

**CONSTRUCTION
ACTIVITY**



UNDER CONSTRUCTION **16,317**

UNITS DELIVERED (YTD) **1,696**

**MARKET
FUNDAMENTALS**



VACANCY RATE **4.4%**

YEAR-OVER-YEAR CHANGE **+0bps**

ASKING RENTS **\$2,519**

YEAR-OVER-YEAR CHANGE **-0.1%**

**TRANSACTION
ACTIVITY (YTD)**



MEDIAN PRICE PER UNIT **\$388,900**

LOS ANGELES MULTIFAMILY
Q1 2026

MARKET INSIGHTS

Sales activity picks up entering 2026

HIGHLIGHTS

- Multifamily operating conditions in Los Angeles improved during the first quarter, with the vacancy rate dipping lower and rents beginning to rise again. The pace of completions also accelerated, with nearly 1,700 units coming online in the opening three months of the year.
- The vacancy rate in Los Angeles improved in the first quarter, decreasing by 10 basis points to 4.4%. Compared to one year ago, the current vacancy rate is unchanged.
- Asking rents rose 0.2% in the first quarter to \$2,519 per month. Year over year, asking rents are down just 0.1%.
- Investment sales activity is ahead of the 2025 pace by more than 40%, fueled by an increase in the sales of properties built since 2000. Year to date, the median sale price across all transactions is \$388,900 per unit, up 25% from the 2025 figure. In properties built since 2000, the median price topped \$450,000 per unit in the first quarter.

GREATER LOS ANGELES MARKET OVERVIEW

Quarterly shifts in rents and vacancy in Los Angeles were slightly positive, though current property performance measures are nearly identical to levels from one year ago. During the past 12 months, average rents have ticked down just \$3 per month, while the countywide average vacancy rate is identical to the year-earlier figure. The resilience in vacancy highlights continued renter demand in the market, despite a rising pace of deliveries. The South Bay is currently the highest performing area of Los Angeles County, leading vacancy improvements while also being the only area to record both quarterly and yearly improvements in asking rents. Downtown continues to account for the greatest share of new supply, with more than 1,000 units delivered in the first quarter. Overall, the pace of deliveries has been climbing across Los Angeles, with first quarter deliveries outpacing the same point in 2025 by 15%.

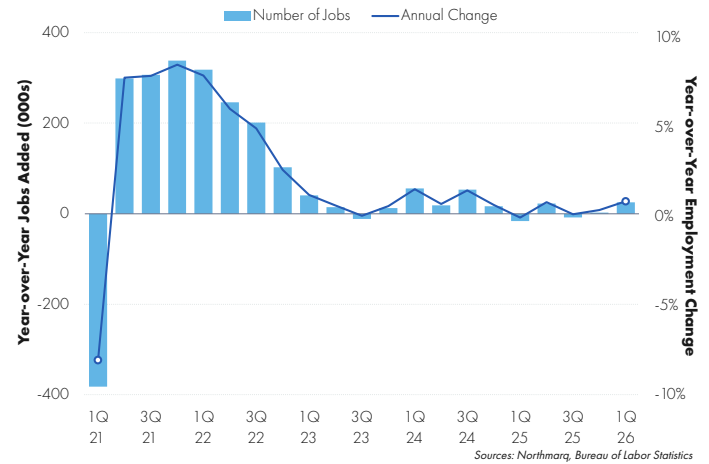
The opening months of 2026 brought an elevated level of activity to the Los Angeles multifamily investment market. The rise in transaction counts did not occur consistently across the entire region, however, with volumes in the San Fernando Valley and South Bay closely tracking recent averages. Increased activity in the first quarter was largely concentrated in Downtown and West Los Angeles. In Downtown Los Angeles, investors stepped up their acquisitions of properties ranging from 50-60 units that generally traded between \$10 million and \$15 million. A few sales also closed in West Los Angeles, where transaction counts are generally limited to only a handful of deals in a given year. In the first quarter, nearly all of the deals in West Los Angeles were priced between \$30 million and \$50 million, smaller than the area's long-term average transaction size.

EMPLOYMENT

- Los Angeles employment improved in recent periods. During the past 12 months, total employment expanded by 0.6%, representing the addition of approximately 25,000 workers. While overall job gains have been modest, the local unemployment rate ended the first quarter at 4.8%, down from 5.1% one year ago.
- The healthcare and social assistance sector was the primary driver of employment growth in the region. In the past 12 months, employers in this sector added 32,300 workers, an increase of 3.8%.
- Leisure and hospitality also posted a considerable increase in employment. Throughout the past year, this industry has expanded payrolls by 1.2%, filling 6,200 new positions in the area.
- FORECAST:** Employment growth is expected to remain positive, though modest, in 2026. In total, local employers are forecast to expand payrolls by around 0.25%, an increase of approximately 11,500 workers.

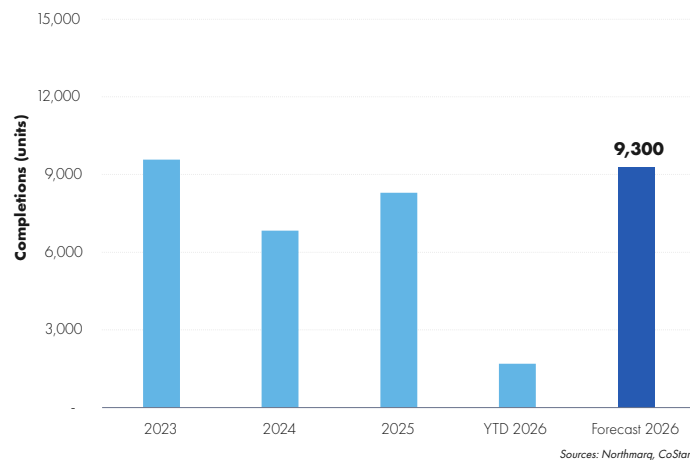
The unemployment rate ended the first quarter at 4.8%.

EMPLOYMENT OVERVIEW



Deliveries increased by 15% year over year.

DEVELOPMENT TRENDS

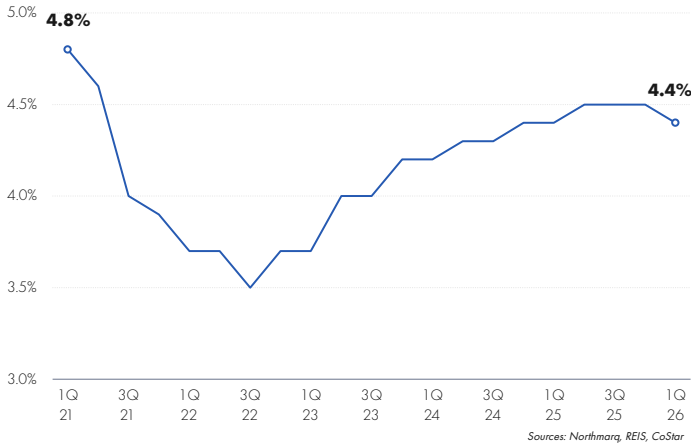


DEVELOPMENT & PERMITTING

- The pace of multifamily completions in Los Angeles accelerated during the first quarter, with projects totaling approximately 1,700 units completed. Compared to the same point in 2025, deliveries increased by 15%.
- The development pipeline included projects totaling more than 16,300 units under construction at the end of the first quarter, closely tracking levels from one year ago.
- The first quarter of 2026 was one of the strongest quarters in the past decade for multifamily permitting in Los Angeles. In the opening three months of the year, permits were pulled for more than 6,500 multifamily units, up by more than 250% from the same period last year.
- FORECAST:** Total deliveries in 2026 are on pace to reach roughly 9,300 units, a 12% increase from 2025. While this represents an elevated year for multifamily construction, it will still fall short of 2020 levels, when more than 11,000 units were completed.

Class B and Class C properties outperformed top-tier assets.

VACANCY TRENDS



VACANCY

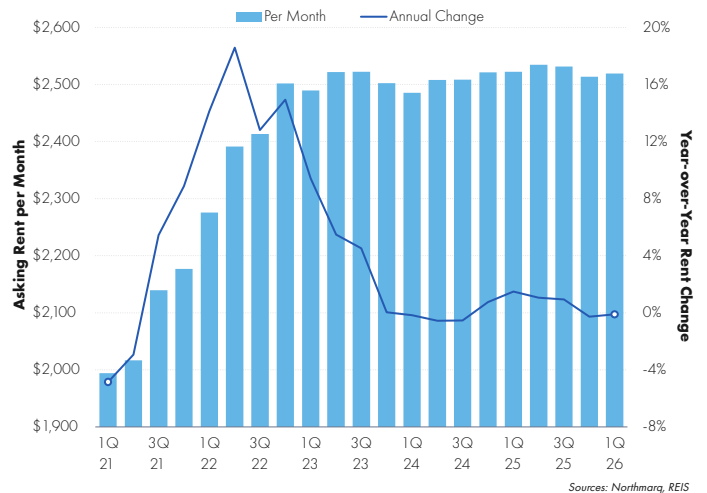
- The vacancy rate in Los Angeles inched lower during the first quarter, improving by 10 basis points to 4.4%. Compared to one year ago, the vacancy rate is unchanged. Absorption has gained ground, with 6,800 net move-ins recorded in the past 12 months, up from fewer than 4,800 in the 12 months before.
- Middle-tier and lower-tier properties outperformed Class A assets in vacancy improvements. Year over year, the combined vacancy rate for Class B and Class C properties decreased by 20 basis points to 3.5%.
- The South Bay posted some of the strongest vacancy improvements in the market. During the first quarter, the vacancy rate decreased by 20 basis points to 4.3%. Compared to 12 months ago, vacancy is down by 10 basis points.
- **FORECAST:** The Los Angeles vacancy rate is forecast to trend higher in 2026, though the increase should be modest. By year end, the vacancy rate is projected to reach 4.7%, a 20 basis point annual increase.

RENTS

- Asking rents in Los Angeles ticked higher during the first quarter, increasing 0.2% to \$2,519 per month. Year over year, rents are nearly unchanged, down just 0.1%.
- Rent growth in the San Fernando Valley was slightly stronger than in the rest of Los Angeles County in the first quarter. Since the end of last year, asking rents in the San Fernando Valley increased by 0.4% to \$2,243 per month.
- Rent growth in Class A apartments gained ground at the beginning of 2026. During the first quarter, Class A asking rents increased by 0.6% to \$3,222 per month. During the same period, combined Class B and Class C rents were essentially unchanged, averaging \$2,086 per month.
- **FORECAST:** Asking rents in Los Angeles are forecast to rise 0.5% in 2026, ending the year at roughly \$2,530 per month. While modest, this gain is expected to offset the rent declines recorded in 2025.

During the first quarter, Class A asking rents increased by 0.6%.

RENTS TRENDS

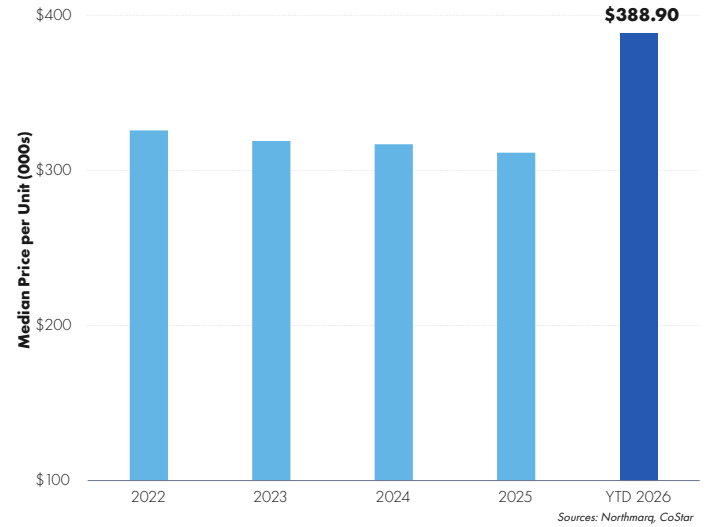


MULTIFAMILY SALES

- The first quarter of 2026 was the strongest first quarter for investment sales activity in Los Angeles since 2023. Compared to the same period in 2025, total transactions increased by more than 40%.
- To this point in the year, pricing has improved in Los Angeles. In the first quarter, the median sale price was \$388,900 per unit, a 25% increase from last year.
- So far this year, newer properties have made up an increased share of transactions. More than 60% of first quarter transactions were properties built after 2000, a much larger share than is common in Los Angeles County. Over the past decade, buildings built since 2000 have accounted for only 29% of total transactions. Newer assets have posted higher prices; the median price in these sales is up 22% from 2025 to more than \$450,000 per unit.
- Cap rates continued to trend higher. So far this year, the average cap rate rose by approximately 20 basis points to 5.8%. After remaining largely unchanged from 2023 to 2024, cap rates began to rise in 2025.

The median sale price increased by 25% from last year.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Luxe Villas	11640 Mayfield Ave., Los Angeles	2005	72	\$49,494,000	\$687,417
C on Pico	12301 West Pico Blvd., Los Angeles	2014	94	\$38,000,000	\$404,255
Picasso Brentwood	12035 Wilshire Blvd., Los Angeles	2019	81	\$31,500,000	\$388,889
The Social Apartments	11011 Huston St., North Hollywood	2008	65	\$29,350,000	\$451,538
Marine Bay Apartments	3351 Marine Ave., Gardena	1960	81	\$13,550,000	\$167,284
411 Alexandria	411-425 South Alexandria Ave., Los Angeles	1955	54	\$9,700,000	\$179,630

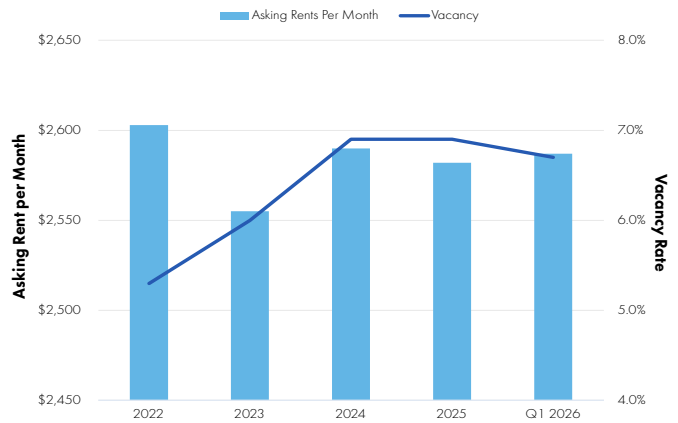
DOWNTOWN

CONSTRUCTION/VACANCY/RENTS

- Multifamily completions in Downtown Los Angeles started the year at a strong pace as more than 1,000 new units were delivered in the first quarter, nearly double the number of units that were delivered in the first quarter of 2025. Roughly 6,100 units are currently under construction in Downtown submarkets.
- The vacancy rate ticked lower in the first quarter, decreasing by 20 basis points to 6.7%. Year over year, the vacancy rate is up 20 basis points.
- Asking rents inched higher in recent months following a dip in the second half of 2025. During the first quarter, asking rents rose 0.2% to \$2,587 per month. Compared to one year ago, rents are still down 0.8%.
- **FORECAST:** In 2026, approximately 4,500 units are on pace for delivery, nearly double last year’s figure. Despite the recent improvement, the vacancy rate is expected to end the year back at 6.9%, in line with the end of 2024 and 2025. Rents are forecast to rise 1% this year to roughly \$2,610 per month.

Asking rents rose 0.2% to \$2,587 per month.

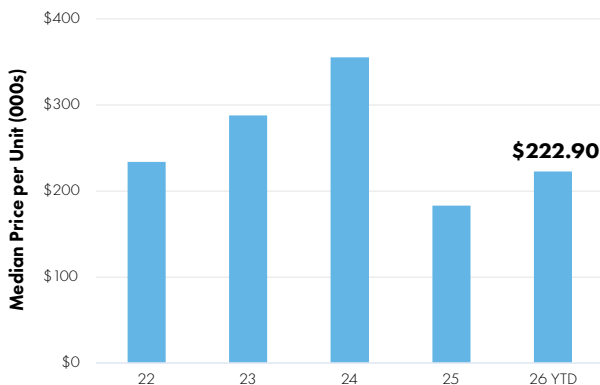
VACANCY & RENT TRENDS



Sources: Northmarq, Reis

The median sale price is \$222,900 per unit.

SALES TRENDS



Sources: Northmarq, CoStar

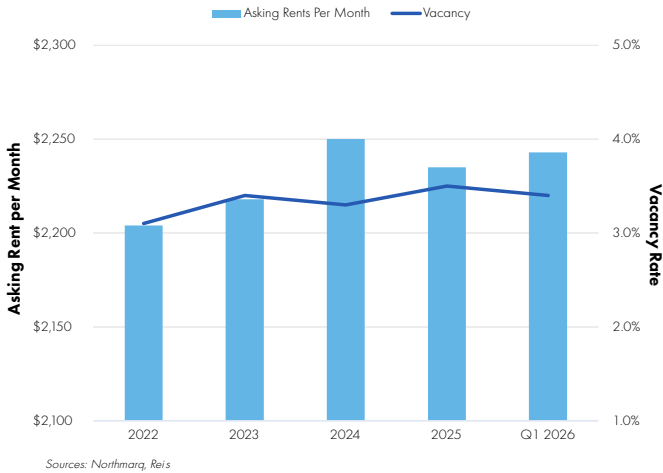
MULTIFAMILY SALES

- The pace of multifamily sales in Downtown Los Angeles was relatively light during the first quarter, though it doubled the limited levels recorded during the same period in 2025. The transaction mix was spread almost evenly between Class A, Class B, and Class C properties.
- To this point in the year, multifamily pricing has strengthened in the Downtown area. Year to date, the median sale price is \$222,900 per unit, up 22% from the median sale price in 2025. Every property that has changed hands in Downtown Los Angeles sold for more than \$180,000 per unit.
- The upper range of the pricing tier is considerably higher than the area’s median price; some properties have sold for more than \$500,000 per unit.
- Cap rates in this area are currently averaging 6.2%. While this is up roughly 40 basis points from the 2025 average, there were a handful of particularly low cap rate sales early last year that brought down the average. Compared to the second half average in 2025, cap rates are currently down by 10 basis points.

SAN FERNANDO VALLEY

Asking rents increased by 0.4% to \$2,243 per month.

VACANCY & RENT TRENDS



CONSTRUCTION/VACANCY/RENTS

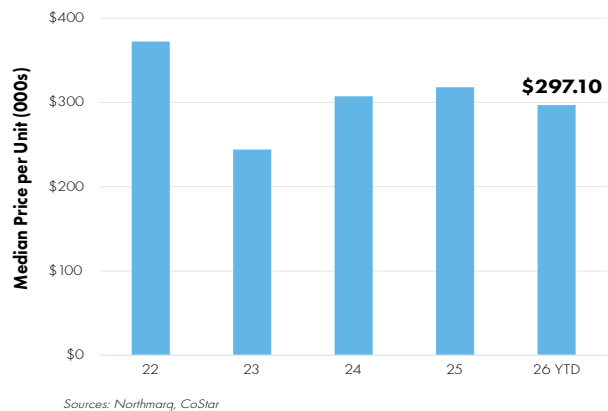
- Completions in San Fernando Valley were light during the first quarter, with fewer than 100 units coming online. The number of units under construction dropped as well, falling 32% from 12 months ago to about 1,700 units.
- The vacancy rate inched lower in the first quarter, decreasing by 10 basis points to 3.4%. Since the beginning of last year, the vacancy rate has risen by 20 basis points.
- Asking rents began to rise after dipping throughout 2025. In the first quarter, asking rents increased by 0.4% to \$2,243 per month. Year over year, rents are unchanged.
- **FORECAST:** Slightly more than 1,000 units are on pace for completion in the San Fernando Valley this year, down 25% annually. Vacancy is expected to remain within 10 basis points of current levels, consistent with long-term patterns in the area. Rents are forecast to rise 1% this year to roughly \$2,260 per month.

MULTIFAMILY SALES

- The first quarter multifamily transaction count in the San Fernando Valley was modest, roughly matching the transaction count from the same period of last year. Sales were split evenly between Class B and Class C assets.
- Year to date, multifamily pricing is down. The current median price in the San Fernando Valley is \$297,100 per unit, down 15% from last year. A lack of Class A property sales to this point in 2026 has been responsible for some of the price decline recorded year to date.
- Despite the shift towards lower-tier property sales, cap rates have decreased this year. In the properties that have sold so far, the average cap rate is 5.0%. In 2025, the average cap rate was approximately 5.5%.

The median price is \$297,100 per unit.

SALES TRENDS



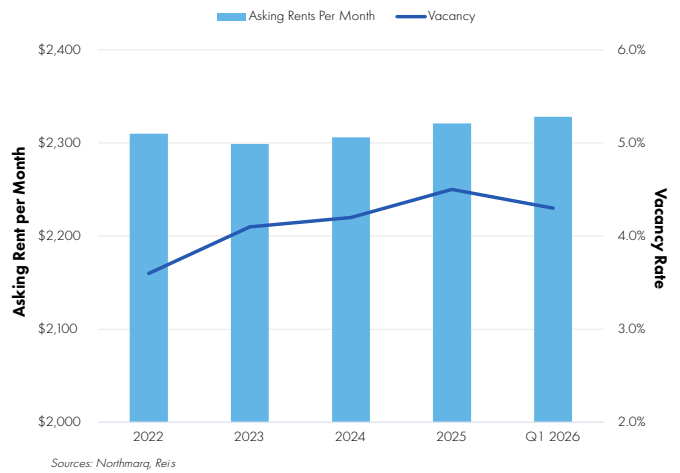
SOUTH BAY

CONSTRUCTION/VACANCY/RENTS

- The pace of multifamily deliveries in the South Bay during the first quarter roughly matched the same point last year, with approximately 250 units being delivered. The number of units in the construction pipeline jumped nearly 50% from one year ago to roughly 3,000 units.
- Vacancy improved during the first quarter, decreasing by 20 basis points to 4.3%. The vacancy rate fluctuated throughout the past year, though it is now down 10 basis points from one year ago.
- Rents ticked higher during the first quarter, increasing by 0.3% to \$2,328 per month. Annual growth was positive, with rents rising 1.2% during the past 12 months.
- **FORECAST:** Despite the modest pace of deliveries in the first quarter, the annual delivery total is projected to reach nearly 1,900 units in 2026, up from under 700 units last year. The coming increase in inventory is expected to push vacancy higher to 4.7% by the end of 2026. Asking rents are forecast to remain close to current levels throughout the remainder of the year.

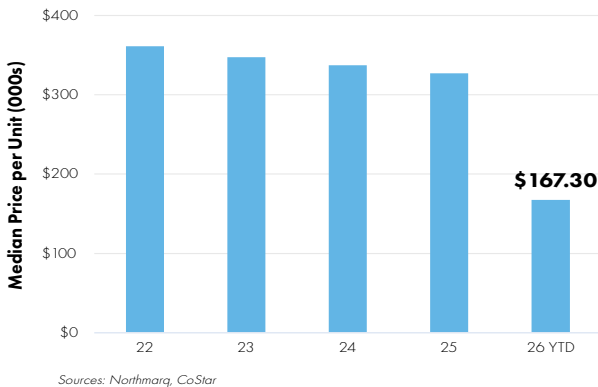
Vacancy improved during the first quarter.

VACANCY & RENT TRENDS



Activity was confined to Class C apartments in Gardena.

SALES TRENDS



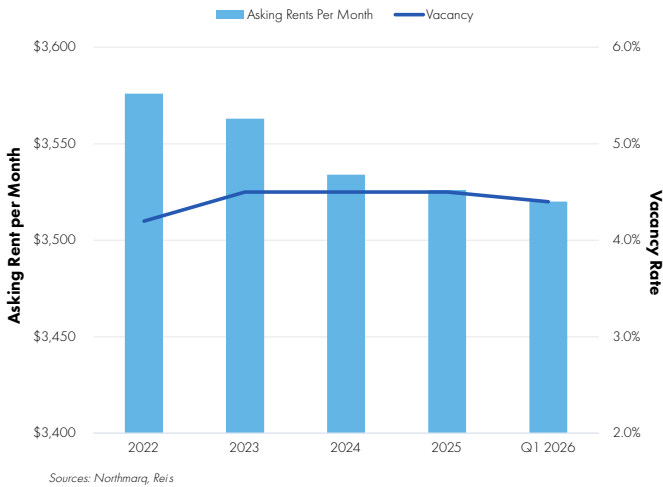
MULTIFAMILY SALES

- Multifamily transaction activity in the South Bay remained light. So far this year, activity has been confined to Class C apartments in Gardena. In 2025, the majority of sales were in Torrance, and were spread between Class B and Class C assets.
- Year to date, the median sale price in the South Bay is \$167,300 per unit, down 49% from last year. When comparing current pricing to only the median Class C apartment pricing in 2025, current levels are still down 23%.
- The current cap rate in the South Bay is 7%, though this is an outlier that is unlikely to persist as the year goes on. In 2025, the average cap rate in this area was 5.75%, while the average cap rate in 2024 was closer to 5%.

WEST LOS ANGELES

Vacancy conditions strengthened during the first quarter.

VACANCY & RENT TRENDS



CONSTRUCTION/VACANCY/RENTS

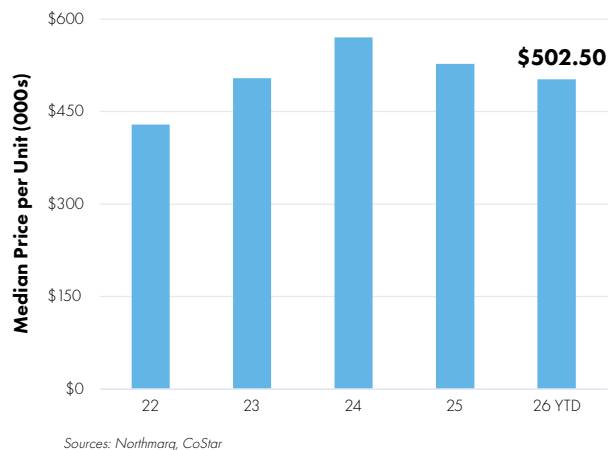
- Completions in West Los Angeles remained light as fewer than 100 units came online during the first quarter after roughly 600 units were delivered in 2025. The construction pipeline expanded, with roughly 2,600 units currently being built, up 71% from one year ago.
- Vacancy conditions strengthened during the first quarter, with the rate decreasing by 10 basis points to 4.4%. Year over year, vacancy is down 10 basis points as well.
- While rents decreased during the first quarter, the 0.2% decline was much softer than what was recorded during the previous quarter. In the past 12 months, asking rents trended lower by 0.6% to \$3,520 per month.
- **FORECAST:** West Los Angeles is forecast to gain nearly 1,300 new units in 2026, a 90% increase from last year. The vacancy rate should keep within 10 basis points of current levels as it has throughout recent periods, while asking rents are forecast to decline by approximately 0.5% in 2026.

MULTIFAMILY SALES

- The first quarter of 2026 was the strongest first quarter in over 20 years in West Los Angeles for multifamily transaction activity. Compared to the same period of 2025, there were roughly twice as many multifamily transactions during the opening three months of this year.
- Despite the rise in activity, pricing softened slightly during the first quarter. So far this year, the median sale price in West Los Angeles is down 5% to \$502,500 per unit. Pricing has come in a wide range in 2026, with properties selling for as low as less than \$400,000 per unit and others trading at nearly \$700,000 per unit.
- Cap rates in West Los Angeles remained within the same range during the first quarter as they have for the past five years. Since 2020, cap rates in this area have ranged between 4% and 5%. During the first quarter of 2026, cap rates averaged roughly 4.5%.

The median sale price is \$502,500 per unit.

SALES TRENDS

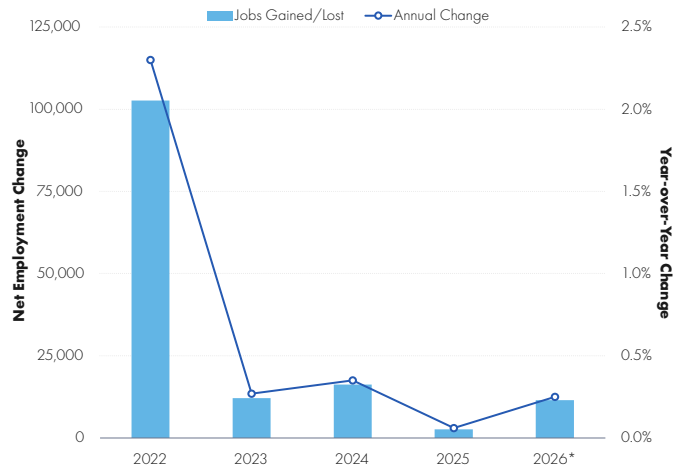


LOOKING AHEAD

After recent periods of volatility, the Los Angeles multifamily market is poised for a year of mostly stable performance. Vacancy may push a bit higher, but renter demand is expected to remain consistent and new units will eventually be absorbed. Rent growth for the county is projected to be light in 2026, though performance will vary by location and asset class. Rent increases in Downtown Los Angeles and San Fernando Valley may exceed 1% for the full year. The pace of employment growth in Los Angeles will likely tell the true direction for multifamily operating conditions beyond 2026. Employment growth in 2025 fell well short of historical averages for this market, though gains in recent months suggest signs of improvement for 2026. Still, a wider range of industries will need to sustain consistent employment gains to support a more stable renter base across Los Angeles County.

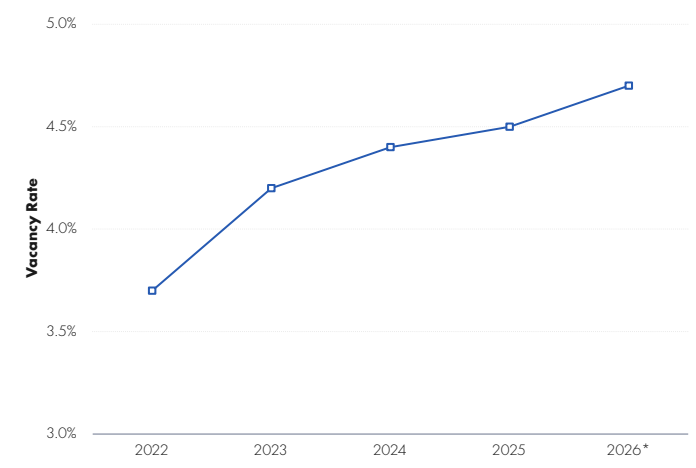
The number of multifamily transactions in Los Angeles is expected to continue outpacing last year, though it may take until 2027 or 2028 for total sales to return to historical norms. Submarkets such as Downtown and West Los Angeles, which have outperformed so far this year, may continue to post elevated levels of activity, while the San Fernando Valley is likely to record an acceleration in the coming months as activity catches up to more typical seasonal levels. Properties are expected to continue to trade within a wider pricing range than in many other markets, due to the area's broad investor mix and range of assets available for acquisition. Any improvement in rents, coupled with vacancy rates below 5%, are expected to keep property values and investor interest elevated. Changing legislation, the potential for interest rate volatility, and increased housing development may hinder some activity, but the consistent demand in this market should largely outweigh the impacts of these factors.

EMPLOYMENT FORECAST



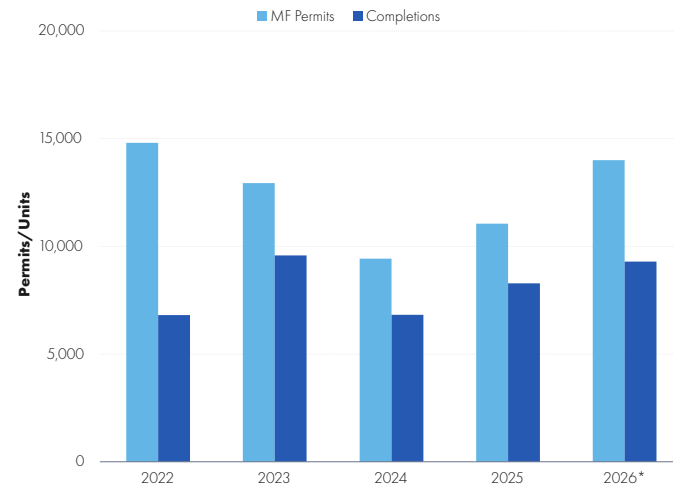
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



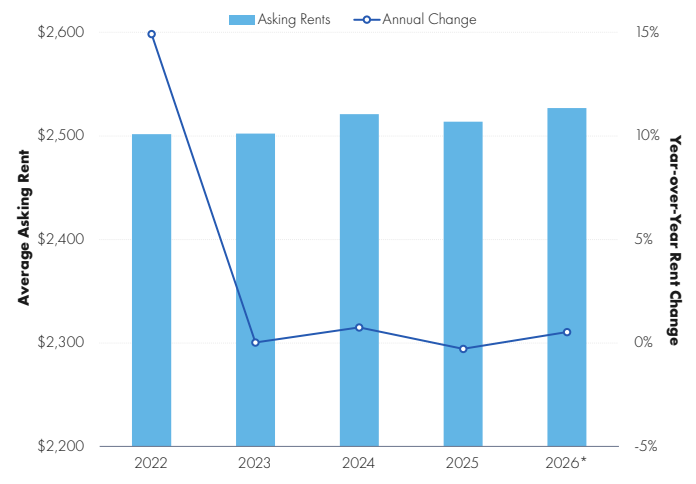
* Year End Forecast
Sources: Northmarq, REIS

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, Census Bureau, CoStar

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, REIS



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