



MULTIFAMILY REPORT

Inland Empire Growth Stalls

March 2023



Rate Slide Outpaces Nation

Development Slowdown Continues

Job Market Reflects Strong Gains

INLAND EMPIRE MULTIFAMILY



Development, Rent Expansion Taper

The Inland Empire has been one of the strongest performing rental markets in the U.S. throughout the past decade, with slow development and rapidly rising employment and population driving rent performance. However, marketwide and seasonal slowdowns have dampened growth, as rents were down 0.5% on a trailing three-month basis as of January, slightly above the U.S. figure, which was at 0.3%. Meanwhile, the overall average rate in the Inland Empire was \$2,088, nearly \$400 higher than the U.S. average but significantly more affordable than other Southern California areas.

Riverside and San Bernardino counties saw employment expansion outperform the U.S., up 5.5% year-over-year as of November and 160 basis points higher than the national figure. The counties' proximity to nearby ports and higher land availability compared to other Southern California markets have provided leverage to build a strong logistics sector that drives growth for the local economy. That coupled with a strong education and health services sector, generated a gain of more than 400,000 residents since 2010.

Development in the Inland Empire was limited even by the area's standards, with only 641 units added in 2022. As a result, property values have risen considerably, to an average price per unit of \$337,276, amid more than \$4.5 billion in sales during the past 24 months.

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Recent Inland Empire Transactions

Metro Thirty Six Ten



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

Tides at Grand Terrace



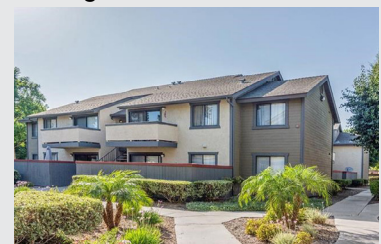
City: Colton, Calif.
Buyer: StepStone
Purchase Price: \$103 MM
Price per Unit: \$281,831

River's Edge



City: Lake Elsinore, Calif.
Buyer: Atlantic Pacific Cos.
Purchase Price: \$65 MM
Price per Unit: \$350,543

Stonegate



City: Riverside, Calif.
Buyer: Universe Holdings
Purchase Price: \$54 MM
Price per Unit: \$334,500