MATTHEWS™

Market Report

Los Angeles, CA

Multifamily | Q1 2026

Key Findings

- Multifamily fundamentals in Los Angeles remained soft in Q1 2026, with flat rent growth and elevated vacancy reflecting ongoing supply-demand imbalance.
- New deliveries have outpaced demand, resulting in modest absorption and continued leasing pressure, particularly among Class A product.
- Investment activity has stabilized at lower pricing levels, with cap rates holding steady as investors adjust to a higher interest rate environment.

By the Numbers

Source: CoStar Group, Inc.

$1.4B Sales Volume	$350K Price Per Unit	5.1% Cap Rate	5.6% Vacancy Rate	0% Rent Growth
$2.3K Asking Rent Per Unit	19.4K units Under Construction	2.3K units Delivered	1.1K units Absorbed	

The Los Angeles economy entered 2026 with mixed momentum, as modest job growth and structural challenges continued to weigh on housing demand. Employment trends have been relatively flat overall, with gains in sectors such as education, healthcare, and hospitality offset by softness in professional services, trade, and other cyclical industries. Despite these pressures, the region benefits from a diverse economic base anchored by entertainment, trade, tourism, and higher education, though some of these sectors are experiencing volatility due to labor disputes, global competition, and trade fluctuations. While upcoming global events and tourism activity may provide incremental support, overall economic conditions remain subdued, contributing to cautious renter behavior and slower multifamily demand growth.

Los Angeles Demographics

Source: CoStar Group, Inc.

5.8% Unemployment Rate	9,677,403 Current Population
3,475,543 Households	$94,934 Median Household Income

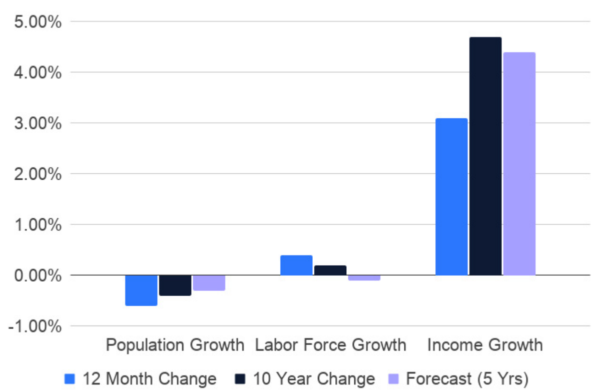
Major Upcoming Events Hosted in LA

Source: Discover Los Angeles

- 2026: FIFA World Cup, NBA All-Star Weekend
- 2027: Super Bowl LXI
- 2028: Olympics & Paralympic Games

Population, Labor Force, & Income Growth

Source: CoStar Group, Inc.



Market Performance

Multifamily performance in Q1 2026 reflects continued softness, with vacancy reaching 5.6% as new supply outpaced demand. Approximately 1,100 units were absorbed during the quarter, trailing the roughly 2,300 units delivered, which contributed to a net increase in available inventory. Asking rents averaged about $2,300 per unit, but rent growth remained flat at 0%, highlighting limited pricing power and the need for concessions to maintain occupancy. Market conditions remain bifurcated, with higher-end properties experiencing the greatest pressure due to elevated supply levels, while mid-tier assets demonstrate relatively more stability. Affordability challenges and shifting renter preferences continue to dampen demand, resulting in a market that is stabilizing but still operating below peak performance levels.

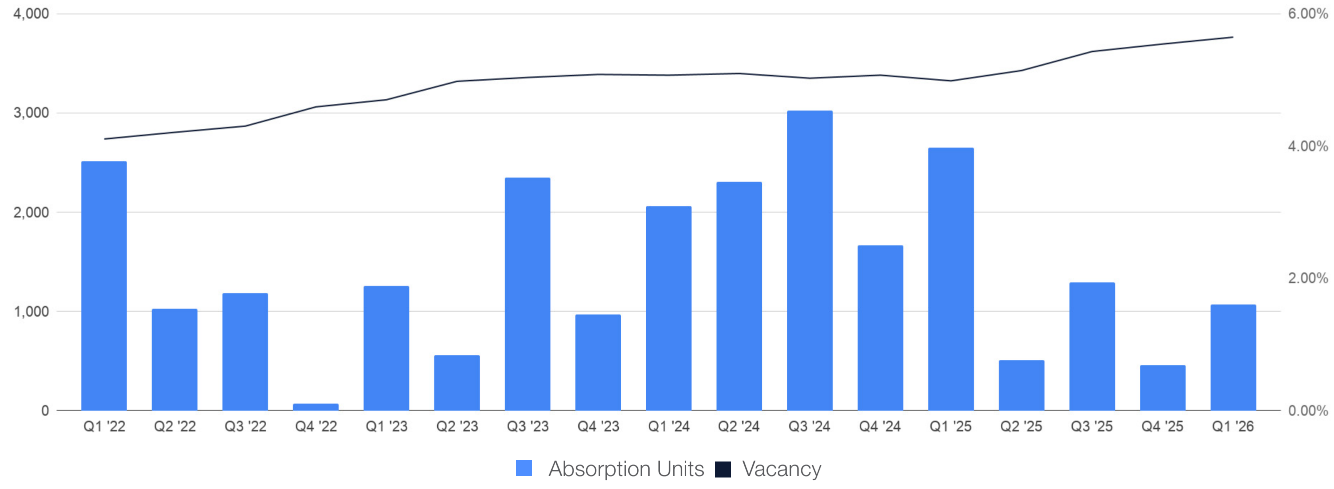
Performance by Class Sector

Source: CoStar Group, Inc.

	Vacancy Rate	Asking Rent	Inventory Units	Units Under Construction
Class A	9.8%	$3,331	166K	14,452
Class B	5.4%	$2,423	241K	4,215
Class C	4.7%	$1,836	655K	13

Los Angeles Multifamily Supply & Demand Dynamics

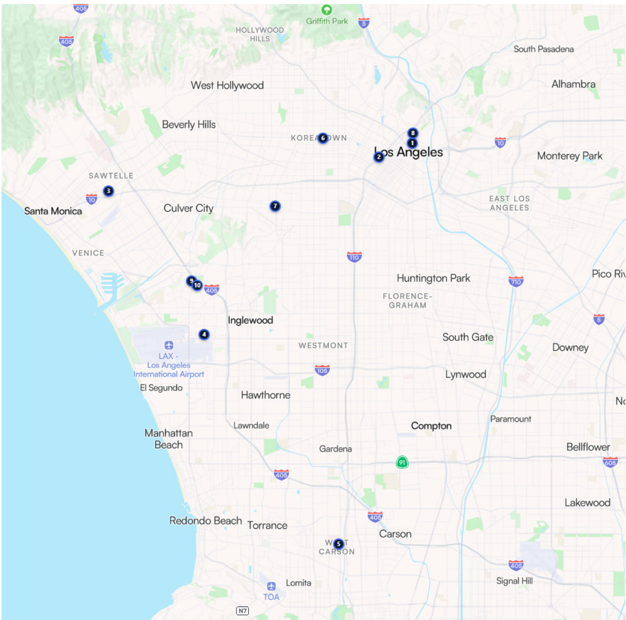
Source: CoStar Group, Inc.



Construction

Under Construction Properties

Source: CoStar Group, Inc.



Under Construction

Construction activity remains elevated yet gradually moderating as development conditions become more restrictive. Approximately 19,400 units are currently under construction, representing a sizable pipeline that will continue to impact market balance in the near term. Deliveries totaled about 2,300 units in Q1 2026, adding to existing supply pressures, particularly in the luxury segment where most new development is concentrated. However, construction starts have slowed in response to higher financing costs and tighter capital availability, which should reduce future supply volumes over time. Regulatory changes aimed at easing development constraints may support longer-term activity, but near-term impacts are limited.

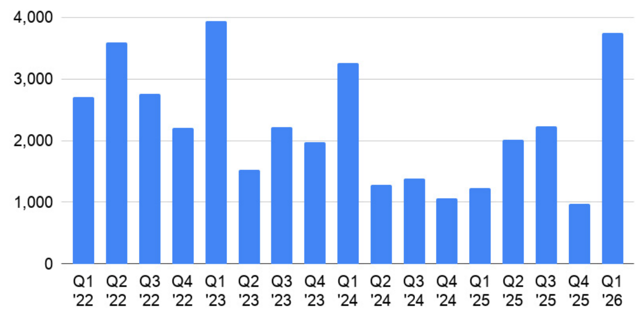
Top 10 Under Construction

Source: CoStar Group, Inc.

Address	Units	Complete Date
600 W Broadway	750	12/2026
1055 W 7th St	691	05/2027
2201-2319 S Bundy Dr	621	07/2027
9750 Airport Blvd	572	09/2026
22107-22133 S Vermont Ave	525	10/2027
3550 Wilshire Blvd	495	07/2028
3606 W Expositions Blvd	492	11/2028
531 W College St	455	03/2028
6728 Sepulveda Blvd	405	01/2027
6055 Center Dr	395	05/2027

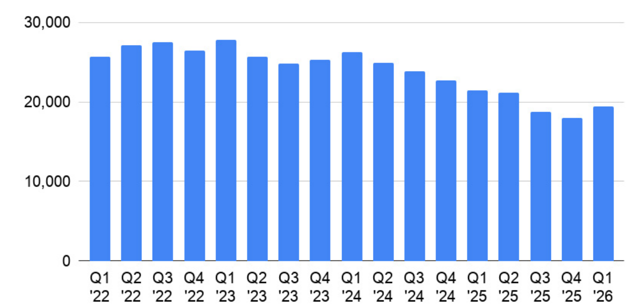
Units Construction Starts

Source: CoStar Group, Inc.



Units Under Construction

Source: CoStar Group, Inc.

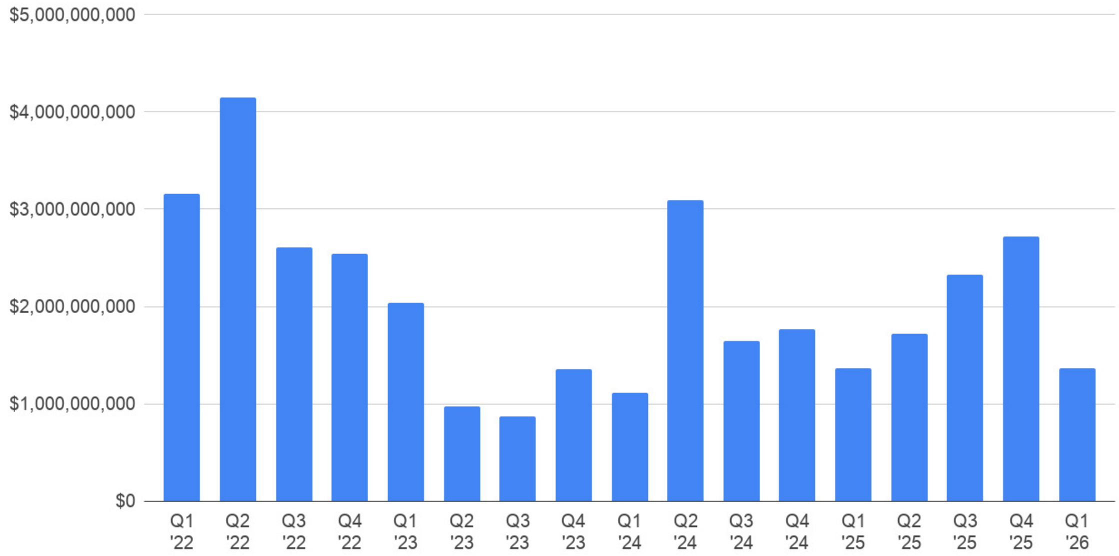


Sales

Investment activity remained subdued yet stable, with $2.0B in quarterly sales volume, pricing at $355K per unit, and cap rates holding at 5.0%. Transaction volume over the past 12 months totaled $7.9B, reflecting a modest year-over-year decline as soft fundamentals, elevated vacancy, flat rent growth, and the ongoing impact of Measure ULA continue to restrain deal flow. While overall activity remains well below pre-pandemic and 2021–2022 peaks, institutional investors have become more active, accounting for a growing share of transactions and signaling increased interest in repriced assets. Market sentiment suggests pricing has bottomed, with cap rate expansion largely complete; however, a meaningful recovery in values is expected to be gradual, with prior peak pricing levels unlikely to return until 2029 or later.

Los Angeles Multifamily Sales Volume

Source: CoStar Group, Inc.



Significant Sales

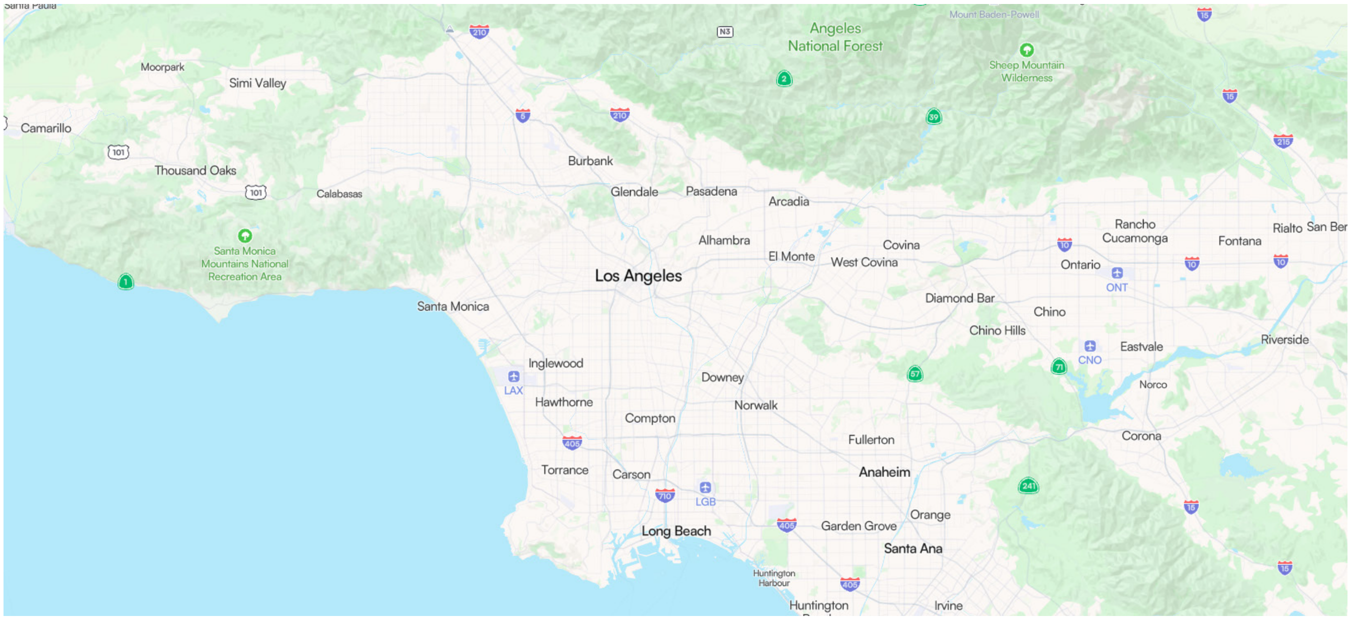
Q1 2026 | Source: CoStar Group, Inc.

Address	Year Built	Units	Sale Date	Price	Price/Unit
1700 Fasana Rd	2022	344	2/24//2026	$141,000,000	$409K
6390 De Longpre Ave	2021	193	4/20/2026	$108,664,538	$563K
1550 N El Centro Ave	2016	200	4/20/2026	$93,335,462	$467K
15454 Sherman Way	1969	390	4/16/2026	$69,000,000	$177K
11924 W Washington Blvd	2019	97	2/10/2026	$66,736,000	$688K
415 Gayley Ave	1962	153	4/8/2026	$62,600,000	$409K

Submarket Highlights

Source: CoStar Group, Inc.

Submarket	Vacancy	Market Rent Per Unit	Units Under Construction
Beverly Hills/Century City	7.1%	$3,412	927
Burbank	6.6%	$2,544	46
Central San Fernando Valley	3.7%	$2,068	194
Downtown Los Angeles	10.1%	$2,771	1,714
Glendale	4.3%	$2,394	108
Hollywood	7.4%	$2,430	90
Koreatown	6.2%	$1,972	2,387
Long Beach/Ports	4.9%	$1,990	1,840
Pasadena	4.3%	$2,477	142
Santa Monica	8.9%	$3,520	275



For more information, please contact a Matthews™ specialized agent.

MATTHEWS™