

YARDI[®] Matrix

A Thriving (Inland) Empire

Multifamily Summer Report 2016

Rent Growth Surpasses National Average

Developers Tackle Rising Demand

Investor Appetite Soars, Pushing Prices Sky-High

INLAND EMPIRE MULTIFAMILY

YARDI® Matrix

Market Analysis

Summer 2016

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

The (Inland) Empire Strikes Back

Propped up by robust job growth and a weak development pipeline, the Inland Empire's multifamily market is thriving. The area relies heavily on its role as the industrial hub of California, which has driven most of the growth for the metro, although improvement is visible across the board. Multifamily property values have consistently gone up along with occupancy rates, leading the transaction total and price per unit to all-time highs.

The continued growth of e-commerce, combined with the Inland Empire's proximity to the ports of Los Angeles and Long Beach, has driven the industrial sector into uncharted territory. However, demand has more than kept up with the pace of supply, pushing rents and occupancy rates higher. Expansions by Amazon, Walmart and other major retailers have turned post-downturn talk of overdevelopment into a distant memory, as industrial stock nears 500 million square feet.

And multifamily demand continues to rise, as the Inland Empire is still the less costly housing option in the area, attracting residents from Orange County and Los Angeles, where rents and home prices are significantly higher. Going forward, policy makers will have to take on the challenges caused by the area's poor air quality and income inequality. Multifamily fundamentals will remain favorable, however. The combination of high occupancy (97.1% as of April) and weak supply growth will lead to rent appreciation of roughly 6.8% in 2016.

Recent Inland Empire Transactions

The Ashton



City: Corona, Calif.
Buyer: Starwood Capital Group
Purchase Price: \$98 MM
Price per Unit: \$199,813

The Heights



City: Chino Hills, Calif.
Buyer: TA Associates Realty
Purchase Price: \$94 MM
Price per Unit: \$282,380

Promenade Terrace



City: Corona, Calif.
Buyer: Bridge Investment Group Partners
Purchase Price: \$78 MM
Price per Unit: \$237,479

Deerwood



City: Corona, Calif.
Buyer: Starwood Capital Group
Purchase Price: \$75 MM
Price per Unit: \$238,116