

Yardi® Matrix

The Inland Empire Hits Its Stride

Multifamily Report Summer 2018

Stock Expansion Remains Mild

Investment Sales Mellow

Rent Growth Dips Below 4.0%

INLAND EMPIRE MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2018

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Demand, Deliveries Maintain Rent Growth

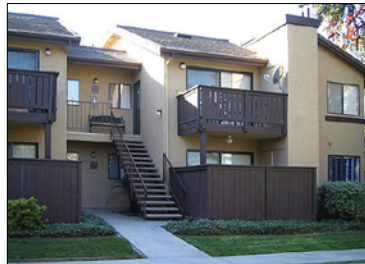
Following an interval of steady rent appreciation, year-over-year growth in the Inland Empire dipped below 4.0% for the first time since 2014. However, with both Lifestyle and Renter-by-Necessity assets growing nearly in unison, the prospect of continued improvement lingers. Demand continues to rise, bolstered by population gains that are among the highest in the state. And although some yields are compressing, there are still plenty of value-add opportunities around Riverside and San Bernardino counties.

As the industrial sector continues to grow by leaps and bounds, the Inland Empire's trade, transportation and utilities industry is reasserting itself as the local economy's main driver. The ports of Los Angeles and Long Beach have been posting strong freighting numbers to start the year, solidifying demand for warehousing and logistics space in the Inland Empire. With Amazon as its largest private-sector employer, the region's e-commerce sector continues to thrive. However, the absence of a discernible urban core to sustain economic development could begin to hinder the area's growth.

Going forward, development will likely stay tepid, as only 1,600 multifamily units are expected to come online this year. With restricted deliveries and demand continuing to stay high, we expect rents to grow by 4.4% in 2018.

Recent Inland Empire Transactions

Waterstone at Corona Pointe



City: Corona, Calif.
Buyer: Fairfield Residential
Purchase Price: \$137 MM
Price per Unit: \$217,356

Victoria Arbors



City: Rancho Cucamonga, Calif.
Buyer: Sares-Regis Group
Purchase Price: \$94 MM
Price per Unit: \$294,200

Angelica



City: Rancho Cucamonga, Calif.
Buyer: Mesirow Financial
Purchase Price: \$84 MM
Price per Unit: \$309,259

Country Hills



City: Corona, Calif.
Buyer: Blackstone Group
Purchase Price: \$72 MM
Price per Unit: \$174,757