



MARKET AT A GLANCE



OCCUPANCY RATE 95.8%

Up 10 bps since 1Q16



ASKING RENT \$1,429

Up 3.6% since 1Q16



CONCESSIONS 0.3%

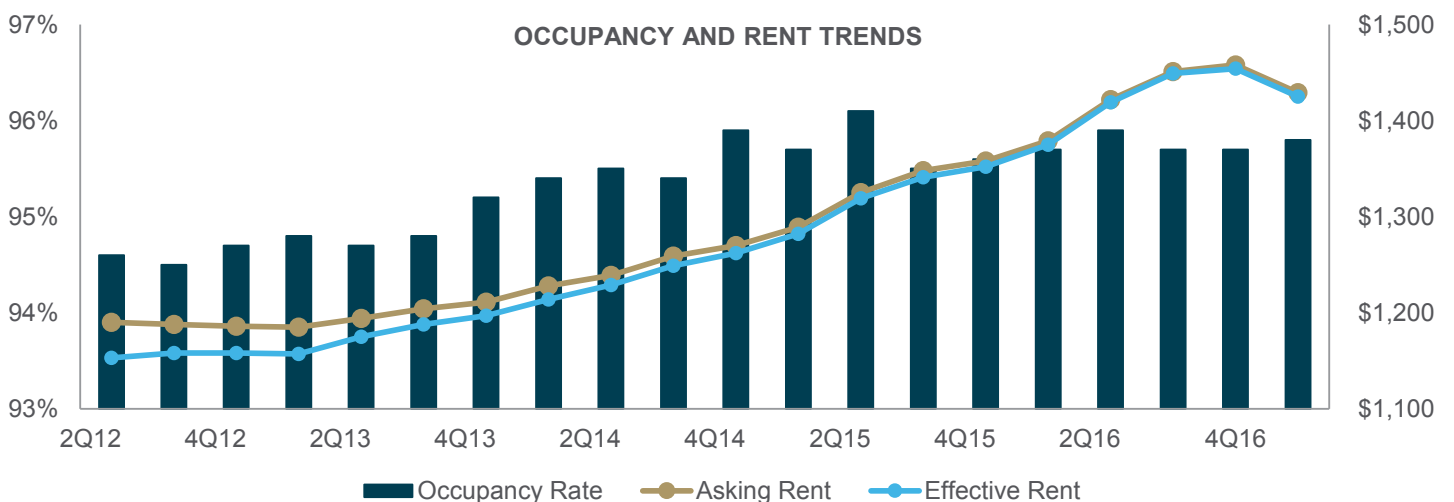
Unchanged since 1Q16

OCCUPANCY AND RENT TRENDS

NEAR-TERM EMPLOYMENT EXPANSION BODES WELL FOR LOGISTICS INDUSTRY

Healthy apartment demand supported a 10-basis-point annual increase in occupancy to 95.8% in March of this year. Operators recorded absorption of 1,080 apartments since the first quarter of 2016. The brisk leasing occurred as developers added 1,075 units to local inventory during the last 12 months, a reduction of 34.9% from the prior 12-month period. Approximately 44% of the new stock came online in the South Ontario/Chino submarket, the area with the second-highest average asking rent in the metro. A large number of deliveries were also present in the Rancho Cucamonga and SW Riverside County submarkets. Developers curtailed planning activity in the first quarter, requesting permits for 550 multifamily permits, down 21.7% from the same period last year.

Metrowide asking rent reached \$1,429 per month in March, a 3.6% year-over-year increase, decelerating from 7.0% annual rent appreciation one year earlier. Similarly, effective rent advanced 3.6% to \$1,425 per month. Average renter concessions were 0.3% of asking rent at the end of the first quarter, the same as one year prior.



INLAND EMPIRE

MULTIFAMILY REPORT

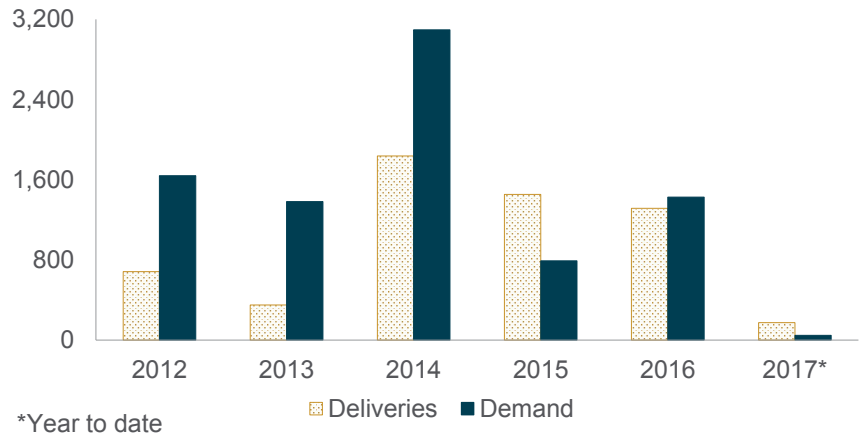
DELIVERIES AND DEMAND



DELIVERIES 174
Units YTD



NET ABSORPTION 47
Units YTD



ECONOMIC TRENDS

2016 **UNEMPLOYMENT*** 2017
6.0% **-50 BPS CHANGE** 5.5%

2016 **EMPLOYMENT*** 2017
1.38m **3.2% CHANGE** 1.43m

2016 **EXISTING SFH SALES**** 2017
56.3k **9.2% CHANGE** 61.5k

2016 **MEDIAN SFH PRICE**** 2017
\$305.3k **7.9% CHANGE** \$329.3k

2016 **10-YEAR TREASURY**** 2017
1.89% **60 BPS CHANGE** 2.48%

Employers added 44,100 workers to Inland Empire payrolls through January of this year, a 3.2% increase over one year prior. Approximately 11,300 of these workers were added in the trade, transportation, and utilities sector, which expanded 3.3%. The sector was lifted by perpetual hiring at three local Amazon.com Inc. fulfillment centers, newly created positions at the QVC distribution center in Ontario, and 125 new jobs at the Southern California Logistics Centre in Victorville. The greatest rate of expansion was in the construction industry, a 7.1% surge, with 6,400 new hires.

Job growth in the logistics industry appears promising in the next three years. During that time, Amazon plans to open additional distribution centers in San Bernardino, Redlands, and Eastvale, resulting in a total of 3,000 new jobs by 2020. Apartment absorption in the University City/Moreno Valley submarket is expected to intensify as the 1,290-acre Meridian Business Park is completed in 2020, supporting 20,000 new jobs.

*January; **March



INLAND EMPIRE

MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	1Q16	1Q17	1Q16	1Q17	1Q16	1Q17	1Q17	ANNUAL	1Q17	ANNUAL
Colton/Loma Linda	94.8%	95.4%	7.8%	4.5%	\$1,277	\$1,335	-13	70	0	0
Fontana/Rialto	96.7%	97.2%	7.6%	0.8%	\$1,185	\$1,195	-11	69	0	0
Hemet	95.7%	96.5%	9.8%	7.9%	\$937	\$1,011	60	48	0	0
Indio/La Quinta/Coachella	95.9%	96.0%	8.5%	4.4%	\$1,194	\$1,247	-76	5	0	0
North Ontario	96.7%	96.6%	8.8%	1.7%	\$1,514	\$1,539	184	-18	0	0
Palm Springs/Palm Desert	95.1%	96.2%	4.1%	0.1%	\$1,127	\$1,128	41	205	0	0
Perris	94.5%	94.8%	6.1%	7.8%	\$1,454	\$1,567	-42	17	0	0
Rancho Cucamonga	96.3%	95.5%	5.8%	7.5%	\$1,637	\$1,759	-103	84	0	222
Riverside County/Corona	95.1%	95.1%	5.9%	7.6%	\$1,428	\$1,537	-17	179	0	178
Riverside/North Magnolia	95.8%	96.2%	6.8%	2.7%	\$1,401	\$1,439	26	48	0	0
San Bernardino	95.9%	96.1%	9.3%	-2.6%	\$1,100	\$1,071	93	30	0	0
South Ontario/Chino	96.9%	95.9%	3.1%	3.4%	\$1,539	\$1,592	131	381	174	474
SW Riverside County	95.7%	95.4%	8.2%	3.9%	\$1,474	\$1,532	-49	148	0	201
University City/Moreno Valley	95.3%	94.4%	8.9%	3.5%	\$1,327	\$1,374	-171	-187	0	0
Upland	96.1%	96.1%	7.3%	0.9%	\$1,525	\$1,539	-6	1	0	0
TOTALS	95.7%	95.8%	7.0%	3.6%	\$1,379	\$1,429	47	1,080	174	1,075



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