



Business

New construction slows rent increases

APARTMENTS: Monthly rates don't rise as fast in the two counties, a statewide survey finds.

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Inland Southern California renters are getting a break from skyrocketing rents because of a burst of new apartment construction, according to a company that released a statewide rent survey Thursday.

While rents continued to head higher last year, the pace of increase slowed more in Riverside and San Bernardino counties than in any other California metropolitan statistical area, said RealFacts.

In the last quarter of 2006, rents in Riverside and San Bernardino counties were increasing at an annual rate of 4.9 percent, compared to 7.4 percent in the fourth quarter of 2005, said RealFacts.

The average Inland rent in the fourth quarter of 2006 was \$1,141, compared to \$1,086 a year earlier.

Chris Bates, RealFacts sales and marketing director, said the easing in rent increases parallels a decline in apartment occupancy rates in the two-county area from more than 95 percent in the third quarter of last year to 91.4 percent in the fourth quarter.

Bates said it was more difficult for Inland apartment managers to keep units filled because during the course of the year 4,294 new apartments opened, which he said was the largest annual inventory gain in at least a decade. RealFacts tracks apartment complexes with at 100 or more units.

Only 1,092 of the new apartments were built in San Bernardino County, with Riverside County getting the rest, Bates said. At the end of 2006, the apartment occupancy rate was almost 94 percent in San Bernardino County, compared with about 89 percent in Riverside County.

At the end of 2006, rents in Riverside County averaged \$1,132 a month, which was 4.7 percent higher than a year earlier, and rents in San Bernardino County averaged \$1,149, up 5.1 percent in a year.

Within the two Inland counties, the cities that saw the largest rent increases were Ontario, where the average rent rose 9.7 percent to \$1,226, Murrieta where the average rent rose 8.3 percent to \$1,267 and Moreno Valley, where the average rent rose 7.2 percent to \$1,142. The rising rents and dropping occupancies in those areas are attributed to an influx of new, high-quality

apartment complexes.

"Increases in rent have slowed down, occupancy has dropped a tick and we are seeing more instances of concessions being given," such as a month free rent for a year lease, said Jim Thomas, president of the multifamily property management division of Sares-Regis Group, an Irvine-based apartment developer.

Thomas said another 3,000 apartments are expected to open in the Inland Empire in 2007. Apartment developers have been attracted to the Inland Empire, particularly southwestern Riverside County and Ontario and Rancho Cucamonga in San Bernardino County, by the region's strong population and job growth projections, he said.
