



MARKET AT A GLANCE



OCCUPANCY RATE **96.4%**
Up **20 bps** since 3Q16



ASKING RENT **\$1,404**
Up **2.8%** since 3Q16



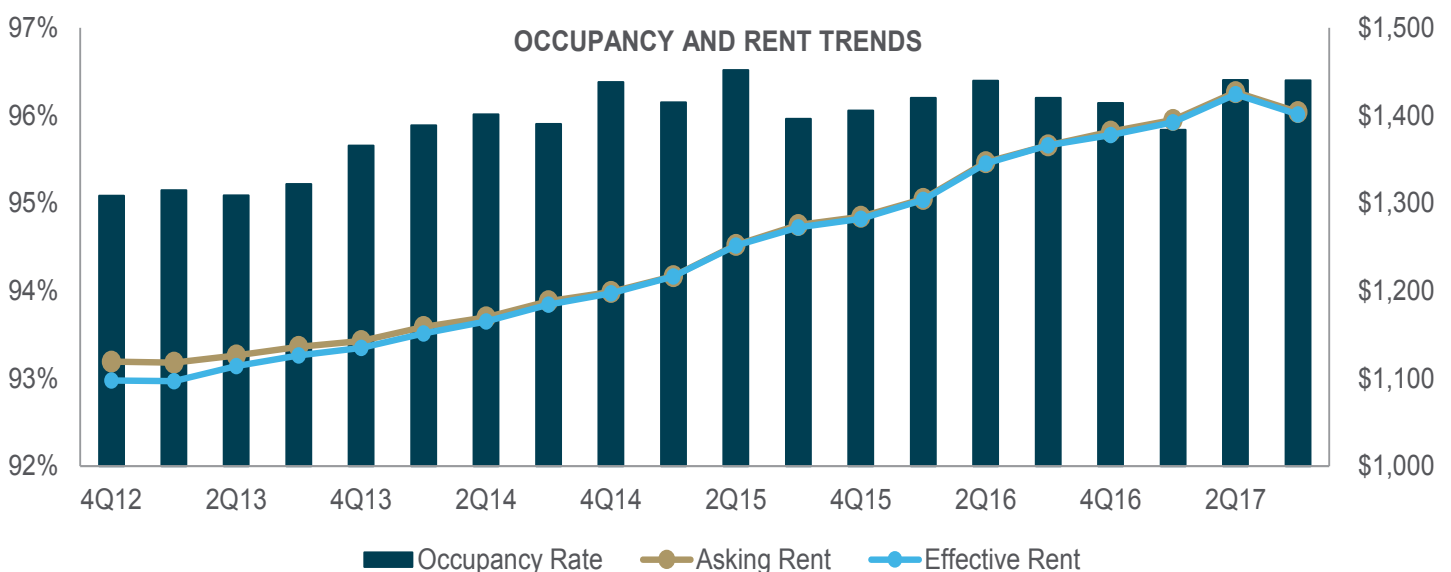
CONCESSIONS **0.2%**
Up **10 bps** since 3Q16

OCCUPANCY AND RENT TRENDS

ALL EMPLOYMENT SECTORS EXPAND, LED BY THE CONSTRUCTION INDUSTRY

Apartment occupancy in the Inland Empire reached 96.4% in September of this year, 20 basis points higher than one year prior. Operators recorded net absorption of 1,678 apartments during this time. New multifamily product appeared in four of the 18 submarkets in the two-county metro area. While the majority of leasing activity occurred in just four submarkets, apartment demand in these areas trailed deliveries by 4%. However, a net 201 apartments were absorbed among the remaining submarkets that had no new inventory, fueling the annual increase in metrowide occupancy.

Operators raised average asking rent to \$1,404 per month by the end of the third quarter of this year, equating to a 2.8% annual gain, a deceleration from 6.6% rent appreciation in the prior 12-month period. Rent growth was healthy in the two highest-rent submarkets, South Ontario/Chino and Rancho Cucamonga, with respective annual increases of 8.8% and 6.1%. The average metrowide concession edged up from 0.1% to 0.2% of asking rent during the last four quarters, resulting in average effective rent of \$1,401 per month in September, a 2% year-over-year increase.



INLAND EMPIRE

MULTIFAMILY REPORT

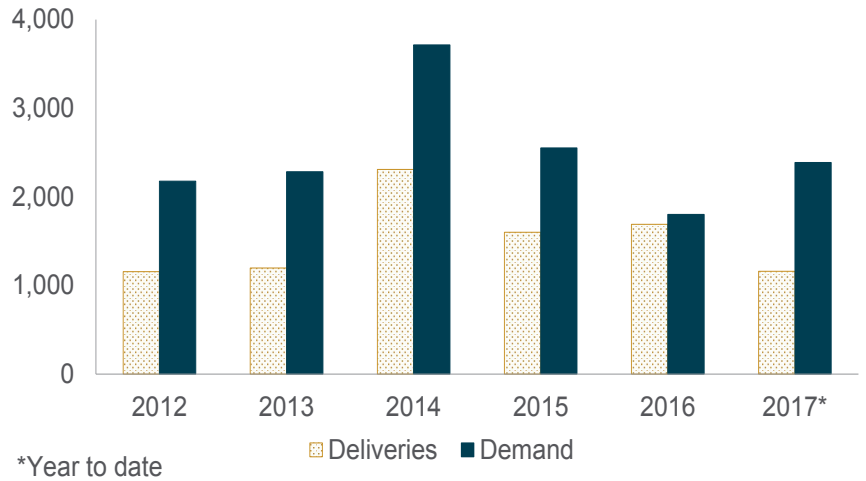
DELIVERIES AND DEMAND



DELIVERIES 1,159
Units YTD



NET ABSORPTION 2,387
Units YTD



ECONOMIC TRENDS

2016 **UNEMPLOYMENT*** 2017
5.9% **-40 BPS** 5.5%
CHANGE

2016 **EMPLOYMENT*** 2017
1.41m **2.4%** 1.44m
CHANGE

2016 **EXISTING SFH SALES**** 2017
57.7k **15.4%** 66.6k
CHANGE

2016 **MEDIAN SFH PRICE**** 2017
\$317.8k **7.9%** \$342.9k
CHANGE

2016 **10-YEAR TREASURY**** 2017
1.63% **60 BPS** 2.20%
CHANGE

Broad-based employment expansion marked the Inland Empire economy in the last 12 months. Job growth occurred in all 11 employment sectors in the metro area and helped push the unemployment rate down 40 basis points to 5.5% in August. Local businesses and institutions created 33,600 jobs since August of 2016, a 2.4% annual increase. Construction industry employment soared 16.6% as 15,300 new jobs were filled. The sector was boosted by major ongoing projects that included Meridian Business Park, Loma Linda University Medical Center, Redlands Passenger Rail Project, and Riverside Community Hospital. Major long-term developments Foothill Light-Rail Gold Line Extension and Rialto Renaissance Marketplace will continue to support specialty trade and general labor positions in the local construction industry. Job growth was also substantial in the leisure and hospitality segment, which grew 4% annually with 6,500 new hires. In the public sector, government agencies added 4,100 workers, a 1.7% gain.

*August; **September



INLAND EMPIRE

MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q17	ANNUAL	3Q17	ANNUAL
Colton/Loma Linda	95.9%	96.1%	4.3%	3.9%	\$1,326	\$1,378	-72	25	0	0
Fontana/Rialto	97.9%	97.4%	1.6%	-0.5%	\$1,271	\$1,265	-49	-63	0	0
Hemet	96.7%	98.0%	13.0%	10.3%	\$984	\$1,086	50	86	0	0
Indio/La Quinta/Coachella	95.4%	96.0%	13.8%	-6.4%	\$1,230	\$1,151	17	38	0	0
North Ontario	96.7%	96.4%	5.5%	2.9%	\$1,576	\$1,621	62	-35	0	0
Palm Springs/Palm Desert	95.3%	95.8%	2.6%	-0.4%	\$1,157	\$1,152	34	115	0	0
Perris	95.7%	96.2%	10.9%	-3.9%	\$1,541	\$1,481	-21	28	0	0
Rancho Cucamonga	96.0%	96.0%	7.6%	6.1%	\$1,703	\$1,806	-30	7	0	0
Riverside County / Other	94.9%	95.6%	-	4.1%	\$1,133	\$1,180	2	28	0	0
Riverside County/Corona	95.3%	95.2%	5.4%	3.8%	\$1,521	\$1,579	188	329	216	362
Riverside/North Magnolia	96.5%	96.7%	13.2%	1.2%	\$1,504	\$1,522	87	142	113	113
San Bernardino	97.5%	97.0%	3.5%	-2.0%	\$1,160	\$1,137	23	-87	0	0
San Bernardino County / Other	-	96.3%	-	-	-	\$699	-12	113	0	0
South Ontario/Chino	96.4%	96.3%	-6.8%	8.8%	\$1,622	\$1,765	3	821	33	861
SW Riverside County	96.0%	95.9%	8.8%	2.5%	\$1,552	\$1,591	69	184	60	201
University City/Moreno Valley	96.1%	96.0%	10.1%	1.4%	\$1,409	\$1,429	11	-30	0	0
Upland	97.0%	96.8%	6.3%	0.0%	\$1,591	\$1,591	7	-8	0	0
Victorville	97.3%	97.1%	-	7.0%	\$946	\$1,013	-23	-16	0	0
TOTALS	96.2%	96.4%	6.6%	2.8%	\$1,366	\$1,404	346	1,678	422	1,537



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521 Fifth Avenue
20th Floor
New York, NY 10175
(646) 600-7800 | Fax: (646) 600-7838
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