



# The Cadillac 1212-1216 East 3<sup>rd</sup> Street

Marcus & Millichap

36 Units on 2 Parcels in Long Beach, CA

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# INVESTMENT ANALYSIS

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# EXECUTIVE SUMMARY

## PRICING INFORMATION

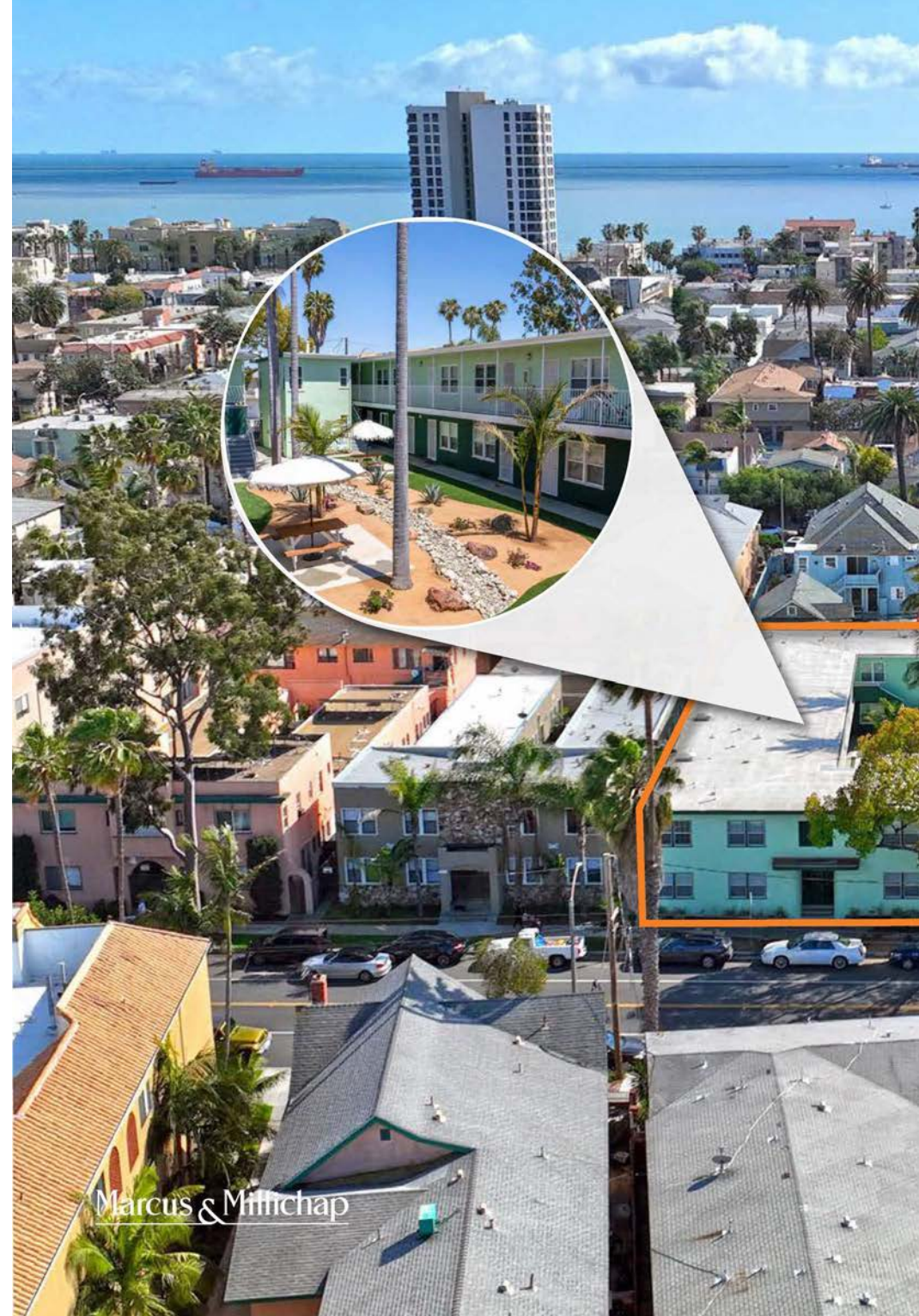
Offering Price	\$10,495,000
Price/Unit	\$291,528
Price/SF	\$545
Cap Rate (Current)	5.33%
Cap Rate (Market)	6.36%

## PROPERTY DETAILS

Address	1212 & 1216 East 3rd Street, Long Beach, CA 90802
Units	36
Building SF	19,248
Year Built	1957 & 1940
Lot SF	16,529
APN	7275-010-004 & 005
Zoning	LBR3S

## UTILITIES

Electricity	Separately Metered
Gas	Separately Metered
Water	Master Metered





## INVESTMENT DESCRIPTION

Marcus & Millichap is pleased to present The Cadillac, a 36-unit apartment community situated on two contiguous parcels at 1212 and 1216 East 3rd Street in the highly desirable Alamitos Beach neighborhood of Long Beach, California. This well-located asset boasts 3 brand new ADU's, 17 remodeled units, a stunning upgraded courtyard, and 11 percent rental upside. This offering represents a rare opportunity to acquire a scale asset in a premier coastal submarket with meaningful upside, recent capital improvements, and strong tenant demand fundamentals.

The asset consists of two buildings featuring a diverse unit mix of 18 studios, 15 one-bed/one-bath units, one two-bed/one-bath unit, and two two-bed/two-bath units. Amenities include a courtyard with picnic areas, controlled access entry, and laundry facilities. Recent renovations incorporate modern interior finishes such as updated flooring, contemporary cabinetry, quartz countertops, and upgraded fixtures, contributing to strong tenant appeal and reduced ongoing maintenance needs. Remaining classic units provide a clear path for further interior upgrades and rental growth.

Located just blocks from the coastline, Alamitos Beach is one of Long Beach's most vibrant and walkable neighborhoods, known for its proximity to waterfront recreation, dining, and retail along Retro Row and Broadway. The area continues to attract a diverse renter base driven by lifestyle appeal, accessibility, and relative affordability compared to neighboring coastal markets. Long Beach's multifamily fundamentals remain strong, supported by consistent population density, a growing employment base, and limited new housing supply. High renter demand, coupled with barriers to new development, continues to drive occupancy and rent growth, positioning well-located assets like 1212 and 1216 East 3rd Street for long-term performance.

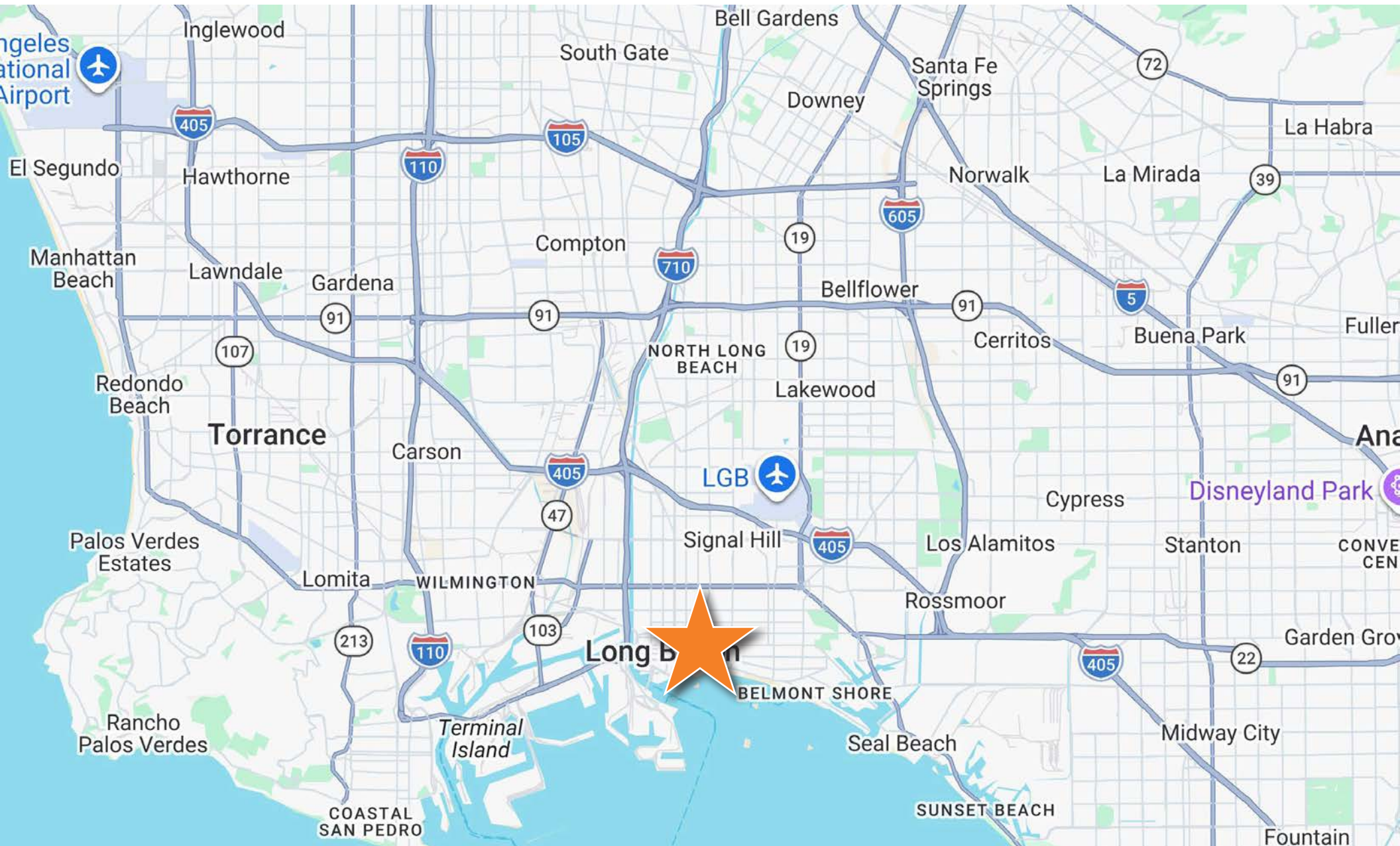
# INVESTMENT HIGHLIGHTS

- **36-Unit Coastal Asset with Upside:** The Cadillac spans two contiguous parcels, featuring three brand-new ADUs, 17 renovated units, and approximately 11% rental upside, offering both immediate income and upside potential.
- **Diverse Unit Mix & Attractive Amenities:** Comprised of 18 studios, 15 one-bed/one-bath units, and three two-bedroom units, the property showcases a beautifully upgraded courtyard with picnic areas, controlled access, and on-site laundry.
- **Renovated Interiors with Value-Add Potential:** Upgraded units showcase modern finishes including quartz countertops, contemporary cabinetry, and updated flooring, while remaining classic units provide a clear path for continued renovation and rent growth.
- **Prime Alamitos Beach Location:** Just blocks from the coast and near Retro Row, the property benefits from strong renter demand driven by walkability, lifestyle appeal, and limited new supply in one of Long Beach's most sought-after rental submarkets.

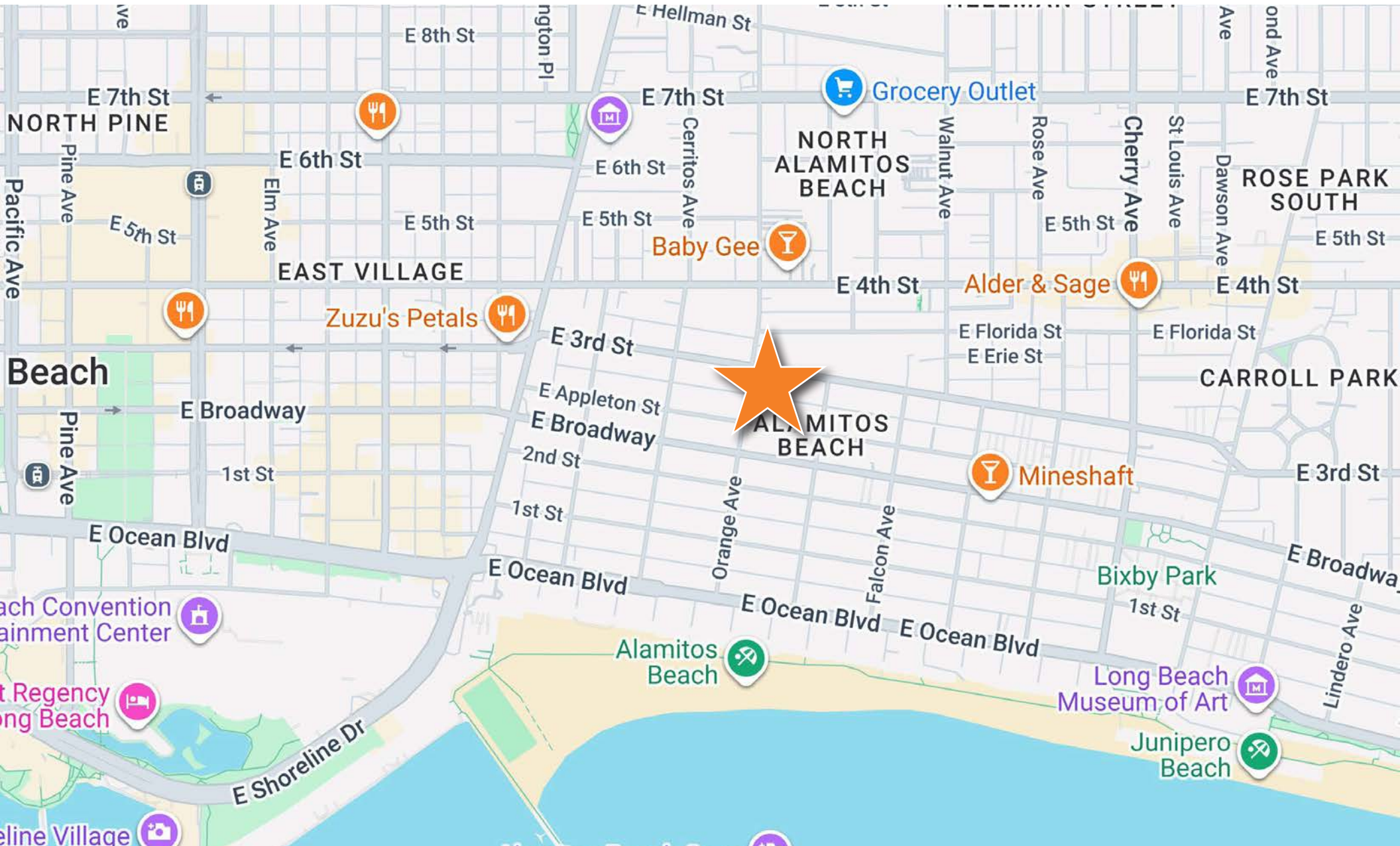




# PROPERTY LOCATION



# PROPERTY LOCATION



# PRICING SUMMARY

## PRICING & PROPERTY DETAILS

Address	1212 & 1216 East 3Rd Street Long Beach, CA 90802
List Price	\$10,495,000
No. of Units	36
Rentable SF*	19,248
Price/Unit	\$291,528
Price/SF	\$545
Lot Size (SF)	16,529
Year Built	1957 & 1940

## VITAL DATA    CURRENT    PRO FORMA

NOI	\$559,320	\$667,849
Cap Rate	5.33%	6.36%
GRM	12.61	11.06



# INCOME & EXPENSES

NO. OF UNITS	UNIT TYPE	% OF UNITS	AVG. CURRENT RENT	TOTAL RENT	PRO FORMA RENT	TOTAL RENT
2	2BR / 2BA	6%	\$2,386	\$4,772	\$2,675	\$5,350
15	1BR / 1BA	42%	\$2,001	\$30,016	\$2,350	\$35,250
18	Studio	50%	\$1,777	\$31,986	\$2,000	\$36,000
1	2BR / 1BA	3%	\$2,608	\$2,608	\$2,495	\$2,495
36	Total			\$69,383		\$79,095

ANNUALIZED EXPENSES	CURRENT	PRO FORMA
Real Estate Taxes	\$139,737	\$139,737
Insurance	\$38,506	\$38,506
Utilities	\$3,928	\$3,928
Repairs & Maint.	\$13,508	\$13,508
Marketing	\$803	\$803
On-Site Payroll	\$18,604	\$18,604
General & Admin	\$3,600	\$3,600
Management Fee	\$32,792	\$37,314
Contract Services	\$9,000	\$9,000
<b>Total</b>	<b>\$260,479</b>	<b>\$265,001</b>
Per Unit	\$7,236	\$7,361
Per SF	\$13.53	\$13.77
% EGI	31.77%	28.41%

ANNUALIZED OPERATING DATA	CURRENT	PRO FORMA
All Units at Market Rent	\$949,140	\$949,140
Less: Loss to Lease	\$116,548	\$0
Gross Potential Rent	\$832,592	\$949,140
Less: Vacancy Allowance	\$24,978	\$28,474
Other Income	\$12,184	\$12,184
Effective Gross Income	\$819,799	\$932,850
Less: Expenses	\$260,479	\$265,001
<b>Net Operating Income</b>	<b>\$559,320</b>	<b>\$667,849</b>

# RENT ROLL

UNIT NO.	UNIT TYPE	CURRENT RENT	PRO FORMA RENT
1212-1	2BR / 2BA	\$2,271	\$2,675
1212-2	1BR / 1BA	\$1,943	\$2,350
1212-3	1BR / 1BA	\$1,908	\$2,350
1212-4	1BR / 1BA	\$1,856	\$2,350
1212-5	1BR / 1BA	\$1,884	\$2,350
1212-6**	1BR / 1BA	\$2,106	\$2,350
1212-7**	1BR / 1BA	\$1,968	\$2,350
1212-8**	1BR / 1BA	\$1,946	\$2,350
1212-9	1BR / 1BA	\$2,009	\$2,350
1212-10**	1BR / 1BA	\$2,060	\$2,350
1212-11	1BR / 1BA	\$1,940	\$2,350
1212-12**	2BR / 2BA	\$2,502	\$2,675
1212-17**	1BR / 1BA	\$2,344	\$2,350
1212-18	1BR / 1BA	\$1,940	\$2,350
1212-19	1BR / 1BA	\$2,009	\$2,350
1216-1*	Studio	\$1,831	\$2,000
1216-2	Studio	\$1,580	\$2,000
1216-3	Studio	\$1,639	\$2,000
1216-4*	Studio	\$1,835	\$2,000
1216-5	Studio	\$1,810	\$2,000
1216-6	Studio	\$1,809	\$2,000
1216-7*	Studio	\$2,000	\$2,000

UNIT NO.	UNIT TYPE	CURRENT RENT	PRO FORMA RENT
1216-8	Studio	\$1,595	\$2,000
1216-9*	Studio	\$2,000	\$2,000
1216-10	Studio	\$1,398	\$2,000
1216-11**	1BR / 1BA	\$2,045	\$2,350
1216-12**	Studio	\$1,909	\$2,000
1216-13**	2BR / 1BA	\$2,608	\$2,495
1216-14	Studio	\$1,795	\$2,000
1216-15*	Studio	\$2,000	\$2,000
1216-16	Studio	\$1,795	\$2,000
1216-17	Studio	\$1,509	\$2,000
1216-18	Studio	\$1,889	\$2,000
1216-19	Studio	\$1,695	\$2,000
1216-20	Studio	\$1,899	\$2,000
1216-21**	1BR / 1BA	\$2,060	\$2,350
<b>36</b>	<b>Total</b>	<b>\$69,383</b>	<b>\$79,095</b>

\*Vacant

\*\*Reflects rent increase effective prior to projected COE

# 10-YEAR CASH FLOW

	APR-27	APR-28	APR-29	APR-30	APR-31	APR-32	APR-33	APR-34	APR-35	APR-36
Income										
All Units at Market Rent	\$987,106	\$1,026,590	\$1,067,653	\$1,110,360	\$1,154,774	\$1,200,965	\$1,249,003	\$1,298,964	\$1,350,922	\$1,404,959
Gain (Loss)-to-Lease	(\$107,224)	(\$98,646)	(\$90,754)	(\$83,494)	(\$76,814)	(\$70,669)	(\$65,016)	(\$59,814)	(\$55,029)	(\$50,627)
Gross Potential Rent	\$879,882	\$927,944	\$976,899	\$1,026,866	\$1,077,960	\$1,130,296	\$1,183,988	\$1,239,149	\$1,295,893	\$1,354,332
Vacancy Allowance	(\$26,396)	(\$27,838)	(\$29,307)	(\$30,806)	(\$32,339)	(\$33,909)	(\$35,520)	(\$37,174)	(\$38,877)	(\$40,630)
Other Income	\$12,550	\$12,927	\$13,314	\$13,714	\$14,125	\$14,549	\$14,985	\$15,435	\$15,898	\$16,375
Effective Gross Income	\$866,035	\$913,032	\$960,907	\$1,009,773	\$1,059,746	\$1,110,936	\$1,163,454	\$1,217,410	\$1,272,914	\$1,330,077
Expenses										
Real Estate Taxes	\$142,532	\$145,382	\$148,290	\$151,256	\$154,281	\$157,366	\$160,514	\$163,724	\$166,998	\$170,338
Insurance	\$38,506	\$39,662	\$40,852	\$42,077	\$43,339	\$44,640	\$45,979	\$47,358	\$48,779	\$50,242
Utilities	\$3,928	\$4,046	\$4,168	\$4,293	\$4,421	\$4,554	\$4,691	\$4,831	\$4,976	\$5,126
Repairs & Maint.	\$13,508	\$13,913	\$14,330	\$14,760	\$15,203	\$15,659	\$16,129	\$16,613	\$17,111	\$17,625
Marketing	\$803	\$827	\$852	\$878	\$904	\$931	\$959	\$988	\$1,017	\$1,048
On-Site Payroll	\$18,604	\$19,162	\$19,737	\$20,329	\$20,939	\$21,567	\$22,214	\$22,881	\$23,567	\$24,274
General & Admin	\$3,600	\$3,708	\$3,819	\$3,934	\$4,052	\$4,173	\$4,299	\$4,428	\$4,560	\$4,697
Management Fee	\$34,641	\$36,521	\$38,436	\$40,391	\$42,390	\$44,437	\$46,538	\$48,696	\$50,917	\$53,203
Contract Services	\$9,000	\$9,270	\$9,548	\$9,835	\$10,130	\$10,433	\$10,746	\$11,069	\$11,401	\$11,743
Total Expenses	\$265,123	\$272,492	\$280,032	\$287,752	\$295,659	\$303,762	\$312,069	\$320,588	\$329,327	\$338,296
Net Operating Income	\$600,912	\$640,540	\$680,874	\$722,021	\$764,087	\$807,174	\$851,385	\$896,822	\$943,587	\$991,781

# INCOME & EXPENSE NOTES

Pro forma rents represent all units at adjusted market rents. Market rents are underwritten using comparable market rents and assume that the buyer will continue to upgrade the units to market levels, with similar features, upgrades, and amenities as surrounding area properties.

Pro forma vacancy loss is underwritten at 3%, which is common for an asset located in this area. Loss-to-lease is underwritten as market rents, less the properties current rent roll.

Real estate taxes are calculated on proposed pricing at an ad valorem rate of 1.269098% on the full value of the land and improvements and \$6,544.98 for special assessments which was obtained from the LA County Tax Assessor's Office.

Pro forma insurance is underwritten as provided from historical operations.

Pro forma utilities is underwritten as provided from historical operations.

Pro forma repairs and maintenance expense is underwritten as provided from historical operations.

Pro forma marketing expense is underwritten as provided from historical operations.

Pro forma on-site payroll is underwritten as provided from historical operations.

Pro forma general and administrative expense is underwritten at 1% of gross potential rent.

Pro forma management fee is underwritten as provided from historical operations.

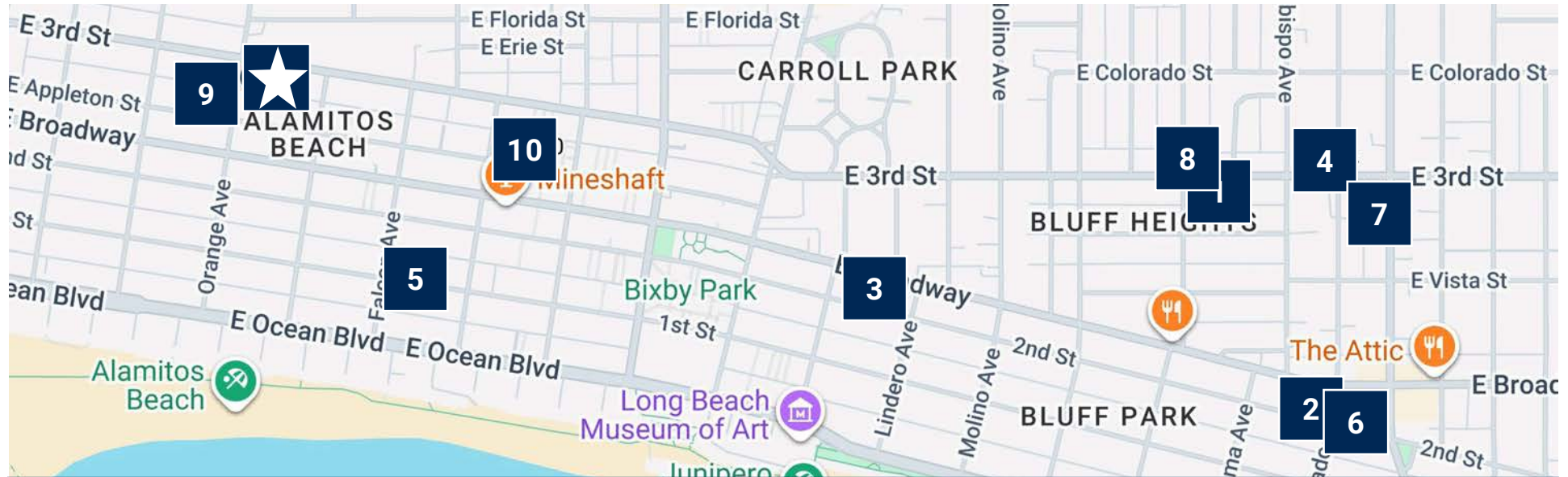
Pro forma pest control expense is underwritten at \$100 per unit, pro forma landscaping expense is underwritten at \$150 per unit, and both are rolled into contract services.



**SALES  
COMPARABLES**

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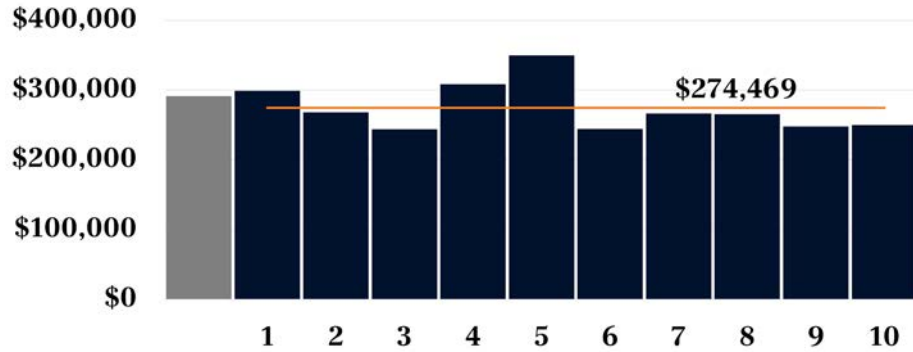
# SALES COMPARABLES



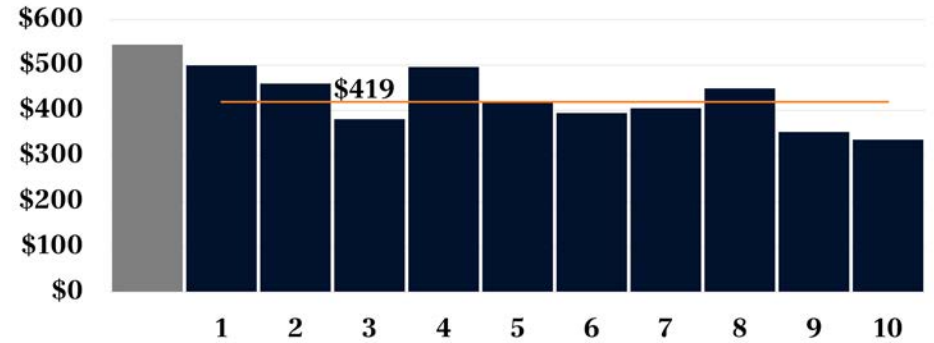
NO.	ADDRESS	PRICE	UNITS	PRICE/UNIT	PRICE/SF	CAP RATE	GRM	SALE DATE
1	3024 E 3rd St	\$4,483,500	15	\$298,900	\$499	5.75%	12.33	12/31/2025
2	3231 E 2nd St	\$2,145,000	8	\$268,125	\$459	--	N/A	12/24/2025
3	2325 E 2nd St	\$2,685,000	11	\$244,091	\$381	5.80%	11.96	3/6/2025
4	305 Coronado Ave	\$4,940,000	16	\$308,750	\$496	3.89%	12.44	12/12/2025
5	1517 E 1st St	\$2,100,000	6	\$350,000	\$419	5.31%	12.66	11/10/2025
6	3301 E 2nd St	\$2,200,000	9	\$244,444	\$394	--	N/A	10/31/2025
7	283 Redondo Ave	\$2,400,000	9	\$266,667	\$405	5.17%	12.57	10/29/2025
8	3009 3rd St	\$1,860,000	7	\$265,714	\$448	5.00%	12.50	10/29/2025
9	1135 E Appleton St	\$2,480,000	10	\$248,000	\$352	--	11.67	8/13/2025
10	1721 E Appleton St	\$3,000,000	12	\$250,000	\$335	4.00%	16.25	4/9/2025
Comparables Average				\$274,469	\$419	4.99%	12.80	
Subject	1212 & 1216 East 3Rd Street	\$10,495,000	36	\$291,528	\$545	5.33%	12.61	

# SALES COMPARABLES

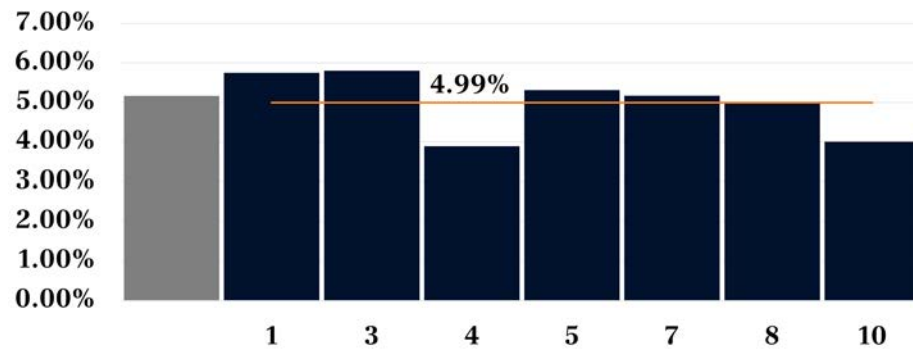
## Price Per Unit



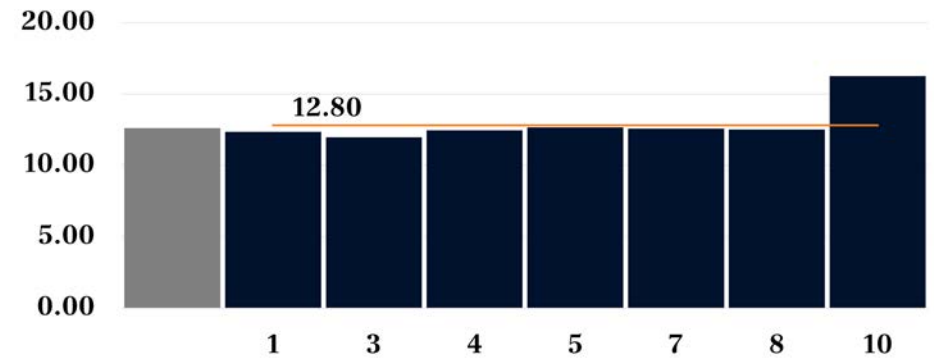
## Price Per SF



## Cap Rate



## GRM



# SALES COMPARABLES



**3024 E 3rd St**  
**Long Beach, CA 90814-6449**

Sale Date	12/31/2025
Price	\$4,483,500
Units	15
Price/Unit	\$298,900
Price/SF	\$499.22
Cap Rate	5.75%
GRM	N/A
Year Built	1957
Unit Mix	
3	Studio
11	One-Bedroom
1	Two-Bedroom



**3231 E 2nd St**  
**Long Beach, CA 90803-5270**

Sale Date	12/24/2025
Price	\$2,145,000
Units	8
Price/Unit	\$268,125
Price/SF	\$459.31
Cap Rate	--
GRM	N/A
Year Built	1950
Unit Mix	
8	One-Bedroom



**2325 E 2nd St**  
**Long Beach, CA 90803**

Sale Date	3/6/2025
Price	\$2,685,000
Units	11
Price/Unit	\$244,091
Price/SF	\$380.74
Cap Rate	5.80%
GRM	11.96
Year Built	1964
Unit Mix	
2	Studio
8	One-Bedroom
1	Two-Bedroom

# SALES COMPARABLES



**305 Coronado Ave  
Long Beach, CA 90814**

Sale Date	12/12/2025
Price	\$4,940,000
Units	16
Price/Unit	\$308,750
Price/SF	\$496.08
Cap Rate	3.89%
GRM	12.44
Year Built	1948

Unit Mix	
8	Studio
8	One-Bedroom



**1517 E 1st St  
Long Beach, CA 90802**

Sale Date	11/10/2025
Price	\$2,100,000
Units	6
Price/Unit	\$350,000
Price/SF	\$418.83
Cap Rate	5.31%
GRM	12.66
Year Built	1914

Unit Mix	
6	One-Bedroom



**3301 E 2nd St  
Long Beach, CA 90803-5213**

Sale Date	10/31/2025
Price	\$2,200,000
Units	9
Price/Unit	\$244,444
Price/SF	\$394.12
Cap Rate	--
GRM	N/A
Year Built	1952

Unit Mix	
9	One-Bedroom

# SALES COMPARABLES



**283 Redondo Ave  
Long Beach, CA 90803**

Sale Date	10/29/2025
Price	\$2,400,000
Units	9
Price/Unit	\$266,667
Price/SF	\$404.86
Cap Rate	5.17%
GRM	N/A
Year Built	1964

Unit Mix	
1	Studio
6	One-Bedroom
2	Two-Bedroom



**3009 3rd St  
Long Beach, CA 90814**

Sale Date	10/29/2025
Price	\$1,860,000
Units	7
Price/Unit	\$265,714
Price/SF	\$448.41
Cap Rate	5.00%
GRM	12.50
Year Built	1950

Unit Mix	
7	One-Bedroom



**1135 E Appleton St  
Long Beach, CA 90802**

Sale Date	8/13/2025
Price	\$2,480,000
Units	10
Price/Unit	\$248,000
Price/SF	\$352.02
Cap Rate	--
GRM	11.67
Year Built	1953

Unit Mix	
10	Studio

# SALES COMPARABLES

10



**1721 E Appleton St  
Long Beach, CA 90802**

Sale Date	4/9/2025
Price	\$3,000,000
Units	12
Price/Unit	\$250,000
Price/SF	\$335.35
Cap Rate	4.00%
GRM	--
Year Built	1957

## Unit Mix

10	One-Bedroom
2	Two-Bedroom





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# RENT COMPARABLES

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# RENT COMPARABLES



NO.	ADDRESS	UNIT TYPE	MONTHLY RENT
1	2040 E Florida Street	Studio	\$1,900
2	1827 E 4th Street	Studio	\$2,095
3	1323 1st Street	Studio	\$2,100
4	1187 E 3rd Street	1BR / 1BA	\$2,400
5	1028 E 3rd Street	1BR / 1BA	\$2,295
6	1224 E 1st Street	1BR / 1BA	\$2,250
7	1532 E 2nd Street	1BR / 1BA	\$2,495
8	1401 E 3rd Street	2BR / 2BA	\$2,695
9	1309 E Appleton Street	2BR / 1.5BA	\$2,650
10	955 E 3rd Street	2BR / 2BA	\$2,700



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# MARKET OVERVIEW

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# MARKET OVERVIEW

## SOUTH BAY - LONG BEACH

The South Bay-Long Beach area of southwestern Los Angeles County contains 21 miles of coastline between Long Beach and El Segundo, and includes Los Angeles International Airport, the Port of Los Angeles and the Port of Long Beach. The region boasts a population of more than 1.3 million and is projected to add roughly 20,000 residents over the next five years. Less than half of the area's households own their home, generating a large rental market. Entering 2024, local apartment vacancy was 5.0 percent.



**Population**  
**1.3M**

Growth 2023-2028\*  
**1.8%**



**Households**  
**489K**

Growth 2023-2028\*  
**2.1%**



**Median Age**  
**39.5**

U.S. Median  
**38.7**



**Median HH Income**  
**\$87,900**

U.S. Median  
**\$68,500**

\* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau

### Metro Highlights

- **Port Activity:** The Port of Los Angeles in San Pedro and the adjacent Port of Long Beach are the nation's busiest ports, underpinning employment in the transportation and warehousing sector.
- **Educated Labor Pool:** Educational attainment supports business services and health care-related hiring. The number of residents ages 25 and older with a bachelor's degree exceeds the U.S. mean.
- **Los Angeles International Airport:** The Inglewood-adjacent LAX Airport is undergoing a \$15 billion modernization program to improve operations and capacity. While some upgrades are already complete, the full project is expected to extend to 2030.

### Economy Highlights

- Torrance and Hawthorne in the South Bay are hubs for the aerospace and defense technology industries, highlighted by the presence of Boeing, SpaceX, Honeywell Aerospace and Raytheon.
- A number of corporate headquarters are located in the area. Significant operations are held by American Honda Motor Co. in Torrance and Mattel in El Segundo, while auto parts manufacturer United Pacific and Molina Healthcare call Long Beach home. Several other Fortune 500 firms are based in the area — A-Mark Precious Metals in El Segundo and Skechers USA in Manhattan Beach.
- Major universities in the area include Long Beach State University and California State University, Dominguez Hills in Carson, which have a combined enrollment of more than 50,000 students.

# LOCAL DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
<b>2030 Projection</b>			
Total Population	65,742	236,667	379,111
<b>2025 Estimate</b>			
Total Population	64,774	234,510	375,491
<b>2020 Census</b>			
Total Population	64,925	239,414	383,170
<b>2010 Census</b>			
Total Population	65,477	241,256	380,589
<b>Daytime Population</b>			
2025 Estimate	42,775	211,583	389,978
<b>HOUSEHOLDS</b>			
	<b>1 Mile</b>	<b>3 Miles</b>	<b>5 Miles</b>
<b>2030 Projection</b>			
Total Households	30,697	100,782	154,692
<b>2025 Estimate</b>			
Total Households	29,915	99,022	152,297
Average (Mean) Household Size	2.2	2.5	2.5
<b>2020 Census</b>			
Total Households	28,435	95,715	147,824
<b>2010 Census</b>			
Total Households	26,983	90,947	141,965
Growth 2025-2030	2.6%	1.8%	1.6%
<b>HOUSING UNITS</b>			
	<b>1 Mile</b>	<b>3 Miles</b>	<b>5 Miles</b>
<b>Occupied Units</b>			
2030 Projection	33,283	107,600	163,945
2025 Estimate	32,415	105,664	161,339
Owner Occupied	6,025	25,208	58,639
Renter Occupied	23,887	73,853	93,691
Vacant	2,499	6,642	9,042
<b>Persons in Units</b>			
2025 Estimate Total Occupied Units	29,915	99,022	152,297
1 Person Units	45.1%	37.8%	34.5%
2 Person Units	29.9%	29.7%	30.2%
3 Person Units	10.5%	12.9%	13.7%
4 Person Units	7.7%	10.3%	11.5%
5 Person Units	3.7%	5.2%	5.7%
6+ Person Units	3.0%	4.1%	4.3%

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
<b>2025 Estimate</b>			
\$200,000 or More	7.7%	9.9%	13.7%
\$150,000-\$199,999	7.4%	7.8%	9.5%
\$100,000-\$149,999	16.9%	18.1%	18.5%
\$75,000-\$99,999	13.8%	13.3%	12.9%
\$50,000-\$74,999	18.1%	16.8%	15.3%
\$35,000-\$49,999	11.3%	10.3%	9.0%
\$25,000-\$34,999	7.2%	7.1%	6.3%
\$15,000-\$24,999	7.3%	6.8%	6.0%
Under \$15,000	10.5%	9.9%	8.7%
Average Household Income	\$86,204	\$95,637	\$109,956
Median Household Income	\$67,675	\$76,454	\$88,552
Per Capita Income	\$43,045	\$42,299	\$46,053
<b>POPULATION PROFILE</b>			
	<b>1 Mile</b>	<b>3 Miles</b>	<b>5 Miles</b>
<b>Population By Age</b>			
2025 Estimate Total Population	64,774	234,510	375,491
Under 20	18.7%	21.6%	21.6%
20 to 34 Years	29.6%	27.1%	23.5%
35 to 39 Years	9.3%	8.7%	7.8%
40 to 49 Years	13.7%	13.3%	13.0%
50 to 64 Years	18.1%	17.9%	19.0%
Age 65+	10.6%	11.5%	15.0%
Median Age	38.0	37.0	39.0
<b>Population 25+ by Education Level</b>			
2025 Estimate Population Age 25+	48,639	167,806	270,165
Elementary (0-8)	11.6%	13.6%	10.9%
Some High School (9-11)	7.8%	7.3%	6.5%
High School Graduate (12)	15.3%	15.9%	16.5%
Some College (13-15)	21.7%	22.1%	21.6%
Associate Degree Only	5.7%	6.1%	6.8%
Bachelor's Degree Only	24.9%	22.9%	23.8%
Graduate Degree	12.9%	12.2%	13.9%
<b>Population by Gender</b>			
2025 Estimate Total Population	64,774	234,510	375,491
Male Population	50.7%	50.0%	49.7%
Female Population	49.3%	50.0%	50.3%

# INVESTMENT FORECAST

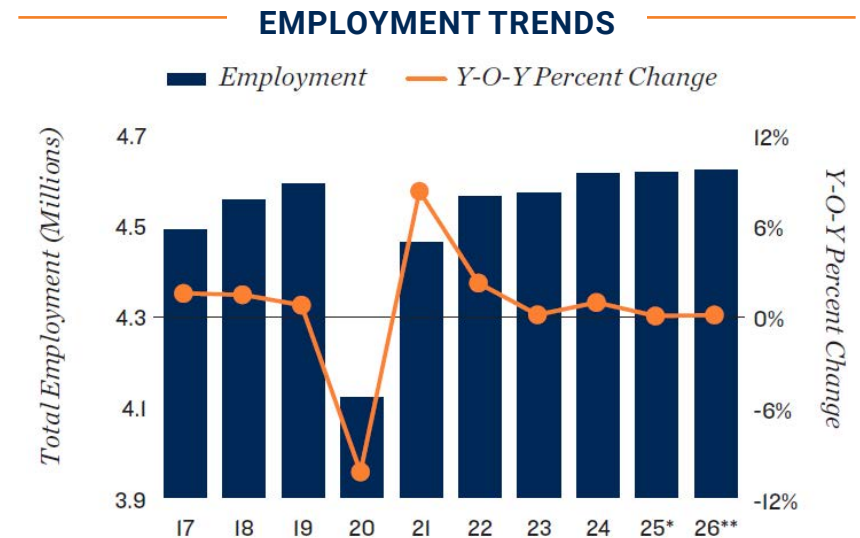
## LOS ANGELES METRO 2026

### Rental Demand Proves Steadfast, but Metro Faces Heightened Exposure to Broader Headwinds

Emerging and longstanding tailwinds limit the impact of near-term hurdles. After two years of moderate vacancy compression, Los Angeles’ rental market will face several challenges in 2026 that could alter the trajectory of local demand. Home to the nation’s fourth-largest immigrant population — more than 4 million people as of 2023 — the market will continue to be acutely affected by stricter immigration policies, which reduced the number of individuals arriving to the U.S. legally last year. The ongoing decline in local film- and entertainment-related jobs may also affect the metro’s renter pool. Over the past three years, the number of Los Angelenos employed in the motion picture industry has declined by at least 40,000. Fortunately, the market will face limited supply pressure in 2026, as approximately 6,200 units are slated for delivery — the lowest total since 2015. This, along with the metro’s longstanding barriers to homeownership, will counter the headwinds affecting the renter pool, keeping the metro in a low-vacancy state over the near term.

Private investor interest apparent. Los Angeles tallied the most transactions among major markets last year, with sub-\$5 million sales accounting for nearly 90 percent of deal flow. Home to below-average rent and Class C vacancy in the 3 percent to 4 percent range, Greater Inglewood, Long Beach, and other parts of South Bay should continue to attract upside-seeking buyers targeting assets that command similar capital infusions. Exhibiting comparable fundamentals, the San Gabriel and San Fernando valleys will represent additional centers of Class C trading in 2026, with investors often acquiring assets via 1031

exchange. In Los Angeles proper, investor demand for these assets will be impacted by recent changes to the city’s rent stabilization ordinance, which now caps rent increases for apartments built before 1978 at 4 percent or 90 percent of CPI.



\* Estimate; \*\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

## 2026 Market Forecast



**+0.1%**  
employment  
increase

### EMPLOYMENT

Aided by healthcare hiring, Los Angeles registers a second straight year of modest job creation that translates to the addition of 6,000 positions.



**6,200**  
units  
will be completed

### CONSTRUCTION

For the fifth consecutive year, local apartment inventory expands by less than 1 percent. Deliveries in Los Angeles proper account for nearly half the units added metrowide.



**10**  
basis point  
increase in vacancy

### VACANCY

Supply and demand remain aligned despite the metro's exposure to several significant headwinds. As such, vacancy dips slightly to 4.3 percent — on par with the market's long-term average.

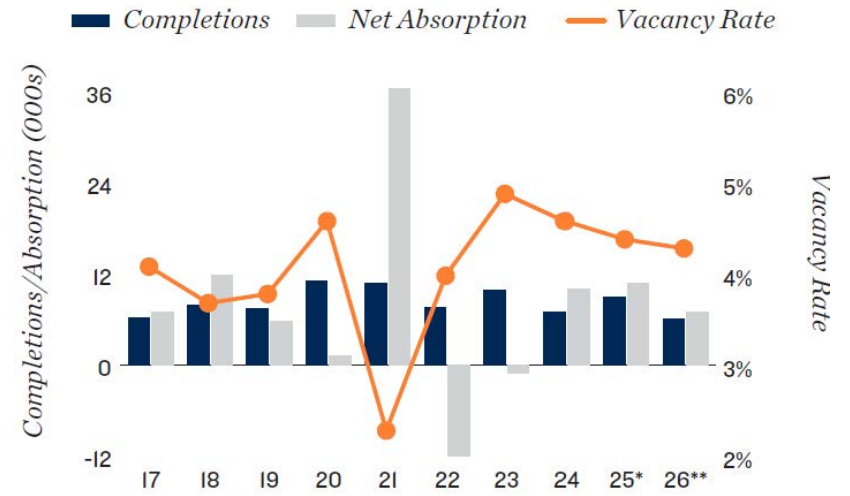


**1.7%**  
increase in  
effective rent

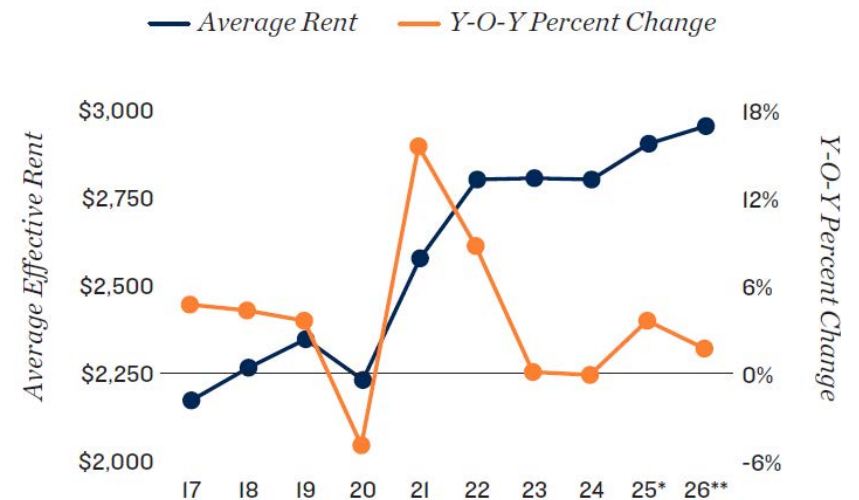
### RENT

Four-year-low vacancy, fueled partially by encouraging renewal activity, supports moderate rent growth in 2026. The metro's average effective rate ends this year at \$2,950 per month.

## SUPPLY & DEMAND



## RENT TRENDS



\* Estimate; \*\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.



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