

INVESTMENT FORECAST

Marcus & Millichap

MULTIFAMILY

Riverside-San Bernardino Metro Area

2026

Apartment Vacancy Declines for Second Year Even Amid Trade Challenges to Staple Industries

Job market supporting hiring outside logistics sector. The Inland Empire's largest submarkets entered 2026 with varying vacancy trends. In the Palm Springs-Coachella Valley, home to the metro's largest rental stock, vacancy rose above 6 percent last year. An annual decline of roughly 60 percent in deliveries will relieve some pressure, but near-term demand forces are mixed. Resilient tourism spending should help hiring in a key local industry. However, national logistics challenges weigh on regional employers. Even so, the opening of the Desert Hot Springs Amazon Warehouse should boost local Class C rental demand. In Riverside proper, vacancy temporarily rose 50 basis points last year due to a spike in deliveries. However, marginal completions are projected there this year. Similarly, the city of San Bernardino continues to record limited inventory growth, with vacancy likely to hold in the 4 percent range this year.

Private investors active throughout the Inland Empire. Deal flow in 2025 rose the most in Victorville and outlying San Bernardino County, where almost all trades were priced under \$10 million. Buyers targeted Class B/C rentals, typically those with fewer than 50 units. The potential for near-term vacancy reductions in these areas could spur additional activity in 2026. Meanwhile, in Riverside County, 100-plus-unit complexes near state Routes 91 and 60 supported local deal flow. Buildings with 20 or fewer units, priced between \$1 million and \$4 million, were also acquired in Riverside proper. The mid- and low-tier vacancy metrics in this area fell below 3 percent at times last year, warranting interest in 2026. In San Bernardino County, trades involving garden-style Class C properties have comprised the bulk of sales lately. Fontana-Rialto has been an epicenter for these transactions. The submarket posted sub-4 percent segment vacancy in late 2025, a dynamic that may heighten competition among buyers for local listings.

2026 MARKET FORECAST

+0.1%



Employment: The metro gains 2,500 jobs in 2026, the smallest annual increase since 2020. As a year-over-year growth rate, this is near the median of major West Coast metros, tied with Los Angeles.

2,300
units



Construction: Following two straight years of 2 percent-plus inventory growth, multifamily stock expands by just 1.1 percent in 2026 — matching the metro's prior 10-year average.

-30 bps



Vacancy: The Inland Empire is projected to record one of the steepest year-over-year vacancy declines among primary U.S. metros, bringing vacancy to 4.0 percent by December.

+2.2%

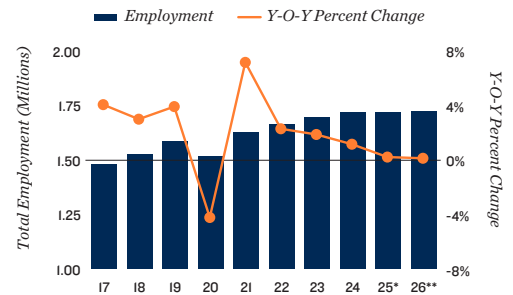


Rent: The market's average effective rent rises to \$2,350 per month. Though it is slowing year-over-year, this growth rate will be the fastest among the four major Southern California markets.

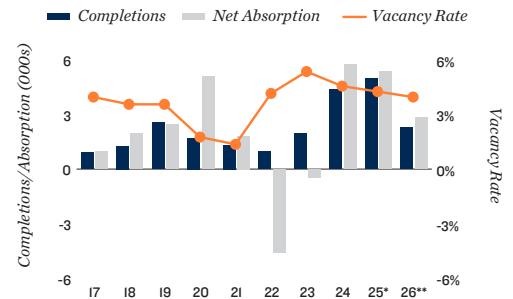
INVESTMENT:

Western portions of San Bernardino County, including Ontario, present opportunities to acquire rentals near low-vacancy office buildings. A reduced local delivery slate should fuel competition for listings.

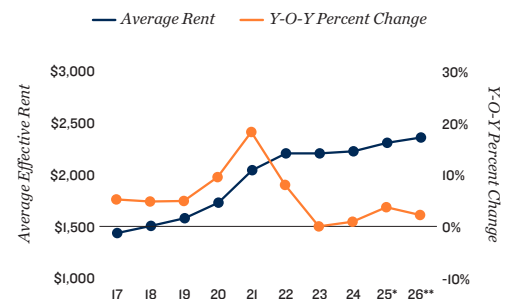
Employment Trends



Supply and Demand



Rent Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2024. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.