

Yardi® Matrix

Freight Train To The Inland Empire

Multifamily Report Summer 2017

Rent Growth Stays Strong

Completions Lag, Demand Surges

Population Gains Skyrocket

INLAND EMPIRE MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2017

Contacts

Paul Fiorilla

Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Jack Kern

Director of Research and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Author

Alex Girda

Senior Editor

Market Grows in Strength

Riverside and San Bernardino counties continued to grow in the first half of 2017, adding jobs at some of the strongest rates in California. Although the sectors with the bulk of growth encompass mostly lower-paying jobs, demand for housing and a tepid rate of multifamily development pushed rent growth to 4.7% year-over-year as of July. Even with nearly 2,000 units projected to come online in 2017, average occupancy will most likely remain above the 96.0% mark.

Backed by a booming industrial market, the Inland Empire's economy added 48,000 jobs in the 12 months ending in July. Freight in the nearby ports of Los Angeles and Long Beach was up in 2016. At the same time, the continued rise of e-commerce has helped increase demand for warehouse space. Logistics is the main driver of economic activity in the two counties, pushing industrial construction activity to historic highs.

Apartment deliveries have been slow throughout the cycle, but there were 3,300 units underway as of July, and that is likely to increase as demand continues to push rents higher. Developers are adding units in the immediate vicinity of the two counties' urban cores, which offer proximity to East Los Angeles County, attracting an influx of commuters looking for more affordable rents. With fewer than 2,000 units slated for completion this year, we expect rents to improve by 6.1% in 2017, one of the highest rates among major U.S. metros.

Recent Inland Empire Transactions

Avana Rancho Cucamonga



City: Rancho Cucamonga, Calif.
Buyer: Greystar
Purchase Price: \$122 MM
Price per Unit: \$195,192

Stonegate at Towngate



City: Moreno Valley, Calif.
Buyer: Weidner Investment Services
Purchase Price: \$99 MM
Price per Unit: \$178,532

The Highlands at Grand Terrace



City: Grand Terrace, Calif.
Buyer: TruAmerica Multifamily
Purchase Price: \$92 MM
Price per Unit: \$165,467

Palisades at Sierra Del Oro



City: Corona, Calif.
Buyer: Jackson Square Properties
Purchase Price: \$89 MM
Price per Unit: \$309,027

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Hollie Zepke

Audience Development Specialist
Hollie.Zepke@Yardi.com
(800) 866-1124 x5389