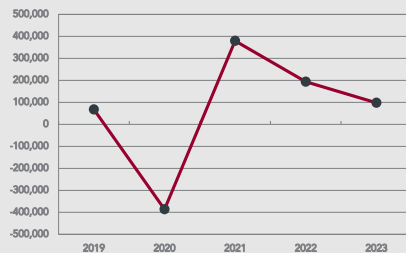




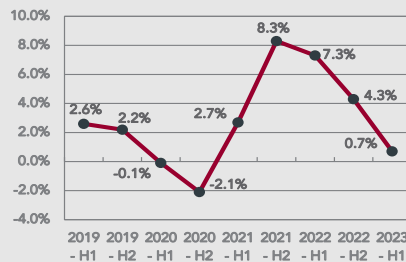
### LOS ANGELES COUNTY TRENDS AT A GLANCE



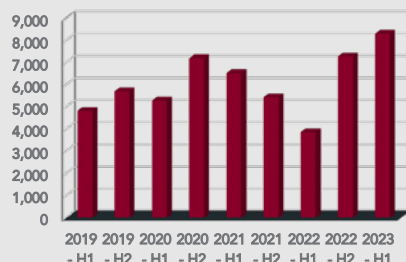
#### JOB CREATION



#### RENT TRENDS



#### UNITS DELIVERED



## Robust Inventory Growth and Slowing Job Market Indicate Shifts for Los Angeles Multifamily Market in 2023

Los Angeles County introduced 8,301 new apartment units in the first half of 2023, topping the previous quarter as the largest delivery of new housing in any six-month period of the last 10 years and continuing to bring much-needed inventory to one of the nation's most competitive housing markets. An estimated 23,489 more units remain in the construction pipeline for the rest of the year.

As a result, the vacancy rate experienced an increase of one percent, reaching 4.7 percent by mid-year. Despite this, the rental market has exhibited stability. Rent rates have shown a modest 0.7 percent increase since the beginning of the year, leveling out at an average of \$2,166 per month.

The Year-Over-Year rent growth rate, which decreased by approximately 90.4% in the beginning of 2023, marks a significant departure from the trend of the past ten years. Even when considering major fluctuations like those experienced in 2020, this pronounced decline stands out as the largest YoY rent decrease observed within this period and underscores a notable shift in the rental landscape entering the latter half of 2023.

Comparing 2023 to the previous years, the 97,800 job additions represent a positive trend, albeit slightly less than the notable growth and recovery observed in 2021 and 2022. However, when considering the context of the pre-pandemic years, the additions to the county's job market in 2023 are still notably higher.

A total of 265 apartment buildings were sold during the first half of the year, down from 342 sales in the previous six-month period. This mid-year officially marks the lowest number of transactions on record in the last decade, beating out the unprecedented first half of 2020 when the market only transacted 320 buildings.

Median sales prices settled at \$343 per square foot, marking a decrease from the preceding period's \$370. Despite this decline, these prices remain among the highest reported in the last ten years. The per-unit median sales price also saw an approximately 11 percent drop from the end of 2022, resting at \$250,000. This still stands as the market's fifth highest per-unit price on record.

The Hollywood/Mid-Wilshire submarket leads in total sales volume with 53 sales, followed by the Westside with 37 sales. Downtown Los Angeles only recorded two sales during the six-month period, on par with the submarket's three sales made in the latter part of 2022. Median prices stabilized at \$317 per square foot, a decrease from the previous period's spike to \$593 per square foot.

## RENTAL FUNDAMENTALS - MID-YEAR 2023

	Inventory (units)	Vacancy %	Construction		Avg. Rental Rate	
			Underway (units)	Delivered FY 2023 (units)	Asking	Effective
<b>LA County</b>	969,516	4.7%	31,790	8,301	\$2,182	\$2,166
Van Nuys / Panorama City / North Hills	38,063	3.4%	1,160	358	\$1,657	\$1,650
North Hollywood / Valley Glen / Valley Village	36,244	4.4%	697	185	\$2,050	\$2,033
Northeast San Fernando Valley	29,963	3.2%	567	0	\$1,620	\$1,613
Northwest San Fernando Valley	42,287	4.1%	871	301	\$1,983	\$1,970
Central San Fernando Valley	16,728	2.9%	498	26	\$1,710	\$1,702
Southeast San Fernando Valley	45,662	4.1%	841	146	\$2,399	\$2,386
Southwest San Fernando Valley	21,584	4.3%	895	0	\$2,537	\$2,522
<b>Total San Fernando Valley</b>	230,531	2.5%	5,529	1,016	\$2,077	\$2,065
<b>Tri-Cities</b>	66,247	3.7%	2,293	382	\$2,306	\$2,290
<b>Santa Clarita Valley</b>	17,212	3.7%	228	0	\$2,457	\$2,446
<b>Downtown LA</b>	37,821	10.2%	3,180	1,090	\$2,647	\$2,589
<b>South Los Angeles</b>	25,352	4.7%	1,650	506	\$1,498	\$1,491
Mid-Wilshire / Westlake	88,708	5.7%	4,673	871	\$1,831	\$1,812
Hollywood	54,115	5.5%	2,453	609	\$2,148	\$2,134
<b>Total Hollywood/ Mid-Wilshire</b>	142,823	4.9%	7,126	1,480	\$1,990	\$1,976
West LA / Santa Monica	52,232	8.3%	1,682	947	\$3,150	\$3,123
Beverly Hills/ West Hollywood	34,072	5.1%	687	125	\$3,202	\$3,182
<b>Total Westside Cities</b>	86,304	3.0%	2,369	1,072	\$2,835	\$2,815

## SALE FUNDAMENTALS

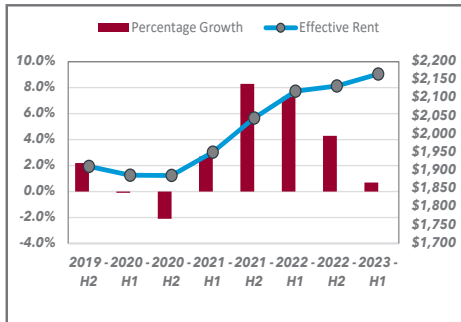
	# Buildings Sold	Price Per Unit	Price Per SF	Avg. Cap Rate	Avg. GRM
<b>LA County</b>	265	\$250,000	\$343	4.4	14.6
<b>San Fernando Valley</b>	36	\$250,149	\$293	4.2	14.2
<b>Tri-Cities</b>	21	\$296,429	\$378	3.6	17.8
<b>Downtown LA*</b>	2	\$229,999	\$317	0.0	0.0
<b>South Los Angeles</b>	53	\$192,157	\$273	4.8	13.0
<b>Hollywood / Mid-Wilshire</b>	5	\$208,333	\$290	5.3	12.4
<b>Westside LA</b>	37	\$468,153	\$429	4.0	16.1

\*Insufficient data.

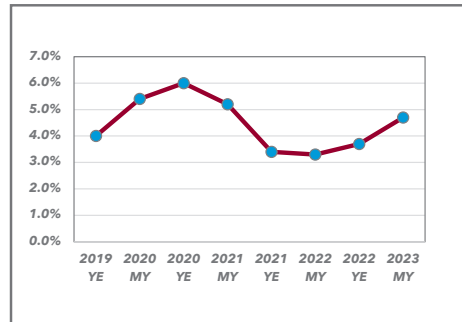
Source: CoStar, downtownla.com, Lee & Associates data. Buildings of 10 units or more.

#### LOS ANGELES COUNTY TRENDS

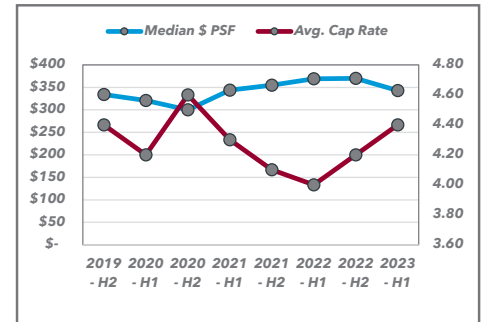
Rent Growth



Vacancy Trends

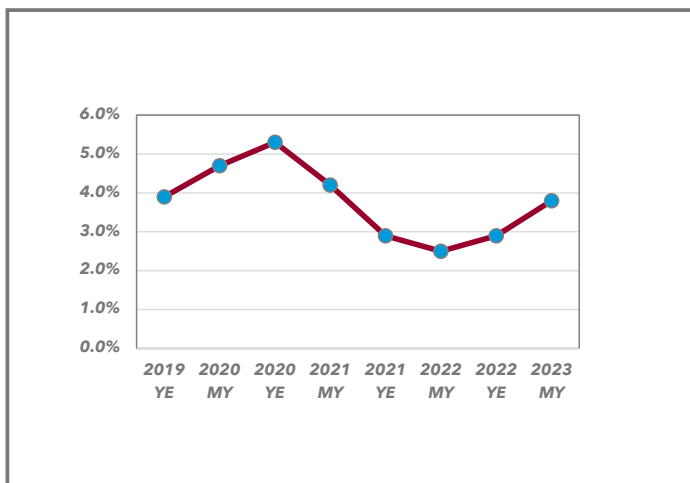


Sale Price PSF vs. Cap Rate

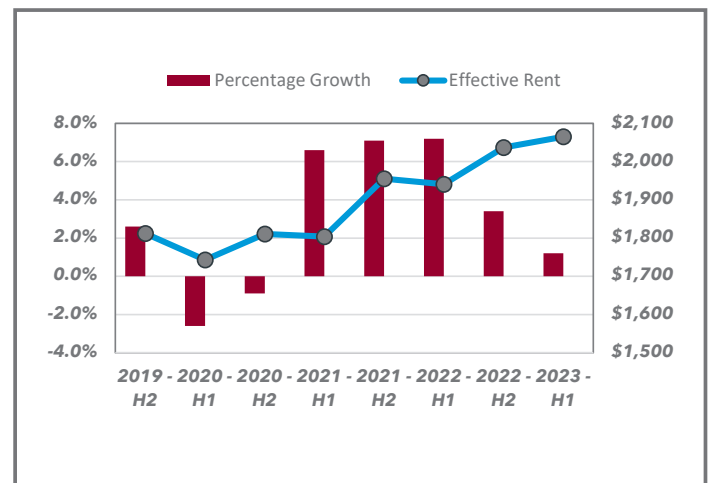


#### SAN FERNANDO VALLEY TRENDS

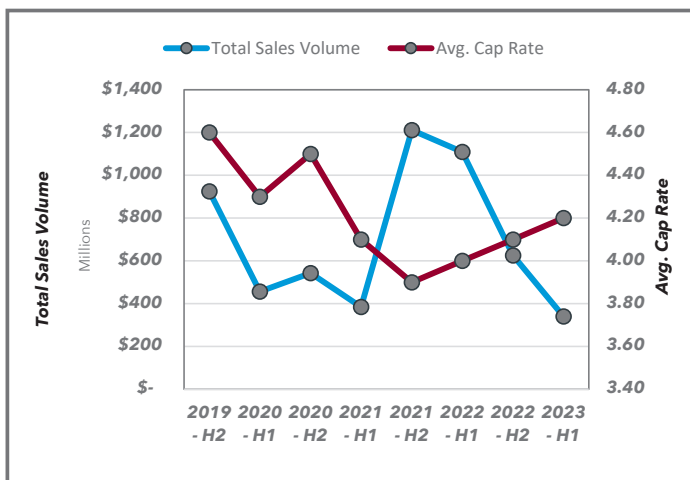
Vacancy Trends



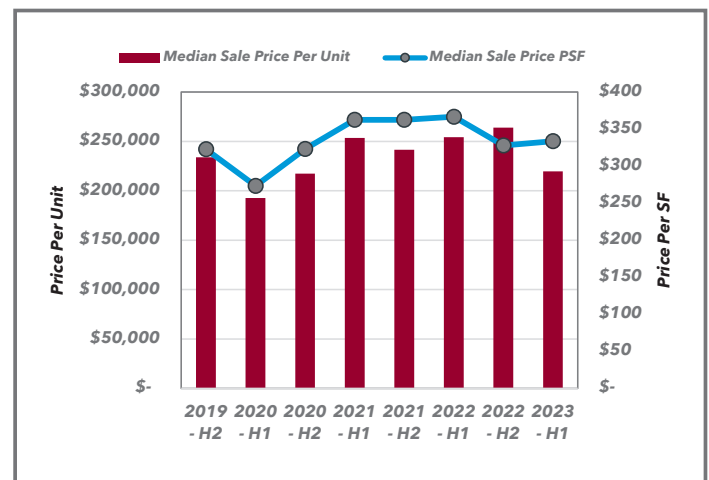
Rent Growth • Year-Over-Year



Sales Volume vs. Cap Rates



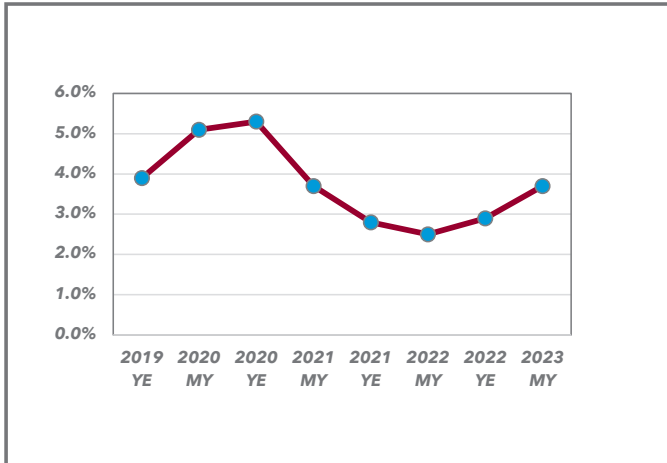
Price Per SF & Price Per Unit



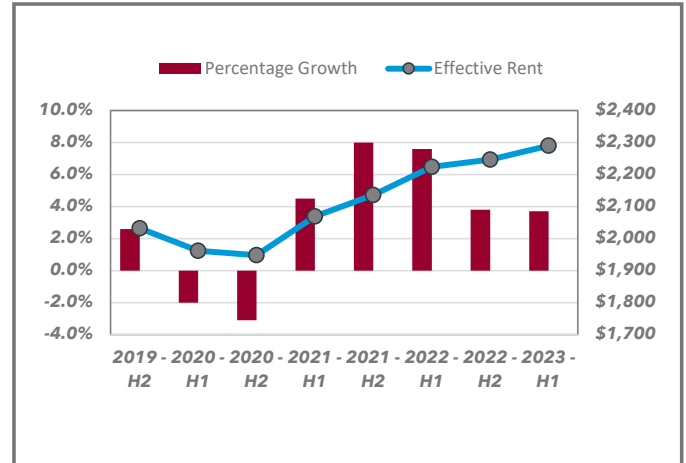
Source: CoStar, Lee & Associates data.

#### TRI CITIES TRENDS

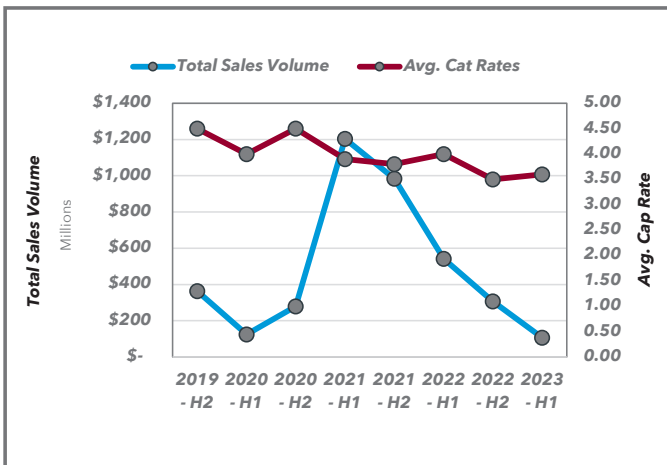
##### Vacancy Trends



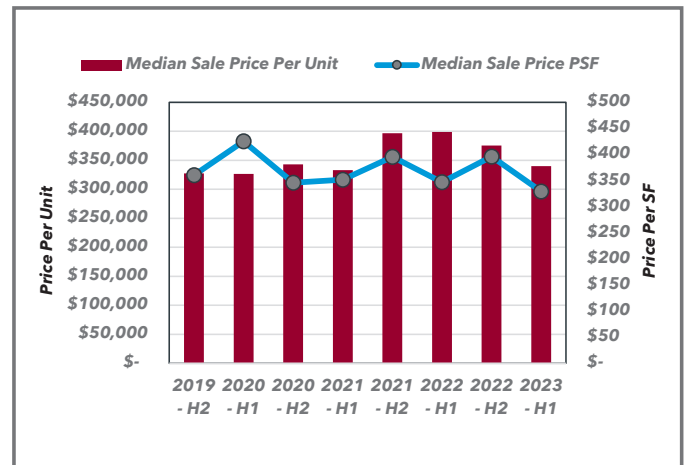
##### Rent Growth • Year-Over-Year



##### Sales Volume vs. Cap Rates

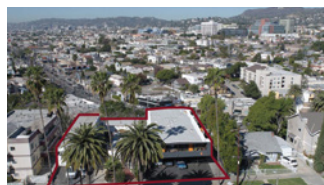


##### Price Per SF & Price Per Unit



Source: CoStar, Lee & Associates data.

#### Select Lee & Associates Multifamily Sale Transactions



**979-987 Manzanita**  
**Silver Lake**

6 Units  
**Sale Price:** \$1,450,000  
**Seller:** Bobbitt Family Trust  
**Buyer:** Caydrey (Silver Lake), LLC

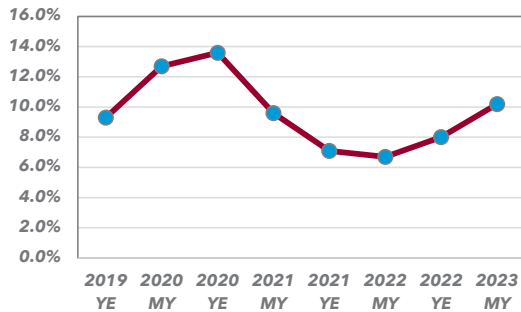


**921 Hillside Street**  
**La Habra**

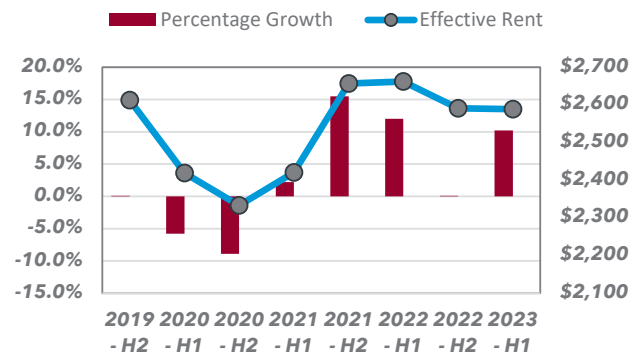
38 Units  
**Sale Price:** \$9,818,000  
**Seller:** Hunsaker Jenkin LLC  
**Buyer:** Dinesh Mangalick

#### DOWNTOWN TRENDS

##### Vacancy Trends



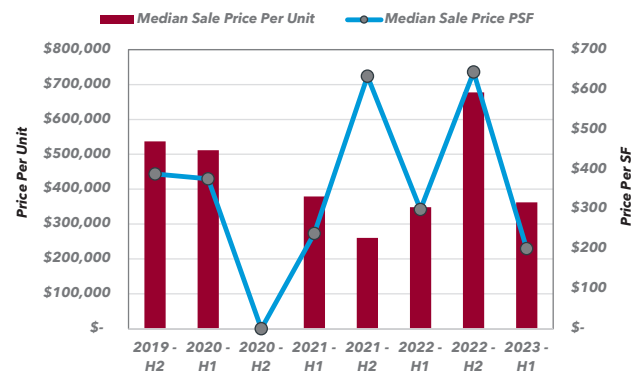
##### Rent Growth • Year-Over-Year



##### Sales Volume vs. Cap Rates



##### Price Per SF & Price Per Unit

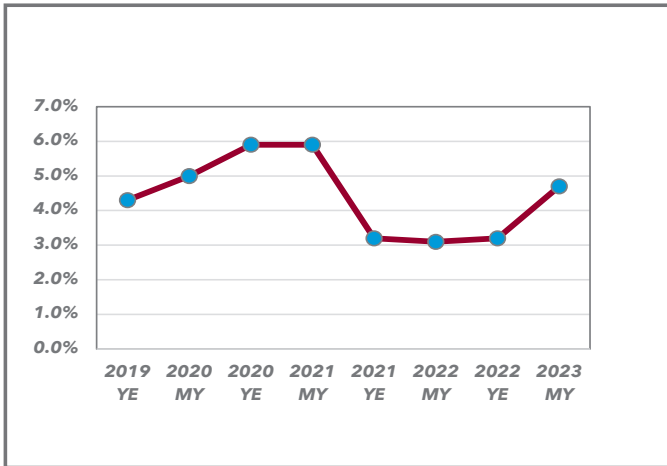


NOTE: Insufficient data to generate accurate cap rates.

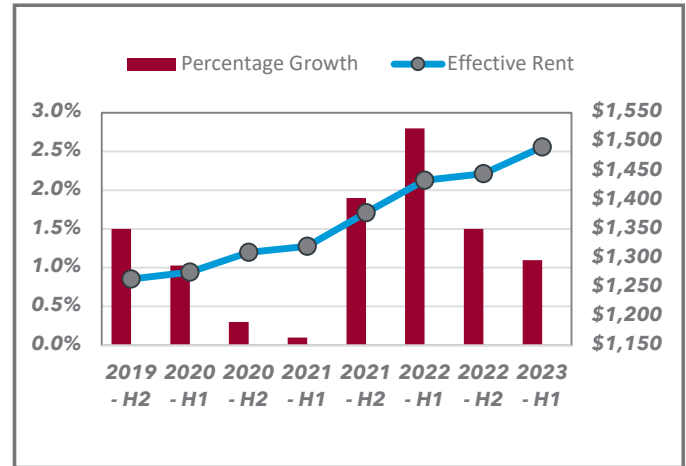
Source: CoStar, Lee & Associates data.

#### SOUTH LOS ANGELES TRENDS

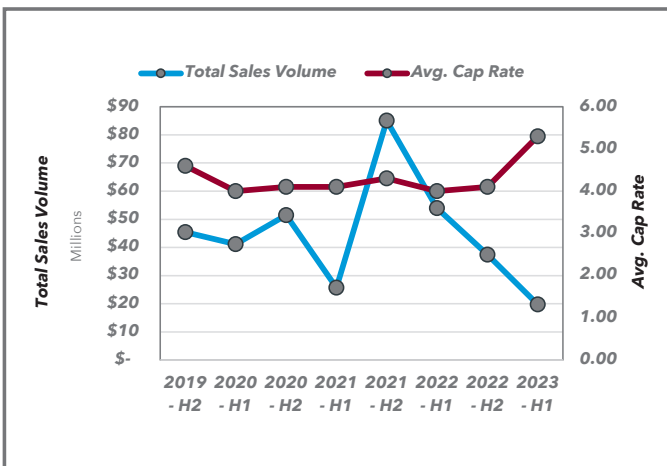
##### Vacancy Trends



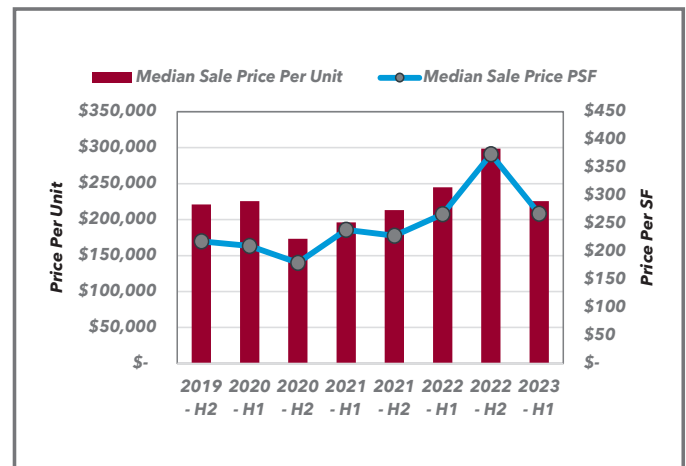
##### Rent Growth • Year-Over-Year



##### Sales Volume vs. Cap Rates



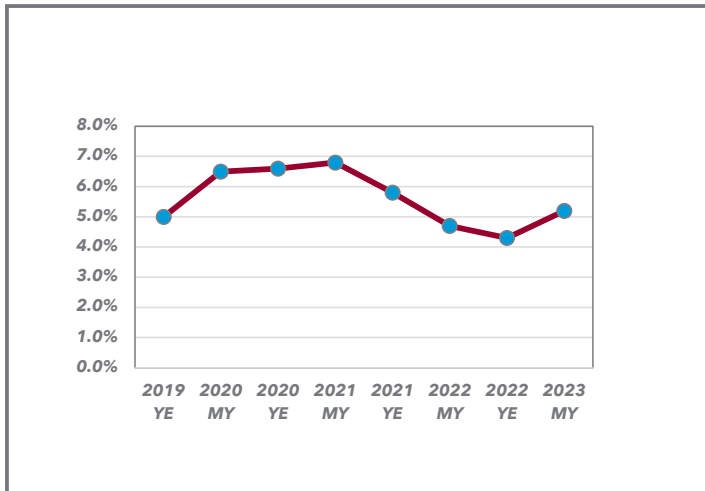
##### Price Per SF & Price Per Unit



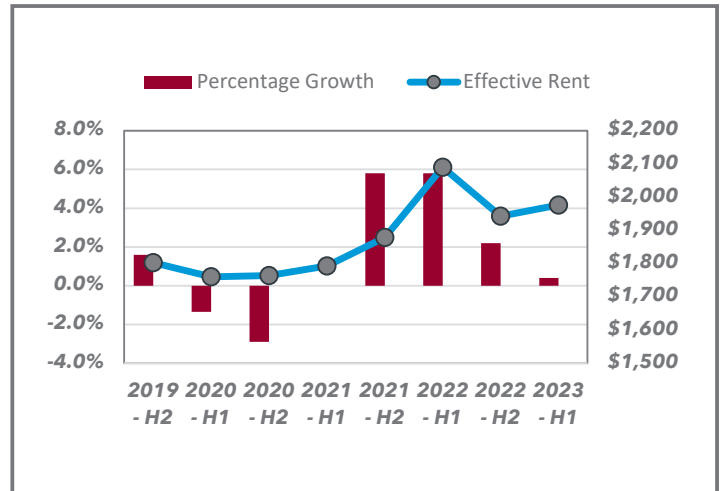
Source: CoStar, Lee & Associates data.

### HOLLYWOOD/MID-WILSHIRE TRENDS

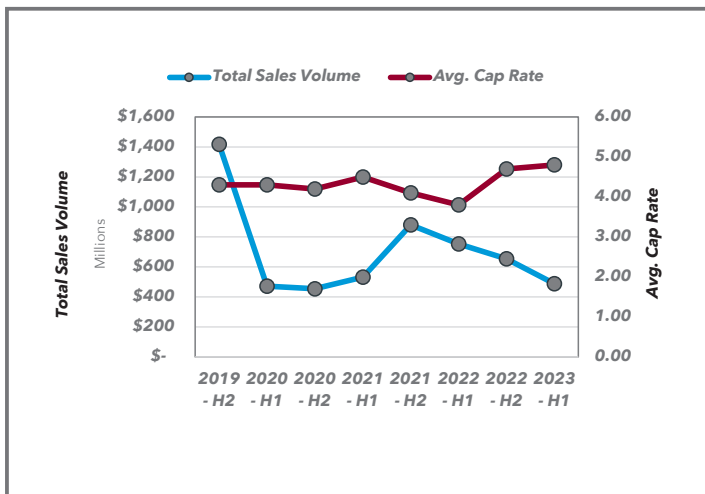
#### Vacancy Trends



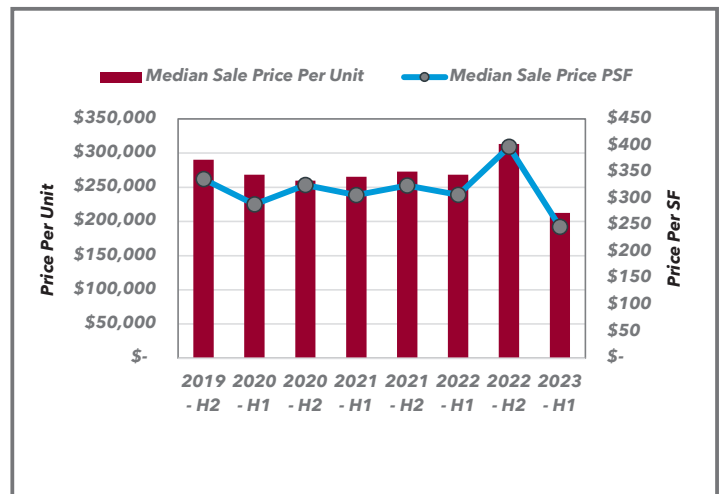
#### Rent Growth • Year-Over-Year



#### 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.

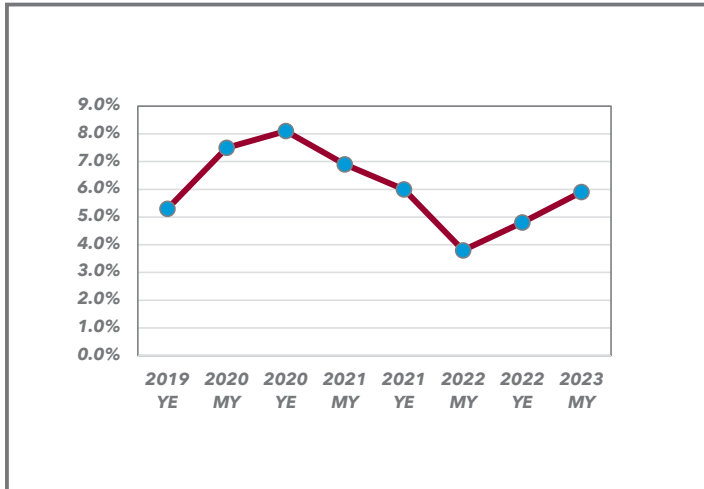
#### UNITS DELIVERED

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

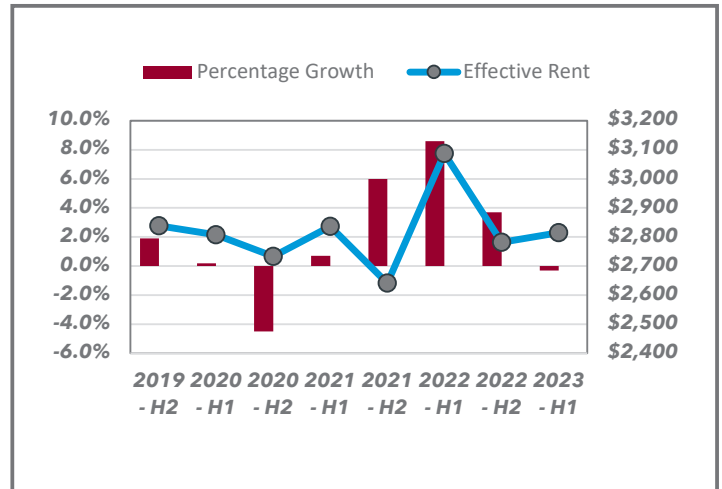


#### WESTSIDE TRENDS

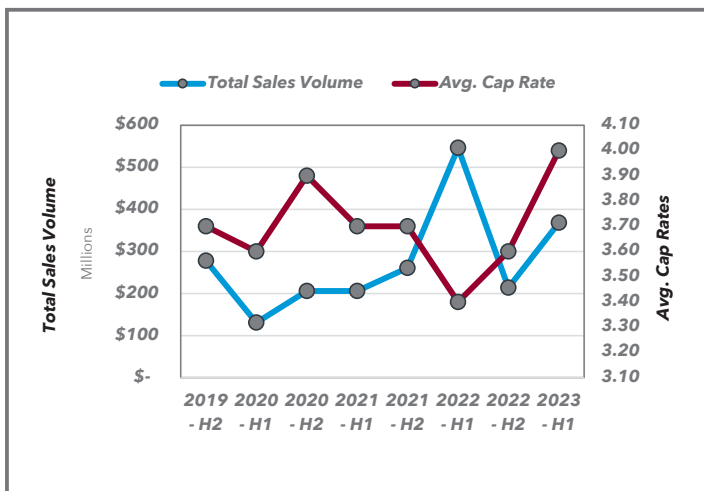
##### Vacancy Trends



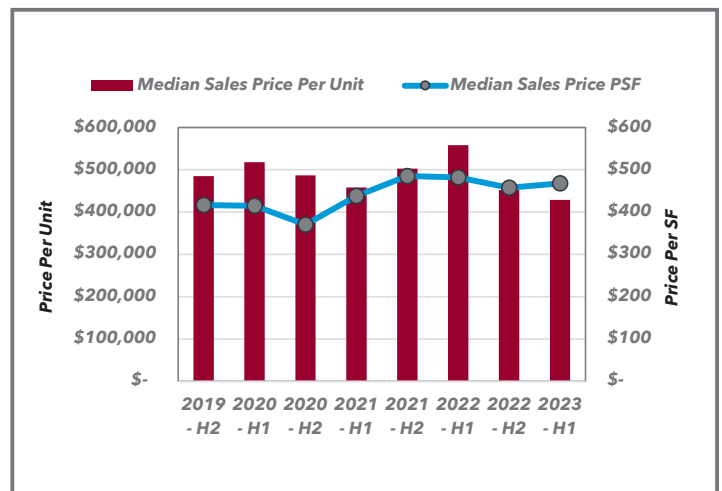
##### Rent Growth • Year-Over-Year



##### 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](http://lee-associates.com) or follow us on Facebook, LinkedIn, Twitter, and Link, our company blog.

**Lee & Associates-LA North/Ventura, Inc.** is a full service commercial brokerage company serving the San Fernando Valley, Conejo Valley, Simi Valley/Moorpark and Ventura County markets. Founded in 1994, Lee LA North/Ventura has grown to become one of the largest commercial brokerage companies in the Los Angeles North and Ventura regions with four offices and 51 agents.

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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

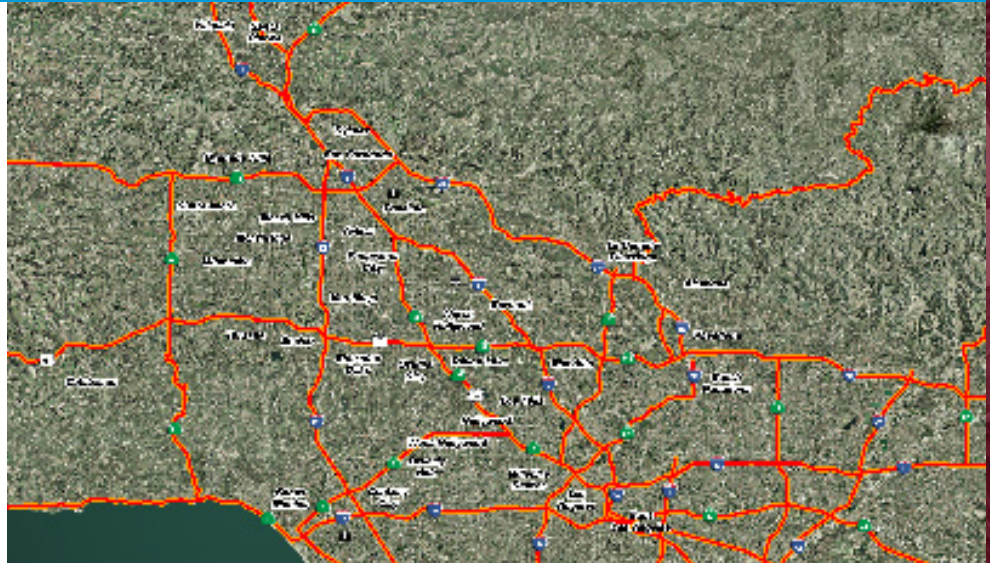
Includes the city of Hollywood, Fairfax District, Los Feliz, Silver Lake, Echo Park

### 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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