

Yardi® Matrix

Rise of the Inland Empire

Multifamily Report Winter 2019

Rent Growth
Remains Strong

Limited Supply
Pushes Up Occupancy

Transaction Volume Rises,
Values Keep Climbing

INLAND EMPIRE MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2019

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Demand Outstrips Supply

Strong employment and population gains underpin multifamily demand in the Inland Empire, where a limited supply of new apartments is driving up rents at an above-average rate.

Employment growth was led by the government sector, which added 9,300 jobs year-over-year as of October, followed by professional and business services, which gained 8,400 jobs. Intense e-commerce activity and consumer spending also generated increased hiring in the trade, transportation and utilities sector, which added 7,300 jobs, while the metro's high demand for warehouse and distribution properties led to the delivery of more than 22 million square feet of industrial space in 2018.

Multifamily property sales, which totaled \$1.4 billion in 2018, are expected to spike in 2019, following the rejection of Proposition 10, which would have allowed the local government to expand rent control through the annulment of the Costa-Hawkins Act. As apartment demand continues to outmatch supply, occupancy in stabilized properties remains high across the metro, which only saw the completion of 503 units in 2018. In the context of a moderate supply increase of 2,130 units projected to come online this year, rising employment and population gains are expected to further bolster multifamily demand, driving up rents by an average of 4.5% in 2019.

Recent Inland Empire Transactions

Ironwood



City: Rancho Cucamonga, Calif.
Buyer: Crow Holdings
Purchase Price: \$146 MM
Price per Unit: \$293,810

Sterling Highlander



City: Riverside, Calif.
Buyer: Horizon Realty Advisors
Purchase Price: \$114 MM
Price per Unit: \$530,056

Capriana at Chino Hills



City: Chino Hills, Calif.
Buyer: Invesco Real Estate
Purchase Price: \$96 MM
Price per Unit: \$333,916

University Village Towers



City: Riverside, Calif.
Buyer: Greystar
Purchase Price: \$86 MM
Price per Unit: \$577,181