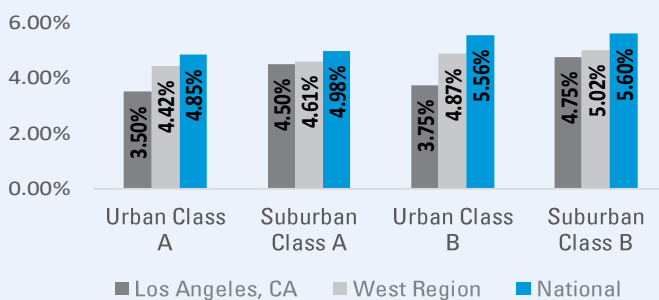


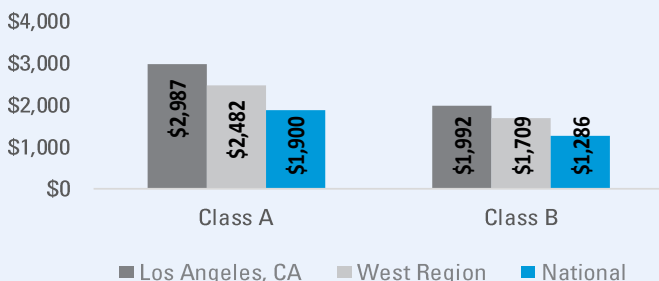
### Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	▼	▼
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▲	▼

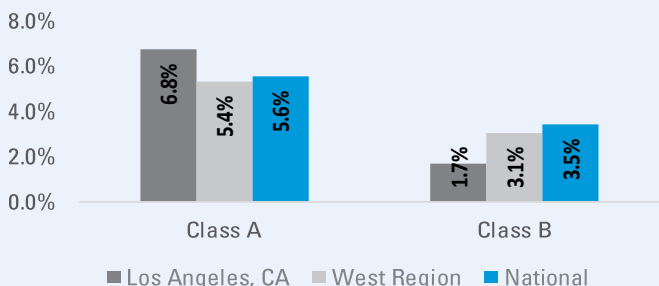
### Going In Cap Rate Comparisons (%)



### Asking Rents (\$/Unit)



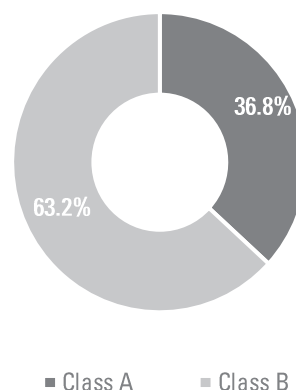
### Vacancy Rates (%)



### Los Angeles, CA Multifamily Market Overview

The Los Angeles multifamily market has improved significantly since the beginning of the COVID-19 pandemic, with significant growth in 2021. In 2022, vacancy rates declined to some of the lowest levels in the past five years while rental rates continued to increase, albeit at a slower pace than 2021. The pace of construction also slowed slightly compared to 2021, resulting in approximately 9,500 new units delivered in the overall Los Angeles market. The slowdown is attributed to several factors including rising construction costs, difficulty obtaining permits, and anti-apartment sentiment throughout many Southern California communities. Downtown Los Angeles, which traditionally welcomes high-density multifamily development, led the way accounting for nearly 40% of all construction activity over the past year. Sales activity continued to strengthen in 2022 with volume and sale prices above historical averages. Additionally, per unit sale prices in Los Angeles continued to be well-above the national average while capitalization rates were significantly lower than the national average. Notable transactions include Fairfield purchasing 347 units in Pasadena for a price of \$496,542 per unit and California Home Builders acquired 374 units in West Los Angeles for \$616,738 per unit. However, market participants indicate that rising interest rates will likely result in a decrease in sales volume and an increase in capitalization rates during the early part of 2023, which will slow the velocity of pricing increases and may lead to a decrease in sale prices. Although there continue to be concerns that the overall economy is headed toward a recession, the long-term outlook remains positive for the Los Angeles multifamily market. Workers continue to return to the office, strengthening demand in the densely populated areas of Los Angeles that experienced the worst declines as a result of the pandemic. Overall, the Los Angeles multifamily market will continue to benefit from the region's strong employment base and seemingly perpetual undersupply of apartment units, as demand continues to outpace supply.

### Distribution of Total Inventory



834,517 Units  
Multifamily Inventory

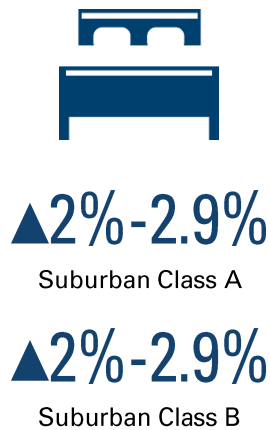
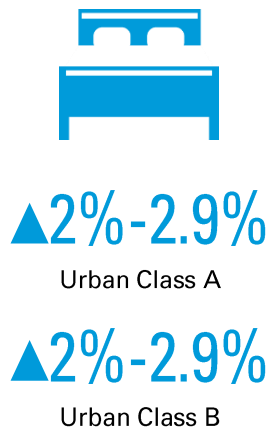
1.05% - 12 Mo. Proj.  
Construction/Inventory

# 2023 LOS ANGELES, CA MULTIFAMILY ANNUAL REPORT

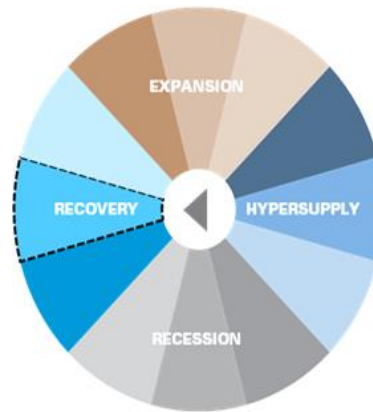
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## Change In Value Next 12 Months



## Market Cycle: Recovery Stage 2



- Neg/Low Rental Rate Growth
- Decreasing Vacancy Rates
- Moderate Absorption
- Low/Moderate Employment Growth
- Low New Construction

## Forecasts

### Los Angeles, CA 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Discount Rate	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Reversion Rate	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Construction (Units)	8,792			
Market Rent Change	+3.00%	+6.00%	+3.00%	+6.00%
Expense Rate Change	+3.00%	+3.00%	+3.00%	+3.00%
Years to Balance	2			

### Los Angeles, CA 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+13.49%			
Change in Value	Increase 5%-9.9%	Increase 5%-9.9%	Increase 4%-4.9%	Increase 4%-4.9%

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 165 MAI-designated members of the Appraisal Institute among 600+ professionals based in our 50+ offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

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