

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **16,355**

UNITS DELIVERED (YTD) **2,973**

MARKET FUNDAMENTALS



VACANCY RATE **4.5%**

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

ASKING RENTS **\$2,526**

YEAR-OVER-YEAR CHANGE **-0.3%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$368,800**

LOS ANGELES MULTIFAMILY
Q2 2026

MARKET INSIGHTS

Transactions accelerate through midyear

HIGHLIGHTS

- Multifamily operating conditions in Los Angeles stabilized in the second quarter, as vacancy held steady and rents posted modest gains. Roughly 3,000 units have been completed this year, though deliveries are expected to accelerate in the coming months.
- The vacancy rate remained in place at 4.5% in the second quarter. Vacancy has fluctuated by only 10 basis points throughout the past 12 months and currently sits in line with levels recorded one year ago.
- Overall average asking rents across all asset classes combined increased 0.3% during the second quarter, extending the modest growth recorded in the first quarter. Despite the recent gains, asking rents remain down 0.3% year over year at \$2,526 per month.
- Multifamily investment sales activity has picked up this year, with roughly 40% more properties trading during the first half of this year than in the same period of 2025. The median sale price has climbed 18% year to date to \$368,800 per unit.

GREATER LOS ANGELES MARKET OVERVIEW

Improving renter demand helped stabilize multifamily operating conditions in Los Angeles during the second quarter. Since the start of the year, net absorption has totaled roughly 3,200 units, just surpassing the approximately 3,000 new units that have been delivered during the same period. This not only helped to keep vacancy increases at bay but has allowed operators across the market to achieve marginally higher rents. Class A asking rents increased 0.4% in the second quarter to \$3.66 per square foot. Class B and Class C combined average asking rents rose 0.2% to \$2.58 per square foot during this period. Downtown Los Angeles was the primary exception to these broader trends. Operating conditions there softened in recent months as the pace of completions accelerated. While vacancy Downtown increased and rents declined in the second quarter, these changes follow several periods of favorable performance and appear to be driven primarily by an increase in new deliveries rather than a broad weakening in conditions.

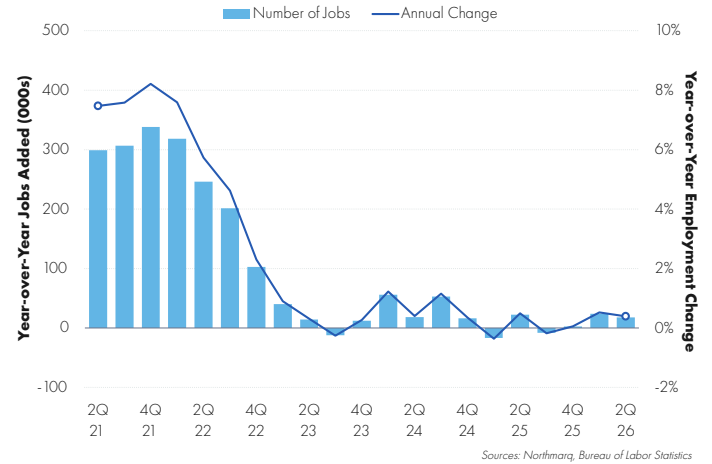
The first half of 2026 marked the most active opening six months for multifamily investment sales in Los Angeles since 2022. West Los Angeles was especially active, with more properties changing hands during the first half of the year than in all of 2025. On average, properties that sold this year were 10 years newer than those that traded in 2025, contributing to an 18% increase in the median sale price to \$368,800 per unit. Class A assets recorded the sharpest price gains, with the median sale price rising 35% year to date to \$495,000 per unit. Pricing rebounded sharply in Downtown Los Angeles from last year's lows, helping drive the market-wide increase, while most other submarkets recorded price declines. Across all asset classes, cap rates have increased 30 basis points year to date to 5.9%.

EMPLOYMENT

- Employment growth in Los Angeles has been steady to this point in the year. In the past 12 months, total employment has risen by 0.4%, with local employers adding 18,000 workers to payrolls. The unemployment rate currently stands at 5.0%.
- The leisure and hospitality sector posted significant gains in recent months. Year over year, employers in this sector have expanded payrolls by 2.3%, filling 12,300 new positions. During the trailing three years, growth in the sector averaged 0.7% annually.
- The professional and business services sector also posted outsized gains. In the past year, employers in this sector have hired 5,900 workers, expanding payrolls by 0.9%. In the past three years, this sector has contracted by an average of 0.3% per year.
- **FORECAST:** Employment growth should continue throughout the remainder of the year, though further increases will likely be lighter than what was recorded in recent months. In 2026, total employment is forecast to increase by 0.25% with the addition of 11,500 workers.

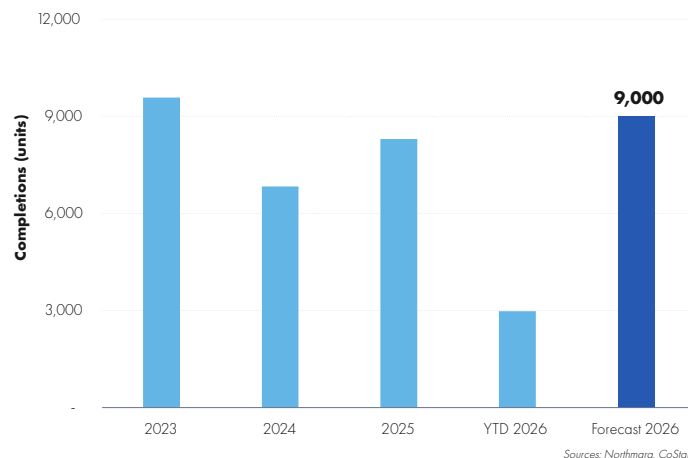
Local employers added 18,000 workers to payrolls.

EMPLOYMENT OVERVIEW



Deliveries are down 17% from one year ago.

DEVELOPMENT TRENDS

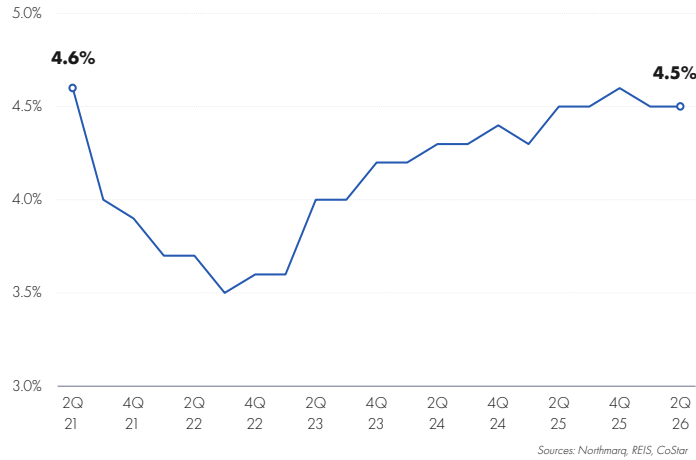


DEVELOPMENT & PERMITTING

- New multifamily properties continued to deliver at a steady pace in the second quarter. Year to date, projects totaling roughly 3,000 units were completed, down 17% from the same period last year.
- There are currently around 16,400 units under construction in the Los Angeles area, roughly in line with one year ago. Downtown contains the greatest share of construction at 36%, while West Los Angeles, South Bay, and the San Fernando Valley all hold roughly even shares of the remaining units underway.
- Multifamily permitting was elevated during the first half of 2026, driven by a strong first quarter. Year to date, permits have been issued for over 9,000 units, up from around 3,900 one year ago.
- **FORECAST:** Multifamily deliveries are expected to pick up in the coming months, bringing total deliveries in 2026 to around 9,000 units, up 9% from last year and 20% higher than the trailing five-year average.

Class B and Class C vacancy dipped 30 basis points.

VACANCY TRENDS



VACANCY

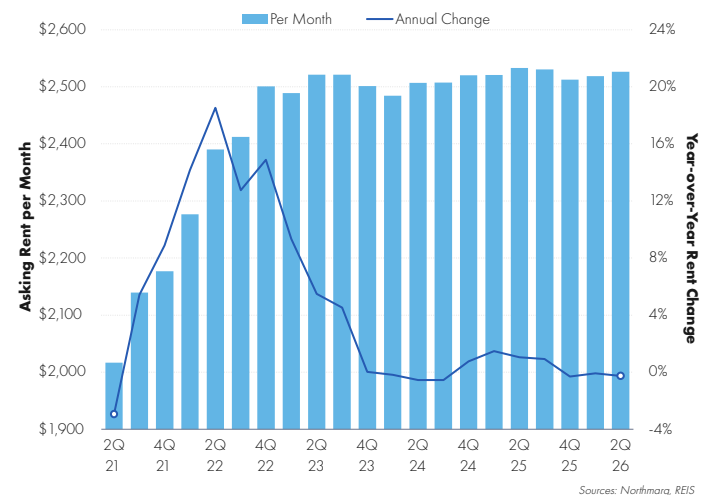
- The vacancy rate in Los Angeles held steady at 4.5% during the second quarter. Compared to one year ago, vacancy has also gone unchanged. Year to date, absorption has totaled roughly 3,200 units.
- While total market vacancy went unchanged, there was a difference between the upper and lower tiers of the multifamily market. In the past year, combined Class B and Class C vacancy has fallen 30 basis points to 3.5%, while Class A vacancy rose 30 basis points to 6.0%.
- The San Fernando Valley recorded the greatest quarterly improvement in vacancy, decreasing 20 basis points to 3.2%. Nearly all submarket clusters recorded vacancy improvements in the past year, with the exception of Downtown, where vacancy is up 30 basis points annually.
- FORECAST:** While absorption remains elevated compared to last year, the forecasted increase in new supply in the coming months will put upward pressure on vacancy. By the end of 2026, vacancy is forecast to reach 4.7%, a 10 basis point annual increase.

RENTS

- Asking rents in Los Angeles climbed 0.3% during the second quarter to \$2,526 per month. While this marks the second consecutive quarter of rent growth, it has not been enough to fully offset the declines recorded in the second half of 2025. Year over year, rents are down 0.3%.
- West Los Angeles recorded the strongest quarterly rent growth, with asking rents rising 0.9% in the second quarter to \$3,551 per month. The South Bay led annual rent growth, with asking rents increasing 0.9% to \$2,345 per month.
- Class A rent growth has outperformed that of Class B and Class C properties in recent periods. In the second quarter, Class A asking rents rose 0.4% to \$3.66 per square foot, while combined Class B and Class C asking rents increased 0.2% to \$2.58 per square foot.
- FORECAST:** Rent growth is expected to continue throughout the second half of 2026. By year-end, average asking rents are forecast to reach roughly \$2,540 per month, an annual gain of 1.0%.

Class A asking rents rose 0.4% quarter over quarter.

RENTS TRENDS

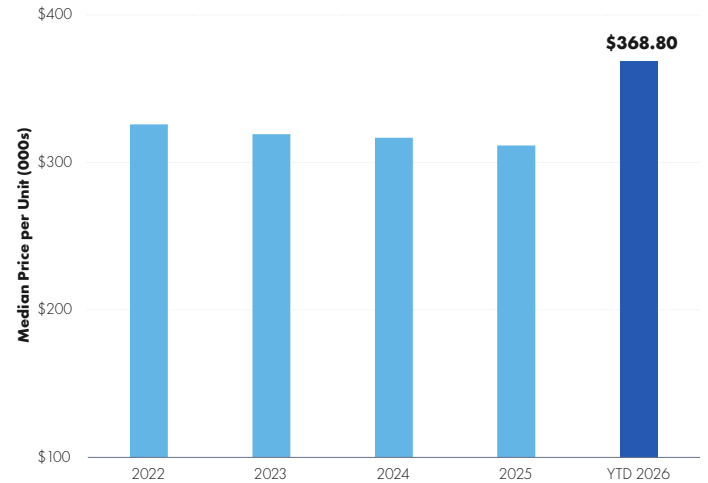


MULTIFAMILY SALES

- The pace of multifamily sales in Los Angeles was sustained during the second quarter. In the first half of the year, total activity has outpaced the same period in 2025 by roughly 40%, making this the most active first half since 2022.
- Multifamily pricing has been mixed across different submarkets, but overall values have risen. Year to date, the median sale price has increased 18% to \$368,800 per unit, surpassing the 2022 peak by 13%.
- Newer properties continue to make up a greater share of activity. On average, the properties that have sold this year are 10 years newer than those that traded in 2025. Assets built within the past 20 years represented roughly half of all sales.
- Cap rates continued to trend higher in the second quarter. Across transactions completed this year, cap rates have averaged 5.9%. Class A assets are trading closer to 4.5%, while lower-tier properties are generally commanding cap rates in the 6.5% to 7.0% range.

The median sale price increased 18% from 2025.

INVESTMENT TRENDS



Sources: Northmarq, CoStar

RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Shores	4201 Via Marina, Marina Del Rey	2013	544	\$170,000,000	\$312,500
Next on Sixth	620 South Virgil Ave., Los Angeles	2017	398	\$139,000,000	\$349,246
San Regis Apartments	15446 Sherman Way, Van Nuys	1969	390	\$69,000,000	\$176,923
88 Eleven	8811 Burton Way, Los Angeles	1989	78	\$47,000,000	\$602,564
Oasis at Lake Encino	4940 Paso Robles Ave., Encino	2014	52	\$28,000,000	\$538,462

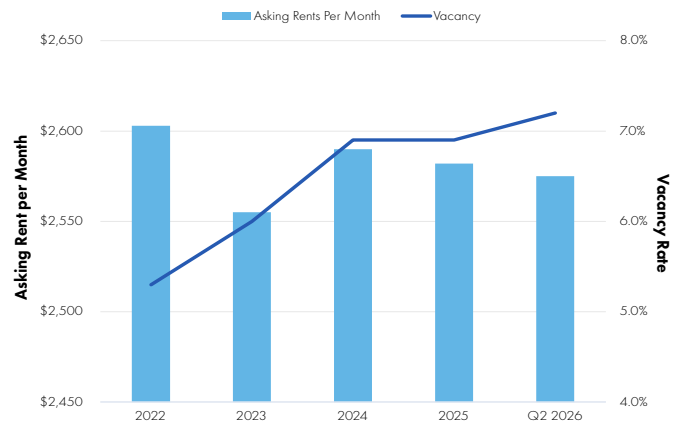
DOWNTOWN

CONSTRUCTION/VACANCY/RENTS

- Downtown Los Angeles continued to lead the county in multifamily deliveries. Year to date, there have been nearly 1,700 units completed in this area, more than double the same period of last year. There are currently more than 5,800 total units still under construction.
- Following a dip at the start of the year, the vacancy rate ticked higher during the second quarter, rising 50 basis points to 7.2%. Year over year, the vacancy rate increased by 30 basis points.
- Overall average asking rents moderated, decreasing by 0.5% in the second quarter after rising during the previous quarter. In the past 12 months, asking rents decreased by 1.5% to \$2,575 per month.
- **FORECAST:** Total deliveries are forecast to reach approximately 4,000 units in 2026, up from around 2,400 units in 2025. Vacancy is expected to rise, reaching 7.4% by year-end. As operators compete for tenants, asking rents are forecast to decline to roughly \$2,570 per month.

Nearly 1,700 units have been completed through midyear.

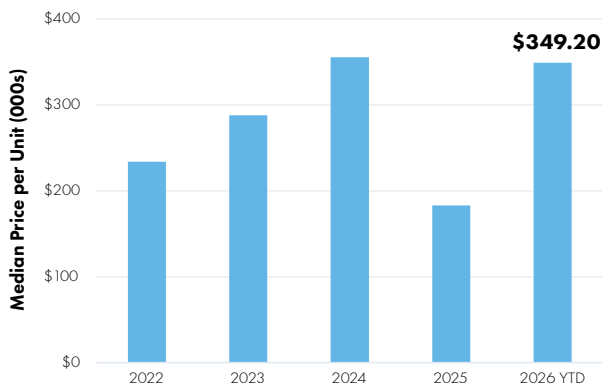
VACANCY & RENT TRENDS



Sources: Northmarq, Reis

The median sale price is \$349,200 per unit.

SALES TRENDS



Sources: Northmarq, CoStar

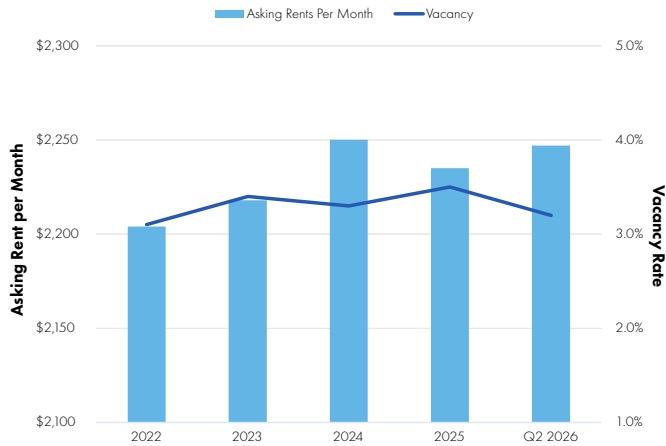
MULTIFAMILY SALES

- The pace of multifamily sales in Downtown Los Angeles has picked up slightly when compared to 2025, though it remains light compared to historical norms. The transaction mix remains roughly evenly split between Class A, Class B, and Class C apartments.
- Following a drop in pricing in 2025, multifamily properties have been trading for roughly the same price as they did in 2024. Year to date, the median sale price in Downtown Los Angeles is \$349,200 per unit, up 91% from last year but down 2% from 2024.
- Properties that have changed hands this year are 10 years newer on average than properties that traded last year. While Class A and Class B pricing both increased, Class C properties are trading for effectively the same price as they did in 2025 at \$151,900 per unit.
- Cap rates in this area have inched lower in recent months, though they remain above the 2025 average. The current average cap rate is 6.1%, up 30 basis points from 2025.

SAN FERNANDO VALLEY

Rents rose 0.1% in the second quarter to \$2,247 per month.

VACANCY & RENT TRENDS



Sources: Northmarq, Reis

CONSTRUCTION/VACANCY/RENTS

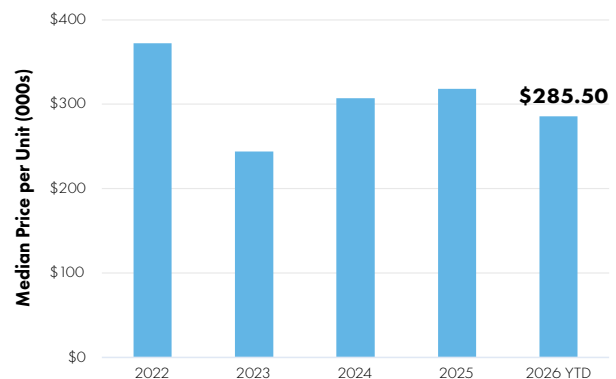
- Multifamily deliveries in the San Fernando Valley have dropped off this year, with fewer than 100 units completed in the first half of 2026. By comparison, nearly 1,000 units were completed during the first half of 2025. More than 2,500 units remain in the construction pipeline.
- Vacancy continued to improve in the second quarter, decreasing by 20 basis points to 3.2%. Compared to one year ago, the vacancy rate has dipped by 10 basis points.
- Overall average asking rents in the San Fernando Valley inched higher during the second quarter, rising 0.1% to \$2,247 per month. Year over year, asking rents are effectively unchanged.
- **FORECAST:** The pace of completions should accelerate in the coming months, though deliveries will still fall approximately 25% below last year's total of just over 1,000 units. Vacancy may tick slightly higher, ending the year at 3.5%, or in line with last year. Asking rents are forecast to increase 1.0% in 2026 to roughly \$2,260 per month.

MULTIFAMILY SALES

- There have been roughly the same number of multifamily sales in the San Fernando Valley during the first half of 2026 as there were during the same period of 2025. The transaction mix remains evenly split between Class B and Class C assets.
- Multifamily pricing in the San Fernando Valley is down from last year, driven primarily by a lack of Class A product changing hands. Year to date, the median sale price is \$285,500 per unit, down 10% from last year.
- Cap rates have increased slightly since the earlier months of the year, though they still sit below 2025 levels. Year to date, the average cap rate is 5.3%, down from an average of 5.5% last year.

The median sale price is \$285,500 per unit.

SALES TRENDS



Sources: Northmarq, CoStar

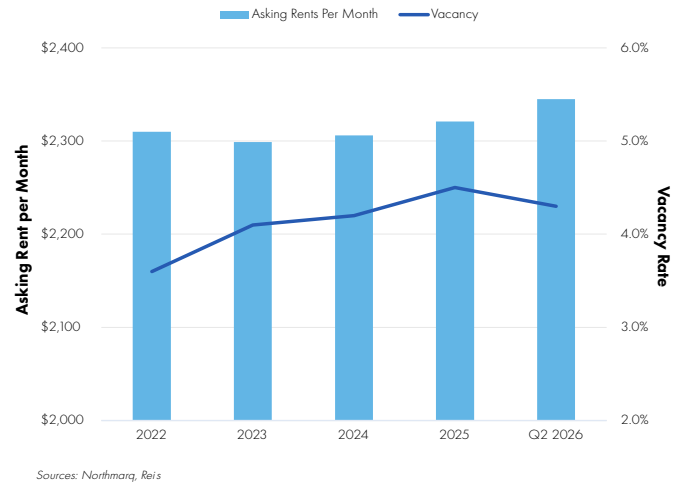
SOUTH BAY

CONSTRUCTION/VACANCY/RENTS

- Completions in the South Bay closely tracked the pace of deliveries set in 2025. Year to date, there have been approximately 600 units completed. There are roughly 2,700 units under construction in the area, up 38% from one year ago.
- The vacancy rate inched lower during the second quarter, decreasing by 10 basis points to 4.3%. Year over year, the vacancy rate is also down 10 basis points.
- Overall average asking rents in the South Bay increased 0.7% during the second quarter to \$2,345 per month. In the past 12 months, asking rents have trended higher by 0.9%.
- **FORECAST:** Deliveries have remained in line with 2025 so far, but a pickup in completions during the second half is expected to bring nearly 1,100 units online this year, 55% more than in 2025. Elevated demand should keep vacancy relatively low, with the rate forecast to end the year at 4.2%. Meanwhile, rents are projected to rise 1.5% to roughly \$2,360 per month by year-end.

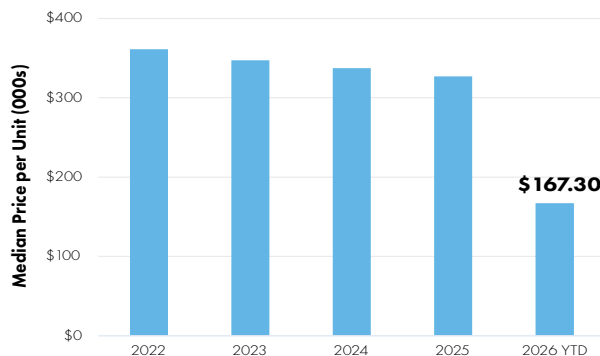
Asking rents are up 0.9% year over year.

VACANCY & RENT TRENDS



Sales activity remained limited through the second quarter.

SALES TRENDS



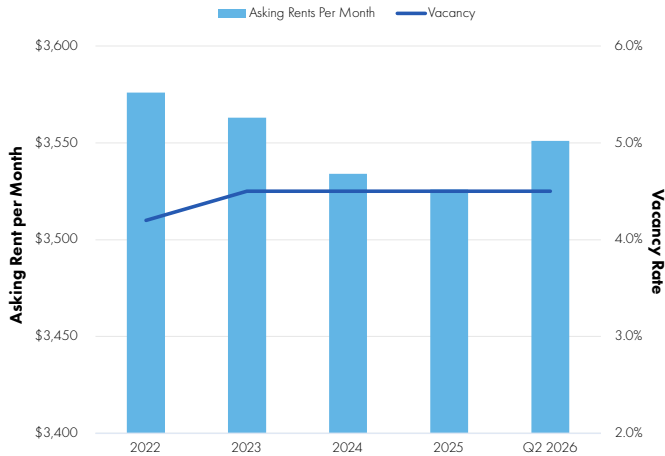
MULTIFAMILY SALES

- There was one significant multifamily transaction in the South Bay during the first half of the year, down from only two transactions in the first half of 2025. The area has not recorded more than four sales of properties with 50 units or more in a single year since 2022.
- The lone property that sold in the South Bay this year had a price of \$167,300 per unit. In the past 12 months, the median sale price in this area was \$136,400 per unit. Pricing peaked in 2022 at \$361,000 per unit.
- Cap rates in the South Bay have generally pushed higher in recent periods. Cap rates averaged approximately 5.0% in 2024 before reaching 5.75% in 2025. Cap rates have approached 7.0% in recent months.

WEST LOS ANGELES

Vacancy inches higher as rents record modest gains.

VACANCY & RENT TRENDS



Sources: Northmarq, Reis

CONSTRUCTION/VACANCY/RENTS

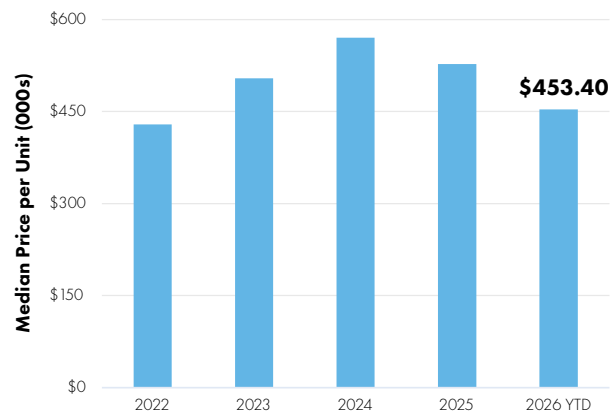
- West Los Angeles multifamily construction accelerated in recent months. Year to date, there have been nearly 400 units delivered, up from roughly 100 units in the same period of 2025. There are approximately 2,500 units currently under construction.
- Vacancy in West Los Angeles inched higher during the second quarter, rising 10 basis points to 4.5%. This is down slightly from one year ago, when the vacancy rate was at 4.6%.
- Following two quarters of rent declines, overall average rents recorded growth in the second quarter, rising 0.9% to \$3,551 per month. Year over year, asking rents are up 0.3%.
- FORECAST:** Multifamily deliveries are set to reach a cyclical high in West Los Angeles this year, with approximately 1,300 units set to come online, up 90% from 2025. With the influx in supply, vacancy is expected to rise to 4.7%, though asking rents are still expected to increase, rising 1.0% in 2026 to roughly \$3,560 per month.

MULTIFAMILY SALES

- This year is on pace to be the most active in the past decade for West Los Angeles. There have been more multifamily trades during the first half of this year than there were for all of 2025.
- The median sale price decreased by 14% from 2025 to \$453,400 per unit. Transaction pricing remained varied, ranging from the low-\$300,000s to nearly \$700,000 per unit, consistent with last year's range.
- Cap rates in West Los Angeles have remained within a tight band throughout the past five years. Year to date, the average cap rate is 5.0%. Since 2020, cap rates have ranged between 4.0% and 5.0%.

The median sale price is \$453,400 per unit.

SALES TRENDS



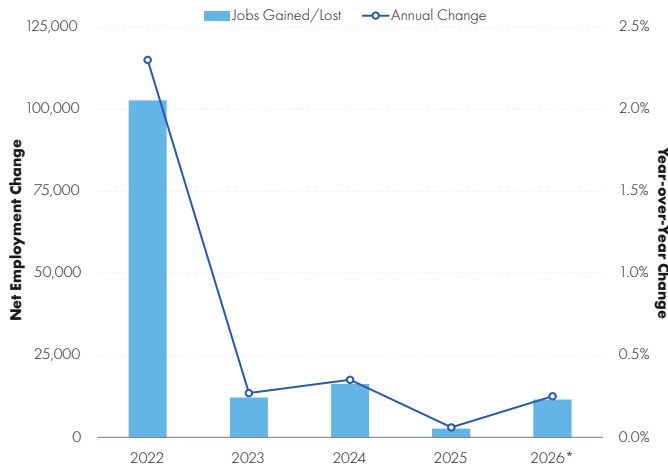
Sources: Northmarq, CoStar

LOOKING AHEAD

The Greater Los Angeles multifamily market is expected to record an uptick in annual deliveries in 2026, with the bulk of the scheduled completions likely to occur in the second half. While the new supply is expected to enter into area inventories during a fairly short period of time, the impact on the overall inventory levels will be modest and vacancies are expected to only inch higher between now and the end of the year. Class A properties may record slightly higher vacancy rates in the second half; vacancy in the top-tier reached 6.0% in the first half. Multifamily permitting figures suggest that this pattern of new supply growth will persist through 2027 and 2028, though the effects will vary by submarket. Downtown will likely be one of the few areas in the Greater Los Angeles to be impacted by significant supply growth, while areas such as the South Bay and West Los Angeles should be largely unaffected by new inventory.

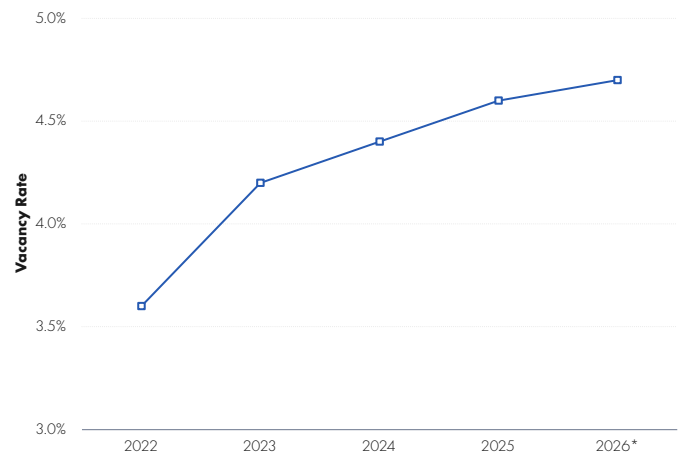
Transaction activity in Los Angeles is poised to remain well ahead of last year's pace, though it is unlikely to reach historical norms until at least next year. West Los Angeles in particular is expected to record one of the highest annual transaction counts of the past decade, while Downtown Los Angeles should continue to contribute the bulk of market-wide activity. Overall, the mix of asset classes changing hands this year has been largely consistent with 2025, and that is not expected to change materially during the remainder of the year. While investor appetite appears widespread and generally not focused on any individual tier of multifamily, Class A pricing has outpaced the rest of the market while making up roughly one-third of all trades, highlighting an elevated level of demand for this product.

EMPLOYMENT FORECAST



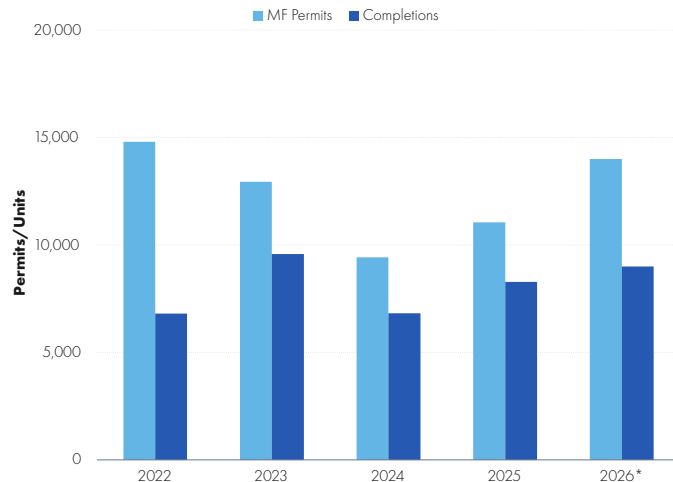
* Year-End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



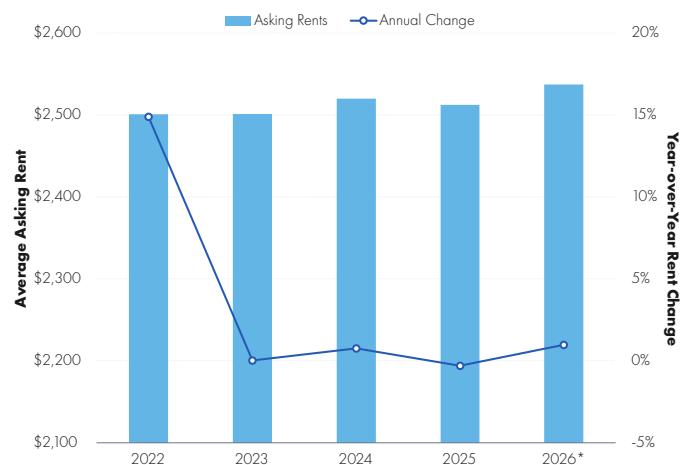
* Year-End Forecast
Sources: Northmarq, REIS

CONSTRUCTION & PERMITTING FORECAST



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

RENTS FORECAST



* Year-End Forecast
Sources: Northmarq, REIS



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