Marcus & Millichap

HARBINGER QUARTERLY

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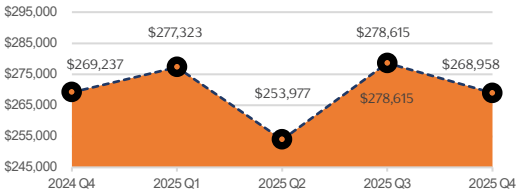
LA COUNTY MULTIFAMILY **QUARTERLY TRENDS**

AVERAGE PRICE PER UNIT

The average price per unit in Q4 2025 decreased to $268,958 from $278,615 in Q2 2025. This represents a modest 3.5% quarterly decline, which reflects a relative stabilization in pricing.

PRICE PER UNIT

2024 Q4	$269,237
2025 Q1	$277,323
2025 Q2	$253,977
2025 Q3	$278,615
2025 Q4	$268,958

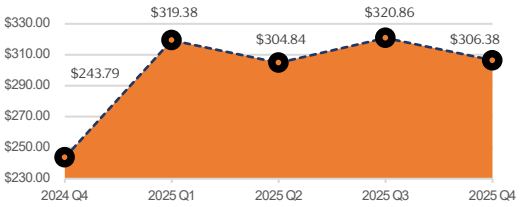


AVERAGE PRICE PER SF

The average price per foot dropped slightly to $306.38/ft in Q4 2025, down $14.48 from the previous quarter when it was $320.86/ft. This marks the fourth consecutive quarter in which the average price per foot has remained above the $300/ft threshold.

PRICE PER SF

2024 Q4	$243.79
2025 Q1	$319.38
2025 Q2	$304.84
2025 Q3	$320.86
2025 Q4	$306.38

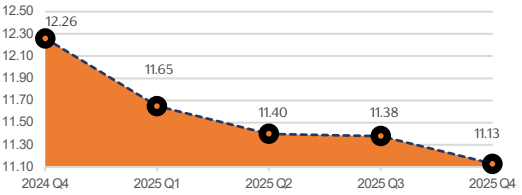


AVERAGE GRM

The average GRM in Q4 2025 dipped slightly to 11.13x's, 0.25x's lower than previous quarter when it was 11.38x's. This marks the fourth quarter in a row in which the average GRM was in the 11x's range and the fifth straight quarter of a downward trend in GRM. Over the past 12 months (Q1 2025–Q4 2025), the average GRM registered at 11.39x's.

GRM

2024 Q4	12.26
2025 Q1	11.65
2025 Q2	11.40
2025 Q3	11.38
2025 Q4	11.13

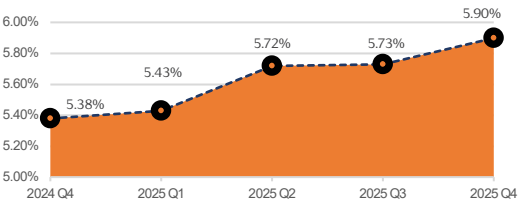


AVERAGE CAP RATE

The average cap rate increased in Q4 2025 to 5.90%, up 17-basis points from Q3 2025 which had an average cap rate of 5.73%. This represents the ninth consecutive quarter with cap rates above the 5% threshold. The average cap rate over the past 12 months (Q1 2025 to Q4 2025) was 5.69%, continuing to reflect elevated borrowing costs and investor preference for higher-yield opportunities.

CAP RATE

2024 Q4	5.38%
2025 Q1	5.43%
2025 Q2	5.72%
2025 Q3	5.73%
2025 Q4	5.90%

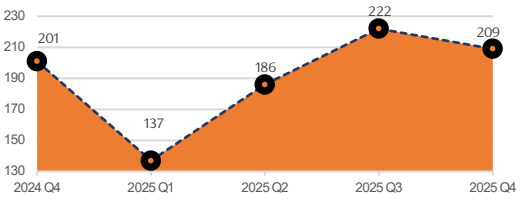


TOTAL TRANSACTIONS (10+ UNITS)

There were 209 multifamily transactions in Los Angeles County in Q4 2025, a modest decline from the previous quarter which had 222 transactions. This is the second quarter in a row in which there were over 200 transactions, which represents a notable rebound in investor activity following a subdued first half of the year.

TOTAL TRANSACTIONS

2024 Q4	201
2025 Q1	137
2025 Q2	186
2025 Q3	222
2025 Q4	209

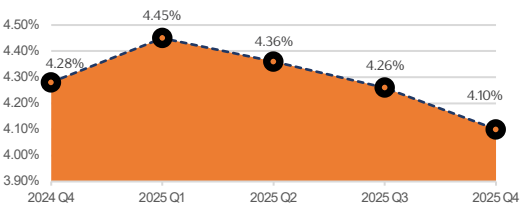


AVERAGE 10-YEAR TREASURY

The average 10-year treasury in Q4 2025 decreased 16-basis points to 4.10% from the previous quarter. This marks the fourth consecutive quarterly decline, offering a positive signal for future borrowing costs as additional Fed rate cuts are expected in the coming year.

10 YEAR TREASURY

2024 Q4	4.28%
2025 Q1	4.45%
2025 Q2	4.36%
2025 Q3	4.26%
2025 Q4	4.10%



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HARBINGER QUARTERLY

SUMMARY OF NEW STATE AND LOCAL LAWS RELATED TO MULTIFAMILY PROPERTY

Happy New Year! We thought we would take the opportunity to highlight a few new state and local laws that multifamily investors in Los Angeles should be aware of:

LA City Rent Stabilization Ordinance (RSO) Reform (Effective Feb 2, 2026)

This is by far the most significant new law for LA apartment owners. The key highlights are as follows:

- **Annual Increases:** Annual increases for RSO units will be based on 90% of the Consumer Price Index (CPI) (down from 100%)
- **Minimum/Maximum Increases:** Floor (minimum) increase: 1%; Ceiling (maximum) increase: 4% (under the old rules, the floor was 3% and the ceiling was 8%). *Note: the RSO annual rent increase remains at 3% from July 1, 2025, to June 30, 2027.*
- **Utilities Increases:** No additional percentage for utilities (landlords cannot include an extra percent for utilities like gas or electricity if they pay those bills, a common RSO "bonus" that previously boosted allowable increases.) *Note: this applies to any annual rent increase notice served to the tenant on or after February 2, 2026.*
- **Dependent Increases:** The extra 10% allowance for adding dependents to a tenancy is also removed.

LA County Ordinance: 82 Degree Cooling Mandate (Effective January 1, 2027)

- **On August 12, 2025, the LA County Board of Supervisors passed a new law requiring rental units in unincorporated areas to be able to maintain a maximum indoor temperature of no more than 82°F for habitable rooms. This effectively requires landlords to provide some form of cooling (which can include AC or other means) if passive methods alone can't meet the temperature limit. Enforcement begins January 1, 2027.** *Note: this applies only in unincorporated parts of LA County but some incorporated cities (including the City of LA) are considering adopting similar rules.*

AB 628: Mandatory Appliances in Rental Units (Effective January 1, 2026)

- **Working Refrigerator/Stove:** Effective January 1, 2026, California requires all residential rental units to include a working refrigerator and stove as part of the unit's habitability standards. Without them, a unit may not legally be rented.
- **Landlord Responsibilities:** Maintain/repair appliances, replace recalled or inoperable units within 30 days after written tenant notice, lease language must reflect tenant choices if they opt to bring their own refrigerator (but landlords can later be required to install one)

AB 1414: Tenant's Right to Opt Out of Bulk Internet/Cable Services (Effective January 1, 2026)

- **Bulk Internet/Cable Plans:** Effective January 1, 2026, tenants cannot be forced to pay for bundled or bulk internet/cable plans the landlord imposes. They can opt out without retaliation and landlords must let tenants decline the service.

AB 246: Eviction Defense for Social Security Delay (Effective January 1, 2026)

- **New Legal Defense - Social Security Delay:** Effective January 1, 2026, this new law allows tenants to use delays in Social Security benefit payments as a legal defense in eviction proceedings. Landlords may see more tenants raising this defense, which could complicate non-payment eviction cases.

LOS ANGELES RENTAL MARKET SUMMARY

Bedrooms	All Bedrooms	Studios	1 Bedrooms	2 Bedrooms	3 Bedrooms
Median Rent	$2,735	$1,675	$2,100	$2,892	$4,088
Y-O-Y Change	-$65	-$75	-$95	-$103	-$162

**Information provided from Zillow as of 1/15/2026*

Please note that this is general submarket information. For detailed information specific to your property, please call for the following:

- Determine Return on Equity
- Submarket Analysis
- Up to Date Market Trends
- Rent Survey
- Property Analysis
- New Listings

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Marcus & Millichap
ZIEGLER INVESTMENT GROUP

400+ CLOSED TRANSACTIONS

80 CITIES

$2.5B TOTAL SALES VOLUME