

# ORANGE COUNTY CA

## INSTITUTIONAL MULTIFAMILY REPORT

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# ORANGE COUNTY, CA EMPLOYMENT

## JOBS ADDED / LOST

LAST 12 MONTHS

157,700

↑ 11.3%

NEXT 12 MONTHS\*

77,300

↑ 5.0%

## UNEMPLOYMENT

MID-YEAR 2021

5.9%

↓ 960 BPS YOY

MID-YEAR 2022\*

3.2%

↓ 280 BPS YOY

\*PROJECTED

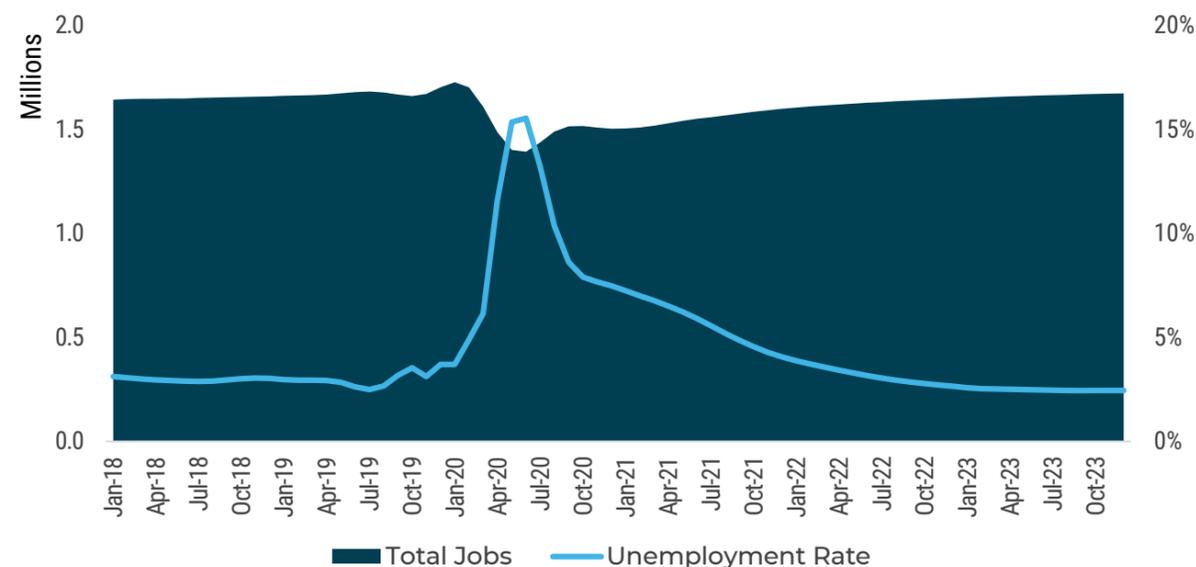
Orange County supports over 1.5 million jobs as of June 2021 and has one of the strongest economies in the nation. Cities such as Anaheim, Irvine, Newport Beach, and Mission Viejo are major employment hubs, boasting job growth in technology, life science, and hospitality industries.

Orange County employers created or restored 157,700 net jobs since June 2020, reaching 96.4% of pre-pandemic employment. Leisure and hospitality-based employers represented more than one-third of the net jobs gains, filling 59,400 positions. World-renowned beaches, and attractions like Disneyland, which reopened on April 30, 2021, support 170,000 tourism jobs and a \$21.3 billion economic impact.

Hiring in the largest private employment sector—professional and business services—expanded by 25,600 net jobs as employees returned to office life. The education and health services sector continued to propel the local economy with a boost of 14,000 workers.

By year-end 2021, Orange County is projected to reach 99.4% of pre-pandemic employment, while the unemployment rate plunges from a pandemic high of 15.5% to 4.1%. Positive hiring momentum is expected to continue through 2022. Employers are forecast to add 77,300 net positions, for a 5.0% annual increase. At the same time, the unemployment rate is projected to close 2022 at 2.6%.

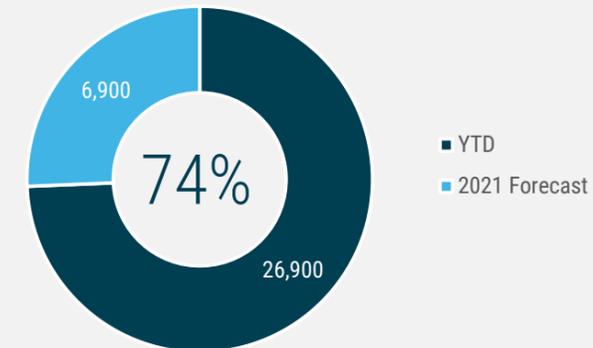
## EMPLOYMENT TRENDS



SOURCE: MOODY'S ANALYTICS

## WHO'S HIRING?

### LEISURE & HOSPITALITY INDUSTRY



11%  
OF ALL JOBS IN THE METRO

\$29,900  
AVERAGE ANNUAL SALARY

## TOP LEISURE & HOSPITALITY EMPLOYERS

	32,000 JOBS
	1,000 JOBS
	1,000 JOBS

## IN THE NEWS

- Irvine firm is hiring 140,000 last-mile delivery drivers
- Planet 13 hiring 250 for new superstore in Santa Ana
- Loan Depot looking to fill 3,000 openings
- New luxury hotels open near Disneyland
- Allied Universal hiring 500 security jobs



## ORANGE COUNTY, CA

# DELIVERIES & ABSORPTION

### 2021 UNITS\*

#### DELIVERED

3,265

#### ABSORBED

4,736

### 2022 UNITS\*

#### DELIVERED

4,693

#### ABSORBED

1,210

\*PROJECTED

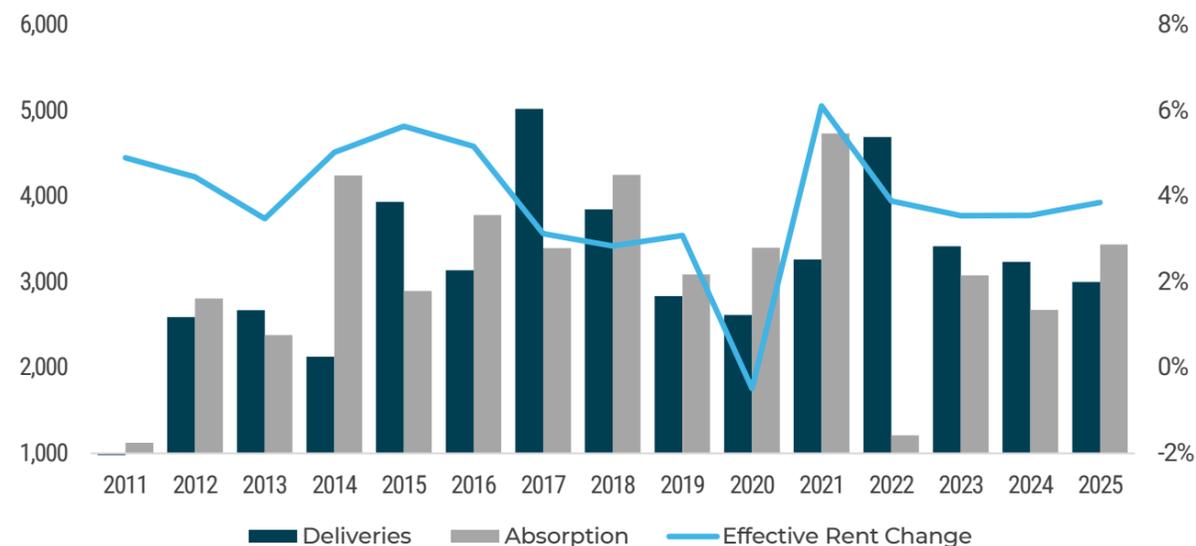
Over the past five years in Orange County, new supply expanded inventory 7.1% as developers worked to meeting housing demand for the growing population. The current pipeline shows a wave of new activity with nearly 7,500 units under construction at the end of the second quarter of 2021. The latest inventory expansion wave will likely peak next year. Approximately 4,740 apartments are scheduled to finish by the end of 2022, the highest annual rate since 2017.

Builders are most active in the South Irvine and the East Anaheim/Orange submarkets. The city of Irvine is among the top 10 fastest-growing cities in the United States, and is also a major employment hub with about 200 Fortune 500 companies.

At mid-2021, Orange County leasing activity outpaced new deliveries three-fold as leasing activity was positive in every submarkets in the last year. Countywide net absorption is forecast to end 2021 at 4,736 units, marking a 10-year high.

Rental demand will be bolstered by the return of in-person instruction at the University of California, Irvine (UCI). A key driver of market-rate apartments, UCI is the second-largest employer in Orange County with an enrollment of about 37,000 students further expanding the renter pool.

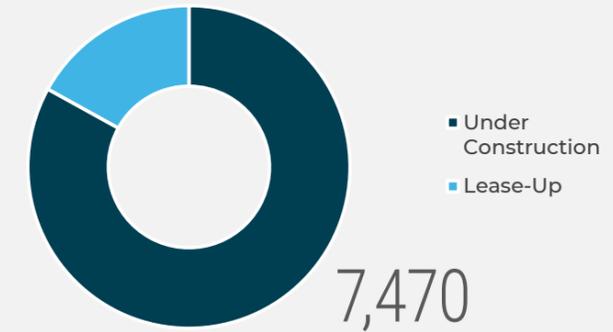
### DELIVERIES, ABSORPTION, & EFFECTIVE RENT CHANGE



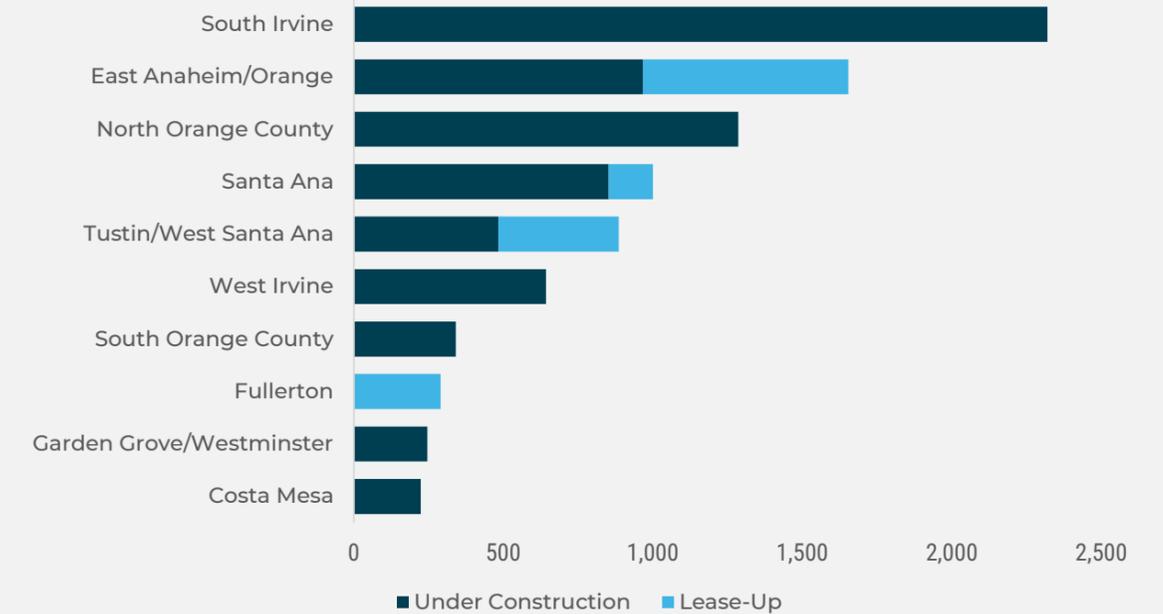
SOURCE: REALPAGE

### MARKET PIPELINE

1,528



### TOP 10 SUBMARKET PIPELINES



For a complete list of properties in the pipeline, [CLICK HERE](#)



# ORANGE COUNTY, CA RENT & OCCUPANCY

## EFFECTIVE RENT

2Q 2021

\$2,198

↑ 5.9% YOY

## OCCUPANCY

2Q 2021

97.6%

↑ 180 BPS YOY

Orange County's exceptionally strong multifamily demand continues to chew through recent deliveries thanks to a late-year surge in 2020 that carried into mid-year 2021 due to pent-up demand from the early months of the pandemic.

The average occupancy rate in second quarter 2021 was a healthy 97.6%, up from 95.8% one year prior and 130 basis points above the five-year average. The county's occupancy rate is projected to settle at 97.4% by year-end 2021, up 60 basis points annually.

Rising occupancy amid a strong pandemic recovery allowed rent growth to remain on an upward trajectory. At an average of \$2,198,

monthly effective rent in Orange County was up 5.9% year over year.

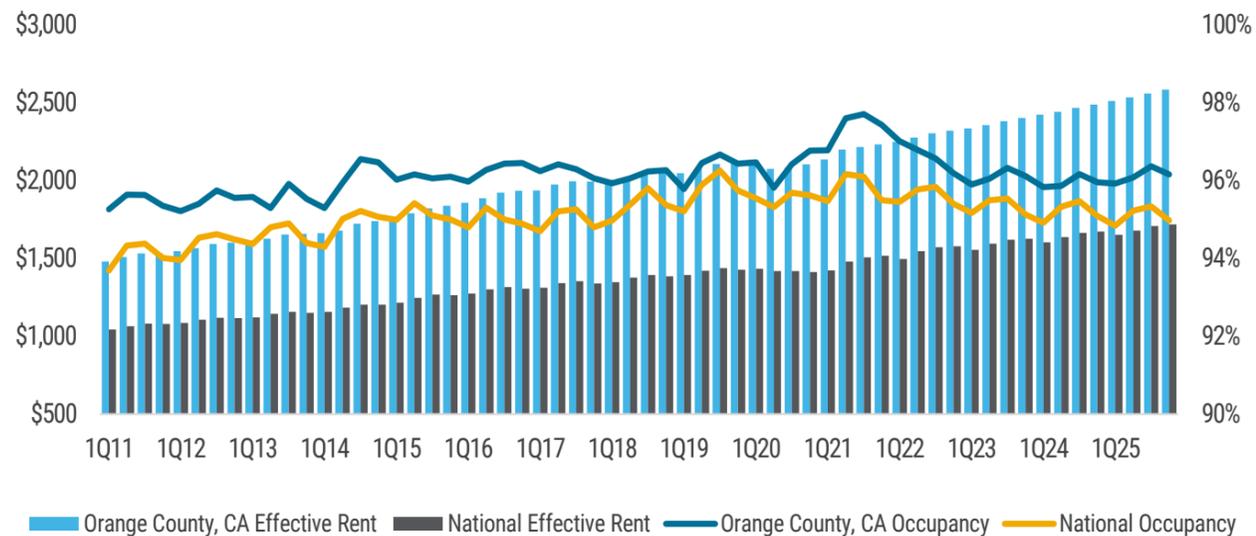
Double-digit rent growth was observed in the submarkets of Mission Viejo/Lake Forest and South Orange County—11.1% and 10.2%, respectively—pushing the average rent in each submarket past the market norm. Underpinning apartment operators' confidence to raise rent was occupancy rising at a faster rate than the metro average in the last year.

Countywide effective rent is expected to end 2021 at \$2,233 per month. The annual rent growth of 6.1% would be the highest level in 16 years.

## SUBMARKET PERFORMANCE

SUBMARKET NAME	2Q21 OCCUPANCY	YOY (BPS)	2Q21 EFFECTIVE RENT	YOY
Buena Park/Cypress	97.9%	90	\$1,933	3.9%
Costa Mesa	97.7%	220	\$2,227	5.0%
East Anaheim/Orange	97.3%	160	\$2,150	5.2%
Fullerton	97.5%	230	\$1,936	4.7%
Garden Grove/Westminster	98.2%	160	\$1,912	3.5%
Huntington Beach	97.1%	120	\$2,311	7.1%
Mission Viejo/Lake Forest	97.8%	200	\$2,252	11.1%
Newport Beach	98.3%	250	\$2,813	6.2%
North Irvine	97.6%	80	\$2,462	5.5%
North Orange County	97.4%	230	\$2,091	7.5%
Santa Ana	97.2%	140	\$2,044	3.2%
South Irvine	97.5%	190	\$2,559	5.3%
South Orange County	97.2%	290	\$2,416	10.2%
Tustin/West Santa Ana	98.0%	210	\$2,084	5.6%
West Anaheim	97.9%	100	\$1,804	2.4%
West Irvine	98.1%	280	\$2,430	6.9%

## ORANGE COUNTY VS. NATIONAL EFFECTIVE RENT & OCCUPANCY



SOURCE: REALPAGE



## ORANGE COUNTY, CA

# POPULATION & MIGRATION

### 2021 RESIDENTS\*

3,178,500

↑ 0.1% YOY

### 2022 RESIDENTS\*

3,180,400

↑ 0.1% YOY

\*PROJECTED

In 2020, Orange County ended with 4,600 additional residents than it began, while California slipped into negative population growth, a first in the history of the state.

Orange County's population is estimated to reach 3,178,500 people at year-end with a median age of 38.7 and a median household income of \$94,695. Residents in Orange County are skewed slightly older and wealthier compared to the metrowide average.

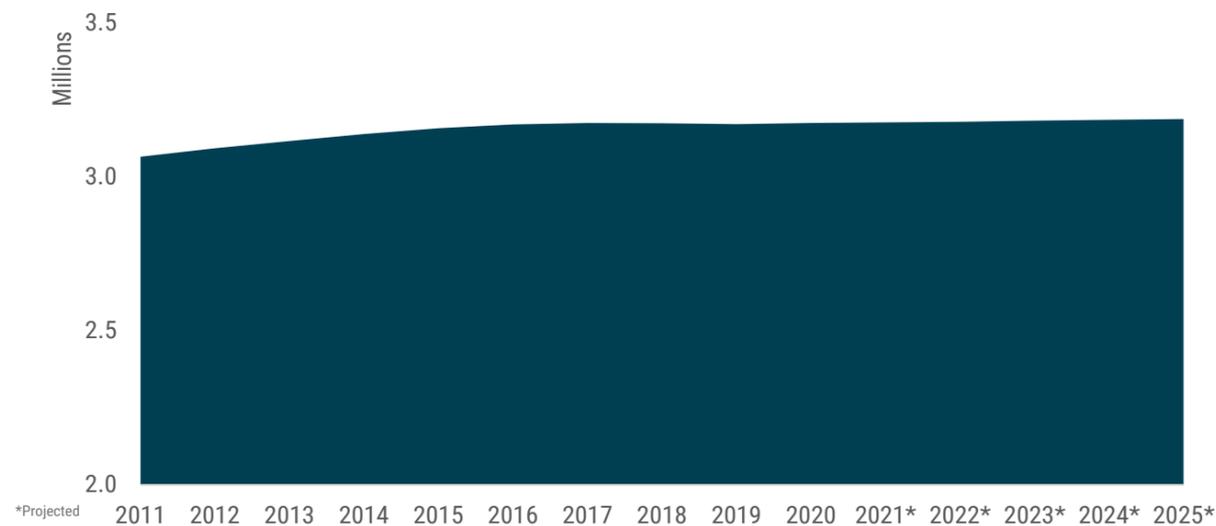
For some, the desirable downtown areas are too expensive, forcing families and rent-by-necessity households to move out to the fringes of the metro. To some extent, this debunks the claims of a mass-exodus from the Los Angeles

metro; instead, about 43% have decided to stay and move to more affordable suburban neighborhoods.

Santa Ana, which is a relatively affordable city to live in Orange County, includes an eclectic mix of established residents and newcomers. About half of Santa Ana households are renter-occupied, outpacing the 39% countywide average.

This was reflected by the net 1,100 units absorbed in the last year combined in the Santa Ana and the Tustin/West Santa Ana submarkets since mid-2020.

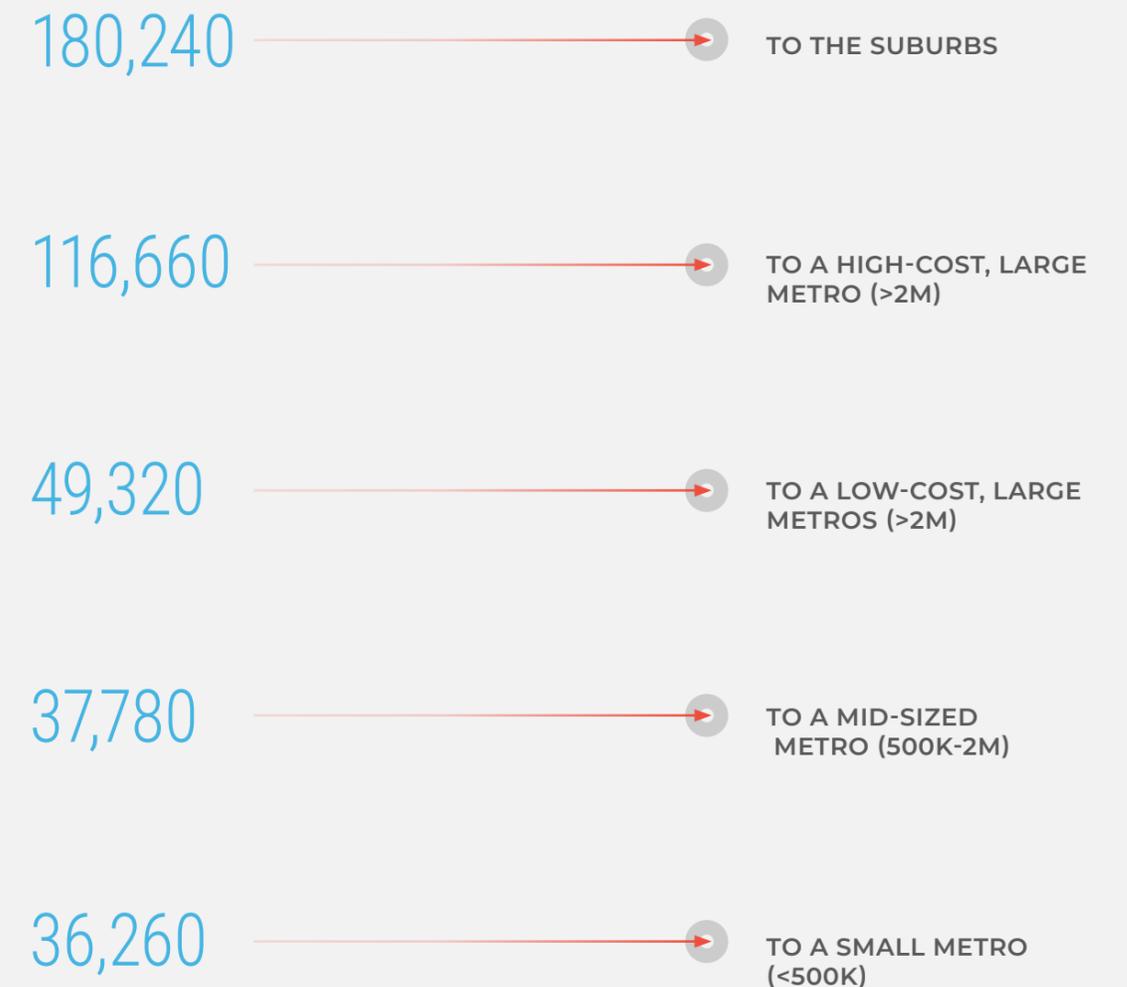
### ORANGE COUNTY POPULATION



SOURCE: MOODY'S ANALYTICS

### URBAN MIGRATION DURING THE PANDEMIC

2Q 2020 - 1Q 2021



SOURCE: FEDERAL RESERVE BANK OF CLEVELAND



## ORANGE COUNTY, CA

# SALES

2021 YEAR TO DATE\*



VOLUME

\$596.6M



PRICE PER AVERAGE (AVG)

\$450,167



TRANSACTIONS

5



CAP RATE (AVG)

3.4%

WHAT'S TRADING?\*



UNITS (AVG)

276



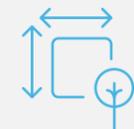
YEAR BUILT (AVG)

2010's



BUILDINGS (AVG)

2



ACRES (AVG)

5.82

TOP BUYERS\*\*

BUYER	LOCATION
California Statewide Communities Development Authority	Walnut Creek, CA
Waterford Property Company	Newport Beach, CA
Advanced Real Estate Services	Irvine, CA
Kort & Scott Financial	Anaheim, CA
TIAA	New York, NY

TOP SELLERS\*\*

SELLER	LOCATION
Wolff Company	Scottsdale, AZ
JPI Multifamily	Irving, TX
UDR	Highlands Ranch, CO
Greystar	Charleston, SC
Red Oak Investments	Irvine, CA

\*\*Past 24 Months

\*\$50M+  
SOURCE: REAL CAPITAL ANALYTICS



## ORANGE COUNTY, CA

# SALES

\$50+ MILLION TRANSACTIONS



**JEFFERSON PLATINUM TRIANGLE**  
Anaheim, CA

UNITS	YEAR BUILT
400	2016
PRICE / UNIT	SALES PRICE
\$100,000	\$160,000,000



**PARALLEL**  
Anaheim, CA

UNITS	YEAR BUILT
386	2017
PRICE / UNIT	SALES PRICE
\$100,000	\$156,000,000



**THE MIX AT CTR CITY**  
Anaheim, CA

UNITS	YEAR BUILT
276	2006
PRICE / UNIT	SALES PRICE
\$100,000	\$115,000,000



**PEARL LA FLORESTA**  
Brea, CA

UNITS	YEAR BUILT
204	2019
PRICE / UNIT	SALES PRICE
\$100,000	\$108,100,000



**AXIS 2300\***  
Irvine, CA

UNITS	YEAR BUILT
115	2009
PRICE / UNIT	SALES PRICE
\$100,000	\$57,500,000

\*BERKADIA TRANSACTION

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Sources: RealPage; Moody's Analytics; Real Capital Analytics; Federal Reserve Bank of Cleveland

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