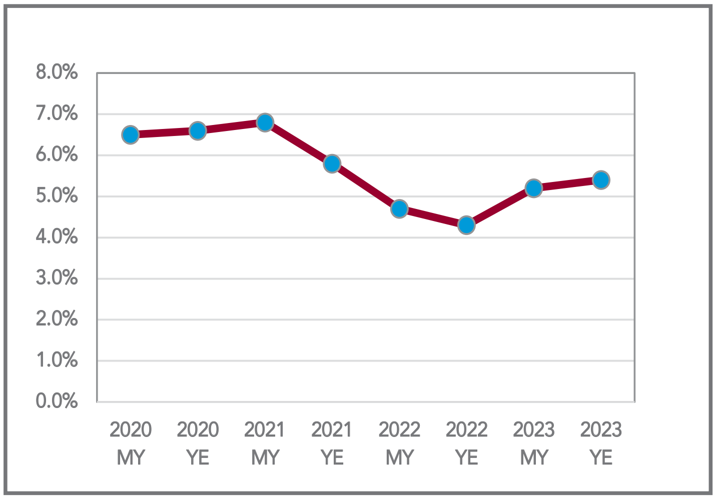
Source: CoStar, Lee & Associates data.

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

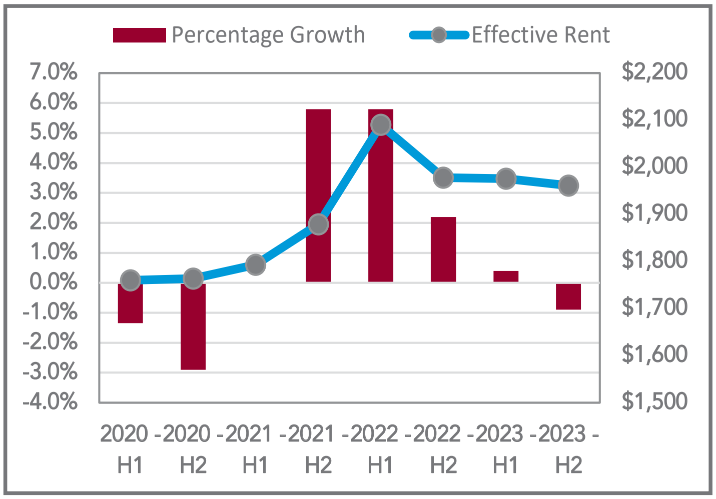
YEAR-END 2023
MULTI-FAMILY MARKET REPORT
LOS ANGELES COUNTY

HOLLYWOOD/MID-WILSHIRE TRENDS

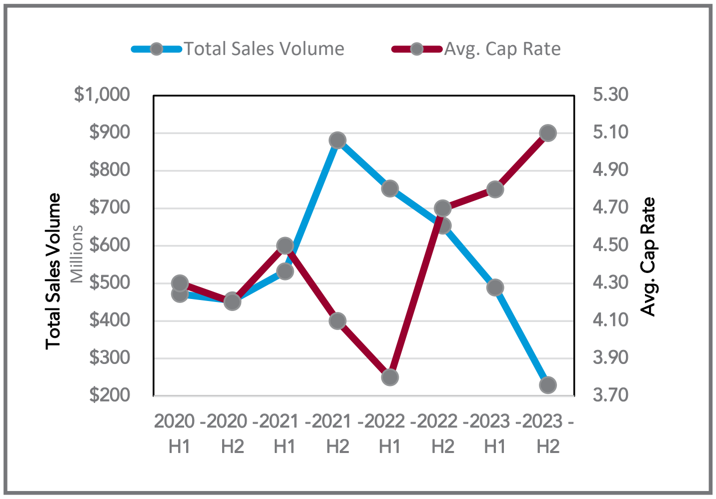
Vacancy Trends



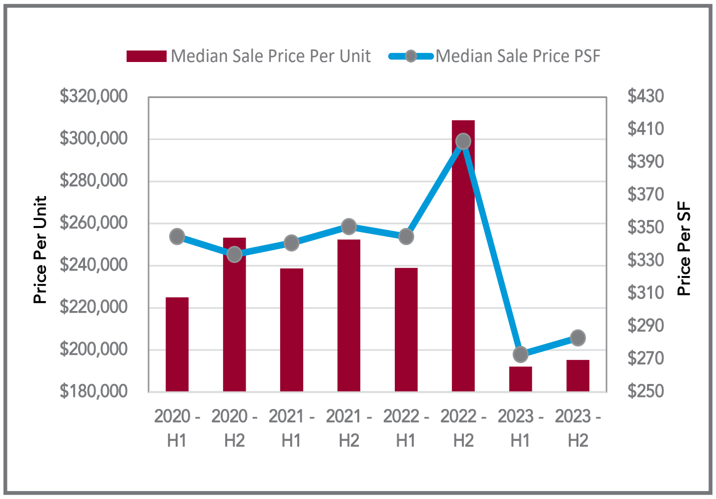
Rent Growth • Year-Over-Year



Sales Volume vs. Cap Rates



Price Per SF & Price Per Unit



Source: CoStar, Lee & Associates data.

TERMINOLOGY

Data is based upon Class A/B/C multifamily buildings of 10 units or more. Mid year (MY) data refers to the period from January 1 to June 30. Year-end (YE) refers to the period from July 1 to December 31.

ASKING RENT

The monthly price at which the building owner is offering units for rent. Does not include free rent or other incentives which may be offered on a promotional basis and would reduce the asking rent rate.

CAP RATE

Commonly shortened from Capitalization Rate. The cap rate is a measure of the value of a given property determined by taking the annual net income of the property divided by the sale price.

EFFECTIVE RENTS

The rate a renter actually paid when incentives such as free rent are factored into the asking rental rate.

GROSS RENT MULTIPLIER (GRM)

The quotient of the sale price divided by the gross rent.

MEDIAN PRICE

Median price is determined by listing the prices of all sales from the lowest price to the highest price and selecting the price at which half of the data is higher and half is lower.

RENT GROWTH

The percentage of increase or decrease in rental rates from one period to another.

UNITS DELIVERED

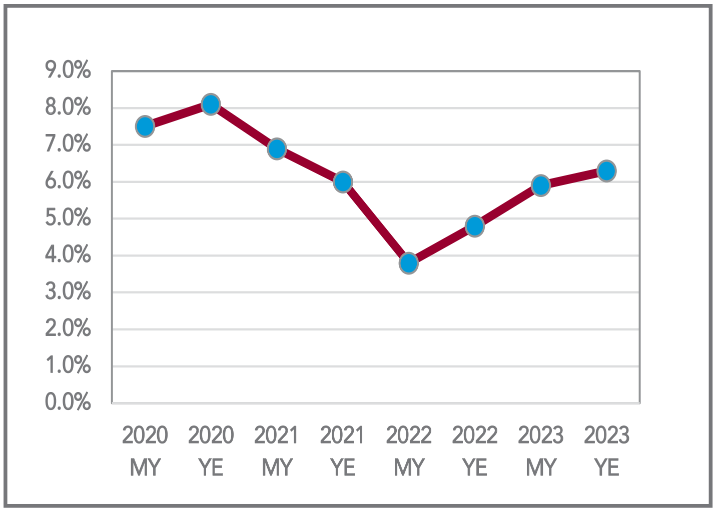
Represents apartment unit construction completed and available for rent in the current period.

YEAR-END 2023

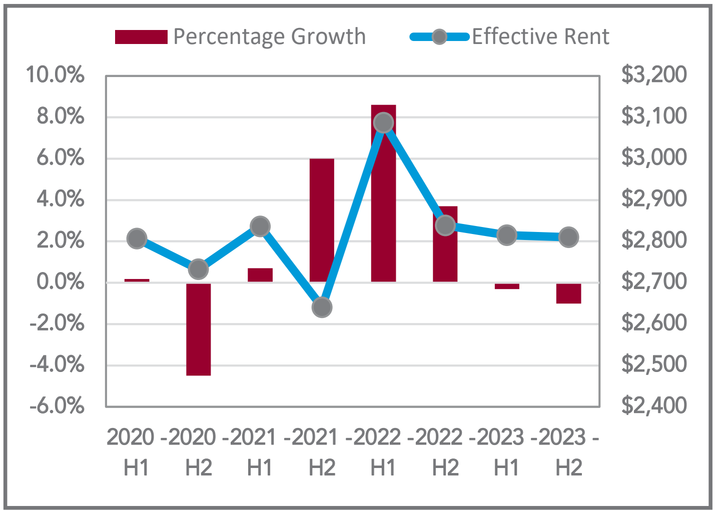
MULTI-FAMILY MARKET REPORT
LOS ANGELES COUNTY

WESTSIDE TRENDS

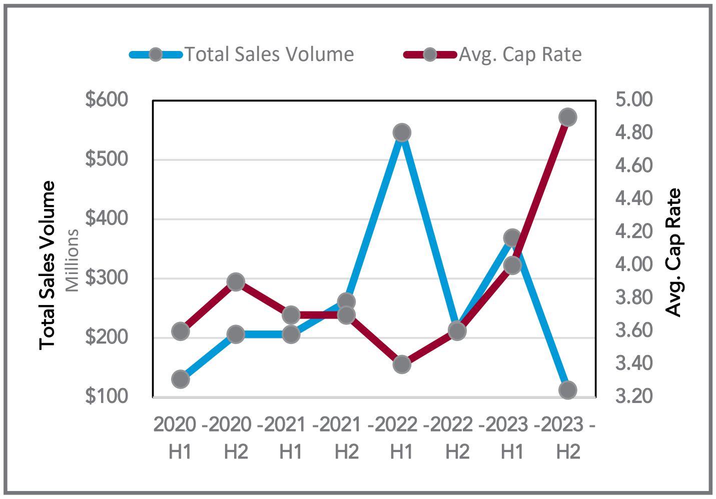
Vacancy Trends



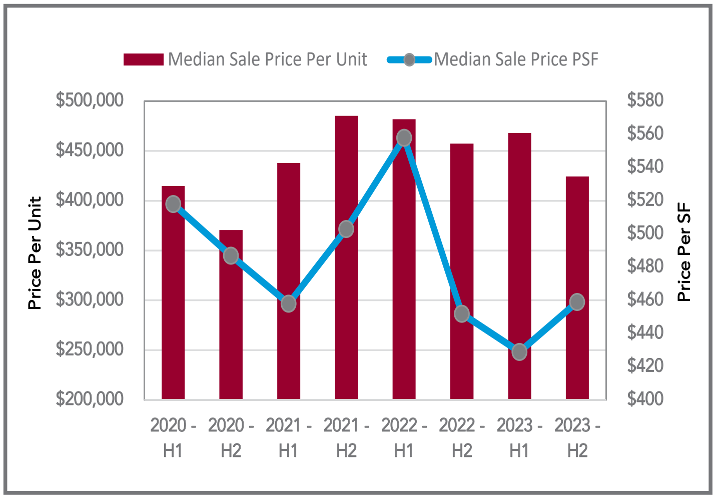
Rent Growth • Year-Over-Year



Sales Volume vs. Cap Rates



Price Per SF & Price Per Unit



Source: CoStar, Reis Inc., Lee & Associates data.

ABOUT LEE & ASSOCIATES®

Lee & Associates offers an array of real estate services tailored to meet the needs of the company's clients, including commercial real estate brokerage, integrated services, and construction services. Established in 1979, Lee & Associates is now an international firm with 70+ offices throughout the United States and Canada. Our 1,300 professionals regularly collaborate to make sure they are providing their clients with the most advanced, up-to-date market technology and information. For the latest news from Lee & Associates, visit lee-associates.com or follow us on Facebook, LinkedIn, Twitter, and Link, our company blog.

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LOS ANGELES COUNTY

Note: With this issue, the delineations for some submarkets have changed to better reflect the market dynamics in those areas. Two new submarkets: Central San Fernando Valley and South Los Angeles have been added to the report.

SE San Fernando Valley
Includes Sherman Oaks, Encino, Studio City, Valley Village, Lake Balboa, Toluca Lake

SW San Fernando Valley
Includes Tarzana, Woodland Hills, West Hills, Calabasas

NE San Fernando Valley
Includes Sun Valley, Pacoima, San Fernando, Lakeview Terrace, Shadow Hills, Sylmar

NW San Fernando Valley
Includes Chatsworth, Northridge, Porter Ranch, Granada Hills, Mission HIlls

Central San Fernando Valley
Includes Canoga Park, Winnetka, Reseda

Van Nuys
Includes Panorama City, North Hills, Van Nuys

North Hollywood
Includes Valley Glen, Valley Village, North Hollywood

Tri-Cities
Includes Burbank, Glendale, Pasadena, South Pasadena, La Canada, Sunland Tujunga, Altadena

Downtown Los Angeles
Includes Chinatown, Central City, Little Tokyo

South Los Angeles
Includes Adams-Normandie, Exposition Park, University Park, Pico-Union, Mid-City, Jefferson

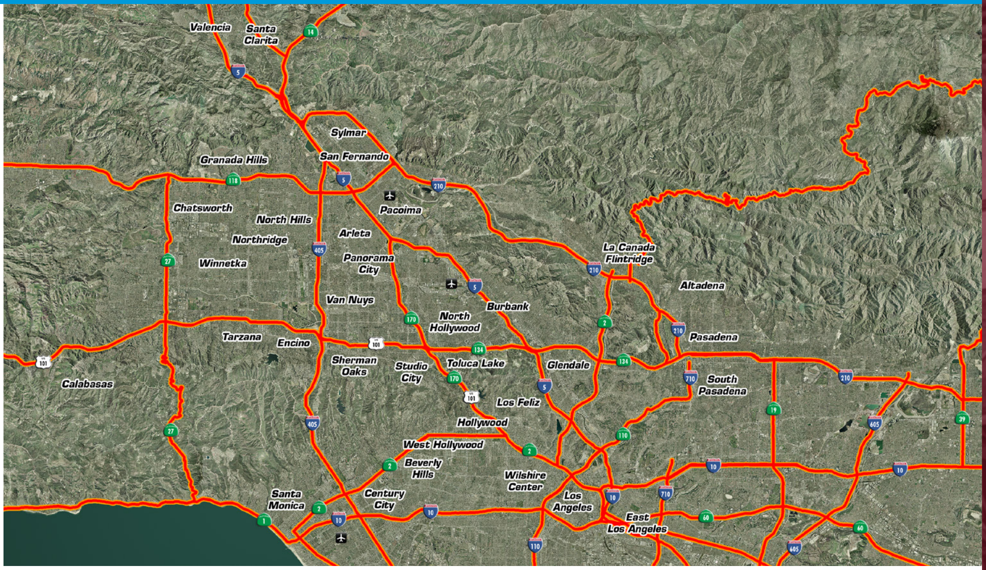
Santa Clarita Valley
Includes the city of Santa Clarita, Valencia and unincorporated areas

Mid-Wilshire/Westlake
Includes Wilshire Center, Westlake, Koreatown, Windsor Square, Hancock Park

Hollywood
Includes the city of Hollywood, Fairfax District, Los Feliz, Silver Lake, Echo Park

West LA/Santa Monica
Includes West L.A., Westwood, Century City, Santa Monica, Brentwood

Beverly Hills/West Hollywood
Includes Beverly Hills and West Hollywood, Miracle Mile, Park LaBrea, The Grove, Mid-City West



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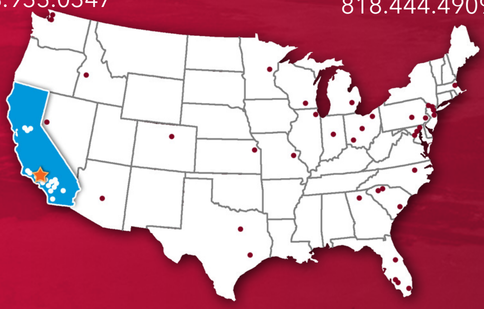

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