



Thursday, Jun 6, 2024

**CBRE**

# Inland Empire Multifamily

*Presented by* Eric Chen  
CBRE, Executive Vice President



26<sup>TH</sup> Annual Inland Empire Market Trends Seminar | DoubleTree Hotel | 222 N. Vineyard Avenue | Ontario, CA



# Introduction

## ERIC CHEN ACHIEVEMENTS

- CBRE, Top Multifamily Producer, California (2023)
- Producer of the Year Award (2022) in Inland Empire and LA County Region
- Top 5 Broker in Ontario Office (2017)
- Top 10 Broker in Ontario Office (2017, 2019, 2020, 2021)
- Top 20% in CBRE Capital Markets (2017, 2019, 2020, 2021, 2022 & 2023)
- Power Broker Award for Top Sales Broker in Inland Empire presented by CoStar (2017, 2019, 2020, 2021, 2022 & 2023)
- CBRE Asia Pacific Network (APN) Co-Chairs (2017)
- CBRE Asia Pacific Network (APN) National Leadership (2016)
- Multicultural Leadership Award presented by the California Diversity Council (2015)
- Ranked #1 Broker in Ontario Office of Marcus & Millichap (2013)
- Multiple Sales Achievement Awards and National Achievement Award (2008-2013)
- Ranked Top 30 Broker Marcus & Millichap in National Multi-Housing Group (2013)
- Pace Setter Award (2008)



# Meet The Team

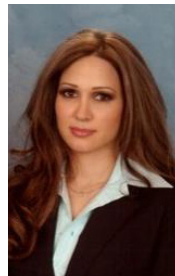
## INVESTMENT SALES



**ERIC CHEN**  
EXECUTIVE VICE  
PRESIDENT



**BLAKE TORGERSON**  
VICE PRESIDENT



**JOYCE GOLDSTEIN**  
VICE PRESIDENT



**KEVIN SIN**  
SENIOR ASSOCIATE



**HUNTER WETTON**  
ASSOCIATE



**JENIFER TÉA PHAM**  
ASSOCIATE



**BOBBY TANG**  
ASSOCIATE



**JUSTINO FA'AOLA**  
ASSOCIATE

## SUPPORT STAFF



**JESSICA KHOURY**  
CLIENT SERVICES  
SPECIALIST



**BRYAN GUERRERO**  
FINANCIAL ANALYST



**DALYCE KELLEY**  
CREATIVE MARKETING  
CLIENT SERVICES  
COORDINATOR

## DEBT & STRUCTURED FINANCE



**RYAN WILKINSON**  
EXECUTIVE VICE PRESIDENT

Team Activity Since 2003



OVER  
**634+**  
TRANSACTIONS



OVER  
**5,590**  
UNIT VALUES



OVER  
**\$5.8B**  
TEAM TOTAL  
TRANSACTIONAL  
VOLUME



OVER  
**55+**  
YEARS COMBINED  
EXPERTISE

**CBRE**

Eric Chen & Team



# 2023 Year-End Highlights

TRACK RECORD

**CBRE**

310M+

Sale & Finance Transaction Volume

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39

Total Sale & Finance Transactions

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827

Sale & Finance  
Units Transacted



# Just Closed

# \$14,000,000

63 UNITS | PALM DESERT, CA



**63**  
TOTAL UNITS



**±865 SF**  
AVERAGE UNIT SIZE



**1974**  
YEAR BUILT



**3**  
TOTAL NUMBER  
OF BUILDINGS



**±55,369 SF**  
BUILDING SIZE



**±200,376 SF**  
LOT SIZE



# Just Closed

# \$6,150,000

27 UNITS | RIVERSIDE, CA



**27**  
TOTAL UNITS



**±733 SF**  
AVERAGE UNIT SIZE



**1966**  
YEAR BUILT



**1**  
TOTAL NUMBER  
OF BUILDINGS



**±19,800 SF**  
BUILDING SIZE



**±30,928 SF**  
LOT SIZE



# Just Listed

30+1 UNITS | PALM SPRINGS

LIST PRICE: \$6,800,000



 30+1  
TOTAL UNITS

 ±674 SF  
AVERAGE UNIT SIZE

 1959  
YEAR BUILT

 2  
TOTAL NUMBER  
OF BUILDINGS

 ±20,296 SF  
BUILDING SIZE


 ±40,946 SF  
LOT SIZE

33 UNITS | SAN BERNARDINO

LIST PRICE: \$5,800,000



 33  
TOTAL UNITS

 ±748 SF  
AVERAGE UNIT SIZE

 1960  
YEAR BUILT

 3  
TOTAL NUMBER  
OF BUILDINGS

 ±24,551 SF  
BUILDING SIZE

 ±43,549 SF  
LOT SIZE



# Recently Closed

# \$7,750,000

34 UNITS | RIVERSIDE, CA



**34**  
TOTAL UNITS



**±626 SF**  
AVERAGE UNIT SIZE



**1955-58**  
YEAR BUILT



**6**  
TOTAL NUMBER  
OF BUILDINGS



**±21,600 SF**  
BUILDING SIZE



**±45,738 SF**  
LOT SIZE



# 2024 Eric Chen & Team Activity

## Additional Current Listings



37 Units

**PASADENA**  
\$14,800,000



36 Units

**SHERMAN OAKS**  
\$12,400,000



44 Units

**RIVERSIDE**  
\$10,550,000



36 Units

**NORTHRIDGE**  
\$8,500,000



28 Units

**SYLMAR**  
\$7,800,000



10 Units

**AZUSA**  
\$6,500,000



20 Units

**PASADENA**  
\$5,695,000



18 Units

**SANTA ANA**  
\$3,800,000



8 Units

**ARCADIA**  
\$3,400,000



10 Units

**AZUSA**  
\$3,200,000



15 Units

**POMONA**  
\$2,980,000



14 Units

**UPLAND**  
\$2,900,000



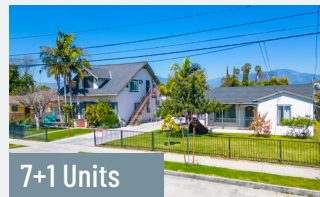
10 Units

**HEMET**  
\$2,200,000



12 Units

**POMONA**  
\$1,980,000



7+1 Units

**EL MONTE**  
\$1,850,000



7 Units

**PASADENA**  
\$1,800,000



3 Units

**LOS ANGELES**  
\$1,200,000



6 Units

**HIGHLAND**  
\$1,050,000

# 2024 Eric Chen & Team Activity

*More In Escrow or Closed*



16 Units

**COVINA**

\$4,680,000



8 Units

**DUARTE**

\$3,880,000



10 Units

**OXNARD**

\$2,400,000



8 Units

**UPLAND**

\$2,000,000



9 Units

**HUNTINGTON PARK**

\$1,765,000



8 Units

**SAN BERNARDINO**

\$1,680,000



3+1 Units

**RIVERSIDE**

\$950,000



4 Units

**LOS ANGELES**

\$950,000



CBRE Capital Markets | Inland Empire Multifamily

# State of the Market



# Inland Empire Asking Rent Per SF

▼ -1.1%

Y-o-Y Rent Decrease

▼ -7.4%

Compared to 10-Year Average Per Year

▼ 0.2%

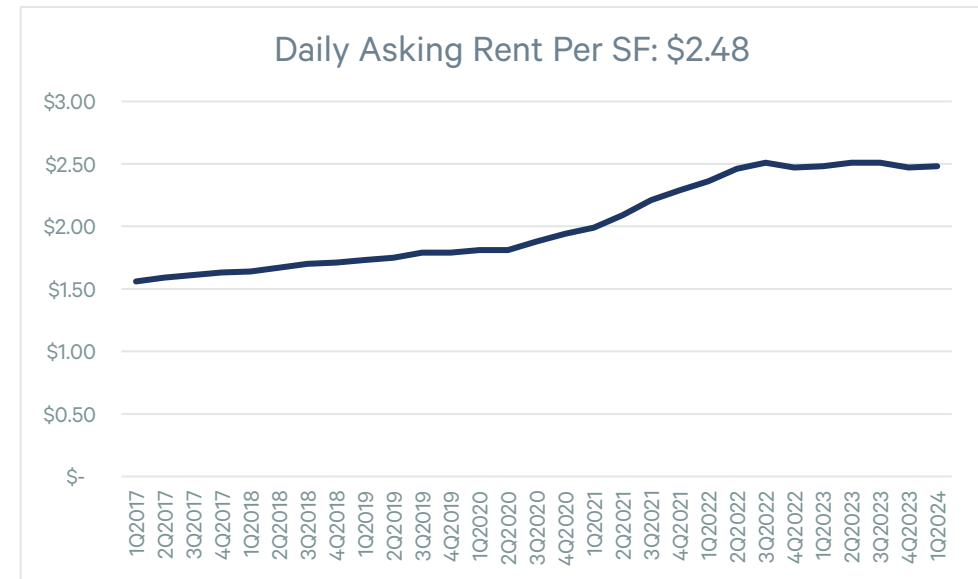
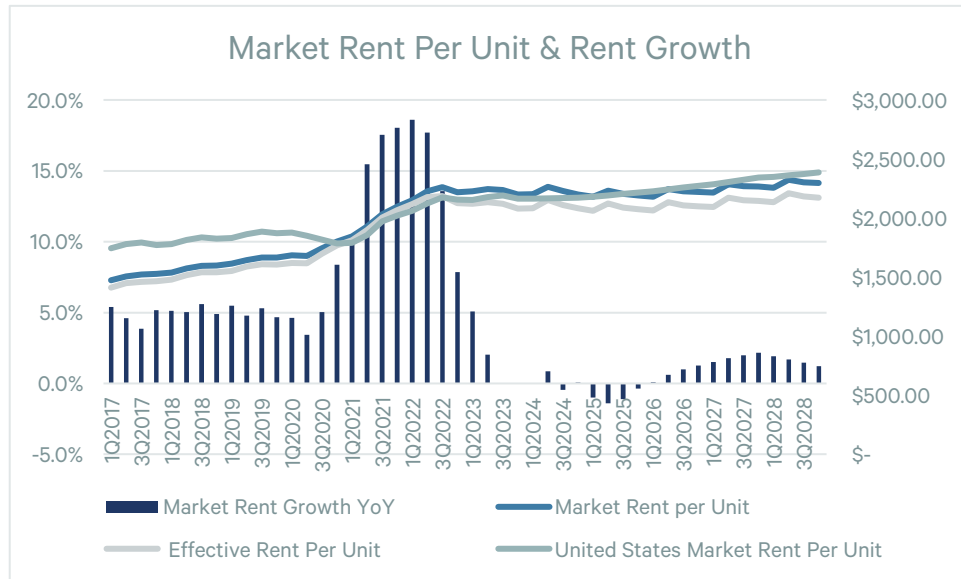
Y-o-Y Rents on 4- & 5-Star Apts.

▼ 0.6%

Y-o-Y Rents on 3-Star Apts.

▼ 0.5%

Y-o-Y Rents on 1- & 2-Star Apts.



# Inland Empire Multifamily Fundamentals

▲ 5.40%

Vacancy Rate

▲ 2,489

12 Mo. Delivered Units

▲ 1,099

12 Mo Absorption

▼ -1.1%

Y-o-Y Rent  
Change

▼ \$569.5M

12 Mo. Investment  
Volume

## KEY TAKEAWAYS

- Net absorption remained positive in Q1 2024 with 184 units newly absorbed
- Development remained strong with 196 units completing and 7,234 units under construction at the end of Q1 2024
- Vacancy remained the same quarter-over-quarter at 5.4%
- Rents increased by \$2.41 per unit to \$2,201.58
- Employment was forecasted to increase nearly 2% through 2025



# Inland Empire Under Construction

56

Properties

8,411

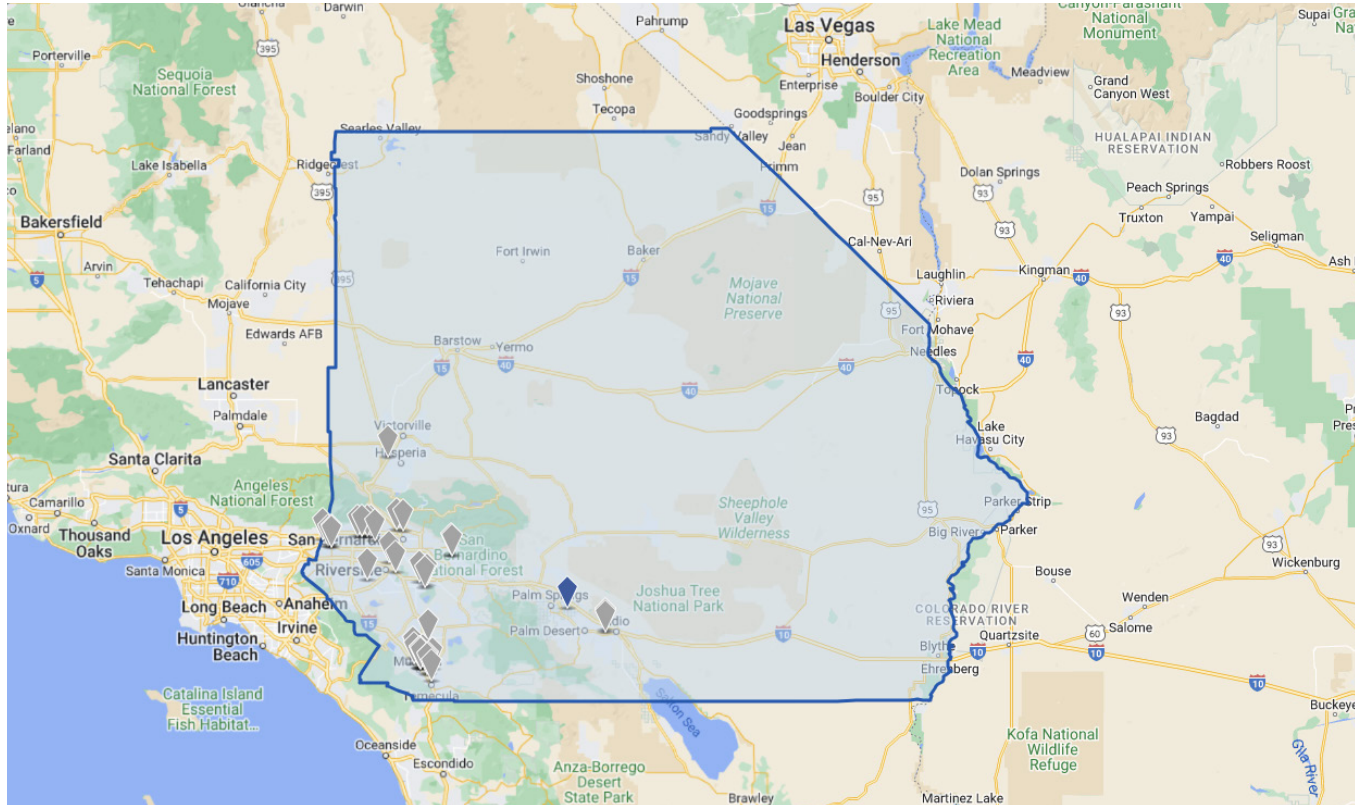
Units

4.6%

Percentage of  
Inventory

150

Average Units



## Notable Developments

PROPERTY	UNIT COUNT	PROPERTY STATUS	OWNER	START OF CONST. DATE	FORECASTED COMPLETION DATE	START OF RENT-UP
Vineyards 1900 East Inland Empire Blvd Ontario, CA 91764	925	Under Construction	GH Palmer	8/2021	12/2024	2/2023
Exchange at Riverside 3641 West La Cadena Drive Riverside, CA 92501	482	Under Construction	AFG Development	8/2023	8/2025	TBD
Reserve at Rancho Belago, The Phase II 15100 Moreno Beach Drive Moreno Valley, CA 92555	358	Under Construction	Bridge Investment Group	6/2021	1/2025	TBD
Village at Montclair 5050 East Arrow Hwy Montclair, CA 91763	350	Under Construction	Village Partners	7/2022	12/2024	TBD
Solana Winchester Hills 41100 Temecula Center Temecula, CA 92591	349	Under Construction	ReyLenn Properties	5/2023	6/2024	TBD
Alta Fontana 14817 Foothill Blvd Fontana, CA 92335	344	Under Construction	Wood Partners	9/2023	5/2025	TBD



## Capital Markets

The new year failed to bring an increase in investment volume as only \$34 million transacted across five properties in Q1 2024, down from 10 transactions equaling \$50 million transacted in Q4 2023. Cap rates remained steady quarter-over-quarter at 6.2%, the highest rate since Q1 2021. Most sales were for smaller projects with less than 20 units. The most notable sale of the quarter saw Positive Investments buy a 325-unit project in Indio for \$16.5 million.

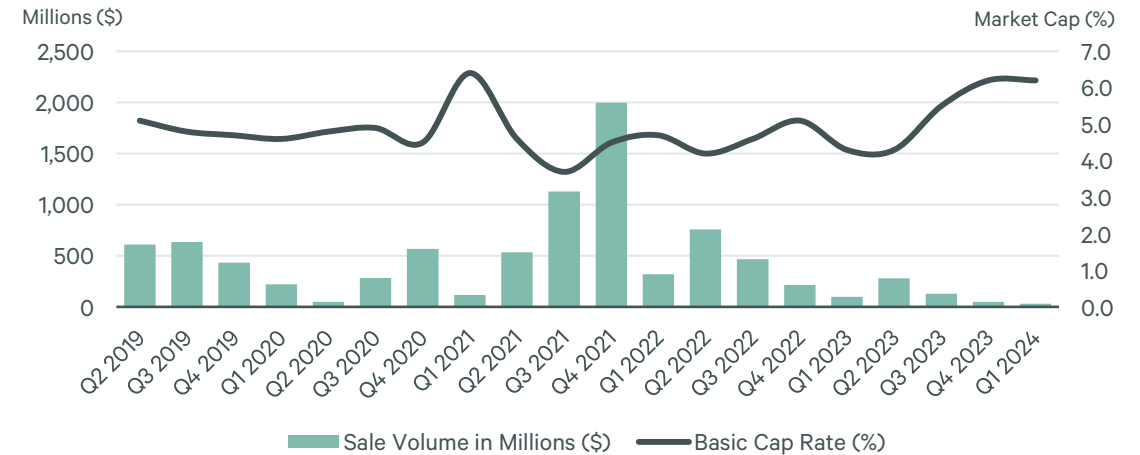
The Federal Reserve signaled reluctance to lower rates soon as the decline in inflation failed to meet expectations in Q1 2024. Despite the expectation of a soft landing, investment volume remained significantly lower than the \$500 million a quarter averages in 2019 in the Inland Empire.

FIGURE 8: Transaction Detail by Year Built

Vintage	Number of Transactions	Total Units	Avg. Sale Price (\$M)	Avg. Sale Price (\$/Unit)
<1970s	3	49	4.63	285,185
1970s	1	345	16.55	47,971
1980s	1	16	3.00	187,500
1990s	0	0	0	0
2000s	0	0	0	0
2010s	0	0	0	0
2020+	0	0	0	0
<b>Total</b>	<b>5</b>	<b>410</b>	<b>6.69</b>	<b>218,205</b>

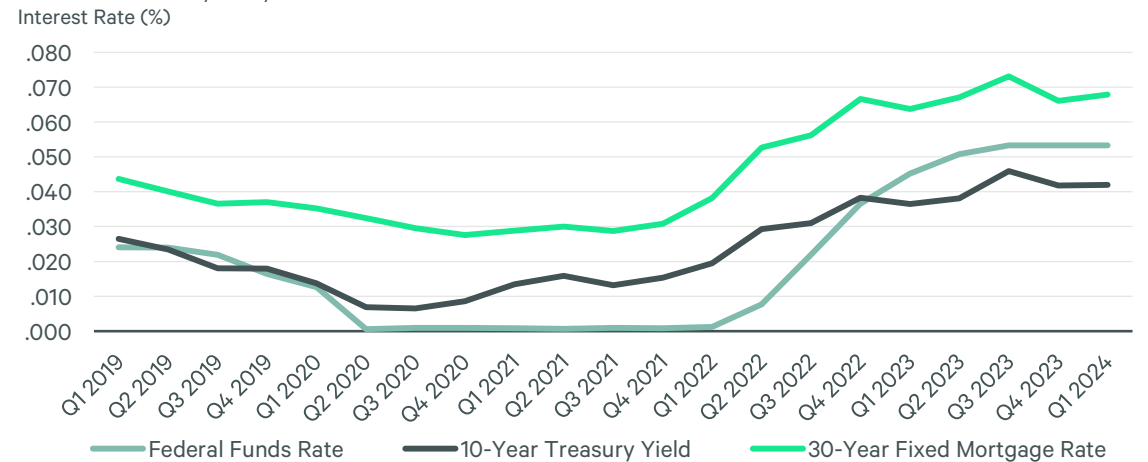
Source: MSCI Real Capital Analytics, Q1 2024.

FIGURE 9: Transaction Volume



Source: CBRE Research, CBRE Econometric Advisors, Q1 2024.

FIGURE 10: Monetary Policy and Interest Rates



Source: Federal Funds Effective Rate [FEDFUNDS], retrieved from FRED, Federal Reserve Bank of St. Louis, Q1 2024.

FIGURE 14: Sales Activity Map



FIGURE 15: Capital Market Transactions

Building Name	City	Sale Price	Units	Buyer	Seller
81901 Shadow Palm Ave	Indio	\$16,550,000	345	Positive Investments	Levy Affiliated Holdings LLC
5755 Corwin Ln	Riverside	\$2,850,000	19	Starlite Mgmt-ix LP	Addison Nguyen
7445 7455 And 7467 Potomac St	Riverside	\$7,750,000	18	Andrew H Cabral	Aleksandar Nadazdin
19087 Allegheny Rd	Apple Valley	\$3,000,000	16	Charles R Hermansen	James H Martindale
936 N Vine Ave	Ontario	\$3,300,000	12	Alfonso Anaya	Adelino de Sousa Trust

Source: MSCI Real Capital Analytics, Q1 2024.

FIGURE 16: New Construction

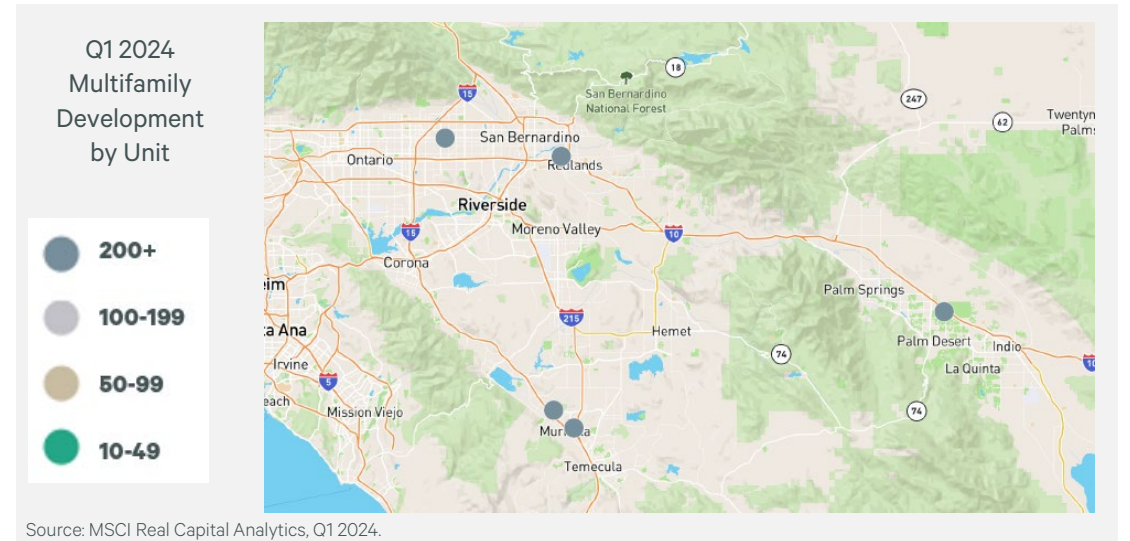


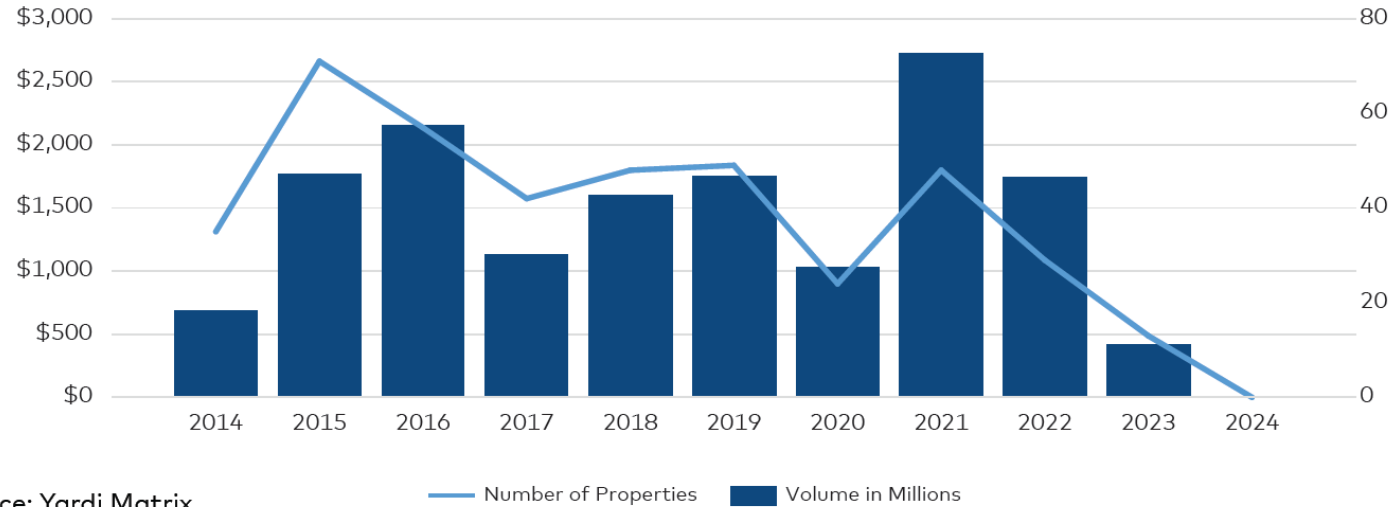
FIGURE 17: Major Developments by # of Units

Building Name	City	Status	Units	Owner	Est Completion
Alta Fontana	Fontana	Underway	344	Wood Partners	2025 Q3
Millenium Apartments	Palm Desert	Underway	330	Western National Investments, Metonic RE Services	2024 Q4
The Bridges At Murrieta	Murrieta	Underway	317	Bridges Murrieta II LLC	2024 Q3
Oak Springs Ranch II	Wildomar	Underway	288	Wermers Companies	2025 Q1
The Standard Apartments	San Bernardino	Underway	280	UCR Group, West Grove 95 Inc	2025 Q3

Source: MSCI Real Capital Analytics, Q1 2024.



# Inland Empire Sales Volume



Source: Yardi Matrix

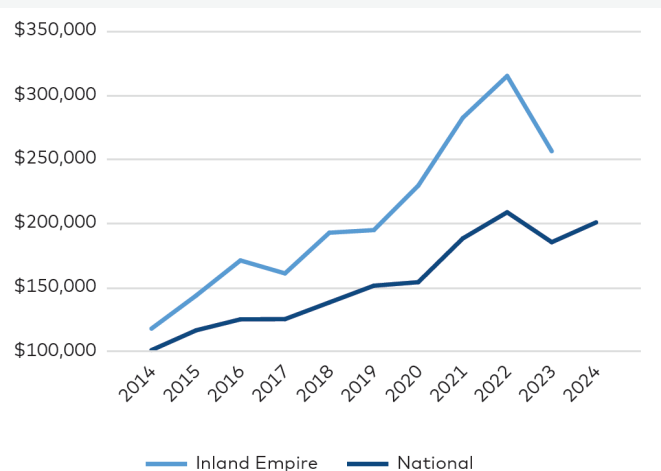
## Top Submarkets for Transaction Volume<sup>1</sup>

Submarket	Volume (\$MM)
Montclair/North Ontario	150
Corona	91
South Ontario	51
Moreno Valley	25
Victorville/Apple Valley/Big Bear	24
West Riverside	23
Rialto	21

Source: Yardi Matrix

<sup>1</sup> From February 2023 to January 2024

## Inland Empire vs. National Sales Price per Unit



## KEY TAKE AWAYS

- 2023 WAS THE SLOWEST TRANSACTION VOLUME YEAR IN A DECADE

- ONLY \$422M OF MULTIFAMILY TOTAL TRANSACTION VOLUME IN 2023

- TRANSACTION VOLUME DOWN 75% FROM 2022 VOLUME

- AVERAGE PRICE PER UNIT ENDED AT \$256,602 IN 2023

- PRICE PER UNIT DOWN 18.6% FROM 2022 FIGURES

# 2024 Q1 in Comparison to 2023 Q1 of 5+ Units

## 2024 Q1 Transactions of 5+ Units:

Volume: \$54,100,000

Cap Rate: 6.3%

Average Sales Price: \$2,600,000

Sales vs Ask Price Differential: -10.1%

Transactions: 23

Sold Units: 362

## 2023 Q1 Transactions of 5+ Units:

Volume: \$133,000,000

Cap Rate: 4.9%

Average Sales Price: \$4,600,000

Sales vs Ask Price Differential: -4.40%

Transactions: 29

Sold Units: 1,305

## Change of Q1 2024 to 2023 5+ Units:

Volume: -59.32% Change

Cap Rate: -22.22% Change

Average Sales Price: -76.92%

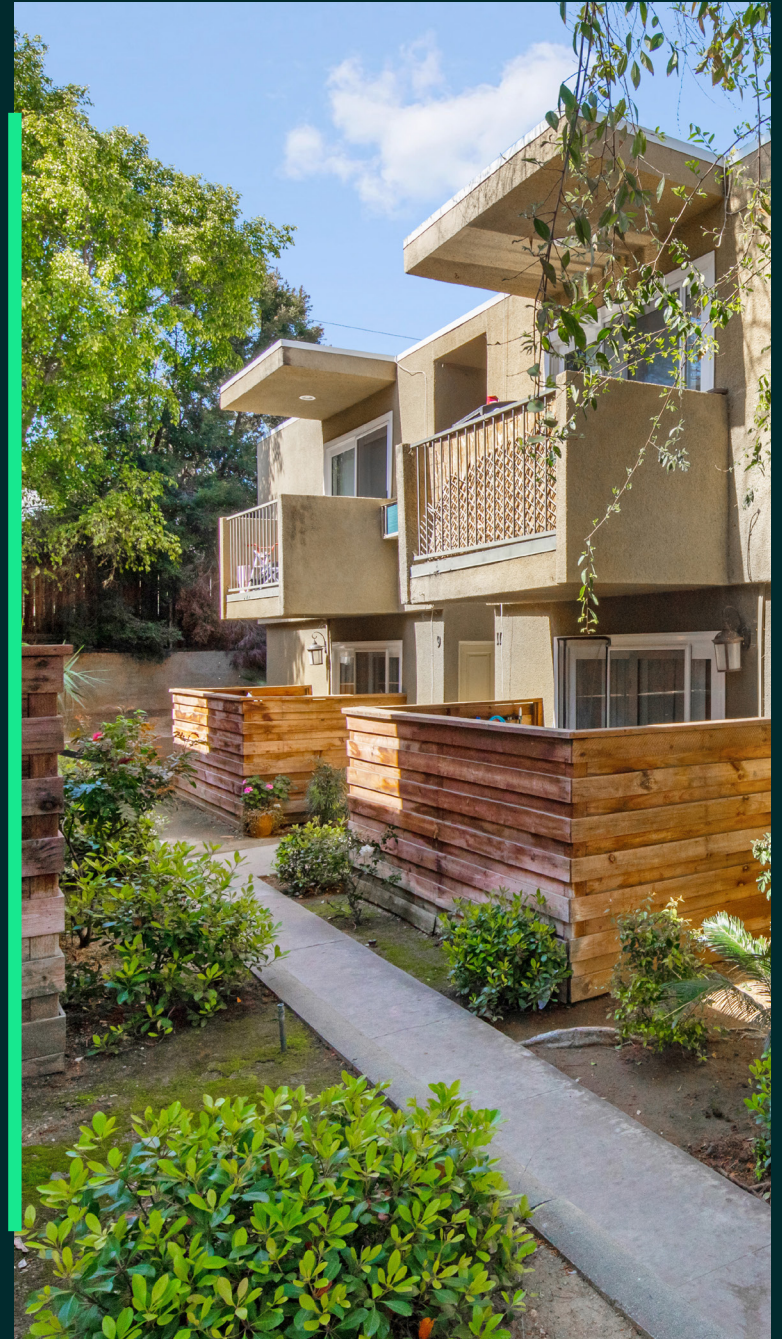
Sales vs Ask Price Differential: +229.54%

Transactions: -20.69%

Sold Units: -360.49%

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# Q&A





# Connect with us

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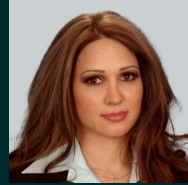
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