

# HUD PD&R Housing Market Profiles

## Los Angeles-Long Beach-Glendale, California



### Quick Facts About Los Angeles-Long Beach-Glendale

- **Current sales market conditions: balanced.**
- **Current apartment market conditions: tight.**
- **The \$1 billion, 900-room Wilshire Grand Hotel in downtown Los Angeles, which will begin construction in early 2014, will have the capacity to support 5,400 jobs when it is complete in 2017.**



By Ikuo J. Nakano | As of September 1, 2013

### Overview

The Los Angeles-Long Beach-Glendale Metropolitan Division (hereafter, Los Angeles County), coterminous with Los Angeles County in southern California, is part of the greater Los Angeles-Long Beach-Santa Ana, CA Metropolitan Statistical Area. Los Angeles County is the most populous county in the nation, and the city of Los Angeles is the second most populous city in the nation. Los Angeles County is known internationally for the presence of the entertainment industry (motion pictures and television); the aerospace industry is also a major economic presence.

- As of September 1, 2013, the estimated population of Los Angeles County was 9.97 million, an increase of 42,950, or 0.4 percent, annually since April 1, 2010.
- From July 2004 to July 2007, the population decreased by an average 16,200, or 0.2 percent, annually, as an easing of mortgage lending standards enabled households to purchase homes in neighboring counties, resulting in strong net out-migration.
- Net natural increase (resident births minus resident deaths) has accounted for all the net population gain since April 2010 because of continued net out-migration, as the unemployment rate remains at more than 10 percent.



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The growth in the food services and dining places industry was a major reason for increased nonfarm payrolls in Los Angeles County.

	3 Months Ending		Year-Over-Year Change	
	August 2012 (thousands)	August 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	3,851.3	3,903.8	52.5	1.4
Goods-producing sectors	481.6	484.1	2.5	0.5
Mining, logging, and construction	114.0	122.2	8.2	7.2
Manufacturing	367.6	361.9	-5.7	-1.6
Service-providing sectors	3,369.7	3,419.7	50.0	1.5
Wholesale and retail trade	604.5	605.3	0.8	0.1
Transportation and utilities	155.0	153.5	-1.5	-1.0
Information	190.8	189.7	-1.1	-0.6
Financial activities	211.1	215.8	4.7	2.2
Professional and business services	569.4	587.6	18.2	3.2
Education and health services	533.9	550.5	16.6	3.1
Leisure and hospitality	420.6	441.3	20.7	4.9
Other services	142.0	141.1	-0.9	-0.6
Government	542.5	535.0	-7.5	-1.4
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	11.4	10.4		

Note: Numbers may not add to totals because of rounding.

Sources: U.S. Bureau of Labor Statistics; State of California Employment Development Department

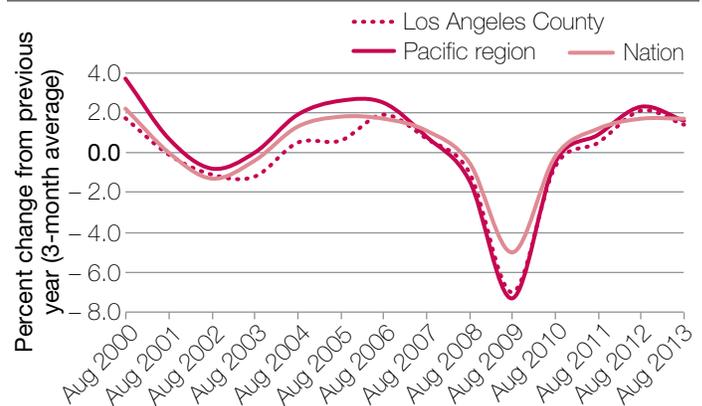
## Economic Conditions

Economic conditions have strengthened in Los Angeles County since 2011, as reflected in job growth in most nonfarm payroll sectors.

During the 3 months ending August 2013—

- Nonfarm payrolls averaged 3.9 million jobs, an increase of 52,500 jobs, or 1.4 percent, compared with the number of jobs recorded during the same 3-month period in 2012, largely because of growth in the tourism, entertainment, healthcare, and technology industries.
- The most significant gains were in the leisure and hospitality, professional and business services, and education and health services sectors, which increased by 20,700, 18,200, and 16,600 jobs, or 4.9, 3.2, and 3.1 percent, respectively, from the 3 months ending August 2012.
- The greatest job losses occurred in the government sector, which decreased by 7,500 jobs, or 1.4 percent, from the 3 months ending August 2012, as layoffs continued in the local government subsector.
- The average unemployment rate decreased to 10.4 percent compared with the rate of 11.4 percent recorded during the 3-month period ending August 2012.

Although nonfarm payroll jobs have increased in Los Angeles County since 2010, the increases have slowed.



Note: Nonfarm payroll jobs.

Sources: U.S. Bureau of Labor Statistics; State of California Employment Development Department

## Largest employers in Los Angeles County

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Kaiser Permanente®	Education and health services	36,500
Northrop Grumman Corporation	Manufacturing	18,000
University of Southern California	Education and health services	16,600

Note: Excludes the government sector.

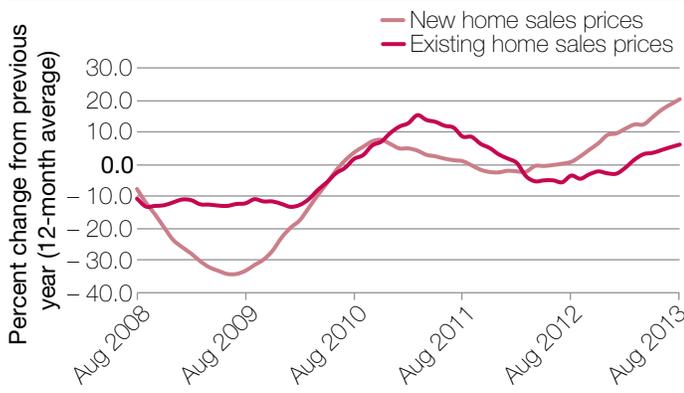
Source: Los Angeles Business Journal, September 2012



## Sales Market Conditions

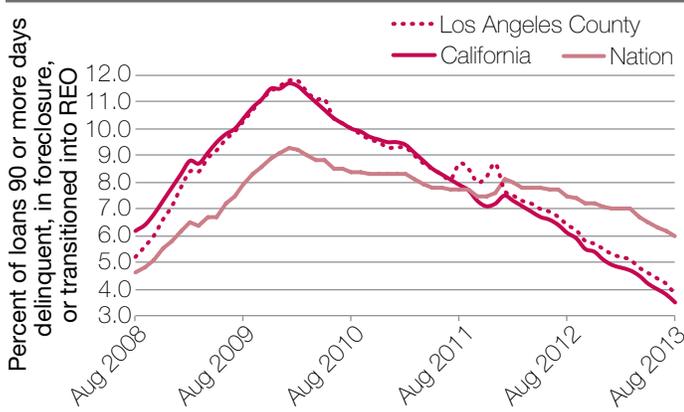
The sales housing market in Los Angeles County is currently balanced, with an estimated sales vacancy rate of 1.5 percent, a decrease from 1.7 percent in 2010. During the 12 months ending August 2013, new home sales declined but new home sales prices increased from the previous year. For existing homes, home sales and prices both increased during the 12-month period ending August 2013 compared with sales and prices during the previous 12 months. A decline in the number of foreclosures helped increase existing home sales prices. The percentage of home loans in Los Angeles County that were 90 or more days delinquent, were in foreclosure, or transitioned to REO (Real Estate Owned) declined significantly, from 6.4 percent in August 2012 to 3.8 percent in August 2013 (LPS Applied Analytics). REO sales peaked at 11.8 percent of all existing home sales in February 2010.

### New home sales prices were up strongly, although new homes sales were down in Los Angeles County.



Note: Includes single-family homes, townhomes, and condominiums.  
Source: Metrostudy, A Hanley Wood Company

### After being more than the national rate, the rate of distressed loans in Los Angeles County has fallen to less than the national rate.



REO = Real Estate Owned.  
Source: LPS Applied Analytics

During the 12 months ending August 2013—

- Rising mortgage interest rates and an increase in new home sales prices resulted in a decline in new home sales. New home sales totaled 2,900, a decrease of 475 homes, or 14.1 percent, from the 3,375 homes sold during the 12 months ending August 2012 and 71.3 percent fewer than the average of 10,100 homes sold annually from 2005 through 2007 (Metrostudy, A Hanley Wood Company).
- Existing home sales totaled 74,950, an increase of 5,450 homes sold, or 7.8 percent, from the 69,500 homes sold during the 12-month period ending August 2012 but 11.2 percent less than the average of 84,450 homes sold annually during the peak period of 2005 through 2007.

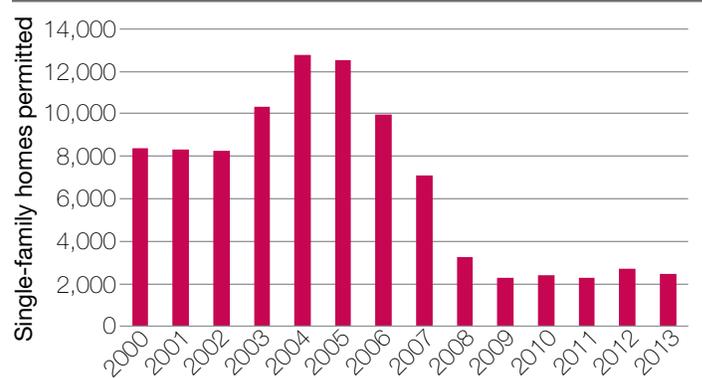
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### New home sales were down, but total home sales have been increasing in Los Angeles County.



Note: Includes single-family homes, townhomes, and condominiums.  
Source: Metrostudy, A Hanley Wood Company

### Single-family permitting activity has been increasing in Los Angeles County, but the levels are significantly less than the level recorded from 2004 through 2006.



Note: Includes preliminary data from January 2013 through August 2013.  
Source: U.S. Census Bureau, Building Permits Survey



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- The average sales price for new homes was \$555,300, an increase of \$94,700, or 20.6 percent, compared with the average price recorded during the same period in 2012. The average new home sales price remained \$9,400, or 1.7 percent, less than the peak prices recorded from 2005 through 2007.
- The average sales price for existing homes was \$548,000, an increase of \$33,100, or 6.4 percent, compared with the average price recorded during the 12 months ending August 2012, but a decrease of \$82,600, or 13.1 percent, from the previous peak of \$630,600, recorded from 2005 through 2007.

Single-family home construction activity, as measured by the number of single-family homes permitted, continued to increase during the most recent 12 months, despite the decline in new home sales.

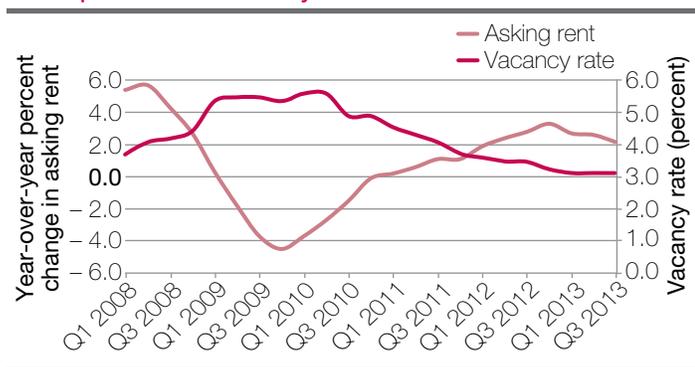
## Rental Market Conditions

Rental housing market conditions in Los Angeles County are currently balanced. The increase in the number of renter households since 2010 outpaced the construction of new rental units and the conversion of single-family homes to rental units.

During the 3 months ending August 2013—

- The estimated vacancy rate for all rental units (which includes renter-occupied single-family homes, manufactured homes, and apartment units) was 5.0 percent as of September 1, 2013, a decrease from 5.8 percent in 2010.
- The apartment market, which represents 70 percent of all rental units, is tight, with a 3.2-percent vacancy rate in the third quarter of 2013, a decrease from 3.5 percent a year earlier (Reis, Inc.).
- The average monthly apartment asking rent was approximately \$1,480 in the third quarter of 2013, an increase of \$30, or 2.1 percent, from the third quarter of 2012.

**Increases in apartment asking rents have slowed and apartment vacancy rates have stabilized.**



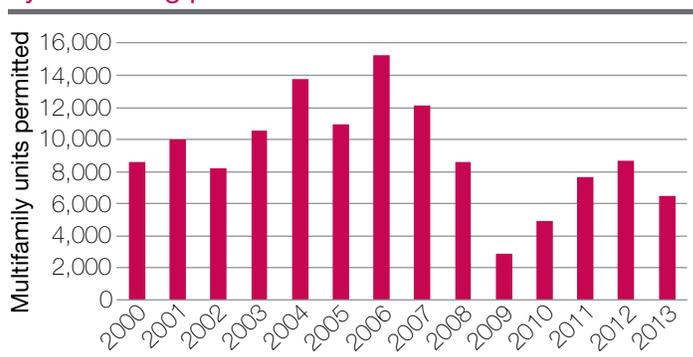
Source: Reis, Inc.

- The number of single-family homes permitted increased by 910, or 37 percent, from a year earlier, to approximately 3,375 homes permitted (preliminary data).
- Single-family construction activity remained significantly less than the peak of 12,750 homes permitted during 2004.
- More than 280 single-family and condominium developments are currently under construction in Los Angeles County, with prices for single-family detached homes ranging from approximately \$170,000 to \$4 million and prices for condominiums ranging from \$135,000 to more than \$10 million.

Multifamily construction activity, as measured by the number of multifamily units permitted, increased in the past year as builders responded to tighter apartment market conditions.

- During the 12 months ending August 2013, approximately 9,100 multifamily units were permitted, an increase of 170 units, or 1.9 percent, compared with the number permitted during the same period a year ago (preliminary data).
- Although it increased, the current level of multifamily permitting is still significantly less than the average annual rate of 10,350 units permitted from 2004 through 2007.
- A number of large apartment complexes are currently under construction, including Blvd 6200, with 535 units; The Da Vinci, with 526 units; and Wilshire La Brea, with 478 units.
- The largest apartment complexes completed during the past year were the 544-unit The Shores, with rents averaging \$2,600, and the 402-unit Terrena Apartments, with rents averaging \$2,025.

**Builders in Los Angeles County have responded to the decline in apartment vacancy rates since 2010 by increasing production of new units.**



Note: Includes preliminary data from January 2013 through August 2013.

Source: U.S. Census Bureau, Building Permits Survey

