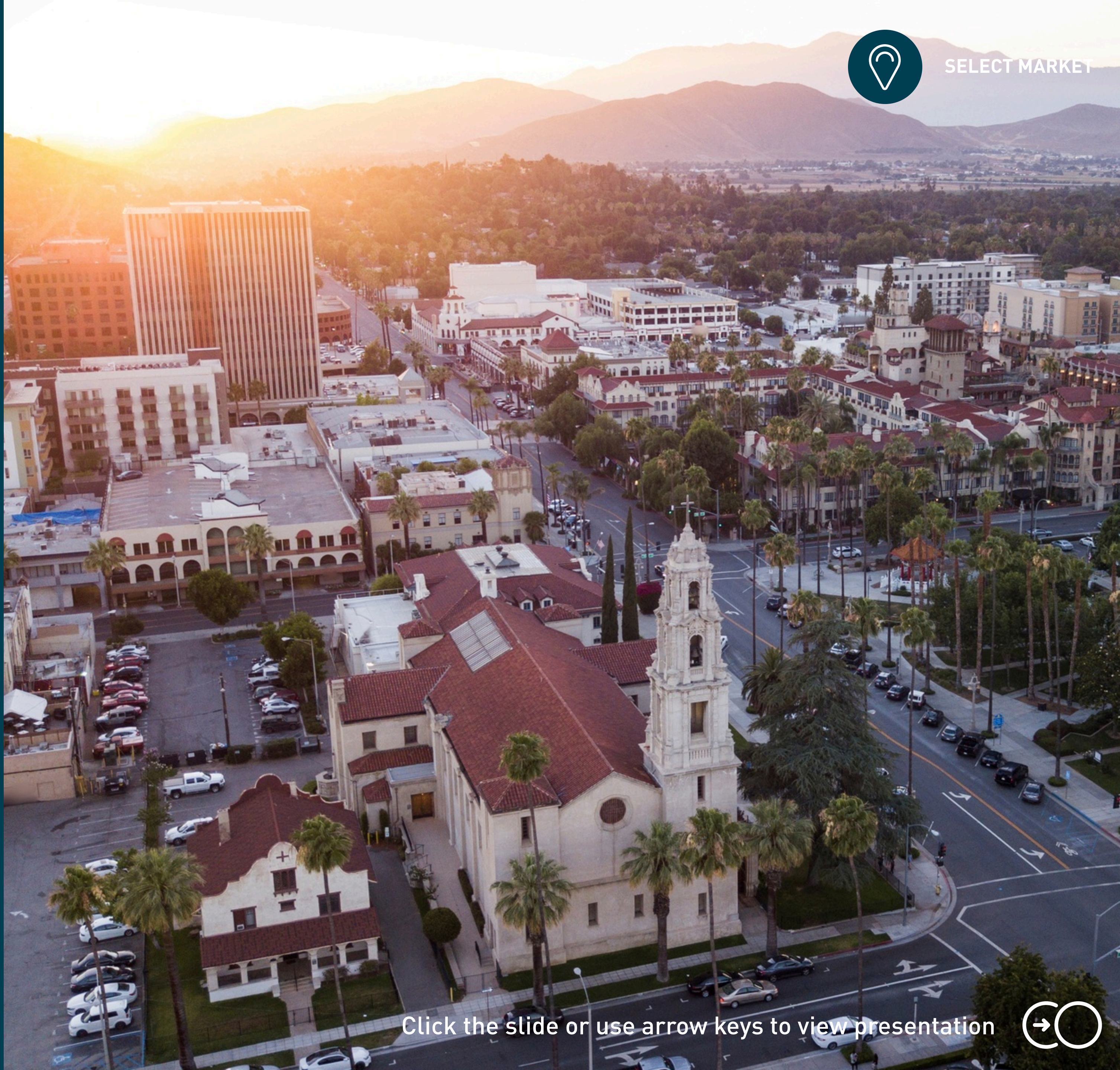
Inland Empire

MULTIFAMILY MARKET REPORT | MID-YEAR

2025



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Jobs Added / Lost

LAST 12 MONTHS
13,100

0.8% YOY

Unemployment

JUNE 2025
5.3%

0 BPS YOY

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Source: Moody's Analytics

Employment

The net in-migration of approximately 38,000 people in the Inland Empire in the last 12 months and the presence of nearly 800,000 residents age 65 and over lifted local healthcare employment. Healthcare and social assistance employers in the two-county metro area filled 15,800 net new positions from mid-2024 through mid-2025, a 5.7% year-over-year gain. These jobs were part of 17,400 net jobs added in the private education and healthcare sector during the same period. Hiring at local government agencies propelled a 3.0% rise in overall government employment during the year. This increase was made possible by a 6.2% annual gain in public educational institutions' employment and a 5.1% payroll expansion among county and municipal agencies.

In the metro's largest employment sector—trade, transportation, and utilities— the 2,600 net new workers were uniformly dispersed throughout the retail trade, wholesale trade, and transportation subsectors. A decline in employment in six sectors partially offset growth in the others. Financially struggling households, reduced international travel, and staffing shortages in the hospitality industry were factors that spurred a 3.4% annual decrease in leisure and hospitality sector employment. Likewise, a reduction in both industrial and multifamily housing starts fueled a 4.2% cooling in construction employment since mid-2024. Overall employment in the Inland Empire increased 0.8% year over year with the net addition of 13,200 workers through June 2025.

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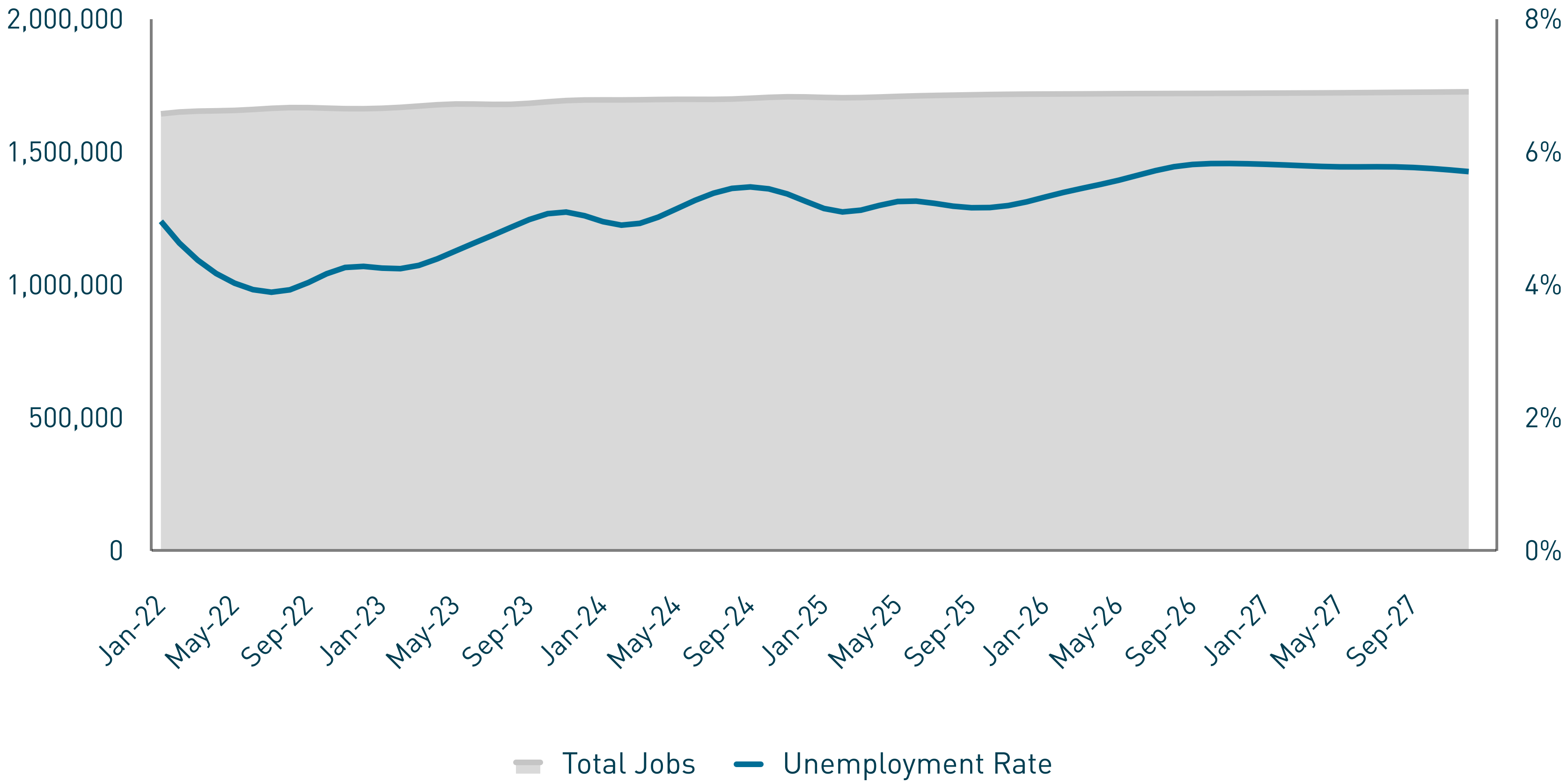
Employment Trends



Source: Moody's Analytics

In the News

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Construction underway for Dodgers' minor league stadium in Ontario
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Inland Empire to get $200M sports complex
[Read More]

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Deliveries & Absorption

2025 Year to Date

DELIVERIES
2,923 UNITS

ABSORPTION
4,134 UNITS

2025 Total*

DELIVERIES
4,287 UNITS

ABSORPTION
6,054 UNITS

**Projected*
Source: RealPage

The Inland Empire's considerably lower cost of living than Los Angeles, Orange, and San Diego counties helped drive in-migration in the last 12 months, ultimately generating elevated apartment demand. Since mid-2024, net apartment absorption totaled 8,145 units. Robust leasing activity was also driven by the array of new apartments coming online. Heightened apartment deliveries in the metro area in 2024 persisted in the first half of 2025. Builders completed 2,923 units in the first half of 2025, part of 5,638 deliveries in the last four quarters. Over 40% of the units completed since the second quarter of 2024 were in apartment communities that broke ground in 2021, some of which had construction delays because of pandemic-related labor shortages and supply chain issues. The Temecula/Murrieta submarket's 1,512 new apartment units led deliveries in the last year. Developers favor the submarket because of its access to employment hubs in San Diego County via Interstate 15. The University City/Moreno Valley submarket also had a large share of new apartment inventory. Moreno Valley is home to growing warehousing and manufacturing companies who comprise the second highest concentration of industrial space in the Inland Empire and one of the highest concentrations in California. The Temecula/Murrieta and University City/Moreno Valley submarkets are also leading the other submarkets in apartment units under construction and in lease-up. From 2026 through 2029, metrowide deliveries are expected to decelerate sharply as the development pipeline thins.

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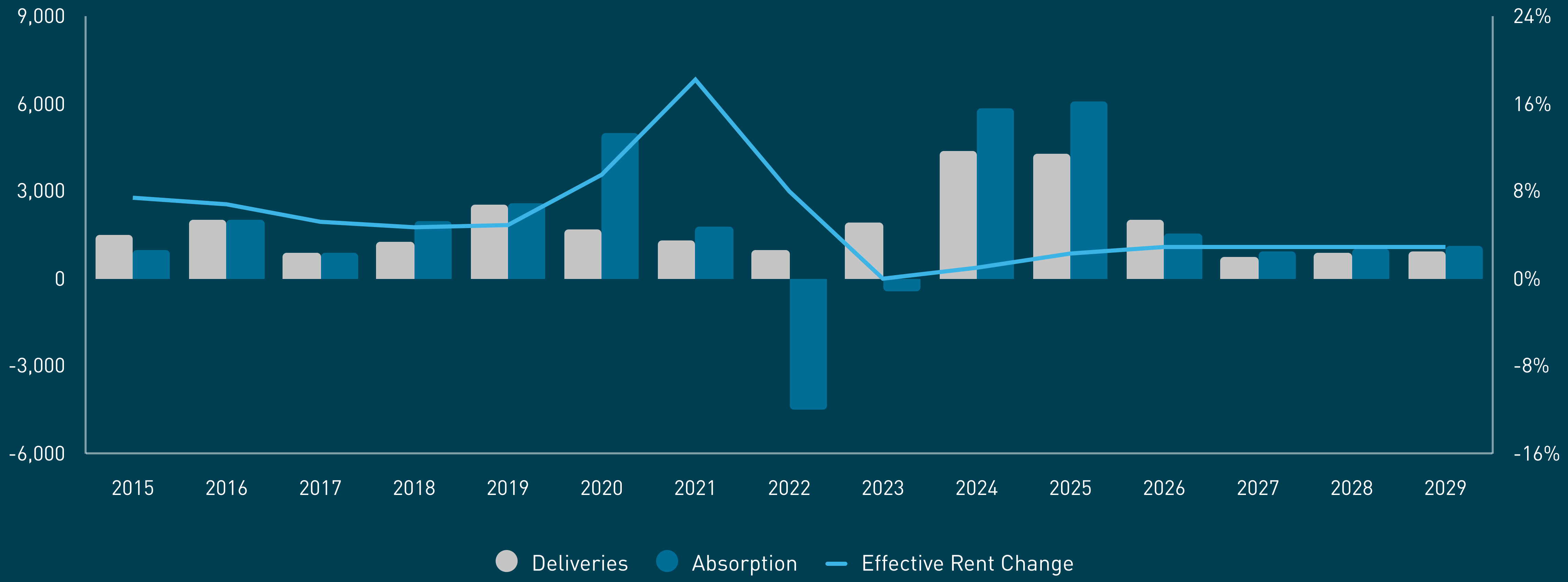
Deliveries, Absorption, & Effective Rent Change



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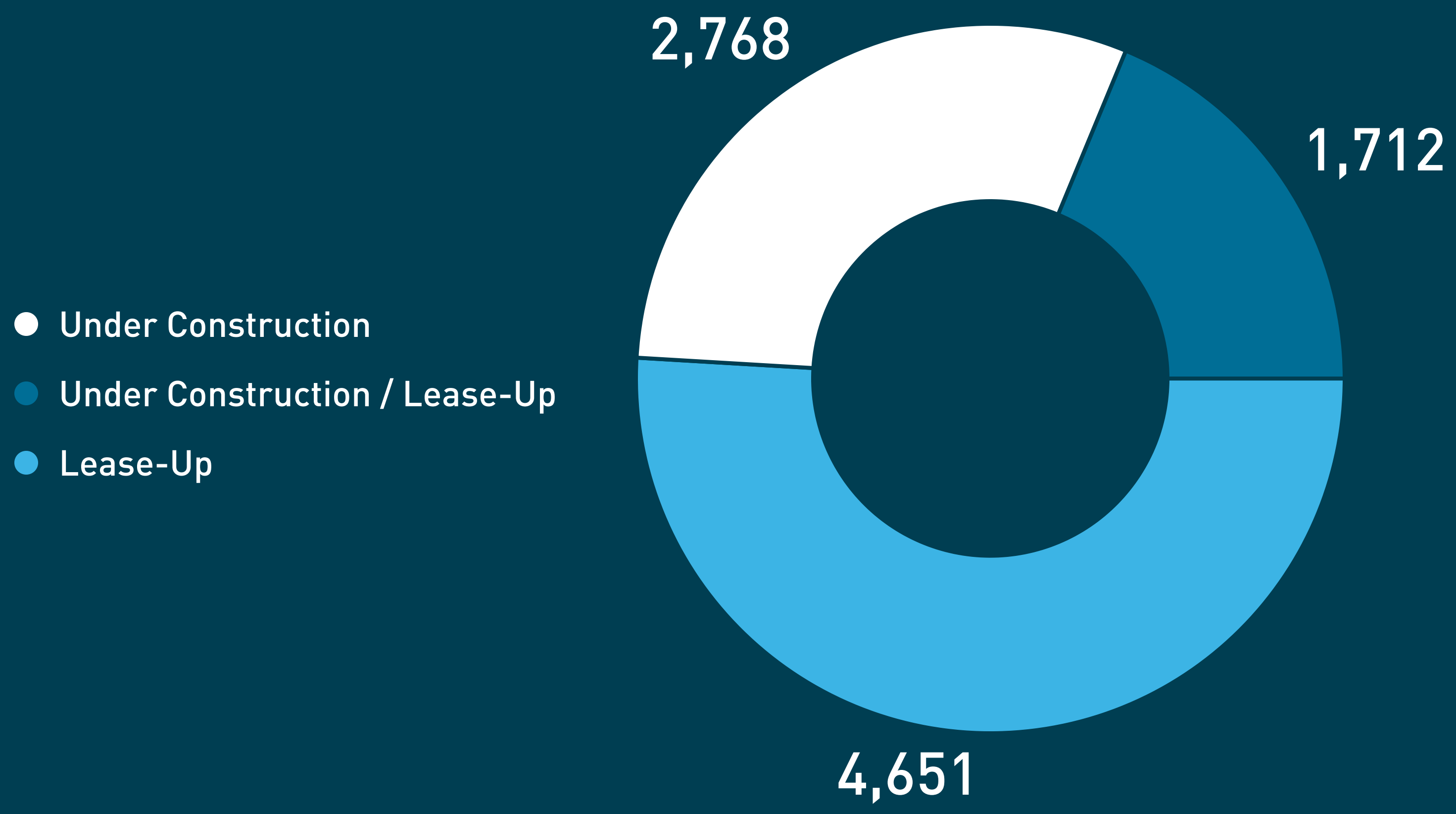
Inland Empire Pipeline



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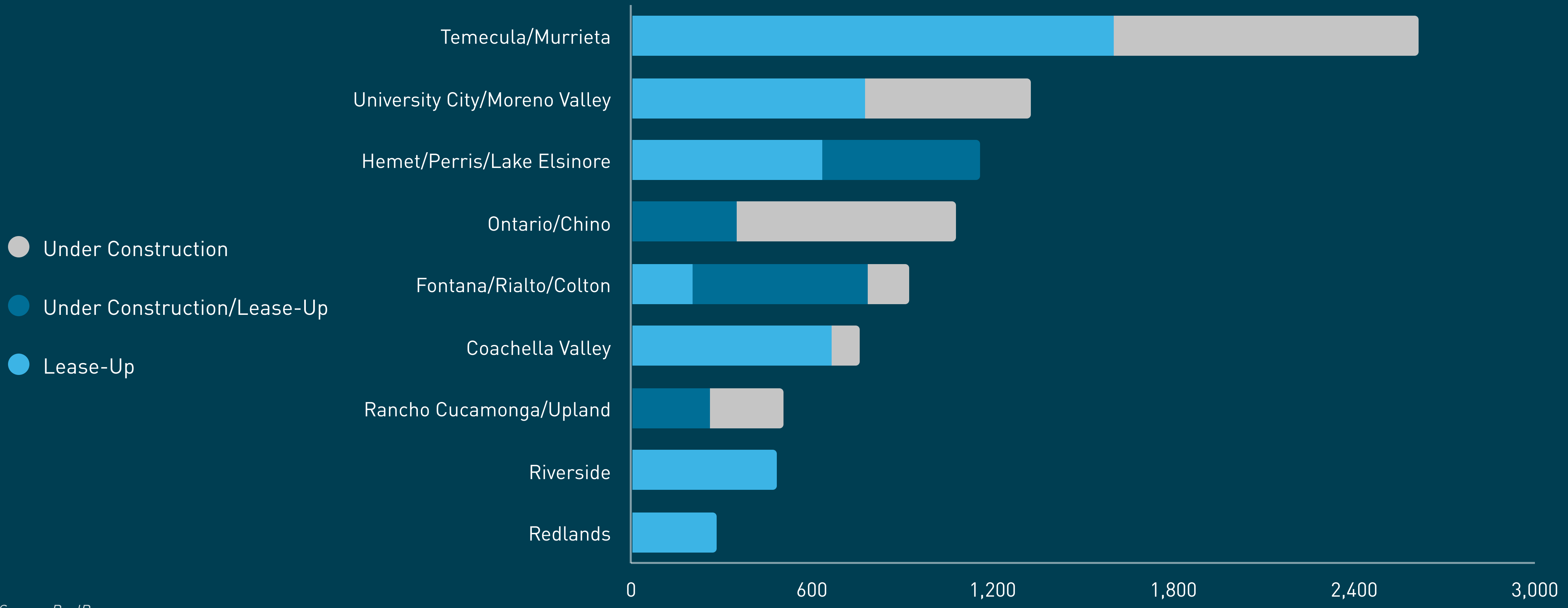
Largest Submarket Pipelines



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Effective Rent

Q2 2025
$2,287

2.2% YOY

Occupancy

Q2 2025
96.2%

140 BPS YOY

Source: RealPage

Rent & Occupancy

Net apartment absorption widely outpaced deliveries in the last 12 months, prompting a healthy increase in occupancy. In the second quarter of 2025, the metro's occupancy rate increased 140 basis points to 96.2%, 10 basis points above the annual average during the five years that preceded the pandemic. Class A apartment occupancy was 30 basis points higher than the overall occupancy rate in the second quarter, as luxury apartments in the Inland Empire remained a popular alternative for renters who could not afford similar-quality accommodations in the three neighboring counties along the coast. The 96.5% second-quarter Class A occupancy rate in the Inland Empire was 40 basis points higher than Orange County, 100 basis points above Los Angeles County, and 110 basis points greater than San Diego County. Class A effective rent in the Inland Empire was equally favorable. Compared to Los Angeles, San Diego, and Orange counties, Class A effective rent in the Inland Empire was 35.2%, 22.5%, and 21.5% lower, respectively. The Class A effective rent growth of 2.3% in the last year helped drive overall rent growth. By the second quarter of 2025, overall monthly effective rent increased to $2,287, a 2.2% year-over-year gain. Sustained apartment demand is expected to keep overall occupancy on an upward track; by year-end 2025, the metro's occupancy rate is forecast to climb another 30 basis points to 96.5%.

Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

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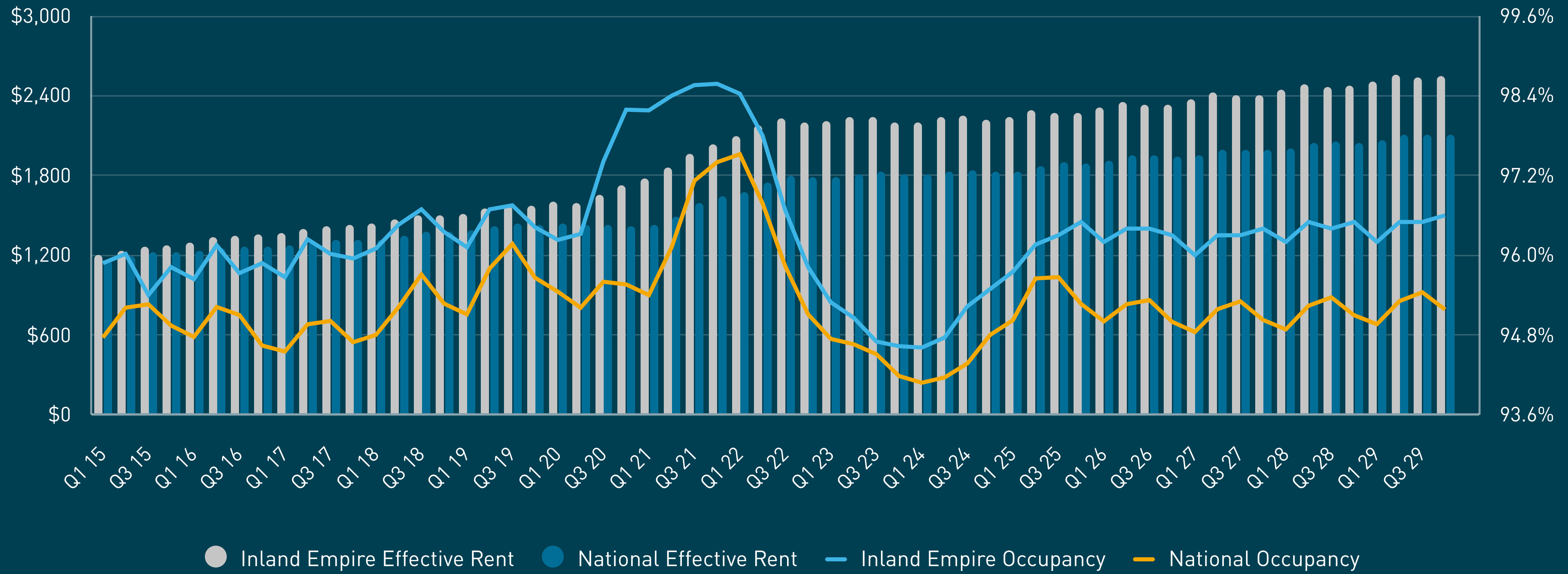
Inland Empire vs. National Effective Rent & Occupancy



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Rent & Occupancy

Submarket Performance

Submarket Name	Q2 25 Occupancy	YOY (BPS)	Q2 25 Effective Rent	YOY
Coachella Valley	94.7%	-70	$1,948	-1.3%
Corona	96.6%	100	$2,427	1.8%
Fontana/Rialto/Colton	96.9%	160	$1,948	2.4%
Hemet/Perris/Lake Elsinore	96.8%	190	$2,099	1.2%
Ontario/Chino	96.4%	200	$2,599	1.2%
Rancho Cucamonga/Upland	96.4%	120	$2,590	2.0%
Redlands	97.7%	170	$2,314	4.1%
Riverside	95.8%	50	$2,325	2.2%
San Bernardino	95.3%	70	$1,823	1.3%
Temecula/Murrieta	95.1%	50	$2,304	-2.4%
University City/Moreno Valley	95.7%	240	$2,203	3.3%
Victorville/Outer San Bernardino	96.7%	460	$1,725	6.3%

Source: RealPage

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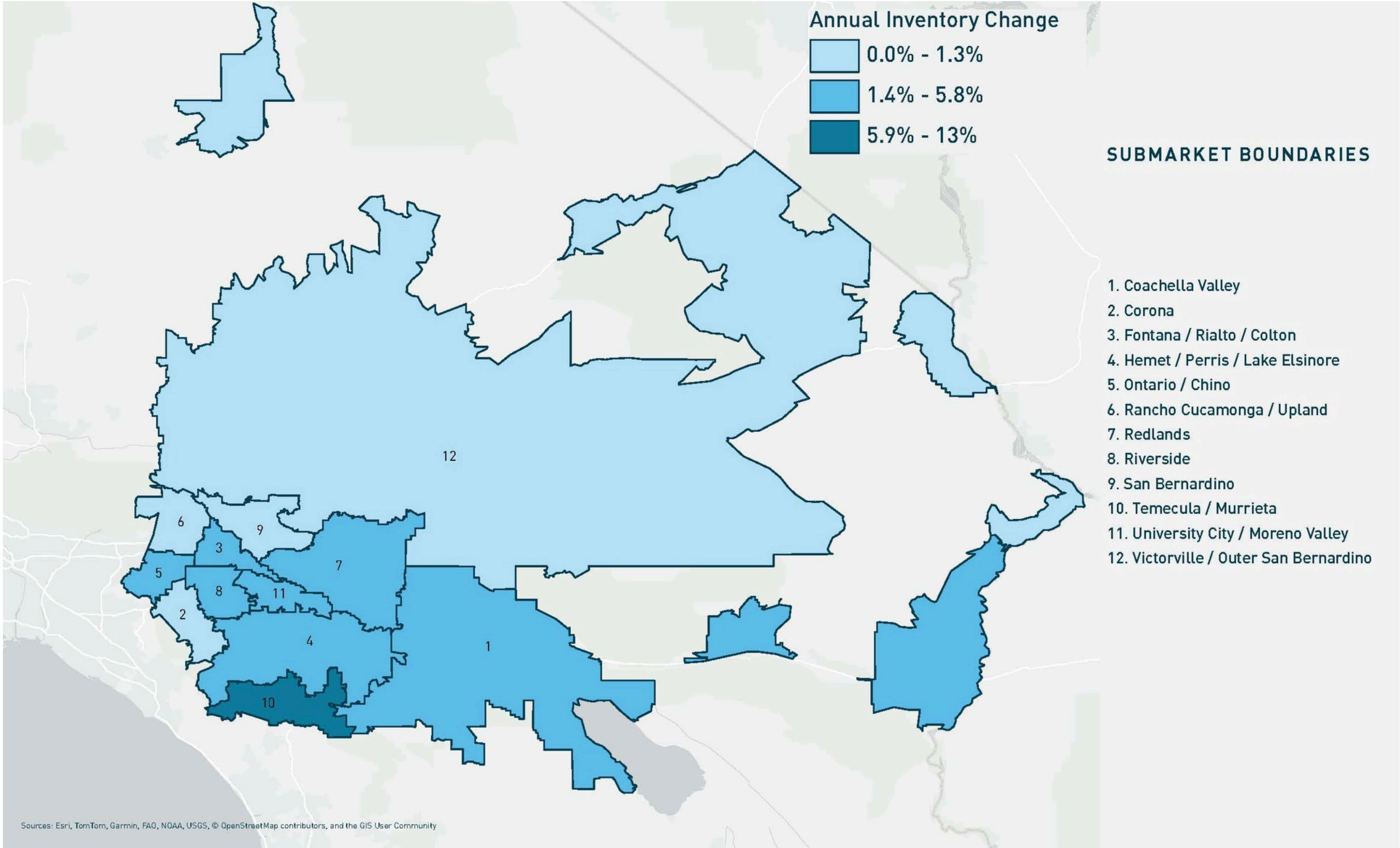
Submarket Mid-Year 2025 Annual Inventory Change



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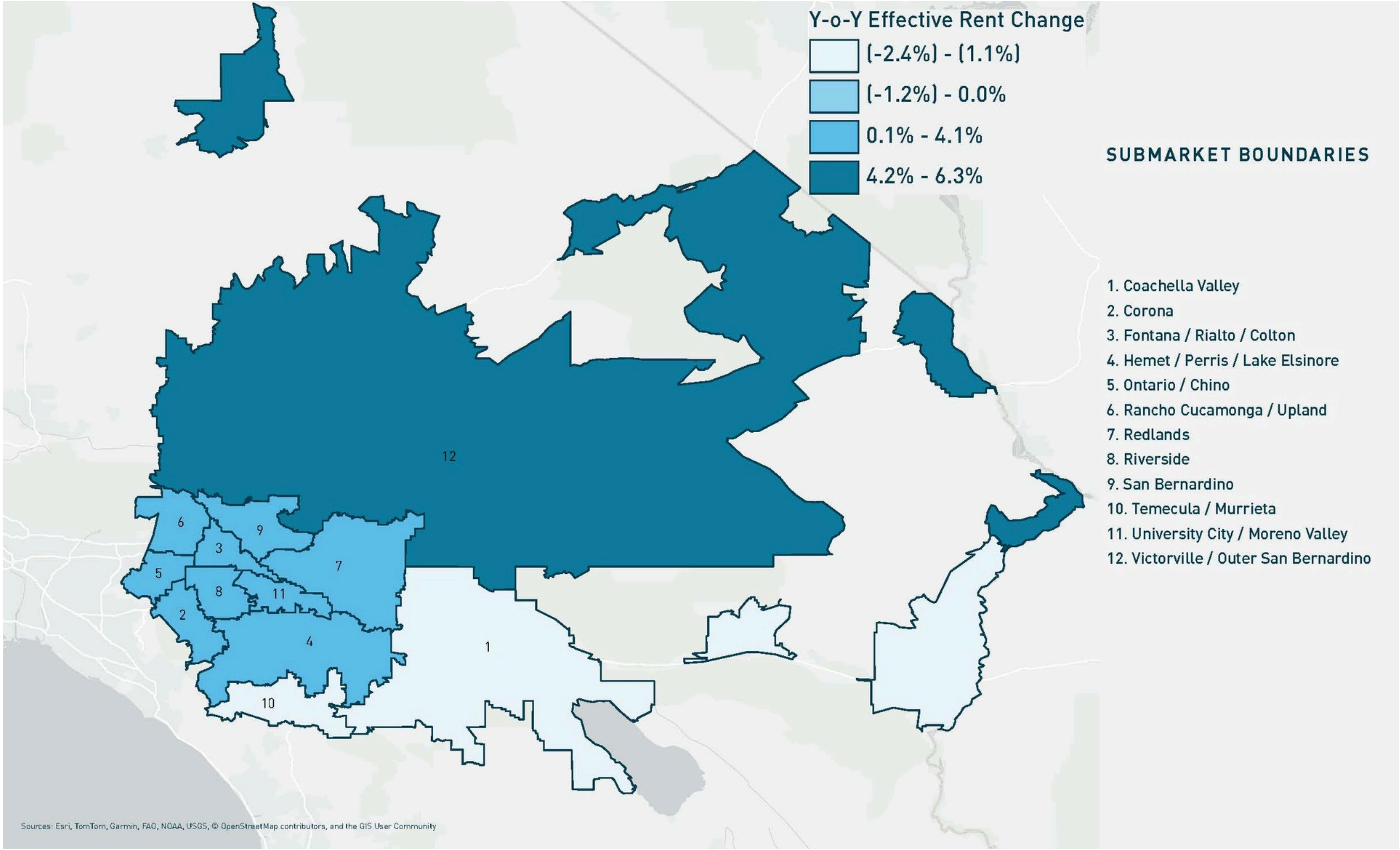
Submarket Mid-Year 2025 Annual Effective Rent Change



Source: RealPage

Sales

2025 Year to Date*		What's Trading?*	
Volume $386.3M	**Price Per Unit (Avg)** $222,569	**Units (Avg)** 65	**Year Built (Avg)** 1990s
Transactions 29	**Cap Rate (Avg)** 5.9%	**Buildings (Avg)** 7	**Acres (Avg)** 4.69

$2.5M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research

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Sales

Top Buyers*

Buyer	Location
BREIT	New York, NY
Convenient Holdings	Santa Monica, CA
FPA Multifamily	San Francisco, CA
Yong Wang	Newport Beach, CA
Michael Finn	Rancho Cucamonga, CA

Top Sellers*

Seller	Location
TIAA-CREF	New York, NY
Clear Capital	Laguna Hills, CA
Brixton Capital	Solana Beach, CA
Inland Valley Housing Partners	Rancho Cucamonga, CA
SA Golden Investments, Inc.	Fontana, CA

$2.5M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research

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