

# Multifamily Metro Outlook:

## Los Angeles - Q3 2024

### Overview:

- The local job market in the Los Angeles metro has not been a consistent performer in either direction for quite some time. Most recently, it expanded by nearly 1.2%, which was slightly below the national average of 1.4% for the period ending Q3 2024. The local metro is still dealing with the ripple effects of a prolonged work stoppage in the film industry as it tries to regain its footing.
- Apartment fundamentals in the metro area are also uneven. Vacancies improved from the previous quarter and decreased to 4.75% for the period ending Q3 2024. However, rent growth, which had improved during the last quarter, has contracted again, falling 0.25% for the period ending Q3 2024.

### Market Strengths:

- The Ports of Los Angeles and Long Beach have been performing above-average since the end of 2023. According to Moody's Analytics, the ports have seen a 17% and 22% increase, respectively, in cargo passing through. Furthermore, as a result of the increased activity at both ports, payrolls for the logistics sector are approaching record highs.
- Even though the recent performance of two of Los Angeles's economic engines has been tepid, the local education and health services sector is picking up a lot of lost ground. For the period ending Q3 2024, this sector expanded by nearly 3.2%, compared to 3.1% nationally. Renowned medical institutions like Mount Sinai and UCLA Medical Center are consistently ranked among the nation's best hospitals and lead in medical research. Many patients travel from across the country to visit these hospitals, especially for specialized care.

### Market Weaknesses:

- According to Moody's Analytics, the local entertainment industry is still experiencing a tumultuous recovery period. Even though both the actors' and writers' strikes are over, the industry is still feeling the ripple effects of the work stoppage, as local on-site filming is down nearly 5% as of Q3 2024. Furthermore, the recovery has been complicated, as the metro continues to face steep competition from cheaper content-producing metros on the East Coast and in the South.
- The metro is experiencing a demographic dilemma as out-migration has continued to trend in the wrong direction. According to CoStar, over the last five years, the general population has declined by 3.3%, as many residents are relocating to cheaper metros in the Sun Belt region of the country.

### New Development:

- Development has remained elevated compared to historical levels, with approximately 99,000 apartment units completed since 2017. Another 29,000 units are underway, with another 138,000 units in the planning stages.

### Outlook:

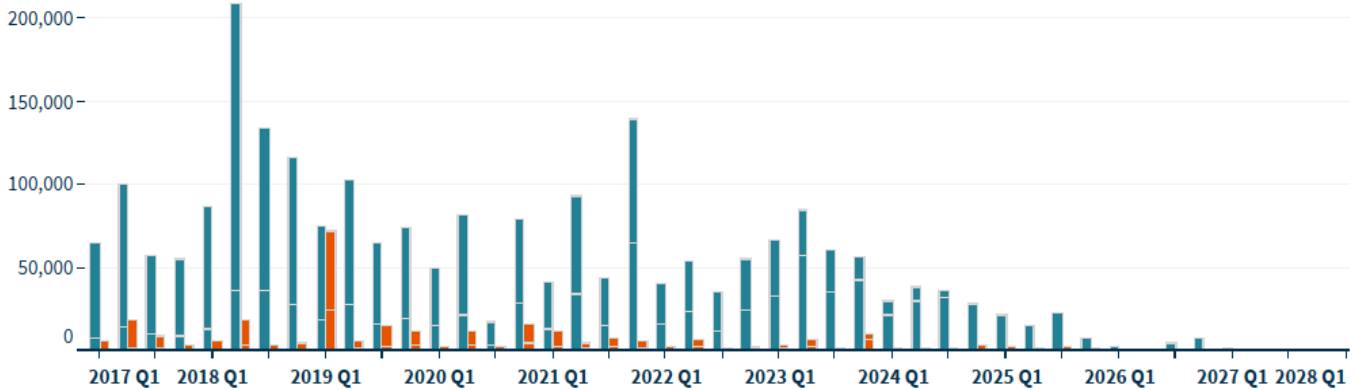
- Los Angeles is a lifestyle metro where renting is much more attainable than homeownership. Although fundamental performance is uneven, the metro's historic lack of supply and low development will prevent oversupply issues. However, Los Angeles's longer-term demographics are worrying as the metro gets more expensive and migration trends worsen.
- Unfortunately, the economic recovery continues to be up and down, and the ongoing uncertainty regarding one of the metro's main economic engines in the entertainment industry further clouds economic growth. However, even though the entertainment industry is in a state of flux, the lifestyle metro will likely continue to attract residents and high-wage earners despite its economic shortcomings.



## Multifamily Apartment Pipeline

### Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



Source: Dodge Data & Analytics SupplyTrack Pipeline

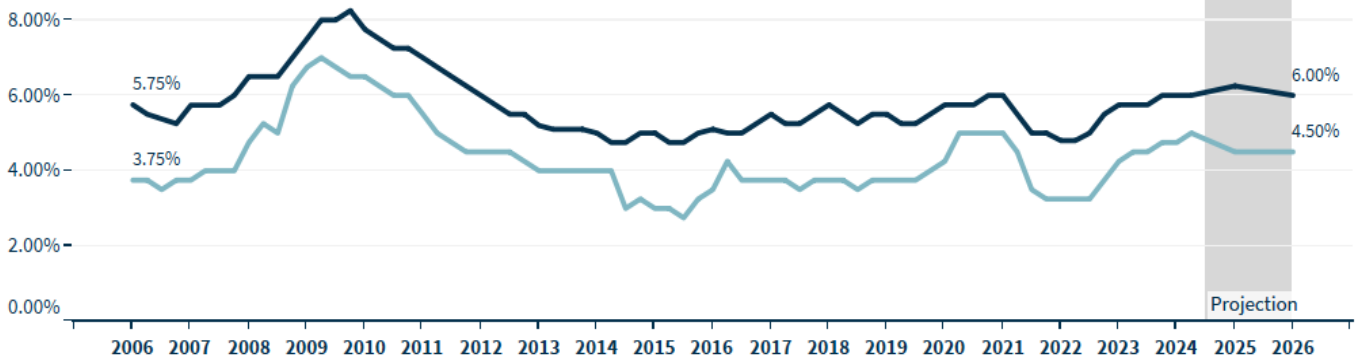
## Multifamily Vacancy & Rent Estimates

### Vacancy Rates

Los Angeles | National

Q3 2024 Vacancy Rate:

4.75%

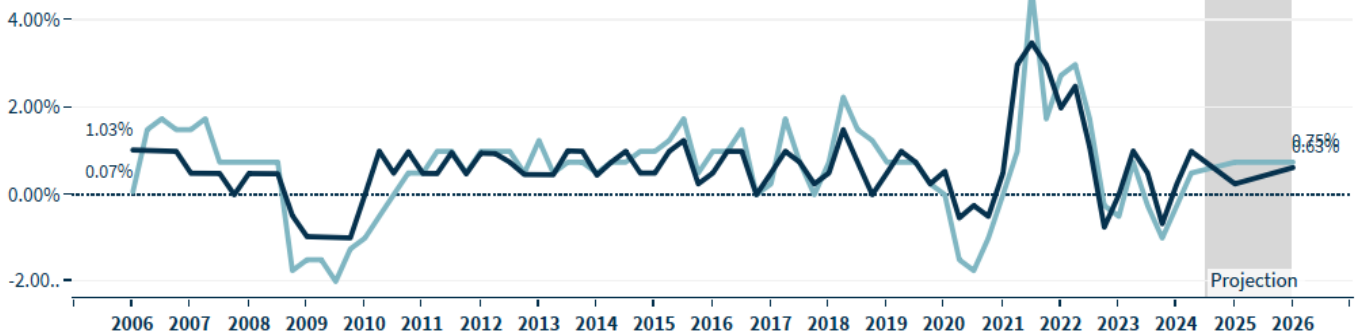


### Asking Rent Growth

Los Angeles | National

Q3 2024 Asking Rent:

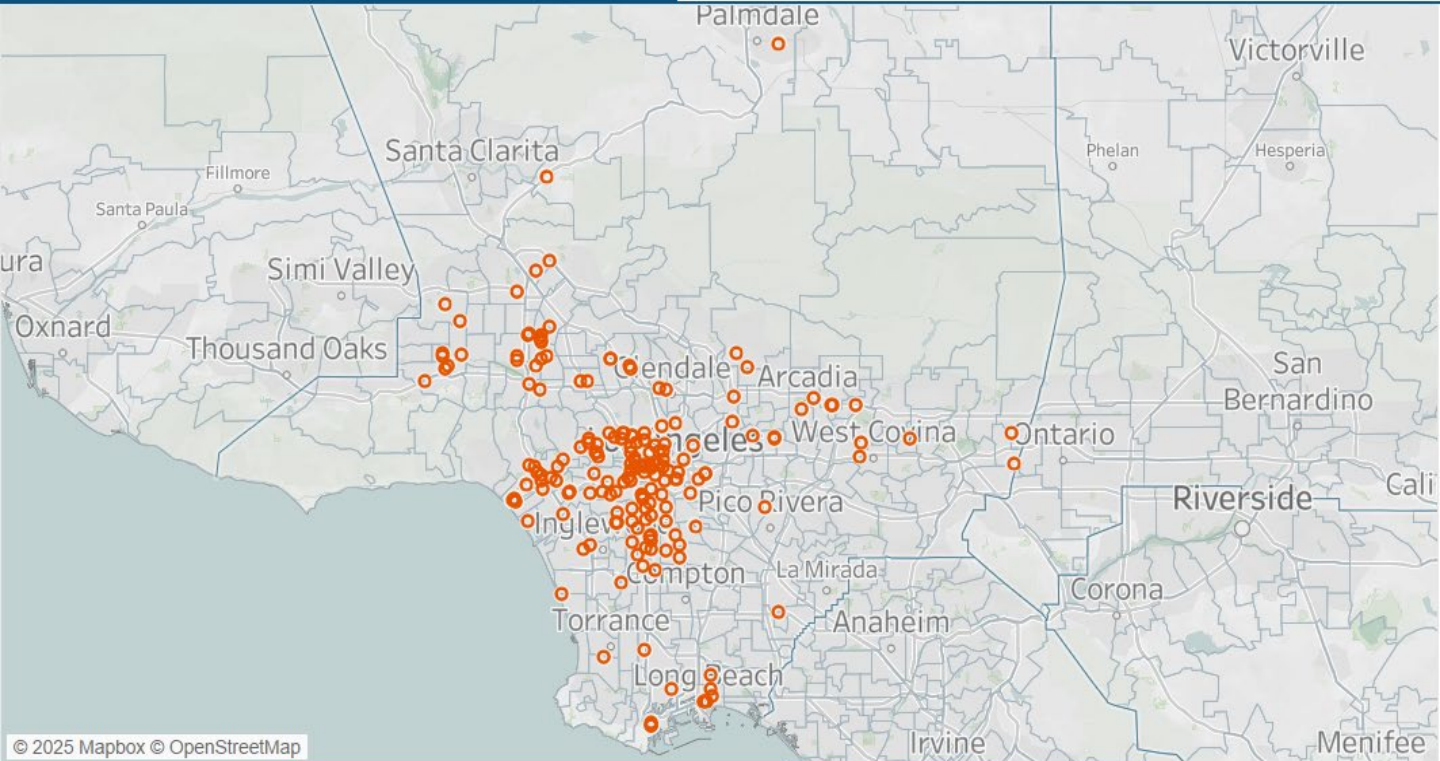
\$2,500



Source: Fannie Mae Multifamily Economics and Research



# Multifamily Construction: Bidding & Underway



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MultiHousingSubmarketName	Apartments	Units
Antelope Valley	1	151
Brentwood/Westwood/Beverly Hills	12	1,543
Burbank/Glendale/Pasadena	16	3,524
Downtown Los Angeles	7	2,198
East Los Angeles	9	1,100
Hollywood	16	2,101
Long Beach	7	1,350
Mid-Wilshire	26	3,075
North San Gabriel Valley	5	214
Northridge/Northwest San Fernando Valley	4	693
Palms/Mar Vista	5	437
Santa Clarita Valley	1	179
Santa Monica/Marina del Rey	6	583
Sherman Oaks/North Hollywood/Encino	3	394
South Bay	7	954
South Los Angeles	39	3,812
Southeast Los Angeles	1	59
Van Nuys/Northeast San Fernando Valley	15	1,501
Woodland Hills	5	999
<b>Grand Total</b>	<b>185</b>	<b>24,867</b>

Source: Dodge Data & Analytics SupplyTrack Pipeline



## Multifamily: ESR Team

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## Multifamily Economics and Market Research Team

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### Sources Used

- Moody's Economy.com
- Moody's CRE/REIS
- CoStar
- Real Capital Analytics
- RealPage
- Greenstreet
- Dodge Data and Analytics Real Estate Analyzer
- CBRE-Econometric Advisors
- Yardi

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