

USC Lusk

*Casden Real Estate
Economics Forecast*

2021 Multifamily Forecast Report





Multifamily Market Trends

Los Angeles

Orange County

Inland Empire

San Diego

Ventura

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USC Lusk Center For Real Estate Casden Real Estate Economics Forecast 2021 Multifamily Report

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Multifamily Market Trends

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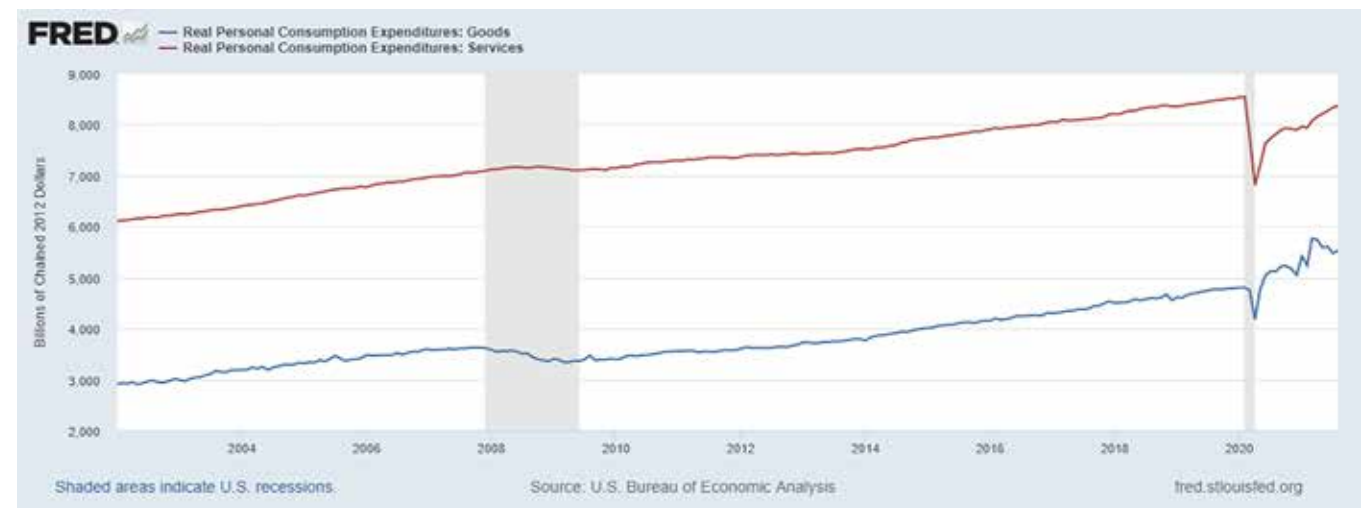
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CONTEXT

To set the context for multifamily real estate in Southern California, we will briefly discuss three things: inflation, real interest rates, and Southern California long term rent growth when compared with other urban areas in the United States.

Inflation

For the first time in at least 13 years, the world is obsessed with inflation. And perhaps for the first time, the words “supply chain,” a phrase perhaps invented in 1982¹, are used in everyday conversation. Google Searches for supply chain jumped in October by a multiple of 2.5. The problems with the supply chain and the worries about inflation are intertwined. But let’s take a step back and discuss what is putting pressure on both. Americans typically spend about twice as much on services as goods. People’s fear of getting sick and COVID protocols reduced the demand for and supply of services (Both mattered a lot: demand for restaurants and travel dropped dramatically in March of 2020, before governments shut down many of these businesses)². People got fewer haircuts, had their nails done less frequently, went to fewer movies and concerts, used dry-cleaning less often, and so on. At the same time, after falling quite rapidly, per capita personal income recovered, and then some, as people received three rounds of stimulus checks, supplemental unemployment benefits, and the broader economy quickly recovered.

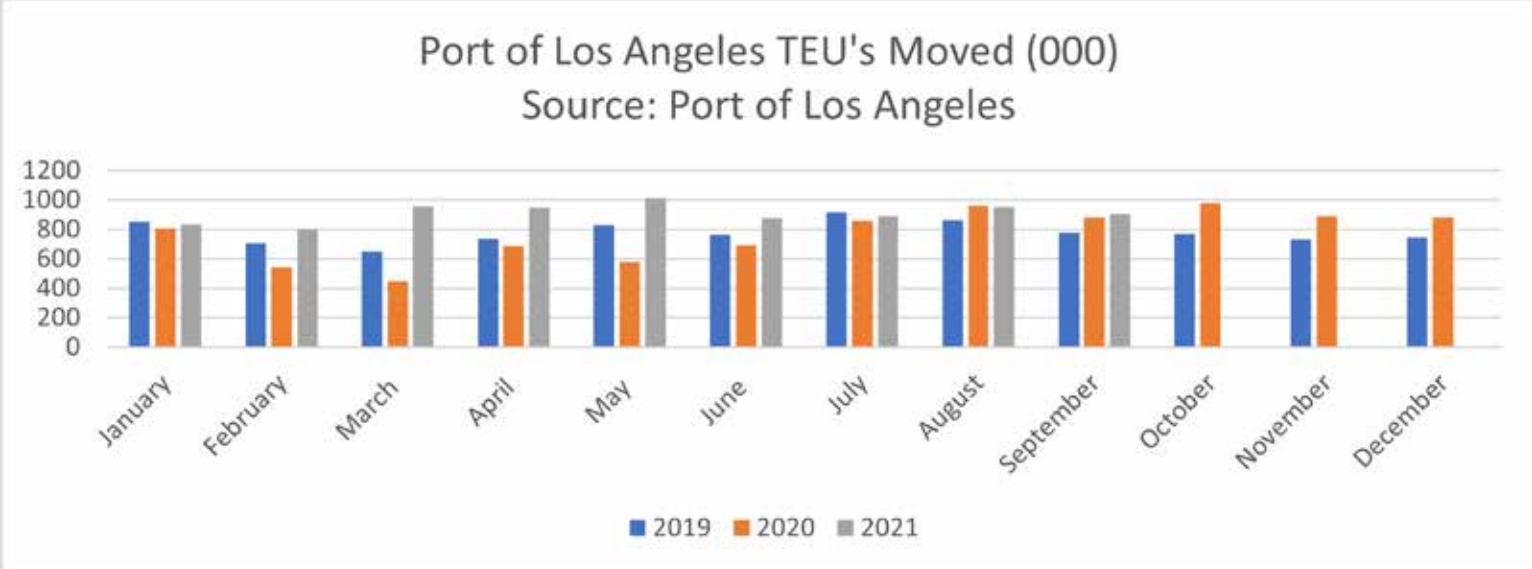


The most salient thing revealed in the graph above is that real disposable personal income has returned to its growth path. And so, with normal levels of income, and abnormally low levels of service spending, it is not surprising the goods spending has risen rapidly. Service spending has yet to recover to pre-pandemic levels.

¹ See <https://www.bloomberg.com/news/articles/2020-08-02/father-of-the-supply-chain-has-message-for-meddling-politicians>.

² See <https://www.opentable.com/state-of-industry> and <https://www.tsa.gov/coronavirus/passenger-throughput>.

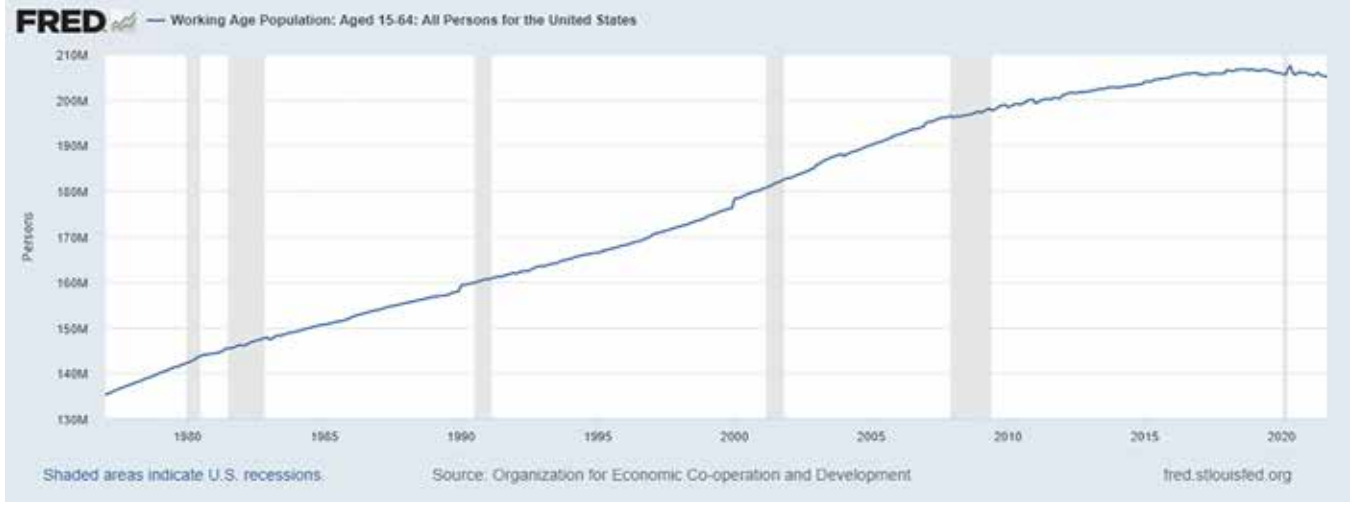
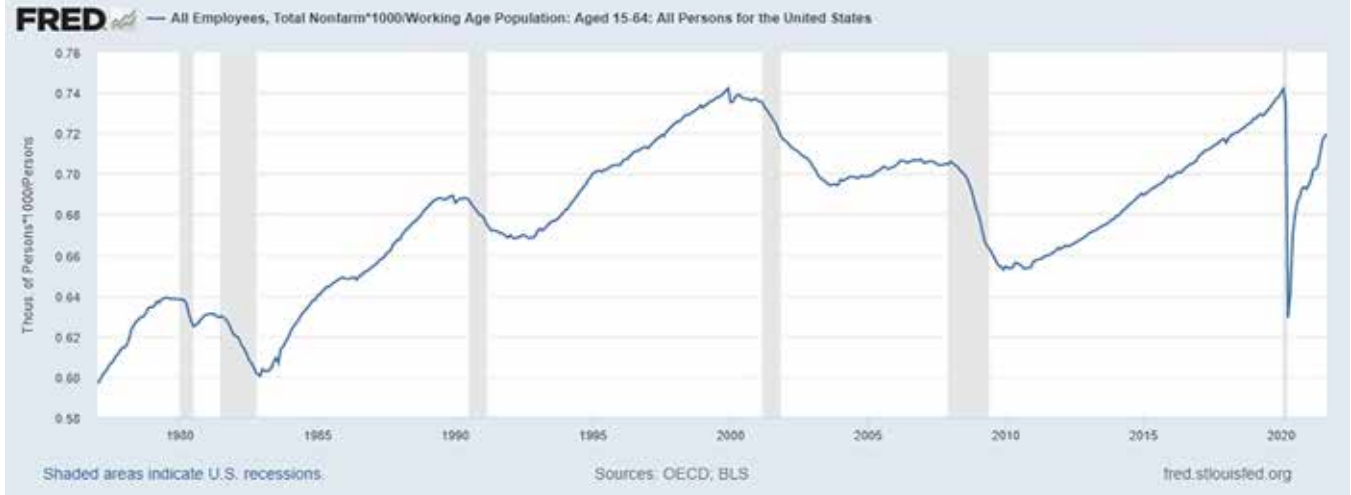
The rapid growth in goods spending has placed substantial pressure on the supply chain. Here in Southern California, where 40 percent of goods imports into the United States arrive, the impact has been especially pronounced. The port of Los Angeles is under strain at the moment.



2019 was a record year for twenty-foot equivalent units (TEUs), or containers, passing through the port of Los Angeles. From October through December 2020, February through June 2021, and August and September 2021, port traffic was substantially higher than in the same month of 2019. It is little wonder that it became a choke point.

Beyond choke points in the supply chain, a labor supply that has not fully recovered from COVID-19 is inhibiting output. If we look at current total employment relative to the prime working-age population of 15-64, we see that it is still two percentage points lower than it was in February 2020.

At the same time, the working-age population is also shrinking. The large Baby Boom generation is moving into retirement. Generation Z, the generation entering the labor force, is smaller.



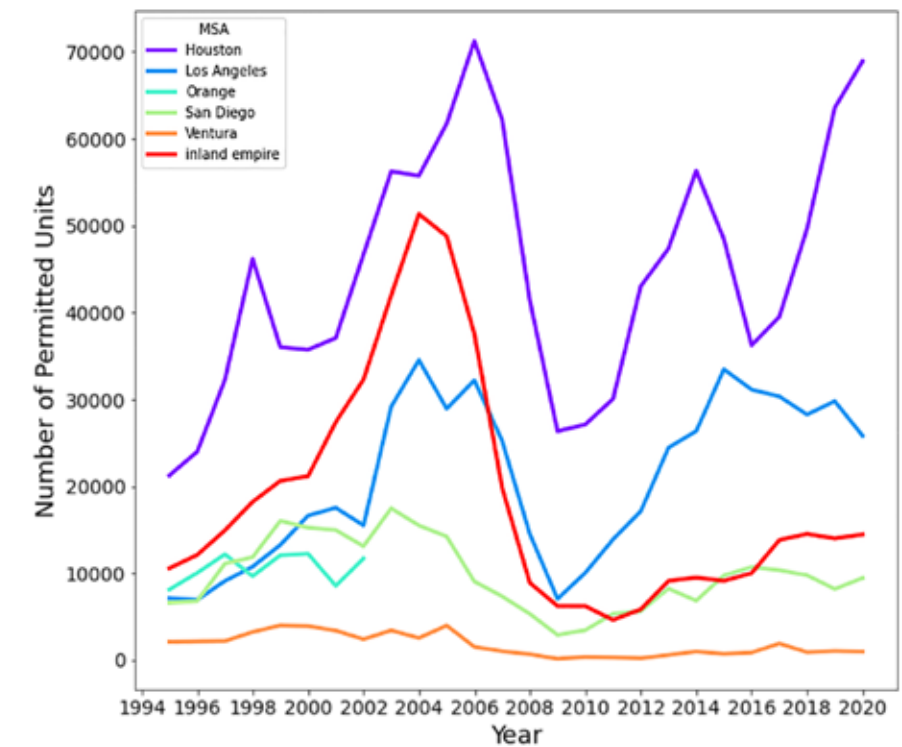
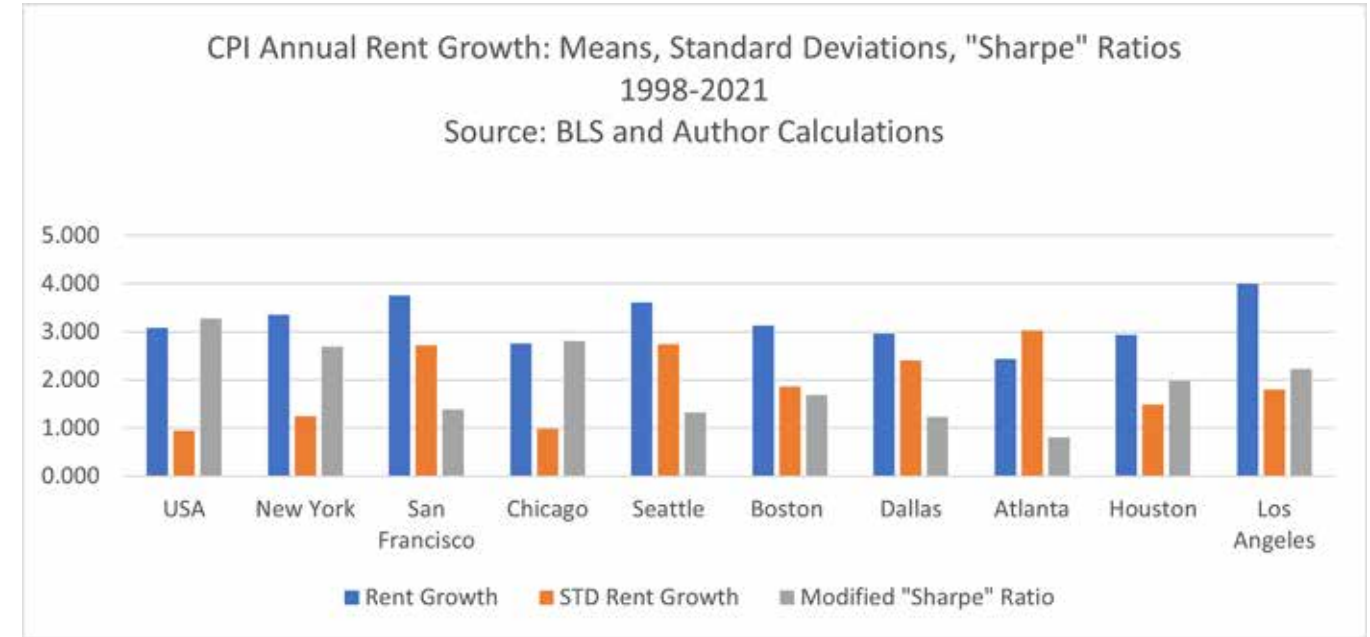
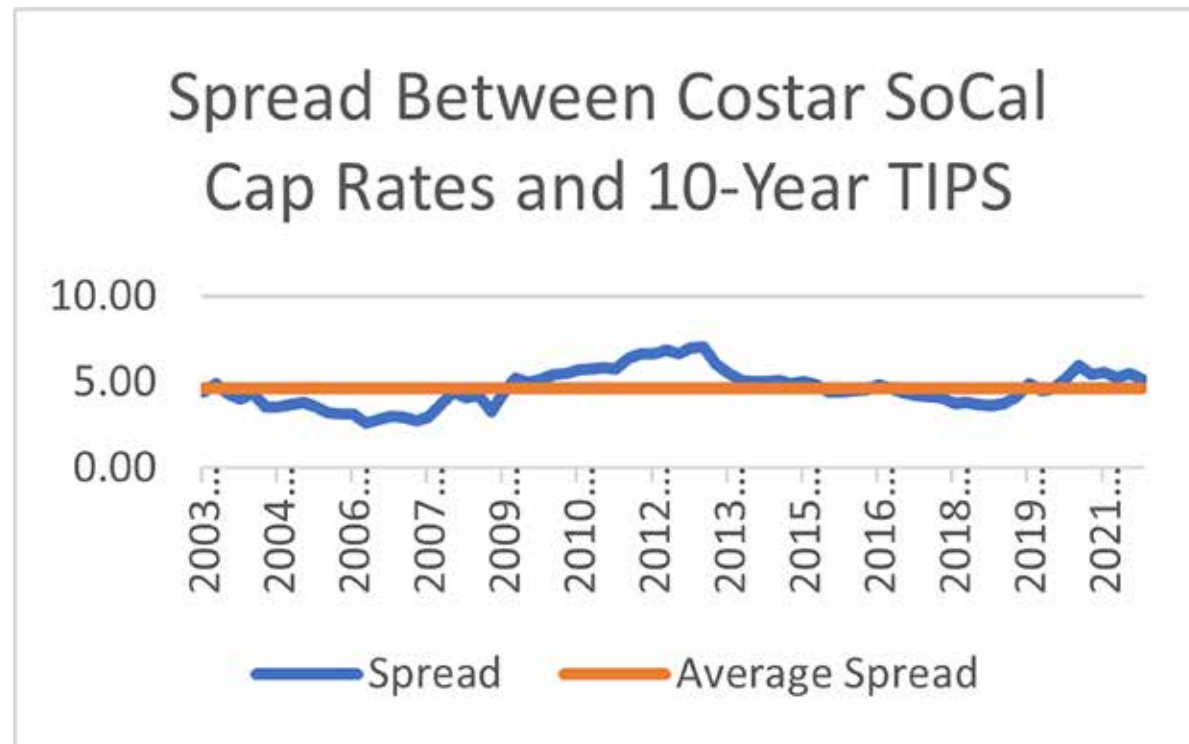
The combination of increasing demand for goods, an over-stretched global manufacturing sector, a supply chain at capacity, and a falling labor supply means that we see inflationary pressures we haven't seen in many years. Whether these pressures remain permanent depends on many things we don't know—whether the ratio of goods to service spending will return to normal, whether people will decide to work later into life, and whether supply chain capacity can rise quickly. Retirement ages generally increased between 1980 and recently, but many people decided that the economic fall-out of COVID-19 was a reason to retire.³ It will be some years before we know whether this is a short-term phenomenon or not.

³ <https://www.washingtonpost.com/business/2021/11/01/latest-twist-great-resignation-retiring-delaying-social-security/>

Real Interest Rates

Despite inflationary pressures, real interest rates have remained steady and very low by historical standards. Inflation-indexed Treasury securities are hovering at a rate of about negative one percent. From one year to the next, holders of these securities will receive a return of consumer price index growth minus one percent. These inflation-indexed securities are the relevant benchmark for real estate in general, and apartments in particular. Because apartments have one-year leases, they hedge against inflation risk.

When we examine Cap Rate spreads over 10-year inflation-indexed treasuries, we see that they are currently above average.



The Trajectory of Los Angeles and Orange County

As we think about rents in Southern California, we should look at how they have performed historically. On the previous page is a chart of mean increases and the standard deviation of increases in the rental component of CPI in Los Angeles and Orange Counties:

The modified Sharpe Ratio is the ratio of rent growth to the standard deviation of rent growth. Higher ratios are better than lower ratios. The US as a whole will have the highest ratio, because it is a diversified portfolio of many markets. Los Angeles (which in this case is the combination of Los Angeles and Orange Counties), has the third highest Sharpe Ratio, behind New York and Chicago. In both those cities, rent growth and the volatility of such growth have been lower than in Los Angeles. Atlanta, Dallas, Seattle and San Francisco have all had lower growth and higher volatility than Los Angeles. While past performance is never a guarantee of future results, Los Angeles multifamily property has performed well for investors when compared with other cities.

EMPLOYMENT LOCATION QUOTIENTS, 2021 1ST QUARTER

COUNTY	LOS ANGELES	ORANGE	RIVERSIDE	SAN BERNARDINO	SAN DIEGO	VENTURA
ALL INDUSTRIES	1.02	1.06	0.98	1.00	0.98	1.02
GOODS-PRODUCING	0.75	1.10	1.12	0.79	0.98	1.47
NATURAL RESOURCES AND MINING	0.13	0.15	1.33	0.33	0.55	6.91
CONSTRUCTION	0.70	1.31	1.83	0.97	1.15	1.07
MANUFACTURING	0.86	1.11	0.67	0.75	0.94	0.97
SERVICE-PROVIDING	1.08	1.05	0.95	1.04	0.98	0.92
TRADE, TRANSPORTATION, AND UTILITIES	1.00	0.84	1.28	1.67	0.79	0.91
INFORMATION	2.57	0.76	0.34	0.25	0.78	0.56
FINANCIAL ACTIVITIES	0.85	1.31	0.48	0.51	0.91	0.87
PROFESSIONAL AND BUSINESS SERVICES	0.98	1.39	0.67	0.73	1.25	0.93
EDUCATION AND HEALTH SERVICES	1.23	0.93	0.95	0.98	0.93	0.93
LEISURE AND HOSPITALITY	0.99	1.08	1.21	0.93	1.10	1.06
OTHER SERVICES	1.04	0.97	0.88	0.84	1.06	0.82
UNCLASSIFIED	0.01	0.01	0.10	0.01	0.01	0.01

Source: U.S. Bureau of Labor Statistics



CASDEN REAL ESTATE ECONOMIC FORECAST INTRODUCTION

Under the terms of the generous gift agreement that created the Casden Real Estate Economics Forecast, the Lusk Center is responsible for doing a real estate economics forecast each year. The Lusk Center takes this responsibility very seriously.

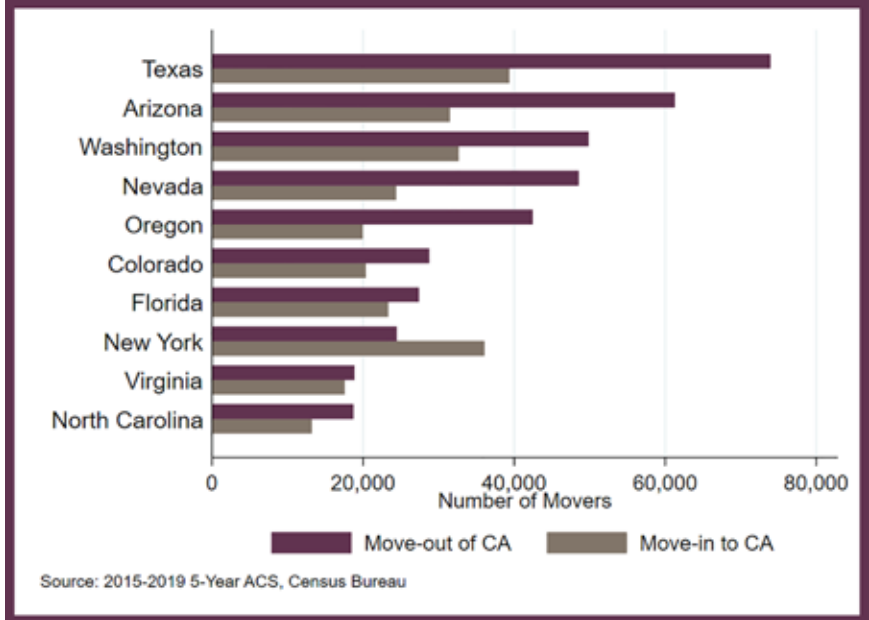
In the spring of 2021, we, with trepidation, forecast rents, vacancies, and absorption for 24 submarkets in Los Angeles County, Orange County, San Diego County, Ventura County, and the Inland Empire. We included a large number of caveats with our forecast. We were wise to do so—as the summary comparing spring forecast for one year rent growth—we underestimated rent growth in every market (remember we are comparing one year of forecast growth to six months of actual growth.)

When we compare rankings of markets, though, we do a little better. We predicted that Los Angeles County would have the smallest rent growth, and it did. Within LA County, we also came reasonably close to ordering rent growth correctly—although downtown performed better than expected. What is striking is how strongly Orange County and San Diego County performed, with annualized double-digit rent growth in all areas and six-month double-digit growth in many. Ventura County and the Inland Empire also had strong rent growth. Perhaps ironically, the Inland Empire, the market in which we had the least confidence forecasting last spring, was the market where our forecast was most on target.

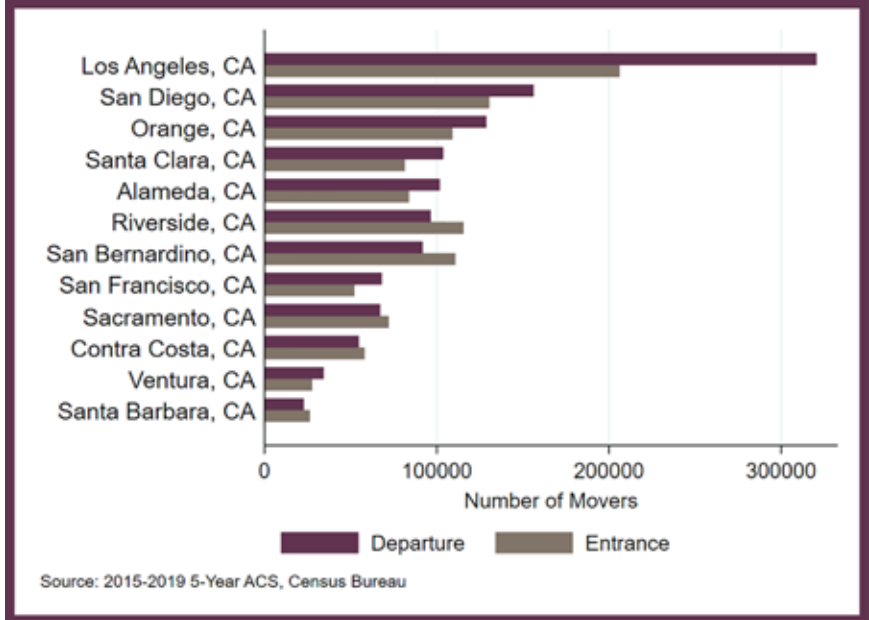
Noteworthy is that vacancies came down everywhere, despite reports of outmigration from Southern California. Unfortunately, our most recent data migration (from the American Community Survey) run only through 2019, but certainly the trend has been for more people to leave the region than enter. But over the first nine years of the decade, there was some immigration of high-income people, implying that the entire region has been subject to gentrification.

As we noted last year, the forecast is a mechanical exercise. Many of the results that we get arise because vacancies fell in many markets, and a lower vacancy in one period predicts lower higher growth in the next. We also continue to find rents are more likely to grow in outskirt markets than in core markets.

TOP INTRASTATE MOVEMENT FROM CALIFORNIA, 2015-19



INTRACOUNTY MIGRATION FROM SELECT CA COUNTIES, 2015-19



SUBMARKET	FORECAST ONE YEAR GROWTH (FALL 2021)	FORECAST GROWTH RANKING	ACTUAL SIX MONTH GROWTH	ACTUAL GROWTH RANKING	CURRENT ONE YEAR GROWTH FORECAST
Koreatown-Mid City	-0.012	28	0.049	19	0.04
Inglewood	-0.011	27	0.009	24	0.03
Coastal-BH	-0.01	26	0.057	17	0.01
Burbank-Glendale	0.006	20	0.045	20	0.06
San Fernando Valley	0.007	19	0.041	21	0.05
Long Beach	0.011	18	0.034	22	0.06
South/Southeast LA	0.02	17	0.025	23	0.07
Pasadena	0.021	16	0.072	13	0.08
San Gabriel	0.031	14	0.051	18	0.07
Antelope Valley	0.034	12	0.092	7	0.08
Palm Springs-Indio	0.074	3	0.058	16	0.1
West Riverside County	0.094	2	0.097	6	0.09
Rancho Cucamonga-San Bern.	0.099	1	0.084	10	0.05
La Habra-North OC	0.031	14	0.086	8	0.08
Anaheim	0.037	11	0.075	12	0.08
Huntington-Seal-Coastal	0.044	9	0.128	2	0.1
Irvine	0.062	4	0.192	1	0.15
San Diego Coastal	0.034	12	0.109	4	0.09
San Diego Inland	0.043	10	0.109	4	0.1
Chula Vista-NC	0.046	8	0.059	15	0.08
North SD County	0.055	6	0.086	8	0.09
Oxnard-Ventura	0.051	7	0.071	14	0.1
Simi Valley	0.059	5	0.122	3	0.1

Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.



Executive Summary

Some patterns are quite pronounced. First, it remains the case that the farther one gets away from Los Angeles, the greater the potential for rent growth. The model forecasts the modest rent increases from downtown Los Angeles moving west to the Pacific Ocean. The model now predicts double-digit or near double-digit growth in the counties that surround Los Angeles County and San Diego County.

The elements driving the model continue to be: (1) differences in current vacancy rates across the region and (2) differences in recent absorption. One key indicator to look at is whether a vacancy rate in a market is greater than or less than 5 percent—that is roughly the point at which we can determine whether rents will rise or fall in succeeding periods. The only three submarkets with vacancies above 5 percent are downtown Los Angeles, Koreatown-Mid City, and Coastal Communities/Beverly Hills. We think there will be sufficient absorption in all three places that they will not see nominal rent declines (although our forecast for Coastal Communities implies that rents there will not keep up with inflation).

Now, again, for the caveats. The first is broad—we are doing something that we would prefer not to do—forecast outside of the “support of the data.” In other words, we are forecasting one year based on a previous year that was unlike any other previous year. The year of COVID changed the behavior of millions, and whether that behavior returns to a pre-COVID normal or is permanently changed will matter a lot for the rental market. As we have discussed, there remain several dimensions in which things have not returned to normal.

The first and most significant change was a large-scale move away from central cities to suburbs, leading to the sharp rise in vacancy in Downtown LA, Koreatown, Beverly Hills, Burbank-Glendale, and coastal areas of LA County, along with the sharp declines in all Inland Empire markets, suburban San Diego County, Southern Orange County, and Ventura County. Vacancy rates have been falling again in more central locations, but they remain higher than in the outskirts. The San Gabriel Valley, Simi Valley, Palm Springs-Indio, Oxnard, North City San Diego, Chula Vista-National City, and Chino-Rancho Cucamonga have sub-two percent vacancy rates—such low levels are nearly unprecedented. At the same time, because of slow permitting, construction slowed by COVID, and a reluctance to begin new construction owing to rising construction costs, we expect muted deliveries over the next year.

The second change was population loss. For the first time since California became a state in 1850, it lost population. This loss resulted from three elements: deaths from COVID, domestic outmigration (one can think of migration to Phoenix and Las Vegas as about people going a step beyond the Inland Empire), and reduced

international in-migration. While California has performed better than the country over the year with respect to COVID fatalities, the high cost of housing in California continues to drive people with middle-class incomes and less out of the state, and international immigration remains muted, at least in part because of travel limits imposed by COVID. We are waiting to see whether the downward trend in immigration reverses in the year to come.

It is worth repeating from last spring that domestic outmigration is happening overwhelmingly among people who have incomes of less than \$50,000 per year (see, among others, Public Policy Institute of California 2021). We also know that unlike other places with outmigration, such as the Rust Belt, parts of the Deep South, and Midwestern Farming communities, there is a strong demand for California—we know this because house prices keep rising. Indeed, if wealthier people replace lower-income people in California, and the housing stock fails to grow beyond replacement levels, its population will continue to decline, as wealthy people take up more floor space per capita than lower-income people. Consequently, we may see conversions of some rental property to owner property, reducing the supply of rental housing and reducing rental vacancy rates.

As for international migration, while the current administration is already making policy changes that should make it easier for migrants to enter the United States, differences in vaccination rates across countries may mean that COVID will impede migration for another year or more.

And this brings us to the third change—unprecedentedly low mortgage rates. Mortgage rates dropped to levels not before seen in the Post-World War II era. This chart of Freddie Mac data displays mortgage rates since 1971 (the first year such data were systematically collected).



But the decline in mortgage rates is over—rates have risen just a bit over the past year and are only slightly lower than they were in February 2020. The Case-Shiller house price index rose 23 percent between February 2020 (just before COVID) and August 2021. Monthly payments are thus much higher now than they were at the beginning of the pandemic. The higher sales price will also mean higher property taxes (typically 1.1 percent of home value) for current homebuyers. The all-in cost of homeownership is now considerably higher than it was at the beginning of the pandemic.

Yet if rents rise by five percent and more per year, homeownership, with its relatively fixed costs, will continue to be financially attractive relative to rentals. And while we forecast continuing rent growth above five percent, such growth is not feasible forever unless incomes rise even faster, which we don't consider plausible over long periods.

Finally, the rental market in Southern California has been affected by various eviction moratoria from all levels of government. The moratoria have allowed tenants to remain in place, but it also means that many tenants will owe substantial back rent. According to the US Census Housing Pulse Survey from early October

2021, 440,000 households, or 7.3 percent of households in Los Angeles and Orange Counties consider themselves “housing insecure,” meaning that they are behind on their rent or mortgage payment or think they are about to be. Evictions could resume again outside of Los Angeles County at the end of September, and evictions of even a fraction of people in such straights will push up vacancy rates. But sufficient time has not passed to determine whether evictions will have an impact on vacancies and, therefore, rents.

Reference

Public Policy Institute of California (2021) Who is moving out of California—and who is moving in? <https://www.ppic.org/blog/whos-leaving-california-and-whos-moving-in/>. Accessed May 12, 2021.

US Bureau of the Census (2021) Pulse survey. Accessed May 12, 2021.

Los Angeles



LOS ANGELES COUNTY

RACE

White	31%
Black	11%
Asian	13%
Hispanic	43%
All other races	3%

EDUCATION

Less than HS	20%
HS Diploma	21%
Bachelor's Degree	22%
Graduate Degree	9%

HOUSING TYPE

1 Unit	54%
2-4 units	9%
10 to 19	8%
20+ units	20%

RENTAL UNITS BY SIZE OF STRUCTURE

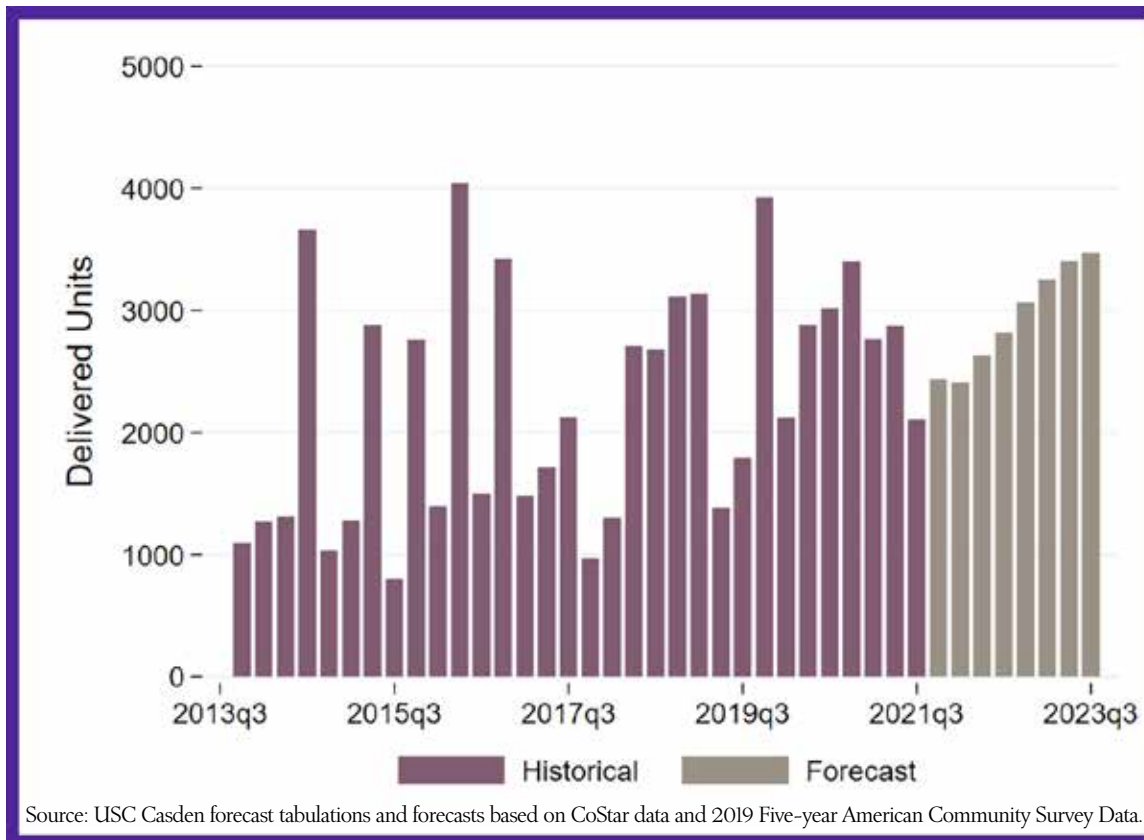
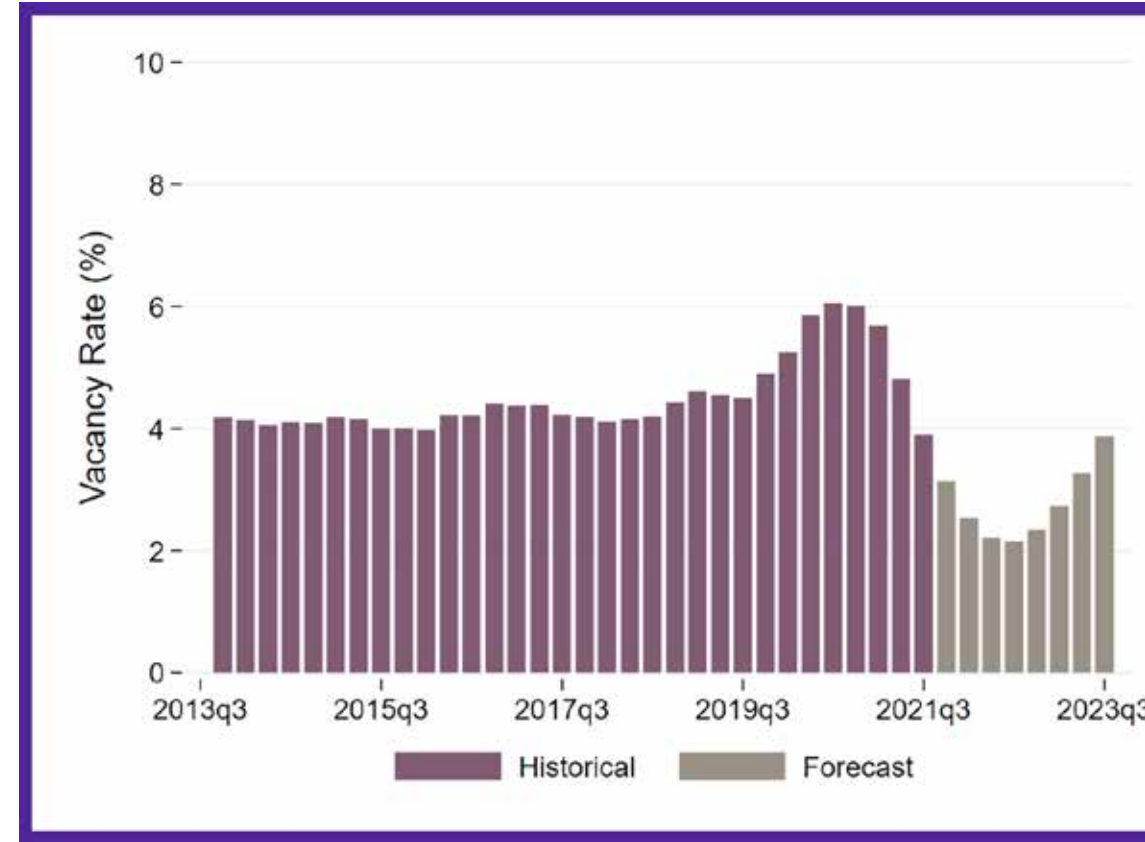
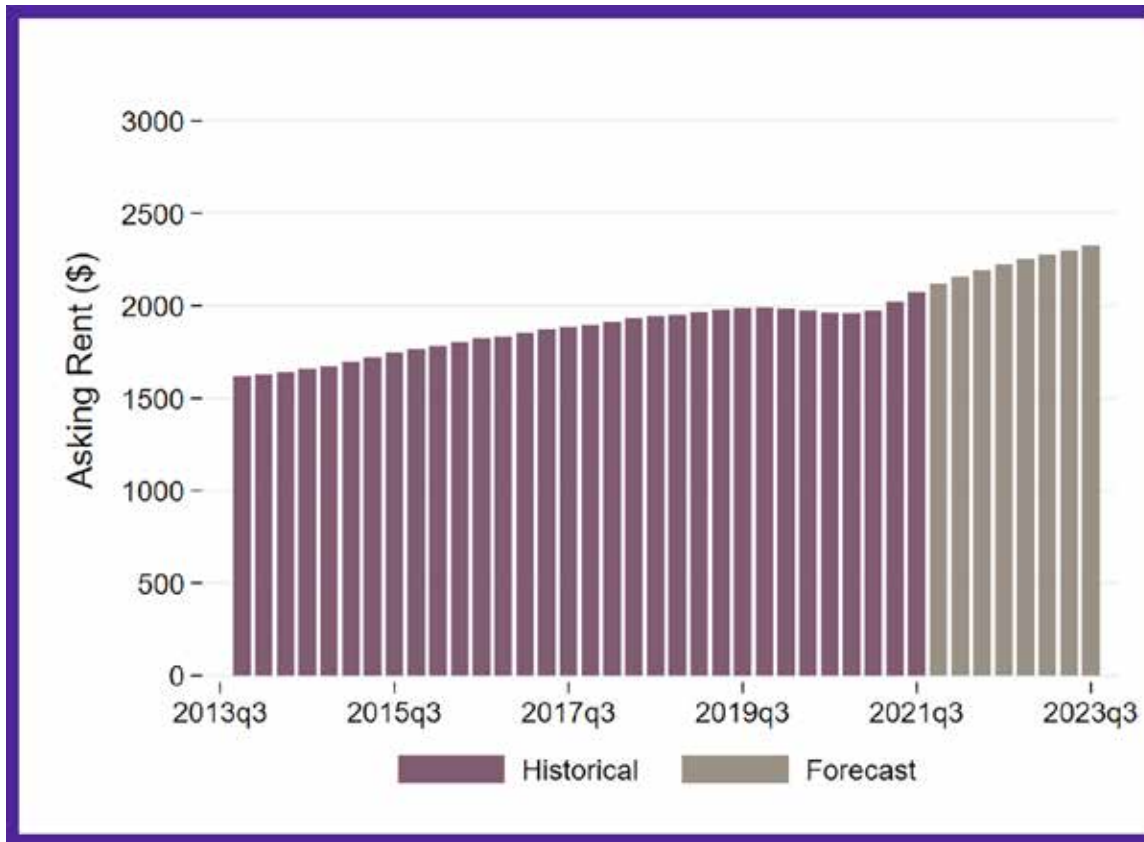
before 1970	55%
1970-1999	36%
after 2000	9%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	54%
Percent with Children	32%
Median Household Income	\$75,007
Average Household Size	3.09

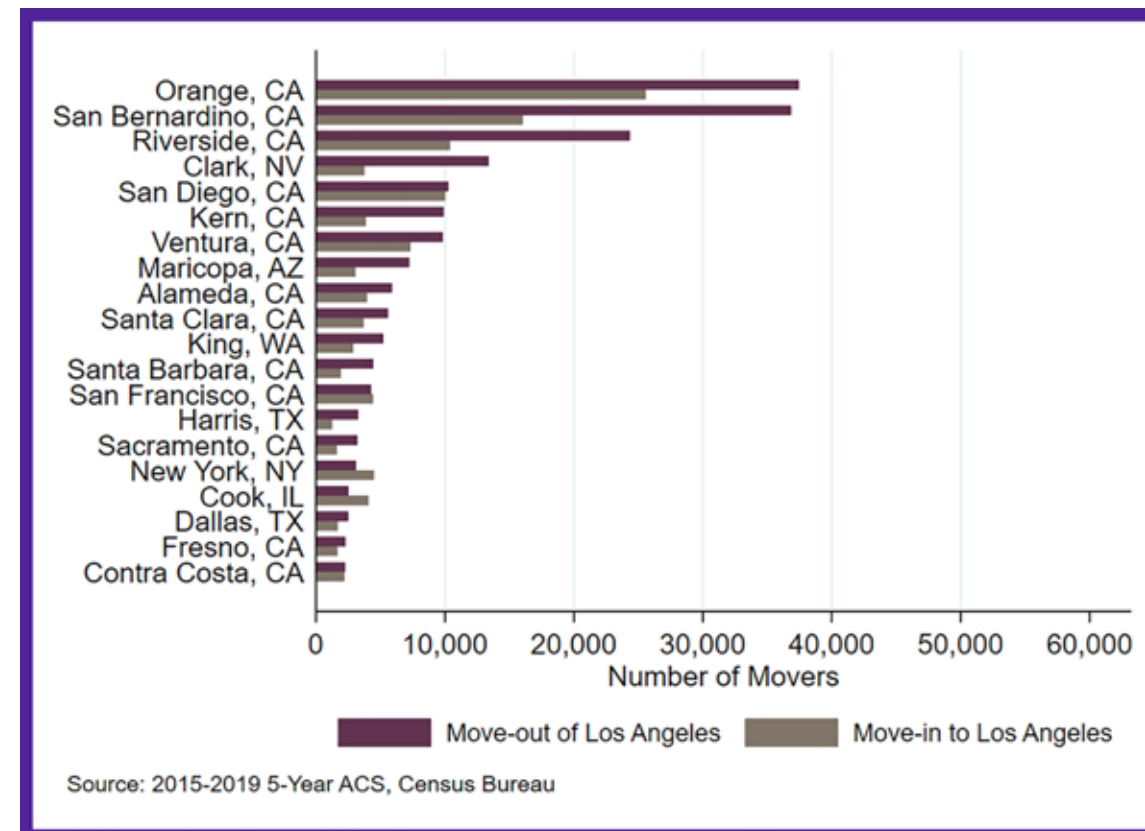
*Rent burden is the share of households whose rent payments exceed 30% of income.

Los Angeles County Rents/Vacancy



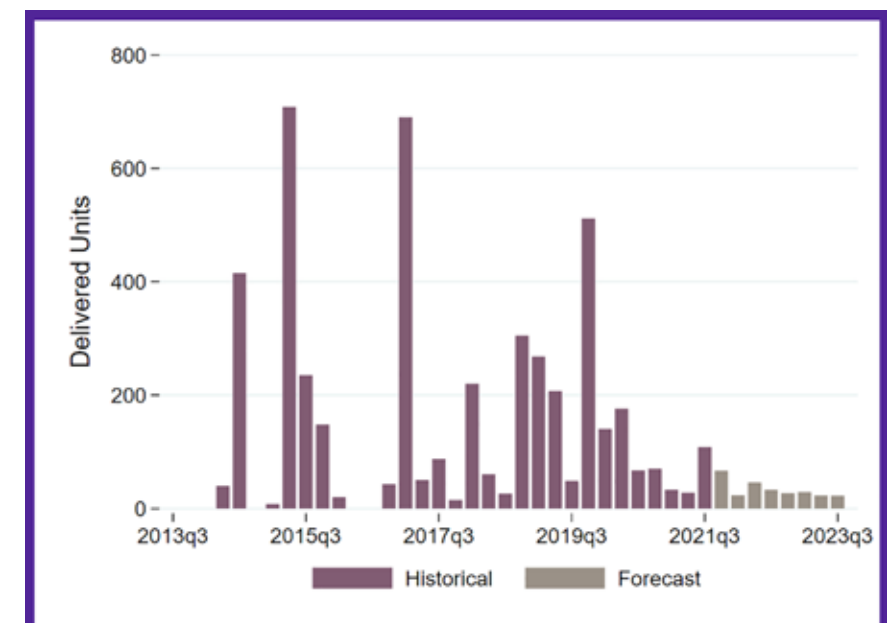
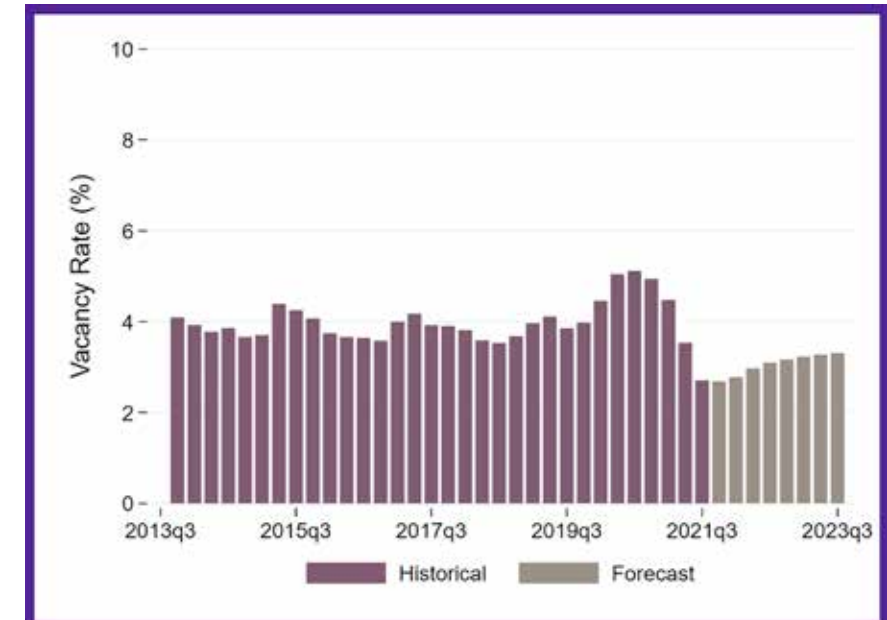
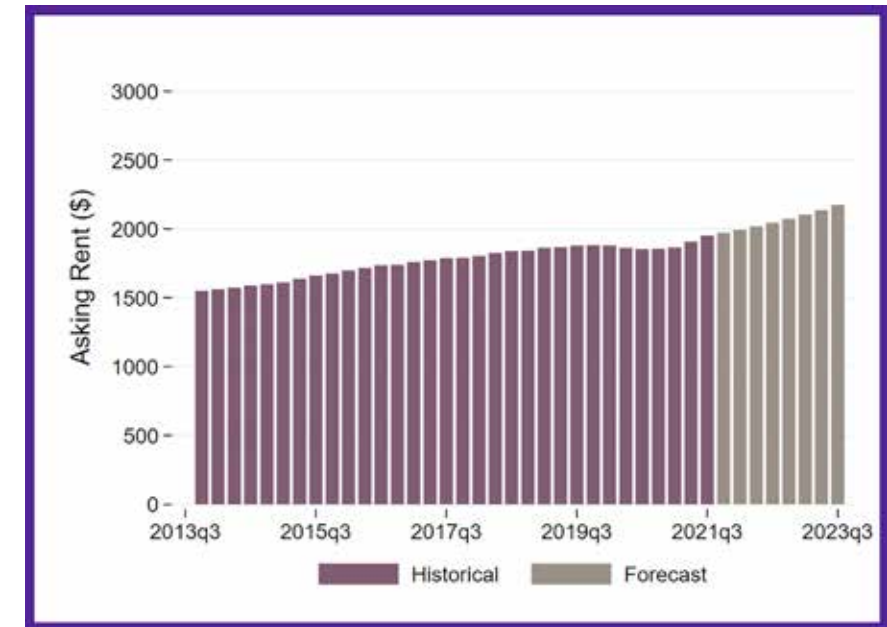
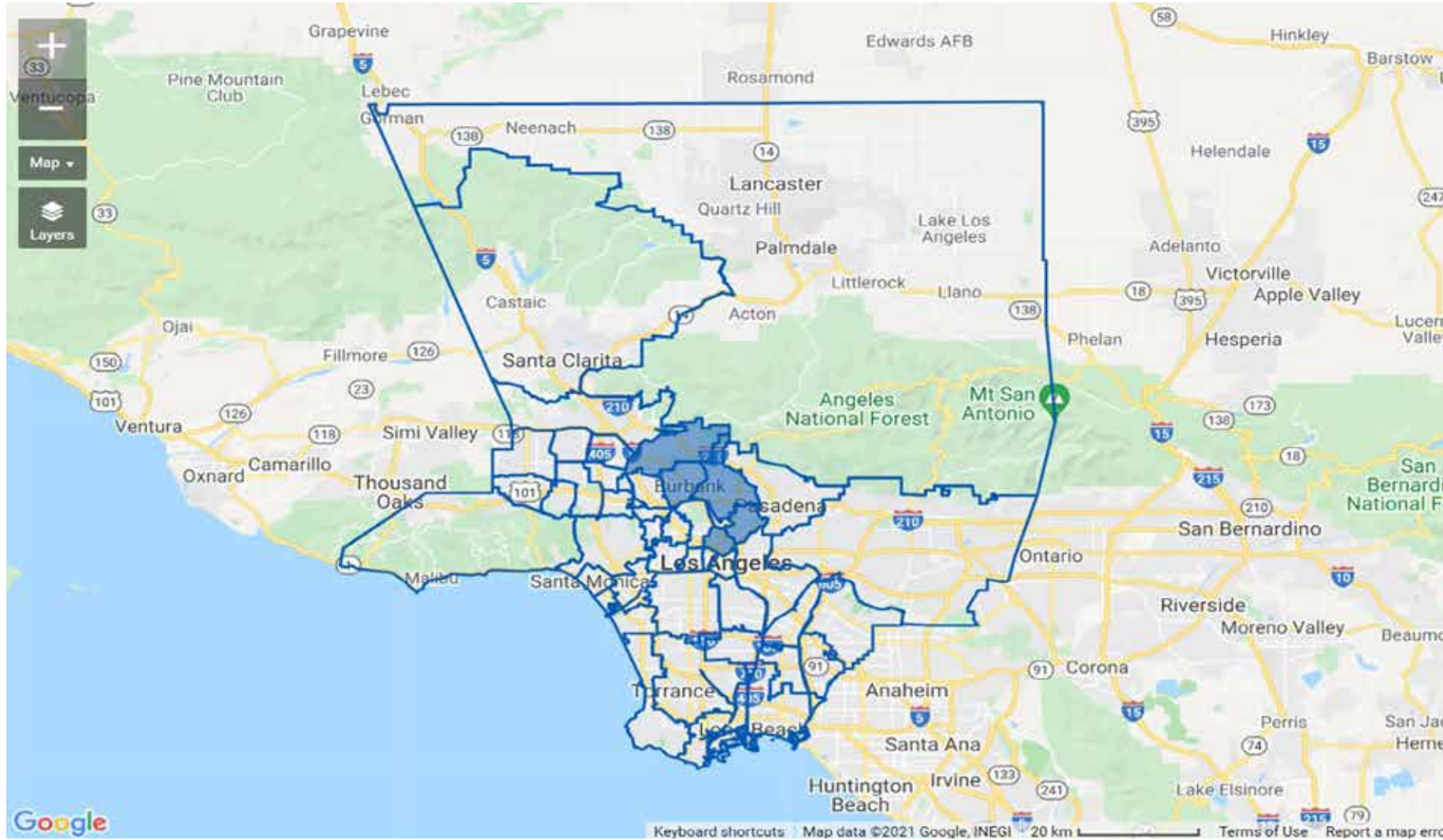
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

20 Leading Destination Counties from Los Angeles County, 2015-19



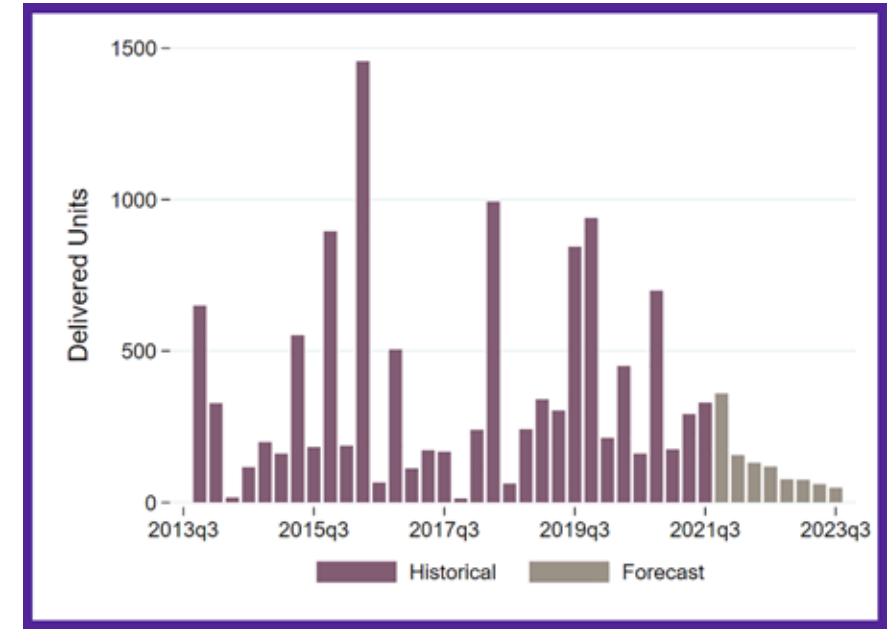
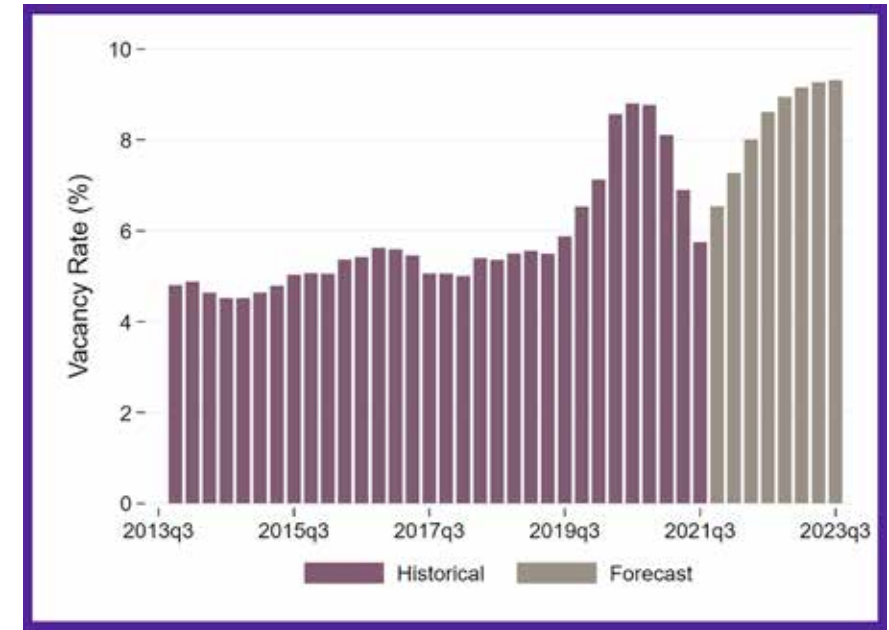
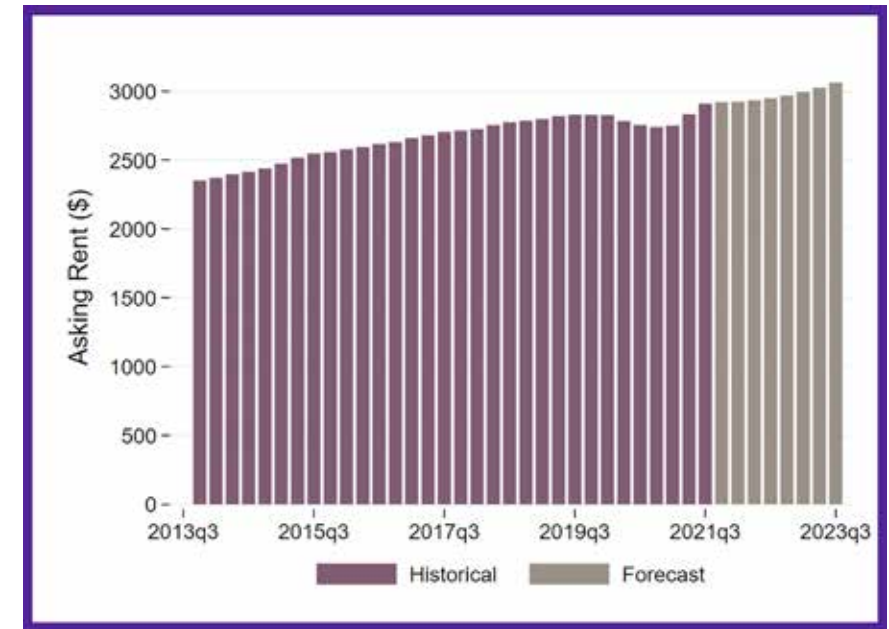
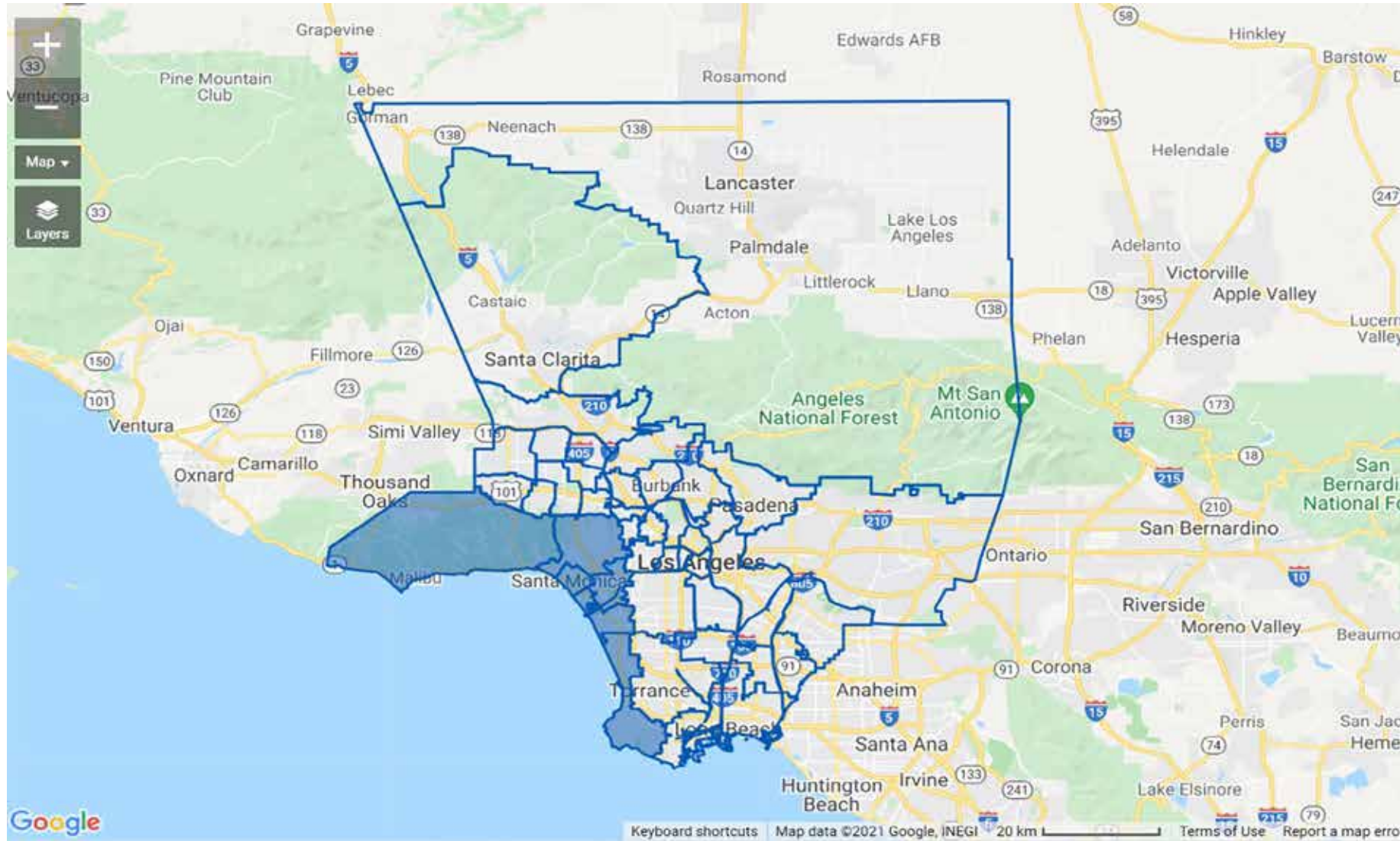
Source: 2015-2019 5-Year ACS, Census Bureau

Burbank-Glendale Market • Los Angeles County, 2010 to 2021



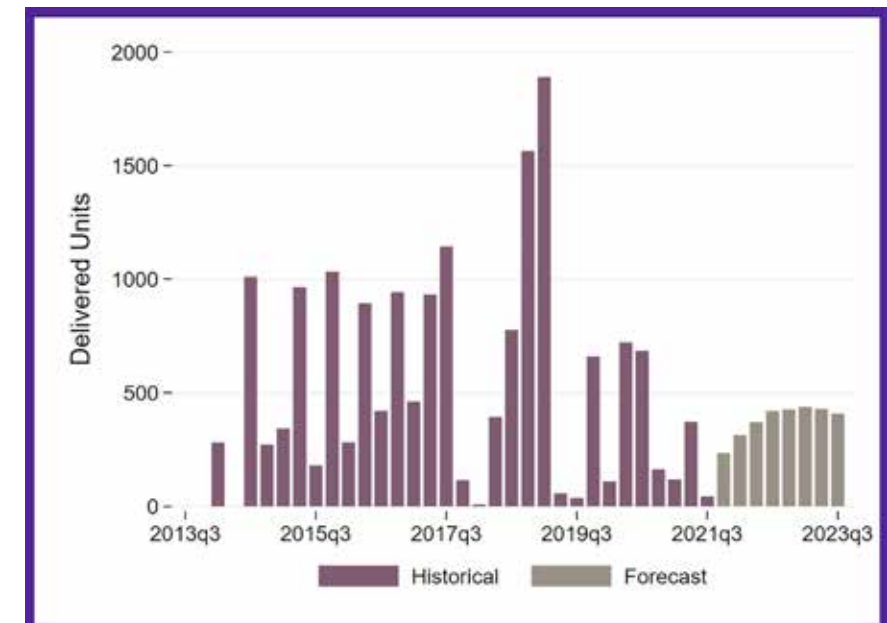
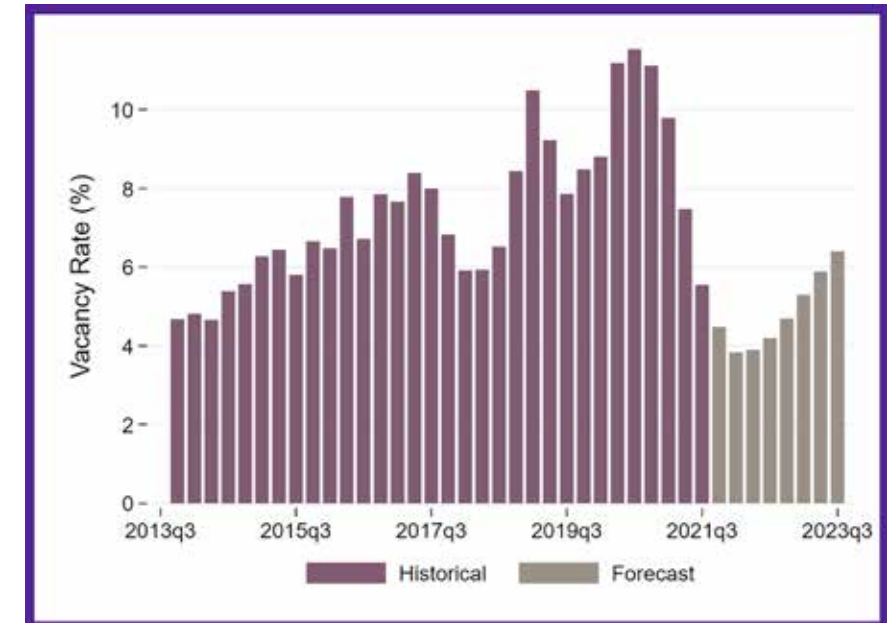
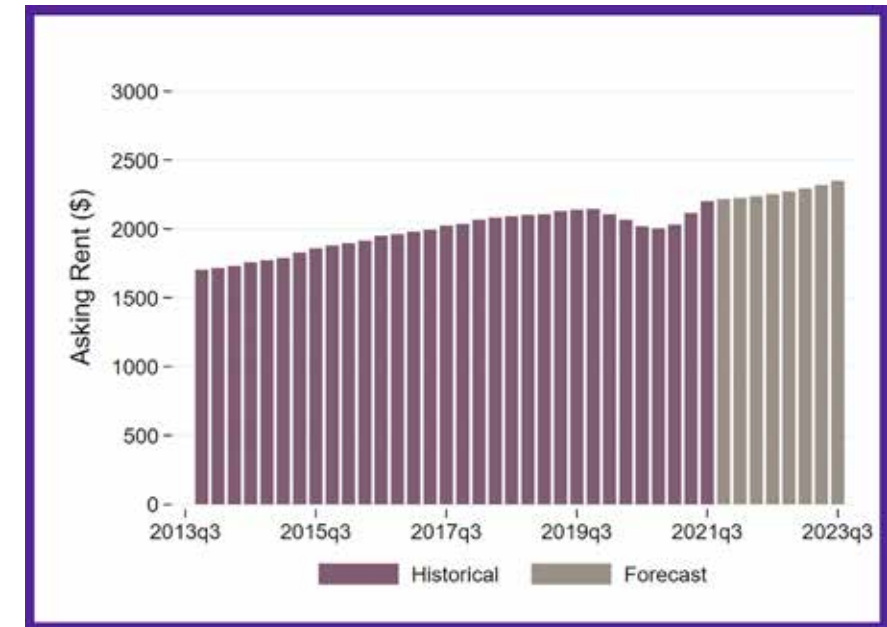
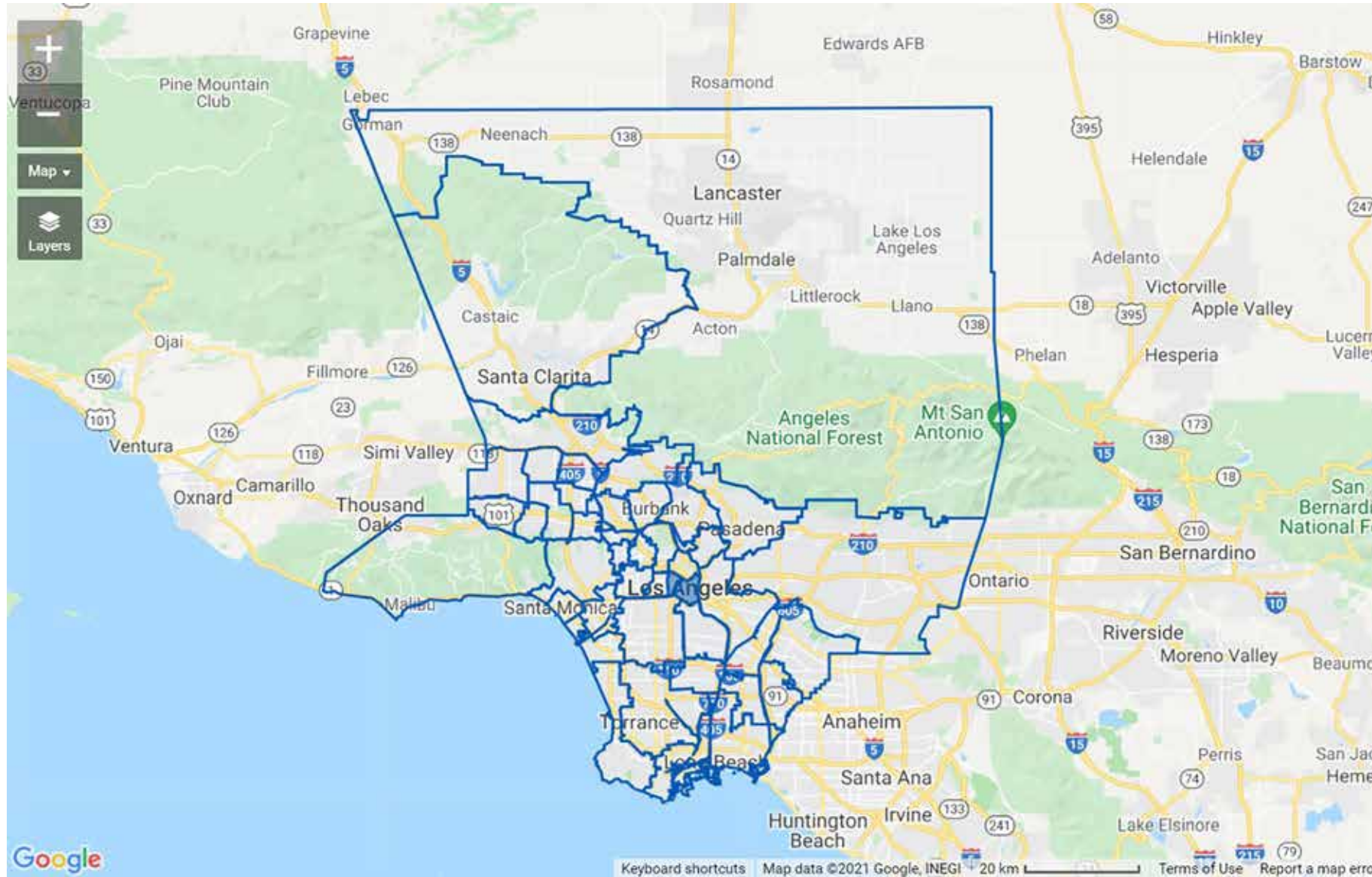
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

Coastal Communities-Beverly Hills Market • Los Angeles County, 2010 to 2021



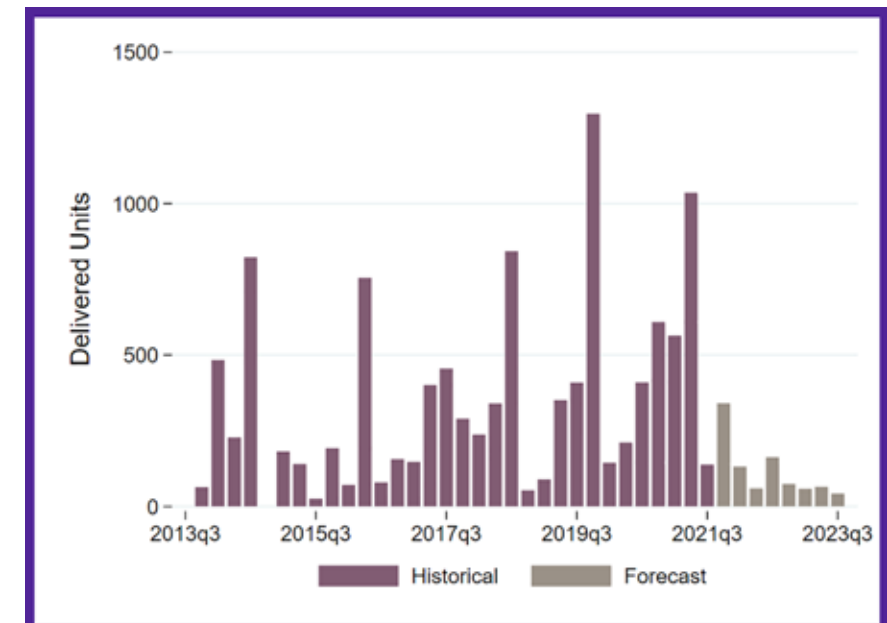
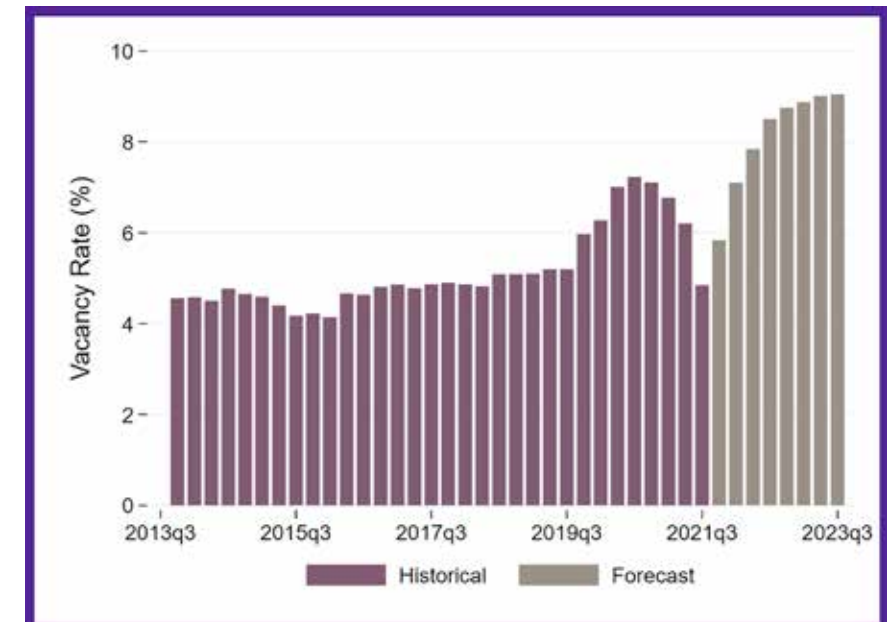
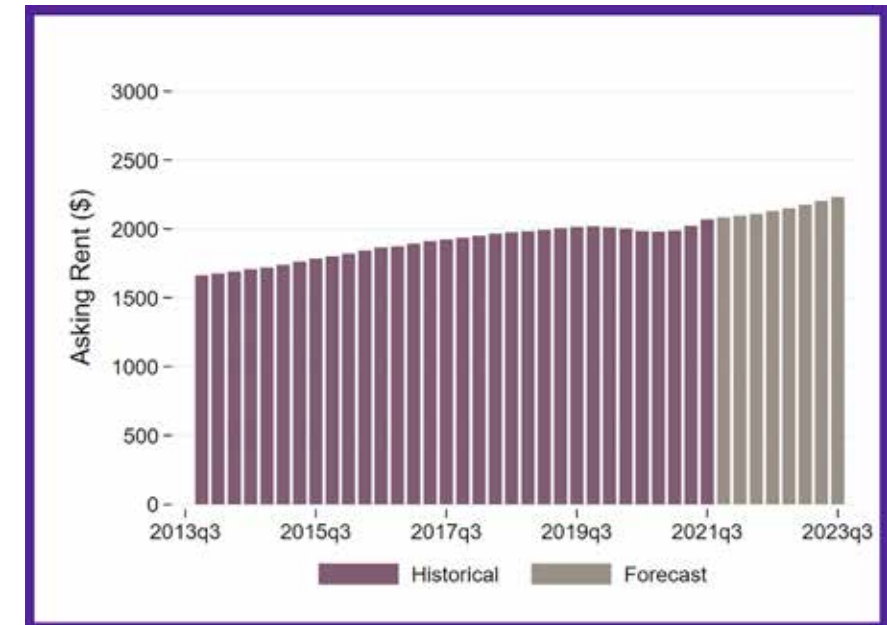
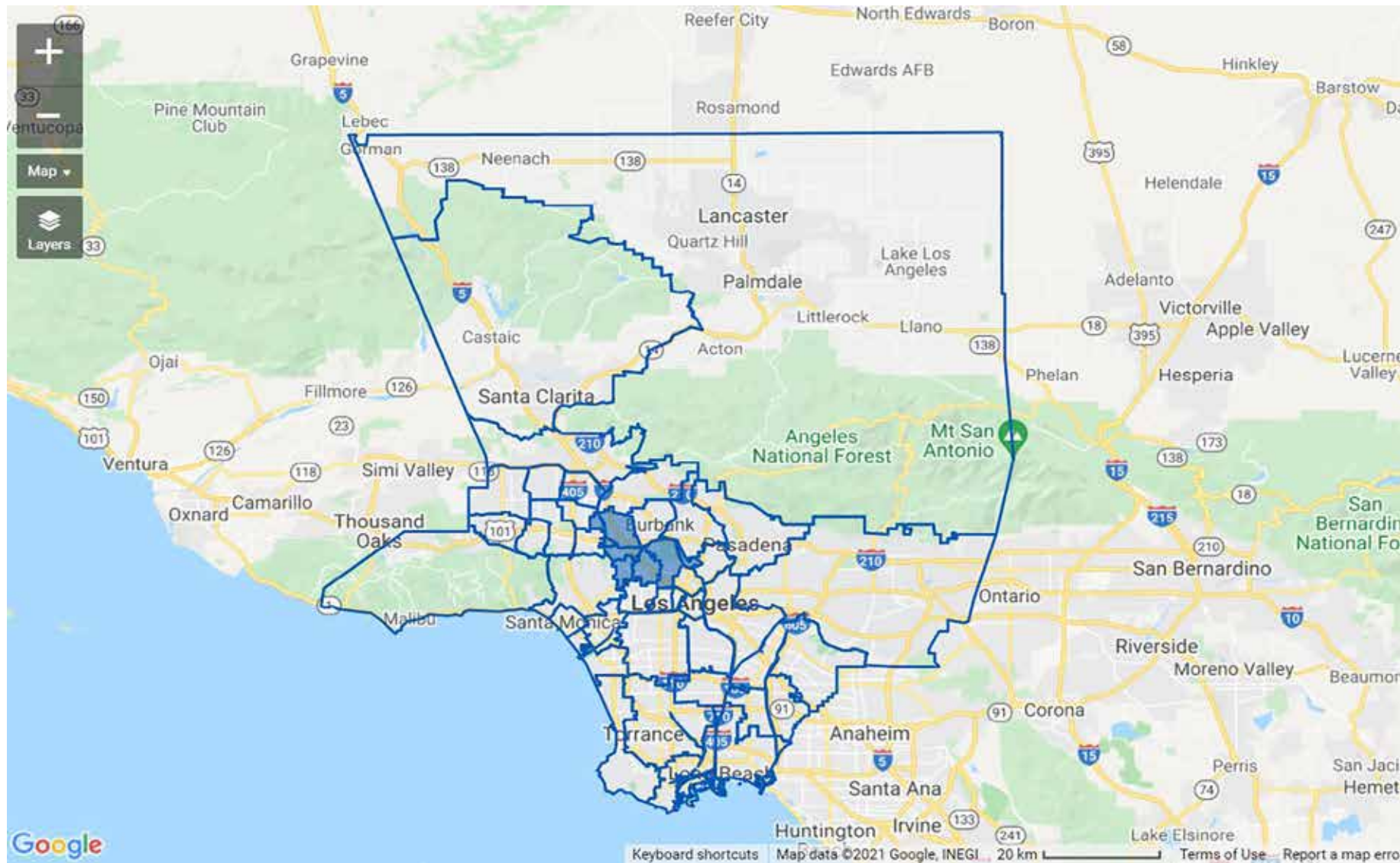
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

Downtown Market • Los Angeles County, 2010 to 2021



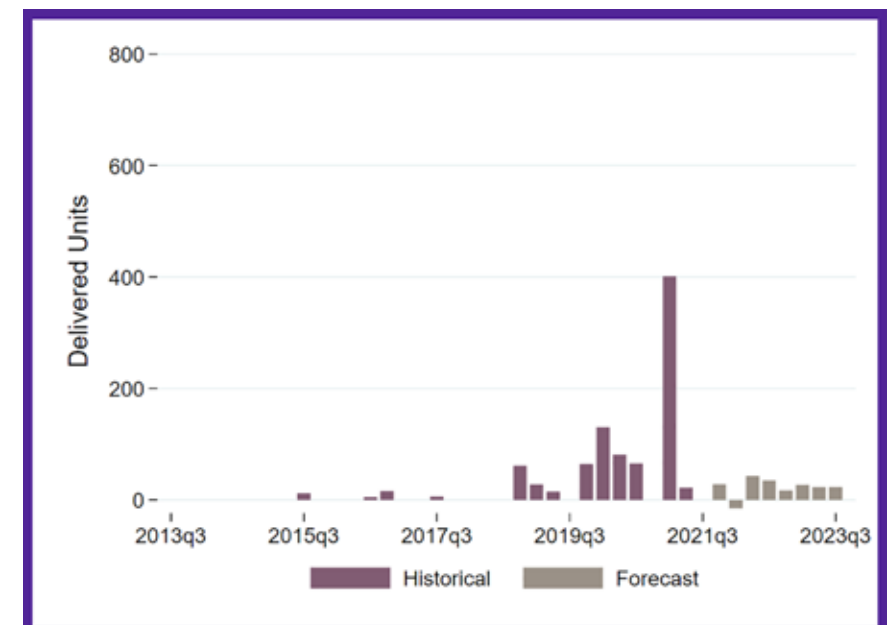
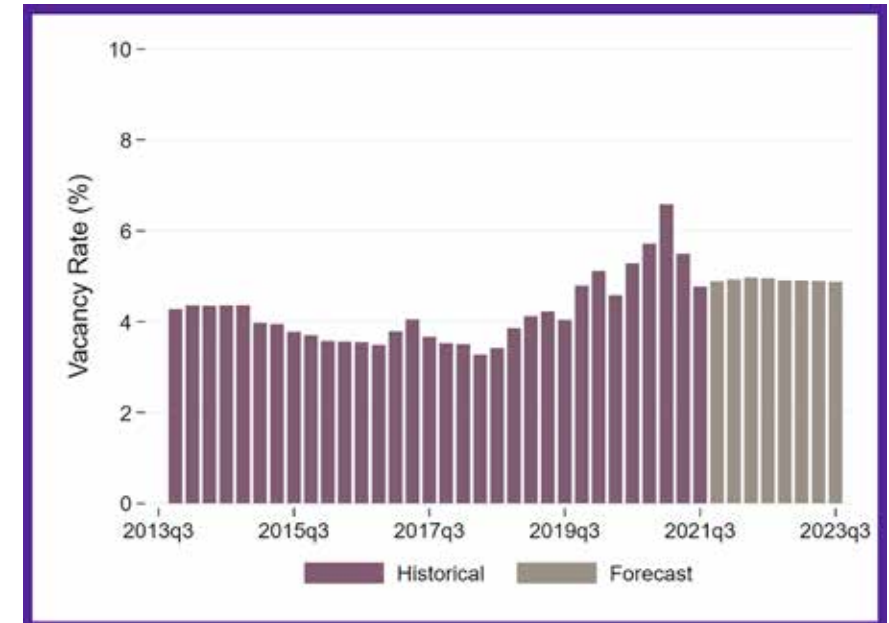
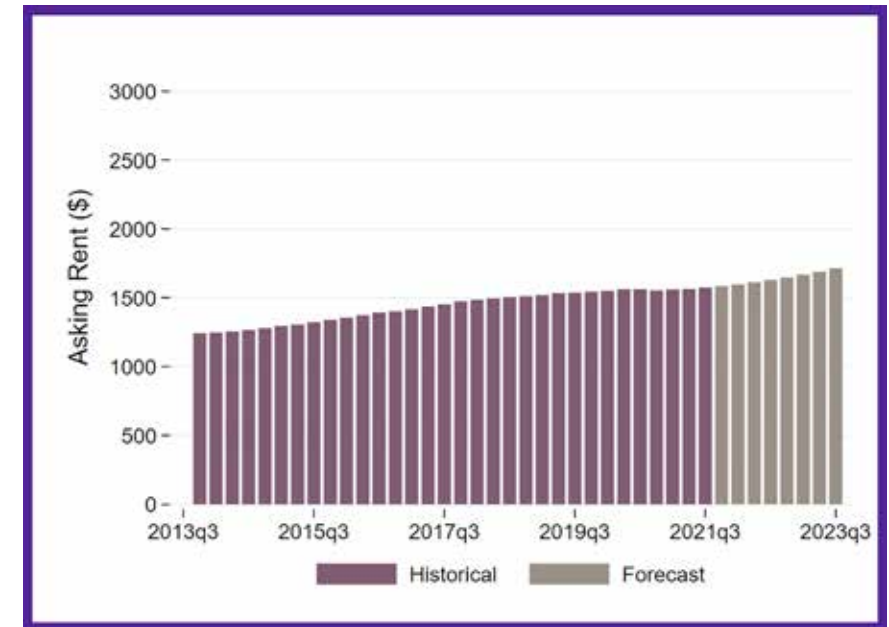
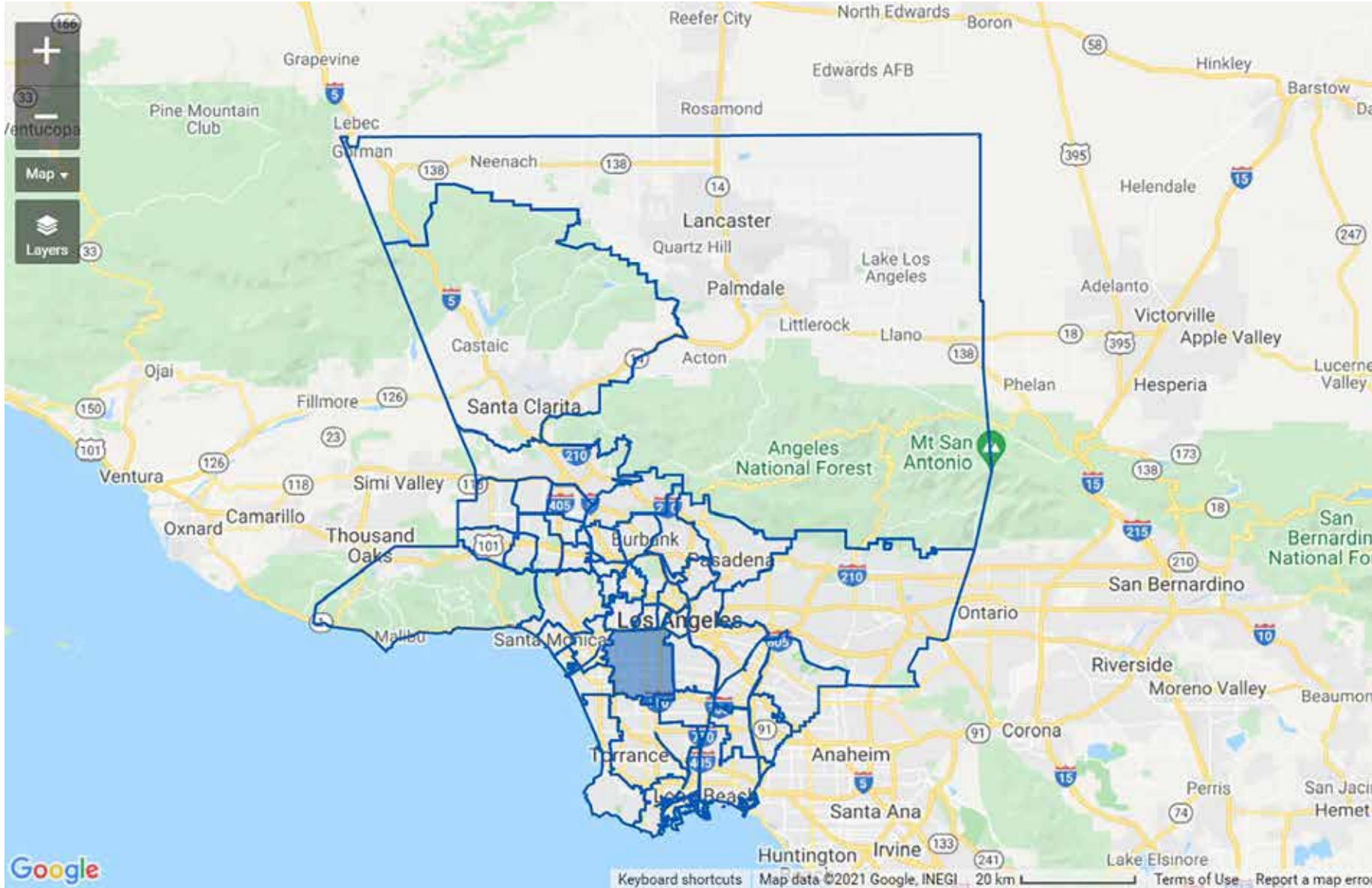
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

Hollywood-Studio City Market • Los Angeles County, 2010 to 2021



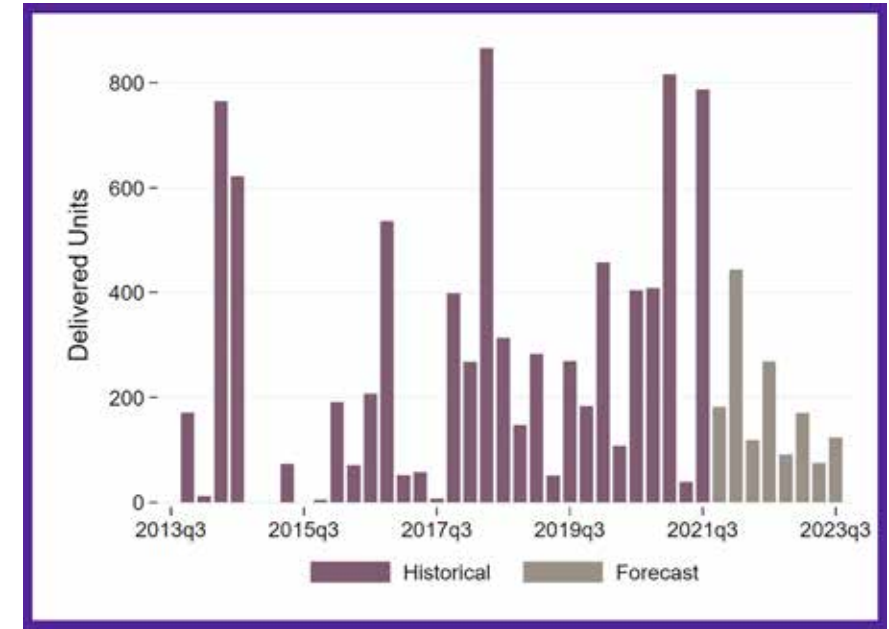
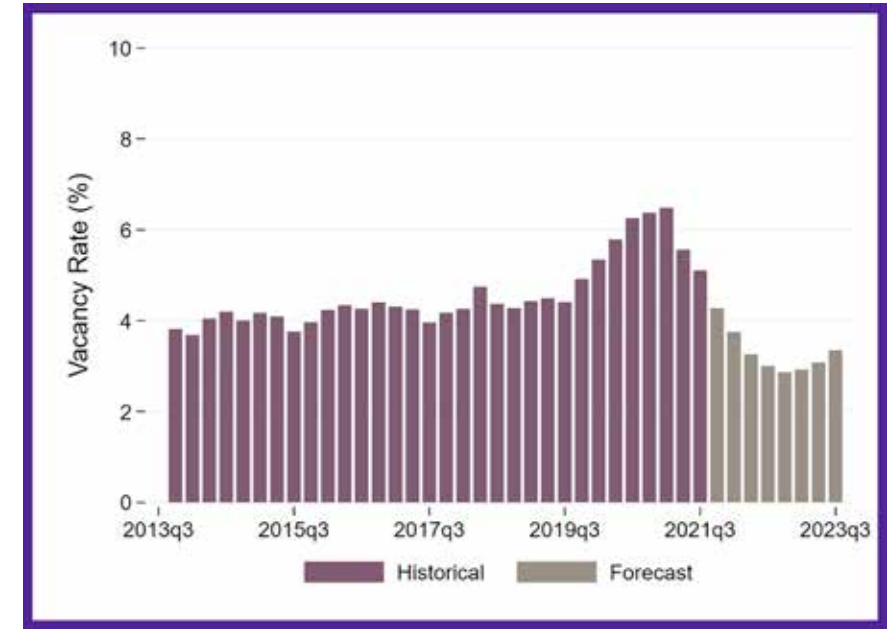
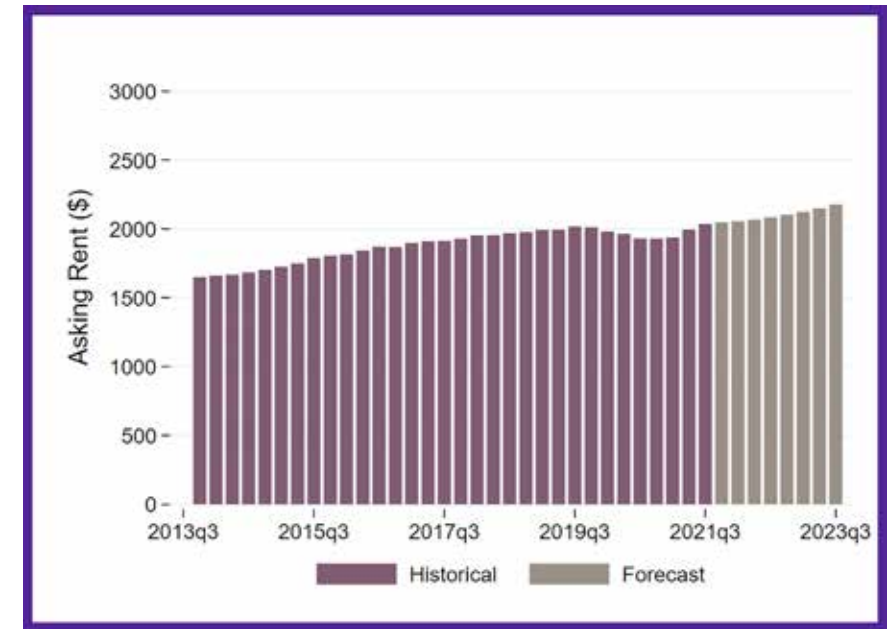
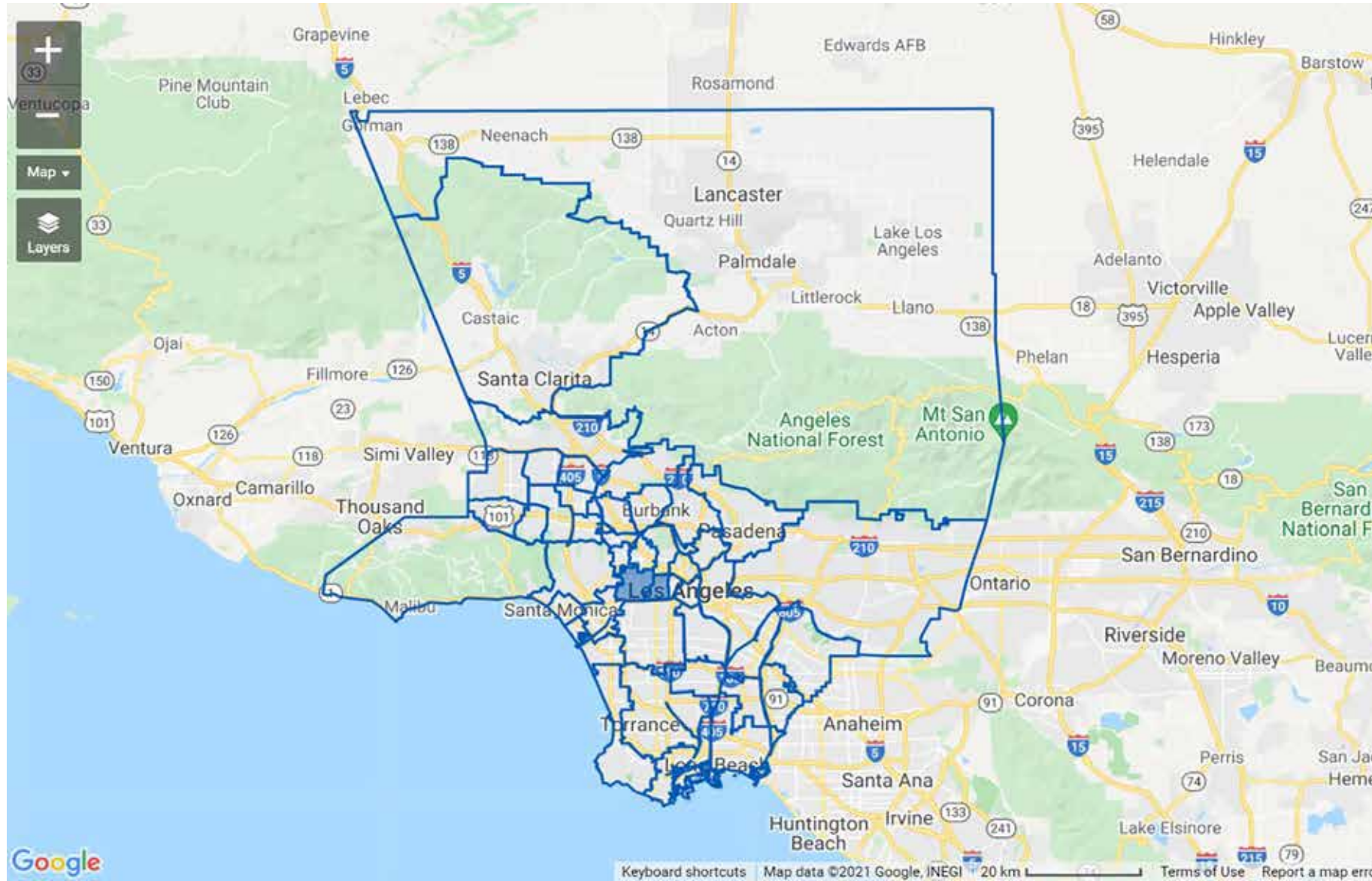
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

Inglewood-Gardena-Hawthorne Market • Los Angeles County, 2010 to 2021



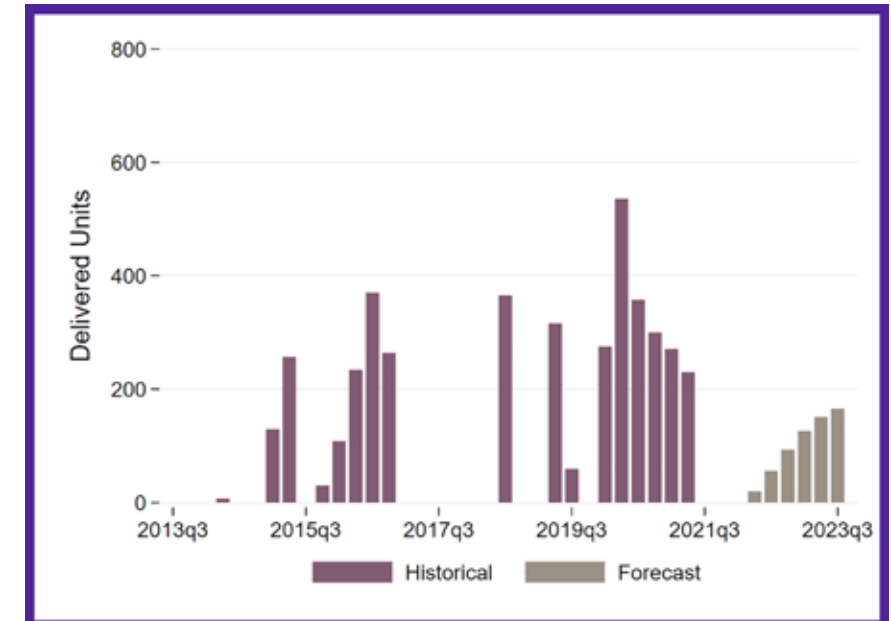
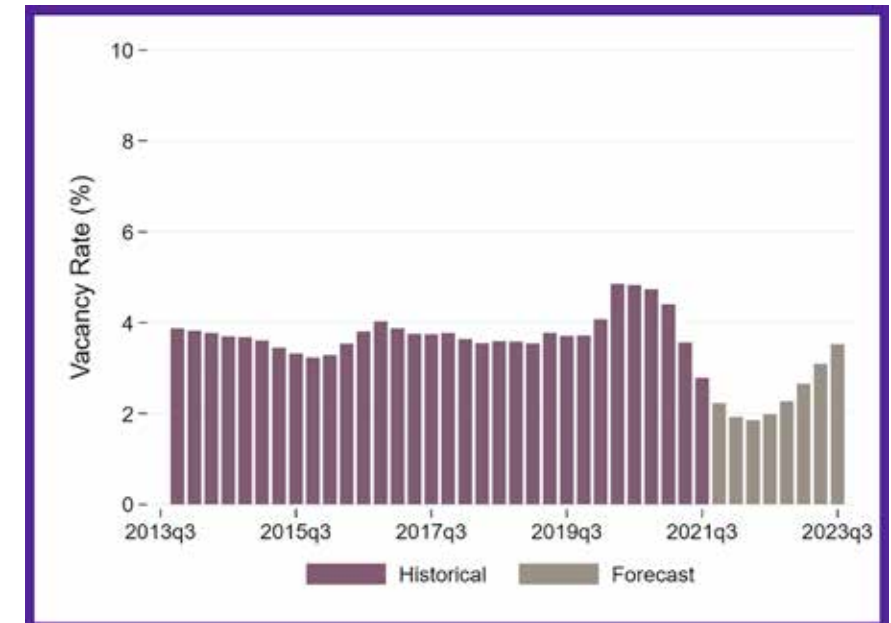
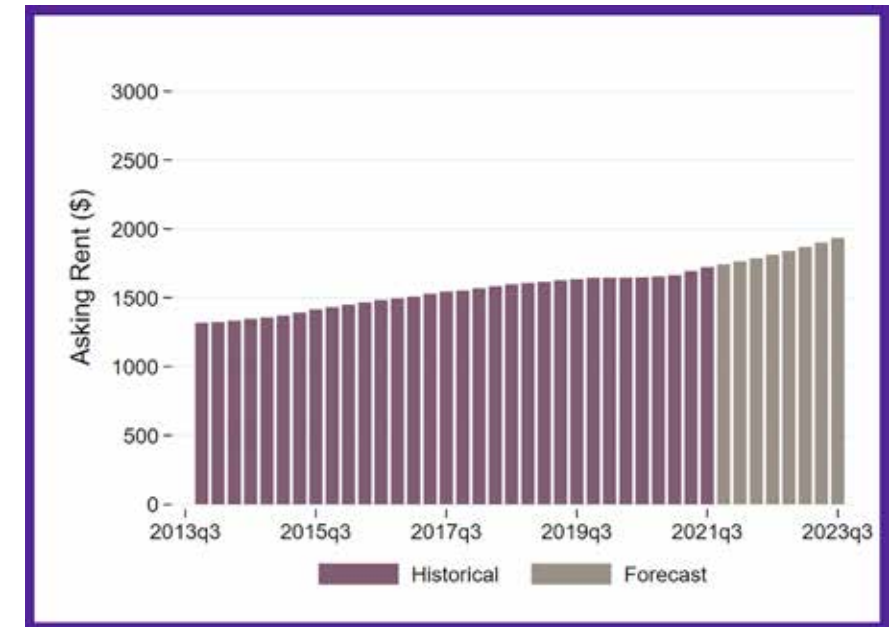
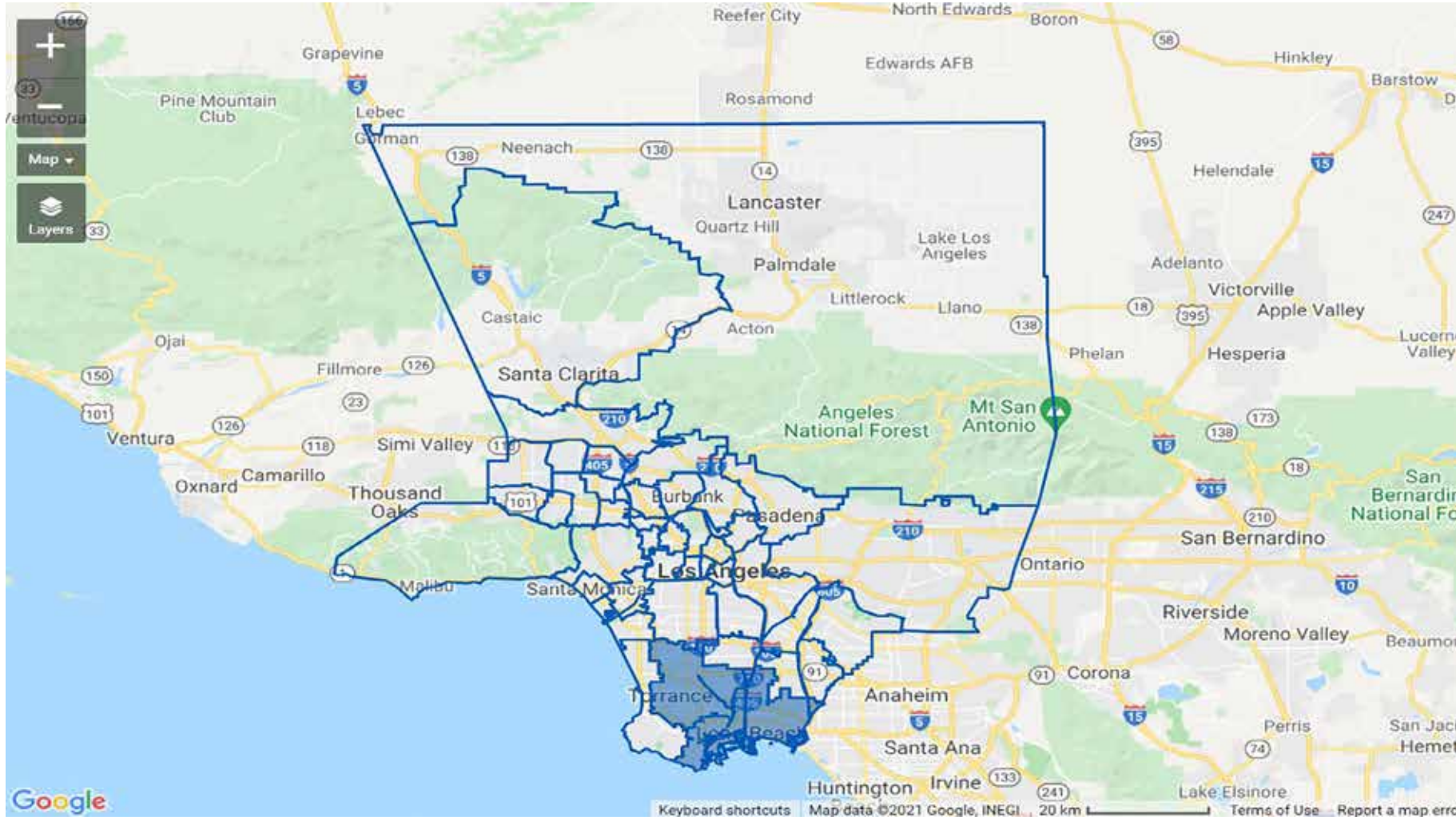
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Koreatown-Mid-City Market • Los Angeles County, 2010 to 2021



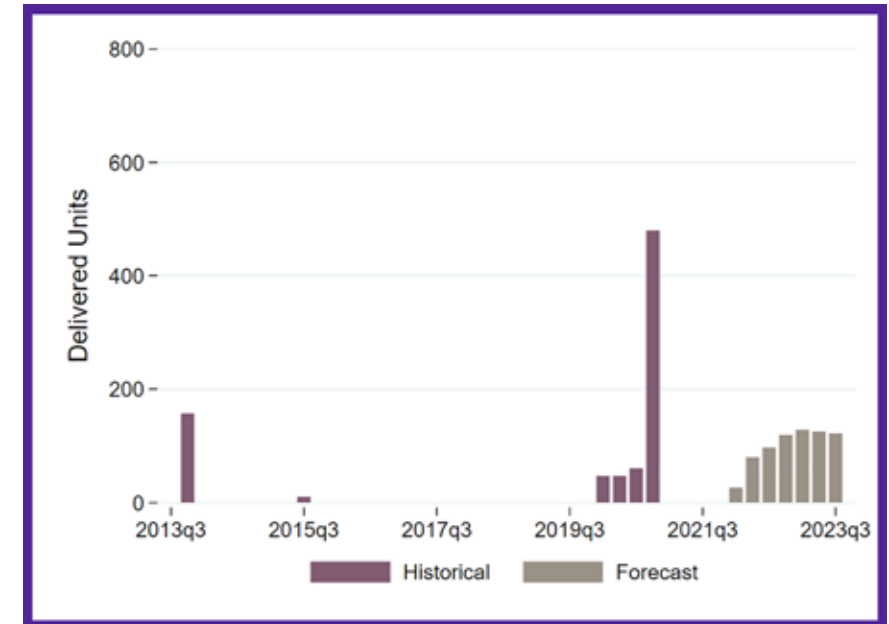
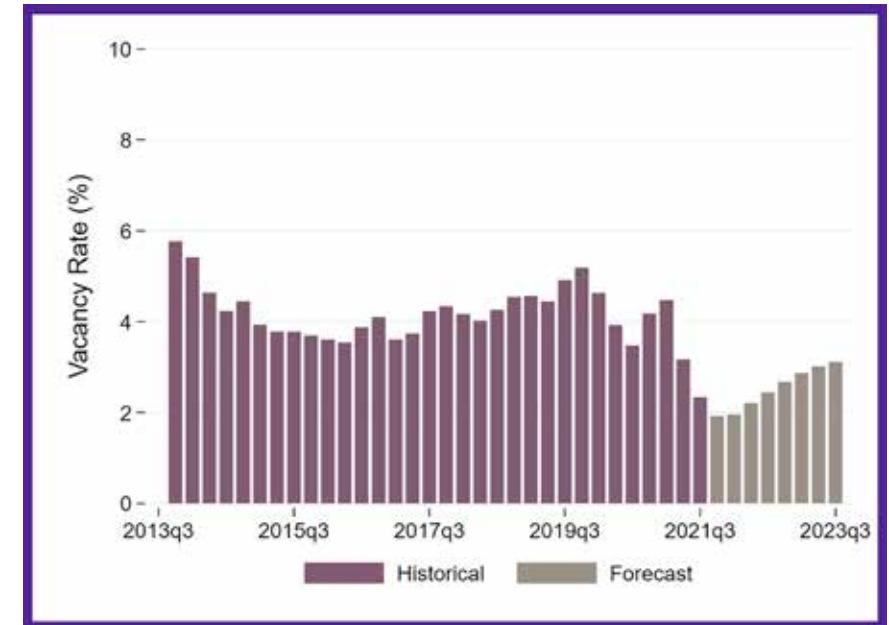
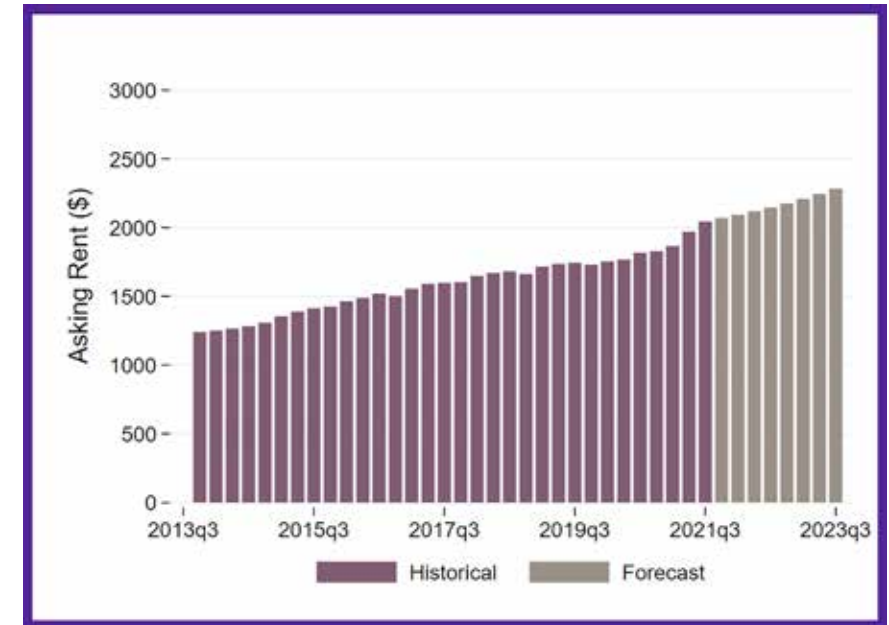
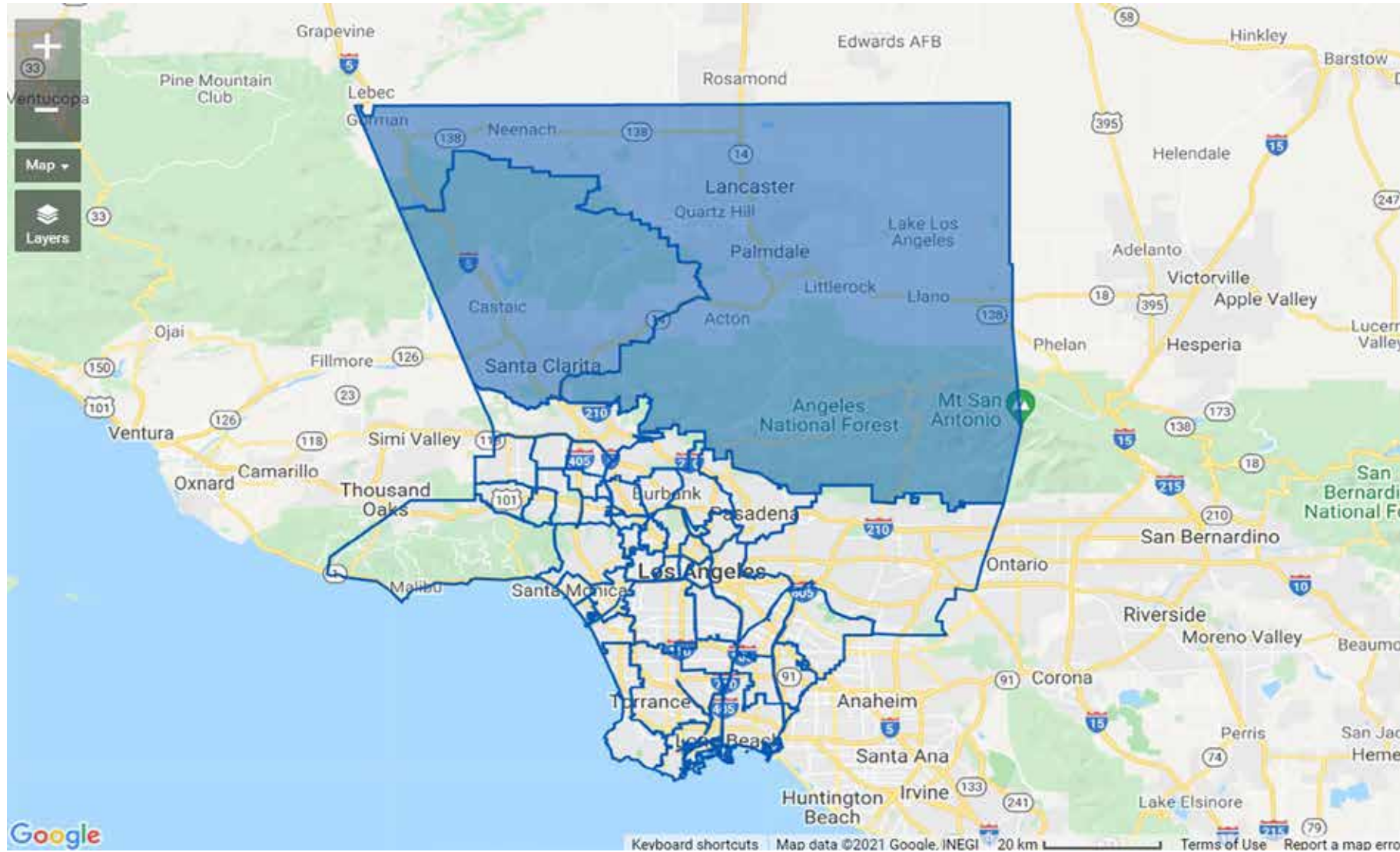
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

Long Beach-South Bay Market • Los Angeles County, 2010 to 2021



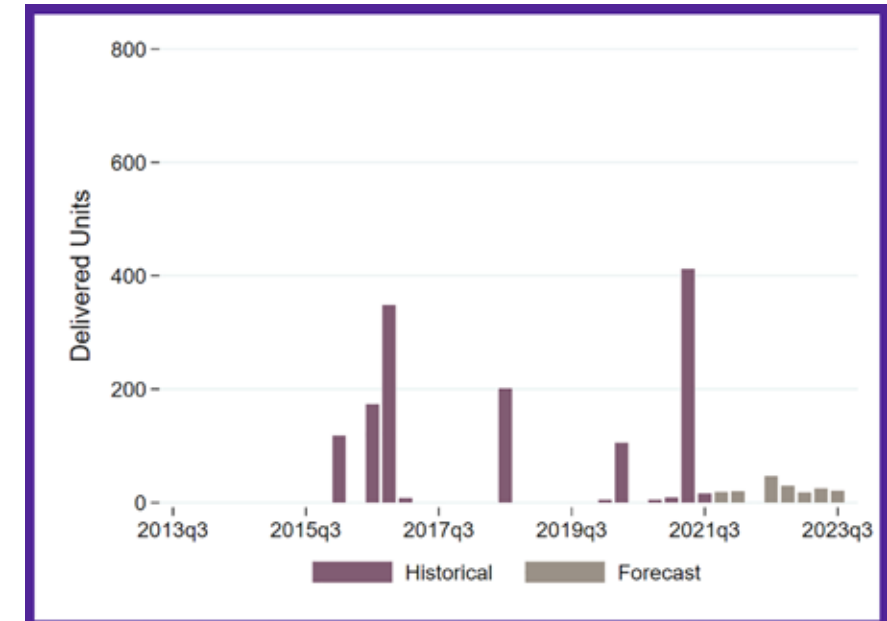
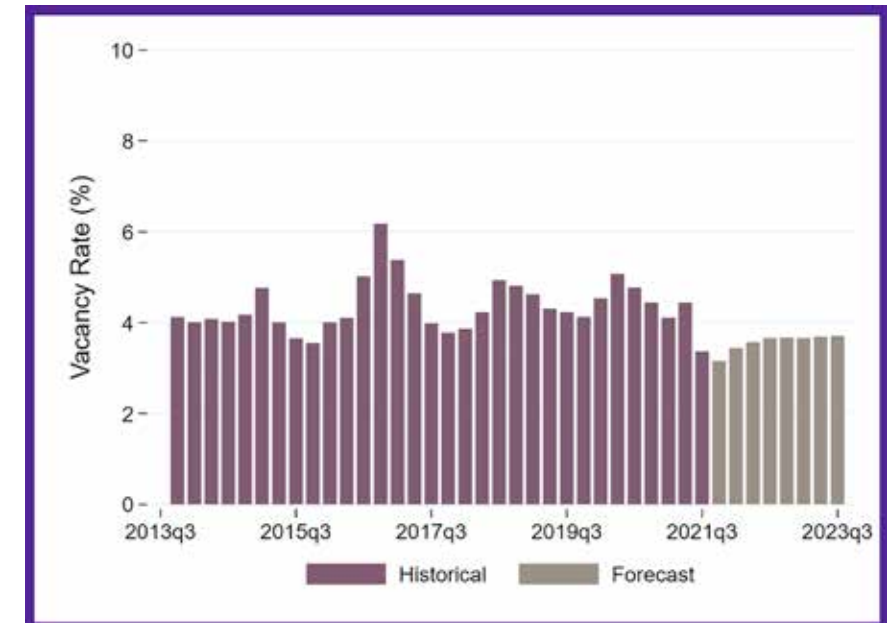
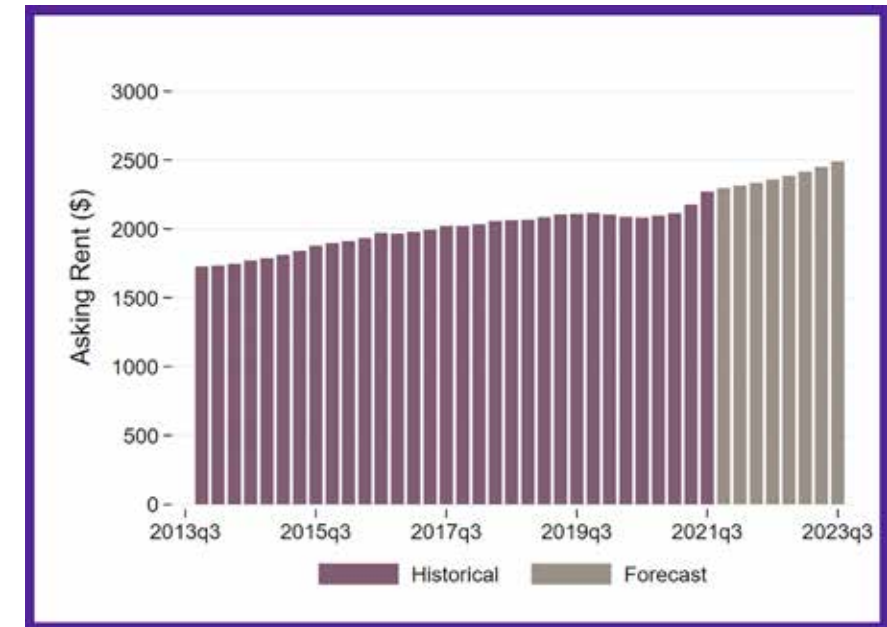
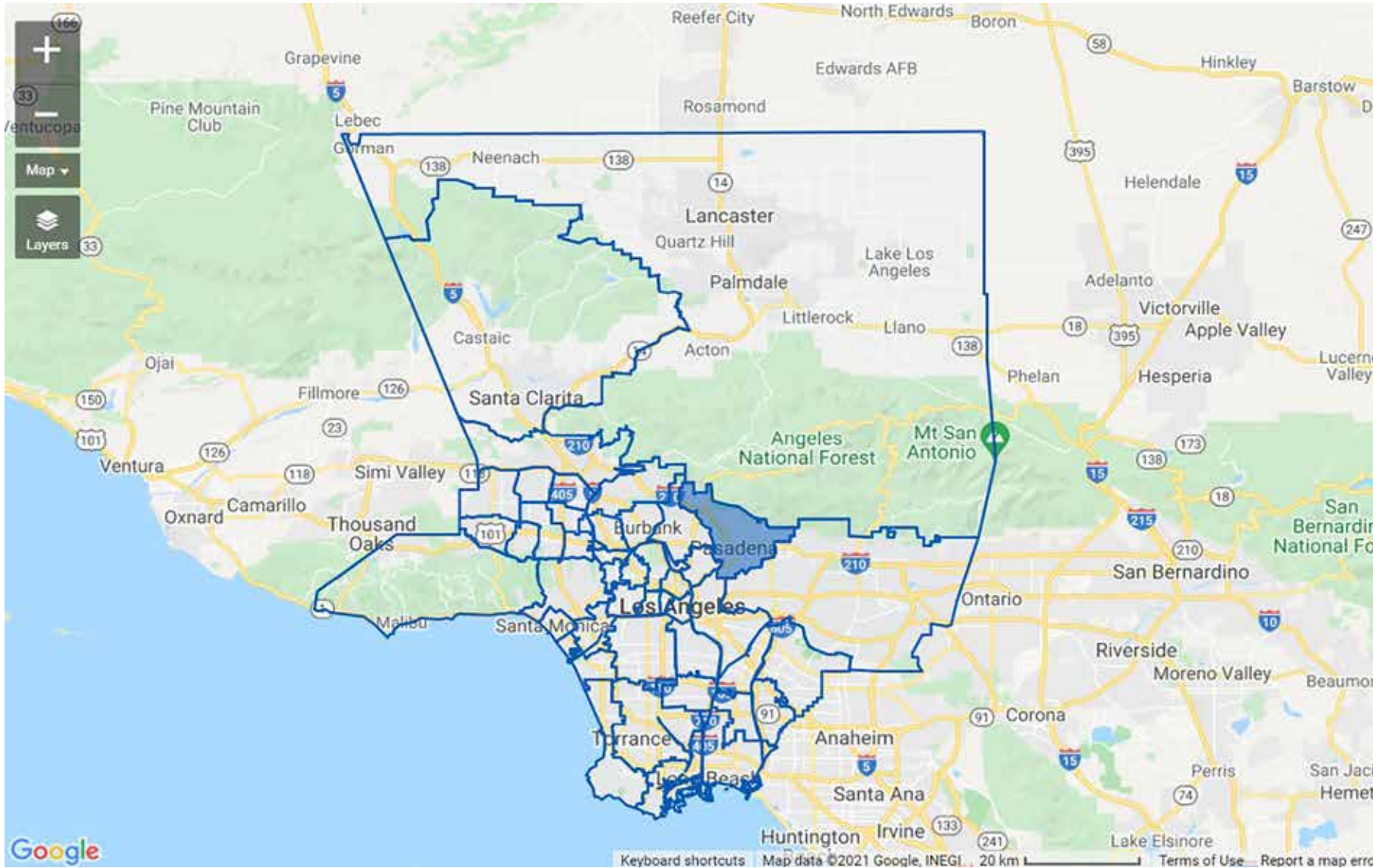
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

Palmdale-Lancaster Market • Los Angeles County, 2010 to 2021



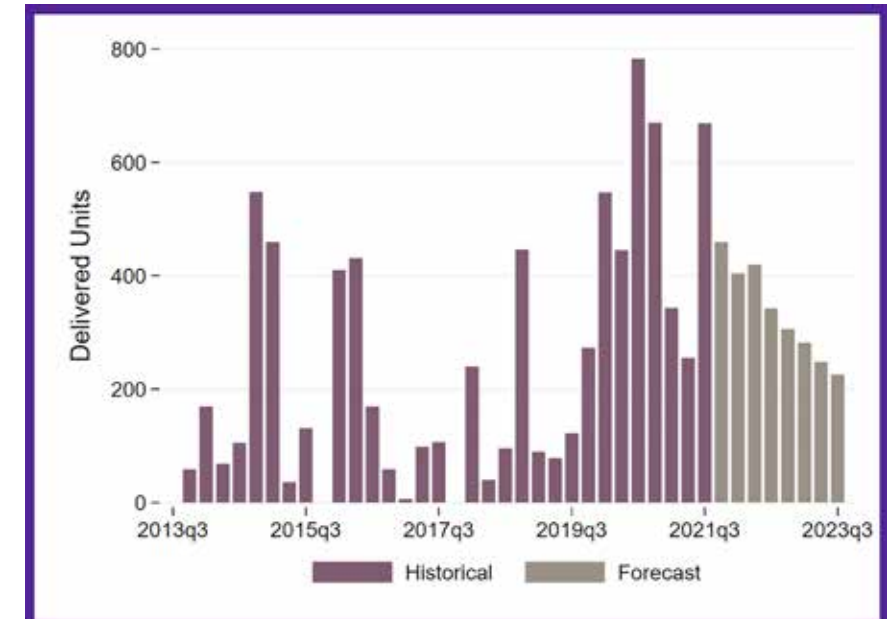
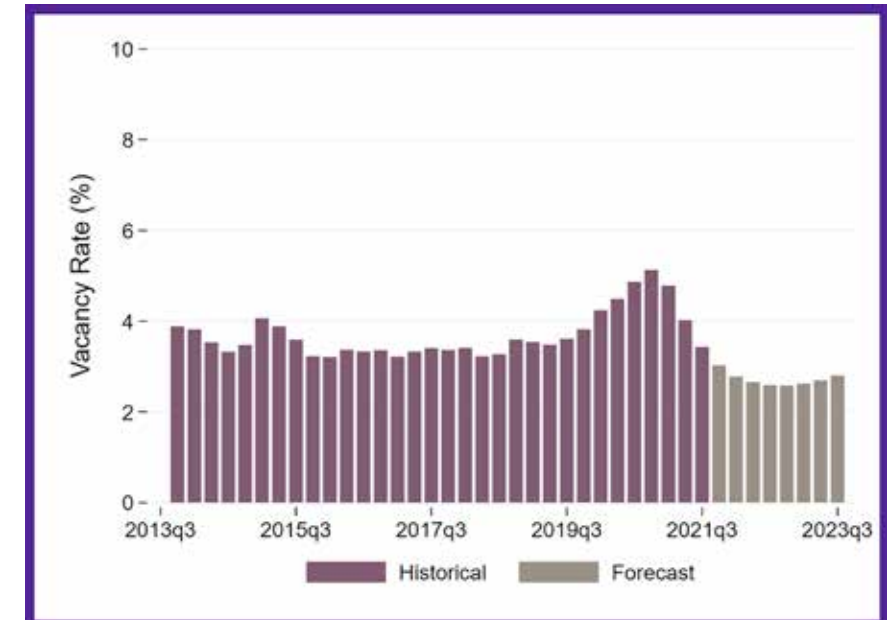
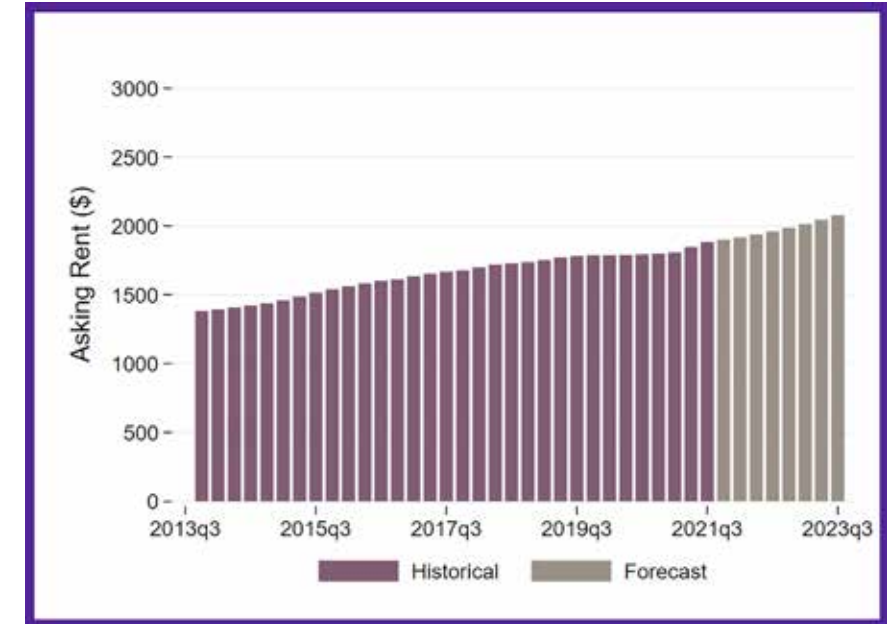
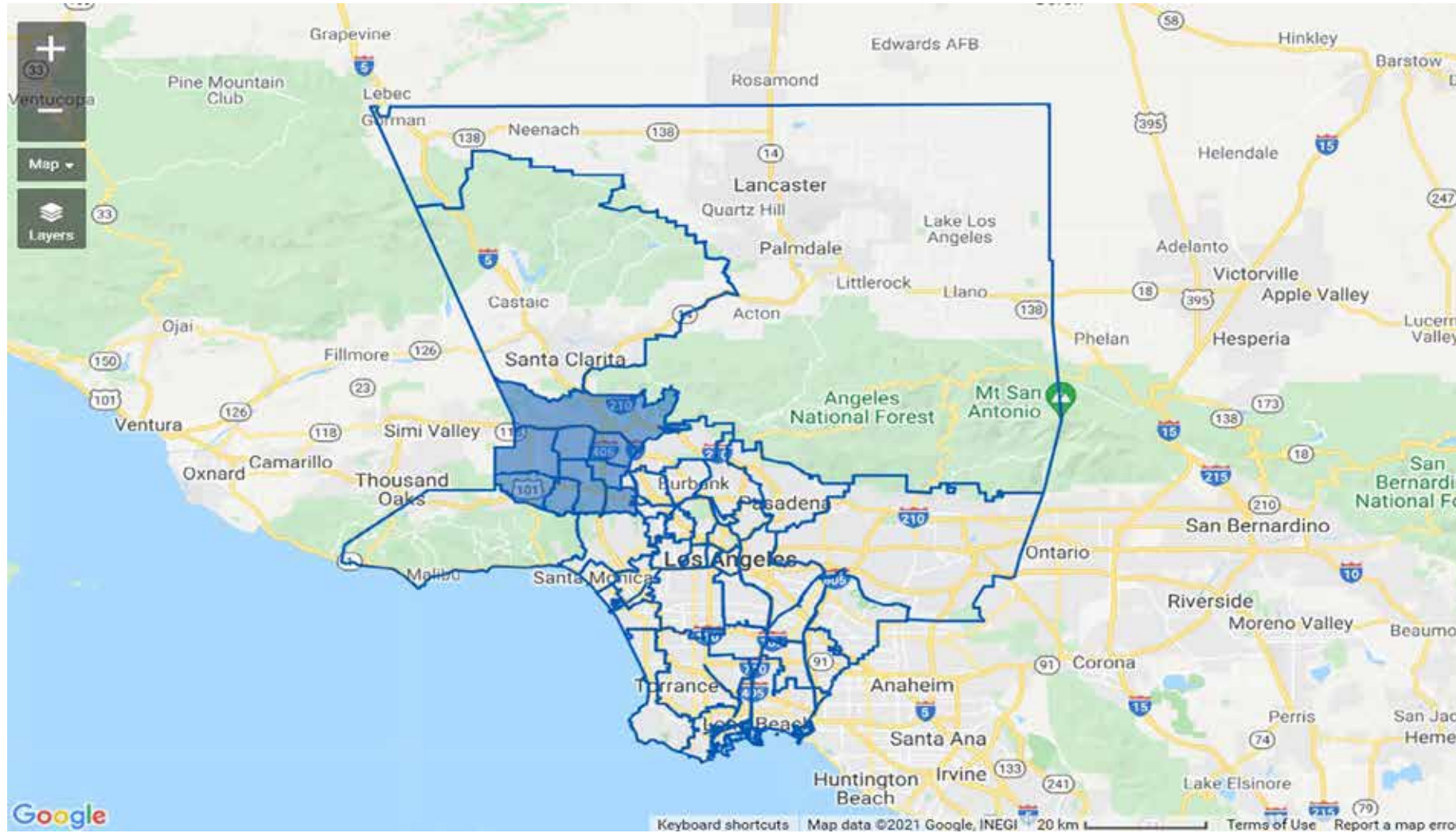
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

Pasadena Market • Los Angeles County, 2010 to 2021



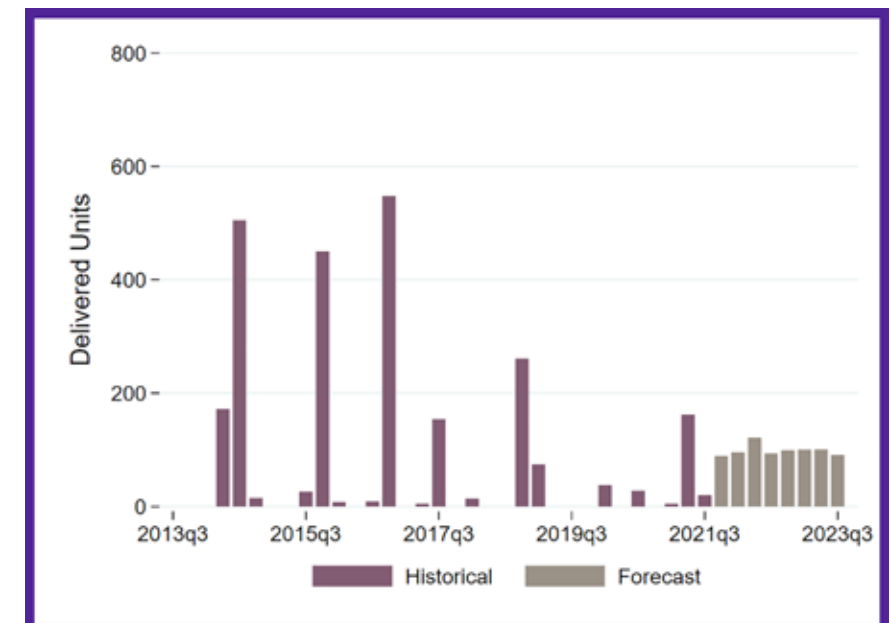
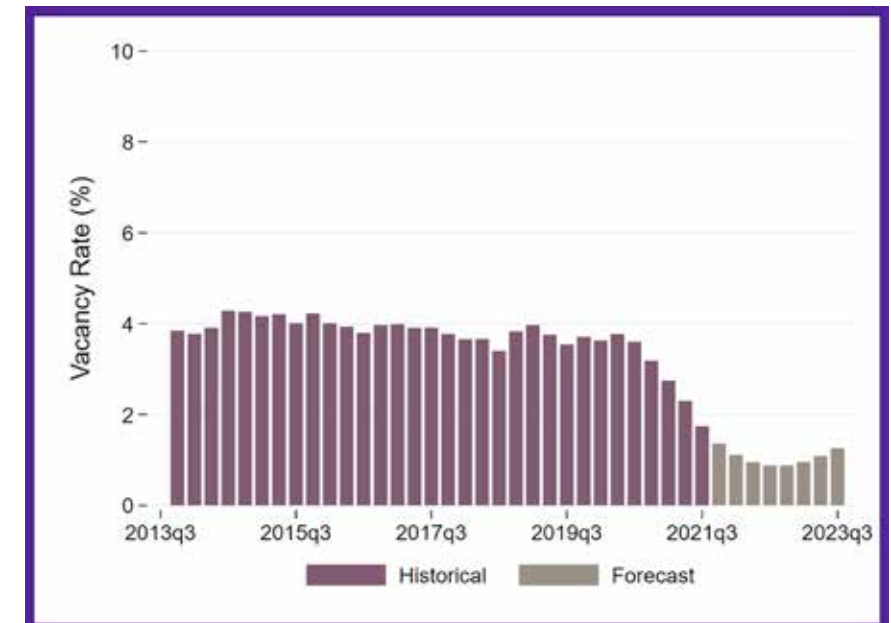
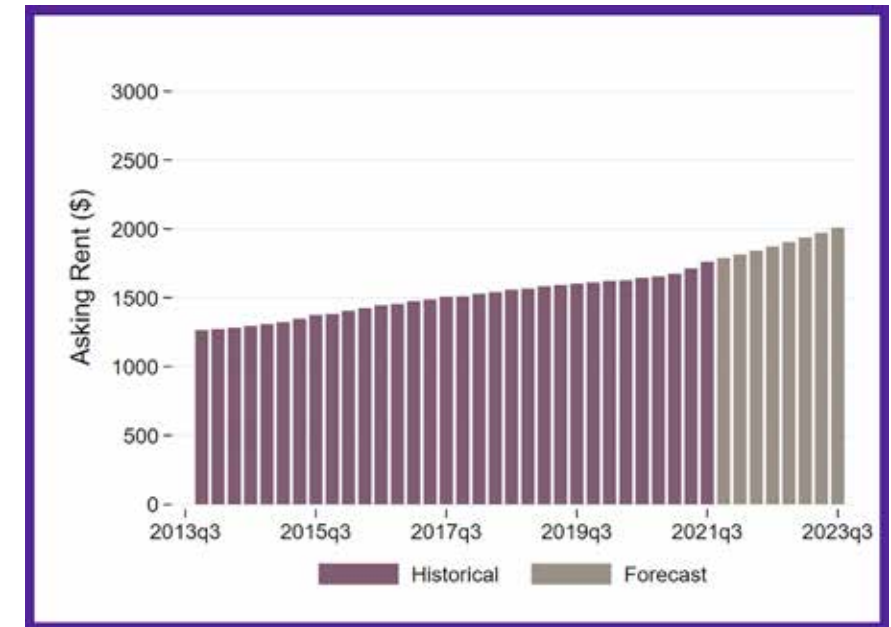
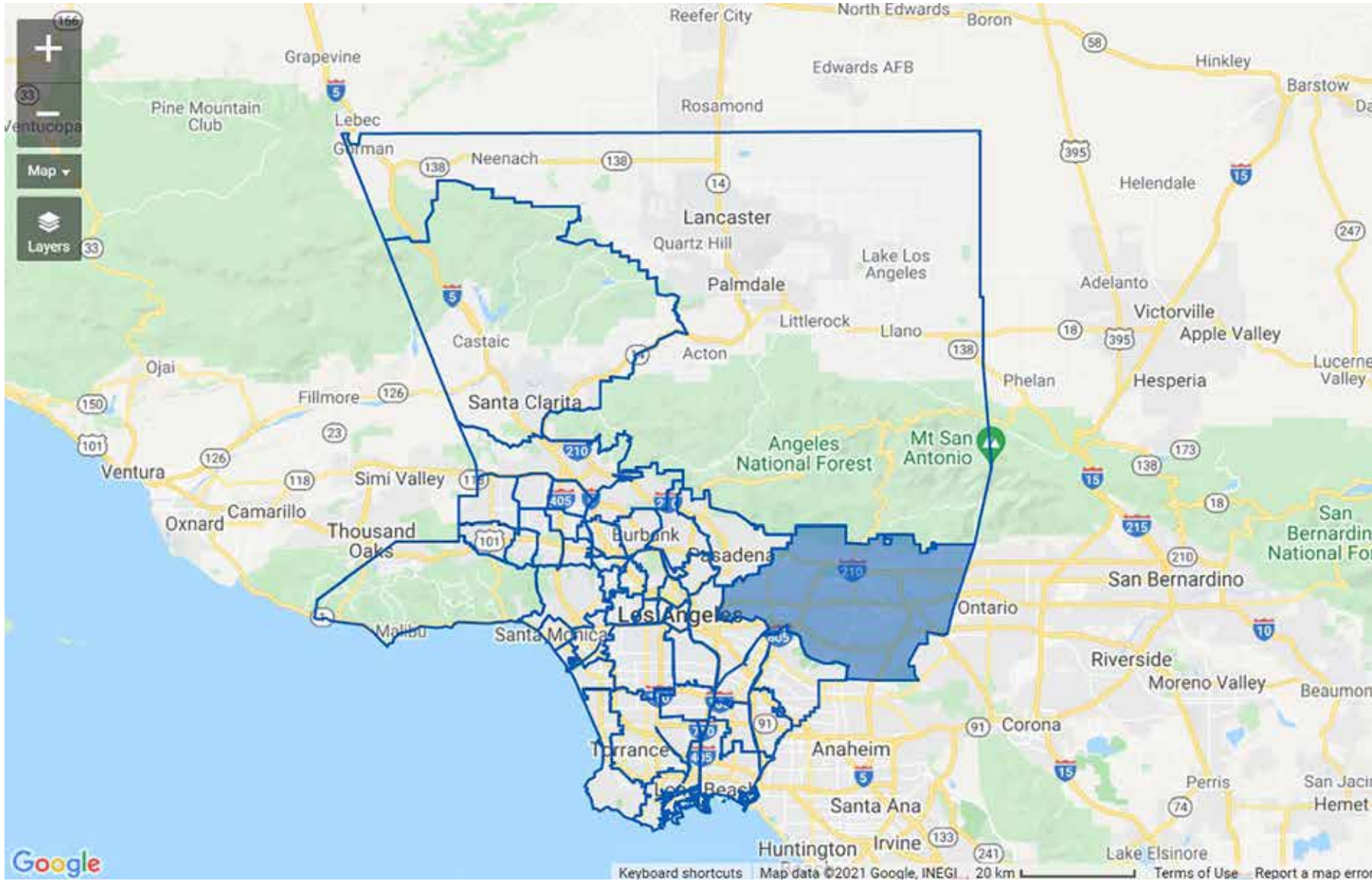
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

San Fernando Valley Market • Los Angeles County, 2010 to 2021



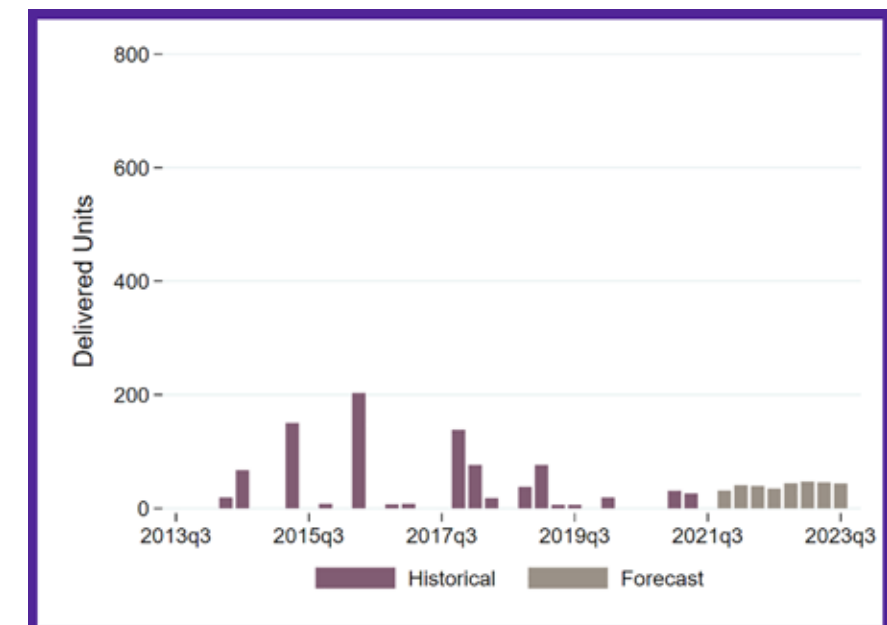
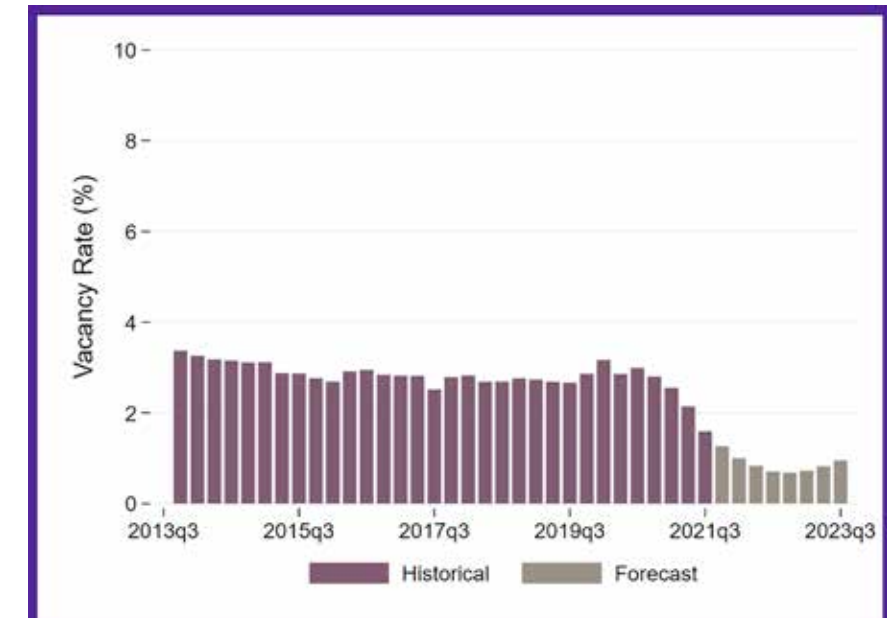
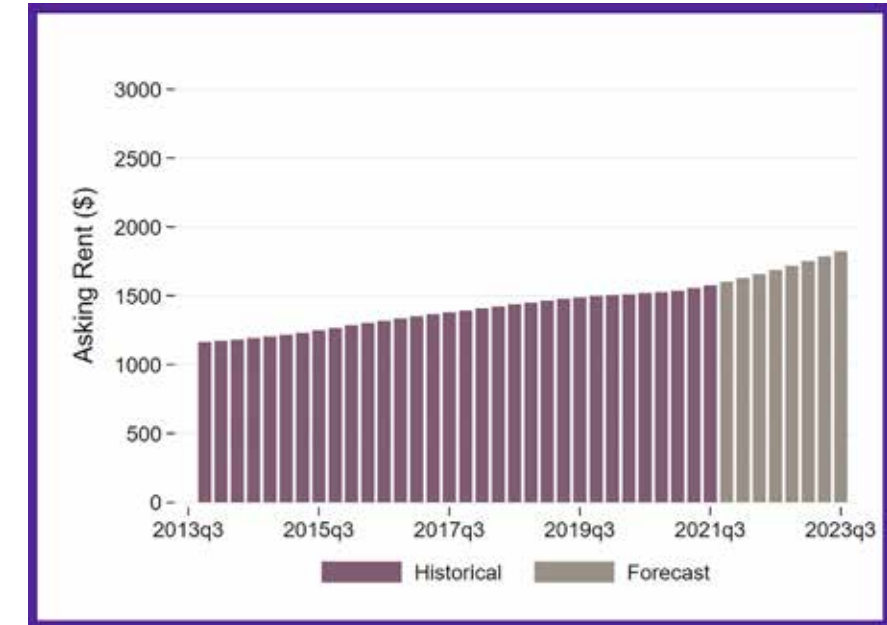
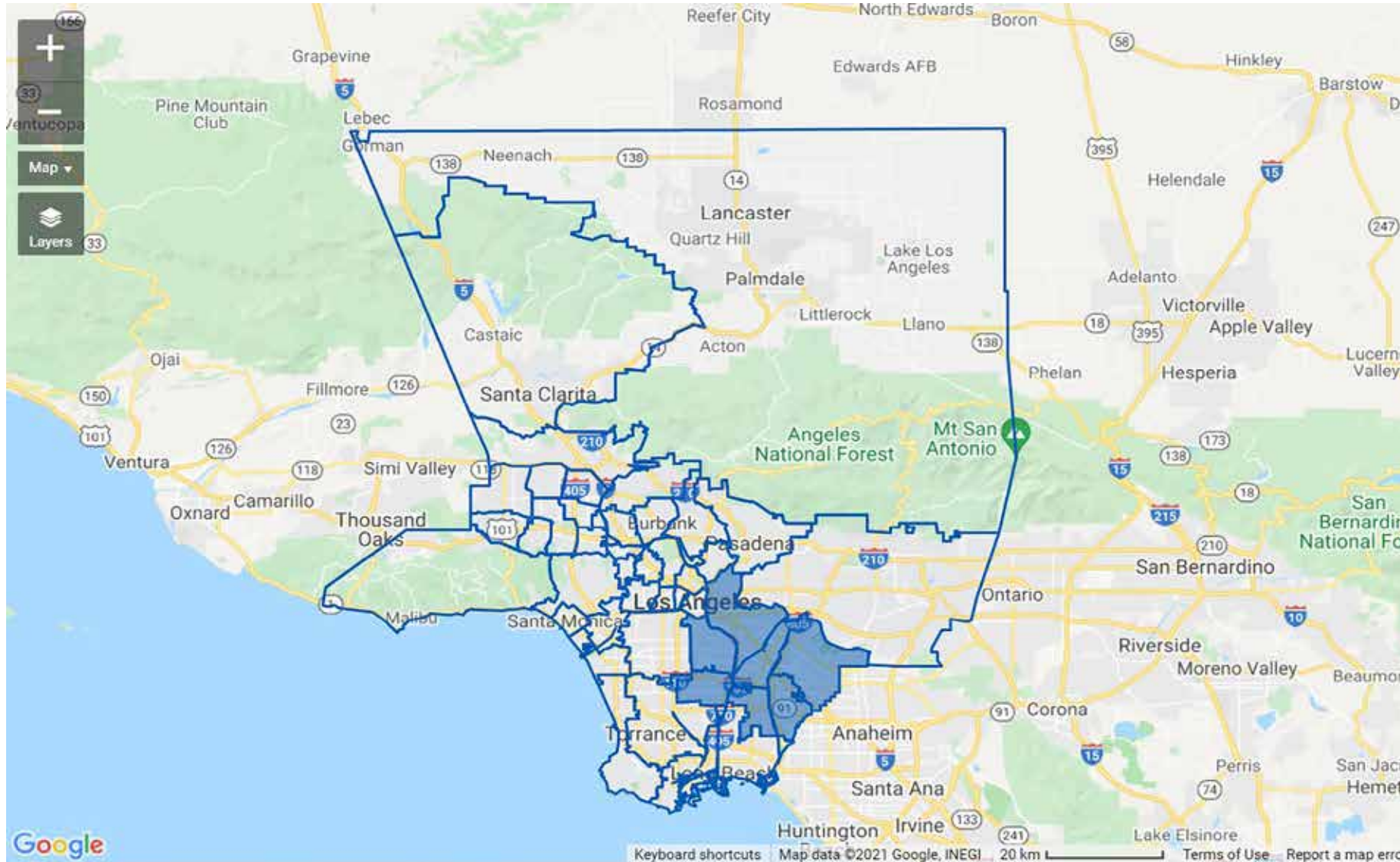
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

San Gabriel Valley Market • Los Angeles County, 2010 to 2021



Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

Southeast Los Angeles Market • Los Angeles County, 2010 to 2021



Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

SAN GABRIEL

RACE

White	34%
Black	4%
Asian	35%
Hispanic	24%
All other races	3%

EDUCATION

Less than HS	9%
HS Diploma	17%
Bachelor's Degree	30%
Graduate Degree	16%

HOUSING TYPE

1 Unit	79%
2-4 units	5%
10 to 19	4%
20+ units	8%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	64%
1970-1999	32%
after 2000	5%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	45%
Percent with Children	35%
Median Household Income	\$106,895
Average Household Size	2.93

BEACH CITIES - SANTA MONICA - WEST HOLLYWOOD - BEVERLY HILLS

RACE

White	73%
Black	5%
Asian	6%
Hispanic	12%
All other races	4%

EDUCATION

Less than HS	4%
HS Diploma	9%
Bachelor's Degree	41%
Graduate Degree	18%

HOUSING TYPE

1 Unit	35%
2-4 units	12%
10 to 19	13%
20+ units	25%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	57%
1970-1999	36%
after 2000	7%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	44%
Percent with Children	15%
Median Household Income	\$104,499
Average Household Size	2.08

*Rent burden is the share of households whose rent payments exceed 30% of income.

EAST CENTRAL (SAN GABRIEL)

RACE

White	24%
Black	5%
Asian	21%
Hispanic	49%
All other races	1%

EDUCATION

Less than HS	17%
HS Diploma	23%
Bachelor's Degree	21%
Graduate Degree	9%

HOUSING TYPE

1 Unit	74%
2-4 units	5%
10 to 19	3%
20+ units	10%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	51%
1970-1999	42%
after 2000	7%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	50%
Percent with Children	40%
Median Household Income	\$81,316
Average Household Size	3.39

INGLEWOOD-GARDENA-HAWTHORNE

RACE

White	8%
Black	33%
Asian	8%
Hispanic	49%
All other races	2%

EDUCATION

Less than HS	25%
HS Diploma	23%
Bachelor's Degree	17%
Graduate Degree	6%

HOUSING TYPE

1 Unit	47%
2-4 units	13%
10 to 19	9%
20+ units	17%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	55%
1970-1999	40%
after 2000	5%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	55%
Percent with Children	40%
Median Household Income	\$60,538
Average Household Size	3.13

*Rent burden is the share of households whose rent payments exceed 30% of income.

KOREATOWN - MID CITY

RACE

White	32%
Black	5%
Asian	28%
Hispanic	30%
All other races	6%

EDUCATION

Less than HS	18%
HS Diploma	17%
Bachelor's Degree	31%
Graduate Degree	11%

HOUSING TYPE

1 Unit	16%
2-4 units	13%
10 to 19	13%
20+ units	44%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	68%
1970-1999	24%
after 2000	8%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	56%
Percent with Children	22%
Median Household Income	\$59,610
Average Household Size	2.37

LONG BEACH - SOUTH BAY

RACE

White	31%
Black	17%
Asian	11%
Hispanic	38%
All other races	2%

EDUCATION

Less than HS	19%
HS Diploma	19%
Bachelor's Degree	22%
Graduate Degree	9%

HOUSING TYPE

1 Unit	46%
2-4 units	15%
10 to 19	10%
20+ units	16%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	65%
1970-1999	29%
after 2000	6%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	55%
Percent with Children	32%
Median Household Income	\$67,046
Average Household Size	2.74

*Rent burden is the share of households whose rent payments exceed 30% of income.

SAN FERNANDO

RACE

White	25%
Black	33%
Asian	4%
Hispanic	37%
All other races	2%

EDUCATION

Less than HS	20%
HS Diploma	29%
Bachelor's Degree	13%
Graduate Degree	5%

HOUSING TYPE

1 Unit	75%
2-4 units	4%
10 to 19	3%
20+ units	6%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	17%
1970-1999	72%
after 2000	11%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	54%
Percent with Children	44%
Median Household Income	\$64,107
Average Household Size	3.32

BURBANK-GLENDALE

RACE

White	64%
Black	2%
Asian	11%
Hispanic	20%
All other races	4%

EDUCATION

Less than HS	11%
HS Diploma	21%
Bachelor's Degree	29%
Graduate Degree	12%

HOUSING TYPE

1 Unit	39%
2-4 units	13%
10 to 19	12%
20+ units	24%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	60%
1970-1999	32%
after 2000	8%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	57%
Percent with Children	24%
Median Household Income	\$72,029
Average Household Size	2.5

*Rent burden is the share of households whose rent payments exceed 30% of income.

DOWNTOWN LA

RACE

White	19%
Black	5%
Asian	26%
Hispanic	44%
All other races	6%

EDUCATION

Less than HS	28%
HS Diploma	17%
Bachelor's Degree	26%
Graduate Degree	7%

HOUSING TYPE

1 Unit	18%
2-4 units	10%
10 to 19	13%
20+ units	50%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	62%
1970-1999	28%
after 2000	10%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	53%
Percent with Children	24%
Median Household Income	\$49,524
Average Household Size	2.51

CENTRAL LOS ANGELES

RACE

White	29%
Black	13%
Asian	15%
Hispanic	39%
All other races	4%

EDUCATION

Less than HS	24%
HS Diploma	17%
Bachelor's Degree	24%
Graduate Degree	10%

HOUSING TYPE

1 Unit	31%
2-4 units	11%
10 to 19	12%
20+ units	37%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	61%
1970-1999	28%
after 2000	11%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	54%
Percent with Children	23%
Median Household Income	\$60,833
Average Household Size	2.75

*Rent burden is the share of households whose rent payments exceed 30% of income.

SOUTHEAST LOS ANGELES

RACE

White	23%
Black	11%
Asian	9%
Hispanic	54%
All other races	2%

EDUCATION

Less than HS	23%
HS Diploma	23%
Bachelor's Degree	18%
Graduate Degree	7%

HOUSING TYPE

1 Unit	63%
2-4 units	9%
10 to 19	7%
20+ units	12%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	62%
1970-1999	34%
after 2000	4%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	55%
Percent with Children	39%
Median Household Income	\$72,457
Average Household Size	3.36

*Rent burden is the share of households whose rent payments exceed 30% of income.

Orange County



ORANGE COUNTY

RACE

White	41%
Black	2%
Asian	18%
Hispanic	35%
All other races	4%

EDUCATION

Less than HS	14%
HS Diploma	18%
Bachelor's Degree	26%
Graduate Degree	12%

Housing Type

1 Unit	62%
2-4 units	9%
10 to 19	5%
20+ units	14%

RENTAL UNITS BY SIZE OF STRUCTURE

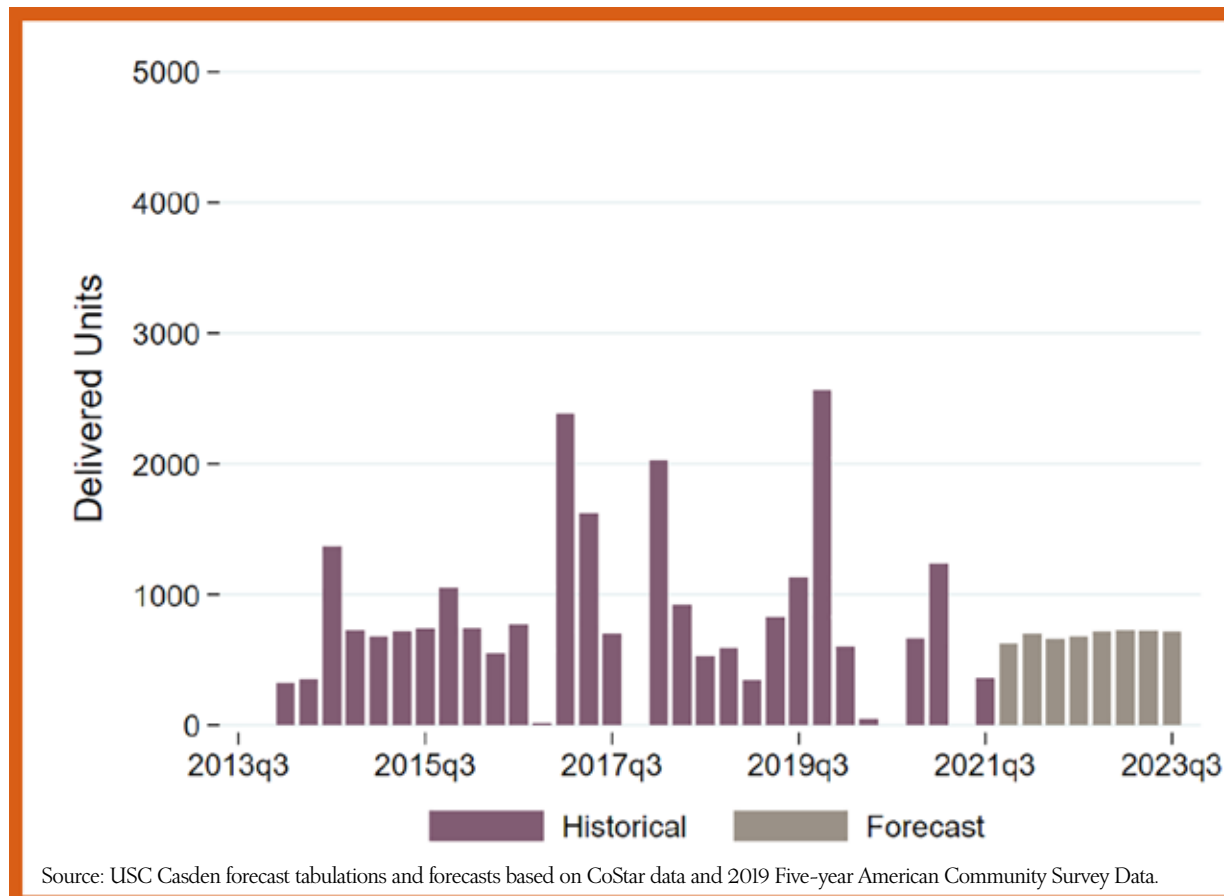
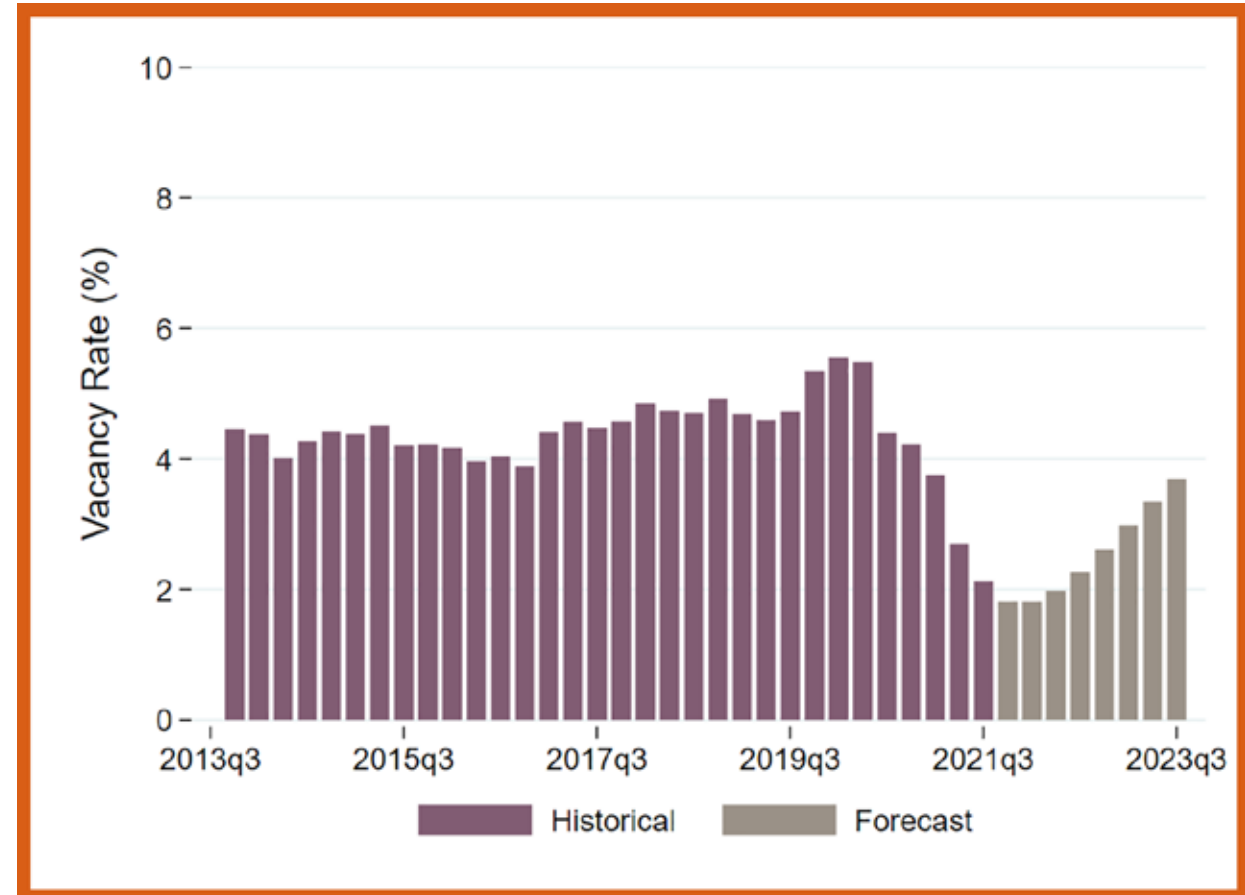
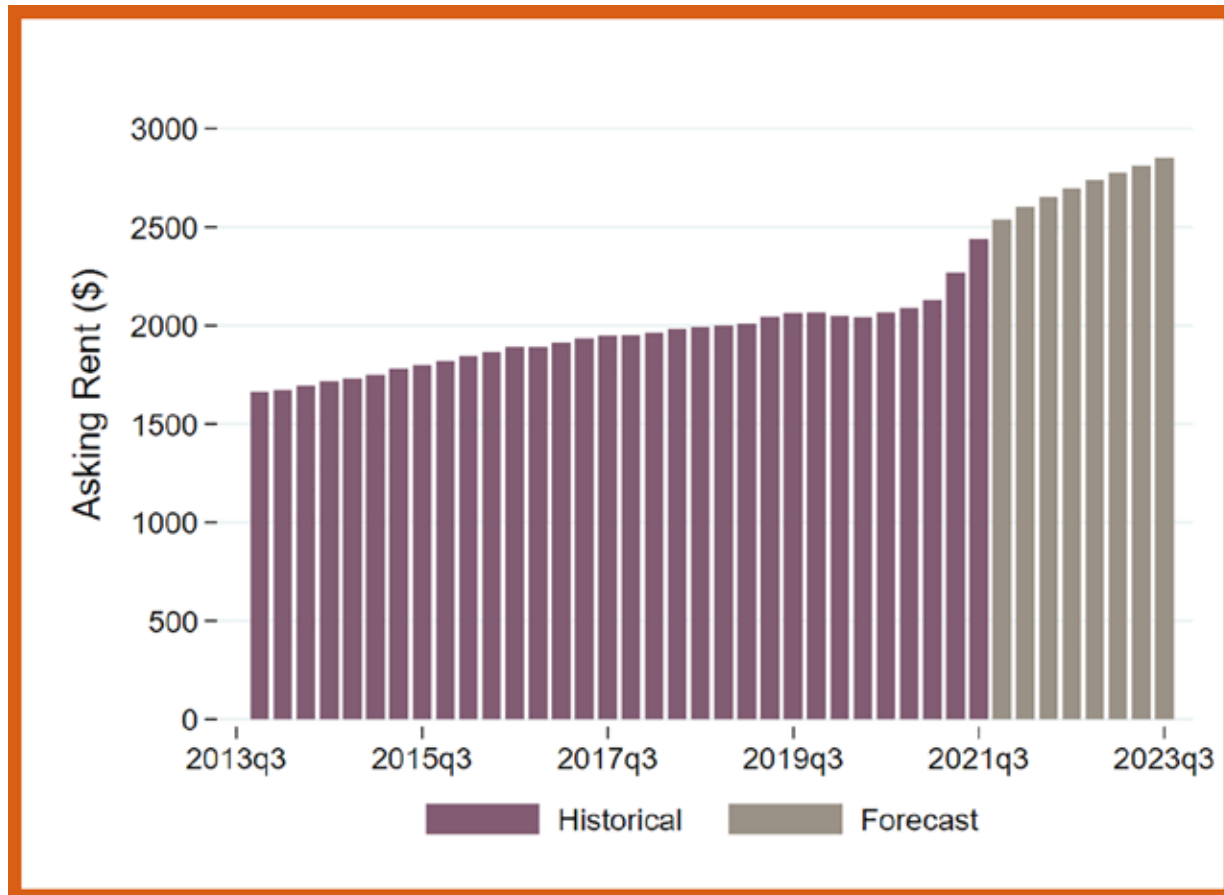
before 1970	35%
1970-1999	49%
after 2000	16%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	52%
Percent with Children	37%
Median Household Income	\$95,489
Average Household Size	3.09

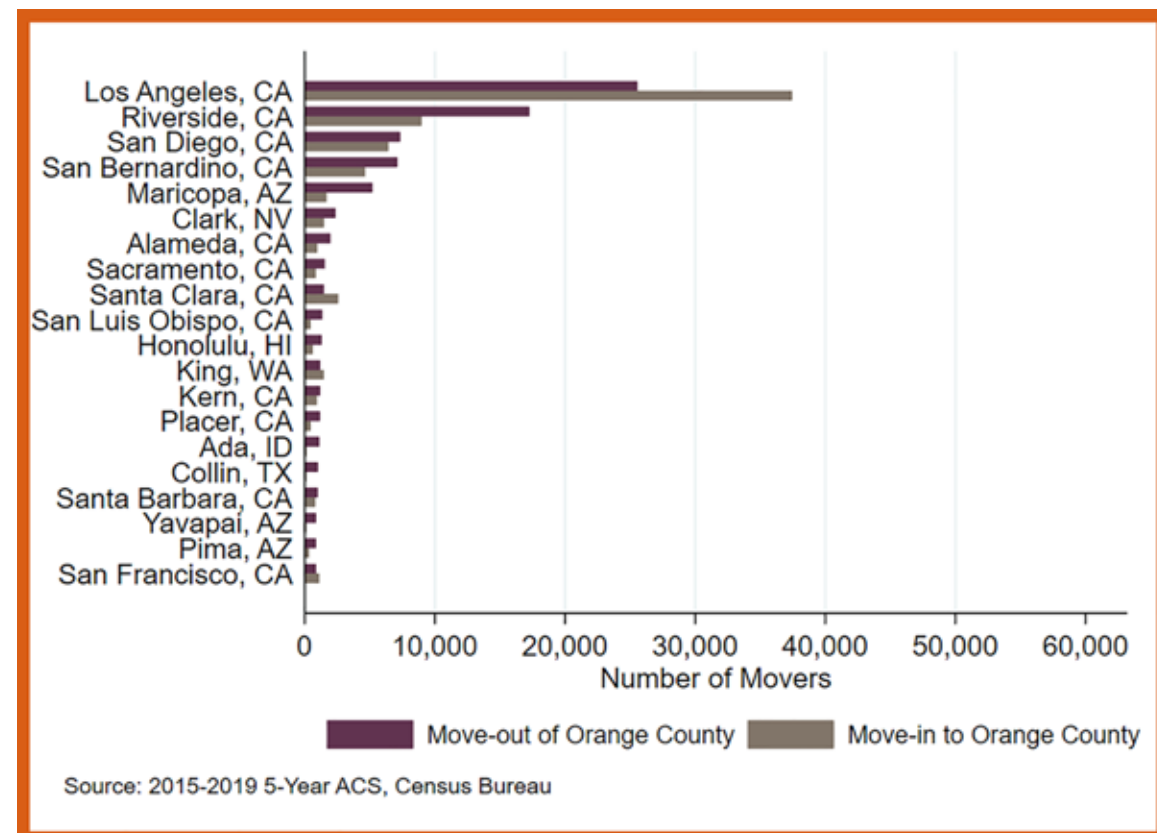
*Rent burden is the share of households whose rent payments exceed 30% of income.

Orange County Rents/Vacancy



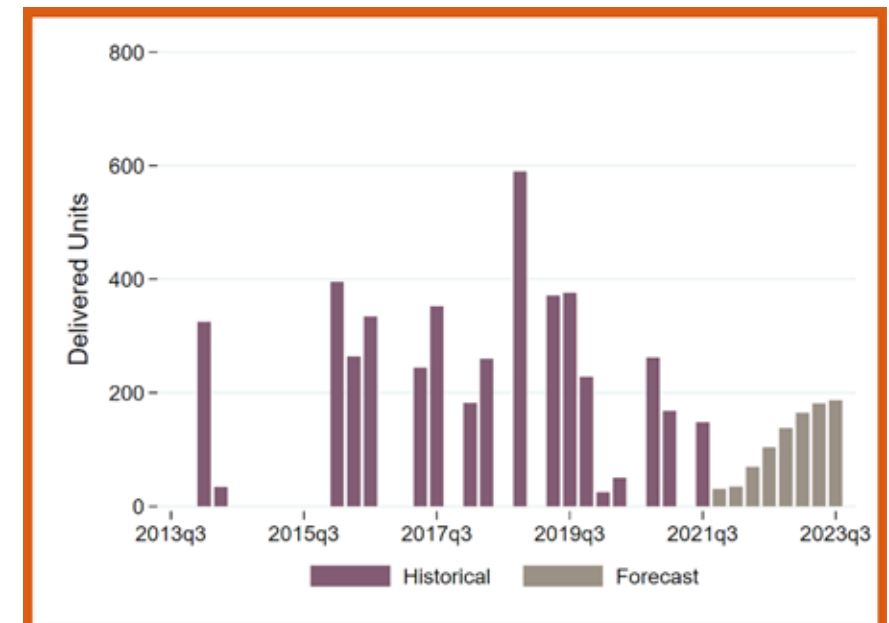
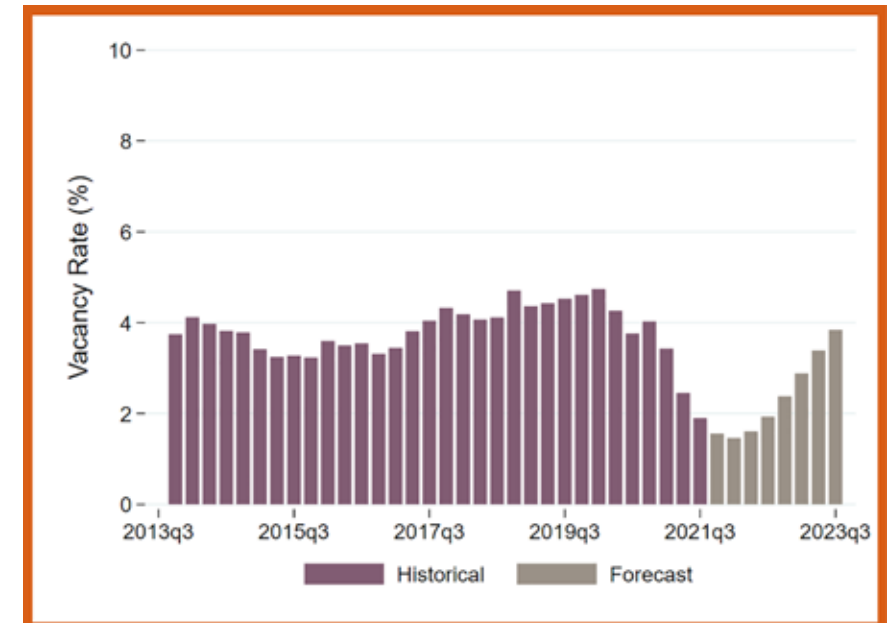
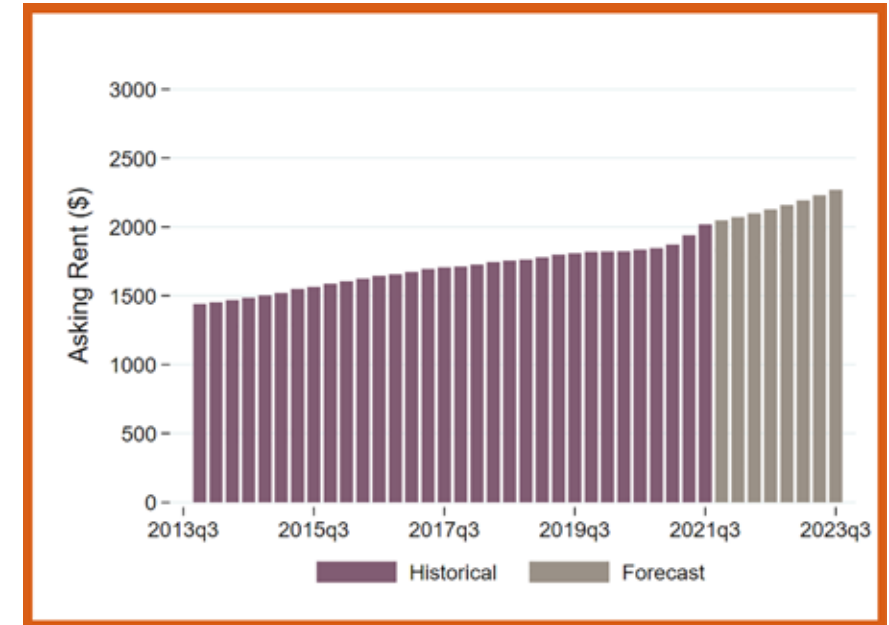
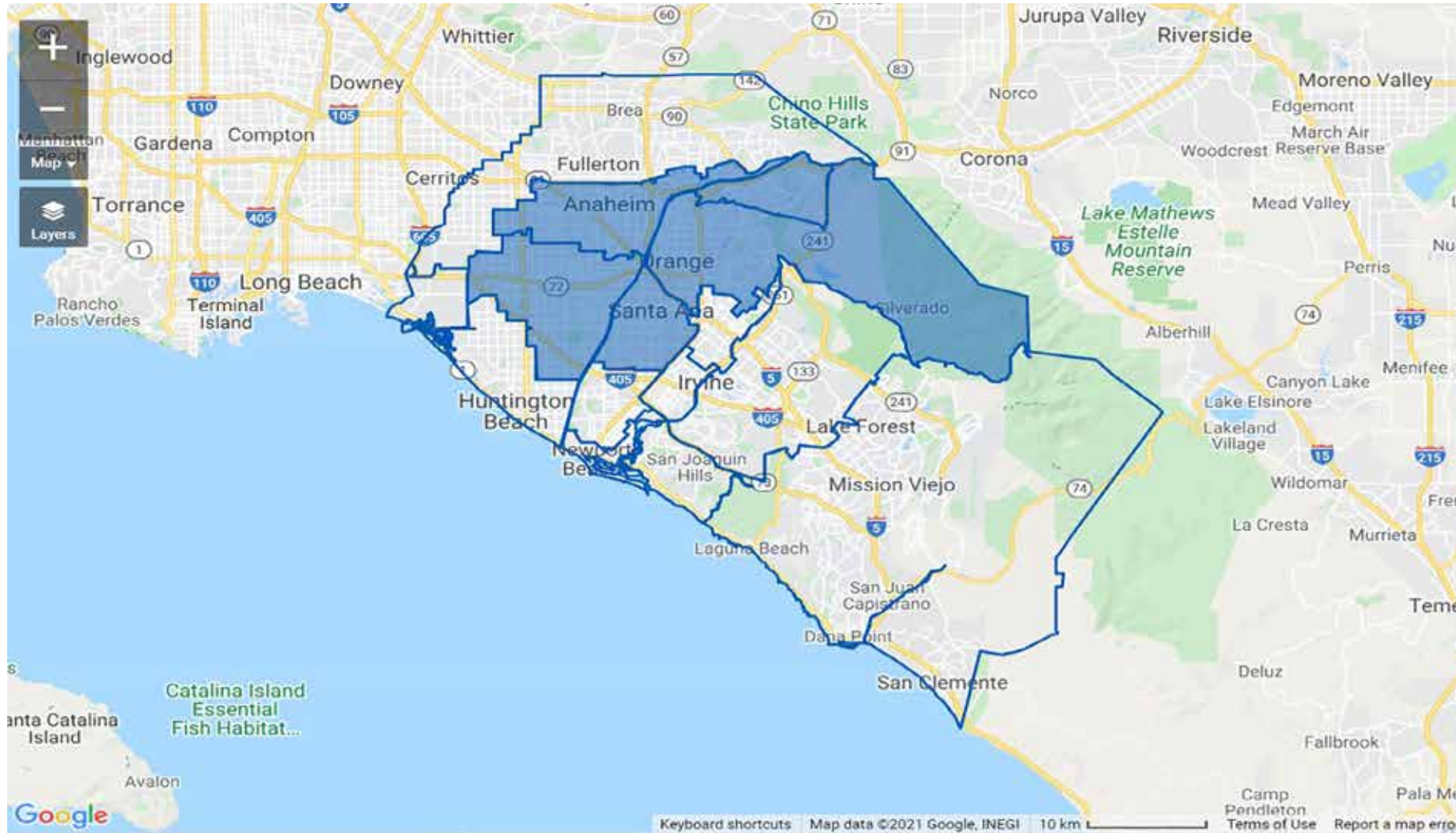
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

20 Leading Destination Counties from Orange County, 2015-19



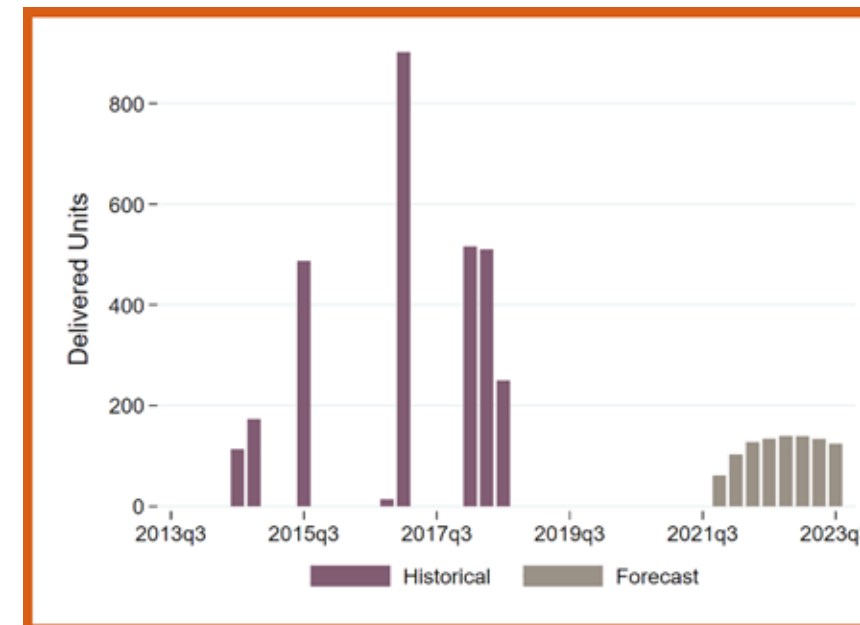
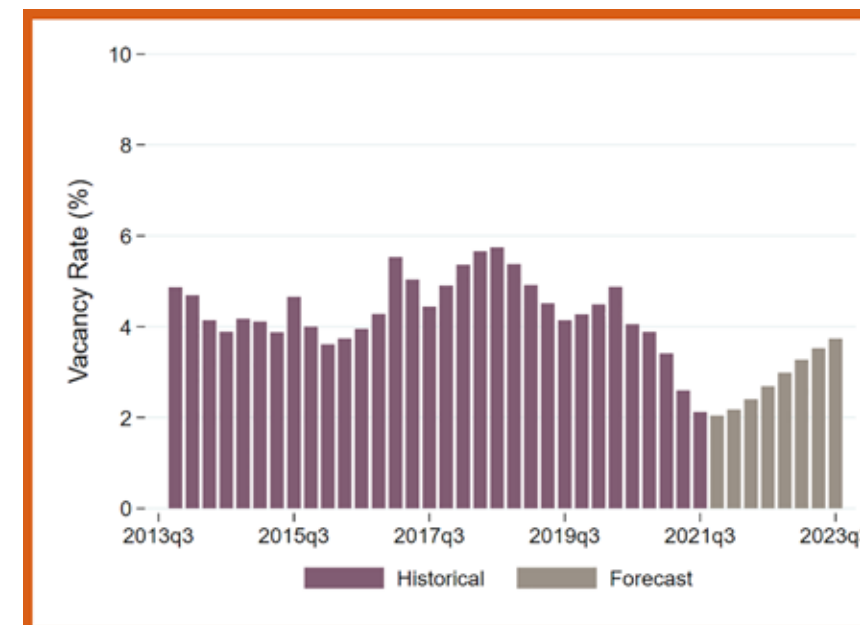
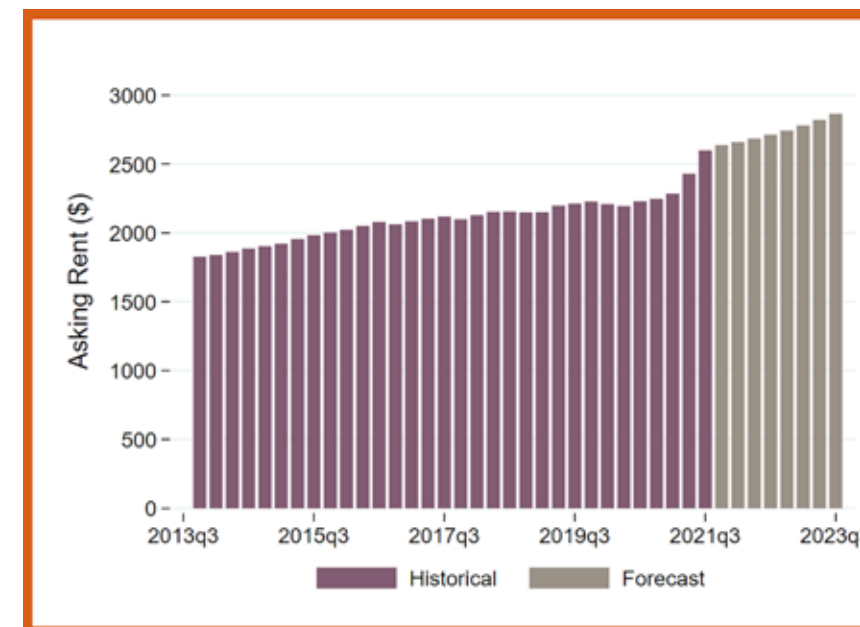
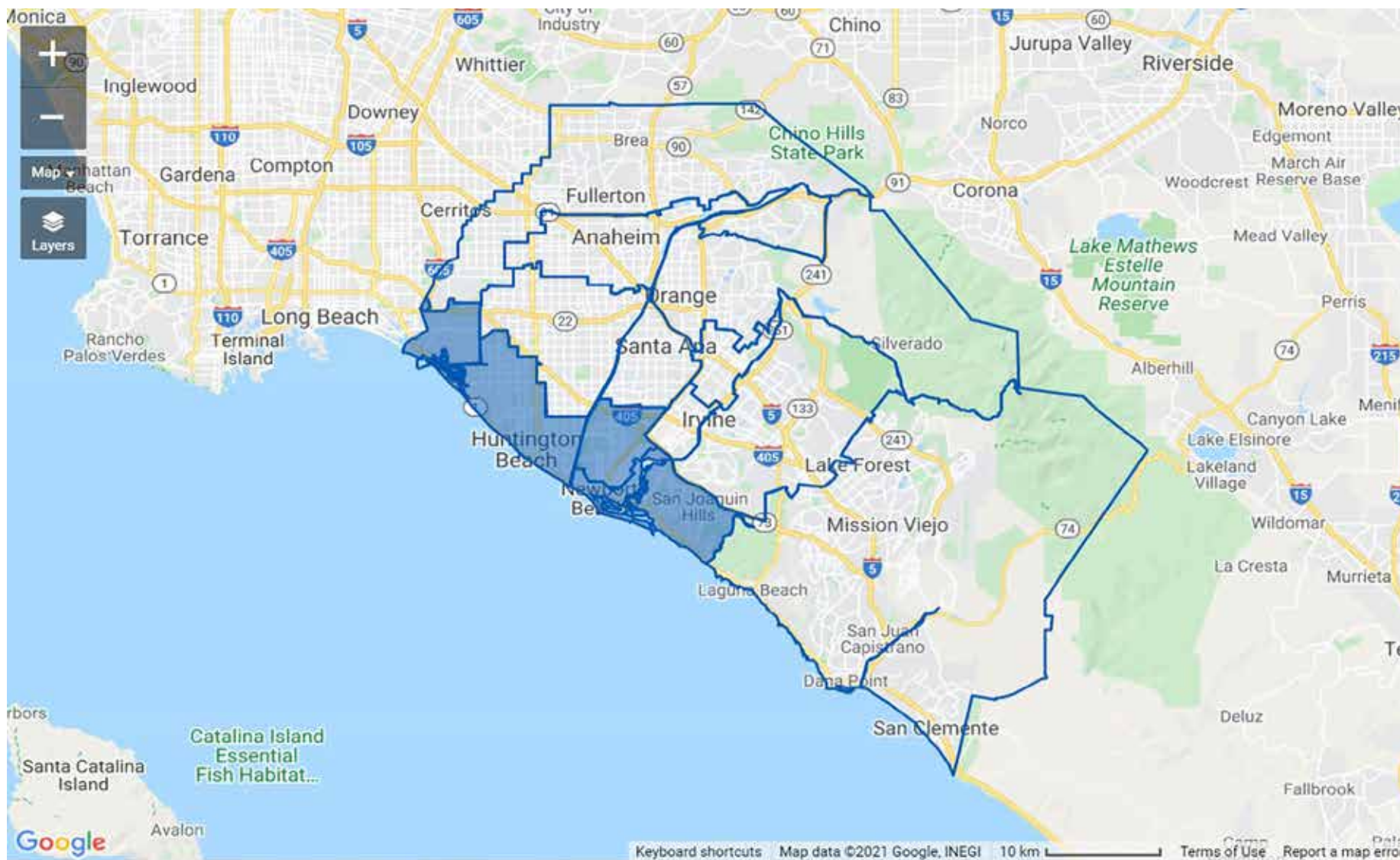
Source: 2015-2019 5-Year ACS, Census Bureau

Anaheim/Santa Ana Market • Orange County, 2010 to 2021



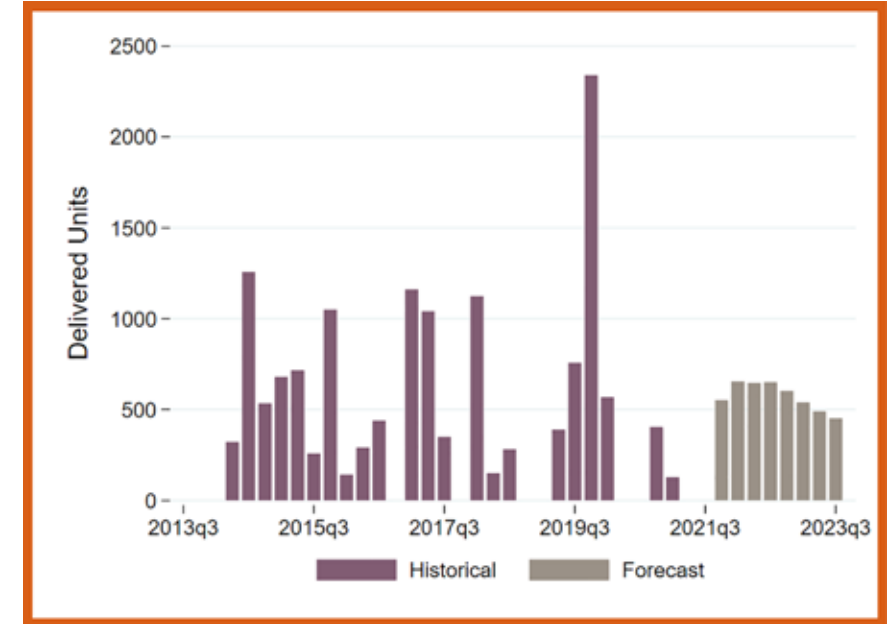
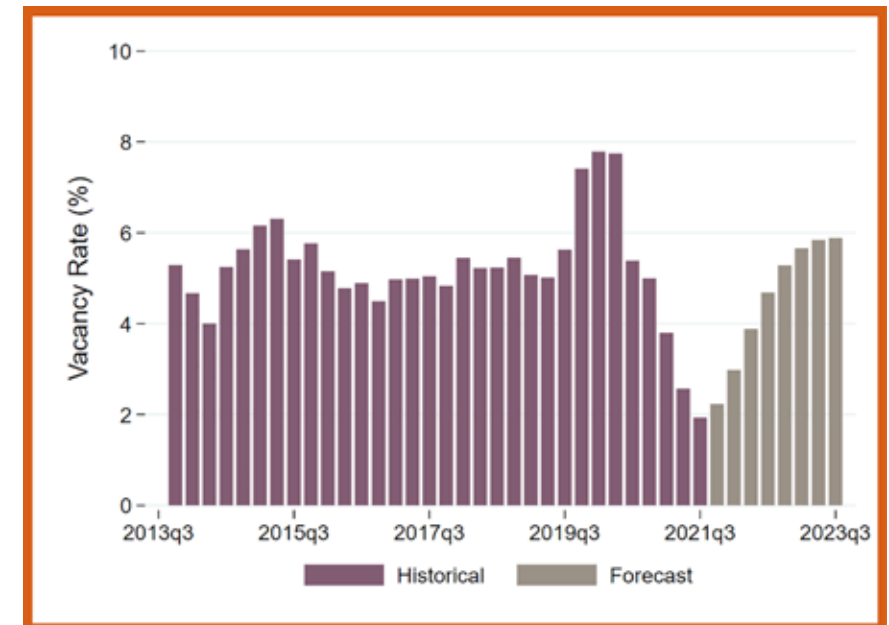
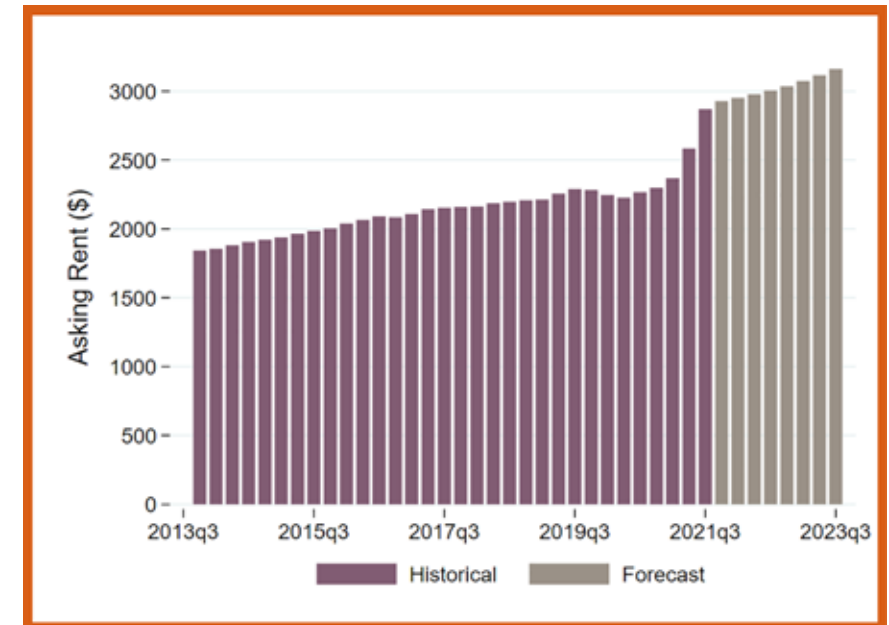
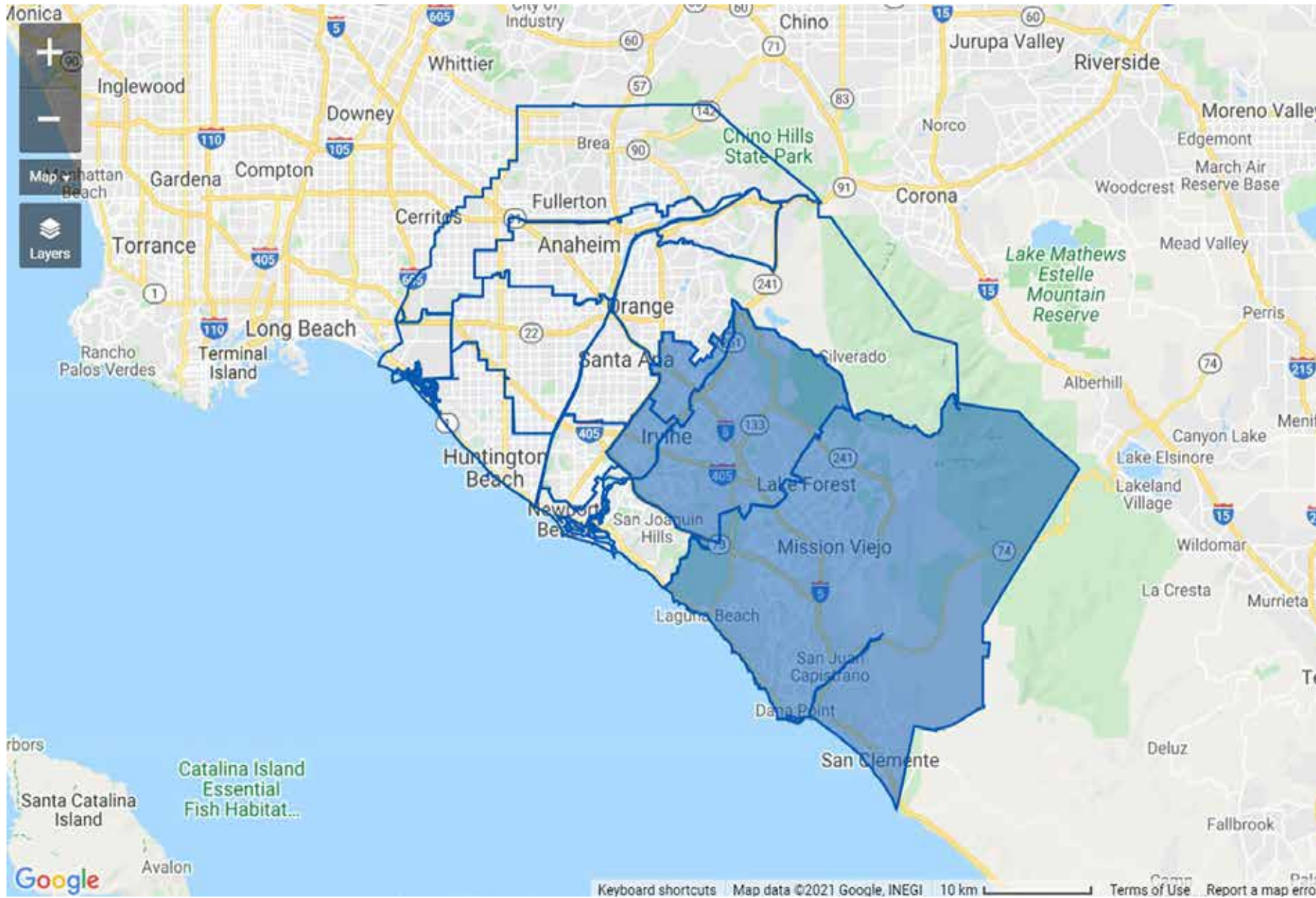
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

Coastal Communities Market • Orange County, 2010 to 2021



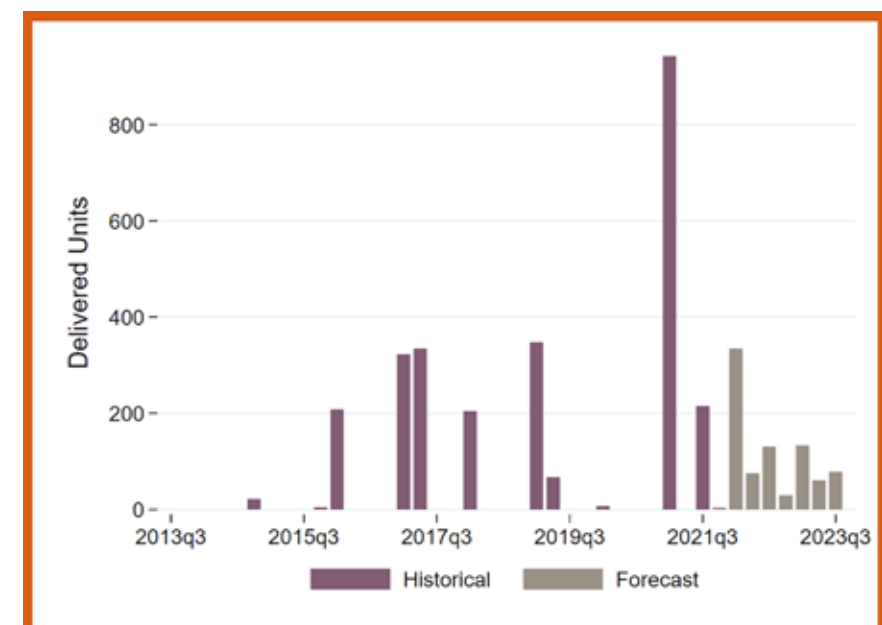
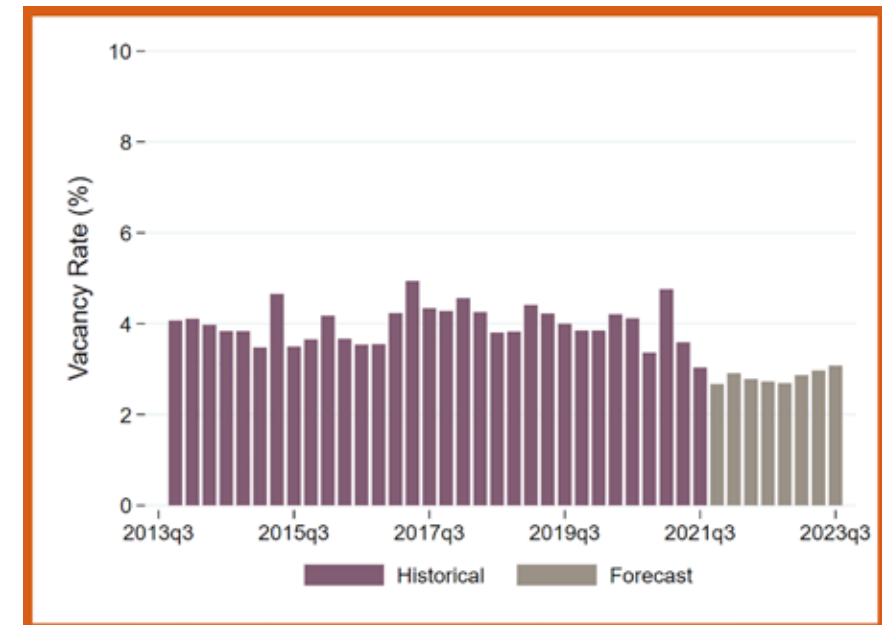
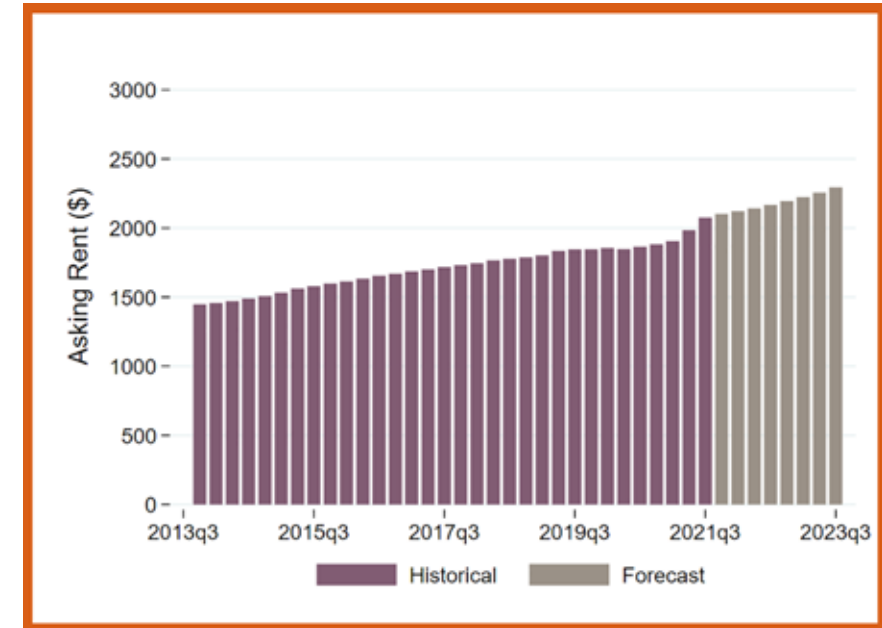
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

Irvine/Tustin/Mission Viejo Market • Orange County, 2010 to 2021



Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

North County Market • Orange County, 2010 to 2021



Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

ANAHEIM ORANGE/SANTA ANA

RACE

White	18%
Black	4%
Asian	13%
Hispanic	62%
All other races	3%

EDUCATION

Less than HS	29%
HS Diploma	24%
Bachelor's Degree	15%
Graduate Degree	6%

HOUSING TYPE

1 Unit	51%
2-4 units	11%
10 to 19	8%
20+ units	19%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	49%
1970-1999	42%
after 2000	9%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	55%
Percent with Children	45%
Median Household Income	\$72,709
Average Household Size	3.71

IRVINE/MISSION VIEJO/FOOTHILL RANCH

RACE

White	50%
Black	3%
Asian	24%
Hispanic	19%
All other races	3%

EDUCATION

Less than HS	5%
HS Diploma	11%
Bachelor's Degree	34%
Graduate Degree	19%

HOUSING TYPE

1 Unit	64%
2-4 units	6%
10 to 19	4%
20+ units	18%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	11%
1970-1999	52%
after 2000	37%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	46%
Percent with Children	34%
Median Household Income	\$113,572
Average Household Size	2.81

*Rent burden is the share of households whose rent payments exceed 30% of income.

LA HABRA FULLERTON YORBA LINDA

RACE

White	38%
Black	2%
Asian	14%
Hispanic	44%
All other races	3%

EDUCATION

Less than HS	10%
HS Diploma	18%
Bachelor's Degree	26%
Graduate Degree	13%

HOUSING TYPE

1 Unit	68%
2-4 units	7%
10 to 19	5%
20+ units	11%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	40%
1970-1999	50%
after 2000	10%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	52%
Percent with Children	41%
Median Household Income	\$97,046
Average Household Size	3.04

NEWPORT BEACH LAGUNA NIGUEL

RACE

White	68%
Black	2%
Asian	9%
Hispanic	18%
All other races	3%

EDUCATION

Less than HS	5%
HS Diploma	12%
Bachelor's Degree	34%
Graduate Degree	17%

HOUSING TYPE

1 Unit	66%
2-4 units	9%
10 to 19	5%
20+ units	12%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	22%
1970-1999	59%
after 2000	18%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	53%
Percent with Children	28%
Median Household Income	\$106,948
Average Household Size	2.47

*Rent burden is the share of households whose rent payments exceed 30% of income.

SEAL BEACH HUNTINGTON

RACE

White	51%
Black	3%
Asian	16%
Hispanic	25%
All other races	6%

EDUCATION

Less than HS	9%
HS Diploma	18%
Bachelor's Degree	26%
Graduate Degree	12%

HOUSING TYPE

1 Unit	64%
2-4 units	11%
10 to 19	5%
20+ units	12%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	41%
1970-1999	51%
after 2000	8%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	49%
Percent with Children	33%
Median Household Income	\$94,909
Average Household Size	2.76

*Rent burden is the share of households whose rent payments exceed 30% of income.

Inland Empire



INLAND EMPIRE

RACE

White	33%
Black	12%
Asian	5%
Hispanic	47%
All other races	3%

EDUCATION

Less than HS	18%
HS Diploma	26%
Bachelor's Degree	15%
Graduate Degree	7%

HOUSING TYPE

1 Unit	73%
2-4 units	5%
10 to 19	3%
20+ units	6%

RENTAL UNITS BY SIZE OF STRUCTURE

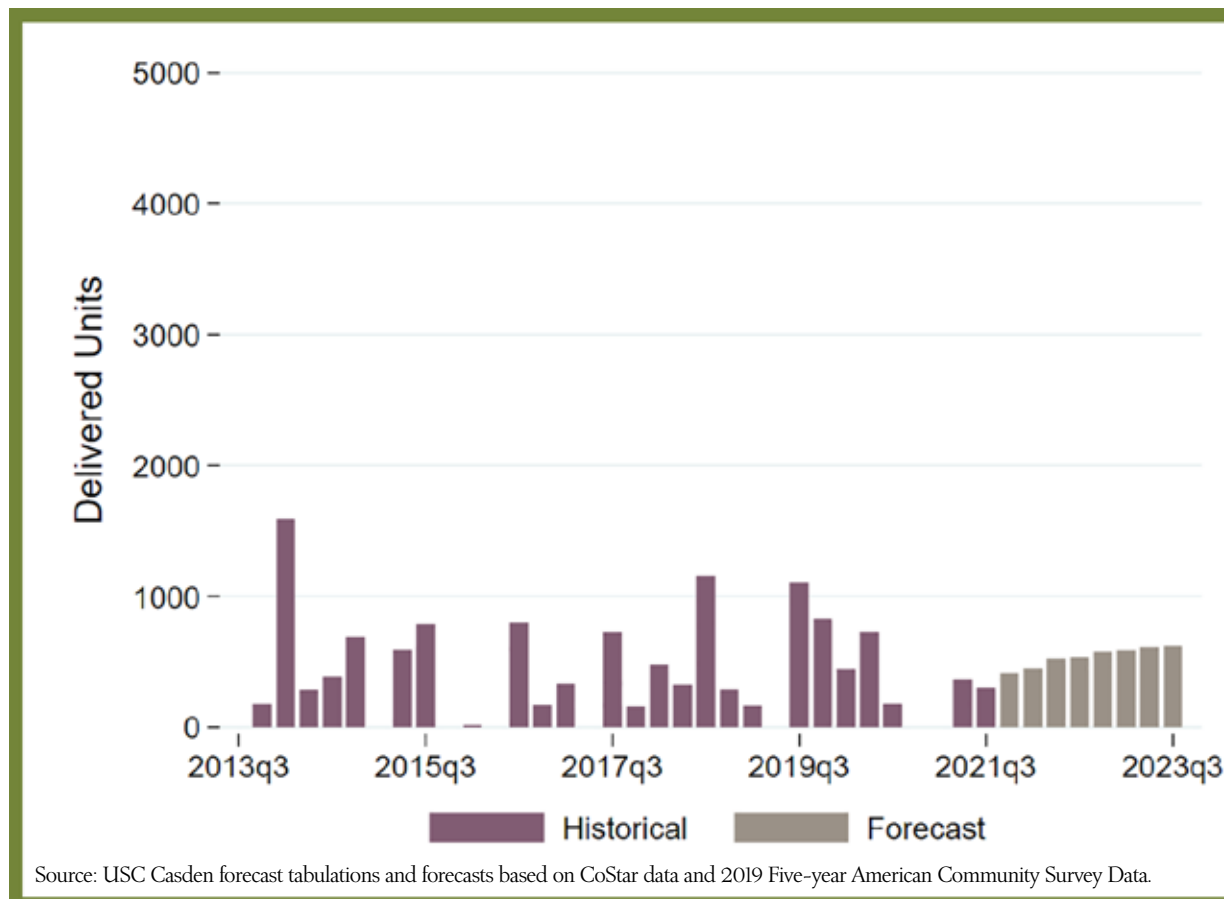
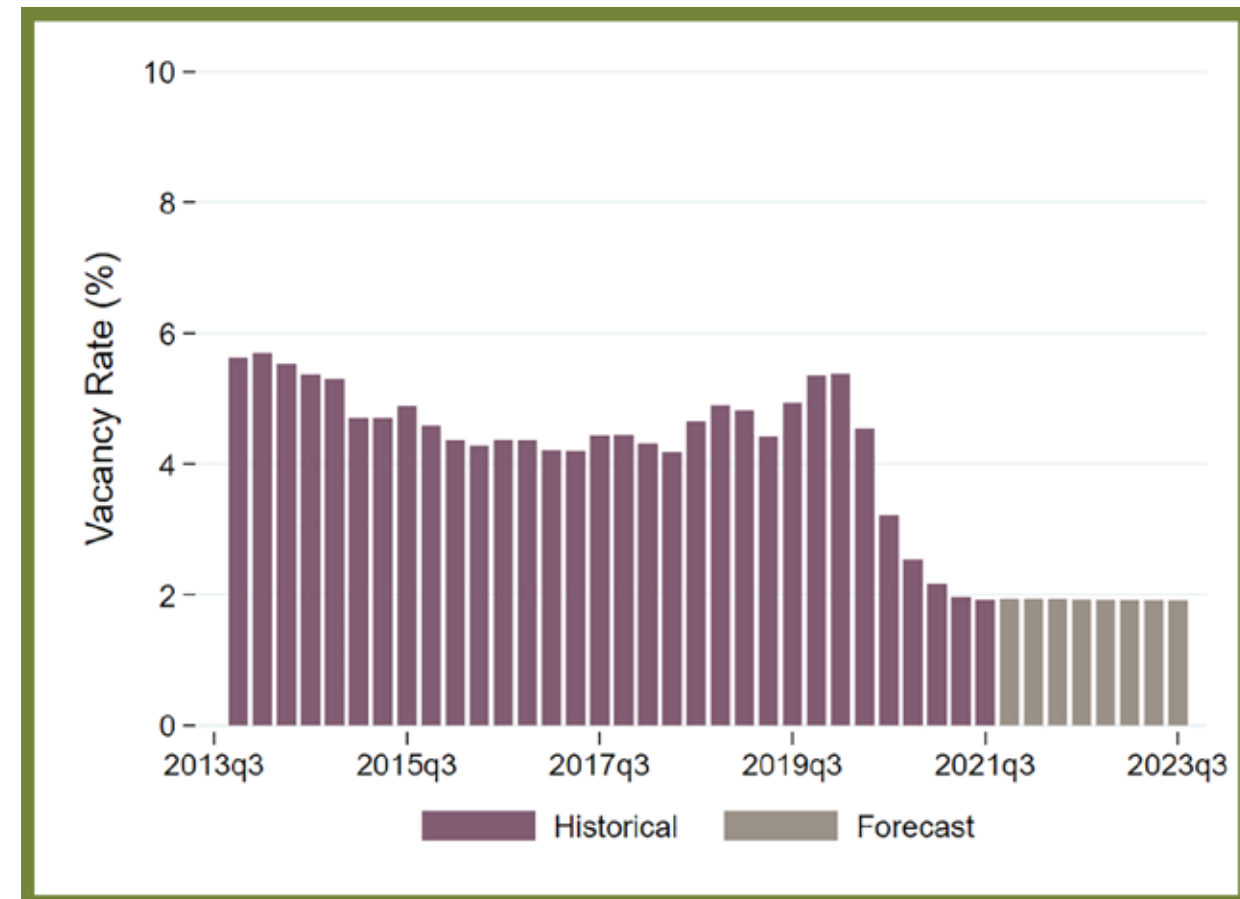
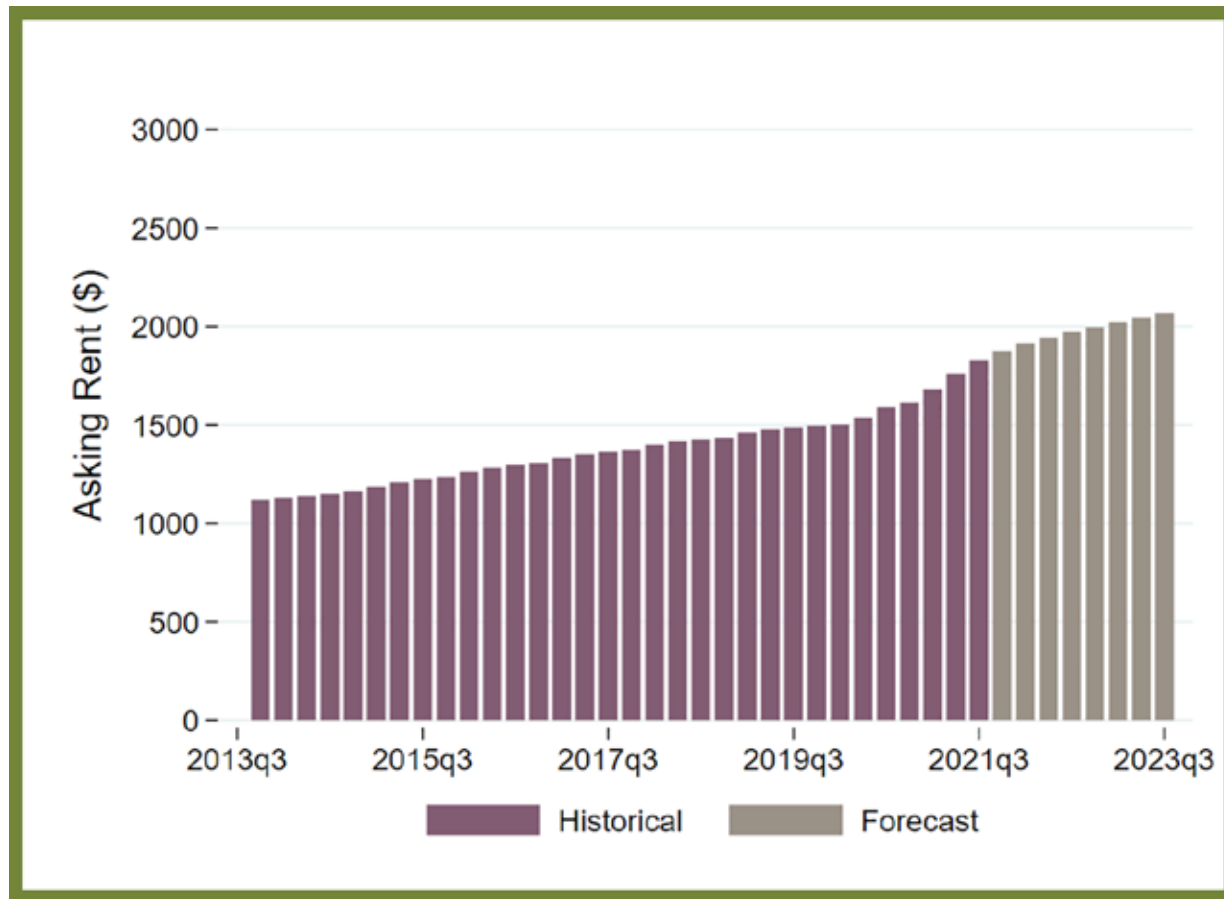
before 1970	23%
1970-1999	55%
after 2000	22%

HOUSEHOLD STATISTICS

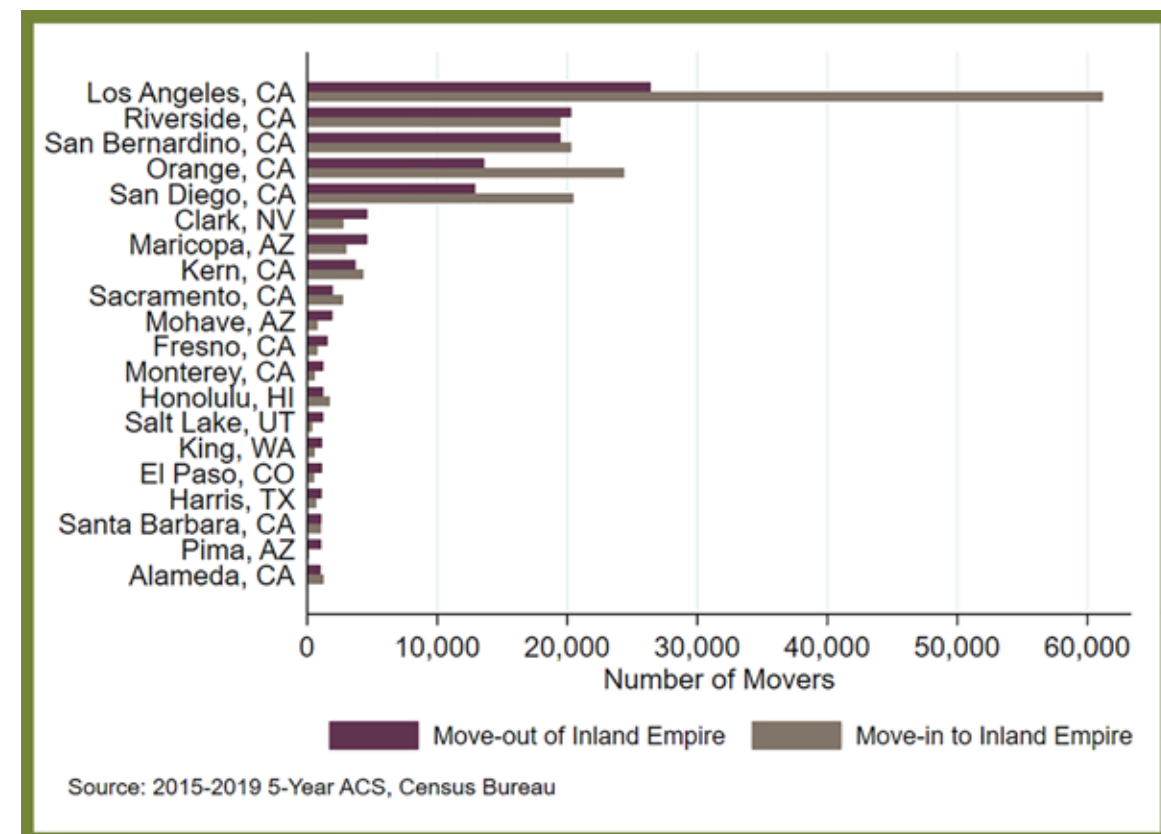
Share of Rent Burdened Households*	53%
Percent with Children	43%
Median Household Income	\$73,182
Average Household Size	3.38

*Rent burden is the share of households whose rent payments exceed 30% of income.

Inland Empire Rent & Vacancy Rate



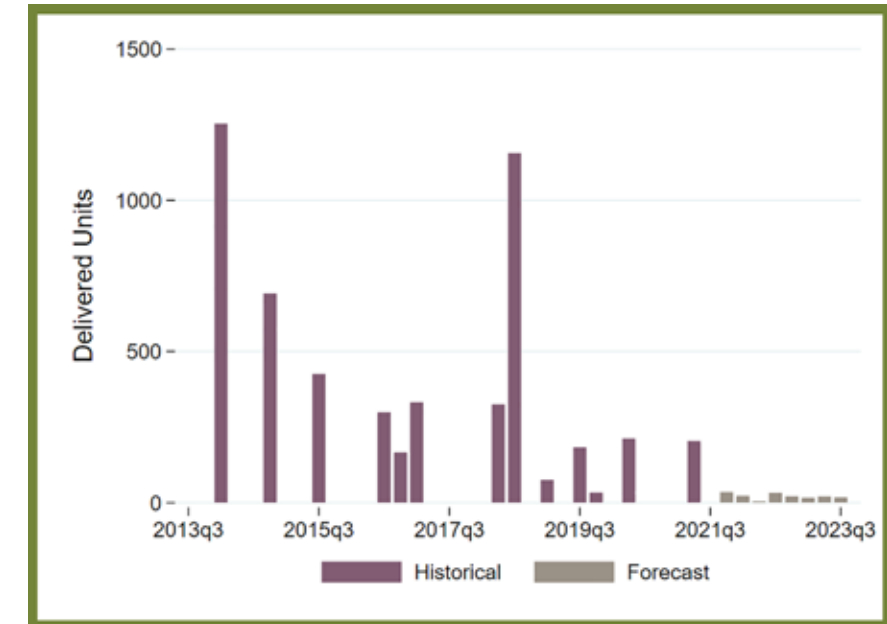
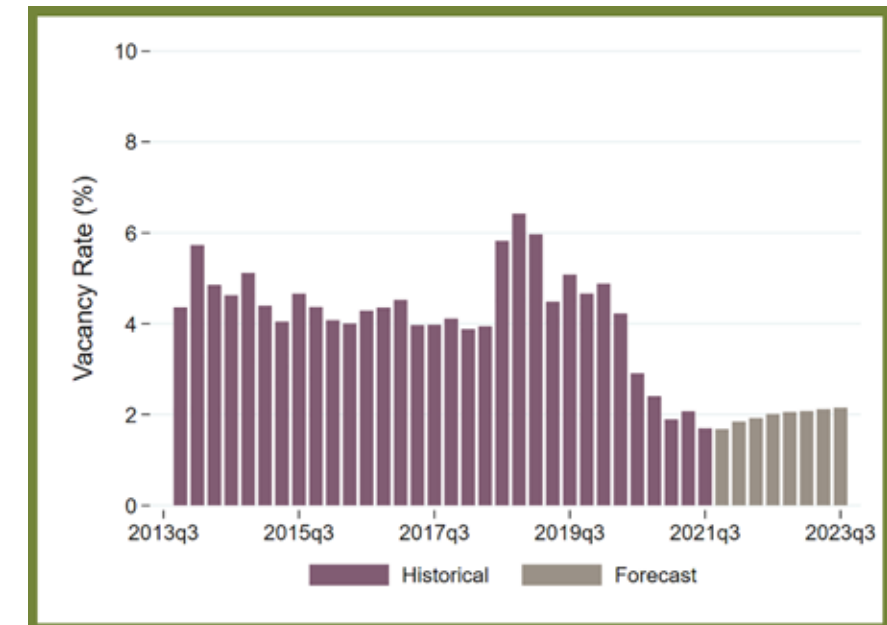
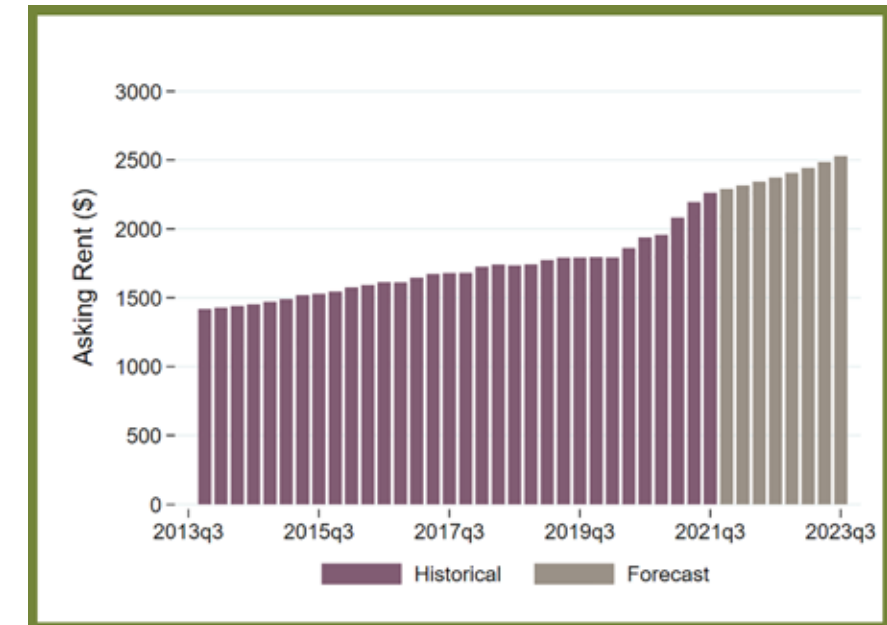
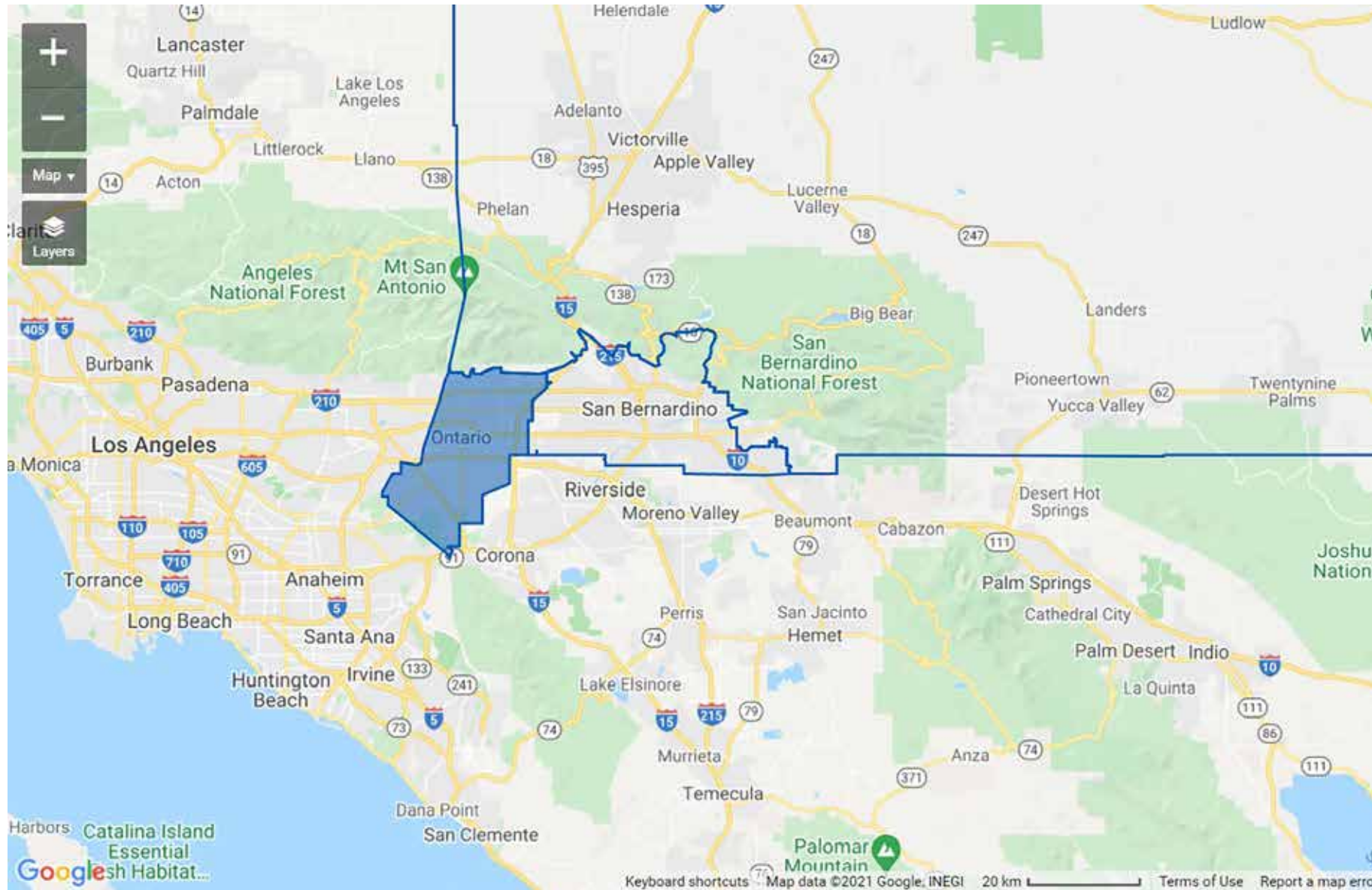
20 Leading Destination Counties from Inland Empire, 2015-19



Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

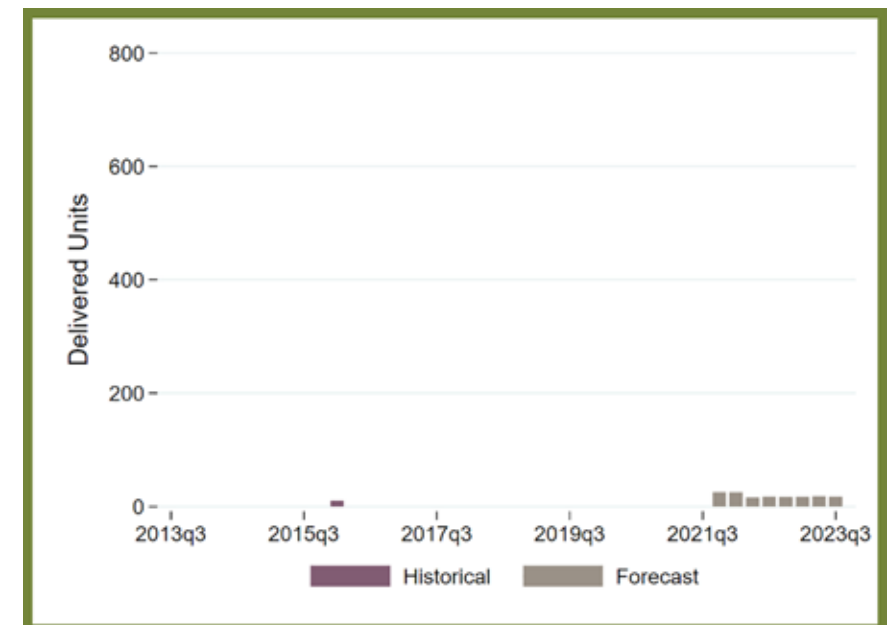
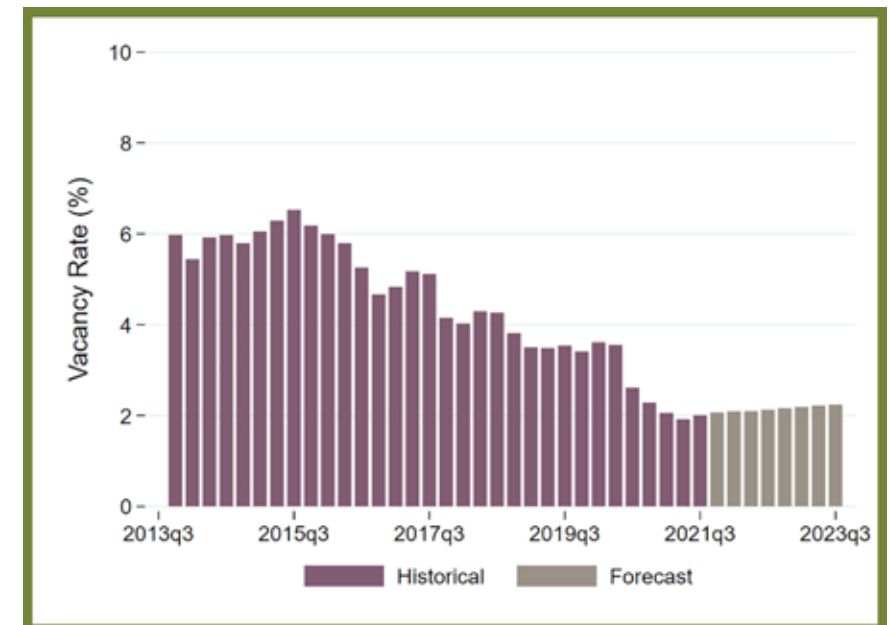
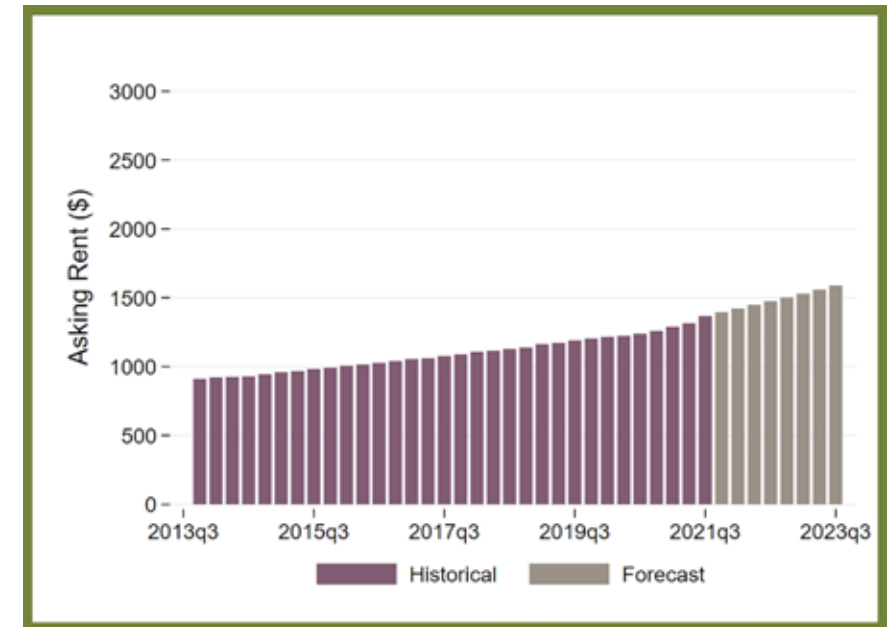
Source: 2015-2019 5-Year ACS, Census Bureau

Chino-Rancho Cucamonga Market • Inland Empire, 2010 to 2021



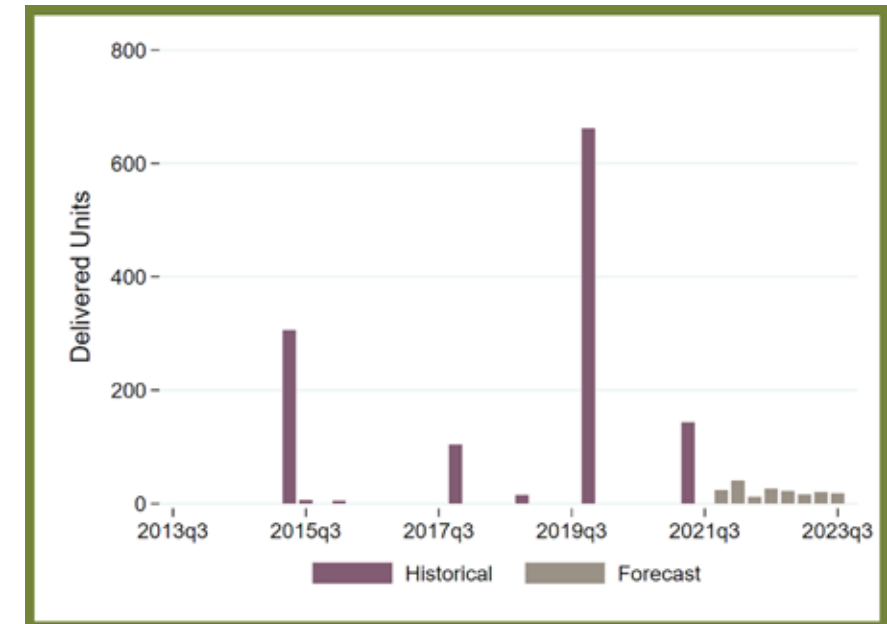
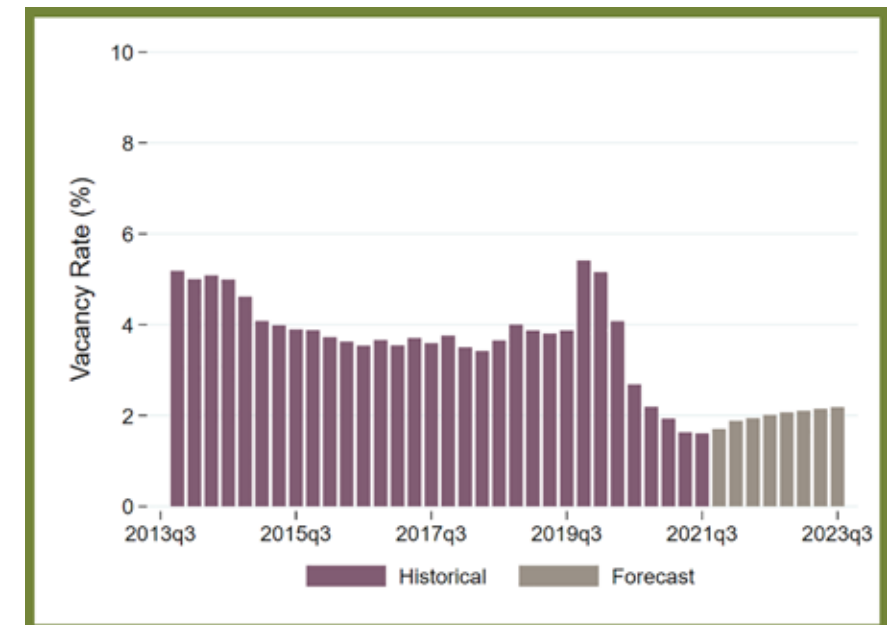
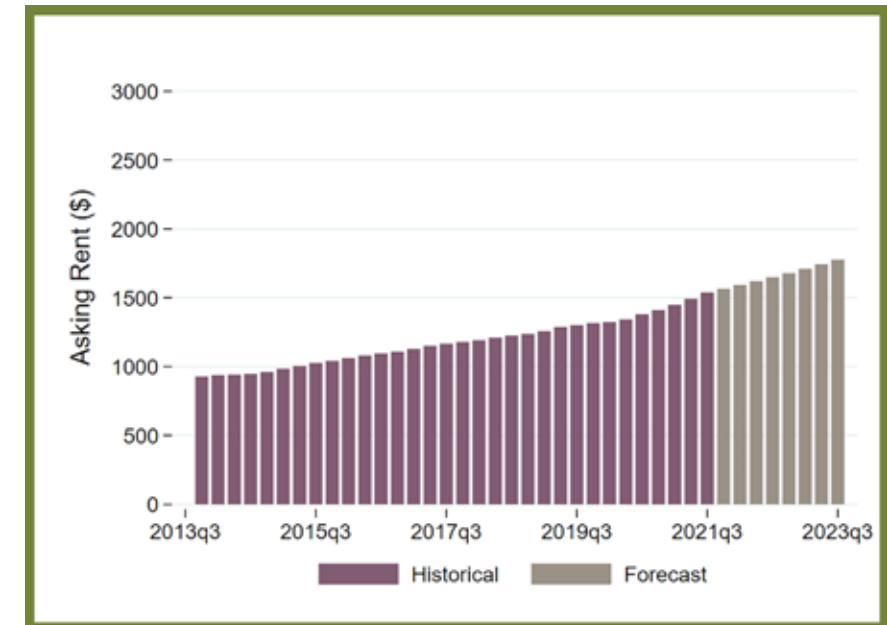
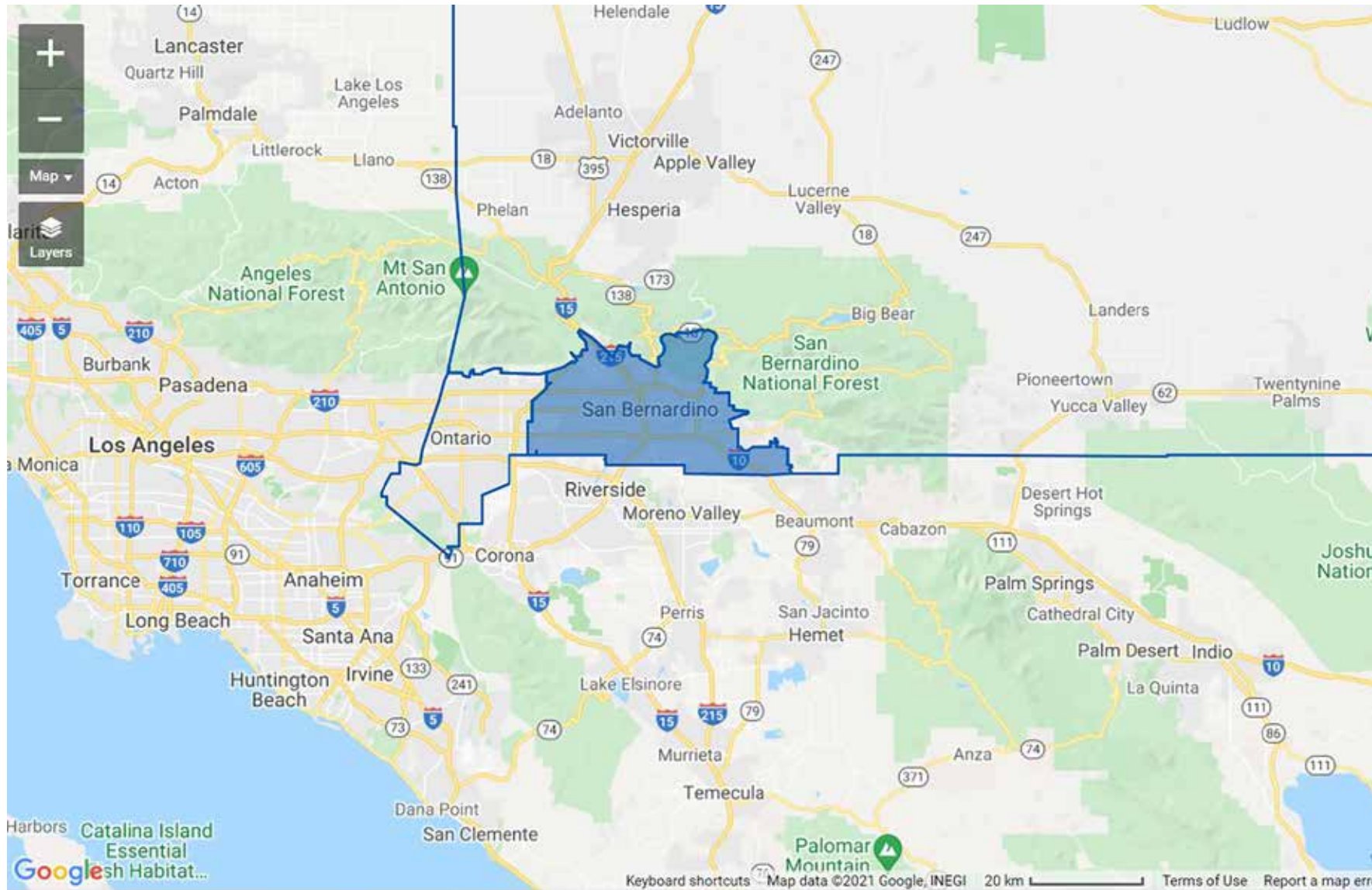
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

Palm Springs-Indio Market • Inland Empire, 2010 to 2021



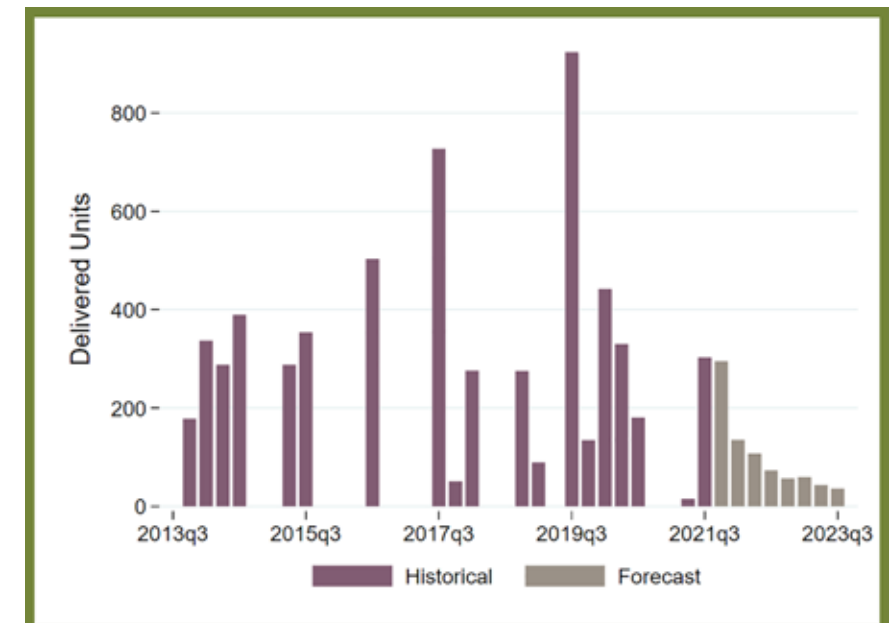
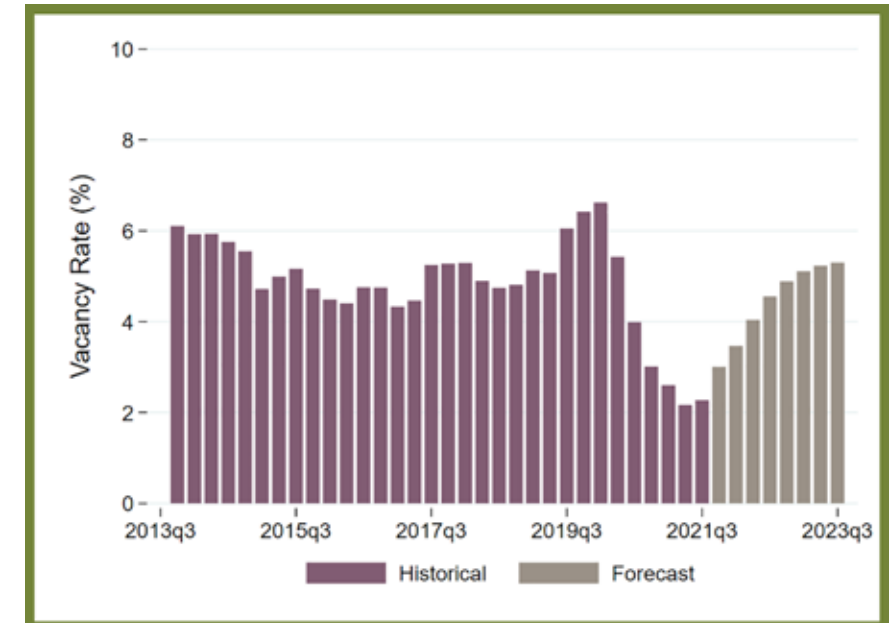
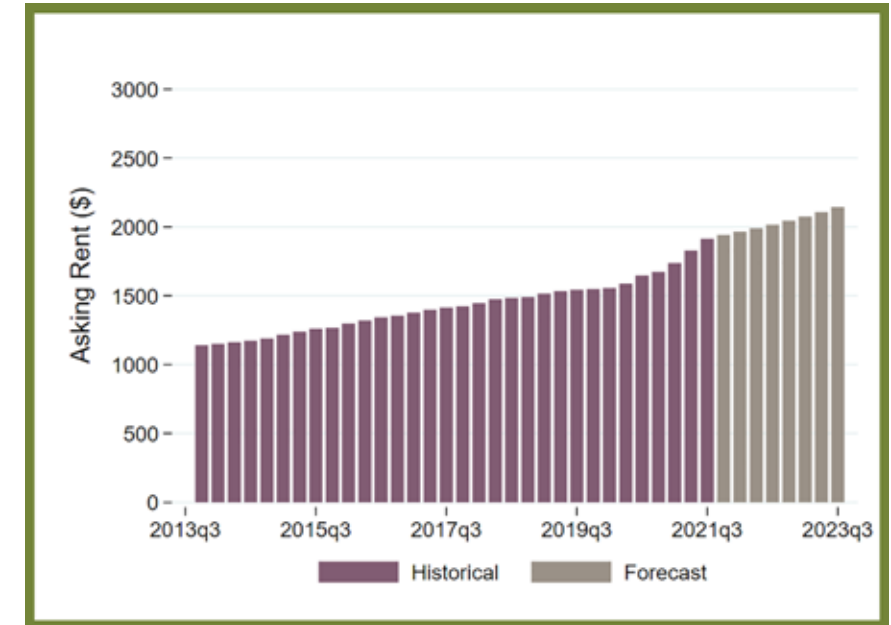
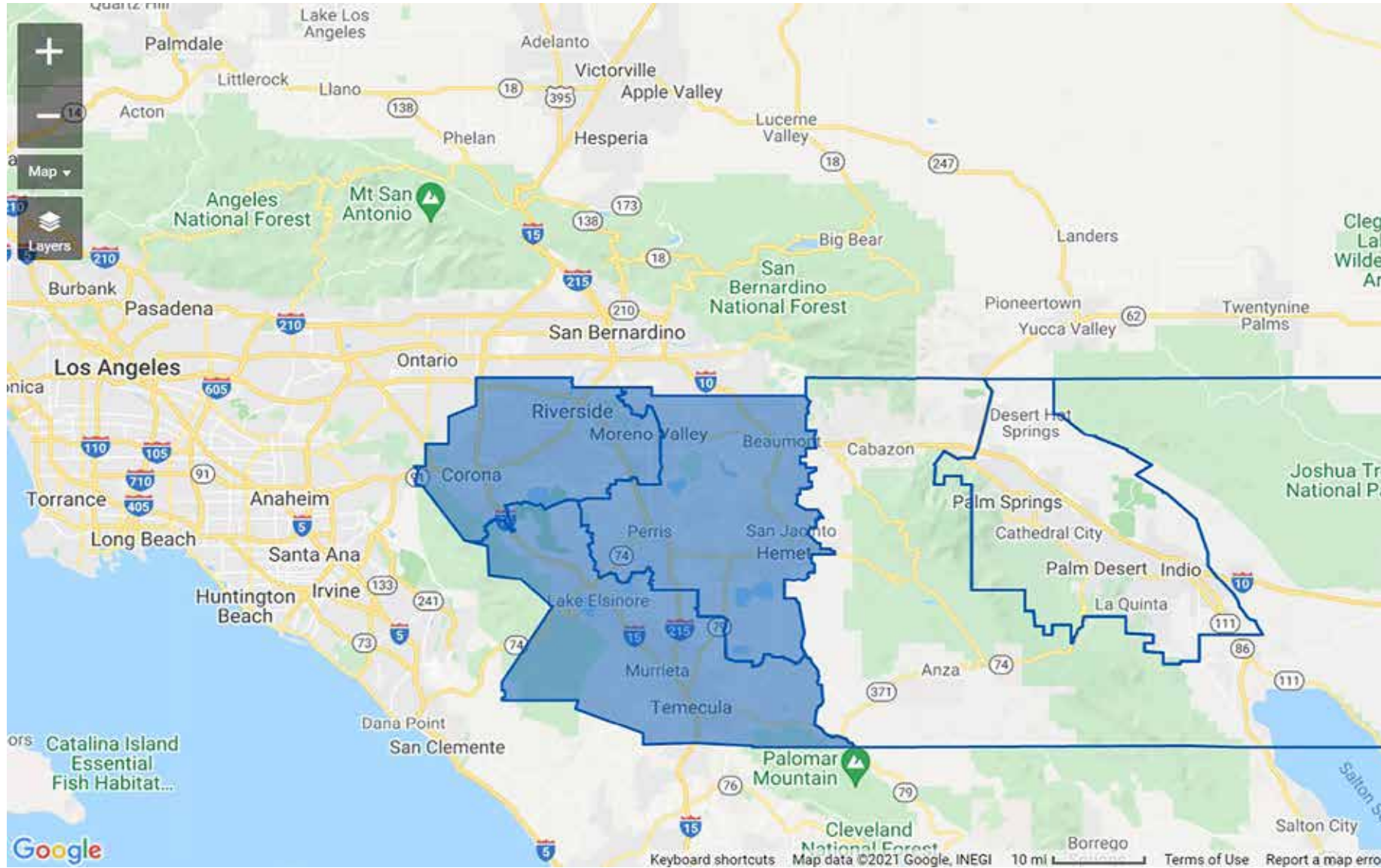
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

Redlands-Fontana-High Desert Market • Inland Empire, 2010 to 2021



Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

West Riverside County Market • Inland Empire, 2010 to 2021



Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

CHINO-RANCHO CUCAMONGA

RACE

White	30%
Black	10%
Asian	15%
Hispanic	41%
All other races	4%

EDUCATION

Less than HS	10%
HS Diploma	18%
Bachelor's Degree	24%
Graduate Degree	11%

HOUSING TYPE

1 Unit	74%
2-4 units	2%
10 to 19	4%
20+ units	12%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	15%
1970-1999	57%
after 2000	28%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	48%
Percent with Children	37%
Median Household Income	\$93,969
Average Household Size	3.12

PALM SPRINGS- INDIO

RACE

White	41%
Black	5%
Asian	3%
Hispanic	50%
All other races	2%

EDUCATION

Less than HS	18%
HS Diploma	25%
Bachelor's Degree	16%
Graduate Degree	8%

HOUSING TYPE

1 Unit	66%
2-4 units	9%
10 to 19	3%
20+ units	5%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	22%
1970-1999	61%
after 2000	17%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	51%
Percent with Children	28%
Median Household Income	\$62,988
Average Household Size	2.58

*Rent burden is the share of households whose rent payments exceed 30% of income.

WEST RIVERSIDE COUNTY

RACE

White	30%
Black	5%
Asian	6%
Hispanic	58%
All other races	0%

EDUCATION

Less than HS	18%
HS Diploma	28%
Bachelor's Degree	14%
Graduate Degree	7%

HOUSING TYPE

1 Unit	77%
2-4 units	3%
10 to 19	3%
20+ units	4%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	19%
1970-1999	57%
after 2000	24%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	54%
Percent with Children	47%
Median Household Income	\$89,448
Average Household Size	3.76

REDLANDS - FONTANA - HIGH DESERT

RACE

White	35%
Black	14%
Asian	3%
Hispanic	44%
All other races	5%

EDUCATION

Less than HS	19%
HS Diploma	28%
Bachelor's Degree	13%
Graduate Degree	6%

HOUSING TYPE

1 Unit	74%
2-4 units	8%
10 to 19	2%
20+ units	5%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	20%
1970-1999	56%
after 2000	24%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	51%
Percent with Children	44%
Median Household Income	\$63,807
Average Household Size	3.36

*Rent burden is the share of households whose rent payments exceed 30% of income.

San Diego



SAN DIEGO COUNTY

RACE

White	45%
Black	7%
Asian	10%
Hispanic	34%
All other races	3%

EDUCATION

Less than HS	12%
HS Diploma	18%
Bachelor's Degree	24%
Graduate Degree	12%

HOUSING TYPE

1 Unit	61%
2-4 units	6%
10 to 19	7%
20+ units	16%

RENTAL UNITS BY SIZE OF STRUCTURE

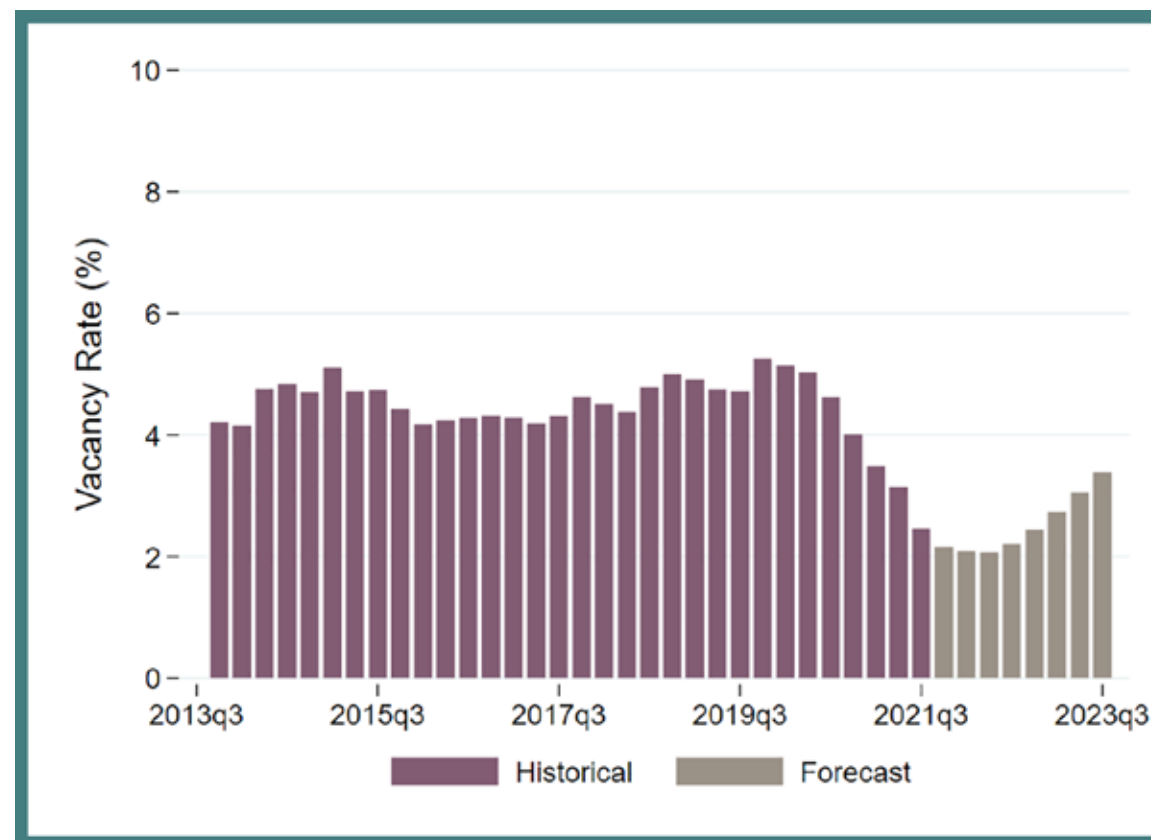
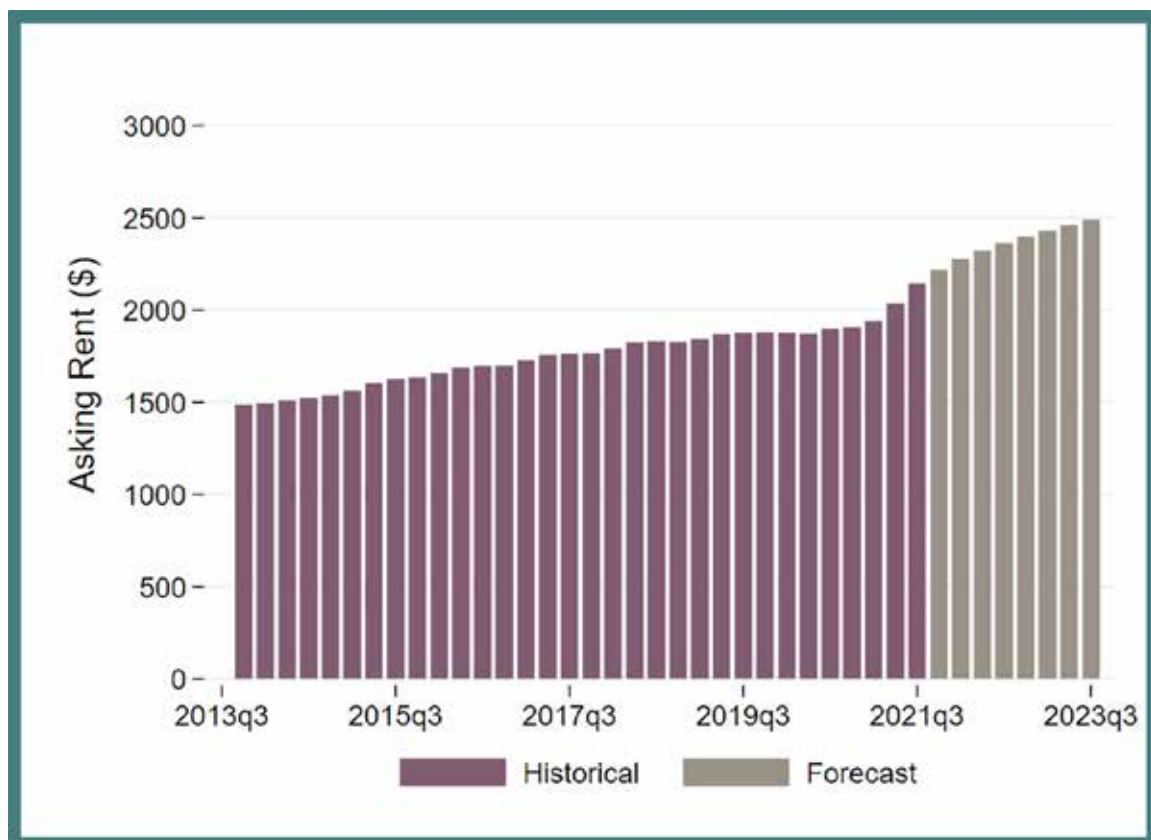
before 1970	30%
1970-1999	54%
after 2000	16%

HOUSEHOLD STATISTICS

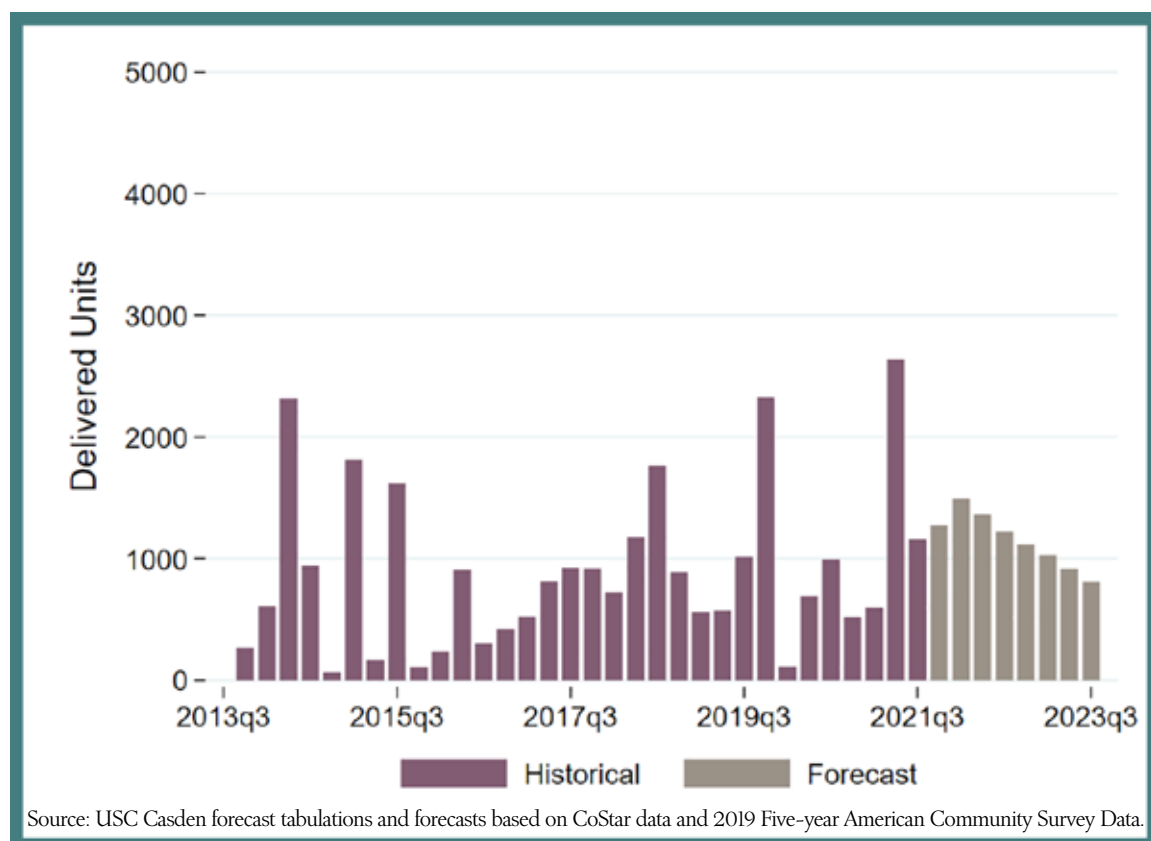
Share of Rent Burdened Households*	54%
Percent with Children	34%
Median Household Income	\$86,960
Average Household Size	2.93

*Rent burden is the share of households whose rent payments exceed 30% of income.

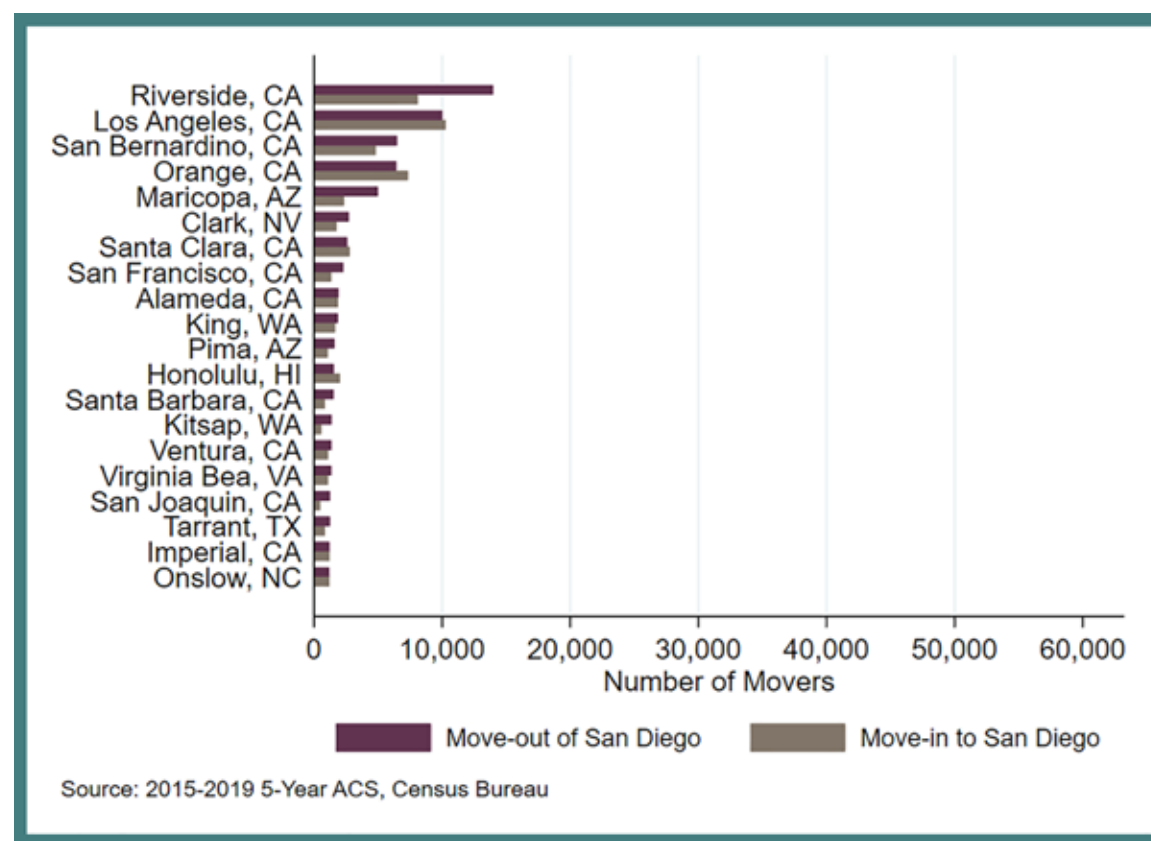
San Diego Rents/Vacancy



20 Leading Destination Counties from San Diego, 2015-19

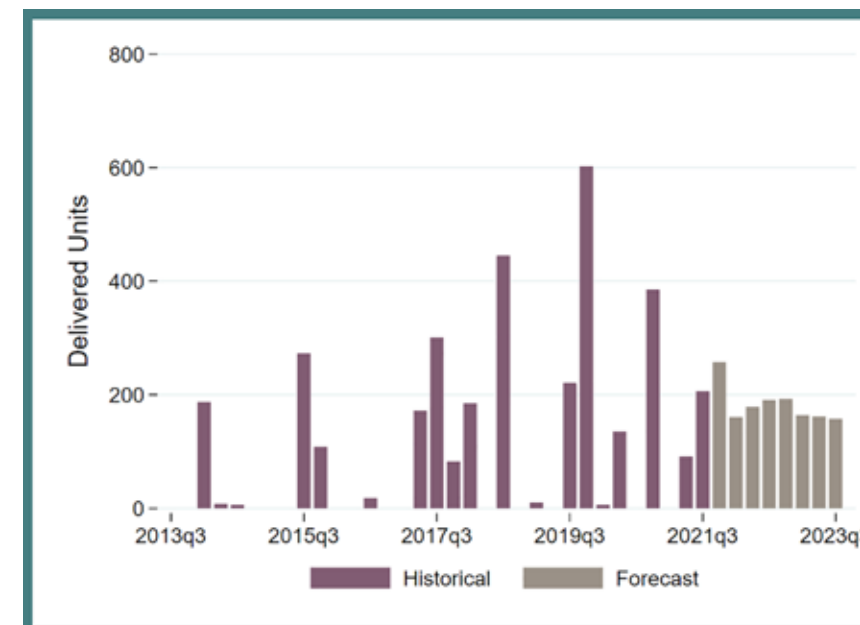
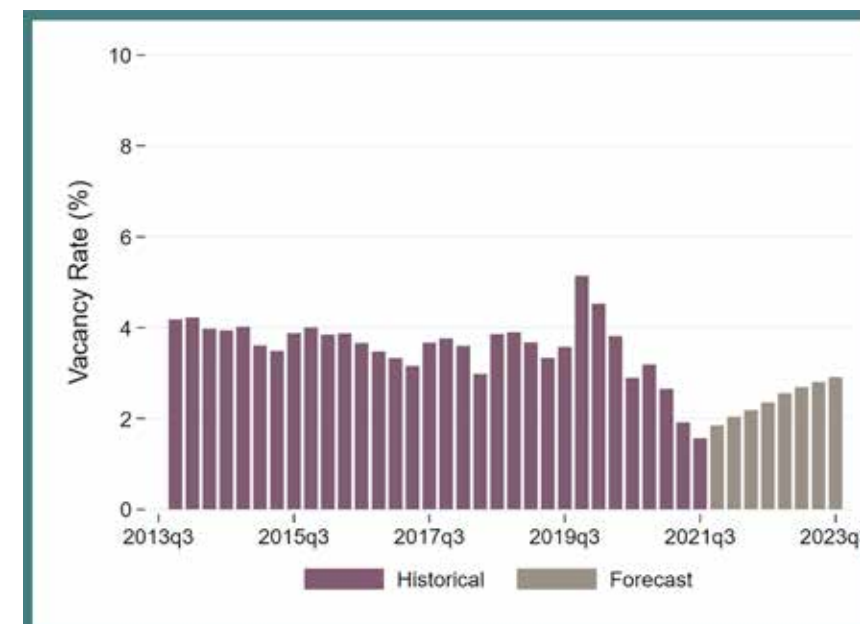
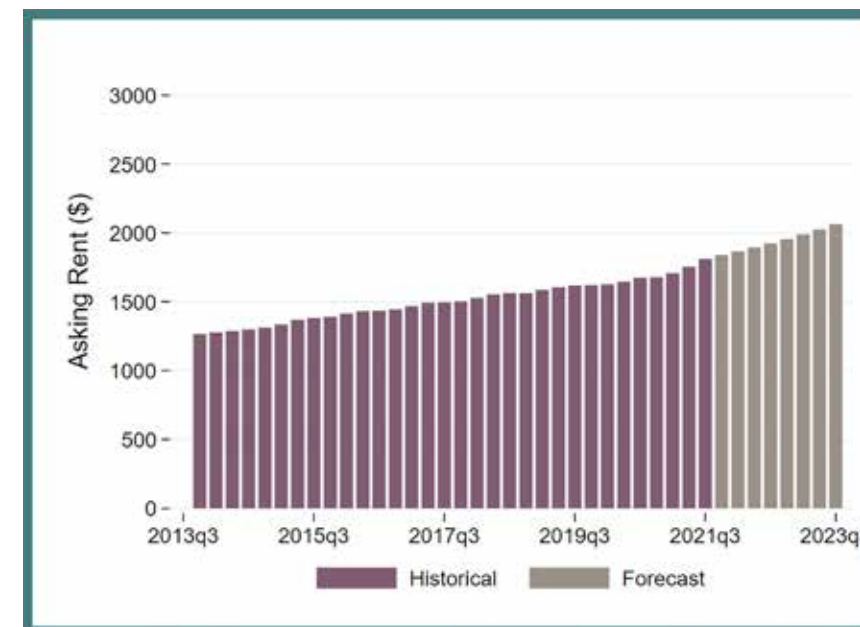
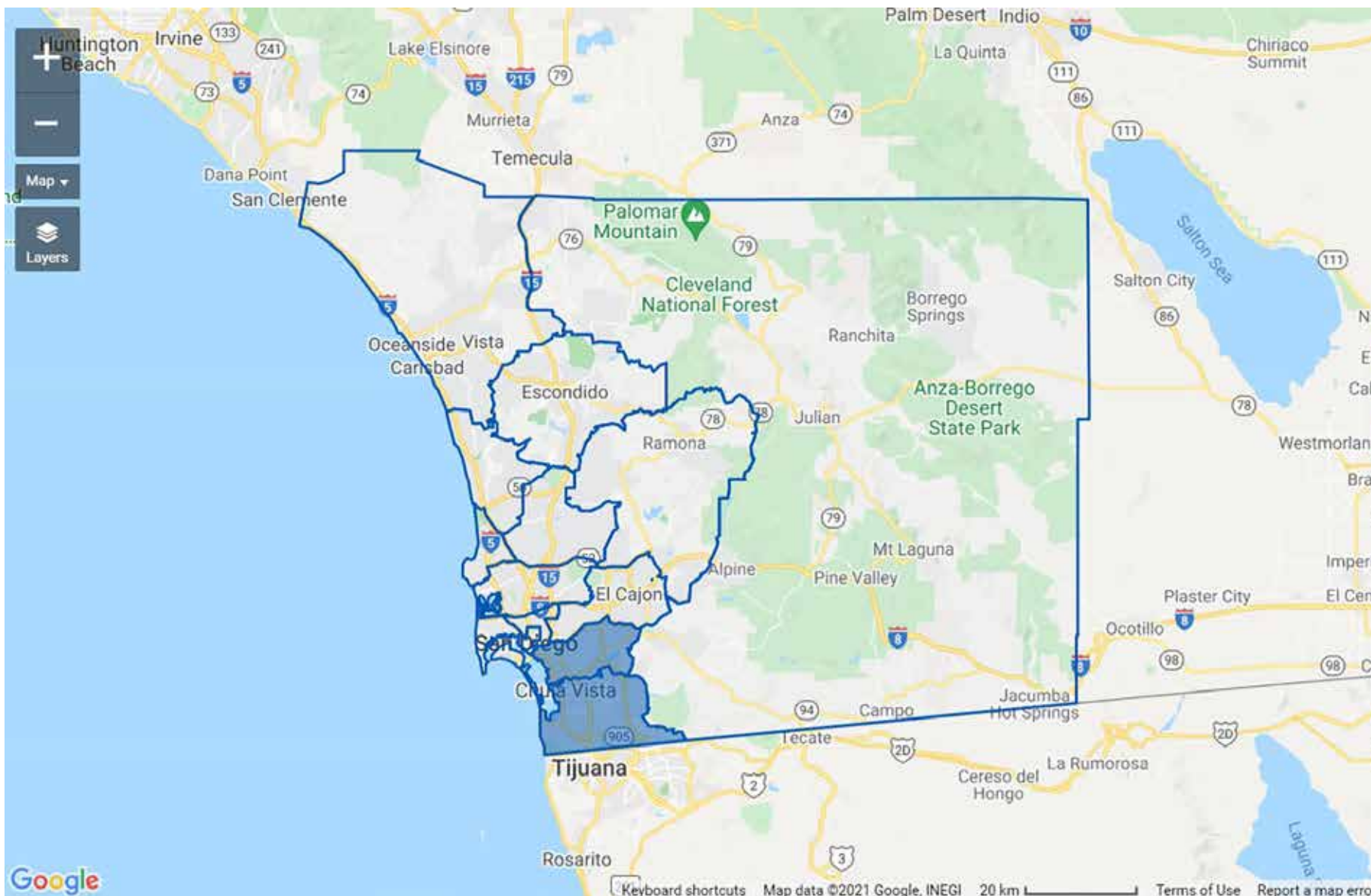


Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.



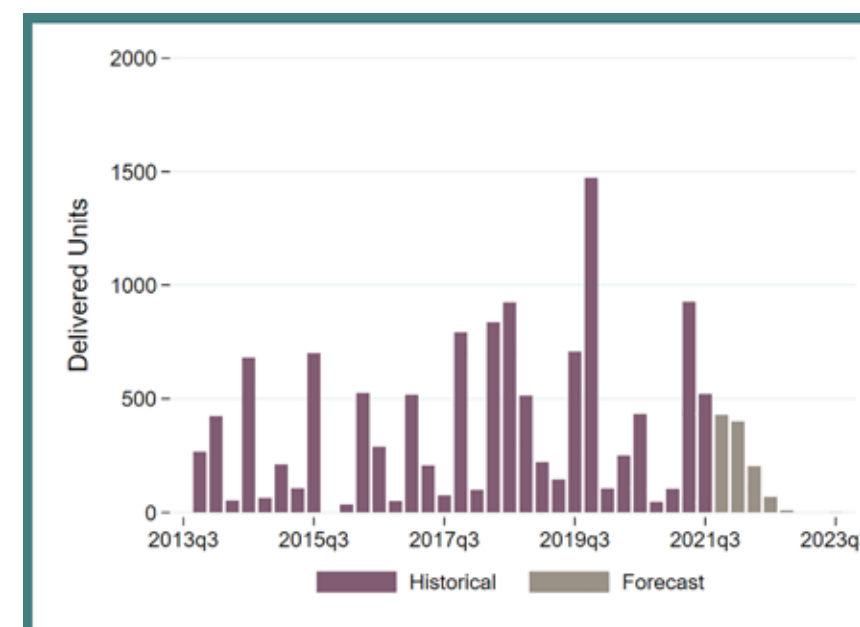
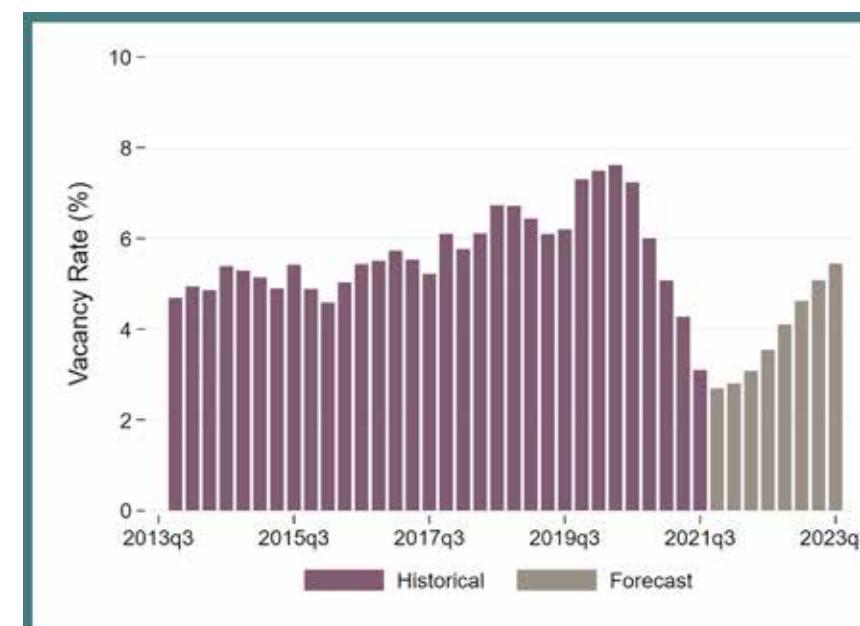
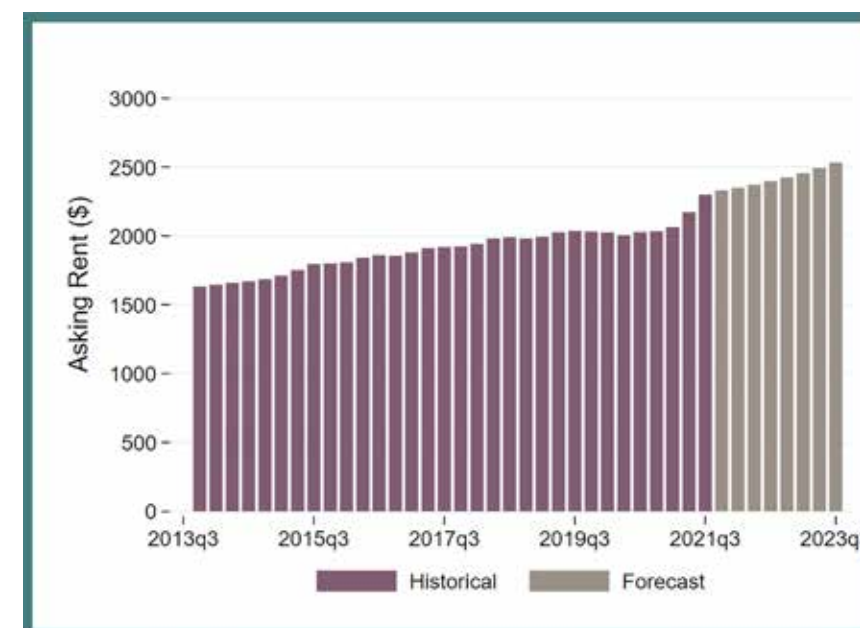
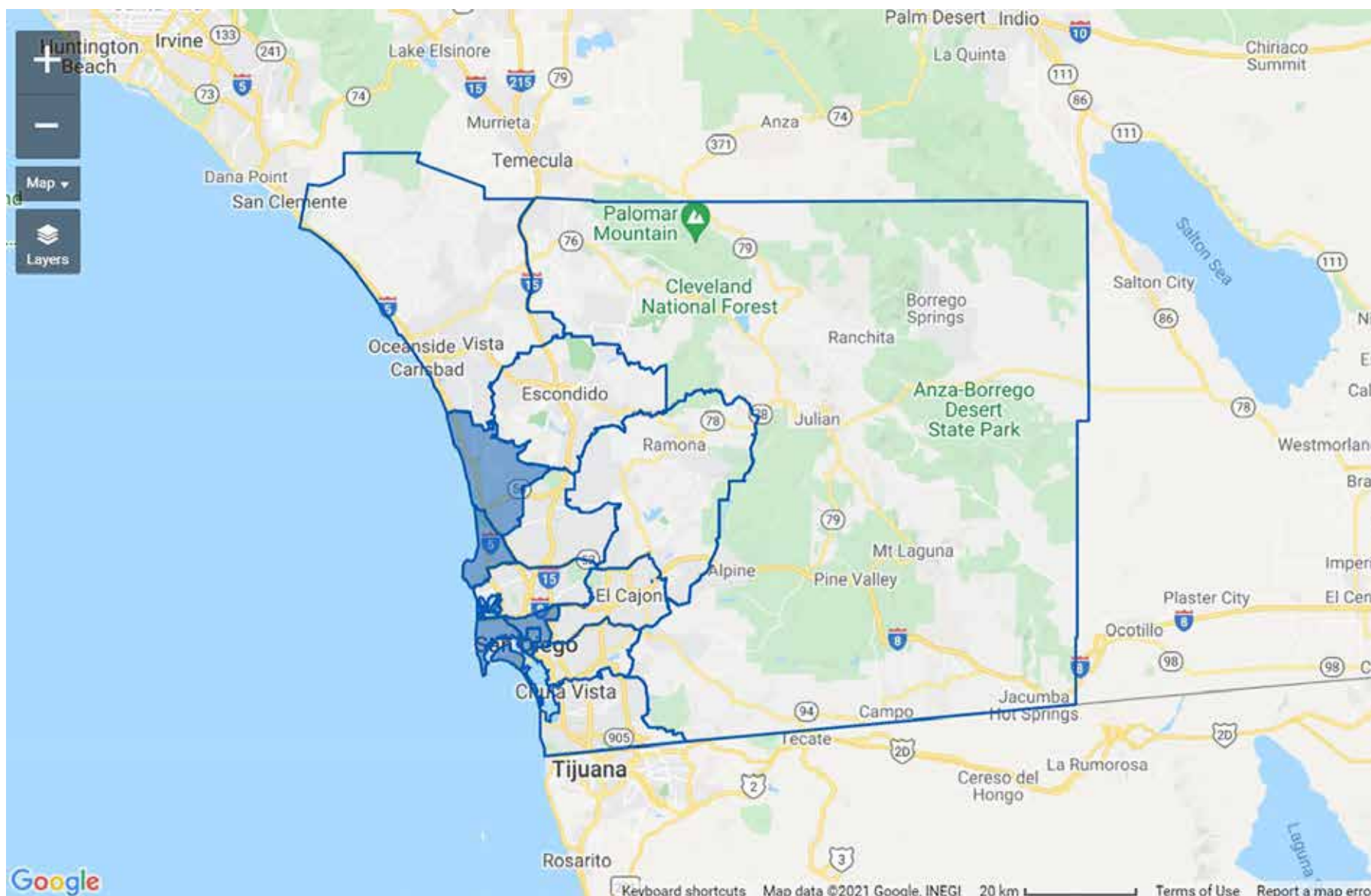
Source: 2015-2019 5-Year ACS, Census Bureau

Chula Vista-National City Market • San Diego County, 2010 to 2021



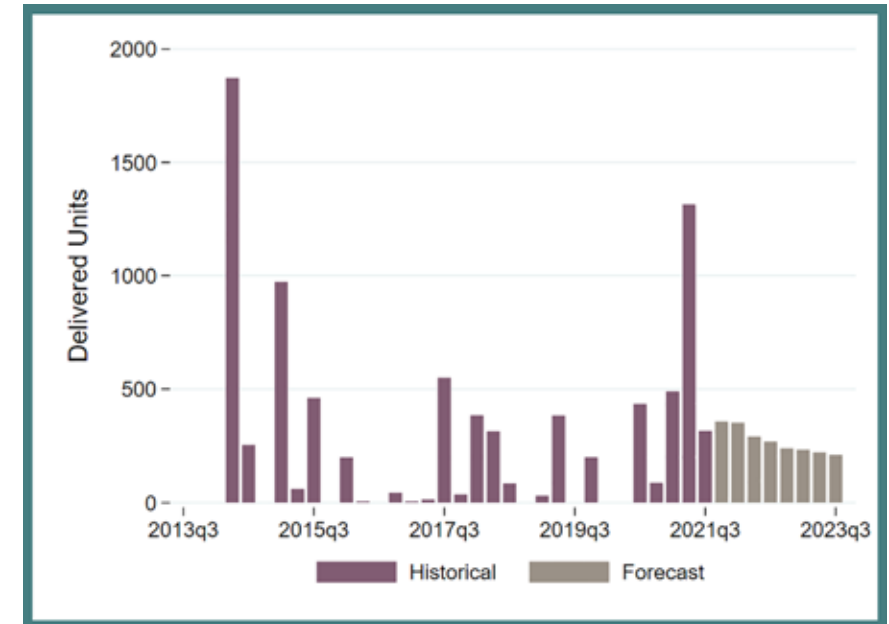
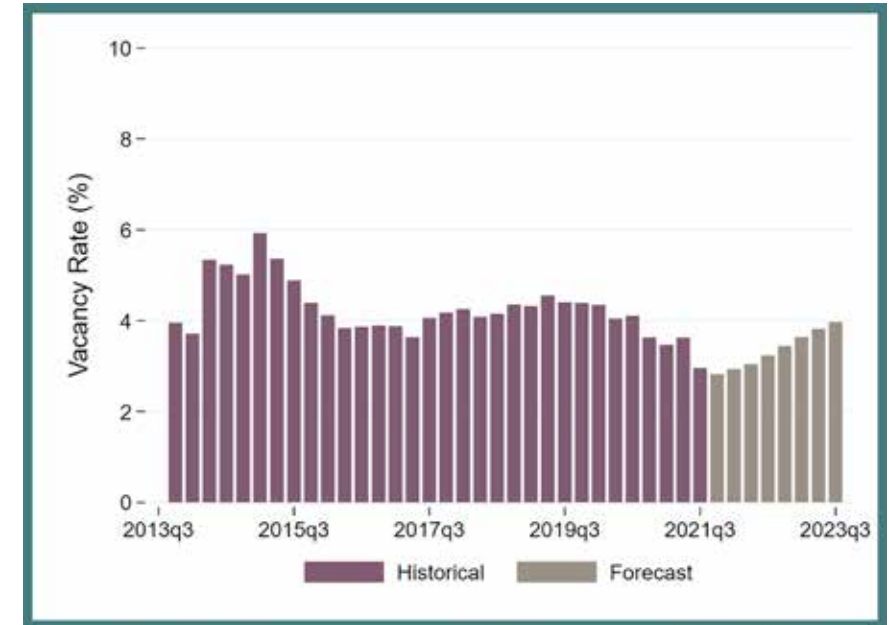
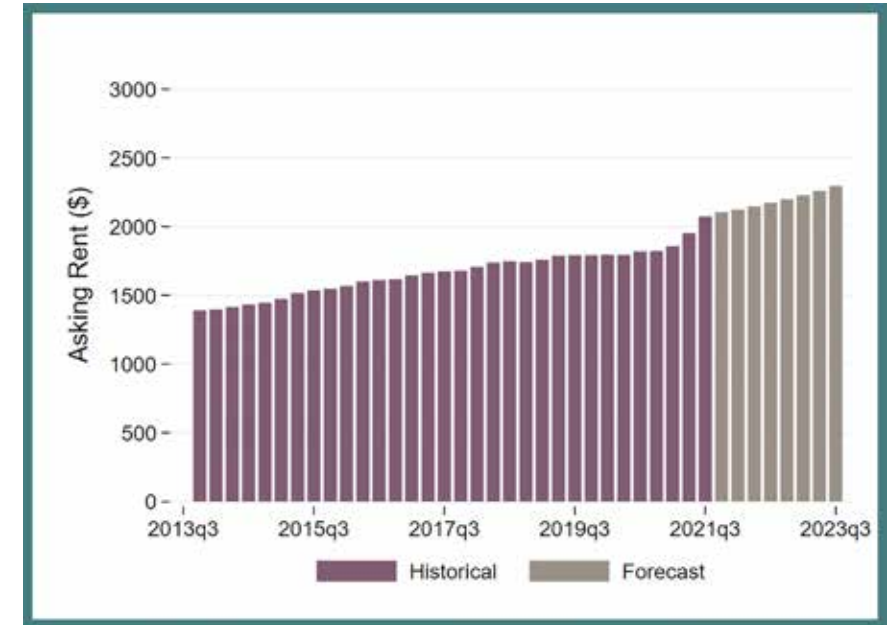
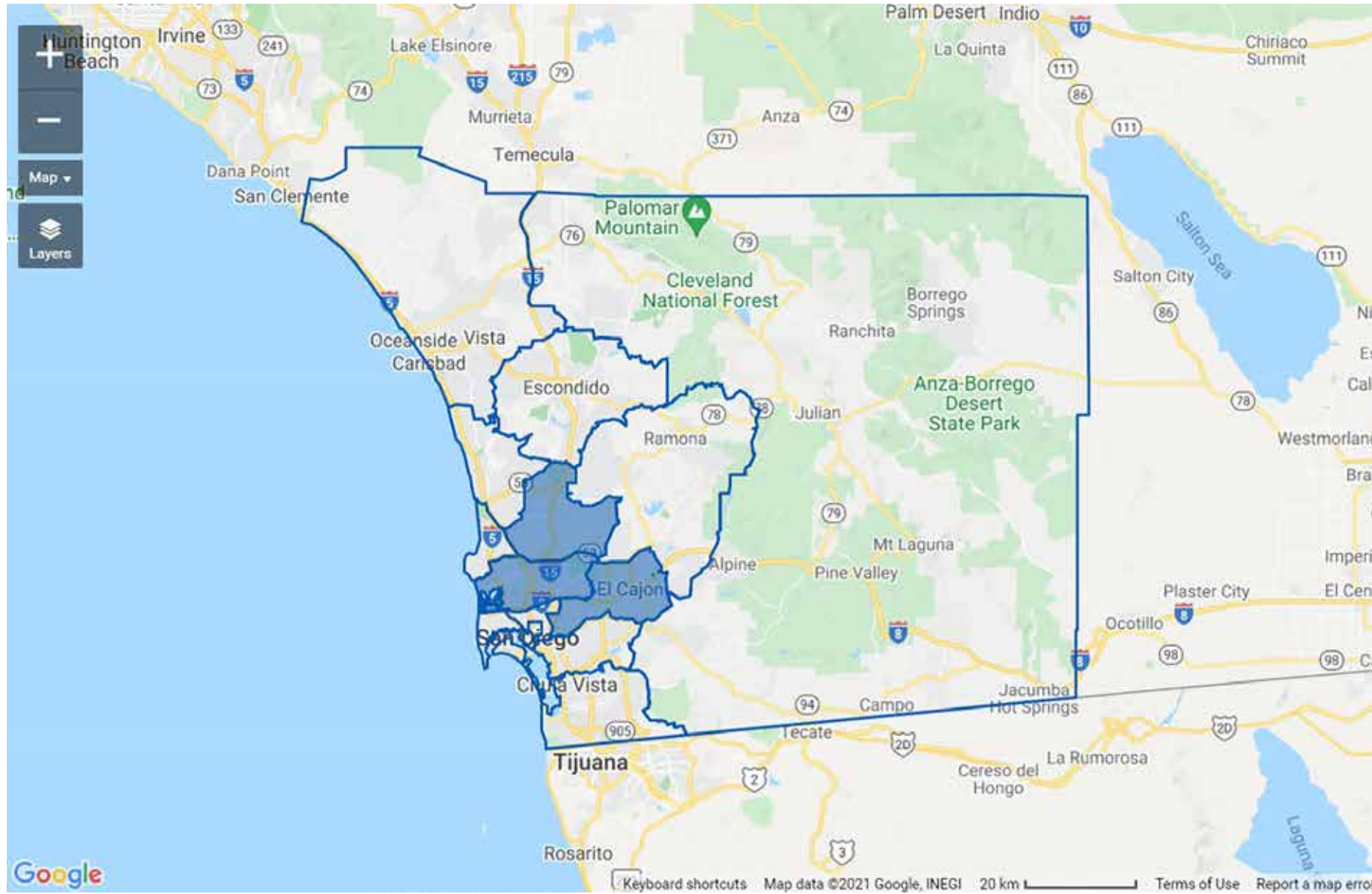
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

City of San Diego - Coastal Market • San Diego County, 2010 to 2021



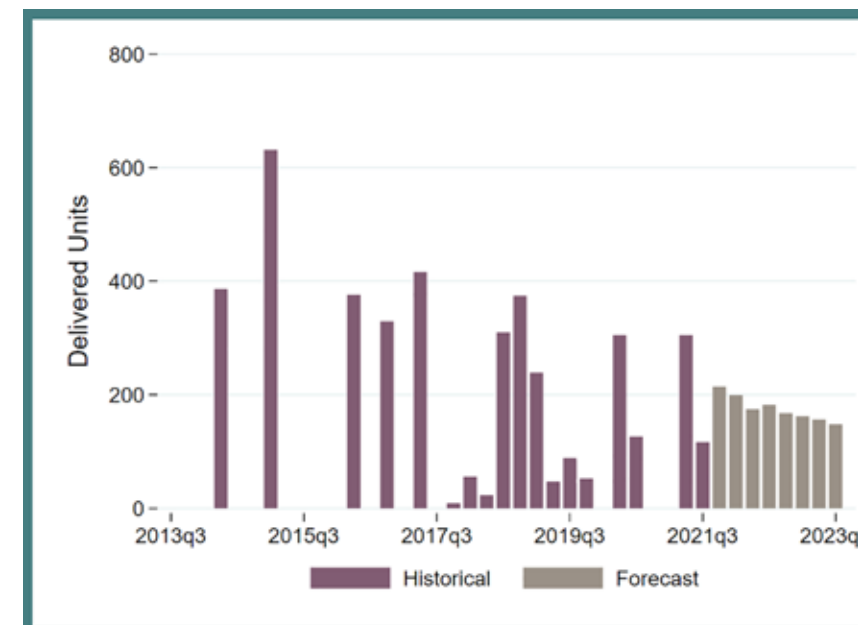
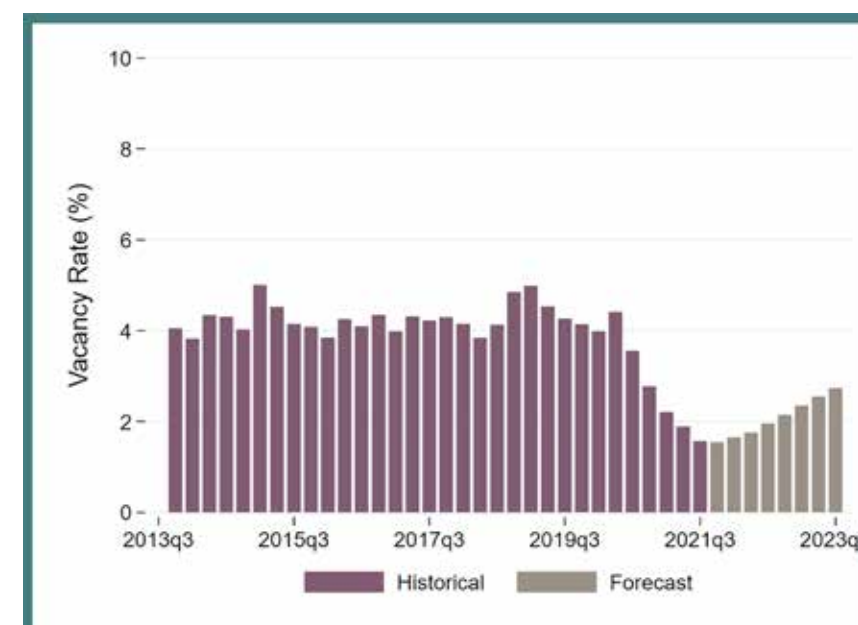
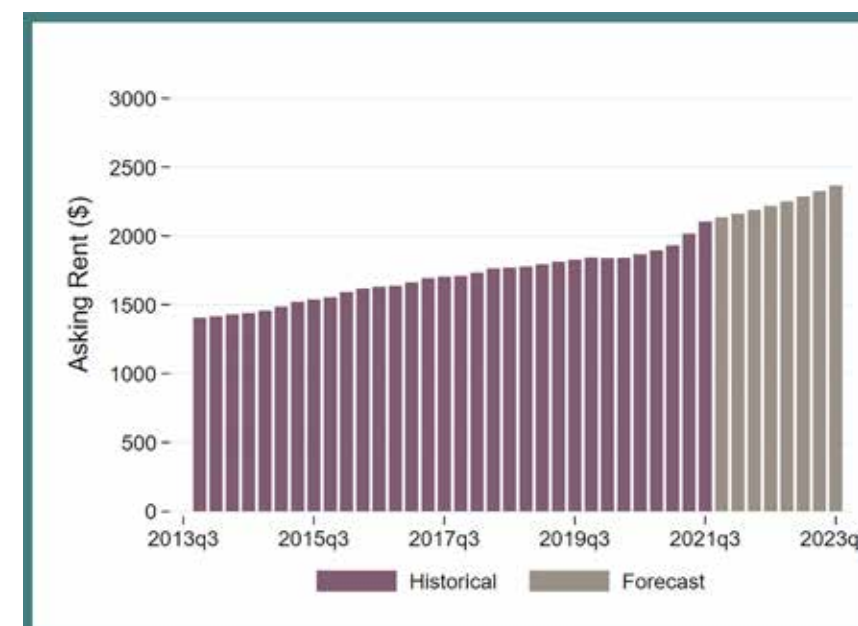
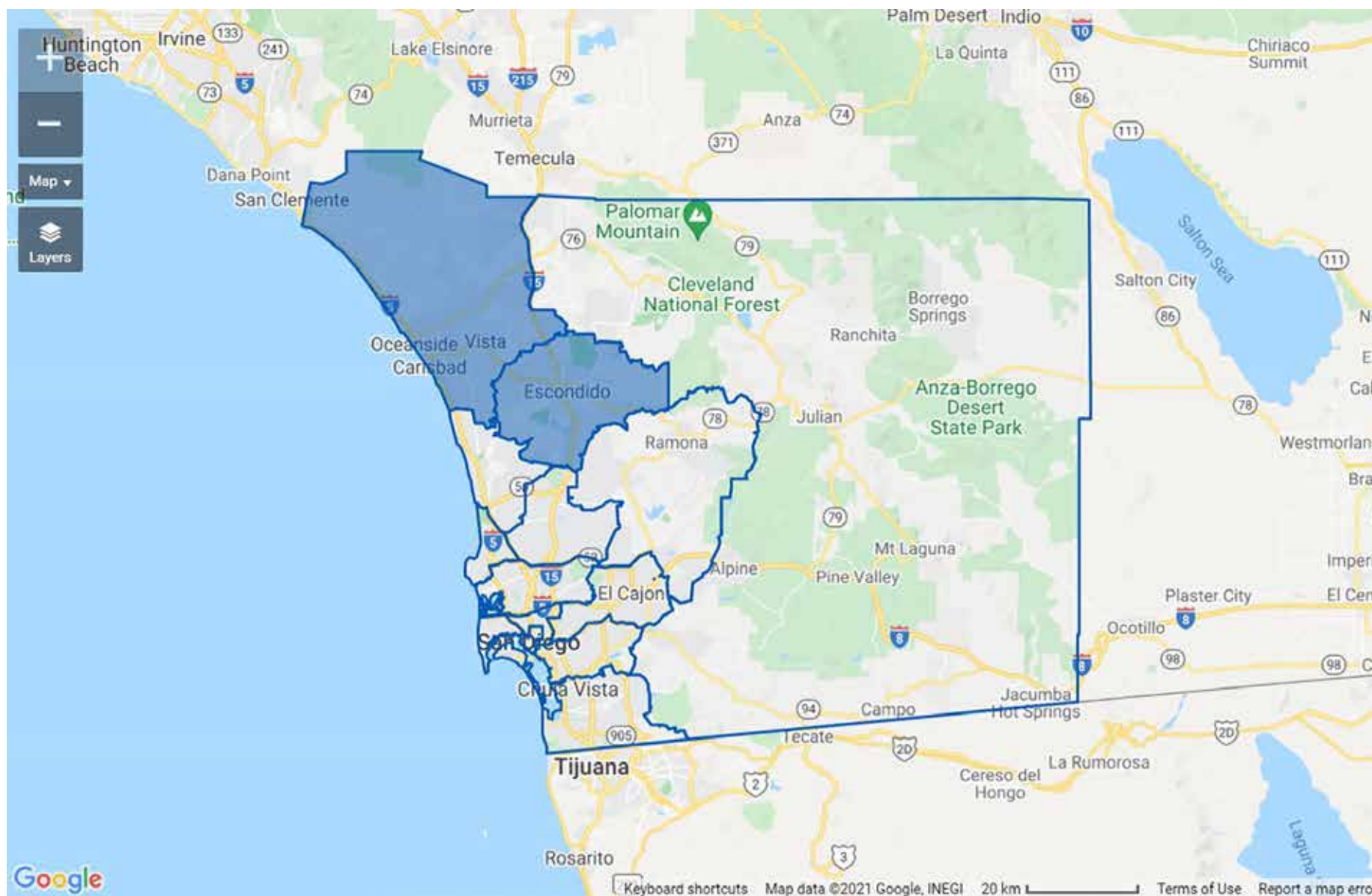
Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

City of San Diego - Inland Market • San Diego County, 2010 to 2021



Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

North San Diego (North County) • San Diego County, 2010 to 2021



Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

CHULA VISTA - NATIONAL CITY

RACE

White	15%
Black	8%
Asian	13%
Hispanic	62%
All other races	1%

EDUCATION

Less than HS	18%
HS Diploma	22%
Bachelor's Degree	18%
Graduate Degree	7%

HOUSING TYPE

1 Unit	65%
2-4 units	3%
10 to 19	6%
20+ units	16%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	38%
1970-1999	46%
after 2000	17%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	55%
Percent with Children	41%
Median Household Income	\$84,461
Average Household Size	3.31

CITY OF SAN DIEGO (COASTAL)

RACE

White	64%
Black	6%
Asian	5%
Hispanic	21%
All other races	3%

EDUCATION

Less than HS	6%
HS Diploma	13%
Bachelor's Degree	33%
Graduate Degree	18%

HOUSING TYPE

1 Unit	43%
2-4 units	8%
10 to 19	9%
20+ units	29%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	43%
1970-1999	40%
after 2000	18%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	47%
Percent with Children	18%
Median Household Income	\$86,596
Average Household Size	2.13

*Rent burden is the share of households whose rent payments exceed 30% of income.

CITY OF SAN DIEGO (INLAND)

RACE

White	44%
Black	9%
Asian	14%
Hispanic	28%
All other races	4%

EDUCATION

Less than HS	11%
HS Diploma	17%
Bachelor's Degree	27%
Graduate Degree	14%

HOUSING TYPE

1 Unit	52%
2-4 units	6%
10 to 19	9%
20+ units	23%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	33%
1970-1999	47%
after 2000	19%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	53%
Percent with Children	28%
Median Household Income	\$87,723
Average Household Size	2.78

NORTH COUNTY

RACE

White	54%
Black	4%
Asian	7%
Hispanic	32%
All other races	4%

EDUCATION

Less than HS	10%
HS Diploma	15%
Bachelor's Degree	27%
Graduate Degree	15%

HOUSING TYPE

1 Unit	70%
2-4 units	5%
10 to 19	5%
20+ units	9%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	19%
1970-1999	64%
after 2000	17%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	52%
Percent with Children	39%
Median Household Income	\$96,637
Average Household Size	2.89

*Rent burden is the share of households whose rent payments exceed 30% of income.

Ventura



Ventura County

RACE

White	45%
Black	3%
Asian	4%
Hispanic	45%
All other races	3%

EDUCATION

Less than HS	14%
HS Diploma	21%
Bachelor's Degree	22%
Graduate Degree	10%

HOUSING TYPE

1 Unit	75%
2-4 units	6%
10 to 19	4%
20+ units	6%

RENTAL UNITS BY SIZE OF STRUCTURE

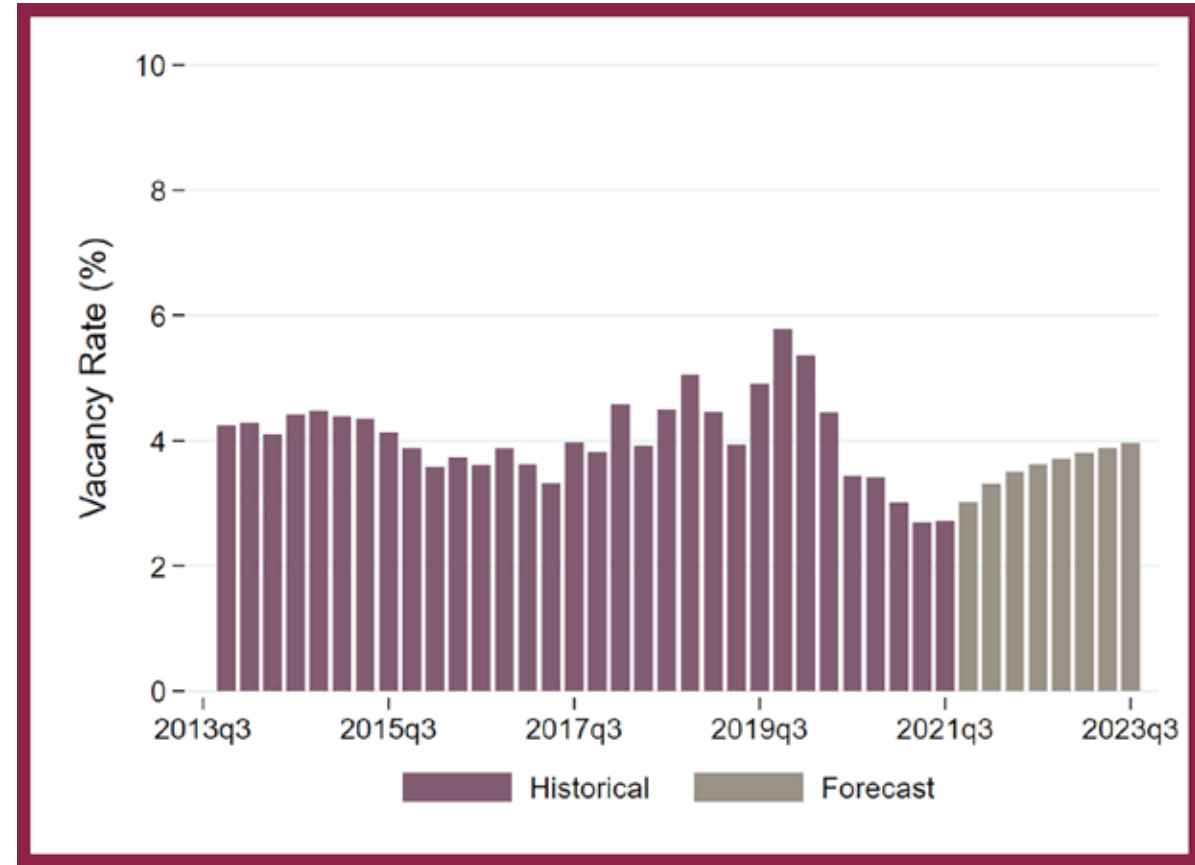
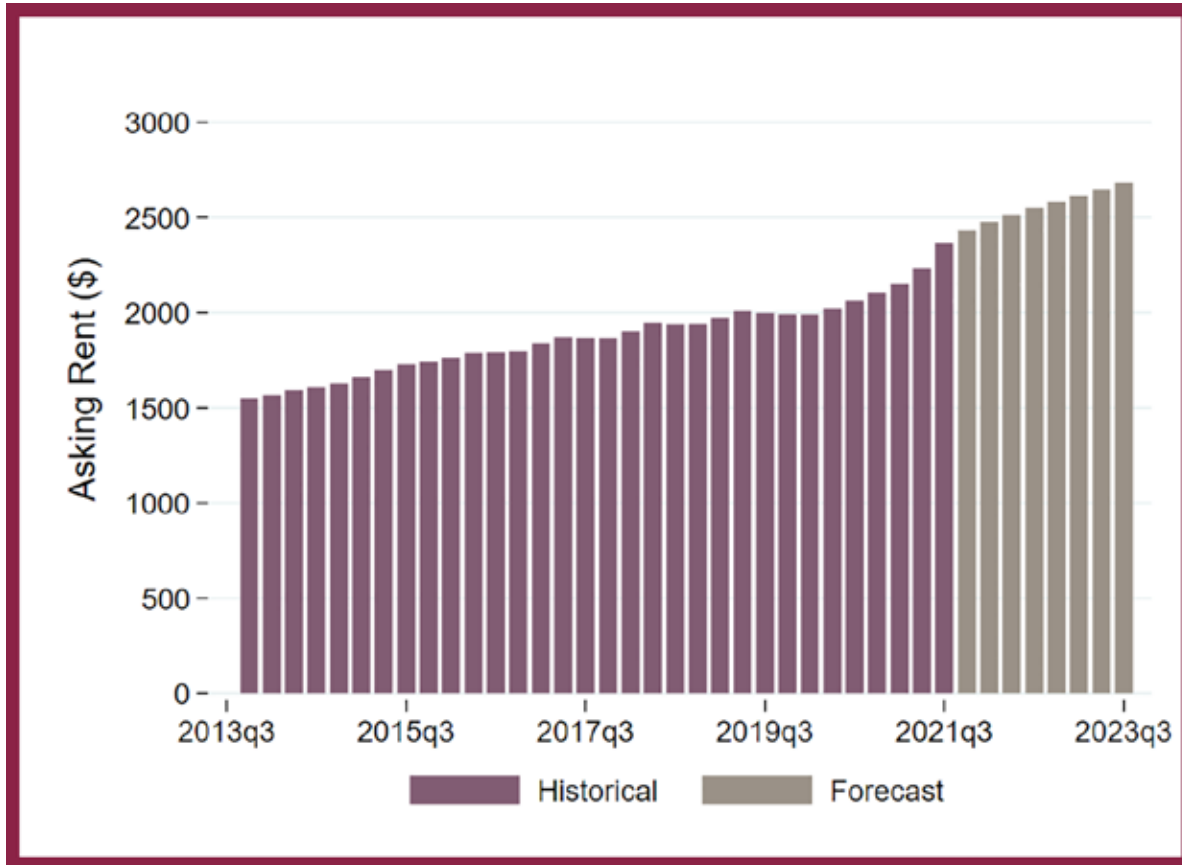
before 1970	38%
1970-1999	49%
after 2000	13%

HOUSEHOLD STATISTICS

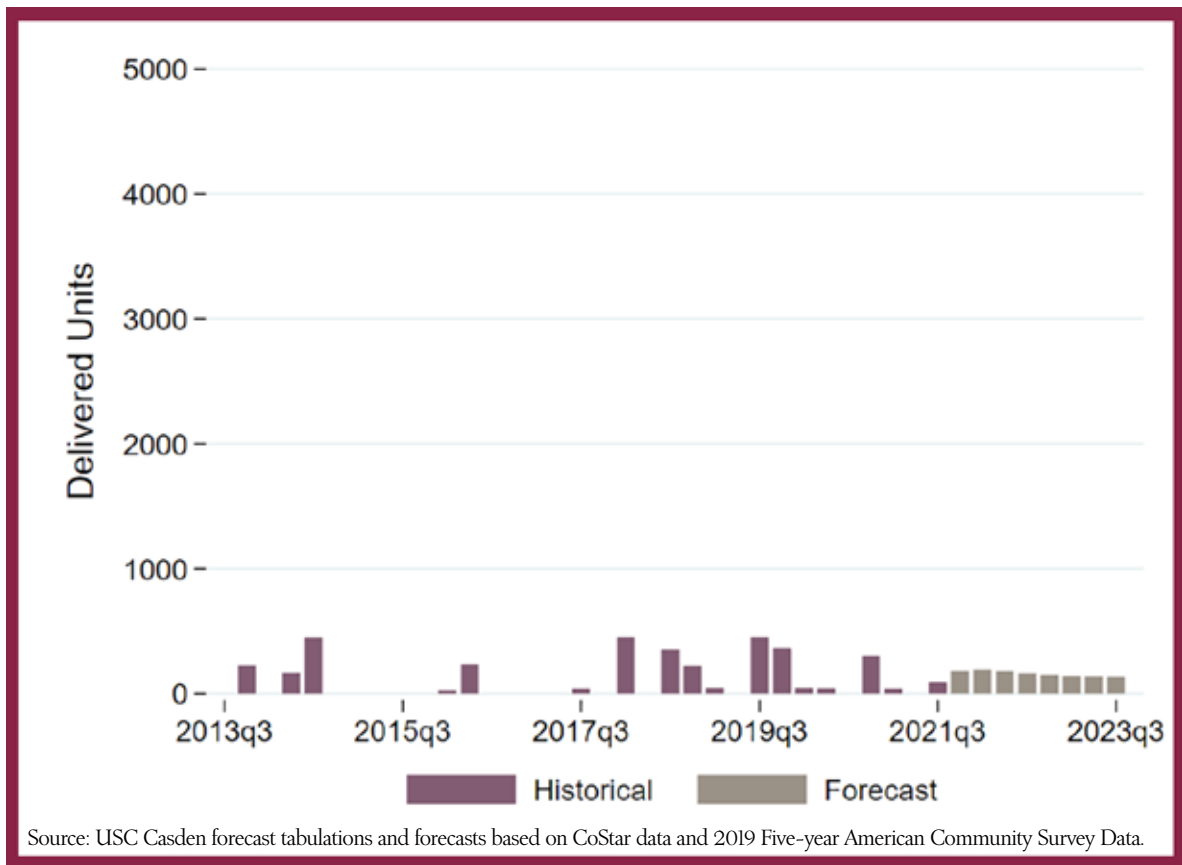
Share of Rent Burdened Households*	55%
Percent with Children	39%
Median Household Income	\$94,284
Average Household Size	3.1

*Rent burden is the share of households whose rent payments exceed 30% of income.

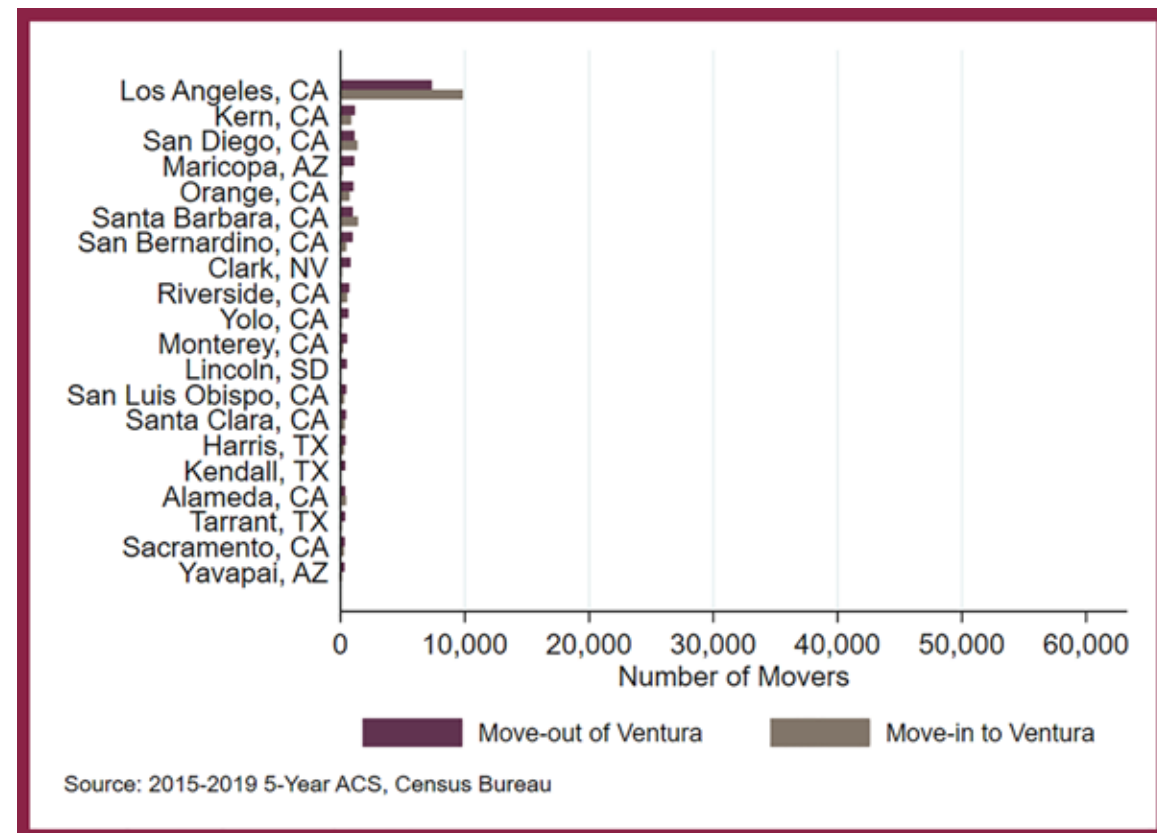
Ventura Rents/Vacancy



20 Leading Destination Counties from Orange County, 2015-19

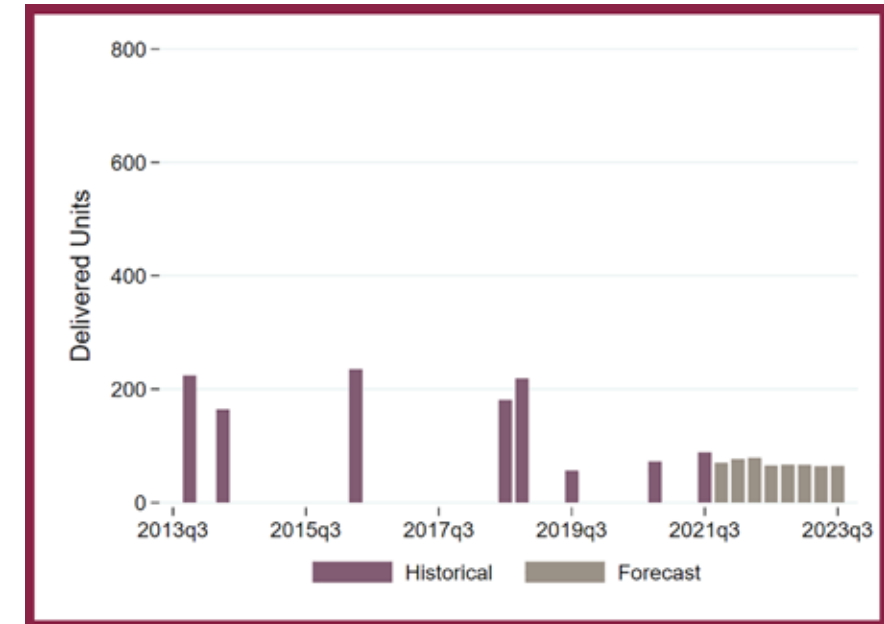
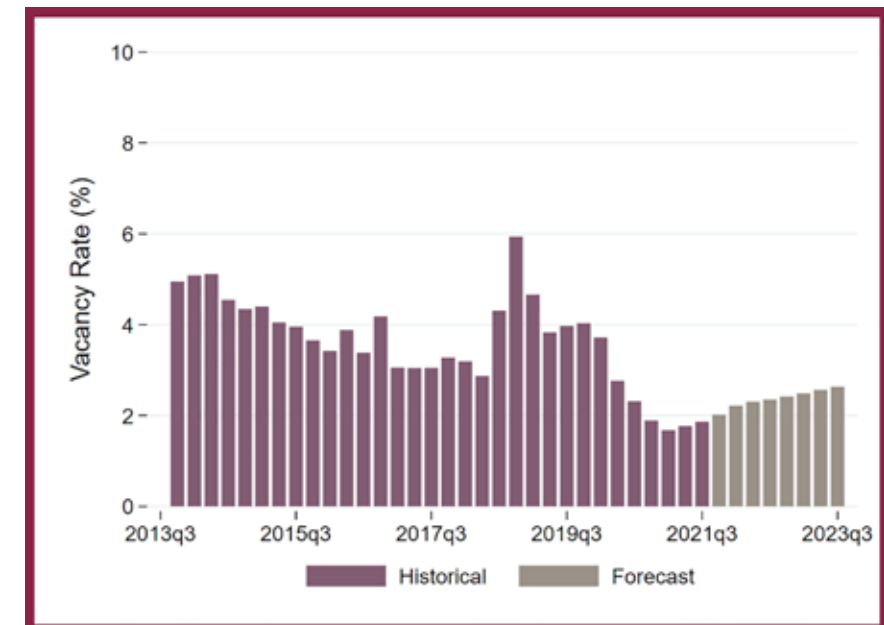
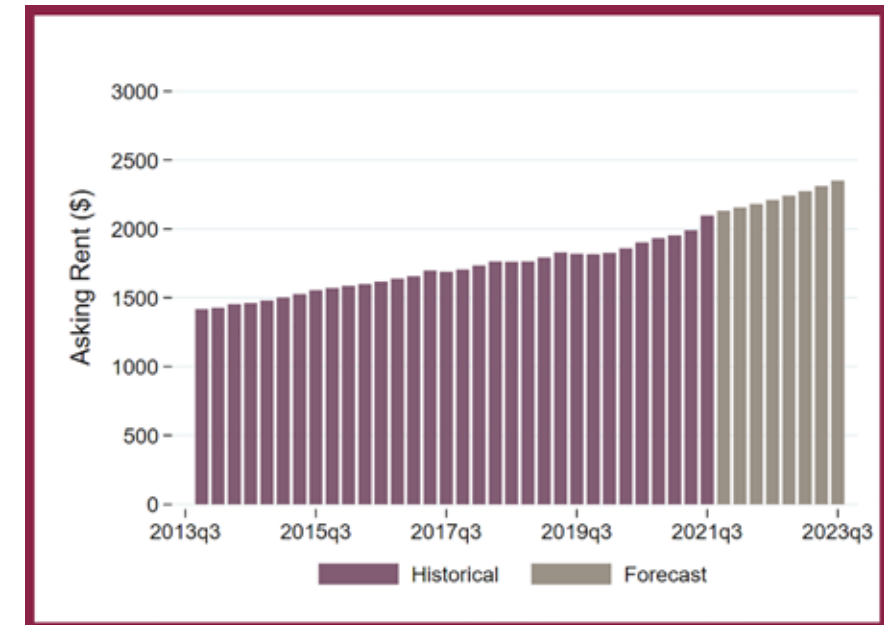
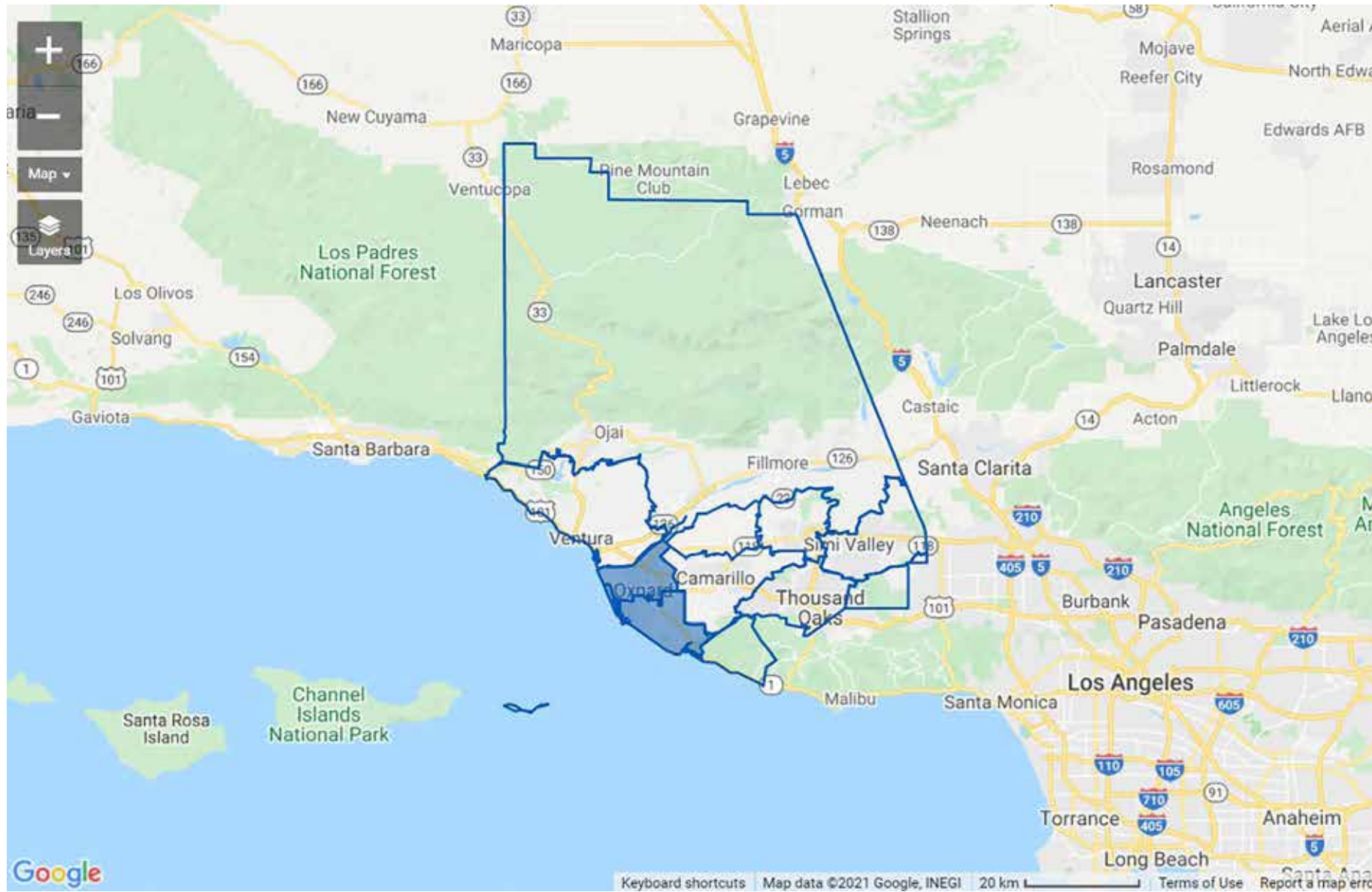


Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.



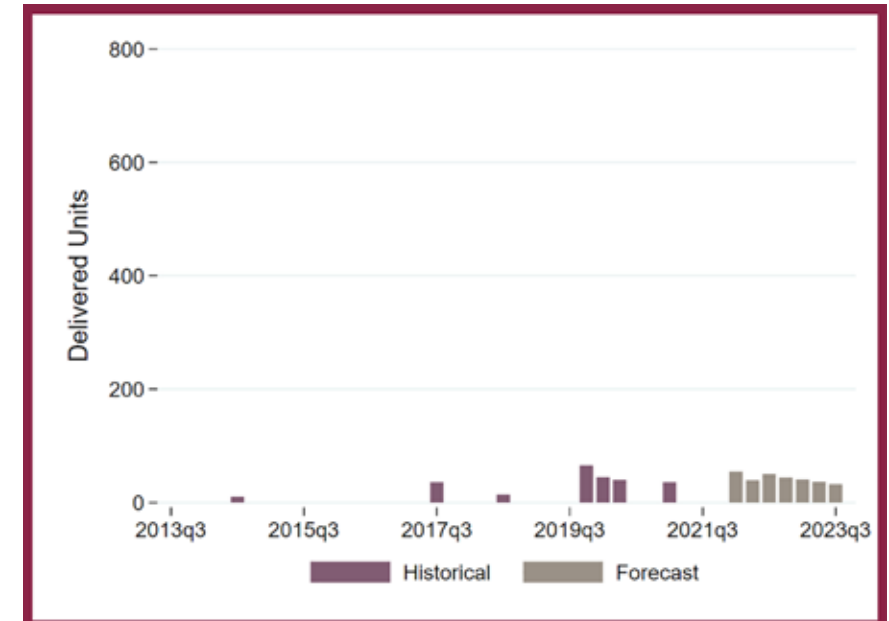
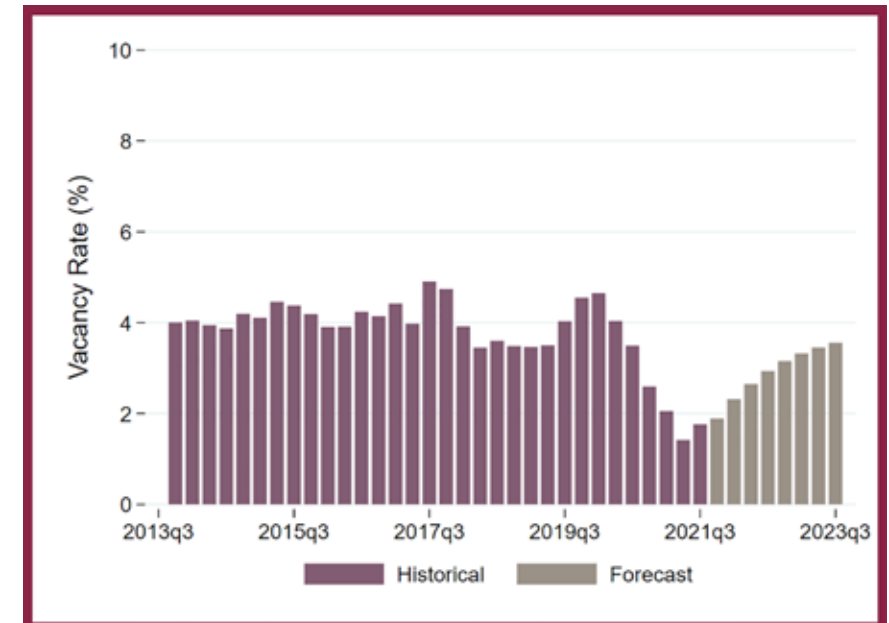
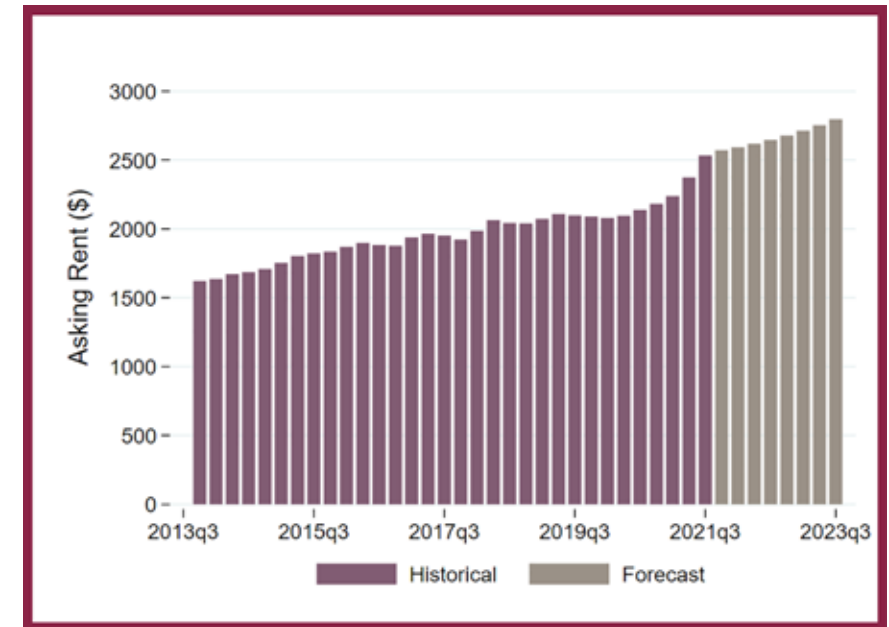
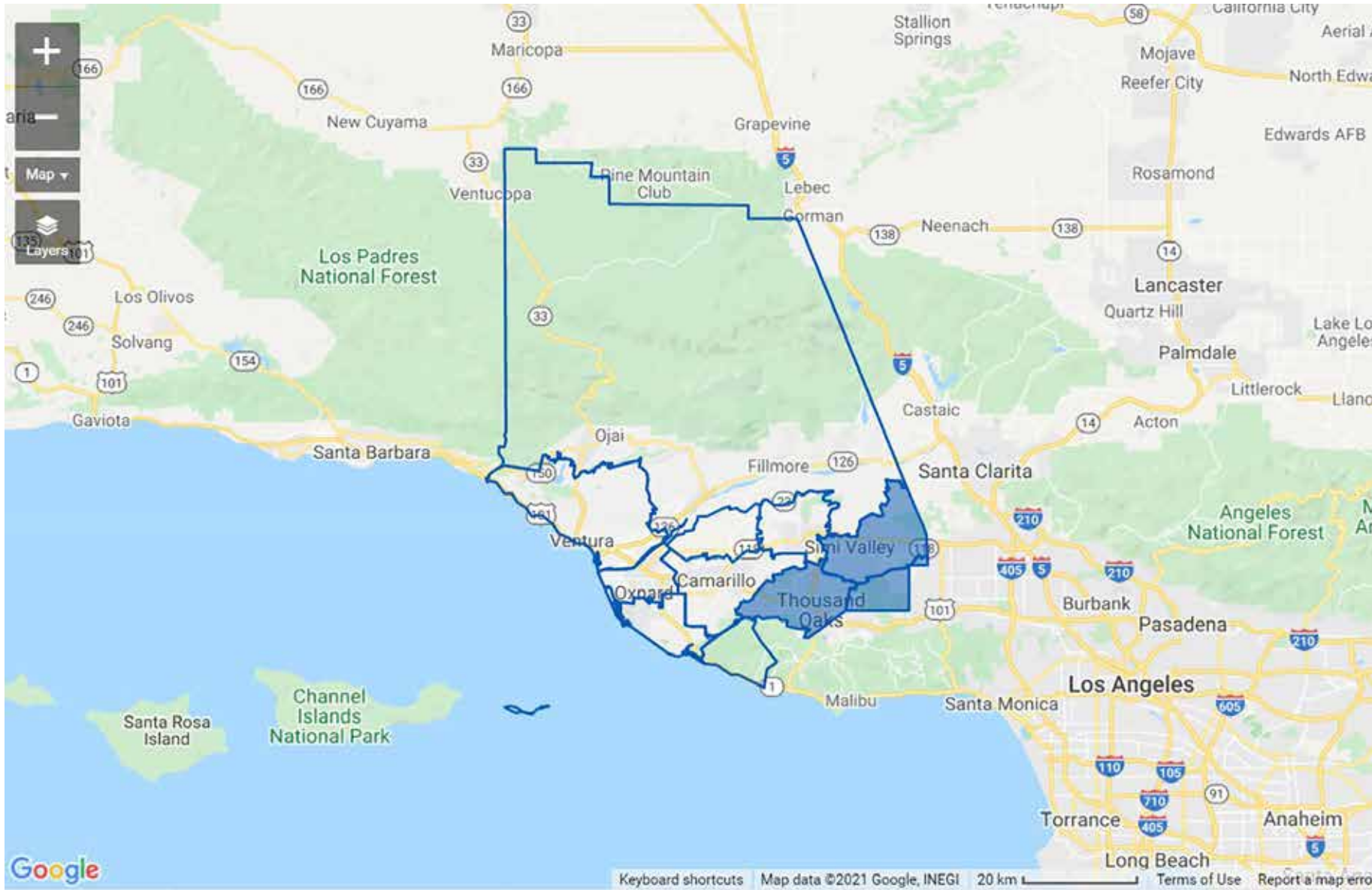
Source: 2015-2019 5-Year ACS, Census Bureau

Oxnard-San Buenaventura Market • Ventura County, 2010 to 2021



Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

Simi Valley-Moorpark-Thousand Oaks Market • Ventura County, 2010 to 2021



Source: USC Casden forecast tabulations and forecasts based on CoStar data and 2019 Five-year American Community Survey Data.

Simi Valley-Moorpark-Thousand Oaks

RACE

White	58%
Black	4%
Asian	7%
Hispanic	28%
All other races	0.03

EDUCATION

Less than HS	8%
HS Diploma	16%
Bachelor's Degree	27%
Graduate Degree	14%

HOUSING TYPE

1 Unit	78%
2-4 units	5%
10 to 19	4%
20+ units	6%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	24%
1970-1999	61%
after 2000	15%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	60%
Percent with Children	34%
Median Household Income	\$106,035
Average Household Size	2.88

Oxnard-San Buenaventura

RACE

White	36%
Black	2%
Asian	3%
Hispanic	57%
All other races	2%

EDUCATION

Less than HS	18%
HS Diploma	27%
Bachelor's Degree	18%
Graduate Degree	7%

HOUSING TYPE

1 Unit	70%
2-4 units	7%
10 to 19	7%
20+ units	8%

RENTAL UNITS BY SIZE OF STRUCTURE

before 1970	47%
1970-1999	41%
after 2000	11%

HOUSEHOLD STATISTICS

Share of Rent Burdened Households*	55%
Percent with Children	41%
Median Household Income	\$80,880
Average Household Size	3.3

*Rent burden is the share of households whose rent payments exceed 30% of income.



Technical Notes

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Overall Disclaimer

Some of the data in this report was gathered from third party sources and was not independently verified. The Casden Forecast does not make any warranties or representations as to the completeness or accuracy thereof.

Methodology

Statistics reported in this year's USC Casden Report are based on data provided by CoStar Realty Information Inc and the U.S. Census Bureau.

- Quarterly data on rents, vacancies, and net deliveries for rental housing with 2 or more units come from CoStar at the CoStar sub-market level for 2000-2021 Q3. Sub-markets were aggregated manually by the researchers to geographies that were made as similar as possible to the PUMA-based geographies used for reporting demographic data.
- County-to-County migrations flows come from the U.S. Census Bureau that use 5-year ACS data. The latest figures are only available for 2015 - 2019.
- County-level employment quotients come from the U.S. Bureau of Labor Statistics for the year 2021 Q1.
- Metro-level building permit data come from the U.S. Census Bureau for 1995 - 2020.
- All household, demographic, and housing statistics reported in the tables are obtained from the 2019 1-year American Community Survey at the PUMA level. PUMAs were then aggregated to match the sub-market geographies of prior Casden reports.
- Forecasts presented in this report use standard time-series econometric techniques based on historical correlations of key housing variables including rents, vacancy rates, absorption rates, and unit construction at the quarterly level.



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