

INLAND EMPIRE, CALIFORNIA

MIGRATION FROM COASTAL AREAS PROPEL LOCAL APARTMENT FUNDAMENTALS

Apartment fundamentals in the Inland Empire outperformed those in nearly every other metro area in the country in 2020. Average effective rent advanced 4.1% year over year to \$1,639 per month in the fourth quarter, while average occupancy rose 80 basis points to 97.3%. Rent growth and occupancy increases were present among all apartment classes from the start of the second quarter of 2020 to the end of 2020. The firm increase in apartment occupancy was fueled by net absorption of 3,383 apartments in 2020 as 1,824 new units came online. Much of the apartment demand stemmed from the exodus of thousands of residents from Los Angeles County, where December unemployment stood at 15.7%. By comparison, the Inland Empire's December jobless rate was 11.1%, as more than 37% of the 236,400 jobs lost in the Inland Empire from January to May were recovered by year-end. Another factor in the brisk apartment demand was the 12.0% year-over-year increase in the Inland Empire median single-family home price, which exceeded \$432,200 by December. Apartment leasing is expected to moderate in 2021 as the annual rate of job growth returns to a pace similar to the years prior to the pandemic. Net absorption will approximate the 1,373 apartments scheduled for delivery in 2021, resulting in occupancy of 97.3% by December. Continued healthy in-migration and the reduced level of new apartment stock will encourage sharp rent increases, with the average monthly effective rent projected to rise 6.7% in 2021 to \$1,748 by the fourth quarter.



2021 MARKET AT A GLANCE



OCCUPANCY RATE
97.3%
 Unchanged YOY

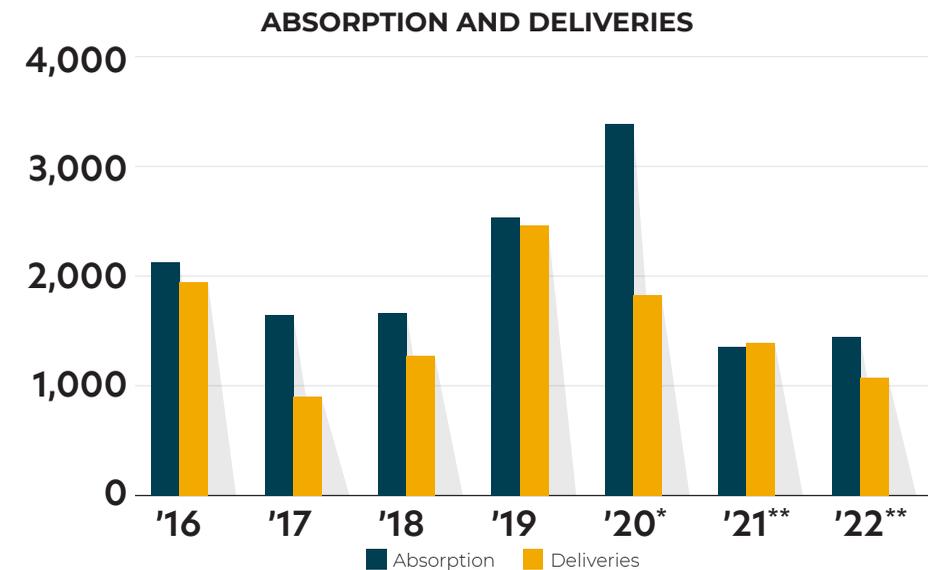
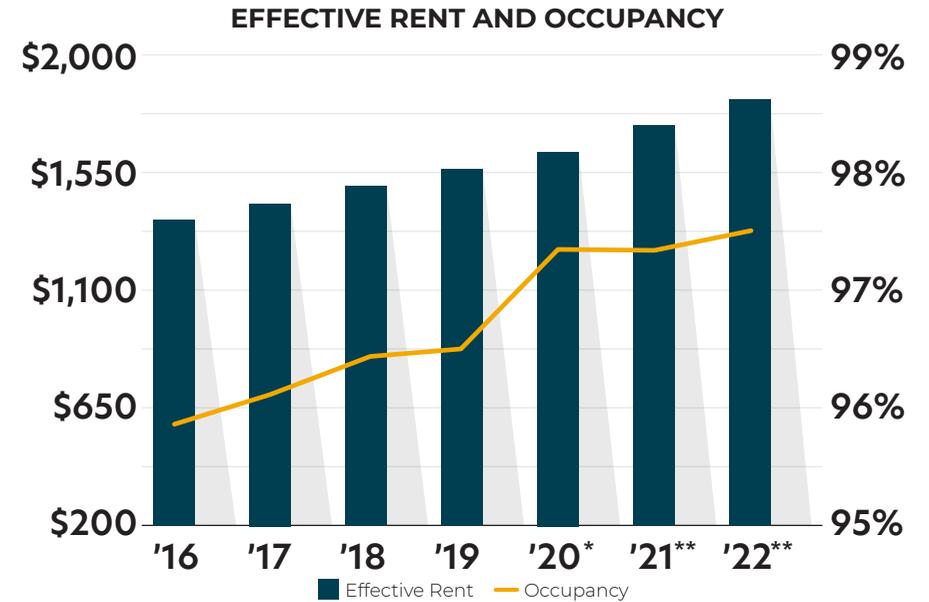


EFFECTIVE RENT
\$1,748
 Up 6.7% YOY



RENT SHARE OF WALLET
29.4%
 Up 150 bps YOY

MARKET TRENDS



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

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EMPLOYMENT TRENDS



2019	YOY CHANGE	2020*	YOY CHANGE	2021**
1,565,000	-8.4%	1,433,000	2.9%	1,474,800

2019	YOY CHANGE	2020	YOY CHANGE	2021
2.9%	820 BPS	11.1%	-180 BPS	9.3%

2019	YOY CHANGE	2020	YOY CHANGE	2021
4,665,400	1.3%	4,727,900	1.3%	4,788,300

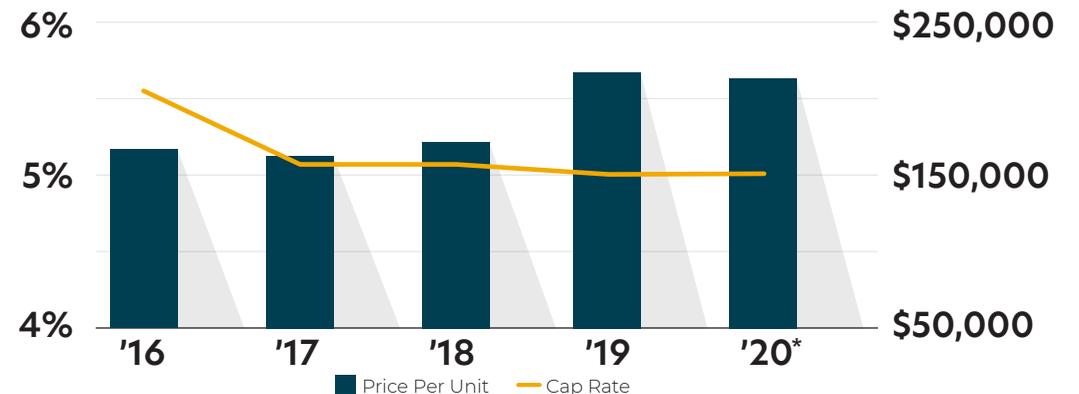
2019	YOY CHANGE	2020	YOY CHANGE	2021
1,457,700	1.6%	1,481,500	1.6%	1,505,800

2019	YOY CHANGE	2020	YOY CHANGE	2021
\$71,756	-1.6%	\$70,612	1.1%	\$71,366

SALES TRENDS

2019	YOY CHANGE	2020*
\$216,230	-2.2%	\$211,378

2019	YOY CHANGE	2020
5.0%	0 BPS	5.0%



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