



MULTIFAMILY REPORT

The Inland Empire's Cooldown

August 2023

Rent Growth Trails Nation

Investor Caution Persists

Construction Activity Remains Low

INLAND EMPIRE MULTIFAMILY



Softening Across Fundamentals

The Inland Empire's fundamentals were soft but steady in mid-2023. Rent growth was tepid but above negative territory, up 0.3% on a trailing three-month basis through June, to \$2,131, still well above the \$1,726 U.S. figure. The occupancy rate in stabilized properties decreased by 130 basis points year-over-year through June but was still healthy, at 95.5%.

The Inland Empire posted a 4.4% unemployment rate in May, trailing the 3.7% U.S. figure and leading California by only 10 basis points, according to preliminary data from the Bureau of Labor Statistics. The metro's labor market expanded 1.4%, or 12,100 jobs, in the 12 months ending in April, well behind the 2.9% national rate. Only four sectors sustained growth, led by education and health services (13,400 jobs) and government (7,700 jobs). Meanwhile, the metro's largest sector—trade, transportation and utilities—posted the biggest loss, down 8,000 positions, followed by manufacturing (-3,600). Still, the Purchasing Managers' Index, a key factor in the local economy, points to a positive future for the metro.

Deliveries nearly came to a halt, with just 81 units coming online in 2023 through June. The pipeline had 5,739 units, just 306 of which broke ground in 2023. Similarly, investment activity dropped significantly, with just \$273 million in assets changing hands, at a per-unit price that decreased 16.5% year-over-year, to \$297,171.

Recent Inland Empire Transactions

The Paseos at Montclair North



City: Montclair, Calif.
Buyer: Archway Equities
Purchase Price: \$150 MM
Price per Unit: \$389,610

The Landing



City: Ontario, Calif.
Buyer: Convenient Holdings
Purchase Price: \$51 MM
Price per Unit: \$323,718

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