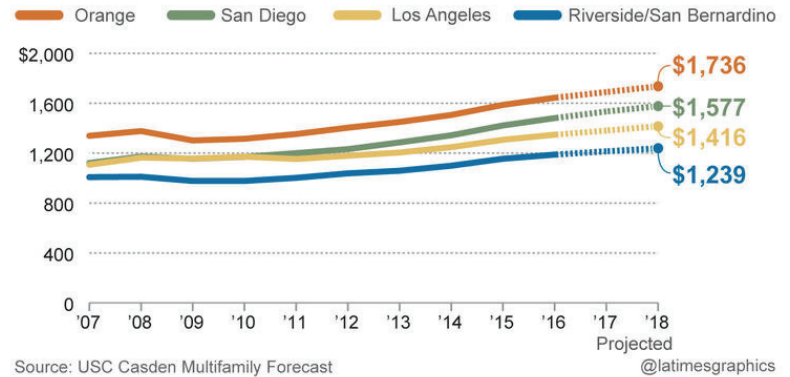


## Southern California apartment rents are expected to continue rising through 2018

Sky-high apartment rents in Southern California are expected to climb further in coming years, as construction fails to keep up with population and job growth, according to a forecast released Tuesday.

The average rent in Los Angeles County is expected to hit \$1,416 a month in 2018, an 8.3% jump from last year, while in Orange County, average rents are likely to rise 9.4% to an average of \$1,736, the USC Casden Multifamily Forecast said.

### Monthly rents by county



The projections come even as developers are building. Permits for more than 38,000 multifamily units were pulled last year across Los Angeles, Orange, San Bernardino, Riverside and San Diego counties — the most since before the recession, according to the forecast, completed by Beacon Economics and USC’s Lusk Center for Real Estate.

But much of the new supply is on the pricey end, and economists say much more construction is needed because California has consistently built too few units relative to population growth.

Last year, a report released by the California Housing Partnership Corp. said Los Angeles County needed more than 500,000 additional below-market rental homes if low-income residents were not to live beyond their means or in overcrowded apartments.

“Population and employment growth are driving up demand faster than new inventory can hit the market,” said Raphael Bostic, interim director of the USC Lusk Center for Real Estate, which collaborated on this week’s forecast with Beacon Economics, a Los Angeles consulting firm.

In San Diego County, average monthly rents should increase to \$1,577 in 2018, up 10.9% from last year, and in Riverside and San Bernardino counties they’ll grow 7.3% to \$1,239 a month. But annual rent growth should slow as new apartments open.

L.A. County rents rose nearly 5% to \$1,307 last year from 2014, a pace that will slow to 3.1% this year, 2.4% in 2017 and 2.5% in 2018, according to the forecast. A similar slowdown is expected in other Southern California markets.

Article by: LA TIMES

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