

California's Inland Empire Housing Market Forecast: No Longer a Bedroom Community to Coastal Counties

U.S. News Housing Market Index predicts increase in permits for single-family homes but a decline for multifamily units as new apartment supply is completed.

RIVERSIDE, CALIF., UNITED STATES, April 13, 2023 /EINPresswire.com/ -- A new [housing market](#)

“

...a region which once served as farmland and far-flung suburbs to employment centers closer to the coast has morphed into an economic engine with an annual GDP of over \$213 billion.”

Patrick S. Duffy, Real Estate Economist

[forecast](#) for the Inland Empire published by U.S. News & World Report and produced by contributor [MetroIntelligence](#) concludes that the Riverside-San Bernardino-Ontario metropolitan statistical area will continue to absorb residents in search of more affordable housing options versus the adjacent counties of Los Angeles, Orange and San Diego.

In addition, the region’s maturity from a bedroom community serving those coastal counties to its own logistics- and warehouse-based economic engine with an annual GDP nearing that of Greece will continue to fuel demand for housing.

The forecast for building permits is populated through July 2023 using the [U.S. News Housing Market Index](#), an interactive data set acquired last year from EnergyLogic. Currently in beta testing, the index aggregates a large variety of public and private data points categorized by their impacts on housing demand, supply and financing.

“Given the combination of a growing economy largely focused on the critical warehousing and logistics industry, and more households escaping steeper home prices and rents closer to the coast, the housing market in the Riverside-San Bernardino-Ontario MSA should continue to prosper due to limited supply,” writes Patrick S. Duffy, chief economist for MetroIntelligence in the report. “However, if mortgage rates rise again and stay there for an extended period of time, median prices could again decline.”

The report also includes commentary on local market conditions from experts including two real estate agents covering different parts of the region as well as from Tom Grable, Southern

California division president for TriPointe Homes and vice chair of the California Building Industry Association.

Although the report does find a 7.0% decline in median sales prices from May 2022 through February 2023, in more recent months price declines have rebounded. Between January and February 2023, prices rose from \$518,000 to \$535,000, or up 3.3%. However, while still a seller's market, it's not quite as competitive as it was during the heydays of 2021 and 2022.

"Seventy-five percent of buyers are coming from Orange County, Los Angeles County and San Diego County," says Amado Hernandez, president of the Inland Valleys Association of Realtors and owner of Excellence Empire Real Estate. However, he fears that some potential first-time buyers are missing out on homeownership options because they're not aware of various down payment assistance programs.

As Duffy writes in the report, "These state and local programs, which include the California Dream For All Shared Appreciation Loan, offer assistance for down payment and closing costs in the form of grants and loans. However, the California Dream program was so popular that it ran out of funds within the first two weeks of its launch, and currently awaits future allocations from the state budget."

Meanwhile, in the low desert resort areas of the Coachella Valley, while sales have softened from last year, the market is proving resilient. "The (low) desert is doing surprisingly well," says Rod Douglas, an agent with Compass in Palm Springs. As Douglas explains, because Palm Springs did not ban short-term rentals as other valley cities did, the city became a mecca for property investors during the COVID-19 pandemic. Now, with a cap in place limiting such rentals to no more than 20% of a neighborhood's housing stock, sales prices for some homes used as short-term rentals are declining.

With existing home inventory at low levels, other options include newly built homes, some of which come with additional incentives by deeper-pocketed homebuilders. "We're not in the price business as much as we're in the monthly payment business, and to the extent we can get someone in that comfort level, we will sell homes," says TriPointe's Grable.

Still, he also notes that when prices are lowered, that can also mean a related adjustment to what's included in the home. As Grable explains, "We look at the spec levels and the prices paid by people who bought last year to make sure they remain in a positive value proposition to justify the reductions."

As Duffy concludes in the report, "Although permits for single-family units did fall more than predicted in the last half of 2022 and through the first two months of 2023, permits for multifamily units jumped far over forecast, suggesting that builders of apartment flats, townhomes and single-family homes for rent are racing to meet pent-up demand."

The entire report can be viewed at <https://realestate.usnews.com/real-estate/housing-market-index/articles/san-bernardino-housing-market-forecast>.

About MetroIntelligence:

MetroIntelligence is an economics consulting firm focused on land use, and also provides public relations and corporate communications services to clients working in homebuilding, real estate development, finance and sales. Company founder and real estate economist Patrick S. Duffy began contributing to U.S. News & World Report in 2022, focusing on economics and other trends related to the housing market as well as analyzing their recently unveiled Housing Market Index. For more information on MetroIntelligence, visit <https://www.metrointel.com>.

About the U.S. News Housing Market Index:

The U.S. News Housing Market Index leverages IBM Watson® Natural Language Understanding – and the recently acquired Housing Tides Index from EnergyLogic – to help enable U.S. News to interpret and synthesize large volumes of housing data for easy viewing.

The computing power supporting this platform allows users to find tailored data results for different regions and time periods, allowing them to make informed decisions about housing. The index also includes a tool providing forecasts on building permits for the top 50+ U.S. markets, while a robust sentiment analysis feature interprets 500 media pieces related to housing each month. For more information on the U.S. News Housing Market Interface, visit <https://realestate.usnews.com/housing-market-index/interface>.

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