

LOS ANGELES, CALIFORNIA

APARTMENT MARKET RECOVERY TO BEGIN IN 2022 AFTER INVENTORY SURGE IN 2021

The local apartment market was tested in 2020 by elevated deliveries along with economic disruption and a pullback in apartment demand stemming from the COVID-19 pandemic. The budding economic recovery in the third quarter of 2020 stalled in the fourth quarter because of protracted pandemic-driven business restrictions. As a result, apartment occupancy fell 100 basis points from March to 95.1% in December, fueled by decreased renter mobility and a surge of new inventory. Some inner-core renters, unable to justify high rent amid dwindling urban amenities, moved to less costly areas. The Woodland Hills, Santa Clarita Valley, and Antelope Valley submarkets benefited from this migration, with increased occupancy recorded in all three areas from the first quarter to the fourth quarter. During that period, the Antelope Valley submarket had the added benefit of a 2.6% increase in effective rent. Countywide, monthly effective rent averaged \$2,211 in December, down 5.2% from March. As the local economy begins recovering in 2021, apartment demand will rise sharply but not enough to overtake a tidal wave of 20,555 new apartments. The supply overhang will spur a 40-basis-point drop in occupancy to 94.7% by year-end. The excess inventory will similarly affect monthly effective rent, which is forecast to descend 1.5% to \$2,178. In 2022, above average net absorption will again lag deliveries, projected to total 15,279 units, resulting in a 20-basis-point decrease in occupancy to 94.5%. Effective rent is forecast to rebound with a 4.5% annual increase to \$2,276 per month.



2021 MARKET AT A GLANCE



OCCUPANCY RATE

94.7%

Down 40 bps YOY



EFFECTIVE RENT

\$2,178

Down 1.5% YOY

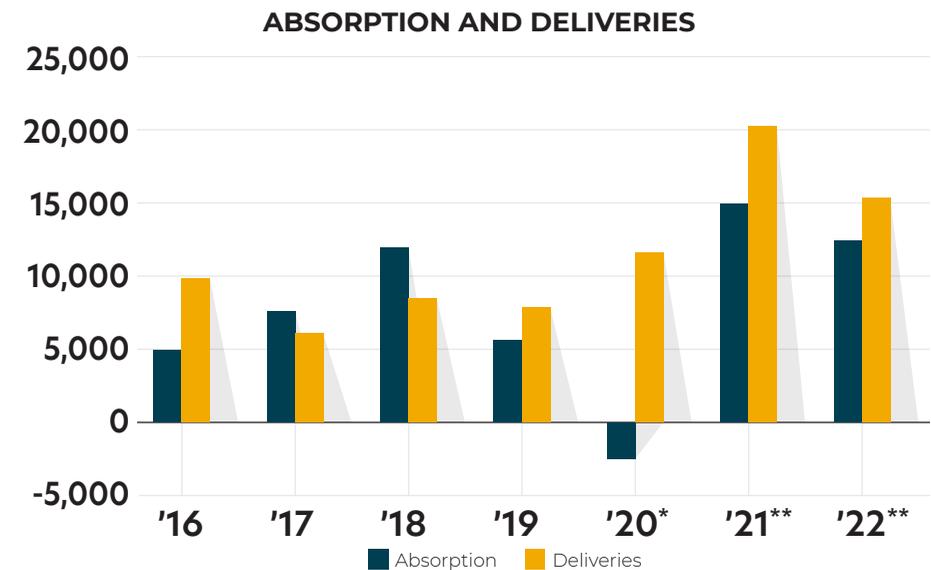
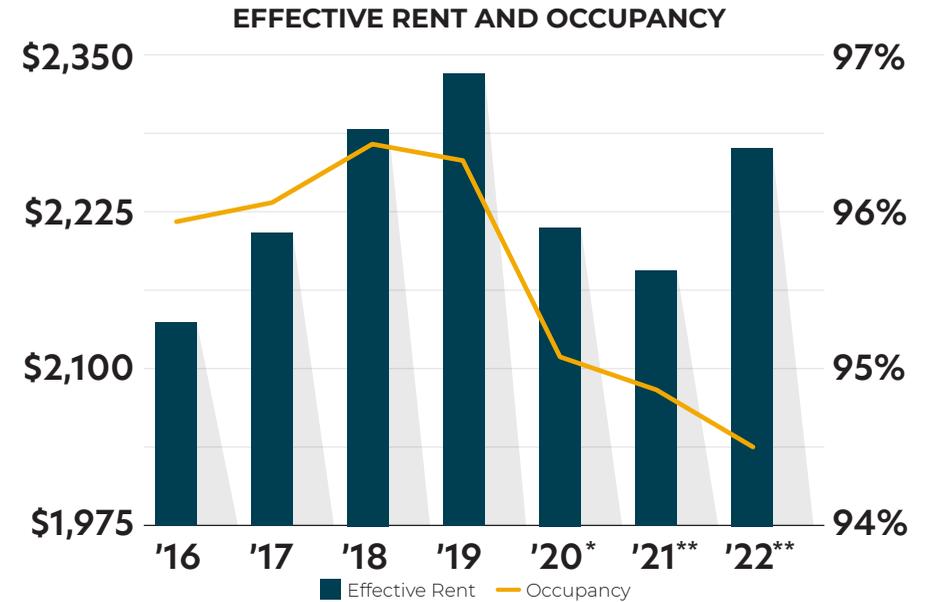


RENT SHARE OF WALLET

35.9%

Down 120 bps YOY

MARKET TRENDS



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

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EMPLOYMENT TRENDS



2019	YOY CHANGE	2020*	YOY CHANGE	2021**
4,661,200	-10.4%	4,175,500	2.7%	4,289,400

2019	YOY CHANGE	2020	YOY CHANGE	2021
3.0%	1,270 BPS	15.7%	-430 BPS	11.4%

2019	YOY CHANGE	2020	YOY CHANGE	2021
10,038,400	0.3%	10,063,700	0.2%	10,087,200

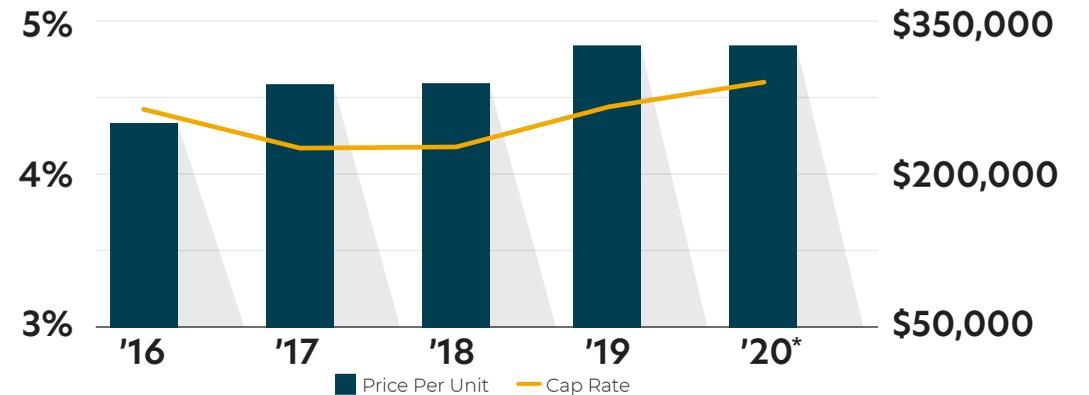
2019	YOY CHANGE	2020	YOY CHANGE	2021
3,410,800	0.7%	3,434,600	0.7%	3,457,600

2019	YOY CHANGE	2020	YOY CHANGE	2021
\$73,079	-2.1%	\$71,510	1.8%	\$72,830

SALES TRENDS

2019	YOY CHANGE	2020*
\$322,773	-0.1%	\$322,494

2019	YOY CHANGE	2020
4.4%	20 BPS	4.6%



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