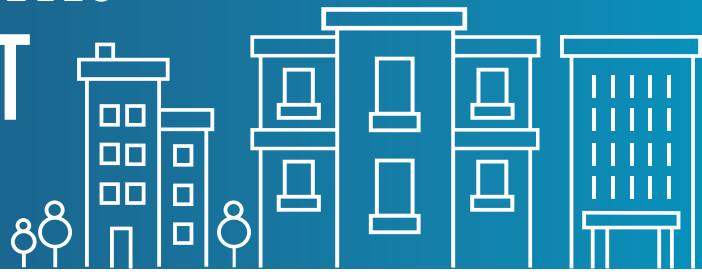


FIRST QUARTER 2021 | LOS ANGELES

MULTIFAMILY MARKET



Rebound Begins In Los Angeles Multifamily Market

OVERVIEW

Housing demand stabilizes with continued rent growth

The Los Angeles multifamily market is showing signs of recovery one year into the ongoing public health emergency that has upended one of the country's most stable apartment markets. Asking rents have increased 0.3% over the previous quarter and are up 0.1% from Q1 2020. Occupancy levels are up 10 basis points over the previous quarter as apartment demand remains strong for larger units in suburban areas.

Prior to the outbreak, domestic and international capital was pouring into the Los Angeles apartment market, which led all U.S. metros with nearly \$10 billion in multifamily trades closing in both 2018 and 2019. The pandemic had pushed some investors to the sidelines, but sales volume has increased 13% over the previous quarter. A global health and economic crisis coupled with a host of emergency regulations cannot stop the appetite for stable assets in a well-positioned market.

Despite lockdown measures remaining in place for the past year, development activity has resumed in 2021. Currently, over 29,100 units are under construction county-wide. These developments, however, will have little impact on vacancy rates as the Los Angeles apartment market remains severely supply constrained.

TRENDLINES

5-YEAR TREND

CURRENT QUARTER

JOB GROWTH



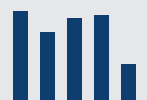
-557.2k JOBS
Year-over-year growth
of -12.1%

RENTAL RATE



\$1,936
Year-over-year growth
of just 0.1%

SALES VOLUME



\$1.2 BILLION
Year-over-year sales
up 0.4%

OCCUPANCY



94.0%
Occupancy rate gains
10bps over Q4 2020

AVERAGE CAP RATE



4.40%
Year-over-year
increase of 14bps

Apartment sales metrics for Q1 2021 are as follows:

- **229** single-property sales for properties 5 units and up (down from 276 from the same period in 2020)
- Total sale volume of **\$1.17B** (unchanged from the same period in 2020).
- Average sale price per unit of **\$308,619** (unchanged from the same period in 2020).
- Average cap rate of **4.40%** (up from 4.26% from the same period in 2020).
- Average Gross Rent Multiplier (GRM) of **14.58** (down from 15.38 from the same period in 2020).

OUTLOOK

Dislocations as post-pandemic reality sets in

The pandemic has accelerated a trend of renters leaving the Los Angeles metro for less expensive markets in the Inland Empire, Phoenix and Las Vegas, where average rents are significantly cheaper. The work-from-home revolution is playing out across the country, with cost-burdened renters leaving pricey coastal markets in favor of more moderately priced regions.

Despite this fact, the long-term fundamentals support a robust apartment market in Southern California. The region has one of the highest percentages of renters of any U.S. metro, with roughly half of all households renting their homes.

Largest Sales Transactions - Q1 2021

Property	Total Sales Price	Buyer	Seller	Market
Olive DTLA (1243 S Olive St)	\$121,000,000	Waterton	The Wolff Company	Downtown Los Angeles
Park Village Apartment Homes (5327 N Hermitage Ave)	\$21,250,000	Armen Uguryan	DNN Capital, Inc.	Hollywood
The Hollywood Regency (1635-1639 N Martel Ave)	\$21,300,000	Xenon Investment Corporation	Shirley Kesler Living Trust	Hollywood
Oceanaire (150 W Ocean Blvd)	\$122,000,000	Waterford Property Company	LMC	Long Beach/San Pedro
The Vue (255 W 5th St)	\$120,242,000	Waterton	Carmel Partners	Long Beach/San Pedro

Largest Projects Under Construction - Q1 2021

Property	# of Units	Expected Completion	Developer	Submarket
Landmark Apartments (11750 Wilshire Blvd)	376	2022	Douglas Emmett, Inc.	Beverly Hills/Century City/Westwood
Ferrante (1000 W Temple St)	1150	2021	G.H. Palmer Associates	Downtown Los Angeles
TENTEN Wilshire - Phase II (1027 Wilshire Blvd)	376	2021	Central City Development Group	Downtown Los Angeles
Upper Ivy Residences (8809 Washington Blvd)	200	2021	Lowe Enterprises Investment Management	Greater Culver City
VOX (3333 S La Cienega Blvd)	910	2021	Carmel Partners	Greater Inglewood
Wallace on Sunset (6240 W Sunset Blvd)	200	2021	Essex Property Trust, Inc.	Hollywood
Mariposa & Fedora II (837 Fedora St)	200	2022	CGI Plus	Koreatown
AMLI Old Pasadena (75 W Holly St)	394	2021	AMLI Residential	Tri-Cities (Burbank-Glendale-Pasadena)

Los Angeles County Multifamily Market Indicators - Q1 2021

Submarket	No. of Sales	Total Sales Volume	Average Price/Unit	Average Cap Rate	Average GRM
Beach Communities	1	\$4,850,000	\$538,889	-	17.24
Beverly Hills/Century City/Westwood	11	\$64,670,000	\$552,735	4.37	17.02
Downtown Los Angeles	3	\$135,575,000	\$352,143	5.51	9.64
East Hollywood	14	\$42,530,000	\$267,484	4.48	13.97
Greater Culver City	13	\$61,970,000	\$336,793	4.23	15.27
Greater Inglewood	18	\$33,269,007	\$194,556	5.02	13.87
Hollywood	26	\$128,435,000	\$314,792	4.39	14.50
Koreatown	26	\$79,717,500	\$204,404	4.06	14.50
Long Beach/San Pedro	25	\$294,279,500	\$386,194	4.59	13.90
Mid-City	15	\$80,242,000	\$359,830	4.18	15.77
Northeast Los Angeles	6	\$9,752,000	\$199,020	4.86	15.04
San Fernando Valley	15	\$48,415,000	\$268,972	4.52	13.86
San Gabriel Valley	8	\$20,923,000	\$278,973	3.83	15.31
Santa Monica	6	\$26,554,000	\$474,179	4.38	17.20
South Bay MF	5	\$7,435,500	\$247,850	4.11	15.32
South Los Angeles	1	\$20,818,000	\$289,139	-	-
Southeast Los Angeles	15	\$27,345,000	\$184,764	4.04	14.90
Tri-Cities (Burbank-Glendale-Pasadena)	4	\$13,900,000	\$308,889	3.55	16.34
West Hollywood	6	\$34,885,000	\$396,420	4.75	15.93
Westlake	11	\$40,582,307	\$156,086	4.40	12.65
Grand Total	229	\$1,176,147,814	\$308,619	4.40	14.58

Methodology

The information in this report is the result of a compilation of information on multifamily properties located in the Los Angeles metropolitan area. This report includes all single-property apartment building sales over 5 units, excluding condo sales, dormitories, and mobile homes.

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