



# Inland Empire multifamily market report

Q3 2024

**AVISON  
YOUNG**

# Inland Empire multifamily market: Trends

177,690

**Inventory (units)**

Multifamily inventory totaled 177,690 units for Q3 2024, accounting for 1,137 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 1,358 new units within 6 new buildings have been delivered just in Q3 2024.

5.7%

**Vacancy rate**

The total vacancy rate for Inland Empire multifamily decreased 60 basis points from 6.3% in Q1 2024 to 5.7% at the end of Q3 2024.

This 0.6% 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.

\$102m

**Sales volume (Q3 2024)**

Sales volume (by \$) has slightly decreased in Q3 with a volume of \$102.7m. This is nearly a \$75m increase from the first quarter of 2024.

The decrease in volume for the third quarter of 2024 has a large impact to the sale of the Bell Murrieta Springs for \$146.5m in Q2, 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 31 total transactions due to elevated interest rates, but some investors remain active in search of stabilized investments.

# Inland Empire multifamily market: Indicators

## 6,660 units

Multifamily **development activity** continued to **stay consistent** in Q3, ending the quarter with a development pipeline of 6,660 units.

## 1,322 units

**Total net absorption** was up to **1,322 units**, after being in the negative from Q2 2022 to Q2 2023. This is the highest recorded absorption since Q4 2020.

## \$1,984/unit

**Direct market rents** for multifamily showed a slight **increase** quarter-over-quarter at \$1,984 per unit, a 3.5% increase from Q4 2023, where the direct rent was seen at \$1,915 a unit.

## 165k units

**Occupancy** showed a slight **increase** of from Q2 2024, with 1,300 more occupied units for Q3 2024, for a total of 165,593 units.

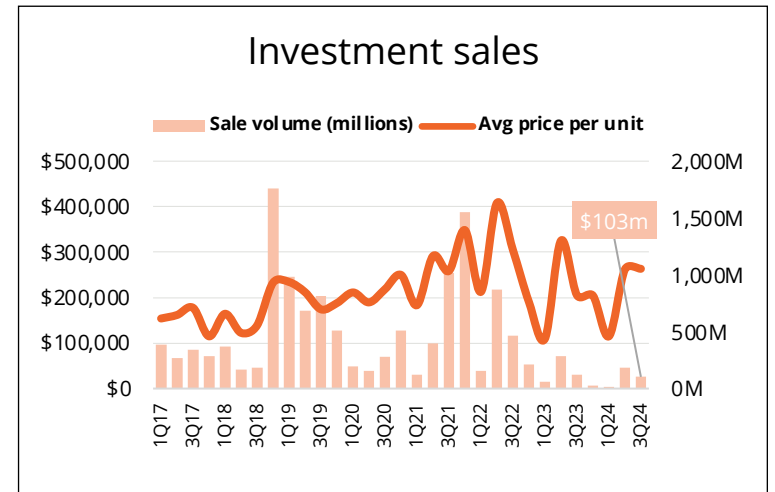
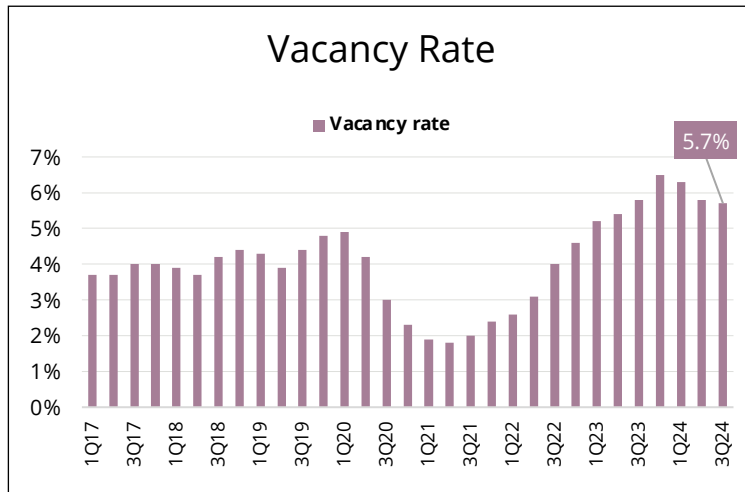
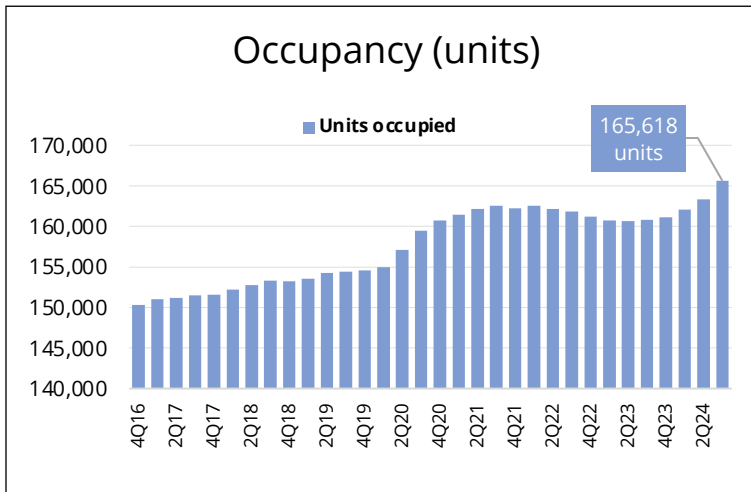
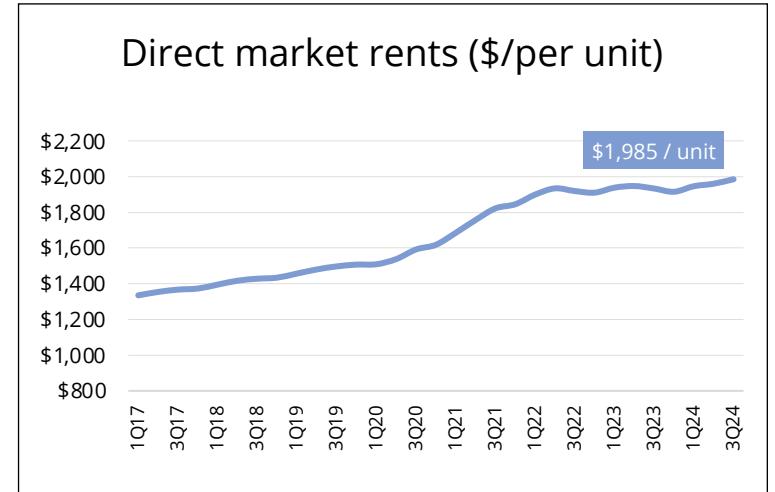
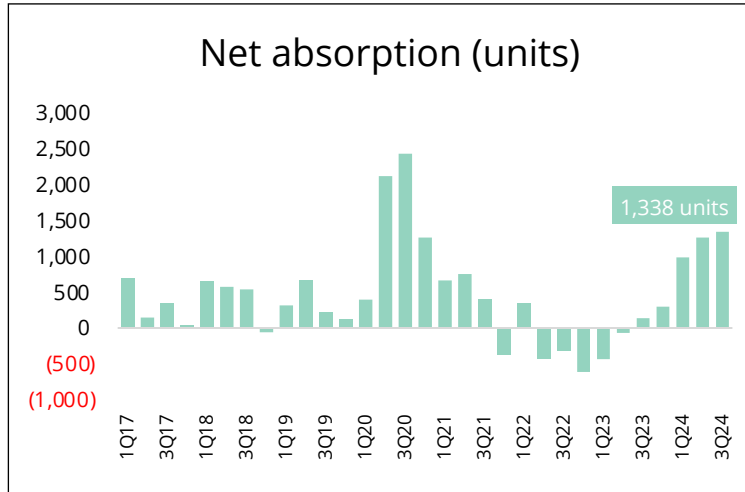
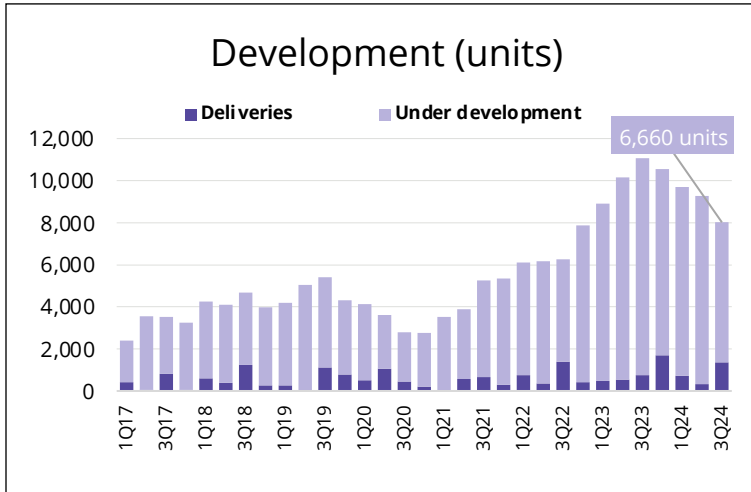
## 5.7%

The **total vacancy rate** for Inland Empire multifamily ended Q3 at 5.7%, which is 0.6% lower than the 6.3% rate for Q1. Leasing is trending in a positive direction as owners begin to fill vacant units.

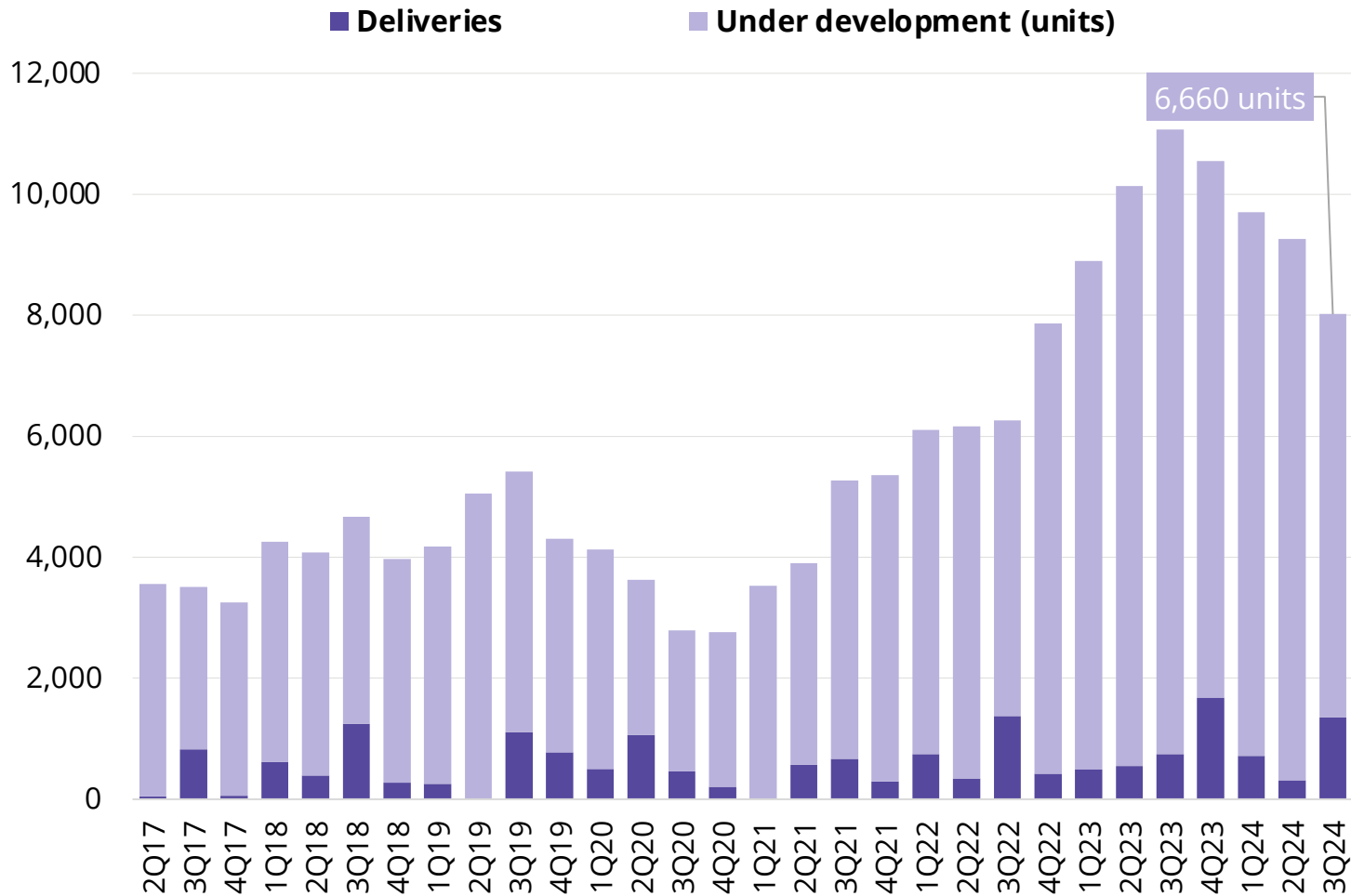
## \$102m

**Sales volume (by \$)** decreased slightly in Q3 2024 with a total transaction volume (by \$) of \$102.7m. 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

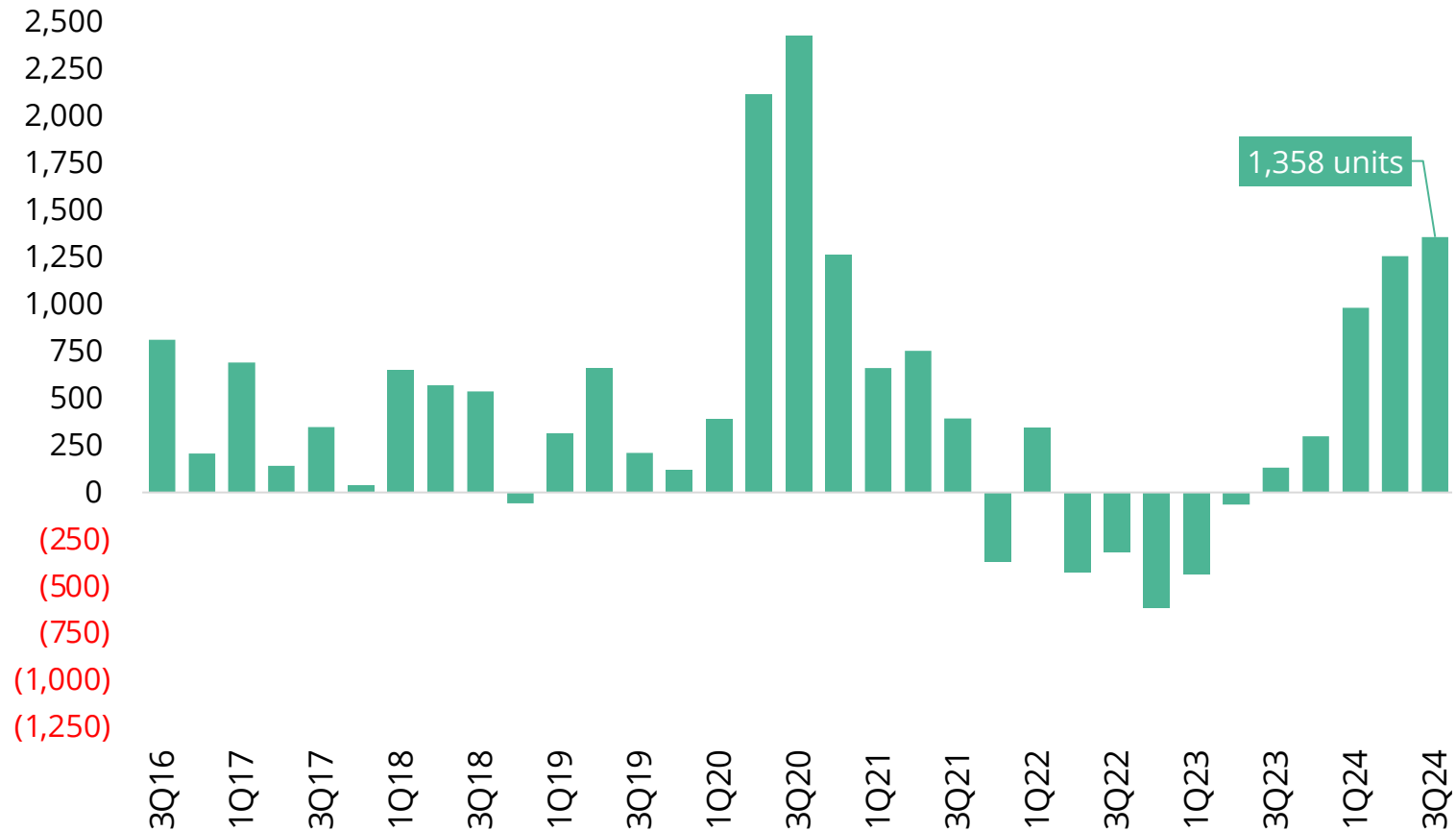


## Inland Empire multifamily posts a slight decline in the development pipeline.

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 6,660 multifamily units under development.

Deliveries have increased this quarter, with 1,358 units delivered in Q3 2024. Although we see a drop in construction, we do see a large influx of new units delivered this quarter.

# Inland Empire multifamily market: Net absorption



**The Inland Empire multifamily market remains positive for the fifth 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, Q3 2024 reported the highest net absorption since Q4 2020, with a positive value of 1,358 units. This is the 5<sup>th</sup> 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
<b>Brandon Place</b> 3941 Polk St, Riverside	August 2024	\$37,150,000	196	653 sf	\$189,541	Foundation for Affordable Housing	Rich Packard	Richard Packard sold this 196-unit apartment to the Foundation for Affordable Housing for \$37,150,000, or \$189,541 per unit.
<b>High Desert Villas</b> 16850 Jasmine St, Victorville	August 2024	\$34,800,000	232	542 sf	\$150,000	Investment Concepts inc.	Strata Equity Group Inc.	Strata Equity Group sold the High Desert Villas to Investment Concepts Inc for \$34,800,000, or \$150,000 per unit.

## Notable Properties for Sale

Address	CAP rate (%)	Units	Avg unit size (sf)	Price/unit	Date brought to market	Notes
<b>NWC of W Linden St. and Rustin Ave. Apartments</b> 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, as well as one-, two-, and three-bedroom units.

## Notable construction projects

Project Name	Address	City	Units	Size (sf)	Est. Delivery
Jefferson Exchange at Riverside	3461 La Cadena Dr	Riverside	482	482,000	October 2024
Arroyo Crossings	47555 Jefferson St	Indio	400	456,195	October 2024
The Reserve at Rancho Belago	28095 John F Kennedy Dr	Moreno Valley	358	446,000	October 2024

# Inland Empire multifamily market: Submarket stats

Submarket	Existing inventory (units)	Avg. unit size (sf)	Q3 Deliveries (units)	Under construction (units)	Vacant units	Vacancy rate (%)	Net absorption (units)	Market rent (\$/unit)
Greater Ontario/Rancho Cucamonga	41,197	904	0	1,009	2,509	6.1%	342	\$2,407
Outlying Riverside County	1,602	928	0	0	80	5.0%	1	\$1,127
Outlying San Bernardino County	11,469	962	96	0	674	6.8%	42	\$1,422
Palm Springs	18,191	868	0	730	718	3.9%	61	\$1,563
Riverside/Corona	41,440	863	0	645	1,998	4.8%	76	\$2,021
San Bernardino	37,508	828	95	1,124	1,723	4.6%	225	\$1,775
San Jacinto	9,980	906	228	1,147	643	6.6%	10	\$1,840
Southwest Riverside County/Temecula	16,301	937	939	2,005	1,555	9.5%	601	\$2,283
<b>Market total</b>	<b>177,688</b>	<b>882</b>	<b>1,358</b>	<b>6,660</b>	<b>9,901</b>	<b>5.6%</b>	<b>1,358</b>	<b>\$1,986</b>



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