

CBRE

INLAND EMPIRE MULTIFAMILY MARKET TRENDS SEMINAR

Prepared For



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PRESENTER



ERIC CHEN

Investment Properties | Multifamily

- 18 Years of Multifamily Sales | Over \$1.2 Billion in Transactions
- 30%-40% Multifamily Market Share Past 5 Years in West Inland Empire and San Gabriel Valley
- Fluent in Mandarin & Chinese

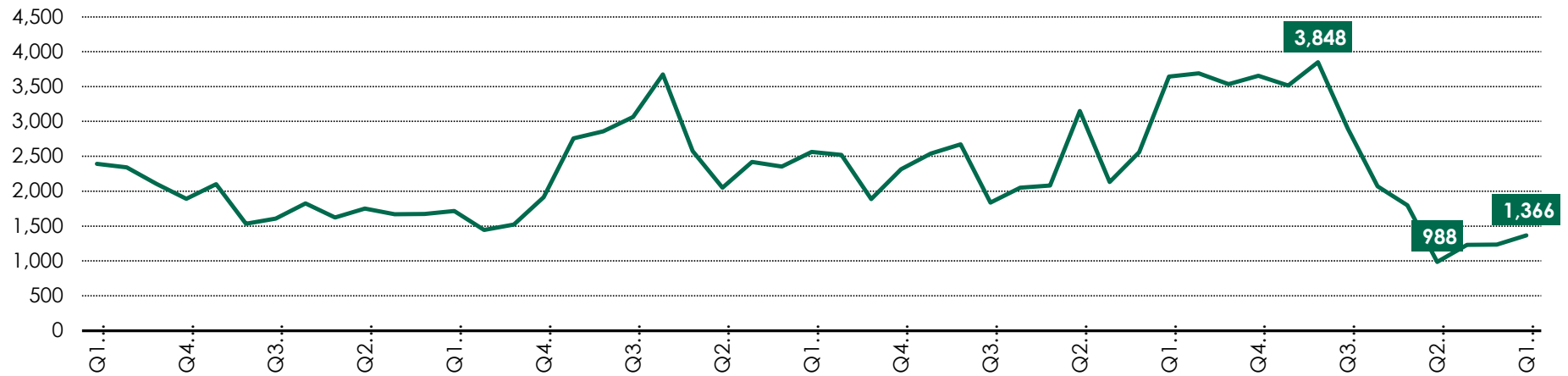
Q1 2021 INLAND EMPIRE MULTIFAMILY FIGURES

MULTIFAMILY MARKET REMAINS IN BALANCE



- The IE multifamily market remained healthy in Q1, with a record-low vacancy rate and strong rent growth.
- Inland Empire rents grew 9.4% from the prior year.
- Demand in the Inland Empire was slightly lower than new completions at 54 units in Q1 2021.
- The vacancy rate in the Inland Empire was 1.8% in Q1— down 190 basis points (bps) year-over-year.
- Q1 investment in Inland Empire multifamily totaled \$111.3 million.

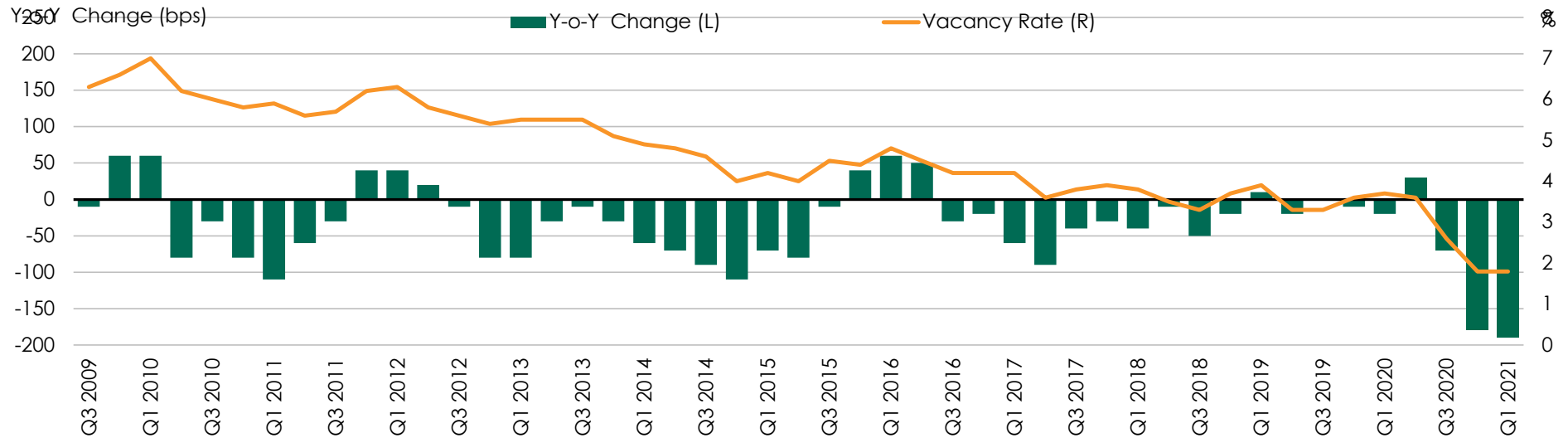
DEVELOPMENT SLOWLY GAINING TRACTION



Source: CBRE Research, Q1 2021.

- There were 1,366 units under construction as of Q1 2021, 24% lower than Q1 2020.
- Multifamily construction fell to its lowest point (988 units) during the COVID-19 pandemic.
- With higher construction costs, multifamily development has been slow to pick back up but is slowly gaining traction.

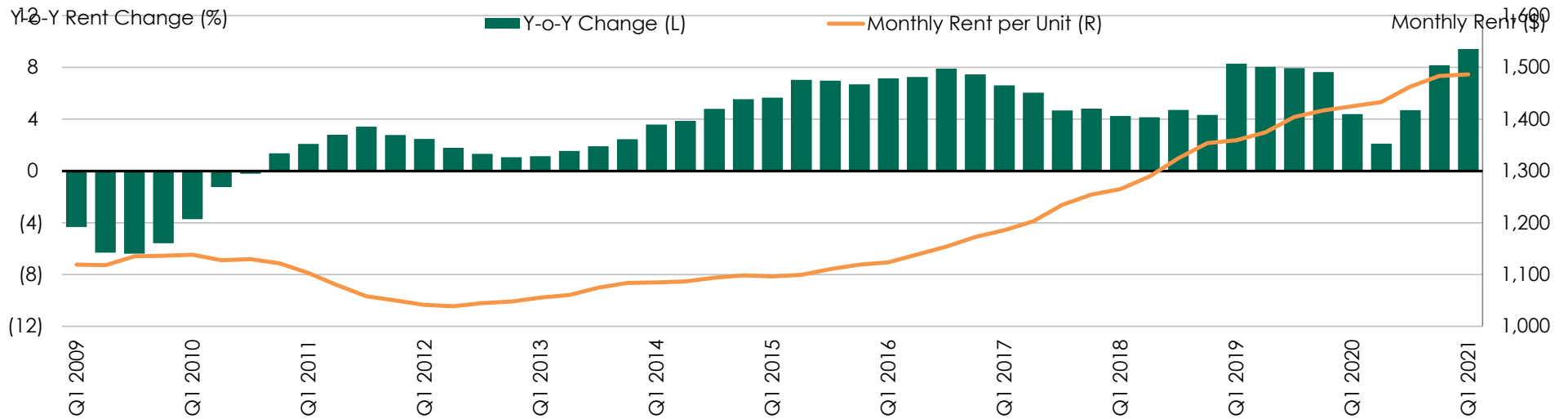
VACANCY HITS RECORD LOW



Source: CBRE Research, CBRE Econometric Advisors, Q1 2021.

- Vacancy fell to its lowest point in Q4 2020 at 1.8% and remained at that level in Q1 2021, dropping 190 bps year over year.
- The lack of construction was a driver in the decreased vacancy as existing units were able to be absorbed.
- The Inland Empire had the lowest vacancy rate in the U.S., followed by Ventura (2.1%), Providence (2.2%), Norfolk (2.5%), and Sacramento (2.6%).

RENT INCREASES 9.4% YEAR-OVER-YEAR



Source: CBRE Research, CBRE Econometric Advisors, Q1 2021.

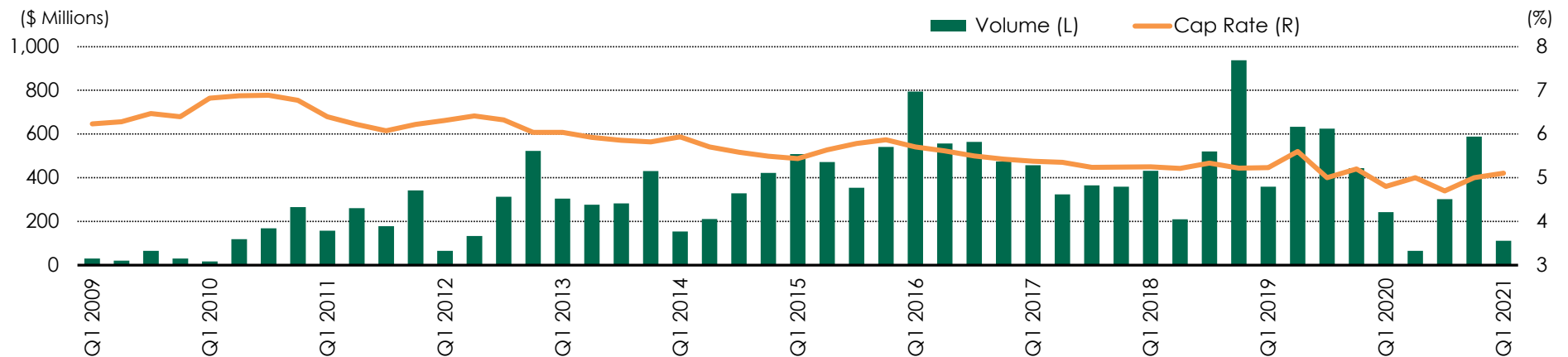
- Monthly effective apartment rents averaged \$1,772/unit in Q1 2021, compared with the national average of \$1,674.
- The 20-year historical average for annual rent growth is 3.7%, outpacing the nation (1.6%.) Since 2010, rents have increased at an annual average of 4.5%.

FUNDAMENTALS BY SUBMARKET – Q1 2019

Submarket	Inventory Current Qtr. (Units)	Completions		Net Absorption		Vacancy Rate		Rent per Unit	
		Current Qtr. (Units)	YTD (Units)	Current Qtr. (Units)	YTD (Units)	Current Qtr. (%)	YOY Chg. (BPS)*	Current Qtr. (\$)	YOY Chg. (%)*
Coachella Valley	25,842	0	0	67	67	1.50	(40)	1,376.14	3.00
Corona	9,163	0	0	(27)	(27)	2.00	(310)	1,941.89	7.30
Fontana/Rialto/Colton	14,894	60	60	48	48	1.80	(50)	1,471.50	7.60
Hemet/Perris/Lake Elsinore	9,863	0	0	(37)	(37)	1.60	(250)	1,618.53	8.40
Ontario/Chino	19,543	0	0	(55)	(55)	1.80	(220)	2,080.94	10.50
Rancho Cucamonga/Upland	17,925	0	0	(2)	(2)	1.90	(170)	2,128.96	12.20
Redlands	11,494	0	0	63	63	1.50	(330)	1,774.91	8.40
Riverside	17,297	0	0	49	49	2.00	(170)	1,816.26	10.70
San Bernardino	15,970	0	0	(62)	(62)	1.60	(160)	1,427.53	9.50
Temecula/Murrieta	8,399	0	0	40	40	1.70	(250)	1,883.26	8.90
University City/Moreno Valley	14,624	0	0	(25)	(25)	2.30	(200)	1,723.40	9.70
Victorville/Outer San Bernardino	12,126	0	0	20	20	1.10	(320)	1,250.44	10.00
Total: Inland Empire	177,140	60	60	54	54	1.80	(190)	1,772.21	9.40

Source: CBRE Research, CBRE Econometric Advisors, Q1 2019.

Q1 INVESTMENT VOLUME DECLINES 54% OVER PRIOR YEAR



Source: CBRE Research, Real Capital Analytics, Q1 2021.

- Q1 multifamily investment volume of \$111.3 million was down 54% year-over-year, according to Real Capital Analytics.
- Last year's volume reached \$1.2 billion, falling just shy of the \$2.0 billion recorded in 2019.
- Multifamily cap rates stayed firm ticked up 30 bps to 5.2%, with a strong capital interest in the sector keeping cap rates steady since 2017.
- The largest category of investors in Q1 was private buyers mostly looking for value-add opportunities. Purchases made by private buyers represented 62% of the investment total.

LARGEST TRANSACTIONS BY PRICE – Q1 2021

Date	Property Name	Address	City	Units	Price (\$ Millions)	Buyer	Seller
Mar-21	Foothill Villas	2601-2675 W 2 nd St	San Bernardino	239	58.0	Housing on Merit	ARKA Properties Group
Jan-21	Carmel at the Colony	2550 E Riverside Dr	Ontario	261	33.3	Kenridge Properties, LLC	Jay Terrace, LLC
Jan-21	Aspire of the High Desert	14450 El Evado Rd	Victorville	200	24.5	Clear Capital, LLC	Positive Investments
Feb-21	Park Avenue	2741 Park Ave	San Bernardino	23	3.5	Kunxiang Qi	Cuthberto Ramos
Feb-21	Circle City Apartments	1435 Circle City Dr	Corona	16	3.4	Garnsey Property, LLC	Garcia Family Trust
Feb-21	Columbia Courtyard	157 N Columbia St	Hemet	23	2.8	Clifford W Noland Trust	A B Jacobs & Associates, Inc
Mar-21	Canyon Cove Apartments	1619 E Eureka St	San Bernardino	24	2.8	Group XIII Properties	Jesus S Covarrubias Trust
Mar-21	Cypress Avenue	8831 Cypress Ave	Riverside	15	2.7	Golden Management	Kenneth W Fuller
 Mar-21	Marygold Avenue	17771 Marygold Ave	Bloomington	13	2.7	Golden Management	Modic Family Trust
Mar-21	Panthera Drive	2980 E	Palm	8	2.4	Admani Family Trust	Charles Moore



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