

CONSTRUCTION
ACTIVITY



UNDER CONSTRUCTION **14,955**

UNITS DELIVERED (YTD) **8,631**

MARKET
FUNDAMENTALS



VACANCY RATE **4.6%**

YEAR-OVER-YEAR CHANGE **+10bps**

ASKING RENTS **\$2,513**

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

TRANSACTION
ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$311,600**

LOS ANGELES MULTIFAMILY
Q4 2025

MARKET INSIGHTS

Apartment demand reaches three-year high

HIGHLIGHTS

- Operating conditions in Los Angeles softened modestly in 2025 as elevated deliveries put slight upward pressure on vacancy and limited rent growth. Developers completed more than 8,600 units in the past year, a 26% increase compared with the previous year.
- Vacancy conditions were consistent throughout most of 2025. The vacancy rate remained at 4.6% from the second quarter through the fourth quarter. Year over year, the rate is up by 10 basis points.
- Los Angeles County asking rents trended lower, decreasing by 0.7% during the closing three months of the year. Year over year, asking rents are down by 0.3% to \$2,513 per month.
- Multifamily investment activity continued to rise in 2025, with 52% more properties changing hands than in 2024. The median sale price in 2025 was \$311,600 per unit. The average cap rate rose 70 basis points over the past year to 5.6%.

GREATER LOS ANGELES MARKET OVERVIEW

Despite an annual uptick in vacancy and a decline in asking rents, a high-level view of the Los Angeles multifamily market reveals that conditions are generally stabilizing, supported by strengthening absorption. Demand has been improving, with net absorption reaching a three-year high in 2025. Apartments recorded net move-ins for roughly 5,600 units during the past year, but developers brought more than 8,600 units online during the same timeframe. Heightened deliveries led the vacancy rate to continue inching higher. Recent trends largely mirror those of previous years, though vacancy increases have stabilized in recent quarters. Since 2022, projects totaling 32,000 units have come online, yet vacancy has only risen by 100 basis points. During this period of supply growth, rental rates have flattened. Asking rents have remained within a \$50 per month range since late 2022.

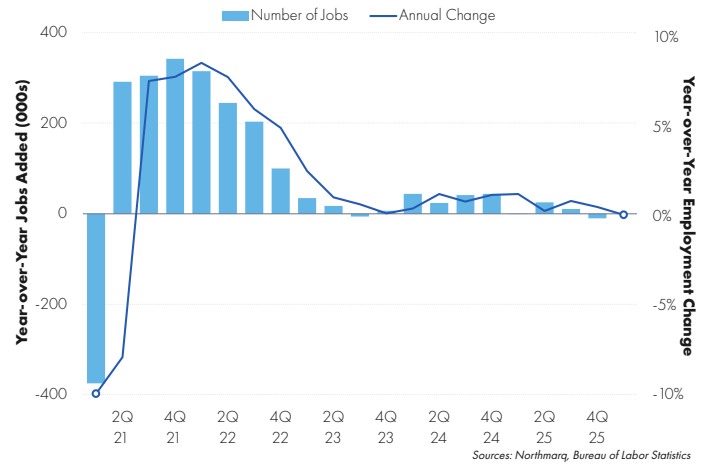
Multifamily investment activity accelerated in 2025, with total sales during the past 12 months increasing 52% from levels recorded in 2024. The surge in investment volumes did not result in any significant price movement, however, with the median price reaching \$311,600 per unit in 2025, 2% lower than during the prior year. Pricing trends varied throughout the metro. Per-unit prices rose in the San Fernando Valley, ticking up 4% to \$318,200 per unit. This area made up roughly one-third of sales in the region during 2025, with several transactions closing between \$125 and \$185 million. In 2024, the San Fernando Valley had only a few deals of this size a year prior. In the region's most active submarket, Downtown, the sales mix shifted towards Class C properties during the past year. The changing mix of sold properties in Downtown resulted in a 49% decline in per-unit prices in the area from 2024 to 2025.

EMPLOYMENT

- Employment in Los Angeles receded in 2025, posting the first annual decrease since 2020. During the past 12 months, the market recorded a net loss of 10,300 jobs, a decrease of 0.2%.
- Despite the market-wide dip in employment, the leisure and hospitality industry posted growth in the past year. In 2025, employers in this sector expanded payrolls by 0.8%, adding 4,300 workers.
- Swimwear retailer Speedo announced that the company is relocating its North American headquarters to Los Angeles. This move, driven by the company’s desire to be closer to the upcoming summer Olympics, will result in the employment of more than 130 workers in the Long Beach area.
- **FORECAST:** The Los Angeles labor market is likely to continue softening in 2026, though decreases should remain modest. Over the next year, employment in this market is forecast to decline by 0.2%, with a reduction of approximately 10,000 jobs.

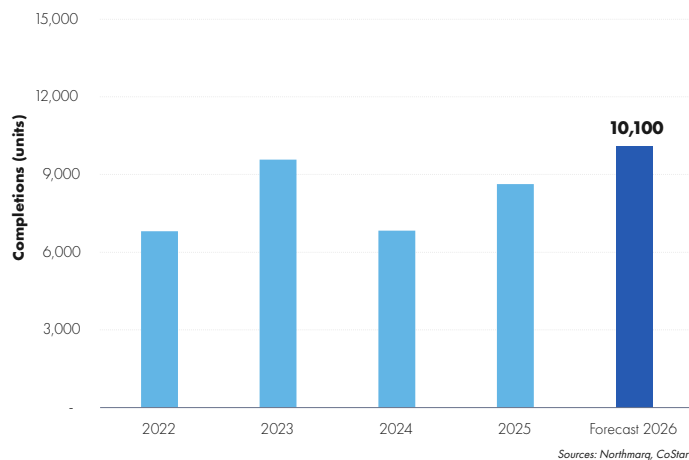
The leisure and hospitality industry expanded by 0.8%.

EMPLOYMENT OVERVIEW



Multifamily permitting in 2025 was down 15% from the prior year.

DEVELOPMENT TRENDS

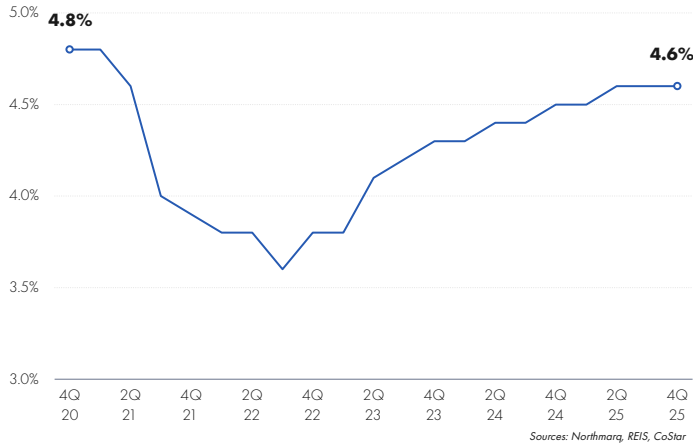


DEVELOPMENT & PERMITTING

- Multifamily deliveries picked up in 2025. During the past year, there were projects totaling roughly 8,600 units completed in the market, up 26% from 2024. The San Fernando Valley posted a spike in deliveries, with nearly 2,100 units being completed in 2025 after roughly 300 were delivered in 2024.
- The construction pipeline remains inflated in Los Angeles as the number of new projects breaking ground has roughly matched the number of completions. Projects totaling approximately 15,000 units are currently underway, 37% more than at the end of 2024.
- Multifamily permitting continued to slow in 2025. During the past year, there were permits pulled for around 8,000 apartment units in Los Angeles, down 15% from the prior year. During the trailing five years, permitting averaged 12,700 units per year.
- **FORECAST:** Completions are set to continue rising in the coming year. Projects totaling approximately 10,100 units on track for delivery in 2026, the first time since 2020 that annual deliveries have topped 10,000 units.

Class A vacancy improved from the third quarter.

VACANCY TRENDS



VACANCY

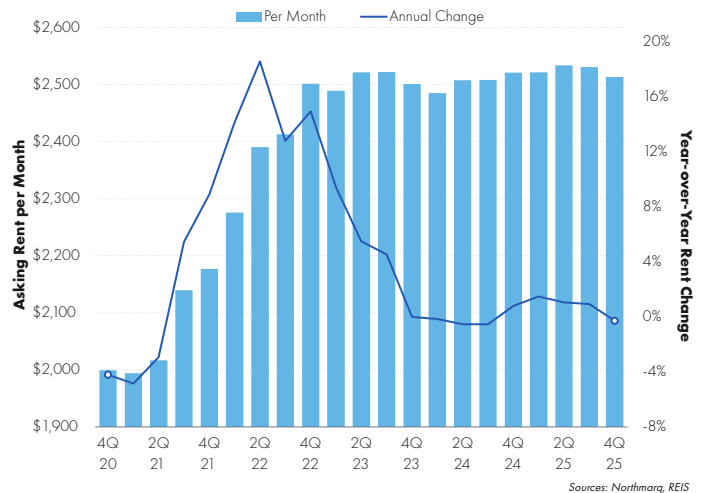
- Local vacancy remained steady at 4.6% in the fourth quarter. During the past 12 months, vacancy has risen by a total of 10 basis points.
- Many submarkets recorded a slight increase in vacancy over the past year, consistent with the overall trend.
- The vacancy rate for Class A properties improved during the closing three months of the year, decreasing by 10 basis points to 5.9%. Compared to one year ago, Class A vacancy is unchanged.
- FORECAST:** The vacancy rate in Los Angeles is forecast to post a modest increase again in 2026, rising 20 basis points over the next year to 4.8%.

RENTS

- Rents dipped during the fourth quarter, decreasing by 0.7% following a more modest decrease in the prior quarter. Year over year, asking rents in Los Angeles are down 0.3% to \$2,513 per month.
- The South Bay was the only area to record positive annual rent growth. Apartment rents in the South Bay advanced by 0.6% in 2025, reaching \$2,321 per month by year-end.
- Combined rents for Class B and Class C properties inched higher over the past year, rising by 0.1% to \$2,089 per month. Class A rents dipped during the same period, decreasing by 1.0% to \$3,203 per month.
- FORECAST:** Rents in Los Angeles are expected to tick lower in 2026. Asking rents are forecast to end the year at roughly \$2,500 per month.

Year over year, asking rents are down 0.3%.

RENTS TRENDS

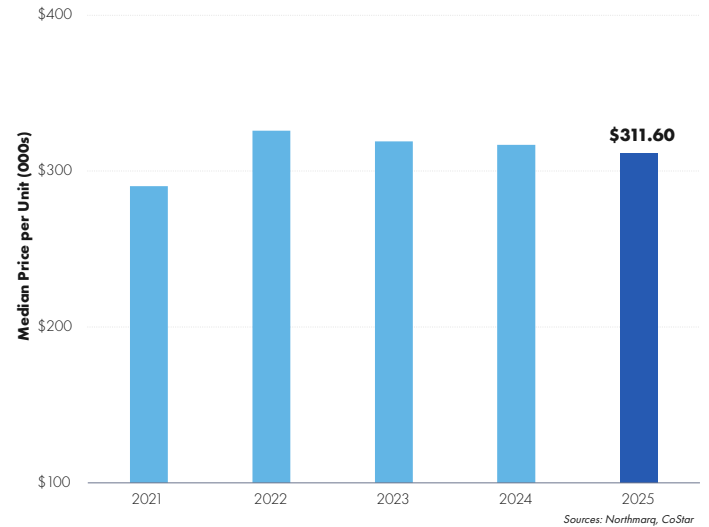


MULTIFAMILY SALES

- The number of Los Angeles multifamily sales recorded in 2025 was 52% higher than in 2024. The most significant increase in transactions occurred Downtown, where the number of properties that changed hands doubled over the past year.
- Pricing continued to inch lower throughout the past year. In 2025, the median sale price was \$311,600 per unit, down 2% from 2024. Since peaking in 2022, median pricing has decreased slightly each year.
- Cap rates climbed in 2025 after remaining flat during 2023 and 2024. During the past year, the average multifamily cap rate in Los Angeles was 5.6%, up 70 basis points from the previous year.

In 2025, the median sale price was \$311,600 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Sorrel at Warner Center	21021 W., Erwin St., Woodland Hills	2015	395	\$156,250,000	\$395,570
Stella	13488 Maxella Ave., Marina Del Rey	2012	244	\$141,377,980	\$579,418
The View	3460 W., 7th St., Los Angeles	1965	168	\$52,075,000	\$309,970
LeMarsh Gardens	10200 De Soto Ave., Chatsworth	1963	86	\$16,500,000	\$191,860
Siejay Apartments	1337 S., Hoover St., Los Angeles	1967	72	\$10,598,000	\$147,194

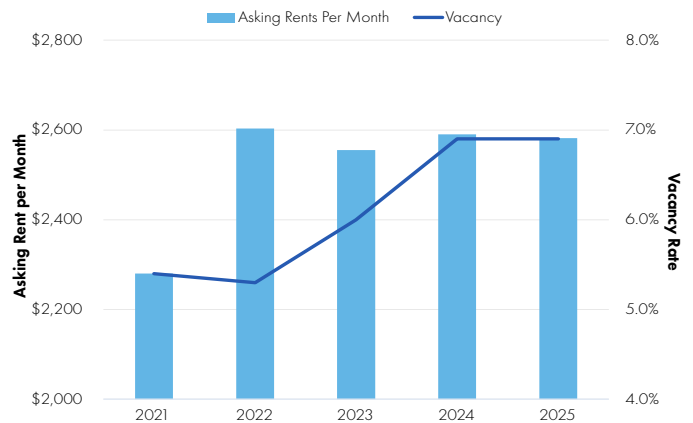
DOWNTOWN

CONSTRUCTION/VACANCY/RENTS

- The pace of deliveries in Downtown Los Angeles picked up during the second half of the year, though annual totals fell short of the prior year. In 2025, projects totaling approximately 2,500 units were completed, down 23% from 2024. Roughly 6,200 units are still under construction, up 16% from one year ago.
- Downtown vacancy inched lower in the fourth quarter, decreasing by 10 basis points. Year over year, the vacancy rate remained unchanged at 6.9%.
- Rents decreased by 1.2% during the fourth quarter, offsetting the rent growth that was recorded in the first half of the year. Asking rents ended 2025 at \$2,582 per month, down 0.3% from the end of 2024.
- **FORECAST:** Development is set to accelerate in 2026, with nearly 5,100 units scheduled for completion. This increase in deliveries is expected to coincide with a 30 basis point increase in vacancy, while asking rents are projected to decrease to roughly \$2,570 per month by year-end.

Downtown vacancy inched lower in the fourth quarter.

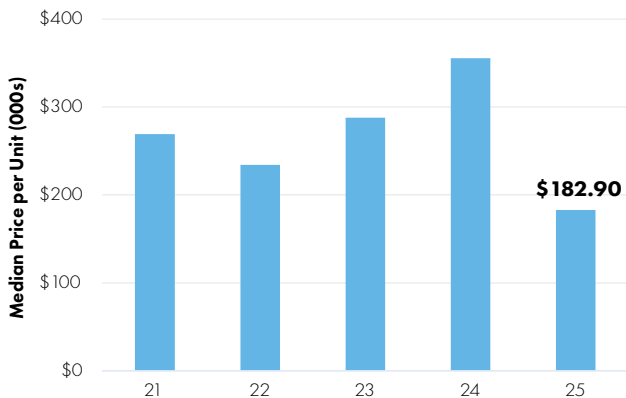
VACANCY & RENT TRENDS



Sources: Northmarq, Reis

Compared to 2024, the annual transaction count doubled.

SALES TRENDS



Sources: Northmarq, CoStar

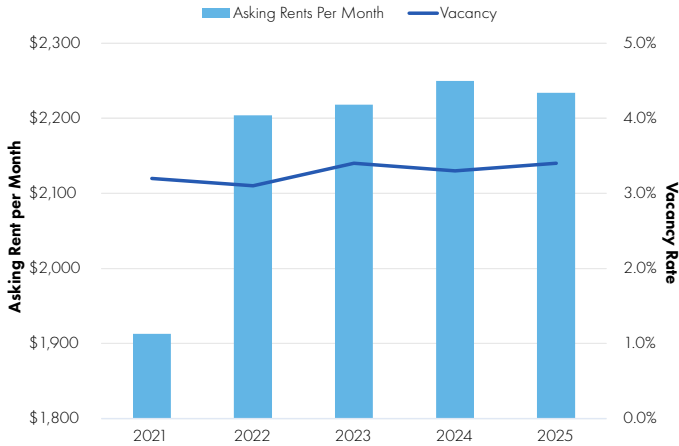
MULTIFAMILY SALES

- Multifamily sales activity in Downtown Los Angeles greatly outpaced activity from the past few years. The number of sales that took place in 2025 nearly matched 2021, a cyclical high year for the area. Compared to 2024, the annual transaction count doubled.
- In 2025, roughly half of all sales in Downtown were Class C assets, while no Class C assets were sold in 2024. This contributed to a 49% drop in median sale pricing, at \$182,900 per unit. Class A and Class B combined pricing in 2025 was \$337,100 per unit, down just 5% from 2024.
- Cap rates in this area ended 2025 at an average of around 4.5%. Compared to the trailing two years, this is a decline of roughly 50 basis points.

SAN FERNANDO VALLEY

Rents ended the year at \$2,234 per month.

VACANCY & RENT TRENDS



Sources: Northmarq, Reis

CONSTRUCTION/VACANCY/RENTS

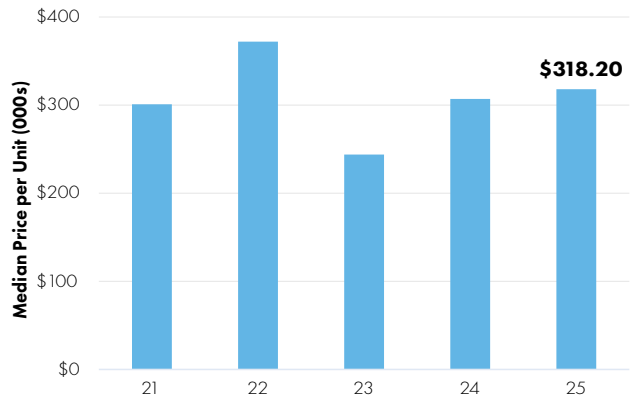
- Construction in the San Fernando Valley accelerated in the fourth quarter, bringing the full-year delivery total to roughly 2,100 units. Last year, approximately 400 units came online. Projects totaling 1,300 units are currently under construction.
- The vacancy rate went unchanged from the third quarter to the fourth quarter, remaining at 3.4%. Year over year, the vacancy rate inched higher by 10 basis points.
- San Fernando Valley asking rents dipped 0.5% during the fourth quarter, ending the year at \$2,234 per month. Overall, rents in the area decreased by 0.7% annually.
- **FORECAST:** Deliveries in 2026 will lag 2025, though they will still surpass 2024, with approximately 900 units on track for completion. The vacancy rate may rise, but an increase greater than 10 basis points is unlikely, as this market historically remains within a tight range. Asking rents are forecast to rise 0.2% to roughly \$2,240 per month.

MULTIFAMILY SALES

- The number of transactions that took place in the San Fernando Valley in 2025 roughly matched the previous year. Compared to the trailing five-year average, sales activity in 2025 was up 11%.
- Multifamily pricing rose. The median sale price was \$318,200 per unit, up 4% from 2024. Compared to the peak pricing recorded in 2022, current pricing is still down by 15%.
- Cap rates kept within the same range throughout the year. In 2025, the average cap rate in the San Fernando Valley was approximately 5.5%, roughly 50 basis points higher than in 2024.

The median sale price increased by 4% to \$318,200 per unit.

SALES TRENDS



Sources: Northmarq, CoStar

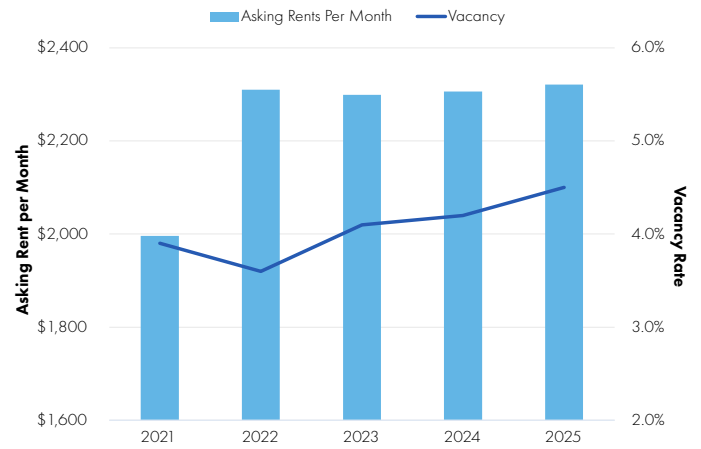
SOUTH BAY

CONSTRUCTION/VACANCY/RENTS

- Multifamily completions in the South Bay picked up in 2025. Total deliveries during the past year rose 15% from 2024, with nearly 700 units completed. Projects totaling roughly 3,100 units are still under construction.
- Vacancy conditions improved in the fourth quarter, with the rate decreasing by 20 basis points to 4.5%. Annually, the rate is up 30 basis points.
- Following an upward trend in earlier months of the year, asking rents recorded a dip of 0.5% during the fourth quarter. Year over year, rents are up 0.6% at \$2,321 per month.
- **FORECAST:** Multifamily construction in the South Bay is set to spike in 2026, with over 1,100 units scheduled for completion, a 66% annual increase. Changes in rent and vacancy should be modest, with the vacancy rate projected to rise 20 basis points in the next year while asking rents remain within 0.5% of current levels.

Year over year, rents are up by 0.6%.

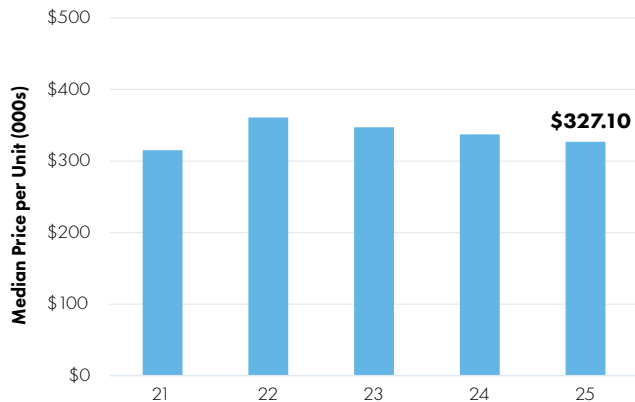
VACANCY & RENT TRENDS



Sources: Northmarq, Reis

The median sale price in 2025 was \$327,100 per unit.

SALES TRENDS



Sources: Northmarq, CoStar

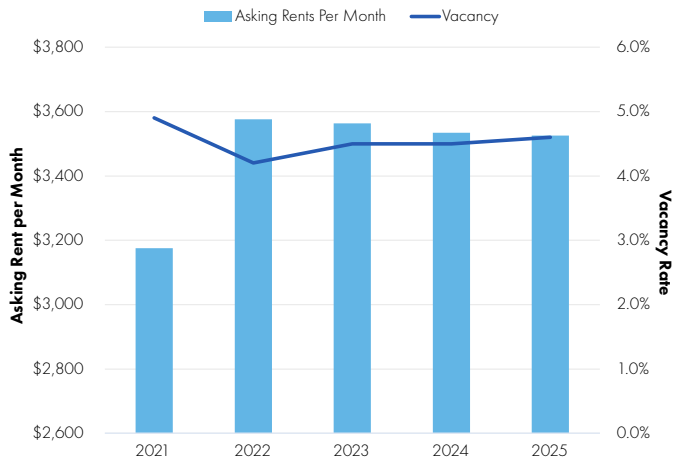
MULTIFAMILY SALES

- The number of multifamily sales in the South Bay remained largely unchanged from 2023 to 2025. Sales in 2025 were primarily Class C assets built in the 1960s, while 2024 had an even mix of Class B and Class C, which were on average 15 years newer.
- This increase in average age and a transaction mix weighted toward Class C assets weighed on pricing, though the annual decrease was modest. The median sale price in 2025 was \$327,100 per unit, down 3% from the previous year.
- The average cap rate in the South Bay during 2025 was approximately 5.75%, up 75 basis points from 2024. From the years 2020 to 2023, cap rates remained between roughly 3.5% to 4.5% before moving above this range in 2024.

WEST LOS ANGELES

In 2025, projects totaling nearly 700 units were completed.

VACANCY & RENT TRENDS



Sources: Northmarq, Reis

CONSTRUCTION/VACANCY/RENTS

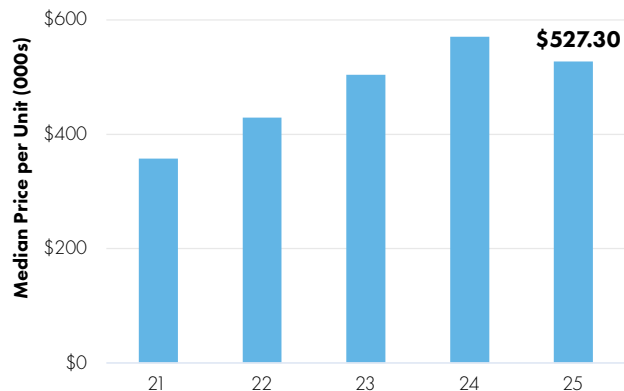
- Multifamily completions in West Los Angeles increased during the past year. In 2025, projects totaling nearly 700 units were completed, more than double the 2024 level. Roughly 1,900 units remain under construction in the area, in line with one year ago.
- The vacancy rate remained flat during the fourth quarter, holding at 4.6% for the third straight quarter. During the past year, vacancy in West Los Angeles inched higher by 10 basis points.
- Rents decreased by 0.7% in the closing three months of the year, following a rise in the third quarter. Asking rents are down 0.2% from one year ago, at \$3,526 per month.
- **FORECAST:** Multifamily development should continue to accelerate in West Los Angeles in 2026, with roughly 1,200 units on pace for completion. The vacancy rate is projected to remain within the tight range of recent years, while asking rents are forecast to dip by around 0.3% in the coming year.

MULTIFAMILY SALES

- Sales activity in West Los Angeles picked up significantly in 2025. During the past year, there were more multifamily transactions than in 2023 and 2024 combined, nearly reaching a cyclical high number of sales.
- The median sale price in 2025 was \$527,300 per unit. While this is down 8% from 2024, when one sale was recorded, pricing is up 5% from 2023. Since 2020, roughly a half-dozen properties in West Los Angeles have sold for more than \$600,000 per unit, with one-third of these sales occurring in 2025.
- Cap rates in West Los Angeles generally ranged between 4.0% and 5.0% in 2025. During the past five years, cap rates averaged approximately 4.5%.

The median sale price in 2025 was \$527,300 per unit.

SALES TRENDS



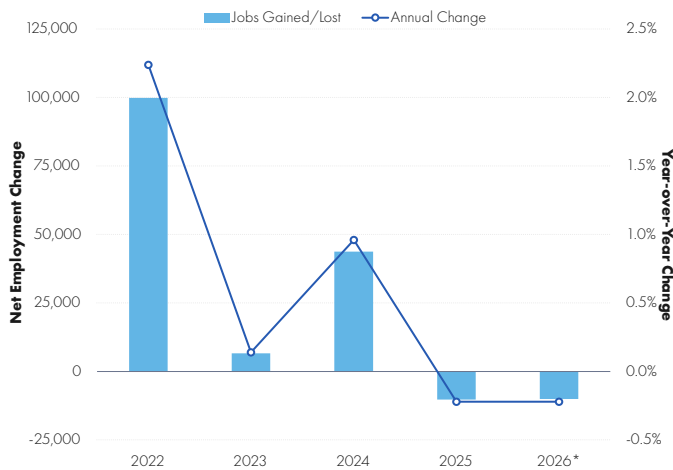
Sources: Northmarq, CoStar

LOOKING AHEAD

Elevated multifamily supply growth will impact operating conditions in Los Angeles in the coming quarters. A significant share of new deliveries will be within the Downtown and West Los Angeles submarkets, with roughly 5,100 units and 1,200 units set to deliver respectively in 2026. Newer properties, especially those in lease-up, will face heightened competitive pressure. In contrast, more established properties and those in lower tiers should post flat rent growth, with operators prioritizing tenant retention to limit potential turnover. Market-wide asking rents will be impacted, but the resulting decrease in average rents is expected to be modest. Similarly, vacancy in Los Angeles is forecast to inch higher in 2026, with the year-end rate expected to remain within 20 basis points of current levels, reflecting the market’s proven resilience during years of elevated deliveries.

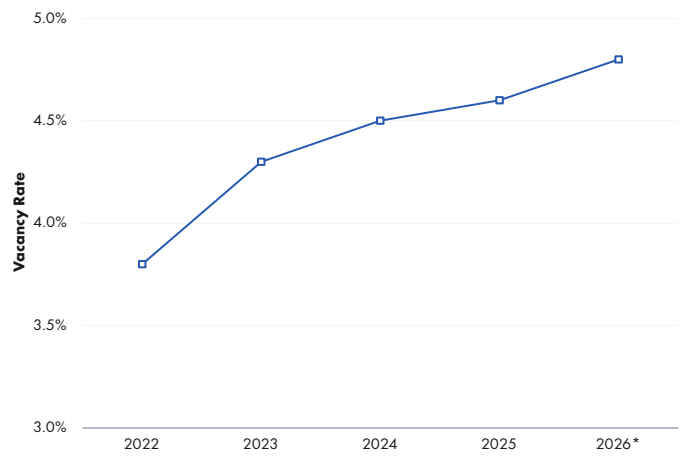
Sales activity in the Los Angeles multifamily investment market is expected to accelerate in 2026, although the transaction mix will likely continue to shift. The pace of sales for older, lower-tier properties is projected to gain momentum as they offer clearer opportunities for long-term income and value appreciation. Newly delivered projects may sell more slowly than in recent years, with developers electing to hold these properties for longer as lease-up and short-term rent growth both lag previously projected timelines. These patterns will all likely be much more pronounced in the Downtown and San Fernando Valley areas, whereas the South Bay and West Los Angeles are likely to remain closer to their typical transaction mixes. Cap rates may continue to rise in 2026 due to a greater share of lower-tier properties changing hands, though rates should be relatively stable within each property class.

EMPLOYMENT FORECAST



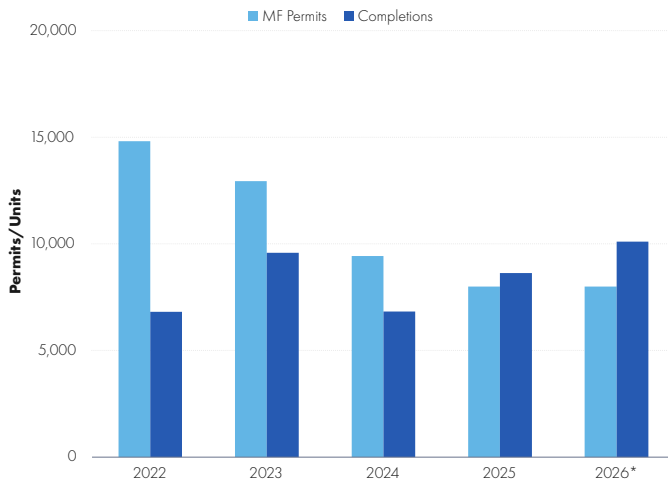
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



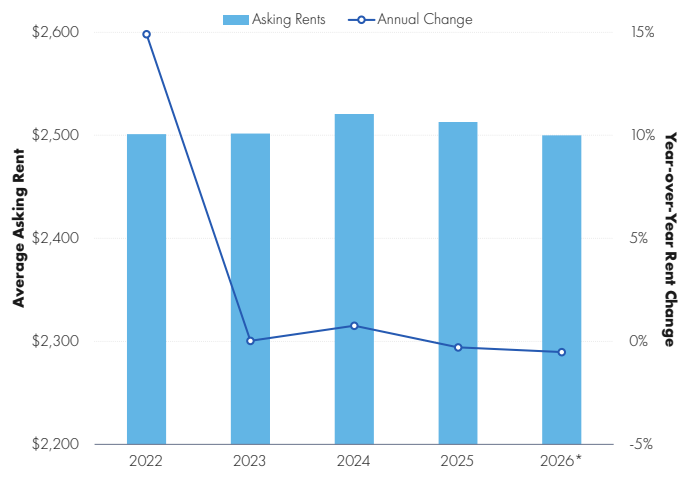
* Year End Forecast
Sources: Northmarq, REIS

CONSTRUCTION & PERMITTING FORECAST



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

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, REIS



FOR MORE INFORMATION, PLEASE CONTACT

VINCE NORRIS

Regional Managing Director, Investment Sales
805.702.1961
vnorris@northmarq.com

JIM FISHER

Managing Director, Investment Sales
805.702.3123
jfisher@northmarq.com

BRENT SPRENKLE

Managing Director, Investment Sales
310.606.5448
bsprenkle@northmarq.com

STEVEN GOLDSTEIN

Senior Vice President, Investment Sales
424.422.0904
sgoldstein@northmarq.com

MIKE HANASSAB

Senior Vice President, Investment Sales
424.334.7011
mhanassab@northmarq.com

ELLIOT HASSAN

Senior Vice President, Investment Sales
424.334.7009
ehassan@northmarq.com

ZALMI KLYNE

Managing Director, Debt + Equity
424.422.0903
zklyne@northmarq.com

PETE O'NEIL, *Director of Research* | 602.508.2212 | poneil@northmarq.com

JOHN TAGG, *Research Manager* | 972.455.4916 | jtagg@northmarq.com

LUCAS BAUM, *Market Analyst* | 602.598.7351 | lbaum@northmarq.com

ABOUT NORTHMARQ

Northmarq is one of the largest privately held commercial real estate firms in the United States, combining a nationwide presence with deep local expertise. With more than 50 offices across the country, we provide a full suite of debt, equity, investment sales, loan servicing and fund management solutions for a comprehensive range of property types. Our unique structure allows us to connect clients with the best opportunities, yet be nimble enough to ensure access to every expert across our company. The firm manages a loan servicing portfolio of over \$78 billion and has completed \$69.5 billion in transactions over the past three years. At Northmarq, collaboration fuels results, helping clients achieve success in every market, nationwide. For more information, visit www.northmarq.com.

The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report. ©2026. All rights reserved.