

YARDI **M**ATRIX
Data provided by **Pierce**-Eislen

Inland Empire: Industrial Strength

Multifamily Summer Report 2015

**Trade Fuels
Job Growth**

**Supply Weak,
Rents Rise**

**Investors Snap
up Assets**

INLAND EMPIRE MULTIFAMILY

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Market Analysis

Summer, 2015

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Rise of an (Inland) Empire

Inland Empire is enjoying robust growth in its economy and multifamily market. An improving job market that heavily relies on the metro's bustling industrial sector, and a tepid multifamily development pipeline have spurred demand in the metro's residential assets. Transaction volume has already risen above historic levels, which is leading developers to plan for new inventory in the coming years.

Inland Empire's industrial sector, the primary driver of the economy, is benefiting from rising consumer spending and trade with Asia. Demand for warehouses and logistics space in the metro is intense, and the industrial vacancy rate is at historic lows. The market recorded its strongest quarter ever in 2015, and in spite of accelerated development, high absorption is keeping vacancy at very low levels. Sares-Regis is slated to build a 3 million-square-foot distribution project in Ontario which it has already partially pre-leased to home-shopping network QVC, which could lead to thousands of jobs coming to the area over the next five years.

Continued population growth and escalating rents will continue to generate interest in apartment development. A perennial lack of new inventory has pushed unit prices and rents upwards, a trend that is set to continue, as Yardi Matrix data shows. Strong performance toward the end of the year will translate into rent appreciation of around 7% at the beginning of 2016.

Recent Inland Empire Transactions

Camino Real



City: Rancho Cucamo, CA
Buyer: Acacia Capital
Purchase Price: \$66 MM
Price per Unit: \$240,809

The Overlook at Rancho Belago



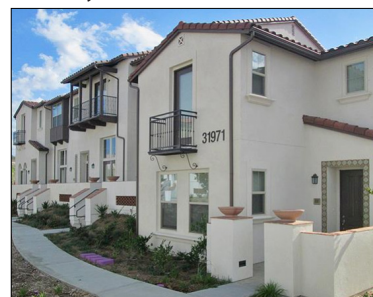
City: Moreno Valley, CA
Buyer: MJW Property Group
Purchase Price: \$44 MM
Price per Unit: \$171,874

The Courtyard



City: Fontana, CA
Buyer: Bascom Group
Purchase Price: \$31 MM
Price per Unit: \$90,552

The Vineyards at Paseo Del Sol



City: Temecula, CA
Buyer: Praedium Group
Purchase Price: \$70 MM
Price per Unit: \$241,840