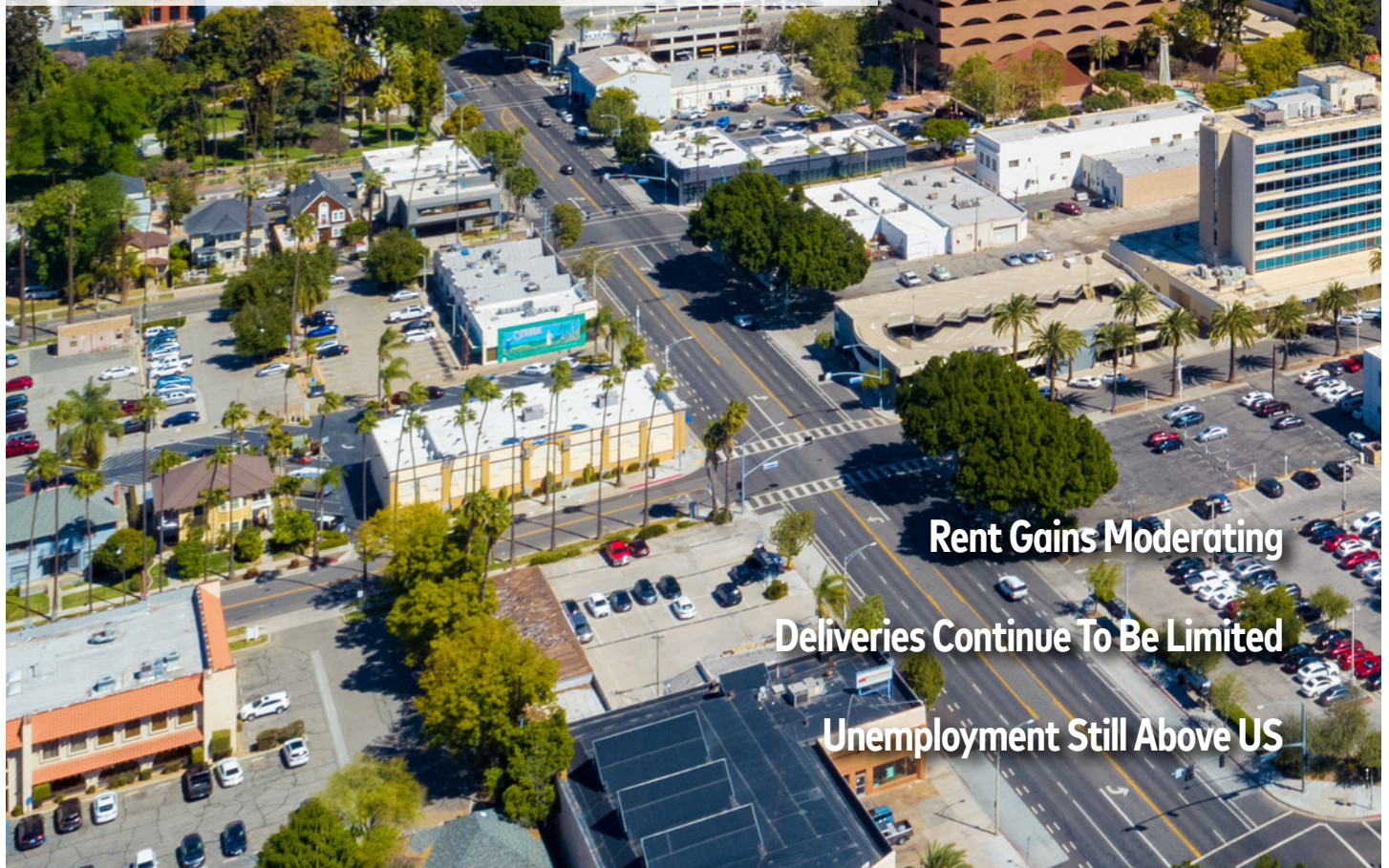




MULTIFAMILY REPORT

Inland Empire Stays Steady

December 2022



Rent Gains Moderating

Deliveries Continue To Be Limited

Unemployment Still Above US

INLAND EMPIRE MULTIFAMILY



Logistics Sector Powers Rental Market

The Inland Empire's rental market continued to exhibit most of the same patterns established during the past decade, with the only major curveball being an oscillation in rent growth on a trailing three-month basis. Rents in Riverside and San Bernardino counties were down 0.2% on a T3 basis as of October, while national rates saw a 0.2% uptick. However, rent development on a year-over-year basis was at a solid 7.7%, showcasing the heightened rate of improvement recorded at the end of 2021 and at the start of this year. The average occupancy rate in stabilized assets was down 100 basis points year-over-year, to 96.9%.

The Inland Empire's economy is heavily reliant on its logistics sector, which added 32,400 jobs in the 12 months ending in August. Overall, employment growth totaled 89,300 new jobs, up 5.8% on a year-over-year basis, outpacing the national rate by 150 basis points. The metro's industrial sector had the lowest vacancy rate in the nation as of September, at 1.1%. Demand in the market is still very high, with a bustling pipeline driving further growth in the local economy, while leisure and hospitality's comeback also fueled job gains.

Investment activity was solid, recording \$1.7 billion through the year's first 10 months. Property values increased during that time, as activity included a large number of Lifestyle assets. Rent growth is moderating, with improvement at 3.8% for the year.

Market Analysis | December 2022

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Recent Inland Empire Transactions

Citrine Hills

City: Ontario, Calif.
Buyer: Waterton
Purchase Price: \$310 MM
Price per Unit: \$421,196

Metro Thirty Six Ten

City: Riverside, Calif.
Buyer: Silver Star Real Estate
Purchase Price: \$204 MM
Price per Unit: \$671,053

Camino Real

City: Rancho Cucamonga, Calif.
Buyer: TA Realty
Purchase Price: \$123 MM
Price per Unit: \$452,206

The Village on 5th

City: Rancho Cucamonga, Calif.
Buyer: Greystar
Purchase Price: \$97 MM
Price per Unit: \$367,424