HUD PD&R **Housing Market Profiles**

Los Angeles-Long Beach-Glendale, California

Los Angeles, California

Quick Facts About Los Angeles

- **Current sales market conditions: very tight**
- **Current apartment market conditions: tight**
- **When it hosts the 2028 summer Olympics, Los Angeles will become the third city with the distinction of having hosted the modern Olympics three times, joining London and Paris. Expected to be completed in time for the 2028 Olympics, the Twenty-Eight by '28 initiative includes major ongoing transportation infrastructure construction projects.**

By Tim McDonald | As of October 1, 2024

Overview

The Los Angeles-Long Beach-Glendale (hereafter, Los Angeles) metropolitan division encompasses Los Angeles County, California, and is part of the greater Los Angeles-Long Beach-Anaheim, CA Metropolitan Statistical Area. Los Angeles County is the most populous county in the nation, with a population greater than the population of 40 states. The metropolitan division is a regional center for health care and education, and a national leader in aerospace technology development. Los Angeles is known as the entertainment capital of the world, with many major film and television studios. The entertainment industry generated $43 billion in wages during 2023 (FilmLA, *2023 Scripted Content Study*). The metropolitan division is also a popular tourist destination, and during 2023, 49.3 million visitors had a $40.4 billion economic impact on the local economy (Los Angeles Tourism and Convention Board).

- The population of the metropolitan division is estimated at slightly more than 9.83 million, an average decline of 40,800, or 0.4 percent, annually since April 2020.
- Since April 2020, net out-migration from the metropolitan division has averaged 59,600 people annually, partly because of people seeking more affordable housing.

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From April 2020 to July 1, 2023, domestic net out-migration averaged 148,600 people annually, and international net in-migration averaged 26,800 people annually.

- In 2023, the average household size in the metropolitan division was 2.74, significantly higher than the national average of 2.49 because many people share living arrangements to reduce expenses in this very expensive housing market (American Community Survey 1-year data). Nevertheless, 49.6 percent of all renter households pay 35 percent or more of their income in housing costs.

Economic Conditions

Economic conditions in the Los Angeles metropolitan division are improving. As of the 3 months ending September 2024, nonfarm payrolls have surpassed the pre-COVID-19 level of employment during the 3 months ending September 2019. Although total nonfarm payrolls exceeded prepandemic levels, only 5 of the 11 nonfarm sectors have fully recovered, with the education and health services sector, up more than 100,000 jobs from the prepandemic level, gaining the most. The two largest private employers in the metropolitan division, Kaiser Permanente and the University of Southern California, are both in the education and health services sector.

As of the 3 months ending September 2024—

- Nonfarm payrolls increased by 70,600 jobs, or 1.6 percent, from a year earlier to nearly 4.57 million jobs, exceeding the prepandemic level during the 3 months ending September 2019 by 37,200 jobs.
- The education and health services sector led growth, increasing by 42,800 jobs, or 4.7 percent, partly because the aging population creates demand for health care.

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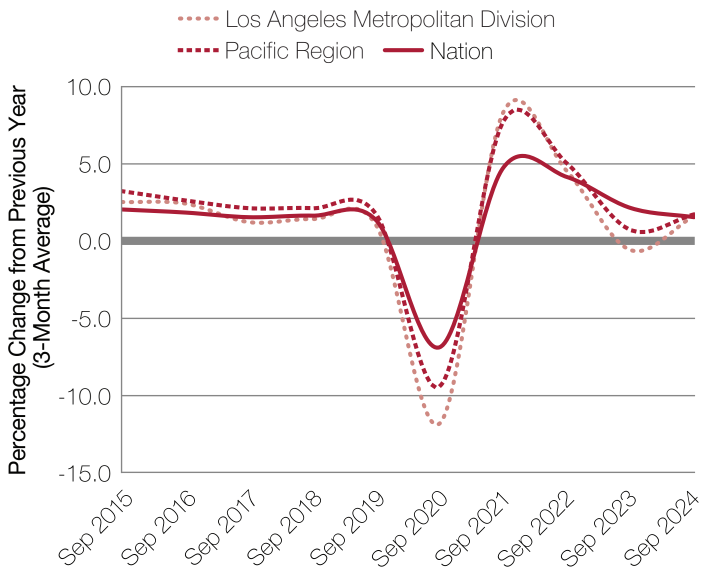
Nonfarm payroll growth in the Los Angeles metropolitan division has been slower than in the nation during most of the past 24 months.



Source: U.S. Bureau of Labor Statistics

Nonfarm payrolls in the Los Angeles metropolitan division increased in 9 of the 11 sectors.

	3 Months Ending		Year-Over-Year Change	
	September 2023 (Thousands)	September 2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	4,498.6	4,569.2	70.6	1.6
Goods-Producing Sectors	471.2	468.2	-3.0	-0.6
Mining, Logging, & Construction	153.4	154.5	1.1	0.7
Manufacturing	317.8	313.8	-4.0	-1.3
Service-Providing Sectors	4,027.4	4,100.9	73.5	1.8
Wholesale & Retail Trade	603.5	606.8	3.3	0.5
Transportation & Utilities	217.3	220.3	3.0	1.4
Information	176.2	183.0	6.8	3.9
Financial Activities	210.0	211.5	1.5	0.7
Professional & Business Services	646.6	639.2	-7.4	-1.1
Education & Health Services	910.7	953.5	42.8	4.7
Leisure & Hospitality	538.8	551.0	12.2	2.3
Other Services	159.3	162.6	3.3	2.1
Government	565.1	573.0	7.9	1.4
Unemployment Rate	5.4%	6.4%		

Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics

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- The leisure and hospitality sector added the second largest number of jobs, increasing by 12,200, or 2.3 percent, partly because of rising levels of tourism.
- Losses occurred in the professional and business services and the manufacturing sectors, which lost 7,400 and 4,000 jobs, or 1.1 and 1.3 percent, respectively, from a year earlier.

Many companies have relocated from the metropolitan division in recent years to areas with less expensive housing costs for employees. These relocations have contributed to population declines and slower job growth since 2020. SpaceX (Space Exploration Technologies Corporation) is currently relocating its corporate headquarters from Hawthorne, California, to a location near Brownsville, Texas. In 2020, CBRE Group, Inc., moved its corporate headquarters from Los Angeles to Dallas, Texas.

Largest Private Employers in the Los Angeles Metropolitan Division

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Kaiser Permanente	Education & Health Services	37,400
University of Southern California	Education & Health Services	21,000
Northrop Grumman Corporation	Manufacturing	16,600

Note: Excludes local school districts.
Source: *Los Angeles Almanac*

Sales Market Conditions

The sales market in the Los Angeles metropolitan division is currently very tight, with a 0.9-percent vacancy rate, up slightly from 0.8 percent as of April 2020. The inventory of single-family homes on the market is 3.6 months, up from 2.7 months during September 2023 (CALIFORNIA ASSOCIATION OF REALTORS®). During September 2024, the median sales price of a detached single-family home in the metropolitan division was $960,400, up 5.0 percent from September 2023, and the median price of a condominium or townhome unit was $628,000, up 3.0 percent from 1 year earlier.

During the 12 months ending September 2024—

- New home sales, including detached single-family homes, townhomes, and condominiums, totaled 3,250, an increase of 680 homes, or 26 percent, from the previous 12 months (Zonda).
- The average price of a new home was nearly $1.03 million, a decline of $87,700, or nearly 8 percent, from a year earlier.
- Existing home sales totaled 53,650, down 1 percent from the previous 12 months.

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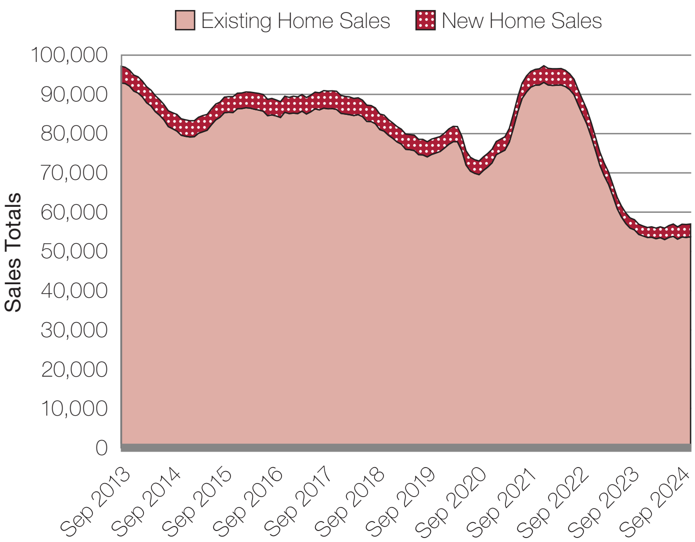
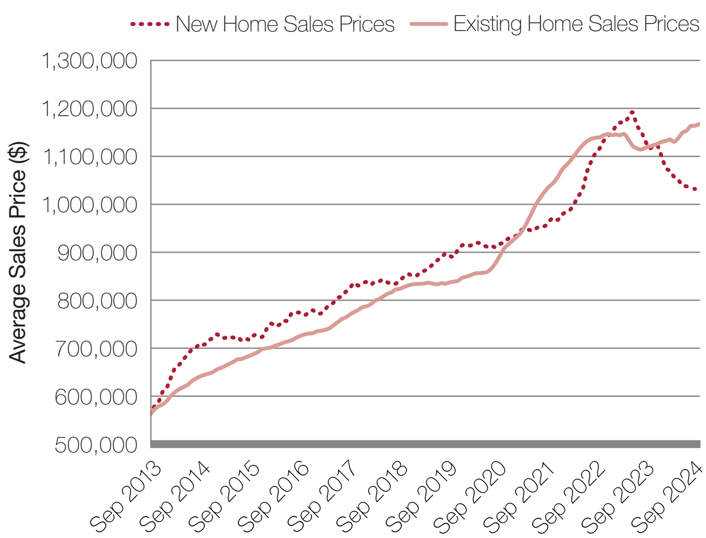
Home sales in the Los Angeles metropolitan division during the 12 months ending September 2024 are at the lowest level in at least 20 years because rising interest rates and home prices have curtailed demand.



Note: Data are for single-family homes, townhomes, and condominiums.
Source: Zonda

The average sales price of a new home in the Los Angeles metropolitan division declined because developers are building smaller homes and cutting prices to make homes more affordable.



Note: Data are for single-family homes, townhomes, and condominiums.
Source: Zonda

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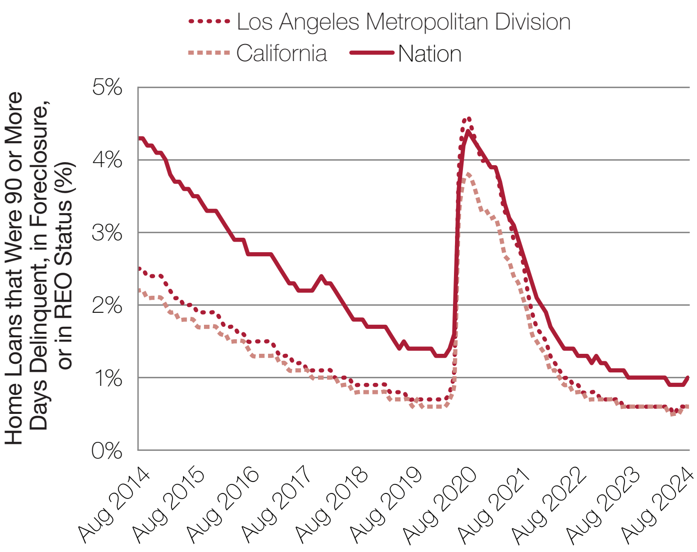
- The average price of an existing home was nearly $1.17 million, up more than 4 percent from the previous 12 months.

Construction of new sales units has increased recently, partly because of the passage of California Senate Bill 9 in 2021, which eased zoning regulations. Even with rising interest rates, the production of sales units is higher than in any period from 2015 through 2021 because the bill made building multifamily units for sale in residential single-family neighborhoods in the metropolitan division easier.

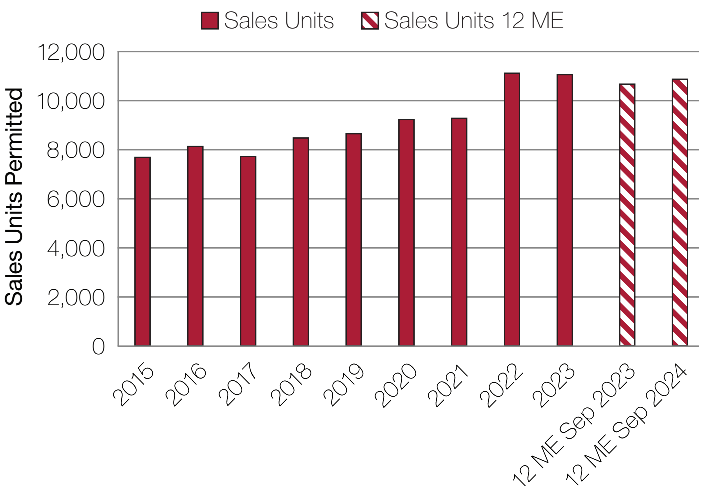
- During the 12 months ending September 2024, construction activity, as measured by the number of sales units permitted, totaled 10,850 homes, up by 200, or nearly 2 percent, from the previous 12 months (preliminary data, with adjustments by the analyst).
- Since 2022, following the passage of Senate Bill 9, 80 percent of all sales units have been single-family homes, down from 88 percent in the 3 years preceding the passage of the bill.
- Some recent developments include Rhythm, an 84-unit townhome community in the city of Long Beach. Prices start at $709,000 for a 1,400-square-foot, two-bedroom home. The Iris at Valencia community just started construction and will consist of duplex and triplex units for sale in Santa Clarita in northwestern Los Angeles County. Sales prices are not yet available because delivery of the first units is not expected until 2025.

The percentage of home loans 90 or more days delinquent, in foreclosure, or that have transitioned to REO status in the Los Angeles metropolitan division briefly spiked above the national average during the COVID-19 recession.



REO = real estate owned.
Source: CoreLogic, Inc.

Permitting of sales units remains elevated in the Los Angeles metropolitan division compared with the past 2 years despite high interest rates because developers are building more low-priced homes to meet demand.



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Apartment Market Conditions

The apartment market in the Los Angeles metropolitan division is currently tight. Apartment market conditions have ranged from tight to slightly tight during the past 20 years because a prolonged period of underproduction has prevented the market from coming into balance. The metropolitan division is among the most expensive rental markets in the nation because the constrained supply of units contributes to continued upward pressure on rents.

- As of the third quarter of 2024, the apartment vacancy rate was 5.0 percent, unchanged from the third quarter of 2023 but down from the recent high of 6.0 percent as of the third quarter of 2020 (CoStar Group).
- The average rent for an apartment as of the third quarter of 2024 is $2,297, an increase of $14, or 0.6 percent, from 1 year earlier. From the third quarters of 2013 to 2023, rent growth averaged $59, or 3.0 percent, annually.
- The apartment market for affordable units is very tight, with a 3.0-percent vacancy rate, up slightly from 2.9 percent a year earlier.

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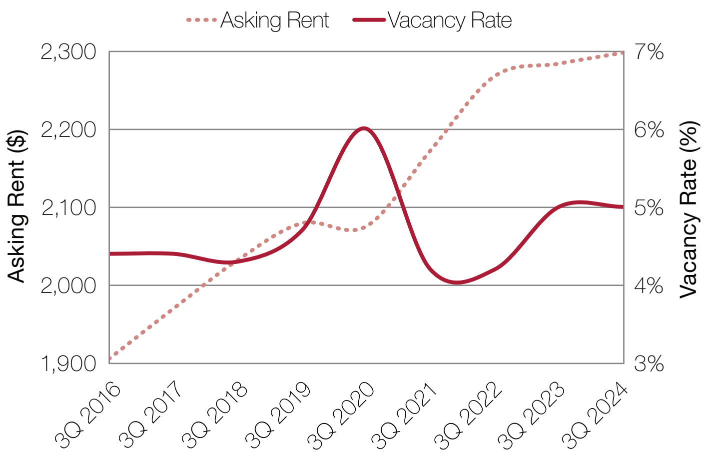
- During the 12 months ending September 2024, absorption of apartment units totaled nearly 8,400, up significantly from 3,650 units during the previous 12 months. Apartment absorption during the 12 months ending September 2024 slightly outpaced the 8,250 units delivered during the same period.

Construction activity, as measured by the number of rental units permitted, has steadily declined from the recent peak in 2022 because rising financing and building materials costs have caused developers to slow production. Even as developers cut production, individual homeowners continue to add to the supply of rental units with accessory dwelling units (ADUs). In 2016, zoning requirements were relaxed for ADUs, and this type of housing construction has rapidly increased.

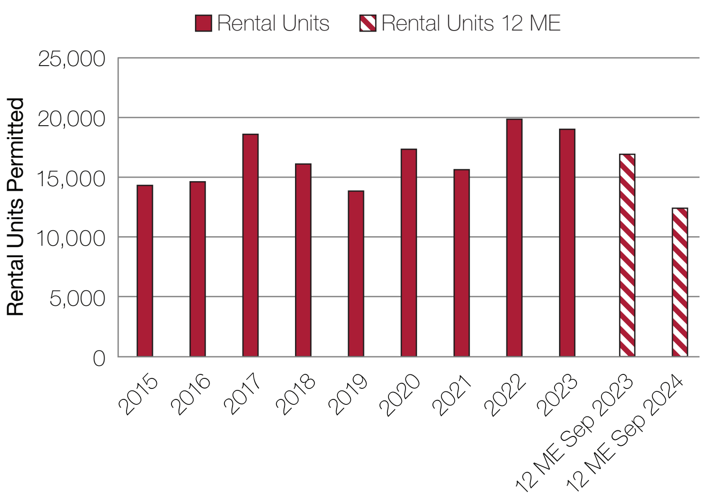
- During the 12 months ending September 2024, 12,400 rental units were permitted, a decline of 4,500 units, or nearly 27 percent.
- Although accounting for less than 40 percent of the metropolitan division population, the city of Los Angeles has accounted for more than 70 percent of all rental units permitted during the past 24 months.
- During 2022, the most recent data available, nearly 9,700 ADUs were permitted in the metropolitan division, up significantly from fewer than 100 units in 2016.
- During the past 10 years, more than 90 percent of all new apartment units delivered have been in market-rate luxury and high-end properties with high rents (CoStar Group).
- Approximately 8,300 affordable units are under construction in the metropolitan division, up by 500 units from 1 year earlier. Since the third quarter of 2022, the number of affordable units under construction in the metropolitan division has remained above 8,000, a significant increase compared with the period from 2010 through 2020, when no more than 3,000 affordable units were under construction at any given time.

Apartment vacancy rates in the Los Angeles metropolitan division remain within a narrow range as of the third quarter of 2024 because of the underproduction of rental units.



3Q = third quarter.
Source: CoStar Group

During the 12 months ending 2024, the number of rental units permitted in the Los Angeles metropolitan division dropped below 13,000 for the first time since 2013.



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Accessory Dwelling Unit	An Accessory Dwelling Unit (ADU) is a secondary housing unit added to an existing single-family dwelling. It may be within or attached to the primary housing unit or in a separate structure. It is a separate living unit and includes kitchen, sleeping, and bathroom facilities.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Existing Home Sales	Includes regular resales and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family homes, townhomes, and condominiums.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.