

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **4,314**

UNITS DELIVERED (YTD) **808**

MARKET FUNDAMENTALS



VACANCY RATE **4.6%**

YEAR-OVER-YEAR CHANGE **+50bps**

ASKING RENTS **\$2,016**

YEAR-OVER-YEAR CHANGE **+3.5%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$310,300**

INLAND EMPIRE
MULTIFAMILY
1Q 2025

MARKET INSIGHTS

Renter demand strong enough to support rent growth

HIGHLIGHTS

- Operating conditions in the Inland Empire multifamily market showed mixed changes during the first quarter as vacancy ticked higher while rents continued to rise at a healthy pace. Completions have been strong so far this year, with more than 800 units coming online.
- The vacancy rate in the Inland Empire increased during the first quarter, rising by 20 basis points to 4.6%. Over the past 12 months, area vacancy has increased by 50 basis points.
- Asking rents in the Inland Empire increased by 0.7% in the first few months of the year, reaching \$2,016 per month. Rents have advanced by 3.5% year over year.
- Sales activity in the Inland Empire has remained limited this year but has exceeded the pace from the first half of last year, when only one property changed hands. In sales that have closed year to date, the median price is \$310,300 per unit.

INLAND EMPIRE MULTIFAMILY MARKET OVERVIEW

While multifamily developers continue to bring new projects through the construction pipeline, elevated renter demand in the Inland Empire has offset some of the supply-side pressures. The vacancy rate ended the first quarter at 4.6%, about 80 basis points higher than the region's five-year average. Asking rents have risen by 3.5% over the past 12 months and got off to a strong start to 2025. This growth has been driven primarily by two factors. First, a steady influx of higher-priced new units has pushed average rents higher. Second, vacancy conditions have remained low enough—and renter demand strong enough—to allow operators to raise rents despite growing competition. Absorption has supported overall market stability, with approximately 2,600 units absorbed over the past 12 months. The North Ontario submarket led the region in absorption, accounting for roughly 650 units.

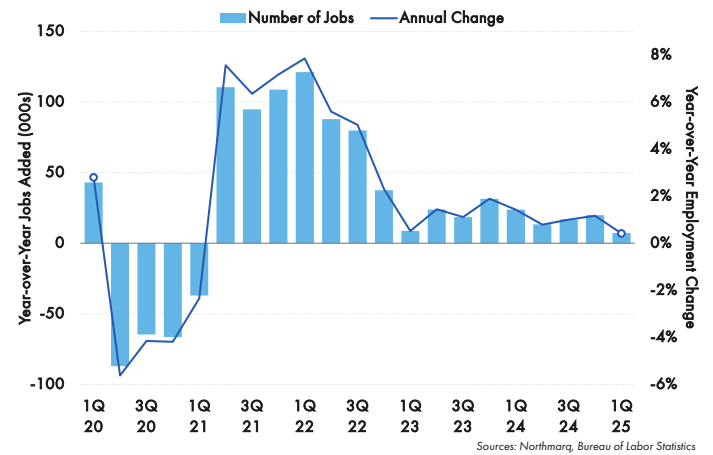
Although sales activity increased during the opening months of 2025, transaction volume in the Inland Empire multifamily market remains light, with the number of transactions still 40% below the five-year average. Pricing has been steady higher in recent months despite a shift toward older property vintages. The median sale price so far this year is \$310,300 per unit, up slightly compared to 2024. During the first quarter, two-thirds of transactions involved properties built in the 1980s, with the remaining sales primarily consisting of 1970s vintage assets. This marks a shift from 2024, when 1990s and 2000s properties accounted for 80% of transaction activity. The rise in values can likely be attributed to the location of the recent transactions, which have largely occurred in higher-rent submarkets such as Greater Ontario/Rancho Cucamonga. Cap rates have remained stable, staying within the low 5% range.

EMPLOYMENT

- Total employment in the Inland Empire declined slightly in recent months after several quarters of steady growth, yet annual shifts remain positive. Over the past 12 months local employers have expanded payrolls by 0.4%, with the addition of 7,200 net new jobs.
- The education and health services continued to lead the region in employment growth. In the past year, this sector added 16,000 jobs, a 5.3% increase.
- The transportation and warehousing segment of the local labor market has historically been a source of rapid growth, but conditions have leveled off in recent months. Year over year, the sector has added fewer than 1,000 jobs, a growth rate of just 0.3%.
- **FORECAST:** The total number of new hires in the Inland Empire will likely be lower than last year. In 2025, local employers are forecast to increase payrolls by 1%, adding approximately 17,100 new positions.

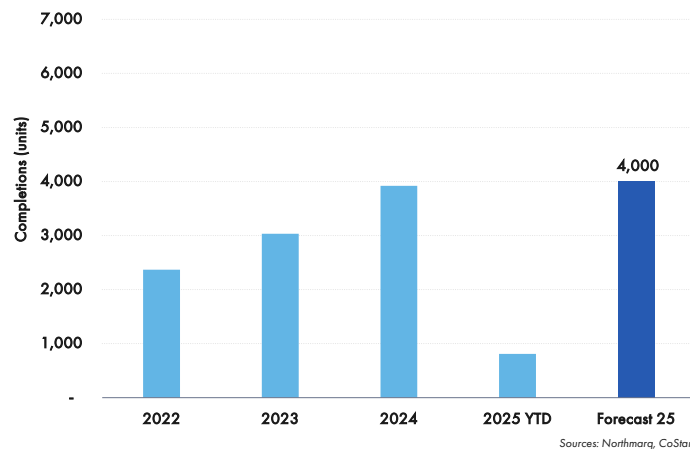
Over the past 12 months, employers have expanded payrolls by 0.4%.

EMPLOYMENT OVERVIEW



Approximately 800 units have been completed so far in 2025.

DEVELOPMENT TRENDS

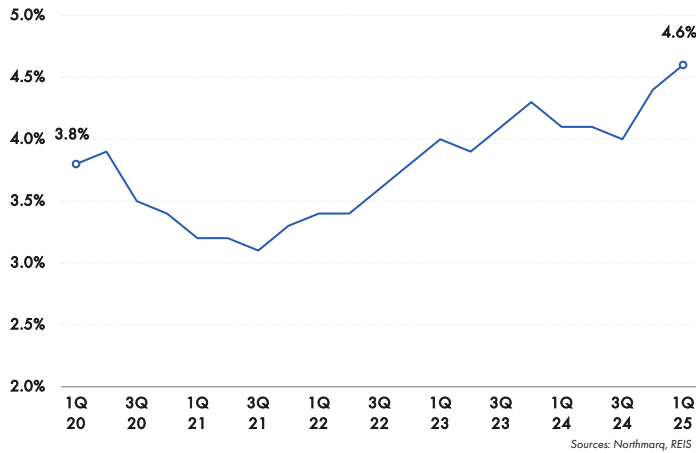


DEVELOPMENT & PERMITTING

- Approximately 800 multifamily units have been completed so far in 2025 after about 1,300 units delivered during the same period last year.
- Fewer project starts in recent quarters have resulted in a 25 percent year-over-year decline in active construction, with 4,300 units currently underway. Approximately 1,400 units are under construction in the Greater Ontario/Rancho Cucamonga area.
- Multifamily permitting was elevated during the first quarter, more than doubling the number of permits issued in the same period in 2024. Year to date, permits have been pulled for projects totaling more than 1,200 units in the Inland Empire.
- **FORECAST:** Apartment completions are expected to remain active in the coming year, building on the heightened supply growth recorded in 2024. Projects totaling approximately 4,000 units are on pace for completion in 2025, similar to the elevated totals from one year ago.

Year over year, vacancy has trended higher by 50 basis points.

VACANCY TRENDS



VACANCY

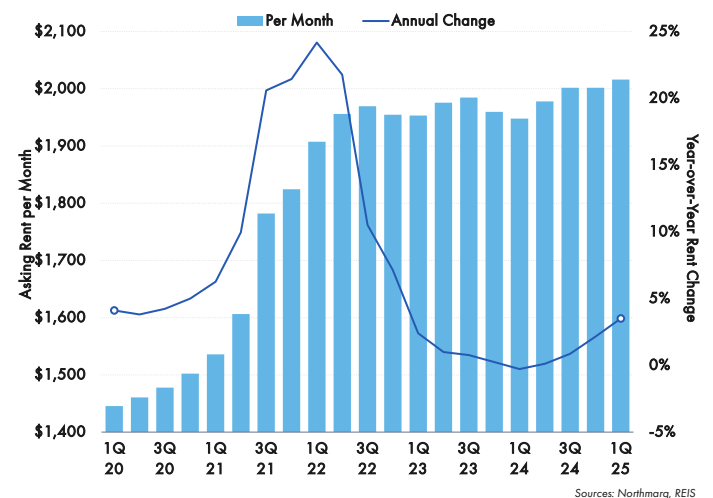
- The vacancy rate in the Inland Empire rose 20 basis points to 4.6% during the first quarter, following an increase at the end of 2024. Year over year, the vacancy rate has trended higher by 50 basis points.
- Vacancy in Class B and Class C units declined 30 basis points year over year to 3.5%, outperforming Class A properties, where availability remained higher due to an influx of new supply.
- The Colton/Loma Linda submarket recorded the greatest vacancy improvement in the metro, with the rate declining 100 basis points over the past year to 3%, supported by limited new deliveries and steady demand.
- FORECAST:** Vacancy in the Inland Empire is expected to continue rising modestly throughout the remainder of the year in response to an elevated pace of deliveries. Metro vacancy is projected to reach 4.8% by the end of 2025, up 40 basis points annually.

RENTS

- Rent growth resumed in recent months after remaining flat during the fourth quarter. Current asking rents average \$2,016 per month, up 0.7% since the start of the year. Over the past 12 months, rents have climbed 3.5%.
- The Rancho Cucamonga submarket continued to be the clear leader in rent gains for the Inland Empire. Over the past 12 months, asking rents in this submarket have increased by 9.9%, reaching \$2,387 per month.
- While annual rent growth was similar across asset classes, Class B and Class C units posted stronger gains in the first quarter, with average asking rents up 0.8% since the start of the year to \$1,742 per month.
- FORECAST:** Multifamily asking rents in the Inland Empire are projected to continue increasing through the remainder of the year, following a similar growth trend as seen in 2024. Rents are expected to rise by 2.4% in 2025, reaching around \$2,050 per month.

Over the past 12 months, rents have climbed 3.5%.

RENTS TRENDS

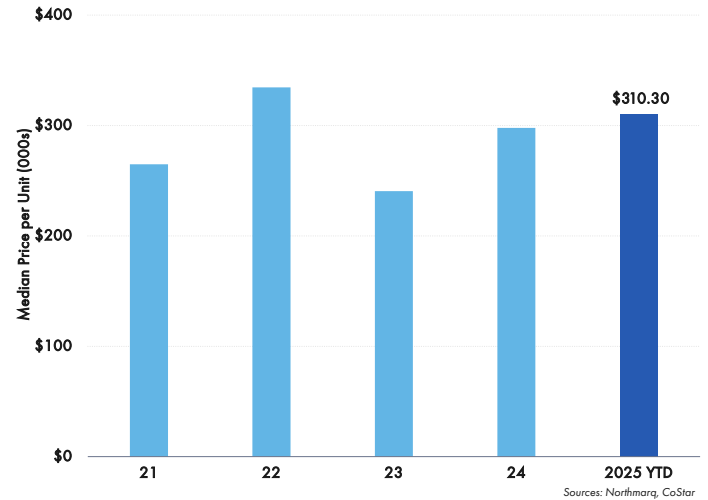


MULTIFAMILY SALES

- Transaction volume in the Inland Empire remains limited, though total sales this year are on pace to exceed those of 2024. Three significant properties have traded so far this year, compared to just one property in the entire first half of last year.
- While volume has been light, pricing on the properties that have changed hands this year has ticked higher. Year to date, the median sale price in the Inland Empire is \$310,300 per unit, up 4% from 2024.
- While current cap rate data is based on only a few sales, they have remained within a close range of recent years. Year to date, cap rates have been in the low-5% range, consistent with 2024 levels and up approximately 25 to 50 basis points from 2023.

The median sale price is \$310,300 per unit.

INVESTMENT TRENDS



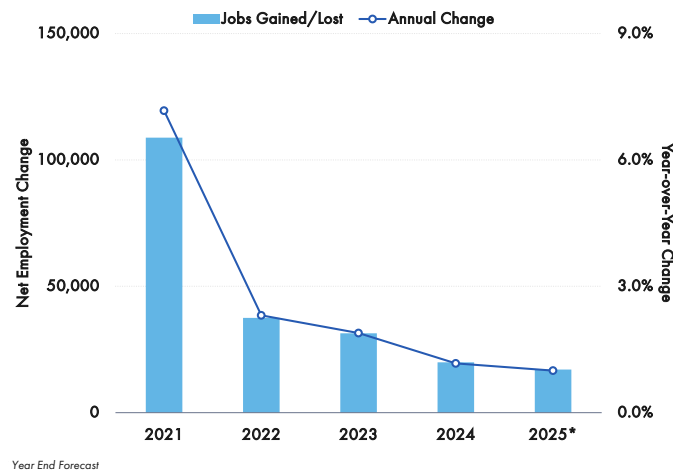
RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Creekside Alta Loma	10757 Lemon Ave., Alta Loma	1989	290	\$90,000,000	\$310,345
Rancho Vista	1037 North Archibald Ave., Ontario	1983	125	\$46,275,000	\$370,200
ReNew at Towngate	13400 Elsworth St., Moreno Valley	1973	227	\$41,000,000	\$180,617

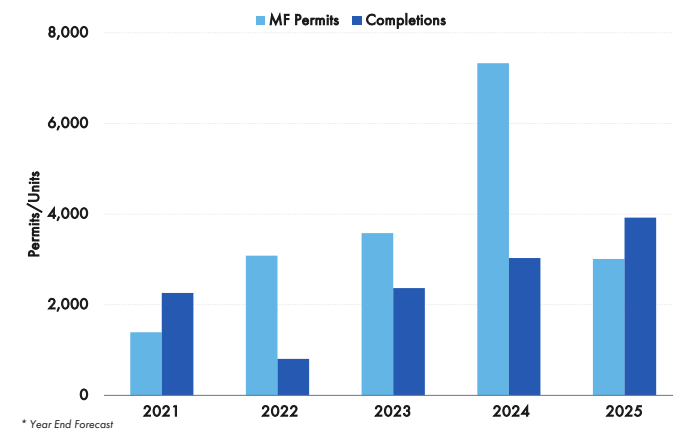
LOOKING AHEAD

Property performance trends recorded in recent periods are likely to continue through the end of the year, with rents projected to rise steadily and vacancy rates expected to inch higher. Completions in 2025 are forecast to be elevated for a second consecutive year, with about 4,000 units coming online. Vacancy will likely continue to inch higher, though persistent renter demand should keep any increases modest. The impact of strong absorption will be reflected in rental rates, which will continue to gain ground. Economic growth in the Inland Empire could be impacted by disruptions in international trade dynamics. Warehousing, logistics, and distribution are some of the leading employment sectors and economic drivers in the region. Any slowdown in trade from Asia through the ports of Los Angeles and Long Beach could act as a drag on key industries within the local economy. It remains too early in the cycle to make a definitive forecast regarding the impact of potential shifts in international trade policy on the region.

EMPLOYMENT FORECAST

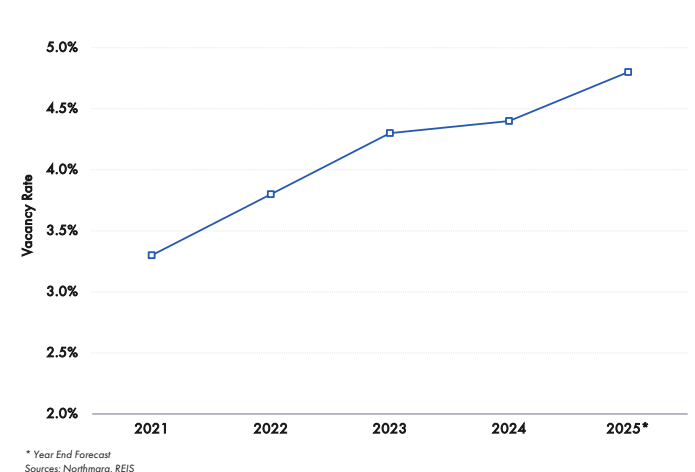


CONSTRUCTION & PERMITTING FORECAST

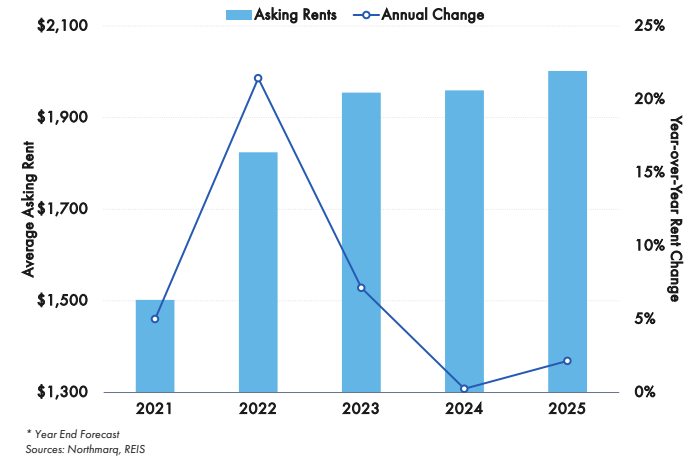


Activity within the Inland Empire multifamily investment market is expected to increase in 2025, although it will likely remain below historical averages. The region has maintained stable operating conditions despite elevated inventory growth over the past two years. Some investors may wait for further signs of improvement such as vacancy rates stabilizing or declining, consistent rent growth, or more favorable interest rate conditions before increasing investment activity. The large volume of new units being completed is adding competitive pressures, but also will present investment opportunities. Absorption rates are currently high and may lead to improved market conditions once construction slows. Submarkets along trade corridors from Los Angeles have posted the highest sales activity in recent years and are projected to continue this trend through 2025 and 2026, supported by stronger job sectors linked to industrial development. The Riverside/Corona submarket is expected to remain among the most active areas for investment in the region.

VACANCY FORECAST



RENTS FORECAST





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