

# Greater Westside 2019 Multifamily Market Report

TAKSA  
INVESTMENT GROUP

TOTAL  
BUILDINGS SOLD

↑ **440**

+0.01% YOY

TOTAL  
SALES VOLUME

↓ **\$2.02B**

-0.05% YOY

AVERAGE  
PRICE PER SF

↑ **\$419.5**

+1.5% YOY

AVERAGE  
PRICE PER UNIT

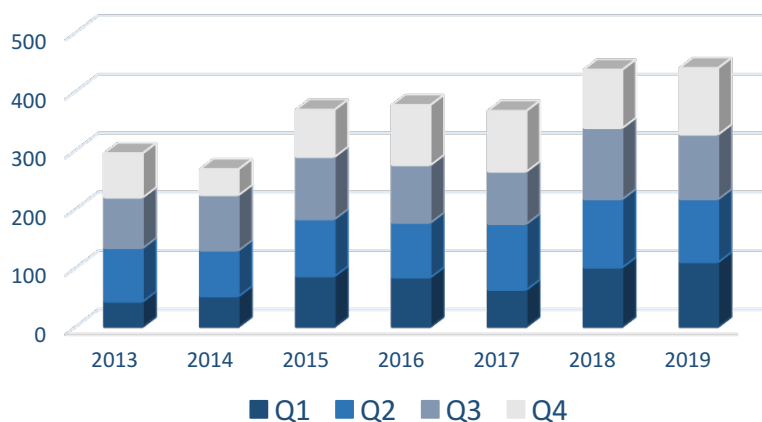
↑ **\$341K**

+3.5% YOY

## Overview

The Greater Westside multifamily market continued to plow forward in 2019, closing the year with record sales activity despite encountering some legislative and late-cycle headwinds. Behind a rock-solid end to the year, a record 440 transactions closed across the market in 2019. While overall sales volume did fall by less than one percent year-over-year (YOY), the modest decline was a byproduct of the smaller buildings traded during the year rather than depressed fundamentals. In fact, solid increases in the average price-per-square-foot (PSF) and the average price-per-unit (PPU) pushed the Westside's total sales volumes above \$2B for the second consecutive year.

## Westside Buildings Sold - Historical



In total, 113 deals were finalized across the Greater Westside multifamily market in Q4 2019 – the most active fourth quarter on record.

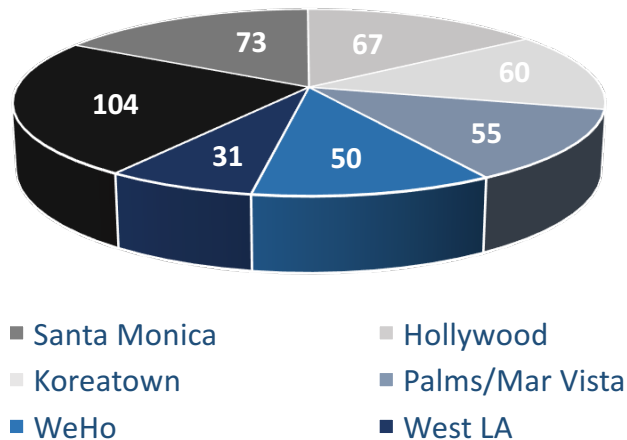
In addition to pushing annual deal flow above 2018's record levels, the fourth quarter surge provides an intriguing look at the market's initial reaction to a more restrictive rent control environment.

## How Rent Control Impacted Local Markets

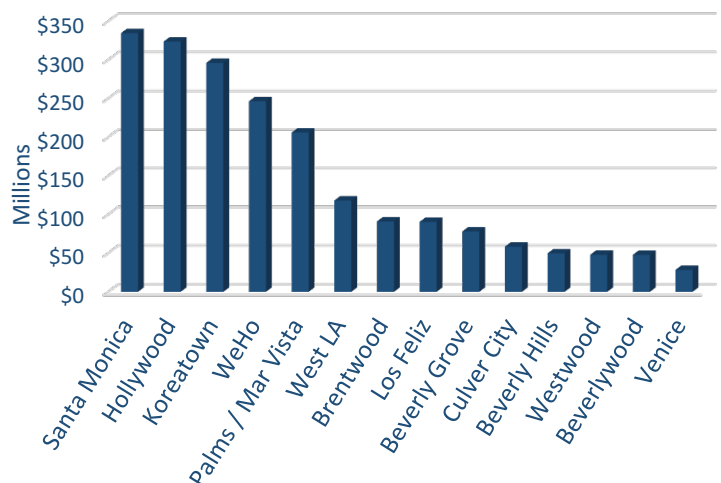
While more aggressive rent control policies may cause some investors to pursue returns elsewhere, the key drivers supporting multifamily demand — job growth, household formation and declining homeownership — continue to inspire confidence among institutional-grade investors who remain bullish on the long-run profit potential of Westside assets.

When Governor Newsome signed statewide rent control into law back in September 2019, many feared the more aggressive legislative position would suppress valuations and subsequently have a negative impact on activity. However, rather than stifling activity as some experts feared, AB 1842's passage appears to have provided enough short-term clarity to actually spark a new wave of sales activity.

### Total Buildings Sold - 2019



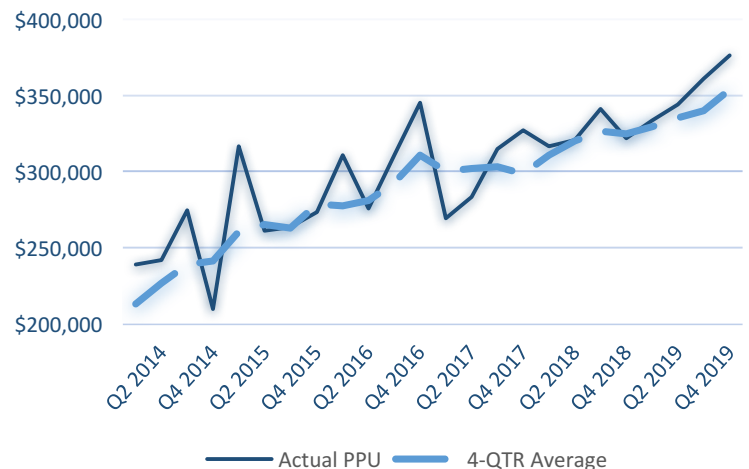
### Total Sales Volume - 2019



## Leading Indicator

While key fundamentals across the market remained positive in 2019, the average price-per-unit (PPU) was by far the Westside's strongest indicator — rising 8.8% YOY to \$354,732 per door. Excluding transactions involving buildings greater than 50 units, the increase was even more pronounced. In Q4, buildings 5-50 units in size traded at an average of \$376,345 per unit — a staggering 16.9% YOY increase. Q4 2019 was the fourth consecutive quarter to record an increase in average PPU.

### Westside Price Per Unit - Historical



## 2020 Outlook:

Westside landlords continue to benefit from strong local job growth, as demand from tech and media firms have fueled eleven consecutive quarters of positive net absorption in the LA West office market. With LA County's unemployment rate at 4.4% and firms like Tencent, Scopely, Google, HBO and Apple set to expand their Westside footprints over the next 24 months, the demand for workforce housing will remain historically high for the foreseeable future.

Despite this demand, expect Westside vacancy rates to rise with nearly 2,000 Class A units set for delivery over the next year. The influx of new construction, coupled with expanded rent control should place modest downward pressure on asking rents – forcing some landlords to consider additional concessions and rental rate adjustments to align with a more competitive marketplace.

That said, with sustained job growth fueling demand for entry level housing, the steady cash flows and favorable returns offered by Class C buildings across the Greater Westside market should continue to appeal to investors hunting for value in core markets.



# Westside Submarket Stats – 2019

Submarket	Buildings Sold	Year Built	Sale Price	RSF	Price Per RSF	Lot SF	Price Per Lot SF	Units	Price Per Unit
Beverly Grove	20	1936	\$3,902,500	8,729	\$447	9,185	\$425	10.1	\$388,308
Beverly Hills	11	1944	\$4,525,909	7,324	\$618	7,457	\$607	8.3	\$547,088
Beverlywood	13	1967	\$3,682,538	9,036	\$408	7,639	\$482	8.0	\$460,317
Brentwood	10	1964	\$9,102,300	16,665	\$546	11,142	\$817	16.6	\$548,331
Culver City	8	1965	\$7,312,500	19,265	\$380	19,677	\$372	23.1	\$316,216
Hollywood	67	1948	\$4,831,114	12,331	\$392	10,101	\$478	17.6	\$274,542
Koreatown	60	1954	\$4,936,030	14,716	\$335	10,111	\$488	18.8	\$262,090
Los Feliz	23	1946	\$3,932,543	10,977	\$358	10,896	\$361	14.1	\$279,162
Palms Mar Vista	55	1963	\$3,746,838	9,044	\$414	9,910	\$378	11.0	\$340,060
Santa Monica	73	1956	\$4,584,500	9,387	\$488	10,327	\$444	11.0	\$415,737
Venice	8	1927	\$3,551,875	5,447	\$652	4,097	\$867	9.3	\$383,986
WeHo	50	1956	\$4,930,093	11,790	\$418	10,311	\$478	13.5	\$365,192
West LA	31	1964	\$3,809,677	8,033	\$474	8,228	\$463	9.4	\$407,241
Westwood	11	1945	\$4,359,091	8,130	\$536	9,107	\$479	8.5	\$515,591
Greater Westside	440	1954	\$4,584,637	10,930	\$419	9,933	\$462	13.5	\$340,577

For more information, contact:  
Matthew Gates  
Research and Marketing Manager  
matthew@taksainvestment.com



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