

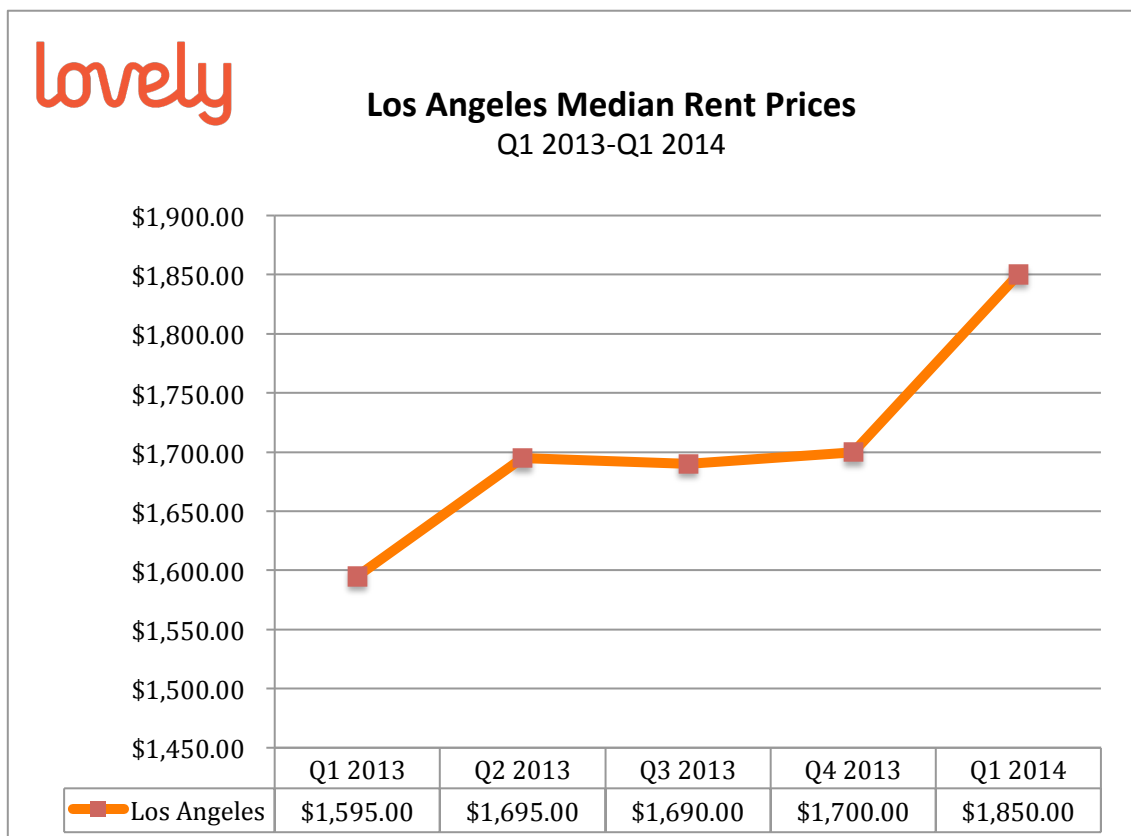


Lovely – Los Angeles Rental Market Report Q1 2014

Los Angeles Rent Price Trends

For the first time since the increase from Q1 2013 to Q2 2013, we see a sharp rise in the Los Angeles median rent price compared to the previous quarter. Median rent prices in Los Angeles for Q1 2014 increased just over 8% since the previous quarter, Q4 2013. This quarter over quarter change is particularly significant especially when compared to the two quarters prior, which had pretty stagnant growth. The increase in median rent price across all bed types from Q3 2013 to Q4 2013 was only .59%.

Additionally, the change in rent price compared to this time last year, Q1 2013, is up over 13%. The year over year rise in rent price represents a greater increase than some of the most competitive and expensive rental markets. Take San Francisco for example, a market that saw approximately an 8% year over year increase. As Los Angeles continues to be a supply-constrained market with high demand, we will likely see the rent prices continue to rise with summer months ahead of us. It's important to note however, that while the YoY growth in Los Angeles for Q1 2014 exceeds that of San Francisco, San Francisco's citywide median rent price for Q1 2014 is still over \$1,300 more than that of Los Angeles.

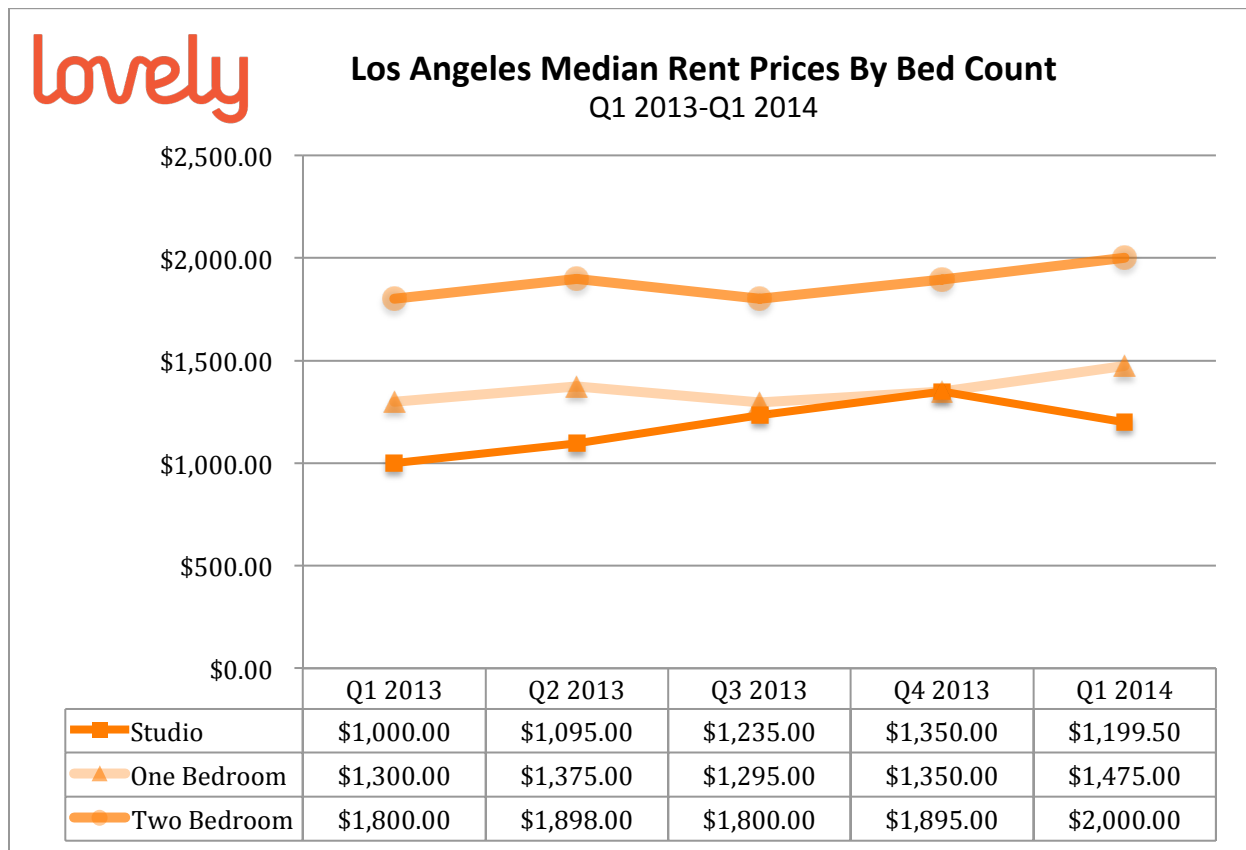




Median Rent Price Trends by Bed Count

The spike in median rent prices across all bed counts dictates the YoY median rent increase by bed type in Los Angeles for Q1 2014. In other markets we saw a particular bed type prevail as the accelerator of the overall median increase across all bed types. For example, in San Francisco we saw a massive YoY increase in the median price of a studio at 17%, while we only saw a 3% YoY increase across one and two bedroom units. This is not the case in Los Angeles though, where the price increase among each bed type compared to counterparts at this time last year is more similar across different bed types. While we see the largest median rent increase for studio apartments at 16%, one and two bedroom increases are not too far behind at 12% and 10%, respectively.

Not surprising, yet extremely important for renters to be aware of, we continue to see significant cost savings by living with roommates. It is in renters' best interest in Los Angeles to try to apartment hunt with roommates to help subsidize your portion of the rising rent prices. With the median rent price per bedroom of a two-bedroom listing in Los Angeles during Q1 2014 at \$1,000, living with one roommate would offer 32% savings. The savings figures will increase as you continue to add more renters to your lease to help subsidize the cost.





In Depth – Rent Prices by Los Angeles Neighborhoods

The below chart shows the neighborhoods with the largest median rent increases compared to the previous year. These neighborhoods represent the largest spike in median rent price. Brentwood, which experienced the largest rent increase compared to last year at 30.51%, also topped the list of most expensive neighborhoods in San Francisco, only second to Bel Air. On the other end of the spectrum, while Montebello saw a tremendous YoY rent increase, it still remains one of the least expensive neighborhoods to rent in and is far below the citywide median rent price.

| Biggest Neighborhood Rent Increase YoY Q1 2013-Q1 2014 | | | |
|---|-----------------|----------------|----------------|
| Neighborhood | % Change | Q1 2013 | Q1 2014 |
| Brentwood | 30.51% | \$2,050 | \$2,950 |
| Mid-Wilshire | 28.57% | \$1,425 | \$1,995 |
| Westlake | 23.15% | \$999 | \$1,300 |
| Hollywood Hills | 22.92% | \$1,850 | \$2,400 |
| Montebello | 22.39% | \$893 | \$1,150 |
| South Central LA | 18.33% | \$1,225 | \$1,500 |
| Chinatown | 18.24% | \$1,717 | \$2,100 |
| West Los Angeles | 17.02% | \$1,950 | \$2,350 |



Among the most expensive neighborhoods in Los Angeles in Q1 2014 were Bel Air, Brentwood and Century City. These three high priced neighborhoods were well above the citywide median rent price of \$1,850 (see chart with price and increase below). We see a lot of the usual suspects on this list as well, such as Venice, Beverley Hills and West Hollywood. Not coincidentally, these are all very popular and centrally located areas of Los Angeles.

| Neighborhoods Above Citywide Median | | | |
|-------------------------------------|---------|-------------------------|------------|
| Neighborhood | Q1 2014 | % Above Citywide Median | YoY change |
| Bel Air | \$3,248 | 43.03% | 10.85% |
| Brentwood | \$2,950 | 37.29% | 30.51% |
| Century City | \$2,800 | 33.93% | 1.79% |
| Westwood | \$2,780 | 33.45% | 17.27% |
| Venice | \$2,750 | 32.73% | 11.09% |
| Pacific Palisades | \$2,699 | 31.46% | -7.45% |
| Mid-City West | \$2,695 | 31.35% | 7.42% |
| West Hills | \$2,600 | 28.85% | 7.69% |
| Beverly Hills | \$2,500 | 26.00% | 10.18% |
| Marina Del Ray | \$2,499 | 25.97% | 3.96% |
| Hollywood Hills | \$2,400 | 22.92% | 22.92% |
| Rancho Park | \$2,355 | 21.44% | -11.15% |
| West Los Angeles | \$2,350 | 21.28% | 17.02% |
| Downtown Los Angeles | \$2,325 | 20.43% | 15.48% |
| Melrose | \$2,298 | 19.48% | 12.95% |
| Toluca Lake | \$2,225 | 16.85% | 1.12% |
| West Hollywood | \$2,175 | 14.94% | 9.20% |
| Chinatown | \$2,100 | 11.90% | 18.24% |
| Playa Del Rey | \$2,100 | 11.90% | 7.38% |
| Woodland Hills | \$2,000 | 7.50% | 10.50% |
| Studio City | \$1,999 | 7.45% | 7.45% |
| Mid-Wilshire | \$1,995 | 7.27% | 28.57% |



Among the least expensive neighborhoods in Los Angeles in Q1 2014 were Crenshaw, Lincoln Heights and East Los Angeles (see chart with price and distance from citywide median below). Montebello, which nearly topped this list, exists in an unusual situation with a drastically low median rent relative to the city overall, but with an exceptionally high increase compared to the previous year.

| Neighborhoods Below Citywide Median | | | |
|-------------------------------------|---------|-------------------------|------------|
| Neighborhood | Q1 2014 | % Below Citywide Median | YoY change |
| Tarzana | \$1,650 | 10.81% | 18.18% |
| Baldwin Hills | \$1,600 | 13.51% | 8.59% |
| Canoga Park | \$1,595 | 13.78% | 12.54% |
| Northridge | \$1,595 | 13.78% | 12.48% |
| South Central LA | \$1,500 | 18.92% | 18.33% |
| Willowbrook | \$1,500 | 18.92% | 16.67% |
| Eagle Rock | \$1,475 | 20.27% | 15.25% |
| Lake Balboa | \$1,460 | 21.08% | 10.96% |
| Central San Pedro | \$1,400 | 24.32% | 14.29% |
| Leimert Park | \$1,395 | 24.59% | 12.19% |
| North Hollywood | \$1,375 | 25.68% | 10.91% |
| Sunland | \$1,375 | 25.68% | -37.82% |
| Glassell Park | \$1,350 | 27.03% | -3.70% |
| Monterey Hills | \$1,350 | 27.03% | -18.52% |
| Cypress Park | \$1,313 | 29.05% | 1.33% |
| Highland Park | \$1,300 | 29.73% | 15.38% |
| Sylmar | \$1,300 | 29.73% | 0.00% |
| Van Nuys | \$1,300 | 29.73% | 5.77% |
| Westlake | \$1,300 | 29.73% | 23.15% |
| Montecito Heights | \$1,286 | 30.49% | 10.58% |
| Boyle Heights | \$1,200 | 35.14% | 17.08% |
| East Los Angeles | \$1,200 | 35.14% | 0.00% |
| Lincoln Heights | \$1,200 | 35.14% | 4.17% |
| Montebello | \$1,150 | 37.84% | 22.39% |
| Crenshaw | \$1,075 | 41.89% | 7.44% |

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