



# Southern California multifamily market report

Q4 2022

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**AVISON  
YOUNG**

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# Multifamily market trends

## 19,472

### Inventory

- Southern California inventory totaled **7,416 buildings with 1,095,221 units** at the end of 4Q 2022.
- Deliveries checked in at **19,472 units** for the 2022, giving a total of 105,536 new units delivered to the market over the past five years.
- New projects continue to break ground across the Southern California markets to supplement the influx of renters with **51,935 units under construction.**

## 18.1%

### Rents

- With the pandemic over and home buying slowing down due to interest rate hikes, rental rates have risen across Southern California, **up 18.1% since 2019 to \$2,333/Unit.**
- Sales volume decreased by 17% when compared to 2021, we also saw the price per square foot **decrease by 7.96%.** We expected to continue to see declines going into 2023 as pricing begins to reset due to higher interest rates and ensuing bid-ask gap.
- **Rental increases are expected to continue around 2%-5%** through 2023 as landlords recover as newer high-class inventory enters the market.

## -22.6%

### Vacancy

- Southern California vacancies have steadily decreased, **falling by 22.6% since the pandemic began in 1Q 2020 to 4.1%.** With 68,128 units absorbed over the same time period, demand has continued to keep pace with new deliveries.
- **As the Fed continues to increase interest rates to tackle inflation,** more tenants have been swayed into renting rather than buying. Increased demand from new renters should keep occupancy at high levels.



# Southern California multi-family market indicators

## 51,935

At the end of 2022 there were 51,935 units of new multi-family construction underway. This is **up** when compared to the end of 2021 when 50,193 units were under construction.

## 7,601

There were 7,601 units of **positive** absorption in 2022, falling short of 2021's record setting number of 39,376 units, this represents 0.7% of the total inventory.

## 3.6%

For the 12<sup>th</sup> year in a row lease rates continued to **increase** in Southern California. At the end of 2022, the asking lease rate per unit was \$2,333. compared to 2021's rate of \$2,252. This is an increase of 3.6% over 2021.

## 95.9%

The occupancy rate for the Southern California multi-family market came in at 95.9% for the last quarter of 2022. This is a decrease from 2021's rate of 97.0% and represents a -1.1% change.

## 4.1%

Total vacancy this quarter registered 4.1% or 43,627 vacant units, at the end of 2021 there were 31,628 units vacant or 3.0% vacancy.

## -17.02%

Investment sales volume **decreased** by 17.0% when compared to 2021. Total sales volume in 2021 was \$14.8 billion dollars and 2022 came in at \$12.3 billion. We also witnessed the price per square foot increase by 7.96%.

# Southern California multifamily under construction pipeline

## 307 properties

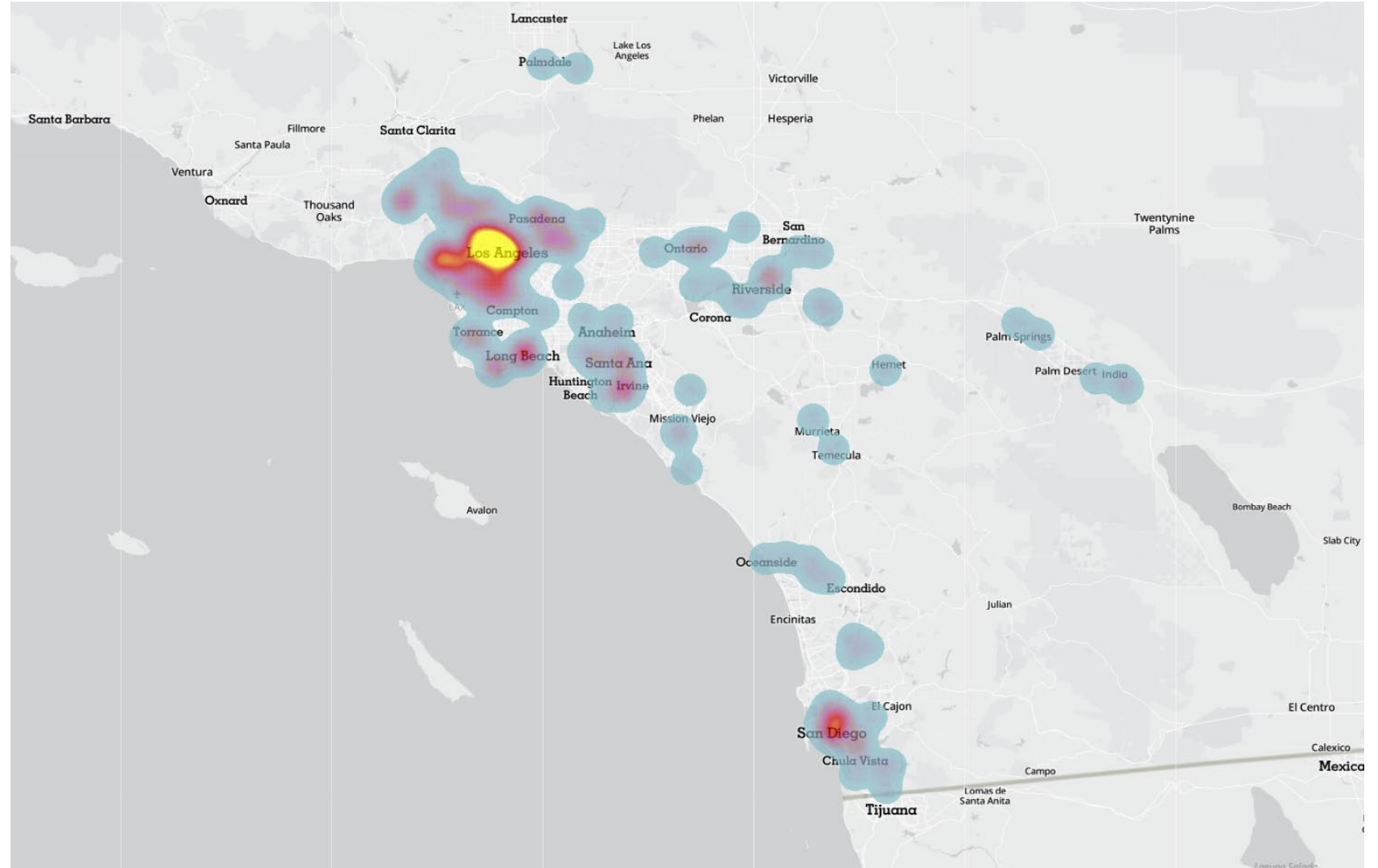
- 219 Los Angeles
- 24 Orange County
- 29 Inland Empire
- 35 San Diego

## 51,935 units

- 29,762 Los Angeles
- 7,375 Orange County
- 7,219 Inland Empire
- 7,165 San Diego

## Major developments

- 1,150 units *Ferrante, Los Angeles*  
Los Angeles
- 960 units *Elements Phase II, Irvine*  
Orange County
- 925 units *Vineyards at Ontario, Ontario*  
Inland Empire
- 431 units *West-Lowe, San Diego*  
San Diego



\*Development based on 50 Units+

# Southern California multifamily proposed construction pipeline

## 465 properties

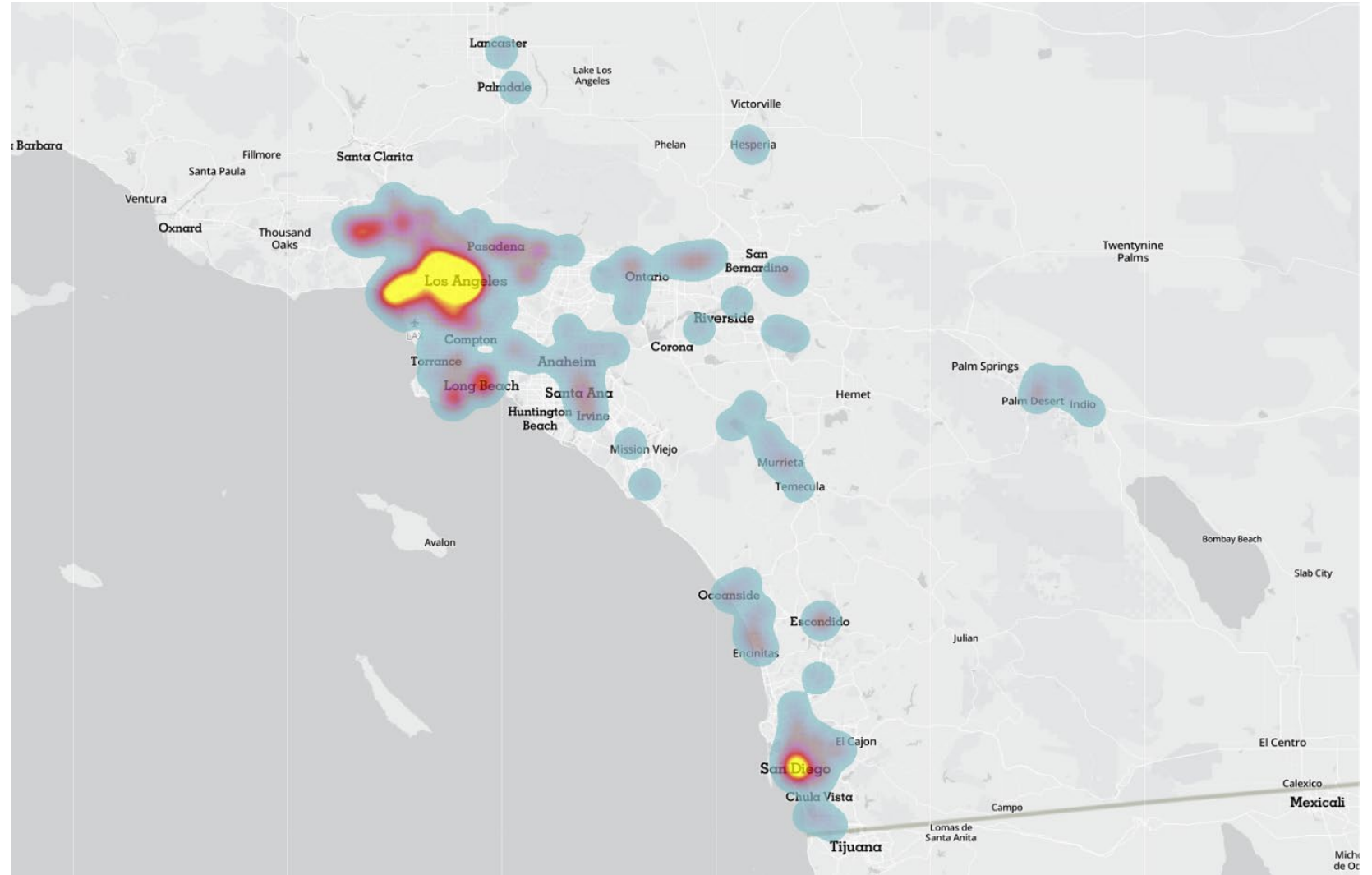
- 365 Los Angeles
- 18 Orange County
- 28 Inland Empire
- 54 San Diego

## 115,275 units

- 86,889 Los Angeles
- 6,914 Orange County
- 5,986 Inland Empire
- 15,486 San Diego

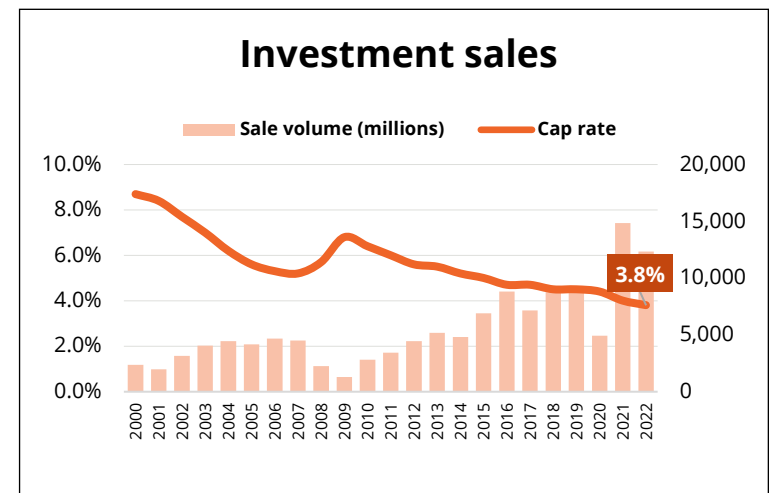
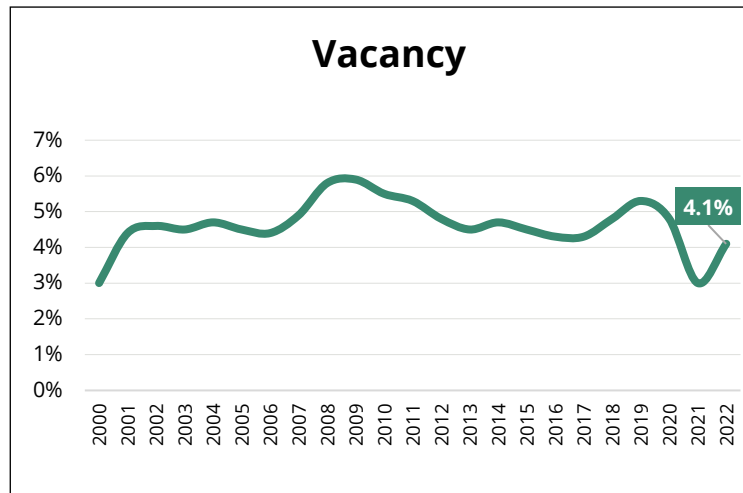
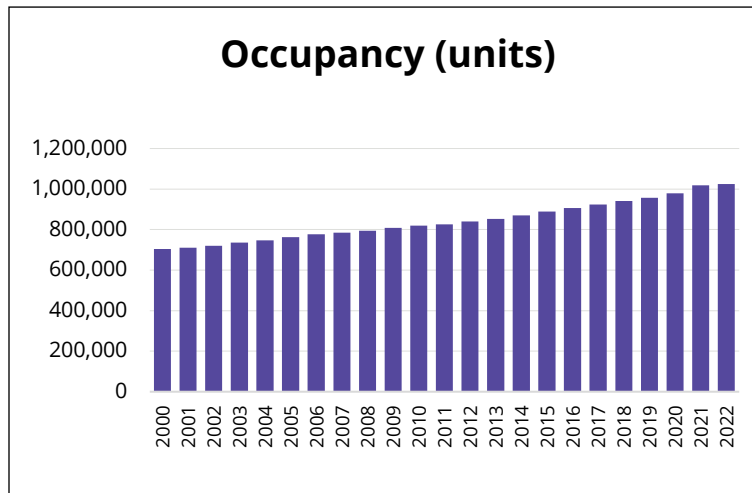
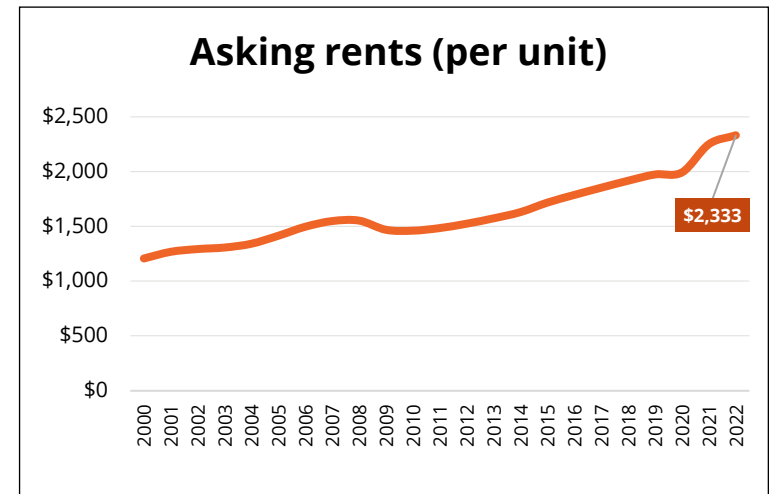
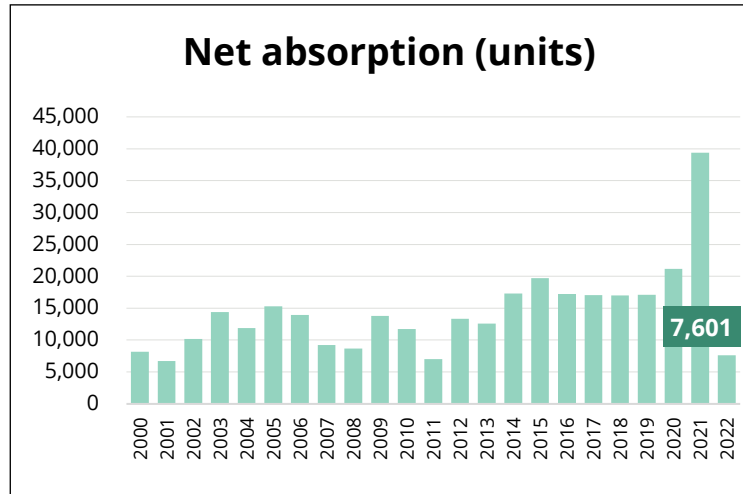
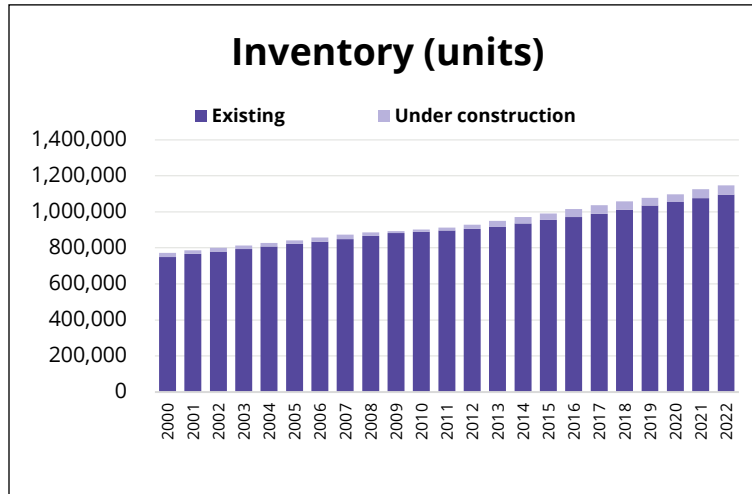
## Major developments

- 2,186 units** *1050 S Prairie Ave, Inglewood*  
Los Angeles
- 1,100 units** *Warner Redhill, Santa Ana*  
Orange County
- 700 units** *State Street Village, Redlands*  
Inland Empire
- 1,622 units** *7585 Clairemont Mesa Blvd, San Diego*  
San Diego



\*Development based on 50 Units+

# Southern California multifamily market indicators



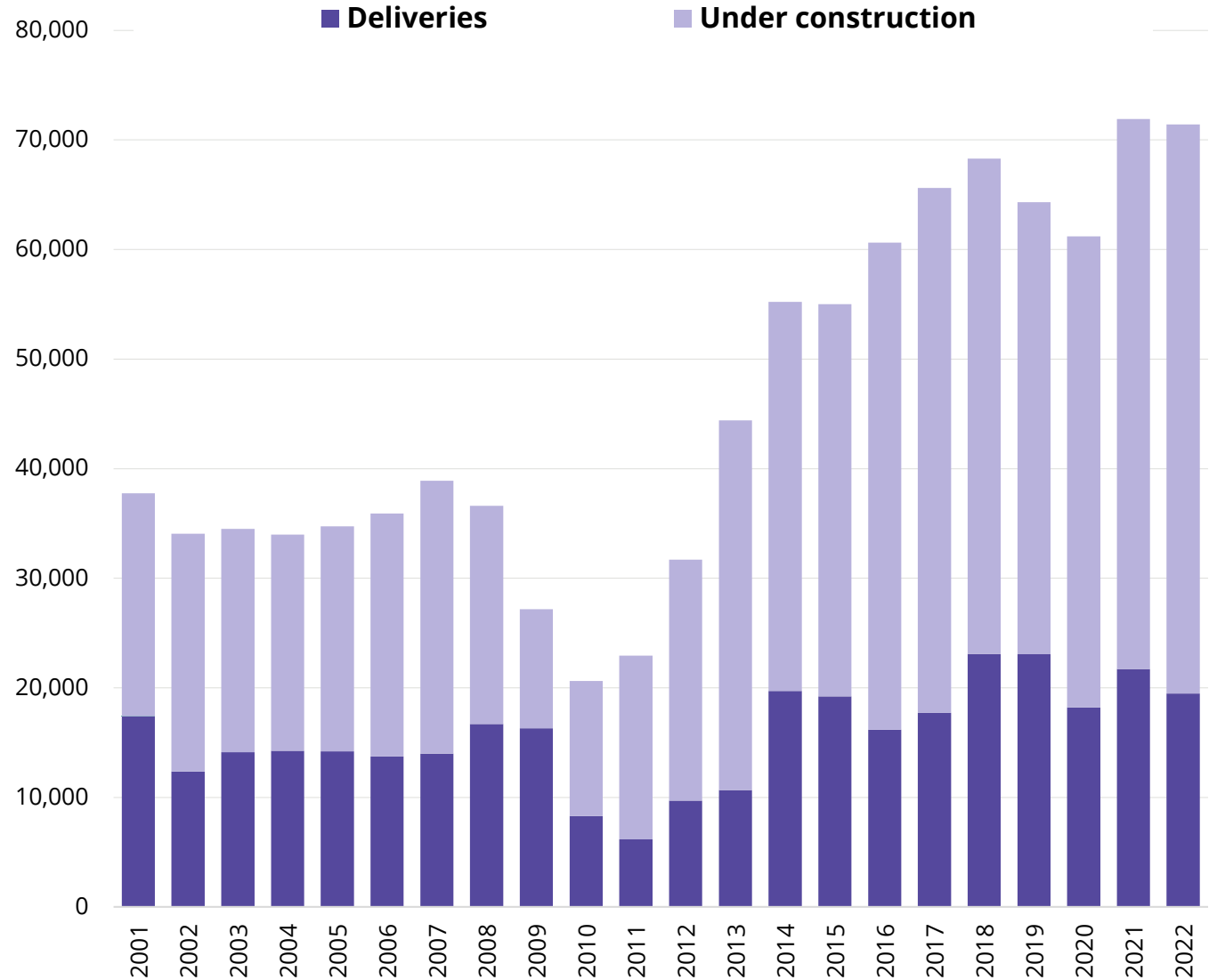
\*Survey based on 50 Units+

# Southern California development activity

# 51,935 units

At the end of 2022 there were 51,935 multifamily units under construction, which is a new record high

- Southern California inventory totaled 7,416 buildings with 1,095,221 units at the end of 4Q 2022.
- Deliveries checked in at 19,472 units for the 2022, giving a total of 105,536 new units delivered to the market over the past five years.
- New projects continue to break ground across the Southern California markets to supplement the influx of renters with 51,935 units under construction.



Source: AVANT by Avison Young, CoStar

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# Southern California net absorption as a share of inventory

# 0.7%

The Southern California multifamily market has had over 20 years of positive absorption

There were 7,601 units of **positive** absorption in 2022, down 80.7% when compared to 2021's record high total of 39,376 units of positive absorption, this represents 0.7% of the total inventory.



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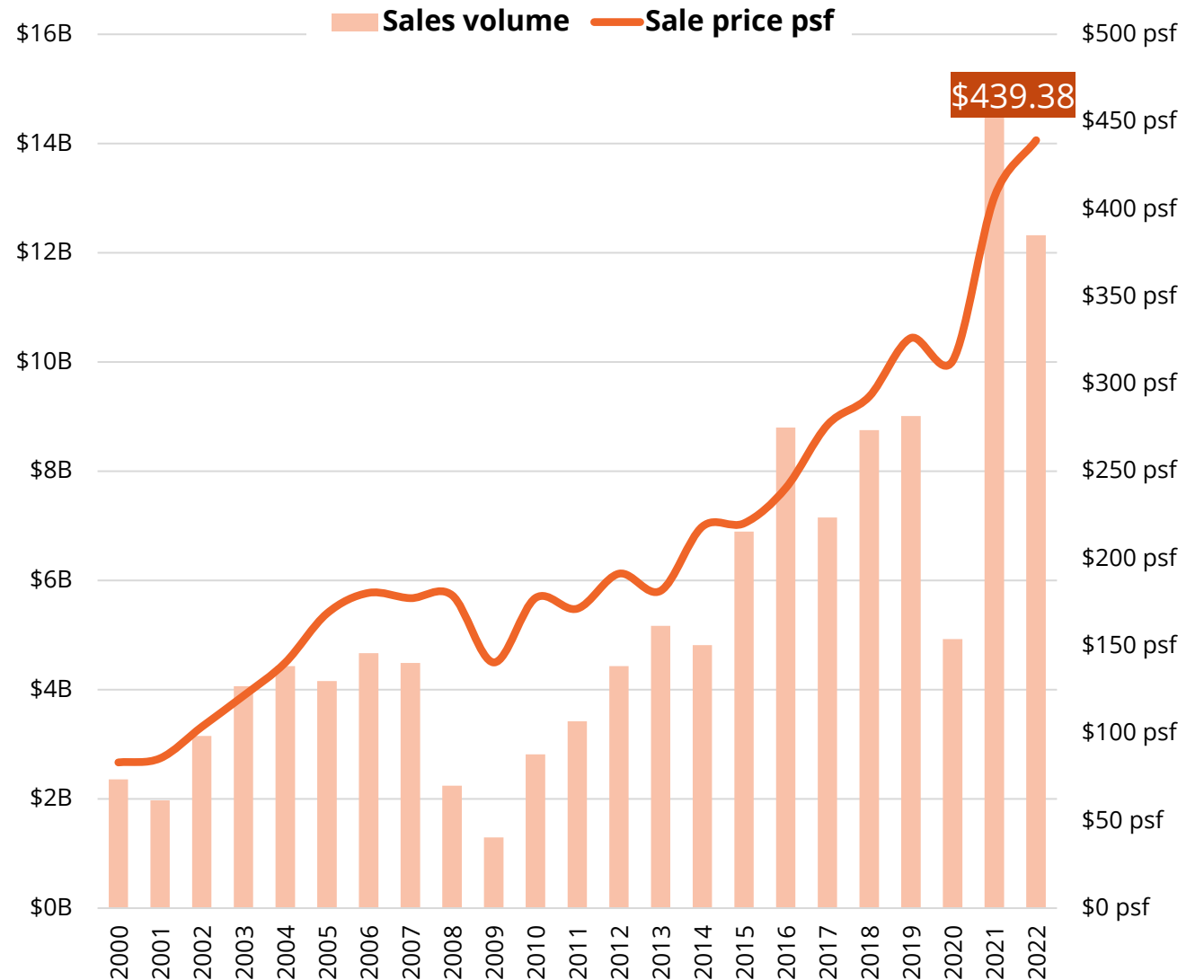


# Southern California investment sales activity

# \$439 psf

The average price paid for multifamily buildings in Southern California came in at \$439 per square foot in 2022

Investors and tenants capitalized on investment opportunities in 2022. Investment sales volume decreased by 17.0% when compared to 2021. Total sales volume in 2021 was a record high of \$14.8 billion dollars and 2022 came in at \$12.3 billion. We also witnessed the price per square foot increase by 8.0%, during the same time period.

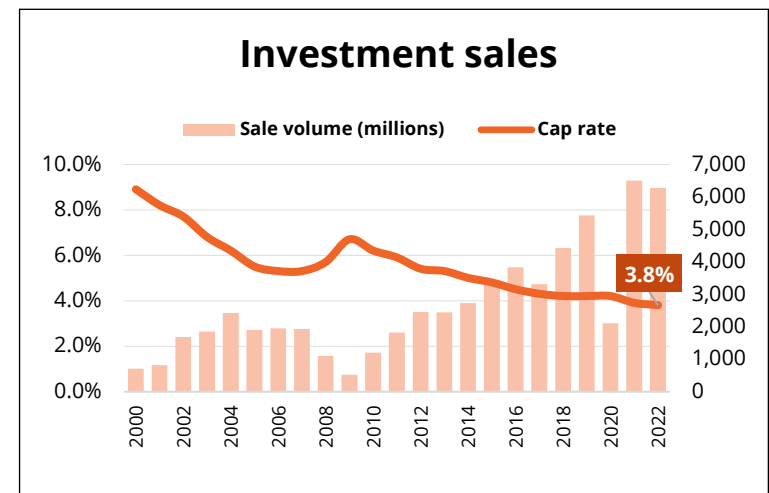
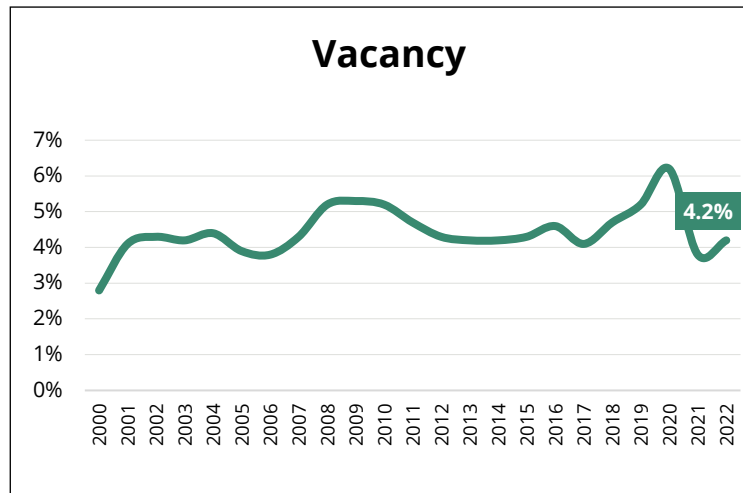
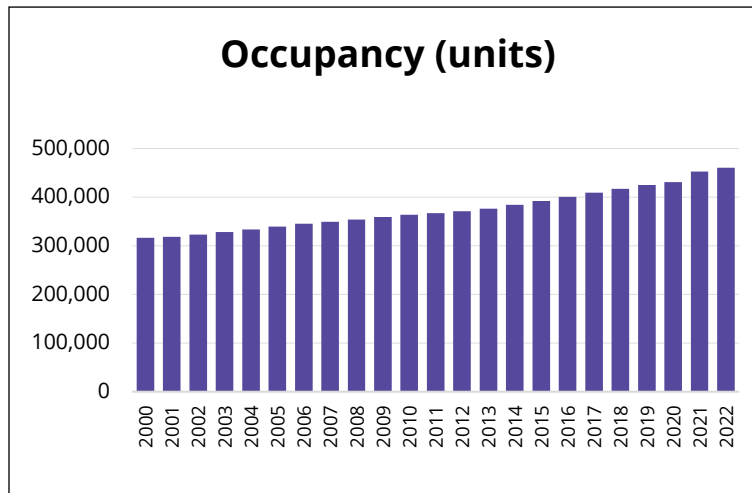
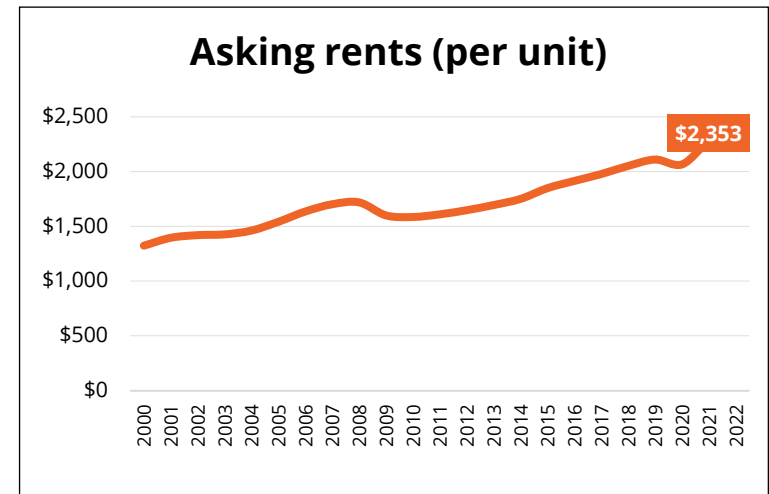
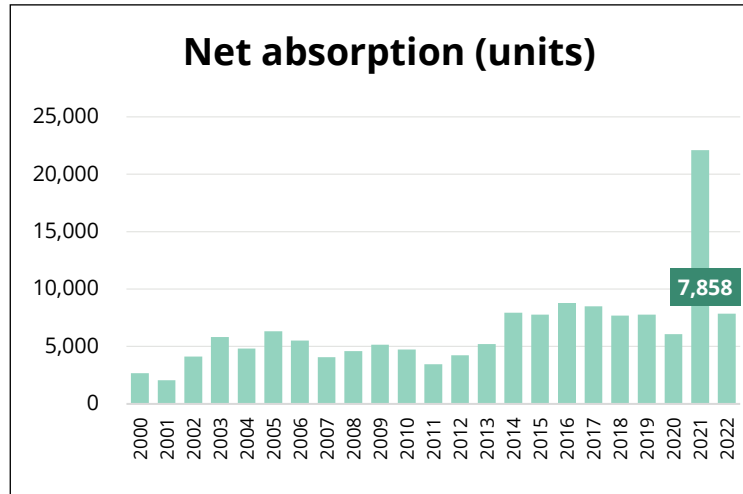
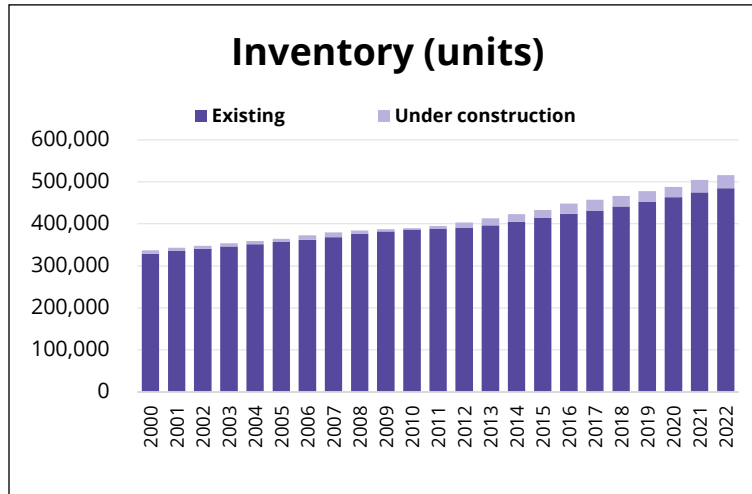


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# Los Angeles multifamily market indicators

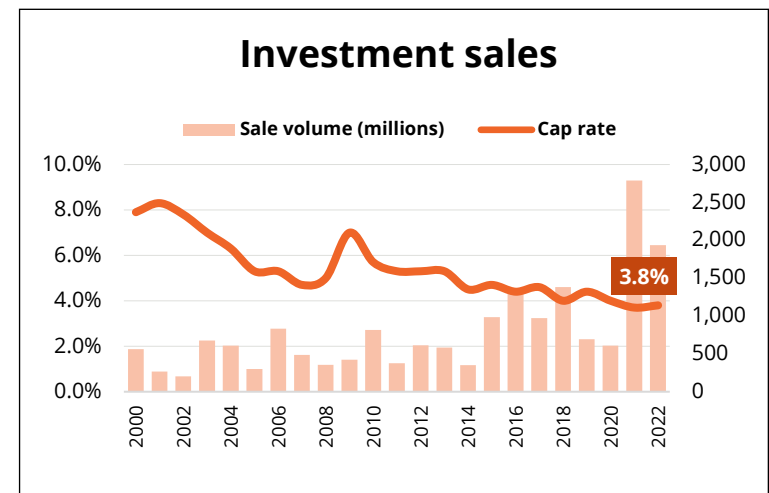
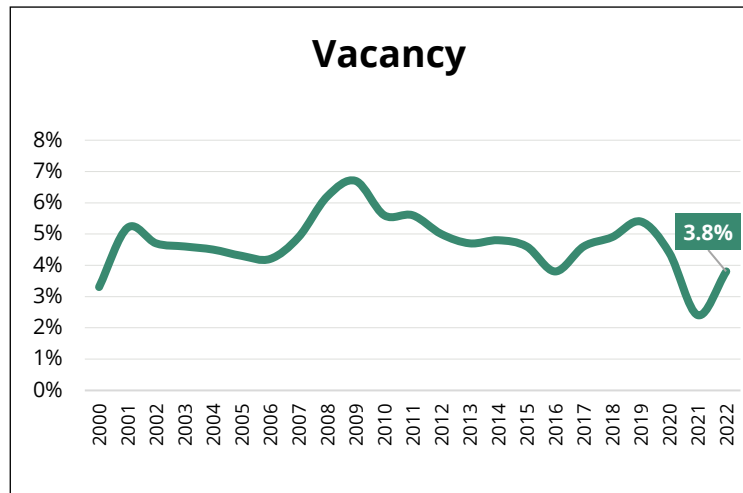
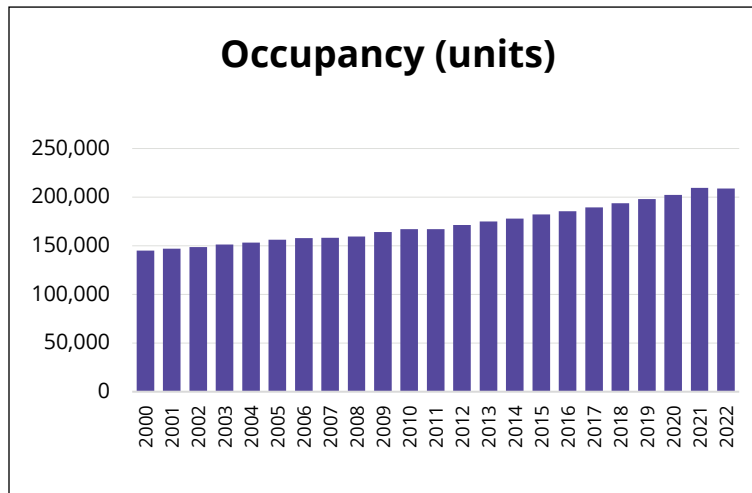
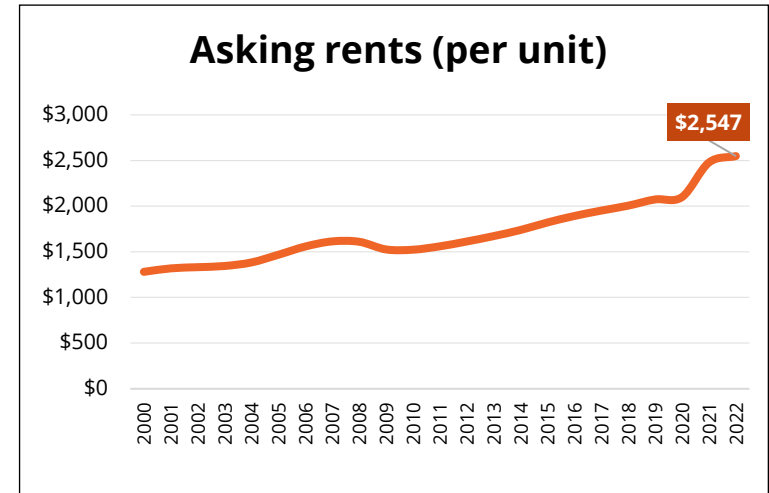
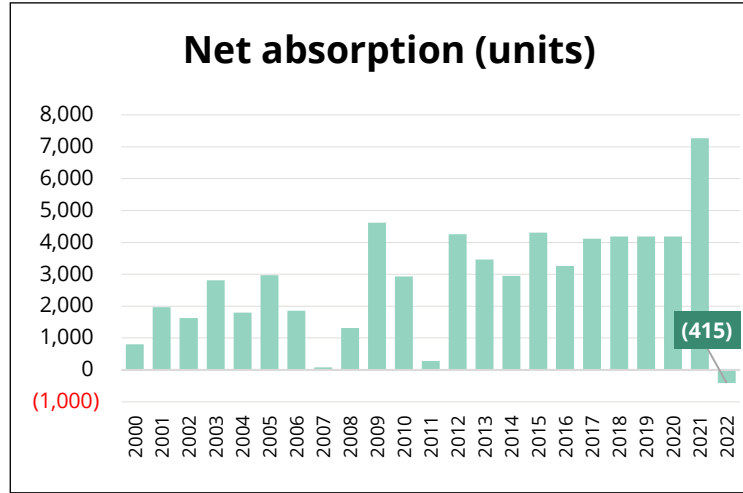
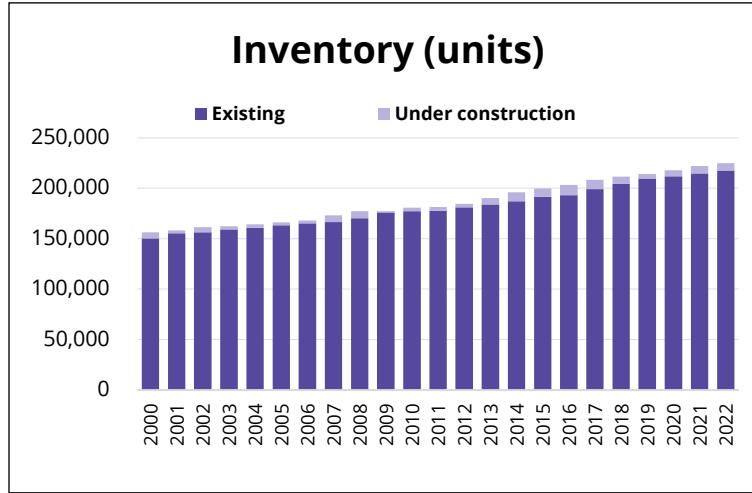


\*Survey based on 50 Units+

# Los Angeles sales activity

	Total	Avg. Unit	Sale	Avg. Price	Capitalization		
Property	Units	Size	Price (Mil)	per unit	Rate	Buyer	Seller
THEA at Metropolis	685	1,044	\$504,000,000	\$735,766		Northland	Greenland USA
Westgate Apartments	480	913	\$280,000,000	\$583,333		Waterford Property Company	Equity Residential
The Vermont	464	740	\$235,000,000	\$506,466	3.80%	Harbor Group International	TruAmerica Multifamily, Inc.
The Q Playa	375	822	\$230,660,000	\$615,093	3.60%	California Home Builders	Mill Creek Residential Trust LLC
Vela on OX	379	882	\$183,000,000	\$482,850		Essex Property Trust, Inc.	Fairfield
Haven Del Mar Station	347	954	\$172,300,000	\$496,542	3.90%	Fairfield	AvalonBay Communities, Inc.
Evolve South Bay	300	1,004	\$171,000,000	\$570,000	3.27%	MG Properties	MBK Real Estate Companies
Volta on Pine	271	848	\$156,000,000	\$575,646		Gelt Inc.	North American Sekisui House, LLC
Aliso	472	855	\$155,500,000	\$658,898		Legendary Developments, LLC	Brookfield Properties
Bahay	200	903	\$137,750,000	\$688,750		Stockbridge Capital Group, LLC	Trammell Crow Residential Company
Kinley West LA	180	844	\$135,000,000	\$750,000		R&V Management	Invesco Advisers, Inc.
The Villas at Woodland Hills	324	988	\$134,500,000	\$415,123		Pacific Urban Investors, LLC	Verbena Road Holdings Ltd.

# Orange County multifamily market indicators

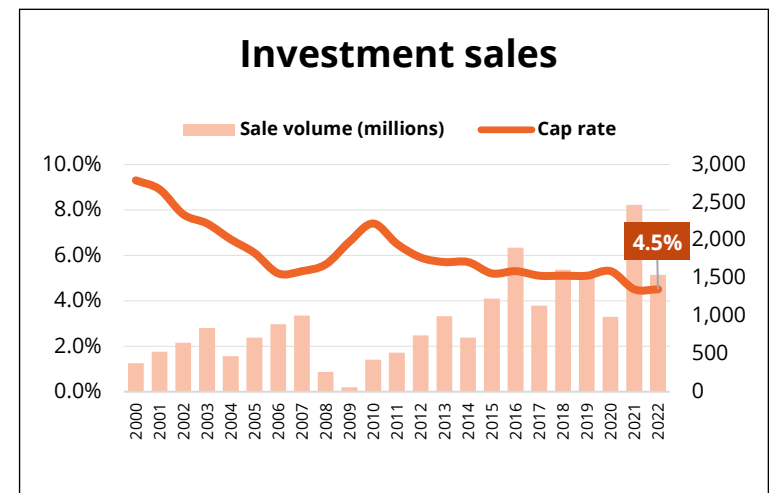
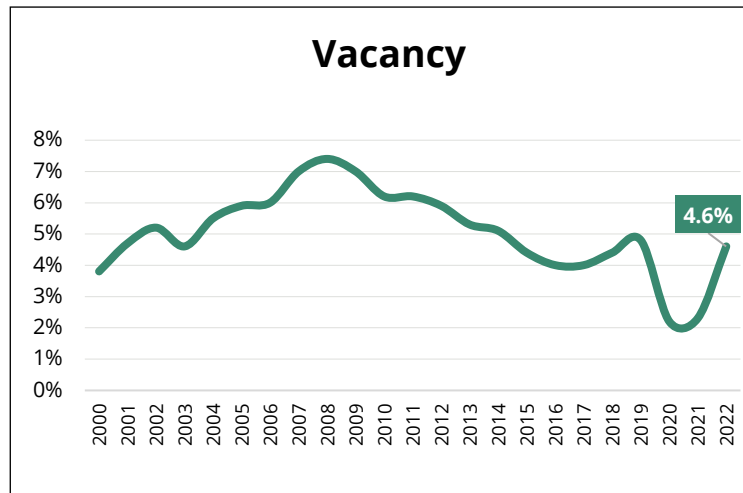
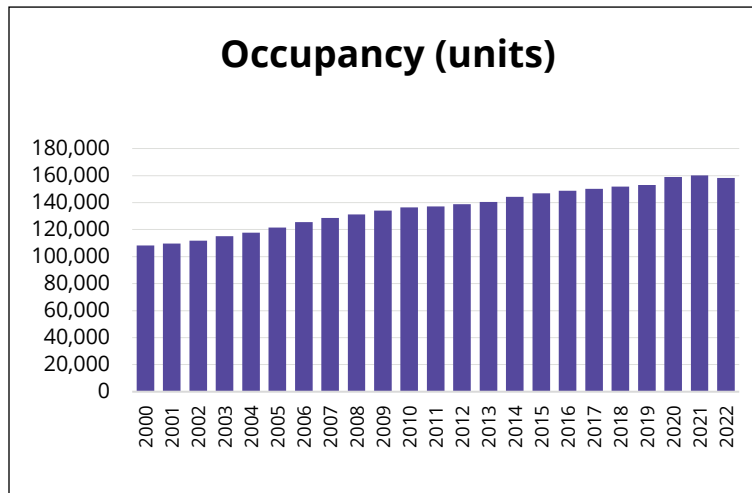
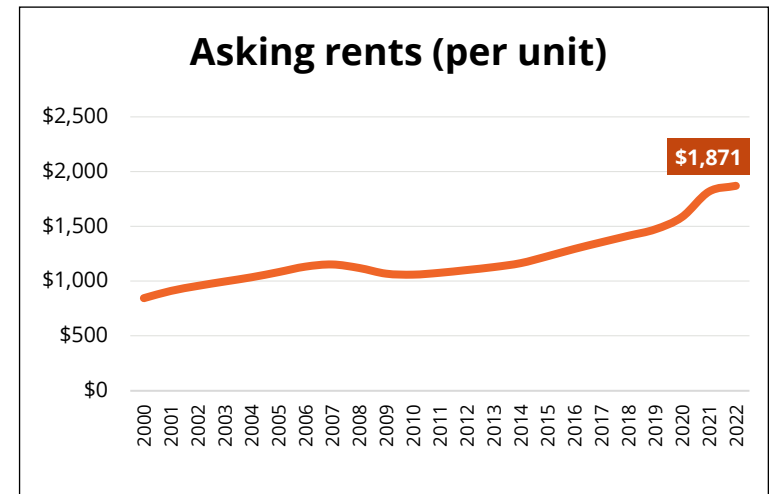
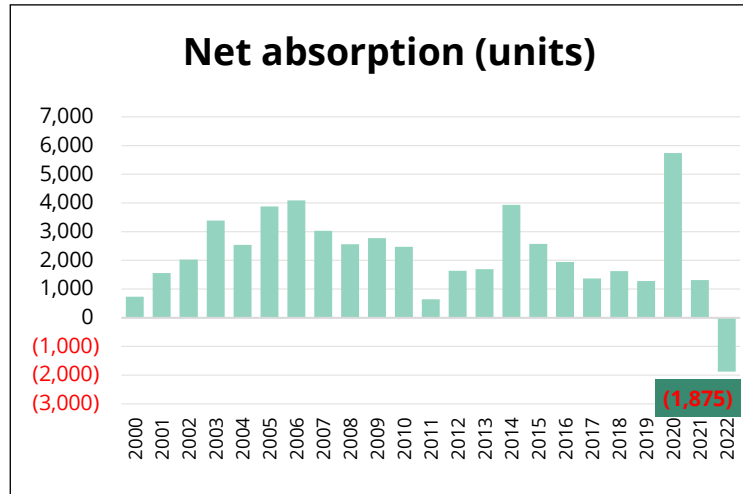
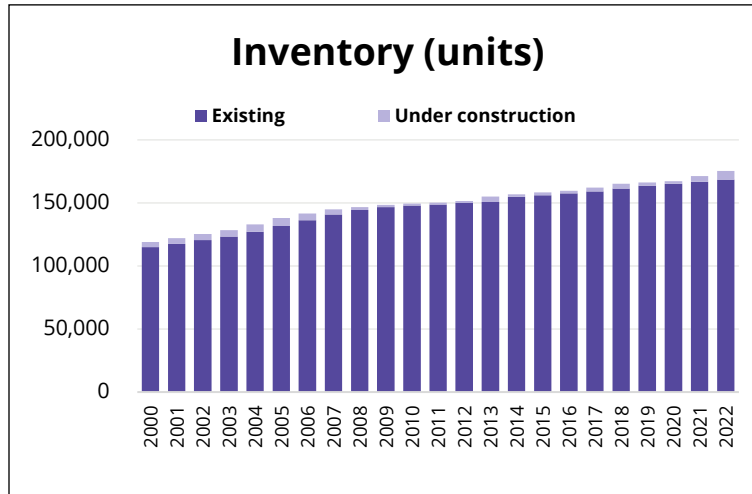


\*Survey based on 50 Units+

# Orange County sales activity

	Total	Avg. Unit	Sale	Avg. Price	Capitalization		
Property	Units	Size	Price (Mil)	per unit	Rate	Buyer	Seller
Madison Park	768	630	\$283,500,000	\$369,141		Bridge Property Management	MG Properties
The Bryant at Yorba Linda	400	995	\$205,500,000	\$513,750		Interstate Equities Corporation	Resource REIT, Inc.
Rize Irvine	363	909	\$190,000,000	\$523,416		Sierra Corporate Management, Inc.	Fairfield
310 Jefferson Apartments	416	837	\$180,000,000	\$432,692	3.50%	Prime Administration, LLC	Fairfield
580 Anton	250	867	\$172,200,000	\$688,800		Rockwood Capital	Legacy Partners
Fusion	280	795	\$155,000,000	\$553,571		Olympus Property	Olympus Property
Allure Apartments	282	926	\$142,000,000	\$503,546		BLDG Partners	UBS
The Herald	215	903	\$130,075,000	\$605,000	3.50%	MG Properties	Lyon Management Group, Inc dba Lyon Living
Woodbridge Manor	165	500	\$70,000,000	\$424,242		Ashland Greene Capital Partners	Innovative Housing Opportunities Inc.
Valley View Senior Villas 55+	177	562	\$42,250,000	\$238,701		Pinnacle Resources International	GK Management Company, Inc.
Belage Manor Apartments	180	509	\$41,250,000	\$229,167		Jonathan Rose Companies	Preservation Partners Management Group, Inc.

# Inland Empire multifamily market indicators

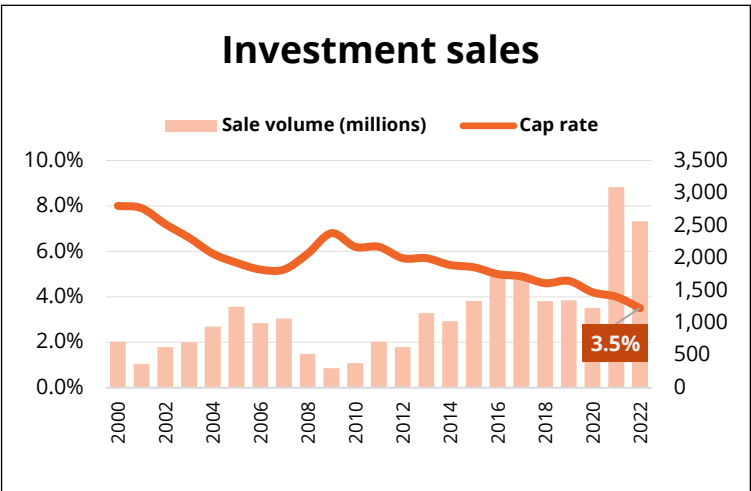
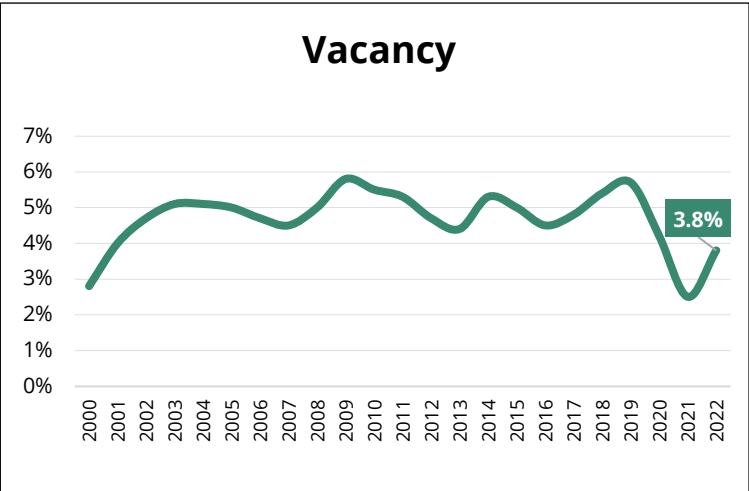
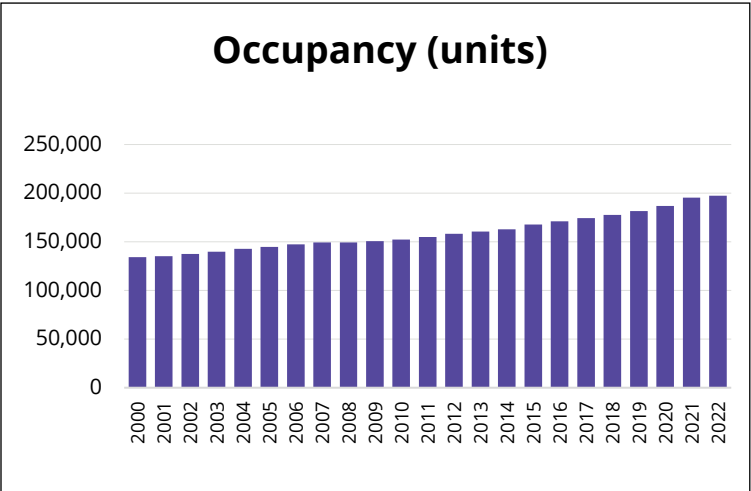
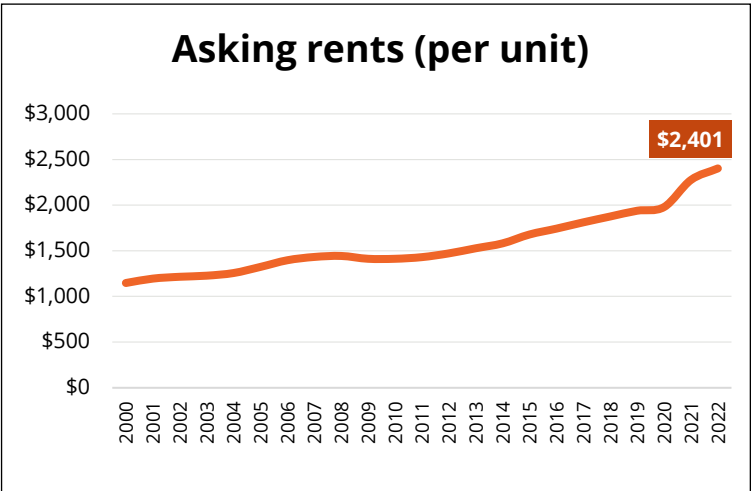
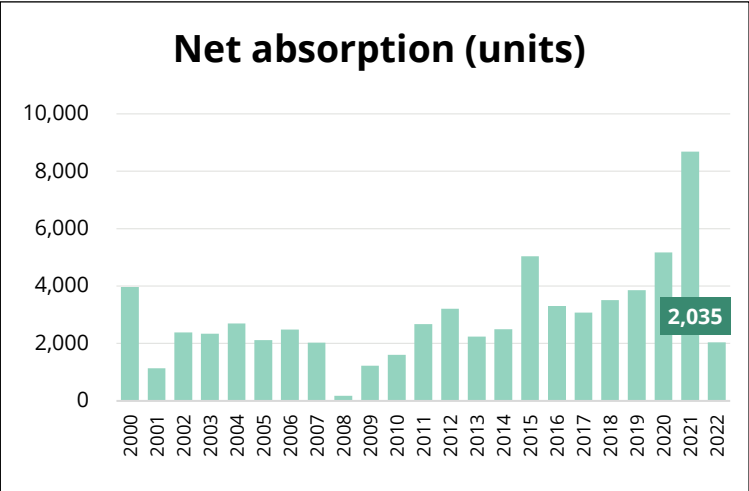
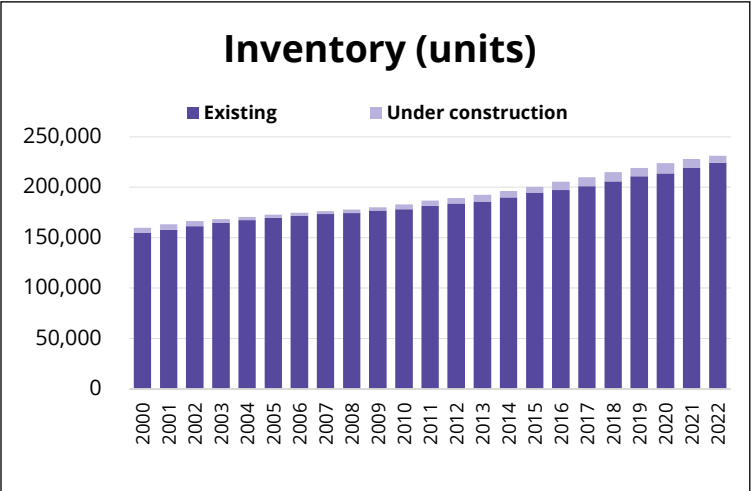


\*Survey based on 50 Units+

# Inland Empire sales activity

	Total	Avg. Unit	Sale	Avg. Price	Capitalization		
Property	Units	Size	Price (Mil)	per unit	Rate	Buyer	Seller
Citrine Hills	736	809	\$310,000,000	\$421,196		Waterton	Bridge Investment Group
The Angelica Rancho Cucamonga	270	955	\$133,650,000	\$495,000		TA Realty	Mesirow Financial
Camino Real	272	906	\$123,000,000	\$452,206		TA Realty	Acacia Capital Corporation
Tides at Grand Terrace	366	841	\$103,150,000	\$281,831		N/A	Phoenix Realty Group LLC
Metro Thirty Six Ten	304	768	\$102,000,000	\$335,526	2.55%	Silver Star Real Estate	Blackstone Inc.
The Village On 5th	264	825	\$97,000,000	\$367,424		Greystar Real Estate Partners	Acacia Capital Corporation
Aspire Upland	232	749	\$82,000,000	\$353,448		Clear Capital	Virtu Investments
River's Edge Apartment Homes	185	916	\$64,500,000	\$348,649	3.70%	Atlantic Pacific Companies	Weidner Property Management LLC
Monte Azul Apartment Homes	254	902	\$55,000,000	\$216,535	3.93%	Vista Pacific Inc.	Logan Capital Advisors
Stonegate	160	802	\$53,520,000	\$334,500		Universe Holdings	Pacific Living Properties
Julia Palms	272	551	\$36,500,000	\$134,191		Positive Investments, Inc.	Affordable Housing Access, Inc.
Village Green	184	940	\$33,000,000	\$179,348		Security Properties, Inc.	Alliant Strategic

# San Diego multifamily market indicators



\*Survey based on 50 Units+



# San Diego sales activity

	Total	Avg. Unit	Sale	Avg. Price	Capitalization		
Property	Units	Size	Price (Mil)	per unit	Rate	Buyer	Seller
Sofi Ocean Hills	404	868	\$196,000,000	\$485,149	3.50%	Pacific Urban Investors, LLC	Apartment Income REIT
Domain San Diego	379	979	\$184,600,000	\$487,071	-	MG Properties	Magnolia Capital
Felix at the Society	282	1031	\$183,765,000	\$651,649	-	Holland Partner Group	Holland Partner Group
La Jolla Blue	312	784	\$168,500,000	\$540,064	2.45%	Interstate Equities Corporation	Blackstone Inc.
Veranda La Mesa	406	733	\$141,000,000	\$347,291	3.85%	Waterton	Pacific Urban Investors, LLC
The Residences at Escaya	272	960	\$122,500,000	\$450,368	-	Olympus Property	HomeFed Corporation
Forest Park	338	753	\$121,000,000	\$357,988	3.50%	Bridge Investment Group	Blackstone Inc.
The Heritage	230	920	\$118,500,000	\$515,217	3.25%	The Green Cities Company	Brookfield Properties Multifamily LLC
Mara Pacific Beach	172	967	\$113,000,000	\$656,977	3.50%	Equity Residential	JPI Companies
Bradbury at The Society	173	1065	\$112,735,500	\$651,650	-	Holland Partner Group	Holland Partner Group

For more market insights  
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