



Inland Empire multifamily market report

Q2 2024

**AVISON
YOUNG**

Inland Empire multifamily market: Trends

176,136

Inventory (units)

Multifamily inventory totaled 176,136 units for Q2 2024, accounting for 1,130 buildings.

Inventory continues to grow in the Inland Empire, as multifamily development activity has surged during the last several years following the pandemic.

Inland Empire multifamily is in the middle of a heavy development pipeline as a total of 4,505 units have been delivered since Q1 2023.

5.8%

Vacancy rate

The total vacancy rate for Inland Empire multifamily decreased 50 basis points from 6.3% in Q1 2024 to 5.8% at the end of Q2 2024.

This 0.5% decrease shows multifamily leasing trends are headed in a positive direction as more people look to escape larger California cities. The Inland Empire is considered an affordable alternative for residents residing in neighboring Los Angeles and Orange County markets which command higher rental rates. This has caused a recent surge in not only rental volume but construction and development activity as well.

\$182m

Sales volume (Q2 2024)

Sales volume (by \$) has picked up drastically in Q2 with a volume of \$182m. This is nearly a \$150m increase from the first quarter of 2024.

The increase in volume for the second quarter of 2024 has a large impact to the sale of the Bell Murrieta Springs for \$146.5m, one of the largest Inland Empire apartment sales in the last few years.

Somewhat few properties have traded hands since the start of 2023, with 25 total transactions due to elevated interest rates, but some investors remain active in search of stabilized investments.

Inland Empire multifamily market: Indicators

8,950 units

Multifamily **development activity** continued to **stay consistent** in Q2, ending the quarter with a development pipeline of 8,950 units.

1,256 units

Total net absorption was up to **1,256 units**, after being in the negative from Q2 2022 to Q2 2023. This is the highest recorded absorption since Q4 2020.

\$1,960/unit

Direct market rents for multifamily showed a slight **increase** quarter-over-quarter at \$1,960 per unit, a 2.3% increase from Q4 2023, where the direct rent was seen at \$1,915 a unit.

163k units

Occupancy showed a slight **increase** of from Q1 2024, with 1,300 more occupied units for Q2 2024, for a total of 163,341 units.

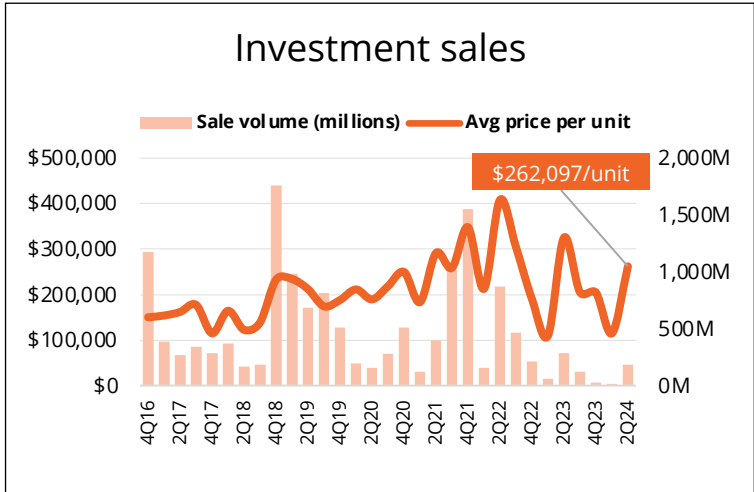
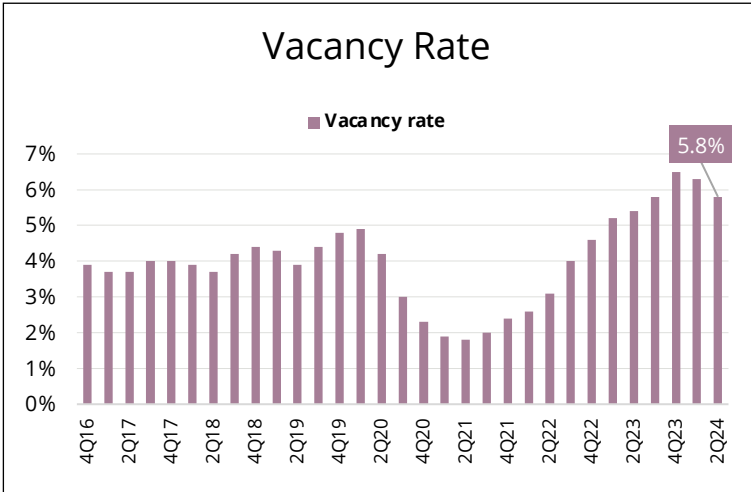
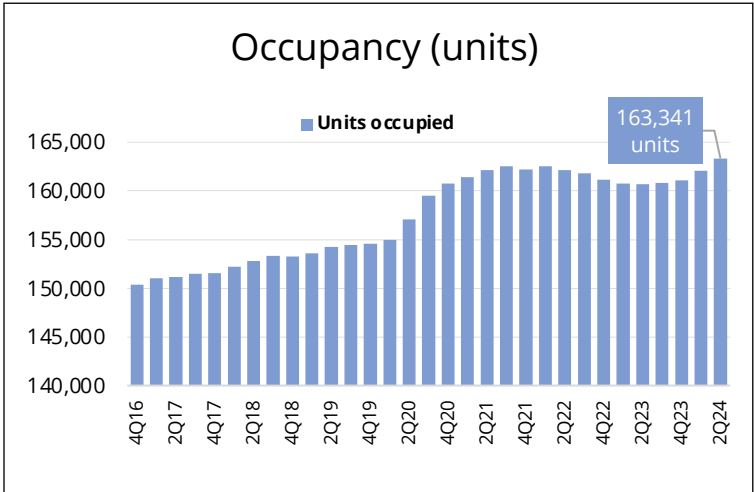
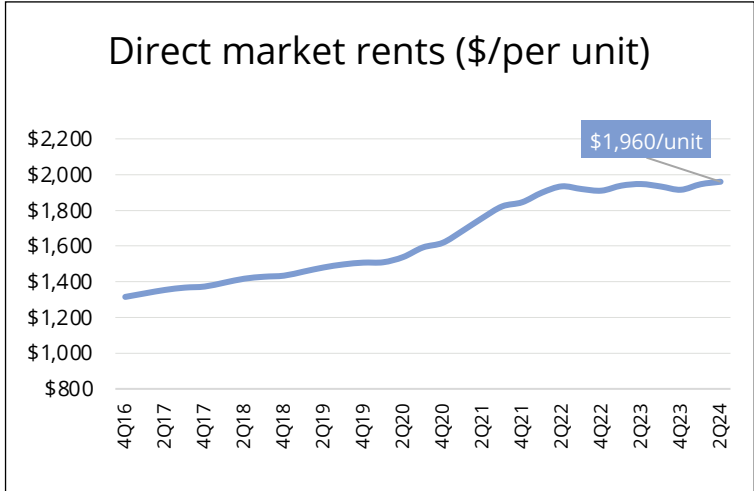
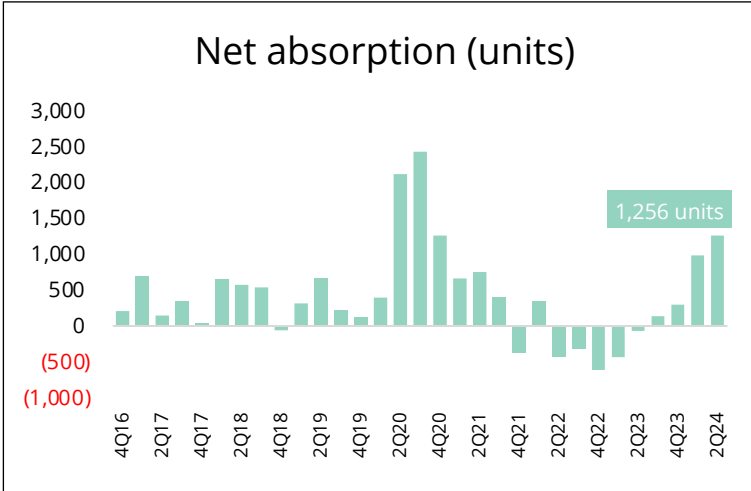
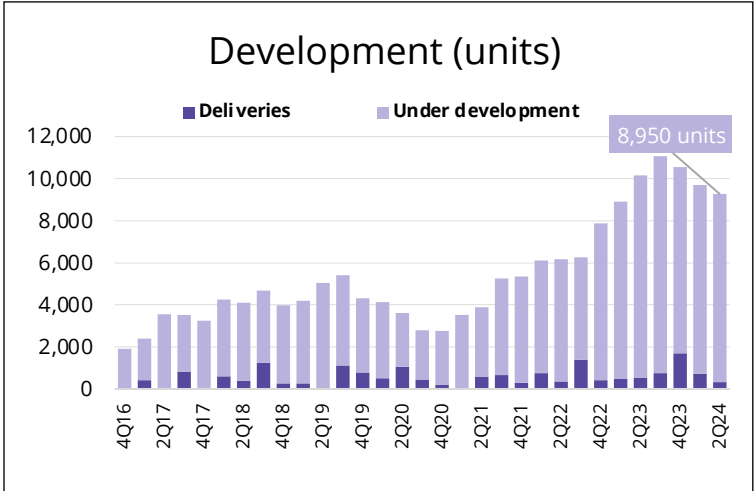
5.8%

The **total vacancy rate** for Inland Empire multifamily ended Q2 at 5.8%, which is 0.5% lower than the 6.3% rate for Q1. Leasing is trending in a positive direction as owners begin to fill vacant units.

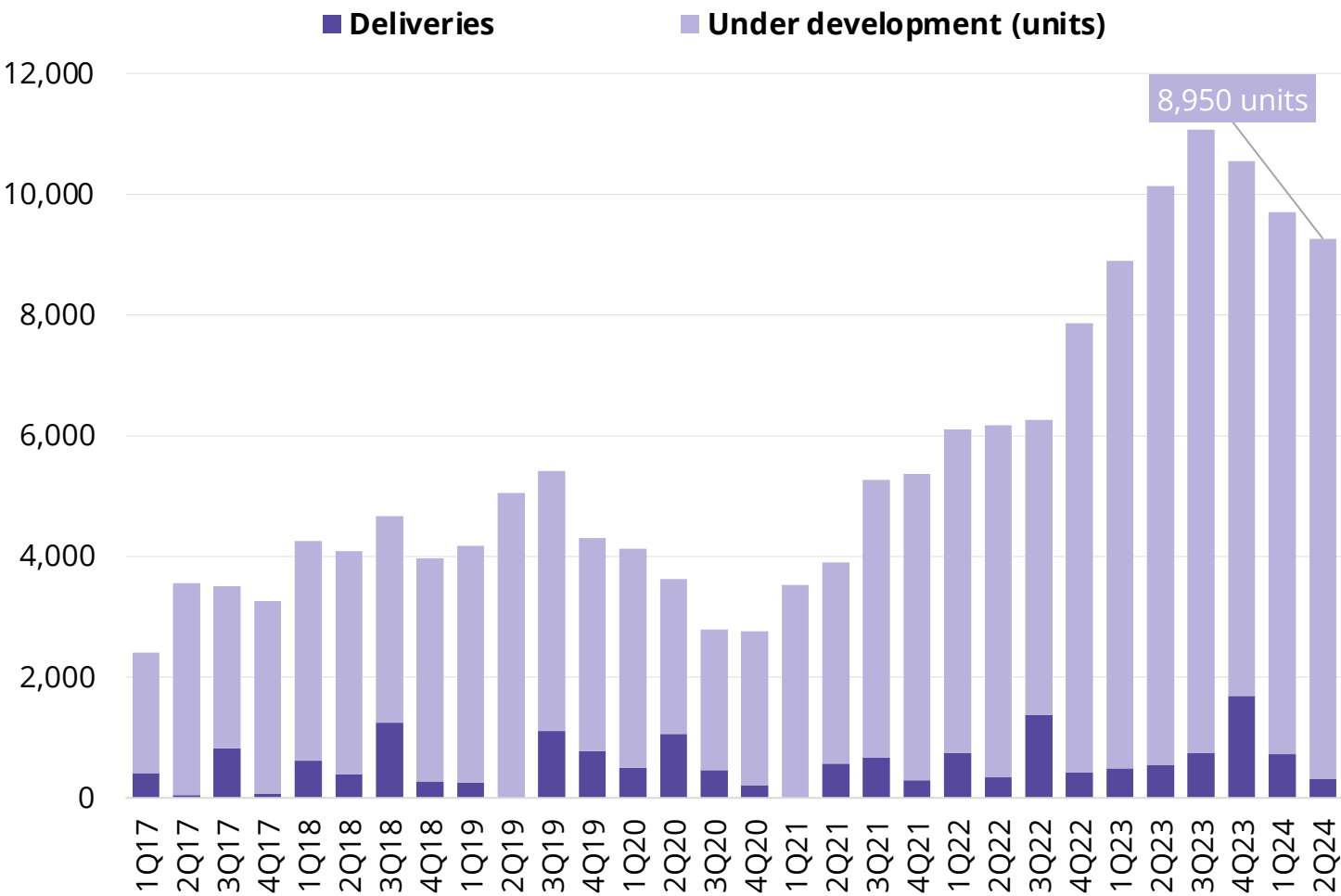
\$182m

Sales volume (by \$) increased drastically in Q2 2024 with a total transaction volume (by \$) of \$182m. This comes after an incredibly low sales volume in Q1 which sat at only \$29m. As leasing volume picks up, we see the sales market performing better as well.

Inland Empire multifamily market: Indicators



Inland Empire multifamily market: Development activity

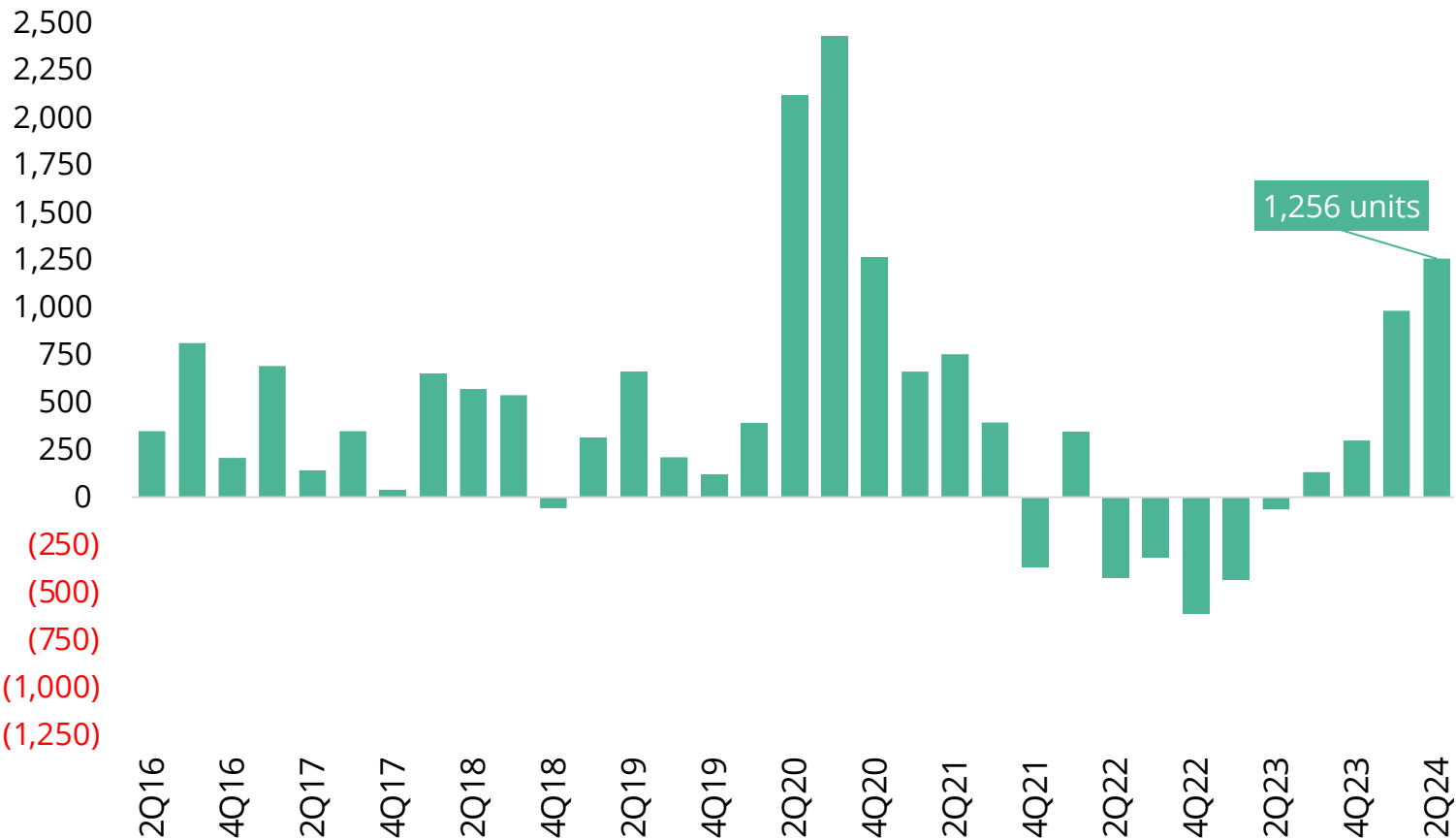


Inland Empire multifamily posts a slight decline in the development pipeline.

Development activity in the Inland Empire has slightly died down after a massive influx of under construction units over the last year. Currently, the IE has 8,950 multifamily units under development.

Deliveries have decreased this quarter, with only 313 units delivered in Q2 2024. All in all, the market has delivered 4,505 units since Q1 2023 .

Inland Empire multifamily market: Net absorption



The Inland Empire multifamily market remains positive for the third straight quarter.

After reporting the highest absorption levels the market has ever experienced back in 2020, due to coastal residents fleeing to more reasonably priced establishments, absorption has since then dropped substantially. With rents surging between 2020 and 2022, market affordability has hindered demand fundamentals.

However, Q2 2024 reported the highest net absorption since Q4 2020, with a positive value of 1,256 units. This is the 4th consecutive quarterly increase in absorption.

Inland Empire multifamily market: Sales & development activity

Notable closed transactions

Address	Sale date	Sale price	Units	Avg unit size (sf)	Price/unit	Buyer	Seller	Notes
Bell Murrieta Springs 25100 Vista Murrieta, Murrieta	May 2024	\$146,500,000	492	948 sf	\$297,764	Bell Partners	RCMI	RCMI sold this 492-unit apartment community to Bell Partners, Inc. For \$146.5 million, or \$297,764 per unit. The buyer had assumed \$82 million in financing from the seller. Built in 2007 on 22 acres, the property is accessible from interstates 215 and 15. Sierra Vista Plaza, Plaza Las Brisas, and Murrieta Pointe shopping are nearby.

Notable Properties for Sale

Address	CAP rate (%)	Units	Avg unit size (sf)	Price/unit	Date brought to market	Notes
NWC of W Linden St. and Rustin Ave. Apartments 1117-1177 W Linden St., Riverside	4.32%	50	920 sf	\$280,000	04/22/24	The Lindy East and West located in Riverside was constructed in 1963. Consisting of two sister buildings, this property offers a unit mix consisting of studios, one, two, and three bedroom units.

Notable construction projects

Project Name	Address	City	Units	Size (sf)	Est. Delivery
Canopy Apartments	40628 Los Alamos Blvd	Murrieta	542	542,000	July 2024
Jefferson Exchange at Riverside	3461 La Cadena Dr	Riverside	482	482,000	October 2024
Arroyo Corssings	47555 Jefferson St	Indio	400	456,195	August 2024

Inland Empire multifamily market: Submarket stats

Submarket	Existing inventory (units)	Avg. unit size (sf)	Q2 Deliveries (units)	Under construction (units)	Vacant units	Vacancy rate (%)	Net absorption (units)	Market rent (\$/unit)
Greater Ontario/Rancho Cucamonga	41,197	905	0	1,297	2,949	7.2%	395	\$2,379
Outlying Riverside County	1,602	928	0	0	76	4.7%	1	\$1,111
Outlying San Bernardino County	12,026	962	0	472	647	6.6%	8	\$1,411
Palm Springs	18,191	868	0	730	734	4.0%	53	\$1,535
Riverside/Corona	40,830	853	0	645	2,047	5.0%	210	\$1,998
San Bernardino	37,509	824	206	1,219	2,008	5.4%	324	\$1,764
San Jacinto	9,753	905	107	1,375	443	4.6%	127	\$1,787
Southwest Riverside County/Temecula	15,028	933	0	3,212	1,132	7.5%	139	\$2,241
Market total	176,136	878	313	8,950	10,039	5.8%	1,256	\$1,960

For more market insights and
information visit **avisonyoung.com**

Michael Albanese

Senior Associate
+1 702 472 7979
michael.albanese@avisonyoung.com

Art Carll-Tangora

Principal
+1 702 780 6765
art.carll@avisonyoung.com

Steve Nosrat

Principal
+1 702 780 6758
steve.nosrat@avisonyoung.com

Patrick Sauter

Principal
+1 702 475 7726
patrick.sauter@avisonyoung.com

David Jewkes

Principal, Managing Director
+1 702 472 7978
david.jewkes@avisonyoung.com

Sebastian Bernt

Analyst, Market Intelligence
+1 818 584 9500
sebastian.bernt@avisonyoung.com

Erick Parulan

Senior Analyst, Market Intelligence
+1 949 757 1283
erick.parulan@avisonyoung.com

Taylor Stokes

Analyst, Market Intelligence
+1 310 339 2976
taylor.stokes@avisonyoung.com